Disclosure Based on TCFD Recommendations

Endorsement of TCFD Recommendations

As addressing climate change is one of the most critical social issues facing global society and one of the most significant management issues for us, Nihon Kohden expressed its support for the recommendations by the Task Force on Climate-related Financial Disclosures (TCFD) in 2022 and disclosed related information in line with the TCFD recommendations. Going forward, we will continue to promote climate change measures aimed at achieving the material issues for sustainability outlined in the Three-year Business Plan, BEACON 2030 Phase II, including "Realize carbon neutrality" and "Promote circular economy." Additionally, we will work on expanding information disclosure in line with the TCFD recommendations.

Governance

To promote sustainability, Nihon Kohden has established the Sustainability Promotion Committee and Sustainability Promotion Meeting. In addition, Nihon Kohden has established the Advisory Board consisting of external experts to incorporate outside perspectives on sustainability activities including measures to address climate change. The Sustainability Promotion Committee (held twice a year) formulates the policies and directions including measures on climate change. The Sustainability Promotion Meeting (held at least twice a year) establishes and promotes annual plans based on the policies and directions formulated by the Sustainability Promotion Committee and reports on the progress of those plans to the Sustainability Promotion Committee. The Advisory Board Meeting (held twice a year) discusses and advises on overall sustainability promotion, including actions on climate change.

Strategy

In October 2024, Nihon Kohden re-evaluated risks and opportunities related to climate change, mainly by management and members of the Sustainability Promotion Committee and Sustainability Promotion Meeting. Under the 1.5°C/2°C scenario* and the 4°C scenario*, we have calculated the impact that risks and opportunities would have on our business over the short-term (to FY2027), medium-term (to FY2030), and long-term (to FY2050) timeframes.

* 1.5°C scenario is to hold the increase in the global average temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels.
2°C scenario is to limit the global average temperature increase to 2°C above pre-industrial levels.
4°C scenario estimates the global average temperature increase to be 4°C above pre-industrial levels.

For further details, please refer to our website.

Disclosure based on TCFD Recommendations

Notice regarding disclosure of information in line with TCFD recommendations

1.5°C to 2°C scenario and 4°C scenario

Disclosure Based on TCFD Recommendations

Risk Management

For details on the overall risk management of the Nihon Kohden Group's operations, please refer to **the Developing a Company-wide Risk Management Framework page.**

A cross-organizational TCFD response project was initiated and has been operated since October 2021 to identify and assess climate change risks affecting the Nihon Kohden Group. The TCFD response project has periodically reviewed climate change risks and response measures, and the identified risks and response measures have been discussed, approved, and monitored for progress by the Sustainability Promotion Committee, with reports made to the Board of Directors.

For further details, please refer to our website.

Disclosure based on TCFD Recommendations: Risk Management

Financial Impact Assessment

Metrics and Targets

In the Three-year Business Plan, BEACON 2030 Phase II, to realize carbon neutrality is positioned as one of the material environmental issues for sustainability. To make this a reality, we have set KPIs for "Group-wide CO_2 emissions," "Number of models and sales ratio of environmentally friendly products," and "Reduce CO_2 emissions in corporate activities," and are systematically promoting initiatives.

To reduce CO_2 emissions, we have set targets of a 44% reduction in CO_2 emissions in FY2026 compared to FY2020, and a 56% reduction in CO_2 emissions per unit of sales (Scope 1 and 2 within ISO 14001 certified sites). In FY2025, we achieved a 48.2% reduction in CO_2 emissions and a 56.0% reduction in CO_2 emissions per unit of sales compared to FY2020, achieving our targets.

We implemented energy conservation initiatives in a planned and systematic manner at each business site, thereby reducing our total CO_2 emissions. At the Eastern Japan Logistics Center, we implemented rigorous energy-saving measures in our day-to-day operations, including suspending operation of the building-wide air-conditioning system when warehouse temperature and humidity conditions allowed. As a result, we reduced electricity consumption by 17.5% compared with the previous fiscal year.

We also reduced electricity consumption at the Nishi-Ochiai Office by 10.2% compared with the previous fiscal year through the installation of LED lighting and the replacement of air-conditioning equipment. At the Advanced Technology Center, we leveraged the Energy Management System (EMS) introduced in the previous fiscal year to visualize energy consumption and continuously optimize energy use. As a result, we reduced electricity consumption by 3% compared with the period before the system was introduced, confirming the effectiveness of energy-saving measures tailored to the specific conditions of each business site.

As part of our Group-wide energy conservation initiatives, we continued replacing company vehicles with hybrid vehicles, reducing annual gasoline and diesel fuel consumption by 6.3%.

We have been gradually switching to renewable energy at our business sites in Japan since FY2017. In July 2025, we switched to electricity plans powered by renewable energy at the Tomioka Factory and Tomioka Second Factory, and in October 2025 at the Eastern Japan Logistics Center, reducing CO_2 emissions by approximately 560 t-CO_2.

In FY2025, renewable energy had been adopted at approx. 53.6% of our business sites in Japan. We aim to transition all domestic sites under our operational control to 100% renewable energy by 2030.

The Tsurugashima Production Center, which began operations in March 2026, was constructed with environmental considerations integrated from the planning stage as a production facility aimed at achieving carbon neutrality and harmony with nature. With careful consideration given to the natural environment surrounding the site, the facility was designed to blend into its surroundings, including through the use of recycled wood louvers on its exterior. The facility incorporates high-efficiency equipment to reduce energy consumption, solar power generation systems to utilize renewable energy, and rainwater harvesting to promote the efficient use of water resources. These initiatives enabled the facility to achieve the highest level of the Net Zero Energy Building (ZEB) certification, "ZEB."*

* Net Zero Energy Building (ZEB): A building that achieves an annual net zero balance of primary energy consumption through a combination of energy conservation and on-site renewable energy generation, while maintaining a comfortable indoor environment.

Disclosure Based on TCFD Recommendations

As part of our social contribution through business activities, we are also engaged in developing environmentally friendly products featuring enhanced energy efficiency and more compact, lightweight designs. We have set a target for environmentally friendly products to account for 22.5% of cumulative sales over three-year period. In FY2025, the ratio reached 21.3%.
In addition, we worked to reduce the amount of waste from disposal of products and parts. Against our target of maintaining the amount of the products and parts retirement in FY2026 at or below the same level as the FY2023 results, we achieved a 14.3% reduction in FY2025 compared to FY2023.
Going forward, we will continue to expand the provision of environmentally friendly products and deepen collaboration with our supply chain. We will also steadily advance our climate change initiatives through the acquisition of SBT certification in FY2026.

		FY2023	FY2024	FY2025
Global Warming Prevention	Scope 1 (t-CO_2)	4,250	4,155	3,893
	Scope 2 (t-CO_2)	3,644	4,097	3,830
	Greenhouse gas emissions (t-CO_2)	7,894	8,252	7,723
Energy Saving	Total input energies (GJ)	214,220	216,874	214,592
Waste Reduction	Total waste emissions (t)	824.2	808.4	865.4
	In-house recycling rate (%)	95.5	95.6	96.2
Environmentally Friendly Products	New registration of environmentally friendly products (registrations)	1	4	5

The figures for Global Warming Prevention and Energy Saving are the combined totals for the scope of ISO 14001 certification, including the parent company, and domestic sales branches.
The figures for Waste Reduction are for the scope of ISO 14001 certification, including the parent company.
The figures for Environmentally Friendly Products are the number of product series launched in that fiscal year.
* Scope of ISO 14001 certification: Ochiai/Tokorozawa site, Tomioka site, Tsurugashima site, Kawamoto site.

Water Intake (m^3)	FY2023	FY2024	FY2025
Water supply	62,545	58,360	58,819
Surface water of rivers and lakes	0	0	0
Other (such as rainwater, seawater, well water, spring water)	0	0	0
Total amount	62,545	58,360	58,819
Water Discharge (m^3)	**FY2023**	**FY2024**	**FY2025**
Sewerage	44,433	41,763	41,752
Rivers	8,085	8,047	7,616
Other (such as watering the ground surface)	0	0	0
Total amount	52,518	49,810	49,368

The figures for Water Intake and Water Discharge are the combined total for the scope of ISO 14001 certification, including the parent company, and the domestic sales branches.