

New Three-year Business Plan, 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

<p>1 Growth</p> <p>Sales CAGR FY2023 - FY2026 5%</p> <ul style="list-style-type: none"> Enhance product competitiveness Focus on growth of North America Business 	<p>2 Profitability</p> <p>Operating income margin in FY2026 15%</p> <ul style="list-style-type: none"> Implement the reform of the profit structure Advance global supply chain management 	<p>3 Capital efficiency</p> <p>ROE in FY2026 12%</p> <ul style="list-style-type: none"> Introduce Nihon Kohden's own ROIC formula Reduce cash conversion cycle
--	---	---

Practice of Sustainability Management

- Medical issues
- Environmental issues
- Social issues

	FY2026 Targets
Net Sales	¥256.0 bil
Domestic Sales	¥157.0 bil
Overseas Sales (Overseas Sales Ratio)	¥99.0 bil (38.7%)
Gross Profit Margin	53%
Operating Income (Operating Income Margin)	¥38.5 bil (15%)
Income Attributable to Owners of Parent	¥25.0 bil
ROIC	12%
ROE	12%

1 Growth

Enhance product competitiveness

- Focusing on strengthening our core Patient Monitoring Business, expanding Treatment Equipment Business including ventilators which are expected to grow rapidly, as well as Consumables and Services Business and Solutions Business including digital health solutions
- Focusing on strengthening technological capabilities and shortening the development time for new products

Focus on growth of North America Business

- Nihon Kohden will focus on its market strategy in three regions: Japan, North America, Rest of World [Japan] Strengthen customer base and achieve sustainable growth by enhancing customer value proposition [North America] Strengthen ties with the major IDN/GPO & DoD/VA* and improve brand awareness and profitability [Rest of World] Comply with laws and regulations related to medical equipment and strengthen local R&D, production, sales, and service capabilities

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

Sales targets by region and product category for FY2026 ending March 2027

Sales targets		Breakdown of sales by region/product category and growth drivers		
		FY2023-26 CAGR		
<p>FY2023 Results: ¥221.9 billion FY2026 Target: ¥256.0 billion FY2023-26 CAGR: 5%</p>	Region			
	Japan	¥157.0 billion	3%	Sustains stable growth
	North America	¥50.0 billion	11%	Positioned as a growth driver
	Latin America	¥6.0 billion	0%	
	Europe	¥14.0 billion	2%	
	Asia & Other	¥29.0 billion	7%	
	Product category			
	Physiological Measuring Equipment	¥53.0 billion	4%	
	Patient Monitors	¥98.0 billion	5%	Focusing on as core business
	Treatment Equipment	¥63.0 billion	7%	Expanding ventilator business
	Other Medical Equipment	¥42.0 billion	2%	
	Consumables and Services			Mid-single digit
	Solutions			Mid-single digit

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

New Three-year Business Plan, BEACON 2030 Phase II

2 Profitability

Implement the reform of the profit structure

- Implement several measures to improve product mix, productivity, and supply chains

Area	Theme	Details of measures	FY2026 Target
Product mix	Sale pricing	✓ Reviewing pricing policies both in Japan and overseas	Apx. 2%
	Review of product lineup	✓ Reviewing and optimizing the number of products ✓ Increasing in-house sales ratio	
Productivity	Improving personnel productivity, including by utilizing generative AI	✓ Improving operational efficiency by introducing generative AI: 1.4 mil hours per year ✓ Focusing on core jobs and reallocating resources: 900 k hours per year ✓ Reducing the increase of personnel and overtime hours	Apx. 2%
	Reducing other expenses	✓ Reducing infrastructure costs such as utility costs, rent expenses, and communication expenses, and reviewing traveling costs	
Supply chain	Optimizing parts procurement	✓ Refining price negotiations with suppliers ✓ Promoting Value Analysis/Value Engineering	Apx. 1%

Advance global supply chain management

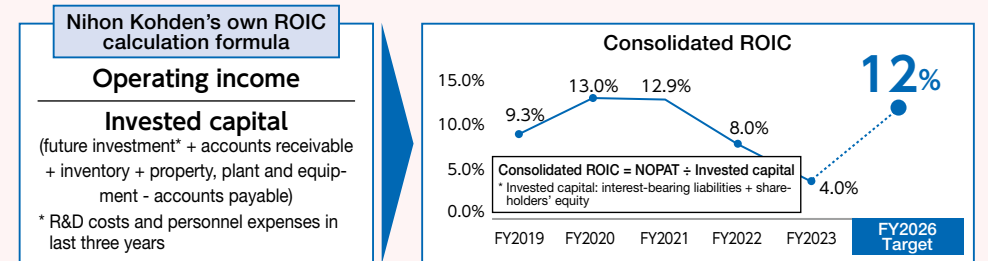
- Enhance PSI (Production, Sales, Inventory) Management, strengthen global QMS (Quality Management System), and promote multi-plant production

3 Capital efficiency

Introduce Nihon Kohden's own ROIC formula

- Improve profitability and strengthen monitoring of return on investment

- Manage Nihon Kohden's own ROIC formula in each subsidiary/division, as our business consists of a single segment, medical electronic equipment-related business
- Measure effectiveness from a mid-to long-term perspective, as R&D costs and personnel expenses in last three years, which are not included B/S, are considered as future investments
- Figure out ROIC in each subsidiary and promote penetration of NK's ROIC in the Group



Set cost of capital at 7% conservatively, target of IRR at 12% in Phase II

Reduce cash conversion cycle

- Strengthen procurement and production management functions mainly at the newly established Production Operations, Collect debt faster

Three-year Business Plan Phase II target

CCC ~175 days

Cash Conversion Cycle

Mid-term target

CCC ~150 days