



# 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.

## EIKEN ROAD MAP 2030

## EIKEN Vision 2030

### Medium-Term Management Plans

#### FY2022-FY2024 (previous MTMP)

##### Driver Challenge

The previous MTMP was designated as a period to unleash new possibilities by encouraging the individual growth of each employee and taking on new challenges as a team, thereby achieving our vision. We constructed a challenging plan by backcasting from our vision, and aligning our approaches based on the business environment, including global trends, as well as our Management Philosophy.

##### FY2024 results

- Net sales: **¥40.5bn**
- Operating profit margin: **7.4%**
- ROE: **5.0%**

#### FY2025-FY2027 (current plan)

##### Driver Acceleration

The new MTMP is positioned as a period of reforms. We are leveraging the strong corporate foundation built under the previous MTMP to resolve issues carried over into the new plan, while accelerating the improvement of access to medical treatment and the resolution of medical treatment issues. The plan incorporates challenges backcasted from the FY2030 targets and reflects the progress rate under the previous MTMP as well as changes in the business environment.

##### FY2027 targets

- Net sales: **¥46.9bn**
- Operating profit margin: **12.6%**
- ROE: **9.3%**

##### Basic policy

- Business Strategies
- Financial and Capital Strategies
- Governance

#### FY2028-FY2030

##### Targets

- Net sales: **¥75.0bn**  
Existing businesses: **¥60.0bn**  
New businesses: **¥15.0bn**
- Overseas sales ratio: **40%**
- Operating profit margin: **20% or greater**
- ROE: **15% or greater**

##### Vision

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

Business environment ▶ p19

Changes in demographic structure

Widening disparities

Diversifying values

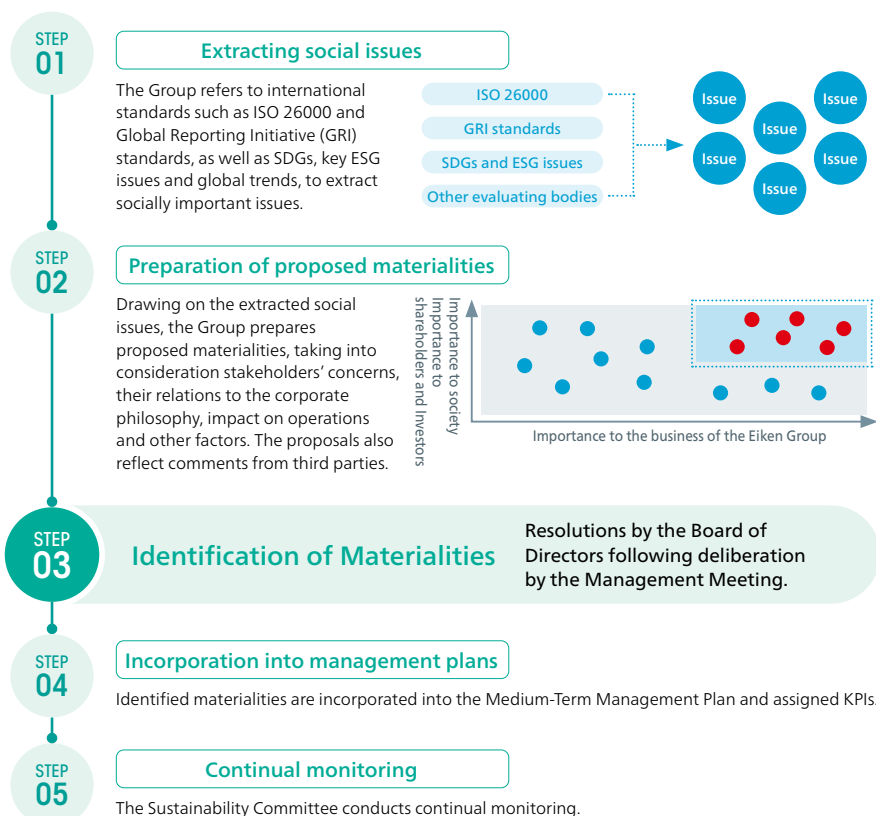
Our Management Philosophy

Protect the health of the public through health care services.

# 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       | Contributing to Health and Quality of Life for People Around the World<br>1 PEOPLE, 3 WELLBEING, 12 ECONOMIC DEVELOPMENT  | Improving Access to Healthcare                              | ●               |       | ●            | ●      |              |        |
|               |   | Solutions to Medical Issues                                 | ●               |       | ●            | ●      |              |        |
|               |   | Pursuing Quality and Establishing Sustainable Supply Chains | ●               | ●     | ●            | ●      |              |        |
| Environment   | Business Activities in Harmony with the Global Environment<br>6 CLEAN WATER AND SANITATION, 7 AFFORDABLE AND CLEAN ENERGY, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION | Responding to Climate Change                                | ●               |       |              | ●      | ●            | ●      |
|               |   | Contributing to a Recycling-Oriented Society                | ●               |       |              | ●      | ●            | ●      |
| Social        | A Vibrant Corporation Making Use of Employee's Talent<br>5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE                                | Respecting Human Rights and Diversity                       | ●               | ●     |              | ●      |              |        |
|               |   | Employee Engagement and HR Development                      | ●               | ●     |              | ●      |              |        |
|               |   | Boosting Health and Ensuring Safety and Hygiene             | ●               | ●     |              | ●      | ●            |        |
| Governance    | An Organizational Base That Supports Sustainable Growth<br>10 REDUCED INEQUALITIES, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS, 17 PARTNERSHIPS FOR THE GOALS                            | 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                              | <ul style="list-style-type: none"> <li>Supply of products to developing countries that have not yet adopted them</li> </ul>  | Number of countries in which products deployed   | Target: 8 countries<br>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                                 | <ul style="list-style-type: none"> <li>Global solutions to healthcare issues</li> <li>Development of advanced technologies and advancement of innovation</li> </ul>                            | Number of countries in which colorectal cancer screening tests are deployed                                    | Target: 49 countries<br>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 | <ul style="list-style-type: none"> <li>Proactive measures on quality</li> <li>Strengthening of supply-chain management</li> </ul>  | Rate of implementation of CSR procurement surveys  | Target: 100%<br>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                                | <ul style="list-style-type: none"> <li>Reduction of CO<sub>2</sub> emissions at worksites (Scope 1 and 2)</li> <li>Reduction in CO<sub>2</sub> emissions in supply chains (Scope 3)</li> </ul> | Rate of reduction in CO <sub>2</sub> emissions (Scope 1 and 2) at worksites (versus FY2021)                    | Target: 19% reduction<br>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                | <ul style="list-style-type: none"> <li>Reduction of water volume consumed</li> <li>Reduction of waste</li> <li>Reduction of packaging and use of sustainable materials</li> </ul>              | Rate of environmentally friendly material usage (versus FY2021)  | Target: 20%<br>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                       | <ul style="list-style-type: none"> <li>DE&amp;I promotion</li> <li>Eradication of harassment</li> </ul>  | Female managers as share of managers   | Target: 20%<br>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                      | <ul style="list-style-type: none"> <li>Creating fulfilling and supportive workplaces and achieving work-life balance</li> <li>Development of global personnel</li> </ul>                       | Rate of uptake of child-rearing leave* <sup>1</sup>  | Target: 100% for men and women<br>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             | <ul style="list-style-type: none"> <li>Advancement of health improvement programs and safety-and-hygiene activities</li> </ul>   | Rate of uptake of regular health checkups  | Target: 100%<br>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                  | <ul style="list-style-type: none"> <li>Promoting diversity among executives</li> </ul>   | Female Directors as share of Directors   | Target: 20%<br>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      | <ul style="list-style-type: none"> <li>Training and monitoring based on compliance programs</li> <li>Thorough prevention of corruption</li> </ul>  | Training attendance rate   | Target: 100%<br>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                                | <ul style="list-style-type: none"> <li>Continuous improvement of business continuity management</li> <li>Strengthening of information security management</li> </ul>                           | <ul style="list-style-type: none"> <li>BCP training implementation</li> <li>Leaks of important data</li> </ul> | <ul style="list-style-type: none"> <li>BCP training implementation rate<br/>Target: 100%<br/>Results: 100%</li> <li>Data leaks<br/>Target: 0 incidents<br/>Results: 0 incidents</li> </ul> | <ul style="list-style-type: none"> <li>BCP training implementation rate: 100%</li> <li>Data leaks: 0 incidents</li> </ul> | ○          | 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                                       |
|----------------------------------|---|--|--|---|-------------------|---|
| Changes in demographic structure | <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                | <div>M</div> <div>S</div> <div>G</div>              |
|                                  |   |  |  |   | 02                |   |
|                                  |   |  |  |   | 03                |   |
|                                  |   |  |  |   | 05                |   |
| Widening disparities             | <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                | <div>M</div> <div>S</div> <div>G</div>              |
|                                  |   |  |  |   | 02                |   |
|                                  |   |  |  |   | 03                |   |
|                                  |   |  |  |   | 04                |   |
| Diversifying values              | <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                | <div>M</div> <div>E</div> <div>S</div> <div>G</div> |
|                                  |   |  |  |   | 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<br>(announced April 2022) | Revised targets<br>(announced October 2024) | Results<br>(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<br>(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

## Main factors and issues

## 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

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 &amp; 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  |
|--|---|--|--|
| <b>Business strategy</b><br>that supports<br>earnings strength                       | <div>01</div> Cancer<br><div>02</div> Infectious diseases<br><div>03</div> Healthcare<br><div>04</div> Environment<br><div>05</div> Human capital | <div>M</div><br><div>S</div>                 | <ul style="list-style-type: none"> <li>• <b>Develop new products</b></li> <li>• <b>Restructure product portfolio</b></li> </ul> <p>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.</p> <ul style="list-style-type: none"> <li>• <b>Develop and expand overseas markets</b></li> </ul> <p>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.</p> |
| <b>Financial and capital strategies</b><br>that aim to improve<br>capital efficiency | <div>04</div> Environment<br><div>05</div> Human capital  | <div>E</div><br><div>S</div><br><div>G</div> | <ul style="list-style-type: none"> <li>• <b>Optimizing cash allocation</b></li> </ul> <p>We aim to generate long-term value through aggressive strategic investments. Furthermore, we will enhance stakeholder engagement emphasizing continual shareholder returns.</p> <ul style="list-style-type: none"> <li>• <b>Raise ROIC</b></li> </ul> <p>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.</p>  |
| <b>Governance</b><br>aiming to lower capital costs                                   | <div>05</div> Human capital   | <div>S</div><br><div>G</div>                 | <ul style="list-style-type: none"> <li>• <b>Renovate executive structure</b></li> <li>• <b>Strengthen investment discipline</b></li> </ul> <p>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.</p> <ul style="list-style-type: none"> <li>• <b>Pursue sustainability strategy</b></li> </ul> <p>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.</p>  |



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  |   |  |
| <b>Americas</b> <sup>*1</sup> | <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>  |
| <b>EMEA</b> <sup>*2</sup>     | <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> |
| <b>APAC</b> <sup>*3</sup>     | <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<sup>*4</sup></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>                               |

<sup>\*1</sup> North, Central and South America

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

<sup>\*3</sup> Asia and Oceania

<sup>\*4</sup> Manual methods that are not automated

# Topics

## ► Expansion of companion diagnostics (CDx)

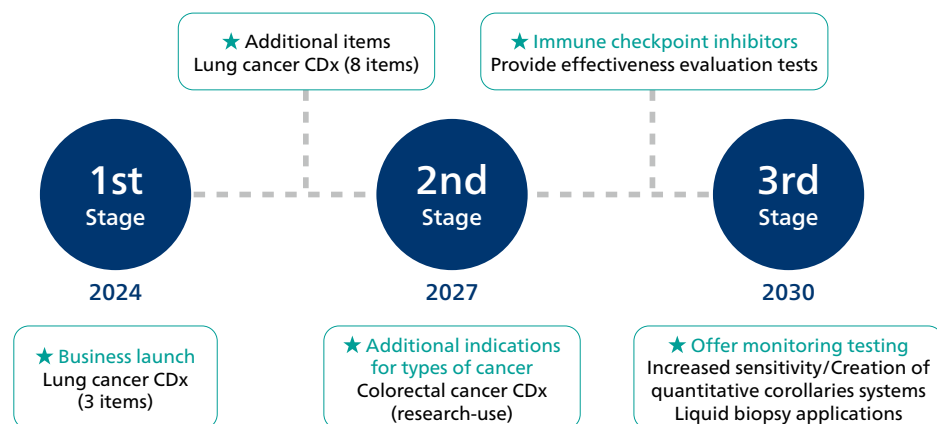
Eiken Chemical has until now focused on the test business for the prevention and early detection of disease. Through these efforts, we have contributed to reductions in mortality rates and control of medical expenses through early detection, in particular for colorectal cancer. Regarding cancer treatments, 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<br>actual | FY2024<br>actual | FY2027<br>target | FY2030<br>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<br>actual | FY2024<br>actual | FY2027<br>target | FY2030<br>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"/> |                       |
| 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"/> |                       |
| Information security      | <input type="radio"/> |                       |
| Supply chain              | <input type="radio"/> |                       |
| Local communities         | <input type="radio"/> |                       |

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

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

### Corrective measures

By implementing such questionnaires at least once every three years for major business partners, we will identify improvements and other changes in our initiatives. If as a result of the self-assessment by questionnaire we discover areas in which a business partner's initiatives are inadequate, we will expect them to undertake improvement activities that mitigate risks and take into account the impact on society and the environment. In cases where the response to questions related to materialities identified by the Company is "We have no initiatives related to the topic" or "We have no mechanism for checking results or corrective actions," we will use improvement proposal documents to encourage improvements before the next survey.

### Materialities and KPIs

#### Rate of implementation of CSR procurement surveys\*4

| FY2024 actual | FY2027 target | FY2030 target |
|---------------|---------------|---------------|
| 100%          | 100%          | 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>   |   |              |   |
| • Burden of additional costs caused by introduction of carbon taxes   | Intermediate                                    | -            | • Promotion of energy-saving activities<br>• Expanded introduction of renewable energy<br>• Continuous monitoring of Scopes 1, 2 and 3 and emission reduction efforts       |
| • Environmental regulations on plastic  | Intermediate                                    | -            | • Continuous surveying and response to trends in environmental regulations<br>• Product development in view of market and industry trends                                   |
| <b>Physical risks</b>   |   |              |   |
| • Loss of sales opportunities from supply-chain disruption caused by disaster damage  | Intermediate                                    | Major        | • Strengthening of disaster-preparedness measures at offices and suppliers<br>• Preparation and continuous improvement of business continuity plans                         |
| • Loss of sales opportunities from reduced rates of operation at production facilities as well as disruption of parts supplies resulting from the spread of infectious diseases | Minor   | Minor        |   |
| <b>Opportunities</b>  |   |              |   |
| • Increased sales and contributions to society derived from early response to changes in disease trends caused by climate change  | Intermediate                                    | Intermediate | • Continuous monitoring of trends in infectious diseases and development and provision of diagnostics   |
| • Increase in sales opportunities from development of quality-first products in response to climate change, including products more resistant to external temperatures, etc.    | Intermediate                                    | Intermediate | • Evaluation of environmental impact of products<br>• Development of products with reduced environmental impact in the preservation and storage phases of the product cycle |

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

### Materialities and KPIs

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

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

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

| 2022 (base year)<br>CO <sub>2</sub> emissions | FY2024 actual<br>CO <sub>2</sub> emissions | FY2027 target                   | FY2030 target                 |
|---|--|---------------------------------|-------------------------------|
| 84,205t-CO <sub>2</sub>                       | 77,708t-CO <sub>2</sub>                    | 15.6% reduction<br>(vs. FY2022) | 25% reduction<br>(vs. FY2022) |
|   | (8% reduction 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<br>(base year) | FY2024<br>actual            | FY2027<br>target          | FY2030<br>target          |
|--|-----------------------|-----------------------------|---------------------------|---------------------------|
| Rate of usage of environmentally friendly packaging material (FSC-certified paper)*1 (%) | Not measured          | <b>23.5</b><br>(Vs. FY2021) | <b>26</b><br>(Vs. FY2021) | <b>30</b><br>(Vs. FY2021) |
| Rate of usage of environmentally friendly materials such as biomass plastics*2 (%)       | Not measured          | <b>2.6</b><br>(Vs. FY2021)  | <b>5</b><br>(Vs. FY2021)  | <b>8</b><br>(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<br>(base year)                                     | FY2024<br>actual  | FY2027<br>target                     | FY2030<br>target                     |
|---|---|---|--------------------------------------|--------------------------------------|
| Rate of reduction in water volume consumed (per unit of production value) | Water consumed<br><b>510</b> m <sup>3</sup> /¥100 million | Water consumed<br><b>390</b> m <sup>3</sup> /¥100 million<br>(24% reduction vs. FY2018) | <b>33%</b> reduction<br>(Vs. FY2018) | <b>35%</b> reduction<br>(Vs. FY2018) |
| Rate of reduction in waste volume (per unit of sales)                     | Waste treatment volume<br><b>0.47</b> t/¥100 million      | Waste treatment volume<br><b>0.37</b> t/¥100 million<br>(22% reduction vs. FY2018)      | <b>11%</b> reduction<br>(Vs. FY2018) | <b>15%</b> reduction<br>(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&amp;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

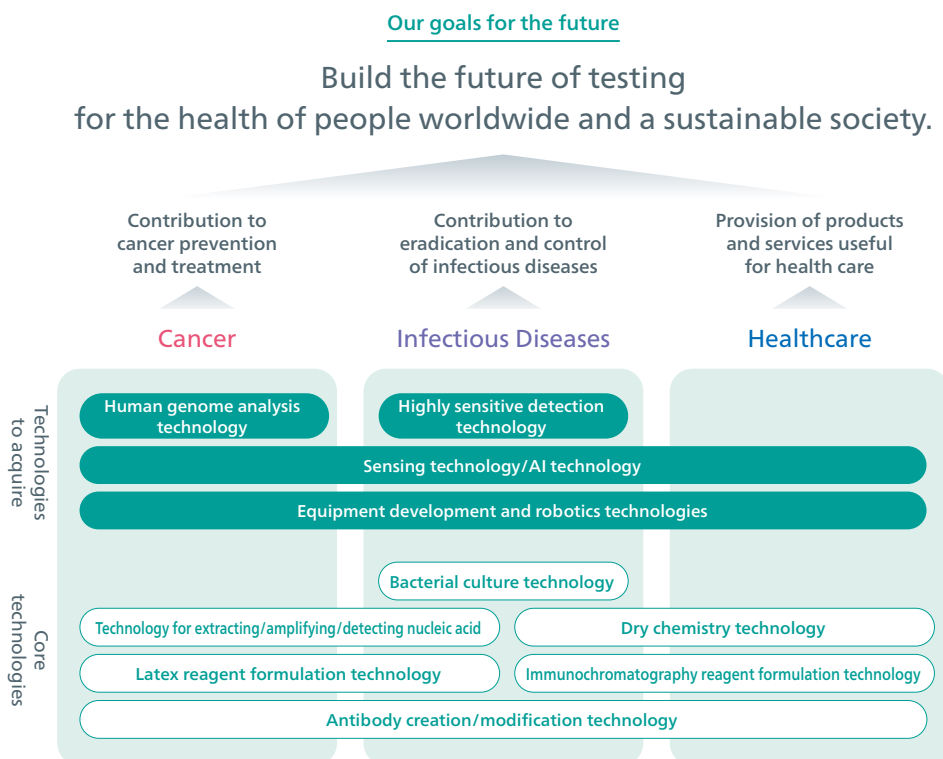
Towards the achievement of the EIKEN ROAD MAP 2030, we will grow the seeds planted in the previous MTMP's foundation into innovation. The challenges associated with clinical diagnostics are different in each region and country. Transforming seeds to innovation will require us to sympathize with local 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.

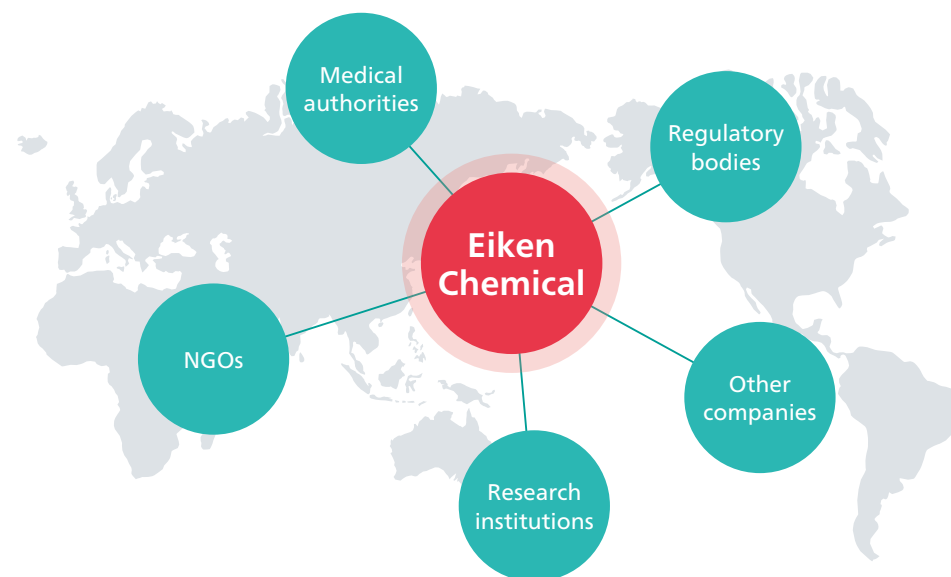
Based on this future vision of medicine, we have formulated a technology roadmap outlining what kinds of technology we should possess and by when. Through this R&D approach, we are sustainably manifesting corporate value. We are also planning to make strategic investments to advance our core technologies 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 Expected return AI antibody design 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 Expected return In-house reagent raw material production 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 Expected return Lineup improvement 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

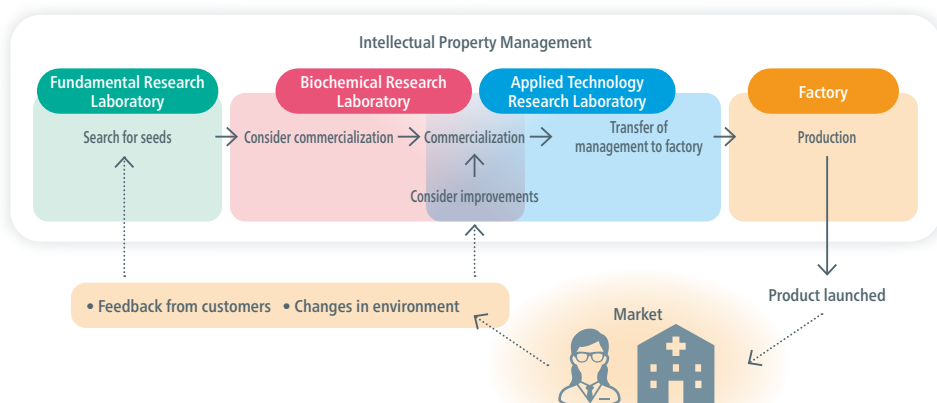
By continuously managing and renewing the intellectual property rights it has acquired to maximize their value, the Company works to increase the value of the business. The Company will also implement timely reviews of its intellectual property rights in response to changes in technologies and markets,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

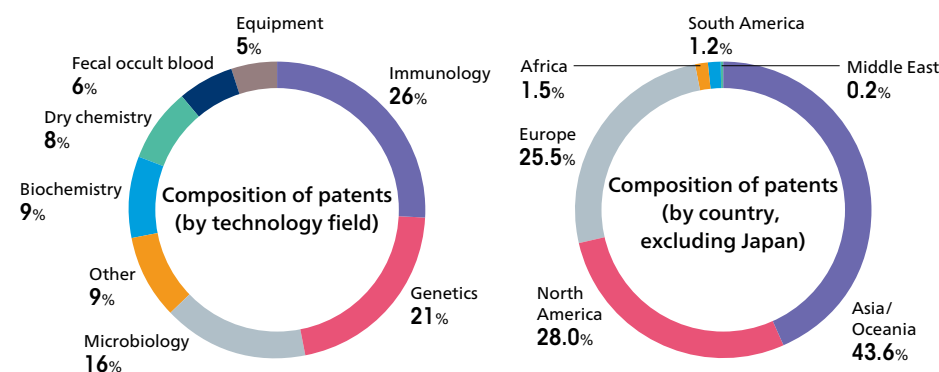
The Company implements intellectual property training for employees in the R&D Division. Regular liaison meetings are also held between the Intellectual Property Division and the R&D Division to share information on patents inside and outside the Company.

### 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.



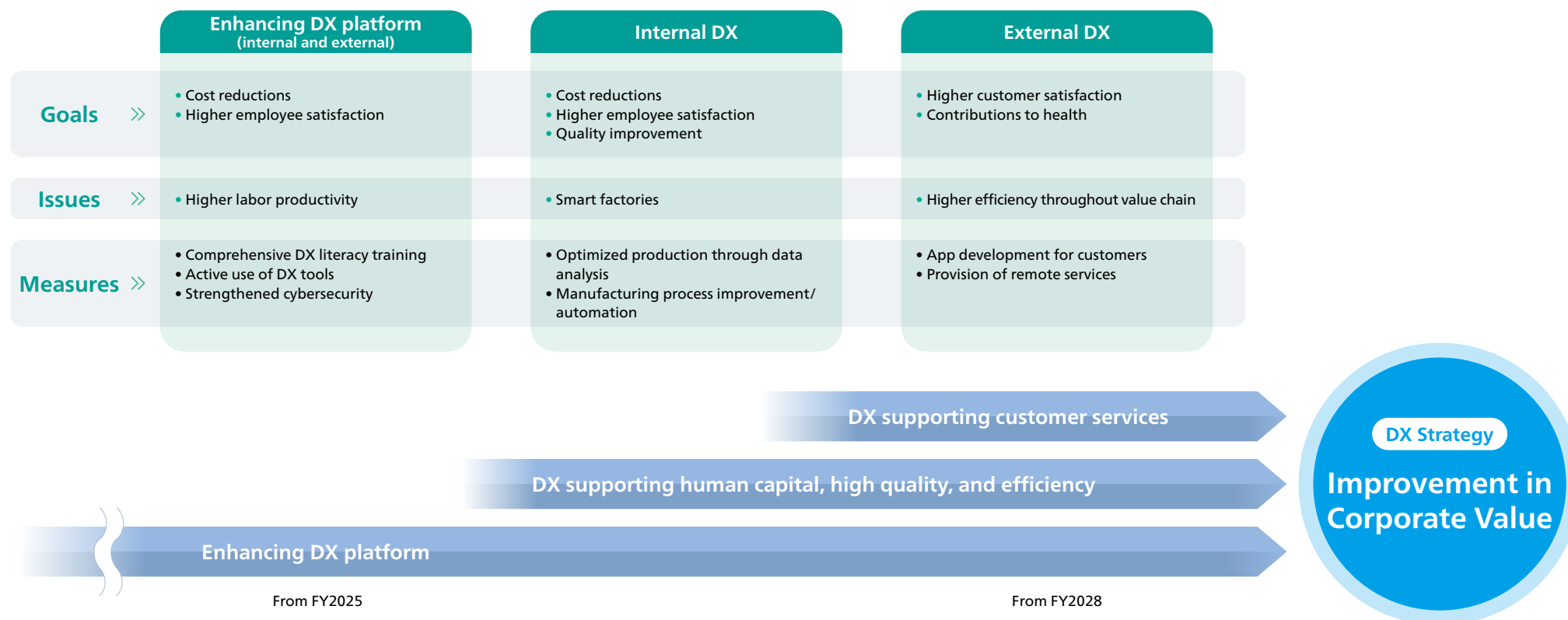


In recent years, the importance of AI and data utilization has increased rapidly, driven by the emergence of innovative technologies. At the same time, enhancing cybersecurity measures has never been more important. In this changing environment, we have positioned and begun promoting DX Strategy, comprising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

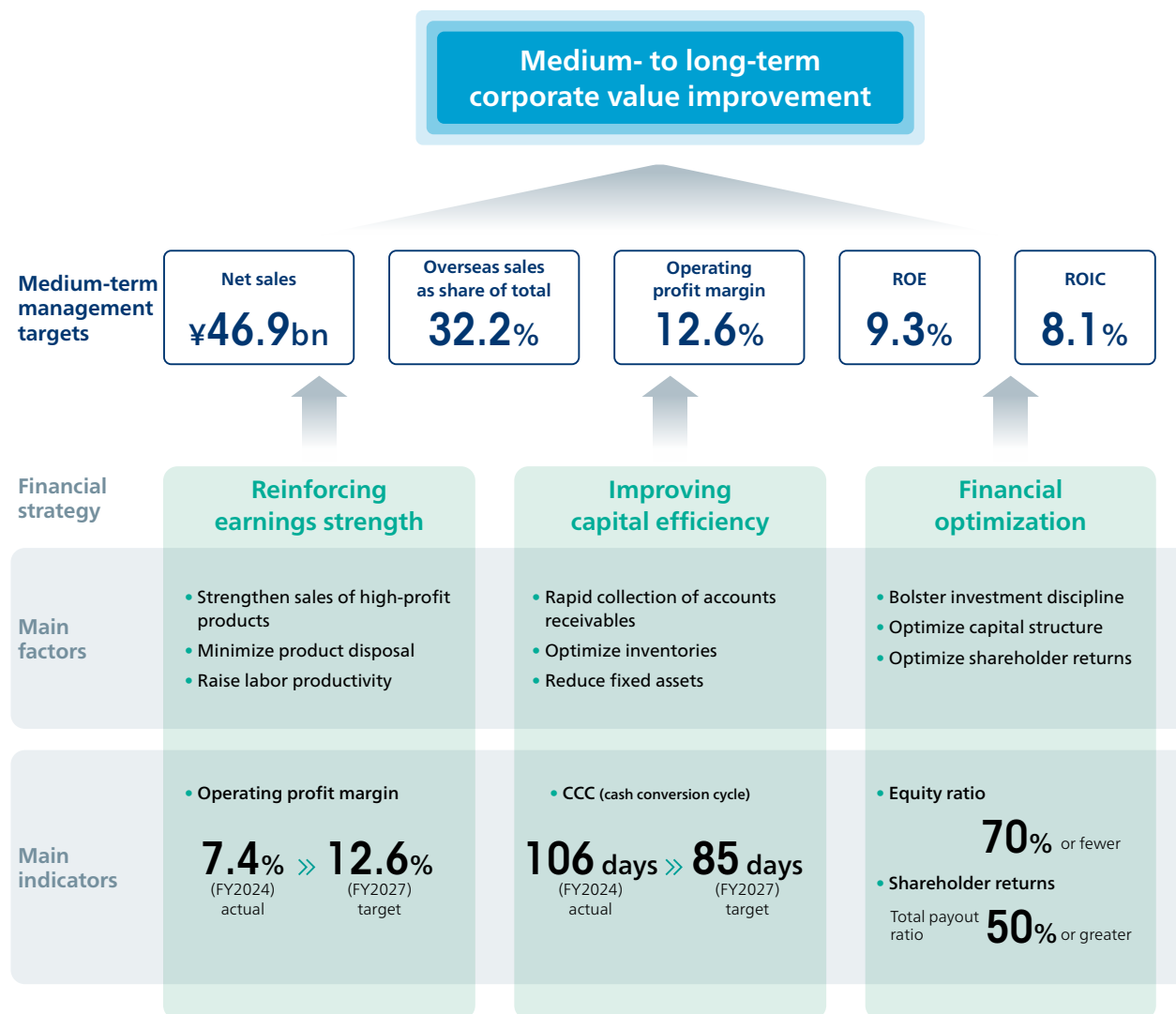
In preparation for establishing management with an awareness of the cost of capital, the Company designated net sales, overseas sales as share of total sales, operating profit margin, and ROE as important indicators in the management framework EIKEN ROAD MAP 2030. We believe that achieving medium- to 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.

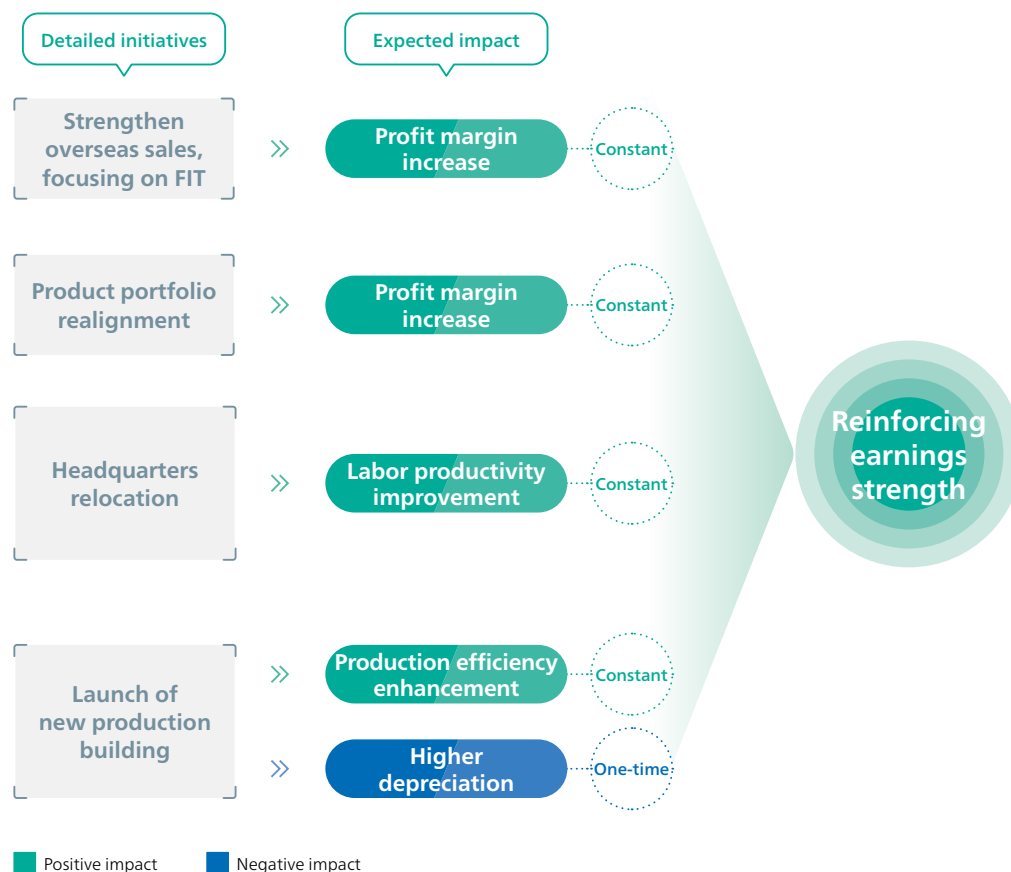
We will continue to make strategic investments in order to ensure our medium- to long-term growth. As these strategies will require us to maintain a sound financial foundation, we will raise our investment discipline and optimize our finances. Further, we will aim to raise profit margins and productivity 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.



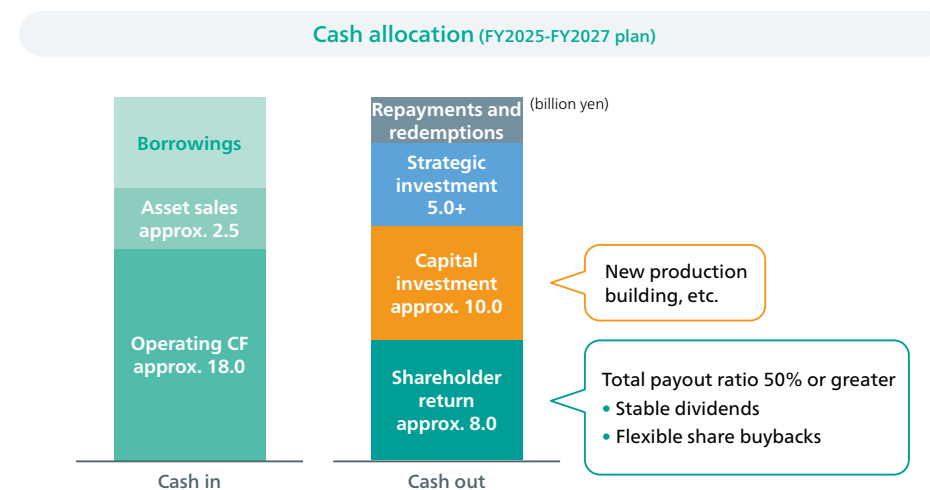
## ► Improving capital efficiency

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.

### 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

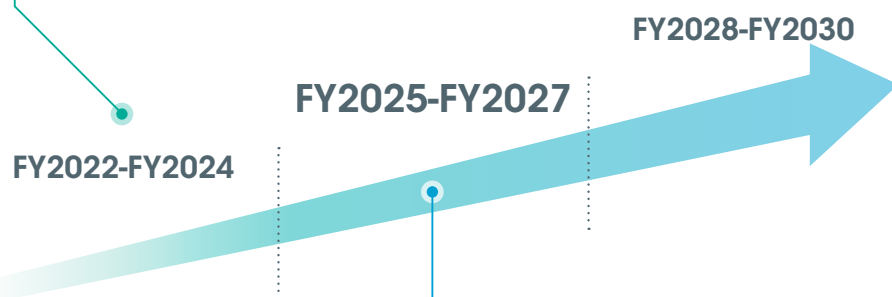
### Main initiatives

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

## 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<br>actual | FY2023<br>actual | FY2024<br>actual |             | FY2027<br>target | FY2030<br>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.

## 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

