Overview of Value Creation

Value Creation Process

The RIKEN TECHNOS GROUP recognizes that responding to issues surrounding sustainability is one of its key corporate challenges pertaining to its medium- to long-term existence. Based on this recognition, we implement various measures 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."

RIKEN TECHNOS's External Environment Growing environmental

Plastic reduction movement

Digitalization trend Progress with EVs

Business Activities

Growth in Asia

Product

disposal and

recycling

Product use

Shrinking domestic

R&D

Sales and

marketing

Industrial realignment

Procurement)

Logistics

Production

and quality

control

Demands from the Tokyo Stock Exchange

Long-term Vision → p. 21

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

Ideal Image for 10 Years' Time

- Realize monozukuri and value creation with new ideas and approaches
- Contribute to a sustainable society, flexibly adapting to changes in society and the environment
- Ensure employees each have fulfilling jobs and pride, and grow together

Inputs

Financial Capital

Total assets: 116.4 billion yen

Manufacturing Capital Property, plant, and equipment / Intangible assets:

33.2 billion ven Production sites: 15 (Japan: 7, overseas: 8)



Intellectual Capital

Research and development expenses: 1.9 billion yen



Human Capital

Number of employees:



Social Capital

Overseas sites: 12 Number of suppliers:

about 900



Natural Capital

Raw materials: 302,000 tons Total energy input: 1,591,000 gigajoules Water resources input: 1,053 tons

Strengths

RIKEN TECHNOS's

Strong Technical Capabilities

● Formula design technology

We make full use of various raw materials and create designs that respond accurately to diversifying and increasingly sophisticated needs.

Mixing and kneading technology

We provide compounds with the optimal kneading conditions to enhance the suitability of processing by customers.

Film manufacturing and processing

We provide high-value-added functional films through the comprehensive pursuit of film manufacturing, lamination, and coating technologies.

Capacity to Meet the Needs of **Leading Global Customers**

Global business activities

We have production sites in Japan and many countries around the world including in ASEAN countries, creating a structure that enables us to provide optimal solutions that meet customer needs

We have built good relationships with and supply various products to competitive Japanese companies that conduct business globally and are continuously growing.

Technology that supports customers

We respond to customer requests with care by integrating manufacturing, sales, and technology functions and provide products customized for each customer

Outputs

Transportation

⇒ p. 39

- Vehicle wires
- · Molded parts for automobiles

Daily Life & Healthcare

- **⇒** p. 40
- Medical products
- Food packaging

Electronics → p. 41

- Electric power and industrial wires (for ASEAN countries)
- Telecommunications / Mobility / Robotics and factory automation

Building & Construction

- **⇒** p. 42
- · Construction films
- Housing and building materials



Outcomes

Provision of Economic Value → p. 19

Targets for the final fiscal year (FY2027) of the three-year mediumterm business plan

- Net sales: 150 billion yen
- Operating profit: 12 billion yen
- Ordinary profit: 12 billion yen
- ROE: 8%
- ROIC: 11%

Provision of Social Value ⇒ p. 20

Providing comfort (quality, speed, solutions, resolutions to social issues) for all living spaces







Local communities

Stakeholders

Stakeholders

Shareholders and

⇒ p. 83

investors

Customers

Employees

Business partners



Nurturing of the Corporate Culture / Corporate Governance / Risk Management / Compliance ⇒ pp. 57 – 60, pp. 65 – 82

New Three-year Medium-term Business Plan "One Vision, New Stage 2027" / Materiality Topics ⇒ pp. 25 – 30

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

RIKEN TECHNOS GROUP Integrated Report 2025

Overview of Value Creation

Overview of Value Creation Value Creation Process

Business Activities Rolled Out from Management Capital

Capital (FY2024)

For Capital Enhancement

Financial Capital

■ Stable financial foundations that have been built up

Total assets: 116.4 billion ven

Capital ratio: 55.7 %

0.21 D/E ratio:

RIKEN TECHNOS will maintain the stable financial foundation it has built through management so far. At the same time, we will work on improving the efficiency of our asset utilization through balance sheet reforms, such as reducing cash and deposits, improving our cash conversion cycle, reducing cross-shareholdings, and securing loans. The generated funds will be actively allocated for growth and strategic investments as well as shareholder returns.

Key themes

- Achievement of a PBR of 1.0 through creation of funds for growth investment by reduction of cross-shareholdings, as well as cash allocation Pursuit of asset efficiency (target ROE of
- 8.0% or higher)
- Optimization of financial leverage



Manufacturing Capital

■ Diversification of risk through collaboration of global sites and prompt responses to customers

30.5 billion yen and equipment:

Intangible assets: **2.6** billion yen

Production sites: 15

(Japan: 7, overseas: 8)

The RIKEN TECHNOS GROUP is reinforcing initiatives based on the RIKEN Standard, its global manufacturing process guidelines that serve as the foundation of its manufacturing. These initiatives seek to improve our manufacturing and quality as well as share and solve manufacturing-related issues at a Group level. In Japan, we also actively introduce automated equipment, as well as predictive management systems that deal with equipment failures, along with deliberations regarding the rebuilding of our factory utilities equipment.

Key themes

- 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 and the United States)
- •Enhancement 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

Research and develop- **1.9** billion yen

Number of patents held 650 (in Japan and overseas):

Numbers of collaborations with external parties (cumulative total):

RIKEN TECHNOS ensures business superiority by obtaining patents for its expertise accumulated in formulations and manufacturing technologies. We have also positioned the creation of intellectual property through open innovation as an a key development strategy, and 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.

Key themes

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

The RIKEN TECHNOS GROUP has been creating new value using its management capital - developed since its establishment—as the foundation. We will continue to strategically and systematically strengthen our six types of management capital (financial capital, manufacturing capital, intellectual capital, human capital, social capital, and natural capital), which are the sources of our value creation through our business activities, to seek sustainable growth.

Capital (FY2024)

For Capital Enhancement

Human Capital

■ Global human resources embodying the RIKEN TECHNOS WAY

Number of employees:

1.886 (in eight countries across the world)

per employee:

133,000 ven

RIKEN TECHNOS provides the optimal work and environment that enable individual employees to demonstrate their abilities. 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. In addition, seeking further value creation, we are promoting diversity, equity, and inclusion (DE&I) to encourage the active participation of diverse human re-

Key themes

- Implementation of human resource development plans based on growth strat-
- Promotion of DE&I
- Improvement of employee engagement

Social Capital

- Global business activitiess ■ Careful dialogue with stakeholders

Overseas sites: 12

Number of suppliers:

Approx. 900

Meetings with investors and

169 companies existing shareholders:

The RIKEN TECHNOS GROUP engages in business globally. We build sustainable supply chains based on relationships of trust with business partners around the world. We deepen mutual understanding through dialogue with shareholders and investors and activities contributing to local communities. We will contribute to the realization of a better society by continuing to grow steadily while building and maintaining relationships of trust with all stakeholders.

Key themes

- Strengthening and expansion of supplier engagement that includes human rights due diligence
- Reinforcement of customer response capabilities
- Enhancement of dialogue with shareholders and investors

Natural Capital

- Development of products that contribute to energy conservation and environmentally friendly products ■ Reduction of waste through in-process
- recycling

Raw materials: 302,000 tons

Total energy 1,591,000 gigajoule

Water resources input: 1,053 tons

86.42 % Recycling rate*: * Volume of waste, excluding simple (landfill and

incineration) waste, per total waste volume

The RIKEN TECHNOS GROUP recognizes that it is conducting business using limited natural resources. We strive to carry out corporate activities that are conscious of harmony with nature. We will continue to reduce environmental loads through business, including the development of products that contribute to the environment, and implement decarbonization initiatives and such toward carbon neutrality by 2050. In this way, we will contribute toward the realization of a sustainable global environment.

Key themes

- 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

RIKEN TECHNOS GROUP Integrated Report 2025 RIKEN TECHNOS GROUP Integrated Report 2025 16