Consolidated Financial Highlights for FY2018

(From April 1, 2018 to March 31, 2019)

1. Consolidated Financial Results for FY2018
2. Forecast for FY2019
3. Progress of Mid-term Business Plan, TRANSFORM 2020

NIHON KOHDEN CORPORATION

(Ticker Code: 6849)
May 15, 2019

Fighting Disease with Electronics

NIHON KOHDEN

1 Consolidated Financial Results for FY2018

1) Consolidated Financial Results for FY2018

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

	FY2017 Actual	FY2018 Forecast	FY2018 Actual	YoY (%) Margin change (p)
Sales	174,249	*180,000*	**178,799**	2.6
Domestic Sales	128,144	*130,700*	**130,223**	1.6
Overseas Sales	46,105	*49,300*	**48,575**	5.4
Gross Profit	82,759	*86,800*	**85,987**	3.9
(Gross Profit Margin)	47.5%	*48.2%*	**48.1%**	0.6
Operating Income	14,517	*15,000*	**15,044**	3.6
(Operating Income Margin)	8.3%	*8.3%*	**8.4%**	0.1
Ordinary Income	14,501	*15,000*	**15,867**	9.4
Income Attributable to Owners of Parent	9,154	*10,300*	**11,191**	22.3

Average exchange rate	FY2017	FY2018	FY2018
1 US Dollar	111.0 yen	105 yen	**110.8 yen**
1 EURO	130.0 yen	130 yen	**128.5 yen**

+6% on a local currency basis

In-house Sales ratio: FY2017 64.0% → FY2018 64.8%

Foreign exchange gains/losses: FY2017 ¥733 mil losses → FY2018 ¥85 mil gains

[Extraordinary losses]
Provision for loss on litigation*: FY2018 ¥285 mil

FY2017: Increase of income taxes due to the tax reform in the U.S.

* Provision for loss on litigation in accordance with the progress of the arbitration of labor issue involving Nihon Kohden America

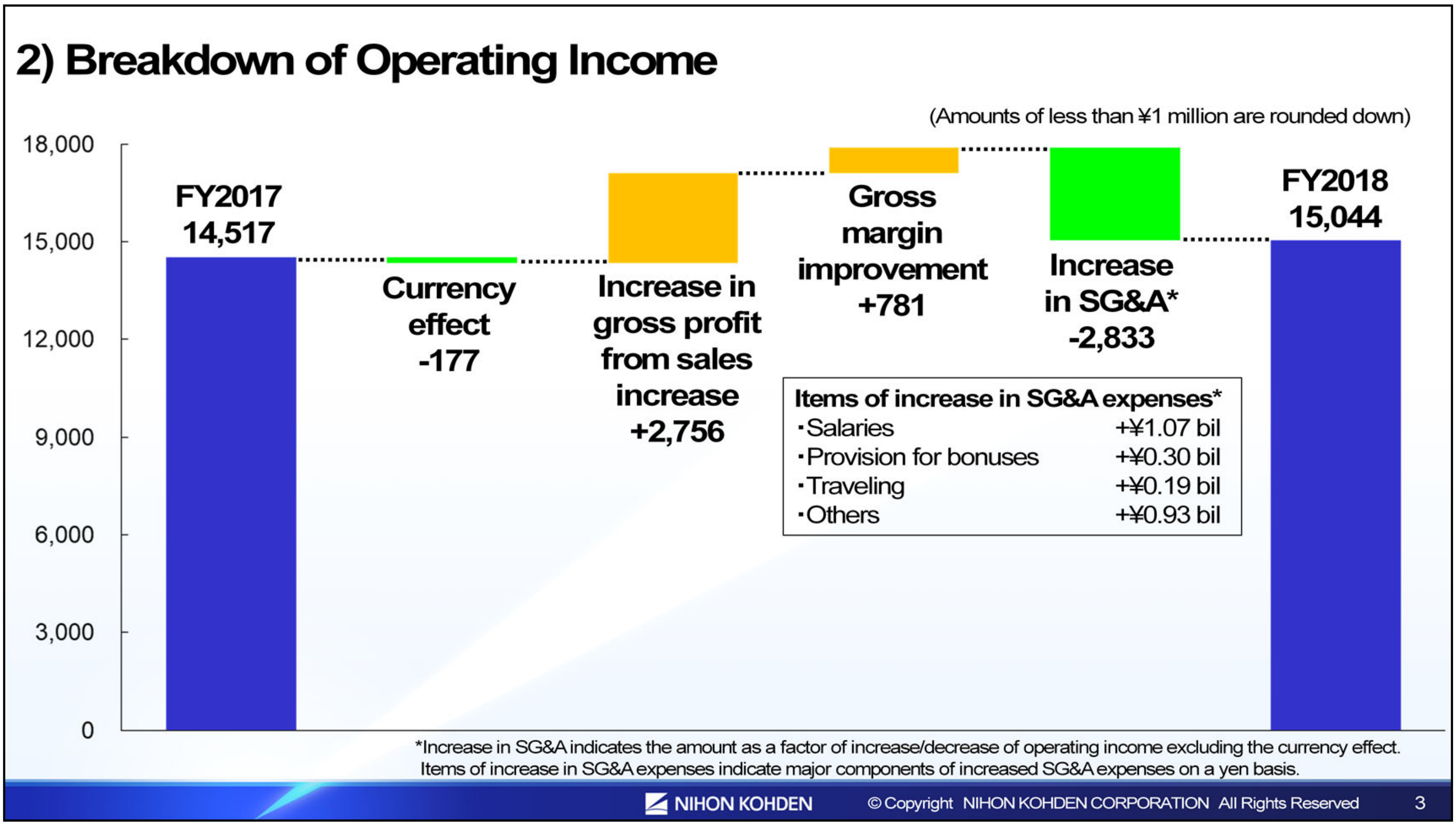
- Overall sales increased 2.6% to ¥178.7 billion. Domestic sales increased 1.6% to ¥130.2 billion. Overseas sales increased 5.4% to ¥48.5 billion, a 6% increase on a local currency basis.

- Overall sales fell short of the forecast by ¥1.2 billion, as both domestic and overseas sales were lower than the forecast.

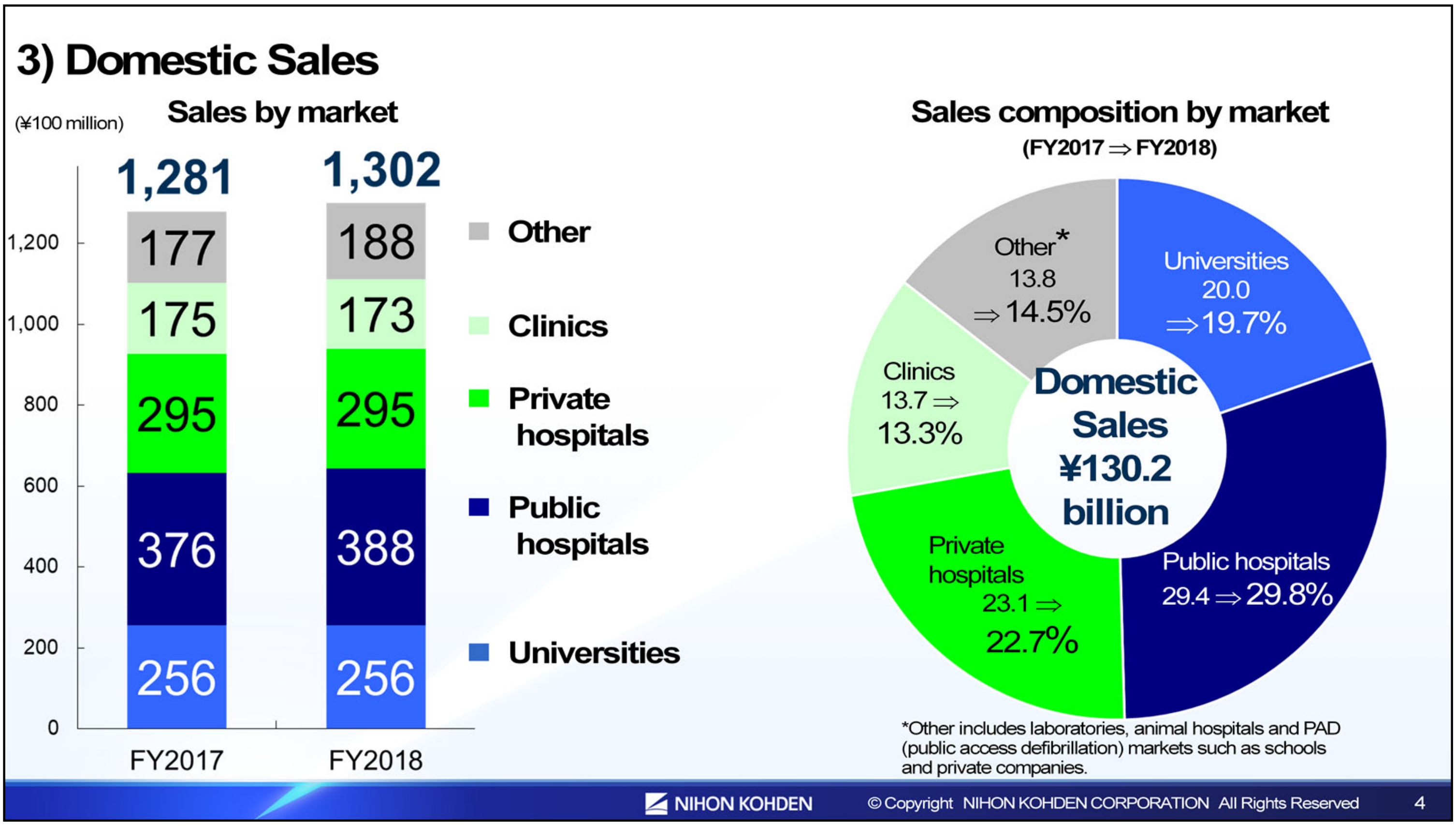
- Gross profit margin increased by 60 basis points to 48.1%, as the Company focused on improving its profitability.

- Operating income was in line with the forecast, a 3.6% increase to ¥15.0 billion. This was due to sales increases, gross profitability improvement and lower SG&A expenses than expected.

- Income attributable to owners of parent increased 22.3% to ¥11.1 billion due to decrease of tax expenses, offsetting extraordinary losses.



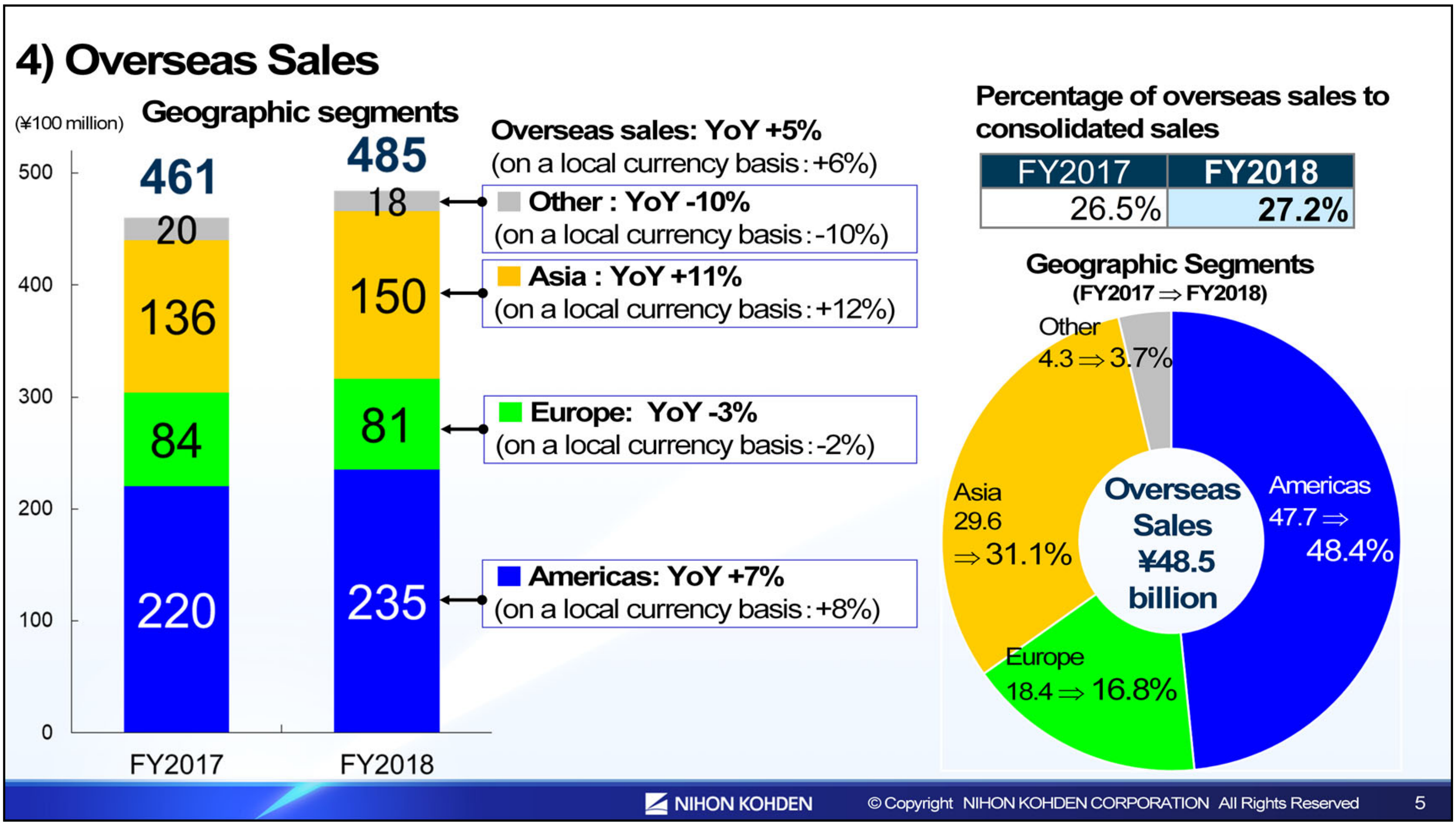
- FY2018 operating income increased to ¥15.0 billion from ¥14.5 billion in FY2017.
- Currency effect had a negative impact of ¥0.1 billion.
- Increase in gross profit from sales increase was ¥2.7 billion.
- Gross margin improvement had a positive impact of ¥0.7 billion, as the Company focused on selling in-house products both in Japan and internationally in addition to cost reduction in its Tomioka factory and Shanghai factory.
- Increases in SG&A had a negative impact of ¥2.8 billion mainly due to the increase of personnel expenses.



- Domestic sales increased by ¥2.1 billion to ¥130.2 billion.

- Sales of AEDs in the PAD market increased favorably. Sales in the public hospital market also increased, reflecting stable replacement demand for IT systems. Sales in the university and private hospital market remained flat, while sales in the clinic market decreased as sales of locally purchased products decreased in accordance with the Company's initiative to expand in-house products sales.

- Domestic sales fell short of the forecast due to restraining sales of locally purchased products. However, sales increased as the Company enhanced sales activities which match each market. Consumables and services also contributed to the sales increase.



- Overseas sales increased by ¥2.4 billion to ¥48.5 billion.

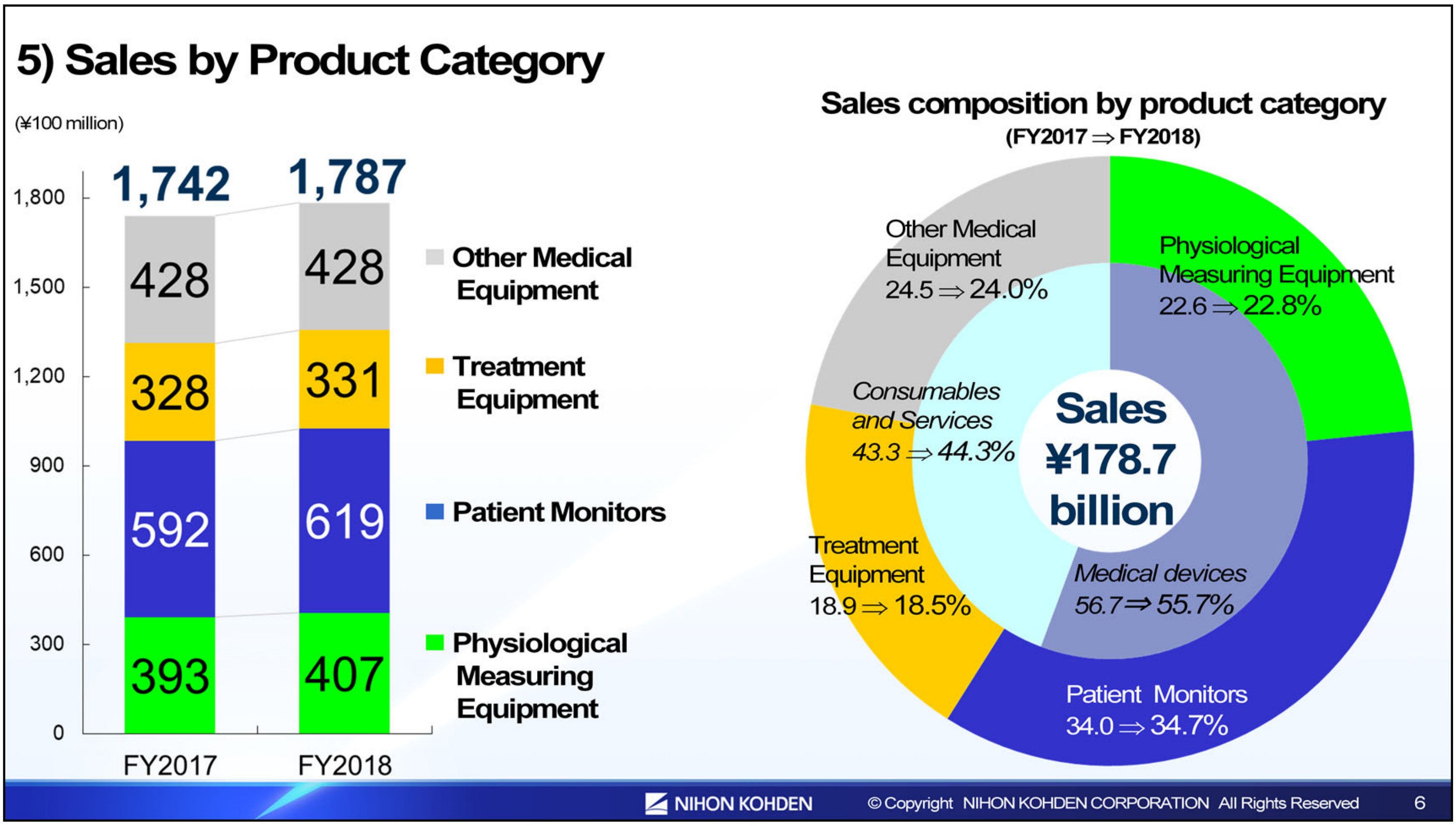
- Sales in the Americas increased by ¥1.5 billion to ¥23.5 billion, a 8% increase on a local currency basis. Sales in the U.S increased favorably, supported by strong sales of EEGs and Patient Monitors. Sales in Latin America decreased due to weak sales in Chile and Colombia, offsetting strong sales in Brazil and Mexico.

- Sales in Europe decreased by ¥0.3 billion to ¥8.1 billion, a 2% decline on a local currency basis. Sales in Russia and Turkey decreased, although sales in France and U.K. increased.

- Sales in Asia increased by ¥1.4 billion to ¥15.0 billion, a 12% increase on a local currency basis. Sales in China and Thailand increased favorably. Sales recovery in India and large orders in Qatar also contributed to the sales increase.

- Sales in Other markets decreased due to weak performance in Africa such as Ethiopia.

- Overseas sales fell short of the forecast as sales in Europe and Africa decreased, but overall international sales increased favorably.



- Sales by product category are shown above. Sales increased in all product categories.

- The sales ratio of Consumables and Services increased to 44.3% as a result of strengthening this business both in Japan and internationally.

5.1) Physiological Measuring Equipment

(Sales, millions of yen)

	FY2017	FY2018	YoY (%)
Electroencephalographs	7,292	7,648	4.9
Electrocardiographs	6,982	6,766	-3.1
Polygraphs for Cath Lab	13,172	14,468	9.8
Other Physiological Measuring Equipment*	11,874	11,888	0.1
Physiological Measuring Equipment	39,323	40,773	3.7
Domestic Sales	31,445	32,112	2.1
Overseas Sales	7,878	8,661	9.9

Domestic Sales: Sales of Polygraphs for Cath Lab and diagnostic information systems increased favorably. Sales of EEGs and ECGs decreased.

Overseas Sales: Sales of EEG showed strong growth, especially in the U.S. Sales of ECGs decreased.

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

Electro-encephalograph EEG-1290 | EMG/EP measuring system MEB-9400 | Electrocardiographs ECG-2400 | Holter ECG monitor RAC-5000 | Polygraphs for Cath Lab RMC-5000 | Medical and long-term care network system LAV-1000

- Sales of Physiological Measuring Equipment increased 3.7% to ¥40.7 billion.

- Domestic sales increased 2.1% to ¥32.1 billion. Sales of polygraphs for cath lab showed strong growth. Sales of diagnostic information systems also increased favorably, thanks to replacement demand. Sales of EEGs and ECGs decreased.

- Overseas sales increased 9.9% to ¥8.6 billion. Sales of EEGs increased favorably, especially in the Americas, as the Company reorganized the sales structure there. Sales of ECGs decreased.

5.2) Patient Monitors

(Sales, millions of yen)

	FY2017	FY2018	YoY (%)
Patient Monitors	59,229	**61,978**	4.6
Domestic Sales	36,857	**37,641**	2.1
Overseas Sales	22,372	**24,337**	8.8

Domestic Sales: Replacement demand for clinical information systems increased favorably. Sales of consumables such as sensors also contributed to increased sales.

Overseas Sales: Sales in the Americas and Asia showed strong growth. Sales in Europe remained flat. Sales in Other decreased.

*iNIBP is our original algorithm which allows quick and painless NIBP measurement during cuff inflation.

- Sales of Patient Monitors increased 4.6% to ¥61.9 billion.
- Domestic sales increased 2.1% to ¥37.6 billion. Sales of clinical information systems increased favorably supported by replacement demand. Sales of consumables such as sensors also contributed to increased sales.
- Overseas sales increased 8.8% to ¥24.3 billion. Sales in the U.S. showed strong growth as we received orders from the U.S. leading hospitals. Sales in Asia also showed strong growth, driven by China, India and Qatar.

5.3) Treatment Equipment

(Sales, millions of yen)

	FY2017	FY2018	YoY (%)
Defibrillators (for Hospital and Ambulance)	6,285	**6,163**	-1.9
AEDs (Automated External Defibrillator)	14,867	**15,388**	3.5
Pacemakers / ICDs	3,189	**3,019**	-5.3
Ventilators	2,432	**2,660**	9.4
Other Treatment Equipment	6,117	**5,916**	-3.3
Treatment Equipment	32,892	**33,149**	0.8
Domestic Sales	22,288	**22,299**	0.0
Overseas Sales	10,603	**10,849**	2.3
(Ref.) AED Unit Sales	92,000	**101,900**	10.8
Domestic Unit Sales	45,200	**49,700**	10.0

Domestic: Sales remained flat.
International: Sales decreased in reaction to the strong performance in FY2017.

Domestic: Sales increased favorably due to increase of additional installations and replacement demand.
International: Sales increased in Europe and Asia.

Reached the hundred thousand units mark

- Sales of Treatment Equipment increased 0.8% to ¥33.1 billion. Domestic sales remained flat at ¥22.2 billion. Overseas sales increased 2.3% to ¥10.8 billion.

- Sales of defibrillators decreased 1.9% to ¥6.1 billion in reaction to strong overseas sales in FY2017. Domestic sales remained flat.

- Sales of AEDs increased 3.5% to ¥15.3 billion. AED unit sales were 101,900 units, reaching the hundred thousand units mark. In Japan, sales increased favorably due to increase of additional installations and replacement demand. Internationally, sales of Nihon Kohden AEDs increased in Europe and Asia.

5.4) Other Medical Equipment

(Sales, millions of yen)

	FY2017	FY2018	YoY (%)	Comparable YoY (%)
Hematology Analyzers	11,224	**9,666**	-13.9	6.2
Imaging Systems, Medical equipment for research and others *	31,589	**33,231**	5.1	-1.9
Other Medical Equipment	42,804	**42,898**	0.2	
Domestic Sales	37,552	**38,169**	1.6	
Overseas Sales	5,251	**4,728**	-10.0	

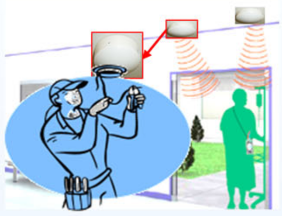
Domestic: Sales increased favorably on a comparable basis, supported by a new product launch.
International: Sales increased in Latin America and Asia.

Sales of locally purchased products decreased.

*Includes consumables, installation and maintenance services which are not part of other categories.
Effective FY2018, bundled deals of third-party hematology analyzers and imaging systems are reclassified into Imaging Systems, Medical equipment for study and others; these were previously classified as Hematology Analyzers.

Automated hematology analyzer
MEK-9100

Automated hematology analyzer and clinical chemistry analyzer
MEK-1303



Installation and maintenance services

- Sales of Other Medical Equipment increased 0.2% to ¥42.8 billion.
- Domestic sales increased 1.6% to ¥38.1 billion. The release of a new model of hematology analyzer contributed to increased sales. Sales of installation and maintenance services for medical devices also increased favorably.
- Overseas sales decreased 10% to ¥4.7 billion. Sales of locally purchased products decreased, while sales of hematology analyzers increased in Latin America and Asia.
- Effective FY2018, bundled deals of third-party hematology analyzers and imaging systems have been reclassified into Imaging Systems, Medical Equipment for study and others; these were previously classified as Hematology Analyzers. Excluding this impact, sales of hematology analyzers increased.

(Ref.) FY2018 Regional Sales by Product Category / YoY

(Amounts of less than ¥0.1 billion are rounded down)

	Overall Sales	Domestic Sales	Overseas Sales				
			Total	Americas	Europe	Asia	Other
Physiological Measuring Equipment	40.7 (+4%)	32.1 (+2%)	8.6 (+10%)	3.7 (+29%)	1.2 (-19%)	3.4 (+7%)	0.2 (+1%)
Patient Monitors	61.9 (+5%)	37.6 (+2%)	24.3 (+9%)	15.3 (+9%)	3.1 (-1%)	5.1 (+21%)	0.6 (-16%)
Treatment Equipment	33.1 (+1%)	22.2 (+0%)	10.8 (+2%)	4.0 (-5%)	2.9 (+7%)	3.1 (+12%)	0.6 (-10%)
Other Medical Equipment	42.8 (+0%)	38.1 (+2%)	4.7 (-10%)	0.3 (-52%)	0.8 (-15%)	3.2 (+1%)	0.2 (-3%)
Total	178.7 (+3%)	130.2 (+2%)	48.5 (+5%)	23.5 (+7%)	8.1 (-3%)	15.0 (+11%)	1.8 (-10%)

6) Financial Condition

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

	FY2017	FY2018	Change		FY2017	FY2018	Change
Current Assets	120,687	**132,211**	11,524	Current Liabilities	44,601	**48,346**	3,744
Inventories	23,098	**28,599**	5,500	Interest-bearing Debt	488	**406**	-81
Property, Plant & Equipment	20,324	**19,945**	-379	Non-current Liabilities	3,953	**5,282**	1,329
Intangible Assets	5,079	**4,563**	-516	Net Assets	109,355	**116,087**	6,732
Investments & Other Assets	11,818	**12,997**	1,178				
Total Assets	157,910	**169,717**	11,807	**Total Liabilities & Net Assets**	157,910	**169,717**	11,807

Inventory Turnover	3.0 months	**3.7 months**		Equity Ratio	69.3%	**68.4%**	

[Reason for the increase of inventories]
・Merchandise and finished goods increased by ¥4,810 million
→Products: Ensuring of stable supply and awaiting shipment
→Consumables: Guaranteeing supply in line with BCP
・Raw materials and supplies increased by ¥627 million
→Procurement of electronic components in advance

- Total assets increased by ¥11.8 billion to ¥169.7 billion.

- Inventories of merchandise and finished goods increased because of products reserved to ensure stable supply and procurement of electronic components in advance. Inventory turnover was 3.7 months.

7) Cash Flows

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

	FY2017	FY2018	Change
Ⅰ. Cash flows from operating activities	10,843	**9,819**	-1,024
Ⅱ. Cash flows from investing activities	-3,346	**-3,258**	88
Free cash flows	7,497	**6,561**	-935
Ⅲ. Cash flows from financing activities	-4,628	**-3,074**	1,553
Effect of exchange rate change on cash and cash equivalents	-144	**-74**	69
Net increase (decrease) in cash and cash equivalents	2,724	**3,412**	687
Cash and cash equivalents at end of period	31,285	**34,697**	3,412

	FY2017	FY2018	Change
Income before income taxes	13,954	15,519	+1.565
Decrease (increase) in inventories	-496	-5,602	-5,105
Purchase of property, plant and equipment	-2,901	-2,794	+106

	FY2017	FY2018
ROE	8.6%	**9.9%**

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- Cash and cash equivalents at end of the period increased by ¥3.4 billion to ¥34.6 billion.

- ROE was 9.9%.

8) Capital Investments and R&D Costs

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

	FY2017 Actual	FY2018 Original Forecast announced May 10, 2018	FY2018 Revised Forecast announced Nov 2, 2018	FY2018 Actual	Change	FY2019 Plan
Capital Investments	3,430	4,000	3,900	**3,049**	-381	4,700
Depreciation	3,338	3,900	3,800	**3,542**	203	3,900
R&D costs	7,226	8,500	8,000	**7,243**	17	7,600

●**FY2018 capital investments:**
Molds for new products, measuring equipment and jigs, products for demonstration, and production equipment

●**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 is only for distribution equipment)

Eastern Japan Logistics Center

Construction: Completion in Jun 2019
Transfer: Start in Aug and completion in 2019

- Capital investments and depreciation were ¥3.0 billion and ¥3.5 billion, respectively. The reason for the difference from the forecast was the carryover of investments in renovation of buildings and the restraining investment in products for demonstration.

- R&D costs were ¥7.2 billion, which fell far short of the forecast. This was because more development resources were allocated for upgrading recently launched products and adding new functions.

- In FY2019, capital investments will increase by ¥1.7 billion to ¥4.7 billion, depreciation will increase by ¥0.4 billion to ¥3.9 billion, and R&D costs will increase by ¥0.4 billion to ¥7.6 billion. The Company will establish a reagent factory in Dubai. The Eastern Japan Logistics Center will start operation in 2019.


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Forecast for FY2019
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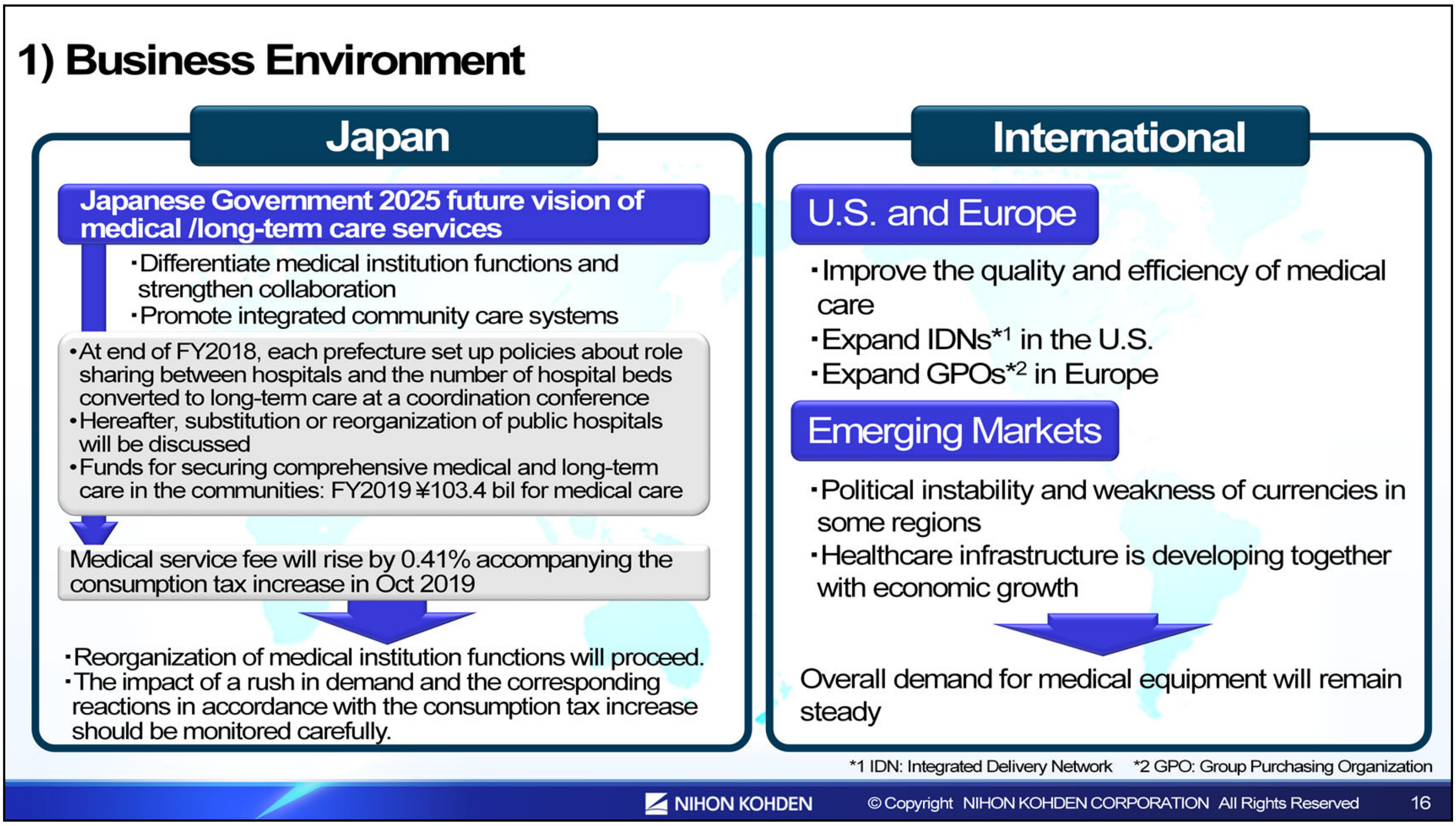


- In Japan, the government is working on healthcare system reform under its 2025 future vision of medical/long-term care services. Reorganization of medical institution functions will proceed. The impact of a rush in demand and the corresponding reactions in accordance with the consumption tax increase should be monitored carefully.

- Internationally, IDNs are continuing to expand in the U.S. In Europe, group purchasing is expanding, especially by GPOs. In emerging countries, healthcare infrastructure is developing together with economic growth, while there is political instability in some regions. We expect that overall demand for medical equipment in overseas markets will remain steady.

2) Forecast for FY2019

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

	FY2018 Actual	FY2019 Forecast	YoY (%)
Sales	178,799	186,000	4.0
Domestic Sales	130,223	133,000	2.1
Overseas Sales	48,575	53,000	9.1
Gross Profit	85,987	90,200	4.9
(Gross Profit Margin)	48.1%	48.5%	
Operating Income	15,044	16,000	6.4
(Operating Income Margin)	8.4%	8.6%	
Ordinary Income	15,867	16,000	0.8
Income Attributable to Owners of Parent	11,191	11,000	-1.7
Percentage of Overseas Sales	27.2%	28.5%	

+12% on a local currency basis

Breakdown of overseas sales by region

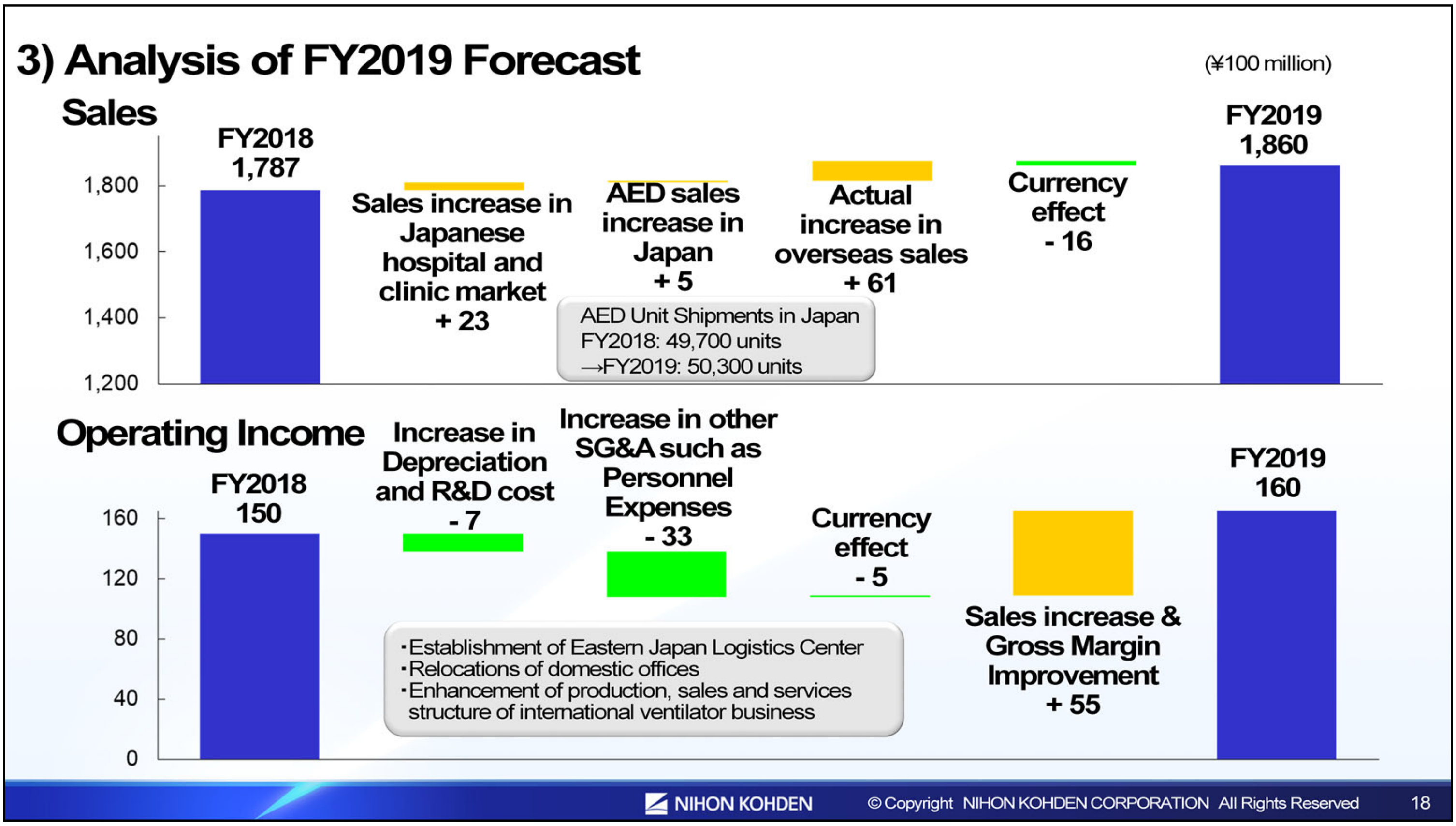
	FY2018 Actual	FY2019 Forecast	YoY (%)
Americas	23,508	25,500	8.5
Europe	8,167	8,900	9.0
Asia	15,096	16,000	6.0
Other	1,802	2,600	44.2
Total	48,575	53,000	9.1

- Under these market circumstances, the Company forecasts its overall sales, domestic sales and overseas sales for FY2019 to be: 4% growth to ¥186.0 billion, 2.1% growth to ¥133.0 billion, and 9.1% growth to ¥53.0 billion, respectively. Growth in overseas sales is expected to be 12% on a local currency basis.

- The Company expects to continue favorable performance in the U.S. and Asia, and aims at sales recovery in Latin America, Europe and Africa.

- Gross profit margin is expected to improve to 48.5%, mainly due to the launch of new products.

- Operating income is expected to grow by 6.4% to ¥16.0 billion. The forecasts for ordinary income and income attributable to owners of parent are shown above.



- As for sales in Japan, sales in the hospital and clinic markets, and AED sales are expected to increase by ¥2.3 billion and ¥0.5 billion, respectively. The forecast for AED unit sales is 50,300 units.

- As for overseas sales, the actual increase in overseas sales will be ¥6.1 billion. Negative currency effect will be ¥1.6 billion.

- As for operating income, depreciation and R&D costs will increase by ¥0.7 billion. Other SG&A such as Personnel Expenses will increase by ¥3.3 billion, as the Company plans the establishment of the Eastern Japan Logistics Center, relocations of domestic offices, and start up of its ventilator business. Currency effects will have a negative impact of ¥0.5 billion. The positive impact of the sales increase and gross margin improvement will be ¥5.5 billion.

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

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

	FY2018 Actual	FY2019 Forecast	Composition ratio (%)	YoY (%)
Physiological Measuring Equipment	40,773	41,700	22.4	2.3
Patient Monitors	61,978	66,150	35.6	6.7
Treatment Equipment	33,149	34,250	18.4	3.3
Other Medical Equipment	42,898	43,900	23.6	2.3
Total	178,799	186,000	100.0	4.0

(Reference)

	FY2018 Actual	FY2019 Forecast	Composition ratio (%)	YoY (%)
Consumables and Services	79,226	83,000	44.6	4.8

Average Exchange Rate

	FY2018 Actual	FY2019 Forecast
1 US Dollar	110.8 yen	108 yen
1 EURO	128.5 yen	125 yen

Annual Estimates of Exchange Rate Fluctuations

	Sales	Operating Income
1 US Dollar	0.32 bil yen	0.11 bil yen
1 EURO	0.05 bil yen	0.02 bil yen

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- As for sales forecasts by product category, we aim at increasing sales in all product categories. We will also enhance our Consumables and Services Business both in Japan and internationally.

- The forecast for FY2019 is based on an exchange rate of 108 yen to the U.S. dollar and 125 yen to the euro.

3 Progress of Mid-term Business Plan, TRANSFORM 2020

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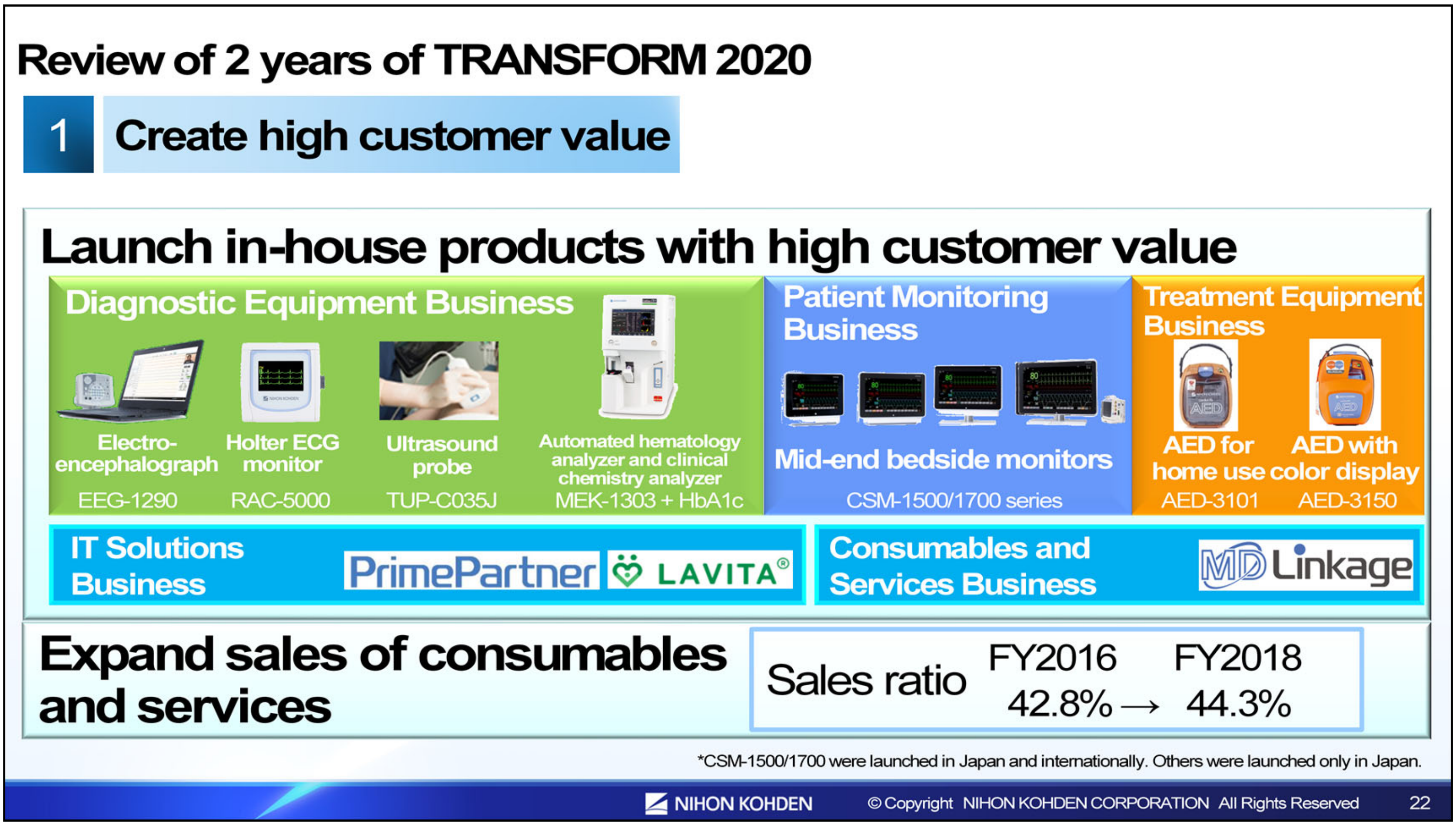
- The Company implemented its three-year mid-term business plan, TRANSFORM 2020, with the aim of achieving the transformation to a highly profitable structure by executing the six key strategies under the two basic policies.



- During the period under the review, the first two years of TRANSFORM 2020, the Company has launched several in-house products with high customer value.

- The Company has also started to provide the Company's first IT solutions which use cloud servers and charge users a monthly fee. MD Linkage, a medical device remote monitoring system, which provides a value-added service by utilizing IoT, was also introduced.

- The sales ratio of Consumables and Services increased to 44.3% as a result of strengthening this business both in Japan and internationally.

- To improve productivity within the organization, we have focused on cost reduction at the R&D stage by standardizing parts and sharing design resources at the Advanced Technology Center into which R&D departments were consolidated.

- At the Tomioka Production Center, the production output per employee has increased 5% or more annually since operations began by improving production efficiency.

- As an entire group, we have introduced ERP systems into subsidiaries in the Middle East and Korea, following the U.S., Europe and China in order to establish a global supply chain system.

- We have also promoted reform of operating processes by utilizing ICT such as shared services for administrative procedures between headquarters and domestic sales branches.

Forecast for the last year of TRANSFORM 2020

¥ billion	FY2019 Target	3 year CAGR	FY2019 Forecast	3 year CAGR
Sales	190.0	4.5%	186.0	3.8%
Domestic Sales	135.0	2.7%	133.0	2.2%
Overseas Sales	55.0	9.8%	53.0	8.5%
Consumables and Services Sales Ratio	45.0%		44.6%	
Operating Income (Operating Income Margin)	20.0 (10.5%)	13.8%	16.0 (8.6%)	5.6%
ROE	12.0%		—	

¥110 to the U.S. dollar, ¥115 to the euro (FY2019 Target)

¥108 to the U.S. dollar, ¥125 to the euro (FY2019 Forecast)

[Difference b/w target and forecast]

Domestic sales

- Sales growth in small and mid-sized hospital, and clinic markets remains challenging
- Expiration of distribution agreement for vagus nerve stimulator and discontinuation of sales of equipment for research

Overseas sales

	FY2019 Target	FY2019 Forecast
Americas	27.3	25.5
Europe	8.2	8.9
Asia	16.5	16.0
Other	3.0	2.6

Delay of new product launches adversely affects strong sales growth in U.S. and emerging markets

Operating income margin

While achieving some success in improving profitability, delay of new product launches and investments such as the Eastern Japan Logistics Center have adverse effects

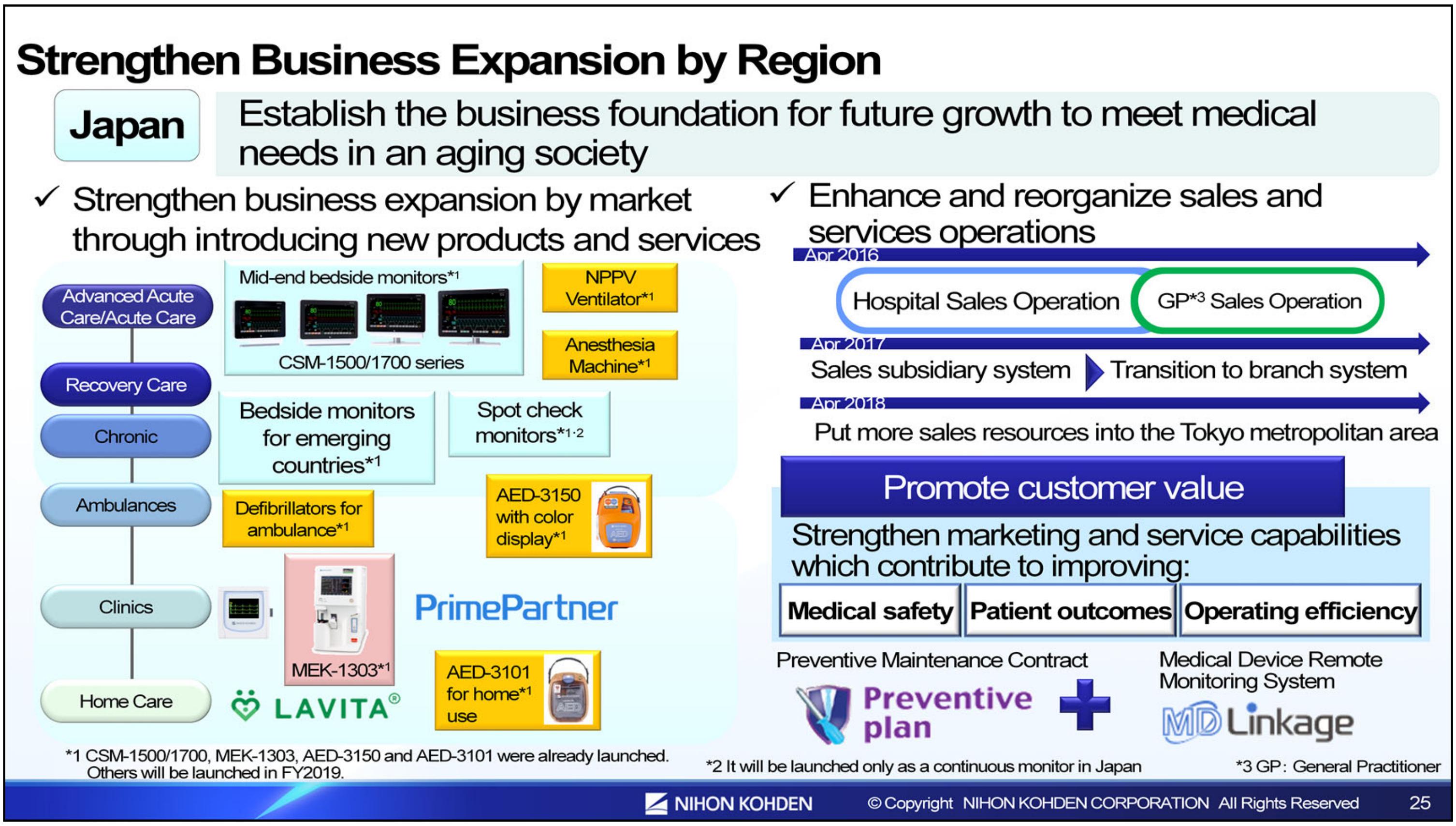
- The difference between the target and the forecast is shown above. Sales have increased both in Japan and internationally, but CAGR of overall sales is expected to be 3.8%, lower than the target of 4.5%.

- In Japan, we have captured replacement demand in the acute care hospital market and the allocation of sales resources into the Tokyo metropolitan area has also produced results. However, sales growth in the small and mid-sized hospital and clinic markets in rural areas remains challenging, as demand for medical care is decreasing. There is also a negative impact of discontinuation of some products, this was not anticipated when we set up the plan.

- Internationally, maintaining strong sales growth in the U.S. and emerging markets remains challenging. This is because new product launches were delayed and it takes time to build a global supply chain to support global expansion.

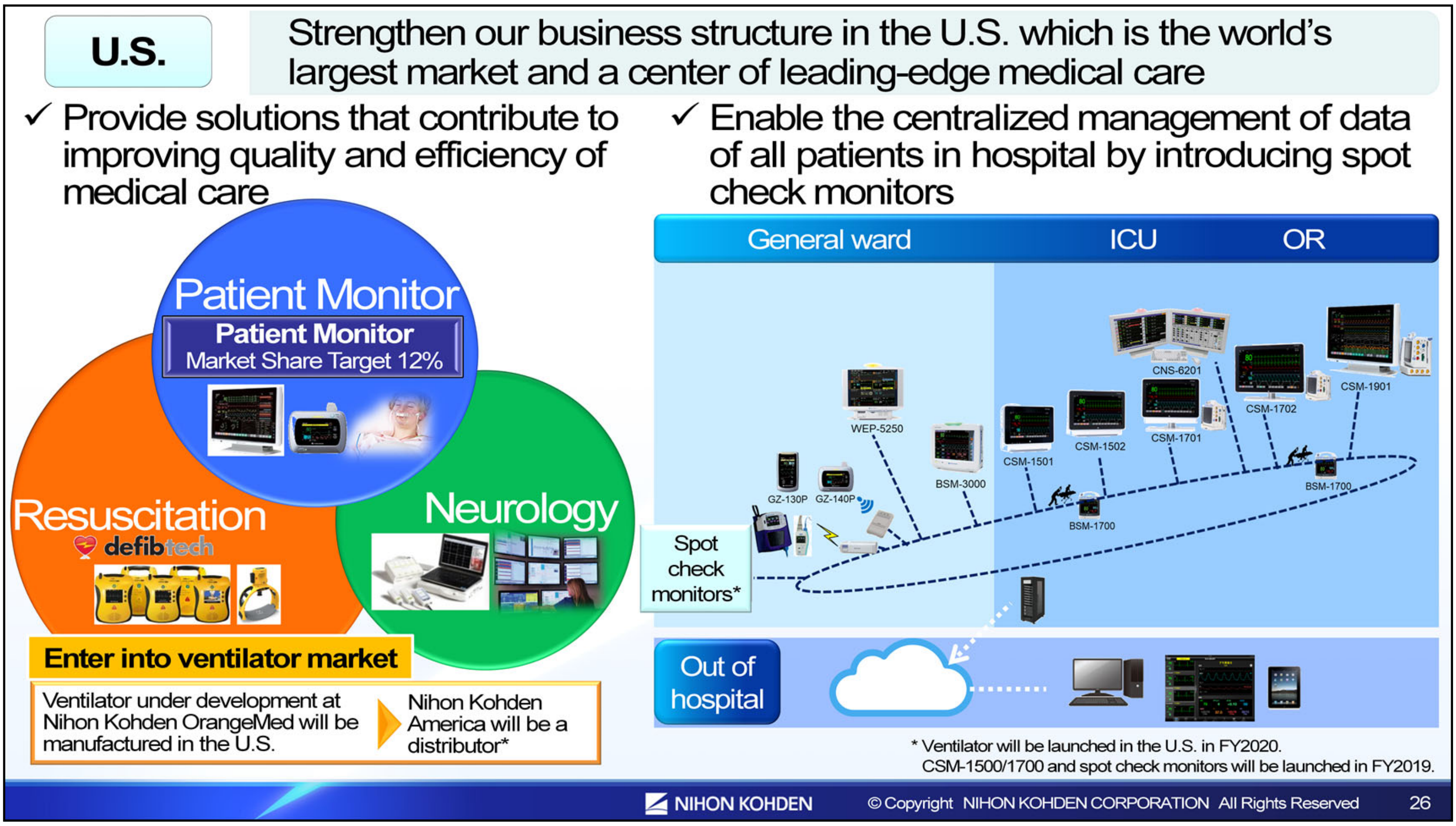
- The consumables and services sales ratio is increasing and expected to be 44.6%, which is close to the target of 45%.

- Operating income ratio is expected to be 8.6%, lower than the target of 10.5%. This is because the delay of new product launches causes longer payback period and the upfront investments for enhancing the base for growth beyond 2020 such as through reorganization of the logistics structure. Measures to improve profitability and gross margin, such as product mix improvement and cost reduction, have started to produce results steadily and we will keep on working to improve profitability.



- In Japan, the Company strengthens business expansion by market through expanding its product line-up to cover the total care cycle including acute care, recovery care, chronic care and home care, to meet medical needs in an aging society.

- In addition to the enhancement of our sales structure, we also promote customer value. We strengthen our marketing capabilities and expand value-added services which contribute to improving medical safety, patient outcomes and operating efficiency.

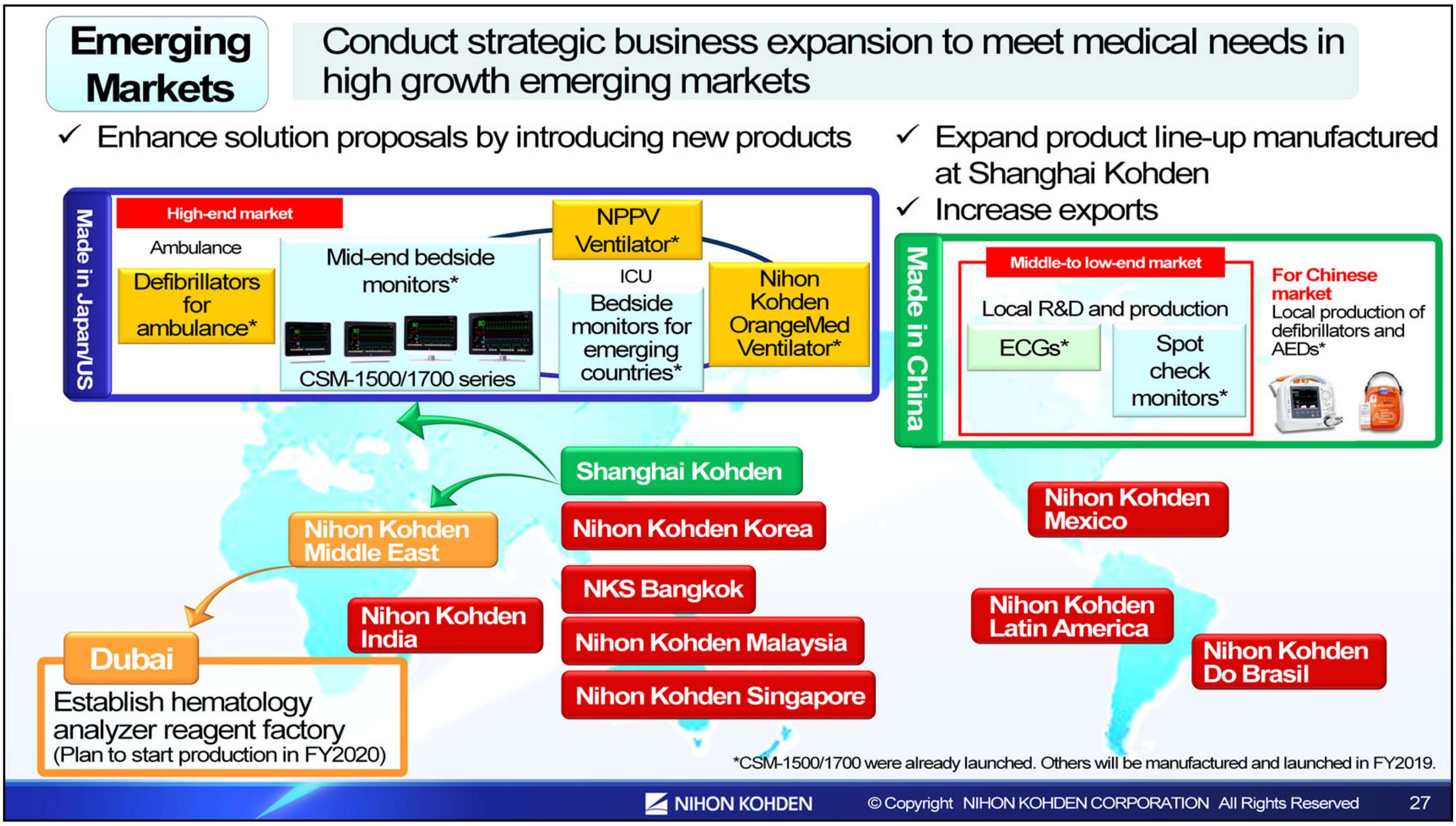


- In the U.S., sales of patient monitors increased favorably as a result of the enhancement of our local sales and R&D structure.

- Our brand awareness is increasing as our patient monitoring systems have been introduced in the U.S. at leading hospitals. We estimate our current market share is around 9%.

- In FY2019, we will introduce our first spot check monitors as well as mid-end bedside monitors. By introducing spot check monitors, we aim at providing comprehensive patient monitoring solutions which enables the centralized management of all patients' data in the hospital. The launch will be in the 2nd half of FY2019 as it takes time to receive regulatory approval.

- In Treatment Equipment Business, we will expand our product line-up. The ventilator under development at Nihon Kohden OrangeMed will be launched in FY2020.



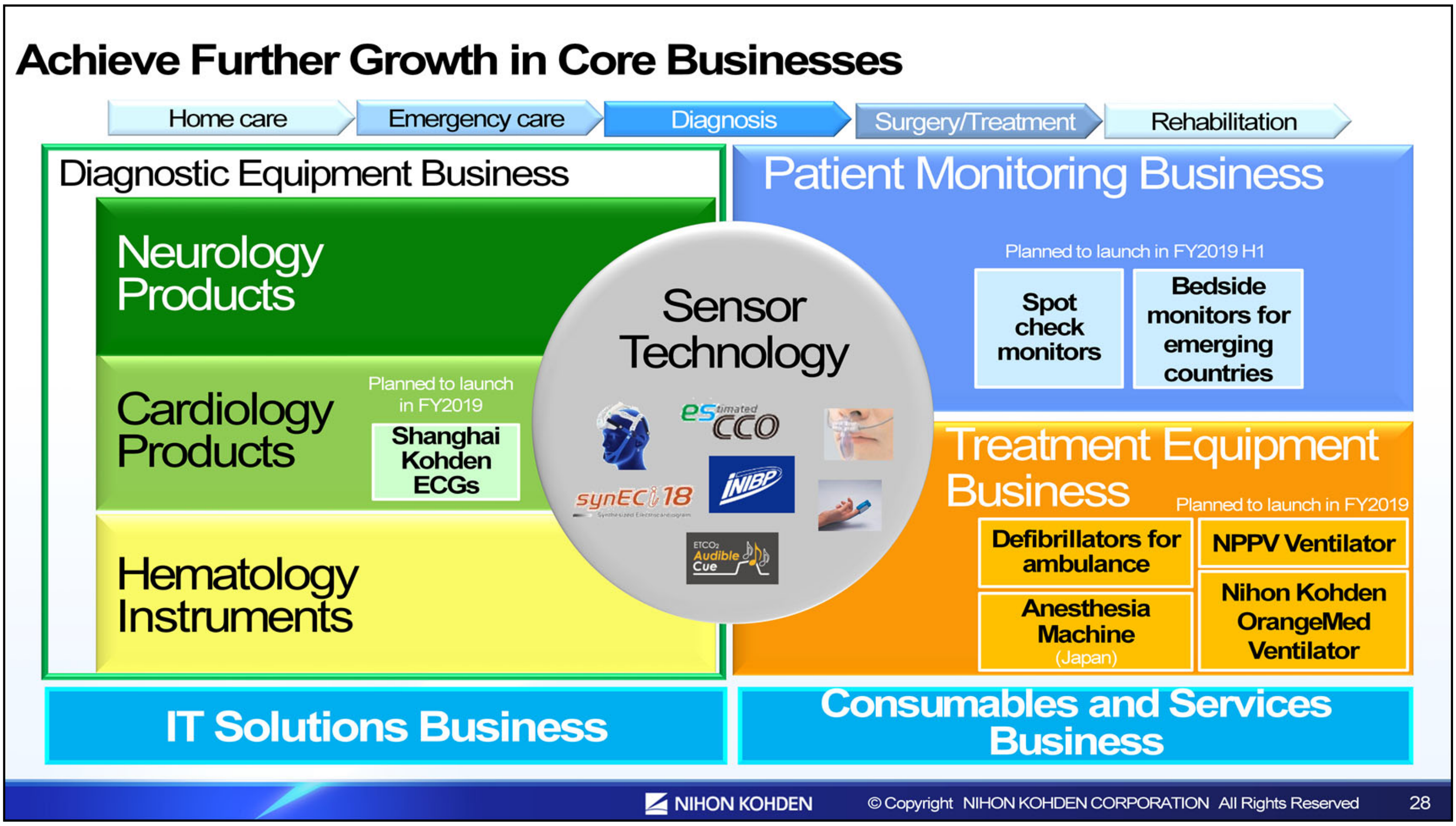
- In emerging markets, we offer high-value-added products developed and manufactured in Japan and the U.S. to the high end market, where the same level of medical care as in developed countries is required.

- In FY2019, we will enhance our solution proposals by introducing defibrillators for ambulances and bedside monitors for emerging countries as well as two models of ventilators.

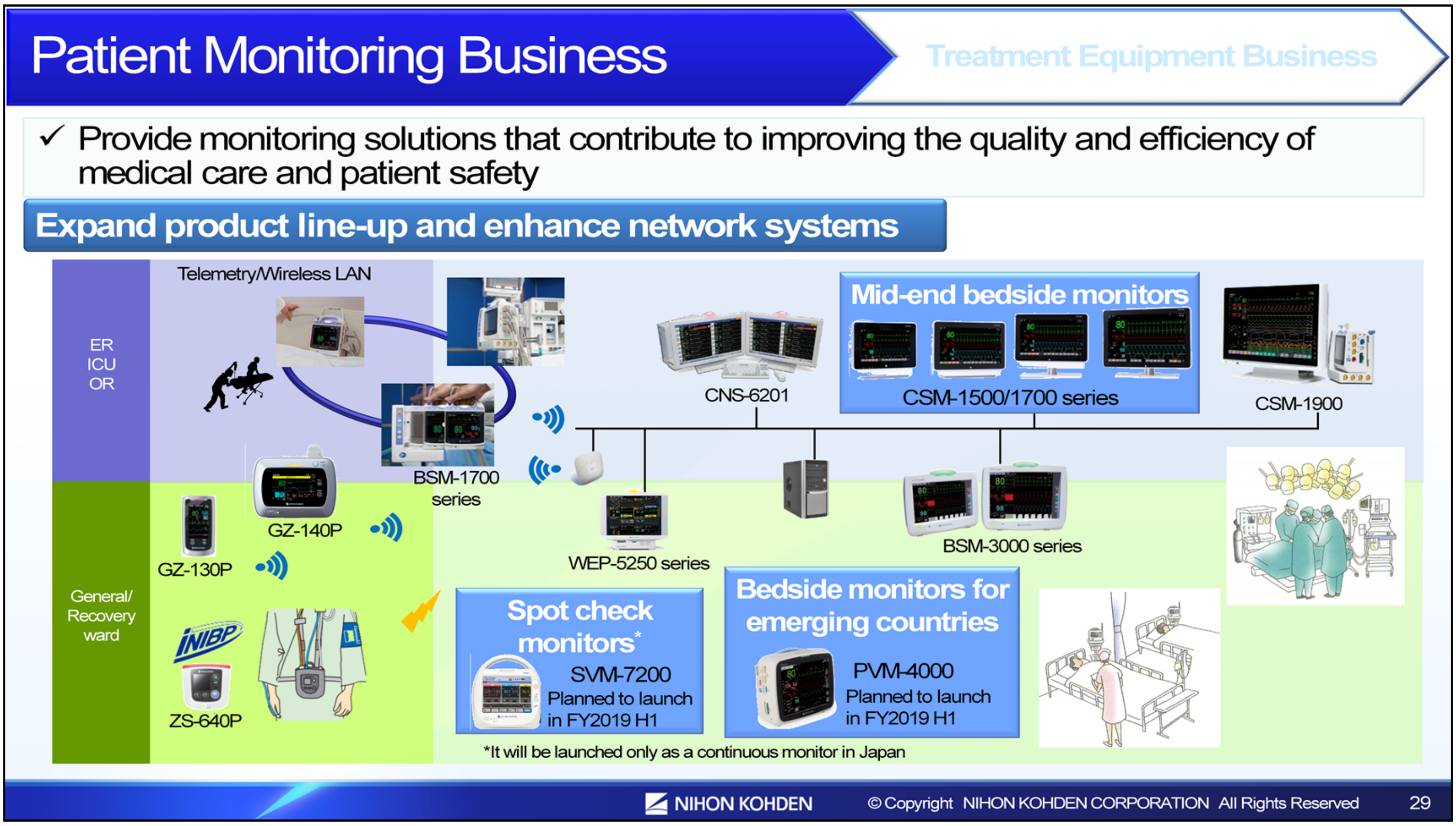
- To the middle to low-end market, we offer high-cost-competitive products developed and manufactured in Shanghai. In FY2019, we plan to launch ECGs and spot check monitors developed in Shanghai.

- We will also start local production of defibrillators and AEDs for the Chinese market where our business has been growing favorably.

- We will establish a reagent factory in Dubai for stable supply of genuine reagents, as the installation of hematology analyzers has been increasing in the Middle East and Africa.

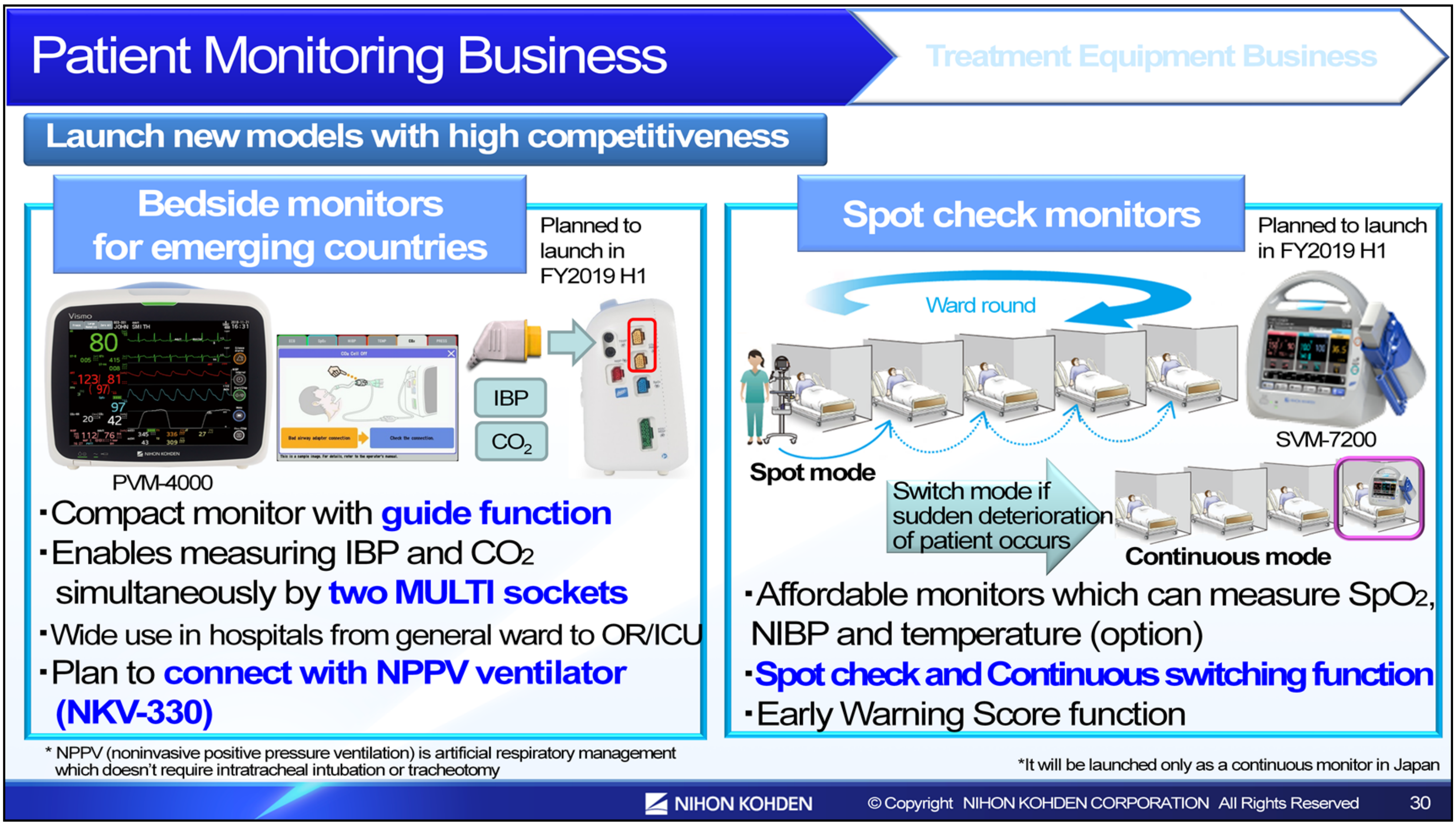


- These new products will be launched in FY2019.



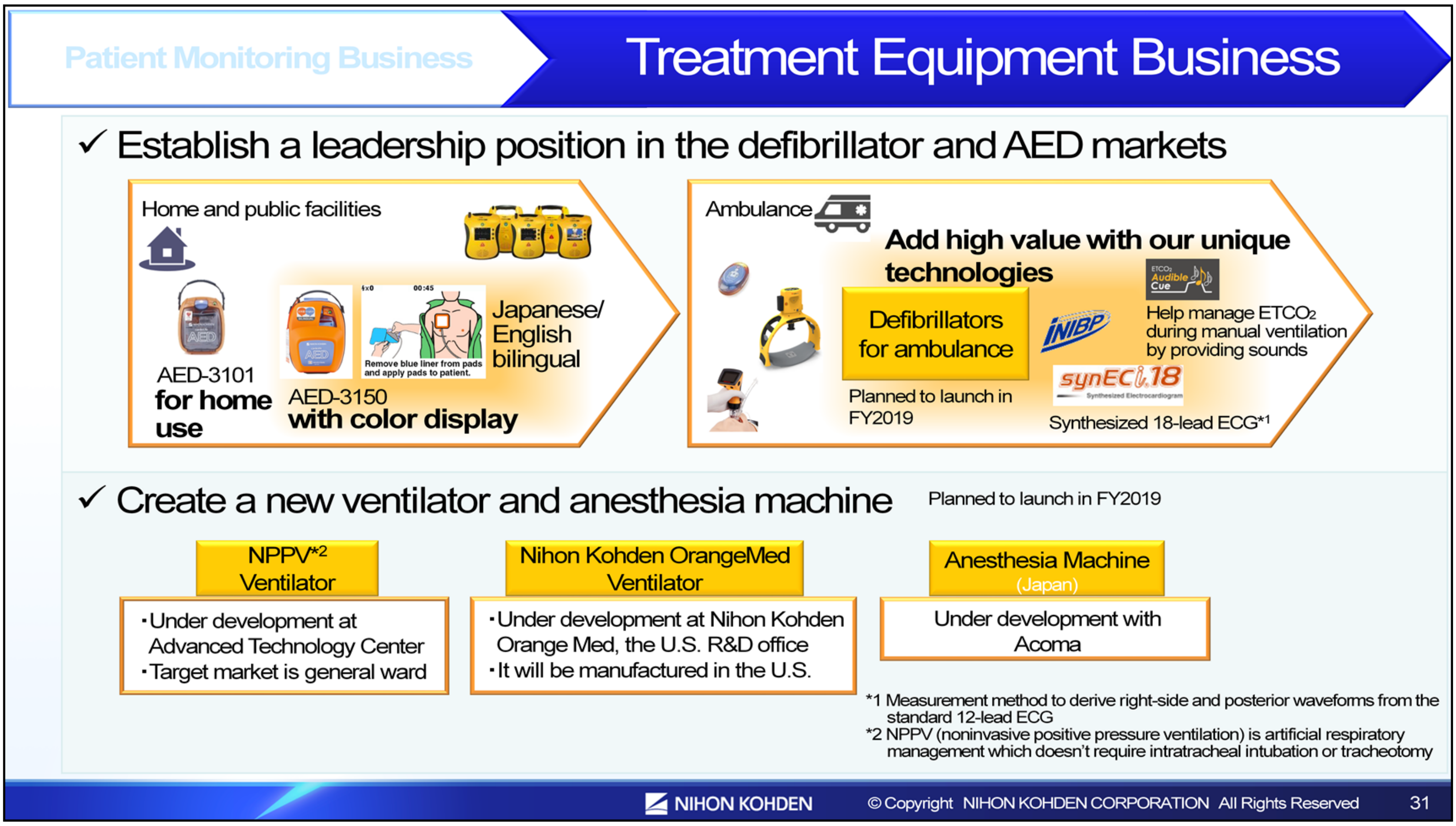
- In our Patient Monitoring Business, we will expand our product line-up to cover all areas from acute care to recovery care. We will also strengthen our competitiveness by enhancing network systems.

- New products such as bedside monitors for emerging countries and spot check monitors developed at Shanghai Kohden will be launched.



- Bedside monitors for emerging countries have a guide function for medical staff who are not familiar with using patient monitors. As these monitors can measure IBP and CO_2 simultaneously, they can be used widely in the hospital from general wards to OR/ICU. Furthermore, we plan to connect them to our in-house NPPV ventilator which enables us to provide new customer value.

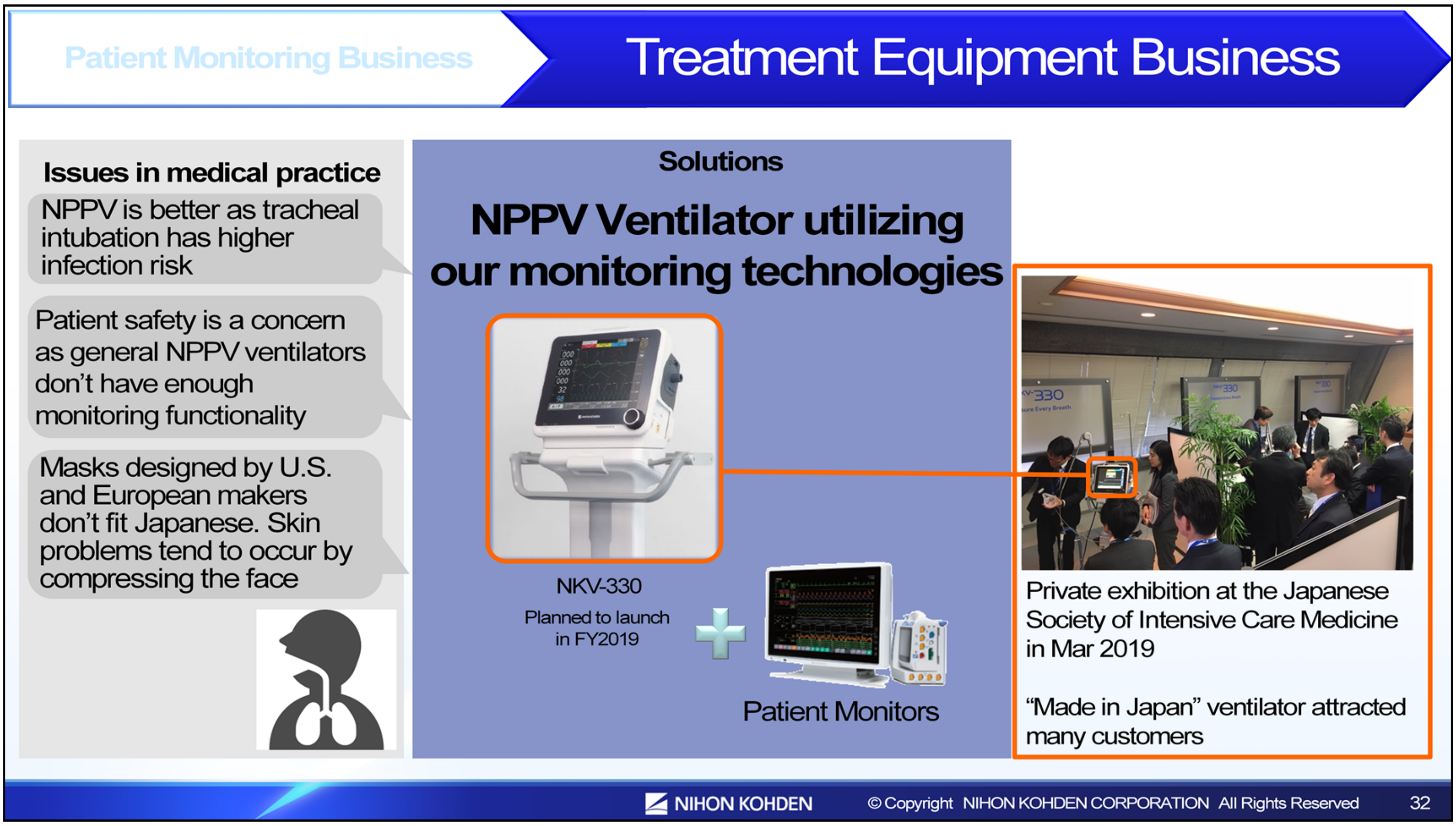
- Our first spot check monitors are expected to contribute to sales especially in the U.S market. In the U.S., each patient's NIBP and temperature are measured with a spot check monitor by medical staff making ward rounds. The measured data is sent to the IT systems in the hospital and is centrally managed.
- Our spot check monitors are highly versatile so that they can switch to continuous mode for use as a regular patient monitor if sudden deterioration of the patient condition occurs.



- In Treatment Equipment Business, we have launched AEDs with a color display in addition to an AED for home use. They have a Japanese/English bilingual function as the number of foreign tourists coming to Japan is increasing.

- As for defibrillators for ambulance, we aim at creating high customer value by adding our unique technologies such as iNIBP.

- The ventilator and anesthesia machine business is at the stage of introducing two models of ventilators that are our first in-house ventilators, and an anesthesia machine under joint-development with Acoma.

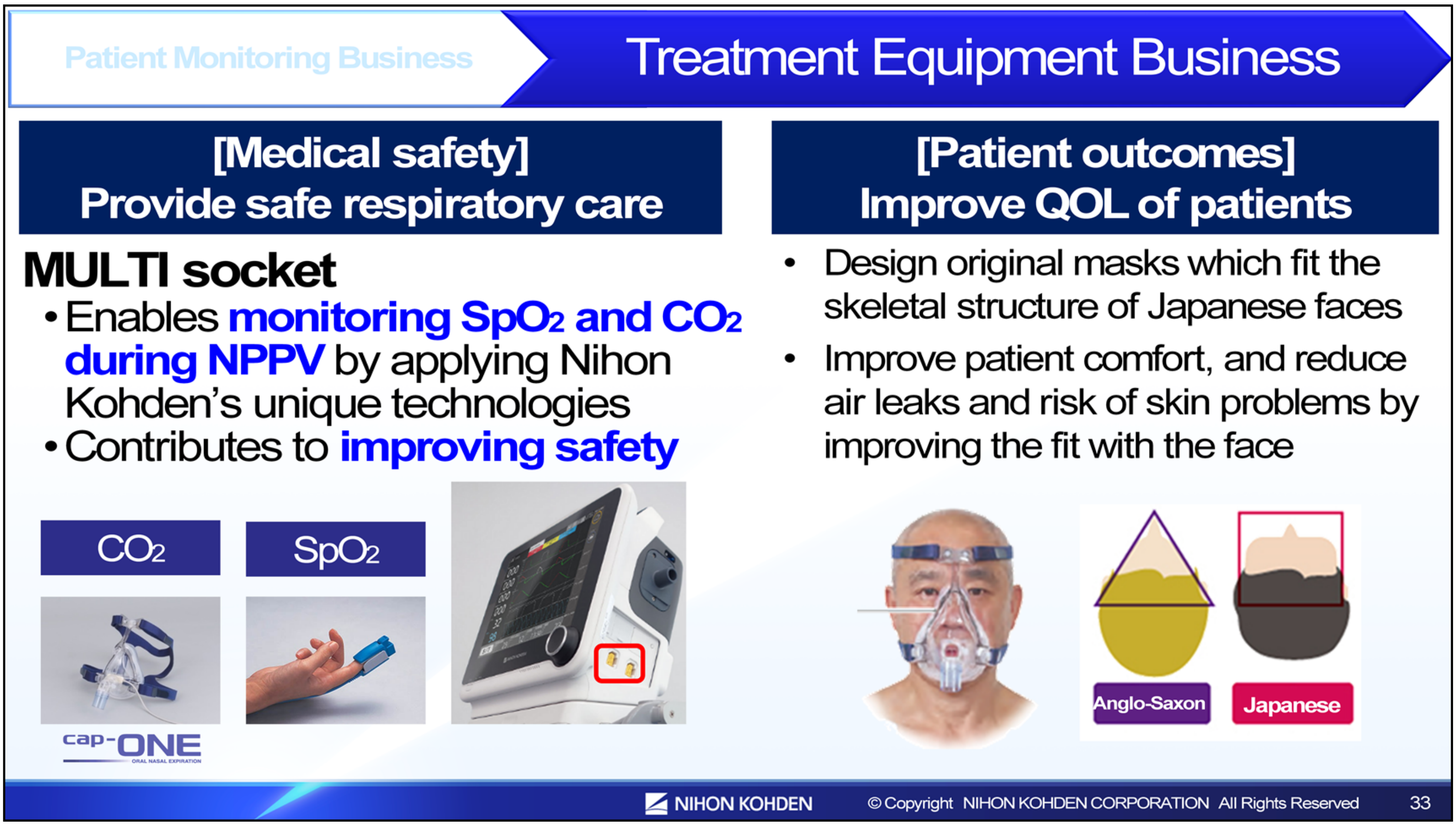


- The first launch will be an NPPV ventilator developed and manufactured in Japan.

- NPPV (non-invasive positive pressure ventilation) is artificial respiratory management using a mask which doesn't require intratracheal intubation and is used mainly for patients in general wards. The NPPV market is expected to grow in the future.

- Our NPPV ventilator is developed by utilizing our base technology of patient monitors, aiming at solving issues in medical practice and realizing safer and more efficient respiratory management.

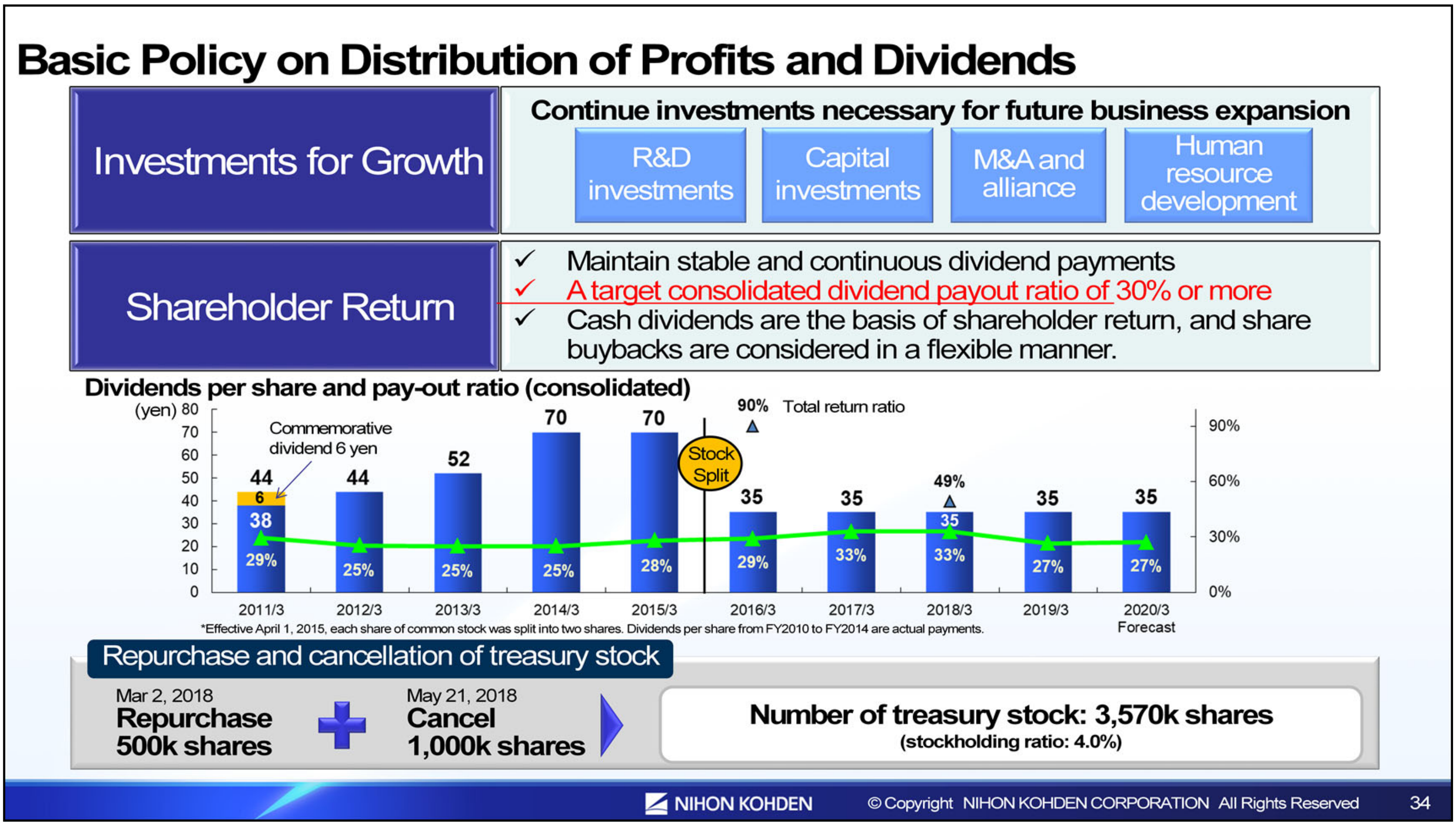
- We had a private exhibition at the Japanese Society of Intensive Care Medicine in March 2019. Many customers have high expectations for this "Made in Japan" ventilator.



- The function that enables SpO_2 and CO_2 monitoring during NPPV by applying our unique technologies has received high evaluations. Only our NPPV ventilator can provide this function which enables safer respiratory care.

- We also designed original masks which fit the skeletal structure of Japanese faces. This results in improving patient comfort by reducing not only air leaks but also the risk of skin problems.

- This product will be launched in Japan and certain international markets in the 1st half of FY2019. We anticipate the successful market penetration of this product in the future.



- Our basic policy on distribution of profits and dividends is to maintain stable and continuous dividend payments while retaining necessary reserves for future business expansion such as R&D investments, capital investments, M&A and Alliance, and development of human resources. The target consolidated pay-out ratio is 30% or more.

- Cash dividends are the basis of shareholder return, and share buybacks are considered in a flexible manner.

- Full-year dividends for FY2019 will be 35 yen, and the payout ratio will be 27%.

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.

NIHON KOHDEN