

# **Consolidated Financial Highlights for the First Half of FY2019**

**(From April 1, 2019 to September 30, 2019)**

- 1. Consolidated Financial Results  
for the First Half of FY2019**
- 2. Forecast for FY2019**
- 3. Business Strategy**

**NIHON KOHDEN CORPORATION**

(Ticker Code: 6849)

November 8, 2019

*Fighting Disease with Electronics*



# **1 Consolidated Financial Results for the First Half of FY2019**

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# 1) Consolidated Financial Results for the 1<sup>st</sup> Half of FY2019

|  | First half FY2018 | First half FY2019                  |                        |         |
|--|-------------------|------------------------------------|------------------------|---------|
|  |                   | Original forecast announced May 13 | Actual                 | YoY (%) |
| <b>Sales</b>   | 79,050            | 84,500                             | <b>89,735</b>          | 13.5    |
| <b>Domestic Sales</b>                                | 57,857            | -                                  | <b>67,445</b>          | 16.6    |
| <b>Overseas Sales</b>                                | 21,192            | -                                  | <b>22,289</b>          | 5.2     |
| <b>Gross Profit</b><br>(Gross Profit Margin)         | 38,649<br>48.9%   | -                                  | <b>43,354</b><br>48.3% | 12.2    |
| <b>Operating Income</b><br>(Operating Income Margin) | 4,260<br>5.4%     | 4,500<br>5.3%                      | <b>7,009</b><br>7.8%   | 64.5    |
| <b>Ordinary Income</b>                               | 5,270             | 4,500                              | <b>6,334</b>           | 20.2    |
| <b>Income Attributable to Owners of Parent</b>       | 3,916             | 3,000                              | <b>3,943</b>           | 0.7     |
| Average exchange rate                                | First half FY2018 |                                    | First half FY2019      |         |
| 1 US Dollar  | 109.7 yen         |                                    | 109.2 yen              |         |
| 1 EURO   | 129.2 yen         |                                    | 121.9 yen              |         |

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

**+7% on a local currency basis**

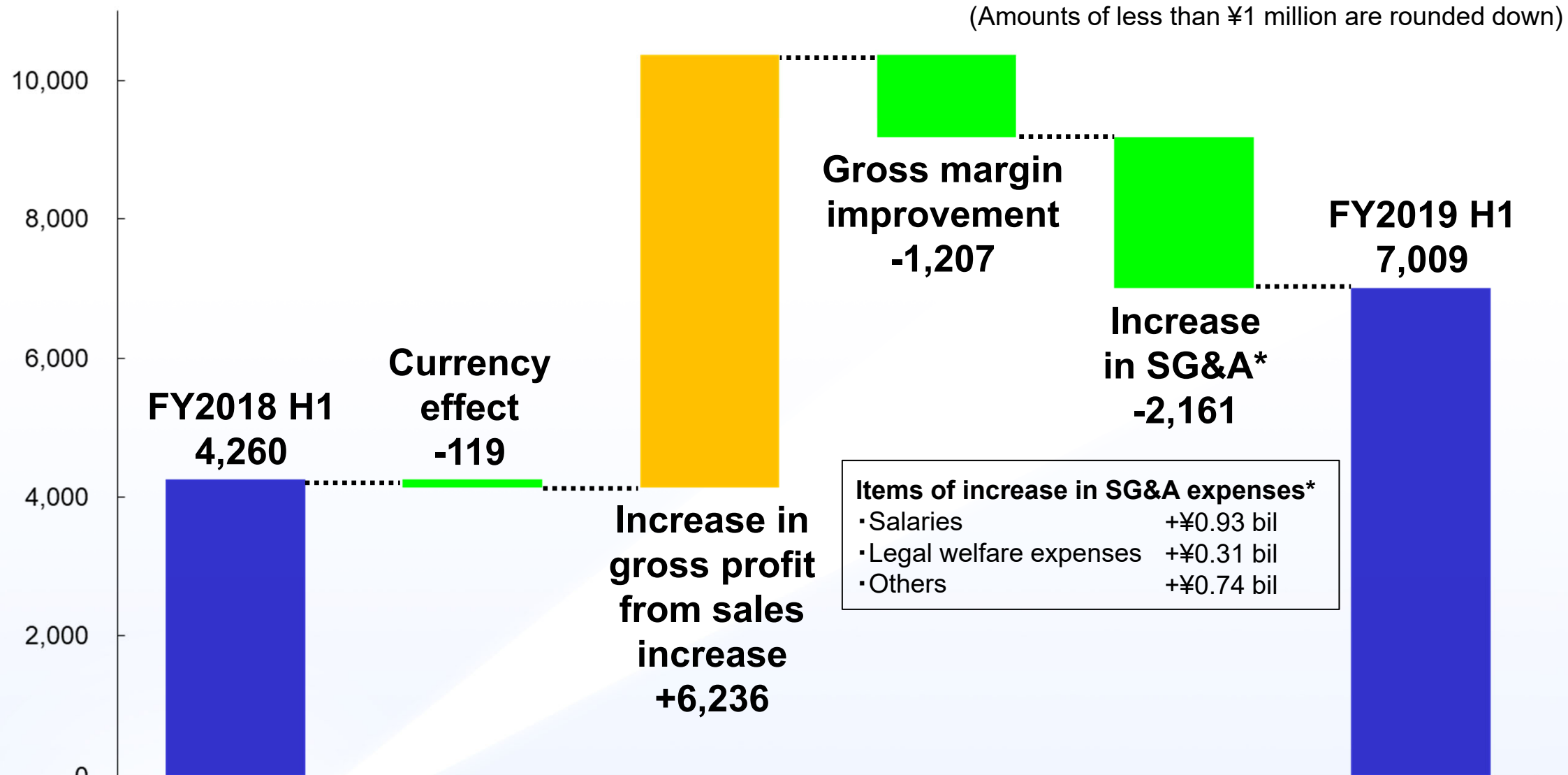
**In-house FY2018 H1 FY2019 H1  
Sales ratio 64.1% → 64.3%**

**Foreign exchange gains/losses:  
FY2018 H1 FY2019 H1  
¥701 mil gains → ¥855 mil losses**

**Extraordinary losses in FY2019 H1  
Settlement package: ¥440 mil  
Demolition cost: ¥133 mil**

## 2) Breakdown of Operating Income

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



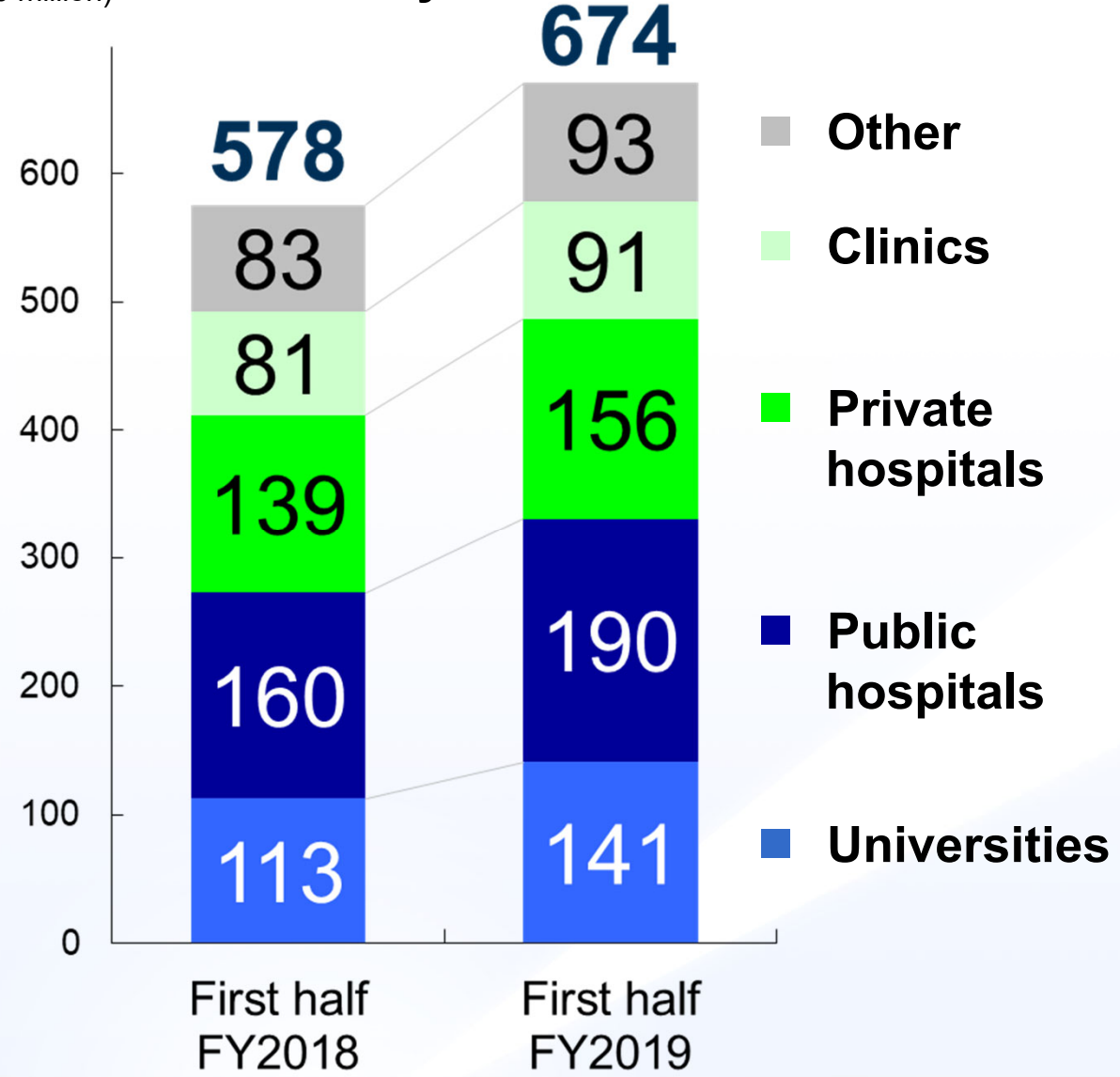
| Items of increase in SG&A expenses* |            |
|-------------------------------------|------------|
| · Salaries                          | +¥0.93 bil |
| · Legal welfare expenses            | +¥0.31 bil |
| · Others                            | +¥0.74 bil |

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

# 3) Domestic Sales

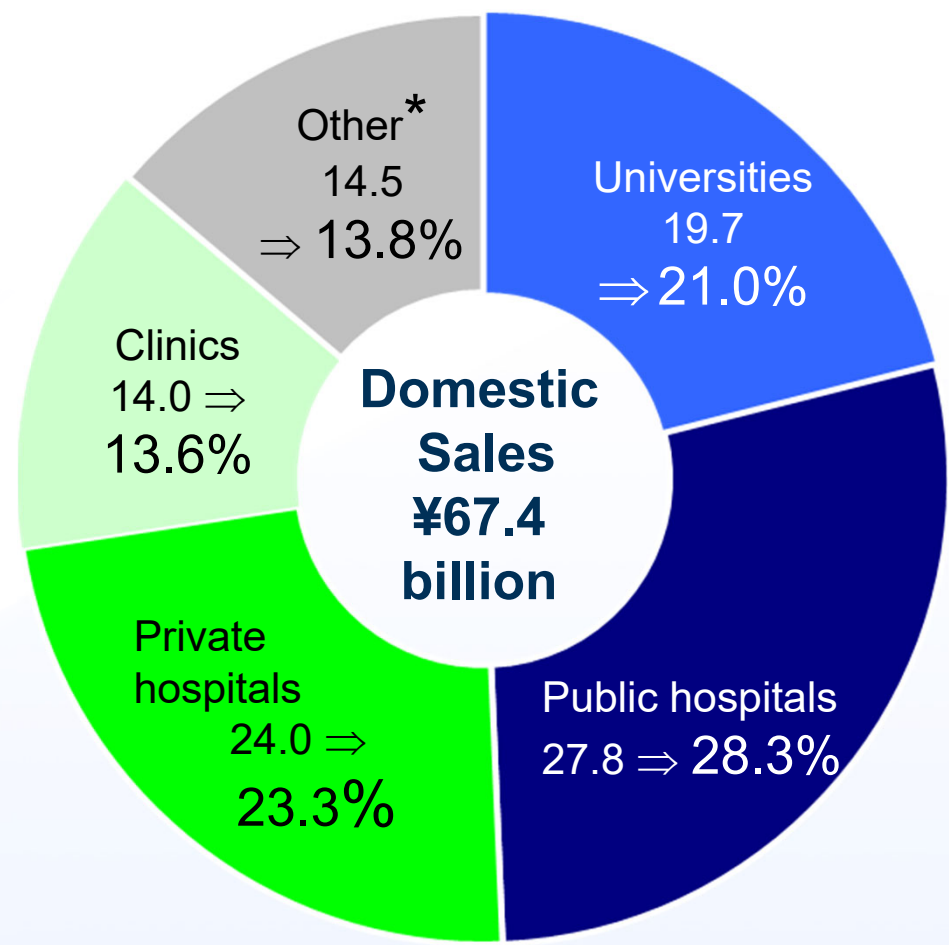
(¥100 million)

## Sales by market



## Sales composition by market

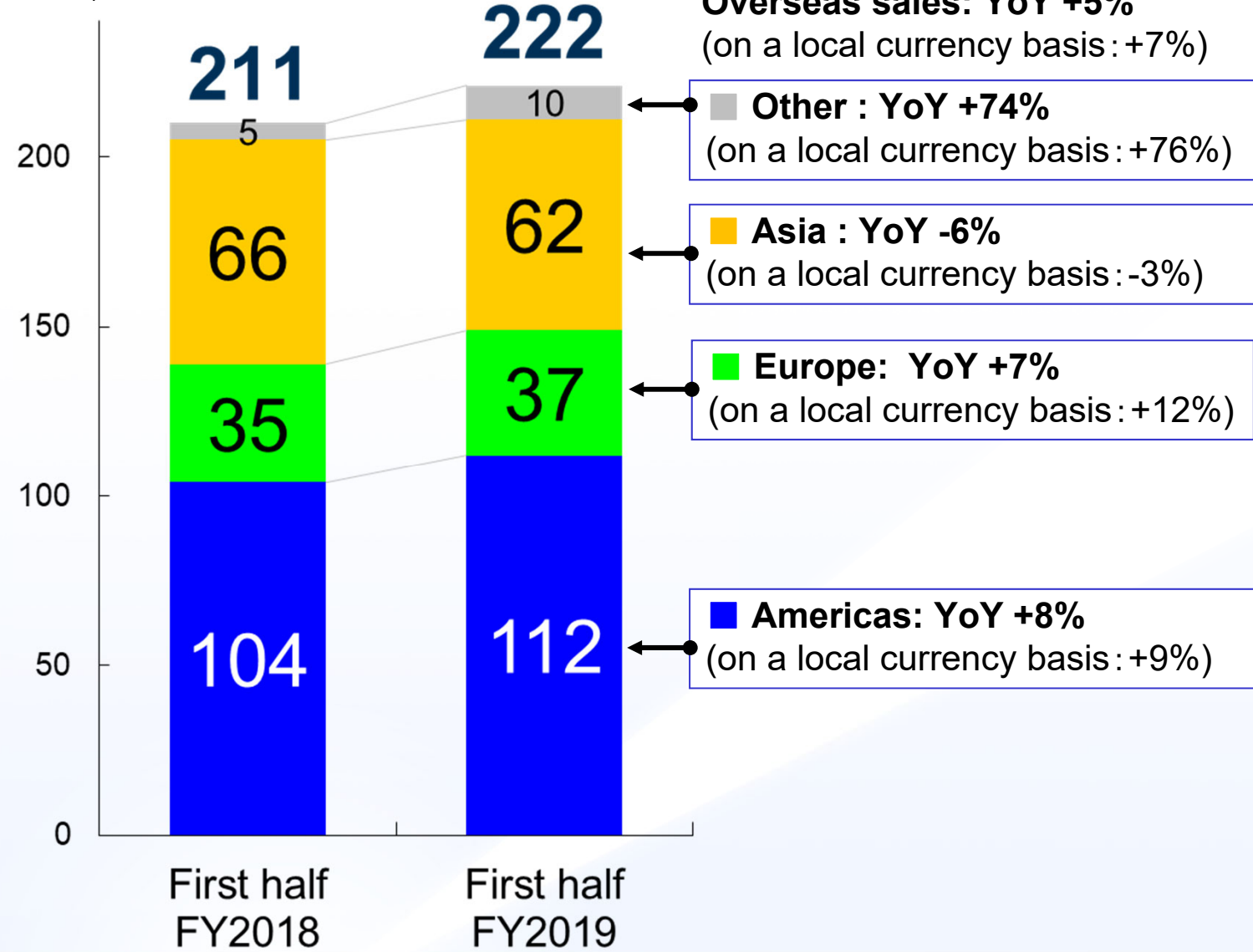
(FY2018 H1 ⇒ FY2019 H1)



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

# 4) Overseas Sales

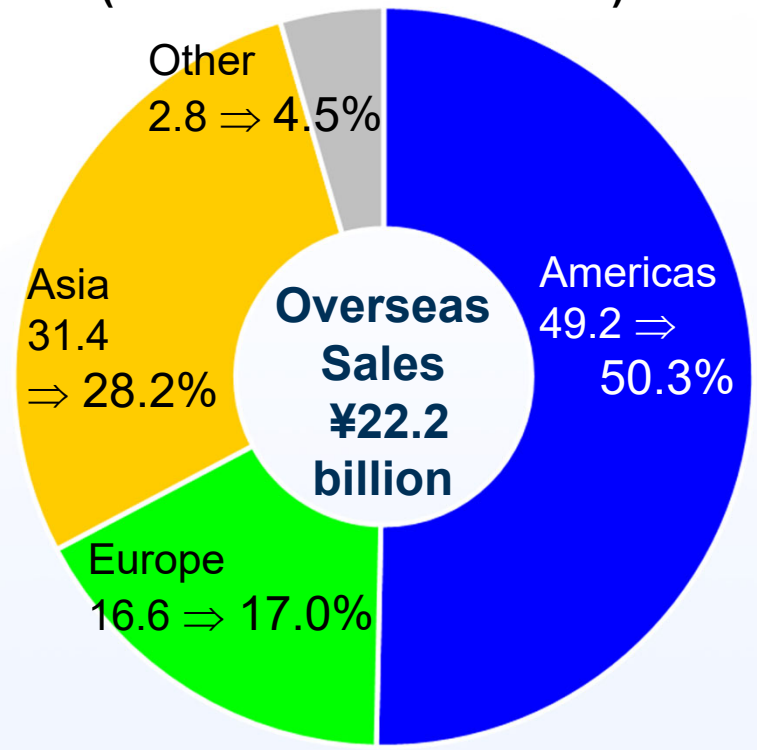
(¥100 million) **Geographic segments**



## Percentage of overseas sales to consolidated sales

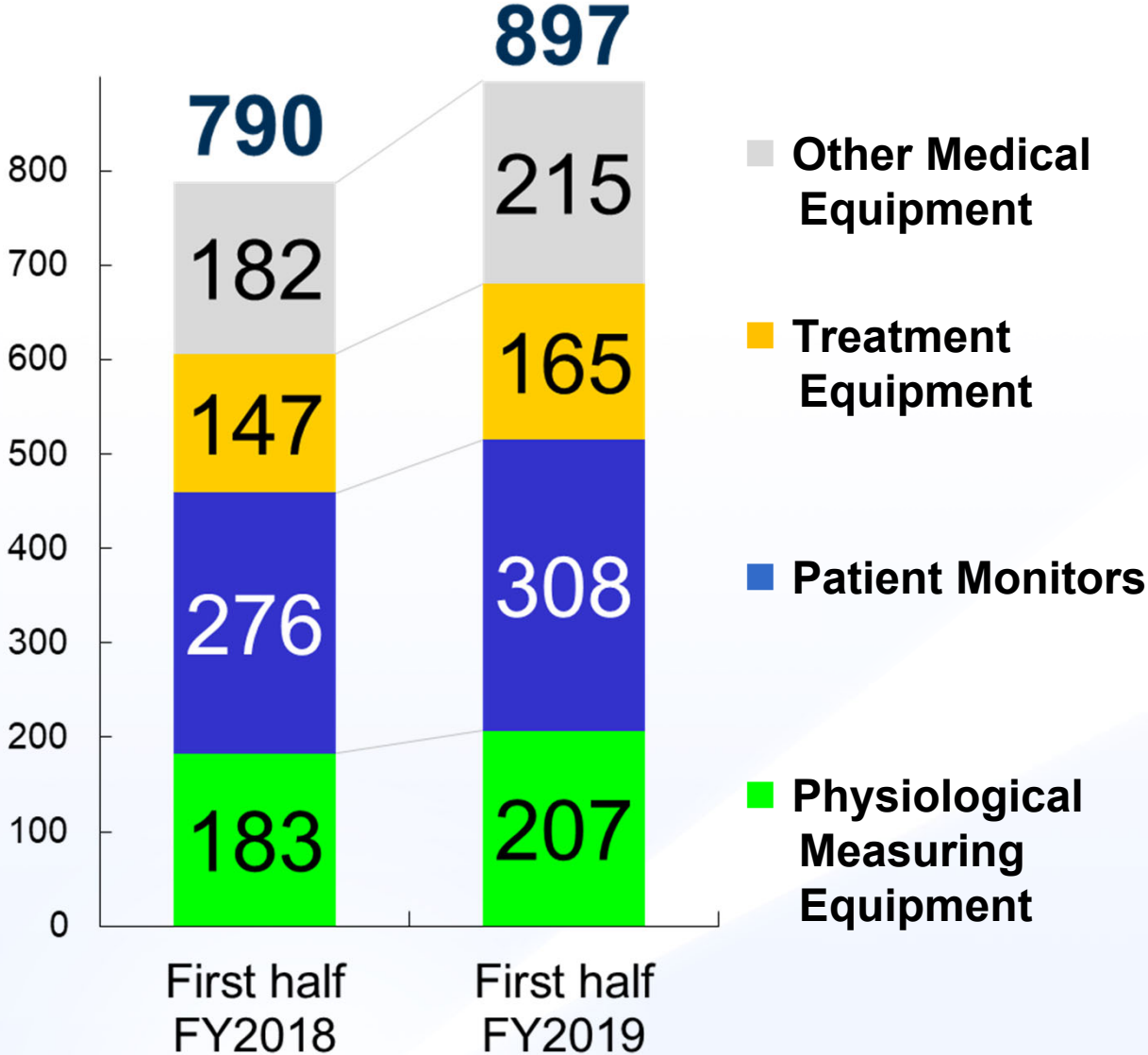
| First half FY2018 | First half FY2019 |
|-------------------|-------------------|
| 26.8%             | 24.8%             |

## Geographic Segments (FY2018 H1 ⇒ FY2019 H1)



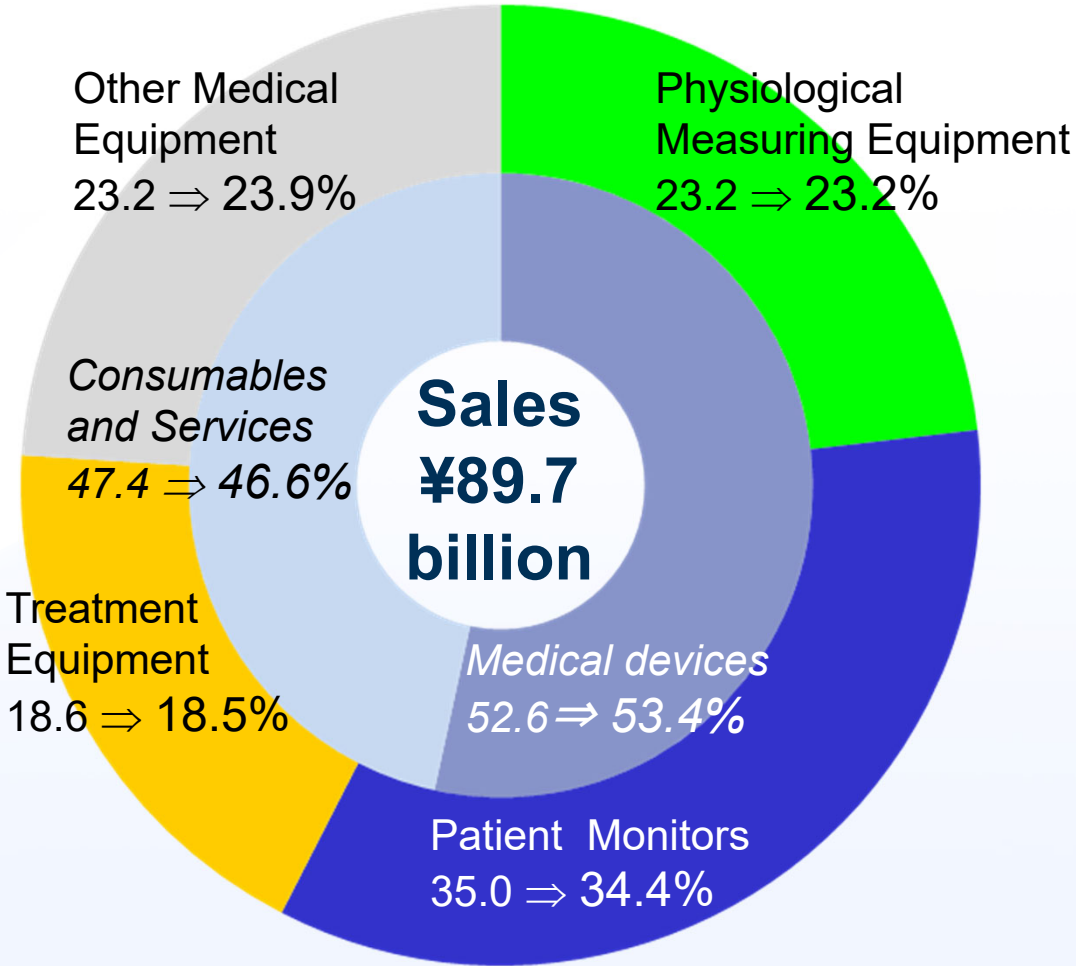
# 5) Sales by Product Category

(¥100 million)



## Sales composition by product category

(FY2018 H1 ⇒ FY2019 H1)





# 5.1) Physiological Measuring Equipment

|   | First half FY2018 | First half FY2019 | YoY (%)     |
|---|-------------------|-------------------|-------------|
| Electroencephalographs                    | 3,448             | 3,620             | 5.0         |
| Electrocardiographs                       | 3,281             | 3,380             | 3.0         |
| Polygraphs for Cath Lab                   | 6,902             | 8,204             | 18.9        |
| Other Physiological Measuring Equipment * | 4,719             | 5,577             | 18.2        |
| <b>Physiological Measuring Equipment</b>  | <b>18,351</b>     | <b>20,782</b>     | <b>13.2</b> |
| <b>Domestic Sales</b>                     | <b>14,387</b>     | <b>16,627</b>     | <b>15.6</b> |
| <b>Overseas Sales</b>                     | <b>3,964</b>      | <b>4,155</b>      | <b>4.8</b>  |

(Sales, millions of yen)

Sales of polygraphs for cath lab showed strong growth due to large orders related to construction of new hospitals. Sales of EP catheters also increased favorably.

Replacement demand for diagnostic information systems increased favorably thanks to a last minute surge in demand before the consumption tax increase.

Sales of EEGs increased and sales of ECGs decreased.

\*Other Physiological Measuring Equipment includes diagnostic information systems and products of other companies.



**Electro-encephalographs**  
EEG-1290



**EMG/EP measuring systems**  
MEB-9400



**Electro-cardiographs**  
ECG-3150



**Holter ECG monitors**  
RAC-5000



**Polygraphs for Cath Lab**  
RMC-5000



**Medical and long-term care network system**  
LAV-1000



# 5.2) Patient Monitors

|                         | First half FY2018 | First half FY2019 | YoY (%) |
|-------------------------|-------------------|-------------------|---------|
| <b>Patient Monitors</b> | 27,667            | <b>30,855</b>     | 11.5    |
| <b>Domestic Sales</b>   | 16,718            | <b>19,984</b>     | 19.5    |
| <b>Overseas Sales</b>   | 10,948            | <b>10,870</b>     | -0.7    |

(Sales, millions of yen)

Sales of bedside monitors showed strong growth due to orders related to construction of new hospitals and introduction of new products. Replacement demand for clinical information systems also increased favorably.

Sales in Asia decreased and sales in the Americas remained flat compared to FY2018 H1. Sales in Europe increased favorably.



**Bedside monitors**  
CSM-1500/1700



**Bedside monitors**  
PVM-4000



**Spot check monitors**  
SVM-7200



**Telemetry systems**  
WEP-1400



**Consumables**

# 5.3) Treatment Equipment

|  | First half FY2018 | First half FY2019 | YoY (%) |
|--|-------------------|-------------------|---------|
| <b>Defibrillators (for Hospital and Ambulance)</b> | 2,453             | <b>2,879</b>      | 17.4    |
| <b>AEDs (Automated External Defibrillator)</b>     | 7,031             | <b>7,479</b>      | 6.4     |
| <b>Pacemakers / ICDs</b>                           | 1,558             | <b>1,625</b>      | 4.3     |
| <b>Ventilators</b>                                 | 993               | <b>1,603</b>      | 61.4    |
| <b>Other Treatment Equipment</b>                   | 2,704             | <b>2,970</b>      | 9.8     |
| <b>Treatment Equipment</b>                         | 14,741            | <b>16,558</b>     | 12.3    |
| <b>Domestic Sales</b>                              | 10,528            | <b>11,922</b>     | 13.2    |
| <b>Overseas Sales</b>                              | 4,213             | <b>4,635</b>      | 10.0    |
| <b>(Ref.) AED Unit Sales</b>                       | 44,200            | <b>45,000</b>     | 1.8     |
| <b>Domestic Unit Sales</b>                         | 24,700            | <b>26,200</b>     | 6.1     |

(Sales, millions of yen)

**Domestic:** Replacement orders from hospitals and ambulances contributed to strong sales.  
**International:** Sales increased favorably in Europe and Africa.

**Domestic:** Sales of units increased favorably, supported by new products launch.  
**International:** Sales increased in all area.

**Domestic:** Sales of Hamilton's ventilators showed strong growth due to orders related to construction of new hospitals. The new in-house ventilator, NKV-330, also contributed to increased sales.



# 5.4) Other Medical Equipment

|   | First half FY2018 | First half FY2019 | YoY (%) |
|---|-------------------|-------------------|---------|
| Hematology Analyzers                                      | 4,234             | <b>4,884</b>      | 15.3    |
| Imaging Systems, Medical equipment for study and others * | 14,055            | <b>16,655</b>     | 18.5    |
| <b>Other Medical Equipment</b>                            | 18,290            | <b>21,539</b>     | 17.8    |
| <b>Domestic Sales</b>                                     | 16,223            | <b>18,911</b>     | 16.6    |
| <b>Overseas Sales</b>                                     | 2,066             | <b>2,628</b>      | 27.2    |

(Sales, millions of yen)

Sales of hematology instruments showed strong growth in the clinic market. Sales of installation services of medical devices and locally purchased products also increased.

Sales of hematology analyzers showed strong growth in Latin America, the Middle East and Africa. There was a positive impact from the changes in the deferred revenue process for installation services of medical devices in the U.S.

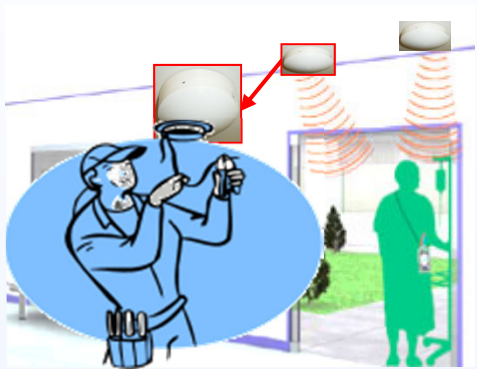
\*Includes consumables, installation and maintenance services which are not part of other categories.



**Automated hematology analyzer**  
MEK-9100



**Automated hematology analyzer and clinical chemistry analyzer**  
MEK-1303



**Installation and maintenance services**

## 6) Financial Condition

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

|                             | FY2018     | First half<br>FY2019 | Change  |   | FY2018  | First half<br>FY2019 | Change  |
|-----------------------------|------------|----------------------|---------|---|---------|----------------------|---------|
| Current Assets              | 132,211    | <b>119,780</b>       | -12,431 | Current Liabilities                       | 48,346  | <b>34,618</b>        | -13,727 |
| Inventories                 | 28,599     | <b>29,540</b>        | 941     | Interest-bearing Debt                     | 406     | <b>373</b>           | -33     |
| Property, Plant & Equipment | 19,945     | <b>19,925</b>        | -20     | Non-current Liabilities                   | 5,282   | <b>5,118</b>         | -164    |
| Intangible Assets           | 4,563      | <b>4,251</b>         | -311    | Net Assets                                | 116,087 | <b>117,818</b>       | 1,730   |
| Investments & Other Assets  | 12,997     | <b>13,599</b>        | 602     |   |         |                      |         |
| <b>Total Assets</b>         | 169,717    | <b>157,556</b>       | -12,160 | <b>Total Liabilities &amp; Net Assets</b> | 169,717 | <b>157,556</b>       | -12,160 |
|                             |            |                      |         |   |         |                      |         |
| Inventory Turnover          | 3.7 months | <b>3.6 months</b>    |         | Equity Ratio                              | 68.4%   | <b>74.8%</b>         |         |

## 7) Capital Investments and R&D Costs

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

|                            | First half<br>FY2018 | First half<br>FY2019 | FY2018<br>Actual | FY2019                                |                                     |
|----------------------------|----------------------|----------------------|------------------|---------------------------------------|-------------------------------------|
|                            |                      |                      |                  | Original Forecast<br>announced May 13 | Revised Forecast<br>announced Nov 5 |
| <b>Capital Investments</b> | 1,375                | <b>1,609</b>         | 3,049            | 4,700                                 | <b>4,600</b>                        |
| <b>Depreciation</b>        | 1,630                | <b>1,695</b>         | 3,542            | 3,900                                 | <b>3,800</b>                        |
| <b>R&amp;D costs</b>       | 3,741                | <b>3,162</b>         | 7,243            | 7,600                                 | <b>7,200</b>                        |

### ●FY2019 H1 capital investments:

Molds for new products, measuring equipment and jigs, products for demonstration, production equipment, and equipment for Eastern Japan Logistics Center

### ●FY2019 capital investments plan:

Molds for new products, measuring equipment and jigs, products for demonstration, production equipment, reagent factory in Dubai (¥0.2 bil) and Eastern Japan Logistics Center (¥0.4 bil)

→ As the Center is a leasing logistics facility, investments are only for distribution equipment

2

# Forecast for FY2019

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# 1) Business Environment

## Japan

### Japanese Government 2025 future vision of medical /long-term care services

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

- At end of FY2018, each prefecture set up policies about role sharing between hospitals and the number of hospital beds converted to long-term care at a coordination conference
- Funds for securing comprehensive medical and long-term care in the communities: FY2019 ¥103.4 bil for medical care

424 public hospitals' names were published in Sep 2019 to encourage them to consider reorganizations

Medical service fee rose by 0.41% accompanying the consumption tax increase in Oct 2019

- Reorganization of medical institution functions will proceed.
- The impact of a surge in demand in response to the consumption tax increase and the reactionary fall should be monitored carefully.

## International

### U.S. and Europe

- Improve the quality and efficiency of medical care
- Expand IDNs\*<sup>1</sup> and strengthen cybersecurity requirements in the U.S.
- Expand GPOs\*<sup>2</sup> in Europe

### Emerging Markets

- Uncertain economic outlook, political instability and weakness of currencies in some regions
- Healthcare infrastructure is developing together with economic growth

Overall demand for medical equipment will remain steady

\*1 IDN: Integrated Delivery Network \*2 GPO: Group Purchasing Organization



# 2) Measures in the 2<sup>nd</sup> Half of FY2019

## TRANSFORM 2020: Transform operations to achieve a highly profitable structure

### 1 Create high customer value

### Launch in-house products with high customer value

New products in FY2018 and FY2019 (The actual launch dates varied in accordance with the examination period for regulatory approval in each country)

#### Diagnostic Equipment Business



Electro-encephalograph  
EEG-1290



Electro-cardiograph  
ECG-3150



Ultrasound probe  
TUP-C035J

#### Patient Monitoring Business



Bedside monitors  
PVM-4000



Spot check monitors  
SVM-7200



Telemetry systems  
WEP-1400



Mid-range bedside monitors  
CSM-1500/1700 series

#### Introduce in U.S. market

Enhance product cybersecurity

FY2020 H1  
Aim at resubmission to FDA in U.S.

#### Treatment Equipment Business

##### AED



AED-3101  
for home use



AED-3150 with  
color display



Defibrillator  
EMS-1052

##### Ventilator



NKV-330



NKV-550

## 2) Measures in the 2<sup>nd</sup> Half of FY2019

TRANSFORM 2020: Transform operations to achieve a highly profitable structure

2

Improve productivity within the organization

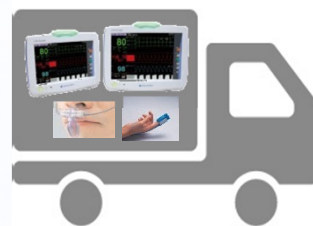
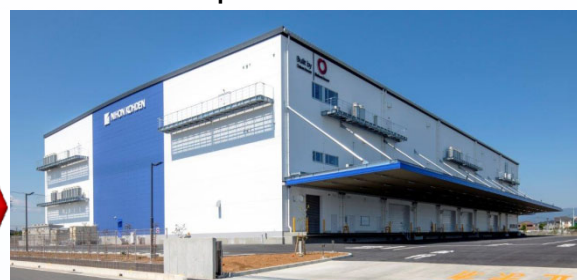
### Production and Logistics

#### Eastern Japan Logistics Center

Full-scale operation in Nov 2019



Store medical devices and consumables in one place



Reduce logistics costs by shipping medical devices and consumables as a package

### The Entire Group

- Establish a global ERP system
  - Introduce ERP in Mexico and India
- Simplify administrative procedures between headquarters and domestic sales branches by digitalization

Nihon Kohden Europe

Nihon Kohden America

Shanghai Kohden

Nihon Kohden Korea

Nihon Kohden Middle East

Nihon Kohden India

Nihon Kohden Mexico

### 3) Forecast for FY2019

|  | FY2018<br>Actual | FY2019                                   |   |  | YoY<br>(%) |
|--|------------------|--|---|--|------------|
|  |                  | Original forecast<br>announced<br>May 13 | Revised forecast<br>announced<br>Jun 17 | Revised forecast<br>announced<br>Nov 5 |            |
| <b>Sales</b>   | 178,799          | 186,000                                  | 186,000                                 | 186,000                                | 4.0        |
| <b>Domestic Sales</b>                                | 130,223          | 133,000                                  | 133,000                                 | 134,500                                | 3.3        |
| <b>Overseas Sales</b>                                | 48,575           | 53,000                                   | 53,000                                  | 51,500                                 | 6.0        |
| <b>Gross Profit</b><br>(Gross Profit Margin)         | 85,987<br>48.1%  | 90,200<br>48.5%                          | 90,200<br>48.5%                         | 89,800<br>48.3%                        | 4.4        |
| <b>Operating Income</b><br>(Operating Income Margin) | 15,044<br>8.4%   | 16,000<br>8.6%                           | 16,000<br>8.6%                          | 16,000<br>8.6%                         | 6.4        |
| <b>Ordinary Income</b>                               | 15,867           | 16,000                                   | 16,000                                  | 16,000                                 | 0.8        |
| <b>Income Attributable to<br/>Owners of Parent</b>   | 11,191           | 11,000                                   | 10,700                                  | 10,700                                 | -4.4       |
| <b>Percentage of overseas sales</b>                  | 27.2%            | 28.5%                                    | 28.5%                                   | 27.7%                                  |            |

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

+ ¥1.5 bil from original forecast

- ¥1.5 bil from original forecast  
+ 9% on a local currency basis

#### Breakdown of overseas sales by region

|                 | FY2018<br>Actual | FY2019 Forecast                          |  | YoY<br>(%) |
|-----------------|------------------|--|--|------------|
|                 |                  | Original forecast<br>announced<br>May 13 | Revised Forecast<br>announced<br>Nov 5 |            |
| <b>Americas</b> | 23,508           | 25,500                                   | 24,600                                 | 4.6        |
| <b>Europe</b>   | 8,167            | 8,900                                    | 8,600                                  | 5.3        |
| <b>Asia</b>     | 15,096           | 16,000                                   | 15,600                                 | 3.3        |
| <b>Others</b>   | 1,802            | 2,600                                    | 2,700                                  | 49.8       |
| <b>Total</b>    | 48,575           | 53,000                                   | 51,500                                 | 6.0        |

#### Average exchange rate

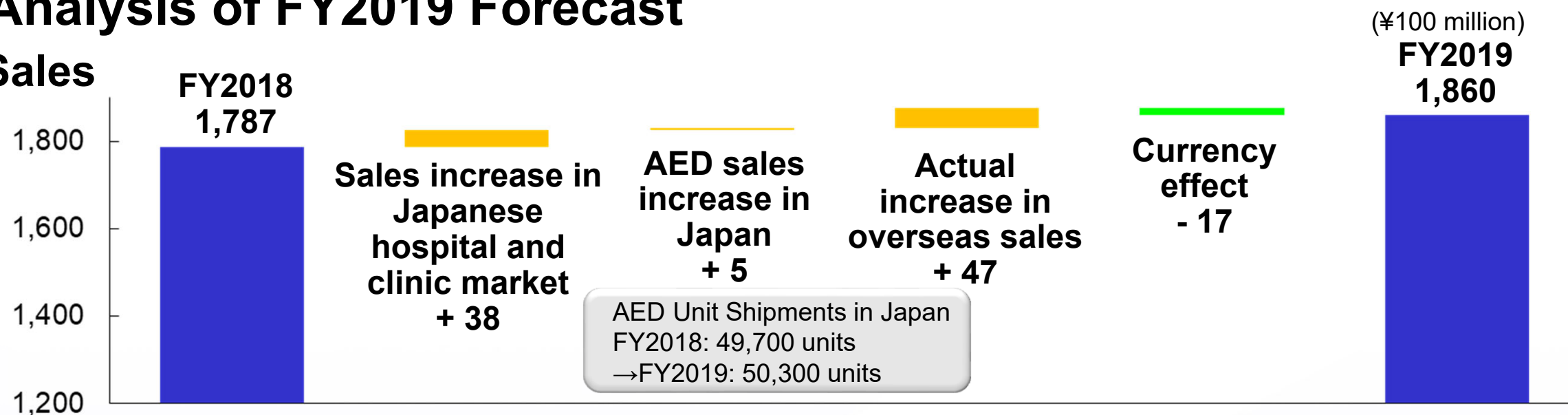
|             |           |         |         |           |
|-------------|-----------|---------|---------|-----------|
| 1 US Dollar | 110.8 yen | 108 yen | 108 yen | 108.5 yen |
| 1 EURO      | 128.5 yen | 125 yen | 125 yen | 121 yen   |

FY2019 2H

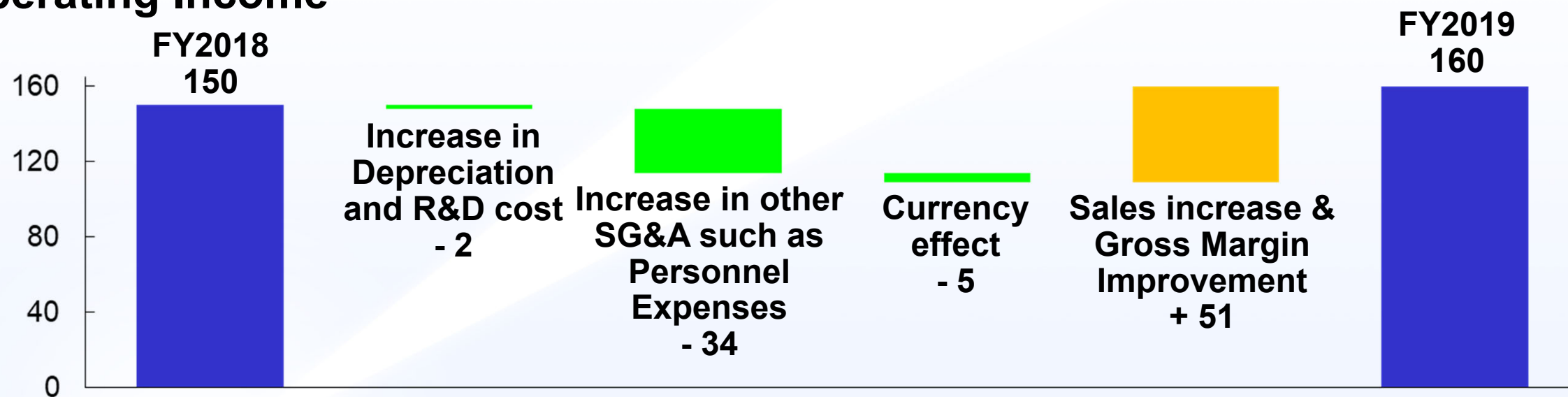
|         |
|---------|
| 108 yen |
| 120 yen |

## 4) Analysis of FY2019 Forecast

### Sales



### Operating Income



# (Ref.) Consolidated Forecast FY2019 by Product Category/ Effect of Exchange Rate

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

|                                   | FY2018<br>Actual | FY2019 Forecast                       |                                     |                          | YoY (%)    |
|-----------------------------------|------------------|---------------------------------------|-------------------------------------|--------------------------|------------|
|                                   |                  | Original Forecast<br>announced May 13 | Revised Forecast<br>announced Nov 5 | Composition<br>ratio (%) |            |
| Physiological Measuring Equipment | 40,773           | 41,700                                | 41,850                              | 22.5                     | 2.6        |
| Patient Monitors                  | 61,978           | 66,150                                | 64,500                              | 34.7                     | 4.1        |
| Treatment Equipment               | 33,149           | 34,250                                | 34,750                              | 18.7                     | 4.8        |
| Other Medical Equipment           | 42,898           | 43,900                                | 44,900                              | 24.1                     | 4.7        |
| <b>Total</b>                      | <b>178,799</b>   | <b>186,000</b>                        | <b>186,000</b>                      | <b>100.0</b>             | <b>4.0</b> |

(Reference)

|                                 |        |        |        |      |     |
|---------------------------------|--------|--------|--------|------|-----|
| <b>Consumables and Services</b> | 79,226 | 83,000 | 83,100 | 44.7 | 4.9 |
|---------------------------------|--------|--------|--------|------|-----|

## Annual Estimates of Exchange Rate Fluctuations

|             | Sales        | Operating<br>Income |
|-------------|--------------|---------------------|
| 1 US Dollar | 0.31 bil yen | 0.09 bil yen        |
| 1 EURO      | 0.05 bil yen | 0.02 bil yen        |

3

# Business Strategy

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# Mid-term Business Plan, TRANSFORM 2020

## Transform operations to achieve a highly profitable structure

### Basic Policy

- 1 Create high customer value
- 2 Improve productivity within the organization

### Six Key Strategies

- Strengthen business expansion by region
- Achieve further growth in core businesses
- Develop new businesses





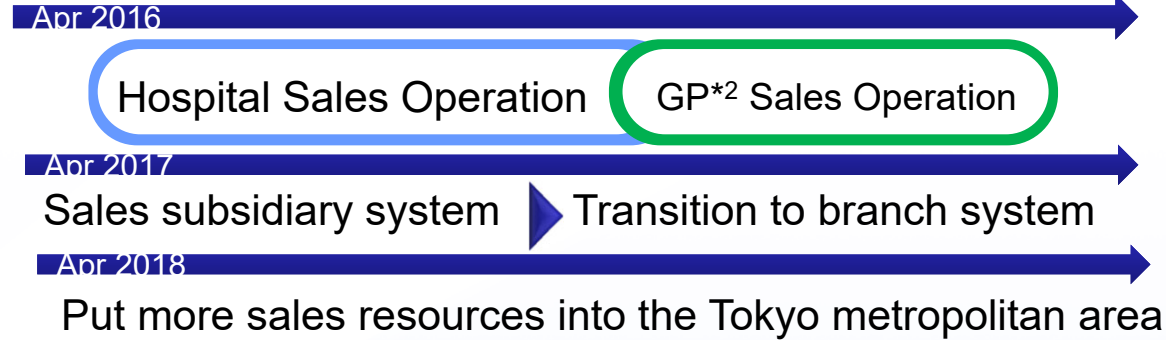
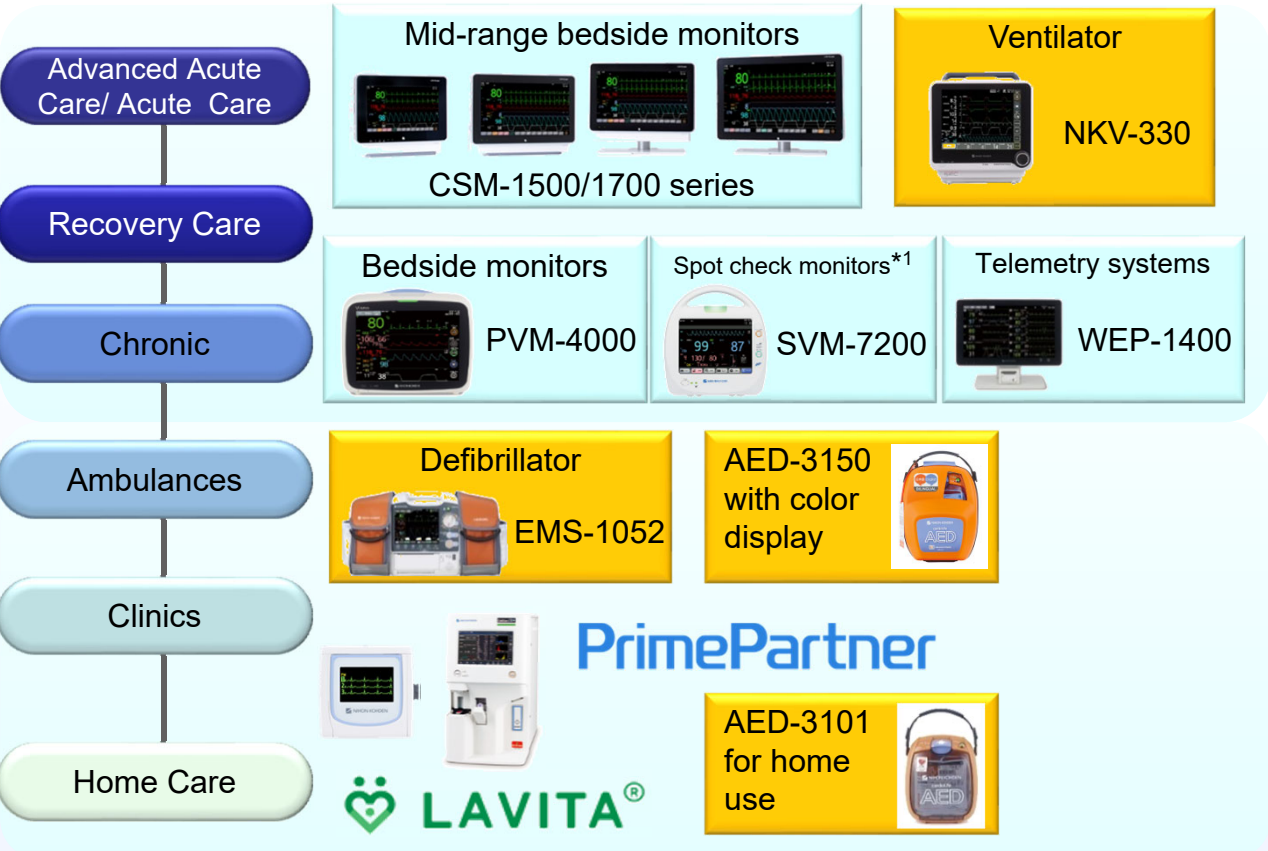
# Strengthen Business Expansion by Region

## Japan

Establish the business foundation for future growth to meet medical needs in an aging society

- ✓ Strengthen business expansion by market through introducing new products and services

- ✓ Enhance and reorganize sales and services operations



**Promote customer value**

Strengthen marketing and service capabilities which contribute to improving:

**Medical safety**   **Patient outcomes**   **Operating efficiency**

Preventive Maintenance Contract   **Preventive plan**   **MD Linkage**

Medical Device Remote Monitoring System

\*1 Only for use as a continuous monitor in Japan

\*2 GP: General Practitioner

**U.S.**

Strengthen our business structure in the U.S. which is the world's largest market and a center of leading-edge medical care

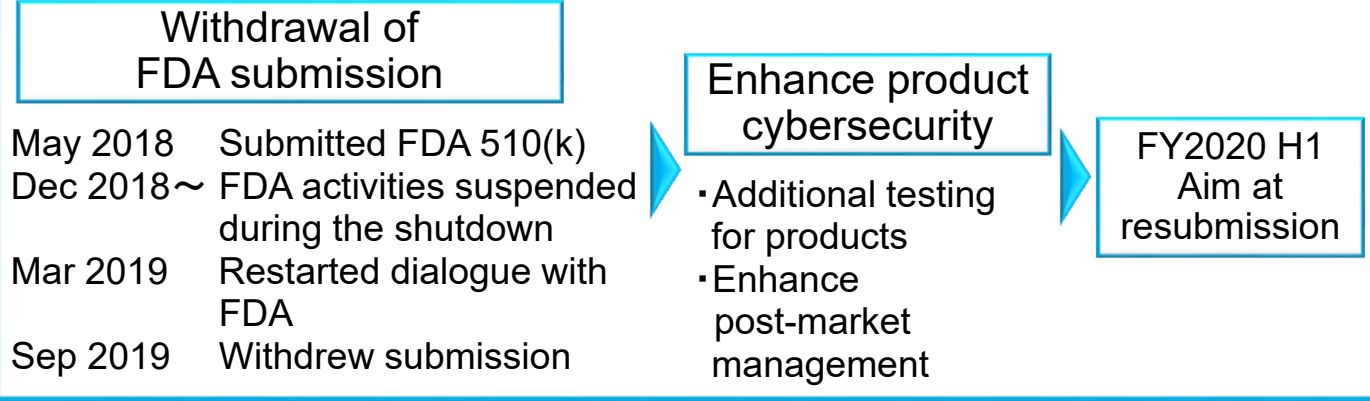
- ✓ Provide solutions that contribute to improving quality and efficiency of medical care

- ✓ Enable the centralized management of data of all patients in hospital by introducing spot check monitors

**Patient Monitor**  
**Patient Monitor**  
 Market Share Target 12%



**Introduce mid-range bedside monitors**



**Resuscitation**  
 defibtech



**Neurology**



**Enter into ventilator market**

FY2019 H2 Limited market release will start in the U.S.

FY2020 Nihon Kohden America will be a distributor



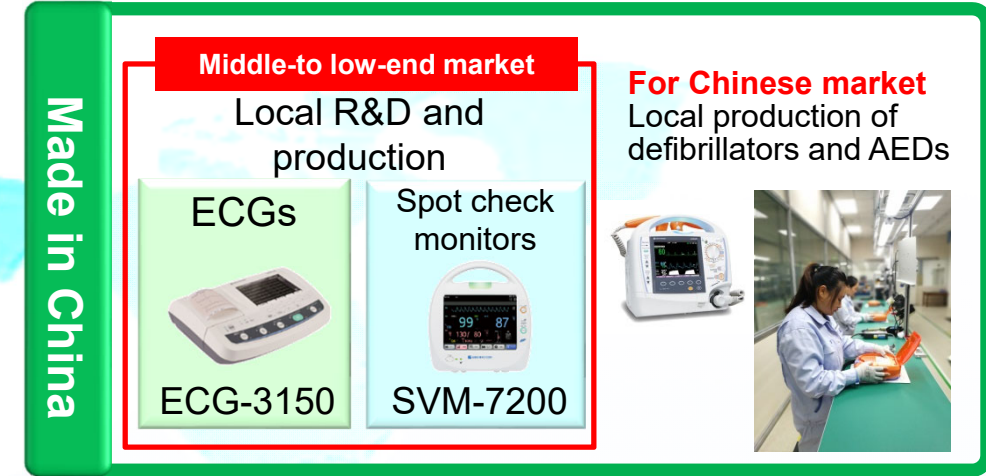
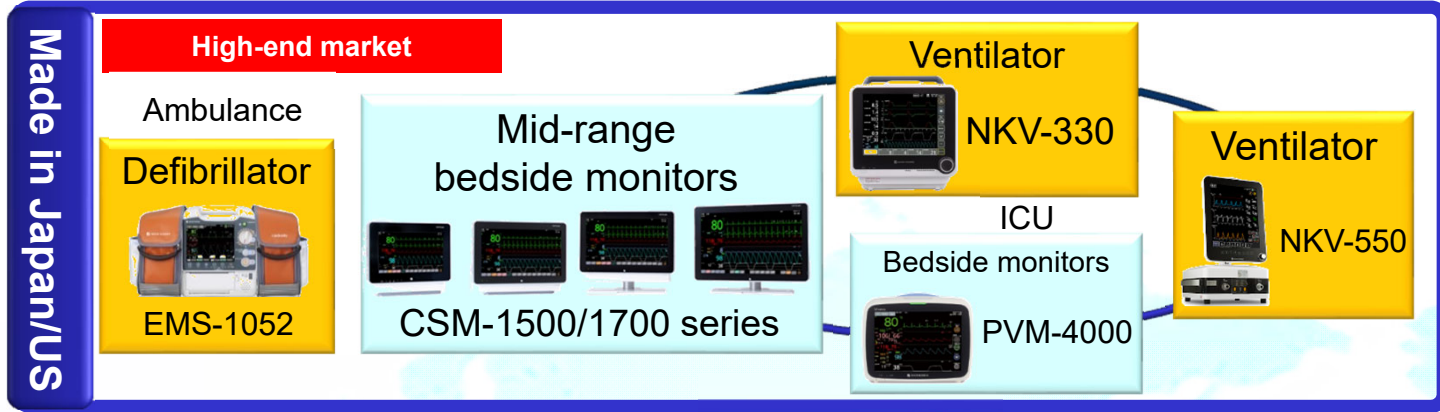
[Reference] FDA cyber security guidance  
 Oct 2014: Final Guidance: Content of Premarket Submissions for Management of Cybersecurity in Medical Devices  
 Dec 2016: Final Guidance: Postmarket Management of Cybersecurity in Medical Devices  
 Oct 2018: Draft Guidance: Content of Premarket Submissions for Management of Cybersecurity in Medical Devices

# Emerging Markets

Conduct strategic business expansion to meet medical needs in high growth emerging markets

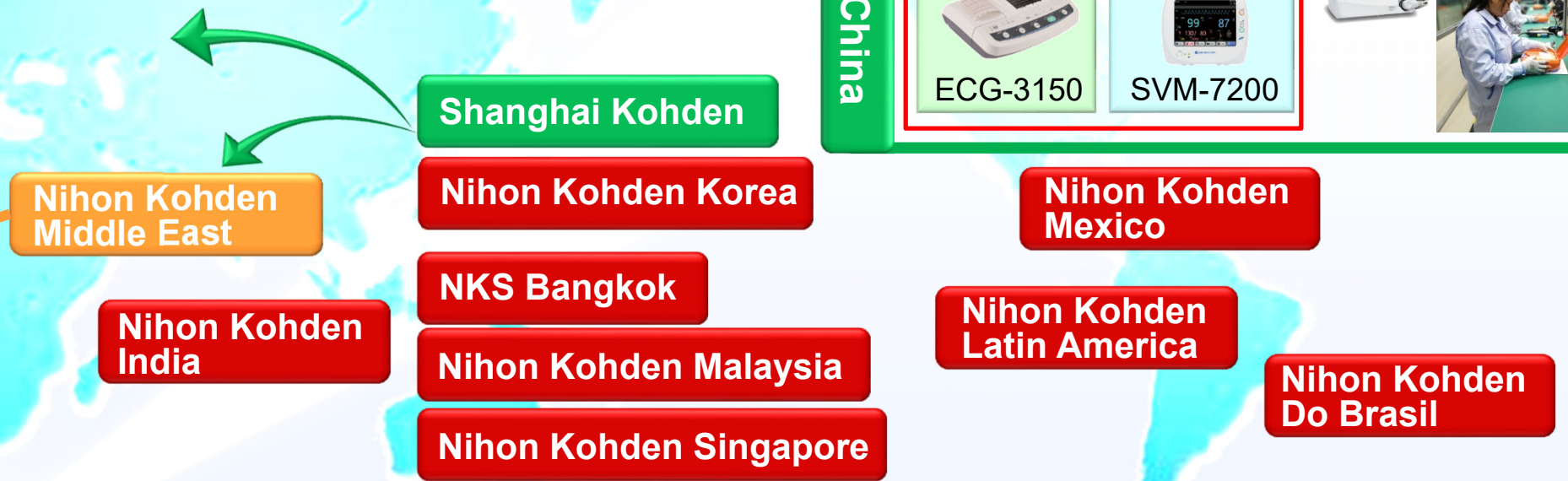
✓ Enhance solution proposals by introducing new products

✓ Expand product line-up manufactured at Shanghai Kohden  
 ✓ Increase exports



**Saudi Arabia**  
 Received an order of patient monitors from GOV including 1,000 units of CSM-1700

**Dubai**  
 Establish hematology analyzer reagent factory (Plan to start production in FY2020)





# Achieve Further Growth in Core Businesses

Home care

Emergency care

Diagnosis

Surgery/Treatment

Rehabilitation

## Diagnostic Equipment Business

Neurology  
Products

Cardiology  
Products

Hematology  
Instruments

Sensor  
Technology



Patient Monitoring  
Business

Treatment Equipment  
Business

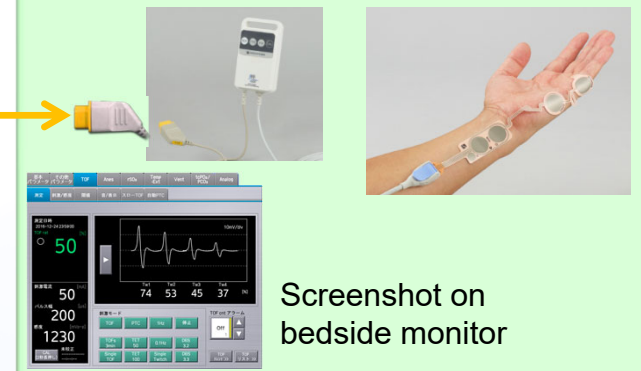
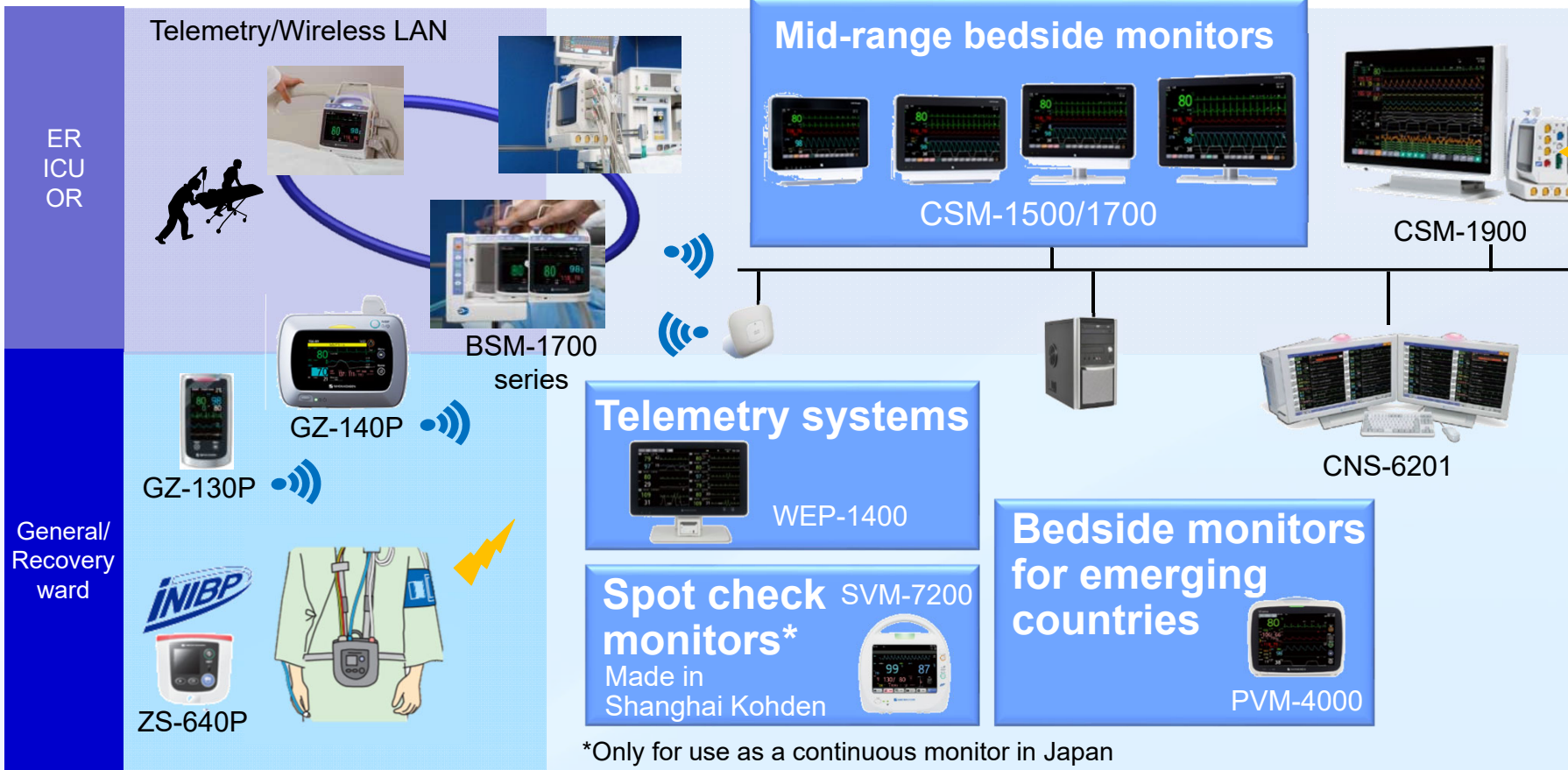
IT Solutions Business

Consumables and Services  
Business

- ✓ Provide monitoring solutions that contribute to improving the quality and efficiency of medical care and patient safety

### Expand product line-up and enhance network systems


### Add high value by integrating core technologies



### Neuromuscular monitoring module

- Apply EMG measurement technology to neuromuscular monitoring
- Easy placement enables faster measurement starts
- Available for various operative procedures such as laparoscopic surgery

**Provide total solutions in resuscitation field**

Ambulance 



**Defibrillator for ambulance**  
EMS-1052

- Pursuit mobility by realizing most compact & lightest body
- Enhance usability and monitoring functions
- Add high value by unique technologies



Synthesized 18-lead ECG\*1



Help manage ETCO<sub>2</sub> during manual ventilation by providing sounds

**Create a new ventilator business**

**1. Introduce NPPV\*2 Ventilator**

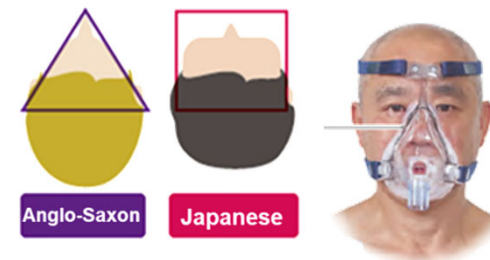
Developed at Advanced Technology Center

Target: General ward

Launched in Japan, Europe, and emerging countries in FY2019 Q1

**[Patient outcome] Improve QOL of patients**

- Design original masks which fit the skeletal structure of Japanese faces
- Improve patient comfort, and reduce air leaks and risk of skin problems by improving the fit with the face



**[Medical safety] Provide safe respiratory care**

- Enables monitoring SpO<sub>2</sub> and CO<sub>2</sub> during NPPV



NKV-330

\*1 Measurement method to derive right-side and posterior waveforms from the standard 12-lead ECG  
\*2 NPPV (noninvasive positive pressure ventilation) is artificial respiratory management which doesn't require intratracheal intubation or tracheotomy



Create a new ventilator business

2. Introduce Nihon Kohden OrangeMed Ventilator

Developed and produced in U.S.

Target: ICU

Launched in emerging countries in FY2019 Q2

Planned to launch in Europe and start limited market release in U.S in FY2019 Q3

[Patient outcome]  
Protect patients' lungs

- Reflect advice from leading doctors in respiratory care management
- Provide applications for protecting against ventilator-induced lung injury

Gentle Lung™



[Medical safety]  
Provide safety respiratory management

- Enables monitoring SpO<sub>2</sub> and CO<sub>2</sub> by adding our unique technologies



Reduce infection risk

- Enables operation from out of ward

Protective Control™



NKV-550





# Basic Policy on Distribution of Profits and Dividends

Investments for Growth

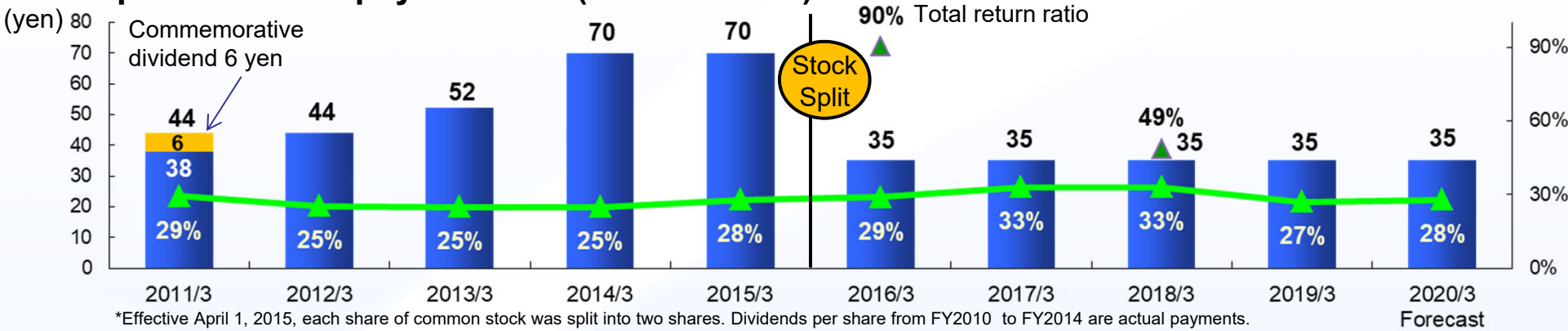
Continue investments necessary for future business expansion

- R&D investments
- Capital investments
- M&A and alliance
- Human resource development

Shareholder Return

- ✓ Maintain stable and continuous dividend payments
- ✓ A target consolidated dividend payout ratio of 30% or more
- ✓ Cash dividends are the basis of shareholder return, and share buybacks are considered in a flexible manner.

Dividends per share and pay-out ratio (consolidated)



## Repurchase and cancellation of treasury stock

Mar 2, 2018  
Repurchase  
500k shares



May 21, 2018  
Cancel  
1,000k shares



**Amount of treasury stock: 3,570k shares**  
(stockholding ratio: 4.0%)

## Disclaimer:

The contents of this document are based on the Company's best judgments at the time it was prepared and do not constitute a guarantee or promise that the Company will achieve its numerical targets or implement the measures described therein.