

02

Our Strategy



Long-Term Vision & Medium-Term Management Plan	18
Sustainability	20
Business Environment and Strategy	21
Interview with Director	22
Medium-Term Management Plan Key Fields	25
Growth Strategy 1: Global Strategy	27
Growth Strategy 2: Research & Development	29
Growth Strategy 3: IT/Digital Strategy	33
Pursuing Quality	35
Growth Strategy 4: Business Activities in Harmony with the Global Environment ...	36
Growth Strategy 5: Human Capital Strategy	38
Value Chain Management	43
Growth Strategy 6: Financial Strategy	44

Long-Term Vision & Medium-Term Management Plan

EIKEN
Vision
2030

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

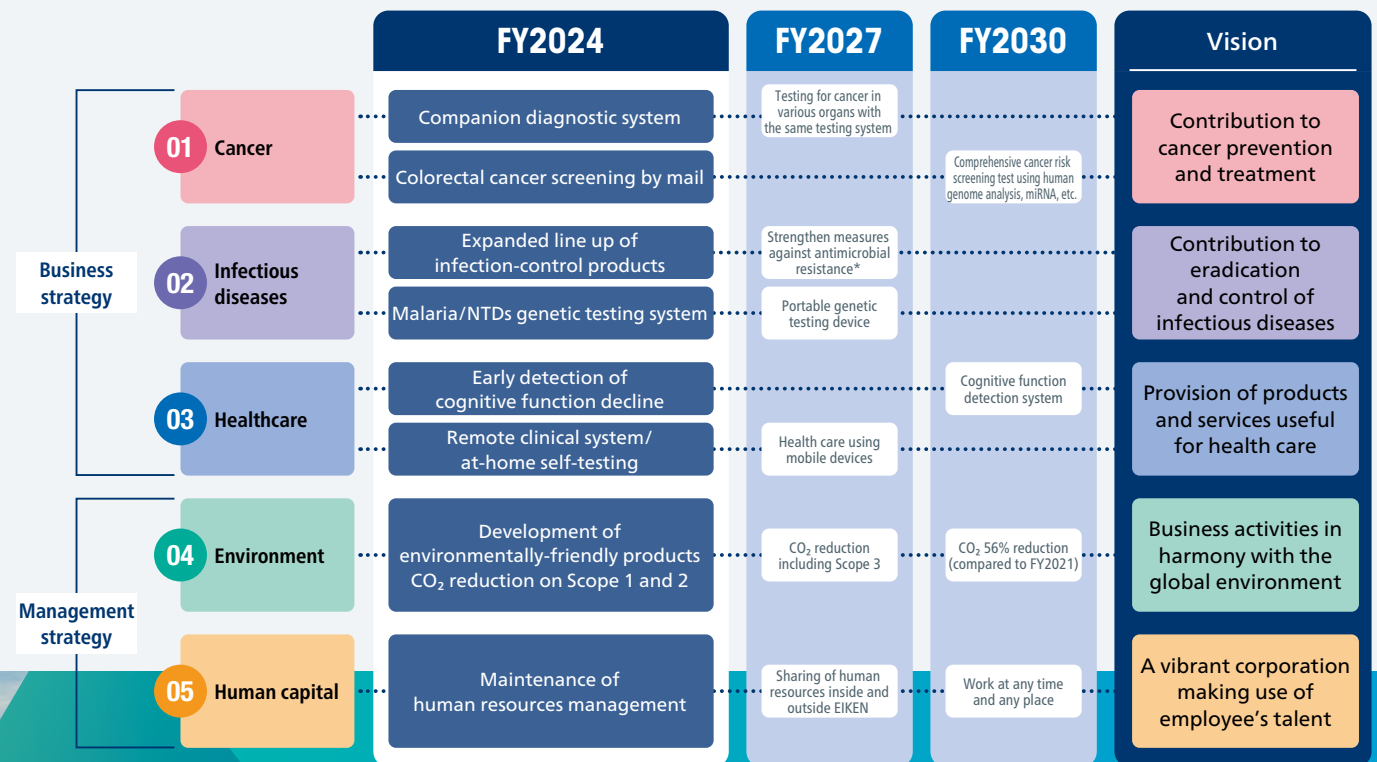
● Infectious diseases

Focus on establishing simpler test technology

● Healthcare

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

Beyond the Field – Team × Challenge –



*AMR (Antimicrobial resistance)

Long-Term Vision & Medium-Term Management Plan

Medium-Term Management Plan (FY2022-FY2024)

This is the first Medium-Term Management 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 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

	FY2022 actual	FY2023 actual	FY2024 plan
01 Contribution to cancer prevention and treatment	<ul style="list-style-type: none"> • Made regulatory application for companion diagnostic system • Built new health laboratory 	<ul style="list-style-type: none"> • Developed new stool sample buffer solutions for fecal immunochemical testing 	<ul style="list-style-type: none"> • Commence accepting contracted work for companion diagnostic system • Health laboratory to begin operation
02 Contribution to eradication and control of infectious diseases	<ul style="list-style-type: none"> • Launched high-sensitivity immunochromatography products • Signed Kigali Declaration 	<ul style="list-style-type: none"> • Launched eco-friendly immunochromatography products • Endorsed GHIT Fund 	<ul style="list-style-type: none"> • Expand line up of infection-control products • Malaria/NTDs genetic testing system
03 Provision of products and services useful for health care	<ul style="list-style-type: none"> • Began addressing inflammatory bowel disease • Began selling diagnostic products for dementia risk 	<ul style="list-style-type: none"> • Began development of products for periodontal care 	<ul style="list-style-type: none"> • Remote clinical system/at-home self-testing
04 Business activities in harmony with the global environment	<ul style="list-style-type: none"> • Established Sustainability Committee • Began using hydroelectric power • Announced endorsement of TCFD recommendations 	<ul style="list-style-type: none"> • Obtained B score from CDP • Reviewed Scope 1 and 2 targets • Set Scope 3 target • Acquired SBT certification for GHG reduction targets 	<ul style="list-style-type: none"> • Expand lineup of eco-friendly products • Obtain third-party verification
05 A vibrant corporation making use of employee's talent	<ul style="list-style-type: none"> • Introduced training program for developing management team • Organizational reforms 	<ul style="list-style-type: none"> • Introduced new personnel system • Expanded investment in human capital • Continued organizational reforms • Began investigating deployment of AI/robots • Established locally incorporated entity in the U.S. 	<ul style="list-style-type: none"> • Expand opportunities for active participation by all employees • Review of performance-based remuneration system for officers

Sustainability

The Eiken Group discusses the impact of its businesses on society and the importance of such businesses within the Company, and after taking into account comments from third parties has identified 11 materialities that it should address as a matter of priority. In addition to expressing these materialities in the form of "Environment," "Society," and "Governance," it has created the category of "Medical" as a company that protects the health of people around the world, and has set targets, measures, and KPIs for each. In addition to working to raise awareness of these materialities internally, it monitors progress via the Sustainability Committee. The Group is focusing its combined efforts on strengthening these initiatives in order to help achieve the SDGs.

Sustainability advancement system

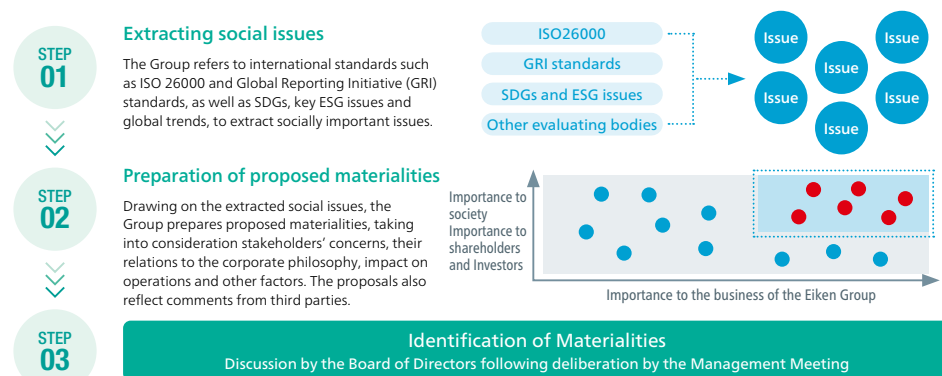
The Eiken Group has established a Sustainability Committee, composed of the President & CEO as Committee chair and the Executive Officers as members.

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 PEOPLE, 3 HEALTHY LIVES, 12 COMMUNITIES	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 AFFORDABLE ENERGY, 7 AFFORDABLE AND CLEAN ENERGY, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 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 in 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
			Creating fulfilling and supportive workplaces and achieving work-life balance
Governance	An Organizational Base That Supports Sustainable Growth 10 AFFORDABLE HOUSING, 16 CLIMATE ACTION, 17 PARTNERSHIPS FOR THE GOALS	Boosting Health and Ensuring Safety and Hygiene	Development of global personnel
		Achieving Sound and Transparent Governance	Development of R&D personnel
		Rigorous Compliance and Thorough Corruption Prevention	Advancement of health improvement programs and safety-and-hygiene activities
		Establishing Risk Management	Percentage of managerial positions held by women
			Percentage of employees who are disabled
			Rate of uptake of harassment prevention training
		Establishing Risk Management	Rate of uptake of child-rearing leave
			Total actual work hours
			Female Directors as share of Directors/Female Executive Officers as share of Executive Officers
		Establishing Risk Management	Foreign-national Directors as share of Directors
			/Foreign-national Executive Officers as share of Executive Officers training attendance rate

Business Environment and Strategy

Corporations are increasingly being required to help resolve global issues through their business, such as the UN's SDGs and the Paris Agreement. Moreover, financial markets are requiring greater awareness of the cost of capital and increased disclosure of such matters as ESG management. In the field of medicine and healthcare, while awareness of the need for health and hygiene is rising and medical technology continues to advance, new social issues are emerging as a result of such factors as widening disparities in access to treatment. The Eiken Group is responding to the expectations of stakeholders by accurately grasping social trends and seeking to contribute to the resolution of social issues through its business activities.

Trend	Risks and opportunities		Measures to address risks and opportunities	EIKEN ROAD MAP 2030	Materialities
	Risks	Opportunities			
Changes in demographic structure	<ul style="list-style-type: none"> • Rise in global population • Acceleration falling birthrates and aging populations in developed countries • Decline of working-age population in Japan • Changing needs on the medical front line 	<ul style="list-style-type: none"> • Intensifying competition for talent acquisition • Saturation of domestic demand • Revisions to medical treatment fees 	<ul style="list-style-type: none"> • Strengthening of countermeasures for infectious diseases in developing countries • Expanding demand for health management for the elderly • Rising need to control medical expenses • Growing demand for simple and accurate testing systems 	<ul style="list-style-type: none"> • Strengthening of human capital management/health management • Bolstering global expansion • Helping control medical expenses through increasing uptake rates for colorectal cancer screening • Developing and providing products and services that meet customer needs 	<div>01</div> <div>02</div> <div>03</div> <div>M</div> <div>S</div>
Widening disparities	<ul style="list-style-type: none"> • Widening disparities in income, medical treatment, and education 	<ul style="list-style-type: none"> • Intensification of price competition 	<ul style="list-style-type: none"> • Pursuit of enhanced usability 	<ul style="list-style-type: none"> • Cutting expenses through improved operational efficiency • Shortening development time through promotion of R&D • Improving medical access and medical infrastructure by designing for usability • Supporting higher levels of healthcare in developing countries 	<div>01</div> <div>02</div> <div>M</div> <div>S</div>
Changes in lifestyles	<ul style="list-style-type: none"> • Products and services optimized for the individual • Heightened health awareness 	<ul style="list-style-type: none"> • Intensified competition caused by new entrants from other industries 	<ul style="list-style-type: none"> • Market expansion 	<ul style="list-style-type: none"> • Shift from standard treatment to personalized medicine • Address self-medication 	<div>03</div> <div>M</div> <div>S</div>
Digital shift	<ul style="list-style-type: none"> • Spread of technologies such as AI • Proactive use of personal data • Blending of the real and the virtual 	<ul style="list-style-type: none"> • System failures caused by disaster, etc. • Operational failures caused by cyber attacks or computer viruses • Risk of information leaks 	<ul style="list-style-type: none"> • Accelerate spread of remote treatment and health care using mobile devices 	<ul style="list-style-type: none"> • Enhance DX/IT security countermeasures • Address personal health • Respond to testing systems • Raised productivity and quality 	<div>04</div> <div>S</div>
Heightened awareness of sustainability	<ul style="list-style-type: none"> • Increasingly rigorous environmental laws and regulations • Increasing respect for human rights 	<ul style="list-style-type: none"> • Investigations into introduction of carbon tax and emissions trading system • Strengthened environmental regulation of plastics • Increases in procurement costs • Restrictions on/discontinuance of trading • Decline in society's assessment 	<ul style="list-style-type: none"> • Increase in opportunities for the sale of eco-friendly products • Early response to changes in disease trends, such as spread of new infectious diseases in tandem with climate change • Earning the trust of society • Increase in corporate value 	<ul style="list-style-type: none"> • Reduce CO₂ emissions/usage rates for plastics • Address international standards (compliance with ISO14001, endorse TCFD, obtain CDP score, obtain SBT certification) • Implement assessments for environmental impact of products • Develop eco-friendly products • Continuous monitoring of trends in infectious diseases and development and provision of diagnostics • Cooperate with supply chain/implement due diligence 	<div>04</div> <div>05</div> <div>E</div> <div>S</div> <div>G</div>

Interview with Director

Interview

**Hajime Watari**

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

As the final year of the Medium-Term Management Plan, we will complete our building of the foundations and entrust our dreams to the next Medium-Term Management Plan

Changes in the business environment

The market for clinical diagnostics, which is the business domain of Eiken Chemical, is very much at a turning point.

The environment in which our businesses operate is different in Japan than overseas. Japan is facing the 2024 problem in the logistics industry, the accelerating decline in the birthrate and aging of society, and in particular the decline of the working population, as well as other aspects of the so-called 2030 problem and 2040 problem.

Taking these factors into account, economic growth is expected to be around 2%. On the other hand, overseas markets are predicted to see growth of 3% or so, while Eiken Chemical's main area of business of in vitro diagnostics (IVD) is expected to see market growth of around 7% globally.

For the domestic business, we have no choice but to take a serious view. With the progressive aging and dwindling of the

population, the resulting decrease in the number of patients is forecast to lead to lower revenues for many medical institutions. With the consolidation and integration of medical institutions already beginning, the number of tests, which is the service provided by Eiken Chemical, is also forecast to gradually decline. As the number of people visiting hospitals for tests decreases and depopulation progresses, the number of people who find it difficult to access healthcare will increase. The key to growth within Japan will be how we can contribute to protecting the health of such people.

Based on this hypothetical vision of the future, it is inevitable that we approach overseas markets as the growth drivers of our business while maintaining our position in Japan. The overseas sales ratio of Eiken Chemical is still only 25%, and in addition to raising the percentage of overseas business going forward we believe it will be important to continuously provide new value, such as remote tests conducted through the use of

Interview with Director

Interview

mobile devices, and send it out into the world. When thinking about our future growth overseas, we will need to adopt two different approaches for developing countries and developed countries. In developing countries, including those of Africa and South America, populations are expected to increase. Under such circumstances the most serious illnesses will be infectious diseases. Accordingly, the majority of the testing systems provided by Eiken Chemical will be related to infectious diseases. Conversely, the medical condition that attracts attention in developed countries is cancer. Even in developing countries such as Indonesia, Vietnam, and Malaysia, changes in diet that have followed increases in prosperity driven by the rise in the working-age population and economic expansion are thought to be causing a gradual shift in the illnesses most frequently suffered by citizens away from infectious diseases and towards cancer. In such regions it is important to carefully ascertain the characteristics of the local market and its requirements, and take a flexible approach to expanding the business.

Review of FY2023

Under the current Medium-Term Management Plan we attempted to grow the business constantly over three years, but the COVID-19 pandemic had a significant impact on the Company. For Eiken Chemical, rising demand for testing reagents for COVID-19 significantly pushed up the level of profits.

Naturally, this was no more than a temporary increase in demand, and with the COVID-19 pandemic being brought under control we expected it to return to normal. For that reason, FY2023 (the fiscal year under review) we pivoted to the sale of products other than those related to COVID-19 and made other plans to compensate for the deterioration in profits, but for a variety of reasons the plan came to a conclusion without targets being reached.

The main reason for the slump in performance in FY2023 was a significant decrease in sales of genetic test reagents for COVID-19 using the LAMP method. On the other hand, there was a recovery in microbiological reagents for infectious disease-related products other than those for COVID-19, an increase in urinalysis test strips, and a strong performance in both Japan and overseas for fecal occult blood reagents in immunological and serological reagents.

In terms of profit, a fall in sales of test reagents for COVID-19 and a reduction in LAMP patent fee income resulted in significant year-on-year declines in operating profit, ordinary profit, and net profit attributable to owners of parent.

Medium-Term Management Plan progress

The final year of the Medium-Term Management Plan was impacted by the slump in performance of FY2023 and thus started the fiscal year burdened by the



negative portion of the previous term, but if we exclude the overshoot in performance caused by the COVID-19 pandemic, progress was in line with the growth curve originally envisaged.

In order to recover from the undershoot compared to our initial plan caused by temporary fact as related to COVID-19, it is essential that we actualize the potential of overseas markets. In terms of specific measures, we are considering expanding sales of fecal immunochemical test for screening the lower gastrointestinal tract, as well as screening for stomach cancer risk (ABC risk

classification) of the upper gastrointestinal tract, and tests related to functional dyspepsia. By region, demand is rising in India, Africa, South America, and elsewhere. One important development in overseas markets was the establishing in November 2023 of EIKEN MEDICAL AMERICA INC. as a locally incorporated entity in the U.S. We sense significant potential for expanding the business in the U.S. market, which can be inferred from the fact that the market for fecal immunochemical test in the U.S. accounts for two-fifths of overseas net sales. Hitherto we had operated the business mainly

Interview with Director

Interview

through agents, but the establishing of the locally incorporated entity in the U.S. has provided an opportunity to raise our presence by reducing the gaps in following-up that resulted from the agency business model, expanding sales, and simultaneously pursuing a direct-sales business in related new areas. In

due course we expect the locally incorporated entity in the U.S. to attract young engineers and to become a base for generating innovation in both technology and business. Given that the market as a whole is contracting in Japan, as I mentioned earlier, we will concentrate our efforts on developing

products and increasing the value that we add, while bearing in mind the need to broaden opportunities for those people who have in the past been unable to access our testing services, or those who will have difficulty accessing it in future.

● Reorganization of our approach to cash allocation

Based on the above two tasks, we will review the focus areas, businesses, and activities, and the cash allocation balance on which shareholder returns are predicated.

Current issues in the Medium-Term Management Plan

Expand the top line	<ul style="list-style-type: none"> Expand lineup of products that can be deployed overseas
Improve return on capital	<ul style="list-style-type: none"> Optimize the number of products and improve the product mix Develop and deploy high-profit products to take the place of COVID-19 detection kits
Boost efficiency of R&D	<ul style="list-style-type: none"> Partner with external institutions and acquire technology Concentrate R&D resources

Initiatives critical for FY2024, FY2025, and beyond

Review business portfolio and priority areas for sales promotion	<ul style="list-style-type: none"> Reconstruct the business portfolio to raise the overseas sales ratio Make concentrated investment in R&D
Consider measures aimed at improving capital efficiency	<ul style="list-style-type: none"> Consider flexible share buybacks Investigate M&A Optimize the cash conversion cycle
Review corporate governance and bolster IR/SR activities	<ul style="list-style-type: none"> Review performance-based remuneration system Describe vision for medium- to long-term growth at business briefings, etc.

Preparations for the next Medium-Term Management Plan (finalizing the building of the foundation)

In order to start the New Medium-term Management Plan in FY2025, we must finish building the management foundations in preparation for long-term growth. Specifically, after completing our review of the business portfolio and working to refine the technology roadmap, we will reorganize our approach to cash allocation.

● Review of the business portfolio

We are moving forward with initiatives to ascertain the status of each product item, one by one. We have already completed an analysis that straddles the whole of research, production, and sales, and we are currently moving forward with the reorganization of our order of priorities from higher to lower.

● Review of the roadmap

We are also forging ahead with refinements to the tasks in the management framework EIKEN ROAD MAP 2030, the final milestone of which is in 2030, in preparation for the start of the next Medium-Term Management Plan.

What we will entrust to the next Medium-Term Management Plan

Having moved forward with the building of the previously mentioned foundation during FY2024, in the next Medium-Term Management Plan it will first of all be important to work on increasing return on capital, centered on ROIC, with an awareness of the cost of capital. After that, we will work to further enhance disclosure of both financial and non-financial information. We will also take an even more proactive approach to IR, including overseas activities, and will expand dialogue directly with investors so that they can better understand our businesses and policies.

It is also important to improve the accuracy of plans. Our objective is to be an organization that steadily executes its plans, from research and development to production and sales, so that it can generate appropriate profits in a timely fashion.

Over the next year we will make thorough preparations to enable the next Medium-Term Management Plan to get off to a flying start.

Medium-Term Management Plan Key Fields

Key Field ①

Cancer

Social issues

Ranking of cancer mortality rates (2022, global)*1

Lung cancer

1st

Colorectal cancer

2nd

Cancer is a leading cause of death worldwide, with lung cancer ranked as having the highest global mortality rate and colorectal cancer ranking second, making them social problems on a global scale.

In order to resolve such social issues, we are working to not only expand the number of countries in which our mainstay colorectal cancer screening products are deployed, but also to increase uptake rates in all countries. As an example, we have opened a website to communicate health information to members of the public in Japan. We aim to reduce mortality rates by using testing to achieve early detection of cancer.

We also aim to approach cancer not only through prevention and early detection but also through treatment. The companion diagnostic system developed by the Company provides comprehensive support from selecting therapeutic agents for lung cancer to making decisions on the effects of treatment, and can even deal with candidate therapeutic agents that may be approved in the future. Going forward, we will seek to expand applications to breast and other types of cancer, and help to reduce mortality rates and control medical expenses.

*1 WHO

Key Field ②

Infectious Diseases

Social issues

Number of annual deaths (2022, global)*1

Tuberculosis

1.30 million people

Malaria

610,000 people

Developing countries in particular not only suffer from deaths caused by tuberculosis and malaria, which are two of the world's "big three" infectious diseases, but also the economic damage of treatment, which is a social issue that has been taken up in the SDGs.

In addition to providing developing countries with reagents for genetic testing of tuberculosis and malaria in forms tailored to their needs, Eiken Chemical is also actively engaged in international partnerships, such as through its participation in the GHIT Fund, which seeks to control infectious diseases. Through the control of infectious diseases, we hope to extend global average life expectancy and make a contribution to economic development. Our view is that technology for prompt and accurate diagnosis of infectious diseases is also an effective means of combating drug resistance bacteria, and through our efforts in that field we aim to contribute to One Health.

Key Field ③

Healthcare

Social issues

Impact of nursing care (Japanese forecasts for 2030)*2

Number of those providing care while working*3

3.18 million people

Economic losses*4

Approx. 9 trillion yen

In Japan's super-aging society, the number of people who are engaged in work while also providing care to members of their family is forecast to rise to 3.18 million people by 2030. It is also forecast that reduced productivity, etc. among workers resulting from the emergence of caring duties will lead to economic losses for Japan as a whole of approximately ¥9 trillion by 2030, which is a serious social problem.

Partly in order to prevent the need for such care, we must cultivate a higher awareness of individual health, and create mechanisms for understanding the state of people's health that do not impose a burden. In order to respond to these needs, the Company is broadening its field of activity to include remote treatment and testing at home, and will drive development toward the health care using mobile devices. We are also seeking to expand our area of business into the dentistry and veterinary fields through the application of existing technology.

*2 Ministry of Economy, Trade and Industry

*3 Persons who look after members of family while working

*4 The amount of economic losses for Japan as a whole as a result of reduced productivity, etc. caused by the emergence of caring duties

Medium-Term Management Plan Key Fields

Key Field ①

Cancer

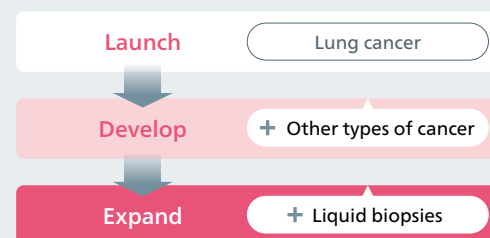
FY2023 actual

- Improved the stability of buffer solutions for stool sampling bottles for fecal immunochemical tests
- Developed companion diagnostic system
- Launched a health information website for the general public

Issues to address going forward

Development and expansion of commissioned inspection business

Our policy is to expand the commissioned inspection business that has begun with the companion diagnostic system for lung cancer to other types of cancer such as breast cancer. In the future we also aim to support liquid biopsies.



Key Field ②

Infectious Diseases

FY2023 actual

- Began participating in the GHIT Fund, which seeks to control infectious diseases
- Large-scale adoption of TB-LAMP* by Nigeria
- Launched kit for quick and easy testing of Group A beta hemolytic streptococcus antigen and adenovirus

Issues to address going forward

Execute strategy for immunochemistry / genetic testing

In FY2023, the Company reorganized new and existing platforms for immunochemical and genetic methods of testing infectious diseases to ensure clear differentiation from technology and business perspectives, and formulated a strategy.

Going forward we will execute that strategy in accordance with our "Team × Challenge" slogan.



Key Field ③

Healthcare

FY2023 actual

- Began developing products for care of periodontal diseases
- Increased the number of countries deploying test for fecal calprotectin

Issues to address going forward

More proactive / vigorous approach to medical DX

Unfortunately the Company's personal healthcare initiatives are running behind plan. One of the reasons for this is that it has taken longer than expected to validate and select various applications.

This is a soft-launch operation that aims to generate synergies with existing businesses, and we will accelerate progress going forward.

*Tuberculosis reagents for genetic testing



A message from the General Manager, Sales Division »



Naomichi Harada

Vice President and Executive Officer,
General Manager, Sales Division

1. Overall direction

As a Japanese manufacturer of diagnostics, we have an important domestic platform. In addition to our initiatives for the domestic hospital, screening, and test center markets, we are currently intensifying our activities for the private practitioner market. Moreover, as a new challenge we are planning to enter the field of personalized medicine for the prevention and treatment of cancer, and are aiming to launch a companion diagnostic system during the current fiscal year.

Overseas expansion is an important topic for the Company, and by executing the global strategy set out in EIKEN ROAD MAP 2030, we seek to expand the business (achieving an overseas sales ratio of 40% or more), and to promote sales of FIT, TB-LAMP, calprotectin, and other products in each region.

First, the market for fecal occult blood testing continues to expand in developed countries as a result of the lowering of the age for screening for colorectal cancer, the spread of non-contact testing, and its inclusion in the guidelines of various countries. In this market

environment, fecal occult blood reagents that leverage our advanced technology are steadily gaining ground or maintaining their position in terms of adoption by national and regional screening programs.

In Europe and the United States there is also a significant market for testing fecal calprotectin to assist in diagnosis or establish the clinical condition of inflammatory bowel disease, and by promoting our reagent on its merits, which is that it enables measurement to take place in the same stool sampling bottle used for fecal occult blood, we have achieved progressive adoption among European countries.

We are also planning to expand in China with such products as FIT, TB-LAMP and calprotectin.

Screening for colorectal cancer is expected to expand going forward, and we will respond to the market by leveraging successful case studies from the spread of colorectal cancer screening in Japan, Europe, and the United States.

For developing nations, we continue to present and explain the effectiveness of LAMP products to the World Health Organization (WHO) and the health ministries of various countries. As a result of these initiatives, it has been indicated at high-level meetings of the United Nations that there is a move to replace tuberculosis smear tests with WHO-recommended genetic testing (using three products, including TB-LAMP). Demand for simple and inexpensive TB-LAMP products is rising, and Nigeria has adopted TB-LAMP as its primary method of screening for tuberculosis. We will build a track record in large-scale usage, and deploy it horizontally in peripheral regions going forward, partly in cooperation with international funds. By collaborating with research facilities both in Japan and overseas to expand the application of LAMP to malaria and NTDs (such as Chagas disease) and linking this to implementation in society, we hope to contribute to suppressing these diseases.

2. Perception of issues

We recognize that in order to move forward efficiently with our global expansion it is important that we engineer a change in awareness so that the Sales Promotion and Sales Administration divisions work together closely in Japan and overseas, and that we develop human resources, establish sales office, and pioneer sales channels.

Furthermore, for the Company to grow significantly it will need new key products to drive sales in addition to the high global market share it has achieved in fecal occult blood reagents. To accomplish this, at our various locations in Japan, the United States, China, and Europe, we will work to identify new technology and testing needs at an early

stage, using them to develop new products and build new businesses to support the future of the Company.

3. Medium-Term Management Plan progress

The Eiken Group is moving to execute initiatives aligned with the management framework EIKEN ROAD MAP 2030, under which the final milestone is 2030. Under this management framework, we have designated the three key business fields of contribution to cancer prevention and treatment, contribution to eradication and control of infectious diseases, and provision of products and services useful for health care.

With regard to the sales targets for the second year of the Medium-Term Management Plan, although these were achieved overseas we unfortunately did not reach the target figures in Japan. Nevertheless, all three areas of business made steady progress towards the milestone of 2027 in accordance with their respective strategies.

- In terms of contributing to the prevention and treatment of cancer, we built a new commissioned inspection center (2023), and in colorectal cancer screening we are increasing the number of countries adopting our products.
- In terms of contributing to the eradication and control of infectious diseases, deployments of TB-LAMP made significant progress and continue to expand. In terms of initiatives to eradicate malaria and NTDs, measures for dealing with such diseases have become social issues in various countries, which are making steady progress in such areas.
- In terms of products and services useful for healthcare, the provision of solutions for inflammatory bowel disease led to progress in adoptions by customers, primarily in Europe.

4. Future initiatives

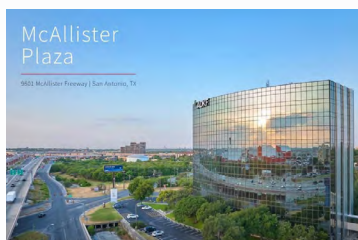
The FIT-related technology and data that Eiken Chemical has accumulated in Japan has been highly rated at a global level and contributed to the spread of colorectal cancer screening in various countries.

The Company is currently driving its global expansion through a structure based in Japan, China, and Europe, but in November 2023 it established a locally incorporated entity in the United States, which is making preparations for beginning full-fledged operations in FY2024. Moreover, it has established a sales structure in Europe and Asia to accelerate the global expansion, and to spread Eiken Chemical's products and technology all over the world.

Topics

■ Establishment of locally incorporated entity in the U.S.

In 2023, the Company established a locally incorporated entity in the U.S. state of Texas. This corporate entity is being positioned as a location for growing the market for the existing businesses of FIT and calprotectin, as a location for expansion into South America, and finally as a location for the deployment of new products.



Company name	EIKEN MEDICAL AMERICA INC.
Last day of fiscal year	March 31
State in which registered as a foreign corporation	Texas
Company address	9601 McAllister Freeway, San Antonio, TX McAllister Plaza
Date established	November 1, 2023

Existing businesses (via agents)

*FIT, calprotectin (screening, clinical)

*Raising uptake rates

- Endoscopy triage, mobile screening
- Horizontal rollout in South America

Location activities

*Accelerate existing businesses (FIT, calprotectin)

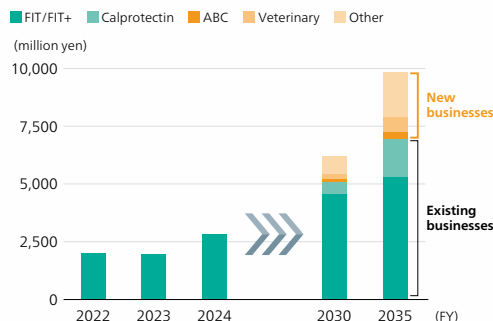
- Strengthen lobbying and identify potential markets

*New product development (marketing, clinical development, promotion)

- Use Pan American Health Organization (PAHO) and develop global health business
- Expand business domains (animals, digital health)

Growth targets

We are targeting net sales for the locally incorporated entity in the U.S. of ¥5.8 billion in FY2030, and around ¥10 billion in FY2035. In FY2022 and FY2023 the Company's net sales in the United States were around ¥2 billion, the majority of which came from FIT. Going forward, by deploying new products such as veterinary reagents in addition to FIT, we aim to grow the top line further.



■ HR development

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.

Materialities and KPIs

	FY2022 actual	FY2023 actual	FY2024 target	FY2030 target
Rate of uptake of EGP among young employees* (%)	19.4	26.3	25.0	30.0

*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.

■ Materialities

If achieving the SDGs leads to victory over poverty and starvation, there will be an emphatic increase in global average life expectancy. We believe that in a world of longer lifespans, preventive medicine and early diagnosis will play an increasingly important role in keeping us healthier for longer. In particular, incidence rates for cancer tend to rise as lifestyles become more prosperous, so cancer screening demand is forecast to rise in future. We will provide tests that are easier to use and offer higher performance to countries everywhere.

Materialities and KPIs

	FY2022 actual	FY2023 actual	FY2024 target	FY2030 target
Number of developing countries in which products are deployed	7	8	8	15
Number of countries in which colorectal cancer screening tests are deployed	44	47	49	57

A message from the General Manager, R&D Division ➤ Focusing on our core technologies, we will focus on the fields of cancer, infectious diseases, and healthcare, and develop products that protect people's health.



Hidetoshi Kanda

Vice President and Executive Officer
General Manager, R&D Division

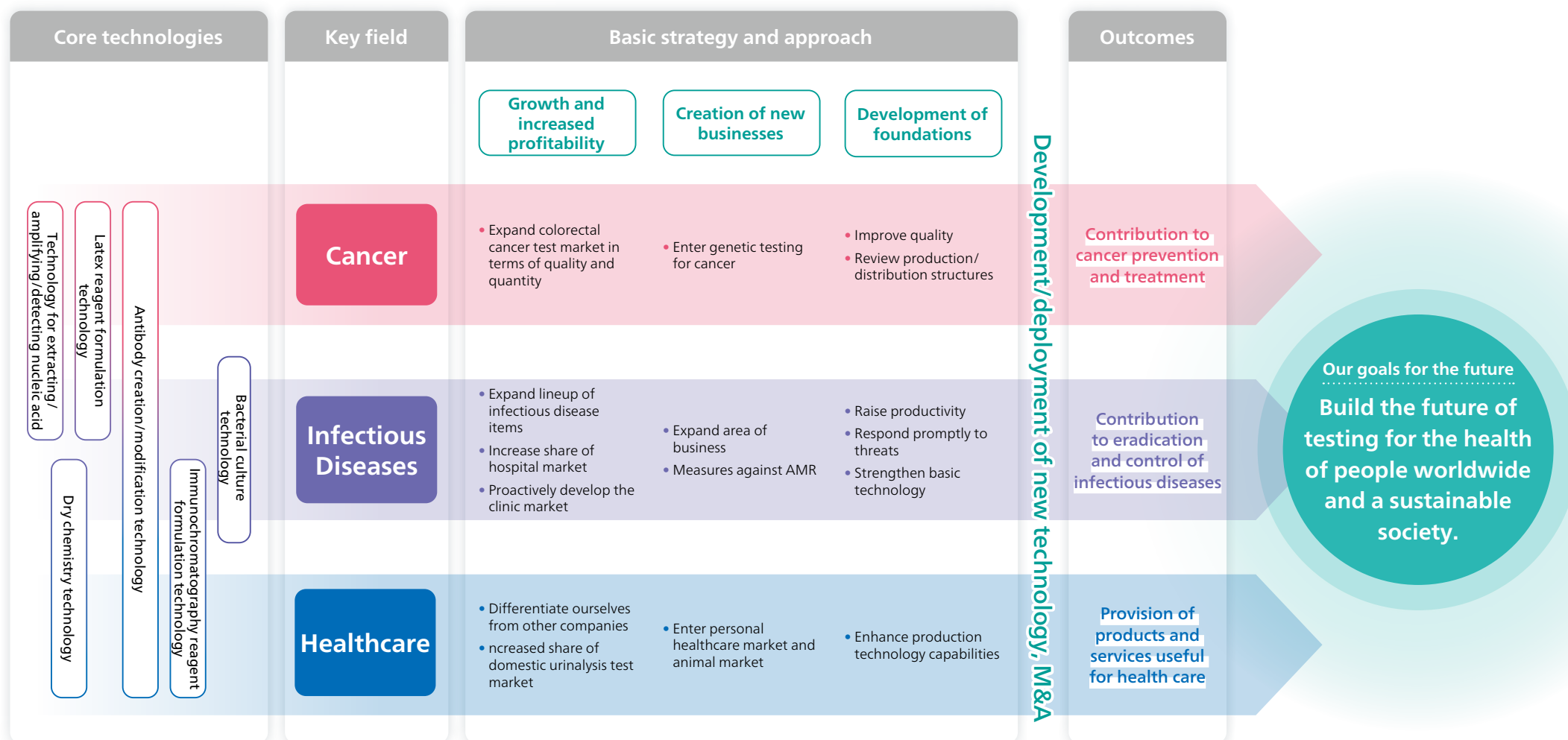
In accordance with the EIKEN ROAD MAP 2030, the R&D Division concentrates its research and development on the fields of cancer, infectious diseases, and healthcare. In the field of cancer, we are working mainly with research on tests associated with decisions on treatment direction and methods, and on tests that supplement fecal immunochemical testing. In terms of tests for determining the direction of treatment, first, breast cancer, we aim to use the Simprova chip to analyze 25 different types of genetic expression pattern with a focus on genetic expression profiling, and to provide materials that can be used for decisions about treatment direction. The results of the research were announced via poster at the San Antonio Breast Cancer Symposium 2022, which is the leading

international academic conference on breast cancer, and were well received. After breast cancer we plan to expand the application to other cancers. In terms of selecting therapeutic agents, we have developed MINTs using a next-generation sequencer as a multi-companion diagnostic drug for lung cancer, for which we have submitted an application to regulatory authorities. MINTs is loaded with 9 genes, but initial approval is likely to be limited to just a few, so we are currently making preparations to be able to immediately submit an application for an increase in the number of genes after the initial approval has been received. We are also making preparations to add indications for cancers other than lung cancer. Furthermore, we are investigating support for liquid biopsies. If we can provide support for liquid biopsies that would enable repeated testing, because the burden on the patient is mitigated. This would in turn make it possible to monitor treatment and to monitor for recurrences after treatment. Tests that supplement fecal immunochemical testing use miRNA, methylated DNA, exosomes, enterobacteria flora and others as new markers, and we are approaching this from a number of angles by conducting research in partnership with a wide range of external institutions. However, it will take quite some time for these markers to be implemented in society. For this reason we are aiming to speed up this process by investigating collaborations with companies that already have products that supplement fecal immunochemical testing. After that, in order to improve precision we hope to move forward with research and implement the markers. As described above, in the field of cancer we are readying products that are useful in all kinds of situations, from screening to early detection, direction of treatment, selection of therapeutic agents, and even monitoring of treatment and post-treatment monitoring for recurrences. These inspections will at first be commissioned to the EIKEN Clinical Laboratory, which

was registered as a health laboratory in March 2023. In the field of infectious diseases, we are developing basic technology for immunoassays, which includes antibodies designed using AI, in preparation for 100-day missions for antigen testing in the event of a pandemic. Ultimately we seek to create a library of antibodies, and moving forward with preparations to enable us to respond quickly in the event of a pandemic. In terms of measures to address AMR (antimicrobial resistance), we are conducting investigations into advances in bacterial culture technology and detection technology aimed at speeding up sensitivity testing. Our intention is to help reduce wasteful administration of drugs to the extent possible. In the healthcare field, as a step towards at-home testing we are focusing on periodontal disease, which has been shown to be associated with many systemic illnesses such as diabetes and high blood pressure, and have begun development of the periodontal disease assessment tool. Moreover, the government also believes that maintaining and promoting good oral cavity health is important for extending healthy lives and has given substantial support and devised various measures to that end. The assessment tool being developed to by the Company was adopted for the Ministry of Health, Labour and Welfare's Periodontal Disease Screening Tool Development Support Project in FY2023, leading to considerable advances in development. The provision of this tool is expected to encourage citizens to visit dentists for checkups. Moreover, by also providing elucidation and education on the risks of related diseases we expect an increase in the uptake rate for health checks conducted by dentists, indirect although the effect would be, and hope that this will contribute to the extension of healthy lives. Our first objective is to implement this tool in society, but ultimately we are proceeding with technology investigations with the aim of health checks becoming a natural part of our route through life.

Basic strategy and approach

In accordance with the management framework EIKEN ROAD MAP 2030, the Company has established R&D strategies for each of the key fields of cancer, infectious diseases, and healthcare. In addition to revitalizing the business by leveraging core technology, we will create new value through the development and deployment of new technology.



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

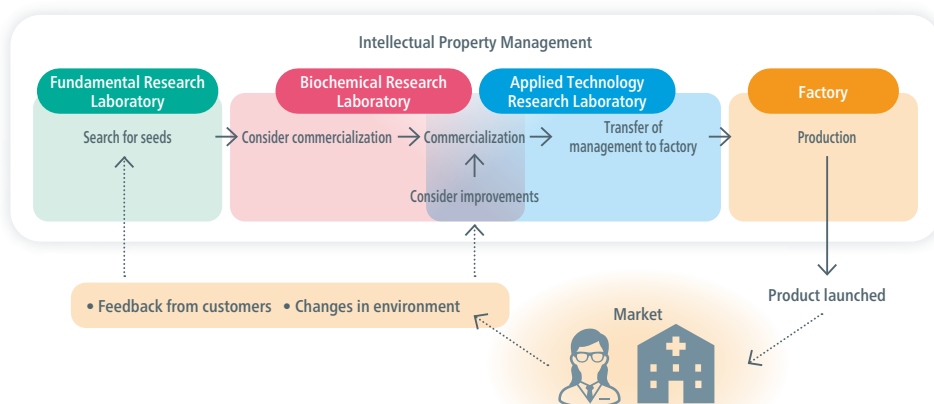
Through the appropriate acquisition of intellectual property rights necessary for its business, the Company seeks the stable expansion of its business activities. In addition, so as to ensure that the intellectual property rights it acquires do not infringe the rights of others, it undertakes full legal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

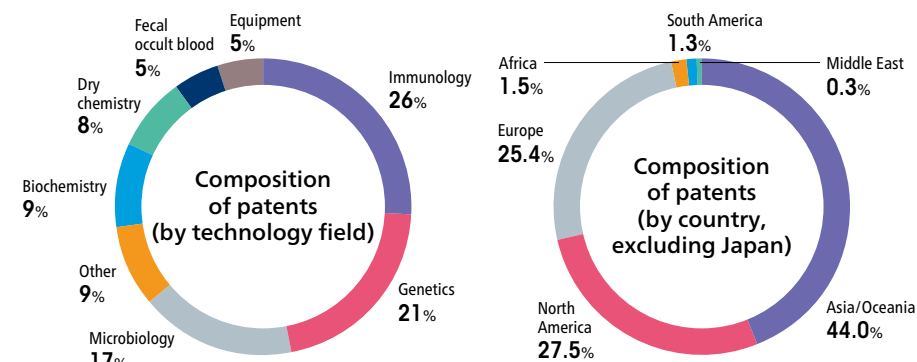
The Company implements intellectual property training for employees in the Research & Development Division. Regular liaison meetings are also held between the Intellectual Property Division and the Research & Development Division to share information on patents inside and outside the Company.

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 2024)

The Company has applied for a total of 847 patents. Applications have been made in more than 30 regions, including Japan, North America, and Europe.



Research & Development Topics

Cancer

Development of foundations

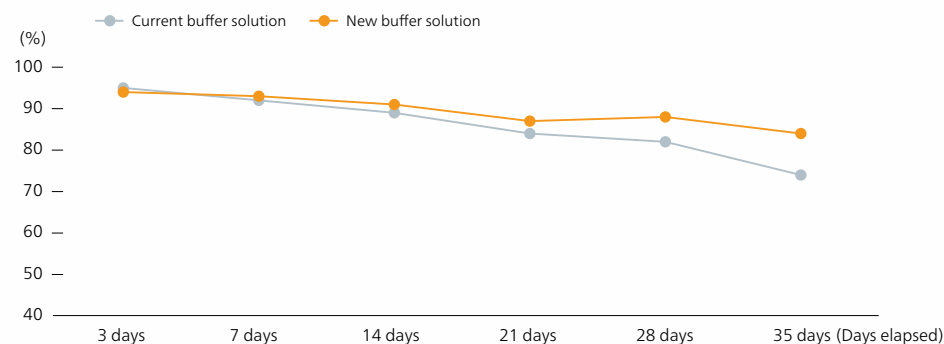
Growth and increased profitability

Development of new stool sample buffer Improving stability of fecal hemoglobin

The Company has developed a new buffer solution for stool sampling bottles used in colorectal cancer screening. This buffer solution improves the stability of fecal hemoglobin and enhances the reactivity of antibodies within the testing reagent. Moreover, by modifying the composition we also contrived greater stability for fecal calprotectin.

In 1987 the Company was the first to develop a kit for immunological testing of fecal hemoglobin (FIT). It had been known from the start that fecal hemoglobin was extremely unstable, and so maximizing the stability of the hemoglobin to ensure test accuracy was a major research issue. In the case of the recently developed buffer solution for the stool sampling bottle, we succeeded in significantly improving hemoglobin stabilization performance. We expect this to make storage and transportation of the post-sampling container more convenient, further enhance test accuracy, and also result in improved uptake rates for colorectal cancer screening by expanding the use of colorectal cancer screening by mail, which is currently not widely recommended in Japan.

Survival rate for hemoglobin (Hb) stored at 35°C



Storage stability of specimens (internal data)

Infectious Diseases

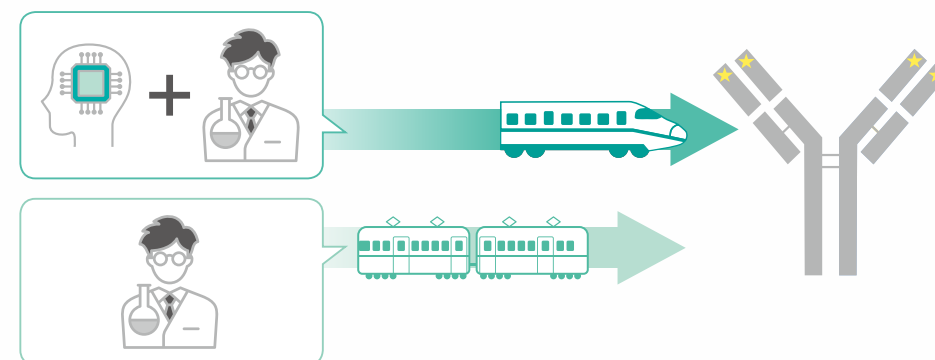
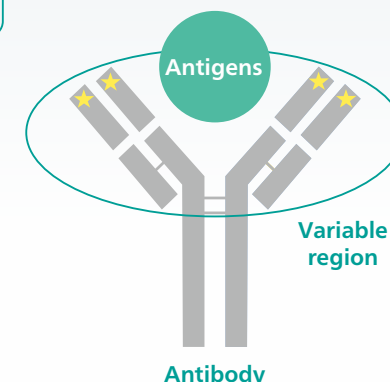
Development of foundations

Growth and increased profitability

Antibody design using AI

The existence of antibodies is vital for the main products of the Company, which are fecal immunochemical test reagents, immunological and serological reagents, and microbiological reagents. Antibodies have a part called the variable region, and by modifying amino-acid sequences in this region, properties such as the antibody's affinity for antigens (the ease with which it binds to antigens) and its thermal stability can be enhanced. However, deciding which amino acid modified where in the antibody amino-acid sequence will produce the optimal antibody requires considerable time, which also has a negative impact on development periods. In order to shorten these periods, the Company is promoting the use of AI (artificial intelligence) to modify antibodies. If we compare traditional methods of antibody modification to a normal commuter train, the difference when modifying antibodies using AI is like using a bullet train to get to the destination.

We have actually already used AI to discover antibody modifications that improve the sensitivity of test reagents, so I believe that the day when these can make a contribution to testing is not far off.



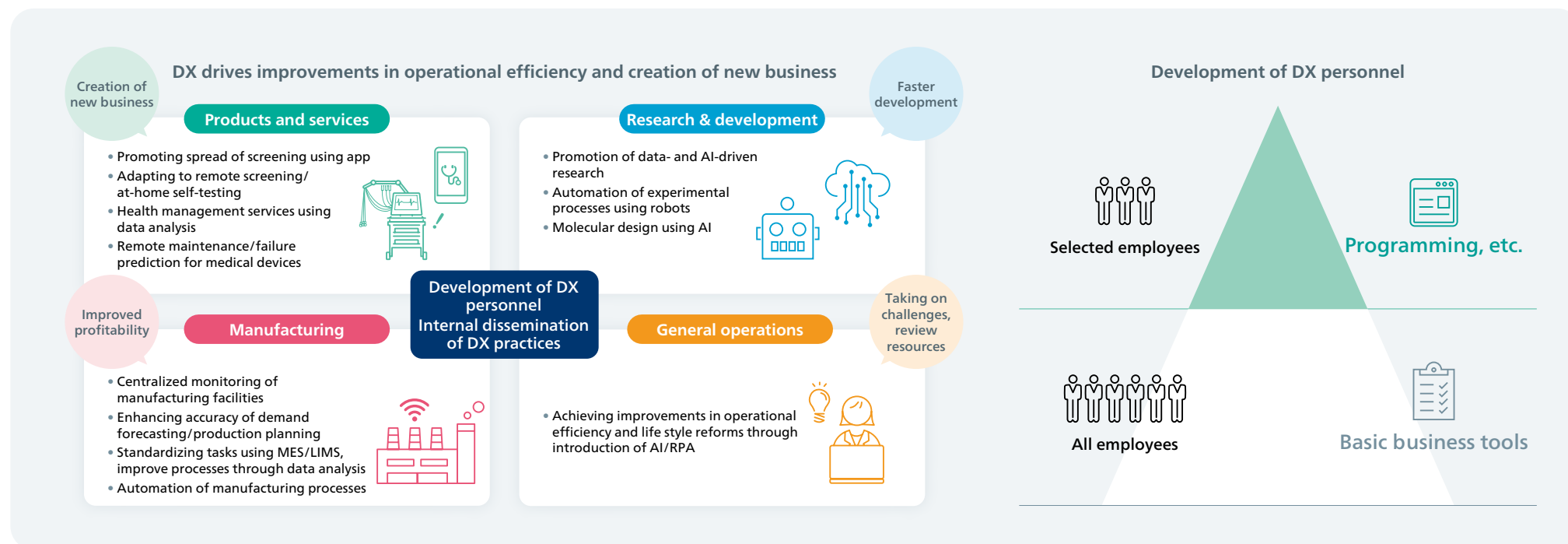
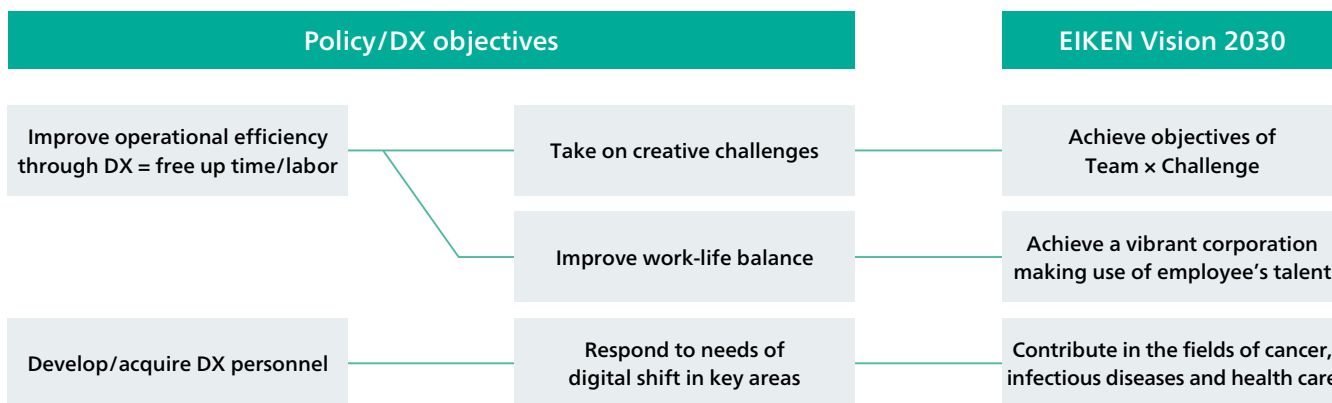
Growth Strategy

3

IT/Digital Strategy

We recognize that in order to exert our competitiveness globally and grow the business, it is important to improve efficiency and optimize/maximize resources. 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 work 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.





General operations

Basic policy

In the modern business environment, improving the efficiency of internal application and approval operations through the use of smartphones is essential for raising productivity. The spread of 5G technology has led to the provision of stable high-speed work environments both inside and outside the corporation, leading to greater operational flexibility. Strengthening information security is an important element in preserving the trustworthiness of the organization, and the introduction of electronic signature systems makes it possible to maintain security while efficiently managing documents. Furthermore, the active deployment of AI and RPA (use of software robots) allows the automation of repetitive operations and complex tasks, allowing employees to concentrate on more creative duties. We are convinced that the promotion of DX across such general operations will enhance our competitiveness and be the driving force for achieving EIKEN Vision 2030.

Promotional activities for DX

FY2024

- Expansion of RPA operations
- Deployment of AI tools

- ▶ Expand operations to which RPA is applied
- ▶ Utilize AI in operations

FY2023

- Began RPA operations
- Launched electronic signature systems
- Began education aimed at expanding RPA
- Ascertained operations to which AI could be applied
- Selected AI tools

- ▶ Integrated information using groupware, consolidate systems
- ▶ Smartphone compatibility with 5G, increase in employees to which distributed
- ▶ Deployment of RPA tools, began application to operations
- ▶ Raised level of IT literacy, enhanced content of learning materials

FY2022

- Education for understanding RPA/AI
- Ascertained/specified RPA operations
- Investigated deployment of electronic signature system

- ▶ Enabled visualization of IT literacy/enhanced learning environment
- ▶ Selection of RPA (automation administrative tasks) tools
- ▶ Commenced AI education, began accumulating data for use of AI
- ▶ Strengthened network environment

Products and services

Creation of new business

Research & development

Faster development

Manufacturing

Improved profitability

General operations

Taking on challenges,
review resource

FY2023 results

Apps in which used

- App for internal helpdesk inquiries
- App for sharing details of external inquiries

Automated responses

- Automated sending of external explanatory email
- Surveying monthly Wi-Fi usage amounts
- Organizing environmental data
- Searching for share prices
- Processing results of health checks/preparing data for industrial physicians
- Processing various kinds of requested data
- Collecting seminar information

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. The Company implements training on quality policy and quality management systems for all employees on an annual basis, and expends considerable efforts on maintaining and raising quality levels.

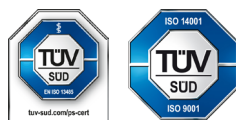
Quality policy

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 management systems.
- The following certifications have been acquired:
 - International standard ISO9001
 - International standard ISO13485
 - International standard MDSAP (Medical Device Single Audit Program)



ISO certification mark

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, conducting initiatives and campaigns every year 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 FY2023

1. Questionnaire survey into burden imposed by quality management system
2. Matters raised in internal quality edits
3. Matters raised in quality audits by third parties

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.

The Eiken Group operates an environmental management system in accordance with its environmental policy. We will also move forward with initiatives and information disclosure that complies with international standards, such as by obtaining SBT certification, endorsing the recommendations of the Task Force on Climate-related Financial Disclosures, and responding to CDP questionnaires in order to fulfill our responsibilities to stakeholders.

Environmental policy

 For details, please see the Company's website.
<https://www.eiken.co.jp/en/sustainability/environment/management/>

Management system

Targets and action plans related to initiatives for environmental conservation are formulated by the Sustainability Committee (p.20), which is chaired by the President & CEO due to the importance of the issue to management, and which also manages progress. In terms of the environmental management system, an Environmental Management Committee has also been established whose chairperson is an Executive Officer from the Business Management Division, and whose members consist of the environmental management officers from each location. This Committee has formulated a policy on environmental conservation activities in accordance with the ISO14001 international standard, and works continuously for improvements by periodically reviewing the results of front-line activities while exchanging information.

Support for TCFD recommendations

In February 2023, the Eiken Group announced its endorsement of the recommendations of the 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 enhancing disclosure in accordance with the TCFD recommendations.

 For details, please see the Company's website.
<https://www.eiken.co.jp/en/sustainability/environment/weather/>



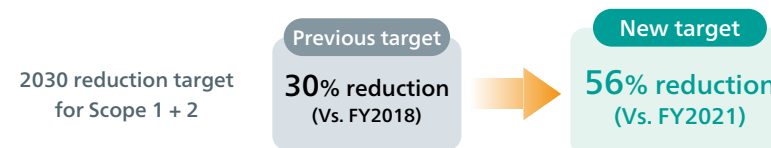
Certified B score from CDP 2023 for climate change

In the CDP 2023 Climate Change survey conducted by international environmental non-profit CDP, the Company was certified with a B score. This means that the Company was assessed as being at a management level of taking action with an awareness of its environmental risks and their impact.



Revised up Scope 1 and 2 reduction targets, set target for Scope 3 reductions

This year, as part of the Eiken Group's efforts to realize carbon neutrality by 2050, we revised up the Scope 1 + 2 greenhouse gas emission target for 2030 from 30% (vs. FY2018) to 56% (vs. FY2021). This is because the introduction at the Nogi Division and the Nasu Division of "Tochigi Furusato Electricity" derived from hydroelectric power, in addition to longstanding energy-saving activities, has led to the prospect of being able to significantly exceed the reduction targets that we set initially. We are also targeting the reductions to the level required by the Paris Agreement. We also have arrangements to reduce greenhouse cases not only within the Company but throughout the supply chain, in line with global initiatives. Because emissions in the supply chain are dramatically higher than emissions from the Company itself, we have set a new target of reducing Scope 3 emissions by 25% versus FY2022 by 2030. With a focus on international trends, we are moving forward with preparations to work in cooperation with other companies.



SBT (Science Based Targets) certification

We have obtained SBT certification from the international SBTi (Science Based Targets initiative) to the effect that our upwardly revised targets for Scope 1 + 2 reductions and the new Scope 3 reduction target are based on scientific grounds and conform to the aims of the Paris Agreement, which are to hold global temperature increase to well below 2°C above pre-industrial levels and pursue efforts to limit it to 1.5°C.



Obtained third-party verification of greenhouse gas emissions

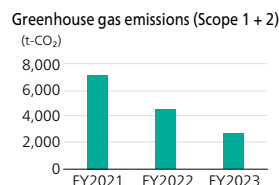
Third-party verification has been obtained to guarantee the fairness and accuracy of greenhouse gas emissions (Scope 1 + 2 + 3) reported by the Company.

The Eiken Group has included responding to climate change and achieving a recycling-oriented society in its materialities, and is forging ahead with a variety of initiatives designed to minimize the environmental impact of its business activities, with the goal of realizing a sustainable society.

Greenhouse gas reductions

The Nogi and Nasu divisions, which are our production and R&D sites, are using Tochigi Furusato Electricity, which is power derived solely from hydroelectric power without emitting CO₂ during generation. 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 is used for environmental conservation projects in Tochigi Prefecture, meaning that we can both contribute to the local community and give thought to global environmental conservation.

At the Nogi and Nasu divisions we have also installed solar panels on some buildings. At the Nasu Division, solar power generation is used to charge electric vehicles. Through these initiatives, we reduced greenhouse gas emissions (Scope 1 + 2) by 59% year on year in FY2023.



Reduction of waste

The Eiken Group promotes the reduction of waste and the 3R's (Reduce, Reuse, Recycle). In FY2023 we reduced the amount of sludge to 1/39th of its previous level through the replacement of waste processing facilities. This has made a significant contribution to reducing waste and CO₂ emissions.

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 FY2023, following on from the previous fiscal year, 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. We also participated in activities for the removal of non-native plant species as part of the "Nogi Waterside School" hosted by Nogi town, thus contributing to the conservation of the environment and the local community.

Water security, environmental education, eco-proposals, and other



For details, please see the Company's website.

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

Environmentally friendly product development

The products and services of the Eiken Group are brought into being through the use of a variety of resources. It is the duty of the Eiken Group to make efficient use of the finite resources of the planet and to help achieve a sustainable and recycling-oriented society, and we are working actively and continuously towards these ends.

Materialities and KPIs

	FY2021 (base year)	FY2023 actual	FY2024 target	FY2030 target
Rate of usage of environmentally friendly packaging material (FSC-certified paper) *2	Not measured	17.3 %	20% (Vs. FY2021)	30% (Vs. FY2021)
Rate of usage of environmentally friendly materials such as biomass plastics *2	Not measured	2.0%	2% (Vs. FY2021)	8% (Vs. FY2021)

*1 Shipment basis (number of product codes using environmentally friendly packaging/number of product codes shipped)

*2 Shipment basis (number of product codes using environmentally friendly materials such as biomass plastics/number of product codes shipped)



New designs: Immunocatch®-Strep A and Immunocatch®-Adeno

This detection kit, which we launched during the previous fiscal year, permits simultaneous testing for adenovirus and Group A beta hemolytic streptococcus (Strep A) antigen, has been designed to reduce the burden of logistics by making the box smaller than those of series products, enabling approximately 1.3 times the number of kits to be transported. Because they are designed to fit precisely within their cardboard box, they can be transported without the use of packaging materials. It also reduces the resources necessary to collect specimens by enabling two types of test for each specimen obtained.



Immunocatch®-Strep A



Immunocatch®-Adeno



Modifications to packaging specification for the Loopamp PURE DNA Extraction Kit

In order to reduce the environmental impact of transporting reagent for DNA extraction using the LAMP method, we modified the packaging specification. The resulting improvements are expected to enable approximately 1.5 times the number of kits to be transported into the same space. This improvement was rated an outstanding initiative by an external environmental audit.



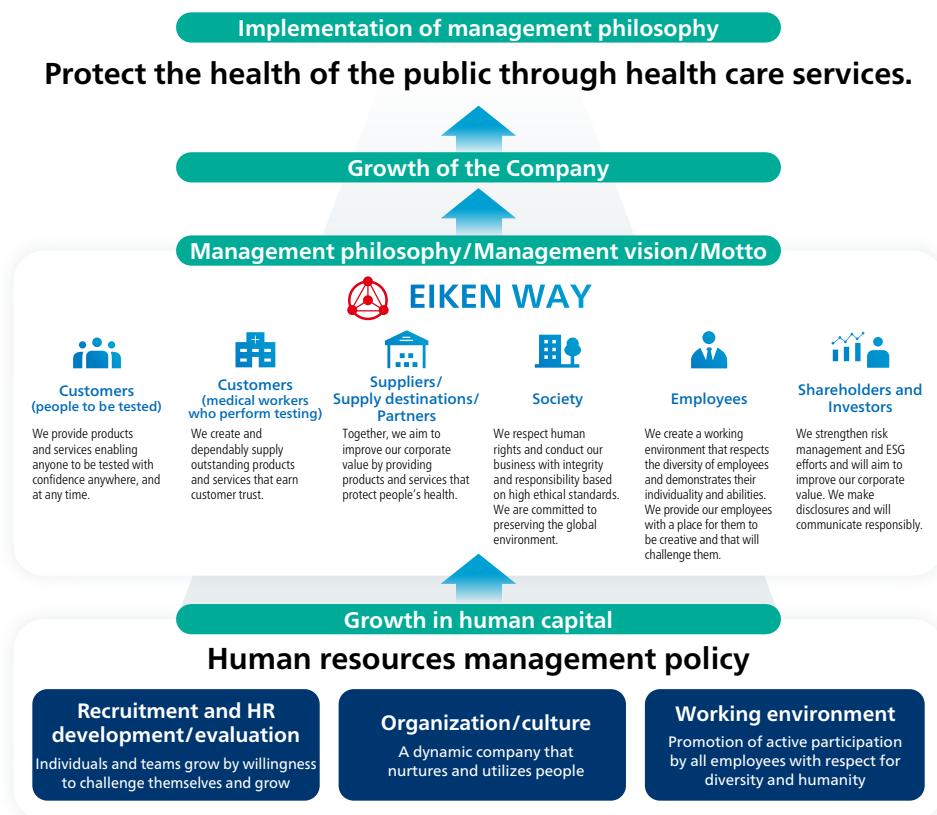
Previous product

Modified product

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.”

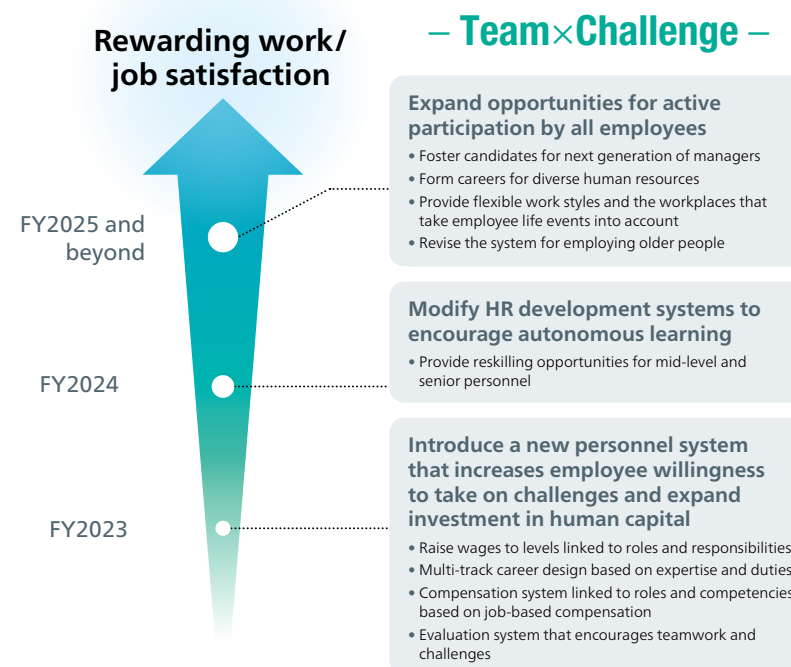
We believe that it is employees that will create the future of the Eiken Group, and that broadening the possibilities for employees will lead to growth for the company and contributions to society. In accordance with this policy, as well as aspiring to be a vibrant corporation making use of employee’s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



Human capital strategy roadmap

Not only has the Company committed the management resources generated by contributing to the health of people around the world into growth areas, but under the slogan of “Team × Challenge” it has also raised the wages of employees and promoted the development of their skills and abilities, and invested continuously in human capital by expanding opportunities for active participation by personnel. 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 implementation of the management philosophy and the maximization of value creation. In FY2024 we will also begin to provide opportunities for study to anybody, at any time, and at any place, as a HR development program aimed at encouraging employees to engage in autonomous learning.

Going forward we will continue to pursue rewarding work and job satisfaction for employees, such as by fostering candidates for the next generation of managers and offering reskilling opportunities to mid-level and senior personnel, holding various workshops and introducing systems aimed at opening the way to career formation for diverse human resources, and providing flexible work styles and workplace environments that take life events into consideration.



Human capital management that supports the business foundation ①

Recruitment and HR development/evaluation

HR development system

In order to remain a company that contributes to society in a business environment undergoing significant change, we have established a human resource requirements model and Skill Development Vision (the ideal employee), and are building a HR development system to support new employees until they become leaders who actively participate at the global level. Going forward, to provide even stronger encouragement for employees to engage in autonomous and independent learning, we will modify our current educational structure with a focus on four points, increase our investments in human capital, and link this to the growth of the Company.

Human resource requirements model



① Onboarding measures

The number of employees that the Company recruits every year is equivalent to 5% of its human resources. To enable new members of Eiken Chemical to blend in with the corporate culture and customs and demonstrate their abilities as a member of the team at an early stage, we believe it is important to provide them with support and establish an appropriate environment in the workplace.

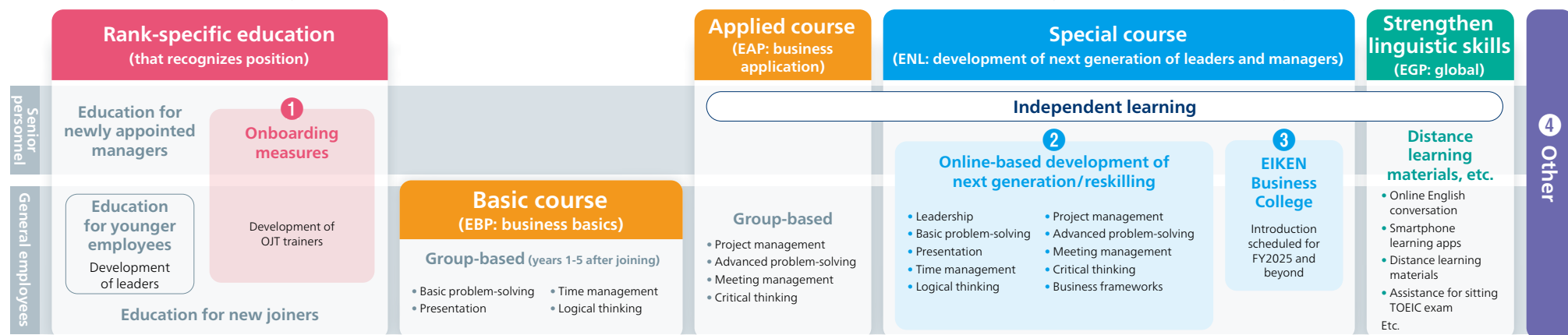
Since FY2018 we have appointed OJT trainers to the departments to which new employees have been assigned, and by providing training to the employees who become trainers we are working to foster a culture in which new employees are developed within the Company. Going forward we will also strengthen onboarding for mid-career joiners, and we are moving forward to establish programs to enable mid-career joiners to quickly build networks within the Company, deepen their understanding of the medium- to long-term objectives of the Company and the values held by employees, as well as a support system in the organizations they have joined.

② Provision of opportunities to learn at any time and at any place

Previously our training was mainly group-based, but with the aim of fostering candidates for the next generation of managers and offering reskilling opportunities to mid-level and senior personnel, we have introduced a program of online videos from which business basics, applied knowledge and various frameworks can be studied at any time and at any place, so as to build a foundation for further leaps forward.

③ EIKEN Business College (scheduled for introduction in FY2025 and beyond)

The Company based its slogan of "Team x Challenge" on the idea that individuals and teams grow by willingness to challenge themselves and grow. In order to raise the sights of employees and to develop their discernment, we support them by providing opportunities to learn from instructors tackling challenges on and actively participating in the front line of various fields in order to become the people who will build the future of the Company.



*EBP: Eiken Basic Program, EAP: Eiken Application Program, ENL: Eiken Next Leaders, EGP: Eiken Global Program

④ Other

By holding various workshops aimed at career formation for human capital from diverse backgrounds, and by giving stretch assignments and relocation experience in accordance with career plans (career and skill development planning sheet), we are working to build an environment in which employees mutually accept diverse values and can demonstrate their abilities to the fullest extent through work. Going forward we will continue to work on introducing systems that will lead to the provision of flexible work styles and workplaces that take employee life events into consideration.

Human capital management that supports the business foundation ②

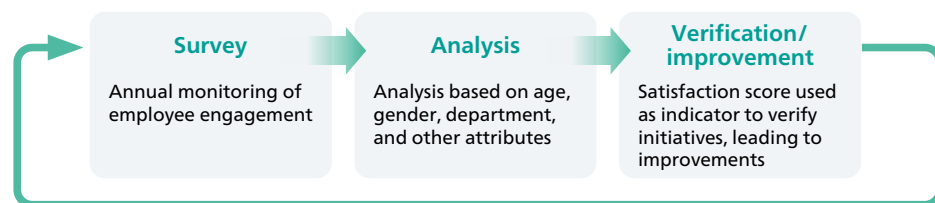
Working environment

Employee engagement

International society is currently moving towards the shared objective of achieving the SDGs by 2030, but Sustainable Well-Being Goals (SWGs) are beginning to be advocated as objectives beyond 2030. The Company is working to raise employee well-being as well as employee engagement in order to implement its management philosophy.

Results of FY2023 employee satisfaction survey

The Company holds an employee satisfaction survey every year to monitor employee engagement. In addition to overall satisfaction with the Company, the survey is made up of five categories: Work Content, Workplace Environment, Management, Corporate Culture, and Potential of the Company. By scoring these results and using them as an indicator to it improve engagement, we can verify whether the Company's initiatives have been effective.



In the survey conducted in FY2023, the score for overall satisfaction with the Company* was 48.1 points, a decline of 10.3 points from the previous year. We believe this is due to the impact of changing to an anonymous survey to encourage the active participation of employees and to draw out their real opinions, the change that we implemented to address the issue of the low response rate of 88.5% for the previous survey in which people were asked to enter their names, which stemmed from the focus on accurate analysis of employees by attribute. The result of the change to an anonymous survey was that the response rate rose to 94.0%.

The results of the survey show high scores for the Work Content category, and that trend was particularly noticeable for the items of "The work of the Company contributes to society," "I derive job satisfaction from my work," and "I can achieve personal growth through the work I am currently performing." We infer that this is the result of firsthand experience of providing test reagents for COVID-19 during the pandemic, and of the overseas expansion of the Company, which includes the provision of fecal immunochemical test reagents. In the Workplace Environment category there were also high scores for such items as "I am able to work in the location I want," "I can consult with my superior or coworkers about important things," "I can take leave without feeling constrained by those around me," which verify the effectiveness of the measures that we have taken to achieve work-life balance.

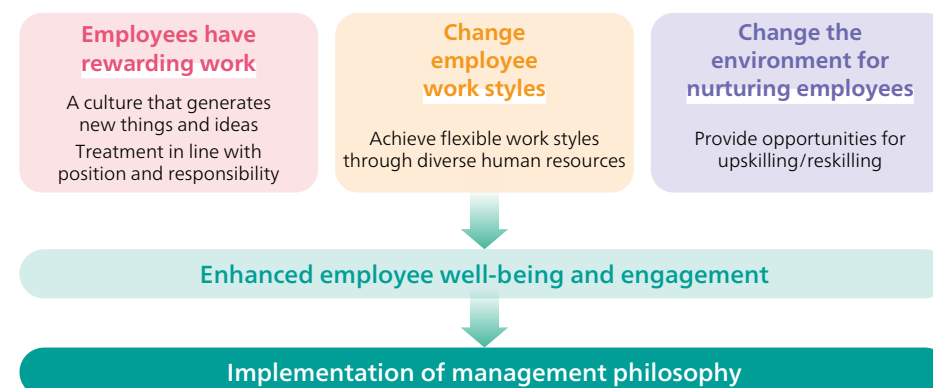
Elsewhere, "The management philosophy has permeated the Company" in the Corporate Culture category and "I want to continue working at this company" in the Potential of the Company

*Satisfaction score: calculated from the ratio of people giving positive responses and negative responses in questions on a five-point scale. Neutral responses are not included.

category both attracted positive responses from around 60% of employees, showing that the management philosophy has been absorbed by employees and that many employees are satisfied with the overall working environment at the Company.

On the other hand, in the Management category, issues were seen in relation to management work styles in addition to the standardization of work. In Potential of the Company, issues were raised about concentrated investment in developing new products and strengthening organizational structures in a post-COVID-19 world in which the environment is changing at dizzying speed, and about the timely acquisition of human resources and the development of their skills amid intensifying competition for talent.

These issues have been submitted as input to management from the following three perspectives, and we will strive for continuous improvements.



For details, please see the Company's website.

Respecting Human Rights and Diversity:

<https://www.eiken.co.jp/en/sustainability/social/diversity/>



Engagement:

<https://www.eiken.co.jp/en/sustainability/social/engagement/>

Boosting Health and Ensuring Safety and Hygiene:

<https://www.eiken.co.jp/en/sustainability/social/health/>

Human capital management that supports the business foundation ③

**Organization/
culture**
**Working
environment**

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.

DE&I (Diversity, Equity & Inclusion)

The Company wishes to create a corporate culture and working environment in which employees with various attributes and backgrounds can actively participate in rewarding work, and work with peace of mind for long periods of time, and has implemented various measures to achieve this, such as questionnaires on unconscious bias. This resulted in numerous responses that mentioned the many changes in lifestyle being faced by female employees, and opinions expressing their unease and concerns about future work styles. Diversity includes a variety of factors, but the Company is first of all promoting active participation by women as a priority, and has been holding workshops aimed at female employees since FY2022.

In FY2024 we introduced career design workshops regardless of gender, and going forward we will create an organizational culture that enables employees to continue to enjoy their respective lifestyles and to work in a way that suits them. By continuously holding workshops for leaders and senior personnel on how to nurture diverse subordinates, in addition to the usual leadership and management training, we aim for a dynamic company that nurtures and utilizes people and seek to promote active participation by all employees with respect for diversity and humanity.

Materialities and KPIs

Percentage of managerial positions held by women *

FY2023 actual FY2024 target FY2030 target
15.4% >> 20% >> 30%

*Proportion of women in roles at section chief level or higher

Career progression regardless of gender

Proportion of women to men

Women **3 : 7** Men



Active participation by 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. Some employees utilize their knowledge of farm management on their own initiative to standardize tasks in accordance with manuals, and to improve processes in order to reduce the physical burden, and by proposing such employees for awards and so on, we encourage them to take on challenges to enable them to obtain job satisfaction through their work.

Materialities and KPIs

Rate of employment of people with disabilities

FY2023 actual FY2024 target FY2030 target
2.7% >> 2.6% >> 3.0%

Promoting diverse work styles

The backgrounds and life events of employees cover a wide range. Work-life balance varies and is not the same for everybody, but we believe that an environment in which women find it easy to work is an environment in which diverse employees, including men, find it easy to work.

As a result of initiatives to achieve a working environment that does not differentiate by gender, we have been highly rated in such areas as the recruitment of female employees and their continuing employment status, a variety of career courses, the percentage of managerial positions held by women, and progress in the taking of childcare leave by men and women. This has led to Platinum Kurumin certification as a company that supports child-raising, and to winning the highest possible rank of three stars in the Eruboshi certification, which recognizes outstanding companies for promoting the active participation of women.



Materialities and KPIs

Total actual work hours per full-time employee per year *1

FY2023 actual FY2024 target FY2030 target
1,864h >> 1,870h >> 1,635h

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

FY2023 actual FY2024 target FY2030 target
67.3% >> 65% >> 100%

Rate of uptake of childcare leave (women)

FY2023 actual FY2024 target FY2030 target
100% >> 100% >> 100%

Rate of uptake of childcare leave (men) *2

FY2023 actual FY2024 target FY2030 target
90% >> 100% >> 100%

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

*2 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%)



For details, please see the Company’s website.

Respecting Human Rights and Diversity:

<https://www.eiken.co.jp/en/sustainability/social/diversity/>

Human capital management that supports the business foundation ④

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.

Health management declaration

In order to realize our management philosophy, "Protect the health of the public through health care services," each employee must be healthy both physically and mentally. We declare that we will maintain and improve the mental and physical health of our employees by creating a workplace environment where they can work in a healthy, cheerful and active manner.

Health management initiatives

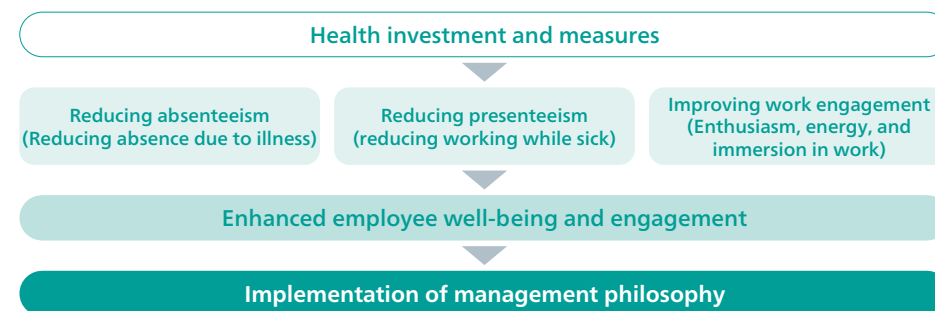
We have built a structure to promote health and productivity management so that all employees can work every day in good health and in good spirits. The Company is making efforts to raise the health awareness of employees through a variety of activities, such as health literacy seminars, the provision of health e-learning, the holding of company-wide walking events, and the setting of no-smoking days and times. In acknowledgment of these initiatives, the Company has been recognized as a Certified Health & Productivity Management Outstanding Organization (Large Enterprise Category) for five consecutive years since 2020.



To view progress in materialities and KPIs, please see the Company website.
Boosting Health and Ensuring Safety and Hygiene:
<https://www.eiken.co.jp/en/sustainability/social/health>

Health management promotion system

We have established a Health Management Promotion Committee as a subcommittee of the Sustainability Committee. When promoting health management, we set goals and indicators (KPIs) to create a management strategy map, and visualize how the individual measures will lead to the resolution of health issues.



For details of the Health Management Promotion Committee and the health management strategy map, please see the Company website.

Boosting Health and Ensuring Safety and Hygiene:
<https://www.eiken.co.jp/en/sustainability/social/health>
Health Management Strategy Map:
<https://www.eiken.co.jp/uploads/Health%20Management%20Strategy%20Map.pdf>

Examples of health management initiatives implemented

• Health literacy seminars

- Goals** Raise employee health awareness
- Scope** Executive Officers and all employees
- Details**
 - ① Suggestions for health management
 - ② Healthy diet
 - ③ Handy bits of knowledge on strength training
 - ④ Practical techniques (stretching)

• Health e-learning

- Goals** Raise awareness, understanding, and acceptance of health among employees
- Scope** Executive Officers and all employees

Details	Month implemented	Theme
	2023 May	How to improve mental and physical performance
	2023 June	Stress management
	2023 August	Prevention and early detection of cancer
	2023 September	Screening for women
	2023 November	Forward-looking reframing (Part 1)
	2023 December	Forward-looking reframing (Part 2)

• Walking events

- Goals** Creating opportunities for making exercise a habit, encouraging communication
- Scope** Executive Officers and all employees
- Details**
 - For the duration of the event (four weeks), participants use a smartphone app to record the number of steps they take in day-to-day walking, and earn points accordingly
 - Worksites compete with each other to get the most points
 - Hitting the target number of points results in drink vouchers, etc.

Value Chain Management

Basic policy

In order to help realize a sustainable society through environmental, social, governance (ESG) initiatives, 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.



For details, please see the Company's website.
https://www.eiken.co.jp/en/sustainability/medical/supply_chain/

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 FY2022 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.

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

FY2022 actual

Questionnaire surveys implemented for the 8 major suppliers and buyers in the upper 50% by transaction value

Response rate **100%**

Number of companies for which improvements proposed based on questionnaire results **2 companies**

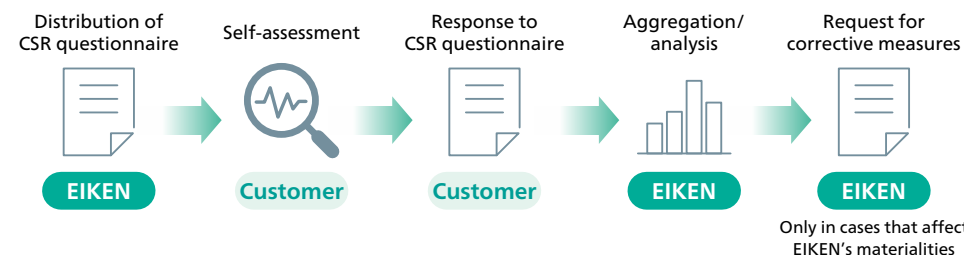
FY2023 actual

Questionnaire surveys implemented for the 12 major suppliers and buyers in the upper 70% by transaction value (excluding those who were surveyed in FY2022)

Response rate **100%**

Number of companies for which improvements proposed based on questionnaire results **8 companies**

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 use improvement proposal documents to encourage improvements before the next survey.

Materialities and KPIs

Rate of implementation of CSR procurement surveys*

FY2023 actual	FY2024 target	FY2030 target
100%	100%	100%

*Rate of implementation (response rate) for those major business partners in the upper 70% by transaction value for FY2023, in the upper 90% for FY2024, and in 100% in FY2030

Our approach to enhancing corporate value

In preparation for establishing management with an awareness of the cost of capital, the Company designated net sales, overseas sales as share of total, operating profit margin, and ROE as important indicators in the management framework EIKEN ROAD MAP 2030, and we believe that achieving medium- to long-term growth via this management framework will lead to an even more positive reception by the market. Based on the progress being made in the Medium-Term Management Plan, the final year of which is FY2024, we see expansion of the top line and profitability as being priority issues. Our policy on expanding the top line is to seek to raise the overseas sales as share of total, rebuild the business portfolio, and review areas of investment for research and development. In terms of improving return on capital, in addition to concentrating investment on the development of highly profitable products, we are investigating flexible share buybacks and M&A. We also consider reviewing remuneration plans for officers and strengthening IR/SR activities to be pressing matters, and are investigating effective measures to address both.

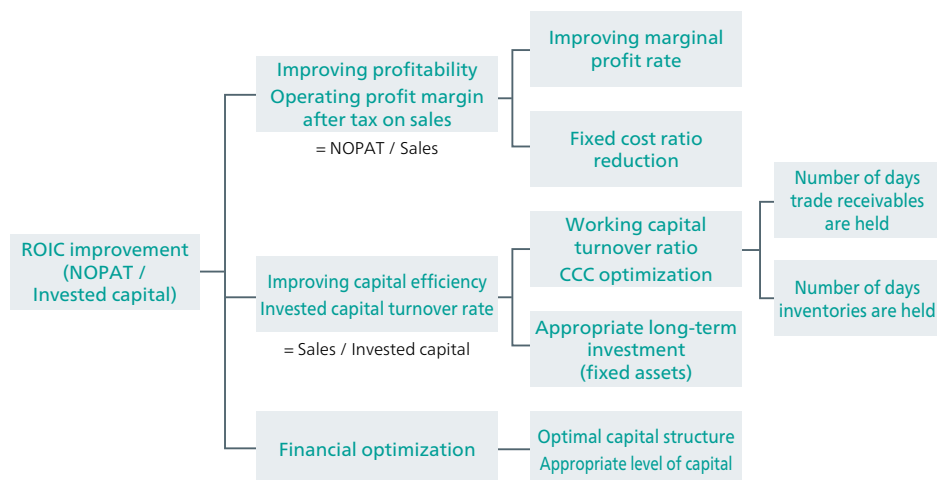
			FY2023 actual		FY2024 target	FY2030 target
Growth	Net sales	>>	¥40.0 _{bn}		¥43.1 _{bn}	¥75.0 _{bn}
	Overseas sales as share of total	>>	25.3%		28.6%	40% or greater
Profitability	Operating profit margin	>>	8.4%		13.1%	20% or greater
Capital efficiency	ROE	>>	5.6%		9.5%	15% or greater

Current issues in the Medium-Term Management Plan		Initiatives critical for FY2024, FY2025, and beyond	
Expand the top line	<ul style="list-style-type: none"> Expand lineup of products that can be deployed overseas 	Review business portfolio and priority areas for sales promotion	<ul style="list-style-type: none"> Reconstruct the business portfolio to raise the overseas sales ratio Make concentrated investment in R&D
Improve return on capital	<ul style="list-style-type: none"> Optimize the number of products and improve the product mix Develop and deploy high-profit products to take the place of COVID-19 detection kits 	Consider measures aimed at improving capital efficiency	<ul style="list-style-type: none"> Consider flexible share buybacks Investigate M&A Optimize the cash conversion cycle
Boost efficiency of R&D	<ul style="list-style-type: none"> Partner with external institutions and acquire technology Concentrate R&D resources 	Review corporate governance and bolster IR/SR activities	<ul style="list-style-type: none"> Review performance-based remuneration system Describe vision for medium- to long-term growth at business briefings, etc.

Measures to improve profitability

Having comprehensively assessed our financial soundness and business viability, we will implement capital policies aimed at improving return on capital and our current balance sheet so that we can achieve our vision for creating further corporate value. We are considering specific measures in line with our ROIC tree approach.

Components of ROIC



Initiatives for the final year of the Medium-Term Management Plan

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. Our target for ROE in FY2024 is 9.5%.

CCC (Cash Conversion Cycle) is a financial indicator that shows the number of days required to recover trade receivables after paying trade payables.

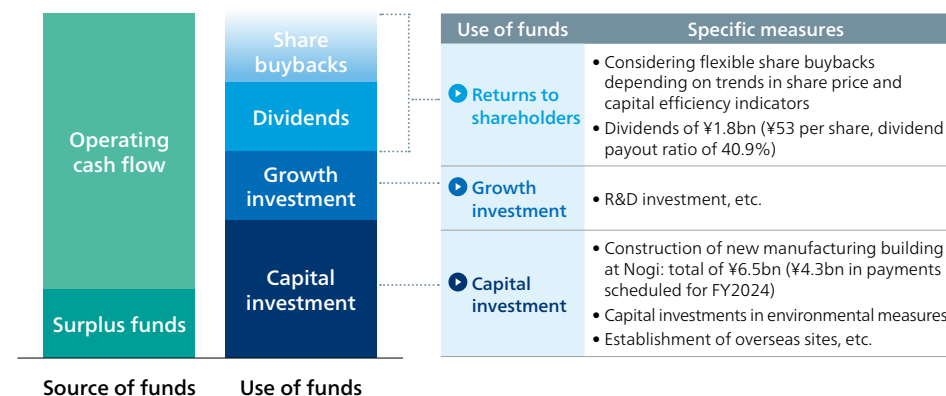
CCC is currently 120 days, but we are aiming for 90 days in FY2024. First we will optimize inventory management, and beyond that we will improve trade receivables and payables turnover cycles by adjusting the terms of our transactions and other methods.

Depending on the trend in share prices and capital efficiency indicators, we will consider flexible share buybacks.

Cash allocation

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 will allocate funds to the research and development that is the foundation for growth, and to the growth drivers of human capital and various capital investments. In addition, we have not set a specific figure for M&A, and this will be treated separately.

Cash allocation for FY2024 (planned)



Returns to shareholders

In order to maintain and increase shareholder value, the Company has made its basic capital policies improving capital efficiency and implementing sustainable and stable returns to shareholders. With regard to shareholder returns, the Company is considering policies that will contribute to increasing corporate value, after taking into account the need to strengthen the financial position and the level of internal reserves required for an active program of business expansion.

