

Consolidated Financial Highlights for the First Half of FY2023

(From April 1, 2023 to September 30, 2023)

- 1. Consolidated Financial Results
for the First Half of FY2023**
- 2. Forecast for FY2023**
- 3. Business Strategy**

NIHON KOHDEN CORPORATION

(Ticker Code: 6849)

November 10, 2023

Fighting Disease with Electronics



1 Consolidated Financial Results for the First Half of FY2023

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

	First half FY2022	First half FY2023		
		Original forecast announced May 15	Actual	YoY (%)
Sales	94,349	98,500	103,536	9.7
Domestic Sales	62,584	-	65,708	5.0
Overseas Sales	31,764	-	37,828	19.1
Gross Profit (Gross Profit Margin)	47,596 50.4%	-	52,005 50.2%	9.3
Operating Income (Operating Income Margin)	7,217 7.6%	6,000 6.1%	7,491 7.2%	3.8
Ordinary Income	13,019	6,000	12,546	-3.6
Income Attributable to Owners of Parent	8,541	4,000	7,997	-6.4

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

+10% on a local currency basis
(+5% on a local currency basis excluding impact of change in fiscal term of Defibtech*)

In-house sales ratio: FY2022 1H 71.3% → FY2023 1H 72.9%

SG&A: ¥40.3 bil → ¥44.5 bil
SG&A Ratio: 42.8% → 43.0%

Foreign exchange gains:
¥5,531 mil → ¥4,866 mil

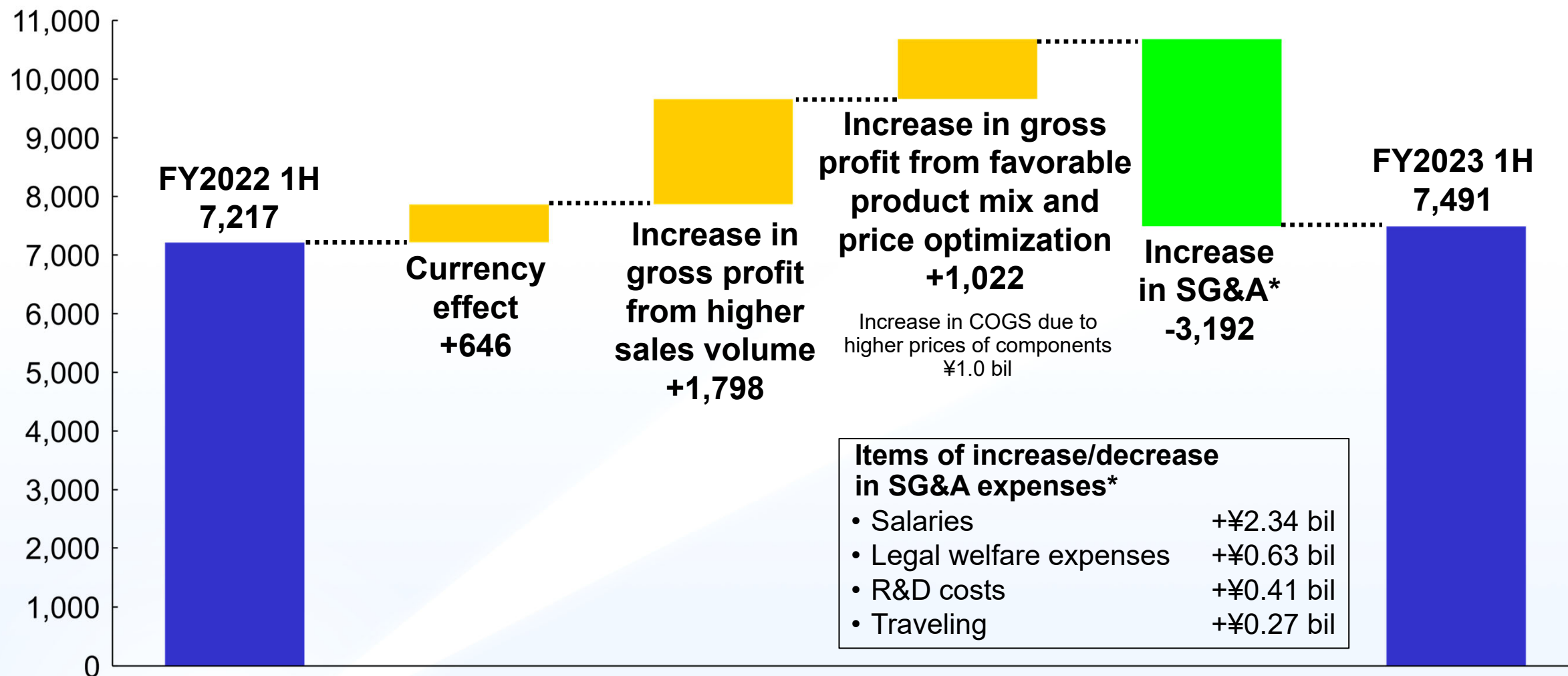
Average exchange rate	First half FY2022
1 US Dollar	129.7 yen
1 EURO	138.4 yen

First half FY2023
139.6 yen
153.3 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 1H ended September 30, 2023, Nihon Kohden consolidated the 9 months of Defibtech's operating results from January 1, 2023 to September 30, 2023.

2) Breakdown of Operating Income

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

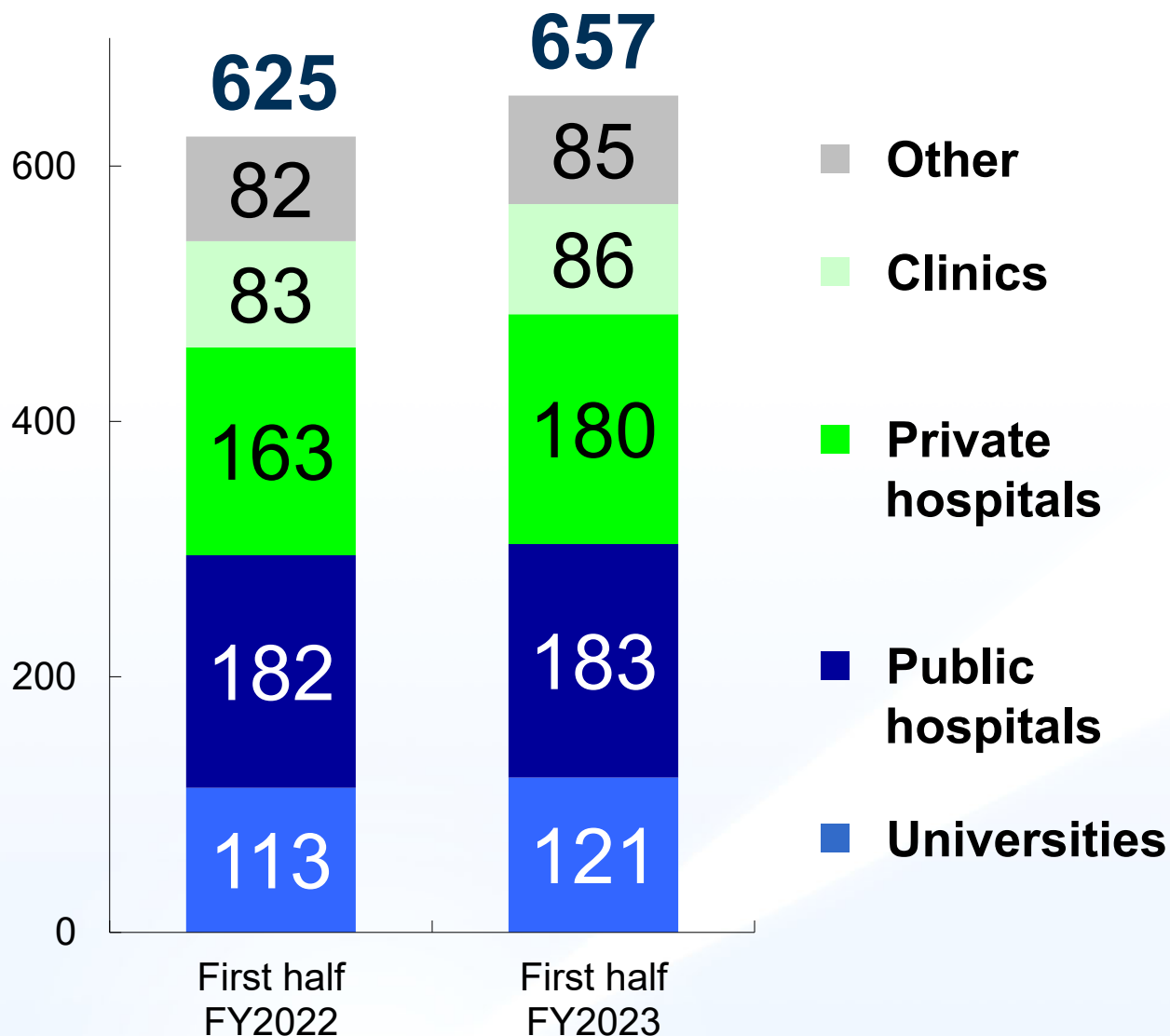


*Increase in SG&A indicates the amount as a factor of increase/decrease of operating income excluding the currency effect.
 Items of increase/decrease in SG&A expenses indicate major components of increased/decreased SG&A expenses on a yen basis.

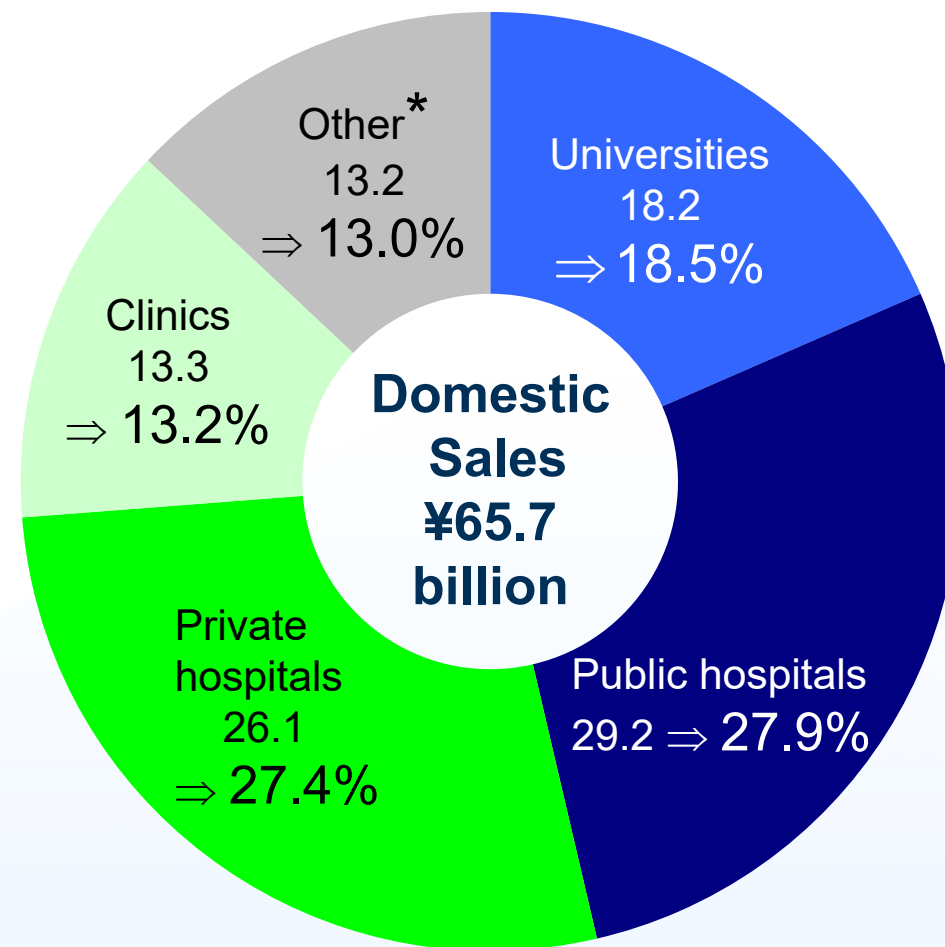
3) Domestic Sales

Sales by market

(¥100 million)



Sales composition by market (FY2022 1H ⇒ FY2023 1H)

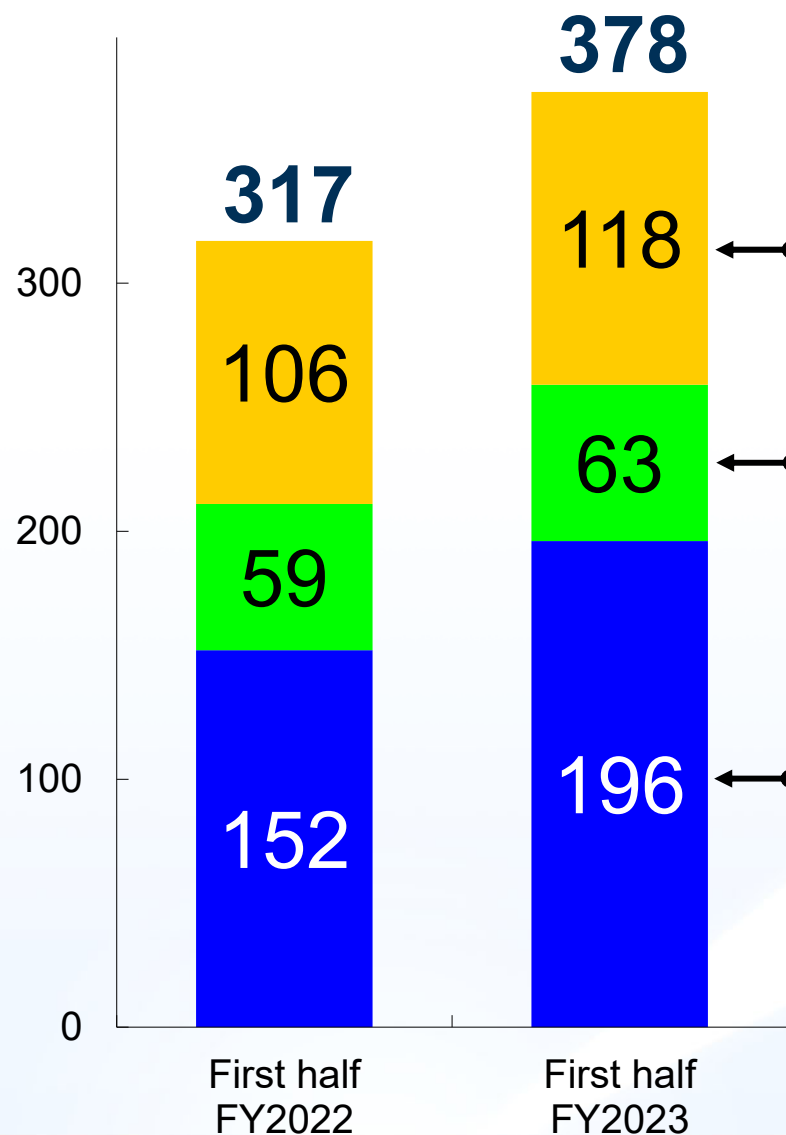


*Other includes laboratories, animal hospitals and PAD (public access defibrillation) markets such as schools and private companies.

4) Overseas Sales

(¥100 million)

Geographic segments



Overseas sales: YoY +19%
 (on a local currency basis: +10%,
 on a local currency basis excluding
 impact of change in fiscal term of
 Defibtech: +5%)

■ **Asia & Other : YoY +11%**
 (on a local currency basis: +6%)

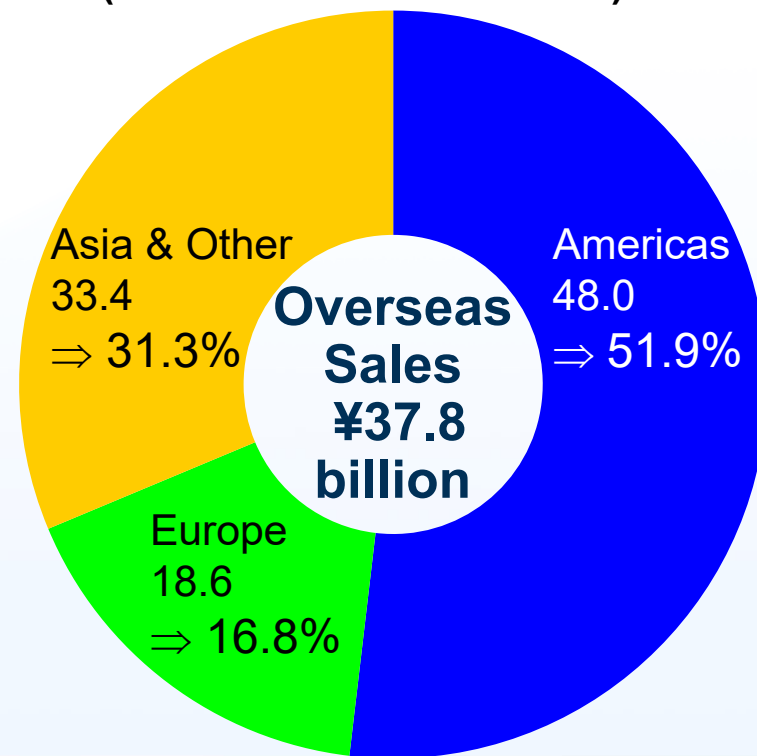
■ **Europe: YoY +8%**
 (on a local currency basis: -4%)

■ **Americas: YoY +29%**
 (on a local currency basis: +19%)

Percentage of overseas sales to consolidated sales

First half FY2022	First half FY2023
33.7%	36.5%

Geographic Segments (FY2022 1H ⇒ FY2023 1H)



5) Sales by Product Category

(Sales, millions of yen)

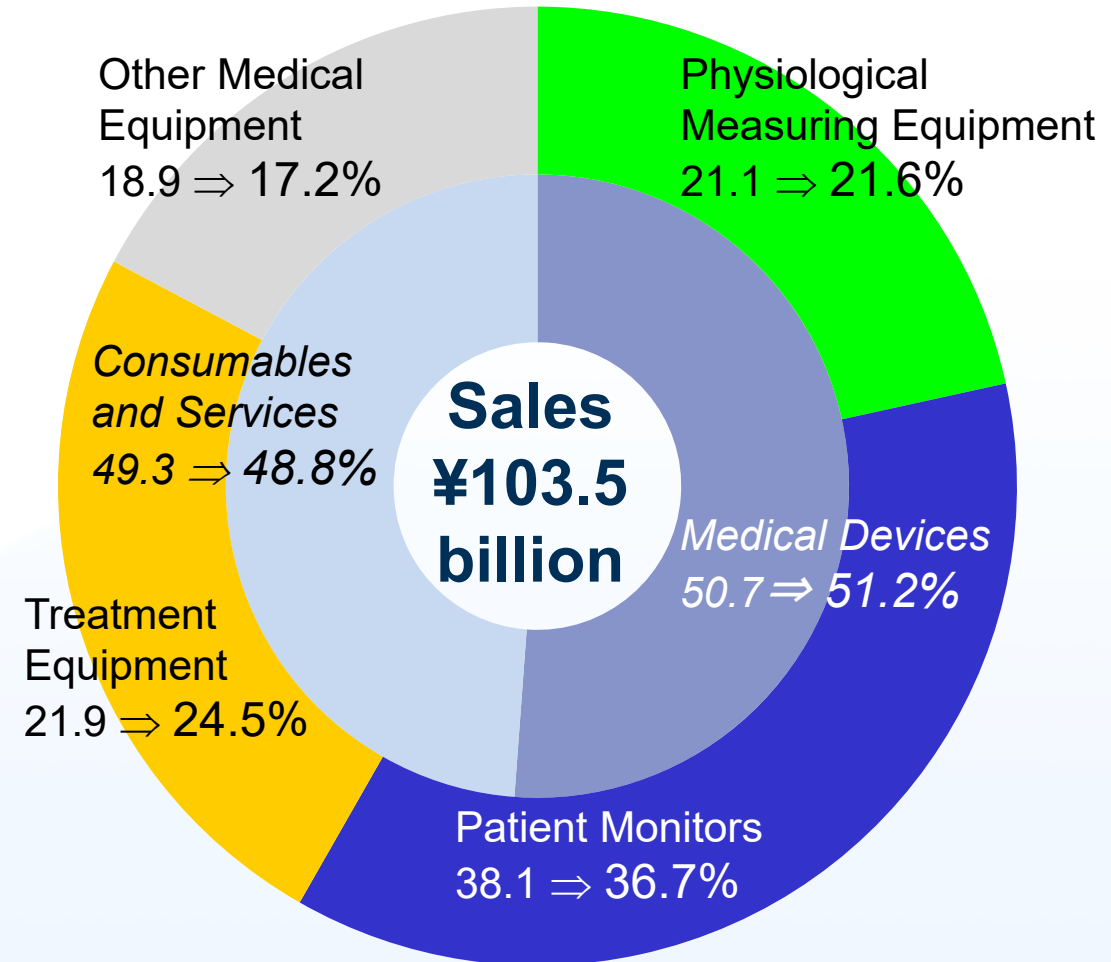
	First half FY2022	First half FY2023	YoY (%)
Physiological Measuring Equipment	19,896 (43%)	22,329 (45%)	12.2
Patient Monitors	35,964 (62%)	37,989 (62%)	5.6
Treatment Equipment	20,689 (45%)	25,367 (43%)	22.6
Other Medical Equipment	17,799 (43%)	17,849 (44%)	0.3
Total	94,349 (50%)	103,536 (50%)	9.7

(Reference)

Medical Devices	47,840 (51%)	52,989 (51%)	10.8
Consumables and Services	46,508 (50%)	50,547 (50%)	8.7

*The figures in parentheses in the table are gross profit margins.

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



5.1) Physiological Measuring Equipment

	First half FY2022	First half FY2023	YoY (%)
Electroencephalographs	4,081	4,915	20.4
Electrocardiographs	2,911	3,156	8.4
Polygraphs for Cath Lab	8,006	8,521	6.4
Other Physiological Measuring Equipment *	4,896	5,736	17.1
Physiological Measuring Equipment	19,896	22,329	12.2
Domestic Sales	15,700	16,924	7.8
Overseas Sales	4,196	5,405	28.8

(Sales, millions of yen)

Sales of diagnostic information systems and EEGs achieved double-digit growth. Sales of polygraphs for cath lab and ECGs also increased favorably.

Sales of EEGs showed strong growth in all regions. Sales of ECGs also increased favorably in Asia & Other.

*Includes diagnostic information systems and products of other companies.

NEW!



Electro-encephalograph
EEG-1260



EMG/EP measuring system
MEB-9600



Electro-cardiograph
ECG-3250



Holter ECG monitor
RAC-5000



Polygraphs for Cath Lab
RMC-5000



Medical and long-term care network system
LAV-1000



EMG electrode for neuromuscular monitoring
NM-34 series
Consumables

5.2) Patient Monitors

	First half FY2022	First half FY2023	YoY (%)
Patient Monitors	35,964	37,989	5.6
Domestic Sales	20,291	21,412	5.5
Overseas Sales	15,672	16,577	5.8

(Sales, millions of yen)

Sales of clinical information systems increased significantly. Sales of consumables such as sensors also increased favorably. Sales of transmitters and bedside monitors decreased.

Sales in the Americas increased favorably. Sales in Europe and Asia & Other decreased.



5.3) Treatment Equipment

	First half FY2022	First half FY2023	YoY (%)
Defibrillators (for Hospital and Ambulance)	3,782	3,690	-2.4
AEDs (Automated External Defibrillator)	9,159	14,174	54.8
Pacemakers / ICDs	1,165	1,258	8.0
Ventilators	2,934	2,597	-11.5
Other Treatment Equipment	3,647	3,646	-0.0
Treatment Equipment	20,689	25,367	22.6
Domestic Sales	12,252	12,981	6.0
Overseas Sales	8,436	12,385	46.8
(Ref.) AED Unit Sales	56,100	81,700	45.6
Domestic Unit Sales	25,200	24,200	-4.0

(Sales, millions of yen)

Domestic: Sales of consumables such as pads and batteries increased favorably.
International: Sales in all regions decreased.

Domestic: Sales of AEDs with a color display and consumables increased favorably.
International: Sales increased favorably, excluding the impact of change in fiscal term of Defibtech, LLC.

Domestic: Sales decreased as demand has settled down.
International: Sales in Europe and Asia & Other decreased. Sales in the Americas increased thanks to strong sales of the mask-type ventilator.



Defibrillator
EMS-1052



Fully automatic AED
AED-3250



Pacemaker
Zenex MRI



Ventilator
NKV-550

NEW!



Ventilator
NKV-440



Ventilator
NKV-330

NEW!



Automated chest compression device
ARM XR ACC

5.4) Other Medical Equipment

	First half FY2022	First half FY2023	YoY (%)
Hematology Analyzers	5,800	6,122	5.6
Imaging Systems and Others *	11,998	11,727	-2.3
Other Medical Equipment	17,799	17,849	0.3
Domestic Sales	14,339	14,389	0.3
Overseas Sales	3,459	3,459	0.0

(Sales, millions of yen)

Sales of reagents for hematology instruments and maintenance services for medical devices increased favorably. Sales of imaging systems decreased.

Sales of hematology analyzers and reagents increased in Asia & Other, while sales in Europe and Latin America decreased.

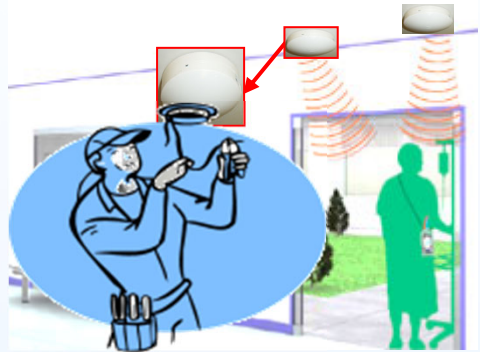
*Includes consumables, installation and maintenance services which are not part of other categories.



Automated hematology analyzer
MEK-9200



Automated hematology and ESR analyzer
MEK-1305



Installation and maintenance services

6) Financial Condition

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

	FY2022	First half FY2023	Change		FY2022	First half FY2023	Change
Current Assets	172,500	174,522	2,022	Current Liabilities	46,568	44,161	-2,407
Inventories	58,790	61,836	3,046	Interest-bearing Debt	403	317	-86
Property, Plant & Equipment	24,446	25,038	592	Non-current Liabilities	2,555	2,523	-32
Intangible Assets	4,221	4,518	296	Net Assets	167,604	174,305	6,701
Investments & Other Assets	15,560	16,910	1,349				
Total Assets	216,728	220,990	4,261	Total Liabilities & Net Assets	216,728	220,990	4,261
Inventory Turnover	7.0 months	7.0 months		Equity Ratio	77.3%	78.9%	

[Reasons for the increase of inventories]

Inventories of finished goods +¥2.8 bil

- Impact of yen depreciation
- Secured inventories of patient monitors and AEDs in preparation for delivery in the U.S.

7) Cash Flows

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

	First half FY2022	First half FY2023	Change
I . Cash flows from operating activities	-3,516	9,488	13,005
II . Cash flows from investing activities	-2,173	-2,874	-701
Free cash flows	-5,690	6,614	12,304
III . Cash flows from financing activities	-5,063	-3,553	1,509
Effect of exchange rate change on cash and cash equivalents	2,704	2,114	-590
Net increase (decrease) in cash and cash equivalents	-8,048	5,175	13,224
Cash and cash equivalents at end of period	52,047	49,163	-2,883

	FY2022 1H	FY2023 1H	Change
Income before income taxes	12,975	12,545	-429
Decrease (increase) in accounts receivable	6,889	9,445	+2,556
Decrease (increase) in inventories	-5,962	-412	+5,550
Income taxes paid	-5,518	-2,829	+2,688

	FY2022 1H	FY2023 1H	Change
Purchase of treasury shares	-1,001	-0	+1,000
Cash dividends paid	-4,046	-3,445	+600

8) Capital Investments and R&D Costs

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

	First half FY2022	First half FY2023	FY2022 Actual	FY2023	
				Original forecast announced May 15	Revised forecast announced Nov 8
Capital Investments	2,125	2,006	8,294	5,000	5,000
Depreciation	1,711	1,684	3,675	4,100	4,000
R&D costs	2,911	3,327	6,200	7,200	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. ¥1.2 bil < **FY2022: ¥1.0 bil**
FY2023: ¥0.2 bil Construction: Started in September 2022 and completed in September 2023
 Operation: Planned to start in Summer 2024

Introduction of PLM/MES* systems
 Capital Investments: approx. ¥3.0 bil < **FY2022: ¥0.3 bil**
FY2023-FY2025: ¥2.7 bil PLM/MES: Planned to start operation in FY2025

Establishment of new plant in Tsurugashima City
 Total investments: approx. ¥9.5 bil < **FY2022: ¥2.3 bil**
(Acquisition of the site) Construction: Planned to start in Spring 2024 and be completed in Spring 2025
 From FY2024: approx. ¥7.2 bil Operation: Planned to start in 2026
(Building and facilities)

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

2

Forecast for FY2023

1) Business Environment

The global economic outlook remained uncertain due to tight monetary policy in the U.S. and Europe, and higher geopolitical risks. The impact of inflation and higher personnel expenses on the business of medical institutions should be monitored carefully.

Japan

Establish healthcare systems to respond to emerging infectious diseases. Expand ICU facilities.

- Special measures related to medical treatment fees and subsidies for COVID-19 are being phased out. Permanent infection control measures will be included in the next revision of medical treatment fees in June 2024.

Differentiate medical institution functions and strengthen collaboration. Promote integrated community care systems.

- Funds for securing comprehensive medical and long-term care in the community: FY2023 budget ¥102.9 bil for medical care
- Work style reforms will be implemented and each prefecture will draw up its eighth medical care plan starting from FY2024.

International

U.S. and Europe

- Inflation and the shortage of nurses have caused deterioration of medical institutions' business.
- DX in medical fields has accelerated. Moves towards regulatory tightening for AI-enabled medical devices have started.

Emerging Markets

- Anti-corruption campaign in China. Moves to prefer domestically produced medical equipment and protectionism in each country.
- Regulatory tightening for medical devices.

2) Forecast for FY2023

	FY2022 Actual	FY2023 Forecast		YoY (%)
		Original forecast announced May 15	Revised forecast announced Nov 8	
Sales	206,603	215,000	221,500	7.2
Domestic Sales	135,734	139,500	142,000	4.6
Overseas Sales	70,869	75,500	79,500	12.2
Gross Profit (Gross Profit Margin)	105,926 51.3%	109,000 50.7%	112,500 50.8%	6.2
Operating Income (Operating Income Margin)	21,120 10.2%	21,500 10.0%	22,200 10.0%	5.1
Ordinary Income	24,122	21,500	24,000	-0.5
Income Attributable to Owners of Parent	17,110	14,500	15,500	-9.4
Percentage of overseas sales	34.3%	35.1%	35.9%	

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

← +8% on a local currency basis

Breakdown of overseas sales by region

	FY2022 Actual	FY2023 Forecast		YoY (%)
		Original forecast announced May 15	Revised forecast announced Nov 8	
Americas	36,818	40,200	43,400	17.9
Europe	12,349	11,700	12,600	2.0
Asia & Other	21,701	23,600	23,500	8.3
Total	70,869	75,500	79,500	12.2

Average exchange rate

1 US Dollar	134.6 yen	125 yen	139 yen
1 EURO	141.0 yen	139 yen	151 yen

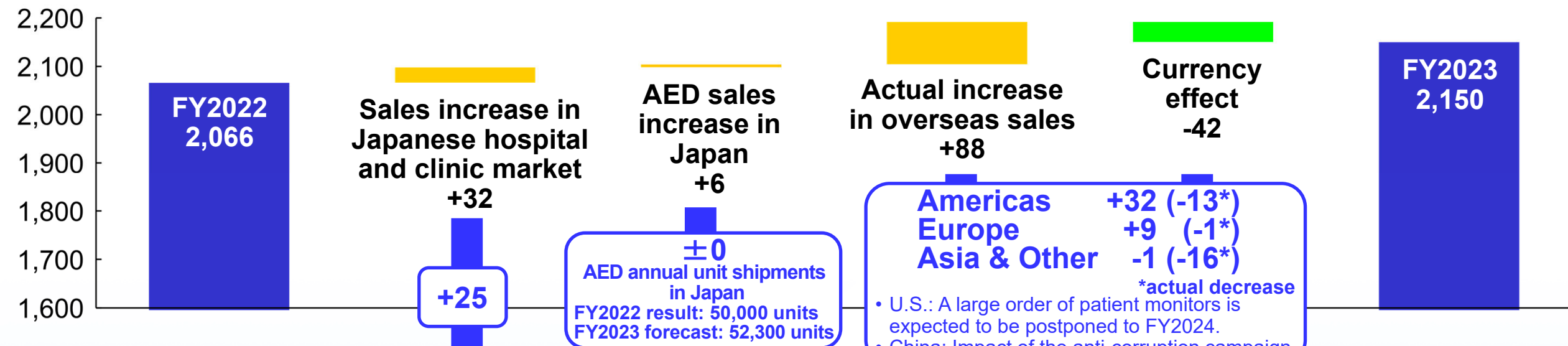
FY2023 2H

138 yen
150 yen

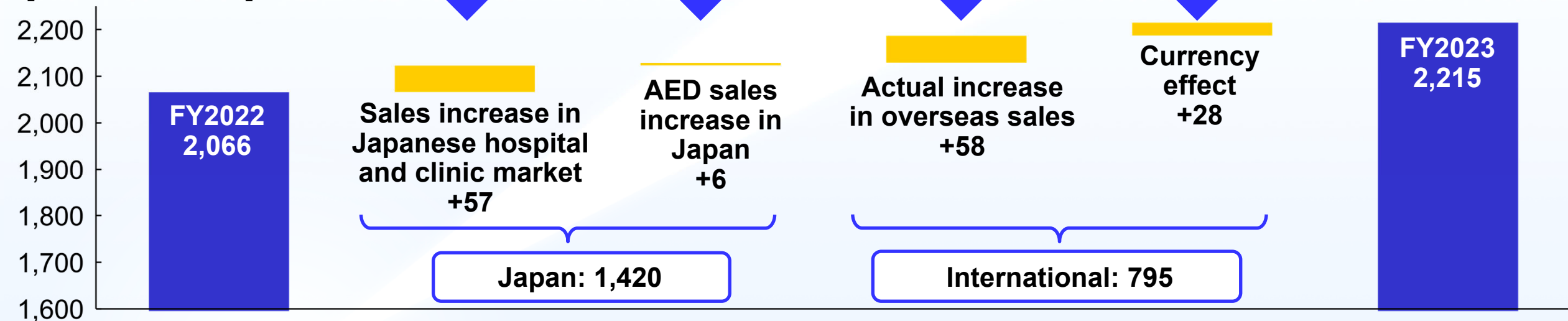
3) Analysis of FY2023 Sales Forecast

(¥100 million)

[Original forecast]



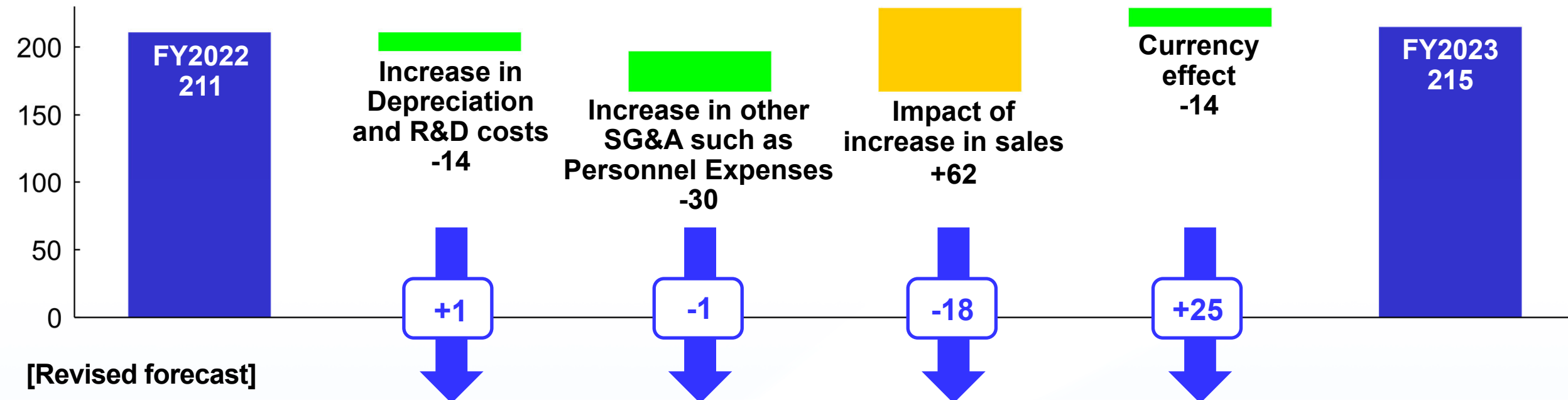
[Revised forecast]



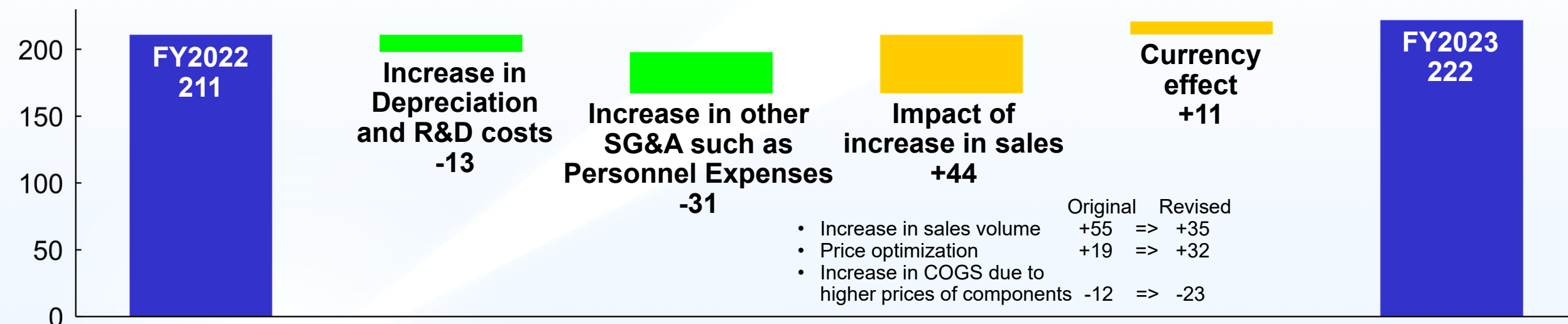
4) Analysis of FY2023 Operating Income Forecast

(¥100 million)

[Original forecast]



[Revised forecast]



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

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

	FY2022 Actual	FY2023 Forecast			YoY (%)
		Original forecast announced May 15	Revised forecast announced Nov 8	Composition ratio (%)	
Physiological Measuring Equipment	43,287	44,100	46,100	20.8	6.5
Patient Monitors	80,815	83,400	85,500	38.6	5.8
Treatment Equipment	44,463	48,200	50,900	23.0	14.5
Other Medical Equipment	38,036	39,300	39,000	17.6	2.5
Total	206,603	215,000	221,500	100.0	7.2

(Reference)

Medical Devices	108,904	113,000	115,500	52.1	6.1
Consumables and Services	97,699	102,000	106,000	47.9	8.5

Estimated Exchange Rate Fluctuations for Full Fiscal Year

	Sales	Operating Income
US Dollar	0.40 bil yen	0.14 bil yen
EURO	0.06 bil yen	0.02 bil yen

3

Business Strategy

Long-term Vision and Three-year Business Plan

We contribute to the world by fighting disease and improving health with advanced technology, and create a fulfilling life for our employees.



Illuminating Medicine for Humanity

Create a better future for people and healthcare by solving global medical issues

Targets for
FY2029

Operating
Margin

15%

Overseas
Sales Ratio

45%

Management
Philosophy

Long-term
Vision

Three-year
Business Plan

Core Values

Apr. 2027 - Mar. 2030 **BEACON 2030** Phase III: Realize BEACON 2030

Apr. 2024 - Mar. 2027 **BEACON 2030** Phase II: Invest for growth

Apr. 2021 - Mar. 2024 **BEACON 2030** Phase I: Strengthen foundation

Core values are shared by Nihon Kohden staff worldwide, helping to connect them and contributing to the promotion of our Management Philosophy, Long-term Vision, and Three-year Business Plan.

Integrity / Humbleness / Diversity / Initiative / Customer Centric / Goal Oriented / Creativity

Basic Policy of the Three-year Business Plan

Embrace sustainability across business and corporate activities

Management

Ensure strict compliance and strengthen group governance to reinforce the management structure

Business

Improve the profitability of existing businesses and obtain the resources to invest strategically for sowing seeds of new growth

Operations

Establish global SCM and strengthen core functions of operations to lay a foundation for global growth

*SCM: Supply Chain Management

Embrace Sustainability



Disclosure of material issues and results for KPIs

Cumulative targets for Three-year Business Plan	Results for FY2022
AED: Cumulative number of products sold: Over 350k units (worldwide, for 3 years)	219k units (achievement rate: 62%)
Cumulative number of products sold: Over 85k units (worldwide, for 3 years)	64k units (achievement rate: 75%)
Cumulative number of - Connected models: Over 7 - Connected units: Over 5k (worldwide, for 3 years)	6 models (achievement rate: 86%) 1,241 units (achievement rate: 25%)
Cumulative sales ratio of environmental-friendly products: Over 20% (for 3 years)	19.1% (75 series)
CO₂ emissions in FY2023: 15.2% reduction per unit of sales (ISO 14001 certified sites, Scope 1, 2)	38.7% reduction (compared to FY2020)

https://www.nihonkohden.com/sustainability/nk_sustainability/materiality.html

Measures in FY2023

1st Half

- ✓ **Enhanced human capital-related information disclosure**
- ✓ **Completed discussions on sustainability (total 31 sessions, 4k or more participants in global)**



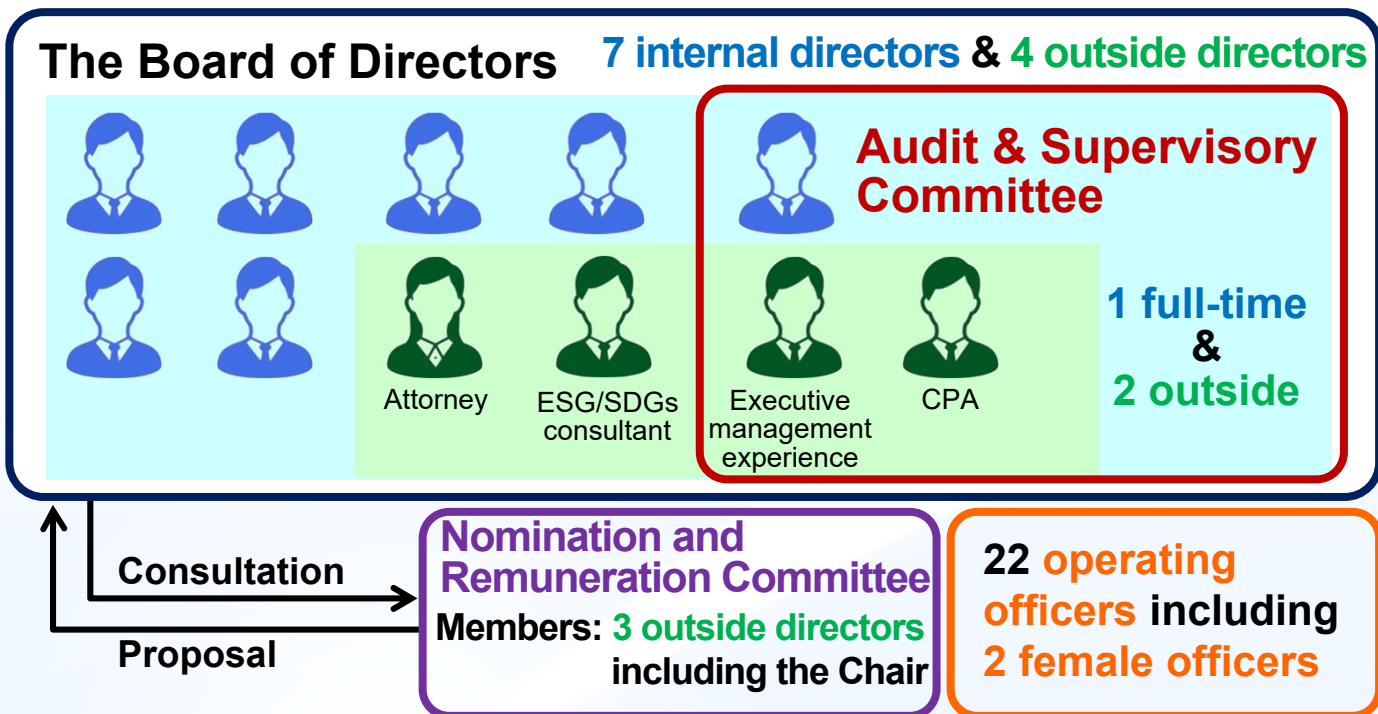
2nd Half

- ✓ **Results of discussions will be reflected in material issues in the next Medium-term Business Plan**
- ✓ **Promote development of environment-friendly products. Develop internal regulations**
- ✓ **Promote initiatives to set SBTs* for CO₂ emissions**

* SBT (Science Based Target): Target of greenhouse gas emissions reduction set by each company for 5 to 10 years in the future in line with the levels sought under the Paris Agreement.

Corporate Governance System

- June 2016 Transition to Company with Audit & Supervisory Committee
Established Nomination and Remuneration Committee
- June 2018 Ratio of outside directors: 33%
- June 2020 Elected **one female outside director**
- April 2021 Appointed **two female operating officers**
- June 2023 Ratio of outside directors: **36%**
✓ Currently reviewing remuneration structure for directors



Respect diversity of all employees

< FY2022 Actual >

- Ratio of female managers: 8.6%
- Ratio of male employees taking childcare leave: 38.9%

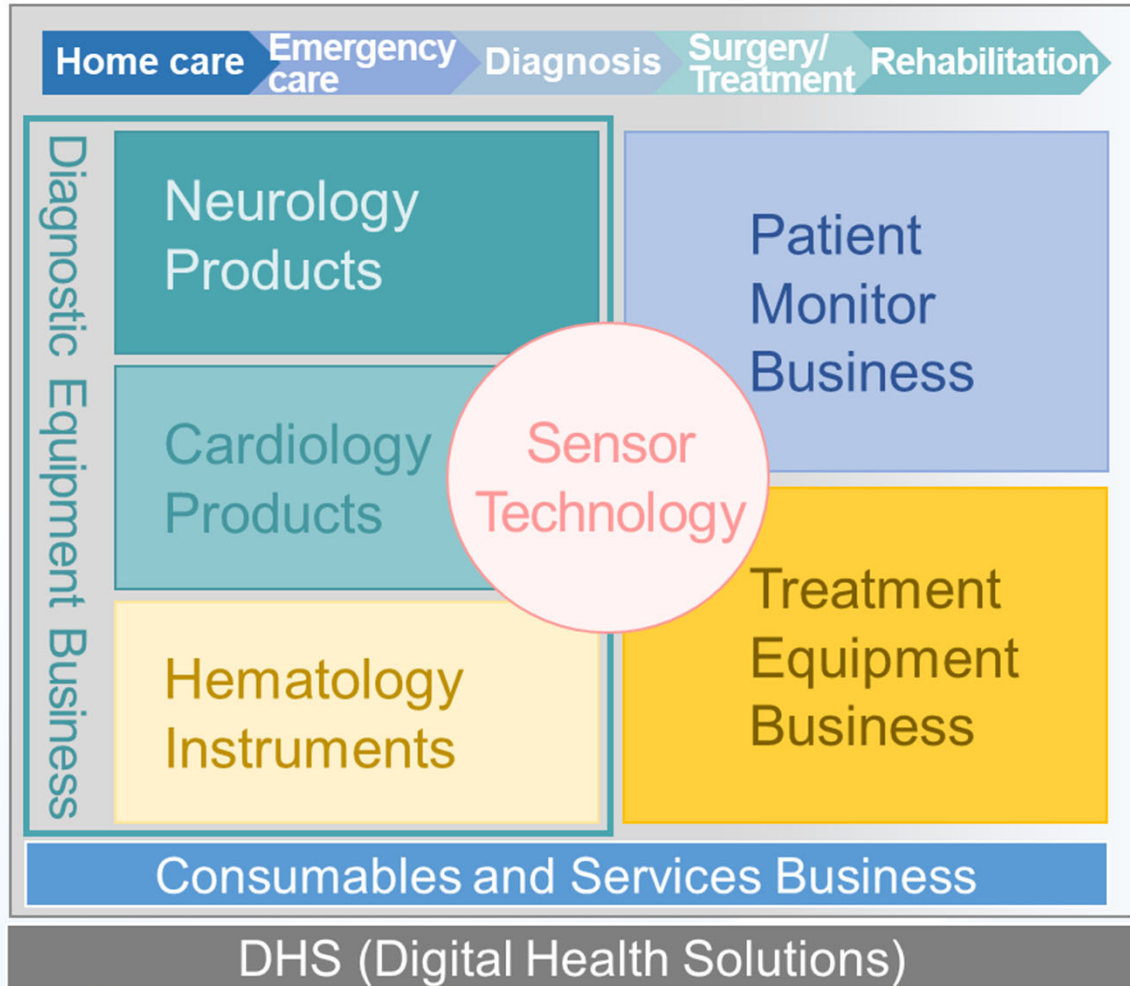
< Targets >

- As of April 1, 2026
Ratio of female managers: Over 12%
Appointment of female directors and operating officers: Over 4 persons
- As of June 30, 2030
Ratio of female directors and operating officers: Over 30%
- By FY2025
Ratio of male employees taking childcare leave: Over 30%



* parent company

Improve the Profitability of Existing Businesses



Common measures across all businesses

Create high customer value

- Promote digital health solutions
- Enhance cybersecurity measures
- Expand the provision of medical device remote monitoring system (MD Linkage)

Improve productivity

- Establish a new common design platform
- Promote standardization and common parts
- Ensure strict lifecycle management

Timely launches of new products

- Achieve the highest level of quality in the world
- Enhance R&D and QA/RA structures

Establishment of a highly profitable structure

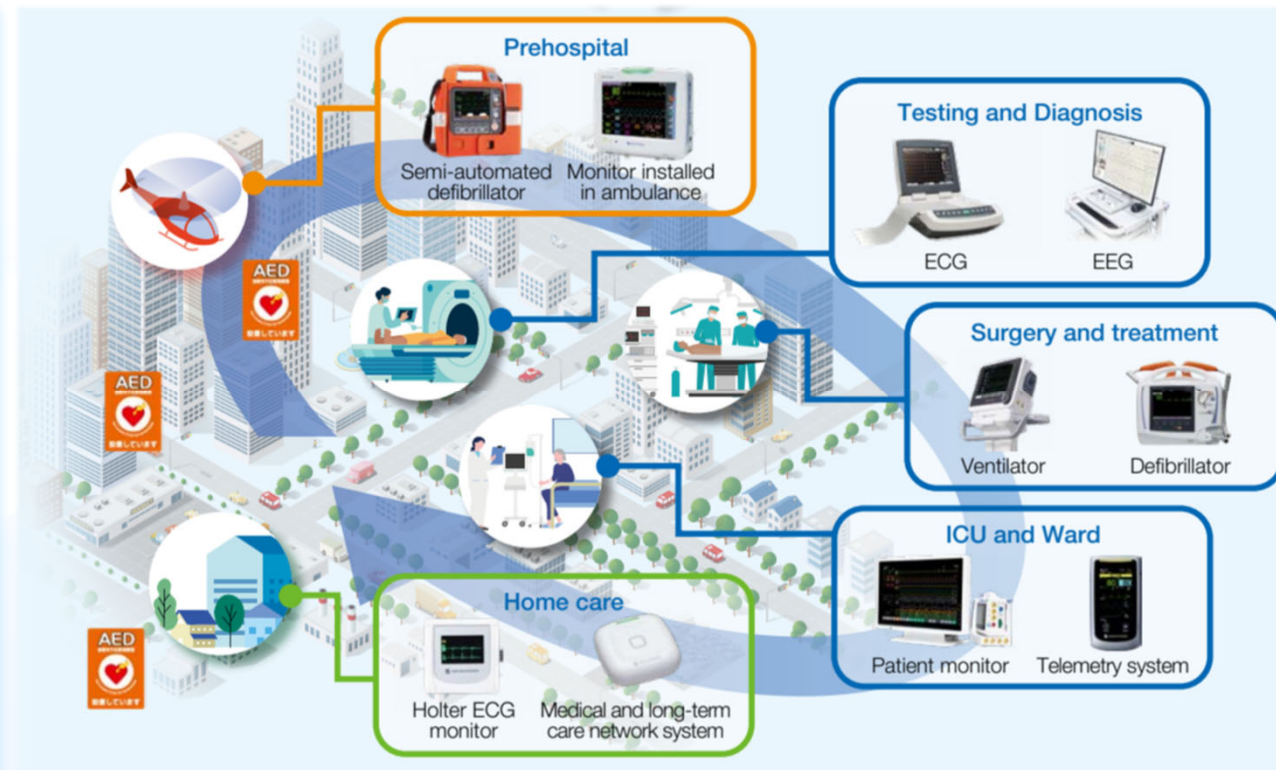
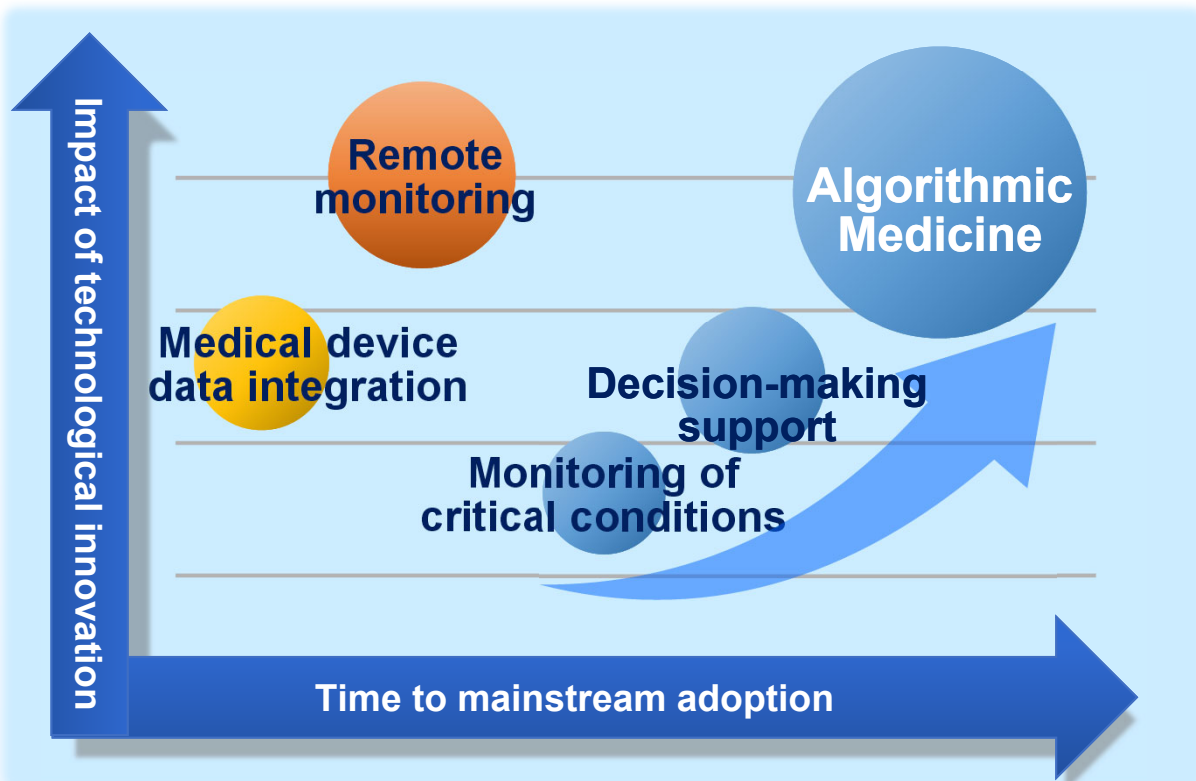
Realize Digital Health Solutions Vision

- ✓ Investigating the creation of new customer value to solve medical issues in two areas: DHS Vision for Acute Care and DHS Vision for Regional Medical Care

DHS Vision for Acute Care



DHS Vision for Regional Medical Care



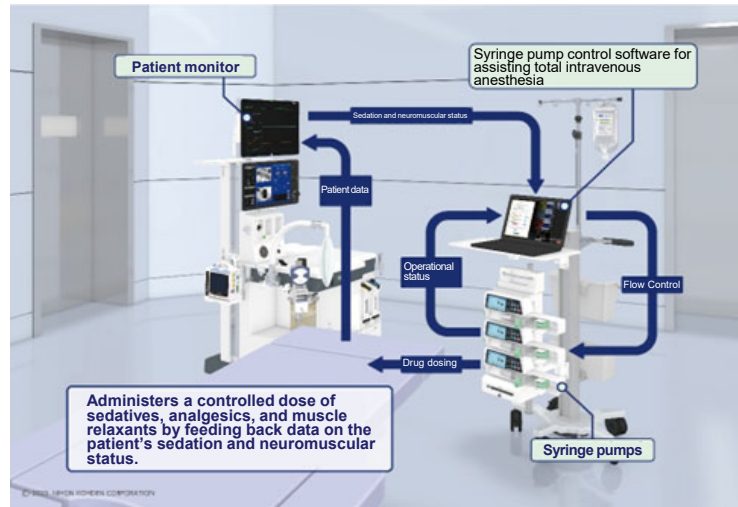
Realize Digital Health Solutions Vision

DHS Vision for Acute Care

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

Launched in Japan in FY2023 1H

OR



- Providing training courses for proper use of the software based on application guidelines
- Adopted by several hospitals

Ease medical staff workload

Reduce medical incidents

Improve patient outcomes

DHS Vision for Regional Medical Care

Started PoC (Proof of Concept) of EEG remote interpretation

- Prompt EEG measurement in emergency care using a telemetry EEG headset

ER/ICU

EEG headset



EEG

- Prompt reporting of EEG remote interpretation results using Allm's Join EEG

Join EEG



Report



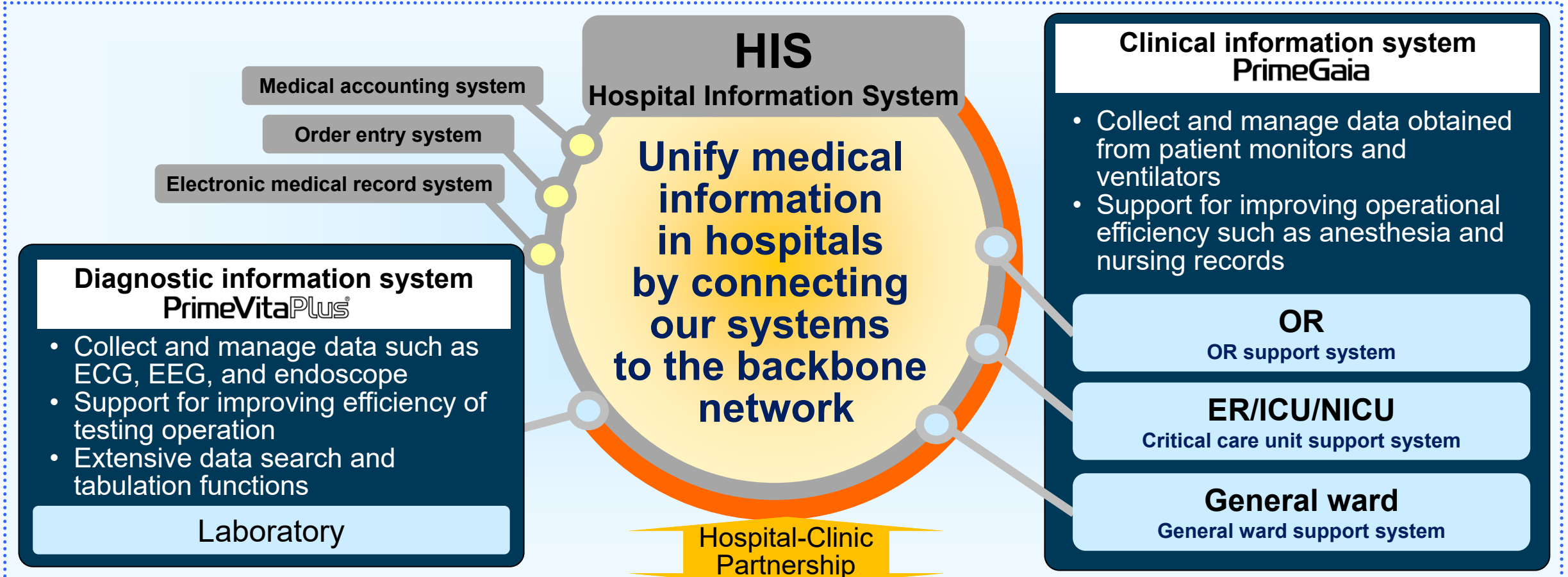
EEG physician

Prompt intervention

Improve patient outcomes

IT Solution Business

✓ Contributed to easing medical staff workloads and improving the economic of medical care



Home medical care

Medical/Nursing care network system **LAVITA**

Clinic

Clinical assistant service **PrimePartner**

○ Nihon Kohden

○ Other vendors

* Only in Japan

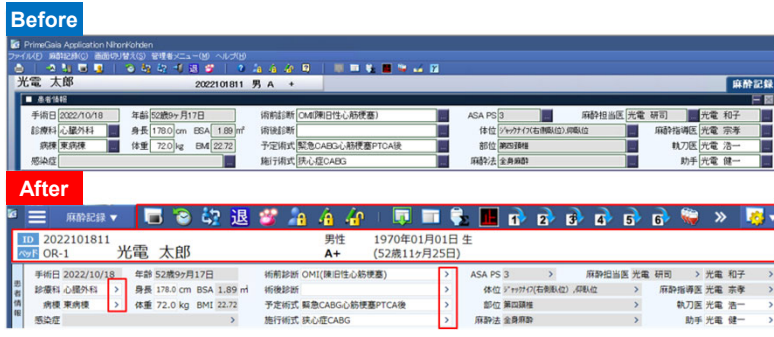
IT Solution Business

NEW!

✓ New high-value-added function for Clinical Information Systems PrimeGaia

Improved visibility and operability

Launched Ver. 04-01 in FY2022



- Renewed display format
- Intuitive operation and input

Equipped with new DWH system

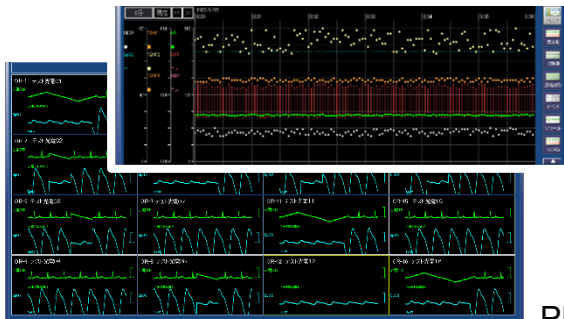
Launched in FY2022



- Provides support for research and operation in hospitals by aggregating vital signs and recording information

New annual fee service for general wards

Launched in FY2023 1H

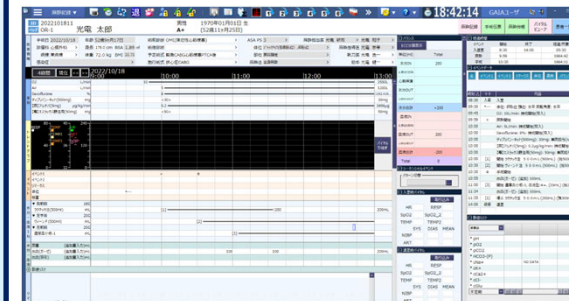


PRM-7100

- Added new annual fee service including maintenance services
- Enables introduction of new systems with low initial cost

Linkage with AsisTIVA

Started in FY2023 1H



- Automatically display the dosage of anesthetics administered by AsisTIVA

Strengthen Strategies in Global Business

Japan: Enhance solution proposals that contribute to improving quality of medical care and addressing medical issues

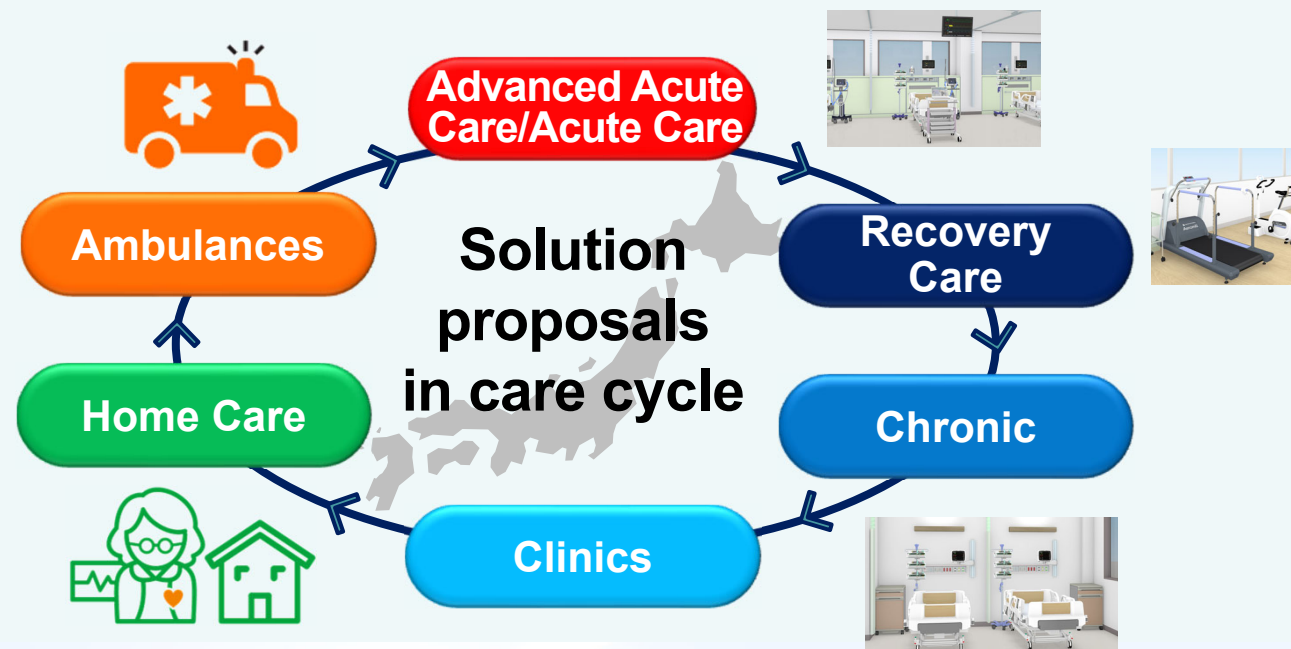
✓ Enhance customer value

Strengthen marketing and service capabilities which contribute to improving:

Medical safety

Patient outcomes

Operating efficiency



✓ Provide solutions which contribute to work style reforms for doctors and to DX in medical fields

PrimeGaia

Clinical information system



Mobile viewer, ViTrac

PrimeVitaPLUS[®]

Diagnostic information system

NEW!

AsisTIVA

NEW!

Syringe pump control software for assisting total intravenous anesthesia, ROP-1680
Launched in FY2023 1H



Integrated vital sign data index software, Visensia
Launched in FY2022

✓ Expand product line-up




Telemetry system **NEW!**
WEP-1600
Launched in FY2023 1H

Automated chest compression device
Planned to launch in FY2023 2H

U.S.: Expand business by integration and unification of seven local subsidiaries

✓ Expanding our product line-up

Patient monitors



Mid-range bedside monitors
CSM-1500/1700 series
Launched in FY2022

NEW! Central monitor
CNS-2101
Planned to launch in FY2023 2H


Patient Monitors

Market Share
Target: 12%

Neurology Products



Treatment Equipment



Neurology Products


NEW!



Home sleep recorder, NomadAir
Launched in FY2023 1H

Resuscitation Products

NEW!



Automated chest compression device
ARM XR ACC
Launched in FY2023 1H

Ventilators

NEW!



NKV-330
U.S. production
Launched in FY2022

FY2022 4Q
Signed contract with Premier Inc, one of the major GPOs*2.
FY2023 1Q
Started to sell our ventilators to approx. 4,400 member hospitals

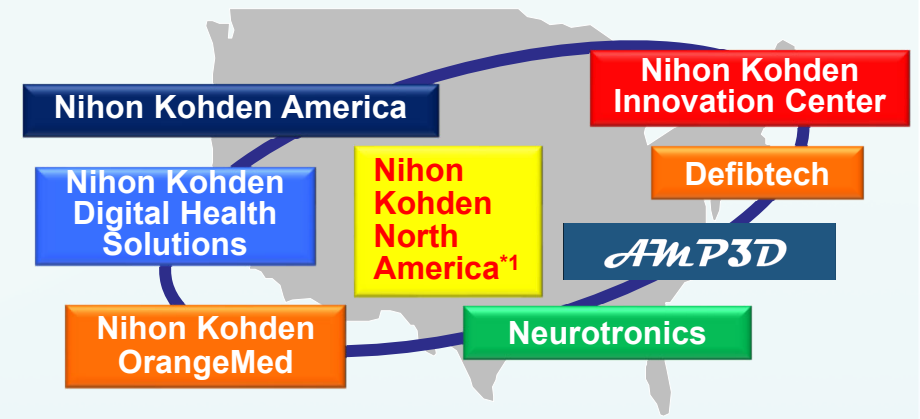
Mid-range ventilator NKV-440
Planned to launch in FY2023 2H

✓ Reorganized the U.S. subsidiaries into a holding company structure (April 2023)

Strengthen governance structure and operations



Increase synergy between subsidiaries



*1 Scheduled to change its name in January 2024. *2 GPO: Group Purchase Organization.

Emerging Markets: Enhance solution proposals with new products made in Japan, the U.S. and Shanghai

Made in Japan/US

High-end market

Ambulance
Defibrillator
EMS-1052

Automated chest compression device
ARM XR ACC
Launched in FY2023 1H

NEW!

Central monitor CNS-2101
Planned to launch in FY2023 2H

Bedside monitor
CSM-1500/1700 series

ICU

Ventilator
NKV-330

Ventilator
NKV-550
NEW!
NKV-440
Launched in FY2022

Bedside monitor
PVM-4000

Resuscitation monitor for neonate
NRM-1300
Planned to launch in Indonesia in FY2023 2H

NEW!

Hematology analyzer
MEK-9200 MEK-1301/02
Hematology and ESR*1 analyzer
MEK-1305

Hematology analyzer and clinical chemistry analyzer
MEK-1303+HbA1c*2
Launched in FY2022

NEW!

*1 ESR: Erythrocyte Sedimentation Rate. *2 HbA1c: Hemoglobin A1c.

Made in China

Middle to low-end market

Local R&D and production

ECG
ECG-3150/3350
NEW!
ECG-3250
Launched in FY2022

Bedside monitor
Spot check monitor
Defibrillator
AED
Hematology analyzer/reagent

Bedside monitors developed at Shanghai
NEW!
Planned to launch in FY2023 H2
• Affordable models for general ward/ICU/ER
• Equipped with our unique technologies such as esCCO/iNIBP/synECi18*3

*3 esCCO: estimated Continuous Cardiac Output, iNIBP: non-invasive blood pressure measurement algorithm using a linear inflation technology, synECi18: Synthesized 18-lead ECG.

Reorganization in Southeast Asia

- ✓ Established a sales branch in the Philippines (January 2023)
- ✓ Changed the name of NKS Bangkok to Nihon Kohden (Thailand) (April 2023)
- ✓ Planned to establish a sales subsidiary in Vietnam (FY2023 2H)
- ✓ Planned to start local production in Indonesia (FY2023 2H)

Establish global SCM/ Strengthen core functions of operations

Establish global SCM

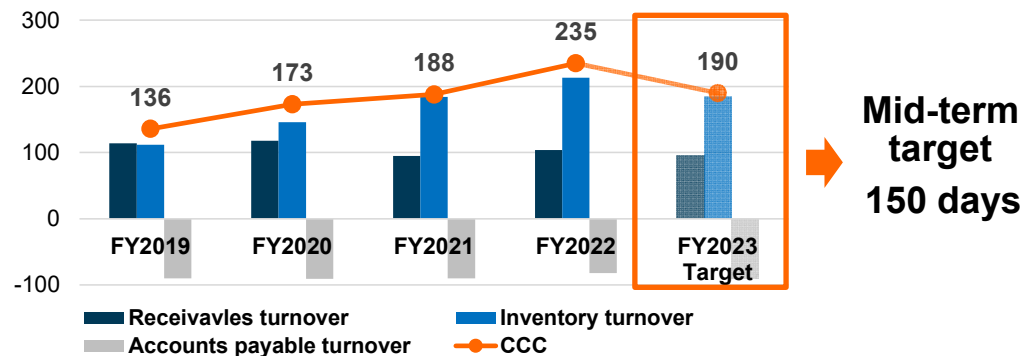
- ✓ Introduce PLM/MES* systems

Reduce workload and costs by promoting DX in R&D and production departments

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

- ✓ Inventory optimization

Review appropriate levels of products and parts inventories



Strengthen core functions of operations

- ✓ Strengthen the business management system for consolidating the Group's latest information

Utilize backbone systems and groupware introduced globally

- ✓ Strengthen compliance with the latest laws and regulations throughout the product life cycle

Enhance internal structure for securing cyber security of medical equipment

Enhance post-market surveillance

Target and Forecast for the Last Year of BEACON 2030 Phase III



	FY2023 Target	FY2023 Revised Forecast	4-year CAGR
	¥102 to the U.S. dollar, ¥124 to the euro	¥139 to the U.S. dollar, ¥151 to the euro	

	FY2023 Target	FY2023 Revised Forecast	4-year CAGR
Net Sales	¥197.0 bil	¥221.5 bil	+4.6%
Domestic Sales	¥134.0 bil	¥142.0 bil	+1.4%
Overseas Sales (Overseas Sales Ratio)	¥63.0 bil (32.0%)	¥79.5 bil (35.9%)	+11.9%
Consumables and Services Sales Ratio	48% or more	47.9%	
Gross Profit Margin	50% or more	50.8%	
Operating Income (Operating Income Margin)	¥20.0 bil (10.2%)	¥22.2 bil (10.0%)	+9.4%
Income Attributable to Owners of Parent	¥13.8 bil	¥15.5 bil	
ROE	10%		

Breakdown of overseas sales by region

(¥billion)	FY2023 Target	FY2023 Revised Forecast	4-year CAGR
Americas	32.0	43.4	+15.1%
Europe	10.0	12.6	+8.6%
Asia & Other	21.0	23.5	+12.1%

Basic Policy on Distribution of Profits and Dividends

Priorities: 1) Investment necessary for future business expansion
2) Dividends 3) Share buybacks

1) Investment necessary for future business expansion

- R&D investments for **developing digital health solutions**, which the Company has targeted as a new business
- Capital investments for **promoting corporate digital transformation and establishing global SCM**

R&D investments 

Capital investments 

M&A and alliance 

Human resource development 

2) Dividends

Maintain stable and continuous dividend payments

Target: Consolidated dividend payout ratio of 30% or more

Full-year dividends
FY2022: **61 yen** (pay-out ratio: 30.0%)
FY2023: **61 yen** (pay-out ratio: 33.1%)

3) Share buybacks

Consider in a flexible manner, taking into account comprehensively the Company's future business developments, investment plans, retained earnings and stock price level

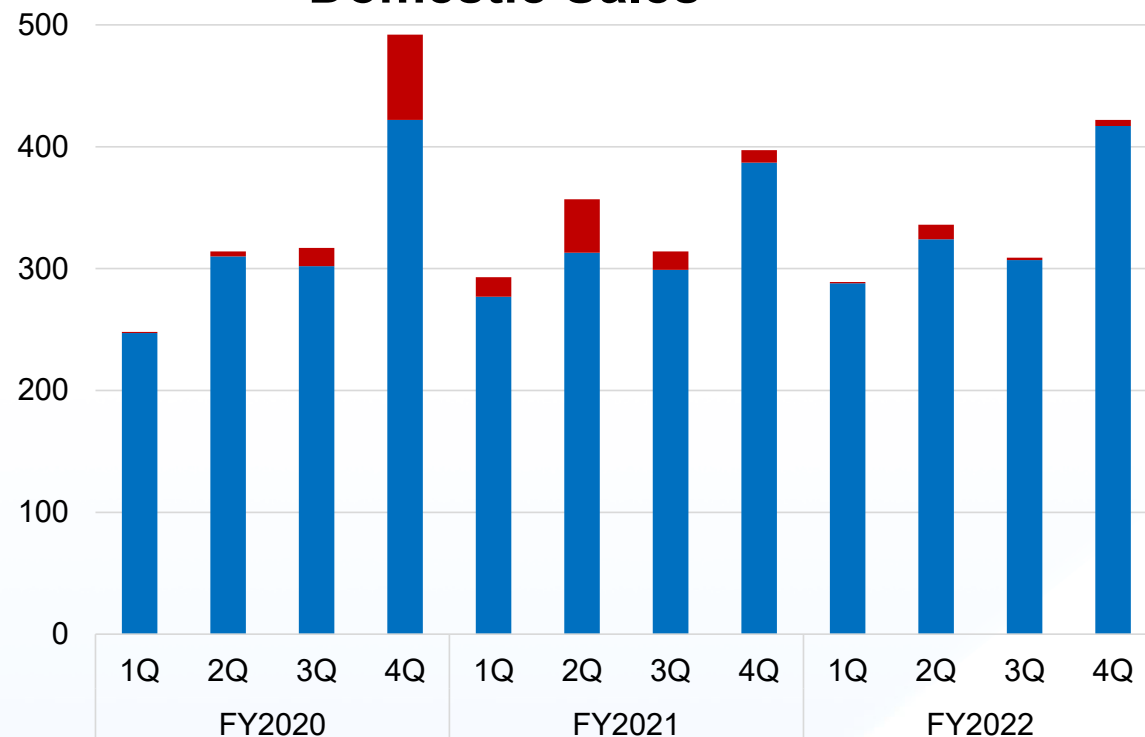
Number of treasury stock:
4,084k shares
(stockholding ratio: 4.6%)

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

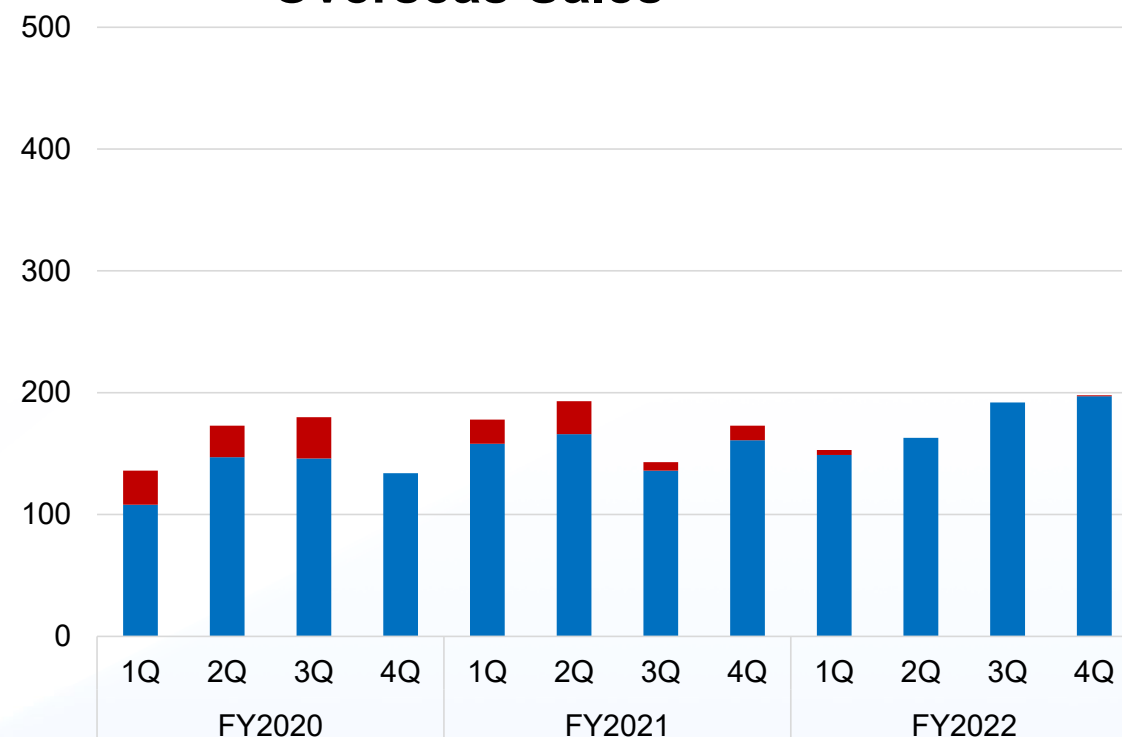
■ COVID-19-related demand
■ Non-COVID-19-related demand

(¥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:

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