

TSE Urgent Notice



Jan. 8, 2021
Listing Department
Tokyo Stock Exchange, Inc.

Request for Improvement Report and Public Announcement Measure

TSE has requested an Improvement Report and taken the Public Announcement Measure as follows.

*This decision is based on the results of the examination by Japan Exchange Regulation.

1. Company Name RIKEN VITAMIN CO.,LTD.
(Code: 4526, Market Division: 1st Section)
2. Improvement Report Submission Deadline Jan. 25, 2021 (Mon.)

Provision Securities Listing Regulations, Rule 502, Paragraph 1, Item (1)
(Due to disclosed information containing false statements and improvements being deemed highly necessary)
3. Date of Public Announcement Measure Jan. 8, 2021 (Fri.)

Provision Securities Listing Regulations, Rule 508, Paragraph 1, Item (1)
(Due to disclosed information containing false statements and public announcement being deemed necessary)
4. Reason RIKEN VITAMIN CO.,LTD. (hereinafter "the Company") disclosed an investigation report of the special investigation committee on Sep. 23, 2020 concerning inappropriate accounting practices by the Company in past fiscal years and corrections to past earnings reports, etc. on Sep. 30, 2020.
On Oct. 28, 2020, the Company once again corrected past earning reports, etc. and disclosed the fact that it had received the audit report, etc. containing a disclaimer of opinion for the corrected consolidated financial statements from the fiscal year ended Mar. 2016 through the fiscal year ended Mar. 2020.
In addition, the Company disclosed the second investigation report of the special investigation committee concerning inappropriate accounting practices on Nov. 13, 2020 and disclosed the fact that on Nov. 16, 2020 it had received a quarterly review report containing a disclaimer of conclusion for the second quarterly consolidated

financial statements for the fiscal year ended Mar. 2021.

These disclosures revealed that an overseas subsidiary of QINGDAO FUSHENG FOODSTUFFS CO., LTD. (hereinafter "the Subsidiary") had engaged in inappropriate accounting practices for sales and inventories of processed shrimp.

As a result, it was deemed that the Company had violated the listing rules by disclosing false earning reports, etc. from the fiscal year ended Mar. 2016 through the fiscal year ended Mar. 2020 and found that the net income attributable to owners of the parent company had decreased by over 30% for the fiscal year ended Mar. 2019.

It was deemed that the following points contributed to the occurrence of these disclosures:

- After acquisition of the Subsidiary, the former representative director and chairman of the Company managed the Subsidiary for many years and supervisory and overseeing functions were not performed sufficiently by other directors nor audit and supervisory committee members.
- Unlike other overseas subsidiaries, the Company did not dispatch executives or employees for overseas assignments at the Subsidiary and did not proactively attempt to have an understanding of the Subsidiary's status for execution of duties.
- For many years, the former representative director and chairman had left the management of the Subsidiary to a certain person with a trust-based relationship and company-wide control, which is necessary as a subsidiary of a listed company, was not established.
- The Company's management system of the overseas subsidiaries operational status was insufficient, due to the fact that, among other reasons, the Company did not establish a department in Japan for overall management and instruction of overseas subsidiaries, and that auditing of the overseas subsidiaries was insufficient due to the lack of staff in their internal audit department.

Based on the above, this case involves disclosures that were deemed to be false caused by inadequacies in the system of the Company to appropriately conduct timely disclosure, thereby considerably impacting investor decisions. Improvements in the Company's system for timely disclosure are deemed highly necessary. TSE requires the Company to submit a report containing the events leading up to the issues and improvement measures.

In addition, as this case is deemed to require public announcement, TSE implements the public announcement measure.

* After submission of the Improvement Report, etc. by the Company, they will be made available on the JPX website and through the TDnet database service.

Improvement Report, etc. that are currently available for public inspection can be found on the following page of the JPX website (<https://www.jpx.co.jp/listing/market-alerts/improvement-reports/index.html>) (available only in Japanese).

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