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(Stock Exchange Code 4220)

May 30, 2023

(Measures for electronic provision start on: May 24, 2023)

**To Shareholders with Voting Rights:**

Kazuaki Tokiwa  
Representative Director, President & CEO  
RIKEN TECHNOS CORPORATION  
Main Office: 2-101, Kanda-Awajicho,  
Chiyoda-ku, Tokyo

**NOTICE OF THE 94th ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

We hereby notify you that the 94th Ordinary General Meeting of Shareholders of RIKEN TECHNOS CORPORATION (the “Company”) will be held as described below.

In convening this General Meeting of Shareholders, the Company has taken measures for electronic provision, and matters to be provided electronically are posted on the following website on the Internet.

The Company’s website:

<https://www.rikentechnos.co.jp/e/ir/news/>

In addition to the above-mentioned website, matters to be provided electronically are posted on the website of the Tokyo Stock Exchange (TSE). Please access the following TSE website (TSE Listed Company Search), enter the issue name (company name) or the stock exchange code to search, and select “Basic information” and then “Documents for public inspection/PR information” to confirm the information.

TSE website:

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

**If you are not planning on attending the meeting in person, you can exercise your voting rights via the Internet or in writing. Please review the Reference Documents for the General Meeting of Shareholders described in matters to be provided electronically, and exercise your voting rights by no later than 5:45 p.m. on Thursday, June 15, 2023, Japan time.**

- 1. Date and Time:** Friday, June 16, 2023 at 10:00 a.m. Japan time
- 2. Place:** Nomura Conference Plaza Nihonbashi 6F Large Hall, Nihonbashi  
Muromachi Nomura Building (YUITO)  
located at 2-4-3, Nihonbashimuromachi, Chuo-ku, Tokyo, Japan
- 3. Meeting Agenda:**
- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the 94th term (from April 1, 2022 to March 31, 2023) and results of audits by Independent Accountants and Audit & Supervisory Committee of the Consolidated Financial Statements
  2. Non-consolidated Financial Statements for the 94th term (from April 1, 2022 to March 31, 2023)
- Proposals to be resolved:**
- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Election of 4 Directors (Excluding Directors serving as Audit & Supervisory Committee Members)

- ◎ The paper copy sent to shareholders does not contain the following items pursuant to provisions of laws and regulations as well as Article 13, Paragraph 2 of the Company's Articles of Incorporation. Accordingly, this paper copy comprises a part of documents audited by the Independent Accountants and Audit & Supervisory Committee in preparing their respective audit reports.
- (1) Consolidated Statements of Changes in Net Assets and Notes to the Consolidated Financial Statements
  - (2) Non-Consolidated Statements of Changes in Net Assets and Notes to the Non-Consolidated Financial Statements
- ◎ If any revisions are required in the matters to be provided electronically, the contents of revisions will be posted on each website on which those matters are posted.
- ◎ When deciding whether to attend the meeting in person, please consider your own health condition and kindly refrain from traveling to the venue if you feel unwell.
- ◎ If any changes are required for the operation of the meeting, etc., we will notify on the Company's website (<https://www.rikentechnos.co.jp/e/>).
- ◎ We will not hold a get-together for shareholders after the meeting.

# Reference Documents for the General Meeting of Shareholders

## Proposals and References

### Proposal 1: Appropriation of Surplus

The management of the Company has been positioning the distribution of profits to our shareholders through increased corporate value in the mid- to long-term as one of the most important management issues. The Company has changed its basic policy for dividends effective the 94th fiscal year (from April 1, 2022 to March 31, 2023) to ensure a steady stream of dividends while considering future business investment, enhancement of shareholders' equity, and other factors, with an aim at a consolidated dividend payout ratio of about 35%.

Based on the above-mentioned policy, we hereby propose paying a year-end ordinary dividend of ¥16 per share for the 94th fiscal year, an increase of ¥5 per share from the previous fiscal year.

(1) Type of dividend properties

Cash

(2) Allocation of dividend properties to shareholders and total amount thereof

¥16.00 per share of common stock of the Company

Total amount of dividends: ¥1,025,815,536

The annual dividend for the current fiscal year, including the interim dividend, will be ¥25.00 per share, an increase of ¥6 per share from the previous fiscal year.

(3) Effective date of distribution of surplus

June 19, 2023

**Proposal 2: Election of 4 Directors (Excluding Directors serving as Audit & Supervisory Committee Members)**

The terms of office of all 4 Directors (excluding Directors serving as Audit & Supervisory Committee Members; the same shall apply hereinafter in this Proposal) will expire at the conclusion of this meeting. Accordingly, we hereby propose the election of 4 Directors.

The Company selected each candidate for nomination in consultation with the voluntary Nomination Committee chaired by an Independent Outside Director.

In addition, the Audit & Supervisory Committee has judged that each candidate is qualified as a Director of the Company, after comprehensively evaluating the status of execution of duties in the 94th fiscal year, etc.

The candidates for Directors are as follows:

No.	Name	Gender	Current positions and responsibilities in the Company	Attendance at the Board of Directors meetings
1	Reappointment Kazuaki Tokiwa	Male	Representative Director President & CEO	16/16 times (100%)
2	Reappointment Junji Irie	Male	Representative Director, Senior Managing Executive Officer Senior General Manager, Administrative Div.	16/16 times (100%)
3	Reappointment Gakuyuki Kajiyama	Male	Director, Managing Executive Officer Senior General Manager, Sales & Marketing Div.	16/16 times (100%)
4	Reappointment Hitoshi Sugino	Male	Director, Senior Executive Officer Senior General Manager, Technical Div.	16/16 times (100%)

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
1	Kazuaki Tokiwa (October 8, 1960)  [Reappointment]	March 1983	Joined the Company	55,900
		April 2002	General Manager, Sales & Marketing Dept., RIMTEC CORPORATION	
		January 2007	Managing Director, RIKEN ELASTOMERS CORPORATION	
		October 2011	Deputy General Manager, Compound Div.; General Manager, Compound Sales & Marketing Dept., RIKEN TECHNOS CORPORATION	
		April 2013	Vice Office Manager, Corporate Planning Office	
		June 2013	Director; Office Manager, Corporate Planning Office	
		April 2016	Representative Director, President & CEO (to present)	
		[Significant concurrent positions]		
		None		
[Reason for nomination as candidate for Director] Mr. Kazuaki Tokiwa carried out various measures to realize the Group's management strategy and business plan in the corporate planning division. He also has extensive experience and achievements as a corporate manager at the overseas group companies. He has promoted various measures in the Medium-term Business Plan by making use of the Company's global network and played a leading role in the Group's management as Representative Director, President & CEO since April 2016. The Company nominated him as a candidate for Director because we believe that he will continue to contribute to enhancing the global group management and producing the synergy effect under the three-year Medium-term Business Plan started in April 2022.				
2	Junji Irie (July 27, 1958)  [Reappointment]	April 1981	Joined The Fuji Bank, Limited (current Mizuho Bank, Ltd.)	50,300
		April 2009	Executive Officer; General Manager, Kobuna-cho Branch	
		May 2011	Joined the Company	
		June 2011	Office Manager, Legal & Compliance Office	
		June 2012	Director; Office Manager, Legal & Compliance Office	
		April 2013	Director; Senior General Manager, Administrative Div.; General Manager, General Affairs Dept.	
		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.; General Manager, General Affairs Dept.	
		October 2017	Director, Managing Executive Officer; Senior General Manager, Administrative Div.	
		April 2019	Director, Senior Managing Executive Officer; Senior General Manager, Administrative Div.; 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)	
		[Significant concurrent positions]		
		None		
[Reason for nomination as candidate for Director] Mr. Junji Irie has extensive work experience at leading commercial banks and has considerable insight into management derived from his experience working as a corporate executive. He has revised the corporate governance structure at the Company's administration division, and thereby contributed to strengthening the effectiveness of the Board of Directors' decision-making and supervising function. He has also contributed to streamlining the group management at the corporate planning department. The Company nominated him as a candidate for Director because we believe that he will continue to contribute to the reinforcement of group governance and the group management that leverages the group synergy.				

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
3	Gakuyuki Kajiyama (October 29, 1962)  [Reappointment]	March 1985 June 2008  March 2010 April 2011 September 2011 April 2016  April 2017  June 2017  April 2019  [Significant concurrent positions] None	Joined the Company Office Manager, Nagoya Sales Office; Office Manager, Compound Vehicle R&D Office Deputy General Manager, Compound Div. Vice Office Manager, Corporate Planning Office Managing Director, RIKEN ELASTOMERS CORPORATION Executive Officer, RIKEN TECHNOS CORPORATION; Managing Director, RIKEN ELASTOMERS CORPORATION Senior Executive Officer; Senior General Manager, Corporate Planning Div., RIKEN TECHNOS CORPORATION Director, Senior Executive Officer; Senior General Manager, Corporate Planning Div. Director, Managing Executive Officer; Senior General Manager, Sales & Marketing Div. (to present)	35,800
	[Reason for nomination as candidate for Director] Mr. Gakuyuki Kajiyama has extensive work experience at the Company's technical department and sales & marketing department. He has also contributed to strengthening the global competitiveness including promoting a global sales & marketing structure focused on North America, as a corporate manager of overseas group companies. He has engaged in the formulation and planning of management and business strategy of the entire Group in the Company's corporate planning department since April 2017, and has promoted various measures in the Medium-term Business Plan. He has worked to strengthen a global sales structure at the sales & marketing department since April 2019. The Company nominated him as a candidate for Director because we believe that he will continue to contribute to enhancing the global group management and producing the synergy effect.			
4	Hitoshi Sugino (April 16, 1960)  [Reappointment]	March 1983 April 2009 January 2014  April 2016  April 2019 April 2020  June 2020  April 2021 April 2022 April 2023  [Significant concurrent positions] None	Joined the Company Office Manager, R&D Office III, Materials Development Center Deputy Senior General Manager, Technical Div.; General Manager, R&D Center; Office Manager, R&D Office I Executive Officer; Deputy Senior General Manager, Technical Div.; General Manager, R&D Center; Office Manager, R&D Office III Executive Officer; Senior General Manager, Technical Div.; General Manager, R&D Center Executive Officer; Senior General Manager, Technical Div.; Responsible for Manufacturing Div.; General Manager, R&D Center Director, Executive Officer; Senior General Manager, Technical Div.; Responsible for Manufacturing Div.; General Manager, R&D Center Director, Executive Officer; Senior General Manager, Technical Div.; General Manager, R&D Center Director, Senior Executive Officer; Senior General Manager, Technical Div.; General Manager, R&D Center Director, Senior Executive Officer; Senior General Manager, Technical Div. (to present)	10,500
	[Reason for nomination as candidate for Director] Mr. Hitoshi Sugino has extensive knowledge in the technical fields of the industry to which the Company belongs. He has worked to strengthen the Company's technical capabilities for many years, and contributed to strengthening the Group's global competitiveness from a technical perspective. He also has knowledge about overall management. The Company nominated him as a candidate for Director because we believe that he will continue to contribute to further enhancing the Company's global management and producing the synergy effect going forward.			

- (Notes) 1. No special interests exist between any of the above candidates and the Company.
2. The Company has entered into a directors and officers liability insurance agreement pursuant to Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The insurance agreement covers legal damages and litigation expenses to be borne by the insured parties.
- The candidates are included as insured parties in the insurance agreement. If this Proposal is approved and they are reelected, the candidates will continue to be included as the insured parties and the Company plans to renew the insurance agreement during their terms of office.

**Reference** [Management structure after the proposal is approved]

If Proposals 2 is approved as originally proposed, the Company's management structure will be as follows:

**Director**

Name		Positions and Responsibility in the Company	
Kazuaki Tokiwa	[Reappointment]	Representative Director, President & CEO	
Junji Irie	[Reappointment]	Representative Director, Senior Managing Executive Officer	Senior General Manager, Administrative Div.
Gakuyuki Kajiyama	[Reappointment]	Director, Managing Executive Officer	Senior General Manager, Sales & Marketing Div.
Hitoshi Sugino	[Reappointment]	Director, Senior Executive Officer	Senior General Manager, Technical Div.
Masato Koizumi	[Incumbent]	Director Full-time Audit & Supervisory Committee Member	
Takayuki Hayakawa	[Incumbent] [Outside] [Independent]	Outside Director Audit & Supervisory Committee Member	
Shigeharu Nakamura	[Incumbent] [Outside] [Independent]	Outside Director Audit & Supervisory Committee Member	
Shigeru Ehara	[Incumbent] [Outside] [Independent]	Outside Director Audit & Supervisory Committee Member	
Aogi Suemura	[Incumbent] [Outside] [Independent]	Outside Director Audit & Supervisory Committee Member	



**Executive Officer (Excluding those who concurrently serve as Directors)**

Name	Positions and Responsibility in the Company	
Michihisa Tasaka	Senior Executive Officer	Senior General Manager, Quality Assurance Div.; General Manager, Quality Assurance Dept.; General Manager, Start-up Office for New Business Development
Takeshi Sugie	Executive Officer	Senior General Manager, Procurement Div.; General Manager, Logistics Dept.
Toshimi Yamanaka	Executive Officer	Regional Officer, North America; President, RIKEN AMERICAS CORPORATION; President, RIKEN ELASTOMERS CORPORATION
Tomozo Ogawa	Executive Officer	Senior General Manager, Manufacturing Div.; Factory Manager, Saitama Factory
Hisashi Onozuka	Executive Officer	Deputy Senior General Manager, Sales & Marketing Div.; General Manager, Sales & Marketing Strategy Dept.; General Manager, Film Business Unit
Fumitoshi Nakamura	Executive Officer	Deputy Senior General Manager, Sales & Marketing Div.; General Manager, Transportation Business Unit; General Manager, Nagoya Sales Office
Michio Noishiki	Executive Officer	Senior General Manager, Corporate Planning Div.
Akihiro Tamura	Executive Officer	Regional Officer, ASEAN; Managing Director, RIKEN (THAILAND) CO., LTD.

**Reference** [Skills Matrix of the Board of Directors (Corporate Governance Code Supplementary Principle 4-11①)]

Name	Position	Skill								
		Corporate management/ Management strategy	Sales/ Marketing	Global experience	R&D/ Manufacturing	Finance/ Accounting	Legal/Risk management	Personnel/ Labor/ Human resource development	ESG/ Sustainability	DX/IT
Kazuaki Tokiwa	Representative Director, President & CEO	○	○	○	○				○	
Junji Irie	Representative Director, Senior Managing Executive Officer	○				○	○	○	○	○
Gakuyuki Kajiyama	Director, Managing Executive Officer	○	○	○	○				○	
Hitoshi Sugino	Director, Senior Executive Officer				○					○
Masato Koizumi	Director Full-time Audit & Supervisory Committee Member	○				○	○		○	○
Takayuki Hayakawa	Outside Director Audit & Supervisory Committee Member (Head/Independent)	○				○	○	○		
Shigeharu Nakamura	Outside Director Audit & Supervisory Committee Member (Independent)	○		○		○	○	○		
Shigeru Ehara	Outside Director Audit & Supervisory Committee Member (Independent)	○		○		○	○	○		
Aogi Suemura	Outside Director Audit & Supervisory Committee Member (Independent)					○	○	○		

# Business Report

(April 1, 2022 - March 31, 2023)

## 1. Overview of the Corporate Group

### (1) Business Progress and Results

The Japanese economy during the fiscal year under review was on a recovery trend as a whole. Despite some weakness seen in corporate production activities, consumer spending moderately picked up following the relaxation of tight restrictions on activities that had been placed to combat COVID-19.

Overseas, economies stalled in some regions due to the resurgence in COVID-19 infections, but economic activities gradually recovered and continued to pick up moderately as a whole.

Looking by industry, the automotive market saw recovery in auto production volume across the globe, while in the construction materials market in Japan, the number of housing starts has been on a weak note. The consumer-electronic market in Japan remained steady.

In this environment, the Group advanced concrete initiatives under the four strategies, namely, “Intensifying global management and generate synergies,” “Staying ahead of customers’ expectations,” “Taking on the challenge toward new businesses and products,” and “Contributing to solving environmental and social issues,” in the first year of the Medium-term Business Plan “Challenge Now for Change New 2024: Challenge for Innovation.”

As a result, consolidated net sales amounted to 123,497 million yen, or up 12.3% year on year, consolidated operating profit was 7,506 million yen, or up 19.3% year on year, consolidated ordinary profit came to 7,964 million yen, or up 15.6% year on year, and profit attributable to owners of parent was 4,557 million yen, or up 15.6% year on year.

Net sales		Operating profit	
¥123,497 million	Up 12.3% YoY	¥7,506 million	Up 19.3% YoY

Ordinary profit		Profit attributable to owners of parent	
¥7,964 million	Up 15.6% YoY	¥4,557 million	Up 15.6% YoY

Results by segment are as follows.

#### 1) Transportation

Automotive production recovered both in Japan and abroad, resulted in increased revenue, partly due to passing rising raw materials costs on to product prices.

Segment profit increased due to higher sales both in Japan and abroad.

As a result, net sales amounted to 38,090 million yen and segment profit came to 3,858 million yen.

#### 2) Daily Life & Healthcare

In Japan, the performance trended toward recovery from the impact of COVID-19, and revenue grew due to higher sales of compounds for medical and daily life materials markets.

Overseas, the performance recovered from the impact of COVID-19, and sales of compounds for medical market increased in ASEAN countries, leading to revenue growth.

Segment profit declined as we delayed in passing the rise in raw materials costs on to prices in food wrapping materials.

As a result, net sales amounted to 33,492 million yen and segment profit came to 1,477 million yen.

#### 3) Electronics

In Japan, revenue increased due to higher sales of PVC compounds for electric power and industrial wires, and for information communication use.

Overseas, sales of PVC compounds increased in US and ASEAN, leading to higher revenue.

Segment profit increased thanks to higher sales both in Japan and abroad.

As a result, net sales were 24,626 million yen and segment profit was 996 million yen.

#### 4) Building & Construction

In Japan, although new housing starts remained flat, revenue increased because of higher sales of PVC compounds for resin sashes, thanks to the government's campaign to promote housing energy conservation in 2023.

Overseas, revenue increased due to higher sales of PVC compounds in North America.

Segment profit decreased as a result of lower sales of films in Japan and a delay in passing rising material costs on to prices.

As a result, net sales were 27,186 million yen and segment profit came to 1,050 million yen.

#### (2) Capital Investments

Total capital expenditures amounted to 3,909 million yen in the fiscal year under review. Major investments are described below.

Major facilities under development in the fiscal year under review

- Subsidiary RIKEN (THAILAND) CO., LTD.

Construction of additional compounds manufacturing factories

#### (3) Financing

No material items to report.

#### (4) Issues to Be Addressed

The Japanese economy is expected to follow a moderate recovery trend, underpinned by the growth momentum seen in some sectors in the course of shifting to the post-COVID era. However, the outlook will remain uncertain due to factors that may cause stagnation, such as monetary tightening in Europe and the US against the global inflation, the prolonged situation in Ukraine, exports on a weak note associated with a slowdown in overseas economies, and increasing prices due to a spike in resource prices.

In terms of business operations of the Group, cost of sales is expected to soar more than the year earlier, due to rising electricity rates and other utility costs and an increase in transportation costs.

In such a situation, the Group aims to become the leading provider of comfort for all living spaces, with its management policy of "Challenge Now for Change New 2024: Challenge for Innovation" in the three-year Medium-term Business Plan. In the fiscal year ending March 31, 2024, the second year of the three-year Medium-term Business Plan, the Group will work as one to implement various measures toward resolving issues, led by the four strategies upheld in the plan, namely, "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."

##### 1) Intensify global management and generate synergies

Positioning ASEAN as an important region, we strive to capture an overwhelming market share and to increase the number of field in which we hold the leading share through targeted allocation of management resources. In addition, we will further reinforce a global cross-functional management spearheaded by each division.

##### 2) Stay ahead of customers' expectations

The Company's strength/business model is to quickly provide solutions to accommodate customer needs. We will further reinforce and develop this capability. Specifically, we build systems to anticipate and realize potential customer needs, while also enhancing our analysis skills and proposal ability. Also, in order to speed up solution delivery, we will reinforce our R&D facilities and utilize Materials Informatics (MI).

##### 3) Take on the challenge toward new businesses and products

Getting back to our basic philosophy as a challenger, we will take on the challenge of establishing a business which will become a profit pillar in the future. While advancing the integration of the existing compounds technologies and film technologies, our Start-up Office for New Business Development, which was launched last year, will search for new themes that may lead up to new businesses and products, including academic-industrial partnerships.

##### 4) Contribute to solving environmental and social issues

The Group will continue to contribute to the realization of a sustainable society through developing

and popularizing environmentally friendly products. Recognizing that responding to issues surrounding sustainability is one of our key management challenges, the Group seeks to help realize a sustainable society and enhance our enterprise value by incorporating these issues into our management. In addition to complying with various laws and regulations on environment and chemical substances, we are committed to developing products that help reduce environmental impacts, and to improving manufacturing methods. Striving for a circular economy, we promote various initiatives within the Group.

Looking by segment, in “Transportation,” we will strengthen efforts in the fields of electrical components and molded parts for automobiles, and advance sales promotion activities.

In “Daily Life & Healthcare,” we will implement a sales strategy from a global perspective in environmental materials, products for medical use and the food packaging field.

In “Electronics,” our focus will be placed on the fields of electric power and industrial wires, telecommunications and optical film, and on advancing sales promotion activities.

In “Building & Construction,” initiatives in interior films for housing and non-housing markets and the housing and building materials fields will be strengthened, while expanding sales overseas.

In terms of corporate governance, in order to achieve sustainable growth and improve corporate value over the medium to long term through the implementation of the management philosophy “RIKEN TECHNOS WAY”, we will further strengthen group governance, and increase effectiveness of the internal control system including that of consolidated subsidiaries, and improve awareness on risk and compliance. Through these initiatives, the Group will strive to ensure management transparency and impartiality. The Group will also step up its efforts for constructive dialogue with shareholders and investors.

We anticipate that competitions will become increasingly severe on a global scale. Each division and consolidated subsidiary in Japan and abroad will cooperate in tackling various issues, with all employees working as one toward accomplishing the three-year Medium-term Business Plan.

We ask for the continued support and encouragement of all of our shareholders.

[Reference] Sustainability Initiatives

1. Governance system

In light of dramatic changes in the environment surrounding the RIKEN TECHNOS Group (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. The Sustainability Committee and its subordinate organization, the Environment Committee, deliberate on responses to climate change, and report their deliberations and findings to the Management Committee.

In the fiscal year ended March 31, 2023, the Sustainability Committee mainly deliberated the following two items: (1) information disclosure in line with the TCFD recommendations and (2) material issues (materialities).

(1) In order to disclose information in line with the TCFD recommendations, the Committee deliberated the following items and disclosed information in June 2022 after adopting resolution at a Board of Directors meeting.

- 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

(2) To achieve a long-term vision, the Committee deliberated materialities, which were then determined by the Board of Directors in March 2023.

(Organizational structure)



## 2. Strategies and indicators

The Group determined its materialities at a Board of Directors meeting held in March 2023. The following nine items of the materialities were considered as of particular importance. To promote initiatives, the Group has set KPIs for these items.

The progress of materialities is managed by the Sustainability Committee.

Materialities	Evaluation standards (KPIs)	Mid- to long-term targets	
		FY2024	FY2030
Contribute to a sustainable global environment	• Achieve emissions reduction targets for 2030 (non-consolidated)	35,446 t	24,139 t (46.2% decrease from FY2019)
	• Carbon neutrality in 2050 (Group)	-	-
	• Ratio of total waste to total production (non-consolidated)	3.3% or below	3.0% or below
Promote health management and occupational safety and health	• Number of accidents resulting in absence from work (domestic)	0	0
	• Implementation ratio of specific health checkup (domestic)	90%	90%
	• Implementation ratio of specific health guidance (domestic)	55%	60%
Nurture appropriate human resources for a challenger	• Training cost per employee (non-consolidated)	¥117 thousand	¥140 thousand
Improve quality and secure product safety	• Significant quality incident resulting in recall (non-consolidated)	0	0
	• Major violation of legal compliance and laws and regulations on the use of chemical substances (non-consolidated)	0	0
Create new businesses and products	• Number of patent applications (non-consolidated)	(Accumulated) 45 (FY2022 to FY2024)	(Accumulated) 210 (FY2022 to FY2030)
	• Number of collaborations with external parties (non-consolidated)	(Accumulated) 10 (FY2022 to FY2024)	(Accumulated) 35 (FY2022 to FY2030)
Improve production technologies and production efficiency	• Production capacity (non-consolidated)	(vs. FY2021) + 10%	(vs. FY2021) + 33%
Business reforms based on DX	• Nurture MI personnel (non-consolidated)	9	20
	• DX training to all employees (non-consolidated)	Attendance rate 100%	Attendance rate 100%
Respect for human rights	• Training on human rights and compliance to all employees (domestic)	Attendance rate 100%	Attendance rate 100%
	• Conduct an ESG survey to suppliers (non-consolidated)	Once per year	Once per year
Dialogue with stakeholders	• Interviews with investors and existing shareholders (non-consolidated)	140 companies or more per year	200 companies or more per year
	• Conduct a customer satisfaction survey to customers and clients (non-consolidated)	Once per year	Once per year

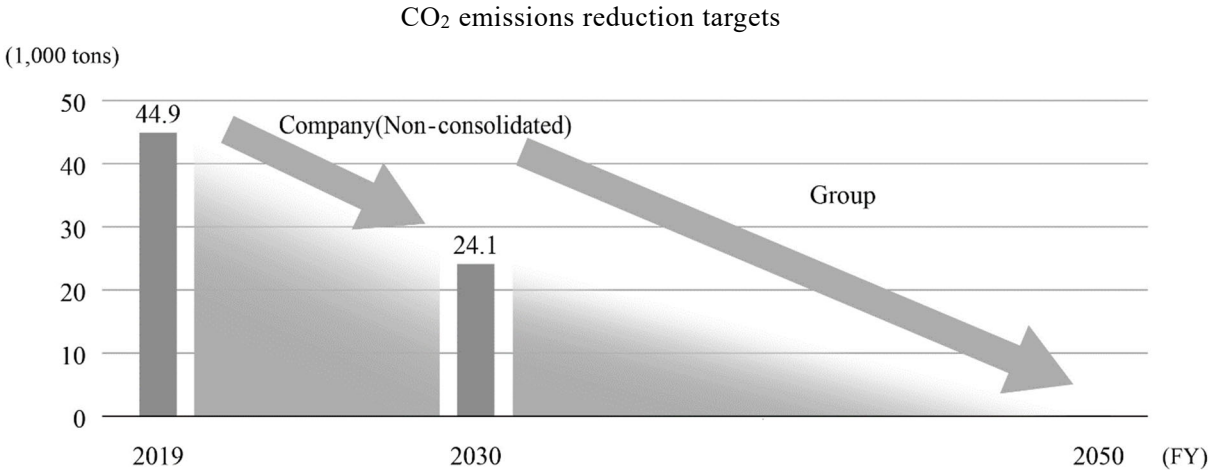
3. Response to climate change (Contribute to a sustainable global environment)

Greenhouse gas emissions may pose a risk for the Group’s overall financial condition, but by developing products acceptable to a decarbonized society, this situation can also lead to business opportunities. In addition to setting medium- to long-term emissions reduction targets for the Group as a whole, we are planning specific initiatives to cut CO<sub>2</sub> emissions and have determined indicators to manage the progress of these initiatives.

The Group’s medium- to long-term CO<sub>2</sub> emissions reduction targets (Scope 1 and 2)

- The Company’s Non-consolidated targets for 2030 (Scope 1 and 2)  
24,139 tons (46.2% decrease from FY2019) \*(FY2019 baseline: 44,868 tons)

We are seeking to achieve carbon neutrality for the entire Group by 2050.





4. Human resource strategy (“Nurture appropriate human resources for a challenger”)

We consider it to be the most important to secure and nurture personnel who are required to execute the three strategies among the four under the Group’s three-year Medium-term Business Plan, and are implementing various initiatives.

Strategies in the Medium-term Business Plan	Personnel required for executing strategies
Intensify global management and generate synergies	Personnel capable of implementing global business strategies
Stay ahead of customers’ expectations	Personnel with analytical ability and strategic perspective
Take on the challenge toward new businesses and products	Personnel with diverse points of view

The Group formulated its “Human Resource Development Policy” and “Internal Environment Development Policy” to realize diverse ways of working and to create schemes and environment where diverse human resources feel comfortable in exerting their individualities and work to their fullest potential freely and energetically.

<Human Resource Development Policy>

Employees and the Company have a relationship of mutual growth, and “the employee’s growth means the company’s growth.”

Our policy for human resource development aims for a state in which 1) each employee implements the “RIKEN TECHNOS WAY” and grows into human resource that the Company expects them to be; and 2) the Company achieves growth simultaneously by uniting abilities possessed by each individual and exerting it as an organizational capability.

<Internal Environment Development Policy>

To become a globally competitive company, the policy for internal environment development of the Company is to establish systems and foster a culture so that employees with diverse individualities can play active roles at work.

(5) Trends in Assets and Income

1) Trends in assets and income of the corporate group

(In millions of yen, unless otherwise specified.)

Item	FY2019 The 91st fiscal year	FY2020 The 92nd fiscal year	FY2021 The 93rd fiscal year	FY2022 The 94th fiscal year (Fiscal year under review)
Net sales	98,808	88,224	109,923	123,497
Operating profit	5,581	5,313	6,292	7,506
Ordinary profit	5,670	5,652	6,889	7,964
Profit attributable to owners of parent	3,064	3,234	3,941	4,557
Basic earnings per share (yen)	48.11	51.22	62.47	72.11
Total assets	91,868	95,208	102,641	112,002
Total net assets	57,586	61,076	65,448	72,165
Net assets per share (yen)	788.77	852.51	914.83	999.00

Note: The Group has applied the “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020), etc. effective from the 93rd fiscal year. The assets and income for the 93rd fiscal year onward are shown in figures after the application of the said accounting standard, etc.

2) Trends in assets and income of the Company

(In millions of yen, unless otherwise specified.)

Item	FY2019 The 91st fiscal year	FY2020 The 92nd fiscal year	FY2021 The 93rd fiscal year	FY2022 The 94th fiscal year (Fiscal year under review)
Net sales	41,655	35,516	43,578	57,080
Operating profit	1,869	1,466	2,567	3,179
Ordinary profit	3,687	3,188	4,260	5,332
Profit	1,778	2,652	3,615	4,232
Basic earnings per share (yen)	27.92	42.01	57.30	66.96
Total assets	60,533	65,739	71,698	76,493
Total net assets	44,438	48,140	50,805	54,469
Net assets per share (yen)	705.12	763.66	804.64	861.05

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020), etc. effective from the 93rd fiscal year. The assets and income for the 93rd fiscal year onward are shown in figures after the application of the said accounting standard, etc.

(6) Material Parent Companies and Subsidiaries

1) Parent companies

Not applicable.

2) Material subsidiaries

Company	Capital	Shareholding by the Company (%)	Main business item
RIKEN CABLE TECHNOLOGY CO., LTD.	Thousand JPY 48,000	100.00	Manufacture and sales of electric wire and cable
KYOEI PLASTIC MFG CO., LTD.	Thousand JPY 24,000	100.00	Molding, processing and sales of synthetic resin products
RIKEN TECHNOS INTERNATIONAL CORPORATION	Thousand JPY 10,000	100.00	Procurement and sales of synthetic resin processed products
RIKEN CHEMICAL PRODUCTS CO., LTD.	Thousand JPY 300,000	100.00	Manufacture and sales of PVC and high functional plastic compound
IMI Co., LTD.	Thousand JPY 30,000	89.23	Wholesaling of flooring and wall-covering materials, planning and design services for wall-covering materials, and wholesaling of other building materials
RIKEN (THAILAND) CO., LTD.	Thousand THB 120,000	40.00	Manufacture and sales of PVC compound
RIKEN ELASTOMERS (THAILAND) CO., LTD.	Thousand THB 300,000	100.00	Manufacture and sales of high functional plastic compound
PT. RIKEN INDONESIA	Thousand USD 11,000	56.22	Manufacture and sales of PVC compound
RIKEN VIETNAM CO., LTD.	Thousand USD 20,000	100.00	Manufacture and sales of PVC compound
RIKEN TECHNOS INDIA PVT. LTD.	Thousand INR 20,000	100.00 (1.00)	Sales, import and export of plastic products
SHANGHAI RIKEN TECHNOS CORPORATION	Thousand USD 7,500	70.00	Manufacture and sales of PVC compound and procurement and sales of functional film products
RIKEN TECHNOS (JIANG SU) CORPORATION	Thousand USD 13,500	92.59	Manufacture and sales of food wrapping film
RIKEN TECHNOS INTERNATIONAL KOREA CORPORATION	Thousand KRW 1,800,000	100.00	Sales, import and export of plastic products
RIKEN U.S.A. CORPORATION	Thousand USD 1,000	100.00	Procurement and sales of functional film
RIKEN AMERICAS CORPORATION	Thousand USD 30,000	62.94	Sales of high functional plastic compound and PVC compound
RIMTEC CORPORATION	Thousand USD 13,415	62.94 (62.94)	Manufacture of PVC compound
RIKEN ELASTOMERS CORPORATION	Thousand USD 28,741*3	62.94 (62.94)	Manufacture of high functional plastic compound and PVC compound

- Notes: 1. Figures in parenthesis in Shareholding by the Company indicate indirect ownership ratio included in the total.
2. RIMTEC CORPORATION is RIMTEC MANUFACTURING CORPORATION in the company register.
3. Capital marked with an asterisk includes legal capital surplus.
4. The liquidation of RIKEN (SHANGHAI) CORPORATION was completed on November 8, 2022.
5. The Company absorbed and merged RIKEN TECHNOS INTERNATIONAL CORPORATION, a wholly-owned subsidiary, on April 1, 2023.

## (7) Principal Business

The Group conducts business in the following four segments based on markets.

Segment name [market]	Business strategy	Major products
Transportation [automobile, railroad, and shipping markets, etc.]	Establish overwhelming presence in Asian and North American markets and strengthen sales of functional parts mainly in the automotive field	Compounds Films
Daily Life & Healthcare [healthcare, materials for daily life, and food wrapping film markets, etc.]	Expand high value-added products in medical, healthcare and daily life materials markets and take on new fields	Compounds Films Food wrapping films
Electronics [energy, communications, and IT equipment markets, etc.]	Contribute to infrastructure that supports comfortable living through the electric wire field and develop unique products that create the future of optics	Compounds Films
Building & Construction [housing, buildings, construction materials, and civil engineering markets, etc.]	Provide functional, environmentally friendly and beautiful materials in the field of building materials	Compounds Films

## (8) Principal Sales Offices and Factories

## 1) The Company

Name	Location
Head Office	Chiyoda-ku, Tokyo
Osaka Branch Office	Kita-ku, Osaka-shi
Nagoya Sales Office	Naka-ku, Nagoya-shi
Saitama Factory	Fukaya-shi, Saitama
Mie Factory	Kameyama-shi, Mie
Gunma Factory	Ota-shi, Gunma
Nagoya Factory	Minami-ku, Nagoya-shi
R&D Center	Ota-ku, Tokyo / Fukaya-shi, Saitama / Kameyama-shi, Mie / Ota-shi, Gunma

## 2) Subsidiaries

Name	Location
RIKEN CABLE TECHNOLOGY CO., LTD.	Iruma-shi, Saitama
KYOEI PLASTIC MFG CO., LTD.	Nishi Shirakawa-Gun, Fukushima
RIKEN TECHNOS INTERNATIONAL CORPORATION	Chiyoda-ku, Tokyo
RIKEN CHEMICAL PRODUCTS CO., LTD.	Konan-shi, Shiga
IMI Co., LTD.	Chiyoda-ku, Tokyo
RIKEN (THAILAND) CO., LTD.	Pathumthani, THAILAND
RIKEN ELASTOMERS (THAILAND) CO., LTD.	Pranakorn Sri Ayutthaya, THAILAND
PT. RIKEN INDONESIA	Jawa Barat, INDONESIA
RIKEN VIETNAM CO., LTD.	Binh Duong Province, VIET NAM
RIKEN TECHNOS INDIA PVT. LTD.	Haryana, INDIA
SHANGHAI RIKEN TECHNOS CORPORATION	Shanghai, CHINA
RIKEN TECHNOS (JIANGSU) CORPORATION	Jiangsu Province, CHINA
RIKEN TECHNOS INTERNATIONAL KOREA CORPORATION	Asan-si, Korea
RIKEN U.S.A. CORPORATION	Michigan, U.S.A.
RIKEN AMERICAS CORPORATION	Kentucky, U.S.A.
RIMTEC CORPORATION	New Jersey, U.S.A.
RIKEN ELASTOMERS CORPORATION	Kentucky, U.S.A.

Notes: 1. RIMTEC CORPORATION is RIMTEC MANUFACTURING CORPORATION in the

company register.

2. The liquidation of RIKEN (SHANGHAI) CORPORATION was completed on November 8, 2022.
3. IMI Co., LTD. has relocated its head office on December 19, 2022.
4. The Company absorbed and merged RIKEN TECHNOS INTERNATIONAL CORPORATION, a wholly-owned subsidiary, on April 1, 2023.

(9) Employees

1) Employees of the corporate group

Number of employees	Change from the previous fiscal year-end
1,895	Increased by 11

2) Employees of the Company

Number of employees	Change from the previous fiscal year-end	Average age	Average years of service
780	Increased by 1	42.9 years old	17.4 years

Note: Number of employees is the number of full-time employees (excluding persons who were transferred to other companies and including persons who were transferred to the Company).

(10) Principal Lenders

(In millions of yen)

Lender	Amount of borrowing
Mizuho Bank, Ltd.	4,125
Resona Bank, Limited.	1,585
Sumitomo Mitsui Banking Corporation	2,369
The Bank of Yokohama, Ltd.	535
City of Hopkinsville, Kentucky, U.S.A.	1,327

Notes: 1. The amount of borrowing from Mizuho Bank, Ltd. includes borrowings from Mizuho Bank (China), Ltd., its local subsidiary in China, and from PT. Bank Mizuho Indonesia, its local subsidiary in Indonesia.

2. The amount of borrowing from Resona Bank, Limited. includes borrowings from PT Bank Resona Perdania, its local subsidiary in Indonesia.

3. The amount of borrowing from Sumitomo Mitsui Banking Corporation includes borrowings from Sumitomo Mitsui Banking Corporation (China) Limited, its local subsidiary in China.

(11) Other Significant Matters concerning the Corporate Group

Not applicable.

## 2. Status of Shares

- (1) Total Number of Shares Authorized to Be Issued 236,000,000 shares
- (2) Total Number of Shares Outstanding 64,113,819 shares (including 348 treasury shares)
- (3) Number of Shareholders 12,717 persons
- (4) Major Shareholders (10 Major Shareholders)

Name	Number of shares held	Shareholding ratio
	Thousand shares	%
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,105	9.52
Shin-Etsu Chemical Co., Ltd.	3,300	5.15
Mizuho Bank, Ltd.	2,907	4.54
Resona Bank, Limited.	2,907	4.53
Sompo Japan Insurance Inc.	2,500	3.90
Marubeni Corporation	2,363	3.69
Mitsubishi Corporation	2,280	3.56
MITSUI & CO., LTD.	2,101	3.28
Sumitomo Mitsui Banking Corporation	1,995	3.11
Custody Bank of Japan, Ltd. (Trust Account)	1,849	2.88

Notes: 1. Treasury shares (348 shares) were excluded in the calculation of shareholding ratio.

2. Treasury shares (348 shares) above do not include 854,300 shares in the Company held by Trust Account E, which was established at the introduction of Board Benefit Trust (BBT) and Stock Benefit Trust (Employee Stockholding Association Purchase-type).

- (5) Status of Shares Granted to Company Officers during the Fiscal Year under Review as consideration for performance of duties  
Not applicable.
- (6) Other Important Matters regarding Shares  
Not applicable.

## 3. Matters Regarding Share Acquisition Rights

Not applicable.

## 4. Company Officers

### (1) Directors (as of March 31, 2023)

Position	Name	Responsibilities and significant concurrent positions
Representative Director, President & CEO	Kazuaki Tokiwa	
Representative Director, Senior Managing Executive Officer	Junji Irie	Senior General Manager, Administrative Div.; Senior General Manager, Corporate Planning Div.
Director, Managing Executive Officer	Gakuyuki Kajiyama	Senior General Manager, Sales & Marketing Div.
Director, Senior Executive Officer	Hitoshi Sugino	Senior General Manager, Technical Div.; General Manager, R&D Center
Director (Full-time Audit & Supervisory Committee Member)	Masato Koizumi	
Director (Audit & Supervisory Committee Member)	Takayuki Hayakawa	Corporate Auditor, TKP Corporation Outside Director, Kyoritsu Maintenance Co., Ltd.
Director (Audit & Supervisory Committee Member)	Shigeharu Nakamura	Outside Director (Audit and Supervisory Committee Member), TOYO KANETSU K.K. External Director, The Shoko Chukin Bank, Ltd.
Director (Audit & Supervisory Committee Member)	Shigeru Ehara	
Director (Audit & Supervisory Committee Member)	Aogi Suemura	Outside Audit & Supervisory Board Member, Nippon Denko Co., Ltd.

- Notes:
1. Directors (Audit & Supervisory Committee Members), Mr. Shigeru Ehara and Ms. Aogi Suemura were newly elected at the 93rd Ordinary General Meeting of Shareholders held on June 17, 2022 and assumed their respective offices.
  2. Directors (Audit & Supervisory Committee Members), Mr. Takayuki Hayakawa, Mr. Shigeharu Nakamura, Mr. Shigeru Ehara and Ms. Aogi Suemura are Outside Directors.
  3. A full-time Audit & Supervisory Committee Member has been elected to strengthen the auditing and supervising functions of the Audit & Supervisory Committee by enabling the information gathering from each division within the Company and close collaboration with internal audit divisions.
  4. The Company registers Directors (Audit & Supervisory Committee Members), Mr. Takayuki Hayakawa, Mr. Shigeharu Nakamura, Mr. Shigeru Ehara and Ms. Aogi Suemura, as Independent Directors with the Tokyo Stock Exchange. For the Independence Standards for Outside Directors stipulated by the Company, please see "Reference" provided later in this document.
  5. Director (Audit & Supervisory Committee Member) Mr. Takayuki Hayakawa has considerable knowledge about finance and accounting and wide knowledge about corporate management derived from his many years of experience working at leading commercial banks. He also has deep insight into management derived from his experience as a corporate executive at each company.
  6. Director (Audit & Supervisory Committee Member) Mr. Shigeharu Nakamura has many years of experience as an officer responsible for risk management and corporate governance at leading commercial banks, as well as deep insight into management derived from his experience as a corporate executive at each company.

7. Director (Audit & Supervisory Committee Member), Mr. Shigeru Ehara has deep insight into management derived from his involvement in companies in various types of businesses and industries through his experience working in a casualty insurance companies and working as a corporate executive. He also has considerable knowledge in global corporate management through his extensive overseas work experience.
8. Director (Audit & Supervisory Committee Member), Ms. Aogi Suemura has engaged in operations such as supporting development of statutory audit/internal control systems for listed companies as a partner of a major audit corporation, and experienced mainly in consolidated financial reporting operations and M&A accounting at major companies as well. She also has extensive knowledge and experience in corporate accounting and management as a certified public accountant.
9. Director (Audit & Supervisory Committee Member), Mr. Shigeharu Nakamura had concurrently served as Auditor of F-TECH INC., but retired on June 23, 2022.
10. Director (Audit & Supervisory Committee Member), Ms. Aogi Suemura assumed the office of Outside Audit & Supervisory Board Member of Nippon Denko Co., Ltd. on March 29, 2023.
11. Changes in positions and responsibilities of Directors during the fiscal year under review are as follows:

Name	After change	Before change	Date of change
Junji Irie	Representative Director, Senior Managing Executive Officer; Senior General Manager, Administrative Div.; Senior General Manager, Corporate Planning Div.	Representative Director, Senior Managing Executive Officer; Senior General Manager, Administrative Div.	April 1, 2022
Hitoshi Sugino	Director, Senior Executive Officer; Senior General Manager, Technical Div.; General Manager, R&D Center	Director, Executive Officer; Senior General Manager, Technical Div.; General Manager, R&D Center	April 1, 2022

12. Changes in positions and responsibilities of Directors after the end of the fiscal year under review are as follows:

Name	After change	Before change	Date of change
Junji Irie	Representative Director, Senior Managing Executive Officer; Senior General Manager, Administrative Div.	Representative Director, Senior Managing Executive Officer; Senior General Manager, Administrative Div.; Senior General Manager, Corporate Planning Div.	April 1, 2023
Hitoshi Sugino	Director, Senior Executive Officer; Senior General Manager, Technical Div.	Director, Senior Executive Officer; Senior General Manager, Technical Div.; General Manager, R&D Center	April 1, 2023

(2) Directors Who Resigned during the Fiscal Year under Review

Name	Positions, responsibilities and significant concurrent positions at resignation	Reasons for resignation	Date of resignation
Kazuma Shibata	Director (Audit & Supervisory Committee Member)	Expiration of term of office	June 17, 2022



(3) Summary of Limited Liability Agreement

The Company has entered into agreements with all Outside Directors to limit their liability for damages under Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability under the said agreement is the minimum liability amount stipulated by laws and regulations.

(4) Summary of Directors and Officers Liability Insurance Agreement

The Company has entered into a directors and officers liability insurance agreement pursuant to Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The insured parties of the said insurance agreement are the Company's Directors (excluding Directors serving as Audit & Supervisory Committee Members), Directors (Audit & Supervisory Committee Members) and Executive Officers. The insured parties do not bear insurance premiums. The insurance agreement covers litigation expenses and legal damages in the event of claims for damages made against the insured parties during the insurance period.

However, to ensure that the properness of the performance of duties by the insured parties is not impaired, there are certain exemptions; for example, damages caused as a result of any conduct committed while knowing that the conduct is in violation of laws and regulations shall not be covered.

## Reference

### <Independence Standards for Outside Directors>

The Company deems that Outside Directors of the Company are independent if they are judged not to fall under any of the following:

1. A person who has been an Executive (\*1) of the Company or subsidiaries of the Company (hereinafter referred to as “Each Group Company”) at present or in the most recent ten (10) years;
2. A person who falls under the following items at present or in the most recent three (3) business years:
  - (1) A person with a relationship with major business partners of Each Group Company (\*2) or an Executive thereof;
  - (2) A major borrower (\*3) of Each Group Company or an Executive thereof;
  - (3) A major shareholder of the Company (\*4) (if such major shareholder is a juridical person, a person who is an Executive of the juridical person);
  - (4) A consultant, accounting specialist, legal specialist, etc. who has received a large amount of money or other property (\*5) from Each Group Company in addition to compensation for officers (if a person who has received such property is an organization such as a juridical person or association, the person belonging to such organization);
  - (5) A person who belongs to an auditing firm that is the Accounting Auditor of Each Group Company;
  - (6) An Executive of a party under mutual appointment as Outside Officer; or
  - (7) A person receiving a large amount of donations or grants (\*6) from Each Group Company or an Executive thereof.
3. A spouse or relative within the second degree of kinship of a person who falls under any of the items of 1 or 2 above; or
4. A person whose total term of office as an Outside Director of the Company exceeds ten (10) years.

(Notes)

\*1 An Executive includes a Director, Corporate Officer, Executive Officer, manager, or other employees who execute the business of a juridical person or other organizations.

\*2 Relationship with major business partners is defined as the case in which the total amount of transactions with Each Group Company accounts for two percent (2%) or more of consolidated sales (average for the most recent three (3) business years) in either of the Company or business partners (including their parent company and significant subsidiaries) in the most recent three (3) business years.

\*3 A major borrower is defined as the case where the total amount of borrowings by Each Group Company accounts for two percent (2%) or more of the total consolidated assets (average for the most recent three (3) business years) as of the last day of the most recent three (3) business years.

\*4 A major shareholder means a person who holds ten percent (10%) or more of the total voting rights directly or indirectly.

\*5 A large amount of money or other property means ten million (10,000,000) yen or more per year.

\*6 Large amount of donations or grants means ten million (10,000,000) yen or more per year.

(5) Compensation of Directors

1) Matters regarding policy for determining individual compensation, etc., for Directors

a. How to decide the determination policy

The policy for determining individual compensation, etc., for Directors was decided at a meeting of the Board of Directors held on February 22, 2021. Its contents were then partially revised based on decision at a meeting of the Board of Directors held on February 21, 2022. The Board of Directors consulted in advance with the Compensation Committee, where more than half of the members are Independent Outside Directors, with respect for the results of such reports, and decided the policy.

b. Outline of contents of the determination policy

(i) Basic Policy

Compensation for Directors (excluding Directors serving as Audit & Supervisory Committee Members) is set at an appropriate level of compensation in accordance with the positions and responsibilities of Directors, based on a compensation plan that motivates Directors to improve business performance in each fiscal year and improve corporate value over the medium to long term, while also enabling them to share value with shareholders. To ensure objectivity and transparency when determining these levels, respect is shown to the opinions of the Compensation Committee, where more than half of the members are Independent Outside Directors.

Specifically, compensation for Directors (excluding Directors serving as 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.

(ii) Policy for Determining the Amount of Individual Compensation, etc., for Basic Compensation (Including Policies Related to Determining the Timing or Terms of Compensation, etc.)

Of executive compensation for Directors (excluding Directors serving as Audit & Supervisory Committee Members), basic compensation consists of fixed compensation paid monthly as cash, after the amount of individual compensation is determined for the current fiscal year based on the basic compensation standards in accordance with position and rank (evaluation), and adjusted for the Company's performance in the previous fiscal year, the performance of departments under supervision, and the status of their responsibilities in the current fiscal year, etc.

In addition, of supervisory compensation, basic compensation consists of fixed compensation paid monthly as cash, after the amount of individual compensation is determined in accordance with whether or not the Director has the authority of representation.

(iii) Policy for Determining the Calculation Method for the Content, Amount, and Number of Performance-Linked Compensation (Including Policies Related to Determining the Timing or Terms of Compensation, etc.)

Bonuses (cash and stock benefits) paid as individual performance-linked compensation for Directors (excluding Directors serving as Audit & Supervisory Committee Members) is calculated by adjusting the amount of basic bonuses, which is set based on basic compensation (cash) as a component of individual executive compensation, for the level of achievement of the following performance-linked indicators for the relevant fiscal year, and a certain percentage of the bonuses is paid as stock benefits according to the position of the Director. Furthermore, bonuses are paid in July of each year.

Performance-linked indicators consist of company performance indicators and individual performance indicators. However, performance-linked indicators for Directors who serve concurrently as Executive Officers with special titles of Managing Executive Officer or higher consist only of company performance indicators.

Company performance indicators are calculated using consolidated operating profit, consolidated ordinary profit, and consolidated ROE, as well as non-consolidated operating profit and non-consolidated ordinary profit for non-consolidated performance indicators, to ensure that compensation is linked to the level of achievement of the Company's business

performance (consolidated and non-consolidated) in relation to the enhancement of corporate value and shareholder value, while individual performance indicators are calculated using the performance of departments under supervision, etc.

- (iv) Policy for Determining the Calculation Method for the Content, Amount, and Number of Non-cash Compensation (Including Policies Related to Determining the Timing or Terms of Compensation, etc.)

Stock benefits (performance-linked compensation as a component of executive compensation and supervisory compensation), which are a form of non-cash compensation for Directors (excluding Directors serving as Audit & Supervisory Committee Members), consist of a Board Benefit Trust (BBT). Points corresponding to the amount of compensation are granted in July of each year, and a number of stock benefits corresponding to the number of points is paid upon retirement.

Stock benefits paid as performance-linked compensation are determined as described in the above (iii), while stock benefits paid as supervisory compensation are a fixed amount, determined in accordance with whether or not the Director has the authority of representation.

- (v) Policy for Determining the Ratio of the Amount of Cash Compensation, the Amount of Performance-Linked Compensation, etc., and the Amount of Non-cash Compensation, etc. to the Amount of Individual Compensation, etc., for Directors

For each individual, the ratio of the amount of cash compensation excluding performance-linked compensation for Directors (excluding Directors serving as Audit & Supervisory Committee Members) (basic compensation as a component of executive compensation and basic compensation as a component of supervisory compensation) and bonuses paid as performance-linked compensation (cash and stock benefits) is approximately 7:3, assuming that the level of achievement for performance-linked compensation is 100%.

In addition, for each individual, the ratio of the amount of cash compensation excluding performance-linked compensation (basic compensation as a component of executive compensation and basic compensation as a component of supervisory compensation) and stock-based compensation (fixed stock-based compensation and stock-based compensation paid as performance-linked compensation) is approximately 8:2, assuming that the level of achievement for performance-linked compensation is 100%.

Furthermore, the individual ratios of the amounts of compensation are revised as appropriate by the Board of Directors after consulting with the Compensation Committee, based on any changes in compensation levels, etc.

- (vi) Matters Related to the Determination of Individual Compensation, etc., for Directors

The details of the compensation system and individual compensation, etc., for Directors (excluding Directors serving as Audit & Supervisory Committee Members), are determined by the Board of Directors after consulting in advance with the Compensation Committee, a majority of which is composed of Independent Outside Directors, with respect for the results of such reports.

- c. Reasons why the Board of Directors judged that contents of individual compensation, etc. for Directors for the fiscal year under review were compliant with the determination policy

In determining contents of individual compensation, etc., for Directors (excluding Directors serving as Audit & Supervisory Committee Members), the Compensation Committee examined the draft in a comprehensive manner, including the consistency with the determination policy. Paying respect for the Committee's report, the Board of Directors judged that the contents were compliant with the determination policy.

2) Matters regarding performance-linked compensation, etc.

a. Contents of performance indicators and reasons for selection

This information is as described in 1) b. (iii) above.

b. Calculation method of the amount or units of performance-linked compensation, etc.

This information is as described in 1) b. (iii) above.

c. Actual results of performance indicators

Actual results of performance-linked indicators in the fiscal year under review are consolidated operating profit of 7,506 million yen, consolidated ordinary profit of 7,964 million yen, consolidated ROE of 7.5%, non-consolidated operating profit of 3,179 million yen and non-consolidated ordinary profit of 5,332 million yen.

3) Details of non-monetary compensation

In order to achieve sustained growth of corporate value by having Directors share benefit with shareholders through shareholdings, the Company grants points to Directors under a Board Benefit Trust (BBT). The contents of the plan is as provided in 1) b. (iv) above.

As described in “4) Compensation, etc. for the fiscal year under review” below, as compensation, etc. to Directors for the fiscal year under review, the Company recorded 29,551 thousand yen for Directors (excluding Audit & Supervisory Committee Members) (excluding Outside Directors), 1,490 thousand yen for Directors (Audit & Supervisory Committee Members) (excluding Outside Directors), and 3,086 thousand yen for Outside Directors (Audit & Supervisory Committee Members), all as provision for Board Benefit Trust (BBT).

4) Compensation, etc. for the fiscal year under review

Officer classification	Total amount of compensation, etc. (Thousands of yen)	Total amount by type of compensation, etc. (Thousands of yen)				Number of eligible Directors (Persons)
		Fixed compensation	Performance-linked compensation (Bonuses)		Fixed stock benefits	
		Basic compensation	Cash	Stock benefits		
Directors (excluding Audit & Supervisory Committee Members) (excluding Outside Directors)	199,974	116,241	54,181	14,334	15,217	5
Directors (Audit & Supervisory Committee Members) (excluding Outside Directors)	17,540	16,050	–	–	1,490	1
Outside Directors (Audit & Supervisory Committee Members)	36,386	33,300	–	–	3,086	5
Total	253,901	165,591	54,181	14,334	19,794	11

Notes: 1. The maximum amount of compensation for Directors (excluding Audit & Supervisory Committee Members) was resolved at the 87th Ordinary General Meeting of Shareholders held on June 24, 2016, to be no more than 250 million yen per year (including compensation for duties performed as Executive Officers by Directors serving concurrently as Executive Officers). The number of Directors (excluding Audit & Supervisory Committee Members) at the conclusion of this Ordinary General Meeting of Shareholders was four (4). Furthermore, the corresponding amount of compensation, etc., for Directors (excluding Audit & Supervisory Committee Members) for the fiscal year under review was 170,422 thousand yen (basic compensation: 116,241 thousand yen, bonuses (cash): 54,181 thousand yen).

2. The maximum amount of compensation for Directors (Audit & Supervisory Committee Members) was resolved at the 87th Ordinary General Meeting of Shareholders held on June 24, 2016, to be no more than 60 million yen per year. The number of Directors (Audit & Supervisory Committee Members) at the conclusion of this Ordinary General Meeting of Shareholders was four (4). Furthermore, the corresponding amount of compensation, etc., for Directors (Audit & Supervisory Committee Members) for the fiscal year under review was 49,350 thousand yen (basic compensation for Directors (Audit & Supervisory Committee Members) (excluding Outside Directors): 16,050 thousand yen, basic compensation for Outside Directors (Audit & Supervisory Committee Members): 33,300 thousand yen).

3. Separately to the amounts of compensation in the items 1. and 2. above, at the 87th Ordinary General Meeting of Shareholders held on June 24, 2016, a resolution was adopted to introduce a stock-based compensation plan “Board Benefit Trust (BBT),” and at the 92nd Ordinary General Meeting of Shareholders held on June 18, 2021, a resolution was adopted to make partial revisions to this plan. Under this stock-based compensation plan, for each period of three fiscal years starting from the fiscal year ended March 31, 2017, the Company will establish a trust with the contribution of cash of up to 210 million yen (including 150 million yen for Directors (excluding Audit & Supervisory Committee Members), 18 million yen for Directors (Audit & Supervisory Committee Members), and 42 million yen for Executive Officers who do not serve concurrently as Directors) as funds necessary for the acquisition of shares corresponding to the three fiscal years. The number of Directors (excluding Audit & Supervisory Committee Members) was five (5) and the number of Directors (Audit & Supervisory Committee Members) was four (4) at the conclusion of the 92nd Ordinary General Meeting of Shareholders held on June 18, 2021.
  4. The total amount of compensation, etc., for Directors (excluding Audit & Supervisory Committee Members) (excluding Outside Directors) includes 109,800 thousand yen in compensation for duties performed as Executive Officers by Directors serving concurrently as Executive Officers.
  5. The total amount of compensation, etc., for Directors (excluding Audit & Supervisory Committee Members) (excluding Outside Directors) includes provisions of 29,551 thousand yen for the Board Benefit Trust (BBT) and 54,181 thousand yen in provisions for bonuses for directors (and other officers), recorded in the fiscal year under review.
  6. The total amount of compensation, etc., for Directors (Audit & Supervisory Committee Members) (excluding Outside Directors) includes provisions of 1,490 thousand yen for the Board Benefit Trust (BBT), recorded in the fiscal year under review.
  7. The total amount of compensation, etc., for Outside Directors (Audit & Supervisory Committee Members) includes provisions of 3,086 thousand yen for the Board Benefit Trust (BBT), recorded in the fiscal year under review.
- 5) Amount of compensation, etc. paid during the fiscal year under review, in addition to 4) above  
 As bonuses (cash and stock benefits) pertaining to the 93rd fiscal year, a total of 68,523 thousand yen (cash: 53,232 thousand yen and stock benefits: 15,291 thousand yen) were paid to five Directors (excluding Audit & Supervisory Committee Members). The amount includes provision for bonuses for directors (and other officers) of 52,906 thousand yen and provision for Board Benefit Trust (BBT) of 14,325 thousand yen recorded in the fiscal year.
- (6) Matters concerning Outside Officers
- 1) Concurrent positions as executives of other corporations and relationships between the Company and other corporations  
 Not applicable.
  - 2) Concurrent positions as outside directors (and other officers) of other corporations and relationships between the Company and other corporations  
 Outside Director (Audit & Supervisory Committee Member), Mr. Takayuki Hayakawa concurrently serves as Corporate Auditor of TKP Corporation and Outside Director of Kyoritsu Maintenance Co., Ltd. No special interests exist between the Company and each of these companies.  
 Outside Director (Audit & Supervisory Committee Member), Mr. Shigeharu Nakamura concurrently serves as Outside Director (Audit and Supervisory Committee Member) of TOYO KANETSU K.K. and External Director of The Shoko Chukin Bank, Ltd. No special interests exist between the Company and each of these companies.  
 Outside Director (Audit & Supervisory Committee Member), Ms. Aogi Suemura concurrently serves as Outside Audit & Supervisory Board Member of Nippon Denko Co., Ltd. No special interests exist between the Company and the said company.

3) Status of the main activities of each Outside Director and outline of duties performed in relation to expected roles

Category	Name	Status of the main activities and outline of duties performed in relation to expected roles
Outside Director (Audit & Supervisory Committee Member)	Takayuki Hayakawa	<p>&lt;Main activities&gt;</p> <p>Mr. Takayuki Hayakawa attended all 16 meetings of the Board of Directors and all 16 meetings of the Audit &amp; Supervisory Committee held in the fiscal year under review and expressed his opinions as appropriate.</p> <p>He chaired the Nomination Committee and served as a member of the Compensation Committee, and attended all 3 meetings of the Nomination Committee and all 3 meetings of the Compensation Committee held in the fiscal year under review. From an independent and objective standpoint, he provided opinions and suggestions as appropriate concerning the personnel affairs and compensation of Directors and Executive Officers.</p> <p>In addition, he chairs the Board of Outside Directors as the primary Independent Outside Director, seeking cooperation and coordination with the internal organizations.</p> <p>&lt;Outline of duties performed in relation to expected roles&gt;</p> <p>With his extensive experience and knowledge at leading banks, he is expected to contribute to the auditing and supervision of the Group's management. Based on the experience and knowledge, he provided broad and objective auditing and supervision of the Group's management, mainly through offering comments and suggestions as appropriate from a various perspectives at meetings of the Board of Directors, the Audit &amp; Supervisory Committee, the Nomination Committee and Compensation Committee.</p>
	Shigeharu Nakamura	<p>&lt;Main activities&gt;</p> <p>Mr. Shigeharu Nakamura attended all 16 meetings of the Board of Directors and all 16 meetings of the Audit &amp; Supervisory Committee held in the fiscal year under review and expressed his opinions as appropriate.</p> <p>He served as a member of the Nomination Committee and chaired the Compensation Committee, and attended all 3 meetings of the Nomination Committee and all 3 meetings of the Compensation Committee held in the fiscal year under review. From an independent and objective standpoint, he provided opinions and suggestions as appropriate concerning the personnel affairs and compensation of Directors and Executive Officers.</p> <p>&lt;Outline of duties performed in relation to expected roles&gt;</p> <p>With his extensive experience and knowledge at leading banks, he is expected to contribute to the auditing and supervision of the Group's management. Based on the experience and knowledge, he provided broad and objective auditing and supervision of the Group's management, mainly through offering comments and suggestions as appropriate from a various perspectives at meetings of the Board of Directors, the Audit &amp; Supervisory Committee, the Nomination Committee and Compensation Committee.</p>

Category	Name	Status of the main activities and outline of duties performed in relation to expected roles
Outside Director (Audit & Supervisory Committee Member)	Shigeru Ehara	<p>&lt;Main activities&gt;</p> <p>Mr. Shigeru Ehara attended all 13 meetings of the Board of Directors and all 12 meetings of the Audit &amp; Supervisory Committee held after his assumption of office on June 17, 2022 and expressed his opinions as appropriate.</p> <p>He also attended all 2 meetings of the Nomination Committee and all 2 meetings of the Compensation Committee held after his assumption of office on June 17, 2022. From an independent and objective standpoint, he provided opinions and suggestions as appropriate concerning the personnel affairs and compensation of Directors and Executive Officers.</p> <p>&lt;Outline of duties performed in relation to expected roles&gt;</p> <p>With his extensive experience and knowledge at casualty insurance companies, he is expected to contribute to the auditing and supervision of the Group's management. Based on the experience and knowledge, he provided broad and objective auditing and supervision of the Group's management, mainly through offering comments and suggestions as appropriate from a various perspectives at meetings of the Board of Directors, the Audit &amp; Supervisory Committee, the Nomination Committee and Compensation Committee.</p>
	Aogi Suemura	<p>&lt;Main activities&gt;</p> <p>Ms. Aogi Suemura attended all 13 meetings of the Board of Directors and all 12 meetings of the Audit &amp; Supervisory Committee held after her assumption of office on June 17, 2022 and expressed his opinions as appropriate.</p> <p>She also attended all 2 meetings of the Nomination Committee and all 2 meetings of the Compensation Committee held after her assumption of office on June 17, 2022. From an independent and objective standpoint, she provided opinions and suggestions as appropriate concerning the personnel affairs and compensation of Directors and Executive Officers.</p> <p>&lt;Outline of duties performed in relation to expected roles&gt;</p> <p>With her extensive experience and knowledge as a certified public accountant, she is expected to contribute to the auditing and supervision of the Group's management. Based on the experience and knowledge, she provided broad and objective auditing and supervision of the Group's management, mainly through offering comments and suggestions as appropriate from a various perspectives at meetings of the Board of Directors, the Audit &amp; Supervisory Committee, the Nomination Committee and Compensation Committee.</p>

- 4) Actions taken to prevent unfair execution of business and a response taken after the occurrence  
Not applicable.
- 5) Total amount of compensation for officers, etc. received by Outside Directors from subsidiaries  
Not applicable.
- 6) Opinions of Outside Directors  
Not applicable.



## 5. Accounting Auditor

(1) Accounting Auditor's Name

Ernst & Young ShinNihon LLC

(2) Outline of Liability Limitation Agreement

The Company has not entered into an agreement with the Accounting Auditor to limit their liability for damages pursuant to Article 423, Paragraph 1 of the Companies Act.

(3) Amount of Accounting Auditor's Compensation, etc. for the Fiscal Year under Review

1) Accounting Auditor's compensation, etc., for the fiscal year under review

54 million yen

Notes: 1. The Audit & Supervisory Committee of the Company agreed on the amount of the compensation, etc. of the Accounting Auditor after confirming and verifying the descriptions in the audit plan prepared by the Accounting Auditor, the status of execution of audit duties, the basis for the calculation of the estimated amount of compensation estimation, etc., based on the "Guidelines for Coordination with Accounting Auditors" published by the Japan Audit & Supervisory Board Members Association.

2. Under the audit agreement between the Company and its Accounting Auditor, the amounts of compensation, etc. for audits pursuant to the Companies Act and audits pursuant to the Financial Instruments and Exchange Act are not separated, and otherwise cannot be separated practically. Consequently, the above amount reflects total compensation.

2) Total amount of cash and other profits payable by the Company and its subsidiaries

54 million yen

The financial statements of RIKEN (THAILAND) CO., LTD., RIKEN ELASTOMERS (THAILAND) CO., LTD., PT. RIKEN INDONESIA, RIKEN VIETNAM CO., LTD., SHANGHAI RIKEN TECHNOS CORPORATION, RIKEN TECHNOS (JIANGSU) CORPORATION and RIKEN TECHNOS INDIA PVT. LTD., all of which are the Company's subsidiaries, as well as the consolidated financial statements of RIKEN AMERICAS CORPORATION, are audited by certified public accountants and accounting firms (including entities possessing qualifications in other countries corresponding to these qualifications) other than the Accounting Auditor of the Company.

(4) Description of Non-Audit Services

Not applicable.

(5) Policy on Determination of Dismissal or Non-reappointment of Accounting Auditor

Contents of decision on the policy on determination of dismissal or non-reappointment of the Accounting Auditor is as follows.

If there is any difficulty in execution of duties by the Accounting Auditor, or when the Audit & Supervisory Committee deems it necessary, the Audit & Supervisory Committee will decide the details of the proposal for the dismissal or non-reappointment of the Accounting Auditor to be submitted to the General Meeting of Shareholders.

In addition, in the event that the Accounting Auditor is deemed to have met the items set forth in the clauses of Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Committee shall dismiss the Accounting Auditor subject to the unanimous consent of the Audit & Supervisory Committee Members. In this case, an Audit & Supervisory Committee Member selected by the Audit & Supervisory Committee will report the dismissal and the reasons for the dismissal at the first General Meeting of Shareholders to be convened after the dismissal.

## 6. Systems and Policies of the Company

- (1) Systems to Ensure that Directors' Duties Are Performed in Compliance with Laws and Regulations and the Articles of Incorporation and Other Systems to Ensure the Appropriateness of the Business Operations

Contents of decisions on systems to ensure that Directors' duties are performed in compliance with laws and regulations and the Articles of Incorporation and other systems to ensure the appropriateness of the business operations are as follows:

The Company and its subsidiaries (hereinafter, collectively referred to as the "RIKEN TECHNOS GROUP") have declared that the RIKEN TECHNOS GROUP practices and observes the RIKEN TECHNOS WAY and the RIKEN TECHNOS GROUP Code of Conduct (hereinafter referred to as "Code of Conduct") and operates its business activities. The RIKEN TECHNOS GROUP believes that the Internal Control System, a system established to ensure appropriate and efficient business operations, is a necessary and essential measure for the more reliable fulfillment of the abovementioned business practices.

The RIKEN TECHNOS GROUP hereby develops the following as its Internal Control System in accordance with the Companies Act of Japan and the Ordinance for Enforcement of the Companies Act of Japan.

- 1) Systems to ensure that Directors' and employees' duties are performed in compliance with laws and regulations and the Articles of Incorporation
  - All of the Directors, including the Representative Directors, make it thoroughly known to all of the executive and employees that they are to put top priority on observing the Code of Conduct and ensuring that they perform their duties in compliance with laws and regulations and the Articles of Incorporation.
  - The activities of the Risk & Compliance Committee are reported to the Board of Directors in a relevant and timely manner.  
The General Affairs & Legal Department provides compliance training for all executives and employees.
  - In order to ensure that all executives and employees may directly report any suspicious activities contrary to laws and regulations, the Articles of Incorporation, the Code of Conduct, various guidelines, or other standards with which group companies, Directors, and employees are to comply (hereinafter referred to as "Laws and Regulations"), the RIKEN TECHNOS GROUP has established contact points for anonymous reporting in the Audit Department and in a consultative law firm.
  - The RIKEN TECHNOS GROUP shall never have any relationships with antisocial powers or organizations that threaten the security and order of civil society.  
In addition, the RIKEN TECHNOS GROUP shall show fortitude and adamantly refuse any unreasonable demands by antisocial powers or organizations.
- 2) System for the preservation and management of information in relation to the performance of Directors' duties
  - Information in relation to the performance of Directors' duties is controlled and managed in accordance with the Rule for Information Management and is preserved in documents and electronic media.  
The preserved information is made available for viewing in accordance with the Rule for Information Management.
- 3) Rules and systems for managing the risk of loss
  - Each department manages individual risk factors in relation to each department. The RIKEN TECHNOS GROUP has established a Risk & Compliance Committee for company-wide, cross-cutting management of risk factors, and the President of the Company serves as the chairperson of the Committee.

- 4) Systems to ensure that the Directors' duties are performed efficiently
- The Board of Directors formulates a Medium-term Business Plan and the annual Business Plans.
  - The Board of Directors grasps the progress of the Business Plan by inspecting monthly record data on business performance with the help of information technology, and discusses and implements measures necessary for the achievement of the Business Plan.
  - The Management Committee meeting is held monthly in order to operate its business rapidly through active delegation of authority. The progress of business achievement is checked by the Manufacturing Division and the Quality Assurance Division through their Manufacturing and Quality-Related Division Meetings held on a quarterly basis; by the Technical Division through their Technical Division Meetings held on a quarterly basis; by the Sales & Marketing Division through their Sales & Marketing Division Meetings held on a quarterly basis; and by other divisions through meetings held monthly at each division. Appropriate countermeasures are taken if considered necessary.

5) Systems to ensure the appropriateness of the business operations of the RIKEN TECHNOS GROUP

- The Corporate Planning Division, as the division with jurisdiction over overall business management of the Company's consolidated subsidiaries, is responsible for overseeing that each consolidated subsidiary of the Company is instructed to establish its own Internal Control System and ensuring that each consolidated subsidiary share information of the same quality and quantity in the same manner as the Company.

The Corporate Planning Division and each division manage the progress of their respective business operations, and manage and supervise the Company's consolidated subsidiaries with a view to ensuring that all reporting to the Company and approval procedures at the Company shall be conducted appropriately, in accordance with the RIKEN TECHNOS GROUP Rule for Management of Consolidated Subsidiaries. The Corporate Planning Division and the other divisions manage the risk of loss through such administration and supervision.

The Corporate Planning Division also arranges an operational report meeting attended by the President, Executive Officers in charge, and the Senior General Manager of the Administrative Division, at least twice a year for domestic consolidated subsidiaries and at least once a year for overseas consolidated subsidiaries.

On receipt of the monthly reports (including financial data) from each consolidated subsidiary of the Company, the Corporate Planning Division compiles them and then distributes the reports to the Directors, Executive Officers and relevant departments.

- The General Affairs & Legal Department has the executives and employees of RIKEN TECHNOS GROUP thoroughly understand and observe the RIKEN TECHNOS GROUP Compliance Manual, and thereby strives to develop a compliance system for the RIKEN TECHNOS GROUP and settle issues facing the RIKEN TECHNOS GROUP.
- The Audit Department regularly conducts operational audits at the RIKEN TECHNOS GROUP, and thereby confirms that all operational activities comply with Laws and Regulations and checks and evaluates whether all operational activities are efficiently operated in accordance with various managerial rules and whether the various managerial rules are functioning appropriately towards the achievement of the managerial targets.

6) Provisions on Directors and employees who assist the Audit & Supervisory Committee in performing its duties, on the independence of such Directors and employees from other Directors (excluding Directors serving as Audit & Supervisory Committee Members), and on measures to ensure the effectiveness of instructions of the Audit & Supervisory Committee to such Directors and employees

The Audit Department is set up as an organization under the direct control of the Audit & Supervisory Committee to assist the Audit & Supervisory Committee in performing its duties, and several dedicated employees are appointed to the Audit Department.

To ensure the independence of these employees, all rights to command and order them shall be delegated exclusively to the Audit & Supervisory Committee, and these employees shall not be commanded or ordered by departments conducting business operations or any of the Directors (excluding Directors serving as Audit & Supervisory Committee Members). In addition, any decision on a personnel transfer, personnel evaluation, or disciplinary measures, etc. for these employees shall be made subsequent to the approval from the Audit & Supervisory Committee.

The Company appoints no Director to assist the Audit & Supervisory Committee in performing its duties.

- 7) System for reporting to the Company's Audit & Supervisory Committee by Directors (excluding Directors serving as Audit & Supervisory Committee Members), Executive Officers and employees of the Company, or by Directors, corporate auditors, and employees of the Company's subsidiaries, or by persons who have received reports from such Directors, corporate auditors, and employees, and system for other forms of reporting to the Audit & Supervisory Committee
- The Audit & Supervisory Committee Members attend important meetings, such as the Board of Directors meeting and Management Committee meeting.
  - Directors of the Company (excluding Directors serving as Audit & Supervisory Committee Members), Executive Officers and employees inform the Audit & Supervisory Committee of legal matters, as well as the matters that may have significant impact on the RIKEN TECHNOS GROUP (including the relevant matters in cases where it is considered that the acts of Directors, Executive Officers, or employees could infringe Laws and Regulations or cause serious damage).
  - The Audit Department reports the progress of internal auditing to the Audit & Supervisory Committee, in principle, every month.
  - If the Directors, corporate auditors, and employees of a consolidated subsidiary of the Company consider that the actions of a consolidated subsidiary or a Director or employee of a consolidated subsidiary may infringe Laws and Regulations or cause serious damage, they shall report such matter in accordance with the RIKEN TECHNOS GROUP Rule for Management of Consolidated Subsidiaries and immediately report such matter to the Company's Audit & Supervisory Committee.
  - A person who reported to the Audit & Supervisory Committee shall not be treated disadvantageously in personnel affairs or in any other way, as a consequence of such reporting.
- 8) Provisions concerning procedures for the advance payment or redemption of expenses arising from the performance of duties of the Audit & Supervisory Committee Members, and other policies for the handling of expenses or liabilities arising from the performance of duties of the Audit & Supervisory Committee Members
- Audit & Supervisory Committee Members may request the Company to make advance payments, redeem expenses, or settle repayments of assumed liabilities, etc. arising from the execution of their duties, and the Company shall promptly respond to such requests.
- 9) Other systems to ensure that the audits by Audit & Supervisory Committee are executed effectively
- The Company strengthens cooperation between the Audit & Supervisory Committee and the Audit Department established under the direct control of the Audit & Supervisory Committee and conducts effective and organizational audits by conducting joint audits in Japan and overseas if considered necessary.
  - The Representative Directors and Audit & Supervisory Committee Members exchange opinions at the Board of Directors meeting held monthly and promptly communicate opinions and information necessary to conduct effective audits.
  - Audit & Supervisory Committee, Independent Accountants, and the Audit Department hold a joint meeting semi-annually for the purpose of exchanging opinions.

(2) Outline of the Operating Status of the Systems to Ensure the Appropriateness of the Business Operations

Based on the aforementioned basic policy for the systems to ensure the appropriateness of the business operations, the Company strives to establish systems and appropriately operate them. Outline of the operating status of the systems during the fiscal year under review are as follows:

1) Risk management

The Risk & Compliance Committee identified, analyzed and evaluated risks for the entire Group, ascertained significant risks, identified those requiring a priority response, and formulated initiatives to respond to them. The Committee confirmed and reviewed semi-annually the progress of implementation of the initiatives to respond to risks, gave improvement instructions to related departments as necessary, thereby comprehensively managing risks for the entire Group.

2) Compliance

The Risk & Compliance Committee confirmed the implementation status of compliance initiatives and the status of improvement for the entire Group. The Group also provided compliance seminars and workshops on legal compliance to executives and employees of the RIKEN TECHNOS GROUP on an ongoing basis, in an effort to increase executives' and employees' awareness of ensuring compliance.

3) Operational audits

The Audit Department performed internal audit of the RIKEN TECHNOS GROUP and gave reports on the status to the Audit & Supervisory Committee, while also reporting to the President monthly. The Department gave semi-annual periodic reports and an annual report on the status of internal control to each of the Board of Directors, the Management Committee and the Audit & Supervisory Committee.

4) Business management of consolidated subsidiaries

Pursuant to the "Regulations on the Management of RIKEN TECHNOS GROUP Consolidated Subsidiaries," the Group monthly received reports on the status of business execution of its consolidated subsidiaries. An operational report meeting was arranged twice a year for consolidated subsidiaries, at which the Group received reports as necessary on the status of their management and financial standing, thereby managing and supervising business operations of the consolidated subsidiaries.

5) Performance of Directors' duties

The Board of Directors met 16 times during the fiscal year under review, at which it decided on important managerial items defined in laws and regulations, as well as in the Articles of Incorporation and the Regulations on the Board of Directors and supervised the business execution of each Director.

6) Performance of Audit & Supervisory Committee Members' duties

The Audit & Supervisory Committee met 16 times during the fiscal year under review. Through attending important meetings, such as the Board of Directors meeting, the Committee audited the business execution of Directors (excluding Directors serving as Audit & Supervisory Committee Members). The Committee exchanged information with the Audit Department and Accounting Auditors semi-annually to promote mutual cooperation.

Note: Figures and the number of shares presented in this business report were rounded down to the unit used for presentation.

# Consolidated Financial Statements

## Consolidated Balance Sheets

(Thousands of yen)

Account item	(Reference) 93rd fiscal year (As of March 31, 2022)	94th fiscal year (As of March 31, 2023)	Account item	(Reference) 93rd fiscal year (As of March 31, 2022)	94th fiscal year (As of March 31, 2023)
<b>Assets</b>			<b>Liabilities</b>		
<b>Current assets</b>	<b>65,118,496</b>	<b>71,667,937</b>	<b>Current liabilities</b>	<b>31,409,322</b>	<b>33,876,116</b>
Cash and deposits	20,702,615	23,481,932	Notes and accounts payable - trade	20,075,715	21,193,377
Notes receivable - trade	1,785,477	1,306,391	Electronically recorded obligations - operating	521,101	467,511
Accounts receivable - trade	21,413,866	22,180,311	Short-term borrowings	6,769,296	7,718,267
Electronically recorded monetary claims - operating	3,145,045	5,008,505	Current portion of long-term borrowings	488,174	552,457
Merchandise and finished goods	9,159,195	9,678,717	Lease liabilities	14,444	16,456
Work in process	621,167	961,462	Accrued expenses	1,158,832	1,109,364
Raw materials and supplies	7,623,661	8,094,251	Income taxes payable	480,704	640,838
Prepaid expenses	219,574	640,087	Accrued consumption taxes	73,670	144,095
Short-term loans receivable	420	521	Provision for bonuses	726,155	807,030
Other	531,073	399,506	Provision for bonuses for directors (and other officers)	97,774	92,721
Allowance for doubtful accounts	(83,600)	(83,749)	Other	1,003,452	1,133,997
<b>Non-current assets</b>	<b>37,522,987</b>	<b>40,334,820</b>	<b>Non-current liabilities</b>	<b>5,783,661</b>	<b>5,961,407</b>
<b>Property, plant and equipment</b>	<b>25,136,870</b>	<b>27,077,707</b>	Long-term borrowings	2,566,512	2,260,070
Buildings and structures	9,915,598	10,464,642	Lease liabilities	20,774	30,639
Machinery, equipment and vehicles	7,902,898	7,963,520	Deferred tax liabilities	1,469,124	1,877,146
Land	6,331,829	6,439,554	Provision for share awards for directors (and other officers)	171,386	200,788
Leased assets	40,319	57,020	Retirement benefit liability	1,136,730	1,157,941
Construction in progress	364,622	1,512,427	Other	419,133	434,820
Other	581,602	640,541	<b>Total liabilities</b>	<b>37,192,984</b>	<b>39,837,524</b>
<b>Intangible assets</b>	<b>2,106,466</b>	<b>2,286,713</b>	<b>Net assets</b>		
Software	839,865	925,933	<b>Shareholders' equity</b>	<b>52,846,228</b>	<b>56,168,784</b>
Leased assets	588	5,173	<b>Share capital</b>	<b>8,514,018</b>	<b>8,514,018</b>
Goodwill	7,275	5,820	<b>Capital surplus</b>	<b>6,597,580</b>	<b>6,597,580</b>
Other	1,258,737	1,349,785	<b>Retained earnings</b>	<b>38,200,822</b>	<b>41,463,280</b>
<b>Investments and other assets</b>	<b>10,279,650</b>	<b>10,970,399</b>	<b>Treasury shares</b>	<b>(466,193)</b>	<b>(406,095)</b>
Investment securities	7,905,371	8,777,528	<b>Accumulated other comprehensive income</b>	<b>4,915,842</b>	<b>7,027,233</b>
Long-term loans receivable	2,526	1,905	<b>Valuation difference on available-for-sale securities</b>	<b>4,255,441</b>	<b>4,904,961</b>
Retirement benefit asset	962,148	811,947	<b>Foreign currency translation adjustment</b>	<b>563,069</b>	<b>2,159,985</b>
Deferred tax assets	428,348	441,121	<b>Remeasurements of defined benefit plans</b>	<b>97,331</b>	<b>(37,713)</b>
Other	983,575	940,216	<b>Non-controlling interests</b>	<b>7,686,429</b>	<b>8,969,215</b>
Allowance for doubtful accounts	(2,320)	(2,320)	<b>Total net assets</b>	<b>65,448,500</b>	<b>72,165,232</b>
<b>Total assets</b>	<b>102,641,484</b>	<b>112,002,757</b>	<b>Total liabilities and net assets</b>	<b>102,641,484</b>	<b>112,002,757</b>

Note: Figures presented are rounded down to the nearest thousand yen.

## Consolidated Statements of Income

(Thousands of yen)

Account item	(Reference) 93rd fiscal year (April 1, 2021 to March 31, 2022)		94th fiscal year (April 1, 2022 to March 31, 2023)	
<b>Net sales</b>		<b>109,923,705</b>		<b>123,497,991</b>
<b>Cost of sales</b>		<b>91,008,539</b>		<b>103,146,236</b>
<b>Gross profit</b>		<b>18,915,166</b>		<b>20,351,754</b>
Selling, general and administrative expenses		12,623,123		12,845,492
<b>Operating profit</b>		<b>6,292,043</b>		<b>7,506,262</b>
<b>Non-operating income</b>				
Interest and dividend income	222,166		267,202	
Foreign exchange gains	344,491		228,486	
Other	223,098	789,757	190,376	686,065
<b>Non-operating expenses</b>				
Interest expenses	109,206		169,759	
Other	83,567	192,773	57,664	227,424
<b>Ordinary profit</b>		<b>6,889,026</b>		<b>7,964,903</b>
<b>Extraordinary income</b>				
Gain on sale of non-current assets	1,102		2,066	
Gain on sale of investment securities	106,010	107,113	8,720	10,786
<b>Extraordinary losses</b>				
Loss on sale and retirement of non-current assets	10,289		13,074	
Impairment losses	319,144		—	
Loss from money transfer scam at foreign subsidiary	187,259		—	
Loss on sale of investment securities	3,409	520,102	—	13,074
<b>Profit before income taxes</b>		<b>6,476,038</b>		<b>7,962,615</b>
Income taxes- current	1,931,105		1,899,962	
Income taxes - deferred	(83,716)	1,847,389	144,403	2,044,365
Profit		4,628,648		5,918,249
Profit attributable to non-controlling interests		687,230		1,360,726
<b>Profit attributable to owners of parent</b>		<b>3,941,418</b>		<b>4,557,523</b>

Note: Figures presented are rounded down to the nearest thousand yen.

# Non-Consolidated Financial Statements

## Non-Consolidated Balance Sheets

(Thousands of yen)

Account item	(Reference) 93rd fiscal year (As of March 31, 2022)	94th fiscal year (As of March 31, 2023)	Account item	(Reference) 93rd fiscal year (As of March 31, 2022)	94th fiscal year (As of March 31, 2023)
<b>Assets</b>			<b>Liabilities</b>		
<b>Current assets</b>	<b>43,232,499</b>	<b>46,602,579</b>	<b>Current liabilities</b>	<b>19,295,033</b>	<b>20,116,518</b>
Cash and deposits	15,637,317	16,550,779	Notes payable - trade	18,953	2,168
Notes receivable - trade	1,268,812	815,979	Accounts payable - trade	12,868,452	14,119,844
Accounts receivable - trade	15,337,316	15,475,625	Electronically recorded obligations - operating	521,101	467,511
Electronically recorded monetary claims - operating	2,798,726	4,546,235	Electronically recorded obligations - non-operating	162,555	170,678
Merchandise and finished goods	4,897,431	5,532,876	Short-term borrowings	2,950,000	2,950,000
Work in process	416,542	731,962	Lease liabilities	2,190	3,133
Raw materials and supplies	1,878,514	2,066,733	Accounts payable - other	457,896	353,246
Prepaid expenses	197,915	205,559	Accrued expenses	951,831	875,747
Short-term loans receivable	420	420	Income taxes payable	563,657	274,031
Other	883,002	758,906	Provision for bonuses	630,820	685,567
Allowance for doubtful accounts	(83,500)	(82,500)	Provision for bonuses for directors (and other officers)	97,774	92,721
<b>Non-current assets</b>	<b>28,466,170</b>	<b>29,891,380</b>	Other	69,801	121,868
<b>Property, plant and equipment</b>	<b>12,376,749</b>	<b>12,695,294</b>	<b>Non-current liabilities</b>	<b>1,598,392</b>	<b>1,908,066</b>
Buildings and structures	4,315,760	4,420,657	Long-term borrowings	190,018	139,722
Machinery and equipment	2,833,376	3,022,074	Lease liabilities	6,093	8,340
Vehicles	27,376	32,236	Deferred tax liabilities	548,204	918,773
Tools, furniture and fixtures	379,476	448,164	Provision for share awards for directors (and other officers)	171,386	200,788
Land	4,727,287	4,727,287	Provision for retirement benefits	339,104	310,782
Leased assets	8,283	10,724	Asset retirement obligations	322,480	327,341
Construction in progress	85,189	34,150	Long-term accounts payable - other	21,104	2,316
<b>Intangible assets</b>	<b>726,725</b>	<b>748,831</b>	<b>Total liabilities</b>	<b>20,893,425</b>	<b>22,024,584</b>
Software	711,986	734,092	<b>Net assets</b>		
Other	14,738	14,738	<b>Shareholders' equity</b>	<b>46,556,313</b>	<b>49,566,451</b>
<b>Investments and other assets</b>	<b>15,362,695</b>	<b>16,447,255</b>	<b>Share capital</b>	<b>8,514,018</b>	<b>8,514,018</b>
Investment securities	7,866,436	8,747,066	<b>Capital surplus</b>	<b>6,532,977</b>	<b>6,532,977</b>
Shares of subsidiaries and associates	4,548,885	4,548,885	Legal capital surplus	6,532,977	6,532,977
Investments in capital of subsidiaries and associates	1,739,673	1,715,213	<b>Retained earnings</b>	<b>31,975,510</b>	<b>34,925,549</b>
Long-term loans receivable from employees	1,170	750	Legal retained earnings	1,107,369	1,107,369
Prepaid pension costs	858,517	920,408	Other retained earnings	30,868,141	33,818,180
Other	348,011	514,932	General reserve	12,000,000	12,000,000
			Retained earnings brought forward	18,868,141	21,818,180
			<b>Treasury shares</b>	(466,193)	(406,095)
			<b>Valuation and translation adjustments</b>	<b>4,248,930</b>	<b>4,902,924</b>
			<b>Valuation difference on available- for-sale securities</b>	<b>4,248,930</b>	<b>4,902,924</b>
			<b>Total net assets</b>	<b>50,805,243</b>	<b>54,469,375</b>
<b>Total assets</b>	<b>71,698,669</b>	<b>76,493,960</b>	<b>Total liabilities and net assets</b>	<b>71,698,669</b>	<b>76,493,960</b>

Note: Figures presented are rounded down to the nearest thousand yen.



## Non-Consolidated Statements of Income

(Thousands of yen)

Account item	(Reference) 93rd fiscal year (April 1, 2021 to March 31, 2022)		94th fiscal year (April 1, 2022 to March 31, 2023)	
<b>Net sales</b>		<b>43,578,893</b>		<b>57,080,217</b>
<b>Cost of sales</b>		<b>34,273,065</b>		<b>46,112,125</b>
<b>Gross profit</b>		<b>9,305,828</b>		<b>10,968,091</b>
Selling, general and administrative expenses		6,738,583		7,788,175
<b>Operating profit</b>		<b>2,567,244</b>		<b>3,179,916</b>
<b>Non-operating income</b>				
Interest and dividend income	1,371,580		1,915,458	
Foreign exchange gains	251,851		153,800	
Other	165,728	1,789,160	143,175	2,212,434
<b>Non-operating expenses</b>				
Interest expenses	18,284		17,399	
Depreciation of assets for rent	44,658		25,275	
Other	33,367	96,309	16,948	59,623
<b>Ordinary profit</b>		<b>4,260,095</b>		<b>5,332,727</b>
<b>Extraordinary income</b>				
Gain on sale of non-current assets	835		—	
Gain on sale of investment securities	87,252		6,297	
Gain on extinguishment of tie-in shares	566,260	654,348	—	6,297
<b>Extraordinary losses</b>				
Loss on retirement of non-current assets	5,173		6,049	
Impairment losses	319,144		—	
Loss on liquidation of subsidiaries and associates	36,936	361,254	—	6,049
<b>Profit before income taxes</b>		<b>4,553,188</b>		<b>5,332,975</b>
Income taxes- current	947,686		1,011,049	
Income taxes - deferred	(9,596)	938,090	89,615	1,100,664
<b>Profit</b>		<b>3,615,098</b>		<b>4,232,310</b>

Note: Figures presented are rounded down to the nearest thousand yen.

Translation  
**Independent Auditor's Report**

May 15, 2023

The Board of Directors  
RIKEN TECHNOS CORPORATION

Ernst & Young ShinNihon LLC

Tokyo Office, Japan

Hideyuki Inoue  
Designated Engagement Partner  
Certified Public Accountant

Yoshihiro Sugimoto  
Designated Engagement Partner  
Certified Public Accountant

**Opinion**

Pursuant to Article 444, paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets, and notes to the consolidated financial statements of RIKEN TECHNOS CORPORATION and its consolidated subsidiaries (the Group) applicable to the fiscal year from April 1, 2022 to March 31, 2023.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position and results of operations of the Group applicable to the fiscal year ended March 31, 2023, in accordance with accounting principles generally accepted in Japan.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other Information**

The other information comprises the information included in the Group's business report and its supplementary schedules. Management is responsible for preparation and disclosure of the other information. The Audit & Supervisory Committee is responsible for overseeing the Group's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other

information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of Management and the Audit & Supervisory Committee for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit & Supervisory Committee is responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit & Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit & Supervisory Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

#### Notes to the Readers of Independent Auditor's Report

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

## Translation Independent Auditor's Report

May 15, 2023

The Board of Directors  
RIKEN TECHNOS CORPORATION

Ernst & Young ShinNihon LLC  
Tokyo Office, Japan  
Hideyuki Inoue  
Designated Engagement Partner  
Certified Public Accountant  
Yoshihiro Sugimoto  
Designated Engagement Partner  
Certified Public Accountant

### Opinion

Pursuant to Article 436, paragraph 2, item (i) of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets, and notes to the financial statements of RIKEN TECHNOS CORPORATION (the Company) applicable to the fiscal year from April 1, 2022 to March 31, 2023.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position and results of operations of the Company applicable to the fiscal year ended March 31, 2023, in accordance with accounting principles generally accepted in Japan.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

The other information comprises the information included in the Company's business report and its supplementary schedules. Management is responsible for preparation and disclosure of the other information. The Audit & Supervisory Committee is responsible for overseeing the Company's reporting process of the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and,

in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of Management and the Audit & Supervisory Committee for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit & Supervisory Committee is responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the financial statements is not expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with the Audit & Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit & Supervisory Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

## Translation Audit Report

The Audit & Supervisory Committee audited the performance of duties by the Directors for the 94th fiscal year from April 1, 2022 to March 31, 2023, and hereby submits the method and results of the audit.

### 1. Auditing Methods and Details Thereof

The Audit & Supervisory Committee received reports periodically from Directors, employees and other relevant personnel about the details of the Board of Directors resolution concerning the matters set forth in Article 399-13, Paragraph 1, Item 1 (b) and (c) of the Companies Act, as well as the establishment and operation of the system based on such resolution (the internal control system), sought explanations as necessary, expressed opinions and conducted the audit through the methods described below.

- 1) In accordance with our audit policy and job responsibilities established by the Audit & Supervisory Committee, and in cooperation with the internal audit division, we attended important meetings taking advantage of telephone and online conference tools as well, received reports from Directors and employees on the status of performance of their duties, requested explanations as necessary, reviewed important approval documents, and examined business operations and financial conditions at the head office and other principal business locations. With respect to subsidiaries, we communicated and exchanged information with directors, corporate auditors and other relevant personnel of subsidiaries as well as received reports from subsidiaries on their business as necessary.
- 2) We monitored and verified whether the Accounting Auditor maintained its independence and implemented appropriate audits, as well as received reports from the Accounting Auditor regarding the performance of its duties and sought explanations as necessary. In addition, we received notice from the Accounting Auditor that the "systems for ensuring that the performance of duties is being carried out correctly" (matters set forth in each item of Article 131 of the Regulation on Corporate Accounting) had been prepared in accordance with the "Standards on Quality Control for Audits" (issued by the Business Accounting Council on October 28, 2005) and other relevant standards, and sought explanations as necessary.

Based on the above methods, we examined the business report and its supplementary schedules, the non-consolidated financial statements (non-consolidated balance sheets, non-consolidated statements of income, non-consolidated statements of changes in net assets, and notes to the non-consolidated financial statements) and their supplementary schedules, as well as the consolidated financial statements (consolidated balance sheets, consolidated statements of income, consolidated statements of changes in net assets and notes to the consolidated financial statements) for the relevant fiscal year.

### 2. Results of Audit

#### (1) Results of Audit of Business Report and Other Relevant Documents

- 1) In our opinion, the business report and its supplementary schedules are in accordance with laws, regulations and the Articles of Incorporation, and fairly represent the Company's condition.
- 2) We have found no material facts of wrongful action or violation of laws, regulations or the Articles of Incorporation in the performance of duties by the Directors.
- 3) In our opinion, the contents of the resolutions of the Board of Directors related to the internal control system are fair and reasonable. In addition, we have found no matters to be reported regarding the description in the business report and the performance of duties by the Directors related to such internal control system.

#### (2) Results of Audit of Non-Consolidated Financial Statements and Supplementary Schedules

In our opinion, the methods and results employed and rendered by the Accounting Auditor Ernst & Young ShinNihon LLC are fair and reasonable.



(3) Results of Audit of Consolidated Financial Statements

In our opinion, the methods and results employed and rendered by the Accounting Auditor Ernst & Young ShinNihon LLC are fair and reasonable.

May 19, 2023

Audit & Supervisory Committee, RIKEN TECHNOS CORPORATION

Full-Time Audit & Supervisory Committee Member	Masato Koizumi
Audit & Supervisory Committee Member	Takayuki Hayakawa
Audit & Supervisory Committee Member	Shigeharu Nakamura
Audit & Supervisory Committee Member	Shigeru Ehara
Audit & Supervisory Committee Member	Aogi Suemura

Note: Audit & Supervisory Committee Members, Takayuki Hayakawa, Shigeharu Nakamura, Shigeru Ehara and Aogi Suemura are Outside Directors as stipulated in Article 2, Item 15 and Article 331, Paragraph 6 of the Companies Act.

Notes to the Readers of Audit Report

This is an English translation of the Audit Report as required by the Companies Act of Japan for the conveniences of the reader.