

A network diagram of interconnected nodes and lines is overlaid on the slide. The nodes are represented by circles of varying shades of blue and white, connected by thin grey lines. The diagram is most prominent in the top right and bottom left corners, framing the central text.

# Initiatives for Lean and Resilient Management

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Value Engineering Management  
<Kimihito Minoura>

- 1. Introduction of Value Engineering Management**
- 2. Process Innovation Activities**
- 3. BX (Business Transformation)**
- 4. Purchasing Optimization**
- 5. Logistics Optimization**
- 6. PSI Management**
- 7. IT Management**

# Introduction of Value Engineering Management

Established in June 2025  
With the Process Innovation and IT Promotion  
Divisions as core functions.

Integrate predecessor  
activities  
Sustainable Growth Strategy  
Committee  
Visualization of business  
processes through DX

## Mission

『 Lean and Resilient Management 』 - Achieve 9% operating margin by 2030.

Business Portfolio  
Transformation

Human Resources  
System Transformation

Corporate Governance  
Transformation

BPR Transformation



Reinforcing the  
Growth Cycle

Enhancing Trust from the  
Capital Markets

Smooth financing

Investing in Business  
Expansion and  
Strengthening

Conducting an Enterprise-Wide Review of the Business Structure and Driving Bold Transformation while Preserving “**Core Values**”.

# KEY CAPABILITIES



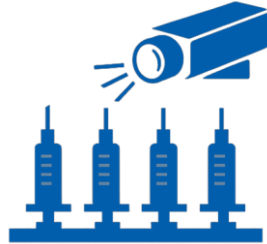
Corporate  
Culture



Technological  
development



Product  
competitive  
ness



Quality



Stable  
supply



Business  
Expansion  
Capability

Drivers for the Simultaneous Achievement  
of **Growth** and **Value Enhancement**.

# Process Innovation Activities

**BX**

Cost, speed, and quality of decision making UP

- 1) Business Process Visualization / BPR
  - Cross-Organization, Departmental Improvements
- 2) Shift to Data-Driven Management
  - KPI/Financial Metrics Visibility, Enhanced Responsiveness
- 3) Driving Digital Transformation
  - Business Transformation through Digital Technologies

**Improved Financial Performance**

Profit & CF Maximization

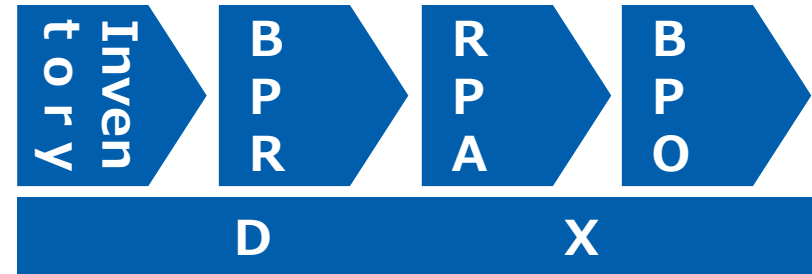
- 1) Cost Structure Transformation
  - ~Company-Wide Optimization & Cost Reduction
  - ▶ Procurement: ¥150 billion Direct Materials / Optimized Indirect Procurement Processes
  - ▶ Logistics: ¥20 billion+ Costs / Logistics & Inventory Optimization (1% of Sales Reduction Target)
- 2) Advancing PSI Management
  - ▶ Stabilizing Cash Flow via Planned Production and Higher Asset Utilization
  - ▶ Cost Reduction by Reducing Administrative Workload

**2025** ● Business Process Inventory & Visualization  
→ **Challenges and Goal Setting**

**2026** ● Formulate action plan  
→ **Implementation**

**2027** ● Creation of improvement effects by optimizing operations

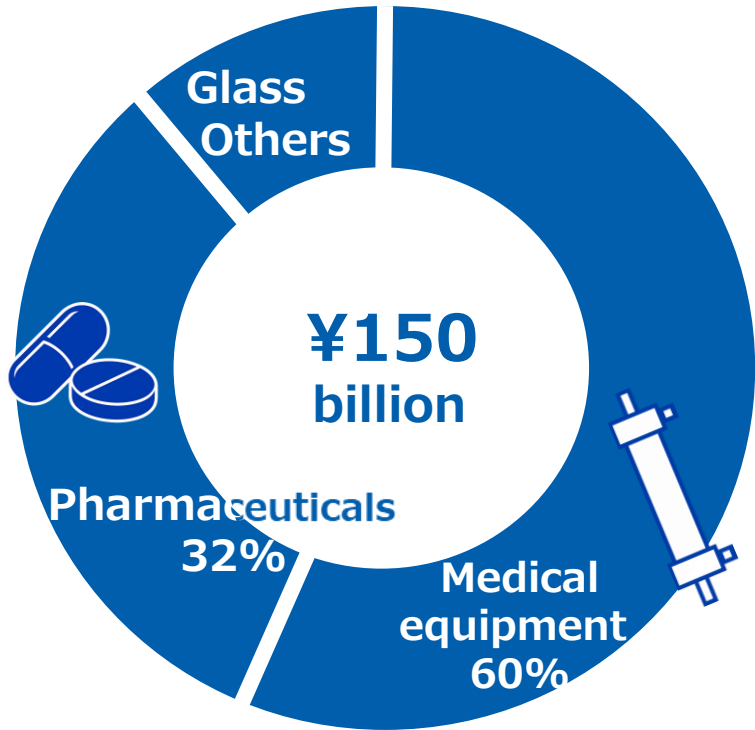
## Promote operational efficiency



## Evolution of corporate functions

- ◆ Advancing a Global Management Strategy
- ◆ Governance Enhancement





**Company-Wide Direct  
Materials Spend**

## Strategic procurement by leveraging purchasing power through bulk purchases.

- ◆ Careful Implementation with Quality / Safety Assurance.
- ◆ Balancing Global Supply Chains with Responsibility for Stable Supply.
- ◆ Synergies with Eco Projects.  
(SKU Consolidation / Packaging Review)

**Through an enterprise-wide review, even modest percentage of reductions would generate significant cost savings.**

Company-wide logistics costs **¥20 billion** (Shipping costs / Storage fees)

**Target 1% Reduction vs. Sales**

From April 2026~

**Logistics  
Headquarters**

## Visualize Distribution Routes Company-Wide

- > Review of warehouse locations and shipping routes that are currently scattered across different business units and products.

## Integrated Optimization of Procurement and Sales Logistics.

- > Developing a Sustainable Logistics Platform

Compliance with Japan's revised Logistics Act  
/ Addressing Trade Compliance



Linked optimization of production,  
sales, and inventory



From April 2026~ Enterprise DX Strategy Division

Improving Sales  
Forecast Accuracy

+

Current inventory,  
Incoming Inventory,  
Inventory Policy



Required  
Replenishment

Shift from Make-to-Order  
to Planned Production

=

Stable Operation of  
Production Facilities &

Inventory  
Optimization

Reducing Administrative Burden

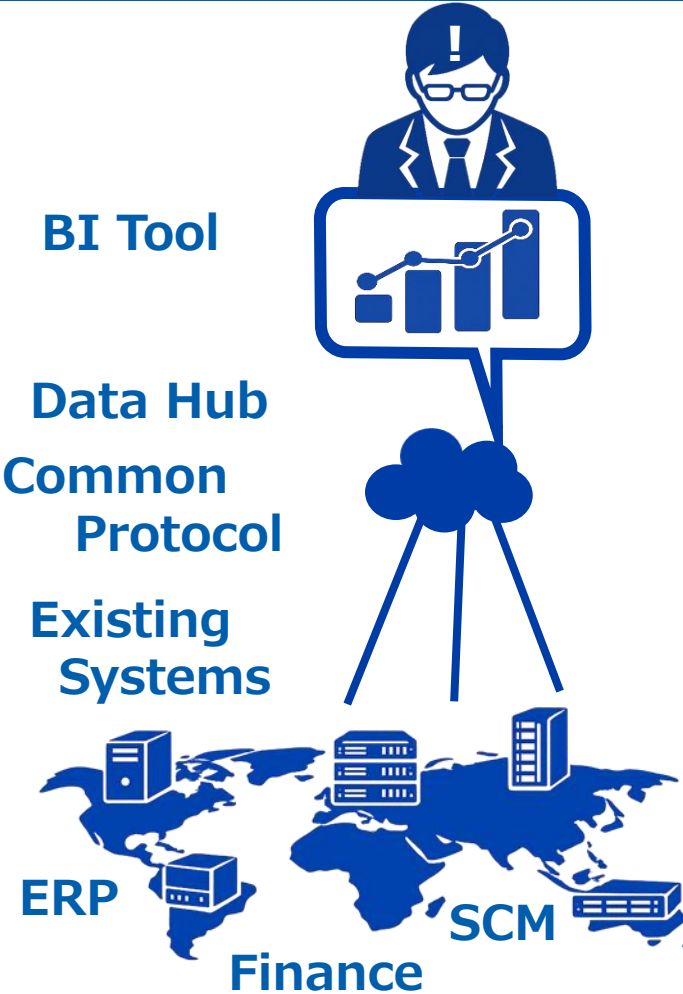
Improving Cash Conversion  
& Enhancing Financial Performance

## IT as a Value Driver Management Infrastructure to Support Corporate Strategy

- Strengthening the IT Platform Supporting Global Operations.
- Achieving Both Scalability and Governance to Support Future Business Expansion through a Group-Wide Common Platform.
- A “Pragmatic Solution” Approach Delivering Short-Term Results while Leveraging Existing Assets in Each Region.
- Gradually Evolving toward “One Global System”.



# Overall picture of measures



- Driving Data-Driven Management / Accelerating Decision-Making
- Creating a Unified Platform for Key Management Data
- Connecting Distributed Regional Data to a Shared Platform  
 ( A Simple Concept Enabling Early Value Creation  
 Standardization / Global Optimization  
 Upgrading Managerial Capabilities / Governance Enhancement )
- Connecting Distributed Regional Data to a Shared Platform (Purchasing / Logistics / PSI)

Our VE measures	Contribution of IT	Targeted Financial Impact
Purchasing optimization	Procurement at optimal price by integrating purchasing data.	Improvement of manufacturing cost ratio.
Logistics	Visualization of inventory and logistics data.	C/F Improvement.
PSI	Improve linkage between inventory, demand, and production activities.	Optimize factory utilization.
BX	Sophisticated decision making through constant monitoring of KPI's.	Reduction of SG&A expenses by improving operational efficiency.

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