

Financial and Capital Strategy

We will invest in growth while implementing capital cost-conscious management.

Takahiro Tomitori
Director



FY2023 in Retrospect

With our medium- to long-term vision for 2030 in place, we have been implementing our current medium-term management plan, which covers FY2022 to FY2024. The past two years have been extremely challenging due to major changes in the business environment that we did not anticipate when formulating the medium-term management plan. Rising raw material and fuel prices due to heightened geopolitical risk, reduced harvests due to abnormal weather, exchange rate fluctuations, and rapid inflation have all had a significant impact on our business performance.

We performed well despite this challenging business environment, achieving all of the medium-term management plan performance targets for FY2023—from net sales, operating profit, and ordinary profit to profit attributable to owners of parent and

return on equity (ROE). Net sales, operating profit, and ordinary profit all reached record highs, and we were able to achieve our targets for the final year of the medium-term management plan one year ahead of schedule for every line item except net sales. We accomplished all this mainly due to the impact of price revisions and improvements to low-margin products in the Domestic Food business. We successfully handled the difficult

negotiations these initiatives required because everyone from senior managers to the people directly responsible worked closely together. Our willingness to take on challenges and push toward our goals without being bound by the past paid off for us.

In the Overseas business, we faced challenges in increasing net sales in FY2023 due to customer inventory adjustments and slowing economies. However, we stood by our management

► Achievement of Medium-Term Management Plan Targets

(Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	ROE
FY2023	91,484	9,371	10,296	8,755	11.8%
Medium-term management plan performance targets	94,000	8,000	8,200	6,500	8.0% or higher

← Targets achieved one year ahead of schedule →

Financial and Capital Strategy

commitment to earnings and generated operating profit that exceeded the target in the medium-term management plan despite lower profits year on year. We also made steady progress in accelerating expansion in Asia and North America, which is a basic policy of the plan. Initiatives included investments to expand the improving-agent factory at Tianjin Rikevita Food in China and to expand the production facilities at Guymon Extracts, a pork extract manufacturing subsidiary in North America. Furthermore, in June 2024 we opened a new Application Center at the office of Riken Vitamin USA, our U.S. sales company. We deployed engineers there to enhance our proposals for food-improving agents in the United States.

In addition, we further expanded our presence in the Japanese market and entered new domains by producing hit products in the BtoC market, and also performed well in the BtoB market. Our unique processing technologies made Furikakeru Zakuzaku Wakame possible, creating a completely new product in the seaweed category that opened up a new market. We developed this product based on a new idea from the Research and Development Department. We developed Indo Kareya-san no Nazo Dressing utilizing information we had collected about salad dressings. Both products resulted from our commitment to delivering customer value.

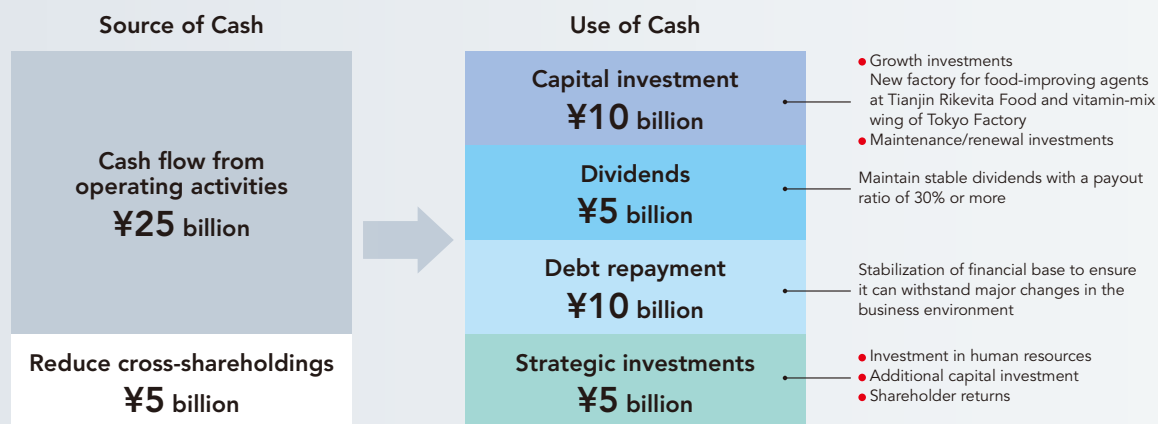
Regarding our financial position as of March 31, 2024, total assets increased ¥13.5 billion from a year earlier to ¥118.7 billion, including a positive ¥1.4 billion foreign exchange effect. Factors in the increase included an increase in investment securities due to higher share prices. Net assets increased ¥5.2 billion from a year earlier to ¥76.6 billion, with higher retained earnings partially offset by the acquisition of treasury stock. The equity ratio decreased 3.3 percentage points year on year to 64.5%

Progress of Capital and Financial Policies

Operating cash flow of ¥25.0 billion and sales of cross-shareholdings totaling ¥5.0 billion are the sources of cash for allocation during the medium-term management plan. Operating cash flow is stable because of our favorable business performance and exceeded ¥10.0 billion for FY2023. However, we have postponed some of the planned ¥10.0 billion in capital investments during the medium-term management plan for reasons including material shortages. Consequently, we expect capital investments to be slightly below plan at ¥9.6 billion.

Reorganization of the Tokyo Factory is one of the major investment projects currently in progress, and we have increased total investment for this project since formulating the medium-term management plan. In addition, we did not include the expansion of Guymon Extracts' production facilities in the plan, but subsequently decided to make the investment in light of current production circumstances. We expect a sound return on this investment because we forecast an increase in demand as the number of ramen restaurants and their service areas grow in North America. However, we expect a delay in the start of operation of the new facilities, from the originally planned date of September 2025 to summer 2026.

► Cash Allocation during the Medium-Term Management Plan (FY2022–FY2024)



Operating cash flow and sales of cross-shareholdings are the sources of cash for allocation.
Operating cash flow is stable.

Financial and Capital Strategy

We plan to maintain the approach outlined in the medium-term management plan while making swift management decisions to avoid missing opportunities and increasing the amount of investments. The Overseas business is a growth driver and requires aggressive investment to increase sales volume and the top line in the future. Meanwhile, demographic trends leave little room for growth in the Japanese market. However, domestic businesses are our core, accounting for roughly three-quarters of consolidated net sales and an even higher proportion of earnings. Expanding the Overseas business requires that we first solidify our core domestic businesses even further, and we intend to invest effectively to do so.

We will primarily fund investments using loans with due consideration of our balance sheet and cash position. Our fundamental approach is to be proactive in considering investments on a case-by-case basis. We also intend to diversify funding methods in anticipation of rapid changes in the business environment, including the prospect of higher interest rates.

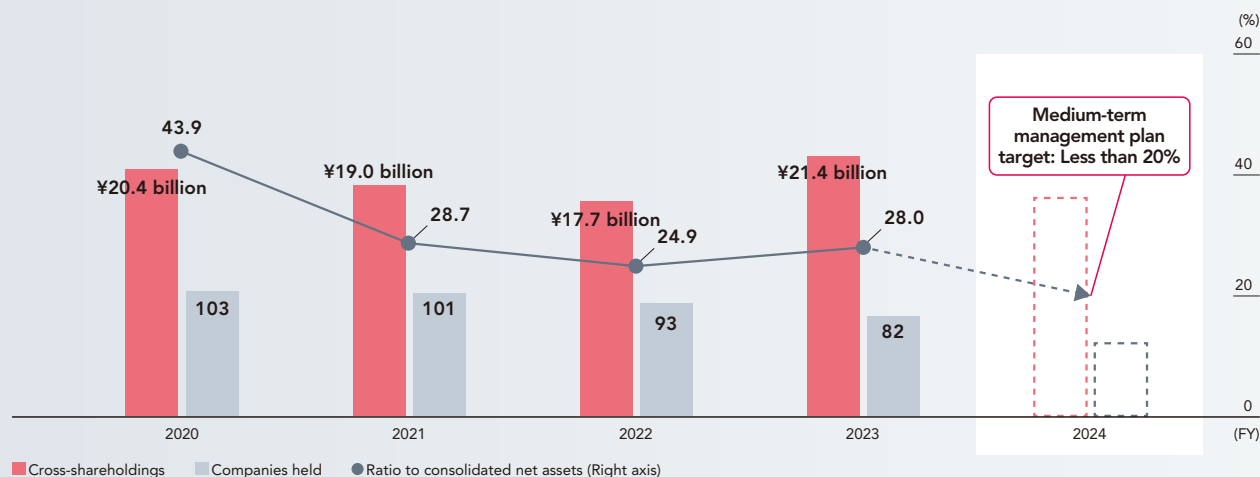
► Capital Structure

A major initiative during FY2023 was the dissolution of the capital and business alliance with Kikkoman Corporation, which began in 2008. Both parties mutually came to this decision in light of changes in their respective business environments, including pressure in recent years to reduce cross-shareholdings. As part of the dissolution, we repurchased all Riken Vitamin shares that Kikkoman held. During the alliance, collaboration in areas such as procurement and logistics achieved measurable results. We will continue to do business and maintain a good relationship with Kikkoman after the dissolution of this capital and business alliance. We plan to sell all of our Kikkoman shares in the future, but we have not yet determined a specific date. We will carefully consider the capital structure that is best for the

Riken Vitamin Group as we focus on our business activities and strategic execution, and will effectively communicate the results in our investor relations activities.

In FY2023, we reduced cross-shareholdings by ¥2.9 billion through the complete or partial sale of shares held in 16 companies. At the same time, the carrying value of our cross-shareholdings increased by ¥3.6 billion due to rising share prices, and the ratio of cross-shareholdings to consolidated net assets also increased to 28%. Our capital and financial policies in the medium-term management plan target a reduction in cross-shareholdings to less than 20% of consolidated net assets by March 31, 2025, and in FY2024 we have been reducing cross-shareholdings to achieve the target of the plan.

► Status of Cross-Shareholdings



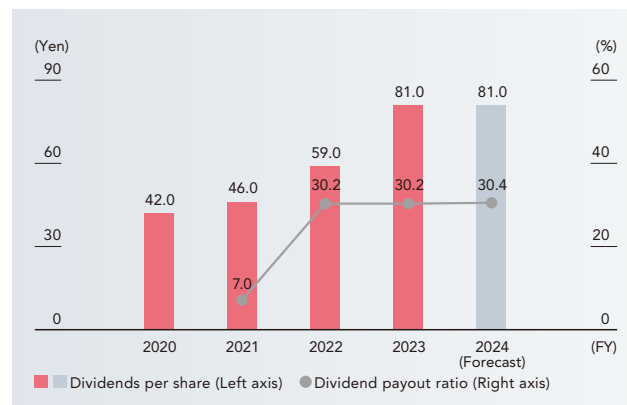
Financial and Capital Strategy

► Capital Cost-Conscious Management

Initiatives to manage our business portfolio have included introducing an indicator for return on invested capital (ROIC) for each business, broken down by product lines. We now have access to that data. However, we have a significant number of product lines considering the size of the Company, and although the scale of each business is not large, each one plays an important role. We therefore recognize the need to assess profitability from multiple perspectives, such as the new value created by the integration of different departments, rather than drawing conclusions using only the ROIC data. We intend to continue improving the accuracy of business-specific ROIC and use it as one of the key elements of our management decisions.

Our return on capital exceeds our cost of capital, but our shares remain undervalued according to various indicators, with a price-book ratio of 1.02 and a price-earnings ratio of 9.6 as of March 31, 2024. That suggests that we have more work to do. We believe that the advantages of our business model have enabled us to continuously increase net sales and earnings despite the impact of significant changes in the external business environment. Specifically, these advantages include 1) our operations in and outside Japan; 2) our business portfolio encompassing the Food, Improving Agent, and Healthcare businesses; and 3) the fact that our food businesses serve both the household and commercial markets. We will target sustainable growth as we work to improve the Group's corporate value.

► Shareholder Returns



Note: The dividend payout ratio for FY2020 is not available because of a net loss in that year.

Since launching the current medium-term management plan, the Group has been committed to its dividend policy of maintaining stable dividends with a payout ratio of 30% or more. The Group has achieved record-high profits through favorable financial results, and therefore increased annual dividends per share for FY2023 by ¥22.0 to ¥81.0 from ¥59.0 for FY2022, with a dividend payout ratio of 30.2%. We have increased dividends 1.7 times (or by approximately 76%) from FY2021.

Although we expect lower earnings in FY2024, we plan to follow our dividend policy and maintain dividends at ¥81.0 per share, unchanged from FY2023. We will consider future policies when formulating our next medium-term management plan.

Sustainability and Disclosure

The Riken Vitamin Group is focusing on research that will help to resolve sustainability issues through our businesses, such as reducing food loss and revitalizing the seaweed aquaculture industry. In addition, the NanoTerasu next-generation synchrotron radiation facility of which we are a coalition member began operation in April 2024. Resolving sustainability issues requires significant innovation, and not all of the Group's research will lead to successful results. However, we believe that taking research risks is necessary for sustainable growth.

We want stakeholders to be aware of our sustainable management initiatives as well as our capital and financial policies. We are committed to increasing corporate value to ensure that the Riken Vitamin Group is an investment of choice, and so we would like to increase our valuation as measured by share price and PBR.

Moreover, we issued *Integrated Report 2023* in September 2023, our first integrated report, and we think we have successfully improved the number and quality of our conversations with stakeholders. Over the past year, we held conversations with stakeholders approximately 70 times, including 60 investor relations (IR) meetings (42 with Japanese investors and 18 with overseas investors) and 8 shareholder relations (SR) meetings with Japanese investors. We also plan to improve our English disclosure with the aim of increasing the proportion of non-Japanese share ownership. We hope to meet the expectations and earn the trust of markets through disclosure that is even easier to understand and dialogue that is even more constructive.

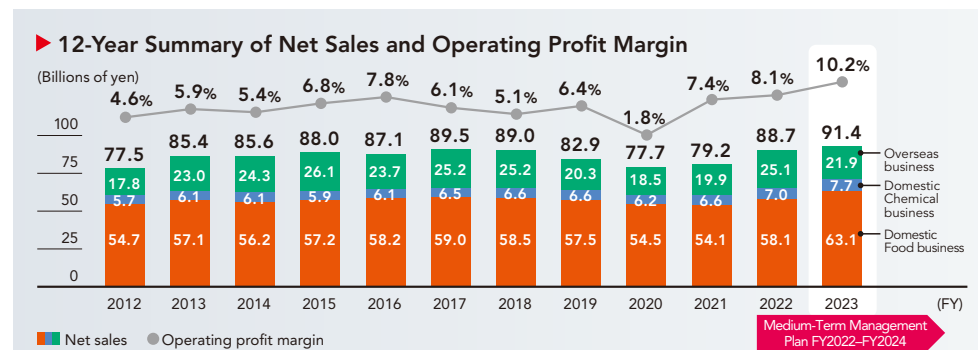
Medium-Term Management Plan

Our medium- to long-term vision covers the nine years through FY2030. Our current medium-term management plan covers the three years through FY2024, and is positioned as a period for strengthening our foundation and making investments for future growth.

→ [Please refer to page 7 for details about our medium- to long-term vision.](#)

Business Environment and Challenges

The key challenge in our business environment is adapting to the changes in demographics, climate, and lifestyles. In addition, rising uncertainty makes predictions even more difficult, so we need to build a new corporate culture that is not an extension of the past. Looking at the 10 years beginning in FY2012, we generated moderate growth in the first half, but not as much in the second half. We positioned the Overseas business as a growth driver, but we have not scaled it up and must rectify this situation. We formulated the current medium-term management plan based on our recognition of the above issues.



Medium-Term Management Plan: Financial Indicators

Performance Targets

(Billions of yen)	FY2022 Results	FY2023 Results	FY2024 Forecast	Initial Plan
Net sales	¥88.7	¥91.4	¥92.5	¥94.0
Operating profit	¥7.1	¥9.3	¥8.5	¥8.0
Ordinary profit	¥7.7	¥10.2	¥9.0	¥8.2
Profit attributable to owners of parent	¥6.4	¥8.7	¥8.1	¥6.5
ROE	9.3%	11.8%	10.4%	8% or higher

Average forex rate: ¥113/USD for FY2021, ¥136/USD for FY2022, and ¥145/USD for FY2023

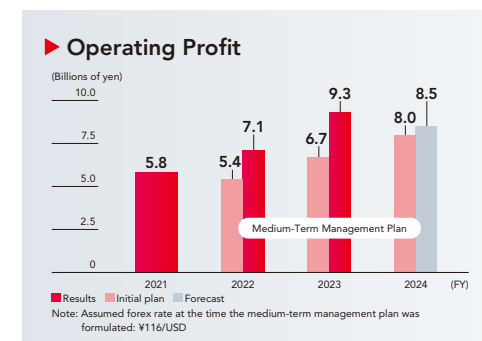
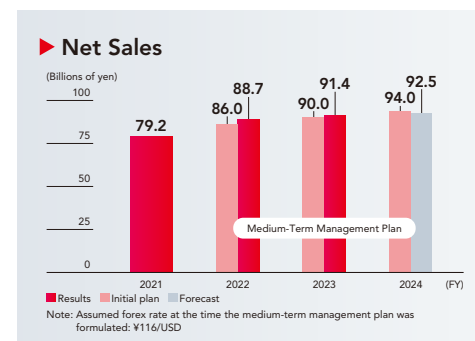
Capital and Financial Policies

	Policies for FY2022 to FY2024
Cash allocation	Source: Approx. ¥30 billion (including approx. ¥5 billion from reduction of cross-shareholdings) Uses: Capital investment: approx. ¥10 billion; Dividends: approx. ¥5 billion; Interest-bearing debt repayment: approx. ¥10 billion; Strategic investment (investment in human resources, additional capital investment, and shareholder returns): approx. ¥5 billion
Shareholder returns	Maintain stable dividends with a payout ratio of 30% or more
Cross-shareholdings	Reduce cross-shareholdings to less than 20% of consolidated net assets by March 31, 2025
Cancellation of treasury shares	Cancellation of 7 million shares (out of approximately 7.7 million shares) in May 2022

Medium-Term Management Plan: Progress in FY2023

The graphs below present progress toward the net sales and operating profit targets of the medium-term management plan. Although exchange rates, raw material prices, and other variables have fluctuated significantly since the plan was formulated, we have been able to successfully address changes in the business environment. As a result, we exceeded our initial plan for both net sales and operating profit in FY2022 and FY2023. In particular, we generated record operating profit for two consecutive fiscal years, due in part to a significant increase in the Overseas business profit margin.

Although we expect net sales in FY2024 to be less than the initial plan, we expect operating profit to be ¥8.5 billion (6% higher than initial plan).



Medium-Term Management Plan

Medium-Term Management Plan: Basic Policies and Progress in FY2023

Strengthen management foundation (governance)

Target	Progress
1) Have an external organization evaluate the effectiveness of the Board of Directors	<ul style="list-style-type: none"> April 2023: Implemented evaluation by an external organization ⇒ Board of Directors assessed as effective overall
2) Strengthen and promote a succession plan	<ul style="list-style-type: none"> Succession plan reported at a Board of Directors meeting in December 2023 ⇒ Reviewed training system and introduced programs for finance and legal affairs
3) Reduce cross-shareholdings	<ul style="list-style-type: none"> FY2023 cross-shareholdings sold: ¥2.9 billion (16 companies) Ratio of cross-shareholdings to consolidated net assets as of March 31, 2024: 28.0% (up 3.1 percentage points from a year earlier)
4) Establish an organizational structure to strengthen cooperation between the Head Office and domestic and overseas subsidiaries	<ul style="list-style-type: none"> Group Business Management Division regularly visits subsidiaries to support the internal control process Global Quality Assurance Division established within the Quality Assurance Unit in April 2023
5) Strengthen Audit Department	<ul style="list-style-type: none"> Held 12 regular meetings in FY2023 for Audit Department and Audit and Supervisory Committee members Conducted overseas inspections in April and October 2023
6) Enhance disclosure of accurate and easy-to-understand financial and non-financial information	<ul style="list-style-type: none"> Began publishing Corporate Governance Guidelines and Corporate Governance Report in English in June 2024

Accelerate expansion in Asia and North America

Target	Progress
1) Grow our businesses, especially food-improving agents for bakeries, chemical-improving agents, and extracts and seasonings in North America	<ul style="list-style-type: none"> Application Center opened at Riken Vitamin USA in June 2024 For extracts and seasonings, strengthen proposal activities using our website
2) Raise production capacity at overseas facilities	<ul style="list-style-type: none"> Tianjin Rikevita Food: Construction of new food-improving agent factory (scheduled to start operation in April 2025) Guymon Extracts: Expansion of pork extract manufacturing facilities (scheduled to start operation in summer 2026)

Further expand presence in domestic market and enter new domains

Target	Progress
1) Develop new products for markets adjacent to existing products	<ul style="list-style-type: none"> New products Furikakeru Zakuzaku Wakame and Indo Kareya-san no Nazo Dressing were hits
2) Approach existing customers with proposals for new product categories	<ul style="list-style-type: none"> Develop sales personnel with broad product knowledge through interdepartmental personnel transfers
3) Focus on the elderly care and prepared meal markets	<ul style="list-style-type: none"> Develop products that contribute to nutritional enrichment and seasonings with added functionality
4) Strengthen proposals for healthcare products such as vitamins, microcapsules, and functional food product ingredients	<ul style="list-style-type: none"> Achieve better sales results for crocetin, vitamins, and microcapsules Expand sales of crocetin for general processed foods
5) Propose products for reducing food loss	<ul style="list-style-type: none"> Two approaches for proposals: Reduction of loss during production and reduction of final product disposal
6) Research for revitalizing the seaweed cultivation industry	<ul style="list-style-type: none"> Supporting large-scale wakame aquaculture in cooperation with a fishing company and fisheries cooperative Conducting joint research with universities, research institutes, and start-ups
7) Expand products for biomass plastics and biodegradable plastics	<ul style="list-style-type: none"> Strengthen proposals for improving agents that help enhance the biomass content of resins
8) Transform our production system so that it supports global supply chains	<ul style="list-style-type: none"> Strengthened cooperation with overseas factories by deploying technology developed in Japan Continued to promote food safety management systems

Promote sustainable management

Target	Progress
1) Reduce GHG emissions	<ul style="list-style-type: none"> Rikevita (Malaysia): Reviewed boiler configurations and upgraded compressors Riken Food: Upgraded freezers to natural refrigerant (ammonia and CO₂)
2) Reduce environmental impact	<ul style="list-style-type: none"> Adopted environmentally responsible packaging containers for some products in the Furu Wakame-chan and Wakame Soup series in the fall of 2023 to reduce the amount of plastic used
3) Promote diversity and inclusion	<ul style="list-style-type: none"> Ratio of female managers as of March 31, 2024: 4.9% (up 1.1 percentage points from a year earlier) Ratio of global talent as of March 31, 2024: 8.9% (up 2.1 percentage points from a year earlier) Ratio of female officers* as of June 30, 2024: 14.3%
4) Promote health management	<ul style="list-style-type: none"> Recognized as a Certified Health & Productivity Management Organization for three consecutive years (Received White 500 certification for the first time in five years)

* Officers is defined here as directors and managing executive officers

Business Strategy

Business Segment Overview

In Japan, our sales structure is organized around each product market. Each unit formulates strategies and develops business activities for its respective products. Overseas, a business unit formulates strategies for products manufactured in Japan and products manufactured by overseas production subsidiaries, and overseas sales subsidiaries market those products. We therefore have two geographical business areas—Japan and overseas—and three reportable business segments: the Domestic Food business, the Domestic Chemical business, and the Overseas business. An overview of each business segment is on the right.



Takahisa Nakano
Senior Managing Director & Representative Director



Nobuo Dotsu
Managing Director



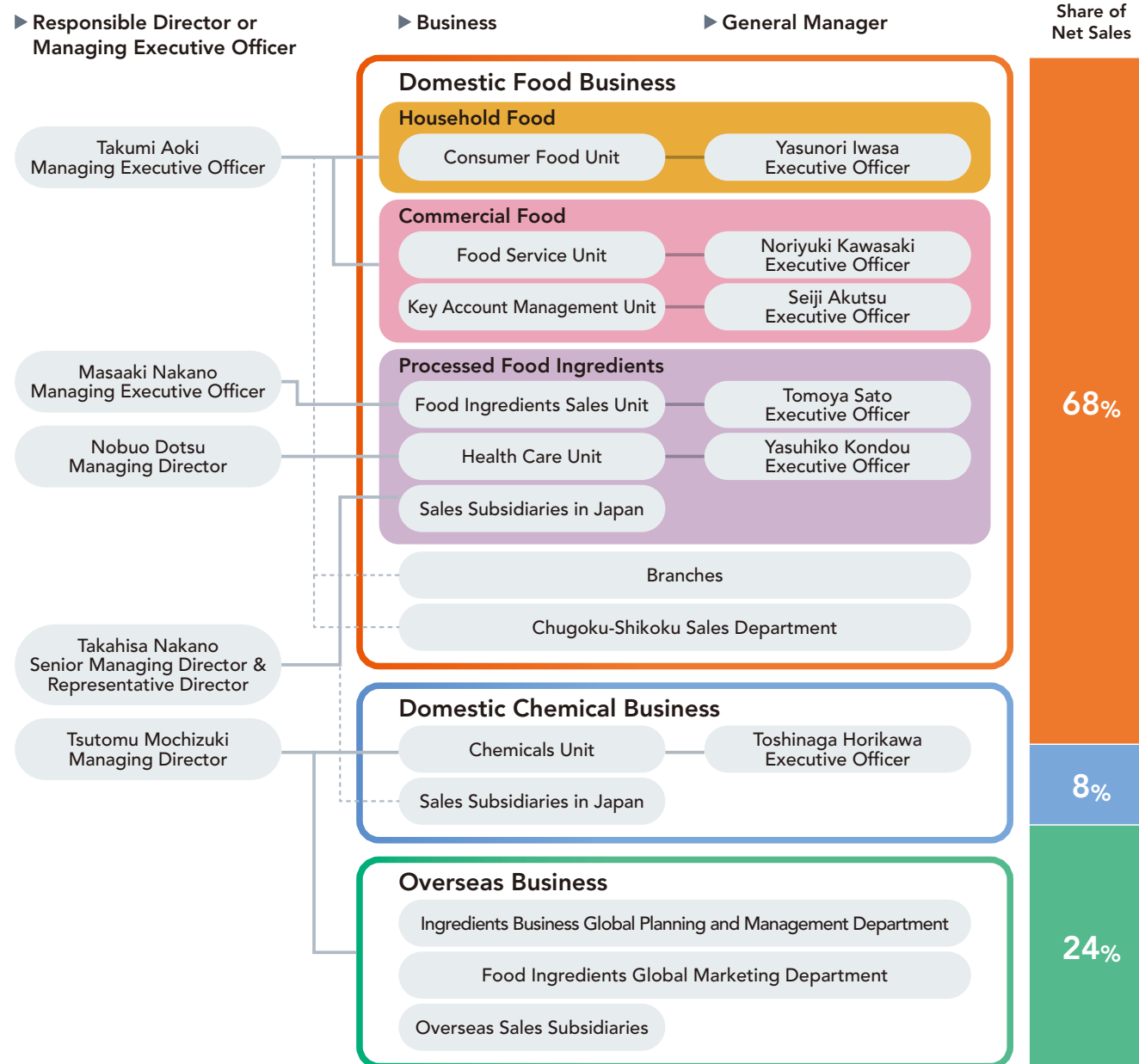
Tsutomu Mochizuki
Managing Director



Masaaki Nakano
Managing Executive Officer



Takumi Aoki
Managing Executive Officer



Business Strategy

Domestic
Food Business

Household Food

We target stable profits by developing and nurturing new core products and re-emphasizing the brand value of our long-selling products.

Business Overview

We manufacture and sell dressings including Riken Non-Oil, Riken Salad Duo, and Indo Kareya-san no Nazo Dressing; seaweed products including Furu Wakame-chan and Wakame Soup; Japanese-style seasonings including Sozairyoku Dashi; retort pouch foods; and other general household products.

Opportunities

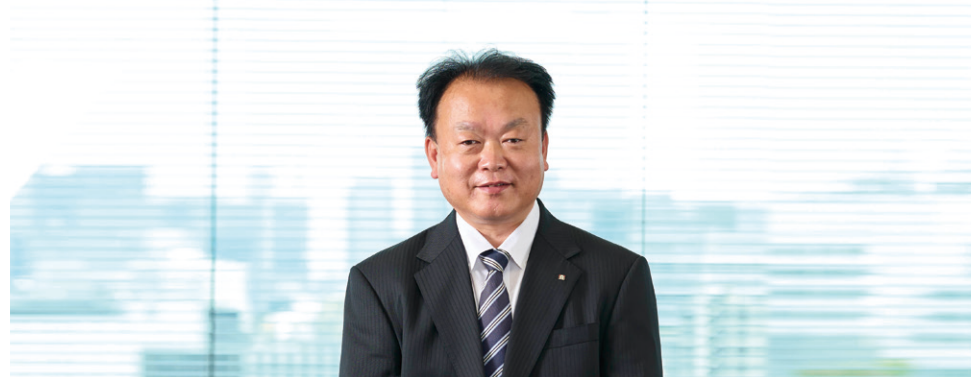
- Growing consumer health consciousness, including reduced salt intake
- Formation of markets receptive to high-value-added products
- Increased social awareness of environmental issues

Risks

- Thriftier consumers due to rising prices
- Procurement instability and rising costs
- Dressing market contraction due to diversification of vegetable intake
- Fewer at-home cooking opportunities due to the expansion of the market for prepared meals

Initiatives to Address Opportunities and Risks

- ✓ Introduce new products in potential new markets adjacent to existing markets
- ✓ Steadily revise prices and restructure product mix in line with market changes
- ✓ Provide information that addresses health consciousness
- ✓ Conduct marketing to capture at-home cooking opportunities
- ✓ Revamp products to help resolve environmental issues



Yasunori Iwasa
Executive Officer
General Manager of Consumer Food Unit

FY2023 Results

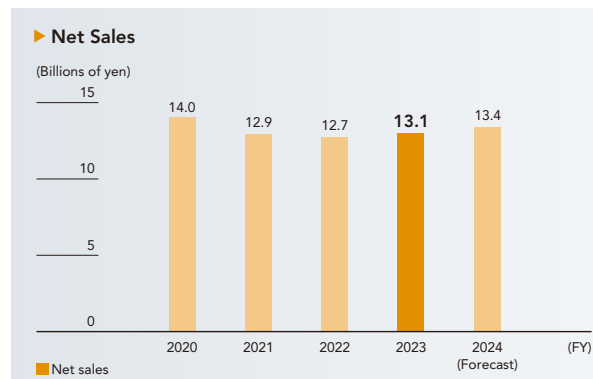
While sales of existing products declined due to the impact of price revisions, new products drove sales. Sales of the Furikakeru Zakuzaku Wakame series, which we launched in 2022, increased due in part to the addition of new flavors, and was selected as a Nikkei Trendy 2023 Hit Product. Indo Kareya-san no Nazo Dressing, launched nationwide in August 2023, became both a hot topic on social media and a hit product, with shipments exceeding 1.4 million bottles.

In addition, initiatives to reduce our environmental impact have included changing the display for best-before dates from a year/month/date format to a year/month format for some products and switching to environmentally responsible eco-packaging.

Outlook

We will further expand sales of new products and work to make them into standard products in order to ensure their long-term growth. We also recognize that revitalizing existing products is also important for achieving stable earnings. Non-oil dressings account for a large proportion of sales, and we celebrated the 35th anniversary of our flagship Riken Non-Oil Aojiso product in 2024. We intend to re-emphasize the value of this product and reach different generations through promotional measures that employ strategic public relations and social media.

We will also continue to address environmental issues, such as by displaying best-before dates in a year/month format and expanding the range of products that use eco-packaging.



Business Strategy

Domestic
Food Business

Commercial Food

We will propose solutions that use our wide range of products to strengthen our position in existing markets and acquire new business in growth markets, while addressing changes in the social landscape.

Business Overview

We provide processed foods such as dressings, seaweed products, Japanese, Western and Chinese seasonings and soups, and rice seasonings for school lunch programs and the restaurant industry. We also propose a broad array of food ingredients and food-improving agents to processed food manufacturers and prepared meal market players including convenience stores.

Opportunities

- Expansion of the prepared meal and side dish markets due to the increase in single-person households and needs for time-saving and convenience
- Expansion of the elderly care and prepared meal markets as society ages
- Growing popularity of nutritionally balanced ready-to-eat products
- Increasing needs related to growing health awareness
- Growing requirements for flavor retention soon after cooking and productivity improvements driven by labor shortages in food-related industries



Risks

- Issues related to procuring natural materials due to climate change and natural disasters
- Profit pressure due to rapidly rising raw material prices and rising logistics and labor costs
- Intensifying competition in the growing elderly care and prepared meal markets
- Declining growth potential in Japan's food market due to changes including contraction in the school lunch market due to the declining birthrate

Initiatives to Address Opportunities and Risks

- ✓ Acquire inventory from multiple suppliers, research seaweed seedlings, and propose products that partially supplement raw materials
- ✓ Ensure stable business operations by raising prices in line with increased costs and by improving low-margin items
- ✓ Enhance solutions in terms of both food products and improving agents to address issues in the prepared meal market
- ✓ Address labor shortages in the restaurant industry by developing and proposing products that simplify operations
- ✓ Develop and propose products that incorporate seaweed ingredients, vitamins, and reduced salt to address health consciousness
- ✓ Strengthen relationships with existing business partners by leveraging the advantages of our broad product lineup and extensive network of business partners



Noriyuki Kawasaki
Executive Officer
General Manager of Food Service Unit



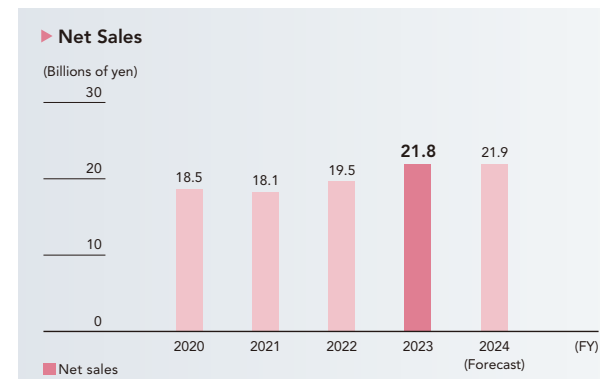
Seiji Akutsu
Executive Officer
General Manager of Key Account Management Unit

FY2023 Results

Sales and sales volume of products for the school lunch and restaurant industries increased despite concerns about the impact of price increases to address rapidly rising seasoning and ingredient costs. Demand remained strong due to the post-pandemic end of restrictions on movement and recovery of inbound tourism. Sales of products for the convenience store market increased because sales of seaweed products remained as strong as in FY2022. For processed food manufacturers, sales of seasonings and improving agents for various prepared dishes and instant noodles increased due to higher demand for prepared meals. As a result, net sales increased overall and profit margins improved due to the impact of price increases and improvements in low-margin products.

Outlook

In the school lunch and restaurant industries, we expect the post-pandemic recovery of overall market demand to level off. However, we will implement a variety of initiatives, including collaboration with other manufacturers, to acquire new business and improve earnings. For convenience stores and processed food manufacturers, we will leverage the strengths of our food, improving agents, and healthcare product portfolios to make wide-ranging proposals with a focus on the growing prepared meal market to increase transaction value per customer and enhance profitability. In addition, we will ensure stable business operations by addressing rising raw material, logistics, and other costs in ways such as by raising prices to enhance our earnings structure and improving low-margin products.



Business Strategy

Domestic
Food Business

Processed Food Ingredients

We will support a sustainable society by helping resolve issues throughout the food industry with our food-improving agents and by providing value in healthcare markets.

Business Overview

In the market for food-improving agents, our goal is to be the partner of choice for customers. In the healthcare market, we aim to provide value by helping to extend healthy life expectancy and improving quality of life.

Opportunities

- Growing interest in addressing food loss
- More diverse issues brought on by changes in eating habits
- Increased demand for pharmaceuticals and health foods due to Japan's aging population and heightened health consciousness
- Increased customer requirements for cost reductions due to issues including rising prices for natural materials caused by climate change



Risks

- Reduced food production due to population decline and food loss countermeasures
- Heightened raw material procurement risks for customers and Riken Vitamin due to geopolitical factors and climate change
- Demand fluctuations for health foods due to fads

Initiatives to Address Opportunities and Risks

- ✓ Create an internal organization that excels at resolving issues
- ✓ Reduce food loss by extending best-before dates and improving production efficiency
- ✓ Propose alternative ingredients for items such as eggs that are in short supply and rising in price
- ✓ Ensure stable supply by strengthening procurement capabilities and coordinating among relevant units
- ✓ Develop new products and new functions for functional food product ingredients
- ✓ Sell healthcare products as ingredients for general processed foods



Tomoya Sato
Executive Officer
General Manager of Food Ingredients Sales Unit

Yasuhiko Kondou
Executive Officer
General Manager of Health Care Unit

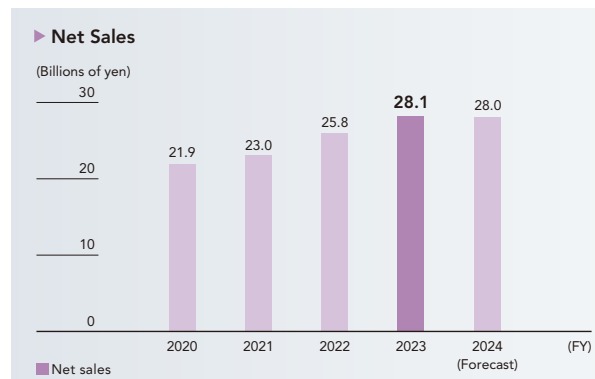
FY2023 Results

Sales increased in the food-improving agents business due to price revisions implemented through FY2022 and the promotion of solutions for customer issues. Earnings also improved due to the stabilization of oil and fat raw material prices, a review of our improving agent formulations, and the discontinuation and consolidation of some products. In addition, we aggressively addressed social issues such as egg shortages due to an avian influenza outbreak, and proposed solutions that address the needs of our business partners.

In the healthcare market, sales of functional food product ingredient crocetin, vitamins, and microcapsules were strong.

Outlook

In the food-improving agents business, we will address serious customer issues such as high prices for raw materials, primary main ingredients, and packaging materials. Our approach will include enhancing our relationships of trust with customers by continuing to propose strategies for adding value and reducing costs. In the healthcare business, we will emphasize vitamin sales growth as we prepare for the scheduled 2025 start of operations at the vitamin-mix wing currently under construction at the Tokyo Factory. Targeting growth through synergies among food-improving agents and healthcare products, we will also expand sales of functional food ingredients such as crocetin to general processed food manufacturers. In addition, we will adapt to new industry-wide safety measures for products in the health food market that emerged as a result of quality issues at another company.



Domestic Chemical Business

We will capitalize on business opportunities arising from heightened environmental awareness in chemical product markets and continue to propose ways to support a sustainable society through naturally derived improving agents.

Business Overview

We will contribute to a sustainable society by increasing sales of environmentally responsible products for which markets will expand over the medium and long term.

Opportunities

- Growing market related to the promotion of decarbonization
- Popularity of ethical consumption
- Trend among companies in customer industries to move operations back to Japan in response to supply chain instability

Risks

- Contracting markets for existing chemical products due to more stringent environmental regulations
- Intensifying competition in sustainability-related markets

Initiatives to Address Opportunities and Risks

- ✓ Propose improving agents that leverage our strength in plant-based products
- ✓ Shift to high-value-added products in existing industries
- ✓ Enhance proposals for environmentally responsible products such as compatibilizers for natural materials and resins and improvers for bioplastics
- ✓ Propose improving agents that support the use of waste (upcycling)



Toshinaga Horikawa
Executive Officer
General Manager of Chemicals Unit

FY2023 Results

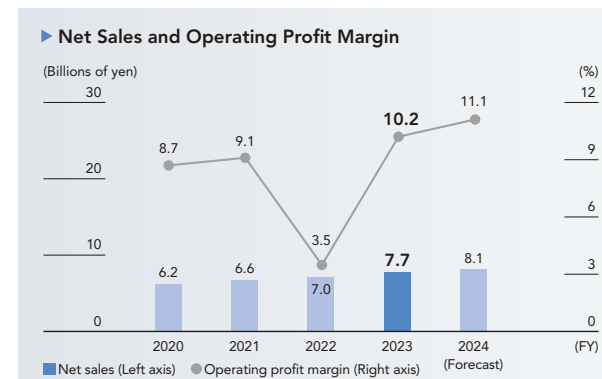
Net sales increased and profit margins improved significantly due to the impact of price increases implemented during FY2022. In addition, following the conclusion of price revision negotiations, we focused on proactively making proposals aimed at achieving results in new markets, such as the cosmetics industry, as part of our strategy to achieve further growth.

However, sales volume decreased due to a combination of weaker demand throughout chemical product industries and the impact of price revisions, which had a pronounced negative impact on capacity utilization rates.

In other businesses, sales of feed oil increased.

Outlook

In existing markets, we will negotiate prices carefully to avoid negative impacts on earnings and will work to reverse the decrease in sales volume. In addition, we will strengthen our proposals in the key markets of automobiles, electronic equipment, and cosmetics. We will also promote the development of environmentally responsible products with the goal of initiating a virtuous cycle over the medium to long term.



Business Strategy

Overseas Business

We will swiftly address changes in the global business environment and structure systems that will drive sustainable growth in our businesses and ensure stable earnings.

Business Overview

We produce and sell improving agents for food and chemical products, extracts, and seasonings at our overseas locations. We have customers in dozens of countries worldwide, mainly in Asia and North America.

Opportunities

- Global population growth and economic growth in emerging countries
- Growing appreciation of Japanese food culture
- Growing environmental awareness and interest in reducing food loss

Risks

- Fluctuating raw material prices and intensifying competition for commodities
- Increasing geopolitical risks that impact supply chains
- Differing laws and regulations in the countries we serve
- Delays in hiring and training global talent
- Fluctuations in demand due to economic downturns in countries around the world

Initiatives to Address Opportunities and Risks

- ✓ **Emphasize solutions-based sales that bring together Group sales, development, and production departments**
- ✓ **Optimize the balance between specialty and commodity products**
- ✓ **Strengthen global quality assurance capabilities**
- ✓ **Strengthen proposals for improving agents for food and chemical products to address heightened environmental awareness**
- ✓ **Upgrade production systems**
- ✓ **Designate focus areas and concentrate management resources there**



Tsutomu Mochizuki
Managing Director

FY2023 Results

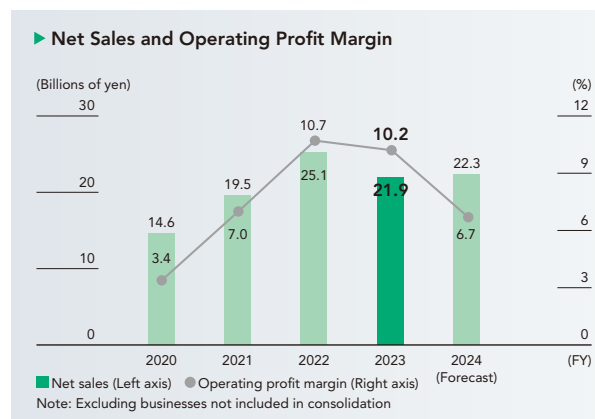
Net sales fell sharply in Europe and North America as customers adjusted inventories in reaction to the absence of the special demand caused by disruption in the global supply chain in FY2022, and also because of stagnant demand due to economic slowdowns and price cuts due to falling raw material prices. Although sales increased in China and Taiwan, net sales and operating profit were both down year on year in the Overseas business.

We were able to maintain the operating profit margin at a relatively high level because our sales policy emphasizes profitability, but capacity utilization rates dropped due to a decrease in sales volume.

Outlook

The decrease in capacity utilization rates has become a serious issue, so we will strengthen and stabilize our profit structure with a pricing policy that balances profit margins and sales volume.

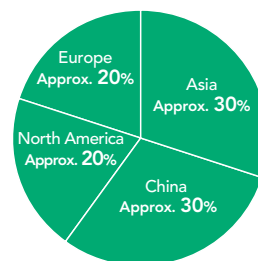
In North America, one of our key markets, we will deploy our newly opened Application Center to roll out solution proposals, which are one of our strengths. We will also expand sales of extracts and seasonings in preparation for expanded production capacity in September 2025. In other areas, we will also enhance our proposals for specialty products, such as high-value-added improving agents for food and chemical products to address heightened environmental awareness.



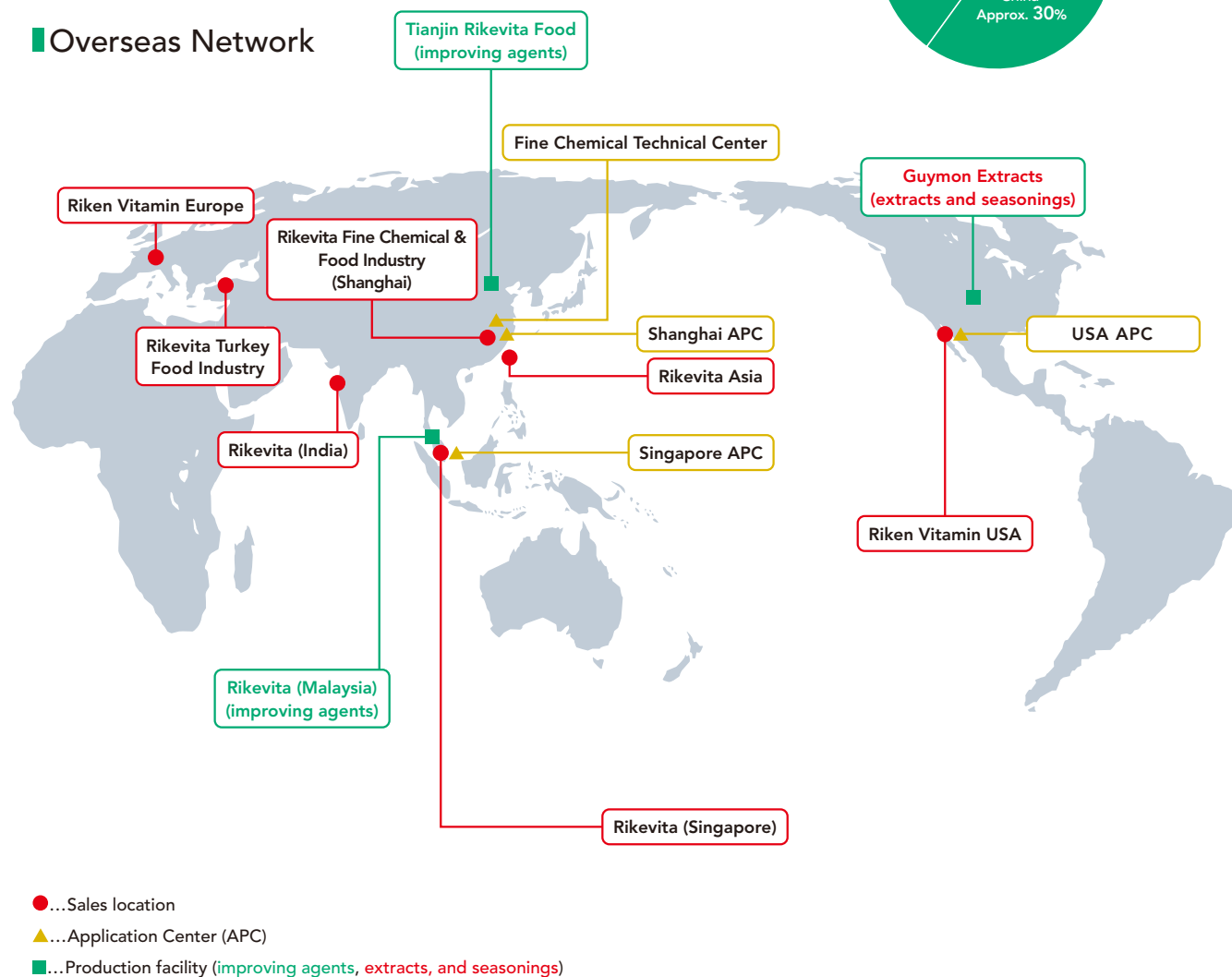
Business Strategy

Overseas Business

Composition of Overseas Sales



Overseas Network



Feature

Our Evolution from Commodity to Specialty Products



Hiroya Ishikura
President
Riken Vitamin USA, Inc.

Riken Vitamin USA sells improving agents, extracts, and seasonings in North, Central, and South America.

Sales of food-improving agents is a core business. We are drawing on our medium- to long-term vision to enhance our proposals for specialty products that can help resolve issues such as reducing food loss. Until now, we relied on business trips from Japan to facilitate conversations between customers and technical staff and joint prototyping, which hindered a fast and efficient response. We therefore opened a new Application Center in spring 2024 that is equipped with manufacturing equipment for the bakery market and has technical staff. Our objective is to resolve customer issues and expand sales by structuring systems that allow us to provide prototypes using food-improving agents locally.

In the extracts and seasonings business, we are making capital investments to increase the production capacity of Guymon Extracts. In the United States, the popularity of ramen continues to spread from the West Coast to the East Coast. The customer base of ramen restaurants is also diversifying, and ramen has become popular as a stylish dining option. In addition to increasing production capacity, we will use solutions-based sales that employ our onsite ramen laboratory to drive sales growth.

Riken Vitamin's Production System Enables Diverse Value Propositions

Riken Vitamin has ten production facilities in Japan and three overseas. We produce and supply a wide range of products in the food, improving agent, and healthcare markets. In the improving agent business, we have built a global supply chain centered on Rikevita (Malaysia), which has one of the world's largest monoglyceride production capacities.

Production System Features



Overall Production System

Production Facilities		Food	Improving Agents	Healthcare	Main Products
Riken Vitamin	Soka Factory	○			Dressings, extracts, and seasonings
	Chiba Factory		○	○	Improving agents for food and chemical products and vitamins
	Tokyo Factory		○	○	Vitamins and microcapsules
	Kyoto Factory		○	○	Colorants and functional food product ingredients
	Osaka Factory		○		Improving agents for food and chemical products
Production Subsidiaries in Japan	Head Office Factory	○			Seaweed products
	Sendai Shinko Factory	○			Extracts and seasonings
	Ofunato Factory	○			Seaweed products
	Sunny Packaging	○			Small packaged items (dressings, extracts, and seasonings)
	Kenseido		○		Improving agents for chemical products
Production Subsidiaries outside Japan	Rikevita (Malaysia)		○		Improving agents for food and chemical products
	Tianjin Rikevita Food		○		Improving agents for food and chemical products
	Guymon Extracts	○			Extracts and seasonings

Issues and Initiatives

Issues	Initiatives
1. Improve productivity	Reduce workload and labor requirements to address labor shortages
2. Introduce innovative production and manufacturing technologies	Introduce technologies that help us supply our specialty products
3. Invest systematically	Systematically invest in human resources and equipment to enhance competitiveness
4. Structure our supply chain with a global perspective	Implement strategic supply chain management targeting overall optimization

Feature

Message from a Managing Executive Officer

Shinichi Koyama
Managing Executive Officer in Charge of Production



We utilize our global production facilities and supply chain to ensure the continuous, stable supply of our specialty products. Our production activities contribute to a rich dietary life worldwide.

Our production departments work to maintain high quality and improve productivity. We develop human resources using traditional improvement activities that employ our sophisticated on-site capabilities and promote initiatives to address the rapid digitalization of manufacturing sites. Moreover, in addressing the labor shortage arising from Japan's aging population (the "2030 problem") we must improve productivity through automation and digital transformation, introduce innovative production technologies, and establish optimal production systems. We will therefore continue to address current issues while promoting structural reforms over the medium to long term.

Highlight Major Capital Investments (Current Status)



Location	Itabashi-ku, Tokyo
Established	1953
Investment	Expansion of vitamin-mix and microcapsule manufacturing facilities and reorganization of the entire factory, which includes rebuilding aging facilities
Total investment	¥2.3 billion
Completion	FY2027



Location	Tianjin, China
Established	1993
Investment	Construction of a new facility for food-improving agents
Total investment	¥2.2 billion
Completion	Start of operations in April 2025