



RIKEN TECHNOS GROUP

Blue Challenge Report

Integrated Report

2024

RIKEN TECHNOS CORP.
Corporate Planning Department

WATERRAS TOWER, 2-101, Kanda-Awajicho, Chiyoda-ku,
Tokyo, 101-8336, Japan
TEL: +81-3-5297-1631
FAX: +81-3-5297-1660
URL: <https://www.rikentechnos.co.jp/e/>



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RIKEN TECHNOS CORP.

Editorial Policy

The RIKEN TECHNOS GROUP has adopted as its long-term vision “Aiming to become the leading provider of comfort for all living spaces” in accordance with the RIKEN TECHNOS WAY, our corporate philosophy. To achieve this vision, we identified materiality topics and formulated a medium-term business plan, and we are continuously tackling the challenges of providing new value and happiness to companies, people, and society. Through our business, we seek to provide optimal solutions (comfort), not only in current business segments and to stakeholders, but for all living spaces including various areas of society in which we will likely become involved in the future, thereby contributing to the development of a sustainable society.

The RIKEN TECHNOS GROUP collectively refers to its activities relating to contribution to a sustainable society as the “Blue Challenge.” The “Blue” in Blue Challenge comes from the RIKEN BLUE of our corporate mark as well as things such as the earth, sea, and sky, while “Challenge” comes from “challenger,” which is in the mission of the RIKEN TECHNOS WAY.

In the Blue Challenge Report, which we have begun issuing as our Integrated Report since 2023, we report our efforts to achieve a sustainable society undertaken with stakeholders. We will keep engaging in constructive discussions with stakeholders using the Blue Challenge Report as a communication tool. It is our hope that readers of this report will gain an understanding of the efforts by the RIKEN TECHNOS GROUP to become the leading provider of comfort for all living spaces.

Date of Issue

September 2024

Period Covered

April 1, 2023 to March 31, 2024
(Some pieces of information concerning our activities in April 2024 or afterwards are included.)

Scope Covered

RIKEN TECHNOS CORPORATION and its consolidated subsidiaries
(Information on other cases are indicated in the report.)

Reference Guidelines

- IFRS Foundation, “International <IR> Framework”
- Ministry of Economy, Trade and Industry, “Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation (Guidance for Collaborative Value Creation)”
- Global Reporting Initiative, “GRI Sustainability Reporting Standards”
- Ministry of the Environment, “Environmental Reporting Guidelines”

Contact Information for Inquiries concerning This Report

Corporate Planning Department, RIKEN TECHNOS CORPORATION
TEL: +81-3-5297-1631
FAX: +81-3-5297-1660

Website

For detailed information, please visit the Company website.
<https://www.rikentechnos.co.jp/e/>



Cautionary Statement regarding Forecasts and Forward-looking Statements

Forecasts and forward-looking statements described in this report are based on the current hypotheses and assumptions concerning future business environment and financial conditions and may substantially vary from actual performance, etc.

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Overview of Value Creation

Message from the CEO

Demonstrate True Value as a Challenger without Being Satisfied with Past Growth

Kazuaki Tokiwa

Representative Director
President & CEO

Recognizing Again RIKEN TECHNOS's Past History and Growth through the Issuance of the First Integrated Report

Last year, RIKEN TECHNOS issued its first integrated report. I was deeply moved by the growth we have achieved so far when I saw the trend of our consolidated financial results found in the printed report. The oldest data stated was for FY2011, with net sales of 75.2 billion yen and an operating profit of 2.3 billion yen. In comparison, we achieved net sales of 125.7 billion yen and an operating profit of 8.7 billion yen in FY2023, growing 1.7 times for net sales and 3.7 times for operating profit. For dividends, we also increased from 9 yen to 32 yen per share. When I think about how our growth so far was backed by the hard work put in by all

Group employees, I could only feel a sense of gratitude. At the same time, turning to the future, I again thought about whether we can continue to maintain such growth going forward. It may be difficult to achieve such growth by continuing to do the same things as before, and there may be a need to take on new challenges.

We were established in 1951 as RIKEN VINYL INDUSTRY CO., LTD., stemming from RIKEN Foundation. We started as a venture capital based solely on our strength in terms of people and technology. The RIKEN TECHNOS WAY, our corporate philosophy today, fully represents the spirit of venture that has been passed down for more than half a century since our founding days. Our true value as a challenger—expressed in the RIKEN TECHNOS WAY—will continue to be tested for us to accomplish long-term and sustainable growth going forward.

Overview of Value Creation Message from the CEO

Firm Belief in the Strategies Stated in the Medium-term Business Plan

In FY2023, our consolidated financial results set new records for all indicators, including net sales, operating profit, ordinary profit, and net profit. For three consecutive years, we have been setting new records for net sales and each profit. Furthermore, of the management indicators given in the medium-term business plan, we achieved our target for each profit, return on sales (ROS), and return on equity (ROE) in the second year of the plan. I firmly believe that the strategies we stated in the medium-term business plan were correct. Meanwhile, looking at the business environment, it was an extremely difficult year for navigating business, with no end in sight for the slowdown of the Chinese economy and the manifestation of global geopolitical risks, among other things. Achieving these results amid such circumstances should have helped to significantly boost our employees' confidence.

Invest without Hesitation in Necessary Areas and Further Accelerate the Four Strategies

In terms of numbers, although we set new records and have achieved several targets, I think there are still things needed to be done for each of the four strategies—"Intensify global management and generate synergies," "Stay ahead of customers' expectations," "Take on the challenge toward new businesses and products," and "Contribute to solving environmental and social issues"—stated in the medium-term business plan.

To "intensify global management and generate synergies," we are actively carrying out capital investment centered on ASEAN, which is a growth market. For FY2023, we completed the expansion of manufacturing lines at our consolidated subsidiary in Thailand in August. We are also preparing in Vietnam, the United States, and Japan to expand our lines. In addition, to further intensify global management and generate synergies, instead of making decisions based on individual optimization based on the local circumstance of each consolidated subsidiary, which we have been doing in the past, there will be more situations in which we must decide at the regional or global level. Our approach of cross-functional linkage at the global level has

become entrenched through the conduct of global meetings for sales and manufacturing departments respectively with the participation of leaders within and outside Japan. These meetings are also effective for developing human resources to take on global management, and we will implement the same initiative at other departments, such as procurement and quality control.

To "stay ahead of customers' expectations," we are working to change mindsets so that we provide proposals that are beneficial to customers after understanding not only the customers in front of us but also the market beyond them. I think our biggest strength is to deliver products that stay ahead our customers' expectations, but we should not be satisfied with that. I keep telling our employees that we must take positive actions to bring our products to our customers at a higher speed. As a company, we are also providing support to help employees act independently to stay ahead of customers' expectations, such as the development of a mechanism by implementing customer relationship management (CRM) to share sales information and the introduction of materials informatics. These measures are steadily delivering results.

To "take on the challenge toward new businesses and products," I feel that we made greater progress than expected in academic-industrial partnerships in the past year. For the three-year period of the current medium-term business plan, we are exploring various fields for new business ideas that will support RIKEN TECHNOS's future, including those that may take time before they can be commercialized. For the next medium-term business plan, I look forward to reaching the stage when we actually invest management resources. Initiatives for diversity are also necessary to create businesses based on new ideas, and this effort is positioned as an important measure to "take on the challenge toward new businesses and products." In FY2023, we launched our Women's Empowerment Promotion Project and it has led to various recommendations being given to the management, and we will further expand and continue this initiative in FY2024 and beyond. We are not working on diversity initiatives because they are part of our corporate social responsibility, but because we see them as absolutely necessary for enhancing our competitiveness. I think it will be difficult to give birth to new ideas if we remain a homogeneous group like before. I hope we can become a group of diverse people—in terms of gender, nationality, knowledge gained at other companies, and such—with all kinds of thinking and united under the corporate philosophy of the RIKEN TECHNOS WAY.

Lastly, to "contribute to solving environmental and social issues," we are first focusing efforts on measures to combat climate change, which is an urgent global issue. We have decided on capital investment in solar power for our consolidated subsidiary in Thailand. We have also introduced internal carbon pricing (ICP) to encourage investment in decarbonization. As for our formulations and manufacturing technologies, we see rising awareness about environmental conservation in recent years as a major business opportunity. We are progressively developing products that contribute to the environment, as represented by the RIKEBIO® series that uses biomass, and the masterbatch for recycling rigid polyvinyl chloride (PVC). In the first place, the raw material for PVC compounds—our flagship products—is PVC resin, of which approximately 60% is salt, a natural resource. Therefore, their environmental load is lower than products derived from petroleum, and they also have excellent weather resistance, durability, and thermal insulating properties. As such, they are contributing toward reducing environmental load, such as being used as window frame materials in place of aluminum. Elastomer compounds are also our flagship products, and they are contributing toward reducing environmental

load by being lighter compared to vulcanized rubber, using less energy in the production process, and being recyclable. In food packaging, we also launched RIKEN WRAP BOTANICAL with a biomass content of 90%. Commercially speaking, there is no need to be so particular about achieving such a high biomass content, and it might have been better to compromise when you think about the selling price. In a way, it can be said to be an impeccable product contributing to the environment, created through the pride of our engineers. This particularness is truly typical of our engineers, and I think it is necessary to use the technology obtained through the development of this product in other products and eventually help to bring in profits.

To Further Enhance Our Strengths and Presence in the Market

When we were formulating the current medium-term business plan, the management and frontline leaders—such as general managers and managers—conducted thorough discussions about our strengths and weaknesses. We



Overview of Value Creation Message from the CEO

concluded that our strengths are our strong technical capabilities and our capacity to meet the needs of leading global customers, and we formulated the strategies of the medium-term business plan based on these strengths.

However, whether it is our strong technical capabilities or our capacity to meet the needs of leading global customers, in the end, it is our people who take on these roles. We will not be able to maintain these strengths in the long term without abundant human capital. Broadly speaking, our human resource development policy is to develop human resources suited to a challenger. Specifically, in synchrony with the strategies of the medium-term business plan, we seek to develop human resources capable of executing global business strategies, human resources with analytical skills and strategic perspectives, and human resources with diverse perspectives. I ask managers to educate their subordinates, keeping in mind to encourage them to change and think. Of course, to carry out such education, they themselves must be people who change and think. My mission is to lead and make RIKEN TECHNOS into a collection of human resources suited to a challenger.

FY2024 is both the final fiscal year of the current

medium-term business plan as well as the year in which we conduct thorough discussions on the formulation of the next medium-term business plan, which will start in FY2025. I hope to make it a year in which all our colleagues in the RIKEN TECHNOS Group, including our consolidated subsidiaries, think about the future of RIKEN TECHNOS. As mentioned last year, my basic stance in management is to be thorough in discussions. I will definitely implement the conclusion arrived at by everyone under my leadership. Already, those at the executive officer level gather every week to share information and carry out frank discussions. For the next medium-term business plan, discussions are not limited to the executive officer level; we have also selected members from the general manager, manager, and chief classes and are conducting thorough discussions with them. The scope of our discussion is not limited to the three-year period of the next medium-term business plan. We also conduct discussions with the next decade in our minds. Besides the executive officers, I hope to get the generation that will take over our future management to be thorough in discussions with a sense of ownership. At all times, I repeatedly tell our employees that the growth of people is corporate

growth itself. I see discussions for the formulation of our next medium-term business plan as part of human capital management and invest considerable time in them.

Increase Transparency of Management and Strengthen Governance and Risk Management

As long as I am in the top management position of a company, I will always be facing various risks and issues. I see sustainability management, and the strengthening of governance in particular as perpetual issues for a company. They are two extremely important pillars for both growth potential and corporate management.

When renewing the skill matrix of the Board of Directors in FY2023, we discussed again the qualities necessary for our directors and clarified the skills necessary for the execution of strategies. We then confirmed that our current Board of Directors as a whole adequately possesses the necessary skills. In addition, our basic stance is to let outside directors see our frontlines as much as possible, and we get them to allocate a lot of time for us, so much so that they sometimes joke about being too busy. In principle, we also get outside directors to participate in all discussions at the Management Committee, which is the place where we make executive decisions. Furthermore, we also let outside directors see the actual state of our frontlines without reservations, including the holding of Board of Directors meetings at our factories in addition to holding them at our Head Office. As a result, we receive valuable recommendations each time.

At the same time, in risk management, from the perspective of avoiding financial risks, it is very important to visit frontlines with hidden risks. I myself visit all overseas sites at least once each year, and I encourage executive officers to go around and see our overseas subsidiaries as much as possible. Of late, there are more companies forced to revise their financial results downward due to cyberattacks and system faults. Therefore, the strengthening of information security is also critical to risk management, and we are undertaking this effort with a high sense of crisis, such as establishing the Computer Security Incident Response Team (CSIRT).

Maintaining Relationships That Are Thorough in Discussions with All Stakeholders

A point of reflection when looking back at our methods so far for disseminating information to our stakeholders is that we may have been too reserved in properly conveying to external parties the areas that we have been focusing on, such as our growth strategies and human resource development efforts.

As part of management that is thorough in discussions, I always thought about making dialogues with stakeholders even more meaningful. I see this integrated report, which we started issuing last year, as a means of communication with shareholders and investors. At the same time, we started holding shareholder relations (SR) meetings and are increasing opportunities for face-to-face dialogues. In fact, we receive various suggestions for management from everyone through SR meetings, and we will continue to conduct them with an expanded scope in this fiscal year.

Regarding our business portfolio, which is a matrix of “market-in segments” and “products” and draws high attention from shareholders and investors, we are concerned about how to disclose it outside the Company. In announcing the next medium-term business plan, it will be necessary to properly show shareholders and investors the concept behind our business portfolio.

Given that our overseas net sales ratio exceeds approximately 50%, since FY2023, we have been disclosing various investor relations (IR) materials in both Japanese and English simultaneously as far as possible to strengthen information disclosure to overseas investors.

In addition, in March 2023, Tokyo Stock Exchange requested companies with a price-to-book ratio (PBR) below 1.0 to disclose and implement improvement measures. Given this request, as a response to our shareholders and investors, we announced our “Action to Implement Management that is Conscious of Cost of Capital and Stock Price” and showed our strong determination to break free from having a PBR below 1.0. At the same time, we purchased our own shares on an unprecedented scale.

RIKEN TECHNOS will continue to enhance communications with our stakeholders, and together, create new value to solve social issues. We hope that you will continue to give us your unwavering support.



Overview of Value Creation

The RIKEN TECHNOS GROUP will continue to provide new value and satisfaction to people, companies, and society as a challenger that stays ahead of customers' expectations.

RIKEN TECHNOS WAY



Spirit Passed Down

The spirit of venture, which has been passed down since our founding days, represents the very strength of RIKEN TECHNOS and its “RIKEN TECHNOS-ness.”

On the occasion of the 60th anniversary of the Company's foundation, we established the RIKEN TECHNOS WAY, our corporate philosophy, based on this concept of “RIKEN TECHNOS-ness.” The word “challenger” used in our mission statement is meant to convey two meanings—a manufacturer that produces high-quality products and an organization that takes on challenges to create new value and satisfaction for people, companies, and society. To make further advances into the future, we will continue taking on new challenges.



9-inch Roll Equipment Used at the Time of Establishment

History as a “Challenger”

Based on our comprehensive technologies related to synthetic resin processing developed since our establishment, we have taken on and accomplished the challenge of developing, manufacturing, and selling PVC compounds and films, Japan's first PVC food wrap, and thermoplastic elastomer compounds. Today, these products serve as pillars for our business and attract attention as materials and products that contribute toward effective use of resources and energy conservation, as well as reduce environmental loads. In 2001, we changed our company name to RIKEN TECHNOS CORPORATION. Currently, we have grown into a global company engaging in business in Japan and overseas centered on four market segments: Transportation, Daily Life & Healthcare, Electronics, and Building & Construction.

Since our establishment, our greatest strength has been people and technology. We take on challenges without being bounded by precedents, and our mission is to improve the quality of life and create a safe, affluent society. We want to be a company that is not satisfied with simply exceeding the customers' expectations, but always anticipates the future to stay ahead of and meet the latent customer and market needs which have yet to manifest.

Our unceasing efforts will continue, along with efforts to entrench our corporate culture, such as “Stay ahead of customers' expectations,” across the entire Group.

RIKEN TECHNOS WAY Spreading Company-wide

As one of our initiatives to entrench the RIKEN TECHNOS WAY, we held a poster competition on the theme of the RIKEN TECHNOS WAY for all Group companies, including our consolidated subsidiaries in Japan and overseas. The competition was designed to increase time for our Group employees and their families to think about RIKEN TECHNOS WAY through the creation of posters and increase awareness of and entrench the RIKEN TECHNOS WAY by turning award-winning works into posters and putting them up at each site.

The more than 200 works submitted from Japan and overseas underwent an examination and screening by the examination committee comprised of the Company's executive officers, and Grand Award and Excellence Award winners were selected.

Grand Award



Excellence Awards



Overview of Value Creation

History of RIKEN TECHNOS

1950–

Foundation and Early Era /
Establishment of Corporate Foundations

RIKEN VINYL INDUSTRY CO., LTD., the predecessor of RIKEN TECHNOS, got its start in 1949 when basic research on polyvinyl chloride (PVC) compounding technology and investigation of its commercialization began at the Tokyo Institute of Technology. RIKEN VINYL INDUSTRY was established in 1951 as a start-up venture with little funds that relied solely on people and technology and focused on PVC resin processing.

1970–

Establishment of Domestic Business
Foundations

After the Company was established, it developed business primarily in the Tokyo metropolitan area, but in response to the increase in customers in the Kansai-Chukyo area, in 1973, the Osaka Sales Office was opened and operation of the Mie Factory started to establish a sales and production system covering the Kanto and Kansai regions. In 1974, the Company was listed on the first sections of the Tokyo and Nagoya stock exchanges, aiming to increase trust from customers and secure a stable supply of capital.

1990–

Full-scale Entry into Global Markets

Japanese companies started expanding overseas, but at that time, they faced difficulties procuring high-quality materials locally, and in response to calls from customers, RIKEN (THAILAND) CO., LTD. was established in 1989 as a full-scale overseas compound production site. This was used as an opportunity to expand production and sales sites in the United States, Indonesia, China, and Europe. The Company name was changed to RIKEN TECHNOS CORPORATION in 2001.

2015–

Intensification of Global Management

With the establishment of overseas production and sales sites, the RIKEN TECHNOS GROUP has built organizational structures based on an awareness of global management encompassing both domestic and overseas sites. By optimizing production structures and enhancing and expanding supply networks, the Group was able to provide uniform “RIKEN TECHNOS quality” globally. In 2022, RIKEN TECHNOS CORPORATION was listed on the Prime Market of the Tokyo Stock Exchange. In the future, we will move forward as a “challenger” that continuously takes on new challenges.

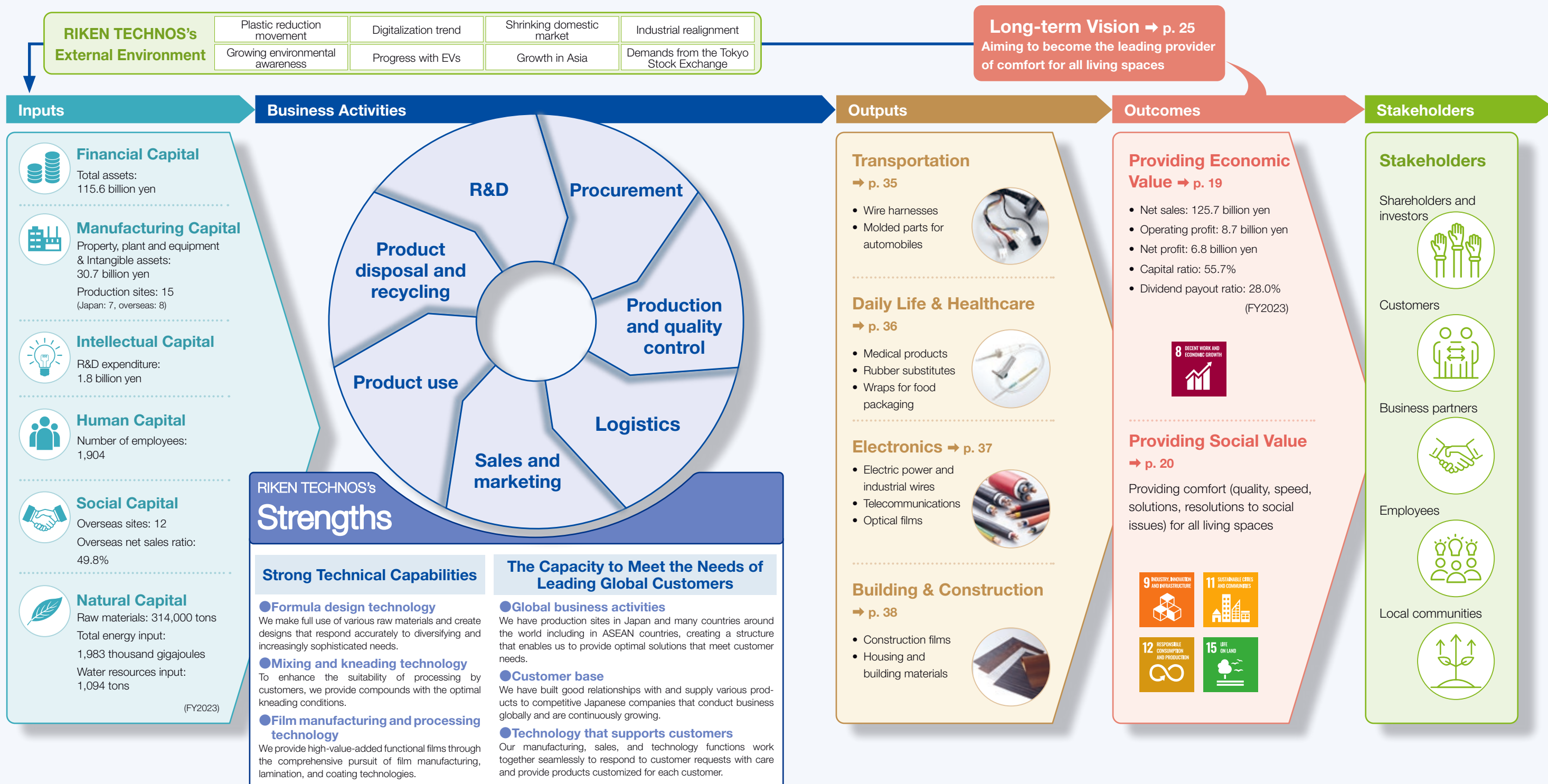
Net Sales
(Million yen)

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

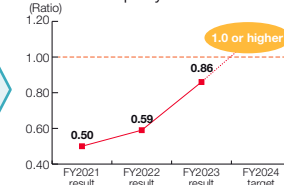
Capital (FY2023)

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



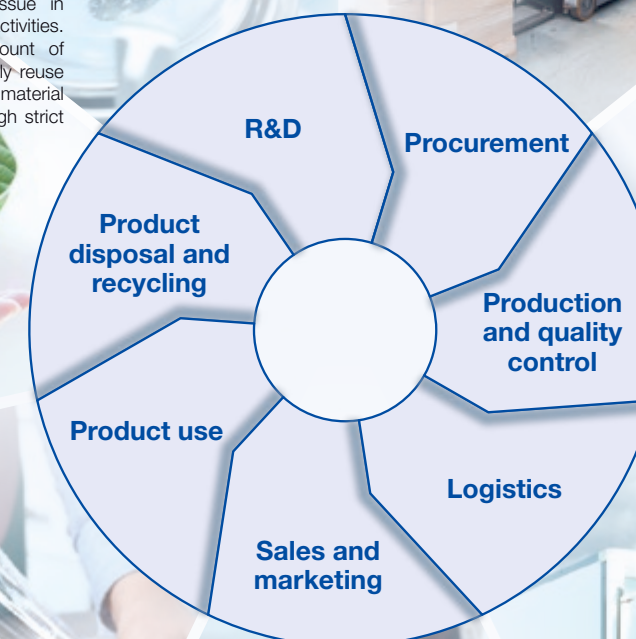
- Contribution to decarbonization through businesses
- Switch of purchased electricity to renewable energy-based electricity, renewal to energy-saving facilities
- Reduction of environmental loads by reducing waste
- Promotion of Responsible Care activities

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.

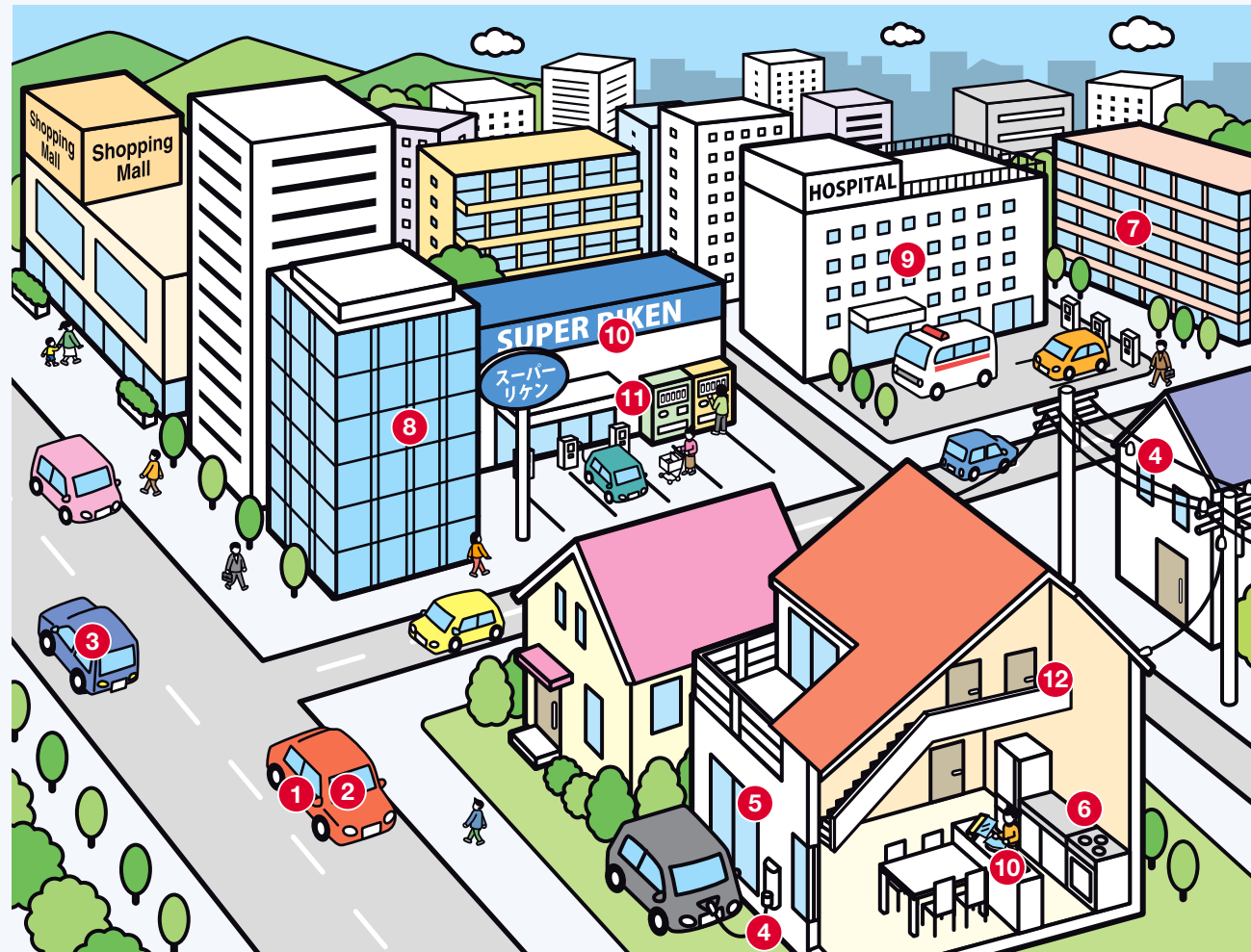
- We aim to continue to conduct reliable, safe, and stable product supply to all stakeholders, and we respond to changes in markets and the business environment by building partnerships based on mutual trust with our business partners.

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

Overview of Value Creation

Products

The compound and film products offered by the RIKEN TECHNOS GROUP are transformed into various components to provide “comfort” to users. Here, we introduce some of those products.



1 Compound for Wire Harness Coating

A wire harness is a composite product that bundles multiple electric wires used for power supply and signal communications and performs the role of connecting different devices. Our products boast stable quality and high market shares, supporting automobile and motorcycle production globally.



2 FFC* for Airbags

The quality of these films, which are used with airbags, is controlled at a high level. They are used in a reel format so that tangling and disconnection do not occur even when the steering wheel is rotated. Our products satisfy demanding specification requirements and have a long track record.

* Flexible Flat Cable



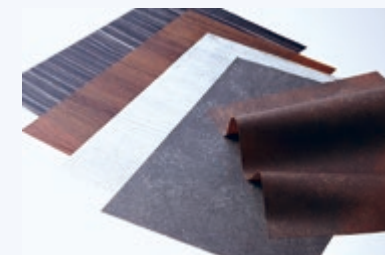
3 Film for Automobile Windows

This is a thermal barrier film applied to automobile window glass. ICE-μ® features high thermal insulation and transparency, creating a comfortable vehicle interior space. Application on the windows of EVs, for which cooling and heating efficiency is even more important, is expected in the future.



4 Compound for Power Cable Coating

Power cables supply electric power. Our products are used as coating materials to protect various cables including general electrical wires as well as cables used with solar power generation and EV charging. We have products with diverse characteristics including fire resistance and heat resistance.



7 High-end Wall Covering Film

These decorative films have functions such as design, weather resistance, stain resistance, antivirus properties, and good workability. They are used in commercial facilities such as hotels as well as many interior spaces to create a beautiful finish.



10 Wrap for Food Packaging

These are films used to package foods and ingredients. The commercial-grade wraps are used primarily in supermarkets to package fresh foods, while small-roll wraps are widely used in settings ranging from household to professional kitchens. The environmentally friendly product RIKEN WRAP BOTANICAL® uses biomass resin.



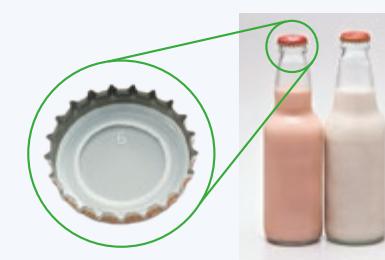
5 Compound for PVC Window Frames

These products are used in the resin frames of windows. They feature excellent thermal insulation compared to aluminum sashes, and consequently, have CO₂ reduction effects. Resin sashes are durable and lightweight and provide surface functions with excellent stain resistance as well as design features.



8 Building Window Film

These films are applied to window glass in residential and commercial buildings. We offer grades with various functions such as UV ray reduction, shatter prevention, crime prevention, thermal insulation, hydrophilic properties, antifogging properties, antivirus properties, and decorative functions.



11 Compound for Food Cap Sealing

These food sealing products provide excellent leak resistance and sealing properties. Since the products come into contact with food, they must be safe and sanitary. LEOSTOMER® is used in a wide range of applications such as beverages and toys for infants.



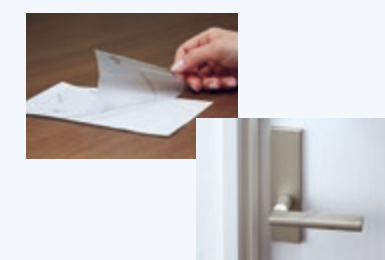
6 Decorative Kitchen and Furniture Film

These laminated film products, which feature high functionality and a beautiful appearance, are widely used on kitchen doors, refrigerators, cabinets, and other furniture applications. Our products are available in different printed colors, designs, and patterns with different finishes including high-gloss and super-matte, providing a high degree of designability.



9 Compound for Syringe Gaskets and Tubes for Medical Applications

These products support the medical field. Our gaskets boast outstanding low-speed sliding resistance, offering stability in the volume of medicine injected. Our products for medical tubes comply with various medical standards and have a track record of many years.



12 Antibacterial and Antivirus Film

These are films with a function that suppresses the growth of viruses and bacteria. RIKEGUARD® has received SIAA* certification, and we also handle compound-type products. We also have products with insect repellent and properties that reduce allergy substances.

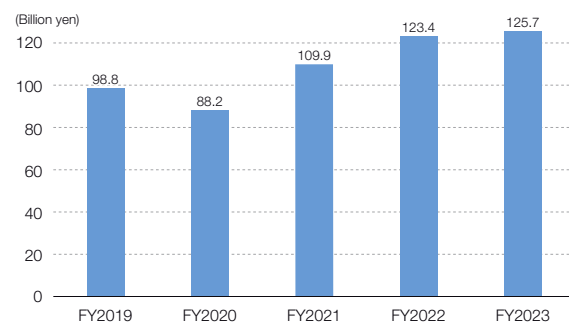
* Society of International sustaining growth for Antimicrobial Articles

Overview of Value Creation

Financial and Non-financial Highlights

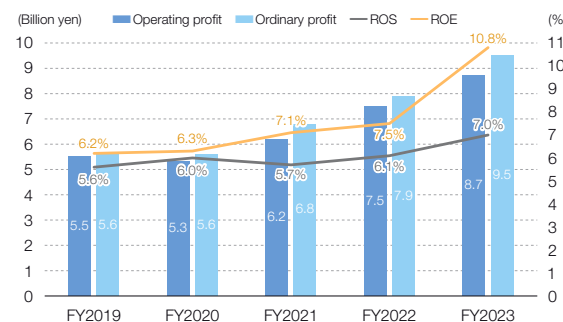
Economic Value

Net Sales (Consolidated)



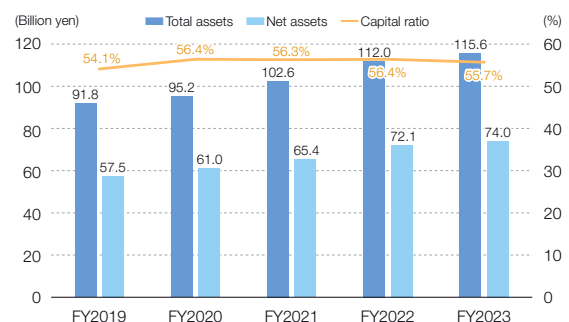
Consolidated net sales set a record high for three years in a row due to increase in sales volume, optimization of product prices, effects of yen depreciation, and other factors.

Operating Profit, Ordinary Profit, ROS, and ROE (Consolidated)



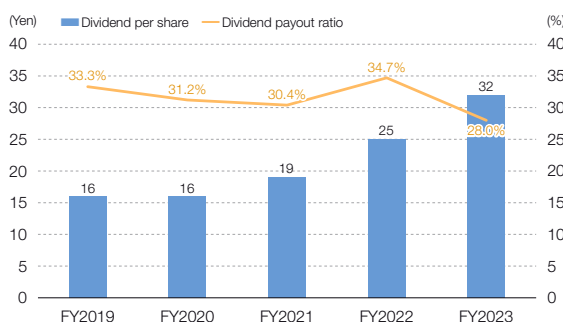
Each profit set a record high for three years in a row. Return on sales (ROS) for FY2023 also set a record high. Return on equity (ROE) for FY2023 includes gains on sale of cross-shareholdings.

Total Assets, Net Assets, and Capital Ratio (Consolidated)



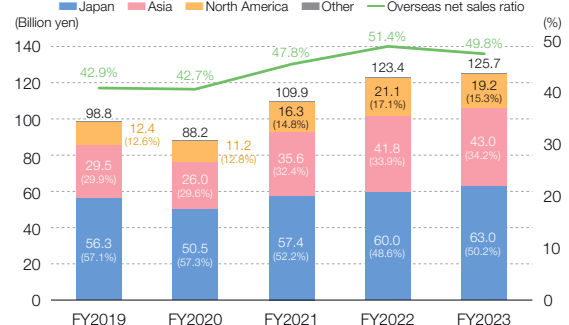
In FY2023, despite the sale of cross-shareholdings, total assets increased due to increase in market value. Meanwhile, the capital ratio declined from the previous fiscal year due to the purchase of treasury shares.

Dividend and Dividend Payout Ratio (Consolidated)



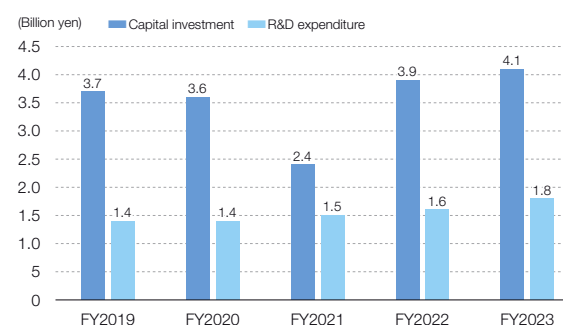
In FY2022, we changed our dividend policy, increasing the consolidated dividend payout ratio from 30% to about 35%. We continued to increase our dividend in FY2023 to a dividend of 32 yen per share, up 7 yen from the previous fiscal year.

Net Sales by Region (Consolidated)



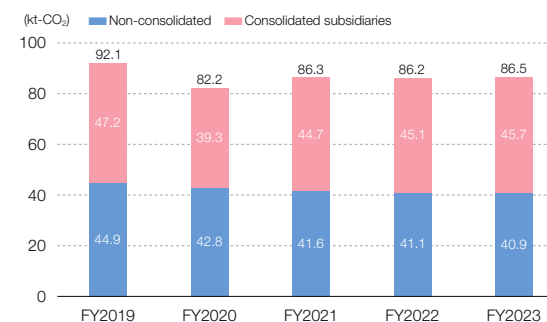
The overseas net sales ratio has increased in recent years. However, in FY2023, domestic net sales exceeded overseas net sales as our domestic sales volume and sales increased.

Capital Investment and R&D Expenditure (Consolidated)



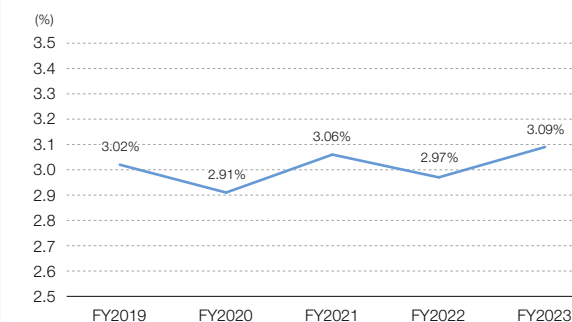
We reinforced the capacity of our production facilities, streamlined operations, and improved product quality while focusing on allocating management resources to growth areas. As a result, capital investment and R&D expenditures reached 4.1 billion yen and 1.8 billion yen, respectively, both up from the previous fiscal year.

Social Value

CO₂ Emissions (Scope 1 and 2)

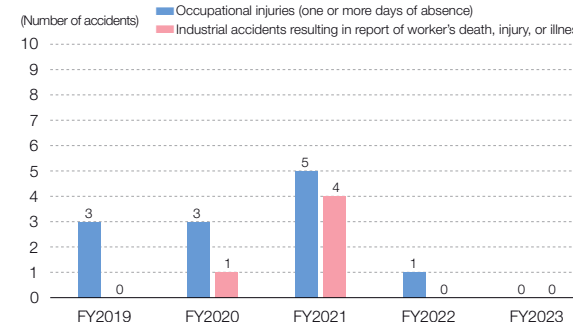
The Company's non-consolidated CO₂ emissions target for FY2030 is 24,139 t (46.2% decrease from FY2019). We will work on reducing CO₂ emissions, seeking to achieve carbon neutrality for the entire Group by 2050.

Ratio of Total Waste to Total Production (Non-consolidated)



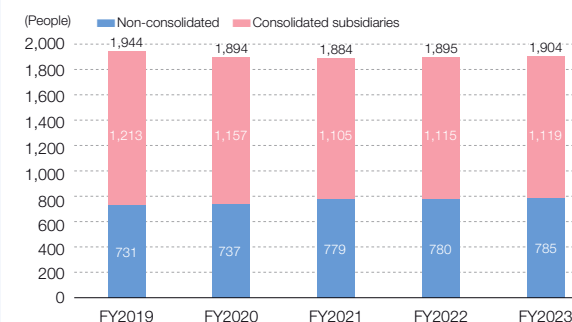
The Company's non-consolidated ratio of total waste to total production for FY2023 increased by 0.12% from the previous fiscal year, affected by the disposal of products held in inventory for a long period of time.

Occupational Injuries Requiring Time Off Work (Domestic)



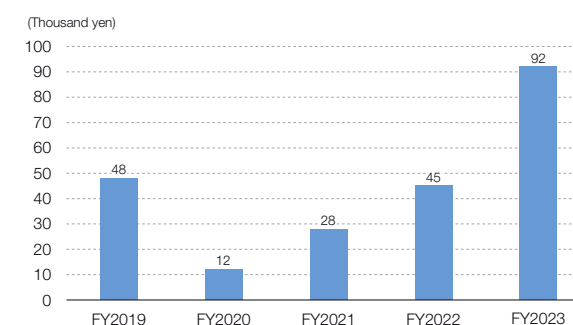
In FY2023, there were no occupational injuries requiring time off work that occurred in Japan (including consolidated subsidiaries).

Changes in Number of Employees



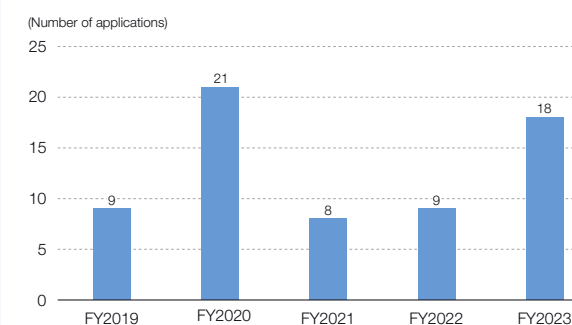
We have been able to secure human resources stably through our recruitment efforts such as referral and alumni hiring, in addition to new graduate hiring and mid-career hiring.

Training Costs per Employee (Non-consolidated)



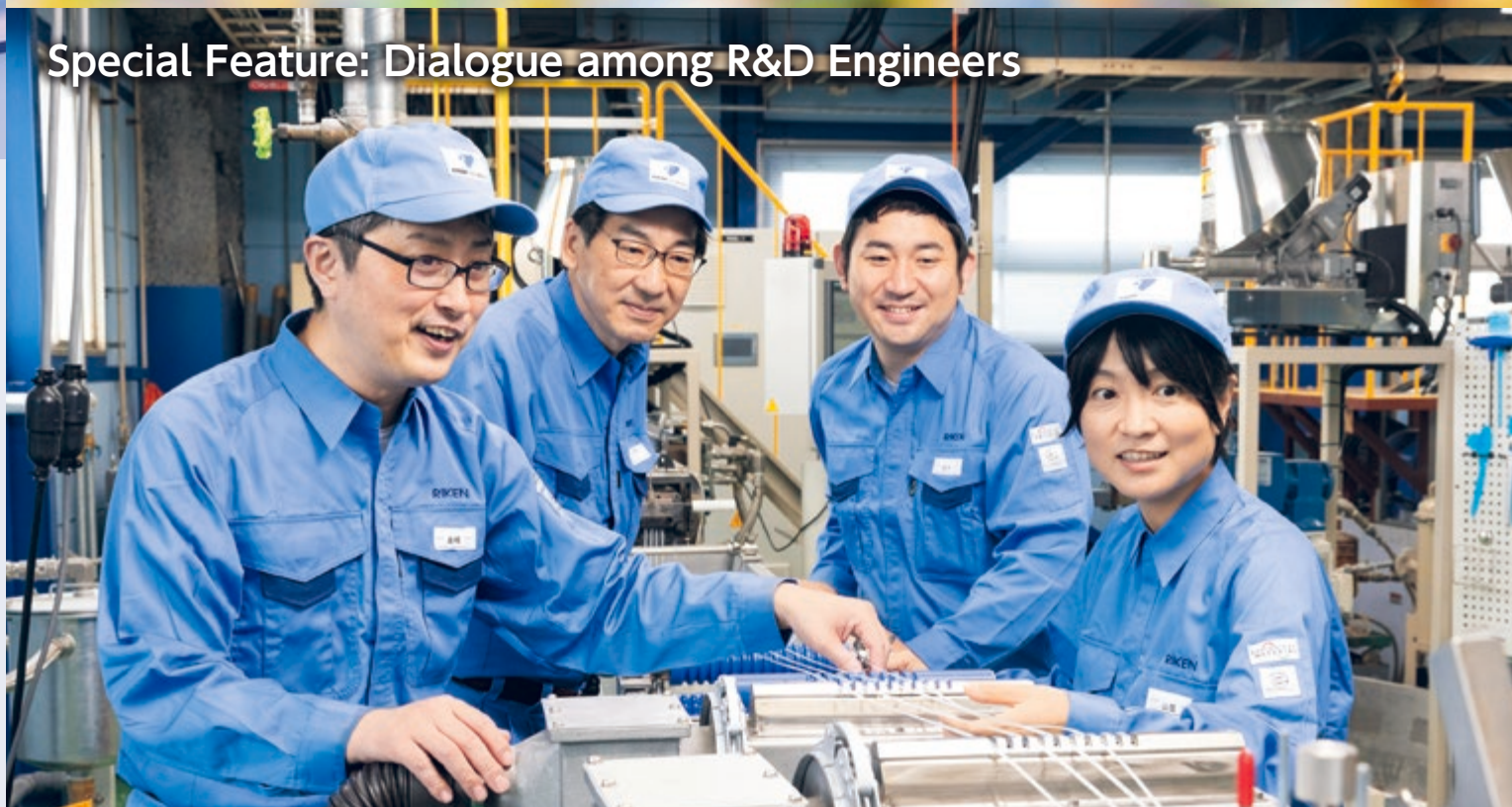
We focus on developing human resources suited to a "challenger" and strive to hire and develop the human resources we need to carry out our management strategies.

Number of Patent Applications (Non-consolidated)



The Company's non-consolidated number of patent applications for FY2023 was 18, up 9 from the previous fiscal year. By submitting patent applications strategically, we will further strengthen the Group's competitiveness.

Special Feature: Dialogue among R&D Engineers



Material of Interest as an Alternative to Rubber Expectation for Elastomer

Having found the potential of the excellent properties of elastomers, RIKEN TECHNOS started developing thermoplastic elastomers (hereinafter, elastomers) in the 1990s. Since then, starting with the automotive field, we have developed a number of products for various fields responding to our customers' requests. Recently, the use of elastomers for new development projects as materials that can contribute to the circular economy is also increasing along with the elevating concern over environmental issues.

We held a roundtable talk inviting four employees engaging in the R&D of elastomers. The participants explained the environment in which RIKEN TECHNOS's elastomers have been developed and exchanged their opinions about the future direction.

Participants **Shinzo Saito, General Manager of the Core Technology R&D Department**
Satoshi Takahashi, Group 1, Material R&D Department No. 1, R&D Center
Mamiko Yamada, Material Group, Core Technology R&D Department
Koji Sakai, Group 2, Material R&D Department No. 2, R&D Center

Held on July 17, 2024 at RIKEN TECHNOS's R&D Center.

* The affiliations and titles of the participants are current as of the talk.



Shinzo Saito

General Manager of the Core Technology R&D Department

Saito has engaged in the R&D of thermoplastic elastomer compound materials for various fields such as automotive, medical, food, daily goods, and industrial materials. Now, he engages in the DX of R&D in addition to core technology development.

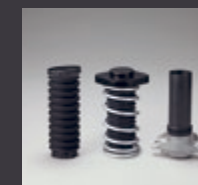
Expansion of Use of Elastomers in Wider Products

Saito: Thermoplastic elastomer compounds are our flagship products like polyvinyl chloride (PVC) resin compounds. Due to their advantageous properties such as flexibility, durability, weather resistance, moldability, and processability, elastomers are widely used in automotive parts, medical equipment, everyday items, and industrial products, among others. Please share examples of elastomer development in the field you are engaging in.

Takahashi: I engage mainly in the R&D of elastomers for the automotive field. A variety of resins are used in automotive parts, and elastomers are used for many parts. Elastomers started to be appreciated in the late 1990s because of their

What is Thermoplastic Elastomer?

Thermoplastic elastomers are polymeric materials that soften and become fluid when heated and return to a rubbery state when cooled. Thermoplastic elastomers have excellent recyclability and moldability like plastics. They are therefore used in a variety of products from automobiles, electric wires, building materials, home appliances, and everyday items to toys, hygiene products, and medical products. The use of these materials in automotive parts, in particular, is increasing as they contribute to weight reduction compared to conventional vulcanized rubber.



Dust Boot (Automotive Molding Component)



Syringe Gasket



Pen Grip



Packing for Pitcher



excellent recyclability and low environmental load. In the late 2000s, interest in elastomers, with excellent compression set properties and humidity resistance, elevated, and their demand as alternatives for automotive vulcanized rubber, including that for glass run channels, increased. At present, the use of elastomers has increased to products such as boots, bellow-shaped molded products that require flexibility. The introduction of elastomers is advancing as those of today can fulfill the strict functional and molding requirements of some components, which was impossible in the past.

Yamada: I engage in the R&D of elastomers for our customers in the building material, daily goods, and food fields. One of the memorable projects is the development of an elastomer for household chopping boards. As these chopping boards come into contact with food, I prescribed and engineered an elastomer placing a focus on material hygiene. I repeated trial and error considering the texture of contact with the blade of a kitchen knife hitting a chopping board (flexibility) and grip comfortability when chopping, heat resistance against disinfection with boiled water, etc. As I often engaged in the R&D of elastomers for daily goods and building materials, I am happy to see that the products I developed are being used in daily life in various places.

Sakai: I engage in the R&D of elastomers related to daily goods and building materials, centered on medical and food. In terms of use, elastomers for medical equipment in particular need



Satoshi Takahashi

Group 1, Material R&D Department No. 1, R&D Center

Utilizing the experience of engaging in the development of "ACTYMER® G," a grade of improved compression set performance, among others, Takahashi engages in the R&D of compound materials centered on automotive molding compounds.

to secure hygiene to make them safe materials. Moreover, they need to fulfill various property requirements. In developing a rubber cap for a medical device (intravenous drip), I successfully found the optimal formula design while checking performance in use. As a result, the excellent hygiene of the product, which does not require vulcanization, was highly appreciated, and we achieved the switch from isoprene rubber to elastomer.

Saito: I understand that elastomers are used in various products in many fields and all of you find the R&D of elastomers rewarding. Please tell me about what you place importance on in developing elastomers.

Takahashi: I try to keep close communication with customers. When developing a product, we can check the required specifications quantitatively in advance, but what our customers want always includes elements that are not noticeable from the figures. I therefore endeavor to engage

Overview of Value Creation Special Feature: Dialogue among R&D Engineers

**Mamiko Yamada**

Material Group, Core Technology R&D Department

Yamada engaged in the R&D of thermoplastic elastomer compound materials for building materials, daily goods, and food products. She now is in charge of proposal-type new product development and core technology development making the most of her experiences to date.

in developing products while communicating with customers and checking the actual molding materials and molding conditions on-site to develop a product with which both we and the customers can be satisfied. This culture is RIKEN TECHNOS's R&D style, which I think will be handed down to the next generations.

Yamada: I also believe in the importance of communication. For example, let's suppose I received a requirement from a customer for an elastomer that withstands the temperature of 100°C. The required properties are completely different between a case where the elastomer to be developed will be used in an environment in which the temperature momentarily gets to 100°C and where it will be used for several years in an environment in which the temperature stays 100°C. I therefore strive to propose the optimal material by hearing the background of the environment in which the product to be developed will be used for what purpose.

Sakai: I believe that communication is also important internally in addition to it with our customers. While prioritizing meeting customers' requirements, I keep close communication with manufacturing sites to conduct formula design of elastomers that can be stably manufactured. I am also always aware of the necessity of developing formulations that our customers can continue to use without concerns over supply and product quality.

Saito: As Mr. Sakai said, even if we can make a good prototype,

if we can't stably produce the same quality with an actual mass-production machine, it will cause trouble not only for the factory but also for the customers as well. Developers are required to consider various aspects and always develop products recognizing new customers value. Do you have any recent development trend of interest?

Recent Trend in Elastomer Development and Proposal of Customer Value

Takahashi: I frequently hear the word "environment" at the R&D sites for the automotive industry I am in charge as well as for other industries. For example, the number of R&D projects aiming to replace vulcanized rubber is increasing. Vulcanized rubber, however, excels in mechanical properties such as rubber elasticity and durability mainly due to its flexibility. To replace it, the development of elastomers with higher performance is necessary.

Sakai: Elastomers are said to be lighter by approximately 20% compared to vulcanized rubber. Switching vulcanized rubber to elastomers would contribute to improvements in transportation fuel efficiency. Furthermore, vulcanized rubber does not return to its original shape even when reheated once it has molded. On the other hand, molded elastomers can be re-molded by crushing, like chocolate. Elastomers are also environment-friendly materials due to their easy recyclability.

Yamada: Depending on the molding method, burrs (unnecessary portions produced by stuck-out material during molding) are generated during rubber molding in some cases. The process to remove these burrs is necessary with rubber, but with elastomer molding using the injection method, the deburring process can be reduced due to the elastomers' excellent moldability. Furthermore, burr portions can be reused, without wasting, in manufacturing molded products, which pushes the yield ratio to almost 100%.

Sakai: As post-processing for burrs is unnecessary, the risk of contamination by foreign matters can be prevented. For this

reason, there is also demand in the medical field, where a high level of hygiene is required. Moreover, deburring is often performed manually, requiring many workers. As the labor force decreases due to a shortage of human resources, I think that the removal of this process is a great advantage. As such, elastomers have many advantages not only improving yields but also reducing various cost.

Takahashi: In terms of reducing labor hours, elastomers have the property of being able to be heat-sealed with hard substances such as polypropylene resin and ABS resin*. This also brings the major advantage of making it easy to create two-color molded products made of different materials. Using two-color molded products made of elastomers reduces the volume of assembly work for elastomer parts and makes parts attachment smoother. In addition, as no chemical agent such as an adhesive is needed to be used for parts attachment, elastomers are expected to contribute to both person-hour saving and environmental conservation.

Saito: I understand that the elastomers we develop are materials that can contribute to solutions to environmental and other various issues. Let's continue to work on the R&D of materials that "Stay ahead of customers' expectations" while sincerely facing diverse challenges with our customers.

Value Creation and Development Style Going Forward

Saito: More than 30 years have passed since we started developing elastomers. While our R&D theme has been constantly changing with the times, I think that the style of standing close to customers to solve issues together is the most prominent characteristic and strength of RIKEN TECHNOS's R&D. We should not change this style. Meanwhile, product development becomes increasingly difficult and shortening the development periods to spend on R&D is being required. Although shortening the development period and reducing person-hours required until product developments are finished will ultimately contribute to energy-saving, we need to consider how to enhance development efficiency while handling various projects one by one with due consideration.

**Koji Sakai**

Group 2, Material R&D Department No. 2, R&D Center

Sakai engages in the R&D of thermoplastic elastomer compound materials mainly for medical equipment, food products, daily goods, industrial materials, building materials, and civil engineering materials, customer support, and the development of new markets made by developed products.

I think that one of the answers to it is digital transformation (DX).

Yamada: The R&D departments are also working on DX, developing elastomers utilizing materials informatics (MI) with artificial intelligence (AI) including machine learning. We have already seen the results on product development and this has made efficient experiments possible. We expect that the newly acquired capabilities of developing new materials in a shorter period and utilizing data has enabled us to respond to diverse requests from customers more rapidly and flexibly than ever before. Moreover, establishing an environment in which various data can be stored is useful for accelerating R&D and handing down technological expertise accumulated in the Company.

Takahashi: R&D using MI has been introduced to many companies and is attracting increasing attention. You might think that the use of MI enables our competitors to develop similar materials, but actual data to be input is the key. To elevate the accuracy of analyses, the material evaluation technology must be improved. As we have our unique expertise including the methods and lessons accumulated through product design and development in the past, our starting point is completely different from those of competitors. Sense is also needed in interpreting the output. By skillfully integrating MI with the evaluation technology we have cultivated over the years, we should be able to create new value. In the automotive field, which I am in charge of, progress with EVs is progressing. To match the shift from engines to electric motors, requests to switch materials from vulcanized rubber to elastomers are increasing. I would like to fulfill our customers' expectations as a material manufacturer by utilizing various R&D methods and promptly proposing elastomers that exceed their expectations.

Sakai: Under the Mission "Mission and Purpose" to be a challenger, RIKEN TECHNOS engages in three businesses comprising compounds, films, and food packaging. As a person engaging in R&D, I would like to continue to take on challenges. As the Company has grown from compounds to derivatives, namely films and wraps, I would like to continue to challenge myself to develop new product series that can underpin RIKEN TECHNOS in the next era.

Saito: By promoting DX of R&D from manufacturing to quality control as well, I think that we can establish a system to promptly launch high-quality products to market. Let's accelerate challenges in new fields by increasing contact points with startups and academia without being constrained to conventional approaches and common sense. Let's enjoy R&D together more than ever by taking on bold challenges to find customers' voices of excitement and smiles of joy.



* ABS resin: synthetic resin copolymerized combined with acrylonitrile, butadiene, and styrene

Overview of Value Creation

Long-term Vision and Materiality Topics

Long-term Vision

Amid a drastically changing business environment, the Group has been working toward achieving its long-term vision, "Aiming to become the leading provider of comfort for all living spaces" since 2016, and has formulated a medium-term business plan and strategy, and is implementing a variety of measures.

The long-term vision incorporates the concept of delivering optimal solutions (comfort) through our businesses to "all living spaces," including the various areas of society that we will become involved with in the future, in addition to the Group's existing business areas and stakeholders.

Mission (Mission and Purpose)

"We are a challenger that harnesses the power of science to improve the quality of life and create a safe, affluent society. We continuously provide new value and satisfaction to people, companies, and society through our original and superior formulations and manufacturing technologies of multiple resins."

Long-term Vision

"Aiming to become the leading provider of comfort for all living spaces"

Materiality Topics

Important topics (materiality) for realization of the long-term vision based on considerations such as the medium- to long-term conditions of the Group's business environment, social issues, and the needs of stakeholders.

Medium-term Business Plan



Materiality Topics

The RIKEN TECHNOS GROUP recognizes that responding to issues surrounding sustainability is important. By incorporating these issues into our management, we seek to help realize a sustainable society and enhance our corporate value. In March 2023, we identified important topics (materiality) to be undertaken toward realizing the long-term vision, based on considerations such as the Group's medium- to long-term business environment, social issues, and the needs of stakeholders.

Process for Identification of Materiality Topics

Review of Environmental Changes, Social Issues, and Stakeholder Needs

The Sustainability Committee secretariat, which comprises members selected from the respective divisions, played a central role in identifying relevant key topics with reference to various guidelines, key performance indicators (KPIs), and other information regarding the Sustainable Development Goals (SDGs) and the environment, society, and governance (ESG) to review changes to the Group's medium- to long-term business environment, social issues, and needs of stakeholders and others.

Candidate Selection

Candidate materiality topics for the Group to address were selected based on the key topics identified.

Candidate Evaluation

The candidate topics selected were assessed for materiality along the two axes of importance to the Group and importance to stakeholders.

Deliberation at the Various Levels

Roundtable discussions were held among directors and executive officers for identification of materiality topics by management, including outside directors. Participants discussed the individual candidate materiality topics and their importance. Similar discussions were held in roundtable talks by department managers and those in equivalent posts.

Preparation of Materiality Matrix

Based on the details of the discussions above, the Sustainability Committee revised and made additions to candidate materiality topics and prepared a materiality matrix.

Approval of Materiality Topics by Management

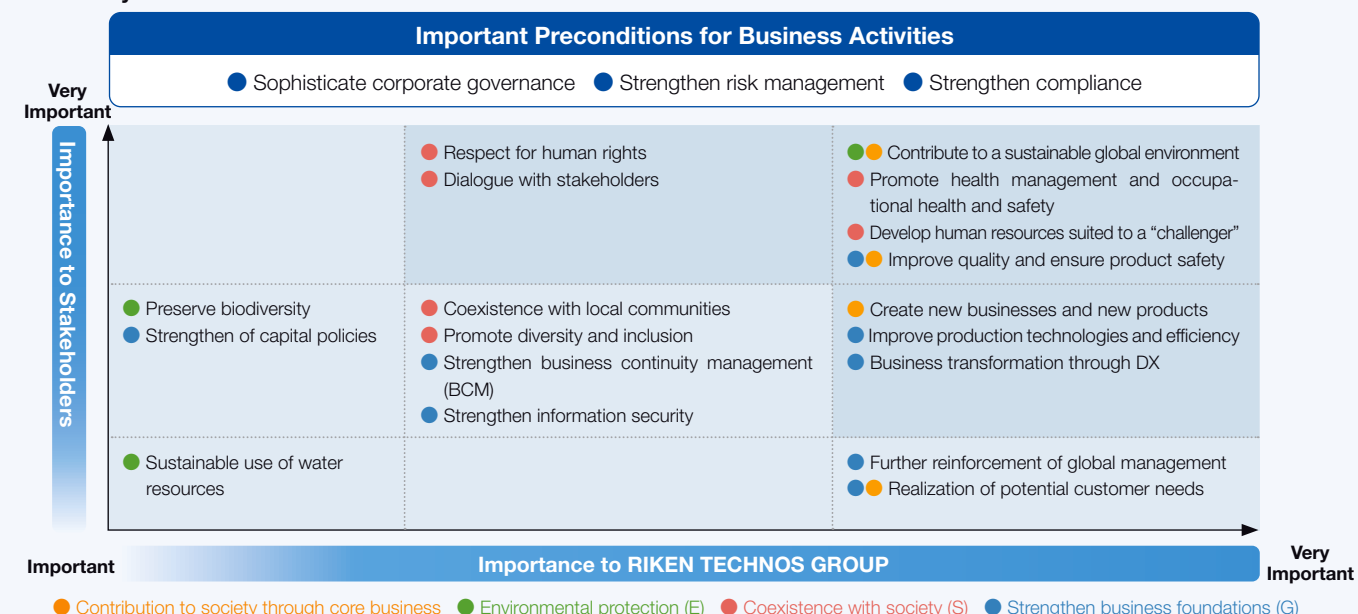
The content of the materiality matrix was resolved by the Board of Directors.

Materiality Matrix and KPIs

We carried out evaluations in terms of importance to the Group and importance to stakeholders and prepared a materiality matrix. We also established indicators and targets (KPIs) for nine of the selected materiality items that the Group considers are of particular importance.

We are working to achieve our targets, and by managing our progress, we repeat the plan-do-check-act (PDCA) cycle and strive to realize the long-term vision.

Materiality Matrix



Indicators and Targets (KPIs)

Materiality Topics	Standards for Evaluation (KPIs)	Results	Medium- to Long-term Targets		Relevant SDGs
		FY2023	FY2024	FY2030	
Contribute to a sustainable global environment	Achieving CO ₂ emissions reduction targets for 2030 (non-consolidated)	40,859 t	35,446 t	24,139 t (46.2% decrease compared to FY2019)	13
	Carbon neutral by 2050 (Group)	86,520 t	-	-	13
	Ratio of total waste to total production (non-consolidated)	3.09%	3.3% or less	3.0% or less	12
Promote health management and occupational health and safety	Occupational injuries requiring time off work (domestic)*1	0	0	0	3
	Percentage of employees undergoing specified health examinations (domestic)	90.3%	90%	90%	3
	Percentage of employees provided specified health guidance (domestic)	61.4%	55%	60%	3
Develop human resources suited to a "challenger"	Training costs per employee (non-consolidated)	92,000 yen	117,000 yen	140,000 yen	8
Improve quality and ensure product safety	Serious quality incidents requiring recalls (non-consolidated)	0	0	0	3
	Serious violations of legal and regulatory compliance regarding use of chemical substances (non-consolidated)	1	0	0	3
Create new businesses and new products	Number of patent applications (non-consolidated)	27 (cumulative) (FY2022-2023)	45 (cumulative) (FY2022-2024)	210 (cumulative) (FY2022-2030)	9
	Number of collaborations with external parties (non-consolidated)	13 (cumulative) (FY2022-2023)	10 (cumulative) (FY2022-2024)	35 (cumulative) (FY2022-2030)	9
Improve production technologies and efficiency	Production capacity (non-consolidated)	-9% (vs. FY2021)	+10% (vs. FY2021)	+33% (vs. FY2021)	9
Business transformation through DX	Development of MI human resources (non-consolidated)	4 persons	9 persons	20 persons	8
	DX training for all employees (non-consolidated)*2	97.1%	100% attendance	100% attendance	8
Respect for human rights	Human rights and compliance training for all employees (domestic)*2	100%	100% attendance	100% attendance	8
	Implementation of ESG survey to suppliers (non-consolidated)	Once	Once	Once	8
Dialogue with stakeholders	Meetings with investors and existing shareholders (non-consolidated)*3	156 companies	140 or more companies	200 or more companies	8
	Implementation of satisfaction survey to customers and business partners (non-consolidated)	Once	Once	Once	8

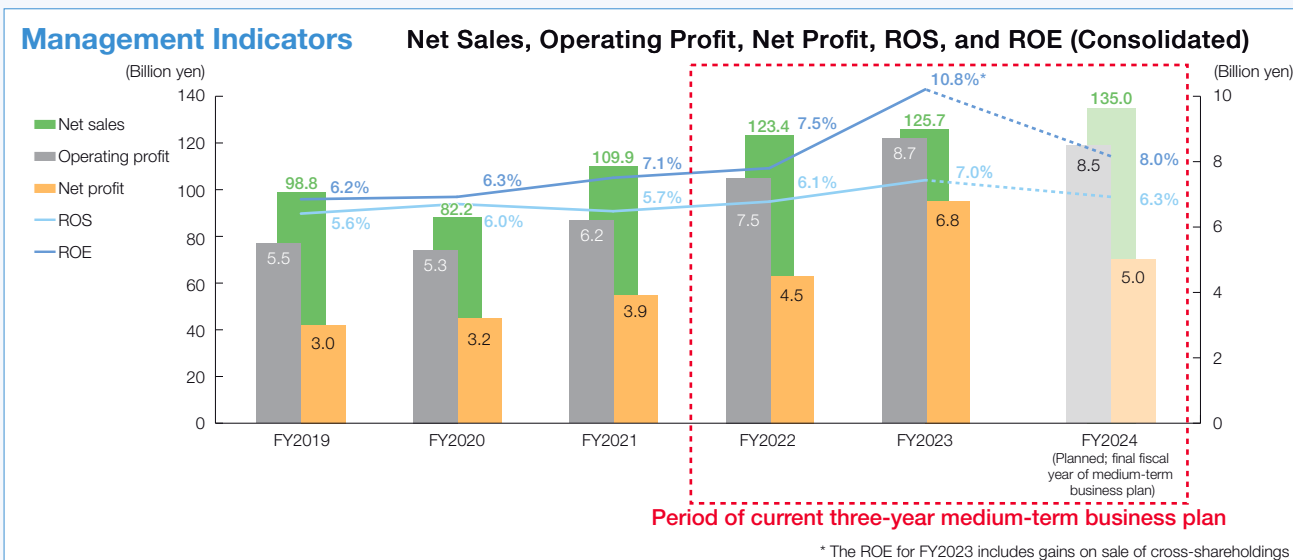
*1 Industrial Accidents which require the sending of a worker casualty report *2 Including attendees of on-demand training *3 Total number of companies

Overview of Value Creation

Medium-term Business Plan

In the three-year medium-term business plan that started in FY2022, we are advancing initiatives to achieve the long-term vision of “Aiming to become the leading provider of comfort for all living spaces” with “Challenge Now for Change New 2024” as the management policy.

All employees are moving forward as one to promote the four strategies in this plan toward achieving the management indicators and accomplishing the plan.



State of Progress

There are four strategies stated in this three-year medium-term business plan: two strategies to grow existing business and two strategies for future growth. In FY2023, the second year of the plan, we focused on implementing specific measures based on these strategies through the organizational structures and systems strengthened in the first year of the plan.

The first strategy is to “Intensify global management and generate synergies.” As part of reinforcing global cross-functional management, we held global meetings for sales and manufacturing departments that involved the participation of domestic and overseas sites, and worked on the sharing of information, early proposal of improvement measures, and enhancing the skills of our human resources. In addition, centered on ASEAN, we commenced operation of new factories and expanded manufacturing lines. Going forward, we will continue to strengthen our production structures in Japan and overseas.

The second strategy is to “Stay ahead of customers’ expectations.” We worked on uncovering hidden needs through technical exchanges with major customers. In addition, to enhance and reinforce our structures for sales

support and research and development, we introduced systems and steadily increased the speed of solution delivery.

The third strategy is to “Take on the challenge toward new businesses and products.” We made progress in the open innovation initiatives by the Technical Division and Start-up Office for New Business Development. For new products, we developed the allergy substance-reducing product RIKEGUARD® A, a thermoplastic vulcanizate elastomer that serves as a substitute for vulcanized rubber, and reform materials for recycled rigid polyvinyl chloride (PVC).

The fourth strategy is to “Contribute to solving environmental and social issues.” Besides developing and spreading environmentally friendly products, we also introduced internal carbon pricing (ICP) to accelerate initiatives toward reduction of CO₂ emissions. We also promoted activities related to our Group’s sustainability, such as formulating our human rights policy and under the theme of promoting women’s empowerment, launching a project and providing recommendations to the management.

As the final fiscal year of the plan, in FY2024, we will work as one united Group on the various measures toward accomplishing the four strategies.

Four Strategies

Strategies to Grow Strengths of Businesses

Strategy 1 Intensify global management and generate synergies

- Capture an overwhelming market share in the important ASEAN region, and increase the number of fields in which we hold the leading share
- Expand business with global Japanese companies and local non-Japanese companies
- Establish strong foundation as a global company
- Further reinforce global cross-functional management by each division

Strategy 2 Stay ahead of customers’ expectations

- Further reinforce and develop our strengths and business models
- Anticipate potential customer needs and propose solutions through analyzing the market
- Speed up solution delivery (reorganize R&D structures, utilization of DX)
- Improve ability to serve customers by establishing the Film Business Unit

Strategies for Future Growth

Strategy 3 Take on the challenge toward new businesses and products

- Build new business pillars that go beyond geographic expansion and meeting customer needs
- Establish structures that can fully utilize RIKEN TECHNOS’s technological strengths and reinforce R&D capabilities
- Generate new ideas by ensuring diversity in human resources
- Establish structures, methodologies, and cultures that generate new businesses and products

Strategy 4 Contribute to solving environmental and social issues

- Develop and spread environmentally friendly products
- Reinforce sustainability implementation structures and various activities (climate change, circular economy, human rights issues, diversity, social contribution, etc.)
- Undertake initiatives toward becoming carbon neutral by 2050

Measures That Support the Four Strategies

We will focus on five major initiatives.

- (1) Capital investments in manufacturing facilities
- (2) Intellectual property and R&D investments
- (3) DX investments for improving efficiency of operations and developing working environments
- (4) Human capital investments
- (5) Reinforcement of governance structures

In particular, for (4) human capital investments, based on the approach that the growth of people is corporate growth itself, we will encourage the growth of each employee and establish workplace environments and a corporate culture where diverse human resources can play active roles.

Overview of Value Creation

Message from the Officer
in Charge of Financial AffairsPromote Human Capital Management
and Growth Investment as a Challenger,
Aiming to Strike a Balance between
Profit Growth and Capital Efficiency

Junji Irie

Representative Director
Senior Managing Executive OfficerShift from Profit Margin-oriented
Management to Capital Efficiency-
oriented Management

Our consolidated net sales, operating profit, ordinary profit, and net profit all reached a record high in FY2023. As mentioned in “Message from the CEO,” we believe that these results prove the financial strategies we had formulated under the medium-term business plan were right.

Among financial statements, we had previously placed the most importance on the statement of income and had conducted business operations focusing on profit from our core business, especially the amount of operating profit and the operating profit margin. We consider that the results of these efforts appeared in the form of record-high profits. Meanwhile, turning my eyes to developments in the business world as a whole, I am also keenly aware that more importance has been placed on profit efficiency relative to capital and assets, such as ROE, and ROIC. For RIKEN TECHNOS to continue to achieve sustainable growth and be highly valued by markets going forward, we must recognize the growing importance of initiatives to increase capital efficiency and asset efficiency.

It is my mission as the person responsible for financial strategies to ensure that we take one step

forward from profit margin-oriented management and shift to capital efficiency-oriented management while carefully monitoring recent rapidly changing social circumstances.

Promote Management That Is Conscious
of Cost of Capital and Stock Price

In March 2023, the Tokyo Stock Exchange requested companies with a PBR less than 1 to disclose and implement measures for improvement. In response to this, in October 2023, we announced “Notice regarding Action to Implement Management That Is Conscious of Cost of Capital and Stock Price.” At the same time, we repurchased 8.5 million shares of our own stock—equivalent to 13% of outstanding shares—thereby supporting the stock price. Our PBR, which stood at 0.59 in FY2022, increased to 0.8-0.9 as of July 2024, and we think this indicates the measures implemented in the past year have generated certain results. We think that our future issues are to take action to fully communicate our growth potential to shareholders and investors, which we have failed to do despite making record high profits for three consecutive years, as well as to improve our ROE, which has not reached a level exceeding cost of equity.

More specifically, we intend to further make proactive investment, especially in growth areas. RIKEN TECHNOS’s PVC compounds and elastomer

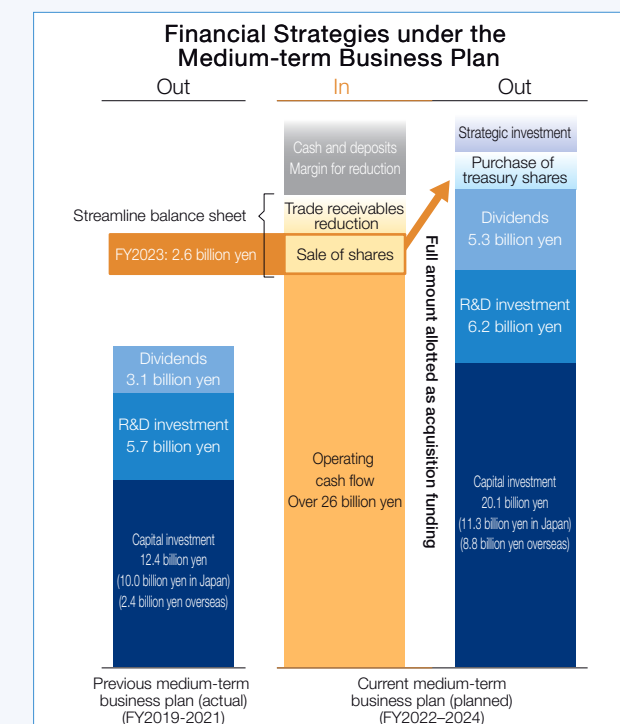
compounds—our flagship products—are extremely important in that they have strong environmental performance and can contribute to a sustainable society, and we will continue to make large investment for them. In addition, we will actively communicate to shareholders and investors these products with social value and our growth potential, which is underscored by our formulations and manufacturing technologies.

Our return on equity (ROE) temporarily reached 10.8% in FY2023 as we recorded extraordinary income due to the sale of cross-shareholdings. However, since it is about 8.6% if this extraordinary income is excluded, we consider we need to aim for levels that constantly exceed 10%. We believe that if ROE exceeds a benchmark of 10%, our PBR—the product of ROE and PER—will also approach 1x.

Use ROIC to Understand the
Relationship between Cost and Return

We intend to use return on invested capital (ROIC) as a management indicator and entrench its approach internally to check whether the returns generated from invested capital cover the cost of capital and to ensure company-wide awareness of improving capital efficiency. We announced our company-wide ROIC this fiscal year for the first time ever. Regarding our ROIC by business, the calculation of invested capital by segment will become complex if the markets we are in are classified into the “Transportation,” “Daily Life & Healthcare,” “Electronics,” and “Building & Construction” segments as they are at present. Due in part to this issue, we are currently conducting careful investigation toward the full-scale introduction of ROIC management.

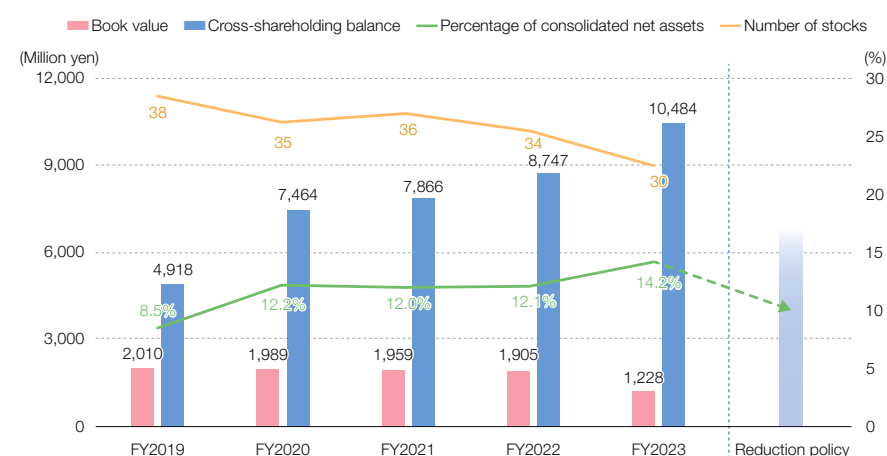
On the other hand, we also have concern over the introduction of ROIC, and I myself do not want to make an instant decision of withdrawal for a certain business just because its ROIC is low. Several means are available to improve the profitability of businesses, and there are many initiatives that should be implemented before withdrawal, such as cost reduction and shift to new raw materials that prompt technological advances. Therefore, while referring to ROIC as a key indicator, we believe we first need to make efforts to improve our profitability.

To Present the Overview of Cash
Allocation in Next Medium-term
Business Plan

To put as much funds as possible for growth investment and shareholder returns, we are working on generating cash by utilizing assets efficiently. In making decisions on investments, we have set a hurdle rate based on the weighted average cost of capital (WACC), in addition to the payback period. We think it will become important to present the overview of our cash allocation in the next medium-term business plan that starts in FY2025 while setting more specific numerical targets at the same time. We will generate cash through initiatives to improve our cash conversion cycle (CCC), such as the shortening of payment terms of trade receivables, and will also clarify how we will use cash by presenting how much of capital will be allocated for growth investment, labor-saving/manpower-saving investment, sustainability investment, R&D, and other investments. However, as the external environment has recently been changing rapidly, if necessary, we will take flexible responses to cash allocation even in the middle of the fiscal year based on the idea of global optimization, rather than adopting rigid approaches.

Overview of Value Creation Message from the Officer in Charge of Financial Affairs

Changes in Status of Cross-shareholdings



Promoting Development of Outstanding Human Resources and Improvement of Treatment to Enhance Human Capital

What I consider particularly important in capital efficiency-oriented management is human capital. As I stated in last year's Integrated Report that I had the idea of accounting for human resources on the balance sheets under an asset item, I consider the development of human resources with high potential for growth to be vital to the improvement of capital efficiency.

The ideal human resources that I think are sought by RIKEN TECHNOS are people who understand the management philosophy and raison d'être of the

Company and can fulfil the missions set out in our long-term vision, medium-term business plan, and management strategies. We would like our employees to be developed into human resources who possess both creativity from a long-term perspective and execution skills that allow them to solve immediate issues and can assume the task of value creation as a challenger. However, as we also understand the difficulty of reaching that level at a leap, we are first working on securing and developing human resources who can carry out the strategies under the medium-term business plan as our top priority issue.

We are also reviewing our treatment to enhance our human capital. While it is ideal for us, as a manufacturer, to have a well-balanced number of generalists

and specialists, generalists, who are suited to managers, had previously been given an advantage in treatment. However, to generate innovation, it is vital to have human resources who excel in certain areas and think in an innovative way. Therefore, we introduced a system that deems outstanding human resources with expertise to be in "professional positions" and gives the same treatment as managers to even specialists not conducting management.

As a human capital investment, we conducted a wage hike of about 6%, which exceeds the national average, for union members in April 2024. To reward employees who achieved the renewal of record-high profits for three consecutive periods, we have also turned our wage system into one that places more importance on the stability of living by shifting a portion of the funds for bonuses to the funds for salaries. This change, along with the wage hike, translates into a salary increase of 12-13%.

Making Use of the Awareness Gained through Dialogue for Improvement of Corporate Value

Regarding engagement with our stakeholders, as we transitioned from FY2022 to FY2023, we shifted from our previous approach, which can be considered passive, to the stance of taking action actively and spontaneously. In April 2023, we started holding shareholder relations (SR) sessions with seven institutional investors. We continue to conduct such sessions in FY2024, expanding the target participants to include 10 institutions.

We have also started actively calling for institutional

investors investing in companies with the same business scale as ours to participate in our investor relations (IR) sessions. At present, we provide opportunities for dialogue including IR and SR sessions approximately 160 times per year—a 50% increase compared to before.

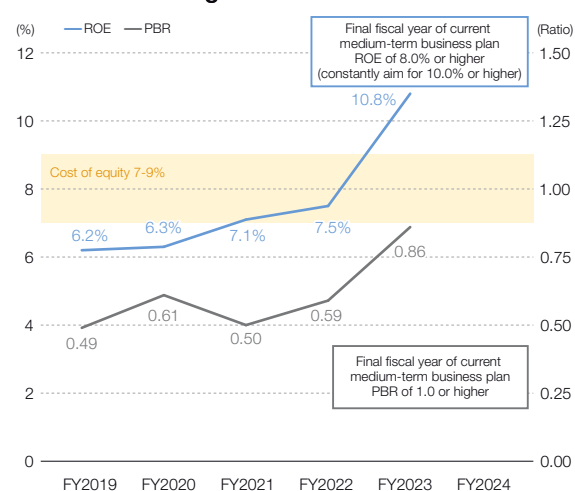
I myself find it extremely meaningful to gain a variety of awareness through such dialogue with our shareholders and investors. As for the things we believe the Company should incorporate, we reflect them in our management as appropriate and actively communicate such initiatives internally and externally.

As overseas sales now account for approximately 50% of our net sales and the trend toward reducing the strategic shareholdings continue, I believe that engagement, especially with overseas investors and individual investors, will become important going forward. Currently, the foreign ownership ratio for our stock is below 20%, but we would like to consider increasing our recognition, including through the strengthening of IR sessions for overseas and individual investors.

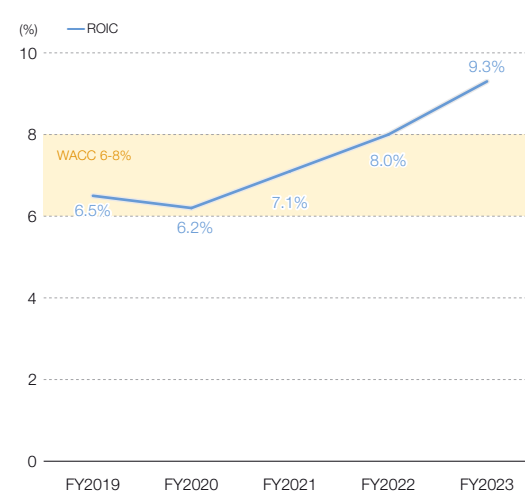
In addition, although still in the midst of discussions, we will work to clearly present our approaches as soon as possible regarding the areas we believe we have failed to fully address so far through our IR and SR sessions, regardless of whether in Japan or overseas, such as explanations on balance sheet management and cash allocation as well as the disclosure of ROIC by segment.



Changes in ROE and PBR



ROIC and WACC Trend



Contribution through Core Business

Business Segments

The RIKEN TECHNOS GROUP conducts business in three areas of compounds, films, and food packaging and four market segments of Transportation, Daily Life & Healthcare, Electronics, and Building & Construction.

Through coordination between our sites in Japan and overseas, we are advancing rationalization and efficiency improvement measures throughout our sales and all other departments. Furthermore, we accurately meet market and customer needs, developing and steadily implementing strategies to expand our business with Japanese companies active around the world and with non-Japanese companies.

Gakuyuki Kajiyama Senior General Manager Sales & Marketing Division

Aiming for the Further Advancement
of Our Global Marketing

While the environment and businesses are undergoing substantial changes globally, RIKEN TECHNOS proposes solutions addressing such changes by utilizing resin materials to market. In addition to polyvinyl chloride resin compounds, indispensable for infrastructure and the living environment, and thermoplastic elastomer compounds suitable for an environmental material, we develop, manufacture, and sell functional thin films and food packaging wraps made of thermoplastic resins to contribute to all industries.

We are also reinforcing sales not only of products required for the EV shift of automobiles, automation of production facilities, and CO₂ emissions reduction but also of biomass products and resin products with higher recyclability, all of which are especially sought after by the market today. We will include products equipped with special functionality, such as those made of less allergy substances or with thermal barrier capability, to our product lineups to further contribute to all living spaces.

Centering on Japan, the ASEAN region, the United States, and China, we will further expand our markets.



Transportation



Target Market

Automobile, railroad, shipping markets, etc.

Major Field



Wire Harnesses



Molded Parts for Automobiles



Daily Life & Healthcare



Target Market

Medical, consumer goods, food packaging, etc.

Major Field



Medical Products



Rubber Substitutes



Wraps for Food Packaging



Electronics



Target Market

Energy, telecommunications, IT devices, etc.

Major Field



Electric Power and Industrial Wires



Telecommunications Mobility, Robotics and Factory Automation



Optical Films



Building & Construction



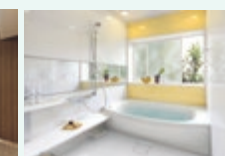
Target Market

Housing, building, and construction materials, civil engineering, etc.

Major Field



Construction Films



Housing and Building Materials

Business Segments

Compounds

Compounds are composite materials with new properties created by mixing several different additives with a base resin. They are used primarily for extrusion molding and injection molding. We develop, manufacture, and sell polyvinyl chloride resins as well as thermoplastic elastomers and functional compounds.

Films

We manufacture high-quality films using manufacturing methods adapted to the characteristics of the compounded resin. We also develop, manufacture, and sell film products that contribute to designability and functionality by layering multiple films and applying functional coatings to surfaces.

Food Packaging

As the pioneer that developed Japan's first food packaging wrap made of polyvinyl chloride resin, RIKEN TECHNOS pursues high-quality and functional wraps for household and commercial use and develops, manufactures, and sells food packaging wraps suitable for foods, automated packaging machines, and so on.

- Compounds for wire harness coating materials (electric wires for automobiles)
- Compounds for molded parts for automobiles (sealing, molding, functional parts, etc.)

- Insulator films for flexible flat cables
- Molding decoration films for automobiles

- Compounds for medical applications (tubes, syringe gaskets, etc.)
- Compounds for food products (cap sealing for beverages)
- Compounds for consumer goods and industrial materials (grips, tubes, etc.)

- Sign graphic films
- Home appliance films
- Agricultural films

- Wraps for food packaging (For household and commercial use)

- Compounds for electricity and industrial cable coating materials
- Compounds for telecommunication cable coating materials
- Compounds for coating materials for robotics and factory automation cables
- Compounds for EV-charging cable coating materials

- Semiconductor films
- Automotive window films
- Display films

- Compounds for interior component materials (heat insulating window frames, etc.)
- Compounds for building materials (braille blocks, hoses for civil engineering use, etc.)

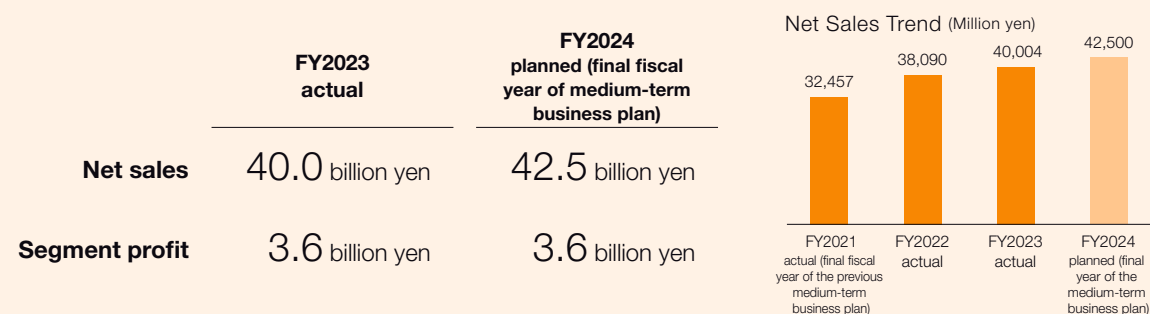
- Decorative films for kitchens and furniture
- Bathroom films
- High-end wall covering films
- Building window films

Contribution through Core Business Business Segments



Transportation

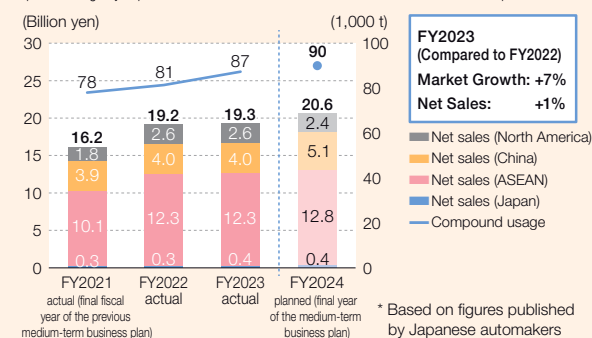
TRANSPORTATION



Wire Harnesses

Wire harnesses are used in power supply and signal communication and are thus indispensable for safe automotive operations. Our Group sustains the automotive industry by supplying wire harness coating materials mainly for automobiles of Japanese manufacturers. Having accumulated track records in the ASEAN region, India, China, and North America, among others, we recently have started supplying them to non-Japanese automotive manufacturers. As BEVs and PHVs are expected to expand, wire harness coating materials with novel functionality would be required. We will endeavor to increase the sales of existing products and acquire new markets.

Compound Usage by Japanese Wire Harness Manufacturers and Our Net Sales of Compounds for Wire Harness Coating Materials

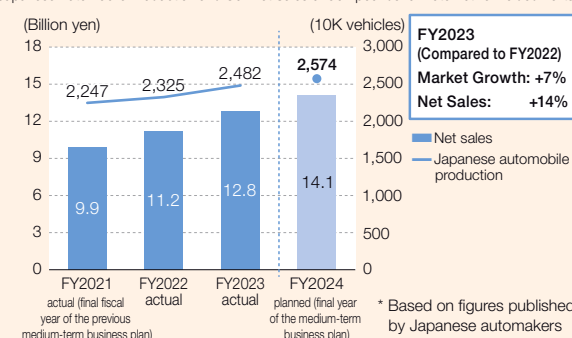


Wire Harness

Molded Parts for Automobiles

Many plastic parts are used with automobiles to prevent foreign matter contamination, increase fuel efficiency, absorb vibrations, and other functions for securing driving comfort. Our Group has a long track record of supplying materials for mainly molded products, sealing parts, boots, and aerodynamic parts, including those overseas. In addition, thermoplastic elastomers are attracting attention as substitutes to vulcanized rubber because the use of thermoplastic elastomers reduces the weight of products, enabling CO₂ emissions reduction. As a result, we have succeeded in developing products that excel in thermal and petroleum resistance and rubber elasticity. By promoting material conversion from vulcanized rubber, metals, for example, we aim to expand sales of our environmentally friendly products.

Japanese Automobile Production and Our Net Sales of Compounds for Automotive Molded Parts



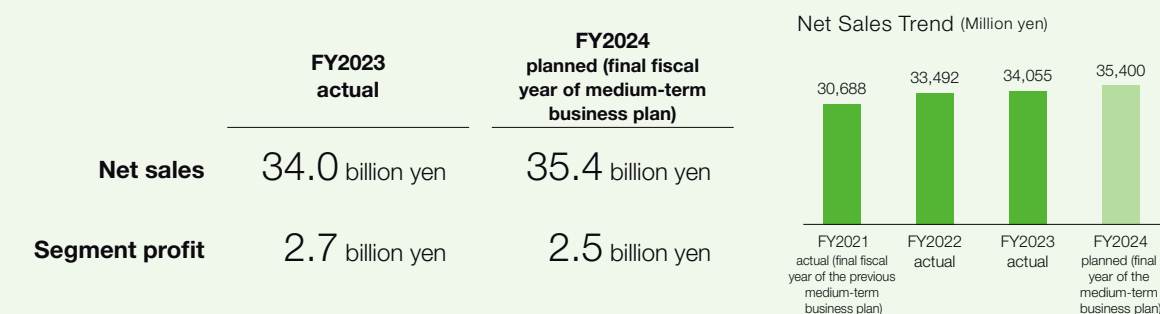
Cowl Top
Exterior part used at the boundary between the hood and windshield of a car



Glass Run Channel
Sealing part for the gap between glass and window frame

DAILY LIFE
& HEALTHCARE

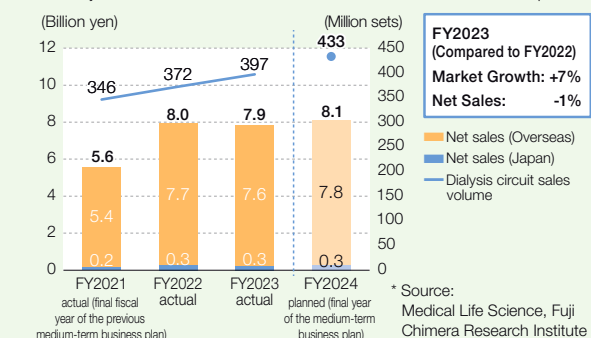
Daily Life & Healthcare



Medical Polyvinyl Chloride (PVC) Compounds

We have robustly expanded our sales share with medical PVC compounds by utilizing our abilities to manufacture high-quality products required by the domestic market and stably supply these products. With our long history of supplying blood circuit components, transfusion tube sets, and blood bags, among others, we have been underpinning Japan's medical device market from the material perspective. As for overseas, in addition to deepening business with Japanese companies in medical markets through our supply network of three sites in the ASEAN region (Thailand, Vietnam, and Indonesia), we commit ourselves to acquiring new non-Japanese partners by making the most of our products of stable quality and ability to supply globally. We will elevate our Group's presence in North American and Asian markets in addition to the domestic market.

Global Dialysis Circuit Sales Volume and Our Net Sales of Medical PVC Compounds

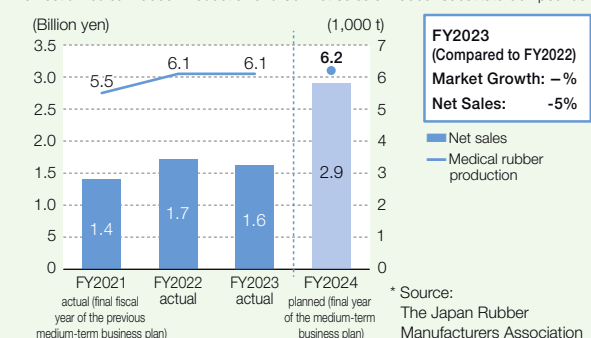


Transfusion Tube Set

Rubber Substitutes (Elastomers)

We have accumulated records of adaptations for medical uses of our proposals of rubber substitute functional compounds due to their level of hygiene. Having succeeded in reducing weight, improving moldability, and elevating recyclability during processing and of products themselves by conversion of rubber to elastomers, we are endeavoring to expand the sales of these environmentally friendly products. Based on our track record with compounds for medical use, we will promote proposals for rubber substitute compounds and their sales expansion activities in broader fields including healthcare, consumer goods, and industrial materials. We will simultaneously work on expanding our environmental materials such as those comprising the RIKEBIO® series, biomass plastics made of biomass materials.

Domestic Medical Rubber Production and Our Net Sales of Rubber Substitute Compounds



Syringe Gasket



Vial Bottles

Contribution through Core Business Business Segments



ELECTRONICS

Electronics

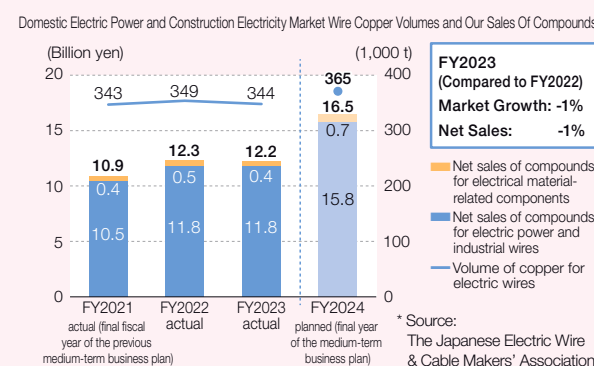


Electric Power and Industrial Wires

In the Electric power and industrial wires field, we are striving to acquire non-residential projects in the construction electricity market in Japan such as urban redevelopment, new factory construction, and logistics warehouse development. Centering on the ASEAN region, we are also working overseas on sales expansion activities to address the increasing demand in the fields of infrastructure and the construction electricity market due to renewable energy. We will use our superiority, such as the technical, quality control, and raw material procurement capabilities that we have developed through our business in the electric power and industrial wires field, to expand our domestic and overseas market share.



Power Cable

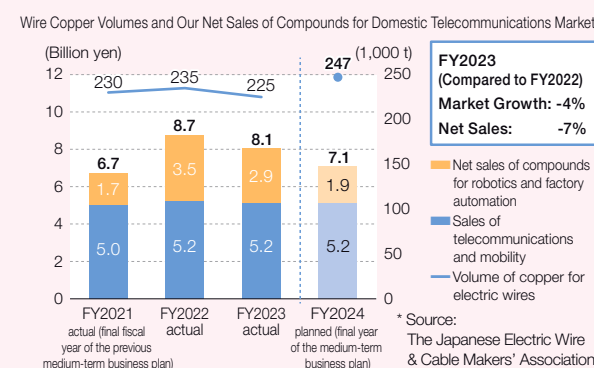


Telecommunications / Mobility / Robotics and Factory Automation

The performance required for electric wire cables has been elevating in recent years along with the shift to compact machines and energy-saving. Our Group is working on material approval and practical applications. We are endeavoring to acquire new projects addressing demand related to data centers and semiconductor factories in Japan and to expand sales activities of products for the robotics and factory automation market overseas from the response to the recovery of demand for semiconductors. We are also engaging in activities to expand sales of products for the growing EV market. Going forward, we will aim to launch new products and boost their sales in the telecommunications and robotics and factory automation markets.

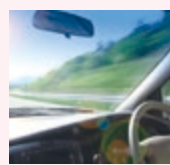


EV-charging Cable

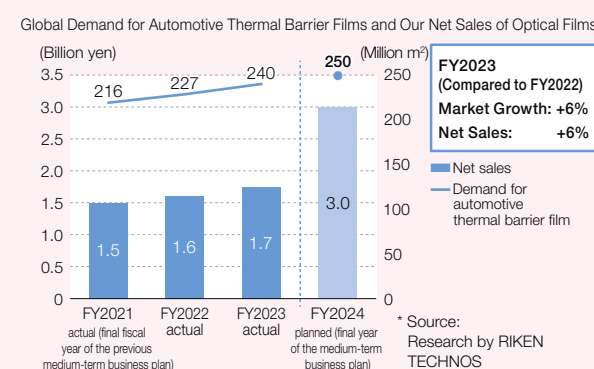


Optical Films

We aim to expand sales of thermal barrier films, recognizing them as products that contribute to reduction in environmental load by limiting heat uptake into the room and, as a result, reducing energy consumption for air conditioning. With measures including launching new products with higher thermal barrier functionality, we will strive to increase sales of building window films in addition to those for automotive windows. We will also work on reinforcing our structure to always provide value-added products for semiconductors in partnership with semiconductor processing device manufacturers as well as expanding their sales in new fields.



Thermal Barrier Film

BUILDING
& CONSTRUCTION

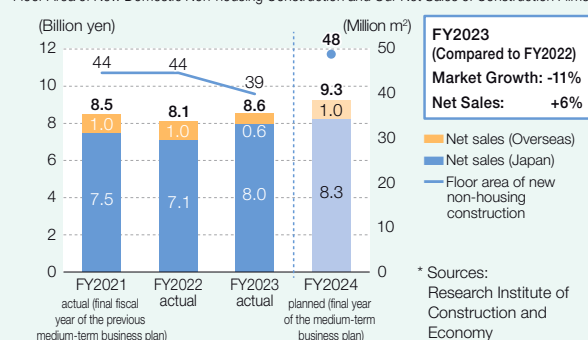
Building & Construction



Construction Films

We sell our construction films, aiming to increase our share by proposing products with diverse advantages, such as designability, functionality, and workability, and thoroughly offering services that stay ahead of customers' expectations. In Japan, our focus will be placed on a variety of functional exterior products in addition to the sales of high-end films for wall covering to satisfy demand relating to store renovations and reforms, expected to exist in future. Centering on the North American market, we will work overseas on proposing trending products including mat-like design films, products for furniture surface decoration, and recycling and biomass grades, for which demand is growing due to their friendliness to the environment, to increase their sales.

Floor Area of New Domestic Non-housing Construction and Our Net Sales of Construction Films

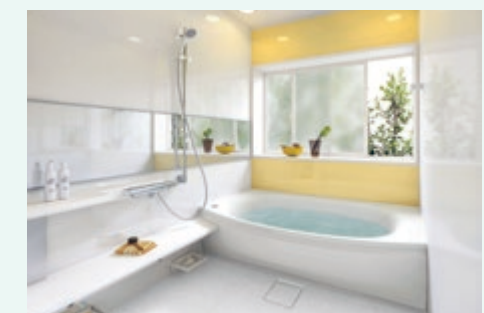
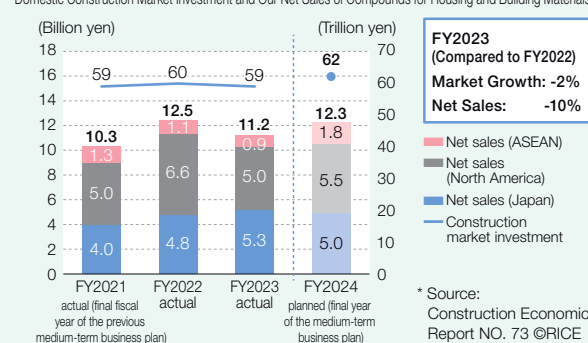


Wall Covering Film

Housing and Building Materials

In Japan, we have been promoting the sales of PVC compounds for resin sashes in anticipation of demand for them due to Japan's campaign to promote energy conservation in homes. We have significantly contributed to CO₂ emissions reduction through the sales of residential windows with improved thermal barrier performance. We will strive to employ new environmentally-friendly products and rubber substitute products and expand their sales while adding functionality to elastomer compounds for housing and building materials. Centering on the ASEAN region, we will strive to robustly acquire projects overseas arising from increasing demand in the infrastructure and building material fields to boost our sales.

Domestic Construction Market Investment and Our Net Sales of Compounds for Housing and Building Materials



Housing and Building Materials

Contribution through Core Business

Create New Products and Technologies

Hitoshi Sugino Senior General Manager Technical Division

Continually Taking on New Challenges as We Reinforce Fundamental Technologies to Generate Innovation

FY2024 is the final fiscal year of the three-year medium-term business plan. Our fundamental technologies are “formula design technology,” “mixing and kneading technology,” and “film manufacturing and processing technology.” In this three-year medium-term business plan, we believe that getting back to basics and thoroughly embodying “the spirit of manufacturing” is important, so we have defined a Technical Division Policy of “reinforcing fundamental technologies to generate innovation.” We focused on the rapid development of products that delight customers and the shift to a development approach leveraging DX, and we reviewed our organizational structure to respond to these initiatives.

In the areas half a step or one step ahead of our existing businesses, there are still many themes with hidden potential for unlocking the future. We will take a step further from there toward new fields for the future.



R&D Structure

As per the measures of the three-year medium-term business plan, we have sought to enrich our R&D efforts from a hardware perspective through efforts such as improving the environment of our R&D Center. As part of these efforts, we commenced full-fledged R&D operations at Buildings 1, 2, and 3 of the R&D Center (Tokyo) to further deepen our compound and film technologies. We installed film prototyping equipment in Building 3 and have a structure that would enable us to make films and sheets from the materials we developed as compounds and to perform sample work.

In FY2023, we completed a semi-commercial plant in Building 2 for new thermoplastic vulcanizate (TPV) elastomer which includes kneading machines for developing TPV compounds that can serve as vulcanized rubber substitutes. We are using this semi-commercial plant to further refine our production technologies and carry out research aimed at deploying mass-production equipment in the future.

Intellectual Property Strategies and Open Innovation

It is vital to formulate management strategies from multifaceted perspectives to respond to the recent changes in society, such as the promotion of sustainability and environmental, social, and governance (ESG) efforts. Here, intellectual property (IP) landscaping making use of IP information is effective, and the Intellectual Property Department is taking the lead to provide recommendations on our management issues.

The creation of IP through open innovation is also an important development strategy of RIKEN TECHNOS, and we are submitting patent applications according to our

research results. We go about our activities, setting the number of patent applications and collaborations with external parties as our KPIs. We will use the knowledge gained through new discoveries and innovation from collaboration with external parties to enhance our ability to develop new products and technologies. Besides the development themes being undertaken currently, going forward, we will also focus on themes for the development of film products.

Development of Environmentally Friendly Products

We will expand the lineup and sales of RIKEBIO® series, which uses biomass materials. At the same time, major issues going forward will be to develop materials that contribute toward saving energy and to increase the use of thermoplastic elastomer (TPE)—which reduces CO₂ emissions during production compared to vulcanized rubber—as a substitute for vulcanized rubber.

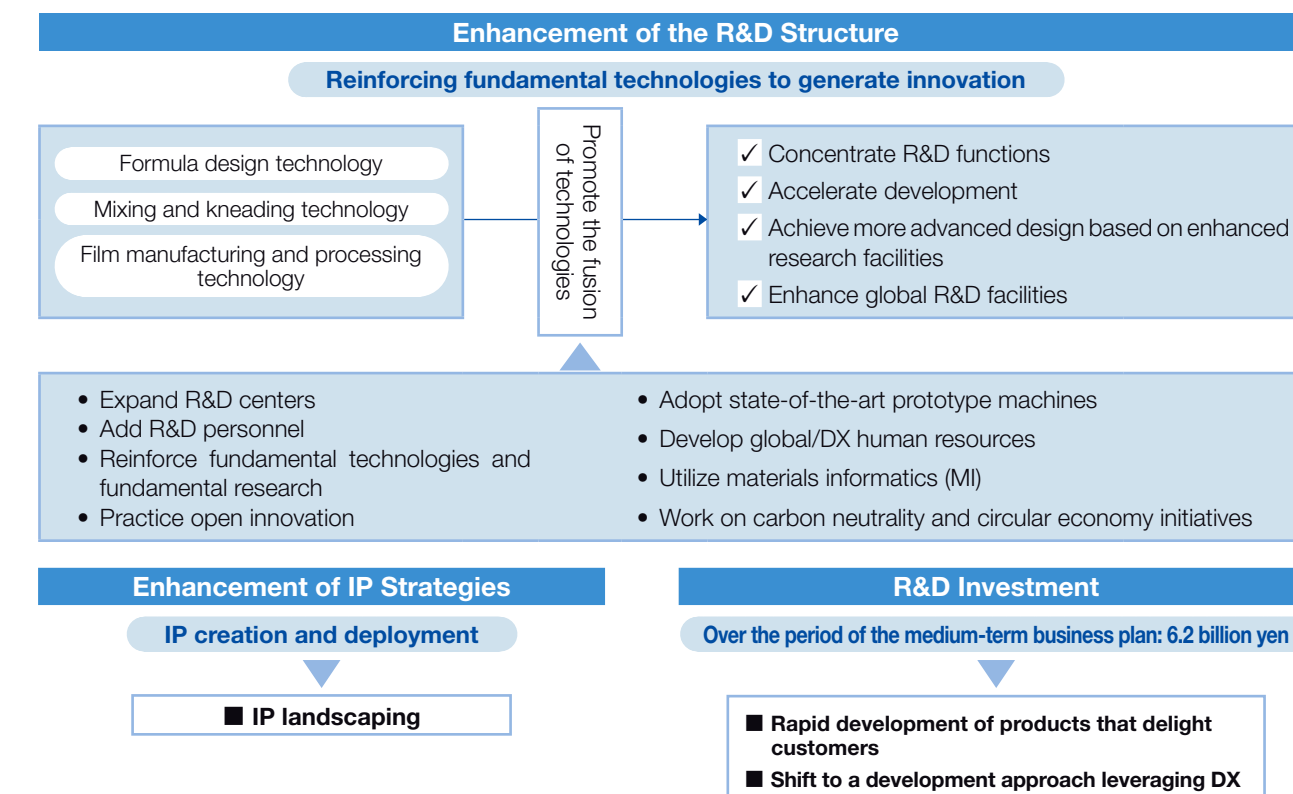
We worked on R&D of TPV—a vulcanized rubber substitute—with the recognition that it will be core to our elastomer business. Through formula optimization using materials informatics (MI), we established the basic design and made it possible to carry out small-volume production and sample work at the semi-commercial plant. Besides compounds themselves, we also plan to launch products that use them as materials, such as TPV sheets.

We do not see environmental issues as simply being constraints, but also as opportunities for taking on challenges that can be turned to our advantage. However, no matter how environmentally friendly a material might be, it cannot reduce environmental load if it is not used. We carry out development with a focus on making products useful and reasonably priced for customers so that our products are chosen by even more people.

Digital Transformation of Research and Development

To achieve the delivery of optimal solutions to our customers and to maintain sustainable growth of the Company, it will become increasingly important to also establish digital environments in the R&D field. Besides using MI and developing MI human resources, we also seek to achieve greater formula design efficiency and speed by performing data-driven R&D.

We are also putting in place systems and environments for comprehensive digital management of accumulated technical information—such as test operations, equipment, and results—and effective referencing and use of such data. We will optimize the R&D flow and transform from tasks by individuals to a process that creates value as an organization.



Comments from Researcher

Ryoga Nakagawa Material Group, Core Technology R&D Department

At the Material Group, we delve deep into the fundamental technologies of “formula design technology” and “mixing and kneading technology” to create new technologies and products. My role in our work is mainly the development of TPV, a vulcanized rubber substitute. Formula design and kneading technology are both important for TPV, and while there are areas that are difficult, I also feel a sense of job satisfaction. In FY2023, we completed the semi-commercial plant and put in place a structure that expands the scope of our kneading technology. In addition, efficient formula optimization becomes possible through the use of MI, and we also succeeded in the development of new TPV within a short period of time. Going forward, I will continue to work on creating new value while flexibly changing development approaches.



Contribution through Core Business

Improve Production Technologies and Efficiency

Tomozo Ogawa Senior General Manager Manufacturing Division

Improving Production Efficiency through Global Coordination and Automation

At the RIKEN TECHNOS Group, we are reinforcing initiatives related to the “RIKEN Standard,”* the foundation of our manufacturing. These initiatives seek to create a deeper understanding of the standard in our sites around the world, improve our manufacturing and quality, share manufacturing-related issues at a global level, and solve them Group-wide.

In Japan, we actively promote the introduction of automated equipment and predictive management systems for dealing with equipment failures, along with deliberations regarding the rebuilding of our factory utilities equipment. Regarding the processes that are the key to our manufacturing, to further improve our quality and reduce our manufacturing costs, we are deeply exploring production technologies through collaborations with other companies and academia. We are also accelerating our efforts to define optimal production conditions using process informatics (PI).

* RIKEN Standard is the RIKEN TECHNOS Group's global process guidelines for manufacturing. With the expansion of business to overseas locations, the previous manufacturing process guidelines—which focused on Japan—were revised to be applicable at the global level.



Centralized Management of Production Information and Visualization Using Business Intelligence Tools

We share issues and information regarding the Group's manufacturing and undertake activities for further overall optimization.

Putting in place an open network infrastructure and a data structure platform that is conducive to the use of the Internet of Things (IoT), we collect and manage the diverse and enormous data that exists in our production frontlines, such as production status, results of tasks, and logs generated by production equipment at the global level, including Japan.

We built a structure that allows production managers to quickly understand the situation by achieving centralized management of data on indicators necessary for production information and constant visualization of such data using business intelligence (BI) tools. The centralized management of data also allowed integration of ledgers and speedy creation of reports.

Going forward, we will also achieve optimization of



design and production operations through linking the data of design and production frontlines, and promote the passing down of skills that capture the knowledge of experts through digitalization.

Mixing and Kneading Technology

Through our multi-material morphology control and reaction reforming technologies, we are meeting growing needs for high-performance materials. To enhance the suitability of processing by customers, we provide compounds with the optimal kneading conditions. We also leverage the technologies we have developed through our many years to provide recommendations regarding optimal molding conditions and solutions to problems customers face related to molding defects. These production and processing technologies have been passed on to the production sites of our overseas consolidated subsidiaries.

Film Manufacturing and Processing Technology

Our film manufacturing technology processing thermoplastic resins achieve film surfaces that are extraordinarily homogeneous, with extremely stable quality. Our technological capabilities are also applicable at the global level. Also, our wide variety of laminating technologies can be used to laminate films with different properties. Coatings can be applied to reform film surfaces, and our coatings can be used to produce films ranging from general-purpose products to high-precision items. Through our continued exploration of the joint possibilities of film manufacturing, lamination, and coating technologies, we can deliver high-value-added functional films.



Comments from the Production Floor

Shinya Kataoka Compound Production Department

Through the use of BI tools, it is now possible to search through several types of information at once, something that could not be done in the past. We are able to reduce the day-to-day working time required for analysis of information.

Besides the status of production, it is also possible to see quality control information. Therefore, in the pre-production stage, these tools can be used when studying and developing measures to prevent reoccurrences with reference to cautionary areas during production and cases of past problems, helping to reduce abnormalities in our processes.

I hope to continue to use BI tools in activities for further improvements in the future.



Contribution through Core Business

Improve Quality and Ensure Product Safety

Akihiro Tamura Senior General Manager Quality Assurance Division

Establishing a Quality Assurance Structure That Pursues Automation and an Environmental Management System

To enhance our Group's Product Quality Policy "Supply reliable products and services under the concept of Customer-First and Best Quality," we will review our quality control standards, entrench the RIKEN Standard throughout the Group, and promote the establishment of a global quality assurance structure that pursues automation.

As for the environment, for all our business activities, we take into consideration the effects on the environment. To protect the environment and realize a sustainable community, we established an environmental management system and promote continuous improvement, prevention of environmental pollution, and support for environmental protection, including the formulation of our rules besides complying with the relevant laws and regulations. We also aim to obtain confidence and understanding from society through appropriate and accurate information disclosure.



Quality Assurance Structure

Led by our Product Quality Policy "Supply reliable products and services under the concept of Customer-First and Best Quality," we engage in manufacturing in compliance with ISO 9001. Thorough quality control over entire processes, from acceptance of raw materials to delivery of products, is conducted by carrying out quality improvement activities in collaboration with all of our production sites, including overseas sites, every week. In addition to preventing the reoccurrence of past defects, we perform root cause analysis and share information regarding new defects.

Quality Improvement Activities

Using sensing technologies, we visualize change points to discover abnormalities in production processes. Combined with AI-based shipping inspections, these sensing technologies have helped to improve our preventive activities, which seek to eliminate defective products.

In FY2023, we launched the Global Quality Control Consortium, where employees in charge of quality control at overseas consolidated subsidiaries discuss quality control methods with each other. Discussing about the activities of each site helped to improve the level of quality control for the

Group as a whole.

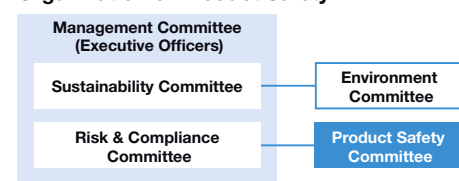
In FY2024, we will conduct activities to promote the automation of operations related to quality and shipping inspections as well as standardization using data so that we can provide products that have even less quality deviation.

Improvement of Product Safety

Product safety is the responsibility of manufacturers, and we have kept this in mind since RIKEN TECHNOS was established. We are further enhancing our product safety measures and complying with the Japanese Product Liability Act. We have not had a single product liability issue with any of our products for which product liability is a special concern (our products for medical use or our products which have received public certification, such as UL certification).

The Product Safety Committee conducts activities to identify and reduce our risks, including compliance with the Product Liability Act and management of chemical substances. In addition to products for which product liability is a special concern, cases that the overseeing department or the committee sees the need for risk identification and reduction are discussed by the committee to improve product safety.

Organization of Product Safety



Procedure for Product Safety Inspections



Tomozo Ogawa Senior General Manager Procurement Division

Achieve Sustainable and Stable Procurement of Raw Materials and Other Procurement Supplies through the Building of Partnerships

As a global company, we procure a lot of raw materials and other procurement supplies from various regions in the world. However, stable procurement has become even more difficult than before due to our business partners' review of their businesses and environmental issues.

From among our business partners related to procurement and logistics, we determined suppliers for raw materials and other procurement supplies by comprehensively assessing factors—such as quality, price, and stable procurement—and built partnerships based on mutual trust with each supplier. In this way, we responded to changes in the market and environment. We will further strengthen our relationships with business partners, and at the same time, further widen the scope of our procurement in the future to respond even more rapidly to changes in the market and environment.

In addition, for logistics, we will engage in activities for responding to changes in the logistics environment, such as the "2024 logistics problem."



Procurement Structure

To supply safer and more reliable products to our customers, RIKEN TECHNOS is making efforts to build better environmental and quality management systems, including our supply chain, with the cooperation of our business partners, in accordance with our Procurement Policy given below. We also 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. In addition, we are expanding our procurement contacts and working to achieve competitive raw materials procurement to continually reduce costs.

Procurement Policy

1	Fair Procurement Transactions and Selection	We deal with our business partners on an equal footing. Ordinarily, we purchase from multiple sources, and we offer fair and impartial business opportunities. During selection, whether in Japan or overseas, we consider appropriate quality, price, and environmental friendliness from a global perspective.
2	Creation of Partnerships	We build and maintain good relationships of mutual trust with our business partners for coexistence and co-prosperity.
3	Observance of Relevant Laws and Regulations and Self-management	We take care with confidential information from our business partners and procure with a focus on the social norms and relevant laws and regulations in each country.
4	Realization of a Sustainable Society	In our procurement, we actively use environmentally friendly raw materials and promote further switching over from conventional raw materials to contribute to achieving the SDGs and respond to climate change.
5	Respect for Human Rights and Elimination of Unfair Discrimination	We do not procure or engage in transactions involving raw materials that contribute to conflicts or which are obtained through unlawful labor (such as child labor or labor which involves the infringement of human rights) in all regions, even if they are not conflict or high-risk regions.

Actions in Logistics Processes

In response to the "2024 logistics problem," we brought forward our order closing times as well as performed investigations on truck drivers' waiting times and loading and unloading work.

We will continue to improve delivery efficiency and expand

initiatives for reduction of CO₂ emissions.

We will also promote the collection of pallets to reduce the amount of new pallet procurement and the transition to plastic pallets to protect forests.

Environmental Protection

Sustainability at RIKEN TECHNOS

The environment surrounding the RIKEN TECHNOS GROUP is changing dramatically, with increasing environmental awareness, the move away from plastics, and other such interest in social issues and greater demand for solutions to them.

Our Group has developed a structure for promoting sustainability to pursue sustainable business growth and work seriously on solving social issues. We accurately see the risks and opportunities in business from the perspectives of the Sustainable Development Goals (SDGs) and the environmental, social, and governance (ESG) areas, and incorporate them into our management strategies. In this way, we will continue to provide society with new value and solutions through our businesses and contribute toward solving social issues and realizing a sustainable society. Regarding these initiatives, we will also further enhance information disclosure for our stakeholders.

Sustainability Promotion Structure

Amid dramatic changes in the environment surrounding the Group, we have established the Sustainability Committee as a function linking the frontlines and management in order to further incorporate the expectations of stakeholders into our corporate activities. Chaired by the President & CEO, the Sustainability Committee comprises all executive officers who are members of the Management Committee, with outside directors participating as observers. Led by senior management, we have established an organizational structure that enables expedited management decision-making and implementation of measures.

The Sustainability Committee identifies and reviews the important topics (materiality) to be undertaken with priority by RIKEN TECHNOS GROUP in the area of sustainability, approves the response policies and targets for the identified important topics, and oversees and evaluates the progress of activities. It also promotes company-wide sustainability-related education and activities to spread sustainability. The Sustainability Committee and the Environment Committee under it deliberate on various important topics (materiality), including climate change, and report their deliberations and

findings to the Management Committee. In addition, deliberations on climate change and other sustainability-related issues by the Management Committee are regularly reported to the Board of Directors. The Sustainability Committee meets at least twice each year, with six meetings held in FY2023.

Sustainability Promotion Structure



Company-wide Sustainability-related Education and Activities to Spread Sustainability

Initiatives to Improve Employees' Awareness about Sustainability

We organized training on the SDGs for young employees as part of our company-wide sustainability-related education and activities to spread sustainability. We invited several activists in social contribution who have previously appeared in "SDGs Lab"—a TV program produced by RIKEN TECHNOS—to talk about their activities and conduct workshops. Other initiatives include the conduct of briefings online and onsite about our sustainability-related management policy and initiatives. We will continue to promote initiatives to enhance our employees' awareness about sustainability.

RIKEN TECHNOS GROUP
Code of Conduct & Sustainability Policy

For the Creation of a Sustainable Society

RIKEN TECHNOS CORPORATION and its consolidated subsidiaries (hereinafter collectively referred to as the "RIKEN TECHNOS GROUP") shall practice our management philosophy, the RIKEN TECHNOS WAY and serve as an engine toward the creation of a sustainable society considering our response to global environmental and social issues as one of our important management challenges.

To that end, the RIKEN TECHNOS GROUP shall fulfill its social responsibilities in accordance with the following ten principles.

1 Social Mission

With an eye on social and environmental issues, develop and provide safe and secure products through innovation.

2 Involvement in Environmental Issue

Recognize that a positive involvement in environmental issues, including climate change, is an essential part of our activities and our very existence as a corporation, and engage in activities independently and proactively in consideration of the environment.

3 Relationship of Trust with Customers

Earn the satisfaction and confidence of customers through the provision of appropriate information on goods and products and sincere communication.

4 Contribution to Society

Contribute to the development of society and communities through business operations and social contribution activities rooted therein.

5 Observance of Laws and Regulations, and Respect for International Norms

Observe laws and regulations of each nation and region, respect the various international norms in place, and manage activities with due consideration of their culture and customs.

6 Fair Activities

Promote fair and free competition, sound trade, and responsible procurement. Ensure relationships and contacts of a sound nature with government agencies and political bodies, preventing bribery and corruption.

7 Respect for Human Rights

Respect the human rights of all people when engaging in activities.

8 Respect for Diversity, Human Resource Development, and Improvement of Internal Environment

Respect the diversity of each and every employee and develop human resources to enable them to perform the best of their potential. Develop a safe and healthy internal environment where all employees can work comfortably.

9 Fair Disclosure of Information and Constructive Dialogue with Stakeholders

Disclose corporate information in an active, efficient, and fair manner, engage in constructive dialogue with wide-ranging stakeholders surrounding a corporation, and strive to increase corporate value.

10 Thorough Risk Management

Achieve GROUP-wide risk management to prepare appropriate responses to natural disasters, cyber-attacks, anti-social activities, terrorist acts, and other threats to civil life and corporate activities.

Role and Responsibility of Management

Management shall execute business acknowledging that their role is to put the spirit of the Code of Conduct into practice, develop effective governance, and strive to raise awareness within the RIKEN TECHNOS GROUP. In addition, management shall urge the entities constituting the supply chain to take actions in accordance with the principles of this Code of Conduct. Furthermore, in the case of incidents contrary to the principles of this Code of Conduct that degrade society's confidence in the RIKEN TECHNOS GROUP, management shall fulfill its responsibilities by taking the initiative in settling the issues, conducting investigations to determine the causes, and taking preventive and other necessary measures.

Environmental Protection

Environmental Protection

Environmental Protection Structure

The RIKEN TECHNOS GROUP aims to keep being a company that contributes to the realization of a prosperous society and responds to the trust of all its stakeholders through environmentally conscious corporate activities. For this objective, we have established an environmental protection structure to perform activities based on our Environmental Policy and sustain our ISO 14001 certification.

At the top is the executive officer overseeing the environmental system. Under the direction of the Chief Environmental Management Representative, we appoint environmental management representatives at each site, and build and operate our environmental management system.

ISO 14001 (2015) Certification

Registration date: October 31, 2001
(Certification being maintained)

Environmental Policy

For all our business activities, we take into consideration the effects on the environment. To protect the environment and realize a sustainable community, RIKEN TECHNOS CORPORATION established an environmental management system, and all members of RIKEN TECHNOS CORPORATION work to implement the following principles.

1. Through all business activities, RIKEN TECHNOS CORPORATION improves environmental management levels and the prevention of environmental pollution by not only observing all environmental regulations and mutual agreements but also setting our own rules and regulations voluntarily.
2. RIKEN TECHNOS CORPORATION supplies the market with various plastics that prioritize the environment such as those that are energy-saving, resource-saving, recyclable, and that have low-impact on biodiversities and ecological systems, while using guaranteed safe raw materials.
3. RIKEN TECHNOS CORPORATION reduces its impact on the global-environmental, biodiversities and ecological systems by eliminating wastefulness wherever possible. We reduce industrial waste by using materials effectively, and CO₂ discharge by making efforts to save energy.
4. RIKEN TECHNOS CORPORATION continues environmental protection activities by establishing documents including the Environmental Policy, and by educating employees.
5. RIKEN TECHNOS CORPORATION sets concrete objectives and numerical targets of which progress is regularly self-assessed and managed properly to ensure the achievement of the Environmental Policy.
6. RIKEN TECHNOS CORPORATION implements the above-mentioned activities Group-wide to ensure the utmost consideration to the protection of the environment, biodiversities and ecological systems and the safe operation at each site.
7. RIKEN TECHNOS CORPORATION aims to obtain confidence and understanding from society through appropriate and accurate information disclosure.

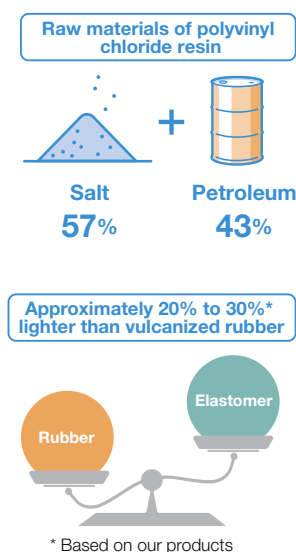
Taking on Challenges toward a Sustainable Global Environment

Environmentally Friendly Products

In addition to complying with various laws and regulations on the environment and chemical substances, our Group carries out environmental management at a high level, such as by prohibiting/reducing the use of chemical substances with high ecological load, and works on improving our product development and manufacturing methods aiming to reduce environmental impact. We also state "Contribute to solving environmental and social issues" as one of the strategies in our three-year medium-term business plan, and strive to increase sales of environmentally friendly materials including the biomass plastic product series RIKEBIO® and rubber and paint substitutes, and polyvinyl chloride (PVC) and thermoplastic elastomer (TPE) products. In FY2023, we reinforced the RIKEBIO® series, started selling RIKEN WRAP BOTANICAL, and developed and launched reform materials for recycled rigid polyvinyl chloride (PVC).

PVC can be said to be a material that has less environmental impact than other general-purpose resins made from 100% petroleum derived raw materials because salt (a natural material) accounts for about 60% of its raw material. PVC products can be given various functions such as durability, long life spans, and recyclability. Furthermore, using biomass plasticizers, we seek to reduce environmental load by developing compounds and films that are blended with plant- and nature-derived additives.

TPE has the same elasticity as rubber at room temperature and can be freely molded when heated. It can be molded with less energy than vulcanized rubber, which requires heat and time for function onset, and material recycling is also possible. We are developing high-functionality products by adding functions as necessary for the required application. In addition, it is lower relative density compared to vulcanized rubber, helping to make automotive components lighter and improving fuel efficiency, thereby contributing toward saving energy.



PVC Window Frames



Hose for Civil Engineering Use

Dust Boot
(Molded Component for Automobiles)

Syringe Gasket

PVC Products with High Durability and Long Life Spans

Compared to other resin products, PVC products have long life spans and can be used for ten years to several decades in construction applications, thereby helping to save resources. They have a wide range of applications as they can be used both indoors and outdoors.

Elastomers That Are Useful as Rubber Substitutes

Widely used in automotive components such as sealing materials, elastomers also contribute toward making vehicles lighter and improving fuel efficiency. In addition, as they do not require a vulcanization process, they can also be used in medical products that require a high level of hygiene.

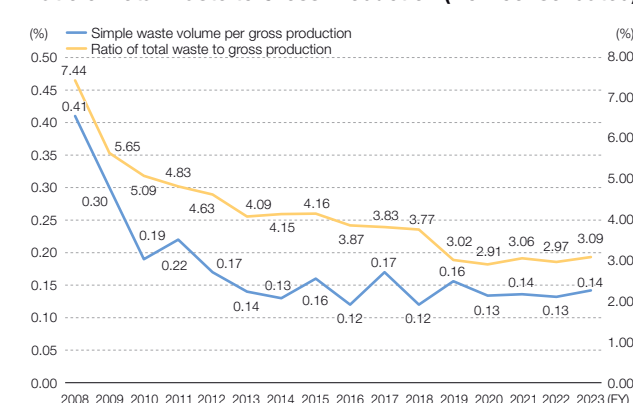
Reducing Industrial Waste

The main types of environmental burdens in our Group's business activities come from greenhouse gas (CO₂) emissions and the discharge of industrial waste and chemical substances, and we strive to reduce and manage them properly.

Based on the scope of ISO 14001 certification, we consider the Company's non-consolidated reduction of simple (landfill and incineration) waste generated in the manufacturing stage to be one of the main goals of environmental management activities, and have been working toward the goals of reducing simple waste volume per gross production to 0.1% or lower and reducing total waste per gross production to 3.5% or lower. We are promoting restraint in generating waste by improving yields in our production processes, as well as strictly separating generated waste into material recycling, thermal recycling, Refuse Plastic Fuel (RPF), raw cement material, etc. for conversion to effective use.

Since FY2023, we have been working on reducing the total waste per gross production volume by 0.1% annually toward the RIKEN TECHNOS CORPORATION's goal to limit the figure to 3.0% or lower by FY2030, and will continue to work toward this goal.

Ratio of Total Waste to Gross Production (Non-consolidated)



Appropriate Management of Chemical Substances

RIKEN TECHNOS CORPORATION has been managing chemical substances in accordance with laws such as the Act on the Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof, the Industrial Safety and Health Act, and the Fire Services Act. Furthermore, we thoroughly check and manage the chemical substances we use to comply with laws and regulations for diverse chemical substances (such as the Chemical Substances Control Law, Industrial Safety and Health Act, Food Sanitation Act, and the European Union's RoHS Directive and REACH regulation). We also have developed a chemical substance management system that we can refer to about chemical substances regulated by laws and regulations. During product development, we select raw materials based on our internal standards as well as laws and regulations. In addition, we have also established a system that allows us to understand the required level of chemical substance management for products by manufacturing site.

Protecting Biodiversity

We are working to eliminate the usage of Class I and II specified chemical substances and monitoring substances under the Chemical Substances Control Law, and reduce the usage of chemical substances designated as Class I under the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof. Additionally, we comply with the Air Pollution Control Act, Water Pollution Control Act, Industrial Safety and Health Act, and other laws, and take into consideration the effects on people and ecological systems in developing, manufacturing, and marketing our products. We also work on maintaining the green areas around our factories.

Environmental Protection Environmental Protection

Responding to Climate Change

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

corporate value.

Our Group has also announced our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and we undertake initiatives and information disclosure in line with the recommendations.



Task Force on Climate-related Financial Disclosures (TCFD)
This is an industry-led task force established in 2015 by the Financial Stability Board (FSB) in response to G20's intention. The task force recommends the evaluation of financial impact of risks and opportunities arising from climate change on management and disclosure in four thematic areas (governance, strategy, risk management, and metrics and targets) (Official website of TCFD: <https://www.fsb-tcfd.org/>)

Governance

The following climate-related topics are deliberated by the Sustainability Committee.

Main Topics Deliberated by the Sustainability Committee

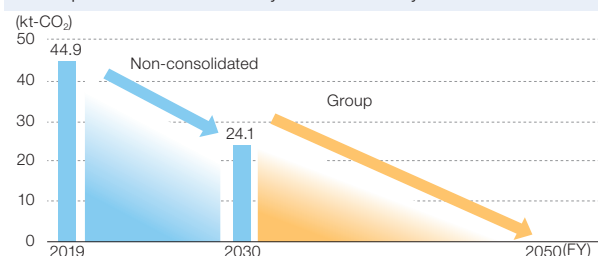
- Climate-related scenario analysis
- Identification and materiality assessment of short-, medium-, and long-term climate-related risks and opportunities
- Strategic approach policy for identified significant climate-related risks and opportunities
- Consideration of specific measures for responding to climate-related risks and opportunities
- Management of progress with adopted measures for responding to climate-related risks and opportunities

Metrics and Targets

Greenhouse gas (CO₂) emissions may pose a risk to the Group's overall financial condition, but they can also lead to business opportunities following the development of products acceptable to a decarbonized society.

CO₂ Emissions (Scope 1 and 2) Reduction Target

- 46.2% decrease by RIKEN TECHNOS CORPORATION by FY2030 compared to FY2019
- Group-wide carbon neutrality achievement by FY2050



Strategy

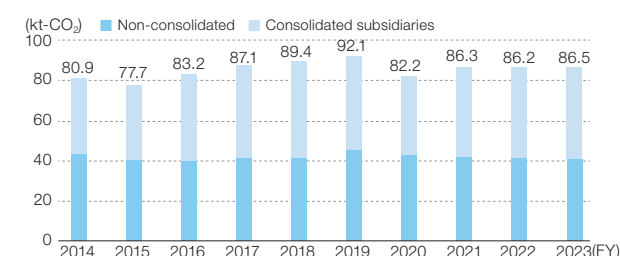
The Group has performed scenario analyses for the years 2030 and 2050 in the context of climate change based on two world views: a 2°C and a 4°C rise in global temperatures. Furthermore, we reviewed each risk and opportunity identified under the world view of a 1.5°C temperature rise.

With the scenario with a rise in global temperatures by less than 1.5°C, we presume, as risks with substantial financial impacts, emergence and increases in development and procurement costs associated with the introduction of a carbon tax and shifts from conventional raw materials to low-carbon raw materials. With the scenario with

Risk Management

Regarding climate change and other risks related to sustainability, we undertake the formulation of policies related to risk avoidance, mitigation, and control, proposal of countermeasures, and other such matters centered on the Sustainability Committee and the Risk & Compliance Committee. On top of that, we conduct Group-wide risk management based on resolutions made at the Board of Directors. We also monitor how the countermeasures are being implemented and their effects.

The RIKEN TECHNOS GROUP seeks to achieve carbon neutrality for the entire Group by 2050. In addition to setting medium- to long-term emissions reduction targets for the Group as a whole, we have been planning specific initiatives to reduce CO₂ emissions and have determined indicators to manage the progress of these initiatives.

CO₂ Emissions (Scope 1 and 2)

a 4°C rise in global temperatures, potential risks include increases in the prices of raw materials derived from petrochemicals, raw material procurement costs, expenses to address environmental regulations, and costs associated with petroleum- and coal-derived raw materials and fuels, among others. Centered on the Sustainability Committee, we identify the short-, medium-, and long-term climate-related risks and opportunities to assess their materiality and financial impacts, formulate specific measures against identified risks and opportunities, and manage the progress of such measures.

Risks

The Group's performance may be affected by the introduction of policy measures to combat climate change, such as a carbon tax, or by delays in the development of or other action concerning environmentally friendly products.

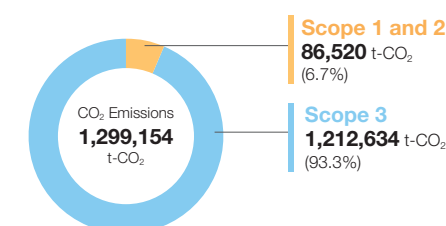
Risk Type		Risk Overview	Financial Impact	
			1.5°C	4°C
Transition Risk	Policies and regulation	Increased carbon taxes raise the cost of procuring key raw materials and energy.	Medium	Small
	Policies and regulation	The introduction of a carbon tax results in the substitution of conventional raw materials with low-carbon raw materials, which generates or increases costs associated with the development and procurement costs of substitute raw materials.	Large	-
	Technology	Delay in developing environmentally friendly products; our customers replace our products with low-carbon products from competitors, reducing demand for and sales of our products and services.	Medium	-
	Markets	Prices of petroleum-derived raw materials soar, raising the cost of procuring raw materials.	Small	Large
	Markets	Delay in responding to our customers' reduced needs for petroleum-derived raw materials and rising needs for non-petroleum-derived raw materials, shifting demand away from our products/services and decreasing our sales.	Medium	-
	Reputation	Delayed action on the environment causes a drop in our stock price due to a decline in investors' assessment of our environmental performance.	Medium	-
Physical Risk	Acute	The Company and its supply chain are struck by a disaster; until operations are restored, sales decrease due to the suspension or reduction of business activities, while costs associated with restoration and amelioration rise.	Medium	Medium
	Chronic	The cost of countermeasures for our buildings located near oceans and rivers will increase due to the increased occurrence of flooding caused by overflowing rivers and rising sea levels attributable to extreme fluctuations in rainfall and weather pattern.	Small	Medium

Opportunities

The Group's performance may be affected by the development of products that contribute to energy conservation and the provision of low-carbon type products and materials with added functions.

Opportunity Type	Opportunity Overview	Financial Impact	
		1.5°C	4°C
Energy sources	Development of products that contribute to energy conservation in the market and the uptake of renewable energy generation technologies and equipment increase sales of our related products.	Small	-
Products and services	Demand for and sales of our products increase due to the development and sale of materials with additional functions and products with fewer petroleum-derived components (low-carbon type products) in response to increased demand for low-carbon type products.	Medium	-
Reputation	Proactive efforts to address climate change earn the trust of stakeholders and enhance our enterprise value.	Medium	-
Resilience	The global expansion of our business sites improves our resilience by providing a stable supply of products to our customers even in an environment of increasing natural disasters, forestalling sales declines and building customer trust, leading in turn to higher sales.	Small	Small

Scenarios used in analysis 1.5°C : World Energy Outlook (WEO), IEA, 2023; Net Zero Emissions by 2050 (NZE) ; Shared Socio-economic Pathway (SSP1-1.9), IPCC, 2021
4°C : Stated Policy Scenario (STEPS), IEA, 2020; Representative Concentration Pathways (RCP6.0, 8.5), IPCC, 2014

Our Group's CO₂ Emissions (FY2023)■ Our Group's CO₂ Emissions■ CO₂ Emissions from Our Group's Supply Chain (Scope 3)

Category No.	Category Name	Emissions (t-CO ₂)
1	Purchased goods and services	965,765
2	Capital goods	13,750
3	Energy not Included in Scope 1 or Scope 2	10,033
4	Upstream transportation and distribution	989*
5	Waste generated in operations	690
6	Business travel	248
7	Employee commuting	872
9	Downstream transportation and distribution	5,141*
12	End-of-life treatment of sold products	215,146

* Category 4 and 9 emissions concern RIKEN TECHNOS CORPORATION only.

Carbon Neutrality Initiatives

In addition to developing and enriching our environmentally friendly products such as the RIKEBIO® series, we are working on renewals of factory lighting and manufacturing-related facilities to those with less energy consumption, the introduction of EV forklifts, and the use of fuel-efficient vehicles.

■ Formulation of Energy Road Map toward the Achievement of CO₂ Emissions Reduction Targets

Following the Energy Road Map for RIKEN TECHNOS CORPORATION, we have been working on the formulation and implementation of measures to reduce CO₂ emissions.

We refer to the internal carbon pricing system introduced in FY2023 for capital investments expected to reduce CO₂ emissions in making our investment decisions to promote emissions reduction further.

We also determined to introduce solar power generation systems to factory buildings of a consolidated subsidiary in Thailand as an investment in the renewable energy field.

■ Future Initiatives

- Refining of the Energy Road Map
- Boiler energy conversion
- Introduction of additional solar power generation facilities
- Upgrades of equipment at production sites and energy conservation of existing equipment
- Expansion and increased sales of environmentally friendly products



Coexistence with Society

Coexistence with Society

RIKEN TECHNOS believes that employees and the company have a relationship of mutual growth, and the growth of people is corporate growth itself. Our human resource development policy is one in which each employee puts the RIKEN TECHNOS WAY into practice and grows into the human resource that we need, and in which we achieve growth at the same time by uniting the abilities of each individual, leveraging them as the organization's own capabilities. We focus on developing human resources suited to a challenger, and we strive to hire and develop the human resources we need to carry out the strategies defined in the three-year medium-term business plan.

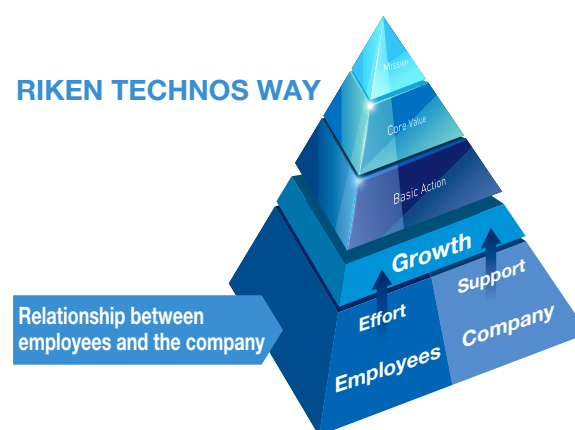
In addition, seeking further growth and development as a global company, we work to establish a structure and foster a culture in which diverse employees can work energetically.

Develop Human Resources Suited to a “Challenger”

We provide the ideal work and environment that enable individual employees to demonstrate the abilities required by us. At the same time, we actively develop (invest in) human resources who can succeed in the face of global competition. Through these efforts, we support the growth and active participation of employees. By bringing together the enhanced abilities of individual employees through dialogue and demonstrating the collective strength of the team, we contribute to the further growth of RIKEN TECHNOS. We believe that the self-driven practice of our corporate philosophy—the RIKEN TECHNOS WAY—by each and every employee is the foundation of all our operations, and we are responsible for creating the environment in which that takes place.

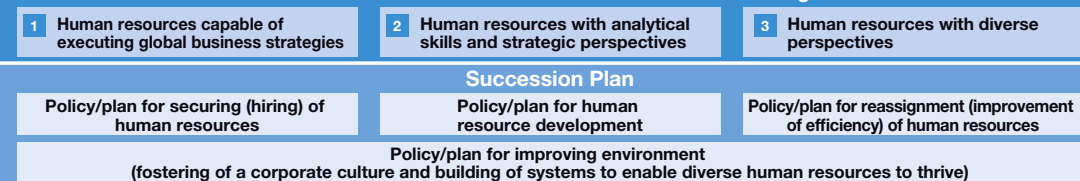
We advocate being a challenger, and besides taking on new challenges as a company, we are also working to establish a human resource development system in which every employee can achieve their targets and develop their own abilities. In addition, for sustainable improvement of corporate value, we believe it is vital to see our human resources as capital and to draw out all of their potential value, while

at the same time formulating and implementing human resource strategies linked to our management strategies. Based on such an approach, we are carrying out a range of initiatives to secure and develop the human resources necessary for executing the strategies of our three-year medium-term business plan.

Corporate
PhilosophyManagement
Strategies
(Medium-term
Business Plan)Human Resources That Embody the RIKEN TECHNOS WAY
= Human Resources Suited to a Challenger

- 1 Intensify global management and generate synergies
- 2 Stay ahead of customers' expectations.
- 3 Take on the challenge toward new businesses and products

Human Resource Portfolio Needed to Execute Strategies



Human Resources Department



Global Human Resource Development

We carry out various measures for developing human resources capable of executing global business strategies. We provide young employees with experiences in secondment or business trip to overseas consolidated subsidiaries in order to discover and develop human resources capable of playing active roles at the global level.

Pre-dispatch Global Human Resource Development for Employees Dispatched Overseas

Participants in this training learn broadly—including sales strategy formulation techniques, marketing, financial accounting, understanding of different cultures, and foreign languages—through e-learning and pre-dispatch training. They acquire the skills and mindsets necessary for carrying out management overseas.

Selection-based Development of Managers and Young Employees

Selected employees are sent to educational institutions such as an outside school to learn a variety of ways of thinking and to develop usable management skills. The aim is to let employees broaden their perspectives and see themselves objectively by being away from their daily operations and interacting with people from other companies, and at the same time, also widen their human networks. Through conducting such development at each level, we continuously develop human resources for future management candidates.

Career and Human Resource Development Programs

We have various measures in place to enable employees to autonomously develop their own careers, increase their own value, and continue to grow as employees. Besides the conduct of training, in our human resource structure, we have systems that create opportunities for regular communication between superiors and subordinates regarding career development. Education through on-the-job training (OJT) and off-the-job training (Off-JT), assignment transfers, and such are carried out taking into consideration the intentions of our employees.

Training is undertaken not only by the participants; we also create opportunities for the involvement of their superiors. For example, in new managerial staff training, we provide guidance to superiors about the training's purpose and intent and how superiors are involved. Over the six-month period of the training, we create opportunities for monthly interviews between participants and their superiors. During these interviews, besides confirming and reporting the progress of themes being undertaken in the training, participants can also receive support from their superiors.

In addition, we carry out various human resource development programs to promote individual employee growth and strengthen our organizational abilities, including external seminars, group training at the workplace, attainment of qualifications, and in-house skill certification. We also widely conduct education about compliance and internal control to establish and maintain a culture that allows proper conduct as corporate employees.

Through these and other human resource development

measures, we continuously develop management human resources and secure human resources capable of being assigned to key posts.

New Recruits Training

Group training is conducted for new recruits three times: immediately, three months, and one year after joining us. Besides deepening their understanding of RIKEN TECHNOS, these training sessions also help them to switch their mind-set from being students to that of working adults, learn business etiquette, and alleviate their worries, concerns, and doubts. By including training related to the Sustainable Development Goals (SDGs), we also create opportunities for them to think about the ways in which businesses and the daily activities of individual employees can contribute to the SDGs. In addition, for those in career positions who graduated from universities or graduate schools, we assign them—regardless of occupation—to manufacturing, quality control, R&D, and other such departments as part of training for one year (up to two years) after joining the Company. During the training period, they deepen their understanding about our products, technologies, raw materials, and such, and learn the basic knowledge necessary as employees of a manufacturer practicing “the spirit of manufacturing” before they are assigned to their actual departments.

Training by Level

We conduct several types of training by level, mainly for promotees, such as new chief training and new managerial staff training. The curriculum for new chief training mainly seeks to provide foundational management knowledge necessary for leaders at the frontlines and to reinforce the participants' self-awareness as being in the pool for future management candidates. In new managerial staff training, as managers working at the frontlines, the curriculum mainly comprises training for the purposes of providing them with a solid foundation in management; strengthening their abilities to solve problems, develop the capabilities of the employees for whom they are responsible, and exert leadership; promoting diversity, equity, and inclusion; and directly linking training to operations so that the knowledge obtained in training leads to results at work.

DX Training

Continuing from FY2022, we conducted selective digital transformation (DX) training in FY2023. Our IT literacy education was also reorganized into our DX training, and it is also conducted as company-wide education. Going forward, we will continue to reinforce our DX training to raise the DX skills of our employees and develop specialized human resources.

Professional System

We introduced a professional system to develop specialized human resources, provide them with opportunities to play active roles, and secure human resources with a high level of specialized skills. Employees assigned to professional positions apply their high levels of experience and knowledge at departments in the areas of R&D, intellectual property, and sales.

Promotion of Diversity, Equity, and Inclusion

We recruit and promote diverse human resources without bias with respect to gender, nationality, age, or career history. To accelerate the global expansion of business in the future and to respond with speed to the rapidly changing market environment, we actively recruit and promote human resources with different experiences, skills, and careers, and continue to work to establish a human resource development system and a work environment in which these employees can play active roles.

In FY2023, we launched the Women's Empowerment Promotion Project to promote women's empowerment and provided relevant recommendations to the management. We will expand the scope of this project in FY2024, embarking on new activities as the Diversity, Equity, and Inclusion Promotion Project and working to implement the recommendations as specific measures. As a global company that not only promotes women's empowerment but also that of diverse human resources and as a company that continues to create new value, we promote diversity, equity, and inclusion.

Ensuring Diversity

We have established targets for the percentage of women, foreigners, and mid-career recruits in management positions so that diverse human resources play active roles as the core human resources of the Company.

	Actual (March 31, 2024)	Target (March 31, 2025)
Percentage of women in management positions	2.1%	7.0%
Percentage of foreigners in management positions	0.7%	3.0%
Percentage of mid-career recruits in management positions	29.8%	40.0%

With respect to the empowerment of women, we strive to create workplace environments where women can freely participate based on our action plan under the Act on the Promotion of Women's Active Engagement in Professional Life. From the beginning of FY2024, we are formulating and implementing a new action plan. The following are the initiatives in the action plan.

1. Female recruitment rate of at least 30%
2. At least a rate of 70% for taking of annual paid leave
3. Implementation of the Diversity, Equity, and Inclusion Promotion Project
(Plan period: April 1, 2024 to March 31, 2027)

Comments from the Leader of the Diversity, Equity, and Inclusion Promotion Project

Aki Iwaasa Material Characterization & Analysis Center

The Women's Empowerment Promotion Project was launched in July 2023 and was active for approximately nine months until March 2024. In April 2024, we changed the name and revamped its scope to embark on activities as the Diversity, Equity, and Inclusion Promotion Project.

As the leader of the project, I hope to increase the number of women in management positions and expand opportunities for women's empowerment in the future. At the same time, I hope to create workplaces where both RIKEN TECHNOS and employees can work with satisfaction through the employment of not only women but also diverse human resources from different positions with different ways of thinking.

In the Women's Empowerment Promotion Project, we focused our activities on "how we can increase (or aim) the number of women in management positions in the future." As part of these activities, we conducted a survey for all employees on the actual state of RIKEN TECHNOS to understand the current situation and identify issues. For this survey, we conducted interviews with all female employees in career positions as well as their superiors and considered the scope of the survey based on the results of the interviews. After the survey, we analyzed the results and drafted improvement measures. We then reported the results and recommended the improvement measures to the management. We also sought to enhance the knowledge of project members, such as participating in seminars on basic knowledge related to diversity.

As this was something new challenge for me, there were times when I felt apprehensive about the best way to move forward. Still, the project members united as one to conduct activities through trial and error. The project members also gained more knowledge related to diversity.

Starting from FY2024, we are continuing our activities as the Diversity, Equity, and Inclusion Promotion Project, replacing some members and expanding the scope of applicable employees. In parallel, we will also implement the recommendations given in FY2023.



Comments from Employees Using the Childcare Leave System

Miho Doi Electronics Group, Electronics Business Unit

I took a year and eight months of maternity (before and after childbirth) and childcare leave due to childbirth, returning to work in April. During childcare leave, I was able to feel up close the growth of my child. It was truly an invaluable and fulfilling time.

When returning to work, frankly, I was worried about whether I could get back my sense of work due to the period of absence and whether I could balance taking care of my child and work. I am truly grateful that I can work in my own style at the same department as before I went on leave with the understanding and cooperation of my colleagues and superior. Going forward, I hope to do my best to balance childcare and work so that I can meet the expectations of those around me even more than before.



Kaoru Iwasa Group 2, Material R&D Department No. 1, R&D Center

I took three weeks of childcare leave and then returned to work. I had many concerns while on leave because I took childcare leave as a group leader. However, with the cooperation of my superior and the other members, I was able to make use of this system without any major issues, for which I am truly grateful.

As this is our first child, my wife and I were both very worried. Being able to take childcare leave allowed us to mutually support each other in taking care of our child. My child started going to a childcare center in April, and going forward, I will continue to do my best to balance work and childcare while splitting the role of bringing our child to and from the childcare center with my wife.



the childcare leave usage rate was 62.5% (100% for women and 52.6% for men)*. The nursing care leave system allows employees to take up to a total of 93 days of leave.

We also have a system that allows the reemployment of employees who were forced to resign due to reasons such as marriage, pregnancy, childbirth, and their spouses' job relocations.

Furthermore, based on the action plan of the Act on Advancement of Measures to Support Raising Next-Generation Children, we strive to create workplace environments where all employees can achieve a balance between their work and families. For the three years starting from FY2024, we have developed and are implementing the following action plans for our efforts.

1. Creation of workplaces with high productivity that allow work to be carried out efficiently
2. Development of organizational culture that supports a balance between work and family life
3. Men's childcare leave usage rate of at least 60%
(Plan period: April 1, 2024 to March 31, 2027)

* Childcare leave usage rate is calculated by dividing the number of employees who took childcare leave in FY2023 by the number of employees who gave birth or had spouses who gave birth in FY2023.

Securing of Human Resources

Human resources support the growth of RIKEN TECHNOS. Thus, we focus on securing human resources. In the recruitment of new graduates, we are enhancing our approach to students, and we are increasing opportunities for connecting with students in addition to recruitment websites. We strive to secure diverse human resources, including the recruitment of foreign students and recruitment regardless of course of study. We are also strengthening mid-career hiring and incorporating methods such as referral hiring, alumni hiring, and headhunting to secure the necessary human resources. Through switching from temporary to full-time employment and other such measures, we are going

Promotion of Health Management

We believe that investing in the promotion of our employees' health invigorates our organization by energizing employees and making them more productive. This contributes to the sustainable growth of the Company. Failing to create environments where our employees can continue to work in good health would render the Company incapable of sustainable growth. That is why the Company and our health insurance union are conducting collaborative health* initiatives, closely connecting the Company's health management (investment) and the health insurance union's data health plan activities.

* Companies and health insurance unions each performing their own roles and meeting their own responsibilities while collaborating together to promote the health of employees

Ensuring of Work-Life Balance

We have created various systems, including a flex time system and a working-hour interval system, to ensure that employees can maintain their work-life balance.

System for Accumulating Expired Paid Leave

Paid leave expires after two years. This system allows paid leave to be withheld and accumulated for up to 60 days. Withheld leave can be taken for taking care of children, nursing care, and for illnesses and injuries not related to work.

System for Half-day Paid Leave, Period for Promoting the Taking of Paid Leave, and Planned Taking of Annual Paid Leave

We have introduced a system where employees can take paid leave for half a day at a time and are conducting campaigns for promoting the taking of paid leave. Other ways in which we are focusing on ensuring work-life balance include the planned taking of annual paid leave, in which we have major periods of consecutive leave with the entire site taking leave together.

Support for the Promotion of Employee Mental and Physical Health

We have created a third phase data health plan as an effective and efficient health promotion project (data health) that uses data analysis to assess the health of employees and their

beyond the securing of human resources to strive for the creation of better employment.

To reward the work of our employees and mitigate the impact of inflation on their lives, we also strive to raise our compensation levels and provide incentives.

In addition to the stock benefit trust (employee stockholding association purchase-type) introduced in the past, through measures such as raising the stockholding association's subsidy rate, we also make this a system that encourages employees to take interest in the Company's performance by being in the position of shareholders and raising their desire to contribute toward the Company's performance.

family members and addresses health issues. We are monitoring progress on this plan, making improvements, sharing scoring report information with the health insurance union, and conducting reviews to address and resolve health issues.

We have defined the specific health examinations and specific health guidance participation rate as a key performance indicator (KPI) in our lifestyle-related disease countermeasures, and we are working to raise participation rates. We have adopted periodic health checkups based on comprehensive medical examinations annually for employees aged 40 and older as a disease prevention measure. In addition, we are enriching our efforts to diagnose cancer, including breast cancer. We are also carrying out measures for high-risk employees who have yet to undergo health checkups, conducting diabetes prevention/mitigation and smoking cessation programs, implementing shoulder stiffness and back pain prevention measures, holding "walking challenge" promotion activities, and issuing seasonal magazines and pamphlets to promote health literacy. Through these efforts, we are providing support to help employees change their activity patterns to enjoy mental and physical health.

We are also, of course, conducting stress checks, as specified in the Industrial Safety and Health Act. These stress checks help employees become aware of their own stress and assist them in dealing with them. They also help prevent mental health issues in advance by improving workplace environments. When workplaces are found to have high stress levels, we promptly take steps to make workplace environment improvements.

Percentage of Employees Undergoing Specified Health Examinations (Domestic)

Results	Medium- to Long-term Targets	
FY2023	FY2024	FY2030
90.3%	90.0%	90.0%

Percentage of Employees Provided Specified Health Guidance (Domestic)

Results	Medium- to Long-term Targets	
FY2023	FY2024	FY2030
61.4%	55.0%	60.0%

Promotion of Occupational Health and Safety

Occupational Health and Safety Policy

Fundamental Occupational Health and Safety Policy

Based on our belief that safety comes above all else, we consider occupational health and safety to be one of the most important foundations of our business operations, and strive to maintain and improve our healthy and safe working environments.

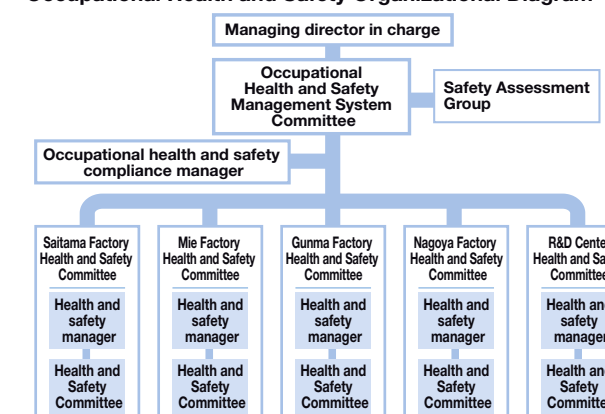
Occupational Health and Safety Policy

1. Comply with the Industrial Safety and Health Act
2. Maintain and improve our occupational health and safety structure
3. Create comfortable work environments
4. Promote health

Occupational Health and Safety Management Structure

We carry out our business operations with an occupational safety management system in accordance with ISO 45001.

Occupational Health and Safety Organizational Diagram



Safety and Health Activities

Activities to Eradicate Causes of Dangers and Hazards through Risk Assessments

Following the introduction of risk assessments in 2003, preventive improvement activities to eliminate and separate potential dangers and hazards in the workplace to reduce risks have become entrenched. Going beyond "zero industrial accidents," all employees work to achieve "zero risks" by participating in safety awareness and risks and systems improvement activities.

Health and Safety Patrols

Factory managers regularly patrol workplaces to confirm that there are no latent risks or unsafe behavior in factories, and that the 5S are being practiced as fundamental behavior. We perform risk assessments of the hazards identified through these activities, and establish work environments which place safety first.



Virtual Reality Safety Education

We have introduced educational contents making use of virtual reality (VR) as part of safety education and kiken yochi training (KYT: hazard prediction training) at work sites



involved in dangerous work within our factories. The use of VR allows simulated experiences of industrial accidents and dangerous situations, helping to prevent accidents and improve safety awareness.

Sharing of Health and Safety Information

Materials regarding health and safety and information regarding industrial accidents are shared between all Group companies, including overseas consolidated subsidiaries. This helps improve the safety awareness of operators and prevent accidents.

Results of Safety and Health Activities

Incidence of Industrial Accidents

For FY2023, there were no occupational injuries requiring time off work in Japan (including consolidated subsidiaries). In addition, our Group has never had a fatal accident.

SHANGHAI RIKEN TECHNOS CORPORATION

Excellent Company Award

We received an award as an excellent company from the management committee of Shanghai Xinzhuang Industrial Park, where we are located. Following last year, we have received this award for two consecutive years. This award is presented to companies that practice healthy corporate management with no issues in aspects such as safety and the environment.



RIKEN ELASTOMERS CORPORATION

Governor's Safety and Health Award from State of Kentucky

We received the Governor's Safety and Health Award from the Commonwealth of Kentucky, where we are located, for our occupational health and safety initiatives. We have received this award for five consecutive years since 2020.



Respect for Human Rights

The Group considers it absolutely vital to respect the human rights of all that are affected by our business activities so that we can create a sustainable society by practicing our corporate philosophy, the RIKEN TECHNOS WAY, and following the RIKEN TECHNOS GROUP Code of Conduct. Based on this belief, we have set respect for human rights as one of our materiality topics and we are implementing the activities.

Human Rights Policy

We have formulated the RIKEN TECHNOS GROUP Human Rights Policy for our human rights activities. In formulating this policy, we engaged in discussions with input from outside experts, conducted Sustainability Committee and Risk & Compliance Committee deliberations, and received the approval of the Board of Directors.

The RIKEN TECHNOS GROUP Human Rights Policy is posted on our website.

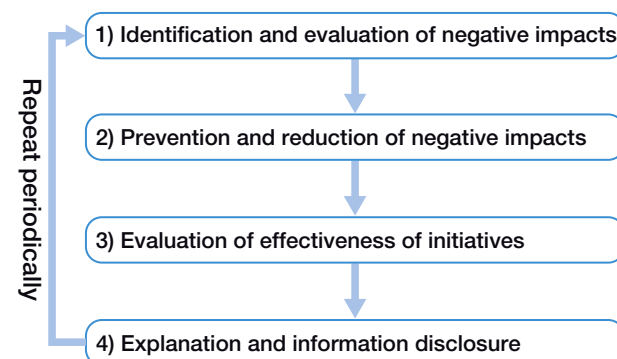
<https://www.rikentechnos.co.jp/e/csr/social/human-rights/>

Human Rights Due Diligence

As part of risk management, we embarked on human rights due diligence (a continuous process for preventively understanding, avoiding, and mitigating the negative impacts of corporate activities on human rights) in FY2024. At the Risk & Compliance Committee, we listed out the human rights risks (risk of the Group's businesses having a negative impact on human rights) in our Group and identified the following risks to be addressed with priority based on factors such as likelihood, severity, and state of response.

- Discrimination
- Harassment
- Occupational health and safety
- Product quality and safety
- Infringement of human rights of local residents
- Excessive/improper working hours
- Human rights issues related to the environment and climate change
- Human rights issues in the supply chain
- Right to access remedies

Going forward, we will promote measures to reduce such risks. At the same time, we will continuously reinforce our initiatives by reporting progress to the Risk & Compliance Committee and Board of Directors as well as review our human rights risk evaluation every year, taking into consideration the state of our initiatives and changes in the social situation.



Measures for Fostering Greater Awareness within Group Companies

We have been conducting harassment-related compliance training and such to improve the employees' awareness. In FY2023, we started conducting human rights and compliance training for all employees of RIKEN TECHNOS and our consolidated subsidiaries in Japan. For FY2023, we raised awareness about our Human Rights Policy, and at the same time, explained discrimination, harassment, and such that can easily occur at workplaces using specific examples.

In addition, the RIKEN TECHNOS GROUP Compliance Manual sets forth the rules that officers and employees of Group companies must comply with. It provides explanations of human rights violations such as discrimination and harassment and makes everyone aware that these actions are strictly prohibited.

Procurement Initiatives

We are creating a sustainable supply chain based on our procurement policy. Based on our Group's human rights policy, in our Procurement Policy, we declare our respect for human rights and our dedication to eliminating unfair discrimination. We do not procure or engage in transactions involving raw materials that contribute to conflicts or which are obtained through unlawful labor (such as child labor or labor which involves the infringement of human rights) in all regions, even if they are not conflict or high-risk regions.

In addition, we administered an online ESG and SDGs questionnaire to 400 companies centered on our raw material suppliers in FY2023 to investigate their state of responding to sustainability.

For FY2024, we will conduct the questionnaire for overseas suppliers to strive for the creation and enhancement of a sustainable supply chain.

Coexistence with Local Communities

Our Group is involved in various activities to promote harmonious coexistence with local communities as well as a better understanding of our business activities. This section introduces initiatives being taken in Japan and overseas.

Initiatives in Japan

Donation of DVDs to a Library

Mie Factory is located in Kameyama City, Mie Prefecture. To commemorate its 50th anniversary, the factory donated DVDs to Kameyama City Library. For this donation, requests from the library's staff were taken into consideration to select titles that can be enjoyed by a wide range of ages, from children to adults, including animation works, works related to education and railways, and popular Western and Japanese titles. The donated DVDs are placed in the RIKEN TECHNOS Media Library section.



Weeding Volunteer Activity at Nursery School

We carried out weeding at a nursery school in Fukaya City, Saitama Prefecture where Saitama Factory is located.



Donation of Goods to Food Bank

Our Osaka Branch Office donated disaster supplies to a non-profit project for the effective use of excess food and the provision of support to welfare organizations.

Support for Environmental Beautification Activities

We support the environmental beautification activities organized by the association of the Konan Industrial Estate, where the Head Office and Shiga Factory of RIKEN CHEMICAL PRODUCTS CO., LTD. are located. These activities include cleaning up the river that flows through town and cleaning the roads around the factory, along with performing regular inspections of facilities such as wastewater and liquid waste facilities within the town and industrial estate.

Initiatives Overseas

RIKEN AMERICAS CORPORATION

Support for Victims of Sexual Assault and Domestic Violence

Since FY2021, we have been conducting a project in concert with Sanctuary, Inc., a non-profit organization that provides prevention and healing services to victims of sexual assault and domestic violence and offers comprehensive support, including emotional care for the victims of violence. Every month, we provide 200 snack bags to support the organization.

PT. RIKEN INDONESIA

Construction of Village's Restroom and Facility for Rainwater Drainage and Storage

Weninggalih Village in Jonggol District is plagued by a shortage of water resources during droughts and dry seasons. We constructed a restroom and facility for rainwater storage that can be used by the neighboring residents and donated them to the village. We also interacted with the village's residents as well as children from schools in the vicinity of the village, and we donated daily necessities, school supplies, and such.



RIKEN VIETNAM CO., LTD.

Support Activity at Orphanage

At an orphanage in Tân Uyên City, Bình Dương Province, we installed a new well for the washing of clothes and dishes as well as for having fun with water. We also donated food, detergent, mops, notebooks, and such.



Strengthen Business Foundations

Sophisticate Corporate Governance



Management

(As of September 1, 2024)

Directors

1 Kazuaki Tokiwa

Representative Director and President & CEO

March	1983	Joined the Company
April	2002	General Manager, Sales & Marketing Dept., RIMTEC CORPORATION
January	2007	Director, President & CEO, RIKEN ELASTOMERS CORPORATION
October	2011	Deputy General Manager, Compound Div.; General Manager, Compound Sales & Marketing Dept., RIKEN TECHNOS CORPORATION
April	2013	Vice General Manager, Corporate Planning Office
June	2013	Director, General Manager, Corporate Planning Office
April	2016	Representative Director, President & CEO (to present)

2 Junji Irie

Representative Director, Senior Managing Executive Officer, and Senior General Manager of Administrative Div.

April	1981	Joined the Fuji Bank, Limited (current Mizuho Bank, Ltd.)
April	2009	Executive Officer; General Manager, Kobuna-cho Branch
May	2011	Joined the Company
June	2011	General Manager, Legal & Compliance Office
June	2012	Director; General Manager, Legal & Compliance Office
June	2013	Director; Senior General Manager, Administrative Div.; General Manager, General Affairs Dept.
April	2013	Director, Managing Executive Officer; Senior General Manager, Administrative Div.; Senior General Manager, Corporate Planning Div.
April	2016	Director, Managing Executive Officer; Senior General Manager, Administrative Div.; Senior General Manager, Corporate Planning Div.
January	2017	Director, Managing Executive Officer; Senior General Manager, Administrative Div.; Senior General Manager, Corporate Planning Div.; General Manager, General Affairs Dept.
April	2017	Director, Managing Executive Officer; Senior General Manager, Administrative Div.; Senior General Manager, Corporate Planning Div.
October	2017	Director, Managing Executive Officer; Senior General Manager, Administrative Div.
April	2019	Senior General Manager, Corporate Planning Div.
April	2020	Director, Senior Managing Executive Officer; Senior General Manager, Administrative Div.
June	2020	Representative Director, Senior Managing Executive Officer; Senior General Manager, Administrative Div.
April	2022	Representative Director, Senior Managing Executive Officer; Senior General Manager, Administrative Div.; Senior General Manager, Corporate Planning Div.
April	2023	Representative Director, Senior Managing Executive Officer; Senior General Manager, Administrative Div.; (to present)

3 Gakuyuki Kajiyama

Director, Managing Executive Officer, and Senior General Manager of Sales & Marketing Div.

March	1985	Joined the Company
June	2008	Office Manager, Nagoya Sales Office; General Manager, Compound Vehicle R&D Office
March	2010	Deputy General Manager, Compound Div.
April	2011	Deputy General Manager, Corporate Planning Office
September	2011	Director, President & CEO, RIKEN ELASTOMERS CORPORATION
April	2016	Executive Officer, RIKEN TECHNOS CORPORATION; Director, President & CEO, RIKEN ELASTOMERS CORPORATION
April	2017	Senior Executive Officer; Senior General Manager, Corporate Planning Div., RIKEN TECHNOS CORPORATION
June	2017	Director, Senior Executive Officer; Senior General Manager, Corporate Planning Div.
April	2019	Director, Managing Executive Officer; Senior General Manager, Sales & Marketing Div. (to present)

5 Shigeharu Nakamura

Outside Director and Audit & Supervisory Committee Member

April	1976	Joined the Saitama Bank, Ltd. (current Resona Bank, Limited)
June	2005	Managing Executive Officer in charge of Finance Div., Resona Bank, Limited
June	2006	Director, Senior Managing Executive Officer in charge of Finance Div. and in charge of Corporate Governance Office
June	2008	Representative Director, Vice President & Executive Officer in charge of Human Resources Div. and in charge of Corporate Governance Secretariat (Retired in March 2012)
April	2012	Representative Director & President, Resona Research Institute Co., Ltd.
June	2013	Outside Director and Audit & Supervisory Committee Member, TOYO KANETSU K.K.
April	2014	Advisor, Resona Research Institute Co., Ltd. (Retired in June 2014)
June	2014	Auditor, F-TECH INC. (Retired in June 2022) Outside Corporate Auditor, RIKEN TECHNOS CORPORATION
June	2015	Outside Director and Audit & Supervisory Committee Member, TOYO KANETSU K.K. (to present)
June	2016	Outside Director serving as Audit & Supervisory Committee Member (to present)
June	2018	Outside Director, The Shoko Chukin Bank, Ltd. (Retired in June 2024)

7 Aogi Suemura

Outside Director and Audit & Supervisory Committee Member

October	1992	Joined Asahi Shinwa & Co. (current KPMG AZSA LLC)
April	1996	Registered as certified public accountant
August	1999	Joined GOLDCREST Co., Ltd.
January	2002	Joined Sumitomo Shoji Financial Management Co., Ltd.
November	2004	Joined Deloitte Touche Tohmatsu (current Deloitte Touche Tohmatsu LLC)
June	2008	Partner
January	2022	Representative, Aogi Suemura Certified Public Accountant Firm (to present)
June	2022	Outside Director serving as Audit & Supervisory Committee Member (to present)
March	2023	Outside Audit & Supervisory Board Member, Nippon Denko Co., Ltd.
March	2024	Outside Director serving as Audit & Supervisory Committee Member, Nippon Denko Co., Ltd. (to present)
June	2024	Outside Director serving as (Audit & Supervisory Committee Member) Nomura Real Estate Holdings, Inc. (to present)

4 Takashi Shimada

Director and Full-time Audit & Supervisory Committee Member

March	1984	Joined the Company
April	2011	Deputy General Manager, Administrative Div.
April	2013	General Manager, Saitama Factory
April	2014	Senior General Manager, Quality Assurance Div.
June	2014	Director, Senior General Manager, Quality Assurance Div.
January	2015	Director, Senior General Manager, Manufacturing Div.; Senior General Manager, Quality Assurance Div.
April	2016	Director, Senior Executive Officer, Senior General Manager, Manufacturing Div.; Senior General Manager, Quality Assurance Div.
June	2016	Senior Executive Officer, Senior General Manager, Manufacturing Div.; Senior General Manager, Quality Assurance Div.
March	2017	Senior Executive Officer, RIKEN TECHNOS CORPORATION; President, RIKEN ELASTOMERS CORPORATION
April	2017	Senior Executive Officer, RIKEN TECHNOS CORPORATION; President, RIKEN AMERICAS CORPORATION & RIKEN ELASTOMERS CORPORATION
April	2019	Representative Director & President, RIKEN CABLE TECHNOLOGY CO., LTD.
February	2023	President and CEO, KYOEI PLASTIC MFG CO., LTD.
June	2024	Director serving as full-time Audit & Supervisory Committee Member (to present)

6 Shigeru Ehara

Outside Director and Audit & Supervisory Committee Member

April	1981	Joined the Yasuda Fire & Marine Insurance Co., Ltd.
April	2011	Executive Officer, General Manager, Commercial Risk Solutions Department, Sampo Japan Insurance Inc.
April	2013	Director, Managing Executive Officer, Sampo Japan Insurance Inc.; Managing Executive Officer, NIPPONKOA Insurance Company, Limited; Executive Officer, NKSJ Holdings, Inc.
June	2013	Director, Executive Officer, NKSJ Holdings, Inc.
September	2014	Director, Managing Executive Officer, Sampo Japan Nipponkoa Insurance Inc.
April	2016	Director, Managing Executive Officer, Sampo Japan Nipponkoa Insurance Inc.; Director, Senior Managing Executive Officer, Sampo Japan Nipponkoa Insurance Inc.; Director, Senior Managing Executive Officer, Sampo Japan Nipponkoa Holdings, Inc.
November	2016	Representative Director, Senior Managing Executive Officer, Sampo Holdings, Inc.
April	2017	CEO, Overseas Insurance and Reinsurance Business, Representative Director, Senior Managing Executive Officer, Sampo Holdings, Inc.
April	2018	Deputy President and Senior Executive Officer, Sampo Japan Nipponkoa Insurance Inc. (Retired in June 2018) Director, Deputy President and Senior Executive Officer, Sampo Holdings, Inc. (Retired in June 2018)
June	2018	Executive Director, General Insurance Rating Organization of Japan (Retired in June 2022)
June	2022	Outside Director serving as Audit & Supervisory Committee Member (to present)

(Notes)

1. The Yasuda Fire & Marine Insurance Co., Ltd., Sampo Japan Insurance Inc., NIPPONKOA Insurance Company, Limited, and Sampo Japan Nipponkoa Insurance Inc. are currently Sampo Japan Insurance Inc.

2. NKSJ Holdings, Inc. and Sampo Japan Nipponkoa Holdings Inc. are currently Sampo Holdings, Inc.

Executive Officers (excluding those on the board of directors)



Michihisa Tasaka

Senior Executive Officer
General Manager of Start-up
Office for New Business
Development

Hitoshi Sugino

Senior Executive Officer
Senior General Manager of
Technical Div.

Tomozo Ogawa

Senior Executive Officer
Senior General Manager
of Manufacturing Div. &
Senior General Manager of
Procurement Div.

Michio Noishiki

Senior Executive Officer
Senior General Manager of
Corporate Planning Div.

Toshimi Yamanaka

Executive Officer
Regional Officer of North
America
President, RIKEN AMERICAS
CORPORATION & RIKEN
ELASTOMERS CORPORATION

Hisashi Onozuka

Executive Officer
Deputy Senior General Manager
of Sales & Marketing Div. &
General Manager of Film Business
Unit & General Manager of Sales
& Marketing Strategy Dept.

Fumitoshi Nakamura

Executive Officer
Regional Officer of ASEAN
Deputy Senior General
Manager of Sales & Marketing
Div. & General Manager of
Transportation Business Unit

Akihiro Tamura

Executive Officer
Senior General Manager of
Quality Assurance Div.

Hiroaki Wakayama

Executive Officer
Deputy Senior General Manager
of Technical Div. & General
Manager of R&D Center &
General Manager of Material
R&D Dept. No. 2, R&D Center

Strengthen Business Foundations Sophisticate Corporate Governance

Skill Matrix of the Board of Directors

In order to appropriately supervise the promotion of the four strategies set forth in the “Challenge Now for Change New 2024,” a management policy under our three-year Medium-term Business Plan, as well as the measures supporting those strategies, we have identified the skills expected of the Board of Directors as follows and formulated a skills matrix.

Relationship between Management Strategies and Skill Items

Four strategies of the three-year medium-term business plan	Strategies to grow strengths of businesses		Strategies for future growth		Measures that support the four strategies (Capital investments in manufacturing facilities, Intellectual property and R&D investments, DX investments, Human capital investments, and Reinforcement of governance structures)	
	Strategy 1 Intensify global management and generate synergies	Strategy 2 Stay ahead of customers' expectations	Strategy 3 Take on the challenge toward new businesses and products	Strategy 4 Contribute to solving environmental and social issues		
Skill items	Corporate management / management strategy	Sales / marketing	R&D / manufacturing	ESG / sustainability	Finance / accounting	Legal / risk management
	Global experience				Personnel / labor affairs / human resources development	DX / IT

Definition of Skills

Skill items	Definition
1 Corporate management / management strategy	Experience as a director, executive officer, etc., at other companies (at a consolidated subsidiary, experience as a president), work experience at a corporate planning division, etc.
2 Sales / marketing	Experience as a sales rep in the chemical industry, work experience in marketing division, etc.
3 Global experience	Overseas work experience, work experience in international division, etc.
4 R&D / manufacturing	Work experience in R&D/manufacturing, or similar divisions
5 Finance / accounting	Work experience in accounting/finance divisions, or financial institutions, etc., knowledge of finance/accounting
6 Legal / risk management	Work experience in legal / risk management, or similar divisions, knowledge of legal / risk management
7 Personnel / labor affairs / human resources development	Work experience in personnel / labor affairs / human resources development, or similar divisions, knowledge of personnel / labor affairs / human resources development
8 ESG / sustainability	Work experience in ESG-related divisions, knowledge of ESG/sustainability
9 DX / IT	Work experience in system development divisions, etc., knowledge of DX/IT

Skill Possession Status

Name	Position	Gender	Skills									Major Reasons for ○	Attendance in FY2023 (Times)			
			Corporate Management / Management Strategy	Sales / Marketing	Global Experience	R&D / Manufacturing	Finance / Accounting	Legal / Risk Management	Personnel / Labor Affairs / Human Resources Development	ESG / Sustainability	DX / IT		Board of Directors	Nomination Committee	Compensation Committee	Audit & Supervisory Committee
Kazuaki Tokiwa	Representative Director, President & CEO	Male	○	○	○	○				○		<ul style="list-style-type: none"> Experience as a president of a U.S. consolidated subsidiary Work experience in sales, corporate planning, and quality assurance divisions 	16/16★	2/3	2/3	-
Junji Irie	Representative Director, Senior Managing Executive Officer	Male	○				○	○	○	○	○	<ul style="list-style-type: none"> Experience as an executive officer at a bank Experience as a senior general manager of the Company's administrative (personnel/accounting/legal/system) / corporate planning divisions 	16/16	3/3	3/3	-
Gakuyuki Kajiyama	Director, Managing Executive Officer	Male	○	○	○	○				○		<ul style="list-style-type: none"> Experience as a president of a U.S. consolidated subsidiary Experience as a senior general manager of corporate planning division Work experience in sales/R&D divisions 	16/16	-	-	-
Takashi Shimada	Director, Full-time Audit & Supervisory Committee Member	Male	○		○	○			○	○		<ul style="list-style-type: none"> Experience as a president of a U.S./domestic consolidated subsidiary Experience as a senior general manager of manufacturing / quality assurance divisions Work experience in R&D/personnel divisions 	-*	-	-	-★
Shigeharu Nakamura	Outside Director Audit & Supervisory Committee Member (Primary/Independent)	Male	○		○		○	○	○			<ul style="list-style-type: none"> Experience as a vice president / executive officer at a bank Work experience in international / corporate governance divisions 	16/16	3/3	3/3★	18/18
Shigeru Ehara	Outside Director Audit & Supervisory Committee Member (Independent)	Male	○		○		○	○	○			<ul style="list-style-type: none"> Experience as a vice president / executive officer at a non-life insurance company Overseas work experience 	16/16	3/3★	3/3	18/18
Aogi Suemura	Outside Director Audit & Supervisory Committee Member (Independent)	Female					○	○	○			<ul style="list-style-type: none"> Experience as a partner at an auditing firm Certified Public Accountant qualification 	16/16	3/3	3/3	18/18

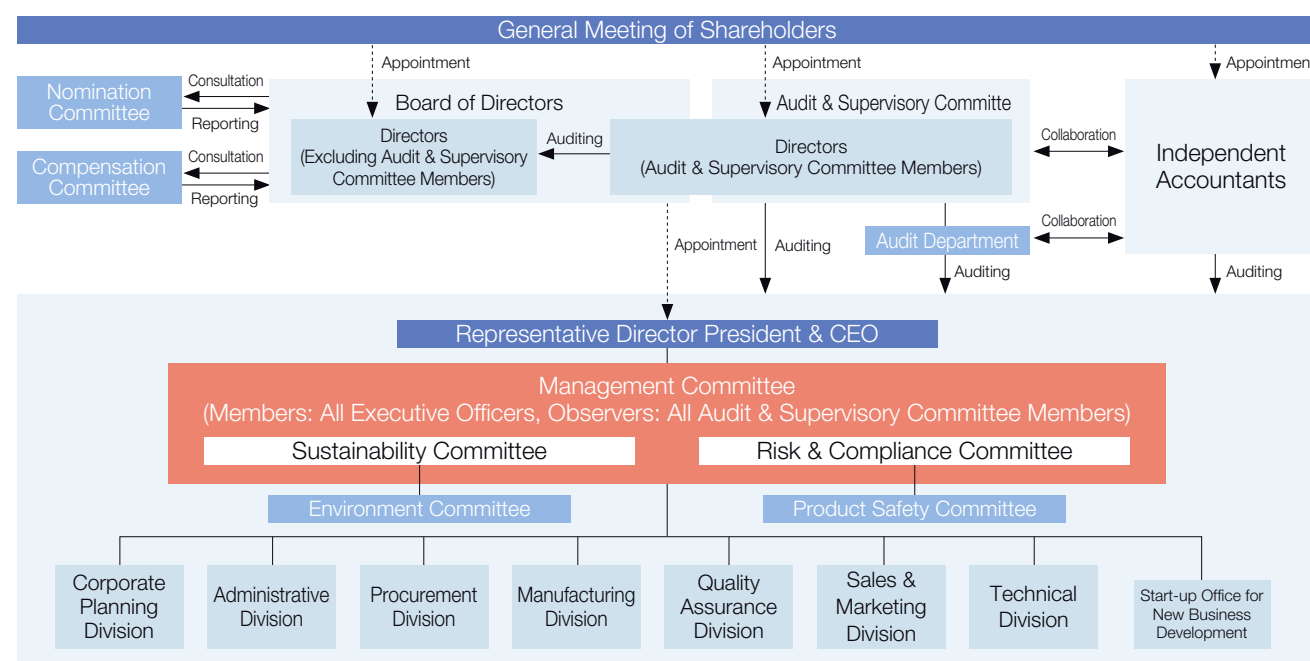
* denotes chairperson * Inaugurated on June 21, 2024

Strengthen Business Foundations Sophisticate Corporate Governance

Corporate Governance Policy

The RIKEN TECHNOS GROUP positions “Sophisticate corporate governance” as a key management issue. We will establish effective governance mechanisms across the Group and strive to ensure management transparency and fairness to achieve sustainable growth and improve corporate value over the medium- to-long term through the implementation of the “RIKEN TECHNOS WAY,” our management philosophy. At the same time, we will further advance dialogue with our shareholders and investors.

Corporate Governance Structure



Past Actions toward Sophistication of Corporate Governance

	FY2016	FY2017 to FY2019	FY2020	FY2021	FY2022	FY2023
Structural Design	<ul style="list-style-type: none"> Shifted to a company with an audit and supervisory committee 					
Voluntary Committees	<ul style="list-style-type: none"> Established Nomination Committee and Compensation Committee Established Board of Outside Directors 			<ul style="list-style-type: none"> Established Risk & Compliance Committee 	<ul style="list-style-type: none"> Established Sustainability Committee 	
Composition of Board of Directors	<ul style="list-style-type: none"> 8 members RIKEN TECHNOS: 5 Outside: 3 		<ul style="list-style-type: none"> 9 members RIKEN TECHNOS: 6 Outside: 3 		<ul style="list-style-type: none"> 9 members RIKEN TECHNOS: 5 Outside: 4 (including 1 female) 	
Compensation System	<ul style="list-style-type: none"> Introduced share-based compensation system 			<ul style="list-style-type: none"> Formulated policy for determining details of compensation and other payments of individual directors 		<ul style="list-style-type: none"> Reviewed director compensation system
Others	<ul style="list-style-type: none"> Introduced executive officer system (separation of supervisory and executive functions) 	<ul style="list-style-type: none"> Commenced effectiveness evaluation of Board of Directors 	<ul style="list-style-type: none"> Formulated Corporate Governance Policy Formulated independence standard for outside directors Formulated succession plan 	<ul style="list-style-type: none"> Formulated Sustainability Policy 	<ul style="list-style-type: none"> Identification of materiality topics Conducted disclosure based on the recommendations of TCFD 	<ul style="list-style-type: none"> Issued Integrated Report Formulated Human Rights Policy Established CSIRT

* Since June 21, 2024, a total of seven members (including one female) comprising four internal and three outside directors. **Red** indicates an increase from the previous year. **Blue** indicates a decrease from the previous year.

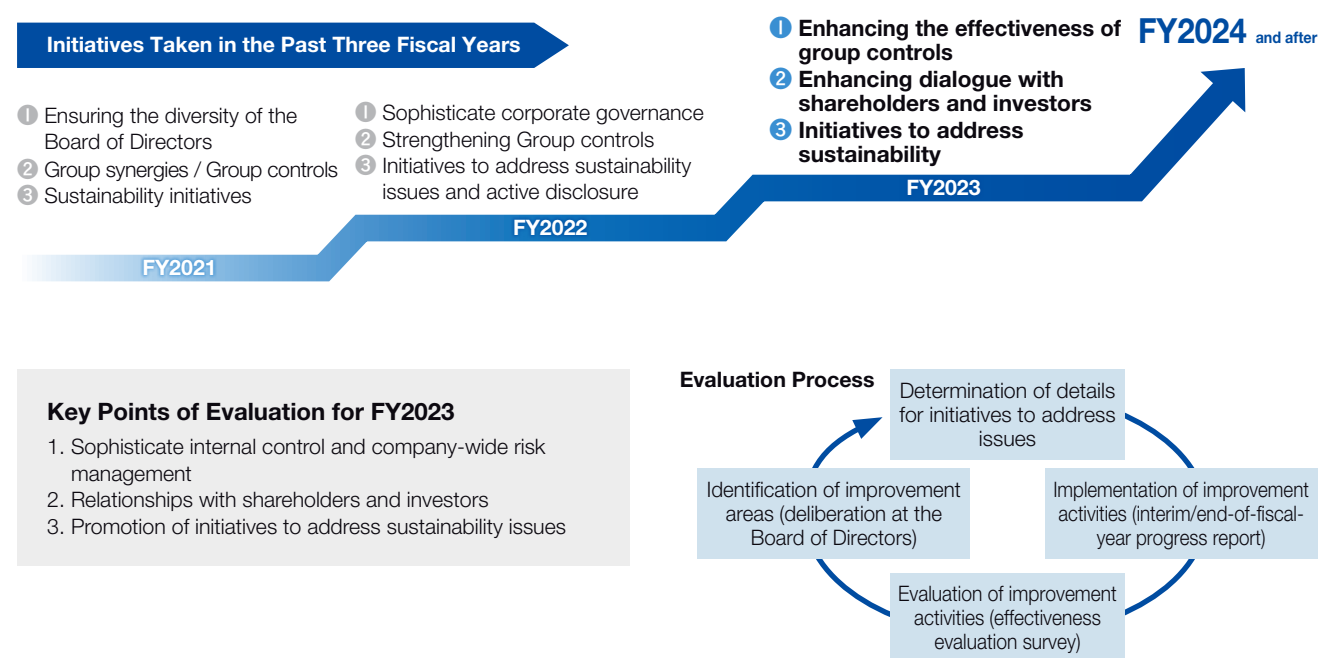
Corporate Governance System

Name of Meeting	Number of Meetings Held (FY2023)	Details
Board of Directors	16	<p>Members: Three Board of Directors (excluding directors who are Audit & Supervisory Committee members) and four directors who are Audit & Supervisory Committee members</p> <p>We ensure management transparency and soundness by setting the rule to include independent outside directors for at least one-third of all the Board of Director members. In addition, directors are appointed so that the Board of Directors has the appropriate scale and composition taking into consideration factors such as the Board's overall balance in knowledge, experience, and capabilities; maintenance of diversity; and invigoration of deliberations.</p> <p>[Major Matters Deliberated in FY2023] Governance and other matters of management supervision, progress of Materiality Topic KPIs, publication of the Integrated Report, verification of the appropriateness of holding cross-shareholdings, repurchase and cancellation of own shares, progress, and review of succession plans, etc.</p>
Management Committee	12	<p>Members: All Executive Officers, Observers: All Audit & Supervisory Committee Members</p> <p>The Management Committee comprises all executive officers. Outside Directors also attend the meetings from the perspective of management supervision and state their opinions, as necessary. Furthermore, meetings are held ahead of Board of Directors meetings each month to deliberate beforehand issues being put forth to the Board of Directors as well as to deliberate and decide on the execution of important tasks for which authority has been delegated by the Board of Directors.</p>
Sustainability Committee	6	<p>Members: All Executive Officers, Observers: All Audit & Supervisory Committee Members</p> <p>Refer to “Sustainability at RIKEN TECHNOS” (p. 45) for details.</p>
Risk & Compliance Committee	3	<p>Members: All Executive Officers, Observers: All Audit & Supervisory Committee Members</p> <p>Refer to “Strengthen Risk Management” (p. 73) for details.</p>
Audit & Supervisory Committee	18	<p>Members: Four Audit & Supervisory Committee members (of which three are independent outside directors)</p> <p>More than half of the Audit & Supervisory Committee members are independent outside directors, and at least one member has considerable expertise related to finance and accounting. In addition, full-time Audit & Supervisory Committee members are appointed to carry out prompt information collection within the Company and closely share information with outside directors.</p>
Nomination Committee and Compensation Committee	3 times each	<p>Members: President & CEO, Senior Management Executive Officer, and three Independent Outside Directors</p> <p>Both committees seek to substantiate discussions by including multiple Inside Directors as members in consideration of their skills, etc. At the same time, a majority of members of the committees are Independent Outside Directors to ensure transparency and objectivity in the process and content of nominations and compensation. In addition, their Chairpersons are selected by mutual voting among members, from among Independent Outside Directors.</p> <p>[Major Matters Deliberated in FY2023] Nomination Committee: Matters related to the selection of candidates for directors (excluding directors who are Audit & Supervisory Committee members) and executive officers, confirmation of progress and reviews of succession plans Compensation Committee: Review of the director compensation system, individual compensation for Directors (excluding directors who are Audit & Supervisory Committee members) and Executive Officers</p>
Board of Outside Directors	3	<p>Members: All Independent Outside Directors</p> <p>Independent outside directors take on the roles of providing advice regarding management, supervision of management in general, and supervision regarding conflicts of interests as well as reflecting opinions of stakeholders at Board of Directors meetings. We appoint people who meet the independence standard for outside directors* set by the Company as independent outside directors. At the same time, they must be able to take on the role of contributing toward our sustainable growth and improvements in medium- to long-term corporate value. In addition, the primary independent outside director is elected by and chosen from among the independent outside directors, and serves as a liaison with the Company.</p> <p>At least once every half a year, the Board of Outside Directors is held for information exchange and awareness sharing among Outside Directors.</p> <p>* The independence standard for outside directors is defined in the RIKEN TECHNOS GROUP Corporate Governance Policy.</p>

Strengthen Business Foundations Sophisticate Corporate Governance

Effectiveness Evaluation of Board of Directors

To improve the functions of our Board of Directors, we conduct evaluation and analysis of its effectiveness each year.



Issues and Initiatives for FY2023 (Actual)

Issue	Initiative (Actual)
Enhancing the effectiveness of group controls	Officers, including the Representative Director, visited consolidated subsidiaries in Japan and overseas to grasp the actual situation of each company and provide direct guidance to strengthen the Group's controls. In addition, through the holding of information-sharing meetings for consolidated subsidiaries and briefing sessions on the progress of the Medium-term Business Plan for overseas consolidated subsidiaries, identified issues were shared between the Company's management and the management of consolidated subsidiaries.
Enhancing dialogue with shareholders and investors	We expanded our financial and non-financial disclosure by publishing the Integrated Report, incorporating sustainability information into the Annual Securities Report, and disclosing actions to implement management that is conscious of cost of capital and stock price. In addition, approaches have been advanced for constructive dialogue with shareholders and investors. For example, the opinions of investors obtained in the SR meeting were reported and deliberated at the Management Committee and the Board of Directors, and then reflected in various measures.
Addressing sustainability issues	As guidelines for human capital and human rights initiatives, we formulated the Human Resource Development Policy, the Internal Environment Development Policy, and the Human Rights Policy. In addition, we appropriately supervised initiatives to address sustainability issues by receiving reports on the progress of KPIs for materiality topics from the Sustainability Committee.

Issues and Initiatives for FY2024 (Planned)

Issue	Initiative (Planned)
Enhancing dialogue with shareholders and investors	The Company will continuously review the disclosure content and discuss initiatives to further promote constructive dialogue, including disclosure of new information from both financial and non-financial aspects. In addition, we will continue to appropriately reflect opinions obtained through dialogue in our internal structure.
Promoting human capital management	We will pursue discussions in conjunction with our management strategy, with an eye toward the next Medium-term Business Plan.
Restructuring business portfolio	In addition to discussing items including a review of low-profit businesses, we will supervise the allocation of management resources from a medium- to long-term perspective.

Compensation of Directors

Basic Policy

The compensation of directors (excluding directors who are Audit & Supervisory Committee members) serves as motivation for improving the performance of each fiscal year and improving the corporate value over the medium to long term. In addition, as a compensation system that allows value to be shared with shareholders, the appropriate level of compensation is set according to position and responsibility. To ensure objectivity and transparency when determining these levels, respect is given to the opinions of the Compensation Committee, where more than half of the members are independent outside directors.

Composition of Director Compensation

The compensation of directors (excluding directors who are Audit & Supervisory Committee members) consists of executive compensation and supervisory compensation. Executive compensation consists of a fixed amount of basic compensation (cash) and bonuses as performance-linked compensation (cash and stock benefits). Supervisory compensation consists of a fixed amount of basic compensation (cash) and a fixed amount of stock benefits.

The compensation of directors who are Audit & Supervisory Committee members comprises only fixed compensation not linked to performance (basic compensation) and fixed allocation of shares.

Policy for Reducing and Repaying the Amount of Compensation (Malus and clawback provision)

If there is a material error in the financial statements or a material accounting irregularity, or if directors (excluding directors who are Audit & Supervisory Committee members) violate laws, regulations, or the Articles of Incorporation, etc., the Company shall be able to demand a reduction of the amount of compensation or the repayment of compensation paid.

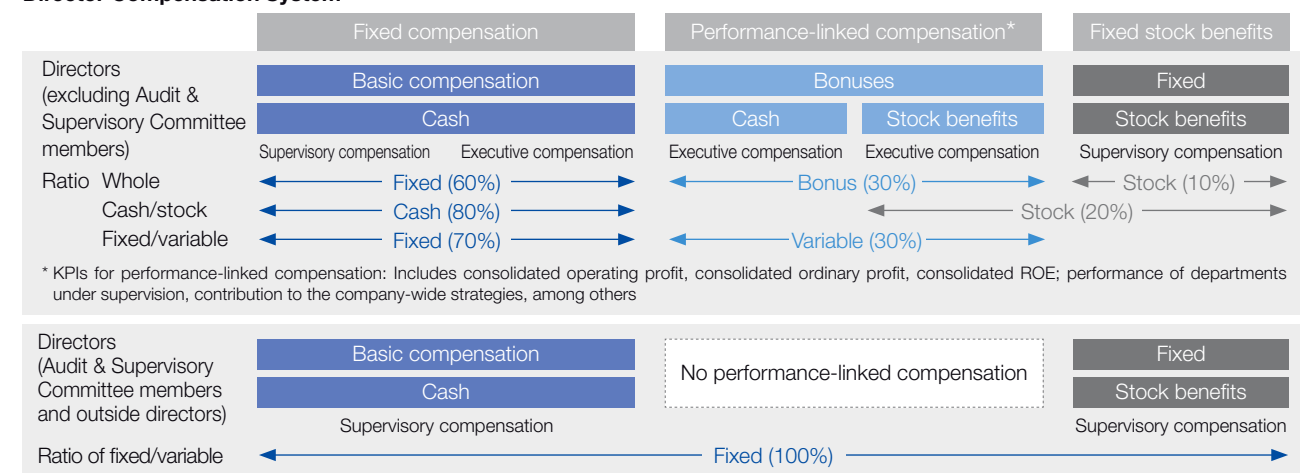
The specific amount of the reduction or repayment demanded shall be determined by the Board of Directors after consulting with the Compensation Committee, with respect for the results of such reports.

Process for the Determination of Director Compensation

In deciding the amount of compensation for directors (excluding directors who are Audit & Supervisory Committee members), the Board of Director first consults the Compensation Committee where more than half of the members are independent outside directors. The decision is then made giving due respect to the reply from the committee.

The compensation of directors who are Audit & Supervisory Committee members is decided through deliberation by the directors who are Audit & Supervisory Committee members, within the amount established through resolution at the General Meeting of Shareholders.

Director Compensation System



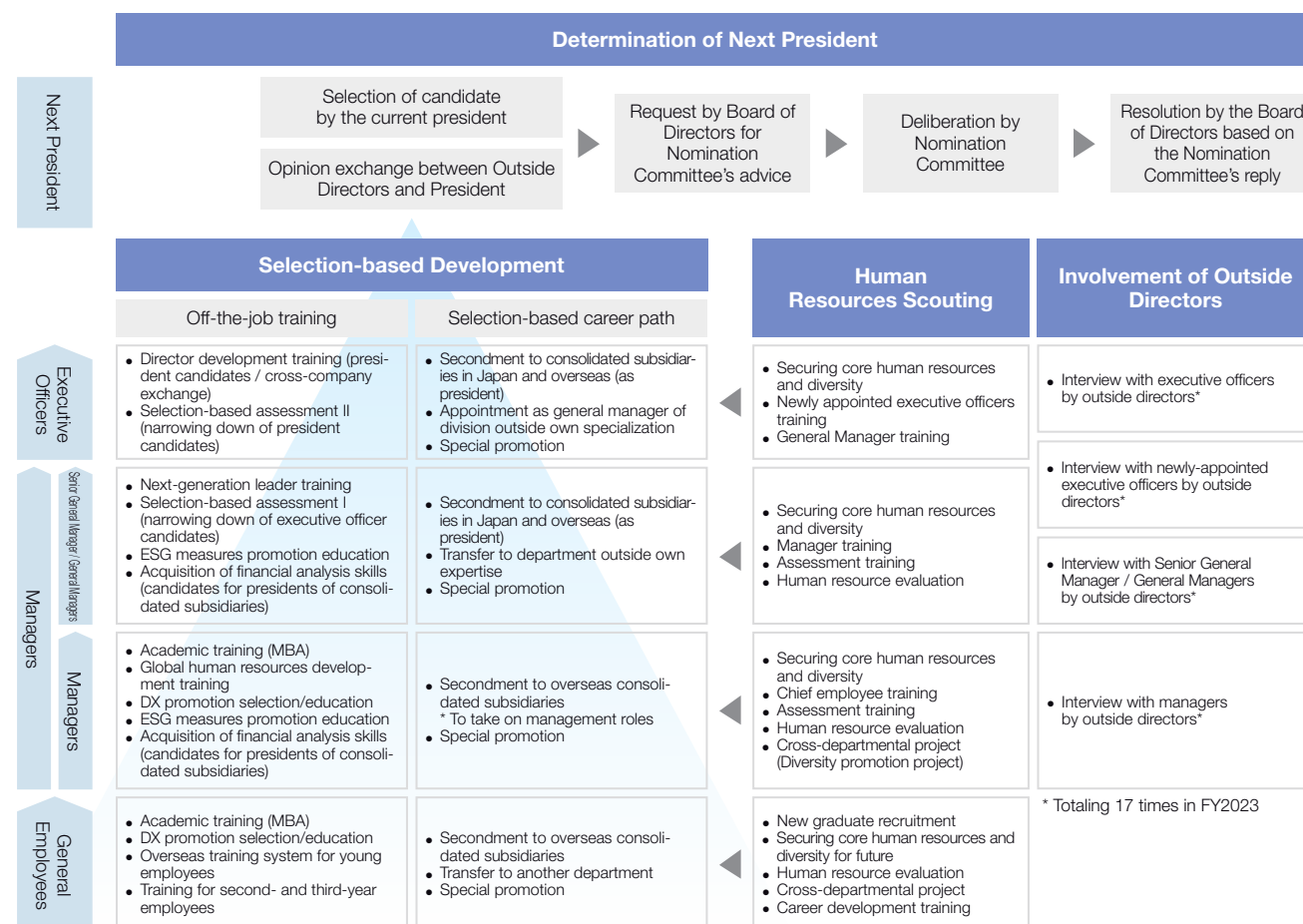
Total Amount of Compensation, etc. for FY2023

Director Classification	Total Amount of Compensation, etc. (Thousands of Yen)	Total Amount by Type of Compensation, etc. (Thousands of Yen)				Number of Applicable Directors
		Fixed Compensation	Performance-linked Compensation (Bonuses)		Fixed Stock Benefits	
			Basic Compensation	Cash		
Directors (excluding Audit & Supervisory Committee members)(excluding outside directors)	198,488	116,219	51,789	15,318	15,161	4
Directors (excluding Audit & Supervisory Committee members)(excluding outside directors)	17,691	16,200	-	-	1,491	1
Outside directors (Audit & Supervisory Committee members)	39,313	36,000	-	-	3,313	4
Total	255,492	168,419	51,789	15,318	19,966	9

Strengthen Business Foundations Sophisticate Corporate Governance

Succession Plan

We formulate our succession plan to secure a pool of human resources for the group of management candidates. Taking into consideration our corporate philosophy, management policy, and other factors, so that the development of successor candidates is carried out systematically with adequate time and resources, the Board of Directors and the Nomination Committee will continue to take the initiative to intervene in the plan's implementation and carry out regular supervision.

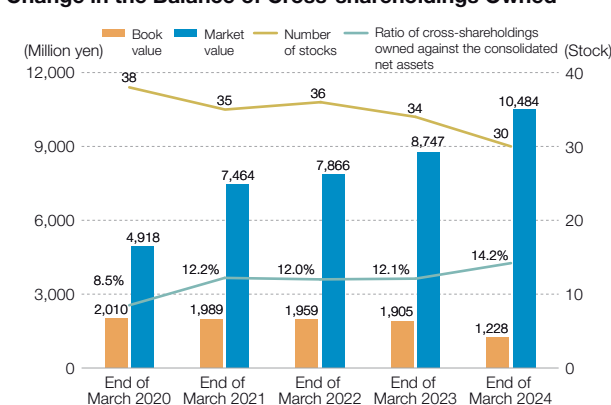


Cross-shareholdings

With regard to cross-shareholdings, the Company shall examine whether the Board of Directors annually reviews specifically the rationality of holding each company's stocks including the cost of equity and the benefits of holding, and reduce the ratio of cross-shareholdings to reach less than 10% of consolidated net assets. The cash generated by the reduction will be used primarily for growth investment and also for shareholder returns, and in this way we will accelerate medium- to long-term growth in the future.

In FY2023, in addition to examining the appropriateness of holding individual stocks, including those held by consolidated subsidiaries, we conducted comprehensive examinations, including capital policies, and sold all or part of 24 of the 34 stocks held by the Company. All proceeds from the sale were used to fund the acquisition of treasury stock.

Change in the Balance of Cross-shareholdings Owned



Dialogue with Shareholders and Investors

The Company takes a variety of initiatives, including Financial and Management Results Briefings and individual interviews for institutional investors so that constructive dialogue can be established with shareholders and investors.

Policy concerning Dialogue with Shareholders (Summary)

- Executive Officer in charge of corporate planning supervises all matters related to shareholder dialogue.
- The Company's basic approach to dialogue with shareholders is to make senior management, including the President and related Executive Officers, and Directors, including Outside Directors, attend dialogue with shareholders and engage in direct dialogue with shareholders, to the extent reasonable. In addition, the Company will establish a system to enable it to accurately address the wishes of shareholders and the main matters of interest in interviews, through the appointment of a primary Independent Outside Director.
- The opinions of shareholders obtained through dialogue will be reported to the Board of Directors, the Management Committee, etc., as appropriate, and information will be shared and utilized by related divisions.

Dialogue in FY2023 (Actual)

General Meeting of Shareholders	Institutional Investors	General Meeting of Shareholders	
		Disclosure of Sustainability Information in the Business Reports	Financial and Management Results Briefings held live online and at a venue
			Twice
		Full disclosure of the notice of convocation in English	Individual IR meetings (including conference calls) 48 times
			SR interviews (April 2024) 10 times
Individual Investors		Individual Investors	
		Issuance of Shareholder Newsletter	Publication of the Integrated Report
		Twice	Disclosure of sustainability information in the Corporate Governance Reports and Annual Securities Reports
		Enrichment of website contents	Simultaneous disclosure in English of the following materials: Consolidated Financial Results; Timely Disclosure; Financial and Management Results Briefings; and Business Plan Briefing
		Renewal of sustainability website	
		New opening of R&D website	
		As per appropriateness	

Status of Feedback of Dialogue in FY2023

Opinions obtained through dialogue with shareholders and investors are reported as appropriate at the Management Committee and the Board of Directors meetings, and such information is shared among the relevant departments and incorporated appropriately and effectively into corporate activities. We will continue to actively engage in dialogue with shareholders and investors to enhance our corporate value further.

Major Requests	Status of Response / Policy
Improvements in capital efficiency over medium- to long-term and disclosure of growth strategies	Disclosure of specific initiatives to improve capital efficiency towards corporate value enhancement, growth strategies, and capital policies * At the Financial and Management Results Briefing held in May 2024, the Company disclosed the cost of equity - WACC, ROIC, etc.
Disclosure of policies regarding capital policies and financial strategies	Disclosure of our approach to the ideal balance sheet and cash allocation * Planning to disclose more specific amounts in the next Medium-term Business Plan
Disclosure of contribution of corporate activities to solutions to environmental issues	Opening of sustainability website in addition to disclosure of sustainability information in our Integrated Reports, Business Reports, Annual Securities Reports, and other disclosure documents
Evaluation of performance-linked compensations on a consolidated basis	Review of performance indicators and weights for performance-linked compensations (Revisions from those concerning FY2024)
Disclosure of reasons for selecting skills listed in the Skill Matrix	Disclosure of the Relationship between management strategies and skill items as well as Definition of Skills

Strengthen Business Foundations

Outside Directors' Roundtable Talk

The Present and Future of RIKEN TECHNOS from the Viewpoint of Outside Directors, Looking Objectively at the Backbone of Management

The role of Outside Directors is to provide advice concerning and screening of business strategies and plans, and monitor and supervise corporate management. Our three Outside Directors discussed the present conditions of RIKEN TECHNOS from their objective viewpoints and the Company's future forecast from the present conditions.



Outside Director and Audit &
Supervisory Committee Member

Aogi Suemura

Outside Director and Audit &
Supervisory Committee Member

Shigeharu Nakamura

Outside Director and Audit &
Supervisory Committee Member

Shigeru Ehara

Viewpoints of Outsiders to Contribute to Sustainable Improvements in Corporate Value

Nakamura: I was appointed as an Outside Corporate Auditor in 2014 and Outside Director serving as an Audit & Supervisory Committee Member in 2016 (to present). In light of my experience, I think that the most important role of Outside Directors is to monitor and supervise management not from a shortsighted viewpoint but from the broad perspectives of shareholders. I think that integrating such perspectives sustainably improves corporate value over the long term.

Ehara: I agree with Mr. Nakamura. Additionally, I have been making sure that we do not dismiss the perspectives of minority shareholders in addition to those of major shareholders.

Suemura: To secure equity, I strive to pay attention to all stakeholders including employees and business partners, not only shareholders. Outside Directors are expected to supervise management objectively, utilizing expertise, from independent positions free from internal affairs to elevate the transparency of management. I therefore endeavor to hold a holistic viewpoint at the Board of Directors.

Ehara: To properly fulfill the duties of Outside Directors by utilizing such multifaceted viewpoints, we must maintain smooth internal communication including management to properly share information. Furthermore, the trends in society made me recognize again the importance of continuously holding a relationship with management that we can directly point things out to even if they are hard to hear.

Diverse Recommendations on the Basis of Expertise at the Board of Directors

Nakamura: It is about evaluating the effectiveness of the Board of Directors as a whole, that is, whether it is effectively fulfilling its roles and responsibilities. RIKEN TECHNOS conducted its first evaluation of the previous year in 2017. The Board of Directors used to spend time on discussions of outward matters such as the number of members of the Board of Directors and the ratio of Outside Directors. Following my recommendation to shift the main focus of discussion to practical aspects, the Board of Directors flexibly accepted it. Other recommendations that have been made include an improvement of IR information disclosure and the publication of an integrated report. I think that such flexibility and an ability to take action are our strengths.

Ehara: As for the effectiveness and governance of the Board of Directors, I think it is functioning well in a comprehensive manner considering that sustainability and growth strategies are being discussed well, and that the highest profits for three consecutive periods have been recorded.

Nakamura: Regarding discussions, the corporate culture "Be Thorough in Discussions" is rooted in RIKEN TECHNOS. Outside Directors participate as observers, repeatedly hold discussions in the Management Committee, roundtable discussions of directors and executive officers, etc. I think that through this process, the Board of Directors has come to operate smoothly.

Suemura: I found it very beneficial to participate in these meetings and be involved in the decision-making process, which has deepened my understanding of RIKEN

Strength in flexibly incorporating
recommendations from Outside
Directors and executing them sincerely.



Strengthen Business Foundations Outside Directors' Roundtable Talk

TECHNOS. The evaluation of the effectiveness of the Board of Directors is being conducted, and sufficient time is being spent on it. A variety of recommendations are brought forward at the meetings, on which I want to follow up sparing enough time, especially for those that require a long time.

Ehara: From the viewpoint of deepening global management in the future, it would be necessary to discuss the development of organizations and human resources for expanding businesses overseas. Management has its sight on our businesses in Japan and overseas so far, but it may become impossible to always do so along with the business expansion going forward. Accordingly, the development of autonomous organizations and human resources is increasingly important.

Nakamura: That's right. I have a long relationship with President Tokiwa. I have been impressed by his passion and deep understanding of what's going on at the frontline. As the company further grows, what each organization/structure handles will be important indeed.

Suemura: At RIKEN TECHNOS, I think that a well-balanced management system has been established with a clear segregation of roles of CEO and CFO. I also believe that Executive Directors always pay attention to team building to operate organizations in a way that fosters a sense of unity.

Stable Progress of Medium-term Business Plan Penetrated into Each Department

Nakamura: FY2024 is the final fiscal year of the medium-term business plan under the policy of "Challenge Now for Change New 2024." As Mr. Ehara mentioned earlier, we hit the highest profit for three consecutive periods. Targets, such as profits, ROE, and ROS, also have been achieved. Accordingly, I think that the medium-term business plan is progressing well overall.

Suemura: Over the past three years, our revenue and profit continued to increase on both the consolidated and non-consolidated bases. We need to offset and analyze the effects of yen depreciation, but I think we are robustly growing.

Ehara: I also think that the plan is progressing smoothly. The medium-term business plan has been discussed at the Management Committee and other discussion opportunities including Outside Directors, in addition to the Board of Directors. However, our challenges and direction to take are sufficiently shared among management and their scope of discussions extends to on-site activities. Although we naturally need to pay attention to its progress, I believe that we can overcome various challenges.

Suemura: As Mr. Ehara's comment that the scope of discussions extends to on-site activities, the medium-term business plan has been concretely implemented on-site, for example, of quantification of targets to clarify progress toward them and presentation of action plans for each division including the cost division, which I think are good signs.

Sustainability Initiatives to Solve Social Issues

Ehara: One thing to point out as our concern might be the organizational development towards expanding overseas businesses.

Nakamura: To further promote "Intensify global management and generate synergies," one of the strategies of the medium-term business plan, certainly we need to put more effort into developing global human resources and acquiring new markets overseas.

Suemura: Many items related to human capital are included in materiality topics, which have been identified through thorough discussions, sparing sufficient time.

Nakamura: Yes. The materiality topics were identified as part of our sustainability initiatives. As mentioned earlier, I remember that the topics were repeatedly and intensively discussed at opportunities involving Outside Directors.

Ehara: Regarding human capital, with the call for diversity increases, mid-career hiring has become frequent at each site and division. We are also taking a wide range of measures such as human resource allocations addressing global business operations, manpower-saving by DX, and appointments of diverse human resources to managers.

Suemura: Increasing the number of female managers is desirable from a diversity perspective. However, the absolute number of female employees is generally low in the manufacturing industry. I think that developing women for occupations in the scientific field is a social issue. Some data indicates the number of female students who wish to engage in an occupation in the scientific field is increasing. Therefore, I believe that the opportunities for

women sufficiently exist centering around manufacturing.

Nakamura: Under the strategy to "Contribute to a sustainable global environment," we, of course, also work on Scope 1, 2, and 3 CO₂ emissions reduction. Huge differences will emerge depending on whether to handle, as a chemical manufacturer, the climate change risk as a disadvantage or a business chance. Taking it as a business chance, we endeavor to "create new businesses and new products" by utilizing our technologies to solve social issues.

Ehara: The key is to connect solutions to social issues with our business strategies as a chemical and material manufacturer. To do this, I see the important theme for our Company as being to appropriately evolve our business portfolio including overseas sites and new businesses.

Nakamura: We dynamically invest for the future in addition to sincerely devoting ourselves to "the Spirit of Manufacturing" and being committed to human resource development. We would greatly appreciate it if stakeholders watch over the future of RIKEN TECHNOS, which keeps challenging without fear of failing.



Challenges and the direction to take are sufficiently shared among Management and their scope of discussions extend to on-site activities.



Participation of Outside Directors in executive meetings is very beneficial, deepening understanding of RIKEN TECHNOS.

Strengthen Business Foundations

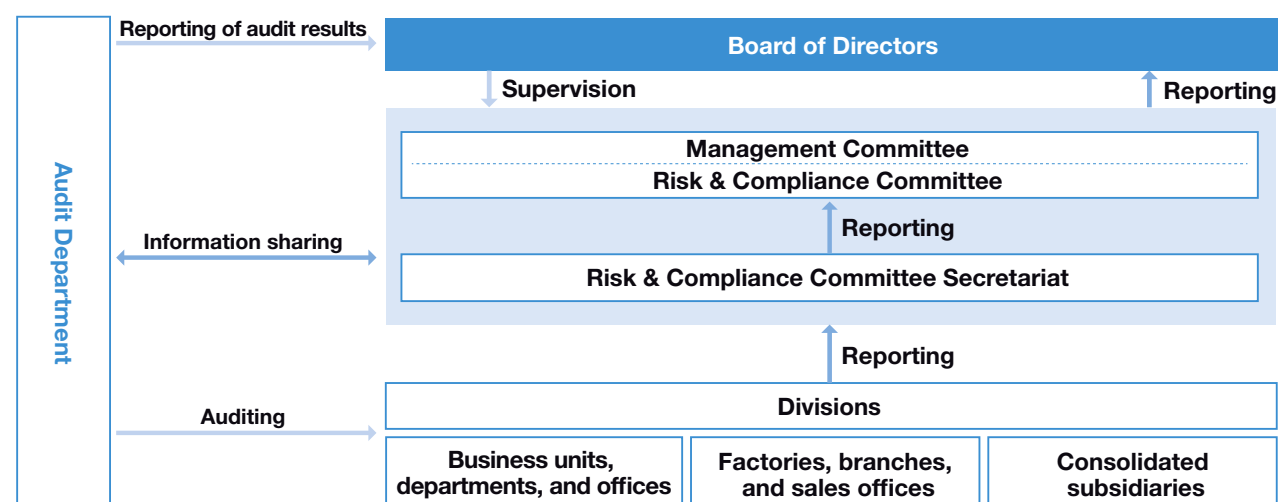
Strengthen Risk Management

The RIKEN TECHNOS GROUP sees factors that affect the achievement of corporate goals as risks, and undertakes thorough risk management. Based on the RIKEN TECHNOS GROUP Basic Policy on Risk & Compliance, our basic policy is to address risk management and compliance from the viewpoint of practicing the RIKEN TECHNOS WAY, complying with the Code of Conduct, ensuring the soundness of management and stable business continuity, prioritizing human life, instilling the spirit of compliance, and eliminating or mitigating factors that hinder stakeholder interests.

Risk Management System

At the RIKEN TECHNOS GROUP, the Risk & Compliance Committee centrally and comprehensively manages risks faced by Group companies to enhance the effectiveness of risk management and further improve compliance. Besides identifying, analyzing, and evaluating the Group's overall risks, the committee understands critical risks, identifies risks requiring a priority response, and

formulates countermeasures for those risks. Furthermore, the Committee identifies and evaluates human rights risks. The Committee carries out comprehensive risk management for the Group as a whole, such as confirming the progress of risk countermeasures every six months, making revisions to them, and instructing the relevant departments to carry out improvements, as necessary.



Composition of Risk & Compliance Committee

Chairperson	President & CEO
Vice-chairpersons	Senior managing executive officer and managing executive officer
Members	Executive officers
Observers	Directors who are Audit & Supervisory Committee members

Chaired by the president & CEO, the Risk & Compliance Committee comprises all executive officers who are members of the Management Committee, with outside directors participating as observers. In principle, meetings are held once every six months, and the details of the committee's activities are reported to the Board of Directors as appropriate.

Activities of the Risk & Compliance Committee

- Establishment of systems related to company-wide risk management and compliance, determination of promotion measures, and raising of awareness about initiatives
- Evaluation and analysis of progress in risk management, and consideration of countermeasures
- Development of compliance manual, and evaluation of how the company regulations, etc. are being implemented
- Determination of structures, systems, etc. that are effective for compliance

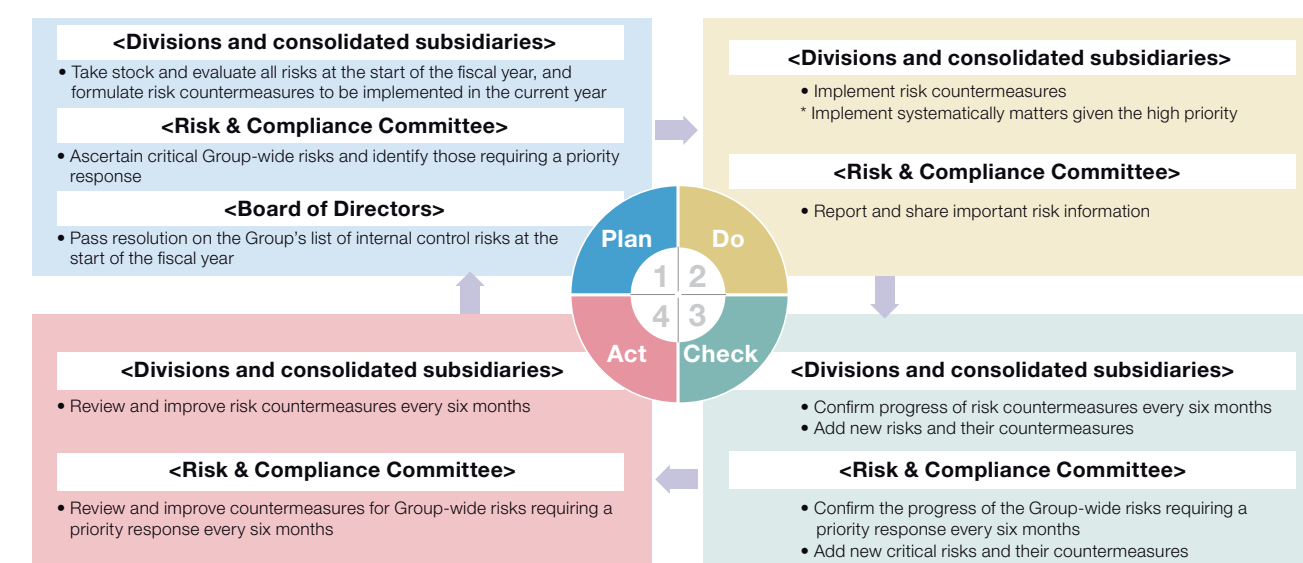
Risk Identification Process

Divisions and consolidated subsidiaries comprehensively derive the risk that may affect their business operations to create a list of internal control risks at the start of the fiscal year. These risks are then integrated and evaluated at the Risk & Compliance Committee, after which the committee identifies Group-wide risks requiring a priority response

throughout the fiscal year that should involve the active participation of the management.

To enhance Group governance (internal control), we implement risk management that is consistent Group-wide by understanding risks comprehensively across the entire Group and implementing a PDCA cycle for their countermeasures.

Risk Management PDCA Cycle



Overview of Risks Requiring a Priority Response in the RIKEN TECHNOS GROUP and Their Countermeasures

Risks Requiring a Priority Response		Risk Overview	Countermeasure Overview
1	Natural disasters and spread of infectious diseases	• Risk of impediment to business activities from large-scale natural disasters, the spread of infectious diseases, and other such events as well as adverse impact to the Company's financial state due to significant slowdown in the domestic and global economy	• Establishment of a response structure during the occurrence of risks such as natural disasters and spread of infectious diseases • Establishment of Business Continuity Management (BCM) System
2	System failure and information leakage	• Risk of losing social credibility due to system failure or information leakage caused by cyberattacks and such	• Planning and implementation of improvement measures based on the Group-wide IT security level check • Security reinforcement by improving the Group communication network
3	Facility malfunction and excess and idle facilities	• Risk of production disruption due to facility malfunction • Risk of becoming unable to operate management assets efficiently because of facility excess or idle facilities	• Reinforcement of facility maintenance system • Leveling out of production volume and improvement of the operating rate
4	Inadequate response to chemical substance-related laws and regulations	• Risk of losing public trust due to inadequate response to chemical substance-related laws and regulations	• Continuous improvement of chemical substance management system • Improvement of design review (DR) and product safety check
5	Delay in responding to environmental issues	• Risk of drop in competitive advantage arising from delay in responding to environmental issues	• Concretization of CO ₂ emissions reduction plan

Strengthen Business Foundations Strengthen Risk Management

Business Continuity Plan and Response to Emergency Situations

At the RIKEN TECHNOS GROUP, we formulate our business continuity plan (BCP) in preparation for emergency situations such as natural disasters, fires, and terrorism, stating matters such as priority products and the roles of each department in recovery activities. We also put in place a system for minimizing damage and losses by stating the organizational structure during emergency situations, specific procedures of each employee, and other such matters in the Emergency Response Basic Regulations and Disaster Response Procedural Manual and conducting regular training.



Emergency Response Training (R&D Center (Tokyo))

Information Security

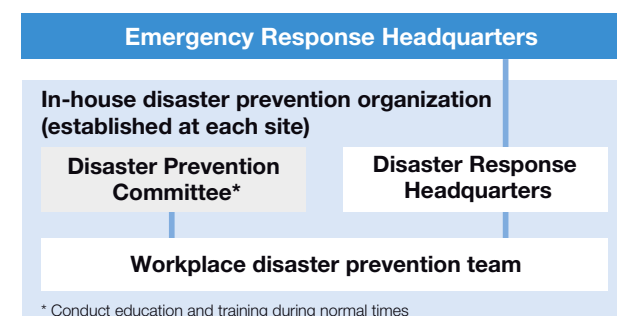
To strengthen cybersecurity measures, our Group has formulated the RIKEN TECHNOS GROUP Information System Management Regulations and the RIKEN TECHNOS GROUP Information Security Regulations, and are strengthening IT security and taking measures against the risk of information leakage and other risks. We also strive to minimize information security risks through access restriction, data encryption, and other methods, and have installed the latest protection system.

As an initiative to improve employees' literacy, at the IT security lectures conducted annually for all employees, we share measures to prevent information security incidents such as virus infection and information leakage and the responses to take when an incident occurs. In addition, we conduct practical education through targeted email attack training. In addition, we conduct practical education through targeted email attack training.

Furthermore, we established and started the operation of RIKEN TECHNOS CSIRT in FY2023 as a system to lead cyber security incident prevention activities and measures against such incidents when they occurred.

Management of Consolidated Subsidiaries

The Corporate Planning Division, as the division in charge of comprehensive business management of consolidated subsidiaries, ensures efficiency and soundness of Group management by providing consolidated subsidiaries with guidance on building internal control systems and promoting

Disaster Response Organization

Fire-fighting Training (Mie Factory)

information sharing.

Our divisions receive the necessary reports about the situations at consolidated subsidiaries such as the state of management and the financial situation based on the RIKEN TECHNOS GROUP Regulations for Management of Consolidated Subsidiaries. The aforementioned regulations also state the report recipients and reporting method in the event of a risk occurring at a consolidated subsidiary to put in place a system for fast and appropriate response.

The Corporate Planning Division arranges an operational report meeting of consolidated subsidiaries, attended by the president & CEO and relevant executive officers, at least twice a year. The Division also holds an information-sharing meeting semi-annually, attended by all consolidated subsidiaries to share information on the establishment of new group regulations, amendments to existing regulations, risk events in the Group, and good practices measures against these risk events, among others.

Internal Audits

The Audit Office has established a system that allows the conduct of effective and organizational audits by conducting audits of consolidated subsidiaries in Japan and overseas in collaboration with the Audit & Supervisory Committee. Reports on the state of internal audits are provided by the Audit Office to the Audit & Supervisory Committee as well as to the Management Committee and the Board of Directors. An effective dual reporting line is also put in place, including giving regular monthly reports to the President & CEO.

Strengthen Business Foundations

Strengthen Compliance

The RIKEN TECHNOS GROUP practices its corporate philosophy, the RIKEN TECHNOS WAY, and serves as an engine toward the creation of a sustainable society considering the responses to global environmental and social issues as important management challenges. To that end, Group companies promise to fulfill their social responsibilities in accordance with the ten principles in our Code of Conduct.

Compliance Education

Compliance training is continuously conducted for officers and employees of Group companies. We strive to nurture awareness about compliance by informing everyone about the RIKEN TECHNOS WAY and the RIKEN TECHNOS GROUP Code of Conduct as well as by conducting education related to compliance issues in daily operations and similar topics.

The RIKEN TECHNOS GROUP Compliance Manual, which explains topics such as the matters to be observed by Group employees and methods of response when an issue has occurred, is made known to our officers and employees as well as consolidated subsidiaries in Japan and overseas, and we make periodic revisions to the manual.



Human Rights and Compliance Training

Compliance Training Conducted in FY2023

Period	Training	Participants	Description
First half	Compliance training for new employees	New employees	Fundamentals of compliance; key points to note in work
	Compliance training for officers	Directors, executive officers, etc.	Corporate responsibility and preventive measures for harassment
	Workshop on the act against delay in payment of subcontract proceeds, etc. to subcontractors	Relevant departments	Areas to note when handling transactions with subcontractors in the course of work
	Workshop on non-disclosure agreement	Technical departments	Agreement signing procedures; key points to note when negotiating for the signing of non-disclosure agreements
Second half	Human rights and compliance training	All employees of RIKEN TECHNOS CORPORATION and its consolidated subsidiaries in Japan	Overview of major human rights issues and compliance violations and their preventive measures
	Human rights and compliance training for employees being promoted to managerial positions	Employees being promoted to manager and general manager positions	Human rights and compliance issues that should be noted by managerial staff

Whistleblower System

We have established a whistleblower hotline for employees who wish to make reports or seek advice about doubts regarding breaches of laws, regulations, and the Articles of Incorporations to address such doubts in a timely manner. Besides the Audit Department, we have also established a third party contact through a legal advisory firm, and taken rigorous measures to prevent whistleblowers from being identified and make sure that no detriment is suffered by whistleblowers.

Bribery Prevention

We formulated the Basic Policy on Bribery Prevention by RIKEN TECHNOS GROUP and our Group as a whole strives to prevent bribery.

Elimination of Antisocial Powers

In the RIKEN TECHNOS GROUP Basic Policy on Internal Control System, our Group clearly states that we "shall never have any relationships with antisocial powers or organizations that threaten the security and order of civil society" and that we "shall show fortitude and adamantly refuse any unreasonable demands by antisocial powers or organizations."

We are also a member of the Special Violence Prevention Measures Association of the Metropolitan Police Department (Tokubouren) and exchange information with the local police and member companies. At the same time, we also make known our stance of eliminating antisocial powers in the compliance training conducted regularly for our employees.

Data Section

Financial Information

Trend of Consolidated Financial Results

		FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Net sales	(Million yen)	73,543	82,855	91,938	90,589	88,300	94,601	97,813	98,808	88,224	109,923	123,497	125,739
Operating profit	(Million yen)	1,883	3,732	3,652	5,084	5,862	5,399	5,761	5,581	5,313	6,292	7,506	8,775
Ordinary profit	(Million yen)	2,271	4,016	4,062	4,931	5,834	5,410	5,869	5,670	5,652	6,889	7,964	9,544
Profit attributable to owners of parent	(Million yen)	1,351	1,925	1,900	2,482	2,716	2,538	3,060	3,064	3,234	3,941	4,557	6,880
Ratio of operating profit to net sales		2.6%	4.5%	4.0%	5.6%	6.6%	5.7%	5.9%	5.6%	6.0%	5.7%	6.1%	7.0%
ROE		4.1%	5.5%	5.0%	6.2%	6.6%	5.7%	6.4%	6.2%	6.3%	7.1%	7.5%	10.8%
EPS	(Yen per share)	22.38	32.17	31.74	41.41	45.85	41.64	47.43	48.11	51.22	62.47	72.11	114.24
Dividends	(Yen per share)	9.00	9.00	9.00	10.00	11.00	12.00	14.00	16.00	16.00	19.00	25.00	32.00
Dividend payout ratio		40.2%	28.0%	28.4%	24.1%	24.0%	28.8%	29.5%	33.3%	31.2%	30.4%	34.7%	28.0%
Purchase of treasury shares	(Million yen)	176	23	1	0	1,428	137	0	1,513	236	0	0	7,000
Total assets	(Million yen)	68,998	77,208	86,086	84,157	88,345	91,866	95,207	91,868	95,208	102,641	112,002	115,650
Net assets	(Million yen)	37,814	40,957	45,223	46,746	49,196	54,854	56,478	57,586	61,076	65,448	72,165	74,017
Cash and deposits	(Million yen)	9,156	12,214	14,122	14,207	14,508	14,790	17,550	18,342	21,106	20,702	23,481	21,879
Interest-bearing debt	(Million yen)	8,416	10,738	14,621	14,610	15,758	12,541	13,823	11,431	10,291	9,859	10,577	10,152
Capital ratio		49.0%	46.5%	45.8%	47.7%	47.5%	51.4%	51.4%	54.1%	56.4%	56.3%	56.4%	55.7%
Capital investment	(Million yen)	5,713	3,731	4,622	6,110	4,370	3,775	3,573	3,785	3,679	2,499	3,909	4,132
Depreciation	(Million yen)	2,485	2,509	2,979	3,265	3,177	3,434	3,657	3,886	3,713	3,506	3,597	3,777
Research and development (R&D) expenses	(Million yen)	1,099	1,221	1,261	1,301	1,309	1,396	1,470	1,448	1,442	1,566	1,631	1,893
Ratio of R&D expenses to net sales		1.5%	1.5%	1.4%	1.4%	1.5%	1.5%	1.5%	1.5%	1.6%	1.4%	1.3%	1.5%

Data Section Financial Information

Consolidated Balance Sheet

(Thousands of yen)

	Previous consolidated accounting year (As of March 31, 2023)	Current consolidated accounting year (As of March 31, 2024)
Assets		
Current assets		
Cash and deposits	23,481,932	21,879,258
Notes receivable - trade	1,306,391	868,089
Accounts receivable - trade	22,180,311	23,761,066
Electronically recorded monetary claims - operating	5,008,505	5,300,359
Merchandise and finished goods	9,678,717	10,138,020
Work in process	961,462	1,008,173
Raw materials and supplies	8,094,251	8,230,160
Other	1,040,115	718,438
Allowance for doubtful accounts	(-83,749)	(-82,722)
Total of current assets	71,667,937	71,820,844
Non-current assets		
Property, plant and equipment		
Buildings and structures	28,065,624	30,030,463
Accumulated depreciation	(-17,600,981)	(-18,946,559)
Buildings and structures, net	10,464,642	11,083,903
Machinery, equipment and vehicles	57,404,576	60,598,392
Accumulated depreciation	(-49,441,055)	(-52,072,966)
Machinery, equipment and vehicles, net	7,963,520	8,525,426
Land	6,439,554	6,460,388
Leased assets	152,329	139,833
Accumulated depreciation	(-95,309)	(-84,143)
Leased assets, net	57,020	55,690
Construction in progress	1,512,427	1,585,065
Other	6,168,649	6,494,640
Accumulated depreciation	(-5,528,108)	(-5,729,985)
Other, net	640,541	764,655
Total property, plant and equipment	27,077,707	28,475,130
Intangible assets		
Goodwill	5,820	4,365
Leased assets	5,173	6,642
Other	2,275,719	2,236,103
Total intangible assets	2,286,713	2,247,110
Investments and other assets		
Investment securities	8,777,528	10,509,751
Long-term loans receivable	1,905	1,483
Retirement benefit asset	811,947	1,270,649
Deferred tax assets	441,121	468,292
Other	940,216	859,896
Allowance for doubtful accounts	(-2,320)	(-2,399)
Total investments and other assets	10,970,399	13,107,672
Total non-current assets	40,334,820	43,829,913
Total assets	112,002,757	115,650,757

(Thousands of yen)

	Previous consolidated accounting year (As of March 31, 2023)	Current consolidated accounting year (As of March 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	21,193,377	21,666,723
Electronically recorded obligations - operating	467,511	155,619
Short-term borrowings	7,718,267	7,749,221
Current portion of long-term borrowings	552,457	577,563
Lease liabilities	16,456	23,633
Income taxes payable	640,838	1,799,290
Provision for bonuses	807,030	1,083,302
Provision for bonuses for directors (and other officers)	92,721	116,592
Other	2,387,457	2,260,686
Total current liabilities	33,876,116	35,432,634
Non-current liabilities		
Long-term borrowings	2,260,070	1,768,768
Lease liabilities	30,639	32,936
Deferred tax liabilities	1,877,146	2,765,927
Provision for share awards for directors (and other officers)	200,788	246,935
Retirement benefit liability	1,157,941	948,199
Asset retirement obligations	335,742	340,682
Other	99,078	97,346
Total non-current liabilities	5,961,407	6,200,796
Total liabilities	39,837,524	41,633,430
Net assets		
Shareholders' equity		
Share capital	8,514,018	8,514,018
Capital surplus	6,597,580	6,597,580
Retained earnings	41,463,280	39,535,079
Treasury shares	(-406,095)	(-364,877)
Total shareholders' equity	56,168,784	54,281,800
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,904,961	6,526,875
Foreign currency translation adjustment	2,159,985	3,223,620
Remeasurements of defined benefit plans	(-37,713)	407,855
Total accumulated other comprehensive income	7,027,233	10,158,350
Non-controlling interests	8,969,215	9,577,176
Total net assets	72,165,232	74,017,327
Total liabilities and net assets	112,002,757	115,650,757

Data Section Financial Information

Consolidated Statements of Income

(Thousands of yen)

	Previous consolidated accounting year (From April 1, 2022 to March 31, 2023)	Current consolidated accounting year (From April 1, 2023 to March 31, 2024)
Net sales	123,497,991	125,739,116
Cost of sales	103,146,236	103,856,870
Gross profit	20,351,754	21,882,246
Selling, general and administrative expenses	12,845,492	13,106,752
Operating Profit	7,506,262	8,775,493
Non-operating income		
Interest income	38,474	68,579
Dividend income	228,727	306,635
Foreign exchange gains	228,486	485,843
Other	190,376	250,896
Total non-operating income	686,065	1,111,954
Non-operating expenses		
Interest expenses	169,759	268,429
Other	57,664	74,110
Total non-operating expenses	227,424	342,539
Ordinary profit	7,964,903	9,544,907
Extraordinary income		
Gain on sale of non-current assets	2,066	15,329
Gain on sale of investment securities	8,720	1,886,468
Total extraordinary income	10,786	1,901,798
Extraordinary losses		
Loss on sale of non-current assets	32	-
Loss on retirement of non-current assets	13,041	24,376
Impairment losses	-	120,371
Loss on sale of investment securities	-	1,182
Total extraordinary losses	13,074	145,930
Profit before income taxes	7,962,615	11,300,775
Income taxes - current	1,899,962	3,054,154
Income taxes - deferred	144,403	(-94,240)
Total income taxes	2,044,365	2,959,913
Net profit	5,918,249	8,340,861
Profit attributable to non-controlling interests	1,360,726	1,460,631
Profit attributable to owners of parent	4,557,523	6,880,230

Statement of Comprehensive Income

(Thousands of yen)

	Previous consolidated accounting year (From April 1, 2022 to March 31, 2023)	Current consolidated accounting year (From April 1, 2023 to March 31, 2024)
Net Profit	5,918,249	8,340,861
Other comprehensive income		
Valuation difference on available-for-sale securities	649,165	1,624,981
Foreign currency translation adjustment	2,500,038	1,701,358
Remeasurements of defined benefit plans, net of tax	(-135,045)	445,569
Total other comprehensive income	3,014,159	3,771,909
Comprehensive income	8,932,409	12,112,771
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,668,914	10,011,348
Comprehensive income attributable to non-controlling interests	2,263,495	2,101,422

Consolidated Statement of Cash Flows

(Thousands of yen)

	Previous consolidated accounting year (From April 1, 2022 to March 31, 2023)	Current consolidated accounting year (From April 1, 2023 to March 31, 2024)
Cash flows from operating activities		
Profit before income taxes	7,962,615	11,300,775
Depreciation	3,597,533	3,777,888
Impairment losses	-	120,371
Amortization of goodwill	1,455	1,455
Increase (Decrease) in provision for bonuses	68,907	269,022
Increase (Decrease) in provision for bonuses for directors (and other officers)	(-5,053)	23,871
Increase (Decrease) in allowance for doubtful account	1,119	(-604)
Increase (Decrease) in retirement benefit liability	(-105,953)	(-72,589)
Increase (Decrease) in provision for share awards for directors (and other officers)	29,402	46,147
Interest and dividend income	(-267,202)	(-375,214)
Interest expenses	169,759	268,429
Loss (Gain) on sale of investment securities	(-8,720)	(-1,885,286)
Loss (Gain) on sale of property, plant and equipment	(-2,033)	(-15,329)
Loss on retirement of non-current assets	13,041	24,376
Decrease (Increase) in trade receivables	(-1,117,158)	(-797,019)
Decrease (Increase) in inventories	(-128,164)	67,848
Increase (Decrease) in trade payables	94,642	(-381,609)
Increase (Decrease) in accrued consumption taxes	75,836	217,697
Other	(-266,112)	41,617
Subtotal	10,113,914	12,631,846
Interest and dividends received	267,547	375,222
Interest paid	(-160,236)	(-283,191)
Income taxes paid	(-1,697,103)	(-1,970,147)
Cash flows from operating activities	8,524,122	10,753,729
Cash flows from investing activities		
Payments into time deposits	(-25,699)	(-24,156)
Proceeds from withdrawal of time deposits	24,156	24,156
Purchase of property, plant and equipment	(-3,675,011)	(-4,037,270)
Proceeds from sale of property, plant and equipment	3,199	22,659
Purchase of intangible assets	(-311,637)	(-211,490)
Purchase of investment securities	-	(-11,559)
Proceeds from sale of investment securities	46,880	2,587,075
Proceeds from collection of loans receivable	518	521
Other	(-17,512)	(-18,731)
Cash flows from investing activities	(-3,955,106)	(-1,668,795)
Cash flows from financing activities		
Net increase (Net decrease) in short-term borrowings	557,663	(-230,505)
Repayments of long-term borrowings	(-617,552)	(-584,329)
Repayments of lease liabilities	(-18,924)	(-23,936)
Purchase of treasury shares	(-94)	(-7,000,249)
Dividends paid	(-1,281,184)	(-1,793,165)
Dividends paid to non-controlling interests	(-975,227)	(-1,487,957)
Cash flows from financing activities	(-2,335,319)	(-11,120,144)
Effect of exchange rate change on cash and cash equivalents	543,954	432,649
Net increase (Net decrease) in cash and cash equivalents	2,777,651	(-1,602,560)
Cash and cash equivalents at beginning of period	20,677,303	23,454,955
Cash and cash equivalents at end of period	23,454,955	21,852,394

Data Section

Site Information

The RIKEN TECHNOS GROUP is composed of RIKEN TECHNOS CORPORATION and 16 consolidated subsidiaries.

We have actively cultivated markets within Japan and overseas since the establishment of the Company, and have worked to spread the RIKEN TECHNOS brand.

As a “Material Solution Supplier,” we offer comprehensive solutions for our customers’ issues through collaboration with our domestic and overseas sites.

Japan

- Site
- Manufacturing company
- Sales company
- ※ ISO 9001 certified
- ※ ISO 14001 certified

As of September 2024



4 Fukuoka Sales Office



2 Osaka Branch ※※



13 RIKEN CHEMICAL PRODUCTS CO., LTD. ※



3 Nagoya Sales Office ※※

9 Nagoya Factory ※※



5 Sapporo Sales Office



7 Mie Factory ※※

10 R&D Center (Mie) ※※



8 Gunma Factory ※※

10 R&D Center (Gunma) ※※



11 RIKEN CABLE TECHNOLOGY CO., LTD. ※※



10 R&D Center (Tokyo) ※※



1 Head Office ※※

14 IMI Co., LTD.



12 KYOEI PLASTIC MFG CO., LTD. ※



6 Saitama Factory ※※

10 R&D Center (Saitama) ※※

RIKEN TECHNOS CORPORATION Sites	Main Business Fields	Address
1 Head Office	Corporate functions, sales and marketing	Chiyoda-ku, Tokyo
2 Osaka Branch	Sales and marketing	Osaka-shi, Osaka
3 Nagoya Sales Office	Sales and marketing	Nagoya-shi, Aichi
4 Fukuoka Sales Office	Sales and marketing	Fukuoka-shi, Fukuoka
5 Sapporo Sales Office	Sales and marketing	Sapporo-shi, Hokkaido
6 Saitama Factory	Manufacturing of compounds, films and food wrapping films	Fukaya-shi, Saitama
7 Mie Factory	Manufacturing of compounds, films and food wrapping films	Kameyama-shi, Mie
8 Gunma Factory	Manufacturing of high-functionality films	Ota-shi, Gunma
9 Nagoya Factory	Manufacturing of food wrapping films	Nagoya-shi, Aichi
10 R&D Center	R&D and technical support for domestic and overseas sites	Ota-ku, Tokyo Kameyama-shi, Mie Fukaya-shi, Saitama Ota-shi, Gunma

Consolidated Subsidiaries in Japan	Main Business Fields	Address	Share Capital	Shareholding
11 RIKEN CABLE TECHNOLOGY CO., LTD.	Manufacturing and sale of electric wires and cables	Iruma-shi, Saitama	JPY 48 million	100.00%
12 KYOEI PLASTIC MFG CO., LTD.	Molding synthetic resin products and product sales	Nishi Shirakawa-Gun, Fukushima	JPY 24 million	100.00%
13 RIKEN CHEMICAL PRODUCTS CO., LTD.	Manufacturing and sale of polyvinyl chloride and high functionality plastic molding materials	Konan-shi, Shiga	JPY 300 million	100.00%
14 IMI Co., LTD.	Floor and wall material wholesale, wall material planning and design services, other construction materials wholesale	Chiyoda-ku, Tokyo	JPY 30 million	89.23%

* Only head offices are shown for consolidated subsidiaries in Japan.

Data Section Site Information

Overseas

- Manufacturing company
- Sales company
- ★ ISO 9001 certified
- ★ ISO 14001 certified

As of September 2024



22 RIKEN VIETNAM CO., LTD. ★★



16 RIKEN ELASTOMERS (THAILAND) CO., LTD. ★★



26 RIKEN TECHNOS INDIA PVT. LTD.



15 RIKEN (THAILAND) CO., LTD. ★★



17 PT. RIKEN INDONESIA ★★



23 RIKEN TECHNOS INTERNATIONAL KOREA CORPORATION



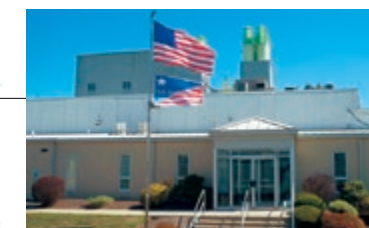
19 RIKEN TECHNOS (JIANGSU) CORPORATION ★



18 SHANGHAI RIKEN TECHNOS CORPORATION ★★



25 RIKEN U.S.A. CORPORATION



20 RIMTEC CORPORATION ★



21 RIKEN ELASTOMERS CORPORATION ★



24 RIKEN AMERICAS CORPORATION

Overseas Consolidated Subsidiaries	Main Business Fields	Address	Share Capital	Shareholding
15 RIKEN (THAILAND) CO., LTD.	Manufacturing and sale of polyvinyl chloride molding materials	Pathum Thani, Thailand	THB 120 million	40.00%
16 RIKEN ELASTOMERS (THAILAND) CO., LTD.	Manufacturing and sale of high functionality plastic molding materials	Ayutthaya, Thailand	THB 300 million	100.00%
17 PT. RIKEN INDONESIA	Manufacturing and sale of polyvinyl chloride molding materials	West Java, Indonesia	USD 11 million	56.22%
18 SHANGHAI RIKEN TECHNOS CORPORATION	Manufacturing and sale of polyvinyl chloride molding materials	Shanghai, China	USD 7.5 million	70.00%
19 RIKEN TECHNOS (JIANGSU) CORPORATION	Manufacturing and sale of food wrapping films	Jiangsu Province, China	USD 13.5 million	92.59%
20 RIMTEC CORPORATION	Manufacturing of polyvinyl chloride molding materials	New Jersey, United States	USD 13.415 million	62.94% (62.94%)

* RIKEN ELASTOMERS CORPORATION's share capital includes capital reserve.

* RIMTEC CORPORATION is RIMTEC MANUFACTURING CORPORATION in the company register.

Overseas Consolidated Subsidiaries	Main Business Fields	Address	Share Capital	Shareholding
21 RIKEN ELASTOMERS CORPORATION	Manufacturing of high functionality plastic and polyvinyl chloride molding materials	Kentucky, United States	USD 28.741 million	62.94% (62.94%)
22 RIKEN VIETNAM CO., LTD.	Manufacturing and sale of polyvinyl chloride molding materials	Binh Duong, Vietnam	USD 20 million	100.00%
23 RIKEN TECHNOS INTERNATIONAL KOREA CORPORATION	Wholesale and import/export of plastic products	Asan, South Korea	KRW 1,800 million	100.00%
24 RIKEN AMERICAS CORPORATION	Sale of high functionality plastic and polyvinyl chloride molding materials	Kentucky, United States	USD 30 million	62.94%
25 RIKEN U.S.A. CORPORATION	Purchasing and sales of functional film products	Michigan, United States	USD 1 million	100.00%
26 RIKEN TECHNOS INDIA PVT. LTD.	Wholesale and import/export of plastic products	Haryana, India	INR 20 million	100.00% (1.00%)

* The figures in brackets in the shareholding column are the ratios of indirectly owned shares, held by our consolidated subsidiaries.

Data Section

Corporate and Share Information

(As of March 31, 2024)

Corporate Information

Company name	RIKEN TECHNOS CORPORATION
Address	WATERRAS TOWER, 2-101, Kanda-Awajicho, Chiyoda-ku, Tokyo, 101-8336, Japan TEL: +81-3-5297-1650 https://www.rikentechnos.co.jp/e/
Date of establishment	March 30, 1951
Share capital	JPY 8,514 million
Number of employees	1,904 consolidated employees and 785 non-consolidated employees separately

Share Information

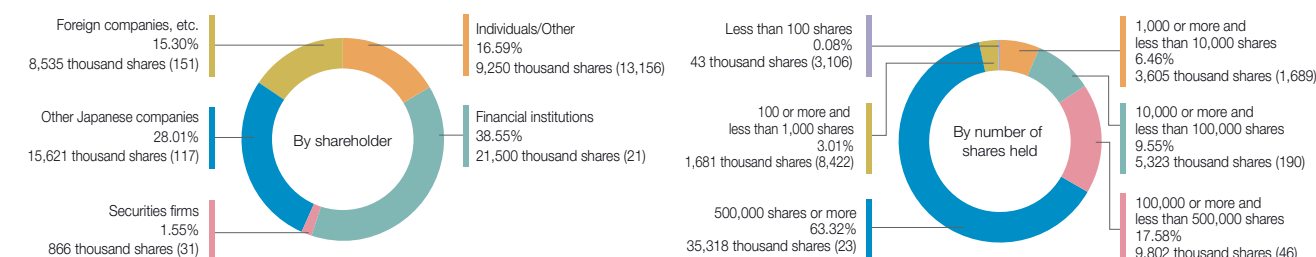
Stock exchange of listing	Prime Market of Tokyo Stock Exchange
Securities code	4220
Total amount of authorized shares	236,000,000
Total amount of issued shares	55,775,107
Number of shareholders	13,476
Business year	From April 1 to March 31 of the following year
Number of share unit	100 shares
Shareholder register administrator	Mizuho Trust & Banking Co., Ltd.
Independent accountant	Ernst & Young ShinNihon LLC

Major Shareholders (10 Major Shareholders)

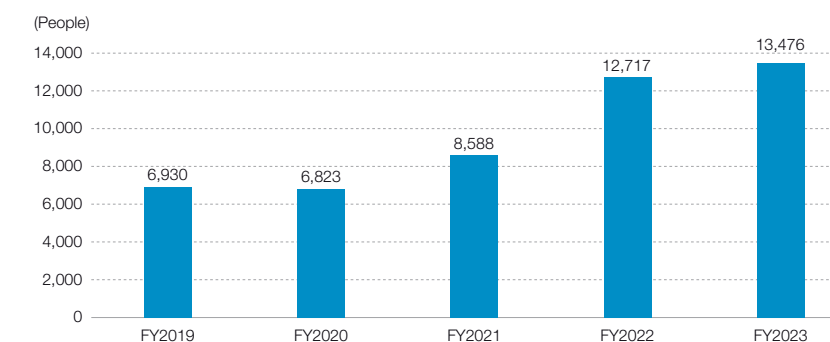
Name	Number of Shares Held (Thousand Shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,484	9.83
Custody Bank of Japan, Ltd. (Trust Account)	2,416	4.33
Shin-Etsu Chemical Co., Ltd.	2,400	4.30
Mizuho Bank, Ltd.	2,326	4.17
Resona Bank, Limited.	2,325	4.17
Sompo Japan Insurance Inc.	2,000	3.59
Marubeni Corporation	1,891	3.39
Mitsubishi Corporation	1,824	3.27
MITSUI & CO., LTD.	1,680	3.01
Sumitomo Mitsui Banking Corporation	1,605	2.88

* RIKEN TECHNOS CORPORATION does not own treasury shares.

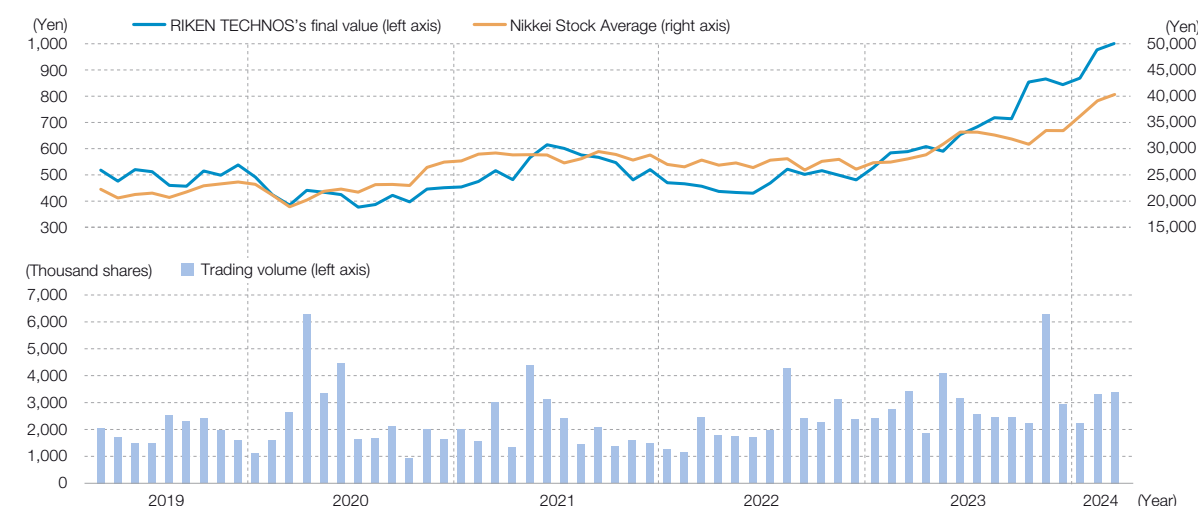
Status of Shares by Shareholder and Number of Shares Held



Trend of Number of Shareholders



Trend of Share Price and Trading Volume



Policy on Distribution of Profits

RIKEN TECHNOS positions shareholder returns, achieved through improvements in medium- to long-term corporate value, as one of its key management issues. As such, we have set a dividend payout ratio of around 35% on a consolidated basis as one of our goals, and our basic policy is to stably distribute dividends while also taking into consideration various factors, such as future business investment and increases in equity capital.

Dividend and Payout Ratio (Consolidated)

