



Contribution through Core Business

Business Segments

Message from the Senior General Manager of Sales & Marketing Division

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Aim for Further Corporate Value Enhancement
by Turning Even Risks into Opportunities with
Everyone Working with Unity

From FY2021 to FY2024, the RIKEN TECHNOS GROUP has continued to set record high profits for four consecutive years. During this period, the external environment around us remained extremely harsh, including a stagnant economy and logistics interruptions during this COVID-19 pandemic, a slowdown in the Chinese economy, an unprecedented weakening of the yen, and rising raw material prices. Senior General Manager Gakuyuki Kajiyama of the Sales & Marketing Division presents the strategies that allowed record high profits to be set consecutively for four fiscal years amid such crises, the results of those strategies, and future policies, including the new three-year medium-term business plan.

The Most Significant Achievement of the Previous Three-year Medium-term Business Plan Was the Development of Unity

Our operating profit in the final fiscal year of the previous medium-term business plan was 10.4 billion yen, exceeding the target of 8.5 billion yen. This means we set record high profits for four consecutive years, and I feel we have built an earning structure that can achieve steady growth even amid a harsh external environment.

The external environment has changed in these three years, reaching a state where profits are affected if prices do not reflect, in particular, rising costs such as raw material prices, personnel expenses, and utilities expenses. Therefore, the Sales & Marketing Division worked on revising prices after carefully explaining to our customers and gaining their acceptance. We also promoted efficient sales expansion through global control of our business units. Our efforts to continue striving to secure profits amid an increasingly harsh environment helped us set record high profits for four consecutive fiscal years.

Of course, profits are not solely generated through sales and marketing. We were also particular about actively going into the area of monozukuri—such as development and manufacturing—to explore the kind of products to be developed

to generate profits. In addition, as part of the previous medium-term business plan, we added production lines to expand production capacity centered on the ASEAN region, which has prominent economic growth. This allows us to more actively approach customers in the future. My role as the senior general manager of the Sales & Marketing Division is to turn the seeds sown under the previous medium-term business plan into specific achievements in the three years of the new medium-term business plan. In my position as the senior general manager, I also feel that the most significant achievement of the previous medium-term business plan was the development of unity. Even before that, RIKEN TECHNOS has been a company that emphasized a sense of unity, and I feel we have further strengthened this unity in the past three years.

For example, the Sales & Marketing Division deepened collaboration with the sales and marketing departments of overseas sites, following the previous medium-term business plan's basic strategy of "Intensify global management and generate synergies." I myself visited these sites and participated in meetings, interacted with the staff, and undertook other efforts to advance sales activities with a sense of unity. An example is the global meetings for sales and marketing conducted every month. Through these meetings, we share matters such as the issues faced by sites, the progress of various measures, and good examples.

RIKEN TECHNOS's Strength Is the Ability to Turn Risks into Opportunities

Custom-made resin materials have been our strength since the early days of our establishment. We carry out customization according to our customers' requirements, but I think other companies would likely hesitate to do the same, thinking that going to such a level of detailed customization would not be profitable. We handle such a broad variety of custom-made materials. In our case, our customers recognize the value of our customization and compensate us accordingly. This is because our customization is aimed at allowing our customers to win against their competitors in their businesses. Above all, this is the strength of RIKEN TECHNOS.

In recent years, an increasing number of chemical manufacturers have been consolidating and discontinuing their products to improve management efficiency. There is a need to change to alternatives for discontinued raw materials, but the resulting performance must not change even if the raw materials have changed. Being able to do so is also our strength, and it differentiates us from our competitors. While it is tough for us as sales to explain to our customers, we can turn risks into opportunities by bringing together our technologies and human resource capabilities, and I therefore see this situation as an opportunity.

Going forward, there are two major issues. One of them is to anticipate the future needs of our customers. If we are able to understand the market's overall hidden needs, we should be able to offer proposals that stay ahead of customers' expectations. However, it is easier said than done to discover hidden needs that even customers are not aware of. Even if we can find one, there should still be undiscovered needs in other fields. Therefore, for sales, there is no end point; it is an endless task. The other issue is human

resource development. In the future, there will be greater need for human resources who can undertake sales overseas. We urgently need to develop global human resources who, besides languages skills, also have the mindset of taking on challenges overseas.

Sales Strategy Linked to the New Three-year Medium-term Business Plan

In the new three-year medium-term business plan, we stated "Global One Company" at the top of our strategies. We will seek to further advance global cross-functional management and optimize our portfolio. Increasing sales in the ASEAN region remains important for us to continue to grow sustainably in the future. Outside Japan, we will actively approach local customers who are not Japanese companies through Japanese-quality monozukuri. This will allow the Company to grow even stronger.

Under the strategy of "Take on the Challenge toward New Businesses and Products" that was continued from the previous medium-term business plan, products that contribute toward reducing environmental load are key to improving profitability. These products include functional thermoplastic vulcanizate (TPV) aimed at being a substitute for vulcanized rubber, thermal barrier films, and RIKEN WRAP BOTANICAL®. We are a manufacturer of materials, and we support society by providing environmentally friendly materials to all industries, where our customers in various markets turn these materials into products for consumers. It seems that consumers, shareholders, and investors find this process hard to understand. Another issue for the Sales & Marketing Division is to convey the Company's contributions toward solving environmental and social issues in a manner that is easy to understand.

Four Market Segments					
Business Segments		Market Segments			
		Transportation	Daily Life & Healthcare	Electronics	Building & Construction
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 highly functional fire-resistant and electroconductive compounds.	 Compounds for Wire Harness Coating	 Compounds for Medical Applications	 Compounds for Power Cable Coating	 Compounds for PVC Window Frames
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.	 Insulator Films for Flexible Flat Cables	 Antibacterial and Antiviral Films	 Semiconductor Films	 High-end Wall Covering Films
Food Packaging	As a pioneer that developed Japan's first polyvinyl chloride resin wrap, RIKEN TECHNOS pursues high-quality and functional wraps for food packaging for household and commercial applications, and develops, manufactures, and sells wraps suitable for foods, automated packaging machines, and so on.	 Wraps for Food Packaging			

Contribution through Core Business Business Segments

TRANSPORTATION
Transportation

Target Market Automobile, railroad, shipping, etc.

	FY2024 actual	FY2027 planned (final fiscal year of medium-term business plan)
Net sales	41.1 billion yen	49.1 billion yen
Segment profit	4.8 billion yen	5.3 billion yen

Examples of products

- 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



Daily Life & Healthcare

Target Market Medical, consumer goods, food packaging, etc.

	FY2024 actual	FY2027 planned (final fiscal year of medium-term business plan)
Net sales	36.8 billion yen	38.8 billion yen
Segment profit	3.5 billion yen	3.5 billion yen

Examples of products

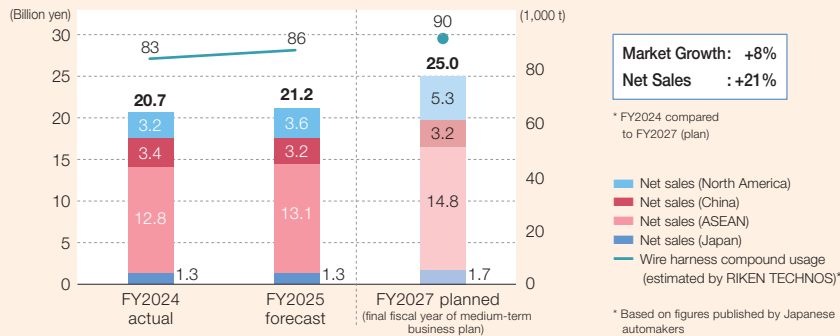
- Compounds for medical applications (tubes, syringe gaskets)
- Compounds for food products (cap sealing for beverages)
- Compounds for consumer goods and industrial materials
- Sign graphic films
- Home appliance films
- Agricultural films
- Wraps for food packaging (For household and commercial use)

Vehicle Wires

Vehicle wires—including wire harnesses—are used in power supply and signal communication and are thus indispensable for safe automobile operations. Our Group sustains the automobile industry by supplying wire coating materials and FFC* mainly for automobiles of Japanese manufacturers. Having accumulated track records in the ASEAN region, India, China, North America, and many other regions, we recently have started supplying them to non-Japanese automobile manufacturers. With greater needs for making automobiles lighter and electrifying them, the performance required of vehicle wire covering and electrical insulation materials is also becoming more sophisticated. We will endeavor to increase the sales of existing products and acquire new markets, with globally uniform quality as our strength.

* Flexible Flat Cable

Wire Harness Compound Usage by Japanese Manufacturers and Our Net Sales of Compounds and Films for Vehicle Wires

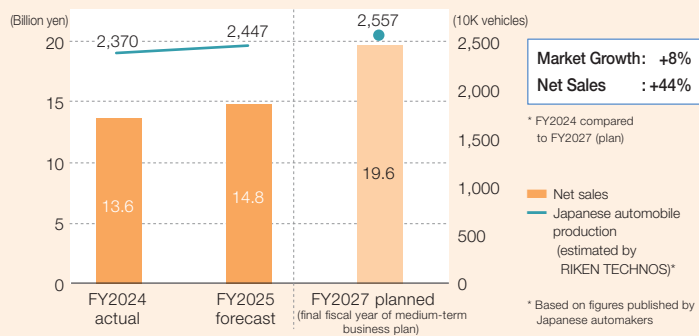


Vehicle Wires

Molded Parts for Automobiles

Our Group is focusing on the development of compounds for molded automobile parts that are key parts supporting the driving performance and comfort of automobiles. We have a track record of supplying a wide variety of product groups for parts—such as molded parts, sealing parts, boots, and aerodynamic parts—with functions that increase fuel efficiency, absorb vibrations, and prevent foreign matter contamination. We also supply these products globally. In particular, thermoplastic elastomers—which are expected to reduce CO₂ emissions by reducing the weight of products—are attracting attention as substitutes for vulcanized rubber, and we have succeeded in developing products that excel in thermal and petroleum resistance and rubber elasticity. Besides material conversion from vulcanized rubber and metals, we will promote sales expansion of our environmentally friendly products.

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



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

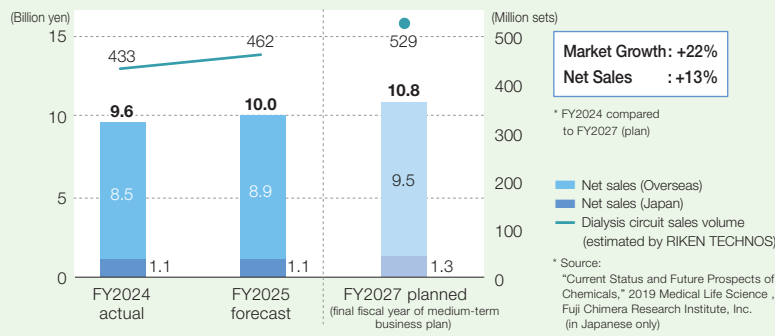


Glass Run Channel
Sealing part for the gap between glass and window frame

Medical Market

With our long history of supplying medical polyvinyl chloride (PVC) compounds for applications such as blood circuit components, transfusion tube sets, and blood bags, we have been underpinning Japan's medical device market from the material perspective. In Japan, we have robustly expanded our sales share by utilizing our abilities to manufacture high-quality products required by the market and stably supply these products. 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 aim to expand sales of our products by promoting material conversion from conventional rubber materials to elastomers.

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



Transfusion Tube Set

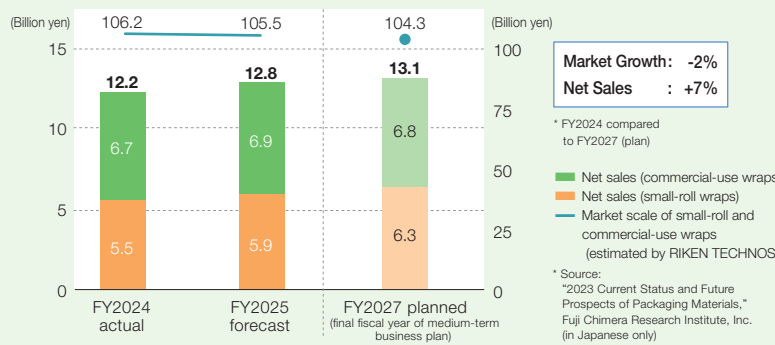
Food Packaging

We have established a long track record of supplying our PVC food wraps, which have excellent stretchability and adhesion and receive support from many users in both markets for commercial and household use.

Our commercial-use wraps maintain a stable market share, and with a view of labor shortages and other future changes in the market environment, we will strengthen sales to the out-pack market, including processing centers.

As for small-roll wraps, we will promote their high performance and ease of use as PVC wraps as well as being environmentally friendly products with a biomass content of at least 90% to seek greater market share.

Japan's Market Scale and Our Net Sales of Small-roll and Commercial-use Wraps



Food Packaging Wraps

Contribution through Core Business Business Segments

ELECTRONICS
Electronics

Target Market Energy, telecommunications, IT devices, etc.

	FY2024 actual	FY2027 planned (final fiscal year of medium-term business plan)
Net sales	24.6 billion yen	29.0 billion yen
Segment profit	0.9 billion yen	1.3 billion yen

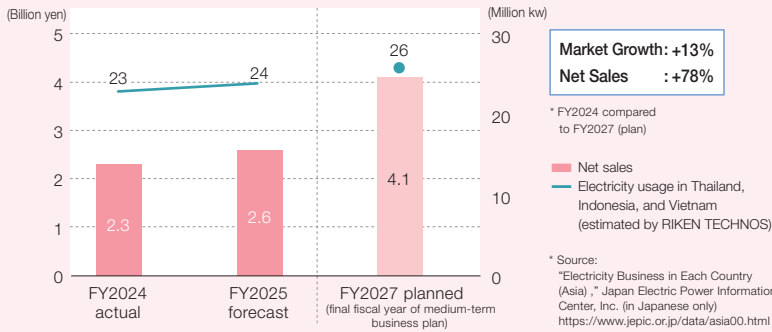
Examples of products

- Compounds for electricity and industrial cable coating materials
- Compounds for telecommunication cable coating materials
- Compounds for EV-charging cable coating materials
- Semiconductor films
- Automobile window films
- Display films

Electric Power and Industrial Wires

In the field of electric power and industrial wires, we support social infrastructure and manufacturing sites by mainly supplying materials for power cables and cables inside distribution boards. We are focusing on the construction electricity market in Japan. Overseas, centering on the ASEAN region, we will respond to the rising demand for infrastructure arising from the introduction of renewable energy and such. Taking into consideration these market trends, besides rolling out products meeting the needs of sites, we will also seek to expand sales of specialty wires that are differentiated in terms of performance, such as high resistance to fire and heat. We will use the strengths that we have developed in this field so far—our sophisticated technological capabilities, quality control structure, and stable raw material procurement capabilities—to seek further expansion of our market share.

Electricity Usage in Thailand, Indonesia, and Vietnam and Our Net Sales of PVC Compounds

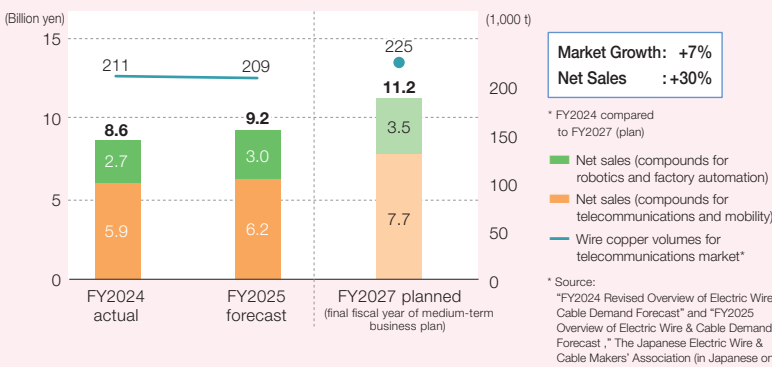


Power Cable

Telecommunications / Mobility / Robotics and Factory Automation

In the field of telecommunications, mobility, robotics, and factory automation (FA), we supply products such as EV rapid-charging cables, automobile coaxial cables, and fire-resistant optic cables for data centers. In Japan, we are developing products that meet the requirements for fire resistance, weather resistance, and low dielectric constant, among others, and we endeavor to acquire new projects related to data centers and semiconductor factories. Overseas, we are expanding sales activities of products for the robotics and FA market and the growing EV market. Going forward, we will aim to launch new products with high added value and boost their sales in the telecommunications and robotics and FA markets.

Japan's Production of Wire Copper for Telecommunications Market and Our Compounds' Net Sales



EV-charging Cable

BUILDING & CONSTRUCTION
Building & Construction

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

	FY2024 actual	FY2027 planned (final fiscal year of medium-term business plan)
Net sales	25.4 billion yen	29.4 billion yen
Segment profit	1.0 billion yen	1.9 billion yen

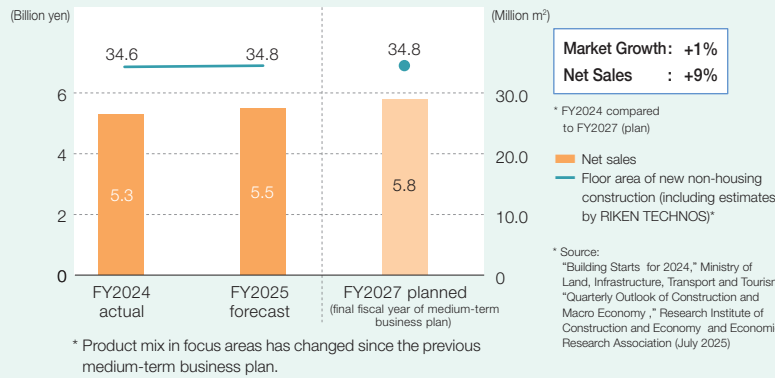
Examples of products

- Compounds for interior component materials (heat insulating window frames, etc.)
- Compounds for building materials (braille blocks and hoses for civil engineering use)
- Decorative films for kitchens and furniture
- Bathroom films
- High-end wall covering films
- Building window films

Construction Films

Our construction films are selected by many users as high-end wall covering films for hotels, commercial facilities, and other buildings. In recent years, there has been a reduction in workers who handle films at construction sites. Besides conventional requirements for design and function, there is a growing need for easier application. To meet this demand and increase our market share, we are proposing products that are not only easy to apply but also offer diverse features. We also make sure to provide services that stay ahead of customers' expectations. To boost sales, we will focus on multi-functional exterior films and high-end wall covering films to satisfy demand expected to continue for store renovations and reforms.

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

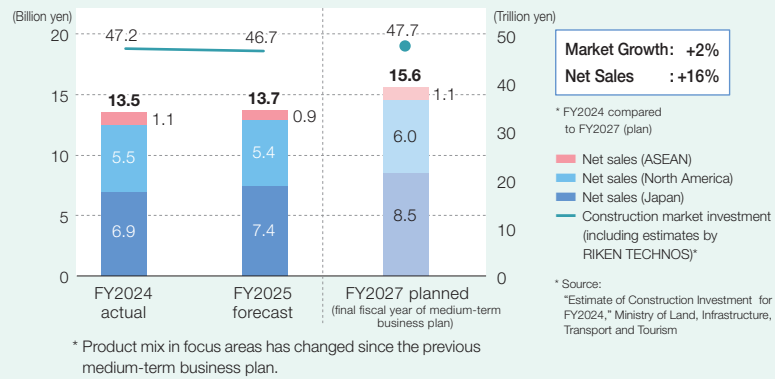


Wall Covering Film

Housing and Building Materials

We supply housing and building materials for PVC window frames, handrails, and wainscots, and more. In particular, our compound for PVC housing window frames has better thermal insulating properties that help to reduce CO₂ emissions and can also be recycled. In the future, we will promote greater sales of products that meet the needs for reducing workload, such as weight reduction and applicability improvement, as well as environmentally friendly products and rubber substitute products made of elastomer compounds given various functions. Furthermore, centering on the ASEAN region, we will secure new projects arising from increasing demand in the infrastructure and building material fields to boost our sales globally.

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



Housing and Building Materials