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May 20, 2025

NIHON KOHDEN CORPORATION (6849)

Stock Exchange Listing: Prime Market, Tokyo Stock Exchange
Head Office: Tokyo
Representative: Hirokazu Ogino, Representative Director, President and Chief Executive Officer
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(Corrections) Partial Correction of Consolidated Financial Highlights presentation for the Fiscal Year Ended March 31, 2025

Nihon Kohden identified some items that need to be corrected in the Consolidated Financial Highlights presentation for the Fiscal Year Ended March 31, 2025 announced on May 13, 2025.

1. Reason for Correction

The Company found that there are some errors after the announcement.

2. Corrected Items

The Company corrected the Financial Condition on page 13. The full text after the correction is attached, and the corrections are underlined.

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

* The Company corrected the Financial Condition on page 13 on May 20, 2025. The corrections are underlined.

Fighting Disease with Electronics



1 Consolidated Financial Results for FY2024

1) Consolidated Financial Results for FY2024

	FY2023 Actual	FY2024		Actual	YoY (%)
		Original forecast announced May 13, 2024	Revised forecast announced Nov 7, 2024		
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 (Gross Profit Margin)	111,346 50.2%	118,000 51.5%	116,300 51.2%	117,157 52.0%	5.2
Operating Income (Operating Income Margin)	19,591 8.8%	23,000 10.0%	20,500 9.0%	20,713 9.2%	5.7
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

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

-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.

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.

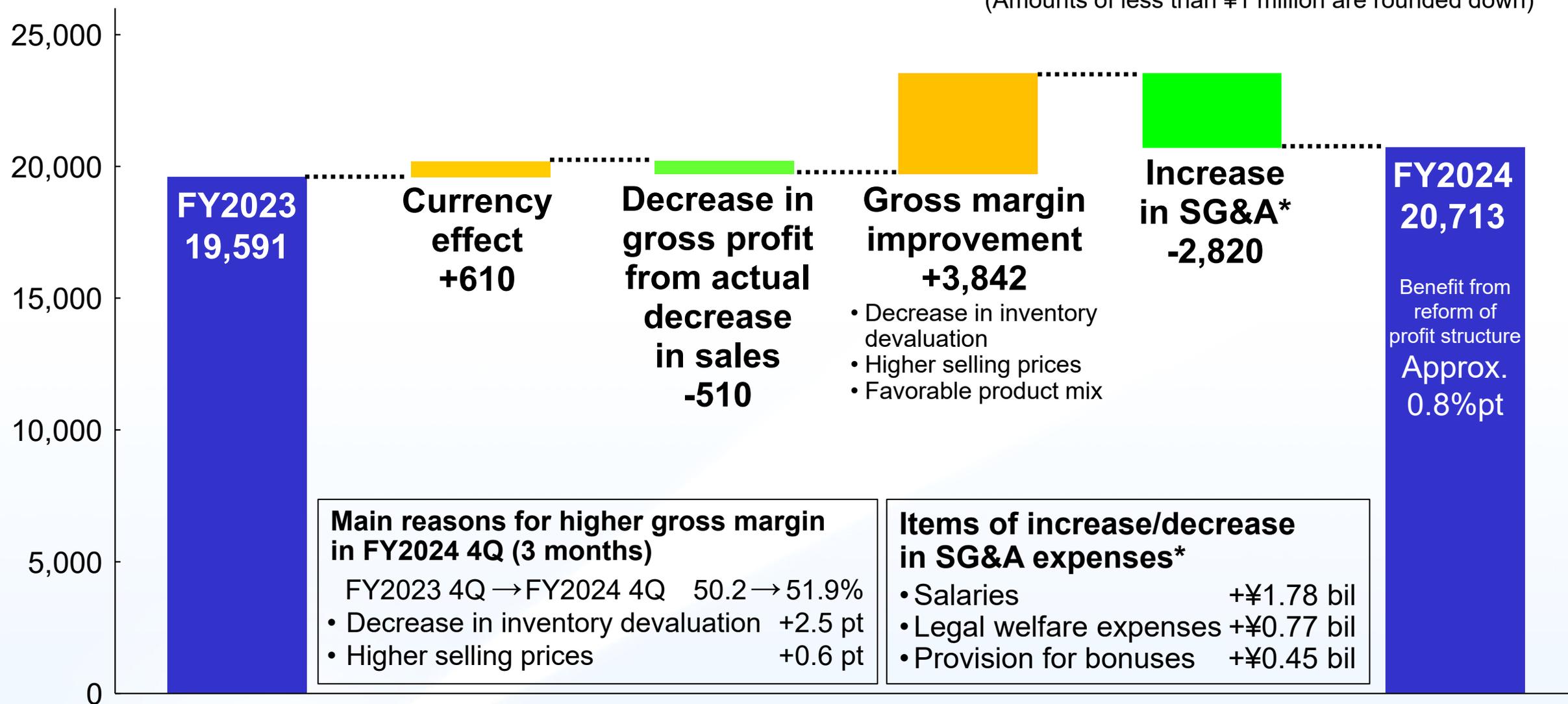
Posted record high sales, supported by yen depreciation / Increased operating income

	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.

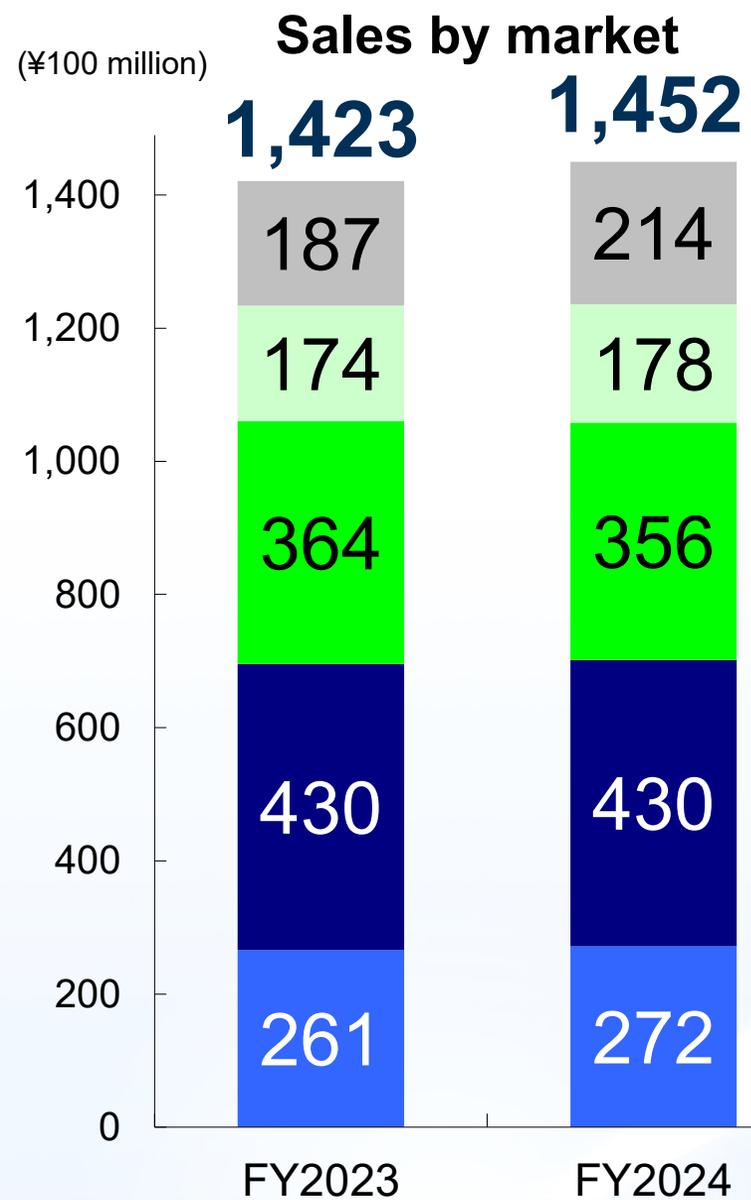
3) Breakdown of Operating Income

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



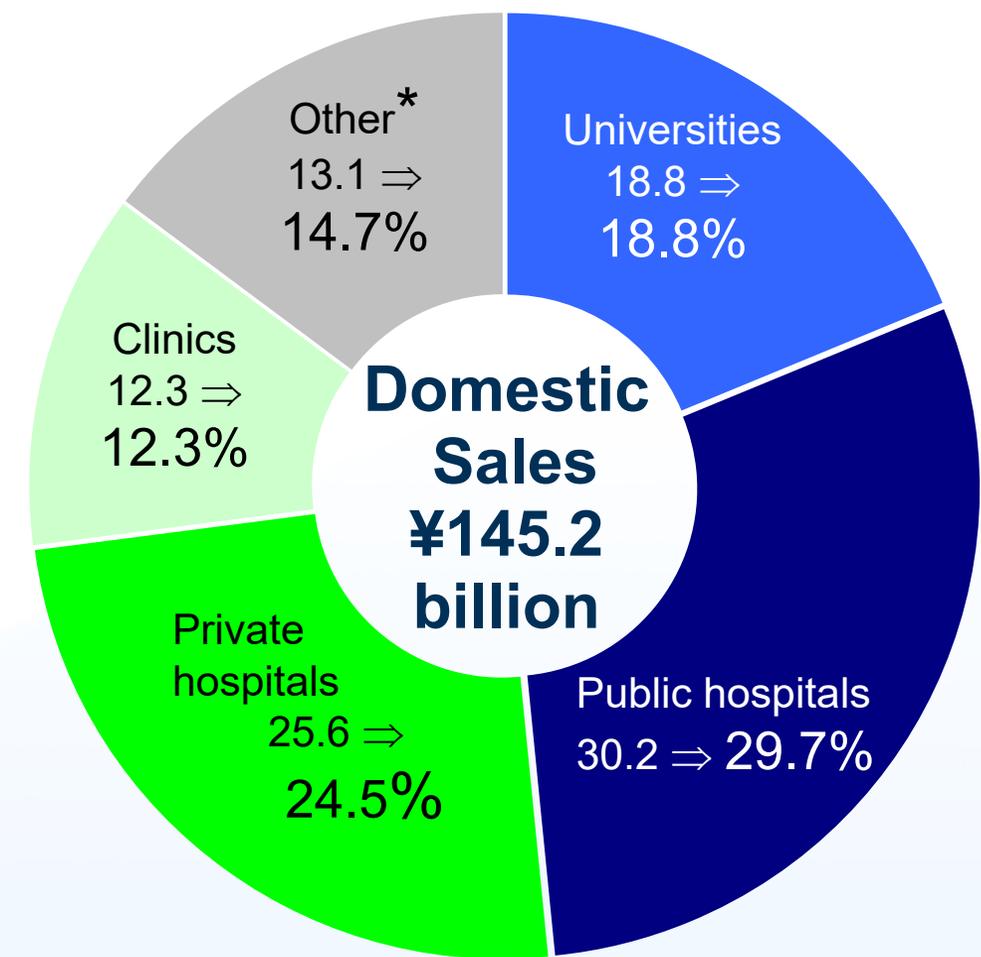
* Increase in SG&A indicates the amount as a factor of increase/decrease of operating income excluding the currency effect. Items of increase/decrease in SG&A expenses indicate major components of increased/decreased SG&A expenses on a yen basis.

4) Domestic Sales



- Other
- Clinics
- Private hospitals
- Public hospitals
- Universities

Sales composition by market
(FY2023 ⇒ FY2024)



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

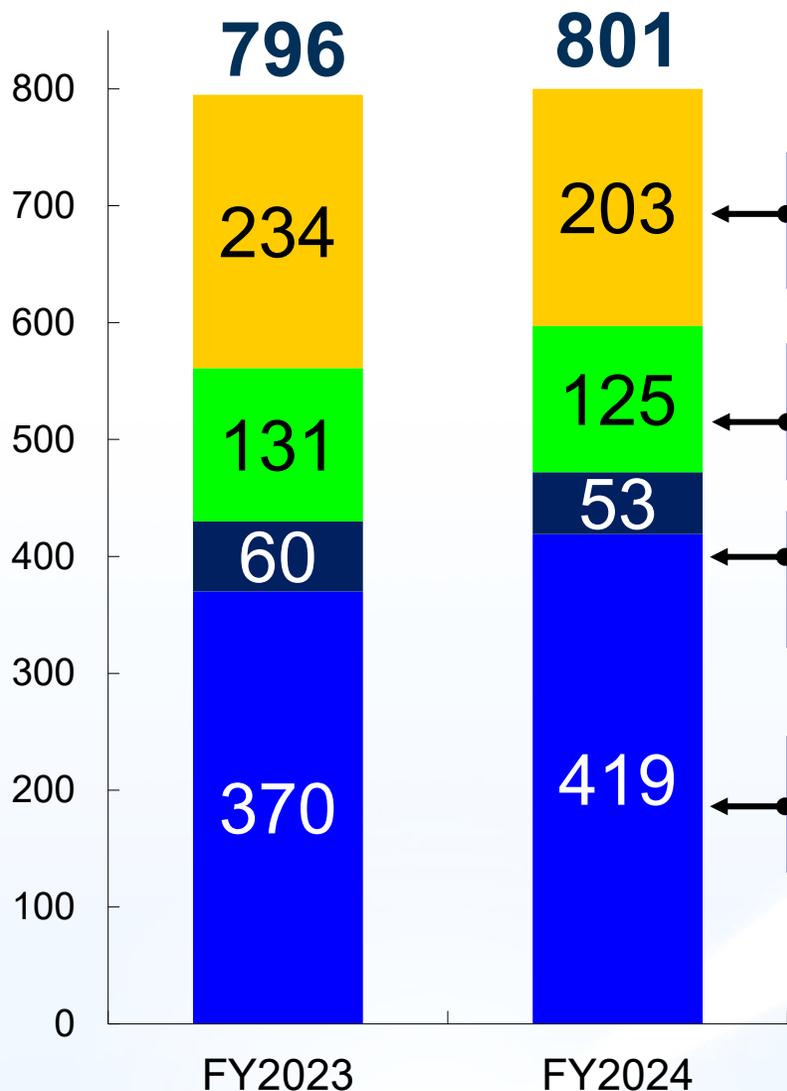
5) Overseas Sales

Geographic segments

(¥100 million)

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%)

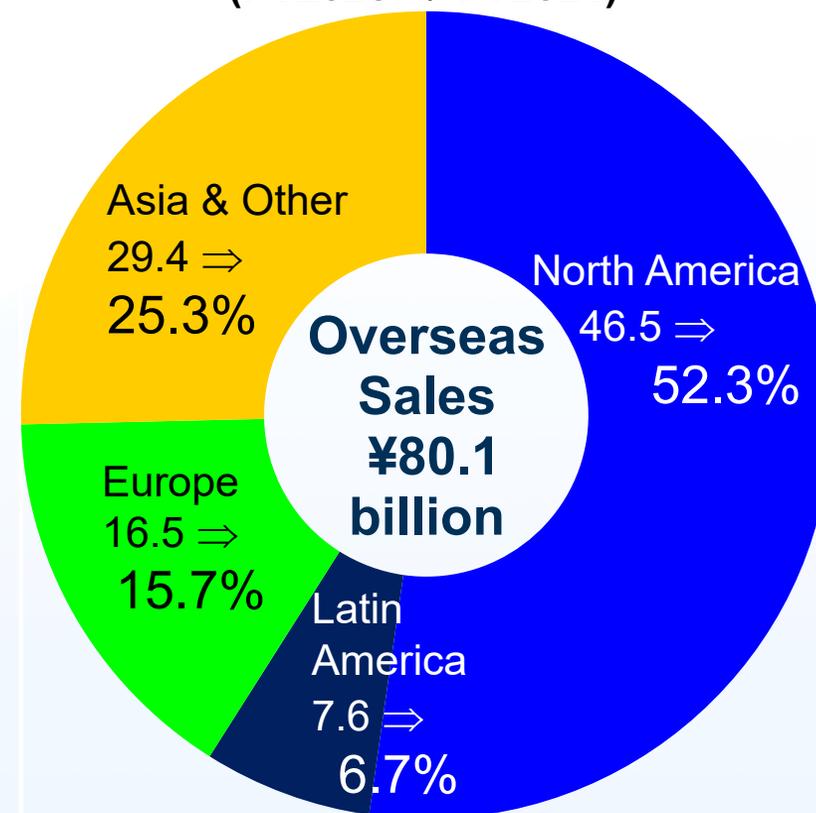
■ **Latin America: YoY -11%**
(on a local currency basis: -13%)

■ **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)



6) Sales by Product Category

(Sales, millions of yen)

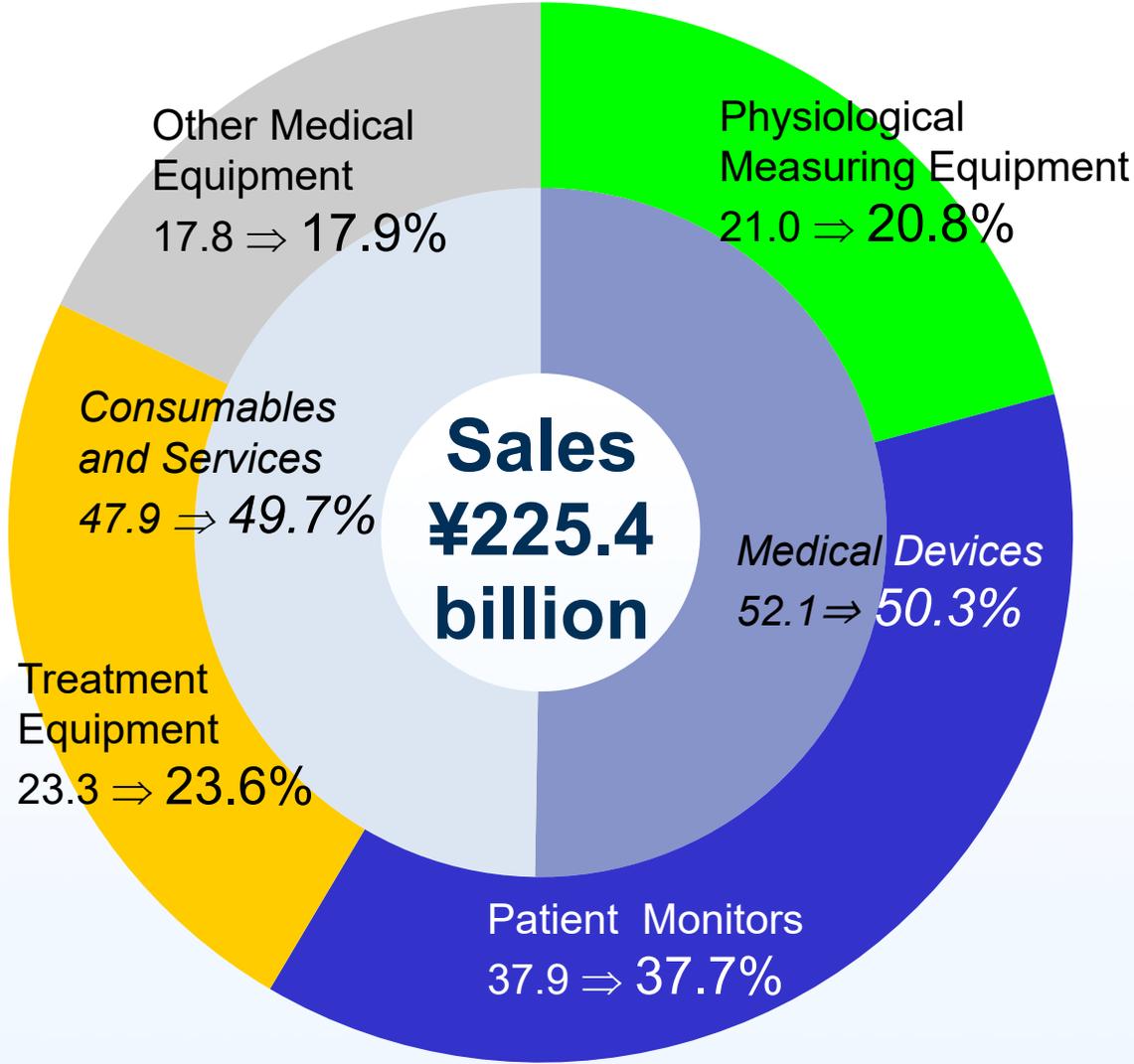
	FY2023	FY2024	YoY (%)
Physiological Measuring Equipment	46,517 (46%)	46,874 (43%)	0.8
Patient Monitors	84,130 (60%)	84,965 (65%)	1.0
Treatment Equipment	51,665 (43%)	53,184 (44%)	2.9
Other Medical Equipment	39,673 (43%)	40,400 (45%)	1.8
Total	221,986 (50%)	225,424 (52%)	1.5

(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)



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



Medical and long-term care network system
LAV-1000



Consumables
EMG electrode for neuromuscular monitoring
NM-34 series

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.



6.3) Treatment Equipment

	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

(Sales, millions of yen)

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

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.

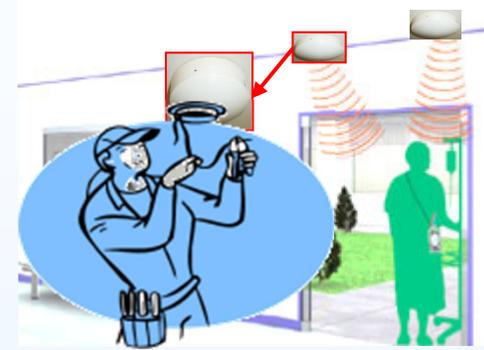
*Includes consumables, installation and maintenance services which are not part of other categories.



Automated hematology analyzer
MEK-9200



Automated hematology and ESR analyzer
MEK-1305

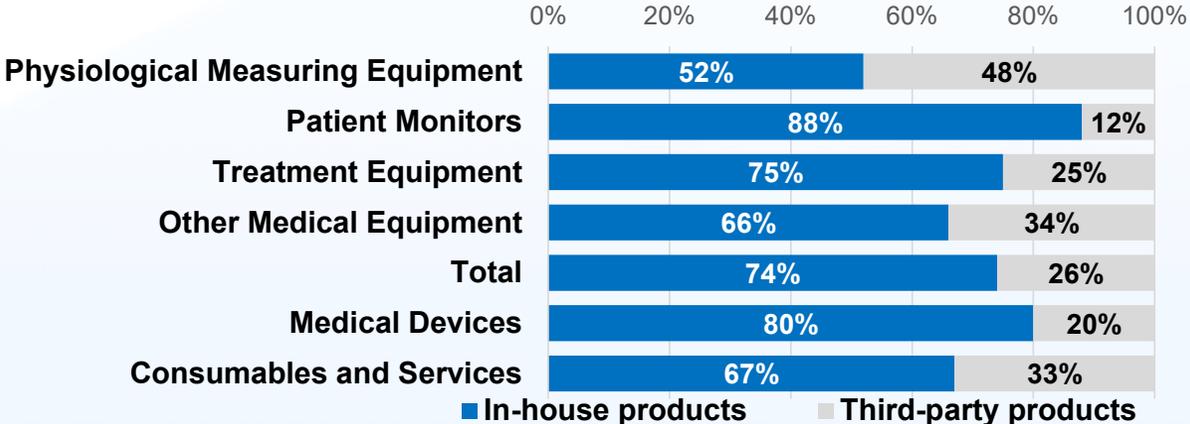
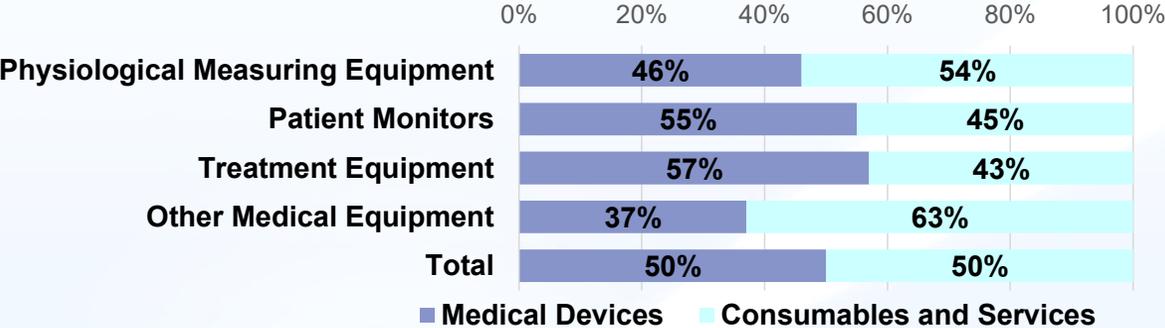


Installation and maintenance services

(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%)



7) Financial Condition

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

	FY2023	FY2024	Change		FY2023	FY2024	Change
Current Assets	184,333	183,085	-1,248	Current Liabilities	49,901	72,296	22,394
Inventories	57,787	56,174	-1,612	Interest-bearing Debt	579	26,030	25,450
Property, Plant & Equipment	25,418	29,270	3,851	Non-current Liabilities	2,249	4,685	2,436
Intangible Assets	4,852	27,653	22,801	Net Assets	181,082	181,294	212
Investments & Other Assets	18,628	18,266	-361				
Total Assets	233,233	258,276	<u>25,042</u>	Total Liabilities & Net Assets	233,233	258,276	<u>25,042</u>
Inventory Turnover	6.3 months	6.2 months		Equity Ratio	77.6%	69.5%	

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	(Amounts of less than ¥1 million are rounded down)																				
I . Cash flows from operating activities	15,607	15,286	-321	<table border="1"> <thead> <tr> <th></th> <th>FY2023</th> <th>FY2024</th> <th>Change</th> </tr> </thead> <tbody> <tr> <td>Income before income taxes</td> <td>29,369</td> <td>21,570</td> <td>-7,799</td> </tr> <tr> <td>Decrease (increase) in accounts receivable</td> <td>-4,088</td> <td>716</td> <td>+4,805</td> </tr> <tr> <td>Increase (decrease) in accounts payable</td> <td>-4,933</td> <td>-271</td> <td>+4,661</td> </tr> <tr> <td>Income taxes paid</td> <td>-6,495</td> <td>-9,749</td> <td>-3,254</td> </tr> </tbody> </table>		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
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Income taxes paid	-6,495	-9,749	-3,254																					
II . Cash flows from investing activities	-5,208	-25,138	-19,930	<table border="1"> <thead> <tr> <th></th> <th>FY2023</th> <th>FY2024</th> <th>Change</th> </tr> </thead> <tbody> <tr> <td>Purchase of property, plant and equipment</td> <td>-3,626</td> <td>-7,126</td> <td>-3,499</td> </tr> <tr> <td>Purchase of shares of subsidiaries resulting in change in scope of consolidation</td> <td>—</td> <td>-18,869</td> <td>-18,869</td> </tr> </tbody> </table>		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								
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Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	-18,869	-18,869																					
Free cash flows	10,398	-9,852	-20,251																					
III . Cash flows from financing activities	-6,968	2,550	9,518	<table border="1"> <thead> <tr> <th></th> <th>FY2023</th> <th>FY2024</th> <th>Change</th> </tr> </thead> <tbody> <tr> <td>Net increase (decrease) in short-term borrowings</td> <td>161</td> <td>25,374</td> <td>+25,212</td> </tr> <tr> <td>Purchase of treasury shares</td> <td>-1,124</td> <td>-10,001</td> <td>-8,876</td> </tr> <tr> <td>Decrease (increase) in deposits paid</td> <td>—</td> <td>-7,687</td> <td>-7,687</td> </tr> </tbody> </table>		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				
	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																					
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																					
ROE	9.8%	7.8%																						

9) Capital Investments and R&D Costs

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

	FY2023 Actual	FY2024		Actual	Change	FY2025 Plan	Change
		Original Forecast announced May 13, 2024	Revised Forecast announced Nov 7, 2024				
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

2

Forecast for FY2025

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.

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	<ul style="list-style-type: none"> • Japan: EEGs, EMG/EP measuring systems, consumables such as electrodes • U.S.: sleep recorders, intracranial electrodes 	<ul style="list-style-type: none"> • Intracranial electrodes
Patient Monitors	<ul style="list-style-type: none"> • Japan: products and consumables such as sensors • U.S.: DHS products 	<ul style="list-style-type: none"> • DHS products
AEDs	<ul style="list-style-type: none"> • U.S.: products and consumables (Some parts imported from China, etc.) 	<ul style="list-style-type: none"> • Products and consumables (excluding Japan)
Ventilators	<ul style="list-style-type: none"> • U.S.: NKV-550/440/330 (Some parts imported from China, Japan, etc.) 	<ul style="list-style-type: none"> • NKV-550/440

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

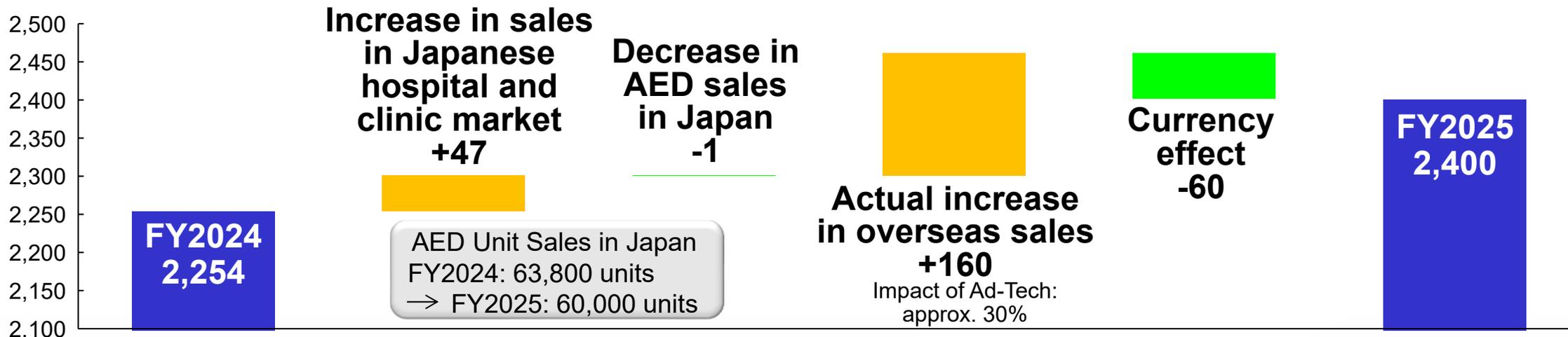
Breakdown of overseas sales by region

	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

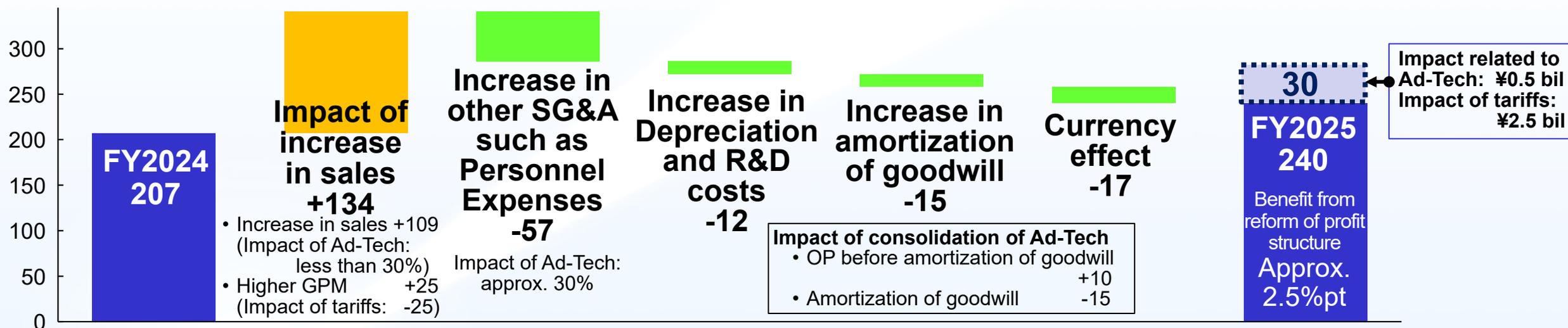
4) Analysis of FY2025 Forecast

(¥100 million)

Sales



Operating Income



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

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

	FY2024	FY2025	Composition ratio (%)	YoY
	Actual	Forecast		(%)
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

3

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.



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%

Management
Philosophy

Long-term
Vision

Three-year
Business Plan

Core Values

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

Three Transformation for 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.

BEACON 2030 Phase II 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

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.

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



* IONM: Intraoperative neurophysiological monitoring.

NIHON KOHDEN AMERICA

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



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



NEW!



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



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.

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	<ul style="list-style-type: none"> ✓ Reviewing pricing policies both in Japan and overseas 	<p>Apex. 2%</p> <p>FY24 FY25 FY26</p>	<ul style="list-style-type: none"> ✓ 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	<ul style="list-style-type: none"> ✓ Reviewing and optimizing the number of products ✓ Increasing in-house sales ratio 		
Productivity	Improving personnel productivity, including by utilizing generative AI	<ul style="list-style-type: none"> ✓ 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 	<p>Apex. 2%</p>	<ul style="list-style-type: none"> ✓ 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	<ul style="list-style-type: none"> ✓ Reducing infrastructure costs such as utility costs, rent, and communication expenses, and reviewing traveling costs 		
Supply chain	Optimizing parts procurement	<ul style="list-style-type: none"> ✓ Refining price negotiations with suppliers ✓ Promoting Value Analysis/Value Engineering 	<p>Apex. 1%</p>	<ul style="list-style-type: none"> ✓ 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.

Introduce Nihon Kohden's own ROIC formula

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

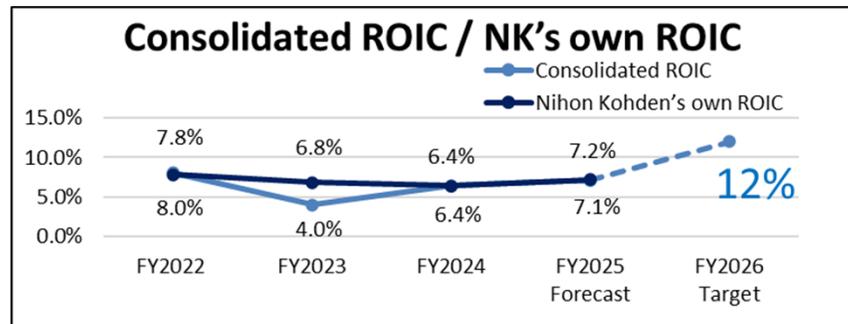
Consolidated ROIC = NOPAT ÷ Invested capital
 * Invested capital = interest-bearing liabilities + shareholders' equity

Nihon Kohden's own ROIC calculation formula

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



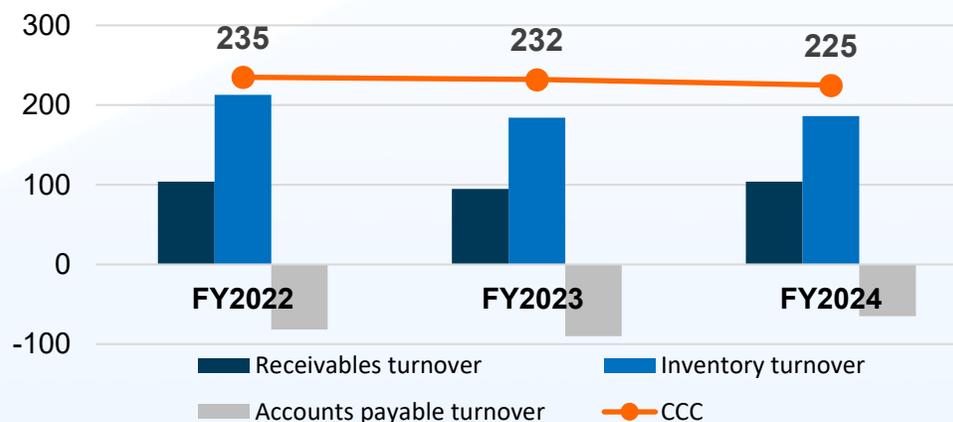
- ✓ Cost of capital rose to approx. 8% from approx. 6%. Calculated by WACC in addition to CAPM, as debt increased due to the consolidation of Ad-Tech as a subsidiary.
- ✓ Adopted NPV and IRR as investment decision criteria, and set target of IRR at 12% in Phase II. Investment decisions will be made based 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

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

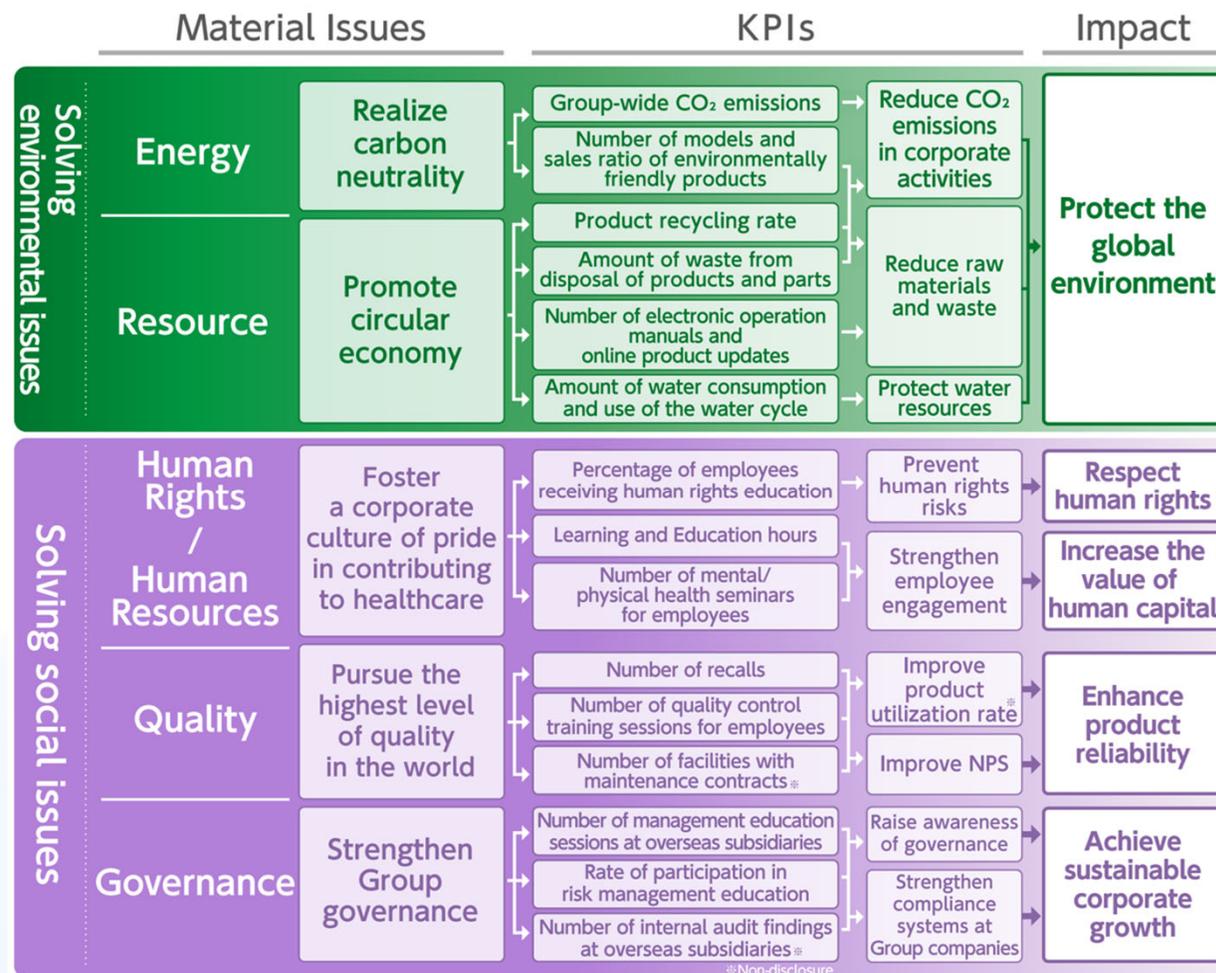
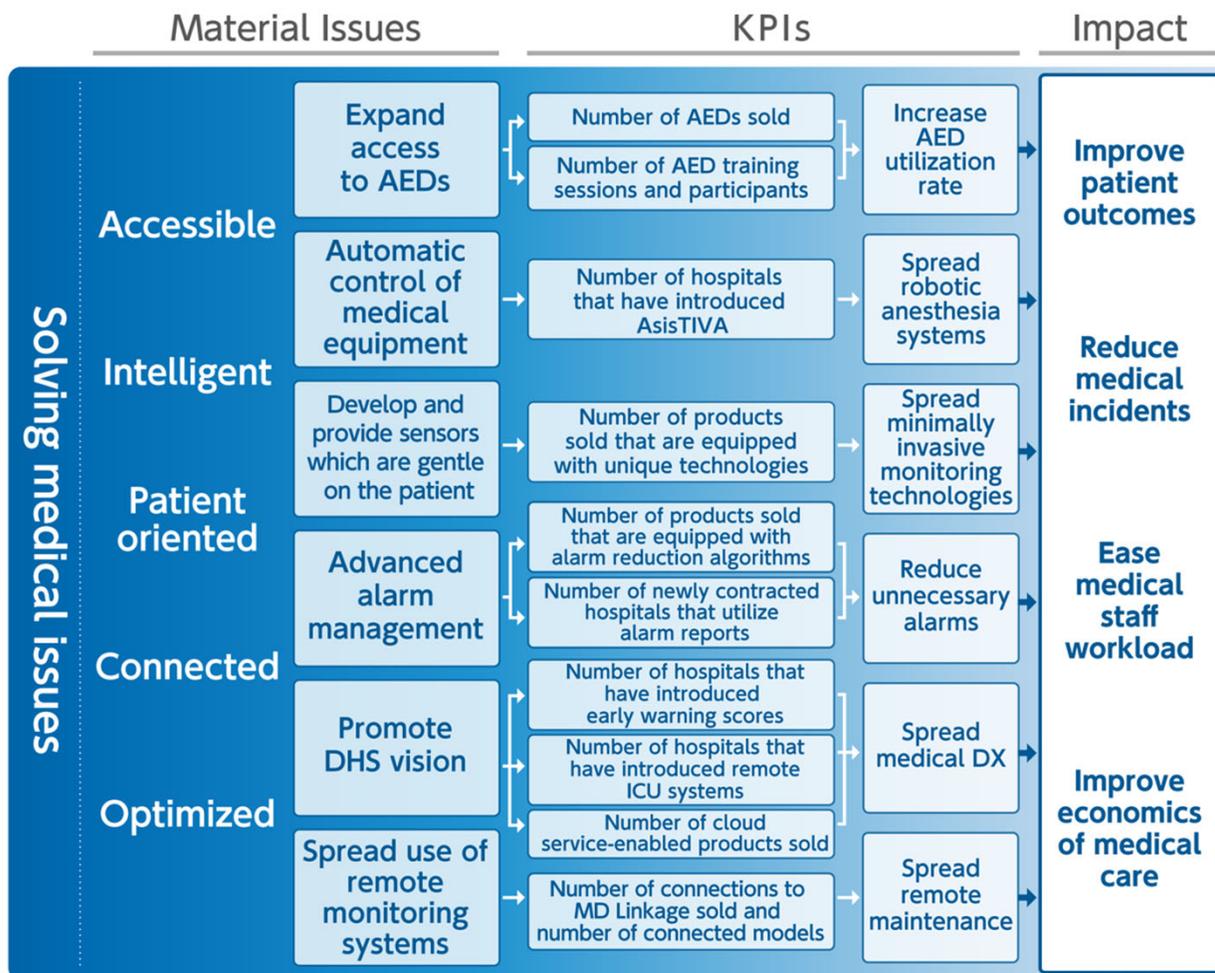
Phase II target
 ~175 days

Mid-term target
 ~150 days

Set target of material issues and KPIs in Phase II

Measures in FY2025

- ✓ E: Continue to acquire 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**



Targets for FY2026 ending March 2027

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

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



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

Disclaimer:

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