

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



NIHON KOHDEN

1 Consolidated Financial Results for the First Half of FY2023

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

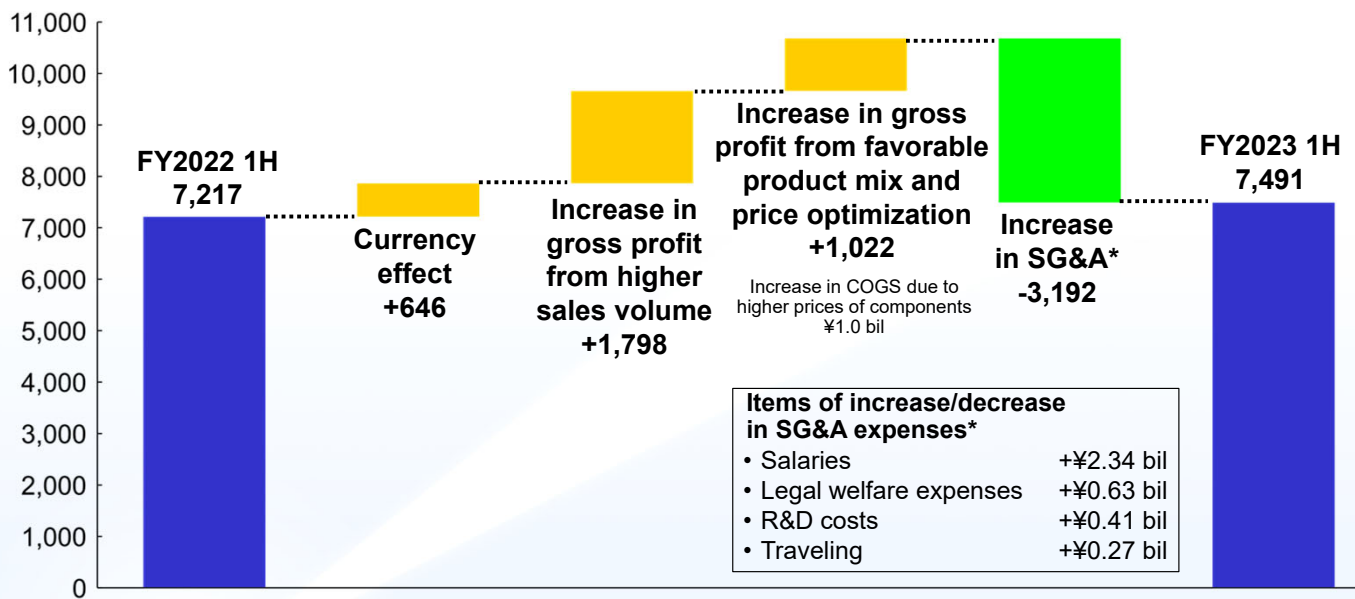
	First half FY2022	First half FY2023			(Amounts of less than ¥1 million are rounded down)
		Original forecast announced May 15	Actual	YoY (%)	
Sales	94,349	98,500	103,536	9.7	
Domestic Sales	62,584	-	65,708	5.0	+10% on a local currency basis (+5% on a local currency basis excluding impact of change in fiscal term of Defibtech*)
Overseas Sales	31,764	-	37,828	19.1	
Gross Profit (Gross Profit Margin)	47,596 50.4%	-	52,005 50.2%	9.3	In-house sales ratio: FY2022 1H 71.3% → FY2023 1H 72.9%
Operating Income (Operating Income Margin)	7,217 7.6%	6,000 6.1%	7,491 7.2%	3.8	SG&A: ¥40.3 bil → ¥44.5 bil SG&A Ratio: 42.8% → 43.0%
Ordinary Income	13,019	6,000	12,546	-3.6	Foreign exchange gains: ¥5,531 mil → ¥4,866 mil
Income Attributable to Owners of Parent	8,541	4,000	7,997	-6.4	
Average exchange rate	First half FY2022		First half FY2023		
1 US Dollar	129.7 yen		139.6 yen		
1 EURO	138.4 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.

- Overall sales increased 9.7% over the 1st half of FY2022 to ¥103.5 billion. Domestic sales increased 5% to ¥65.7 billion. Overseas sales increased 19.1% to ¥37.8 billion, a 10% growth on a local currency basis, and a 5% growth on a local currency basis excluding the impact of the change in the fiscal term of Defibtech, LLC.
- Overall sales exceeded our original forecast by ¥5 billion, because the performance of the consumables and services business was favorable in Japan and overseas sales were affected by greater-than-expected depreciation of the yen in currency translation.
- The Company's efforts to raise selling prices due to higher prices of components also contributed to increased sales.
- Operating income increased 3.8% to ¥7.4 billion. Ordinary income decreased 3.6% to ¥12.5 billion and income attributable to owners of parent decreased 6.4% to ¥7.9 billion, reflecting the decrease in foreign exchange gains.

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.

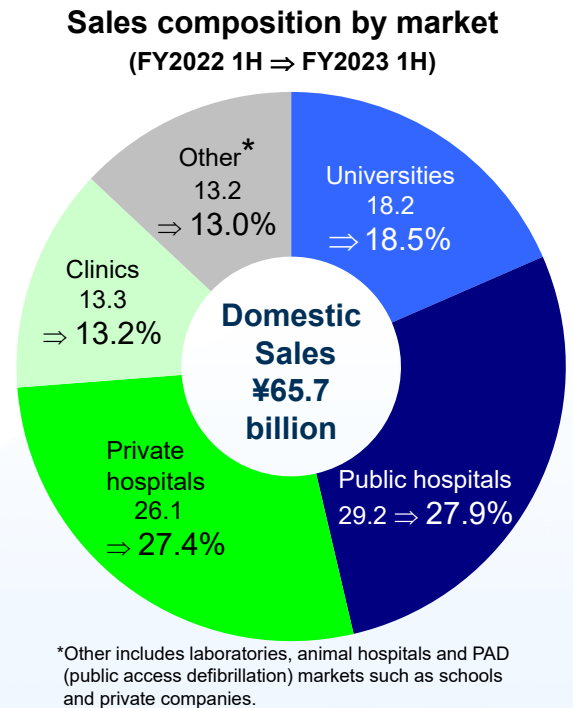
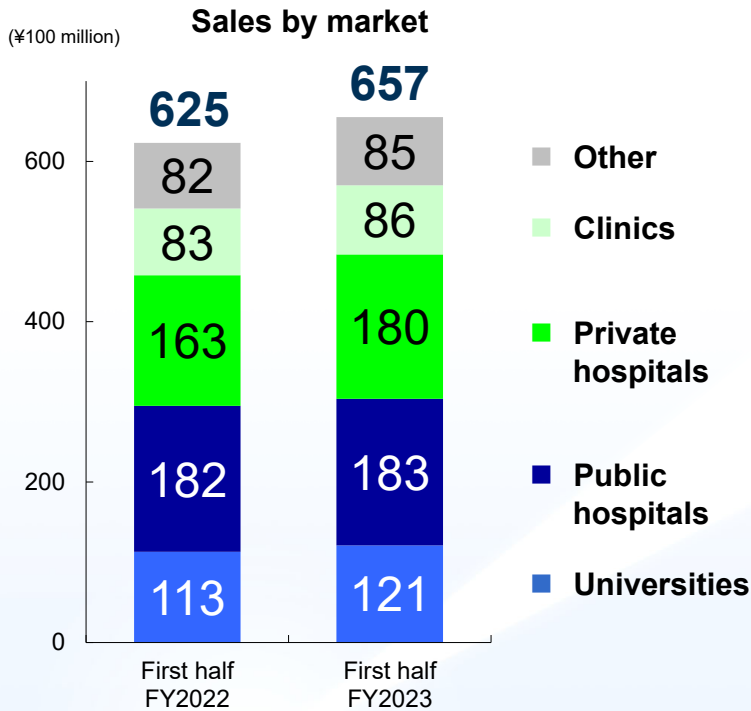
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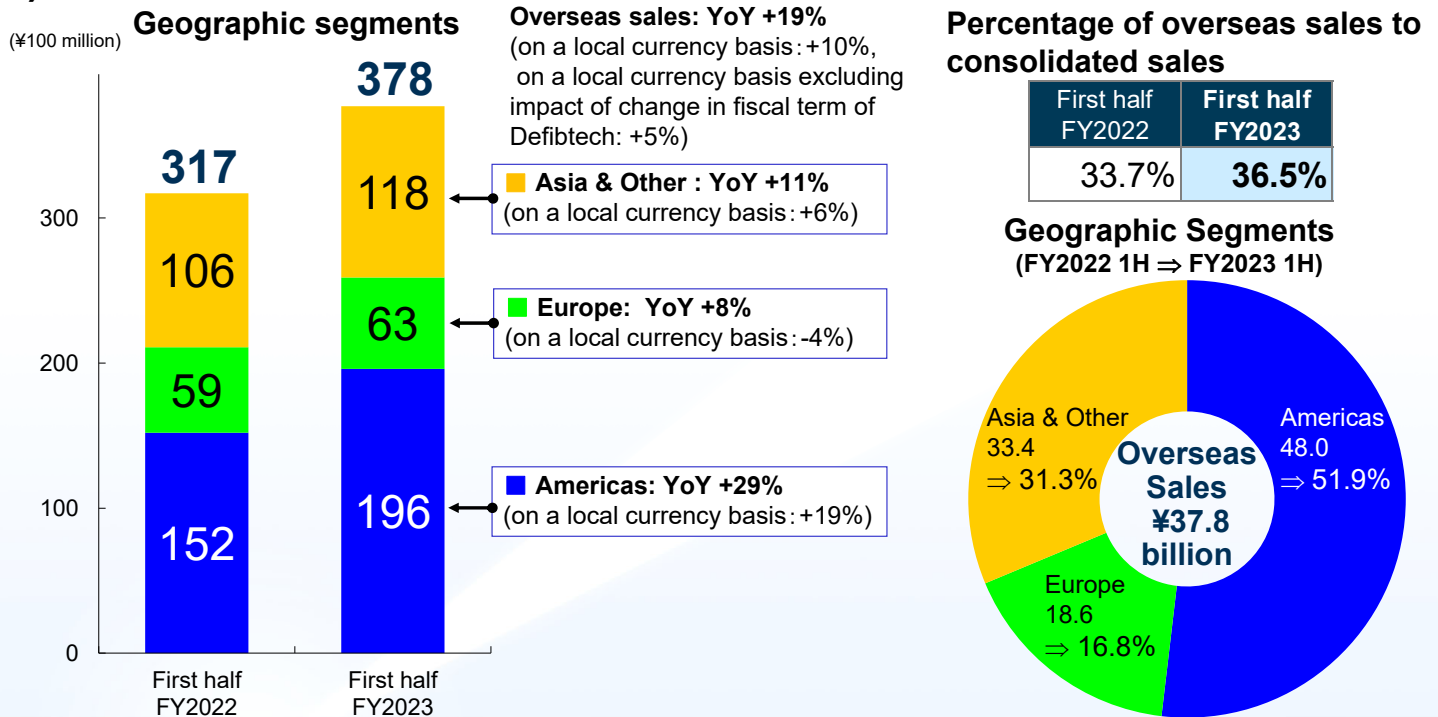
- In the 1st half of FY2023, operating income increased to ¥7.4 billion from ¥7.2 billion in the 1st half of FY2022.
- Foreign exchange rates had a positive impact of ¥0.6 billion.
- An increase in gross profit due to the higher sales volume was ¥1.7 billion.
- An increase in gross profit from favorable product mix and price optimization was ¥1 billion. The increase in the cost of goods sold due to higher prices of components was around ¥1 billion which was offset by price optimization.
- SG&A expenses were a negative factor worth ¥3.1 billion due to strengthening of human resources and R&D investment.

3) Domestic Sales



- Domestic sales increased by ¥3.2 billion to ¥65.7 billion.
- As the number of testing and surgical procedures in medical institutions increased and the Company focused on its consumables and services business, sales in all markets increased.
- Sales in the university and private hospital markets increased favorably thanks to large orders related to construction of new hospitals. Sales in the public hospital and clinic markets also increased.

4) Overseas Sales



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- Overseas sales increased by ¥6.1 billion to ¥37.8 billion.
- Overseas sales showed double-digit growth due to the impact of a 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.
- Sales in the Americas increased by ¥4.4 billion to ¥19.6 billion, a 19% growth on a local currency basis. Sales in the U.S. showed double-digit growth, especially in Treatment Equipment and Patient Monitors. Sales in Latin America decreased on a local currency basis and increased on a yen basis. Sales in Brazil decreased, while sales in Mexico increased favorably.
- Sales in Europe increased by ¥0.4 billion to ¥6.3 billion, a 4% decline on a local currency basis. Sales in Germany decreased compared to the strong growth in the 1st half of FY2022, while sales in the U.K. and the Netherlands showed strong growth.
- Sales in Asia & Other increased by ¥1.2 billion to ¥11.8 billion, a 6% growth on a local currency basis, as sales in China increased significantly. Sales in the Middle East and Vietnam also increased favorably.

5) Sales by Product Category

(Sales, millions of yen)

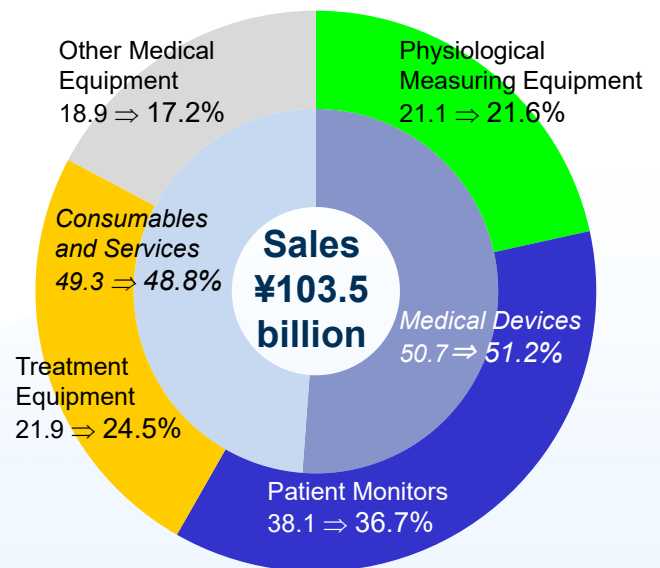
	First half FY2022	First half FY2023	YoY (%)
Physiological Measuring Equipment	19,896 (43%)	22,329 (45%)	12.2
Patient Monitors	35,964 (62%)	37,989 (62%)	5.6
Treatment Equipment	20,689 (45%)	25,367 (43%)	22.6
Other Medical Equipment	17,799 (43%)	17,849 (44%)	0.3
Total	94,349 (50%)	103,536 (50%)	9.7

(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)



- Sales by product category are shown above.
- Sales of Physiological Measuring Equipment and Treatment Equipment achieved double-digit growth. Sales of Patient Monitors increased favorably and sales of Other Medical Equipment also increased.
- Sales of Consumables and Services increased 8.7% to ¥50.5 billion. As the number of testing and surgical procedures in medical institutions increased and the Company focused on its consumables and services business, sales increased favorably both in Japan and internationally.
- Gross profit margins by product category are shown above.

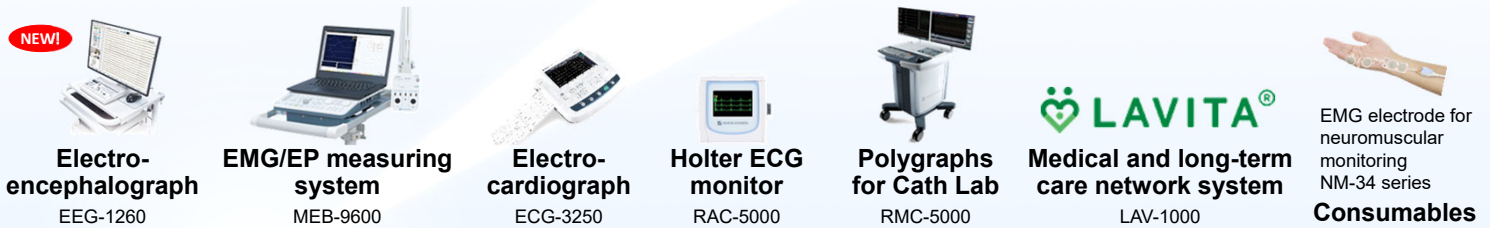
5.1) Physiological Measuring Equipment

	First half FY2022	First half FY2023	YoY (%)	(Sales, millions of yen)
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	

*Includes diagnostic information systems and products of other companies.

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.



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- Sales of Physiological Measuring Equipment increased 12.2% to ¥22.3 billion.
- Domestic sales increased 7.8% to ¥16.9 billion. Sales of diagnostic information systems and EEGs achieved double-digit growth. A new model of EEGs and an EMG electrode for neuromuscular monitoring contributed to increased sales. Sales of polygraphs for cath lab and ECGs also increased favorably, as the number of testing increased.
- Overseas sales increased 28.8% to ¥5.4 billion. Sales of EEGs showed strong growth in all regions, supported by steady demand. Sales of ECGs also increased favorably in Asia & Other, due to a recovery in demand in China.

5.2) Patient Monitors

	First half FY2022	First half FY2023	YoY (%)	(Sales, millions of yen)
Patient Monitors	35,964	37,989	5.6	<p>Sales of clinical information systems increased significantly. Sales of consumables such as sensors also increased favorably. Sales of transmitters and bedside monitors decreased.</p> <p>Sales in the Americas increased favorably. Sales in Europe and Asia & Other decreased.</p>
Domestic Sales	20,291	21,412	5.5	
Overseas Sales	15,672	16,577	5.8	



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- Sales of Patient Monitors increased 5.6% to ¥37.9 billion.
- Domestic sales increased 5.5% to ¥21.4 billion. Sales of clinical information systems increased significantly due in part to large orders. Sales of consumables such as sensors also increased favorably. Sales of transmitters and bedside monitors decreased.
- Overseas sales increased 5.8% to ¥16.5 billion. In the Americas, sales in both the U.S. and Latin America showed double-digit growth. Sales in Europe and Asia & Other decreased.

5.3) Treatment Equipment

	First half FY2022	First half FY2023	YoY (%)	(Sales, millions of yen)
Defibrillators (for Hospital and Ambulance)	3,782	3,690	-2.4	Domestic: Sales of consumables such as pads and batteries increased favorably. International: Sales in all regions decreased.
AEDs (Automated External Defibrillator)	9,159	14,174	54.8	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.
Pacemakers / ICDs	1,165	1,258	8.0	
Ventilators	2,934	2,597	-11.5	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.
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	



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

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- Sales of Treatment Equipment increased 22.6% to ¥25.3 billion. Domestic sales increased 6% to ¥12.9 billion. Overseas sales increased 46.8% to ¥12.3 billion.
- Sales of defibrillators decreased 2.4% to ¥3.6 billion. Overseas sales decreased in all regions, while domestic sales increased favorably thanks to strong sales of consumables such as pads and batteries.
- The overall sales volume of AEDs was 81,700 units, and sales increased 54.8% to ¥14.1 billion. In Japan, sales of AEDs with a color display and sales of consumables increased favorably. Internationally, sales showed strong growth, supported by steady demand, excluding the impact of the change in the fiscal term of Defibtech, LLC.
- Sales of ventilators decreased 11.5% to ¥2.5 billion. Domestic sales decreased as COVID-19-related demand has settled down. Internationally, sales in Europe and Asia & Other decreased, while sales in the Americas increased thanks to favorable sales of the mask-type ventilator.

5.4) Other Medical Equipment

	First half FY2022	First half FY2023	YoY (%)	(Sales, millions of yen)
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	

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

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

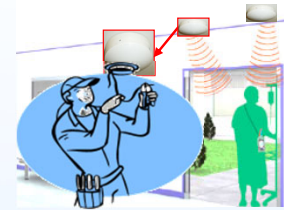
Sales of hematology analyzers and reagents increased in Asia & Other, while sales in Europe and Latin America decreased.



Automated hematology analyzer
MEK-9200



Automated hematology and ESR analyzer
MEK-1305



Installation and maintenance services

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- Sales of Other Medical Equipment increased 0.3% to ¥17.8 billion.
- Domestic sales increased 0.3% to ¥14.3 billion. Sales of reagents for hematology instruments and maintenance services for medical devices increased favorably. Sales of imaging systems decreased.
- Overseas sales remained flat at ¥3.4 billion. Sales of hematology analyzers and reagents increased in Asia & Other but decreased in Europe and Latin America.

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.

- Total assets increased by ¥4.2 billion to ¥220.9 billion.
- Inventory turnover was 7 months, due to the impact of yen depreciation. Inventories of patient monitors and AEDs were secured 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

- The Company secured positive cash flows from operating activities in the 1st half of FY2023, compared to the negative cash flows from operating activities in FY2022, which occurred due to the increase in inventories of finished goods and parts in response to tight supply of components.
- Cash and cash equivalents at the end of the period increased by ¥5.1 billion to ¥49.1 billion.
- The Company will continue to optimize inventory levels and improve cash flow.

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)
From FY2024: approx. ¥7.2 bil
(Building and facilities)

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

- Capital investments, depreciation, and R&D costs were ¥2.0 billion, ¥1.6 billion, and ¥3.3 billion, respectively.
- There is no change to our forecasts for full-year capital investments and R&D costs. The forecast for depreciation was revised to ¥4.0 billion, reflecting the progress made during the 1st half of FY2023.

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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.

- The global economic outlook remained uncertain due to tight monetary policy in the U.S. and Europe, and higher geopolitical risks.
- In Japan, each prefecture has revised the healthcare system in accordance with the change of COVID-19's category to class 5 infectious disease from May 2023. Work style reforms for medical staff and each prefecture's efforts to realize a regional vision of the healthcare system are in progress.
- Internationally, inflation and the shortage of nurses have caused deterioration of medical institutions' business in the U.S. and Europe. The impact of the anti-corruption campaign in China should also be monitored carefully.
- Medical equipment companies are strongly required to provide solutions which contribute to improving the quality and efficiency of medical care.

2) Forecast for FY2023

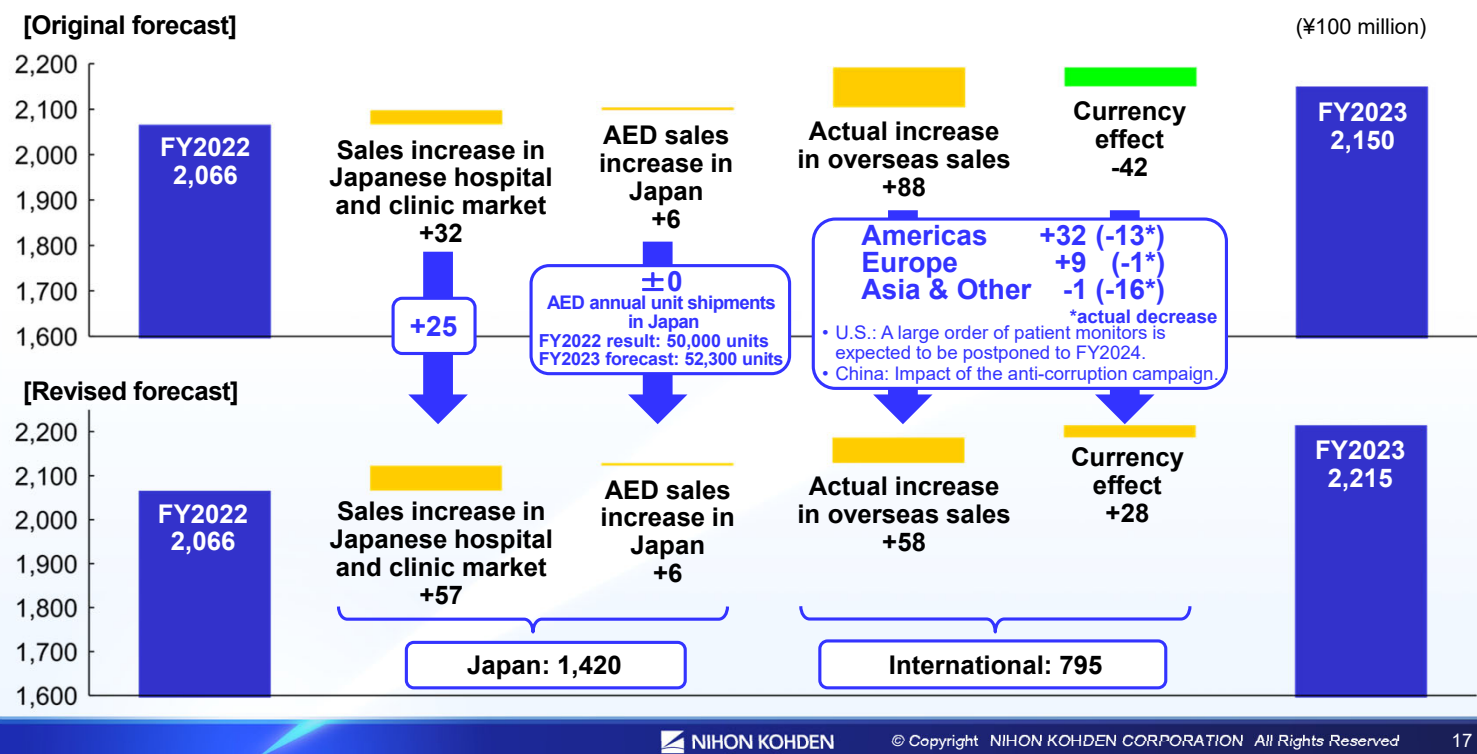
	FY2022 Actual	FY2023 Forecast		YoY (%)	(Amounts of less than ¥1 million are rounded down)
		Original forecast announced May 15	Revised forecast announced Nov 8		
Sales	206,603	215,000	221,500	7.2	
Domestic Sales	135,734	139,500	142,000	4.6	
Overseas Sales	70,869	75,500	79,500	12.2	← +8% on a local currency basis
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%		
Average exchange rate					
1 US Dollar	134.6 yen	125 yen	139 yen		FY2023 2H 138 yen
1 EURO	141.0 yen	139 yen	151 yen		150 yen

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

- The FY2023 full-year forecasts were revised upward because domestic sales in the 1st half of FY2023 were higher than expected, and overseas sales were affected by greater-than-expected depreciation of the yen in currency translation.
- Overall sales are expected to increase 7.2% over FY2022 to ¥221.5 billion. Domestic sales are expected to increase 4.6% to ¥142 billion, and overseas sales to increase 12.2% to ¥79.5 billion, an 8% growth on a local currency basis.
- Domestic sales and overseas sales are expected to increase by ¥2.5 billion and by ¥4 billion respectively from the original forecasts.
- Operating income is expected to increase 5.1% to ¥22.2 billion, an increase of ¥0.7 billion from the original forecast. Ordinary income and income attributable to owners of parents are as shown above.
- The assumed exchange rates for the 2nd half are 138 yen to the U.S. dollar and 150 yen to the euro.

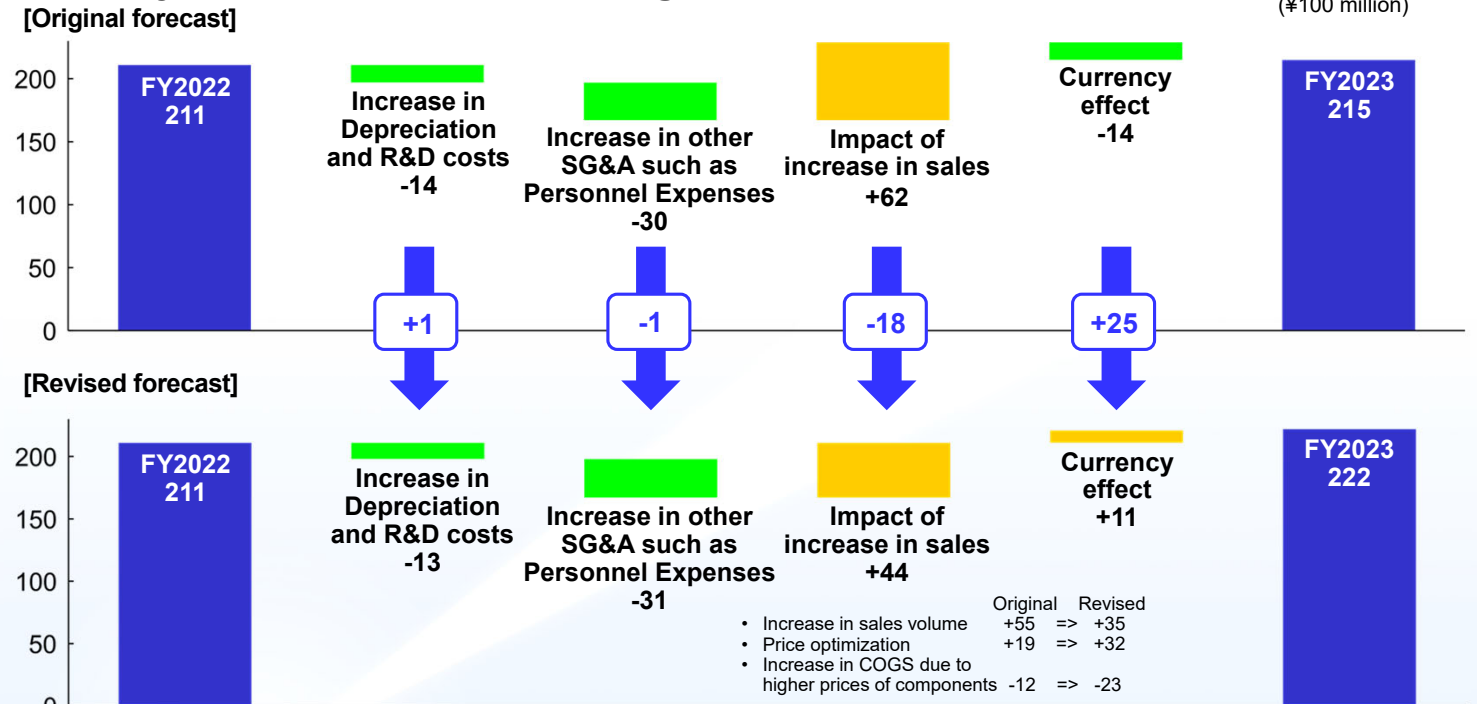
3) Analysis of FY2023 Sales Forecast



- We revised the figure of sales increase in Japanese hospital and clinic market to ¥5.7 billion, because sales of Consumables and Services were higher than expected in the 1st half. There is no change to the full-year forecast for sales and units of AEDs.
- As for overseas sales, the actual increase in sales and positive currency effect will be ¥5.8 billion and ¥2.8 billion, respectively. We expect that sales in the Americas and Europe will exceed the original forecasts by ¥3.2 billion and ¥0.9 billion, respectively. Sales in Asia & Other is expected to be ¥0.1 billion lower than the original forecast. On a comparable basis excluding currency effects, we revised downward our sales forecast in the U.S. and China, based on the results of the 1st half and recent performance trends. In the U.S., a large order of patient monitors is expected to be postponed to the next fiscal year. In China, a negative impact of the anti-corruption campaign on sales is expected.

4) Analysis of FY2023 Operating Income Forecast

(¥100 million)



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- Depreciation and R&D costs were revised to an increase of ¥1.3 billion, and other SG&A such as personnel expenses were revised to an increase of ¥3.1 billion.
- The positive impact of the increase in sales was revised to ¥4.4 billion. As increases in the cost of goods sold are expected, due to higher prices of components and devaluation of inventories, the Company will focus on improving its profitability through raising selling prices.
- Currency effect will have a positive impact of ¥1.1 billion.

(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

- The consolidated sales forecast by product category has been revised based on the 1st-half results.
- We will continue to strengthen our offerings of consumables and services both in Japan and internationally.
- The sensitivity to foreign exchange rates is as shown above.

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

- The Three-year Business Plan, of which the final year is FY2023, is the 1st phase in realizing our Long-term Vision. We will strengthen our business foundation to support sustainable growth, as well as cultivating new business areas and business models towards 2030.

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

- In the Three-year Business Plan, in order to embrace sustainability across business and corporate activities, the Company works on key strategies from the three standpoints of management, business, and operations.

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.

- To embrace sustainability, we disclosed the 2nd-year results for the targets of material issues and KPIs set in the Three-year Business Plan, and enhanced human capital-related information disclosure.
- We held a total of 31 discussions on sustainability for all employees since October 2022, with more than 4,000 participants. We will reflect the opinions from employees in the next Medium-term Business Plan.
- We will also promote development of environment-friendly products and pursue initiatives to set Science Based Targets for CO₂ emissions toward carbon neutrality by 2050.

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**

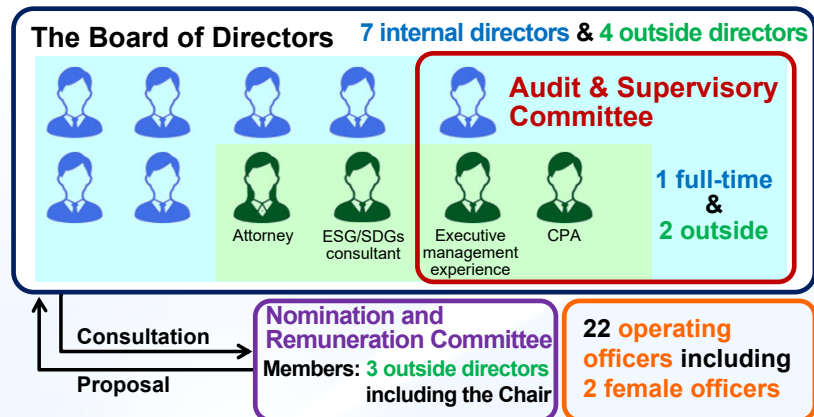
Respect diversity of all employees

< FY2022 Actual >

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

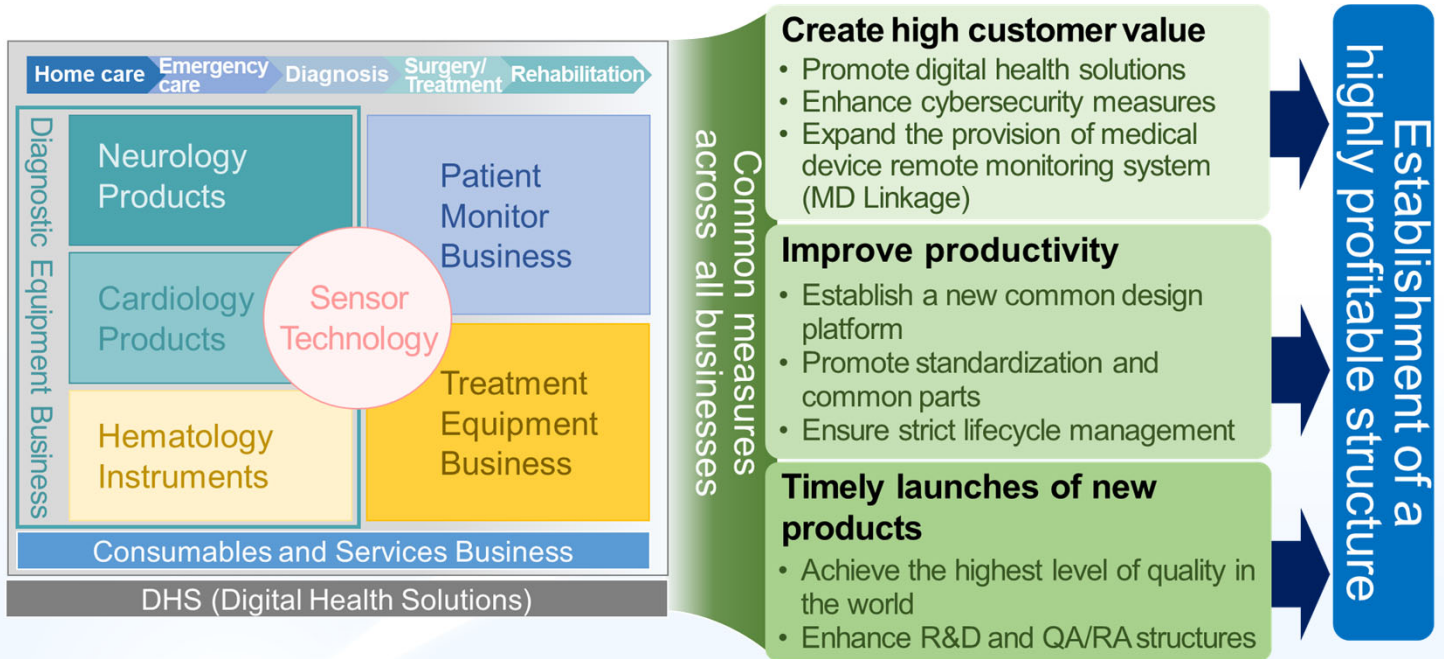
< Targets >

- 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

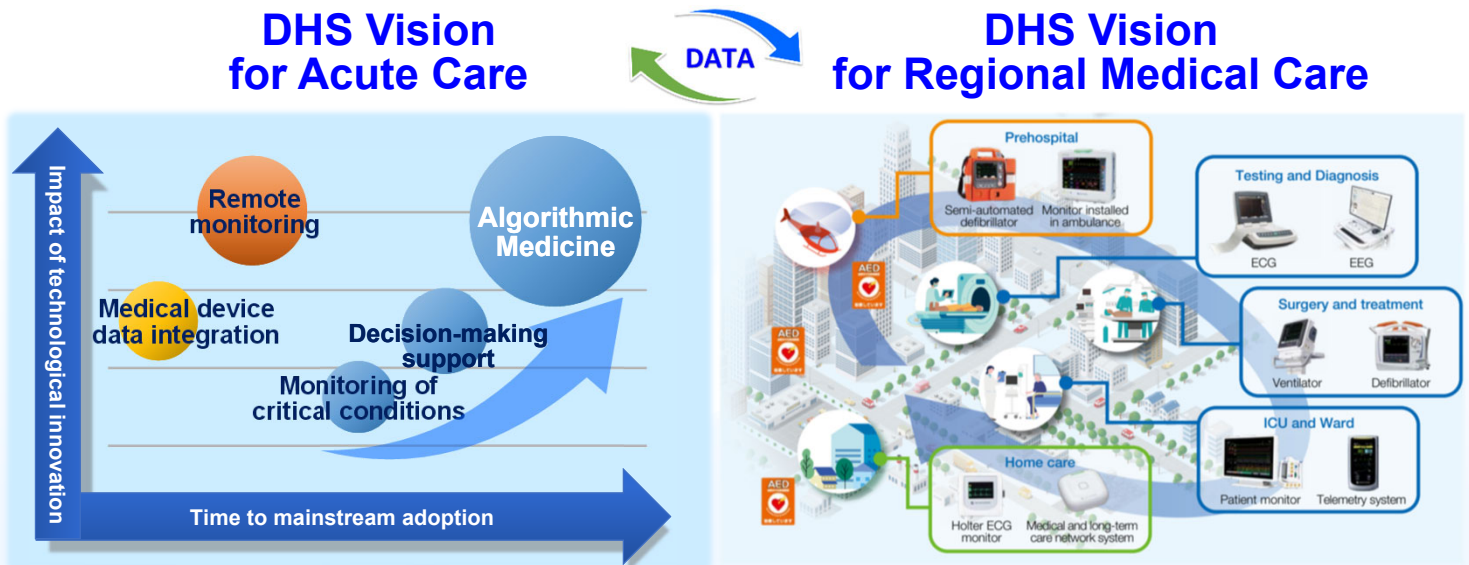
- From a management standpoint, we aim to enhance corporate governance by ensuring the diversity on the Board of Directors. The ratio of outside directors reached 36% at the General Meeting of Shareholders in June 2023.
- We are currently reviewing the remuneration structure for directors to further facilitate their sense of sharing value with shareholders.
- From the viewpoint of diversity and inclusion, we have appointed one female director and two female operating officers.
- We will respect the diversity of all employees and promote work-style reforms, such as fostering female managers and supporting male employees in taking childcare leave, so that each employee can maximize their potential.



- From a business standpoint, to improve the profitability of existing businesses, we aim to establish a highly profitable structure by creation of high customer value, improvement of productivity, and timely launches of new products.
- The following are important measures which are common to all businesses: promotion of digital health solutions, enhancement of cybersecurity measures, establishment of a new common design platform, ensuring strict lifecycle management, and strengthening of R&D and QA/RA structures.

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



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- Under the digital health solutions vision to realize our Long-term Vision toward 2030, we are currently aiming at the creation of new customer value to solve medical issues in the two areas of acute care and regional medical care.
- In the DHS Vision for Acute Care, we aim to provide applications and services that utilize patients' vital sign data and medical device information, based on our core Human Machine Interface technologies.
- In the DHS Vision for Regional Medical Care, we aim to solve various medical issues in the regional medical care by providing an IT system platform that links regional hospitals and clinics.

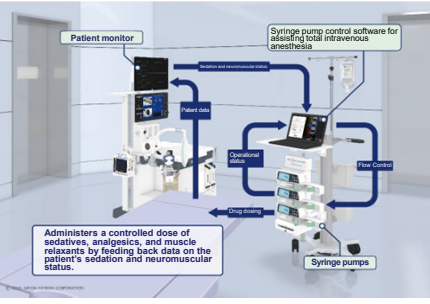
Realize Digital Health Solutions Vision

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



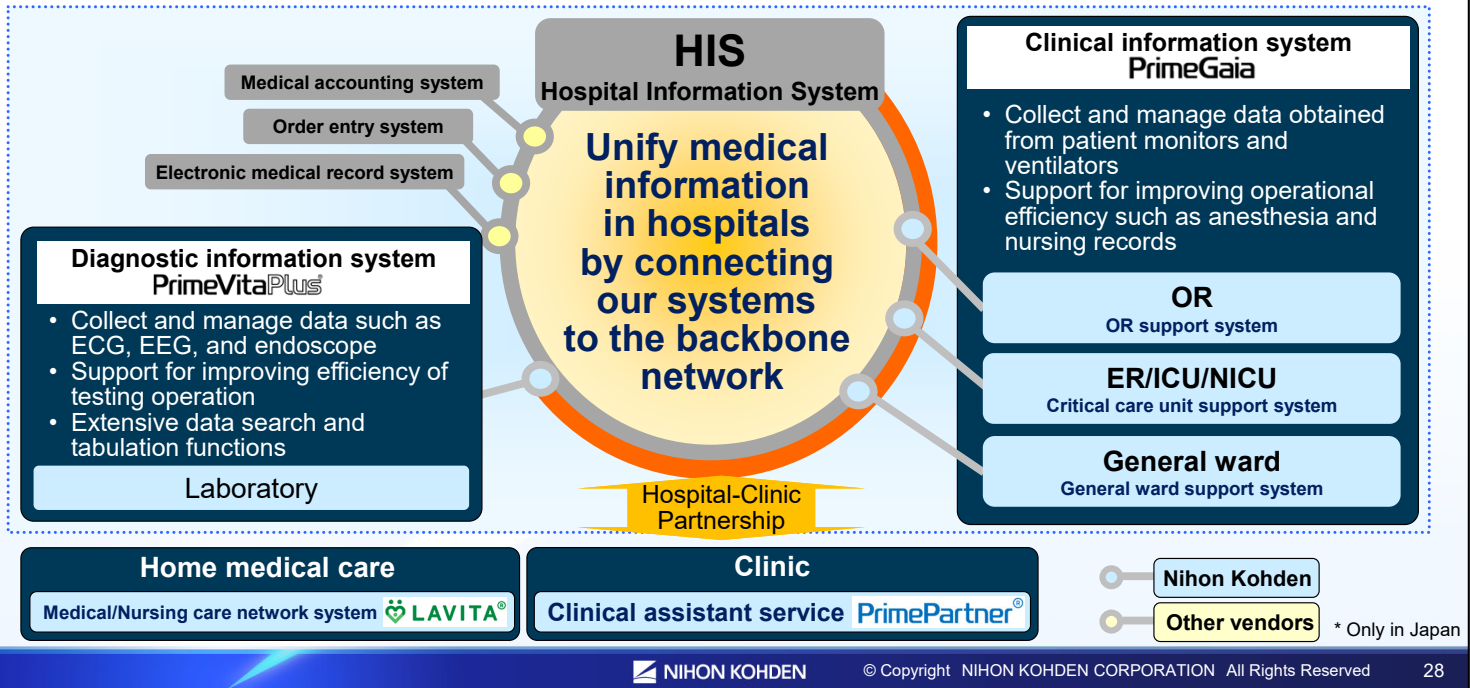
- Prompt reporting of EEG remote interpretation results using Allm's Join EEG

Prompt intervention Improve patient outcomes

- For promoting the DHS Vision for Acute Care, we launched AsisTIVA, a software that administers a controlled dose of anesthetics using the patient's vital signs as a guide, in the 1st half of FY2023. We started to provide training courses for its proper use and several facilities have already decided to adopt this software. The use of this software is expected to ease the workload of anesthetists and contribute to improving medical safety during operations.
- To promote the DHS Vision for Regional Medical Care, we started testing the proof of concept of an EEG remote interpretation service for ERs and ICUs. EEG waveforms measured by our EEG headset are shared with Allm's Join EEG, allowing EEG physician to remotely interpret the EEG. We aim at prompt intervention and improved patient outcomes.

IT Solution Business

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



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- IT Solution Business is one of the pillars of our DHS vision.
- We provide diagnostic information systems that manage test data measured by physiological measuring equipment in laboratories and clinical information systems that manage vital signs obtained from patient monitors and ventilators in ORs, ICUs, and general wards.
- By utilizing these IT systems, we will promote the creation of customer value which contributes to easing medical staff workloads, improving operational efficiency and patient outcomes, and improving the economics of medical care.

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

Improved visibility and operability

Launched Ver. 04-01 in FY2022

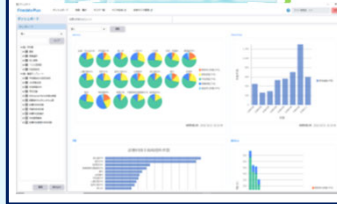


- Renewed display format
- Intuitive operation and input

Equipped with new DWH system

Finedata Plus

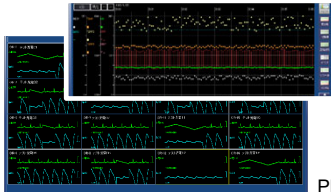
Launched in FY2022



- 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

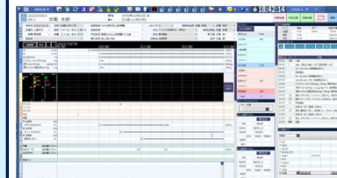


PRM-7100

- 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

- We launched a series of new high-value-added function for clinical information systems, the PrimeGaia. We renewed its user interface on the latest Ver. 04-01 and its intuitive operability and good visibility have been well received by our customers.
- The Finedata Plus, a data warehouse system, provides support for research and operation in hospitals through secondary use of data obtained in clinical practice.
- As for the PRM-7100 for general wards, we added a new annual fee service including maintenance services, which enables introduction of new systems with low initial cost.
- The linkage between the AsisTIVA and the PrimeGaia also started, aiming to improve operational efficiency in perioperative management.

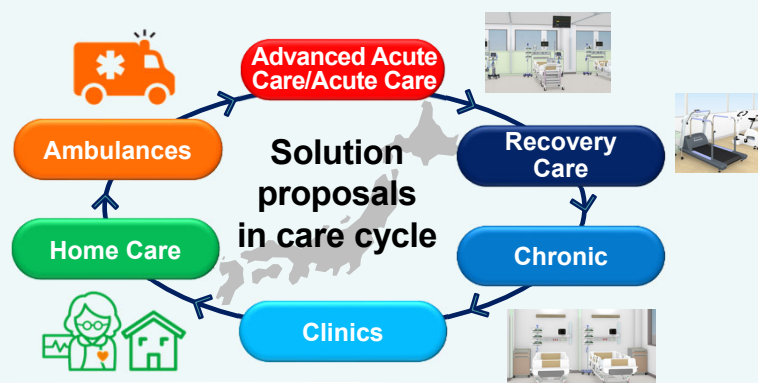
Strengthen Strategies in Global Business

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!



Integrated vital sign data index software, Visensia
Launched in FY2022

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

✓ Expand product line-up



Telemetry system WEP-1600
Launched in FY2023 1H

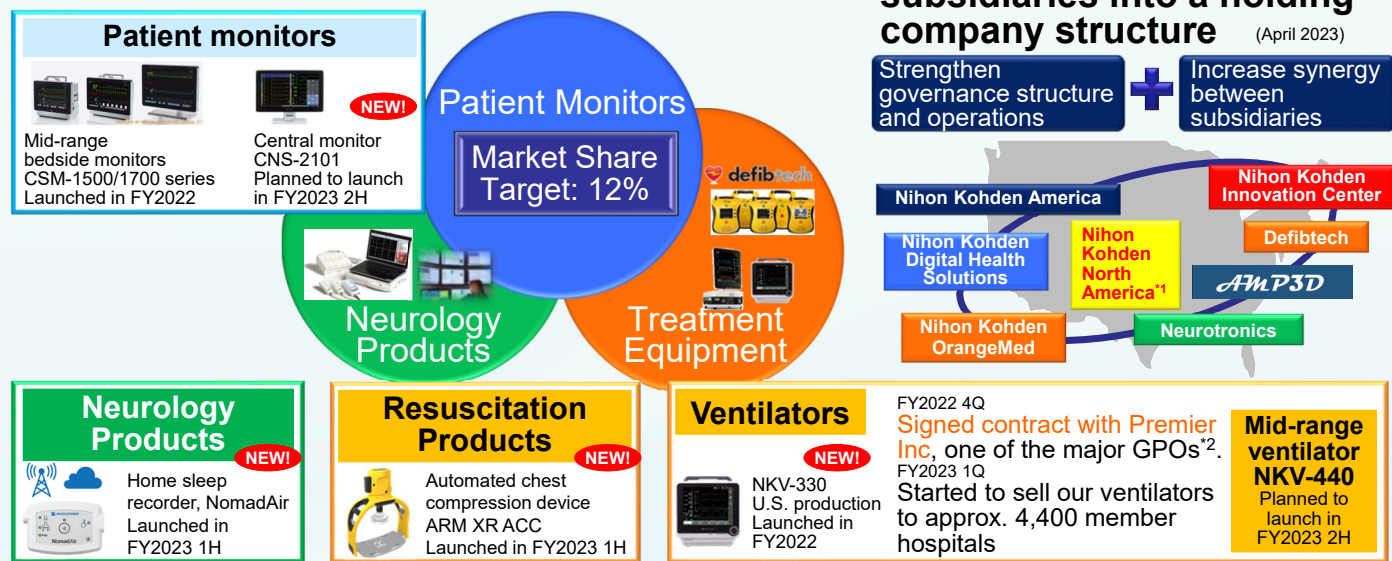
NEW!

Automated chest compression device
Planned to launch in FY2023 2H

- In Japan, we will continue to promote transformation centered on customer value propositions. Our sales and services team will work together to further enhance their ability to propose solutions which contribute to improving medical safety, patient outcomes, and operating efficiency.
- As work style reforms for medical staff and DX in medical fields are in progress, we will focus on our offerings of solutions utilizing IT systems and various applications.
- We launched the AsisTIVA and new models of telemetry systems in the 1st half of FY2023. We will also launch an automated chest compression device in the 2nd half of FY2023.

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

✓ Expanding our product line-up



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

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- In the U.S., we reorganized our seven U.S. subsidiaries in April 2023. We will change the name of the holding company to Nihon Kohden North America, Inc. in January 2024.
- We launched a new model of home sleep recorders and automated chest compression devices in the 1st half of FY2023. In the 2nd half of FY2023, we will launch a new model of central monitors and a new mid-range ventilator.
- As for the mask-type ventilator, we have enjoyed strong order growth and are strengthening our capabilities of delivery, training, and maintenance services.
- As for patient monitors, as the cycle from order to sales has been longer, we will focus on reducing the process of delivery, installation, and operation by strengthening our project management capability.

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

Made in Japan/US

High-end market

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

Defibrillator
EMS-1052

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

ICU Ventilator NKV-330

Ventilator NKV-550

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

Hematology analyzer
MEK-9200 MEK-1301/02

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

Bedside monitor
CSM-1500/1700 series

Bedside monitor
PVM-4000

NEW! NKV-440
Launched in FY2022

Hematology and ESR*1 analyzer
MEK-1305

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

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)

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

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

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- In emerging markets, we will strengthen our offerings of products developed and manufactured in Japan and the U.S. for the high-end market, and products developed and manufactured in Shanghai for the middle to low-end markets.
- For the high-end market, we will launch the resuscitation monitor for neonate in Indonesia. It was developed and commercialized with support from the Japan Agency for Medical Research and Development. We aim to reduce neonatal mortality and serious complications as part of our efforts to embrace sustainability.
- For the middle to low-end markets, we plan to launch affordable models of bedside monitors developed at Shanghai Kohden. We differentiate ourselves with our unique parameters such as esCCO and iNIBP.
- In Southeast Asia, we plan to establish a sales subsidiary in Vietnam and start local production in Indonesia.

Establish global SCM/ Strengthen core functions of operations

Establish global SCM

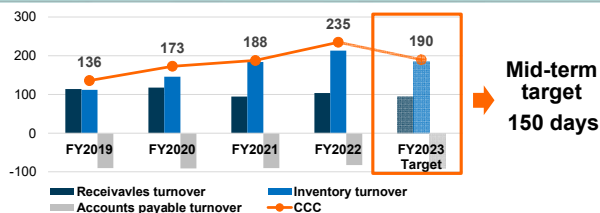
✓ Introduce PLM/MES* systems

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

- From an operation standpoint, we aim to establish a global SCM and strengthen core functions of operations to lay a foundation to support global growth.
- We will promote introducing PLM/MES systems to improve operating efficiency and productivity in the R&D and production departments.
- To optimize inventories, we will review appropriate levels of products and parts inventories, and reduce the cash conversion cycle.
- As part of strengthening core functions of operations, we are strengthening a business management system for consolidating the Group's latest information.
- As for compliance with the latest laws and regulations, we are enhancing our internal structure for securing the cyber security of medical equipment.

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



	FY2023 Target ¥102 to the U.S. dollar, ¥124 to the euro	FY2023 Revised Forecast ¥139 to the U.S. dollar, ¥151 to the euro	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%		

(¥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%

- The numerical targets and the revised forecasts for FY2023 ending March 2024 are as shown above.

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

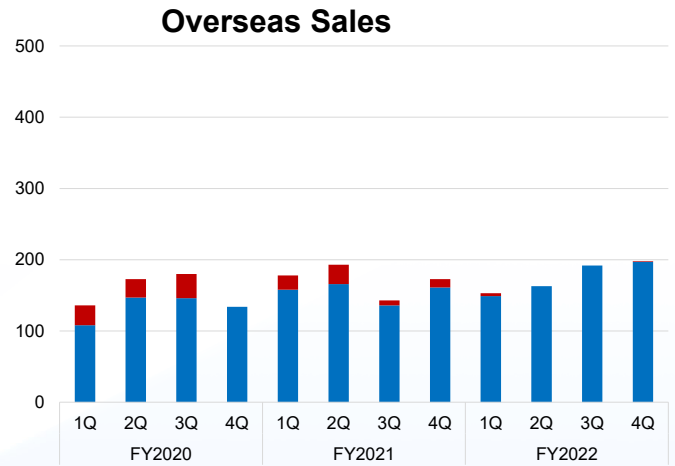
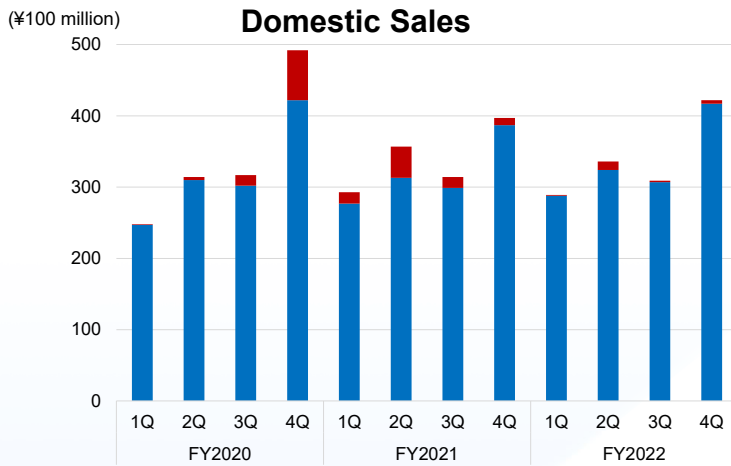
Consider in a flexible manner, taking into account comprehensively the Company's future business developments, investment plans, retained earnings and stock price level

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

- The basic policy on distribution of profits and dividends is to maintain stable and continuous dividend payments while retaining necessary reserves for future business expansion. The priority for distribution of profits is i) investment necessary for future business expansion used in R&D investments, capital investments, M&A or alliances, and development of human resources, ii) dividends, and iii) share buybacks. The Company sets a target consolidated dividend payout ratio of 30% or more.
- Full-year dividend for FY2023 will be 61 yen per share, and the payout ratio will be 33%.

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

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



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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