



Illuminating Medicine
for Humanity

Consolidated Financial Highlights for the First Half of FY2021

(From April 1, 2021 to September 30, 2021)

1. Consolidated Financial Results
for the First Half of FY2021
2. Forecast for FY2021
3. Business Strategy

NIHON KOHDEN CORPORATION

(Ticker Code: 6849)

November 10, 2021

Fighting Disease with Electronics



1 Consolidated Financial Results for the First Half of FY2021

1) Consolidated Financial Results for the 1st Half of FY2021

	First half FY2020	First half FY2021				YoY (%)
		Original forecast announced May 13	Revised forecast announced Aug 4	Revised forecast announced Sep 14	Actual	
Sales	87,240	88,500	96,000	100,000	102,343	17.3
Domestic Sales	56,248	-	-	-	65,164	15.9
Overseas Sales	30,992	-	-	-	37,178	20.0
Gross Profit (Gross Profit Margin)	44,357 50.8%	-	-	-	54,487 53.2%	22.8
Operating Income (Operating Income Margin)	8,758 10.0%	6,500 7.3%	11,000 11.5%	15,000 15.0%	17,414 17.0%	98.8
Ordinary Income	8,215	6,500	11,000	15,000	17,990	119.0
Income Attributable to Owners of Parent	5,826	4,500	7,500	10,000	12,294	111.0

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

+16% on a local currency basis

In-house sales ratio: FY2020 1H 69.0% → FY2021 1H 72.2%

**SG&A: ¥35.5 bil → ¥37.0 bil
SG&A Ratio: 40.8% → 36.2%**

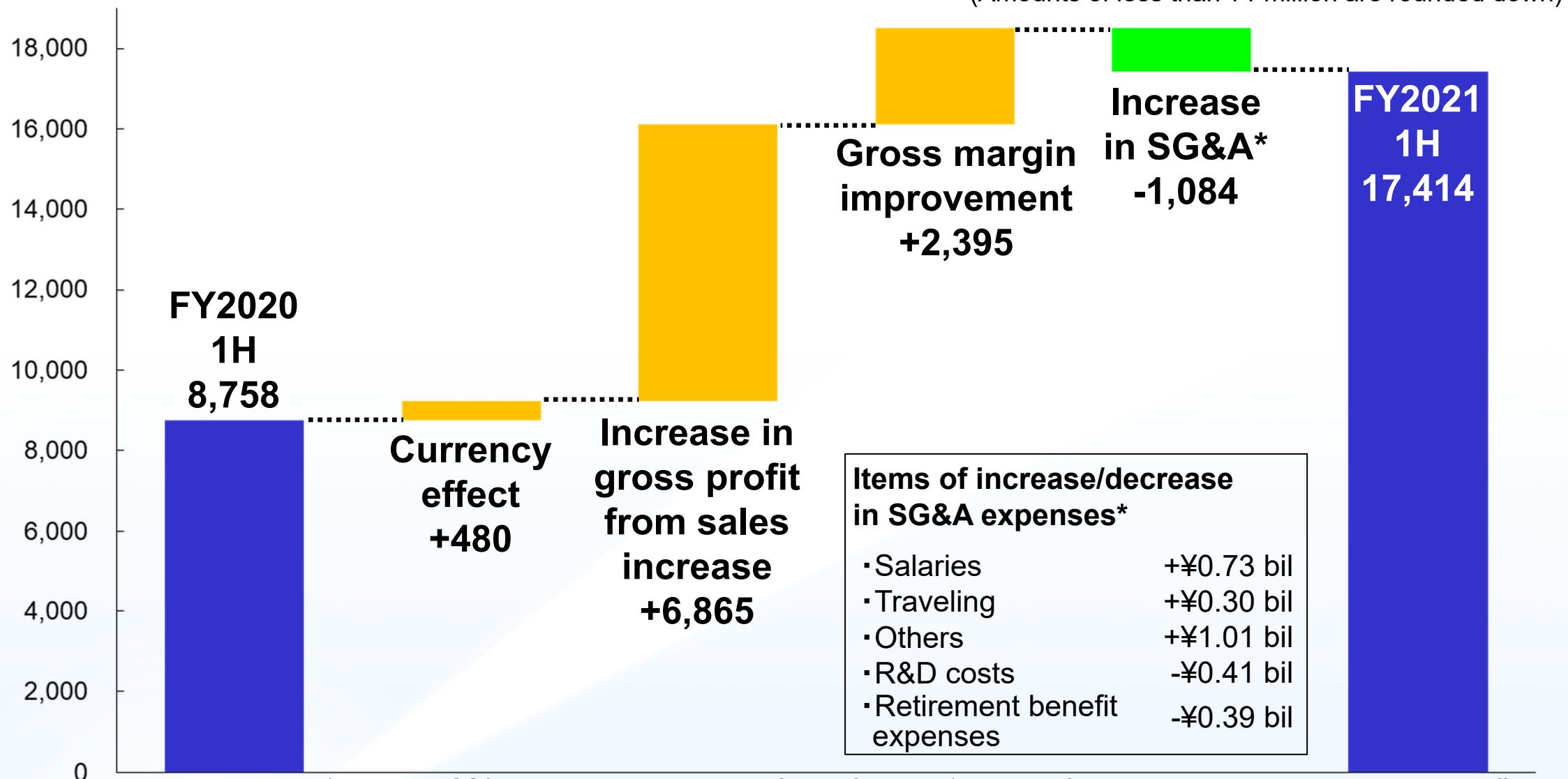
**Foreign exchange gains/losses:
¥825 mil losses → ¥296 mil gains**

Average exchange rate	First half FY2020
1 US Dollar	106.9 yen
1 EURO	121.3 yen

Average exchange rate	First half FY2021
1 US Dollar	109.5 yen
1 EURO	131.1 yen

2) Breakdown of Operating Income

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

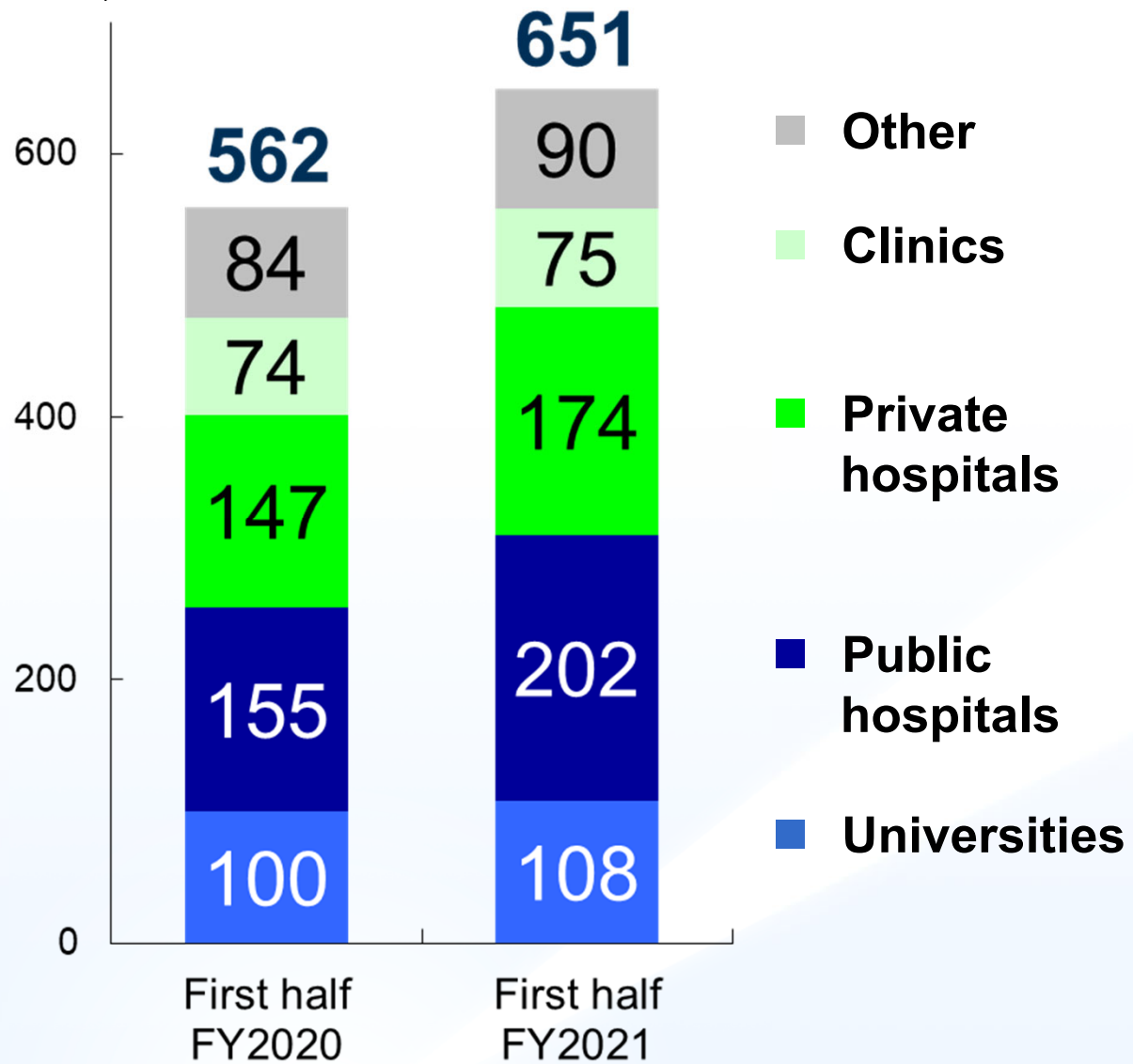


*Increase in SG&A indicates the amount as a factor of increase/decrease of operating income excluding the currency effect.
Items of increase/decrease in SG&A expenses indicate major components of increased/decreased SG&A expenses on a yen basis.

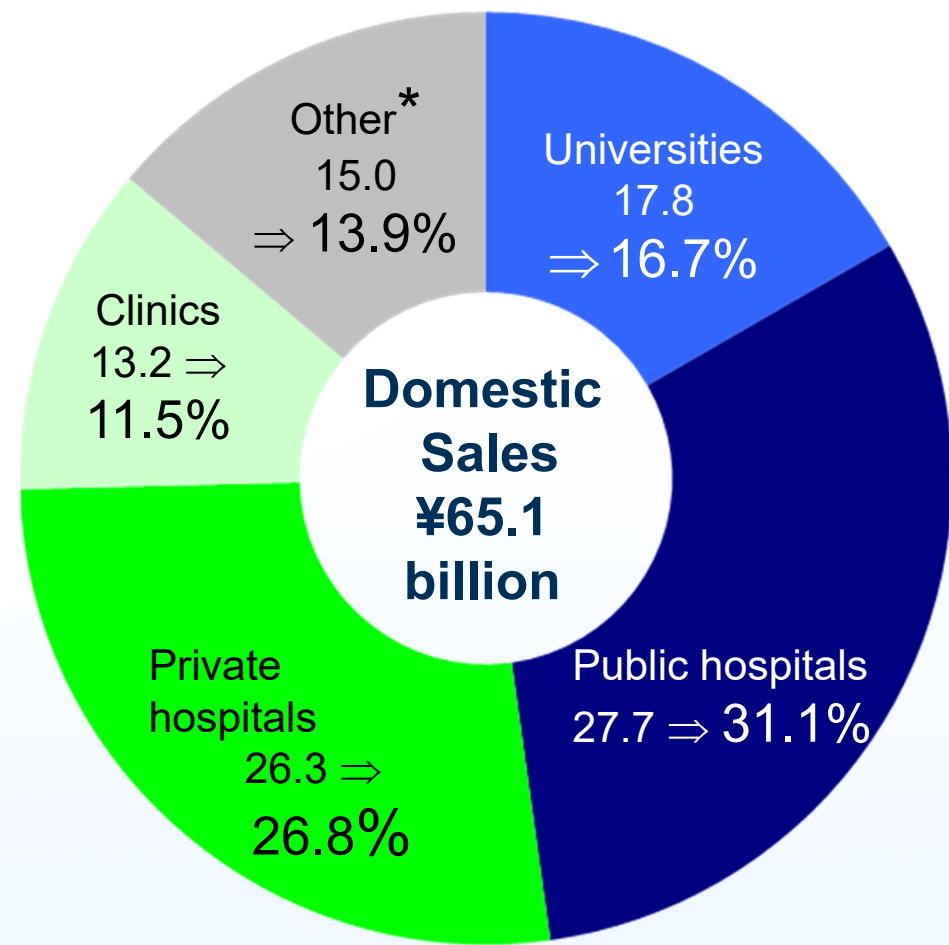
3) Domestic Sales

Sales by market

(¥100 million)



Sales composition by market
(FY2020 1H ⇒ FY2021 1H)

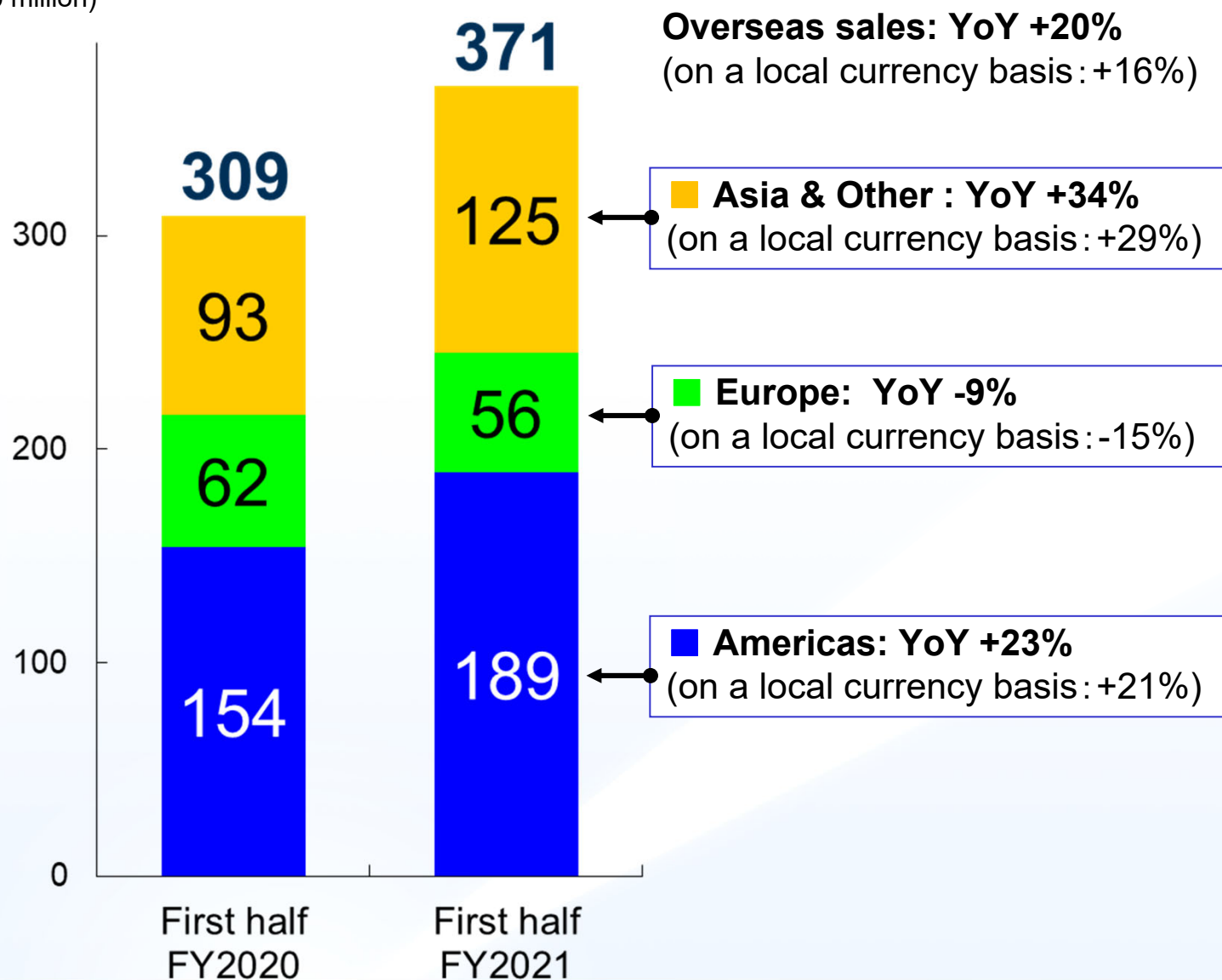


*Other includes laboratories, animal hospitals and PAD (public access defibrillation) markets such as schools and private companies.

4) Overseas Sales

(¥100 million)

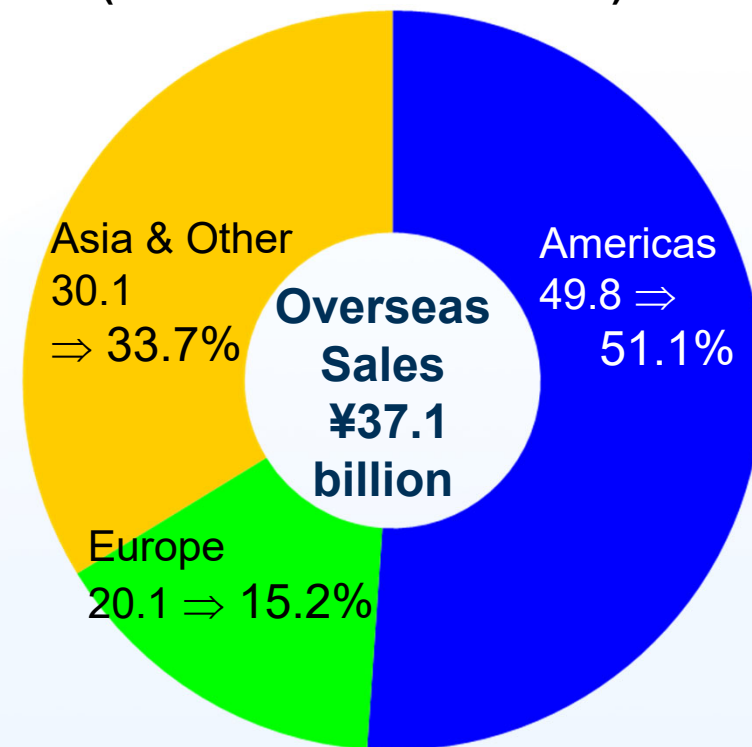
Geographic segments



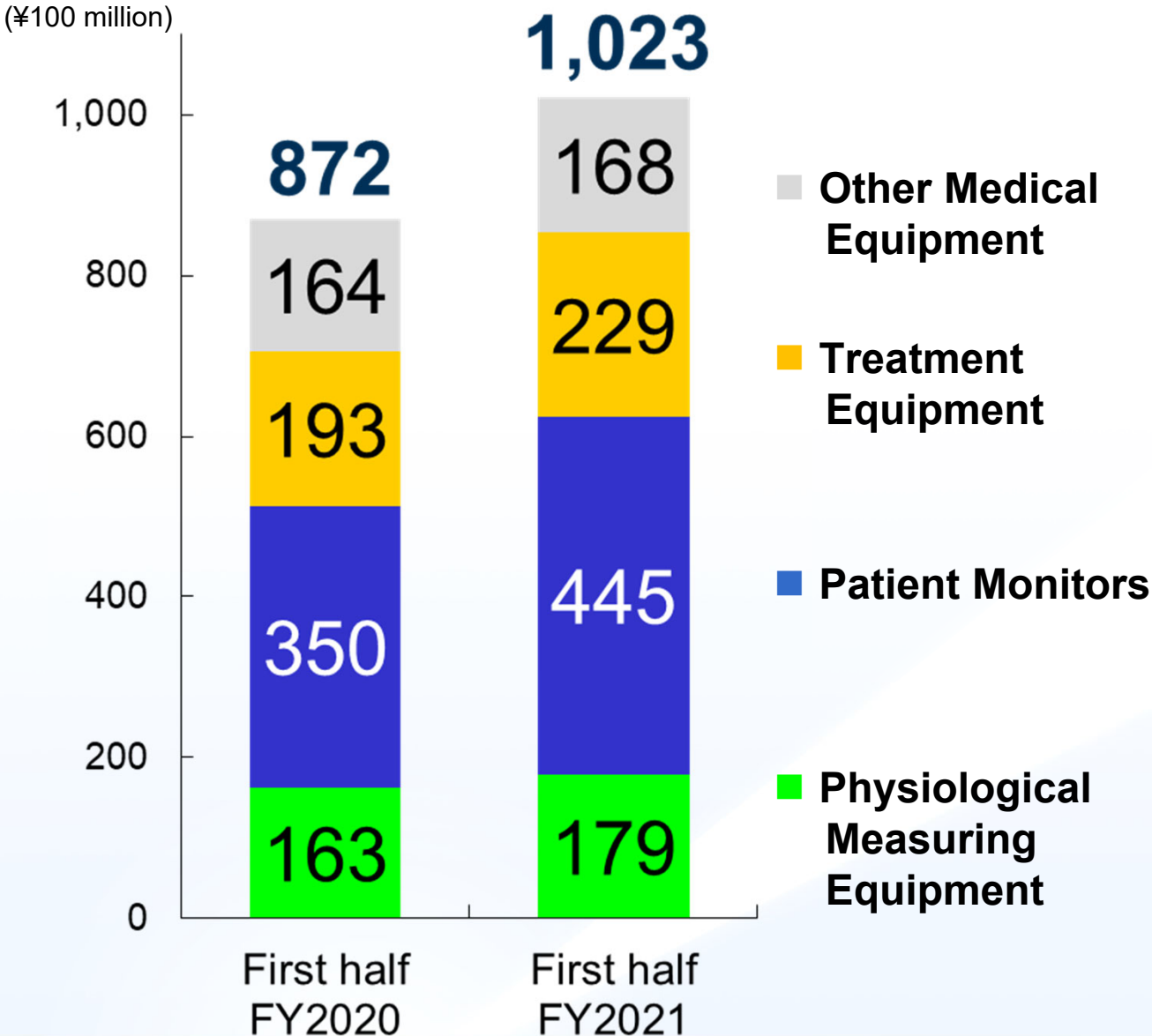
Percentage of overseas sales to consolidated sales

First half FY2020	First half FY2021
35.5%	36.3%

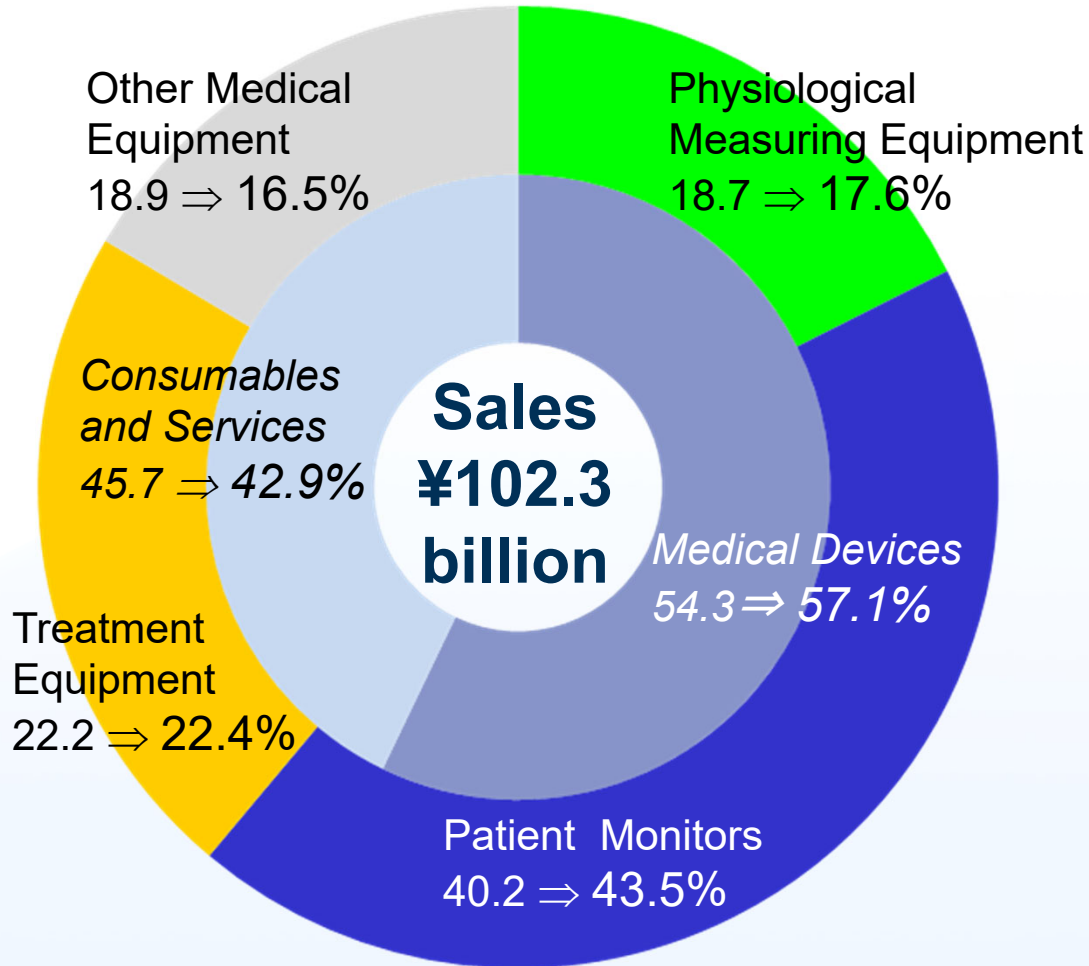
Geographic Segments (FY2020 1H ⇒ FY2021 1H)



5) Sales by Product Category



Sales composition by product category
(FY2020 1H ⇒ FY2021 1H)



5.1) Physiological Measuring Equipment

	First half FY2020	First half FY2021	YoY (%)
Electroencephalographs	2,666	3,318	24.5
Electrocardiographs	2,962	3,254	9.9
Polygraphs for Cath Lab	6,907	6,424	-7.0
Other Physiological Measuring Equipment *	3,814	5,000	31.1
Physiological Measuring Equipment	16,350	17,998	10.1
Domestic Sales	12,625	13,371	5.9
Overseas Sales	3,724	4,627	24.2

(Sales, millions of yen)

Sales of diagnostic information systems and ECGs achieved double-digit growth. Sales of EEGs also increased favorably. Sales of polygraphs for cath lab recorded double-digit growth on a comparable basis, excluding the impact of decrease in sales of locally purchased products. The demand for pulse oximeters increased.

Sales of EEGs recovered in the U.S. and China, and increased favorably in Europe. Sales of ECGs remained flat.

*Includes diagnostic information systems and products of other companies.



Electro-encephalograph
EEG-1290



EMG/EP measuring system
MEB-9600

NEW!



Electro-cardiograph
ECG-3350



Holter ECG monitor
RAC-5000



Polygraphs for Cath Lab
RMC-5000



Medical and long-term care network system
LAV-1000



Consumables
EMG electrode for neuromuscular monitoring
NM-34 series

5.2) Patient Monitors

	First half FY2020	First half FY2021	YoY (%)
Patient Monitors	35,067	44,546	27.0
Domestic Sales	17,276	23,806	37.8
Overseas Sales	17,790	20,740	16.6

(Sales, millions of yen)

Sales of transmitters and bedside monitors increased significantly. Sales of clinical information systems and consumables such as sensors also achieved double-digit growth.

Sales in the U.S., India, and Southeast Asia increased significantly. Sales in Europe, China, and the Middle East decreased, as there was a reactionary decline compared to FY2020 1H when demand surged.



CSM-1501



CSM-1502



CSM-1701



CSM-1702

Bedside monitors
CSM-1500/1700



Bedside monitor
PVM-4000



Spot check monitor
SVM-7200



Telemetry system
WEP-1200



SpO₂ probe for esCCO measurement



cap-ONE mask



ECG Electrodes

Consumables

5.3) Treatment Equipment

	First half FY2020	First half FY2021	YoY (%)
Defibrillators (for Hospital and Ambulance)	3,049	4,137	35.7
AEDs (Automated External Defibrillator)	6,885	8,713	26.6
Pacemakers / ICDs	1,366	1,288	-5.7
Ventilators	5,317	5,381	1.2
Other Treatment Equipment	2,705	3,443	27.3
Treatment Equipment	19,324	22,965	18.8
Domestic Sales	12,277	14,321	16.6
Overseas Sales	7,047	8,644	22.7
(Ref.) AED Unit Sales	39,400	54,300	37.8
Domestic Unit Sales	28,200	29,600	5.0

(Sales, millions of yen)

Domestic: Sales increased favorably thanks to orders received for replacements.
International: Sales in Asia & Other and Europe showed strong growth.

Domestic: Sales increased favorably thanks to orders received for replacements.
International: Demand recovered in all regions.

Domestic: Sales of ventilators manufactured by both Hamilton and the Company increased significantly due to the resurgence of COVID-19.
International: Sales decreased due to a reactionary decline compared to FY2021 1H when demand surged. In Latin America, India, and Southeast Asia, demand increased due to the resurgence of COVID-19.



Defibrillator
EMS-1052



AED
AED-M100



Pulse checker
PLS-1100



Pacemaker
Zenex MRI



Ventilator
NKV-550



Ventilator
NKV-330



Ventilator
HAMILTON-C6

5.4) Other Medical Equipment

	First half FY2020	First half FY2021	YoY (%)
Hematology Analyzers	4,451	5,136	15.4
Imaging Systems, Medical equipment for study and others *	12,047	11,695	-2.9
Other Medical Equipment	16,499	16,832	2.0
Domestic Sales	14,068	13,666	-2.9
Overseas Sales	2,430	3,166	30.2

(Sales, millions of yen)

Sales of locally purchased products decreased, as the Company focused on selling in-house products. Sales of hematology analyzers increased favorably.

Demand for hematology analyzers and reagents recovered in all regions.

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

NEW!

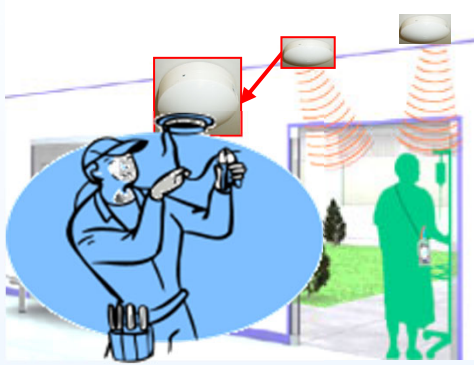


Automated hematology analyzer
MEK-9200

NEW!



Automated hematology and ESR analyzer
MEK-1305



Installation and maintenance services

6) Financial Condition

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

	FY2020	First half FY2021	Change		FY2020	First half FY2021	Change
Current Assets	156,140	151,240	-4,899	Current Liabilities	50,608	39,089	-11,518
Inventories	38,887	40,056	1,169	Interest-bearing Debt	350	350	—
Property, Plant & Equipment	20,193	19,558	-634	Non-current Liabilities	3,436	3,520	84
Intangible Assets	2,329	3,693	1,364	Net Assets	138,986	147,144	8,158
Investments & Other Assets	14,366	15,261	894				
Total Assets	193,030	189,754	-3,276	Total Liabilities & Net Assets	193,030	189,754	-3,276
Inventory Turnover	4.8 months	4.8 months		Equity Ratio	72.0%	77.5%	

7) Capital Investments and R&D Costs

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

	First half FY2020	First half FY2021	FY2020 Actual	FY2021	
				Original forecast announced May 13	Revised forecast announced Nov 8
Capital Investments	1,472	814	3,524	4,100	4,100
Depreciation	1,496	1,561	3,236	3,800	3,800
R&D costs	3,069	2,658	6,357	6,600	6,300

●FY2021 capital investments plan

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

2

Forecast for FY2021

1) Business Environment

Economies show recovery trends thanks to COVID-19 vaccination, while the status of the spread of coronavirus variants and tight supply of components should be monitored carefully.

Japan

- The number of newly infected patients is decreasing.
- Enhancement of the capacity of the healthcare system in preparation for the resurgence of COVID-19 is continuing.

• Urgent comprehensive grants to cope with COVID-19 (until the end of December 2021)

- Establish healthcare systems to respond to emerging infectious diseases. Expand ICU facilities.
- Differentiate medical institution functions and strengthen collaboration. Promote integrated community care systems.
- Promote telemedicine and tele-ICU.

• Funds for securing comprehensive medical and long-term care in the community: FY2021 budget ¥117.9 bil for medical care

International

U.S. and Europe

- DX in medical fields is accelerated.
- Economies show recovery trends after relaxing restrictions on social and economic activity.

China

- Move to prefer domestically produced medical equipment.
- Concerns about economic slowdown.

Emerging Markets

- Concerns that the spread of coronavirus variants may lead to a delay in economic recovery in some regions.

2) Forecast for FY2021

	FY2020 Actual	FY2021 Forecast			YoY (%)
		Original forecast announced May 13	Revised forecast announced Aug 4	Revised forecast announced Nov 8	
Sales	199,727	185,500	190,500	201,000	0.6
Domestic Sales	137,274	128,000	130,500	136,500	-0.6
Overseas Sales	62,452	57,500	60,000	64,500	3.3
Gross Profit (Gross Profit Margin)	102,233 51.2%	92,100 49.6%	95,700 50.2%	104,000 51.7%	1.7
Operating Income (Operating Income Margin)	27,094 13.6%	16,000 8.6%	18,000 9.4%	25,500 12.7%	-5.9
Ordinary Income	28,374	16,000	18,000	25,500	-10.1
Income Attributable to Owners of Parent	18,243	11,000	12,000	17,500	-4.1
Percentage of overseas sales	31.3%	31.0%	31.5%	32.1%	

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

← -1% on a local currency basis

Breakdown of overseas sales by region

	FY2020 Actual	FY2021 Forecast			YoY (%)
		Original forecast announced May 13	Revised forecast announced Aug 4	Revised forecast announced Nov 8	
Americas	30,288	29,000	29,800	31,500	4.0
Europe	13,139	9,500	9,600	10,000	-23.9
Asia & Other	19,024	19,000	20,600	23,000	20.9
Total	62,452	57,500	60,000	64,500	3.3

Average exchange rate

1 US Dollar	105.9 yen	105 yen	108 yen	110 yen
1 EURO	123.1 yen	125 yen	128 yen	130 yen

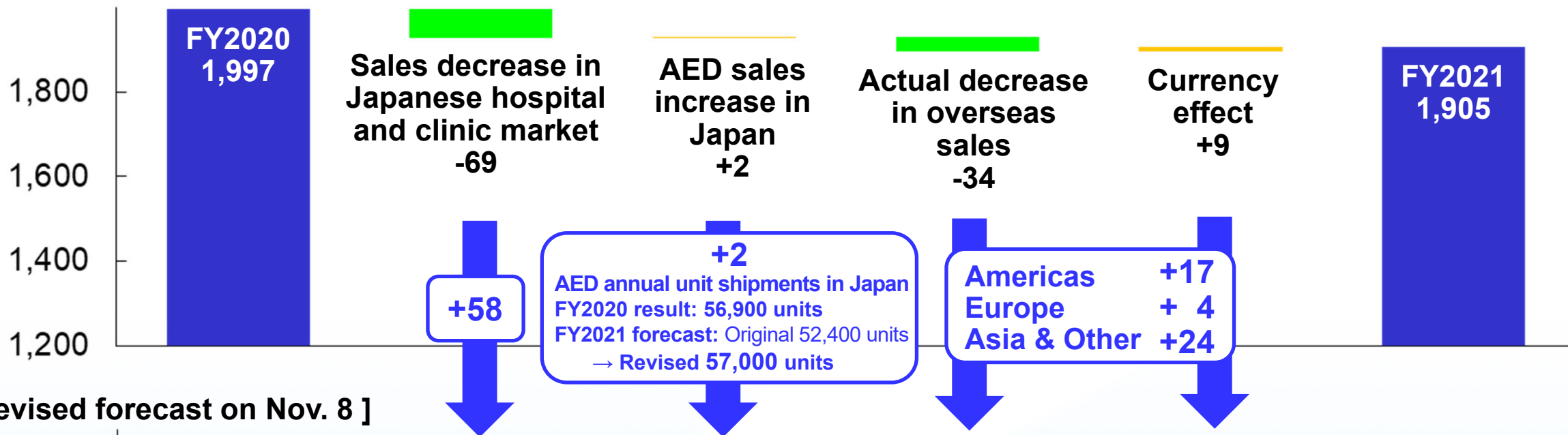
FY2021 2H

110 yen
130 yen

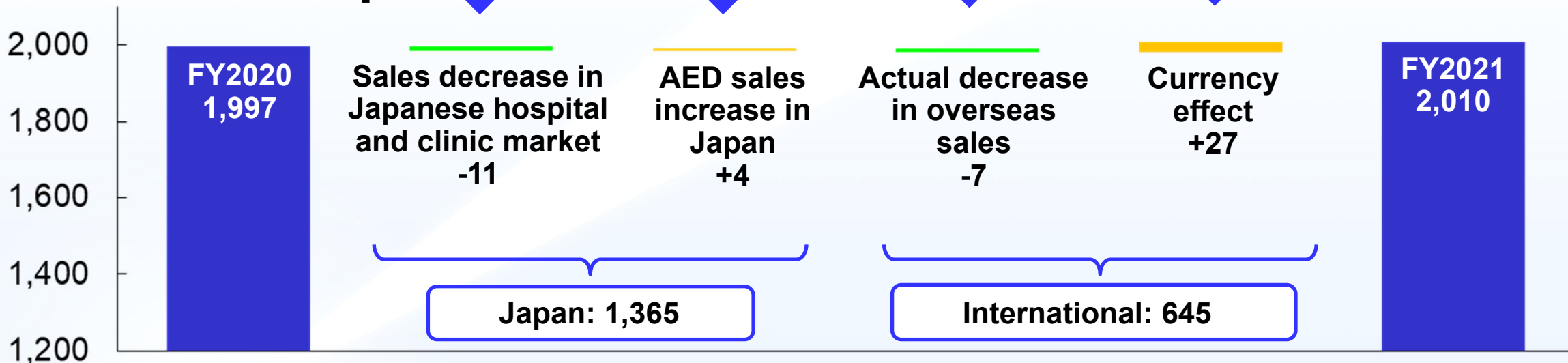
3) Analysis of FY2021 Sales Forecast

[Revised forecast on Aug. 4]

(¥100 million)



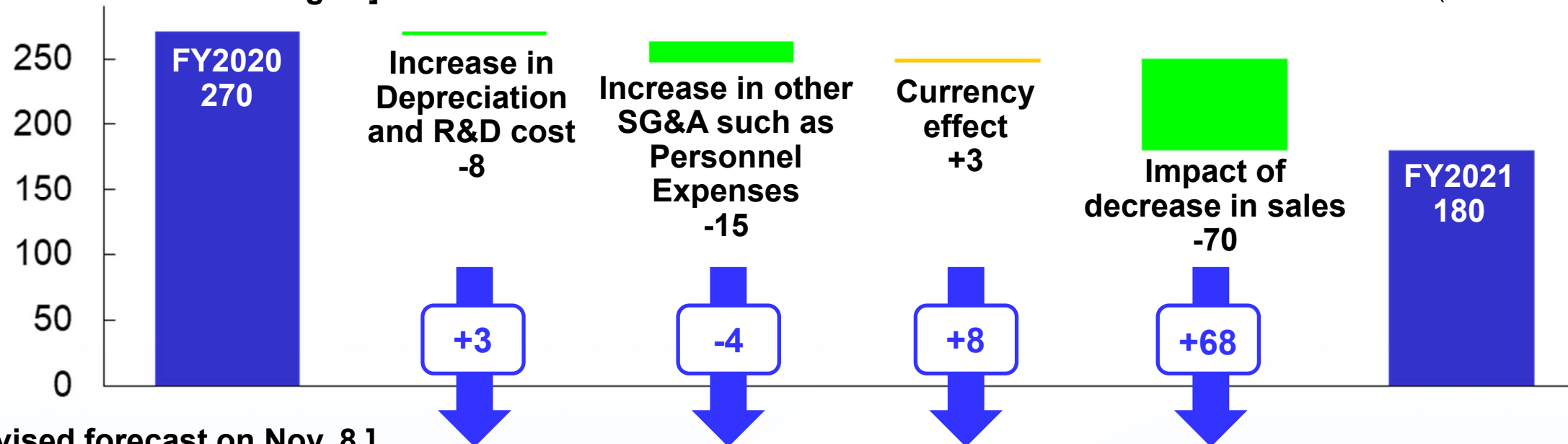
[Revised forecast on Nov. 8]



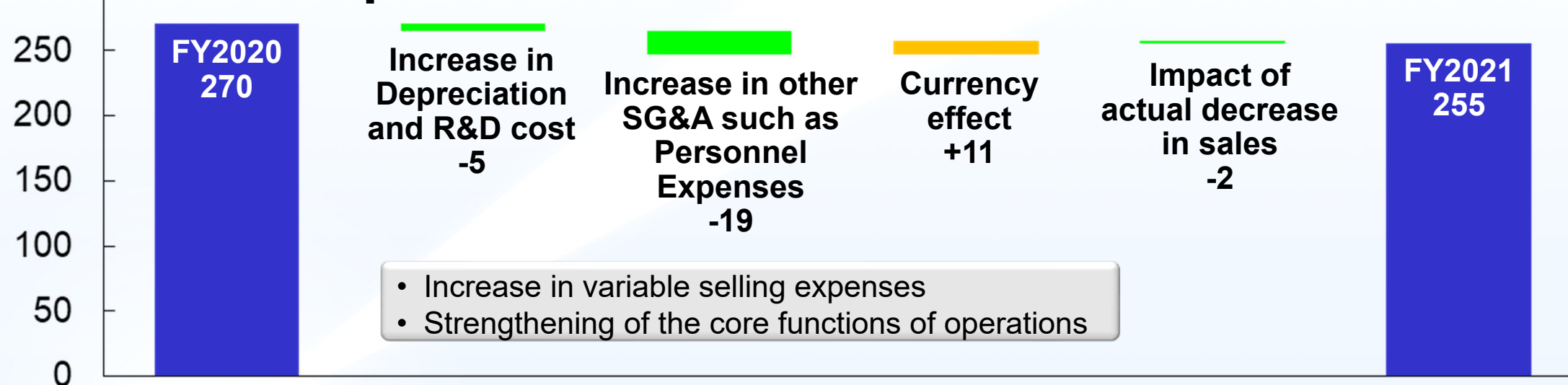
4) Analysis of FY2021 Operating Income Forecast

[Revised forecast on Aug. 4]

(¥100 million)



[Revised forecast on Nov. 8]



- Increase in variable selling expenses
- Strengthening of the core functions of operations

(Ref.) Consolidated Forecast for FY2021 by Product Category/ Effect of Exchange Rates

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

	FY2020 Actual	FY2021 Forecast				YoY (%)
		Original forecast announced May 13	Revised forecast announced Aug 4	Revised forecast announced Nov 8	Composition ratio (%)	
Physiological Measuring Equipment	37,586	40,700	40,900	40,600	20.2	8.0
Patient Monitors	78,818	70,900	74,300	80,750	40.2	2.5
Treatment Equipment	45,126	36,100	37,150	41,450	20.6	-8.1
Other Medical Equipment	38,196	37,800	38,150	38,200	19.0	0.0
Total	199,727	185,500	190,500	201,000	100.0	0.6

(Reference)

Consumables and Services	85,890	87,200	89,700	91,400	45.5	6.4
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Estimated Exchange Rate Fluctuations for Full Fiscal Year

	Sales	Operating Income
1 US Dollar	0.37 bil yen	0.14 bil yen
1 EURO	0.07 bil yen	0.03 bil yen

3

Business Strategy



Nihon Kohden Celebrates Its 70th Anniversary

Illuminating Medicine
for Humanity



At the time of its founding
Nihon Kohden started with only twelve staff



Founder Yoshio Ogino



Nihon Kohden's History:
<https://www.nihonkohden.com/70th/index.html>

Please watch this video to learn more about
our history and vision.

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%
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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.

Management Philosophy

Long-term Vision

Three-year Business Plan

Core Values

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

Basic Policy of the Three-year Business Plan

Embrace sustainability across business and corporate activities

Management

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

Business

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

Operations

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



Established an Advisory Board

(July 2021)

- ✓ Established to incorporate outside perspectives
- ✓ Composed of four outside experts, Provides advice to the Sustainability Promotion Committee



Hikaru Kobayashi
Adviser, RCAST*1, the University of Tokyo
(Environment)



Hidemitsu Sasaya
ESG/SDGs consultant
(All aspects of sustainability)



Kuniko Shoji
Professor, Kanagawa University
of Human Services
(Governance/Operations)



Mika Takaoka
Professor, Marketing College
of Business, Rikkyo University
(Environment/Society)

*1 RCAST: Research Center for Advanced Science and Technology

Measures planned in FY2021

(Environment)

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

(Quality)

- ✓ Introduce NPS*3 for improving quality

(Human rights/Human resources)

- ✓ Conduct employee satisfaction survey
- ✓ Start human rights due diligence
- ✓ Introduce role-based personnel system

*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

*3 NPS (Net Promoter Score): Index to measure customer loyalty. NPS indicates the degree of customers' attachment to products or services

Promote implementing recurrence prevention measures

1st Half

- ✓ Provided education for compliance officers
- ✓ Enriched contents of compliance study sessions in each office
- ✓ Added compliance to the personnel evaluation items
- ✓ **Introduced a donation website**

2nd Half

- ✓ Application of IT controls to preorder processes
- ✓ **Establish website for dealers**
Due diligence/Pledge to comply with laws/
Whistle-blowing channel
- ✓ **Questionnaire survey to dealers and all employees**

Strengthen group governance

- ✓ Formulated **the Global Corporate Administration Policy**, Promote implementation in overseas subsidiaries

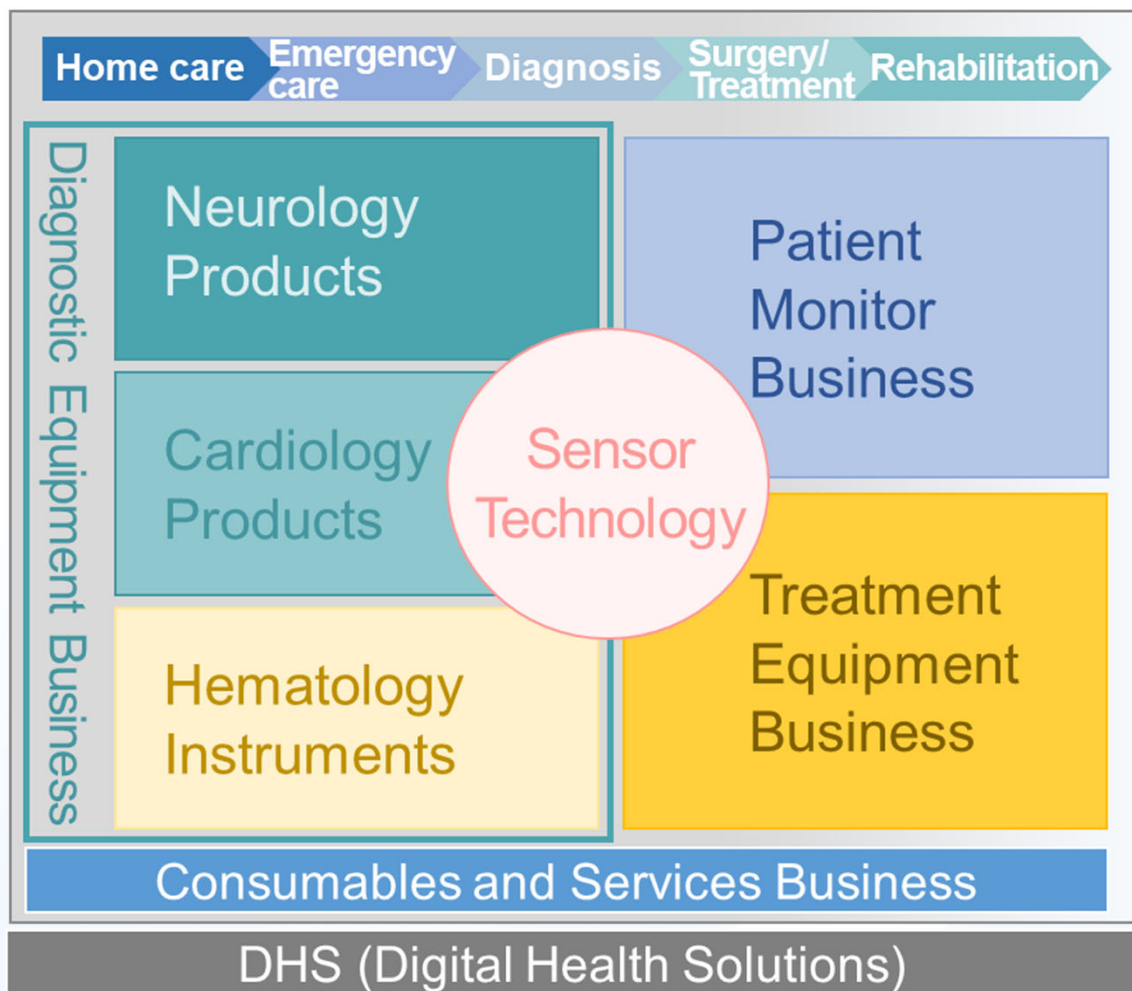
Accounting Human Resources

Legal IT security

- ✓ **Strengthen internal control over domestic sales**



Improve the Profitability of Existing Businesses



Common measures across all businesses

Create high customer value

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

Improve productivity

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

Timely launches of new products

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

Establishment of a highly profitable structure

Patient Monitor Business

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

General ward

ICU

OR

In/Out of Hospital



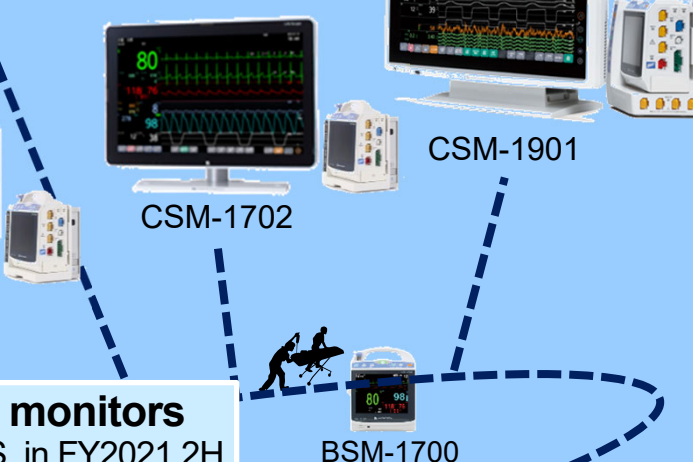
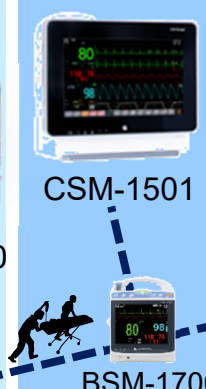
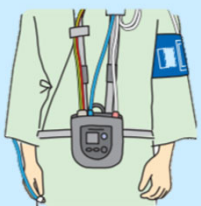
ViTrac



Central monitor

Planned to launch in Japan in FY2021 2H

- Space-saving design
- Improved visibility and operability
- Linkage with nurse call and EMR



Mid-range bedside monitors

Planned to launch in the U.S. in FY2021 2H

Enhance product cybersecurity
Planned for FY2021

NEW! EMG electrode for neuromuscular monitoring
Launched in the U.S. in FY2021
Expand production as demand for neuromuscular monitoring in the perioperative period is increasing for medical safety

EMG electrode NM-34 series

Treatment Equipment Business

Ventilators

- ✓ Focus on providing products in regions where the spread of infection has surged

For acutely ill patients



Tracheal intubation type Ventilator NKV-550



Protective Control™

- Raise awareness of lung-protective ventilation function
- Build clinical evidence
- Strengthen efforts to increase market awareness

For moderately ill patients



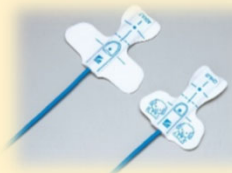
Mask-type Ventilator NKV-330



Telemetry system WEP-1200

- Raise awareness of high-flow oxygen therapy
- Enhance connectivity with patient monitors

- ✓ Expand sales of disposable consumables



SpO₂ probes



NPPV* cap-ONE mask

- ✓ Strengthen maintenance and inspection service

- Package with regular replacement parts
- Enrich training programs
- Test linkage with medical device remote monitoring system



* NPPV(Noninvasive Positive Pressure Ventilation) is artificial respiratory management which doesn't require intratracheal intubation or tracheotomy.

Hematology Instrument Business

Hematology Instruments

✓ Focus on expanding sales of a series of new models

✓ Reagent factory in Dubai started production April 2021

NEW!

Launched internationally in FY2020



Automated hematology analyzer
MEK-1301 MEK-1302



Automated hematology and ESR*1 analyzer
MEK-1305

NEW!

Launched in FY2021



Automated hematology analyzer
MEK-9200



- Incorporates RET^{*2} measurement using a blue semiconductor laser and nucleic acid staining reagent
- Enables stabilization of the measurement quality by automatically confirming the type and expiration date of reagents in the reagent management system



*1 ESR (Erythrocyte Sedimentation Rate): High ESR means a possibility of infectious diseases such as tuberculosis. ESR is measured mainly in emerging countries.
*2 RET (Reticulocyte) is a new red blood cell released from the bone marrow into the peripheral blood. RET is measured to evaluate anemia in patients.

Strengthen Strategies in Global Business

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

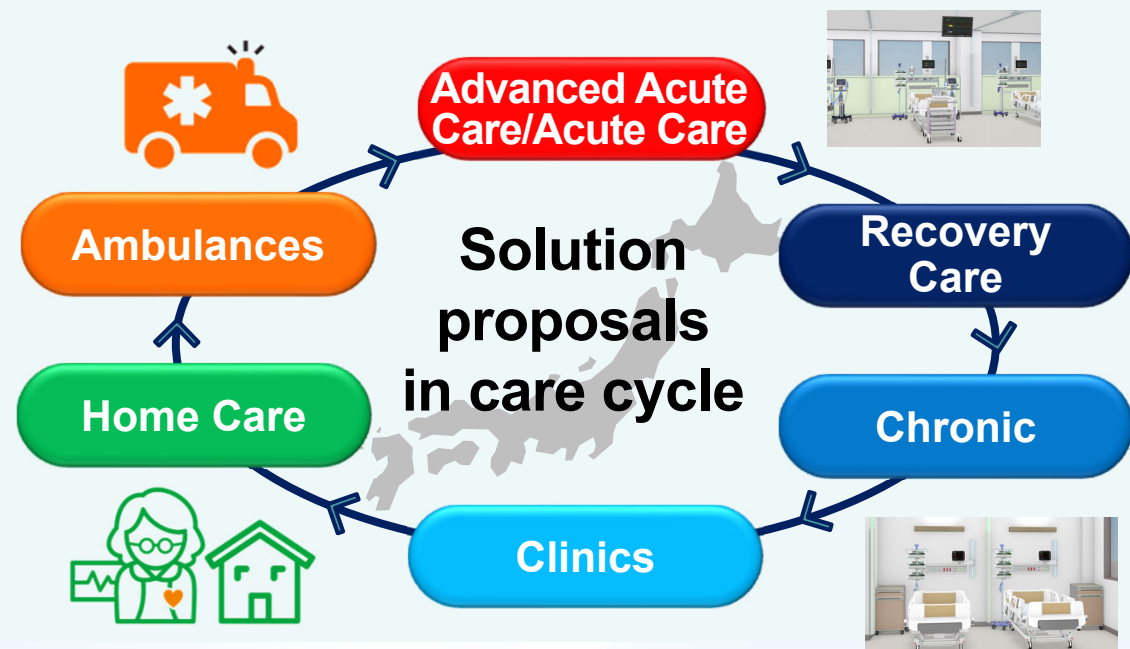
✓ Enhance customer value

Strengthen marketing and service capabilities which contribute to improving

Medical safety

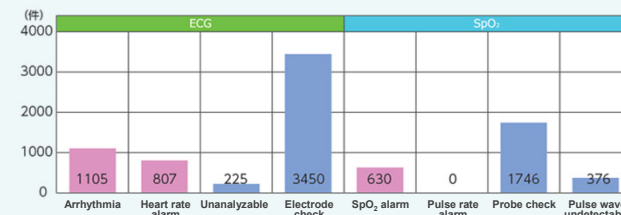
Patient outcomes

Operating efficiency



- Medical safety
Operating efficiency
Provide alarm reports for patient monitors

Collect and analyze alarm data, and propose operational improvement in hospitals by showing numerical data and graphs



- Medical safety
Strengthen maintenance and inspection service for ventilators



Preventive maintenance and repair warranty



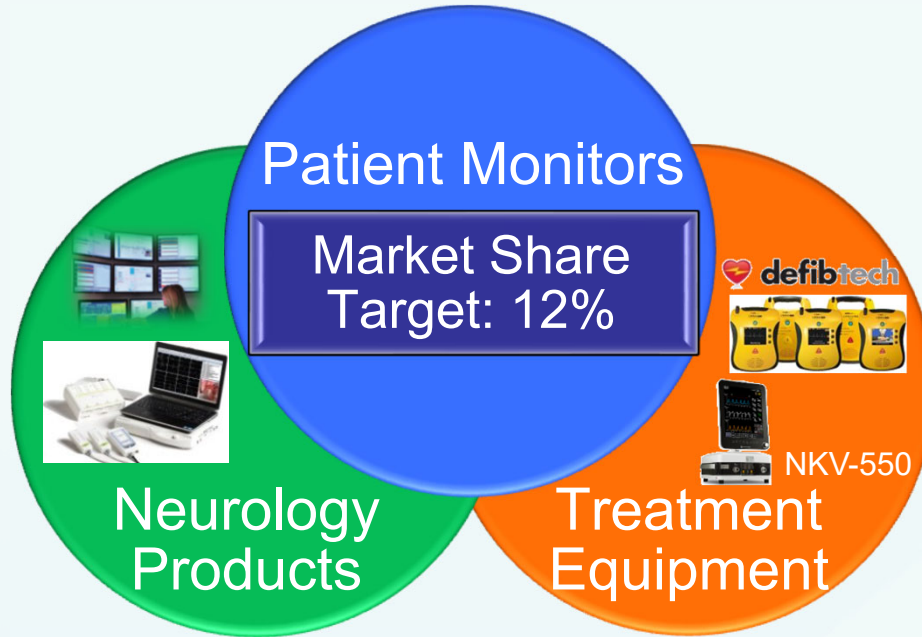
2-year fixed-price inspection



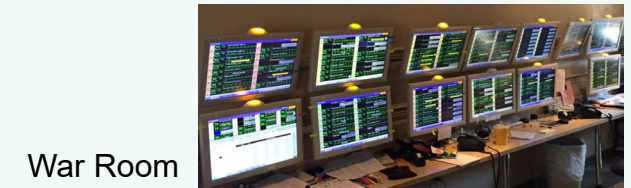
Ventilator NKV-330

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

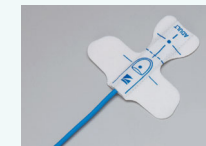
- ✓ Expand our product line-up



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



- ✓ Expand sales of consumables and services



SpO₂ probe

NEW!



EMG electrode for neuromuscular monitoring NM-34 series
Launched in FY2021

NEW!

NK NETWORK CARE

Launched in FY2021



Provide 24-hour monitoring of security threats in hospitals' networks, and support them when issues are detected

Patient Monitors



Mid-range bedside monitors
CSM-1500/1700 series
Planned to launch in FY2021 2H

Resuscitation Products

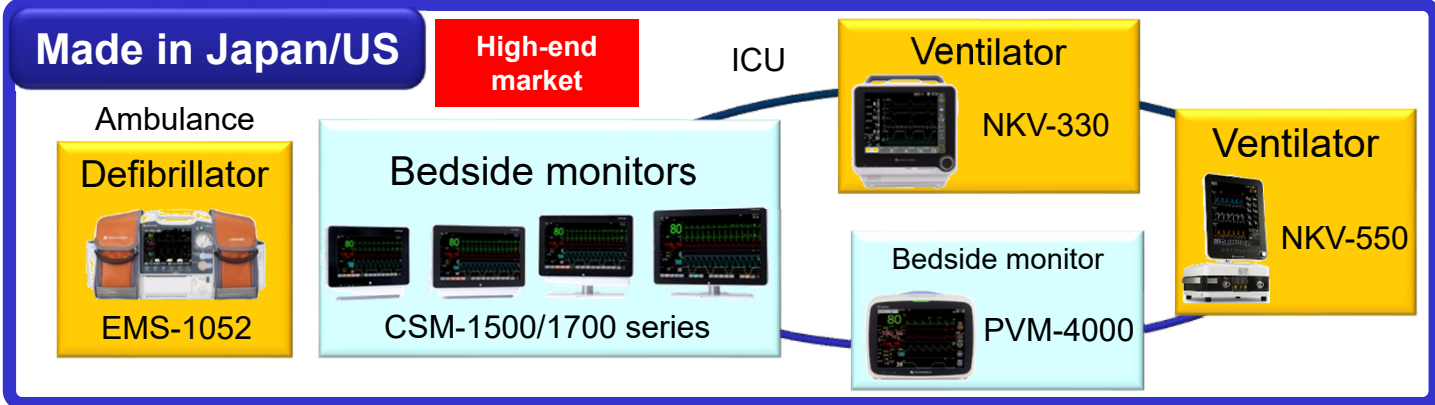


Video
Laryngoscope
NK AWS-S200
Launched in
FY2020

**Next-generation
automated chest
compression device**

Planned to launch in FY2021 2H

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



PAD*2 market expansion in China and Latin America

From 2017: China and Columbia, From 2020: Chile

- ✓ Expansion of AED installation in public facilities
- ✓ Focus on raising awareness of AED and holding workshops



Made in China Local R&D and production

Middle to low-end market

ECG

ECG-3150

NEW!

ECG

ECG-3350
Launched in FY2020

ECG

Planned to launch in FY2022

Spot check monitor

SVM-7100

Bedside monitor

SVM-7500

Local R&D for Chinese market

Automatic conveyor with efficiency system

NEW!

Measure 5-part diff and CRP*1
Launched in FY2021

Local production for Chinese market

Defibrillator

TEC-5600

AED

AED-3100

NEW!

Bedside monitor

BSM-3000
Launched in FY2021

NEW!

Hematology analyzer

MEK-9100
Launched in FY2021

Order for patient monitors from top hospital in Brazil

- ✓ Strengthened our direct sales and service capabilities in Sao Paulo
- ✓ Received order from Hospital Israelita Albert Einstein for ICU patient monitoring system



*1 CRP: C-Reactive Protein

*2 PAD (Public Access Defibrillation): PAD market includes public facilities, schools, and private companies.

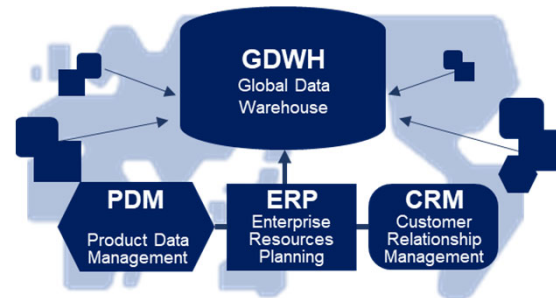
Establish global SCM/ Strengthen core functions of operations

Establish global SCM

✓ Establish global information system

Reducing loss of business opportunities

Proper inventory management



✓ Response to tight supply of components

Pre-ordering of components

Purchasing from multiple suppliers



Strengthen core functions of operations

✓ Enhance cybersecurity of the internal IT infrastructure



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

Compliance with environmental regulations

Post-market surveillance

Targets for FY2023 ending March 2024

Net Sales	¥197.0 bil
Domestic Sales	¥134.0 bil
Overseas Sales (Overseas Sales Ratio)	¥63.0 bil (32.0%)
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%

Breakdown of overseas sales by region

Americas	¥32.0 bil
Europe	¥10.0 bil
Asia & Other	¥21.0 bil

Three-year Plan

R&D investments	Approx. ¥20.0 bil
Capital investments	Approx. ¥14.0 bil

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

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

FY2020 Full-year dividend: 55 yen including special dividend of 20 yen (pay-out ratio: 25.7%)
Share buybacks: 1.49 billion yen (total return ratio: 33.9%)

FY2021 (Forecast) Full-year dividend: 39 yen (pay-out ratio: 18.9%)

Disclaimer:

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