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Annual Securities Report

Fiscal year	From April 1, 2022
(85th)	To March 31, 2023

EIKEN CHEMICAL CO.,LTD.

Table of contents

	Page
Part 1 Company Information	1
I. Overview of Company	1
1. Trends of Key Management Indicators.	1
2. History.	3
3. Business Description.	4
4. Subsidiaries and Other Affiliated Entities.	5
5. Employees.	5
II. Overview of Business	7
1. Management Policy, Business Environment, Issues to Address.	7
2. Views on Sustainability and Initiatives.	12
3. Operating Risks.	22
4. Management Analysis of Consolidated Financial Position, Consolidated Business Performance and Cash Flows	24
5. Material Contracts, etc.	29
6. Research and Development Activities	30
III. Information about Facilities	31
1. Overview of Capital Expenditures	31
2. Major Facilities	31
3. Planned Addition, Retirement, and Other Changes of Facilities	32
IV. Information about Reporting Company	33
1. Company's Shares, etc.	33
2. Acquisition and Disposal of Treasury Shares	70
3. Dividend Policy	71
4. Corporate Governance	72

Part 1 Company Information

I. Overview of Company

1. Trends of Key Management Indicators

(1) Consolidated Management Indicators

Fiscal Year		81st	82nd	83rd	84th	85th
Year End		March 2019	March 2020	March 2021	March 2022	March 2023
Net sales	(Million yen)	35,761	36,585	38,667	42,996	43,271
Ordinary profit	(Million yen)	4,681	4,723	6,808	8,508	7,568
Profit attributable to owners of parent	(Million yen)	3,447	3,538	5,044	6,218	5,736
Comprehensive income	(Million yen)	3,397	3,337	5,507	6,290	5,595
Net assets	(Million yen)	35,014	37,303	41,672	45,803	49,535
Total assets	(Million yen)	47,279	50,322	55,685	62,512	66,275
Net assets per share	(Yen)	942.37	1,002.86	1,120.36	1,230.55	1,327.47
Basic earnings per share	(Yen)	93.63	95.95	136.65	168.28	155.17
Diluted earnings per share	(Yen)	92.84	95.21	135.60	167.01	153.86
Equity ratio	(%)	73.5	73.5	74.3	72.8	74.2
Return on equity	(%)	10.3	9.9	12.9	14.3	12.1
Price earnings ratio	(Times)	27.8	20.5	15.8	10.3	10.1
Cash flows from operating activities	(Million yen)	3,318	5,460	5,451	7,769	7,575
Cash flows from investing activities	(Million yen)	(4,435)	(3,711)	(2,193)	(5,044)	(316)
Cash flows from financing activities	(Million yen)	(1,083)	(1,220)	(1,275)	1,200	(2,095)
Cash and cash equivalents at end of period	(Million yen)	4,448	4,981	6,968	10,900	16,064
Number of employees		719	724	733	745	754
[Average number of temporary employees]	(Persons)	[321]	[329]	[354]	[360]	[352]

(Note) The “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020), etc. are applied from the beginning of the 84th fiscal year and the key management indicators in and after the 84th fiscal year are those after the application of the said accounting standard, etc.

(2) Management Indicators of Reporting Company

Fiscal Year		81st	82nd	83rd	84th	85th
Year End		March 2019	March 2020	March 2021	March 2022	March 2023
Net sales	(Million yen)	35,738	36,564	38,610	42,915	43,195
Ordinary profit	(Million yen)	4,667	4,703	6,833	8,515	7,613
Profit	(Million yen)	3,433	3,518	5,070	6,231	5,781
Share capital	(Million yen)	6,897	6,897	6,897	6,897	6,897
Total number of issued shares	(Shares)	43,541,438	43,541,438	43,541,438	43,541,438	43,541,438
Net assets	(Million yen)	35,299	37,741	41,679	45,755	49,667
Total assets	(Million yen)	47,571	50,753	55,696	62,469	66,404
Net assets per share	(Yen)	950.11	1,014.73	1,120.56	1,229.25	1,331.05
Dividend per share [Interim dividend per share]	(Yen)	30.00 [13.00]	30.00 [13.00]	41.00 [15.00]	51.00 [20.00]	51.00 [24.00]
Basic earnings per share	(Yen)	93.23	95.41	137.35	168.62	156.40
Diluted earnings per share	(Yen)	92.44	94.67	136.30	167.34	155.08
Equity ratio	(%)	73.7	73.7	74.3	72.7	74.2
Return on equity	(%)	10.2	9.7	12.9	14.4	12.2
Price earnings ratio	(Times)	28.0	20.7	15.7	10.2	10.0
Dividend payout ratio	(%)	32.2	31.4	29.9	30.2	32.6
Number of employees [Average number of temporary employees]	(Persons)	673 [310]	677 [315]	684 [341]	697 [347]	708 [344]
Total shareholder return [Comparison indicators: Dividend Included TOPIX]	(%) (%)	98.4 [95.0]	75.8 [85.9]	84.5 [122.1]	70.1 [124.6]	65.9 [131.8]
Highest share price	(Yen)	2,862	2,660	2,438	2,340	2,076
Lowest share price	(Yen)	2,136	1,440	1,562	1,652	1,534

(Notes) 1. Highest and lowest share prices on and before April 3, 2022 are those recorded on the First Section of the Tokyo Stock Exchange, while prices on and after April 4, 2022 are those recorded on the Prime Market of the Tokyo Stock Exchange.

2. The “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020), etc. are applied from the beginning of the 84th fiscal year and the key management indicators for the fiscal years in and after the 84th fiscal year are those after the application of the said accounting standard, etc.

2. History

February 1939	Koa Kagakukogyo Co., Ltd. (133, Honden-cho, Katsushika-ku, Tokyo) established with 50,000 yen in capital and launched manufacturing and sales of nutritional foods made with livestock organs as raw materials.
August 1940	Company name changed to Koa Eiyokagaku Kenkyusho Co., Ltd.
April 1941	Obtained a license as a pharmaceutical manufacturer and dealer to begin the manufacture and sale of organ pharmaceuticals.
May 1943	Capital alliance executed with Tanabe Seiyaku Co., Ltd. through a third-party allotment.
April 1946	Company name changed to Nihon Eiyokagaku Co., Ltd.
April 1950	First company to succeed in creating a powdered agar for the detection of shigella bacteria (typhoid search), contributing to the development of communicable disease control and public health in Japan.
May 1961	Established the Clinical Diagnostics Division and launched research and development of in vitro diagnostics.
September 1965	Completed phase-one construction of the Nogi Plant (Nogi, Tochigi) and launched production.
February 1969	Company name changed to Eiken Chemical Co., Ltd. on the 30th anniversary of its founding.
February 1975	Completed Oji Office (Kita-ku, Tokyo) and launched operations.
June 1979	Completed Togane Plant (Togane, Chiba) and launched production.
August 1980	Completed new headquarters building (Bunkyo-ku, Tokyo) and launched operations.
April 1984	Completed phase-one construction of the Nasu Plant (Otawara, Tochigi) and launched production.
March 1987	Completed the phase-two construction of the Nasu Plant and launched production.
December 1987	Began capital participation in EIKEN KIZAI CO., LTD.
June 1989	Completed Nogi Plant No. 8 (Immuno-Serum Preparation Plant) and launched production.
January 1990	Listed stock in the Second Section of the Tokyo Stock Exchange.
May 1990	Established Tokyo Office (Sumida-ku, Tokyo).
September 1991	Established Eiken Million Staff Co., Ltd.
June 1992	Completed Biochemical Research Laboratory (Nogi, Tochigi) and launched operations.
September 1996	Completed phase-one construction of the Nasu Plant No. 2 and launched production.
September 2001	Established Eiken Logistics Service Co., Ltd.
March 2002	Selected as one of the specified brands of the Tokyo Stock Exchange First Section.
February 2004	Completed Logistics Management Center (Nogi, Tochigi) and launched operations.
September 2004	Established EIKEN SHANGHAI CO., LTD.
August 2006	Completed construction of the factory of EIKEN SHANGHAI CO., LTD.
October 2006	Merged Eiken Logistics Service Co., Ltd. into Eiken Million Staff Co., Ltd.
April 2007	Merged with EIKEN KIZAI CO., LTD.
July 2008	Relocated headquarters and integrated three Tokyo offices (Taito-ku, Tokyo).
July 2009	Completed Nogi Plant's powder culture mediums plant and launched production.
February 2012	Completed Operation Management Center (Office Building and Manufacturing Building) at the Nogi Division and launched operations.
March 2012	Closed Oji Office and operations consolidated mainly into the Nogi Division.
April 2012	EIKEN SHANGHAI CO., LTD. renamed EIKEN CHINA CO., LTD.
June 2012	Closed the Togane Division and transferred production to the Nogi Division.
March 2014	Dissolved Eiken Million Staff Co., Ltd.
April 2014	Established Europe Office (Amsterdam, Holland).
April 2017	Expanded and renovated Nasu Plant No. 2 and launched operations.
September 2017	Began operation of a production line for urinalysis paper at the new manufacturing building of the Nogi Plant.
September 2020	Established a stable supply system for COVID-19 detection reagents.
April 2022	Moved from the First Section to the Prime Market due to the revision of the market classification of the Tokyo Stock Exchange.
October 2022	Completed a new research laboratory (Nogi, Tochigi), and launched operations as the R&D Center together with an existing research laboratory.

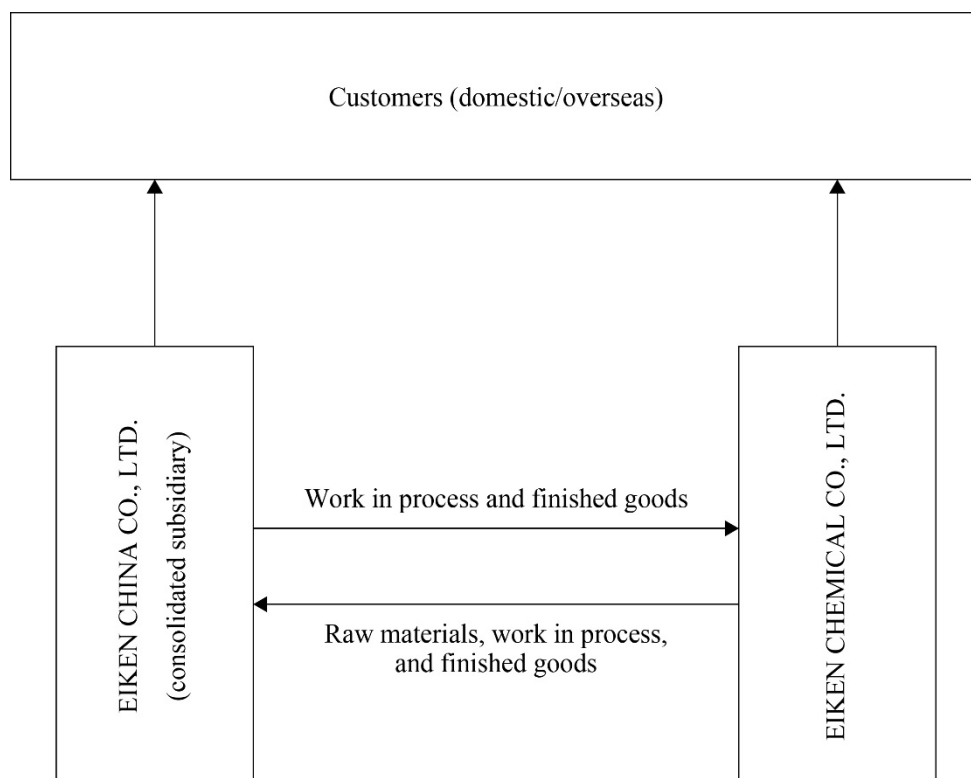
3. Business Description

The Group consists of the Company (EIKEN CHEMICAL CO., LTD.) and one consolidated subsidiary (EIKEN CHINA CO., LTD.), and is mainly engaged in the manufacture and sale of clinical diagnostics.

Our consolidated subsidiary, EIKEN CHINA CO., LTD., is mainly engaged in contract manufacturing of clinical diagnostics and purchase, manufacture, and sale of clinical diagnostics.

The above can be shown in the following business diagram.

[Business diagram]



4. Subsidiaries and Other Affiliated Entities

Consolidated subsidiary

Name	Location	Share capital (Million yen)	Main business	Percentage of voting rights held (%)	Relationship with the Company					
					Concurrent officer, etc.		Financial assistance (Million yen)	Business transactions	Lease of equipment	Other
					The Company's officers (Persons)	The Company's employees (Persons)				
EIKEN CHINA CO., LTD.	Shanghai, China	1,316	Manufacture and sale of clinical diagnostics	100	2	1	-	Contract manufacturing of the Company's products and purchase, manufacture, and sale of the Company's products	-	-

(Note) EIKEN CHINA CO., LTD. is a specified subsidiary.

5. Employees

(1) Consolidated companies

As of March 31, 2023

	Number of employees
Total	754 (352)

- (Notes) 1. The number of employees is the number of full-time employees, and the number of temporary employees (including senior employees, part-time employees, contract employees, and temporary employees) is the average number of employees per year, which is shown in parentheses.
2. The number of employees is collectively stated for the Group because the Group's business is a single segment in the clinical diagnostics business, and it does not distinguish between business divisions, etc.

(2) Reporting company

As of March 31, 2023

Number of employees	Average age	Average years of service	Average annual salary (yen)
708 (344)	42 years and 5 months	16 years and 0 month	7,689,883

- (Notes) 1. Average annual salary includes non-standard salary and bonus.
2. The number of employees is the number of full-time employees, and the number of temporary employees (including senior employees, part-time employees, contract employees, and temporary employees) is the average number of employees per year, which is shown in parentheses.

(3) Status of labor union

Labor-management relationship is stable at the Group, and there are no particular matters to be stated.

(4) Percentage of women in management positions, percentage of male employees taking childcare leave, and differences in wages between male and female employees

Reporting company

Current fiscal year				
Percentage of women in management positions (%) (Note 1)	Percentage of male employees taking childcare leave (%) (Note 2)	Differences in wages between male and female employees (%) (Note 1)		
		All employees	Full-time employees	Part-time and fixed-term employees
13.8	176.9	65.4	88.3	47.1

- (Notes) 1. Calculated in accordance with the provisions of the "Act on Promotion of Women's Participation and Advancement in the Workplace" (Act No. 64, 2015).

2. Calculated based on the ratio of employees who took childcare leave, etc. as stipulated in Article 71-4, Item 1 of the “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Ordinance of the Ministry of Labor No. 25, 1991), in accordance with the provisions of the “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No. 76, 1991).

II. Overview of Business

1. Management Policy, Business Environment, Issues to Address

Forward-looking statements in this document are based on the judgment of the Group as of the end of the consolidated fiscal year under review.

(1) Management policy

The Group has established the “EIKEN WAY,” which consists of our management philosophy, management vision, and motto, and by implementing the “EIKEN WAY” throughout the Group, we aim to continuously increase corporate value and contribute to the prosperity of our business partners and to our shareholders and society.

EIKEN WAY

- Our Management Philosophy: Protect the health of the public through health care services.
- Our Management Vision: Eiken group is dedicated to leveraging expertise as a medical testing pioneer in order to increase corporate value by protecting the health of the public with products and services that customers can trust.
- Our Motto: We Eiken provide trustworthy quality, and develop with technology.

(2) Management strategy, etc.

To respond to the unfolding changes in its business environment and operate from a perspective of sustainable management, the Group has formulated the “EIKEN ROAD MAP 2030” with the year 2030 as the target year.

The slogan for the Group’s vision for 2030 is “Beyond the Field: Team × Challenge.” Under this slogan, we aim to achieve three objectives: To energize the skillset of each and every employee so that all employees can broaden their domain of activity; to give rise to fresh possibilities by gathering those individuals with their enhanced capabilities and taking them beyond their respective domains to take on challenges as a team; and to step beyond existing business domains to inspire innovation in medical processes, thereby building the future of testing.

“EIKEN ROAD MAP 2030” identifies the Group’s existing business domains as its core businesses while specifying three areas as key business fields: Contribution to the prevention and treatment of cancer; Contribution to the eradication and control of infectious diseases; and Provision of products and services that play a valuable role in health management.

In the field of “cancer,” we will focus on areas that are more directly related to treatment, while in the field of “infectious diseases,” we will focus on establishing simpler testing technologies. In the field of “healthcare,” the Group will expand its products and services to serve the needs of remote diagnosis and home testing.

<Vision for the Medium-to-Long Term>

■ Contribution to the prevention and treatment of cancer

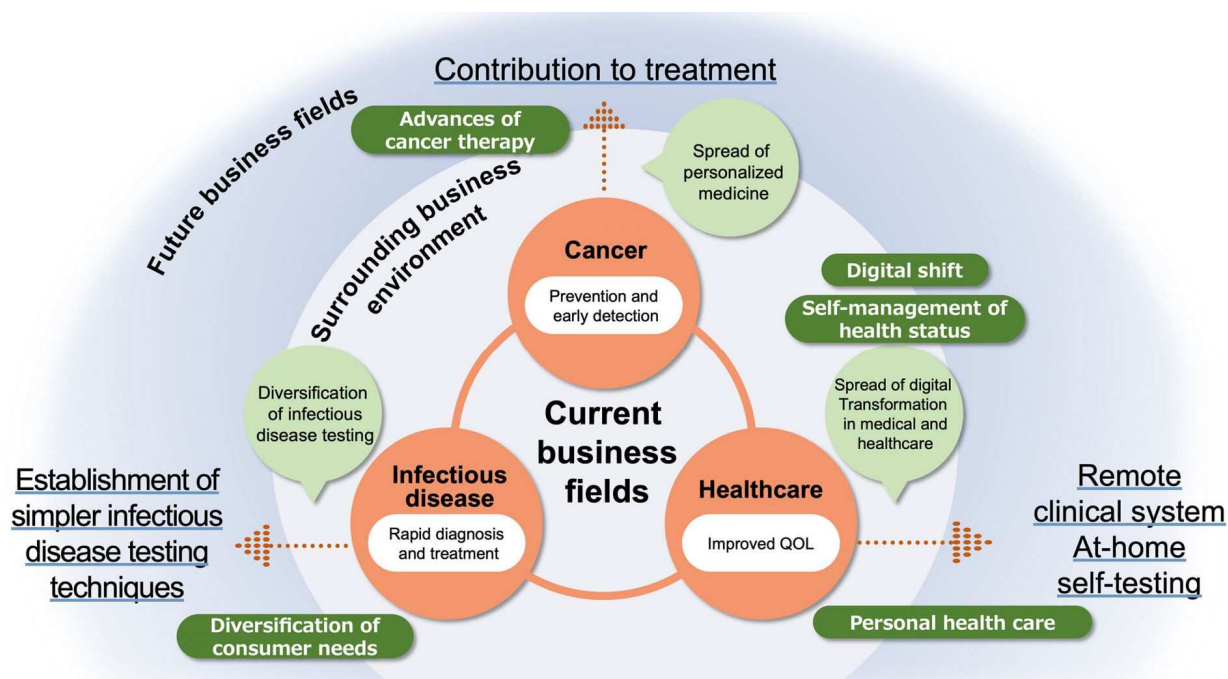
The Group concentrates its efforts on the diagnostic business (prevention and early detection). This focus has enabled the Group to contribute to lowering the cancer death rate, particularly in colorectal cancer, by constructing a global screening program and enabling the early detection of cancer. However, the cancer treatment field has other needs as well. Cancer treatment can be ruinously expensive, and choosing the right treatment is paramount. To serve these treatment needs, the Group aims not only to prevent cancer but also to develop comprehensive testing systems that cover the selection of therapeutic agents and the judgement of the efficacy of treatments. In this way the Group is committed to reducing the death rate from cancer.

■ Contribution to the eradication and control of infectious diseases

To grapple with threatening infectious diseases, the Group will expand its lineup of related products and deploy genetic testing systems for tuberculosis, malaria and other infectious diseases worldwide. By developing infection-diagnostic systems that are simpler and faster than previous diagnostic methods, the Group will contribute to improved access to healthcare.

■ Provision of products and services that play a valuable role in health management

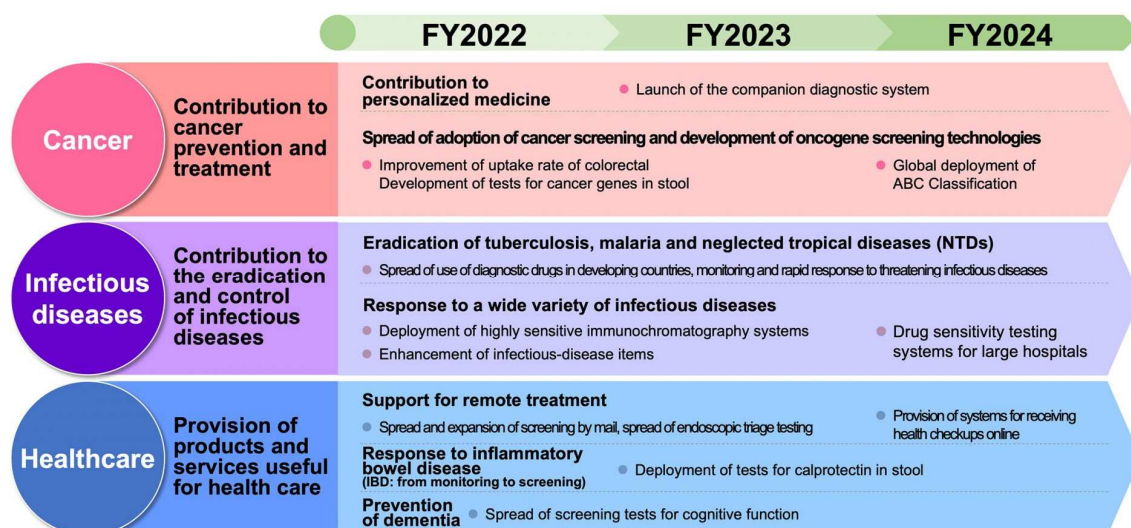
To extend people's healthy lifespan, the Group will advance into the field of mobile health, diversifying into remote diagnostics and home testing. Ultimately, the Group aims to develop monitoring systems that stay close to people's lives and provide information about their health condition before they realize they need it.



<Medium-Term Management Plan>

The Group has established its first Medium-Term Management Plan aimed at achieving EIKEN ROAD MAP 2030. This Plan outlines key measures in accordance with the vision of EIKEN ROAD MAP 2030 and responds to the currently accelerating paradigm shift in healthcare. In addition, the Plan aims to advance the enhancement of management platform, promote personnel-focused management, enhance employee satisfaction and motivation, furnish an environment that fosters innovation and boost sustainable growth with steady improvement in profitability.

Principal Fields and Key Measures for the Three-year Medium-Term Management Plan



(3) Objective indicators for judging the status of achievement of management goals

In its Medium-Term Management Plan, the Group aims to achieve net sales of 43,500 million yen (11,230 million yen in overseas sales), operating profit of 6,250 million yen (operating profit margin of 14.4%), and ROE of 9.2% with the fiscal year ending March 31, 2025 being the final year of the plan.

		Medium-term numerical targets	
		Fiscal year ending March 31, 2025	Fiscal year ending March 31, 2031
Growth potential	Net sales	43.5 billion yen	75.0 billion yen
	Overseas sales ratio	25.8%	40% or more
Profitability	Operating profit margin	14.4%	20% or more
Capital efficiency	Return on equity (ROE)	9.2%	15% or more

(4) Business environment

Regarding future prospects, the unstable global situation triggered by Russia's military invasion of Ukraine, hiking raw material and utility costs due to higher resource prices, and inflation control measures in various countries will likely continue to cause difficult conditions.

Under such circumstances, based on "EIKEN ROAD MAP 2030," the Group identifies its existing business domains as its core businesses while specifying three areas as key business fields: "Contribution to cancer prevention and treatment," "Contribution to the eradication and control of infectious diseases," and "Provision of products and services useful for health care." In the field of "cancer," we will focus on areas that are more directly related to treatment, while in the field of "infectious diseases," we will focus on establishing simpler testing technologies. In the field of "healthcare," the Group will expand its products and services to serve the needs of remote diagnosis and home testing. In the Medium-Term Management Plan (FY2022–FY2024), the Group will develop key measures with a focus on principal fields.

With a view to establishing a sustainable society, the Group has identified 11 materialities (key issues) for priority response and is deploying detailed action plans for each. The Group sets key performance indicators (KPIs) for each materiality and proceeds with each materiality while monitoring progress toward achievement. As a Group with a mission to protect the health of people worldwide, the Group is addressing issues not only in "Medical" but also in the "Environment," "Society," and "Governance." We believe that contributing solutions to social issues in this way will further bolster our corporate value and lead to achieving a sustainable society.

Regarding our performance forecast for the next fiscal year, we assume that demand for genetic testing for COVID-19 (COVID-19 detection reagents) will decrease from the fiscal year ended March 31, 2023, therefore, we forecast net sales of 42,000 million yen (down 2.9% year-on-year). Regarding profit, we forecast operating profit of 5,380 million yen (down 27.9% year-on-year), ordinary profit of 5,400 million yen (down 28.7% year-on-year), and profit attributable to owners of parent of 4,250 million yen (down 25.9% year-on-year) due to a decrease in sales of high-profit COVID-19 detection reagent products and income from patent rights for the LAMP method alongside an increase in expenses from investment for research and development and investment to bolster management fundamentals.

Overseas, we forecast net sales of 10,270 million yen (up 16.7% year-on-year) and a sales ratio of 24.5%.

(5) Priority business and financial issues to be addressed

In the consolidated fiscal year under review, the Group has been addressing the following priority issues based on the "EIKEN ROAD MAP 2030" and the Medium-Term Management Plan (FY2022–FY2024).

(i) Contribution to cancer prevention and treatment

In order to contribute to personalized medicine, we filed a pharmaceutical application of the Mutation Investigator using the Next-era Sequencer ("MINtS") as a system for the batch detection and analysis of multiple genetic abnormalities in lung cancer, as a testing system covering the selection of therapeutic agents and determination of treatment efficacy. In addition, we registered a part of our Nogi Division as a sanitary inspection laboratory (named "Eiken Chemical Clinical Laboratory") and launched a contract testing business using MINtS.

(ii) Contribution to the eradication and control of infectious diseases

We implemented countermeasures against COVID-19 through the stable supply of COVID-19 detection reagents in Japan and global roll out of these reagents. In addition, as a response to COVID-19, we launched the Exdia EK Test series, a highly sensitive immunochromatography system that enables antigen testing for COVID-19 and influenza A/B from a single swab sample. We also signed the Kigali Declaration for the control of neglected tropical diseases. Going forward, we will further strengthen our collaboration with our global partners to work toward the elimination of neglected tropical diseases by providing access to rapid and accurate diagnosis and more effective treatment based on that diagnosis.

(iii) Provision of products and services useful for health care

Overseas, the market has shown a trend toward expansion as the concepts of web-based, mail-based, and pharmacy-based medical checkups and endoscopic triage have become more widespread. In addition, efforts were made to deploy reagents for measuring calprotectin in stool for early detection of inflammatory bowel disease (IBD), which requires long-term treatment once it develops.

In addition, the "EIKEN ROAD MAP 2030" sets forth the management strategies of "A Dynamic Company Driven by

Excellent People” and “Business Activities in Harmony with Regional Environments” as indispensable for the implementation of the above business activities. In order to achieve these goals, it is necessary to further strengthen the governance of the Group (includes subsidiaries) as the basis for these efforts, and we will continue to strive to improve governance.

The Group will continue to implement the key measures mentioned above, establish a management foundation and promote management focused on human resources, with the aim of achieving sustainable growth and steady improvement in profitability.

2. Views on Sustainability and Initiatives

The Group's views on sustainability and its initiatives are as follows.

Forward-looking statements in this document are based on the judgment of the Group as of the end of the consolidated fiscal year under review.

To respond to environmental changes surrounding its business and incorporate a perspective of sustainable management, the Group has formulated the "EIKEN ROAD MAP 2030" with the year 2030 as the target year. We will engage in our business activities based on the "EIKEN WAY," which is based on our management philosophy, management vision, and motto, and strengthen our ESG (environmental, social, and governance) initiatives to contribute to solving social issues, thereby realizing a sustainable society and continuously increasing our corporate value.

(1) Governance

Based on the management philosophy "Protect the health of the public through health care services," the Group will strive to solve various social issues through its business activities. In order to promote sustainability more actively throughout the Group, we have established a Sustainability Committee, which is chaired by the President & CEO and consists of the Executive Officers in charge of each function and business group. In principle, the Sustainability Committee meets twice a year, deliberating and reporting on important matters related to sustainability. Depending on the importance or other aspects of the contents of issues to be deliberated, the Committee refers some matters to the Management Conference, as necessary. The proceedings of the Sustainability Committee are reported to and supervised by the Board of Directors. The mid-term and annual targets that are approved and set forth by the Sustainability Committee are sent for execution to related committees and divisions, where they are developed in detail and related activities are advanced.

(2) Strategy

The Group has identified 11 materialities, and in addition to "Environment," "Society," and "Governance," has created the category of "Medical" as a company that protects the health of people around the world, expressed in four categories. The Group is raising awareness of these materialities internally, incorporating them into its business strategy and drafting targets and key performance indicators (KPIs) for each issue. In so doing, the Group is focusing its combined efforts on these materialities and contributing through various initiatives to the achievement of the SDGs.

Materialities of the Group		Main measures
Medical Contributing to Health and Quality of Life for People Around the World 	Improving Access to Healthcare	Supply of products to developing countries that have not yet adopted them
	Solutions to Medical Issues	Global solutions to healthcare issues
	Pursuing Quality and Establishing Sustainable Supply Chains	Strengthening of supply-chain management
Environment Business Activities in Harmony with Regional Environments 	Responding to Climate Change	Reduction of CO ₂ emissions at worksites (Scopes 1 and 2)
	Contributing to a Recycling-Oriented Society	Reduction of water use
		Reduction of waste
Social A Dynamic Company Driven by Excellent People 	Respecting Human Rights and Diversity	Promotion of diversity and inclusion
		Eradication of harassment
	Employee Engagement and Personnel Training	Creating fulfilling and supportive workplaces and achieving work-life balance
		Development of global personnel
	Boosting Health and Ensuring Safety and Hygiene	Advancement of health improvement programs and safety-and-hygiene activities
Governance An Organizational Base That Supports Sustainable Growth 	Achieving Sound and Transparent Governance	Promoting diversity among executives
	Rigorous Compliance and Thorough Corruption Prevention	Training and monitoring based on compliance programs
		Thorough prevention of corruption
	Establishing Risk Management	Continuous improvement of business continuity management
		Strengthening of information security management

Sustainability website: <https://www.eiken.co.jp/en/sustainability/>

(3) Risk Management

The Group has established the “Eiken Group Risk Management Regulations” based on the “Eiken Group Risk Management Policy” and conducts periodic risk assessments to identify, analyze, and evaluate risks related to business activities. For major risks and Group-wide risks, the “Risk Management & Compliance Committee,” which includes all Executive Officers, oversees risk management activities and works to reduce risks and prevent their occurrence. In addition, the “Risk Management & Compliance Promotion Committee” has been established at each division to address risks related to operations at the division or department level. The committee reports on risk management activities to the Board of Directors, which oversees the effectiveness of risk management.

(4) Indicators and targets

Regarding the materiality items as described in the above “(2) Strategy” of the Group, it is difficult to describe at the consolidated Group level because, although specific efforts are being made by the Company, along with the management of related indicator data, such efforts are not being made at all companies belonging to the consolidated Group. For this reason, of the targets related to the following indicators, those of the submitting company, which operates the main business in the consolidated Group, are listed except for the materiality related to the environment.

Materialities		Measures	KPI	Medium- to long-term target	
				FY2024	FY2030
Contributing to Health and Quality of Life for People Around the World	Improving Access to Healthcare	Supply of products to developing countries that have not yet adopted them	Declaration of stance on improvement of access to healthcare	Drafting and declaration	-
			Number of countries in which products are deployed	8 countries	15 countries
	Solutions to Medical Issues	Global solutions to healthcare issues	Number of countries in which colorectal cancer screening tests are deployed	49 countries	57 countries
	Pursuing Quality and Establishing Sustainable Supply Chains	Strengthening of supply-chain management	Rate of implementation of surveys on responsible procurement ¹	90%	100%
			Rate of implementation of due diligence on human rights ¹	90%	100%
Business Activities in Harmony with Regional Environments	Responding to Climate Change	Reduction of CO ₂ emissions at worksites (Scopes 1 and 2)	Rate of reduction in CO ₂ emissions (total)	14% reduction (compared to FY2018)	30% reduction (compared to FY2018)
	Contributing to a Recycling-Oriented Society	Reduction of water use (water use at all production bases globally)	Rate of reduction in water use (by unit of value of production)	30% reduction (compared to FY2018)	35% reduction (compared to FY2018)
		Reduction of waste	Rate of reduction of waste volume (by unit of sales)	5% reduction (compared to FY2018)	15% reduction (compared to FY2018)
		Reduction of packaging and use of sustainable materials	Rate of adoption of eco-friendly packaging (recycled paper) ² (compared with FY2021)	Setting of the goal in FY2022	Setting of the goal in FY2022
			Rate of adoption of biodegradable plastics and other recyclable materials ³ (compared with FY2021)	Setting of the goal in FY2022	Setting of the goal in FY2022

Materialities		Measures	KPI	Medium- to long-term target	
				FY2024	FY2030
A Dynamic Company Driven by Excellent People	Respecting Human Rights and Diversity	Promotion of diversity and inclusion	Percentage of managerial positions held by women ⁴	20%	30%
			Percentage of employees who are disabled	2.6%	3.0%
		Eradication of harassment	Rate of uptake of harassment prevention training	100%	100%
	Employee Engagement and Personnel Training	Creating fulfilling and supportive workplaces and achieving work-life balance	Rate of uptake of child-rearing leave (male) ⁵	100%	100%
			Rate of uptake of child-rearing leave (female) (acquirer/eligible persons)	100%	100%
			Total actual work hours per full-time employee per year ⁶	1,870h	1,635h
			Rate of uptake of annual paid leave per full-time employee	65%	100%
		Development of global personnel	Rate of uptake of EGP among young employees ⁷	25%	30%
	Boosting Health and Ensuring Safety and Hygiene	Advancement of health improvement programs and safety-and hygiene activities	Rate of uptake of regular health checkups	100%	100%
			Number of occupational accidents (including commuting accidents)	0	0
An Organizational Base That Supports Sustainable Growth	Achieving Sound and Transparent Governance	Promoting diversity among executives	Female directors as share of directors	20%	30%
			Foreign-national directors as share of directors	-	20%
			Female executive officers as share of executive officers	-	30%
			Foreign-national executive officers as share of executive officers	-	20%
	Rigorous Compliance and Thorough Corruption Prevention	Training and monitoring based on compliance programs	Training attendance rate	100%	100%
			Number of serious noncompliance incident ⁸	0	0
	Establishing Risk Management	Thorough prevention of corruption	Rate of completion of requested measures ¹	90%	100%
		Continuous improvement of business continuity management	Number of BCP (Business Continuity Plan) training sessions	1	2
		Strengthening of information security management	Number of education and training sessions on information security	3	4

1 Targets top 70% in transaction value

2 Shipped basis (number of product codes using eco-friendly packaging/number of product codes shipped)

3 Shipped basis (number of product codes using recyclable materials/number of product codes shipped)

4 Women in managerial positions at section-manager level or higher as share of total

5 Includes number of employees who use leave programs unique to the Company for the purpose of raising a child

6 [Scheduled working hours] + [non-scheduled working hours] – [amount taken of annual paid leave and other leave]

7 Rate of participation in the Eiken Global Program: For each fiscal year, [number of employees participating] ÷ [number of employees of that fiscal year]

8 Total of major violations in each country of competition law, laws and regulations on corruption, and other socioeconomic laws and regulations

<Human Capital Management Initiatives>

Based on the Group's management philosophy "Protect the health of the public through health care services," we consider our employees to be the most important assets for contributing to society through the provision of products and services that protect the health and lives of people around the world, and therefore, we describe our human resources as human assets.

(1) Governance

The Group's Personnel Committee, chaired by the President & CEO and composed of Executive Officers in charge of each function and business group, makes decisions on policies related to human resource strategy, organizational reforms including the establishment and reorganization of organizations, appointment and dismissal of key positions, personnel assignment and personnel cost planning, and the establishment, revision, and abolition of human resources policies. Decisions made by the Personnel Committee are reported to and supervised by the Board of Directors.

(2) Strategy

The human resource strategy under the Group's Medium-Term Management Plan is as follows.

We believe that the future of the Group is created by our employees, and that expanding the potential of our employees will lead to the growth of the company and its contribution to society. Based on this policy, with the aim of becoming "A Dynamic Company Driven by Excellent People," the Group fosters an organizational culture that respects all types of diversity and embraces diversity, gives full consideration to employee safety and health, create an environment in which employees can concentrate on high value-added work to enable all employees to realize success, and develop human assets that create new innovations.

■ Personnel system

We will shift to a wage system that places more emphasis on roles and expertise, and an evaluation system that encourages employees to take on new challenges, in pursuit of employee fulfillment and job satisfaction.

We will also promote a hybrid work style that combines office work and telecommuting, and super-flex working hours without core hours to suit individual lifestyles to achieve a work-life balance and enhance labor productivity.

■ Securing human assets

- New graduate hires

We will continue to hire new graduates by job type based on their backgrounds, including their experience and expertise. In addition, we support diverse career designs by transferring employees between positions after they join the company based on their wishes and aptitude for the job.

- Mid-career hires

We will further strengthen recruitment and appointment of professional human resources necessary to promote business strategies to realize the "EIKEN ROAD MAP 2030."

■ Human assets management

We will continue our efforts to foster career awareness and support career design (work-style reform, provision of growth opportunities, etc.) with the aim of creating a corporate culture in which diverse human resources can play an active role, including the promotion of the active participation of women. We will also develop an HR database that visualizes the abilities, experience, and personalities of employees, and use it to monitor the performance of candidates for executives, assign the right people to the right positions, and develop succession plans for key positions.

■ Human assets development

In order to remain a company that contributes to society in the midst of a drastically changing business environment, we will redefine the ideal human assets we are aiming for based on the existing human assets requirement model, and implement a human assets development program to support new employees through to global leaders.

(3) Risk management

In the Group's business activities, it is important to create an environment in which diverse human resources can utilize their expertise and backgrounds, and demonstrate their abilities to the fullest. Amid the increasing liquidity of human assets, we believe that our greatest risk is that we will not be able to secure human assets as planned and that our organizational strength will decline due to employee turnover. We are striving to reduce this risk by promoting growth through advance investment in each employee and by creating an environment in which everyone can play an active role.

(4) Indicators and targets

At the Group, regarding the human assets strategy under the Medium-Term Management Plan as described in the above “(2) Strategy,” it is difficult to describe at the consolidated Group level because, although specific efforts are being made by the Company, along with the management of related indicator data, such efforts are not being made at all companies belonging to the consolidated Group. For this reason, the targets and results for the following indicators are those of the submitting company, which operates the main business in the consolidated Group.

Materialities	Main measures	KPI	Results	Annual target	
			2022	2024	2030
Respecting Human Rights and Diversity	Promotion of diversity and inclusion	Percentage of managerial positions held by women	13.8%	20%	30%
		Percentage of employees who are disabled	2.6%	2.6%	3.0%
		Rate of uptake of harassment prevention training	100%	100%	100%
Employee Engagement and Personnel Training	Creating fulfilling and supportive workplaces and achieving work-life balance	Rate of uptake of child-rearing leave (male)	176.9%	100%	100%
		Rate of uptake of child-rearing leave (female)	100%	100%	100%
	Development of global personnel	Total actual work hours per employee per year	1,875h	1,870h	1,635h
		Rate of uptake of annual paid leave per employee	62.1%	65%	100%
		Rate of uptake of EGP among young employees	19.4%	25%	30%
Boosting Health and Ensuring Safety and Hygiene	Advancement of health improvement programs and safety-and-hygiene activities	Rate of uptake of regular health checkups	99.8%	100%	100%
		Number of occupational accidents (including commuting accidents)	3	0	0

<Response to Climate Change and TCFD>

The Group recognizes that responding to climate change is an especially vital issue for the sustainability of society. One key task is to reduce emissions of CO₂ and other greenhouse gases that are factors in climate change. The Group sets medium-to-long term targets for reducing these emissions, as part of energy-saving activities under its environmental management system, and carries out activities to achieve them. As climate disasters grow more intense and frequent, the world's attitude to global warming is changing, as the Paris Agreement and other landmark events testify. In view of these trends, the Group is strengthening its efforts to achieve carbon neutrality by 2050.

In 2015 the Financial Stability Board (FSB), an international body based in Switzerland, established the Task Force on Climate-Related Financial Disclosures (TCFD). In its final report, tabled in June 2017, the TCFD recommended that companies disclose climate-related information that may affect their finances. The TCFD recommends disclosure of risks and opportunities presented by climate change in terms of four elements: governance, strategy, risk management, and indices and targets. In February 2023, the Group announced its endorsement of the recommendations of the TCFD.

(1) Governance

The Group recognizes activities to tackle climate change as a materiality. The Group's Sustainability Committee, chaired by the president and representative director, drafts targets and action plans and manages progress. Activities to tackle climate change as deliberated upon by the Sustainability Committee are reported to and supervised by the Board of Directors and some of their results are reflected in performance-based remuneration for executive officers. In terms of its framework for environmental management, the Group strives for continuous improvement through the Environmental Management Committee, which is chaired by an executive officer from the Business Management Division.

(2) Strategy

The Group recognizes that climate change is an important management issue affecting the economy and society. In accordance with the framework of the TCFD recommendations, the Group is examining the risks and opportunities associated with climate change from a wide range of perspectives, to identify those risks and opportunities that the Group deems most important. To analyze the potential financial impact on the Group of the risks and opportunities associated with climate change, the Group has examined two scenarios: a scenario of 2°C of warming or less, in which regulatory and other responses to climate change will proceed on their current course, and a scenario of 4°C of warming, in which natural disasters and the spread of infectious diseases will become more serious. To gather the information necessary for our inquiries, we referred to resources such as the International Energy Agency (IEA)'s World Energy Outlook 2022 (WEO 2022): Net Zero by 2050 and the same agency's Energy Technology Perspectives 2020 (ETP 2020).

The Group's understanding of the business environment in each scenario and the expected impact on its operations are summarized below.

The 2°C-or-less scenario	The 4°C scenario
<p><Recognition of environment></p> <p>Private-sector responses and government regulations will continue in a bid to restrain the rise of atmospheric temperatures. Whole societies will shift toward a low-carbon framework. The main effect on the operating environment will be the realization of transitional risk, as described below.</p>	<p><Recognition of environment></p> <p>Serious efforts to grapple with climate change are not taken. As a result, physical risks such as the spread of infectious diseases and the ferocity of natural disasters grow more severe, having the following impacts on the business environment.</p>
<p><Impact on society></p> <p>Governments and organizations all over the world respond actively to climate change, introducing regulatory measures such as carbon taxes and restrictions on greenhouse-gas emissions. Companies unavoidably bear the cost of complying with these measures and higher prices passed on from suppliers.</p>	<p><Impact on society></p> <p>Regulations and policies on climate change have little effect and fail to deliver significant results in terms of operations. The rise in atmospheric temperatures proceeds unrestrained. Large-scale natural disasters become more frequent and more severe.</p>
<p><Changes in the Group's business environment></p> <p>As the shift to renewable energy progresses and new carbon-reduction technologies emerge, customer awareness changes, driving up demand for products and services that contribute to the formation of a low-carbon society. The promotion of measures to reduce plastic use and recycle plastics can be expected, as represented by regulations on plastics already in force in Europe. The Group will have to respond, as products use a great deal of plastics.</p>	<p><Changes in the Group's business environment></p> <p>In addition to direct damage from natural disasters, the rise in global temperatures is expected to aggravate the spread of infectious diseases and change disease trends. As a result, the social responsibility of the Group, as a developer and supplier of clinical diagnostics, is anticipated to expand significantly.</p>

Impact of Climate Change on the Group

Risks and opportunities		Type	Impact factors	Main impacts on the Eiken Group	Expected time-frame	Degree of impact		Measures under consideration
						2°C	4°C	
Risks	Transitional risks	Regulatory	Carbon taxes and emission trading systems	Additional costs from effects such as the introduction of carbon taxes and emission trading systems	Medium term	Inter-mediate	-	- Advancement of energy-saving activities (introduction of energy-saving devices, conversion to LED lighting, advancement of DX, etc.) - Expansion of introduction of renewable energy (use of hydroelectric and solar power, etc.) - Continuous monitoring of Scopes 1 and 2 and emission reduction efforts
			Environmental regulations related to plastics	Reductions in sales due to inability to sell certain products, as a result of environmental regulations on certain products, such as plastics and other packaging and products	Short to medium term	Inter-mediate	-	- Continuous surveying and response to trends in environmental regulations - Product development in view of market and industry trends
		Technological	Failed investments in new technologies	Loss of sales opportunities due to delays in development of technologies for low-environmental-impact products, focusing on plastic-related products	Medium to long term	Inter-mediate	-	- Evaluation of environmental impact of products - Encouragement of product development and capital investment geared to reduction of environmental impact
		Market	Increases in procurement costs	Pressure on earnings caused by increased material and transportation costs as carbon taxes are passed on in the prices of these items	Medium term	Inter-mediate	-	- Optimization of material suppliers and import routes
		Reputational	Lowered evaluation in the eyes of stakeholders	Decrease in share price and corporate value due to loss of confidence of shareholders and investors if environmental measures are inadequate	Medium term	Minor	-	- Active disclosure through advancement of sustainable management
	Physical risks	Acute	Increased severity and frequency of abnormal weather	Loss of sales opportunities from supply-chain disruption caused by inundation and flood damage at factories and logistical facilities	Long term	Inter-mediate	Major	- Strengthening of disaster-preparedness measures at offices and suppliers - Preparation and continuous improvement of business continuity plans
		Chronic	Increase in average atmospheric temperature	Loss of sales opportunities from reduced rate of operation at Company and supplier production facilities as well as disruption of parts supplies resulting from the spread of infectious diseases	Long term	Minor	Minor	
	Opportunities	Products and services	Development and provision of low-emission products and services	Increase in sales opportunities in development and provision of products with low CO ₂ emissions in the production phase and energy-saving services, as needs for highly sustainable products increase	Medium to long term	Inter-mediate	-	- Evaluation of environmental impact of products - Advancement of product development and capital investment focused on sustainability
				Increase in sales opportunities arising from supply of equipment with low CO ₂ emissions across the product life cycle	Medium to long term	Inter-mediate	-	- Evaluation of environmental impact of products - Development of environmentally friendly products (improvement of packaging and product design)
			Development of solutions for climate adaptation and resilience	Sales increases and contributions to society from early response to changes in disease trends, such as spread of new infectious diseases in tandem with climate change	Long term	Inter-mediate	Inter-mediate	- Continuous monitoring of trends in infectious diseases and development and provision of diagnostics
			Product development through R&D and technical innovation	Increase in sales opportunities from development of quality-first products unaffected by atmospheric temperature	Medium to long term	Inter-mediate	Inter-mediate	- Evaluation of environmental impact of products - Development of products with reduced environmental impact in the preservation and storage phases of the product cycle
				Increase in sales opportunities from provision of products that can run on renewable energy	Short to medium term	Inter-mediate	Inter-mediate	- Provision of movable products such as portable solar panels
			Market	Response to climate-change risk	Improvement in corporate value resulting from improved ESG-related evaluations by investors, by vigorously advancing measures to deal with climate change	Medium term	Inter-mediate	-

* Definitions of expected time-frames: Short-term: Less than 3 years; medium-term: 3 years or more but less than 10 years; long-term: 10 years or more

* Definitions of financial impact: Minor: Less than 100 million yen; intermediate: 100 million yen or more but less than 2.5 billion yen; major: 2.5 billion yen or more

(3) Risk management

The Group annually assesses the impact of its business activities on the environment, including from the perspective of compliance obligations, as part of its environmental management system. In addition, a comprehensive risk assessment is conducted annually as part of risk management. Building upon the TCFD Recommendations, the Group assesses the risks and opportunities engendered by climate change through the deliberations of the Risk Management & Compliance Committee, the Sustainability Committee and its subordinate organization, the Environmental Management Committee. The Group strives to reduce risks and create business opportunities in response to the risks and opportunities identified.

(4) Indices and targets

The Group aims to become carbon-neutral by 2050. The Group has set a further target of reducing CO₂ emissions (Scope 1 and Scope 2) by 30% compared with FY2018 by 2030. The Group is in the process of calculating CO₂ emissions for Scope 3 as well, and will continue to work toward setting targets.

	Results in FY2022	Target for FY2024	Target for FY2030
Reduction in CO ₂ emissions at business locations (Scope 1 and Scope 2)	4,618t-CO ₂ (35.6% reduction compared to FY2018)	14% reduction (compared to FY2018)	30% reduction (compared to FY2018)

Scope 1: Direct emission from own fuel usage or usage in manufacturing processes of the Company

Scope 2: Indirect emissions from usage of electricity or heat purchased by the Company

Scope 3: Indirect emissions related to processes other than Scope 1 and Scope 2 (procurement of raw materials, product shipment, usage, and disposal, employee commuting, business trips, etc.)

3. Operating Risks

The Group's main business is the manufacture and sale of clinical diagnostics, and we are developing our business activities globally based on the management framework "EIKEN ROAD MAP 2030." In order to respond to various risks that exist in the process of conducting business activities, the Group has established the Eiken Group Risk Management Regulations that systematically defines the Group's risk management, and has established a Risk Management & Compliance Committee attended by all Executive Officers as members to oversee risk management activities. Risk management initiatives are reported to the Board of Directors, which oversees the effectiveness of such initiatives.

Among the matters concerning the overview of business, financial information, etc. as described in the Securities Report, those that may have a significant impact on the decisions of investors are described below.

In addition to these risks, there are various other risks that may have an impact on our financial position and business performance now and in the future, and the risks described here are not all the risks of the Group. Forward-looking statements in this document are based on the judgment of the Group as of the end of the consolidated fiscal year under review.

(1) Risks related to overseas operations

To meet the goals of EIKEN ROAD MAP 2030, the Group must advance its global operation. However, factors such as changes in economic and business conditions in each country and region, outbreak of pandemic, as well as geopolitical risks, can cause delays in drug approvals or result in the delay, suspension or even cancellation of colorectal cancer screening programs related to our main products of fecal immunochemical test reagents. Such events may have an impact on the Group's financial position and business performance.

EIKEN CHINA CO., LTD., a consolidated subsidiary of EIKEN CHEMICAL CO., LTD., produces clinical diagnostics under contract from Eiken Chemical and independently engages in the development, manufacturing and sale of clinical diagnostics in China. However, in the event of changes in the market environment causing production under contract from the Company to decline, Eiken China's unique business development in China not progressing according to plan, or the value of real estate held by Eiken China declining significantly, it may become difficult for the Company to recoup its investment in Eiken China.

In view of such risks, the Group is striving to promptly collect and share information on economic trends and risks in each country through its sales agencies, and respond in a timely and appropriate manner, led by the Global Sales & Business Development Division. Eiken China, to fulfill its central role in the Group's China operations, is striving to expand sales in that country, with support from Eiken Chemical's Chinese Business Division.

(2) Risks related to new products and technologies

The Group aims to enhance the planning and development of products and technologies based on medical needs and a medium- to-long-term vision. However, in the event where it becomes difficult to recoup investments in research and development due to uncertainties of research and development (such as delays, suspensions or cancellations), or in the event where the Group fails to obtain sufficient results due to loss of opportunities to commercialize the fruits of that research and development or due to its inability to keep pace with constantly changing market trends, the Group's medium- to long-term business plan may be affected, which could also affect its financial position and business performance.

In view of such risks, in EIKEN ROAD MAP 2030 and the medium-term management plan, the Group formulates its business strategy in accordance with changes in the business environment. Similarly, the Group is strategically advancing its new product and technology, managing the progress of R&D through the Management Conference and the Board of Directors.

(3) Risks related to medical systems and pharmaceutical regulations

The Group sells its products in accordance with the pharmaceutical regulations of respective countries and regions. If trends in the reform of medical systems in these countries lead to enhanced controls of medical expenses or strengthening of pharmaceutical regulations, product prices and methods of use of products may be affected, potentially causing the Group's financial position and business performance to be affected.

In view of such risks, the Group strives to quickly grasp trends in medical systems and pharmaceutical regulations in

each country, and to respond in an appropriate and timely manner.

(4) Risks related to product quality

The Group works hard to assure the quality of its products under quality control system based on quality management systems (certification under ISO 13485 and MDSAP). However, in the event that the Group becomes unable to maintain product supplies due to the occurrence of product quality issues, the Group's financial position and business performance may be affected.

In view of such risks, the Group takes steps to strengthen quality assurance, as it strives to stabilize quality by strengthening its production technology capabilities, operate quality management systems appropriately, and conduct surveys and analyses of product quality assessments in the market.

(5) Risks related to stable supply of products

In the event where the factories and equipment of the Group or its suppliers suffer significant damage due to natural disasters, such as a major earthquake, storm and flood damage or serious accidents such as a fire, or in the event where an outbreak of pandemic or geopolitical risks have forced the Group or its suppliers to suspend operations for an extended period of time, it may become impossible to maintain supplies of products, potentially causing the Group's financial position and business performance to be affected.

In view of such risks, the Group strives to secure safety stocks of products and avert risks by purchasing from multiple companies. The Group also formulates business continuity plans (BCP) and strives for continuous improvement of its response capabilities in order to maintain supplies of products. The Company has obtained certification as an Organization Contributing to National Resilience (Resilience Certification) from the National Resilience Promotion Office of the Cabinet Secretariat.

(6) Risks related to IT systems

The Group introduces a variety of IT systems to enhance the efficiency of its operations and is improving its business processes. As such, if adverse events such as system failure due to disasters, cyberattacks, or inhibition of business operations or information leaks due to computer virus infection were to occur, the Group's financial position and business performance may be affected.

In view of such risks, the Group has established appropriate information security measures and conducts education and training for the purpose of dealing with targeted e-mail attacks and improving IT literacy.

(7) Risks related to sharp rises in raw material prices and transportation costs

Prices of raw materials used for the Group's products fluctuate due to natural disasters, pandemics, market prices associated with economic conditions, fuel costs, exchange rates, and other factors. If such prices soar due to these causes or others, or if the transportation costs of products soar, the cost of such products may increase, potentially causing the Group's financial position and business performance to be affected.

In view of such risks, the Group implements measures such as purchasing major raw materials from multiple suppliers, gathering information on market trends of raw materials, and ensuring appropriate inventory levels.

(8) Risks related to valuation of inventories

The Group recorded 8,413 million yen as inventories in its consolidated balance sheets for the fiscal year ended March 31, 2023, which represents 12.7% of total assets. Against a backdrop of increasing natural disasters, the spread of infectious diseases, and the unstable global situation triggered by Russia's military invasion of Ukraine, inventories held by the Group are on the rise from the perspective of business continuity planning (BCP). For this reason, in the event of a significant decline in the market for manufactured goods due to a sharp deterioration in the supply-demand balance or other factors, the Group's business performance and financial position may be affected by a write-down of inventories.

In view of such risks, the Group will closely monitor the status of inventories, and will take steps to reduce the risk of excess inventory, etc., by conducting appropriate inventory management with safety stock in mind.

4. Management Analysis of Consolidated Financial Position, Consolidated Business Performance and Cash Flows

(1) Summary of consolidated business performance, etc.

The summary of the consolidated financial position, consolidated business performance, and cash flows (“business performance, etc.”) of the Group (the Company and its consolidated subsidiaries, hereinafter the same shall apply) for the consolidated fiscal year under review are as follows.

(i) Status of consolidated financial position and consolidated business performance

During the consolidated fiscal year under review, although the Japanese economy showed signs of recovery as the relaxation of restriction of economic activity continued, the outlook remained uncertain due to the repeated waves of COVID-19 outbreaks (the sixth to eighth waves), and increased consumption and soaring prices as COVID-19 had been contained. The overseas economies remained unstable due to surging resource prices triggered by Russia’s military invasion of Ukraine, interest rate hikes to control inflation, and the depreciation of the Japanese yen.

The business environment became even tougher in the clinical diagnostics industry due to measures to cap medical expenses and the rise in costs of resource, logistics, raw material procurement, etc., amid the COVID-19 pandemic. Corporations are being forced to focus on greater cost competitiveness and to actively expand overseas.

In the context of this business environment, the Group is implementing key measures focused on the three key business fields of “Contribution to cancer prevention and treatment,” “Contribution to the eradication and control of infectious diseases,” and “Provision of products and services useful for health care” and striving to achieve sustainable growth and steadily enhance profitability for the Group as a whole, in accordance with the Medium-term Management Plan established based on the Group’s management framework “EIKEN ROAD MAP 2030.”

In addition, as a Group with a mission to protect the health of people worldwide, the Group is addressing issues not only in “Medical” but also in the “Environment,” “Society,” and “Governance.” By contributing to solutions to social issues in this way, we strive to further enhance our corporate value and achieve a sustainable society.

The net sales for the consolidated fiscal year under review went up to 43,271 million yen (up 0.6% year-on-year). Although sales of COVID-19 genetic testing reagents using the LAMP method decreased due to a sharp decline in the number of newly infected patients of COVID-19 during the fourth quarter ended March 2023, sales of urinalysis reagents and immunological and serological reagents increased due to the resumption of various medical checkups and screening programs and continued recovery trend in outpatient volume.

For net sales by product class and type, sales of microbiological testing reagents increased to 3,938 million yen (up 0.3% year-on-year) due to the recovery of tests for infectious diseases other than COVID-19. As for urinalysis reagents, sales were 4,143 million yen (up 9.5% year-on-year) due to significantly growing sales of urinalysis paper for overseas markets. Sales for immunological and serological reagents were 20,717 million yen (up 0.6% year-on-year). Although domestic sales of fecal immunological test reagents and enzyme immunoassay equipment (AIA) related reagents, a distribution agreement with Tosoh Corporation increased, fecal immunological test reagents for overseas markets declined. Sales for clinical chemistry reagents were 590 million yen (down 1.4% year-on-year). Sales for the equipment and culture medium for food and environment-related category amounted to 2,165 million yen (down 3.9% year-on-year). Sales in other category (medical devices, genetic-related products, etc.) fell to 11,716 million yen (down 1.1% year-on-year) due to decreased sales for COVID-19 detection reagents.

Overseas sales were 8,797 million yen (down 0.8% year-on-year) as sales for fecal immunochemical test reagents decreased due to a buildup of inventories in preparation for the resumption of screening programs and the subsequent inventory adjustments, while sales for urinalysis reagents increased.

Regarding profit, operating profit was 7,457 million yen (down 11.1% year-on-year), and ordinary profit was 7,568 million yen (down 11.0% year-on-year) and profit attributable to owners of parent was 5,736 million yen (down 7.8% year-on-year).

The financial position at the end of the consolidated fiscal year under review was as follows.

When compared to the end of the previous consolidated fiscal year, total assets increased by 3,763 million yen, liabilities increased by 31 million yen, and net assets increased by 3,731 million yen.

Major increases and decreases in the category of assets include an increase of 2,195 million yen in cash and deposits and a decrease of 834 million yen in notes and accounts receivable - trade, and contract assets, and an increase of 1,926 million yen in property, plant and equipment due to opening of a new research building. In the category of liabilities, notes and accounts payable

- trade increased by 189 million yen, and income taxes payable decreased by 477 million yen. In addition, other in current liabilities increased by 238 million yen. In the category of net assets, despite the payment of dividends, retained earnings increased by 3,703 million yen due to the recording of profit attributable to owners of parent. The equity ratio increased to 74.2% from 72.8% at the end of the previous consolidated fiscal year.

(ii) Status of cash flows

Cash and cash equivalents for the consolidated fiscal year under review (hereinafter referred to as “net cash”) increased by 5,164 million yen compared to the end of the previous consolidated fiscal year to 16,064 million yen on March 31, 2023.

The following is a summary of cash flows and related causes for the consolidated fiscal year under review.

Cash flows from operating activities

Net cash provided by operating activities was 7,575 million yen (compared to the net cash proceed of 7,769 million yen in the previous consolidated fiscal year). This was mainly due to an 835 million yen proceed due to decreased trade receivables, a 180 million yen expenditure caused by an increase in inventories, a 161 million yen proceed caused by an increase in trade payables, and 7,592 million yen in profit before income taxes. Depreciation totaled 2,125 million yen.

Cash flows from investing activities

Net cash used in investing activities was an expenditure of 316 million yen (compared to the net cash expenditure of 5,044 million yen in the previous consolidated fiscal year). This was mainly due to 3,206 million yen in purchase of property, plant and equipment through investment in the construction of a new research building, etc., proceeds from redemption of investment securities of 3,000 million yen, 5,253 million yen in payments into time deposits, and 5,224 million yen in proceeds from withdrawal of time deposits.

Cash flows from financing activities

Net cash used in financing activities was 2,095 million yen (compared to the net cash proceed of 1,200 million yen in the previous consolidated fiscal year). This was mainly due to dividends paid of 2,033 million yen.

(iii) Production, orders received, and sales

Production, orders received, and sales are described by breaking down sales by product class and type since the Group’s business is a single segment in the clinical diagnostics business.

(a) Production performance

Production performance for the consolidated fiscal year under review described by product class and type is as follows.

(Million yen)

Name of product class and type	For the fiscal year ended March 31, 2023	Change from the previous corresponding period (%)
Microbiological testing reagents	3,575	95.1
Urinalysis reagents	4,299	108.9
Immunological and serological reagents	7,738	98.5
Equipment and culture medium for food and environment related category	130	50.1
Other category	6,210	102.5
Total	21,953	100.3

(Note) Amounts displayed are sales prices.

(b) Purchases of merchandise

Purchases of merchandise for the consolidated fiscal year under review described by product class and type are as follows.

(Million yen)

Name of product class and type	For the fiscal year ended March 31, 2023	Change from the previous corresponding period (%)
Microbiological testing reagents	359	139.1
Urinalysis reagents	21	123.9
Immunological and serological reagents	9,079	98.1
Clinical chemistry reagents	335	90.9
Equipment and culture medium for food and environment related category	1,844	111.1
Other category	3,251	95.4
Total	14,892	99.5

(c) Orders received

There are no applicable items because the Group conducts production on a prospective basis.

(d) Sales performance

Sales performance for the consolidated fiscal year under review described by product class and type is as follows.

(Million yen)

Name of product class and type	For the fiscal year ended March 31, 2023	Change from the previous corresponding period (%)
Microbiological testing reagents	3,938	100.3
Urinalysis reagents	4,143	109.5
Immunological and serological reagents	20,717	100.6
Clinical chemistry reagents	590	98.6
Equipment and culture medium for food and environment related category	2,165	96.1
Other category	11,716	98.9
Total	43,271	100.6

(Note) Sales performance by major customer and the ratio of the sales performance to total sales performance for the two most recent consolidated fiscal years are as follows.

Customer	For the fiscal year ended March 31, 2022		For the fiscal year ended March 31, 2023	
	Amount (Million yen)	Ratio (%)	Amount (Million yen)	Ratio (%)
SUZUKEN CO., LTD.	5,251	12.2	5,475	12.7
Alfresa Corporation	5,491	12.8	5,254	12.1
TOHO PHARMACEUTICAL CO., LTD.	4,447	10.3	4,615	10.7

(2) Analysis and discussion of the status of business performance, etc. from management's perspective

The assessment, analysis, and discussion of the Group's business performance, etc. from management's perspective is as follows.

Forward-looking statements in this document are based on the judgment of the Group as of the end of the consolidated fiscal year under review, and include forecast information that involves risks, uncertainties, and assumptions about the future. Due to factors such as those described in "3. Operating Risks" and other factors, the Group's actual performance may differ significantly from those projected based on the forecast information.

(i) Significant accounting policies and estimates

The Company's consolidated financial statements have been prepared based on accounting principles and practices generally accepted in Japan.

In preparing the consolidated financial statements, the Company's management is required to make estimates and assumptions that affect the reported values of assets and liabilities and the disclosure of contingent assets and liabilities at the balance sheet date and the reported values of revenues and expenses during the reporting period. Management continually evaluates its estimates and judgments regarding credit losses, retirement allowance, investments, contingencies and litigation. Management makes estimates and judgments based on a variety of factors that it believes are reasonable in light of past performance and circumstances, and the results form the basis for making judgments about the carrying value of assets and liabilities and the reported figures for revenues and expenses that are difficult to determine otherwise. Actual results may differ from these estimates due to the uncertainties inherent in estimates.

We believe that the following critical accounting policies in particular have a significant impact on our critical judgments and estimates used in the preparation of our consolidated financial statements.

(a) Allowance for doubtful accounts

The Group records an allowance for doubtful accounts for the estimated amount of losses to be incurred when customers fail to pay. If a customer's financial condition deteriorates and its ability to pay declines, the Group may be required to make additional allowances.

(b) Retirement benefit expenses

The Company calculates employee retirement benefit expenses and obligations based on assumptions established in actuarial calculations. These assumptions include discount rates, future salary levels, retirement rates, mortality rates calculated based on recent statistical data, and rates of return on pension assets. For the Company's pension plans, the discount rate is calculated using the market yield of Japanese government bonds as a reference value over a certain number of years within the average remaining service period of enrolled employees. The expected rate of return is calculated based on the weighted average of the expected rates of return for each type of asset in which the pension assets are invested. If actual results differ from the assumptions or if the assumptions change, the effects are accumulated and are recognized regularly in future periods, generally affecting the expenses recognized and liabilities recorded in future periods. In addition, a decrease in the discount rate and losses on pension asset management could have an adverse effect on the Group's retirement benefit expenses.

(c) Impairment of investments

The Group holds shares in certain customers to maintain business relationships. These include shares of publicly traded companies, whose prices are highly volatile, and shares of privately held companies, whose share prices are difficult to determine. In addition, the Group holds investments in affiliated companies. The Group records an impairment loss on an investment when it determines that the value of the investment has declined significantly and is unlikely to recover. If future deterioration in market conditions or poor performance of the investee results in losses not reflected in the current book value or inability to recover the book value of the investment, the Group may be required to record a loss on valuation.

(d) Valuation of inventories

Valuation of inventories is as described in "5. Financial Information, 1. Consolidated Financial Statements, etc., (1) Notes to Consolidated Financial Statements (Significant accounting estimates)."

(ii) Recognition, analysis and discussion of the status of business performance, etc. for the consolidated fiscal year under review

The Group's business performance for the consolidated fiscal year under review is as follows.

The net sales for the consolidated fiscal year under review went up to 43,271 million yen (up 0.6% year-on-year). Although sales of COVID-19 genetic testing reagents using the LAMP method decreased due to a sharp decline in the number of newly infected patients of COVID-19 during the fourth quarter ended March 2023, sales of urinalysis reagents and immunological and serological reagents increased due to the resumption of various medical checkups and screening programs and continued recovery trend in outpatient volume.

Cost of sales was 22,765 million yen, and the cost to sales ratio was 52.6%, up 0.4 percentage points from the previous consolidated fiscal year.

Gross profit decreased by 65 million yen from the previous consolidated fiscal year to 20,506 million yen. Selling, general and administrative expenses increased by 864 million yen from the previous consolidated fiscal year to 13,049 million yen.

Operating profit decreased by 930 million yen from the previous consolidated fiscal year to 7,457 million yen. The operating profit to net sales ratio was 17.2%, down 2.3 percentage points from the previous consolidated fiscal year.

Non-operating income totaled 154 million yen, a decrease of 9 million yen from the previous consolidated fiscal year.

Non-operating expenses totaled 42 million yen, a decrease of 0 million yen from the previous consolidated fiscal year.

Ordinary profit was 7,568 million yen, a decrease of 940 million yen from the previous consolidated fiscal year, due to the recording of 111 million yen in non-operating income (loss). Ordinary profit margin declined by 2.3 percentage points from the previous consolidated fiscal year to 17.5%.

Extraordinary income totaled 81 million yen, an increase of 79 million yen from the previous consolidated fiscal year. Extraordinary losses totaled 57 million yen, an increase of 30 million yen from the previous consolidated fiscal year.

Profit before income taxes was 7,592 million yen, with net profit of 23 million yen through extraordinary income (loss). The burden rate of income taxes - current to profit before income taxes was 24.4% in the consolidated fiscal year under review, compared to 26.7% in the previous consolidated fiscal year, a decrease of 2.2 percentage points.

Profit attributable to owners of parent decreased by 482 million yen from the previous consolidated fiscal year to 5,736 million yen, and the profit margin declined by 1.2 percentage points to 13.3%.

Based on strong performance up to the second quarter of the fiscal year ended March 31, 2023, as objective indicators to judge the achievement of its management policy, management strategy, and management targets, the Group revised its initial targets upward, aiming to achieve net sales of 43,600 million yen, operating profit of 7,470 million yen, and ROE of 12.3% for the fiscal year ended March 31, 2023. However, we fell slightly short of the targets, with net sales of 43,271 million yen, operating profit of 7,457 million yen, and ROE of 12.1%.

(Million yen)

Indicators	Fiscal year ended March 31, 2022		Fiscal year ended March 31, 2023	
	Target	Results	Target	Results
Consolidated net sales	40,400	42,996	43,600	43,271
Consolidated operating profit	6,370	8,387	7,470	7,457
ROE (%)	11.5	14.3	12.3	12.1

The Group's sources of capital and the liquidity of its funds are as follows.

(a) Cash flows

Analysis of cash flows for the consolidated fiscal year under review is as described in “(1) Summary of consolidated business performance, etc., (ii) Status of cash flows.”

(b) Financial policy

The Group's basic financial policy is to strengthen its financial position by improving capital efficiency, and this policy is being continuously implemented.

The Group works in unison to raise and invest funds, making maximum use of the Company's creditworthiness. Working capital and capital investment are basically financed from cash on hand (profits and other internal reserves). The Company has concluded overdraft agreements and commitment line agreements totaling 5,400 million yen with financial institutions for the efficient procurement of working capital. Surplus funds are invested in safe and highly liquid financial instruments. The Group is considering efficient and strategic fund management in the future for its high cash position.

The Group believes that its sound financial position, ability to generate cash flow from operating activities, accounts receivable trust (receivables securitization) and loan commitment agreements will enable it to raise the working capital and capital investment funds needed in the future to sustain its growth. However, long-term financing for capital investment, etc. is procured through long-term borrowings from financial institutions, corporate bonds, or a combination of both.

The Group regards the return of profits to shareholders as one of its highest management priorities and has a basic policy of implementing a stable dividend policy while taking into consideration the need to strengthen its financial standing and enhance internal reserves necessary for aggressive business development, and of paying dividends from surplus twice a year, an interim dividend and a year-end dividend. Specifically, we aim to achieve a consolidated dividend payout ratio of at least 30% based on the above policy.

5. Material Contracts, etc.

Business alliance agreement

Name of contracting company	Description	Contract date	Expiration date
Otsuka Pharmaceutical Co., Ltd.	A business alliance agreement including capital participation in the Company for the purpose of mutual use of sales, market development, R&D, and technology to strengthen competitiveness and benefit both companies in the clinical diagnostics market, as well as to deepen the relationship of trust and cooperation between the two companies and to further facilitate the business alliance.	September 7, 2006	Business alliance agreement 5 years * Renewed every year after the end of the term

6. Research and Development Activities

A new research laboratory that had been under construction at the Nogi Division (Tochigi) was completed and launched full-scale operations in October 2022. The new research laboratory, together with an existing research laboratory within the same premise, is named “R&D Center” and will be our main base for research and development. In addition, by integrating a research laboratory located at the Nasu Division (Tochigi), we are strengthening R&D and accelerating innovation to materialize our focused businesses to achieve our goals set forth in the “EIKEN ROAD MAP 2030,” namely “Contribution to cancer prevention and treatment,” “Contribution to the eradication and control of infectious diseases,” and “Provision of products and services useful for health care” by utilizing diverse human resources and combining and integrating their wisdom and knowledge.

In the consolidated fiscal year under review, the first year of operation of the new research laboratory whose research activities were still limited by the global spread of COVID-19, we continued to promote product development by strengthening and enhancing existing major product lines and improving our R&D capabilities under our management philosophy of “Protect the health of the public through health care services.”

In the area of OC reagents, “OC-SENSOR Ceres,” a fecal occult blood analyzer that obtained the EU’s IVDR certification, and reagents for measuring hemoglobin and calprotectin in feces and other products were released in November 2022, and latex reagent “LZ Test Eiken CRP-RV” was released in February 2023, immunochromatography reagent “Exdia EK Test Influenza A+B” was released in April 2022, and LAMP reagent “Loopamp PURE DNA Extraction Kit,” an IVDR-compliant product, was released in July 2022. As for reagents for measuring drug susceptibility, we launched a KB disk of tazobactam/ceftorozone in June 2022 as a contribution to measures against antimicrobial resistance (AMR).

Based on the business alliance agreement with Otsuka Pharmaceutical Co., Ltd. we are continuing to consider joint development focusing on areas where the two companies can complement each other.

Total research and development expenses for the consolidated fiscal year under review were 4,065 million yen.

III. Information about Facilities

1. Overview of Capital Expenditures

Capital expenditures in the consolidated fiscal year under review totaled 3,792 million yen.

The major components of the capital expenditures were the construction of the new Research Laboratory of 1,358 million yen and the expansion of production facilities of 1,399 million yen.

2. Major Facilities

Major facilities of the Group are as follows.

(1) Reporting company

(As of March 31, 2023)

Office name (Location)	Classification by product type	Description of facilities	Book value						Number of employees
			Buildings and structures (Million yen)	Machinery, equipment and vehicles (Million yen)	Lease assets (Million yen)	Other (Million yen)	Land (Million yen) (Area m ²)	Total (Million yen)	
Nogi Division (Nogi-machi, Tochigi)	General reagents	Manufacture, distribution and research of general reagents	10,243	892	62	741	997 (82,583)	12,935	288 (227)
Nasu Division (Otawara-shi, Tochigi)	Immunological and serological reagents Genetic testing reagents	Manufacture and research of immunological and serological reagents and genetic testing reagents	1,656	407	-	163	931 (74,486)	3,158	75 (52)

(2) Overseas subsidiary

(As of March 31, 2023)

Company name	Location	Classification by product type	Description of facilities	Book value					Number of employees
				Buildings and structures (Million yen)	Machinery, equipment and vehicles (Million yen)	Lease assets (Million yen)	Other (Million yen)	Total (Million yen)	
EIKEN CHINA CO., LTD.	Shanghai, China	Urinalysis reagents Immunological and serological reagents Equipment and culture medium for food and environment related category Genetic testing reagents	Manufacture of urinalysis reagents, immunological and serological reagents, equipment and culture medium for food and environment related category, and genetic testing reagents	321	79	0	6	407	45 (4)

(Notes) 1. "Other" under book value is the total for tools, furniture and fixtures, and does not include construction in progress.

2. The number of employees in parentheses () indicates the number of temporary employees.

3. Planned Addition, Retirement, and Other Changes of Facilities

(1) Significant addition of facilities

Company name Office name	Location	Segment name	Description of facilities	Planned capital expenditures		Method of fund procurement	Planned start and end date		Increase in capacity after completion
				Total amount (Million yen)	Amount already paid (Million yen)		Start	End	
The Company Nogi Division	Nogi-machi, Tochigi	Clinical diagnostics business	Urinalysis reagent production facility	570	183	Own funds	August 2022	September 2024	Increase production capacity by 50%

(2) Significant retirement of facilities

Not applicable.

IV. Information about Reporting Company

1. Company's Shares, etc.

(1) Total number of shares, etc.

1) Total number of shares

Class	Total number of shares authorized to be issued (Shares)
Common stock	123,900,000
Total	123,900,000

2) Issued shares

Class	Number of issued shares as of the end of the current fiscal year (March 31, 2023)	Number of issued shares as of the submission date (June 28, 2023)	Name of financial instruments exchange on which securities are listed or authorized financial instruments business association to which securities are registered	Description
Common stock	43,541,438	43,541,438	Tokyo Stock Exchange (Prime Market)	Number of shares per unit: 100 shares
Total	43,541,438	43,541,438	-	-

(2) Share Acquisition Rights

1) Stock options

Share acquisition rights under the Companies Act are as shown below. No new share acquisition rights have been issued because the share-based compensation stock option plan has been terminated following the resolution at the Compensation Committee meeting held on June 27, 2023 to introduce a restricted share compensation plan.

Date of resolution	June 21, 2007
Classification and number of grantees	Directors: 4 (3 of whom concurrently serve as Executive Officers) (Note 1) Executive Officers: 12
Number of share acquisition rights*	40 (Note 2, 5)
Type, description and number of shares to be issued upon exercise of share acquisition rights*	Common shares: 4,000 (Note 3, 5)
Paid-in amount upon exercise of share acquisition rights (Yen)*	1 (Note 4)
Exercise period of share acquisition rights*	From July 10, 2007 to July 9, 2027
Issue price and amount to be incorporated into capital upon exercise of share acquisition rights (Yen)*	Issue price: 1 Amount to be incorporated into capital: 1
Conditions for exercising share acquisition rights*	<p>(1) Holders of share acquisition rights may exercise their share acquisition rights only after one year has elapsed since assuming office as Director (excluding Outside Directors) or Executive Officer (excluding retirement due to death) and until 10 days have elapsed from the day following the day on which they retire from all positions as Director and Executive Officer.</p> <p>(2) Notwithstanding (1) above, if the holder of the share acquisition rights has not reached the rights exercise commencement date by July 9, 2026, the share acquisition rights may be exercised from July 10, 2026 to July 9, 2027.</p> <p>(3) Notwithstanding (1) above, if a proposal for approval of a merger agreement in which the Company is to be dissolved, a proposal for approval of a share exchange agreement in which the Company is to become a wholly owned subsidiary, or a proposal for approval of a share transfer plan is approved at a General Meeting of Shareholders (or when a resolution of the Board of Directors is passed if a resolution of the General Meeting of Shareholders is not required), the share acquisition rights may be exercised only during the period from the day following the date of such approval until 15 days have passed.</p> <p>(4) Share acquisition rights may not be exercised in part.</p> <p>(5) If a share acquisition right holder dies, his or her heir may exercise the share acquisition rights.</p> <p>(6) Other conditions shall be set forth in the Share Acquisition Rights Allotment Agreement to be entered into between the Company and the share acquisition rights holders in accordance with a resolution of the Board of Directors regarding the issuing of share acquisition rights and a decision by the Representative Executive Officer.</p>
Matters related to the transfer of share acquisition rights*	Approval from the Board of Directors is required for the transfer of share acquisition rights.

Matters related to the delivery of share acquisition rights in connection with reorganization*	-
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* Details are as of the end of the current fiscal year (March 31, 2023). The details pertaining to the end of the month prior to the date of filing have been omitted, since there have been no changes to the details to be included from those as of the end of the current fiscal year as of the end of the month prior to the date of filing (May 31, 2023).

(Notes) 1. The number of Directors excludes Outside Directors.

2. The number of shares to be issued upon exercising each share acquisition right shall be 100 shares.

3. If the Company conducts a share split (including allotment of shares without contribution) or a share consolidation, the number of shares to be issued upon exercise of unexercised share acquisition rights shall be adjusted in accordance with the following formula, and any shares less than one share resulting from the adjustment shall be rounded down.

$$\begin{array}{ccccc} \text{Number of shares} & & \text{Number of shares} & & \text{Ratio of share split} \\ & & \text{before adjustment} & \times & \\ \text{after adjustment} & = & & & \text{or share consolidation} \end{array}$$

In addition, if unavoidable circumstances occur that necessitate adjustment of the number of allotted shares, such as the Company conducting a merger or company split, the number of allotted shares shall be adjusted to a reasonable extent, taking into account factors such as the conditions of the merger or company split

4. The amount to be paid in upon exercise of the share acquisition rights shall be the amount obtained by multiplying the price per share of common shares of the Company that can be delivered upon exercise of the share acquisition rights, by the number of shares to be issued per share acquisition right, where 1 yen is the amount to be paid in per share.

5. The Company conducted a two-for-one share split of its common shares with an effective date of April 1, 2018 by resolution of the Board of Directors meeting held on February 15, 2018. As a result, the “Number of share acquisition rights” and “Type, description and number of shares to be issued upon exercise of share acquisition rights” were adjusted.

Date of resolution	June 12, 2008
Classification and number of grantees	Directors: 4 (3 of whom concurrently serve as Executive Officers) (Note 1) Executive Officers: 13
Number of share acquisition rights *	40 (Note 2, 5)
Type, description and number of shares to be issued upon exercise of share acquisition rights*	Common shares: 4,000 (Note 3, 5)
Paid-in amount upon exercise of share acquisition rights (Yen)*	1 (Note 4)
Exercise period of share acquisition rights*	From July 9, 2008 to July 8, 2028
Issue price and amount to be incorporated into capital upon exercise of share acquisition rights (Yen)*	Issue price: 1 Amount to be incorporated into capital: 1
Conditions for exercising share acquisition rights*	<p>(1) Holders of share acquisition rights may exercise their share acquisition rights only after one year has elapsed since assuming office as Director (excluding Outside Directors) or Executive Officer (excluding retirement due to death) and until 10 days have elapsed from the day following the day on which they retire from all positions as Director and Executive Officer.</p> <p>(2) Notwithstanding (1) above, if the holder of the share acquisition rights has not reached the rights exercise commencement date by July 8, 2027, the share acquisition rights may be exercised from July 9, 2027 to July 8, 2028.</p> <p>(3) Notwithstanding (1) above, if a proposal for approval of a merger agreement in which the Company is to be dissolved, a proposal for approval of a share exchange agreement in which the Company is to become a wholly owned subsidiary, or a proposal for approval of a share transfer plan is approved at a General Meeting of Shareholders (or when a resolution of the Board of Directors is passed if a resolution of the General Meeting of Shareholders is not required), the share acquisition rights may be exercised only during the period from the day following the date of such approval until 15 days have passed.</p> <p>(4) Share acquisition rights may not be exercised in part.</p> <p>(5) If a share acquisition right holder dies, his or her heir may exercise the share acquisition rights.</p> <p>(6) Other conditions shall be set forth in the Share Acquisition Rights Allotment Agreement to be entered into between the Company and the share acquisition rights holders in accordance with a resolution of the Board of Directors regarding the issuing of share acquisition rights and a decision by the Representative Executive Officer.</p>
Matters related to the transfer of share acquisition rights*	Approval from the Board of Directors is required for the transfer of share acquisition rights.
Matters related to the delivery of share acquisition rights in connection with reorganization*	-

* Details are as of the end of the current fiscal year (March 31, 2023). The details pertaining to the end of the month prior to the date of filing have been omitted, since there have been no changes to the details to be included from those as of the end of the

current fiscal year as of the end of the month prior to the date of filing (May 31, 2023).

(Notes) 1. The number of Directors excludes Outside Directors.

2. The number of shares to be issued upon exercising each share acquisition right shall be 100 shares.

3. If the Company conducts a share split (including allotment of shares without contribution) or a share consolidation, the number of shares to be issued upon exercise of unexercised share acquisition rights shall be adjusted in accordance with the following formula, and any shares less than one share resulting from the adjustment shall be rounded down.

$$\begin{array}{ccccc} \text{Number of shares} & & \text{Number of shares} & & \text{Ratio of share split} \\ \text{after adjustment} & = & \text{before adjustment} & \times & \text{or share consolidation} \end{array}$$

In addition, if unavoidable circumstances occur that necessitate adjustment of the number of allotted shares, such as the Company conducting a merger or company split, the number of allotted shares shall be adjusted to a reasonable extent, taking into account factors such as the conditions of the merger or company split

4. The amount to be paid in upon exercise of the share acquisition rights shall be the amount obtained by multiplying the price per share of common shares of the Company that can be delivered upon exercise of the share acquisition rights, by the number of shares to be issued per share acquisition right, where 1 yen is the amount to be paid in per share.

5. The Company conducted a two-for-one share split of its common shares with an effective date of April 1, 2018 by resolution of the Board of Directors meeting held on February 15, 2018. As a result, the “Number of share acquisition rights” and “Type, description and number of shares to be issued upon exercise of share acquisition rights” were adjusted.

Date of resolution	May 19, 2009
Classification and number of grantees	Directors: 4 (2 of whom concurrently serve as Executive Officers) (Note 1) Executive Officers: 12
Number of share acquisition rights *	80 (Note 2, 5)
Type, description and number of shares to be issued upon exercise of share acquisition rights*	Common shares: 8,000 (Note 3, 5)
Paid-in amount upon exercise of share acquisition rights (Yen)*	1 (Note 4)
Exercise period of share acquisition rights*	From July 10, 2009 to July 9, 2029
Issue price and amount to be incorporated into capital upon exercise of share acquisition rights (Yen)*	Issue price: 1 Amount to be incorporated into capital: 1
Conditions for exercising share acquisition rights*	<p>(1) Holders of share acquisition rights may exercise their share acquisition rights only after one year has elapsed since assuming office as Director (excluding Outside Directors) or Executive Officer (excluding retirement due to death) and until 10 days have elapsed from the day following the day on which they retire from all positions as Director and Executive Officer.</p> <p>(2) Notwithstanding (1) above, if the holder of the share acquisition rights has not reached the rights exercise commencement date by July 9, 2028, the share acquisition rights may be exercised from July 10, 2028 to July 9, 2029.</p> <p>(3) Notwithstanding (1) above, if a proposal for approval of a merger agreement in which the Company is to be dissolved, a proposal for approval of a share exchange agreement in which the Company is to become a wholly owned subsidiary, or a proposal for approval of a share transfer plan is approved at a General Meeting of Shareholders (or when a resolution of the Board of Directors is passed if a resolution of the General Meeting of Shareholders is not required), the share acquisition rights may be exercised only during the period from the day following the date of such approval until 15 days have passed.</p> <p>(4) Share acquisition rights may not be exercised in part.</p> <p>(5) If a share acquisition right holder dies, his or her heir may exercise the share acquisition rights.</p> <p>(6) Other conditions shall be set forth in the Share Acquisition Rights Allotment Agreement to be entered into between the Company and the share acquisition rights holders in accordance with a resolution of the Board of Directors regarding the issuing of share acquisition rights and a decision by the Representative Executive Officer.</p>
Matters related to the transfer of share acquisition rights*	Approval from the Board of Directors is required for the transfer of share acquisition rights.
Matters related to the delivery of share acquisition rights in connection with reorganization*	-

* Details are as of the end of the current fiscal year (March 31, 2023). The details pertaining to the end of the month prior to the date of filing have been omitted, since there have been no changes to the details to be included from those as of the end of the

current fiscal year as of the end of the month prior to the date of filing (May 31, 2023).

(Notes) 1. The number of Directors excludes Outside Directors.

2. The number of shares to be issued upon exercising each share acquisition right shall be 100 shares.

3. If the Company conducts a share split (including allotment of shares without contribution) or a share consolidation, the number of shares to be issued upon exercise of unexercised share acquisition rights shall be adjusted in accordance with the following formula, and any shares less than one share resulting from the adjustment shall be rounded down.

$$\begin{array}{ccccc} \text{Number of shares} & & \text{Number of shares} & & \text{Ratio of share split} \\ \text{after adjustment} & = & \text{before adjustment} & \times & \text{or share consolidation} \end{array}$$

In addition, if unavoidable circumstances occur that necessitate adjustment of the number of allotted shares, such as the Company conducting a merger or company split, the number of allotted shares shall be adjusted to a reasonable extent, taking into account factors such as the conditions of the merger or company split

4. The amount to be paid in upon exercise of the share acquisition rights shall be the amount obtained by multiplying the price per share of common shares of the Company that can be delivered upon exercise of the share acquisition rights, by the number of shares to be issued per share acquisition right, where 1 yen is the amount to be paid in per share.

5. The Company conducted a two-for-one share split of its common shares with an effective date of April 1, 2018 by resolution of the Board of Directors meeting held on February 15, 2018. As a result, the “Number of share acquisition rights” and “Type, description and number of shares to be issued upon exercise of share acquisition rights” were adjusted.

Date of resolution	May 18, 2010
Classification and number of grantees	Directors: 3 (2 of whom concurrently serve as Executive Officers) (Note 1) Executive Officers: 12
Number of share acquisition rights *	80 (Note 2, 5)
Type, description and number of shares to be issued upon exercise of share acquisition rights*	Common shares: 8,000 (Note 3, 5)
Paid-in amount upon exercise of share acquisition rights (Yen)*	1 (Note 4)
Exercise period of share acquisition rights*	From July 9, 2010 to July 8, 2030
Issue price and amount to be incorporated into capital upon exercise of share acquisition rights (Yen)*	Issue price: 1 Amount to be incorporated into capital: 1
Conditions for exercising share acquisition rights*	<p>(1) Holders of share acquisition rights may exercise their share acquisition rights only after one year has elapsed since assuming office as Director (excluding Outside Directors) or Executive Officer (excluding retirement due to death) and until 10 days have elapsed from the day following the day on which they retire from all positions as Director and Executive Officer.</p> <p>(2) Notwithstanding (1) above, if the holder of the share acquisition rights has not reached the rights exercise commencement date by July 8, 2029, the share acquisition rights may be exercised from July 9, 2029 to July 8, 2030.</p> <p>(3) Notwithstanding (1) above, if a proposal for approval of a merger agreement in which the Company is to be dissolved, a proposal for approval of a share exchange agreement in which the Company is to become a wholly owned subsidiary, or a proposal for approval of a share transfer plan is approved at a General Meeting of Shareholders (or when a resolution of the Board of Directors is passed if a resolution of the General Meeting of Shareholders is not required), the share acquisition rights may be exercised only during the period from the day following the date of such approval until 15 days have passed.</p> <p>(4) Share acquisition rights may not be exercised in part.</p> <p>(5) If a share acquisition right holder dies, his or her heir may exercise the share acquisition rights.</p> <p>(6) Other conditions shall be set forth in the Share Acquisition Rights Allotment Agreement to be entered into between the Company and the share acquisition rights holders in accordance with a resolution of the Board of Directors regarding the issuing of share acquisition rights and a decision by the Representative Executive Officer.</p>
Matters related to the transfer of share acquisition rights*	Approval from the Board of Directors is required for the transfer of share acquisition rights.
Matters related to the delivery of share acquisition rights in connection with reorganization*	-

* Details are as of the end of the current fiscal year (March 31, 2023). The details pertaining to the end of the month prior to the date of filing have been omitted, since there have been no changes to the details to be included from those as of the end of the

current fiscal year as of the end of the month prior to the date of filing (May 31, 2023).

(Notes) 1. The number of Directors excludes Outside Directors.

2. The number of shares to be issued upon exercising each share acquisition right shall be 100 shares.

3. If the Company conducts a share split (including allotment of shares without contribution) or a share consolidation, the number of shares to be issued upon exercise of unexercised share acquisition rights shall be adjusted in accordance with the following formula, and any shares less than one share resulting from the adjustment shall be rounded down.

$$\begin{array}{ccccc} \text{Number of shares} & & \text{Number of shares} & & \text{Ratio of share split} \\ \text{after adjustment} & = & \text{before adjustment} & \times & \text{or share consolidation} \end{array}$$

In addition, if unavoidable circumstances occur that necessitate adjustment of the number of allotted shares, such as the Company conducting a merger or company split, the number of allotted shares shall be adjusted to a reasonable extent, taking into account factors such as the conditions of the merger or company split

4. The amount to be paid in upon exercise of the share acquisition rights shall be the amount obtained by multiplying the price per share of common shares of the Company that can be delivered upon exercise of the share acquisition rights, by the number of shares to be issued per share acquisition right, where 1 yen is the amount to be paid in per share.

5. The Company conducted a two-for-one share split of its common shares with an effective date of April 1, 2018 by resolution of the Board of Directors meeting held on February 15, 2018. As a result, the “Number of share acquisition rights” and “Type, description and number of shares to be issued upon exercise of share acquisition rights” were adjusted.

Date of resolution	May 18, 2011
Classification and number of grantees	Directors: 4 (3 of whom concurrently serve as Executive Officers) (Note 1) Executive Officers: 12
Number of share acquisition rights *	90 (Note 2, 5)
Type, description and number of shares to be issued upon exercise of share acquisition rights*	Common shares: 9,000 (Note 3, 5)
Paid-in amount upon exercise of share acquisition rights (Yen)*	1 (Note 4)
Exercise period of share acquisition rights*	From July 9, 2011 to July 8, 2031
Issue price and amount to be incorporated into capital upon exercise of share acquisition rights (Yen)*	Issue price: 1 Amount to be incorporated into capital: 1
Conditions for exercising share acquisition rights*	<p>(1) Holders of share acquisition rights may exercise their share acquisition rights only after one year has elapsed since assuming office as Director (excluding Outside Directors) or Executive Officer (excluding retirement due to death) and until 10 days have elapsed from the day following the day on which they retire from all positions as Director and Executive Officer.</p> <p>(2) Notwithstanding (1) above, if the holder of the share acquisition rights has not reached the rights exercise commencement date by July 8, 2030, the share acquisition rights may be exercised from July 9, 2030 to July 8, 2031.</p> <p>(3) Notwithstanding (1) above, if a proposal for approval of a merger agreement in which the Company is to be dissolved, a proposal for approval of a share exchange agreement in which the Company is to become a wholly owned subsidiary, or a proposal for approval of a share transfer plan is approved at a General Meeting of Shareholders (or when a resolution of the Board of Directors is passed if a resolution of the General Meeting of Shareholders is not required), the share acquisition rights may be exercised only during the period from the day following the date of such approval until 15 days have passed.</p> <p>(4) Share acquisition rights may not be exercised in part.</p> <p>(5) If a share acquisition right holder dies, his or her heir may exercise the share acquisition rights.</p> <p>(6) Other conditions shall be set forth in the Share Acquisition Rights Allotment Agreement to be entered into between the Company and the share acquisition rights holders in accordance with a resolution of the Board of Directors regarding the issuing of share acquisition rights and a decision by the Representative Executive Officer.</p>
Matters related to the transfer of share acquisition rights*	Approval from the Board of Directors is required for the transfer of share acquisition rights.
Matters related to the delivery of share acquisition rights in connection with reorganization*	-

* Details are as of the end of the current fiscal year (March 31, 2023). The details pertaining to the end of the month prior to the date of filing have been omitted, since there have been no changes to the details to be included from those as of the end of the

current fiscal year as of the end of the month prior to the date of filing (May 31, 2023).

(Notes) 1. The number of Directors excludes Outside Directors.

2. The number of shares to be issued upon exercising each share acquisition right shall be 100 shares.

3. If the Company conducts a share split (including allotment of shares without contribution) or a share consolidation, the number of shares to be issued upon exercise of unexercised share acquisition rights shall be adjusted in accordance with the following formula, and any shares less than one share resulting from the adjustment shall be rounded down.

$$\begin{array}{ccccc} \text{Number of shares} & & \text{Number of shares} & & \text{Ratio of share split} \\ \text{after adjustment} & = & \text{before adjustment} & \times & \text{or share consolidation} \end{array}$$

In addition, if unavoidable circumstances occur that necessitate adjustment of the number of allotted shares, such as the Company conducting a merger or company split, the number of allotted shares shall be adjusted to a reasonable extent, taking into account factors such as the conditions of the merger or company split

4. The amount to be paid in upon exercise of the share acquisition rights shall be the amount obtained by multiplying the price per share of common shares of the Company that can be delivered upon exercise of the share acquisition rights, by the number of shares to be issued per share acquisition right, where 1 yen is the amount to be paid in per share.

5. The Company conducted a two-for-one share split of its common shares with an effective date of April 1, 2018 by resolution of the Board of Directors meeting held on February 15, 2018. As a result, the “Number of share acquisition rights” and “Type, description and number of shares to be issued upon exercise of share acquisition rights” were adjusted.

Date of resolution	May 17, 2012
Classification and number of grantees	Directors: 4 (3 of whom concurrently serve as Executive Officers) (Note 1) Executive Officers: 13
Number of share acquisition rights *	170 (Note 2, 5)
Type, description and number of shares to be issued upon exercise of share acquisition rights*	Common shares: 17,000 (Note 3, 5)
Paid-in amount upon exercise of share acquisition rights (Yen)*	1 (Note 4)
Exercise period of share acquisition rights*	From July 10, 2012 to July 9, 2032
Issue price and amount to be incorporated into capital upon exercise of share acquisition rights (Yen)*	Issue price: 1 Amount to be incorporated into capital: 1
Conditions for exercising share acquisition rights*	<p>(1) Holders of share acquisition rights may exercise their share acquisition rights only after one year has elapsed since assuming office as Director (excluding Outside Directors) or Executive Officer (excluding retirement due to death) and until 10 days have elapsed from the day following the day on which they retire from all positions as Director and Executive Officer.</p> <p>(2) Notwithstanding (1) above, if the holder of the share acquisition rights has not reached the rights exercise commencement date by July 9, 2031, the share acquisition rights may be exercised from July 10, 2031 to July 9, 2032.</p> <p>(3) Notwithstanding (1) above, if a proposal for approval of a merger agreement in which the Company is to be dissolved, a proposal for approval of a share exchange agreement in which the Company is to become a wholly owned subsidiary, or a proposal for approval of a share transfer plan is approved at a General Meeting of Shareholders (or when a resolution of the Board of Directors is passed if a resolution of the General Meeting of Shareholders is not required), the share acquisition rights may be exercised only during the period from the day following the date of such approval until 15 days have passed.</p> <p>(4) Share acquisition rights may not be exercised in part.</p> <p>(5) If a share acquisition right holder dies, his or her heir may exercise the share acquisition rights.</p> <p>(6) Other conditions shall be set forth in the Share Acquisition Rights Allotment Agreement to be entered into between the Company and the share acquisition rights holders in accordance with a resolution of the Board of Directors regarding the issuing of share acquisition rights and a decision by the Representative Executive Officer.</p>
Matters related to the transfer of share acquisition rights*	Approval from the Board of Directors is required for the transfer of share acquisition rights.
Matters related to the delivery of share acquisition rights in connection with reorganization*	-

* Details are as of the end of the current fiscal year (March 31, 2023). The details pertaining to the end of the month prior to the date of filing have been omitted, since there have been no changes to the details to be included from those as of the end of the

current fiscal year as of the end of the month prior to the date of filing (May 31, 2023).

(Notes) 1. The number of Directors excludes Outside Directors.

2. The number of shares to be issued upon exercising each share acquisition right shall be 100 shares.

3. If the Company conducts a share split (including allotment of shares without contribution) or a share consolidation, the number of shares to be issued upon exercise of unexercised share acquisition rights shall be adjusted in accordance with the following formula, and any shares less than one share resulting from the adjustment shall be rounded down.

$$\begin{array}{ccccc} \text{Number of shares} & & \text{Number of shares} & & \text{Ratio of share split} \\ \text{after adjustment} & = & \text{before adjustment} & \times & \text{or share consolidation} \end{array}$$

In addition, if unavoidable circumstances occur that necessitate adjustment of the number of allotted shares, such as the Company conducting a merger or company split, the number of allotted shares shall be adjusted to a reasonable extent, taking into account factors such as the conditions of the merger or company split

4. The amount to be paid in upon exercise of the share acquisition rights shall be the amount obtained by multiplying the price per share of common shares of the Company that can be delivered upon exercise of the share acquisition rights, by the number of shares to be issued per share acquisition right, where 1 yen is the amount to be paid in per share.

5. The Company conducted a two-for-one share split of its common shares with an effective date of April 1, 2018 by resolution of the Board of Directors meeting held on February 15, 2018. As a result, the “Number of share acquisition rights” and “Type, description and number of shares to be issued upon exercise of share acquisition rights” were adjusted.

Date of resolution	May 16, 2013
Classification and number of grantees	Directors: 4 (3 of whom concurrently serve as Executive Officers) (Note 1) Executive Officers: 13
Number of share acquisition rights *	170 (Note 2, 5)
Type, description and number of shares to be issued upon exercise of share acquisition rights*	Common shares: 17,000 (Note 3, 5)
Paid-in amount upon exercise of share acquisition rights (Yen)*	1 (Note 4)
Exercise period of share acquisition rights*	From July 10, 2013 to July 9, 2033
Issue price and amount to be incorporated into capital upon exercise of share acquisition rights (Yen)*	Issue price: 1 Amount to be incorporated into capital: 1
Conditions for exercising share acquisition rights*	<p>(1) Holders of share acquisition rights may exercise their share acquisition rights only after one year has elapsed since assuming office as Director (excluding Outside Directors) or Executive Officer (excluding retirement due to death) and until 10 days have elapsed from the day following the day on which they retire from all positions as Director and Executive Officer.</p> <p>(2) Notwithstanding (1) above, if the holder of the share acquisition rights has not reached the rights exercise commencement date by July 9, 2032, the share acquisition rights may be exercised from July 10, 2032 to July 9, 2033.</p> <p>(3) Notwithstanding (1) above, if a proposal for approval of a merger agreement in which the Company is to be dissolved, a proposal for approval of a share exchange agreement in which the Company is to become a wholly owned subsidiary, or a proposal for approval of a share transfer plan is approved at a General Meeting of Shareholders (or when a resolution of the Board of Directors is passed if a resolution of the General Meeting of Shareholders is not required), the share acquisition rights may be exercised only during the period from the day following the date of such approval until 15 days have passed.</p> <p>(4) Share acquisition rights may not be exercised in part.</p> <p>(5) If a share acquisition right holder dies, his or her heir may exercise the share acquisition rights.</p> <p>(6) Other conditions shall be set forth in the Share Acquisition Rights Allotment Agreement to be entered into between the Company and the share acquisition rights holders in accordance with a resolution of the Board of Directors regarding the issuing of share acquisition rights and a decision by the Representative Executive Officer.</p>
Matters related to the transfer of share acquisition rights*	Approval from the Board of Directors is required for the transfer of share acquisition rights.
Matters related to the delivery of share acquisition rights in connection with reorganization*	-

* Details are as of the end of the current fiscal year (March 31, 2023). The details pertaining to the end of the month prior to the date of filing have been omitted, since there have been no changes to the details to be included from those as of the end of the

current fiscal year as of the end of the month prior to the date of filing (May 31, 2023).

(Notes) 1. The number of Directors excludes Outside Directors.

2. The number of shares to be issued upon exercising each share acquisition right shall be 100 shares.

3. If the Company conducts a share split (including allotment of shares without contribution) or a share consolidation, the number of shares to be issued upon exercise of unexercised share acquisition rights shall be adjusted in accordance with the following formula, and any shares less than one share resulting from the adjustment shall be rounded down.

$$\begin{array}{ccccc} \text{Number of shares} & & \text{Number of shares} & & \text{Ratio of share split} \\ \text{after adjustment} & = & \text{before adjustment} & \times & \text{or share consolidation} \end{array}$$

In addition, if unavoidable circumstances occur that necessitate adjustment of the number of allotted shares, such as the Company conducting a merger or company split, the number of allotted shares shall be adjusted to a reasonable extent, taking into account factors such as the conditions of the merger or company split

4. The amount to be paid in upon exercise of the share acquisition rights shall be the amount obtained by multiplying the price per share of common shares of the Company that can be delivered upon exercise of the share acquisition rights, by the number of shares to be issued per share acquisition right, where 1 yen is the amount to be paid in per share.

5. The Company conducted a two-for-one share split of its common shares with an effective date of April 1, 2018 by resolution of the Board of Directors meeting held on February 15, 2018. As a result, the “Number of share acquisition rights” and “Type, description and number of shares to be issued upon exercise of share acquisition rights” were adjusted.

Date of resolution	May 16, 2014
Classification and number of grantees	Directors: 4 (3 of whom concurrently serve as Executive Officers) (Note 1) Executive Officers: 12
Number of share acquisition rights *	280 (Note 2, 5)
Type, description and number of shares to be issued upon exercise of share acquisition rights*	Common shares: 28,000 (Note 3, 5)
Paid-in amount upon exercise of share acquisition rights (Yen)*	1 (Note 4)
Exercise period of share acquisition rights*	From July 9, 2014 to July 8, 2034
Issue price and amount to be incorporated into capital upon exercise of share acquisition rights (Yen)*	Issue price: 1 Amount to be incorporated into capital: 1
Conditions for exercising share acquisition rights*	<p>(1) Holders of share acquisition rights may exercise their share acquisition rights only after one year has elapsed since assuming office as Director (excluding Outside Directors) or Executive Officer (excluding retirement due to death) and until 10 days have elapsed from the day following the day on which they retire from all positions as Director and Executive Officer.</p> <p>(2) Notwithstanding (1) above, if the holder of the share acquisition rights has not reached the rights exercise commencement date by July 8, 2033, the share acquisition rights may be exercised from July 9, 2033 to July 8, 2034.</p> <p>(3) Notwithstanding (1) above, if a proposal for approval of a merger agreement in which the Company is to be dissolved, a proposal for approval of a share exchange agreement in which the Company is to become a wholly owned subsidiary, or a proposal for approval of a share transfer plan is approved at a General Meeting of Shareholders (or when a resolution of the Board of Directors is passed if a resolution of the General Meeting of Shareholders is not required), the share acquisition rights may be exercised only during the period from the day following the date of such approval until 15 days have passed.</p> <p>(4) Share acquisition rights may not be exercised in part.</p> <p>(5) If a share acquisition right holder dies, his or her heir may exercise the share acquisition rights.</p> <p>(6) Other conditions shall be set forth in the Share Acquisition Rights Allotment Agreement to be entered into between the Company and the share acquisition rights holders in accordance with a resolution of the Board of Directors regarding the issuing of share acquisition rights and a decision by the Representative Executive Officer.</p>
Matters related to the transfer of share acquisition rights*	Approval from the Board of Directors is required for the transfer of share acquisition rights.
Matters related to the delivery of share acquisition rights in connection with reorganization*	-

* Details are as of the end of the current fiscal year (March 31, 2023). The details pertaining to the end of the month prior to the date of filing have been omitted, since there have been no changes to the details to be included from those as of the end of the

current fiscal year as of the end of the month prior to the date of filing (May 31, 2023).

(Notes) 1. The number of Directors excludes Outside Directors.

2. The number of shares to be issued upon exercising each share acquisition right shall be 100 shares.

3. If the Company conducts a share split (including allotment of shares without contribution) or a share consolidation, the number of shares to be issued upon exercise of unexercised share acquisition rights shall be adjusted in accordance with the following formula, and any shares less than one share resulting from the adjustment shall be rounded down.

$$\begin{array}{ccccc} \text{Number of shares} & & \text{Number of shares} & & \text{Ratio of share split} \\ \text{after adjustment} & = & \text{before adjustment} & \times & \text{or share consolidation} \end{array}$$

In addition, if unavoidable circumstances occur that necessitate adjustment of the number of allotted shares, such as the Company conducting a merger or company split, the number of allotted shares shall be adjusted to a reasonable extent, taking into account factors such as the conditions of the merger or company split

4. The amount to be paid in upon exercise of the share acquisition rights shall be the amount obtained by multiplying the price per share of common shares of the Company that can be delivered upon exercise of the share acquisition rights, by the number of shares to be issued per share acquisition right, where 1 yen is the amount to be paid in per share.

5. The Company conducted a two-for-one share split of its common shares with an effective date of April 1, 2018 by resolution of the Board of Directors meeting held on February 15, 2018. As a result, the “Number of share acquisition rights” and “Type, description and number of shares to be issued upon exercise of share acquisition rights” were adjusted.

Date of resolution	May 18, 2015
Classification and number of grantees	Directors: 3 (3 of whom concurrently serve as Executive Officers) (Note 1) Executive Officers: 13
Number of share acquisition rights *	320 (Note 2, 5)
Type, description and number of shares to be issued upon exercise of share acquisition rights*	Common shares: 32,000 (Note 3, 5)
Paid-in amount upon exercise of share acquisition rights (Yen)*	1 (Note 4)
Exercise period of share acquisition rights*	From July 10, 2015 to July 9, 2035
Issue price and amount to be incorporated into capital upon exercise of share acquisition rights (Yen)*	Issue price: 1 Amount to be incorporated into capital: 1
Conditions for exercising share acquisition rights*	<p>(1) Holders of share acquisition rights may exercise their share acquisition rights only after one year has elapsed since assuming office as Director (excluding Outside Directors) or Executive Officer (excluding retirement due to death) and until 10 days have elapsed from the day following the day on which they retire from all positions as Director and Executive Officer.</p> <p>(2) Notwithstanding (1) above, if the holder of the share acquisition rights has not reached the rights exercise commencement date by July 9, 2034, the share acquisition rights may be exercised from July 10, 2034 to July 9, 2035.</p> <p>(3) Notwithstanding (1) above, if a proposal for approval of a merger agreement in which the Company is to be dissolved, a proposal for approval of a share exchange agreement in which the Company is to become a wholly owned subsidiary, or a proposal for approval of a share transfer plan is approved at a General Meeting of Shareholders (or when a resolution of the Board of Directors is passed if a resolution of the General Meeting of Shareholders is not required), the share acquisition rights may be exercised only during the period from the day following the date of such approval until 15 days have passed.</p> <p>(4) Share acquisition rights may not be exercised in part.</p> <p>(5) If a share acquisition right holder dies, his or her heir may exercise the share acquisition rights.</p> <p>(6) Other conditions shall be set forth in the Share Acquisition Rights Allotment Agreement to be entered into between the Company and the share acquisition rights holders in accordance with a resolution of the Board of Directors regarding the issuing of share acquisition rights and a decision by the Representative Executive Officer.</p>
Matters related to the transfer of share acquisition rights*	Approval from the Board of Directors is required for the transfer of share acquisition rights.
Matters related to the delivery of share acquisition rights in connection with reorganization*	-

* Details are as of the end of the current fiscal year (March 31, 2023). The details pertaining to the end of the month prior to the date of filing have been omitted, since there have been no changes to the details to be included from those as of the end of the

current fiscal year as of the end of the month prior to the date of filing (May 31, 2023).

(Notes) 1. The number of Directors excludes Outside Directors.

2. The number of shares to be issued upon exercising each share acquisition right shall be 100 shares.

3. If the Company conducts a share split (including allotment of shares without contribution) or a share consolidation, the number of shares to be issued upon exercise of unexercised share acquisition rights shall be adjusted in accordance with the following formula, and any shares less than one share resulting from the adjustment shall be rounded down.

$$\begin{array}{ccccc} \text{Number of shares} & & \text{Number of shares} & & \text{Ratio of share split} \\ \text{after adjustment} & = & \text{before adjustment} & \times & \text{or share consolidation} \end{array}$$

In addition, if unavoidable circumstances occur that necessitate adjustment of the number of allotted shares, such as the Company conducting a merger or company split, the number of allotted shares shall be adjusted to a reasonable extent, taking into account factors such as the conditions of the merger or company split

4. The amount to be paid in upon exercise of the share acquisition rights shall be the amount obtained by multiplying the price per share of common shares of the Company that can be delivered upon exercise of the share acquisition rights, by the number of shares to be issued per share acquisition right, where 1 yen is the amount to be paid in per share.

5. The Company conducted a two-for-one share split of its common shares with an effective date of April 1, 2018 by resolution of the Board of Directors meeting held on February 15, 2018. As a result, the “Number of share acquisition rights” and “Type, description and number of shares to be issued upon exercise of share acquisition rights” were adjusted.

Date of resolution	May 18, 2016
Classification and number of grantees	Directors: 2 (1 of whom concurrently serve as Executive Officers) (Note 1) Executive Officers: 12
Number of share acquisition rights *	240 (Note 2, 5)
Type, description and number of shares to be issued upon exercise of share acquisition rights*	Common shares: 24,000 (Note 3, 5)
Paid-in amount upon exercise of share acquisition rights (Yen)*	1 (Note 4)
Exercise period of share acquisition rights*	From July 9, 2016 to July 8, 2036
Issue price and amount to be incorporated into capital upon exercise of share acquisition rights (Yen)*	Issue price: 1 Amount to be incorporated into capital: 1
Conditions for exercising share acquisition rights*	<p>(1) Holders of share acquisition rights may exercise their share acquisition rights only after one year has elapsed since assuming office as Director (excluding Outside Directors) or Executive Officer (excluding retirement due to death) and until 10 days have elapsed from the day following the day on which they retire from all positions as Director and Executive Officer.</p> <p>(2) Notwithstanding (1) above, if the holder of the share acquisition rights has not reached the rights exercise commencement date by July 8, 2035, the share acquisition rights may be exercised from July 9, 2035 to July 8, 2036.</p> <p>(3) Notwithstanding (1) above, if a proposal for approval of a merger agreement in which the Company is to be dissolved, a proposal for approval of a share exchange agreement in which the Company is to become a wholly owned subsidiary, or a proposal for approval of a share transfer plan is approved at a General Meeting of Shareholders (or when a resolution of the Board of Directors is passed if a resolution of the General Meeting of Shareholders is not required), the share acquisition rights may be exercised only during the period from the day following the date of such approval until 15 days have passed.</p> <p>(4) Share acquisition rights may not be exercised in part.</p> <p>(5) If a share acquisition right holder dies, his or her heir may exercise the share acquisition rights.</p> <p>(6) Other conditions shall be set forth in the Share Acquisition Rights Allotment Agreement to be entered into between the Company and the share acquisition rights holders in accordance with a resolution of the Board of Directors regarding the issuing of share acquisition rights and a decision by the Representative Executive Officer.</p>
Matters related to the transfer of share acquisition rights*	Approval from the Board of Directors is required for the transfer of share acquisition rights.
Matters related to the delivery of share acquisition rights in connection with reorganization*	-

* Details are as of the end of the current fiscal year (March 31, 2023). The details pertaining to the end of the month prior to the date of filing have been omitted, since there have been no changes to the details to be included from those as of the end of the

current fiscal year as of the end of the month prior to the date of filing (May 31, 2023).

(Notes) 1. The number of Directors excludes Outside Directors.

2. The number of shares to be issued upon exercising each share acquisition right shall be 100 shares.

3. If the Company conducts a share split (including allotment of shares without contribution) or a share consolidation, the number of shares to be issued upon exercise of unexercised share acquisition rights shall be adjusted in accordance with the following formula, and any shares less than one share resulting from the adjustment shall be rounded down.

$$\begin{array}{ccccc} \text{Number of shares} & & \text{Number of shares} & & \text{Ratio of share split} \\ \text{after adjustment} & = & \text{before adjustment} & \times & \text{or share consolidation} \end{array}$$

In addition, if unavoidable circumstances occur that necessitate adjustment of the number of allotted shares, such as the Company conducting a merger or company split, the number of allotted shares shall be adjusted to a reasonable extent, taking into account factors such as the conditions of the merger or company split

4. The amount to be paid in upon exercise of the share acquisition rights shall be the amount obtained by multiplying the price per share of common shares of the Company that can be delivered upon exercise of the share acquisition rights, by the number of shares to be issued per share acquisition right, where 1 yen is the amount to be paid in per share.

5. The Company conducted a two-for-one share split of its common shares with an effective date of April 1, 2018 by resolution of the Board of Directors meeting held on February 15, 2018. As a result, the “Number of share acquisition rights” and “Type, description and number of shares to be issued upon exercise of share acquisition rights” were adjusted.

Date of resolution	June 14, 2017
Classification and number of grantees	Directors: 2 (1 of whom concurrently serve as Executive Officers) (Note 1) Executive Officers: 13
Number of share acquisition rights *	284 (Note 2, 5)
Type, description and number of shares to be issued upon exercise of share acquisition rights*	Common shares: 28,400 (Note 3, 5)
Paid-in amount upon exercise of share acquisition rights (Yen)*	1 (Note 4)
Exercise period of share acquisition rights*	From July 11, 2017 to July 10, 2037
Issue price and amount to be incorporated into capital upon exercise of share acquisition rights (Yen)*	Issue price: 1 Amount to be incorporated into capital: 1
Conditions for exercising share acquisition rights*	<p>(1) Holders of share acquisition rights may exercise their share acquisition rights only after one year has elapsed since assuming office as Director (excluding Outside Directors) or Executive Officer (excluding retirement due to death) and until 10 days have elapsed from the day following the day on which they retire from all positions as Director and Executive Officer.</p> <p>(2) Notwithstanding (1) above, if the holder of the share acquisition rights has not reached the rights exercise commencement date by July 10, 2036, the share acquisition rights may be exercised from July 11, 2036 to July 10, 2037.</p> <p>(3) Notwithstanding (1) above, if a proposal for approval of a merger agreement in which the Company is to be dissolved, a proposal for approval of a share exchange agreement in which the Company is to become a wholly owned subsidiary, or a proposal for approval of a share transfer plan is approved at a General Meeting of Shareholders (or when a resolution of the Board of Directors is passed if a resolution of the General Meeting of Shareholders is not required), the share acquisition rights may be exercised only during the period from the day following the date of such approval until 15 days have passed.</p> <p>(4) Share acquisition rights may not be exercised in part.</p> <p>(5) If a share acquisition right holder dies, his or her heir may exercise the share acquisition rights.</p> <p>(6) Other conditions shall be set forth in the Share Acquisition Rights Allotment Agreement to be entered into between the Company and the share acquisition rights holders in accordance with a resolution of the Board of Directors regarding the issuing of share acquisition rights and a decision by the Representative Executive Officer.</p>
Matters related to the transfer of share acquisition rights*	Approval from the Board of Directors is required for the transfer of share acquisition rights.
Matters related to the delivery of share acquisition rights in connection with reorganization*	-

* Details are as of the end of the current fiscal year (March 31, 2023). The details pertaining to the end of the month prior to the

date of filing have been omitted, since there have been no changes to the details to be included from those as of the end of the current fiscal year as of the end of the month prior to the date of filing (May 31, 2023).

(Notes) 1. The number of Directors excludes Outside Directors.

2. The number of shares to be issued upon exercising each share acquisition right shall be 100 shares.

3. If the Company conducts a share split (including allotment of shares without contribution) or a share consolidation, the number of shares to be issued upon exercise of unexercised share acquisition rights shall be adjusted in accordance with the following formula, and any shares less than one share resulting from the adjustment shall be rounded down.

$$\begin{array}{ccccc} \text{Number of shares} & & \text{Number of shares} & & \text{Ratio of share split} \\ & & \text{before adjustment} & \times & \text{or share consolidation} \\ \text{after adjustment} & = & & & \end{array}$$

In addition, if unavoidable circumstances occur that necessitate adjustment of the number of allotted shares, such as the Company conducting a merger or company split, the number of allotted shares shall be adjusted to a reasonable extent, taking into account factors such as the conditions of the merger or company split

4. The amount to be paid in upon exercise of the share acquisition rights shall be the amount obtained by multiplying the price per share of common shares of the Company that can be delivered upon exercise of the share acquisition rights, by the number of shares to be issued per share acquisition right, where 1 yen is the amount to be paid in per share.

5. The Company conducted a two-for-one share split of its common shares with an effective date of April 1, 2018 by resolution of the Board of Directors meeting held on February 15, 2018. As a result, the “Number of share acquisition rights” and “Type, description and number of shares to be issued upon exercise of share acquisition rights” were adjusted.

Date of resolution	June 14, 2018
Classification and number of grantees	Directors: 3 (3 of whom concurrently serve as Executive Officers) (Note 1) Executive Officers: 11
Number of share acquisition rights *	225 (Note 2)
Type, description and number of shares to be issued upon exercise of share acquisition rights*	Common shares: 22,500 (Note 3)
Paid-in amount upon exercise of share acquisition rights (Yen)*	1 (Note 4)
Exercise period of share acquisition rights*	From July 13, 2018 to July 12, 2038
Issue price and amount to be incorporated into capital upon exercise of share acquisition rights (Yen)*	Issue price: 1 Amount to be incorporated into capital: 1
Conditions for exercising share acquisition rights*	<p>(1) Holders of share acquisition rights may exercise their share acquisition rights only after one year has elapsed since assuming office as Director (excluding Outside Directors) or Executive Officer (excluding retirement due to death) and until 10 days have elapsed from the day following the day on which they retire from all positions as Director and Executive Officer.</p> <p>(2) Notwithstanding (1) above, if the holder of the share acquisition rights has not reached the rights exercise commencement date by July 12, 2037, the share acquisition rights may be exercised from July 13, 2037 to July 12, 2038.</p> <p>(3) Notwithstanding (1) above, if a proposal for approval of a merger agreement in which the Company is to be dissolved, a proposal for approval of a share exchange agreement in which the Company is to become a wholly owned subsidiary, or a proposal for approval of a share transfer plan is approved at a General Meeting of Shareholders (or when a resolution of the Board of Directors is passed if a resolution of the General Meeting of Shareholders is not required), the share acquisition rights may be exercised only during the period from the day following the date of such approval until 15 days have passed.</p> <p>(4) Share acquisition rights may not be exercised in part.</p> <p>(5) If a share acquisition right holder dies, his or her heir may exercise the share acquisition rights.</p> <p>(6) Other conditions shall be set forth in the Share Acquisition Rights Allotment Agreement to be entered into between the Company and the share acquisition rights holders in accordance with a resolution of the Board of Directors regarding the issuing of share acquisition rights and a decision by the Representative Executive Officer.</p>
Matters related to the transfer of share acquisition rights*	Approval from the Board of Directors is required for the transfer of share acquisition rights.
Matters related to the delivery of share acquisition rights in connection with reorganization*	-

* Details are as of the end of the current fiscal year (March 31, 2023). The details pertaining to the end of the month prior to the

date of filing have been omitted, since there have been no changes to the details to be included from those as of the end of the current fiscal year as of the end of the month prior to the date of filing (May 31, 2023).

(Notes) 1. The number of Directors excludes Outside Directors.

2. The number of shares to be issued upon exercising each share acquisition right shall be 100 shares.

3. If the Company conducts a share split (including allotment of shares without contribution) or a share consolidation, the number of shares to be issued upon exercise of unexercised share acquisition rights shall be adjusted in accordance with the following formula, and any shares less than one share resulting from the adjustment shall be rounded down.

$$\begin{array}{ccccc} \text{Number of shares} & & \text{Number of shares} & & \text{Ratio of share split} \\ & & \text{before adjustment} & \times & \text{or share consolidation} \\ \text{after adjustment} & = & & & \end{array}$$

In addition, if unavoidable circumstances occur that necessitate adjustment of the number of allotted shares, such as the Company conducting a merger or company split, the number of allotted shares shall be adjusted to a reasonable extent, taking into account factors such as the conditions of the merger or company split

4. The amount to be paid in upon exercise of the share acquisition rights shall be the amount obtained by multiplying the price per share of common shares of the Company that can be delivered upon exercise of the share acquisition rights, by the number of shares to be issued per share acquisition right, where 1 yen is the amount to be paid in per share.

Date of resolution	June 18, 2019
Classification and number of grantees	Directors: 3 (3 of whom concurrently serve as Executive Officers) (Note 1) Executive Officers: 11
Number of share acquisition rights *	228 (Note 2)
Type, description and number of shares to be issued upon exercise of share acquisition rights*	Common shares: 22,800 (Note 3)
Paid-in amount upon exercise of share acquisition rights (Yen)*	1 (Note 4)
Exercise period of share acquisition rights*	From July 12, 2019 to July 11, 2039
Issue price and amount to be incorporated into capital upon exercise of share acquisition rights (Yen)*	Issue price: 1 Amount to be incorporated into capital: 1
Conditions for exercising share acquisition rights*	<p>(1) Holders of share acquisition rights may exercise their share acquisition rights only after one year has elapsed since assuming office as Director (excluding Outside Directors) or Executive Officer (excluding retirement due to death) and until 10 days have elapsed from the day following the day on which they retire from all positions as Director and Executive Officer.</p> <p>(2) Notwithstanding (1) above, if the holder of the share acquisition rights has not reached the rights exercise commencement date by July 11, 2038, the share acquisition rights may be exercised from July 12, 2038 to July 11, 2039.</p> <p>(3) Notwithstanding (1) above, if a proposal for approval of a merger agreement in which the Company is to be dissolved, a proposal for approval of a share exchange agreement in which the Company is to become a wholly owned subsidiary, or a proposal for approval of a share transfer plan is approved at a General Meeting of Shareholders (or when a resolution of the Board of Directors is passed if a resolution of the General Meeting of Shareholders is not required), the share acquisition rights may be exercised only during the period from the day following the date of such approval until 15 days have passed.</p> <p>(4) Share acquisition rights may not be exercised in part.</p> <p>(5) If a share acquisition right holder dies, his or her heir may exercise the share acquisition rights.</p> <p>(6) Other conditions shall be set forth in the Share Acquisition Rights Allotment Agreement to be entered into between the Company and the share acquisition rights holders in accordance with a resolution of the Board of Directors regarding the issuing of share acquisition rights and a decision by the Representative Executive Officer.</p>
Matters related to the transfer of share acquisition rights*	Approval from the Board of Directors is required for the transfer of share acquisition rights.
Matters related to the delivery of share acquisition rights in connection with reorganization*	-

* Details are as of the end of the current fiscal year (March 31, 2023). The details pertaining to the end of the month prior to the

date of filing have been omitted, since there have been no changes to the details to be included from those as of the end of the current fiscal year as of the end of the month prior to the date of filing (May 31, 2023).

(Notes) 1. The number of Directors excludes Outside Directors.

2. The number of shares to be issued upon exercising each share acquisition right shall be 100 shares.

3. If the Company conducts a share split (including allotment of shares without contribution) or a share consolidation, the number of shares to be issued upon exercise of unexercised share acquisition rights shall be adjusted in accordance with the following formula, and any shares less than one share resulting from the adjustment shall be rounded down.

$$\begin{array}{ccccc} \text{Number of shares} & & \text{Number of shares} & & \text{Ratio of share split} \\ & & \text{before adjustment} & \times & \text{or share consolidation} \\ \text{after adjustment} & = & & & \end{array}$$

In addition, if unavoidable circumstances occur that necessitate adjustment of the number of allotted shares, such as the Company conducting a merger or company split, the number of allotted shares shall be adjusted to a reasonable extent, taking into account factors such as the conditions of the merger or company split

4. The amount to be paid in upon exercise of the share acquisition rights shall be the amount obtained by multiplying the price per share of common shares of the Company that can be delivered upon exercise of the share acquisition rights, by the number of shares to be issued per share acquisition right, where 1 yen is the amount to be paid in per share.

Date of resolution	June 16, 2020
Classification and number of grantees	Directors: 3 (3 of whom concurrently serve as Executive Officers) (Note 1) Executive Officers: 9
Number of share acquisition rights *	256 (Note 2)
Type, description and number of shares to be issued upon exercise of share acquisition rights*	Common shares: 25,600 (Note 3)
Paid-in amount upon exercise of share acquisition rights (Yen)*	1 (Note 4)
Exercise period of share acquisition rights*	From July 10, 2020 to July 9, 2040
Issue price and amount to be incorporated into capital upon exercise of share acquisition rights (Yen)*	Issue price: 1 Amount to be incorporated into capital: 1
Conditions for exercising share acquisition rights*	<p>(1) Holders of share acquisition rights may exercise their share acquisition rights only after one year has elapsed since assuming office as Director (excluding Outside Directors) or Executive Officer (excluding retirement due to death) and until 10 days have elapsed from the day following the day on which they retire from all positions as Director and Executive Officer.</p> <p>(2) Notwithstanding (1) above, if the holder of the share acquisition rights has not reached the rights exercise commencement date by July 9, 2039, the share acquisition rights may be exercised from July 10, 2039 to July 9, 2040.</p> <p>(3) Notwithstanding (1) above, if a proposal for approval of a merger agreement in which the Company is to be dissolved, a proposal for approval of a share exchange agreement in which the Company is to become a wholly owned subsidiary, or a proposal for approval of a share transfer plan is approved at a General Meeting of Shareholders (or when a resolution of the Board of Directors is passed if a resolution of the General Meeting of Shareholders is not required), the share acquisition rights may be exercised only during the period from the day following the date of such approval until 15 days have passed.</p> <p>(4) Share acquisition rights may not be exercised in part.</p> <p>(5) If a share acquisition right holder dies, his or her heir may exercise the share acquisition rights.</p> <p>(6) Other conditions shall be set forth in the Share Acquisition Rights Allotment Agreement to be entered into between the Company and the share acquisition rights holders in accordance with a resolution of the Board of Directors regarding the issuing of share acquisition rights and a decision by the Representative Executive Officer.</p>
Matters related to the transfer of share acquisition rights*	Approval from the Board of Directors is required for the transfer of share acquisition rights.
Matters related to the delivery of share acquisition rights in connection with reorganization*	-

* Details are as of the end of the current fiscal year (March 31, 2023). The details pertaining to the end of the month prior to the date of filing have been omitted, since there have been no changes to the details to be included from those as of the end of the

current fiscal year as of the end of the month prior to the date of filing (May 31, 2023).

(Notes) 1. The number of Directors excludes Outside Directors.

2. The number of shares to be issued upon exercising each share acquisition right shall be 100 shares.

3. If the Company conducts a share split (including allotment of shares without contribution) or a share consolidation, the number of shares to be issued upon exercise of unexercised share acquisition rights shall be adjusted in accordance with the following formula, and any shares less than one share resulting from the adjustment shall be rounded down.

$$\begin{array}{ccccc} \text{Number of shares} & & \text{Number of shares} & & \text{Ratio of share split} \\ \text{after adjustment} & = & \text{before adjustment} & \times & \text{or share consolidation} \end{array}$$

In addition, if unavoidable circumstances occur that necessitate adjustment of the number of allotted shares, such as the Company conducting a merger or company split, the number of allotted shares shall be adjusted to a reasonable extent, taking into account factors such as the conditions of the merger or company split

4. The amount to be paid in upon exercise of the share acquisition rights shall be the amount obtained by multiplying the price per share of common shares of the Company that can be delivered upon exercise of the share acquisition rights, by the number of shares to be issued per share acquisition right, where 1 yen is the amount to be paid in per share.

Date of resolution	June 16, 2021
Classification and number of grantees	Directors: 3 (3 of whom concurrently serve as Executive Officers) (Note 1) Executive Officers: 10
Number of share acquisition rights *	409 (Note 2)
Type, description and number of shares to be issued upon exercise of share acquisition rights*	Common shares: 40,900 (Note 3)
Paid-in amount upon exercise of share acquisition rights (Yen)*	1 (Note 4)
Exercise period of share acquisition rights*	From July 9, 2021 to July 8, 2041
Issue price and amount to be incorporated into capital upon exercise of share acquisition rights (Yen)*	Issue price: 1 Amount to be incorporated into capital: 1
Conditions for exercising share acquisition rights*	<p>(1) Holders of share acquisition rights may exercise their share acquisition rights only after one year has elapsed since assuming office as Director (excluding Outside Directors) or Executive Officer (excluding retirement due to death) and until 10 days have elapsed from the day following the day on which they retire from all positions as Director and Executive Officer.</p> <p>(2) Notwithstanding (1) above, if the holder of the share acquisition rights has not reached the rights exercise commencement date by July 8, 2040, the share acquisition rights may be exercised from July 9, 2040 to July 8, 2041.</p> <p>(3) Notwithstanding (1) above, if a proposal for approval of a merger agreement in which the Company is to be dissolved, a proposal for approval of a share exchange agreement in which the Company is to become a wholly owned subsidiary, or a proposal for approval of a share transfer plan is approved at a General Meeting of Shareholders (or when a resolution of the Board of Directors is passed if a resolution of the General Meeting of Shareholders is not required), the share acquisition rights may be exercised only during the period from the day following the date of such approval until 15 days have passed.</p> <p>(4) Share acquisition rights may not be exercised in part.</p> <p>(5) If a share acquisition right holder dies, his or her heir may exercise the share acquisition rights.</p> <p>(6) Other conditions shall be set forth in the Share Acquisition Rights Allotment Agreement to be entered into between the Company and the share acquisition rights holders in accordance with a resolution of the Board of Directors regarding the issuing of share acquisition rights and a decision by the Representative Executive Officer.</p>
Matters related to the transfer of share acquisition rights*	Approval from the Board of Directors is required for the transfer of share acquisition rights.
Matters related to the delivery of share acquisition rights in connection with reorganization*	-

* Details are as of the end of the current fiscal year (March 31, 2023). The details pertaining to the end of the month prior to the date of filing have been omitted, since there have been no changes to the details to be included from those as of the end of the

current fiscal year as of the end of the month prior to the date of filing (May 31, 2023).

(Notes) 1. The number of Directors excludes Outside Directors.

2. The number of shares to be issued upon exercising each share acquisition right shall be 100 shares.

3. If the Company conducts a share split (including allotment of shares without contribution) or a share consolidation, the number of shares to be issued upon exercise of unexercised share acquisition rights shall be adjusted in accordance with the following formula, and any shares less than one share resulting from the adjustment shall be rounded down.

$$\begin{array}{ccccc} \text{Number of shares} & & \text{Number of shares} & & \text{Ratio of share split} \\ \text{after adjustment} & = & \text{before adjustment} & \times & \text{or share consolidation} \end{array}$$

In addition, if unavoidable circumstances occur that necessitate adjustment of the number of allotted shares, such as the Company conducting a merger or company split, the number of allotted shares shall be adjusted to a reasonable extent, taking into account factors such as the conditions of the merger or company split

4. The amount to be paid in upon exercise of the share acquisition rights shall be the amount obtained by multiplying the price per share of common shares of the Company that can be delivered upon exercise of the share acquisition rights, by the number of shares to be issued per share acquisition right, where 1 yen is the amount to be paid in per share.

Date of resolution	June 17, 2022
Classification and number of grantees	Directors: 3 (2 of whom concurrently serve as Executive Officers) (Note 1) Executive Officers: 10
Number of share acquisition rights	404 (Note 2)
Type, description and number of shares to be issued upon exercise of share acquisition rights	Common shares: 40,400 (Note 3)
Paid-in amount upon exercise of share acquisition rights (Yen)	1 (Note 4)
Exercise period of share acquisition rights	From July 8, 2022 to July 7, 2042
Issue price and amount to be incorporated into capital upon exercise of share acquisition rights (Yen)	Issue price: 1 Amount to be incorporated into capital: 1
Conditions for exercising share acquisition rights	<p>(1) Holders of share acquisition rights may exercise their share acquisition rights only after one year has elapsed since assuming office as Director (excluding Outside Directors) or Executive Officer (excluding retirement due to death) and until 10 days have elapsed from the day following the day on which they retire from all positions as Director and Executive Officer.</p> <p>(2) Notwithstanding (1) above, if the holder of the share acquisition rights has not reached the rights exercise commencement date by July 7, 2041, the share acquisition rights may be exercised from July 8, 2041 to July 7, 2042.</p> <p>(3) Notwithstanding (1) above, if a proposal for approval of a merger agreement in which the Company is to be dissolved, a proposal for approval of a share exchange agreement in which the Company is to become a wholly owned subsidiary, or a proposal for approval of a share transfer plan is approved at a General Meeting of Shareholders (or when a resolution of the Board of Directors is passed if a resolution of the General Meeting of Shareholders is not required), the share acquisition rights may be exercised only during the period from the day following the date of such approval until 15 days have passed.</p> <p>(4) Share acquisition rights may not be exercised in part.</p> <p>(5) If a share acquisition right holder dies, his or her heir may exercise the share acquisition rights.</p> <p>(6) Other conditions shall be set forth in the Share Acquisition Rights Allotment Agreement to be entered into between the Company and the share acquisition rights holders in accordance with a resolution of the Board of Directors regarding the issuing of share acquisition rights and a decision by the Representative Executive Officer.</p>
Matters related to the transfer of share acquisition rights	Approval from the Board of Directors is required for the transfer of share acquisition rights.
Matters related to the delivery of share acquisition rights in connection with reorganization	-

* Details are as of the end of the current fiscal year (March 31, 2023). The details pertaining to the end of the month prior to the date of filing have been omitted, since there have been no changes to the details to be included from those as of the end of the

current fiscal year as of the end of the month prior to the date of filing (May 31, 2023).

(Notes) 1. The number of Directors excludes Outside Directors.

2. The number of shares to be issued upon exercising each share acquisition right shall be 100 shares.

3. If the Company conducts a share split (including allotment of shares without contribution) or a share consolidation, the number of shares to be issued upon exercise of unexercised share acquisition rights shall be adjusted in accordance with the following formula, and any shares less than one share resulting from the adjustment shall be rounded down.

$$\begin{array}{ccccc} \text{Number of shares} & & \text{Number of shares} & & \text{Ratio of share split} \\ \text{after adjustment} & = & \text{before adjustment} & \times & \text{or share consolidation} \end{array}$$

In addition, if unavoidable circumstances occur that necessitate adjustment of the number of allotted shares, such as the Company conducting a merger or company split, the number of allotted shares shall be adjusted to a reasonable extent, taking into account factors such as the conditions of the merger or company split

4. The amount to be paid in upon exercise of the share acquisition rights shall be the amount obtained by multiplying the price per share of common shares of the Company that can be delivered upon exercise of the share acquisition rights, by the number of shares to be issued per share acquisition right, where 1 yen is the amount to be paid in per share.

2) Rights plans
Not applicable.

3) Other share acquisition rights
Not applicable.

(3) Exercises of bonds with share acquisition rights containing a clause for exercise price amendment
Not applicable.

(4) Changes in total number of issued shares, share capital and others

Date	Changes in total number of issued shares (Shares)	Balance of total number of issued shares (Shares)	Changes in share capital (Million yen)	Balance of share capital (Million yen)	Changes in legal capital surplus (Million yen)	Balance of legal capital surplus (Million yen)
April 1, 2018 (Note)	21,770,719	43,541,438	-	6,897	-	7,892

(Note) The increase was due to a two-for-one share split.

(5) Shareholding by shareholder category

As of March 31, 2023

Category	Status of shares (Number of shares constituting one unit: 100 shares)								Status of shares less than one unit (Shares)
	Government and local municipalities	Financial institutions	Financial service providers	Other corporations	Foreign corporations, etc.		Individuals and others	Total	
					Other than individuals	Individuals			
Number of shareholders	-	17	30	47	194	11	7,868	8,167	-
Number of shares held (Unit)	-	105,374	6,540	23,495	156,387	53	143,358	435,207	20,738
Percentage of shareholdings (%)	-	24.21	1.50	5.40	35.93	0.01	32.94	100.00	-

(Note) Of 6,512,625 treasury shares, 65,126 units are included in “Individuals and others” and 25 shares in “Status of shares less than one unit.”

(6) Major shareholders

(As of March 31, 2023)

Name/company name	Address	Number of shares held (Hundred shares)	Percentage of shares held to the total number of issued shares (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	2-11-3, Hamamatsucho, Minato-ku, Tokyo	51,395	13.88
Custody Bank of Japan, Ltd. (Trust account)	1-8-12, Harumi, Chuo-ku, Tokyo	28,911	7.81
JP MORGAN CHASE BANK 385632 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM (Shinagawa Intercity Tower A, 2-15-1 Konan, Minato-ku, Tokyo)	27,711	7.48
Otsuka Pharmaceutical Co., Ltd.	2-9, Kanda-Tsukasamachi, Chiyoda-ku, Tokyo	20,000	5.40
NORTHERN TRUST CO.(AVFC) RE THE HIGHCLERE INTERNATIONAL INVESTORS SMALLER COMPANIES FUND (Standing proxy: Custody Business Department, The Hongkong & Shanghai Banking Corporation Limited, Tokyo Branch)	50 BANK STREET CANARY WHARF LONDON E14 5NT, UK (3-11-1, Nihonbashi, Chuo-ku, Tokyo)	13,032	3.52
The Dai-ichi Life Insurance Company, Limited (Standing proxy: Custody Bank of Japan, Ltd.)	1-13-1, Yurakucho, Chiyoda-ku, Tokyo (1-8-12, Harumi, Chuo-ku, Tokyo)	11,000	2.97
GOVERNMENT OF NORWAY (Standing proxy: Citibank, N.A., Tokyo Branch)	BANKPLASSEN 2, 0107 OSLO 1 OSLO 0107 NO (6-27-30 Shinjuku, Shinjuku-ku, Tokyo)	8,408	2.27
Nippon Life Insurance Company (Standing proxy: The Master Trust Bank of Japan, Ltd.)	Nippon Life Securities Operation Dept., 1-6-6 Marunouchi, Chiyoda-ku, Tokyo (2-11-3 Hamamatsucho, Minato-ku, Tokyo)	7,992	2.16
VICTORY TRIVALENT INTERNATIONAL SMALL-CAP FUND (Standing proxy: Citibank, N.A., Tokyo Branch)	3435 STELZER ROAD, COLUMBUS OH 43219-6004 US (6-27-30 Shinjuku, Shinjuku-ku, Tokyo)	6,277	1.70
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	P.O.BOX 351 BOSTON MASSACHUSETTS 02101 U.S.A (Shinagawa Intercity Tower A, 2-15-1 Konan, Minato-ku, Tokyo)	6,259	1.69
Total	-	180,985	48.88

- (Notes)
1. In addition to the above, there are 6,512,600 treasury shares.
 2. The Master Trust Bank of Japan, Ltd. (Trust Account) holds 2,089,100 shares in investment trusts, 397,700 shares in pension trusts, and 2,652,700 shares in other trusts.
 3. The Custody Bank of Japan, Ltd. (Trust Account) holds 943,600 shares in investment trusts, 54,800 shares in pension trusts, 1,606,100 shares in other trusts, and 286,600 other shares.
 4. Otsuka Pharmaceutical Co., Ltd., which was a major shareholder at the end of the previous fiscal year, is no longer a major shareholder as of the end of the current fiscal year.

(7) Voting rights

1) Issued shares

As of March 31, 2023

Category	Number of shares (Shares)	Number of voting rights	Description
Shares with no voting rights	-	-	-
Shares with restricted voting rights (Treasury shares, etc.)	-	-	-
Shares with restricted voting rights (Other)	-	-	-
Shares with full voting rights (Treasury shares, etc.)	Common stock 6,512,600	-	-
Shares with full voting rights (Other)	Common stock 37,008,100	370,081	-
Shares less than one unit	Common stock 20,738	-	-
Total number of issued shares	43,541,438	-	-
Number of voting rights held by all shareholders	-	370,081	-

2) Treasury shares, etc.

As of March 31, 2023

Name/company name of shareholder	Address of shareholder	Number of shares held under own name (Shares)	Number of shares held under the names of others (Shares)	Total number of shares held (Shares)	Ratio of number of shares held to total number of issued shares (%)
EIKEN CHEMICAL CO., LTD.	4-19-9, Taito, Taito-ku, Tokyo	6,512,600	-	6,512,600	14.96
Total	-	6,512,600	-	6,512,600	14.96

2. Acquisition and Disposal of Treasury Shares

Class of Shares, etc.: Redemption of common stock under Article 155, Item 7 of the Companies Act

- (1) Acquisition by resolution of General Meeting of Shareholders

Not applicable.

- (2) Acquisition by resolution of Board of Directors' Meeting

Not applicable.

- (3) Acquisition not based on resolution of General Meeting of Shareholders or Board of Directors' Meeting

Category	Number of shares (Shares)	Total amount (Yen)
Treasury shares acquired during the current fiscal year	44	81,988
Treasury shares acquired during the current period	-	-

(Notes) 1. "Treasury shares acquired during the current fiscal year" and "Treasury shares acquired during the current period" consist of the purchase of shares less than one unit.

2. "Treasury shares acquired during the current period" does not include the number of shares less than one unit purchased from June 1, 2023 to the date of filing of this Annual Securities Report.

- (4) Disposal of acquired treasury shares and number of treasury shares held

Category	Current fiscal year		Current period	
	Number of shares (Shares)	Total amount of disposition (Yen)	Number of shares (Shares)	Total amount of disposition (Yen)
Acquired treasury shares for which subscribers were solicited	-	-	-	-
Acquired treasury shares that were canceled	-	-	-	-
Acquired treasury shares that were transferred due to merger, share exchange, share issuance, or company split	-	-	-	-
Other	64,280	30,533,000	-	-
Number of treasury shares held	6,512,625	-	-	-

(Notes) 1. "Other" in the current fiscal year is the disposal of treasury shares as restricted share-based compensation.

2. Treasury shares disposed of in the current period does not include shares of less than one unit demanded to be sold from June 1, 2023 to the date of filing of this Annual Securities Report.
3. The number of treasury shares held in the current period does not include shares of less than one unit purchased and demanded to be sold from June 1, 2023 to the date of filing of this Annual Securities Report.

3. Dividend Policy

The Company regards distribution of profits to its shareholders as one of the most important management issues. The Company's basic policies are to implement a stable dividend policy based on consideration for enhancing internal reserves required for reinforcement of our financial base and active business development, and to distribute profits by paying stable dividends twice annually in the form of an interim dividend and a yearend dividend. Specifically, based on the above-mentioned policies, the Company endeavors to maintain dividends with a goal of 30% or higher for its consolidated dividend payout ratio. In its Articles of Incorporation, the Company has set the decision-making body regarding dividends from surplus as follows: "Dividends from surplus, etc., can be distributed by a resolution of the Board of Directors in accordance with regulations of Article 459, Paragraph 1 of the Companies Act."

As announced on April 28, 2023 in the "Dividends from Surplus (Dividend Increase)," the year-end dividend for the current fiscal year has been revised to 27 yen per share. This is an increase of 3 yen per share from the most recent dividend forecast of 24 yen per share. This increase is due to meet our shareholders' ongoing support and clarify our basic policy. As we have already paid an interim dividend of 24 yen on December 1, 2022, dividends on an annual basis will amount to 51 yen per share.

In regard to per share dividends for the next fiscal year, we forecast ordinary dividends consisting of an interim dividend of 25 yen and a year-end dividend of 26 yen. Internal reserves will be used effectively from a mid to long-term perspective in investment for R&D aimed at strengthening our business structure, facilities investment, and efforts to improve business efficiency.

Dividends of surplus for the current fiscal year are as follows.

Date of approval	Total amount of dividends (Million yen)	Dividend per share (Yen)
October 27, 2022 Resolution by the Board of Directors	887	24
April 28, 2023 Resolution by the Board of Directors	999	27

4. Corporate Governance

(1) Overview of corporate governance

1) Basic views on corporate governance

Our corporate governance policy is based on our management philosophy, management vision, and motto.

The Company recognizes that enhancing corporate governance with a strong focus on the shareholders' perspective is one of its most important management issues, for the purposes of enhancing management soundness, speed and transparency and improving corporate value, and carries out activities to these ends.

2) Overview of corporate governance system and reasons for adopting the system

By adopting the structure of a company with a Nominating Committee, the Company endeavors to realize prompt management decisions and business execution by Executive Officers, while the Board of Directors and the three committees (Nominating Committee, Compensation Committee, Audit Committee) continuously monitor the efficiency of business execution to achieve highly transparent and fair management.

(a) Board of Directors

The Board of Directors, consisting of eight Directors (five of whom are Outside Directors), delegates occupational authority within the scope of laws and regulations to the Executive Officers, and focuses on making decisions on important matters related to basic management policies such as the medium-term management plan and management policies, and supervising the status of business execution. The three Directors are Morifumi Wada, Tsugunori Notomi, and Hajime Watari. The five Outside Directors are Yukiya Hakozaiki, Kiyoshi Ishii, Kiyomi Nakamura, Akira Fujiyoshi, and Naoki Matsutake.

(b) Nominating Committee

The Nominating Committee determines the content and other matters related to proposals for the election and dismissal of Directors to be submitted to the General Meeting of Shareholders, in light of the criteria for the nomination and dismissal of Directors. The Committee is chaired by an Outside Director and consists of one Director (Tsugunori Notomi) and two Outside Directors (Kiyoshi Ishii and Yukiya Hakozaiki).

(c) Compensation Committee

The Compensation Committee determines policies for the determination of individual compensation for Directors and Executive Officers, as well as individual compensation. The Committee is chaired by an Outside Director and consists of one Director (Tsugunori Notomi) and two Outside Directors (Akira Fujiyoshi and Kiyoshi Ishii).

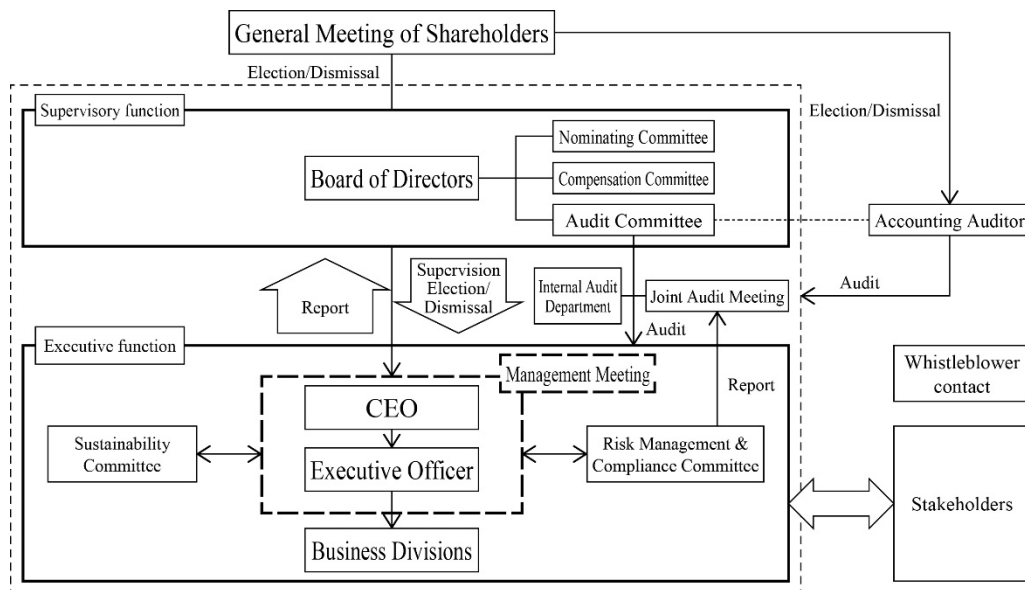
(d) Audit Committee

The Audit Committee determines matters related to basic policies and implementation plans for audits and the content and other matters related to proposals for the election and dismissal of the Accounting Auditor and the non-reappointment of the Accounting Auditor to be submitted to the General Meeting of Shareholders. The Committee is chaired by an Outside Director and consists of one Director (Morifumi Wada) and three Outside Directors (Kiyomi Nakamura, Akira Fujiyoshi and Naoki Matsutake).

(e) Business execution organization, etc.

One Representative Executive Officer and 10 Executive Officers are in charge of business execution.

A schematic diagram of the Company's corporate governance structure is as follows.



3) Other matters regarding corporate governance

The Company's basic policy for the development of internal control and risk management systems is as follows.

(a) Matters necessary for the execution of duties by the Audit Committee

a. Matters concerning the employees who should assist the Audit Committee in its duties

The Company shall establish an Audit Committee Secretariat to assist the Audit Committee in its duties, and the Internal Audit Department is in charge of such work.

b. Matters concerning the independence from Executive Officers of employees who should assist the Audit Committee in its duties

The Company shall ensure the independence of employees assigned to the Internal Audit Department from Executive Officers in accordance with its Internal Rules (Rules Concerning Employees Who Should Assist the Audit Committee in Its Duties). Transfers in and out of the department shall be decided in advance with the approval of the Audit Committee, and the Company shall ensure that no employee is treated unfavorably because of his or her duties with respect to personnel evaluations and salary.

c. Matters concerning ensuring the effectiveness of instructions given by the Audit Committee to the employees who should assist the Audit Committee in its duties

The Company shall ensure that employees assigned to the Internal Audit Department are not subject to undue restrictions in the performance of their duties. If any employee assigned to the Internal Audit Department is subject to undue restrictions from within or outside the Company when performing his or her duties, he or she must inform the Audit Committee or an Audit Committee member designated in advance by the Audit Committee, and request the lifting of the undue restrictions.

d. System for reporting to the Audit Committee by the Directors, Executive Officers, and employees, and system for reporting to the Audit Committee by Directors, etc. and employees of subsidiaries or persons who receive reports from such persons

The Company shall stipulate the matters to be reported to the Audit Committee in its Internal Rules (Rules on Reporting Information to the Audit Committee, etc.), and Directors (excluding Directors who are Audit Committee Members), Executive Officers, and employees, as well as Directors, etc. and employees of subsidiaries or persons who receive reports from such persons, shall report to the Audit Committee.

In addition, Audit Committee Members shall attend Board of Directors meetings and other important meetings to monitor the state of business execution and shall receive reports from each department at joint audit meetings held regularly. To ensure thorough compliance, the Company has established internal and external whistleblower contacts.

e. System for ensuring that persons who report to the Audit Committee are not subject to any disadvantageous treatment on the basis of such report

The Audit Committee shall ensure that persons who make a report to the Audit Committee are not treated disadvantageously on the grounds of having made such report.

f. Matters concerning procedures for prepayment or reimbursement of expenses incurred in the performance of duties by Audit Committee Members, and other policies pertaining to the settlement of expenses or liabilities incurred in the performance of such duties

When the Audit Committee entrusts advice, investigations, appraisals, or other administrative work to attorneys, certified public accountants, or other outside experts in order to conduct an audit, or when the Company receives a demand for advance payment of start-up costs or other expenses, reimbursement of expenses incurred after the fact, or other expenses, the Company must pay such expenses or settle such liabilities unless the expenses or liabilities pertaining to such demand are deemed unnecessary for the performance of the duties of the Audit Committee.

g. Other systems to ensure that audits by the Audit Committee are conducted effectively

Members of the Audit Committee shall attend Board of Directors meetings and other important meetings in order to monitor the state of business execution, and shall give opinions as necessary, and facilitate the smooth execution of audit work. In addition, members of the Audit Committee shall confirm that the effectiveness of audits is being ensured through joint audit meetings, and ensure cooperation with the Accounting Auditor as necessary.

(b) Systems to ensure that the execution of duties by Executive Officers complies with laws and regulations and the Articles of Incorporation, and other systems necessary to ensure the appropriateness of operations

a. System to store and manage information pertaining to the execution of duties by Executive Officers

The Company shall store information pertaining to the execution of duties by Executive Officers, minutes and related materials, and other important information and documents, etc., in accordance with the Internal Rules for the storage and management of information and maintain them in a state that can be accessed as necessary.

b. Regulations and other systems for managing the risk of loss of the Company and its subsidiaries

The Company and its subsidiaries (the “Group”) shall formulate the Eiken Group Risk Management Regulations which systematically define the risk management of the Group and the risk of loss (“Risk”) associated with the promotion of Group operations, which shall be continuously monitored and managed by the Risk Management & Compliance Committee.

In addition, the Executive Officer in charge of risk management, whose duty it is to oversee company-wide risks, shall promptly and appropriately communicate information and establish an emergency response system in the event of an emergency in accordance with such regulations.

c. System to ensure the execution of duties by Executive Officers of the Company and Directors of subsidiaries is conducted efficiently

Execution of important matters pertaining to the basic management policies of the Group shall be determined following deliberations by the Board of Directors. Business execution shall be conducted promptly and smoothly based on a proper chain of instructions and orders in accordance with the Rules for Executive Officers and the Rules on Administrative Authority.

The Board of Directors meets once a month, and holds extraordinary meetings on an ad hoc basis as necessary, to continuously monitor business execution efficiency.

In addition, the Company’s subsidiaries also stipulate occupational authority and perform their duties efficiently.

The Audit Committee monitors each internal control system and takes appropriate action to ensure the appropriateness of operations of the Eiken Group, which consists of the Company and its subsidiaries.

d. System for reporting to the Company matters pertaining to the execution of duties by Directors, Executive Officers, and employees who execute business, etc. of the Company’s subsidiaries

Executive Officers in charge of the Company’s subsidiaries shall report to the Company’s Chief Executive Officer according the level of importance, etc., while respecting the autonomy and independence of the subsidiaries.

e. System to ensure that the execution of duties by Executive Officers and employees of the Company and the Directors, etc. and employees of subsidiaries complies with laws, regulations and the Articles of Incorporation

The Eiken Group Global Code of Conduct and Eiken Group Compliance Regulations shall be established as codes of conduct to ensure Executive Officers and employees of the Company, as well as Directors, etc. and employees of subsidiaries comply with laws, regulations and the Articles of Incorporation and act in accordance with social norms. Internal training shall also be conducted on an ongoing basis to in combination with the Rules on Administrative Authority to further enhance their effectiveness.

In addition, the Company and its subsidiaries shall each establish a Risk Management & Compliance Committee, as well as a Risk Management & Compliance Promotion Committee, as a subordinate body to the Risk Management & Compliance Committee that acts as an execution organization for each office and subsidiary. Through these Committees, the Company promotes corporate ethics and legal compliance, and continuously monitors legality and efficiency through Internal Audit Department audits, Risk Management & Compliance Committee meetings, and joint audit meetings.

(c) Development status of systems to ensure the appropriateness of operations at subsidiaries

The Company ensures the appropriateness of operations at subsidiaries by operating and managing subsidiaries by having Executive Officers concurrently serve as officers at subsidiaries, and by regularly reporting their business performance and the state of operation and management to the Board of Directors and the Management Committee.

4) State of activities of the Board of Directors

The Company held 15 meetings of the Board of Directors during the fiscal year under review, and the attendance of individual Directors was as follows.

Name	Number of Meetings	Number of Meetings Attended
Morifumi Wada	15	15
Tsugunori Notomi	15	15
Hajime Watari	15	15
Shigeru Nomura	15	15
Yukiya Hakozaiki	15	15
Kiyoshi Ishii	15	15
Kiyomi Nakamura	15	15
Akira Fujiyoshi	15	15

At meetings of the Board of Directors, in addition to making decisions on important matters relating to management policies, etc. and other basic management policies, resolutions were made on matters such as the launch of the contract inspection business. Furthermore, to supervise the status of business execution, the Board of Directors received reports on development strategies, investment plans, the details and outcome of deliberations by the Sustainability Committee, and the opinions of shareholders and investors gathered during investor relations activities.

5) State of activities of the Nominating Committee

The Nominating Committee held seven meetings during the fiscal year under review, and the attendance of individual Nominating Committee Members was as follows.

Name	Number of Meetings	Number of Meetings Attended
Kiyoshi Ishii	7	7
Yukiya Hakozaiki	6	6
Tsugunori Notomi	7	7

The Nominating Committee reviewed and discussed the proposed candidates for the Board of Directors and for Chief Executive Officer, and the training of their successors. The main results of activities by the Nominating Committee are as follows.

The Committee simulated the future appointment and retirement of Outside Directors, and based on the results, the Committee partially revised the internal rules regarding the retirement age and term of office of Outside Directors, from the viewpoint of continuity of the Board of Directors and securing human resources. After confirming that there are no issues with the independence and neutrality of the candidate for new Outside Director and four candidates for reappointment as Outside Directors for the fiscal year ending March 31, 2024, and that they are well-balanced in terms of the skills matrix, the Committee decided eight candidates for the Board of Directors, including the reappointment of three internal Directors. In addition, the Committee presented the candidate for Chief Executive Officer to the Board of Directors, and encouraged discussions with the Chief Executive Officer and the Board of Directors regarding the selection and training of successor candidates for Chief Executive Officer. Through discussions, the Chief Executive Officer and the Board of Directors shared the view that the creation of a succession plan for not only the Chief Executive Officer but also future top management is an important matter that will affect the growth of the Company, and the Nominating Committee will continue to actively supervise and provide advice accordingly.

6) State of activities of the Compensation Committee

The Compensation Committee held nine meetings during the fiscal year under review, and the attendance of individual Compensation Committee Members was as follows.

Name	Number of Meetings	Number of Meetings Attended
Akira Fujiyoshi	9	9
Kiyomi Nakamura	7	7
Yukiya Hakozaiki	2	2
Tsugunori Notomi	7	7

The Compensation Committee addressed two key themes.

(a) Conversion of stock options to restricted stock

The Committee continued to consider improvements to the compensation system to raise awareness among Executive Officers to improve the share price and corporate value from the same perspective as shareholders. The Company resolved to grant restricted stock instead of conventional stock options and implements the new system from the fiscal year ending March 31, 2024.

(b) Improvements to target setting and evaluation methods and content

The Company believes that the targets set by the Executive Officers should not be limited to those to be implemented in a single fiscal year, but should be targets for the realization of the EIKEN ROAD MAP 2030 management concept and the achievement of the medium-term management plan. Therefore, the Company has decided to clarify medium- and long-term targets, predominantly focused on reform, that should be addressed by Executive Officers. With regard to the process of evaluations, in addition to the Executive Officers' self-evaluations and the evaluation by the Chief Executive Officer, the Board of Directors also evaluates Executive Officers, and the Compensation Committee determines the final evaluation and sets the performance-based compensation accordingly. The revisions to the target-setting and evaluation process is intended to raise the motivation of Executive Officers to work toward medium- and long-term reforms and to evaluate the results of their efforts.

The environmental situation surrounding the Company has become increasingly difficult due to the transformation of social activities resulting from the spread of COVID-19, and the human resources that will be the driving force to overcome these challenges and promote continuous growth are becoming increasingly important. The Company recognizes that there is a constant need to train candidates for the next generation of Executive Officers and to make the executive compensation system competitive. From the fiscal year ending March 31, 2024 onward, in addition to being competitive, the Company will encourage proactive efforts by Executive Officers to make changes, and will make improvements that would be an incentive for change by creating a compensation system that clearly reflect the results of such efforts.

7) State of activities of the Audit Committee

The Audit Committee held seven meetings during the fiscal year under review, and the attendance of individual Audit Committee Members was as follows.

Name	Number of Meetings	Number of Meetings Attended
Shigeru Nomura	7	7
Kiyomi Nakamura	7	7
Akira Fujiyoshi	7	7
Morifumi Wada	5	5

The Audit Committee has confirmed that governance and risk management are functioning properly by receiving regular reports from the Business Management Division, Production Division, Quality Control departments, and other departments in accordance with the Audit Committee Rules, as well as through quarterly opinion exchanges with the Chief Executive Officer and information exchange with the Accounting Auditor. The Internal Audit Department, which serves as the secretariat to the Audit Committee, has jointly verified the economic rationality of important investments, and has audited the development and operation of internal control systems, and conducted business audits. The Audit Committee has also investigated and analyzed risks surrounding the business environment, shared information with executive departments and the Board of Directors, and endeavored to strengthen governance by confirming a system to respond immediately to risks. No material facts in violation of laws, regulations, or the Articles of Incorporation were found as a result of these activities in the execution of duties by Directors and Executive Officers during the fiscal year under review. The Audit Committee will collaborate with the Internal Audit

Department and the Accounting Auditor to improve the effectiveness of the audit and the system, and will conduct audits to promote stronger governance to enhance corporate value and to earn trust from society.

8) Maximum number of Board Directors

The Company's Articles of Incorporation stipulate that there shall be no more than ten Directors and that at least two Directors shall be Outside Directors (meaning Outside Directors stipulated in Article 2, Item 15 of the Companies Act).

9) Overview of the content of liability limitation agreements

The Company has concluded a limited liability agreement with six Directors to limit their liability to compensate for damages prescribed in Article 423, Paragraph 1 of the Companies Act, pursuant to the provisions of Article 427, Paragraph 1 of the same Act. The limit of the liability under such agreements for Directors (excluding Executive Directors, etc.) shall be the greater of either 10 million yen or the amount prescribed in laws and regulations. Such limitation of liability shall apply only when the relevant Directors (excluding Executive Directors, etc.) have performed their duties, which is the cause of the liability, in good faith and without gross negligence.

10) Overview of the content of Directors and Officers Liability Insurance

The Company has taken out Directors and Officers Liability Insurance as prescribed in Article 430-3, Paragraph 1 of the Companies Act, naming all Directors, Executive Officers and officers of subsidiaries as the insured parties. Insurance premiums, including riders, are paid in full by the Company.

The insurance policy is designed to cover damages, etc. incurred by the insured Directors and Executive Officers, etc., due to claims for damages arising from the performance of their duties. However, certain exemptions such as damage caused by acts committed while acknowledging that such acts violate laws and regulations will not be covered.

11) Requirements for resolutions to elect Directors

The Company's Articles of Incorporation stipulate that Directors shall be elected by a resolution of the General Meeting of Shareholders and that the resolution for their election shall be adopted by a majority of the voting rights of shareholders present at the meeting, at which shareholders holding one-third or more of the voting rights of shareholders who are entitled to exercise their voting rights are present. Resolutions for the election of Directors shall not be conducted by cumulative voting.

12) Organization for determining dividends of surplus, etc.

The Company's Articles of Incorporation stipulate that matters set forth in each item of Article 459, Paragraph 1 of the Companies Act, including dividends of surplus, shall be decided by resolutions of the Board of Directors instead of resolutions of General Meeting of Shareholders, unless otherwise provided by laws and regulations. The purpose of this policy is to flexibly return profits to shareholders by giving the Board of Directors the authority to distribute dividends of surplus, etc.

13) Organization for determining the acquisition of treasury shares

The Company's Articles of Incorporation stipulate that the Company may acquire its own shares through market transactions, etc. by a resolution of the Board of Directors, pursuant to Article 165, Paragraph 2 of the Companies Act. The purpose of this policy is to flexibly repurchase treasury shares.

14) Exemption of Directors and Executive Officers from liability

The Company's Articles of Incorporation stipulate that the Company can, in cases where the statutory requirements are satisfied, exempt Directors (including former Directors) and Executive Officers (including former Executive Officers) from the indemnity liability pursuant to Article 423, Paragraph (1) of the Companies Act, limited to the balance of the indemnity liability amount reduced by the statutory minimum liability amount, pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, by a resolution of the Board of Directors. The purpose of this policy is to create an environment in which Directors and Executive Officers can fully demonstrate their abilities and fulfill their expected roles in the execution of their duties.

15) Requirements for special resolution at the General Meetings of Shareholders

The Company's Articles of Incorporation stipulate that the requirements for special resolutions of the General Meeting of Shareholders stipulated in Article 309, Paragraph 2 of the Companies Act shall be passed by two-thirds of the voting rights of shareholders present at the meeting, at which shareholders holding one-third or more of the voting rights of shareholders who are entitled to exercise their voting rights are present. The purpose of this policy is to ensure the smooth operation of the General Meeting of Shareholders by relaxing the quorum for special resolutions at such meetings.

16) Matters to be resolved by the Board of Directors in cases where the Articles of Incorporation stipulate that such matters cannot be resolved at the General Meeting of Shareholders, and the reasons thereof

The Company's Articles of Incorporation stipulate that the matters listed in each item of Article 459, Paragraph 1 of the Companies Act shall not be determined by a resolution of the General Meeting of Shareholders. The purpose of this is to flexibly return profits to shareholders by giving the Board of Directors the authority to distribute dividends of surplus, etc.

(2) Directors

15 male Directors and one female Director (Ratio of female Directors: 6.3%)

1) List of Directors

a. Status of Directors

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundred shares)
Director	Morifumi Wada	October 8, 1954	March 1978 April 2005	Joined the Company General Manager, Production Planning & Control Division, Production Division, and General Manager, Procurement Department	(Note 3)	4
			June 2006	Appointed Executive Officer of the Company		
			April 2007	General Manager, Nogi Plant, Production Division of the Company		
			May 2007	General Manager, Togane Plant, Production Division of the Company		
			April 2011	Appointed Vice President and Executive Officer of the Company		
			June 2011	Appointed Director of the Company		
			April 2012	General Manager, Sales Division of the Company		
			June 2014	Appointed President and CEO of the Company		
			June 2021	Appointed Chairman and CEO of the Company		
			June 2022	Appointed Chairman and Director of the Company (to present)		
			June 2023	Outside Director of ORGANO CORPORATION (to be appointed on June 29, 2023)		
Director	Tsugunori Notomi	May 7, 1958	April 1981 May 2001	Joined the Company General Manager, DUG Unit Technology Development Department of the Company	(Note 3)	-
			October 2005	Deputy General Manager, Biochemical Research Laboratory, R&D Division of the Company		
			April 2009	General Manager, Biochemical Research Laboratory, R&D Division of the Company		
			April 2009	Appointed Executive Officer of the Company		
			April 2011	General Manager, Biochemical Research Laboratory-II, R&D Division of the Company		
			April 2018	General Manager, R&D Division		
			June 2018	Appointed Director of the Company (to present)		
			June 2018	Appointed Vice President and Executive Officer of the Company		
			April 2020	General Manager, R&D Division, and General Manager, Production Division of the Company		
			June 2020	Appointed Senior Vice President and Executive Officer of the Company		
			June 2021	Appointed President and CEO of the Company (to present)		

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundred shares)
Director	Hajime Watari	October 17, 1960	<p>March 1985 April 2013</p> <p>June 2014</p> <p>April 2015</p> <p>April 2016</p> <p>April 2020</p> <p>June 2020</p> <p>June 2020</p> <p>June 2021</p> <p>April 2022</p>	<p>Joined the Company</p> <p>General Manager, Strategic Planning & Business Development Department, Corporate Strategy Office of the Company</p> <p>General Manager, Overseas Sales Office, Sales Division of the Company</p> <p>Appointed Executive Officer of the Company</p> <p>General Manager, Global Sales & Business Development Division of the Company</p> <p>General Manager, Business Management Division, and General Manager, Global Business Division of the Company</p> <p>Appointed Vice President and Executive Officer of the Company</p> <p>Appointed Director of the Company (to present)</p> <p>Appointed Senior Vice President and Executive Officer of the Company (to present)</p> <p>General Manager, Business Management Division of the Company (to present)</p>	(Note 3)	64
Director	Yukiya Hakozaiki	October 17, 1954	<p>June 1983</p> <p>August 1987</p> <p>October 1997</p> <p>August 2000</p> <p>August 2004</p> <p>December 2006</p> <p>October 2014</p> <p>November 2014</p> <p>June 2015</p> <p>April 2017</p> <p>April 2021</p>	<p>Japan Self Defense Forces Fuji Hospital</p> <p>Medical Director</p> <p>Gastroenterological Medicine, Japan Self Defense Forces Central Hospital</p> <p>Section Chief, Research and Examination Department, General Manager, Endoscope Office, Japan Self Defense Forces Central Hospital</p> <p>Director, First Section, Department of Internal Medicine and Chief of Health Care Center, JSDF Hanshin Hospital</p> <p>Medical officer, Overseeing and Directing Department, JGSDF Western Army</p> <p>Head, Internal Medicine, First Section, Self Defense Forces Central Hospital (Medical treatment secretary)</p> <p>Retired</p> <p>President, Genkikai-Yokohama Hospital (Medical Corporation)</p> <p>Appointed Outside Director of the Company (to present)</p> <p>Visiting Professor, Tokyo Metropolitan University (to present)</p> <p>Advisor, Medical corporation Reiju medock General Examination Clinic</p>	(Note 3)	-

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundred shares)
Director	Kiyoshi Ishii	October 24, 1952	April 1977	Joined Ishikawajima-Harima Heavy Industries Co., Ltd. (currently IHI Corporation)	(Note 3)	-
			April 2005	Associate Director, Division Director, Defense System Business Division, Aero Engine & Space Business Headquarters, Ishikawajima-Harima Heavy Industries, Co., Ltd.		
			April 2007	Executive Officer, Vice President, Aero Engine & Space Business Headquarters, and Division Director, Defense System Business Division, Ishikawajima-Harima Heavy Industries Co., Ltd.		
			April 2008	Senior Managing Director, Ai Eichi Ai AEROSPACE Co., Ltd. (currently IHI AEROSPACE Co., Ltd.)		
			June 2008	President, Ai Eichi Ai AEROSPACE Co., Ltd.		
			June 2012	Chairman, IHI AEROSPACE Co., Ltd. (part-time)		
			June 2012	President, and Chief Executive Officer, MEISEI ELECTRIC CO., LTD.		
			June 2013	Director, IHI AEROSPACE Co., Ltd. (part-time)		
			June 2016	Advisor, MEISEI ELECTRIC CO., LTD.		
			July 2018	Advisor, IHI Corporation		
			June 2019	Appointed Outside Director of the Company (to present)		
			February 2020	Outside Director, Kyowa Seiki Co., Ltd. (to present)		
Director	Kiyomi Nakamura	October 31, 1968	April 1998	Registered as attorney-at-law	(Note 3)	-
			April 1998	Joined Takao Ono Law Office (currently ONO SOGO LEGAL PROFESSION CORPORATION)		
			January 2008	Partner, Akitoshi Ishimoto Law Office		
			June 2019	Appointed Outside Director of the Company (to present)		
			June 2020	Outside Director, Nippon Beet Sugar Manufacturing Co., Ltd. (to present)		
			May 2022	Partner, HORIZON LAW OFFICE (to present)		

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundred shares)
Director	Akira Fujiyoshi	March 19, 1954	April 1976 August 1988 April 1997 April 2000 July 2003 June 2006 June 2009 June 2014 March 2017 October 2019 June 2020	Joined Eisai Co., Ltd. (R&D) Seconded to Eisai America, Inc., U.S. subsidiary of Eisai Co., Ltd. Seconded to Eisai Research Institute of Boston Inc., U.S. subsidiary of Eisai Co., Ltd. General Manager, Planning Group, Research and Development Planning Department of Eisai Co., Ltd. General Manager, IR Group, Public Relations Department of Eisai Co., Ltd. Corporate Officer in charge of Corporate Communications and IR of Eisai Co., Ltd. Director, Member of the Audit Committee of Eisai Co., Ltd. Adviser of Eisai Co., Ltd. Independent Director, Supervisory Committee Member, SEMBA CORPORATION External Auditor & Supervisor, Heartseed Inc. (to present) Appointed Outside Director of the Company (to present)	(Note 3)	-
Director	Naoki Matsutake	June 30, 1958	April 1987 March 1993 June 2003 March 2016 June 2023	Registered as Certified Public Accountant Representative Director, Kazu Corporation Co., Ltd. (to present) Corporate Auditor, BP Castrol K.K. Outside Director (Audit and Supervisory Committee Member), BP Castrol K.K. (to present) Appointed Outside Director of the Company (to present)	(Note 3)	-
Total						68

(Notes) 1. Yukiya Hakozaiki, Kiyoshi Ishii, Kiyomi Nakamura, Akira Fujiyoshi and Naoki Matsutake are Outside Directors.

2. The Company's committee structure is as follows.

Members of the Nominating Committee: Kiyoshi Ishii, Yukiya Hakozaiki, Tsugunori Notomi

Members of the Compensation Committee: Akira Fujiyoshi, Kiyoshi Ishii, Tsugunori Notomi

Members of the Audit Committee: Kiyomi Nakamura, Akira Fujiyoshi, Naoki Matsutake, Morifumi Wada

3. One year from the conclusion of the Ordinary General Meeting of Shareholders held on June 27, 2023

b. Status of Executive Officers

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundred shares)
President & CEO	Tsugunori Notomi	May 7, 1958	a. See Status of Directors		(Note)	-
Senior Vice President and Executive Officer General Manager, Business Management Division	Hajime Watari	October 17, 1960	a. See Status of Directors		(Note)	64
Vice President and Executive Officer General Manager, Sales Division	Naomichi Harada	December 17, 1960	<p>April 1986 July 2007</p> <p>April 2010</p> <p>April 2013</p> <p>October 2013</p> <p>January 2017</p> <p>January 2017</p> <p>April 2019</p> <p>June 2021</p>	<p>Joined the Company General Manager, Kyoto Sales Office, Sales Division of the Company</p> <p>General Manager, Nagoya Sales Office, Sales Division of the Company</p> <p>General Manager, Sales Administration Office, Sales Division of the Company</p> <p>General Manager, Planning Department, Sales Administration Office, Sales Division of the Company</p> <p>Appointed Executive Officer of the Company</p> <p>General Manager, Sales Division of the Company (to present)</p> <p>General Manager, Domestic Sales Office of the Company</p> <p>Appointed Vice President and Executive Officer of the Company (to present)</p>	(Note)	-

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundred shares)
Vice President and Executive Officer General Manager, R&D Division and Fundamental Research Laboratory	Hidetoshi Kanda	May 1, 1960	March 1985 April 2009 April 2011 April 2016 April 2018 April 2020 April 2020 June 2021 June 2023	Joined the Company General Manager, Department II, Biochemical Research Laboratory, R&D Division of the Company General Manager, Department I, Biochemical Research Laboratory-II, R&D Division of the Company General Manager, Planning Development Department, R&D Division of the Company General Manager, Fundamental Research Laboratory, R&D Division of the Company General Manager, Biochemical Research Laboratory-I, R&D Division and General Manager, Fundamental Research Laboratory of the Company Appointed Executive Officer of the Company General Manager, R&D Division, and General Manager, Fundamental Research Laboratory of the Company (to present) Vice President and Executive Officer of the Company (to present)	(Note)	20
Executive Officer General Manager, President's Office	Shinya Sadamoto	October 12, 1961	March 1984 April 2009 April 2011 April 2012 April 2012 June 2014 April 2015 April 2022	Joined the Company General Manager, Department III, Biochemical Research Laboratory, R&D Division of the Company General Manager, Department III, Biochemical Research Laboratory-I, R&D Division of the Company Appointed Executive Officer of the Company (to present) General Manager, Biochemical Research Laboratory-I, R&D Division of the Company General Manager, Development Department, R&D Division of the Company General Manager, Quality Assurance Division of the Company General Manager, President's Office of the Company (to present)	(Note)	-

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundred shares)
Executive Officer General Manager, Production Division and General Manager, Production Management Office	Michitoshi Doi	November 11, 1961	April 1988 April 2013 April 2016 April 2018 April 2021 April 2021 April 2022	Joined the Company General Manager, Administration Department II, Production Planning & Control Division, Production Division of the Company General Manager, IT Planning Department, IT Planning Promotion Office, Business Management Division of the Company General Manager, IT Planning Promotion Office, Business Management Division and General Manager, IT Planning Department of the Company Appointed Executive Officer of the Company (to present) General Manager, Production Division and General Manager, IT Planning Promotion Office, Business Management Division and General Manager, IT Planning Department of the Company General Manager, Production Division and General Manager, Production Management Office of the Company (to present)	(Note)	16
Executive Officer General Manager, Sales Promotion Office, Sales Division	Tetsuya Takahashi	May 22, 1963	April 1986 April 2010 April 2013 April 2015 April 2017 April 2021 April 2021 April 2023	Joined the Company General Manager, Takamatsu Sales Office, Sales Division of the Company General Manager, Nagoya Sales Office, Domestic Sales Office, Sales Division of the Company General Manager, Sales Promotion Department, Sales Administration Office, Sales Division of the Company General Manager, Sales Administration Office, Sales Division of the Company Appointed Executive Officer of the Company (to present) General Manager, Marketing Promotion Office of the Company General Manager, Sales Promotion Office, Sales Division of the Company (to present)	(Note)	23

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundred shares)
Executive Officer General Manager, Overseas Planning and Sales Office, Sales Division and General Manager, Chinese Business Division	Yasuyoshi Mori	July 19, 1967	May 1995 April 2015 April 2018 April 2020 April 2021 April 2021 April 2022 April 2023 June 2023	Joined the Company General Manager, Department I, Biochemical Research Laboratory-II, R&D Division of the Company General Manager, Biochemical Research Laboratory-II and General Manager, Department I, R&D Division of the Company General Manager, Biochemical Research Laboratory-II and General Manager, Department II, R&D Division of the Company Appointed Executive Officer of the Company (to present) General Manager, Biochemical Research Laboratory-II, R&D Division of the Company General Manager, Global Sales & Business Development Division, Sales Division of the Company General Manager, Overseas Planning and Sales Office, Sales Division of the Company General Manager, Overseas Planning and Sales Office, and General Manager, Chinese Business Division, Sales Division of the Company (to present)	(Note)	-
Executive Officer General Manager, Marketing Office, Sales Division	Yuji Segawa	November 7, 1965	April 1990 July 2013 June 2014 April 2020 April 2022 April 2023	Joined Sony Corporation Joined the Company General Manager, Department II, Biochemical Research Laboratory-II, R&D Division of the Company General Manager, Applied Technology Research Laboratory, R&D Division of the Company Appointed Executive Officer of the Company (to present) General Manager, Marketing Office, Sales Division of the Company (to present)	(Note)	-

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundred shares)
Executive Officer General Manager, Nogi Plant, Production Division and General Manager, Quality Assurance Office	Hiroyasu Furuhashi	July 12, 1963	April 1988 April 2015 April 2018 April 2021 April 2022 April 2023	Joined the Company General Manager, Quality Control Department, Nasu Plant, Production Division of the Company General Manager, Quality Control Department, Nogi Plant, Production Division of the Company General Manager, Nogi Plant, Production Division of the Company General Manager, Nogi Plant, Production Division and General Manager, Quality Assurance Office of the Company (to present) Appointed Executive Officer of the Company of the Company (to present)	(Note)	54
Total						177

(Note) One year from the conclusion of the first meeting of the Board of Directors held after the conclusion of the General Meeting of Shareholders held on June 27, 2023.

2) Outside officers

Of the Company's eight Directors, the following five are Outside Directors.

Name	Employer and Title	Personal, capital and business relationships or other interests with the Company
Yukiya Hakozaki	Visiting Professor, Tokyo Metropolitan University	None. Satisfies the "Standards for the Independence of Outside Directors" established by the Company's Nominating Committee.
Kiyoshi Ishii	Outside Director, Kyowa Seiki Co., Ltd.	None. Satisfies the "Standards for the Independence of Outside Directors" established by the Company's Nominating Committee.
Kiyomi Nakamura	Partner, HORIZON LAW OFFICE Outside Director, Nippon Beet Sugar Manufacturing Co., Ltd.	None. Satisfies the "Standards for the Independence of Outside Directors" established by the Company's Nominating Committee.
Akira Fujiyoshi	External Auditor & Supervisor, Heartseed Inc.	None. Satisfies the "Standards for the Independence of Outside Directors" established by the Company's Nominating Committee.
Naoki Matsutake	Representative Director, Kazu Corporation Co., Ltd. Outside Director, BP Castrol K.K.	None. Satisfies the "Standards for the Independence of Outside Directors" established by the Company's Nominating Committee.

Outside Director Yukiya Hakozaki is a medical doctor. Although he has not been involved in company management by means other than serving as Outside Director, he has actively provided advice and opinions about management from an independent and objective standpoint at the Company's Board of Directors' meetings, utilizing his professional knowledge, experience and profound insight as a medical doctor gained through his career. Further, he has contributed to active discussions at the Nominating Committee by actively expressing his opinions in the process of appointing Directors and CEO. Given his extensive knowledge and achievements, the Company believes that he is qualified to serve as an Outside Director.

Outside Director Kiyoshi Ishii has been engaged in corporate management for many years in the aerospace business and has abundant experience and extensive knowledge in corporate management in such business. He has actively provided advice and opinions at the Company's Board of Directors' meetings about management from an independent and objective standpoint based on his profound insight in corporate management gained through his career. Further, he has made a significant contribution to strengthening the management and personnel functions as Chairman of the Nominating Committee by giving advice as necessary about a decision on executive appointment that has transparency, fairness and rationality as well as discussions on operation policies of the Nominating Committee with the focus on succession plans, etc. Given his extensive knowledge and achievements, the Company believes that he is qualified to serve as an Outside Director.

Outside Director Kiyomi Nakamura is an attorney-at-law. Although she has not been involved in company management by means other than serving as Outside Director, she has provided advice at the Company's Board of Directors' meetings about management from an independent and objective standpoint based on her abundant experience and extensive knowledge related to the legal profession gained through her career, and has contributed to the enhancement of the Company's corporate governance. Further, she has made a substantial contribution to the maintenance and strengthening of audit functions by auditing the business execution of Directors and Executive Officers at a company with a nominating committee, etc. as a member of the Audit Committee as well as having discussions at the Audit Committee about matters referred to the Board of Directors and matters determined to need monitoring by the Audit Committee from the viewpoint of legality and validity. She has made a substantial contribution to strengthening the management and personnel functions as a member of the Compensation Committee by giving advice as necessary at discussions about specific Compensation amounts, revisions of the executive Compensation system, etc. Given her extensive knowledge and achievements, the Company believes that she is qualified to serve as an Outside Director.

She is also deeply knowledgeable about gender issues, and she was Vice Chairperson of the Sex Equality Commission of the Tokyo Bar Association from 2017 until March 2021 and has been active as a member of the said commission since April 2021.

Outside Director Akira Fujiyoshi has been engaged in research and development, overseas business, IR, and other activities at a major pharmaceutical company for many years and has abundant experience and extensive knowledge in corporate management in such business. He has actively provided advice and opinions at the Company's Board of Directors' meetings about management from an independent and objective standpoint based on his profound insight in corporate management and the pharmaceutical industry gained through his career. Further, he has made a substantial contribution to the maintenance and strengthening of audit functions by auditing the business execution of Directors and Executive Officers at a company with a nominating committee, etc. as a member of the Audit Committee as well as having discussions at the Audit Committee about matters referred to the Board of Directors, matters determined to need monitoring by the Audit Committee, etc. from the viewpoint of legality and validity. As Chairman of the Compensation Committee, he has made a significant contribution to strengthening the management and personnel functions by giving advice as necessary at discussions about specific Compensation amounts, revisions of the executive Compensation system, etc. Given his extensive knowledge and achievements, the Company believes that he is qualified to serve as an Outside Director.

Outside Director Naoki Matsutake is a certified public accountant and has professional knowledge and abundant experience in finance and accounting. As a management consultant, he also has a track record of contributing to the improvement of corporate governance and the enhancement of audit systems at listed companies. The Company expects that he will provide advice from an independent and objective standpoint, further strengthen corporate governance, oversee and supervise management utilizing his profound management insight gained through his career, and believes that he is qualified to serve as an Outside Director.

The five Outside Directors are designated as independent Directors as provided for by the regulations of the Tokyo Stock Exchange, as they have no direct conflicts of interest with the management team that executes the business and there is no risk of a conflict of interest with general shareholders. The Outside Directors also concurrently serve as members of the Nominating, Audit, and Compensation Committees. At meetings of the Board of Directors and each Committee meetings, they provide useful advice and suggestions as appropriate, on the monitoring and supervision of the Company's management and the Company's corporate governance from a standpoint that is independent of the Company.

Outside Directors who concurrently serve as members of the Audit Committee collaborate with the Internal Audit Department and the Accounting Auditor as described in "3) Cooperation in supervision or auditing and internal audits by Outside Directors or the Audit Committee, Audit Committee audits, and accounting audits, and the relationship with the Internal Control Department." Outside Directors also receive regular reports from the Risk Management & Compliance Committee and continuously monitor the Company's risks and its responses thereto.

The Company has established the following standards for independence for the election of Outside Directors.

[Standards for the Independence of Outside Directors]

In order for the Outside Directors of the Company to be recognized as independent, they should not fall under any of the following categories.

1. Any person who does not fall under legal stipulations
2. Any person whose major business partner is the Company (any person who received a payment from the Company an amount 2% or more of the person's annual consolidated sales for the most recent business year, or 100 million yen a year, whichever is greater)
3. Any person who is a major business partner of the Company (any person who paid the Company an amount equivalent to 2% or more of the Company's annual consolidated sales for the most recent business year, or any person who provided the Company with a loan of an amount equivalent to 2% or more of the Company's consolidated total assets for the business year)
4. Any consultant, accounting expert such as certified public accountant, legal expert such as attorney-at-law, or other expert who receives money or other assets exceeding a certain amount (Note 1) from the Company, in addition to his or her compensation as a Director
5. Any person who receives donations or subsidies exceeding a certain amount (Note 1) from the Company
6. Major shareholders of the Company (who hold 10% or more of the total number of voting rights of the Company directly or indirectly)
7. Any person who belongs to an auditing firm who conducts audit of the Company
8. If a business executive (Note 2) of the Company currently holds or held a position as Outside Director at another company, any person who is a business executive (Note 2) of that company
9. If a person falling under one of the categories listed in the above items 2 through 6 is a corporation, association or other organization, any person who is a business executive (Note 2) of that corporation, association or other organization
10. Any person falling under one of the categories listed in the above items 2 through 9 in the past 3 years
11. If a person falling under one of the categories listed in the above items 2 through 10 is an important person (Note 3), that person's spouse or family within the second degree of kinship

Notes: 1: Where it reads "certain amount," this means "10 million yen a year."

2: Where it reads "business executive," this means "Director (excluding Outside Director), Executive Officer, Operating Officer, employees who execute the Company's business, Associate Director (excluding Outside Associate Director), and other similar managerial staff and employees, etc. who performs job duties."

3: Where it reads "important person," this means "Director, Executive Officer, Operating Officer, and other important employee."

- 3) Cooperation in supervision or auditing and internal audits by Outside Directors or the Audit Committee, Audit Committee audits, and accounting audits, and the relationship with the Internal Control Department

With regard to the internal audits of the Company, regular joint audit meetings are held with the cooperation of the Audit Committee and the Internal Audit Department at which reports are received from each department.

The Audit Committee collaborates with the Accounting Auditor by receiving an annual plan for audits and quarterly reviews and reports on the results of quarterly and year-end audits from the Accounting Auditor.

(3) Audits

1) Status of audits by the Audit Committee

As of the filing date of this Report, the Audit Committee consists of four Directors (three of whom are Outside Directors) and monitors each internal control system and takes appropriate actions to ensure the appropriateness of operations of the Eiken Group, which consists of the Company and its subsidiaries. Audit Committee Members attend important meetings, including meetings of the Board of Directors, to monitor the state of business execution and provide opinions as necessary. Audit Committee Members also ensure the effectiveness of audits by receiving reports from each department at the meetings of the Joint Audit Conference (held four times in the fiscal year under review). Mr. Naoki Matsutake, an Audit Committee Member, is a certified public accountant and has considerable knowledge of finance and accounting. In addition, the Company has established an Audit Committee Secretariat to assist the Audit Committee in its duties, and has assigned three employees of the Internal Audit Department to be in charge of such work. The Audit Committee held seven meetings during the fiscal year under review, and the attendance of individual Audit Committee members was as follows.

Name	Number of meetings attended/ number of meetings held (Note 1)	Attendance rate (Note 1)
Shigeru Nomura (Note 2)	7/7	100%
Kiyomi Nakamura	7/7	100%
Akira Fujiyoshi	7/7	100%
Morifumi Wada (Note 3)	5/5	100%

(Notes) 1. Based on the number of days meeting were held during the Members' terms of office in the fiscal year under review.

2. Mr. Shigeru Nomura retired on June 27, 2023.

3. Mr. Morifumi Wada was appointed on June 21, 2022.

The Audit Committee principally considers the formulation of audit policies and plans, the status of execution of duties by Directors and Executive Officers, the status of development and operation of internal control systems, and the appropriateness of the Accounting Auditor's audit methods and audit results.

The Audit Committee collaborates with the Accounting Auditor by receiving annual plans for audits and quarterly reviews and reports on the results of quarterly and year-end audits from the Accounting Auditor, discussing key audit matters, and by being present at audits conducted by the Accounting Auditor as necessary.

2) Status of internal audits

a. Regarding internal audits, as of the filing date of this Report, the Internal Audit Department, which consists of five members, is responsible for internal audits as an organization under the direct control of the President & CEO. Based on an annual plan, employees in charge of audits conduct internal audits of the Company's compliance with various standards, including internal audits of the status of internal controls relating to financial reporting, point out improvements in management efficiency and operations, and confirm the status of initiatives by the audited departments in response to requests for improvement.

In addition, internal environmental and quality audits in accordance with ISO standards are regularly conducted by internal auditors qualified by the Company.

b. Each department reports the results of internal audits by the Internal Audit Department and the results of internal environmental and quality audits in accordance with ISO standards to the Audit Committee at the meeting of the Joint Audit Conference, and information is also regularly shared with the Accounting Auditor.

3) Accounting audits

a. Name of audit firm

Ernst & Young ShinNihon LLC

b. Continuous audit period:

36 years

(Note) The Company has had an audit engagement contract with Ernst & Young ShinNihon LLC since 1988 (known as Showa Ota & Co at that time).

c. Engagement certified public accountants

Designated Engagement Partner Shigeru Sekiguchi

Designated Engagement Partner Saori Nakata

d. Other personnel engaged in assisting the accounting audit

Five certified public accountants and eleven other personnel engage in assisting the accounting audit of the Company.

e. Audit Firm Selection Policy and Reasons

The Company has confirmed each item in the “Report to Audit Committee Members on the Accounting Auditor’s Performance of Duties” and “Quality Control System” reported by the audit firm, and has determined that the accounting audit of the Company can be performed under appropriate quality control, and has decided to continue to employ (reappoint) the audit firm.

If the Audit Committee determines that the dismissal or non-reappointment of the Accounting Auditor is necessary, such as when there are impediments to the performance of the Accounting Auditor’s duties, the dismissal or non-reappointment of the Accounting Auditor shall be the purpose of a General Meeting of Shareholders. In addition, the Audit Committee shall dismiss the Accounting Auditor based on the consent of all Audit Committee Members if the Accounting Auditor is deemed to fall under any of the items in Article 340, Paragraph 1 of the Companies Act. In this case, the Audit Committee Member selected by the Audit Committee shall report the dismissal of the Accounting Auditor and the reasons for dismissal at the first General Meeting of Shareholders convened after dismissal.

f. Evaluation of the Audit Firm by the Audit Committee

The Audit Committee has determined that the audit firm is appropriate as the Company’s Accounting Auditor based on confirmation of regular reviews of the audit firm, confirmation of external evaluations by the Financial Services Agency and the Japanese Institute of Certified Public Accountants, as well as formulation of and confirmation based on the “Checklist for Determining the Adequacy of Audit Firm’s Audit” in accordance with the “Practical Guidelines for Auditors Concerning the Evaluation of Accounting Auditors and the Formulation of Selection Standards” (October 13, 2017, Japan Audit & Supervisory Board Members Association).

4) Audit fees, etc.

a. Fees paid to the certified public accountants

Category	Previous fiscal year		Current fiscal year	
	Fees for audit certification services (Million yen)	Fees for non-audit services (Million yen)	Fees for audit certification services (Million yen)	Fees for non-audit services (Million yen)
Reporting company	41	1	42	-
Consolidated subsidiaries	-	-	-	-
Total	41	1	42	-

With regard to non-audit services in the previous fiscal year, the Company commissions and pays for the preparation of comfort letters in connection with the issuance of corporate bonds, which is non-audit work outside the scope of work stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act (non-audit services).

b. Fees for entities affiliated with the same network of the certified public accountants (Ernst & Young) (excluding a.)

Category	Previous fiscal year		Current fiscal year	
	Fees for audit certification services (Million yen)	Fees for non-audit services (Million yen)	Fees for audit certification services (Million yen)	Fees for non-audit services (Million yen)
Reporting company	-	-	-	-
Consolidated subsidiaries	-	4	-	2
Total	-	4	-	2

With regard to non-audit services for consolidated subsidiaries, the Company commissions and pays for advice related to taxation, which is non-audit work outside the scope of work stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act (non-audit services).

c. Other important details of fees for audit certification services

Not applicable.

d. Policy for determining audit fees

Not applicable.

e. Reasons for the Audit Committee to have consented to the fees, etc., of the Accounting Auditor

The Audit Committee gave its consent under Article 399, Paragraph 1 of the Companies Act to the fees, etc. for the Accounting Auditor proposed by the Board of Directors on the grounds that it confirmed the Accounting Auditor's audit team structure, audit plan, audit implementation status, audit remuneration estimates, etc. based on the Practical Guidelines for Cooperation with Accounting Auditors issued by the Japan Audit & Supervisory Board Members Association, and determined that the fees, etc. for the Accounting Auditor were appropriate based on the result of comparisons with previous fees, etc.

(4) Remuneration, etc. for Directors

1) Policy for determining remuneration, etc. for Directors and Executive Officers by the Compensation Committee and the details thereof

The Company is a company with a Nominating Committee, etc., and remuneration for individual Directors and Executive Officers is determined by a resolution of the Compensation Committee, the majority of which are Outside Directors.

The amount of remuneration, etc. for the Company's officers for the fiscal year under review was thoroughly discussed and resolved by the Compensation Committee at a meeting held on June 17, 2022.

a) Basic policy

The criteria for determining remuneration for Directors and Executive Officers takes into consideration their responsibilities according to their position and their executive duties, the Company's business performance, the business environment, and the world's standards, aiming to motivate them to improve the Group's business performance and to contribute to increasing shareholder value.

b) Specific policies

Remuneration for Directors and Executive Officers consists of fixed remuneration, performance-based remuneration and share-based remuneration stock options, and the details are as follows. Remuneration for Outside Directors, who are independent from the execution of business operations is not linked to business performance, and is limited to fixed remuneration.

i) Fixed remuneration

A certain amount of fixed remuneration is paid monthly based on each Director's or Executive Officer's position and duties.

ii) Performance-based remuneration

Performance-based remuneration is paid to full-time Directors and Executive Officers as an incentive to continuously improve performance each fiscal year, and the total amount is determined using the degree of achievement of consolidated net sales and consolidated operating profit targets for the current fiscal year and the degree of improvement from the previous fiscal year, as well as ROE, a management indicator valued by the Company, as evaluation indicators. Furthermore, performance-based remuneration for Executive Officers is paid by evaluating the degree of achievement of individual targets for the duties each Executive Officer is in charge of, in order to take into account as evaluation criteria the degree of achievement of strategic targets that cannot be measured by financial performance figures, such as efforts to rebuild the business foundation to achieve sustainable growth. The targets and results of the evaluation indicators for the fiscal years ended March 31, 2022 and 2023 are as follows.

Evaluation Indicator	Fiscal year ended March 31, 2022		Fiscal year ended March 31, 2023	
	Targets	Results	Targets	Results
Consolidated net sales (Million yen)	40,400	42,996	40,000	43,271
Consolidated operating profit (Million yen)	6,370	8,387	4,540	7,457
ROE (%)	11.5	14.3	7.8	12.1

iii) Share-based remuneration stock options

Share acquisition rights are allotted to full-time Directors and Executive Officers in accordance with their positions and duties to clarify the linkage between their remuneration and the Company's business performance and share value, and to further enhance corporate value by sharing risks and returns with shareholders. The total number of share acquisition rights issued will be capped.

The share-based remuneration stock option plan was abolished following the resolution at the Compensation Committee meeting held on November 18, 2022 to introduce a restricted share remuneration plan.

- 2) Reason for the Compensation Committee to have determined that the details of remuneration, etc. for individual Directors and Executive Officers are in line with the policy for determining the details of remuneration

The Compensation Committee held a total of nine meetings during the fiscal year under review. At its May and June 2022 meetings, the Compensation Committee discussed the Company's performance for the previous fiscal year, the status of achievement of performance targets by each officer, the evaluation of Executive Officers by Outside Directors, and the Department Target Progress Management Sheets and Performance Evaluation Sheets submitted by executive departments from both quantitative and qualitative perspectives, with respect to Directors who concurrently serve as Executive Officers and Executive Officers. As a result of these discussions, the Compensation Committee believes that individual remuneration for the current fiscal year which was determined based on the Compensation Committee's review and agreement is appropriate as recognition of each officer's contribution to the business performance of the previous fiscal year and as an incentive for the efforts toward the Company's medium- to long-term growth. Accordingly, the Compensation Committee has judged that the remuneration is in line with this policy.

- 3) Total Amount of Remuneration, etc. for Each Category of Officer, Total Amount of Each Type of Remuneration, etc., and Number of Eligible Officers

Officer category	Total remuneration, etc. (Million yen)	Total amount of each type of remuneration, etc. (Million yen)				Number of eligible officers
		Fixed remuneration	Performance-based remuneration	Share-based remuneration stock options	Of which: non-monetary remuneration, etc.	
Directors (excluding Outside Directors)	26	26	-	-	-	3
Executive Officers	308	115	129	63	63	11
Outside Directors	54	54	-	-	-	6

- (Notes) 1. The amount of remuneration, etc. for the three Directors who concurrently serve as Executive Officers are included in each amount of remuneration, etc. as Directors and as Executive Officers, separately for their service as Directors and for their service as Executive Officers.
2. The amount of remuneration paid to the Executive Officers does not include the employee salary for Executive Officers who concurrently serve as employees.
3. The breakdown of the total amount of non-monetary remuneration paid to Executive Officers is 63 million yen recorded as expenses for share-based remuneration stock options.

(5) Shareholdings

1) Criteria for and approach to the classification of investment shares

With respect to the classification of investment shares held for the purpose of pure investment and investment shares held for purposes other than pure investment, the Company holds business partners' shares in the category of investment shares held for purposes other than pure investment only when it deems it reasonable to hold such shares in order to facilitate business activities, maintain business relationships, or form business and capital partnerships.

2) Investment shares held for purposes other than pure investment

a. Policy of shareholding, method for verifying the rationality of shareholding, and details of verification of the suitability of holding individual shares by the Board of Directors, etc.

The Company's basic policy is to continue to hold these shares as long as the Company determines that such holdings will contribute to the development of its business. Each year, the Board of Directors verifies the significance of ownership by discussing whether the return (comprehensive judgment of significance in terms of management strategy and business relationships, in addition to quantitative factors such as dividends and business transactions) and risk of ownership are commensurate, taking into account the Company's capital cost. The Company will proceed to sell stocks that are deemed to have little significance to hold, taking into consideration stock price trends, etc. Regarding listed shares, as a result of reviews conducted at the meeting of the Board of Directors held on April 28, 2022, the Company decided on a policy of continuing to hold two stocks for FY2022.

b. Number of individual shares and carrying amount

	Number of individual shares	Carrying amount (Million yen)
Unlisted shares	4	25
Shares other than the above	2	60

(Stocks whose number of shares increased during the fiscal year under review)

	Number of individual shares	Total acquisition cost related to increase in number of shares (Million yen)	Reasons for an increase in number of shares
Unlisted shares	-	-	-
Shares other than the above	-	-	-

(Stocks whose number of shares decreased during the fiscal year under review)

	Number of individual shares	Total sale price related to decrease in number of shares (Million yen)
Unlisted shares	1	50
Shares other than the above	3	11

- c. Information on number of shares, amounts in the balance sheet, etc., of specified investment shares and deemed investment shares by individual shares

Specified investment shares

Issuing company	Current fiscal year	Previous fiscal year	Outline of purpose of holding, business alliances, etc., quantitative holding effects and the reason for increasing the number of shares	Shareholding in the Company
	Number of shares (Shares)	Number of shares (Shares)		
	Amounts in the consolidated balance sheets (Million yen)	Amounts in the consolidated balance sheets (Million yen)		
FALCO HOLDINGS CO., LTD.	26,000	26,000	<p>- The company is a transaction partner of the Company's products, and the Company holds its shares to facilitate business activities.</p> <p>- The Company holds its shares based on a comprehensive assessment of the importance of the shares in terms of management strategy, business relationships, etc. in addition to dividends, transaction value, etc., taking into account the Company's capital cost. Although the quantitative holding effects are not stated in consideration of the nature of the relationship with the company, the holding effect is comprehensively determined based on the above policy.</p>	None
	51	52		
H.U. Group Holdings, Inc.	3,643	3,643	<p>- The company is a transaction partner of the Company's products, and the Company holds its shares to facilitate business activities.</p> <p>- The Company holds its shares based on a comprehensive assessment of the importance of the shares in terms of management strategy, business relationships, etc. in addition to dividends, transaction value, etc., taking into account the Company's capital cost. Although the quantitative holding effects are not stated in consideration of the nature of the relationship with the company, the holding effect is comprehensively determined based on the above policy.</p>	None
	9	10		
SUZUKEN CO., LTD.	-	2,395	<p>- The company is a buyer of the Company's products, and the Company held its shares to facilitate business activities. However, the Company sold its shares during the fiscal year under review following a comprehensive evaluation of the quantitative holding effect, etc.</p>	None
	-	8		

Issuing company	Current fiscal year	Previous fiscal year	Outline of purpose of holding, business alliances, etc., quantitative holding effects and the reason for increasing the number of shares	Shareholding in the Company
	Number of shares (Shares)	Number of shares (Shares)		
	Amounts in the consolidated balance sheets (Million yen)	Amounts in the consolidated balance sheets (Million yen)		
TOHO HOLDINGS CO., LTD.	-	752	- The company is a buyer of the Company's products, and the Company held its shares to facilitate business activities. However, the Company sold its shares during the fiscal year under review following a comprehensive evaluation of the quantitative holding effect, etc.	None
	-	1		
HOKUYAKU TAKEYAMA Holdings, Inc.	-	1,050	- The company is a buyer of the Company's products, and the Company held its shares to facilitate business activities. However, the Company sold its shares during the fiscal year under review following a comprehensive evaluation of the quantitative holding effect, etc.	None
	-	0		

Deemed investment shares

Not applicable.

3) Investment shares held for pure investment

Not applicable.