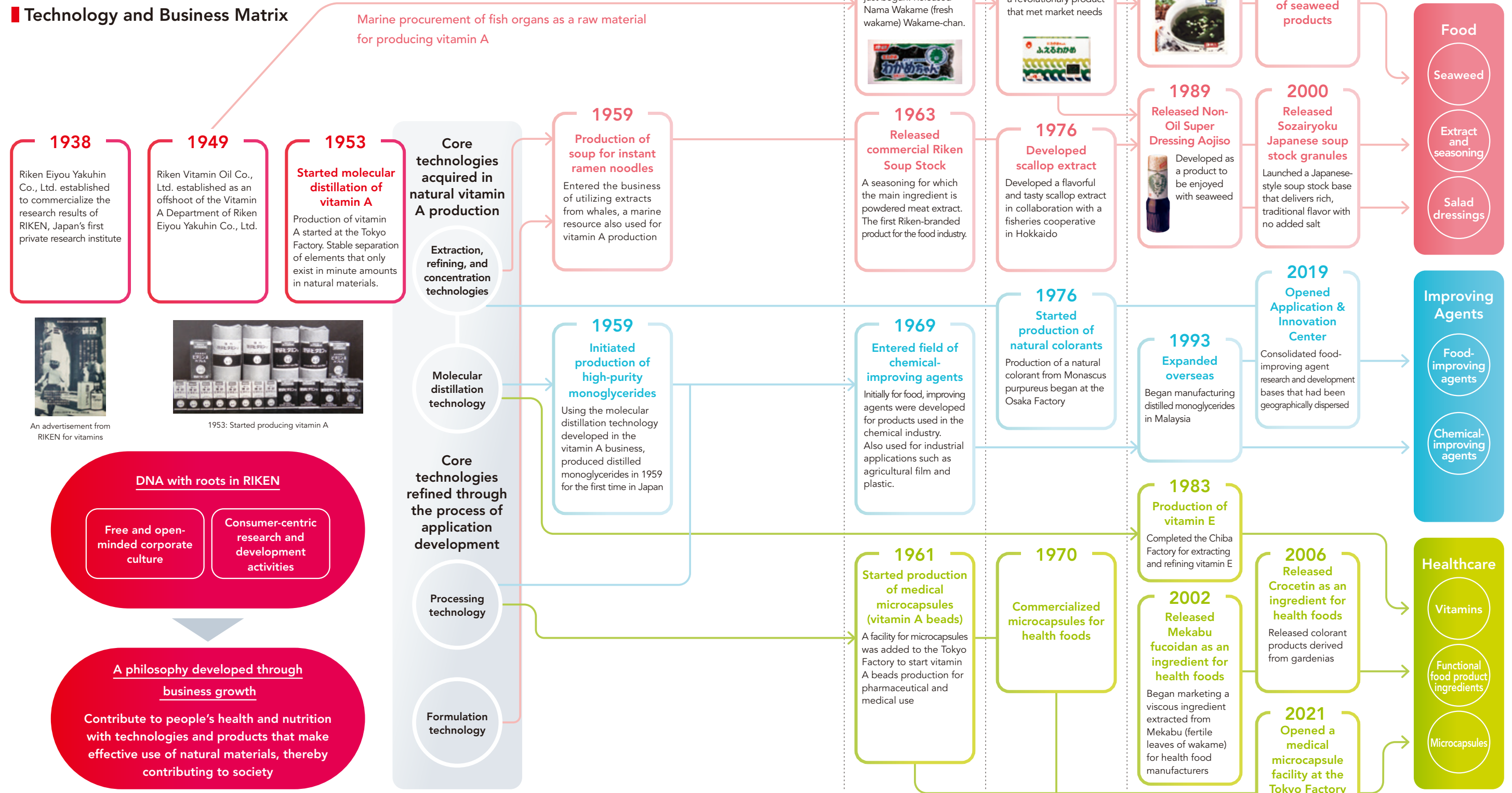


# Riken Vitamin's History

Our businesses have addressed contemporary needs and issues, centered on vitamin A extraction, refining, and concentration technologies.

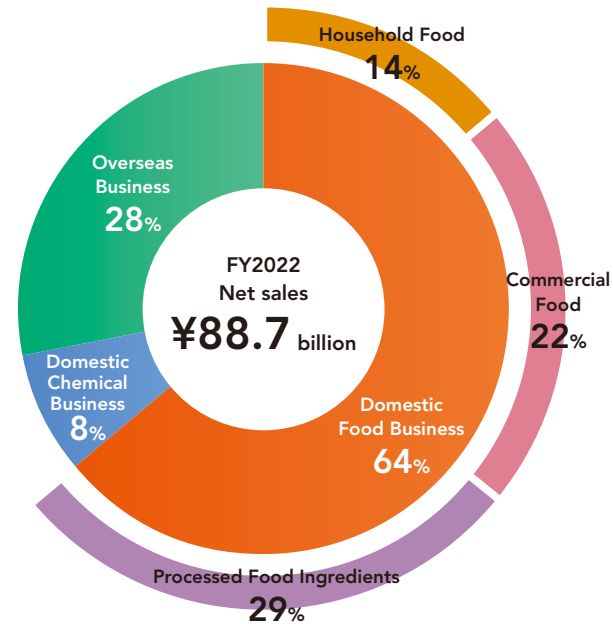
The Riken Vitamin Group has its roots in RIKEN (the Institute of Physical and Chemical Research), which was founded in 1917. We initially manufactured natural vitamin A, but the advent of synthetic vitamin A led us to diversify. We expanded our business portfolio by deploying core technologies to create products and by developing applications aligned with contemporary needs. Today, we contribute to people's lives through a broad range of businesses.

## Technology and Business Matrix

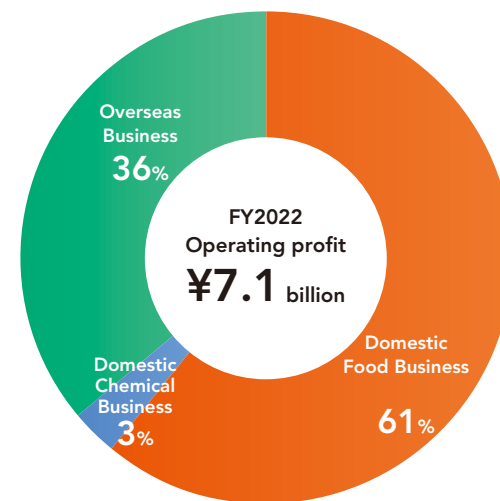


# Riken Vitamin at a Glance

► Net Sales by Segment and Subsegment



► Operating Profit by Segment



Note: Share of net sales and operating profit before segment adjustments

► Business Fields and Primary Product Lines

### Food

- Extracts and seasonings
- Salad dressings
- Seaweed

**No. 1 share**

**No. 1 share**

**No. 1 share**

**No. 1 share**

### Improving Agents

- Food-improving agents
  - Emulsifiers
  - Vitamins (antioxidants)
  - Colorants
- Chemical-improving agents

**No. 1 share**

**No. 1 share**

### Healthcare

- Vitamins (nutritional enrichment)
- Functional food product ingredients
- Microcapsules

**Share of over 40%**

Note: Share in the Japanese market based on Riken Vitamin data

	Segments and Primary Products	Net Sales by Business Field*	Primary Retailers
BtoC	<b>Household Food</b> <ul style="list-style-type: none"> <li>Riken Non-Oil (salad dressings)</li> <li>Fueru Wakame-chan (dried wakame seaweed)</li> <li>Wakame Soup</li> <li>Sozairyoku Dashi</li> </ul>	Food 100%	<ul style="list-style-type: none"> <li>Supermarkets</li> <li>Drugstores</li> </ul>
	<b>Commercial Food</b> <ul style="list-style-type: none"> <li>Extracts and seasonings</li> <li>Seaweed</li> <li>Salad dressings</li> <li>Food-improving agents</li> <li>Vitamins</li> </ul>	Healthcare 5% Improving agents 19% Food 76%	<ul style="list-style-type: none"> <li>Lunch programs for company cafeterias</li> <li>School lunch programs</li> <li>Restaurant industry</li> <li>Convenience stores</li> <li>Processed food manufacturers</li> </ul>
	<b>Processed Food Ingredients</b> <ul style="list-style-type: none"> <li>Food-improving agents</li> <li>Vitamins</li> <li>Functional food product ingredients</li> <li>Microcapsules</li> </ul>	Food 4% Healthcare 23% Improving agents 70% Other 3%	<ul style="list-style-type: none"> <li>Processed food manufacturers</li> <li>Health food manufacturers</li> <li>Pharmaceutical manufacturers</li> </ul>
BtoB	<b>Domestic Chemical Business</b> <ul style="list-style-type: none"> <li>Chemical-improving agents</li> <li>Feed additives</li> </ul>	Other 10% Improving agents 90%	<ul style="list-style-type: none"> <li>Chemical manufacturers</li> </ul>
	<b>Overseas Business</b> <ul style="list-style-type: none"> <li>Food-improving agents</li> <li>Chemical-improving agents</li> <li>Extracts and seasonings</li> </ul>	Food 7% Improving agents 93%	<ul style="list-style-type: none"> <li>Overseas food manufacturers</li> <li>Overseas chemical manufacturers</li> <li>Overseas restaurant industry</li> </ul>

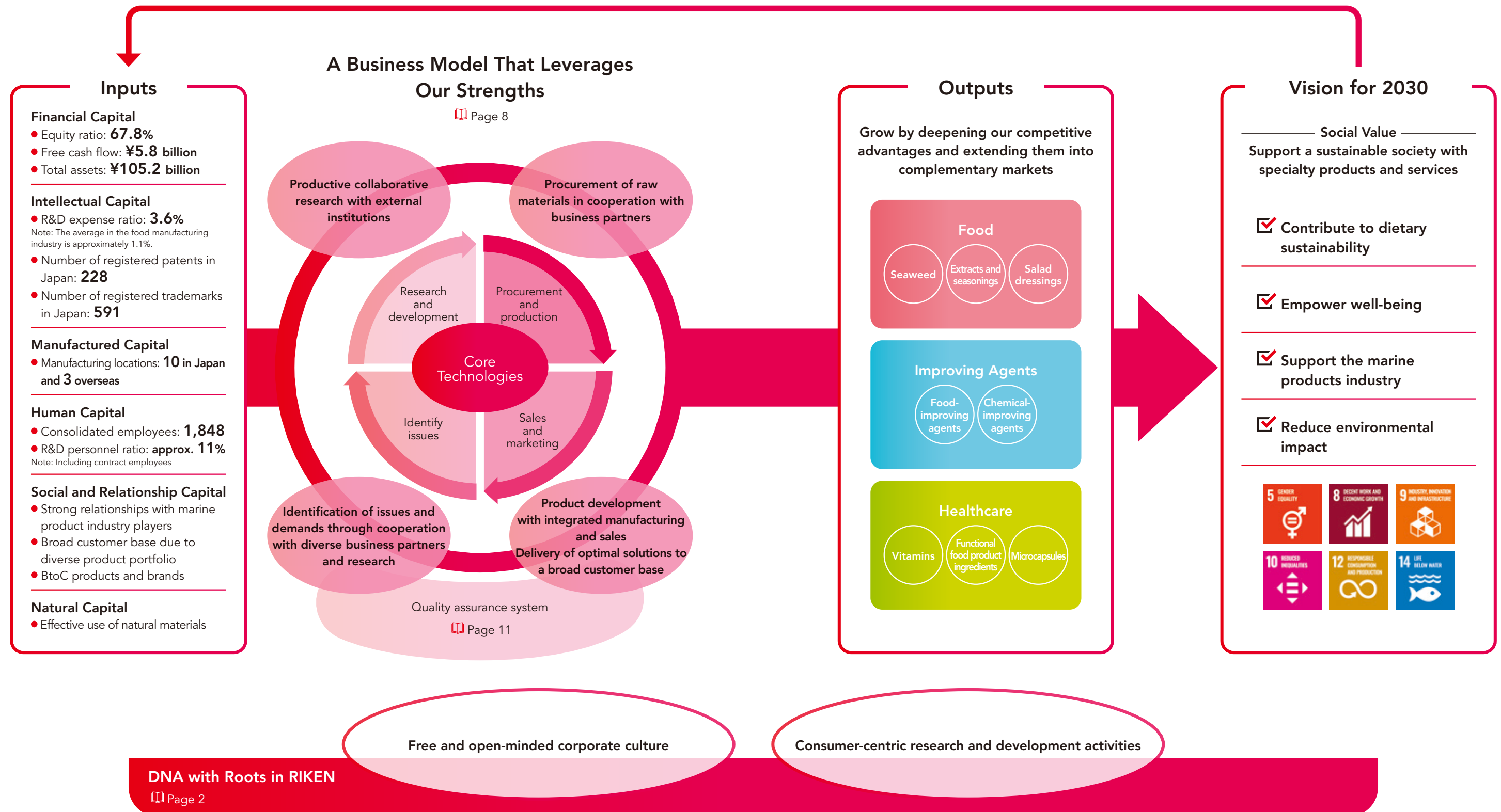
\* Vitamins are included in Healthcare sales, regardless of application.

# Value Creation Process

## Supporting a Sustainable Society with Specialty Products and Services

We provide original products and solutions using core technologies that leverage the blessings of nature and research and development that contributes to improving human health. We aim to achieve sustainable growth by linking our business strategy with sustainability initiatives based on product development that integrates manufacturing and sales, a framework that enables the stable procurement of raw materials and a quality assurance system that ensures safe and reliable products.

## Reinvestment Maximizes Our Strengths and Corporate Value





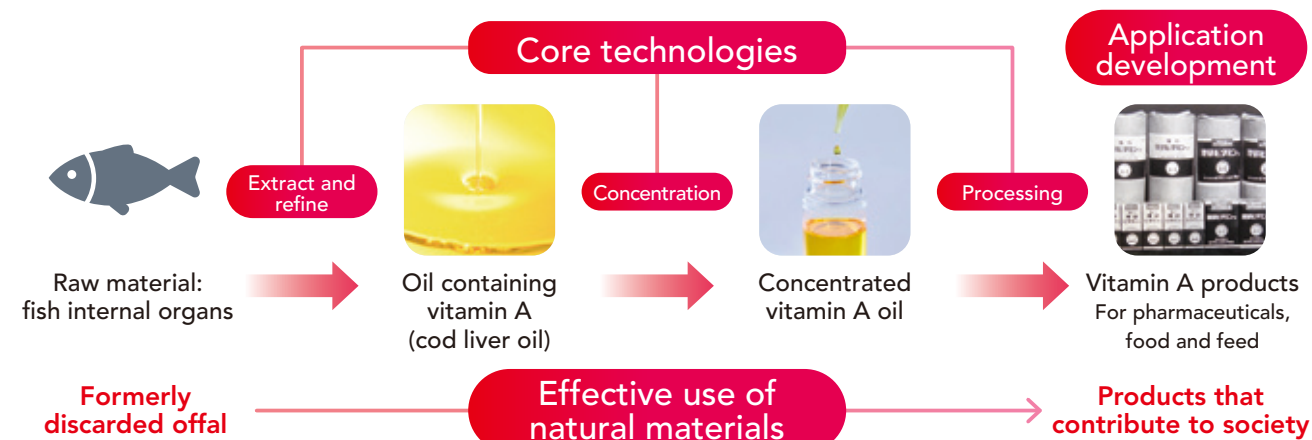
# Riken Vitamin's Strengths

## Research and Development

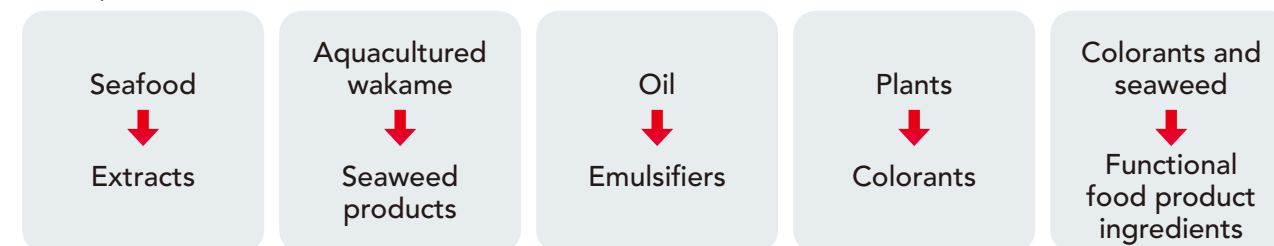
### Core Technologies and Application Development

Riken Vitamin has deployed its core extraction, refining, and concentration technologies, which were developed in its original vitamin A business, to create new businesses based on the effective use of natural materials. Molecular distillation is one of our concentration technologies. This technology has enabled Riken Vitamin to make significant progress as a manufacturer of natural vitamin A, and it has also led to diversification as we have applied it to the production of emulsifiers and vitamin E. In addition, we have developed unique processing technologies, including technology to improve the stability of vitamin A and powderization technology to address customer needs. These core technologies and our approach to research and development are the basis of our ability to create value.

#### ► Vitamin A Business Core Technologies and Application Development (Founding to the 1950s)



#### ► Examples of Businesses Based on the Effective Use of Natural Materials



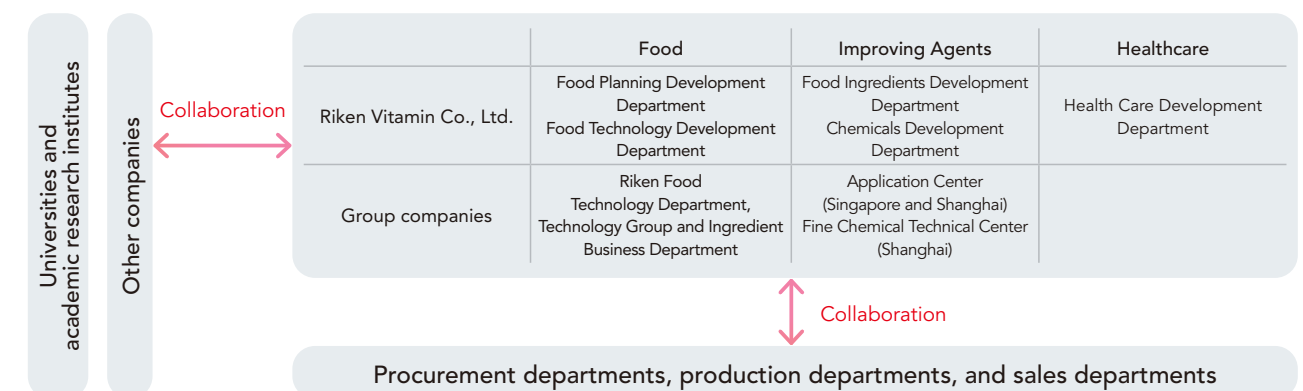
### Highlight | Creation of Scallop Extract

Dried scallops are the primary (processed) product obtained by boiling scallops in salt water and then drying them. This manufacturing process generates a significant amount of broth, which was formerly discarded as industrial waste. Riken Vitamin took interest in this process, and in 1976 created a method for producing scallop extract from scallop broth. Hokkaido is a principal producer of scallop broth, so we collaborated with a fisheries cooperative in Hokkaido to commercialize and sell scallop extract. Today, Riken Vitamin has the top share of Japan's scallop extract market, and we use this extract as a key flavor ingredient for many of our products, including Riken Non-Oil Aojiso and Wakame Soup.



### Research and Development

The Riken Vitamin Group's research and development departments collaborate with the sales and production departments to develop products in the fields of food, improving agents (food and chemical), and healthcare. Additionally, the Group purchases many natural materials as raw ingredients, so we emphasize collaboration with the procurement departments during development. Furthermore, the research and development process involves communication with other companies and collaboration with universities and academic research institutes. As a result, the ratio of R&D expenses to net sales is among the highest in the industry, as shown in the table below.



#### ► Ratio of R&D Expenses to Net Sales

	FY2019	FY2020	FY2021	FY2022
Riken Vitamin Group	3.7%	4.0%	3.8%	3.6%

Note: The average in the industry is 1.1%. Scope: 70 companies in the food section of the Tokyo Stock Exchange Prime Market (excluding Riken Vitamin). Time frame: Results for respective fiscal years that ended between January and December 2022.

### Initiatives to Protect Intellectual Property

The Riken Vitamin Group protects the technology developed through research and development in accordance with its business strategy, and also enhances the value of its products by protecting intellectual property rights. This includes applying for and acquiring high-quality, valid patents and trademarks. In addition, we counter infringements of our intellectual property rights as necessary. We will clearly and aggressively take action to protect our trade secrets and prevent the leakage of critically important production technologies and expertise unique to the Group.

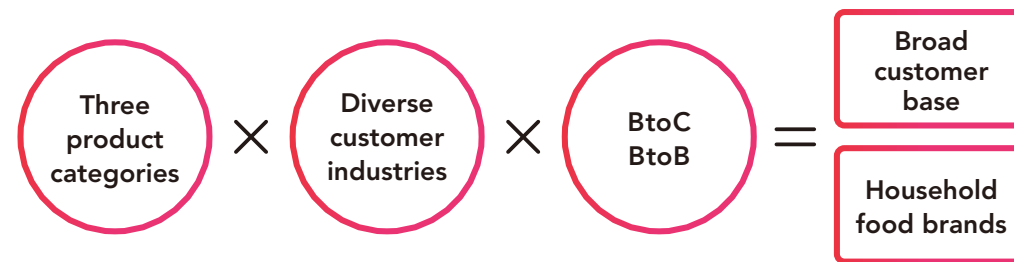
### Highlight | Proactively Sharing Research and Development Results within the Group

The research and development department for food-improving agents holds a research presentation at the end of each fiscal year to share its R&D results within the Group. The presentation is available online so it is accessible to employees in Japan and overseas. Participants include the president and other executives, members of production departments and the Quality Assurance Department, and employees from the research and development departments of other business units. In FY2022, eight research and development personnel from Japan and two from outside Japan presented the results of their work. The presentation is a valuable opportunity for research and development personnel to present directly to the management team, and it also serves as a means of multilateral technological exchange both in Japan and internationally. The event also motivates other departments.



# Riken Vitamin's Strengths

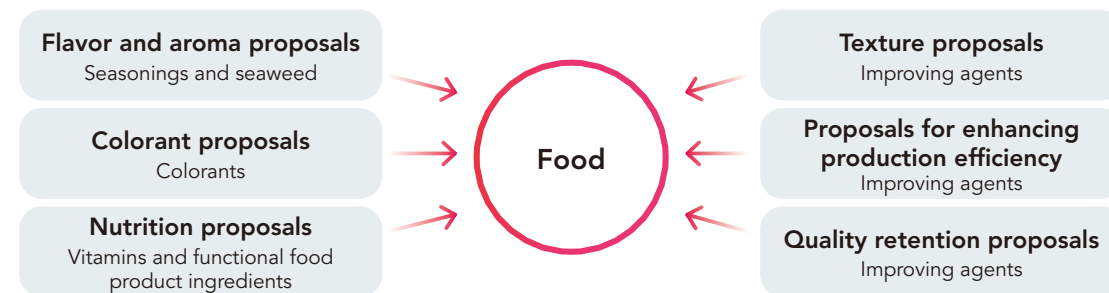
## Broad Customer Base and Household Food Brands



### Broad Customer Base

The Riken Vitamin Group's three business fields are food, improving agents, and healthcare. Our products have a wide range of applications, including for food products, chemicals, and pharmaceuticals. As a result, we have a broader customer base than any one specialized manufacturer has in its respective field, and are able to offer a diverse array of proposals to our customers. We are also further enhancing our ability to make proposals by transferring BtoB sales personnel among the three business fields.

#### Examples of Diverse Value Proposals



### Household Food Brands

Our household food products are well known, and people typically think of Riken Vitamin when they see products like Dried Wakame Fueru Wakame-chan. This has a positive impact on our BtoB business in Japan. The market share of our products is a key indicator of our brand power, and we intend to maintain a strong market share in the future.

#### Household Food Market Share

Product	FY2020	FY2021	FY2022
Dried cut wakame	31%	30%	27%
Instant wakame soup	50%	51%	49%
Non-oil dressing	61%	65%	65%

Source: Riken Vitamin data

## Highlight | Fueru Wakame: A Brand Developed over Many Years

Our dried cut wakame brand Fueru Wakame is well-known because (as its name implies in Japanese) it expands when rehydrated. At the same time, trademarks that only indicate the quality or ingredients of a product are generally ineligible to be registered trademarks, which is an obstacle to creating a brand. However, Riken Vitamin patented a method for manufacturing dried cut wakame, developed the market, and built up brand value through aggressive advertising and sales promotion. As a result, the Japan Patent Office recognized the market penetration of the Riken Vitamin brand Fueru Wakame and granted it registered trademark status in 2003 under an exception to the Trademark Act.

Note: The trademark for the household food brand name Fueru Wakame-chan was registered in 2000.



## Quality Assurance

### Quality Policy

The Riken Vitamin Group's Quality Policy clearly states its commitment to ensuring the quality of all its products. We also established Quality Assurance Regulations that all employees must follow, and are promoting quality assurance initiatives throughout the Group.

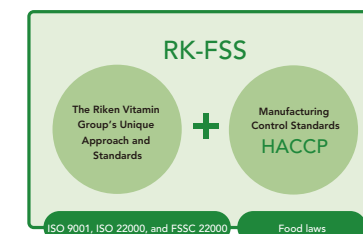
#### Providing Health and a Rich Diet to Society through High-quality Products

1. We comply with legal and other requirements to provide safe and high-quality products to customers.
2. We develop, manufacture, and supply products that satisfy our customers' needs, and provide appropriate information related to safety.
3. We work to improve the level of quality assurance throughout the entire supply chain and establish an appropriate risk management system.
4. We ensure quality through a reliable quality assurance system and make continuous improvements through internal audits and reviews of the system.
5. We at Riken Vitamin Group are committed to meeting the expectations of our customers by raising the level and awareness of quality-related knowledge and skills.

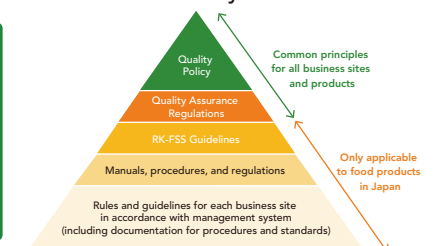
### A Unique Quality Assurance System

The Riken Vitamin Group Food Safety System (RK-FSS) is based on our Quality Policy and Quality Assurance Regulations. It ensures rigorous quality assurance from raw material procurement, product development, and manufacturing to logistics and sales, and covers all household food, commercial food, and processed food ingredients we supply to the tables of Japan.

#### RK-FSS Overview



#### Quality Assurance-related Documentation System



### Quality Assurance Reviews

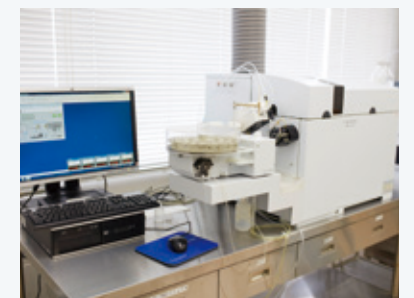
The Quality Assurance Unit provides leadership in holding quality assurance review meetings, once in the first half of each fiscal year and once in the second half. Riken Vitamin's president, relevant directors, Group factory heads, manufacturing division managers, and quality control division managers attend the meetings. At the first-half meeting, we conduct an annual review of the operational status of RK-FSS, share system issues, and plan improvements. At the second-half meeting, we share examples of improvements made based on feedback from customers as part of efforts to expand these activities Groupwide.

### Enhancing Our Global Quality Assurance System

In April 2023, we established the Global Quality Assurance Division within the Quality Assurance Unit. We must respond appropriately to international laws and regulations in order to expand our overseas business. As such, we are restructuring our global quality assurance system and upgrading its ability to provide synergistic support in Japan and around the world.

## Highlight | Food Analysis & Research Center

The Food Analysis & Research Center located in the Soka Factory develops advanced analysis technology to improve our ability to assure the quality of the products we supply to our customers. For example, in 2019 its joint research with the National Agriculture and Food Research Organization enabled Riken Vitamin to patent technology to determine the origin of wakame using trace elemental analysis. In FY2022, the Food Analysis & Research Center and each factory in Japan collaborated in initiatives to resolve quality control issues through the use of statistical analysis methodologies. The center is a unique unit that we expect will enhance the sophistication of the inspection techniques we employ in quality assurance.



Inductively coupled plasma mass spectrometer



## Message from the President

### Supporting a Sustainable Society with Specialty Products and Services

#### Riken Vitamin's DNA and Businesses

**We have expanded the scope of our business by leveraging our unique strength in creating added value from natural materials using innovative technologies.**

One of the main points of our Management Philosophy is to "Provide health and a rich dietary life to society through foods." The effective use of natural materials is at the core of our businesses, and we supply products that offer healthy options, safety, reliability, and richness to people's lives. Riken Vitamin is known for household food, but that segment only accounts for 14% of consolidated net sales in the Domestic Food business. In contrast, commercial food accounts for 22% of consolidated net sales, processed food ingredients accounts for 29%, and BtoB sales accounts for the majority of the rest.

Our commercial food segment supplies seasonings for restaurants, prepared meals and school lunches, while the processed food ingredients segment provides food-improving agents and vitamin to customers including processed food manufacturers as well as pharmaceutical and health food manufacturers.

The effective use of natural materials has been part of Riken Vitamin's DNA since the company was founded. In 1953, we succeeded in using molecular distillation to produce vitamin A, and this innovative technology is still a fundamental component of everything we do. Broadly speaking, a key strength is the unique technological capabilities we use to increase the added value of products made from natural materials.

We are pleased that people associate Riken Vitamin with household food products such as salad dressings. However, we would also like investors and other stakeholders to understand the true breadth of our operations, including our various business and R&D strengths, and thus understand our true value. We decided to publish this integrated report because we want people to really understand the ways that we contribute to society with innovative products and services.



**Kazuhiko Yamaki**

President & Representative Director



# Message from the President

## Medium- to Long-Term Growth Strategy

**We aim for further growth by proposing specialty products and applications that add value.**

Our business model involves adding value through technology that effectively uses natural materials, and we employ it consistently in all of our business fields (food, improving agents and healthcare). For example, early in our history, we extracted vitamin A from fish organs—effectively using natural materials that were formerly discarded. Scallop extract is another example. We have the top market share in Japan for this product, which we manufacture by concentrating and processing scallop broth that was formerly discarded. In ways like this, Riken Vitamin has manufactured sustainable products since day one.

We also add value to our products by combining materials created using our unique technologies with our ability to propose applications. The development of Chinese steamed buns is a good example. We proposed seasonings and ingredients that make the buns more flavorful, and also proposed improving agents that make the exterior surface fluffy and natural colorants that add visual appeal. Among Japan's many specialized manufacturers in this market, we are proud to be one of the few that can offer comprehensive proposals with multiple combination options.

Our current medium- to long-term vision is to achieve growth by supporting a sustainable society with specialty products and services. During our current medium-term management plan (FY2022 to FY2024), we are strengthening the foundation for growth to achieve our vision. For Riken Vitamin, a specialty product is something that contributes to a sustainable society, is unique in its category, and adds value for customers because it is based on proprietary technologies. Our existing businesses offer many specialty products, and we intend to create even more of them in our core business fields of food, improving agents, and healthcare. The Application & Innovation Center (A&I Center) researches and develops food-improving agents and is a key source of specialty products. A&I Center researchers from a variety of fields conduct surveys, marketing, and research and development. Collaboration with researchers and business partners overseas and communication that transcends the boundaries of specialized disciplines empower the people at the A&I Center to propose unique concepts and applications. In many cases, A&I Center proposals drive innovation by addressing potential issues for processed food manufacturers.

Sales and profits in the Overseas business in FY2022 significantly exceeded projections due to price increases and the weaker yen, but the ratio of commodity product sales to total

sales was higher than in the Domestic Food business. We are in the process of accelerating the rollout of specialty products overseas, and plan to open a new Application Center in North America that will complement centers currently located in Shanghai and Singapore. We are also considering the construction of factories for improving agents in North America and Southeast Asia to create a manufacturing structure consisting of four factories.

## Business Portfolio Review and Growth Investments

**We will review our business portfolio to address changes in the external environment.**

As part of the review of our business portfolio, we are closely monitoring changes in the external environment that pose a risk, such as rapidly increasing ingredient prices and supply instability in Japan. In FY2022, the Domestic Food business was able to partially offset negative impacts by raising prices, although doing so reduced the competitiveness of some products. Over the long term, we expect Japan's food market to shrink due to population decline, so we plan to review low-potential categories in the Domestic Food business and increase the proportion of products with high added value that only we can offer. Category review will likely cause changes in demand, so we are also considering updating aging equipment and renovating factories in the line with new demand. In addition, we will address raw material supply concerns with initiatives to ensure stable procurement. For example, we have been collaborating with a fishing company and fishery cooperative in Ofunato City, Iwate Prefecture since 2020 to utilize idle fishing grounds to support large-scale aquaculture for wakame, which is a key ingredient in our household and commercial foods (see page 17 for details). A core Group strength is our ability to research and develop seaweed seeds and seedlings, and we will deploy this strength to maintain and improve our competitiveness.

While we have positioned the Overseas business as a growth driver, the low ratio of specialty products in its lineup is an issue. We therefore intend to proactively invest capital in the key areas of North America, other parts of Asia, and China to increase the ratio of specialty products.

Another initiative related to our business portfolio is our ongoing preparation to make return on invested capital (ROIC) a component of our next medium-term management plan. We recognize that the scope of our business is large compared with the Group's size, so we want to visualize each business to structure our portfolio in a way that ensures capital efficiency.



## Lessons Learned and Future Direction

**We will strengthen governance and create a new corporate culture.**

The improper accounting practices at a Chinese subsidiary in 2020 caused a loss of market trust in Riken Vitamin and were a factor that depressed our stock price at the time. Only local executives and employees operated this company even after Riken Vitamin acquired it in 1994, which resulted in a weak relationship with and sense of inclusion in the Group. In addition, I take it seriously that Riken Vitamin's Board of Directors and senior managers, including myself, did not fulfill their responsibility for preventing the improper accounting practices, and our internal controls were deficient.

Learning from this lesson and aiming to restore trust, we first changed the chairs of the Nomination Committee and the Compensation Committee to outside directors to ensure the effectiveness and transparency of the Board of Directors. We also formulated term of office guidelines for officers, and shared information about developing the next generation of leaders. In light of the lack of governance at our Chinese subsidiary, we reinforced our Internal Audit Department and established the Group Business Management Division under the direct control of the president as a complementary organization. Our primary objective is to prevent overseas subsidiaries from becoming isolated, and this organizational framework supports audits from a different perspective and facilitates prompt reporting.

Having strengthened governance, our next goal is to build a new corporate culture. Riken Vitamin has always had a corporate culture that is open-minded and respects diversity, but I am concerned that this atmosphere is fading. I believe that sustainable growth as a specialty company depends entirely on people, and we are committed to ensuring psychological safety

and respecting diversity. In addition, we are integrating human resource and management strategies in our discussions. I want Riken Vitamin to be a self-driven organization in which individuals share our vision and ideals and take the initiative in addressing issues. That kind of organization will inspire all employees to energetically participate in our medium-term management plan as if it were their own.

## To Our Stakeholders

**We will enhance our competitive advantage in terms of offering solutions to achieve our medium-term management plan.**

During FY2023, the midpoint of our current medium-term management plan, we will move forward in enhancing our ability to offer solutions, which is a fundamental competitive advantage for the Group. In Japan, we will focus on our core businesses by strategically developing new markets, increasing sales and proposing new products. Outside Japan, we will proactively invest in North America and other parts of Asia and increase the ratio of specialty products in our lineup. I am confident that we will be able to achieve the goals of our medium-term management plan if we succeed in steadily implementing these measures.

The Riken Vitamin Group aims for sustainable growth by providing specialty products and services. We will also continue to engage in meaningful dialogue with our stakeholders so that they can share our confidence in the future of the Group.

We look forward to the continued support of our stakeholders.