



Illuminating Medicine  
for Humanity

# Consolidated Financial Highlights for FY2021

(From April 1, 2021 to March 31, 2022)

1. **Consolidated Financial Results for FY2021**
2. **Forecast for FY2022**
3. **Progress of Three-year Business Plan**

**NIHON KOHDEN CORPORATION**

(Ticker Code: 6849)

May 17, 2022

*Fighting Disease with Electronics*



# **1 Consolidated Financial Results for FY2021**

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# 1) Consolidated Financial Results for FY2021

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

	FY2020 Actual	FY2021			
		Original forecast announced May 13, 2021	Revised forecast announced Feb 2, 2022	Actual	YoY (%)
<b>Sales</b>	199,727	185,500	203,000	<b>205,129</b>	2.7
<b>Domestic Sales</b>	137,274	128,000	136,500	<b>136,321</b>	-0.7
<b>Overseas Sales</b>	62,452	57,500	66,500	<b>68,807</b>	10.2
<b>Gross Profit</b> (Gross Profit Margin)	102,233 51.2%	92,100 49.6%	106,500 52.5%	<b>109,085</b> 53.2%	6.7
<b>Operating Income</b> (Operating Income Margin)	27,094 13.6%	16,000 8.6%	28,500 14.0%	<b>30,992</b> 15.1%	14.4
<b>Ordinary Income</b>	28,374	16,000	29,500	<b>34,563</b>	21.8
<b>Income Attributable to Owners of Parent</b>	18,243	11,000	20,000	<b>23,435</b>	28.5

+5% on a local currency basis

In-house sales ratio:      FY2020      FY2021  
   69.5%      72.7%

Foreign exchange gains:  
   FY2020      FY2021  
   ¥472 mil      ¥3,175 mil

Average exchange rate	FY2020	FY2021	FY2021	FY2021
<b>1 US Dollar</b>	105.9 yen	105 yen	111 yen	<b>111.3 yen</b>
<b>1 EURO</b>	123.1 yen	125 yen	131 yen	<b>130.6 yen</b>

## 2) Measures Implemented in FY2021

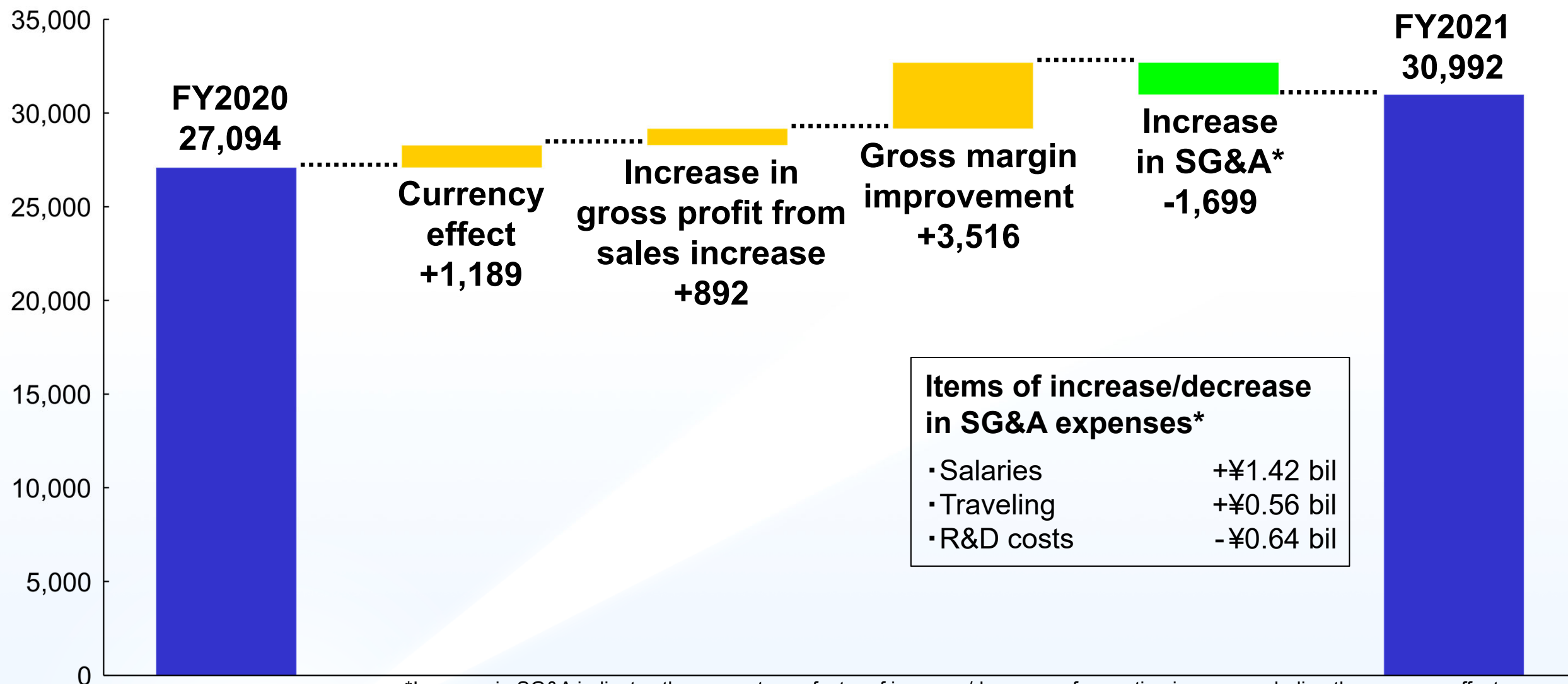
- ✓ Demand for certain products recovered both in Japan and internationally from FY2020 when demand was weak, and the Company succeeded in strengthening its consumables and services business.
- ✓ Demand for medical devices to treat COVID-19 patients exceeded the Company's initial expectations both in Japan and internationally.
- ✓ The Company has worked on implementing supply chain management reforms to respond to tight supply of components.

Following FY2020, the Company posted record highs in both sales and profits

	FY2019	FY2020		FY2021	FY2023 Targets
Overseas Sales Ratio	27.4%	31.3%	✓ Sales growth driven by the U.S. patient monitoring business and India	33.5%	32.0%
Consumables and Services Sales Ratio	45.5%	43.0%	✓ Demand for consumables increased, as the number of patient monitors installed has increased	44.2%	48% or more
Gross Profit Margin	48.3%	51.2%	✓ Higher overseas sales ratio ✓ Sales of in-house products increased in Japan	53.2%	50% or more
(Ref) In-house sales ratio	65.6%	69.5%		72.7%	

# 3) Breakdown of Operating Income

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

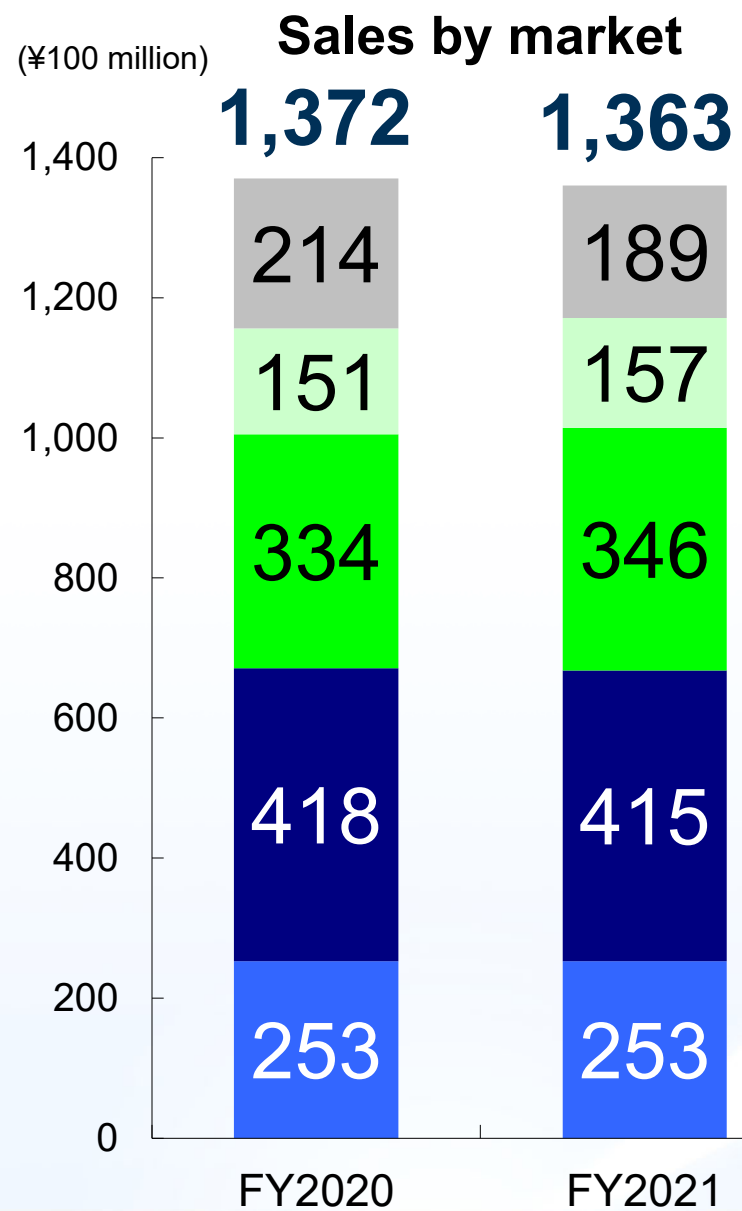


**Items of increase/decrease in SG&A expenses\***

· Salaries	+¥1.42 bil
· Traveling	+¥0.56 bil
· R&D costs	-¥0.64 bil

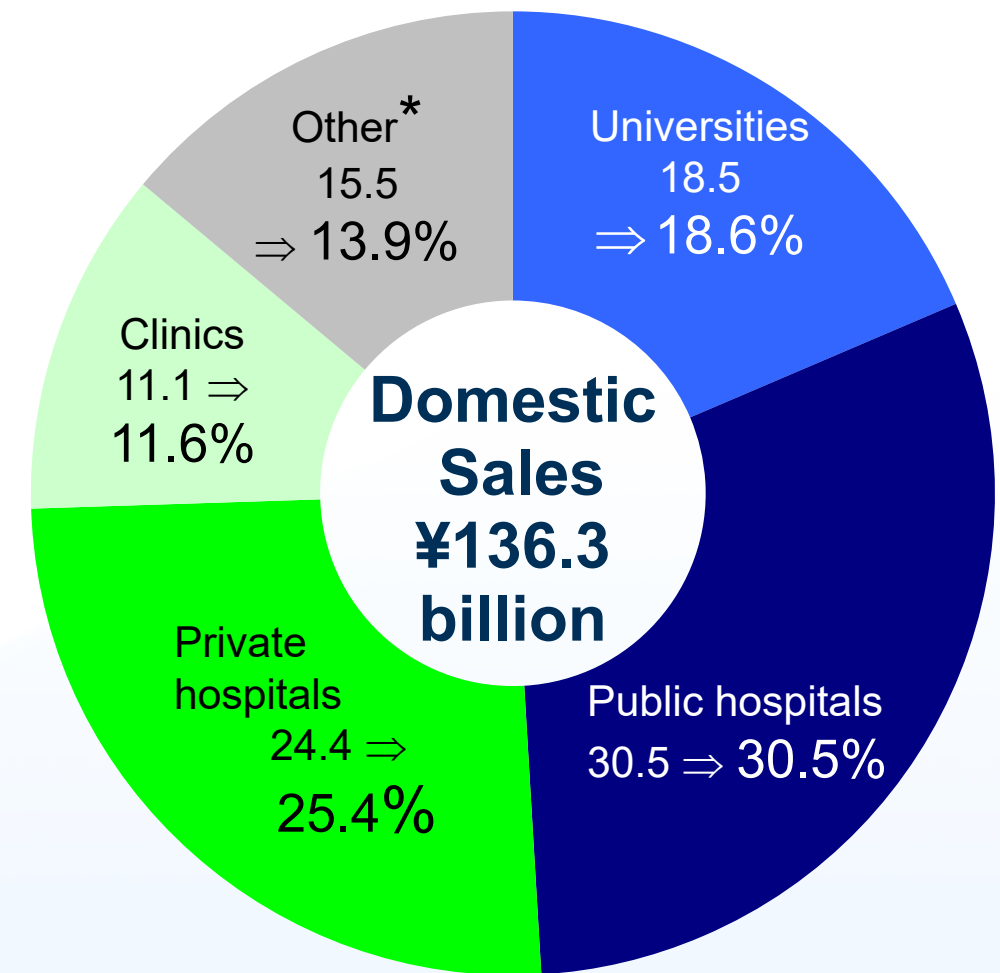
\*Increase in SG&A indicates the amount as a factor of increase/decrease of operating income excluding the currency effect. Items of increase/decrease in SG&A expenses indicate major components of increased/decreased SG&A expenses on a yen basis.

# 4) Domestic Sales



- Other
- Clinics
- Private hospitals
- Public hospitals
- Universities

Sales composition by market (FY2020 ⇒ FY2021)

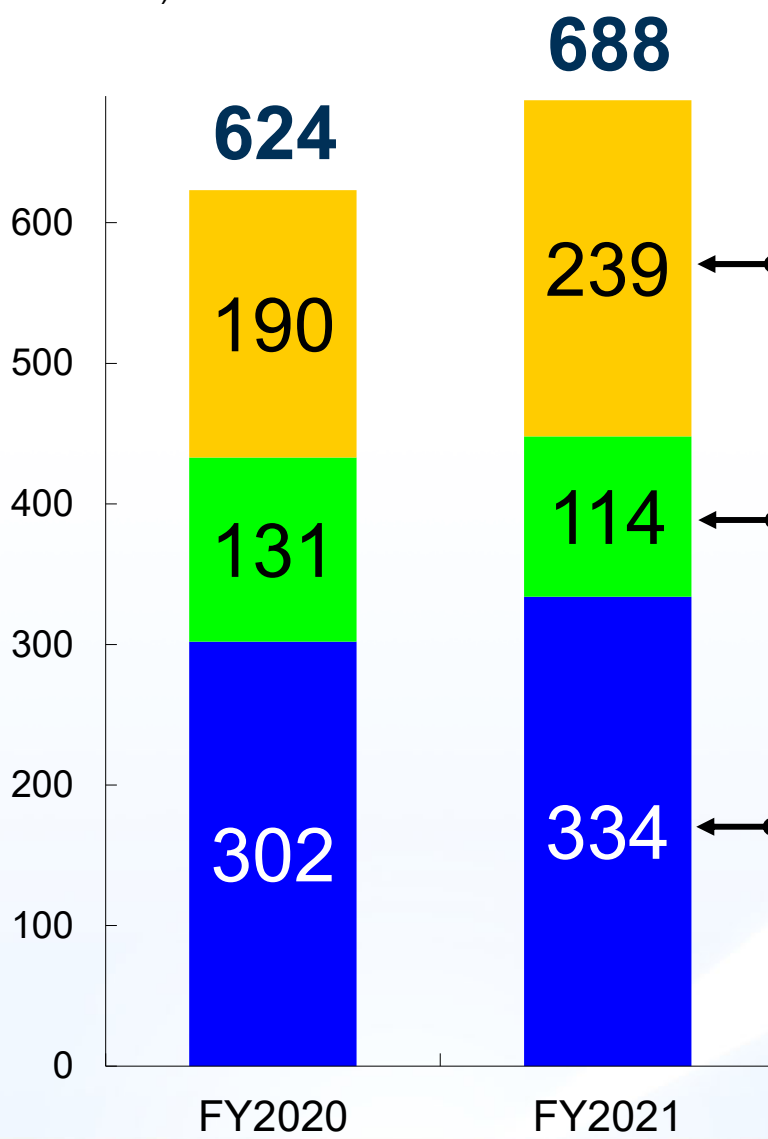


\*Other includes laboratories, animal hospitals and PAD (public access defibrillation) markets such as schools and private companies.

# 5) Overseas Sales

(¥100 million)

## Geographic segments



**Overseas sales: YoY +10%**  
(on a local currency basis: +5%)

**Asia & Other : YoY +26%**  
(on a local currency basis: +18%)

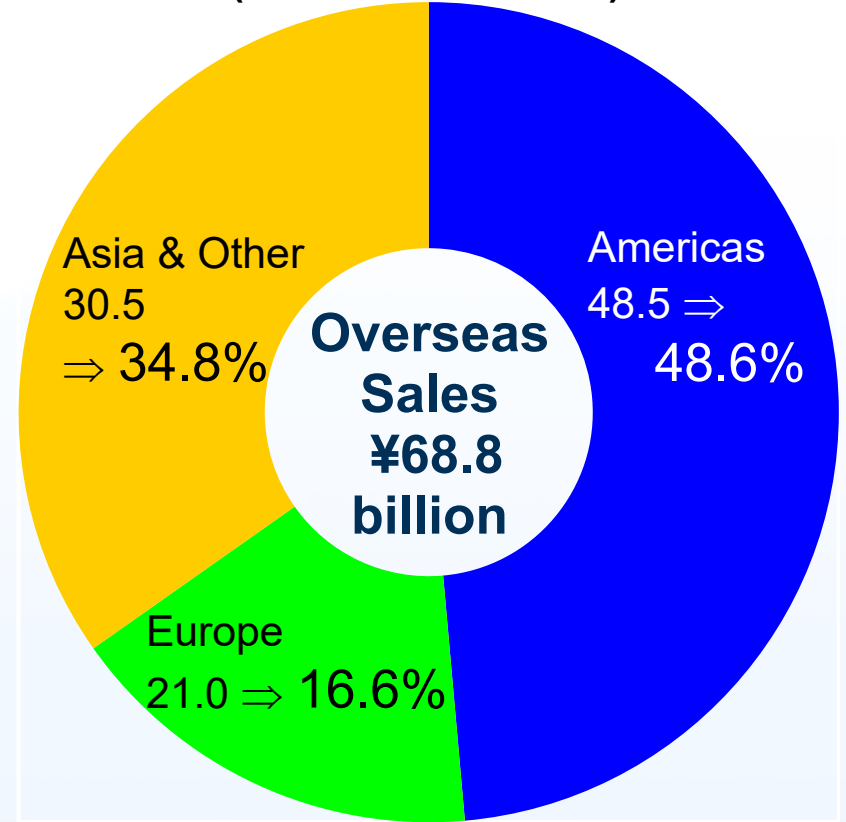
**Europe: YoY -13%**  
(on a local currency basis: -18%)

**Americas: YoY +10%**  
(on a local currency basis: +5%)

## Percentage of overseas sales to consolidated sales

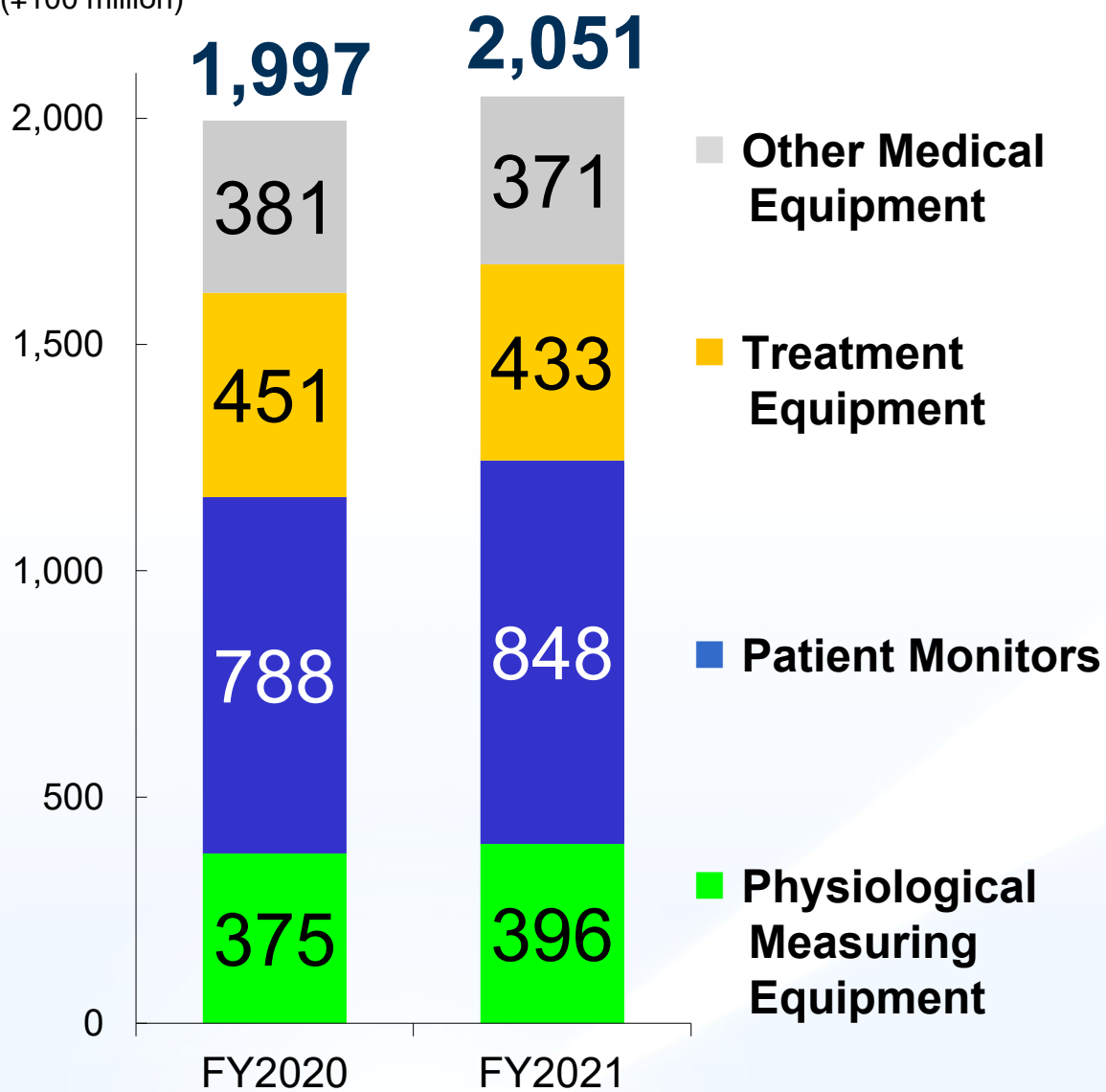
FY2020	FY2021
31.3%	33.5%

## Geographic Segments (FY2020 ⇒ FY2021)

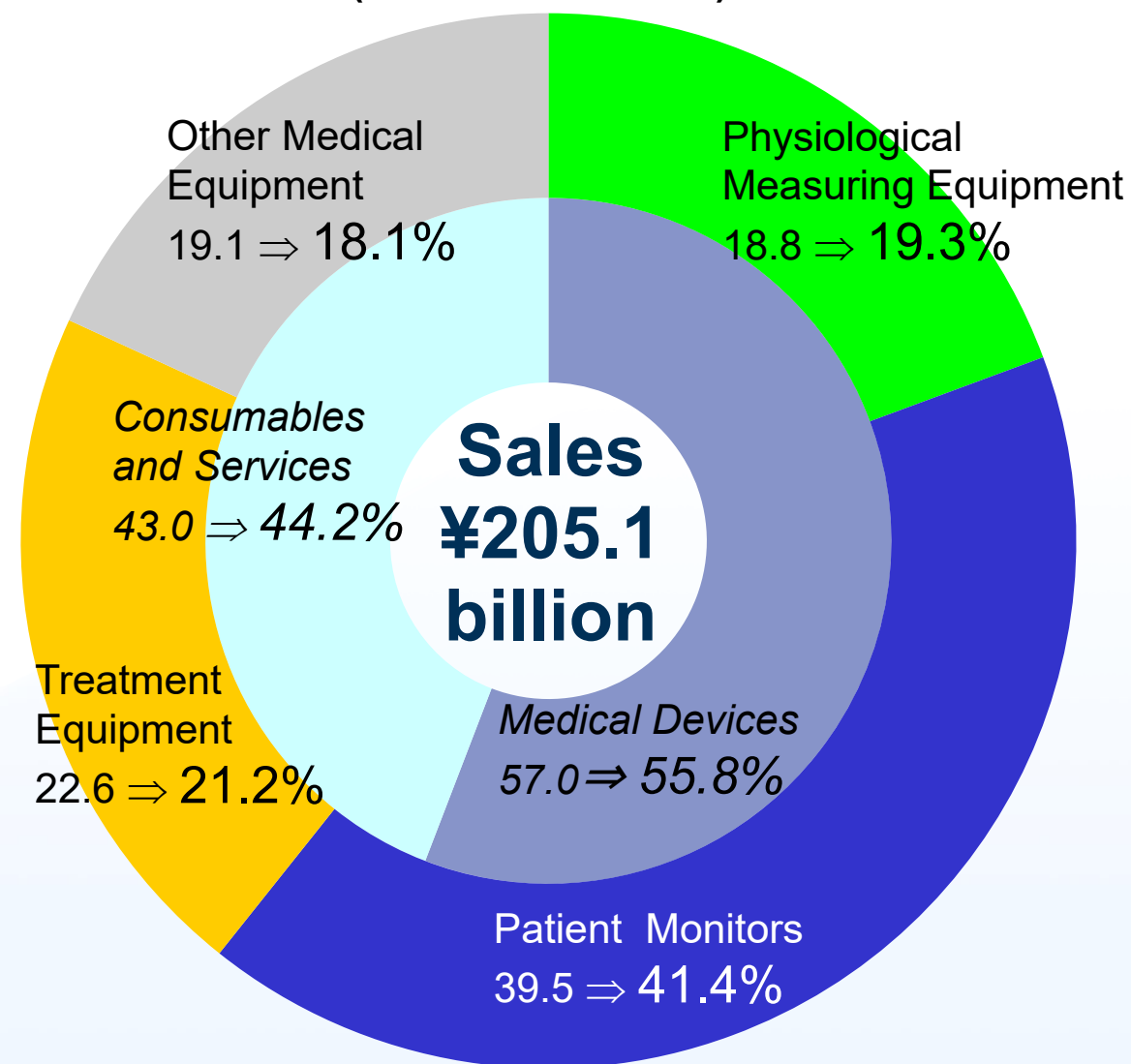


# 6) Sales by Product Category

(¥100 million)



Sales composition by product category (FY2020 ⇒ FY2021)





# 6.1) Physiological Measuring Equipment

	FY2020	FY2021	YoY (%)
Electroencephalographs	6,546	<b>7,257</b>	10.9
Electrocardiographs	6,542	<b>6,927</b>	5.9
Polygraphs for Cath Lab	14,676	<b>13,451</b>	-8.3
Other Physiological Measuring Equipment*	9,820	<b>12,044</b>	22.6
<b>Physiological Measuring Equipment</b>	<b>37,586</b>	<b>39,681</b>	<b>5.6</b>
<b>Domestic Sales</b>	<b>29,555</b>	<b>30,478</b>	<b>3.1</b>
<b>Overseas Sales</b>	<b>8,030</b>	<b>9,202</b>	<b>14.6</b>

(Sales, millions of yen)

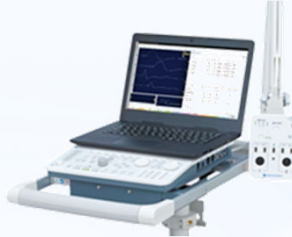
Sales of diagnostic information systems showed double-digit growth and sales of ECGs also increased favorably. Sales of EEGs remained flat. Sales of polygraphs for cath lab recorded double-digit growth on a comparable basis, excluding the impact of decrease in sales of locally purchased products.

Sales of EEGs showed double-digit growth as demand recovered in all regions. Sales of ECGs also increased in Asia & Other and Latin America.

\*Includes diagnostic information systems and products of other companies.



**Electro-encephalograph**  
EEG-1290



**EMG/EP measuring system**  
MEB-9600



**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

# 6.2) Patient Monitors

	FY2020	FY2021	YoY (%)
<b>Patient Monitors</b>	78,818	<b>84,860</b>	7.7
<b>Domestic Sales</b>	44,116	<b>48,241</b>	9.4
<b>Overseas Sales</b>	34,701	<b>36,618</b>	5.5

(Sales, millions of yen)

Sales of transmitters and telemetry systems showed strong growth and sales of clinical information systems achieved double-digit growth. Sales of consumables such as sensors also increased favorably.

Sales in the U.S. and Asia & Other recorded double-digit growth. Sales in Europe and Latin America decreased, as there was a reactionary decline compared to FY2020 when demand surged.



**Bedside monitors**  
CSM-1500/1700



**Spot check monitor**  
SVM-7200



**Telemetry system**  
WEP-1200

**NEW!**



**Central monitor**  
CNS-2101



SpO<sub>2</sub> probe for esCCO measurement



cap-ONE mask



ECG electrodes

**Consumables**

# 6.3) Treatment Equipment

	FY2020	FY2021	YoY (%)
<b>Defibrillators (for Hospital and Ambulance)</b>	7,647	<b>9,012</b>	17.9
<b>AEDs (Automated External Defibrillator)</b>	14,841	<b>16,750</b>	12.9
<b>Pacemakers / ICDs</b>	2,656	<b>2,498</b>	-5.9
<b>Ventilators</b>	13,950	<b>8,560</b>	-38.6
<b>Other Treatment Equipment</b>	6,030	<b>6,567</b>	8.9
<b>Treatment Equipment</b>	45,126	<b>43,388</b>	-3.9
<b>Domestic Sales</b>	30,294	<b>27,069</b>	-10.6
<b>Overseas Sales</b>	14,831	<b>16,318</b>	10.0
<b>(Ref.) AED Unit Sales</b>	87,900	<b>100,000</b>	13.8
<b>Domestic Unit Sales</b>	56,900	<b>51,000</b>	-10.4

(Sales, millions of yen)

**Domestic:** Replacement demand increased in medical institutions.  
**International:** Sales showed strong growth in Asia & Other and Latin America.

**Domestic:** Sales decreased mainly due to a delay in some shipments.  
**International:** Demand recovered in all regions.

**Domestic/International:** Sales decreased due to a reactionary decline from FY2020 when demand increased. Demand increased in India and Southeast Asia.



**Defibrillator**  
EMS-1052



**AED**  
AED-M100

**NEW!**



**Fully automatic AED**  
AED-3250



**Pacemaker**  
Zenex MRI



**Ventilator**  
NKV-550



**Ventilator**  
NKV-330



**Ventilator**  
HAMILTON-C6

# 6.4) Other Medical Equipment

	FY2020	FY2021	YoY (%)
Hematology Analyzers	9,331	<b>10,594</b>	13.5
Imaging Systems, Medical equipment for research and others *	28,865	<b>26,604</b>	-7.8
<b>Other Medical Equipment</b>	<b>38,196</b>	<b>37,198</b>	-2.6
<b>Domestic Sales</b>	<b>33,307</b>	<b>30,531</b>	-8.3
<b>Overseas Sales</b>	<b>4,888</b>	<b>6,667</b>	36.4

(Sales, millions of yen)

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

Sales showed strong growth, as demand for hematology analyzers and reagents recovered in all regions. Especially, the installations of hematology instruments increased in India thanks to new products.

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

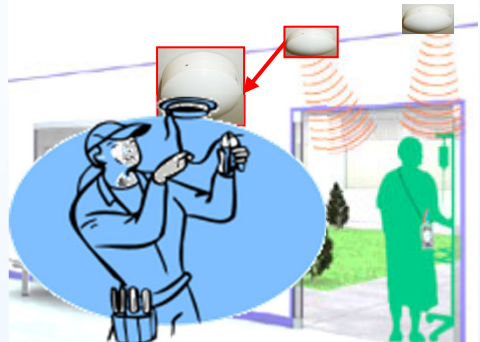
**NEW!**



**Automated hematology analyzer**  
MEK-9200



**Automated hematology and ESR analyzer**  
MEK-1305



**Installation and maintenance services**

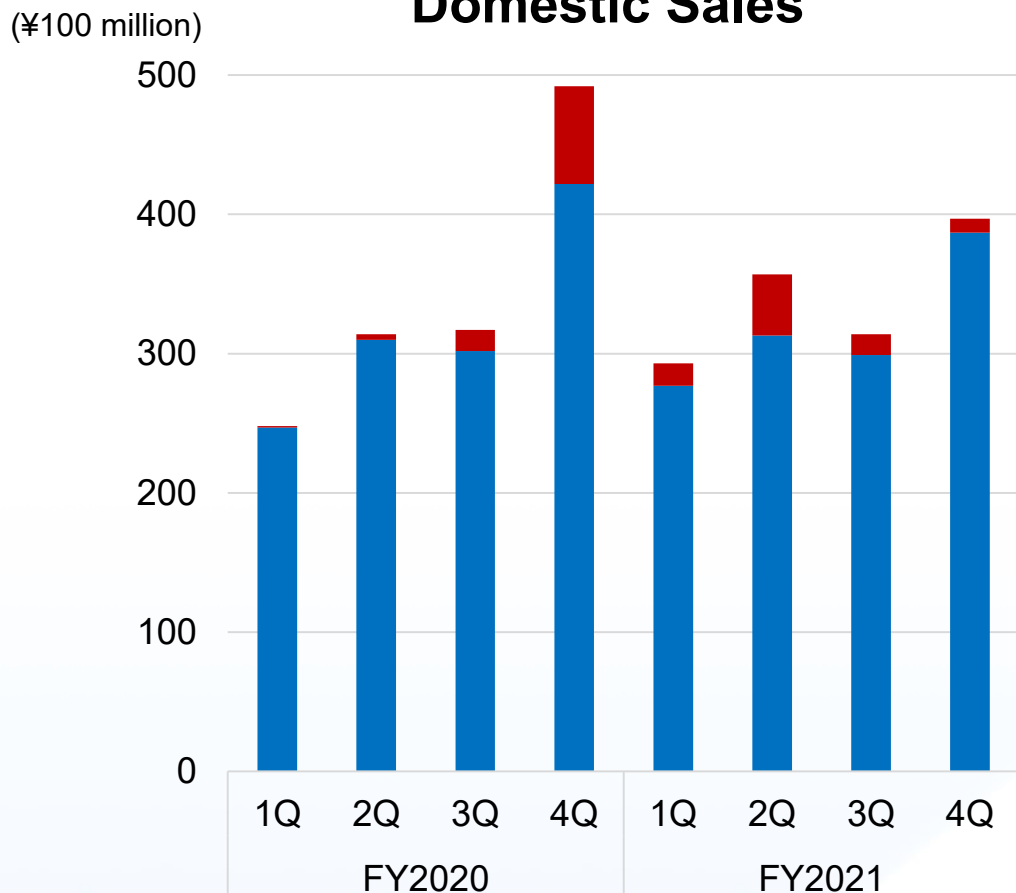
# (Ref.) FY2021 Regional Sales by Product Category / YoY

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

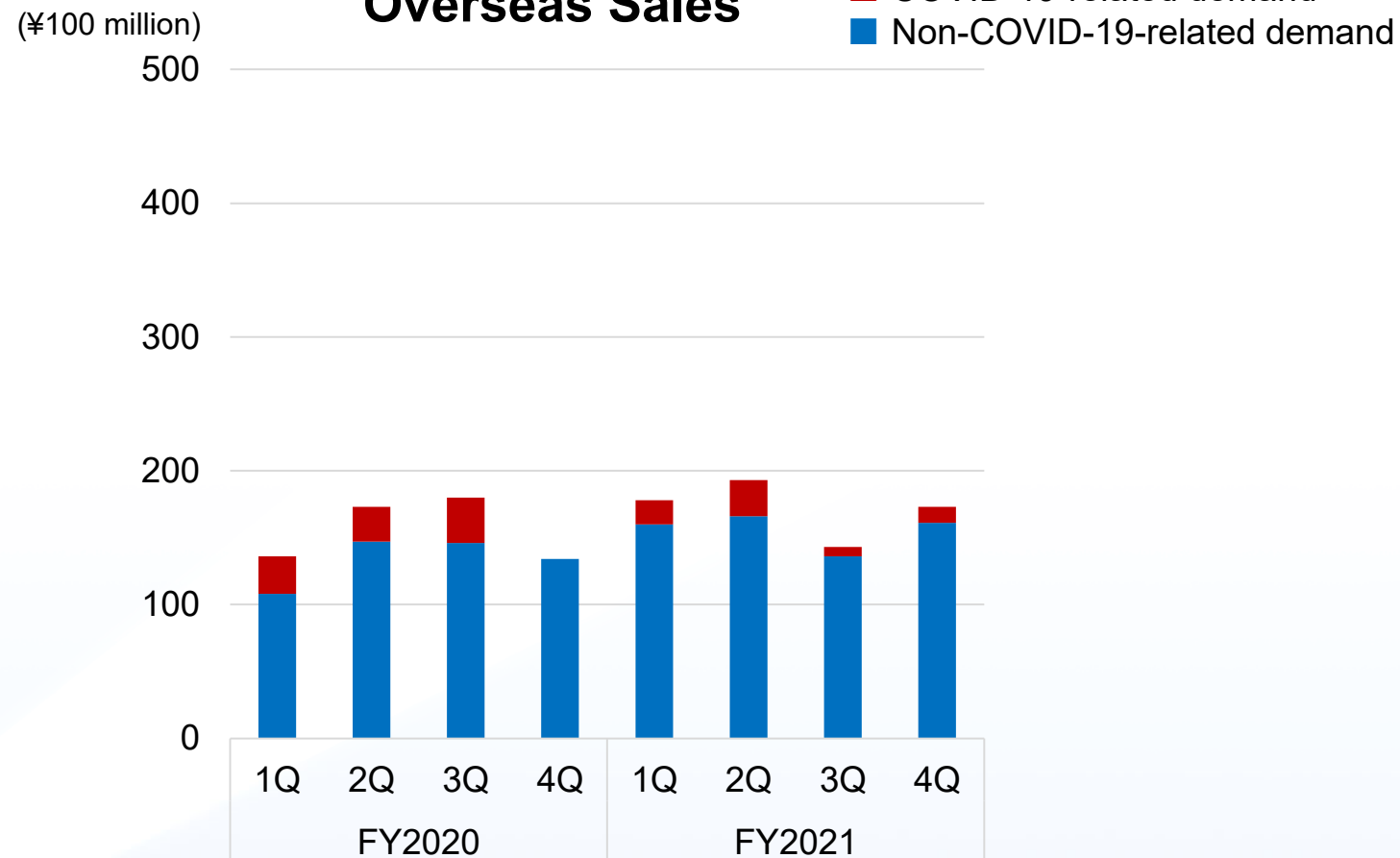
	Overall Sales	Domestic Sales	Overseas Sales			
			Total	Americas	Europe	Asia & Other
<b>Physiological Measuring Equipment</b>	39.6 (+6%)	30.4 (+3%)	9.2 (+15%)	3.7 (+11%)	1.6 (+16%)	3.8 (+18%)
<b>Patient Monitors</b>	84.8 (+8%)	48.2 (+9%)	36.6 (+6%)	23.4 (+13%)	4.2 (-32%)	9.0 (+14%)
<b>Treatment Equipment</b>	43.3 (-4%)	27.0 (-11%)	16.3 (+10%)	4.9 (-7%)	4.5 (-3%)	6.8 (+41%)
<b>Other Medical Equipment</b>	37.1 (-3%)	30.5 (-8%)	6.6 (+36%)	1.3 (+47%)	1.1 (+20%)	4.1 (+38%)
<b>Total</b>	205.1 (+3%)	136.3 (-1%)	68.8 (+10%)	33.4 (+10%)	11.4 (-13%)	23.9 (+26%)

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

## Domestic Sales



## Overseas Sales



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

COVID-19-related demand in FY2021	Japan		International	
		YoY		YoY
Patient Monitors	approx. ¥6.0 bil	approx. +¥2.0 bil	approx. ¥3.5 bil	approx. -¥1.0 bil
Ventilators	approx. ¥2.5 bil	approx. -¥2.5 bil	approx. ¥1.5 bil	approx. -¥2.5 bil
Defibrillators	—	—	approx. ¥1.0 bil	approx. +¥0.5 bil
<b>Total</b>	<b>approx. ¥8.5 bil</b>	<b>approx. -¥0.5 bil</b>	<b>approx. ¥6.0 bil</b>	<b>approx. -¥3.0 bil</b>



## 7) Financial Condition

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

	FY2020	FY2021	Change		FY2020	FY2021	Change
Current Assets	156,140	<b>171,875</b>	15,735	Current Liabilities	50,608	<b>50,804</b>	196
Inventories	38,887	<b>48,367</b>	9,479	Interest-bearing Debt	350	<b>325</b>	-25
Property, Plant & Equipment	20,193	<b>19,920</b>	-272	Non-current Liabilities	3,436	<b>3,016</b>	-419
Intangible Assets	2,329	<b>3,737</b>	1,407	Net Assets	138,986	<b>156,381</b>	17,394
Investments & Other Assets	14,366	<b>14,667</b>	300				
<b>Total Assets</b>	193,030	<b>210,201</b>	17,171	<b>Total Liabilities &amp; Net Assets</b>	193,030	<b>210,201</b>	17,171
Inventory Turnover	4.8 months	<b>6.1 months</b>		Equity Ratio	72.0%	<b>74.4%</b>	

### [Reasons for the increase of current assets]

- Inventories increased by ¥9.4 billion in response to tight supply of components.  
(Inventories of finished goods and parts increased by ¥2.2 billion and ¥6.0 billion, respectively.)

## 8) Cash Flows

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

	FY2020	FY2021	Change
<b>I . Cash flows from operating activities</b>	13,945	<b>25,699</b>	11,753
<b>II . Cash flows from investing activities</b>	-2,946	<b>-4,303</b>	-1,356
<b>Free cash flows</b>	10,999	<b>21,396</b>	10,396
<b>III . Cash flows from financing activities</b>	-3,007	<b>-7,300</b>	-4,292
<b>Effect of exchange rate change on cash and cash equivalents</b>	451	<b>1,643</b>	1,192
<b>Net increase (decrease) in cash and cash equivalents</b>	8,442	<b>15,739</b>	7,296
<b>Cash and cash equivalents at end of period</b>	44,356	<b>60,095</b>	15,739

	FY2020	FY2021	Change
<b>Income before income taxes</b>	27,166	34,263	+7,097

	FY2020	FY2021	Change
<b>Purchase of treasury shares</b>	-1	-2,400	-2,399
<b>Cash dividends paid</b>	-2,979	-4,842	-1,862

<b>ROE</b>	14.0%	<b>15.9%</b>	
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## 9) Capital Investments and R&D Costs

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

	FY2020 Actual	FY2021		Actual	Change	FY2022 Plan
		Original Forecast announced May 13, 2021	Revised Forecast announced Feb 2, 2022			
<b>Capital Investments</b>	3,524	4,100	4,100	<b>3,022</b>	-502	5,600
<b>Depreciation</b>	3,236	3,800	3,800	<b>3,422</b>	186	3,700
<b>R&amp;D costs</b>	6,357	6,600	6,100	<b>5,711</b>	-645	6,300

### ● FY2021 capital investments

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

### ● FY2022 capital investments plan

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

Establishment of new reagent factory in India

Total investments: approx. ¥1.1 bil



**FY2022: ¥1.0 bil**

FY2023: ¥0.1 bil

Construction: Planned to start in Autumn 2022

and complete in Spring 2023

Operation: Planned to start in Spring 2024

Introduction of PLM/MES\* systems

Capital Investments: approx. ¥2.5 bil



**FY2022: ¥1.0 bil**

FY2023-FY2024: ¥1.5 bil

PLM: Planned to start operation in FY2023 2H

MES: Planned to start operation in FY2024

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

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# Forecast for FY2022

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# 1) Business Environment

Shortage of semiconductors, higher prices of components and resources, and supply chain disruption will be prolonged. Uncertainty is expected to continue due to the Ukraine crisis and the Shanghai lockdown.

## Japan

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

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

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

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

## International

### U.S. and Europe

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

### China

- Impact of the resurgence of COVID-19 and lockdown should be monitored carefully.

### Emerging Markets

- Concerns about slowdown in economic recovery.

## 2) Forecast for FY2022

	FY2021 Actual	FY2022 Forecast	YoY (%)
<b>Sales</b>	205,129	195,000	-4.9
<b>Domestic Sales</b>	136,321	130,500	-4.3
<b>Overseas Sales</b>	68,807	64,500	-6.3
<b>Gross Profit</b> (Gross Profit Margin)	109,085 53.2%	98,200 50.4%	-10.0
<b>Operating Income</b> (Operating Income Margin)	30,992 15.1%	16,500 8.5%	-46.8
<b>Ordinary Income</b>	34,563	16,500	-52.3
<b>Income Attributable to Owners of Parent</b>	23,435	11,000	-53.1
<b>Percentage of Overseas Sales</b>	33.5%	33.1%	

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

← -10% on a local currency basis

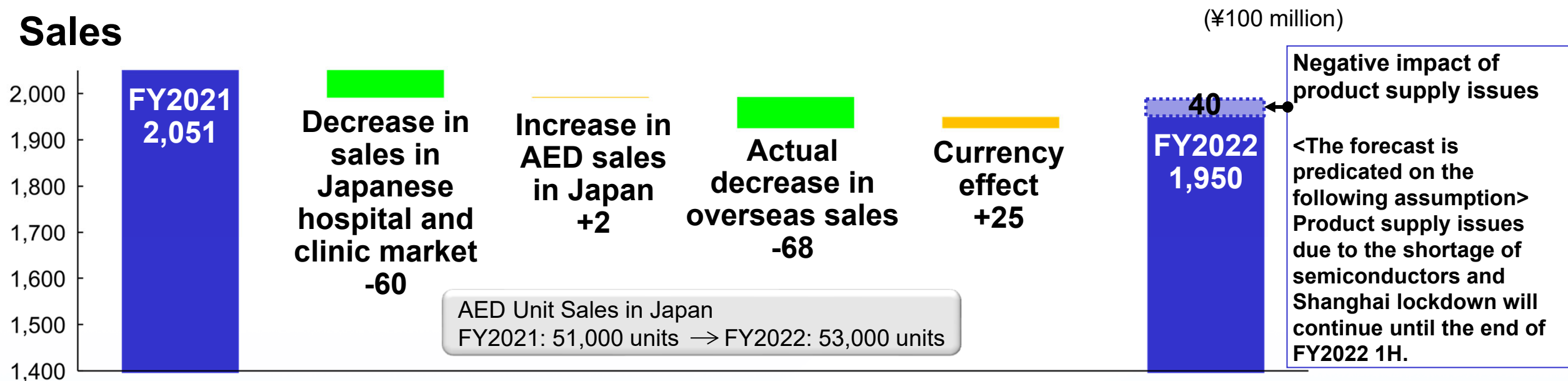
### Breakdown of overseas sales by region

	FY2021 Actual	FY2022 Forecast	YoY (%)
<b>Americas</b>	33,436	34,400	2.9
<b>Europe</b>	11,449	10,100	-11.8
<b>Asia &amp; Other</b>	23,921	20,000	-16.4
<b>Total</b>	68,807	64,500	-6.3

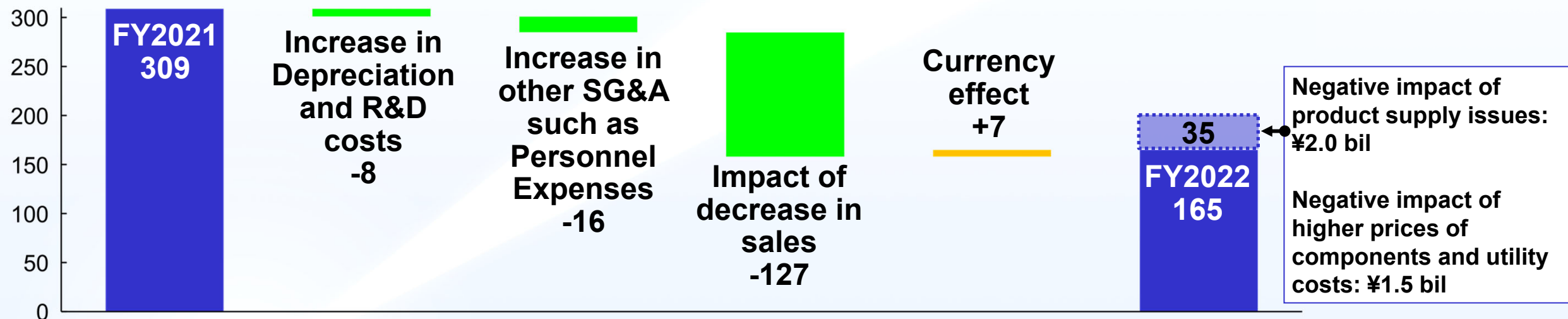
\* Sales in Russia and Ukraine are less than 10% of sales in Europe and less than 1% of overall sales.  
Sales in China are around 30% of sales in Asia & Other and around 3% of overall sales.

# 3) Analysis of FY2022 Forecast

## Sales



## Operating Income



# (Ref.) Consolidated Forecast FY2022 by Product Category/ Exchange Rates

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

	FY2021 Actual	FY2022 Forecast	Composition ratio (%)	YoY (%)
Physiological Measuring Equipment	39,681	41,100	21.1	3.6
Patient Monitors	84,860	75,900	38.9	-10.6
Treatment Equipment	43,388	41,000	21.0	-5.5
Other Medical Equipment	37,198	37,000	19.0	-0.5
<b>Total</b>	<b>205,129</b>	<b>195,000</b>	<b>100.0</b>	<b>-4.9</b>

(Reference)

<b>Consumables and Services</b>	90,576	94,800	48.6	4.7
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## Average Exchange Rate

	FY2021 Actual	FY2022 Forecast
1 US Dollar	111.3 yen	117 yen
1 EURO	130.6 yen	130 yen

## Estimated Exchange Rate Fluctuations for Full Fiscal Year

	Sales	Operating Income
1 US Dollar	0.38 bil yen	0.12 bil yen
1 EURO	0.06 bil yen	0.02 bil yen

# 3 Progress of Three-year Business Plan





# 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

<b>Targets for FY2029</b>	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

# BEACON 2030 Review of 1<sup>st</sup> Year - Key Strategies - Phase III

## Management

### Compliance

- ✓ Formulated the recurrence prevention measures and implemented all recommendations of the Investigation Committee

### Corporate Governance

- ✓ Formulated the Global Corporate Administration Policy and promoted implementation by overseas subsidiaries

- Accounting
- Human Resources
- Legal
- IT security

## Business

### Improve profitability

- ✓ Launched in-house products and services with high customer value



### Promote DHS

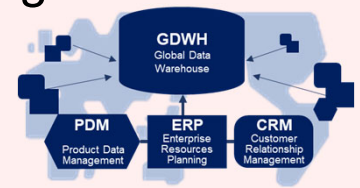
- ✓ Acquired AMP3D



## Operations

### Global SCM

- ✓ Establishing a global information system
- ✓ Started introducing PLM/MES\* systems



### Core functions of operations

- ✓ Enhancing cybersecurity of the internal IT infrastructure

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

- ✓ Meetings of the Committee for Implementation and Management of Recurrence Prevention Measures, which includes the Investigation Committee members, were held seven times.
- ✓ All recommendations of the Investigation Committee have been implemented and are being continued in FY2022.

### 1. Strengthening of Governance (1) Review of the organization

- Established the Compliance & Legal Department in the Global Corporate Administration Operations (April 2021)
- Established the Compliance Department in the Sales Operations in Japan (April 2021)
- Domestic sales branch offices
  - Strengthened administrative functions (Sequential implementation in progress)
  - Strengthened reporting lines to the Chief Compliance Officer (Compliance Officers' meeting: November 2021)

### (2) Review of the procedures for considering donations

- Introduced a donation website. Established a review organization that is independent of sales divisions (September 2021)

### (3) Strengthening of internal controls

- Application of IT controls to pre-order processes (November 2021)

### (4) Establish mutual check procedures with dealers (From January 2022)

- Mutual pledge to comply with laws
- Periodic questionnaires
- Established whistle-blowing channel for third parties

### 2. Review of the Employee Performance Evaluation System

- Included compliance in evaluation items for performance evaluation (Management positions: June 2021, General employees: October 2021)

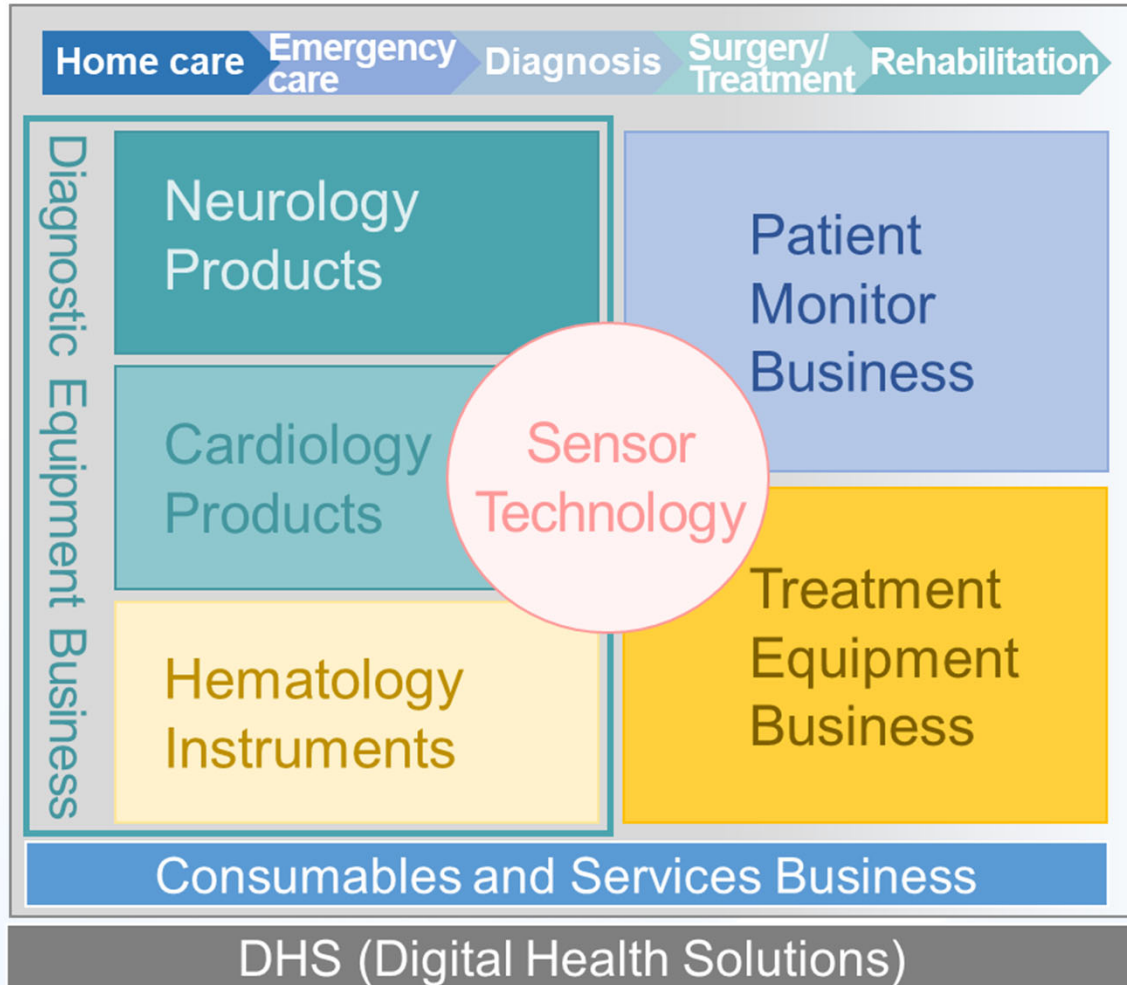
### 3. Thorough Compliance Education

- Domestic sales branch offices
  - Improved education programs for managers (Training by outside experts: October 2021)
  - Increased the amount of specific and practical training contents (Continued to implement)

### 4. Monitoring

- Periodic internal compliance awareness surveys (February 2021, February 2022)
- Ensure that all employees are aware of the internal reporting hotline (Newly established lawyer hotline: February 2022)

# 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 creation of customer value by expanding product line-up and enhancing product capabilities

General ward

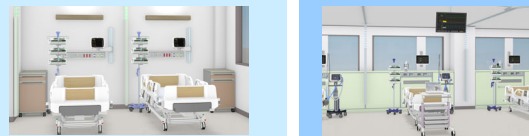
ICU

OR

In/Out of Hospital



ViTrac



**Resuscitation monitor for neonate**  
Planned to launch in FY2022

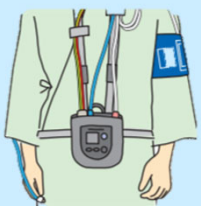
**NEW!**

Launched in Japan in FY2021



Central monitor CNS-2101

**Telemetry systems**  
Planned to add new models in FY2022



WEP-1200



WEP-1400



PVM-4000



BSM-3000



SVM-7500



SVM-7200



GZ-130P



GZ-140P



ZS-630P



ZS-640P



CSM-1501



BSM-1700



CSM-1502



CSM-1701



CSM-1702



CSM-1901



BSM-1700

**Robotic anesthesia system**

Application for approval

Administer a controlled dose of anesthetics during operations using the patient's vital signs as a guide.



# Consumables and Services Business

## Consumables

- ✓ Expand production of consumables and promote cost reduction as demand is expected to increase

### AED disposable pads

FY2017

Increased production capacity by automating production at Tomioka 2<sup>nd</sup> factory



### SpO<sub>2</sub> probes

FY2018

Started automated production at Tomioka 2<sup>nd</sup> factory



### Measures in FY2022

#### SpO<sub>2</sub> probes

- ✓ Preparations for increasing automated production lines at Tomioka 2<sup>nd</sup> factory



#### EMG electrodes for neuromuscular monitoring

Demand for neuromuscular monitoring in the perioperative period is increasing for medical safety reasons

- ✓ Increase production lines
- ✓ Start automated production for domestic and the U.S. markets at Kawamoto production center



EMG electrode  
NM-34 series

# Consumables and Services Business

## Services

- ✓ Increase the number of connected models to the medical device remote monitoring system **MD Linkage**

### Initiated the service with hematology analyzers

Japan in FY2018



Number of  
- connected models: 5  
- connected units:  
approx. 1,700

**NEW!**

### Started linkage of ventilators

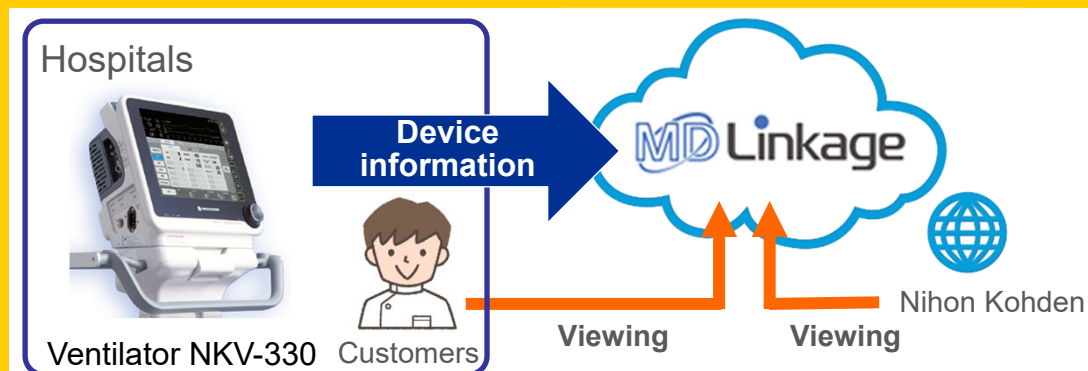
Japan in FY2022

- **Operating efficiency**

Support operations by automatically sending results of daily inspections to cloud server

- **Medical safety**

Enable remote checking of operating status in wards



### Measures in FY2022

- ✓ Increase the number of connected models
- ✓ Test linkage of hematology analyzers in emerging countries

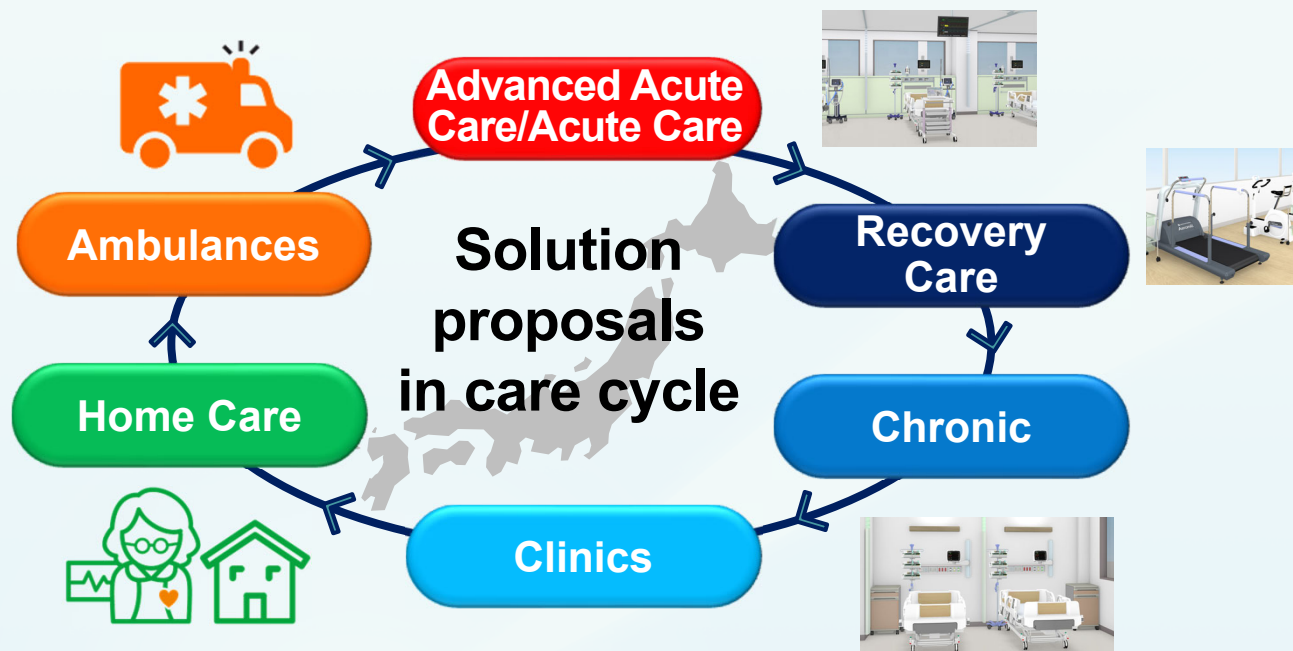


# Strengthen Strategies in Global Business

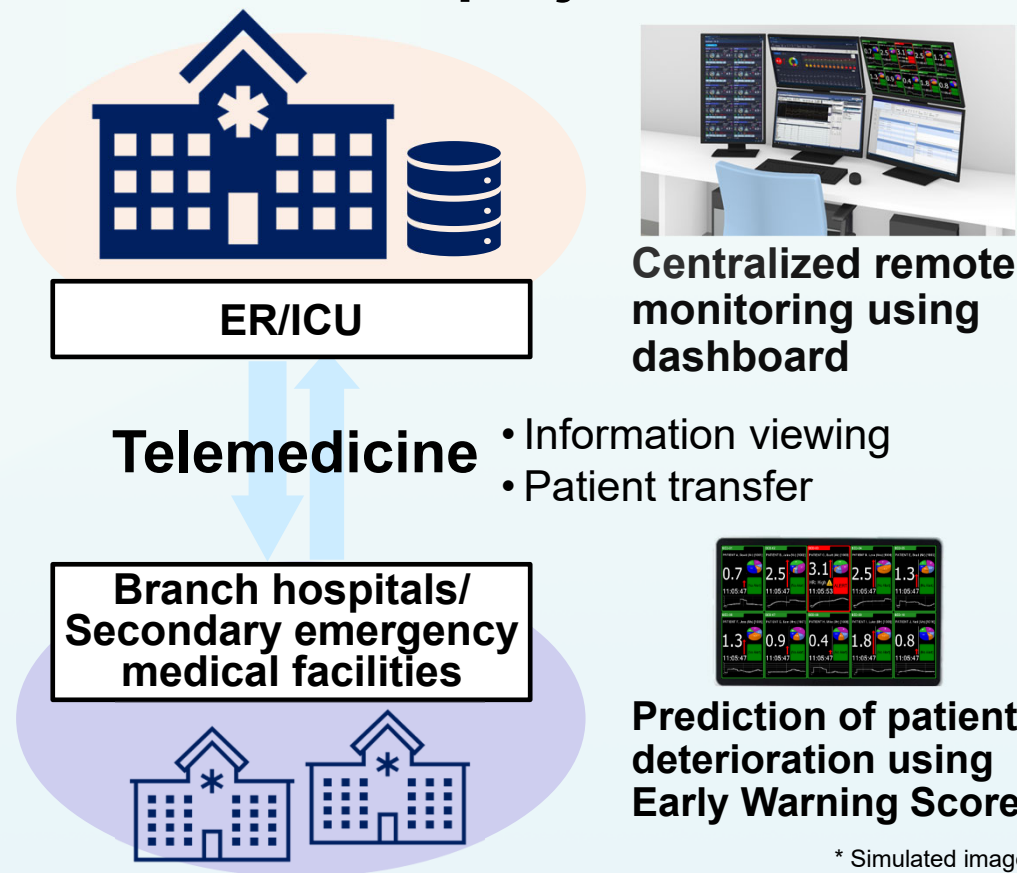
**Japan: Enhance solution proposals that contribute to improving quality of medical care and addressing medical issues**

- ✓ **Enhance customer value**  
Strengthen marketing and service capabilities which contribute to improving

Medical safety    Patient outcomes    Operating efficiency



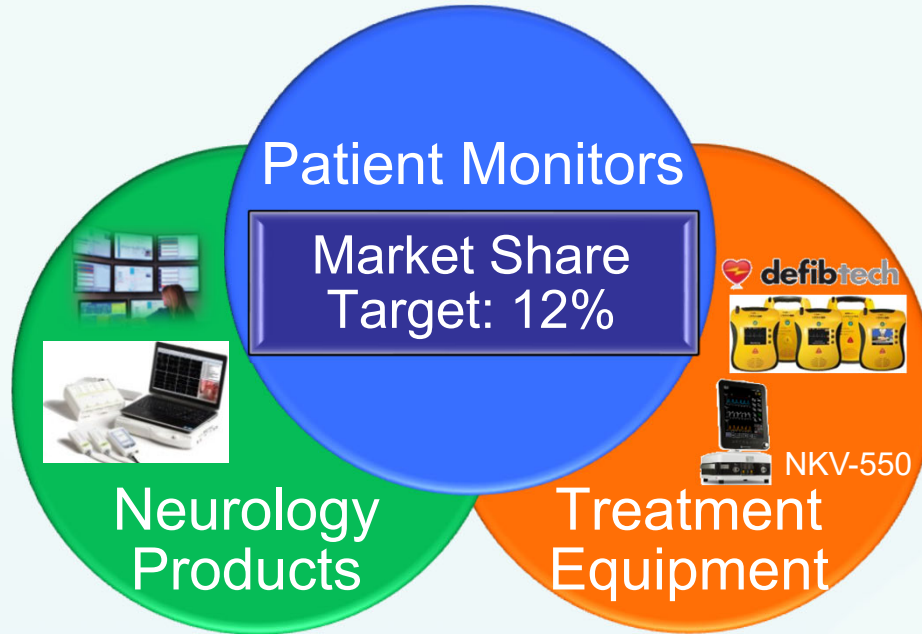
- ✓ **Start pilot validation of our tele-ICU project**





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

- ✓ Expand our product line-up



- ✓ Strengthen proposals for added value using new products, consumables and services

**NEW!**

**Mid-range bedside monitors**

Launched in FY2022

Enhanced product cybersecurity



CSM-1500 series

**NEW!**

**EMG electrode for neuromuscular monitoring**

Launched in FY2021

**NEW!**

**NK NETWORK CARE**

Monitor security threats

Launched in FY2021

## Ventilators



**NKV-330**  
U.S. production  
Planned to launch in FY2022

## Resuscitation Products



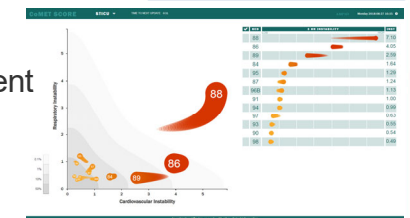
**Next-generation automated chest compression device**  
Planned to launch in FY2022

## DHS (Digital Health Solutions)

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

**Added neonatal respiratory management index**

**AMP3D**



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

**Made in Japan/US** High-end market ICU

Ambulance Defibrillator EMS-1052

Bedside monitors CSM-1500/1700 series

Ventilator NKV-330

Ventilator NKV-550

Bedside monitor PVM-4000

**NEW!** Hematology analyzer MEK-9200 Launched in FY2021

## Expand production of reagents in India

Installations of hematology instruments increased

Hematology analyzer MEK-9100

Hematology and ESR<sup>\*2</sup> analyzer MEK-1305

**Made in China** Local R&D and production

Middle to low-end market

ECG ECG-3150/3350

ECG Planned to launch in FY2022

Spot check monitor SVM-7100

Bedside monitor SVM-7500

Local R&D for Chinese market NEW! Automatic conveyor with efficiency system Measure 5-part diff and CRP<sup>\*1</sup> Launched in FY2021

Local production for Chinese market NEW! Defibrillator TEC-5600

NEW! AED AED-3100

NEW! Bedside monitor BSM-3000 Launched in FY2021

NEW! Hematology analyzer MEK-9100 Launched in FY2021

## Establish a new reagent factory

Total investment: approx. ¥1.1 bil  
Floor area: approx. four times the current plant (planned)

- FY2022 • Start construction
- FY2023 • Install production equipment
- FY2024 • Full-scale operation

\*1 CRP: C-Reactive Protein \*2 ESR: Erythrocyte Sedimentation Rate



## FY2021 Established Advisory Board

(Environment)

- ✓ **For realizing a carbon-free society**
  - Promoted setting SBTs\*<sup>1</sup> for CO<sub>2</sub> emissions
  - Promoted development of environment-friendly products

(Quality)

- ✓ **Introduced NPS\*<sup>2</sup> to improve quality**

(Human rights/Human resources)

- ✓ **Started human rights due diligence**
- ✓ **Conducted employee satisfaction survey**
- ✓ **Introduced role-based personnel system**

\*1 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

\*2 NPS (Net Promoter Score): Index to measure customer loyalty. NPS indicates the degree of customers' attachment to products or services

## FY2022

- ✓ **Disclose information on climate change in accordance with the TCFD recommendation**

\* TCFD: Task Force on Climate-related Financial Disclosure

- ✓ **Analyze the NPS survey results and formulate measures to improve scores**

- ✓ **Conduct human rights risk assessment and identify human rights issues**
- ✓ **Promote measures for further improving employee satisfaction, based on the results of survey**
- ✓ **Promote role-based personnel system**

**Results of KPIs for material issues will be disclosed in the Integrated Report to be published at the end of August 2022 and on its website.**

# 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**

**FY2021 Full-year dividend: 67 yen including commemorative dividend for 70<sup>th</sup> anniversary of 13 yen and special dividend of 15 yen (pay-out ratio: 24.2%)  
Share buybacks: Up to 1.0 billion yen May 16 - June 30 (total return ratio: 32.2%) (forecast)**

**FY2022 (Forecast) Full-year dividend: 40 yen (pay-out ratio: 30.7%)**

## 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. Information on products (including products under development) in this document is not intended to make any advertisement or promotion.