



EIKEN CHEMICAL CO., LTD.

Saving
Your
Health

Integrated Report **2023**

EIKEN CHEMICAL Integrated Report 2023
FY ended Mar. 31, 2023



Saving Your Health Doing whatever we can

Good fortune so natural that we almost overlook it.
Our health.

All over the world, this good fortune is under threat from a variety of issues. Developing countries in which lives that could be saved are lost due to delays in rolling out medical infrastructure. Developed countries in which rising medical expenses put public finances under continuous pressure.

As we move into the future, “the maintenance of health” will not be a simple matter. In a time of such limited visibility into what lies ahead, what can we do to help?

As a global clinical diagnostics company we will reach for the possibilities that await us, racing into the future without pausing in our diligent research, without shrinking from difficulties, and without abandoning our quest. We do this for those, somewhere in the world, who need us.



Tests cannot cure disease. However, they can protect life and preserve smiling faces

Since the foundation in 1939, 84 years have passed.
As a pioneering clinical diagnostics company, we have not wavered in our determination to contribute to people's health and medical treatment since we first entered the field of public health.

Globally, cancer deprives nearly 10 million people of their lives every year. Eiken Chemical has the top share in fecal immunochemical test (FIT) reagents for the early detection of colorectal cancer both in Japan and overseas. Colorectal cancer screening programs have been introduced in many countries, and we continue to move forward with our mission of minimizing the number of those suffering from this disease and the number of sorrowing families.

Examinations cannot cure disease.
Nevertheless, by enabling early detection, broadening possibilities for treatment, and contributing to options tailored for each individual, it can reduce suffering.

Through our technology, we hope to save the lives and keep smiles on the faces of as many people as possible.
That is our prayer.



Number of opportunities provided for early detection of colorectal cancer

90,491,380

*Number of times our colorectal cancer screening test has been provided (April 2022-March 2023),
inferred from cumulative sales

We will never stop walking into the future for as long as there are lives to save

Science and technology have advanced to the point where our day-to-day lives are supported by AI, and the entire world is connected by the internet.

Even so, humankind is still afraid of the unknown. Novel coronavirus disease assailed the world with shocking speed. Instability with no end in sight, and the despair of losing loved ones. When the world gripped by a sense of helplessness, we fought alongside medical professionals without giving up.

The genetic testing "LAMP" developed by Eiken Chemical produces results more simply and in a shorter time, and having been adopted by many medical sites it contributes to preventing the spread of infectious diseases.

Leveraging the LAMP method, we confront infectious diseases that are rampant in developing countries with the goal of saving the many lives that, even at this instant, are on the verge of being lost.

There is no end to the fight against infectious disease, for as long as there are lives for our research and technology to save somewhere in the world.

Number of people who could be saved by our products from infectious disease in 2030

*LAMP products materiality KPI population of countries in which deployed

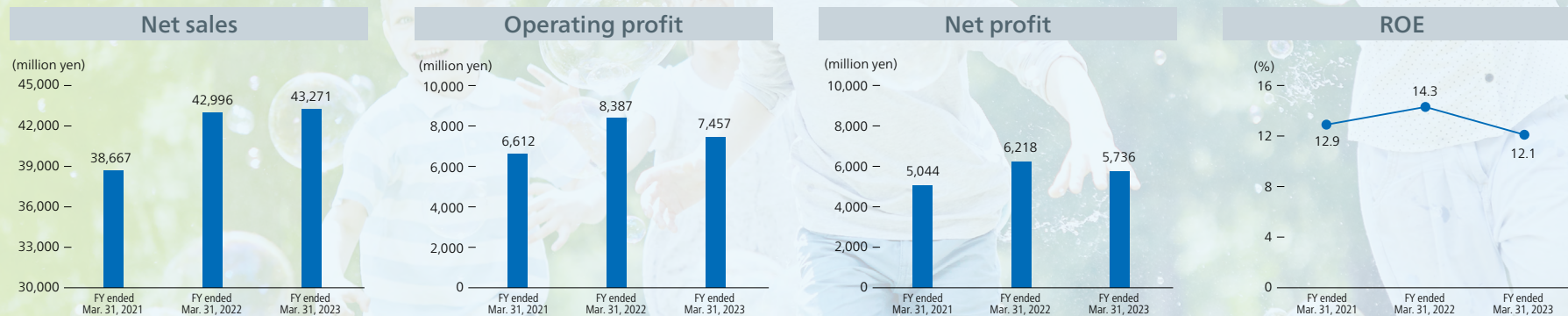
2,700,000,000 people

At a Glance

The Eiken Group in FY ended Mar. 31, 2023



Change in major financial indicators over time



Putting Management Philosophy into Practice

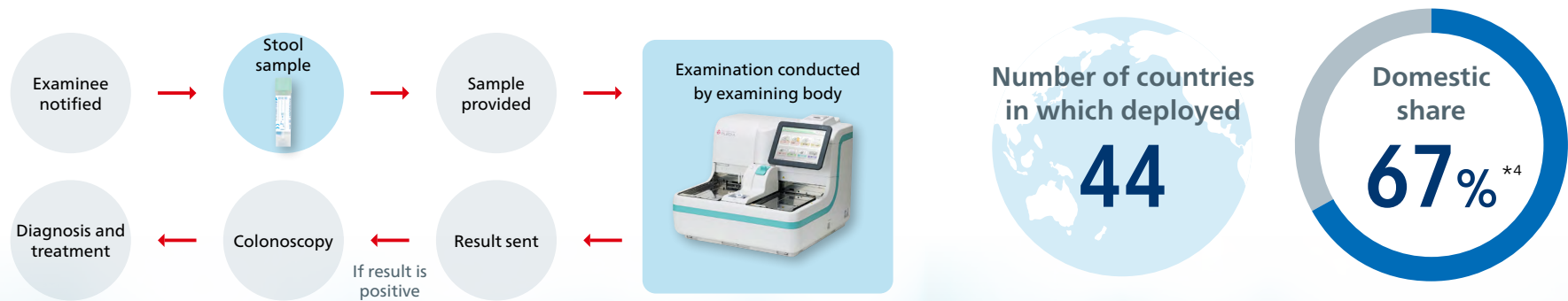
FIT For the Protection of People's Health

Colorectal cancer is a common disease with an incidence rate of approximately 20% worldwide*1. On the other hand, it progresses relatively slowly and, if detected early, a complete recovery can be realistically hoped for. This is exactly why colorectal cancer screening that leads to early detection has such social significance.

Eiken Chemical launched fecal immunochemical test (FIT) reagents in 1987, and introduced the world's first fully-automated fecal occult blood analyzer in 1989. This simple and inexpensive test scratches the surface of the stool to obtain a sample, and a research*2 reports that repeated testing reduces the risk of colorectal cancer mortality by 60%, which provides scientific evidence of its effectiveness. FIT also appears*3 in guidelines for colorectal cancer screening published by various countries, and our products have been adopted for colorectal cancer screening programs in 44 countries around the world.

We have maintained a high market share because we entered the market early, and because we routinely develop products tailored to the needs of users based on the data we have accumulated.

FIT Screening Protocol



Structural factor of the FIT market expansion

- Accelerating the spread of FIT, a non-contact screening, because of the COVID-19 pandemic
- Lack of testing capacity with shortage of endoscopists
 - ➔ FIT utilization for endoscopy triage
- Recognition expansion of cost effective of FIT (listed in national guidelines, paper publication)
 - ➔ Acceleration of switching from chemical to immunochemical procedures
 - ➔ Increase in the number of patients by lowering the age for consultation (US, UK, etc.)
- Dissemination of medical examinations in developing countries

Strategy

- Improvement of screening uptake rates, dissemination of medical examinations
 - ➔ Improvement of access to screening
 - ➔ Development of next generation FIT
- Improved inspection accuracy
 - ➔ Increased value added
 - ➔ Development of highly accurate medical laboratory technology
- Winning screening contracts in new countries and facilities

Outcomes

- Reduced risk of death from colorectal cancer
- Reduction of medical cost burden through early detection
- Improvement of quality of life
- Extension of healthy life expectancy

*1 World Health Organization (WHO) website

*2 Colorectal Cancer Guidelines Based on Effectiveness Assessments (FY2004 Ministry of Health, Labour and Welfare Cancer Grant, "Research on Establishing Appropriate Methods for Cancer Screening and Evaluating Their Effectiveness")

*3 Guidelines, etc. of various countries <https://www.eiken.co.jp/en/publication/fit/>

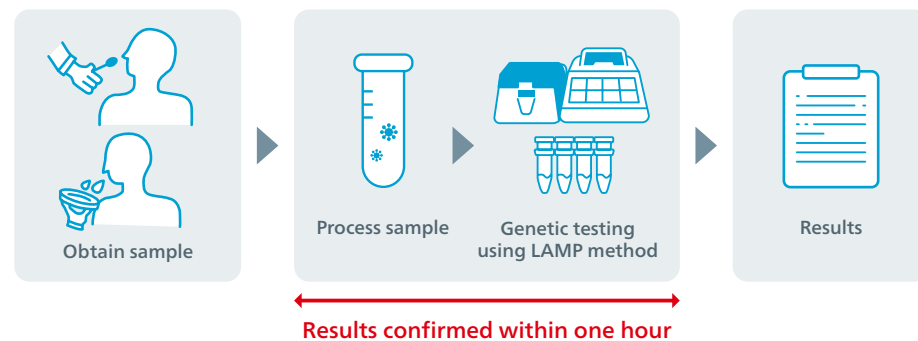
*4 FUJI KEIZAI

LAMP *Preparing for the Next Pandemic*

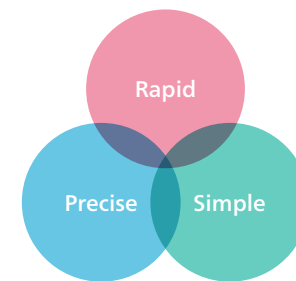
SARS (Severe Acute Respiratory Syndrome) in 2003, H1N1 influenza in 2009, and the novel coronavirus (COVID-19) pandemic in 2020. In accordance with its mission of protecting the health of people worldwide, Eiken Chemical has provided test reagents for a variety of infectious diseases as they have appeared, and has worked alongside medical professionals to do everything it can to bring such phenomena to a resolution. The rapid and simply implemented LAMP method that it developed in-house in 1999 has contributed to the fight against these diseases. By leveraging the special features of this method, we help combat tuberculosis and malaria, which are two of the world's "big three" infectious diseases.

There are global concerns that, due to the impact of climate change, the number of zoonotic diseases will increase and the area over which they are prevalent will change, so preparing for the next pandemic is a pressing issue. As a pioneering clinical diagnostics company, going forward we will put in place structures within the Company to enable us to help prevent the spread of these new infectious diseases at an early stage.

Flow of genetic testing using the LAMP method



Special features of the LAMP method



LAMP (Loop-mediated Isothermal Amplification) is a genetic amplification method developed in-house by Eiken Chemical. Because nucleic acids are amplified isothermally, genes are detected rapidly. This technology has been well-received all over the world, and in addition to its use in clinical diagnosis for tuberculosis, malaria, and neglected tropical diseases (NTDs), we sell various types of reagent and test equipment into a wide range of fields, including food hygiene, environmental, livestock, and plants.

Structural factor of the LAMP market expansion

- Population of countries in which tuberculosis is prevalent: 3.7 billion
- Increase in number of malaria sufferers: 30 million (2020-2021)
- Promotion/continuation of malaria eradication activities
- Population at risk of infection from NTDs: 1.7 billion
- Existence of "compounds" where medical care systems are not well developed
- Recommended by WHO
- Global rise in awareness of genetic testing as a result of the COVID-19 pandemic

Strategy

- Assist in eradication of tuberculosis, malaria, NTDs
 - ➔ Advocate/educate for wider use of diagnostic reagents in developing countries
 - ➔ Enhance efficiency to reduce prices and speed up production
- Respond to various infectious diseases
 - ➔ Develop test reagents for new infectious diseases early on
 - ➔ Build structures for monitoring spread of infectious diseases
 - ➔ Strengthen systems for joint development with external organizations
 - ➔ Strengthen internal development structure

Outcomes

- Reduction in infectious disease patients
- Extension/maintenance of public health
- Prevention of pandemics before they occur
- Enhanced access to medical treatment
- Enhanced health at the global level
- Contribution to universal health coverage
- Help achieve 100 Days Mission*

*The 100 Days Mission is an international initiative that aims at practical implementation of medical countermeasures (MCM) such as the rapid approval of diagnostic agents, safe and effective vaccines, and therapeutics within 100 days of the announcement by the WHO of a public health emergency of international concern in relation to new infectious diseases. The goal of the 100 Days Mission is to not only develop and obtain approval for diagnostic agents, vaccines, and therapeutics within 100 days, but also to guarantee access to MCM for all, including low-income countries, and to aim for equitable supply around the world.

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Editorial Policy

The Eiken Group has prepared the Integrated Report as a tool for communicating with stakeholders.

During the course of editing this Report, the editors referred to documents such as the IIRC's "International Integrated Reporting Framework" and the Ministry of Economy, Trade and Industry's "Guidance for Collaborative Value Creation." It is hoped that it will facilitate understanding of what kind of value Eiken Chemical has provided in the past, and what kind of value it seeks to provide in the future.

Disclaimer Regarding Forward-Looking Statements

Forward-looking statements, etc. contained in this Report represent the judgments of the Company based on information available at the time it was published, and actual performance going forward may differ from forecasts for a variety of reasons.

Period of the Report

FY2022 (April 1, 2022-March 31, 2023)
*Includes reports on some events occurring on or after April 1, 2023

Scope of the Report

EIKEN CHEMICAL CO., LTD. and its Group companies

Our Management Philosophy

Protect the health of the public through health care services.

Based on this 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 Management Vision

Eiken Group is dedicated to leveraging expertise as a medical testing pioneer in order to increase corporate value by protecting the health of the public with products and services that customers can trust.

Our Motto







We EIKEN provide trustworthy quality, and develop with technology.



EIKEN WAY



Value Provided to Stakeholders

Stakeholder	Value provided	Our activities
 Customers (people to be tested)	<ul style="list-style-type: none"> • Reduction in mortality rates due to early detection of cancer • Extensions in healthy life expectancy • Reduction in psychological burden due to shorter examination time 	<ul style="list-style-type: none"> • Improvement of screening uptake rates through cancer screening educational activities • Contribution to early detection by improving the accuracy and speed of testing • Pursuit of convenience through enhanced usability
 Customers (medical workers who perform testing)	<ul style="list-style-type: none"> • Streamlining of examination structures and enhanced productivity • Reductions in examination room space due to compact equipment capable of multiple tests • Provision of academic information 	<ul style="list-style-type: none"> • Increasing test accuracy and speed through research & development • Providing accuracy management services for all testing systems • Providing various types of product • Participating in academic conferences and hold study meetings for the provision of academic information
 Suppliers/ Supply destinations/ Partners	<ul style="list-style-type: none"> • Stable supply that meets demand • Coexistence and mutual prosperity based on impartial and fair dealings • Provision of eco-friendly products • Provision of energy-saving equipment 	<ul style="list-style-type: none"> • Maintaining structures for supplying products • Engaging in fair and free competition and execute appropriate transactions • Conducting due diligence in the value chain based on CSR self-assessment • Development of eco-friendly products • Development of energy-saving equipment
 Society	<ul style="list-style-type: none"> • Eradication of infectious diseases • Reduction of medical cost burden • Maintenance and enhancement of public health • Measures to address climate change • Conservation of biodiversity 	<ul style="list-style-type: none"> • Providing high-quality medical information through the <i>Modern Media</i> academic journal • Preventing spread of infectious diseases and control high medical expenses through early detection • Reduction of greenhouse gas emissions by improving production efficiency and making use of natural energy • Utilizing sustainable resources and develop eco-friendly products • Mitigation of environmental impact by reducing waste
 Employees	<ul style="list-style-type: none"> • Sense of satisfaction and rewarding work • Physical and mental health/safety 	<ul style="list-style-type: none"> • Maintaining fair personnel evaluation and compensation structure • Providing venues for creativity and the acceptance of challenges • Implementation of monitoring and improvement activities based on questionnaire surveys of employee satisfaction • Providing a safe and comfortable working environment
 Shareholders and Investors	<ul style="list-style-type: none"> • Improvements in financial/non-financial indicators over the long term derived from continuous value creation 	<ul style="list-style-type: none"> • Driving long-term enhancements in corporate value by strengthening ESG initiatives • Disclosure of information in a timely, appropriate, and responsible manner • Maximization of returns through improvements in ROE • Communication with investors (financial results briefings, one-on-one meetings, etc.)

Message from CEO



Eiken Chemical has never refused the challenge of new issues in the field of medicine

Focusing on the future, my mission is to build the foundations of an organization that will drive the further evolution of our corporate culture

Tsugunori Notomi President & CEO

1

Eiken Chemical has consistently taken on the challenge of confronting the issues faced by the medical industry

2

The role Eiken Chemical should play and the issues it should resolve

3

Management strategy for responding to changes in the environment
The management framework “EIKEN ROAD MAP 2030” and Medium-Term Management Plan

4

Working to build the foundations of the Eiken Chemical of the future

Message from CEO

We have never wavered in our obedience to the precepts of the management philosophy Our history of taking on challenges has resulted in a stronger business and organization

1 Eiken Chemical has consistently taken on the challenge of confronting the issues faced by the medical industry

The history of Eiken Chemical is a history of never refusing to accept the challenge of new issues in the field of medicine. The Company launched its business with the manufacture and sale of medical products and nutritional food that used livestock organs as its raw ingredients 84 years ago. Having come through the chaotic period of the war and the years that followed, we leveraged the technology and know-how that we had accumulated, and found our way to the sale and manufacture of culture media used for growing microorganisms and biological tissue. The culture media for testing bacteria that we launched in 1950, at a time when infectious diseases such as dysentery and typhoid were prevalent, made a significant contribution to the prevention of epidemics and to the spread

and development of public health in Japan at the time. Up until that point the preparation of prescriptions for culture media had been the work of physicians, but through repeated discussions with doctors we achieved the first commercialization of the product in Japan, freeing medical professionals from an onerous and time-consuming task.

Seizing the opportunity conferred by this success, we launched a series of products that fulfilled valuable roles in laboratory testing. In 1958 we launched reagents for testing sensitivity to bacterial drugs, and in 1963 we launched Japan's first urinalysis test strips. These were followed in 1975 by the release of antigen testing reagents using radioisotopes, such as those related to radioimmunoassays, and in 1987 by the launch of low osmotic pressure contrast media for pharmaceuticals used in internal examinations. Because the use of vascular contrast media involves the introduction of reagents into the body,

this had a significantly higher risk than the products used for laboratory testing that we had developed hitherto, but we resolutely took on this challenge. It is through continuously taking on such challenges that Eiken Chemical followed the route to becoming the comprehensive manufacturer of clinical diagnostics and devices that it is today.

Our management philosophy includes the words "Protect the health of the public through health care services," and over the 84 years since the foundation, we have not once wavered from obedience to this idea. I feel that our employees hold the management philosophy close to their hearts and have a strong sense of their mission as they take on such challenges, and that this has led to an emphasis on quality and a keen awareness

of ethics, enabling us to foster a culture of rigorous examination right from the start when conducting clinical evaluations. Even today, the Company continues to take on these challenges. The development of reagents and devices to further expand the fecal occult blood testing system that is currently our main product, of test reagents and devices using the LAMP* method, and of testing systems that address the demand for personalized medicine, are all clear expressions of the approach of tackling the problems faced by the field of medicine with an awareness of our mission, which has been passed down unbroken from generation to generation since the founding of the Company.

*An abbreviation of Loop-mediated Isothermal Amplification.
A quick, simple, and accurate genetic amplification method developed in-house by the Company.



**Powdered agar for the detection of bacteria
SS Agar "Eiken"
1950-**

Detects salmonella and dysentery bacteria. This product was the catalyst for our entry into the clinical testing industry.



**in vivo diagnostic contrast media
Hexabrix 320
1987-2005**

This marked our entry into the field of internal diagnostic medicine, which required a level of management equivalent to that of therapeutic agents.



**Real-time turbidimeter for LAMP
LoopampEXIA
2009-**

Currently available detection device that uses the LAMP method.



**Fully-automated fecal occult blood analyzer
OC-SENSOR Ceres
2022-**

Currently available fecal occult blood analyzer.

We will respond to changes in the business environment in which medical professionals operate
We will address the needs of clinics, remote medicine, and medicine in isolated locations, as well as those of major hospitals

2 The role Eiken Chemical should play and the issues it should resolve

The environment in which medical professionals operate is undergoing significant change. In Japan in particular, the acceleration of the declining birthrate and the aging of society are leading to considerable changes in what is being required from health care. In order to respond to new medical needs, medical institutions are increasingly turning to division of roles and collaboration. It used to be that a patient could go to any hospital and expect to receive a certain level of medical service, but we are shifting towards a division of labor under which day-to-day issues are the responsibility of primary care doctors, and specialist treatments are the responsibility of major or specialist hospitals. Previously our business had, if anything, been focused on providing test equipment and reagents to the kind of major hospitals that operate a testing department. Based on the progressive shift to division of labor between medical institutions, I think we need to concentrate even more on the business of providing reagents that even a primary care doctor in a clinic can easily use, in addition to the business of supplying to major hospitals.

Also, during the recent COVID-19 pandemic there was an acceleration of the need for remote treatment, and there has been rapid progress in deregulation. In addition, there is demand for clinical diagnostics that can be used on site, such as when a doctor visits a patient in an isolated location. Going forward we will forge ahead with development that will actively address the need for such diagnostics.

On the other hand, we will also expand our lineup of products and services for major hospitals. As the digital transformation of medical institutions proceeds, we are beginning to see such institutions require that the devices and reagents that we provide can be connected to their systems. We do not maintain an internal device development function and so the development itself is outsourced to medical device manufacturers, but we are nurturing internal human resources who have the understanding and know-how to engage with the design as deeply as the responsible persons at the medical device manufacturers. This point is extraordinarily important, and we intend to concentrate on this going forward in order to nurture human resources who can deal with the shift to AI.



3 Management strategy for responding to changes in the environment
The management framework “EIKEN ROAD MAP 2030” and Medium-Term Management Plan

It was in order to respond effectively to changes in the business environment that we announced the management framework “EIKEN ROAD MAP 2030” in April 2022. Under this framework, while retaining the current business areas as the core operations, we designated three key business fields to address. These are contribution to cancer prevention and treatment, contribution to eradication and control of infectious diseases, and provision of products and services useful for health care. In the field of cancer, we intend to expand products and services

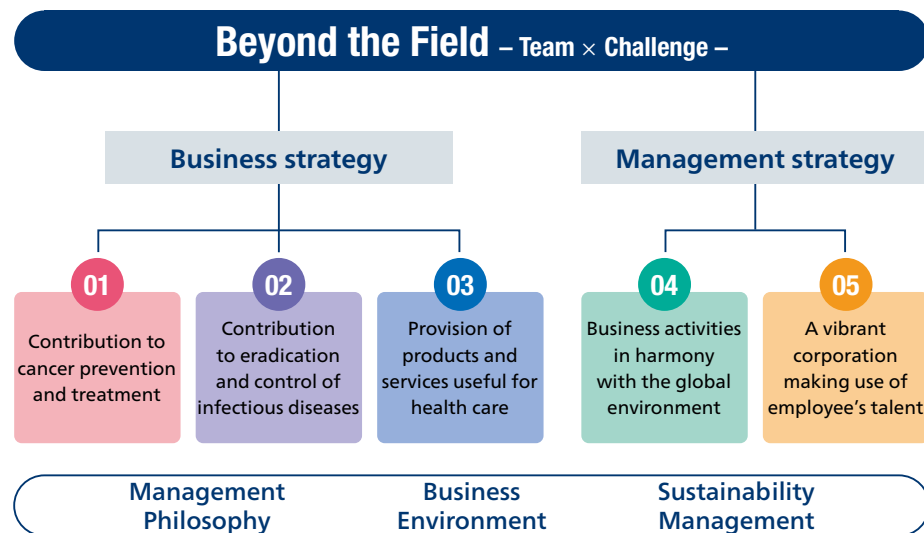
that are more directly related to treatment, whereas in the area of infectious diseases we are seeking to establish simpler test technology, while in healthcare we plan to expand products and services that address remote treatment and testing at home. We will also take steps to reform the corporate culture. In order for the Company to inspire innovation in medical processes going forward that builds the future of testing, we aim to energize the skillset of each and every employee so that all employees can broaden their domain of activity, and to give rise to fresh possibilities by gathering those individuals with their capabilities and taking them beyond their respective domains to take on challenges as a team. This is the idea incorporated into the slogan “Beyond the Field – Team x Challenge –.” In terms

Message from CEO

of initiatives to help achieve a sustainable society, we have identified 11 materialities (key issues), and have included these in our action plan. The Medium-Term Management Plan that concludes in FY ending Mar. 31, 2025 is the first such plan aimed at achieving the EIKEN ROAD MAP 2030. Specifically, we have designated and are implementing key

measures for each of the three key business fields in order to address the accelerating paradigm shift in healthcare. Furthermore, with the objective of establishing a management platform for sustainable growth, we are promoting human capital, structural reform, IT, financial, and governance strategies.

The management framework "EIKEN ROAD MAP 2030"



My mission as President is to build the foundations of an organization of the future that will resolve medical issues globally

4 Working to build the foundations of the Eiken Chemical of the future

Eiken Chemical has improved the quality of its business activities over time in accordance with its corporate culture of taking on challenges, and by transitioning to become a company with nominating and other committees it has also concentrated on enhancing the governance system under its philosophy EIKEN WAY. It is through such efforts that today we have grown to become a company that is trusted by a variety of stakeholders, including investors, but there is still a mountain of issues that needs to be resolved in preparation for realizing the management philosophy and achieving continuous growth going forward. In addition to expanding sales of our fecal occult blood testing system, mainly in developed countries, the Company is also working in cooperation with various NGOs, governments, and health authorities to establish and promote more widespread use of our genetic testing systems, with the objective of eradicating infectious diseases such as tuberculosis and malaria in developing countries. However, rather than resting on our laurels, we intend to contribute to the realization of universal health coverage (UHC) by promoting the spread of fecal occult blood testing in

developing as well as other countries, with the goal of ensuring that not a single person is left behind for medical treatment, and working on initiatives to achieve further improvements. As for the reform of the corporate culture that is currently underway, I consider this to be my most important mission as President. In this era of uncertainty, we must respond with flexibility at all times, rather than sticking stubbornly to the plan as it was first drawn up. To fulfill my responsibilities as President, I will move steadily forward to lay the foundations of the organization by streamlining management systems, building horizontal links between compartmentalized organizations, strengthening team activities, establishing a workplace environment that enables those in charge of development to focus solely on development, and other initiatives. In order to achieve sustainable growth, we will strive for a proper balance between making distinctive contributions to medical care based on our management philosophy, promoting globalization and generating a certain level of profits, and returning those profits to stakeholders.

I encourage you to expect great things of Eiken Chemical as we take up the challenges of the future.

Eiken Chemical's Value Creation Process

As a pioneer in testing, since the foundation we have provided products and services that are trusted by our customers. While valuing those things that are possible only because we are a comprehensive manufacturer, we will continue to protect people's health as we prepare for 2030 and the future that lies beyond.



Management Resources (Capital)

The six types of capital are the driving force behind value creation, and are the indicators we use for EIKEN VISION 2030 and creating the future beyond that.

FY ended Mar. 31, 2023



Financial Capital

An organizational base that supports sustainable growth

Input

- Total assets: **¥66,275 million**
- Net assets: **¥49,535 million**

Output

- ROE: **12.1%**
- Operating cash flow: **¥7,575 million**



Human Capital

Growth driver for the Group as a whole

- Number of employees (full-time employees + temporary employees): **1,106**
- Systematic HR development program
- Personnel evaluation program aimed at talent acquisition

- Total actual work hours per full-time employee per year: **1,875**
- Employee satisfaction score: **58.4**
- Percentage of managerial positions held by women: **13.8%**



Intellectual Capital

Research and development that builds the future of testing

- Proportion of R&D employees: **17.3%**
- R&D expenses: **¥4,065 million**
- Consolidated R&D network

- Number of patents held: **836**



Social Capital

Partnerships rooted in the management philosophy

- EIKEN WAY
- Number of surveys implemented: **10**
- Number of inquiries received: **1,044**
- Number of IR events held: **102**
- Cooperation on information with WHO and other international organizations
- Conduct of due diligence in value chain
- Partnerships with a variety of external research institutions

- Number of countries in which products deployed: **49**
- Networks with hospitals and clinics
- Appropriate relationships with shareholders and investors
- Market share in fecal occult blood reagents: **67% (Japan)**



Manufacturing Capital

Stable supply of high-quality products

- Manufacturing locations: **3**
- Capital expenditures: **¥3,792 million**

- Number of products: **1,836**



Nature Capital

Mitigating environmental impacts as "the last generation"

- Energy consumed: **133,345 GJ**
- Water volume consumed: **73,100 m³**
- Use of Tochigi Furusato Electricity: **6,774 MWh (55.8% of total)**

- CO₂ emissions per employee: **4.17 t**
- Water volume consumed per employee: **66 m³**
- Solar power generated: **97,624 kWh (0.8% of total)**

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

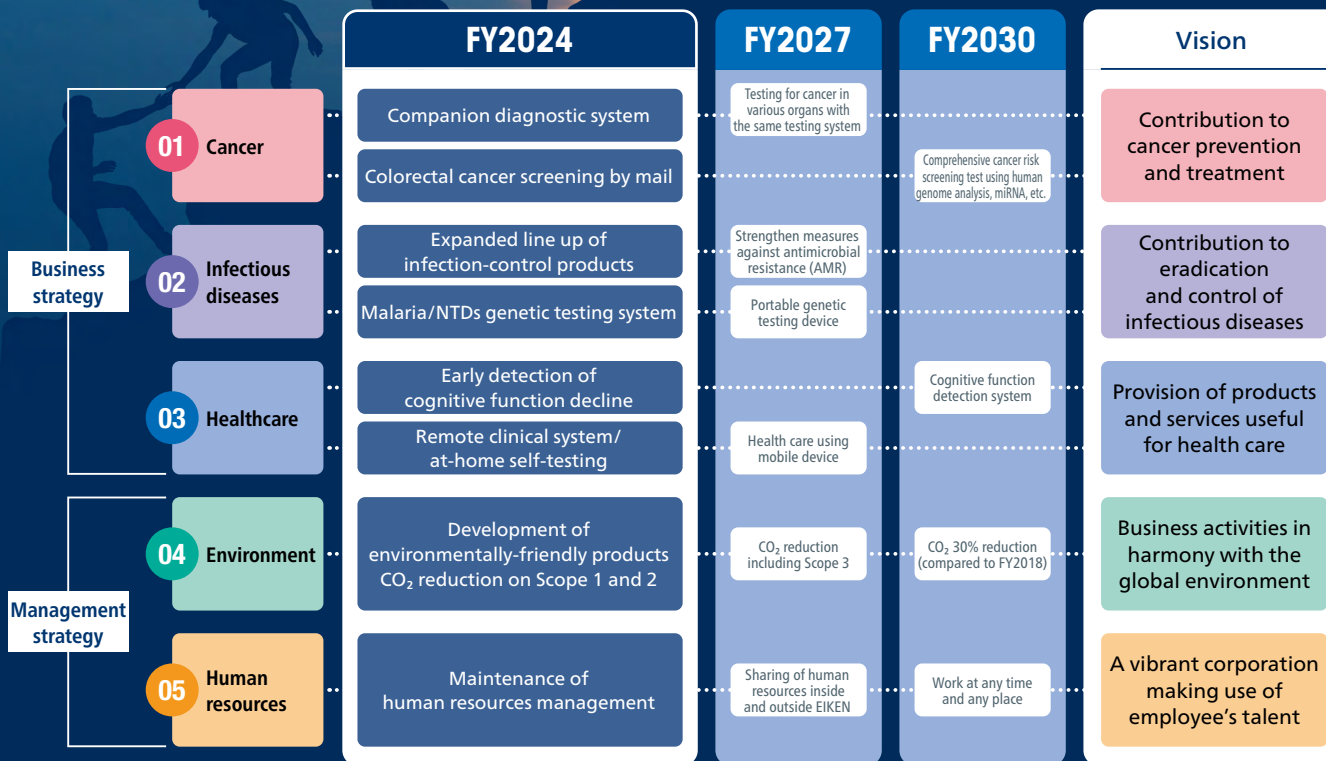
Infectious diseases

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

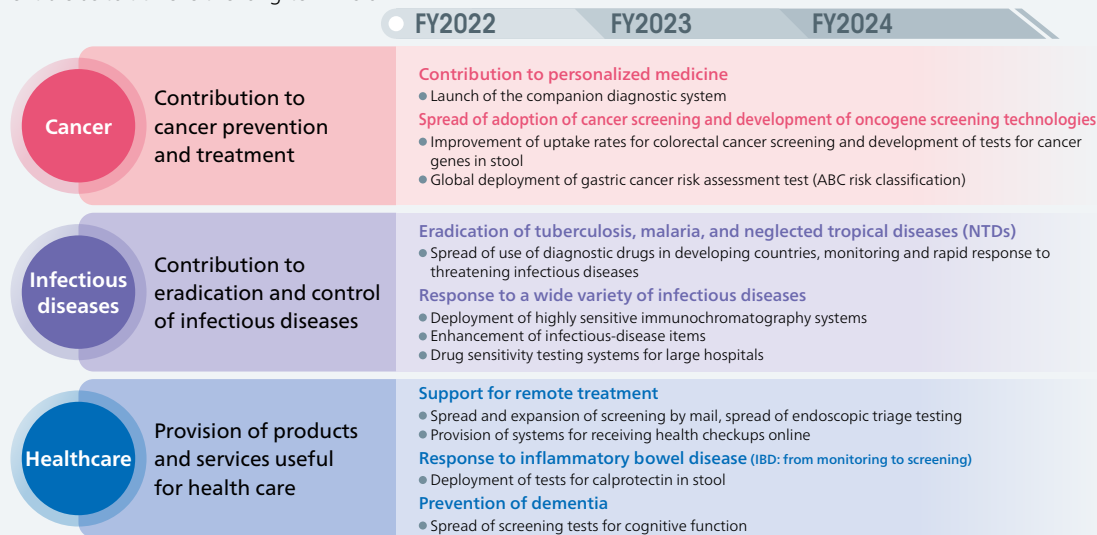
Medium-Term Management Plan

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

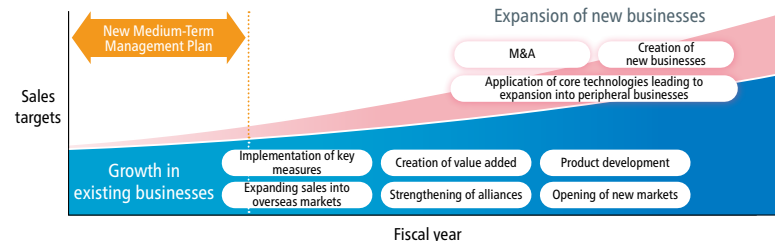
- Human capital strategy** The Group is shifting to a wage system that focuses on job responsibilities and expertise and an evaluation system that brings out teamwork and challenges employees to pursue employee satisfaction and meaningful work.
- Structural reform** Based on a common understanding that 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

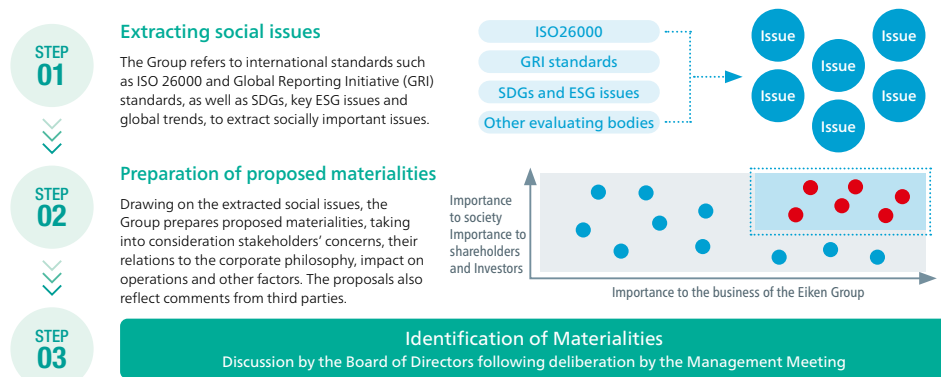
The Eiken Group has established a Sustainability Committee, composed of the President & CEO as Committee chair and the Executive Officers as members.

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 1 HEALTHY PEOPLE, 3 GOOD HEALTHY LIVES, 12 RESPONSIBLE CONSUMER BEHAVIOUR	Improving Access to Healthcare	Supply of products to developing countries that have not yet adopted them	
		Solutions to Medical Issues	Global solutions to healthcare issues	
		Pursuing Quality and Establishing Sustainable Supply Chains	Development of advanced technologies and advancement of innovation	
Environment	Business Activities in Harmony with the Global Environment 6 CLEAN WATER AND SEA LIFE, 7 AFFORDABLE AND CLEAN ENERGY, 12 RESPONSIBLE CONSUMER BEHAVIOUR, 13 CLIMATE ACTION	Responding to Climate Change	Reduction of CO ₂ emissions at worksites (Scope 1 and 2)	
		Contributing to a Recycling-Oriented Society	Reduction of CO ₂ emissions in supply chains (Scope 3)	
			Reduction of water volume consumed	
Social	A Vibrant Corporation Making Use of Employee's Talent 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Respecting Human Rights and Diversity	Promotion of diversity and inclusion	
		Employee Engagement and HR Development	Eradication of harassment	
			Boosting Health and Ensuring Safety and Hygiene	Creating fulfilling and supportive workplaces and achieving work-life balance
				Development of global personnel
Governance	An Organizational Base That Supports Sustainable Growth 10 AFFORDABLE AND CLEAN ENERGY, 16 CLIMATE ACTION, 17 PARTNERSHIPS FOR THE GOALS	Achieving Sound and Transparent Governance	Percentage of managerial positions held by women	
		Rigorous Compliance and Thorough Corruption Prevention	Eradication of harassment	
		Establishing Risk Management	Development of R&D personnel	
			Development of global personnel	

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

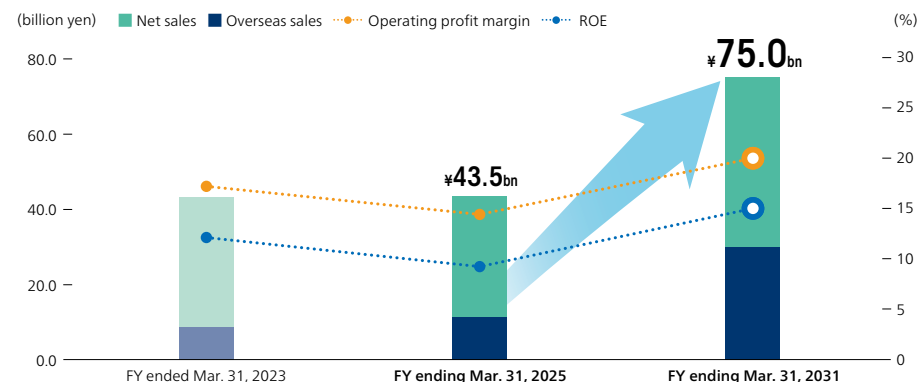
technology and grow new businesses. By proactively expanding the overseas business for creating and developing new businesses that pivot on our three key business fields, we seek to achieve an overseas sales as share of total 40% or greater. We are also aiming for ROE of 15% or greater. Going forward 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

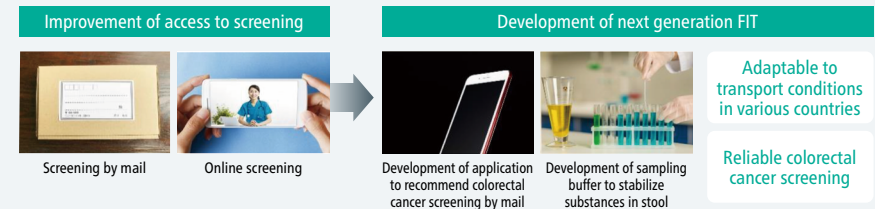
Colorectal cancer is a common disease with an incidence rate of approximately 20% worldwide. On the other hand, it progresses relatively slowly, and if it is detected early, a high percentage of patients may be expected to make a complete recovery. This is exactly why colorectal cancer screening that 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.

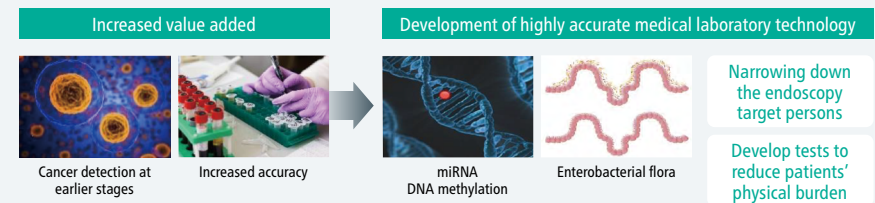
Improvement of rates of uptake of colorectal cancer screening

- 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.

Peak ages for IBD onset

Men **20-24** Female **25-29**^{*1}

Global IBD patients

5 million^{*2}

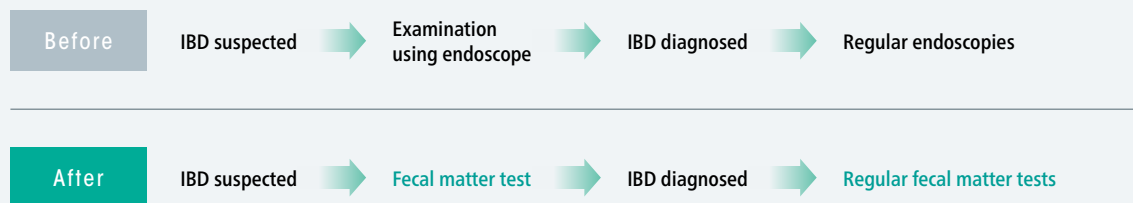
Pick Up

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.

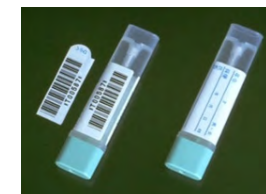


Social significance

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.



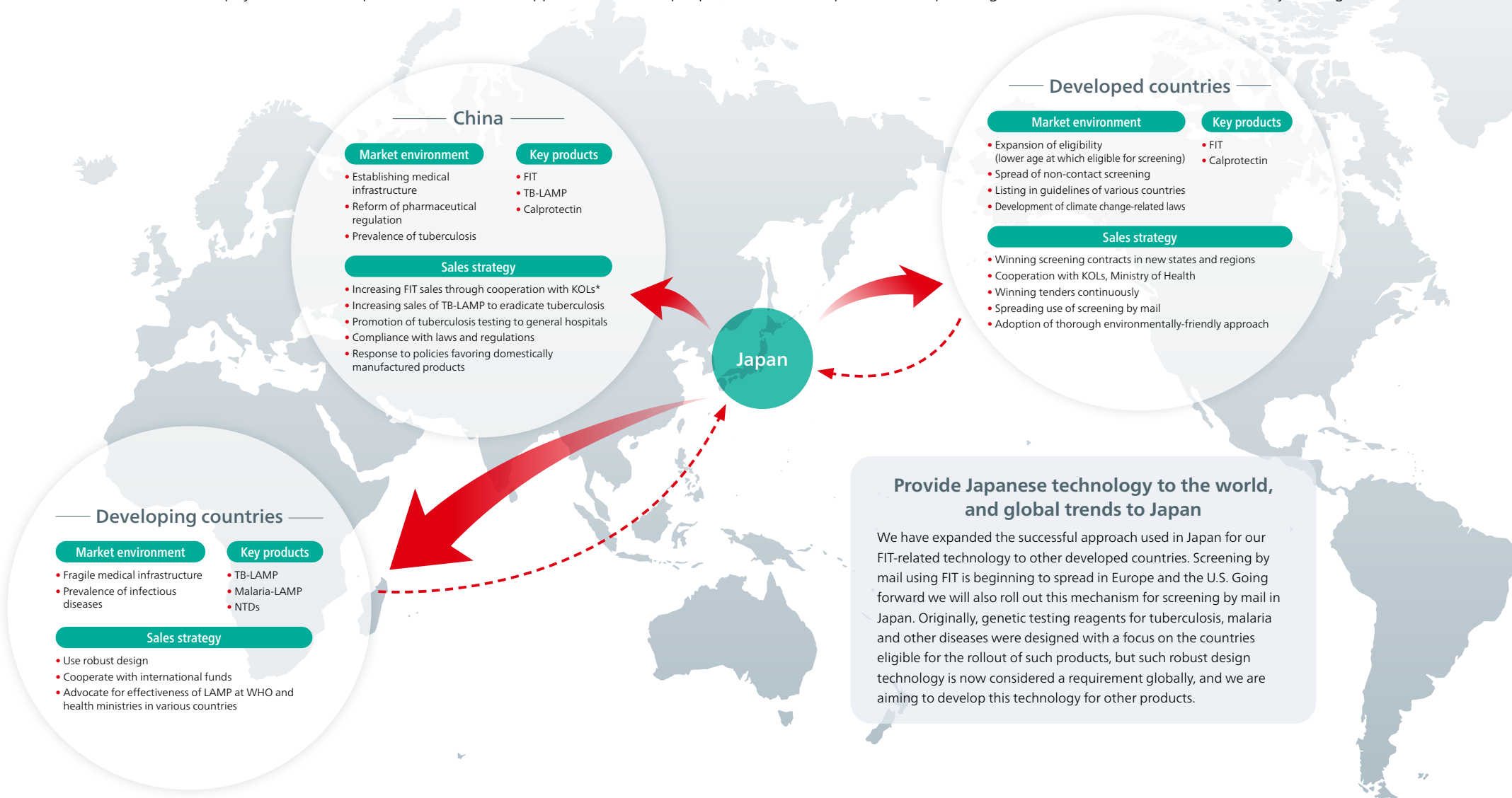
*1 Japan Intractable Diseases Information Center
*2 Nikkei Biotechnology & Business

*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

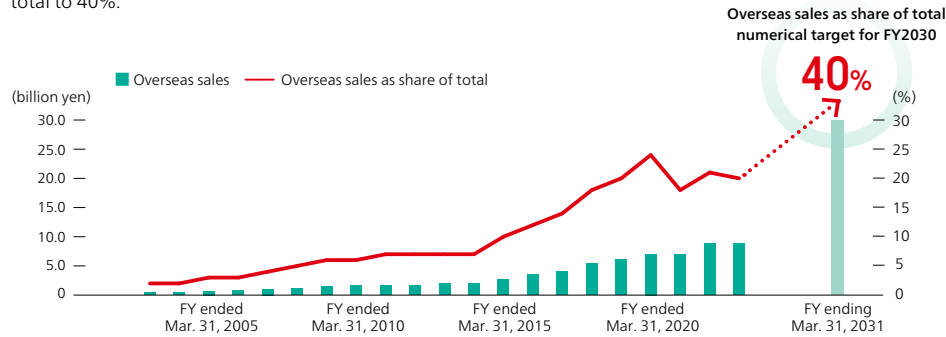
Aiming to achieve health and welfare for all people by 2030

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

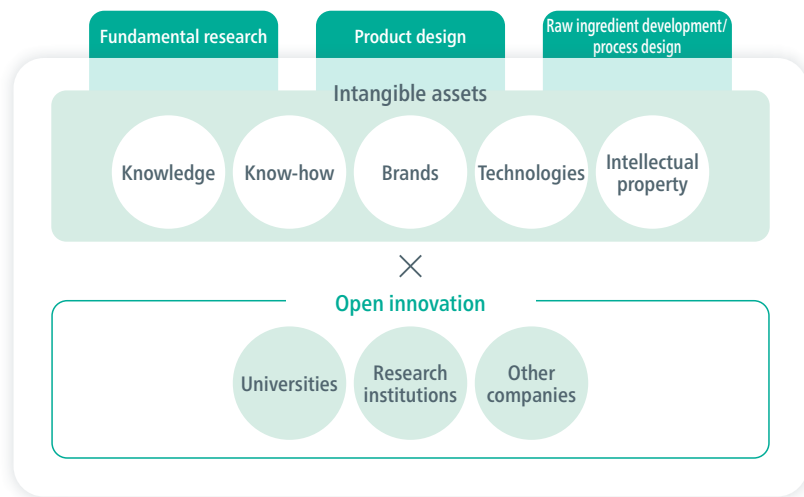
Research and development goals

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.

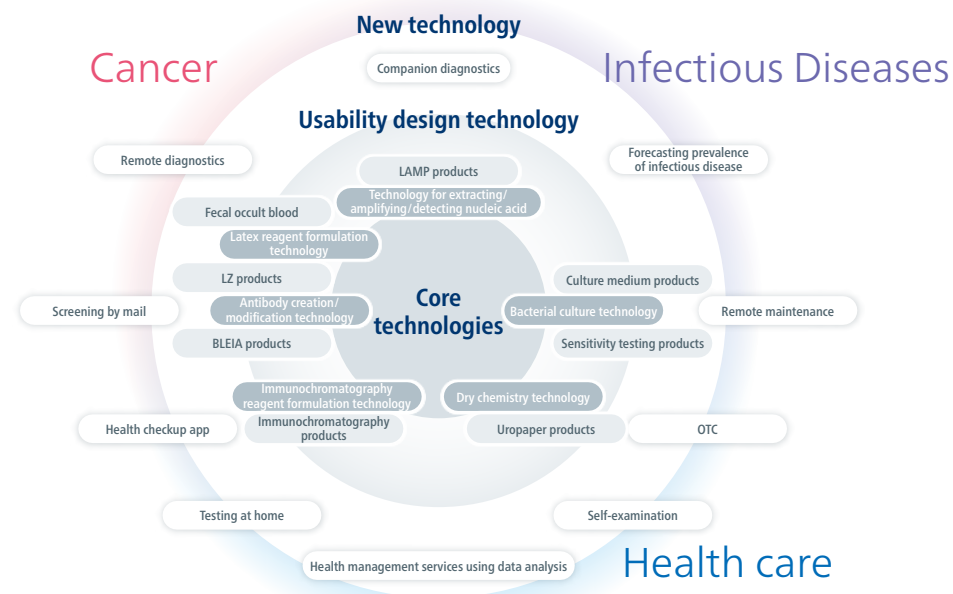
R&D structure

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

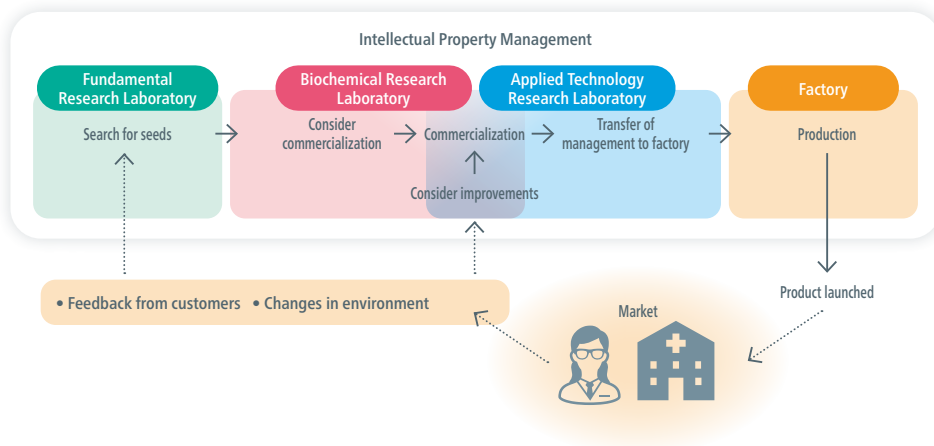
Through the appropriate acquisition of intellectual property rights necessary for its business, the Company seeks the stable expansion of its business activities. In addition, so as to ensure that the intellectual property rights it acquires do not infringe the rights of others, it undertakes full legal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

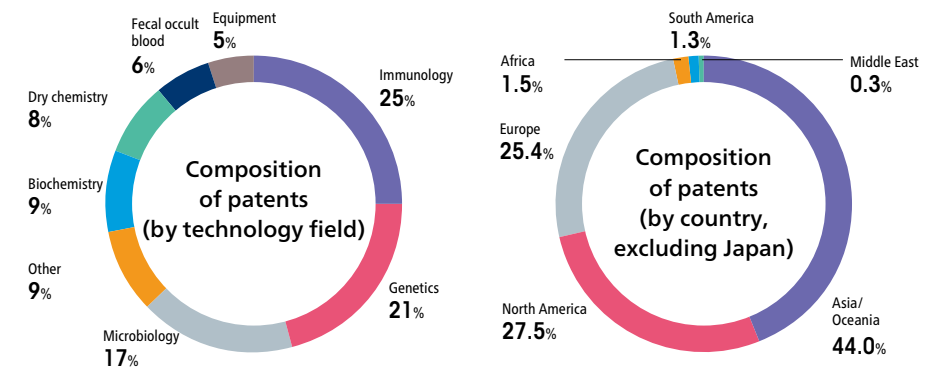
The Company implements intellectual property training for employees in the Research & Development Division. Regular liaison meetings are also held between the Intellectual Property Division and the Research & Development Division to share information on patents inside and outside the Company.

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



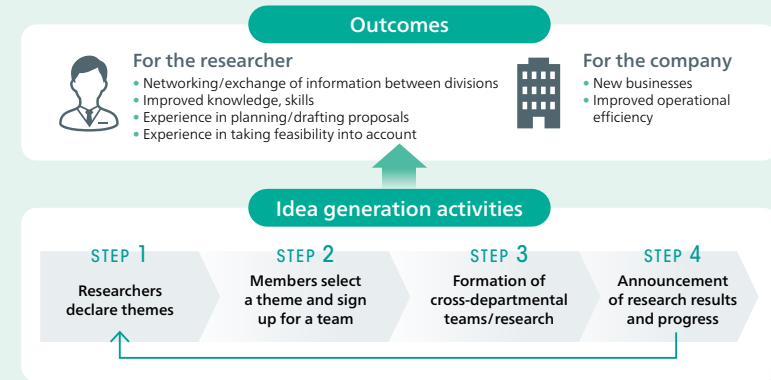
Co-creation space

“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

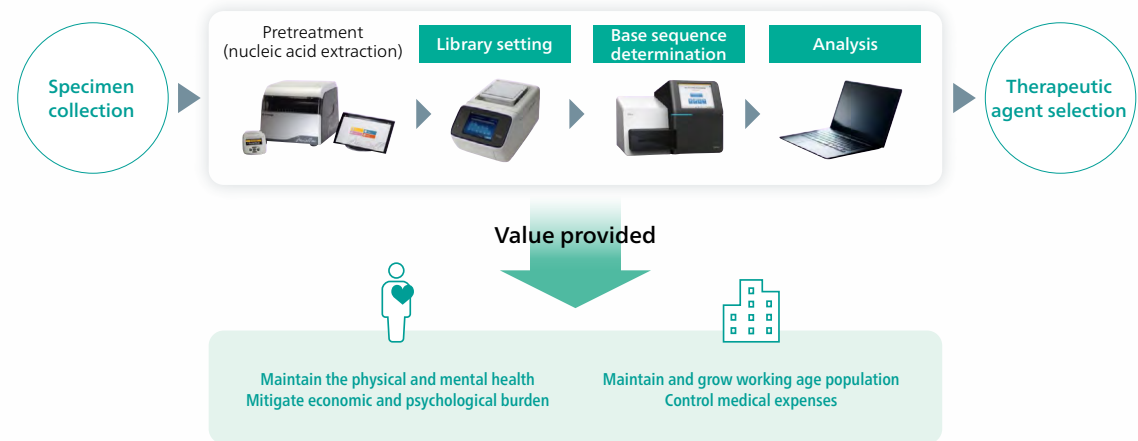
Development of companion diagnostic system

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

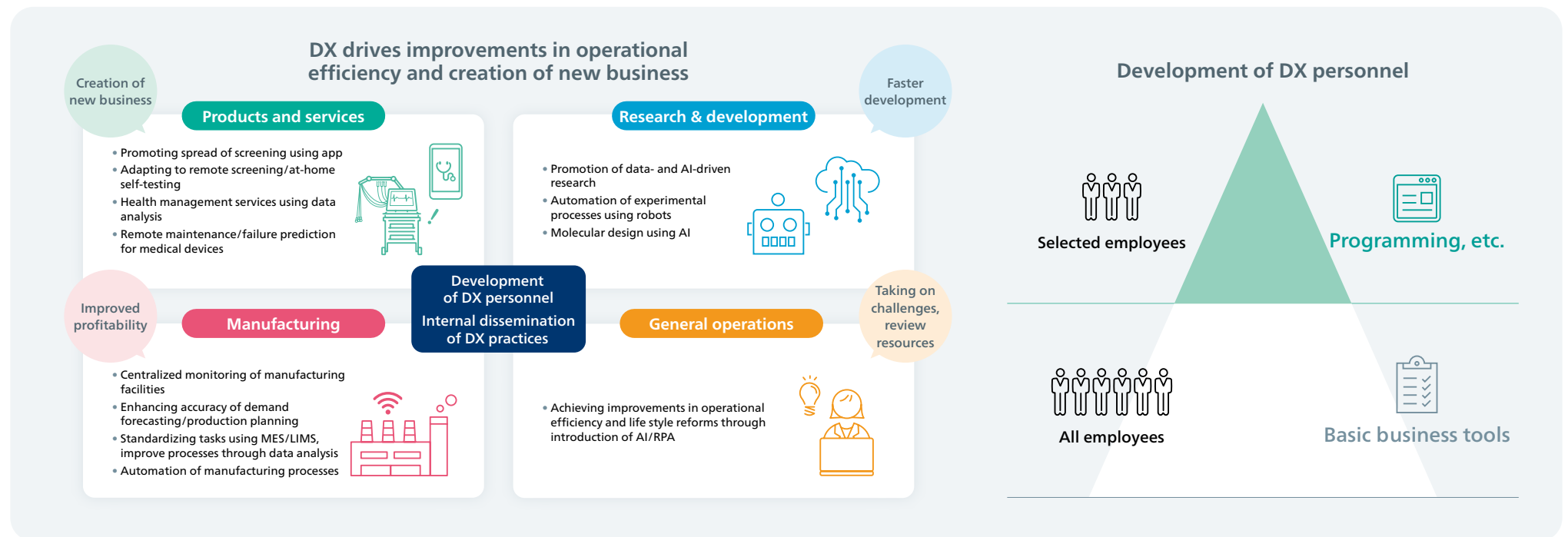
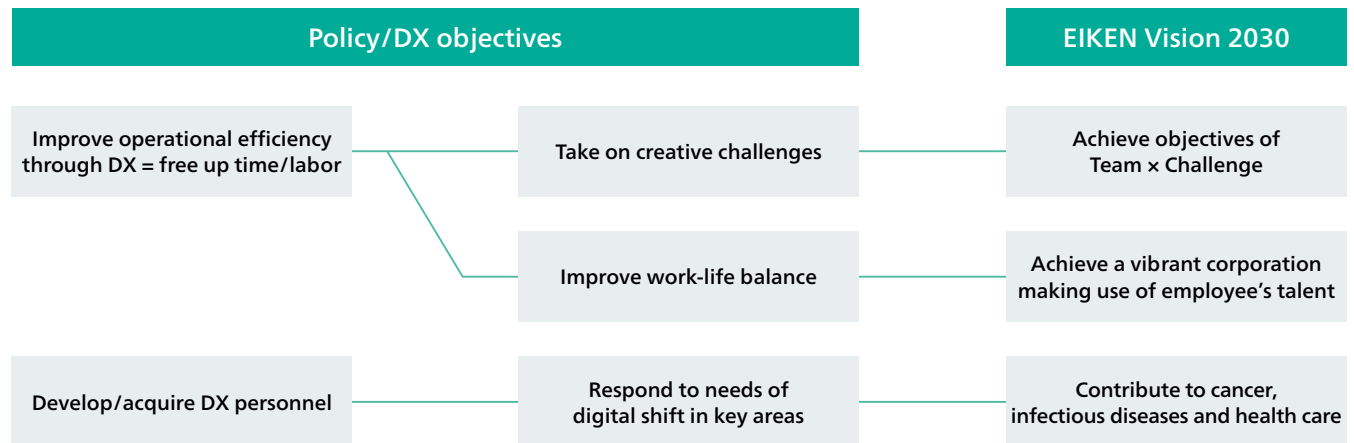
We are already implementing advanced medical care centered on NEJSG^{*2} participating facilities (20 facilities) Going forward, we will expand sales to other NEJSG participating facilities (about 200 facilities), in the form of contract and concentrated testing at the EIKEN Clinical Laboratory.

^{*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.

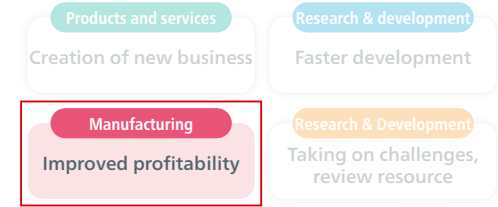


Close up Manufacturing

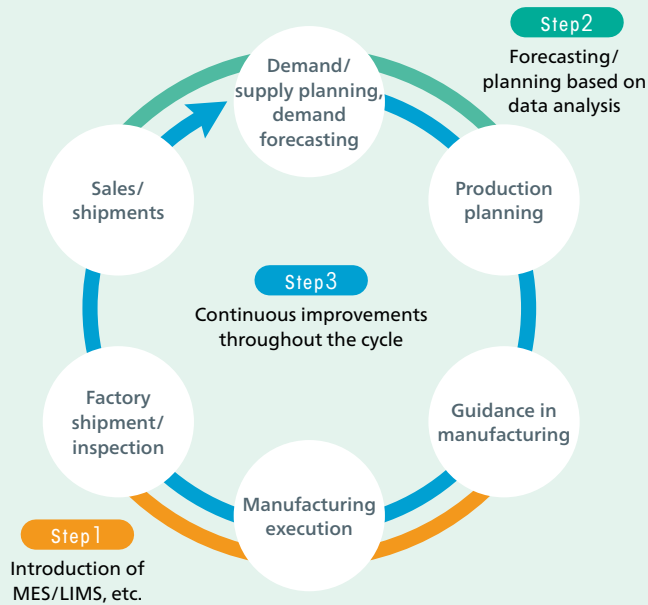
Feed back results of data analysis with the objective of improving profitability

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.

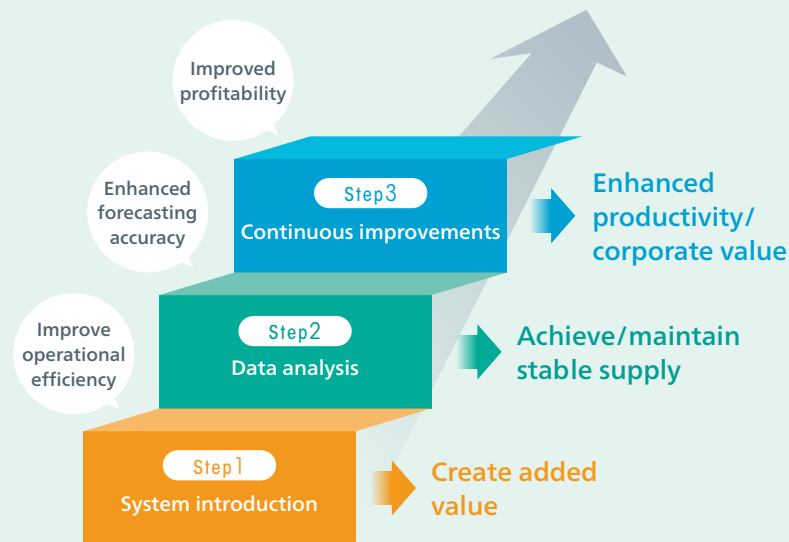
Using the time freed up by efficiency improvements for data analysis, we aim to enhance the accuracy of demand forecasting and production planning, reduce waste, and improve profitability.



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.

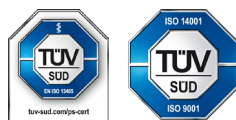
Quality policy

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.

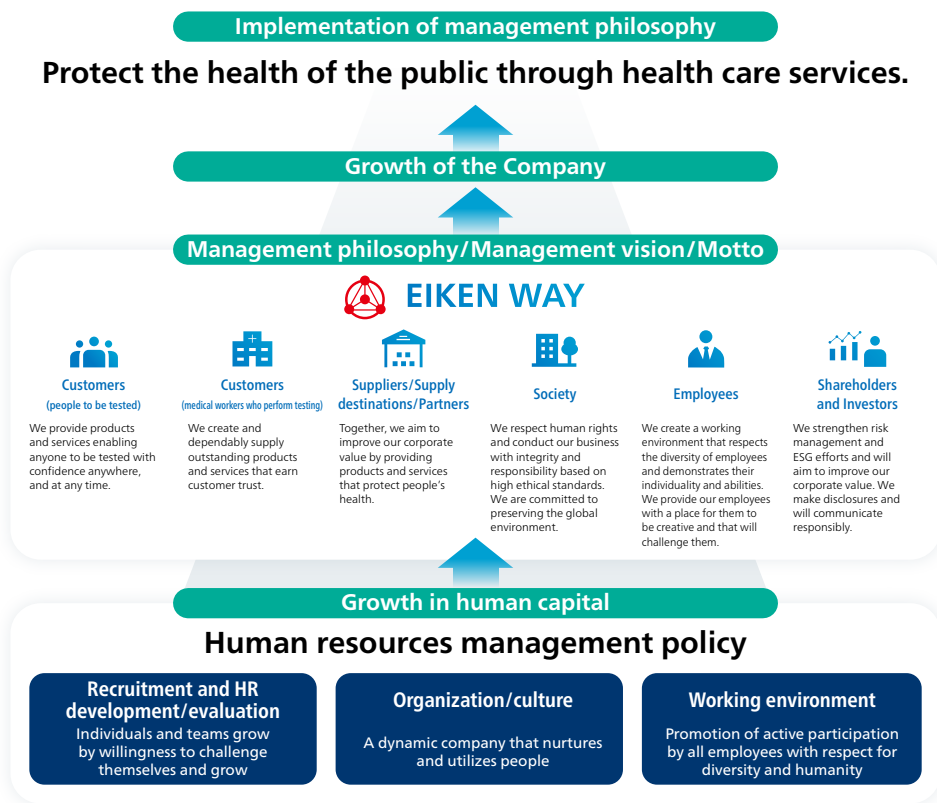
<https://www.eiken.co.jp/en/sustainability/environment/weather/>

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.

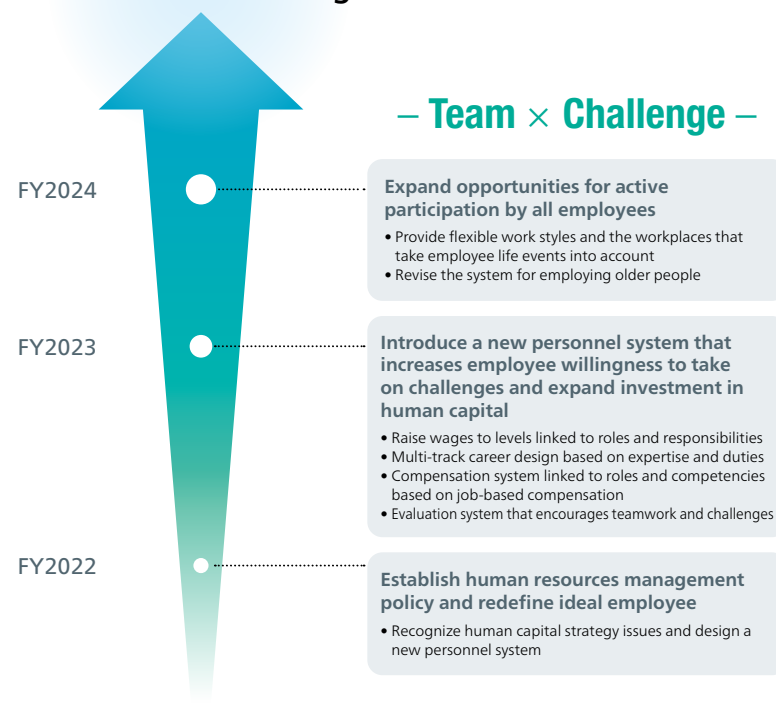


Human capital strategy roadmap

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.

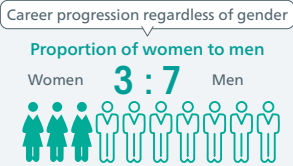
Diversity & inclusion

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.



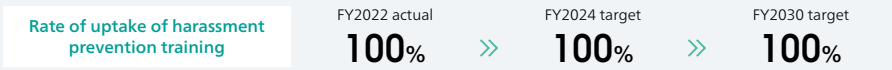
Materialities and KPIs



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*

FY2022 actual	FY2024 target	FY2030 target
1,875h	1,870h	1,635h

Rate of uptake of annual paid leave per full-time employee

FY2022 actual	FY2024 target	FY2030 target
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)

FY2022 actual	FY2024 target	FY2030 target
100%	100%	100%

Rate of uptake of childcare leave (men)*

FY2022 actual	FY2024 target	FY2030 target
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

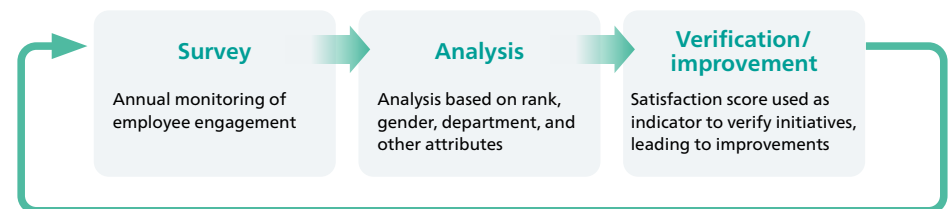
FY2022 actual	FY2024 target	FY2030 target
99.8%	100%	100%

Number of industrial accidents (including those while commuting)

FY2022 actual	FY2024 target	FY2030 target
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%**

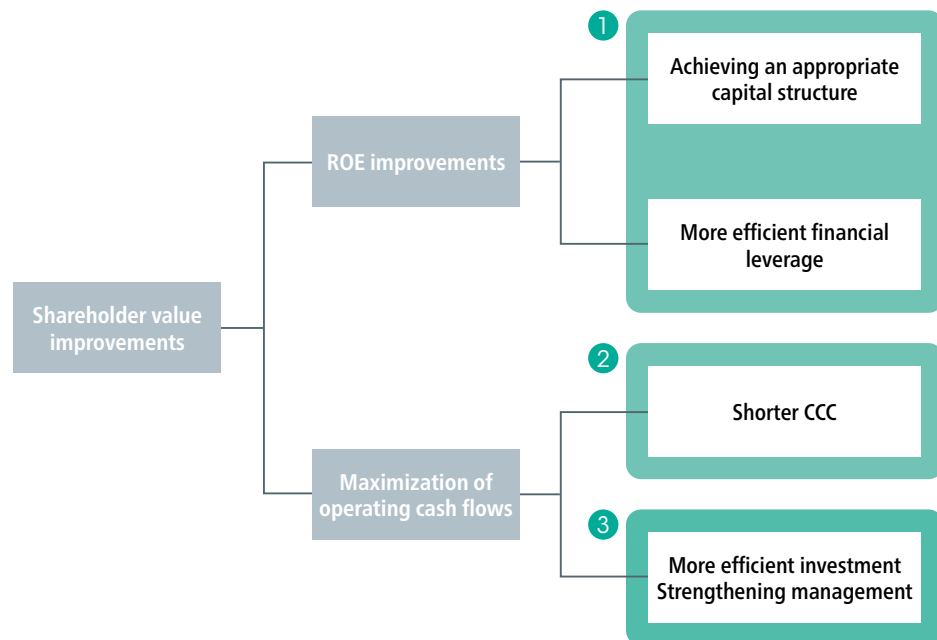
*Rate of implementation (response rate) for those major business partners in the upper 50% by transaction value for FY2022, in the upper 90% for FY2024, and in 100% in FY2030

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.

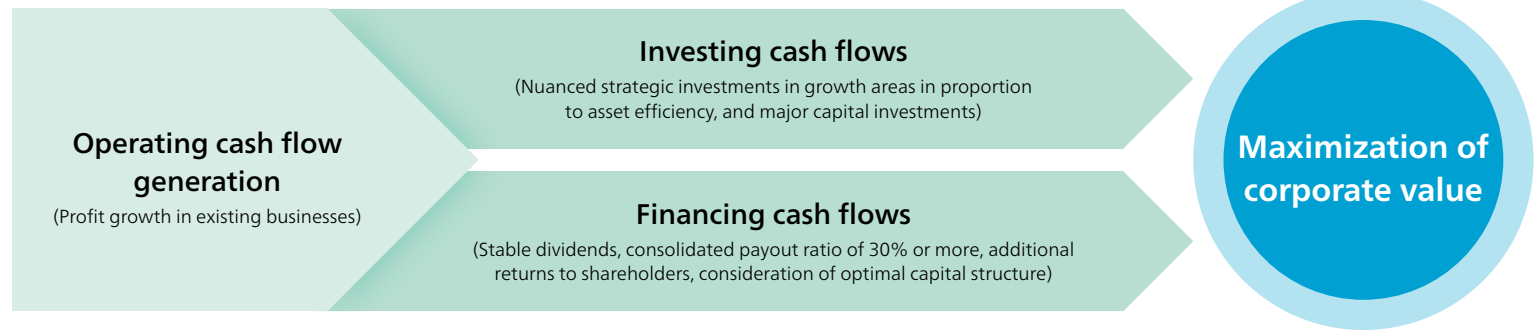


	FY2022 Results		FY2030 Targets
ROE	12.1%	»»	15% or more
Operating profit margin	17.2%	»»	20% or more
CCC	120 days»»	50 days

- 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.

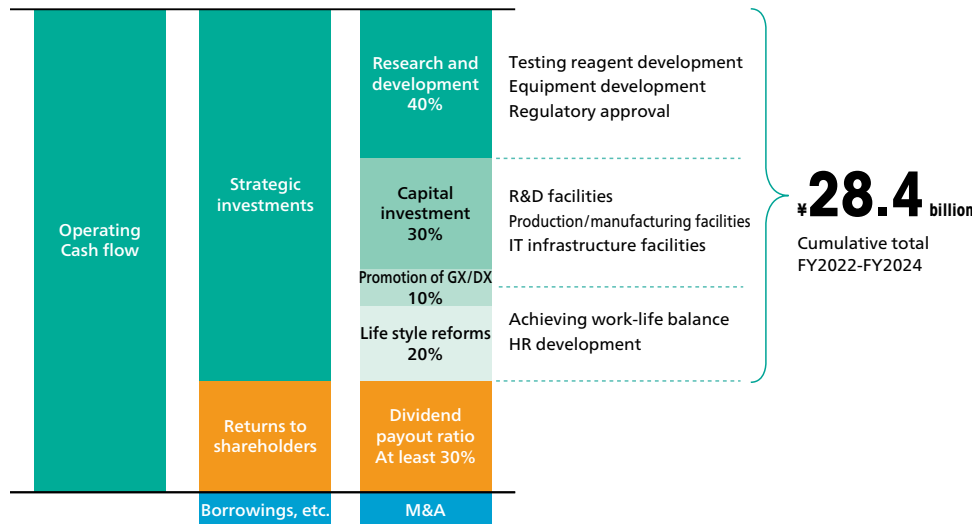
Cash flow strategy

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.



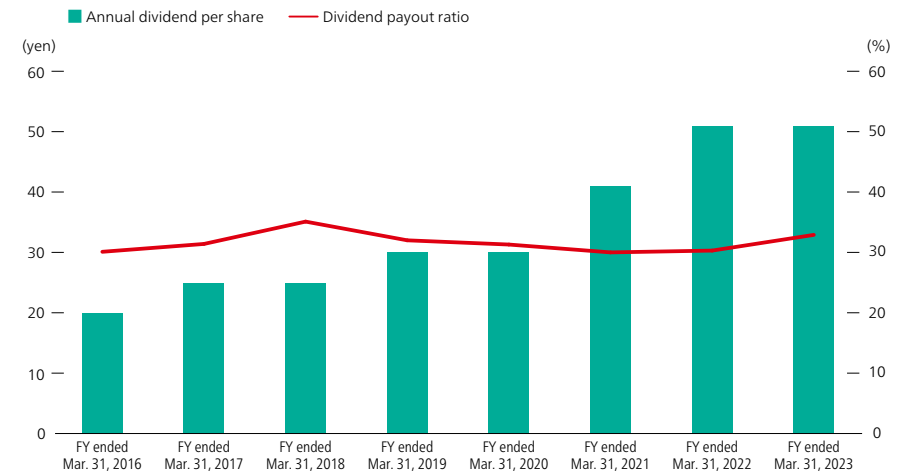
Investment strategy

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.

03

Corporate Governance

As a company that protects the health of people around the world, the Eiken Group practices compliance activities to achieve harmony between fair and appropriate management on the one hand and the demands of society on the other. By accurately recognizing, assessing and coping with the risks that can impede the enforcement of management philosophy or the improvement in the corporate value, the Eiken Group fulfills the social responsibility as a company, and implement strengthening and improvement of its corporate governance system.

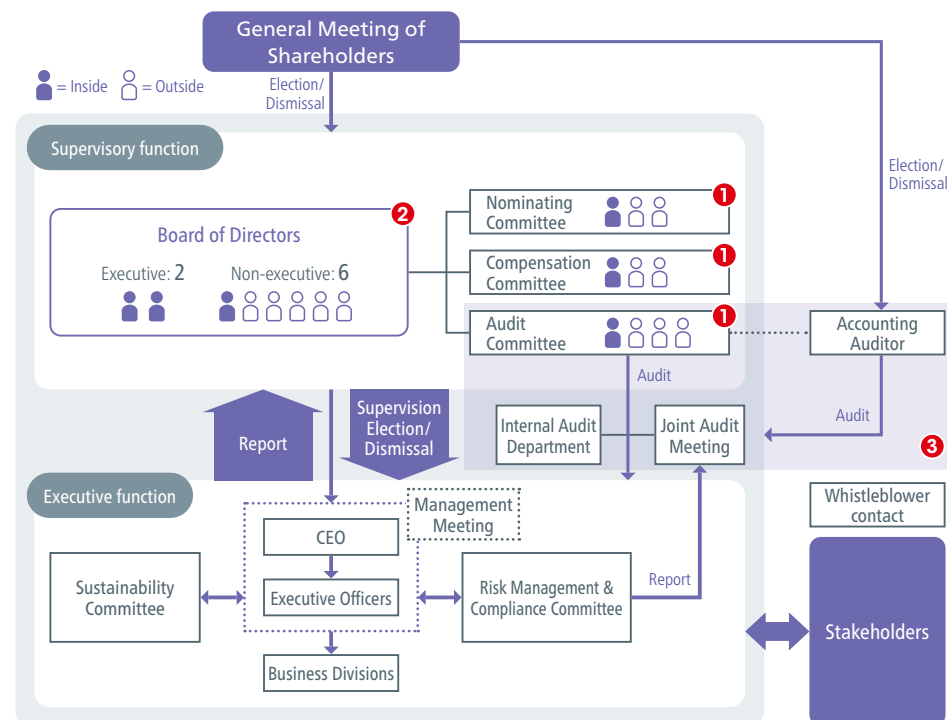


Basic Policy on Corporate Governance

Eiken Chemical recognizes that enhancing corporate governance with a strong focus on the shareholders' perspective is one of its most important management issues, for the purposes of enhancing management soundness, speed and transparency and improving corporate value, and carries out activities to these ends. For this reason, the Company is organized as a "company with nominating and other committees," maintaining separation of the executive and supervisory functions of management. Important matters related to basic management policy are decided through the deliberations of the Board of Directors, while execution of business is conducted swiftly and smoothly based on in-house rules and regulations and through an appropriate chain of instruction and command.

	Roles	Number of meetings (FY ended Mar. 31, 2023)
Board of Directors	Delegates occupational authority within the scope of laws and regulations to the Executive Officers, and focuses on making decisions on important matters related to basic management policies such as the medium-term management plan and management policies, and supervising the status of business execution.	15
Nominating Committee	Determines the content and other matters related to proposals for the election and dismissal of Directors to be submitted to the General Meeting of Shareholders, in light of the standards for nomination and dismissal of Directors.	7
Compensation Committee	Determines policies for the determination of individual compensation for Directors and Executive Officers, as well as individual compensation.	9
Audit Committee	Determines matters related to basic policies and implementation plans for audits and the content and other matters related to proposals for the election and dismissal of the Accounting Auditor and the non-reappointment of the Accounting Auditor to be submitted to the General Meeting of Shareholders.	7

Corporate governance structure (as of June 30, 2023)



Point 1
Transparency of management

Transitioned to a company structure with committees (now referred to as company with nominating and other committees) in 2005

- Three committees have been established
- The three committees are chaired by **Outside Directors**
- Separation of supervision and execution

Point 2
Independence of Board of Directors

Outside Directors have accounted for the majority of the Board since 2015

- Five of the eight Directors are independent Outside Directors
- Chaired by a **Director not serving concurrently as an Executive Officer**
- The three committee chairpersons are **Outside Directors**
- **Evaluations of effectiveness are conducted**

Point 3
Effectiveness of audit

- Holds joint audit meetings between the Audit Committee, Internal Audit Department, and various other departments
- The Audit Committee holds periodic reviews with the Accounting Auditor

Approach to Composition of Board of Directors/Diversity of Skills

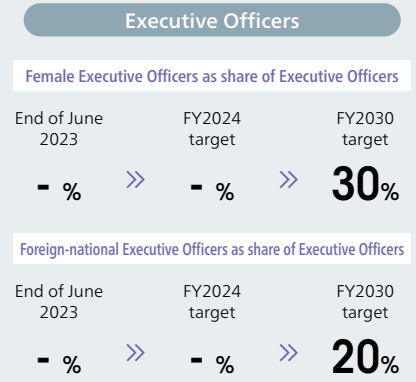
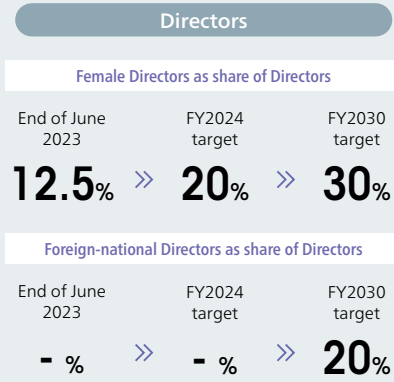
The composition of the Board of Directors of Eiken Chemical is well balanced in terms of knowledge, skills and experience in global business and sustainability, as required to achieve the Company's management policy and management plans based on the management vision. Its members were selected with an emphasis on diversity, including diversity of gender, nationality, professional background and age. Nominees for Inside Director are chosen for their ability to fulfill the roles of deciding important matters of corporate management and supervision of Executive Officers in the execution of their duties. Outside Directors are nominated for highly specialized knowledge, skills and abundance of experience that cannot be obtained from Inside Directors alone. Each Director is expected to leverage his or her capabilities born of experience to maximum effect to decide important matters of basic management policy and supervise the execution of duties. The Board of Directors appoints Executive Officers in consideration of executive-officer selection criteria, following consultation with the Nominating Committee regarding each candidate.



For details of the standards for nomination of Directors, the standards for the independence of Outside Directors, and the reasons for nominating each candidate, please refer to the Annual Securities Report. https://www.eiken.co.jp/uploads/85th_AnnualSecuritiesReport.pdf

Materialities and KPIs

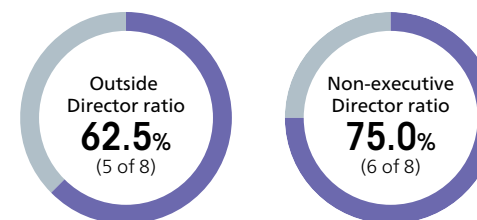
Promoting executive diversity



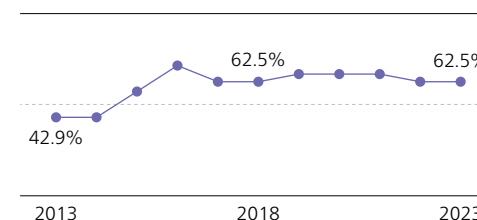
	Committee affiliation	Skill matrix								
		Nominating Committee	Compensation Committee	Audit Committee	Corporate management	Global business	Technology/Innovation	Production/SCM	Finance/Accounting	Law/Risk management
Chairman and Director	Morifumi Wada			○	●	●		●		
Director, President & CEO	Tsugunori Notomi	○	○		●		●	●		
Director, Senior Vice President and Executive Officer	Hajime Watari				●	●			●	●
Independent Outside Director	Yukiya Hakozaiki	○					●			
Independent Outside Director	Kiyoshi Ishii	Chairperson	○		●		●	●		
Independent Outside Director	Kiyomi Nakamura			Chairperson						●
Independent Outside Director	Akira Fujiyoshi		Chairperson	○	●		●			●
Independent Outside Director	Naoki Matsutake			○					●	●

*1 The skill matrix indicates the specialization, experience, etc. expected of each Director.
 *2 In addition to providing specialization, experience and so forth, all Directors are expected to manage with focus on sustainability.
 *3 Morifumi Wada does not serve concurrently as Executive Officer.

Composition of the Board of Directors



Change in Outside Director Ratio over Time



*Each data point represents the status at the conclusion of the General Meeting of Shareholders for each year.

Evaluation of the Effectiveness of the Board of Directors

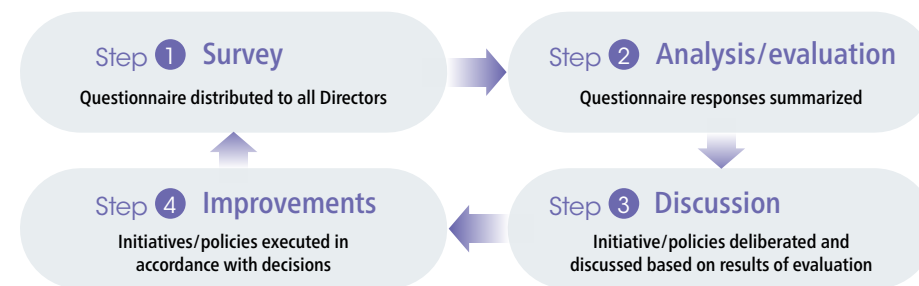
With the aim of obtaining objective confirmation that the Board of Directors is functioning appropriately and being managed effectively, as well as bringing about improvements as required in issues raised, the Company has conducted an analysis and evaluation of the effectiveness of the Board of Directors, an overview of which is presented here.

Evaluation method

All Directors are requested to fill in the questionnaire by using their name and commenting freely.

Main questionnaire items

- (1) Composition of Board of Directors
- (2) Management of Board of Directors
- (3) Status of monitoring/supervision, etc. of Board of Directors



Overview of FY ended Mar. 31, 2023 evaluation of effectiveness

The following findings show that the Board of Directors is functioning appropriately and is fully effective.

- (1) The proportions of Inside and Outside Directors on the Board of Directors as it is currently constituted are appropriate, and there is a good balance of experience and knowledge.
- (2) Improvements are being made to materials for the Board of Directors and to the content of explanations provided, both of which were raised as issues.
- (3) Standardized information on business execution is now provided sufficiently.

Issues outstanding and future initiatives

In order to increase the effectiveness of discussions, we will provide opportunities to provide information and to deliberate agenda items hitherto insufficient, such as information related to production and research sites to which visits have not been possible as a result of COVID-19, and sustainability management initiatives.

Corporate governance initiatives undertaken in the past

2001-2005

- 2001**
 - Complete revision to the Business Code of Conduct
- 2002**
 - Launch of the whistleblower system
- 2003**
 - Compliance Committee established
- 2005**
 - Transitioned to a company structure with committees (now referred to as company with nominating and other committees)

2006-2010

- 2007**
 - Beginning of performance-based pay (stock options)
- 2009**
 - EIKEN WAY established
 - EIKEN ROAD MAP 2009 established
 - Risk Management & Compliance Committee established

2011-2015

- 2015**
 - Basic policy on corporate governance
 - Standards for the Independence of Outside Directors
 - Outside Directors account for majority of Board of Directors
 - Training/facilities inspections provided to Outside Directors

2016-2020

- 2016**
 - Evaluations of the effectiveness of the Board of Directors begin
- 2018**
 - Standards for Nomination of Directors
 - Global Code of Conduct established
- 2019**
 - EIKEN ROAD MAP 2019 established
- 2020**
 - Initiation of discussions between Outside Directors and Executive Officers

2021-

- 2021**
 - Director skill matrix presented
- 2022**
 - EIKEN ROAD MAP 2030 formulated
 - Sustainability Committee established

Executive Remuneration

Basic policy

Eiken Chemical is organized as a company with nominating and other committees. The Company determines remuneration for Directors and Executive Officers on an individual basis in accordance with the resolutions of the Compensation Committee, a majority of whose members are Outside Directors. To incentivize executives to bolster the Company's business results and contribute to shareholder value, the criteria for determining remuneration are decided in consideration of each executive's responsibilities based on factors such as rank and executive duties, the Company's business results, the management environment and industry norms.

The amount of remuneration, etc. paid to executives of the Company in FY2022 was fully discussed and decided at a meeting of the Compensation Committee held on June 17, 2022.

Specific policies

Remuneration for Directors and Executive Officers up to FY2022 consisted of fixed pay, performance-based pay, and share-based remuneration stock options. In FY2023 the Company will introduce "remuneration through transfer-restricted shares" instead of the previous stock options with the objective of aligning the perspectives of Directors (excluding Outside Directors) and Executive Officers with those of shareholders over the long term, and thus raising the awareness of sustainable increases in shareholder value and corporate value.

The specific details are as follows. For Outside Directors, whose position is independent of business performance, pay is not lined to performance and consists of fixed pay only.

Compensation structure (FY2023 onward)

Type		Those eligible			Payment method	Purpose	Overview	Reflects assessment of individual
		Outside Directors	Directors other than Outside Directors	Executive Officers				
Fixed	Fixed pay	●	●	●	Cash	• Fixed consideration for duties performed	• A certain amount paid monthly in accordance with the rank and details of the duties of each Director or Executive Officer	No
Variable	Performance-based pay	No	No	●	Cash	• Incentive to achieve sustainable improvements in business results • Encourages specific initiatives aimed at rebuilding the business foundation and achieving sustainability targets	• Total amount decided through an evaluation of the extent to which targets for consolidated net sales and operating profit have been achieved for the fiscal year in question, of the extent of year-on-year improvement, and of ROE, which is a focus management indicator for the Company • Executive Officers are assessed on the extent to which they achieve individual targets set for their areas of responsibility, with additional evaluation criteria that include the extent to which they achieve strategic targets for sustainable growth that cannot be measured in terms of financial performance figures	Yes
	Remuneration through transfer-restricted shares	No	●	●	Shares	• Clarification of the link between remuneration, and business results and shareholder value • Improvements in corporate value, sharing of the risk/returns experienced by shareholders	• Common shares allotted in accordance with the rank of the individual and details of their duties	No

Evaluation indicators for performance-based pay

Evaluation indicator	FY2021		FY2022	
	Targets	Results	Targets	Results
Consolidated net sales (Million yen)	40,400	42,996	40,000	43,271
Consolidated operating profit (Million yen)	6,370	8,387	4,540	7,457
ROE (%)	11.5	14.3	7.8	12.1

Total amount of remuneration, etc. for FY2022 (based on the compensation structure before changes)

Executive category	Total remuneration (Million yen)	Amount by type of remuneration (Million yen)				Number of executives of each type
		Fixed pay	Performance-based pay	Stock options	Of which non-monetary remuneration, etc.	
Directors (excluding Outside Directors)	26	26	–	–	–	3
Executive Officers	308	115	129	63	63	11
Outside Directors	54	54	–	–	–	6

*1 For the three Executive Officers serving concurrently as Directors, the remuneration amount was categorized into remuneration as Director and remuneration as Executive Officer, before being included in the respective amounts for remuneration.

*2 The amount paid to Executive Officers does not include the portion of employee salary paid to those who work concurrently as employees.

*3 The total amount of non-monetary remuneration for Executive Officers includes ¥63 million in expenses for share-based remuneration stock options.

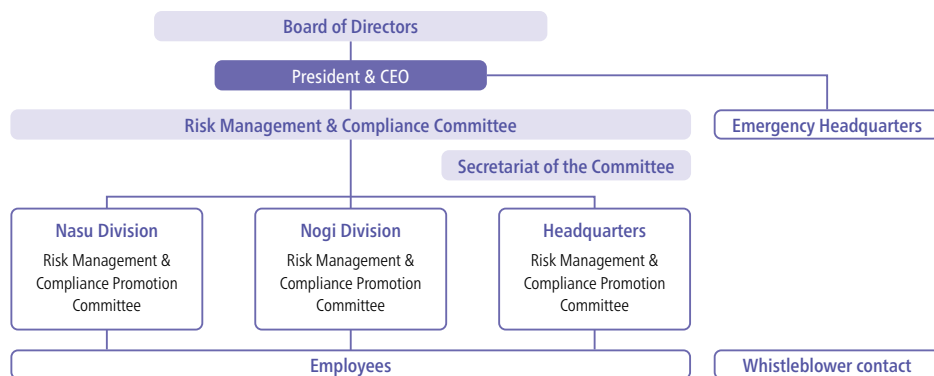
Compliance/Risk Management

Compliance/risk management structure

The Eiken Group has established a Compliance Policy, Risk Management Policy, and a Eiken Group Global Code of Conduct as a code of behavior based on social norms. A Risk Management & Compliance Committee with members drawn from Executive Officers has been set up, underneath which has been established at each division a Risk Management & Compliance Promotion Committee which promotes compliance activities as well as identifying and managing risks.

The Eiken Group has also set up contact points for whistleblower reports to respond to reports from employees and offer advice. In addition, external reports and requests for advice can be sent via the "Contact us" section of the Company's website.

EIKEN CHEMICAL CO., LTD.



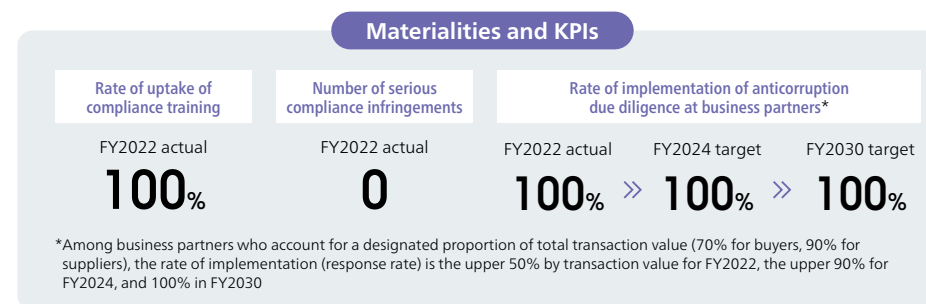
EIKEN CHINA CO., LTD.



For details of other policies related to compliance, please see the Company's website. <https://www.eiken.co.jp/en/sustainability/governance/compliance/>

Basic approach to compliance

Due to our involvement with life and the provision of products and services for protecting the health of people all over the world, the Eiken Group strives to achieve fair and appropriate management and maintain harmony with societal demands through the implementation of compliance activities.




Main initiatives for compliance activities (FY2022 actual)

	Month implemented	Details	Scope
Education and training			
Compliance program	May	Global Code of Conduct (human rights)	All employees
		Whistleblower system	All employees
	July	Pharmaceutical regulations (compliance with laws and regulations/domestic applications, etc.)	All employees/ Relevant departments
	August	knowledge of overseas legal systems/contracts	Relevant departments
	October	Fair competition rules	Relevant departments
	November	Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors	Relevant departments
	December	Harassment prevention	All employees
	January	Information management	All employees
General	As required	Training for newly joined employees/mid-career hires	Newly joined employees
	April-June	Regular checking of regulations	Department responsible
Other			
Raising awareness/ disseminating	Monthly	Issuing of "Compliance Newsletter"	
	April	Issuing of materials, etc. to explain compliance policy	
Monitoring/surveying	August	Employee satisfaction surveys	All employees
	November	Compliance awareness surveys	All employees

Compliance/Risk Management

Basic approach to risk management

By accurately recognizing, assessing and coping with the risks that can impede the enforcement of management philosophy or the improvement in the corporate value, the Eiken Group fulfills the social responsibility as a company, and implement strengthening and improvement of its corporate governance system.

 For details of other policies related to risk management, please see the Company's website.
https://www.eiken.co.jp/en/sustainability/governance/risk_management/

Materialities and KPIs

Number of BCP (Business Continuity Plan) training sessions

FY2022 actual* FY2024 target FY2030 target

1 >> **1** >> **2**

*Division power failure response training

Number of information security management training sessions

FY2022 actual* FY2024 target FY2030 target

5 >> **3** >> **4**

*Information management training sessions, 2 targeted email attack training sessions, and 2 safety confirmation system training sessions

Main business risks that could affect financial position or operating results

Item	Hypothetical risks	Response
Overseas operations	<ul style="list-style-type: none"> Delays in regulatory approval or delays, interruptions, or suspensions of colorectal cancer screening programs caused by changes in the economy and business conditions of countries or regions, pandemics, geopolitical risks, and other factors Delays in recovering investments in EIKEN CHINA CO., LTD., which is the overseas consolidated subsidiary of the Company, due to changes in the market environment and delays in the progress of the business, etc. 	In addition to gathering and analyzing information about the global market (primarily through the Overseas Planning and Sales Office) in order to plan, draft proposals, and promote business in such a way as to reflect the trends in various countries, the Eiken Group works to strengthen its global expansion through such measures as selection of appropriate sales agents. EIKEN CHINA CO., LTD. plays the central role in the Chinese business, and with support from Eiken's Chinese Business Division it works to plan, draft proposals for, and promote the business in order to improve operating results.
New businesses, products, and technologies	<ul style="list-style-type: none"> Delays in recovering investments and loss of opportunities for commercialization caused by delays or interruptions to research and development Weak sales resulting from mismatches, etc. caused by changing market trends 	The Eiken Group seeks to strengthen its planning and development of new businesses, products, and technologies based on medical needs and from a medium- to long-term perspective. To this end it has established strategies to address changes in the business environment in the EIKEN ROAD MAP 2030 and the Medium-Term Management Plan, and is strategically promoting new products and technologies, the progress of which is managed by the Management Meeting, the Board of Directors, and other entities.
Medical systems and pharmaceutical regulations, etc.	<ul style="list-style-type: none"> Impact on product prices and on the ways in which products are used, caused by changes in the medical systems and pharmaceutical regulations in various countries 	The Eiken Group sells its products in accordance with the pharmaceutical regulations, etc. of each country or region, makes efforts to quickly identify trends in the respective medical systems and pharmaceutical regulations, and seeks to respond appropriately and in a timely manner.
Stable supply of products	<ul style="list-style-type: none"> Damage to the plants or facilities of the Eiken Group or its suppliers caused by natural disasters such as a large-scale earthquake, wind or water damage, or major accidents such as fire Long-term suspension of operations caused by pandemics or geopolitical risks 	In addition to securing safe inventories of products in order to avoid such risks, the Eiken Group takes other measures such as procuring from multiple sources, in addition to which it has drawn up business continuity plans and works continuously to improve its ability to respond to such situations. The Company has also obtained certification as an Organization Contributing to National Resilience (Resilience Certification) from the Cabinet Secretariat National Resilience Promotion Office.
IT systems	<ul style="list-style-type: none"> Delays in responding to information technology innovation System failures/communication failures caused by accidents, etc. Failures or information leaks, etc. caused by computer viruses 	The Eiken Group has introduced various IT systems to enhance operational efficiency, and is working to improve its business processes. In addition to putting appropriate cyber security countermeasures in place, it has introduced measures to prevent leaks of information caused by carelessness through the implementation of a variety of educational and training programs, such as drills for responding to targeted email attacks.

Executives (Directors, Executive Officers) (As of June 27, 2023)

Director



Member of the Audit Committee

Morifumi Wada

Chairman and Director

1978 Joined the Company
2006 Executive Officer of the Company
2007 General Manager, Nogi Plant, and General Manager, Togane Plant, Production Division of the Company
2011 Vice President and Executive Officer of the Company
2012 General Manager, Sales Division of the Company
2014 President and CEO of the Company
2021 Chairman and CEO of the Company
2022 Chairman and Director of the Company (to present)
2023 Outside Director of ORGANO CORPORATION (to present)



Member of the Compensation Committee, Member of the Nominating Committee

Tsugunori Notomi

Director, President & CEO

1981 Joined the Company
2009 General Manager, Biochemical Research Laboratory, R&D Division of the Company
2018 General Manager, R&D Division of the Company
2020 General Manager, R&D Division, and General Manager, Production Division of the Company
2021 President & CEO of the Company (to present)



Hajime Watari

Director, Senior Vice President and Executive Officer

1985 Joined the Company
2013 General Manager, Strategic Planning & Business Development Department, Corporate Strategy Office of the Company
2014 General Manager, Overseas Sales Office, Sales Division of the Company
2015 Executive Officer of the Company
2016 General Manager, Global Sales & Business Development Division of the Company
2020 General Manager, Business Management Division, and General Manager, Global Business Division of the Company
2021 Vice President and Executive Officer of the Company
2022 Senior Vice President and Executive Officer of the Company (to present)



Outside Independent Member of the Compensation Committee, Member of the Nominating Committee

Yukiya Hakozaiki

Director

1983 Japan Self Defense Forces Fuji Hospital
1987 Medical Director Gastroenterological Medicine, Japan Self Defense Forces Central Hospital
1997 Section Chief, Research and Examination Department, General Manager, Endoscope Office, Japan Self Defense Forces Central Hospital
2000 Director, First Section, Department of Internal Medicine and Chief of Health Care Center, JSDF Hanshin Hospital
2004 Medical officer, Overseeing and Directing Department, JGSDF Western Army
2006 Head, Internal Medicine, First Section, Self Defense Forces Central Hospital (Medical treatment secretary)
2014 Retired
2015 Outside Director of the Company (to present)
2017 Visiting Professor, Tokyo Metropolitan University (to present)
2021 Advisor, Medical corporation Reiju medock General Examination Clinic



Outside Independent Chairperson of the Nominating Committee, Member of the Compensation Committee

Kiyoshi Ishii

Director

1977 Joined Ishikawajima-Harima Heavy Industries Co., Ltd. (currently IHI Corporation)
2005 Associate Director, Division Director, Defense System Business Division, Aero Engine & Space Business Headquarters, Ishikawajima-Harima Heavy Industries, Co., Ltd.
2007 Executive Officer, Vice President, Aero Engine & Space Business Headquarters, and Division Director, Defense System Business Division, Ishikawajima-Harima Heavy Industries Co., Ltd.
2008 Senior Managing Director, Ai Eichi Ai AEROSPACE Co., Ltd. (currently IHI AEROSPACE Co., Ltd.)
2012 Chairman, IHI AEROSPACE Co., Ltd. (part-time) President, and Chief Executive Officer, MEISEI ELECTRIC CO., LTD.
2019 Outside Director of the Company (to present)
2020 Outside Director, Kyowa Seiki Co., Ltd. (to present)



Outside Independent Chairperson of the Audit Committee

Kiyomi Nakamura

Director

1998 Registered as attorney-at-law
Joined Takao Ono Law Office (currently ONO SOGO LEGAL PROFESSION CORPORATION)
2008 Partner, Akitoshi Ishimoto Law Office
2019 Outside Director of the Company (to present)
2020 Outside Director, Nippon Beet Sugar Manufacturing Co., Ltd. (to present)
2022 Partner, HORIZON LAW OFFICE (to present)



Outside Independent Chairperson of the Compensation Committee, Member of the Audit Committee

Akira Fujiyoshi

Director

1976 Joined Eisai Co., Ltd. (R&D)
1988 Seconded to Eisai America, Inc., U.S. subsidiary of Eisai Co., Ltd.
1997 Seconded to Eisai Research Institute of Boston Inc., U.S. subsidiary of Eisai Co., Ltd.
2000 General Manager, Planning Group, Research and Development Planning Department of Eisai Co., Ltd.
2003 General Manager, IR Group, Public Relations Department of Eisai Co., Ltd.
2006 Corporate Officer in charge of Corporate Communications and IR of Eisai Co., Ltd.
2009 Director, Member of the Audit Committee of Eisai Co., Ltd.
2014 Adviser of Eisai Co., Ltd.
2017 Independent Director, SEMBA CORPORATION
2019 External Auditor & Supervisor, Heartseed Inc. (to present)
2020 Outside Director of the Company (to present)



Outside Independent Member of the Audit Committee

Naoki Matsutake

Director

1987 Registered as Certified Public Accountant
1993 Representative Director, Kazu Corporation Co., Ltd. (to present)
2003 Corporate Auditor, BP Castrol K.K.
2016 Outside Director (Audit and Supervisory Committee Member), BP Castrol K.K. (to present)
2023 Outside Director of the Company (to present)

Executive Officer

President & CEO

Tsugunori Notomi

Senior Vice President and Executive Officer

Hajime Watari

General Manager, Business Management Division

Vice President and Executive Officer

Naomichi Harada

General Manager, Sales Division

Hidetoshi Kanda

General Manager, R&D Division and General Manager, Fundamental Research Laboratory, R&D Division

Executive Officer

Shinya Sadamoto

General Manager, President's Office

Michitoshi Doi

General Manager, Production Division and General Manager, Production Management Office

Tetsuya Takahashi

General Manager, Sales Promotion Office, Sales Division

Yasuyoshi Mori

General Manager, Overseas Planning and Sales Office and General Manager, Chinese Business Division, Sales Division

Yuji Segawa

General Manager, Marketing Office, Sales Division

Hiroyasu Furuhashi

General Manager, Nogi Plant, Production Division and General Manager, Quality Assurance Office

Messages from Outside Directors

Chairperson of the Nominating Committee



As we work to achieve the EIKEN ROAD MAP 2030, we are making every effort to enhance corporate governance, which is the foundation of sustainable growth.

Kiyoshi Ishii

Chairperson of the Nominating Committee

Roles and views of the committee

The Nominating Committee consists of two Outside Directors and one Inside Director, for a total of three members, with Outside Director Kiyoshi Ishii serving as Chairperson. The Nominating Committee determines the content of proposals for the election and dismissal of Directors to be submitted to the General Meeting of Shareholders, based on the Standards for Nomination of Directors.

Outside Directors who are independent from business execution account for the majority of all Directors, and it is important to continue selecting appropriate Outside Directors going forward. When selecting candidates for Outside Director, we consider which individuals to select to ensure that the composition of Directors is balanced by taking neutrality and independence

fully into account, and by creating a skill matrix so that the Board of Directors can perform its supervisory function with access to diverse perspectives. With regard to the election or dismissal of the Chief Executive Officer, candidates are considered in advance by the Nominating Committee, and the results are put on the agenda of the Board of Directors. The provision of supervision and advice in selecting and developing a successor to the Chief Executive Officer has also been designated as an important mission of the Nominating Committee going forward. Through the activities described above, the Nominating Committee will strive to enhance corporate governance, which is the foundation of the sustainable growth of the Company.

Activities and outcomes in FY2022, and prospects and aspirations going forward

The Nominating Committee met seven times in FY2022, and the main outcomes of its activities were as follows.

The committee simulated the future appointment and retirement of Outside Directors, and based on the results, the committee partially revised the internal rules regarding the retirement age and term of office of Outside Directors, from the viewpoint of continuity of the Board of Directors and securing human resources. After confirming that there are no issues with the independence and neutrality of the candidate for new Outside Director and four candidates for reelection as Outside Directors for FY ending Mar. 31, 2024, and that they are well-balanced in terms of the skill matrix, the committee decided eight candidates for the Board of Directors, including the reelection of three Inside Directors. In addition to putting a candidate for Chief Executive Officer on the agenda of the Board of Directors, we exchanged opinions with the Board of Directors and the Chief Executive Officer regarding the selection and training of successor candidates for Chief Executive Officer.

With the objective of achieving further growth, the Company announced the EIKEN ROAD MAP 2030 in April 2022. Ultimately, it is people who will turn this plan into reality. We recognize that the most important element in achieving growth is the nurturing not only of a future Chief Executive Officer but also of a top management team that can drive this plan forward. However, due to the Company's past recruitment practices the composition by age is skewed, and I believe it will be important to discover personnel for management from among the mid-level and younger employee groups, which are relatively large. Also, as we have been focusing on nurturing highly specialized talents, I feel that there continue to be few educational opportunities for management personnel. Taking these issues into account, the Nominating Committee will actively supervise and offer advice on the development of the top management team through the use of educational activities, systematic rotation, and other measures.

Messages from Outside Directors

Chairperson of the Audit Committee



In order to enhance corporate value and justify the trust of society, we will forge ahead with audits to achieve even more robust governance.

Kiyomi Nakamura

Chairperson of the Audit Committee

Roles and views of the committee

The Audit Committee consists of three Outside Directors (one of which is a holder of a Certified Public Accountant qualification) and one Inside Director, for a total of four members. The committee determines matters related to basic policy and execution plans for audits, as well as the content of proposals and other matters related to the election or dismissal of the Accounting Auditor, or the non-reappointment of the Accounting Auditor, for submission to the General Meeting of Shareholders. In order to ensure the proper conduct of the operations by the Eiken Group, which is formed of the Company and its subsidiary, the Audit Committee also supervises the

internal control systems of each company and responds to related issues as appropriate. Members of the Audit Committee attend important meetings such as those of the Board of Directors in order to maintain an understanding of the state of business execution, and express their opinions as necessary. In addition, at Joint Audit Meetings (held four times in FY2022), it received reports from various departments to ensure the effectiveness of auditing. In order to assist in the duties of the Audit Committee, the Audit Committee Secretariat has been established, the work of which is performed by three individuals from the Internal Audit Department.

Activities and outcomes in FY2022, and prospects and aspirations going forward

The Audit Committee met seven times in FY2022. We confirmed that governance and risk management are functioning properly by receiving regular reports from the Business Management Division, Production Division, quality control departments, and other departments in accordance with the Joint Audit Meeting Rules, as well as through quarterly opinion exchanges with the Chief Executive Officer and information exchange with the Accounting Auditor.

In addition to verifying the economic rationale for important investment projects with the Internal Audit Department, which serves as the secretariat to the Audit Committee, we audited the development and operation of internal control systems, and conducted business audits. The Audit Committee also investigated and analyzed risks surrounding the business environment, shared information with executive departments and the Board of Directors, and endeavored to strengthen governance by confirming a system to respond immediately to the emergence of risks.

Going forward, the Audit Committee will continue to work in cooperation with the Internal Audit Department and the Accounting Auditor to further increase the effectiveness of audits and to improve the audit system, thus justifying the trust placed in us by society, and enhancing corporate value. Committee members will also continue to attend important meetings and express opinions as required, in order to maintain their understanding of the status of business execution, as well as ensuring the effectiveness of audits by receiving reports from various divisions at Joint Audit Meetings, and continuing to forge ahead with audits to achieve even more robust governance.

In order to advocate more vigorous governance as the Eiken Group seeks to move forward with global management, we believe we should strengthen the system from a global perspective, conducting audits that involve closer cooperation and enhanced information sharing between the Audit Committee and overseas divisions.

Messages from Outside Directors

Chairperson of the Compensation Committee



The committee will continuously work on improvements aimed at achieving the management framework “EIKEN ROAD MAP 2030” and the Medium-Term Management Plan.

Akira Fujiyoshi

Chairperson of the Compensation Committee

Roles and views of the committee

The Compensation Committee consists of two Outside Directors and one Inside Director, for a total of three members, with an Outside Director serving as Chairperson. The committee determines policies for remuneration of Directors and Executive Officers, as well as individual remuneration.

The committee decides Executive Officer remuneration, with the focus to incentivize them to bolster the Company's business results and further improvement to shareholder value, in consideration of each executive's level and responsibilities, the Company's business results, the management environment and social standards. The current remuneration structure for Executive Officers consists of fixed pay, performance-based pay, and stock options, while Outside Directors receive only fixed pay. The business environment in which the Company operates has become increasingly difficult due to the transformation of social activities resulting from the spread of COVID-19, and

the human resources that will be the driving force to overcome these challenges and achieve continuous growth are becoming increasingly important. The committee recognizes that there is a constant need to develop candidates for the next generation of Executive Officers and to make the executive remuneration structure attractive among competitive human resources market.

From FY2023 onward, the committee will make continuous improvements in remuneration structure to make it more competitive and to encourage Executives' proactive efforts in changing Company's business by fair evaluation of their achievements. The Company has been engaging with sustainability management more closely since FY2021. We will also consider appropriately reflecting in remuneration the results of activities aimed at achieving sustainability management targets.

Activities and outcomes in FY2022, and prospects and aspirations going forward

In FY2022, the Compensation Committee met nine times and focused on two key themes.

a Changing from stock options to restricted stock

The committee has been continuously investigating better remuneration structures for aligning Executive Officers' perspective with that of shareholders on raising share price and corporate value other than under the stock option plan, and has resolved to replace the stock options with restricted stock. The change is in effect from FY2023.

b Improvements to setting objectives of Executive Officers and evaluation process

The committee believe that the objectives set by the Executive Officers should not be limited to those to be achieved in a

single fiscal year, but should be objectives for the realization of the management framework “EIKEN ROAD MAP 2030” and the achievement of the Medium-Term Management Plan. Therefore, the committee decided to clarify medium- and long-term objectives, predominantly focused on necessary reform in operation, that should be addressed by Executive Officers. With regard to evaluations, the committee has put in place a process for determining performance-based pay, whereby evaluations by the Board of Directors will be conducted in addition to self-assessments by Executive Officers. The final assessment is made by the Compensation Committee. The revisions are intended to raise the motivation of Executive Officers to work toward medium- to long-term reforms and to provide rewards based on the results of their efforts.



04 Our Profile

Eiken Chemical was founded in 1939, and it has contributed to public health and the control of communicable diseases in Japan ever since through the development of bacteria examination reagents (culture media) for infectious diseases. In various fields such as urinalysis, clinical chemistry, immunological, serological, and genetic examinations, it has developed the clinical examination reagents, medical equipment, and systems needed for medical care in each successive era, contributing to the advancement of medical care and improvement of people's health.

Eiken Chemical's Businesses

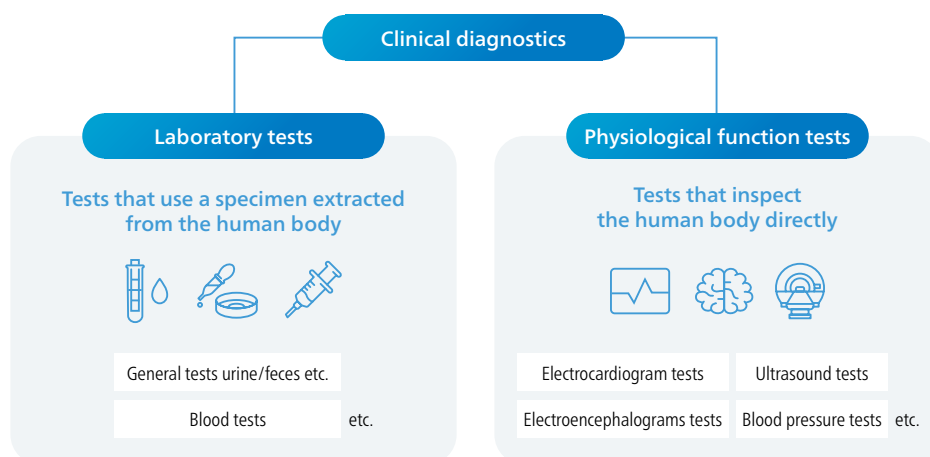
Overview of business

Manufacture and sale of pharmaceuticals, reagents, and medical, physical, and chemical machinery and equipment, as well as the import and export for sale of the same. Our products are a familiar part of life for everybody from babies to senior citizens.

Business domains

Clinical diagnostics

Clinical diagnostics are a kind of test used in diagnosis, treatment, and screening of disease, and can be categorized into laboratory tests and physiological function tests. As a comprehensive manufacturer of clinical diagnostics, Eiken Chemical responds to the needs of the most advanced medicine through the research and development, manufacturing and sales of products and services that cover a wide range of laboratory tests.



Testing of food and environment

Eiken Chemical manufactures and sells reagents of microbiological tests for food poisoning bacteria and for environmental inspection to measure contamination of work environments, and sells testing tools and devices.

Clinical diagnostics market

Domestic market

¥ **729.3** billion
(FY2021; source:
survey by the Japan Association
of Clinical Reagents Industries)

Annual growth
of **2%**
forecast

The size of the clinical diagnostics market was approximately ¥729.3 billion in FY2021. In order to control medical expenses, governments are strengthening their promotion of preventive health care, such as by increasing the rate of uptake for Specific Health Checkups and cancer screening, and the volume of clinical diagnostics is projected to increase going forward. Over the medium term, the market is forecast to trend gently upwards at an annual rate of about 2%.

Global market

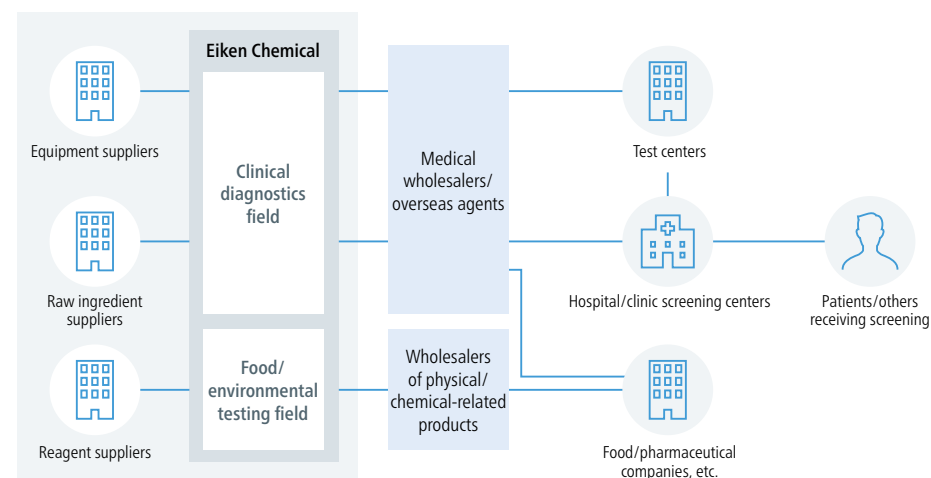
US\$ **98.2** billion
(FY2021)
(Report Code: MD3609)

Annual growth of
approx. **3%**
forecast
(average 2021-2026)

The size of the global market for clinical diagnostics was approximately US\$98.2 billion in FY2021. The market itself is enormous, at more than ten times the size of that of Japan, and is expected to grow at an annual rate of more than 3% due to increases in medical examinations driven by the aging populations in advanced countries, and the economic growth and expansion of medical demand in developing countries.

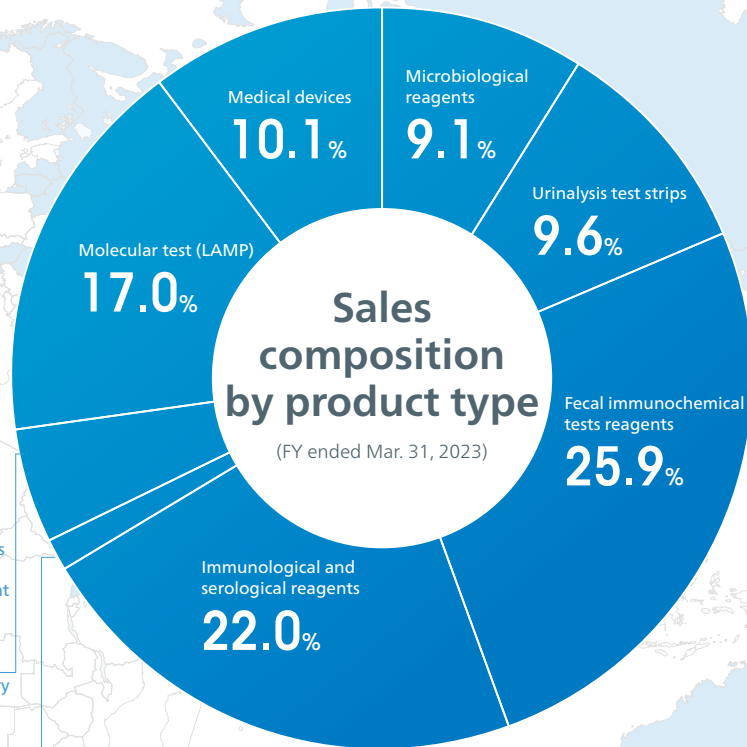
Business model

Comprehensive manufacturer of clinical diagnostics



Main Products and Services

As a comprehensive manufacturer of clinical diagnostics, the Eiken Group offers a broad lineup of products and services.



Microbiological reagents

Test reagents that are useful in the diagnosis and treatment of microorganism infections, such as cultures for bacteria testing, rapid test reagents, and reagents for drug sensitivity testing.



Urinalysis test strips

Test reagents such as urine analysis test strips for detecting various items in urine, such as urobilinogen, occult blood, protein, and glucose.



Fecal immunochemical tests reagents

Test reagents used to detect occult blood in feces for colorectal cancer screening (primary testing).



Immunological and serological reagents

Measurement of infectious diseases, rheumatism, hormones, and tumor markers. Test reagents for neonatal metabolic disorders, gastric cancer risk assessment test (ABC risk classification), and others.



Clinical chemistry test reagents

Test reagents for automated analyzers used to measure biological components in blood serum and urine, primarily for test items that are of interest for their association with lifestyle-related diseases.



Equipment/culture mediums related to food and environment

Reagents of microbiological tests for food poisoning bacteria and for environmental inspection to measure contamination of work environments, as well as tools and devices for such tests.



Molecular test (LAMP)

Genetic testing products using Eiken Chemical's unique LAMP method technology to test for infectious diseases such as COVID-19 and tuberculosis. We are rolling it out into a wide range of fields, including food and environment.



Medical devices

Various types of automated analyzers that use our in-house reagents for a variety of tests.

Financial Highlights

		FY ended Mar. 31, 2018	FY ended Mar. 31, 2019	FY ended Mar. 31, 2020	FY ended Mar. 31, 2021	FY ended Mar. 31, 2022	FY ended Mar. 31, 2023
Net sales	Million yen	34,991	35,761	36,585	38,667	42,996	43,271
of which overseas sales	Million yen	5,405	6,070	7,040	6,895	8,868	8,797
Gross profit	Million yen	14,701	15,692	16,229	18,529	20,564	20,506
Operating profit	Million yen	3,478	4,611	4,622	6,612	8,387	7,457
Ordinary profit	Million yen	3,549	4,681	4,723	6,808	8,508	7,568
Net profit attributable to owners of parent	Million yen	2,608	3,447	3,538	5,044	6,218	5,736
Total assets	Million yen	45,165	47,279	50,322	55,685	62,512	66,275
Net assets	Million yen	32,478	35,014	37,303	41,672	45,803	49,535
EBITDA (operating profit + depreciation and amortization)	Million yen	5,138	6,205	6,249	8,323	10,445	9,582
Research and development expenses	Million yen	3,238	2,904	3,333	3,086	3,408	4,065
Capital investment	Million yen	1,102	1,685	2,985	2,876	4,347	3,792
Depreciation	Million yen	1,660	1,594	1,627	1,711	2,058	2,125
Net cash (cash and deposits + short-term securities - interest-bearing debt)	Million yen	8,597	6,356	8,893	8,071	11,930	14,062
Cash flows from operating activities	Million yen	4,091	3,318	5,460	5,451	7,769	7,575
Cash flows from investing activities	Million yen	(3,250)	(4,435)	(3,711)	(2,193)	(5,044)	(316)
Cash flows from financing activities	Million yen	(1,175)	(1,083)	(1,220)	(1,275)	1,200	(2,095)
Cash and cash equivalents at end of period	Million yen	6,651	4,448	4,981	6,968	10,900	16,064
Operating profit to net sales ratio	%	9.9	12.9	12.6	17.1	19.5	17.2
Return on Equity (ROE)	%	8.3	10.3	9.9	12.9	14.3	12.1
Return on Assets (ROA)	%	5.8	7.5	7.3	9.5	10.5	8.9
Equity ratio	%	71.2	73.5	73.5	74.3	72.8	74.2
Earnings per share (EPS)	Yen	*71.21	93.63	95.95	136.65	168.28	155.17
Book value per share (BPS)	Yen	*877.35	942.37	1,002.86	1,120.36	1,230.55	1,327.47
Dividend payout ratio (consolidated)	%	35.1	32.0	31.3	30.0	30.3	32.9
Dividend per share	Yen	*25.00	30.00	30.00	41.00	51.00	51.00
Total number of issued shares at end of period	Shares	43,541,438	43,541,438	43,541,438	43,541,438	43,541,438	43,541,438
Number of treasury shares at end of period	Shares	6,902,222	6,659,650	6,659,760	6,611,071	6,576,861	6,512,625
Market capitalization	Billion yen	116.6	113.4	85.8	94.1	75.1	68.0
Number of employees at end of period (full-time employees + temporary employees on a consolidated basis)	Persons	1,016	1,040	1,053	1,087	1,105	1,106

*The Company conducted a two-for-one share split of its common shares with an effective date of April 1, 2018.
Figures for EPS, BPS, and dividend per share for FY ended Mar. 31, 2018 are calculated based on the assumption that the share split was conducted on April 1, 2017.

Non-Financial Highlights

			FY ended Mar. 31, 2018	FY ended Mar. 31, 2019	FY ended Mar. 31, 2020	FY ended Mar. 31, 2021	FY ended Mar. 31, 2022	FY ended Mar. 31, 2023
Environment	Greenhouse gas (GHG) emissions ◆1							
	Scope 1	t-CO ₂	2,120	1,989	1,934	2,070	2,016	1,945
	Scope 2	t-CO ₂	5,252	5,181	4,884	5,038	5,304	2,669
	Scope 3 *1	t-CO ₂	–	–	–	86,485	105,334	84,205
	Renewable energy used ◆4	MWh	70	76	70	61	62	6,871
	Water volume consumed ◆2	1,000 m ³	88.1	83.9	81.0	78.1	80.7	73.1
	Total waste generated ◆3 *2	t	426	384	438	429	464	517
	Material recycled ◆3	t	251	215	233	223	233	247
	Recycling ratio (including recovered energy) ◆3	%	58.9	50.6	60.7	59.4	58.8	54.7
Number of ecological proposals ◆4		Proposals	366	445	454	318	291	518
Society ◆4	Average age (Overall)	Years	43 years 0 months	42 years 7 months	42 years 6 months	42 years 4 months	42 years 3 months	42 years 5 months
	Average age (Men)	Years	44 years 0 months	43 years 5 months	43 years 2 months	42 years 10 months	42 years 7 months	42 years 5 months
	(Women)	Years	40 years 7 months	40 years 5 months	41 years 0 months	41 years 1 months	41 years 5 months	42 years 4 months
	Average years of service (Men)	Years	16 years 11 months	16 years 2 months	14 years 11 months	16 years 2 months	15 years 7 months	15 years 7 months
	(Women)	Years	16 years 0 months	16 years 1 month	16 years 6 months	16 years 9 months	16 years 10 months	17 years 7 months
	Women as share of all employees	%	27.3	29.0	29.4	29.7	30.3	29.2
	Percentage of managerial positions held by women (as of April each year) *3	%	10.7	12.2	14.6	16.9	16.2	13.8
	Female Directors as share of Directors	%	0.0	11.0	11.0	11.0	11.0	13.0
	Women as share of all hires	%	29.2	35.6	20.0	27.5	29.3	17.5
	Percentage of returning to work after childcare leave	%	100	100	100	100	100	100
	Employee turnover *4	%	0.9	0.9	2.0	1.7	2.0	2.7
	Average non-scheduled working hours per full-time employee per month	Hours	–	14.1	15.8	16.2	15.3	14.8
	Rate of uptake of EIKEN GLOBAL PROGRAM among employees *5	%	–	–	–	16.5	14.0	19.4
Employee satisfaction score	–	–	–	–	–	–	58.4	
Governance	Rate of uptake of antibribery training	%	–	–	–	–	96.8	100.0
	Number of serious noncompliance incidents *6	Cases	0	0	0	0	0	0

Scope 1 GHG emissions: GHG emitted directly from company facilities, plants, and vehicles

Scope 2 GHG emissions: GHG emitted indirectly by the company as a result of energy usage

Scope 3 GHG emissions: GHG emitted by the entire cluster of companies involved in a product or service (supply chain)

<Applicable scope>

◆1 Eiken Group: EIKEN CHEMICAL CO., LTD., EIKEN CHINA CO., LTD.

◆2 Eiken Group (production sites)

◆3 Eiken Group (headquarters/production sites/research facilities)

◆4 EIKEN CHEMICAL CO., LTD. only

*1 The Company calculates items within the scope in accordance with Scope 3 items based on the GHG protocol

*2 Total waste generated = general waste + industrial waste + recycled waste (including recovered energy)

*3 Managerial position: a post of section chief or higher

*4 Numerator = number of full-time employees leaving between April 1 of each year and March 31 of the following year

Denominator = calculated as number of full-time employees on April 1 each year

*5 Rate of uptake of EIKEN GLOBAL PROGRAM = number of those attending training each fiscal year ÷ number of employees for each fiscal year

*6 The total of material infringements of a country's competition laws, material infringements of the laws and regulations related to corruption, and material infringements in socioeconomic areas other than these

External Evaluation/Stock Information, Etc.

External evaluation

Inclusion in ESG indices



**FTSE Blossom
Japan Sector
Relative Index**

ESG-related third-party evaluations/ certifications/awards



CCC B BB BBB A AA AAA



健康経営優良法人
Health and productivity



プラチナくみん
子育てサポートしている企業



レジリエンス認証
事業継続能力評価認定
認定番号 E0000044



ESG優良企業
受賞企業

Initiatives endorsed or signed



TASK FORCE ON
CLIMATE-RELATED
FINANCIAL
DISCLOSURES



KIGALI
DECLARATION
ON NEGLECTED
TROPICAL
DISEASES

Company profile

Company name	EIKEN CHEMICAL CO., LTD.
Head office location	4-19-9 Taito, Taito-ku, Tokyo, 110-8408 Japan
Representative	Tsugunori Notomi, President & CEO
Founded	February 20, 1939
Share capital	6,897,730,000 yen (as of March 31, 2023)

Number of employees (full-time employees + temporary employees)	Non-consolidated: 1,047; Consolidated 1,106 (as of March 31, 2023)
Listed stock exchange	Tokyo Stock Exchange Prime Market
Securities code	4549
Year-end	March 31
Annual General Meeting of Shareholders	June

Shares information (as of March 31, 2023)

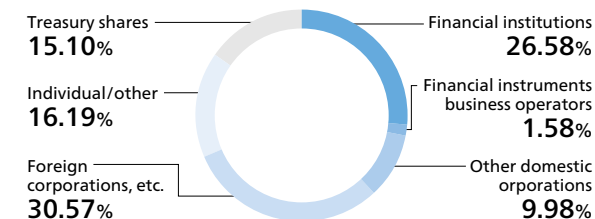
Total number of shares authorized to be issued	123,900,000 shares
Total number of issued shares (including treasury shares)	43,541,438 shares
Number of shares per unit	100 shares
Number of shareholders	8,892

Major shareholders

Shareholder name	Number of shares held (shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	5,139,500	13.88
Custody Bank of Japan, Ltd. (Trust account)	2,891,100	7.81
JPMorgan Chase Bank 385632	2,771,167	7.48
Otsuka Pharmaceutical Co., Ltd.	2,000,000	5.40
NORTHERN TRUST CO. (AVFC) RE THE HIGHCLERE INTERNATIONAL INVESTORS SMALLER COMPANIES FUND	1,303,200	3.52
The Dai-ichi Life Insurance Company, Limited	1,100,000	2.97
GOVERNMENT OF NORWAY	840,800	2.27
Nippon Life Insurance Company	799,200	2.16
VICTORY TRIVALENT INTERNATIONAL SMALL-CAP FUND	627,700	1.70
STATE STREET BANK AND TRUST COMPANY 505001	625,928	1.69

*The Company owns 6,512,625 treasury shares, but these are not included in the above list of the ten largest major shareholders.

Distribution of shares by type of holder



Change in share price

