Consolidated Financial Highlights for FY2024

(From April 1, 2024 to March 31, 2025)

1. **Consolidated Financial Results for FY2024**
2. **Forecast for FY2025**
3. **Business Strategy**

NIHON KOHDEN CORPORATION

(Ticker Code: 6849)

May 15, 2025

1 Consolidated Financial Results for FY2024

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1) Consolidated Financial Results for FY2024

(Amounts of less than ¥1 million are rounded down)

	FY2023 Actual	FY2024 Original forecast announced May 13, 2024	FY2024 Revised forecast announced Nov 7, 2024	FY2024 Actual	YoY (%)
Sales	221,986	*229,000*	*227,000*	**225,424**	1.5
Domestic Sales	142,370	*147,000*	*147,000*	**145,237**	2.0
Overseas Sales	79,615	*82,000*	*80,000*	**80,187**	0.7
Gross Profit	111,346	*118,000*	*116,300*	**117,157**	5.2
(Gross Profit Margin)	50.2%	*51.5%*	*51.2%*	**52.0%**	
Operating Income	19,591	*23,000*	*20,500*	**20,713**	5.7
(Operating Income Margin)	8.8%	*10.0%*	*9.0%*	**9.2%**	
Ordinary Income	25,589	*23,000*	*18,000*	**20,373**	-20.4
Income Attributable to Owners of Parent	17,026	*16,000*	*12,000*	**14,098**	-17.2

-4% on a local currency basis
(-2% on a local currency basis excluding impact of change in fiscal term of Defibtech in FY2023*)

In-house sales ratio: FY2023 **73.5%** → FY2024 **73.6%**

SG&A: **¥91.7 bil** → **¥96.4 bil**
SG&A Ratio: **41.4%** → **42.8%**

Foreign exchange gains/losses:
¥5.37 bil gains → ¥0.95 bil losses

Recorded gain on sale of investment securities and loss on devaluation of investment securities

Average exchange rate	FY2023	FY2024	FY2024	FY2024
1 US Dollar	143.9 yen	140 yen	149 yen	**152.4 yen**
1 EURO	156.8 yen	150 yen	160 yen	**163.5 yen**

* Defibtech, LLC changed its fiscal term from end on December 31 to end on March 31, according to the reorganization of U.S. subsidiaries. In FY2023, Nihon Kohden consolidated the 15 months of Defibtech's operating results from January 1, 2023, to March 31, 2024.

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2) Measures Implemented in FY2024

- ✓ In Japan, sales of consumables & services and AEDs increased favorably. Sales of locally purchased products decreased.
- ✓ Internationally, sales increased on a yen basis, while sales decreased on a local currency basis. Sales in North America increased favorably, while sales in Asia & Other and Europe fell short of its forecasts.
- ✓ Gross profit margin improved due to decrease in inventory devaluation, higher selling prices, and favorable product mix.
- ✓ SG&A expenses remained within its expectations excluding currency effects. Personnel expenses increased due to strengthening of human resources and wage increases.

Posted record high sales, supported by yen depreciation / Increased operating income

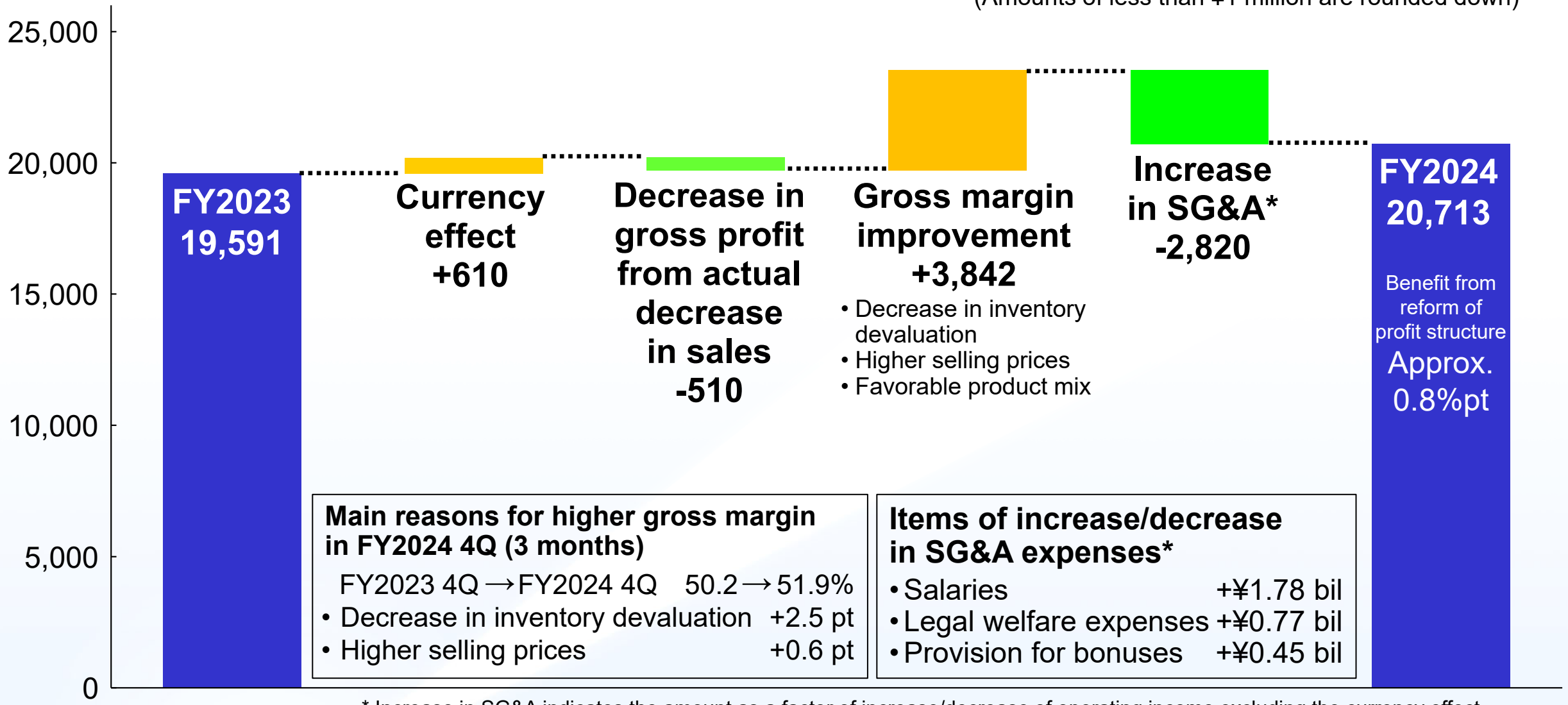
	FY2022	FY2023		FY2024	FY2026 Targets
Overseas Sales Ratio	34.3%	35.9%	✓ Sales in Asia & Other, Europe, and Latin America decreased.	35.6%	38.7%
Consumables and Services Sales Ratio	47.3%	47.9%	✓ Sales of consumables increased both in Japan and internationally.	49.7%	50%
In-house Sales Ratio	72.4%	73.5%	✓ Sales of locally purchased products decreased in Japan.	73.6%	75%
Gross Profit Margin	51.3%	50.2%	✓ Inventory devaluation decreased, higher selling prices, and favorable product mix.	52.0%	53%
SG&A Ratio	41.1%	41.4%	✓ Increased due to missing actual overseas sales forecasts, negative currency effect, and wage increases.	42.8%	38%
(Ref) OP/employee	¥3.67 mil	¥3.33 mil		¥3.48 mil*1	1.5 times or more*2

*1 Excluding Ad-Tech's employees. *2 Compared to FY2023.

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3) Breakdown of Operating Income

(Amounts of less than ¥1 million are rounded down)



Main reasons for higher gross margin in FY2024 4Q (3 months)

FY2023 4Q → FY2024 4Q	50.2 → 51.9%
• Decrease in inventory devaluation	+2.5 pt
• Higher selling prices	+0.6 pt

Items of increase/decrease in SG&A expenses*

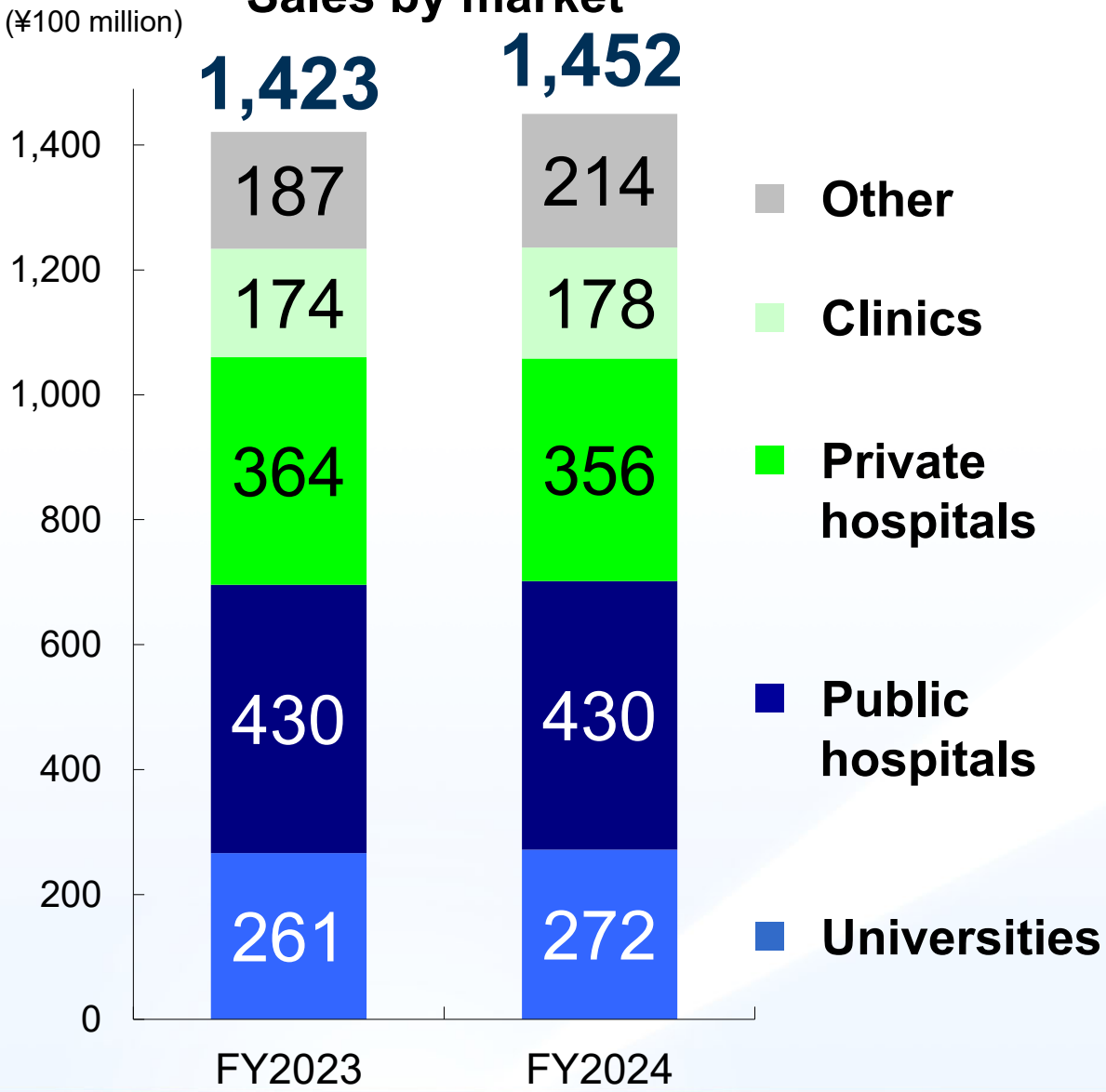
• Salaries	+¥1.78 bil
• Legal welfare expenses	+¥0.77 bil
• Provision for bonuses	+¥0.45 bil

* Increase in SG&A indicates the amount as a factor of increase/decrease of operating income excluding the currency effect.
Items of increase/decrease in SG&A expenses indicate major components of increased/decreased SG&A expenses on a yen basis.

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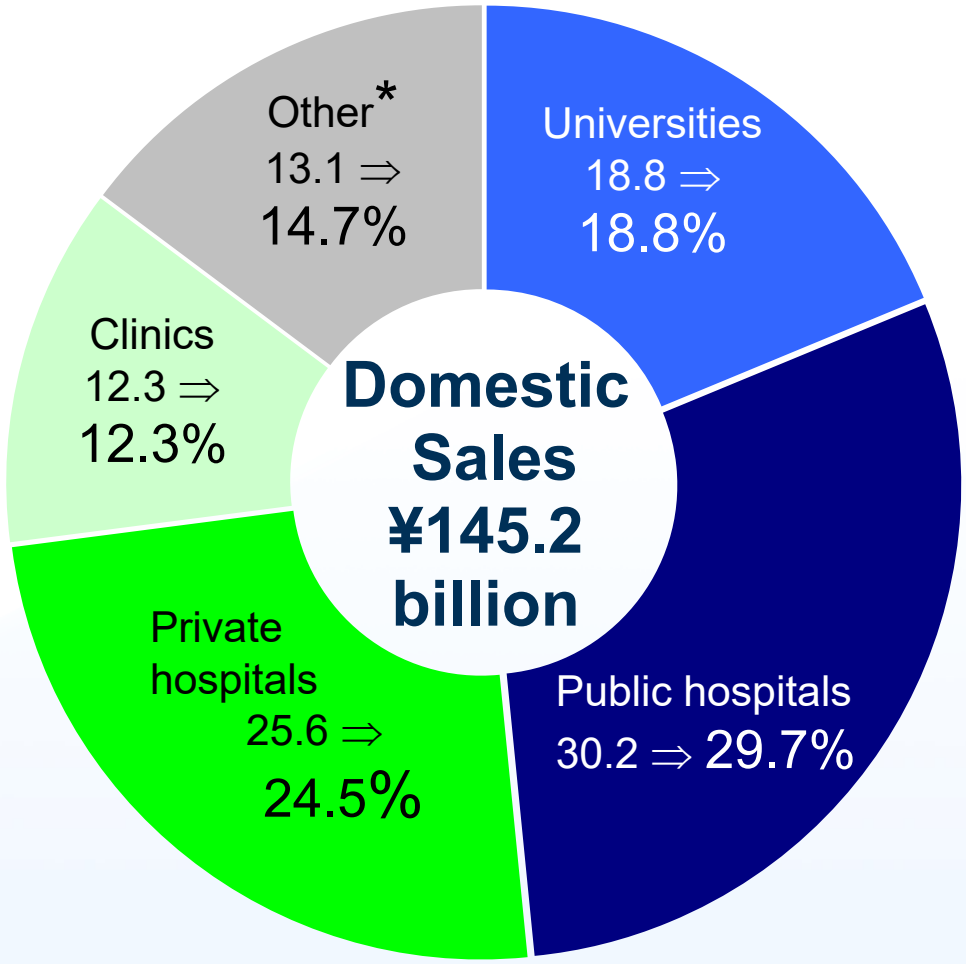
4) Domestic Sales

Sales by market



Sales composition by market

(FY2023 ⇒ FY2024)

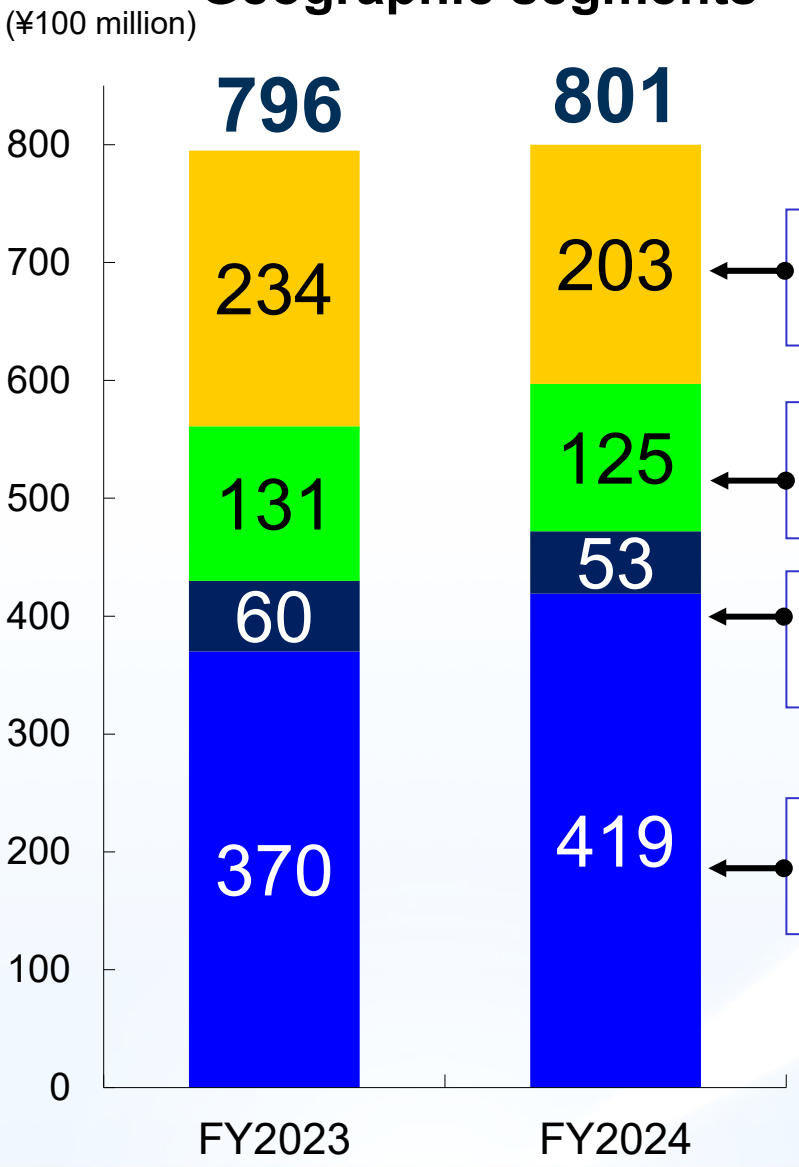


*Other includes laboratories, animal hospitals and PAD (public access defibrillation) markets such as schools and private companies.

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5) Overseas Sales

Geographic segments



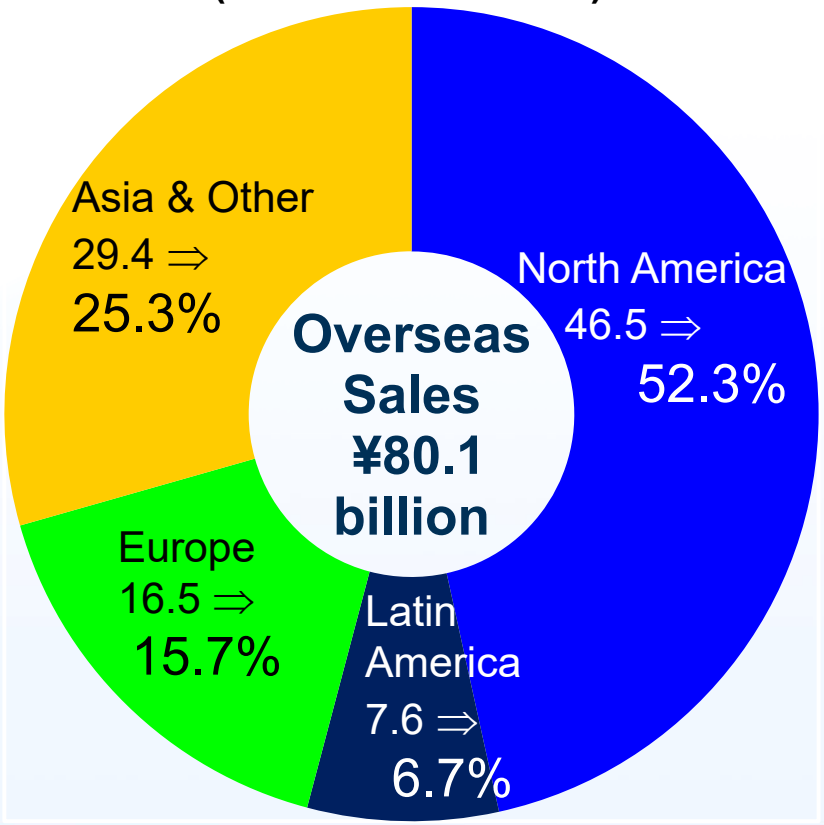
Overseas sales: YoY +1%
(on a local currency basis：-4%,
on a local currency basis excluding impact of change in fiscal term of Defibtech in FY2023: -2%)

- **Asia & Other : YoY -13%**
  (on a local currency basis：-17%)
- **Europe: YoY -4%**
  (on a local currency basis：-8%)
- **Latin America: YoY -11%**
  (on a local currency basis：-13%)
- **North America: YoY +13%**
  (on a local currency basis：+7%)

Percentage of overseas sales to consolidated sales

FY2023	FY2024
35.9%	**35.6%**

Geographic Segments
(FY2023 ⇒ FY2024)



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6) Sales by Product Category

(Sales, millions of yen)

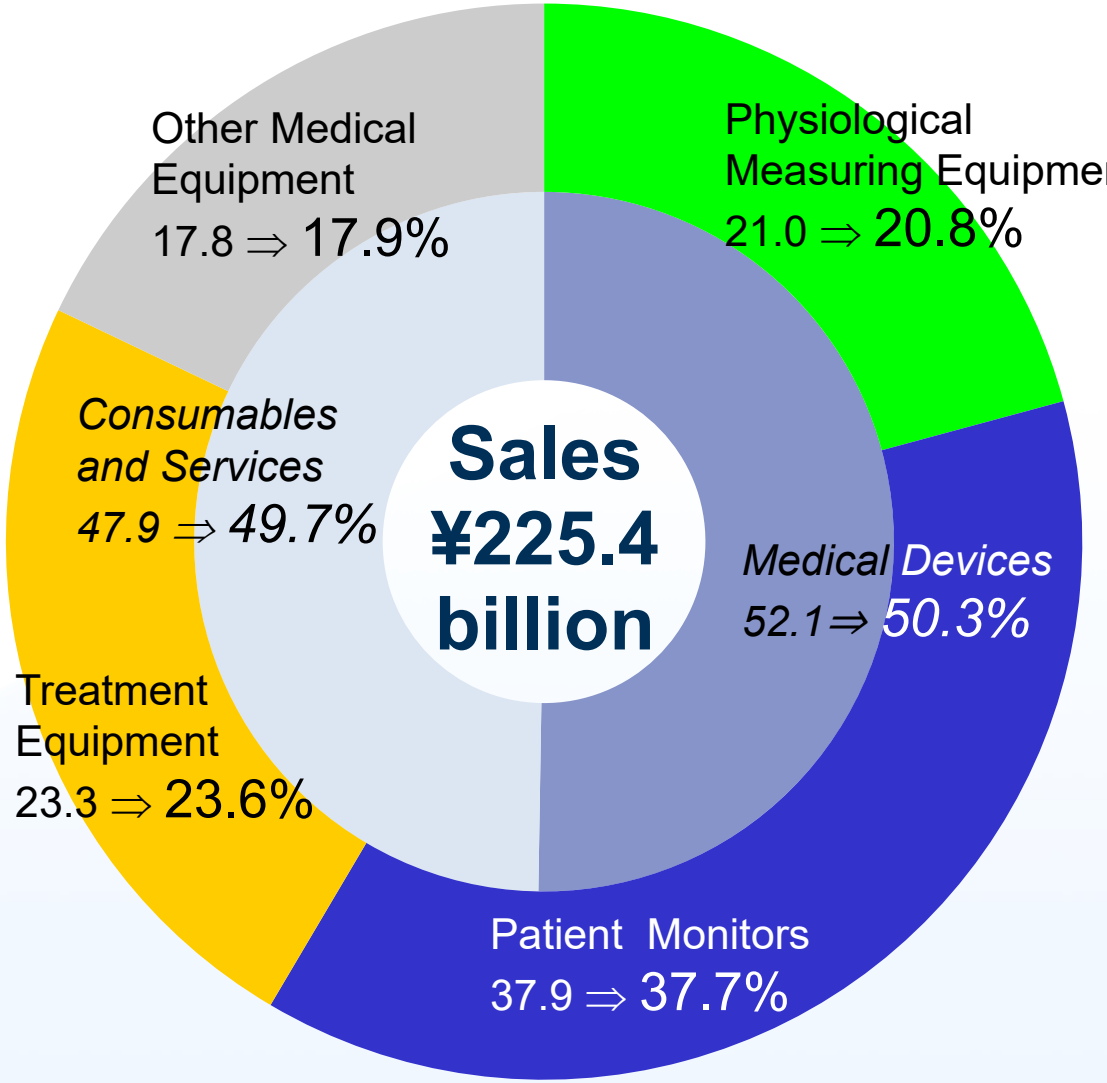
	FY2023	**FY2024**	YoY (%)
Physiological Measuring Equipment	46,517 (46%)	**46,874 (43%)**	0.8
Patient Monitors	84,130 (60%)	**84,965 (65%)**	1.0
Treatment Equipment	51,665 (43%)	**53,184 (44%)**	2.9
Other Medical Equipment	39,673 (43%)	**40,400 (45%)**	1.8
Total	221,986 (50%)	**225,424 (52%)**	1.5

(Reference)

Medical Devices	115,638 (50%)	**113,304 (54%)**	-2.0
Consumables and Services	106,347 (50%)	**112,119 (50%)**	5.4

*The figures in parentheses in the table are gross profit margins.

Sales composition by product category
(FY2023 ⇒ FY2024)



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6.1) Physiological Measuring Equipment

	FY2023	FY2024	YoY (%)
Electroencephalographs	10,032	**10,544**	5.1
Electrocardiographs	6,656	**6,280**	-5.7
Polygraphs for Cath Lab	17,163	**17,841**	4.0
Diagnostic Information Systems	7,106	**6,343**	-10.7
Other Physiological Measuring Equipment*	5,558	**5,864**	5.5
Physiological Measuring Equipment	46,517	**46,874**	0.8
Domestic Sales	35,745	**36,247**	1.4
Overseas Sales	10,771	**10,627**	-1.3

(Sales, millions of yen)

Sales of EEGs achieved double-digit growth. Sales of polygraphs for cath lab and ECGs also increased. Sales of diagnostic information systems decreased compared to the strong growth in FY2023.

Sales of EEGs and ECGs decreased in Asia & Other, especially in China. Sales of EEGs achieved double-digit growth in North America and Latin America.

*Includes products of other companies.



Electro-encephalograph
EEG-1290

NEW!



EMG/EP measuring system
MEB-2300



Electro-cardiograph
ECG-3250



Holter ECG monitor
RAC-5000



Polygraphs for Cath Lab
RMC-5000

LAVITA®

Medical and long-term care network system
LAV-1000



EMG electrode for neuromuscular monitoring
NM-34 series

Consumables

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6.2) Patient Monitors

	FY2023	FY2024	YoY (%)
Patient Monitors	84,130	**84,965**	1.0
Clinical Information Systems	7,093	**5,585**	-21.3
Domestic Sales	47,289	**46,194**	-2.3
Overseas Sales	36,840	**38,771**	5.2

(Sales, millions of yen)

Sales of clinical information systems decreased compared to the strong growth in FY2023. Sales of consumables such as sensors increased.

Sales in North America achieved double-digit growth and sales in Europe also increased. Sales in Aisa & Other and Latin America decreased.



Bedside monitors
CSM-1500/1700

NEW!



Bedside monitor
BSM-5700



Telemetry system
WEP-1600



Central monitor
CNS-2101

NEW!



Dashboard software for monitoring patient condition
QH-101N



SpO_2 probe for esCCO measurement



cap-ONE mask



ECG electrodes

Consumables

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6.3) Treatment Equipment

(Sales, millions of yen)

	FY2023	FY2024	YoY (%)
Defibrillators (for Hospital and Ambulance)	8,878	**8,335**	-6.1
AEDs (Automated External Defibrillator)	25,385	**24,451**	-3.7
Pacemakers / ICDs	2,573	**2,446**	-5.0
Ventilators	6,964	**9,688**	39.1
Other Treatment Equipment	7,863	**8,263**	5.1
Treatment Equipment	51,665	**53,184**	2.9
Domestic Sales	27,135	**30,766**	13.4
Overseas Sales	24,530	**22,417**	-8.6
(Ref.) AED Unit Sales	132,300	**117,000**	-11.6
Domestic Unit Sales	46,000	**63,800**	38.7

Domestic: Sales of both medical devices and consumables increased.
International: Sales decreased in all regions, especially in China.

Domestic: Sales achieved double-digit growth, as replacement demand for AEDs recovered and consumables increased favorably.
International: Sales of Defibtech AEDs decreased due to inventory adjustment at distributors as well as the impact from the change in the fiscal term.

Domestic: Sales achieved double-digit growth driven by a mask-type ventilator.
International: Sales of a mask-type ventilator increased significantly in North America and sales in Aisa & Other and Latin America also increased favorably.



Defibrillator
TEC-1000



Fully automatic AED
AED-3250



Pacemaker
Zenex MRI



Ventilators
NKV-550/440/330

AsisTIVA



Syringe pump control software for assisting with total intravenous anesthesia
ROP-1680



Automated chest compression device
ARM XR ACC

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6.4) Other Medical Equipment

	FY2023	**FY2024**	YoY (%)
Hematology Instruments	12,246	**13,217**	7.9
Imaging Systems and Others *	27,427	**27,182**	-0.9
Other Medical Equipment	39,673	**40,400**	1.8
Domestic Sales	32,200	**32,028**	-0.5
Overseas Sales	7,473	**8,371**	12.0

(Sales, millions of yen)

Sales of locally purchased products decreased. Sales of hematology instruments and reagents, and maintenance services for medical devices increased favorably.

Sales of hematology instruments and reagents achieved double-digit growth in Europe and Latin America.

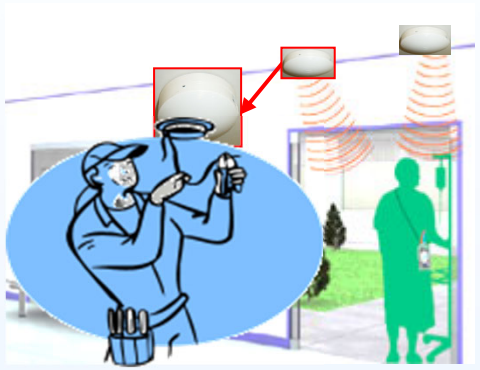
*Includes consumables, installation and maintenance services which are not part of other categories.



Automated hematology analyzer
MEK-9200



Automated hematology and ESR analyzer
MEK-1305



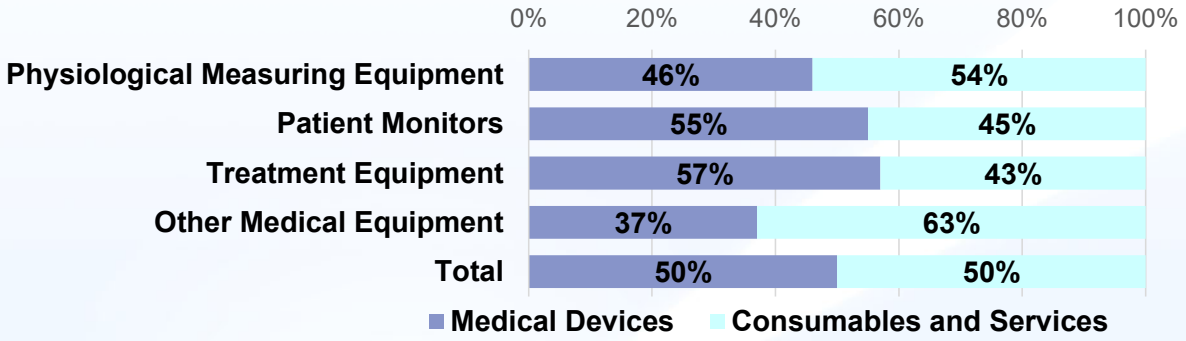
Installation and maintenance services

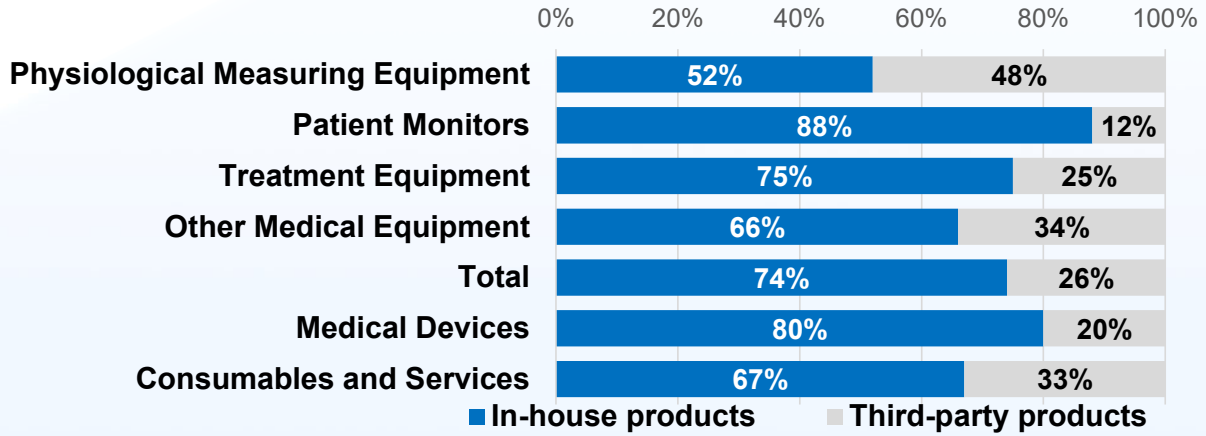
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(Ref.) FY2024 Regional Sales by Product Category / Sales Ratio

(Amounts of less than ¥0.1 billion are rounded down)

	Overall Sales	Domestic Sales	Overseas Sales				
			Total	North America	Latin America	Europe	Asia & Other
Physiological Measuring Equipment	46.8 (+1%)	36.2 (+1%)	10.6 (-1%)	5.0 (+18%)	0.5 (+22%)	1.9 (+6%)	3.0 (-27%)
Patient Monitors	84.9 (+1%)	46.1 (-2%)	38.7 (+5%)	25.5 (+17%)	2.0 (-31%)	4.9 (+6%)	6.1 (-17%)
Treatment Equipment	53.1 (+3%)	30.7 (+13%)	22.4 (-9%)	10.3 (+1%)	1.6 (+1%)	4.2 (-23%)	6.2 (-13%)
Other Medical Equipment	40.4 (+2%)	32.0 (-1%)	8.3 (+12%)	0.9 (+29%)	1.1 (+14%)	1.4 (+26%)	4.8 (+5%)
Total	225.4 (+2%)	145.2 (+2%)	80.1 (+1%)	41.9 (+13%)	5.3 (-11%)	12.5 (-4%)	20.3 (-13%)





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7) Financial Condition

(Amounts of less than ¥1 million are rounded down)

	FY2023	**FY2024**	Change
Current Assets	184,333	**183,085**	-1,248
Inventories	57,787	**56,174**	-1,612
Property, Plant & Equipment	25,418	**29,270**	3,851
Intangible Assets	4,852	**27,653**	22,801
Investments & Other Assets	18,628	**17,229**	-1,399
Total Assets	233,233	**257,239**	24,005

	FY2023	**FY2024**	Change
Current Liabilities	49,901	**71,259**	21,357
Interest-bearing Debt	579	**26,030**	25,450
Non-current Liabilities	2,249	**4,685**	2,436
Net Assets	181,082	**181,294**	212
Total Liabilities & Net Assets	233,233	**257,239**	24,005

Inventory Turnover	6.3 months	**6.2 months**	

Equity Ratio	77.6%	**69.8%**	

Consolidated Ad-Tech as a subsidiary in November 2024

[Increase of intangible assets]

Goodwill +¥12.0 bil

Other intangible assets +¥10.7 bil

[Increase of current liabilities]

Interest-bearing debt (short-term loans payable) +¥25.4 bil

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8) Cash Flows

	FY2023	FY2024	Change
Ⅰ. Cash flows from operating activities	15,607	**15,286**	-321
Ⅱ. Cash flows from investing activities	-5,208	**-25,138**	-19,930
Free cash flows	10,398	**-9,852**	-20,251
Ⅲ. Cash flows from financing activities	-6,968	**2,550**	9,518
Effect of exchange rate change on cash and cash equivalents	2,458	**485**	-1,972
Net increase (decrease) in cash and cash equivalents	5,889	**-6,816**	-12,705
Cash and cash equivalents at end of period	49,877	**43,061**	-6,816

	FY2023	FY2024	Change
ROE	9.8%	**7.8%**	

(Amounts of less than ¥1 million are rounded down)

	FY2023	FY2024	Change
Income before income taxes	29,369	21,570	-7,799
Decrease (increase) in accounts receivable	-4,088	716	+4,805
Increase (decrease) in accounts payable	-4,933	-271	+4,661
Income taxes paid	-6,495	-9,749	-3,254

	FY2023	FY2024	Change
Purchase of property, plant and equipment	-3,626	-7,126	-3,499
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	-18,869	-18,869

	FY2023	FY2024	Change
Net increase (decrease) in short-term borrowings	161	25,374	+25,212
Purchase of treasury shares	-1,124	-10,001	-8,876
Decrease (increase) in deposits paid	—	-7,687	-7,687

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9) Capital Investments and R&D Costs

(Amounts of less than ¥1 million are rounded down)

	FY2023 Actual	FY2024 Original Forecast announced May 13, 2024	FY2024 Revised Forecast announced Nov 7, 2024	FY2024 **Actual**	Change	FY2025 Plan	Change
Capital Investments	4,978	10,300	10,300	**9,519**	4,541	9,400	-119
Depreciation	3,704	4,500	4,400	**4,067**	363	4,900	833
R&D costs	6,996	7,500	7,400	**6,826**	-170	7,200	374

- **FY2024 capital investments**
  Molds for new products, measuring equipment and jigs, products for demonstration, IT systems, production equipment, establishment of new plant in Tsurugashima City

- **FY2025 capital investments plan**
  Molds for new products, measuring equipment and jigs, products for demonstration, and production equipment

  Introduction of PLM/MES* systems

  Capital Investments: approx. ¥3.0 bil < **FY2022: ¥0.3 bil, FY2023: ¥0.5 bil, FY2024: ¥0.9 bil,** FY2025: ¥0.8 bil, FY2026~ : ¥0.5 bil

  PLM/MES:
  Planned to start operation in FY2025

  Establishment of new plant in Tsurugashima City

  Total investments: approx. ¥11 bil < **FY2022: ¥2.3 bil (Acquisition of the site) ~FY2024: ¥4.1 bil**, FY2025: ¥3.2 bil (Building and facilities) FY2026~ : ¥1.4 bil (Facilities)

  Construction: **Started in July 2024** and will be completed at end of 2025
  Operation: Planned to start in 2026

*PLM: Product Life-cycle Management, MES: Manufacturing Execution System

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2 Forecast for FY2025

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1) Business Environment

The global economic outlook is expected to be increasingly uncertain due to the U.S. tariff policies as well as geopolitical risks.

Japan

Securing medical staff and promoting their work style reforms.

- Medical service fees rose by 0.88% in June 2024.
  Higher basic fees for wage increase, promoting DX in medical fields, infection control measures, and task shifting.

Deepening integrated community care systems. Differentiating medical institution functions and strengthening collaboration.

- Funds for securing comprehensive medical and long-term care in the community: FY2025 budget ¥90.9 bil for medical care

Deterioration of medical institutions' business due to price and wage inflation.

- Urgent support for medical institutions' business:
  FY2025 budget ¥131.1 bil for improving productivity and workplace environment as well as optimizing the number of hospital beds

International

U.S. and Europe

- In the U.S., medical institutions' finance showed a trend of improvement, future policy trends should be monitored carefully.
- In Europe, political turmoil in some countries.
- Withdrawal of foreign companies from the ventilator market.

Emerging Markets

- Impact of the anti-corruption campaign and economic slowdown in China.
- Moves to protectionism in each country.
- Tightening of regulatory requirements for medical devices.

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2) Impact of tariffs on FY2025 forecasts

Incorporated

- Increase in COGS in FY2025: approx. ¥2.5 bil due to direct tariff burden on imports to the U.S.

Not incorporated

- Effects of measures such as price transfers and change of production locations
- Impact of tariffs on capital expenditure by medical institutions

Measures

1. Review of selling prices. Change to alternate parts and components
2. Expand local production of patient monitors in the U.S.
3. Strengthen production capability of ventilators in Japan

Main products for U.S.	Production locations	Exports for outside U.S. (No impact of tariffs)
Physiological Measuring Equipment	• Japan: EEGs, EMG/EP measuring systems, consumables such as electrodes • U.S.: sleep recorders, intracranial electrodes	• Intracranial electrodes
Patient Monitors	• Japan: products and consumables such as sensors • U.S.: DHS products	• DHS products
AEDs	• U.S.: products and consumables (Some parts imported from China, etc.)	• Products and consumables (excluding Japan)
Ventilators	• U.S.: NKV-550/440/330 (Some parts imported from China, Japan, etc.)	• NKV-550/440

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3) Forecast for FY2025

(Amounts of less than ¥1 million are rounded down)

	FY2024 Actual	FY2025 Forecast	YoY (%)
Sales	225,424	240,000	6.5
Domestic Sales	145,237	149,800	3.1
Overseas Sales	80,187	90,200	12.5
Gross Profit (Gross Profit Margin)	117,157 52.0%	126,000 52.5%	7.5
Operating Income (Operating Income Margin)	20,713 9.2%	24,000 10.0%	15.9
Ordinary Income	20,373	24,000	17.8
Income Attributable to Owners of Parent	14,098	15,000	6.4
Percentage of Overseas Sales	35.6%	37.6%	

+20% on a local currency basis
(+14% on a local currency basis excluding impact of consolidation of Ad-Tech)

53.5% excluding impact of tariffs

Breakdown of overseas sales by region

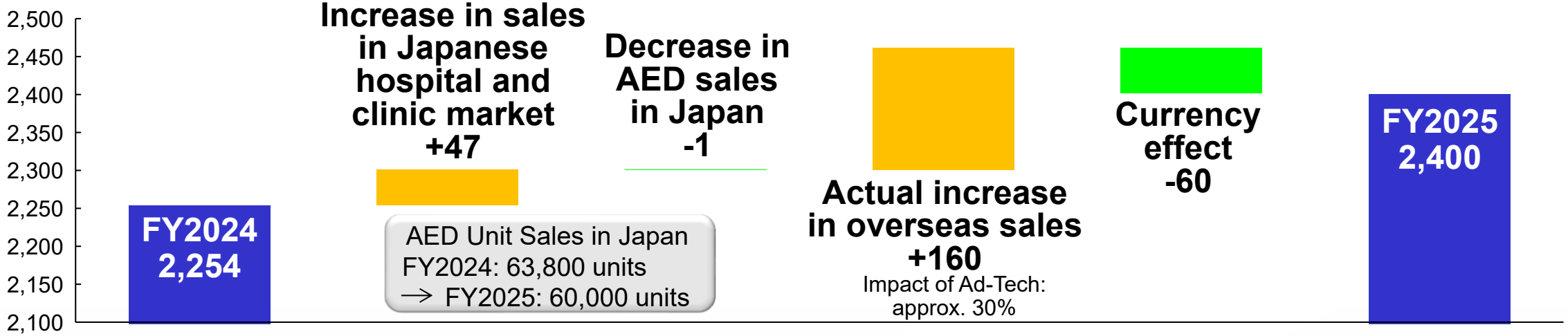
	FY2024 Actual	FY2025 Forecast	YoY(%)
North America	41,900	47,500	13.4
Latin America	5,388	5,900	9.5
Europe	12,554	13,400	6.7
Asia & Other	20,344	23,400	15.0
Total	80,187	90,200	12.5

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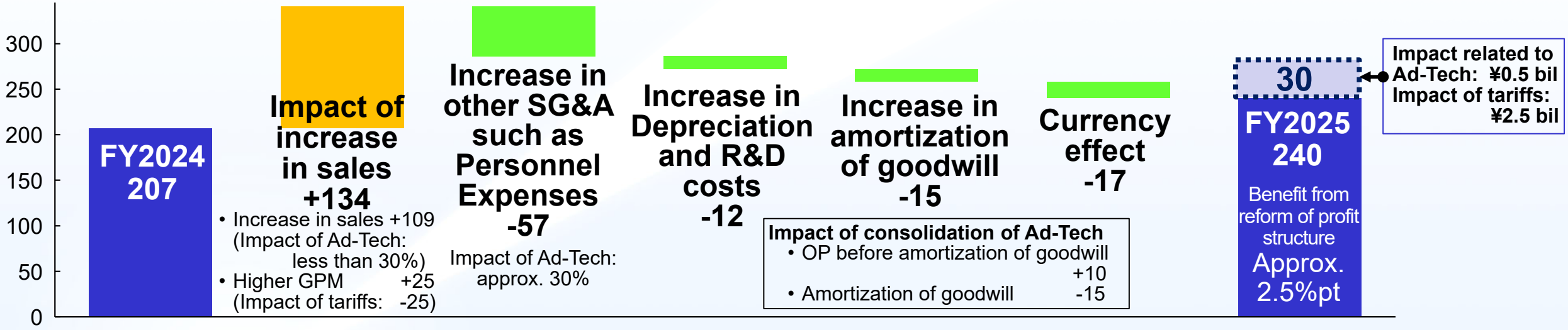
4) Analysis of FY2025 Forecast

Sales

(¥100 million)



Operating Income



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(Ref.) Consolidated Forecast FY2025 by Product Category/ Exchange Rates

(Amounts of less than ¥1 million are rounded down)

	FY2024 Actual	FY2025 Forecast	Composition ratio (%)	YoY (%)
Physiological Measuring Equipment	46,874	53,200	22.2	13.5
Patient Monitors	84,965	89,000	37.1	4.7
Treatment Equipment	53,184	56,600	23.6	6.4
Other Medical Equipment	40,400	41,200	17.1	2.0
Total	225,424	240,000	100.0	6.5

(Reference)

Medical Devices	113,304	120,800	50.3	6.6
Consumables and Services	112,119	119,200	49.7	6.3

Average Exchange Rate

	FY2024 Actual	FY2025 Forecast
1 US Dollar	152.4 yen	140 yen
1 EURO	163.5 yen	156 yen

Estimated Exchange Rate Fluctuations for Full Fiscal Year

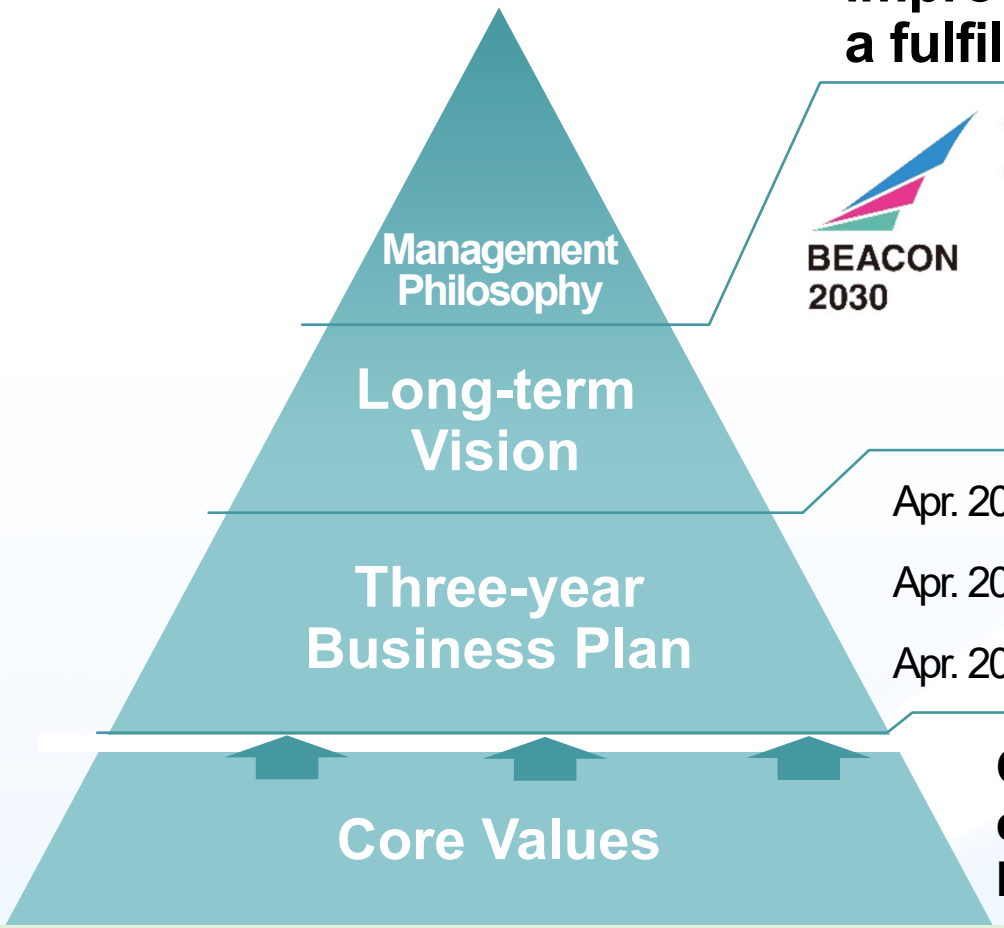
	Sales	Operating Income
US Dollar	0.47 bil yen	0.12 bil yen
EURO	0.06 bil yen	0.02 bil yen

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3 Business Strategy

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Long-term Vision and Three-year Business Plan



We contribute to the world by fighting disease and improving health with advanced technology, and create a fulfilling life for our employees.

BEACON 2030

Illuminating Medicine for Humanity

Create a better future for people and healthcare by solving global medical issues

Targets for FY2029	Operating Margin	15%	Overseas Sales Ratio	45%

Apr. 2027 - Mar. 2030 **BEACON 2030 Phase Ⅲ: Realize BEACON 2030**

Apr. 2024 - Mar. 2027 **BEACON 2030 Phase Ⅱ: Invest for growth**

Apr. 2021 - Mar. 2024 **BEACON 2030 Phase Ⅰ: Strengthen foundation**

Core values are shared by Nihon Kohden staff worldwide, helping to connect them and contributing to the promotion of our Management Philosophy, Long-term Vision, and Three-year Business Plan.

Integrity / Humbleness / Diversity / Initiative / Customer Centric / Goal Oriented / Creativity

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Three Transformation for BEACON 2030

BEACON 2030

1 Transform into a global company creating high added value

- Promote overseas business strategies emphasizing high growth and improved profitability
- Develop sophisticated value propositions and cultivate new businesses areas in domestic business
- Create new business models by utilizing our global business foundation

2 Create a solution business providing superior customer value

- Create a business model that helps solve medical issues
- Realize a value creation model that creates value from data, by utilizing our core strength in Human Machine Interface* technology

3 Establish a global organization founded on Operational Excellence

- Establish an organizational and governance system in line with our corporate strategy
- Establish a development, production and sales system based on Global Supply Chain Management
- Strengthen global business deployment capabilities by establishing a Center of Excellence

* Human machine interface is the user interface that connects human and machine. For Nihon Kohden, this refers to sensor technology, signal processing technology, and data analysis technology.

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BEACON 2030 Phase III 3 Indicators and 6 Key Measures

Implement the reform of the profit structure and make investments in growth areas, and accelerate our transformation into a global MedTech company

1) Growth

Sales CAGR
FY2023 - FY2026

5%

- Enhance product competitiveness
- Focus on growth of North America Business

2) Profitability

Operating income margin
in FY2026

15%

- Implement the reform of the profit structure
- Advance global supply chain management

3) Capital efficiency

ROE
in FY2026

12%

- Introduce Nihon Kohden's own ROIC formula
- Reduce cash conversion cycle

Practice of Sustainability Management

Medical issues | Environmental issues | Social issues

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BEACON 2030 Phase II Review of the 1st year - 6 Key Measures

1) Growth

Sales growth 1.5% in FY2024

Enhance product competitiveness

- ✓Launched new high-value-added products and services
  - Defibrillators for hospitals
  - Dashboard software for monitoring patient condition
  - Remote ICU solution, etc.

Focus on growth of North America Business

- ✓Signed a comprehensive partnership agreement with a major IDN*1 for patient monitors
- ✓Acquired ATO*2 for ventilators from DoD*3
- ✓Consolidated Ad-Tech as a subsidiary

2) Profitability

OPM 9.2% in FY2024

Implement the reform of the profit structure

- ✓80 bps improvement in profit margin in FY2024
- ✓Estimates suggest 70% of the target of 500 bps improvement is expected to be realized by the end of FY2026

Advance global supply chain management

- ✓Promote the introduction of PLM/MES systems*4
- ✓India: Started full operation of new reagent factory, preparation for production of medical equipment
- ✓Started construction of new plant in Tsurugashima City

3) Capital efficiency

ROE 7.8% in FY2024

Introduce Nihon Kohden's own ROIC formula

- ✓Held ROIC sessions, Started calculating and managing NK's ROIC in each subsidiary
- ✓Calculate and confirm ROIC when formulating forecasts

Reduce cash conversion cycle

- ✓Strengthen procurement and production management functions mainly at the newly established Production Operations
- ✓CCC remained at 225 days compared to 232 days in FY2023 and forecast of 190 days, while inventories of finished goods and parts decreased

*1 IDN: Integrated Delivery Network. *2 ATO: Authority to Operate. *3 DoD: Department of Defense.
*4 PLM: Product Life-cycle Management, MES: Manufacturing Execution System.

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BEACON 2030 Phase II Measures for the 2nd year

Growth | **Enhance product competitiveness** | **Established Neurology Business Division Creating synergies b/w Japan and U.S. team**

- Aim to expand our market share by strengthening promotions with combination of medical devices and consumables and collaboration between two companies' clinical sales reps
- R&D of new products based on hearing customer needs

[Japan]
Development, production, and sales of EEGs, EMG/EP measuring systems, and IONM* devices



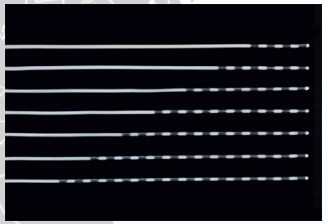
NIHON KOHDEN AMERICA

Irvine, CA
Sales and after-sales services in U.S.

Neurotronics
A Nihon Kohden Company

Gainesville, FL
Development and production of sleep analysis software
Acquired in 2008

NEW!
AD-TECH MEDICAL INSTRUMENT CORPORATION



Oak Creek, WI
Development, production, and sales of intracranial electrodes
Acquired in 2024





* IONM: Intraoperative neurophysiological monitoring.

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Growth — Focus on growth of North America Business

Japan: Strengthen the customer base and achieve sustainable growth by enhancing customer value propositions

- ✓ **Strengthen marketing and service capabilities, creating customer value** which contributes to improving medical safety, patient outcomes, and operating efficiency.
  Focus on solution business (ITS+DHS) and consumables & services business.
- ✓ **Continue to review pricing policies** such as raising selling prices of products and consumables.
- ✓ Sales of IT solutions are expected to recover, while sales of catheters are expected to decline due to the spread of PFA.

North America: Strengthen ties with the major IDN/GPO & DoD/VA* and improve brand awareness and profitability

- ✓ Neurology Products: **Expand consumables business** by adding Ad-Tech. **Expand market share of home sleep recorders**.
- ✓ Patient Monitors: Make differentiation through DHS products such as **remote ICU solution and alarm solution**.
- ✓ AEDs: Sales are expected to recover as inventory adjustment at distributors was settled down.
- ✓ Ventilators: **Expand market share** by strengthening local production, sales, and service capabilities, and ties with the major IDN/GPO.

Rest of world: Comply with laws and regulations related to medical equipment and strengthen local R&D, production, sales, and service capabilities

- ✓ China: Early market penetration of new products (patient monitors/ventilators). Restructure of distributor network.
- ✓ India: **Preparing to manufacture medical devices** at new reagent factory. **Planning to establish an offshore development center**.
- ✓ Middle East & Africa: **Planning to start operation of sales subsidiary in Saudi Arabia**.
- ✓ Southeast Asia: Obtaining in-house sales licenses in each country.

* IDN: Integrated Delivery Network,
GPO: Group Purchase Organization,
DoD: Department of Defense,
VA: Veterans Affairs.

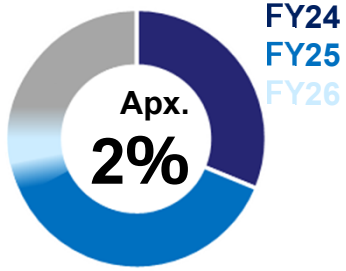
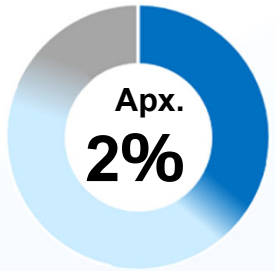
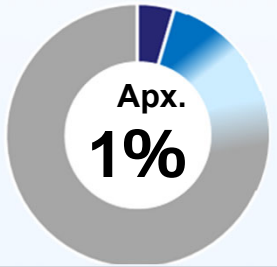
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Profitability

Implement the reform of the profit structure

FY2026 Target: OPM improvement 5%pt

- ✓80 bps improvement in FY2024, Expected 250 bps in FY2025, 500 bps in FY2026
- ✓Completed development of most of the measures and current estimates suggest 70% of the target is expected to be realized by the end of FY2026.
- ✓Further accelerate implementing measures in three key areas to improve profitability.

Area	Theme	Details of measures	OPM improvement targets/estimations*	Progress in FY2024
Product mix	Sale pricing	✓Reviewing pricing policies both in Japan and overseas		✓Japan: Raised selling prices of products in Oct. 2024 and consumables in Jan. 2025. Anticipated benefits generally align with the plan ✓International: Started raising selling prices of products in certain regions ✓Reviewed product line-ups and discontinued selling some in-house consumables with low shipment volumes
	Review of product line-up	✓Reviewing and optimizing the number of products ✓Increasing in-house sales ratio		
Productivity	Improving personnel productivity, including by utilizing generative AI	✓Improving operational efficiency by introducing generative AI: 1.4 mil hours per year ✓Focusing on core jobs and reallocating resources: 900 k hours per year ✓Reducing the increase of headcount and overtime hours		✓Decreased overtime hours by 10% compared to FY2023 ✓Upfront investments such as installing licenses of generative AI in FY2024 are expected to contribute to improved productivity from FY2025 by restraining the increase of headcount ✓Reviewed a zero-based cost management under inflation
	Reducing other expenses	✓Reducing infrastructure costs such as utility costs, rent, and communication expenses, and reviewing traveling costs		
Supply chain	Optimizing parts procurement	✓Refining price negotiations with suppliers ✓Promoting Value Analysis/Value Engineering		✓Continued price negotiations under inflation ✓Additional cost reduction measures such as shifting to electronic operation manuals are under consideration.

*** Image of estimated margin improvement as of the end of FY2024.**

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Profitability

Implement the reform of the profit structure – Generative AI

FY2024: Improved operational efficiency worth 380k hours per year (FY2026 target: 1.4 mil hours per year)

Entire Company

✓ **Installed 2,000 licenses of generative AI**
- Formulated rules for inputting information into generated AI and guidelines for using generative AI
- Held weekly training sessions to share case studies of utilization

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378k times (Apr 24 - Mar 3)

✓ **Developed an application for document translation and OCR* reading with shortcut keys**

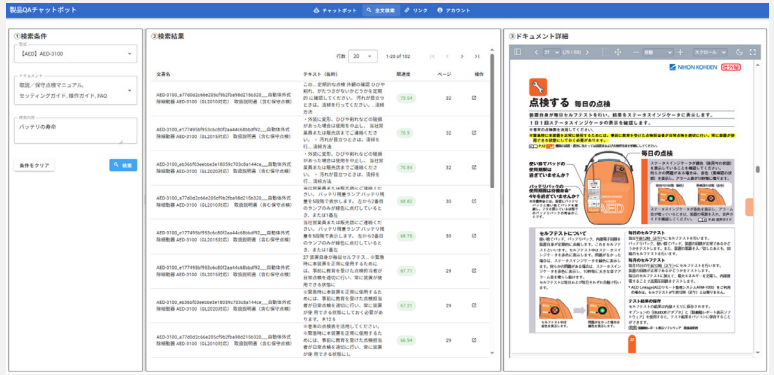
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23k times (Feb 25 - Mar 25)

* OCR: Optical Character Recognition

For Sales & Services

✓ **Developed product QA chatbot**
- Automatically answers questions about our products by referring to operation manuals

<Number of uses>
58k times (May 24 - Mar 25)



For Engineering

✓ **Developed add-ins for Excel**

(Examples of utilization)
- Risk analysis for adverse events related to medical equipment
- Classification and analysis of customer inquiries to call centers

<Number of uses>
32k times (Sep 24 - Mar 25)

✓ **Started to install licences to support programming for development**
- Expected to reduce development man-hours and improve the quality of medical equipment

FY2025: Expand use cases both in Japan and internationally
Develop apps for sales & services, and engineering

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Capital efficiency

Introduce Nihon Kohden's own ROIC formula

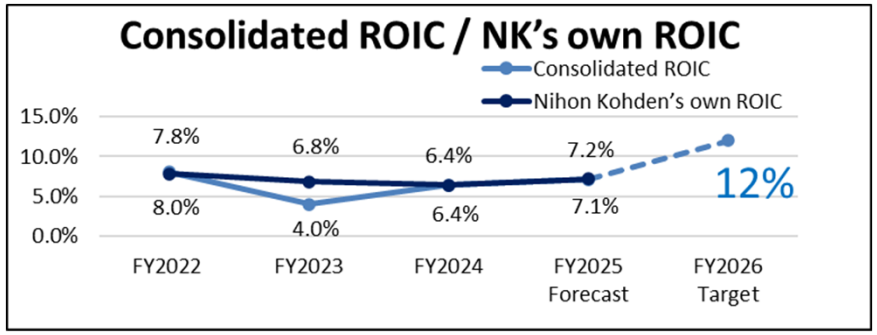
✓ **Start to calculate and manage NK's ROIC in each subsidiary, Planned to create ROIC indicator dashboard**

Consolidated ROIC = NOPAT ÷ Invested capital
* Invested capital・・・interest-bearing liabilities ＋shareholders' equity

Nihon Kohden's own ROIC calculation formula

$$\frac{\text{Operating income}}{\text{Invested capital (future investment* + accounts receivable + inventory + property, plant and equipment - accounts payable)}}$$

* R&D costs and personnel expenses in last three years



✓ Cost of capital **rose to approx. 8% from approx. 6%**
Calculated by WACC in addition to CAPM, as debt increased due to the consolidation of Ad-Tech as a subsidiary.

✓ Adopted **NPV and IRR as investment decision criteria**, and set **target of IRR at 12%** in Phase II. Investment decisions will be made based on business strategies and the Three-year Business Plan. The Board of Directors verifies the progress and effectiveness of investment projects beyond a certain amount every year.

* CAPM: Capital Asset Pricing Model, WACC: Weighted Average Cost of Capital, NPV: Net Present Value, IRR: Internal Rate of Return

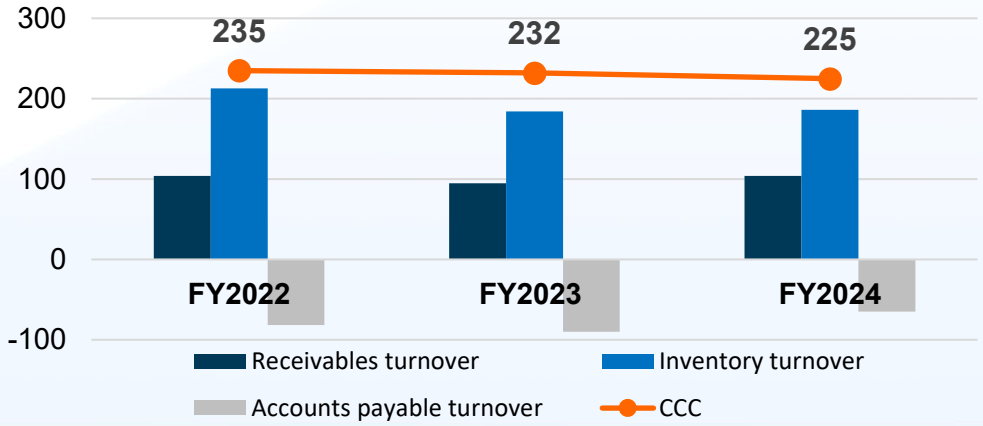
Capital efficiency

Reduce cash conversion cycle

✓ Optimize supply and demand balance by improving the accuracy of demand forecast based on S&OP

✓ Collect debt faster

* S&OP: Sales and Operations Planning



FY2025 target
~190 days

Phase II target
~175 days

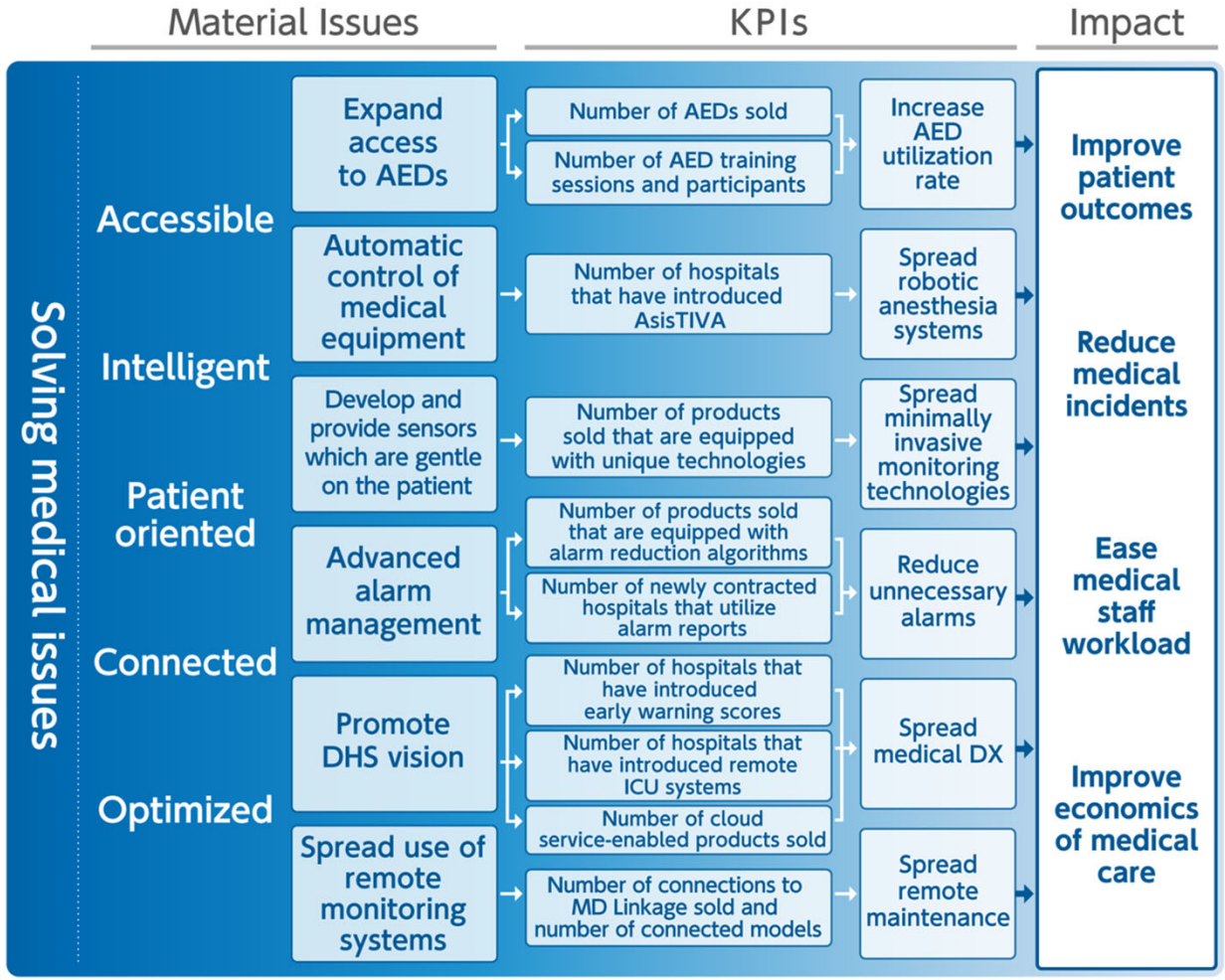
Mid-term target
~150 days

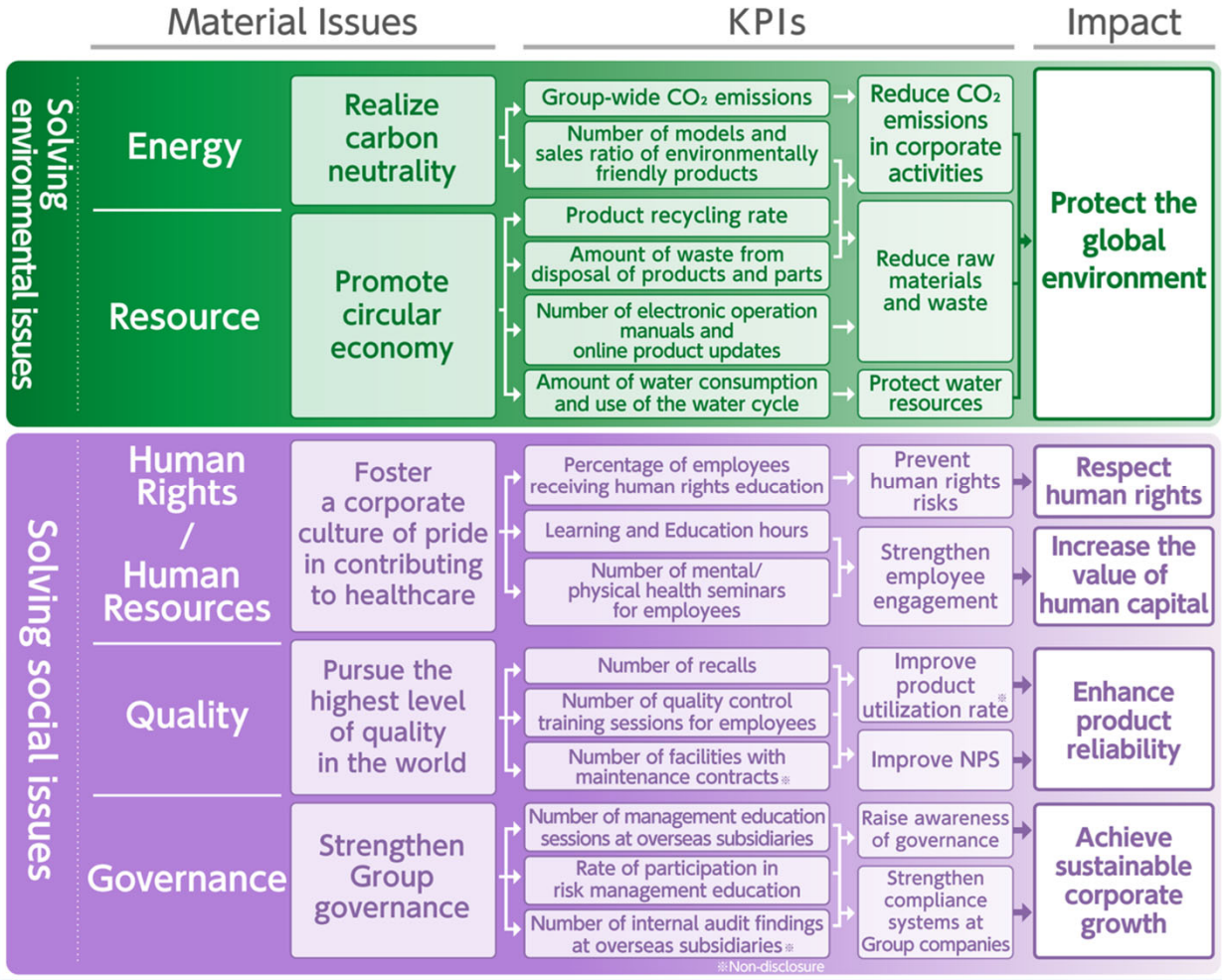
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Set target of material issues and KPIs in Phase II

Measures in FY2025

- ✓ E: Continue to obtain Scope3 data **to obtain Science Based Targets certification in FY2026**
- ✓ S: Expand products and services which contribute to easing medical staff workload and improving economics of medical care
- ✓ G: Appointed COO/CSO/CAO to assist CEO, **majority of independent outside directors (planned)**, **introduced Employee Stock Ownership Plan**





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Targets for FY2026 ending March 2027

BEACON 2030 Phase II

Aiming at sales CAGR of 5%, operating income margin of 15%, ROE of 12%

	FY2023 Actual	FY2026 Target
Net Sales	¥221.9 bil	¥256.0 bil
Domestic Sales	¥142.3 bil	¥157.0 bil
Overseas Sales (Overseas Sales Ratio)	¥79.6 bil (35.9%)	¥99.0 bil (38.7%)
Consumables and Services Sales Ratio	47.9%	50%
In-house Sales Ratio	73.5%	75%
Solution Sales Ratio	11%	11%
Gross Profit Margin	50.2%	53%
Operating Income (Operating Income Margin)	¥19.5 bil (8.8%)	¥38.5 bil (15%)
Income Attributable to Owners of Parent	¥17.0 bil	¥25.0 bil
ROIC	4.0%	12%
ROE	9.8%	12%

* Solution business, software/program, and maintenance services are included.

Sales by Region

	Net Sales		CAGR
	FY2023 Actual	FY2026 Target	
Japan	¥142.3 bil	¥157.0 bil	3%
North America	¥37.0 bil	¥50.0 bil	11%
Latin America	¥6.0 bil	¥6.0 bil	0%
Europe	¥13.1 bil	¥14.0 bil	2%
Asia & Other	¥23.4 bil	¥29.0 bil	7%

Sales by Product Category

	Net Sales		CAGR
	FY2023 Actual	FY2026 Target	
Physiological Measuring Equipment	¥46.5 bil	¥53.0 bil	4%
Patient Monitors	¥84.1 bil	¥98.0 bil	5%
Treatment Equipment	¥51.6 bil	¥63.0 bil	7%
Other Medical Equipment	¥39.6 bil	¥42.0 bil	2%

Investment Plans

	Phase I Actual	Phase II Target
Capital investments	¥16.2 bil	Apx. ¥25.0 bil
R&D investments	¥18.9 bil	Apx. ¥23.5 bil

* Exchange rate assumptions: ¥140 to the U.S dollar, ¥150 to the euro

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Capital Policy

Make investments for future business expansion and enhance shareholder returns as well as securing a sound financial foundation.

1) Investment necessary for future business expansion

Phase II :

R&D investments	Apx. ¥23.5 bil
Capital investments	Apx. ¥25.0 bil
Growth investments	
M&A	¥30 bil or more

- R&D investments in patient monitors, ventilators, and Digital Health Solutions
- Capital investments for establishing a new plant in Tsurugashima, promoting corporate digital transformation such as PLM/MES systems and generative AI, and enhancing global supply chain management
- Consolidated Ad-Tech as a subsidiary

R&D Investments | Capital Investments | M&A and Alliance | Human Resource development

2) Enhancement of shareholder returns

Phase II :
¥28 bil or more

*Considering additional shareholder returns depending on the progress of future investment plans

Dividends

Increase dividends in a stable manner in line with growth in business performance

Full-year dividends (forecasts)
FY2024: 31 yen (Consolidated dividend payout ratio: 36.2%)
FY2025: 32 yen (Consolidated dividend payout ratio: 34.8%)

Share buyback

Consider in a flexible manner, taking into account comprehensively our future business deployment, investment plans, retained earnings, and stock price level

Share buybacks
FY2024: ¥10.0 bil
(Consolidated total return ratio: 107%)

Target: Consolidated Total Return Ratio of 35% or more

Number of treasury stock: 7,897k shares
(4.6% as of end March 2025)

3) Sound financial foundation

Maintain a strong financial foundation to ensure a stable supply of medical equipment

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