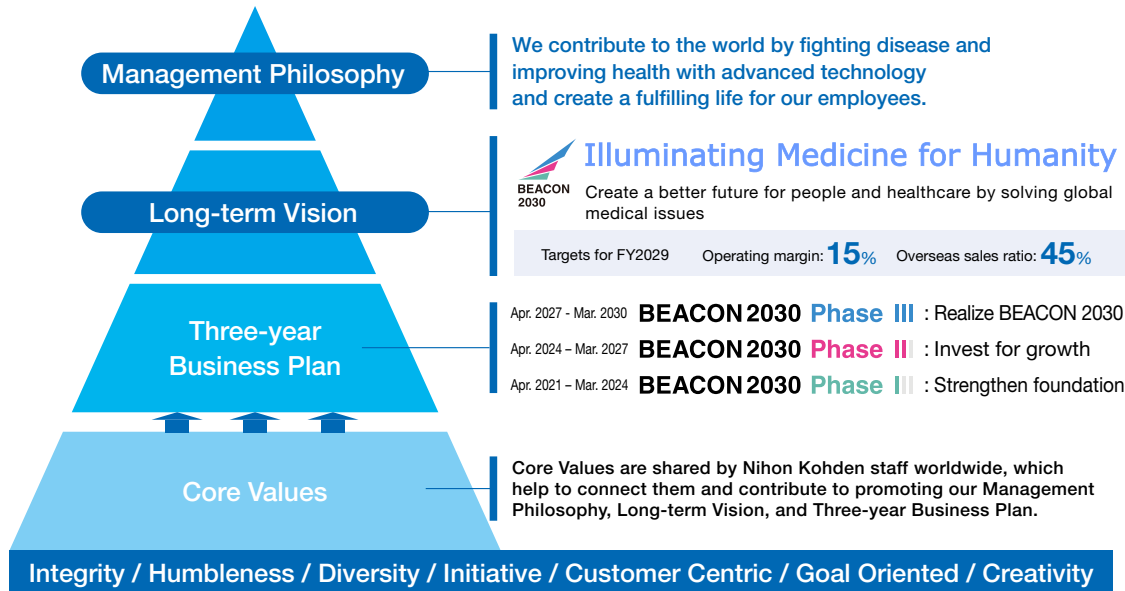


Progress of Three-year Business Plan

In its Three-year Business Plan, BEACON 2030 Phase I, which started in April 2021, Nihon Kohden strengthens its business foundation toward realizing its Long-term Vision BEACON 2030. To embrace sustainability across business and corporate activities, which is the basic policy of BEACON 2030 Phase I, we are working to ensure strict compliance and strengthen group governance, improve the profitability of existing businesses and make strategic upfront investments, and establish global supply chain management and strengthen core functions of operations. The following is an overview of the progress of FY2022, which was the second year of this plan.



Basic Policy in Three-year Business Plan

Embrace sustainability across business and corporate activities

Management	Ensure strict compliance and strengthen group governance to reinforce the management structure
Business	Improve the profitability of existing businesses and obtain the resources to invest strategically for sowing seeds of new growth
Operations	Establish global supply chain management and strengthen core functions of operations to lay a foundation for global growth

Targets for FY2023 ending March 2024 (consolidated)

Sales	¥ 197 billion	Domestic sales	¥ 134 billion	Overseas sales	¥ 63 billion
Operating income (Operating income margin)	¥ 20 billion (10.2%)			ROE	10%

Progress of Three-year Business Plan

Review of Progress in FY2022

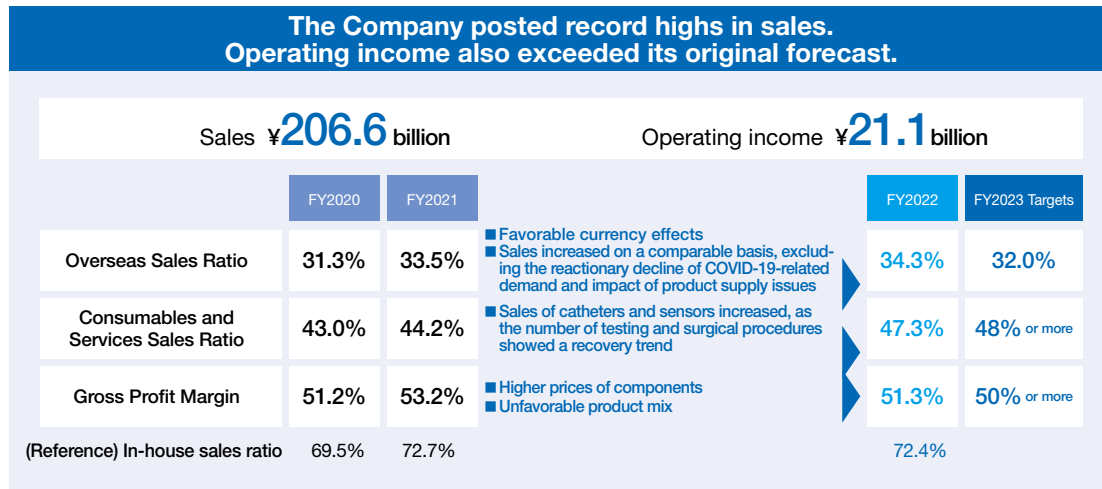
In FY2022, we worked on continuing to supply products globally by implementing reforms to its supply chain management to respond to the product supply issues due to the shortage of semiconductors and the Shanghai lockdown. As a result, Nihon Kohden posted record highs in sales in FY2022. Operating income exceeded its original forecast. Domestic sales decreased due to a reactionary decline in demand for patient monitors and ventilators, large numbers of which had been installed to treat COVID-19 patients in FY2021. On the other hand, sales of Physiological Measuring Equipment and hematology instruments increased favorably as the number of testing and surgical procedures showed a recovery trend and capital expenditure by medical institutions resumed. Internationally, there were loss of business opportunities and delays in supplying new models due to the product supply issues in the first half of FY2022. In the second half of FY2022, sales recovered thanks to the launch of new mid-range bedside monitors and a mask-type ventilator in the U.S. and yen depreciation.

In FY2023, which is the final year of this plan, the Company aims at achieving a highly profitable structure that can regularly secure a gross profit margin of 50% or more and an operating income margin of 10% or more. As higher prices of components, utility costs, and personnel expenses are expected, the Company will implement reforms to its supply chain management and optimize its selling prices.

Embracing Sustainability across Business and Corporate Activities

To foster an organizational culture that promotes sustainability as the essence of our business, we have held a total of 28 Sustainability Discussions globally since October 2022 in which approx. 3,000 employees have participated. In addition, we disclosed information in accordance with the TCFD recommendations and identified key human rights issues.

For further details, please refer to **the Sustainability page**.



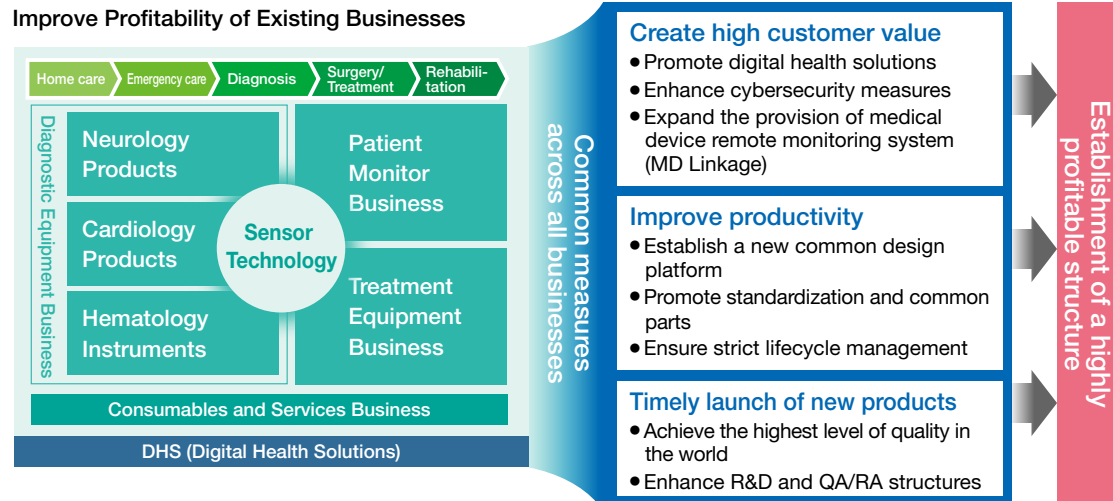
Progress of Three-year Business Plan

Management: Ensure Strict Compliance and Strengthen Group Governance

To ensure strict compliance, we have implemented recurrence prevention measures in response to the compliance matter that occurred in Japan in January 2021 and will continue to monitor the progress of their implementation. To strengthen our group governance, we promoted implementation of the Global Business Management Policy and started to develop a sophisticated company-wide risk management framework. For further details, please refer to **the Ensuring Thorough Compliance page**.

Business: Improve the Profitability of Existing Businesses and Obtain the Resources to Invest Strategically

To improve the profitability of existing businesses, we introduced in-house products and services with high customer value. As a common policy across all businesses, we aim to realize a highly profitable



structure through the creation of high customer value, improvement of productivity, and the timely launch of new products. In FY2022, we introduced a patient monitor specialized for neonatal resuscitation and an EEG amplifier with enhanced network capabilities in Japan, and an ECG with built-in wireless LAN both in Japan and internationally. In the U.S., we launched mid-range bedside monitors and a mask-type ventilator. In certain overseas markets, we also introduced a mid-range ventilator developed by Nihon Kohden OrangeMed, Inc., in the U.S. Internationally, the Company strengthened its business structure. The Company decided to reorganize its U.S. subsidiaries into a holding company structure, and acquired Software Team Srl in Italy, a software development and sales company which collects data and alarms from medical devices such as patient monitors and forwards to mobile phones.

New Products Introduced in FY2022



Acquired Software Team Srl, Italy in November 2022



Progress of Three-year Business Plan

Operations: Establish Global Supply Chain Management and Strengthen Core Functions of Operations

As part of our efforts to establish global supply chain management, we started construction of a new reagent factory in India in September 2022. In March 2023, we acquired a new plant site in Tsurugashima City, Saitama Prefecture. The site is located close to the Advanced Technology Center (Tokorozawa City, Saitama Prefecture) and the Eastern Japan Logistics Center (Sakado City, Saitama Prefecture). We will strengthen collaboration between the R&D, production, and logistics departments. To establish a global information system, we completed the linkage of backbone systems in overseas subsidiaries to the head office network. As part of our corporate digital transformation (CDX), we started introducing PLM/MES*1 systems.

We also strengthened compliance with the latest laws and regulations for medical devices as well as establishing a PSIRT*2 to enhance the security of our products and services and strengthen our response to security incidents.

*1 PLM: Product Life-cycle Management,
MES: Manufacturing Execution System
*2 PSIRT: Product Security Incident Response Team

Establish Global Supply Chain Management

- ✔ **Establish global information system**
 - Completed linkage of backbone systems in overseas subsidiaries to head office network
- ✔ **Started introducing PLM/MES systems**
 - Reduce workload and costs by promoting DX in R&D and production departments

- ✔ **Construction of a new reagent factory plant in India**

(Construction: Started in September 2022 and planned to be completed in Summer 2023, Operation: Planned to start in Summer 2024)
- ✔ **Acquired a new plant site in Tsurugashima City, Saitama Prefecture**

(Acquired a new plant site in March 2023, Construction: Planned to start in Spring 2024 and be completed in Spring 2025, Operation: Planned to start in 2026)

 - Manufacturing consumables such as sensors and R&D of automated production technology

Strengthen Core Functions of Operations

- ✔ **Enhance cybersecurity of the internal IT infrastructure**
 - Unified groupware globally

- ✔ **Strengthen compliance with the latest laws and regulations throughout the product life cycle**
 - Received IVDR* certification in Europe in August 2022
 - Post-market surveillance
- ✔ **Established PSIRT**
 - Enhance cyber security of products and services, and strengthen our response to security incidents



* IVDR: In Vitro Diagnostic Medical Device Regulation