

02

Our Strategy

Beyond the Field – Team × Challenge –

Under this slogan, we aim to achieve three objectives: To energize the skillset of each and every employee so that all employees can broaden their domain of activity; to give rise to fresh possibilities by gathering those individuals with their enhanced capabilities and taking them beyond their respective domains to take on challenges as a team; and to step beyond existing business domains to inspire innovation in medical processes, thereby building the future of testing.



Long-Term Vision & Medium-Term Management Plan



Beyond the Field

– Team × Challenge –

In order to incorporate a sustainability management perspective as well as respond to changes in the business environment, the Eiken Group formulated the EIKEN Vision 2030 and the management framework “EIKEN ROAD MAP 2030,” and announced them on April 28, 2022. Our slogan for achieving the vision is “Beyond the Field – Team × Challenge –.”

EIKEN ROAD MAP 2030

While retaining the current business areas as the core operations, the EIKEN ROAD MAP 2030 specifies cancer, infectious diseases, and healthcare as three key business fields going forward.

Cancer

Challenges in areas more directly related to treatment

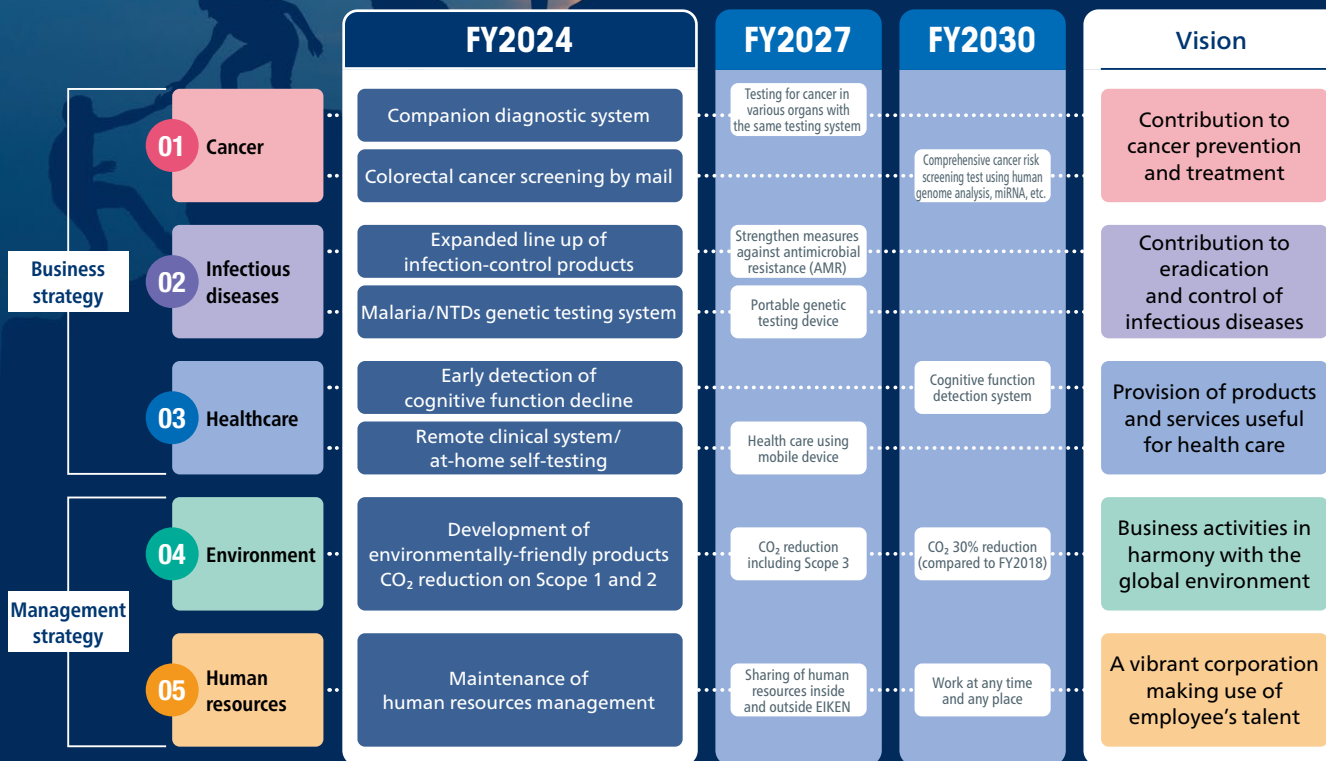
Infectious diseases

Focus on establishing simpler test technology

Healthcare

Expand products and services that address remote treatment and testing at home

Beyond the Field – Team × Challenge –



Long-Term Vision & Medium-Term Management Plan

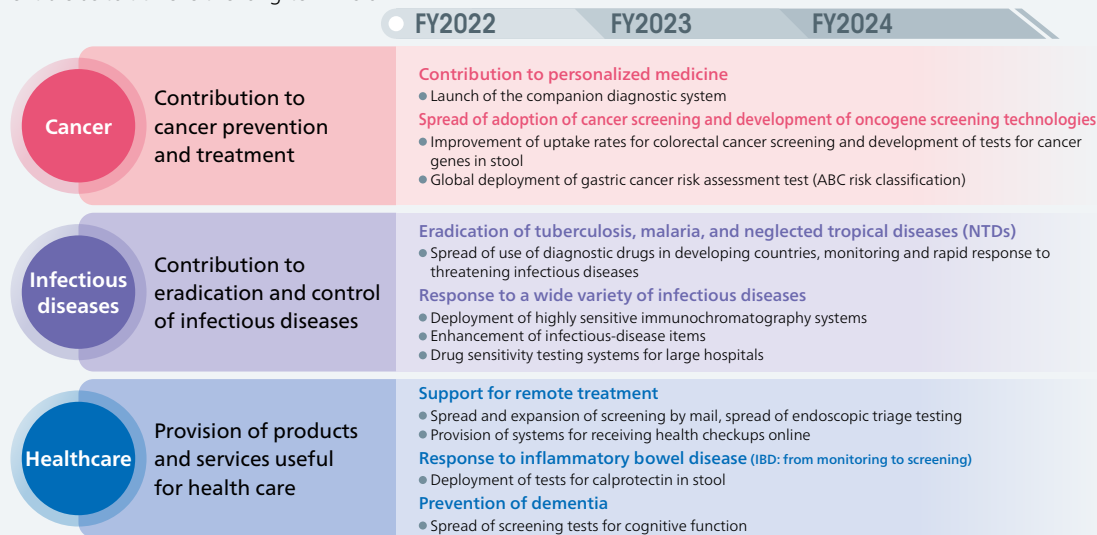
Medium-Term Management Plan

This is the first plan in the EIKEN ROAD MAP 2030, and constitutes a three-year growth strategy.

Toward EIKEN VISION 2030, we have set out key fields and key measures (see P25-27 for details) as part of our response to the accelerating paradigm shift in healthcare. In order to promote the strengthening of the management platform for sustainable growth, we are promoting management focused on human resources, enhancing our employees' sense of satisfaction and rewarding work, and establishing environments in which innovation can flourish.

Business strategy and key measures

We have formulated key measures for each of business strategies 01 to 03, and are working to build a base that will enable us to achieve the long-term vision.



Strengthening the management platform

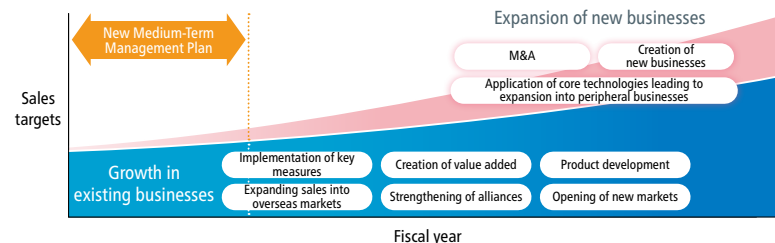
- Human capital strategy**: The Group is shifting to a wage system that focuses on job responsibilities and expertise and an evaluation system that brings out teamwork and challenges employees to pursue employee satisfaction and meaningful work.
- Structural reform**: Based on a common understanding that our business field is the global market, the Group is optimizing business processes and overhauling its systems with a view to speeding up decision-making.
- IT strategy**: The Group is actively introducing AI and robots, advancing DX in products and services and a wide range of business processes.
- Financial strategy**: By setting targets for cash conversion cycles, the Group is improving funding efficiency for business investment and diversifying its fundraising.
- Governance**: The Group is strengthening its measures on ESG, with the aim of ensuring sound management that improves long-term corporate value. In addition, the Group is advancing proactive IR and PR with high transparency, for example through the publication of integrated reports.

Financial targets

During the three years to FY2024, we are seeking to achieve steady growth in existing businesses, while putting in place an organizational base for establishing new businesses. On the other hand, in our long-term plans we have set challenging targets that assume M&A deals and the growth of new businesses. We aim to achieve these targets by improving efficiency through DX, expanding areas peripheral to the core businesses, and rapidly developing new products and services.

		FY2024	FY2030
Growth	Net sales	¥43.5bn	¥75.0bn
	Overseas sales as share of total	25.8%	40% or greater
Profitability	Operating profit margin	14.4%	20% or greater
Capital efficiency	ROE	9.2%	15% or greater

Overall image of EIKEN ROAD MAP 2030



"EIKEN ROAD MAP 2030 New Medium-Term Management Plan (FY ended Mar. 31, 2023 to FY ending Mar. 31, 2025)" https://www.eiken.co.jp/uploads/Medium-Term_managementplan_FY2022-2024.pdf

Sustainability

The Eiken Group has identified 11 materialities, and in addition to “Environment,” “Society,” and “Governance,” has created the category of “Medical” as a company that protects the health of people around the world, expressed in four categories. The Group is raising awareness of these materialities internally, incorporating them into its business strategy and drafting targets and key performance indicators (KPIs) for each issue. In so doing, the Group is focusing its combined efforts on these materialities and contributing through various initiatives to the achievement of the SDGs.

Sustainability advancement system

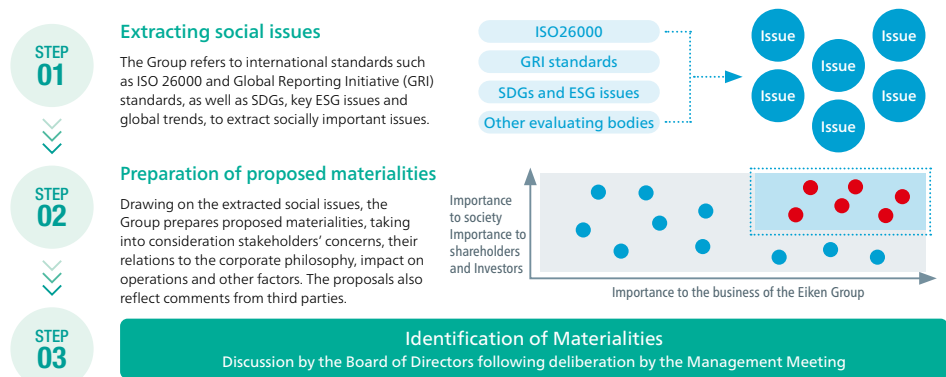
The Eiken Group has established a Sustainability Committee, composed of the President & CEO as Committee chair and the Executive Officers as members.

In principle, the Sustainability Committee meets twice a year, deliberating and reporting on important matters related to sustainability. Supervision of matters thus deliberated is achieved through reports to the Board of Directors, and items are put on Management Meeting agenda as required.

The mid-term and annual targets that are approved by the Sustainability Committee are sent for execution to related committees and divisions, where they are developed in detail and related activities are advanced.



Identifying materialities



Materialities

	Materialities (key issues)	Measures	KPIs (excerpt)	
Medical	Contributing to Health and Quality of Life for People Around the World SDGs: 1, 3, 12	Improving Access to Healthcare Solutions to Medical Issues Pursuing Quality and Establishing Sustainable Supply Chains	Supply of products to developing countries that have not yet adopted them Global solutions to healthcare issues Development of advanced technologies and advancement of innovation Proactive measures on quality Strengthening of supply-chain management	
	Environment	Responding to Climate Change Contributing to a Recycling-Oriented Society	Reduction of CO ₂ emissions at worksites (Scope 1 and 2) Reduction in CO ₂ emissions in supply chains (Scope 3) Reduction of water volume consumed Reduction of waste Reduction of packaging and use of sustainable materials	Number of countries in which products are deployed Number of countries in which colorectal cancer screening tests are deployed Rate of implementation of surveys on responsible procurement Rate of implementation of due diligence on human rights Rates of reductions in CO ₂ emissions, water use, and waste volume Rate of adoption of eco-friendly packaging
		Social	Respecting Human Rights and Diversity Employee Engagement and HR Development Boosting Health and Ensuring Safety and Hygiene	Promotion of diversity and inclusion Eradication of harassment Creating fulfilling and supportive workplaces and achieving work-life balance Development of global personnel Development of R&D personnel Advancement of health improvement programs and safety-and-hygiene activities
Governance	An Organizational Base That Supports Sustainable Growth SDGs: 10, 16, 17	Achieving Sound and Transparent Governance Rigorous Compliance and Thorough Corruption Prevention Establishing Risk Management	Promoting diversity among executives Training and monitoring based on compliance programs Thorough prevention of corruption Continuous improvement of business continuity management Strengthening of information security management	Female Directors as share of Directors/Female Executive Officers as share of Executive Officers Foreign-national Directors as share of Directors/ Foreign-national Executive Officers as share of Executive Officers Training attendance rate

Business Environment and Strategy

Social trends	Trends accelerating at a global level	Impact on our business	EIKEN ROAD MAP 2030	Materialities
Changes in demographic structure	Growing demand for early detection to control medical expenses	Change in needs from early detection to risk prevention	01	M
	Changes in needs caused by shortage of medical professionals	Rising demand for simple and accurate testing system	01	M
	Global population growth	Address measures to control infectious diseases in developing countries	02	M
	Decline of working-age population in Japan	Intensifying competition for talent acquisition	05	S
	Acceleration of the declining birthrate and aging population in developed countries	Increasing need for health management for senior citizens Increasing need for control of medical expenses	03	M
Widening disparities	Widening disparities in income, medical treatment, and education	Pursue lower prices, enhanced usability	01 02	M S
Changes in lifestyles	Products and services optimized for the individual	Shift from standard treatment to personalized medicine	01 02	M
	Heightened health awareness	Address self-medication	03	M
Digital shift	Proactive use of personal data	Address personal health	03	M
	Spread of technologies such as AI	Use of testing systems Improve productivity and quality	01	M S
	Blending of the real and the virtual	Accelerate spread of remote treatment and health care using mobile devices	03	M
Heightened awareness of sustainability	Introduction of carbon taxes and emissions trading system being considered Environmental regulations related to plastic	Reduction of CO ₂ emissions Reduction of plastic usage	04	E
	Coming to light of human rights problems	Delays in global expansion Sustainability of supply chain	05	M S G

Interview with Director



Hajime Watari

Senior Vice President and
Executive Officer
General Manager, Business
Management Division

We will enhance corporate value by resolutely taking on challenges in our key business fields, improving capital efficiency, and implementing appropriate capital policies.

Management framework and Medium-Term Management Plan for achieving EIKEN Vision 2030

Having set out a vision for the future to which we aspire in EIKEN Vision 2030, the Eiken Group is moving to execute initiatives aligned with the management framework “EIKEN ROAD MAP 2030,” under which the final milestone is 2030. This management framework sets out contribution to cancer prevention and treatment, contribution to eradication and control of infectious diseases, and provision of products and services useful for health care as the three key business fields, in addition to which it incorporates the goals of business activities in harmony with the global environment, and a vibrant corporation making use of employee’s talent from the sustainability management perspective. The three-year Medium-Term Management Plan that we began in FY ended Mar. 31, 2023 represents the first step towards implementing this management framework, and this fiscal year is the second year of the plan.

Medium-Term Management Plan progress and key business field initiatives

As for results in the first year of the Medium-Term Management Plan, all three areas of business made steady progress towards the milestone of 2027 in accordance with their respective strategies. With regard to management strategy with a focus on sustainability management, on the other hand, although we made steady progress in terms of establishing systems, there are still operational issues that we need to resolve, albeit only a few.

■ Contribution to cancer prevention and treatment

In the area of cancer, our initiative for launching a companion diagnostic system to respond to the accelerating trend towards personalized medicine is proceeding according to plan, and we are making satisfactory progress in the development of technology for oncogene screening. With regard to improvements in uptake rates

Interview with Director



for colorectal cancer screening, during the COVID-19 pandemic we captured new demand in overseas markets, driven by such factors as the use of fecal occult blood tests for pre-examination triage due to the desire to eliminate infection risks arising from direct use of endoscopes in examinations, which led to more widespread adoption of remote screening (screening by mail). In Japan, we continue to discuss similar use of tests with medical organizations, related corporations, and other entities.

■ Contribution to eradication and control of infectious diseases

We are also planning to promote measures to help eradicate neglected tropical diseases (NTDs) in addition to tuberculosis and malaria, which are two of the world's "big three" infectious diseases. Due to the prolonged nature of COVID-19 pandemic, it is taking time to accumulate clinical evaluations at local sites. Due in part to having concentrated management resources on the stable supply of test reagents related to COVID-19, with the COVID-19 pandemic drawing to a conclusion I expect improvements in the form of an expanded product lineup.

As for initiatives aimed at the eradication of NTDs, we are making steady progress in various countries.

■ Provision of products and services useful for health care

In health care, we are addressing the trend of remote treatment using mobile devices, responding to the rising number of people affected by inflammatory bowel

disease, and promoting projects related to the prevention of dementia. The market is gradually becoming more accepting of the effectiveness of our proposals related to the prevention of dementia as we accumulate data from dementia risk testing and present them in academic journals. With regard to addressing the matter of remote treatment, we are currently at the stage of verifying and selecting a range of applications, but as a small startup and also as a business that generates synergies with existing operations, we will accelerate this initiative going forward.

Restructuring the business portfolio and strengthening the financial position

In accordance with the EIKEN ROAD MAP 2030, we are taking steps to restructure our business portfolio and strengthen our financial and capital strategy.

■ Restructuring the business portfolio

In order to provide fine-grained solutions to customers, the Eiken Group offers a lineup of 1,836 products. While we believe that each of these is important and valuable, we intend to steadily accelerate improvements in profitability by taking a more nuanced approach to committing management resources, having first ordered the business portfolio in order of priority and inverse priority using a ranking that also takes into account ROIC. This will facilitate decisions about concentration of investments and commitment of management resources going forward.

Interview with Director

We will work on the rebuilding of the business during FY ending Mar. 31, 2024, and hope for this to be reflected in the next Medium-Term Management Plan.

■ Improvements in capital efficiency

In preparation for improving capital efficiency, we are moving forward with measures to shorten the cash conversion cycle. Specifically, we will promote shortening of the accounts receivable turnover period, and, by strengthening our inventory management, of the inventory turnover period. In research and development, our objective is to launch products as planned and secure sales and profits by improving the accuracy of our development schedule.

■ Financial and capital strategy

While seeking a balance between the

maintenance of a sound financial base with the expansion of the business, we will promote an agile and flexible approach to strategic investments. Specifically, in addition to implementing cumulative strategic investments of ¥28.4 billion over the three years of the Medium-Term Management Plan, we will work to convey a more tangible sense of shareholder returns by paying stable dividends informed by our policy of a dividend payout ratio of 30% or greater.

Seeking to achieve financial targets

Under the EIKEN ROAD MAP 2030, we are targeting net sales of ¥75.0 billion or greater in FY ending Mar. 31, 2031. In order to achieve this, it is essential not only that we expand existing businesses but also that we acquire

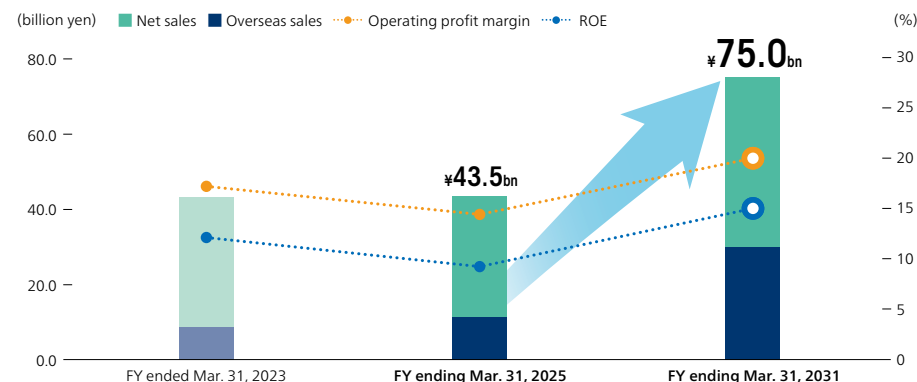
technology and grow new businesses. By proactively expanding the overseas business for creating and developing new businesses that pivot on our three key business fields, we seek to achieve an overseas sales as share of total 40% or greater. We are also aiming for ROE of 15% or greater. Going forward we will also consider expanding the business through the use of M&A to achieve growth, but we will not necessarily rely only on our own funds for financing, and we intend to emphasize capital efficiency when procuring funding.

Further enhancements in corporate value

To achieve sustainable improvements in corporate value we will continue to instill the management philosophy in employees, forge ahead with the introduction of sustainability

management, and embody the management philosophy of "Protect the health of the public through health care services" in order to contribute to the health of people around the world and help achieve a sustainable society. In accordance with our "Team x Challenge" slogan, we will pursue job satisfaction and rewarding work for employees by leveraging the compensation system and a comfortable working environment, doing everything we can to create innovation through human capital -focused management. Going forward, the Eiken Group will resolutely take on challenges in its key business fields, improve capital efficiency and strengthen capital policies in order to deliver enhancements in corporate value. I look forward to sharing our future achievements with you all.

Financial targets



		FY ending Mar. 31, 2025	FY ending Mar. 31, 2031
Growth	Net sales	¥43.5 _{bn}	¥75.0 _{bn}
	Overseas sales as share of total	25.8%	40% or greater
Profitability	Operating profit margin	14.4%	20% or greater
Capital efficiency	ROE	9.2%	15% or greater

Medium-Term Management Plan Key Field ①

Cancer



Detection technology
 Dominant market share in Japan and overseas
 Accumulated know-how



Information technology

Spread of adoption of cancer screening and development of oncogene screening technologies/Contribution to personalized medicine

In the field of cancer, we have until now focused on the test business (prevention and early detection), and we built a screening program for colorectal cancer in particular that could be used globally, with the resulting early detection contributing to reductions in mortality rate and control of medical expenses. On the other hand, cancer treatment involves significant medical expenses, and it is important to choose the most appropriate method of treatment. Rather than limiting ourselves to prevention and early detection of cancer, we are aiming to address such treatment issues by developing a comprehensive testing system that selects therapeutic agents and makes decisions regarding the effects of treatment in order to further reduce cancer mortality rates.

Incidence rate of colorectal cancer globally

19.5%^{*1}
 (2020)

Pick Up

Improving colorectal cancer screening uptake rates and accuracy

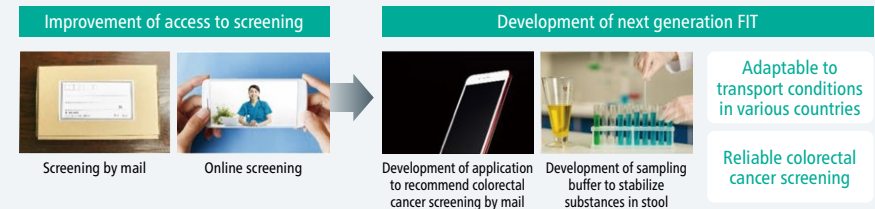
Colorectal cancer is a common disease with an incidence rate of approximately 20% worldwide. On the other hand, it progresses relatively slowly, and if it is detected early, a high percentage of patients may be expected to make a complete recovery. This is exactly why colorectal cancer screening that leads to early detection has such social significance. However, even in Japan where colorectal cancer screening is spread, uptake rates are 49.1% for men and 42.8% for women*2, both of which are low. With the goal of facilitating screening for as many people as possible in order to reduce the mortality risk of colorectal cancer, the Eiken Group is aiming to improve access to testing by achieving further improvements in the stability of sample preservation solutions that are suitable for use in screening by mail or online screening.

Globally, it is forecast that a shortage of colonoscopists will lead to a lack of testing capacity, and it is believed that the key issue is developing and making available a triage test that fits between colorectal cancer screening using fecal occult blood and detailed screening conducted by colonoscopy. With the aim of developing such a triage test, the Eiken Group is working to improve screening accuracy, detect cancer at earlier stages, and increase accuracy. As well as increasing the value added by screening, we are working on developing highly accurate medical laboratory technology that will allow us to create tests that narrow down candidates for endoscopies and that put less of a burden on the patient.

Leveraging our accumulated know-how and our high market share in Japan and overseas, we are working on a new evolution of screening for colorectal cancer.

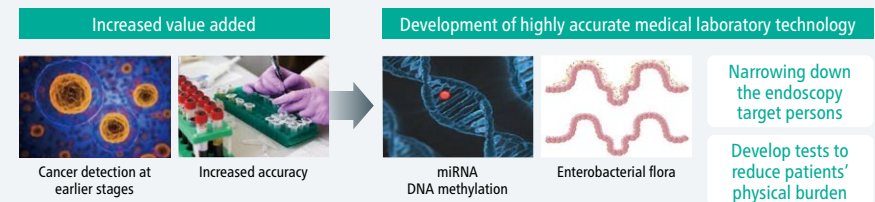
Improvement of rates of uptake of colorectal cancer screening

- Expand methods ● Screening in areas with limited access to health care



Improved accuracy of colorectal cancer screening

- Increased burden on patients and healthcare providers ● Capacity shortage of endoscope in Europe



*1 WHO website *2 Estimate based on "Comprehensive Survey of Living Conditions, 2022"

Medium-Term Management Plan Key Field ②

Infectious Diseases

Strong Point

Robust design partnerships

Weak Point

Quality of evidence Usability

Expansion of products to control infectious diseases/genetic testing system for tuberculosis, malaria, and NTDs

In the field of infectious diseases, as well as expanding our product lineup we will roll out genetic testing systems globally for tuberculosis, malaria and others. By developing a rapid and accurate infectious disease diagnosis system in future that can be easily used by anybody, anywhere, we hope to contribute to easier access to medical treatment.

Estimated number of people affected by tuberculosis

Proportion of global population

23% (1/4)*

(approximately 1.7 billion people)

Pick Up

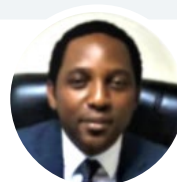
Not a single person left behind: Project for Spreading and Promoting Tuberculosis Diagnoses

Every year, around 10 million people are affected by tuberculosis globally, and approximately 1.5 million people lose their lives. Eiken Chemical has developed the TB-LAMP tuberculosis testing system, which is simple, quick, and accurate. Not only can it be stored at room temperature, but it can also be powered by solar panels or other sources of electricity, so it is suitable for use in developing countries lacking electricity infrastructure or for treatment in underpopulated areas. So far it has been used in the field in seven countries, including Cameroon and Zambia. We calculate that by switching from traditional testing methods to TB-LAMP in countries in which tuberculosis is prevalent, approximately 120,000 tuberculosis patients have been discovered, of whom around 30,000 were patients who had previously tested negative using traditional testing methods. Through appropriate diagnosis and initiation of treatment, we expect to reduce the numbers of people affected by or dying from tuberculosis, and as a result hasten the eradication of this disease. In Zambia in particular, we are implementing a project that aims to build an examination structure.

Interview

Dr. Patrick Lungu

Dr, MD, PhD
National Tuberculosis Program
(NTP) Manager (as of 2022)



The project in Zambia has proven to be a good solution to the expansion of TB diagnostic services that the TB program has embarked on. The TB-LAMP has been the ideal equipment for facilities in rural areas where there is no electricity since the equipment can run with solar panels. Also, the TB-LAMP testing has contributed to the increase in access to molecular testing and the TB notifications as it has been placed in sites which were using smear microscopy. National TB Program looks forward to receiving more equipment and reagents as the TB-LAMP Project expands.

● 'TB-LAMP' tuberculosis test kit

TB-LAMP is a simple and rapid test for tuberculosis infection that uses a unique nucleic acid amplification method, the LAMP (Loop-mediated Isothermal Amplification) method, with a one-step detection process. In addition, up to 14 samples can be tested one time (up to 70 samples per day), which is expected to improve processing capacity. TB-LAMP has been endorsed in the WHO POLICY GUIDANCE since 2016.



● Results in FY2022

In 2022, TB-LAMP was adopted in both the National Strategic Plan 2022-2026 for TB issued by Zambia Ministry of Health and the Tuberculosis Laboratory Guidelines by the Chest Disease Laboratory (CDL). In order to further encourage the spread of Japanese medical technology in Zambia, which is one of the signatories to the MOU of the Africa Health and Wellbeing Initiative, Eiken will continue to strengthen cooperation with the Global Fund and other stakeholders.

*Website of the Japan Anti-Tuberculosis Association

Medium-Term Management Plan Key Field ③

Healthcare



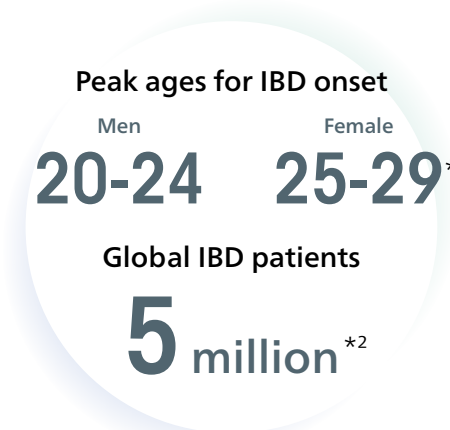
Industry name recognition



Information technology

**Support for remote treatment/
support for inflammatory
bowel disease (IBD)/
prevention of dementia**

In the field of healthcare, we will work to extend healthy life expectancy by providing support for inflammatory bowel disease, which requires continuous monitoring of the patient's condition, strive for more widespread screening of cognitive function, and broaden the domain of remote clinical system and at-home self-testing while developing healthcare using mobile devices. Ultimately our objective is to develop a monitoring system that is so closely integrated into the life of the patient that it provides notification of their health condition without their even being aware of it.



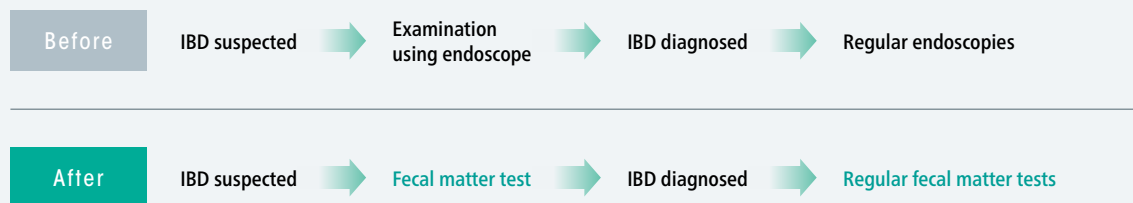
Pick Up

Early detection of inflammatory bowel disease (IBD)

Despite increases in the number of IBD patients, current examination methods are limited to endoscopies conducted at hospitals, which is putting a significant burden on both the examinee and the hospital. Because the peak onset age for IBD is when a person is in their 20s, the increased burden on examinees results in a loss of labor productivity.

In many cases the degree of inflammation caused by IBD is mild, and it had been thought that using fecal matter for tests was not feasible. However, research by Jeremy A. Tibble et al.^{*3} demonstrated that diagnosis can be achieved by observing the level of calprotectin in the stool, and this approach was approved for insurance in Japan in 2017.

Because IBD examinations can be conducted using a stool sampling bottle and a device in the same way as for FIT, the Company is striving to leverage the know-how it has cultivated to promote the spread of calprotectin testing, raising the quality of life for IBD patients, and contributing to improved labor productivity in society as a whole.



Social significance

1. Assists in IBD diagnosis
2. Assists in establishing clinical condition of ulcerative colitis
3. Reduces physical, mental, and economic burden on examinee

Our advantage

One major advantage is we can apply the same platform as for FIT, which is used globally for colorectal cancer screening.
⇒ It is precisely because we have a high market share in fecal occult blood testing that we can roll this out to a broader user base.



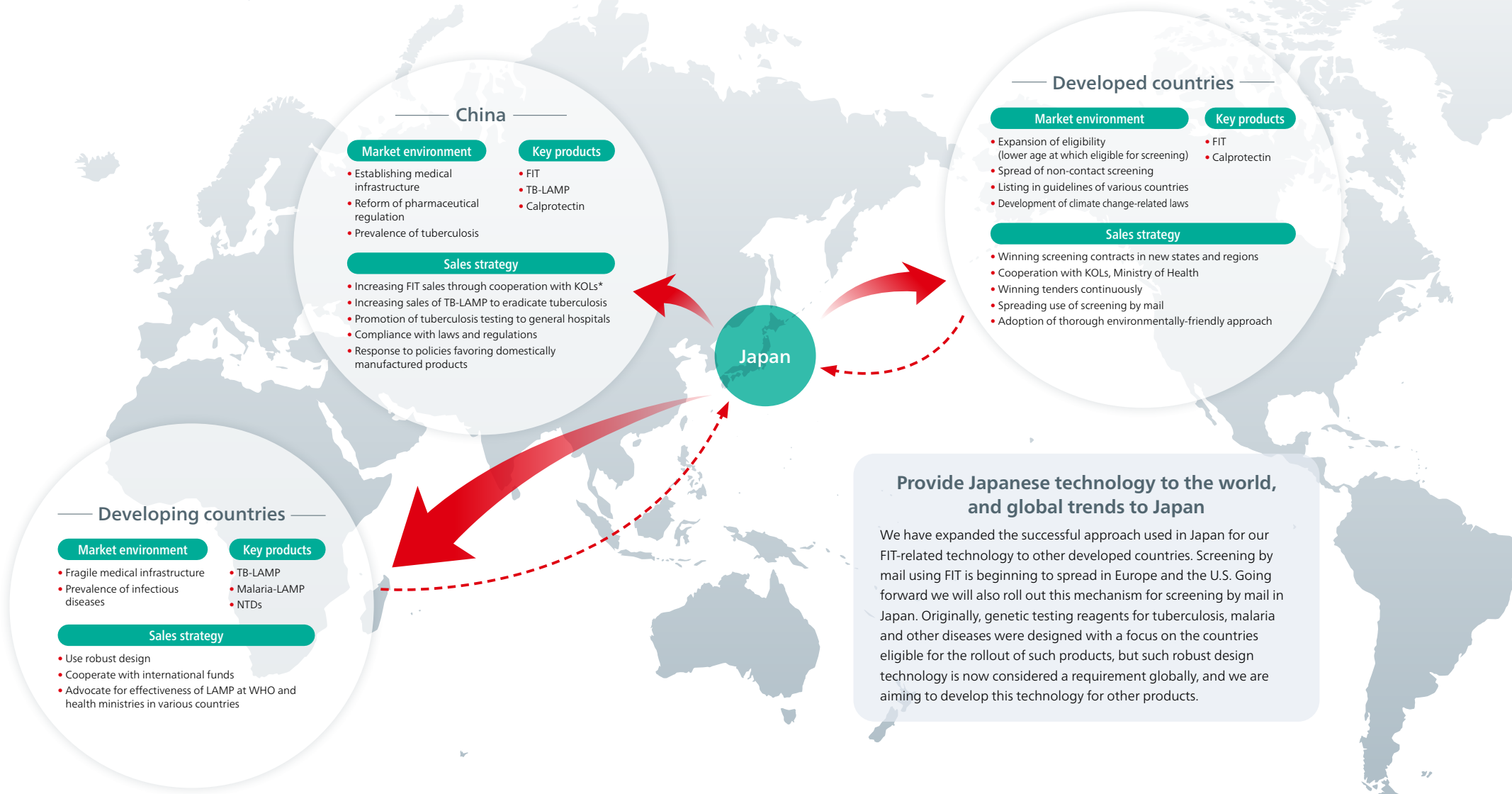
*1 Japan Intractable Diseases Information Center
*2 Nikkei Biotechnology & Business

*3 Jeremy A Tibble et al.
Use of surrogate markers of inflammation and Rome criteria to distinguish organic from nonorganic intestinal disease
Gastroenterology. 2002 Aug;123(2):450-60.

Growth Strategy 1 Global Strategy

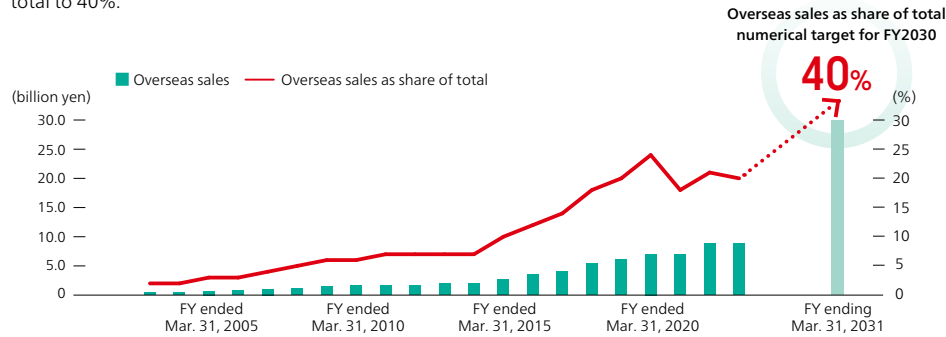
Aiming to achieve health and welfare for all people by 2030

Improved access to medical treatment is considered a global necessity. Access may be unavailable for a variety of reasons at the national, regional, or individual level, which can include medical infrastructure issues as well as physical/economic problems. In order to support health for all people, the Eiken Group has drawn up strategies tailored to the needs of each country and region.



*KOLs (Key Opinion Leaders): individuals with the ability to influence sales promotion

The Eiken Group has promoted the shift from chemical to immunochemical procedures for colorectal cancer screening, and has grown its sales by successfully campaigning for the adoption of FIT in various countries. Going forward, we will improve profitability not only by campaigning for FIT adoption by new customers but also by improving uptake rates and developing triage testing. We are also making efforts to roll out other products, such as urinalysis testing and genetic testing, with the aim of raising the overseas sales as share of total to 40%.



Global strategy issues and responses

Organization

The Sales Promotion, Sales Management, and other divisions are active in various regions with the aim of improving the efficiency with which we open up markets. In addition, we have established a sales office dedicated to China, that gathers and analyzes information on trends in the Chinese market, and undertakes planning, drafts proposals, and makes promotion for our Chinese businesses, including our local subsidiary (EIKEN CHINA CO., LTD.).

HR management

No special abilities needed to become a person who can actively participate at the global level. We will take on challenges by finding the courage to take that first step.

Environmental friendliness

We are planning targets for reducing CO₂ emissions, including those related to transportation and other processes. By avoiding the use of plastics that cannot be recycled, we help to conserve the global environment.

Research & development

We have developed genetic testing reagents that can be stored at room temperature rather than requiring chilled storage as was previously the case, and have also developed devices whose measurements can be powered by solar panels. In addition to significantly reducing the environmental impact associated with transportation and measurement, by expanding genetic testing to areas where infectious diseases are prevalent and that do not have medical infrastructure, we are contributing to improving access to medical treatment globally.

To address shortages of endoscopists and increases in medical expenses, we aim to develop new reagents that combine FIT and genetic testing. We will further improve the cost-performance of FIT, and do everything we can to enhance health and control medical expenses.

Sales network

Working in cooperation with our agents in each country, we will grow the market by winning tenders. In the field of urinalysis testing, we cooperate with Sysmex Corporation for sales in overseas markets.

Laws and regulations

Laws and regulations regarding quality and environmental friendliness vary from country to country. Development is conducted in compliance with such laws.

Materialities and KPIs

Improving access to healthcare

For large numbers of people around the world, access to healthcare is infeasible for physical or economic reasons, or due to social customs. According to surveys by the WHO and World Bank, half the global population is unable to access high-quality basic services for the protection of health*1. The Eiken Group contributes to global access to healthcare by developing and rolling out products tailored to the needs of each country and region.

In developing countries, we work mainly on improving social access. By providing reagents that can be stored at room temperature, and devices that can be powered by solar panels or batteries, we will expand genetic testing so that it can be used even in regions without medical infrastructure. In developed countries, we concentrate mainly on improving physical access. With the risk of cancer rising as the population ages, we are taking steps to promote the spread of colorectal cancer screening by mail, an approach that takes into account the increasing difficulty of visiting hospital as an outpatient. We are also focusing on promoting the spread of colorectal cancer screening in emerging countries, and not only in developed countries.

	FY2022 actual	FY2024 target	FY2030 target
Number of developing countries in which products are deployed	7	8	15
Number of countries in which colorectal cancer screening tests are deployed	44	47	59

*1 2017 UHC Global Monitoring Report

Materialities and KPIs

Development of global personnel

For the Eiken Group, the “ideal employee” and “global personnel” are one and the same thing. In order to nurture personnel, we provide linguistic training, and training to enable individuals to express their views logically and clearly. We also strive to enhance the skills of every individual by implementing training to facilitate understanding of their own culture and that of other countries, and to help them become aware of unconscious bias.

	FY2022 actual	FY2024 target	FY2030 target
Rate of uptake of EGP among young employees*2 (%)	19.4	25.0	30.0

*2: EGP (Eiken Global Program): a program that seeks to strengthen linguistic abilities using a variety of study formats, including group training, online training, and smartphone apps

Growth Strategy 2 Research & Development

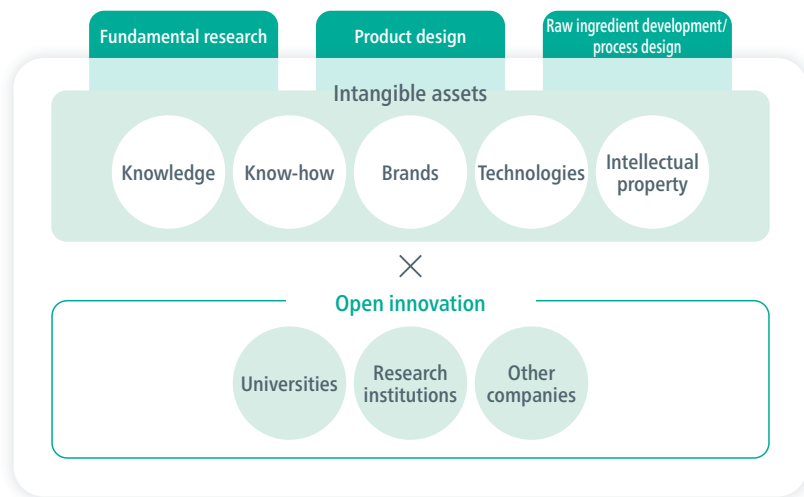
Research and development goals

Contributing to health and quality of life for people around the world

Under the EIKEN ROAD MAP 2030, we aim to create innovation that makes a contribution to cancer prevention and treatment, a contribution to eradication and control of infectious diseases, and enables provision of products and services useful for health care, leading to reductions in cancer mortality rates, measures to counter the threat of infectious diseases, and an extension of healthy life expectancy. For that reason, rather than being contented with the technology we have now, we are working on research and development that incorporates cutting-edge technology. Our materiality KPIs include proprietary research, joint research, and the number of patent applications submitted, and we will manage progress in order to achieve further leaps forward.

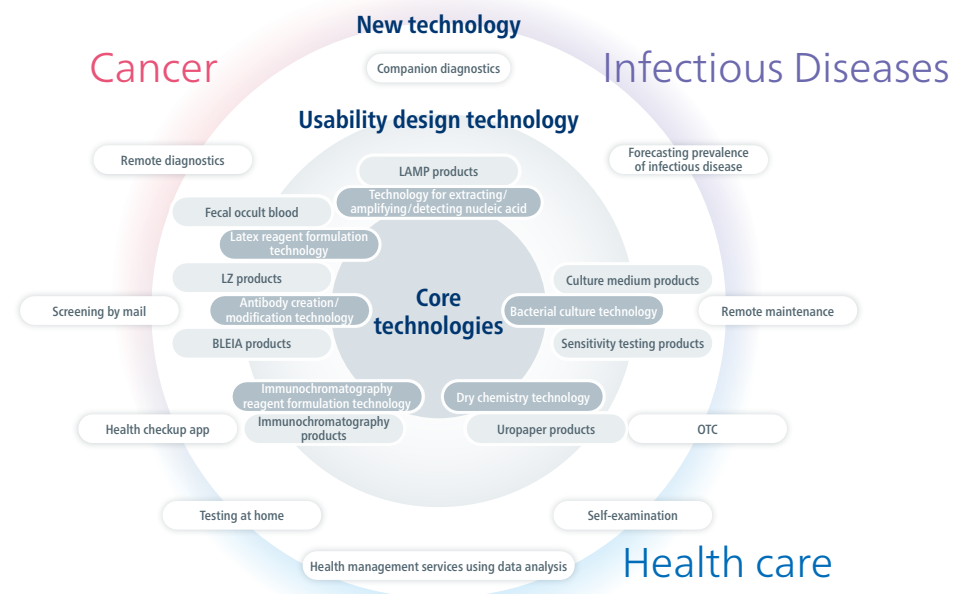
R&D structure

Our R&D structure consists of the Fundamental Research Division, Product Design Division, and the Materials Development and Process Design Division. Each division leverages the know-how, intellectual property, technology, and brands that the Company has accumulated, while incorporating new knowledge as they devote themselves to research and development and design. Each of them also seeks collaborations between industry, government, and academia, and individuals are actively seconded to destinations outside the Company.



Eiken Chemical's technology

Hitherto, the Company had excelled in the development of products aimed at large hospitals and examination centers. However, the environment in which medical professionals operate is changing on a daily basis, and although medicine is becoming increasingly sophisticated and personalized, the aging of society and changes in lifestyles are making it increasingly difficult for people to visit hospitals as outpatients. In order to ensure that those who struggle to visit hospital as an outpatient are not left behind, it is essential that mechanisms and products are developed to enable testing at home. Accordingly, we are working on the development of companion diagnostic systems making use of NGS*1 and on the development of liquid biopsy technology, in order to address the increasing sophistication and personalization of medicine. Moreover, by introducing sensors, digital, and other new technologies and combining them with existing technologies, we aim to develop products that can also address new examination needs.



Core technologies

In addition to improving profitability by refining existing technologies, we will combine them with new technologies to open the way to the development of new products.

Usability design technology

In addition to leveraging the know-how we have cultivated since the foundation, we aim to use it as the base for SOP*2 that leads to the next generation, enabling us to maintain and expand our market share.

New technology

Through open innovation we seek to acquire NGS, sensor, digital, and other technologies in order to raise the level of research and development and enhance our expertise.

*1 NGS: Next Generation Sequencing
*2 SOP: Standard Operating Procedures

Intellectual property policy

The Company has set out its intellectual property policy as follows, based on which it will strive to achieve sustainable growth and contribute to society.

1. Protecting and utilizing intellectual property rights

By implementing appropriate protection of its own intellectual property rights, the Company seeks to grow the business and contribute to society. Intellectual property rights acquired by the Company are used to the fullest possible extent in its business activities in order to maintain and enhance its competitive advantages.

3. Appropriate acquisition of intellectual property rights

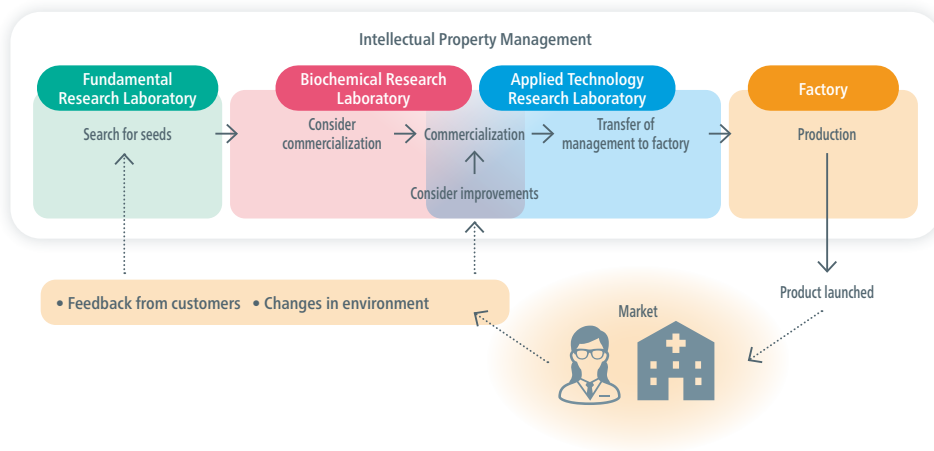
Through the appropriate acquisition of intellectual property rights necessary for its business, the Company seeks the stable expansion of its business activities. In addition, so as to ensure that the intellectual property rights it acquires do not infringe the rights of others, it undertakes full legal investigations and conducts appropriate procedures in relation to such acquisitions.

2. Continuous management and renewal of intellectual property rights

By continuously managing and renewing the intellectual property rights it has acquired to maximize their value, the Company works to increase the value of the business. The Company will also implement timely reviews of its intellectual property rights in response to changes in technologies and markets, and consider the optimal policy for their protection.

4. Sharing and collaboration with regard to intellectual property rights

The Company builds cooperative relationships with other companies, and engages in technology development based on sharing and collaboration with regard to intellectual property rights. It also complies with laws, regulations, and treaties both in Japan and overseas, and contributes to the development of society by conducting fair and transparent transactions.



Initiatives for the creation of intellectual property

In order to invent things with value to society, the Company is implementing the following initiatives.

Intellectual property education

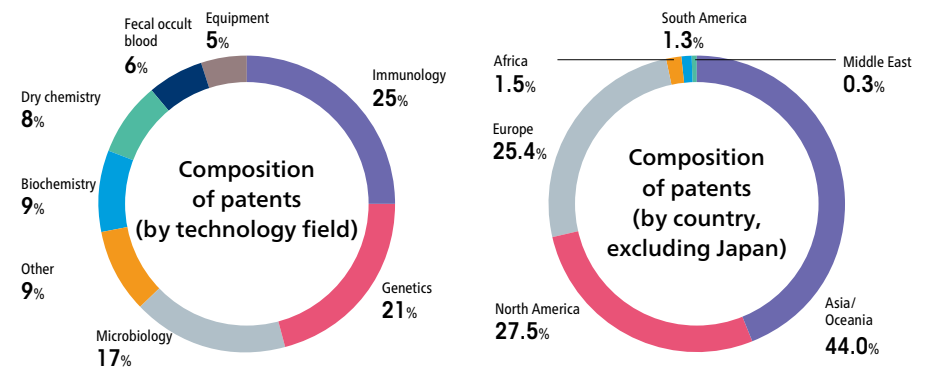
The Company implements intellectual property training for employees in the Research & Development Division. Regular liaison meetings are also held between the Intellectual Property Division and the Research & Development Division to share information on patents inside and outside the Company.

Bonus system, support for acquiring qualifications

The Company has established a bonus system for employees who create intellectual property. A system has also been put in place for subsidizing those wishing to acquire qualifications, such as patent attorney, or certified specialist of intellectual property management.

Information on patents held (as of March 2023)

The Company has applied for a total of 836 patents. Applications have been made in more than 30 regions, including Japan, North America, and Europe.



Efficient Research & Development

Opening of new research building whose concept is “Mugen”

In October 2022, a new research building was completed and began operations at the Nogi Division in Tochigi Prefecture. In combination with the existing research building, this has been named the Research Laboratories, and marks a new beginning for the facility. With the laboratories acting as the main location for the Company’s research and development, the intention is that it will create basic technology to enable business strategy to be implemented, develop high value-added products, and establish production technology focused on quality and cost.



- Obtained CASBEE S ranking for buildings (new construction)
- Obtained CASBEE-Smart Wellness Office S ranking

The new research building is intended to not only bring together multiple research laboratories in one place but also to improve intellectual productivity by energizing communication, and is designed to provide support for innovation that can respond flexibly to the changing times. The “Mugen” concept incorporates the idea of enabling researchers to engage in lively discussions to realize their dreams, and is also a play on the Japanese word “mugen,” meaning “infinite.” By linking the three spaces that support research and development, which are “research space” (laboratories), “knowledge space” (lounges), and “co-creation space” (meeting rooms), the building embodies a place for triggering breakthroughs and realizing dreams. We used a sustainability bond to cover construction costs, and the building has obtained an S ranking under CASBEE certification. We hope that making such environmental friendliness a familiar part of daily life will open the way to development of environmentally-friendly products.



Research space

“Research space,” the design of which is based on analysis of researcher behavioral patterns



Knowledge space

“Knowledge space,” an airy lounge where researchers from a variety of fields can come together



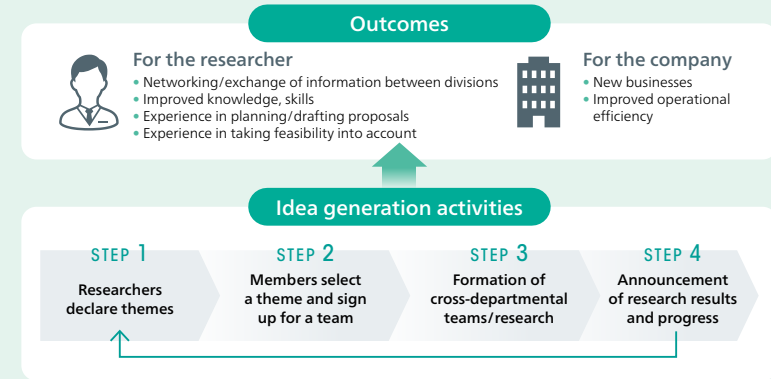
Co-creation space

“Co-creation space,” which can be accessed from both the research space and the knowledge space

Development of R&D personnel

Idea generation activities

The Eiken Group emphasizes activities to generate ideas with the goal of nurturing R&D personnel. These activities began in 2019, and are intended to stimulate and enhance the skills of each individual researcher by confronting them with technology outside their own field of specialization, as well as by leveraging their own experience of planning and drafting proposals. All researchers expressing an interest in these activities may participate. We will use these activities to open the way to further growth for the Company.



Researchers sign up for desired team and engage in activities over several years. A team in which many are interested can draw members from a variety of divisions. By consolidating research locations, we have energized networking and the exchange of information both within and between teams, and streamlined operational coordination between different divisions. For operations, it provides an opportunity to touch equipment with which they are not normally involved, leading to a broadening of knowledge and field of view for all concerned.

Participant in idea generation activities Feedback

We are moving forward based on information and opinions from members with a variety of specialist knowledge, so I am participating with a sense of expectation that we might make an engineering breakthrough. When a member comes up with some good data we share their pleasure, and I have a genuine feeling of personal growth through involvement in these team activities.

K.H., R&D Division



Research & Development Topics

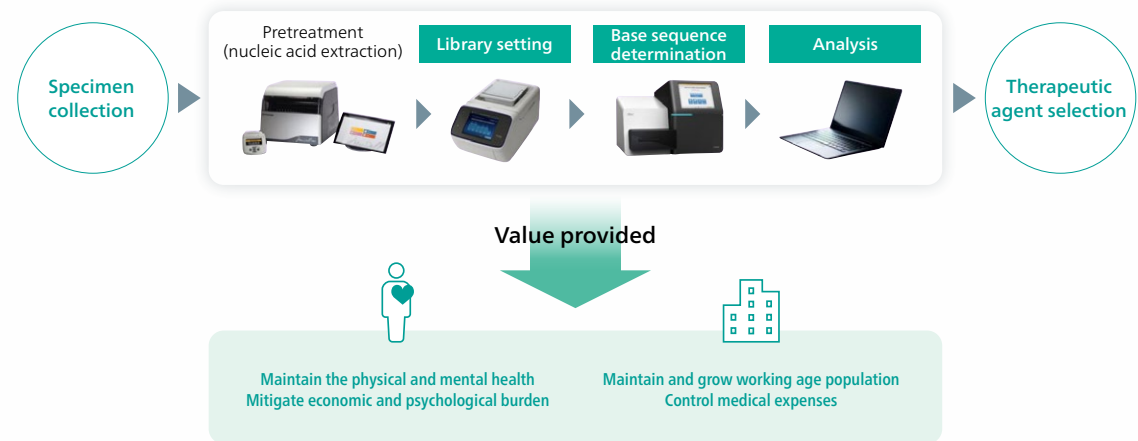
Development of companion diagnostic system

Eiken Chemical has until now focused on the test business for the prevention and early detection of disease, and we built a screening program for colorectal cancer in particular that could be used globally, with the resulting early detection of cancer contributing to reductions in mortality rate and control of medical expenses. On the other hand, cancer treatment involves significant medical expenses, and in order to control these it is important to establish an environment in which the most appropriate treatment can be selected at an early stage. Moreover, the time spent waiting to learn the results of cancer screening imposes a significant psychological burden, and can lead to impaired mental health. In order to address such medical issues, going forward we will develop a comprehensive genetics mutation testing system (companion diagnostic system).

Comprehensive genetics mutation testing system

(Mutation Investigator using the Next-era Sequencer: MINtS)

MINtS is a system that with just one test can detect mutations and fusions in multiple genes related to cancer at once, and provide the information required to select a therapeutic agent. Among its special features are the ability to mitigate the psychological burden on patients by producing a test result quickly, high sensitivity that reduces the size of the required sample, and the ability to handle not only therapeutic agents that have already been approved but therapeutic agents that are likely to be developed in future. In this way we seek to further reduce cancer mortality rates and to mitigate the psychological burden on patients.



Feature	Development
<ul style="list-style-type: none"> • Detect multiple cancer gene mutations and drug selection at once in lung cancer • Cytopathological specimens are available to the testing (short time to report results) • High sensitivity (No need for many specimens) 	<ul style="list-style-type: none"> • Addition of target genes supporting new molecular targeted drugs • Expanded applications for many other cancers • Supporting lipid biopsy

Significance of commissioned inspection business

With the aim of safely establishing the MINtS system, we have launched a commissioned inspection business and opened a new "EIKEN Clinical Laboratory." This laboratory will be the focus of our efforts to move ahead with our unique oncogene screening. We hope to make this place the foundation for expanding into new biomarkers going forward.

Market environment

The global market for companion diagnostic drugs is expected to grow as a result of heightened interest in personalized medicine, and of joint development of drugs and diagnostic technology. The increase in side effects caused by lack of effectiveness of anti-cancer drugs is also supporting demand. On the other hand, significant growth is likely to be suppressed by the rising cost of drug development and associated clinical trials, and repayment problems in many countries. For lung cancer in particular, there are reports that patients who underwent testing using companion diagnostic drugs as part of the initial stage of treatment had higher survival rates than those who did not, and these are expected to account for a material share of the market during the forecast period.

Average annual growth rate for the global companion diagnostic drug market

3.5%^{*1}
(2023-2028)

Deployment plan

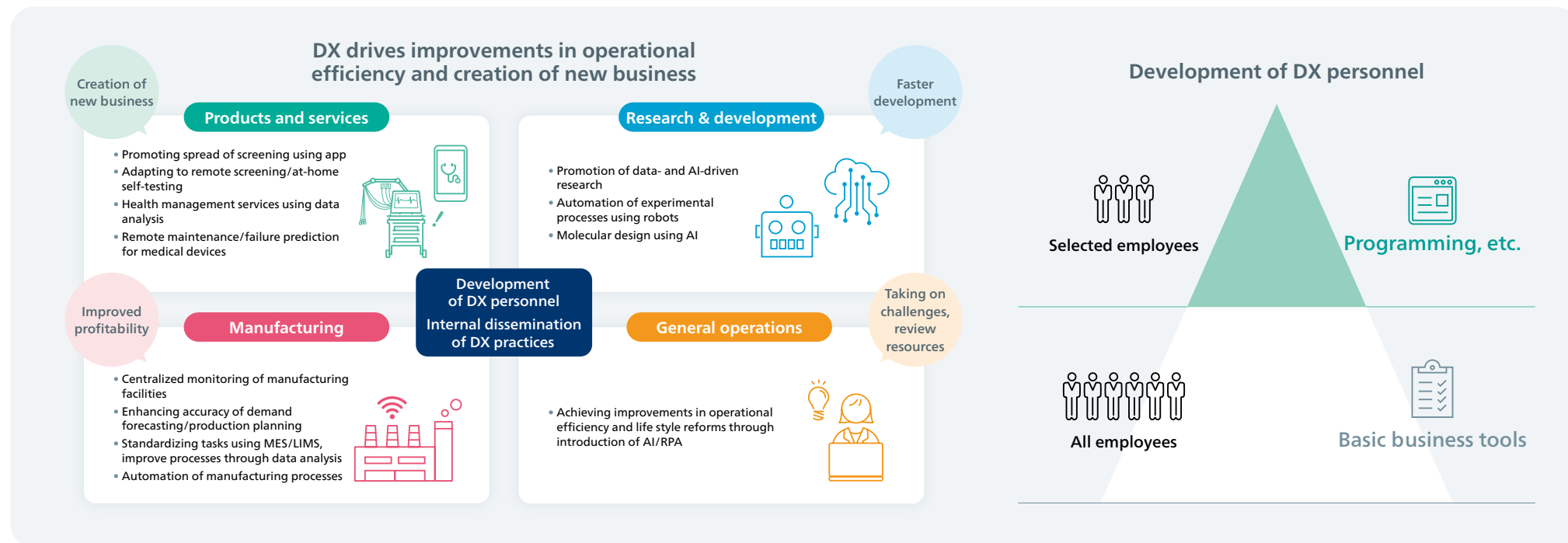
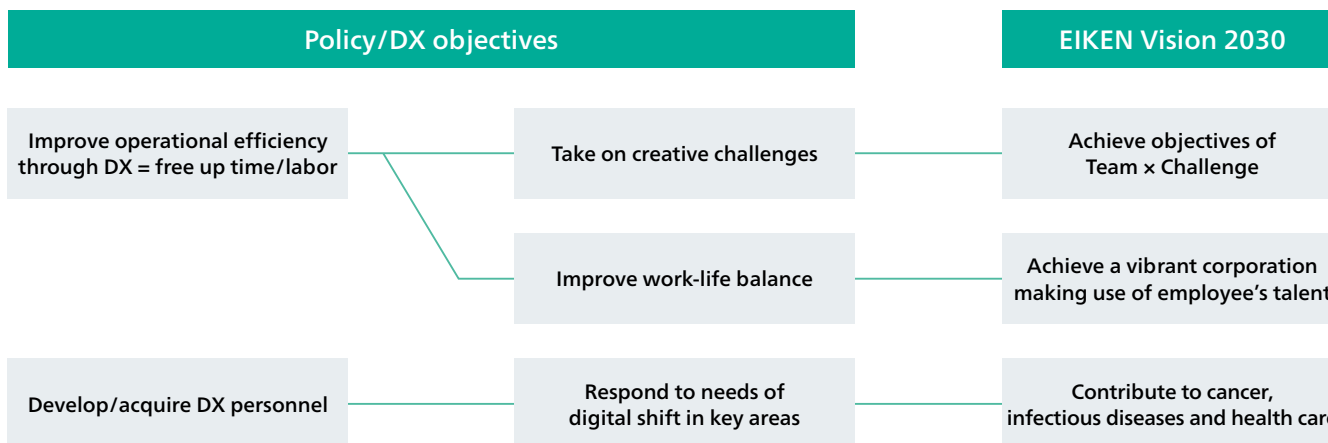
We are already implementing advanced medical care centered on NEJSG^{*2} participating facilities (20 facilities) Going forward, we will expand sales to other NEJSG participating facilities (about 200 facilities), in the form of contract and concentrated testing at the EIKEN Clinical Laboratory.

^{*2} NEJSG: Authorized Specified Non-Profit Organization North East Japan Study Group

^{*1} Companion Diagnostics Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028) Mordor Intelligence Pvt Ltd (2023)

Growth Strategy 3 IT/Digital Strategy

We recognize that in order to exert our competitiveness globally and grow the business, it is important to promote exhaustive improvements in efficiency, make good use of resources and maximize the results. Digital transformation (DX) is one of the means by which we will accomplish this. By streamlining operations to optimize resources and allocating the time thus freed up to creative challenges, we aim to achieve the objectives of Team x Challenge. On the other hand, this will also lead to improved work-life balance and will help make a vibrant corporation. We are also implementing training to impart basic DX skills to all employees, and high-level skills to selected employees in order to raise the level of ability throughout the company and enhance expertise.



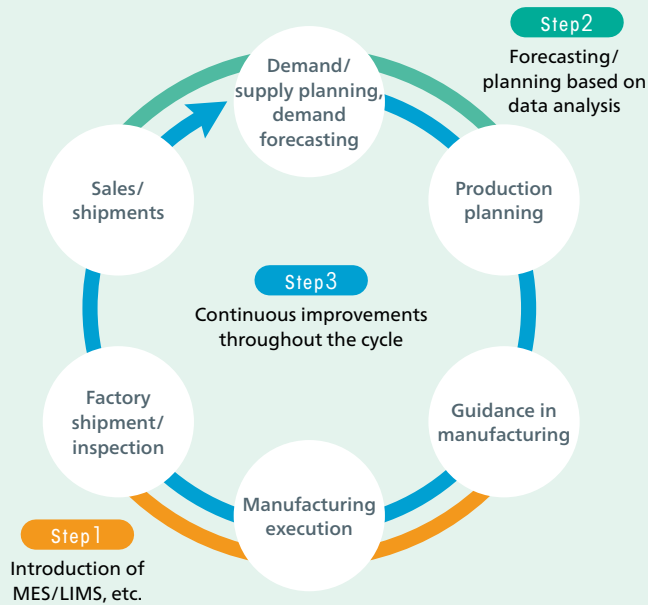
Close up Manufacturing

Feed back results of data analysis with the objective of improving profitability

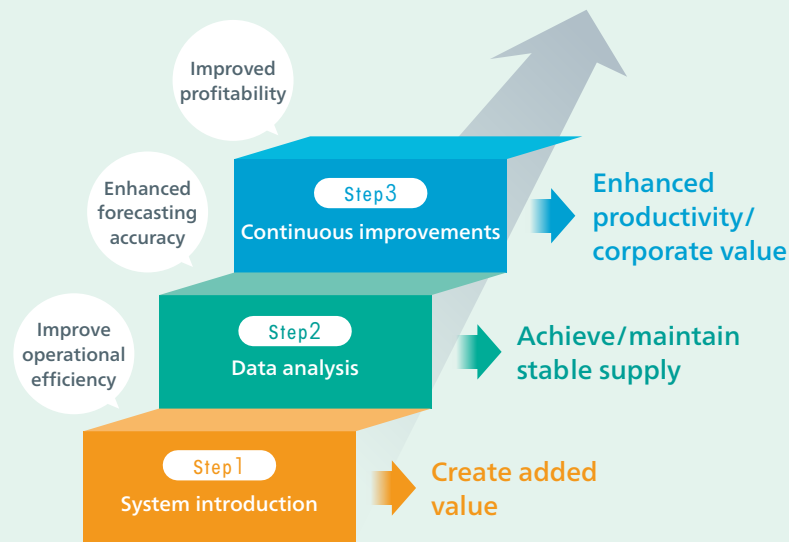
We seek to eradicate human errors and achieve productivity improvements through the promotion of digitalization. In addition to these objectives, the introduction of Manufacturing Execution Systems (MES) to manage manufacturing processes and provide support to workers, and of Laboratory Information Management Systems (LIMS) for the overall management of quality tests for pharmaceutical products will reduce the use of paper resources and thus also contribute to achieving the SDGs. Because this also conserves data integrity for machine inspection and calibration, it further improves reliability in relation to quality tests. For the future we are focused on the automation of manufacturing processes. Using the time freed up by efficiency improvements for data analysis, we aim to enhance the accuracy of demand forecasting and production planning, reduce waste, and improve profitability.



Promote digitalization throughout the cycle, from demand/supply planning to sales



Aim for efficiency/accuracy improvements through digitalization, leading to improved profitability



Expected outcomes

Improvements in funding efficiency/cash conversion cycle due to inventory optimization

Pursuing Quality

The Eiken Group operates a quality management system, guided by its quality policy. From research and development through manufacturing and sales to after-production/after-sales follow-up, the Group strictly complies with related laws and ordinances, public guidelines and in-house regulations, ensuring customers of a steady supply of high-quality, effective and safe products and services.

Quality policy

1. Satisfy the demands of our customers and the requirements of the related laws and regulations, steadily providing the products, the technology, and the information that gives top priority to quality and safety.
2. In order to ensure implementation of the quality policy, establish quality objectives in each department and ensure that these objectives are accomplished. Moreover, Eiken Chemical periodically revises and upgrades these quality objectives.
3. Create and employ a quality management system, continuously improve the efficiency of the system by management reviews, becoming a company that is competitively strong.

Quality management

Eiken Chemical operates a quality management system, centered on the Reliability Assurance Division and under the supervision of the President & CEO.

- President & CEO: formulates quality policy
- Each division: sets quality targets based on management policy and quality policy. Management reviews are held periodically to support and improve quality systems.
- The following certifications have been acquired:
 - International standard ISO9001
 - International standard ISO13485
 - International standard MDSAP (Medical Device Single Audit Program)



Proactive activities on quality

Guided by the motto "We Eiken provide trustworthy quality, and develop with technology," the Eiken Group conducts its business activities in accordance with its quality policy.

To establish Eiken Quality and build customer satisfaction into products and services through the efforts of all employees, the Eiken Group conducts "proactive activities" on quality assurance, regularly conducting initiatives and campaigns to raise awareness of quality matters in-house.

Through these activities, we are building a culture that places top priority on quality and fostering that culture Company-wide.

Themes addressed in FY2022

1. Visualization
2. Data integrity
3. Matters raised in internal quality audits
4. Matters raised in audits by third parties (certification bodies)

What are proactive activities?

"Proactive activities" are measures taken to prevent or improve situations that could become problems. Through such activities we seek to raise awareness of quality among all employees, and to establish "Eiken Quality."

Quality support on the medical front lines >>

EQCS-Net: Comprehensive System for External Precision Management Services

At Eiken Chemical, the Eiken Quality Control Service (EQCS), an external precision management service for fecal immunochemical test, was launched in 1995. This system is now being used in numerous facilities and has expanded to additional fields such as urinalysis tests and immunological tests as well. EQCS-Net is a comprehensive system for these multiple external precision management services.

'Eiken' Food Microbiological Testing Precision Management Survey

In order to test microbiological content of foods and the production environment and scientifically manage food quality, objective evaluation of the ability (competency) of the testing room is essential. Eiken Chemical implements food microbiological testing precision management surveys as part of its external precision management services to provide these evaluations to all of our clients.

Growth Strategy 4 Business Activities in Harmony with the Global Environment

As climate disasters grow more intense and frequent, the world’s attitude to global warming is changing, as the Paris Agreement and other landmark events testify. In view of these trends, the Eiken Group set “Business activities in harmony with the global environment” as one of the materialities in the EIKEN Vision 2030 announced in FY2022. We aim to help achieve a carbon-free, recycling-oriented society, and will promote initiatives to minimize the environmental impact of our business activities. In preparation for achieving carbon neutrality in 2050, we will work on a variety of measures.

Utilization of renewable energy (hydroelectric power generation, solar panels)

As one of the initiatives that the Eiken Group is taking to help achieve carbon neutrality by 2050, it is promoting the use of renewable energy for electricity, which accounts for approximately 70% of CO₂ emissions generated by business activities.

In March 2022, the Nogi Division began using “Tochigi Furusato Electricity,” which is power generated solely from water without emitting CO₂ during power generation, and the Nasu Division followed in March 2023. “Tochigi Furusato Electricity” is a locally produced and consumed renewable energy provided by Tochigi Prefectural Government and Tokyo Electric Power. A portion of the electricity charges are used for environmental conservation projects in Tochigi Prefecture, and we are working to achieve both community partnerships and global environmental conservation.

We have also begun installing solar panels and introducing electric vehicles.



Environmental education/ecological proposals

Eiken Chemical strives to improve environmental awareness year-round. Every June at Eiken Chemical is Environmental Month, when all employees take part in a wide range of training programs, tailored to each management level. These training programs provide opportunities for employees to consider what they as individuals can do for the environment. Activities include seminars elucidating environmental policy or striking aspects of the environment, presentations on the Company’s degree of achievement of environmental targets, and discussions of topics such as the current state of climate change and the Sustainable Development Goals (SDGs). We engage in other initiatives to raise awareness of environmental preservation as required, using internal newsletters and so on.

Conservation of resources, reduction of waste

To reduce its burden on the Earth’s environment, the Eiken Group reduces the volume of waste it generates to the furthest extent possible, pursues 3R (Reduce, Reuse, Recycle) and reduces final disposal volume (waste that cannot be recycled).

P!ck Up

We change the shock-absorbing material used when dispatching products to an environmentally friendly alternative. We cut the amount of plastic used by reducing the thickness of the films, and reduced CO₂ emissions from incineration by 23%.



Water security

The Eiken Group manages the volumes of water it consumes and wastewater it generates in operations at its main research and production sites (Nogi Division, Nasu Division and EIKEN CHINA CO., LTD.). We conserve water to reduce water consumption and make effective use of our limited water resources. It also conducts meticulous wastewater management and measures to eliminate leakage, to ensure that it does not pollute the water supply or groundwater.

Biodiversity and ecosystem restoration

In addition to contributing to local communities by participating in environmental events and other initiatives aimed at conserving native species (including endangered species), we seek to raise awareness of biodiversity and ecosystem restoration as a social issue. In FY2022, we participated in activities for the removal of non-native plant species from the Watarase Yusui Water Park, which are recognized under the Ramsar Convention, and the Company has been certified as an Oyama City (Tochigi Prefecture) Watarase Reservoir Wetland Conservation Support Group.

Materialities and KPIs

		FY2022 actual	FY2024 target	FY2030 target
Responding to climate change	Reduction in CO ₂ emissions from business locations (Scope 1 + 2)	Emissions: 4,614t-CO₂ (-35.6% vs FY2018)	Vs. FY2018 -14%	Vs. FY2018 -30%
	Reduction in CO ₂ emissions from supply chain (Scope 3)	Emissions: 84,205t-CO₂	To be set in FY2023	To be set in FY2023
Contributing to a recycling-oriented society	Reduction of water volume consumed	-35% (achieved ahead of schedule)	Vs. FY2018 -30%	Vs. FY2018 -35%
	Reduction of waste	+14%	Vs. FY2018 -5%	Vs. FY2018 -15%
	Rate of environmentally friendly packaging material usage	0%	Vs. FY2021 20%	Vs. FY2021 30%

Responding to Climate Change:

<https://www.eiken.co.jp/en/sustainability/environment/weather/>

Contributing to a Recycling-Oriented Society:

https://www.eiken.co.jp/en/sustainability/environment/circular_society/

TCFD

Response to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD)

In February 2023, the Eiken Group announced its endorsement of the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). The Eiken Group recognizes the risk climate change poses for financial markets. In addition to reinforcing its current battery of measures to tackle climate change, the Group is advancing disclosure in accordance with the TCFD recommendations.

Disclosure based on TCFD recommendations

Governance	<ul style="list-style-type: none"> Targets and action plans have been formulated by the Sustainability Committee chaired by the President & CEO, with the Board of Directors receiving reports and providing supervision. Results of initiatives are reflected in performance-based remuneration of Executive Officers. The Environmental Management Committee implements continuous improvements as an environmental management system.
Strategy	<ul style="list-style-type: none"> The Eiken Group has examined the risks and opportunities associated with climate change from a wide range of perspectives, to identify those risks and opportunities that it deems most important. Scenario analyses of the financial impact on the Group have been conducted, split into the 2°C-or-less scenario and the 4°C scenario
Risk management	<ul style="list-style-type: none"> An exhaustive assessment of risks, including climate change, is conducted once a year within the framework of the Company's overall risk management. Based on the TCFD recommendations, each related committee conducts assessments of risk and opportunities, and for each important risk and opportunity identified, implements countermeasures to mitigate risk and to create business opportunities.
Targets and indices	<ul style="list-style-type: none"> With the goal of achieving carbon neutrality by 2050, the target of a 30% reduction in CO₂ emissions (Scope 1 + 2) versus FY2018 levels by 2030 has been set. Scope 3 has been calculated since FY2020, and we will set a target going forward <p><small>*Results are disclosed in the ESG data pack (https://www.eiken.co.jp/en/sustainability/esg_data/)</small></p>

We first conducted scenario analyses in FY2022 using IEA (International Energy Agency) WEO 2022 Net Zero by 2050 and the IEA's ETP2020 as references, among others. For the details of degree of impact and the results of the analysis for each scenario, please refer to the Company's website.

Main impacts of climate change on the Eiken Group and associated countermeasures

Main impacts of risks and opportunities		Degree of financial impact under each scenario		Countermeasure
		2°C-or-less	4°C	
Transitional risks	Burden of additional costs caused by introduction of carbon taxes	Intermediate	-	<ul style="list-style-type: none"> Promotion of energy-saving activities Expanded introduction of renewable energy Continuous monitoring of Scopes 1 and 2 and emission reduction efforts
	Environmental regulations on plastic	Intermediate	-	<ul style="list-style-type: none"> Continuous surveying and response to trends in environmental regulations Product development in view of market and industry trends
Physical risks	Loss of sales opportunities from supply-chain disruption caused by disaster damage	Intermediate	Major	<ul style="list-style-type: none"> Strengthening of disaster-preparedness measures at offices and suppliers Preparation and continuous improvement of business continuity plans
	Loss of sales opportunities from reduced rates of operation at production facilities as well as disruption of parts supplies resulting from the spread of infectious diseases	Minor	Minor	
Opportunities	Increased sales and contributions to society derived from early response to changes in disease trends caused by climate change	Intermediate	Intermediate	<ul style="list-style-type: none"> Continuous monitoring of trends in infectious diseases and development and provision of diagnostics
	Increase in sales opportunities from development of quality-first products in response to climate change, including products more resistant to external temperatures, etc.	Intermediate	Intermediate	<ul style="list-style-type: none"> Evaluation of environmental impact of products Development of products with reduced environmental impact in the preservation and storage phases of the product cycle

*Definitions of financial impact: Minor: Less than ¥100 million; Intermediate: ¥100 million or more but less than ¥2.5 billion; Major: ¥2.5 billion or more



For details, please see the Company's website.

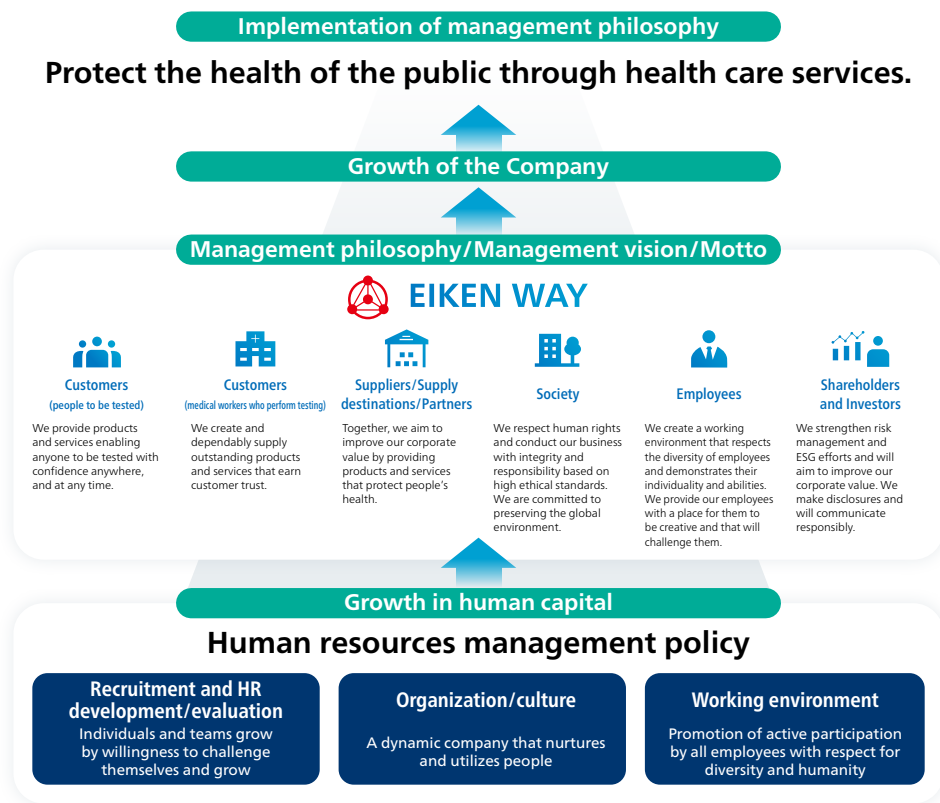
<https://www.eiken.co.jp/en/sustainability/environment/weather/>

Growth Strategy 5 Human Capital Strategy

Basic approach to human capital strategy

Based on the management philosophy, we contribute to society through the provision of products and services that protect the health and lives of people around the world. Our most important assets in this regard are our employees, our "human capital."

We believe that it is employees that will create the future of the Eiken Group, and that broadening the possibilities for employees will lead to growth for the company and contributions to society. In accordance with this policy, as well as aspiring to be a vibrant corporation making use of employee's talent, respecting all kinds of diversity, and nurturing an organizational culture that respects and embraces diversity, the Eiken Group gives full consideration to employee safety and health, creates environments in which employees can concentrate on high-value-added work so that all employees can experience success, and develops human resources who creates new innovations.

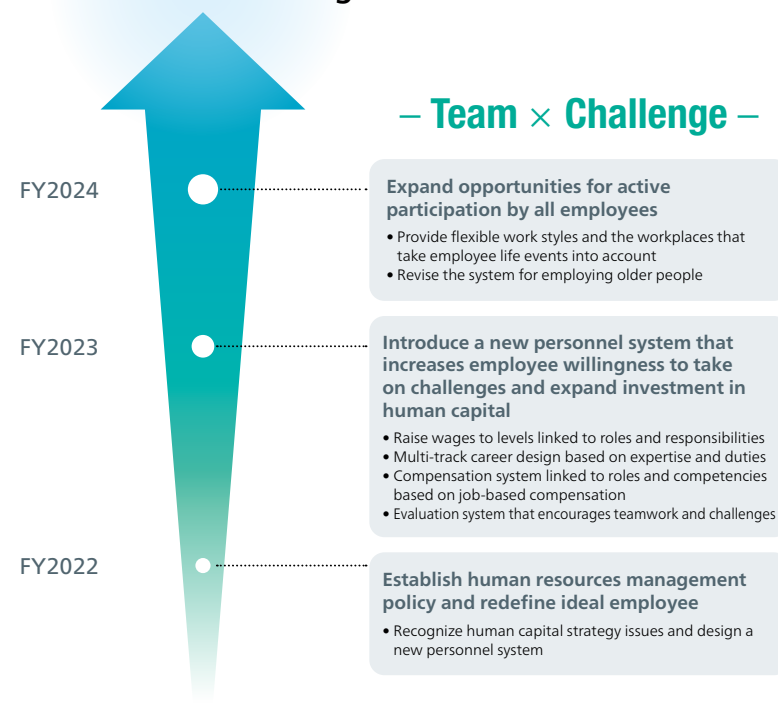


Human capital strategy roadmap

Not only will the Company commit the profits or funds generated by contributing to the health of people around the world into growth areas, but under the slogan of "Team x Challenge" it will also raise the wages of employees and promote the development of their skills and abilities, invest continuously in human capital by expanding opportunities for active participation by personnel, and continue to pursue job satisfaction and rewarding work for employees.

In addition to these initiatives, by maintaining the work environment, and by providing appropriate remuneration and assessments, we will encourage employees to spontaneously take on challenges, create original ideas, and enhance team performance, with a focus on the sustained implementation of the management philosophy and the maximization of added value.

Job satisfaction/rewarding work



Human capital management that supports the business foundation ①

Recruitment and HR development/evaluation

Individual x Team = Growth of the Company

We believe that the combined power of diverse individuals provides the driving force for the creation of new value, and we are working to retain and develop human resources from a variety of backgrounds. Based on the idea that individuals and teams grow by willingness to challenge themselves and grow, we are working to put in place an environment that develops the abilities of the individual, and provides opportunities to tackle challenging targets as a team. By fairly evaluating and dealing with the outcomes generated by employees, we maximize job satisfaction and rewarding work for employees, and open the way to the growth of the Company.

In order to open the way to improved employee engagement, the Company recruits new graduates by job type based on their background details such as experience as a student and areas of expertise. We also support diverse career designs by allowing employees to transfer between different job types after joining the Company based on their own wishes and aptitude for the duties. We also strengthened recruitment of the specialized talents necessary to achieve the EIKEN ROAD MAP 2030. As a result, the proportion of mid-career hires in FY2022 rose to 53% of the total hires. Going forward we will continue to work on attracting specialized talents with the aim of further promoting businesses in key fields.



In order to remain a company that contributes to society in a business environment undergoing significant change, we have redefined our ideal employee based on our existing human resource requirements model, and are implementing a HR development program to support new employees until they become leaders who actively participate at the global level.

Human resource requirements model

Challenge **Global** **Team**

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Skill Development Vision (the ideal employee)

1 An independent and starting spirit	2 A global mindset	3 Deployment of specialized skills	4 Leadership for innovation
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TOPICS >>

The new human resource requirements model has these three enhancements.

- Challenge** The challenge of transformation
- Global** Acting from a global perspective
- Team** Individual growth and display of teamwork

This ideal employee is used in combination with the Skill Development Vision as a base for the roles and duties of employees.

[For details of the training program, please see the Company's website.](https://www.eiken.co.jp/en/sustainability/social/engagement/)

The Company has introduced a competency evaluation system and a target management system.

Competency evaluation system:
We have set evaluation criteria based on the Eiken Group's ideal employee, and are strengthening courses of action that encourage teams to take on challenges.

Target management system:
In FY2023 we introduced a revamped evaluation system that encourages teamwork and taking on challenges.

- ① Strengthening the link between the Medium-Term Management Plan and performance targets
- ② Ensuring incentives for spontaneous action
- ③ Encouraging opportunities for growth and active participation by young employees
- ④ Introduction of "calibration meetings"* as a mechanism to enhance the reasonableness and persuasiveness of the setting and evaluation of targets

*Meetings at the departmental level for the third-party verification of targets set by superiors and their subordinates, and of evaluation by superiors

Human capital management that supports the business foundation ②

Organization/culture

Respect for diversity

The Company has designated “a vibrant corporation making use of employee’s talent” as one of the pillars for achieving the EIKEN ROAD MAP 2030. The Eiken Group respects diversity across many dimensions, including age, gender, nationality, experience, customs and presence or otherwise of disability, and seeks to be a company that transcends borders and enables active participation by all employees.

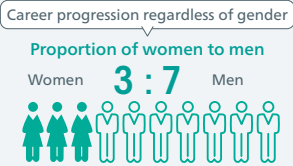
Diversity & inclusion

Diversity includes a variety of factors, but the Company is first of all promoting active participation by women as a priority. We are nurturing an organizational culture that accepts and embraces diversity, and making continuous efforts to ensure that both employees and the Company can create new innovations together.



For more details of our approach to respecting diversity, please see the Company's website. <https://www.eiken.co.jp/en/sustainability/social/diversity/>

Materialities and KPIs

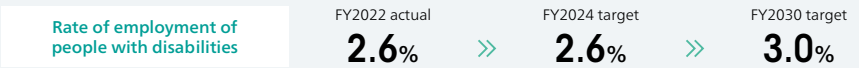


Active roles for employees with disabilities

Eiken Chemical employs disabled persons at a level higher than the legally mandated rate of employment. The Company opened “Eiken Farms” in Mobara, Chiba Prefecture and in Katsushika-ku, Tokyo in 2018 and 2022 respectively, and is actively working on new initiatives for the employment of people with disabilities, such as by providing fresh vegetables harvested from these locations to employees as part of their benefits.



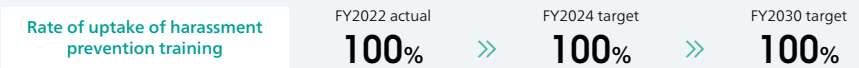
Materialities and KPIs



Eradication of harassment

In order to maintain pleasant workplace environments free from harassment, the Eiken Group provides education and training on harassment. The Group also monitors performance through fact-finding surveys and contact points for whistleblower reports, to prevent harassment and resolve harassment issues early when they arise.

Materialities and KPIs



TOPICS >>

Holding of career workshops for female employees

The Company has held workshops for all those wishing to think about their career going forward, regardless of age, gender, job type, and background. This workshop was intended as an initiative to provide a place for a wide range of employees from different departments to mingle, and to gain an understanding of each other’s work styles hitherto, with the aim of enhancing motivation both now and in the future. This provides an opportunity for participants to gain insights into what their next steps should be, by openly discussing anxieties and worries among others of the same generation.

Human capital management that supports the business foundation ③

Working environment


Creating rewarding workplaces

If employees are not in good spirits then the company cannot develop. In order to realize our management philosophy of continuing to protect the health of people around the world, it is essential to maximize the performance of the employees who are some of our precious assets. By fostering a culture in which both employees and the company can grow together and that consistently provides venues for creativity and the acceptance of challenges, we seek to nurture personnel who can create new innovations.

Promoting diverse work styles

We have introduced a variety of systems to permit increasingly diverse work styles, enabling employees to continue to enjoy their respective lifestyles and to work in a way that suits them, leaving them free to display their abilities to the full.

- Hybrid work styles that combine office attendance with working from home
- Promotion of a super flex system without core hours (possible from as little as three working hours a day) and vacation systems to suit individual lifestyles



Materialities and KPIs

Total actual work hours per full-time employee per year*			Rate of uptake of annual paid leave per full-time employee		
FY2022 actual	FY2024 target	FY2030 target	FY2022 actual	FY2024 target	FY2030 target
1,875h	1,870h	1,635h	62.1%	65.0%	100%

*Scheduled working hours + non-scheduled working hours – amount of annual paid leave and other leave taken

Balancing childcare/nursing care with work

Some of our employees belong to families in which childcare or nursing care are required. For employees who are pregnant, caring for infants after birth, or providing nursing care to parents, we offer support for balancing such responsibilities with work to enable employees to display their abilities with peace of mind, regardless of gender.



Materialities and KPIs

Rate of uptake of childcare leave (women)			Rate of uptake of childcare leave (men)*		
FY2022 actual	FY2024 target	FY2030 target	FY2022 actual	FY2024 target	FY2030 target
100%	100%	100%	176.9%	100%	100%

*Denominator: number of male employees whose spouses gave birth during the fiscal year
 Numerator: number of male employees taking childcare leave or using the Company's own system of leave for the purpose of childcare during the fiscal year (includes employees who take childcare leave in the following fiscal year due to the timing with which their spouse gave birth, so in some cases the rate of uptake may exceed 100%)

Boosting health and ensuring safety and hygiene

We have built a structure and established various systems to promote health and productivity management in order to ensure that every employee can work every day in good health and in good spirits. In acknowledgment of these initiatives, the Company has been recognized as a Certified Health & Productivity Management Outstanding Organization (Large Enterprise Category) for four consecutive years since 2020.



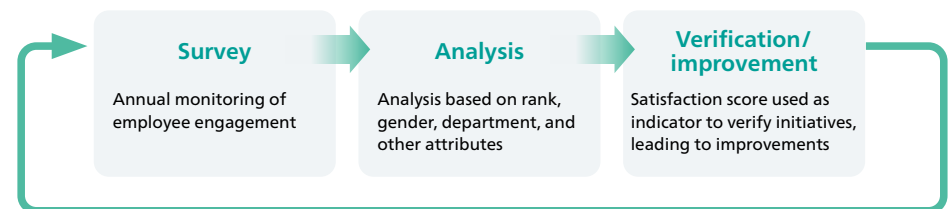
A safety and health committee has also been established for each location, which not only works to maintain the workplace environment and prevent industrial accidents from occurring, but also implements periodic training in preparation for emergency situations such as natural disasters.

Materialities and KPIs

Rate of uptake of periodic health checks			Number of industrial accidents (including those while commuting)		
FY2022 actual	FY2024 target	FY2030 target	FY2022 actual	FY2024 target	FY2030 target
99.8%	100%	100%	3	0	0

Implementing employee engagement surveys

The Company monitors employee engagement by implementing an employee satisfaction survey every year. The results are analyzed based on rank, gender, department, and other attributes to derive a numerical "satisfaction score." This satisfaction score is used as an indicator for engagement to verify whether the Company's initiatives have been effective or not, and to implement improvements.



Value Chain Management

Basic policy

In order to help realize a sustainable society through environmental, social, governance (ESG) initiatives, we believe it is important for companies throughout the value chain to fulfill their corporate social responsibility (CSR). Accordingly, the Company set out supplier sustainability, human rights, and anti-bribery policies in April 2022, through the practice of which it aims to address the demands and expectations of society in cooperation with partner companies (suppliers and buyers).

Initiatives for enhancing cooperation and mutual prosperity in the supply chain

In addition to seeking to enhance cooperation and mutual prosperity with its business partners, the Company formulated and announced a Partnership Building Declaration in March 2023, the objective of which is to facilitate contributions by the supply chain as a whole to the sustainable growth of society.



With the understanding of our suppliers, we are working together on initiatives to address human rights and labor, safety and health awareness, ethics, consciousness of the global environment, and other issues.

Strengthening CSR in the value chain

In order to resolve various social issues and continue to address the diverse demands of stakeholders, it is essential not only that the Company implement stand-alone initiatives but also that it obtains the cooperation of its business partners in the value chain.

Accordingly, with the goal of helping to achieve a sustainable value chain the Company has since 2022 provided opportunities for self-assessment and corrective activities among its major business partners*¹ by conducting questionnaires on the status of their implementation of general CSR activities, including such matters as quality, human rights, the environment, and compliance. In accordance with the Guidelines on Respecting Human Rights in Responsible Supply Chains, we are also working on human rights due diligence.

*¹ Business partners who account for a designated proportion of total transaction value (70% for buyers, 90% for suppliers)

FY2022 actual

Questionnaire conducted among major business partners in the upper 50% by transaction value

Response rate
100%

Number of companies for which corrective measures requested based on questionnaire results:

2

Process for implementing questionnaire surveys



Scope of questionnaire

Category	Suppliers* ²	Buyers* ³
Corporate Governance	<input type="radio"/>	
Human rights	<input type="radio"/>	<input type="radio"/>
Labor	<input type="radio"/>	<input type="radio"/>
Environment	<input type="radio"/>	<input type="radio"/>
Fair corporate activities	<input type="radio"/>	<input type="radio"/>
Quality and safety	<input type="radio"/>	
Information security	<input type="radio"/>	
Supply chain	<input type="radio"/>	
Local communities	<input type="radio"/>	

*² Global Compact Network Japan's CSR/Sustainable Procurement Self-assessment Tool Set is used

*³ Excerpts of the above-mentioned assessment tool are used

Corrective measures

By implementing such questionnaires at least once every three years for major business partners, we will identify improvements and other changes in our initiatives.

If as a result of the self-assessment by questionnaire we discover areas in which a business partner's initiatives are inadequate, we will expect them to undertake improvement activities that mitigate risks and take into account the impact on society and the environment. In cases where the response to questions related to materialities identified by the Company is "We have no initiatives related to the topic" or "We have no mechanism for checking results or corrective actions," we will request in writing that corrective measures are taken to achieve improvements before the next survey.

Materialities and KPIs

Rate of implementation of CSR procurement surveys*

FY2022 actual FY2024 target FY2030 target
100% >> **100%** >> **100%**

Rate of implementation of human rights due diligence*

FY2022 actual FY2024 target FY2030 target
100% >> **100%** >> **100%**

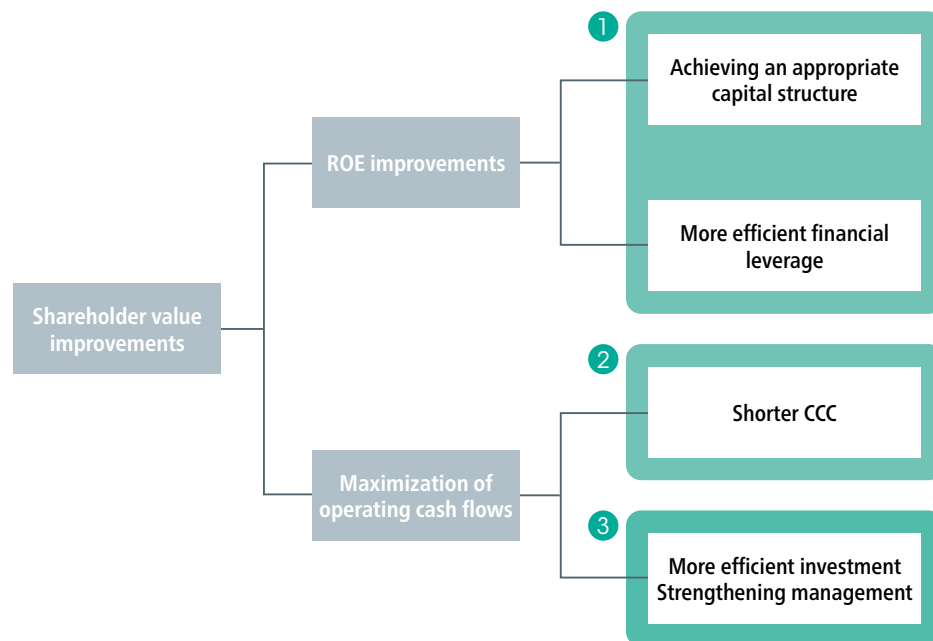
*Rate of implementation (response rate) for those major business partners in the upper 50% by transaction value for FY2022, in the upper 90% for FY2024, and in 100% in FY2030

Growth Strategy 6 Financial Strategy

Aiming to enhance shareholder value

In accordance with the Medium-Term Management Plan that was formulated under the management framework "EIKEN ROAD MAP 2030," the Eiken Group is rolling out key measures focused on the key business fields of "Contribution to cancer prevention and treatment," "Contribution to the eradication and control of infectious diseases," and "Provision of products and services useful for health care," and is striving to achieve sustainable growth and steady improvements in profitability for the Group as a whole. In terms of management indicators oriented towards improvements in corporate value, we recognize that investors pay attention to ROE as an indicator for the measurement of management efficiency, and we also consider this an important indicator. We will aim for even greater ROE over the medium to long term, working to make further strategic investments in growth businesses and to make even more effective use of assets.

In terms of improving the capital efficiency of business investments and procuring funds, we will shorten the cash conversion cycle (CCC) by promoting inventory management, and are considering the use of sustainability bonds and commitment lines.

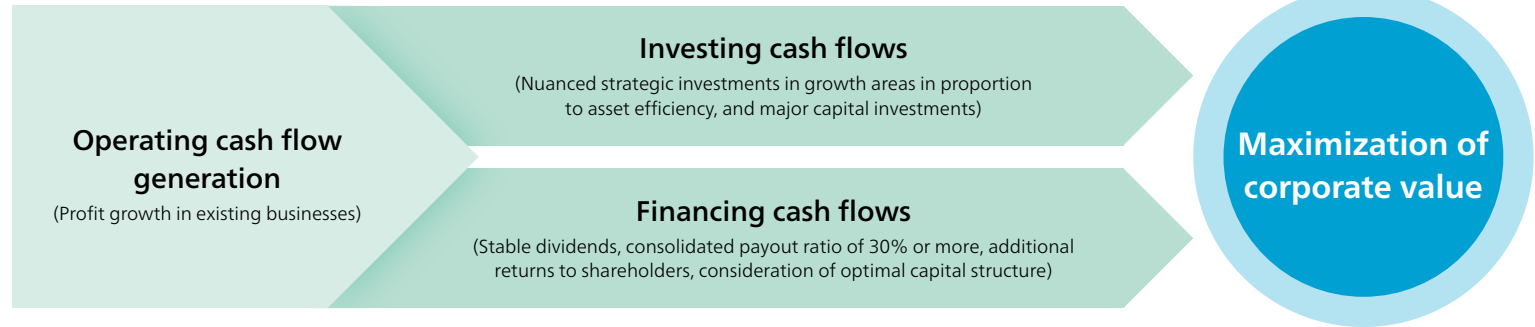


	FY2022 Results		FY2030 Targets
ROE	12.1%	>>	15% or more
Operating profit margin	17.2%	>>	20% or more
CCC	120 days>>	50 days

- While maintaining a balance with the growth strategy, we will use financial leverage and rebuild our shareholder return policy in order to optimize the cost of procuring funds. By rebuilding our shareholder return policy and making use of suitable measures such as dividend policy and acquisitions of treasury shares, we will realize appropriate returns to shareholders.
- CCC is a financial indicator that shows the number of days required to recover trade receivables after paying trade payables. Currently the CCC is 120 days, but we aim to reach a level of 50 days, starting with appropriate inventory management. Beyond that, we intend to improve trade receivables and payables turnover cycles by adjusting the terms of our transactions and other methods.
- As a comprehensive manufacturer of diagnostics we handle a diverse range of products. While valuing those things we can do precisely because we are a comprehensive manufacturer, we will strengthen our structure for thinking about investments in the business portfolio so that it takes into account the profitability of various product lines, investment efficiency, and market position. We believe that this lead to more nuanced investment decisions, and enable us to forge ahead with profitability improvements.

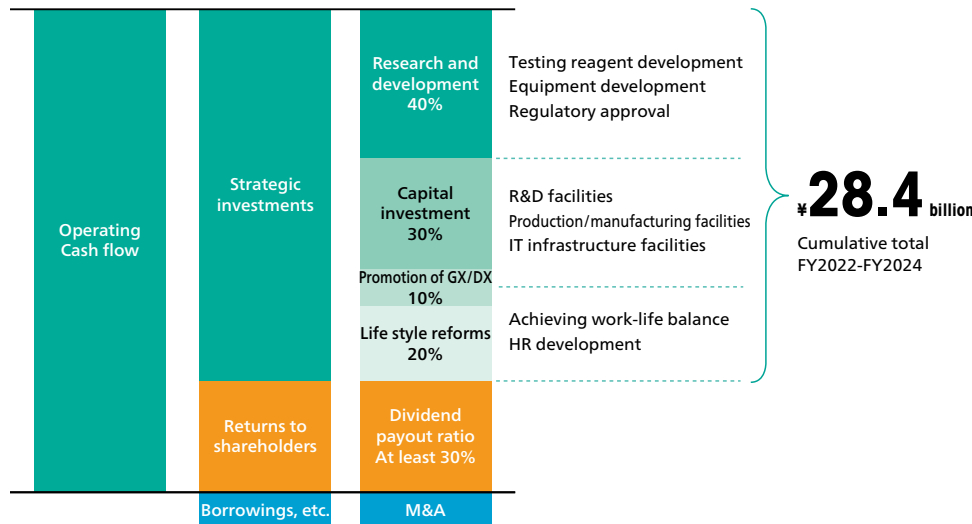
Cash flow strategy

In order to achieve a balance between the strengthening of its financial position and growth, the Eiken Group has hitherto followed a policy of primarily strategic investment within the limits of its generated cash flows, mainly operating cash flows, and of stable returns to shareholders.



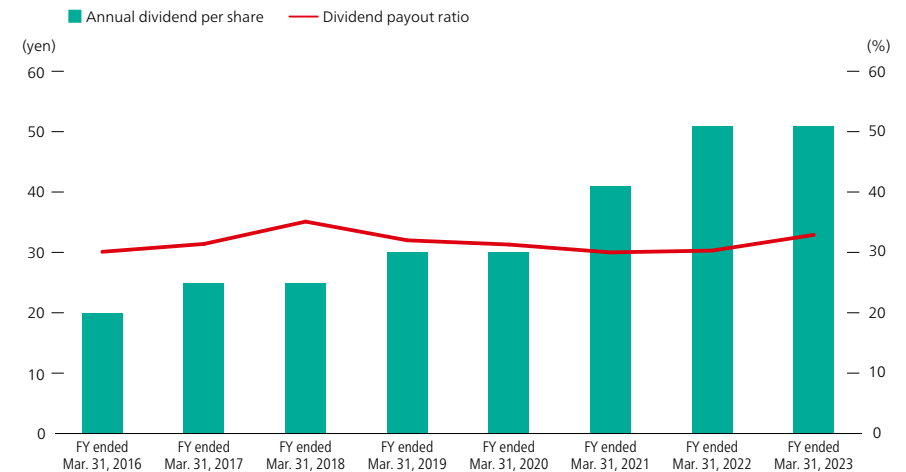
Investment strategy

While seeking a balance between the maintenance of a sound financial base and the expansion of the business, we will promote an agile and flexible approach to investments. In terms of strategic investments, we have earmarked a cumulative figure of ¥28.4 billion for the three years from FY2022 to FY2024, which will be allocated to the research and development that is the foundation for growth, and to the growth drivers of human capital and various infrastructure facilities. In addition, we have not set a specific figure for M&A, and this will be treated separately.



Returns to shareholders

The Company considers profit return for all shareholders to be one of the most important management issues. Taking into consideration the internal reserves necessary for strengthening financial constitution and carrying out progress business expansion, the fundamental policy implemented by the Company is providing a stable dividend from surplus twice a year as interim and term-end dividends. More specifically, the goal is continuing allotment with dividend ratios of 30% of more on a consolidated basis.



*The Company conducted a two-for-one share split of its common shares with an effective date of April 1, 2018. The annual dividend per share before FY ended Mar. 31, 2018 is calculated based on the number of shares after the share split.