

# Consolidated Financial Highlights for FY2025 ended March 31, 2026

1. Consolidated Financial Results for FY2025
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3. Business Strategy

NIHON KOHDEN CORPORATION

(Securities Code: 6849)

May 15, 2026

*Fighting Disease with Electronics*



NIHON KOHDEN

# **1 Consolidated Financial Results for FY2025**

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# 1) Executive Summary

**FY2025**

## Increased sales / Decreased income YoY

Overall sales +4.3%; Domestic sales -0.6%, Overseas sales +13.1%, Operating income -9.5%

### ■ Sales:

**Domestic sales** increased excluding lower sales of locally purchased products and Abbott products. Sales of AEDs decreased due to inventory adjustment at distributors. Sales of diagnostic information systems and clinical information systems achieved double-digit growth. Sales of in-house consumables and services also increased

**Overseas sales** increased in all regions driven by double-digit growth in North America. Sales also increased favorably on a local currency basis excluding the impact of the consolidation of Ad-Tech

■ **Operating income** decreased as domestic sales decreased and SG&A expenses increased due to wage increases and R&D investments as well as higher depreciation caused by M&A and capital investments

	FY2023	FY2024		FY2025	FY2026 Targets
Overseas Sales Ratio	35.9%	35.6%	✓ Favorable growth in North America, Impact of consolidation of Ad-Tech	38.6%	38.7%
Consumables and Services Sales Ratio	47.9%	49.7%	✓ Impact of consolidation of Ad-Tech	50.7%	50%
In-house Sales Ratio	73.5%	73.6%	✓ Lower sales of locally purchased products and Abbott products in Japan, Impact of consolidation of Ad-Tech	75.2%	75%
Gross Profit Margin	50.2%	52.0%	✓ Increase in cost including tariffs, Increase in inventory devaluation	51.8%	53%
SG&A Ratio	41.4%	42.8%	✓ Increased due to sales falling short of forecasts, wage increases, R&D investments, and higher depreciation	43.8%	38%
(Ref.) OP/employee	¥3.33 mil	¥3.48 mil		¥3.11 mil <sup>*1</sup>	1.5 times or more <sup>*2</sup>

\*1 Excluding DOWELL's employees. \*2 Compared to FY2023.

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- Overall sales increased and operating income decreased year-on-year in FY2025.
- Domestic sales decreased, due to lower sales of locally purchased products and Abbott products. Sales of in-house products increased, as sales of IT systems achieved double-digit growth and sales of consumables and services also increased.
- Overseas sales achieved double-digit growth, as sales in all regions increased favorably. Overseas sales also increased favorably excluding the impact of the consolidation of Ad-Tech, thanks to favorable sales in North America.
- Operating income decreased, as domestic sales decreased and SG&A expenses increased.
- Overseas sales ratio, consumables and services sales ratio, and in-house sales ratio were above the Company's target, mainly due to the impact of the consolidation of Ad-Tech.
- Improving profitability through top-line growth remained an issue, as SG&A ratio increased due to sales falling short of forecasts.

## 2) Consolidated Operating Results for FY2025

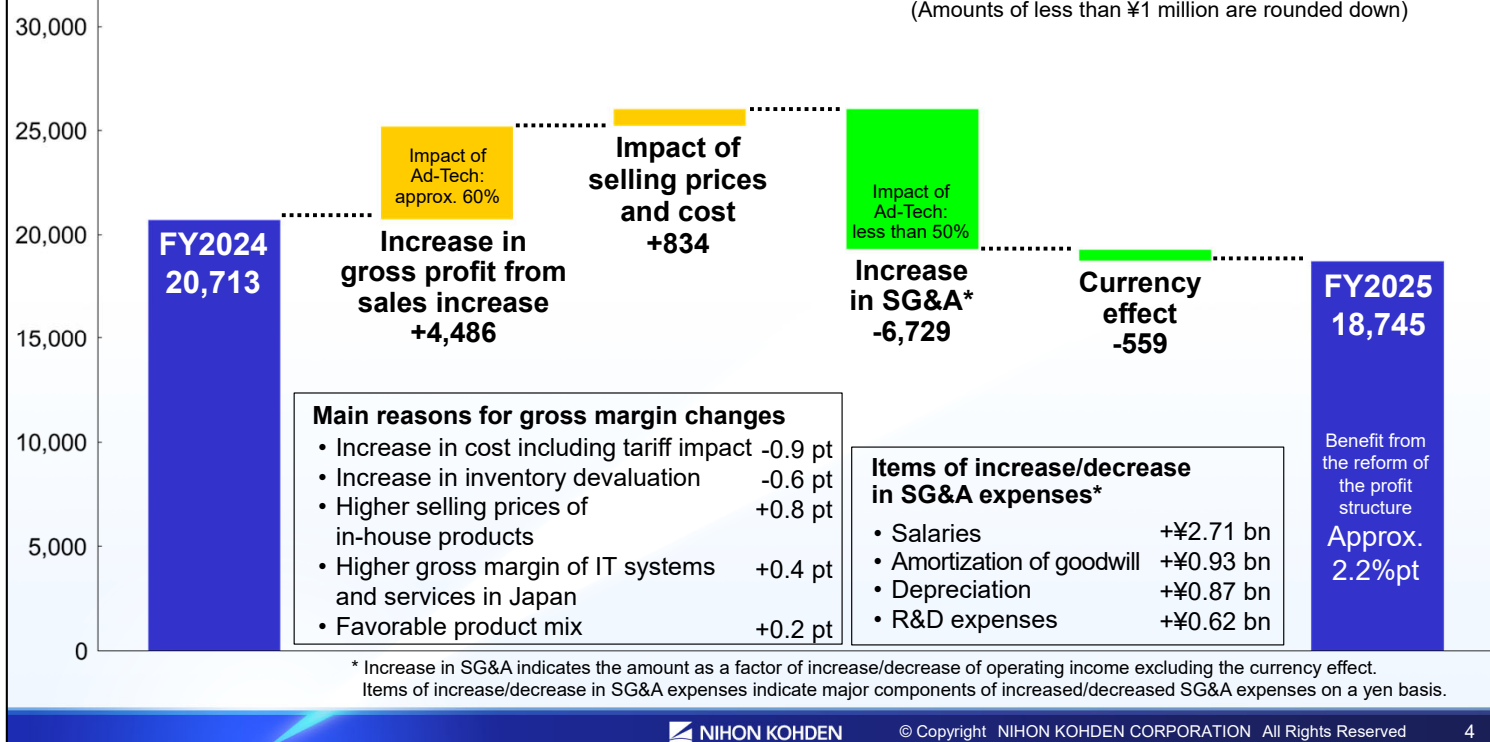
(Amounts of less than ¥1 million are rounded down)

	FY2024	FY2025	YoY (%)		FY2024 4Q	FY2025 4Q	YoY (%)
Net sales	225,424	235,099	4.3		66,947	71,086	6.2
Domestic sales	145,237	144,406	- 0.6		44,083	44,213	0.3
Overseas sales	80,187	90,693	13.1	+14% on a local currency basis (+8% on a local currency basis excluding impact of consolidation of Ad-Tech)	22,863	26,872	17.5
Gross profit (Gross margin)	117,157 52.0%	121,726 51.8%	3.9		34,725 51.9%	36,640 51.5%	5.5
SG&A expenses (SG&A ratio)	96,444 42.8%	102,981 43.8%	6.8		24,947 37.3%	27,029 38.0%	8.3
Operating income (Operating margin)	20,713 9.2%	18,745 8.0%	- 9.5		9,778 14.6%	9,610 13.5%	- 1.7
Ordinary income	20,373	22,544	10.7	Foreign exchange gains/losses: ¥0.9 bn losses → ¥3.4 bn gains	6,866	10,661	55.3
Income attributable to owners of parent	14,098	14,513	2.9	Extraordinary losses: Extra payments for early retirements ¥2.4 bn	5,961	8,104	36.0
Average exchange rate (yen) 1 USD/1 EUR					152.4/163.5    150.5/174.2		153.5/160.2    155.0/184.1

- The operating results for FY2025 and the 4<sup>th</sup> quarter of FY2025 are shown above.

### 3.1) Breakdown of Operating Income for FY2025

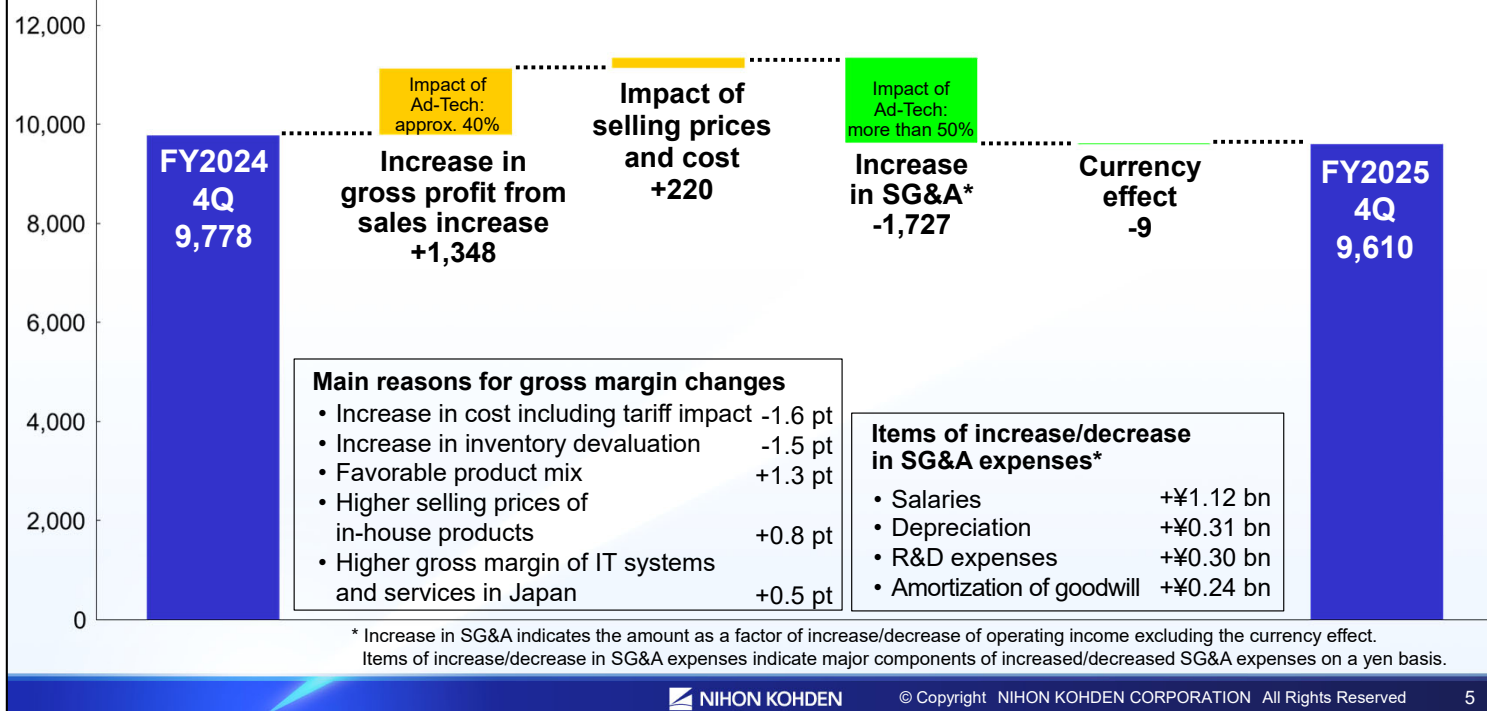
(Amounts of less than ¥1 million are rounded down)



- The analysis of the reasons for the decrease in operating income for FY2025 is shown above.
- Increase in gross profit from sales increase was ¥4.4 billion, of which, around 60% was due to the impact of the consolidation of Ad-Tech.
- Gross margin decreased year-on-year due to higher costs and increased inventory devaluation, while a favorable product mix and higher selling prices of in-house products partially offset the decline.
- Due to wage increases and R&D investment, as well as higher depreciation caused by M&A and capital investments, SG&A expenses were a negative factor worth ¥6.7 billion, of which, less than 50% was the impact of the consolidation of Ad-Tech, including amortization of goodwill.
- Currency effect had a negative impact of ¥0.5 billion.

### 3.2) Breakdown of Operating Income for FY2025 4Q

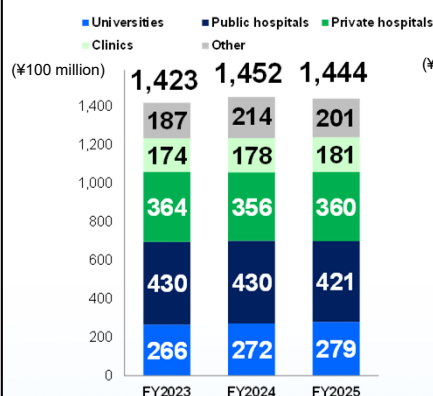
(Amounts of less than ¥1 million are rounded down)



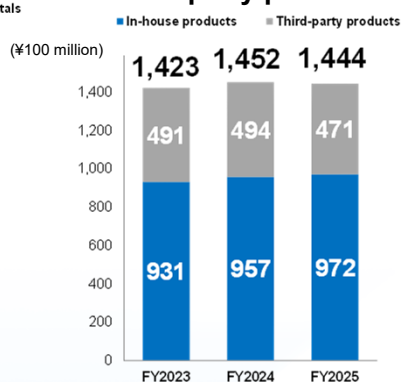
- The analysis of the reasons for a decrease in operating income for the 4<sup>th</sup> quarter of FY2025 was the same as for the full year .

## 4) Domestic Sales

### Sales by market



### Sales of in-house/ third-party products



### Sales by product category

	(Sales, millions of yen)		
	FY2024	FY2025	YoY(%)
Physiological Measuring Equipment	36,247	36,824	1.6
Patient Monitors	46,194	45,927	- 0.6
Treatment Equipment	30,766	28,912	- 6.0
Other Medical Equipment	32,028	32,742	2.2
<b>Total sales</b>	<b>145,237</b>	<b>144,406</b>	<b>- 0.6</b>
(Reference)			
Medical Devices	60,099	58,664	- 2.4
Consumables and Services	85,137	85,742	0.7

- [ Markets ]** Sales of AEDs decreased in the PAD market mainly due to inventory adjustment at distributors. Sales in the public hospital market also decreased. Sales in the university, private hospital, and clinic markets increased.
- [ Products ]** **In-house/third-party products:** Sales of locally purchased products and ablation catheters decreased. Sales of in-house consumables and services increased, while sales of in-house medical devices decreased slightly.
- Physiological Measuring Equipment:** Sales of diagnostic information systems achieved double-digit growth and sales of neurology products also increased favorably. Sales of ECGs and polygraphs for cath lab decreased.
- Patient Monitors:** Sales of telemetry systems and transmitters decreased. Sales of clinical information systems achieved double-digit growth. Sales of bedside monitors also increased.
- Treatment Equipment:** Sales of Abbott's ablation catheters decreased. Sales of AEDs and defibrillators also decreased. Sales of ventilators increased favorably, mainly for intubated-type ventilators.
- Other Medical Equipment:** Sales of installation and maintenance services for medical devices increased favorably and sales of hematology instruments and reagents also increased. Sales of locally purchased products decreased.

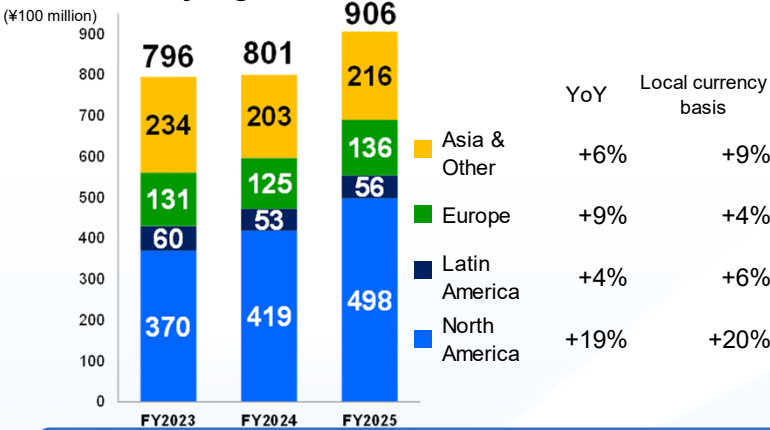
- Domestic sales decreased due to restraining sales of locally purchased products and lower sales of Abbott's products.
- Sales of AEDs in the PAD (public access defibrillation) market decreased mainly due to inventory adjustment at distributors. Sales in the public hospital market also decreased, while sales in the university, private hospital, and clinic markets increased.
- Sales of third-party products decreased, while sales of our in-house consumables and services increased.
- Sales of Treatment Equipment and Patient Monitors decreased, while sales of Physiological Measuring Equipment and Other Medical Equipment increased.
- In Physiological Measuring Equipment, sales of diagnostic information system achieved double-digit growth and sales of neurology products increased favorably. Sales of ECGs and polygraphs for cath lab decreased.
- In Patient Monitors, sales of telemetry systems and transmitters decreased. Sales of clinical information systems achieved double-digit growth and sales of bedside monitors also increased.
- In Treatment Equipment, sales of Abbott's ablation catheters decreased. Sales of AEDs and defibrillators also decreased. Sales of ventilators increased favorably, mainly for intubated-type ventilators.
- In Other Medical Equipment, sales of installation and maintenance services for medical devices increased favorably and sales of hematology instruments and reagents also increased.

5) Overseas Sales

Overseas sales: YoY +13%  
(on a local currency basis: +14%,  
on a local currency basis excluding consolidation of Ad-Tech: +8%)

Overseas sales ratio	FY2024	FY2025
	35.6%	38.6%

Sales by region



Sales by product category (Sales, millions of yen)

	FY2024	FY2025	YoY (%)	Local currency basis (%)
Physiological Measuring Equipment	10,627	16,812	58.2	58
Patient Monitors	38,771	38,331	- 1.1	- 1
Treatment Equipment	22,417	27,373	22.1	23
Other Medical Equipment	8,371	8,175	- 2.3	- 1
Total sales	80,187	90,693	13.1	14
(Reference)				
Medical Devices	53,204	57,332	7.8	9
Consumables and Services	26,982	33,361	23.6	24

[ Region ] Sales increased in all regions driven by double-digit growth in North America. Sales increased favorably on a local currency basis excluding the impact of the consolidation of Ad-Tech.

[ Products ] **Physiological Measuring Equipment:** Sales of neurology products including Ad-Tech increased significantly.

**Treatment Equipment:** Sales of ventilators increased significantly in North America, Europe, and Latin America.

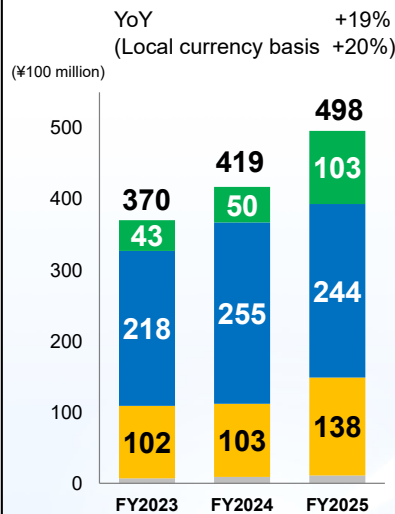
**Patient Monitors:** Sales in North America and Europe decreased compared to the strong growth in FY24, while sales in Asia & Other achieved double-digit growth. Sales increased favorably in FY25 4Q.

- Overseas sales achieved double-digit growth, as sales in all regions increased favorably. Overseas sales also increased on a local currency basis excluding the impact of the consolidation of Ad-Tech.
- The overseas sales ratio increased to 38.6%.
- Sales of Physiological Measuring Equipment increased significantly, driven by neurology products including Ad-Tech.  
In Treatment Equipment, sales of ventilators increased significantly in North America, Europe, and Latin America.  
Sales of Patient Monitors decreased in North America and Europe compared to the strong growth in FY2024, while sales in Asia & Other achieved double-digit growth. In the 4<sup>th</sup> quarter, sales of Patient Monitors increased favorably.



## 5.1) Sales in North America

- Double-digit growth on yen basis / local currency basis excluding impact of consolidation of Ad-Tech
- Significant growth of Physiological Measuring Equipment and Treatment Equipment, Decline in sales of Patient Monitors compared to strong growth in FY24, while double-digit growth in FY25 4Q



### [ Product Category ] \* YoY on a local currency basis

- **Physiological Measuring Equipment:** over 100% growth  
Double-digit growth on local currency basis excluding impact of consolidation of Ad-Tech. Strong growth of home sleep recorders
- **Patient Monitors:** low-single-digit decline  
Decline in medical devices, while double-digit growth in consumables such as sensors. Double-digit growth in FY25 4Q driven by delivery and installation of medical devices
- **Treatment Equipment:** mid-30% growth  
Strong growth of ventilators and double-digit growth of AEDs: Strong growth of mask-type / intubated-type ventilators, Expanded market share of AEDs

- Sales in North America achieved double-digit growth both on a yen basis and on a local currency basis excluding the impact of the consolidation of Ad-Tech.
- Sales of Physiological Measuring Equipment increased significantly, excluding the impact of the consolidation of Ad-Tech. Sales of home sleep recorders increased significantly due to the withdrawal of competitors.
- Sales of Patient Monitors decreased compared to the strong growth in FY2024. Sales of medical devices decreased, while sales of consumables such as sensors increased favorably. In the 4<sup>th</sup> quarter, sales achieved double-digit growth driven by delivery and installation of medical devices.
- In Treatment Equipment, sales of ventilators increased significantly and sales of AEDs also achieved double-digit growth. Both the mask-type and the intubated-type ventilators increased favorably. We also successfully gained market share for AEDs in the U.S.

## 5.2) Sales in Latin America

- Increased on yen basis / local currency basis in FY25 thanks to double-digit growth in 4Q. Steady growth mainly in Paraguay and Peru



- Sales in Latin America increased both on a yen basis and on a local currency basis due to double-digit growth in the 4<sup>th</sup> quarter. Sales increased mainly in Paraguay and Peru.
- Sales of Treatment Equipment and Other Medical Equipment increased favorably, while sales of Patient Monitors and Physiological Measuring Equipment decreased.

### 5.3) Sales in Europe

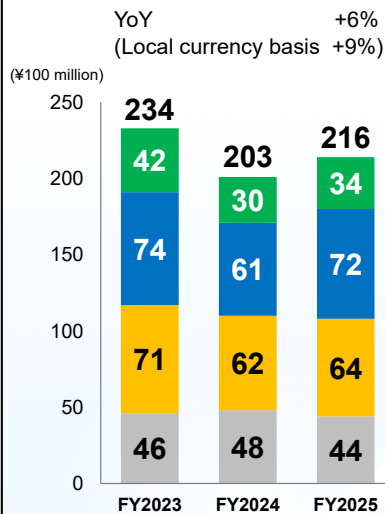
- Increased favorably, especially in Turkey, the U.K., and Italy



- Sales in Europe increased favorably, especially in Turkey, the U.K, and Italy.
- Sales of Physiological Measuring Equipment and Treatment Equipment achieved double-digit growth. Sales of Patient Monitors and Other Medical Equipment decreased.

## 5.4) Sales in Asia & Other

- Increased favorably, especially in Southeast Asia such as Thailand and Vietnam, in India, and in the Middle East & Africa such as Morocco and Israel
- FY25 4Q: Increased YoY, compared to decline in 3Q when it took time to comply with laws and regulations



### [ Product Category ] \* YoY on a local currency basis

- **Physiological Measuring Equipment:** mid-teen growth  
Double-digit growth of neurology products. Favorable growth of ECGs
- **Patient Monitors:** low-20% growth  
Received large orders in Morocco. Favorable growth in Southeast Asia and India
- **Treatment Equipment:** mid-single-digit growth  
Double-digit growth of defibrillators and ventilators
- **Other Medical Equipment:** mid-single-digit decline  
Decline in sales of hematology instruments. Steady growth of reagents

- Sales in Asia & Other increased favorably, especially in Southeast Asia, India, and the Middle East & Africa. Sales in the 4<sup>th</sup> quarter increased year-on-year, while sales in the 3<sup>rd</sup> quarter decreased mainly due to delays in complying with laws and regulations.
- Sales of Patient Monitors and Physiological Measuring Equipment achieved double-digit growth. Sales of Treatment Equipment also increased. Sales of Other Medical Equipment decreased.

# (Ref.) Sales and Gross Margin by Product Category / Sales Ratio

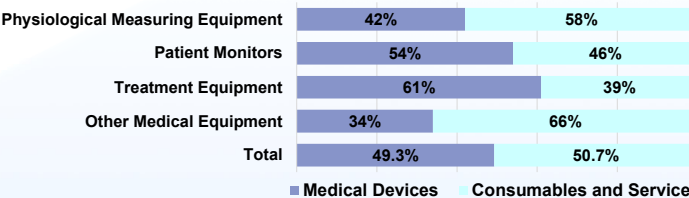
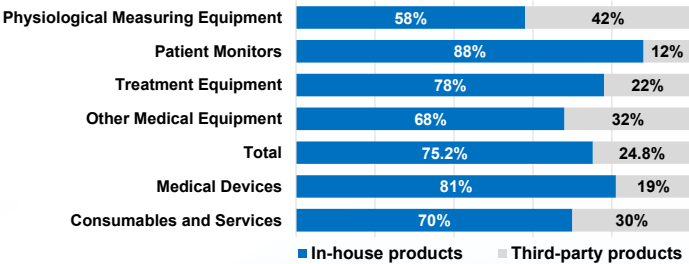
(Sales, millions of yen)

	FY2024	FY2025	YoY(%)
Physiological Measuring Equipment	46,874 (43%)	<b>53,636</b> (45%)	14.4
Patient Monitors	84,965 (65%)	<b>84,258</b> (64%)	- 0.8
Treatment Equipment	53,184 (44%)	<b>56,286</b> (44%)	5.8
Other Medical Equipment	40,400 (45%)	<b>40,918</b> (47%)	1.3
Total sales	225,424 (52%)	<b>235,099</b> (52%)	4.3

(Reference)

Medical Devices	113,304 (54%)	<b>115,996</b> (54%)	2.4
Consumables and Services	112,119 (50%)	<b>119,103</b> (50%)	6.2

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



- Sales and gross margin by product category are shown above.
- Both in-house sales ratio and consumables and services sales ratio increased.

(Ref.) Breakdown of Sales by Product Category

(Sales, millions of yen)

	FY2024	FY2025	YoY (%)
Neurology Products	10,544	16,273	54.3
ECGs (Electrocardiographs)	6,280	6,230	- 0.8
Polygraphs for Cath Lab	17,841	17,521	- 1.8
Diagnostic Information Systems	6,343	7,116	12.2
Other Physiological Measuring Equipment *	5,864	6,494	10.7
Physiological Measuring Equipment	46,874	53,636	14.4

\*Includes products of other companies.

	FY2024	FY2025	YoY (%)
Patient Monitors	84,965	84,258	- 0.8
Clinical Information Systems	5,585	6,337	13.5

	FY2024	FY2025	YoY (%)
Defibrillators (for Hospital and Ambulance)	8,335	9,093	9.1
AEDs (Automated External Defibrillator)	24,451	24,390	- 0.3
Pacemakers / ICDs	2,446	2,445	- 0.0
Ventilators	9,688	13,190	36.1
Other Treatment Equipment	8,263	7,166	- 13.3
Treatment Equipment	53,184	56,286	5.8
(Ref.) AED Unit Sales (units)	117,000	115,400	- 1.4
Domestic Unit Sales (units)	63,800	57,900	- 9.2

	FY2024	FY2025	YoY (%)
Hematology Instruments	13,217	12,799	- 3.2
Imaging Systems and Others *	27,182	28,119	3.4
Other Medical Equipment	40,400	40,918	1.3

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

- A breakdown of sales by product category is shown above.

## 6) Financial Position

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

	FY2024	FY2025	Change		FY2024	FY2025	Change
Current assets	183,085	<b>177,808</b>	- 5,276	Current liabilities	72,296	<b>49,428</b>	- 22,867
Inventories	56,174	<b>55,992</b>	- 182	Interest-bearing debt	26,030	<b>50</b>	- 25,980
Property, plant & equipment	29,270	<b>32,250</b>	2,979	Non-current liabilities	4,685	<b>27,286</b>	22,601
Intangible assets	27,653	<b>27,222</b>	- 431	Interest-bearing debt	—	<b>22,388</b>	22,388
Investments & other assets	18,266	<b>19,256</b>	989	Net assets	181,294	<b>179,824</b>	- 1,470
<b>Total assets</b>	<b>258,276</b>	<b>256,538</b>	- 1,737	<b>Total liabilities &amp; net assets</b>	<b>258,276</b>	<b>256,538</b>	- 1,737
Inventory turnover (months)	6.2	<b>5.9</b>		Equity ratio	69.5%	<b>70.1%</b>	

[Reasons for decrease of current assets]

Notes and accounts receivable decreased by ¥1.3 bn.

[Reasons for increase of property, plant & equipment]

Buildings and structures increased by ¥6.3 bn.  
The Tsurugashima Production Center started operations

[Reasons for decrease of current liabilities]

Interest-bearing debt (short-term borrowings) decreased by ¥25.9 bn.

[Reasons for increase of non-current liabilities]

Interest-bearing debt (long-term borrowings) increased by ¥22.3 bn.  
\*Refinancing of short-term borrowings into long-term borrowings

- Property, plant & equipment increased as the Tsurugashima Production Center started operations.

## 7) Cash Flows

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

(Billions of yen)

	FY2024	FY2025	Change
<b>I . Net cash flows from operating activities</b>	15,286	<b>21,055</b>	5,768
<b>II . Net cash flows from investing activities</b>	- 25,138	<b>- 8,285</b>	16,853
<b>Free cash flows</b>	- 9,852	<b>12,770</b>	22,622
<b>III . Net cash flows from financing activities</b>	2,550	<b>- 11,599</b>	- 14,149
<b>Effect of exchange rate change on cash and cash equivalents</b>	485	<b>1,405</b>	919
<b>Net increase (decrease) in cash and cash equivalents</b>	- 6,816	<b>2,576</b>	9,392
<b>Cash and cash equivalents at end of period</b>	43,061	<b>45,637</b>	2,576
<b>ROE</b>	7.8%	<b>8.1%</b>	

	FY2024	FY2025	Change
Income before income taxes	21.5	19.9	-1.6
Decrease (increase) in accounts receivable	0.7	3.3	+2.6
Income taxes paid	-9.7	-7.6	+2.1
Purchase of property, plant and equipment	-7.1	-5.7	+1.3
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-18.8	-0.5	+18.3
Net increase (decrease) in short-term borrowings	25.3	-25.9	-51.3
Proceeds from long-term borrowings	—	25.5	+25.5
Decrease (increase) in deposits paid	-7.6	7.2	+14.9
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	-7.4	-7.4

- Cash and cash equivalents at the end of the period were ¥45.6 billion.



## 8) Capital Investment and R&D Expenses

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

	FY2024 Actual	Original forecast announced May 13	FY2025 Revised forecast announced Nov 10	Actual	Change	FY2026 Plan	Change
Capital investment	9,519	9,400	9,400	7,807	- 1,711	6,000	- 1,807
Depreciation	4,067	4,900	5,000	4,757	690	6,000	1,243
R&D expenses	6,826	7,200	7,400	7,453	626	7,700	247

### ● FY2026 capital investment plan

Molds for new products, measuring equipment and jigs, products for demonstration, production equipment, and introduction of new CRM\*1

#### PLM/MES\*2 systems

Capital Investments: approx. ¥3.0 bn < FY22: ¥0.3 bn, FY23: ¥0.5 bn, FY24: ¥0.9 bn  
FY25: ¥0.9 bn, FY26 : ¥0.3 bn ~

**PLM: Started operation in Sep. 2025**  
**MES: Started operation in Nov. 2025**

#### Tsurugashima Production Center

Total investments: approx. ¥11.0 bn < FY22: ¥2.3 bn (Acquisition of the site)  
~FY24: ¥4.1 bn, **FY25: ¥2.9 bn**  
(Building and facilities)  
FY26: ¥0.3 bn (Facilities) ~

Construction: Started in July 2024  
**Completed in Oct. 2025**  
**Operation: Started in Mar. 2026**

\*1 CRM: Customer Relationship Management including Sales Force Automation function \*2 PLM: Product Life-cycle Management, MES: Manufacturing Execution System

- Capital investments and depreciation fell short of the Company's forecasts due to a delay in investment in molds for new products, while PLM/MES systems and the Tsurugashima Production Center started operations.
- R&D expenses were in line with the schedule.
- In FY2026, the Company will undertake capital investments such as expanding production equipment at the Tsurugashima Production Center. To further the implementation of corporate DX, the Company will add functions to PLM/MES systems, as well as introducing new CRM systems in Japan.

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## Forecast for FY2026

# 1) Business Environment

The global economic outlook is expected to remain uncertain due to geopolitical risks and policy trends in the U.S., as well as higher oil prices and difficulties in procuring parts and components

## Japan

### Securing medical staff and promoting reforms in their work style

Medical service fees will rise by 3.09% in June 2026. Responses to price and wage inflation. Urgent measures to address deterioration of medical institutions' business environment

### Transformation to a more efficient, higher-quality healthcare system. Establishing integrated community care systems

Funds for securing comprehensive medical and long-term care in the community: FY2026 budget ¥96 bn for medical care

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

Subsidy program for improving operational efficiency and workplace environment by introducing ICT in medical institutions and for addressing price and wage inflation

## International

### U.S.

- Future policy trends such as tariffs and proposed budget cuts to public health insurance should be monitored carefully

### Emerging countries

- China: Enforced new standards and preferential treatment for domestically produced products
- Middle East & Africa, Southeast Asia: Concerns about the impact of conflicts in the Middle East
- Moves to protectionism and tightening of laws and regulatory requirements for medical devices in each country

- Amid prolonged uncertainty caused by geopolitical risks and policy trends in the U.S., there are concerns about higher oil prices and difficulties in procuring parts and components due to conflicts in the Middle East.
- In Japan, the business environment is expected to recover gradually, as the Japanese Government has implemented support for medical institutions through supplementary budgets and revision of medical treatment fees.
- Internationally, in the U.S., capital investment by medical institutions is expected to remain steady, while future policy trends such as tariffs and public health insurance should be monitored carefully. In the Middle East and Southeast Asia, there are concerns about the impact of conflicts in the Middle East.
- Medical equipment companies are required to respond to such changes in the global business environment more quickly and flexibly than before.

## 2) Forecast for FY2026

	FY2025 Actual	FY2026 Forecast	YoY (%)	(Amounts of less than ¥1 million are rounded down)
<b>Net sales</b>	235,099	232,500	- 1.1	
<b>Domestic sales</b>	144,406	133,500	- 7.6	+8% on a comparable basis excluding impact of discontinuation of Abbott products and consolidation of DOWELL
<b>Overseas sales</b>	90,693	99,000	9.2	+9% on a local currency basis
<b>Gross profit</b> (Gross margin)	121,726 51.8%	129,000 55.5%	6.0	
<b>SG&amp;A expenses</b> (SG&A ratio)	102,981 43.8%	105,500 45.4%	2.4	
<b>Operating income</b> (Operating margin)	18,745 8.0%	23,500 10.1%	25.4	
<b>Ordinary income</b>	22,544	23,500	4.2	
<b>Income attributable to owners of parent</b>	14,513	15,000	3.4	
<b>Overseas sales ratio</b>	38.6%	42.6%		
Average exchange rate (yen) 1 USD/1 EUR				150.5/174.2      150/175

### Overseas sales by region

	FY2025 Actual	FY2026 Forecast	YoY (%)
<b>North America</b>	49,808	56,300	13.0
<b>Latin America</b>	5,613	6,200	10.4
<b>Europe</b>	13,649	13,800	1.1
<b>Asia &amp; Other</b>	21,621	22,700	5.0
<b>Total</b>	90,693	99,000	9.2

- The Company expects that both sales and income for FY2026 will increase, excluding temporary factors.
- Both domestic sales and overseas sales are expected to record high-single-digit growth, on a comparable basis excluding the impact of the discontinuation of Abbott products and the consolidation of DOWELL Co., Ltd.

### 3) Highlights of Forecast for FY2026

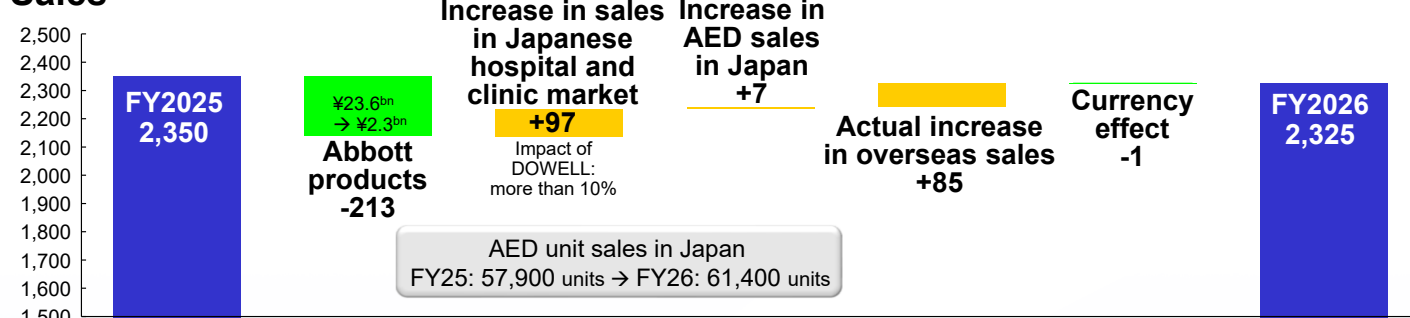
<b>Net sales</b> [ down ¥2.5 bn YoY ]	<b>Domestic sales</b> [ down ¥10.9 bn ]	<ul style="list-style-type: none"> <li>+8% on a comparable basis excluding impact of discontinuation of Abbott products and consolidation of DOWELL</li> <li>Focusing on providing in-house products, consumables, and services</li> <li>Abbott products: Decline by ¥21.3 bn to ¥2.3 bn from ¥23.6 bn</li> <li>Hospital / clinic markets: Growth by ¥9.7 bn by focusing on ventilators and DHS products</li> <li>AEDs: Growth by ¥0.7 bn as inventory adjustment at distributors was settled down</li> </ul>
	<b>Overseas sales</b> [ up ¥8.4 bn ]	<ul style="list-style-type: none"> <li>+9% on a yen basis, +9% on a local currency basis</li> <li>Aiming at sales growth in all regions</li> <li>North America: Focusing on sales recovery of patient monitors, Sales growth of ventilators and neurology products</li> <li>Latin America, India: Steady demand for medical equipment</li> <li>Middle East &amp; Africa, Southeast Asia: Concerns about the impact of conflicts in the Middle East</li> </ul>
<b>Operating income</b> [ up ¥4.8 bn ] <b>Ordinary income</b> [ up ¥1.0 bn ] <b>Net income</b> [ up ¥0.5 bn ]	<ul style="list-style-type: none"> <li>Gross margin is expected to improve supported by a favorable product mix, while sales will decrease due to the discontinuation of Abbott products</li> <li>SG&amp;A expenses are expected to increase due to wage increases and higher depreciation related to investments in internal IT systems</li> <li>Continuing implementation of measures in three key areas of the reform of the profit structure</li> </ul>	

\*The Company incorporates negative factors worth ¥1.8 bn for sales and ¥1.2 bn for operating income caused by conflicts in the Middle East into its full-year forecast, reflecting anticipated lower sales and higher shipping costs, respectively.

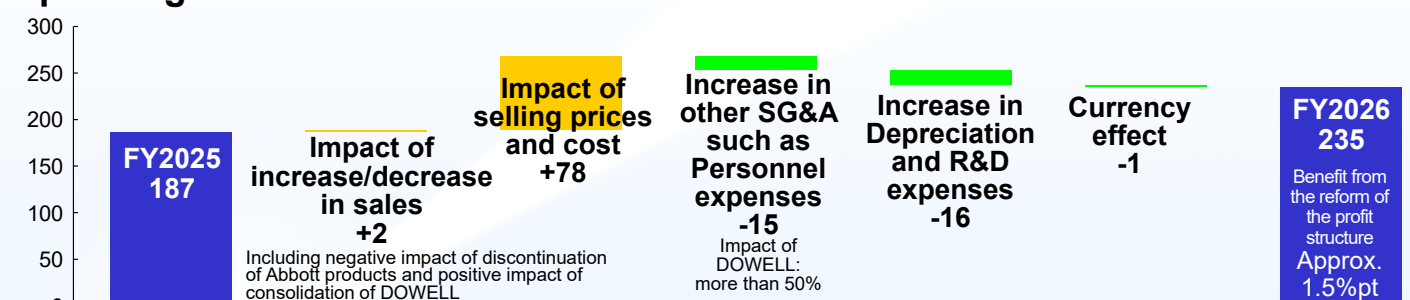
## (Ref.) Analysis of FY2026 Forecast

(¥100 million)

### Sales



### Operating Income



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- In Japan, capital expenditure by medical institutions is expected to recover moderately, while there is the impact of the discontinuation of Abbott products. Sales of AEDs are expected to recover as inventory adjustment at distributors has settled down.
- Internationally, the Company aims to increase sales in all regions. In North America, sales of Patient Monitors are expected to recover. We will also focus on expanding sales of ventilators and neurology products. In the Rest of World, demand for medical equipment is expected to remain steady in Latin America and India. In India, the Company aims to achieve sales growth by starting local production of medical devices for the Indian market. On the other hand, in the Middle East and Southeast Asia, there are concerns about the impact of conflicts in the Middle East.
- Gross margin is expected to improve, because the Company will discontinue providing Abbott products and focus on selling in house products. SG&A expenses are expected to increase due to wage increases and higher depreciation related to investments in internal IT systems. The Company will focus on improving productivity through its reform of the profit structure of the entire Group.

## (Ref.) Consolidated Forecast for FY2026 by Product Category / Effect of Exchange Rates

	FY2025 Actual	FY2026 Forecast	Composition ratio (%)	YoY (%)	(Amounts of less than ¥1 million are rounded down)
Physiological Measuring Equipment	53,636	41,200	17.7	- 23.2	← +6% excl. impact of discontinuation of Abbott products
Patient Monitors	84,258	92,300	39.7	9.5	← +8% excl. impact of consolidation of DOWELL
Treatment Equipment	56,286	54,900	23.6	- 2.5	← +10% excl. impact of discontinuation of Abbott products
Other Medical Equipment	40,918	44,100	19.0	7.8	
<b>Total</b>	<b>235,099</b>	<b>232,500</b>	<b>100.0</b>	<b>- 1.1</b>	

(Reference)

Medical Devices	115,996	126,500	54.4	9.1	
Consumables and Services	119,103	106,000	45.6	- 11.0	← +7% excl. impact of discontinuation of Abbott products

### Estimated Exchange Rate Fluctuations for Full Fiscal Year

	Sales	Operating Income
US Dollar	0.52 bn yen	0.18 bn yen
EURO	0.06 bn yen	0.02 bn yen

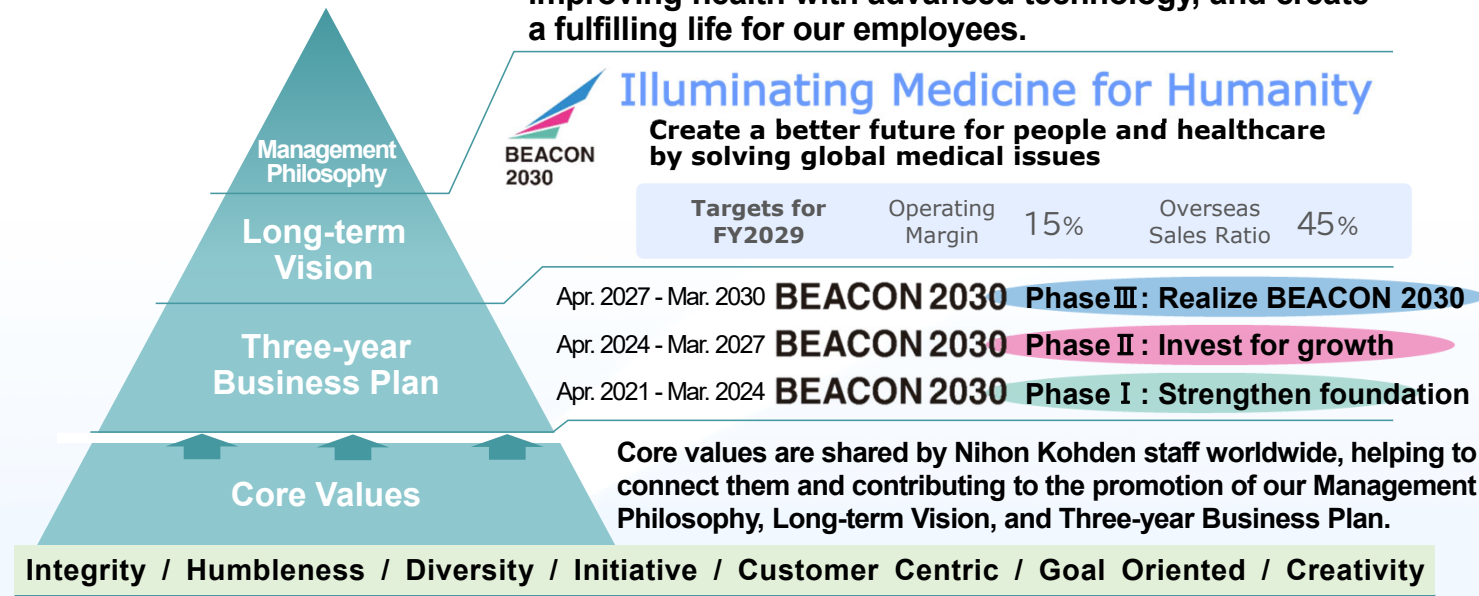
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# Business Strategy



# 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.



- In its Long-term Vision, BEACON 2030, Nihon Kohden aims to create a better future for people and healthcare by solving global medical issues.

## 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

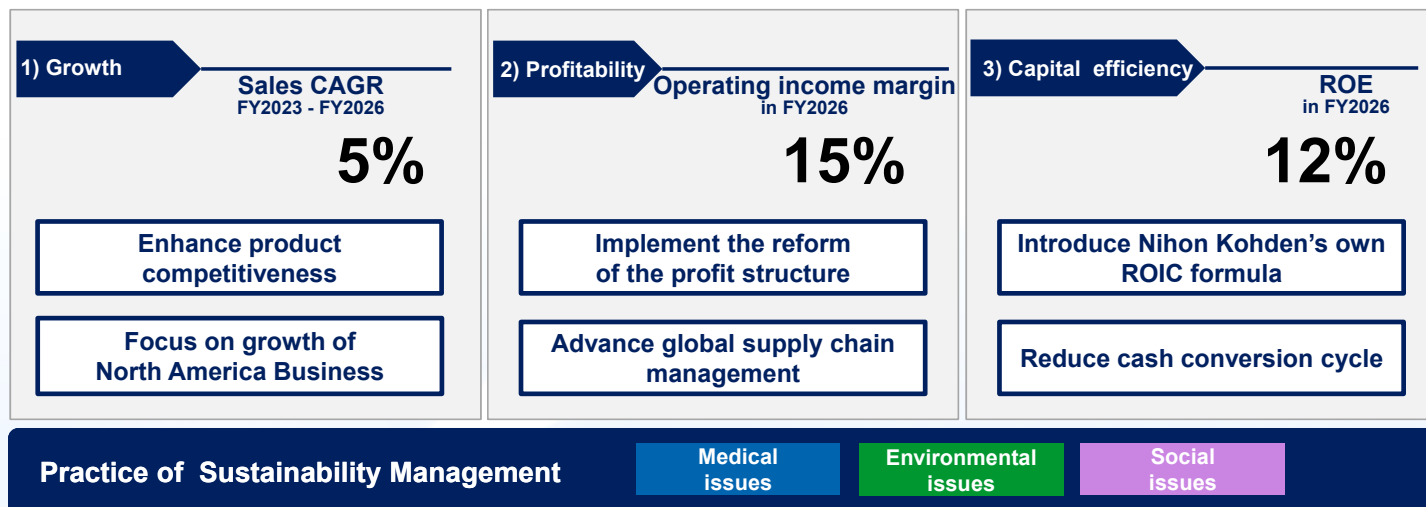
## 3 Establish a global organization founded on Operational Excellence

- 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.

- While global trends are drastically changing, we believe that the importance of these three transformations outline in our Long-term Vision is increasing.

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



- In the final year of BEACON 2030 Phase II, the Company will implement the reform of the profit structure and make investments in growth areas, and work on our transformation into a global MedTech company.

<b>1) Growth</b> <b>Sales growth 4.3% in FY2025</b> <div> <b>Enhance product competitiveness</b> <ul style="list-style-type: none"> <li>✓ Launched new high-value-added products and services                             <ul style="list-style-type: none"> <li>• Fully automatic AED</li> <li>• Transmitters</li> <li>• On-site alarm analytics software</li> <li>• Admission and discharge management software</li> <li>• AlarmSense alarm solution</li> </ul> </li> </ul> </div> <div> <b>Focus on growth of North America Business</b> <ul style="list-style-type: none"> <li>✓ Significant growth in sales of ventilators through continuing to sign new contracts with major IDNs/GPOs<sup>*1</sup></li> <li>✓ Achieved double-digit sales growth and recorded operating income</li> </ul> </div>	<b>2) Profitability</b> <b>OPM 8.0% in FY2025</b> <div> <b>Implement the reform of the profit structure</b> <ul style="list-style-type: none"> <li>✓ Achieved YoY 220 bps improvement in operating margin in FY25</li> <li>✓ Accelerating implementation of measures in three key areas toward 500 bps improvement in operating margin (FY26 vs FY23)</li> </ul> </div> <div> <b>Advance global supply chain management</b> <ul style="list-style-type: none"> <li>✓ Started production of transport monitors at Defibtech</li> <li>✓ Started operation of PLM/MES systems<sup>*2</sup></li> <li>✓ Started operations at Tsurugashima Production Center</li> <li>✓ Preparing for production of medical equipment in India</li> </ul> </div>	<b>3) Capital efficiency</b> <b>ROE 8.1% in FY2025</b> <div> <b>Introduce Nihon Kohden's own ROIC formula</b> <ul style="list-style-type: none"> <li>✓ Visualizing NK's own ROIC in each R&amp;D, production, sales, and administration division, and providing feedback for improvement in profitability and efficiency</li> <li>✓ Promoting monitoring of ROIC/CCC at North American subsidiaries</li> </ul> </div> <div> <b>Reduce cash conversion cycle</b> <ul style="list-style-type: none"> <li>✓ Increased inventories of finished goods temporarily in preparation for starting operation of PLM/MES systems and Tsurugashima Production Center</li> <li>✓ CCC remained at 215 days compared to 225 days in FY24 and forecast of 190 days</li> </ul> </div>
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\*1 IDN: Integrated Delivery Network, GPO: Group Purchase Organization  
\*2 PLM: Product Life-cycle Management, MES: Manufacturing Execution System

- The progress of six key measures in the 2<sup>nd</sup> year is shown above.
- While we have been steadily strengthening our business structure for mid-to long-term growth, there are gaps between our actual performance and our numerical targets for all three indicators: growth, profitability, and capital efficiency.

# Target and Forecast for the Last Year of BEACON 2030 Phase II



FY2023 Actual FY2026 Target FY2026 Forecast CAGR

Net sales	¥221.9 bn	¥256.0 bn	¥232.5 bn	+2%
Domestic sales	¥142.3 bn	¥157.0 bn	¥133.5 bn	-2%
Overseas sales (Overseas sales ratio)	¥79.6 bn (35.9%)	¥99.0 bn (38.7%)	¥99.0 bn (42.6%)	+8%
Consumables and services sales ratio	47.9%	50%	45.6%	
In-house sales ratio	73.5%	75%		
Solution sales ratio	11%	11%		
Gross profit margin	50.2%	53%	55.5%	
Operating income (Operating income margin)	¥19.5 bn (8.8%)	¥38.5 bn (15%)	¥23.5 bn (10.1%)	+6%
Income attributable to owners of parent	¥17.0 bn	¥25.0 bn	¥15.0 bn	
ROIC	4.0%	12%		
ROE	9.8%	12%		

Average exchange rate (yen)  
1 USD/1 EUR 143.9/156.8 140/150 150/175

## Sales by region

	Net sales			CAGR
	FY23 Actual	FY26 Target	FY26 Forecast	
Japan	¥142.3 bn	¥157.0 bn	¥133.5 bn	-2%
North America	¥37.0 bn	¥50.0 bn	¥56.3 bn	+15%
Latin America	¥6.0 bn	¥6.0 bn	¥6.2 bn	+1%
Europe	¥13.1 bn	¥14.0 bn	¥13.8 bn	+2%
Asia & Other	¥23.4 bn	¥29.0 bn	¥22.7 bn	-1%

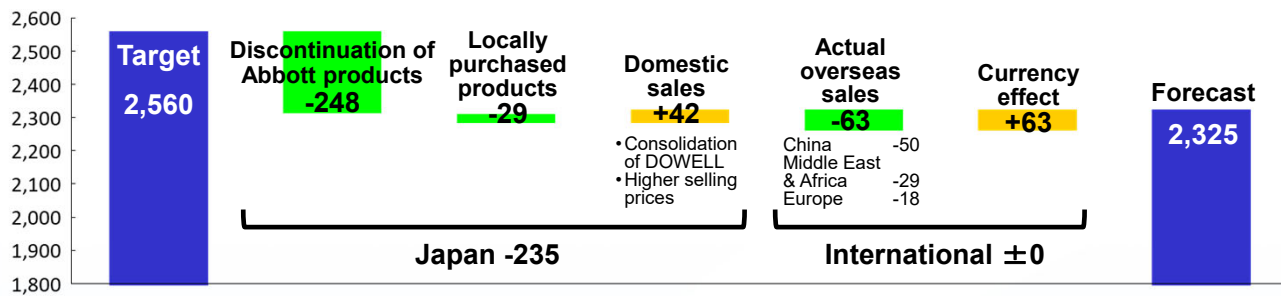
\* Solution business, software/program, and maintenance services are included.

- Differences between numerical targets and forecasts for the last year of BEACON 2030 Phase II are shown above.

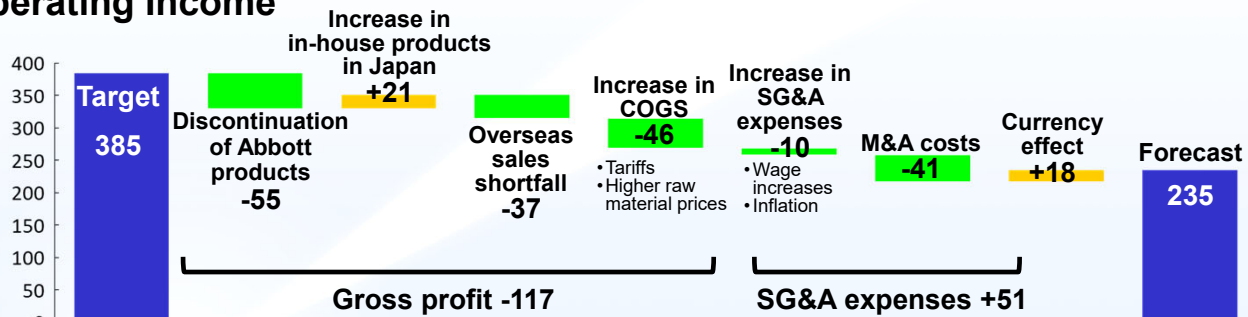
<b>Net sales</b> [ down ¥23.5 bn ]	<b>Domestic sales</b> [ down ¥23.5 bn ]	<ul style="list-style-type: none"> <li>Abbott products: Down ¥24.8 bn</li> <li>Locally purchased products: Down ¥2.9 bn</li> <li>In-house products: Up ¥4.2 bn including consolidation of DOWELL and raising selling prices</li> </ul>	<b>Contributing to gross margin improvement</b>
	<b>Overseas sales</b> [ flat ] down ¥6.3 bn in actual sales / up ¥6.3 bn in currency effect	<ul style="list-style-type: none"> <li><b>Latin America, Southeast Asia, India:</b> Generally in line with plan</li> <li><b>China:</b> Prolonged economic slowdown and anti-corruption campaign ⇒ Promoting partnerships with local companies</li> <li><b>Middle East &amp; Africa, Europe:</b> Geopolitical risks and delays in complying with laws and regulations ⇒ Generally completed complying with laws and regulations, The impact of conflicts in the Middle East should be monitored</li> <li><b>North America:</b> Customers are cautious about decision-making in patient monitor negotiations ⇒ Recovery trend in orders, Focusing on delivery and installation. Creating synergies with Ad-Tech</li> </ul>	
<b>Operating Income</b> [ down ¥15 bn ]	<ul style="list-style-type: none"> <li>Gross profit due to shortfall in sales: Down ¥7.1 bn</li> <li>COGS including tariffs / higher raw material prices: Up ¥4.6 bn</li> <li>SG&amp;A expenses including wage and price inflation: Up ¥1.0 bn</li> <li>Costs related to M&amp;A: Up ¥4.1 bn</li> </ul>		
	<b>Steady sales growth</b> <b>Continuing the reform of the profit structure</b>		

**Sales**

(¥100 million)



**Operating Income**



- In Japan, sales of in-house products are expected to exceed the target, supported by the impact of the consolidation of DOWELL and raising selling prices, while there will be an impact from the discontinuation of Abbott products and faster-than-expected reduction in sales of locally purchased products. As a result, gross margin is expected to improve.
- Internationally, sales in China, the Middle East & Africa, and Europe are expected to fall short of the targets, while sales will be affected by greater-than-expected depreciation of the yen.  
In China, the sluggish demand for medical equipment has been prolonged. We will reorganize our business structure by promoting partnerships with local companies. In the Middle East & Africa and Europe, the impact of geopolitical risks and intensifying price competition should be monitored carefully. We have generally completed compliance with laws and regulations by the end of March, 2026. In North America, orders for patient monitors are showing a recovery trend, while the decision-making process for business negotiations has been cautious.
- Operating income is expected to fall short of the target. Gross profit is expected to be lower due to a shortfall in sales, and costs of goods sold are expected to increase due to tariffs and higher raw material prices. SG&A expenses are also expected to increase due to wage and price inflation as well as costs related to M&A.
- In response to rapid changes in the business environment that were not anticipated at the time of planning, we will pursue further business growth and improve our profit structure. We will also strengthen our organizational structure and capabilities in preparation for the final year of Phase II and the next Medium-term Business Plan.

## New products and services in FY2025/FY2026

Contributing to easing  
medical staff workloadImproving hospital bed occupancy rate  
Reducing length of hospital staysOptimizing hospital management  
Improving economics of medical care

## Solution Business (ITS+DHS)

## On-site alarm analytics software

- Analyzing real-time alarm status and causes for each patient

Launched in Japan  
in FY2025 4QAdmission and discharge  
management software

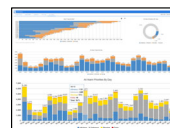
- Automatically acquiring, aggregating, and visualizing information necessary for hospital bed management, including information on admission, discharge, and transfer

Launched in Japan  
in FY2025 4Q

## AlarmSense alarm solutions

Launched in the U.S. in FY2025 2Q  
Planned to launch in Europe in FY2026

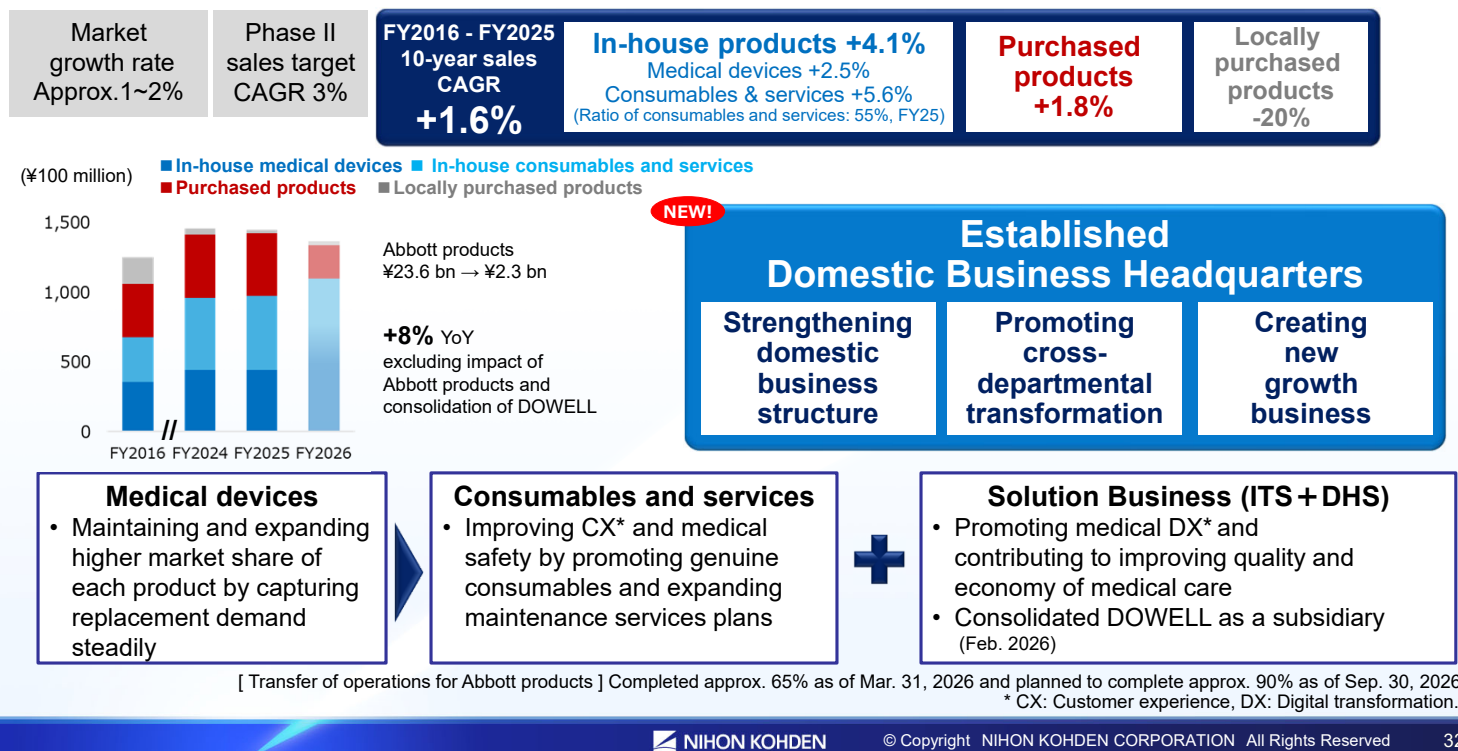
- Analyzing and displaying alarm trends across the hospital
- Reducing alarm fatigue for medical staff

Patient Monitoring  
BusinessTransmitters  
ZS-730/720PLaunched in Japan  
in FY2025 3QNext generation  
central monitorPlanned to launch in  
the U.S in FY2026

- To enhance product competitiveness, we will focus on proposals for new products and services as shown above.
- We introduced alarm analytics software, and admission and discharge management software as part of our line-up of digital health solution products that utilize data obtained from medical devices in Japan. We also started to provide a locally developed alarm solution in the U.S.
- In our Patient Monitoring Business, we expect a sales contribution from transmitters, which are compact and lightweight, and offer longer time battery life compared to existing models. We also plan to launch a next-generation central monitor in the U.S.
- By accelerating our transition to solution-based business models both in Japan and internationally, we aim to contribute to resolving global healthcare challenges, such as easing the workload of medical staff and improving hospital management.

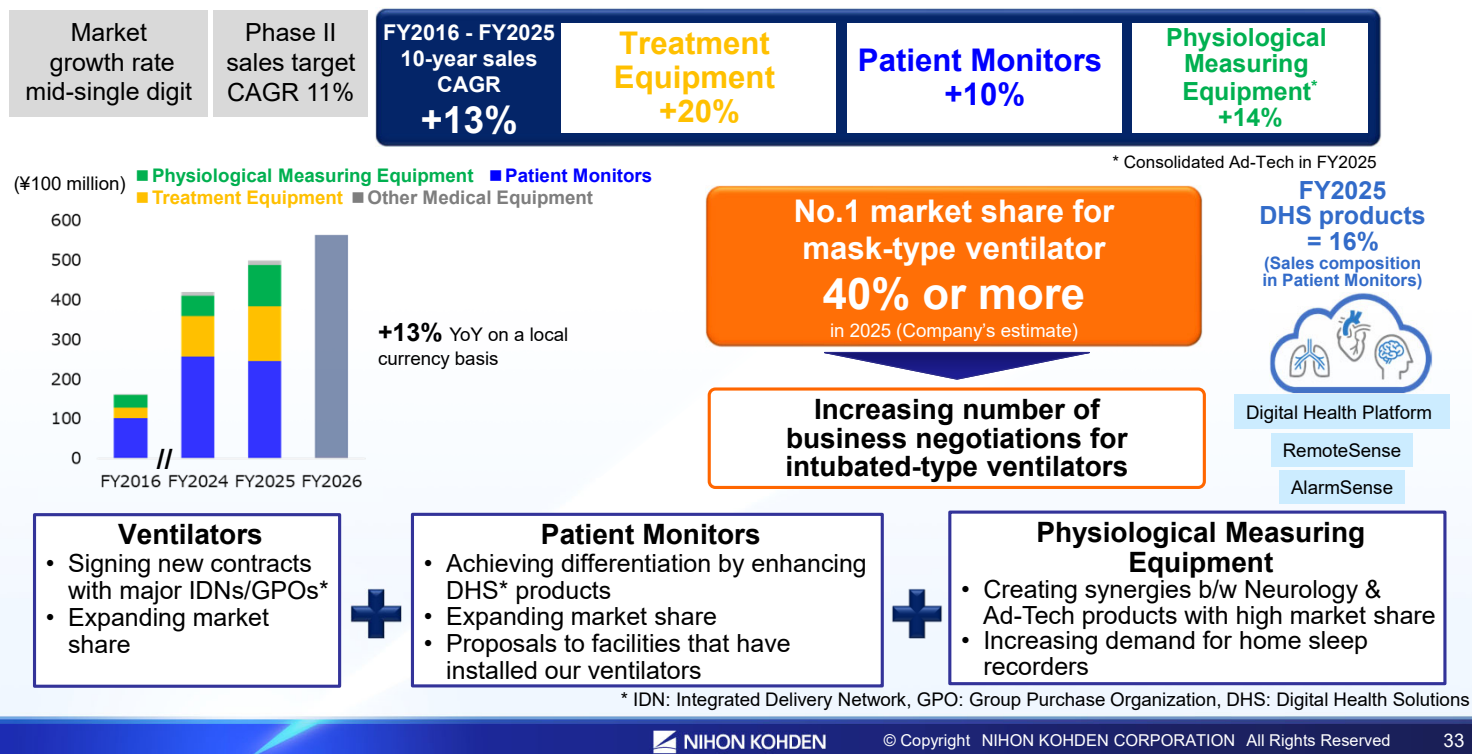


## Growth Focus on stable growth in Japan

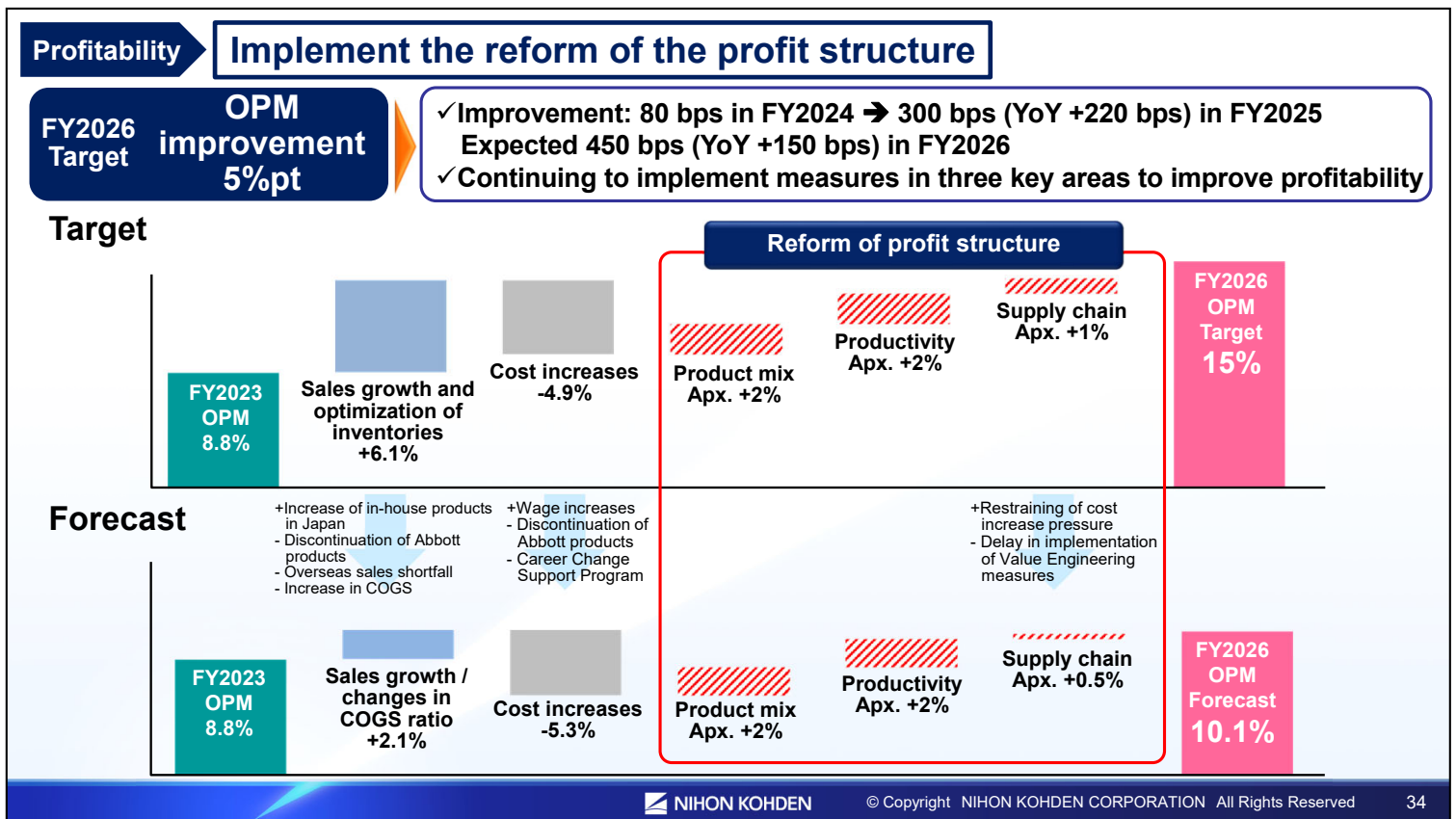


- In Japan, looking back over the past 10 years, sales of in-house products including consumables and services have steadily increased. The profitability of our domestic business has also improved, thanks to our pricing policies such as raising selling prices.
- To strengthen of structural foundation in Japan, the Company established the Domestic Business Headquarters in April 2026. We will cross-departmentally promote reforming our business processes by using new CRM, as well as strengthening of our domestic business structure, transition to solution business models, and creating new growth businesses.
- Following the discontinuation of Abbott products, we will use human resources with advanced clinical expertise to strengthen our initiatives in growth areas such as ventilators, DHS products, and neuromonitoring. We will enhance our customer experience by building a customer-centric value creation model.

## Growth Focus on higher growth in North America



- In North America, we have achieved a sales CAGR of 13% over the past 10 years. Notably, the Treatment Equipment Business has been rapidly expanding after the launch of ventilators. We have continued to sign new contracts with major IDNs/GPOs. We estimate that our market share of mask-type ventilators in the U.S. was 40% or more in 2025, leading to expanding business negotiations for intubated-type ventilators.
- In our Patient Monitoring Business, we have enhanced our solution capabilities by expanding our line-up of DHS products. We aim at gaining market share for patient monitors by developing new customers who have installed our ventilators and introducing a next-generation central monitor in FY2026.
- As for neurology products, we have enhanced our solution capabilities in the neuromonitoring area by creating synergies with Ad-Tech. We are also focusing on expanding sales of home sleep recorders, a product for which demand is increasing.



- Through the reform of the profit structure of the entire Company, we expect 450 bps improvement in operating income by the end of FY2026.
- In terms of product mix, we see the effects of reviewing selling prices of in-house products and restraining sales of locally purchased products with lower profitability in the domestic business.
- In terms of improving personnel productivity, we are able to limit increases in headcount and overtime hours by utilizing generative AI. We also see the effects of reducing other expenses through the relocation or consolidation of domestic offices and the review of contracts and usage fees related to internal IT systems.
- In terms of supply chain, we see certain results such as restraining cost increase pressures, while the effects of measures have been delayed due to higher-than-expected inflation.
- We continue to aim at a 500 bps improvement in operating income through strengthening the implementation of each measure in the reform of the profit structure. We expect the effects will arise in FY2026 and beyond.

FY2026  
TargetOPM  
improvement  
5%pt

- ✓ Improvement: 80 bps in FY2024 → 300 bps (YoY +220 bps) in FY2025  
Expected 450 bps (YoY +150 bps) in FY2026
- ✓ Continuing to implement measures in three key areas to improve profitability

Area	Theme	Details of measures	Measures in FY2026
Product mix	Sale pricing	✓ Reviewing pricing policies both in Japan and overseas	<ul style="list-style-type: none"> <li>✓ Reviewing pricing policies such as raising selling prices in Japan and internationally</li> <li>✓ Reviewing product line-up</li> </ul>
	Review of product line-up	<ul style="list-style-type: none"> <li>✓ Reviewing and optimizing the number of products</li> <li>✓ Increasing in-house sales ratio</li> </ul>	
Productivity	Improving personnel productivity, including by utilizing generative AI	<ul style="list-style-type: none"> <li>✓ Improving operational efficiency by introducing generative AI: 1.4 mil hours per year</li> <li>✓ Focusing on core jobs and reallocating resources: 900 k hours per year</li> <li>✓ Reducing the increase of headcount and overtime hours</li> </ul>	<ul style="list-style-type: none"> <li>✓ Restraining increase of headcount through improving productivity by utilizing generative AI</li> <li>Improved operational efficiency: 380k hours/year in FY24 ⇒ 1,990k hours/year in FY25</li> <li>Target: over 2.5 mil hours/year in FY26</li> <li>✓ Introducing new CRM* / Enhancing call center functions to improve productivity</li> <li>✓ Reviewing license fees, contracts for company vehicles and parking facilities</li> </ul>
	Reducing other expenses	<ul style="list-style-type: none"> <li>✓ Reducing infrastructure costs such as utility costs, rent, and communication expenses, and reviewing traveling costs</li> </ul>	
Supply chain	Optimizing parts procurement	<ul style="list-style-type: none"> <li>✓ Refining price negotiations with suppliers</li> <li>✓ Promoting Value Analysis/Value Engineering</li> </ul>	<ul style="list-style-type: none"> <li>✓ Continuing price negotiations and reviewing suppliers under inflation</li> <li>✓ Promoting Value Engineering at factories in Japan, U.S., and China</li> </ul>

\* CRM: Customer Relationship Management including Sales Force Automation function

- The main measures in the reform of the profit structure in FY2026 are shown above.

## Introduce Nihon Kohden's own ROIC formula

- ✓ Visualizing NK's own ROIC in each R&D, production, sales, and administration division, Providing feedback for improvement in profitability and efficiency
- ✓ Promoting monitoring of ROIC and CCC at subsidiaries in North America
- ✓ Cost of capital: approx. 8%, calculated by CAPM and WACC
- ✓ Adopted NPV and IRR as investment decision criteria, Target IRR of 12% in Phase II.  
Investment decisions are 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

Consolidated ROIC = NOPAT ÷ Invested capital

\* Invested capital = Interest-bearing liabilities + shareholders' equity

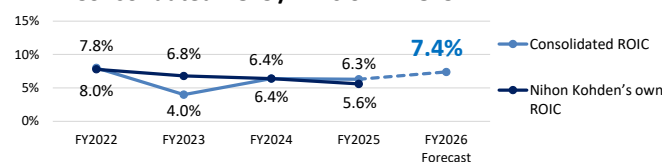
### Nihon Kohden's own ROIC calculation formula

#### Operating income

Invested capital (future investment\* + accounts receivable  
+ inventory + property, plant and equipment - accounts payable)

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

### Consolidated ROIC / NK's own ROIC

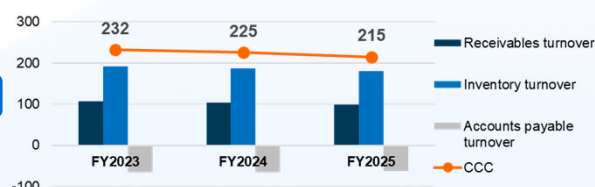


## Reduce cash conversion cycle

- ✓ Securing inventories of parts and components to ensure stable supply of in-house products and consumables, in response to shortages of memory components, higher oil prices, and procurement difficulties

FY2026 target

~195 days



Phase II target

~175 days

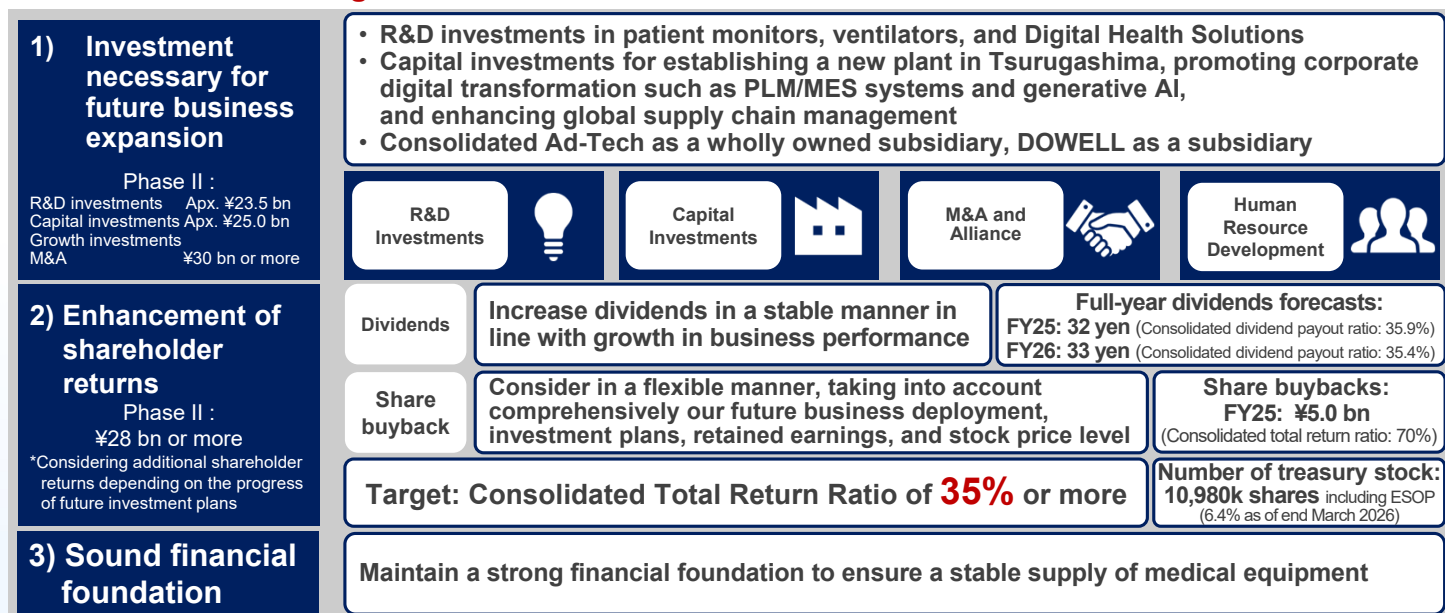
Mid-term target

~150 days

- As an action on cost of capital-conscious management, we continue to improve the profitability and capital efficiency to achieve ROE of 12%.
- We started introducing and utilizing Nihon Kohden's own ROIC formula and have provided feedback to each department for improvement in profitability and capital efficiency.
- We currently estimate that the cost of capital is around 8%.
- The cash conversion cycle remained at 215 days in FY2025, which was shorter than FY2024. Currently, we need to secure inventories due to shortages of memory components, higher oil prices, and difficulties in procuring parts and components. In FY2026, we aim to achieve a cash conversion cycle of 195 days by strengthening inventory control and accelerating receivables collection.
- To build organizational resilience that can respond promptly to changes in the global business environment, the Company established the Production & Logistics Operations, which manages the global supply chain including multi-plant production, in April 2026.

# Capital Policy

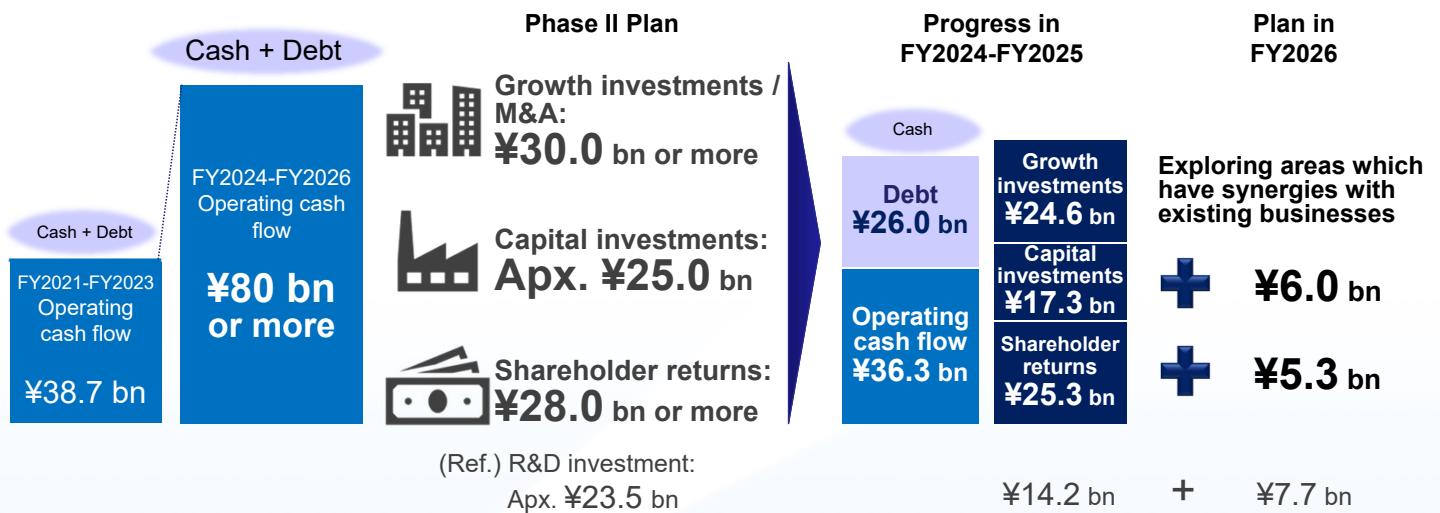
**Make investments for future business expansion and enhance shareholder returns as well as securing a sound financial foundation.**



- Our capital policy is shown above.  
Nihon Kohden recognizes that returning profits to shareholders is one of management's most important tasks. The basic policy on distribution of profits and dividends is to make investments for future business expansion and enhance shareholder returns as well as securing a sound financial foundation.
- In FY2025, the total return ratio will be 70%, as the Company acquired ¥5 billion of its own shares, following ¥10 billion in FY2024.
- In consideration of business performance, the full-year dividend for FY2026 will be increased 1 yen to 32 yen per share and the payout ratio will be 35.2%.



# Cash allocation policy and progress



<b>Fundraising policy</b>	<ul style="list-style-type: none"> <li>Using its own funds as the Group's main source of working capital and capital expenditure.</li> <li>Considering borrowing as an effective means of raising funds, when fundraising becomes necessary, such as for M&amp;A and new businesses and optimizing the weighted average cost of capital, which also takes into account the cost of debt.</li> </ul>
<b>Necessary cash and deposits</b>	<ul style="list-style-type: none"> <li>The level of cash and deposits on hand necessary for stable operations is approx. three months of monthly sales.</li> </ul>

- The cash allocation policy and its progress are shown above.
- We make investments for future business expansion and enhance shareholder returns by utilizing cash and borrowings.
- For growth investments and M&A, we consolidated Ad-Tech in the U.S. and DOWELL in Japan as subsidiaries. We continue to explore opportunities in areas which have synergies with our existing businesses.
- In terms of capital investments, we have established the Tsurugashima Production Center and introduced PLM/MES systems. We also plan to introduce a new CRM system in Japan.
- We expect that shareholder returns will exceed ¥30 billion over three years.

**Disclaimer:**

The contents of this document are based on the Company's best judgments at the time it was prepared and do not constitute a guarantee or promise that the Company will achieve its numerical targets or implement the measures described therein.

Information on products (including products under development) in this document is not intended to make any advertisement or promotion.

These documents have been translated from Japanese originals for reference purposes only. In the event of any discrepancy between these translated documents and the Japanese originals, the originals shall prevail.

- The global business environment is changing rapidly and there are some impacts on our business from unforeseen external factors. However, we believe that the transformation toward realizing our Long-term Vision is steadily progressing and that growth momentum is increasing.
- To respond to recent changes, we will reinforce our organizational structure and capabilities, leading to make a leap forward in the next Medium-term Business Plan.