

Consolidated Financial Highlights for the First Quarter of FY2022 (From April 1, 2022 to June 30, 2022)

1) Financial Results

2) Highlights

3) Domestic Sales

4) Overseas Sales

5) Sales by Product Category
[Ref] Breakdown

6) Topics

7) Depreciation and R&D costs

8) Forecast for FY2022

[Ref] Sales Forecast by Product Category/Effect of Exchange Rate

[Ref] COVID-19-Related Demand (Estimated)

NIHON KOHDEN CORPORATION

(Ticker Code: 6849)

August 3, 2022

Fighting Disease with Electronics



1) Consolidated Financial Results for the 1st Quarter of FY2022

	FY2021 1Q	FY2022 1Q	YoY (%)
Net Sales	47,182	44,363	-6.0
Domestic Sales	29,364	28,971	-1.3
Overseas Sales	17,817	15,391	-13.6
Gross Profit (Gross Profit Margin)	24,565 52.1%	21,811 49.2%	-11.2
Operating Income (Operating Income Margin)	6,423 13.6%	1,817 4.1%	-71.7
Ordinary Income	6,743	5,481	-18.7
Income Attributable to Owners of Parent	4,537	3,679	-18.9

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

← -23% on a local currency basis

← In-house sales ratio: FY2021 1Q 72.0% → FY2022 1Q 70.8%

← SG&A Ratio: 38.5% → 45.1%

← Foreign exchange gains:
¥0.20 bil → ¥3.55 bil

Average Exchange Rate	(2021/6)	(2022/6)
1 US Dollar	108.9 yen	124.6 yen
1 EURO	131.5 yen	136.8 yen

2) Highlights of FY2022 1Q

Net Sales : -6.0%

- **Japan:** Demand for Physiological Measuring Equipment, hematology instruments, and IT system solutions was favorable as the number of testing and surgical procedures showed a recovery trend and capital expenditure by medical institutions resumed. Sales of Patient Monitors, which were installed to treat COVID-19 patients in FY2021 1Q, decreased.
- **International:** Sales in all regions decreased, mainly due to a reactionary decline in sales of Patient Monitors compared to the strong growth in FY2021 1Q.

Operating Income : -71.7 %

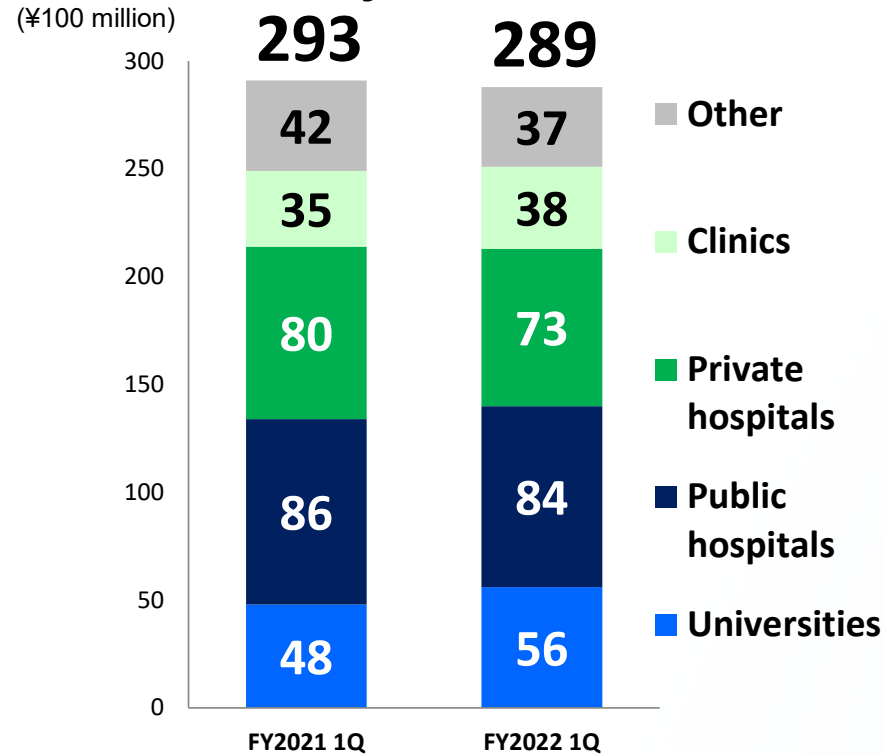
- Operating income decreased due to the decrease in sales. This was also because of a lower gross profit margin due to an unfavorable product mix, and increased SG&A expenses, mainly due to the strengthening of human resources and the normalization of sales and service activities.

Ordinary Income : -18.7 %

- Foreign exchange gains increased significantly.

3) Domestic Sales

Sales by Market



Sales by Product Category

(Sales, millions of yen)

	FY2021 1Q	FY2022 1Q	YoY (%)
Physiological Measuring Equipment	6,392	7,897	23.5
Patient Monitors	10,827	9,203	-15.0
Treatment Equipment	6,323	5,648	-10.7
Other Medical Equipment	5,822	6,222	6.9
Total Sales	29,364	28,971	-1.3

【Markets】 Sales in the public hospital and private hospital markets decreased compared to the strong performance due in part to the installation of patient monitors in FY2021 1Q. Sales in the university hospital and clinic markets increased favorably, as the number of testing and surgical procedures showed a recovery trend and capital expenditure by medical institutions resumed.

【Products】 Physiological Measuring Equipment: Sales of EEGs, polygraphs for cath lab, and diagnostic information systems achieved double-digit growth. Sales of ECGs also increased favorably.

Patient Monitors: Sales of transmitters and bedside monitors were double-digit decline compared to the strong growth in FY2021 1Q. Sales of clinical information systems increased significantly.

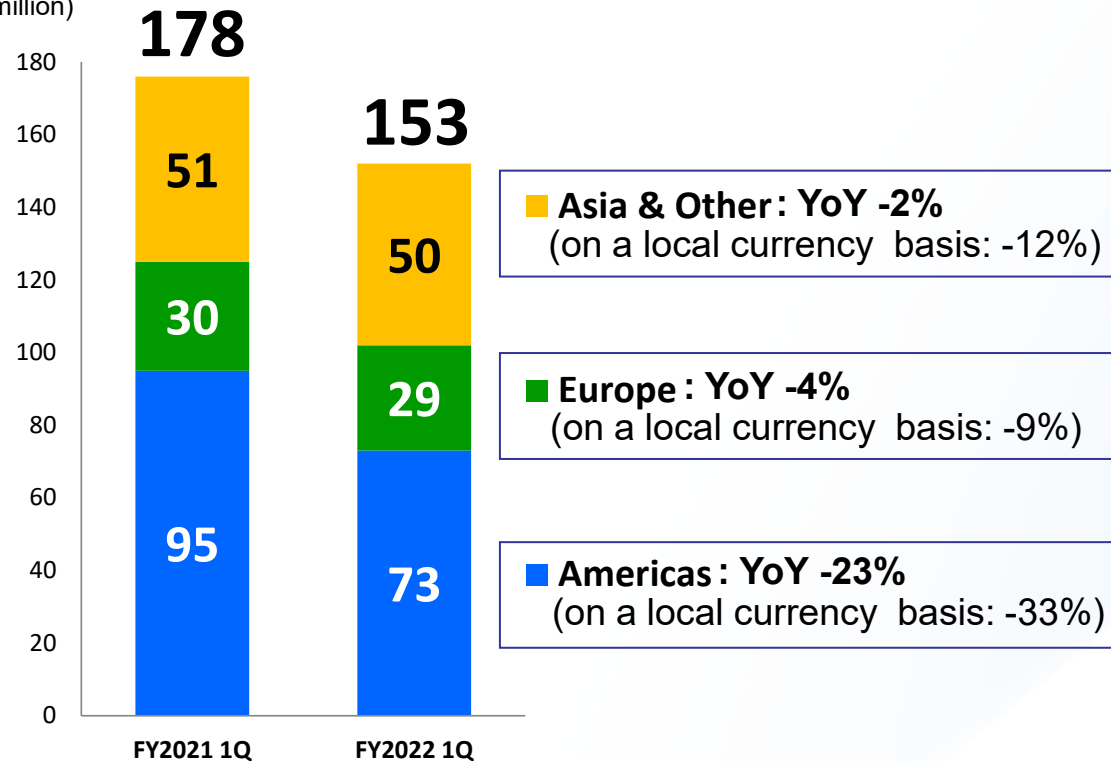
Treatment Equipment: Sales of ventilators decreased significantly. Sales of AEDs also decreased compared to the strong performance in FY2021 1Q. Sales of defibrillators increased.

Other Medical Equipment: Sales of hematology instruments and installation and maintenance services for medical devices showed strong growth. Sales of locally purchased products decreased, as the Company focused on selling in-house products.

4) Overseas Sales

Geographic segments

(¥100 million)



Percentage of overseas sales to consolidated sales

FY2021 1Q	FY2022 1Q
37.8%	34.7%

Sales by Product Category

(Sales, millions of yen)

	FY2021 1Q	FY2022 1Q	YoY (%)
Physiological Measuring Equipment	2,179	2,133	-2.1
Patient Monitors	10,075	7,714	-23.4
Treatment Equipment	4,035	3,994	-1.0
Other Medical Equipment	1,526	1,549	1.5
Total Sales	17,817	15,391	-13.6

-23% on a local currency basis

- [Region]** **Americas:** Sales in the U.S. decreased due to a reactionary decline of patient monitors compared to FY2021 1Q when large orders were received. Sales in Latin America also decreased, mainly in Brazil and Peru, where sales doubled in FY2021 1Q.
Europe: Sales decreased, especially in France and Turkey, while sales in Germany and the U.K. increased favorably.
Asia & Other: Sales decreased, especially in China, while sales in Korea and Indonesia showed strong growth.
- [Products]** **Physiological Measuring Equipment:** In all regions, sales of ECGs decreased and sales of EEGs increased favorably.
Patient Monitors: Sales in both the U.S. and Latin America decreased significantly. Sales in Europe also decreased. Sales in Asia & Other increased.
Treatment Equipment: Sales of defibrillators decreased in all regions compared to the strong performance in FY2021 1Q. Sales of AEDs showed strong growth in all regions. Sales of ventilators also increased favorably in Europe and Asia & Other.
Other Medical Equipment: Sales of hematology analyzers and reagents increased favorably in Latin America and Europe.

5) Sales by Product Category

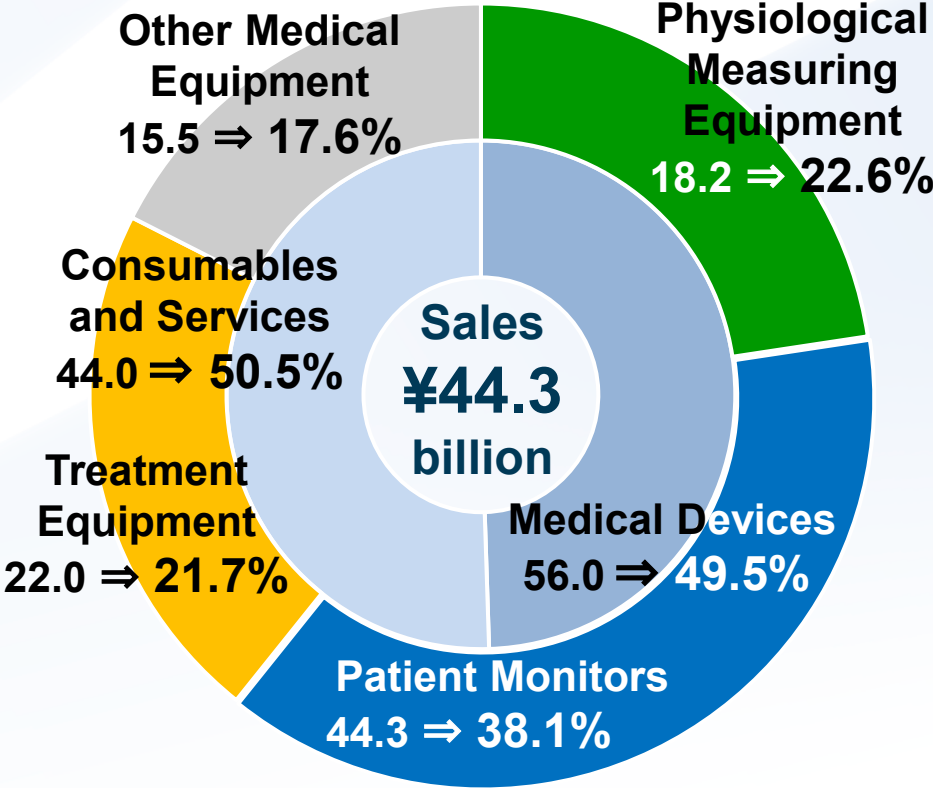
(Sales, millions of yen)

	FY2021 1Q	FY2022 1Q	YoY (%)
Physiological Measuring Equipment	8,571	10,031	17.0
Patient Monitors	20,903	16,917	-19.1
Treatment Equipment	10,358	9,642	-6.9
Other Medical Equipment	7,349	7,771	5.8
Total Sales	47,182	44,363	-6.0

(Reference)

Consumables and Services	20,760	22,409	7.9
--------------------------	--------	--------	-----

Sales composition by product category
(FY2021 1Q ⇒ FY2022 1Q)



(Ref.) Breakdown of Sales by Product Category

(Billions of yen)

Physiological Measuring Equipment	FY2021 1Q	FY2022 1Q
Electroencephalographs	1.5	2.1
Electrocardiographs	1.5	1.4
Polygraphs for Cath Lab	3.2	4.1
Other Physiological Measuring Equipment *	2.2	2.3

*Includes diagnostic information systems and products of other companies.

Treatment Equipment	FY2021 1Q	FY2022 1Q
Defibrillators (for Hospital and Ambulance)	2.0	1.6
AEDs (Automated External Defibrillator)	4.1	4.2
Pacemakers / ICDs	0.6	0.5
Ventilators	1.5	1.3
Other Treatment Equipment	1.8	1.8

Other Medical Equipment	FY2021 1Q	FY2022 1Q
Hematology Analyzers	2.2	2.5
Imaging Systems and Others *	5.0	5.2

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

6) Topics

New products

Patient Monitoring Business

Resuscitation monitor for neonate NRM-1300 Breath Cue



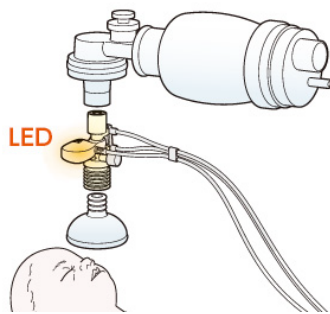
- Monitors parameters specific to neonatal resuscitation

ECG SpO₂ Flow Paw*

- Supports positive pressure ventilation visually with LED colors and flashing lights

FY2022

Started efforts to encourage its widespread use in Japan and Indonesia



Reduce neonatal mortality mainly in emerging countries

* Airway pressure

Treatment Equipment Business

Ventilator NKV-330



- The Company's first NPPV* ventilator (developed and manufactured in Japan)
- High-flow oxygen therapy
- Improved fitting of the mask to the face

June 2019

- ✓ Launched in Japan, Europe, and emerging countries



July 2022

- ✓ Received FDA approval
- ✓ Started production and plan to launch in the U.S. in FY2022 2Q

* NPPV (non-invasive positive pressure ventilation): Artificial respiratory management which doesn't require intratracheal intubation or tracheotomy.

7) Depreciation and R&D Costs

(Millions of yen)

	FY2021 1Q	FY2022 1Q	Change	FY2021 Actual	FY2022 Plan
Depreciation	756	825	69	3,422	3,700
R&D Costs	1,324	1,412	88	5,711	6,300
			Capital Investments	3,022	5,600

●FY2022 capital investment plan

Molds for new products, measuring equipment and jigs, products for demonstration, and production equipment

Establishment of new reagent factory in India
Total investments: approx. ¥1.1 bil

< **FY2022: ¥1.0 bil**
FY2023: ¥0.1 bil

Construction: Planned to start in Autumn 2022
and complete in Spring 2023
Operation: Planned to start in Spring 2024

Introduction of PLM/MES* systems
Capital investments: approx. ¥2.5 bil

< **FY2022: ¥1.0 bil**
FY2023-FY2024: ¥1.5 bil

PLM: Planned to start operation in FY2023 2H
MES: Planned to start operation in FY2024

*PLM: Product Life-cycle Management, MES: Manufacturing Execution System

8) Forecast for FY2022

(Billions of yen)

	FY2021 Actual		FY2022 Forecast			
	First Half	Full Year	First Half	YoY (%)	Full Year	YoY (%)
Net Sales	102.3	205.1	88.0	-14.0	195.0	-4.9
Domestic Sales	65.1	136.3	—	—	130.5	-4.3
Overseas Sales	37.1	68.8	—	—	64.5	-6.3
Gross Profit (Gross Profit Margin)	54.4 53.2%	109.0 53.2%	—	—	98.2 50.4%	-10.0
Operating Income (Operating Income Margin)	17.4 17.0%	30.9 15.1%	5.0 5.7%	-71.3	16.5 8.5%	-46.8
Ordinary Income	17.9	34.5	5.0	-72.2	16.5	-52.3
Income Attributable to Owners of Parent	12.2	23.4	3.5	-71.5	11.0	-53.1
Percentage of Overseas Sales	36.3%	33.5%			33.1%	

← -10% on a local currency basis

Breakdown of overseas sales by region

(Millions of yen)

	FY2021 Actual	FY2022 Forecast	YoY (%)
Americas	33,436	34,400	2.9
Europe	11,449	10,100	-11.8
Asia & Other	23,921	20,000	-16.4
Total	68,807	64,500	-6.3

* The assumed exchange rates from FY2022 2Q remain 117 yen to the U.S. dollar and 130 yen to the euro.

(Ref.) Consolidated Forecast for FY2022 by Product Category/ Effect of Exchange Rates

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

	FY2021	FY2022	Composition ratio (%)	YoY (%)
	Actual	Forecast		
Physiological Measuring Equipment	39,681	41,100	21.1	3.6
Patient Monitors	84,860	75,900	38.9	-10.6
Treatment Equipment	43,388	41,000	21.0	-5.5
Other Medical Equipment	37,198	37,000	19.0	-0.5
Total	205,129	195,000	100.0	-4.9

(Reference)

Consumables and Services	90,576	94,800	48.6	4.7
---------------------------------	--------	--------	------	-----

Average Exchange Rate

	FY2021 Actual	FY2022 Forecast
1 US Dollar	111.3 yen	117 yen
1 EURO	130.6 yen	130 yen

Estimated Exchange Rate Fluctuations for Full Fiscal Year

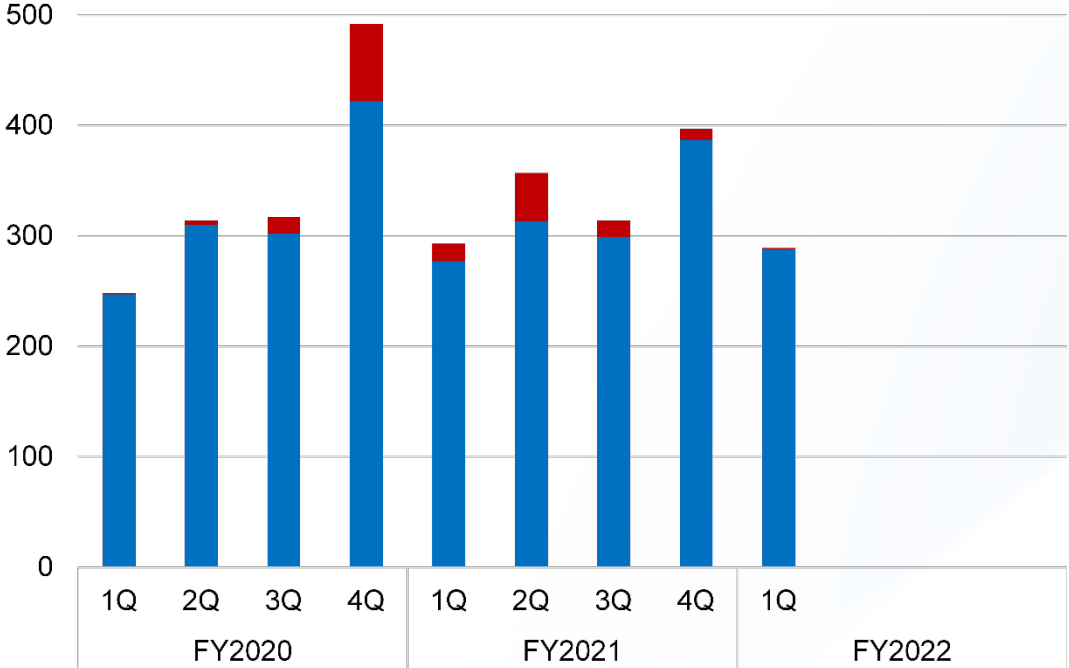
	Sales	Operating Income
US Dollar	0.38 bil yen	0.12 bil yen
EURO	0.06 bil yen	0.02 bil yen

(Ref.) COVID-19-Related Demand (Estimated)

■ COVID-19-related demand
■ Non-COVID-19-related demand

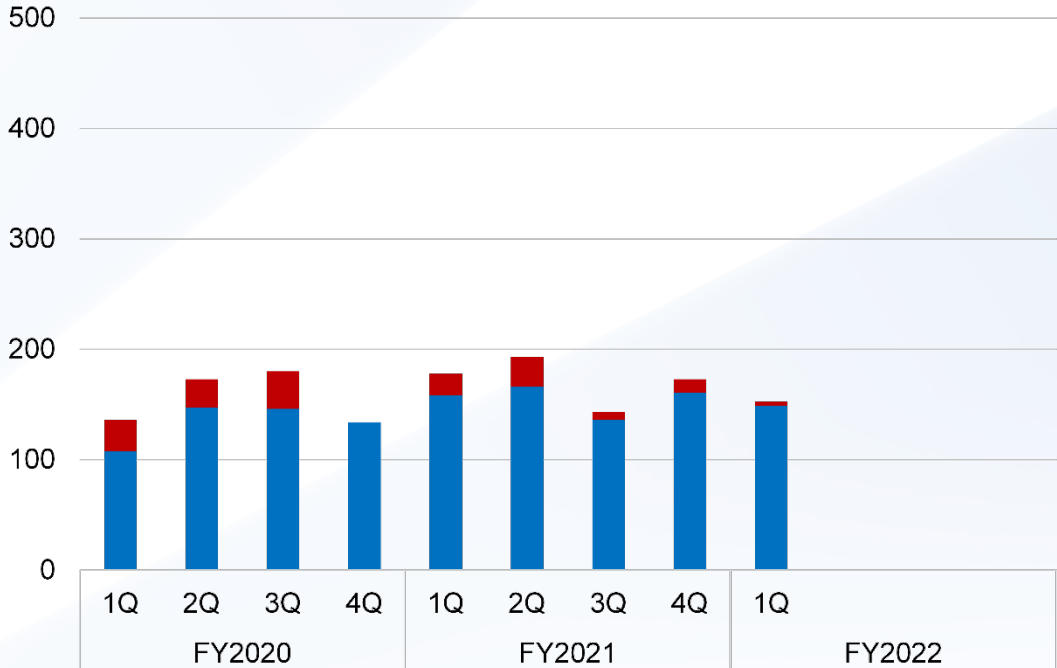
Domestic Sales

(¥100 million)



Overseas Sales

(¥100 million)



FY2022 1Q COVID-19-related demand	Japan		International	
		YoY		YoY
Patient Monitors	approx. ¥0.1 bil	approx. -¥1.2 bil	approx. ¥0.2 bil	approx. -¥1.1 bil
Ventilators	—	approx. -¥0.2 bil	approx. ¥0.1 bil	approx. -¥0.2 bil
Defibrillators	—	—	approx. ¥0.1 bil	approx. -¥0.3 bil
Total	approx. ¥0.1 bil	approx. -¥1.4 bil	approx. ¥0.4 bil	approx. -¥1.6 bil

Disclaimer:

The contents of this document are based on the Company's best judgments at the time it was prepared and do not constitute a guarantee or promise that the Company will achieve its numerical targets or implement the measures described therein. Information on products (including products under development) in this document is not intended to make any advertisement or promotion.