



NIPRO

Live Longer. Live Better.

2024

**ANNUAL
REPORT**

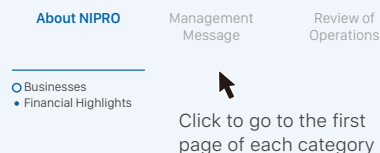


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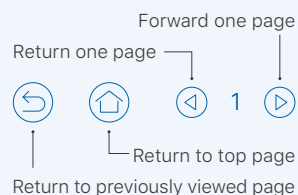
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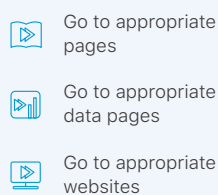
Using Category Tabs



Using Navigation Buttons



Link Buttons



Disclaimer

This report contains forward-looking statements regarding business indices, strategies, and performance representing the expectations and judgments of the management, based on the information available to the Company and publishable at the time this report was prepared. When reading this report, please understand that forward-looking statements involve potential risks and uncertainties; actual future business performance and forecasts may therefore differ materially from those contained in these statements, given the possible emergence of new factors or changes in economic circumstances and/or the business environment. Although this report covers the reporting period from April 2023 to March 2024 (fiscal year ended March 31, 2024), the figures and information provided for overseas consolidated subsidiaries refer to the 12-month period from January 1, 2023 to December 31, 2023.



- Businesses
- Financial Highlights

About NIPRO

Businesses

We Meet the Needs of
Medical Professionals and
Patients through Our Three Businesses

Sales ratio by business (Fiscal 2024)

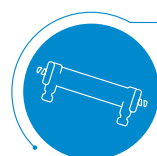
Net sales

¥586,785 million

Pharmaceutical-Related Business 13%

Medical-Related Business 77%

PharmaPackaging Business 10%



Medical-Related Business



Nipro engages globally in the development, manufacture, and sale of medical equipment for injection, infusion and dialysis treatment, and products related to diabetes and cell cultures, as well as the sale of artificial organ-related products.

Dialysis-related Products



Hospital Products



Vascular Products



Pharmaceutical-Related Business



As one of the world's leading CDMO* companies, Nipro performs contract manufacturing of orally administered drugs, injectables, and external preparations through its Pharmaceutical-Related business, and supplies products to pharmaceutical companies in Japan and around the world.

* Contract Development and Manufacturing Organization

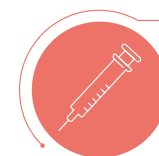
Injectables



Orally Administered Drugs



External Preparations



PharmaPackaging Business

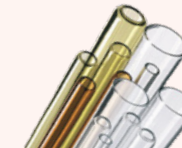


Nipro's PharmaPackaging business, a part of the company since its founding, manufactures and sells glass products and other comprehensive pharmaceutical packaging containers. Currently, Nipro engages in this business globally from a base of 11 companies and 14 plants in 8 countries, focused on Japan, China, Europe, and the U.S.

Glass Converting



Glass Tubing



Devices





- Businesses
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About NIPRO

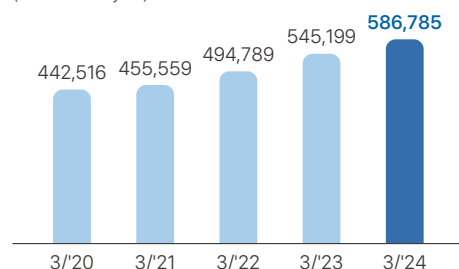
Financial Highlights

Net sales

¥586,785 million

Net sales increased by 7.6% YoY due to higher demand for key dialysis and hospital-related products, as well as an increase in overseas sales driven by a weak yen.

(Millions of yen)

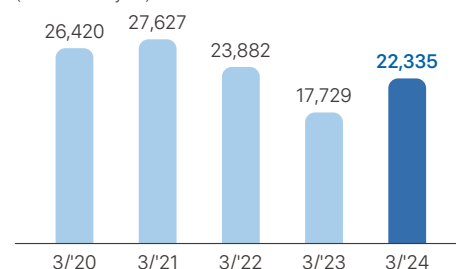


Operating income

¥22,335 million

Operating income rose by 26.0% YoY, attributed to optimized sales prices, cost reductions from increasing production volumes, and significant improvements in ocean logistics costs.

(Millions of yen)

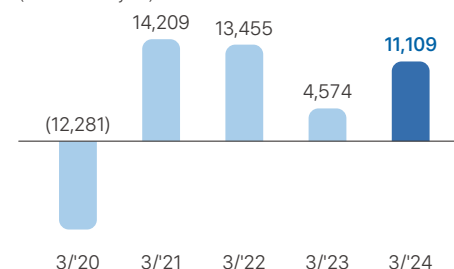


Net income attributable to the owners of the parent

¥11,109 million

Despite a loss from the dissolution of a joint venture in China, net income attributable to owners of the parent surged by 142.8% YoY, bolstered by gains from the sale of cross-shareholdings.

(Millions of yen)

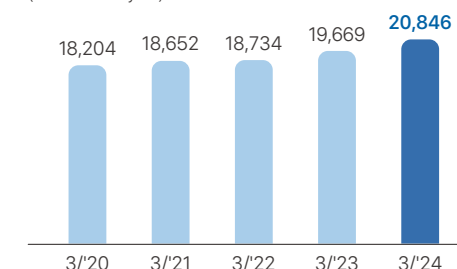


R&D expenses

¥20,846 million

R&D expenses grew by 5.9% YoY, due to the addition of outsourced R&D expenses this fiscal year.

(Millions of yen)

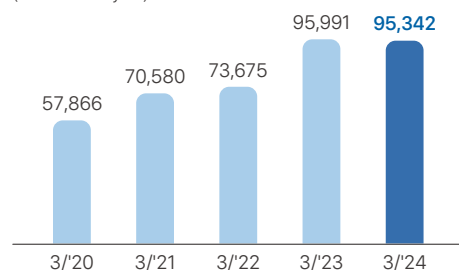


Capital investment

¥95,342 million

Capital investments decreased by 0.6% YoY, despite new investments in the dialyzer building at the Odate Plant and the injection manufacturing plant.

(Millions of yen)

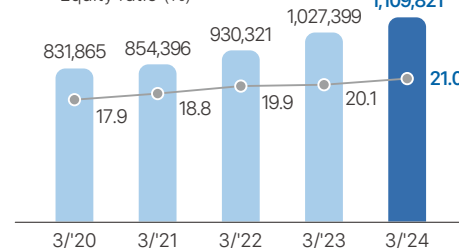


Total assets/Equity ratios

Total assets: ¥1,109,821 million

Total assets increased by 8.0% YoY, with an equity ratio of 21.0%.

■ Total assets (Millions of yen)
● Equity ratio (%)

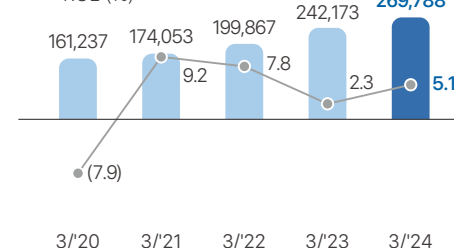


Net assets/Return on equity

ROE: 5.1%

ROE was 5.1%, driven by an increase in net income attributable to the owners of the parent.

■ Net assets (Millions of yen)
● ROE (%)

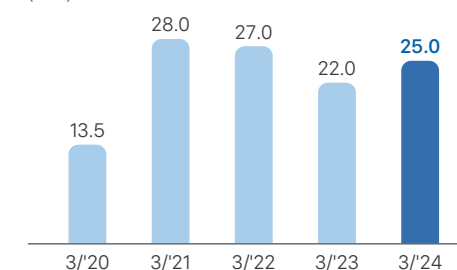


Cash dividend per share

¥25.0

An interim dividend of ¥10.0 per share and a term-end dividend of ¥15.0 per share were distributed, resulting in an annual dividend of ¥25.0/share.

(Yen)





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- CFO's Message

Management Message

President's Message



Yoshihiko Sano

President and
Representative Director

We prioritize
profits over
sales and aim for
long-term growth

Results of the fiscal year ended March 2024

Net sales

586,785 million yen
(7.6% increase YoY)

Operating income

22,335 million yen
(26.0% increase YoY)

Net income attributable to
owners of the parent

11,109 million yen
(142.8% increase YoY)

Summary of the fiscal year ended March 2024

We strived to emphasize profits rather than sales in management during this period. However, as a company that provides healthcare products, our priority is a more stable supply over profits and more compliance over a stable supply, which has not changed.

We emphasized profits because we need to establish a high-profitability structure to make the investment required for the company's growth and capital investment for a stable supply of products. First, we focused on improving the gross profit margin, that is, on increasing unit prices. Although increasing unit prices is difficult, we are working toward this goal, considering it to be the most important company-wide issue. Typically, the management stops manufacturing unprofitable products. However, we continue to manufacture essential products, such as antimicrobials, as part of Nipro's social mission. We are attempting to stabilize the supply of these products while minimizing capital investment of other products.

The operating income margin for the fiscal year ended March 2024 was 3.8% (0.5 percentage points increase YoY). However, because I had set a target of approximately 5%, the result was disappointing. To achieve the Medium-Term Management Plan (April 2020 – March 2025) target of 9%, we will continuously strive to increase unit prices and expand the sales of highly profitable products.

Measures currently in focus

To improve the operating income margin, we will start with accelerating overseas sales of high value-added products, including dialyzers, a core product. In this fiscal period, we added three dialyzer manufacturing lines at the Odate Plant in a weak yen environment, which provided us with a big opportunity to increase exports and further increase the production capacity to meet more demand. Our dialyzers have achieved fully automatic production and a fully automatic 100% inspection system. We use polyethersulfone, a superior membrane material, which helps us achieve overwhelming competitiveness in both cost and quality.

In the domestic market, efforts are being made to increase the unit sales prices of various products, including dialysis-related products. We are also striving to increase the prices of unprofitable generic drugs by applying for their individual re-pricing*. The authorized generic Nexium AG has maintained a high revenue among drugs, and we will continue to attempt to expand its sales.

We will continue to focus on expanding vascular products, which are positioned as the second pillar of our company. During this period, we strived to strengthen our sales system in the U.S. Nonetheless, we are only at the threshold of entry into the global market. By March



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President's Message

2025, we will introduce scoring balloons (Aperta NSE, PTA, and NSE ALPHA) with good results and a high evaluation in Japan and expand the sales of the imaging diagnostic device NIRS IVUS. Moreover, we have established facilities that can provide training on catheter procedures at iMEP, a training facility for customers in Europe, and we expect dramatic future growth mainly in Europe and the U.S.

Meanwhile, sales of drug-eluting balloons, our core product, decreased in Japan after a competitor's product was launched. Nevertheless, we obtained approval for an expanded indication of the product in August 2023 and are currently striving to recover the lost sales.

*A system in which the Ministry of Health, Labour and Welfare (MHLW) reviews the prices of drugs with high medical needs whose manufacturing and marketing are difficult to continue because of markedly low prices.

Progress of the Medium-Term Management Plan

Nipro has been striving to achieve long-term growth and improve profitability by setting a target of a compound annual sales growth rate of 7.0% or more and an operating income margin of 9.0% or more in its Medium-Term Management Plan. I recognize that revenue has increased as planned, and our core products for the overseas markets will continue to lead the revenue growth in the future. I would like to explain the factors that are significantly impacting current profit margin.

The most significant factor is the cell medicine business. As an innovative new business that will determine Nipro's future, this business continues to record large R&D expenditures and capital investments. It is currently accelerating a practical application of STEMIRAC to treat acute traumatic spinal cord injury, which was approved in 2018 with a limited term of seven years.

I believe that the difference between the profit margin and plan was caused by the large impact of the COVID-19 pandemic over the past two years or more. In particular, the demand for general treatments decreased dramatically initially. Although some products had a special demand owing to the pandemic, the overall sales were seriously affected.

Another factor hampering the plan is that domestic generic drugs do not increase profit margins. Generic drugs are socially highly significant products supporting the Japanese healthcare system characterized by universal health insurance; however, they were not profitable with the current prices. Recently, there has been a serious drug shortage, to the point that treatment cannot be provided if manufacturers withdraw from production. Eventually, the prices of unprofitable drugs have started to be repriced. Therefore, we expect the company's profit margin to recover. The Ministry of Economy, Trade and Industry granted a subsidy to the Nipro Pharma Ohmi Plant, a manufacturing plant for generic drugs, under the

Program for Promoting Investment in Japan to Strengthen Supply Chain. Thus, the drug manufacturing business is moving in a positive direction. Considering the high social significance of generic drugs, we will continue to supply them as consistently as possible.

Although the drug manufacturing process is the same, we expect stable profits from the contract drug manufacturing business. The increase in raw materials costs and processing expenses owing to the weak yen and inflation resulted in a decrease in profits in this period, whereas the operating income margin was originally expected to be approximately 15% for this business. The Nipro Pharma Odate Plant has acquired Food and Drug Administration (FDA) certification for manufacturers. Thus, they have improved the quality, and we aim for further growth by taking advantage of this point.



Initiatives for crisis management and compliance

After the fire at the Odate Plant in March 2023, I realized the necessity of risk management measures anew. Besides, a business improvement order was given to the Nipro Pharma Odate Plant around the same time. Although there were no problems with the final quality, a major problem was that we failed to comply with the test method specified in the approval certificate. Although it is important to increase sales and profits, thorough risk management for stable production and supply and compliance are issues that we must always prioritize for business continuity.

Considering this, we newly established the Stable Production/Crisis Management Division in this period and developed a system to support crisis management and compliance in business divisions. As specific initiatives, measures for fires at the plants, a prior detailed examination and reinforcement of a location, and compliance audits are implemented. Through these initiatives, we have established a mechanism for preventing the discontinuation of a stable production and supply.

In addition, to improve the work efficiency of the plant and functions of the head office, a DX Conversion Promotion Committee was established. Thus, we will improve the efficiency of operations and promote DX conversion of products, which will reduce expenses and improve added value.



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Management Message

President's Message

Sustainability

To contribute to a sustainable growth of society, Nipro made the following efforts regarding environment, society, and governance.

Environment

We continue to reduce greenhouse gas emissions and use renewable energy sources. Consequently, we received the same rating, B, in the climate change report of CDP as in the previous fiscal year. We will continue to make further improvements in this direction.

Furthermore, under the CSRD, the European sustainability disclosure standard, the request for disclosure will start targeting businesses conducted in Europe in 2026, and the disclosure for all regions worldwide will start in 2029 (for companies that conduct business operations in Europe). We are currently preparing rapidly for this. The CSRD is highly aware of the human rights issues of workers, in addition to carbon dioxide emissions. Therefore, we will promptly establish methods of operating systems in these areas.

Social

As a human resource strategy, we emphasize that all employees share necessary information about each step of the business process and are motivated to rotate its PDCA cycle. To achieve this, establishing a work environment where employees can cooperate is necessary. In addition to providing many opportunities for interdepartmental cooperation and personnel exchange, we are endeavoring to create an environment in which employees can work comfortably, such as introducing a flexible time system. With these measures, we aim to motivate employees and develop human resources who find the fulfillment of user needs truly meaningful and rewarding.

Governance

In June 2022, we appointed six outside directors, making the proportion of outside directors one-third of the Board of Directors, and used objective opinions from them to improve governance. At the general shareholder meeting held in June 2024, three outside directors were replaced. I believe that this will expand our knowledge of finance, economy, management, and health and medical care in Japan as a whole, and we will be provided with further advice in the future.

Outside directors have provided varied advice to date. Their common advice is, "the business operation could be conducted more efficiently." Although what they pointed out was reasonable, it was also a necessary pain in the business expansion phase of Nipro's management, emphasizing user needs. Because achieving efficiency in a uniform manner

can sometimes lead to a loss of long-term product competitiveness, we intend to balance the growth of the organization and emphasis on profits and take necessary improvement measures in a stepwise manner.

Another issue that I have discovered is the rejuvenation of management, including the Board of Directors. We introduced a mandatory retirement system for executive officers in this fiscal period, which rejuvenated management positions. I also found that designing a succession plan is an important issue. I am currently organizing my thoughts to hand over the business to human resources who understand Nipro's culture and can execute the necessary measures. In addition, the selection process will be discussed with the Board of Directors so that a highly transparent plan can be designed based on the corporate governance code.

To shareholders and investors

We set a goal of consolidated sales of 1 trillion yen for the fiscal year ending March 2031. The compound annual growth rate of sales over the past 12 years is 8.8%, and the sales growth rate for the year ending March 2025 is expected to be 9.9%. Therefore, this goal is expected to be achieved even if profits are prioritized over sales.

I would also like to reiterate my belief. The most important thing for a company to achieve growth is to increase the competitiveness of its products. We aim to achieve the world's top market share by focusing on product development, being aware of user needs, and enhancing production capacity, which is our management policy. All employees and departments work together to achieve this goal.

We appreciate the continued support of our shareholders and investors.

August 2024

President and Representative Director



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Management Message

CFO's Message

We will strengthen
the financial foundation
that supports
profit-oriented
management.

**Takehito Yogo**

Senior Managing Director and
General Manager of Corporate
Planning Headquarters of the Company

Progress of the Medium-Term Management Plan

We have defined KPIs from five perspectives in the Medium-Term Management Plan (April 2020 – March 2025):

"growth"

"profitability"

"investment
efficiency""financial
soundness""asset
efficiency"

With regard to "growth," we aim to achieve a compound annual growth rate of net sales of at least 7.0%. In this period, in addition to the expansion of the sale of Nexium AG and increase in the prices of injection drugs, large-scale dialyzer projects were acquired in Europe and the U.S., single-use expanded in Asia, and the demand for glass tubing increased in Europe and the U.S. As a result, the compound annual growth rate of net sales was 7.6%. For the fiscal year ending March 2025, we aim to achieve a compound annual growth rate of sales of 9.9% by expanding the sales of dialysis products and insulin needles for GLP-1 preparations in Europe and the U.S., and by expanding dialysis products and dialysis centers in Asia and China.

As to "profitability," we aim to achieve an operating income margin of at least 9.0%. In addition to external factors (such as the high cost owing to inflation and the weak yen) that were not assumed at the time of setting the goal, we could not adequately shift the high cost onto prices. In a situation where it was difficult to achieve 9.0%, the operating income margin was 3.8% in this period owing to an increase in personnel expenses. This is notwithstanding a decrease in overseas logistics costs and R&D expenses. For the fiscal year ending March 2025, the operating income margin is likely to improve to 5.0% by the continuation of price pass-through and reduction in costs such as personnel expenses and sales commissions, in addition to the promotion of high-value-added products/businesses such as dialysis products, our dialysis centers, and needles.

For to "investment efficiency," we aim to restore the profitability of free cash flow. In this period, operating cash flow improved to 73,200 million yen. However, investment cash flow was 87,300 million yen, which significantly exceeded the budget. Therefore, free cash flow showed a loss of 14,100 million yen. For the fiscal year ending March 2025, in addition to increasing operating income, we aim to accumulate operating cash flows by liquefying receivables and compressing inventory assets. Simultaneously, we plan to reduce investment cash flow through the sale of assets and subsidies from the plant. Thus, free cash flow is likely to improve substantially to 35,100 million yen. Thereby, we are likely to achieve the goal.

With respect to "financial soundness," we aim to achieve Net Debt (net interest-bearing debt)/EBITDA of 4.0 – 4.9 times. In this period, Net Debt increased to 530,400 million yen because of the construction of new dialyzer production lines and acquisition of dialysis centers, as well as the construction of a new drug plant and reinforcement of glass container manufacturing equipment. However, EBITDA was 81,200 million yen owing to the improvement in operating income. Consequently, Net Debt/EBITDA improved to 6.5 times. For the fiscal



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CFO's Message

year ending March 2025, the planned 4.99 times is likely to be achieved owing to the decrease in Net Debt and increase in EBITDA.

Lastly, for "asset efficiency," we aim to achieve return on equity (ROE) of at least 14.0%. In addition to the situation described for the operating income margin of "profitability," we did not recover the previous equipment investment and R&D expenses or future investments such as M&A. This will likely hinder the achievement of 14.0%. In this period, the special loss owing to the dissolution of a joint venture company was added. However, owing to an increase in operating income and improvement in the effective tax rate, net income attributable to the owners of the parent company increased compared with the previous fiscal year. As a result, ROE was 5.1%. For the fiscal year ending March 2025, in addition to the increase in operating income and sale of assets, capital investment would be limited to new investments in highly profitable businesses with evident demand and renewal investments of existing equipment. Additionally, R&D expenses would be limited to the necessary R&D by establishing internal standards based on future cash flow. Thus, we should increase the current net income attributable to the owners of the parent and improve ROE to 6.8%.

* For a detailed analysis of each KPI, please refer to [▶ P16](#) "Progress on the Major KPIs."

Status of capital investment

The capital investment for this period was 95,342 million yen.

For the Medical-Related Business, we invested mainly in dialysis-related equipment at the Odate Plant and acquired fixed assets associated with the acquisition of dialysis facilities.

For the Pharmaceutical-Related Business, capital investment was undertaken for each manufacturing base, mainly the equipment enhancement at the Ohmi Plant (a new plant for injections).

For the PharmaPackaging Business, we undertook capital investment for the equipment of the sterilized glass syringe line mainly at the German plant and in the glass tubing furnace at the French plant. For the year ending March 2025, as stated for "asset efficiency," the investment should be limited to new investments in highly profitable businesses with an evident demand and renewed investments for existing equipment. If new demand is likely, we would invest after meticulously evaluating the return on investment.

Dividend policy

To provide stable dividends to our shareholders, we modified the dividend policy in this period. We integrated the profit of the basis for dividends into the consolidated net profit of this period. Furthermore, we maintained the dividend payout ratio of 35% and set the lower limit of the annual dividend at 25 yen. Based on this policy, an annual dividend of 25 yen was paid in this period.

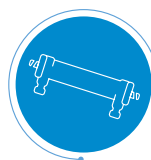
We will actively conduct sales activities in the future and strive to provide stable dividends by increasing the profit margin by improving cost efficiency.



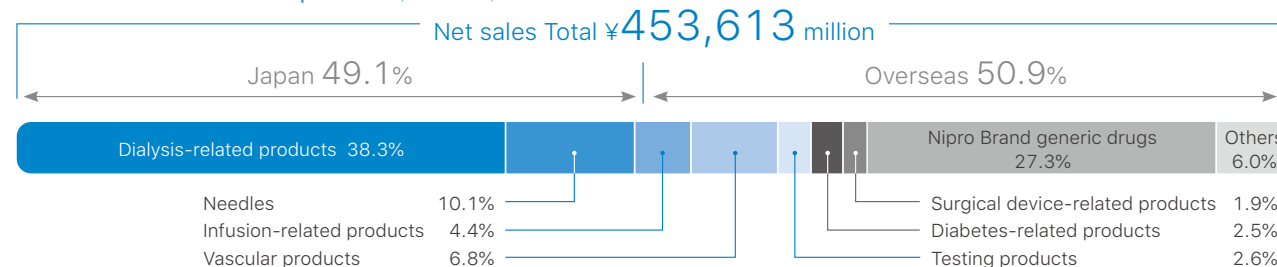
- Medical-Related Business
- Pharmaceutical-Related Business
- PharmaPackaging Business

Review of Operations

Medical-Related Business



Net sales for each area and product (Fiscal 2024)

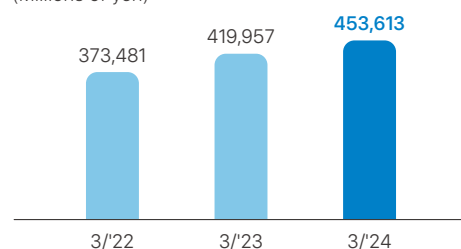


Overview of the fiscal year ended March 2024

Domestic sales of medical devices have been strong since the number of operations increased with the shift from COVID-19 to Class V infectious diseases, and implantable ventricular assist devices have continued to perform well. In addition, infusion-related products and test products performed well because of price revisions. However, overall sales remained low because of the impact of other companies' entry into the market of vascular products, in which we had a high market share, the disappearance of the special demand for vaccination syringes, and a decrease in dialysis equipment installation cases. Regarding pharmaceutical products, there was robust growth in revenue due to brisk sales of esomeprazole, [POINT 9](#) an authorized generic (AG), and an increase in drug prices because the repricing of unprofitable products was extraordinarily and exceptionally applied to all products in the NHI price revision. The SARS Coronavirus Antigen Kit and Influenza Virus Kit, launched in October 2023, performed well. Regarding logistics costs, ocean freight was returning to normal, contributing to cost reductions. In summary, net sales in this segment were 453,613 million yen (8.0% increase YoY), and operating income was 42,321 million yen (9.6% increase YoY).

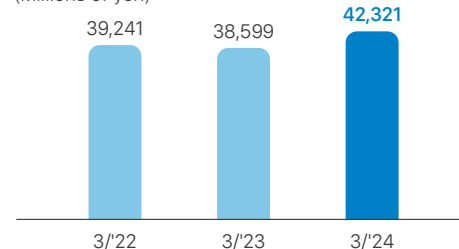
Net sales

(Millions of yen)



Operating income

(Millions of yen)



Forecast and strategy for the fiscal year ending March 2025

Regarding the results of the fiscal year ending March 2025, we expect that net sales will increase by 10.5% YoY to 501,300 million yen, and operating income will increase by 11.3% to 47,100 million yen.

Domestic sales of medical devices are expected to increase by 3,799 million yen annually, owing to an increase in sales of infusion-related products, catheters, ventricular assist devices, and oxygenators, in addition to dialysis-related products. We will also contribute to community healthcare by proposing a system that will be used for the work-style reform of healthcare professionals, online examinations, and online instructions on the use of drugs.

Regarding pharmaceutical products, esomeprazole sales are expected to continue favorably. In addition, as in this fiscal year, repricing of unprofitable products was exceptionally applied to a large number of items in the NHI price revision. We expect to increase revenue by 6,536 million yen annually.

Regarding operating income, although the soaring prices of raw materials and the increase in domestic logistics costs are expected to continue, we expect an increase of 4,778 million yen annually by optimizing expenses.

POINT

Acquisition of domestic market share for esomeprazole (Nexium AG) to about 57% (share within the generic: 67%).

Esomeprazole, launched in December 2022, is highly received by the market as a reliable AG. We have achieved approximately 57% of the domestic market share and will continue to maintain and expand its market share.



- Medical-Related Business
- Pharmaceutical-Related Business
- PharmaPackaging Business

Review of Operations



Medical-Related Business

TOPICS

International business

Dialysis-related business

Market trend and changes

The decline in the number of dialysis patients worldwide before 2023 owing to the spread of COVID-19 significantly affected the dialysis market and facilitated changes in the medical device industry, such as the shakeout of some competitors.

To address this, we attempted to strengthen the internal structure by establishing a stable production system, optimizing overseas factories, and developing and introducing new products. The recovery from the COVID-19 pandemic has led to a rise in the number of dialysis patients and a favorable market environment.

Plans in the fiscal year ending March 2025 include expanding the dialyzer lineup, launching high-function dialysis machines with full model changes, and renewing contracts with major dialysis providers in the U.S. Thus, it is expected to be a year of great breakthroughs.

Rollout in 2024

- **Renewal of supply contracts for the U.S. market with a major U.S. provider**
 1. Significant increase in the purchase quantity of consumables
 2. Full-scale introduction of dialysis machines
 3. Strengthening long-term partnerships (introduction of new technologies)
- **Winning large-scale bids**
Winning centralized purchases by the Chinese government, winning the Canadian government bid, etc.
- **Expansion of dialyzer production capacity**
The start of operation at the Odate 7th Plant and increased production in China and India.
- **Expansion of dialyzers**
Production of Super-high-flux Elisio-HX and single use
- **New type dialysis machines**
Diamax WOW and Nephroflow software
- **Dialysate, RO unit**
Expansion of the dialysate plant in the U.S. and a new RO unit in the German plant
- **Dialysis access device**
Global deployment of safe dialysis catheters (plastic needles)

Renewal of DIAMAX, launch in Latin America and Asia

We implemented a major model change to DIAMAX (launched in 2003) for the first time in approximately 20 years and newly launched DIAMAX™ WOW. It will be available in the market in 2024 as a model for Latin America and Asia. This product reflects our previous experiences and know-how and meets user needs.



DIAMAX™ WOW

Dialysis information management system NephroFlow™

NephroFlow™ was launched as an information management system for dialysis machines. It is a cloud-based product in Europe that utilizes software development technology and enables communication between dialysis machines, supporting the stabilization of operations by establishing a dialysis operation flow.

We will deploy this product in various countries worldwide in a sequential manner to contribute to the improvement of patients' QOL and the sound management of dialysis centers.

User advantages

- Reduction in manual operations
- Ease of access to patient information
- Automation of manual entry
- Reduced administrative work

Vascular business

We have been developing the vascular business as a potential area, and during this period, we have entered the international market at full scale. Additionally, in the fiscal year ending March 2025, scoring balloons (NSE Aperta/NSE ALPHA) with reliable records and high evaluations will be introduced in Japan.

For NIRS IVUS, a diagnostic imaging device, we are currently increasing the number of clinical staff members in the U.S. We plan to utilize the network with KOLs* and have been making efforts to achieve dramatic growth.

We will promote registration by region: in existing markets, such as China and Canada, and in developing markets, including India, Latin America, and Asia.

* Key opinion leaders. Experts such as physicians who influence the promotion of medical devices and drugs.



NSE Aperta



NSE ALPHA

Promotion of African business

We have been trying to enter the African market, as it shows a very promising potential, with a population of 1.2 billion and GDP growth of 3.8% which is higher than the global average for 2022. At the end of this period, we have nine sales offices in seven countries. Additionally, in the fiscal year ending March 2025, we will establish a new base in Egypt and create a local corporation with a base in Kenya.

In the future, we will combine the Middle East and European bases and strengthen organizational cooperation by utilizing European resources while having a clear overview of the market in the EMEA region.



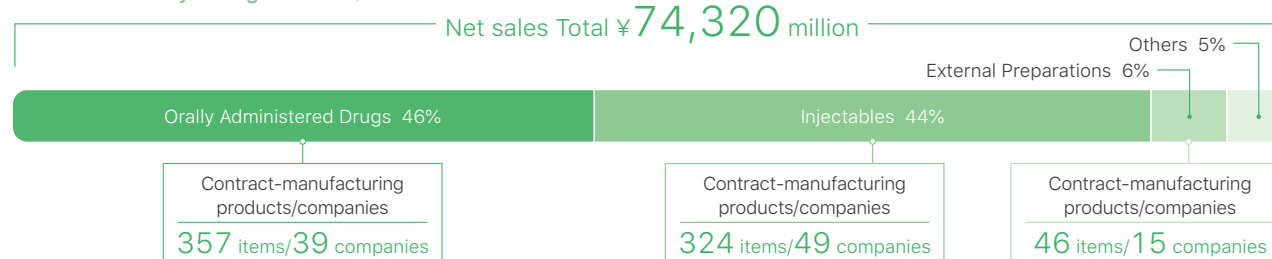
- Medical-Related Business
- Pharmaceutical-Related Business
- PharmaPackaging Business

Review of Operations

Pharmaceutical-Related Business



Net sales ratio by dosage forms (Fiscal 2024)



Overview of the fiscal year ended March 2024

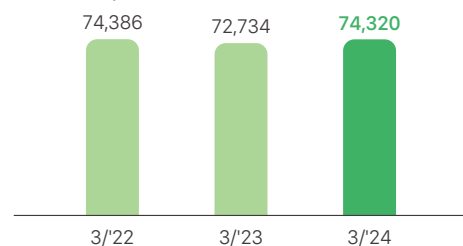
In the Pharmaceutical-Related Business, the shipment and commercialization of multiple new products started on a full scale in Japan. Regarding existing products, although the receipt of orders, mainly generic products, decreased and contract manufacturing ended, sales are doing well owing to the effect of the revision of sales prices. As a result of the brisk sales of Nipro JMI Pharma in Bangladesh, sales increased compared to the previous year.

Regarding operating income, revenue improved owing to an increased shipments associated with the effect of the distribution of testing operations after the start of operation of the Saitama Testing Building and the shift of the higher costs to prices. However, profits significantly decreased owing to the aforementioned end of the sales of contract manufacturing products and a decrease in shipments, resulting in a decrease in profits YoY.

As a result, net sales in this segment were 74,320 million yen (2.2% increase YoY), and operating income was 4,432 million yen (21.1% decrease YoY).

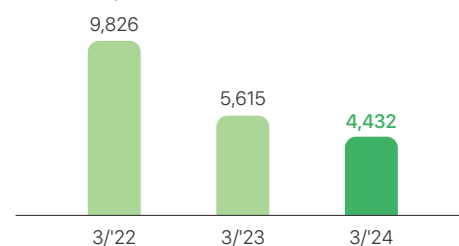
Net sales

(Millions of yen)



Operating income

(Millions of yen)



Forecast and strategy for the fiscal year ending March 2025

For the fiscal year ending March 2025, we expect net sales to increase by 9.3% YoY to 81,250 million yen and operating income to increase by 103.7% to 9,030 million yen.

The sales of domestic generic drugs, brand-name drugs, and long-listed products are affected by the termination of contract manufacturing of some products. However, sales are expected to increase by 6,112 million yen annually because the effects of the acquisition of new contract products and the expansion of products launched in this period have a greater negative impact. For Nipro JMI Pharma, an increase in sales of 717 million yen per year is expected owing to the enhancement of the sales system and active expansion of sales channels.

Operating income is expected to increase by 4,598 million yen annually by revising sales prices to appropriate levels, including maintaining and improving the production system, strengthening the quality assurance system, and striving to reduce costs by improving production efficiency.

We will not only expand production capacity through new capital investment but also improve manufacturing efficiency by reducing the burden of testing operations and continue to strengthen **POINT** the quality assurance system.

POINT

Strengthening of quality control system Nipro Pharma Corporation

We attempted to reduce the burden of testing operations at each manufacturing site, improve testing functions, and cultivate testing personnel associated with increased production quantity and product items. A testing building, including the QC training center, was established at the Nipro Pharma Saitama Site, and operations began in December 2023. In March 2024, the Doshomachi Analysis Center, established in Osaka City, began operations. Testing operations previously conducted at each manufacturing site were also performed at these institutions. Thus, we will increase the efficiency by leveling the testing capacity and reducing the number of duplicate operations.



- Medical-Related Business
- Pharmaceutical-Related Business
- PharmaPackaging Business

Review of Operations

Pharmaceutical-Related Business

TOPICS

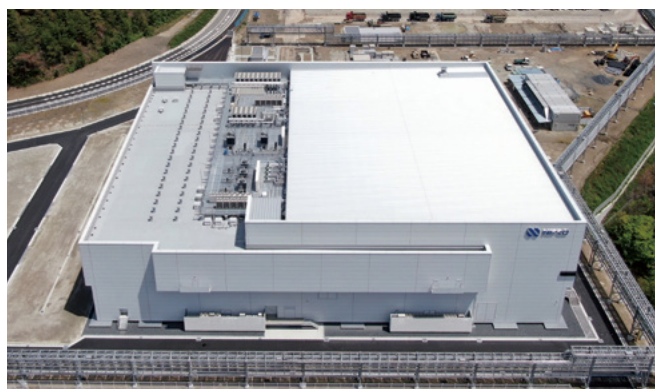
- Efforts to strengthen the production system

Strengthening production systems in injectable drug plants

The Nipro Pharma Corporation Ohmi Plant

The Nipro Group is committed to increasing and expanding its production capacity to address issues associated with the expansion of contract manufacturing and the stable supply of pharmaceutical products. The Nipro Pharma Ohmi Plant in Shiga Prefecture, completed in April 2024, has the capacity to manufacture eight million double-chamber bags of antibiotic drugs annually, and we aim to start shipments by 2024. The manufacturing building was equipped with a seismic isolator, which is minimally affected by earthquakes, which enables the stable and continuous production of pharmaceutical products.

As part of a second-phase plan, we are also constructing a vial manufacturing building that can produce 40 million units annually. Generally, drugs are manufactured normally. However, in the event of an infectious disease pandemic, we will switch to manufacturing vaccines and therapeutic drugs at the government's request and establish a system that enables us to promptly supply them throughout the country.



The Nipro Pharma Ohmi Plant under construction

Strengthening the increased production system in oral drug plants

Zensei Pharmaceutical Co., Ltd.

Zensei Pharmaceutical began operations in a new building at the Kishiwada Plant in April 2023, which expanded the testing area and the storage space and enhanced annual production capacity to 2 billion tablets. In addition, production equipment such as appearance inspection and packaging machines were introduced in an empty area in the Izumi Plant, which increased annual production capacity to 2.5 billion tablets.

With the start of the operation of the production equipment introduced in fiscal 2024 at the Izumi Plant mentioned above, we plan to ship approximately 600 million tablets of new contract products in fiscal 2025.



New packaging line at the Izumi Plant



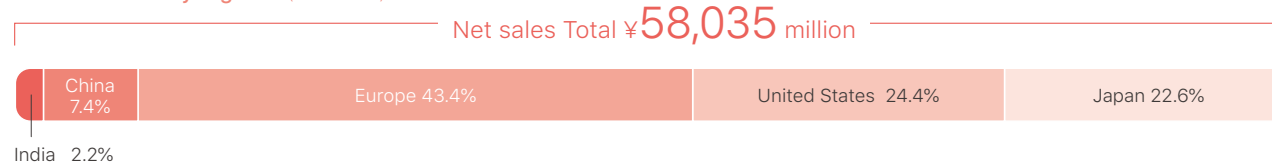
- Medical-Related Business
- Pharmaceutical-Related Business
- PharmaPackaging Business

Review of Operations

PharmaPackaging Business



Net sales ratio by region (Fiscal 2024)



Overview of the fiscal year ended March 2024

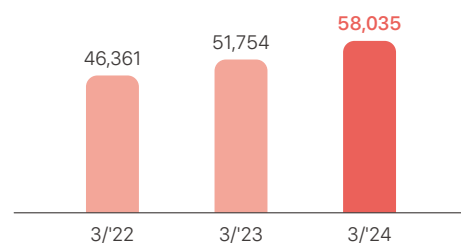
In the PharmaPackaging Business, we expanded production of pharma packaging containers and glass tubing and improved pricing to mitigate cost inflation. As measures to secure revenue, we actively engaged in market development for high-value-added products and parallelly improved productivity across plants and reduced procurement unit costs.

In the Japanese market, sales of glass products and other high profitable products such as dissolving solution injection needles and infusion systems, remained solid. Sales for overseas markets increased due to the optimization of unit sales prices and product mix, but the post-COVID global destocking affected shipments of both glass tubing and pharma packaging containers. In terms of profits, while the U.S. plants continued to maintain operation efficiency, decrease in demand for vaccines in China and market price competition in India led to lower profit.

As a result, net sales in this segment were 58,035 million yen (12.1% increase YoY), and operating income was 2,452 million yen (10.5% decrease YoY).

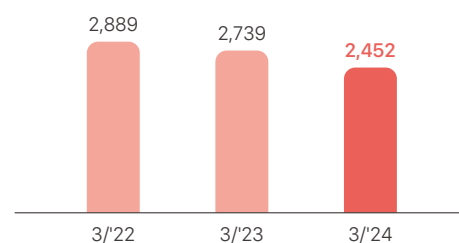
Net sales

(Millions of yen)



Operating income

(Millions of yen)



Forecast and strategy for the fiscal year ending March 2025

Net sales are expected to reach 61,820 million yen, a 6.5% YoY increase due to the optimization on the operating rate of glass tubing production and new equipment for sterilized glass syringes. In terms of expenses, high manufacturing costs are inevitable due to reduced production as global destocking affected some product groups. Although sales of profitable value-added products are growing, operating income is expected to remain at 2,600 million yen, a 6.1% increase YoY.

POINT

Market environment and growth strategies

In addition to the vigorous development of injectable drugs, mainly biopharmaceuticals and vaccines, the increasing population and sophistication of medical standards in developing countries are expected to lead the medium to long-term growth of the market for medical containers. However at the same time, strict price competition associated with global inflation, the post-COVID destocking effect, and pressure on medical expenditures in many countries have limited growth in terms of profit. Under such circumstances, it is important to capture growth opportunities and overcome adversity in profitability.

Firstly, to expand market share, we will further improve customer satisfaction through proposal-based technical sales, enhancing global sales function and cross-selling concepts. Meanwhile, to secure price competitiveness, we prioritize product development and commercialization, in parallel with reducing manufacturing costs and optimizing the supply chain.

Finally, we will maximize various development and sales resources of each subsidiary and improve investment effects on production facilities and R&D.



- Medical-Related Business
- Pharmaceutical-Related Business
- PharmaPackaging Business

Review of Operations



PharmaPackaging Business

TOPICS

Improvement of product portfolio

Single-use bags and aseptic connectors

Single-use bags are used for the cell culture of biopharmaceuticals and for filling, transporting, and storing intermediates and drug substances. They are provided in the form of process bags, NBS bags and powder bags that are disposable to prevent contamination. Further, they are customized with excellent assembly design and high quality that eliminates foreign substances. The aseptic connector connects bag to bag or bag to device. This "Gender-less" type is adopted to accommodate any assembly process, which is aligned to the Japanese government's project for "strengthening vaccine production system in biopharmaceuticals manufacturing foundations." We receive grants from the government for equipment investments not only to produce parts for pharmaceuticals at normal times, but also to cover production and supply of bags for vaccines during emergencies.



Example of
single-use bag

Silicone-free sterilized syringes

Syringes are promising pharmaceutical packaging containers for new drug development, and are expected to see a double-digit growth in the market. However, glass containers coated with silicone have a risk of causing aggregation of protein solutions on biopharmaceuticals. We completed a supply system for silicone-free syringes in September 2023, where we had reached the required functions and quality by applying our original technology in eliminating the use of silicone on any part of the barrel, plunger, or stopper. By adding this product to the D2F™ Series, we expect to help in solving the strong demand for pharmaceutical packaging containers for drugs such as anticancer drugs, vaccines, and drugs for immune system diseases.



Product image
and logo

Establishment of stable supply system

Full-scale operation of syringe washing and packaging line in the German plant

The syringe production plant in Nipro PharmaPackaging Germany has prepared for production expansion to respond to the increased demand for syringes. In June 2023, a new syringe washing and packaging line started operating on full scale. The production of bulk syringes was gradually expanded, and high accuracy of syringe production for auto-injectors was also introduced.

Among the syringe products, sterilized ready-to-use syringes have drawn many inquiries from drugs manufacturers, and this line is expected to contribute to further improving customer satisfaction by responding to a wide range of dimensions and specifications.



Overall view of syringe production facility

Establishment of "local production for local consumption" system for cartridges

In addition to dental anesthetics, the demand for cartridges for insulin and GLP-1 is growing worldwide. Our division continuously promotes the local production for local consumption system by expanding production lines in France, and particularly countries with large populations such as China and India.



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Medium-Term Management Plan

Outline of the Medium-Term Management Plan

Management Policy

Promote global expansion of our business based on the idea of local production for local consumption, aiming to achieve the world's top-class product competitiveness and market share from a user-needs perspective even in today's turbulent times.

Priority Tasks

- ① Protecting a corporate culture that provides opportunities to motivated people
- ② Making decisions from the end-user's perspective is our top priority
- ③ Upholding the Sanpoyoshi (Win-Win-Win for users, society, and the company) principle
- ④ Sharing information about each step of the Plan-Do-Check-Act (PDCA) process with all employees so that they can manage the PDCA cycle with a sense of ownership
- ⑤ Becoming a company wherein the organization managers recognize the gap between theory and reality and can lead their staff to understand it

Enhancements

- ① **Challenge of becoming the No. 1 manufacturer contributing to regional healthcare in the Japanese market**
Providing comprehensive medical infrastructure that connects patients, their families, hospitals, and pharmacies, as well as offering medical equipment and pharmaceuticals that meet medical needs in the marketplace
- ② **Top share in the global market for dialyzers**
Expanding the company's direct sales network and training centers, and accelerating the operation of our own dialysis centers in emerging countries
- ③ **Deployment of vascular products to the global market and entering new areas in the domestic market**
Establishing a sales network for existing products in the U.S. market with a view to expand globally, and aiming for a full range of products in the domestic market in the cerebrovascular and arrhythmia fields
- ④ **Deployment of the drug contract manufacturing business to overseas markets**
Promoting out-licensing of our GE products in the Chinese market and expanding business in the U.S. market
- ⑤ **Development of high-value-added products and reduction of manufacturing costs in the PharmaPackaging business**
Developing high-quality products for biopharmaceuticals and reducing manufacturing costs by automating the manufacturing process

⑥ Enhancement of cellular medicine business

Promoting manufacturing automation and expanding business into the European and American markets

⑦ Development of seeds of new businesses

Business expansion into surgical products, electromagnetic wave therapy products, active pharmaceutical ingredients (APIs), and pharmaceuticals in new fields

Policy on Organization, HR Development, and IT Systems

Overseas holdings structure

- Establish holdings in Europe, China, and the U.S. to realize business management by regional headquarters, and matrix management aiming at rapid business decision-making by each operating company
- Centralize compliance, financial, and tax management
- Improve knowledge accumulation and efficiency by consolidating indirect divisions
- New business incubation

Human resources development

- Nurture training in the medical field to foster a sense of value that enables us to always think and act from the user's viewpoint
- Introduction of the FISH! philosophy, which aims to revitalize the workplace and encourage employees to thrive in their work, and promote employee motivation
- Follow-up training for younger employees, training for different levels of qualifications, and other necessary training for each stage of employment
- Focus on the development of global human resources through selective language training, in-house language classes, and a self-development support system for languages
- Aim to create a workplace where each employee can maximize their abilities regardless of race, nationality, gender, or age; conduct seminars to promote women's activities; and organize exchange meetings to build networks among international employees
- Establish a company-wide education and training system to raise compliance awareness
- Considering the physical and mental health of each employee, the "Nipro Health Declaration" was issued in September 2018, and anti-smoking measures, mental health measures, workstyle reforms, and workplace revitalization activities have been promoted

IT systems

- Review system functions to support management efficiently and expeditiously
- Enhance security against cyber-attacks, such as unauthorized remittance, information leaks by targeted attacks, and ransomware
- Develop an information infrastructure realizing a work style not confined by time and place, improving labor productivity and employee satisfaction



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Medium-Term Management Plan

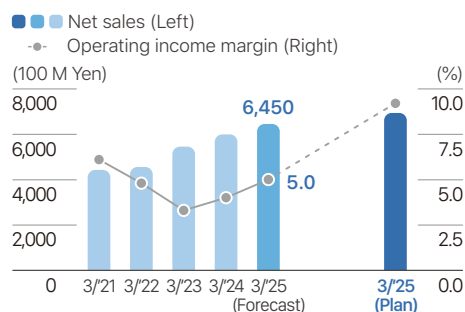
Progress on the Major KPIs

KPIs for Fiscal 2025

Guidelines for Fiscal 2025

Net sales	Average annual growth of 7.0+%
Operating income	Average annual growth of 7.0+%
Operating income margin	9.0+%

Net sales/Operating income margin



Progress by the fiscal year ended March 2024 and forecast for the final year

Sales growth rate

The average annual sales growth rate from fiscal 2021 to fiscal 2025 is projected to be 7.8% and is expected to achieve the target.

By segment, sales growth in domestic business is projected to reach the target of 5.7%, and that in international business and PharmaPackaging business are forecast to be 12.9% and 11.3%, respectively, significantly exceeding the target of 8.0%. Meanwhile, sales growth in the pharmaceuticals and vascular businesses is forecasted to fall short of the target at 2.9% and (1.9%), respectively.

In international business, sales of dialyzers in the U.S., Europe, China, and other Asian countries, and sales of dialysis equipment in Central and South America greatly contributed to sales growth. In PharmaPackaging business, sales growth was driven by increased sales of vials for vaccines owing to COVID-19-related special demand from 2020, as well as sales of glass tubing and vials for biopharmaceuticals in the U.S. and Europe. In the vascular business, sales increased in China but were forecast not to reach the target owing to the decline in overall sales due to the COVID-19 pandemic and new product launches by competitors. In pharmaceuticals, sales are forecast not to achieve the target because of the earthquake damage to the oral drug production facility in fiscal 2021, the termination of contract manufacturing of unprofitable products, and inventory adjustment associated with quality problems of other companies in fiscal 2022.

Operating income margin

The operating income margin is projected to reach 5.0% in fiscal 2025. The operating income margin has not exceeded the target level of 9.0% in any year, and, owing partly to the spread of the COVID-19 infection and inflation, it has remained below the target, peaking at 6.1% in fiscal 2021.

By segment, the operating income margin in international business has remained above the target level of 9.0% except for the current fiscal year, although overseas container logistics costs during the COVID-19 pandemic became a burden. In pharmaceuticals, the profit margin declined in the previous and current fiscal years because of the increase in manufacturing costs associated with inflation and the yen's depreciation; however, it is expected to recover in fiscal 2025.

Sales growth rate and operating income margin: comparison of the plan and the actual results

(%)

		2019-2024 CAGR	Fiscal 2025 (Plan)	Difference between planned and actual forecast CAGR
Sales growth rate	Domestic business	+5.7	+5.0	+0.7
	Overseas business	+12.9	+8.0	+4.9
	Vascular business	(1.9)	+15.0	(16.9)
	Pharmaceutical business	+2.9	+5.0	(2.1)
	PharmaPackaging business	+11.3	+8.0	+3.3
	Regenerative medicines business	+40.5	+2.4	+38.1
	Total	+7.8	+7.0	+0.8
Operating income margin	Total	+5.0	+9.0	(4.0)



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Medium-Term Management Plan

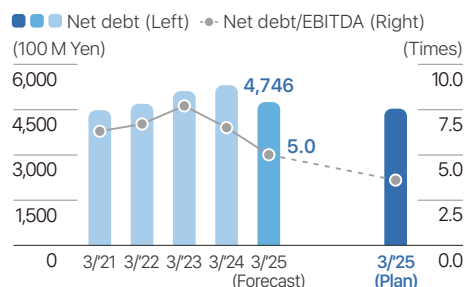
Progress on the Major KPIs

KPIs for Fiscal 2025

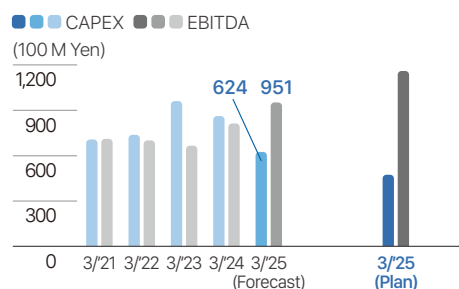
Guidelines for Fiscal 2025

Net debt	Maintain around ¥450,000 M
EBITDA	Aiming for a level of ¥100,000+ M or higher
Net debt/EBITDA ratio	Less than X 5

Net debt, Net debt/EBITDA



Capital investment and EBITDA



Progress by the fiscal year ended March 2024 and forecast for the final year

Net debt/EBITDA ratio

Net debt for fiscal 2025 is projected to exceed the expected 450 billion yen to reach 474.6 billion yen owing to the increase in interest-bearing debt associated with increased capital investment. Although net debt has been increasing since fiscal 2022, the Company plans to reduce it to 10.5% YoY in fiscal 2025. ▶

For earnings before interest, taxes, depreciation, and amortization (EBITDA) targeting 100 billion yen or higher per year, operating income was expected to be 64.1 billion yen and the depreciation cost including goodwill amortization was expected to be 51.8 billion yen. However, operating income is not reaching the target while the depreciation cost amounts to 60.0 billion yen; therefore, EBITDA is expected to be 95.1 billion yen. ▶

Consequently, the net debt/EBITDA ratio is projected to be 4.99x, which is within the target level of below 5.0x.

Capital investment and EBITDA

In the 5 years of the Medium-Term Management Plan, EBITDA of 441.7 billion yen was planned, which is 1.38 times the capital investment of 320 billion yen, aiming for a 6.7% average annual growth rate of EBITDA/capital investment.

The actual capital investment for the 5 years amounted to 388.8 billion yen, exceeding the target by 68.8 billion yen, and EBITDA amounted to 383.8 billion yen, falling short of the target by 57.9 billion yen. The primary reason for not achieving the target EBITDA is the sluggish growth in operating income resulting from increased facility construction costs owing to inflation and rising raw materials and energy prices, despite the increase in capital investment to address the rising demand for dialyzers.

The Company will carefully select future investment proposals to enhance investment efficiency and improve EBITDA and operating cash flows. ▶

CAPEX and EBITDA: comparison of the plan and the actual results

(¥100 million)

		Plan	2020–2023 Actual +2024 Forecast	
Medical	CAPEX	1,680	1,958	The Company proactively invested in the expansion and reinforcement of dialyzer manufacturing lines and acquisition of overseas dialysis centers. Supported by the yen's depreciation, the increase in overseas sales profit especially contributed to higher EBITDA, whereas the profit from the domestic sales of medical devices did not grow; thus, EBITDA is not expected to cover the increased capital spending.
	EBITDA	2,324	2,433	
Pharmaceutical	CAPEX	920	1,153	Although capital investment was carried out for both own brand and contract manufacturing to expand sales, the resulting EBITDA is not expected to achieve its target. The Company aims to improve EBITDA by strengthening the quality control system to increase operating income.
	EBITDA	1,506	1,115	
PharmaPackaging	CAPEX	300	606	To capture sales demand, the amount of 5-year capital investment was doubled from the initial plan. However, the resulting EBITDA is expected to only slightly exceed the initial target. The Company will further expand sales to increase the profit margin, with the aim of boosting EBITDA.
	EBITDA	359	384	
Regenerative medicine	CAPEX	300	263	During the two years of the COVID-19 pandemic, it has been difficult to use STEMIRAC while prioritizing severely affected patients; thus, the initially targeted sales profit has not been achieved. The Company will gain sales profits through an application for full approval of STEMIRAC in 2025 and the expansion of affiliated hospitals to boost EBITDA.
	EBITDA	228	(94)	
Total	CAPEX	3,200	3,888	As per the main text.
	EBITDA	4,417	3,838	



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Medium-Term Management Plan

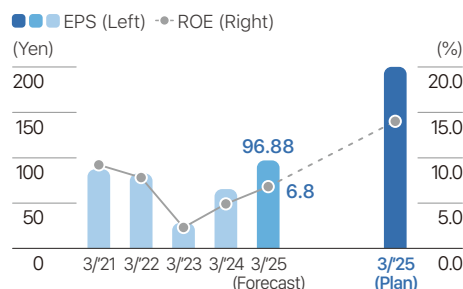
Progress on the Major KPIs

KPIs for Fiscal 2025

Guidelines for Fiscal 2025

EPS*	¥200 or higher
ROE	14.0+%

EPS/ROE

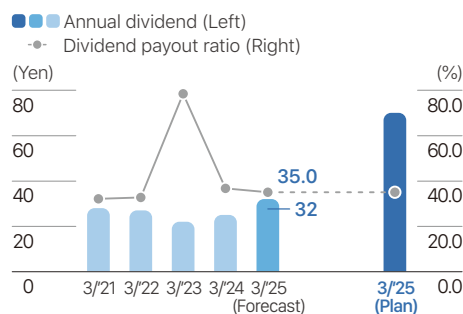


* EPS: Earnings per share

Guidelines for Fiscal 2025

Shareholder return (dividend payout ratio)	Maintain 35.0% (Fiscal 2024 -)
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Annual dividend/Dividend payout ratio



Progress by the fiscal year ended March 2024 and forecast for the final year

ROE

Return on equity (ROE) for fiscal 2025 is projected to be 6.8%. Although ROE for fiscal 2021 was 9.2% and that for fiscal 2022 was 7.8%, these were outliers resulting from decreased equity capital due to the decline in profit in fiscal 2020. ROE has not exceeded the target of 14.0% in any year. After reaching a bottom of 2.3% in the previous fiscal year, ROE has been improving since the current fiscal year. ▶

The primary reason for not achieving the target ROE is that net profit attributable to the owners of the parent company is expected to be 15.8 billion yen in the current fiscal year, which is lower than the target by 29.8 billion yen. This is attributable to the projected operating income of 32.5 billion yen, which falls short of the target by 31.6 billion yen. ▶

The Company will further enhance ROE by expanding the operating income.

Dividend payout ratio

Although the annual dividend for fiscal 2025 was planned to be 70 yen, it is expected to be 32 yen owing to EPS in the current fiscal year not reaching 200 yen. ▶ In the previous fiscal year, owing to inflation and the yen's depreciation associated with the COVID-19 pandemic, the Company experienced a sharp rise in raw materials costs and energy prices and overseas logistics costs. Additionally, net profit attributable in the current fiscal year to the owners of the parent company declined significantly owing to overseas inflation accounting and the tax effects of loss-making subsidiaries. Consequently, the EPS fell to 28 yen, but the annual dividend amounted to 22 yen by increasing the dividend payout ratio to 78.4%. ▶ Further, in the current fiscal year, the Company has changed its dividend policy to integrate profit, which is the basis for dividends, into consolidated net profit to maintain a dividend payout ratio of 35%, and has set the lower limit of the annual dividend to 25 yen.

The Company will continue to increase its sales activities while improving cost efficiency to increase profit, aiming to maintain stable dividend payments.

YoY comparison of the accounts from operating income onwards

(¥100 million)

	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2025 (budget)	Fiscal 2025 (plan)	Difference between plan and budget
Operating income	276.3	238.8	177.3	223.4	325.0	641.0	(316.0)
Non-operating expenses (income)	(13.6)	(30.6)	(23.8)	(28.3)	(49.0)	(4.0)	(45.0)
Extraordinary loss (income)	(87.5)	(43.4)	14.3	(2.9)	10.0	(18.0)	28.0
Corporate tax, etc.	24.8	81.8	108.4	70.5	118.0	149.0	(31.0)
Profit	142.1	134.6	45.7	111.1	158.0	456.0	(298.0)
Shareholders' equity*	1,549.1	1,731.3	1,957.8	2,194.9	2,321.2	3,257.1	(935.9)
ROE(%)	9.2	7.8	2.3	5.1	6.8	14.0	(7.2)

*Shareholders' equity is the average during the period, calculated as (beginning of period + end of period) / 2

Effective tax rate

(%)




























Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2025 (budget)
14.2	35.2	64.6	36.7	41.0



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Medium-Term Management Plan

Approaches to SDGs

Social issues that we aim to solve through our business		Related SDGs
Providing treatment to patients in remote areas with limited access	<ul style="list-style-type: none"> • In emerging countries, such as Latin America, dialysis clinics have been set up in suburban areas to provide dialysis treatment to patients living in remote areas, where it is more convenient for them to receive dialysis treatment. • In Southeast Asia and Africa, dialysis clinics have been set up in urban areas to provide patients with high-quality treatment. 	 
Preventing medical accidents at medical institutions	<ul style="list-style-type: none"> • The company sells safety products to prevent medical accidents while using medical equipment. • They include winged needles that prevent needlestick accidents, colored syringes that can be distinguished by color to prevent mix-ups, and pre-fillable syringes and kit preparations that reduce the risk of foreign matter contamination, bacterial contamination, and needlestick accidents. 	 
Providing safe and secure medicines for all	<ul style="list-style-type: none"> • The company promotes products that can be used without difficulty, regardless of age or disability. • The company offers a range of products that enable those with visual difficulties to identify tablets, to write down medication instructions and medication dates, and to prepare PTP sheets for patients with reduced dexterity. 	  
Dealing with new infections	<ul style="list-style-type: none"> • The company sells products that are in high demand worldwide when new infectious diseases, such as COVID-19, become rampant. • Surgical masks, medical rubber gloves, tubes and other consumables, blood collection tubes, and disinfectants are stocked. 	 
Stable supply of antimicrobial agents that are in short supply	<ul style="list-style-type: none"> • We continue to manufacture and market antimicrobials, although they are unprofitable and there are concerns about the supply of APIs. • As a precaution against the future supply of APIs, we are developing some of them in-house. 	  
Providing a medical environment for patients who live in remote or are difficult to access locations	<ul style="list-style-type: none"> • The company sells a cloud-based monitoring system (Nipro Heart Line™) that uses ICT to provide real-time information on patients, even in remote locations. • The system enables patients with chronic diseases to receive regular and continuous medical care, sharing vital information in real time, and sending alerts when abnormal values are detected to remotely check the patient's condition. 	  
Enhancing the labor productivity of healthcare professionals	<ul style="list-style-type: none"> • The company sells the HN LINE™, which solves business problems by linking medical device information with electronic medical records. • The company hopes to support the reduction of labor, efficiency of nursing operations in hospitals, and work-style reforms of healthcare professionals. 	  
Minimizing the environmental impact of waste	<ul style="list-style-type: none"> • The heat generated when industrial waste in the manufacturing process is burned in incinerators is reused to generate electricity and hot water, and the company also emphasizes reducing the volume of industrial waste. • We promote a paperless office by digitizing internal documents and eliminating meeting materials to reduce the use of paper and other materials. 	  
Promoting efficient use of natural resources	<ul style="list-style-type: none"> • To reduce the global environmental impact, the company promotes the introduction of solar power generation at its plants as part of energy conservation efforts. • At Nipro Thailand, a solar power generation system was introduced in 2018 and the electricity generated is used for medical device manufacturing. 	  
Providing rewarding work opportunities for all	<ul style="list-style-type: none"> • Training for women in supervisory positions and above is conducted so that they can build a career design with strategies for their work and lives. • For international students who have received job offers to seamlessly join the company, exchange meetings are held for the purpose of networking with senior international employees prior to joining. 	  



Social Bond Reporting

Investment Status of Social Bonds and Loans

Overview of social bonds

Our business contributes to improving the health and quality of life of people around the world through the stable supply of medical devices, pharmaceuticals, and other essential social initiatives. We believe that these efforts contribute to solving social issues as social projects.

To raise funds that contribute to these efforts as social bonds, we have established a Social Bond Framework and a Social Finance Framework* based on the International Capital Market Association (ICMA) Social Bond Principles.

In line with these frameworks, we raise funds for businesses that contribute to solving social problems by issuing (1) social CBs, (2) social bonds, and (3) social loans.

* The company has obtained a "second opinion" from Rating and Investment Information, Inc. as a third-party evaluation.

(1) Social CBs

Our corporate bonds are positioned as "convertible bonds" (CBs) that the bondholders can convert into our shares at a predetermined price. By setting the conversion value higher than the stock price at the time of issuance, the issue of corporate bonds is expected to be effective in protecting the interests of existing shareholders and maintaining financial safety. Thus, we will realize proactive investment in projects with high social contribution.

Corporate bond name	Nipro Corporation Euro-yen denominated convertible bond with a maturity in 2026 (social convertible bonds) "Social CB"
Issued amount	¥30,000 million
Period	5 years
Interest rate	0%
Conversion value	¥1,430
Payment date	September 27, 2021
Use of funds	Investment in manufacturing facilities of medical devices

(2) Social bond

The funds raised from our corporate bonds will be invested in projects with a high social contribution.

Corporate bond name	Nipro Corporation 13th Unsecured Bond Social Bond (with an interbond pari passu clause)
Issued amount	¥10,000 million
Period	5 years
Interest rate	1.088%
Payment date	October 23, 2023
Use of funds	Addition of a dialyzer production line at the Odate 7th Plant

(3) Social loan

The purpose of this loan is to allocate funds to businesses that contribute to the resolution or mitigation of social issues.

The funds raised from this loan enable us to invest actively in projects with high social feasibility.

Financial institutions/ Organizers	Amount (million yen)	Interest rate	Date of borrowing	Repayment date	Repayment method	Collateral Warranty
Nippon Life Insurance Company	1,500	Fixed interest rate	Jul 10, 2023	Jun 30, 2030	Installment repayment every three months	No collateral No warranty
A syndicate loan organized by Resona Bank	7,400	Variable interest rate	Jul 31, 2023	Jul 31, 2028	Bullet	No collateral No warranty
	2,600			Jul 31, 2030		
A syndicate loan organized by Norinchukin Bank	10,000	Variable interest rate	Jul 31, 2023	Jul 31, 2028	Bullet	No collateral No warranty
A syndicate loan with a commitment period organized by Shiga Bank	6,500	Variable interest rate	Oct 31, 2023	Mar 31, 2032	Installment repayment every three months after the start of the term loan period	No collateral No warranty
	3,500		Mar 29, 2024			
SBI Shinsei Bank	2,000	Variable interest rate	Nov 30, 2023	Nov 30, 2028	Installment repayment every three months	No collateral No warranty
Credit Agricole	3,300	Variable interest rate	Mar 29, 2024	Mar 30, 2029	Installment repayment every three months	No collateral No warranty
	500	Fixed interest rate				



Social Bond Reporting

Investment Status of Social Bonds and Loans

Funding appropriation status

The status of appropriation of funds is as follows.

The funds from (1) social CBs, (2) social bonds, and (3) social loans have been fully allocated.

(1) Social CB updated part

Use	Project type	Amount (million yen)	Details of allocation
New investment	Domestic business	13,601	Building Plant No. 7 associated with increased production of PES/FB dialyzers in the Odate Plant.

(2) Social bonds

Use	Project type	Amount (million yen)	Details of allocation
New investment	Domestic business	10,000	Adding production equipment to plant No. 7 associated with increased production of PES/FB dialyzers in the Odate Plant.

(3) Allocation status of funds

Use	Project type	Amount (million yen)	Details of allocation
New investment	International business	3,930	NMC dialysis medical devices and dialysis clinic facilities
New investment	Pharmaceutical business	21,360	The NPP Ohmi Plant
New investment	Pharmaceutical business	3,760	The Zensei Izumi Plant
New investment	PP business	5,160	NPG syringe production facility
New investment	PP business	3,090	NPF Pegasus Project



Social Bond Reporting

Investment Status of Social Bonds and Loans

Progress of each project



Medical-Related Business
(Japan)

Related SDGs



Main businesses

We develop, manufacture, and sell medical devices, generic and cellular pharmaceuticals in Japan.

Our main medical device products are dialysis products; however, we also provide products for treating various diseases and products with safety measures. Further, we have a wide range of our own branded generic drugs, including oral, injectable, and topical products. We offer universally designed products, such as orally disintegrating tablets that can be swallowed without water, tablets that can be distinguished by fingertips, and packaging that includes a section for medication instructions and the date of administration. For cellular medicines, we provide autologous marrow mesenchymal stem cells for the treatment of spinal cord injury.

Target social issues

- Help life support, health improvement, and quality of life for patients requiring dialysis
- Prevent medical accidents such as needlesticks, foreign substances/bacterial contamination, and reduction of the burden on healthcare workers
- Reduce obstacles in medication for patients with manual or visual impairments
- Provide an ICT-based medical care system to patients who are unable to visit hospitals due to disasters or residence in remote areas
- Improve the health and life of patients with spinal cord injuries

Approach to social issues (Output indicators)

The funds raised were used as capital investment to meet market needs in manufacturing medical devices, pharmaceuticals, and cellular medicines. Please note that there is a time lag before the invested facilities become operational and the manufacturing capacity increases.

Percentage increase in the quantity of medical devices manufactured*1	After the launch of a new production line, the production volume of dialyzers at the Odate Plant increased; however, the production volume of consumables, such as needles for injection and dialysis, decreased. Consequently, the overall manufacturing performance of medical devices for the domestic market has leveled off at 100% YoY.
Percentage increase in the quantity of in-house brand generics manufactured*2	The manufacturing performance has decreased to 80% since the previous year due to the withdrawal of unprofitable oral and topical drugs from the market.
Manufacturing capacity of cellular medicines	Since the establishment of Sapporo CPF, the manufacturing capacity for cellular drugs has remained at the same level (250 units).

Outcome of improvement of issues (Outcome indicators)

Percentage increase in the quantity of medical devices sold*1	The sales performance has decreased to 99% of the previous year due to the decreased sales of consumables such as dialysis needles and syringes.
Percentage increase in the quantity of in-house brand generics sold*2	The sales performance of oral drugs has increased to 111% compared to the previous year due to the increased sales of Nexium AG.
Quantity of cellular medicines sold	The sales volume of cellular drugs has reached 52 units, with an increased volume delivered to hospitals due to the mitigation of the impact of COVID-19.

*1 Percentage increase in the quantity of medical devices manufactured and sold was calculated by selecting the main products, dialyzers, blood circuits, dialysis needles (AVF), winged needles (PSV), and syringes. In order to align the different unit bases, the quantity was calculated as a weighted average of unit price and compared to the previous year.

*2 Percentage increase in the quantity of in-house brand generics manufactured and sold was calculated as a weighted average of unit price to align the different units of oral, injectable, and topical formulations compared to the previous year.



Social Bond Reporting

Investment Status of Social Bonds and Loans



Medical-Related Business
(Global)

Related SDGs



Main businesses

We develop, manufacture, and sell medical devices overseas. In addition, we sell pharmaceutical products, and also open and operate dialysis centers and training centers. Our main medical device products are dialysis products; however, we also provide products for treating various diseases and products with safety measures. Pharmaceuticals provide dialysis solutions used in dialysis treatment. Dialysis centers are specialized clinics that provide dialysis treatment to patients. Training centers are training facilities for healthcare professionals in dialysis treatment techniques and provide an improved on-site medical environment by incorporating feedback and requests obtained during the training into product and technology improvements.

Target social issues

- Help life support, health improvement, and quality of life for patients requiring dialysis
- Prevent medical accidents such as needlesticks, foreign substances/bacterial contamination, and reduction of the burden on healthcare workers
- Provide medical facilities to patients living in remote regions in emerging countries
- Provide advanced medical care to patients living in urban areas in developing countries
- Provide therapeutic equipment, examination products, and infection control products that can prevent the spread of infectious diseases

Approach to social issues (Output indicators)

The funds raised were used for capital investment to meet the market needs in the manufacturing of medical devices. Please note that there is a time lag before the invested facilities become operational and the manufacturing capacity increases.

Percentage increase in the quantity of medical devices manufactured* ³	New dialyzer production lines became operational at the Hefei and Odate Plants. In addition, the increased demand for dialysis needles triggered a production ramp-up, resulting in a 102% YoY increase in the manufacture of medical devices for overseas markets.
Dialysis Center patient capacity* ⁴	The capacity of dialysis centers has decreased to 93% from the previous year; this is due to the closure of 13 facilities, mainly in Africa, by the end of this fiscal year.
Number of training centers	A total of 10 training centers were added in Nigeria and China during the fiscal year, bringing the total number of training centers to 37 worldwide.

Outcome of improvement of issues (Outcome indicators)

Percentage increase in the quantity of medical devices sold* ³	Sales of dialyzers were high in Western countries and Asia. Dialysis needles and blood circuits also witnessed an increase, leading to a 101% YoY increase in sales.
Number of patients treated at Dialysis Centers* ⁴	The number of patients treated at dialysis centers decreased to 52% of the previous level due to the termination of the contract in India.
Number of training center users	37,335 healthcare professionals have received training, totaling 37,335 man-days at training centers in 37 locations worldwide.

*³ Percentage increase in the quantity of medical devices manufactured and sold was calculated by selecting the main products, dialyzers, blood circuits, dialysis needles (AVF), winged needles (PSV), and syringes. In order to align the different unit bases, the quantity was calculated as a weighted average of unit price and compared to the previous year.

*⁴ Number of dialysis centers and patients treated at dialysis centers was calculated as the percentage yearly increase.



Social Bond Reporting

Investment Status of Social Bonds and Loans



Pharmaceutical-Related Business

Related SDGs



Main businesses

We are a contract manufacturer of ethical drugs licensed by domestic and overseas pharmaceutical companies. We have manufacturing facilities in Japan, the U.S., and Europe that are GMP-compliant in each of the three regions. The company can manufacture a wide range of products, including injectable, oral, and external dosage forms, from small-lot study drugs to mass production after launch. We also develop formulations, such as orally disintegrating tablets, as well as slow-release and transdermal-absorption formulations. We can manufacture pre-filled syringes and double-chamber bags, which are combination products with medical containers. We also handle contracted inspection and packaging processes for products licensed overseas, where pharmaceutical companies sell pharmaceutical products formulated overseas after inspection and packaging in Japan.

Target social issues

- Contribute to a stable supply of pharmaceuticals by supporting a wide range of dosage forms and production scales
- Contribute to healthcare cost reduction by reducing manufacturing costs through a collective contract of manufacturing pharmaceuticals for many companies

Approach to social issues (Output indicators)

The procured funds were used as capital investment in the contract manufacturing of pharmaceutical products to meet the market needs. Please note that there is a time lag before the invested facilities become operational and the manufacturing capacity increases.

Percentage increase in the quantity of contract drugs manufactured*⁵

The measures taken for quality improvement in manufacturing plants prevented these plants from keeping up with customer orders, resulting in an 87% YoY decrease in the manufacturing volume.

Outcome of improvement of issues (Outcome indicators)

Percentage increase in the quantity of contract drugs shipped*⁵

Despite the launch of several new contracted projects, the number of orders for existing products decreased, resulting in a 91% YoY decrease in manufacturing volume. This was due to a product lineup reorganization implemented by the suppliers and the termination of contract manufacturing.

*⁵ Percentage increase in the quantity of contract drugs manufactured and shipped was calculated as a weighted average of unit price to align the different units of oral, injectable, and topical formulations compared to the previous year.



PharmaPackaging Business

Related SDGs



Main businesses

We develop, manufacture, and sell pharmaceutical packaging containers and glass tubing, the raw materials for pharmaceutical packaging containers.

For pharmaceutical packaging containers, we provide molded components such as vials, syringes, rubber stoppers, and devices used to administer pharmaceuticals. Packaging containers can be customized to meet the quality requirements of products ranging from general pharmaceutical products to biopharmaceuticals and nucleic acid drugs. The raw materials, glass tubing, is a glass material that meets the standards for primary pharmaceutical glass containers specified in the Japanese, U.S., and European Pharmacopoeias. We sell glass tubing to Japan as an agency of Nippon Electric Glass Co., Ltd. We manufacture our own glass tubing in the U.S., France, India, and China and sell it worldwide.

Target social issues

- Provide essential products for pharmaceutical manufacturing, contributing to a stable supply of pharmaceuticals and labor saving in the formulation process
- Reduce the burden on healthcare professionals by developing products that meet the needs of the medical field
- Contribute to the reduction of medical accidents such as mix-ups and contamination of foreign substances by creating kits of pharmaceutical products

Approach to social issues (Output indicators)

The procured funds were used as capital investment to meet the market needs of manufacturing pharmaceutical packaging containers. Please note that there is a time lag before the invested facilities become operational and the manufacturing capacity increases.

Percentage increase in the quantity of products manufactured*⁶

The increased demand for high value-added products in Europe resulted in a 101% YoY increase in manufacturing volume.

Outcome of improvement of issues (Outcome indicators)

Percentage increase in the quantity of products sold*⁶

The decreased demand for some components of syringes contributed to a 94% YoY decrease in sales volume.

*⁶ Percentage increase in the quantity of products manufactured and sold was calculated as a weighted average of unit price to align the different units of ampoules, vials, and syringes, which are the main products, compared to the previous year.

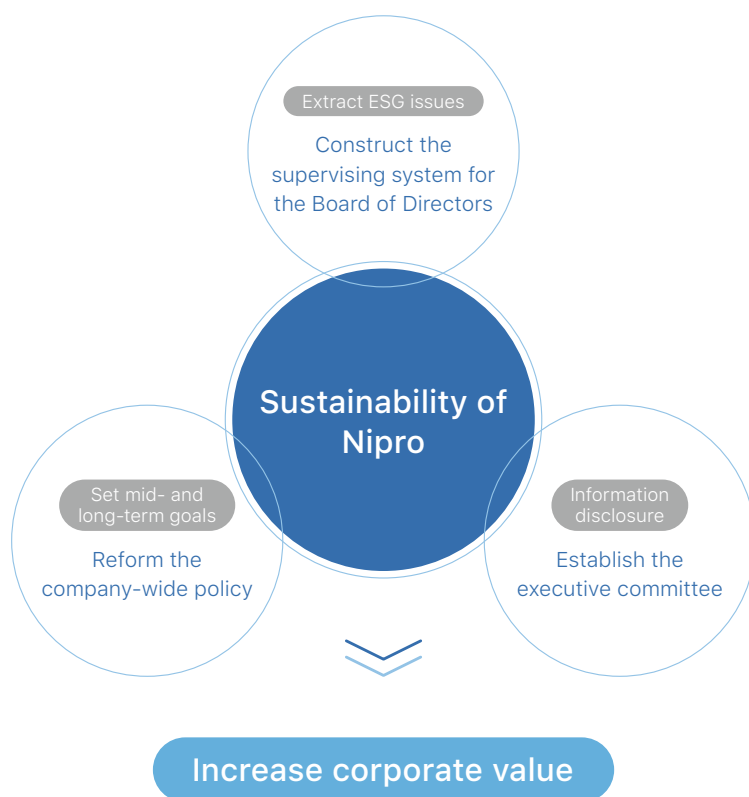


Management Foundation

Sustainability of Nipro

Basic attitude

The Nipro Group is working to promote sustainability management to resolve various social issues through business.



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- Environment
- Human Resources Strategy
- Research and Development Activities
- Intellectual Property Investment

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Sustainability promotion system

The Sustainability Committee is divided into the Environment Committee, Social Committee, and Governance Committee. They manage and promote the ESG initiatives in each business division (all group companies).

The status of management and promotion is put on the agenda of the Board of Directors every quarter or so. Accordingly, the strategy is discussed, guidance is provided, and KPI setting and its progress are deliberated upon. The contents are relayed to the business division through each committee.

Sustainability promotion system





Management Foundation

Sustainability of Nipro

Cases of sustainability-related initiatives

Case 1 Initiatives to reduce greenhouse gas emission

CO₂-free energy power at production bases

The Nipro Group is taking multiple steps to achieve net zero greenhouse gas (GHG) emissions by 2045 in Scope 1 and 2, which cover our direct emissions.

One such step involves switching to the use of power derived from renewable energy at domestic and overseas plants. In particular, the Kondo Plant of Nipro Medical Industries Ltd. (Japan), a domestic group company, switched to the use of power derived from 100% renewable energy from fiscal 2022. The Izumi Plant of Zensei Pharmaceutical Co., Ltd. also started doing the same from fiscal 2022.

To achieve net zero GHG emissions in Scope 1 and 2 in 2045, the Nipro Group will continue to actively work on reducing GHG emissions, including a switch to renewable energy, in the future.



Kondo plant



Izumi plant

▶ Ratio of renewable energy* power ratio in the energy consumption

11.9%

(Results in fiscal 2024)

* Renewable energy: Power derived from permanently usable energy, such as sunlight, wind, and hydraulic power

Application of Non-Fossil Certificate

The Nipro Group is reducing its GHG emissions by utilizing a Non-Fossil Certificate that reflects the CO₂-free environmental value of renewable energy power.

Private generation of energy

In order to carry out continuous business activities, the Nipro Group is privately generating energy for production activities at multiple plants. Some bases have solar panels and private power generation facilities. In particular at the Odate Plant of Nipro Pharma Corporation (Japan), a "biomass boiler" has been in operation since fiscal 2012; in this boiler, thinned wood chips are burned instead of fossil fuels to turn a turbine to generate power. This initiative is a joint public and private-sector project driven by Odate City (which has maximized the use of unused thinned wood by establishing a woody biomass processing and distribution business) and Nipro Pharma. The Nipro Group is making efforts to contribute to the creation of a sustainable community by participating in this project.

▶ Effect of reducing GHG emissions

Reduced 65,100 t-CO₂

(Results in fiscal 2024)



Biomass boiler, Nipro Pharma Odate Plant

▶ Effect of reducing GHG emissions

Reduced 3,905 t-CO₂

(based on the results in fiscal 2024, conversion to LNG)



Management Foundation

Sustainability of Nipro

Case 2 Utilization of all-oxyfuel combustion technology for manufacturing glass tubing



At the Nipro PharmaPackaging France Aumale Plant, GHG emissions have been reduced by utilizing all-oxyfuel combustion technology for the new glass tubing furnace that began operation in October 2022. All-oxyfuel combustion involves burning a fuel using only oxygen, which increases the heating efficiency of the furnace. As a result, energy efficiency is increased, and fuel usage can be reduced. With this glass tubing furnace, the use of city gas was reduced from 1,080,000 Nm³ (achieved using the conventional combustion method) to 600,000 Nm³ in a year, reducing GHG emissions by 984 t-CO₂ equivalent. The Nipro Group will promote further introduction of all-oxyfuel combustion technology to improve production efficiency and reduce GHG emissions.



The Aumale Plant, Nipro PharmaPackaging France

► Effect of reducing GHG emissions

Reduced **984 t-CO₂**

(based on the results in fiscal 2024, conversion to city gas)

Case 3 The Nipro Group companies were certified as "Great Place to Work"



Nipro Europe Group Companies in Belgium (NEGC) and Nipro Pharma Packaging India (NPH) were certified with the Great Place to Work 2023-2024. This is a certification issued by international organization Great Place to Work®, which assesses employees's satisfaction at the workplace by means of anonymized employee questionnaires. It is a perfect tool for the management teams of organizations to reflect on how to improve the workplace for their employees, which in turn fosters an environment stimulating productivity and performance. NEGC scored particularly high on fairness as well as its facilities and overall working environment. At NPH the culture of "Safety First" and the employee well-being initiatives were highly rated. Both companies were certified as a Great Place to Work two years in a row and aim to continue making the Nipro Group a better "Great place to work."



Certification Party at NPH (the Pune Plant)



Certification Party at NPH (the Meerut Plant)



Management Foundation

Environment

Information disclosure based on TCFD

The Nipro Group recognizes that climate change is a significant issue that greatly affects business continuity. The Nipro Group agrees with the suggestions of the Task Force on Climate-related Financial Disclosures (TCFD), made in June 2023, and will expand information disclosure following the framework proposed by TCFD.

■ Governance

In the Nipro Group, the President serves as a supervising officer of climate change issues. Our CFO was designated as chairman of “the Environmental Committee” by the President and manages and supervises the initiatives for climate change issues at the Nipro Group.

In the Environmental Committee, the persons in charge of climate change issues in each business division serve as committee members who identify the impact of climate change on the Nipro Group and examine the policy initiatives and specific measures. The measures examined by the committee are put on the agenda of the Board of Directors through the chairman of the committee and deliberated as a significant management issue of the Nipro Group.

The Nipro Group makes a quick decision on the management related to climate change issues by introducing the aforementioned committee system and improves the system to work on the measures.

■ Strategy

The impact of climate change on the Nipro Group is divided into the following two types: one is related to the “transfer” caused by political impact generated in the course of societal change toward carbon neutrality and establishment of new technologies as well as the change in market needs; the other is related to “physical change” such as frequent abnormal weather caused by increasing global warming, occurrence of subsequent disasters, and higher average temperatures. The Nipro Group, a comprehensive medical manufacturer, analyzes these impacts from the perspective of each business division, identifies risks and opportunities, and incorporates them into the business strategy. The following page describes a part of our strategy.

■ Risk management

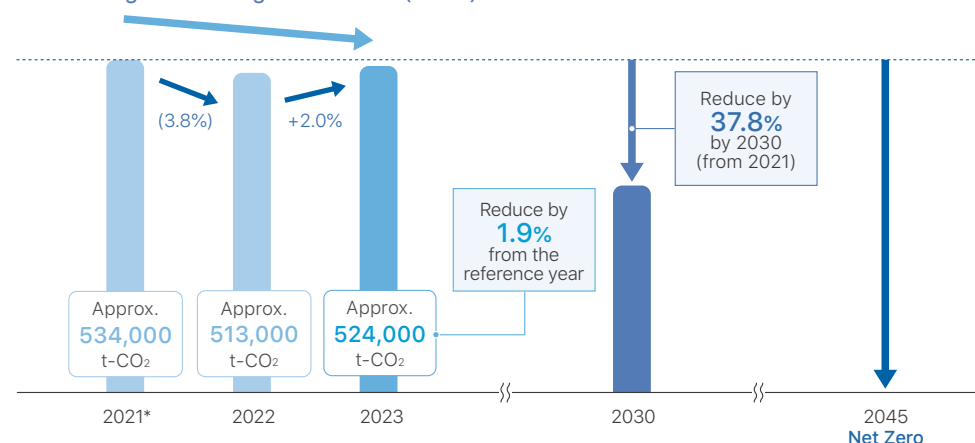
The Nipro Group has formulated the “Regulations on Disaster Prevention and Crisis Management” and “Regulations on Compliance Promotion” to accurately grasp management risks that could have major impacts on the business—including climate-related risks—and to make efforts for appropriate corporate management. In addition, if the estimated risk exceeds a certain threshold, the Board of Directors is engaged to promptly make decisions regarding risk management.

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■ Index and goals

The Nipro Group decided the volume of greenhouse gas emissions (unit: t-CO₂) as an index for the evaluation and management of risks related to climate change. Furthermore, to promote the reduction of greenhouse gas emissions, the Nipro Group aims for Net Zero in Scope 1/2 by 2045. As an interim goal, the Nipro Group aims for a reduction of 37.8% in Scope 1/2 by 2030 compared to 2021. GHG emissions in 2022 were approximately 513,000t-CO₂ with the application of Non-Fossil Certificate, and the reduction rate from the previous year was 3.8%. The interim goal of reducing 4.2% annually was not achieved, thus we increased the amount purchased of Non-Fossil Certificate in 2023. However, due to the start of operation of new facilities and the increased production, emissions in 2023 were 524,000 t-CO₂, which increased 2.0% from the previous year. We aim to reduce more by purchasing more renewable energy and Non-Fossil Certificate next year.

Volume of greenhouse gas emissions (t-CO₂)

* Reference year



Management Foundation

Environment

▷ Results of scenario analysis

Risk

Category	Risk items	Impact on business	Degree of impact	Period	Measures
Transfer risk (1.5°C scenario)	Increase in carbon price	Increase in the costs of energy and raw materials at plants and business offices due to introduction and reinforcement of carbon tax.	Major	Mid-term	Implementing energy-saving measures and promoting renewable energy usage to reduce GHG emission volume at production bases where a large volume of GHG is emitted through operations.
	Change in customer behavior due to increasing environmental awareness	Decrease in sales due to loss of sales opportunities and decreasing demands. As the demand for environmentally friendly products increases, it is difficult to switch to alternative materials.	Moderate	Long-term	We are reducing GHG emissions by making existing products smaller and lighter and production processes more efficient. We have simplified packaging while securing quality and changed the packaging material to low-carbon materials for some products. We will further develop products using environmentally friendly materials and use low-carbon materials for product packaging.
Physical risk (4°C scenario)	Occurrence of disaster due to abnormal weather	Decrease in supplied quantity due to the damage caused by disasters to production facilities, logistical problems caused by disasters, and stagnating supply of materials when abnormal weather increasingly causes the occurrence of disasters.	Major	Long-term	Formulating, maintaining, and managing BCP assuming abnormal weather. Constructing the production bases and implementing measures for disasters after considering the system for various disaster risks (having private power generation facility, stockpiling energy and food, having a sufficient stock of raw materials).

Opportunity

Category	Opportunity items	Impact on business	Degree of impact	Period	Measures
Efficiency of materials	Reducing indirect expenses through efficient logistic processes	Leading to cost reduction by strengthening control of the amount of materials and logistics processes and opportunities to implement efficient transportation and improvement in quality.	Moderate	Mid-term	Reviewing the logistics route and transport fees in Japan and overseas, placing logistics bases at appropriate locations, and maintaining the appropriate amount of stock. The appropriate amount of stock contributes to reducing the expenses for storage and transport and amount of disposal.
Products and services	Increase in supply volume to respond to the demands of consumers	Increase in opportunities to provide products that respond to greater interest and demand for infection prevention among consumers. This demand has arisen after the outbreak of new infections or long-term disease trends associated with climate change.	Great	Long-term	To fulfill the responsibility of supplying products to clinical settings during the expansion of demand for the related products, establishing a system for quickly increasing production volume, and supplying products to respond to the globally expanding demands by determining the level of stock of products that is decided to be necessarily higher than that for other products.
Products and services	Increase in demand of products to respond to greater environmental awareness	Leading to an increase in the sales of home care products, which is motivated by greater demand for home care products that do not emit GHG associated with transport.	Minor	Long-term	Promoting research and development while gathering information on customers' demands.

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Management Foundation

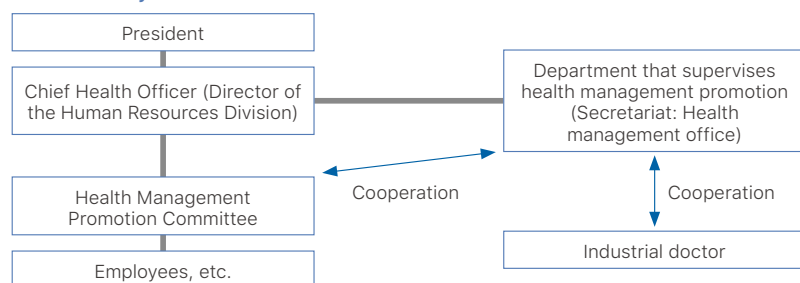
Human Resources Strategy

“Willingness” is the corporate creed of the Nipro Group. Working on all activities with “willingness” is fundamental for employees. We aim to establish an environment wherein employees from diverse backgrounds can achieve their goals so that we can firmly maintain the corporate culture of giving opportunities to all personnel with willingness.

Promotion of Health Management

Nipro is promoting health management to realize the management philosophy of “supporting the health of people around the world and contributing to society.” Health management aims to improve employees’ health in a company that supports healthcare, enhances productivity, and contributes to society through sustainable growth. To achieve these objectives, the Health Management Promotion Committee was organized, headed by the executive in-charge of the Human Resources Division, and various issues were discussed with members selected from each division. The Committee is taking steps such as holding seminars to enhance employees’ health literacy and introducing health apps regarding particularly significant issues, such as smoking cessation, mental health, and the activation of workplace activities. Moreover, we strive to establish a system through which employees can seek health advice and improve their daily support by cooperating with industrial health professionals such as industrial physicians in each region.

Promotion System



Initiatives for enhancing employee engagement

The Nipro Group promotes the FISH! philosophy as action guidelines for working people. The FISH! philosophy consists of four principles: “Choose Your Attitude,” “Play,” “Be There,” and “Make Their Day.” In the concept, people are inspired to be “willing to work” and create a comfortable and vibrant workplace environment by involving people around them and acknowledging their ideas. The Nipro Group has also been promoting the use of the FISH! philosophy company-wide and holds an in-house event, “FISH Festival/ FISH Award,”

to introduce and recognize FISH activities at each business office/plant, etc. Based on these initiatives, we aim to further disseminate the FISH! philosophy, facilitate communication among employees, and improve workplace environments.



Nipro Group Mutual Aid Association

The Nipro Group Mutual Aid Association operates for the purpose of mutual aid of members, improving the culture and health of members, and promoting mutual friendship between members. Further, the Association contributes to stimulating social interactions between members, promoting health through various event activities at branches established in each business office, and implementing nationwide sports events.

As a unique system, the Association provides subsidies for expenses for complete medical checkups, lifestyle disease prevention screening, gynecological screening, and smoking cessation outpatient visits; supports members who have taken long-term absence from work for family care and childcare with benefits; and provides subsidies for expenses for members who are receiving fertility treatment.

It has a system where members can use sports facilities, childcare, and nursing care services, among others, at preferential prices. Also, the “Cafeteria Plan” system is adopted for further assistance with health, childcare, and nursing care. It contributes to maintaining mental and physical fitness according to the needs of individual employees and supports the balance between work and family life. Thus, the Association aims to improve employee satisfaction.

Completion of construction of the new head office of Nipro Pharma Corporation

In the new building completed in March 2023, we have allocated spaces to further activate the communication among employees, such as a co-creation space and relaxation room with the concept of “encountering, connecting, and creating,” being aware of the FISH! philosophy.





Management Foundation

Human Resources Strategy

Appointment of positions with transparency and promotion of personnel exchanges within the Group

The Nipro Group is working on personnel promotion free from the order of seniority under the company creed "Willingness" to achieve Group sales of 1 trillion yen for the fiscal year ending March 2031. By renovating the personnel system and clarifying the criteria for promotion, more transparent personnel treatment has been implemented, improving the willingness of all employees. We will further expand the internal job-posting system in the future to enable employees to come forward for personnel transfer in anticipation of career development within the Nipro Group. Essentially, we aim to remove the barriers to personnel transfer and allocate the right person to the right job, beyond the borders of companies by unifying the personnel system within the Group.

Cultivating language skills and supporting self-development learning

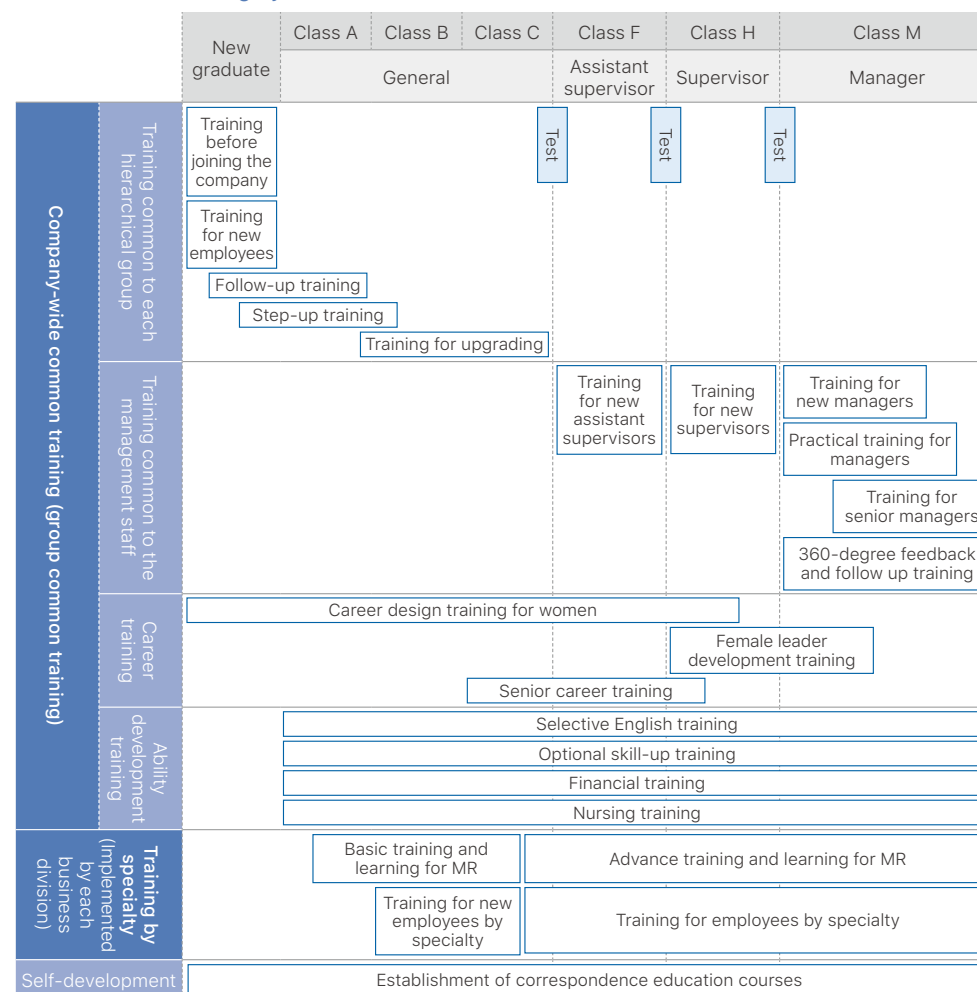
Acquiring language abilities other than Japanese is essential to face the global market of 8 billion people in the borderless era. Therefore, we provide English education programs to selected employees and create opportunities to enhance their language skills. In these programs, we also work on fostering a global mindset by providing group lessons of English conversation in which trainees connect with other trainees around the world in real time as well as holding training events that deepen the understanding of different cultures. Additionally, employees can freely apply for self-development learning on a topic that meets their needs in the *a la carte* style. In addition to the language education described above, we hold DX-related courses, computer skill courses, and various other skill development courses throughout the year. Therefore, employees with motivation can improve their own skill level by voluntarily attending the courses, and the company will cover the training fees for those who have completed such courses.

Stratified education for young employees and employees promoted to management positions

The Nipro Group focuses on expanding training for young employees. In addition to the existing training, we newly introduced step-up training for second-year new employees and incorporated many programs that help them deepen communication with peers who joined the company in the same year; this not only enhances knowledge but also leads to increased motivation and decreased turnover rate. We also provide stratified education to management positions in the first year of appointment or at an early stage, so that they can understand their work mission and increase engagement with the company. Current fiscal year, to improve engagement and the work environment with high psychological safety, we positioned "reinforcement of management" as a priority issue and introduced the reinforcement of training for managers and 360-degree feedback. We will continuously strive to ensure that all managers face multifaceted and more objective feedback, and draw

up and implement action plans for the future. Thus, we aim to create an organization where all employees can work energetically.

Education and Training System





Management Foundation

Human Resources Strategy

Promotion of active participation of women

In the Nipro Group, we aim to provide a comfortable work environment for all employees regardless of gender. Particularly, we are making an energetic effort to promote women's active participation and support the development of the next generation. Nipro has set specific goals of increasing the proportion of women in management positions to 10% or more by 2027. Moreover, we set the proportion of male employees taking childcare leave to 30% or more; since we have achieved this goal, we are now aiming at 45% or higher as the next step. To do so, we are taking various measures for female employees selected as candidates for future managers and their superiors, such as providing female leader-development training to foster a positive mindset of aiming to be a leader, holding roundtable discussions with female managers, and implementing career-design training for women to develop a career in which they can work vibrantly and energetically without frustration.

PICK UP

Support for childcare employees

The Nipro Group provides careful support to employees who have returned to work after childcare leave. We support the balance between work and childcare by allowing short working hours until children reach the 6th grade of elementary school, which prevents turnover. In addition, in-house nursery centers have been established in Akita, Mie, and Shiga prefectures to contribute to the early reinstatement of employees. We also encourage male employees to take childcare leave, and the number of male employees who have taken leave has dramatically increased over the last few years. In addition, we have established maternity leave and nursing leave for male employees, apart from childcare leave. Therefore, this study focused on childcare support.



Odate City, Akita
(Nipro Odate Plant,
Nipro Pharma Odate Plant)



Matsusaka City, Mie
(Ise Plant, Nipro Pharma
Corporation)



Kusatsu City, Shiga
(NIPRO Life Science Site)

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Promotion of active participation of senior human resources

A decrease in the working population due to a declining birth rate and an aging population is an unavoidable issue in Japan. Nipro extended the mandatory retirement age to 65 on October 1, 2022, to secure labor and enhance senior engagement. We prevent early retirement by guaranteeing the employment of senior employees, extending the mandatory retirement age, and introducing senior career training. Thus, we foster positive career self-reliance, support the handing down of knowledge and technology to younger generations, and contribute to the Nipro Group's development.

Support for caregivers

The fact that employees of the working generation become caregivers is a problem that cannot be avoided because of nuclear families. The Nipro Group has a system in which the period of nursing care leave is significantly longer than that stipulated by law, and short working hours and telework are available. These efforts have contributed to the prevention of nursing care turnover.

Flexible work style—Flex system, telework system, staggered working hours system

The flex system has been introduced in some job types to realize a work style that has flexible working hours and contributes to maintaining mental and physical health. In addition, we have introduced a telework system, a work style not restricted to a space, using the COVID-19 pandemic as an opportunity. Thus, we attempted to improve labor productivity while improving mental care. However, since we think that innovation will be generated through face-to-face communication, we set a maximum limit for the frequency of teleworking and required employees to work at the office two days a week. Furthermore, we introduced a staggered working hours system for up to 60 minutes which contributed to improving work-life balance.



Management Foundation

Human Resources Strategy

PICK UP

Various systems to realize work-life balance

- Maternity leave
- Long-term absence from work for childcare
- Childbirth leave system for male employees
- Long-term absence from work for childcare for male employees
- Short working hours system for childcare
- Staggered working hours system
- Menstrual leave
- Hospital visit leave during pregnancy
- Maternity health checkup leave
- Morning sickness leave
- Birth support leave
- Child nursing leave
- Long-term absence from work for nursing care
- Nursing care leave system
- Short working hours system for nursing care
- Medical checkup leave
- Job Return Program for resigned employees
- Telework system
- Flex system
- Opening of nursery centers in the business offices (3 centers in the Group)

[Related to the Mutual Aid Association]

Various support systems: subsidies for fertility treatment, benefits for reinstatement from childcare leave, and subsidies for gynecological screening

Maternity celebration system, childbirth celebration system, breast cancer self-check support system, etc.

Job Return Program

To make the most of the know-how cultivated in Nipro, we introduced a system that allows those who resigned from the company due to unavoidable reasons such as transfer of the spouse, childcare, or nursing care to re-join the company after the circumstance is resolved. Employees can use this system to dedicate themselves to issues at home with peace of mind. After the issues are resolved, they can re-join the company, which contributes to harmonization between work and home life.

Safety and health

The Nipro Group aims to establish a safe and hygienic working environment by complying with laws and regulations related to health and safety and in-house regulations, setting a basic policy to eliminate industrial accidents, prevent diseases, maintain and promote health, and ensure safety and health management.

Data

		Fiscal 2022	Fiscal 2023	Fiscal 2024	Goals
Promoting Health Management					
Employee smoking rate (%)	*1	22.6	21.5	22.5	15.0
Improve Employee Engagement					
Employee work engagement**3	*1	51.1	51.1	48.3	55.0
Diversity and inclusion					
Percentage of female employees (%)	*1	26.3	27.2	28.3	—
	*2	33.2	32.2	34.2	—
Percentage of female managers (%)	*1	4.3	4.7	4.8	10.0
	*2	5.8	6.5	7.5	10.0
Percentage of female employees taking long-term absence from work for childcare (%)**4	*1	100	100	100	100
	*2	100	100	100	100
Percentage of male employees taking long-term absence from work for childcare (%)**5	*1	16.7	28.2	36.6	30.0
	*2	12.8	27.3	39.8	30.0
Employees with short working hours for childcare	*1	97	105	131	—
	*2	249	280	313	—
Support to Caregivers					
Employees with short working hours for nursing care	*1	3	2	0	—
	*2	10	10	7	—
Employees taking long-term absences from work for nursing care	*1	6	5	1	—
Employees' health and safety					
Frequency of work accidents	*1	0.49	0.35	0.82	0.16
	*2	0.72	1.01	1.50	—
Work accident severity rate	*1	0.010	0.015	0.028	0.005
	*2	0.009	0.014	0.025	—

*1 Scope: Nipro Corporation

*2 Scope: Nipro Group (Domestic Companies)

*3 Employee work engagement represents a positive psychological state toward an individual's work and is indicated by a deviation value.

Please note that changes have occurred in the scope of the fiscal 2024 survey.

*4 (Number of female employees who took childcare leave during the relevant fiscal year / Number of female employees who gave birth during the relevant fiscal year) x 100

*5 (Number of male employees who took childcare leave out of number of male employees whose spouses gave birth during the relevant fiscal year / number of male employees whose spouses gave birth during the relevant fiscal year) x 100



Management Foundation

Research and Development Activities

Contributing to Innovation in Medical Care through Original Technologies and Ideas

The Nipro Group has seven research and development sites, centered on the Research and Development Institute and Pharmaceutical Research Laboratories in Japan and the U.S. We continually address the needs and issues of medical professionals and patients as we work to develop and provide high-value-added products.



01 Research and Development Institute

Number of employees

267



Research themes

- Cellular and regenerative medicine products
- Orthopedic surgery-related products
- Dialysis-related and general medical devices
- Circulatory organ- and intervention-related products
- Artificial organs
- Test and diagnosis-related products
- High-performance medical containers
- Medical glass products
- Software as a Medical Device

Status of industry-academia collaboration

Implementation of research aimed at the joint development and early realization of new products, in collaboration with universities and research institutions throughout the world.

02 Pharmaceutical Research Laboratories

Number of employees

159



Research themes

- Injectable drugs
- Oral drugs
- External-use drugs
- Biosimilar drugs
- High-performance medical drugs

Status of industry-academia collaboration

Research activities concerning API, continuous manufacturing technology, bioequivalence studies and new application of broad-spectrum disinfectants collaborate with universities and/or research institutions.

03 Production Technology Center

Number of employees

69



Research themes

The establishment of new production technology and the design and development of equipment to increase production, in order to enhance productivity.



04 Regenerative Medicine R&D Center

Number of employees

30

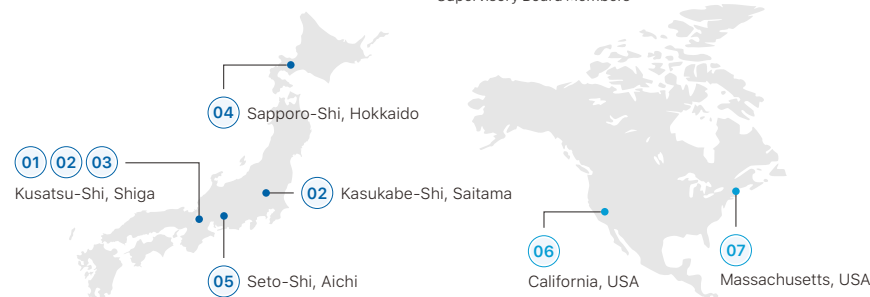


Research themes

We develop manufacturing equipment and consumables to realize regenerative treatments using autologous bone marrow cells for spinal cord injury and other disorders, as well as to manufacture new investigational drugs.

Status of industry-academia collaboration

We signed a license agreement with Sapporo Medical University regarding joint research on drugs for spinal cord injury and other diseases, as well as regenerative medicine.



05 Goodman Medical Innovation Center

Number of employees

66



Research themes

- Catheters and accessories for cardiac and circulatory organ inspection and therapy
- Catheters and stents for cerebral blood vessel therapy
- Vascular access catheters

Status of industry-academia collaboration

- Implementation of research in collaboration with Hiroshima University

06 AVANTEC VASCULAR CORPORATION

Number of employees

41



Research themes

- Vascular retrieval system
- Neurovascular/peripheral coils
- Peripheral Atherectomy
- Specialty coronary/peripheral DES
- Venous Thrombectomy

07 Infraredx, Inc.

Number of employees

71



Research themes

- Novel coronary and peripheral intravascular imaging technologies—NIRS, IVUS and among others
- AI-based detection algorithms
- Plaque characterization algorithms

Status of industry-academia collaboration

- University of Tokyo
- Imperial College London
- Queen Mary University London
- UCLA Medical Center, Los Angeles, CA
- German Heart Center Munich and Technical University Munich, Munich, Germany
- Stanford Health Center, Palo Alto, CA
- Mount Sinai School of Medicine, New York, NY



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Research and Development Activities

The activities for research and development (R&D) of medical devices and drugs are mainly conducted by our company at NIPRO Life Science Site in Kusatsu City, Shiga Prefecture. For overall R&D, we have a management policy to increase capital efficiency of the entire business by establishing internal standards based on the future cash flows to limit R&D to those that drive growth and profitability.

In the medical-related business, by effectively utilizing management resources and our unique technology, we work on investing safer and more valuable products from the user perspective, such as next-generation safety blood sampling needles. As well as improving the quality of life (QOL) of healthcare professionals and creating and enhancing new medical products, we will focus on conducting profitable research and development.

In the pharmaceutical-related business, we are developing high-quality generic drugs, targeting brand-name drugs in various disease areas and dosage forms to meet the needs for drug costs reduction and to improve the quality of medical care. We are also focusing on the development of value-added products, such as orally disintegrating tablets, which are easy for patients to consume, and kit preparations that are easy to handle in medical settings.

The total R&D cost for the current consolidated fiscal year is 20,846 million yen, and the R&D activities for each segment are as follows:



1. Medical-related Business

The following R&D activities are conducted mainly at the Research and Development Institute and Enzyme Center. The R&D cost for Medical-related Business is 11,260 million yen.

① General-purpose Medical Devices

We developed the Nipro PICC Catheter Kit f (fortetto) using a guide stylet to achieve easy-to-insert and safe high-pressure injection of contrast agent for Central Venous (CV) catheter insertion from a distant (peripheral) site from the center of the body (heart), such as the upper arm. Additionally, we developed a urine bag with a closed-type measuring bottle with a shape suitable for a low-floor-type urine bag, and the volume was increased from 200 to 350 mL.

② Intervention-related Products

We marketed E-Dive using balloon catheter technology for circulatory organs that delivers a balloon through the channel of the endoscope with a balloon for the treatment of gastrointestinal stenosis. We developed a wire-guide-type balloon catheter that is passed through the stenosis site in combination with a guidewire in the event of severe stenosis of the lower gastrointestinal tract. We also developed a catheter for removing foreign substances that easily collects foreign substances with the basket at the tip in the event of generation of

foreign substances due to rupture of a guidewire at the time of treatment of peripheral blood vessels of the lower limb or shunt.

We also developed a super-high pressure-resistant balloon, VASOPEN, to expand hard lesions due to calcification of peripheral or shunt blood vessels or thickened tissue with a pressure of 30 atm or more.

③ Artificial Organ-related Products

We developed an arterial filter-integrated oxygenator with good operability and coating to prevent platelet adhesion. We also developed a transparent packaging material for dialyzers with better visibility and openability than previous aluminum packaging materials.

④ Diagnostics, Test Agents, and Enzyme Products

We developed a test kit that enables testing of the COVID-19 antigen and influenza A/B at the same time, and also a measuring reagent with which organic solvent examination, an essential item in special health examinations, is easily conducted. Furthermore, we developed three new enzymes that could be used as reagents for hippuric acid and total hippuric acid.

⑤ Functional Pharmaceutical Packaging Containers

We developed a non-gas endospray with improved shaft rigidity and bending workability of the flexible part, which enables adjustment of the tip angle of the spray during laparoscopic surgery for KM Biologics.

⑥ Surgical Devices

We developed RENERVE SLIT, which is an additional variety of nerve conduit, RENERVE, and used for partial nerve injury.

⑦ Endoscope-related Products

We developed a bent sheath, thin-diameter endoscope, brush, and forceps for transsacral canal plasty (TSCP), a minimally invasive treatment using an endoscope in the plastic surgery area.

⑧ Cell Therapy Products

We developed a collection tube for Oligozoospermia "SFNT-P" that enables the collection of sperm of patients with low sperm counts by centrifugal concentration. We also developed a "waste liquid bag" to collect waste liquid generated during cell production for the Nikon CeLL innovation.



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Research and Development Activities

⑨ Regenerative Medicine Division

The manufacturing and marketing of STEMIRAC, a regenerative medicine product, began in 2019 under conditional and time-limited approval.

This STEMIRAC is subject to approval application based on investigation of comparing the results of use based on this condition and effectiveness and safety verification within the approval period (7 years).

We expect to receive this approval by December of 2025 as originally planned.

In July 2023, we initiated a corporate clinical trial for chronic spinal cord injury.

By expanding the indication of STEMIRAC to cover not only subacute but also chronic spinal cord injury, we are aiming for early commercialization so that STEMIRAC can be delivered to those in need of treatment.

⑩ Division of Medical Training

iMEP (medical training division) is celebrating the 10th anniversary next fiscal year and is now preparing for a new training program. iMEP in Belgium, established six years ago, newly created an X-ray training room, expanded the training plan of PTA/PCI, performed live broadcasting to the African area, and provided AVF&AVG training. Thus, they have contributed to increasing the recognition of Nipro brands through high-quality medical training.

2. Pharmaceutical-related Business

The following R&D activities are mainly conducted at the Pharmaceutical Research Laboratories. The R&D cost for Medical-related Business is 9,585 million yen.

① Injectable Drugs

In addition to the usual vial and bag drug products, we are actively developing kit preparations to improve convenience in medical settings. We are the only generic company to have developed and already marketed double-chambered pre-fillable syringes for leuprorelin acetate for the treatment of prostate cancer and premenopausal breast cancer. We focused on products that are difficult to develop, such as extended-release injectable drugs.

During this period, we launched a generic drug consisting of one lyophilized vial preparation and obtained marketing approval for three liquid vial preparations containing two ingredient and one prefilled syringe drug product.

② Oral Drugs

We are currently developing exceedingly difficult extended-release drug products in addition to common oral drugs (e.g., tablets and granules). Additionally, we provided products with ingredient names printed on tablets and carefully designed packaging specifications,

such as individual packages and aluminum pillow packages, to improve convenience in medical settings.

This fiscal year, we launched three generic drugs with one ingredient and obtained marketing approval for five products with three ingredients.

③ External Use Products

Currently, we are developing high-quality generic drugs for transdermal patches and ointments, which make up most of our own technologies. As a product for measures against the COVID-19, we are also developing disinfectants for the purpose of environmental hygiene.

④ Biosimilars

Although the market for biopharmaceuticals is rapidly expanding in Japan, biopharmaceuticals are expensive. Therefore, the need for lower-priced biosimilars to reduce medical expenses is increasing. Considering this, we are developing products in several styles, including joint and independent in-house developments.

We have launched "Pegfilgrastim BS Subcutaneous Injection 3.6mg NIPRO" in this period.



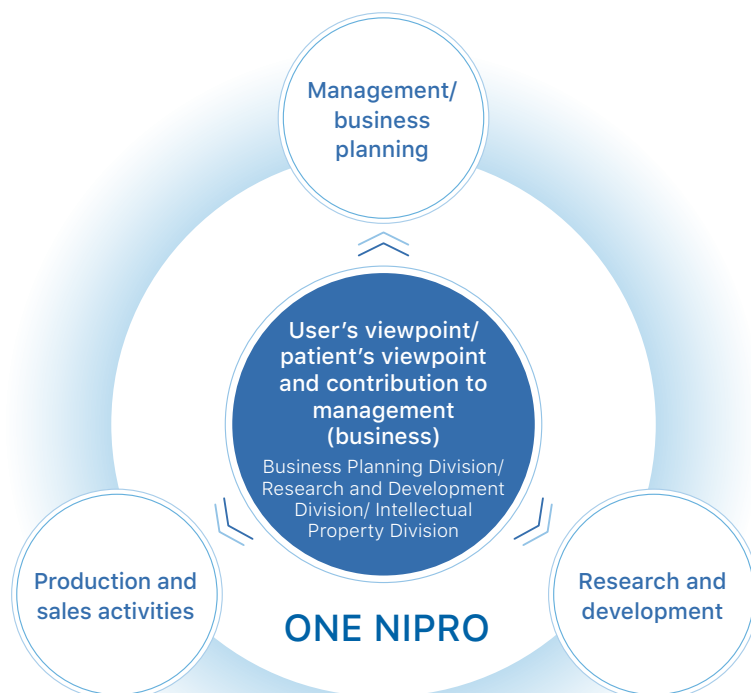
Management Foundation

Intellectual Property Investment

Introduction

We regard intellectual properties and intangible assets as important management resources and work on “[intellectual property management](#)” every day through the practice of this intellectual property philosophy: respecting the intellectual properties of others, not releasing products that violate the intellectual properties of others, and making efforts to develop products based on original intellectual properties.

The Business Planning, Research and Development, and Intellectual Property divisions, employing the spirit of “ONE NIPRO”, are involved in all business processes, from management and business planning and research and development to production and sales activities. They aim to earn 1 trillion yen in consolidated sales for March 2031 by focusing on “[the user's viewpoint/patient's viewpoint](#)” and “[the contribution to management \(business\)](#)”, while integrating each department's strategy.



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In intellectual property management, a dedicated system assigns the Intellectual Property Division staff members for each planning and development project. The Business Planning, Research and Development, and Intellectual Property divisions work together to plan and implement strategies for the discovery of inventions, the application, acquisition, and exercise of rights, the invalidation of rights of other companies, and the protection of know-how from business planning to commercialization to post-marketing activities.

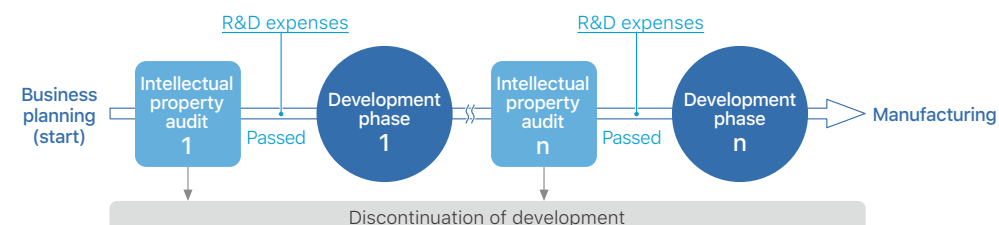
The intellectual property audit system* has been introduced (as an internal system) to ensure our intellectual property philosophy (respect for the intellectual properties of others).

* The intellectual property audit system is a voluntary system that establishes multiple checkpoints in the processes of business planning and research and development; the three divisions (Business Planning, Research and Development, and Intellectual Property) check their own intellectual property clearance.

- If an issue is identified during an audit (at a checkpoint), the project cannot proceed, and the issue has to be resolved through changes (the project can proceed only if there are no issues or if the issue can be resolved).
- If this issue cannot be resolved, the project will be discontinued. In this operation, an intellectual property audit contributes to shortening the development period and controlling costs.

At present, in addition to the major domestic group companies, the intellectual property audit system has been introduced to overseas subsidiaries while considering the situations of the countries and companies. The Group is working together to “[practice intellectual property management](#)”, focusing on “[the user's viewpoint/patient's viewpoint](#)” and “[the contribution to management \(business\)](#)”.

Outline of intellectual property audit system (linked to development phase)





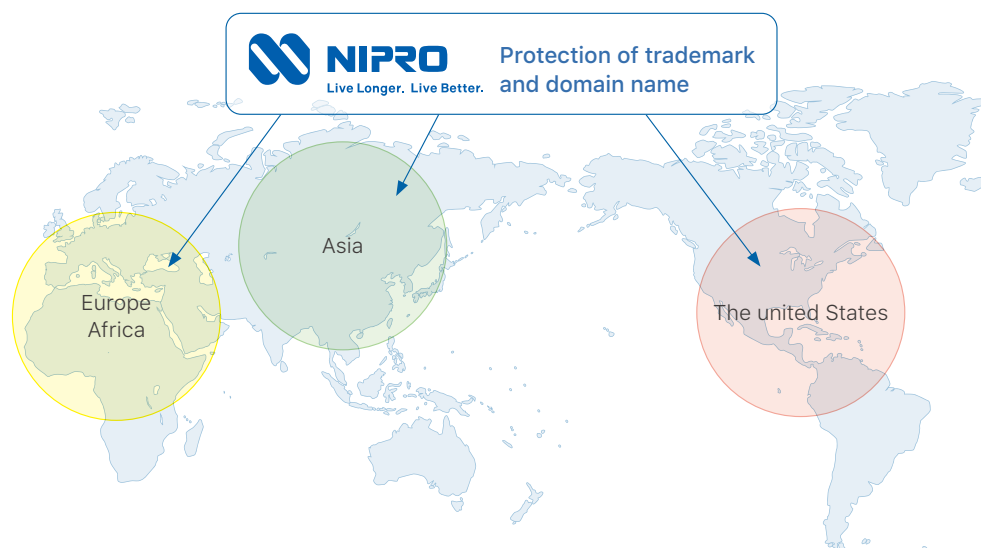
Management Foundation

Intellectual Property Investment

Brand Protection Activities: Protection of Trademarks and Domain Names

To ensure reassurance and safety to customers around the world, we globally registered many trademarks, including “NIPRO” (filing applications/licensing in more than 100 countries and regions in the world).

We also globally monitor the registration and use of confusing trademarks and domain names including “NIPRO” by third parties. Additionally, we take legal measures such as suspending the use of trademarks and domain names employed for illegal acts to protect customers’ and brands’ confidence and trust.

Human Capital Development: Training on Intellectual Properties

We provide intellectual property training to the Business Planning, Research and Development, and Production divisions, according to the level required by each occupational function to ensure that each employee is motivated to participate in “intellectual property management” based on our intellectual property philosophy.

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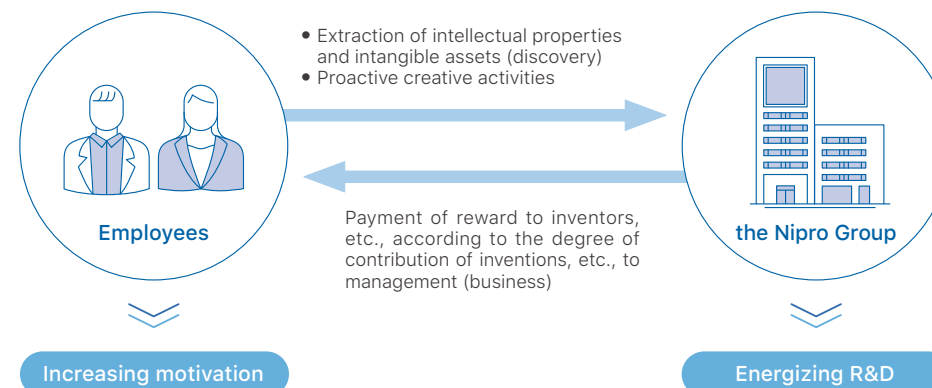
Encouragement of Creative Activities such as Inventions:

Proposal of Inventions and Reward Systems

To encourage creative activities, such as inventions that can act as a bridge to the next generation of management (business), our employee invention system has the following characteristics:

- In addition to the extraction (discovery) of intellectual property and intangible assets, including inventions, employees can actively conduct creative activities and propose results to the company.
- If an employee files an application for an invention and the rights are acquired (in the case of knowhow, certification of know-how) and the degree of the invention’s contribution to management (business) is high, a monetary incentive will be paid to the inventor, etc., in accordance with the integrated rules of the Group.

Employee Invention System





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Status of Corporate Governance

1. Corporate Governance Overview

(1) Corporate Governance System and Reasons for Adoption

In our company's corporate governance system, we have established the General Meeting of Shareholders and Directors, as stipulated in the Companies Act, as well as the Board of Directors, auditors, Board of Auditors, and accounting auditors. We have improved the internal committee system, including both the Compliance Committee and Disciplinary Committee, cooperating closely with professional external advisory bodies and corporate lawyers. Therefore, we have built a system to effectively monitor and supervise the execution of proper and efficient operations for the overall management of the company.

(2) Internal Control Systems

We strive to build an internal control foundation for the entire group based on the business unit system. At the Board of Directors meeting held at least once a month and the group management meeting concurrently held on the same day, representatives of major companies in the group, in addition to our directors and auditors, are present to report on the progress of business activities, decide on key operating matters, and deliberate on pending matters. Additionally, we have established the NIPRO Code of Practice and thoroughly informed the company, aiming to raise awareness of compliance with laws, regulations, and corporate ethics among executives and employees. We strive to disseminate and promote awareness-raising activities, such as preparing various kinds of manuals for compliance with laws and regulations, including those on our portal site as well as improving compliance training materials, holding regular and occasional compliance workshops, and distributing monthly compliance newsletters to executives and employees. These internal control systems are operated for executives and employees of each company in the Nipro Group based on a uniform management system through close mutual cooperation. We strive to collect risk information by establishing a whistle-blowing system and take prompt and effective measures as one of the systems to complement the effectiveness of the internal control systems.

(3) Compliance and Risk Management System

As an initiative to prevent the occurrence of risks that may have a significant impact on management, we have been promoting efforts to investigate the facts, determine the causes of such risks, and prevent recurrence when the risks become apparent, in addition to establishing the aforementioned whistleblowing system. We also have regulations for promoting compliance to identify potential risks and avoid the occurrence of unexpected risks. These regulations stipulate detailed operational rules on the system and maintenance for the appropriate and effective implementation of prevention, early detection, and prevention of the recurrence of compliance risks. We have established a Compliance Committee with its secretariat in the Legal Department to conduct operations across all companies in the Nipro Group. We have specified the procedure for cases where illegal activities occur to ensure flexible actions against compliance risks. The Compliance Committee and secretariat work in cooperation, and a series of steps, from factual investigation to recurrence prevention, are implemented as per the procedure. For example, if an illegal activity occurs, the secretariat (Legal Department) will closely investigate the facts and, based on the results, consider the form and maliciousness of the illegal activity, remorse, willingness to make sincere efforts to prevent a repeat of the offenses, and various other circumstances. Then, deliberation is conducted by the Disciplinary Committee in an independent position composed of multiple senior managers or external persons, based on the regulations on disciplinary measures, if necessary.

In this system, the president will finally determine the details of the disciplinary action based on the results of the consultation. We strive to ensure the soundness of management with an awareness of thorough compliance and principles of reward and punishment by implementing these proper operating procedures. We produced the NIPRO Disaster Prevention Crisis Management Handbook and have clearly informed all employees in the group through the intranet. In addition to large-scale earthquakes, such as the Nankai Trough Earthquake, we have formulated plans for each site on a company-wide basis and in the event of disasters, assuming typhoons, floods, and the spread of new types of influenza, reviewed and updated them as appropriate, and ensured that employees are thoroughly informed.

Furthermore, we have established a Compliance Section within the Legal Department to strengthen the nationwide deployment of compliance training, enhance the risk management system, and ensure awareness of compliance among employees.

To further strengthen the compliance system, we strive to gain the trust of employees and further strengthen the compliance system by establishing a whistleblowing contact desk for employees in an external lawyer's office in addition to one on the intranet.

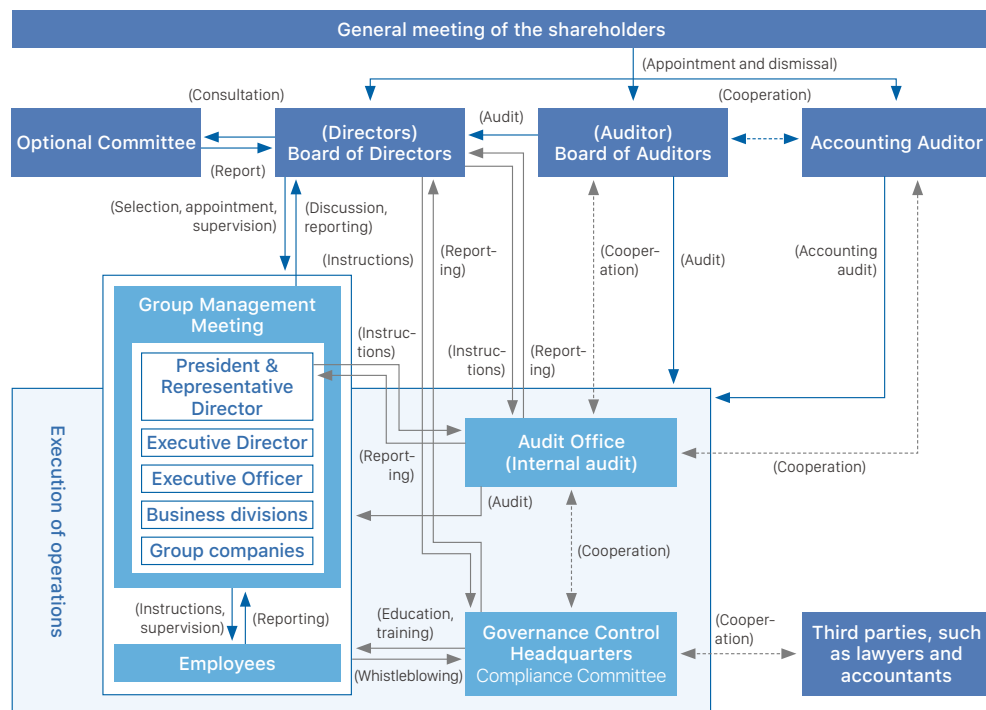


Management Foundation

Status of Corporate Governance

(4) Basic Structure of Corporate Governance and Risk Management

(as of July 1, 2024)



2. Internal and Statutory Auditing

(1) Internal Auditing

We have established the Audit Office and the Overseas Audit Office as the Internal Audit Division and continue to conduct audits of accounting, operations, etc., required in the current corporate governance system. This is achieved by working in close cooperation with accounting auditors, auditors, and outside directors—in accordance with Internal Audit Regulations.

(2) Statutory Auditing

Each auditor attends an important meeting—such as that of the Board of Directors—in accordance with the audit policy and division of operations (as established by the Board of Auditors). The auditors also receive reports on the status of the execution of operations from the directors, employees, etc., and are able to request an explanation as needed, view important documents, and conduct site investigations to establish the status of the operations and assets at major business offices. Thus, auditors conduct audit operations and hold meetings with the Board of Auditors periodically—or as needed—for the mutual exchange of opinions and discussions.



Management Foundation

Status of Corporate Governance

3. Outside Directors and Outside Audit & Supervisory Board Members

(1) Outside Directors and Outside Audit & Supervisory Board Members

Our company has six outside directors and two outside auditors. They are designated independent officers and were notified by the Tokyo Stock Exchange.

(2) Policy and Criteria for Independence from the Filing Company in the Election of Outside Directors and Outside Audit & Supervisory Board Members

We have separately established criteria for judging the independence of outside directors and outside auditors via the Corporate Governance Guidelines, as based upon the standards set forth in the Financial Instruments and Exchange Act. If the actors do not fall under any of these criteria, they are deemed independent of the company and are unlikely to have a conflict of interest with general shareholders.

(3) Approach to the Election of Outside Directors and Outside Audit & Supervisory Board Members

The supervision, audit functions, and roles required in the current corporate governance system are sufficiently guaranteed in close cooperation with internal directors, full-time auditors, staff of the Audit Office, personnel of the management department of the head office, and so on, as necessary.

(4) Mutual Collaboration between Outside Audits and Internal, Statutory and Accounting Audits, and the Relationship between Internal Control Divisions

Outside directors attend meetings of the Board of Directors (among others) and draw upon a wide range of insights and management experiences to supervise the management of our company from an external and independent standpoint. Outside auditors attend important meetings, such as those with the Board of Directors, in accordance with the audit policy and the division of operations established by the Board of Auditors. They also perform audit operations by receiving reports through full-time auditors or directly from directors, employees, etc., and by viewing important documents and materials. They exchange opinions and have objective discussions from an independent standpoint on the Board of Auditors, held periodically or as needed. In conducting audits, they cooperate closely with the staff of the Audit Office, full-time auditors, auditors of subsidiaries, and accounting auditors to ensure smooth operational performance.

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4. Accounting Audits

Name of Accounting Auditor: Kainan Audit Corporation

Names of Certified Public Accountants conducting the Audit:
Miho Ishihara, Hiroshi Kobayashi, and Kiminori Funaki

Support Staff for Audits: Certified public accountants: 17

Remuneration Paid to Directors and Audit & Supervisory Board Members

	Millions of yen				Number of eligible corporate officers
	Total amount of remuneration	Total amount of remuneration			
		Basic remuneration	Bonus	Non-monetary compensation, etc	
Internal Directors	¥312	¥229	¥ 83	—	12
Internal Audit & Supervisory Board Members	¥ 9	¥ 9	—	—	1
Outside Directors, Outside Audit & Supervisory Board Members	¥ 52	¥ 52	—	—	10

	Thousands of U.S. dollars				Number of eligible corporate officers
	Total amount of remuneration	Total amount of remuneration			
		Basic remuneration	Bonus	Non-monetary compensation, etc	
Internal Directors	\$ 2,061	\$ 1,512	\$ 548	—	12
Internal Audit & Supervisory Board Members	\$ 59	\$ 59	—	—	1
Outside Directors, Outside Audit & Supervisory Board Members	\$ 343	\$ 343	—	—	10

* The basic remuneration for directors includes 26 million yen of provision for directors' retirement benefits and 25 million yen of remuneration received as directors of Nipro Corporation's subsidiaries.



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5. Dialogue with shareholders

Our policy for dialogues with shareholders is as follows:

- We think dialogues with shareholders will provide us with a great opportunity to become aware of potential issues that our management does not recognize.
- We will make efforts to disclose highly transparent and fair information to promote dialogues with shareholders.
- In the dialogues, we will reflect the insights obtained regarding management through the board of director meetings held eight times a year, execute them, and disclose information.
- We will consider the setting of interviews with outside directors and auditors to provide opportunities for constructive dialogues with shareholders.

Results of dialogues in the fiscal year ended March 31, 2024

The following shows the results of the above dialogues with shareholders in fiscal 2024, based on the policy for constructive dialogues with shareholders.

① Main responders

CFO, General Manager of the Project Management Department, Corporate Planning Headquarter, General Manager of General Affairs/Human Resources Headquarters, Deputy General Manager of Governance Supervision Division, Public Relations Office.

② Overview of shareholders that have been responded to

Countries: Japan 76%, Overseas 24%

Operation method: Both passive and active

Investment method: Mainly value

Responsible areas: Analysts, fund managers, persons in charge of ESG, individual investors, etc.

③ Number of dialogues

Individual meeting about IR	109
Participated in by the CFO	20
Sell side	20
Buy side	89
Individual meeting about ESG	2
Individual meetings with individual investors	19
In addition to the above, meetings about shareholder benefits	27

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④ Main themes of dialogues and matters that shareholders were interested in

- Operation related — Control of overseas loss-making companies
- Management strategies — Setting of a nomination committee, setting of the system for evaluation of directors, disclosure of succession planning, disclosure of the results of effectiveness evaluation of the Board of Directors and correction plan, governance enforcement measures associated with the change of the internal system, dialogues with outside directors and auditors, and change in the term of directors
- Business strategies — Standards for reviewing the business portfolio, disclosure of quality control status, and disclosure of corporate strategies for differentiation from other companies in the same industry and focus areas
- Financial strategies — Disclosure of the future policy for cross-shareholdings and basic policy for fundraising
- ESG/sustainability — Disclosure of the initiatives for human capital, disclosure of initiatives for improving the skills of directors, and declaration of human rights due diligence and compliance (eradication of bribery and breach of trust, general compliance, etc.)

⑤ The feedback status of shareholders' opinions and concerns shown during the dialogues with the management or the Board of Directors

We report the IR activities of the relevant business year eight times a year at the Board of Directors meetings, wherein the opinions and expectations of shareholders are introduced.

⑥ Matters adopted based on dialogues and subsequent feedback

- We have discussed "the change in the term of directors" in the company, and have made an improvement by changing the term from 2 years to 1 year.
- We appointed three senior managing directors in July 2023, thus changing the internal system and strengthening governance.



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6. Skill Matrix

Knowledge, experience, abilities, etc., possessed by the directors and auditors of the Company

	Name	Position	Corporate Management	ESG (Sustainability)	Production/quality	R&D/Technology	Sales/marketing	Global	DX/IT/Digital	Financial Accounting	Legal, Ethical, Crisis-Management
1	Yoshihiko Sano	Director	◎			○	○				
2	Kiyotaka Yoshioka	Director				○	◎		○		
3	Tsuyoshi Yamazaki	Director	○				○	◎			
4	Takehito Yogo	Director		○					○	◎	
5	Toshiaki Masuda	Director			○	◎		○			
6	Kyoetsu Kobayashi	Director		○	◎			○			
7	Kimihito Minoura	Director				◎		○		○	
8	Kazuhiko Sano	Director		○	○	◎					
9	Kenichi Nishida	Director	○		○	◎					
10	Yasushi Oyama	Director	○			○	◎				
11	Hideto Nakamura	Director		◎							○
12	Toyoshi Yoshida	Director			◎			○			○
13	Yoshiko Tanaka	Outside Director	○	○		◎					
14	Yoshiko Shimamori	Outside Director		◎							○
15	Toshiaki Hattori	Outside Director	○	○						◎	
16	Toshikazu Yoshimori	Outside Director (New)	○						○	◎	
17	Yasuhiko Imaizumi	Outside Director (New)	◎							○	
18	Yuka Kushida	Outside Director (New)	◎				○				
19	Takayuki Nomiya	Auditor								○	◎
20	Shigeru Yanagase	Outside Auditor			○	◎					○
21	Yoshitaka Akikuni	Outside Auditor	○					○		◎	

* Although the three areas of knowledge, experience, and abilities of the directors and corporate auditors are listed, they do not represent all of the knowledge, experience, and abilities possessed by the directors and corporate auditors.

* ○ indicates areas in which directors and corporate auditors have in-depth knowledge, experience, and abilities; whereas ◎ indicates areas in which directors and corporate auditors have especially deep knowledge, experience, and abilities.

The Company's main business is the manufacture and sale of medical devices, pharmaceuticals, glass products, etc., and the Company aims to proactively expand its business in markets around the world. Therefore, the Company needs a management team that is both appropriately sized to accommodate its expanding business scale and diverse in terms of gender, internationality, work experience, age, and other factors. The Company recognizes that the sustainable growth of the Company and the enhancement of its corporate value can be achieved when these management members are in charge of business execution (directors) and have the roles and responsibilities to promote the businesses under their control. Therefore, the Board of Directors determines whether a person is qualified to serve as a director or auditor of the Company based on her or his knowledge, experience, and abilities in management, financial accounting, legal affairs, research and development, and human resources development. In addition, independent outside directors shall include those who have corporate management experience at other companies and are capable of providing accurate proposals and advice to management from a broad perspective.

* The skills, careers, and expertise required for the directors and auditors will be reviewed in response to changes in the business environment and management policies.

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Outside Directors' Messages



For Nipro to be an essential presence in global healthcare

Yoshiko Tanaka
Head of Outside Directors

It has been 10 years since I was appointed as an outside director of Nipro. Today, the Board of Directors conducts free and open discussions, which is totally different from the situation 10 years ago. I believe that the Board's effectiveness has improved. I expect to encounter more discussions from a broader perspective, looking at the management as a whole. In addition, the Independent Committee, which is constituted by outside directors only, has become active. In fiscal 2024, I submitted a proposal on the enhancement of the internal audit system to the Board of Directors as the chairperson of the Independent Committee.

In October 2023, Nipro introduced a mandatory retirement system for executive officers. There is a transitional measure; however, since the retirement age was set at 65, 22 executive officers and general managers were replaced, which rejuvenated the management. I believe that the introduction of this system will lead to the success of young energetic employees, who will play a significant role in achieving Nipro's sales goal of 1 trillion yen in fiscal 2031. The acceleration of the fluidity of human resources and the creation of an environment in which even young people can demonstrate their full potential will further motivate employees.

Regarding Nipro's new policy of profit-oriented management, it is important to review the salary system, allocate investments, and evaluate the results of research and development fairly. The appropriate use of such capital will create more efficient management.

Nipro continues to invest in state-of-the-art technologies, including regenerative medicine, while supplying essential products that support overall medical care. I expect that advance investment will bear fruit in the future so that Nipro can become an essential presence in global healthcare.



Expecting flexible response to environmental changes

Yoshiko Shimamori
Outside Director

Nipro has strong sales skills to grasp detailed needs in the field and the ability to develop products supported by these skills. In FY 2023, the policy was profit-oriented. Reviewing profits by sorting out bad stocks and unprofitable products seems to have led to Nipro's flexible response to various changes in clinical settings after the end of the COVID-19 pandemic.

Nipro HeartLine is an online service that connects a patient's home to a medical institution. Currently, it is used for remote medical examinations in hospitals. The efficiency of hospital operations was greatly improved by reducing the frequency of hospital room rounds by nurses and doctors and by automating the measurement and recording of basic information, such as pulse. Related Nipro products, such as infusion pumps, can be sold together, and we achieved further user development by quickly and flexibly responding to the new needs that arise in the field.

Regarding sustainability, we reviewed the Compliance System, including not only improvement in the work environment but also improvement in the internal whistleblowing system. To fully implement the rich regulations and systems accumulated thus far, we re-evaluate and revise them and introduce a system to verify the results. This initiative was the foundation of Nipro's governance.

I am also a member of the Research Ethics Review Committee. We discuss research in detail and continuously make efforts toward ethical considerations in experiments and clinical trials.



Expecting improvement of financial indicators led by the Board of Directors

Toshiaki Hattori
Outside Director

It has been two years since I was appointed as an outside director of Nipro. I feel that the discussions of the Board of Directors have become active. I expect active discussions on management to deepen in the future. Many of the agendas of Nipro's Board of Directors require highly specialized knowledge of medical care and medicines in addition to capital investment. To appropriately examine them and lead them to rational resolutions, I believe that a preliminary review system is necessary.

In addition, I understand that the medium-term management plan of Nipro originally pursues "quality rather than quantity," and I think that the improvement of the financial structure, which is the core, particularly the improvement of capital efficiency, is important. I believe that proper capital allocation will improve EBITDA, and the reduction in the debt equity ratio by reinvesting profits will lead to the enhancement of Nipro's corporate value, which will also help meet investors' expectations. We discuss the management of key performance indicators at the Board of Directors meetings; however, it takes time to produce actual results. Nevertheless, we must steadily achieve our goals.

Finally, with regard to the improvement of Nipro's Compliance System, I believe that the basic principle is "attack is the best form of defense." In addition to the effective staffing of the Internal Audit Division to achieve this goal, I expect that the whole company's Compliance System will be further improved by appropriately reshuffling the personnel in a right-person-in-the-right-place manner to expand new perspectives and change their awareness while paying attention to extremely specialized areas and deepening communication between superiors and subordinates in various aspects.



Management Foundation

Outside Directors' Messages



Contributing from an unbiased and flat perspective based on the experience of organizational reform

Toshikazu Yoshimori

Outside Director

I had developed my management career (such as the formulation of operation planning and sales management) at a leading bank. Then, I served as a management executive of a listed company and director in charge of operations of the Japan Health Insurance Association, where I reformed the organization and improved the operations.

The organizations where I have worked required an improvement in the operation system and the effectiveness of reform. From my experience, I realized the importance of trust in the organization. Unless managers understand the field or develop a trust-based relationship with the individuals they work with, it is infeasible to achieve smooth improvements or reforms. We can realize a highly effective organizational reform only after we understand the position and background of each member of the organization from a higher perspective and communicate while being aware of each individual's advantages. I wish to use an unbiased and flat manner of thinking that emphasizes management capability, considerate thinking, and trust relationships for Nipro's further growth.

The Nipro Group has a high brand value in the field of medical devices such as dialyzers that have a global market share as well as injection/infusion products. To continuously and effectively utilize this strength and increase revenue further, we require more accurate management decisions and rapid actions in line with the transitions in the global economic environment. I would promote the activation of the Board of Directors by fulfilling the advice function through aggressive governance as the responsibility of outside directors and provide a highly effective supervising function to support appropriate risk-taking by management. Thus, I will be able to contribute to sustainable growth and improvement of the corporate value of Nipro.



Contributing to the sustainable growth of the Nipro Group by leveraging experience in the finance business

Yasuhiko Imaizumi

Outside Director

I have built my career in a major financial group primarily by performing banking operations. I have extensive experience in corporate sales, primarily targeting large companies. I was in charge of many industries and companies during my assignment to the U.S., and provided them with financial services, including financing. I also provided advice to my clients on establishing financial strategies, reviewing business portfolios, considering and executing large-scale investments and acquisitions, and so on; considered these management issues together with the clients; and provided measures as needed. With my own experience in corporate management, I was involved in the management of banks and securities companies within the major financial group. Subsequently, I worked in the top management of a large real estate company.

I aim to use my previous experience and strive to realize Nipro's sustainable growth and improve corporate value over the medium to long term. Business expansion and development are important for the sustainable growth of a company. Simultaneously, it is important to establish and expand a management control foundation for business development, including risk management, compliance, financial foundations, and the use of human capital. The role of outside directors is to provide perspectives that are different from those within the company and to activate discussions among the directors on the board. I aim to contribute to initiatives for the realization of Nipro's management philosophy of "Supporting the health of people around the world and contributing to society."



Making use of customers' viewpoints and expertise to contribute to the improvement of corporate value

Yuka Kushida

Outside Director

After gaining experience in pharmaceutical manufacturing and dispensing pharmacies, I established a dispensing pharmacy company. Since then, I have been engaged in business management for more than 30 years. While running the company, I became increasingly interested in management and earned an MBA degree followed by a PhD in organizational behavior. Through activities at the university, I gained not only meaningful knowledge but also a broad network of contacts, which helped build my solid foundation. As a director of Nipro, I would like to contribute to the improvement of corporate value by providing diverse advice from the customers' viewpoints based on my experience in dispensing pharmacy management and by taking a professional approach as a researcher in organizational behavior.

As I attended Nipro's board meetings and communicated with the employees, I felt that all the individuals were highly enthusiastic. I was deeply impressed that the staff of Nipro, which helped expand business on a large scale, maintained such strong passion. I recognized that the corporate creed of "willingness" deeply penetrated the entire company.

This is important for future corporate management, not only in the healthcare industry but also for other industries, to deal with an uncertain future. Nipro has already established a system to ensure quick response and prompt action to shifting circumstances, and employees are closely united. For Nipro, drastic environmental changes in the future will not only be a challenge but also provide opportunities to overcome the challenge and achieve further growth.

As an outside director, I aim to have a thorough understanding of the Nipro Group's corporate philosophy to create new added value in the area of healthcare by personally joining the company under the concept of "willingness."

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Audit & Supervisory Board Members' Messages



My role as an auditor is to prevent serious scandals

Takayuki Nomiya

Audit & Supervisory Board Member (Full-time)

Nowadays, news of fraud and scandals by well-known companies is attracting attention from the media. I think that one of the most important roles of an auditor is to pre-empt serious scandals in a company by establishing a system for their prevention. It is important for an auditor to attend meetings with the Board of Directors and examine important documents. However, these tasks alone do not help us comprehend the actual situation of the company. What is important is that we visit the field and gauge the actual state of affairs. For this purpose, I always visit business offices across the country a dozen times a year to directly grasp the factual situation on ground.

What I have learnt through my experience as a corporate auditor so far is that the management policy has not been sufficiently disseminated in the company. The rapid growth and expansion of the Group in recent years are partially responsible for this. It is most important for all employees to understand and share the direction of the Group as a company listed on the prime market. We need to continue to enhance the awareness levels of employees, improve the level of the entire Group, and strengthen human resources in the future.

Regarding overseas offices, the Overseas Audit Office conducts on-site audits, by scrutinizing the reports from local audit corporations. I think our challenge is to consider how to create opportunities for auditors to directly visit overseas and understand the actual situation on the field.



Activating the field is exactly my role as an auditor

Shigeru Yanagase

Audit & Supervisory Board Member (Outside)

Fiscal 2024 is my first year after being appointed as an outside Audit & Supervisory Board member at Nipro. As the sole independent officer of a manufacturing company, I actively made remarks at the Board of Directors' meetings and attempted to communicate with the officers and employees. Three Independent Committee meetings in which only independent directors attended were held, which I found meaningful. I think that the external perspective of the Board of Directors will be further disseminated by having this committee meet more frequently.

As Nipro is shifting from a sales-oriented to a profit-oriented policy, communication in the field and listening to opinions will become more important than ever. This is because "the source of profits is in the field."

Technological development requires a strong field power that generates and nurtures many ideas. In addition, it is important to create an environment in which employees can work with greater motivation by running a bottom-up mechanism more efficiently. The larger the organization, the more time and energy are needed to deliver opinions in the field to top management, which naturally reduces the speed of improvement. Management should always be also aware of this fact. To activate working people, the system is more important than equipment, which is the area to which I, with my experience at a production site, would like to contribute. As an Audit & Supervisory Board member, I am considering communicating with more people in charge of businesses and discussing with them from a field perspective.

Nipro is a company filled with young people, with diverse midcareer employees. In addition, the company sells a wide variety of products. If the diversity of these people and products is successfully integrated and nurtured, a further increase in corporate value is expected.



Expecting enhancement of the internal audit system and financial structure

Yoshitaka Akikuni

Audit & Supervisory Board Member (Outside)

I was appointed as an outside Audit & Supervisory Board member of Nipro in fiscal 2024. Although I realize the high added value and future of Nipro products, which are essential for the medical care and health of people, some aspects seem insufficient.

One of these aspects is the enhancement of the audit system. Recently, Nipro has expanded globally at a remarkable rate. To establish a perfect audit system, it is important to increase the number of personnel in the Internal Audit Office according to the size of the organization, systematically integrate audit corporations of overseas subsidiaries, and enhance the functions of the Audit & Supervisory Board. The enhancement of the Internal Audit Office system was discussed by the Independent Committee, which consists of outside directors only, and a summary of the contents was reported at the Board of Directors' meeting as a proposal from the committee.

Major organizational changes were implemented in fiscal 2024. We will closely observe the situation in the field to determine whether effective organizational management is being implemented according to the intended purpose.

The reinforcement of profit-oriented management from fiscal 2024 is an important initiative to clearly demonstrate Nipro's potential. I believe that a real effect on business results will be observed in the future. I will pay attention not only to profitability but also to the achievement of the KPIs of financial health and investment efficiency, such as the reduction of external liabilities and improvement of cash flow.



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Head of Outside Directors

Yoshiko Tanaka

- May. 1983 General Manager of Pharmacy Department of General Incorporated Association Tokushukai (Osaka Head Office)
- Jun. 1997 General Manager of Pharmacy Department and General Manager of Planning Department of General Incorporated Association Tokushukai (Osaka Head Office)
- Apr. 2002 Part-time Lecturer of Kobe Pharmaceutical University
- Jun. 2002 President and Representative Director of Medihope Corporation (Incumbent)
- Jun. 2014 Appointed Director, Nipro Corporation (Incumbent)
- Jul. 2014 Council member of Kobe Pharmaceutical University
- Jun. 2024 Head of Outside Directors, Nipro Corporation (Incumbent)

Outside Directors

Yoshiko Shimamori

- Apr. 1990 Manager of Nursing Division of Preparatory Office for Toho University Sakura Medical Center
- Aug. 1990 Manager of Nursing Division of Tokyo Saiseikai Mukojima Hospital
- Jun. 1999 Executive Officer of Japanese Nursing Association
- Apr. 2002 Manager of Nursing Division and Assistant to Director of Kyoto University Hospital
- Apr. 2007 Professor of Keio University Faculty of Nursing And Medical Care
- Jun. 2010 President of Tokyo Nursing Association
- Jul. 2016 Professor of Institute for Biomedical Sciences of Iwate Medical University
- Apr. 2017 Professor and Dean of School of Nursing of Iwate Medical University
- Apr. 2021 Professor Emeritus and Council member of Iwate Medical University (Incumbent)
- Jun. 2021 Director of the Company (Incumbent)

Toshiaki Hattori

- Jan. 2000 Branch Manager of Kori Branch, Daiwa Bank Ltd. (currently Resona Bank, Ltd.)
- Mar. 2002 General Manager of Taisho Branch, Resona Bank Ltd.
- Jun. 2004 General Manager of General Affairs Department, Administration Division, Toami Corporation
- Jun. 2006 Director and General Manager of General Affairs Department, Administration Division of the same company
- Jun. 2008 Managing Director and General Manager of Administration Division, General Manager of General Affairs Department of the same company
- Jun. 2012 Managing Director and General Manager of Administration Division, General Manager of General Affairs Department General Manager of Accounting Department of the same company
- Jun. 2020 Retired from Managing Director of the same company
- Jun. 2022 Director of the Company (Incumbent)

Toshikazu Yoshimori

- Apr. 1998 Branch Manager of Tsukiji and Tsukishima Branches, Sakura Bank Ltd. (currently Sumitomo Mitsui Banking Corporation)
- Apr. 2000 Branch Manager of Shinbashi-higashi Branch of the same company
- Apr. 2002 General Manager of Ginza Corporate Sales Department of the same company
- Nov. 2002 Advisor of HORAI Co., Ltd.
- Dec. 2002 Director and General Manager of Insurance Department, General Manager of Real Estate Business Department of the same company
- Oct. 2003 Managing Director and General Manager of President's Office, General Manager of Insurance Department of the same company
- Dec. 2008 Senior Managing Director and Executive officer and General Manager of General Planning Department of the Company
- Aug. 2012 Senior Managing Director and Executive officer and General Manager of Insurance Department, General Manager of General Planning Department, in charge of Accounting Department and System Office of the Company
- Dec. 2013 Advisor of Muromachi Building Co., Ltd.
- Oct. 2014 Director of Japan Health Insurance Association
- Apr. 2015 Committee Member of Central Social Insurance Medical Council
- Oct. 2021 Member of the Long-Term Care Insurance committee, Member of the Subcommittee on Long-Term Care Benefits, Expert Member of the Council on Social Security
- Jun. 2024 Director of the Company (Incumbent)

Yasuhiko Imaizumi

- Apr. 2008 Executive officer and General Manager of Nagoya Sales Department of Mizuho Corporate Bank, Limited (currently Mizuho Bank, Ltd.)
- Apr. 2010 Managing Director and Executive Officer in Charge of Sales Department of the same company
- Apr. 2012 Managing Director and Executive Officer in Charge of Sales Branches of the same company
- Apr. 2013 Executive Vice President of the Units of Large Business Corporations, Business Corporations and Financial and Public Corporations of Mizuho Financial Group, Inc. Executive Vice President of the Units of Large Business Corporations, Business Corporations and Financial and Public Corporations of Mizuho bank, Ltd. Representative Vice President of the Units of Large Business Corporations, Business Corporations and Financial and Public Corporations of Mizuho Corporate Bank, Limited
- Jul. 2013 Representative Vice President of the Units of Large Business Corporations, Business Corporations and Financial and Public Corporations of Mizuho Corporate Bank, Limited
- Apr. 2014 Representative Vice President of Sales of Business Corporations of Mizuho Securities Co., Ltd.
- Apr. 2016 Executive Chairman of Mizuho Securities Co., Ltd.
- Jun. 2018 Executive Vice President of NIPPON STEEL KOWA REAL ESTATE CO., LTD.
- Apr. 2019 President and Representative Director of Director of NIPPON STEEL KOWA REAL ESTATE CO., LTD.
- Apr. 2023 Director and Executive Advisor of NIPPON STEEL KOWA REAL ESTATE CO., LTD.
- Jun. 2023 Executive Advisor of NIPPON STEEL KOWA REAL ESTATE CO., LTD. Outside Director of Nippon Seisen Co., Ltd. (Incumbent)
- Jun. 2024 Director of the Company (Incumbent)



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Yuka Kushida

- Mar. 1994 President and Representative Director of Mitsuko Ltd. (currently J MIRAIMEDICAL Co., Ltd.) (Incumbent)
- Apr. 2004 President and Representative Director of SAKURA CLINICAL RESEARCH Co., Ltd. (Incumbent)
- Jun. 2013 Director of PharmaCluster Co., Ltd
- Nov. 2013 Councillor of Social Welfare Corporation Kishokai (Incumbent)
- Apr. 2019 Councillor of Kyoto Pharmaceutical University (Incumbent)
- Jan. 2020 Chairman and Representative Director of Leonis Co., Ltd. (Incumbent)
- Jun. 2021 Executive Vice President of PharmaCluster Co., Ltd (Position to be changed to Director in June 2024)
- Apr. 2023 Director of Kyoto Pharmaceutical University (Incumbent)
- Jun. 2024 Director of the Company (Incumbent)

Audit & Supervisory Board Member (Full-time)

Takayuki Nomiya

- Oct. 1976 Joined the Company
- Apr. 1997 General Manager of General Affairs
- Feb. 2003 General Manager of Audit Office
- Feb. 2008 Resigned from the Company
- Jun. 2008 Auditor of the Company (Present)

Audit & Supervisory Board Members (Outside)

Shigeru Yanagase

- Apr. 2003 Manager of Special equipment Division of Nippon Sheet Glass Company, Ltd.
- Jul. 2007 Resigned from the same company
- Jun. 2015 Substitute Audit & Supervisory Board Member of the Company
- Jun. 2023 Appointed Audit & Supervisory Board Member, Nipro Corporation (to present)

Yoshitaka Akikuni

- Jul. 2001 General Manager of Pension Trust Management Dept. of Daiwa Bank Ltd. (Currently Resona Bank Ltd.)
- Jun. 2006 Executive Officer and General Manager of Trust Assets Management Dept. of Resona Bank Ltd.
- Apr. 2008 Executive Officer of General Funds Dept. of Resona Bank, Ltd.
- Jun. 2009 Managing Director of J and S Insurance Service Co., Ltd.
- Apr. 2011 Auditor of Osaka Electro-Communication University
- Jun. 2011 Outside Auditor of Japan Trustee Services Bank (currently Japan Custody Bank, Ltd.)
- Jun. 2012 Outside Auditor of FUSO CHEMICAL Co., Ltd.
- Jun. 2014 Outside Auditor of Kokusai AeroMarine Co., Ltd.
- Jun. 2015 Outside Auditor of ISHIHARA SANGYO KAISHA, Ltd. (Present)
- Jun. 2023 Appointed Audit & Supervisory Board Member, Nipro Corporation (to present)



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Senior Managing Directors



Managing Directors



Directors





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Overview

In the current consolidated fiscal year, the Company took advantage of demand opportunities for its mainstay dialysis-related products and other products. In Japan, in antibiotic and infusion products, the NHI prices of re-priced unprofitable products increased, and the sales volume of oral drugs increased. Overseas, sales of dialyzers and dialysis-related products were strong. As a result, consolidated net sales increased.

In addition, operating income also increased due to lower logistics costs resulting from lower ocean freight rates, despite the impact of higher raw materials costs and energy prices, higher costs of imported materials due to the weak yen, and higher depreciation expenses due to the start of operations of new production lines and new facilities.

Consolidated Business Results

Relevant quantitative data for the period under review has been converted at the rate of US\$1.00 = ¥151.41 (the rate of exchange as of March 31, 2024).

Net Sales

Sales for the current fiscal year were ¥586,785 million (US\$3,875.4 million). Sales increased 7.6% YoY.

Cost of Sales

Cost of sales increased 8.8% from the previous period to ¥415,465 million. This increase was mainly due to higher sales and material costs.

The gross profit margin decreased 0.8 percentage points from the previous period to 29.2%. As a result, gross profit increased 4.8% from the previous fiscal year to ¥171,320 million.

Selling, General and Administrative Expense

Selling, general and administrative expenses increased by 2.2% compared with the previous fiscal year to ¥148,985 million (US\$983.9 million). This is mainly due to an increase in labor costs.

Operating Income

As a result of the aforementioned factors, operating income was up by 26.0% compared with the previous fiscal year to ¥22,335 million (US\$147.5 million). The ratio of operating income to net sales increased by 0.5 percentage points to 3.8%.

Ordinary Income

Ordinary income increased 27.1% from the previous fiscal year to ¥19,509 million (US\$128.8 million). The main factors were although interest expenses increased due to the impact of rising interest rates, this was more than offset by the impact of foreign exchange gains recorded.

Income Before Income Taxes

As a result of the factors outlined above, income before income taxes increased 14.5% from the previous fiscal year to ¥19,219 million (US\$126.9 million).

Income Taxes

Income tax including deferred taxes decreased by 34.9% compared with the previous fiscal year to ¥7,049 million (US\$46.5 million).

Net Income (Loss) Attributable to Non-controlling Interests

Net income attributable to non-controlling interests amounted to ¥1,060 million (US\$7.0 million).

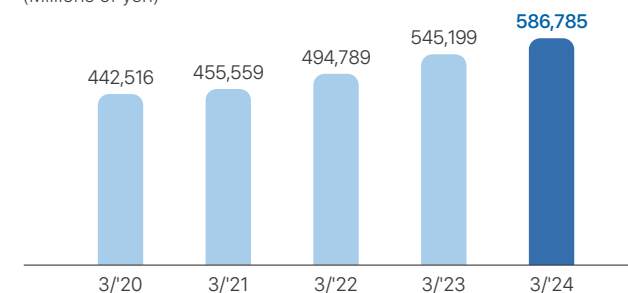
Net Income Attributable to Owners of Parent

Net income attributable to owners of parent was ¥11,109 million (US\$73.4 million), compared to net income attributable to owners of parent of ¥4,574 million in the previous fiscal year. Basic earnings per share increased to ¥68.1 (US\$0.4) from ¥28.0 in the previous fiscal year. Return on equity increased to 5.1% from 2.3% for the previous fiscal year.

(Years ended March 31)

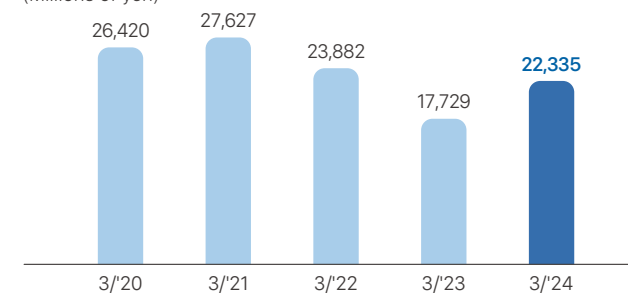
Net sales

(Millions of yen)



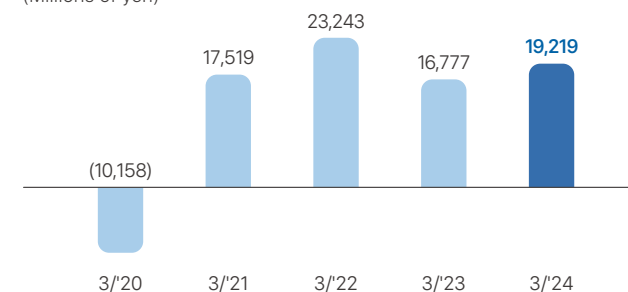
Operating income

(Millions of yen)



Income before income taxes

(Millions of yen)





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■ Net Sales by Geographic Segment

● Japan

In Japan, net sales increased by 4.9% compared with the previous fiscal year to ¥304,602 million (US\$2,011.7 million) mainly thanks to the increase of sales in the Medical-Related business.

● Americas

In Americas, net sales increased by 10.1% compared with the previous fiscal year to ¥108,018 million (US\$713.4 million) mainly thanks to the increase of sales in the Medical-Related business.

● Europe

In Europe, net sales increased by 13.0% compared with the previous fiscal year to ¥77,203 million (US\$509.8 million) mainly thanks to the increase of sales in the Medical-Related business.

● Asia

In Asia, sales increased 9.3% YoY to ¥96,961 million (US\$640.3 million) due to increased sales in the Medical-Related business.

○ Financial Position

Total assets increased ¥82,422 million YoY to ¥1,109,821 million (US\$7,329.9 million). Current assets increased ¥34,876 million and noncurrent assets increased ¥47,545 million. The increase in current assets was mainly due to a ¥12,617 million increase in merchandise and finished goods, and the increase in fixed assets was mainly due to a ¥40,583 million increase in buildings and structures (net).

Total liabilities increased ¥5,487 million YoY to ¥840,032 million (US\$5,548.1 million). Current liabilities decreased ¥8,757 million and noncurrent liabilities increased ¥63,565 million. The main reason for the increase in current liabilities was decrease of ¥29,797 million in short-term loans

payable, and the reason for the decrease in long-term liabilities was mainly due to the ¥13,736 million increase in long-term loans payable.

Total net assets increased ¥27,614 million YoY to ¥269,788 million (US\$1,781.8 million). Shareholders' equity increased by ¥8,800 million and accumulated other comprehensive income increased by ¥17,548 million.

As a result, the equity ratio increased by 0.9% compared with the end of the previous fiscal year to 21.0%.

○ Cash Flow

Net cash provided by operating activities amounted to ¥72,936 million (US\$481.7 million). The major cash inflows were depreciation and amortization and income before income taxes. The main accounts of cash outflow were an increase in inventories.

Net cash used in investing activities came to ¥87,075 million (US\$575.1 million). The principal cash outflow was for the purchase of fixed assets. Net cash obtained by financing activities amounted to ¥22,142 million (US\$146.2 million). The main account of cash inflow was repayment of long-term loans, while the main account of expenditures was repayment of long-term loans payable. As a result, cash and cash equivalents stood at ¥96,582 million (US\$637.9 million) as of March 31, 2024.

○ Staff

The total number of employees as of the end of the period under review was 38,117.

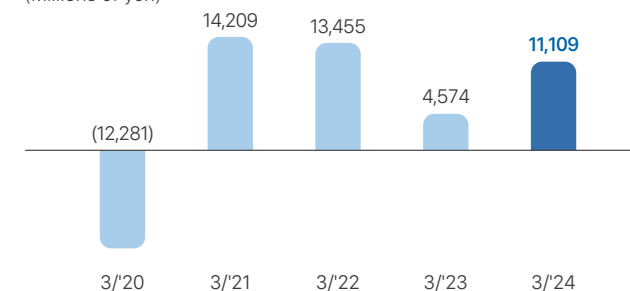
○ Basic Policy on Distribution of Profit

At Nipro, we regard the return of profits as one of the most important management policies and pay dividends to our shareholders. We are striving to strengthen our foundations in development, production, and sales from a long-term perspective, to improve profitability and stabilize production, and to establish a rational profit distribution system.

(Years ended March 31)

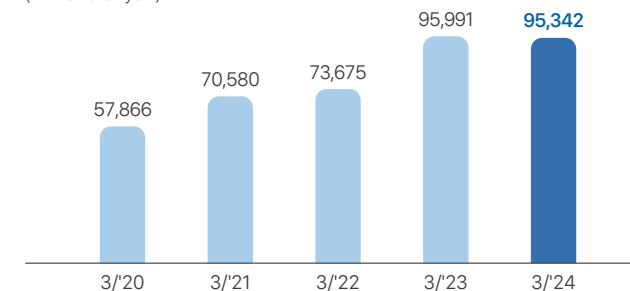
Net income attributable to owners of the parent

(Millions of yen)



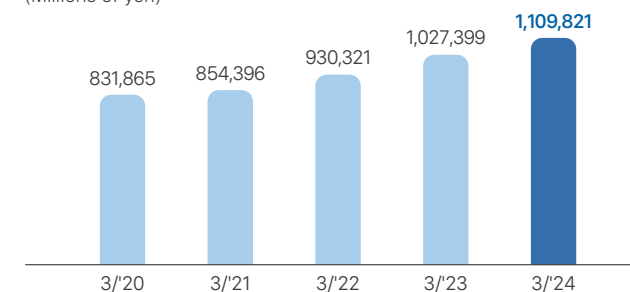
Capital investment

(Millions of yen)



Total assets

(Millions of yen)





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■ Risk Factors

The following are risks that may have an effect on the Nipro Group's operational results and/or financial condition. The items concerned were determined as of March 31, 2024.

(1) Risks related to procurement of raw materials

The Nipro Group procures materials and parts for its operations from a large number of suppliers. Some key materials or parts may be obtained only from a single supplier or a limited group of suppliers. We make every effort to obtain long-term, stable supplies of materials and parts to keep our products in the market, but our ability to do so is affected by many factors, including those beyond our control, such as supply shortages due to surges in demand, delays and interruptions in supply from our suppliers, and other factors. In addition, the products manufactured by the Nipro Group include some that are made from petrochemical products such as plastics. Should the cost of raw materials such as petrochemicals rise, there could be a material adverse effect on our operational results and/or financial condition.

The Nipro Group will secure stable quantities of raw materials by diversifying procurement of raw materials of various varieties and origins, and will promote multiple production sites for its main products.

(2) Risks Related to Changes in Sale Prices

The products sold by the Nipro Group include some that are affected by irregular price reductions under the Japanese payment system for medical care, drug prices and reimbursement prices for medical materials and supplies. Moreover, should measures to hold down medical costs also become pervasive worldwide, resulting in intensified competition between corporations and leading to prices falling to a greater degree than anticipated, there could be a material adverse effect on our operational results and/or financial condition.

By expanding production capacity and ensuring a stable supply system, the Nipro Group will strive to achieve a drastic reduction in manufacturing costs and secure profits.

(3) Risks Related to Changes in Government Healthcare Policies

The business sector to which the Nipro Group belongs is intimately connected with the healthcare system and is subject to the regulations laid out by government organizations, including the National Health Insurance System and the Pharmaceutical and Medical Devices Act formerly known as the Pharmaceutical Affairs Law. Should circumstances arise in which we are unable to respond to changes in unforeseeable wholesale changes in government healthcare policies leading to changes in the environment, there could be a material adverse effect on our operational results and/or financial condition.

The Nipro Group will continue to develop new products and technologies based on aggressive R&D activities and respond to the changing environment in the medical industry.

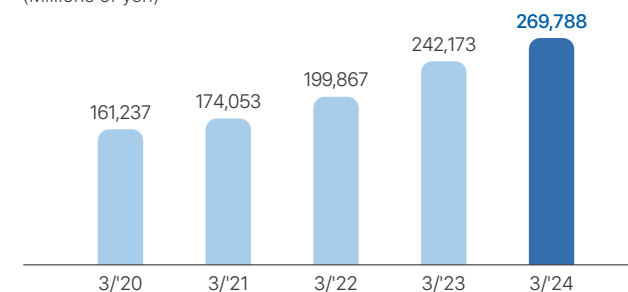
(4) Risks Related to Litigation

There is a possibility that the Nipro Group's business or products may be the subject of a lawsuit for infringement of intellectual property rights due to unknowing use of another's patents, etc. In addition, there is a possibility that our products may cause damage and a lawsuit may be filed for this reason, and depending on the nature of such lawsuits, a large amount of damages may be demanded, and there could be a material adverse effect on our operational results and/or financial condition.

(Years ended March 31)

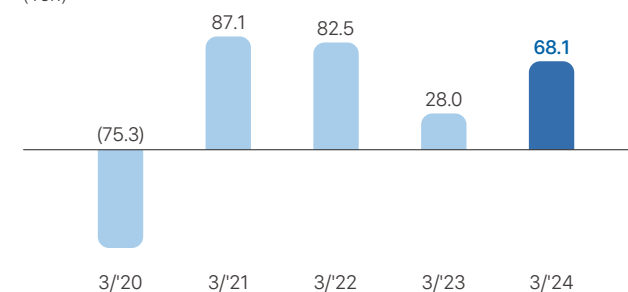
Net assets

(Millions of yen)



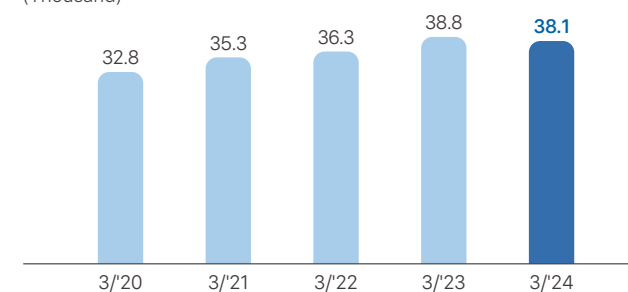
Basic earnings per share

(Yen)



Number of employees

(Thousand)





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(5) Risks Related to Intellectual Property

The Nipro Group owns numerous patents and trademarks, and maintains various proprietary rights for the products it manufactures. Additionally, we take all possible measures to avoid infringing the patents and proprietary rights of any third party, and to avoid breaching any license agreements we have concluded concerning technologies. Nevertheless, if an unanticipated claim for damages were to be made by a third party and the defense of the Nipro Group were to be rejected, there could be a material adverse effect on its operational results and/or financial condition.

The Nipro Group ensures that the technologies used in our products are protected by patent applications and takes measures to prevent persistent infringement of our rights by other companies. In addition, we conduct searches at multiple stages of the technology development and product design process to ensure that we do not infringe on the intellectual property of third parties.

(6) Risks Related to Product Safety

The Nipro Group brings all of its capabilities to bear in ensuring product safety in the design, development and manufacturing of medical devices and pharmaceutical products. There are still risks, however, that accidental defects or adverse effects could result in damages to a third party and our being sued for liability. To cover these risks, we therefore maintain general liability and product liability insurance. In the unlikely event of a successful claim in excess of the insurance coverage, however, there could be a material adverse effect on our operational results and/or financial condition.

The Nipro Group has established its own quality standards and strives to improve product quality and safety, as well as to comply with related laws and regulations.

(7) Risks Related to Exchange Rate Fluctuations

The Nipro Group, including its overseas subsidiaries, carries out its foreign currency transactions primarily in US dollars and euros, but calculates financial statements for its overseas subsidiaries using Japanese yen for the purpose of producing consolidated financial statements. Fluctuations in exchange rates may therefore have a material adverse effect on our operational results and/or financial condition.

The Nipro Group is working to minimize the impact by hedging risks through forward exchange contracts for certain export receivables denominated in foreign currencies.

(8) Risks Related to Fund Raising

The Nipro Group relies on debt finance in the form of loans from financial institutions or issuance of corporate bonds and commercial paper, etc., to raise business and investment funds. If due to turmoil in financial markets, there is a reduction in lending from financial institutions or a significant downgrade of our credit rating by credit rating agencies, we may not be able to raise the necessary funds when we need them on acceptable terms. At the same time, we may incur restrictions on our fundraising capabilities or see an increase in the cost of fundraising. Any of these occurrences could have a material adverse effect on our operational results and/or financial condition.

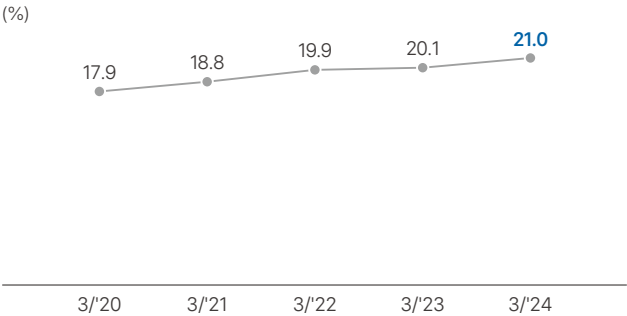
In order to ensure efficient and stable procurement of business funds, the Nipro Group has entered into commitment line agreements with several financial institutions to secure financing.

(9) Risks Related to Investment Value

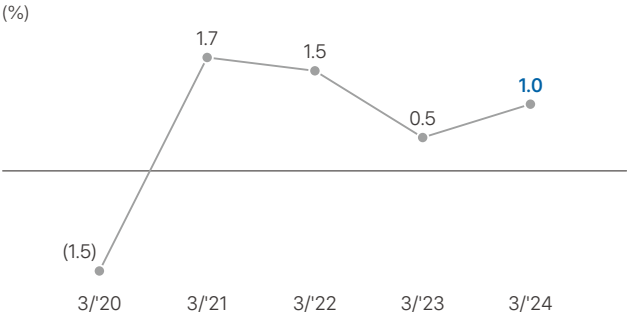
The Nipro Group's assets include investments in stocks and other securities. These investments have been made for purposes such as building good business relationships with the issuers of such securities, or for gathering useful information for the development of new products or

(Years ended March 31)

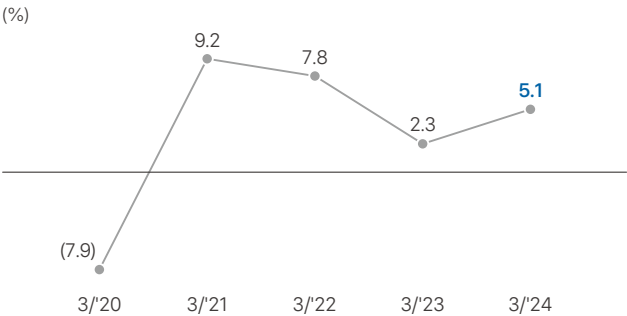
Equity ratio



Return on assets



Return on equity





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new business opportunities. Should the value of these investments decline significantly owing to fluctuations in the stock market, circumstances at an issuer, or a change in the accounting methods used to deal with these investments, there could be a material adverse effect on our operational results and/or financial condition.

(10) Risks Related to M&A and Business Alliances

The Nipro Group conducts M&A activities and enters into business alliances to reinforce its business base. Prior to concluding these deals, we carry out a thorough investigation of the target company. However, should any problems arise such as the discovery of unrecognized liabilities or should the development of the acquired business not proceed as planned, there could be a material adverse effect on our operational results and/or financial condition.

The Nipro Group strives to closely scrutinize the management plans of target companies and monitor their business conditions and market environment.

(11) Risks Related to Controls on Personal Information

The Nipro Group has established strict precautions to protect the confidentiality of personal information in our possession. However, if due to unforeseen events or an accident this personal information is leaked outside the group, causing a loss of trust or customers, there could be a material adverse effect on our operational results and/or financial condition.

The Nipro Group has established and strictly enforces rules for information management, and has implemented system measures deemed necessary.

(12) Risks related to infectious disease spread

An abnormal situation such as the spread of a new coronavirus infection or a natural disaster could occur on a scale beyond our expectations. However, if the production

base is closed, logistics are stagnant, or the business operations towards major customers become difficult, there could be a material adverse effect on our operational results and/or financial condition.

The Nipro Group ensures an environment in which work can continue by stockpiling necessary infection-prevention supplies such as disinfectant, implementing staggered work hours, and proactively utilizing remote work tools to prevent the spread of infection.

(13) Other Risks

Fires, earthquakes, acts of terrorism, wars, epidemics, or other unforeseen man-made or natural disasters affecting areas or facilities where the Nipro Group conducts its business activities may cause a delay or interruption in production, sales, distribution, or provision of services. Should such a delay or interruption be extended, there could be a material adverse effect on our operational results and/or financial condition.



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Nipro Corporation and its Consolidated Subsidiaries
Years ended March 31

	Millions of yen											Thousands of U.S. dollars (Note 1)
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2024	
Income Statement Data:												
Net sales	¥ 586,785	¥ 545,199	¥ 494,789	¥ 455,559	¥ 442,516	¥ 426,399	¥ 395,397	¥ 359,699	¥ 366,650	¥ 325,084	\$3,875,475	
Medical-Related (*1)	453,613	419,957	373,481	343,824	335,767	327,359	300,117	262,198	272,167	237,777	2,995,929	
Pharmaceutical-Related (*1)	74,320	72,734	74,386	72,388	70,357	63,482	66,846	69,140	62,266	57,372	490,855	
PharmaPackaging (*1)	58,035	51,754	46,361	38,655	36,217	35,526	28,404	28,331	32,184	29,830	383,299	
Other (*1)	816	752	559	691	174	31	29	29	32	104	5,391	
Cost of sales	415,465	381,749	345,519	316,718	308,304	295,767	268,272	244,602	250,773	225,525	2,743,975	
Selling, general and administrative expenses	148,985	145,720	125,386	111,212	107,791	106,804	100,036	86,326	91,671	82,987	983,985	
Operating income	22,335	17,729	23,882	27,627	26,420	23,827	27,088	28,770	24,204	16,571	147,514	
Medical-Related (*2)	42,321	38,599	39,241	38,879	36,249	36,722	36,522	30,638	28,204	23,813	279,519	
Pharmaceutical-Related (*2)	4,432	5,615	9,826	10,608	13,196	10,662	13,104	14,135	12,060	10,553	29,276	
PharmaPackaging (*2)	2,452	2,739	2,889	1,992	675	778	(1,308)	(1,313)	(1,618)	(2,889)	16,194	
Other (*2)	80	257	101	376	176	146	75	(10)	61	131	530	
Income before income taxes	19,219	16,777	23,243	17,519	(10,158)	21,233	17,026	18,324	26,284	19,908	126,934	
Net income attributable to owners of parent	11,109	4,574	13,455	14,209	(12,281)	12,136	11,829	11,346	19,718	12,470	73,375	
Increase in tangible and intangible fixed assets	103,628	102,633	96,793	78,861	64,670	64,394	61,990	58,310	57,101	47,698	684,422	
Depreciation and amortization	56,030	46,275	43,313	39,849	38,682	35,252	32,565	31,128	30,147	27,667	370,060	
R&D expenses	20,846	19,669	18,734	18,652	18,204	16,526	16,113	11,517	10,269	8,645	137,680	
Balance Sheet Data:												
Total assets	¥ 1,109,821	¥ 1,027,399	¥ 930,321	¥ 854,396	¥ 831,865	¥ 845,821	¥ 826,477	¥ 752,839	¥ 708,882	¥ 695,306	\$7,329,908	
Property, plant and equipment—net	481,508	432,550	377,752	335,906	307,551	284,483	270,273	244,222	223,756	220,195	3,180,165	
Working capital	157,691	186,379	125,466	149,866	143,626	168,675	184,861	134,983	115,970	71,945	1,041,484	
Current liabilities	366,475	302,910	311,993	271,501	289,404	274,277	251,186	251,792	252,147	278,402	2,420,416	
Long-term liabilities	473,557	482,315	418,460	408,841	381,223	399,712	392,087	324,639	281,227	238,095	3,127,650	
Common stock	84,397	84,397	84,397	84,397	84,397	84,397	84,397	84,397	84,397	84,397	557,412	
Capital surplus	0	—	—	4	5	—	—	—	—	635	4	
Net assets	269,788	242,173	199,867	174,053	161,237	171,830	183,485	176,408	175,507	178,810	1,781,841	

(*1) Effective the fiscal year ended March 31, 2011, the Company has adopted ASBJ Statement No. 17 "Accounting Standard for Disclosures about Segment of an Enterprise and Related Information" (March 27, 2009) and ASBJ Guidance No. 20 "Guidance on Accounting Standard for Disclosures about Segment of an Enterprise and Related Information" (March 21, 2008). Net sales and operating income for the period for the fiscal year ended March 31, 2010 have been restated to show what the Group's result would have been if the new accounting standards had been applied in that year. Before the fiscal year ended March 31, 2009, net sales and operating income have been stated in compliance with previous accounting rules. In addition, the corporate reorganization was conducted effective on October 1, 2012 in order to enforce Pharmaceutical-Related business and build a strong cooperative relationship among Medical-Related, Pharmaceutical-Related and Glass-Related businesses. As a result of this reorganization, some business divisions included in Glass-Related business were changed to Pharmaceutical-Related business. The segment information is presented as if the aforementioned reorganization had been conducted at the beginning of the fiscal year 2012, and the presentation for the prior fiscal years are not restated. Also, effective on the half year ended September 30, 2014, 13 subsidiaries including Nipro Glass France S.A.S., Nipro Glass Belgium N.V., Nipro Glass Germany AG, Nipro Sterile Glass Germany AG, and Nipro Glass Americas Corporation were reclassified from Medical-Related Business to PharmaPackaging related Business which was formerly known as Glass-Related Business by the corporate reorganization. Segment information after 2014 is based on this reclassification.

From fiscal year ended March 31, 2019, the Company has conducted reorganization for the purpose of doing synthetic PharmaPackaging business and increasing synergy for Pharmaceutical-Related business. As a result of this reorganization, some business divisions included in Pharmaceutical-Related business were changed to PharmaPackaging business. Effective the fiscal year ended March 31, 2022, Nipro JMI Pharma Ltd. was reclassified from the Medical-Related Business to the pharmaceutical-related Business. The presentations for prior fiscal years are not restated.

(*2) Operating income at the operating segment level is not adjusted for intra-segment transactions. See Note 13. "Segment Reporting" to the consolidated financial statements.



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Nipro Corporation and its Consolidated Subsidiaries
Years ended March 31

	Yen											U.S. dollars (Note 1)
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2024	
Per Share Data:												
Basic earnings	¥ 68.1	¥ 28.0	¥ 82.5	¥ 87.1	¥ (75.3)	¥ 73.6	¥ 71.1	¥ 67.5	¥ 116.2	¥ 81.0	\$ 0.4	
Diluted earnings	60.3	24.8	77.4	—	—	66.7	64.5	61.3	114.7	—	0.4	
Cash dividends	25.0	22.0	27.0	28.0	13.5	28.0	28.5	29.0	33.5	32.5	0.2	
Equity	1,426.5	1,265.0	1,135.7	987.3	912.2	990.1	1,037.2	999.5	977.6	988.8	9.4	
Number of common shares issued	171,459,479	171,459,479	171,459,479	171,459,479	171,459,479	171,459,479	171,459,479	171,459,479	171,459,479	171,459,479	—	
Number of employees	38,117	38,770	36,259	35,251	32,786	29,325	28,330	27,415	24,243	23,153	—	

Selected Data and Ratios:

Equity ratio (*3) (%)	21.0	20.1	19.9	18.8	17.9	19.1	20.9	22.1	23.4	24.1	—	
Return on assets (*3) (%)	1.0	0.5	1.5	1.7	(1.5)	1.5	1.5	1.6	2.8	1.9	—	
Return on equity (*3) (%)	5.1	2.3	7.8	9.2	(7.9)	7.3	7.0	6.8	11.8	8.5	—	
Price earnings ratio (*3) (times)	17.9	36.3	12.4	15.3	—	19.3	21.6	23.2	9.2	14.1	—	

(*3) Equity ratio is the ratio of the sum of the total shareholders' equity and accumulated other comprehensive income to total assets at the period end. Return on assets is the ratio of net income attributable to shareholders of parent for the period to average of total assets during the period. Return on equity is the ratio of net income for the period to average of the sum of total shareholders' equity and accumulated other comprehensive income during the period.

The price earnings ratio is the ratio of the closing price of the Company's shares listed on the First Section of the Tokyo Stock Exchange on the last trading day in March of each year to the basic earnings per share.

(*4) Until 2016, yen amounts are rounded to the nearest million yen. Since 2017, yen amounts are rounded down to the nearest million yen.

(*5) The Group formally adopted the Accounting Standards for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; hereinafter "Revenue Recognition Standard") on April 1, 2021, the start of the current fiscal year. Revenue is recognized when control is transferred to the customer, i.e., when delivery is completed.



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Consolidated Balance Sheets

Nipro Corporation and its Consolidated Subsidiaries

As of March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Assets			
Current assets:			
Cash and deposits	¥ 99,667	¥ 89,678	\$ 658,265
Trade notes and accounts receivable	160,240	160,271	1,058,320
Goods and products	150,391	137,774	993,272
Work in progress	20,757	17,427	137,096
Raw materials and supplies	55,915	52,592	369,299
Other current assets	42,555	35,701	281,062
Allowance for doubtful accounts	(5,362)	(4,157)	(35,415)
Total current assets	524,166	489,289	3,461,900
Tangible assets (Note 5):			
Buildings and structures	¥ 337,409	¥ 287,677	\$ 2,228,451
Accumulated depreciation and impairment	(156,680)	(147,531)	(1,034,811)
Buildings and structures (net)	180,729	140,145	1,193,640
Machinery and equipment	408,015	360,642	2,694,771
Accumulated depreciation and impairment	(288,780)	(265,162)	(1,907,273)
Machinery and equipment (net)	119,235	95,480	787,497
Land	47,061	47,123	310,824
Lease assets	40,149	35,947	265,171
Accumulated depreciation	(16,778)	(13,115)	(110,815)
Lease assets (net)	23,371	22,831	154,355
Construction in progress	83,284	103,336	550,061
Other tangible fixed assets	101,983	89,858	673,557
Accumulated depreciation and impairment	(74,156)	(66,224)	(489,771)
Other tangible fixed assets (net)	27,826	23,633	183,785
Total tangible fixed assets	481,508	432,550	3,180,165
Intangible assets (Note 5):			
Goodwill	¥ 15,607	¥ 14,514	\$ 103,082
Lease assets	1,921	2,302	12,687
Other intangible assets	17,609	17,187	116,306
Total intangible assets	35,138	34,004	232,077
Investments and other assets:			
Investment securities (Note 6)	¥ 32,945	¥ 37,220	\$ 217,590
Assets for retirement benefits	94	—	621
Deferred tax assets (Note 4)	13,116	10,377	86,629
Other	29,990	30,267	198,074
Allowance for doubtful accounts	(7,139)	(6,309)	(47,150)
Total investments and other assets	69,007	71,555	455,764
Total fixed assets	¥ 585,655	¥ 538,109	\$ 3,868,008
Total assets	¥1,109,821	¥1,027,399	\$ 7,329,908

The accompanying notes are an integral part of these statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Liabilities and net assets			
Current liabilities:			
Trade notes and accounts payable	¥ 81,502	¥ 76,141	\$ 538,292
Short-term debt (Notes 5 and 9)	160,367	130,570	1,059,161
Commercial paper	20,000	10,000	132,091
Current portion of corporate bonds (Notes 5 and 9)	4,700	2,000	31,041
Current portion of lease obligations	4,748	4,440	31,361
Accrued payables	25,837	23,153	170,647
Income taxes payable	6,125	4,897	40,453
Advance received	368	426	2,433
Unearned revenue	345	578	2,284
Provision for bonuses	11,436	5,955	75,535
Provision for directors' bonuses	11	13	77
Notes payable-facilities	5,591	10,191	36,927
Other current liabilities	45,439	34,542	300,108
Total current liabilities	¥ 366,475	¥ 302,910	\$2,420,416
Long-term liabilities:			
Corporate bonds	¥ 82,000	¥ 76,700	\$ 541,575
Convertible bond-type bonds with subscription rights to shares	30,150	30,210	199,128
Long-term debt (excluding current portion) (Notes 5 and 9)	302,819	316,555	1,999,996
Lease obligations (excluding current portion) (Note 9)	25,312	25,265	167,181
Deferred tax liabilities (Note 4)	1,619	1,276	10,695
Liabilities for retirement benefits (Note 10)	5,675	5,164	37,484
Provision for directors' retirement benefits	557	686	3,680
Provision for share awards for directors (and other officers)	10	11	72
Provision for loss on lawsuits	227	153	1,500
Other long-term liabilities	25,184	26,291	166,335
Total long-term liabilities	¥ 473,557	¥ 482,315	\$3,127,650
Total liabilities	840,032	785,225	5,548,067
Net assets (Note 12):			
Shareholders' equity			
Capital stock	¥ 84,397	¥ 84,397	\$ 557,412
Capital surplus	0	—	4
Retained earnings	104,321	95,521	688,998
Treasury stock	(10,749)	(10,748)	(70,996)
Total shareholders' equity	177,970	169,170	1,175,419
Accumulated other comprehensive income (loss)			
Net unrealized gains on available-for-sale securities	9,704	7,162	64,095
Deferred gains (losses) on hedges	(50)	(47)	(330)
Foreign currency translation adjustments	43,516	28,716	287,409
Remeasurements of defined benefit plans	1,524	1,315	10,066
Total accumulated other comprehensive income	54,695	37,147	361,240
Non-controlling interests	37,123	35,856	245,181
Total net assets	269,788	242,173	1,781,841
Total liabilities and net assets	¥1,109,821	¥1,027,399	\$7,329,908

The accompanying notes are an integral part of these statements.



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Consolidated Statements of Income

Nipro Corporation and its Consolidated Subsidiaries
For the fiscal years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Net sales (Note 17)	¥586,785	¥545,199	\$3,875,475
Cost of sales	415,465	381,749	2,743,975
Gross profit	¥171,320	¥163,449	\$1,131,499
Selling, general and administrative expenses (Notes 14 and 15)	148,985	145,720	983,985
Operating income	¥ 22,335	¥ 17,729	\$ 147,514
Non-operating income			
Interest income	1,576	1,096	10,413
Dividend income	849	1,394	5,607
Foreign exchange gains	2,555	2,125	16,880
Other	3,958	2,686	26,145
Total non-operating income	8,940	7,302	59,045
Non-operating expenses			
Interest expenses	6,527	4,501	43,110
Share of loss of entities accounted for using equity method	1,996	1,451	13,184
Hyperinflation accounting adjustment	704	1,007	4,656
Others	2,537	2,724	16,755
Total non-operating expenses	11,765	9,684	77,707
Ordinary income	¥ 19,509	¥ 15,346	\$ 128,852
Extraordinary income			
Gain on sales of fixed assets	2,505	2,548	16,550
Government subsidies	1,367	785	9,028
Gain on sales of investment securities	3,682	1,954	24,321
Other	314	487	2,079
Total extraordinary income	7,870	5,775	51,980
Extraordinary loss			
Loss on sales of fixed assets	191	3	1,262
Loss on retirement of fixed assets	647	568	4,277
Impairment losses	736	768	4,863
Loss on tax purpose reduction entry of fixed assets	661	785	4,368
Loss on valuation of investment securities	2,218	—	14,651
Provision for allowance for doubtful accounts	28	140	184
Compensation for damages	540	549	3,568
Loss on litigation	226	448	1,493
Loss on sales of investment capital of subsidiaries or associates	1,681	—	11,108
Others	1,229	1,080	8,119
Total extraordinary loss	8,160	4,345	53,897
Profit before income taxes	¥ 19,219	¥ 16,777	\$ 126,934
Income taxes	10,049	6,790	66,369
Income taxes-deferred	(2,999)	4,052	(19,812)
Total income taxes	7,049	10,843	46,557
Net income	¥ 12,169	¥ 5,934	\$ 80,377
Net income attributable to non-controlling interests	1,060	1,359	7,001
Net income attributable to owners of the parent	11,109	4,574	73,375

The accompanying notes are an integral part of these statements.

Consolidated Statements of Comprehensive Income

Nipro Corporation and its Consolidated Subsidiaries
For the fiscal years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Net income	¥12,169	¥ 5,934	\$ 80,377
Other comprehensive income:			
Valuation difference on available-for-sales securities	2,543	(2,627)	16,799
Deferred gains (losses) on hedges	1	91	6
Foreign currency translation adjustments	14,432	20,058	95,318
Remeasurements of defined benefit plans	217	965	1,439
Share of other comprehensive income of entities accounted for using equity method	531	1,558	3,507
Total other comprehensive income	17,725	20,046	117,071
Comprehensive income	¥29,895	¥25,980	\$197,448
Comprehensive income attributable to:			
Owners of parent	28,658	24,798	189,274
Non-controlling interests	1,237	1,181	8,173

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Consolidated Statements of Changes in Net Assets

Nipro Corporation and its Consolidated Subsidiaries

For the fiscal years ended March 31, 2024 and 2023 consisted of the following:

	Millions of yen											
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Accumulated retirement benefit adjustments	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at March 31, 2022	¥84,397	¥ —	¥ 94,667	¥(10,748)	¥168,316	¥ 9,789	¥(108)	¥ 6,885	¥ 356	¥16,922	¥14,628	¥199,867
Hyper Inflation Adjustment			1,140		1,140							1,140
Restated balance	84,397	—	95,807	(10,748)	169,456	9,789	(108)	6,885	356	16,922	14,628	201,008
Cash dividends			(4,256)		(4,256)							(4,256)
Net income attributable to owners of parent			4,574		4,574							4,574
Purchase of treasury stock				(0)	(0)							(0)
Disposal of treasury stock		(0)		0	0							0
Change in the scope of consolidation			(241)		(241)							(241)
Change in parent's ownership interest due to transactions with non-controlling interests		(296)			(296)							(296)
Decrease of retained earnings (Other)		296	(363)		(67)							(67)
Other net change during the year						(2,627)	61	21,830	959	20,224	21,228	41,452
Total changes during period	—	—	(286)	(0)	(286)	(2,627)	61	21,830	959	20,224	21,228	41,165
Balance at March 31, 2023	¥84,397	¥ —	¥ 95,521	¥(10,748)	¥169,170	¥ 7,162	¥ (47)	¥28,716	¥1,315	¥37,147	¥35,856	¥242,173
Hyper Inflation Adjustment			814		814							814
Restated balance	84,397	—	96,335	(10,748)	169,984	7,162	(47)	28,716	1,315	37,147	35,856	242,988
Cash dividends			(3,028)		(3,028)							(3,028)
Net income attributable to owners of parent			11,109		11,109							11,109
Purchase of treasury stock				(0)	(0)							(0)
Disposal of treasury stock				0	0							0
Change in the scope of consolidation					—							—
Change in parent's ownership interest due to transactions with non-controlling interests		0			0							0
Decrease of retained earnings (Other)			(95)		(95)							(95)
Other net change during the year						2,542	(3)	14,800	208	17,548	1,266	18,814
Total changes during period	—	0	7,985	(0)	7,985	2,542	(3)	14,800	208	17,548	1,266	26,800
Balance at March 31, 2024	¥84,397	¥ 0	¥104,321	¥(10,749)	¥177,970	¥ 9,704	¥ (50)	¥43,516	¥1,524	¥54,695	¥37,123	¥269,788

	Thousands of U.S. dollars (Note 1)											
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Accumulated retirement benefit adjustments	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at March 31, 2023	\$557,412	\$—	\$630,877	\$(70,992)	\$1,117,297	\$47,303	\$(310)	\$189,661	\$ 8,687	\$245,341	\$236,818	\$1,599,458
Hyper Inflation Adjustment			5,379		5,379							5,379
Restated balance	557,412	—	636,256	(70,992)	1,122,677	47,303	(310)	189,661	8,687	245,341	236,818	1,604,837
Cash dividends			(20,001)		(20,001)							(20,001)
Net income attributable to owners of parent			73,375		73,375							73,375
Purchase of treasury stock				(5)	(5)							(5)
Disposal of treasury stock				0	0							0
Change in the scope of consolidation					—							—
Change in parent's ownership interest due to transactions with non-controlling interests		4			4							4
Decrease of retained earnings (Other)			(632)		(632)							(632)
Other net change during the year						16,791	(20)	97,748	1,379	115,899	8,362	124,262
Total changes during period	—	4	52,741	(4)	52,741	16,791	(20)	97,748	1,379	115,899	8,362	177,004
Balance at March 31, 2024	\$557,412	\$ 4	\$688,998	\$(70,996)	\$1,175,419	\$64,095	\$(330)	\$287,409	\$10,066	\$361,240	\$245,181	\$1,781,841

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Consolidated Statements of Cash Flows

Nipro Corporation and its Consolidated Subsidiaries
For the fiscal years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Operating activities:			
Profit before income taxes	¥ 19,219	¥ 16,777	\$126,934
Depreciation and amortization	56,030	46,275	370,060
Impairment loss	736	768	4,863
Amortization of goodwill	2,842	2,468	18,772
Share of loss (profit) of entities accounted for using equity method	1,996	1,451	13,184
Increase (decrease) in allowance for doubtful accounts	1,631	1,897	10,776
Increase (decrease) in assets for retirement benefits	(94)	—	(621)
Increase (decrease) in liabilities for retirement benefits	587	377	3,877
Interest and dividend income	(2,425)	(2,490)	(16,020)
Interest expenses	6,527	4,501	43,110
Foreign exchange losses (gains)	(5,202)	(7,102)	(34,361)
Loss (gain) on sales of investment securities	(3,682)	(1,946)	(24,321)
Loss (gain) on valuation of investment securities	2,218	—	14,651
Government subsidies	(1,367)	(785)	(9,028)
Loss on tax purpose reduction entry of fixed assets	661	785	4,368
Loss (gain) on valuation of investments in capital of subsidiaries and associates	1,681	—	11,108
Decrease (increase) in notes and accounts receivable-trade	7,845	(11,113)	51,818
Decrease (increase) in inventories	(13,847)	(25,018)	(91,459)
Increase (decrease) in notes and accounts payable-trade	272	(5,781)	1,799
Decrease (increase) in other assets	(3,490)	(6,439)	(23,054)
Increase (decrease) in other liabilities	12,114	7,050	80,012
Other loss (gain)	159	593	1,051
Subtotal	84,414	22,269	557,523
Interest and dividends received	2,285	2,304	15,094
Interest expenses paid	(6,272)	(4,251)	(41,424)
Other proceeds	905	868	5,982
Other payments	(878)	(1,482)	(5,803)
Income taxes paid	(9,070)	(9,568)	(59,904)
Income taxes refund	1,551	255	10,244
Cash flows from operating activities	72,936	10,395	481,711
Investing activities:			
Payments into time deposits	(2,176)	(2,036)	(14,376)
Proceeds from withdrawal of time deposits	4,349	2,546	28,727
Payments for purchase of investment securities	(463)	(51)	(3,058)
Proceeds from sales of investment securities	8,594	4,979	56,764
Payments for sale of investments in capital of subsidiaries resulting in change in scope of consolidation	(1,011)	—	(6,677)
Purchase of shares of subsidiaries	(13)	(952)	(86)
Purchase of investments in capital of subsidiaries	(196)	—	(1,299)
Payments for acquisition of shares in subsidiaries resulting in change in scope of consolidation	(3,278)	(2,076)	(21,650)
Payments for acquisition of business	(22)	(26)	(147)

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Investing activities:			
Payments for purchase of fixed assets	¥(94,203)	¥(84,835)	\$(622,174)
Proceeds from sales of fixed assets	4,907	10,799	32,409
Payments for retirement of fixed assets	(62)	(256)	(413)
Proceeds from capital investment subsidies	1,243	10	8,209
Net decrease (increase) in short-term loans receivable	(4,826)	23	(31,874)
Payments for loans receivable	(28)	(140)	(187)
Proceeds from collection of loans receivable	113	216	752
Other payments	(2)	(10)	(15)
Other proceeds	—	72	—
Cash flows from investing activities	(87,075)	(71,737)	(575,097)
Financing activities:			
Net increase (decrease) in short-term debt	6,146	(15,116)	40,597
Net increase (decrease) in commercial paper	10,000	10,000	66,045
Proceeds from long-term debt	72,586	115,025	479,405
Repayment of long-term debt	(65,491)	(74,963)	(432,543)
Proceeds from issuance of bonds	9,949	—	65,710
Payments for redemption of bonds	(2,000)	(2,200)	(13,209)
Proceeds from issuance of stock	—	19,730	—
Proceeds from sale of treasury stock	—	—	—
Payments for purchase of treasury stock	(34)	(1)	(230)
Proceeds from sale and leaseback	950	214	6,279
Payments for repayment of finance lease obligations	(4,310)	(4,064)	(28,467)
Cash dividends paid	(3,025)	(4,247)	(19,979)
Dividends paid to non-controlling interests	(204)	(141)	(1,349)
Payments for acquisition of subsidiaries' stock without change in scope of consolidation	—	(315)	—
Repayments of installment payables	(2,425)	(840)	(16,016)
Other	—	(0)	—
Cash flows from financing activities	22,142	43,077	146,243
Effect of exchange rate changes on cash and cash equivalents	3,883	12,875	25,648
Net increase (decrease) in cash and cash equivalents	11,886	(5,389)	78,506
Cash and cash equivalents at beginning of period	84,695	90,071	559,380
Increase in cash and cash equivalents from newly consolidated subsidiaries	—	13	—
Ending balance of cash and cash equivalents	¥ 96,582	¥ 84,695	\$ 637,886

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Notes to Consolidated Financial Statements

1. Basis of Presenting Consolidated Financial Statements

The financial statements of Nipro Corporation and its consolidated domestic subsidiaries have been prepared in accordance with the provisions set forth in the Financial Instruments and Exchange Law of Japan and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards. Effective from the year ended March 31, 2009, the Company has adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (PITF No. 18) and as a result, the accounts of consolidated overseas subsidiaries are prepared in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the U.S., with adjustments for the specified four items as applicable.

In preparing the accompanying consolidated financial statements, certain reclassifications have been made to the consolidated financial statements issued domestically. However, no adjustment has been made which would change the financial position or the results of operations presented in the original financial statements.

The financial statements presented herein are expressed in Japanese yen and, solely for the convenience of the reader, have been translated into U.S. dollars at the rate of ¥151.41 = US\$1, the approximate exchange rate on March 31, 2024. These translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollar amounts at that or any other rate.

Amounts of less than one million yen and one thousand U.S. dollars are rounded down to the nearest million yen and thousand U.S. dollars, respectively, in the presentation of the accompanying consolidated financial statements. As a result, the totals in yen and U.S. dollars do not necessarily agree with the sum of the individual amounts.

2. Summary of Significant Accounting Policies

(a) Basis of Consolidation

The consolidated financial statements include the accounts of the Company and the significant subsidiaries and affiliated companies accounted for by the equity method.

Investments in unconsolidated subsidiaries are stated at cost and the equity method is not applied for the valuation of such investments since they are considered immaterial in the aggregate.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profits included in assets resulting from transactions within the Company and its consolidated subsidiaries have been eliminated. The difference between the cost of investments in subsidiaries and affiliates and the equity in their net assets at the dates of acquisition is amortized on a straight-line basis over 5 to 20 years.

All accounts herein have been presented on the basis of the 12 months ended March 31, 2024 for the Company and for consolidated domestic subsidiaries, and December 31, 2023 for all consolidated overseas subsidiaries.

Adjustments have been made for any significant intercompany transactions which took place during the period between the end of the accounting period of the consolidated overseas subsidiaries and that of the Company.

(b) Translation of Foreign Currencies

Balance sheets of consolidated overseas subsidiaries are translated into Japanese yen at the current exchange rates as of the balance sheet date except for shareholders' equity, which is translated at the historical rates. Income statements of consolidated overseas subsidiaries are translated into Japanese yen at the average exchange rates for the period. Resulting translation adjustments are shown as "Foreign currency translation adjustments" in the "Accumulated other comprehensive income" section of net assets.

(c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, readily available deposits and short-term highly liquid investments with original maturities of three months or less.

(d) Allowance for Doubtful Receivables

An allowance for possible losses from trade notes and accounts receivable, loans and other receivables is provided based on the actual rate of past bad debts and the uncollectible amounts of certain individual receivables.



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(e) Inventories

Inventories are stated principally at the lower of average cost or net realizable value.

(f) Property, Plant and Equipment

Depreciation of property, plant and equipment of the Company and its consolidated domestic subsidiaries is computed principally by the declining-balance method. The straight-line method is applied to buildings acquired by the domestic companies after April 1, 1998 and buildings and accompanying facilities and structures acquired by the domestic companies after April 1, 2016, and is principally applied to the property, plant and equipment of consolidated overseas subsidiaries.

(g) Intangible Assets

Amortization of intangible assets, including software for the Company's own use, is computed by the straight-line method over the estimated useful life of the asset.

Goodwill is amortized on a straight-line basis over the period the Company benefits from its use. If the amount is not significant, it is expensed when incurred.

(h) Investment Securities

Available-for-sale securities, which are not classified either trading securities or held-to-maturity debt securities, are stated at fair value. Unrealized gains and losses, net of applicable taxes, are reported as "Accumulated other comprehensive income" of net assets.

Non-marketable available-for-sale securities are stated at cost determined by the average method.

For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

(i) Employees' Retirement and Severance Benefits

<Method of Attributing Expected Benefit to Periods>

In calculating retirement benefit obligation, the estimated amount of retirement benefit is attributed to the periods on the benefit formula basis.

<Accounting Method of Actuarial Gains and Losses and Prior Service Costs>

Prior Service Costs are amortized on a straight-line basis over a certain period (mainly 5 years) which is within the average of the estimated remaining service years of the employees when they occur.

Actuarial gains and losses are amortized on a straight-line basis over a certain period (mainly five years) which is within the average of the estimated remaining service years of the employees commencing from the following year in which they arise.

Some consolidated subsidiaries amortize their actuarial gains and losses all at once in the fiscal year in which they arise.

(j) Derivatives

Derivatives are stated at fair value, with changes in fair value included in net income or loss for the period in which they arise, unless derivatives are used for hedging purposes. Please see

(l) Hedge Accounting below.

(k) Leases

Finance leases, except for certain immaterial leases, are capitalized in the balance sheet. Amortization of finance lease assets is calculated by the straight-line method over the lease period assuming no residual value.

The Company and its consolidated domestic subsidiaries account for certain finance leases as operating leases, which do not transfer ownership to the lessee.

(l) Hedge Accounting

<Method of hedge accounting>

The deferral hedge accounting method is applied in principle. The exceptional accounting method is applied to interest rate swaps when certain hedging criteria are met.

<Hedge instrument and hedge items>

(Hedging instruments) (Hedged items)

Interest rate swap Interest on short-term and long-term debt

<Hedge policy>

The Company uses interest rate swaps to reduce interest volatility risk.

<Method for assessing hedge effectiveness>

Hedge effectiveness is not assessed when substantial items and conditions of hedging instruments and the hedged transactions are the same, and is not assessed when cash flow can be completely offset for a whole hedge period.

(m) Income Taxes

The provision for income taxes is computed based on income for financial statement purposes. The asset and liability approach is used to recognize deferred tax assets and liabilities for the future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

(n) Amounts per Common Share

Basic earnings per share are computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflect the potential dilution that could occur if securities were exercised or converted into common stock. Diluted earnings per share of common stock assume full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.



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(o) Revenue Recognition

Revenue is recognized upon delivery of products sold. The customer acquires ownership and control of the products upon delivery. The Group has fulfilled its performance obligation at this time.

Other Revenue Sources

- As an agent
When the Company acts as an agent, revenue is recognized on a net basis.
- Repurchase agreements
Liability is recognized for the amount of the remaining inventory of the goods to be supplied to the buyer.

Revenue is the contract price less returns, discounts, and rebates.

Accounts receivable are all current. All are collected within a year from delivery date.

(p) Change in Accounting Policies

Additional Information

Turkish Subsidiary — Application of International Audit Standard 29 on Financial Reporting in Hyperinflationary Economies (IAS 29)

IAS 29 was applied to the Turkish subsidiary as Turkey's cumulative inflation rate over the past three years exceeded 100%. As a result, retained earnings increased by ¥814 million (US\$5 million) at the start of the current fiscal year (FY2024). The impact of inflation on the net monetary position for the FY2024 is presented as "Inflation accounting adjustments" under "Non-operating expenses."

3. Significant Accounting Estimates

(1) Accounting for impairment of goodwill

(a) Amount recorded in the consolidated financial statements of the current consolidated fiscal year

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Goodwill	¥15,607	¥14,514	\$103,082
Impairment loss	124	350	822

(b) Information on the contents of important accounting estimates related to the identified items

Regarding accounting for impairment of goodwill, assets for business use are grouped based on management accounting categories, and regarding the asset groups showing signs of impairment, the requirement of impairment is determined by comparing the total amount of undiscounted future cash flows obtained from asset groups with the book value.

As a result, if it is determined to be necessary to recognize impairment loss, the book value is reduced to the recoverable value.

Moreover, the estimate of undiscounted future cash flows is determined on the main assumption of the future business plan and the net realizable value of the asset groups at the end of the remaining useful life of goodwill.

If the conditions and assumptions on which the undiscounted future cash flows are estimated are changed owing to changes in the business plan and market environment and the future cash flows decrease, accounting for impairment may be necessary for the next consolidated fiscal year.

(2) Accounting for impairment of fixed assets

(a) Amount recorded in the consolidated financial statements of the current consolidated fiscal year

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Tangible fixed assets	¥481,508	¥432,550	\$3,180,165
Intangible fixed assets (excluding goodwill)	19,531	19,489	128,994
Impairment loss	611	418	4,041

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(b) Information on the contents of important accounting estimates related to the identified items

As for accounting for the impairment of fixed assets, assets for business use are grouped based on management accounting categories, and regarding the asset groups showing signs of impairment, the requirement of impairment is determined by comparing the total amount of undiscounted future cash flows obtained from asset groups with the book value.

As a result, if it is determined to be necessary to recognize impairment loss, the book value is reduced to the recoverable value.

The recoverable value is calculated based on the net realizable value or value in use.

Moreover, the estimate of undiscounted future cash flows is determined based on the main assumption of the future business plan and the net realizable value of land and buildings.

We capture a sign of impairment and carefully consider the recognition and measurement of impairment losses. However, if the conditions and assumptions on which the value is estimated are changed owing to changes in the business plan and market environment and the future cash flows decrease, accounting for impairment may be necessary for the next consolidated fiscal year.

(c) Judgment on recognition of impairment of Nipro Vietnam Company Limited

Previous consolidated fiscal year (Mar. 31, 2023)

There is no applicable item.

Current consolidated fiscal year (Mar. 31, 2024)

i. Major assumption

In the current consolidated fiscal year, Nipro Vietnam Company Limited continuously recorded operating losses, and a sign of impairment was found. Therefore, it is being determined whether recognizing impairment losses is required.

Tangible fixed assets and intangible fixed assets related to the company in the consolidated balance sheet at the end of the current consolidated fiscal year are ¥18,985 million (US\$125,392 thousand) (1.7% of the consolidated total assets).

The recognition of impairment is judged by comparing the undiscounted future cash flows based on the business plan for Nipro Vietnam Company Limited (hereinafter referred to as the "Business Plan") with the book value. We have determined that the acquisition of licenses and approvals required for manufacturing and sales are considered the main assumptions for formulating the business plan.

Sales forecasts are set based on the available past results in our group and the future market forecast.

ii. Judgment result of recognition of impairment

As the total amount of undiscounted future cash flows obtained from Nipro Vietnam Company Limited exceeds the book value at the end of the current consolidated fiscal year, we find it unnecessary to recognize impairment losses.

iii. Impact on the consolidated financial statements of the next consolidated fiscal year

Business plans entail uncertainty because they may be affected by the availability of licenses and approvals required for manufacturing, sales, and changes in the market environment. It may be necessary to record impairment losses depending on the future achievement status of the business plan.

(3) Recoverability of deferred tax assets

(a) Amount recorded in the consolidated financial statements of the current consolidated fiscal year

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Deferred tax assets	¥13,116	¥10,377	\$86,629

(b) Information on the contents of important accounting estimates related to the identified items

Regarding deferred tax assets, we recorded the future temporary deductible differences for which taxable income based on future profit plans can be sufficiently secured and which are determined to be recoverable.

Considering the change of taxable income in the past and current periods, taxable income is estimated based on the assumption of the future business plan, reasonable information, etc., at that time.

The recoverability of deferred tax assets depends on the estimate of future taxable income based on the budget, etc. If the estimate is reduced owing to changes in the conditions or assumptions as premise for the estimate, the deferred tax assets may be reduced, and tax expenses may be recorded in the following consolidated fiscal year.



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4. Income Taxes

The Company and its domestic subsidiaries are subject to several taxes based on income which, in aggregate, resulted in a normal statutory tax rate of approximately 30.6% for the fiscal years ended March 31, 2024 and 2023.

The significant components of deferred tax assets and liabilities were as follows:

	Millions of yen	Thousands of U.S. dollars (Note 1)
	2024	2023
Deferred tax assets		
Tax loss carryforwards	¥ 25,118	¥ 24,486
Intercompany profits	3,680	2,320
Valuation loss on inventories	2,513	2,176
Allowance for bonuses to employees	3,107	1,442
Sales allowance	511	467
Loss on impairment of fixed assets	697	1,980
Excess of allowance for doubtful accounts over tax allowable amounts	2,796	2,471
Net defined benefit liability	1,564	1,515
Accrued enterprise taxes	437	226
Accrued expense	699	409
Research and development costs	981	920
Other	6,364	5,797
Gross deferred tax assets	48,473	44,209
Less: Valuation allowance for the Net Operating Loss Carry Forwards	(19,618)	(18,869)
Less: Valuation allowance for the deductible temporary differences	(6,589)	(6,568)
Total Less: Valuation allowance (*1)	(26,208)	(25,438)
Total deferred tax assets	22,265	18,771
Offsetting deferred tax liabilities	(9,148)	(8,394)
Net deferred tax assets	13,116	10,377
Deferred tax liabilities		
Unrealized gain on available-for-sale securities	4,362	3,207
Revaluation reserve for land	783	783
Revaluation reserve for fixed assets — other	528	531
Retained earnings on foreign subsidiaries	1,030	903
Other	4,063	4,243
Total deferred tax liabilities	10,767	9,670
Offsetting deferred tax assets	(9,148)	(8,394)
Net deferred tax assets (liabilities)	¥ 1,619	¥ 1,276

(*1) In the fiscal year ended March 31, 2024, Valuation allowance was increased by ¥769 million (US\$5,079 thousand). This increase was mainly due to a ¥960 million (US\$6,340 thousand) increase in the valuation allowance for tax loss carryforwards at Infradex, Inc.

In the fiscal year ended March 31, 2023, Valuation allowance was increased by ¥438 million. The main reason of this increase is that Valuation allowance for the Net Operating Loss Carry Forwards was increased by ¥180 million in Nipro Vietnam Company LIMITED.

Reconciliation of the differences between the statutory tax rates and the effective income tax rates were as follows:

	2024	2023
Statutory tax rate	30.6%	30.6%
Expenses not deductible for tax purposes	1.5	1.5
Non-taxable dividend income	(0.5)	(1.2)
Inhabitant tax on per capita basis	0.8	1.0
Amortization of goodwill	4.5	4.5
Tax credits primarily for research and development costs	(5.1)	(3.7)
Valuation allowance	2.5	17.6
Retained earnings on foreign subsidiaries	0.7	0.8
Unrealized Gain	(7.3)	6.4
Prior tax expense	3.8	3.6
Effect of hyperinflationary accounting	1.1	2.3
Equity in losses of affiliates	3.2	2.7
Other	0.9	(1.5)
Effective income tax rate	36.7%	64.6%

	Millions of yen					
	2024					
	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years
Net Operating Loss Carry Forwards (*A)	¥ 152	¥ 623	¥1,029	¥ 981	¥ 972	¥ 21,359
Valuation allowance	(152)	(569)	(819)	(980)	(917)	(16,179)
Deferred Tax Assets	—	54	210	0	54	5,180

	Millions of yen					
	2023					
	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years
Net Operating Loss Carry Forwards (*A)	¥ 288	¥ 574	¥1,289	¥1,160	¥ 1,122	¥ 20,050
Valuation allowance	(288)	(515)	(923)	(909)	(1,011)	(15,220)
Deferred Tax Assets	—	58	365	250	111	4,830

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Thousands of U.S. dollars (Note 1)

	2024						Total
	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years	
Net Operating Loss Carry Forwards (*A)	\$ 1,004	\$ 4,120	\$ 6,802	\$ 6,482	\$ 6,419	\$ 141,070	\$ 165,900
Valuation allowance	(1,004)	(3,760)	(5,409)	(6,477)	(6,061)	(106,857)	(129,571)
Deferred Tax Assets	—	359	1,392	4	358	34,213	36,328 (*B)

(*A) Each Net Operating Loss Carry Forwards amount is multiplied by Statutory tax rate.

(*B) Deferred Tax Assets for Net Operating Loss Carry Forwards (multiplied by Statutory tax rate) for the years ended March 31, 2024 and 2023 were ¥25,118 million (US\$165,900 thousand) and ¥24,486 million, respectively. Those Deferred Tax Assets were mainly recognized for the balance of Net Operating Loss Carry Forwards (multiplied by Statutory tax rate) in Nipro Holding Americas, Inc. As a result of tax scheduling, Valuation allowance for those Net Operating Loss Carry Forwards was not recognized due to assumption that this amount is collectable.

5. Pledged Assets

The following assets were pledged as collateral:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Buildings and structures	¥5,252	¥3,208	\$34,690
Machinery and equipment	147	1,571	971
Land	2,981	3,112	19,690
Other	663	641	4,379
Total	¥9,043	¥8,534	\$59,731

The above assets were pledged against the following liabilities:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Short-term debt	¥ 699	¥ 695	\$ 4,620
Current portion of long-term debt	1,562	893	10,319
Long-term debt (excluding current portion)	6,733	6,136	44,473
Total	¥8,995	¥7,724	\$59,414

6. Investment Securities

Investment securities as of March 31, 2024 and 2023 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Non-current:			
Marketable:			
Marketable equity securities	¥23,272	¥24,593	\$153,702
Investment trust funds and other	—	—	—
Subtotal	23,272	24,593	153,702
Non-marketable securities	1,322	2,489	8,736
Investments in unconsolidated subsidiaries and affiliates accounted for by equity method	8,350	10,138	55,150
Total	¥32,945	¥37,220	\$217,590

The carrying amounts and aggregate fair values of marketable securities for investments as of March 31, 2024 and 2023 were as follows:

	Millions of yen			
	2024			
	Cost	Unrealized gain	Unrealized loss	Fair Value
Available-for-sale securities				
Equity securities	¥9,466	¥13,938	¥132	¥23,272
Debt securities and other	—	—	—	—
Total	¥9,466	¥13,938	¥132	¥23,272

	Millions of yen			
	2023			
	Cost	Unrealized gain	Unrealized loss	Fair Value
Available-for-sale securities				
Equity securities	¥14,324	¥10,638	¥369	¥24,593
Debt securities and other	—	—	—	—
Total	¥14,324	¥10,638	¥369	¥24,593

	Thousands of U.S. dollars (Note 1)			
	2024			
	Cost	Unrealized gain	Unrealized loss	Fair Value
Available-for-sale securities				
Equity securities	\$62,520	\$92,058	\$875	\$153,702
Debt securities and other	—	—	—	—
Total	\$62,520	\$92,058	\$875	\$153,702



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Proceeds from sales of securities and gross realized gains or losses on those sales for the fiscal years ended March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Proceeds	¥8,541	¥5,020	\$56,410
Gains on sales	3,682	1,954	24,321
Losses on sales	0	7	0

No impairment loss was applied to securities in the fiscal year ended March 31, 2024 and 2023.

In case fair value for the marketable equity security fell by over 50% from the acquisition cost, the stock impairment is applied unless there is a reasonable disproof, the Company records an impairment loss. In case fair value for the marketable equity security fell by 30% to 50%, impairment is applied except when it is expected to recover.

7. Financial Instruments

(1) Circumstances on financial instruments

(a) Policy for financial instruments

The Company and its consolidated subsidiaries manage the temporary surplus funds by deposits with banks that have a high level of safety. Based on capital investment planning and financing planning, the Company and its consolidated subsidiaries raise funds for business operation with bank loans, commercial paper, corporate bonds, and issuing convertible bond with stock acquisition rights.

The Company and its consolidated subsidiaries enter into derivative transactions for the purpose of reducing funding costs and hedging their exposures to foreign exchange fluctuations and interest rate fluctuations, but not for speculative purposes.

(b) Details and risk of financial instruments and its risk management

Receivables such as trade notes and accounts receivable are exposed to customer's credit risk. Receivables denominated in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates.

In order to reduce the customer's risk, the Company monitors the dues and balances by customer in accordance with the Company's credit administration regulations.

Investment securities are exposed to market fluctuation risk, but mainly consist of equity of the companies which conduct business with the Company. The Company periodically reviews the market price of such securities.

Payables such as trade notes, accounts payable and accounts payable other are due within 1 year.

Payables denominated in foreign currency are exposed to the risk of fluctuation in foreign currency exchange rates.

Short-term loans payable are mainly borrowed to raise operating capital and long-term loans payable are mainly borrowed to make capital expenditures. A part of long-term loans with the floating interest rate has the risk of interest rate fluctuation, but the Company and its consolidated subsidiaries use interest rate swaps to solidify the interest rate. For some of the loans denominated in foreign currency, the Company and its consolidated subsidiaries use currency swaps to hedge the currency fluctuation risk.

Corporate bonds and convertible bonds are mainly issued to raise the funds for the retirement of bonds.

Lease obligations are mainly for capital expenditures, free from interest-rate risk because the interest rate is fixed.

Payables, loans and bonds are exposed to liquidity risk, but the Company and its consolidated subsidiaries manage the risk by establishing cash planning.

Regarding derivatives, the Company enters into forward exchange contracts to hedge against the risk of fluctuations in foreign currency exchange rates associated with trade receivables and payables denominated in foreign currencies, interest rate swaps to hedge against the risk of fluctuations in interest rates associated with loans payable, and currency swaps to hedge against the risk of foreign exchange rate fluctuations. For more information on the use of hedge accounting, including hedging instruments, hedged items, the hedging policy, and the method for assessment of hedge effectiveness, please refer to "2. Summary of Significant Accounting Policies" (m) Hedge Accounting.

As the Company manages its exposure to credit risk by limiting its funding to high-credit rating financial institutions, the Company recognizes that the exposure to credit risk is extremely low.

The Company executes and manages derivative transactions under the corporate derivative management policy, which prescribes the authority and limitations on derivative transactions.



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(c) Supplemental information on fair values of financial instruments

Because variable factors are counted in the estimation, the estimated values may vary by adopting different assumptions.

With respect to the contract amounts related to derivative transactions in Note 8, the amounts do not reflect market risks to derivative transactions.

(2) Fair values of financial instruments

The book values, fair values and the differences between them as of March 31, 2024 and 2023 were as follows (Financial instruments for which the fair value is extremely difficult to determine are not included as described in remark 1.):

Millions of yen			
2024			
	Book value	Fair value	Difference
Investment securities	¥ 23,272	¥ 23,272	¥ —
Assets total	¥ 23,272	¥ 23,272	¥ —
Corporate bonds	82,000	80,373	(1,626)
Convertible bond-type bonds with subscription rights to shares	30,150	31,065	915
Long-term debt (excluding current portion)	302,819	298,995	(3,824)
Lease obligations (excluding current portion)	25,312	22,973	(2,339)
Liabilities total	¥440,282	¥433,406	¥(6,875)
Derivatives (*1)	¥ (635)	¥ (635)	¥ —

Millions of yen			
2023			
	Book value	Fair value	Difference
Investment securities	¥ 24,593	¥ 24,593	¥ —
Assets total	¥ 24,593	¥ 24,593	¥ —
Corporate bonds	76,700	75,469	(1,230)
Convertible bond-type bonds with subscription rights to shares	30,210	30,030	(180)
Long-term debt (excluding current portion)	316,555	313,313	(3,242)
Lease obligations (excluding current portion)	25,265	24,025	(1,240)
Liabilities total	¥448,731	¥442,838	¥(5,893)
Derivatives (*1)	¥ (27)	¥ (27)	¥ —

Thousands of U.S. dollars (Note 1)

2024			
	Book value	Fair value	Difference
Investment securities	\$ 153,702	\$ 153,702	\$ —
Assets total	\$ 153,702	\$ 153,702	\$ —
Corporate bonds	541,575	530,831	(10,744)
Convertible bond-type bonds with subscription rights to shares	199,128	205,171	6,043
Long-term debt (excluding current portion)	1,999,996	1,974,740	(25,256)
Lease obligations (excluding current portion)	167,181	151,728	(15,452)
Liabilities total	\$2,907,881	\$2,862,471	\$(45,410)
Derivatives (*1)	\$ (4,196)	\$ (4,196)	\$ —

(*1) The amount represents the net amount of assets (liabilities).

Cash is not disclosed. Deposits out of "Cash and deposits", "Trade notes and accounts receivable", "Trade notes and accounts payable", "Short-term debt", "Commercial paper", "Current portion of corporate bonds", "Current portion of lease obligations" and "Notes payable-facilities" are not disclosed because their maturities are short and the carrying values approximate fair value.

Remark 1 Financial instruments for which the fair value is extremely difficult to determine

Millions of yen		Thousands of U.S. dollars (Note 1)	
2024		2023	2024
Unlisted equity securities	¥8,951	¥12,175	\$59,118

They are not included in investment securities because there were no quoted market prices available and it is extremely difficult to determine the fair value as of March 31, 2024 and 2023.

Remark 2 Planned redemption amounts after the balance sheet date for monetary receivables with maturity dates

Planned redemption amounts after the balance sheet date for monetary receivables with maturity dates at March 31, 2024 and 2023 were as follows:

Millions of yen		Thousands of U.S. dollars (Note 1)	
2024		2023	2024
Within 1 year	Within 1 year	Within 1 year	Within 1 year
Cash and deposits	¥ 99,667	¥ 89,678	\$ 658,265
Trade notes and accounts receivable	160,240	160,271	1,058,320



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Remark 3 Planned repayment amounts after the balance sheet date for monetary payables with maturity dates

Planned repayment amounts after the balance sheet date for monetary payables with maturity dates at March 31, 2024 and 2023 were as follows:

Millions of yen						
2024						
	Within 1 year	Over 1 year and within 2 years	Over 2 years and within 3 years	Over 3 years and within 4 years	Over 4 years and within 5 years	Over 5 years
Short-term bank debt	¥160,367	¥ —	¥ —	¥ —	¥ —	¥ —
Commercial paper	20,000	—	—	—	—	—
Current portion of corporate bonds	4,700	—	—	—	—	—
Current portion of lease obligations	4,748	—	—	—	—	—
Corporate bonds	—	1,000	1,000	—	20,000	60,000
Convertible bond-type bonds with subscription rights to shares	—	—	30,000	—	—	—
Long-term debt (excluding current portion)	—	69,041	61,024	73,346	59,689	39,717
Lease obligations (excluding current portion)	—	3,743	2,673	1,870	1,521	15,503
Total	¥189,816	¥73,785	¥94,698	¥75,216	¥81,211	¥115,220

Millions of yen						
2023						
	Within 1 year	Over 1 year and within 2 years	Over 2 years and within 3 years	Over 3 years and within 4 years	Over 4 years and within 5 years	Over 5 years
Short-term bank debt	¥130,570	¥ —	¥ —	¥ —	¥ —	¥ —
Commercial paper	10,000	—	—	—	—	—
Current portion of corporate bonds	2,000	—	—	—	—	—
Current portion of lease obligations	4,440	—	—	—	—	—
Corporate bonds	—	4,700	1,000	1,000	—	70,000
Convertible bond-type bonds with subscription rights to shares	—	—	—	30,000	—	—
Long-term debt (excluding current portion)	—	78,925	57,723	49,384	56,850	73,672
Lease obligations (excluding current portion)	—	3,647	2,927	1,647	1,811	15,232
Total	¥147,010	¥87,272	¥61,651	¥82,032	¥58,661	¥158,904

Thousands of U.S. dollars (Note 1)

2024						
	Within 1 year	Over 1 year and within 2 years	Over 2 years and within 3 years	Over 3 years and within 4 years	Over 4 years and within 5 years	Over 5 years
Short-term bank debt	\$1,059,161	\$ —	\$ —	\$ —	\$ —	\$ —
Commercial paper	132,091	—	—	—	—	—
Current portion of corporate bonds	31,041	—	—	—	—	—
Current portion of lease obligations	31,361	—	—	—	—	—
Corporate bonds	—	6,604	6,604	—	132,091	396,275
Convertible bond-type bonds with subscription rights to shares	—	—	198,137	—	—	—
Long-term debt (excluding current portion)	—	455,990	403,044	484,421	394,224	262,316
Lease obligations (excluding current portion)	—	24,726	17,657	12,351	10,051	102,394
Total	\$1,253,656	\$487,321	\$625,443	\$496,772	\$536,367	\$760,986

(3) Breakdown of fair values of financial instruments by level

The fair values of financial instruments are classified into the following three levels based on the observability and materiality of the inputs used to calculate fair value.

Level 1: Fair value calculated based on quoted market prices for assets or liabilities for which such fair value is available in active markets among the inputs used in the calculation of observable fair value.

Level 2: Fair value calculated using inputs other than Level 1 inputs to the calculation of observable fair value.

Level 3: Fair value calculated using inputs that are unobservable.

When multiple inputs that have a significant effect on the calculation of fair value are used, fair value is classified into the level with the lowest priority in the calculation of fair value among the levels to which each of those inputs belongs.



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(a) Financial instruments measured at fair value on the consolidated balance sheet

Millions of yen				
2024				
Fair value				
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Stocks	¥23,272	¥ —	¥—	¥23,272
Total assets	¥23,272	¥ —	¥—	¥23,272
Derivatives transactions				
Currency-related	¥ —	¥(667)	¥—	¥ (667)
Interest-related	—	—	—	—
Interest rate and currency related	—	31	—	31
Total liabilities	¥ —	¥(635)	¥—	¥ (635)

Millions of yen				
2023				
Fair value				
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Stocks	¥24,593	¥ —	¥—	¥24,593
Total assets	¥24,593	¥ —	¥—	¥24,593
Derivatives transactions				
Currency-related	¥ —	¥(29)	¥—	¥ (29)
Interest-related	—	7	—	7
Interest rate and currency related	—	(5)	—	(5)
Total liabilities	¥ —	¥(27)	¥—	¥ (27)

Thousands of U.S. dollars (Note 1)				
2024				
Fair value				
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Stocks	\$153,702	\$ —	\$—	\$153,702
Total assets	\$153,702	\$ —	\$—	\$153,702
Derivatives transactions				
Currency-related	\$ —	\$(4,407)	\$—	\$ (4,407)
Interest-related	—	—	—	—
Interest rate and currency related	—	211	—	211
Total liabilities	\$ —	\$(4,196)	\$—	\$ (4,196)

(b) Financial instruments other than those measured at fair value on the consolidated balance sheet

Millions of yen				
2024				
Fair value				
	Level 1	Level 2	Level 3	Total
Corporate bonds	¥—	¥ 80,373	¥—	¥ 80,373
Convertible bond-type bonds with subscription rights to shares	—	31,065	—	31,065
Long-term debt (excluding current portion)	—	298,995	—	298,995
Lease obligations (excluding current portion)	—	22,973	—	22,973
Total liabilities	¥—	¥433,406	¥—	¥433,406

Millions of yen				
2023				
Fair value				
	Level 1	Level 2	Level 3	Total
Corporate bonds	¥—	¥ 75,469	¥—	¥ 75,469
Convertible bond-type bonds with subscription rights to shares	—	30,030	—	30,030
Long-term debt (excluding current portion)	—	313,313	—	313,313
Lease obligations (excluding current portion)	—	24,025	—	24,025
Total liabilities	¥—	¥442,838	¥—	¥442,838

Thousands of U.S. dollars (Note 1)				
2024				
Fair value				
	Level 1	Level 2	Level 3	Total
Corporate bonds	\$—	\$ 530,831	\$—	\$ 530,831
Convertible bond-type bonds with subscription rights to shares	—	205,171	—	205,171
Long-term debt (excluding current portion)	—	1,974,741	—	1,974,741
Lease obligations (excluding current portion)	—	151,729	—	151,729
Total liabilities	\$—	\$2,862,472	\$—	\$2,862,472



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(Note) Explanation of valuation techniques used and inputs related to the calculation of fair value

- Investment securities

The fair value of listed stocks is estimated using quoted market prices. Since listed stocks are traded in active markets, their fair value is classified as Level 1.

- Derivative transactions

Fair value is calculated based on prices, etc., provided by financial institutions with which the Company has transactions, and is classified as Level 2.

The fair value of interest rate swaps that qualify for special treatment is included in the fair value of the relevant long-term borrowings because they are accounted for as an integral part of long-term borrowings that are hedged.

- Corporate bonds and Long-term debt

The fair value of corporate bonds and Long-term debt is calculated based on the present value of the total principal and interest discounted using an appropriate index such as the yield on government bonds plus an interest rate that takes credit risk into account, and is classified as Level 2.

- Convertible bond-type bonds with subscription rights to shares

The fair value of convertible bond with stock acquisition rights is calculated based on the price, etc., provided by the financial institutions with which the Company has transactions and is classified as Level 2.

- Lease obligations

The fair value of lease obligations is calculated based on the present value of the principal and interest discounted at an interest rate that takes into account the remaining period of the obligation and credit risk, and is classified as Level 2.

8. Derivatives

The Company and its consolidated subsidiaries held the following derivatives contracts outstanding at March 31, 2024 and 2023.

(1) Derivatives for which hedge accounting has not been applied

Currency-related

Millions of yen				
2024				
	Type of derivative	Contract amount	Over 1 year out-of-contract amount	Fair value
Transaction other than market transaction	Non-Deliverable Forward	¥ 3,534	¥—	¥ (12)
	Currency swaption	15,660	—	(467)
	Currency swap	773	—	(17)

Millions of yen				
2023				
	Type of derivative	Contract amount	Over 1 year out-of-contract amount	Fair value
Transaction other than market transaction	Non-Deliverable Forward	¥2,945	¥—	¥ (41)
	Currency swaption	2,381	—	118
	Currency swap	463	—	9

Thousands of U.S. dollars (Note 1)				
2024				
	Type of derivative	Contract amount	Over 1 year out-of-contract amount	Fair value
Transaction other than market transaction	Non-Deliverable Forward	\$ 23,341	\$—	\$ (82)
	Currency swaption	103,433	—	(3,087)
	Currency swap	5,105	—	(118)



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(2) Derivatives for which hedge accounting has been applied

(a) Currency-related

Millions of yen					
2024					
Method of hedge accounting	Type of derivative	Principal hedge item	Contract amount	Over 1 year out-of-contract amount	Fair value
Principle method	Currency swap	Long-term debt	¥ 558	¥—	¥(139)
	Non-Deliverable Forward	Long-term loans	¥2,758	¥—	¥ (29)

Fair value is based on the information provided by a financial institution at the end of the fiscal year.

Millions of yen					
2023					
Method of hedge accounting	Type of derivative	Principal hedge item	Contract amount	Over 1 year out-of-contract amount	Fair value
Principle method	Currency swap	Long-term debt	¥532	¥—	¥(116)

Fair value is based on the information provided by a financial institution at the end of the fiscal year.

Thousands of U.S. dollars (Note 1)					
2024					
Method of hedge accounting	Type of derivative	Principal hedge item	Contract amount	Over 1 year out-of-contract amount	Fair value
Principle method	Currency swap	Long-term debt	\$ 3,685	\$—	\$(922)
	Non-Deliverable Forward	Long-term loans	\$18,218	\$—	\$(196)

Fair value is based on the information provided by a financial institution at the end of the fiscal year.

(b) Interest-related

Millions of yen					
2024					
Method of hedge accounting	Type of derivative	Principal hedge item	Contract amount	Over 1 year out-of-contract amount	Fair value
Exceptional accounting method for interest rate swap	Interest rate swap	Long-term debt	¥15,000	¥15,000	(*)

Millions of yen					
2023					
Method of hedge accounting	Type of derivative	Principal hedge item	Contract amount	Over 1 year out-of-contract amount	Fair value
Principle method	Interest rate swap	Long-term debt	¥ 537	¥ —	¥ 7
Exceptional accounting method for interest rate swap	Interest rate swap	Long-term debt	15,000	15,000	(*)

(*) The fair value of the interest rate swap to which the exceptional accounting method is applied and the fair value of forward foreign exchange contract, etc., to which the allocation method is applied are included in the fair value of long-term loans in Note 7. "Financial Instruments" because such interest rate swap and forward foreign exchange contract, etc., are accounted for as a single item with the corresponding long-term loans.

Thousands of U.S. dollars (Note 1)					
2024					
Method of hedge accounting	Type of derivative	Principal hedge item	Contract amount	Over 1 year out-of-contract amount	Fair value
Exceptional accounting method for interest rate swap	Interest rate swap	Long-term debt	\$99,068	\$99,068	(*)

(c) Interest rate and currency-related

Millions of yen					
2024					
Method of hedge accounting	Type of derivative	Principal hedge item	Contract amount	Over 1 year out-of-contract amount	Fair value
Principle method	Interest rate and currency swap	Long-term debt	¥797	¥797	¥31

Millions of yen					
2023					
Method of hedge accounting	Type of derivative	Principal hedge item	Contract amount	Over 1 year out-of-contract amount	Fair value
Principle method	Interest rate and currency swap	Long-term debt	¥760	¥760	¥(5)

Thousands of U.S. dollars (Note 1)					
2024					
Method of hedge accounting	Type of derivative	Principal hedge item	Contract amount	Over 1 year out-of-contract amount	Fair value
Principle method	Interest rate and currency swap	Long-term debt	\$5,264	\$5,264	\$205



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9. Short-Term Debt and Long-Term Debt

Short-Term Debt and Long-Term Debt comprised the following:

Millions of yen				
2024				
	Balance at the beginning of current period	Balance at the end of current period	Average interest rate	Payment term
Short-term debt	¥ 65,511	¥ 73,039	3.121%	—
Current portion of long-term debt	65,058	87,327	0.499%	—
Current portion of lease obligations	4,440	4,748	—	—
Long-term debt (excluding current portion)	316,555	302,819	0.608%	2025–2034
Lease obligations (excluding current portion)	25,265	25,312	—	2025–2038
Other interest-bearing liabilities	10,000	20,000	0.495%	—
Commercial papers (Within 1 year)	2,536	2,533	0.243%	—
Long-term guarantee deposits from agents	—	—	—	—
Total	¥489,368	¥515,781	—	—

Thousands of U.S. dollars (Note 1)				
2024				
	Balance at the beginning of current period	Balance at the end of current period	Average interest rate	Payment term
Short-term debt	\$ 432,673	\$ 482,398	3.121%	—
Current portion of long-term debt	429,687	576,763	0.499%	—
Current portion of lease obligations	29,326	31,361	—	—
Long-term debt (excluding current portion)	2,090,720	1,999,996	0.608%	2025–2034
Lease obligations (excluding current portion)	166,870	167,181	—	2025–2038
Other interest-bearing liabilities	66,045	132,091	0.495%	—
Commercial papers (Within 1 year)	16,750	16,731	0.243%	—
Long-term guarantee deposits from agents	—	—	—	—
Total	\$3,232,074	\$3,406,524	—	—

Average interest rate is the weighted average interest rate on the balance of borrowings, etc. at the end of the fiscal year.
Average interest rate for lease obligations is not stated because lease obligations are recorded on the consolidated balance sheets at the amount before deducting the amount equivalent to interest included in the total lease payments.

The aggregate annual maturities of long-term debt outstanding at March 31, 2024 were as follows:

	Millions of yen	Thousands of U.S. dollars (Note 1)
	2024	2024
2024	¥ 87,327	\$ 576,763
2025	69,041	455,990
2026	61,024	403,044
2027 and thereafter	172,755	1,140,974
Total	¥390,147	\$2,576,758

As is customary in Japan, long-term and short-term bank loans are made under general agreements which provide that additional securities and guarantees for present and future indebtedness will be given under certain circumstances at the request of the bank.

In addition, the agreements provide that the bank has the right to offset cash deposits against any long-term and short-term bank loan that becomes due, and in case of default and certain other specified events, against all other loans payable to the bank.

Corporate bonds comprised the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
0.25% unsecured bonds due 2025	¥ 3,000	¥ 3,000	\$ 19,813
0% convertible bond due 2026	30,150	30,210	199,128
1.6% unsecured bonds with subordinated specials due 2055	50,000	50,000	330,229
0.674% unsecured bonds due 2028	10,000	10,000	66,045
0.44% unsecured bonds due 2029	10,000	10,000	66,045
0.014%–0.025% unsecured bonds due from 2024 to 2027 (*1)	3,700	5,700	24,436
1.088% unsecured bonds with subordinated specials due 2028	10,000	—	66,045
Total	¥116,850	¥108,910	\$771,745

(*1) This is the total amount of the bonds Goodman Co., Ltd. issued.

In March 2020, the Company issued ¥3,000 million (US\$19,813 thousand) of 0.25% unsecured bonds due 2025.

In October 2018, the Company issued ¥10,000 million (US\$66,045 thousand) of 0.674% unsecured bonds due 2028.

In October 2019, the Company issued ¥10,000 million (US\$66,045 thousand) of 0.44% unsecured bonds due 2029.

In September 2020, the Company issued ¥50,000 million (US\$330,229 thousand) of 1.6% unsecured bonds due 2055.

In September 2021, the Company issued ¥30,270 million (US\$199,920 thousand) of 0% convertible bonds due 2026.

From February 2017 to February 2023, Goodman Co., Ltd. issued ¥7,900 million (US\$52,176 thousand) of 0.014% and 0.120% unsecured bonds due from 2024 to 2027.

In October 2023, the Company issued ¥10,000 million (US\$66,045 thousand) of 1.088% unsecured bonds due 2028.



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10. Accrued Pension and Severance Liabilities

The Company and certain consolidated subsidiaries have defined benefit pension plans and unfunded retirement benefit plans, and defined contribution pension plans for employees.

Certain consolidated subsidiaries have recorded liabilities for retirement benefit and assets for a retirement benefit based on the simplified method.

(1) Defined Benefit Plans

(a) The reconciliation of beginning and ending balances of the benefit obligation (excluding the defined benefit plans applied based on the simplified method) is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Obligation at April 1	¥17,731	¥18,633	\$117,110
Service cost	1,654	1,608	10,929
Interest cost	256	176	1,696
Actuarial gains and losses	(302)	(1,700)	(1,996)
Prior service cost	0	(467)	0
Benefit payments	(413)	(735)	(2,729)
Other (foreign currency translation adjustments, etc.)	188	216	1,248
Obligation at March 31	¥19,116	¥17,731	\$126,257

(b) The reconciliation of beginning and ending balances of the fair value of the plan assets (excluding the defined benefit plans applied based on the simplified method) is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Fair value of plan assets at April 1	¥12,592	¥12,726	\$83,169
Expected return on plan assets	210	205	1,390
Actuarial gains and losses	317	(624)	2,094
Company contribution	748	734	4,941
Benefit payments	(276)	(482)	(1,827)
Other (foreign currency translation adjustments, etc.)	(29)	33	(193)
Fair value of plan assets at March 31	¥13,562	¥12,592	\$89,574

(c) The reconciliation of beginning and ending balances of liabilities for retirement benefit calculated by the simplified method is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Liabilities for retirement benefit at April 1	¥24	¥20	\$164
Retirement benefit cost	3	2	21
Retirement payments	(1)	(1)	(6)
Decrease due to charge in measurement of retirement benefit obligations from the simplified method to the principle method	—	—	—
Other (foreign currency translation adjustments, etc.)	—	2	—
Liabilities for retirement benefit at March 31	¥27	¥24	\$179

(d) The reconciliation of ending balance of the benefit obligation and the fair value of the plan assets, and liabilities and assets for retirement benefit are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Benefit obligation on funded scheme	¥ 15,811	¥ 14,872	\$104,426
Plan assets	(13,562)	(12,592)	(89,574)
	2,248	2,279	14,852
Benefit obligations on unfunded scheme	3,332	2,884	22,011
Net liabilities in the consolidated balance sheet	5,581	5,164	36,863
Net defined benefit liability	5,675	5,164	37,484
Retirement benefit asset	(94)	—	(621)
Net liabilities in the consolidated balance sheet	¥ 5,581	¥ 5,164	\$ 36,863

(*) Including the defined benefit plans applied based on the simplified method



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(e) The breakdown of net pension and severance costs is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Service cost	¥1,654	¥1,608	\$10,929
Interest cost	256	176	1,696
Expected return on plan assets	(210)	(205)	(1,390)
Amortization of actuarial gains and losses	(182)	(2)	(1,205)
Amortization of prior service cost	(132)	(168)	(876)
Retirement benefit cost calculated by the simplified method	3	2	21
Other	(2)	35	(18)
Total	¥1,386	¥1,446	\$ 9,156

(f) Remeasurements of defined benefit plans (Other Comprehensive Income)

The breakdown of the items recorded in adjustments to defined benefit plans is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Prior service cost	¥(132)	¥ 467	\$ (876)
Actuarial gains and losses	463	906	3,058
Total	¥ 330	¥1,373	\$2,181

(g) Remeasurements of defined benefit plans (Accumulated Other Comprehensive Income)

The breakdown of the items recorded in adjustments to defined benefit plans is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Unrecognized prior service cost	¥ 348	¥ 452	\$ 2,302
Unrecognized actuarial losses	1,880	1,446	12,421
Total	¥2,229	¥1,899	\$14,724

(h) Items concerning the plan assets

1. The breakdown of the plan assets

Plan assets as of March 31, 2025 and 2024 consist of the following:

	2024	2023
Bonds	28%	31%
Equities	32	19
Short-term funds	2	6
General account	20	21
Others	18	23
Total	100%	100%

(*) Including the defined benefit plans applied based on the simplified method

2. Method of determining the expected rate of return on plan assets

The long-term expected rate of return is determined considering the current and future allocation of plan assets, and the current and expected long-term rate of return from the diverse assets composing the plan assets.

(i) Basis of actuarial calculation

The assumptions used in actuarial calculations for the fiscal years ended March 31, 2024 and 2023 are as follows:

	2024	2023
Discount rate	Primarily 1.4%	Primarily 0.6%
Expected long-term rate of return	Primarily 1.5%	Primarily 1.5%
Expected rate of salary increase	Primarily 6.6%	Primarily 6.6%

(2) Defined Contribution Retirement Plans

The amounts of necessary contributions to defined contribution retirement plans within the Company and consolidated subsidiaries were ¥949 million (US\$6,268 thousand) and ¥795 million for the fiscal years ended March 2024 and 2023, respectively.

11. Commitments and Contingent Liabilities

The Company and its consolidated subsidiaries had the following commitments and contingent liabilities:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Export drafts discounted	¥20	¥—	\$135
Total	¥20	¥—	\$135



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12. Net Assets

The significant provisions in the Corporate Law of Japan (the "Corporate Law") that influence financial and accounting matters are summarized below:

(a) Dividends

Under the Corporate Law, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon a resolution at the shareholders' meeting. For companies that meet certain criteria such as (1) having a board of directors, (2) having independent auditors, (3) having a board of corporate auditors, and (4) the service period of the directors is prescribed as one year rather than the normal term of two years by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) if the company has prescribed so in its articles of incorporation. The Company's present system meets the first three criteria but the two-year service period of the directors does not meet the fourth criterion.

Interim dividends may also be paid once a year by the resolution of the Board of Directors if the articles of incorporation of the company stipulate so. The Company's articles of incorporation contain such a stipulation, and it pays interim dividends semi-annually by the resolution of the Board of Directors.

The Corporate Law provides certain limitations on the amounts available for dividends or the purchase of treasury stock.

(b) Increases / Decreases and Transfer of Common Stock, Reserve and Surplus

The Corporate Law requires that an amount equal to 10% of dividends must be appropriated as legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock.

Under the Corporate Law, the total amount of additional paid-in capital and legal reserve may be reversed without limitation.

The Corporate Law also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions by the resolution of the shareholders' meeting.

The Company's legal reserve, which is included in retained earnings, amounted to ¥6,559 million (US\$43,320 thousand) as of March 31, 2024, and its additional paid-in capital, which is included in capital surplus, amounted to ¥635 million (US\$4,195 thousand) as of March 31, 2024.

13. Segment Information

1. Outline of Reportable Operating Segments

In accordance with ASBJ Statement No.17 "The Revised Accounting Standard for Disclosures of Segments of an Enterprise and Related Information", the reportable operating segments are components of an entity for which separate financial information is available and such information is evaluated regularly by the Board of Directors in deciding how to allocate management resources and in assessing performance.

The Company currently operates its business on a stand-alone basis with the divisional organization and evaluates the performance of sales and manufacturing of each division regardless of their products. Accordingly, the Company has three reportable operating business segments according to the divisions (Medical-Related business, Pharmaceutical-Related business and PharmaPackaging business), which are divided mainly by their products.

***Medical-Related**

The domestic division sells injection and infusion products, artificial organ products, highly functional products, dialysis products, diabetic products and pharmaceuticals such as generic and kit products. In the Global business division, head office plays the central role, placing overseas sales and manufacturing bases for medical equipment and sales injection and infusion products, artificial organ products and diabetic products.

***Pharmaceutical-Related**

The pharmaceutical division sells pharmaceutical products with containers for combination products (injectable kit products) consigned by other pharmaceutical companies. Domestic subsidiaries sell and manufacture injectable drugs, oral drugs and combination products.

***PharmaPackaging**

The PharmaPackaging division sells glass for vials and ampoules for medical use, glass for thermos bottles, glass for lighting and containers for combination products (injectable kit products). Overseas subsidiaries manufacture and sell glass tubing and glass mainly for syringes, vials and ampoules for medical use.



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Business segment information for the years ended March 31, 2024 and 2023 was as follows:

Millions of yen								
2024								
	Reportable segment				Other (*1)	Total	Adjustment (*2)	Consolidated financial statements
	Medical-Related	Pharmaceutical-Related	PharmaPackaging	Total				
Net sales:								
Outside	¥453,613	¥ 74,320	¥ 58,035	¥ 585,969	¥ 816	¥ 586,785	¥ —	¥ 586,785
Intersegment	5,711	55,287	6,250	67,249	4,147	71,397	(71,397)	—
Total	¥459,325	¥129,607	¥ 64,286	¥ 653,219	¥ 4,963	¥ 658,182	¥ (71,397)	¥ 586,785
Operating income (loss)	¥ 42,321	¥ 4,432	¥ 2,452	¥ 49,206	¥ 80	¥ 49,287	¥ (26,952)	¥ 22,335
Identifiable assets	663,626	243,189	110,747	1,017,563	234,306	1,251,870	(142,048)	1,109,821
Other items	—	—	—	—	—	—	—	—
Depreciation and amortization	29,117	15,032	6,376	50,526	407	50,933	5,097	56,030
Amortization of goodwill	2,662	10	169	2,842	—	2,842	—	2,842
Increase in tangible and intangible fixed assets	48,676	31,872	14,545	95,094	739	95,834	7,793	103,628

Thousands of U.S. dollars (Note 1)								
2024								
	Reportable segment				Other (*1)	Total	Adjustment (*2)	Consolidated financial statements
	Medical-Related	Pharmaceutical-Related	PharmaPackaging	Total				
Net sales:								
Outside	\$2,995,929	\$ 490,855	\$383,299	\$3,870,084	\$ 5,391	\$3,875,475	\$ —	\$3,875,475
Intersegment	37,723	365,148	41,283	444,155	27,392	471,547	(471,547)	—
Total	\$3,033,652	\$ 856,004	\$424,582	\$4,314,239	\$ 32,783	\$4,347,023	\$(471,547)	\$3,875,475
Operating income (loss)	\$ 279,519	\$ 29,276	\$ 16,194	\$ 324,990	\$ 530	\$ 325,521	\$(178,006)	\$ 147,514
Identifiable assets	4,382,978	1,606,164	731,439	6,720,582	1,547,498	8,268,081	(938,172)	7,329,908
Other items	—	—	—	—	—	—	—	—
Depreciation and amortization	192,305	99,283	42,115	333,704	2,689	336,394	33,666	370,060
Amortization of goodwill	17,582	72	1,117	18,772	—	18,772	—	18,772
Increase in tangible and intangible fixed assets	321,489	210,507	96,064	628,061	4,886	632,947	51,474	684,422



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Millions of yen								
2023								
	Reportable segment				Other (*1)	Total	Adjustment (*2)	Consolidated financial statements
	Medical-Related	Pharmaceutical-Related	PharmaPackaging	Total				
Net sales:								
Outside	¥419,957	¥ 72,734	¥51,754	¥544,446	¥ 752	¥ 545,199	¥ —	¥ 545,199
Intersegment	6,111	22,492	5,962	34,566	3,692	38,259	(38,259)	—
Total	¥426,069	¥ 95,227	¥57,716	¥579,013	¥ 4,444	¥ 583,458	¥ (38,259)	¥ 545,199
Operating income (loss)	¥ 38,599	¥ 5,615	¥ 2,739	¥ 46,954	¥ 257	¥ 47,211	¥ (29,482)	¥ 17,729
Identifiable assets	618,581	221,633	97,150	937,366	201,699	1,139,065	(111,666)	1,027,399
Other items	—	—	—	—	—	—	—	—
Depreciation and amortization	22,466	13,366	5,476	41,310	339	41,649	4,626	46,275
Amortization of goodwill	2,292	21	154	2,468	—	2,468	—	2,468
Increase in tangible and intangible fixed assets	49,099	23,461	15,686	88,247	365	88,613	14,020	102,633

(*1) "Other" is the business segment which is not included in the reportable segment and consists of real estate income and sales by headquarters.

(*2) Adjustment is as follows:

- Adjustments for operating income ended March 31, 2024 and 2023 include ¥472 million (US\$3,117 thousand) and ¥(681) million of adjustment for unrealized gain and ¥(27,424) million (US\$(181,124) thousand) and ¥(28,801) million of corporate cost, respectively. Corporate cost consists primarily of sales, general and administrative expenses and research and development costs which do not belong to the reportable segment.
- Adjustments for Identifiable assets ended March 31, 2024 and 2023 include ¥(243,153) million (US\$(1,605,924) thousand) and ¥(206,729) million of elimination of inter-segment transaction and ¥101,104 million (US\$667,750 thousand) and ¥95,063 million of corporate assets, respectively. Corporate assets consisted primarily of cash and deposits, investment securities, assets for development and assets for management division of head office which do not belong to the reportable segment.
- Adjustments for depreciation and amortization ended March 31, 2024 and 2023 are for corporate assets. Depreciation and amortization and Increase in tangible and intangible fixed assets include long-term prepaid expenses.
- Adjustment for increase in tangible and intangible fixed assets is increase in corporate assets.



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Loss on impairment of fixed assets and Unamortized balance of goodwill by reportable segments were as follows:

Millions of yen							
2024							
	Reportable segment				Other	Adjustment	Total
	Medical-Related	Pharmaceutical-Related	Pharma-Packaging	Total			
Loss on impairment of fixed assets	¥ 243	¥ —	¥ 493	¥ 736	¥—	¥—	¥ 736
Unamortized balance of goodwill	13,814	—	1,793	15,607	—	—	15,607

Millions of yen							
2023							
	Reportable segment				Other	Adjustment	Total
	Medical-Related	Pharmaceutical-Related	Pharma-Packaging	Total			
Loss on impairment of fixed assets	¥ 768	¥ —	¥ —	¥ 768	¥—	¥—	¥ 768
Unamortized balance of goodwill	12,708	10	1,795	14,514	—	—	14,514

Thousands of U.S. dollars (Note 1)							
2024							
	Reportable segment				Other	Adjustment	Total
	Medical-Related	Pharmaceutical-Related	Pharma-Packaging	Total			
Loss on impairment of fixed assets	\$ 1,606	\$ —	\$ 3,257	\$ 4,863	\$—	\$—	\$ 4,863
Unamortized balance of goodwill	91,238	—	11,844	103,082	—	—	103,082

Net sales and Property, plant and equipment by geographical areas were as follows:

Millions of yen					
2024					
	Japan	Americas	Europe	Asia	Total
Net sales	¥304,602	¥108,018	¥77,203	¥96,961	¥586,785
Property, plant and equipment	304,453	34,123	50,009	92,921	481,508

Millions of yen					
2023					
	Japan	Americas	Europe	Asia	Total
Net sales	¥290,177	¥98,089	¥68,294	¥88,636	¥545,199
Property, plant and equipment	275,739	29,744	39,421	87,644	432,550

Thousands of U.S. dollars (Note 1)					
2024					
	Japan	Americas	Europe	Asia	Total
Net sales	\$2,011,771	\$713,416	\$509,894	\$640,393	\$3,875,475
Property, plant and equipment	2,010,791	225,373	330,292	613,709	3,180,165

14. Selling, General and Administrative Expenses

Significant components of selling, general and administrative expenses for the years ended March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Salaries	¥29,725	¥25,951	\$196,323



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15. Research and Development Expenses

Research and development expenses for the years ended March 31, 2024 and 2023 were ¥20,846 million (US\$137,680 thousand) and ¥19,669 million, respectively.

16. Impairment Loss

For the years ended March 31, 2024 and 2023, the Company and its consolidated subsidiaries recorded impairment loss of ¥736 million (US\$4,860 thousand) and ¥768 million, respectively.

The following table presents the major impaired assets.

Purpose of use	Location	Type of asset	Millions of yen	Thousands of U.S. dollars (Note 1)
			2024	2024
			Amount	Amount
Idle assets	Nipro PharmaPackaging (Anyang) Co., Ltd.	Buildings, construction in progress, etc.	¥493	\$3,257
Business use	Next OrthoSurgical Inc.	Goodwill, etc.	¥176	\$1,165
Business use	Other	Goodwill, etc.	¥ 66	\$ 441

The assets for business use are divided into groups on which separate financial information is reported for management accounting purposes, whereas leased assets and idle assets are categorized individually. Headquarters assets, R&D facilities, dormitories and company-offered houses are categorized into assets for common use, since these assets cannot generate identifiable cash flows.

The company recognized the impairment loss, since the economic performance of above-mentioned assets will be worse than what the company originally expected.

The recoverable amount of an asset group is measured by its net selling price or its value in use. In the case that the recoverable amount is net realizable value, it shall be based on appraisal value. Whether the recoverable amount is the value in use, it is calculated by discounting future cash flow by approximately 5%.

Purpose of use	Location	Type of asset	Millions of yen
			2023
			Amount
Business use	NexMed International Co., Ltd.	Tools and fixtures, etc.	¥225
Business use	Next OrthoSurgical Inc.	Patent rights, etc.	¥186
—	Nipro Digital Technologies Europe N.V.	Goodwill, etc.	¥356

17. Revenue Recognition Breakdown

(1) Revenue from contracts with customers

Sales by product

	Millions of yen					
	2024					
	Reportable segments				Others (*1)	Total
	Medical-Related	Pharmaceutical-Related	Pharma-Packaging	Subtotal		
Medical devices	¥329,588	¥ —	¥ 4,112	¥333,700	¥ —	¥333,700
Medical products	123,915	74,320	709	198,945	—	198,945
Pharmaceutical Packaging Products	109	—	53,064	53,174	—	53,174
Others	—	—	148	148	420	569
Others	—	—	—	—	395	395
Sales to external customers	¥453,613	¥74,320	¥58,035	¥585,969	¥816	¥586,785

	Thousands of U.S. dollars (Note 1)					
	2024					
	Reportable segments				Others (*1)	Total
	Medical-Related	Pharmaceutical-Related	Pharma-Packaging	Subtotal		
Medical devices	\$2,176,793	\$ —	\$ 27,161	\$2,203,954	\$ —	\$2,203,954
Medical products	818,410	490,855	4,688	1,313,954	—	1,313,954
Pharmaceutical Packaging Products	725	—	350,466	351,192	—	351,192
Others	—	—	983	983	2,780	3,763
Others	—	—	—	—	2,610	2,610
Sales to external customers	\$2,995,929	\$490,855	\$383,299	\$3,870,084	\$5,391	\$3,875,475

	Millions of yen					
	2023					
	Reportable segments				Others (*1)	Total
	Medical-Related	Pharmaceutical-Related	Pharma-Packaging	Subtotal		
Medical devices	¥312,205	¥ —	¥ 3,401	¥315,607	¥ —	¥315,607
Medical products	107,654	72,734	426	180,815	—	180,815
Pharmaceutical Packaging Products	62	—	47,700	47,763	—	47,763
Others	35	—	225	260	312	573
Others	—	—	—	—	439	439
Sales to external customers	¥419,957	¥72,734	¥51,754	¥544,446	¥752	¥545,199



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Sales by region

Millions of yen

2024						
	Reportable segments				Others (*1)	Total
	Medical-Related	Pharmaceutical-Related	Pharma-Packaging	Subtotal		
Japan	¥222,877	¥67,726	¥13,189	¥303,793	¥413	¥304,206
America	94,517	0	13,494	108,012	5	108,018
Europe	51,960	(69)	25,312	77,203	—	77,203
Asia	84,258	6,662	6,038	96,959	2	96,961
Others	—	—	—	—	395	395
Sales to external customers	¥453,613	¥74,320	¥58,035	¥585,969	¥816	¥586,785

Thousands of U.S. dollars (Note 1)

2024						
	Reportable segments				Others (*1)	Total
	Medical-Related	Pharmaceutical-Related	Pharma-Packaging	Subtotal		
Japan	\$1,472,013	\$447,305	\$ 87,111	\$2,006,431	\$2,729	\$2,009,160
America	624,248	3	89,126	713,378	37	713,416
Europe	343,175	(457)	167,176	509,894	—	509,894
Asia	556,491	44,004	39,884	640,379	13	640,393
Others	—	—	—	—	2,610	2,610
Sales to external customers	\$2,995,929	\$490,855	\$383,299	\$3,870,084	\$5,391	\$3,875,475

Millions of yen

2023						
	Reportable segments				Others (*1)	Total
	Medical-Related	Pharmaceutical-Related	Pharma-Packaging	Subtotal		
Japan	¥210,788	¥66,778	¥11,860	¥289,427	¥311	¥289,738
America	86,014	—	12,075	98,089	0	98,089
Europe	47,718	110	20,465	68,294	—	68,294
Asia	75,437	5,846	7,352	88,635	0	88,636
Others	—	—	—	—	439	439
Sales to external customers	¥419,957	¥72,734	¥51,754	¥544,446	¥752	¥545,199

(*1) Other income refers to income from rentals, etc.

(2) Foundational information to understand revenue from contracts with customers

Foundational information to understand revenue from contracts with customers is described in 2. Summary of Significant Accounting Policies (o) Revenue Recognition.

(3) Outstanding Balance of Accounts Receivable and Contract Liabilities

Millions of yen

	2024		2023	
	Beginning Balance (April 1, 2023)	Ending Balance (March 31, 2024)	Beginning Balance (April 1, 2022)	Ending Balance (March 31, 2023)
Accounts Receivable	¥160,271	¥160,240	¥140,285	¥160,271
Contract Liabilities	—	—	—	—
Customer Advances	¥ 426	¥ 368	¥ 2,115	¥ 426
Refundable liabilities	¥ 1,248	¥ 1,671	¥ 590	¥ 1,248
Liabilities related to paid-in transactions	¥ 573	¥ 474	¥ 633	¥ 573
Deferred Revenues	¥ 578	¥ 345	¥ 284	¥ 578

Thousands of U.S. dollars (Note 1)

	2024	
	Beginning Balance (April 1, 2023)	Ending Balance (March 31, 2024)
Accounts Receivable	\$1,058,527	\$1,058,320
Contract Liabilities	—	—
Customer Advances	\$ 2,816	\$ 2,433
Refundable liabilities	\$ 8,248	\$ 11,038
Liabilities related to paid-in transactions	\$ 3,787	\$ 3,133
Deferred Revenues	\$ 3,817	\$ 2,284

(*1) Contract liabilities consist mainly of customer advances for medical supplies and equipments overseas. They also include unearned income for maintenance service contracts.

(4) Unfulfilled Performance Obligation

The Group does not have any significant outstanding performance obligations which exceed one year. Most contracts are within one year.

18. Notes to Consolidated Statements of Cash Flows

Reconciliations between "Cash and cash equivalents" on the consolidated statements of cash flows and "Cash and deposits" on the consolidated balance sheets were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Cash and deposits	¥99,667	¥89,678	\$658,265
(Time deposits with maturities exceeding three months)	¥ (3,085)	¥ (4,982)	\$ (20,378)
Cash and cash equivalents	¥96,582	¥84,695	\$637,886



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To the Board of Directors of Nipro Corporation:

Report on the Audit of the Consolidated Financial Statements Opinion

We have audited the accompanying consolidated financial statements of Nipro Corporation ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at March 31, 2024, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Appropriateness of management's judgement as to whether an impairment loss should be recognized on fixed assets of the consolidated subsidiary (Nipro Vietnam Company LIMITED)

The key audit matter	How the matter was addressed in our audit
The property, plant and equipment and	We mainly performed the following

the intangible assets of ¥516,647 million recorded on the consolidated balance sheets include the property, plant and equipment and the intangible assets of ¥18,985 million related to the consolidated subsidiary, Nipro Vietnam Company LIMITED, which represented 1.7% of total assets in the consolidated financial statements.

As described in Note to Consolidated Financial Statements (Significant accounting estimates) 2. Accounting for impairment of fixed assets, the Company, in principle, classified their business assets into groups based on management accounting classification, and if there are asset groups identified any signs of impairment, the Company tested whether to recognize an impairment loss by comparing the total amount of undiscounted future cash flows generated from the asset group to the carrying amount.

As Nipro Vietnam Company LIMITED continued to record operating losses and these are identified as a sign of impairment, the Company tested whether an impairment loss should be recognized. As a result, the Company concluded that the recognition of impairment loss was not necessary since the total amount of the undiscounted future cash flows generated from the asset group exceeded the carrying amount.

This test was performed on the assumption that its business plan is reasonable and has a high feasibility. As Estimates for obtaining permits necessary

procedures to the key audit matter.

(1) Internal Control Testing
We tested the operating effectiveness of internal controls over developing the business plan based on the future cash flow of Nipro Vietnam Company LIMITED and approving the business plan by the Company.

(2) Reasonableness of the estimated undiscounted future cash flow
We discussed with management and the personal responsible for the business plan the key assumption used in estimating the business plan by management, and also evaluated the feasibility and uncertainty of used key assumption considering the following items.

- We evaluated the feasibility of estimate of obtaining permits necessary for manufacturing by conducting the interview with management and reviewing the related documents.
- We evaluated the feasibility of sales forecast by conducting the interview with management about future prospects, including whether they are consistent with the future forecast reports published by research organizations and others and reviewing contracts for future orders.



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to manufacture dialyzers and future sales forecast involve important assumptions, there is a high degree of uncertainty and there is room for arbitrariness in management's judgment.

We, therefore, identified our assessment of the appropriateness of management's judgement as to whether an impairment loss should be recognized on fixed assets of this consolidated subsidiary as a key audit matter.

Other Matters

The predecessor auditor audited the consolidated financial statements of the Group as at March 31, 2023 and for the year then ended. It expressed an unqualified auditor's opinion on the consolidated financial statements effective June 28, 2023.

Other Information

The other information comprises the information included in the disclosure documents that contain or accompany the audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We do not perform any work on the other information as we determine such information does not exist.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the consolidated financial



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statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with corporate auditors and the board of corporate auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries for the current year are 91 million yen and 1 million yen, respectively.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2024 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Miho Ishihara
Designated Engagement Partner
Certified Public Accountant

Hiroshi Kobayashi
Designated Engagement Partner
Certified Public Accountant

Kiminori Funaki
Designated Engagement Partner
Certified Public Accountant

KAINAN AUDIT CORPORATION
Osaka Office, Japan
June 26, 2024

Notes to the Reader of Independent Auditor's Report:

This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KAINAN AUDIT CORPORATION.



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Corporate Information (As of March 31, 2024)

Date of Establishment

July 8, 1954

Head Office

3-26, Senriokashinmachi, Settsu, Osaka 566-8510, Japan

Telephone: +81-6-6310-6910

https://www.nipro.co.jp/en/

Tokyo Office

4-3-4 Hongo, Bunkyo-ku, Tokyo 113-0033, Japan

Telephone: +81-3-5684-5611

Number of Employees

Parent company	4,388
Consolidated subsidiaries	33,729
Total	38,117

Common Stock

Authorized 400,000,000 shares
 Issued 171,459,479 shares
 Outstanding 163,095,857 shares
 Number of Shareholders per unit 62,816
 Number of shares per unit 100 shares

Stock Listings

Tokyo Stock Exchange, Prime Market

Ticker Code: 8086

Transfer Agent

Mizuho Trust & Banking Co., Ltd., Head Office

Stock Transfer Agency Dept.

1-3-3, Marunouchi, Chiyoda-ku, Tokyo 100-8241, Japan

Principal Shareholders

	Number of Shares Held (in thousands)	Percentage of Total Shares in Issue (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	20,282	12.39
Nippon Electric Glass Co., Ltd.	13,645	8.34
Custody Bank of Japan, Ltd. (Trust Account)	10,114	6.18
JP Morgan Chase Bank 385632	4,447	2.72
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	4,022	2.46
NIPRO CORPORATION Employee Stock Ownership Association	2,633	1.61
MLI FOR CLIENT GENERAL OMNI NONCOLLATERAL NON TREATY-PB	2,508	1.53
STATE STREET BANK WEST CLIENT-TREATY 505223	1,992	1.22
Kazumi Sano	1,910	1.17
STATE STREET BANK WEST CLIENT-TREATY 505234	1,648	1.01
Total	63,205	38.61

Major Group Companies (As of March 31, 2024)

Area	Country	Name	Principal business
Domestic	Japan	Nipro Medical Industries Co., Ltd.	Manufacturing and marketing of medical devices
		Goodman Co., Ltd.	Manufacturing and marketing of medical devices
		NexMed International Co., Ltd.	Development, manufacturing and marketing of orthopedic products
		Nipro Pharma Corporation	Manufacturing and marketing of pharmaceuticals
		Zensei Pharmaceutical Industries Co., Ltd.	Manufacturing and marketing of pharmaceuticals
		Cell Science & Technology Institute, Inc.	Development and manufacturing of cell culture media
Overseas	Thailand	Nipro Sales (Thailand) Co., Ltd.	Marketing of medical devices
		Nipro (Thailand) Corporation Limited	Manufacturing and marketing of medical devices
	China	Nipro (China) Holdings Co., Ltd.	General management of the subsidiary
		Nipro Trading (Shanghai) Co., Ltd.	Marketing of medical devices
		Nipro (Shanghai) Co., Ltd.	Manufacturing and marketing of medical devices
		Nipro Medical (Hefei) Co., Ltd.	Manufacturing and marketing of medical devices
		Nipro PharmaPackaging (Shanghai) Co., Ltd.	Marketing of PharmaPackaging products
		Nipro PharmaPackaging (Anyang) Co., Ltd.	Manufacturing and marketing of PharmaPackaging products
		Chengdu Pingyuan Nipro Pharmaceutical Packaging Co., Ltd.	Manufacturing and marketing of PharmaPackaging products
	Vietnam	Nipro Vietnam Company LIMITED	Manufacturing and marketing of PharmaPackaging products
		Nipro Pharma Vietnam Co., Ltd.	Manufacturing and marketing of pharmaceuticals
	Singapore	Nipro Asia Pte Ltd.	Marketing of medical devices
	India	Nipro Medical (India) Pvt. Ltd.	Marketing of medical devices
		Nipro India Corporation Private Limited	Manufacturing and marketing of medical devices
		Nipro PharmaPackaging India Private Limited	Manufacturing and marketing of PharmaPackaging products
	Bangladesh	Nipro JMI Co., Ltd.	Manufacturing and marketing of medical devices
		Nipro JMI Pharma Ltd.	Manufacturing and marketing of pharmaceuticals
	Indonesia	PT. Nipro Indonesia JAYA	Manufacturing and marketing of medical devices
	UAE	Nipro Middle East FZE	Marketing of medical devices
	Brazil	Nipro Medical Ltda.	Manufacturing and marketing of medical devices
	U.S.A.	Nipro Holding Americas, Inc.	General management of the subsidiary
		Nipro Medical Corporation	Marketing of medical devices
		Infraredex, Inc.	Development, Manufacturing and marketing of medical devices
		Nipro PharmaPackaging Americas Corporation	Manufacturing and marketing of PharmaPackaging products
	Canada	Nipro Canada Corporation	Manufacturing and marketing of medical devices
	Belgium	Nipro Europe Group Companies N.V.	General management of the subsidiary
		Nipro Medical Europe N.V.	Marketing of medical devices
		Nipro PharmaPackaging International N.V.	General management of the subsidiary
	France	Nipro PharmaPackaging France S.A.S.	Manufacturing and marketing of PharmaPackaging products
	Germany	Nipro PharmaPackaging Germany GmbH	Manufacturing and marketing of PharmaPackaging products
	Switzerland	NIPRO PHARMA GLASS AG	General management of the subsidiary
	Russia	Nipro PharmaPackaging Ural LLC	Manufacturing and marketing of PharmaPackaging products
	Croatia	Nipro PharmaPackaging Croatia LLC	Manufacturing and marketing of PharmaPackaging product

Stock Price Range (Tokyo Stock Exchange)

