

Saving  
Your  
Health



Integrated Report **2025**



## A Technology Company Advancing New Frontiers in Medical Testing .

Regulations, human capital, technological innovation, global expansion —  
embracing challenges in key areas opens doors to new possibilities

We tackle issues as a team, transcending personal work spheres to come together and  
transform issues into opportunities for value creation.

Under our management approach, we believe that the long-term enhancement of corporate  
value can only be achieved through the dual pursuit of social value and economic value.

We continually strive to make people smile and support their healthy living, day in and day out.

# Challenges to Innovation

Since our founding in 1939, we have been a pioneer in clinical diagnostics, driven by our unceasing quest to create value by serving the public health. We will continue to contribute to people's health and medical treatment through healthcare.

### | Our Management Philosophy

**Protect the health of the public through health care services.**

### | Our Management Vision

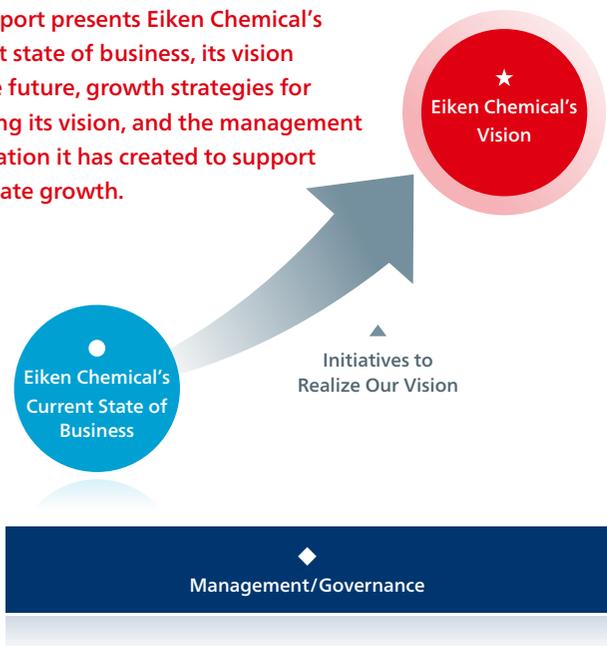
**Eiken Group is dedicated to leveraging expertise as a medical testing pioneer in order to increase corporate value by protecting the health of the public with products and services that customers can trust.**

### | Our Motto

**We EIKEN provide trustworthy quality, and develop with technology.**



This report presents Eiken Chemical's current state of business, its vision for the future, growth strategies for realizing its vision, and the management foundation it has created to support corporate growth.



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●: Eiken Chemical's current state of business   ★: Our vision  
▲: Initiatives to realize our vision   ◆: Management/Governance

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 the Eiken Group 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

FY2024 (April 1, 2024-March 31, 2025)

\*Includes reports on some events occurring on or after April 1, 2025

Scope of the Report

EIKEN CHEMICAL CO., LTD. and its Group companies

# At a Glance

The Eiken Group in FY ended Mar. 31, 2025



Net sales

**40,539** million yen

R&D expenses

**4,386** million yen

Net profit

**2,228** million yen



ROE

**5.0%**

ROIC

**5.2%**



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

**1,051**

Number of  
R&D personnel

**201**

Overseas sales  
as share of total

**26.4%**



Number of countries  
in which products deployed

**61**



CO<sub>2</sub> emissions  
(Scope 1 + 2)

**2,649** t-CO<sub>2</sub>

Water volume consumed  
(all production sites)

**69,100** m<sup>3</sup>



Social value provided  
by Eiken Chemical's  
colorectal cancer screening tests

USD **4.5** billion

► Details on p11



Social value provided  
by Eiken Chemical's  
tuberculosis screening tests

USD **2.1** billion

► Details on p12



Number of urinalysis tests  
using test strips conducted

approx. **350** million/year

► Details on p13

# Message from CEO



**Yuji Segawa**  
President and CEO

Superior technologies and human talent working in concert to enhance corporate value

- 01** There is nothing we cannot accomplish if we put our minds to it
- 02** Current issues analysis and resolution plans
- 03** Thorough reforms to bolster earnings strength
- 04** Initiatives to accelerate the enhancement of corporate value

## All the challenges we face lead to personal and organizational growth

### 01 There is nothing we cannot accomplish if we put our minds to it

I was appointed President and CEO of Eiken Chemical in June 2025. My career has spanned some 35 years, the first 23 at Sony Corporation and the last 12 at Eiken Chemical. Nearly all of those years have been as an engineer in the R&D Division. At Sony, I was part of the development team for what was then one of the world's largest LCD color televisions. At both Sony and Eiken Chemical, my specialty field of research has been microfabrication technologies. During my previous work with electronics, I saw the promise of applying microfabrication technologies to the development of medical devices. That inspired me to seek a career in the medical field, and I was welcomed at Eiken Chemical in 2013. Over these past 12 years, I have had the opportunity to work on the development of the Simprova genetic testing system in the R&D Division, as well as a broad range of production and fundamental technologies. My career has also taken me through the Marketing Office, where I promoted new products and business. Reflecting on my journey, I feel fortunate to have taken a distinctive path from the engineering departments, where I built my

career, to marketing and management, where I accumulated no less valuable experience. In my engineering days at Sony, I traveled the world visiting customers to install manufacturing equipment at their production sites. This took me from sites around Japan to North and South America, China, South Korea, and Taiwan, to name a few countries. These travels afforded me opportunities to meet customers in my role as a leader of the company, and in addition to performing my duties as the engineering representative, I was also able to learn how to negotiate with people from other countries and regions with different cultures. I have also gained experience in collaboration with overseas companies while at Eiken Chemical, taking part in contract negotiations and other activities with business partners. In my new role as President and CEO, I will dedicate myself to the management of Eiken Chemical with a renewed vigor and sense of purpose, leveraging my hands-on experience in the global arena to build on the Company's success. When I joined Eiken Chemical, I was immediately struck by the potential for applying the technologies I had developed in previous work to different areas of the Company's business. I felt Eiken Chemical

had great potential for future growth. Today, I still feel that abundant potential. But now I am convinced that the potential does not lie only with technology. I am confident that we can stimulate new growth at Eiken Chemical by instilling a corporate culture that promotes a sense of urgency and positivity. This will require us to create a "Positive Culture" in which all employees feel secure in embracing challenges. My personal creed is, "There is nothing we cannot accomplish if we put our minds to it." That belief has

sustained me throughout my career, no matter what role I was in. There are times when challenges produce success and other times end in failure. In my experience, no matter the outcome, all challenges sustain our growth as individuals and the growth of the organizations we work in. My role is to set an example for employees by taking on new challenges, and giving them the confidence to be audacious. One of my aims is to further promote the spirit of challenge among employees throughout the Company.



## The New Medium-Term Management Plan aims to resolve issues remaining from the previous plan, executed amid an increasingly severe business environment

### 02 Current issues analysis and resolution plans

The environment in which companies are operating is becoming increasingly severe. In markets around the world, heightened geopolitical risks, surging global resources prices, and higher costs for logistics and raw materials are among the many factors weighing on profits. The medium- and long-term outlook in Japan alone is no less forgiving. The decline in birthrates and aging population mean we could face fewer business opportunities in the future. If the population continues to decline, that spells a lower number of people receiving clinical diagnostic tests. At the same time, however, an aging population will likely lead to a higher number of disease patients, and there will be greater demand for methods to prevent healthy people from contracting diseases or suffering worsened conditions. Under these scenarios, our business opportunities might increase. Making the most of the opportunities is an issue for our business in Japan. Overall, however, there is no question that our sustainable growth as a company will depend on accelerating our business outside

Japan. Another issue we face as a company is the rapid change in the business environment since the end of the COVID-19 pandemic.

The salient truth arising from the drastic changes precipitated by the pandemic was that a company needs to build the strength to withstand such change. Bolstering our planning, technology, product, development, and sales capabilities even further, and then sustaining that strength, is one important issue for us to address.

Amid the changes I've discussed, we executed our Medium-Term Management Plan for FY2022-FY2024 (previous MTMP) as a milestone to achieving the EIKEN Vision 2030. Looking back on the plan, I believe there were many successes. We are now focusing on three key business fields. In the cancer field, the number of countries adopting colorectal cancer screening continues to rise. We have also begun contract clinical testing for lung cancer companion diagnosis. In the infectious diseases field, we have received a large order in Nigeria for our tuberculosis genetic testing system using the LAMP method, and we have begun selling rapid diagnostics kits for adenovirus and Group A beta hemolytic streptococcus (Strep A). In the healthcare

### Overview of New Medium-Term Management Plan

#### Slogan

## Challenges to Innovation

—Pursue challenge of thorough reform to reinforce earnings strength—

#### Basic policy

##### Business strategies

- Develop and expand overseas markets
- Restructure product portfolio
- Develop new products

##### Financial/Capital strategies

- Optimize cash allocation
- Raise ROIC

##### Governance

- Renovate executive structure
- Strengthen investment discipline
- Promote sustainability strategy

#### FY2027 targets

Net sales	Operating profit	ROIC	ROE	Total payout ratio FY2025-FY2027 cumulative
¥46.9 bn	¥5.9 bn	8.1 %	9.3 %	70% or more

field, we developed an advanced buffer solution for new stool sampling bottles which will help promote the expansion of screening by mail. There were disappointments as well. Sales of rapid test kits for influenza, COVID-19 and others failed to meet our targets. Under the previous MTMP, our quantitative targets fell short across the board. We have completed our analysis of the reasons behind our failure to achieve our targets. In response, we will strengthen the business strategies, financial and capital strategies,

and governance as the three main pillars of the New Medium-Term Management Plan starting with FY2025 (new MTMP) over the next three years.

### 03 Thorough reforms to bolster earnings strength

The new MTMP is being pursued under the slogan, "Challenges to Innovation." The challenge for us is to effect a thorough reform program for enhancing earnings strength,

driven by a corporate-wide effort joining all officers and employees in the Group. While the spirit of challenge will be the underlying principle behind this goal, challenge itself is not the end-purpose. Instead, the energy unleashed through our spirit of challenge will propel us towards reforms. As a specific example of our end-purpose, we will strive to develop high-profit products and product lines and restrain fixed costs to better absorb the increases in raw materials procurement costs. This strategy will support continual improvement in profit margins. For FY2027, we target an operating profit margin of 12.6%, an improvement of 5.2 points over three years.

Under the business strategies, we have three priority initiatives. First, we aim to develop and expand markets outside Japan through accelerated efforts to expand global markets for fecal immunochemical testing (FIT), tuberculosis testing (TB-LAMP) and immunological and serological latex reagents. The second priority is the restructuring of the product portfolio. We will realign our product portfolio into the three categories of core products, profit-generating products and developing products, and aggressively invest management resources into these three main product families. For products with low returns, we will consolidate dosage forms, raise prices or eliminate some products from the market as part of our thorough reform plan. The third priority is development of new products. We are developing the next-generation large fecal immunochemical measuring equipment, new items for immunological and serological testing products, the MINTs (Mutation Investigator

using the Next-era Sequencer) system, along with new items in neglected tropical diseases. Regarding the financial and capital strategies, we are striving towards our target of raising ROE to 9.3% in three years. We have clarified our cash allocation policies as part of this initiative. More specific measures include proactive strategic investments and strengthened shareholder returns. The strategic investments we are planning for future growth will extend beyond in-house technological development. In fact, we will zealously pursue outside technologies and invest our capital through open innovation frameworks. In terms of shareholder returns, we have changed our policy from a target of 30% or higher consolidated dividend payout ratio to 50% or higher total payout ratio. Additionally, we have made steady progress with ROIC-oriented management and will make further strides under the new plan. As previously explained, the business strategies are geared to raise profitability by restructuring the product portfolio. In tandem, we will shorten the cash conversion cycle to raise capital efficiency. Through these measures, we will aim to raise ROIC to 8.1% in three years. Finally, with regard to bolstering governance, in addition to my appointment as President and CEO, we appointed six new Executive Officers within the 10-person executive team. Furthermore, an independent Outside Director has been appointed Chairperson of the Board of Directors, and all three governing committees are comprised exclusively of independent Outside Directors. This renewed management team will lead the Eiken Group ahead with a fresh perspective and vigorous momentum.

## Human capital and technology working in concert to enhance corporate value

### 04 Initiatives to accelerate the enhancement of corporate value

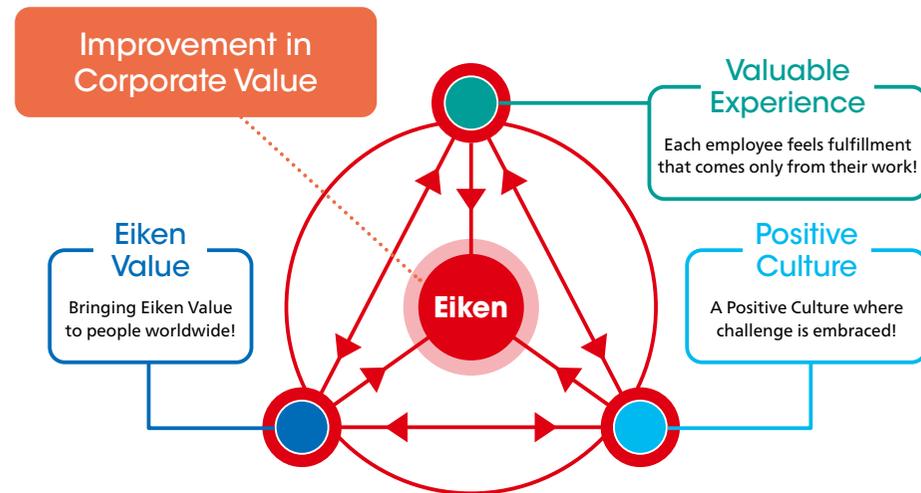
As I mentioned earlier in my message, Eiken Chemical has immense potential as a company. The driving forces behind converting that potential into higher corporate value are human capital and technological capabilities.

In regard to our people, Eiken Chemical is blessed with hard-working, sincere employees across all of our departments. When talented employees get down to work, they are capable of doing great things. Our research and development personnel work earnestly and with great integrity, basing their research on elaborate, precise data. In the production departments, our employees are dedicated to producing high-quality products while working with exceptional productivity. Our marketing personnel, meanwhile, use data-driven techniques to compile their market research. Sales personnel are known for their passion and ability to engage with customers. We should all be proud to work in a company with such a talented workforce. Our technological capabilities are also exceptional. We possess strong fundamental technologies in the fields of fecal immunochemical testing, urinalysis testing, and genetic testing. Moving forward, we

will be especially aggressive in leveraging and building our portfolio of technologies supporting fecal and genetic testing. The data derived from fecal matter contain markers for not only colorectal cancer, but also for digestive tract diseases, lifestyle diseases, and a host of other health issues. Eiken Chemical stool sampling bottles are widely used worldwide. If we can find more ways to gain valuable data from these bottles, our presence in the global medical field will soar. Additionally, our genetic testing technologies hold great promise for expansion. Until now, these technologies have been used primarily for infectious diseases. There is ample opportunity, however, to broaden applications to the fields of cancer and healthcare. Although patents related to LAMP have expired, we have accumulated a tremendous amount of insight and know-how which can be leveraged moving forward. I believe it is important for Eiken Chemical to remain a technology-oriented company which can tackle change in the business environment, no matter how severe. The utilization of our robust foundation of technology will buttress the growth of existing businesses and promote applications and expansion in our three key fields of cancer, infectious diseases, and healthcare on a global scale. Of course, there will be some

areas where our internal technologies alone cannot solve our issues. Here, we will actively incorporate external technologies wherever needed. The fruits of open innovation, however, will require seeds from the powerful fundamental technologies we own. As illustrated below, exceptional talent and technologies are the forces which join and drive the wheel of “Eiken Value,” “Valuable Experience,” and “Positive Culture” to generate improvement in corporate value. We have products and services based on superior technologies in the fields of fecal immunochemical testing, latex reagents, urinalysis testing and LAMP. We can promote Eiken Chemical as a company that “protects the health of people,” ensuring that our name

and purpose are understood even among the end-users of our technologies. Delivering “Eiken Value” to people throughout the world in this way will improve our corporate value. Our Management Philosophy is to “Protect the health of the public through health care services,” which we can proudly present as our Purpose to everyone, both domestically and internationally. I will ensure that all of our employees are conscious of the responsibilities inherent in their work and the social contributions they are making based on our management philosophy. I want each of our employees to have moments where they feel the genuine fulfillment from their work, understand the contribution they have made to people’s health, and take joy



in their results. This is the kind of “Valuable Experience” I want to provide to employees reflecting on their tenure here. I believe these experiences will enhance our level of human capital. These are the experiences that I believe to be important to realizing the “Positive Culture” I mentioned earlier. “Eiken Value,” “Valuable Experience,” and “Positive Culture” move in a virtuous cycle, with human capital and technological strength working in concert to enhance corporate value. Inspired by our MTMP slogan “Challenges to Innovation,” I will strive to demonstrate strong leadership and guide our new executive team under the company’s strengthened

governance structure. Alongside our employees, I will keep a positive mindset and help to instill a culture that seeks out challenges, even beyond the framework of the new MTMP. We will work together, all dedicated to ROIC management, to raise profitability and improve corporate value. Our aggressive yet nimble approach to strategic investments will support further growth and higher returns to shareholders. As a final word, we will work rapidly to initiate positive reforms throughout the company, building a foundation for new growth for Eiken Chemical. I appreciate your continued understanding and support.

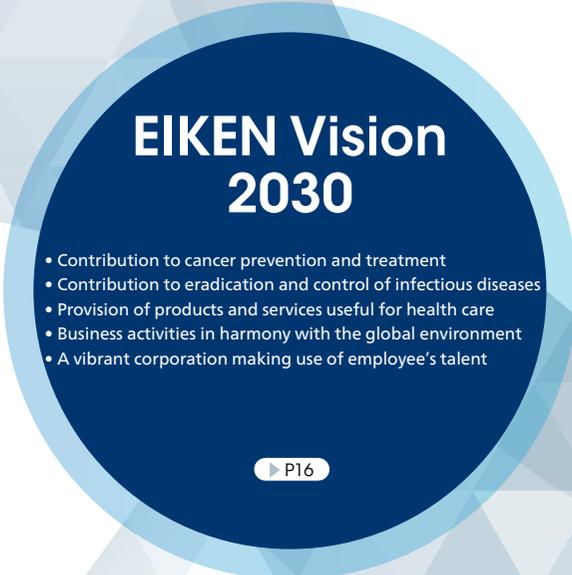
# Eiken Chemical's Value Creation Process

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.

## Our goals for the future

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

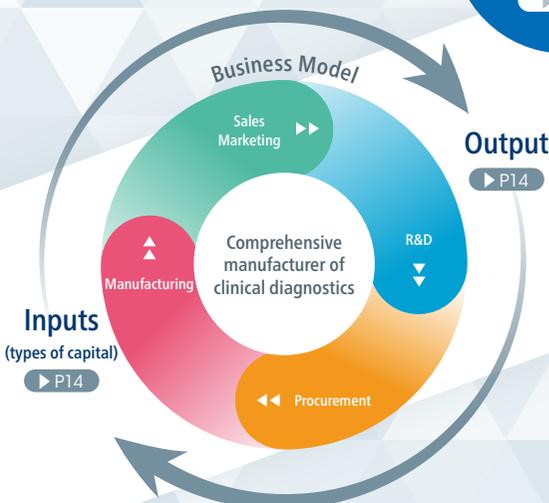
- Redress global disparities in health care
- Establish simpler test technology for infectious diseases
- Enhanced personal care, such as remote clinical system and at-home self-testing
- Improve quality of life by enhancing personal care
- Reduce workloads on the medical front line and control medical expenses through enhanced testing
- Achieve carbon neutrality



**EIKEN WAY**

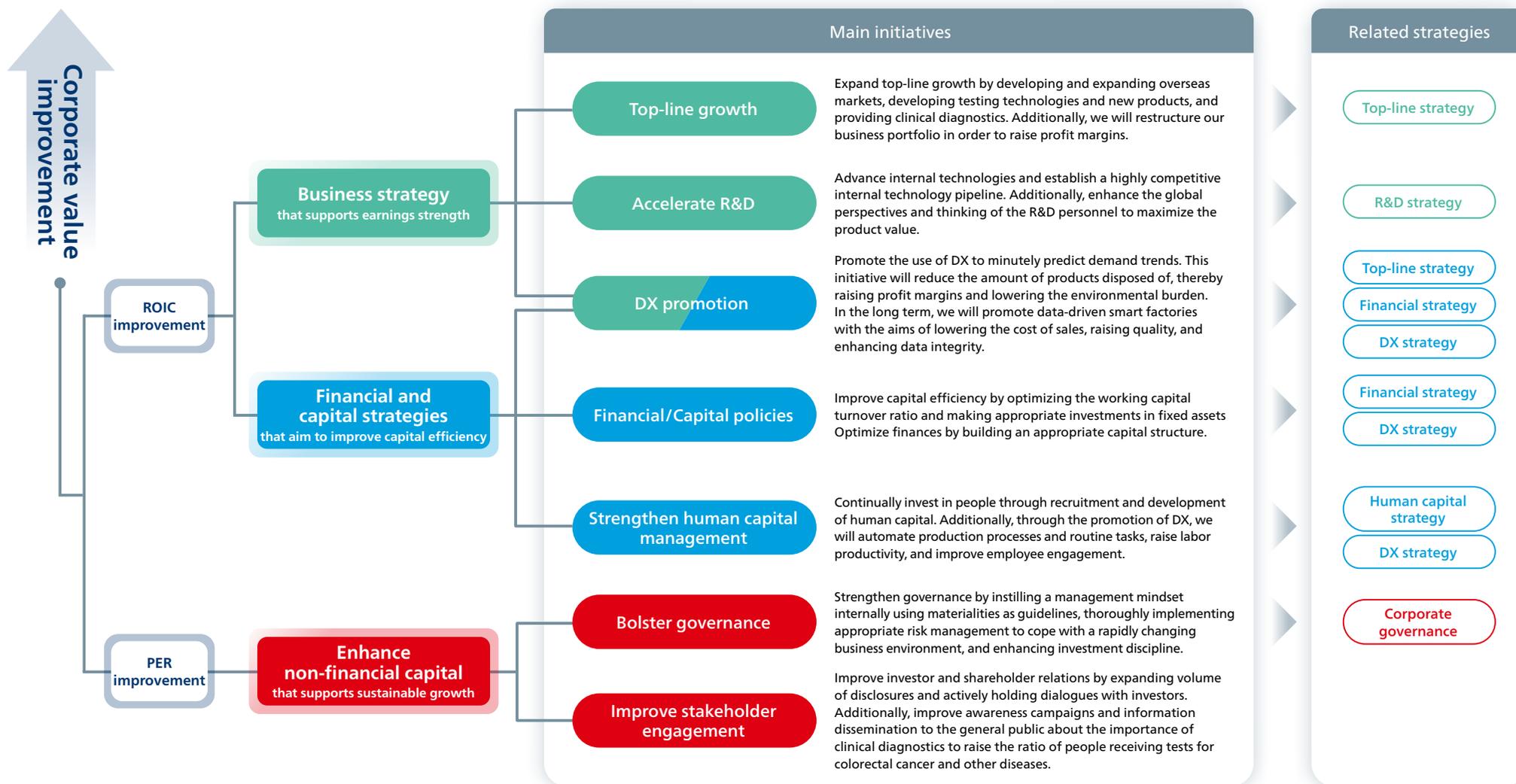


- Contributing to health and quality of life for people around the world
- Business activities in harmony with the global environment
- A vibrant corporation making use of employee's talent
- An organizational base that supports sustainable growth



# Overview of Initiatives to Enhance Corporate Value

In order to raise corporate value, we are striving to improve ROIC, as a measure of maximizing financial value, while also improving PER, as a way to support sustainable growth. There is a wide range of non-financial capital that we have accumulated throughout our corporate history and which cannot be achieved overnight. These include trusted relationships developed with health authorities, medical practitioners and business partners in countries around the world, our reputation in the clinical diagnostics field, our market shares in the FIT and urinalysis test reagent industries, and the product manufacturing know-how we have developed. By maximizing the benefits of non-financial capital and promoting the effectiveness of medical testing, we can support healthy lifestyles as well as the sustainable growth of our company.



### Social issues

Cancer as a cause of death

**2<sup>nd</sup>** worldwide <sup>\*1</sup>

Colorectal cancer is the second leading cause of death worldwide among cancers (2nd in Japan). Medical expenses associated with colorectal cancer have reached ¥587.2 billion in Japan.\*2 On the other hand, colorectal cancer progresses relatively slowly and, if detected early, a complete recovery can be realistically hoped for.

Colorectal cancer-related medical expenses (Japan, 2022)

**¥587.2 billion**

### Eiken Chemical's initiatives

### Providing colorectal cancer screening

Recommended grade in Japan for colorectal cancer screening

**A<sup>\*3</sup>**

Share in Japan\*4

**1<sup>st</sup>**  
(68%)

Number of countries in which our products deployed

**52 countries**

Eiken Chemical provides fecal immunochemical testing (FIT) as a way to reduce the number of deaths and lower medical expenses associated with the disease's treatment. FIT is an easy and inexpensive test. Users need only to scrape the surface of the stool to take a sample. The continued use of FIT can reduce the risk of colorectal cancer by 70%\*5. The effectiveness of our products has been reported in more than 100 international research articles. FIT is included in the guidelines for colorectal cancer screening in countries around the world\*6, and 52 countries have approved the tests for their citizens. We will strive to expand the adoption of FIT in more countries, while promoting higher screening rates for populations in our quest to reduce the number of colorectal cancer deaths by even just one person.

### ► Social significance of our products

We calculated the social value of our FIT products by subtracting the negative effect from the positive effect. The positive effect was calculated as the combined incomes of people whose colorectal cancer was detected early (PPP base). From this positive value we subtracted the cost of unnecessary endoscopies caused by false positive results of the FIT tests. Last year, we used GDP as an indicator for calculations. This year, however, we have adopted GNI/capita, PPP, which is considered to be a more suitable indicator for measuring the improvement in medical standards. In comparison with last year, this year's positive value grew significantly because of an increase in sales in the United States. Additionally, in comparison with last year's calculations, we revised upward one of our materialities, namely the number of countries in which products are deployed, and therefore the FY2030 forecast has also been revised upward. The result of ¥4.5 billion in FY2024 can be considered very high. This figure, however, represents only one aspect of the social value of the Company's products. The improvement in human well-being is another important contribution. People gain a sense of security in taking a medical test, while the early detection of a disease enables people to enjoy longer lives. There is social value that cannot be translated into a monetary amount. Including these kinds of value, the Company's achievement of materialities KPI is leading to benefits for the Company and benefits for society as a whole.

	FY2024 (results)	FY2030 (forecast)	Calculation method
Positive value	USD 5.3 billion	USD 7.9 billion	Economic impact of early detection of colorectal cancer using FIT FY2024: Number of persons undergoing tests × cancer detection rate × early detection rate × 5-year survival rate × GNI per capita, PPP (current international USD) (2024, World Bank) For FY2030: Estimated market × estimated market share × cancer detection rate × early detection rate × 5-year survival rate × GNI per capita, PPP (current international USD) (2024, World Bank)
Negative value	USD 0.8 billion	USD 1.4 billion	Expenses incurred by endoscopies of persons with false positives FY2024: Number of persons undergoing tests × positive rate × false positive rate × secondary testing ratio × cost of endoscopy FY2030: 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 end of each fiscal year
Social value	USD 4.5 billion	USD 6.5 billion	Positive value - Negative value

\*1 WHO: <https://www.who.int/news-room/fact-sheets/detail/colorectal-cancer> \*2 Ministry of Health, Labour and Welfare, "Overview of National Medical Care Expenditure" for FY2022

\*3 Colorectal Cancer Guidelines Based on Effectiveness Assessments (FY2024 version) \*4 FUJI KEIZAI, "Immunoassay and Highly Anticipated POC Medical Testing Market 2024," cancer marker (fecal occult blood) 2023 monetary amount

\*5 Cancer Detect Prev. 2007;31(1):3-11. doi: 10.1016/j.cdp.2006.11.002. Epub 2007 Feb 7.: <https://pubmed.ncbi.nlm.nih.gov/17289293/> \*6 Guidelines, etc. of various countries: <https://www.eiken.co.jp/en/publication/fit/>



### Social issues

Cause of death by infectious disease **1<sup>st</sup> worldwide** | New cases (worldwide, 2023) **10.8 million people**

Tuberculosis is the single largest cause of deaths by infectious disease. It is estimated that in 2023 an additional 10.8 million people contracted the disease, and that it led to the deaths of 1.25 million people\*1. 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.

### Eiken Chemical's initiatives

### Providing tuberculosis genetic testing

Our products' evidence **Recommended by the WHO** | Number of countries in which our products deployed **8 countries**

We provide tuberculosis genetic testing using the LAMP method in order to reduce the number of deaths caused by tuberculosis. LAMP is a genetic amplification method developed by Eiken Chemical. It 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.

## Social significance of our products

The social value of our tuberculosis genetic testing reagent TB-LAMP is calculated as the total combined income of the people who tested positive for tuberculosis (PPP base). Last year, we used GDP as an indicator for calculations. This year, however, we have adopted GNI/capita, PPP, which is considered to be a more suitable indicator for measuring the improvement in medical standards. A genetic test is not a screening test but rather a test to confirm contraction. Therefore, a negative value is not calculated. Many countries in which tuberculosis is prevalent remain beset by such social issues as poverty and famine. By FY2030, it is estimated that TB-LAMP will have a direct social value of approximately USD 4.8 billion. We believe the provision of tuberculosis tests will also have an incalculable indirect social value associated with such benefits as the improvement of living standards and lengthening of average life span.

	FY2024 results	FY2025- FY2030 (forecasts)	Calculation methods
<b>Social value</b>	<b>USD 2.1 billion</b>	<b>USD 4.8 billion</b>	Economic impact of detecting tuberculosis using TB-LAMP FY2024: Number of people tested inferred from number of TB-LAMP tests shipped × detection rate × GNI per capita, PPP (current international USD) (2024, World Bank) FY FY2025-2030: Number of persons affected by tuberculosis calculated using international targets × estimated share × detection rate × GNI per capita, PPP (current international USD) (2024, World Bank)

\*1 WHO  
 \*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)



## Social issues

Medical expenses associated with glomerular disease, renal tubulointerstitial disease, and kidney failure \*1 (Japan, 2022)

approx. ¥ **1.6** trillion

According to WHO research\*2, the average life expectancy among Japanese people is 84.5 years, and the average healthy life expectancy is 73.4 years, indicating that approximately 11 years of a person's life is spent in poor health. The widening gap between an average life expectancy and an average healthy life expectancy leads to lower quality of life, higher medical expenses and a variety of other negative influences.

Kidney disease is one of the factors having a negative influence on healthy life expectancy. Kidney disease is often triggered by high blood pressure, diabetes, and infectious diseases. As symptoms progress, patients are at increased risk of cardiovascular disease. Further, when kidney disease becomes chronic, patients often require dialysis and other treatments, which lower their quality of life and lead to financial hardships, among other severe impacts. The rising expenses associated with these problems presents a significant social issue.

## Eiken Chemical's initiatives

## Providing urinalysis tests

Number of urinalysis tests using test strips conducted worldwide

approx. **350** million/year

Share in Japan\*3

**1st**  
(29%)

We provide urinalysis test strips as a way to help resolve these types of social issues. Eiken Chemical's urinalysis test strips are familiar to people throughout Japan, from regular checkups for patients three years and older, to workplace health checkups, and lifestyle health checkups. They are easy to use, inexpensive and painless, providing data on patients suffering a wide range of ailments, from diabetes and kidney disorders to liver disorders and urinary tract infections, to name a few. As a result, they are widely used for general examination. In 2024, a research paper reported that for IgA nephropathy screening conducted as part of Japanese school urinalysis, the cost effectiveness of this testing was high\*4.

## Social significance of our products

Our urinalysis test strips are used widely in a broad range of test settings, from the monitoring of such diseases as kidney disorders, liver disorders, diabetes and urinary tract infections, to regular prenatal exams and annual health checkups. It is difficult to specify exactly how many people were tested with our urinalysis testing products and for what diseases they are making a contribution. Therefore, we cannot calculate a monetary sum, but rather we are using the number of tests conducted as an indicator of social value. Our urinalysis test strips not only provide our company with profits, but also contribute to controlling medical expenses in general by supporting early detection and treatment of diseases, thereby extending the healthy lives of people.



\*1 Ministry of Health, Labour and Welfare \*2 World Health Statistics 2024 \*3 FUJI KEIZAI, "2021 Clinical Diagnostics Market No. 3," urinalysis (reagents) 2020 market value

\*4 JAMA Netw Open Published Online: February 16, 2024 2024;7;(2):e2356412. doi:10.1001/jamanetworkopen.2023.56412

# Relation between Raising Corporate Value and Capital

The six types of capital are the driving force behind achieving EIKEN Vision 2030. Here we explain the relation between each type of capital and the basic policies in the Medium-Term Management Plan.

FY2024



## Financial Capital

An organizational base that supports sustainable growth

### Input

- Total assets: **¥62,300 million**
- Net assets: **¥43,600 million**

### Output

- ROE: **5.0%**
- Operating cash flow: **¥6,000 million**

### Issues and responses

- Improving ROE/operating profit margin
- Improving the balance sheet
- Making effective use of internal reserves
- Strengthening development investment for growth



## Human Capital

Growth driver for the Group as a whole

- Number of employees (full-time employees + temporary employees): **1,051**
- Systematic HR development program
- Personnel evaluation program aimed at talent acquisition
- Total workforce training hours: **6,189 hours**

- Total actual work hours per full-time employee per year: **1,841**
- Employee satisfaction score: **58.8**
- Female managers as share of managers: **18.8%**

- Continuing to acquire and develop employees
- Enhancing management diversity
- Improving employee satisfaction



## Intellectual Capital

R&D that builds the future of testing

- Proportion of R&D personnel: **19.1%**
- R&D expenses: **¥4,300 million**
- Consolidated R&D network

- Patent applications: **875 applications (cumulative)**

- Allocation of resources to development of products with market growth and profit potential



## Social Capital

Partnerships rooted in the management philosophy

- EIKEN WAY
- Number of surveys implemented: **7**
- Number of inquiries received: **1,347**
- Number of IR events held: **103**
- Cooperation with WHO and other international organizations
- Trusted relationships with Ministry of Health, Labour and Welfare and other organizations
- Partnerships with a variety of external research institutions

- Number of countries in which products deployed: **52**
- Networks with hospitals and clinics
- Appropriate relationships with shareholders and investors
- Market share in fecal immunochemical testing reagents: **68% (Japan)**

- Direct sales network outside Japan
- Strengthening IR activities
- Maintaining and improving customer satisfaction



## Manufacturing Capital

Stable supply of high-quality products

- Manufacturing locations: **2**
- Capital expenditures: **¥7,600 million**

- Products tailored to user needs

- Raising profitability through higher productivity and CCC
- Ongoing response to quality and supply risks



## Nature Capital

Mitigating environmental impacts as “the last generation”

- Energy consumed: **97,075 GJ**
- Water volume consumed: **69,100 m<sup>3</sup>**
- Use of renewable energy (Tochigi Furusato Electricity\* + on-site solar power generation): **11,548 MWh (91.8% of total)**

- Eco-friendly products
- CDP Corporate A List
- Inclusion in FTSE Blossom Japan Index

- Response to environmental regulations to address supply risks
- Introducing renewable electric power

\*Locally produced and consumed renewable energy supplied by Tochigi Enterprise Bureau, Tochigi Prefectural Government, and TEPCO Energy Partner, Inc. A portion of the electricity fees are used to support environmental conservation efforts in Tochigi Prefecture.



# 02

## Initiatives to Enhance Corporate Value

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# Long-Term Vision & Medium-Term Management Plan

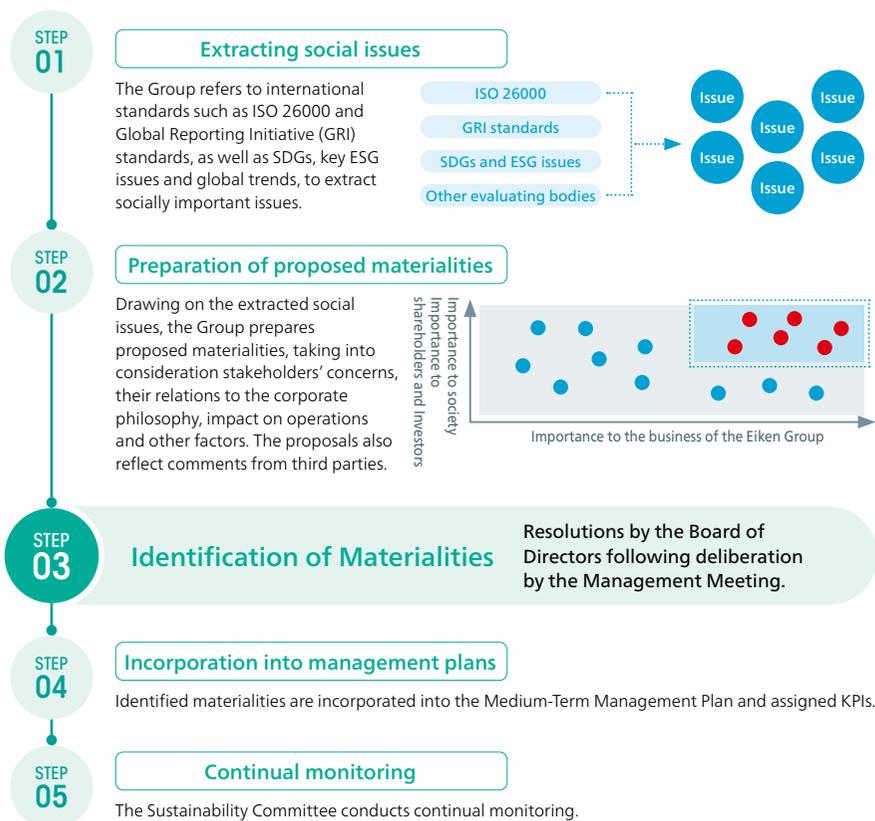
In order to incorporate a sustainability management perspective as well as respond to changes in the business environment, the Eiken Group formulated the EIKEN Vision 2030 and the management framework EIKEN ROAD MAP 2030. While retaining the current business areas as the core operations, the EIKEN ROAD MAP 2030 specifies cancer, infectious diseases, and healthcare as three key business fields going forward and FY2024 and FY2027 as the medium-term milestones.



# Materialities

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.

## Identifying materialities



## Sustainability advancement system

The Eiken Group has established a Sustainability Committee, composed of the President and 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 medium- to long-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.



## Relation between materialities and capital

Materialities		Related capital					
		Financial	Human	Intellectual	Social	Manufactured	Nature
Medical	<b>Contributing to Health and Quality of Life for People Around the World</b>						
	Improving Access to Healthcare	●		●	●		
	Solutions to Medical Issues	●		●	●		
Environment	<b>Business Activities in Harmony with the Global Environment</b>						
	Responding to Climate Change	●			●	●	●
	Contributing to a Recycling-Oriented Society	●			●	●	●
Social	<b>A Vibrant Corporation Making Use of Employee's Talent</b>						
	Respecting Human Rights and Diversity	●	●		●		
	Employee Engagement and HR Development	●	●		●		
Governance	<b>An Organizational Base That Supports Sustainable Growth</b>						
	Boosting Health and Ensuring Safety and Hygiene	●	●		●	●	
	Achieving Sound and Transparent Governance	●	●		●		
	Rigorous Compliance and Thorough Corruption Prevention	●	●		●		
	Establishing Risk Management	●	●		●		

# Materialities KPI Progress

This page includes only the main materialities and their KPIs.



For details, please see the Company's website.

[https://www.eiken.co.jp/uploads/Materialities&KPIs\\_2507\\_en.pdf](https://www.eiken.co.jp/uploads/Materialities&KPIs_2507_en.pdf)

Assessment standards ○: Exceeded target, ○: Achieved target, △: Improved but failed to meet target, x: No improvement and failed to meet target

Materialities (key issues)	Measures	Main KPIs	Target and actual results (FY2024)	Long-term target (FY2030)	Assessment	Future initiatives	
Medical	Improving Access to Healthcare	• Supply of products to developing countries that have not yet adopted them	Number of countries in which products deployed	Target: 8 countries Results: 8 countries	18 countries	○	Prioritize expansion in markets outside Japan by leveraging high cost performance of products and the strength of partnerships built over the years.
	Solutions to Medical Issues	• Global solutions to healthcare issues • Development of advanced technologies and advancement of innovation	Number of countries in which colorectal cancer screening tests are deployed	Target: 49 countries Results: 52 countries	67 countries	◎	Revised upward the long-term target for the number of countries in which we provide colorectal cancer screening. Devote ourselves to contributing to the health of as many people as possible.
	Pursuing Quality and Establishing Sustainable Supply Chains	• Proactive measures on quality • Strengthening of supply-chain management	Rate of implementation of CSR procurement surveys	Target: 100% Results: 100%	100%	○	Continue to conduct research and make improvements to ensure that value can be created throughout the supply chain.
Environment	Responding to Climate Change	• Reduction of CO <sub>2</sub> emissions at worksites (Scope 1 and 2) • Reduction in CO <sub>2</sub> emissions in supply chains (Scope 3)	Rate of reduction in CO <sub>2</sub> emissions (Scope 1 and 2) at worksites (versus FY2021)	Target: 19% reduction Results: 64% reduction	56% reduction* <sup>3</sup>	◎	Scopes 1 and 2 emissions reduction achieved the target. From autumn, a new production building will begin operating at Nogi Plant. The impact of this expansion will be monitored and a decision will be made on whether a revision to the target is necessary.
	Contributing to a Recycling-Oriented Society	• Reduction of water volume consumed • Reduction of waste • Reduction of packaging and use of sustainable materials	Rate of environmentally friendly material usage (versus FY2021)	Target: 20% Results: 23.5%	30%	◎	Strive to implement environmentally conscious operations to ensure responsiveness to business environment changes amid more stringent regulations.
Social	Respecting Human Rights and Diversity	• DE&I promotion • Eradication of harassment	Female managers as share of managers	Target: 20% Results: 18.8%	30%	△	The percentage of female managers has leveled off. We are analyzing the reasons based on the results of employee satisfaction surveys. Further promote opportunities for career planning support and reskilling, as well as measures to improve employee well-being.
	Employee Engagement and HR Development	• Creating fulfilling and supportive workplaces and achieving work-life balance • Development of global personnel	Rate of uptake of child-rearing leave* <sup>1</sup>	Target: 100% for men and women Results: 92% for men, 114% for women	100%	△	With the aim of achieving work-life balance, childcare leave support for employees has been enhanced. Make further efforts to support nursing care and assistance for employee with illnesses.
	Boosting Health and Ensuring Safety and Hygiene	• Advancement of health improvement programs and safety-and-hygiene activities	Rate of uptake of regular health checkups	Target: 100% Results: 100%	100%	◎	Employee welfare benefits are being continually improved. In FY2024, GLTD was added to benefits. Further upgrades will be made as needed based on changes in the external environment.
Governance	Achieving Sound and Transparent Governance	• Promoting diversity among executives	Female Directors as share of Directors	Target: 20% Results* <sup>2</sup> : 20%	30%	○	The transparency and soundness of the governance structure have been maintained, with improvement in the ratio of female Directors as share of Directors. Further promote diversity in the management structure with the aim of thoroughly globalizing management.
	Rigorous Compliance and Thorough Corruption Prevention	• Training and monitoring based on compliance programs • Thorough prevention of corruption	Training attendance rate	Target: 100% Results: 100%	100%	○	Promote the prevention of regulatory violations by raising awareness through continued education and training programs and monitoring results through surveys and research.
	Establishing Risk Management	• Continuous improvement of business continuity management • Strengthening of information security management	• BCP training implementation • Leaks of important data	• BCP training implementation rate Target: 100% Results: 100% • Data leaks Target: 0 incidents Results: 0 incidents	• BCP training implementation rate: 100% • Data leaks: 0 incidents	○	Conduct regular risk assessments and comprehensively manage risks under the Risk Management and Compliance Committee in striving to mitigate and prevent risks from occurring.

\*1 Denominator: number of male or female employees whose spouses gave birth during the fiscal year Numerator: number of male or female 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%) \*2 As of June 2025 \*3 Numerical target based on SBTs

# Business Environment and Strategy

In the field of medicine and healthcare, while medical technology continues to advance and progress is made in resolving medical issues, 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	Opportunities	Countermeasures	EIKEN Vision 2030	Materialities
<b>Changes in demographic structure</b>	<ul style="list-style-type: none"> <li>Rise in global population</li> <li>Acceleration falling birthrates and aging populations in developed countries</li> <li>Decline of working-age population in Japan</li> <li>Changing demand on the medical front line</li> </ul>	<ul style="list-style-type: none"> <li>Intensifying competition for talent acquisition</li> <li>Saturation of domestic demand</li> <li>Reduced medical budgets</li> </ul>	<ul style="list-style-type: none"> <li>Increasing number of people tested for cancer amid population aging</li> <li>Expanding demand for health management for the elderly</li> <li>Rising demand to control medical expenses</li> <li>Growing demand for simple and accurate testing systems</li> </ul>	<ul style="list-style-type: none"> <li>Colorectal cancer screening test provision, improvement</li> <li>Strengthening human capital management</li> <li>Continual investment in human resources</li> <li>Improvement in employee satisfaction</li> <li>Strengthening of overseas sales</li> <li>Helping control medical expenses through clinical diagnostics</li> <li>Developing and providing products and services that meet customer needs</li> </ul>	01	<ul style="list-style-type: none"> <li>M</li> <li>S</li> <li>G</li> </ul>
					02	
					03	
					05	
<b>Widening disparities</b>	<ul style="list-style-type: none"> <li>Widening economic, medical, and educational disparities</li> </ul>	<ul style="list-style-type: none"> <li>Intensification of price competition</li> <li>Market diversification</li> <li>Lower medical access in developing countries</li> </ul>	<ul style="list-style-type: none"> <li>Expanding demand for products with high health economics</li> </ul>	<ul style="list-style-type: none"> <li>Cutting expenses through improved operational efficiency</li> <li>Lowering cost of sales through shorter development cycles</li> <li>Fair promotion activities</li> <li>Improving medical access by designing for usability</li> <li>Supporting higher levels of healthcare in developing countries</li> </ul>	01	<ul style="list-style-type: none"> <li>M</li> <li>S</li> <li>G</li> </ul>
					02	
					03	
					04	
<b>Diversifying values</b>	<ul style="list-style-type: none"> <li>Diversifying lifestyles</li> <li>Products and services optimized for the individual</li> <li>Heightened health awareness</li> <li>Digital shift</li> <li>More stringent regulations</li> <li>Heightened awareness of human rights</li> </ul>	<ul style="list-style-type: none"> <li>Intensified competition caused by new entrants from other industries</li> <li>System failures caused by disaster, etc.</li> <li>Operational failures caused by cyberattacks or computer viruses</li> <li>Risk of information leaks</li> <li>Investigations into introduction of carbon tax and emissions trading system</li> <li>Strengthened environmental regulations on plastics</li> <li>Increases in procurement costs</li> <li>Human rights violations in supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Needs diversification</li> <li>Market expansion</li> <li>Increase in opportunities for the sale of eco-friendly products</li> <li>Early response to changes in disease trends, such as spread of new infectious diseases in tandem with climate change</li> </ul>	<ul style="list-style-type: none"> <li>Cutting expenses through improved operational efficiency</li> <li>Fair promotional activities</li> <li>Product development for personalized medicine</li> <li>Strengthened promotion of individual health awareness</li> <li>Enhanced DX/IT security countermeasures</li> <li>Improved human capital management and health management</li> <li>Reduction in CO<sub>2</sub> emissions and plastics usage rate</li> <li>Addressing international standards (compliance with ISO 14001, endorsement of TCFD recommendations, CDP score acquisition, SBT certification acquisition)</li> <li>Collaboration with supply chain</li> <li>Implementation of human rights due diligence</li> <li>Implementation of product environment impact assessment</li> <li>Development of eco-friendly products</li> </ul>	01	<ul style="list-style-type: none"> <li>M</li> <li>E</li> <li>S</li> <li>G</li> </ul>
					02	
					03	
					04	
					05	

EIKEN Vision 2030: 01 Cancer, 02 Infectious disease, 03 Healthcare, 04 Environment, 05 Human capital **Materialities:** M Medical, E Environment, S Social, G Governance

## Long-Term Vision &amp; Medium-Term Management Plan

## Review of Previous Medium-Term Management Plan (FY2022-FY2024)

The end of FY2024 marked a milestone in EIKEN ROAD MAP 2030. Under the slogan “Team × Challenge,” the previous MTMP was positioned as a period to explore various possibilities and solidify our foundation as a way to realize EIKEN Vision 2030. Despite the initiatives taken, the financial results of the previous plan were significantly lower than the targets, due largely to gradual weakening of demand for COVID-19-related reagents, a slowdown in the Chinese economy, and soaring costs for raw materials. On the other hand, we succeeded in achieving a portion of non-financial targets, including steady improvement in materialities KPIs for enhanced medical access and resolution of medical issues.

## Financial targets

Indicators		Targets under previous MTMP (announced April 2022)	Revised targets (announced October 2024)	Results (as of March 2025)
Growth potential	Net sales	¥43.5bn	¥40.2bn	¥40.5bn
	Overseas sales as share of total	25.8%	26.8%	26.4%
Profitability	Operating profit margin	14.4%	8.0%	7.4%
Capital efficiency	ROE	9.2%	5.7%	5.0%

## Non-financial targets

Materialities	Main KPIs	Targets	Results (as of March 2025)
Medical	Number of countries in which colorectal cancer screening tests are deployed	49 countries	52 countries
	Developing countries in which products are deployed	8 countries	8 countries
	CSR procurement survey, human rights DD implementation rate	100%	100%
Environment	Reduction of GHG emissions (Scope 1 and 2)	Vs. FY2021 -19%	Vs. FY2021 -64%
Social	Female managers as share of managers	20%	18.8%
Governance	Female Directors as share of Directors	20%	12.5%
	Foreign-national Directors as share of Directors	-	-

## Summary

## Main achievements

## Business strategy

- **Overall**  
Financial targets unmet, non-financial targets met
  - **Cancer**  
FIT net sales ¥11.1bn → ¥12.9bn\*
  - **Infectious diseases**
    - Microbiology test reagent net sales ¥3.9bn → ¥4.5bn\*
    - Genetic test reagent net sales ¥7.3bn → ¥1.9bn\*
  - **Healthcare**
    - Urinalysis test strips net sales ¥4.1bn → ¥4.6bn\*
- \*FY2022 → FY2024

## Main factors and issues

In the field of cancer, we achieved the KPI for the number of countries in which we deployed colorectal cancer screening tests. While FIT net sales increased steadily, they failed to meet the financial target by a significant margin. In the healthcare field, sales of urinalysis test reagents grew steadily. In the infectious diseases field, there were delays in the development of new products and difficulties in expanding into new medical fields. As a result, the sales of new products failed to cover the decline in sales of COVID-19-related reagents. The primary reason for the slump in net sales was the delay in bringing new products to market. Although external factors also impacted business, including various changes in business circumstances and more rigorous regulations, the Company's resources allocation was also an issue. On the basis of the review of the product portfolio implemented under the previous MTMP, we are appropriately allocating resources to high-growth areas and progressing with product development.

## Financial capital

- **Profitability**
    - Net sales ¥43.2bn → ¥40.5bn\*
    - Operating profit margin 17.2% → 7.4%\*
  - **Capital efficiency**
    - ROE 12.1% → 5.0%\*
  - **Equity ratio**
    - 74.2% → 69.3%\*
- \*FY2022 → FY2024

We optimized the equity ratio by considering the balance between financial stability and growth potential. Furthermore, we have striven to improve stakeholder engagement through share buybacks. Capital efficiency, however, declined significantly due to increases in various costs, including selling, general and administrative expenses, as well as procurement costs. Initiatives were taken to compensate for the cost increase by utilizing DX to promote higher efficiency. Unfortunately, however, the progress in raising efficiency failed to compensate for the cost increases. Moving forward, thorough reforms will be promoted, including transformations to the production structure.

## Non-financial capital

- **ESG assessment improvement**
  - CDP Corporate A List (rose two ranks during previous MTMP)
  - MSCI A Rating (rose two ranks during previous MTMP)
  - Synesgy A Rating (top 1% of all rated companies)

In regard to non-financial targets, medical and environment materialities KPIs were largely achieved. Additionally, the contents of our disclosures were expanded to strengthen our investor and shareholder relations. These results were positively assessed, leading to a strong improvement in ESG assessment during the previous MTMP. On the other hand, regarding the business strategy issues related to resources allocation and product portfolio, the speed of decision-making in our organizations did not keep pace with the speed of changes in the external environment. We will revamp the governance structure to transform into an organization that can more rapidly respond to change.

Long-Term Vision & Medium-Term Management Plan

# New Medium-Term Management Plan “Challenges to Innovation”

The New Medium-Term Management Plan, begun from FY2025, has two main themes: resolving the issues remaining from the previous MTMP, and making progress in the achievement of EIKEN ROAD MAP 2030. To ensure the realization of EIKEN Vision 2030, we will embark on thorough reforms to accelerate business activities throughout the company and bolster earnings strength, under the guidance of strong leadership. Important management issues centered around the three main policy pillars of business strategies, financial and capital strategies, and governance will be addressed to improve corporate value over the medium and long term.

Basic policy	EIKEN Vision 2030	Materialities	Key items
<p><b>Business strategy</b> that supports earnings strength</p>	<ul style="list-style-type: none"> <li>01 Cancer</li> <li>02 Infectious diseases</li> <li>03 Healthcare</li> <li>04 Environment</li> <li>05 Human capital</li> </ul>	<p>M</p> <p>S</p>	<ul style="list-style-type: none"> <li>• <b>Develop new products</b></li> <li>• <b>Restructure product portfolio</b> Until recently, we have focused our product development on genetic testing reagents for the infectious disease items. Moving forward, we plan on investing more research efforts into the cancer field in order to tap the market’s growth potential. In the infectious diseases field, we will concentrate our efforts into POCT testing, which can be administered easily and rapidly, and solidify a position in this market globally. In order to accelerate our development processes, we will restructure our product portfolio into main product, profitable product and developing product groups, while concentrating the allocation of resources. Personnel will undergo retraining as needed as part of the initiative to build a structure under which we can adhere to product development plans.</li> <li>• <b>Develop and expand overseas markets</b> As one of our main products, FIT has the potential for further growth in the countries in which it has been provided. We can also leverage the evidence and partnerships we have built to expand its reach into new markets overseas. Additionally, in many countries, the number of people being tested for colorectal cancer is below 50%, creating opportunities to increase the screening rate. In Japan, we are expanding the use of stool sampling bottles which can be returned by mail, while in global markets, we are transplanting the success in increasing screening rates in model countries to other countries. In these ways, we will continue to expand the market.</li> </ul>
<p><b>Financial and capital strategies</b> that aim to improve capital efficiency</p>	<ul style="list-style-type: none"> <li>04 Environment</li> <li>05 Human capital</li> </ul>	<p>E</p> <p>S</p> <p>G</p>	<ul style="list-style-type: none"> <li>• <b>Optimizing cash allocation</b> We aim to generate long-term value through aggressive strategic investments. Furthermore, we will enhance stakeholder engagement emphasizing continual shareholder returns.</li> <li>• <b>Raise ROIC</b> In the previous MTMP, we took measures to implement ROIC management. It will take more time, however, before this approach can be thoroughly instilled in the company. One important initiative is ensuring that all employees understand that they are part of management. To this end, we have distilled the new MTMP into action plans for each department, created quantitative KPIs for the action plans, and incorporated the targets into individual employee management plans. This will ensure that the efforts of each employee support the improvement of corporate value.</li> </ul>
<p><b>Governance</b> aiming to lower capital costs</p>	<ul style="list-style-type: none"> <li>05 Human capital</li> </ul>	<p>S</p> <p>G</p>	<ul style="list-style-type: none"> <li>• <b>Renovate executive structure</b></li> <li>• <b>Strengthen investment discipline</b> We have established a new organization under the direct supervision of the President’s Office tasked with evaluating and screening new investment proposals before our company makes decisions and proposals. This organization facilitates discussions on investments at the Management Meeting and Board of Directors, enabling more rapid decision-making.</li> <li>• <b>Pursue sustainability strategy</b> Eiken Chemical’s ESG assessment under the previous MTMP made dramatic improvement. To maintain and further improve the assessment, we will instill practices among employees throughout the company under the new MTMP. Using internal newsletters and the Integrated Report as training vehicles as well as the results of surveys, we will deepen understanding of sustainability management under the new plan.</li> </ul>



Message from the General Manager, Sales Division

## Further expand the top line by accelerating global growth

### Toshiyuki Tsuchitani

Executive Officer, General Manager, Sales Division

#### 1 Overall direction

Eiken Chemical was founded in 1939 and initially developed bacterial testing reagents (cultures). We then expanded into clinical diagnostics reagents and the development of medical equipment and systems. In Japan, the Company made inroads into hospital, screening, and test center markets, while also intensifying our activities for the private practitioner market. More recently, we have entered the field of personalized medicine for cancer prevention and treatment, and from FY2024, we entered the companion diagnostic system market. 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 overseas business (achieving an overseas sales ratio of 40% or more) by promoting sales of FIT, TB-LAMP, immunological and serological reagents (latex reagents), and other products in each region.

First, the market for fecal immunochemical testing continues to expand in developed countries as a result of the lowering of the age for screening for colorectal cancer and the inclusion of testing in the guidelines of various countries. In this market environment, our FIT-related products are gaining ground or maintaining their position in terms of adoption by national and regional screening programs. In developing countries, tuberculosis has continued to spread, creating a need for easy, inexpensive, and rapid testing using TB-LAMP. In Nigeria, TB-LAMP has been adopted for primary tuberculosis screening test, which strongly boosted results. Moving forward, we will leverage the superiority of our products to contribute to the control of tuberculosis.

Furthermore, as populations age around the world, there is an increasing number of patients suffering from chronic illnesses. Inflammatory markers are gaining their importance as indicators for monitoring the progress of diseases and for the effectiveness of treatments. We offer CRP and SAA inflammatory markers for human medicine, as well as immunological and serological reagents used to measure SAA in veterinary medicine. These products will be expanded not only in Japan, but in overseas markets.

#### 2 Perception of issues

Recently, there have been remarkable changes in technology innovation and alliances, political situations and other aspects of our business environment, and to respond, we need to accelerate every area of our operations. Additionally, we experienced sharp increases in logistics costs in 2024, and addressing this surge in expenses is a priority. To resolve these issues, it is vital that the Sales Promotion and Sales Administration divisions work together closely in Japan and overseas to reform employee awareness and effect changes in the sales channels and at sales sites. The goals are to eliminate waste to the extent possible and prioritize securing profits.

Moreover, in addition to the core FIT products, we must generate a stream of new products. At sites in Japan, the United States, China, and Europe, we are striving to promptly grasp new technology trends and testing needs, all of which will form the basis of new products and business to sustain the Company for the future.

#### 3 Review of results in key fields and initiatives for the future

The Eiken Group is moving to execute initiatives aligned with the management framework EIKEN ROAD MAP 2030, under which the final milestone is FY2030. 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 third and final year of the previous Medium-Term Management Plan, these were not achieved in either Japan or overseas markets. Nevertheless, all three areas of business made steady progress in accordance with their respective strategies.

- In the area of contributions to cancer prevention and treatment, we launched the lung cancer companion diagnostic system MINTS. In addition to tissue specimens taken for conventional genetic testing, this new system enables testing on cytological specimens taken during bronchoscopies. We plan to cultivate the market for companion diagnostic systems and enter the companion market for colorectal cancer in the future.
- In terms of contributing to the eradication and control of infectious diseases, deployments of TB-LAMP made significant progress and continue to expand. By collaborating with research facilities both in Japan and overseas to expand the application of LAMP to malaria and neglected tropical diseases (such as Chagas disease) and linking this to implementation in society, we hope to contribute to suppressing these diseases.
- In terms of products and services useful for healthcare, we made progress in adoptions of calprotectin\* as a solution for inflammatory bowel disease, primarily in Europe. Regarding calprotectin, testing centers can use the same sampling bottles and measuring equipment used for FIT, and therefore our market advantage is strong.

#### 4 Enhancement in corporate value

The Company has been pursuing top-line growth centering on FIT-related products in global markets. We have already taken steps to bolster our sales structure, including the establishment of a U.S. subsidiary. Moving forward, we will also develop initiatives to strengthen our sales structures in Europe and Asia to support the global expansion of our products.

Through these initiatives, we plan to accelerate global growth and disseminate our technologies and products widely around the world. Our ultimate aim is to generate new value by further cultivating our existing businesses and promoting new businesses, all driven by customer needs for products, quality, and services.

\*Calprotectin: a diagnostic marker used in the treatment of patients with inflammatory bowel disease

## Basic approach

One of the Company’s materialities is improving access to healthcare. While this remains a global social issue, the factors preventing access, which include economic disparities and regional disparities, are different depending on the country and region. The Eiken Group has laid out strategies designed to meet the needs of each area and support the health of people throughout the world, thereby expanding the top line and contributing to improving access to healthcare.

Area	Medical access issues	Market environment		Core products	Sales strategy
		Risks	Opportunities		
Americas*1	<ul style="list-style-type: none"> <li>Economic disparities</li> </ul>	<ul style="list-style-type: none"> <li>Competing test methods</li> <li>Frequent governmental policy change</li> </ul>	<ul style="list-style-type: none"> <li>Broader FIT target age groups</li> <li>Demand for high medical cost-effectiveness FIT</li> <li>Existing tech advances/New tech acquisition</li> <li>South American economic growth</li> </ul>	<ul style="list-style-type: none"> <li>FIT</li> <li>Immunological and serological tests</li> </ul>	<ul style="list-style-type: none"> <li>Promotions based on guidelines and evidence</li> <li>Aggressive marketing in South America</li> <li>Calprotectin expansion</li> <li>Establishment of position in veterinary diagnostic reagents</li> </ul>
EMEA*2	<ul style="list-style-type: none"> <li>Economic disparities</li> <li>Regional disparities</li> </ul>	<ul style="list-style-type: none"> <li>Strengthened regulations</li> <li>Market, political instability</li> <li>Lower funds for international medical assistance</li> </ul>	<ul style="list-style-type: none"> <li>Broader FIT target age groups</li> <li>Demand for high medical cost-effective FIT and TB-LAMP</li> <li>Economic growth in Eastern Europe, Middle East, and Africa</li> </ul>	<ul style="list-style-type: none"> <li>FIT</li> <li>Tuberculosis tests</li> </ul>	<ul style="list-style-type: none"> <li>Broader FIT target age groups, movement to raise screening rates</li> <li>New adoptions of FIT in Eastern Europe, Middle East, and Africa</li> <li>Horizontal scaling of Nigeria’s mobile tuberculosis testing model</li> <li>Switch from other test methods to TB-LAMP by promoting high medical cost-effectiveness</li> </ul>
APAC*3	<ul style="list-style-type: none"> <li>Economic disparities</li> <li>Geopolitical factors</li> </ul>	<ul style="list-style-type: none"> <li>Market/political instability</li> <li>Competition with manually conducted tests*4</li> <li>Policy favoring domestic products</li> </ul>	<ul style="list-style-type: none"> <li>Southeast Asia’s high economic growth</li> <li>Demand for low-cost, robustly designed LAMP products</li> <li>Spread of highly precise colorectal cancer tests</li> </ul>	<ul style="list-style-type: none"> <li>FIT</li> <li>Tuberculosis tests</li> <li>Latex reagents</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of FIT based on evidence</li> <li>Switch from other test methods to TB-LAMP by promoting high medical cost-effectiveness</li> <li>Strengthened partnerships with distributors and expanded sales</li> <li>Development and sales of product models better meeting local needs</li> </ul>

\*1 North, Central and South America

\*2 Includes Europe, Africa, Middle East, and Russia (tuberculosis tests (TB-LAMP) for developing countries are included in Europe)

\*3 Asia and Oceania

\*4 Manual methods that are not automated

## Topics

### ► Expansion of companion diagnostics (CDx)

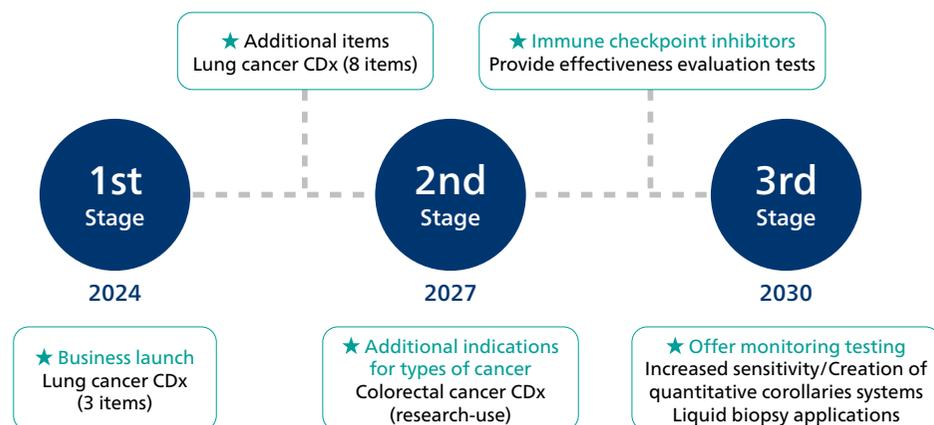
Eiken Chemical has until now focused on the test business for the prevention and early detection of disease. Through these efforts, we have contributed to reductions in mortality rates and control of medical expenses through early detection, in particular for colorectal cancer. Regarding cancer treatments, personalized medicine has advanced in recent years, causing a greater need for medical testing to determine the best treatment courses. In conjunction with this trend, securing a sufficient volume of samples for testing has become a medical issue. We developed the MINtS (Mutation Investigator using the Next-era Sequencer) system to help resolve this issue. In December 2024, multi-CDx tests for lung cancer treatment became eligible for insurance coverage.

MINtS is a system that uses just a small amount of specimen to test for mutations in multiple driver genes\* for non-small cell lung cancer at once, and provides the information required to select a therapeutic agent. With MINtS, samples that can be easily taken are used to the full extent possible, minimizing problems related to sample insufficiency. With firm evidence, the system has been designated Advanced Medical Care A in Japan, the highest possible rating.

Currently, this system is covered by insurance in Japan when using CDx for molecularly targeted drugs in lung cancer treatment. Moving forward, we will work to expand effectiveness evaluations to multi-CDx for other types of cancer and for immune checkpoint inhibitors in order to solidify our market presence.

\*Driver genes: genes that contribute to the occurrence of cancer

#### Expansion plan



### ► 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

	FY2023 actual	FY2024 actual	FY2027 target	FY2030 target
Rate of uptake of EGP among young employees* (%)	26.3	27.2	20.0	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. We will provide tests that are easier to use and offer higher performance to countries everywhere.

#### Materialities and KPIs

	FY2023 actual	FY2024 actual	FY2027 target	FY2030 target
Number of developing countries in which products are deployed	8	8	13	18
Number of countries in which colorectal cancer screening tests are deployed	47	52	61	67

# 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/](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)

FY2024 actual

Among the main business partners, questionnaire surveys implemented for 43 suppliers and buyers other than the companies surveyed in FY2022 and FY2023

Response rate

100%

Number of companies for which improvements proposed based on questionnaire results

31 companies

### Process for implementing questionnaire surveys



### Scope of questionnaire

Category	Suppliers*2	Buyers*3
Corporate governance	<input type="radio"/>	<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/Safety	<input type="radio"/>	<input type="radio"/>
Information security	<input type="radio"/>	<input type="radio"/>
Supply chain	<input type="radio"/>	<input type="radio"/>
Local communities	<input type="radio"/>	<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\*4

FY2024 actual **100%** >> FY2027 target **100%** >> FY2030 target **100%**

\*4 Survey implementation rate among major business partners:  
 FY2024 (cumulative 2022-2024),  
 FY2027 (cumulative 2025-2027),  
 FY2030 (cumulative 2028-2030)

# Quality Management

The Eiken Group operates a quality management system, guided by its quality policy. From R&D 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 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.
4. By consistently engaging in proactive initiatives, we strive to cultivate a robust culture of quality, where each member of our organization embraces responsibility for quality, underpinned by a transparent and open working environment.

## Quality management

Eiken Chemical operates a quality system in which all employees participate, centered around the Quality Assurance Division and under the supervision of the President and CEO.

- President and CEO: formulates quality policy
- Each division: sets quality targets based on management policy and quality policy. Management reviews are held periodically to support and improve quality systems.
- The following certifications have been acquired and are maintained
  - International standard ISO 9001
  - International standard ISO 13485
  - International standard MDSAP (Medical Device Single Audit Program)
  - European standard IVDR (In Vitro Diagnostic Medical Device Regulation)



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. For FY2025, initiatives are scheduled to be implemented based on the themes listed below.

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

### FY2025 themes

1. Corrective and preventive actions
2. DI (data integrity) training
3. ISO management system deployment training
4. Matters raised in internal quality edits
5. Matters raised in TUV inspections

### 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.

# Environmental Management

The Eiken Group operates an environmental management system in accordance with its environmental policy. Our materialities include “responding to climate change” and “contributing to a recycling-oriented society.” To address these issues, we are implementing 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.

## ▶ Responding to climate change

### Scenario analysis

In February 2023, the Eiken Group announced its endorsement of the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). Regarding the risks and opportunities associated with climate change, we are reporting information on the four key factors of governance, strategy, risk management, and indicators and targets. Additionally, we have conducted scenario analysis with reference to IEA’s (International Energy Agency’s) WEO 2022, Net Zero by 2050, and IEA ETP2020, and other guidelines.

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

### External evaluation

#### Selection to CDP 2024 Climate Change Corporate A List

In the CDP 2024 Climate Change survey conducted by international environmental non-profit CDP, the Company was awarded its highest ranking of A. This ranking attests to our leadership in the field of environmental activities.



#### Governance

- Targets and action plans have been formulated by the Sustainability Committee chaired by the President and CEO, with the Board of Directors receiving reports and providing supervision
- Results of initiatives have been reflected in performance-based remuneration of Executive Officers.
- Environmental policy has been formulated
- The Environmental Management Committee implemented continuous improvements as an environmental management system based on ISO 14001
- Third-party verification has been obtained for emissions of greenhouse gases (Scopes 1, 2 and 3)

#### Strategy

- The Eiken Group has examined the risks and opportunities associated with climate change from a wide range of perspectives, to identify those risks and opportunities that it deems most important
- Scenario analyses of the financial impact on the Group have been conducted, split into the 2°C-or-less scenario and the 4°C scenario

#### Risk management

- An exhaustive assessment of risks, including climate change, is conducted once a year within the framework of the Company’s overall risk management
- Based on the TCFD recommendations, each related committee conducts assessments of risk and opportunities, and for each important risk and opportunity identified, implements countermeasures to mitigate risk and to create business opportunities

#### Indicators and targets

- With the goal of achieving carbon neutrality by 2050, targets are set to reduce 2030 CO<sub>2</sub> emissions (Scope 1 and 2) by 56% compared with FY2021, and emissions (Scope 3) by 25% compared with FY2022
- These targets have received SBT certification from international initiative SBTi (Science Based Targets initiative) as aligning with the levels set under the Paris Agreement and as being based on science



Risks and opportunities	Degree of financial impact under each scenario*		Countermeasure
	2°C-or-less	4°C	
<b>Transitional risks</b>	Intermediate	-	<ul style="list-style-type: none"> <li>• Promotion of energy-saving activities</li> <li>• Expanded introduction of renewable energy</li> <li>• Continuous monitoring of Scopes 1, 2 and 3 and emission reduction efforts</li> </ul>
		-	<ul style="list-style-type: none"> <li>• Continuous surveying and response to trends in environmental regulations</li> <li>• Product development in view of market and industry trends</li> </ul>
<b>Physical risks</b>	Intermediate	Major	<ul style="list-style-type: none"> <li>• Strengthening of disaster-preparedness measures at offices and suppliers</li> <li>• Preparation and continuous improvement of business continuity plans</li> </ul>
	Minor	Minor	
<b>Opportunities</b>	Intermediate	Intermediate	<ul style="list-style-type: none"> <li>• Continuous monitoring of trends in infectious diseases and development and provision of diagnostics</li> <li>• Evaluation of environmental impact of products</li> <li>• Development of products with reduced environmental impact in the preservation and storage phases of the product cycle</li> </ul>
	Intermediate	Intermediate	

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

### Materialities and KPIs

#### Reduction of CO<sub>2</sub> emissions at worksites (Scope 1 and 2)

2021 (base year)	FY2024 actual	FY2027 target	FY2030 target
CO <sub>2</sub> emissions	CO <sub>2</sub> emissions		
<b>7,318t-CO<sub>2</sub></b>	<b>2,649t-CO<sub>2</sub></b>	<b>37% reduction</b>	<b>56% reduction</b>
	(64% reduction vs. FY2021)	(vs. FY2021) *Numerical target based on SBT	(vs. FY2021) *Numerical target based on SBT

#### Reduction in CO<sub>2</sub> emissions in supply chains (Scope 3)

2022 (base year)	FY2024 actual	FY2027 target	FY2030 target
CO <sub>2</sub> emissions	CO <sub>2</sub> emissions		
<b>84,205t-CO<sub>2</sub></b>	<b>77,708t-CO<sub>2</sub></b>	<b>15.6% reduction</b>	<b>25% reduction</b>
	(8% reduction vs. FY2022)	(vs. FY2022)	(vs. FY2022)

# Environmental Management

## ▶ Contributing to a recycling-oriented society

### | 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)	FY2024 actual	FY2027 target	FY2030 target
Rate of usage of environmentally friendly packaging material (FSC-certified paper)*1 (%)	Not measured	<b>23.5</b> (Vs. FY2021)	<b>26</b> (Vs. FY2021)	<b>30</b> (Vs. FY2021)
Rate of usage of environmentally friendly materials such as biomass plastics *2 (%)	Not measured	<b>2.6</b> (Vs. FY2021)	<b>5</b> (Vs. FY2021)	<b>8</b> (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)

### | Reduction of waste

The Eiken Group promotes the reduction of waste and the 3R's (Reduce, Reduce, Recycle). In FY2024 we reduced the amount of sludge to 1/40th of its previous level through the replacement of waste processing facilities. This has made a significant contribution to reducing waste and CO<sub>2</sub> emissions.

#### Materialities and KPIs

	FY2018 (base year)	FY2024 actual	FY2027 target	FY2030 target
Rate of reduction in water volume consumed (per unit of production value)	Water consumed <b>510</b> m <sup>3</sup> /¥100 million	Water consumed <b>390</b> m <sup>3</sup> /¥100 million (24% reduction vs. FY2018)	<b>33%</b> reduction (Vs. FY2018)	<b>35%</b> reduction (Vs. FY2018)
Rate of reduction in waste volume (per unit of sales)	Waste treatment volume <b>0.47</b> t/¥100 million	Waste treatment volume <b>0.37</b> t/¥100 million (22% reduction vs. FY2018)	<b>11%</b> reduction (Vs. FY2018)	<b>15%</b> reduction (Vs. FY2018)

### | 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 FY2024, 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 Oyama Green Action Support Group.



Employees removing non-native plant species from the Watarase Yusui Water Park

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

For details, please see the Company's website.  
[https://www.eiken.co.jp/en/sustainability/environment/circular\\_society/](https://www.eiken.co.jp/en/sustainability/environment/circular_society/)



Message from the General Manager, R&D Division

## Contributing technological innovation to realize a world where no one is left suffering from cancer or infectious diseases

### Yasuyoshi Mori

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

#### 1 Basic approach

At Eiken Chemical, we are advancing R&D on the basis of two fundamental approaches.

First, we advance existing technologies accumulated within the Company. This enables us to maintain a highly competitive internal technology pipeline. There are important seeds of technology embedded within not only the core technologies we own, but within large and small technologies that we take for granted internally. We will incorporate external technologies and integrate them with our own to achieve unprecedented, highly competitive levels of innovation.

Second, we are fostering a global technology development capacity within the company to transform Eiken Chemical into an internationally recognized technology-oriented company. One of the key growth strategies of the EIKEN ROAD MAP 2030 is the expansion of business outside Japan. Our mission is not only to rapidly deploy Japanese products to broader global markets, but to establish a structure under which we can develop products outside Japan and sell those products worldwide. Eiken Chemical has a strong track record in developing and deploying FIT and LAMP products in both developed countries and low- and middle-income countries. We also have a robust network of stakeholders in those countries, including health bureaus, international health NGOs, local healthcare companies, universities and other research institutions. By leveraging our track record and networks, we can develop products meeting the needs of local markets and responsive to local social issues.

To realize this mission, we need a structure in which researchers can dream big, explore possibilities within their R&D activities, and realize their dreams. Innovation is never easy. We meet challenges on the way and experience setbacks. Our R&D team will join together and forge ahead, without fear of failure, to generate technologies that can change the world for the better, contributing to a better global society.

#### 2 Awareness of issues remaining under previous MTMP

We achieved a certain level of success in new technology development under the previous MTMP. Namely, we acquired regulatory approval for MINTS system, began measurement at EIKEN Clinical Laboratory, debuted a new model automated urinalysis system, and launched two types of frozen plates as countermeasures to drug resistance. In parallel with the measures I have described above, we have vigorously pursued fundamental technologies for the three main fields of cancer, infectious diseases and healthcare, resulting in the successful development of important technologies for future products. One of the challenges of the new MTMP is to further cultivate these technologies into commercialized products. Meanwhile, bringing latex agglutination reagents and other highly profitable products to market on schedule will be critical to achieving our sales budget under the new MTMP. Other challenges include acceleration of the development cycle through improved collaboration between the Biochemical Research Laboratory, the main development organization, and the Applied Technology Research Laboratory, which manages the production technology. We will also need to secure a stable supply of antibody raw materials with superior sensitivity and other characteristics. The fecal immunochemical testing business is a pillar of the Company,

supporting colorectal cancer testing of some 180 million people annually around the world. To maintain and further expand this business, our challenge will be to unceasingly advance both our equipment and reagents.

#### 3 Initiatives under new MTMP

Under the new MTMP, we will first achieve the product line development plan for fecal immunochemical, urinalysis, immunology, LAMP, and microbiological testing. In the cancer field, our highest priority is building the business for MINTS, our new multi-companion diagnostics for lung cancer, and the EIKEN Clinical Laboratory where it is being used. We will increase the number of genes for testing under the new MTMP, as well as add indications for cancers other than lung cancer, with the goal of making this a new pillar of growth for the Company. Furthermore, we aim to extend Simprova's capacity for simultaneous testing of multiple items to the cancer testing field, building a track record and reputation as a leading cancer gene testing company.

At the same time, we are working to make further contributions in the fields of infectious diseases and the development of healthcare-related products through such initiatives as accelerated development of latex reagents, one of our strengths, global development of LAMP for developing countries, and development of highly sensitive immunochromatography reagents. As one specific initiative in support of our plans, we have reorganized our Biomaterial Research Center, which develops functional biomaterials and production technology, under the Fundamental Research Laboratory. The production technology accumulated in the Applied Technology Research Laboratory will be combined with fundamental research to advance our technologies for mass producing highly functional antibody materials. Additionally, from this fiscal year, our Instrument Development Department is now reorganized under the Biochemical Research Laboratory. The enhanced alignment between the equipment and reagent development teams will help streamline and accelerate development.

#### 4 Passion driven by a long-term vision

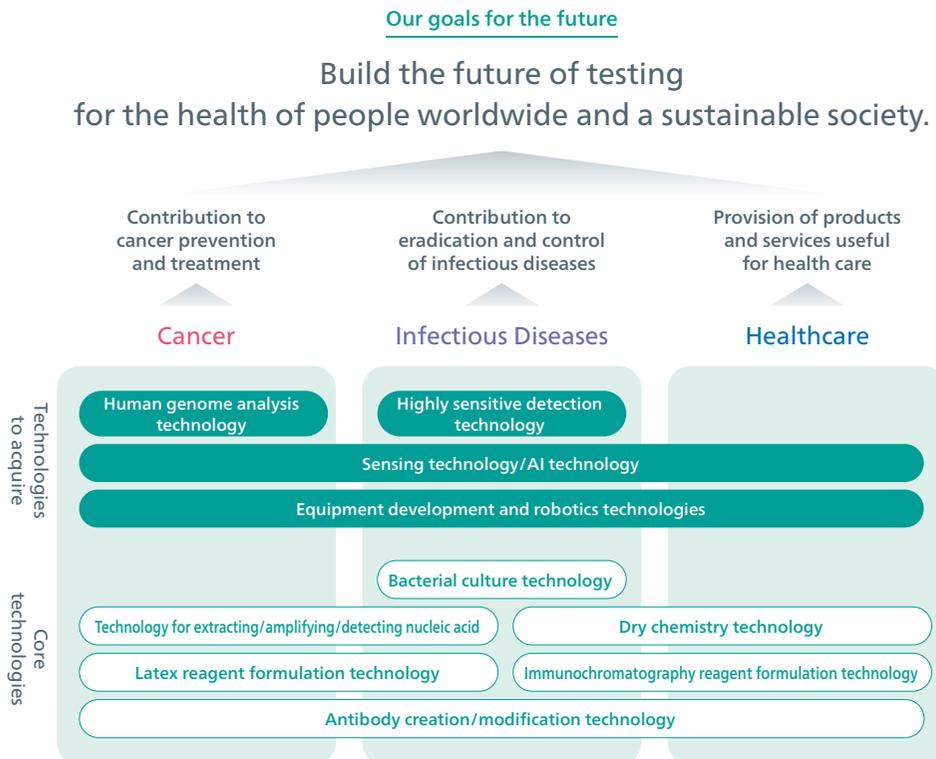
Towards the achievement of the EIKEN ROAD MAP 2030, we will grow the seeds planted in the previous MTMP's foundation into innovation. The challenges associated with clinical diagnostics are different in each region and country. Transforming seeds to innovation will require us to sympathize with local health issues and harness our passion for contributing to their resolution. Through technological innovation, we strive to realize a world in which no one is left suffering from cancer or infectious diseases.

# Challenges to Innovation in R&D

## ▶ Advancing internal technology

We anticipate the future of healthcare will bring improved access to medicine and enhanced personalized medicine. Many of the physical barriers to medical access will disappear as the need for remote treatment via smartphones and personal computers increases and medical DX accelerates diagnoses. Moreover, new advances are expected in the field of personalized medicine. New uses of genomic information promise optimized treatment and preventive care for patients based on their specific genomes and risk of onset.

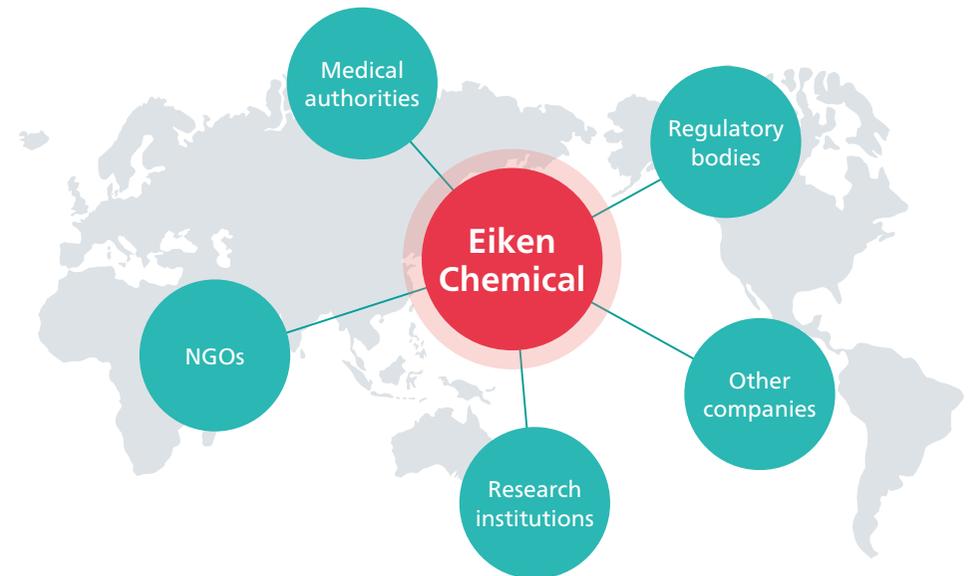
Based on this future vision of medicine, we have formulated a technology roadmap outlining what kinds of technology we should possess and by when. Through this R&D approach, we are sustainably manifesting corporate value. We are also planning to make strategic investments to advance our core technologies as well as acquire various external technologies.



## ▶ Globalizing R&D

One of the issues remaining from the previous Medium-Term Management Plan is overseas business expansion. To overcome this issue, we must globalize not only our sales systems, but also our R&D. In terms of development and design, we are facing a growing number of tasks amid the strengthening of regulations in markets around the world. One serious risk is the failure to launch products in a timely manner due to prolonged regulatory reviews. To prevent the loss of sales opportunities, we will further strengthen the training of R&D personnel to ensure they approach product development from a global perspective.

Furthermore, our R&D Division has developed a broad and diverse network of stakeholders over the years. It is one of our major strengths to be able to leverage these connections to rapidly gather market information from each region and country. We will utilize this strength to advance commercialization of products and maximize product value.



# Core technology Introduction: Antibody creation/modification technology

Here we introduce the technology behind antibody creation and modification, one of the Company's core technologies. Antibody creation/modification technology is used in the development of FIT, immunochromatography reagents for rapid diagnostics, and latex reagents for blood tests.

## What is antibody creation/modification technology?

Antibody creation/modification technology refers to technologies used to newly design an antibody and produce a reagent from the antibody.

### Antibody design



- Epitope identification**  
 Inside the antigen, the epitope is the specific part to which the antibody binds. Many patents on antibodies specify an epitope, making epitope identification an important process in mitigating the risk of patent infringement of other owners.
- Antibody screening**  
 Choosing antibodies which bond strongly to epitopes from a library of antibodies that bind to antigens.
- Antibody optimization**  
 Once an antibody is selected, it can be optimized for binding power and stability by using antibody modification and engineering technologies.
- Functional evaluation**  
 The binding power and stability of the optimized antibody is evaluated.

### Producing reagents



- Reagents are then produced by binding the antibody to latex or colloidal gold particles. We provide FIT liquid reagents using latex particles, latex reagents, as well as immunochromatography reagents using either latex particles or colloidal gold particles.
- Key concerns**
    - Non-specific reactions**  
 Non-specific reactions refer to conditions in which heterophilic antibodies, autoantibodies, abnormal proteins and other substances other than the measurement targets react with a reagent. While these reactions cannot be completely eliminated, we are working to minimize them.
    - Prozone phenomenon**  
 A condition where an excess of antibodies or antigens prevents proper binding between the antigen and antibody, resulting in the suppression of agglutination reaction. This phenomenon has a negative effect on the interpretation of test results. In cases where it is detected, the testing device will display a prozone warning.

## Our products

### FIT



- Characteristics**
- Reagents used in screening for colorectal cancer
  - Our FIT products were the world's first fully automated fecal occult blood analysis equipment and reagents, dramatically raising the hygiene level of stool testing
  - Backed by a wealth of scientific evidence and included in various countries' guidelines
  - 68% share in Japan

- Market environment**
- Colorectal cancer is the second deadliest form of cancer in terms of cause of death
  - Colorectal cancer screening scope (2030 forecast): 230 million people

### Latex reagents



- Characteristics**
- Reagents used in blood tests, mainly for the diagnosis of infectious and autoimmune diseases and to monitor disease progression

- Market environment**
- The aging of the world's populations has led to an increase in chronic diseases and higher demand for markers of inflammation in the blood
  - Market competition is fierce due to the high number of competitors

### Immunochromatography reagents



- Characteristics**
- Easy-to-use, rapid diagnosis test kits for infectious diseases
  - Test results visible to the naked eye
  - No need to use test centers, and reagents can be stored at room temperature

- Market environment**
- Market competition is fierce due to the high number of competitors
  - Growing demand for the prevention of epidemics and improving medical access, due to people's greater mobility and large regional disparities in medical infrastructure

## Growth Strategy

**Development investment** AI antibody design

**Expected return** Development time and cost reductions

Reduce the number of processes involved in producing reagents by accelerating antibody's ability to identify epitopes and making antibodies highly functional. These improvements are expected to shorten the development time and lead to higher profitability as a result.

**Development investment** In-house reagent raw material production

**Expected return** Stable quality, higher profit margins

There are large disparities in the sizes of lots for some raw materials. The switchover to new raw materials lots can therefore cause extra steps in the manufacturing processes. We are investing in the internal development of raw materials. Bringing raw materials production in-house is expected to raise profit margins and quality.

**Development investment** Lineup improvement

**Expected return** Solutions to medical issues, improving access to healthcare, maintaining and expanding market share

FIT greatly improved the hygiene, usability, and other aspects of using fecal matter as a test medium, and consequently it has remained the leader in its field since its launch. Moving forward, we will invest in the development of tests for new items to enable a broader range of gastrointestinal disease tests to be combined with FIT. In general, immunochromatography reagents have narrowed the gap with genetic tests in recent years thanks to technological innovation. By expanding our lineup of products, we will both increase our market share and contribute to improving access to healthcare. To expand the lineup, we will leverage our accumulated technologies for the design of antibodies to acquire new antibodies. We will also invest in the development of new equipment meeting current needs. In these ways, we are working to maintain and expand market share.

# Intellectual property

## ► 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.

### 2. Continuous management and renewal of intellectual property rights

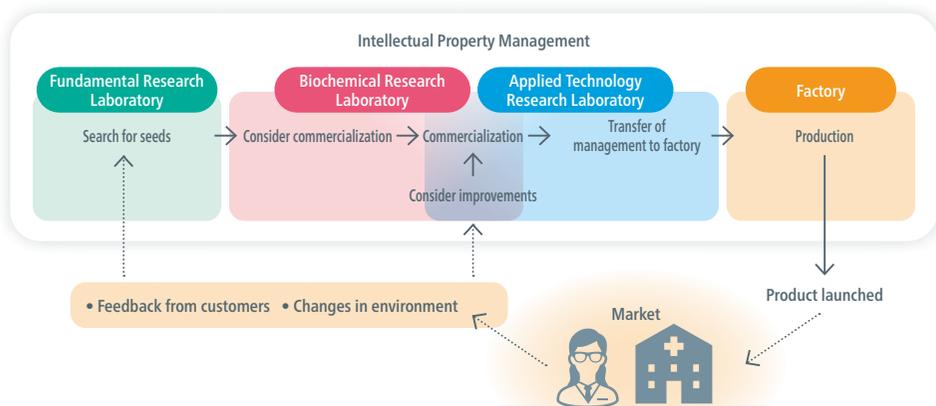
By continuously managing and renewing the intellectual property rights it has acquired to maximize their value, the Company works to increase the value of the business. The Company will also implement timely reviews of its intellectual property rights in response to changes in technologies and markets,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

### 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.

### 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

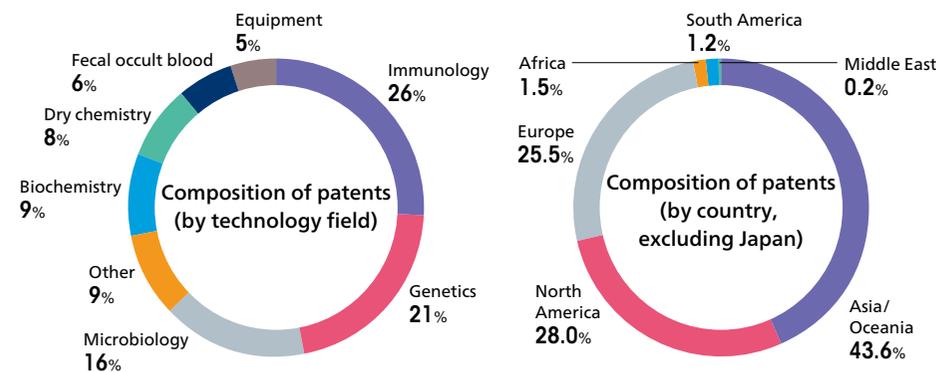
The Company implements intellectual property training for employees in the R&D Division. Regular liaison meetings are also held between the Intellectual Property Division and the R&D Division to share information on patents inside and outside the Company.

### 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 2025)

The Company has applied for a total of 875 patents. Applications have been made in more than 30 regions, including Japan, North America, and Europe.

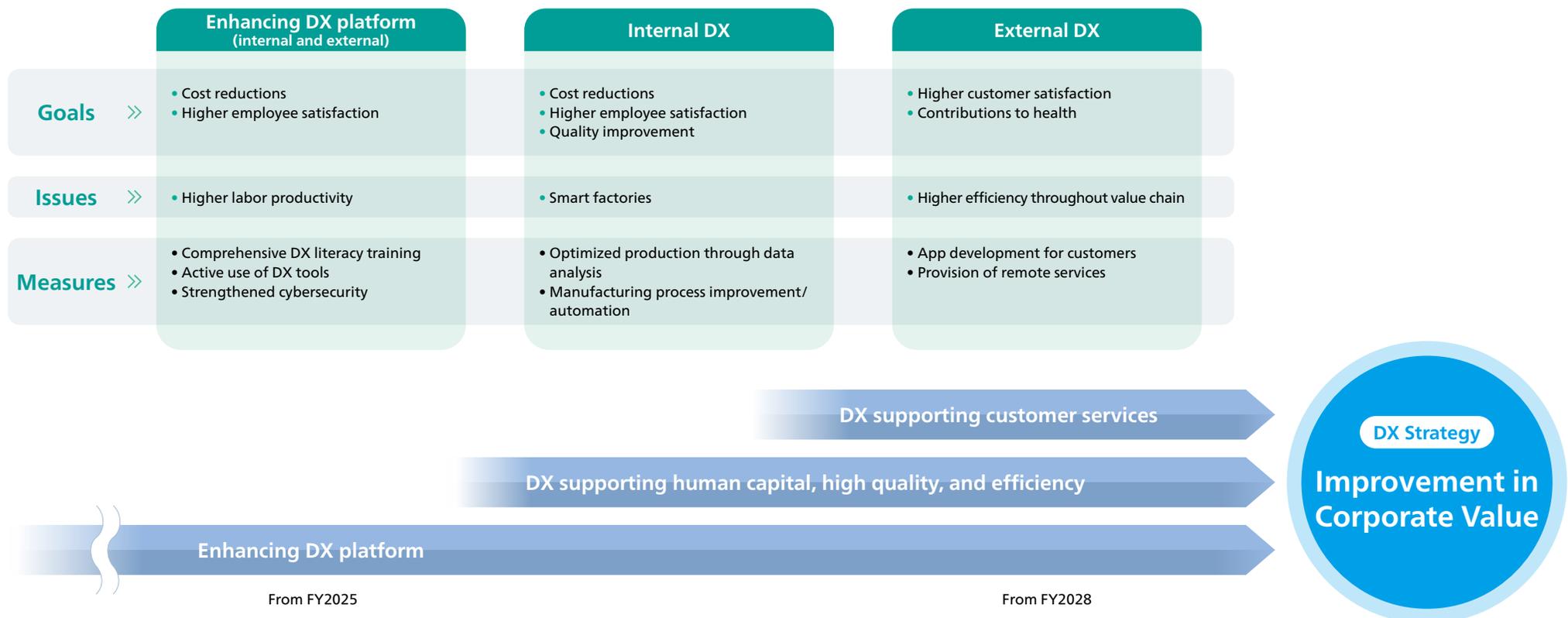


In recent years, the importance of AI and data utilization has increased rapidly, driven by the emergence of innovative technologies. At the same time, enhancing cybersecurity measures has never been more important. In this changing environment, we have positioned and begun promoting DX Strategy, comprising both internal DX and external DX components, as one of the growth pillars of the Company.

Under the previous management plan, we made strides building a structure and foundation for DX promotion, including such measures as raising IT literacy across the Company and appointing DX promoters in each department. The result was the savings of more than 10,000 manhours on an annual basis in work efficiency improvement. This was achieved by focusing on resolving internal workflow issues and implementing effective programs to automate processes and share information efficiently.

Under the New Medium-Term Management Plan, we are continuing the internal DX initiatives launched under the previous plan, while also building an environment where AI can be utilized daily in work processes and then deployed throughout the Company for full-scale work support. We can expect the new programs to create significant improvements in labor productivity and support higher profit margins, while also raising employee satisfaction and fulfillment by facilitating work style reforms. As we improve operational efficiency through DX, we also plan to upgrade our internal security systems by adopting the zero trust security model for data security.

Over the long term, we plan to aim even higher, such as shortening R&D cycles by applying DX to R&D on machine learning and deep learning systems, as well as promoting data-driven smart factories which not only reduce the cost of sales, but also improve product quality and enhance data integrity. Furthermore, DX offers the promise of improving the quality of our products and services through such features as remote maintenance of medical equipment and malfunction warnings. Wearable devices, meanwhile, can enable remote measurements and other testing services which eliminate limits to access and contribute to providing patient-oriented medicine.





A message from the General Manager, Corporate Strategy Office and General Manager, Human Resources Department

## Realizing sustainable improvement in corporate value through ROIC and human capital management

### Tomohiro Kudo

Executive Officer  
General Manager, Business Management Division

#### Finance

Foundation for achieving EIKEN Vision 2030 built in previous Medium-Term Management Plan

The previous Medium-Term Management Plan, encompassing both financial and non-financial targets, was positioned as a period to build a foundation on which to realize the EIKEN Vision 2030. Under the plan, we achieved steady business growth, primarily outside Japan. Overall, however, with net sales of ¥40.5 billion (target: ¥43.5 billion) and operating profit margin of 7.4% (target: 14.4%), we failed to achieve our financial targets by a significant margin. The main factor was a decline in demand for COVID-19-related reagents. We take these results very seriously, and the management team has a strong sense of responsibility for the failure.

In terms of the non-financial goals, we achieved our major KPIs, including expansion in the number of countries using our colorectal cancer tests and reduction of GHG emissions. Our ESG initiatives have become highly regarded inside and outside the Company. As a result, our external ESG evaluation has improved dramatically, as we have demonstrated our ability to embrace sustainability and execute on our programs.

In creating the New Medium-Term Management Plan, we conducted a thorough analysis of the factors behind the unmet financial targets and defined the issues to prioritize. Moving forward, our priorities are to thoroughly reinforce earnings strength by refocusing cash allocations into areas with promising growth, while bolstering portfolio management based on our vision of the future business environment. We are also striving to implement and instill ROIC management practices to raise capital efficiency and engineer a robust period of renewed growth.

#### Human capital

Foundation set in previous Medium-Term Management Plan to give employees autonomy in mapping their careers

The Company is also making a fundamental shift in its human capital strategy and reform of employee programs. These changes are driven by one of our core policies, being a vibrant corporation making use of each employee's talent, and the conviction that enabling all employees to reach their maximum potential leads to sustainable corporate growth and social contributions.

In FY2022, we instituted a new human resources management policy which redefined our ideal employee and ushered in new personnel systems. Responding to dramatic changes in the business environment, these reforms allowed employees more autonomy in designing their own career paths.

In FY2023, we continued our reforms by introducing a new work compensation structure based on roles and responsibilities. For higher ranks of employees, we established a compensation structure linked to competencies. This new system encourages employees to embrace challenges and evaluates them based on their performance and results. For employees with specialized talent, the evaluations are based on employee ambitions and strengths, and opportunities for growth are provided in support of diverse career paths. Certain fields critical to driving the future growth of the Company, including global marketing and R&D, require high degrees of specialized knowledge and independence, making these HR systems reforms especially meaningful. Moreover, in order to guarantee fairness and consistency in the evaluation process, we have introduced an evaluation coordination meeting (calibration meeting) system. The meeting is designed to maintain consistency in setting employee goals and evaluating results, while eliminating bias from decisions. By ensuring coordination in recognizing outstanding results and performance, we improve the level of transparency and acceptance of evaluation results, while raising employee motivation. We also have systems in place to promote outstanding employees at an accelerated pace. These and other programs serve to encourage a spirit of challenge and teamwork among employees.

In FY2024, we revamped our HR development systems for cultivating the next generation of leaders, and provided more opportunities for retraining, while also investing more in developing management-class employees.

As a result of these many programs, we made steady progress in developing a foundation of personnel systems. In an era where human resources are increasingly mobile, in addition to securing and retaining human capital, there is also the challenge of improving employee engagement as we strive to achieve EIKEN Vision 2030. Moving forward, as we continue to give employees the confidence they need to take on challenges and foster a positive corporate culture, we also recognize that it will become more important to ensure that our systems support employees in attaining a sense of fulfillment in their work.

## Finance

## New Medium-Term Management Plan to thoroughly reinforce earnings strength

## ■ Finance policy

Under the New Medium-Term Management Plan, we are pursuing challenge of thorough reform to reinforce earnings strength, with a continued focus on the three business fields of cancer, infectious diseases, and healthcare. The cash generated through business activities in these fields will be reinvested for future growth and put us on a path to achieving the 2030 targets.

The basic policy behind our financial strategy is to establish a stable financial foundation capable of supporting sustainable growth, while maintaining a sound and robust balance sheet.

We also have responsibilities to our shareholders, namely the continuance of stable dividend payments and strengthening of shareholder returns. Under the New Medium-Term Management Plan, we have adopted a system to expand the amount of shareholder returns in accordance with profit growth, while taking a flexible approach to dynamic share repurchases with the aim of optimizing our capital structure and equity capital level. Based on this approach, from FY2025, we have introduced total payout ratio as our shareholder return policy, with the aim of making flexible and sustainable shareholder returns.

Moving forward, we will continue to prioritize an appropriate balance among growth investments, financial foundation, and shareholder returns to ensure sound financial management.

## ■ Financial strategy

In FY2023, as part of our continual improvements, we introduced ROIC management to improve our ability to visualize earnings strength and capital efficiency. With ROIC as an indicator, we are able to monitor profitability and efficiency quantitatively and create detailed action plans for each of the ROIC components. This allows all the departments in the Company to work together on achieving the targets. Product and services portfolio management is critical for ensuring the sustainable growth of sales and profits. We are prioritizing our cash allocations to products with high sales and profit potential, thereby

expanding sales and profits in global markets and maximizing capital efficiency.

Under the previous Medium-Term Management Plan, we had allocated ¥900 million for strategic investments. Under the current plan, we have greatly expanded the amount to ¥5.0 billion. By utilizing our accumulated profits and reinvesting newly generated cash, we can create new growth drivers which will propel us towards achieving our 2030 long-term goals.

We are also optimizing working capital by rationalizing inventories, liquidating receivables, and revising our payment terms. In these ways, we will continue to enhance our cash conversion cycle.

Based on these initiatives, we plan to raise our ROIC level from 5.2% in FY2024 to 8.1% in FY2027, demonstrating a firm management structure with a high level of return on capital.

## Human capital

## Leveraging the growth of all employees to forge a future path under the New Medium-Term Management Plan

## ■ Human capital strategy

The two main pillars of our human capital strategy under the New Medium-Term Management Plan are securing and retaining human capital, and improving employee engagement, which address issues remaining from the previous plan.

## • Securing and retaining human capital

We develop a variety of recruiting channels to hire new employees, including new university graduates, mid-career and global staff, with the goal of building an optimal human capital portfolio to support our business strategy. In particular, we are recruiting and developing human resources capable of building and executing overseas strategies and systems as part of our drive to expand sales of our products and services in markets outside Japan. In the research and development area, we promote the recruitment of a broad range of talent who can apply their skills in engineering and digital technologies to the future of medical testing.

Currently, approximately half of our annual new hires are mid-career employees. We are bolstering our on-boarding programs and support

systems to ensure that these new hires acclimate to the company culture as quickly as possible, and can lend their talents as team members. These initiatives are both helping new employees to rapidly make contributions and supporting higher retention.

## • Improving employee engagement

From the standpoint of Diversity, Equity, Inclusion and Belonging (DEIB), we strive to promote workplaces where different values and backgrounds are respected, and all employees feel comfortable in demonstrating their abilities. To ensure that everyone is capable of reaching their potential, we provide support for career-building and reskilling, and promote various programs to improve employee well-being.

In terms of compensation, we continue to reform our programs to recognize employees for setting ambitious goals while also ensuring a balanced approach to remuneration and incentives based on work results. In this way, our programs support the realization of the Medium-Term Management Plan and promotion of medium- to long-term reforms.

Other important initiatives help bring management and employees closer together. In the President Caravan program, for instance, the President makes visits to all Company worksites, offering opportunities for direct communication with employees and for worksite viewpoints to be reflected in management policy.

Moreover, we are taking measures to facilitate active communication among employees at each workplace and increase the number of career-building meetings as ways to improve employee engagement.

We will continue to monitor the progress of these initiatives and manage their results through the New Medium-Term Management Plan's KPIs (employee turnover of less than 3%; percentage of managerial positions held by women of 20% or greater; employee satisfaction score of 65 or greater).

Our human capital strategy is positioned as a pillar of our overall management strategy. We believe that the growth and development of each employee is strongly linked to the sustainable growth of the company and value creation. On that conviction, we will make steady progress in realizing the potential of our people and their organizations.

### Basic approach

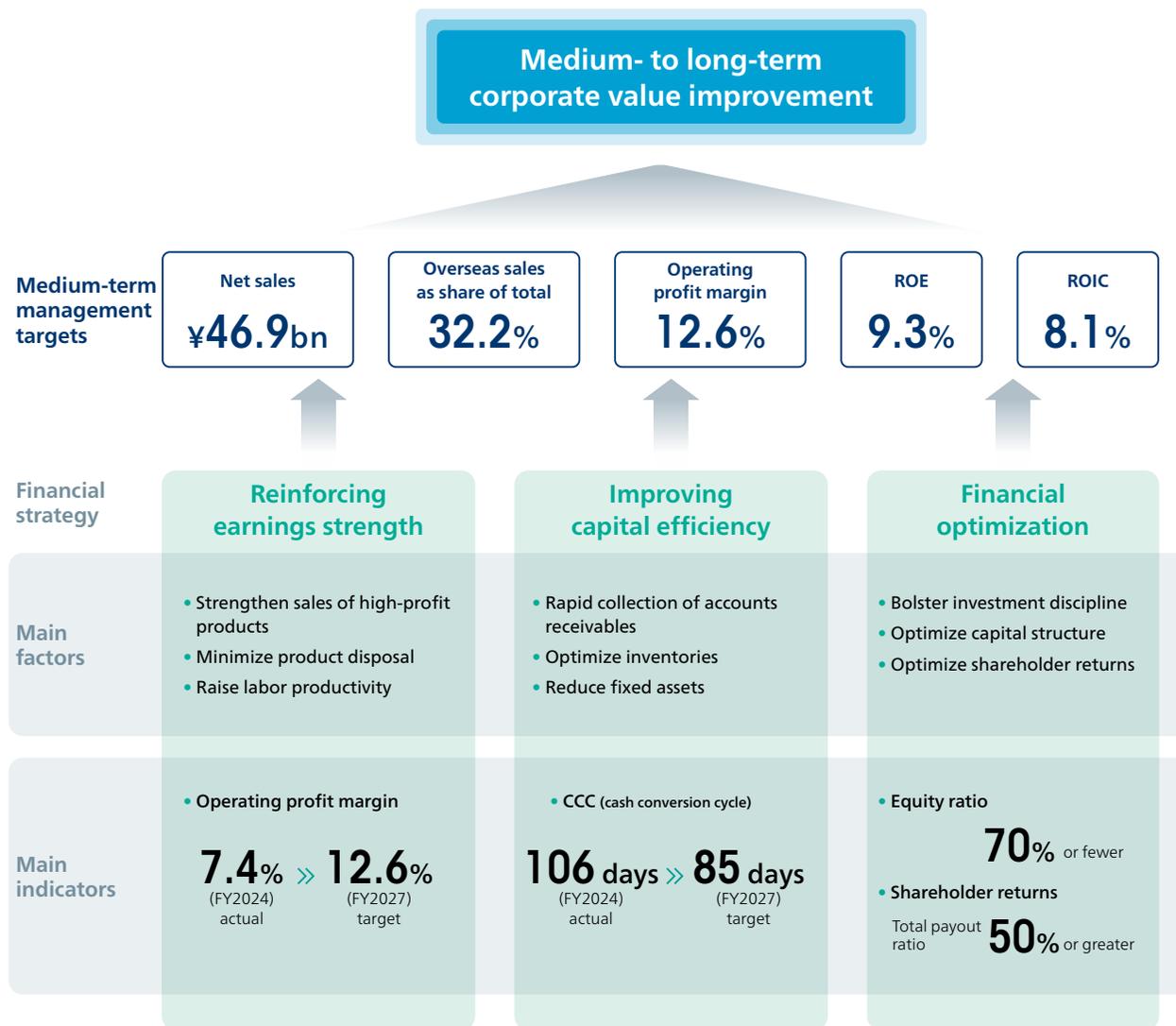
In preparation for establishing management with an awareness of the cost of capital, the Company designated net sales, overseas sales as share of total sales, operating profit margin, and ROE as important indicators in the management framework EIKEN ROAD MAP 2030. We believe that achieving medium- to long-term growth via this management framework will lead to an even more positive reception by the market.

Under the New Medium-Term Management Plan, ROIC has been newly added as an indicator. ROIC will be used as an indicator of our progress in improving corporate value over the medium to long term. As a tool to visualize this progress, we have generated a ROIC tree breaking down ROIC into its individual components. Each department has formed detailed action plans and KPIs as a roadmap to improving corporate value. Linking these plans and indicators to business performance will ensure that the entire Group makes progress towards improving capital efficiency. As we strive to raise ROIC, we are also working to lower WACC. We can lower WACC through a broad approach, including optimizing the capital structure and enhancing ESG-related measures to reduce long-term risks, while also expanding our disclosures of financial and non-financial information and bolstering investor and shareholder relations activities.

### Financial strategy policy

Our priorities under the New Medium-Term Management Plan launched in FY2025 are reinforcing earnings strength, improving capital efficiency, and financial optimization.

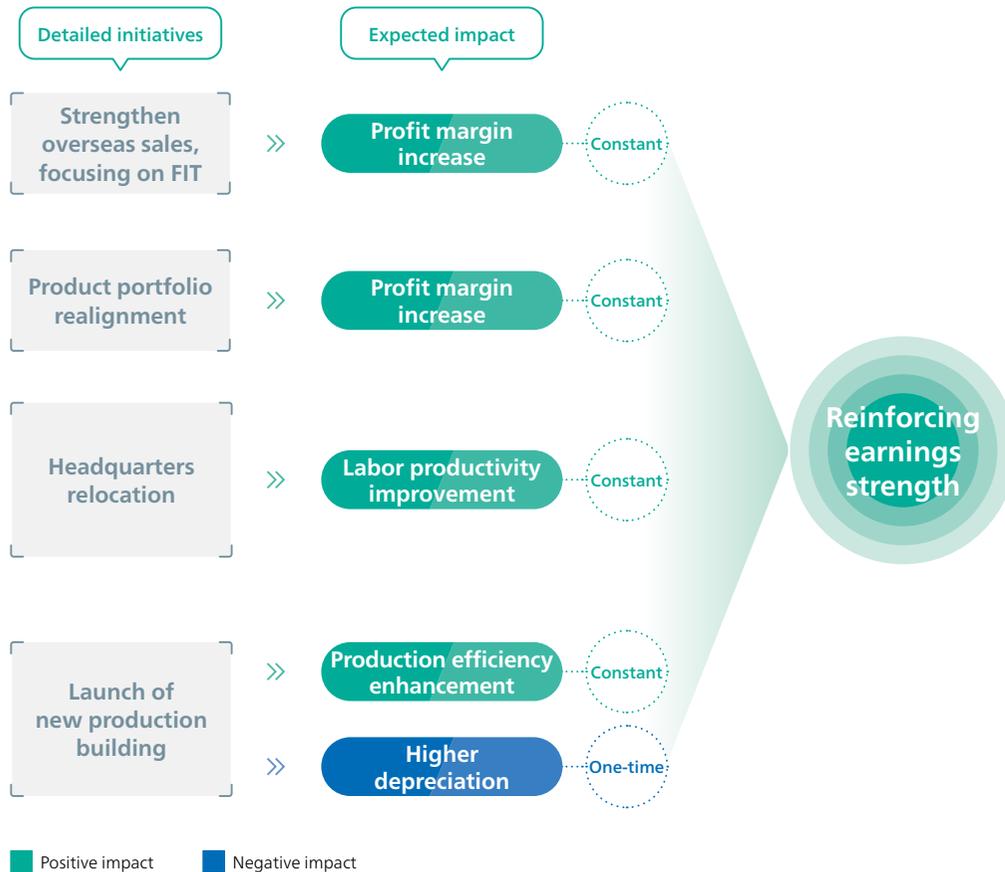
We will continue to make strategic investments in order to ensure our medium- to long-term growth. As these strategies will require us to maintain a sound financial foundation, we will raise our investment discipline and optimize our finances. Further, we will aim to raise profit margins and productivity to reinforce our earnings strength, while at the same time improving capital efficiency by optimizing the capital turnover ratio.



## ► Reinforcing earnings strength

The lower profit margins caused by rapid changes in the business environment present an urgent issue. Accordingly, reinforcing earnings strength is designated as a priority under our financial strategy.

As specific initiatives, we will expand sales of highly profitable products outside Japan, primarily FIT-related products, while also realigning our product portfolio to improve profit margins. Furthermore, we will lower the cost of sales ratio and control the SG&A expense ratio by consolidating production sites, promoting DX, and optimizing our development and human resources.



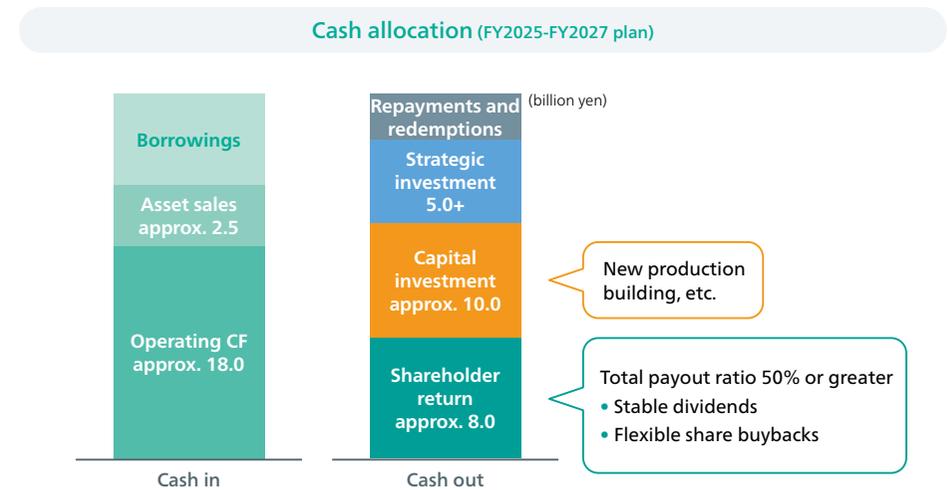
## ► Improving capital efficiency

We have designated working capital turnover ratio as an indicator of capital efficiency. The promotion of DX, meanwhile, will enable us to improve the accuracy of demand forecasting, and in turn, optimize our inventory levels and better adjust transaction terms. Furthermore, we have begun a program to lower fixed costs by consolidating production sites, which will be made possible with the opening of a new manufacturing building.

## ► Financial optimization

We are committed to expanding business over the medium to long term while at the same time maintaining a sound financial foundation. To achieve these dual goals, we are adopting stricter investment discipline, and based on this discipline, we are making agile and flexible investments. In terms of strategic investments, we allocate funds to R&D, which becomes the foundation for growth, and to the growth driver of human capital.

Eiken Chemical's management objective is to realize sustainable growth in corporate value by strengthening the financial structure and proactively expanding business. The continuous return of profits to shareholders is also a management priority of the Company. In the current management plan, we will strive to further enhance shareholder returns. We have replaced our previous policy of a consolidated dividend payout of 30% or greater with a new policy of a total payout ratio of 50% or greater. The total payout ratio combines dividends and share repurchases together as an indicator of shareholder returns.



## Human Capital Strategy under New Medium-Term Management Plan (1)

We are promoting “a vibrant corporation making use of employee’s talent” as one of the core policies to achieving EIKEN Vision 2030. Based on this policy, we are fostering organizational cultures which respect and embrace diversity and which enable all employees to transcend boundaries and make the most of their talent.

### ▶ Review of previous Medium-Term Management Plan (FY2022-FY2024)

The previous Medium-Term Management Plan was positioned as a period for the Company to build a foundation for achieving EIKEN Vision 2030. The main human capital management issues were:

- 1 Establish a foundation of personnel systems (compensation and evaluation)
- 2 Establish a foundation on which employees have greater autonomy to determine their career paths

Initiatives were taken to realize these two priorities, shown in the left-hand chart.

The results of these initiatives were that the employee turnover, the percentage of female managers, and some other KPIs demonstrated improvement. On the other hand, employee satisfaction and other KPIs failed to meet their targets.

#### Materialities and KPIs

	FY2022 actual	FY2023 actual	FY2024 actual		FY2027 target	FY2030 target
Employee turnover	2.7%	2.3%	1.9%	Improvement	Less than 3%	Less than 3%
Female managers as share of managers	13.8%	15.4%	18.8%	Improvement	20%	30%
Employee satisfaction score	68.6	62.1	58.8	Issues	65.0	70.0

### ▶ Human capital strategy under New Medium-Term Management Plan (FY2025-FY2027)

We believe that the individual growth of each and every employee is the driving force behind the Company’s path to the future. In an era where human resource mobility is increasing, it is important to ensure that employees feel motivated and ambitious. The individual growth of employees leads to the organizational growth of the Company, and therefore the following two policies have been incorporated as priorities into the New Medium-Term Management Plan.

- 1 Securing and retaining human capital
- 2 Improving employee engagement

We are fostering a culture of “security” and “positivity” as a way to encourage the spirit of challenge, and based on the conviction that it is vital to create systems whereby employees feel a sense of fulfillment in their personal growth.

Towards the realization of EIKEN Vision 2030, we are continuing initiatives to recruit human resources with the right know-how and skills, train them, and support the development of future leaders in the Company. Additionally, we are diversifying our recruitment channels and enhancing our systems for on-boarding new employees.

**Issues**

- 1 Establish a foundation of personnel systems (compensation and evaluation)
- 2 Establish a foundation on which employees have greater autonomy to determine their career paths

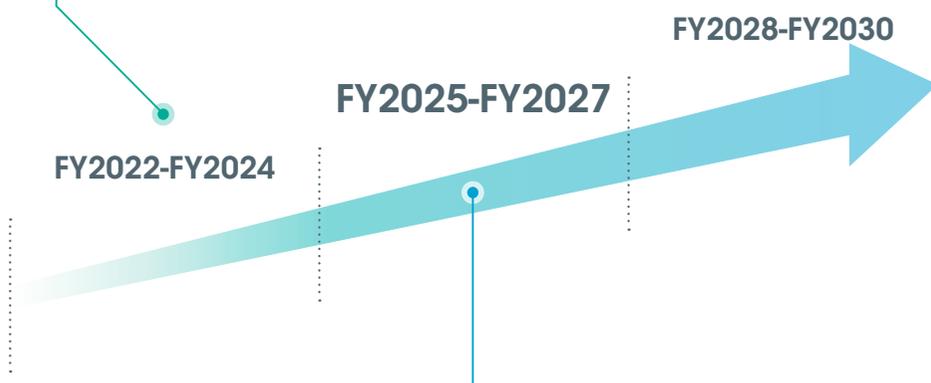
#### Main initiatives

FY2022: Established a human resources management policy; Redefined human capital vision (strengthened “Global” “Team” and “Challenge” components)

FY2023: Introduced a new personnel system that increases willingness to take on challenges and expand investment in human capital

FY2024: Revamped HR development systems; introduced training program “Anywhere, Anytime ENL\*” to encourage autonomous education

\*ENL: EIKEN Next Leaders



**Issues**

- 1 Securing and retaining human capital
- 2 Improving employee engagement

#### Initiatives continued from previous plan

- Secure specialized talent required for growth strategy
- Provide flexible work styles and the workplaces that take employee life events into account
- Build organizations offering a sense of mental security
- Develop next generation of management
- Provide more opportunities for retraining

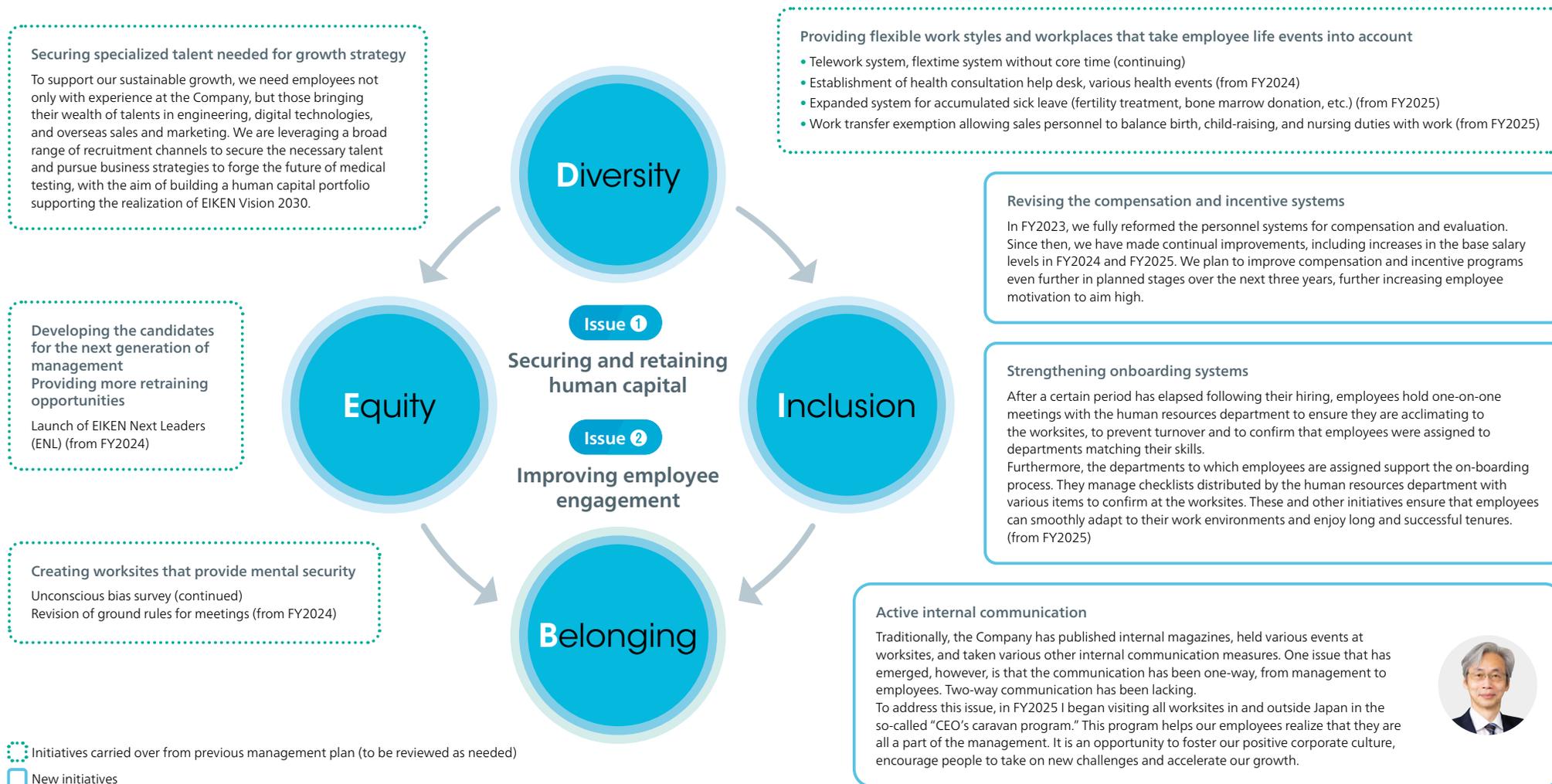
#### New initiatives

- Strengthen on-boarding systems
- Revitalize internal communication
- Revise compensation and incentive systems

# Human Capital Strategy under New Medium-Term Management Plan (2)

The perspective of DEIB (Diversity, Equity, Inclusion, Belonging) is indispensable to our human capital strategy. We believe this perspective is one important factor to ensuring that our employees reach their maximum potential through their work. Our DEIB initiatives aim not only to address the key issues of (1) Securing and retaining human capital and (2) Improving employee engagement, but to ensure that the individual growth of employees, the sustainable growth of the Company, and improvements in employee well-being.

- D** (Diversity) : Accepting different values and work styles and incorporating them into organizations
- E** (Equity) : Giving all employees equitable and fair growth opportunities
- I** (Inclusion) : Respecting all employees as members of the organization
- B** (Belonging) : Creating workplaces where employees feel comfortable





# 03

## Corporate Governance

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## Message from Chairperson of the Board of Directors



**Kiyoshi Ishii**

Chairperson of  
the Board of Directors

### Aspirations as an Outside Director appointed Chairperson of the Board of Directors

This is the first time in the history of Eiken Chemical that an Outside Director has been appointed Chairperson of the Board of Directors. I am honored to serve as the chairperson, and at the same time, I feel the heavy weight of responsibility that comes with it. As a corporate institution, the Board of Directors has an important role to play in realizing sustainable growth and creating value. I will work closely with the other Directors to ensure the Board fulfills these duties. Our business faces many issues, and there are many new challenges just on the horizon. Moving forward, we must turn these into opportunities and respond flexibly to change. Gradually raising the effectiveness of the Board of Directors will be an important part of this.

#### 1 What discussions were held by the Board of Directors in formulating the New Medium-Term Management Plan?

Under the previous Medium-Term Management Plan, our

growth in sales outside Japan was lower than expected. Additionally, the launch of some new products failed to meet the original timelines. The unfortunate result was that we were unable to meet all of the plan's targets. Management can announce all the splendid plans it likes, but when targets are unmet, besides just the plan's failure, the management suffers a loss of reputation and trust. In formulating the New Medium-Term Management Plan, we strove not only to plan from the Company's vantage point, but to establish initiatives and targets that could earn the trust of society and shareholders and meet expectations. This was a key consideration as we debated the plan contents. A management plan is not only an internal business roadmap, but a promise to society and shareholders. The New Medium-Term Management Plan will take the Company on a path to realizing EIKEN ROAD MAP 2030, which we introduced in 2022. Overall, the major pillars of the plan are consistent with the previous plan. The highest priority under the new plan is ensuring steadfast management and governance to produce results.

#### ► What is the Company's competitive advantage?

Our fecal occult blood test reagents enjoy the top market share in Japan. This is the result of a long track record of success and an unwavering commitment to continuous product improvement. This testing technology has world-class competitiveness, and we will use it as a growth driver for our international business.

In the genetic testing field, we developed the proprietary LAMP method internally, offering fast and accurate results. During the COVID-19 outbreak, we used our accumulated technologies to rapidly develop new test reagents that could diagnose an infection very quickly. The mass production and broad use of our test reagents not only helped to rapidly identify infections, but made a great contribution to preventing the further spread of the disease in Japan. From my position as an Outside Director, the Company's ability to make contributions to the public and demonstrate its abilities marked a proud moment. Genetic testing is another area

where the Company can exert its technological superiority to spark strong new growth in infectious disease, cancer and other fields.

#### ► What are the issues to sustainable growth?

The first issue is the timely development and release of new reagents, equipment, and services in areas where we are most competitive. This capacity will be the very root of our survival. There are risks inherent in the development process, however, and our failure to make timely decisions and responses will lead to lost business opportunities. The reality is that situations like this occur. I have had a long career in product development, although in fields of technology different from those pursued at Eiken Chemical. One of the important lessons I learned was that development is a race against many factors, including time. I expect the R&D leadership of the Company to be mindful of that as they develop products. The second issue is that an entire company, all of its employees, must be conscious that profits are the source of new growth investments, and that everyone is responsible for doing their part to achieve the plans for ROE and ROIC. Additionally, it is important to earn the understanding and support of society and shareholders for the business plan, including its investment plan and policies on shareholder returns.

The third issue is the most important. It is that people are at the heart of a company's planning, execution and ultimate growth. The development of corporate management, department managers, R&D personnel, and employees in every area of the Company is vital to its sustainable growth.

## 2 Role of Board of Directors in New Medium-Term Management Plan

The Board of Directors also owns responsibility for the execution of the New Medium-Term Management Plan. We will be diligent in conducting regular monitoring of the plan's progress, as any Board of a company would. Monitoring the

progress of sales, profits and other quantitative results is important. But more important than that will be our oversight of the processes used to carry out the plan. There would be no value in having the Board of Directors point out problems after the fact. One of our important functions is to understand the risks to generating results, and to guide the Company in preventing these risks and producing results. That is where I plan to focus the Board's energies.

### 3 Initiatives to realize long-term vision

The EIKEN ROAD MAP 2030 announced in 2022 identified cancer, infectious diseases, and healthcare as the Company's three primary areas of business for the future and set ambitious targets for FY2030: net sales of ¥75 billion (with 40% of sales from business outside Japan), and ROE of 15% or more. This long-term vision and its financial targets were not based on a simple approach of building on past results, but reflect the management's deeper will to envision the company's ideal form for the future. In addition to continuing the success of existing businesses, the plan will require us to make a leap ahead. Besides the creation of new businesses, we must consider alliances with other companies, collaboration, M&As, and other bold initiatives. At the Board of Directors, we will support this approach by enhancing our discussions on how to improve business from a long-term perspective.

### 4 What is the Company's ideal governance structure?

Eiken Chemical adopts a committee governance structure as a company with nominating and other committees. We operate a system of three committees (Nominating Committee, Compensation Committee, and Audit Committee), with the Board of Directors supervising management and delegating executive functions to the Executive Officers. Under this system, we strive for rational and optimized

management. Each committee is chaired by an Outside Director and performs its duties actively. A majority of the members of the Board of Directors are Outside Directors, all of whom are vocal and candid in sharing opinions and asking questions regarding management. In some cases, issues are reconsidered in follow-up discussions. There are, of course, many issues that require improvement. But from that viewpoint, I feel the governance system is functioning well. An important vantage point from which to conduct corporate governance moving forward is improving the sustainable growth and the corporate value over the medium- and long-term. From this vantage point, each committee will implement its activities and the Board of Directors will make decisions on plans and policies, providing oversight and counsel on executive activities. Instead of reactive discussions on results, the governance team will take a proactive approach and increase discussions on risks to meeting targets and proposals on initiatives that address those risks.

### 5 Process to select the new CEO and executive team

(\*including role of Nominating Committee)

FY2025 marks a bold change in the executive ranks, with many younger members joining the executive team, including the President and CEO. The Nominating Committee has pointed to the need for a younger cadre of executive managers, but the reality is that a distortion in the number of hires in past recruitment classes has made that difficult. Last year, some progress was made in developing the next generation of management leadership. Then President Notomi expressed the need for younger management, including in his own position, and this fiscal year we made progress in replacing many of the old guard with the new. Last year, in selecting the current President and CEO, the Nominating Committee made a short list of candidates and asked each to give a presentation on their management style before all the Outside Directors, the Chairman, and the President. The Outside Directors asked the candidates

questions about their presentations and all members participated in the evaluation process. This is the first time the Company has used this selection process. The result was that we were able to evaluate candidates from a diverse range of perspectives and make a fair selection.

### 6 Expectations of new CEO and Executive Officers

President Segawa spent more than 20 years of his career at Sony Corporation, a company with a very different business. He was not steeped in the Eiken culture, which in one sense is a positive thing. He has also demonstrated a strong reformist mindset and excellent leadership qualities. I am confident he will do his utmost to realize the goals of the New Medium-Term Management Plan. The slogan behind the new plan, "Challenges to Innovation," was President Segawa's idea, and I expect him to manifest that will in his management of the Company. I feel strongly that Eiken Chemical has tremendous potential for growth. I expect the President, his executive management team and all the employees of the Company to rally behind "Challenges to Innovation," bring positive change to the Company, and together mark a new era of growth.

### Anticipated direction and initiatives from viewpoint of Chairperson of the Board of Directors

As an Outside Director serving as Chairperson of the Board of Directors, one of my important roles is to set an effective agenda for pursuing improvement in corporate value from a different vantage point than the executive team. Based on this agenda, we will hold vigorous discussions about the future of the Company.

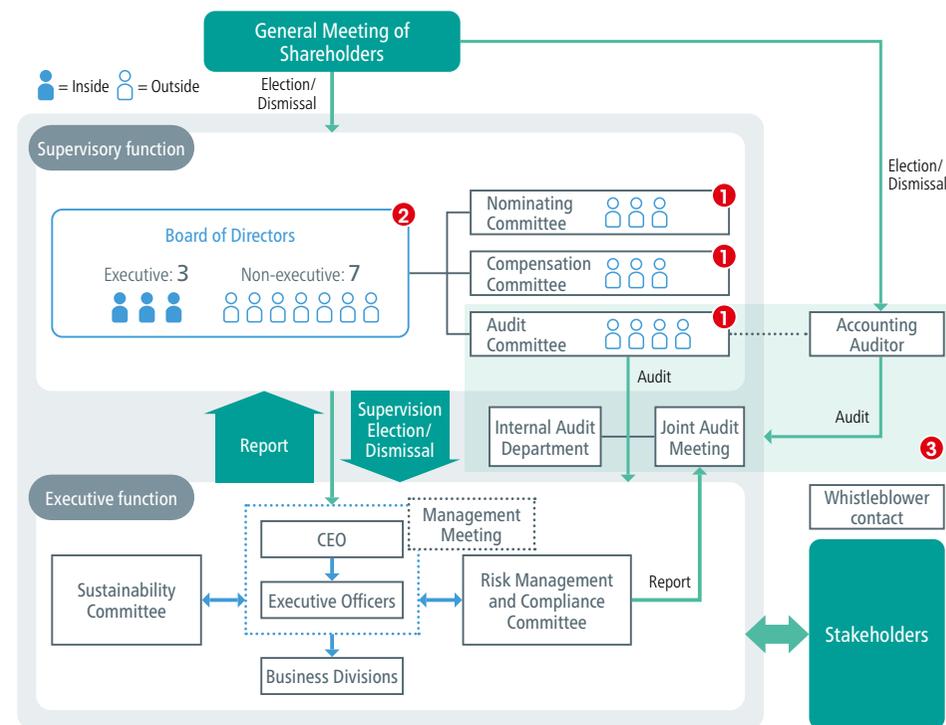
# Basic Policy on Corporate Governance

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.

 [Corporate Governance Report \(last update: June 25, 2025\)](https://www.eiken.co.jp/uploads/CG_2025_en.pdf)  
 URL: [https://www.eiken.co.jp/uploads/CG\\_2025\\_en.pdf](https://www.eiken.co.jp/uploads/CG_2025_en.pdf)

	Roles	Number of meetings (FY2024)
<b>Board of Directors</b>	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.	22
<b>Nominating Committee</b>	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.	8
<b>Compensation Committee</b>	Determines policies for the determination of individual compensation for Directors and Executive Officers, as well as individual compensation.	9
<b>Audit Committee</b>	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.	6

## Corporate governance structure (as of June 30, 2025)



**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 chairperson and other members of the three committees are **all Outside Directors**

**Point 2**  
**Independence of Board of Directors**  
**Outside Directors have accounted for the majority of the Board since 2015**

- Seven of the 10 Directors are independent Outside Directors
- Chaired by an **Outside Director**
- **Effectiveness evaluations are conducted**

**Point 3**  
**Effectiveness of audit**

- Holds joint audit meetings among the Audit Committee, Internal Audit Department, and various other departments quarterly
- 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 2025	FY2027 target	FY2030 target
20%	20%	30%

##### Foreign-national Directors as share of Directors

End of June 2025	FY2027 target	FY2030 target
- %	- %	20%

#### Executive Officers

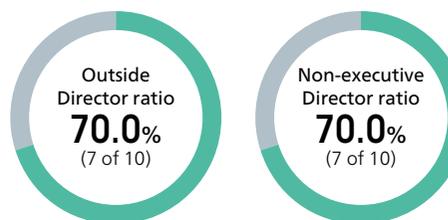
##### Female Executive Officers as share of Executive Officers

End of June 2025	FY2027 target	FY2030 target
- %	10%	30%

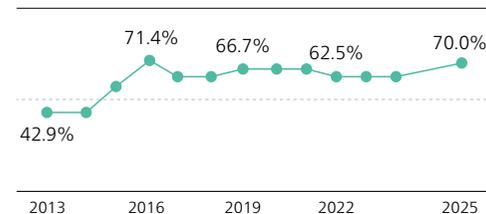
##### Foreign-national Executive Officers as share of Executive Officers

End of June 2025	FY2027 target	FY2030 target
- %	- %	20%

### Composition of the Board of Directors (as of June 30, 2025)



### 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\\_ym9/181883/00.pdf](https://ssl4.eir-parts.net/doc/4549/ir_material_for_fiscal_ym9/181883/00.pdf)

### Skill matrix (as of June 30, 2025)

		Corporate management	Global business	Technology/Innovation	Production/SCM	Finance/Accounting	Law/Risk management	ESG/Sustainability	Communication with capital markets
Independent Outside Director (Chairperson of the Board of Directors)	Kiyoshi Ishii	●		●	●	●			
Director (Representative Executive Officer and Chairman)	Tsugunori Notomi	●		●	●				
Director (Representative Executive Officer, President and CEO)	Yuji Segawa	●	●	●	●			●	
Director (Senior Vice President and Executive Officer)	Yasuyoshi Mori		●	●				●	
Independent Outside Director	Kiyomi Nakamura						●	●	
Independent Outside Director	Akira Fujiyoshi	●	●	●					●
Independent Outside Director	Naoki Matsutake					●	●	●	●
Independent Outside Director	Rie Ueki			●			●		
Independent Outside Director	Yuta Kinose		●						●
Independent Outside Director	Tatsuki Toda					●	●		●

\*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.

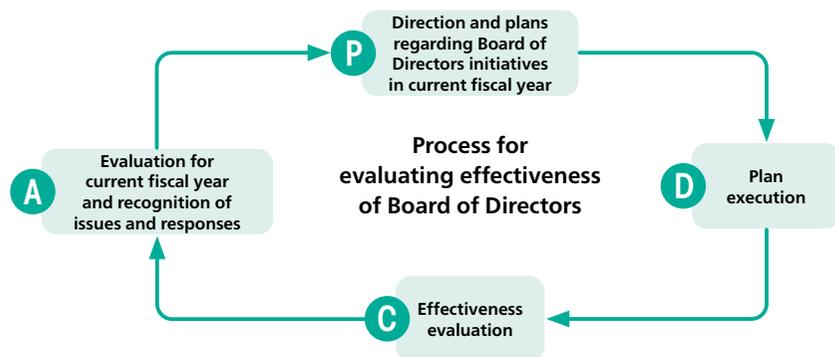
### Reasons for selecting items in skill matrix

Corporate management	Global business	Technology/Innovation	Production/SCM
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	Required for maintaining and enhancing trusted levels of quality, ensuring stable supply, and improving productivity
Finance/Accounting	Law/Risk management	ESG/Sustainability	Communication with capital markets
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	Required for achieving sustainable growth and fulfilling responsibilities to society	Required for maintaining financial soundness and trust between the Company and investors

# Evaluation of the Effectiveness of the Board of Directors

## ▶ Path forward in consideration of issues from FY2024 evaluation

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 conducts an annual analysis and evaluation of the effectiveness of the Board of Directors, and discloses an overview of the results.



### 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 (support system)
- 3 Status of monitoring/supervision of Board of Directors
- 4 Response status of Executive Officers
- 5 Use of external evaluation organizations
- 6 Training for Directors

FY2024 initiatives based on FY2023 issues and response measures	
<b>Composition of Board of Directors</b>	Continue discussions on the desirable makeup of the Board of Directors, mainly via the Nominating Committee.
<b>Management of Board of Directors (support system)</b>	Continue system to provide explanations on agenda items at least a month before planned resolution in order to share background of proposal and facilitate better understanding.
<b>Board of Directors' supervision and monitoring functions</b>	Board of Directors holds discussions and opinion-sharing sessions with each department on designated themes to share sufficient information on issues and facilitate its role of appropriately supervising the progress towards EIKEN ROAD MAP 2030 and Medium-Term Management Plan.
<b>Training for Directors</b>	Training to Board of Directors to deepen understanding of management that is conscious of capital costs and stock price, shareholder proposal approaches, the Company's business activities, and the business environment.



FY2024 evaluation results and issues	
In consideration of the following, the Board of Directors is functioning appropriately and is sufficiently effective.	
<b>Composition of Board of Directors</b>	The balance between Directors from inside and outside the Company is generally appropriate, and there is a sufficient balance from the perspective of the skills matrix. Further discussions are required, however on the number of Board members and ratio of female members.
<b>Management of Board of Directors (support system)</b>	Certain improvements have been made in terms of the conciseness and clarity of meeting materials and explanations. Additionally, there is comparatively sufficient time to review the documents. Further improvements are required, however, in providing more detailed explanations on the assumptions behind the materials and information.
<b>Board of Directors' supervision and monitoring functions</b>	There were certain improvements made in clarifying the overall image of the Company's targets and processes for achieving them. Further improvements are required, however, in clarifying the positioning of each target in relation to the EIKEN ROAD MAP 2030.
<b>Response status of Executive Officers</b>	There is more visibility into Executive Officers' responses to issues for improvement, and improvements have been made in establishing the use of tables to track responses to individual items. Overall, however, more efforts are required to systemize the approach.
<b>Use of external evaluation organizations</b>	There is value in utilizing external evaluations from the viewpoints of neutrality, trust, and industry attributes. Therefore, a list will be made of suitable external evaluation organization candidates.
<b>Training for Directors</b>	Training has been provided for methods of managing relations with specified shareholders, along with visits to worksites. There are many other issues for which training would be appropriate, and therefore sessions practically available will be scheduled based on the priorities for the Directors.

# Initiatives to strengthen governance

## ► Succession plan

The selection and replacement of Representative Executive Officers as well as the development of suitable successors to this role are designated important management issues in support of the Eiken Group's sustainable growth and the improvement in corporate value. Therefore, a succession plan has been created for this position.

### | Selection criteria for Executive Officer

- Superior management acumen
- Ability to strategize from global perspective and execute transformations to realize strategy
- Resilient leadership towards personal mission
- Unwavering ethics and deep law-abiding spirit
- Excellent character and health in mind and body

### | Selection criteria for Representative Executive Officers

Candidates from among Executive Officers meeting all of the following criteria:

- Sophisticated insight into a wide range of corporate management issues
- Ability to create a management vision for the Group based on foresight and understanding of future trends
- Ability to make timely and appropriate judgements as the Company's representative, taking the entire Group into consideration

## | Succession plan process



## ► Policy on Director training and support system

The Company provides all Directors and Executive Officers with one or more training sessions per year at the Company's expense to support their ability to fulfill their responsibilities and duties. The Company also supports their ability to attain and update knowledge needed in their work by providing them with information as needed. In these and other situations where Directors and Executive Officers require work-related training, the Company bears the expense. For newly appointed Outside Directors, the Company provides briefing sessions on management policies, Articles of Incorporation, business activities, management status, corporate governance structure, and internal regulations, along with visits to worksites (factories, labs, etc.) as necessary.

## | 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 and 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
- 2025**
  - Independent Outside Director appointed to serve as Chairperson of the Board of Directors
  - Members of three committees comprised exclusively of independent Outside Directors

# 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, whose members are independent 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 FY2024 was fully discussed and decided at a meeting of the Compensation Committee held on June 19, 2024.

## ► Specific policies

Compensation for Directors and Executive Officers consists of fixed compensation, performance-linked compensation, and remuneration through transfer-restricted shares. The ratio of fixed compensation, performance-linked compensation, and remuneration through transfer-restricted shares is 50%:30%:20% as a model case. However, the actual percentage of the payment may vary from person to person. 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. Performance-linked compensation is paid to full-time Directors and Executive Officers as an incentive to realize sustainable improvement in performance each fiscal year. The total compensation is based on the degree of achievement of consolidated net sales and consolidated operating profit for the year, the rate of improvement over the previous year, and ROE, an important management indicator for the Company. The evaluation criteria for Executive Officer compensation also includes sustainability performance (materialities KPI), which reflects business foundation reforms and other initiatives to realize sustainable growth which cannot be measured with financial targets.

## Compensation structure

Type	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	●	●	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	FY2025	
	Targets	Results
Consolidated net sales (Million yen)	43,100	40,539
Consolidated operating profit (Million yen)	5,660	2,999
ROE (%)	9.5	5.0

## Total amount of remuneration, etc. for FY2024

Executive category	Total remuneration (Million yen)	Amount by type of remuneration (Million yen)			Number of executives of each type
		Fixed pay	Performance-based pay	Transfer-restricted shares	
Directors (excluding Outside Directors)	48	39	2	6	3
Executive Officers	262	109	91	61	10
Outside Directors	51	51	–	–	5

\*1 For the 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 total 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.

# Compliance/Risk Management

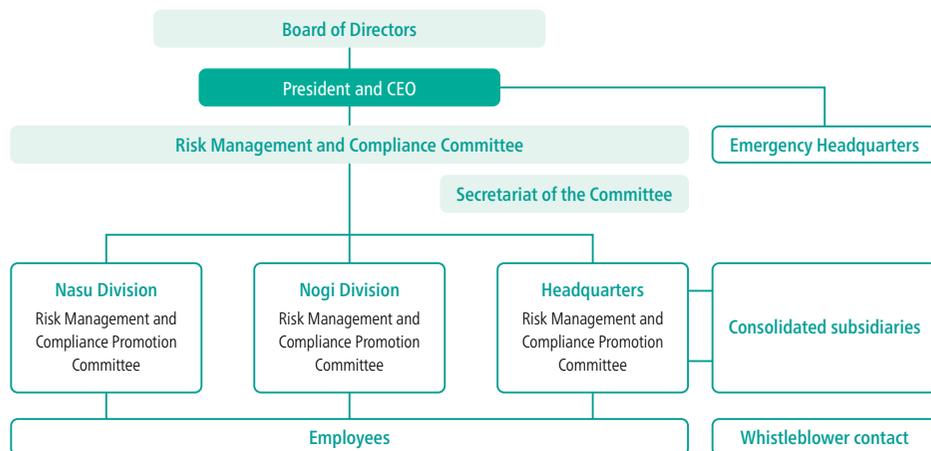
The Eiken Group has established a Risk Management and Compliance Committee, which identifies and manages compliance issues and risks. The committee is chaired by the Executive Officer, General Manager, Business Management Division, and Executive Officers are all its members. As a subordinate body to the Risk Management and Compliance Committee, a Risk Management and 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 both internal and external contact points for receiving whistleblower reports and offering advice.

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 Group



## Number of whistleblower reports

Number of reports received by whistleblower system (including harassment complaints)	
FY2024	12
FY2023	14

## 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 (FY2024 actual)

Category	Month implemented	Details	Scope	
Education and training	Compliance program	May-June	Information management (personal data)	All employees
		June	Anti-monopoly act	Sales Division, Procurement Division
		August	Harassment prevention	All employees
		October-November	Fair competition rules	Sales Division, R&D Division
		November-December	Stamp duty	Employees handling contracts
		November-December	Anti-bribery	All employees
	Improve compliance awareness	November-December	Pharmaceutical regulations	All employees
		February-March	Knowledge of overseas legal systems/contracts	Global Business Office
		April	Explanation of Compliance Policy	All employees
		June	Establishment of Compliance Day, CEO's message	All employees
Verification/improvement	Monthly	Risk and Compliance Newsletter	All employees	
	April and as required	New employee training	Newly hired graduates and mid-career hires (including part-time and contract employees)	
Monitoring/audit	May-June	Regulation verification across Company	Department responsible for regulations	
	July	Employee satisfaction surveys	All employees	
	October-November	Compliance awareness surveys	All employees	
	September-October	Human rights due diligence	Company, Group company, supply chain	

## Number of serious noncompliance incidents

FY2024: 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 (FY2024 assessment)

Specific details of risk of human rights infringement	Concern area	Severity*1	Probability of occurrence	Response priority level
Discriminatory treatment	Eiken Chemical	Low	Low	Low
Forced labor/unpaid overtime, restrictions on taking leave	Eiken Chemical	Low	Low	Low
Workplace deficiencies in health and safety environment	Eiken Chemical	Low	Low	Low
Harassment	Eiken Chemical	Low	Intermediate	Intermediate
Leaks of personal data requiring special care	Eiken Chemical	Low	Low	Low
Medical access restrictions in developing countries	Eiken Chemical	Intermediate	Intermediate	Intermediate
Respect for human rights and ban on discrimination	Supply chain	Low	Low	Low
Ban on hiring discrimination	Supply chain	Low	Low	Low
Respect for indigenous people's lifestyles and local communities	Supply chain	Low	Low	Low
Respect for religious tradition and practices	Supply chain	Low	Low	Low
Recognition and respect for freedom of association and right to collective bargaining	Supply chain	Intermediate	Low	Low
Basic attitude to labor practices	Supply chain	Low	Low	Low
Conflict minerals initiatives	Supply chain	Low	Low	Low

\*1 Overall assessment based on scale, scope, difficulty of correction

### ▶ 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
FY2024	0
FY2023	0

### | Anticorruption due diligence\*2 at major business partners

Fiscal year	Target companies
FY2024	Top 100% by transaction value
FY2023	Top 70% by transaction value

\*2 Business partners who account for a designated proportion of total transaction value (90% for suppliers, 70% for buyers)

### ▶ 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 receiving whistleblower reports. These measures help to prevent harassment and quickly resolve harassment issues when they arise.

Fiscal year	Rate of uptake of harassment prevention training
FY2024	100%
FY2023	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 FY2024 survey

Items for which improvements in awareness are required	<ul style="list-style-type: none"> <li>Establishing internal common sense</li> <li>Strengthening management messages</li> <li>Raising convenience of contact points for receiving whistleblower reports</li> </ul>
Risks for which the probability of materialization is high	<ul style="list-style-type: none"> <li>Concentration of operations on specific individuals</li> <li>Unpaid overtime occurrences</li> <li>Inadequate measures to address mental health</li> </ul>



For policies, etc. related to compliance, please see the Company's website.

<https://www.eiken.co.jp/en/sustainability/governance/compliance/>

## Compliance/Risk Management

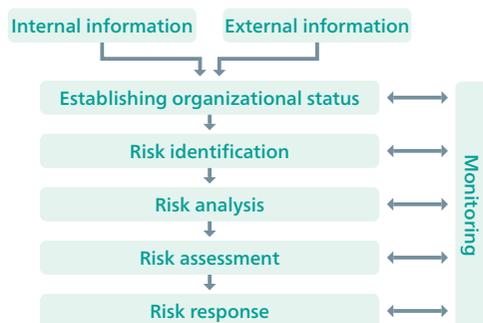
### ► Basic approach to risk management

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 initiatives for risk activities (FY2024 actual)

Category	Month implemented	Details	Scope	
Education and training	April	Explanation of Risk Management Policy Explanation of Information Security Policy	All employees	
	February	Targeted email attack training	All employees	
	Monthly	Risk and Compliance Newsletter	All employees	
Verification/improvement	Disaster countermeasure	April	Updated emergency contact network, emergency HQ system	Related departments
		June	Safety confirmation system training	All employees
	BCM	October-December	Verification and improvement of worksite disaster training and manuals	Related departments
Monitoring/audit	November-December	Verification and improvement of manual for responding to major earthquake directly under Tokyo and business continuity plan	Related departments	
	April-August	Risk assessment (major risk response)	Division General Manager and above	
		June	FY2023 evaluation of effectiveness of measures to respond to internal and external issues	Office General Manager and above
	October-December	FY2024 review of internal and external issues	Office General Manager and above	
	October	Operation of immediate risk response and reporting system	All employees	

### ► 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.

### | Number of serious information leaks

Fiscal year	Number of incidents
FY2024	0
FY2023	0

### ► 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, we have formulated business continuity plans in accordance with the Basic Policy for Business Continuity Management, and are actively engaged in business continuity management. This strengthens 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. The Company has obtained certification as an Organization Contributing to National Resilience (Resilience Certification) from the Cabinet Secretariat National Resilience Promotion Office.

#### • 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 and other infectious diseases



For policies, etc. related to risk management, please see the Company's website.  
[https://www.eiken.co.jp/en/sustainability/governance/risk\\_management/](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	Issues	Response
<b>Expansion of overseas operations</b>	<ul style="list-style-type: none"> <li>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</li> <li>Delay in regulatory approval of new products</li> <li>Tariffs on products exported to U.S.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening of marketing capabilities</li> <li>Strengthening of global expansion</li> </ul>	<ul style="list-style-type: none"> <li>Gather and analyze information about the global market to plan, draft proposals, and promote business that reflects trends in various countries</li> <li>Strengthen sales through such measures as selection of appropriate sales agents</li> </ul>
<b>New products, technologies, and businesses</b>	<ul style="list-style-type: none"> <li>Delays in recovering investments and loss of opportunities for commercialization caused by delays or interruptions to planning and development</li> <li>Weak sales resulting from mismatches, etc. caused by changing market trends</li> <li>Delays or interruptions in new business plans</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening of R&amp;D capabilities</li> <li>Strengthening of marketing capabilities and planning</li> </ul>	<ul style="list-style-type: none"> <li>Planning and development of new businesses, products, and technologies based on a medium- to long-term perspective and on medical needs</li> <li>Formulate business strategies in response to changes in the business environment, promote strategic development of new products and technologies</li> <li>Set criteria for recovering investments</li> </ul>
<b>Medical systems and pharmaceutical regulations, etc.</b>	<ul style="list-style-type: none"> <li>Impact of changes in medical systems and drug regulations in various countries on product prices, usage methods, or regulatory applications</li> <li>Impact of strengthened environmental regulations on bidding conditions, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Speeding up of R&amp;D</li> </ul>	<ul style="list-style-type: none"> <li>Swiftly identify and respond to trends in medical systems and pharmaceutical regulations by country and region</li> </ul>
<b>Product quality</b>	<ul style="list-style-type: none"> <li>Suspension of product supply caused by the occurrence of quality problems</li> </ul>	<ul style="list-style-type: none"> <li>Provision of high-quality products</li> </ul>	<ul style="list-style-type: none"> <li>Stable quality through strengthening production technology capabilities</li> <li>Appropriate operation of quality management systems</li> <li>Monitoring of the quality of products on the market and strengthened quality assurance</li> </ul>
<b>Stable supply of products</b>	<ul style="list-style-type: none"> <li>Damage to Eiken Chemical plants or facilities or its suppliers caused by natural disasters such as a large-scale earthquake, wind or water damage, or major accidents such as fire</li> <li>Long-term suspension of operations caused by the spread of infectious diseases or geopolitical risks</li> </ul>	<ul style="list-style-type: none"> <li>Enhancing resilience</li> </ul>	<ul style="list-style-type: none"> <li>Avoid risk by securing safe inventories of products and important raw materials, and procuring from multiple sources</li> <li>Draw up business continuity plans and continuously improve ability to respond to situations (maintain Resilience Certification)</li> </ul>
<b>IT systems</b>	<ul style="list-style-type: none"> <li>Delays in responding to information technology innovation</li> <li>System failures/communication failures caused by accidents, etc.</li> <li>Failures or information leaks, etc. caused by computer viruses</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening of information security</li> </ul>	<ul style="list-style-type: none"> <li>Improve business processes through the promotion of DX and IT</li> <li>Build appropriate cybersecurity countermeasures</li> <li>Conduct education and training, such as targeted email attack countermeasures training</li> </ul>
<b>Soaring raw material prices and transportation costs</b>	<ul style="list-style-type: none"> <li>Rising cost of goods for products</li> </ul>	<ul style="list-style-type: none"> <li>Improving productivity</li> </ul>	<ul style="list-style-type: none"> <li>Survey market trends for raw materials, procure from multiple sources, maintain proper inventories</li> <li>Continuously raise production efficiency</li> </ul>

# Directors

(as of June 24, 2025)

■ Tenure □ Board of Director meetings attended (FY2024) ◆ Number of Company shares held

## Directors

 <p>Chairperson of the Board of Directors <b>Kiyoshi Ishii</b> Independent Outside</p> <p>6 years 22 of 22 0 shares</p> <p>Member of the Nominating Committee</p>	 <p><b>Kiyomi Nakamura</b> Independent Outside</p> <p>6 years 22 of 22 0 shares</p> <p>Chairperson of the Audit Committee</p>	 <p><b>Akira Fujiyoshi</b> Independent Outside</p> <p>5 years 22 of 22 0 shares</p> <p>Chairperson of the Compensation Committee Member of the Nominating Committee</p>	 <p><b>Naoki Matsutake</b> Independent Outside</p> <p>2 years 22 of 22 0 shares</p> <p>Chairperson of the Nominating Committee Member of the Audit Committee</p>	 <p><b>Rie Ueki</b> Independent Outside</p> <p>New appointment 0 shares</p> <p>Member of the Compensation Committee Member of the Audit Committee</p>
 <p><b>Yuta Kinose</b> Independent Outside</p> <p>New appointment 0 shares</p> <p>Member of the Compensation Committee</p>	 <p><b>Tatsuki Toda</b> Independent Outside</p> <p>New appointment 0 shares</p> <p>Member of the Audit Committee</p>	 <p><b>Tsunonori Notomi</b> Representative Executive Officer and Chairman</p> <p>7 years 22 of 22 12,705 shares</p>	 <p><b>Yuji Segawa</b> Representative Executive Officer, President and CEO</p> <p>New appointment 5,036 shares</p>	 <p><b>Yasuyoshi Mori</b> Senior Vice President and Executive Officer</p> <p>New appointment 5,036 shares</p>

## Executive Officers

**Tsunonori Notomi** Representative Executive Officer and Chairman

**Yuji Segawa** Representative Executive Officer, President and CEO

**Yasuyoshi Mori** Senior Vice President and Executive Officer, General Manager, R&D Division

**Michitoshi Doi** Vice President and Executive Officer, General Manager, Production Division, and General Manager, Quality Assurance Division

**Hiroyasu Furuhashi** Executive Officer, General Manager, Internal Audit Office

**Toshiyuki Tsuchitani** Executive Officer, General Manager, Sales Division

**Keiichiro Yoshida** Executive Officer, General Manager, Global Business Office and General Manager, Global Business Department I, Sales Division

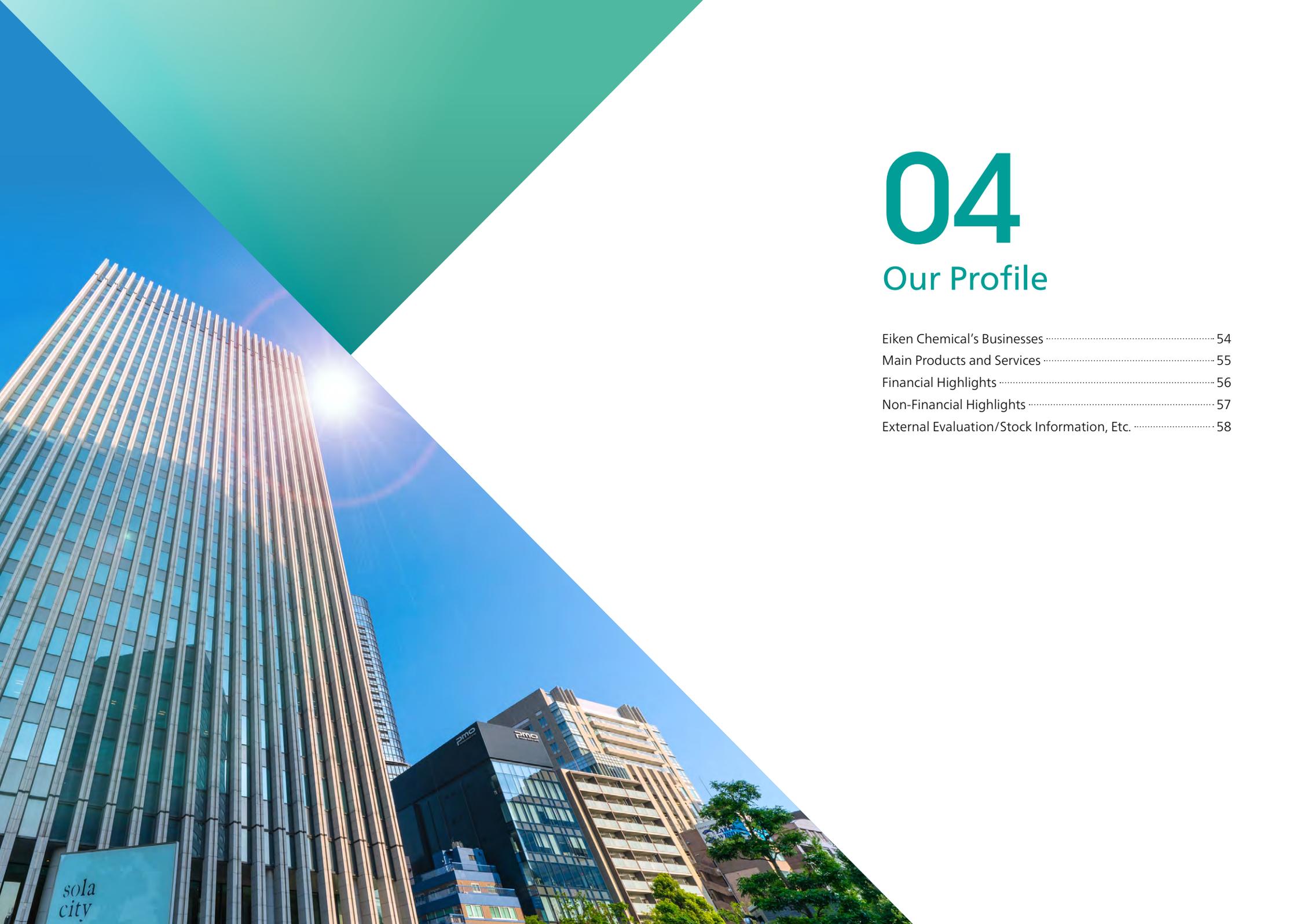
**Satoshi Akaishi** Executive Officer, General Manager, Domestic Sales Office and General Manager, Sales Management Office, Sales Division

**Katsunori Watanabe** Executive Officer, General Manager, Nogi Plant and General Manager, Nasu Plant, Production Division

**Norihiro Tomita** Executive Officer, General Manager, Fundamental Research Laboratory, R&D Division

**Tomohiro Kudo** Executive Officer, General Manager, Business Management Division, General Manager, Corporate Strategy Office, and General Manager, Human Resources Department

Please refer to the securities report for information about directors' profiles, concurrent positions held, and reasons for their appointment. [https://ssl4.eir-parts.net/doc/4549/ir\\_material\\_for\\_fiscal\\_ym9/181883/00.pdf](https://ssl4.eir-parts.net/doc/4549/ir_material_for_fiscal_ym9/181883/00.pdf)



# 04

## Our Profile

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# Eiken Chemical's Businesses

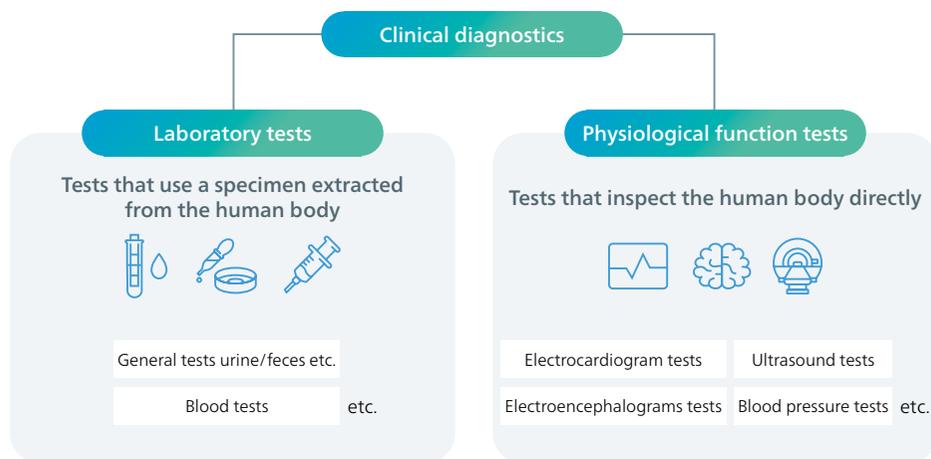
## Overview of business

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 R&D, 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

**¥933.3 billion**  
(FY2023; source: survey by the Japan Association of Clinical Reagents Industries)

Annual growth of **2%** forecast

The clinical diagnostics market in Japan was valued at ¥817.9 billion (83% of previous year), shrinking due to lower sales of COVID-19-related reagents. Including exports, the market was valued at approximately ¥933.3 billion (89% of previous year). Revisions to medical treatment fees in 2024 resulted in a reduction in drug prices of 0.97%, but the impact was minor. Over the medium term, the Japanese market is forecast to trend gently upwards at an annual rate of about 2%.

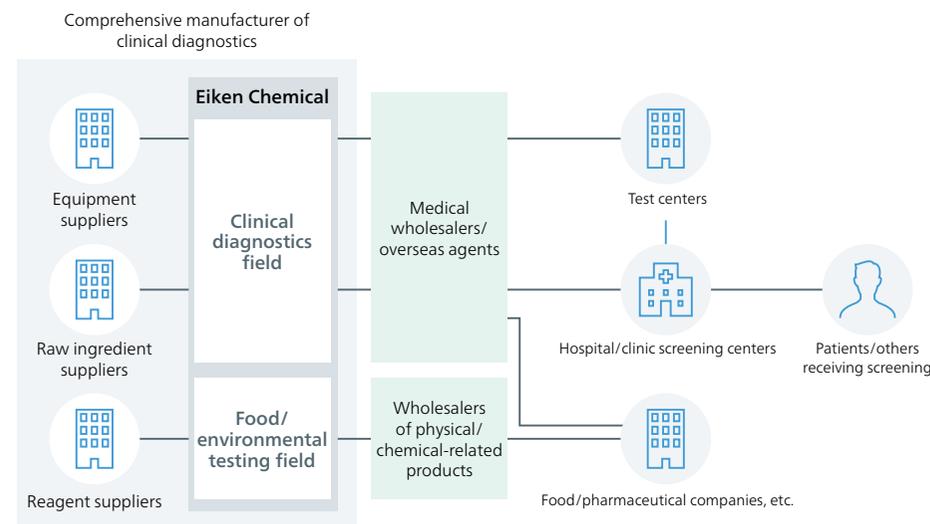
### Global market

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

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

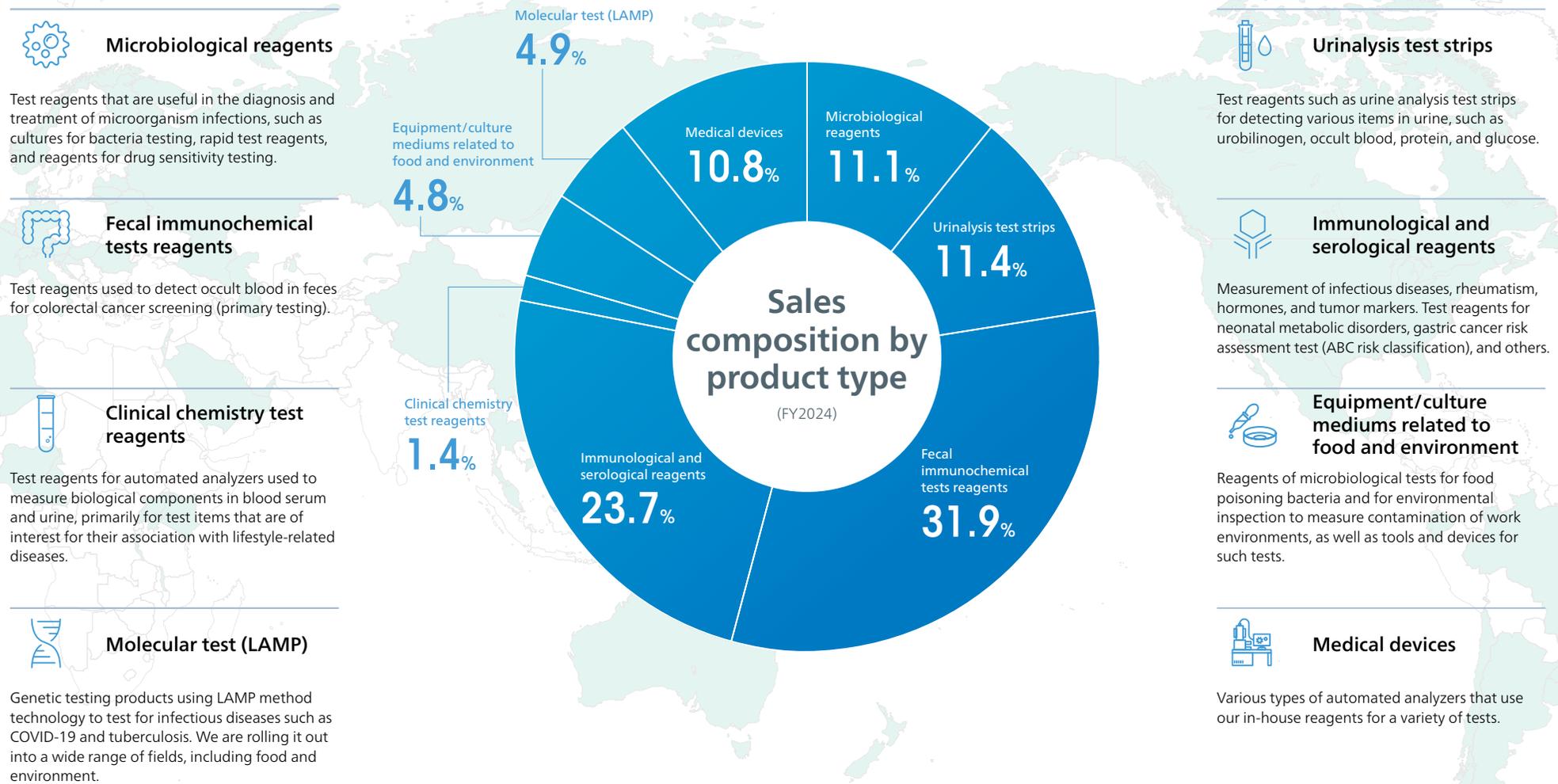
The global market for clinical diagnostics was estimated to be US\$78.7 billion in 2023, and is forecast to grow at a compound annual growth rate of 6.9%. Factors cited as driving the market include increases in chronic conditions and infectious diseases resulting from the increase in elderly individuals 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	FY2024
Net sales	Million yen	34,991	35,761	36,585	38,667	42,996	43,271	40,052	40,539
of which overseas sales	Million yen	5,405	6,070	7,040	6,895	8,868	8,797	10,115	10,710
Gross profit	Million yen	14,701	15,692	16,229	18,529	20,564	20,506	16,723	16,512
Operating profit	Million yen	3,478	4,611	4,622	6,612	8,387	7,457	3,377	2,999
Ordinary profit	Million yen	3,549	4,681	4,723	6,808	8,508	7,568	3,568	3,198
Net profit attributable to owners of parent	Million yen	2,608	3,447	3,538	5,044	6,218	5,736	2,634	2,228
Total assets	Million yen	45,165	47,279	50,322	55,685	62,512	66,275	61,651	62,372
Net assets	Million yen	32,478	35,014	37,303	41,672	45,803	49,535	45,971	43,598
EBITDA	Million yen	5,138	6,205	6,249	8,323	10,445	9,582	5,703	5,532
R&D expenses	Million yen	3,238	2,904	3,332	3,086	3,408	4,065	3,939	4,386
Capital investment	Million yen	1,102	1,685	2,985	2,876	4,347	3,792	1,812	7,699
Depreciation	Million yen	1,660	1,594	1,627	1,711	2,058	2,125	2,326	2,533
Net cash	Million yen	8,597	6,356	8,893	8,071	11,930	14,062	11,973	5,407
Cash flows from operating activities	Million yen	4,091	3,318	5,460	5,451	7,769	7,575	3,806	6,033
Cash flows from investing activities	Million yen	(3,250)	(4,435)	(3,711)	(2,193)	(5,044)	(316)	(2,216)	(4,499)
Cash flows from financing activities	Million yen	(1,175)	(1,083)	(1,220)	(1,275)	1,200	(2,095)	(6,694)	(4,857)
Cash and cash equivalents at end of period	Million yen	6,651	4,448	4,981	6,968	10,900	16,064	10,966	7,640
Operating profit to net sales ratio	%	9.94	12.89	12.63	17.1	19.5	17.2	8.4	7.4
Return on Equity (ROE)	%	8.3	10.3	9.9	12.9	14.3	12.1	5.6	5.0
Return on Assets (ROA)	%	5.8	7.5	7.3	9.5	10.5	8.9	4.1	5.2
Equity ratio	%	71.2	73.5	73.5	74.3	72.8	74.2	74.0	69.3
Earnings per share (EPS)	Yen	71.21	93.63	95.95	136.65	168.28	155.17	71.69	64.82
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	1,294.08
Dividend payout ratio (consolidated)	%	35.1	32.0	31.3	30.0	30.3	32.9	71.1	81.8
Dividend per share	Yen	25.00	30.00	30.00	41.00	51.00	51.00	51.00	53.00
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	38,541,438
Number of treasury shares at end of period	Shares	6,902,222	6,659,650	6,659,760	6,611,071	6,576,861	6,512,625	5,443,508	5,127,632
Market capitalization	Billion yen	116.6	113.4	85.8	94.1	75.1	68.0	80.0	87.3
Number of employees at end of period (full-time employees)	Persons	704	719	724	733	745	754	757	702

\*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	FY2024	
Environment	Greenhouse gas (GHG) emissions ◆1									
	Scope 1	t-CO <sub>2</sub>	2,120	1,989	1,934	2,070	2,016	1,945	2,036	1,971
	Scope 2	t-CO <sub>2</sub>	5,252	5,181	4,884	5,038	5,304	2,669	706	678
	Scope 3 *1	t-CO <sub>2</sub>	–	–	–	86,485	105,335	84,205	71,698	77,708
	Renewable energy used ◆4	MWh	70	76	70	61	62	6,871	11,764	11,548
	Water volume consumed ◆2	1,000 m <sup>3</sup>	88.1	83.9	81.0	78.1	80.7	73.1	68.7	69.1
	Total waste generated ◆3 *2	t	426	381	388	410	462	529	398	415
	Material recycled ◆3	t	251	212	234	223	232	247	238	227
	Recycling ratio (including recovered energy) ◆3	%	58.9	55.7	68.0	62.4	58.8	55.3	62	64
	Number of ecological proposals ◆4	Proposals	366	445	454	318	291	518	525	567
Society ◆4	Average age (Overall)	Years	43 years 0 months	42 years 7 months	42 years 6 months	42 years 4 months	42 years 3 months	42 years 5 months	42 years 5 months	41 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	41 years 8 months
	(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	41 years 7 months
	Average years of service (Men)	Years	16 years 11 months	16 years 2 months	14 years 11 months	16 years 2 months	15 years 7 months	15 years 7 months	14 years 10 months	14 years 2 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	15 years 11 months
	Female employees as share of total	%	27.3	29.0	29.4	29.7	30.3	29.2	29.9	30.3
	Female managers as share of managers (as of April each year) *3	%	10.7	12.2	14.6	16.9	16.2	13.8	15.4	18.8
	Female Directors as share of Directors	%	0.0	11.0	11.0	11.0	11.0	13.0	13.0	20.0 <sup>8</sup>
	Proportion of women among new hires	%	29.2	35.6	20.0	27.5	29.3	17.5	36.4	39.0
	Percentage returning to work after childcare leave	%	100	100	100	100	100	100	100	100
	Employee turnover *4	%	0.9	0.9	2.0	1.7	2.0	2.7	2.3	1.9
	Average non-scheduled working hours per full-time employee per month	Hours	–	14.1	15.8	16.2	15.3	14.8	13.9	12.8
	Rate of uptake of EIKEN GLOBAL PROGRAM among employees *5	%	–	–	–	16.5	14.0	19.4	26.3	27.2
	Employee satisfaction score *6	–	–	–	–	–	–	68.6	62.1	58.8
Governance	Rate of uptake of antibribery training	%	–	–	–	–	96.8	100.0	100	100
	Number of serious noncompliance incidents *7	Cases	0	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, EIKEN CHINA CO., LTD.

◆2 Eiken Group (production sites)

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

◆4 EIKEN CHEMICAL 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

\*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 Calculated based on the number of positive responses received in the employee satisfaction survey with a five-grade scale

\*7 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

\*8 As of June 2025

# External Evaluation/Stock Information, Etc.

## External evaluation

### Inclusion in ESG indices



### Initiatives endorsed/ESG ratings/certifications



## Company profile

Company name	EIKEN CHEMICAL CO., LTD.	Number of employees (full-time employees + temporary employees)	Non-consolidated: 1,047; Consolidated 1,051 (as of March 31, 2025)
Head office location	4-19-9 Taito, Taito-ku, Tokyo, 110-8408 Japan (as of August 31, 2025) <small>*The Company plans to move to a new Head Office in September 2025.</small>	Listed stock exchange	Tokyo Stock Exchange Prime Market
New address	20th floor, Ochanomizu sola city, 4-6 Kanda-Surugadai, Chiyoda-ku, Tokyo, 101-0062 Japan	Securities code	4549
Representative	Yuji Segawa, President and CEO	Year-end	March 31
Founded	February 20, 1939	Annual General Meeting of Shareholders	June of each year
Share capital	6,897,730,000 yen (as of March 31, 2025)		

## Shares information (as of March 31, 2025)

Total number of shares authorized to be issued	123,900,000 shares
Total number of issued shares (including treasury shares)	38,541,438 shares
Number of shares per unit	100 shares
Number of shareholders	5,732

### Major shareholders

Shareholder name	Number of shares held (shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	5,089,100	15.23
NIPPON ACTIVE VALUE FUND PLC	3,228,600	9.66
STATE STREET BANK AND TRUST COMPANY 505103	2,009,759	6.01
Custody Bank of Japan, Ltd. (Trust account)	1,703,400	5.10
AVI JAPAN OPPORTUNITY TRUST PLC	1,620,800	4.85
THE BANK OF NEW YORK-JASDECTREATY ACCOUNT	1,362,000	4.08
The Dai-ichi Life Insurance Company, Limited	1,100,000	3.29
NAVF SELECT LLC	857,900	2.57
CACEIS BANK, LUXEMBOURG BRANCH/ AIF CLIENTS ASSETS	822,700	2.46
Nippon Life Insurance Company	799,200	2.39

\*The Company owns 5,127,632 treasury shares, but these are not included in the above list of the ten largest major shareholders. The shareholding ratios exclude treasury shares from the calculation.

### Distribution of shares by type of holder



### Change in share price

