

Consolidated Financial Highlights for the First Quarter of FY2023 (From April 1, 2023 to June 30, 2023)

- | | |
|---|--|
| 1) Financial Results | 7) Topics |
| 2) Highlights | 8) Capital Investments and R&D Costs |
| 3) Breakdown of Operating Income | 9) Forecast for FY2023 |
| 4) Domestic Sales | [Ref] Sales Forecast by Product Category/Effect of Exchange Rate |
| 5) Overseas Sales | [Ref] COVID-19-Related Demand (Estimated) |
| 6) Sales by Product Category
[Ref] Breakdown | |

NIHON KOHDEN CORPORATION

(Ticker Code: 6849)

August 3, 2023

Fighting Disease with Electronics



1) Consolidated Financial Results for the 1st Quarter of FY2023

	FY2022 1Q	FY2023 1Q	YoY (%)
Net Sales	44,363	48,728	9.8
Domestic Sales	28,971	30,154	4.1
Overseas Sales	15,391	18,574	20.7
Gross Profit (Gross Profit Margin)	21,811 49.2%	24,352 50.0%	11.7
Operating Income (Operating Income Margin)	1,817 4.1%	2,205 4.5%	21.3
Ordinary Income	5,481	5,794	5.7
Income Attributable to Owners of Parent	3,679	3,787	2.9

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

+11% on a local currency basis
(±0% on a local currency basis excluding impact of change in fiscal term of Defibtech*)

In-house sales ratio: FY2022 1Q **70.8%** → FY2023 1Q **73.3%**

SG&A Ratio: **45.1%** → **45.5%**

Foreign exchange gains:
¥3.55 bil → **¥3.53 bil**

Average Exchange Rate	(2022/6)	(2023/6)
1 US Dollar	124.6 yen	135.4 yen
1 EURO	136.8 yen	147.9 yen

*Defibtech, LLC changed its fiscal term from end on December 31 to end on March 31, according to the reorganization of U.S. subsidiaries. In FY2023 1Q ended June 30, 2023, Nihon Kohden consolidated the 6 months of Defibtech's operating results from January 1, 2023 to June 30, 2023.

2) Highlights of FY2023 1Q

Net Sales : +9.8%

- **Japan**: Sales increased because the Company focused on its consumables and services business. Sales in the private hospital and clinic markets increased favorably, while sales in the university and public hospital markets decreased.
- **International**: Sales showed double-digit growth, as there was an impact of change in the fiscal term of Defibtech, LLC according to the reorganization of subsidiaries in the U.S. Strong sales were also seen in China because patient monitors were installed due to the COVID-19 resurgence.

Operating Income : +21.3%

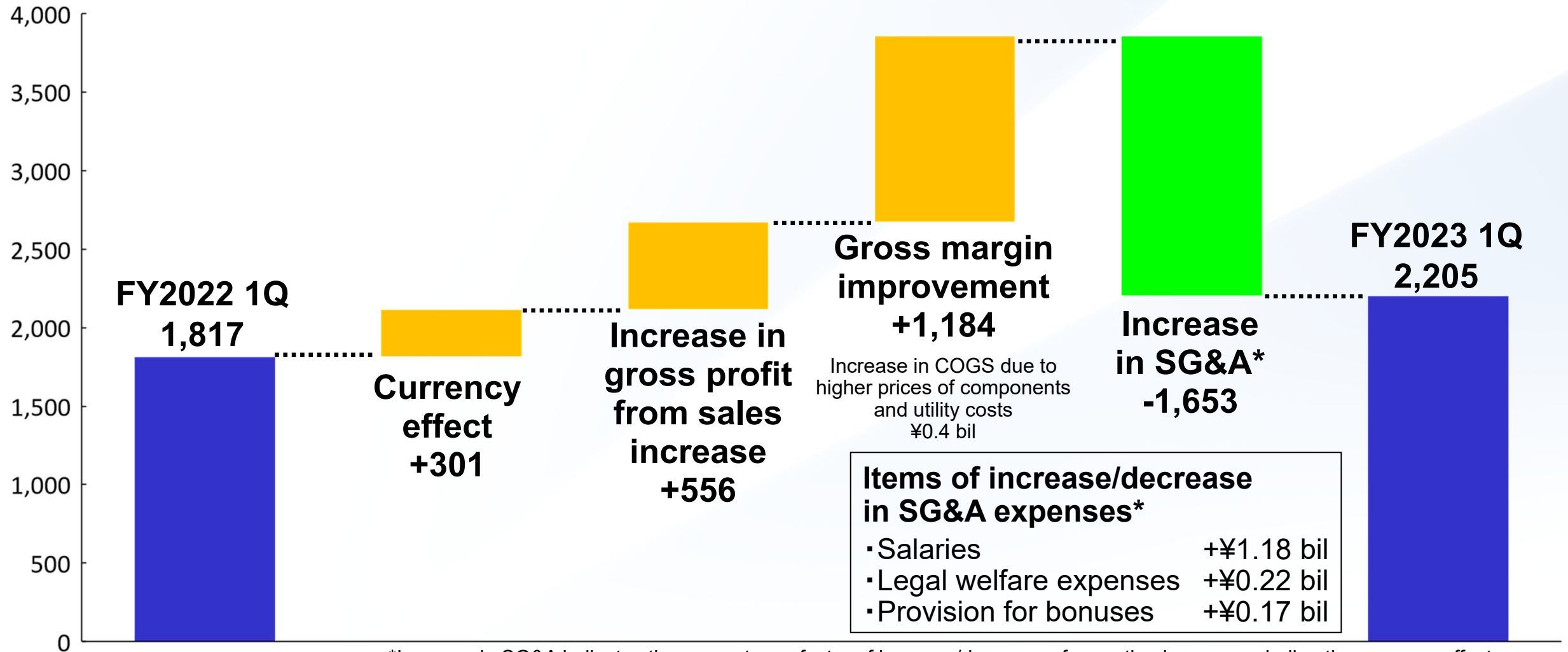
- Operating income increased due to the increase in sales and higher gross profit margin thanks to a favorable product mix, offsetting the increase of SG&A expenses such as personnel expenses.

Ordinary Income : +5.7%

- Foreign exchange gains were recorded.

3) Breakdown of Operating Income

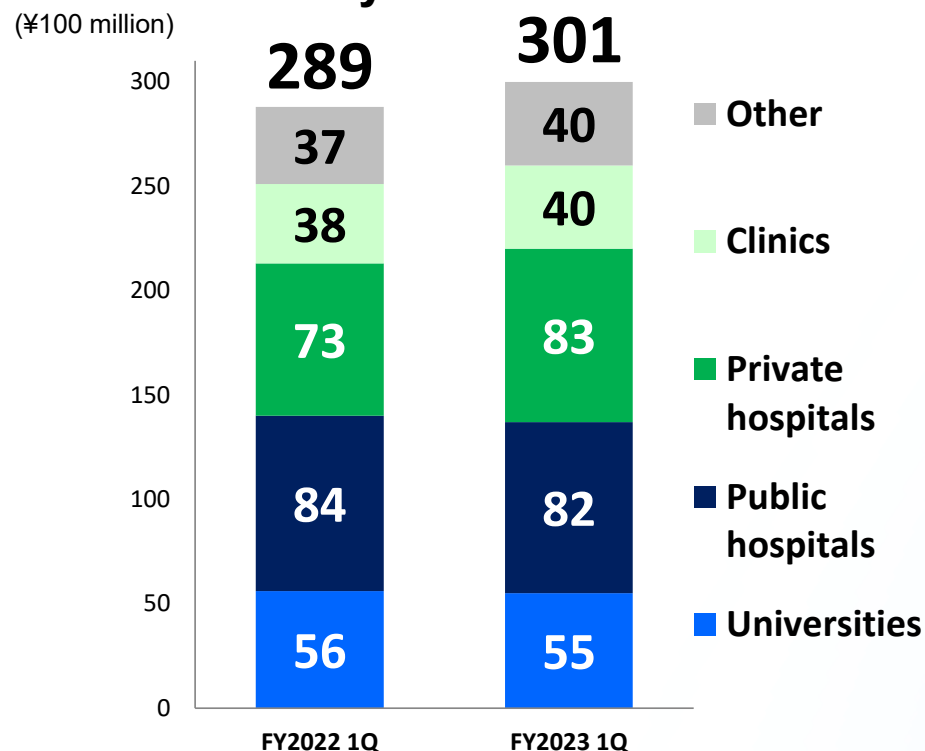
(Amounts of less than ¥1 million are rounded down)



*Increase in SG&A indicates the amount as a factor of increase/decrease of operating income excluding the currency effect.
 Items of increase/decrease in SG&A expenses indicate major components of increased/decreased SG&A expenses on a yen basis.

4) Domestic Sales

Sales by Market



Sales by Product Category

(Sales, millions of yen)

	FY2022 1Q	FY2023 1Q	YoY (%)
Physiological Measuring Equipment	7,897	8,262	4.6
Patient Monitors	9,203	9,818	6.7
Treatment Equipment	5,648	6,048	7.1
Other Medical Equipment	6,222	6,024	-3.2
Total Sales	28,971	30,154	4.1

【Markets】 As the number of testing and surgical procedures in medical institutions continued to recover and the Company focused on its consumables and services business, sales in the private hospital and clinic markets increased favorably. Sales in the university market decreased compared to the strong performance in FY2022 1Q when capital expenditure by medical institutions resumed. In the public hospital market, sales of locally purchased products decreased.

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

Patient Monitors: Sales of clinical information systems and telemetry systems achieved double-digit growth. Sales of consumables such as sensors also increased favorably.

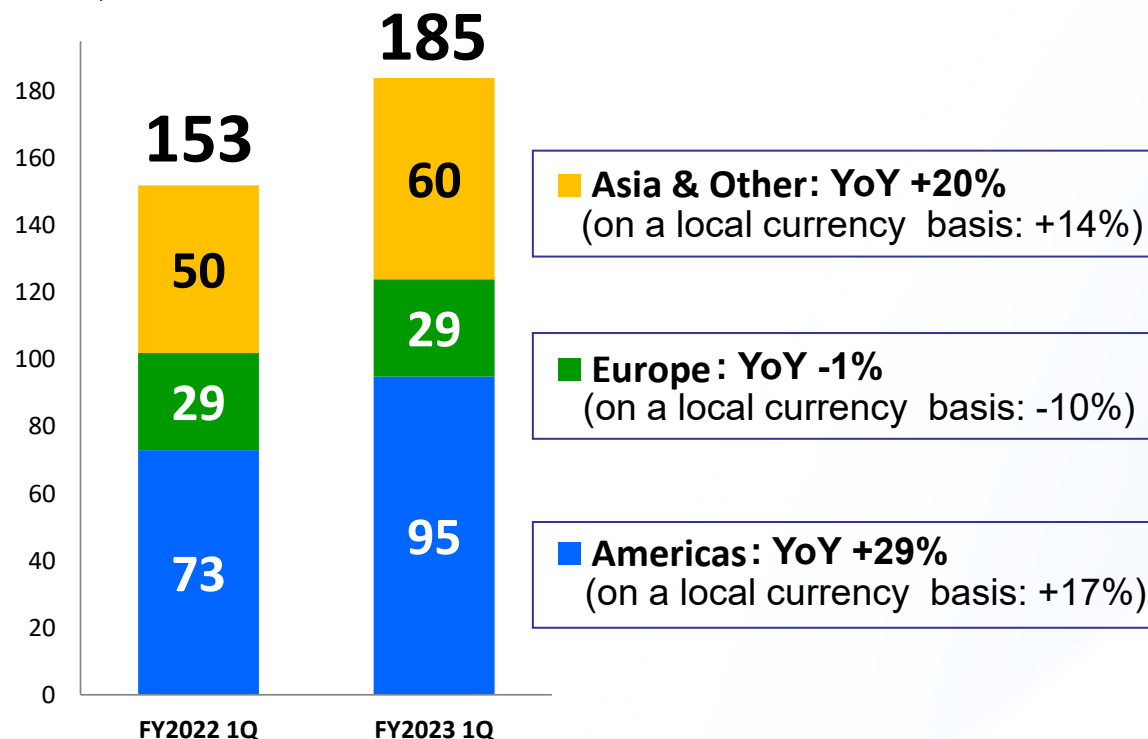
Treatment Equipment: Sales of AEDs and pacemakers / ICDs achieved double-digit growth due to a recovery in demand. Sales of defibrillators also increased.

Other Medical Equipment: Sales of locally purchased products decreased, as the Company focused on selling in-house products. Sales of hematology instruments increased favorably.

5) Overseas Sales

Geographic segments

(¥100 million)



Percentage of overseas sales to consolidated sales

	FY2022 1Q	FY2023 1Q
Percentage of overseas sales to consolidated sales	34.7%	38.1%

Sales by Product Category

(Sales, millions of yen)

	FY2022 1Q	FY2023 1Q	YoY (%)
Physiological Measuring Equipment	2,133	2,493	16.9
Patient Monitors	7,714	7,809	1.2
Treatment Equipment	3,994	6,664	66.9
Other Medical Equipment	1,549	1,607	3.7
Total Sales	15,391	18,574	20.7

+11% on a local currency basis
(±0% on a local currency basis excluding impact of change in fiscal term of Defibtech)

- [Region]** **Americas:** Sales in the U.S. showed double-digit growth, as there was an impact of change in the fiscal term of Defibtech, LLC. Sales in Latin America also increased favorably, mainly in Mexico.
Europe: Sales decreased, as sales in Germany decreased compared to the strong growth in FY2022 1Q. Sales in France, Spain, and the U.K. increased.
Asia & Other: Sales achieved double-digit growth due to the strong sales in China, where patient monitors were installed due to the COVID-19 resurgence. Sales in the Middle East and South Korea also showed strong growth.
- [Products]** **Physiological Measuring Equipment:** Sales of ECGs showed strong growth, due to a recovery in demand in China. Sales of EEGs also increased, driven by growth in Asia & Other.
Patient Monitors: Sales in Asia & Other increased favorably, mainly in China. Sales in Europe and the U.S. decreased.
Treatment Equipment: Sales of AEDs increased favorably, excluding the impact of change in fiscal term of Defibtech, LLC. Sales of ventilators decreased in Europe and Asia & Other.
Other Medical Equipment: Sales of hematology analyzers and reagents increased, driven by growth in Asia & Other.

6) Sales by Product Category

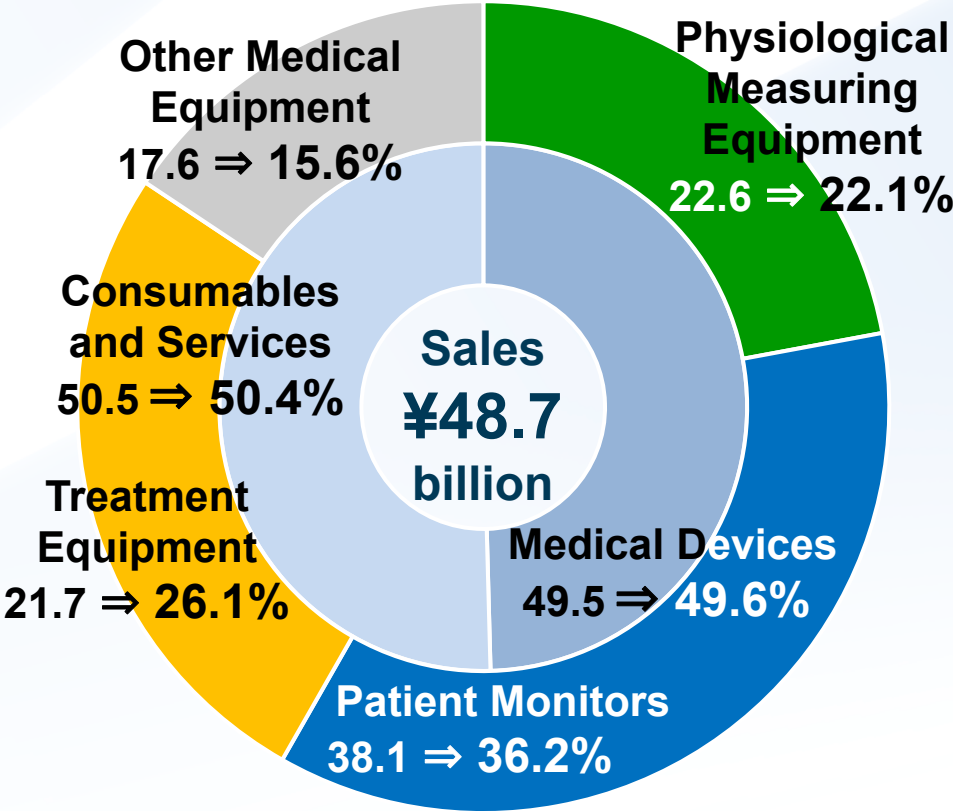
(Sales, millions of yen)

	FY2022 1Q	FY2023 1Q	YoY (%)
Physiological Measuring Equipment	10,031	10,756	7.2
Patient Monitors	16,917	17,627	4.2
Treatment Equipment	9,642	12,713	31.8
Other Medical Equipment	7,771	7,631	-1.8
Total Sales	44,363	48,728	9.8

(Reference)

Medical Devices	21,953	24,150	10.0
Consumables and Services	22,409	24,578	9.7

Sales composition by product category
(FY2022 1Q ⇒ FY2023 1Q)



(Ref.) Breakdown of Sales by Product Category

(Billions of yen)

Physiological Measuring Equipment	FY2022 1Q	FY2023 1Q	Treatment Equipment	FY2022 1Q	FY2023 1Q
Electroencephalographs	2.1	2.1	Defibrillators (for Hospital and Ambulance)	1.6	1.6
Electrocardiographs	1.4	1.7	AEDs (Automated External Defibrillator)	4.2	7.8
Polygraphs for Cath Lab	4.1	4.2	Pacemakers / ICDs	0.5	0.6
Other Physiological Measuring Equipment *	2.3	2.6	Ventilators	1.3	0.6
			Other Treatment Equipment	1.8	1.8

*Includes diagnostic information systems and products of other companies.

Other Medical Equipment	FY2022 1Q	FY2023 1Q
Hematology Analyzers	2.5	2.6
Imaging Systems and Others *	5.2	4.9

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

7) Topics

New products

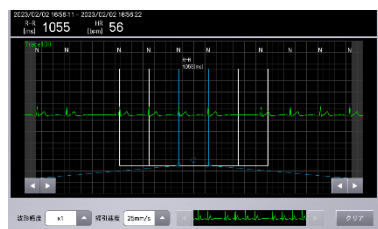
Patient Monitoring Business

Telemetry system WEP-1600

Launched in Japan
in FY2023 2Q



Monitoring up to 16 patients



Caliper/Divider function

- Newly installed **caliper/divider function** enables efficient reviewing of arrhythmia waveforms
- Newly installed **vital sign viewer function*** enables long-term data storage and reference on the server
- WEB browser function enables remote data reference on PCs in hospital

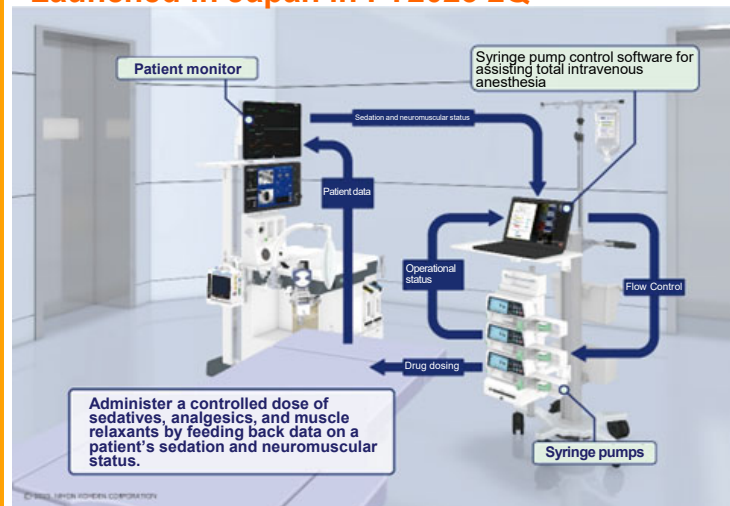
*option

Treatment Equipment Business

Syringe pump control software for assisting total intravenous anesthesia ROP-1680

AsisTIVA

Started promotion in Japan in FY2023 1Q,
Launched in Japan in FY2023 2Q



- Training courses for proper use of the software are under development based on application guidelines by a related medical society

Ventilator NKV-440

U.S. R&D

U.S. production



Launched in some emerging
countries in FY2023 3Q
Received FDA approval in
FY2023 1Q
Planned to launch in the U.S.
in FY2023 2H

- Lung Protection Apps
- Eliminate the need to connect pneumatic piping by turbine-driven platform
- Compact and light body with replaceable long-time battery

Tracheal intubation
ventilator for
transportation in hospital

8) Capital Investments and R&D Costs

(Millions of yen)

	FY2022 1Q	FY2023 1Q	Change	FY2022 Actual	FY2023 Plan
Capital Investments	1,196	1,067	-129	8,294	5,000
Depreciation	825	832	6	3,675	4,100
R&D Costs	1,412	1,559	146	6,200	7,200

● FY2023 capital investments 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: Started in September 2022 and planned to be completed in Summer 2023
Operation: Planned to start in Summer 2024

Introduction of PLM/MES* systems

Capital Investments: approx. ¥2.5 bil

< **FY2022: ¥0.3 bil**
FY2023-FY2025: ¥2.2 bil

PLM/MES: Planned to start operation in FY2025

Establishment of new plant in Tsurugashima City

Total investments: approx. ¥9 to 11 bil

< **FY2022: ¥2.3 bil**
(Acquisition of the site)
FY2024: approx. ¥6.5 to 8.5 bil

Construction: Planned to start in Spring 2024 and be completed in Spring 2025
Operation: Planned to start in 2026

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

9) Forecast for FY2023

(Billions of yen)

	FY2022 Actual		FY2023 Forecast			
	First Half	Full Year	First Half	YoY (%)	Full Year	YoY (%)
Net Sales	94.3	206.6	98.5	4.4	215.0	4.1
Domestic Sales	62.5	135.7	—	—	139.5	2.8
Overseas Sales	31.7	70.8	—	—	75.5	6.5
Gross Profit (Gross Profit Margin)	47.5 50.4%	105.9 51.3%	—	—	109.0 50.7%	2.9
Operating Income (Operating Income Margin)	7.2 7.6%	21.1 10.2%	6.0 6.1%	-16.9	21.5 10.0%	1.8
Ordinary Income	13.0	24.1	6.0	-53.9	21.5	-10.9
Income Attributable to Owners of Parent	8.5	17.1	4.0	-53.2	14.5	-15.3
Percentage of Overseas Sales	33.7%	34.3%			35.1%	

← +12% on a local currency basis

Breakdown of overseas sales by region

(Millions of yen)

	FY2022 Actual	FY2023 Forecast	YoY (%)
Americas	36,818	40,200	9.2
Europe	12,349	11,700	-5.3
Asia & Other	21,701	23,600	8.7
Total	70,869	75,500	6.5

*The assumed exchange rates from FY2023 2Q remain 125 yen to the U.S. dollar and 139 yen to the euro.

(Ref.) Consolidated Forecast for FY2023 by Product Category/ Effect of Exchange Rates

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

	FY2022	FY2023	Composition ratio (%)	YoY (%)
	Actual	Forecast		
Physiological Measuring Equipment	43,287	44,100	20.5	1.9
Patient Monitors	80,815	83,400	38.8	3.2
Treatment Equipment	44,463	48,200	22.4	8.4
Other Medical Equipment	38,036	39,300	18.3	3.3
Total	206,603	215,000	100.0	4.1

(Reference)

Medical Devices	108,904	113,000	52.6	3.8
Consumables and Services	97,699	102,000	47.4	4.4

Average Exchange Rate

	FY2022 Actual	FY2023 Forecast
1 US Dollar	134.6 yen	125 yen
1 EURO	141.0 yen	139 yen

Estimated Exchange Rate Fluctuations for Full Fiscal Year

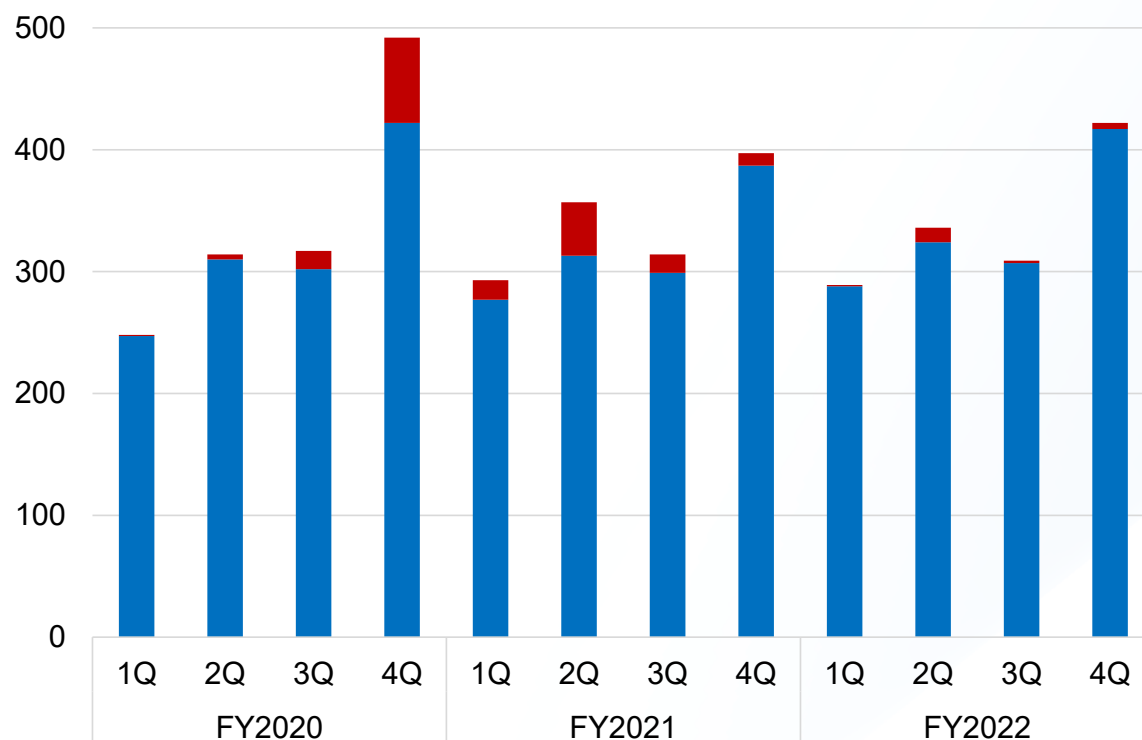
	Sales	Operating Income
US Dollar	0.41 bil yen	0.13 bil yen
EURO	0.06 bil yen	0.02 bil yen

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

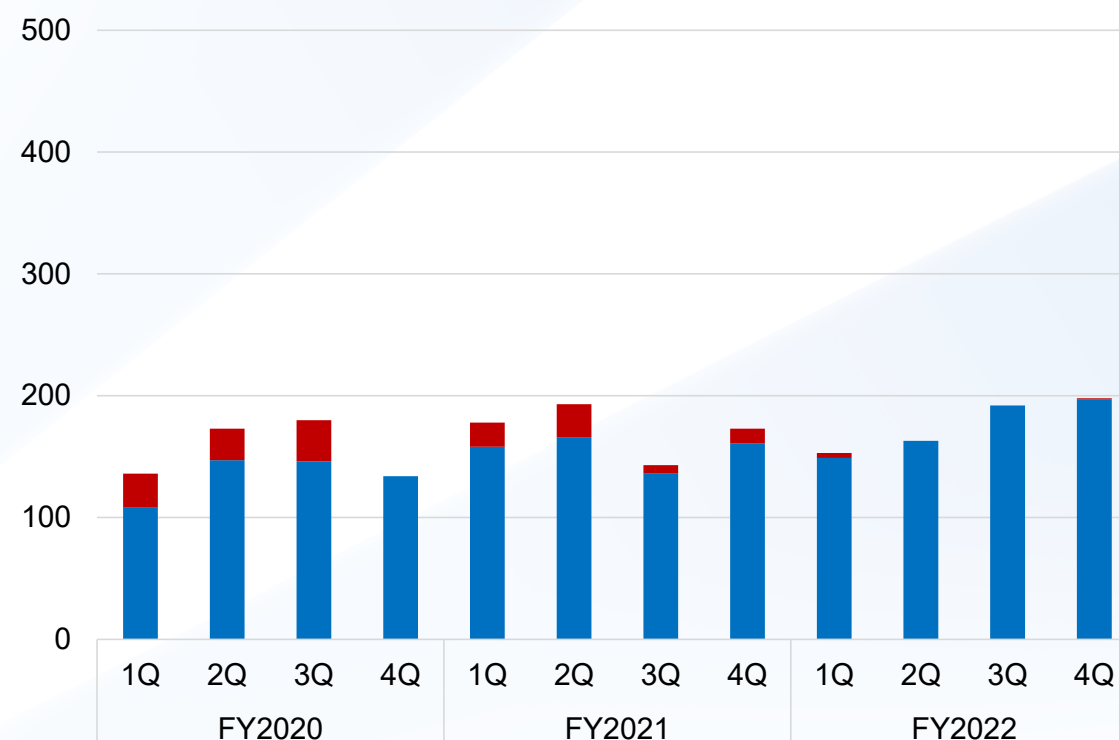
■ COVID-19-related demand
■ Non-COVID-19-related demand

(¥100 million)

Domestic Sales



Overseas Sales



COVID-19-related demand (full-year)	FY2020		FY2021		FY2022	
	Japan	International	Japan	International	Japan	International
Patient Monitors	approx. ¥4.0 bil	approx. ¥4.5 bil	approx. ¥6.0 bil	approx. ¥3.5 bil	approx. ¥1.5 bil	approx. ¥0.3 bil
Ventilators	approx. ¥5.0 bil	approx. ¥4.0 bil	approx. ¥2.5 bil	approx. ¥1.5 bil	approx. ¥0.5 bil	approx. ¥0.1 bil
Defibrillators	—	approx. ¥0.5 bil	—	approx. ¥1.0 bil	—	approx. ¥0.1 bil
Total	approx. ¥9.0 bil	approx. ¥9.0 bil	approx. ¥8.5 bil	approx. ¥6.0 bil	approx. ¥2.0 bil	approx. ¥0.5 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.