




RIKEN VITAMIN CO.,LTD.

Stock code: 4526

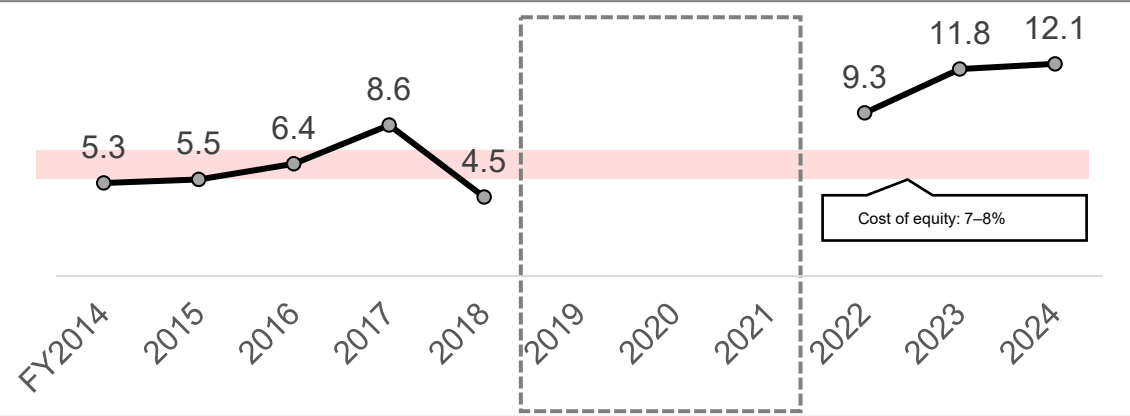
Action to Implement Management that is Conscious of Cost of Capital and Stock Price

May 23, 2025

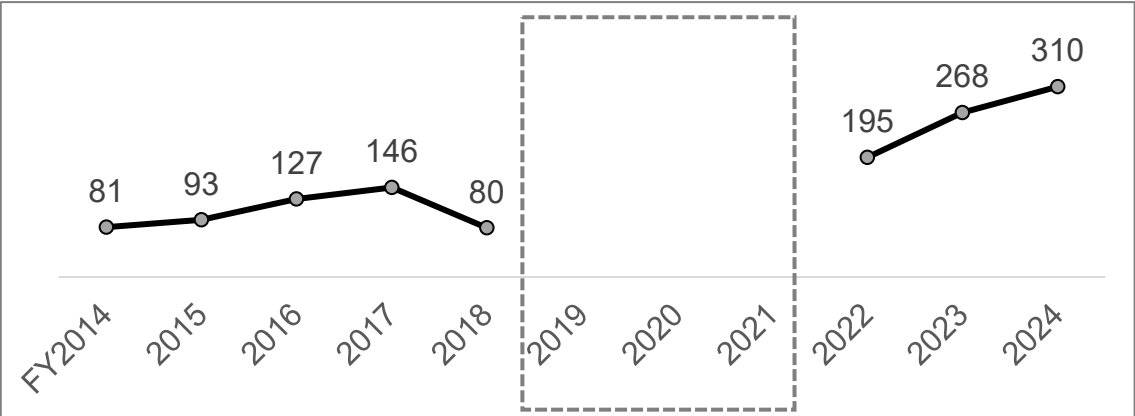
	TSE requirements	Our response
 Analysis of current situation	Accurately assess capital costs and return on capital	✓ Calculation of cost of equity based on CAPM, earnings yield, and interviews with shareholders and investors
	Analyze and evaluate content of initiatives and the market's perception of them through Board of Directors	✓ Analysis and evaluation conducted by Board of Directors
Planning and disclosure	Deliberate and establish policies, targets, plan timelines aimed at improvement, and concrete initiatives at the Board of Directors	✓ Discussion and formulation of share price-conscious growth strategies that maintain earning power conducted through the Board of Directors
	Disclose relevant details along with assessments of current conditions in a manner easily understandable for investors	✓ Disclosure and explanations via our website concurrently with Medium-Term Management Plan announcements ✓ Planned disclosure through integrated reports
Implementation of initiatives	Promote plan-based management conscious of capital costs and share prices	✓ Transitioning toward a management approach emphasizing balance sheet health and share price performance while continuing to enhance earning power
	Conduct proactive dialogue with investors based on public disclosures	✓ Promoting communication with investors through financial results briefings, medium-term plan presentations, individual investor events, and IR/SR meetings


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

ROE (%)

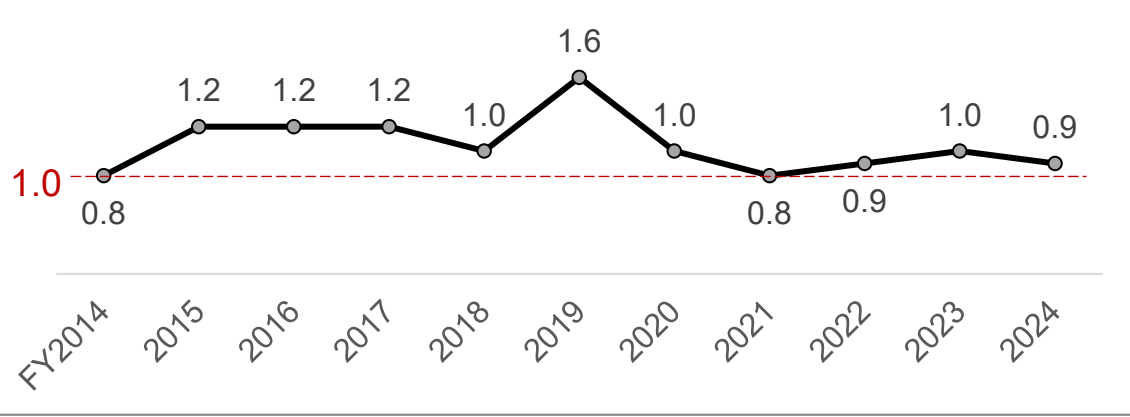


EPS (JPY)

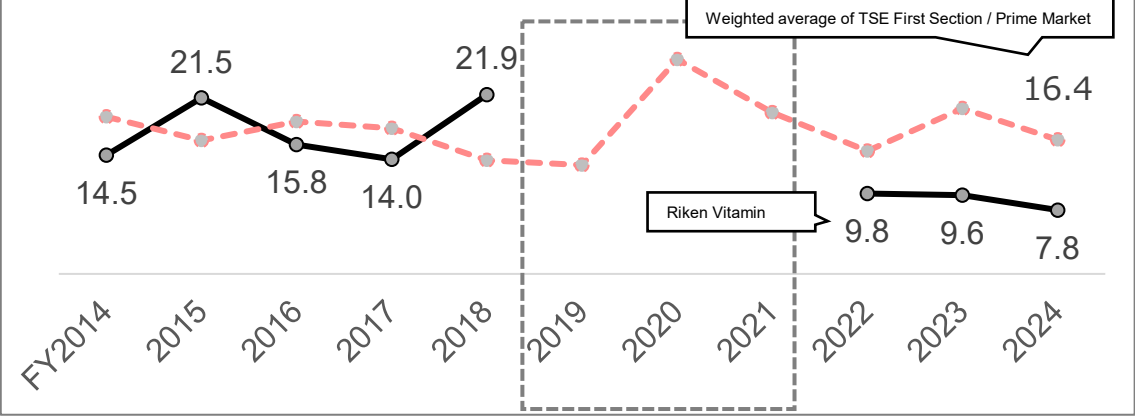


• Calculated based on actual fiscal year-end results
•  Excluded due to losses and/or abnormal values resulting from accounting issues associated with a subsidiary

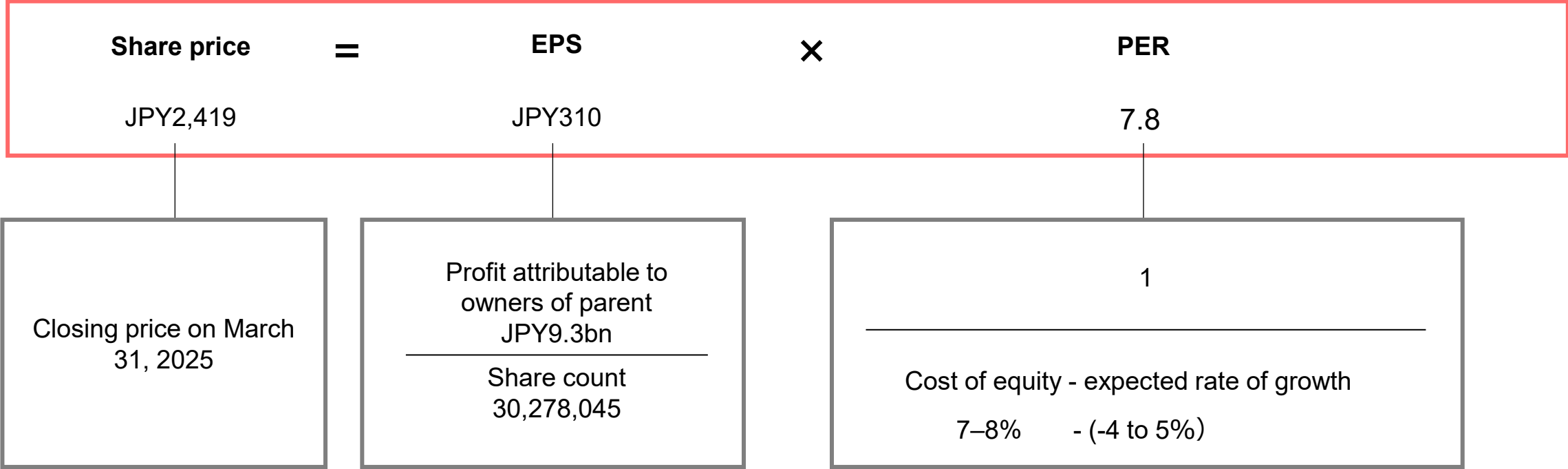
PBR (Multiples)



PER (Multiples)



- Driven by profit growth and share buybacks, EPS grew 3.8-fold over the past 10 years
- Meanwhile, our share price the share price rose only 1.2-fold during the same period. Our analysis attributes this gap to negative growth expectations



- **Calculated cost of equity at 7–8%**
CAPM: 4.6% (RF of 1% + β of 0.6 × MRP of 6%)
Investor expectation: 6–10%
Also referenced figures published by food sector companies

- Our return on capital is high compared to sector peers; issues are attributable to our PER, which reflects market expectations
- Our analyses indicate low market expectations are due to perceptions of our growth potential, scale, liquidity, and approach to capital market engagement

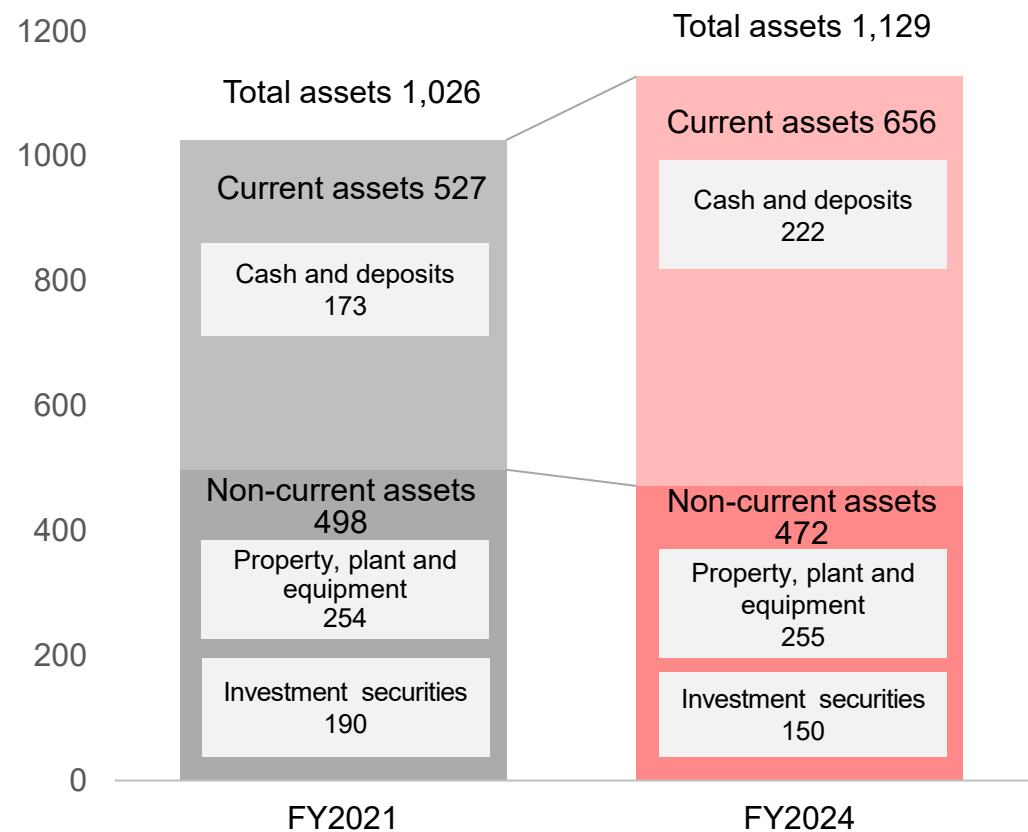
	PBR	=	ROE	×	PER
	0.9		12.1%		7.8
Prime Market food sector median	About 1.1		About 7.5%		About 16.0

Factors behind low expectations (issues raised during meetings with investors)

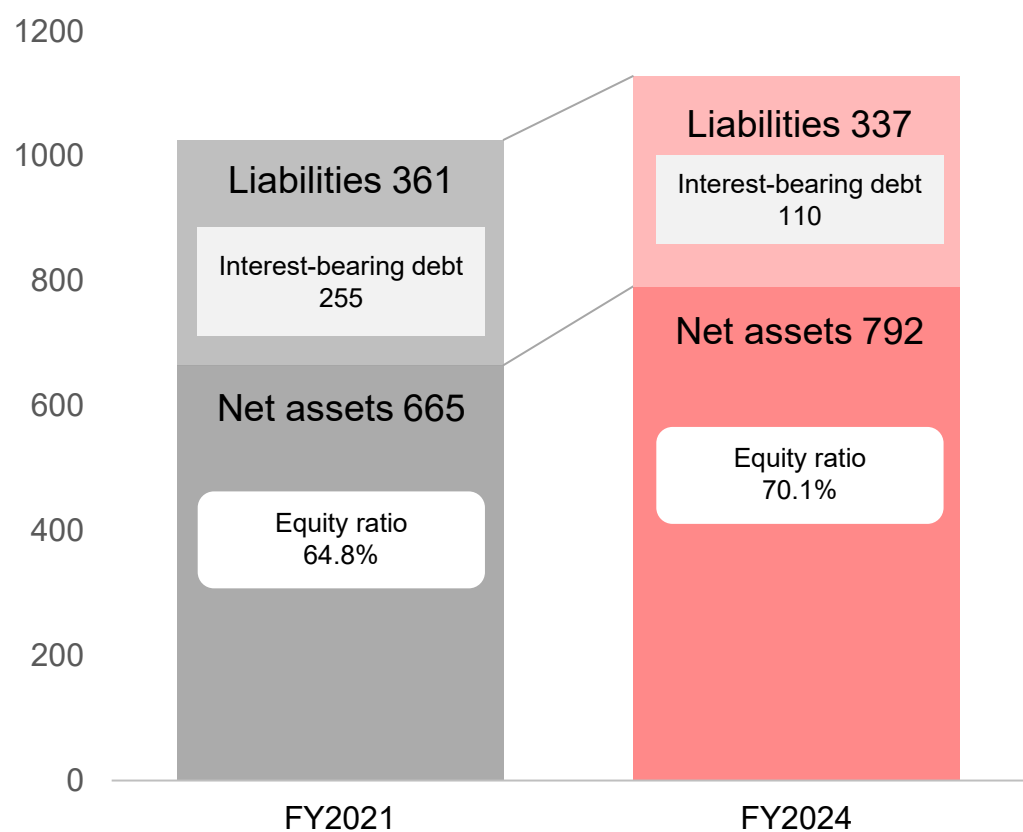


- Investment securities decreased over three years while property, plant, and equipment remained level and current assets increased
- Provided shareholder return of JPY14.0bn (JPY7.0bn in dividends and JPY7.4bn through share buybacks) and generated equity ratio increase of 5pp

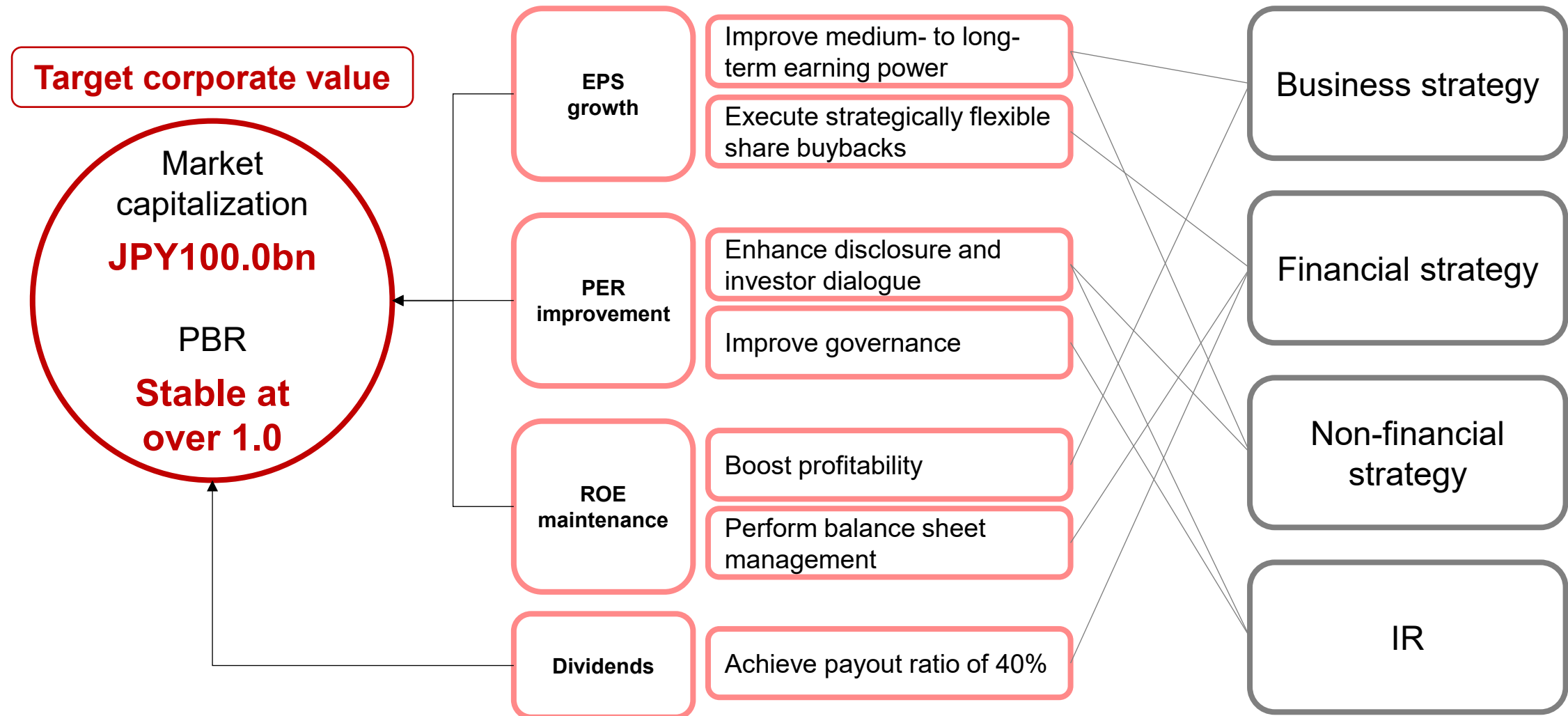
■ Assets



■ Liabilities / Net Assets

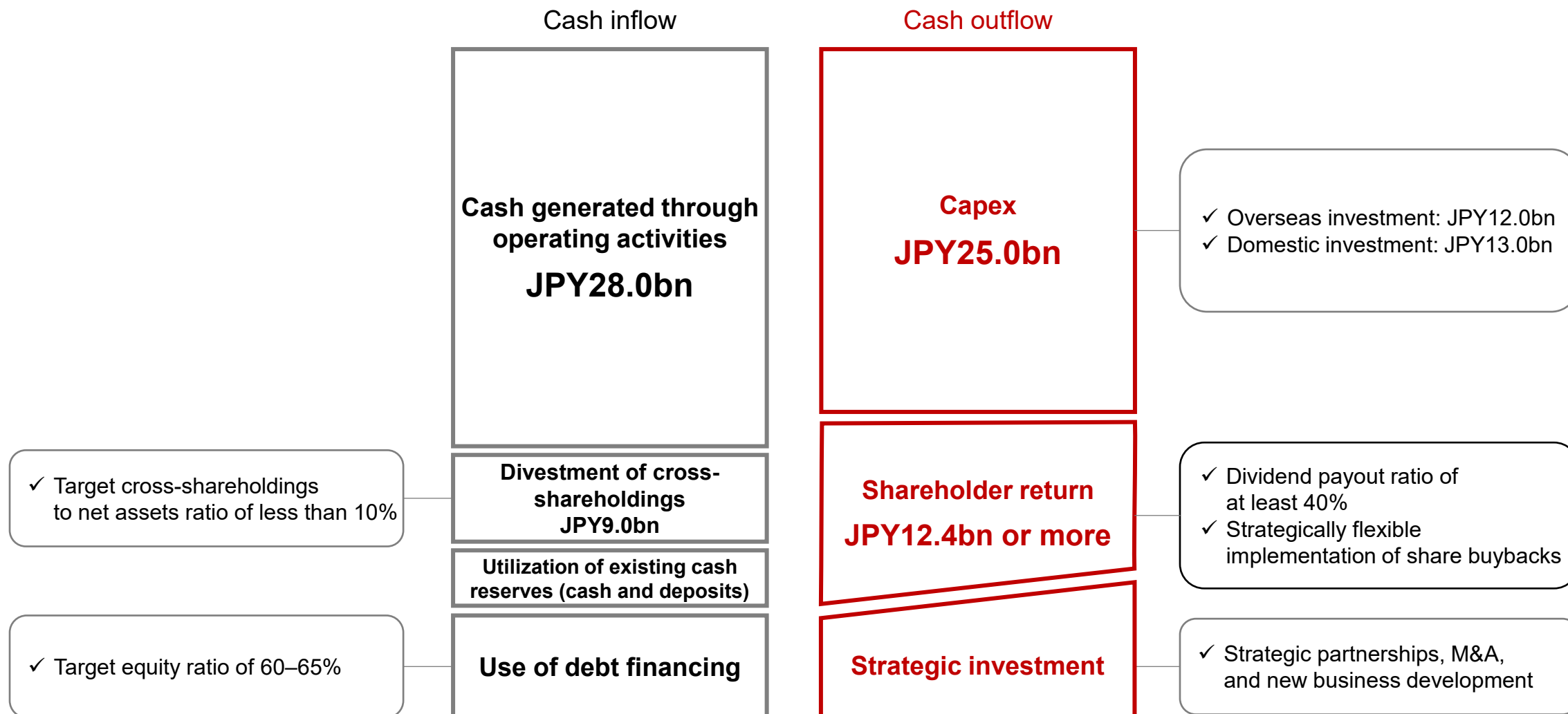


- Our PER is one of our most pressing strategic priorities
- We aim to raise our anticipated rate of growth by improving earnings momentum (EPS), maintaining ROE, and strengthening investor communication



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

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



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

■ Dividend policy

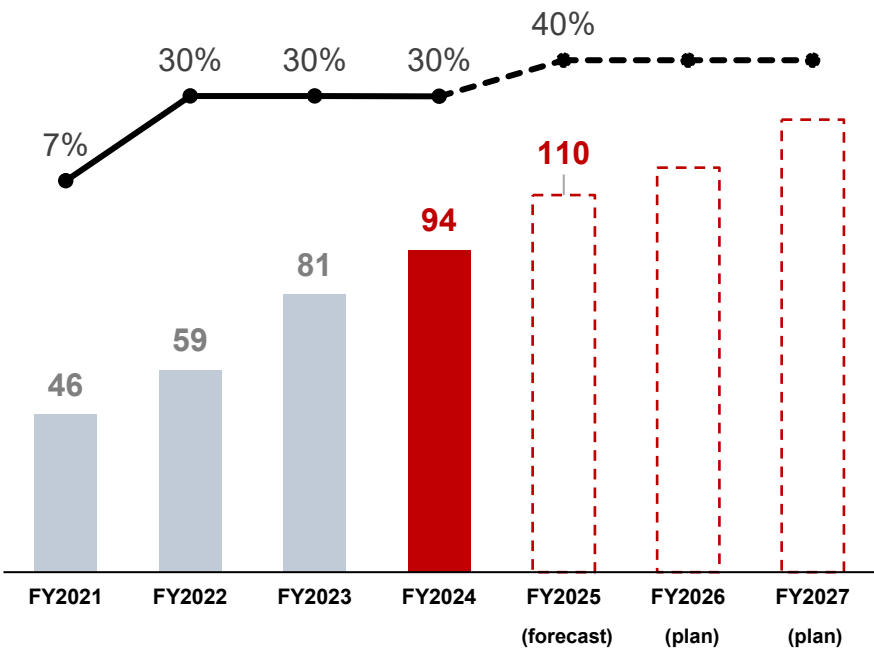
Consolidated dividend payout ratio of at least 40%

■ Share buybacks

Conduct with strategic flexibility when deemed appropriate

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

■ Dividends per Share (JPY) and Dividend Payout Ratio



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

<p>Business strategy</p>	<ul style="list-style-type: none"> ✓ To strengthen earning power and improve profitability over the medium to long term, we plan to invest approximately 2.5x more under Medium-Term Management Plan 2027 compared with the previous plan. ✓ Establish a strategic investment budget incorporating opportunities for mergers, acquisitions, and business alliances <p>Overseas</p> <ul style="list-style-type: none"> ✓ Expand our Overseas business—a key growth driver—through a new organizational structure integrating domestic operations ✓ Restructure production lines in China and focus on rapidly ramping up operations at the new factory. <p>Japan</p> <ul style="list-style-type: none"> ✓ The Domestic Food business aims to achieve a slightly higher growth rate than the overall processed food market. ✓ Strengthen solutions primarily targeting prepared meal, ready-to-eat product, and health-conscious markets ✓ Enhance proposals that reduce food loss and provide functional alternatives for raw materials difficult to source reliably ✓ Focus resources on core strengths in chemical products and promote value-added development.
<p>Non-financial strategy</p>	<ul style="list-style-type: none"> ✓ Perform medium- to long-term research and development targeting the resolution of social issues ✓ Establish HR systems consistent with our human capital policy ✓ Strengthen group governance

- Under our previous medium-term plan, we established a suitable platform as a Prime Market-listed company
- Under Medium-Term Management Plan 2027, we will reassess the strategic importance we ascribe to IR internally while striving to ensure a fair market valuation of our stock

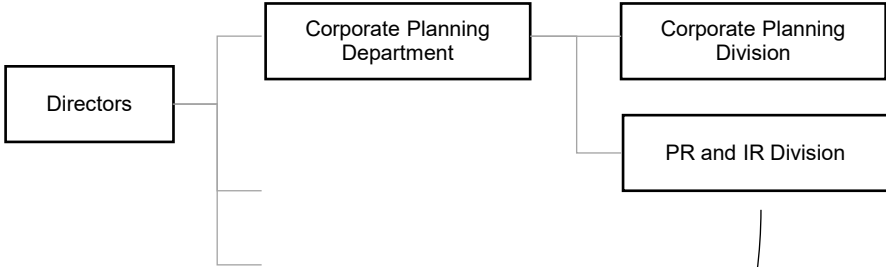
■ Activities of Previous Medium-Term Plan

Steadily expanded our range of activities

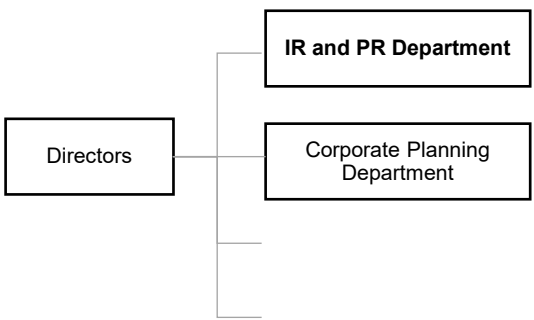
	Results achieved over three years
Disclosure enhancement	<div>✓ Began publishing integrated reports</div> <div>✓ Started disclosing information simultaneously in both Japanese and English</div> <div>✓ IR website redesign</div>
Improving communication with investors	<div>✓ Annual engagement sessions: 25 → 98</div> <div>✓ Secured analyst coverage</div> <div>✓ Launched regular SR activities and overseas NDRs</div> <div>✓ Held more briefings for individual investors</div>
Feedback for management	<div>✓ Delivered quarterly reports on dialogue content</div> <div>✓ Incorporated feedback into medium-term plan policies</div>

■ Adjustment of IR System

(Until March 2025)



(From April 2025)



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



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

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