

Consolidated Financial Highlights for the First Half of FY2022

(From April 1, 2022 to September 30, 2022)

1. Consolidated Financial Results
for the First Half of FY2022
2. Forecast for FY2022
3. Business Strategy

NIHON KOHDEN CORPORATION

(Ticker Code: 6849)
November 11, 2022

Fighting Disease with Electronics



NIHON KOHDEN

1 Consolidated Financial Results for the First Half of FY2022

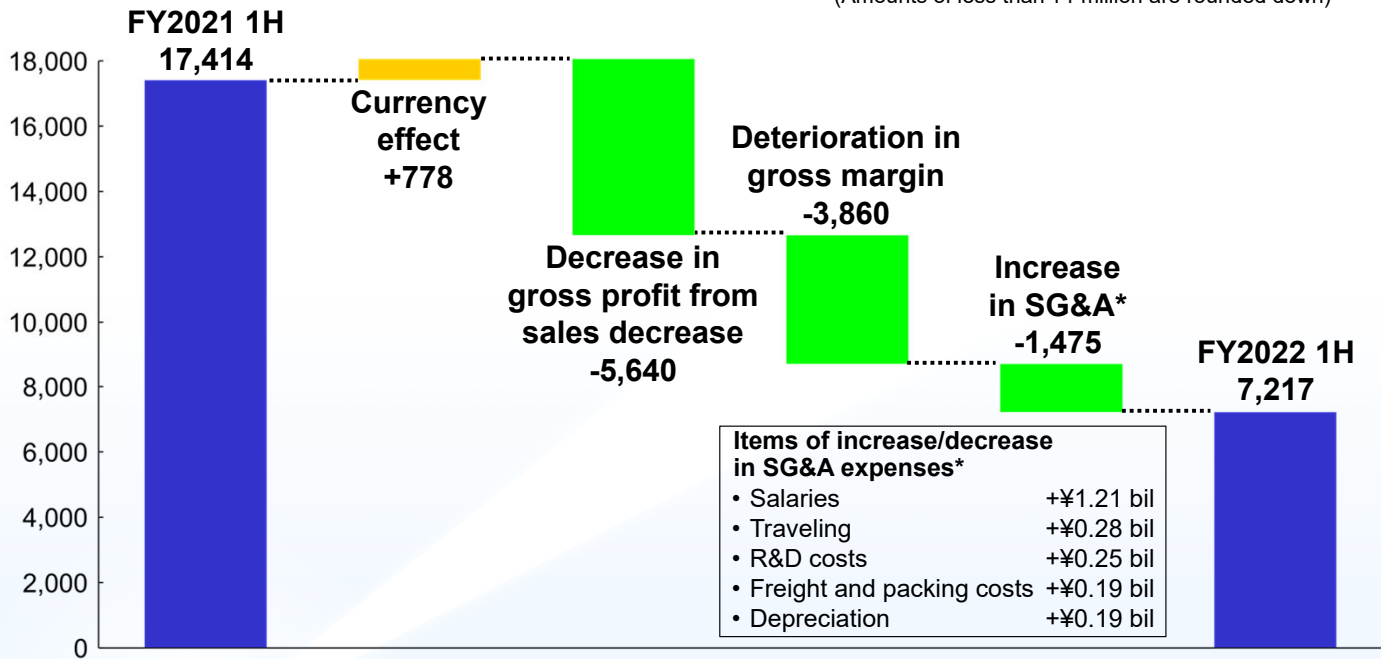
1) Consolidated Financial Results for the 1st Half of FY2022

	First half FY2021	First half FY2022			(Amounts of less than ¥1 million are rounded down)
		Original forecast announced May 13	Actual	YoY (%)	
Sales	102,343	88,000	94,349	-7.8	
Domestic Sales	65,164	-	62,584	-4.0	
Overseas Sales	37,178	-	31,764	-14.6	← -26% on a local currency basis
Gross Profit (Gross Profit Margin)	54,487 53.2%	-	47,596 50.4%	-12.6	← In-house sales ratio: FY2021 1H 72.2% → FY2022 1H 71.3%
Operating Income (Operating Income Margin)	17,414 17.0%	5,000 5.7%	7,217 7.6%	-58.6	← SG&A: ¥37.0 bil → ¥40.3 bil SG&A Ratio: 36.2% → 42.8%
Ordinary Income	17,990	5,000	13,019	-27.6	← Foreign exchange gains: ¥296 mil → ¥5,531 mil
Income Attributable to Owners of Parent	12,294	3,500	8,541	-30.5	
Average exchange rate	First half FY2021		First half FY2022		
1 US Dollar	109.5 yen		129.7 yen		
1 EURO	131.1 yen		138.4 yen		

- Overall sales decreased 7.8% over the 1st half of FY2021 to ¥94.3 billion. Domestic sales decreased 4% to ¥62.5 billion. Overseas sales decreased 14.6% to ¥31.7 billion, a 26% decline on a local currency basis.
- Overall sales exceeded our original forecast by ¥6.3 billion, because sales of Physiological Measuring Equipment and hematology instruments increased favorably in Japan and overseas sales were affected by greater-than-expected depreciation of the yen in currency translation.
- Gross profit margin decreased by 2.8 percentage points to 50.4% due to an unfavorable product mix and higher prices of components.
- Operating income decreased 58.6% to ¥7.2 billion due to the decrease in sales. This was also because of a lower gross profit margin and increased SG&A expenses.
- Ordinary income decreased 27.6% to ¥13 billion and income attributable to owners of parent decreased 30.5% to ¥8.5 billion, reflecting 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.

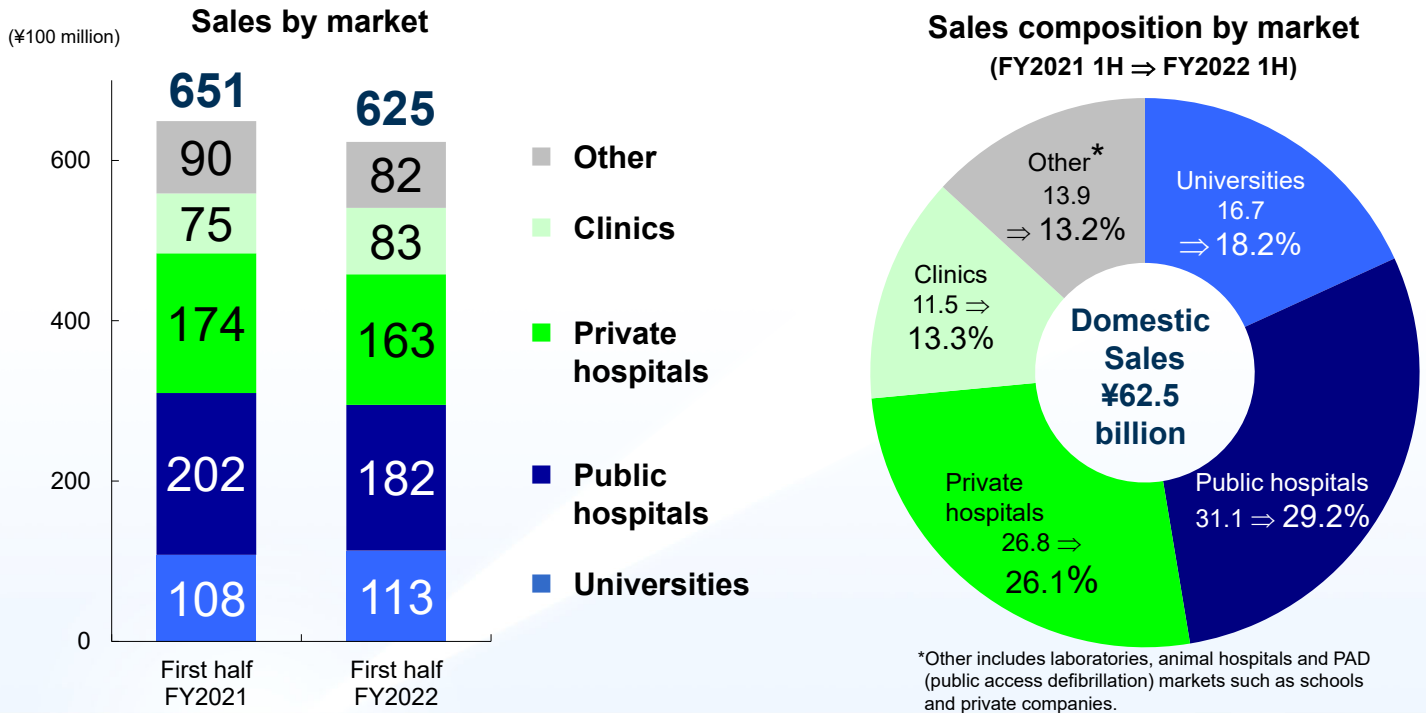
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3

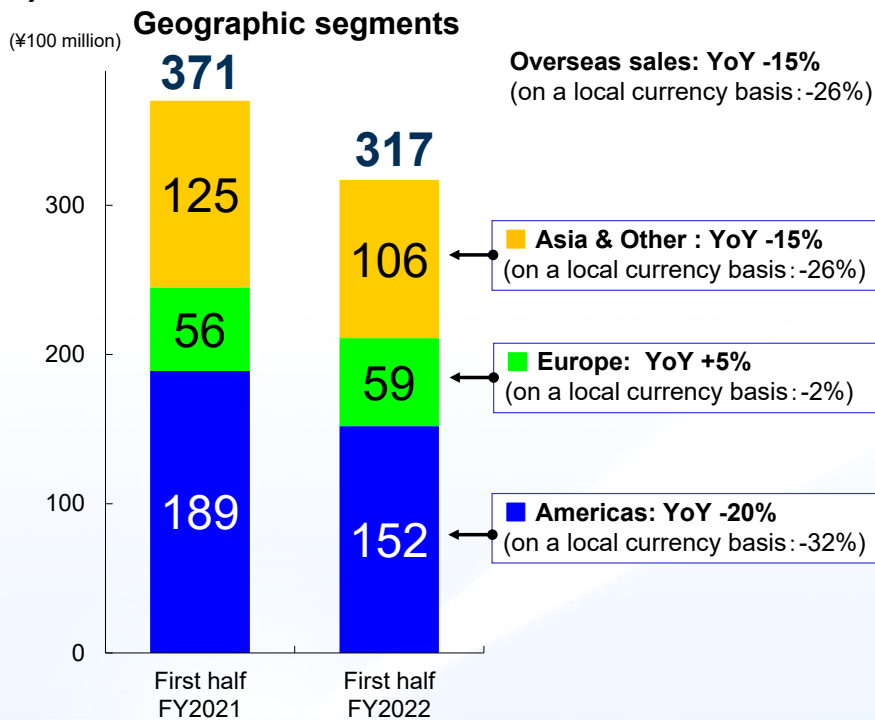
- In the 1st half of FY2022, operating income decreased to ¥7.2 billion from ¥17.4 billion in the 1st half of FY2021.
- Foreign exchange rates had a positive impact of ¥0.7 billion.
- A decrease in gross profit due to the decrease in sales was ¥5.6 billion.
- Deterioration in gross margin was a negative factor worth ¥3.8 billion. This was because sales of in-house products such as patient monitors decreased and sales of purchased products such as catheters increased favorably.
- SG&A expenses were a negative factor worth ¥1.4 billion due to a strengthening of human resources, as well as an increase in traveling expenses resulting from the normalization of sales and service activities.

3) Domestic Sales



- Domestic sales decreased by ¥2.6 billion to ¥62.5 billion.
- Demand for physiological measuring equipment and hematology instruments was favorable as the number of testing and surgical procedures showed a recovery trend and capital expenditure by medical institutions resumed. Sales of patient monitors and ventilators, large numbers of which had been installed to treat COVID-19 patients in the 1st half of FY2021, decreased.
- Sales in the clinic market increased favorably and sales in the university market also increased. Sales in the public hospital and private hospital markets decreased, but sales in both markets increased on a comparable basis, excluding the impact of COVID-19-related demand.

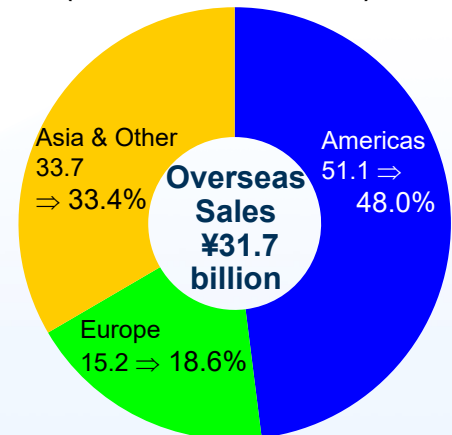
4) Overseas Sales



Percentage of overseas sales to consolidated sales

First half FY2021	First half FY2022
36.3%	33.7%

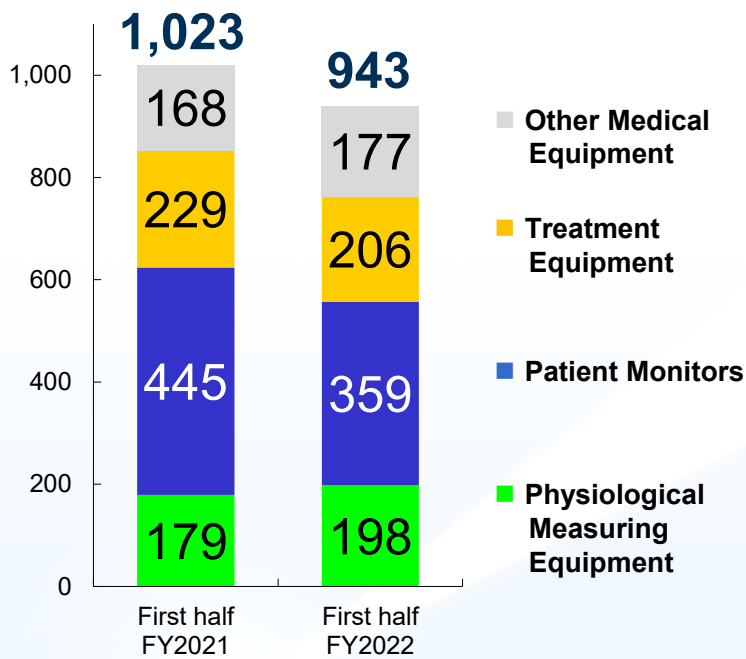
Geographic Segments (FY2021 1H ⇒ FY2022 1H)



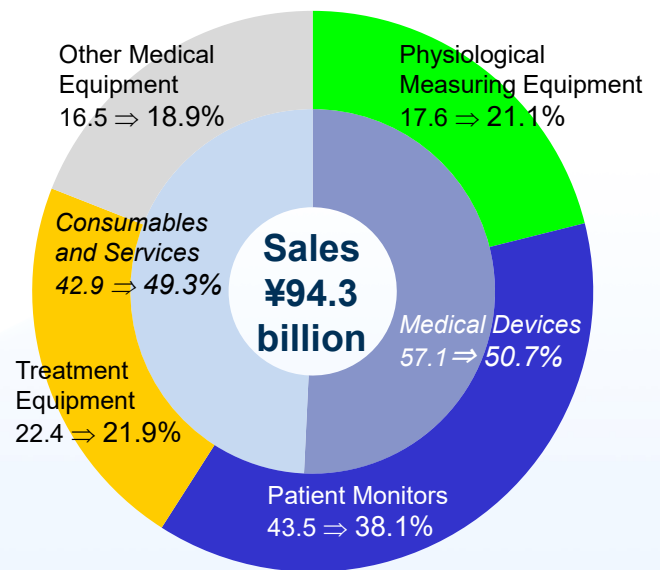
- Overseas sales decreased by ¥5.4 billion to ¥31.7 billion.
- Sales decreased, mainly due to a reactionary decline in sales of Patient Monitors as well as due to the Shanghai lockdown. In the 1st half of FY2021, sales of Patient Monitors were favorable due to large orders in the U.S. and strong demand in some regions where the spread of COVID-19 had resurged.
- Sales in the Americas decreased by ¥3.7 billion to ¥15.2 billion, a 32% decrease on a local currency basis. Sales in the U.S. decreased. Sales in Latin America also decreased, mainly in Peru and Chile where sales doubled in the 1st half of FY2021.
- Sales in Europe increased by ¥0.3 billion to ¥5.9 billion, a 2% decrease on a local currency basis. Sales in France and Turkey decreased, while sales in Germany and the U.K. increased favorably.
- Sales in Asia & Other decreased by ¥1.9 billion to ¥10.6 billion, a 26% decrease on a local currency basis. Sales in China decreased, as the Company temporarily suspended its local production and sales activities due to the Shanghai lockdown. Sales in India, Thailand, and Malaysia also decreased compared to the 1st half of FY2021 when sales doubled.

5) Sales by Product Category

(¥100 million)



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



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6

- Sales by product category are shown above.
- Sales of Physiological Measuring Equipment achieved double-digit growth and sales of Other Medical Equipment also increased. Sales of Patient Monitors and Treatment Equipment decreased compared to the strong growth in the 1st half of FY2021.
- As sales of consumables such as catheters and installation and maintenance services for medical devices increased favorably, the sales ratio of Consumables and Services was 49.3%.

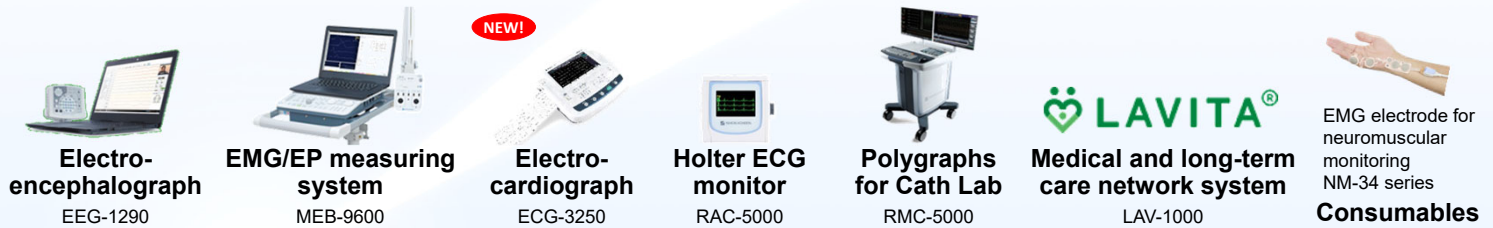
5.1) Physiological Measuring Equipment

	First half FY2021	First half FY2022	YoY (%)	(Sales, millions of yen)
Electroencephalographs	3,318	4,081	23.0	
Electrocardiographs	3,254	2,911	-10.6	
Polygraphs for Cath Lab	6,424	8,006	24.6	
Other Physiological Measuring Equipment *	5,000	4,896	-2.1	
Physiological Measuring Equipment	17,998	19,896	10.5	
Domestic Sales	13,371	15,700	17.4	
Overseas Sales	4,627	4,196	-9.3	

*Includes diagnostic information systems and products of other companies.

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

Sales of ECGs decreased in all regions. Sales of EEGs increased favorably mainly in Asia & Other.



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7

- Sales of Physiological Measuring Equipment increased 10.5% to ¥19.8 billion.
- Domestic sales increased 17.4% to ¥15.7 billion. Sales of EEGs and polygraphs for cath lab achieved double-digit growth, as the number of testing and surgical procedures showed a recovery trend and capital expenditure by medical institutions resumed. Sales of diagnostic information systems and ECGs also increased.
- Overseas sales decreased 9.3% to ¥4.1 billion. Sales of ECGs decreased in all regions, as the Shanghai lockdown affected our local production and shipments of ECGs negatively. Sales of EEGs increased favorably mainly in Asia & Other.

5.2) Patient Monitors

	First half FY2021	First half FY2022	YoY (%)	(Sales, millions of yen)
Patient Monitors	44,546	35,964	-19.3	
Domestic Sales	23,806	20,291	-14.8	
Overseas Sales	20,740	15,672	-24.4	

Sales of transmitters and bedside monitors decreased significantly compared to the strong growth in FY2021 1H. Sales of clinical information systems achieved double-digit growth.

Sales in the U.S., Latin America, and Asia & Other decreased compared to the strong growth in FY2021 1H. Sales in Europe increased.



- Sales of Patient Monitors decreased 19.3% to ¥35.9 billion.
- Domestic sales decreased 14.8% to ¥20.2 billion. Sales of transmitters and bedside monitors decreased significantly compared to the strong growth in the 1st half of FY2021. Sales of clinical information systems achieved double-digit growth due in part to large orders.
- Overseas sales decreased 24.4% to ¥15.6 billion. Sales in the U.S. decreased, as there were large orders in the 1st half of FY2021. Sales in Latin America and Asia & Other also decreased compared to the strong growth in the 1st half of FY2021. Sales in Europe increased.

5.3) Treatment Equipment

	First half FY2021	First half FY2022	YoY (%)	(Sales, millions of yen)
Defibrillators (for Hospital and Ambulance)	4,137	3,782	-8.6	Domestic: Sales increased thanks to orders received for replacements. International: Sales in Europe and Asia & Other decreased.
AEDs (Automated External Defibrillator)	8,713	9,159	5.1	Domestic: Sales decreased compared to the strong growth in FY2021 1H. International: Sales increased favorably in all regions.
Pacemakers / ICDs	1,288	1,165	-9.6	Domestic: Sales decreased compared to the strong growth in FY2021 1H. International: Sales in Asia & Other and Latin America decreased significantly compared to FY2021 1H when demand increased.
Ventilators	5,381	2,934	-45.5	
Other Treatment Equipment	3,443	3,647	5.9	
Treatment Equipment	22,965	20,689	-9.9	
Domestic Sales	14,321	12,252	-14.4	
Overseas Sales	8,644	8,436	-2.4	
(Ref.) AED Unit Sales	54,300	56,100	3.3	
Domestic Unit Sales	29,600	25,200	-14.9	



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9

- Sales of Treatment Equipment decreased 9.9% to ¥20.6 billion. Domestic sales decreased 14.4% to ¥12.2 billion. Overseas sales decreased 2.4% to ¥8.4 billion.
- Sales of defibrillators decreased 8.6% to ¥3.7 billion. Domestic sales increased thanks to orders received for replacements. Internationally, sales in Europe and Asia & Other decreased.
- The overall sales volume of AEDs was 56,100 units, and sales increased 5.1% to ¥9.1 billion. Domestic sales decreased compared to the strong growth in the 1st half of FY2021. Internationally, sales increased favorably in all regions, supported by steady demand.
- Sales of ventilators decreased 45.5% to ¥2.9 billion. Domestic sales decreased compared to the strong growth in the 1st half of FY2021. Internationally, sales in Asia & Other and Latin America decreased significantly compared to the 1st half of FY2021 when demand increased.

5.4) Other Medical Equipment

	First half FY2021	First half FY2022	YoY (%)
Hematology Analyzers	5,136	5,800	12.9
Imaging Systems and Others *	11,695	11,998	2.6
Other Medical Equipment	16,832	17,799	5.7
Domestic Sales	13,666	14,339	4.9
Overseas Sales	3,166	3,459	9.3

(Sales, millions of yen)

Sales of hematology instruments and installation and maintenance services for medical devices increased favorably. Sales of locally purchased products decreased, as the Company focused on selling in-house products.

Sales of hematology analyzers and reagents showed strong growth in Latin America and Europe.

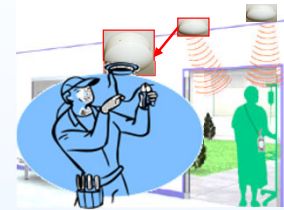
*Includes consumables, installation and maintenance services which are not part of other categories.



Automated hematology analyzer
MEK-9200



Automated hematology and ESR analyzer
MEK-1305



Installation and maintenance services

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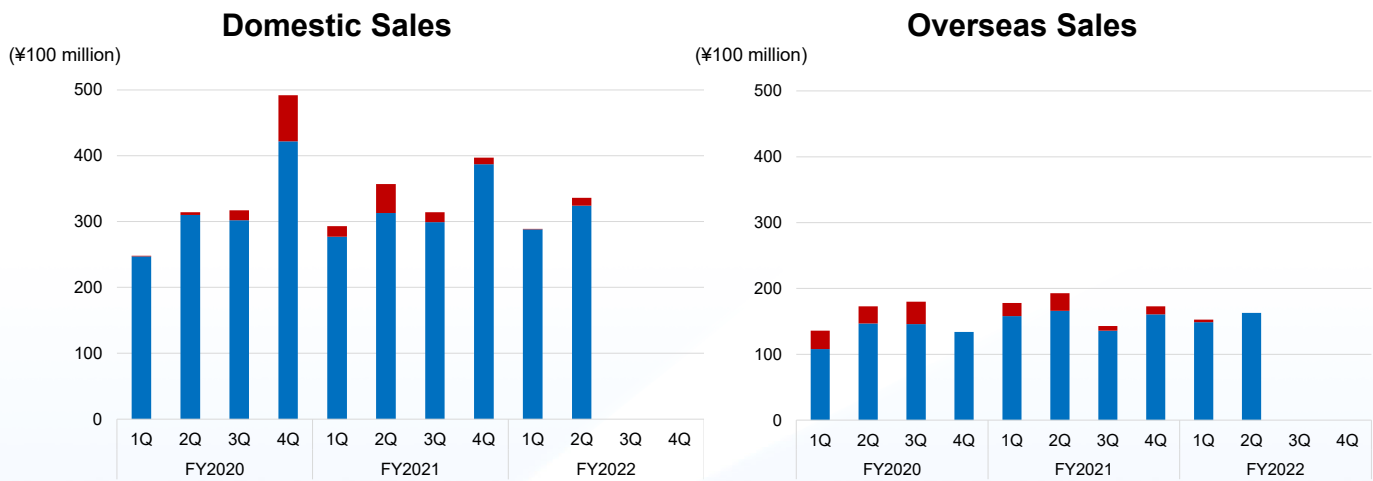
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10

- Sales of Other Medical Equipment increased 5.7% to ¥17.7 billion.
- Domestic sales increased 4.9% to ¥14.3 billion. Sales of hematology instruments and installation and maintenance services for medical devices increased favorably. Sales of locally purchased products decreased, as the Company focused on selling in-house products.
- Overseas sales increased 9.3% to ¥3.4 billion. Sales of hematology analyzers and reagents showed strong growth in Latin America and Europe.

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

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



FY2022 1H COVID-19-related demand	Japan		International	
		YoY		YoY
Patient Monitors	approx. ¥0.9 bil	approx. -¥3.1 bil	approx. ¥0.2 bil	approx. -¥2.3 bil
Ventilators	approx. ¥0.4 bil	approx. -¥1.6 bil	approx. ¥0.1 bil	approx. -¥0.9 bil
Defibrillators	—	—	approx. ¥0.1 bil	approx. -¥0.4 bil
Total	approx. ¥1.3 bil	approx. -¥4.7 bil	approx. ¥0.4 bil	approx. -¥3.6 bil

- The COVID-19-related-demand decreased significantly both in Japan and internationally compared to the 1st half of FY2021.

6) Financial Condition

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

	FY2021	First half FY2022	Change		FY2021	First half FY2022	Change
Current Assets	171,875	168,213	-3,662	Current Liabilities	50,804	43,905	-6,899
Inventories	48,367	57,886	9,519	Interest-bearing Debt	325	325	—
Property, Plant & Equipment	19,920	20,604	683	Non-current Liabilities	3,016	2,962	-53
Intangible Assets	3,737	4,293	556	Net Assets	156,381	162,424	6,043
Investments & Other Assets	14,667	16,180	1,512				
Total Assets	210,201	209,292	-909	Total Liabilities & Net Assets	210,201	209,292	-909
Inventory Turnover	6.1 months	7.1 months		Equity Ratio	74.4%	77.6%	

[Reasons for the increase of inventories]

- Inventories increased by **¥9.5 billion** in response to tight supply of components.
(Inventories of finished goods and parts increased by **¥5.1 billion** and **¥4.2 billion**, respectively.)

- Total assets decreased by **¥0.9 billion** to **¥209.2 billion**.
- Inventory turnover was **7.1 months**, because inventories of finished goods and parts increased in response to tight supply of components.

7) Capital Investments and R&D Costs

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

	First half FY2021	First half FY2022	FY2021 Actual	FY2022	
				Original forecast announced May 13	Revised forecast announced Nov 9
Capital Investments	814	2,125	3,022	5,600	5,600
Depreciation	1,561	1,711	3,422	3,700	3,900
R&D costs	2,658	2,911	5,711	6,300	6,400

●FY2022 capital investment plan

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

Establishment of new reagent factory in India

Total investments: approx. ¥1.1 bil

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

Construction: Started in September 2022, and
planned to be completed in Spring 2023
Operation: Planned to start in Spring 2024

Introduction of PLM/MES* systems

Capital investments: approx. ¥2.5 bil

< **FY2022: ¥0.4 bil**
FY2023-FY2024: ¥2.1 bil

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

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

- Capital investments, depreciation, and R&D costs were ¥2.1 billion, ¥1.7 billion, and ¥2.9 billion, respectively.
- For the full fiscal year, we estimate that capital investments will be ¥5.6 billion. The forecast for depreciation and R&D costs were revised to ¥3.9 billion and ¥6.4 billion, respectively, mainly reflecting the yen depreciation.

2

Forecast for FY2022

1) Business Environment

The global economy is showing signs of slowdown due to tight monetary policy in the U.S. and Europe. In response to higher prices of components and resources, the Company will raise the prices of its products and consumables from FY2022 2H.

Japan

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

- **Medical service fees rose by 0.43% in April 2022.**
New evaluation items for acute care and intensive care
- **Urgent comprehensive grants to cope with the COVID-19** (until the end of March 2023)

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

- Funds for securing comprehensive medical and long-term care in the community: FY2022 budget ¥102.9 bil for medical care

International

U.S. and Europe

- Facing a serious shortage of nurses. DX in medical fields is accelerated. Improve the quality and efficiency of medical care.
- Modernize healthcare system in some regions in Europe.

China

- Move to prefer domestically produced medical equipment.

Emerging Markets

- Move toward protectionism in some countries.

- Social and economic activity around the world shows recovery trends. However, the global economy is showing signs of slowdown due to tight monetary policy in the U.S. and Europe. In response to higher prices of components and resources, the Company will raise the prices of its products and consumables from the 2nd half of FY2022.
- In Japan, there are efforts to establish healthcare systems to respond to emerging infectious diseases, and expand ICU facilities. Differentiation of medical institution functions and collaboration among medical institutions as well as integrated community care systems are being promoted.
- Internationally, the digital transformation in medical fields is expected to accelerate in the face of a serious shortage of nurses. The improvement of the quality and efficiency of medical care is also required. The move to prefer domestically produced medical equipment in China and the move towards protectionism in some emerging countries should be monitored carefully.

2) Forecast for FY2022

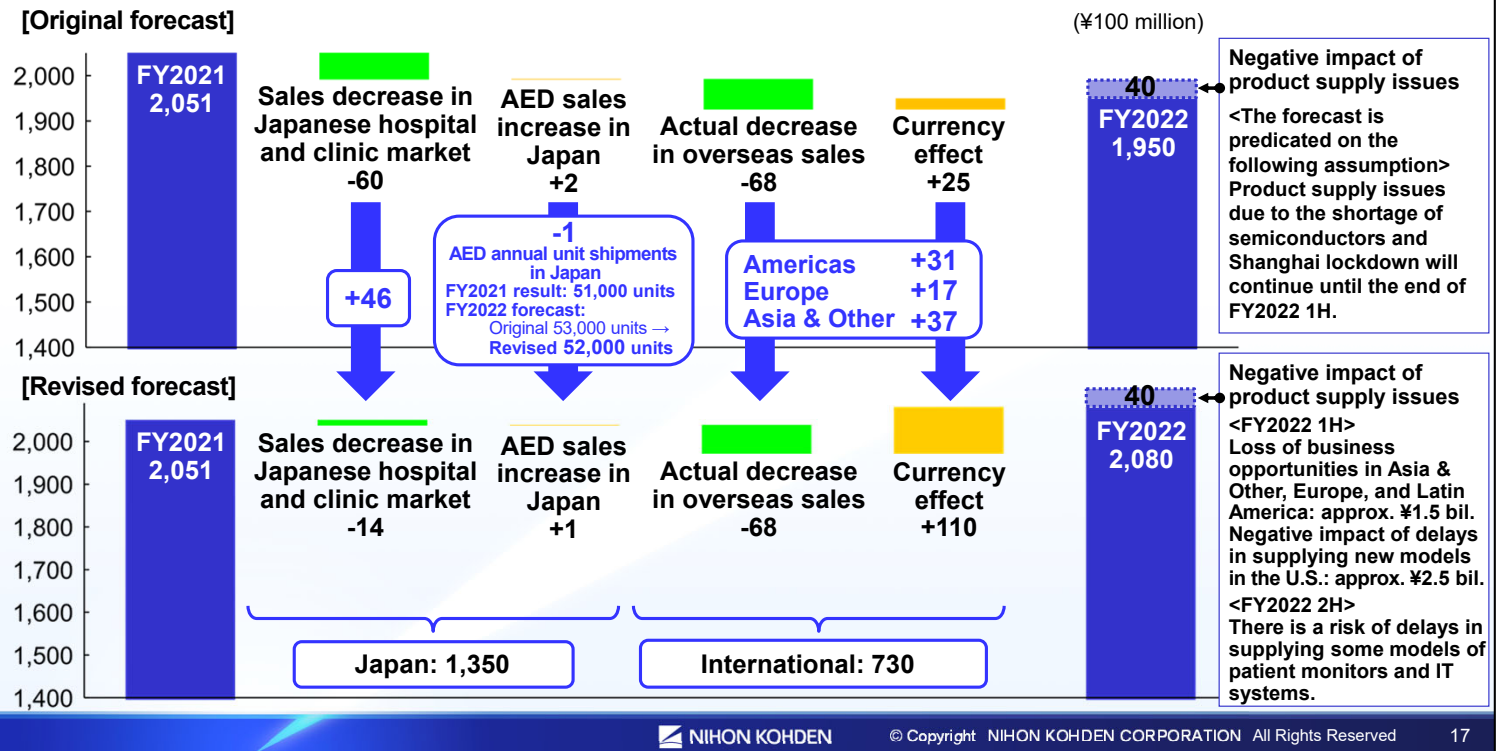
	FY2021 Actual	FY2022 Forecast		YoY (%)	(Amounts of less than ¥1 million are rounded down)
		Original forecast announced May 13	Revised forecast announced Nov 9		
Sales	205,129	195,000	208,000	1.4	
Domestic Sales	136,321	130,500	135,000	-1.0	
Overseas Sales	68,807	64,500	73,000	6.1	← -10% on a local currency basis
Gross Profit (Gross Profit Margin)	109,085 53.2%	98,200 50.4%	105,200 50.6%	-3.6	
Operating Income (Operating Income Margin)	30,992 15.1%	16,500 8.5%	19,000 9.1%	-38.7	
Ordinary Income	34,563	16,500	23,500	-32.0	
Income Attributable to Owners of Parent	23,435	11,000	16,000	-31.7	
Percentage of overseas sales	33.5%	33.1%	35.1%		
Average exchange rate					
1 US Dollar	111.3 yen	117 yen	135 yen		FY2022 2H 140 yen
1 EURO	130.6 yen	130 yen	139 yen		140 yen

Breakdown of overseas sales by region

	FY2021 Actual	FY2022 Forecast		YoY (%)
		Original forecast announced May 13	Revised forecast announced Nov 9	
Americas	33,436	34,400	37,500	12.2
Europe	11,449	10,100	11,800	3.1
Asia & Other	23,921	20,000	23,700	-0.9
Total	68,807	64,500	73,000	6.1

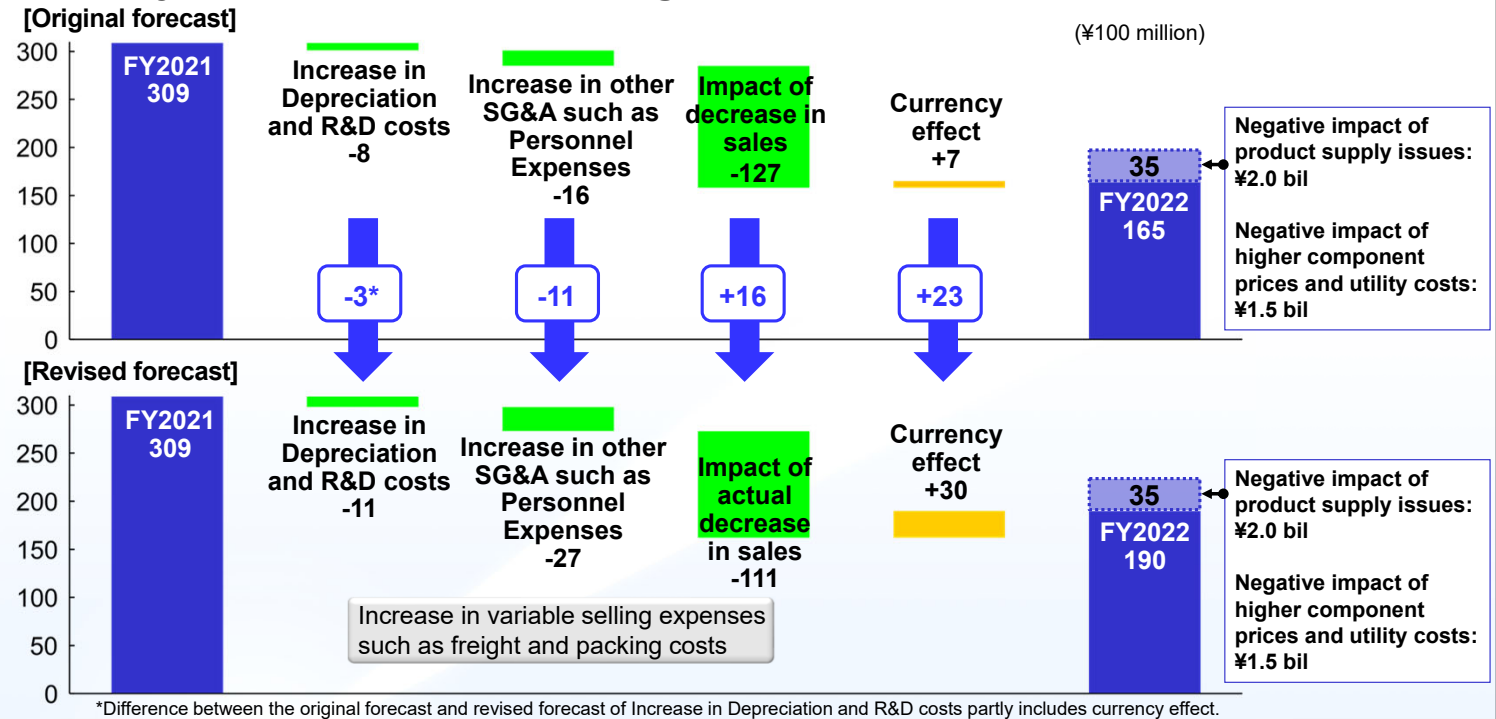
- The FY2022 full-year forecast were revised upward because domestic sales in the 1st half of FY2022 were higher than expected, and overseas sales, which were in line with its expectation on a comparable basis, were affected by greater-than-expected depreciation of the yen in currency translation.
- Overall sales are expected to increase 1.4% over FY2021 to ¥208 billion. Domestic sales are expected to decrease 1% to ¥135 billion, and overseas sales to increase 6.1% to ¥73 billion, a 10% decline on a local currency basis.
- Domestic sales and overseas sales are expected to increase by ¥4.5 billion and by ¥8.5 billion from the original forecast, respectively.
- Operating income is expected to decrease 38.7% to ¥19 billion, an increase of ¥2.5 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 140 yen to both the U.S. dollar and the euro.

3) Analysis of FY2022 Sales Forecast



- We revised the figure of sales decrease in Japanese hospital and clinic market to ¥1.4 billion, because sales of Physiological Measuring Equipment and hematology instruments increased favorably and COVID-19-related demand partly continued in the 1st half of FY2022. We revised the full-year forecast for sales of AEDs to 52,000 units, for an increase of ¥0.1 billion.
- As for overseas sales, the actual decrease in sales and positive currency effect will be ¥6.8 billion and ¥11 billion, respectively. We expect that sales in the Americas, Europe, and Asia & Other will exceed the original forecasts by ¥3.1 billion, ¥1.7 billion, and ¥3.7 billion, respectively. On a comparable basis excluding currency effects, we revised our sales forecast for the U.S. downward, and sales forecasts for Europe and Asia & Other upward, based on the 1st-half results.
- A risk of delays in supplying some products remains in the 2nd half of FY2022 and should be monitored carefully.

4) Analysis of FY2022 Operating Income Forecast



- Depreciation and R&D costs were revised to an increase of ¥1.1 billion, and other SG&A such as personnel expenses were revised to an increase of ¥2.7 billion. Variable selling expenses such as freight and packing costs will increase.
- The negative impact of the actual decrease in sales will be ¥11.1 billion, with around 50% of this amount attributable to lower gross profit margin.
- Currency effect will have a positive impact of ¥3 billion.

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

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

	FY2021 Actual	FY2022 Forecast			YoY (%)
		Original forecast announced May 13	Revised forecast announced Nov 9	Composition ratio (%)	
Physiological Measuring Equipment	39,681	41,100	44,800	21.5	12.9
Patient Monitors	84,860	75,900	80,100	38.5	-5.6
Treatment Equipment	43,388	41,000	42,800	20.6	-1.4
Other Medical Equipment	37,198	37,000	40,300	19.4	8.3
Total	205,129	195,000	208,000	100.0	1.4

(Reference)

Consumables and Services	90,576	94,800	101,300	48.7	11.8
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Estimated Exchange Rate Fluctuations for Full Fiscal Year

	Sales	Operating Income
US Dollar	0.36 bil yen	0.08 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 is the 1st phase in realizing our Long-term Vision, BEACON 2030.
- We strengthen the business foundation to support sustainable growth, as well as cultivate 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

- 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 FY2021

AED
Cumulative number of products sold: Over 350k units (worldwide, for 3 years)

100k units
(achievement rate: 29%)

Cumulative number of products sales: Over 85k units (worldwide, for 3 years)

34k units
(achievement rate: 40%)

Cumulative number of
- Connected models: Over 7
- Connected units: Over 5k (worldwide, for 3 years)

5 models
(achievement rate: 71%)
566 units
(achievement rate: 11%)

Cumulative sales ratio of environmental-friendly products: Over 20% (for 3 years)

19.9%
(63 series)

https://www.nihonkohden.com/sustainability/csr_management.html#materiality

Disclosure of information in line with TCFD*1 recommendations

✓ Disclosed information on Governance, Strategy, Risk Management, and Metrics and Targets

- ✓ To realize a carbon-free society
 - Promote setting SBT*2 of CO₂ emissions
 - Promote development of environment-friendly products

*1 TCFD: Task Force on Climate-related Financial Disclosures.

*2 SBT (Science Based Target): Target of greenhouse gas emissions reduction set by each company for 5 to 15 years in the future in line with the levels sought under the Paris Agreement.

https://www.nihonkohden.com/sustainability/csr_environment.html#TCFD

Started NK Sustainability Initiatives

Discussions on sustainability are underway in each subsidiary and business unit worldwide.



- To embrace sustainability, we disclosed the 1st-year results for the targets of material issues and KPIs set in the Three-year Business Plan.
- We also expressed our support for the TCFD recommendations and disclosed information on climate change on the four pillars of Governance, Strategy, Risk Management, and Metrics and Targets.
- To foster a corporate culture in which sustainability is the core of our business activities, we newly started discussions on sustainability for all employees.

Implement recurrence prevention measures

- ✓ **Continuous monitoring by the Committee for Implementation and Management of Recurrence Prevention Measures**

1st Half

- ✓ **Reviewed applications received through the donation website**
- ✓ **Established website for dealers**
Completed due diligence/pledge to comply with laws/announcement of whistle-blowing channel (Started in January 2022, Completed in October 2022)

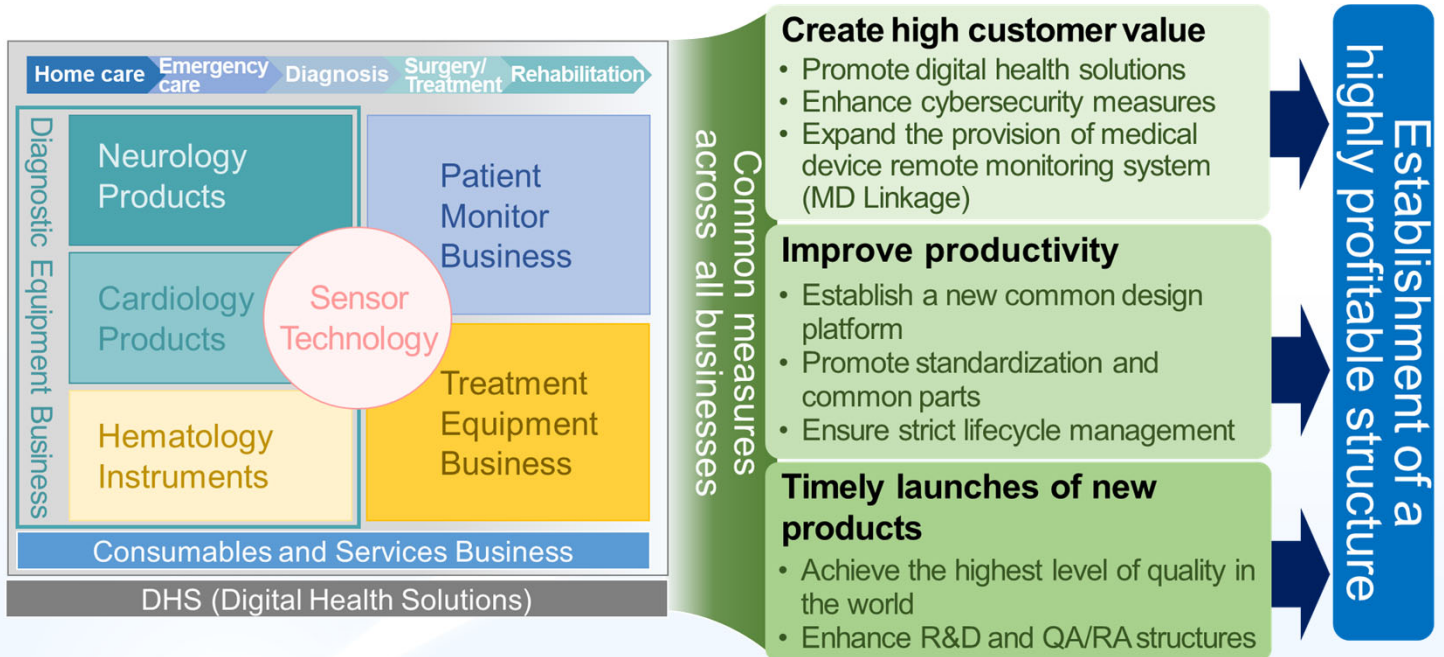
2nd Half

- ✓ **Compliance training by outside experts**
For managers of domestic sales branch offices and Domestic Business Operations (From October to November 2022)

Strengthen group governance

- ✓ **Updated the Global Business Management Policy, Promote implementation by overseas subsidiaries, Formulate a policy for domestic department**
Accounting Human Resources
Legal IT security
- ✓ **Strengthen internal control over domestic sales**
- ✓ **Develop a sophisticated company-wide risk management framework**

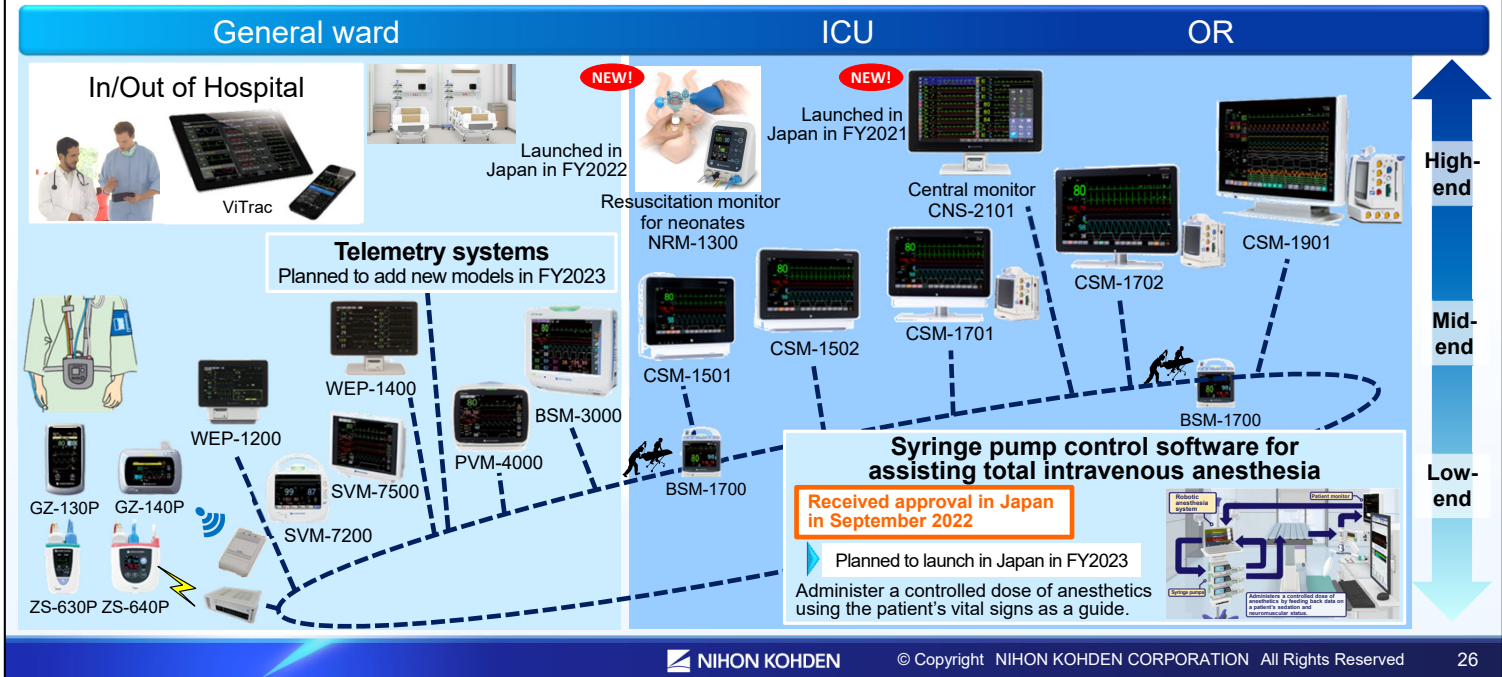
- From a management standpoint, the Committee for Implementation and Management of Recurrence Prevention Measures has continued monitoring the progress of recurrence prevention measures implemented in response to the compliance matter that occurred in January 2021.
- In the 1st half of FY2022, we reviewed applications received through the donation website. We also conducted due diligence of dealers and announced a whistle-blowing channel for reporting compliance breaches.
- In the 2nd half of FY2022, we conducted compliance training presented by outside experts to ensure strict compliance.
- To strengthen our group governance, we will promote implementation of the Global Business Management Policy in overseas subsidiaries as well as formulating policies for domestic departments to further strengthen internal control over domestic sales.
- We will also develop a sophisticated company-wide risk management framework.



- 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.

Patient Monitor Business

- ✓ Create customer value by expanding product line-up and enhancing product capabilities



- In our Patient Monitor Business, which is our key growth driver, we will create customer value by expanding product line-up and enhancing product capabilities.
- We launched an original resuscitation monitor for neonates in Japan, which is the first product of its kind. Through providing this monitor, we aim to reduce neonatal mortality and serious complications in emerging countries in the future.
- New models of telemetry systems are planned to launch in FY2023, which are affected by tight supply of components.
- The software, which was previously introduced as a robotic anesthesia system, received approval in Japan in September 2022. We expect that this software will contribute to improving medical safety and operational efficiency during surgery by administering a controlled dose of anesthetics using the patient's vital signs as a guide. We are currently preparing for its launch.

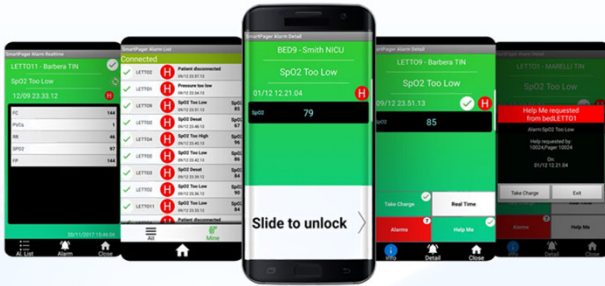
Realize Digital Health Solution Vision

Acquired Software Team Srl, Italy



- Head office: Milan, Italy
- Establishment: 1988
- Representative: Roberto Maggioni (CEO)
- Business: Development and sales of software for medical electronic equipment

- High affinity with our DHS (digital health solution) vision
- Aimed at strengthening solution proposals for patient monitors in Europe



Software that forwards data and alarms from medical devices such as patient monitors to mobile phones

- Reduce missed important alarms
- Prompt and appropriate treatment for patients

Improving the quality of medical care



- We decided to acquire Software Team Srl, Italy, which has high affinity with our DHS vision.
- Software Team develops and sells software that forwards data and alarms obtained from medical devices such as patient monitors to mobile phones. By integrating this software with our patient monitoring network systems and providing an advanced alarm management solution, we expect to contribute to solving medical issues such as missing important alarms and alarm fatigue.
- Through this acquisition, we aim to expand our share of the patient monitoring market, especially in Europe, and further strengthen our efforts to realize the DHS vision.

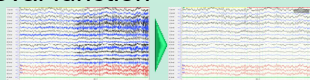
Diagnostic Equipment Business

- ✓ Create customer value by expanding product line-up and enhancing product capabilities

Neurology products

- ✓ Developed an EEG amplifier with enhanced network capabilities

- Enables EEG monitoring easily in wards and ICUs
- Real time reference of EEG and video images on the mobile terminal
- Improved artifact (noise) removal function



NEW! Launched in Japan in FY2022



Cardiology products

- ✓ Expanded our product line-up of affordable models of ECGs

NEW!



ECG-3250
Launched in FY2022

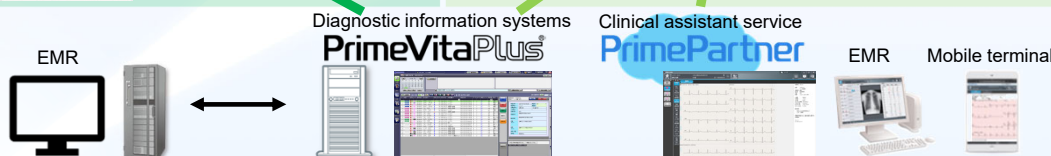
- Built-in wireless LAN
- Enables data reference via web browser on PC



ECG-3350
Launched in FY2020



ECG-3150
Launched in FY2019



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28

- In our Diagnostic Equipment Business, we will also create high customer value.
- In Neurology Products, we launched an EEG amplifier with enhanced network capabilities which improves the workflow of EEG testing. It enables seamless EEG monitoring in wards and ICUs, without restricting the patient's activities. It also enables efficient and accurate EEG testing by equipping with a new artifact removal function.
- In Cardiology Products, we launched an ECG with built-in wireless LAN, which enables data reference via a web browser.
- By integrating data obtained from these network-compatible Diagnostic Equipment with data management systems, we aim to establish the foundation for the DHS vision, which leads to reduce the workload of healthcare professionals and improve testing efficiency.

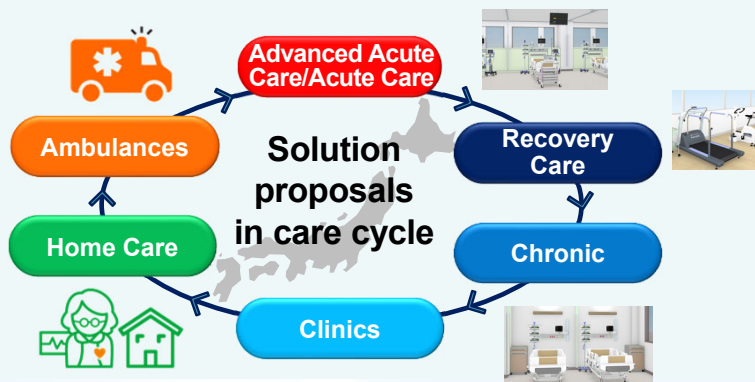
Strengthen Strategies in Global Business

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

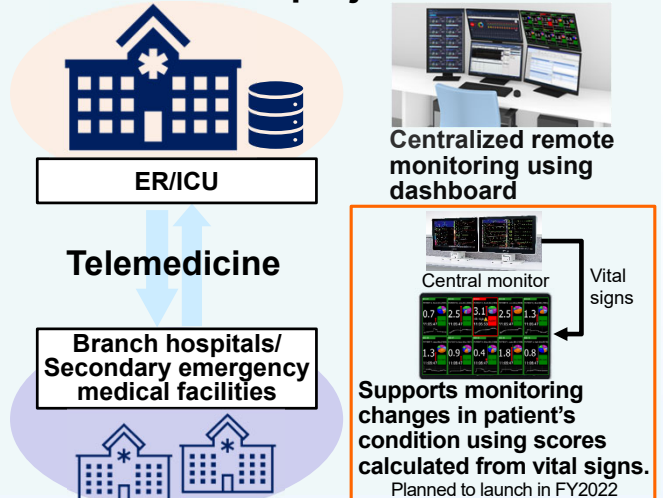
✓ Enhance customer value

Strengthen marketing and service capabilities which contribute to improving

Medical safety | Patient outcomes | Operating efficiency



✓ Start pilot validation of our tele-ICU project



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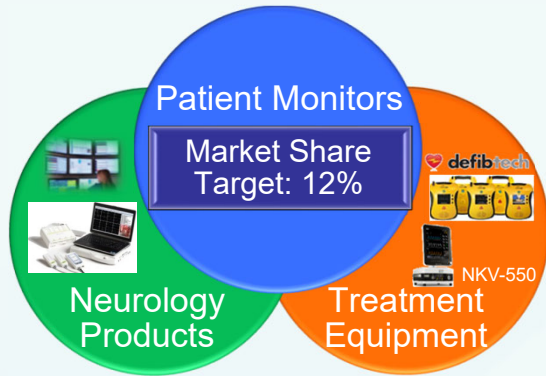
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29

- 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.
- With the aim of contributing to enhancement of advanced ICU facilities and effective utilization of limited medical resources, we started pilot validation of our tele-ICU project in FY2022.
- In the 2nd half of FY2022, we plan to launch a new software that supports monitoring changes in patient's condition. It enables early detection of changes in patient's condition and rapid response by calculating unique scores from vital signs such as heart rate, SpO₂, and blood pressure.

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

✓ Expand our product line-up



✓ Strengthen our solution proposals for large-scale monitoring network systems

NEW! Mid-range bedside monitors
Launched in FY2022



Ventilators

NEW! NKV-330 U.S. production Launched in FY2022

Mid-range model Application for FDA approval in FY2022

Resuscitation Products

Next-generation automated chest compression device Planned to launch in FY2022

DHS (Digital Health Solutions)

AMP3D

CoMET®: Continuous Monitoring of Event Trajectories. Algorithms and software for patient condition management.

Application for FDA approval in FY2022

- In the U.S., we aim to achieve further growth by strengthening our business structure through functional integration and unification of seven local subsidiaries.
- We launched mid-range bedside monitors and a mask-type ventilator in the 1st half of FY2022.
- We will strengthen our solution proposals for large-scale monitoring network systems. By combining patient monitors with software under development at AMP3D, we also aim to provide digital health solutions that contribute to solving medical issues such as the shortage of nurses and improvement of patient outcome.
- As for ventilators, we will focus on the offerings of the mask-type ventilator and prepare to launch a mid-range model developed by Nihon Kohden OrangeMed.

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

Made in Japan/US Ambulance Defibrillator EMS-1052		High-end market ICU Bedside monitors CSM-1500/1700 series	Ventilator NKV-330	Ventilator NKV-550	Hematology analyzer DynasCatter Laser MEK-9200 Launched in FY2021	Hematology and ESR*1 analyzer CIRHEX Technology MEK-1305	Hematology analyzer and clinical chemistry analyzer MEK-1303+HbA1c*2 Planned to launch in FY2022
			Bedside monitor PVM-4000	Ventilator Mid-range model Planned to launch in FY2022	MEK-1301/02		

Made in China Local R&D and production		Middle to low-end market		New reagent factory in India	
Local R&D for Chinese market Automatic conveyor with efficiency system Measure 5-part diff and CRP*3 Launched in FY2021	Local production for Chinese market ECG ECG-3150/3350	NEW! ECG ECG-3250 Launched in FY2022	Spot check monitor SVM-7100	Bedside monitor SVM-7500	Total investments: approx. ¥1.1 bil Floor area: approx. four times the current plant (planned) Construction: Started in September 2022 and planned to be completed in Spring 2023 Operation: Planned to start in Spring 2024
Local R&D for Chinese market Defibrillator TEC-5600	Local production for Chinese market AED AED-3100	Bedside monitor BSM-3000 Launched in FY2021	Hematology analyzer MEK-9100 Launched in FY2021	MEK-1301/02	

*1 ESR: Erythrocyte Sedimentation Rate. *2 HbA1c: Hemoglobin A1c. *3 CRP: C-Reactive Protein.

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31

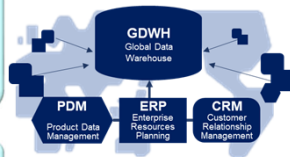
- In emerging markets, we will strengthen our offerings of products developed and manufactured in Japan and the U.S. for the high-end market, and products developed and manufactured in Shanghai for the middle to low-end markets.
- For the high-end market, we plan to launch the mid-range model of ventilator mentioned on the previous slide.
- In our Hematology Instruments, we expand our product line-up. In FY2022, we plan to launch an automated hematology analyzer and clinical chemistry analyzer which can measure both CRP and HbA1c.
- The new reagent factory in India started construction in September 2022. The plant is scheduled to start operation in Spring 2024.

Establish global SCM/ Strengthen core functions of operations

Establish global SCM

✓ Establish a global information system

Completed linkage of backbone systems in overseas subsidiaries to head office network



Visualize supply-demand balance

✓ Started introducing 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.

Strengthen core functions of operations

✓ Enhance cybersecurity of the internal IT infrastructure



Planned to unify groupware globally

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

Received IVDR* certification in Europe

(August 2022)



Post-market surveillance

*IVDR: In Vitro Diagnostic Medical Device Regulation.

- 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.
- With the aim of establishing a global information system, we completed the linkage of backbone systems in overseas subsidiaries to the head office network. We will work on visualizing supply-demand balance in the future. We also started introducing PLM/MES systems to improve operating efficiency and productivity in the R&D and production departments.
- In addition, as part of our efforts to enhance cybersecurity of the internal IT infrastructure, we plan to unify the groupware globally.
- As for compliance with the laws and regulations, we received IVDR certification in Europe in August 2022. We will continue to strengthen our post-market surveillance capability.

Targets for FY2023 ending March 2024

Net Sales	¥197.0 bil	Breakdown of overseas sales by region	Americas	¥32.0 bil
Domestic Sales	¥134.0 bil		Europe	¥10.0 bil
Overseas Sales (Overseas Sales Ratio)	¥63.0 bil (32.0%)		Asia & Other	¥21.0 bil
Consumables and Services Sales Ratio	48% or more			
Gross Profit Margin	50% or more			
Operating Income (Operating Income Margin)	¥20.0 bil (10.2%)			
Income Attributable to Owners of Parent	¥13.8 bil			
ROE	10%			

Exchange rate assumptions: ¥102 to the U.S. dollar, ¥124 to the euro

Three-year Plan	
R&D investments	Approx. ¥20.0 bil
Capital investments	Approx. ¥14.0 bil

- The numerical targets for FY2023 ending March 2024 are as shown above.
- The consolidated financial forecast for FY2022 is expected to exceed the targets of the Three-year Business Plan. However, the Company reaffirmed the targets for FY2023. We continue to aim at achieving a highly profitable structure that can regularly secure a gross profit margin of 50% or more and an operating income margin of 10% or more.

Basic Policy on Distribution of Profits and Dividends

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

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



Dividends

Maintain stable and continuous
dividend payments

Target: Consolidated dividend
payout ratio of 30% or more

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

FY2021 Full-year dividend: 67 yen including commemorative dividend for 70th anniversary of 13 yen and special dividend of 15 yen
(pay-out ratio: 24.2%)
Share buybacks: 1.89 billion yen (total return ratio: 32.2%)

FY2022 (Forecast) Full-year dividend: 40 yen
(pay-out ratio: 21.0%)

- 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 FY2022 will be 40 yen per share, and the payout ratio will be 21%. We will consider shareholder returns at the time of the full-year financial settlement.

Disclaimer:

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