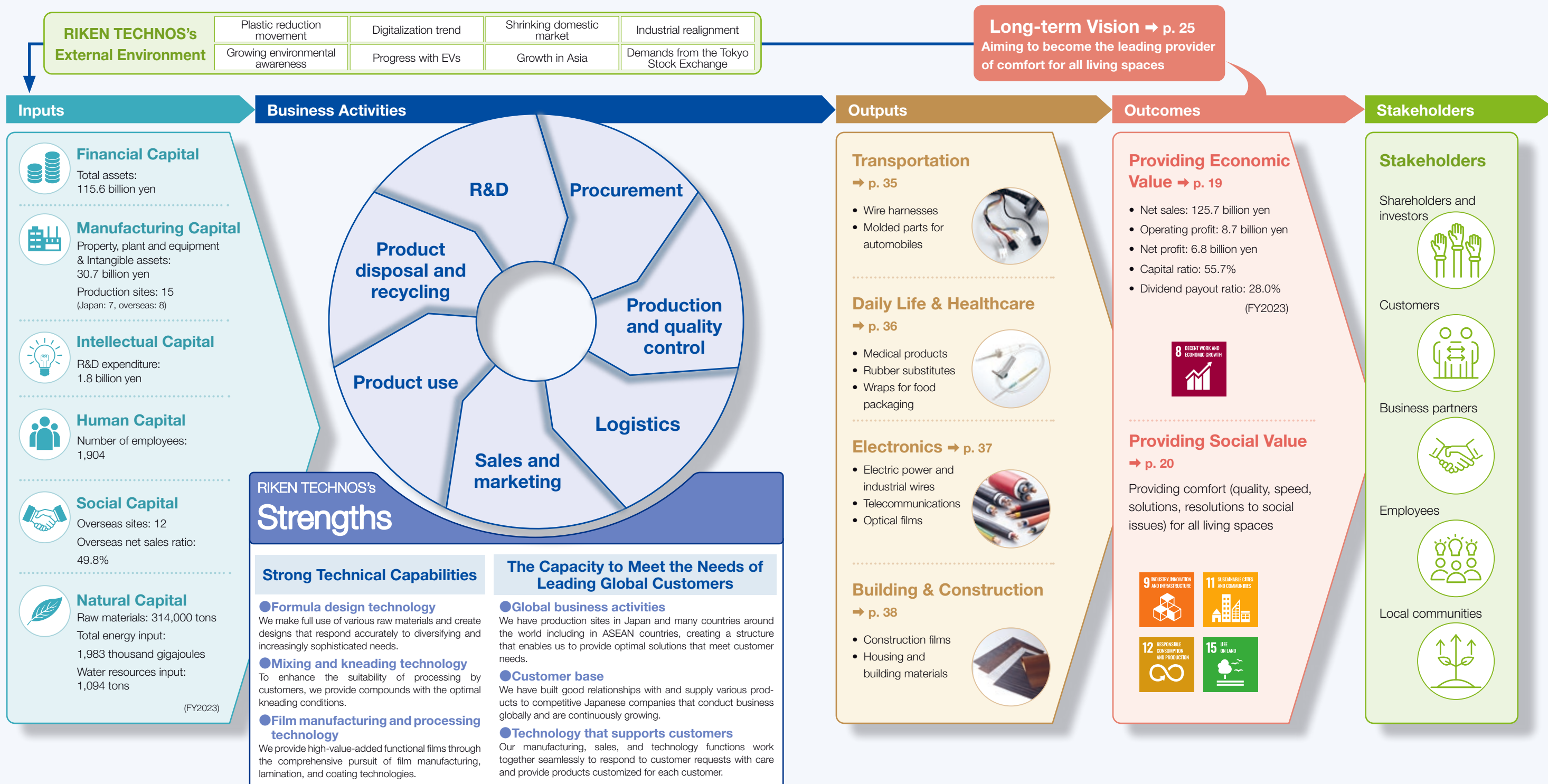


Overview of Value Creation

Value Creation Process

The RIKEN TECHNOS GROUP recognizes that responding to issues surrounding sustainability is one of our key corporate challenges. By incorporating these issues into management, we seek to contribute to the development of a sustainable society and also enhance our corporate value.

Based on changes in the external environment and demands from stakeholders, we will continue to take on the challenges of providing new value by leveraging the Group's strengths in order to realize our long-term vision of "Aiming to become the leading provider of comfort for all living spaces."



Nurturing the Corporate Culture / Corporate Governance / Risk Management / Compliance → pp. 51 – 54, pp. 59 – 76

Materiality / Medium-term Business Plan → pp. 25 – 28

RIKEN TECHNOS WAY (Mission / Core Value / Basic Action) → pp. 9 – 10

Overview of Value Creation Value Creation Process

Business Activities Rolled Out from Management Capital

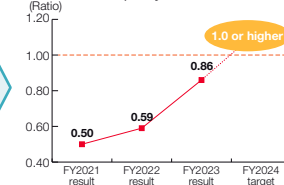
Capital (FY2023)

For Capital Enhancement

Financial Capital

- Stable financial foundations that have been built up
 - Total assets: 115.6 billion yen
 - Capital ratio: 55.7%
 - D/E ratio: 0.19

The Company's PBR Trend



- Achievement of a PBR of 1.0 through creation of a fund for growth investment by reducing cross-shareholdings, as well as cash allocation
- Pursuit of asset efficiency (Target ROE of 8.0% or higher)*
 - * The target value for the final fiscal year of the current three-year medium-term business plan
- Optimization of financial leverage

Manufacturing Capital

- Diversification of risk through collaboration of global sites and prompt responses to customers
 - Property, plant and equipment: 28.4 billion yen
 - Intangible assets: 2.2 billion yen
 - Production sites: 15 (Japan: 7, overseas: 8)



- Enhancement of production facilities in Japan and overseas
- Adoption of state-of-the-art equipment and facilities and stable production and provision of products
 - Expansion of production facilities for polyvinyl chloride compounds (Vietnam, the United States)
 - Expansion of production facilities for thermoplastic elastomer compounds (Japan)
 - Investment in labor-saving and streamlined operations through DX

Intellectual Capital

- Accumulated expertise in formulations and manufacturing technologies and production technologies
- Business superiority secured through the holding of patents
 - Number of patents held (in Japan and overseas): 692
 - Numbers of collaborations with external parties (non-consolidated): a total of 13 cases (FY2022 to FY2023)



- Promotion of open innovation (joint research through collaboration with academia and other companies)
- Development of a data-driven research environment by utilizing DX (AI and ML) in R&D
- Adoption of state-of-the-art prototype machines

Human Capital

- Global human resources embodying the RIKEN TECHNOS WAY
 - Number of employees: 1,904 (in eight countries across the world) (Japan: 972, overseas: 932)



- Implementation of human resources development plans based on growth strategies
- Promotion of diversity, equity & inclusion
- Improvement of employee engagement

Social Capital

- Global business activities
- Relationship of trust with communities and local governments
 - Overseas sites: 12
 - Number of suppliers: about 900 companies



- Strengthening and expansion of supplier engagement that focuses on human rights due diligence
- Implementation of social contribution activities especially in areas where factories are located

Natural Capital

- Development of products that contribute to energy conservation and environmentally friendly products
- Reduction of waste through in-process recycling
 - Raw materials: 314,000 tons
 - Total energy input: 1,983 thousand gigajoules
 - Water resources input: 1,094 tons
 - Recycling rate*: 85.40%
 - * Volume of waste, excluding simple (landfill and incineration) waste, per total waste volume



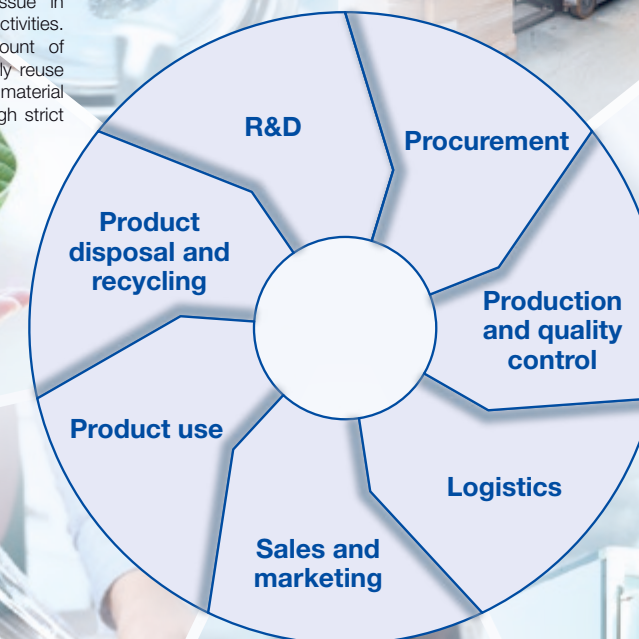
- Contribution to decarbonization through businesses
- Switch of purchased electricity to renewable energy-based electricity, renewal to energy-saving facilities
- Reduction of environmental loads by reducing waste
- Promotion of Responsible Care activities

The RIKEN TECHNOS GROUP's Business Activities

- We anticipate potential needs and conduct R&D in response. To meet the diversifying needs of customers, we have introduced materials informatics (MI) into the development of new formulations for compound products and film products, increasing the efficiency and speed of new product development. We are also developing products that use raw materials with low environmental loads.

- We leverage the supply network that we have built to date and conduct stable procurement of raw materials through collaboration among our sites located around the world.
- We promote the establishment of sustainable supply chains using requests for cooperation concerning the environment and various communication tools based on our Environmental Policy and Green Procurement Standard.

- We position the reduction of simple (landfill and incineration) waste generated in the manufacturing stage as a priority issue in our environmental management activities. We are working to reduce the amount of waste generated itself and to effectively reuse generated waste as raw materials for material recycling, and other applications through strict sorting.



- Our Product Quality Policy calls for us to always focus on customers first and quality first to supply highly reliable products and services, and we undertake "the spirit of manufacturing" in compliance with ISO 9001.

- We perform chemical substance management to reduce environmental loads. In addition, we are working to reduce CO₂ emissions and industrial waste by designing products that can be processed with low energy and by conducting production in the manufacturing process that generates few losses.

- Our products are processed for diverse applications and are used throughout everyday life including automobiles, construction, healthcare, information devices, electric wires, and food packaging.
- We will continue to develop, manufacture, and sell products with the aim of becoming the leading provider of comfort for all living spaces including various areas of society in which we will likely become involved in the future.

- We make customer requirements into realities and deliver products globally in a timely manner.

- We handle compound and film products made from various resins including polyvinyl chloride resins and thermoplastic elastomers. We will respond to the changes of the times together with customers and fulfill our mission as a Material Solution Supplier.

- We aim to continue to conduct reliable, safe, and stable product supply to all stakeholders, and we respond to changes in markets and the business environment by building partnerships based on mutual trust with our business partners.

- We work to enhance product delivery efficiency and perform periodic quality audits that include environmental matters of our transportation partners.