# Targets for FY2034 and Positioning of Medium-Term Management Plan 2027

In formulating Medium-Term Management Plan 2027, we extended the endpoint of our medium- to long-term vision from FY2030 to FY2034—a decade from now—and set new quantitative targets.

To make that vision a reality, Medium-Term Management Plan 2027 focuses on strengthening systems to generate sustainable profit in Japan and building a new framework for growth overseas.

## Medium- to Long-Term Vision

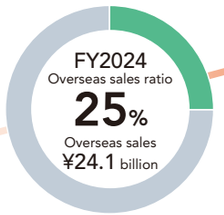
**Achieving growth by supporting a sustainable society with specialty products and services**

### Issues

- **Unavoidable reorganization of production systems**
- **Need to step up efforts to expand the Overseas business**

### Medium-Term Management Plan (FY2022–FY2024)

Successfully adapted to environmental changes




| | |
|---|---|
| Net sales | ¥95.5 billion |
| Operating profit | ¥8.7 billion |
| ROE | 12.1% |

Cumulative Total under Medium-Term Management Plan (FY2022–FY2024)

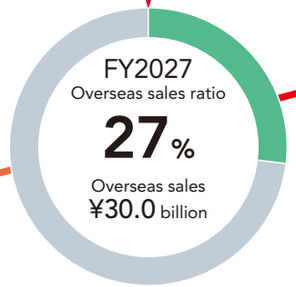
| | |
|---|---|
| Capital investment | ¥10.4 billion |

### Medium-Term Management Plan 2027 (FY2025–FY2027)

Page 21

**Major Themes**

- **Aggressive capital investment**
- **Revamp of business framework**




| | |
|---|---|
| Net sales | ¥110.0 billion |
| Operating profit | ¥10.0 billion |
| ROE | 10% or higher |

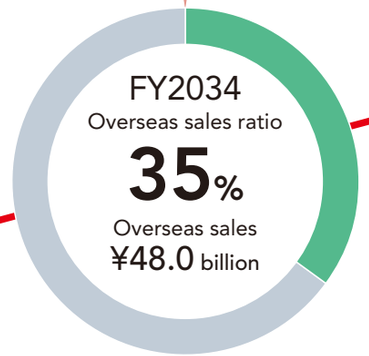
Cumulative Total under Medium-Term Management Plan (FY2025–FY2027)

| | |
|---|---|
| Capital investment | Over ¥25.0 billion |

### FY2034

**Goal**

**Achieve our Medium- to Long-Term Vision**




| | |
|---|---|
| **Net sales** | **¥135.0 billion** |
| **Operating profit** | **¥13.5 billion** |
| **ROE** | **10–12%** |

# Medium-Term Management Plan (FY2022–FY2024): Review

## Medium-Term Management Plan (FY2022–FY2024): Performance Assessment

During the period of the previous medium-term management plan we successfully adapted to changes in the business environment caused by COVID-19 and geopolitical factors, and improved profitability. Regarding sustainability, we also made some gains in the areas of the environment, society, and governance. Looking forward, we recognize the need to accelerate our efforts to address issues such as aging factories and expanding the Overseas business.

### Achievements and Ongoing Challenges

| | Strengthen management foundation (governance) | Accelerate expansion in Asia and North America | Further expand presence in domestic market and enter new domains | Promote sustainable management |
|---|---|---|---|---|
| Achievements | • Achieved targets for reducing cross-shareholdings<br>• Had an external organization evaluate the effectiveness of the Board of Directors<br>• Expanded disclosure through *Integrated Report* and other means and enhanced feedback of IR/SR interviews to management<br>• Increased the number of female directors by 1 (total of 2) | • Implemented local-based strategies to address supply chain disruptions and spikes in inflation<br>• Invested in a new factory in Tianjin, China and an extract factory in North America<br>• Opened Application Center in North America<br>• Opened business sites in Thailand and Vietnam (began operations in April 2025)<br>• Reconfigured organization in Japan for overseas development | • Responded to sudden cost increases by raising prices and reviewing product line-up<br>• Created new markets with unique new household products<br>• Developed food products and improving agents for the growing ready-to-eat meal market<br>• Initiatives to reduce food loss and address egg supply instability | • Conducted research into blue carbon<br>• GHG emissions (Scope 1 and 2) were down 32% in FY2023 (compared with FY2021)<br>• Expanded use of eco-friendly packaging using recycled PET or paper-based alternatives for household products<br>• Selected as a White 500 enterprise (KENKO Investment for Health) for the second consecutive year<br>• First appointment of female executive officer via internal promotion (April 2025) |
| Issues | • Share price, PBR, and PER have plateaued<br>• Further reductions of cross-shareholdings needed<br>• Ongoing Board of Directors discussion of appropriate oversight of human resource strategies and diversity needed | • Lack of human resources needed to expand production and sales foundation for specialty products overseas<br>• Instability in supply chains<br>• Growing geopolitical risks<br>• Impact of tariffs, especially by the USA | • Prioritizing price revisions has delayed market exploration and ventures into new fields<br>• Aging factories and worsening labor shortages<br>• Intellectual property strategies | • Failed to achieve target for percentage of female managers<br>• Growing demand for disclosure relating to sustainability initiatives<br>• Need to address human rights issues |

### Business Environment

**Demographic changes**
Population decline and aging society in Japan
Global population increasing

**Climate change**
Increasing risks relating to raw material procurement and natural disasters

**Lifestyle changes**
Gradual expansion of processed food markets

**Increasing uncertainties**
Future harder to predict than ever before

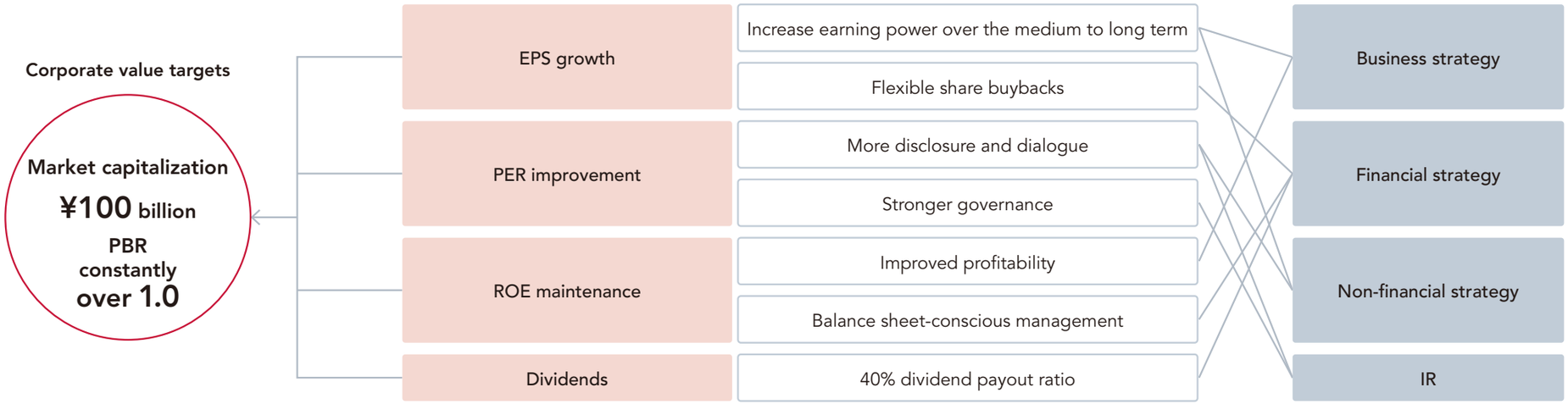
## How we intend to respond under Medium-Term Management Plan 2027

# Medium-Term Management Plan 2027

As part of our efforts to make our medium- to long-term vision a reality, we are focusing on two main themes in Medium-Term Management Plan 2027: Strengthening systems to generate sustainable profit in Japan and building a new framework for growth overseas.

At the same time, we are shifting toward management with greater awareness of the balance sheet and share price, and aim to increase corporate value over the medium to long term by promoting dialogue with investors.

## Our Approach to Increasing Corporate Value




## Performance Targets

| | Management Targets | FY2024 Results | FY2027 Targets |
|---|---|---|---|
| Growth | Net sales | ¥95.5 billion | ¥110.0 billion |
| Improved profitability | Operating profit | ¥8.7 billion | ¥10.0 billion |
| | EBITDA | ¥11.9 billion | ¥14.2 billion |
| Efficiency | ROE | 12.1% | 10% or higher |
| Shareholder returns | Dividend payout ratio | 30.3% | 40% or higher |
| Financial discipline | Equity ratio | 70.1% | 60–65% |
| Governance | Cross-shareholdings to net assets ratio | 19.0% | Less than 10% |

## Cash Allocation

We will draw on operating cash flow, proceeds from the sale of cross-shareholdings, and cash and deposits to invest aggressively and deliver shareholder returns. We are planning for ¥25.0 billion in capital investment during the current medium-term management plan period, approximately 2.5 times that of the previous plan. Moreover, we intend to take on debt as necessary for strategic investments, including inorganic investments. As we maintain financial soundness, we will pursue strategies to ensure sustainable growth.

See “Financial and Capital Strategy” on page 23 for more details.

# Medium-Term Management Plan 2027: Strategies

## Business Strategy

| | | |
|---|---|---|
| Domestic Food Business | • Respond to market changes caused by population decline, as well as rising costs (including increased raw material costs) and labor shortages<br>• Aim for a growth rate slightly higher than the overall market (notwithstanding the impact of processed food market trends) | Pages 28–30 |
| Domestic Chemical Business | • In light of the shrinking domestic market for chemical products, focus on further developing markets where we excel<br>• Strengthening offerings to Japanese companies operating overseas | Page 31 |
| Overseas Business | • Invest in growth and build a new framework with a view toward future expansion of the processed food market<br>• Focus on area-specific expansion strategies in Southeast Asia, China, and North America | Pages 32–33 |

## Non-Financial Strategy

### Major Initiatives

- R&D Incorporating Medium- to Long-Term Themes Page 15

We will continue to work on medium- to long-term themes such as pursuing commercialization of blue carbon research findings and basic research at NanoTerasu, while developing food, improving agent, and healthcare technologies and products that meet market needs.

- Establish a Personnel System Based on Our Human Capital Policy Pages 41–42

Based on the idea that corporate value increases when unique individuals gather, interact, and collaborate, we aim to build a human resource development system that nurtures individuality and to create working environments that are rewarding for all.

- Further Enhancing Governance Page 46

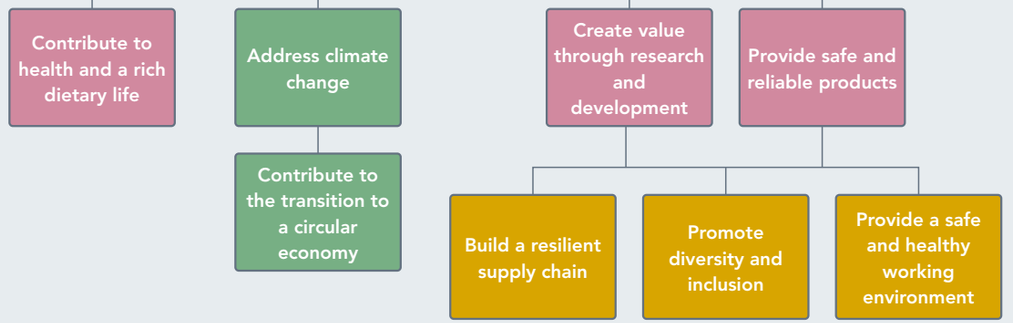
We will increase the number of Compensation Committee meetings, and discuss matters such as reviewing performance-based compensation indices for executives. We will also strength the Group's governance with a view to expanding the Overseas business.

## Relationship Between Our Medium- to Long-Term Vision and Material Issues

**Medium- to Long-Term Vision**

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

**8 Material Issues**
Page 12



# Financial and Capital Strategy

## We will shift our financial strategy to focus on the balance sheet and allocate capital to promote sustainable growth and reliable returns.

Takahiro Tomitori
Managing Director

## Medium-Term Management Plan (FY2022–FY2024) in Review

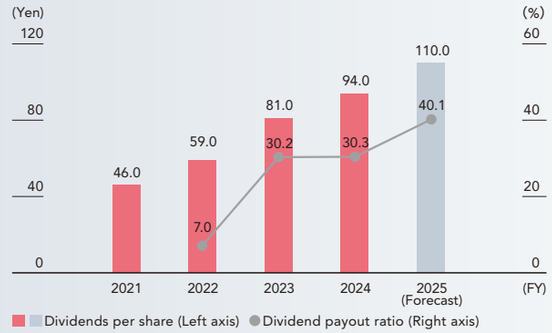
We achieved all of the KPIs set in the previous medium-term management plan for the first time in our history. We achieved this despite multiple events with a negative impact on performance during the plan period. Challenges originating outside the Group included the COVID-19 pandemic and the Russian invasion of Ukraine, as well as the ensuing logistics disruptions, including blockages at the Suez Canal and Panama Canal. Internally, we were still reeling from the aftermath of inappropriate accounting practices at a Chinese subsidiary when the previous plan was formulated. The fact that we succeeded in achieving our goals despite these challenges boosted confidence throughout the Company.

In addition, one significant environmental change in recent years is rising costs for everything from raw materials to labor, logistics, and energy. In the face of these issues, we made the decision to raise prices, mainly in the Domestic Food business. I believe that our ability to build up the top line and increase operating profit was the result of persistence in price-revision negotiations under strong leadership from management without being tied to precedent.

Regarding shareholder returns, we prioritized a dividend payout ratio of at least 30% and stable dividends. Reflecting the increase in profit, dividends per share rose significantly from ¥42 in FY2021 (prior to the previous plan) to ¥59 in FY2022, ¥81 in FY2023, and ¥94 in FY2024.

On the financial front, we brought a strong sense of mission in addressing the difficult issue of reducing cross-shareholdings. Our goal was to reduce cross-shareholdings to less than 20% of consolidated net assets. We managed to sell off approximately ¥3.0 billion in FY2023, but rising share prices for the remaining cross-held shares kept them stubbornly above that target line. However, we were finally able to reduce cross-shareholdings to 19% of consolidated net assets by selling off ¥5.5 billion in FY2024. As a financial officer, I am relieved that we have successfully handled one of the Group's key challenges, equal in importance to performance targets.

**Shareholder Returns**



# Financial and Capital Strategy

## Investment-Focused Financial Policy in Medium-Term Management Plan 2027

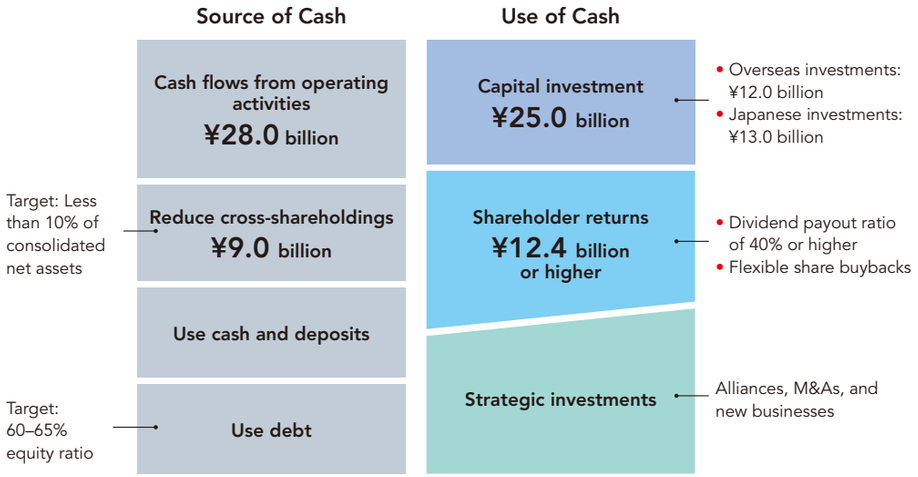
The period of Medium-Term Management Plan 2027 will be one of aggressive capital investment and business restructuring to achieve our medium- to -long-term vision by its final year of FY2034. Aggressive capital investment will be key. We will allocate ¥25.0 billion to capital investments—approximately 2.5 times the amount of the previous plan—primarily funded by operating cash flow of ¥28.0 billion and ¥9.0 billion from the reduction of cross-shareholdings. Other uses of cash will include more than ¥12.4 billion for shareholder returns. We are also planning to make strategic investments.

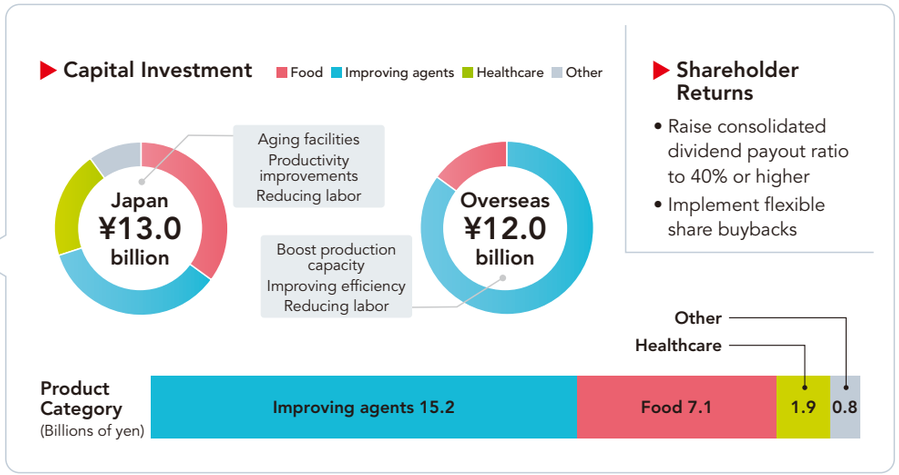
A key part of our capital investment strategy is to increase production capacity at our main improving agent factory in Malaysia in anticipation of growth in specialty product sales. In Japan, we are looking at measures to improve efficiency, reduce labor, and address aging facilities at factories in the food, improving agent, and healthcare businesses. This is because we need facilities that can operate with fewer people as it is becoming increasingly difficult to secure enough factory workers.

But investments will not be limited to capital investments; we also plan to pursue strategic inorganic investments in areas such as mergers, acquisitions, alliances, and new business developments. It is vital that we exercise caution in strategic investments, and we do not plan to stray far from our current operations. We will evaluate investment opportunities carefully, and primarily target businesses with connections to our existing operations. Inorganic growth has not been factored into the performance targets of Medium-Term Management Plan 2027 or the medium- to long-term vision.

Naturally, increased investment will lead to higher depreciation costs. Medium-Term Management Plan 2027 provides for substantially more investment than the previous medium-term management plan, and we expect to see an impact on profitability at each stage. On this point, we will adopt EBITDA as a KPI and monitor pre-depreciation profit closely. ROIC is a topic of frequent investor interest, and we calculate this for each product line. As our financial reporting segments span multiple product groups and encompass different perspectives, we do not disclose ROIC publicly. Internally, however, we use it as a metric when discussing challenges within product lines.

We will continue to reduce cross-shareholdings as we work to bring them below 10% of consolidated net assets. Regarding shareholder returns, we will raise the dividend payout ratio, which was maintained at 30% or higher during the previous medium-term management plan, by 10% to at least 40%. Accordingly, we project total dividends of ¥10.4 billion over the next three years. Furthermore, in addition to the ¥2.0 billion share buyback announced on April 30, 2025, we also plan to continue buying back shares flexibly while monitoring the impact on liquidity and other factors.



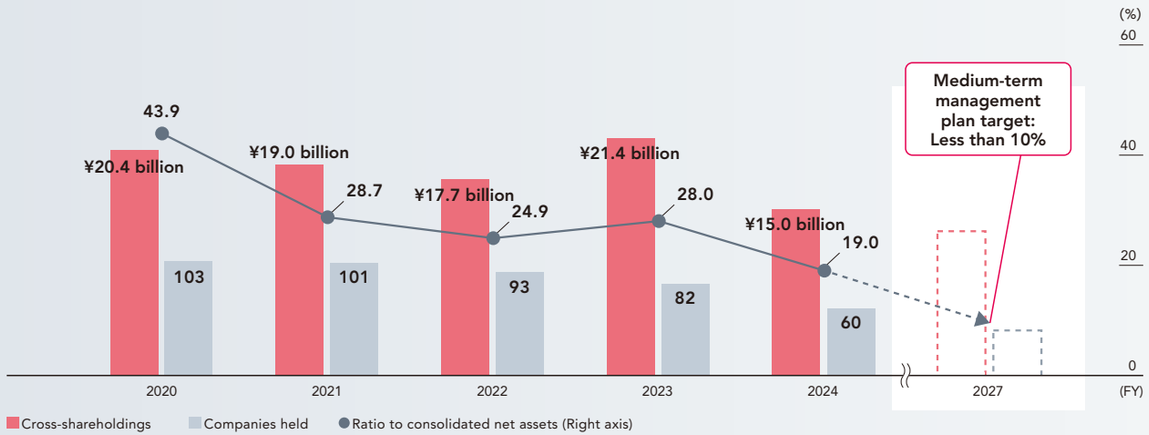



## Management Conscious of the Cost of Capital and Share Price

Another area of focus is realizing management mindful of the cost of capital and share price. As things stand, we estimate our cost of capital to be 7–8%. We arrived at this figure based on three sources: A CAPM-based estimate of approximately 4.6%, investor feedback indicating a range of 6–10%, and publicly available information from other companies in the food sector. Data from the previous medium-term management plan period shows that ROE has steadily increased, from 9.3% in FY2022 to 11.8% in FY2023 and 12.1% in FY2024. Not only does this exceed the 8% target set under the previous plan, but it is also a high level of ROE overall. ROE consistently in excess of 10% indicates that the Company has the ability to generate returns exceeding the cost of capital. However, despite these achievements, PBR was stuck at around 0.9 in FY2024.

I believe that this continued underperformance of our share price despite the fact that we are able to generate returns higher than cost of capital, stems from a low PER, reflecting investors' low expectations for growth. One reason for this may be the low growth outlook for the Japanese food market as a whole. Another factor may be that the sheer breadth and diversity of our businesses make it hard for people to gain a full picture of the Company. In addition, given that we have only a relatively small number of shares outstanding, there appears to be a tendency to worry about liquidity risks. Indeed, institutional investors have stated their doubts that we are making the fullest possible use of equity capital for growth, and have also expressed the view that we are lacking when it comes to balance sheet management.

### Status of Cross-Shareholdings




Based on the outcomes of our analysis, we have put a number of measures in place. With regards to finances, we have decided to review our balance sheet management. Medium-Term Management Plan 2027 emphasizes aggressive investments. To make those investments happen, we will utilize not only operating cash flow and cash freed up by reducing cross-shareholdings, but also cash and deposits, and debt. Cash and deposits stood at ¥22.2 billion at the end of FY2024, equivalent to approximately 2.7 months of sales (assuming turnover of ¥8.0 billion). As such, I believe we are now in a position to place greater emphasis on capital efficiency when considering how to use funds, while still keeping an eye on financial soundness. Our policy regarding the use of debt is to apply financial leverage with due consideration of our cash position. The equity ratio was 70.1% at the end of FY2024, and we aim to reduce this to around 60–65%.

With regard to management, we have set a clear policy of expanding our Overseas business. We have initiated a plan to increase overseas sales from the current level of 25% of total net sales at the end of FY2024 to 35% by FY2034, the final year of our medium- to long-term vision. In monetary terms, this represents roughly doubling overseas sales, from ¥24.1 billion in FY2024 to approximately ¥48.0 billion.

We have always viewed the Overseas business as a growth driver, but Medium-Term Management Plan 2027 takes this even further, and we will restructure our business framework to accelerate growth in this area. First, Tsutomu Mochizuki, who has extensive experience in overseas operations, became president and representative director in June 2025—the first time a director in charge of international business has been made president at Riken Vitamin. With Mr. Mochizuki at the helm, we aim to achieve further growth in the Overseas business. We still expect domestic businesses to account for a larger proportion of sales and operating profit a decade from now, so we will keep working to strengthen our earning power in Japan.

# Financial and Capital Strategy

Another facet of restructuring our business operations is a review of back-office functions. Until now, overseas assignments have primarily involved employees from production, sales, and development departments. Going forward, however, we intend to place more employees from back-office departments on overseas assignments. By focusing on back-office functions together with other initiatives under Medium-Term Management Plan 2027, including expanding production capacity and developing and deploying global talent, we plan to enhance operational and governance efficiency, thereby enabling us to establish a resilient global position.

## Dialogue with Investors and Approach to Disclosure

Dialogue with investors is crucial to increasing expectations for growth. We tried to increase dialogue significantly during the three years of the previous medium-term management plan. First, we published integrated reports, which we feel have helped investors and other stakeholders gain a better understanding of the Company. This year's report is our third, and we are determined to make these reports a solid base for communicating with institutional investors as we aim for more in-depth dialogue.

We also expanded the scope of IR activities. In October 2024, we met with investors in the UK and the US—the first time we have travelled outside Japan to engage with investors. Hearing from investors in person rather than online gave us many valuable insights, and enabled us to understand more clearly what each investor values and what they hoped to see in Medium-Term Management Plan 2027, which was being formulated at the time. Indeed, this was a reminder of just how crucial it is to keep up with the steady, day-to-day work of IR. We also held multiple briefings for individual investors each year, featuring presentations by former President Kazuhiko Yamaki (now chairman), or the general manager of the IR & PR Department. Consequently, we are seeing an upswing in the number of individual shareholders.

Investor dialogue remains an area of primary focus under Medium-Term Management Plan 2027. Through more meetings and a variety of other events, we hope to deepen understanding of the Company among investors. In FY2025, we plan to hold tours of the Application & Innovation Center, a research facility for food-improving agents at our Chiba Factory. Food-improving agents play a vital role in food manufacturing, yet they are less understood than our other food products like dressings and seaweed. By inviting investors to see our operations first-hand and hear about our business, we hope to provide insights to aid their investment decisions.

We are also committed to continuing with our rigid adherence to fair disclosure rules as part of our disclosure policy. We will disclose information to the greatest extent possible so that stakeholders can gain an accurate understanding of the Company.

**IR Activities**

| | FY2022 | FY2023 | FY2024 |
|---|---|---|---|
| Financial results briefings for analysts and institutional investors | 2 | 2 | 2 |
| Briefings and participation in online events for individual investors | 3 | 2 | 4 |
| One-on-one meetings | 54 (incl. 9 shareholder relations meetings) | 68 (incl. 8 shareholder relations meetings) | 98 (incl. 8 shareholder relations meetings) |

# 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, the Global 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
Senior Managing Director & Representative Director

Masaaki Nakano
Director

Takumi Aoki
Managing Executive Officer

| Responsible Director or Managing Executive Officer | Business | General Manager | Share of Net Sales |
|---|---|---|---|
| Takumi Aoki, Managing Executive Officer | Domestic Food Business > Household Food | Consumer Food Unit — Yasunori Iwasa, Executive Officer | 67% |
| | Domestic Food Business > Commercial Food | Food Service Unit — Noriyuki Kawasaki, Executive Officer | |
| | | Key Account Management Unit — Seiji Akutsu, Executive Officer | |
| | | Branches | |
| | | Chugoku-Shikoku Sales Department | |
| Masaaki Nakano, Director | Domestic Food Business > Processed Food Ingredients | Food Ingredients Sales Unit — Tomoya Sato, Executive Officer | |
| Nobuo Dotsu, Senior Managing Director & Representative Director | | Health Care Unit — Yasuhiko Kondo, Executive Officer | |
| | | Sales Subsidiaries in Japan | |
| Takahisa Nakano, Senior Managing Director & Representative Director | Domestic Chemical Business | Chemicals Unit — Toshinaga Horikawa, Executive Officer | 8% |
| | | Sales Subsidiaries in Japan | |
| | Overseas Business | Global Business Unit — Wataru Minami, Executive Officer | 25% |
| | | Overseas Sales Subsidiaries | |

# Business Strategy

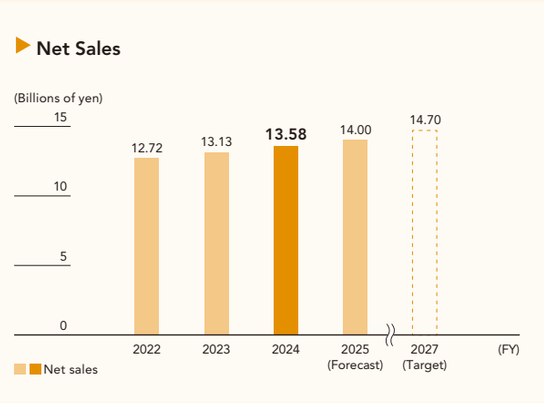
## Domestic Food Business | Household Food

**We aim for sustainable sales growth through strategic sales activities based on a balance between offensive and defensive measures.**

Yasunori Iwasa
Executive Officer
General Manager of Consumer Food Unit

### Business Overview

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




### Strengths and Characteristics

We have the top market share in multiple sub-categories, including non-oil dressings, dried cut wakame and wakame soup. By creating unique new products in categories adjacent to existing markets, we aim to establish new markets with high barriers to entry for competitors.

### Business Environment

In recent years, rapid inflation has led to an increase in demand for relatively inexpensive private brand products. Notably, however, there is a tendency for unique products like Indo Kareya-san no Nazo Dressing to gain market acceptance for their value rather than their price. Amid rising prices, we believe it is vital to differentiate ourselves from others through value, not price.

#### Opportunities

- Growing consumer health consciousness, including reduced salt intake
- Increased acceptance of products based on value rather than price
- Diversification of sales channels to include drugstores and other outlets

#### Risks

- Medium- to long-term population decline in Japan
- Thriftier consumers due to rising prices
- Rising manufacturing and sales costs
- Fewer at-home cooking opportunities due to the expansion of the market for ready-to-eat meals

### Medium-Term Management Plan 2027: Review of Previous Plan and Future Direction

Multiple new products launched during the previous medium-term management plan were well received by the market. These included Furikakeru Zakuzaku Wakame (released in 2022), followed by Indo Kareya-san no Nazo Dressing, Yoshokuya-san no Tadatada Oishii Dressing and the Waru Dake Soup series. However, sales volumes of many mainstay products declined due to price revisions in reaction to increased costs, as well as a sluggish market. This resulted in a slowdown in overall sales growth. As a result, we fell short of the medium-term management plan sales target of ¥14.3 billion, and we ended the three-year period of the plan in a disappointing way.

One of the reasons for that failure was a lack of sales capability. Under Medium-Term Management Plan 2027, we will pursue more strategic sales activities by fully optimizing staff allocation, being more selective of the retailers and wholesalers we focus on and concentrating our resources there, and strengthening customer relationships through a three-tiered sales approach. We will also position product categories more clearly, and seek to restore and then increase sales based on a balance between offensive and defensive measures.

We will work to improve gross profit margins across the segment amid rising costs by keeping a careful eye on market trends and consumer attitudes, and revising prices and adjusting our product mix with appropriate care and prudence.

In this way, we seek to reinforce our foundation with mainstay products while striving to increase sales by 8.2% over three years with new products as growth drivers.

# Business Strategy

## Domestic Food Business | Commercial Food

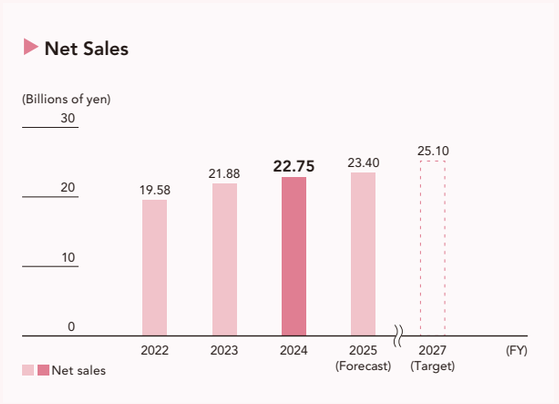
**We aim expand our business by responding to market changes and focusing on offerings to users and markets where growth is expected.**

Noriyuki Kawasaki
Executive Officer
General Manager of Food Service Unit

Seiji Akutsu
Executive Officer
General Manager of Key Account Management Unit

### Business Overview

We provide processed foods such as dressings, seaweed products, Japanese, Western and Chinese seasonings and soups, and natural extracts for school lunch programs and the restaurant industry. We also offer food ingredients and food-improving agents to address the challenges faced by processed food manufacturers in the ready-to-eat, home-cooked and instant meal markets.




### Strengths and Characteristics

In the food market, the vast range of products we offer—not just seasonings but also seaweed products such as frozen seaweed, seaweed-based side dishes—sets us apart from the competition. We are able to harness the full range of Riken Vitamin products, including improving agents and healthcare products, to offer solutions to help our customers overcome challenges related to raw material procurement, quality and factory productivity.

### Business Environment

Despite the current changes in the social structure in Japan, such as population decline, the increase in dual-income households and aging society, we believe there is potential for growth in markets for ready-to-eat meals and for elderly care facilities, satisfying demand for convenient, tasty food. Needs are changing in mainstay markets as well, with the restaurant industry responding to labor shortages and rising costs by consolidating operations into centralized kitchens.

#### Opportunities

- Growing demand in the ready-to-eat meal market and from elderly care facilities
- Growing popularity of nutritionally balanced products
- Growing requirements for flavor retention soon after cooking and productivity improvements aimed at addressing labor shortages and reducing food loss

#### Risks

- Growing instability of raw material procurement due to climate change
- Profit pressure due to rising logistics and labor costs
- Declining growth potential in Japan's food market due to changes including contraction in the school lunch market resulting from the declining birthrate

### Medium-Term Management Plan 2027: Review of Previous Plan and Future Direction

The initial aim of the previous medium-term management plan was restoring business performance that had suffered during the COVID-19 pandemic. The past three years were challenging as we grappled with rising costs, but in FY2023 the recovery in dining-out demand following the lifting of movement restrictions provided a boost, while in FY2024 the adoption of new proposals in response to a wave of new product development across the industry added momentum. As a result, we were able to exceed the sales target of ¥20.7 billion under the plan.

Nonetheless, challenges still remain. For example, the restaurant and school lunch industries face medium- to long-term difficulties due to population decline and labor shortages, and we predict that this will lead to ongoing consolidation among the larger companies as they work to improve efficiency by integrating operations into centralized kitchens. Changes in the market environment can also be seen in the growing ready-to-eat meal segment, where the increased popularity of frozen meals is driving new demand. Under Medium-Term Management Plan 2027, we will address these changes by channeling resources to product development and offerings in areas where greater growth is expected.

Similarly, we will be more selective of the processed food manufacturers we work with, and concentrate our resources on strengthening our business with them. We will focus on making proposals to leading manufacturers and top brands in each category, aiming for a sales growth rate slightly higher than that of the market as a whole.

Meeting diversifying needs in different market fields will require people with the capability to offer the right balance of food products, improvement agents and healthcare products. To that end, we remain determined to develop a workforce with extensive product knowledge built up through interdepartmental exchanges and other means.

# Business Strategy

## Domestic Food Business | Processed Food Ingredients

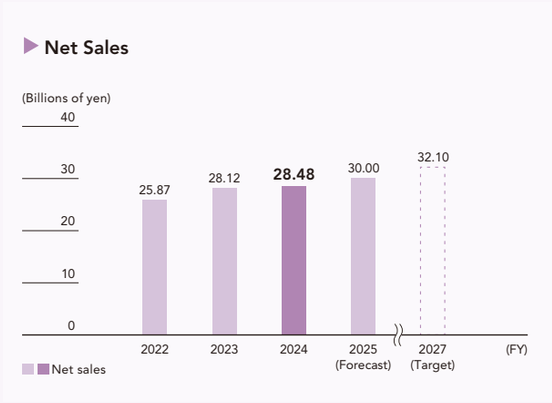
**For improving agents, we will continue to work on human resource development and focus on creating solutions for the whole industry. In the healthcare field, we will pursue research and development with an eye on the future.**

Tomoya Sato
Executive Officer
General Manager of Food Ingredients Sales Unit

Yasuhiko Kondo
Executive Officer
General Manager of Health Care Unit

### Business Overview

We offer a wide range of food-improving agents, colorants and vitamins for processed food manufacturers, as well as vitamins and functional food ingredients for pharmaceutical and health food manufacturers.




### Strengths and Characteristics

Our strength lies in our ability to offer solutions to customer issues through improving agents such as food emulsifiers, for which we hold the top market share in Japan. In the healthcare field, we have established a unique position with vitamin products, including vitamin E, in which we have a market share of over 40% in Japan, as well as functional food product ingredients and microcapsules.

### Business Environment

Although production volumes of processed foods using improving agents are expected to decrease in line with the decline in population, we are forecasting a gradual increase in the size of the market in terms of monetary value. As a result, demand for improving agents is expected to remain positive. Moreover, the healthcare market is expected to expand due to the aging population and growing health consciousness.

#### Opportunities

- Growing diversification of issues such as food loss
- Increased demand for pharmaceuticals and health foods due to Japan's aging population and heightened health consciousness
- Increased customer requirements for cost reductions as well as need for productivity improvements

#### Risks

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

### Medium-Term Management Plan 2027: Review of Previous Plan and Future Direction

During the previous medium-term management plan, new product development slowed throughout the industry because of rising raw material prices and lack of stability in procurement. As such, our focus shifted to price increase negotiations and proposals for food-improving agents that help reduce costs for customers. The outcome was a reduction in proposals that incorporated new value. In the healthcare field, sales of vitamins and Crocetin, which improves sleep quality, were strong due to the health boom sparked by the COVID-19 pandemic. Challenges still remain, though, such as the need to strengthen our response to recent changes in vitamin trends and the ongoing development of functional food ingredients to follow Crocetin.

Under Medium-Term Management Plan 2027, we are determined to focus on initiatives aimed at medium- to long-term growth. For improving agents, we will again work to promote awareness of their value in order to stay ahead of the industry-wide increase in product development and renewals. The entire industry faces challenges such as food loss and raw material procurement issues, and we believe that contributing to finding solutions will lead to medium- to long-term growth.

In the healthcare field, we will continue to restructure our production system—including construction of the vitamin-mix facility at the Tokyo Factory, which will begin operation in December 2025—while also focusing our efforts on the development of new functional food product ingredients and medical microcapsules. Since the development cycle for health foods and pharmaceuticals is long, we believe it is important to lay the groundwork now with a view to the next 5 to 10 years.

Business Strategy

# Domestic Chemical Business

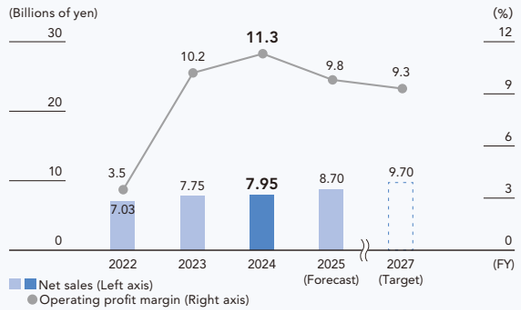
## We will concentrate resources into developing markets where we excel, and honing our strengths for future growth.

Toshinaga Horikawa
Executive Officer
General Manager of Chemicals Unit

### Business Overview

For chemical manufacturers, we provide improving agents that enhance functionality and processability in areas such as plastic product, rubber, cosmetics, agricultural film, and food packaging materials applications. In addition, we sell feed oils and fats.

**Net Sales and Operating Profit Margin**




### Strengths and Characteristics

In keeping with our business's origins of applying food-improving agents to chemical products, today we offer an extensive lineup of biomass-rich improving agents, primarily made from plant-derived oils and fats. We hold a high market share for food-adjacent products such as food packaging wrap and agricultural film.

### Business Environment

Given growing environmental awareness, we predict that overall production volumes of resin-based products will decline gradually. Having said that, as environmentally friendly products such as biomass and biodegradable plastics become more prevalent, demand for our improving agents may increase in the medium to 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
- Rising costs including for raw materials

### Medium-Term Management Plan 2027: Review of Previous Plan and Future Direction

During the previous medium-term management plan, the inability to cope with the sudden rise in raw material prices in the first year resulted in a significant decline in profit margins. Subsequent price revisions led to performance recovery in FY2023 and FY2024, but the market enviroment remained challenging and sales volumes stagnated. As a result, although we achieved our final profit target under the plan, we fell short of the net sales target.

Under Medium-Term Management Plan 2027, we will work to boost sales volumes by concentrating resources in areas where we excel. The Domestic Chemical business is one of the Group's smaller segments, and given our modest size, spreading ourselves too thinly by trying to build a presence in every field will prevent us from achieving significant penetration in any market.

Therefore, we will aim for solid, steady growth by refining the expertise we have gained from existing products such as anti-fogging agents, antistatic agents, lubricants and compatibilizers, and by focusing on fields where we can leverage this knowledge. That being said, we will actively pursue opportunities outside our existing business areas where we see potential for growth, including through collaboration with other companies.

Although significant improvements in the market environment are unlikely between now and the end of Medium-Term Management Plan 2027, we do expect the chemical products industry to shift toward environmentally friendly products over the medium to long term. To that end, we will continue to hone our strengths so that we can ride this trend and contribute to the Group's growth.

# Overseas Business

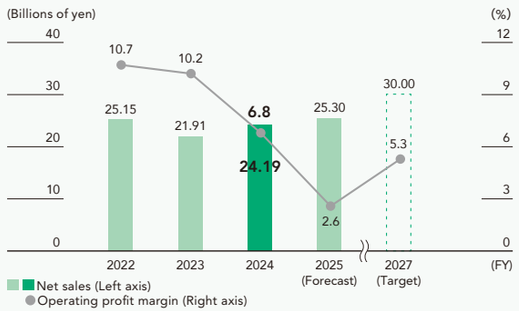
## We will further strengthen our business foundation in production, sales, development and management in pursuit of our goal of bringing overseas sales to 35% of consolidated net sales.

Wataru Minami
Executive Officer
General Manager of Global Business Unit

### 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.

▶ Net Sales and Operating Profit Margin




### Strengths and Characteristics

Our strength lies in our capacity for offering value-added solutions based on technological capabilities cultivated in Japan. At our research and development bases—Application Centers in China, Singapore and the United States, and the Fine Chemical Technical Center in China—we develop formulations that incorporate our various improving agents to meet the needs of local customers.

### Business Environment

Given their sizeable populations and markets, Asia (including China) and North America are our core focus. Currently, the economic downturn in China is holding back demand for high-value-added products in Asia, and there are concerns about the impact of U.S. tariffs, but we still believe these markets are poised for growth in the medium and long term.

#### 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

- Reduced demand and intensified competition for commodity products due to economic downturns around the world
- Increasing geopolitical risks that impact supply chains
- Delays in hiring and training global talent

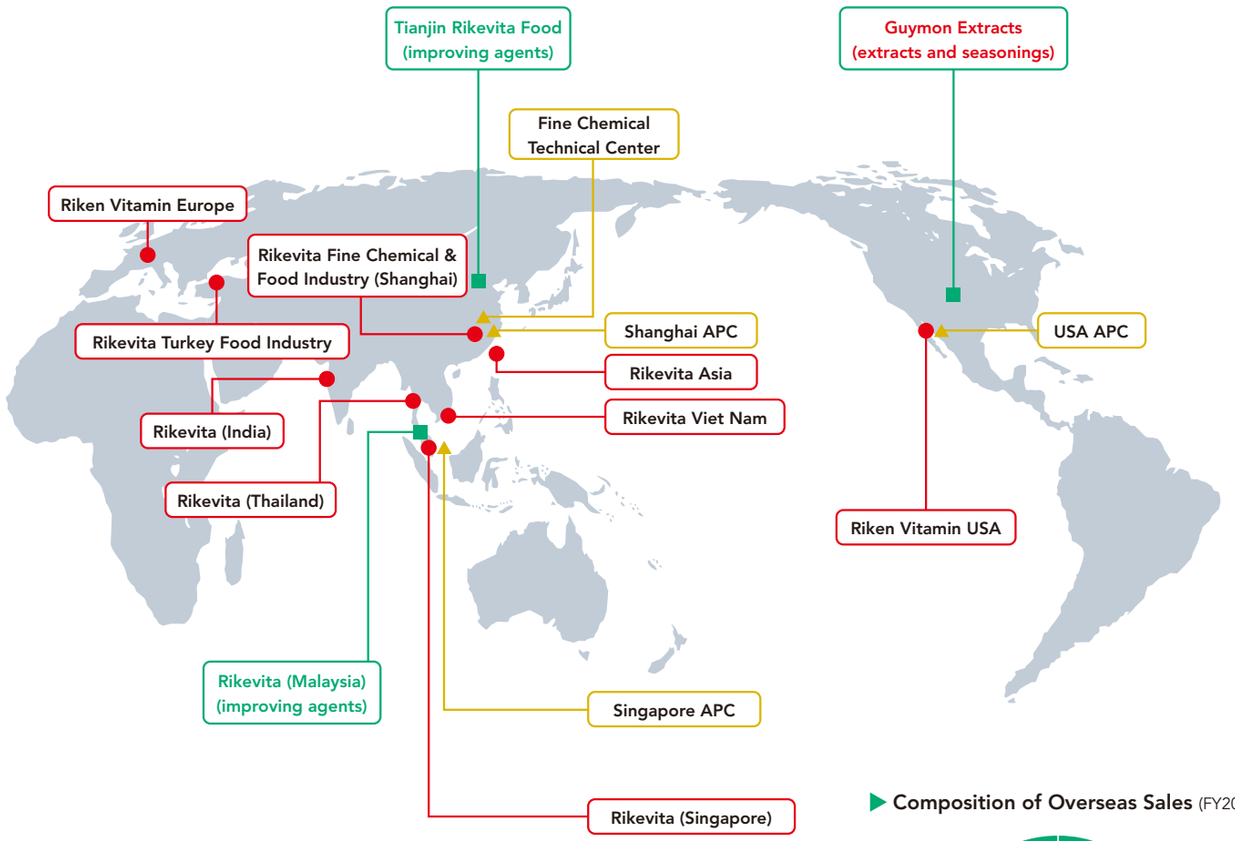
### Medium-Term Management Plan 2027: Review of Previous Plan and Future Direction

During the previous medium-term management plan, business performance fluctuated significantly due to changes in the external environment. In FY2022, special demand resulting from supply chain disruptions caused by geopolitical factors led to significant increases in both sales and operating profit. Subsequently, however, the absence of that special demand and a global economic downturn made the market environment more challenging. In FY2023, although we managed to maintain profit margins to some degree, sales volumes declined significantly.

In FY2024, we pivoted to a strategy aimed at boosting sales volume. This, plus increases in various costs, such as raw material and logistics costs, put pressure on profits. Consequently, profit margins were down year on year, but we did achieve the operating profit target set out in the medium-term management plan. The Overseas business is a growth driver, and it remains our policy to prioritize the top line and sales volume expansion. Under Medium-Term Management Plan 2027, we will work to strengthen our business foundation to ensure further growth.

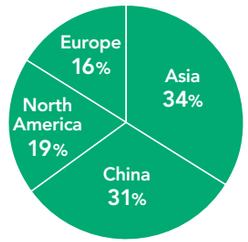
We will bolster production capacity in our priority regions—Asia and North America—and increase our pool of sales and development personnel to focus on expanding sales of specialty products. We will also aim to stabilize business operations through stronger teamwork with back-office departments such as human resources, quality assurance and legal affairs. By establishing a foundation as a global company, we aim to increase the proportion of overseas sales from 25% in FY2024 to 35% by FY2034.

# Overseas Business




● ... Sales location
▲ ... Application Center (APC)
■ ... Production facility (improving agents, extracts, and seasonings)

**Composition of Overseas Sales** (FY2024)




## Our Evolution from Commodity to Specialty Products

Tomohiko Himei
President
Rikevita Fine Chemical & Food Industry (Shanghai) Co., Ltd.

Here at Rikevita Fine Chemical & Food Industry (Shanghai) in China, we sell food-improving agents and chemical-improving agents. To respond quickly to customer needs, our sales and development departments work together at the on-site Application Center and Fine Chemical Technical Center to come up with solutions that deliver the quality improvements our customers require.

In FY2025, Tianjin Rikevita Food, a production company, pivoted away from commodities aimed at chemical products, and began making food-improving agents at a new factory. Having shifted to production geared toward specialty products, we can now focus on offering value-added solutions to customers. While China's economy has been sluggish in recent years, there is still a certain number of middle-class and upper-class consumers seeking high-value-added products, and it remains an attractive market. While our move away from commodity production will result in a short-term dip in revenue, we hope to reallocate these resources to specialty products and spark medium- to long-term growth.

To achieve that growth, in the food-improving agent field, we will continue to enhance our proposals to the core bakery market, and also work to open up new channels. In addition, we are working to restructure our business foundation by reviewing our portfolio of chemical-improving agents.

# Discussion: A Business Model That Focuses on Providing Solutions

## We will further develop our solutions-focused sales capabilities, which integrate production, sales, and development, to help customers overcome challenges.

The department heads responsible for solutions-focused sales in the Japanese processed food industry discussed how they deliver solutions to customer challenges.

Seiji Akutsu Executive Officer
General Manager of Key Account Management Unit

Tomoya Sato Executive Officer
General Manager of Food Ingredients Sales Unit

## Riken Vitamin's Sales Structure and Focus on Delivering Solutions

**Akutsu**: Mr. Sato and I work in two sub-segments of the Group's Domestic Food business: Commercial Food and Processed Food Ingredients, respectively. Both of our departments deal primarily with processed food manufacturers. The Key Account Management Unit, which I lead, is part of the food business. Seasonings are our biggest seller, but we also offer food-improving agents and other products to meet customers' needs. In this way, we deliver comprehensive solutions that incorporate both food and improving agents.

**Sato**: The Food Ingredients Sales Unit, which is part of the food-improving agent business, primarily focuses on coming up with food-improving agent solutions for processed food manufacturers. However, like the Key Account Management Unit, we can also sell food ingredients such as seaweed and seasonings in bulk in response to customer needs. Our target industries are extremely diverse, including baking, confectionery, beverages, dairy and ice cream, flour milling, noodles, sugar refining, and tofu, as well as oils and fats. We also supply raw materials to other companies in our industry, including manufacturers of food-improving agents and food ingredients.

**Akutsu**: The Key Account Management Unit deals with processed food manufacturers in three main markets. First is the ready-to-eat market, where people buy precooked food (e.g., frozen food, processed seafood, processed meat, and convenience store side dishes) to eat at home or work. Second is the home cooking market, where people buy ingredients to cook with (e.g., seasoning products like miso, soy sauce, and curry roux, as well as extracts). Third is the instant meal market, which includes items such as instant noodles and snacks. Of these, the ready-to-eat and instant meal markets are expected to continue growing as they are ideally suited to meeting demand for simplicity, convenience, and taste, and conducive to adaptation to socio-structural changes. That is why we are focused on deepening our understanding of the needs of existing clients to enable us to deliver new themes and help them overcome challenges, rather than focusing on developing new businesses.

**Sato**: While there is some degree of compartmentalization, the sheer range of products we handle means it is very common to collaborate with other departments. For example, we sometimes discuss issues like territory with Mr. Akutsu's Key Account Manufacturing Unit before negotiating with a customer, and we also deal with some of the same wholesalers. To ensure we represent Riken Vitamin with cohesive proposals, we coordinate internally to overcome organizational boundaries and make sure we come up with the best approach to take to each customer.

## Our Strength: Ability to Offer Useful Solutions

**Sato**: Food-improving agents are a specialty item capable of solving a variety of issues. We serve a diverse range of industries, and have established a cross-industry sales framework in which each representative is responsible for multiple sectors, enabling us to solve customers' problems by leveraging insights from different business segments. In practice, that means we adopt both tightly focused and broadly inclusive approaches. For instance, when an issue

# Discussion: A Business Model That Focuses on Providing Solutions

arises, we discuss as a team whether that issue is unique to one specific industry or more widely representative of different industries.

**Akutsu**: As Mr. Sato mentioned, food-improving agents have a number of applications. As such, they are also highly relevant to the markets my department serves. Take the growing ready-to-eat meal market for example. Unlike eating out or cooking at home, there is often a gap between when ready-to-eat meals are cooked and when they are eaten, and it is assumed they will be reheated in a microwave. Because of that, one of the primary uses of food-improving agents is to lock in that fresh-cooked deliciousness. In addition, ready-to-eat meals are mostly made in factories, and food-improving agents are used to help enhance productivity in mass production settings using various equipment and machinery. At Riken Vitamin, our inherent strengths are in technologies for extracting, refining, and concentrating extracts from natural sources, as well as formulating seasonings that use those extracts as ingredients. By incorporating the expertise cultivated through our food-improving agent business into these technologies, we are able to develop functional seasonings that impart a freshly cooked quality, as well as soup stocks for a variety of cuisine styles that bring out the flavors and aromas of the ingredients. We leverage our technologies and product lines to deliver solutions to issues at various stages of customers' operations—from product development and raw materials procurement to production, distribution, and consumption. This unique sales style, which takes an all-encompassing view of customers' work processes, is one of our strengths.

**Sato**: As Mr. Akutsu explained, we also have a sales style that focuses on the frontline operations of customers. In particular, we have seen changes in the product strategies of customers amid rapid inflation in recent years. There are fewer new products and a growing need to improve existing products and make them more appealing. We help customers tackle these challenges by offering them improvements in areas mostly related to quality enhancement, cost reduction, shelf life extension, and waste reduction across the manufacturing, distribution, and consumption stages. When we work closely with customers to address the changes in their business environment and offer them optimal solutions, I feel that they are reminded of just how effective our food-improving agents can be. In one recent example related to egg shortages, some customers—especially confectionery manufacturers—were experiencing a variety of difficulties related to cake batter volume, color, and flavor, so we formulated a comprehensive menu of solutions to tackle each one of those issues. Our strength lies in our flexibility to come up with optimal solutions through collaboration and co-creation with customers, as well as prototyping and testing at the A&I Center, even if it means we need to look outside Riken Vitamin's product lines to source the right item.

**Akutsu**: That's right. Close collaboration between R&D and production departments is one of our defining features, and I believe it leads to highly practical solutions. In my view, information gathered during meetings with customers must be documented. We use detailed meeting records—covering things like quality-related customer needs pertaining to product taste, texture, and storage conditions; steady supply of raw materials; response to price fluctuation risks; and improving factory productivity—as the basis for our proposals for food-improving agents and raw materials. I am convinced that we can continue to earn the trust of customers when we offer them solutions rooted in accurate records.

## Outlook and Challenges

**Akutsu**: I will continue to promote our sales style, which integrates the whole Group's production, sales, and development functions, to offer specialty services. Beyond that, I will do my part to accelerate overseas operations—one of the pillars of the growth strategy under Medium-Term Management Plan 2027—by broadening our perspective to incorporate both Japanese and overseas operations, and conducting personnel exchanges with our overseas divisions as a means of cultivating human resources with the potential to excel in Japan and worldwide.

**Sato**: That's right. I look forward to working together to develop a workforce of people who can compete globally. To make our medium- to long-term vision a reality, I believe it is vital to develop today's young employees and turn them into the next decade's leaders. I am committed to promoting internal and external training programs to enhance sales capabilities. We have already begun conducting inspection tours of our facilities and holding comprehensive study sessions covering the characteristics of our main product lines.

**Akutsu**: Moreover, bringing employees back to their original departments after overseas exchange postings will put us on the path to becoming a truly integrated global company, bridging Japanese and international operations.

# Sustainability Initiatives to Increase Corporate Value

## Promoting Sustainable Management

In keeping with our policy of pursuing the effective use of natural materials, we are committed to realizing our medium-to long-term vision of achieving growth by supporting a sustainable society with specialty products and services. We aim to contribute to a sustainable society by addressing eight material issues in three areas identified in 2024: Technology-based value creation, contributing to the global environment, and well-being for people and society.


### Internal Training and Education Programs

We provide various training and education programs for a wide range of employees, from managers to new hires, so that each employee can personalize sustainability issues and find ways to address them. We also provide e-learning programs for all employees, and share sustainability-related information in Company newsletters and on our intranet to raise awareness and promote understanding of sustainability.

**Tier-Specific Training (FY2024)**

| New Employees | Managers | Executives |
|---|---|---|
| **New employee training**<br>Topic: SDGs and CSR<br>Number of participants: 39 | **Training for newly appointed managers**<br>Topic: SDGs and CSR<br>Number of participants: 23 | |
| | **Sustainability training session (July 2025)**<br>Topic: Thinking about sustainability management<br>Number of participants: 349 (incl. presidents of domestic and overseas subsidiaries) | |
| **E-learning**<br>Topic: What Is the Company's Policy on Human Rights? Number of participants: 1,106<br>Topic: What Are the Company's Material Issues? Number of participants: 1,069 (Scope: Riken Vitamin Group) | | |

### Promotion Framework

The Riken Vitamin Group has formed a Sustainability Committee, chaired by the president and representative director, to address sustainability issues. The Sustainability Committee has established five subcommittees (the TCFD Subcommittee, the GHG Reduction Subcommittee, the Diversity Subcommittee, the Human Rights Subcommittee, and the Sustainable Awareness Subcommittee), and reports to the Board of Directors in a timely manner. The Board of Directors supervises the committee's activities and the progress of initiatives, and issues instructions to the committee as necessary.

**Organization Chart**

**Board of Directors**

Report ↑ ↓ Supervise and instruct

**Sustainability Committee**

| | |
|---|---|
| Chairperson | President and representative director of Riken Vitamin |
| Members | Directors in charge of general affairs, human resources, compliance, sustainability, and corporate strategy |
| Secretariat | Sustainability Promotion Department and Corporate Planning Department |
| Number of meetings | 3 (FY2024)<br>Meeting no. 8: How to promote the food-improving agent business externally<br>Meeting no. 9: Discussion of TCFD disclosure and CDP responses<br>Meeting no. 10: Reorganization of subcommittees and revision of regulations |

• TCFD Subcommittee • GHG Reduction Subcommittee • Diversity Subcommittee
• Human Rights Subcommittee • Sustainable Awareness Subcommittee

↕ Promotion and collaboration

**Departments and Subsidiaries**

**Overview of Subcommittees**

| Subcommittee Name | Main Agenda Items | Main Participants |
|---|---|---|
| TCFD Subcommittee | Information disclosure based on TCFD recommendations | IR & PR Department, Finance & Accounting Department, and Sustainability Promotion Department |
| GHG Reduction Subcommittee | Reduction of GHG emissions | Production Planning and Development Unit |
| Diversity Subcommittee | Promotion of diversity and inclusion | Human Resources Department, General Affairs Department, Corporate Planning Department, Sustainability Promotion Department, Compliance Promotion Department, and IR & PR Department |
| Human Rights Subcommittee | Promotion of business activities that respect the human rights of stakeholders | Sustainability Promotion Department and Procurement Department |
| Sustainable Awareness Subcommittee » Food-Improving Agents Working Group | Raise awareness of functions of food-improving agents and their social role in reducing food loss | Food Ingredients Sales Unit, Food Ingredients Development Department, Key Account Management Unit, and Sustainability Promotion Department |

# Information Disclosure Based on TCFD Recommendations

Material Issue
▶ Addressing climate change

The Riken Vitamin Group uses agricultural and marine products as its primary raw materials, so we recognize that addressing climate change is an important management issue. Accordingly, we are analyzing the risks and opportunities that arise from climate change, considering countermeasures, and disclosing information appropriately. However, given that TCFD only came up in three of 98 conversations with shareholders and investors in FY2024, we believe that investor interest in disclosures related to climate change is somewhat limited. In FY2025, we will analyze the gap between the Sustainability Standards Board of Japan's (SSBJ) sustainability disclosure standards and our current disclosures. Based on that, we will consider what measures we might take, taking into account trends such as mandatory disclosures related to SSBJ standards.

## Governance

The Sustainability Committee's TCFD Subcommittee holds Groupwide discussions on climate change risks, opportunities, and countermeasures, and discusses policies and plans at the Management Meeting as necessary. The Board of Directors receives reports on these matters from the relevant directors and oversees activities.

## Strategies

In FY2022, we conducted scenario analyses and identified risks and opportunities for two of our businesses: The improving agents we produce in Japan and overseas that use vegetable oil as the primary raw material; and the food products (such as seaweed, dressings, and soups) we produce in Japan. In identifying risks and opportunities, we focused on evaluating the financial impact of the 1.5°C/2°C scenario, which is the target of the Paris Agreement, and the 4°C scenario in which global warming progresses. As a result, we found that both transition and physical risks could have a significant impact on raw material procurement, and that physical risks could have a significant impact on our production facilities. We began considering countermeasures in FY2023, and will reflect them in our medium- to long-term business strategies.

## Risk Management

The Group has established a Risk Management Committee to assess, reduce, and address risks related to business execution. We also manage the climate change risks we have identified through a Groupwide risk management system.

## Benchmarks and Targets

We aim to reduce the Group's GHG emissions (Scope 1 and 2) by 40% (compared with FY2018) by FY2030, and achieve carbon neutrality through net zero emissions by FY2050.

In addition, we began calculating Scope 3 emissions in FY2023. We will proceed with calculations for high-emission categories while considering revised GHG emissions reduction targets.

### ▶ Risks and Opportunities Based on Scenario Analysis

| Category | | Variables | Impact on Businesses | Degree of Impact | | Countermeasures | Opportunities |
|---|---|---|---|---|---|---|---|
| | | | | 1.5°C /2°C | 4°C | | |
| Transition Risks | Government policies, laws, and regulations | Introduction of carbon taxes | Overall increase in costs | Medium | Small | • Intensive energy-saving activities<br>• Use of renewable energy<br>• Use of biomass fuel | • Increased demand for improving agents for plant-derived chemical products such as environmentally responsible plastics and cosmetics |
| | Technology | Replacement with decarbonized equipment and production methods | Increased capital investment costs due to the large-scale introduction of equipment to decarbonize production systems | Medium | Small | | |
| | Market | Growing demand for biofuels | Increased vegetable oil procurement costs and expenses to develop alternative products | Large | Medium | • Geographically diversified procurement<br>• Alternative product research and development | |
| | | Customer purchasing behavior that emphasizes sustainability | Increased procurement costs for certified products such as palm oil | Small | Small | • Address gradually increasing customer needs | |
| | Reputation | Expanded ethical consumption | Reduced net sales due to inability to address demand for sustainable products | Small | Small | • Product development that addresses changes in market needs<br>• Multifaceted management that disperses risk<br>• Differentiation from developing and increasing sales of high-value-added products in each business | |
| Physical Risks | Rise in air and sea temperature | Decreased production of raw materials | Higher procurement costs, costs incurred to switch suppliers, and costs incurred to develop alternative products | Large | Large | • Ensure multiple reliable and stable suppliers<br>• Switch to alternative raw materials based on long-term outlook<br>• Systematically plan and manage inventory<br>• Share risk information with customers | • Stable procurement of seaweed by supplying seedlings as part of efforts to address climate change<br>• Large-scale seaweed aquaculture and commercialization of blue carbon research findings |
| | Water procurement risk | Aggravated water stress at production facilities | Decrease in sales due to suspended operations among raw material suppliers and production facilities | Small | Small | • Conduct ongoing surveys | |
| | More intense extreme weather | More frequent floods and heavy rain | Decrease in sales due to disruption of supply chains and production facility shutdowns | Small | Small | • Revise business continuity plan (BCP)<br>• Implement safety confirmation systems<br>• Educate employees through training and manuals<br>• Seismically reinforce facilities | |
| | | | Impairment of existing assets due to damage to plant and equipment at production facilities and investment required to replace with new assets | Small | Medium | | |

# Addressing Climate Change

# Natural Capital

Material Issue
▶ Addressing climate change

## Climate Change Mitigation and Adaptation

### Medium- to Long-Term Plan for Reducing Greenhouse Gas (GHG) Emissions

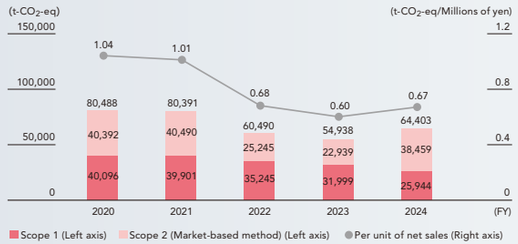
We aim to reduce the Group's GHG emissions (Scope 1 and 2) by 40% (compared with FY2018) by FY2030, and achieve carbon neutrality through net zero emissions by FY2050. In addition, we began calculating Scope 3 emissions in FY2023.

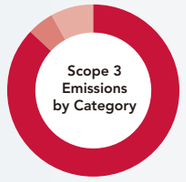
**Riken Vitamin Group**

**FY2030 GHG Emissions**
**40% reduction**
**(Scope 1 and 2; compared with FY2018)**

**FY2050 Target**
**Carbon neutrality**

▶ **GHG Emissions: Total and Per Unit of Net Sales**




Scope: Riken Vitamin Group

### Initiatives at Production Facilities

▶ **Expanding Use of Renewable Energy**

The Group is working to reduce $CO_2$ emissions and use renewable energy by installing solar power generation systems on the rooftops of its factories. In conjunction with the addition of 100 kW of solar power generation capacity to the Soka Factory in April 2025, the installation of lithium-ion batteries with a total storage capacity of 200 kWh will enable us to harness the energy we generate more efficiently.

Lithium-ion battery (Soka Factory)

▶ **Helping Our Employees Beat the Heat**

To prevent the working environment from worsening due to rising temperatures, we are taking measures to prevent heatstroke, such as sprinkling water on rooftops as well as using heat reflective coating, spot coolers, air-conditioned clothing, and electrolyte tablets.

Spot cooler installed on a forklift (Chiba Factory)

## Water Resources

The Group's primary raw materials are agricultural and marine products, and water is an essential resource. The Riken Vitamin Group Environmental Policy emphasizes the efficient use of water resources under the concept of "sustainable use of resources," and we are working to reduce the environmental impact of wastewater by reducing, reusing and recycling water, and by using wastewater treatment technologies such as activated sludge processing and methane fermentation treatment.

### Water Risk Survey

We use the Aqueduct Water Risk Atlas tool of the World Resources Institute (WRI) to evaluate water risk at our production facilities in Japan. The Aqueduct rating for overall water risk is not extremely high at any of our production facilities in Japan. We will continue to conduct regular surveys using the Aqueduct Water Risk Atlas tool to better understand water risk.

### Efficient Use of Water

The Soka Factory filters and sterilizes some of the wastewater from its production lines for use as grey water in designated applications. Each year, approximately 42,000 $m^3$ of grey water is sprinkled on rooftops and outdoor air conditioning units utilizing a cascading multi-stage water system.

Grey water facilities (Soka Factory)

Water sprinkling

## Protecting Biodiversity

As a Group that harnesses nature's bounty for raw materials, we recognize the importance of preserving biodiversity and working toward sustainable use in our business activities, including in raw material procurement.

View of Hirota Bay from the site of our corporate forest

As part of these efforts, we have entered into an agreement with Rikuzentakata City (Iwate Prefecture) and the Save Earth Foundation on a corporate forestry program. Under the program, we plan to use land provided by Rikuzentakata City as a kind of "corporate forest" where we will conduct environmental education for employees.

# Transition to a Circular Economy

Material Issue
▶ Contribute to the transition to a circular economy

## Reducing the Environmental Impact of Packaging

Based on the Group's medium- to long-term vision of achieving growth by supporting a sustainable society with specialty products and services, we strive to use more environmentally responsible packaging and containers.


### ▶ Bottles Made from Recycled PET Materials

We forecast* that using bottles made with 30% recycled PET materials will reduce new plastic use by 96 tons per year (starting in 2025).

* Riken Vitamin calculations based on FY2023 shipping volumes.

Scope: 190 ml bottles in the Riken Non-Oil series and others


Note: The mark is displayed only on certain products.

### ▶ Thinner Shrink-Wrap Film

We are reducing plastic use by using bottle and cap shrink-wrapping film that is 10% thinner (starting in 2025).

Scope: 380 ml bottles in the Riken Non-Oil series


### Riken Vitamin's Own Environmental Label

In 2023, we launched our own unique mark to denote products with reduced environmental impact. The mark's design is based on the concepts of "a clean environment for life without stress" and "kindness for life, people, and the earth."

## Reducing Food Loss

We launched our food business when whaling was still common, producing extracts from whale meat by-products not used for food after processing. Based on our policy of making effective use of natural materials, we will contribute to a sustainable and rich dietary life using the extraction, refining, concentration, and processing technologies we have developed since our founding, and by effectively employing unused resources.

### Raw Material Development

**Finding Ways to Harness Unused By-Products**

We teamed up with Hokuto Corp. to develop a mushroom extract from unused brown beech mushroom parts and non-standard products, and obtained a patent (no. 7588471) in 2024. The extract is used as an ingredient in our products.

Product that uses the mushroom extract

### Manufacturing

**Reducing Waste from Manufacturing Processes**

We are working to reduce food loss by introducing high-efficiency production equipment and promoting operational improvements including quality control (QC) activities. Used cooking oil and spent fish flakes generated during the manufacturing process are repurposed into energy sources, animal feed, and fertilizer, contributing to resource circulation.

New robotic transport system helps reduce food loss (Soka Factory)

### Distribution and Consumption

**Best-Before Date Format**

Using a year/month format for best-before dates is an initiative that impacts the entire supply chain. It helps reduce food loss and supports inventory management efficiency for logistics and distribution. We have changed the best-before date format to year/month from year/month/day format for household products including the Fueru Wakame-chan, Wakame Soup, and Sozairyoku Dashi series.


Change in best-before date format

# Human Rights

## Riken Vitamin Group Human Rights Policy

Living up to our Corporate Philosophy of "contributing to people's health and nutrition with technologies and products that make effective use of natural materials, thereby contributing to society" requires respect for human rights in all facets of our business. To that end, we have organized our approach to human rights—as set out in the Group's Code of Conduct and the fundamental policy on CSR—around the United Nations Guiding Principles on Business and Human Rights. Based on this, we established the Riken Vitamin Group Human Rights Policy, which the Board of Directors approved. The policy serves as the bedrock on which the entire Group's human rights efforts are founded.

Riken Vitamin Group Human Rights Policy
https://www.rikenvitamin.jp/corporate/sustainability/human-rights/ (Japanese only)

### Major Tenets of the Riken Vitamin Group Human Rights Policy

| | |
|---|---|
| Core of our business activities | Based on our Corporate Philosophy and Code of Conduct, the Human Rights Policy is our primary, overriding policy regarding human rights, and is positioned at the very core of our business activities. |
| Informed by global standards | Our Human Rights Policy was formulated with reference to the United Nations Guiding Principles on Business and Human Rights. |
| Close collaboration with stakeholders | We actively promote respect for human rights among our employees, business partners, and suppliers. |

### Promotion Framework

The former Human Rights Working Group of the Sustainability Committee (chaired by the president and representative director), was elevated in status and relaunched as the Human Rights Subcommittee to ensure consideration for human rights in our business activities. Page 36

### Education and Training

We have launched e-learning programs to ensure that our Human Rights Policy is instilled among all employees and executives, and to make sure it is applied in our business activities. We also provide DVDs and educational materials for compliance study sessions.


### Seeking Advice and Whistleblowing

We have an Internal Whistleblower System in place for employees to seek advice or bring attention to potential issues, including those related to human rights. Page 50

# Supply Chain

Material Issue
Build a resilient supply chain

## CSR Procurement

We have established a CSR Procurement Policy with the aim of promoting responsible procurement and realizing a sustainable society. Based on that policy, we conducted a CSR procurement survey of Riken Vitamin's raw material suppliers as part of our efforts to work with suppliers to realize a sustainable society. We intend to continue conducting these surveys on a regular basis to identify issues in the supply chain and promote CSR procurement together with our suppliers.

CSR Procurement Policy
https://www.rikenvitamin.jp/corporate/sustainability/supply_chain/ (Japanese only)

### Education and Training in Procurement Departments

As part of our efforts to promote CSR procurement, employees in procurement departments undergo regular education and training. A general meeting is also held once a year, bringing together procurement personnel from the Head Office and our factories, to share information and deepen their knowledge on topics including CSR procurement. In addition, employees newly assigned to procurement-related positions undergo orientation to bring them up to speed on procurement operations, including relevant laws and regulations.

## Ensuring a Stable Supply of Natural Resources

The results of our research into wakame form the backbone of our initiatives to ensure stable production at aquaculture sites. We have begun producing wakame seedlings at the Yuriage Factory. By ensuring the stable production of high-quality seedlings, we can support improved productivity in seaweed farming. In addition, the death of juveniles in the early stages of growth reduces production volume in wakame farming, so we are continuing to research the stress resistance of seedlings using the knowledge we have gained from optimizing seedling production conditions, and are beginning to obtain results that will support better farming techniques. Moreover, we are proposing the use of both early-maturing seedlings and late-maturing seedlings to lengthen the wakame harvesting period and lessen the workload during harvesting.

| Riken Vitamin Group | Producers |
|---|---|
| Stable raw material procurement | Improve production efficiency by staggering work periods<br>Increase production volume by using high-quality seedlings |

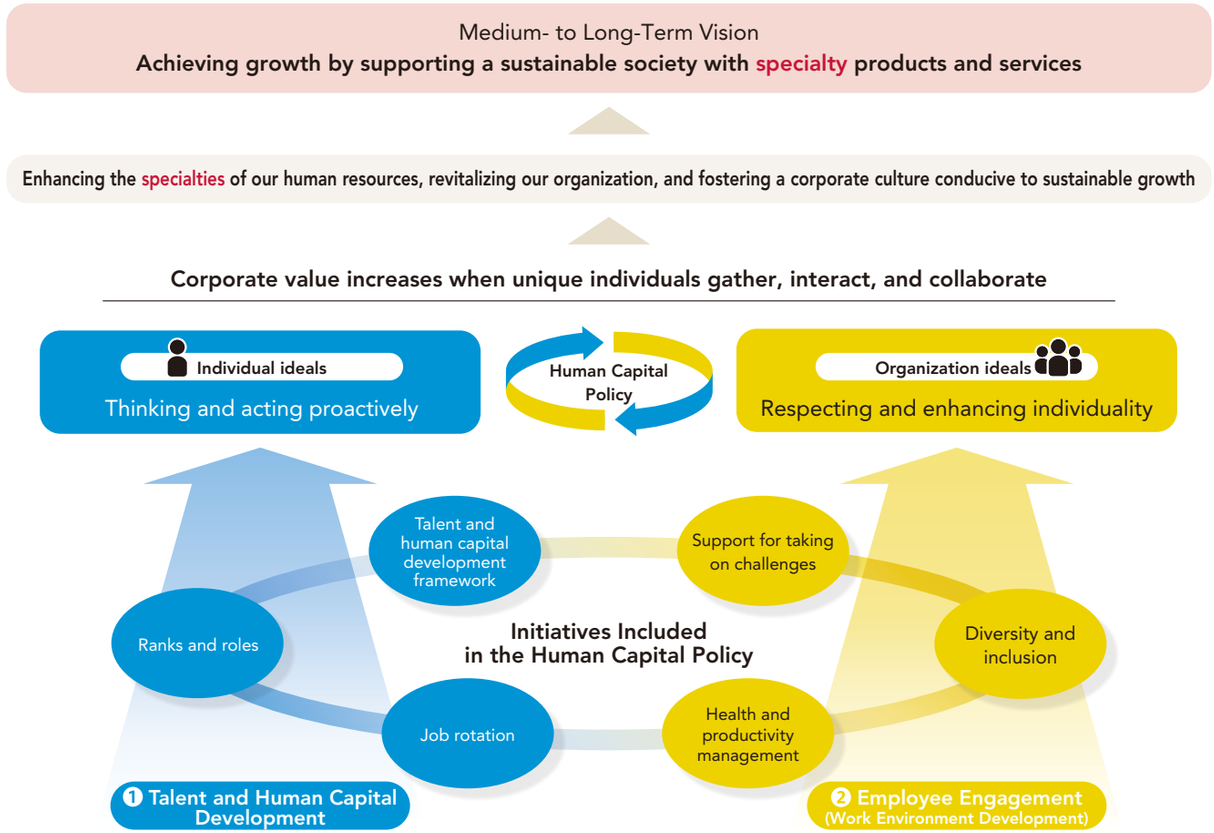
# Human Capital Strategy

Material Issues
- Promote diversity and inclusion
- Provide a safe and healthy working environment

## Human Capital Policy

As one of the tenets our Management Philosophy, we uphold the idea of "creating a respectful, appealing workplace for employees" and, as a vibrant and dynamic company, we value the creativity and ingenuity of each employee. In line with this philosophy, in January 2025 we established our Human Capital Policy, which emphasizes "respecting and enhancing individuality" and "thinking and acting proactively." By using this policy as a guiding principle in human capital management and workplace enhancement, we expect to foster both the growth of the specialties of our human resources* and revitalization of the organization, thereby cultivating a corporate culture that enables sustainable growth.

* This refers to the individuality of employees, including their inherent diversity as well as the experience, knowledge, and skills acquired or enhanced after joining the Company.




## Human Capital Policy and Strategies

Toshiyuki Tanaka
Executive Officer and General Manager of Human Resources Department

In today's rapidly changing business environment, success requires a workforce that is not of uniform "similarities," but one enriched by diverse "differences." With this in mind, we have established our Human Capital Policy, which emphasizes "respecting and enhancing individuality" and "thinking and acting proactively." Individuality encompasses not only inherent traits but also the knowledge and skills that can be cultivated and strengthened through various experiences. To support this, in recent years we have expanded opportunities for cross-functional transfers. Given our wide range of businesses, employees can gain experience in multiple divisions, and such exposure provides valuable learning opportunities that foster significant growth. By setting high expectations for each individual, respecting their aspirations, and promoting job rotations, we encourage employees to take on challenges proactively. Furthermore, to promote more practical challenges, we plan to revise our personnel evaluation system under Medium-Term Management Plan 2027. In addition to business outcomes, we will evaluate individual growth, thereby clarifying incentives for taking on challenges and enhancing employee engagement. The growth of people is indispensable for the sustainable development of the Company. Going forward, we will continue to refine our human capital management practices in line with the Human Capital Policy, enhancing the specialties and individuality of our people, and in doing so, further strengthen our corporate value.

# Human Capital Strategy

Material Issues
- Promote diversity and inclusion
- Provide a safe and healthy working environment

## Initiatives Included in the Human Capital Policy

### ① Talent and Human Capital Development

#### Personnel Optimization Review Meetings: Allocation and Development Plan (Job Rotation)

At personnel optimization review meetings, which are led by the director in charge of human resources, department heads work together to ensure systematic hiring in line with our management strategies, as well as strategic job rotations between departments and business sites, both in Japan and overseas. In this way, we seek not only to develop a workforce of experienced human resources, but also to nurture candidates for future management positions. In addition, employees review their career history and present their future aspirations and plans through an annual "self-declaration system."

#### Developing a Pool of Experienced Successor Candidates

**▶ Developing Global Talent**

Positioning overseas markets as key growth drivers, we are focusing on developing talent with a global perspective (Ratio of global talent: FY2024: 13.0%; FY2030 target: 20%). To spark interest and broaden the horizons of new employees, we offer an Overseas Training Program in their first year. In addition, we have introduced the Global Talent Development Program, which is open to all employees regardless of age, to foster global-minded professionals. We also subsidize correspondence courses and tuition for language schools, including for English and other foreign languages. Furthermore, when employees are assigned overseas, we provide pre-assignment training tailored to the destination to strengthen comprehensive support.


**▶ Strengthening Education and Training and the Self-Development Support System**

The core of our talent development lies in on-the-job training (OJT) and self-development. Through executive training and hierarchical training programs organized by the Human Resources Department—tailored to each career stage, grade, and position—we support employees in acquiring the appropriate mindset, general knowledge, and skills (Training investment per employee: FY2024: ¥81,628; FY2023: ¥72,304). In terms of self-development, in line with our policy of "thinking and acting proactively," we have introduced a voluntary Self-Development Support System and a list of Company-endorsed qualifications, under which employees receive financial support.


### ② Employee Engagement (Work Environment Development)

We believe that corporate value is enhanced when individuals with diverse personalities come together to engage in dialogue and collaborate, and are working to develop a fulfilling workplace.

#### Diversity and Inclusion

Since FY2015, we have promoted diversity by advancing the recruitment and development of diverse talent, while creating an environment that enables all employees to thrive. We are committed to building a psychologically safe workplace where employees with diverse experiences and perspectives can openly share their opinions. Through these efforts, we aim to foster innovation and create new corporate value.

**▶ Promotion of Women's Empowerment**

We recognize that enabling more women to participate in organizational management is essential to cultivating a culture where diverse perspectives are shared openly. To support women in taking on greater responsibility and leadership roles, we have established the following targets and are enhancing the workplace environment to achieve them.

| | FY2023 | FY2024 | FY2024–FY2026 Targets |
|---|---|---|---|
| Ratio of female new hires | 25.4% | 24.6% | 35% |
| Ratio of female section managers | 13.0% | 14.0% | 15% |
| Percentage of female managers | 4.9% | 4.0% | 10% |
| Difference in average years of employment between male and female employees | 1.8 years | 1.4 years | 1.2 years |

Note: The methodology prescribed by the Act on Promotion of Women's Participation and Advancement in the Workplace (Act No. 64 of 2015) is the basis for calculating the percentage of female managers.

**▶ Promoting the Use of Childcare Leave by Male Employees**

To support the balance between work and family life for both men and women, the Company has set a target for the average duration of paternity leave taken by male employees at one month or longer and is working to enhance support systems. In addition, we have introduced the Parental Leave Support 39 Campaign to encourage employees to take 39 days or more of childcare leave. As part of this initiative, we also provide incentives to people who support the employees taking leave, thereby fostering a workplace culture that actively supports child-rearing.

#### Labor-Management Communication

Effective communication between employees and the Company requires frameworks for gathering and sharing employees' opinions. We hold both regular and ad-hoc labor-management discussions with the labor union, providing employee representatives with opportunities to engage directly with management. In addition, we incorporate employees' opinions directly through a self-declaration system.

# Quality Assurance

Material Issue
▶ Provide safe and reliable products

## Quality Assurance System

The Group's quality assurance departments are separate from other departments to ensure an objective and centralized quality assurance system.

In October 2024, we reorganized the Quality Assurance Unit into a two-department structure to better create specialization in quality assurance activities for relevant product categories. Under this new system, Quality Assurance Department 1 covers food businesses, and Quality Assurance Department 2 covers improving agent and healthcare businesses. While carrying out their respective roles, the departments share information to strengthen quality assurance throughout the Group.

### Organizational Chart
(As of September 2024)


### Organization Chart
(As of October 2024)


| Department Roles | |
|---|---|
| Quality Assurance Department 1 | Oversee quality assurance in the Group's food-related businesses |
| Quality Assurance Department 2 | Oversee quality assurance in the Group's improving agent and healthcare businesses |
| Quality Management Division | Promote strategic quality control |
| Global Quality Assurance Division | Strengthen quality assurance throughout the Group, including at business sites outside Japan |
| Food Analysis & Research Group | Harness advanced technologies to improve in-house testing |

## Overseas Manager Candidate Training Program

The Overseas business is a core driver of business growth, and we aim to expand the ratio of overseas sales from 25% in FY2024 to 35% in FY2034. But as overseas sales grow in scale, we will need to strengthen our quality assurance system. With that in mind, the Quality Assurance Unit launched a talent development program in FY2025 to develop personnel capable of supporting overseas operations. Candidates are recommended by supervisors, nominated by the Global Quality Assurance Division, or apply voluntarily. We have high hopes that the program will grow into a core educational program in the near future.

**❶ Short-Term Training Program**
Scope: Employees working in quality assurance departments
Content: Multiple short-term and medium-term overseas training programs
Purpose: To give employees experience in living and working overseas

**❷ Career Advancement Program**
Scope: Graduates of short-term training (❶)
Content: 1–3 years experience in management positions in Japan
Purpose: To improve management skills prior to overseas posting

**❸ Overseas Posting**
(Up to 5 years)

### A Quality Assurance Framework to Ensure Future Global Growth

Hiromi Kimura
Executive Officer and General Manager of Quality Assurance Unit

The mission of the quality assurance departments is to uphold quality and deliver safe and reliable products to our customers. We are committed to fulfilling this mission. At the same time, as management, we acutely feel a need to focus on building an organizational structure and nurturing talent with a view to the future not only of our own departments, but of the entire Group.

As the Overseas business continues to grow, it is vital that we strengthen support for quality assurance departments at business sites outside Japan. Due diligence related to quality will also be important when pursuing mergers, acquisitions, and alliances. Accordingly, we believe that employees in Japan will have more opportunities to be involved in the Overseas business in various capacities going forward. As such, rather than viewing overseas operations as separate from our Japanese operations, we see Japan as part of a global supply chain, and we aim to build a quality assurance system that supports the sustainable growth of the entire Group.

# Intellectual Property

Material Issue
▶ Create value through research and development

## Approach to Intellectual Property

We recognize the importance of intellectual property rights to the maintenance and revitalization of business activities, and we acquire such rights to ensure that the business activities of the Group are not restricted. To protect our brands and encourage the creation of superior technologies and designs, we have established a program to incentivize the acquisition of patents, utility model rights, and design rights. In addition to paying a fixed bonus to inventors or creators at the time of application or registration, we also pay a bonus to inventors based on their patents' contribution to the Group's business performance.

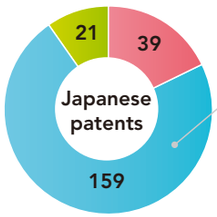
## How Intellectual Property Rights Are Used in Different Fields

We make use of intellectual property to gain a competitive advantage in different ways depending on the business field. For food, we differentiate ourselves from competitors by building a wealth of know-how regarding key technologies for flavor creation, and build brand value through trademarks. In the improving agents field, we hold patents covering a wide range of technologies and supply improving agents with strong competitive advantages, thereby delivering value to our customers. In the healthcare field, we patent research outcomes and leverage them as evidence of functionality.

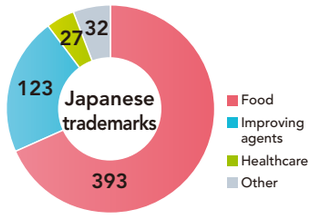
### Industrial Property Rights (As of March 31, 2025)

▶ **Industrial Property Rights in Japan and Overseas**

| | Japan | Overseas |
|---|---|---|
| Patents | 219 | 21 |
| Trademarks | 575 | 47 |
| Design rights | 7 | 1 |




| | | |
|---|---|---|
| Food-improving agents | Edible oils and fats | 21 |
| | Bakery and confectionery | 20 |
| | Side dishes, processed meat, and seafood products | 15 |
| | Noodles and rice | 14 |
| | Colorants | 11 |
| | Tofu | 10 |
| | Beverages | 9 |
| Chemical-improving agents | | 28 |
| Other | | 31 |

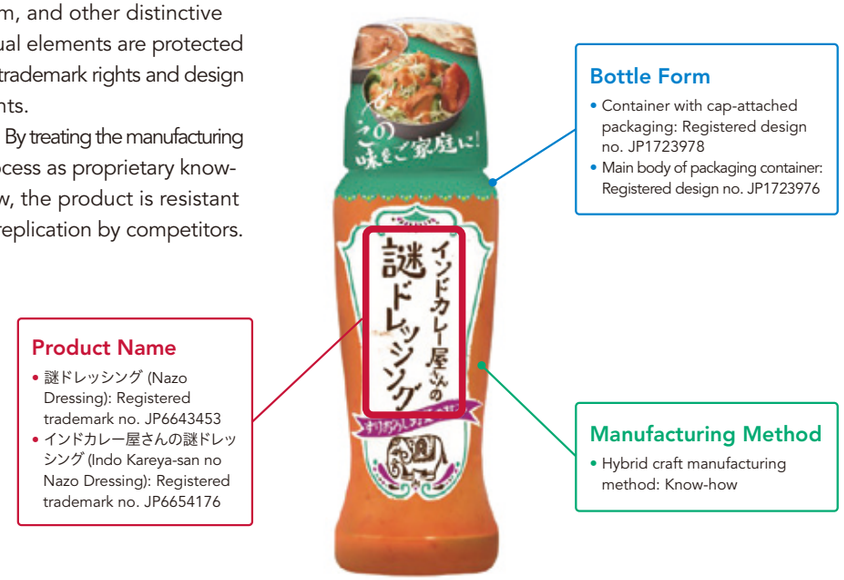



## Protecting Product Value in the Food Business

### Indo Kareya-san no Nazo Dressing

The product's name, bottle form, and other distinctive visual elements are protected by trademark rights and design rights.

By treating the manufacturing process as proprietary know-how, the product is resistant to replication by competitors.




## Intellectual Property Challenges on the Horizon

Currently, the Group holds only a small number of overseas patents and trademarks. However, as the Overseas business grows we anticipate that our rights will need to be protected more frequently in more countries. To date, our main focus has been on applying for international patents for technologies invented here in Japan, but we foresee a need for an intellectual property management system that also accounts for inventions made overseas.

We will address these issues in a variety of ways, including better arming the Riken Vitamin Legal Department to manage intellectual property, improving intellectual property literacy throughout the Group, including affiliated companies, and establishing internal regulations.