



EIKEN CHEMICAL CO., LTD.

Saving
Your
Health

Integrated Report 2024

EIKEN CHEMICAL Integrated Report 2024

Our Management Philosophy

Protect the health of the public through health care services.

Based on this management philosophy, we contribute to society through the provision of products and services that protect the health and lives of people around the world.

Our Management Vision

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

Our Motto

We EIKEN provide trustworthy quality, and develop with technology.



EIKEN WAY



Table of contents

Section **01**

Value Creation Story

- 01 Management Philosophy/EIKEN WAY
- 02 Table of Contents/Editorial Policy, Etc.
- 03 At a Glance
- 04 Message from CEO
- 08 Eiken Chemical's Value Creation Process
- 09 Putting Management Philosophy into Practice FIT
- 13 Putting Management Philosophy into Practice LAMP
- 16 Management Resources (Capital)

Section **02**

Our Strategy

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

Section **03**

Corporate Governance

- 47 Basic Policy on Corporate Governance
- 48 Approach to Composition of Board of Directors/Diversity of Skills
- 49 Evaluation of the Effectiveness of the Board of Directors
- 50 Executive Remuneration
- 51 Compliance/Risk Management
- 55 Executives (Directors, Executive Officers)
- 56 Message from Outside Directors

Section **04**

Our Profile

- 59 Eiken Chemical's Businesses
- 60 Main Products and Services
- 61 Financial Highlights
- 62 Non-Financial Highlights
- 63 External Evaluation/Stock Information, Etc.

Editorial Policy

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

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

Disclaimer Regarding Forward-Looking Statements

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

Period of the Report

FY2023 (April 1, 2023-March 31, 2024)

*Includes reports on some events occurring on or after April 1, 2024

Scope of the Report

EIKEN CHEMICAL CO., LTD. and its Group companies

At a Glance

The Eiken Group in FY ended Mar. 31, 2024



Net sales

40,052 million yen

R&D expenses

3,939 million yen



Net profit

2,634 million yen

ROE

5.6%



Number of employees
(full-time employees + temporary employees)

1,101

Number of
R&D personnel

192



Overseas sales
as share of total

25.3%

Number of countries
in which products deployed

53



CO₂ emissions
(Scope 1 + 2)

2,742 t-CO₂

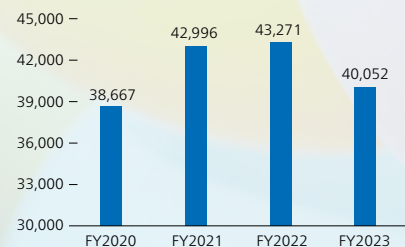
Water volume consumed
(all production sites)

68,700 m³

Change in major financial indicators over time

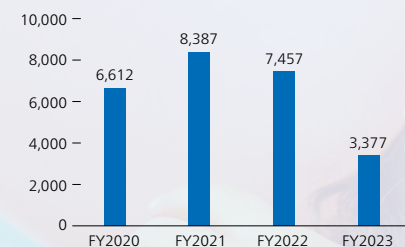
Net sales

(million yen)



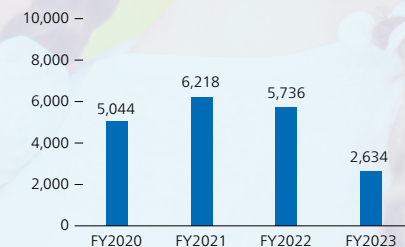
Operating profit

(million yen)



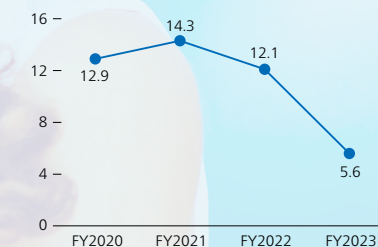
Net profit

(million yen)



ROE

(%)



Message from CEO



**Tsugunori
Notomi,**
President & CEO

**As a medical testing pioneer
we contribute to the health of
people worldwide, working
to resolve social issues and
enhance corporate value**

- 1** Long-term growth curve unchanged despite COVID-19 pandemic
- 2** Encouragement for employees with abundant challenging spirit
- 3** Clarifying the roadmap for growth
- 4** Doing everything we can for our diverse stakeholders

Message from CEO

Focus on our roadmap for the future as we complete the building of our foundation

1 Long-term growth curve unchanged despite COVID-19 pandemic

Eiken Chemical is moving steadily forward with initiatives focused on the management framework EIKEN ROAD MAP 2030, which was conceived from a long-term perspective. With the COVID-19 pandemic coming to an end, FY2023 had some challenging aspects in terms of profitability. On the other hand, the Medium-Term Management Plan (MTMP) that Eiken Chemical is currently executing has been designated a period for building the foundation to implement the roadmap, and in this we are moving steadily forward despite significant changes in the business environment.

In Japan, our traditional main products for fecal immunochemical testing and immunological and serological testing have already returned to pre-COVID-19 levels, and the business environment is becoming one in which we can continue to expect steady expansion. In the overseas business there are also products for which we anticipate growth going forward, such as fecal immunochemical testing and urinalysis, and tuberculosis reagents for genetic testing. Our profits were temporarily depressed by such one-off

factors as market trends during the COVID-19 pandemic, but our main businesses remain strong and I do not believe any major changes in policy are required.

The impact on society of the COVID-19 pandemic has also driven some changes in the clinical diagnostics market from which there can be no going back. One example of this is the positioning of the field of genetic testing. Numerous manufacturers entered this testing field during the COVID-19 pandemic. The competition was severe, but right from the development stage we had planned for our genetic testing platform to also be applicable to testing for cancer. At Eiken Chemical, we have hitherto focused our development resources on multi-target testing methods that enable multiple items to be tested at once, and it is likely that techniques to combine multiple test items to obtain accurate diagnoses will become even more widely used going forward. In that sense it gives us confidence that the direction we have taken as a company is the correct one. Elsewhere, we have submitted an application with regulatory authorities for our companion diagnostic system for lung cancer, named MINTs, and we expect approval to be granted in the first half of FY2024. It is important that

the initiatives that we have not yet completed, including MINTs, are brought to fruition as we build the foundations of the future during

FY2024, which is the final year of the current MTMP.

Fully-automated fecal occult blood analyzer OC-SENSOR Ceres



Fecal immunochemical test reagents



Urinalysis test strips for overseas



Tuberculosis reagents for genetic testing



Message from CEO

Changing workplace environments that discourage challenges By providing employees with a workplace in which it is easy to take on challenges we encourage them to do so

2 Encouragement for employees with abundant challenging spirit

Driven by the bursting of the bubble, the global financial crisis, and repeated disasters of natural and human origin, society has become afraid of emerging risks and is trending towards strengthening regulation. Of course, it is also necessary for corporate managements to seek safety, but I am apprehensive that this will lead to a dwindling of our capability to take on challenges. My perception is that, even among our own employees, we have seen an increase in the number of individuals who are oversensitive to risk and who dislike taking on challenges. Despite originally having this challenging spirit, they have become unable to demonstrate it.

I myself spent many years working as an engineer and researcher, and although I did of course engage with my work during that time with a strong sense of the mission of the organization, a good deal of it was left to my own judgment. Due in part to this experience, I am careful not to put too much pressure on engineers in particular. Sometimes engineers may experience difficulties but it is important that they overcome these through strength

of will.

I believe that among younger people we are increasingly seeing individuals who have the ability to think and to give coherent explanations of what they want to do, as well as possessing the willpower to make it happen. With the external environment becoming increasingly difficult, I see it as my job to give such talented employees a gentle push in the back to ensure that they do not become demotivated by an organization that concerns itself only with responding to regulation and addressing risks, and so disappear from view. Failure is an unavoidable part of taking on challenges. However, it is important that we assess them properly so that they take on challenges without being afraid of failure, take the approach of using any such failures to open the way to success, and take the necessary steps to achieve this.

3 Clarifying the roadmap for growth

Under the roadmap I mentioned earlier, we stated that while focusing on the current business areas as the core operations we will address 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. In the field of cancer, we have declared our intention to expand into products and services that are more directly related to treatment, while in the field of infectious diseases we are seeking to establish simpler test technology, and in the field of healthcare we plan to expand products and services that address remote treatment and testing at home. We are proceeding with the MTMP in accordance with this roadmap, and we will be sure to complete the building of the foundations by the end of the three-year period of which FY2024 is the final year.

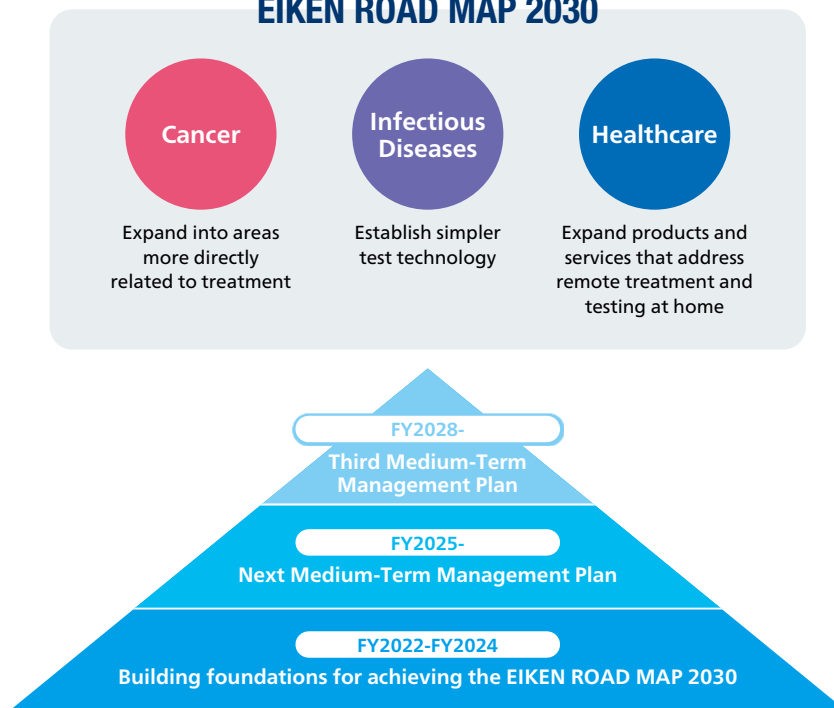
Having engaged in dialogue repeatedly with investors and other stakeholders, I have become aware that we should make this roadmap a little easier to understand. I believe it is important to provide concrete information to address such issues as the approximate scale of the markets in our main business areas, what specifically we are going to promote, which of Eiken Chemical's technologies will result in what kind of products, how they will be commercialized, and how this will lead to profit. By outlining these points in ways that are easier to visualize, we will make the reasonableness of these investments easier for investors to grasp. If we can raise expectations for the

Message from CEO

future growth of Eiken Chemical by clarifying our use of funds, it will become easier to obtain an appropriate assessment from

the capital markets. In addition to actively returning profits to shareholders, we intend to clarify the Eiken Chemical growth story.

EIKEN ROAD MAP 2030



Discussions on the next MTMP have already begun We have started to move forward to the next stage in order to continue to provide value to stakeholders

4 Doing everything we can for our diverse stakeholders

With regard to the evolution of the roadmap, we are already engaging in frequent discussions on the Board of Directors and elsewhere within the Company, on the next MTMP, including its preparation. In the next MTMP, one major theme will be using the foundation that we built during the current MTMP as a springboard for action. What is important is whether we are a positive force that creates value for various stakeholders, including customers and employees, from a long-term perspective. Based on our philosophy of protecting the health of the public through health care services, and as a medical testing pioneer, we try to be aware at all times, and discuss, what we can do for patients and in what form this benefits stakeholders.

Eiken Chemical's diagnostics can now be delivered even to low- and middle-income countries where medical services have not yet been adequately provided. However, delivery alone will not lead to resolution of the issues. What is most important is that these diagnostics actually reach patients, are used

in volume, and result in people becoming healthy. This applies not only to products for low- and middle-income countries but also to the Company's products and services in general. In order to continue to make such contributions we must be sure to generate profit from our business activities, and we ourselves must continue to grow and develop. With regard to the part of the sustainability management perspective that relates to mitigating environmental impacts in the course of business activities, we have addressed and continue to address this seriously. For example, we have achieved the 2030 target for decarbonization that is one of our KPIs. It is nonetheless distressing to look around the world and note that conflicts in Ukraine, the Middle East, and other regions have resulted in further destruction of the environment.

Eiken Chemical's desire is to continue to be a company that provides value to a diverse range of stakeholders including patients. I invite you to look forward with expectation to the future of Eiken Chemical now that we have completed the building of our management foundations and are moving on to the next stage of our development.

Eiken Chemical's Value Creation Process

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

- Contribution to cancer prevention and treatment
- Contribution to eradication and control of infectious diseases
- Provision of products and services useful for health care

Human Capital Strategy

Structural Reform

IT Strategy

Financial Strategy

Governance

Medium-Term Management Plan

▶ P19

EIKEN Vision 2030

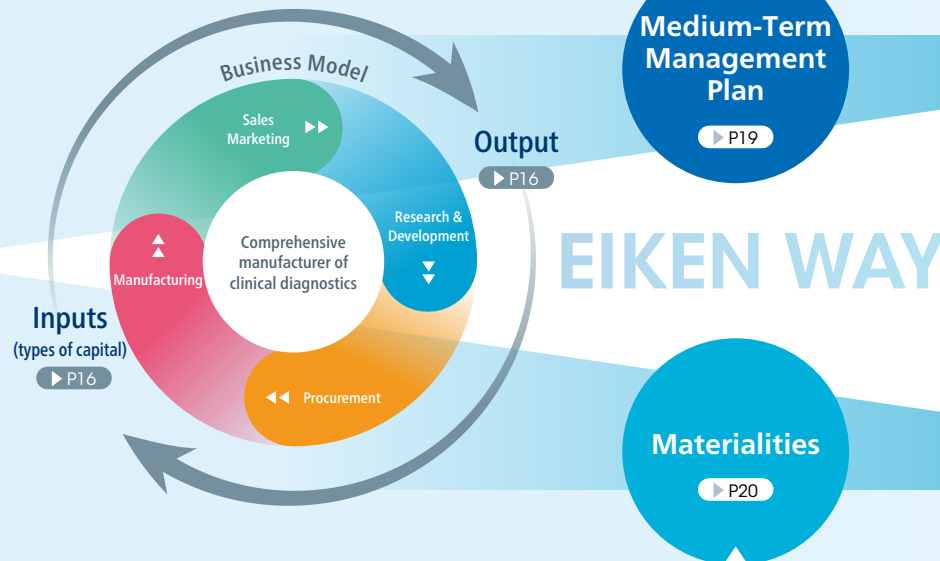
- Contribution to cancer prevention and treatment
- Contribution to eradication and control of infectious diseases
- Provision of products and services useful for health care
- Business activities in harmony with the global environment
- A vibrant corporation making use of employee's talent

▶ P18

Materialities

▶ P20

EIKEN WAY



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

Business activities in harmony with the global environment

A vibrant corporation making use of employee's talent

An organizational base that supports sustainable growth

Our goals for the future

Build the future of testing for the health of people worldwide and a sustainable society

Redress global disparities in health care

Establish simpler test technology for infectious diseases

Enhanced personal care, such as remote clinical system and at-home self-testing

Improve quality of life by enhancing personal care

Reduce workloads on the medical front line and control medical expenses through enhanced testing

Achieve carbon neutrality

Value Provided to Stakeholders

Stakeholder Message

Graeme P Young AM

Matthew Flinders
Distinguished Emeritus Professor,
Flinders University

FTSE FAHMS FGESA AGAF,
MD FRACP

Profile

Graeme Young graduated MB, BS in 1969 from the University of Melbourne. He studied at Washington University, St Louis in 1978-1980 after which he obtained his MD by research thesis in 1981. Following academic appointments at University of Melbourne, in 1997 he was appointed as the foundation Professor of Gastroenterology at Flinders University of South Australia. In 2011 he was appointed Professor of Global Gastrointestinal Health at Flinders University and was honoured with the title Matthew Flinders Distinguished Professor. He is a Fellow of two academies and three professional bodies. He was a founding member of the World Endoscopy Organization's (WEO) Colorectal Cancer Screening Committee in 1998. He chaired this committee in 2005-2013 and remains an active member, leader of major international publications and health policy in the field. During the first 20 years of the committee, the number of countries implementing population-based organised colorectal cancer screening rose from just 2 to more than 40, most of which screen using faecal immunochemical tests for haemoglobin (FIT). He is an internationally recognised expert on colorectal cancer (CRC) screening and biomarkers, screening policy and its implementation. His early work with international colleagues established the key role that FIT would play in establishing CRC screening in many countries. Graeme has published nearly 500 scientific and medical papers, with over 400 colleagues – several hundred of these are international colleagues.

Key awards include: 2017: Winner of the Australian Museum Eureka Prize for Innovation in Medical Research. 2014: Membership of the Order of Australia (AM). 2013: South Australian Scientist of the Year. 2009: Distinguished Research Prize of the Gastroenterological Society of Australia.



Expectations for Manufacturers of Clinical Laboratory Reagents and Equipment for Detection of Fecal occult Blood

■ Global status of colorectal cancer

CRC is a significant cause of cancer-related deaths and thus a major health problem. It is ranked in the top ten diseases for health burden by the World Bank. [*1]. There is wide geographic variation in CRC incidence[*2], being higher in developed than developing countries. Incidence is increasing in those with growing affluence [*3]. It is predicted that by 2040, the number of cases will have risen from 1.850 million now to 3.093 million in 2040 [*4].

■ The effectiveness of FIT

Studies have shown that FIT reduces CRC mortality as well as incidence through detection and removal of early stage cancers or pre-cancerous adenomas [*5]. The quantitative FIT is now the predominant FOBT screening technology used worldwide [*6].

FIT have proved superior to guaiac-FOBT in various ways: increased participation rates (single stool sample and simpler collection technique), automated analyzer for objective and

Putting Management Philosophy into Practice

FIT

consistent measurement, increased sensitivity for cancer and adenomas, no significant drug or dietary interference and an objective adjustable endpoint that can be tailored to available colonoscopy capacity and expectations of test performance [*7]. Quantitation of stool hemoglobin (Hb) concentration has provided flexibility for those managing screening programs to choose the criterion value (the threshold or “cut-off” Hb concentration at which a test is reported as positive) that triggers diagnostic verification by colonoscopy [*5]. This in turn facilitates planning of the health services capacity to manage the resultant colonoscopy workload [*5].

■ What is required of a FIT when screening for colorectal cancer.

It is important that a FIT meets the analytical performance characteristics required for its use. Manufacturers and laboratories must comply with regulatory bodies to ensure that they provide accurate, reliable and reproducible results under a range of conditions applicable to sampling, handling, transport, measurement and reporting of results [*5].

While post-analytic considerations are the responsibility of those responsible for conducting the screening program, manufacturers can facilitate selection of a test in several ways.

The first is to provide information on how to convert the sample buffer fecal hemoglobin concentration (f-Hb) to a concentration in the stool by correcting for the amount of stool usually collected into the sample device buffer and the dilution effect of the buffer. This would facilitate comparing measurement results between different FIT assay systems [*8]. Unfortunately, there are no international reference preparations that provide a standard for direct comparison of different FIT tests but this is the first step for harmonization of different assay systems.

Such preparations would also facilitate external quality control programs for laboratories. Manufacturers are therefore encouraged to indicate quantitative results as mcg Hb/g faeces.

The second is that reporting quantified results allows the end-user to choose the f-Hb concentration that serves as the positivity threshold and so determines if the result is positive or negative and requires follow-up colonoscopy. There is now emerging evidence that there is advantage in being able to adjust the positivity threshold according to age and gender as these are determinants of f-Hb in these demographic subpopulations and mean that test utility at a single f-Hb threshold might not be equitable across all subpopulations.

■ Conclusions

Manufacturers provide the crucial means for achieving program goals in FIT-based screening. Their tests are relevant, not just for the analytical laboratory aspects but also for key pre-analytic and post-analytic elements of a screening program.

- *1 Begg SJ et al., Burden of disease and injury in Australia in the new millennium: measuring health loss from diseases, injuries and risk factors. *Med J Aust* 2008;188:36-40.
- *2 Ferlay J et al., Global Cancer Observatory: Cancer Today. . Lyon, France: International Agency for Research on Cancer, 2018. <https://gco.iarc.fr/today>
- *3 Ferlay J, Colombet M, F B. Cancer Incidence in Five Continents, CI5plus: IARC Cancer Base No. 9 [Internet]. Lyon, France: International Agency for Research on Cancer, 2018. <http://ci5.iarc.fr/CI5plus/Pages/references.aspx>
- *4 <http://gco.iarc.fr/tomorrow/home>
- *5 Bresalier RS et al. Members of the World Endoscopy Colorectal Cancer Screening New Test Evaluation Expert Working Group., An efficient strategy for evaluating new non-invasive screening tests for colorectal cancer: the guiding principles. *Gut*, 2023; 72:1904-1918. Epub ahead of print doi:10.1136/gutjnl-2023-329701
- *6 Young GP et al., The Global Paradigm Shift in Screening for Colorectal Cancer. *Gastroenterology*. 2019;156: 843-851 e842.
- *7 Young GP et al., Which fecal occult blood test is best to screen for colorectal cancer? *Nat Clin Pract Gastroenterol Hepatol* 2009;6:140-141.
- *8 Benton SC et al. Faecal immunochemical tests for haemoglobin: Analytical challenges and potential solutions. *Clin Chim Acta* 2021;517:60



To read the full text of “Expectations for Manufacturers of Clinical Laboratory Reagents and Equipment for Detection of Fecal occult Blood,” please refer to the following.

<https://www.eiken.co.jp/en/ourfields/message.html>

What is FIT?

✓ Recommended Grade
A for colorectal cancer
screening in Japan^{*1}

✓ Low cost

✓ Specificity **96%**

✓ Simplicity

✓ Number of countries
in which deployed **47** countries

✓ Domestic share **67%**^{*2}

✓ International references for our products **100** or more



The socioeconomic significance of FIT

Nearly all cases of colorectal cancer are discovered at stage III or stage IV^{*3}. Colorectal cancer is a disease that progresses relatively slowly and, if detected early, a complete recovery can be realistically hoped for. It has been argued that by raising the proportion of sufferers diagnosed at stage I^{*3} from 13% to 50% in Europe, at least 130,000 lives could be saved each year, with a reduction in medical expenses of more than 3.0 billion euro annually^{*4}.

The **fecal immunochemical test (FIT)** provided by Eiken Chemical is simple and inexpensive approach that only requires the surface of the stool to be scratched for a sample to be taken, and results in the discovery of around 30% of colorectal cancer, of which 70% are early stage cancers. Research^{*5} reports that repeated testing reduces the risk of colorectal cancer mortality by 60%, which provides scientific evidence of its effectiveness. For this reason it is rated highly for cost effectiveness, and FIT appears in guidelines for colorectal cancer screening published by various countries^{*6}, and our own products have been adopted for colorectal cancer screening programs in 47 countries around the world.

	2023	2030	Calculation method
Positive value	USD 4.1 billion	USD 5.1 billion	Economic impact of early detection of colorectal cancer using FIT 2023: Number of persons undergoing tests, calculated by the number of stool sampling bottle sold in FY2023 × cancer detection rate × early detection rate × 5-year survival rate × GDP (USD per capita) Reference: OECD data 2030: Estimated market × estimated market share × cancer detection rate × early detection rate × 5-year survival rate × forecast GDP (USD per capita) eference: OECD data
Negative value	USD 600 million	USD 1 billion	Expenses incurred by endoscopies of persons with false positives 2023: Number of persons undergoing tests, calculated by the number of stool sampling bottles sold × positive rate × false positive rate × secondary testing ratio × cost of endoscopy 2030: Estimated market × estimated market share × positive rate × false positive rate × secondary testing ratio × cost of endoscopy *Endoscopy costs are calculated for Japan, the United States, and the EU in yen, dollars, and euro respectively and converted at the exchange rate as of March 31, 2024
Social value	USD 3.5 billion	USD 4.1 billion	Positive value - Negative value

*1 National Cancer Center Institute for Cancer Control

*2 FUJII KEIZAI

*3 There are five stages of colorectal cancer: 0, I, II, III, IV, and V

*4 COLORECTAL SCREENING IN EUROPE

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

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

Differences in techniques for colorectal cancer testing

Various tests for colorectal cancer other than FIT exist, such as chemical fecal occult blood tests, DNA stool tests, and endoscopies, but only FIT is recommended for colorectal cancer screening in Japan. Compared to chemical fecal occult blood tests, the immunological method requires no restrictions on food or other requirements before the test, and is reported to be the most-cost effective of all tests when implemented^{*3}. Simplicity and low cost are other features of the test. The weakness of FIT compared to other methods is low sensitivity, but by implementing the two-day method (testing specimens from two days at once) every year, the required level of sensitivity can be achieved.

	Fecal immunochemical test (FIT)	Stool DNA test	Chemical fecal occult blood test
Principle	Detects human hemoglobin in stool	Detects DNA markers and human hemoglobin in stool	Detects peroxidase-like action of heme in red blood cells
Sensitivity ^{*Refer to P.15}	74% ^{*1}	93% ^{*1}	75% ^{*1}
Specificity ^{*Refer to P.15}	93-96% ^{*1} Number of publications: 14, n=34,352	84-86% ^{*1} Number of publications: 4, n=12,424	96-98% ^{*1} Number of publications: 2, n=3,503
Test frequency	Every year/every other year	1-3 years	Every year/every other year
Cost	Low cost (USD 18.05) ^{*2}	High cost (USD 509) ^{*2}	Low cost (USD 4.38) ^{*2}
Frequency of unsuitable stool samples	0.6% ^{*3}	6% ^{*3}	0.9% ^{*4}
Guidelines	Coverage in guidelines for various countries around the world Japan: Recommended Grade A	Covered only in the guidelines for the United States	Covered in the guidelines for some countries
Food restrictions before test	No	No	Yes
Number of colorectal cancer deaths averted per 1,000 individuals screened	26 ^{*1}	25-28 ^{*1}	24 ^{*1}
Life-years gained (LYG) per 1,000 individuals screened ^{*5}	318 ^{*1}	303-333 ^{*1}	298 ^{*1}

Trend in guidelines

Health projects based on
Health and Medical
Service Act for the Aged
1992

Incorporated colorectal cancer
screening using FIT as a method

European colorectal cancer
screening guidelines
2010

"Immunological methods
(automated) are the best."

USPS-TF
2016

"The OC [name of Eiken Chemical's
FIT products] have the best test
performance characteristics."

NICE guidelines
2017

Recommended with
use of product name

ACS guidelines
2018

Immunological methods
for colorectal cancer
screening recommended

NCCRT
2020

Improved screening
rates through FIT
implemented by mail

USPS-TF Final
Recommendation
2021

Lowering of age
for screening
eligibility (50→45)

^{*1} USPSTF (<https://www.uspreventiveservicestaskforce.org/uspstf/document/RecommendationStatementFinal/colorectal-cancer-screening>)

^{*2} CMS.gov <https://bmcgastroenterol.biomedcentral.com/articles/10.1186/s12876-019-1121-y>

^{*3} Current and future colorectal cancer screening strategies Aasma Shaikat et al. Nat Rev Gastroenterol Hepatol. 2022; 19(8): 521–531.

^{*4} Santare et al. Eur J Gastroenterol Hepatol 2015; 27(5):536-43

^{*5} In the case of screening 1,000 people at the age of 45, the remaining life years obtained for those 1,000 people in total

Value Provided to Stakeholders

Stakeholder Message

Dr. Shigeru Omi

Chairman,
Japan Anti-Tuberculosis Association

Profile

Graduated from Jichi Medical University in 1978. For the first nine years after graduation, was engaged in regional healthcare on the seven islands of Izu. Served at the World Health Organization for 20 years, beginning in 1990. In 1999 he was appointed Regional Director of the WHO's Western Pacific Region Office, where he contributed to the eradication of polio and the control of SARS (Severe Acute Respiratory Syndrome) in the region. In 2016, he was appointed to the Global Health Crises Task Force at the request of the United Nations Secretary-General. Following the emergence of COVID-19 in 2019, he was appointed vice-chairman of a specialist committee on infectious disease countermeasures in Japan in 2020, and served as chairman of its infectious disease countermeasures subcommittee from 2020 to 2023. In 2022 he was appointed Chairman of the Japan Anti-Tuberculosis Association. He has devoted himself to working on countermeasures for infectious diseases both in Japan and overseas.



■ Tuberculosis: environment and issues

Excluding the three-year period during which the COVID-19 virus ran rampant, tuberculosis has for many years been the single largest cause of death by infectious disease globally. It used to be known as the national disease of Japan, but in recent years the incidence rate has declined and we have become a low-prevalence country. However, it remains an important health problem, even among OECD member countries, where elderly people are at the highest risk of tuberculosis and the proportion of young patients born overseas is on the constant rise. Among elderly people diagnosis is often delayed due to the lack of typical symptoms, resulting in examples of severe cases and transmission to younger generations.

Tuberculosis is still prevalent in developing countries. As was the case in Japan, people in the prime of their working lives die from tuberculosis, which is a serious socioeconomic problem. The issues faced by many developing countries are that they lack medical infrastructure and that there are few engineers specializing in testing, which means that tuberculosis is often discovered late

or overlooked. For as long as tuberculosis is not eradicated in the rest of the world, it will not be eradicated in Japan. Tuberculosis is a permanent pandemic.

■ Significance of the LAMP method and the role it fulfills

A target of eradicating tuberculosis globally by 2035* has been set, but technological innovation will be indispensable for achieving this. The various tests for tuberculosis include culture tests, smear tests, and PCR, but LAMP is a test born of Japanese technology. It gives quick results, and because it does not require complex machinery it can be used anywhere. Because it is easy to perform the test procedure and interpret the results, it can be used by anybody. Technical support provided to the countries of Asia and Africa is also making a major contribution to the detection of tuberculosis patients who have been overlooked. It is a test that could help eradicate tuberculosis globally.

■ Expectations for the LAMP method going forward

Naturally it is expected to contribute to the eradication of tuberculosis, but there are also hopes that it will help to control infectious diseases other than tuberculosis, such as malaria and neglected tropical diseases (NTDs). Controlling infectious diseases globally will require the strengthening of healthcare systems and cooperation between industry, academia, government, and the private sector. Those of us alive today have a grave responsibility to determine what sort of world we will leave to the next generation of children. Implementing steadfast countermeasures in all countries against tuberculosis, which is the most widespread infectious disease globally, is an important duty that we as adults must fulfill on behalf of children. I expect LAMP to play a role in achieving this goal.

*End TB Strategy: An initiative that targets a reduction in annual tuberculosis incidence rates of 90% by 2035 compared to 2015, a reduction in deaths by 95% compared to 2015, and a reduction in catastrophic impacts on household finances caused by tuberculosis to zero, and sets out measures to achieve them. It was adopted by the Global Health Council in 2014.

LAMP

What is TB-LAMP?

✓ Recommended as a tuberculosis genetic test by the WHO

✓ Rapid

✓ Number of countries in which deployed **8** countries

✓ Cases detected using LAMP reagents as a percentage of annual new tuberculosis patients **20%**

Socioeconomic significance of TB-LAMP

With the exception of COVID-19, tuberculosis is the single largest cause of deaths by infectious disease. It is estimated that in 2022 an additional 10.6 million people contracted the disease, and that it led to the deaths of 1.3 million people^{*1}. Many of these were people from developing countries. Preventive care for tuberculosis is highly cost effective, with a benefit-cost ratio (BCR) of 46 (meaning that USD 1 of investment generates a return of USD 46)^{*2}. On the other hand, it is reported that diagnosis and treatment of tuberculosis and drug-resistant tuberculosis through Active Case Finding (ACF)^{*3} generates BCRs of 32 (6-47) and 2 (0-23) respectively^{*4}, which means that it is a disease for which early intervention is significant.

The LAMP method developed by Eiken Chemical has sensitivity and specificity equal to that of the PCR method, which is the global standard for genetic testing, but permits faster diagnosis than PCR. In research that assessed diagnostic algorithms that can cut time and costs associated with the detection of tuberculosis and drug-resistant bacteria, it was reported that it was more cost effective to perform PCR tests on a LAMP positive specimen than to use PCR testing alone^{*5}, indicating that it makes a significant socioeconomic contribution.

Countries in which tuberculosis is prevalent have average life expectancies of little more than 60 years, with malnutrition being the leading cause of death, and with poverty and starvation remaining major social issues. The future social value generated directly by our TB-LAMP reagents up to the elimination of tuberculosis in 2030 is approximately USD 2.4 billion, in addition to which the eradication of tuberculosis will doubtless increase average life expectancy, which we believe will generate incalculable social value for the global economy as a whole.

	2023	2024-2030	Calculation method
Social value	USD 700 million	USD 2.4 billion	Economic effect of detecting tuberculosis using TB-LAMP 2023: Number of people tested inferred from TB-LAMP sales × detection rate × GDP (USD per capita) 2024-2030: Number of persons affected by tuberculosis calculated using international targets × estimated share × detection rate × GDP (USD per capita)

*1 WHO Global Tuberculosis Report 2023

*2 One Million Lives Saved Per Year: A Cost-Benefit Analysis of the Global Plan to End Tuberculosis, 2023–2030 and Beyond Carel Pretorius et al. Journal of Benefit-Cost Analysis (2023), 14: S1, 337–354

*3 An approach in which medical professionals focus on people at high risk of being affected by tuberculosis, and identify those affected by actively testing for tuberculosis

*4 Economic evaluation of a community health worker model for tuberculosis care in Ho Chi Minh City, Viet Nam: a mixed-methods Social Return on Investment Analysis Luan Nguyen Quang Vo et al. BMC Public Health. 2023; 23: 945.

*5 A cost-benefit algorithm for rapid diagnosis of tuberculosis and rifampicin resistance detection during mass screening campaigns Valerie Flore Donkeng-Donfack et al. BMC Infectious Diseases volume 22, Article number: 219 (2022)

Tuberculosis genetic testing: differences in technique

Tuberculosis testing is traditionally performed using a culture of tuberculosis bacteria. When using the culture method, diagnosis has to wait until the tuberculosis bacteria have grown, so it takes 2-6 weeks for the result to be generated. Moreover, because it is the original bacteria that are reproduced, there is a risk of infection for medical professionals. In the case of genetic testing it is the genes of the bacteria or virus that are amplified, so the risk of infection for medical professionals is low. The LAMP method development by Eiken Chemical improves on the weak points of the traditional genetic test, which are ease of use (complexity and length of time required) and economics (high cost of measuring equipment and reagent). It has been reported that for groups of people for which there is a risk of tuberculosis, such as refugee camps, the quickest and most effective approach to provide tuberculosis care is to use LAMP for screening, then use PCR testing on LAMP-positive individuals*¹.

	LAMP	PCR
Principle	Detects presence of genes	Detects presence of genes
Sensitivity	84% *2	84% *2
Specificity	100% *2	100% *2
Test time	1 hour	2-3 hours
Test process	Isothermal	Repeated heating and cooling
Guidelines	Appears in WHO guidelines	Appears in WHO guidelines
Can detect drug-resistant bacteria	No	Yes
Test environment	No restrictions	Restrictions apply
Maximum tests per day	70 tests per day	16 specimens per day

Sensitivity: ability to accurately judge that a person with the disease has the disease

Specificity: ability to accurately judge that a person who does not have the disease does not have the disease

Trends in overseas guidelines/international cooperation



*1 A cost-benefit algorithm for rapid diagnosis of tuberculosis and rifampicin resistance detection during mass screening campaigns Valerie Flore Donkeng-Donfack et al. BMC Infectious Diseases volume 22, Article number: 219 (2022)

*2 Masahiro Kobayashi et al. The Journal of the Japanese Society for Clinical Microbiology Vol. 25 No. 2 2015. 29

Management Resources (Capital)

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

FY2023



Financial Capital

An organizational base that supports sustainable growth

Input

- Total assets:
¥61,651 million
- Net assets:
¥45,971 million

Output

- ROE:
5.6%
- Operating cash flow:
¥3,806 million

Issues and responses

- Improving ROE/operating profit margin
- Improving the balance sheet
- Making effective use of internal reserves



Human Capital

Growth driver for the Group as a whole

- Number of employees (full-time employees + temporary employees):
1,101
- Systematic HR development program
- Personnel evaluation program aimed at talent acquisition

- Total actual work hours per full-time employee per year:
1,864
- Employee satisfaction score:
48.1
- Percentage of managerial positions held by women:
15.4%

- Continuing to acquire and develop employees
- Establishing an environment in which employees can take on challenges



Intellectual Capital

Research and development that builds the future of testing

- Proportion of R&D employees:
17.4%
- R&D expenses:
¥3,939 million
- Consolidated R&D network

- Number of patents held:
847

- Strengthening R&D investment
- Innovation that leads to business creation



Social Capital

Partnerships rooted in the management philosophy

- EIKEN WAY
- Number of surveys implemented:
7
- Number of inquiries received:
1,405
- Number of IR events held:
107
- Cooperation on information with WHO and other international organizations
- Conduct of due diligence in value chain
- Partnerships with a variety of external research institutions

- Number of countries in which products deployed:
53
- Networks with hospitals and clinics
- Appropriate relationships with shareholders and investors
- Market share in fecal occult blood reagents:
67% (Japan)

- Investigating direct sales network overseas
- Strengthening IR activities



Manufacturing Capital

Stable supply of high-quality products

- Manufacturing locations:
3
- Capital expenditures:
¥1,812 million

- Products tailored to user needs

- Reviewing factory system
- Improving CCC through the use of digital technology
- Ongoing response to quality and supply risks



Nature Capital

Mitigating environmental impacts as “the last generation”

- Energy consumed:
126,895 GJ*
- Water volume consumed:
68,700 m³
- Use of Tochigi Furusato Electricity:
11,655 MWh (90.5% of total)

- CO₂ emissions per employee:
2.49 t
- Water volume consumed per employee:
62 m³
- Solar power generated:
108,828 kWh (0.8% of total)

- Developing and manufacturing eco-friendly products
- Introducing renewable electric power

*Amount reported in accordance with Revised Energy Conservation Act

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

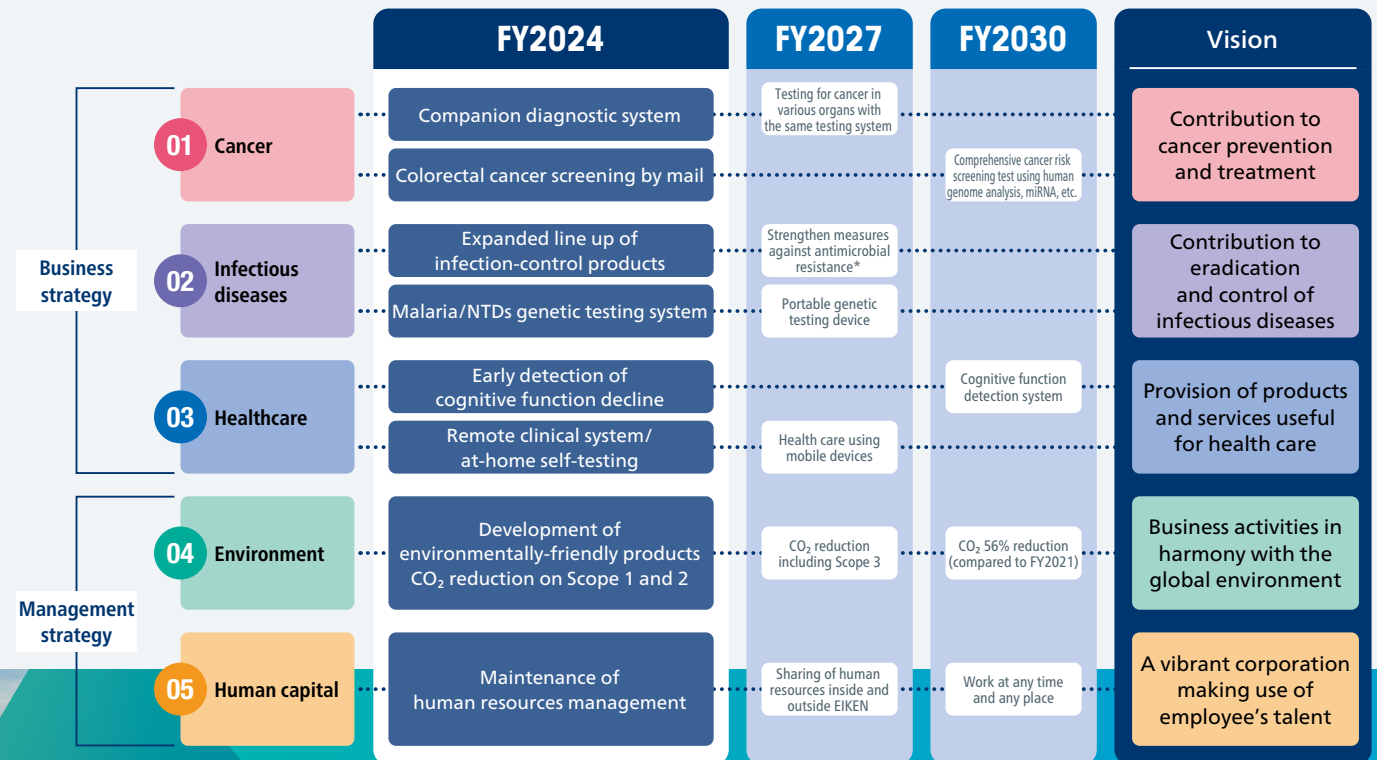
● Infectious diseases

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

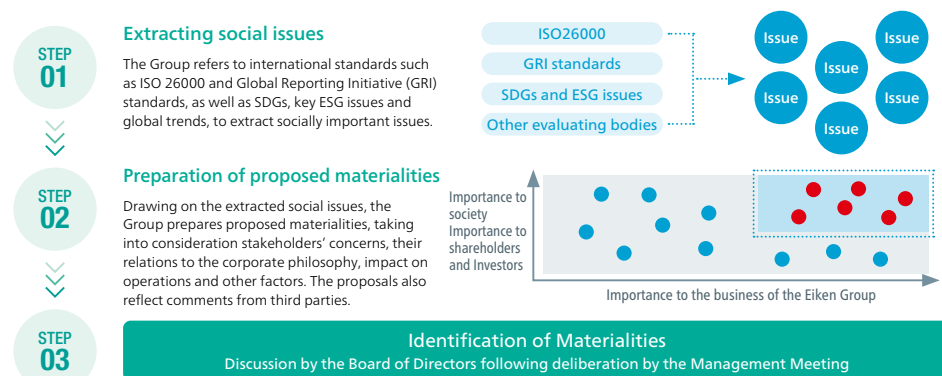
The Eiken Group has established a Sustainability Committee, composed of the President & CEO as Committee chair and the Executive Officers as members.

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 	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 	Responding to Climate Change	Reduction of CO ₂ emissions at worksites (Scope 1 and 2)
			Reduction in CO ₂ emissions in supply chains (Scope 3)
		Contributing to a Recycling-Oriented Society	Reduction of water volume consumed
Social	A Vibrant Corporation Making Use of Employee's Talent 	Respecting Human Rights and Diversity	Promotion of diversity and inclusion
			Eradication of harassment
		Employee Engagement and HR Development	Creating fulfilling and supportive workplaces and achieving work-life balance
Governance	An Organizational Base That Supports Sustainable Growth 	Boosting Health and Ensuring Safety and Hygiene	Development of global personnel
			Development of R&D personnel
		Achieving Sound and Transparent Governance	Advancement of health improvement programs and safety-and-hygiene activities
		Rigorous Compliance and Thorough Corruption Prevention	Promoting diversity among executives
			Training and monitoring based on compliance programs
		Establishing Risk Management	Thorough prevention of corruption
			Continuous improvement of business continuity management
			Strengthening of information security management
			Female Directors as share of Directors/Female Executive Officers as share of Executive Officers
			Foreign-national Directors as share of Directors
			/Foreign-national Executive Officers as share of Executive Officers training attendance rate

Business Environment and Strategy

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

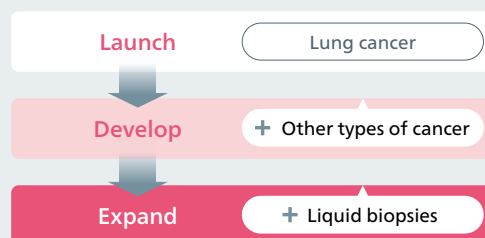
FY2023 actual

- 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

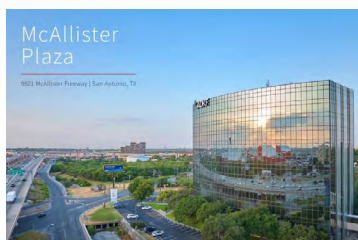
The FIT-related technology and data that Eiken Chemical has accumulated in Japan has been highly rated at a global level and contributed to the spread of colorectal cancer screening in various countries.

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)

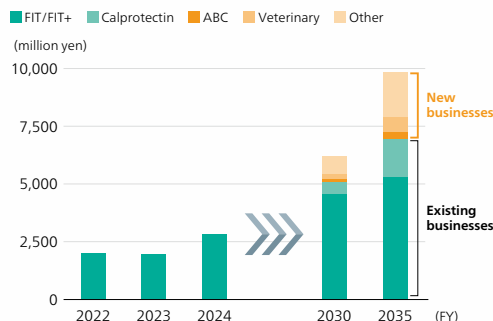
- Strengthen lobbying and identify potential markets

*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

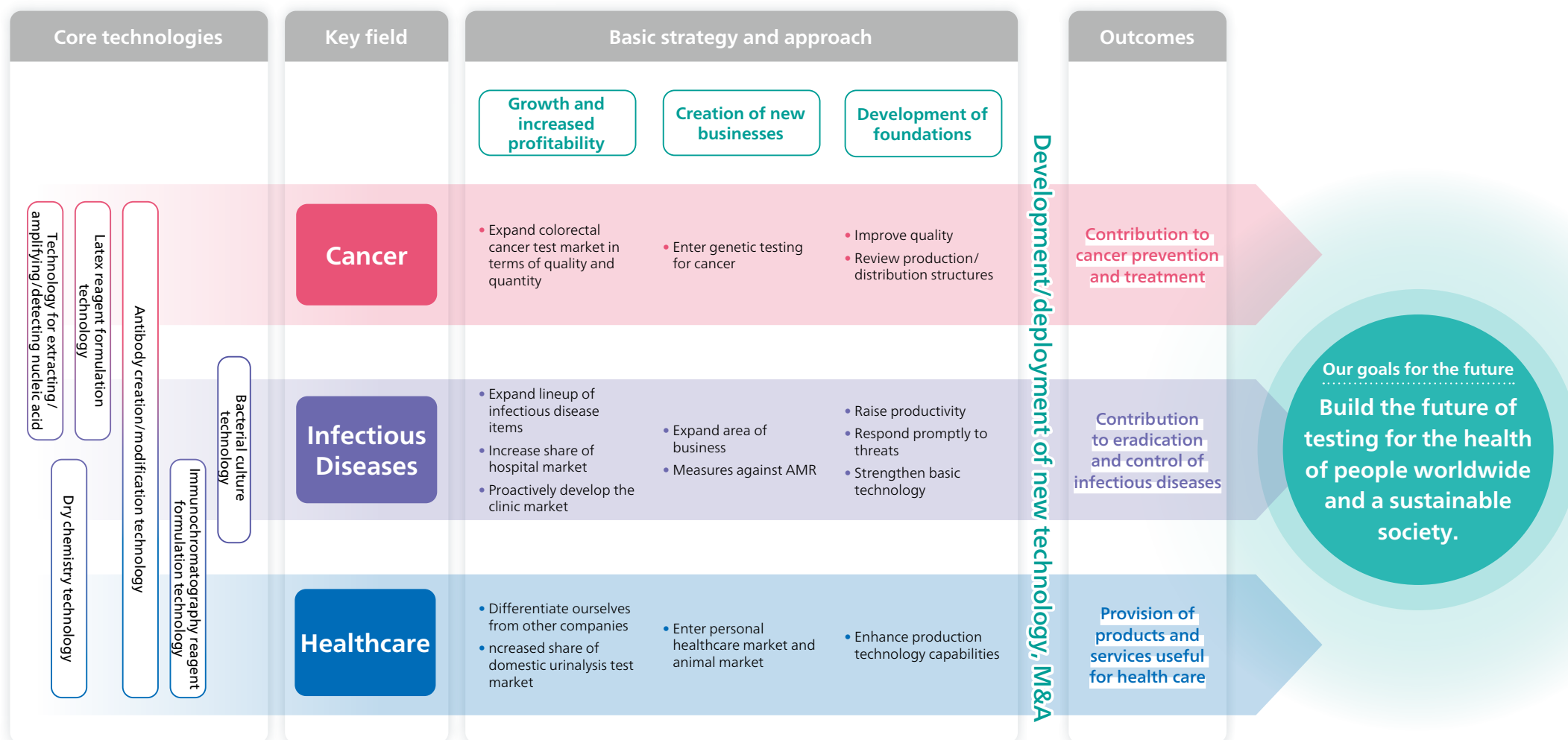
In accordance with the EIKEN ROAD MAP 2030, the R&D Division concentrates its research and development on the fields of cancer, infectious diseases, and healthcare. In the field of cancer, we are working mainly with research on tests associated with decisions on treatment direction and methods, and on 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

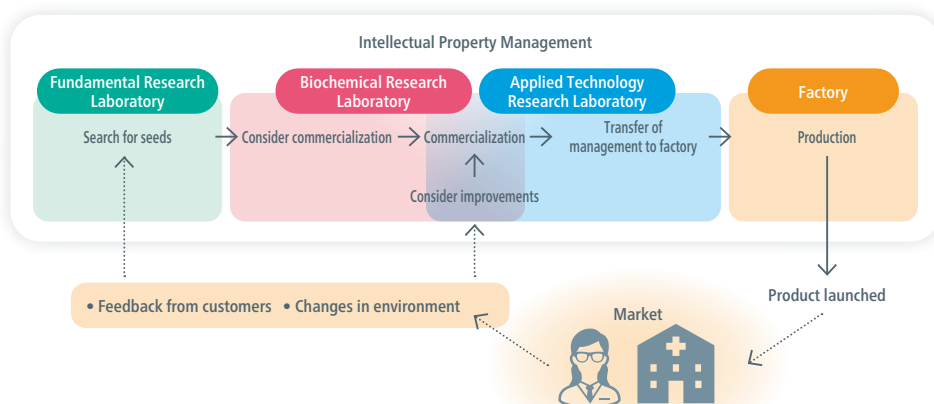
Through the appropriate acquisition of intellectual property rights necessary for its business, the Company seeks the stable expansion of its business activities. In addition, so as to ensure that the intellectual property rights it acquires do not infringe the rights of others, it undertakes full legal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

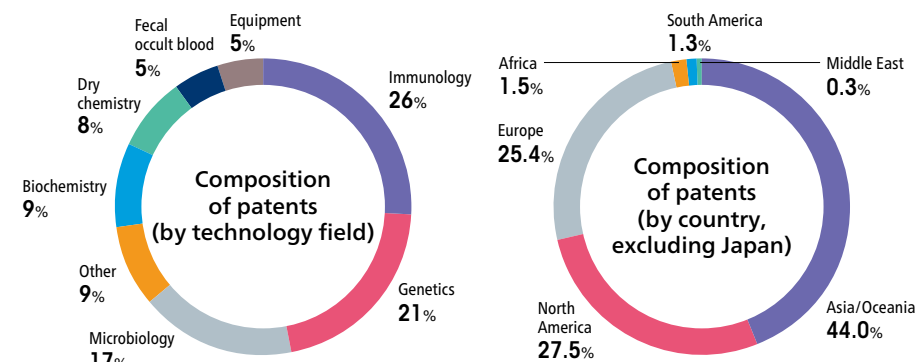
The Company implements intellectual property training for employees in the Research & Development Division. Regular liaison meetings are also held between the Intellectual Property Division and the Research & Development Division to share information on patents inside and outside the Company.

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

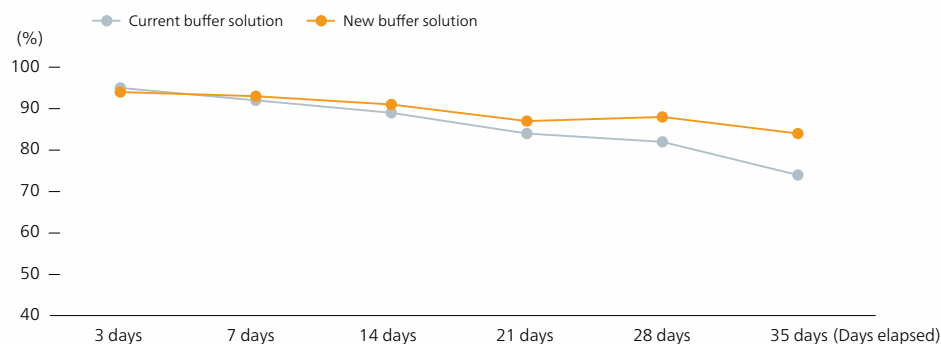
Growth and increased profitability

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

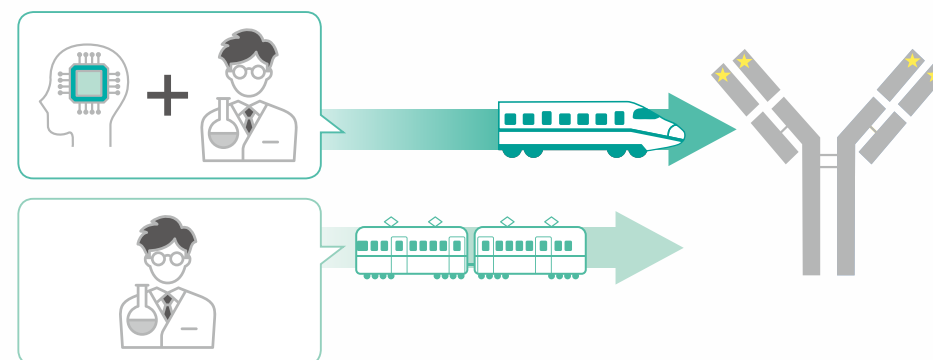
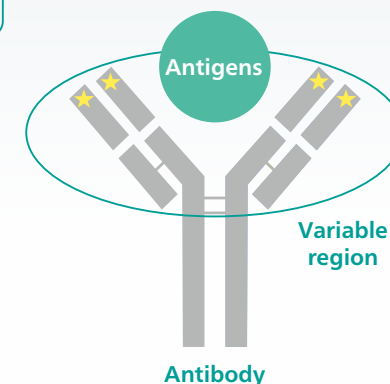
Development of foundations

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.



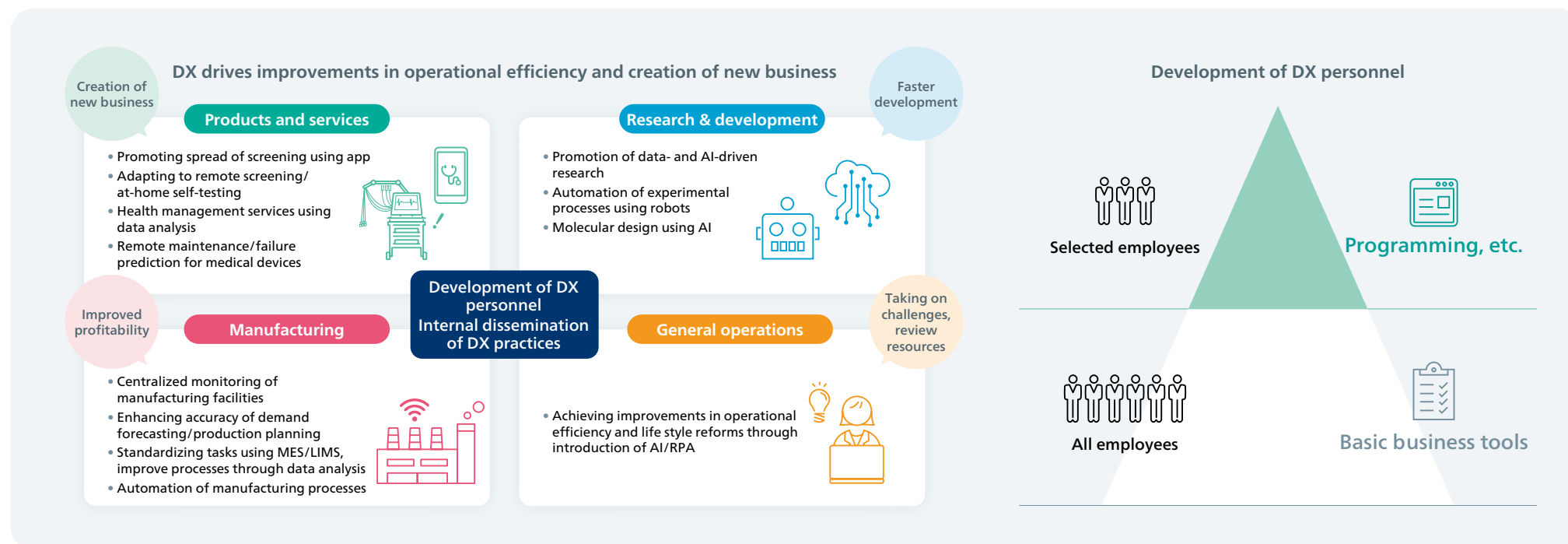
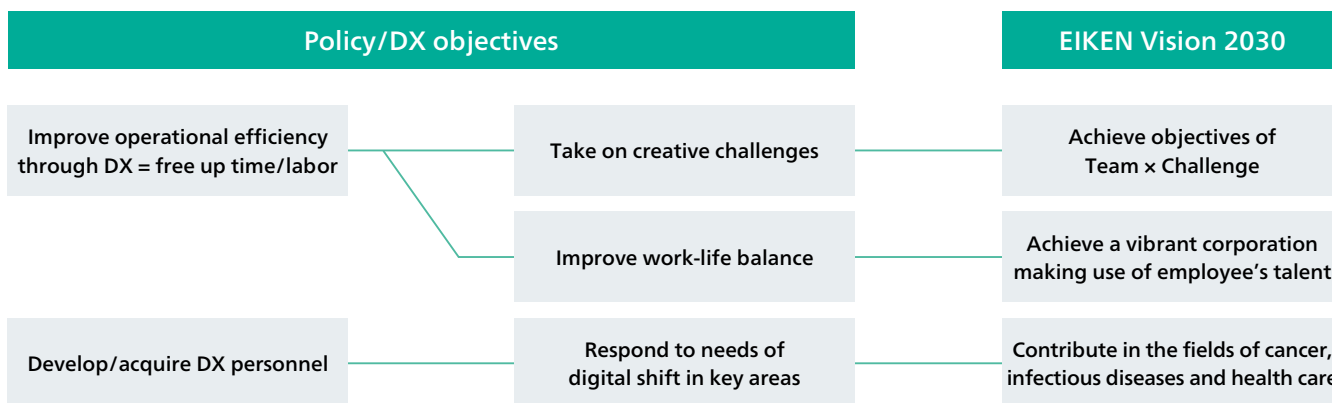
Growth Strategy

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.

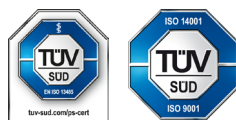
Quality policy

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/>



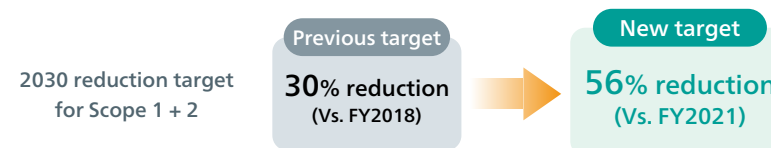
Certified B score from CDP 2023 for climate change

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

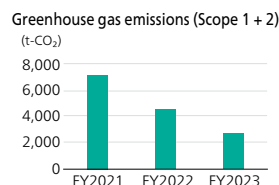
Third-party verification has been obtained to guarantee the fairness and accuracy of greenhouse gas emissions (Scope 1 + 2 + 3) reported by the Company.

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.



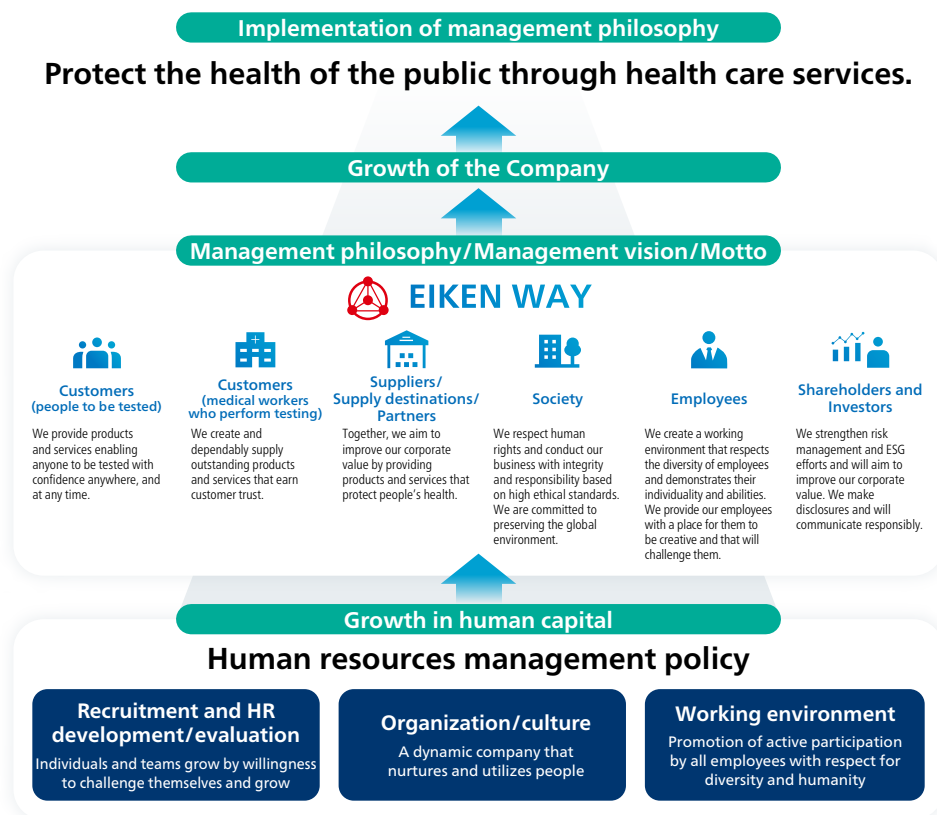
Previous product

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.”

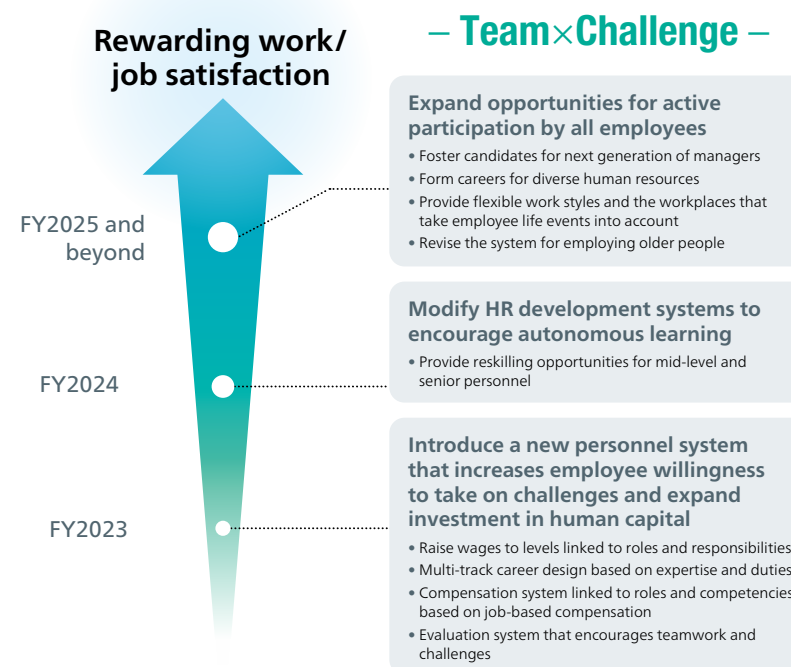
We believe that it is employees that will create the future of the Eiken Group, and that broadening the possibilities for employees will lead to growth for the company and contributions to society. In accordance with this policy, as well as aspiring to be a vibrant corporation making use of employee’s 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.

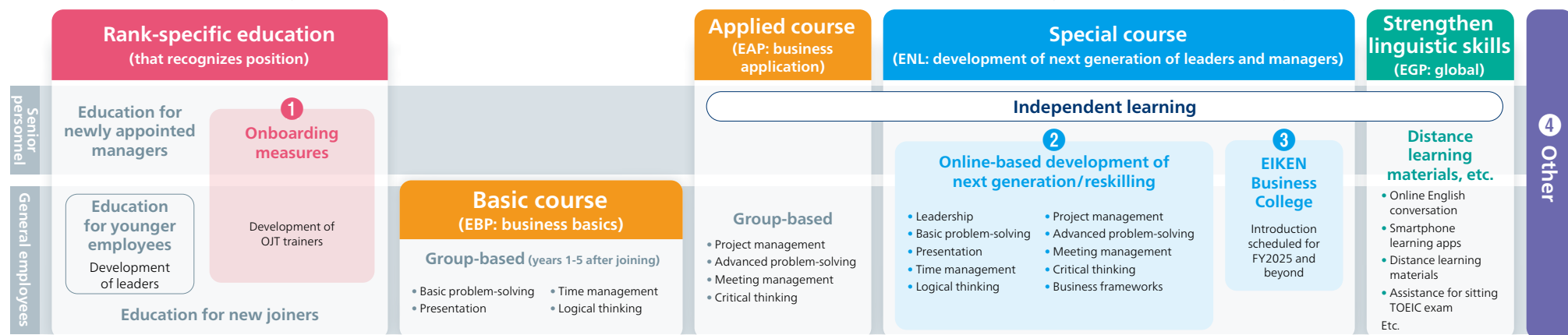
Since FY2018 we have appointed OJT trainers to the departments to which new employees have been assigned, and by providing training to the employees who become trainers we are working to foster a culture in which new employees are developed within the Company. Going forward we will also strengthen onboarding 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

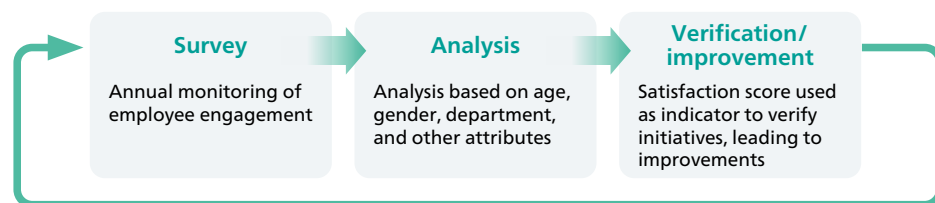
Working environment

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 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.

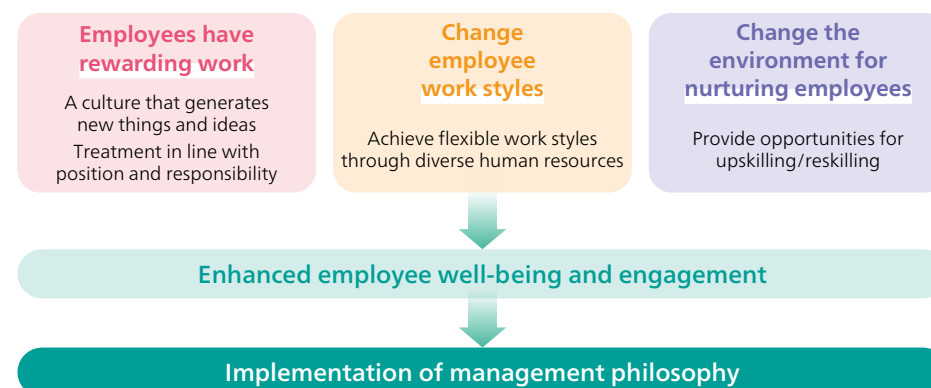
Elsewhere, "The management philosophy has permeated the Company" in the Corporate Culture category and "I want to continue working at this company" in the Potential of the Company

*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

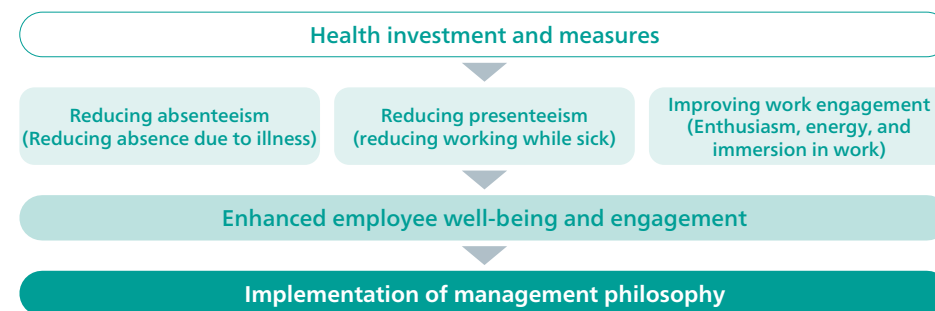
We have built a structure to promote health and productivity management so that all employees can work every day in good health and in good spirits. The Company is making efforts to raise the health awareness of employees through a variety of activities, such as health literacy seminars, the provision 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**

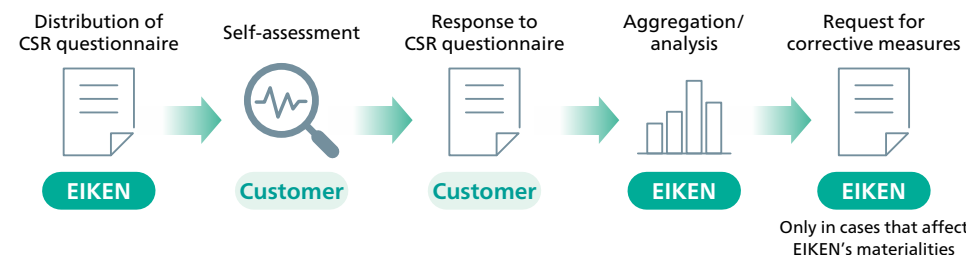
FY2023 actual

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.

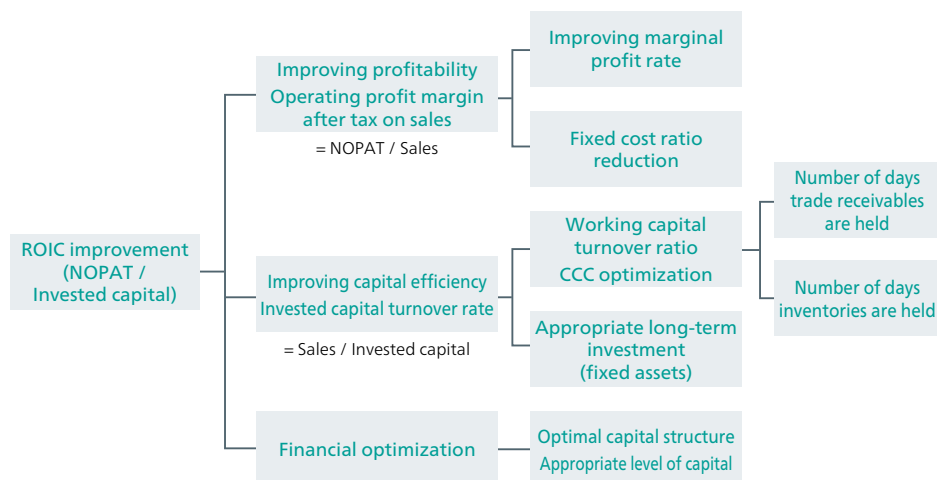
			FY2023 actual		FY2024 target	FY2030 target
Growth	Net sales	>>	¥40.0 _{bn}		¥43.1 _{bn}	¥75.0 _{bn}
	Overseas sales as share of total	>>	25.3%		28.6%	40% or greater
Profitability	Operating profit margin	>>	8.4%		13.1%	20% or greater
Capital efficiency	ROE	>>	5.6%		9.5%	15% or greater

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.

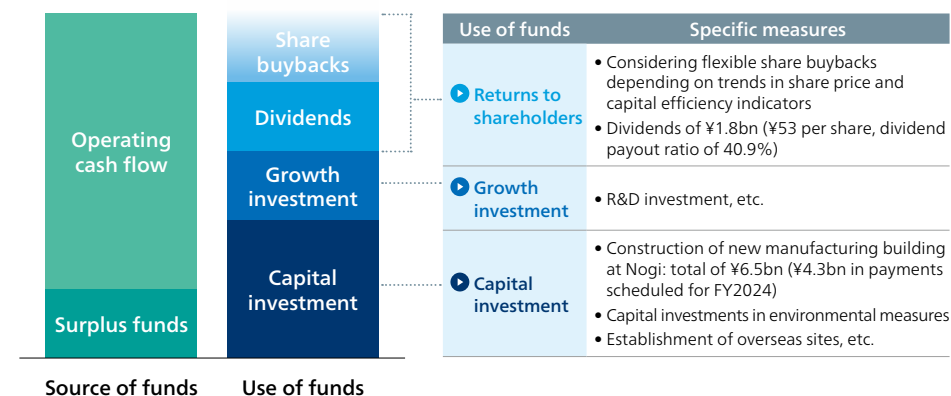
CCC is currently 120 days, but we are aiming for 90 days in FY2024. First we will optimize inventory management, and beyond that we will improve trade receivables and payables turnover cycles by adjusting the terms of our transactions and other methods.

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

Cash allocation

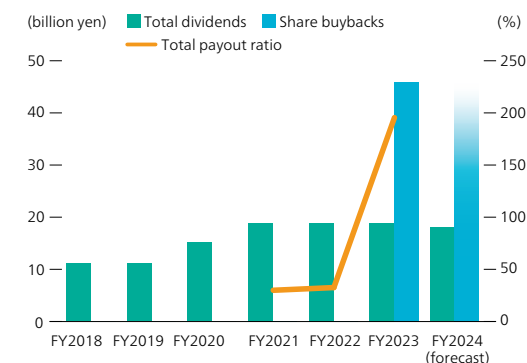
While seeking a balance between the maintenance of a sound financial base and the expansion of the business, we will promote an agile and flexible approach to investments. In terms of strategic investments, we will allocate funds to the research and development that is the foundation for growth, and 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.



03

Corporate Governance



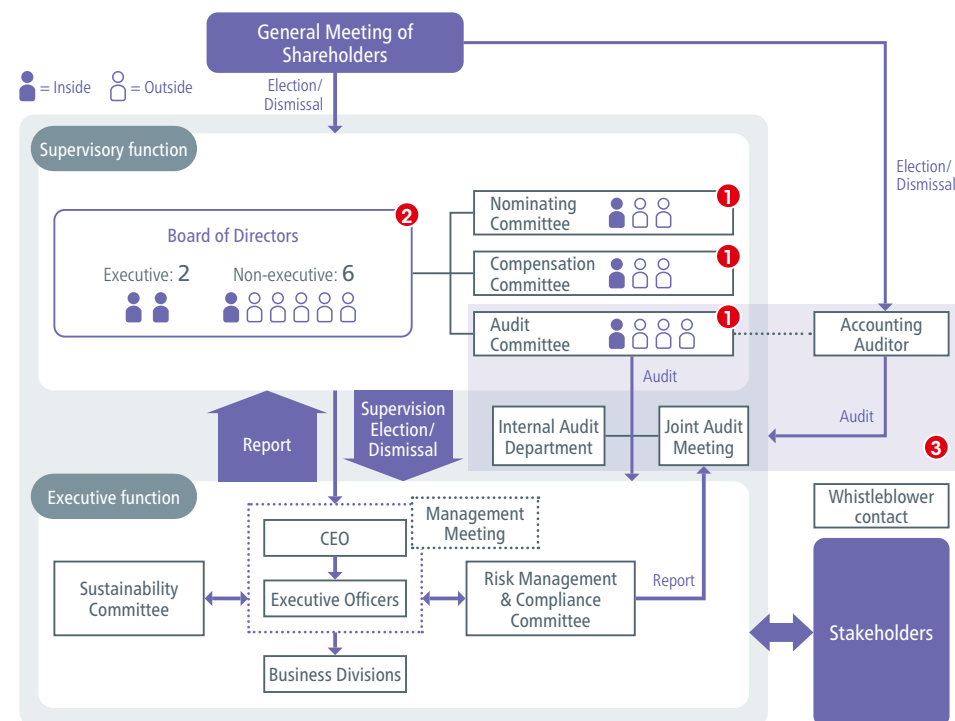
Basic Policy on Corporate Governance	47
Approach to Composition of Board of Directors/Diversity of Skills	48
Evaluation of the Effectiveness of the Board of Directors	49
Executive Remuneration	50
Compliance/Risk Management	51
Executives (Directors, Executive Officers)	55
Message from Outside Directors	56

Basic Policy on Corporate Governance

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

	Roles	Number of meetings (FY2023)
Board of Directors	Delegates occupational authority within the scope of laws and regulations to the Executive Officers, and focuses on making decisions on important matters related to basic management policies such as the medium-term management plan and management policies, and supervising the status of business execution.	15
Nominating Committee	Determines the content and other matters related to proposals for the election and dismissal of Directors to be submitted to the General Meeting of Shareholders, in light of the standards for nomination and dismissal of Directors.	7
Compensation Committee	Determines policies for the determination of individual compensation for Directors and Executive Officers, as well as individual compensation.	10
Audit Committee	Determines matters related to basic policies and implementation plans for audits and the content and other matters related to proposals for the election and dismissal of the Accounting Auditor and the non-reappointment of the Accounting Auditor to be submitted to the General Meeting of Shareholders.	8

Corporate governance structure (as of June 30, 2024)



Point 1 Transparency of management

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

- Three committees have been established
- The three committees are chaired by **Outside Directors**
- Supervision and execution have been separated

Point 2 Independence of Board of Directors

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

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

Point 3 Effectiveness of audit

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

Approach to Composition of Board of Directors/Diversity of Skills

The composition of the Board of Directors of Eiken Chemical is well balanced in terms of the knowledge, skills and experience required to achieve EIKEN ROAD MAP 2030 based on the management vision. Its members were selected with an emphasis on diversity, including diversity of gender, nationality, professional background and age. Nominees for Inside Director are chosen for their ability to fulfill the roles of deciding important matters of corporate management and supervision of Executive Officers in the execution of their duties. Outside Directors are nominated for highly specialized knowledge, skills and abundance of experience that cannot be obtained from Inside Directors alone. Each Director is expected to leverage his or her capabilities born of experience to maximum effect to decide important matters of basic management policy and supervise the execution of duties.

The Board of Directors appoints Executive Officers in consideration of executive-officer selection criteria, following consultation with the Nominating Committee regarding each candidate.

Materialities and KPIs

Promoting executive diversity

Directors

Female Directors as share of Directors

End of June 2024 FY2024 target FY2030 target
12.5% >> **20%** >> **30%**

Foreign-national Directors as share of Directors

End of June 2024 FY2024 target FY2030 target
- % >> **- %** >> **20%**

Executive Officers

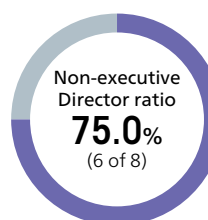
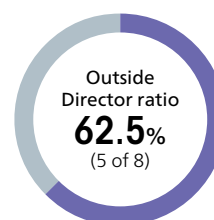
Female Executive Officers as share of Executive Officers

End of June 2024 FY2024 target FY2030 target
- % >> **- %** >> **30%**

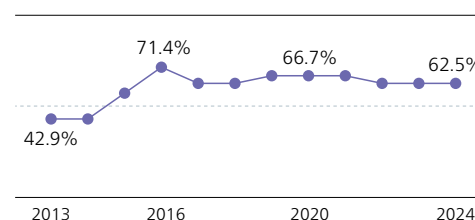
Foreign-national Executive Officers as share of Executive Officers

End of June 2024 FY2024 target FY2030 target
- % >> **- %** >> **20%**

Composition of the Board of Directors



Change in Outside Director ratio over time



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



For details, please refer to the Annual Securities Report.

https://ssl4.eir-parts.net/doc/4549/ir_material_for_fiscal_ym9/158150/00.pdf

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

*1 The skill matrix indicates the specialization, experience, etc. expected of each Director.

*2 In addition to providing specialization, experience and so forth, all Directors are expected to manage with focus on sustainability.

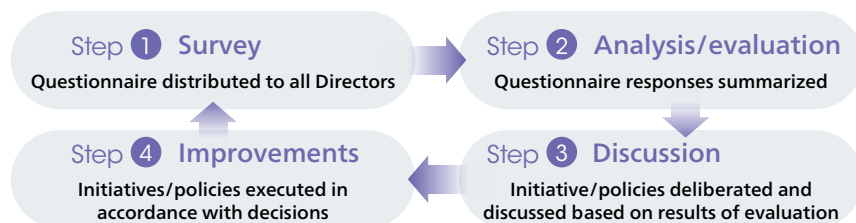
*3 Morifumi Wada does not serve concurrently as Executive Officer.

Reasons for selecting items in skill matrix

Corporate management	Global business	Technology/Innovation
Required for supervising and promoting corporate planning and corporate strategy, leading to continuous increases in corporate value	Required for supervising and promoting the global expansion of the business, leading to increases in corporate value	Required for incorporating new technology arising from creating innovation and promoting the development of products to address new testing needs, as well as refining existing technologies
Production/SCM	Finance/Accounting	Law/Risk management
Required for maintaining and enhancing trusted levels of quality, ensuring stable supply, and improving productivity	Required for achieving continuous increases in corporate value by promoting both the investment strategy and returns to shareholders, predicated on the maintenance of a sound financial base	Required for achieving continuous increases in corporate value by executing business appropriately, maintaining and monitoring fair business activities, and managing risks

Evaluation of the Effectiveness of the Board of Directors

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



Evaluation method

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

Main questionnaire items

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

Overview of FY2023 evaluation of effectiveness

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

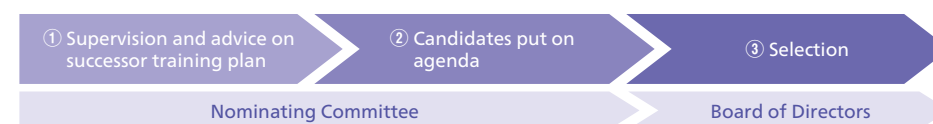
- (1) The proportions of Inside and Outside Directors on the Board of Directors as it is currently constituted are appropriate, and there is a good balance of experience and knowledge.
(2) Sufficient standardized information on business execution is provided.
(3) All Directors, including Outside Directors, actively engage in sharing opinions, leading to energetic but harmonious discussions.

Succession plan

Basic approach

With regard to the election or dismissal of the Chief Executive Officer of the Company, candidates are considered in advance by the Nominating Committee, the results are put on the agenda of the Board of Directors, which then takes a resolution. The Nominating Committee also provides supervision and advice in relation to the selection and training of successors to the CEO.

Training/selection process



Issues outstanding and future initiatives

While sufficient standardized information on business execution is being provided on the one hand, we will create opportunities for fuller provision and discussion of information from the production and R&D front line, and of information needed to appropriately supervise and audit the progress of the Medium-Term Management Plan. To increase the effectiveness of discussions, we will also create opportunities for the provision and discussion of information, as well as providing sufficient time for considering such information beforehand, such as by clearly indicating the positioning within EIKEN ROAD MAP 2030 of matters put on the agenda of the Board of Directors.

Corporate governance initiatives undertaken in the past

2001-2005

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

2006-2010

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

2011-2015

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

2016-2020

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

2021-

- 2021**
- Director skill matrix presented
- 2022**
- EIKEN ROAD MAP 2030 formulated
 - Sustainability Committee established
- 2023**
- Integrated Report published

Executive Remuneration

Basic policy

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

The amount of remuneration, etc. paid to executives of the Company in FY2023 was fully discussed and decided at a meeting of the Compensation Committee held on June 27, 2023.

Specific policies

Compensation for Directors and Executive Officers consists of fixed compensation, performance-linked compensation, and remuneration through transfer-restricted shares. The ratio of basic compensation, performance-linked compensation, and remuneration through transfer-restricted shares is 55%:30%:15% as a model case. However, the actual percentage of the payment may vary from person to person. In addition, with the goal of raising awareness of sustainable increases in shareholder and corporate value over the medium and long term and sharing values with shareholders, the Compensation Committee decided at a meeting held on May 23, 2024, to change the ratio of basic compensation, performance-linked compensation, and remuneration through transfer-restricted shares to 50%:30%:20%. In addition, the compensation of Outside Directors, who are independent of business execution, is not linked to business performance and consists only of fixed compensation. Specifically, it is as follows.

Compensation structure

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

Evaluation indicators for performance-based pay

Evaluation indicator	FY2022		FY2023	
	Targets	Results	Targets	Results
Consolidated net sales (Million yen)	40,000	43,271	42,000	40,052
Consolidated operating profit (Million yen)	4,540	7,457	5,380	3,377
ROE (%)	7.8	12.1	8.4	5.6

Total amount of remuneration, etc. for FY2023 (based on the compensation structure before changes)

Executive category	Total remuneration (Million yen)	Amount by type of remuneration (Million yen)				Number of executives of each type
		Fixed pay	Performance-based pay	Stock options	Transfer-restricted shares	
Directors (excluding Outside Directors)	58	39	13	2	2	3
Executive Officers	281	122	109	12	37	11
Outside Directors	51	51	—	—	—	6

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

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

*3 With regard to share-based remuneration-type stock options, the system has been abolished except for those that have already been granted in accordance with the resolution of the Compensation Committee, at a meeting held on November 18, 2022, to introduce remuneration through transfer-restricted shares, and no new ones have been granted in the fiscal year under review, but the amount of remuneration recorded as expenses in the fiscal year under review is stated for the amount granted in the previous fiscal year.

*4 Of the above, share-based remuneration stock options and remuneration through transfer-restricted shares fall under the category of non-monetary compensation, etc.

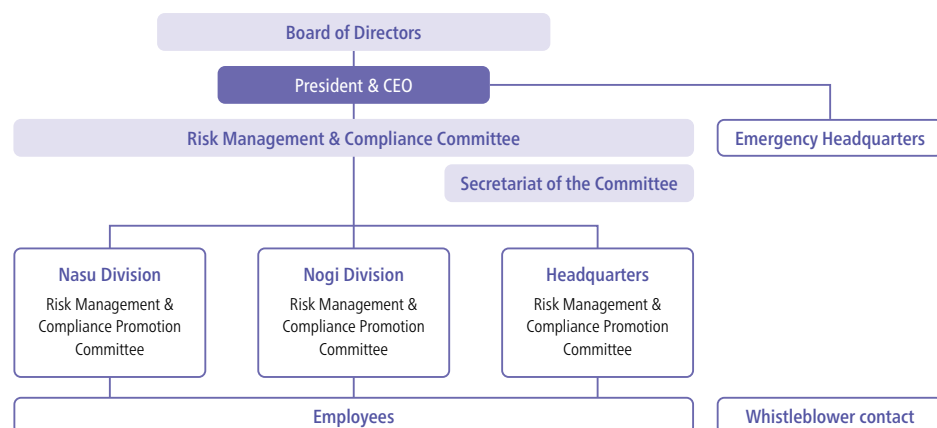
Compliance/Risk Management

The Eiken Group has established a Risk Management & Compliance Committee chaired by the Senior Vice President and Executive Officer, General Manager, Business Management Division, which identifies and manages compliance issues and risks. As a subordinate body to the Risk Management & Compliance Committee, a Risk Management & Compliance Promotion Committee has been established to promote compliance and risk management activities.

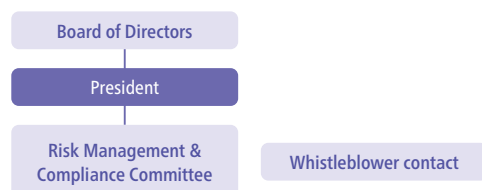
The Eiken Group has also set up a whistleblower system and established contact points for receiving whistleblower reports and offering advice. 14 reports were received in the Eiken Group in FY2023. Compliance-related requests for advice, complaints, and reports from parties related to external business partners are accepted via the “Eiken Chemical inquiries” on the Company website, and subsequently addressed.

Committee activities are reported to the Joint Audit Meeting, which is attended by Directors, so that their legality and efficiency is continuously monitored.

EIKEN CHEMICAL CO., LTD.



EIKEN CHINA CO., LTD.,



Basic approach to compliance

As a company that provides products and services that are related to the health and lives of people around the world, the activities of the Group are subject to rigorous oversight and a higher standard of corporate ethics. Each and every employee of the Eiken Group recognizes their mission based on that awareness, and will behave responsibly in accordance with the Eiken Group Global Code of Conduct so that they are trusted by medical professionals and members of the public. The Eiken Group has established Compliance Regulations based on the Compliance Policy, and promotes a high standard of corporate ethics and compliance with laws and regulations.

Main initiatives for compliance activities (FY2023 actual)

	Month implemented	Details	Scope
Education and training			
Compliance program	May-June	Global Code of Conduct (information management, environmental conservation)	All employees
		Prevention of insider trading	All employees
	September	Chinese legal system	Relevant departments
	November	Controls on promotions	Relevant departments
		Working hours management	All employees
	December	Pharmaceutical regulations	All employees
		Harassment prevention	All employees
General	February	Act on Waste Management and Public Cleansing	Relevant departments
	As required	Training for newly joined employees/mid-career hires	Newly joined employees
	April-June	Regular checking of regulations	Department responsible
Other			
Raising awareness/disseminating	Monthly	Issuing of “Risk and Compliance Newsletter”	
	April	Explanation of Compliance Policy	
Monitoring/surveying	December	Compliance awareness surveys	All employees

Number of serious noncompliance incidents

FY2023: **0**



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

Compliance/Risk Management

Respect for human rights

The Eiken Group has formulated a Human Rights Policy based on the United Nations' Guiding Principles on Business and Human Rights, and supports and respects international norms related to human rights, including the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the Ten Principles of the UN Global Compact.

Human rights due diligence

The Eiken Group conducts human rights due diligence in accordance with the Japanese government's Guidelines on Respecting Human Rights in Responsible Supply Chains and the Ministry of Economy, Trade and Industry's Reference Material on Practical Approaches for Business Enterprises to Respect Human Rights in Responsible Supply Chains.

Assessment of negative impact (risk of human rights infringement) and corporate involvement

Specific details of risk of human rights infringement	Eiken Chemical	Supply chain	Severity	Probability of occurrence
Discriminatory treatment	✓		Low	Low
Forced labor/unpaid overtime	✓		Low	Low
Restrictions on taking leave	✓		Low	Low
Deficiencies in health and safety environment	✓		Low	Low
Harassment	✓		Low	Intermediate
Basic attitude to human rights		✓	Low	Low
Respect for local communities		✓	Low	Low
Respect for religious tradition and practices		✓	Low	Low
Recognition and respect for freedom of association and right to collective bargaining		✓	Intermediate	Low
Basic attitude to labor practices		✓	Low	Low
Conflict minerals initiatives		✓	Low	Low

Materialities and KPIs

Rate of implementation of human rights due diligence*

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

Prevention of corruption

Taking into account the strengthening of efforts to prevent corruption as part of a global trend, the Eiken Group has set out an Anti-Bribery Policy, and is engaged in initiatives to prevent bribery in Japan and in all countries and regions in which it operates its business.

Number of anticorruption incidents

Fiscal year	Eiken Chemical
FY2023	0
FY2022	0

Anticorruption due diligence at major business partners

Fiscal year	Target companies
FY2023	Top 70% by transaction value
FY2022	Top 50% by transaction value

Harassment prevention

In order to maintain pleasant workplace environments free from harassment, the Eiken Group has formulated Harassment Prevention Regulations and provides education and training on harassment. The Group also monitors performance through fact-finding surveys and contact points for offering advice, to prevent harassment and quickly resolve harassment issues when they arise.

Fiscal year	Rate of uptake of harassment prevention training
FY2023	100%
FY2022	100%

Compliance awareness surveys

Every year the Company conducts a compliance awareness survey among employees, seeking to get a regular grasp on the effectiveness of compliance education and the probability of compliance risks materializing, and thus to continuously improve measures to prevent compliance infringements and raise compliance awareness.

Issues identified from the results of the FY2023 survey

Items for which improvements in awareness are required

- Dissemination of information on whistleblower system
- Strengthening of compliance messages from executives and managers
- Education and training more closely tailored to the circumstances of the workplace

Risks for which the probability of materialization is high

- 36 treaty violations/incidents of unpaid overtime
- Concentration of operations on specific individuals
- Measures to address mental health



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

Compliance/Risk Management

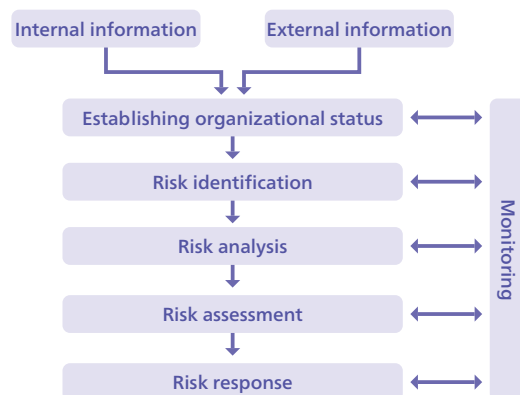
Basic approach to risk management

The Eiken Group has set out Risk Management Regulations based on the Risk Management Policy, seeking to prevent or mitigate the materialization of risks that could prevent the Eiken Group from achieving its business objectives.

By engaging in appropriate risk management activities such as regularly identifying, analyzing, and assessing risks, sharing risks and establishing and implementing various regulations, as well as conducting education and training, we seek to mitigate or prevent risk before it materializes.

By creating a variety of response manuals and conducting education and training in preparation for such an event, we have devised prompt and precise initial responses and recovery measures to help us minimize losses.

Basic process for risk management



• Main risk management regulations of the Company

Confidential Information Management Regulations, Personal Information Handling Regulations, Information Management Regulations, Information Disclosure Regulations, Information Security Management Regulations

• Main risk-related manuals of the Company

- Crisis management manual
- Response to confidential information leaks manual
- Response to personal information leak manual
- Overseas safety measures manual
- Disaster prevention manual (earthquakes, wind or water damage)
- Countermeasures manual for new strains of influenza, etc. and other infectious diseases

• The Company's business succession plan

- Business continuity management basic planning document, Business continuity manual (response to natural disasters)
- Business continuity planning document for new strains of influenza, etc. and other infectious diseases

Information security

The Eiken Group perceives ensuring the security of information assets to be essential for the continuation of the business, as well as a social responsibility. As a means of ensuring the protection of its information assets, the Eiken Group has set out an Information Security Policy, and strives to ensure and enhance the confidentiality, completeness, and availability of its information assets.

Business continuity management

As a company that provides products and services that protect the health and lives of people around the world, the Eiken Group recognizes that the continued stable supply of our goods and services is one of the highest priority matters that it faces. For that reason, to strengthen our ability to respond even to natural disasters, major incidents, or spread of infectious diseases and fulfill the social responsibility of providing products and services to the customer, while at the same time ensuring the safety of employees, their families, and the community, we have formulated business continuity plans in accordance with the Basic Policy for Business Continuity Management, and are actively engaged in business continuity activities. The Company has obtained certification as an Organization Contributing to National Resilience (Resilience Certification) from the Cabinet Secretariat National Resilience Promotion Office.

Main initiatives for risk activities (FY2023 actual)

	Month implemented	Details	Scope
Education and training	April	Explanation of Risk Management Policy Explanation of Information Security Policy	All employees
	May-June	Information management training (appropriate use of social media)	All employees
	September, February	Targeted email attack training	All employees
BCP	October	Flood risk training at Nogi Division	Related departments
	November	Training for establishing head office emergency headquarters	Related departments
	October-November	Safety confirmation system training by business	All employees
Risk assessment	June	FY2022, evaluation of effectiveness of measures to respond to internal and external issues	General managers of offices, factories, divisions, etc.
	December	FY2023, identified, analyzed, assessed, and devised countermeasures for internal and external issues	



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

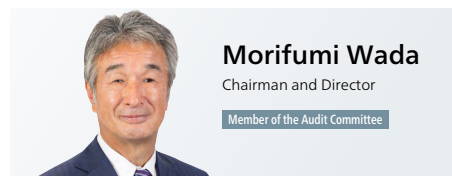
Compliance/Risk Management

Main business risks that could affect financial position or operating results

Item	Hypothetical risks	Issue	Response
Expansion of overseas operations	<ul style="list-style-type: none"> Delays, interruptions, or suspensions of colorectal cancer screening programs caused by changes in the economy and business conditions of countries or regions, pandemics, geopolitical risks, and other factors Delays in the progress of the business or in recovering investments in EIKEN CHINA CO., LTD., which is the overseas consolidated subsidiary of the Company, due to changes in the market environment or changes to the Chinese legal system 	Strengthening of marketing capabilities Strengthening of global expansion	<ul style="list-style-type: none"> Gather and analyze information about the global market to plan, draft proposals, and promote business that reflects trends in various countries Strengthen sales through such measures as selection of appropriate sales agents
New products, technologies, and businesses	<ul style="list-style-type: none"> Delays in recovering investments and loss of opportunities for commercialization caused by delays or interruptions to planning and development Weak sales resulting from mismatches, etc. caused by changing market trends Technology development by other companies reducing the advantages of the Company's products 	Strengthening of research & development capabilities Strengthening of marketing capabilities and planning	<ul style="list-style-type: none"> Planning and development of new businesses, products, and technologies based on a medium- to long-term perspective and on medical needs Formulate business strategies in response to changes in the business environment, promote strategic development of new products and technologies Set criteria for recovering investments
Medical systems and pharmaceutical regulations, etc.	<ul style="list-style-type: none"> Impact on product prices and on the ways in which products are used, caused by changes in the medical systems and pharmaceutical regulations in various countries Delays in regulatory applications for new products 	Speeding up of research and development	<ul style="list-style-type: none"> Swiftly identify and respond to trends in medical systems and pharmaceutical regulations by country and region
Product quality	<ul style="list-style-type: none"> Suspension of product supply caused by the occurrence of quality problems 	Provision of high-quality products	<ul style="list-style-type: none"> Stabilize quality by strengthening production technology capabilities Appropriate operation of quality management systems, quality management of products in market
Stable supply of products	<ul style="list-style-type: none"> Damage to the plants or facilities of the Eiken Group or its suppliers caused by natural disasters such as a large-scale earthquake, wind or water damage, or major accidents such as fire Long-term suspension of operations caused by the spread of infectious diseases or geopolitical risks 	Enhancing resilience	<ul style="list-style-type: none"> Avoid risk by securing safe inventories of products and important raw materials, and procuring from multiple sources Draw up business continuity plans and continuously improve ability to respond to situations (maintain Resilient Certification)
IT systems	<ul style="list-style-type: none"> Delays in responding to information technology innovation System failures/communication failures caused by accidents, etc. Failures or information leaks, etc. caused by computer viruses 	Strengthening of information security	<ul style="list-style-type: none"> Improve business processes through the promotion of DX and IT Build appropriate cybersecurity countermeasures Conduct education and training, such as targeted email attack countermeasures training
Soaring raw material prices and transportation costs	<ul style="list-style-type: none"> Rising cost of goods for products 	Improving productivity	<ul style="list-style-type: none"> Survey market trends for raw materials, procure from multiple sources, maintain proper inventories Continuously raise production efficiency

Executives (Directors, Executive Officers) (As of June 25, 2024)

Director



Morifumi Wada

Chairman and Director

Member of the Audit Committee

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

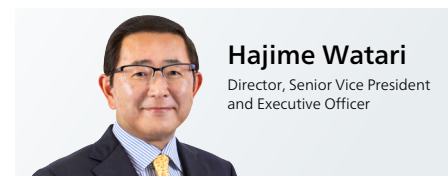


Tsugunori Notomi

Director, President & CEO

Member of the Nominating Committee,
Member of the Compensation Committee

1981 Joined the Company
2009 General Manager, Biochemical Research Laboratory, R&D Division of the Company
Executive Officer of the Company
2018 General Manager, R&D Division of the Company
Director of the Company (to present)
2016 Vice President and Executive Officer of the Company
2020 General Manager, R&D Division, and General Manager, Production Division of the Company
Senior Vice President and Executive Officer of the Company
2021 President & CEO of the Company (to present)



Hajime Watari

Director, Senior Vice President
and Executive Officer

1985 Joined the Company
2013 General Manager, Strategic Planning & Business Development Department, Corporate Strategy Office of the Company
2014 General Manager, Overseas Sales Office, Sales Division of the Company
2015 Executive Officer of the Company
2016 General Manager, Global Sales & Business Development Division of the Company
2020 General Manager, Business Management Division, and General Manager, Global Business Division of the Company Director of the Company (to present) Vice President and Executive Officer of the Company
2021 Senior Vice President and Executive Officer of the Company (to present)
2022 General Manager, Business Management Division of the Company (to present)
2023 Director, EIKEN MEDICAL AMERICA INC. (to present)



Yukiya Hakozaiki

Director

Outside Independent
Member of the Audit Committee

1983 Japan Self Defense Forces Fuji Hospital
1987 Medical Director Gastroenterological Medicine, Japan Self Defense Forces Central Hospital
1997 Section Chief, Research and Examination Department, General Manager, Endoscope Office, Japan Self Defense Forces Central Hospital
2000 Director, First Section, Department of Internal Medicine and Chief of Health Care Center, JSDF Hanshin Hospital
2004 Medical officer, Overseeing and Directing Defense, JGSDF Western Army
2006 Head, Internal Medicine, First Section, Self Defense Forces Central Hospital (Medical treatment secretary)
2014 Retired President, Genkai-Yokohama Hospital (Medical Corporation)
2015 Outside Director of the Company (to present)
2017 Visiting Professor, Tokyo Metropolitan University (to present)
2021 Advisor, Medical corporation Reiju medock General Examination Clinic
2022 Chairman, IEMS-Japan (to present)



Kiyoshi Ishii

Director

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

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



Kiyomi Nakamura

Director

Outside Independent
Chairperson of the Audit Committee

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

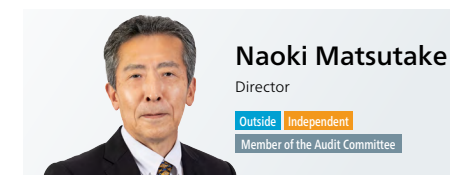


Akira Fujiyoshi

Director

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

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



Naoki Matsutake

Director

Outside Independent
Member of the Audit Committee

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

Executive Officers

President & CEO

Tsugunori Notomi

Senior Vice President and Executive Officer

Hajime Watari

General Manager,
Business Management Division

Vice President and Executive Officer

Naomichi Harada

General Manager, Sales Division

Hidetoshi Kanda

General Manager, R&D Division

Executive Officer

Shinya Sadamoto

General Manager, Internal Audit Office

Michitoshi Doi

General Manager, Production Division, General Manager, Production Control Division and General Manager, Quality Assurance Division

Tetsuya Takahashi

General Manager, Sales Promotion Office, Sales Division

Yasuyoshi Mori

General Manager, Global Business Office, Sales Division

Yuji Segawa

General Manager, Marketing Office, Sales Division

Hiroyasu Furuhashi

General Manager, Nogi Plant, Production Division

Messages from Outside Directors

During my time at a foreign-affiliated consulting firm, I accumulated experience in the design and operational guidance of internal control, strategic monitoring, and other systems, primarily for risk management. Since founding my own consulting company after going independent, I have provided corporate support focused mainly on such areas as M&A support, and the post-M&A rebuilding of personnel systems, internal control systems, and information systems, and the organization itself. I believe that one important role for Outside Directors is to support risk-taking management of the kind also required by the Corporate Governance Code. In order for listed companies to sustainably increase corporate value, stakeholders want to see the fostering of a corporate culture that allows appropriate risk-taking, and the mechanisms to monitor the status of risks taken. On the Risk Management & Compliance Committee, Sustainability Committee and elsewhere, the Company is seeking to assess the risks and opportunities caused by

climate change, and to create business opportunities. As well as ensuring that the activities of these committees function as an effective monitoring system for the risk-taking management of the Company, it is important to instill the concept of corporate entrepreneurship into the Company to prepare for the ongoing practice of risk-taking management. In order to build a foundation for risk-taking management within the Company, I will work to raise awareness of entrepreneurship during discussions with Directors and the supervision of Executive Officers, with the goal of communicating the importance and indeed necessity of developing entrepreneurial human resources. Eiken Chemical has selected cancer, infectious diseases, and health care as its strategic areas of business, and has made its social mission the provision of services to support medical infrastructure in the clinical diagnostics business and the food and environmental testing business, which include the areas just mentioned. The advent of global warming has raised the probability of more frequent occurrences of

infectious diseases due to the expansion of the geographical range of mosquitoes and the awakening of viruses that have lain dormant in the permafrost. The cellular senescence caused by aging is leading to higher incidence rates for cancer. For the social problem of cancer and infectious diseases, the solution is their early discovery and treatment. In the field of health care in Japan, where the declining birth rate and the aging of the population is expected to lead to a shortage of medical professionals by 2040, hopes are being pinned on further slowing of the aging process. In order to contribute to the resolution of such shared global issues, it is important that the Company takes risks and accepts the challenges of expanding its overseas sales with its fecal immunochemical tests and LAMP method, which are highly rated all over the world, as well as engaging in initiatives to speed up the development of next-generation products. I expect this to provide the catalyst for further growth, and to ensure that the EIKEN ROAD MAP 2030 is realized.



I will strive to foster corporate entrepreneurship with the aim of achieving the goals of the EIKEN ROAD MAP 2030.

Naoki Matsutake Member of the Audit Committee

Messages from Outside Directors

After graduating from the National Defense Medical College in 1981, I served for the next 34 years as a doctor in the Self-Defense Forces. My area of specialization was internal medicine, with a focus on gastroenterology, and in particular I was engaged in the screening, diagnosis, and treatment of stomach cancer and colorectal cancer. After the Great Hanshin earthquake in 1995 and the Tokyo subway sarin attack, I also researched disaster medical care and crisis management medicine. This clinical experience and the in-depth study of crisis management medicine have been extremely useful in fulfilling my responsibilities in the role of Outside Director of Eiken Chemical.

Since being appointed Outside Director, I have focused my efforts on providing feedback straight from the clinical front line, building a strategy for wider use of test reagents, and enhancing and spreading crisis management capabilities. In particular I have pushed the theme of Eiken Chemical's test reagents being reflected in treatment guidelines, which has driven a transformation

of the clinical front line. I have also argued strongly for new diagnostic approaches to neuropsychiatric disorders, such as dementia and depression, for which it is difficult to create objective indicators. Many of these initiatives are still in progress, but we have started to see light at the end of the tunnel. Going forward I intend to redouble my efforts to establish the Eiken brand not only on the treatment front line but also globally.

In testing for COVID-19, Eiken Chemical used the LAMP method to simplify and speed up diagnosis, making a significant contribution not only in Japan but overseas as well. This LAMP method is also being used in Africa and elsewhere to make important contributions to the diagnosis of tuberculosis and malaria, in the process of which it showcases Eiken Chemical's outstanding technology to the world. I am convinced that if the LAMP method can rapidly diagnose multiple genes at the same time, it will make a significant contribution not only to the field of infectious diseases but also to the diagnosis and treatment of many cancer patients. I believe the Company

should work as one to realize this goal, and I myself will engage in lively discussions on the Board of Directors with the aim of achieving this sooner rather than later. I think the application of the LAMP method to diagnosing multiple genetic items would have a major impact not only in Japan but also overseas.

Since COVID-19, the front line of clinical diagnostics has been transformed. Point of Care Testing (POCT) at the side of the patient and testing of various illnesses through the use of wearable and miniature devices are becoming more and more important. I believe the Company should take on the challenge of new areas without confining itself to traditional test reagents used in blood, urine, and other testing. On the Board of Directors and elsewhere, I intend to encourage proactive engagement in initiatives while at the same time respecting the perspective of clinicians.

I hope that strong and sustainable growth at Eiken Chemical will result in contributions to society not only in Japan but also overseas.



By robustly promoting the significant contributions to the medical front line made by Eiken Chemical, I will contribute to its sustainable expansion.

Yukiya Hakozaiki Member of the Audit Committee

04

Our Profile



Eiken Chemical's Businesses	59
Main Products and Services	60
Financial Highlights	61
Non-Financial Highlights	62
External Evaluation/Stock Information, Etc.	63

Eiken Chemical's Businesses

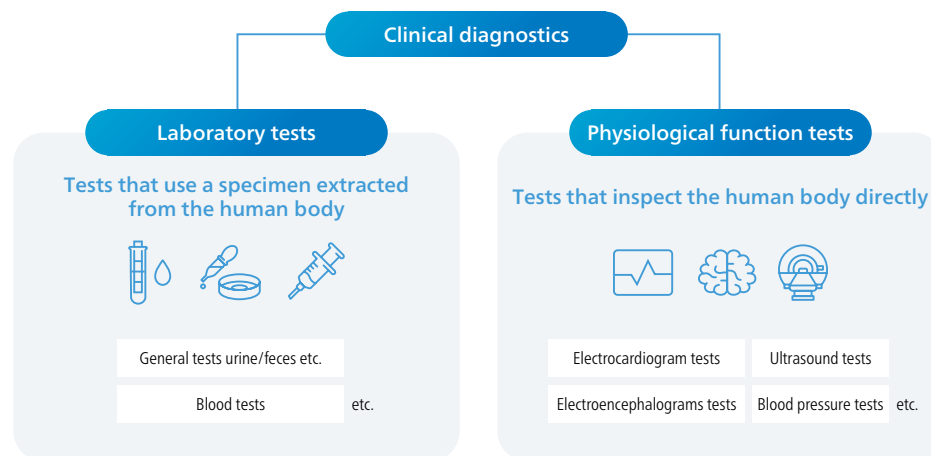
Overview of business

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

Business domains

Clinical diagnostics

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



Testing of food and environment

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

Clinical diagnostics market

Domestic market

¥1,047.5 billion
(FY2022; source:
survey by the Japan Association
of Clinical Reagents Industries)

Annual
growth of
2%
forecast

Despite the impact of the increase in sales of test reagents for COVID-19, the clinical diagnostics market in FY2022 was approximately ¥698.7 billion, rising to around ¥1,047.5 billion if reagents for research and test equipment are included. Revisions to medical treatment fees in 2024 resulted in a reduction in drug prices of 0.97%, but the impact was minor. If the effect of COVID-19 is excluded, the domestic market is expected to continue growing at a low annual rate of around 2% over the medium term.

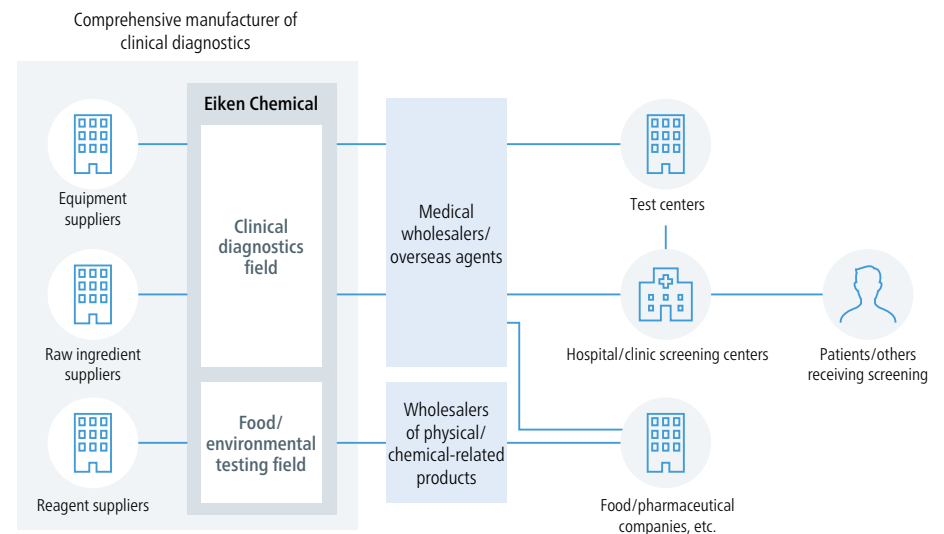
Global market

US\$78.7 billion
(2023)
(Report Code: MD3609)

Annual growth
of approx.
6.9%
forecast
(average 2024-2029)

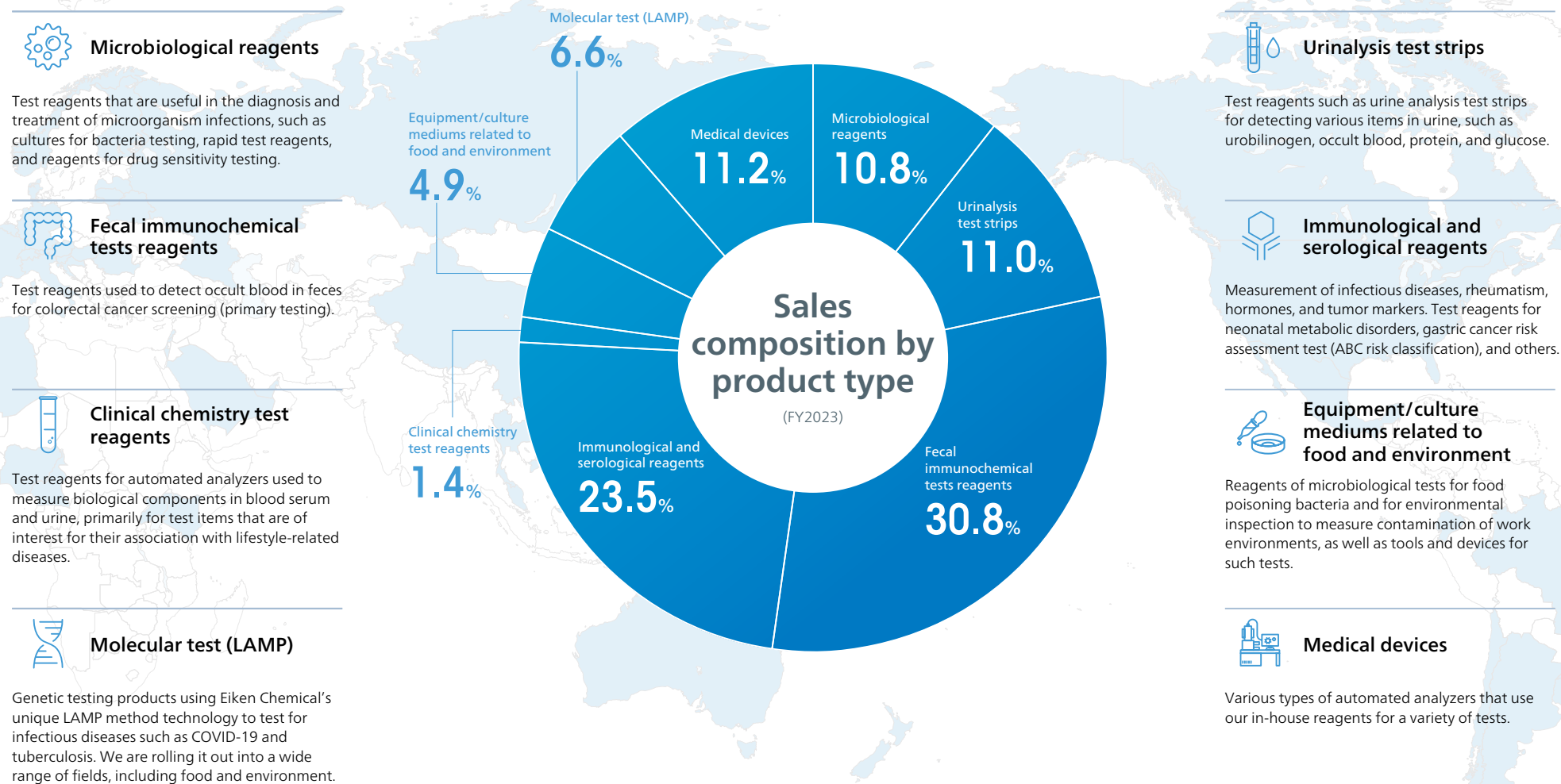
The global market for clinical diagnostics was estimated to be US\$78.7 billion in 2023, and is forecast to grow at a compound annual growth rate of 6.9%. Factors cited as driving the market include increases in chronic conditions and infectious diseases resulting from the increase in elderly individuals and, in terms of market opportunities, the growth of developing markets.

Business model



Main Products and Services

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



Financial Highlights

		FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Net sales	Million yen	34,991	35,761	36,585	38,667	42,996	43,271	40,052
of which overseas sales	Million yen	5,405	6,070	7,040	6,895	8,868	8,797	10,115
Gross profit	Million yen	14,701	15,692	16,229	18,529	20,564	20,506	16,723
Operating profit	Million yen	3,478	4,611	4,622	6,612	8,387	7,457	3,377
Ordinary profit	Million yen	3,549	4,681	4,723	6,808	8,508	7,568	3,568
Net profit attributable to owners of parent	Million yen	2,608	3,447	3,538	5,044	6,218	5,736	2,634
Total assets	Million yen	45,165	47,279	50,322	55,685	62,512	66,275	61,651
Net assets	Million yen	32,478	35,014	37,303	41,672	45,803	49,535	45,971
EBITDA	Million yen	5,138	6,205	6,249	8,323	10,445	9,582	5,703
Research and development expenses	Million yen	3,238	2,904	3,332	3,086	3,408	4,065	3,939
Capital investment	Million yen	1,102	1,685	2,985	2,876	4,347	3,792	1,812
Depreciation	Million yen	1,660	1,594	1,627	1,711	2,058	2,125	2,326
Net cash	Million yen	8,597	6,356	8,893	8,071	11,930	14,062	11,973
Cash flows from operating activities	Million yen	4,091	3,318	5,460	5,451	7,769	7,575	3,806
Cash flows from investing activities	Million yen	(3,250)	(4,435)	(3,711)	(2,193)	(5,044)	(316)	(2,216)
Cash flows from financing activities	Million yen	(1,175)	(1,083)	(1,220)	(1,275)	1,200	(2,095)	(6,694)
Cash and cash equivalents at end of period	Million yen	6,651	4,448	4,981	6,968	10,900	16,064	10,966
Operating profit to net sales ratio	%	9.94	12.89	12.63	17.1	19.5	17.2	8.4
Return on Equity (ROE)	%	8.3	10.3	9.9	12.9	14.3	12.1	5.6
Return on Assets (ROA)	%	5.8	7.5	7.3	9.5	10.5	8.9	4.1
Equity ratio	%	71.2	73.5	73.5	74.3	72.8	74.2	74.0
Earnings per share (EPS)	Yen	71.21	93.63	95.95	136.65	168.28	155.17	71.69
Book value per share (BPS)	Yen	877.35	942.37	1,002.86	1,120.36	1,230.55	1,327.47	1,318.38
Dividend payout ratio (consolidated)	%	35.1	32.0	31.3	30.0	30.3	32.9	71.1
Dividend per share	Yen	25.00	30.00	30.00	41.00	51.00	51.00	51.00
Total number of issued shares at end of period	Shares	43,541,438	43,541,438	43,541,438	43,541,438	43,541,438	43,541,438	40,041,438
Number of treasury shares at end of period	Shares	6,902,222	6,659,650	6,659,760	6,611,071	6,576,861	6,512,625	5,443,508
Market capitalization	Billion yen	116.6	113.4	85.8	94.1	75.1	680	800
Number of employees at end of period (full-time employees)	Persons	704	719	724	733	745	754	757

*The Company conducted a two-for-one share split of its common shares with an effective date of April 1, 2018.

Figures for EPS, BPS, and dividend per share for FY2017 are calculated based on the assumption that the share split was conducted on April 1, 2017.

Non-Financial Highlights

			FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Environment	Greenhouse gas (GHG) emissions ◆1								
	Scope 1	t-CO ₂	2,120	1,989	1,934	2,070	2,016	1,945	2,036
	Scope 2	t-CO ₂	5,252	5,181	4,884	5,038	5,304	2,669	706
	Scope 3 *1	t-CO ₂	—	—	—	86,485	105,334	84,205	71,697
	Renewable energy used ◆4	MWh	70	76	70	61	62	6,871	11,764
	Water volume consumed ◆2	1,000 m ³	88.1	83.9	81.0	78.1	80.7	73.1	65.9
	Total waste generated ◆3 *2	t	426	381	388	410	462	529	398
	Material recycled ◆3	t	251	212	234	223	232	247	238
	Recycling ratio (including recovered energy) ◆3	%	58.9	55.7	68.0	62.4	58.8	55.3	62
Society ◆4	Number of ecological proposals ◆4	Proposals	366	445	454	318	291	518	525
	Average age (Overall)	Years	43 years 0 months	42 years 7 months	42 years 6 months	42 years 4 months	42 years 3 months	42 years 5 months	42 years 5 months
	Average age (Men)	Years	44 years 0 months	43 years 5 months	43 years 2 months	42 years 10 months	42 years 7 months	42 years 5 months	42 years 1 month
	(Women)	Years	40 years 7 months	40 years 5 months	41 years 0 months	41 years 1 month	41 years 5 months	42 years 4 months	42 years 1 month
	Average years of service (Men)	Years	16 years 11 months	16 years 2 months	14 years 11 months	16 years 2 months	15 years 7 months	15 years 7 months	14 years 10 months
	(Women)	Years	16 years 0 months	16 years 1 month	16 years 6 months	16 years 9 months	16 years 10 months	17 years 7 months	16 years 10 months
	Women as share of all employees	%	27.3	29.0	29.4	29.7	30.3	29.2	29.9
	Percentage of managerial positions held by women (as of April each year) *3	%	10.7	12.2	14.6	16.9	16.2	13.8	15.4
	Female Directors as share of Directors	%	0.0	11.0	11.0	11.0	11.0	13.0	13.0
	Women as share of all hires	%	29.2	35.6	20.0	27.5	29.3	17.5	36.4
	Percentage returning to work after childcare leave	%	100	100	100	100	100	100	100
	Employee turnover *4	%	0.9	0.9	2.0	1.7	2.0	2.7	2.3
	Average non-scheduled working hours per full-time employee per month	Hours	—	14.1	15.8	16.2	15.3	14.8	13.9
	Rate of uptake of EIKEN GLOBAL PROGRAM among employees *5	%	—	—	—	16.5	14.0	19.4	26.3
	Employee satisfaction score	—	—	—	—	—	—	58.4	48.1
Governance	Rate of uptake of antibribery training	%	—	—	—	—	96.8	100.0	100
	Number of serious noncompliance incidents *6	Cases	0	0	0	0	0	0	0

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

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

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

<Applicable scope>

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

◆2 Eiken Group (production sites)

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

◆4 EIKEN CHEMICAL CO., LTD. only

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

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

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

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

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

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

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

External Evaluation/Stock Information, Etc.

External evaluation

Inclusion in ESG indices



**FTSE Blossom
Japan Sector
Relative Index**



Japan ex-REIT Gender Diversity
Tilt Index

Initiatives endorsed/ESG ratings/ certifications



Signed high-level Kigali
Declaration on elimination of
neglected tropical diseases (NTDs)

パートナーシップで感染症と闘う



Global Health Innovative Technology Fund

Sponsor of international
public-private sector GHIT Fund
to fight infectious diseases



Endorsed TCFD recommendations and made disclosure in February 2023



Gained SBT certification in
February 2024



B score for climate change



Certified for 5 consecutive years



Certified as Organization
Contributing to National Resilience
by Cabinet Secretariat National
Resilience Promotion Office

Company profile

Company name	EIKEN CHEMICAL CO., LTD.
Head office location	4-19-9 Taito, Taito-ku, Tokyo, 110-8408 Japan
Representative	Tsugunori Notomi, President & CEO
Founded	February 20, 1939
Share capital	6,897,730,000 yen (as of March 31, 2024)

Number of employees
(full-time employees + temporary employees)

Non-consolidated: 1,053;
Consolidated 1,101
(as of March 31, 2024)

Listed stock exchange

Tokyo Stock Exchange
Prime Market

Securities code

4549

Year-end

March 31

Annual General Meeting of Shareholders

June of each year

Shares information (as of March 31, 2024)

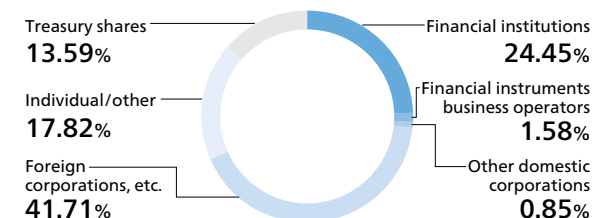
Total number of shares authorized to be issued	123,900,000 shares
Total number of issued shares (including treasury shares)	40,041,438 shares
Number of shares per unit	100 shares
Number of shareholders	7,399

Major shareholders

Shareholder name	Number of shares held (shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	5,028,700	12.55
Custody Bank of Japan, Ltd. (Trust account)	2,455,200	6.13
JP Morgan Chase Bank 385632	2,100,867	5.24
NIPPON ACTIVE VALUE FUND PLC	1,949,200	4.86
AVI JAPAN OPPORTUNITY TRUST PLC	1,830,900	4.57
The Dai-ichi Life Insurance Company, Limited	1,100,000	2.74
NORTHERN TRUST CO.(AVFC) RE THE HIGHCLERE INTERNATIONAL INVESTORS SMALLER COMPANIES FUND	1,061,000	2.64
Nippon Life Insurance Company	799,200	1.99
Eiken Chemical Employee Stock Ownership Association	624,056	1.55
Tadao Kurozumi	614,708	1.53

*The Company owns 5,443,508 treasury shares, but these are not included in the above list of the ten largest major shareholders.

Distribution of shares by type of holder



Change in share price

