



May 14, 2025

(Translation)

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## **Notice Regarding the Formulation of Medium-Term Management Plan 2027**

Riken Vitamin Co., Ltd. (the “Company”) hereby announces the formulation of Medium-Term Management Plan 2027, which covers the three years beginning with FY2025 and ending with FY2027.

### **1. Review of previous Medium-Term Management Plan (FY2022–2024)**

Setting its sights on FY2030, the Riken Vitamin Group has established a Medium- to long-term vision focused on achieving growth by supporting a sustainable society with specialty products and services. Under its previous Medium-Term Management Plan, the Group concentrated on four strategic pillars: strengthening management foundation (governance), accelerating expansion in Asia and North America, delving into the domestic market, and entering new domains, and pursuing sustainability-focused management. Through its adherence to these strategic pillars, the Group successfully achieved all performance targets.

Following a significant decline caused by accounting issues emerging during 2020 in association with an overseas subsidiary, our share price rebounded to levels observed prior to these issues. However, our share price has since stagnated, and the Group's PBR has remained below 1.0.

As we prepare to implement Medium-Term Management Plan 2027, we face several key challenges. Aging facilities and labor shortages observed in connection with both domestic and overseas factories have necessitated the implementation of production system restructuring initiatives. Additionally, we recognize the need to accelerate efforts targeting operational expansion overseas.

## 2. Overview of Medium-Term Management Plan 2027

### (1) Strategic positioning of Medium-Term Management Plan 2027 within our Medium- to long-term vision

The Company has updated its Medium- to long-term vision and now targets JPY13.5bn in operating profit, an overseas sales ratio of 35%, and ROE of 10–12% for FY2034. To facilitate achievement of these targets, Medium-Term Management Plan 2027 includes capex of JPY25.0bn—2.5 times the capex of our previous plan. Meanwhile, in Japan, we will prioritize investment targeting productivity and labor dependency reduction to address aging infrastructure and manpower shortages. Overseas, we will invest in the expansion of specialty product production while establishing a foundation for future growth while establishing a foundation for future growth through cross-border integration and collaboration among production, sales, development, and administrative functions.

Alongside these initiatives, we will transition toward a management approach prioritizing our balance sheet and share price while promoting constructive dialogue with shareholders and the investment community with the aim of enhancing our Medium- to long-term corporate value.

### (2) Management objectives and cash allocation

#### a. Management objectives

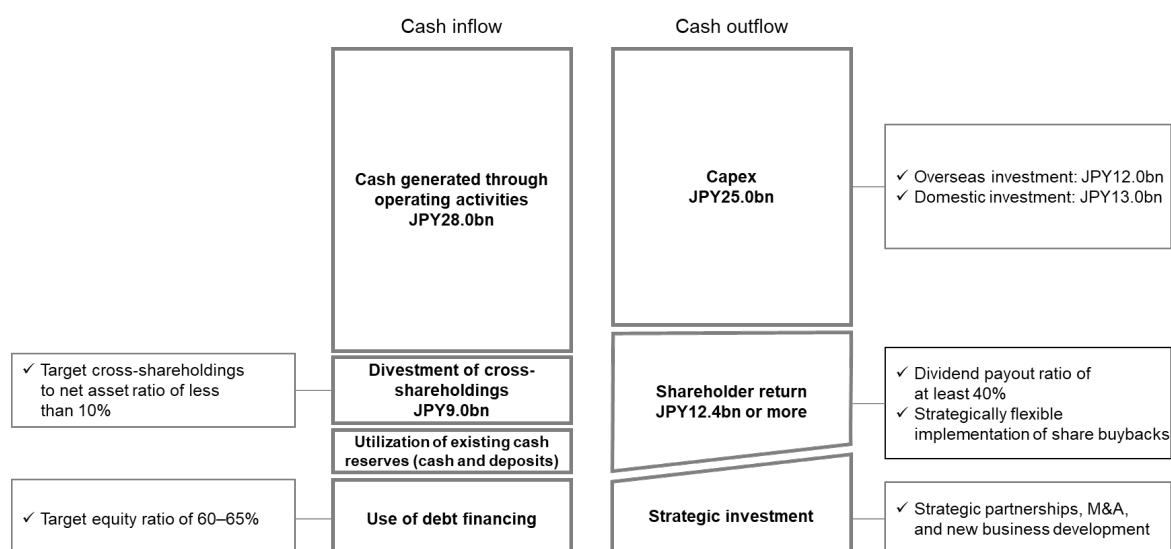
		FY2024 result	FY2027 target
Profitability	Operating profit	JPY8.7bn	JPY10.0bn
	EBITDA*	JPY11.9bn	JPY14.2bn
Growth potential	Net sales	JPY95.5bn	JPY110.0bn
Efficiency	ROE	12.1%	≥10%
Shareholder return	Dividend payout ratio	30.1%	≥40%
Financial discipline	Equity ratio	70%	60–65%
Governance	Cross-shareholdings to net asset ratio	19.0%	<10%

Assumed exchange rate: JPY150/USD

\*EBITDA: Operating profit + depreciation

#### b. Cash allocation

- ✓ Utilizing funds from operating activities, gains from the divestiture of cross-shareholdings, and existing cash reserves (cash and deposits), we will proactively invest while ensuring shareholder return.
- ✓ When deemed in alignment with strategic needs or objectives, we will undertake strategic investment, both organic and inorganic, through selective debt financing.



### (3) Business strategy

#### a. Awareness of business environment

##### Demographic changes

Japan's population is declining and aging, while the global population is increasing.

##### Lifestyle changes

The processed food market is slowly expanding.

##### Climate change

Risks associated with raw material procurement and natural disasters are on the rise.

##### Increasing uncertainty

Forecasting the future is becoming increasingly challenging.

#### b. Domestic Food business

	FY2024 result	FY2027 target
Sales	JPY64.8bn	JPY71.9bn
Operating profit	JPY6.6bn	JPY7.5bn

- ✓ Target slightly higher growth than the processed food market as a whole
- ✓ Perform capital investment targeting improved productivity and reduced labor dependency
- ✓ Household Food: Develop and nurture market-creating products while revitalizing our existing product portfolio
- ✓ Commercial Food: Strengthen tailored solutions for the prepared meal market, the ready-to-eat product market, and newly emerging markets expanding due to labor shortages
- ✓ Processed Food Ingredients: 1) Strengthen solution portfolio to facilitate stable ingredient sourcing alternatives, improve productivity, and reduce food loss; 2) Enhance lineup of solutions targeting health-related markets

c. Domestic Chemical business

	FY2024 result	FY2027 target
Sales	JPY7.9bn	JPY9.7bn
Operating profit	JPY0.8bn	JPY0.9bn

- ✓ Focus on our core areas of strength and deepen our engagement in the domestic market
- ✓ Enhance our solutions for Japanese companies conducting business abroad

d. Overseas business

	JPY2024 result	JPY2027 target
Sales	JPY24.1bn	JPY30.0bn
Operating profit	JPY1.1bn*	JPY1.6bn

Note: Changed in the calculation method for segment profit adjustments.

Figures for FY2024 have been retroactively adjusted to reflect this change.

- ✓ Prepare for upcoming growth in the specialty products market by executing proactive investment with an emphasis on speed
- ✓ Establish a business foundation through close collaboration with domestic departments
- ✓ Reorganizing product lines in China and target early operational capacity expansion at our new plant.

(4) Non-financial strategy

- ✓ Conduct Medium- to long-term research and development targeting the resolution of social issues
- ✓ Establish HR systems consistent with our human capital policy
- ✓ Strengthen group governance



**RIKEN VITAMIN CO.,LTD.**

Stock code: 4526

# Medium-Term Management Plan 2027

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May 14, 2025

1. **Review of Previous Medium-Term Management Plan**
2. Strategic Positioning of Medium-Term Management Plan 2027
3. Business Objectives and Financial Strategy
4. Business Strategy
5. Non-Financial Strategy

- **Achieved all performance targets**
- **Profit attributable to owners of parent significantly exceeded our forecast due in part to the sale of cross-shareholdings**

(Billions of yen / %)	FY2021 actual	FY2024 actual	FY2024 initial forecast
Net sales	79.2	95.5	94.0
<b>Operating profit</b>	<b>5.8</b>	<b>8.7</b>	<b>8.0</b>
Operating profit margin	7.4%	9.1%	8.5%
Ordinary profit	6.1	9.4	8.2
Profit attributable to owners of parent	21.5*	9.3	6.5
<b>ROE</b>	<b>38.3%*</b>	<b>12.1%</b>	<b>8.0% or more</b>
Cross-shareholdings to net assets ratio	28.7%	19.0%	Less than 20%

\*Abnormal value resulting from the exclusion of a subsidiary from consolidated reporting

Results of Previous Medium-Term Management Plan

Strengthen management foundation (governance)	Accelerate expansion in Asia and North America	Delve into the domestic market and enter new domains	Pursue sustainable management
<ul style="list-style-type: none"><li>✓ Achieved cross-shareholdings reduction target</li><li>✓ Evaluated the effectiveness of the Board of Directors through an external organization</li><li>✓ Enhanced feedback to senior management based on disclosures such as integrated reports and IR/SR meetings discussions</li><li>✓ Increased female director count from one to two</li></ul>	<ul style="list-style-type: none"><li>✓ Adopted region-specific strategies in response to supply chain disruptions and rapid inflation</li><li>✓ Invested in our new factory in Tianjin, China and our North American extract factory</li><li>✓ Opened North American application center</li><li>✓ Established facilities in Thailand and Vietnam (operations commenced in April 2025)</li><li>✓ Conducted domestic organizational realignment to facilitate global expansion</li></ul>	<ul style="list-style-type: none"><li>✓ Responded to rapid cost increases through selling price hikes and product line adjustments</li><li>✓ Created new markets through the launch of new, standout household products</li><li>✓ Approached the expanding prepared meal market with both food- and improving agent-based solutions</li><li>✓ Implemented proposed solutions aiming to address issues such as food loss and egg supply instability</li></ul>	<ul style="list-style-type: none"><li>✓ Pushed forward with blue carbon research</li><li>✓ Reduced FY2023 Scope 1 and 2 GHG emissions 32% compared to FY2021</li><li>✓ Expanded use of environmentally friendly packaging for household products (recycled PET, paper-based alternatives, etc.)</li><li>✓ Received White 500 certification for the second consecutive year</li><li>✓ Appointed the first internally promoted female executive officer (April 2025)</li></ul>



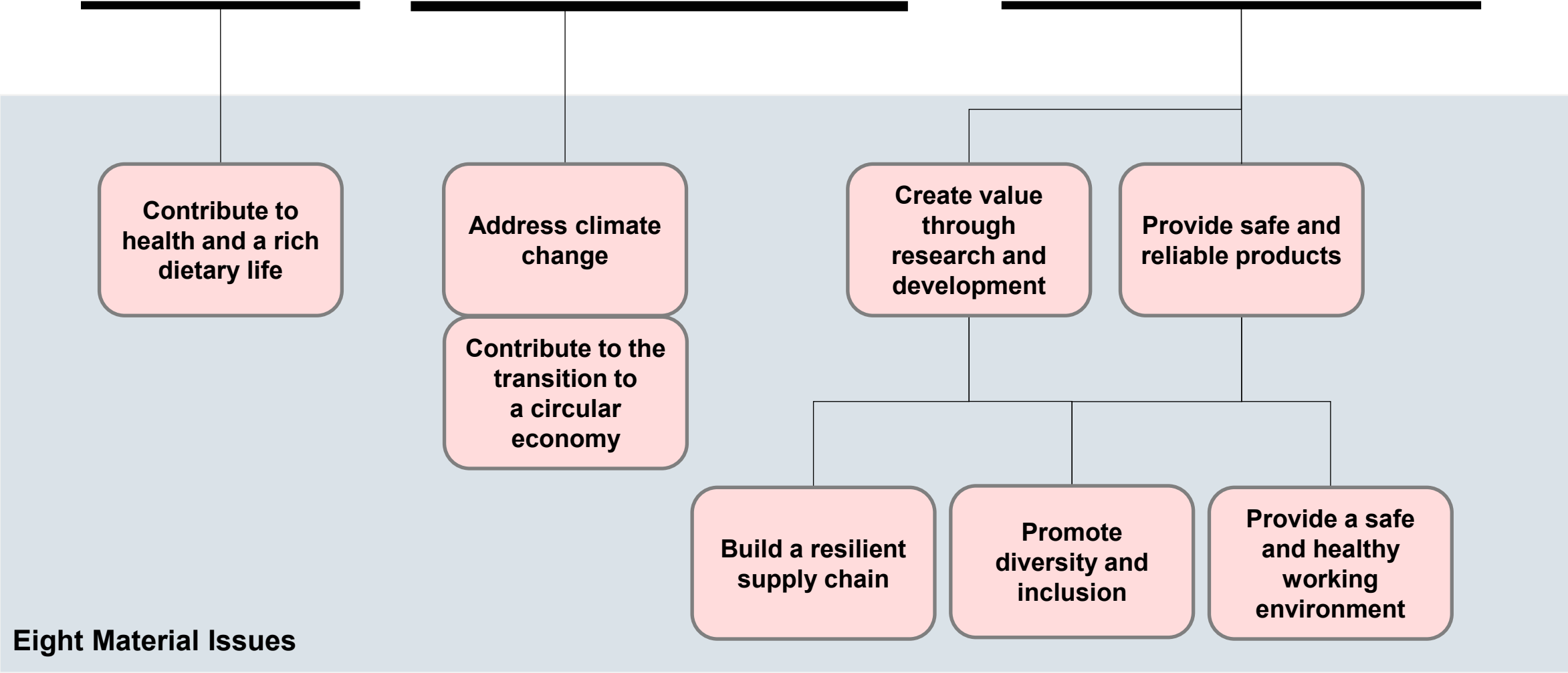
Key Issues for New Medium-Term Management Plan

Strengthen management foundation (governance)	Accelerate expansion in Asia and North America	Delve into the domestic market and enter new domains	Pursue sustainable management
<ul style="list-style-type: none"><li>✓ <b>Our share price, PBR, and PER have plateaued</b></li><li>✓ Further reduction of cross-shareholdings targeted</li><li>✓ Further board-level discussion required to ensure proper governance of our human resource strategy and diversity initiatives</li></ul>	<ul style="list-style-type: none"><li>✓ <b>Insufficient supply of human capital for building out overseas production systems and sales infrastructure for specialty products</b></li><li>✓ Supply chain disruptions</li><li>✓ Expanding geopolitical risk</li><li>✓ Tariff-related impact driven primarily by the United States</li></ul>	<ul style="list-style-type: none"><li>✓ Prioritization of selling price revisions has delayed efforts targeting market penetration and the exploration of new domains</li><li>✓ <b>Aging factory infrastructure and increasingly severe labor shortages</b></li><li>✓ IP strategy requirements</li></ul>	<ul style="list-style-type: none"><li>✓ Target ratio of female managers remains unmet</li><li>✓ Growing demand for disclosure of sustainability initiatives</li><li>✓ Need for response to human rights issues</li></ul>

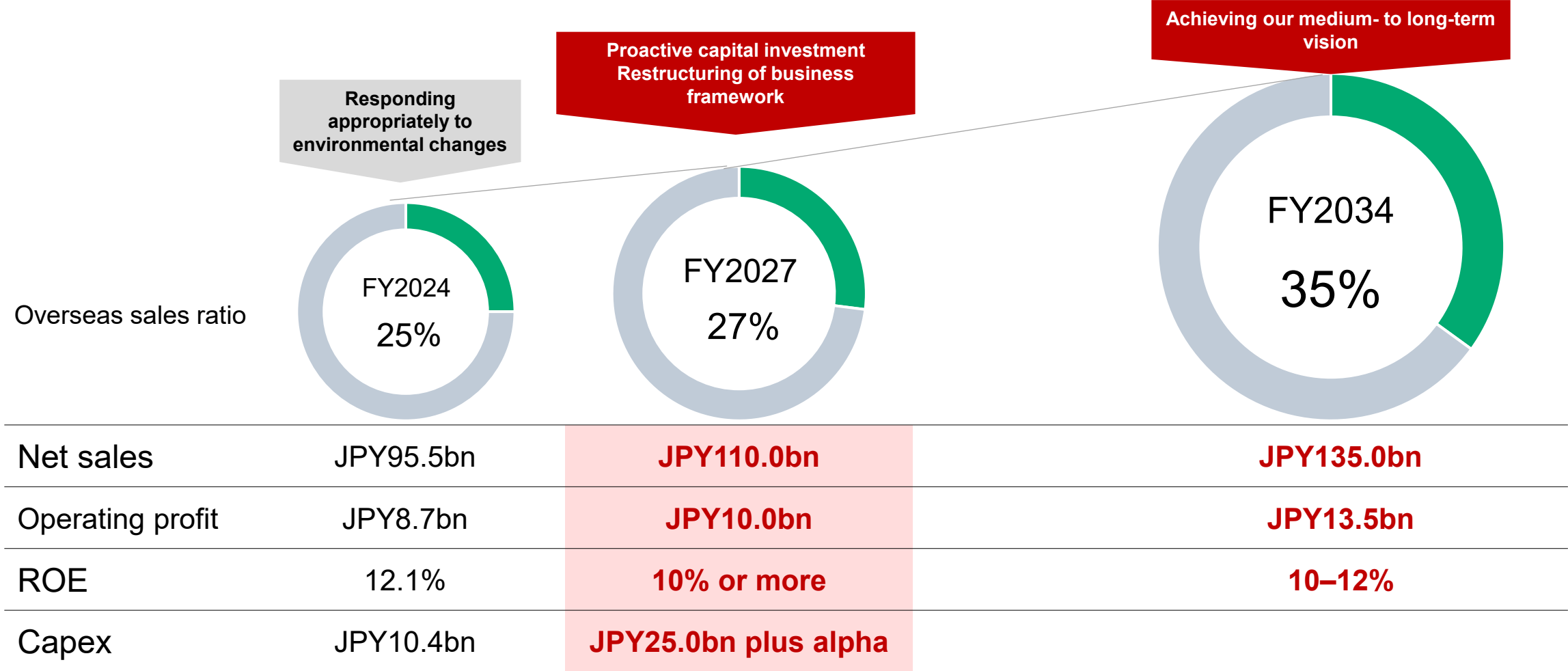
1. Review of Previous Medium-Term Management Plan
2. **Strategic Positioning of Medium-Term Management Plan 2027**
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Medium- to Long-Term Vision:

**Achieving growth by supporting a sustainable society with specialty products and services**



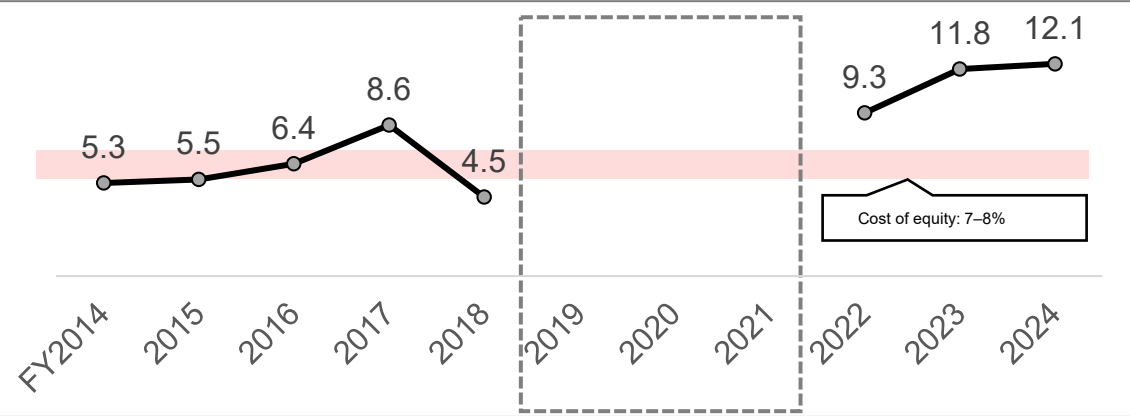
- We have moved the target year for our medium- to long-term goals from FY2030 to FY2034 while establishing specific numerical performance targets
- In anticipation of demographic changes, we will restructure our business framework and target sustainable growth



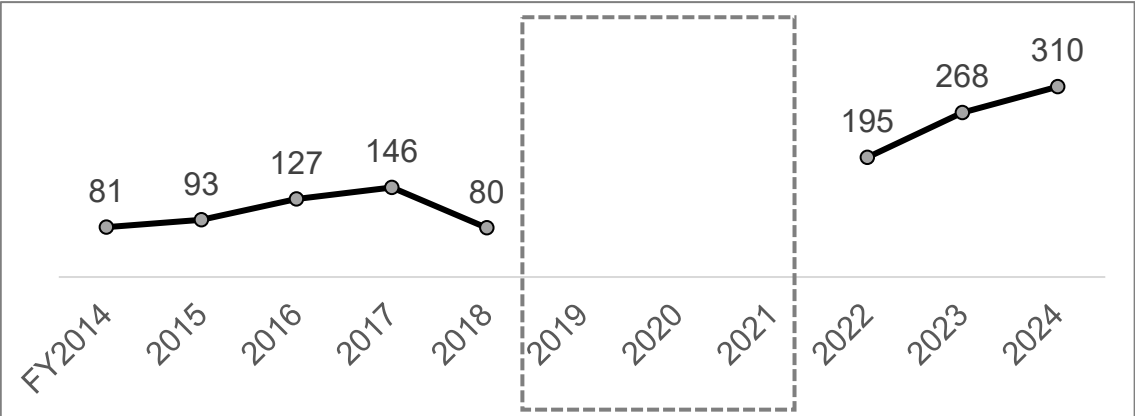
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- ROE and EPS improved mainly due to an increase in operating profit and the sale of cross-shareholdings
- Share price growth has stalled, our PBR is below 1.0, and our PER remains low

ROE (%)

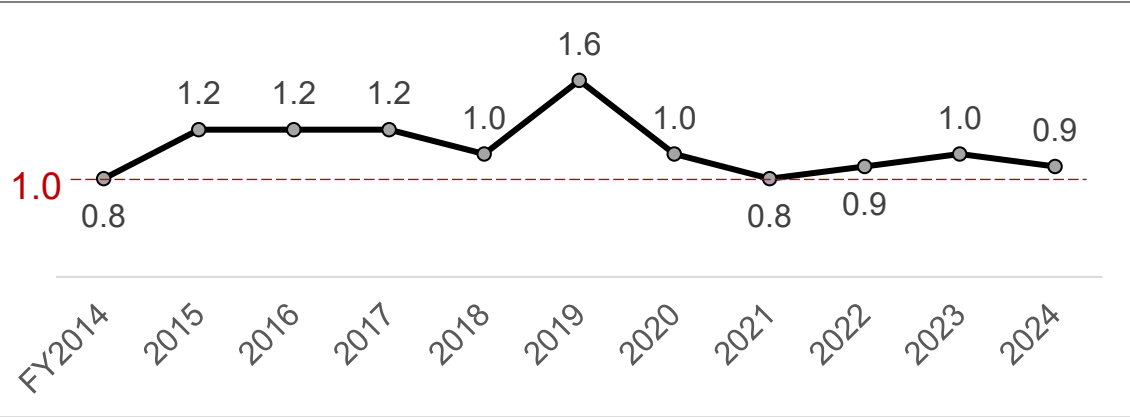


EPS (JPY)

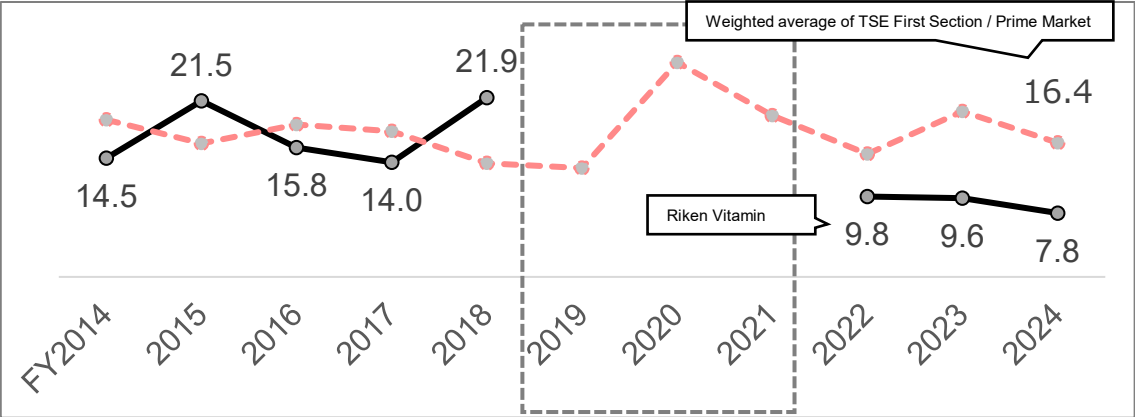


• Calculated based on actual fiscal year-end results  
•  Excluded due to losses and/or abnormal values resulting from accounting issues associated with a subsidiary

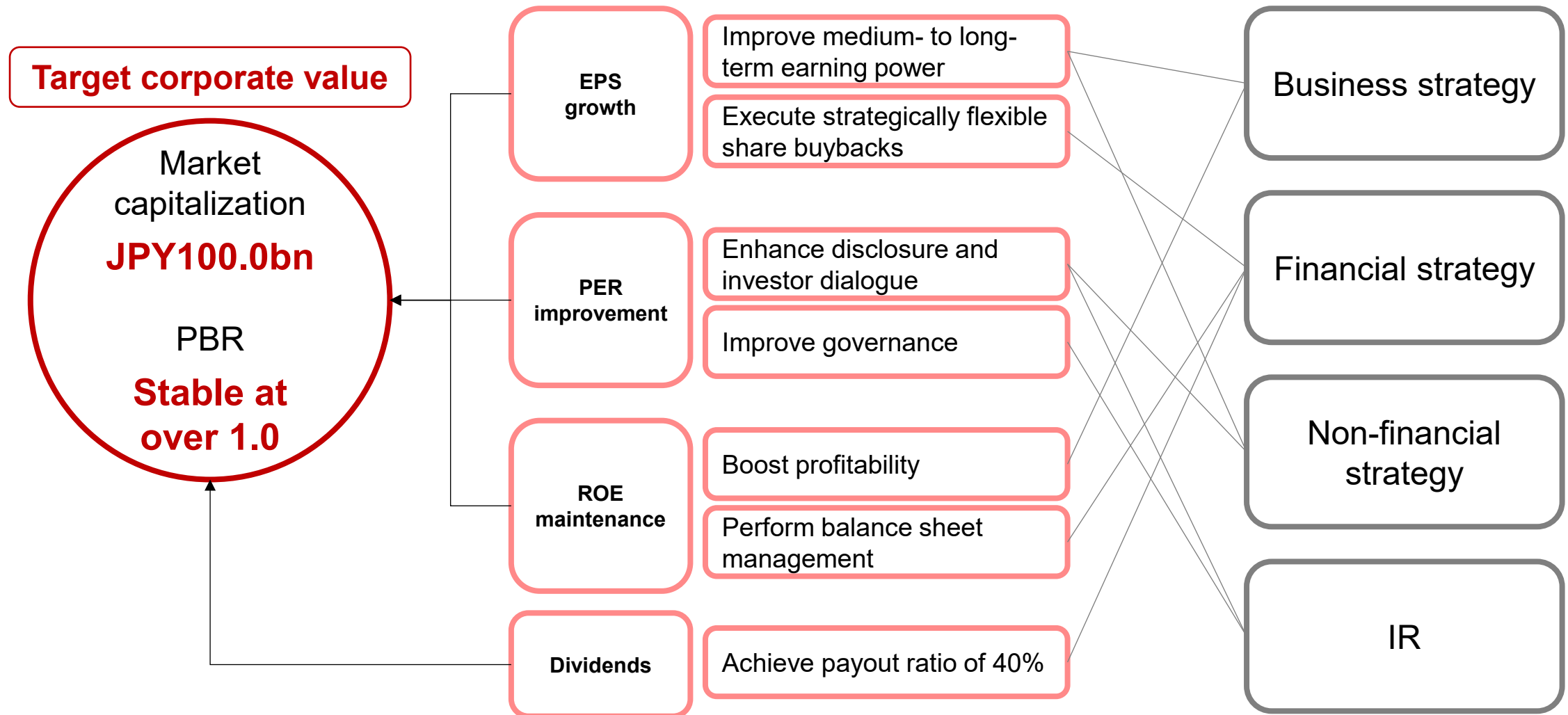
PBR (Multiples)



PER (Multiples)



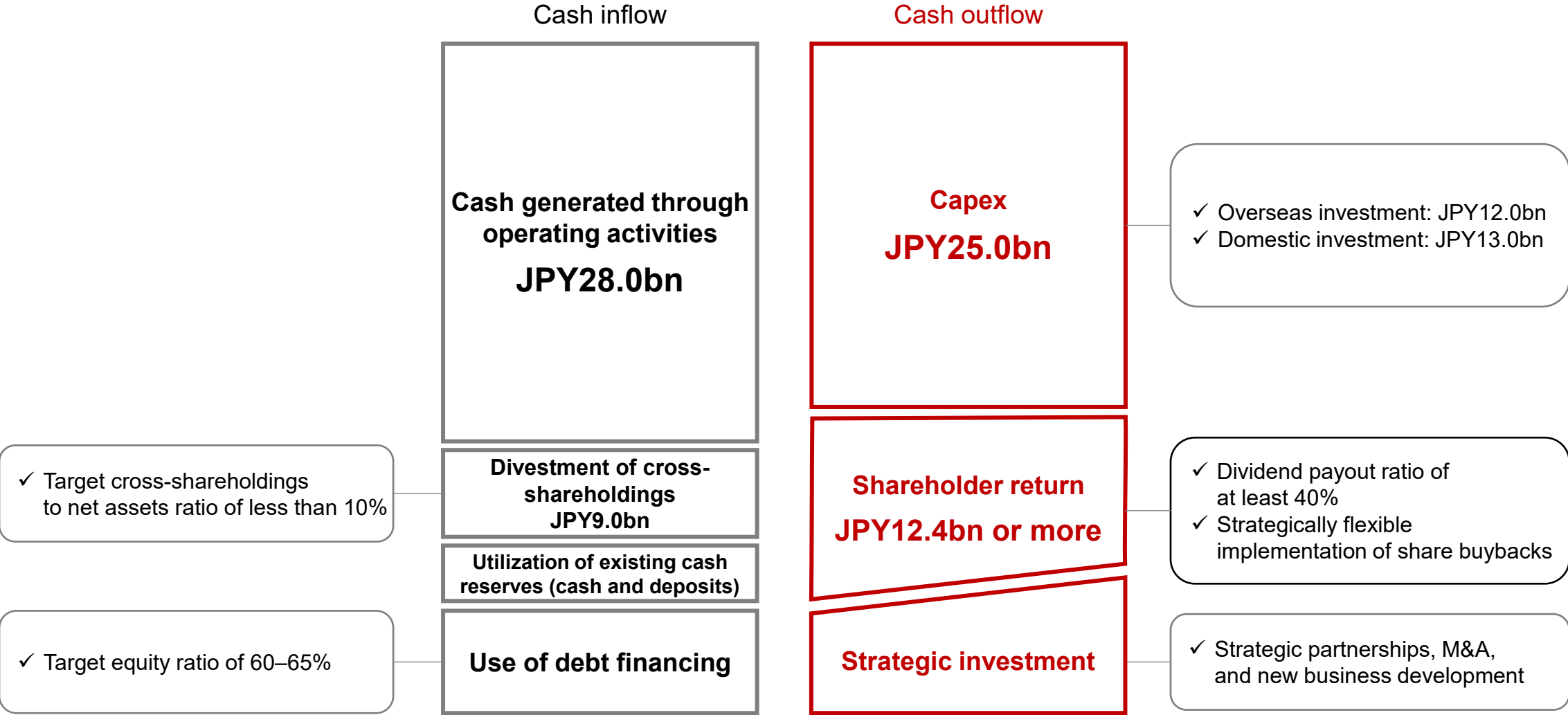
- Our PER is one of our most pressing strategic priorities
- We aim to raise our anticipated rate of growth by improving earnings momentum (EPS), maintaining ROE, and strengthening investor communication



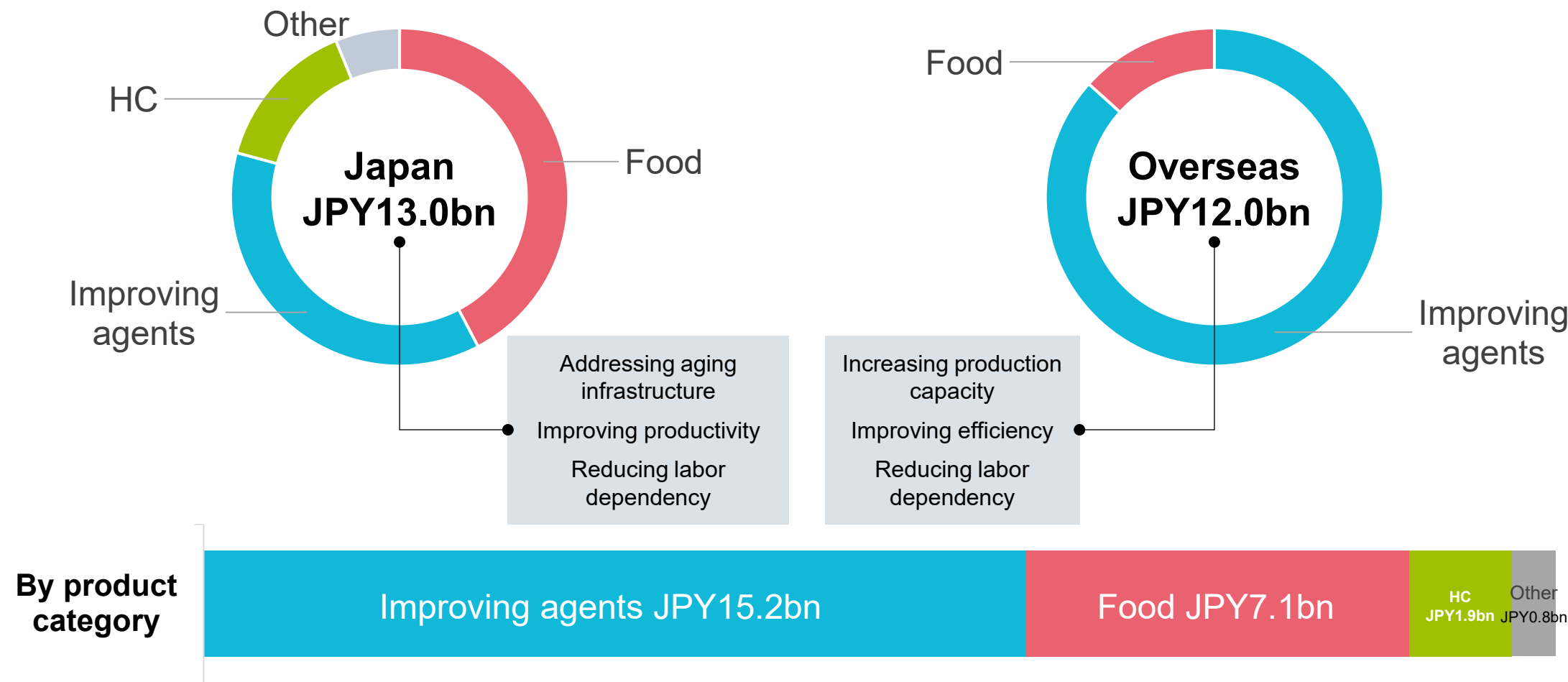
	(Billions of yen / %)	FY2024 actual	FY2027 target
Growth potential	Net sales	95.5	110.0
Profitability	<b>Operating profit</b>	8.7	<b>10.0</b>
	Operating profit margin	9.1%	<b>9.1%</b>
	<b>EBITDA</b> (Operating profit + depreciation)	11.9	<b>14.2</b>
Efficiency	<b>ROE</b>	12.1%	<b>10% or more</b>
Shareholder return	Payout ratio	30.3%	40% or more
Financial discipline	Shareholder equity ratio	70.1%	60–65%
Governance	Cross-shareholdings to net assets ratio	19.0%	Less than 10%



- Leveraging cash from operations and divestments of cross-shareholdings, we will proactively invest while enhancing shareholder return
- When deemed in alignment with strategic needs or objectives, we will selectively utilize debt to finance strategic investments



- Through investment in domestic infrastructure and overseas growth, we will strive to build optimal production systems
- Allocate funds primarily toward improving agents and associated operations



- We have raised our target consolidated dividend payout ratio
- The Company will execute share buybacks with strategic flexibility

■ Dividend policy

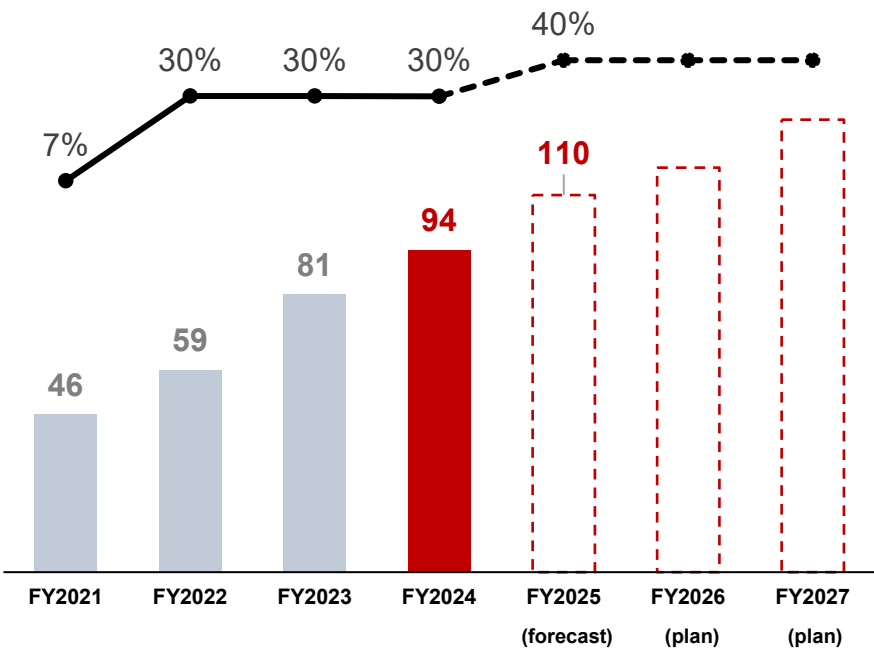
Consolidated dividend payout ratio of at least 40%

■ Share buybacks

Conduct with strategic flexibility when deemed appropriate

A FY2025 budget of JPY2.0bn has been allocated for share buybacks

■ Dividends per Share (JPY) and Dividend Payout Ratio



Share Buyback Amounts (JPYbn)				
		6.3	1.1	2.0 (forecast)

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- Our fundamental awareness regarding our business environment remains consistent with our previous Medium-Term Management Plan
- We are confident tackling environmental and social issues will generate growth

## Demographic changes

Japan's population is declining and aging, while the global population is increasing.

## Lifestyle changes

The processed food market is slowly expanding.

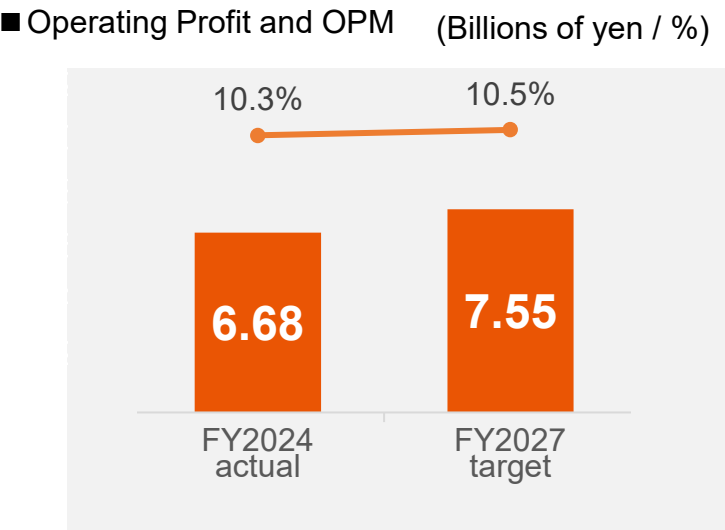
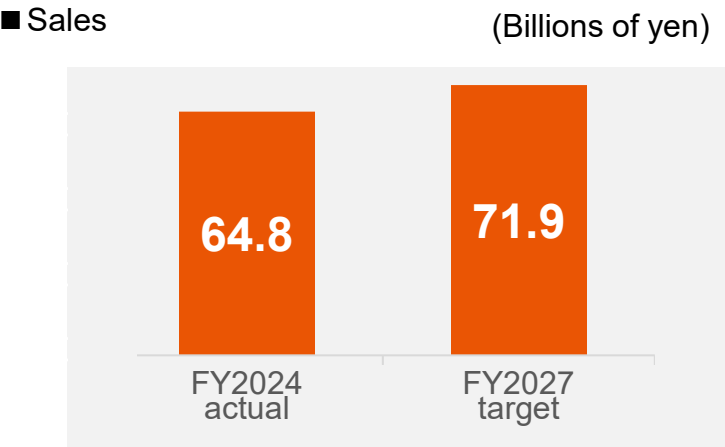
## Climate change

Risks associated with raw material procurement and natural disasters are on the rise.

## Increasing uncertainty

Forecasting the future is becoming increasingly challenging.

- We are responding to market changes caused by population decline while addressing rising costs attributable to raw material supply constraints and labor shortages
- Despite performance impact from broader trends within the processed food market, we aim to generate slightly above-market growth

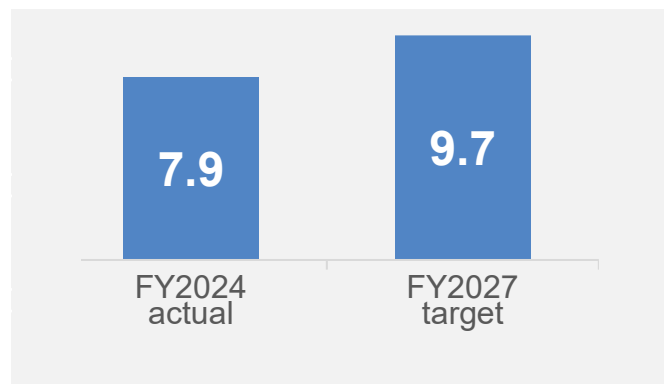


■ Subsegment-Specific / Common Strategies

<b>Household Food</b> <b>+JPY1.1bn</b>	<ul style="list-style-type: none"><li>✓ Develop and enhance market-creating products</li><li>✓ Revamp and revitalize existing product lines</li></ul>	<ul style="list-style-type: none"><li>✓ Perform appropriate price revisions</li><li>✓ Narrow down sales and development targets</li><li>✓ Reduce number of product items</li><li>✓ Improve procurement capabilities</li><li>✓ Execute labor-saving investment</li></ul>
<b>Commercial Food</b> <b>+JPY2.3bn</b>	<ul style="list-style-type: none"><li>✓ Provide solutions for the prepared meal and ready-to-eat product markets</li><li>✓ Deliver solutions to growing markets impacted by labor shortages</li></ul>	
<b>Processed Food Ingredients</b> <b>+JPY3.6bn</b>	<ul style="list-style-type: none"><li>✓ Have products adopted in customers' main brands</li><li>✓ Provide solutions that deliver functional alternatives for ingredients with unstable availability, improve production efficiency, and reduce food loss</li><li>✓ Enhance solutions for health-oriented markets</li></ul>	

- In response to the shrinking domestic market for chemical products, we are focusing on our core areas of strength and deepening our engagement in selected markets
- Meanwhile, we are enhancing our solutions for Japanese companies conducting business abroad

■ Sales (Billions of yen)



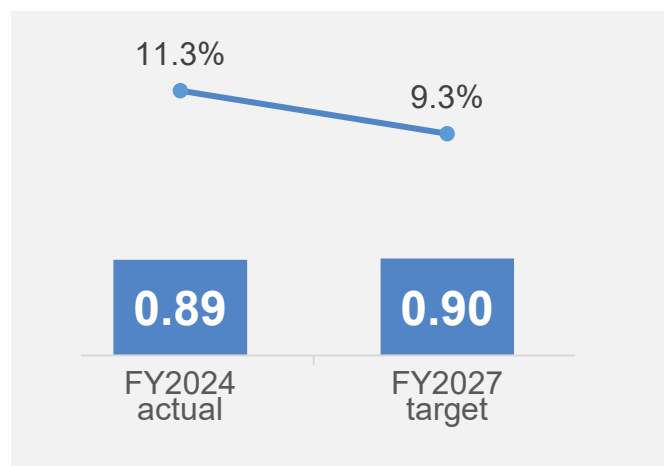
■ Business environment surrounding the chemical industry



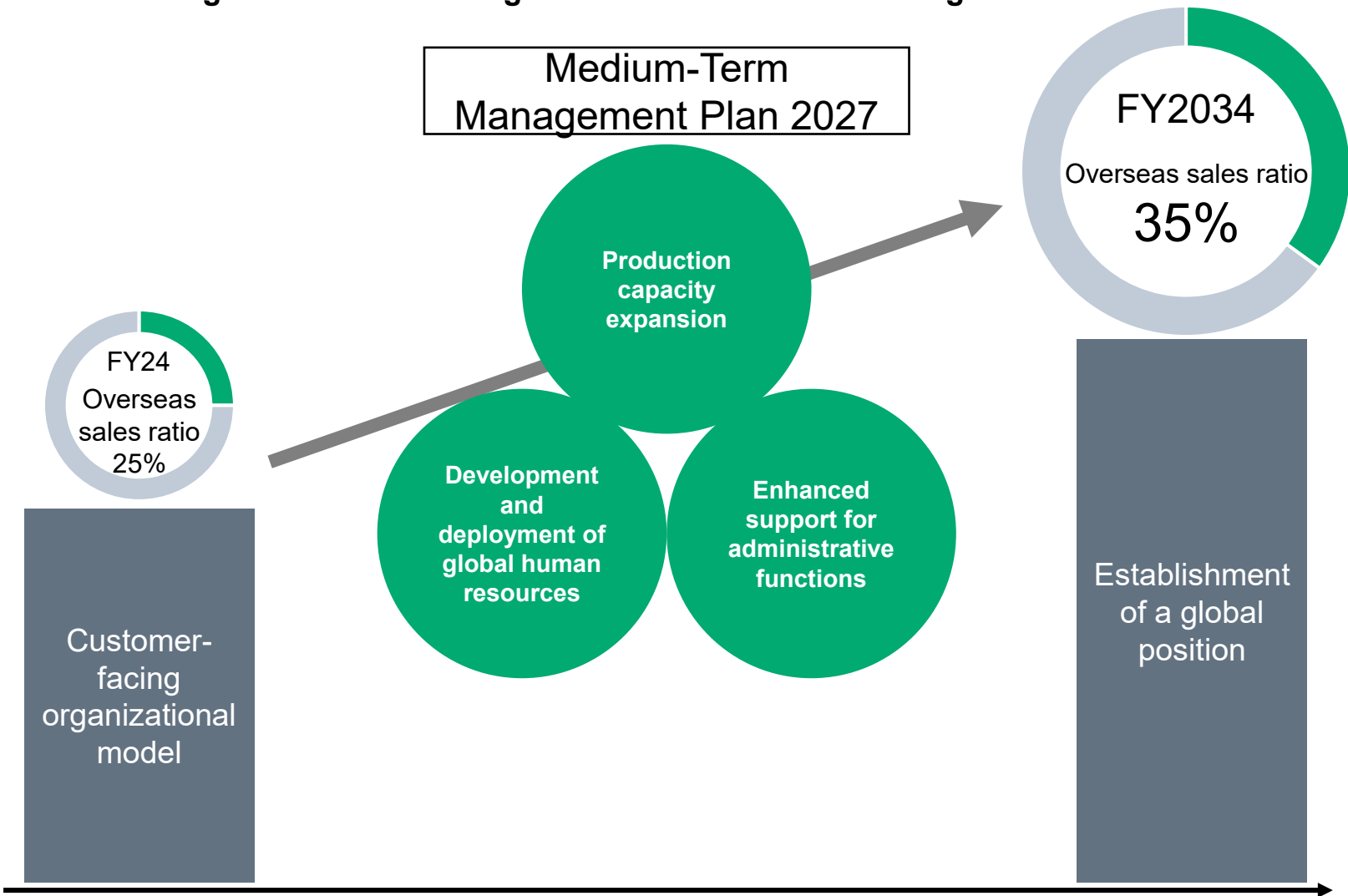
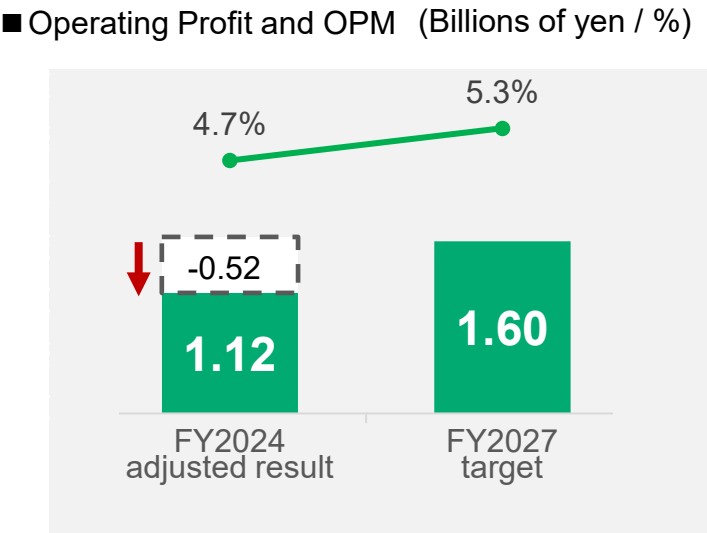
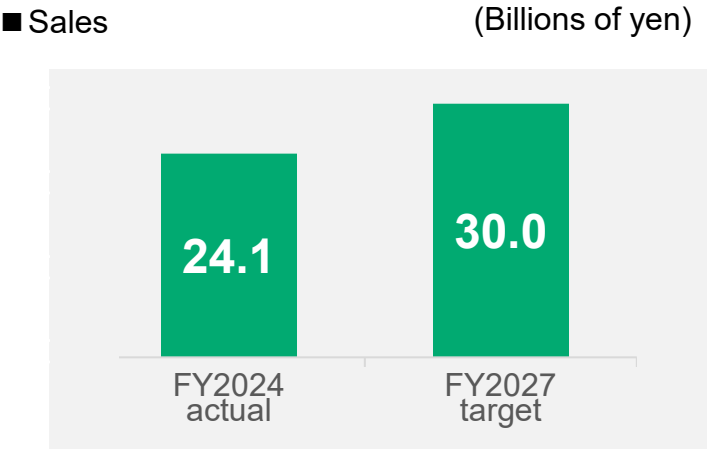
■ Business strategy

- ✓ Centrally allocate sales and development resources to established product categories (lubricants, anti-fogging agents, plasticizers, antistatic agents, etc.) while accelerating value-added development
- ✓ Leverage our strengths in biomass-based raw materials to expand our portfolio of environmentally conscious products
- ✓ Pursue cooperative initiatives with other companies to boost efficiency in areas outside our core focus
- ✓ Scale up support for the overseas marketing and development of chemical product improving agents

■ Operating Profit and OPM (Billions of yen / %)



- Anticipating future growth in the processed food market, we are investing in growth while establishing new organizational frameworks
- Overseas operating profit declined due to changes in the accounting method used to calculate segment profit adjustments





- **Focusing centrally on Southeast Asia, China, and North America, we are implementing region-specific expansion strategies**

## Southeast Asia



- ✓ Streamline production of commodity products
- ✓ Strategically establish a production system for specialty products
- ✓ Build sales infrastructure firmly rooted in Southeast Asian nations

## China



- ✓ Launch operations at our newly established food improving agent facility
- ✓ Shut down production lines for general-purpose additives with chemical product applications and transfer employees to newly established facility
- ✓ Take advantage of consumer market potential, which remains strong despite challenging economic conditions, by prioritizing expansion of high value-added products

## North America

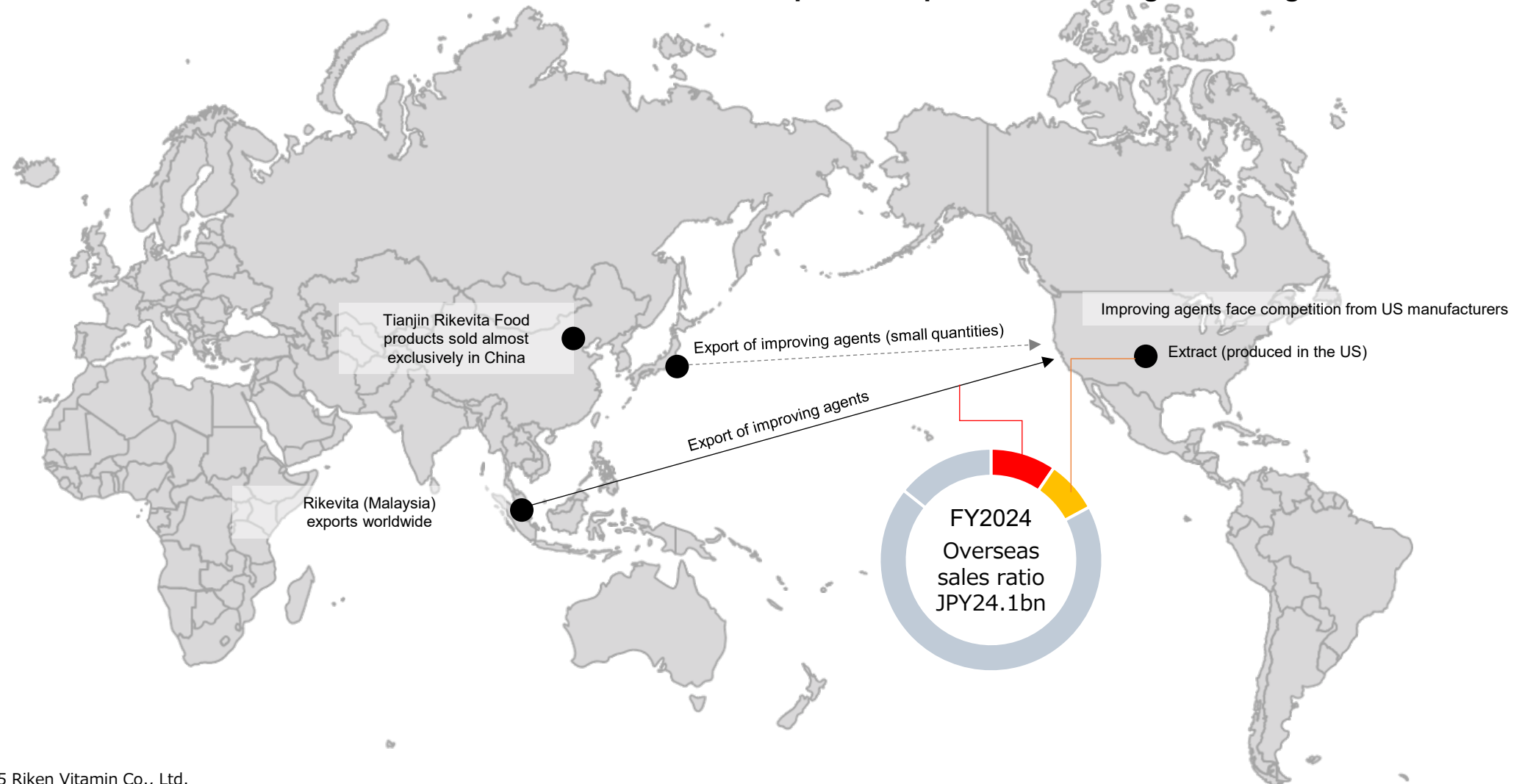


- ✓ Leverage our application center and enhance solutions for the bakery market
- ✓ Respond flexibly to trade-related issues based on thorough information gathering






- ✓ Enhance pork extract production capabilities (FY2026)
- ✓ Expand product lineup



- **Direct impact:** Decline in exports of improving agents from Malaysia to the US
- **Indirect impact:**
  - **In Japan:** Ongoing uncertainty due to price fluctuations in commodity products and the appreciation of the yen
  - **Overseas:** Potential decline in demand and intensified price competition stemming from the global economic slowdown



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Research category	Short-term priorities	Medium- to long-term priorities
 Seasonings and extracts	<ul style="list-style-type: none"><li>✓ Balance efficient development and added value enhancement</li><li>✓ Secure raw material strategically</li></ul>	<ul style="list-style-type: none"><li>✓ Utilize unused resources</li><li>✓ Develop new processing technologies</li></ul>
 Seaweed products	<ul style="list-style-type: none"><li>✓ Ensure stable raw material procurement by securing a supply of high-grade seedlings</li><li>✓ Monetize land-based cultivation</li></ul>	<ul style="list-style-type: none"><li>✓ Commercialization of blue carbon research</li><li>✓ Develop mass cultivation technology and apply it on an industrial scale</li></ul>
 Food improving agents	<ul style="list-style-type: none"><li>✓ Strengthen solutions facilitating quality improvement, food loss reduction, and cost savings</li></ul>	<ul style="list-style-type: none"><li>✓ Generate innovation using NanoTerasu</li><li>✓ Develop new products compliant with laws and regulations overseas</li></ul>
 Chemical improving agents	<ul style="list-style-type: none"><li>✓ Narrowing down research areas</li><li>✓ Promote both internal and external joint research and collaboration initiatives</li></ul>	<ul style="list-style-type: none"><li>✓ Create novel technologies that address environmental issues</li></ul>
 Healthcare	<ul style="list-style-type: none"><li>✓ Research medical microcapsule functionality</li><li>✓ Expand product lineup using existing raw materials</li></ul>	<ul style="list-style-type: none"><li>✓ Develop new functional food ingredients</li></ul>

- **Enhance the specialty skills\* of our human capital and increase corporate value**

\*Refers to personnel individuality, including both innate diversity and the experience, knowledge, and skills acquired or developed after joining the Company

- Established a human capital policy in January 2025

- **Respect the unique qualities of each individual and foster mutual growth**
- **Think and act independently**

**Medium-Term Management Plan 2027 Initiatives**

- ✓ Establish HR systems consistent with our human capital policy
- ✓ Develop global human resources
- ✓ Promote diversity

Enhance the specialty skills of our human capital

Revitalize the organization

Create a corporate culture that facilitates sustainable growth

■ Reduction of Cross-Shareholdings

**Cross-shareholdings to net assets ratio**

FY2024	FY2027
19.0%	→ less than 10%

■ Officer Compensation System

**Advance discussions on revising performance-linked compensation indicators**

■ Group Governance


**Establish internal controls and expand education and training among group companies**

■ Composition of Board of Directors

Assuming approval at the Annual General Meeting of Shareholders to be held on June 24, 2025.


✓ Tsutomu Mochizuki to be appointed new president

✓ Current president, Kazuhiko Yamaki, to take on duties as Chairman and Director

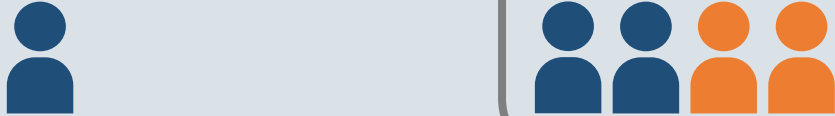


**Composition of Board of Directors**


Seven inside directors (58%)





Five outside directors (42%)



Five Audit and Supervisory Committee members



 Ten males (83%)

 Two females (17%)

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**Achieving growth by supporting a sustainable society with specialty products and services**



Forecasts and other forward-looking statements included in this document are not guarantees of future achievements because they are based on information currently available and certain assumptions that the Company deems reasonable.

Actual results may differ significantly from the forecasts due to various factors.