

Consolidated Financial Highlights for the First Quarter of FY2021 (From April 1, 2021 to June 30, 2021)

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NIHON KOHDEN CORPORATION

(Ticker Code: 6849)

August 4, 2021

Fighting Disease with Electronics



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

	FY2020 1Q	FY2021 1Q	YoY (%)
Net Sales	38,461	47,182	22.7
Domestic Sales	24,809	29,364	18.4
Overseas Sales	13,652	17,817	30.5
Gross Profit (Gross Profit Margin)	19,428 50.5%	24,565 52.1%	26.4
Operating Income (Operating Income Margin)	1,831 4.8%	6,423 13.6%	250.8
Ordinary Income	1,581	6,743	326.5
Income Attributable to Owners of Parent	1,060	4,537	327.8

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

← **+28% on a local currency basis**

← **In-house sales ratio:** FY2020 1Q **68.7%** → FY2021 1Q **72.0%**

← **SG&A Ratio:** **45.7%** → **38.5%**

← **Foreign exchange gains/losses:**
FY2020 1Q **¥0.43 bil losses** → FY2021 1Q **¥0.20 bil gains**

Average Exchange Rate	(2020/6)	(2021/6)
1 US Dollar	107.9 yen	108.9 yen
1 EURO	118.1 yen	131.5 yen

2) Highlights of FY2021 1Q

Net Sales : +22.7%

- **Japan**: Sales achieved double-digit growth. Demand for certain products recovered compared to FY2020 1Q when the number of testing and surgical procedures decreased. Business negotiations related to IT system solutions resumed, after FY2020 when medical institutions postponed or froze their purchase budgets. The installation of patient monitors supported by the Government's budget continued.
- **International**: Sales in all regions increased. Especially, sales in the Americas and Asia & Other achieved double-digit growth.

Operating Income : +250.8%

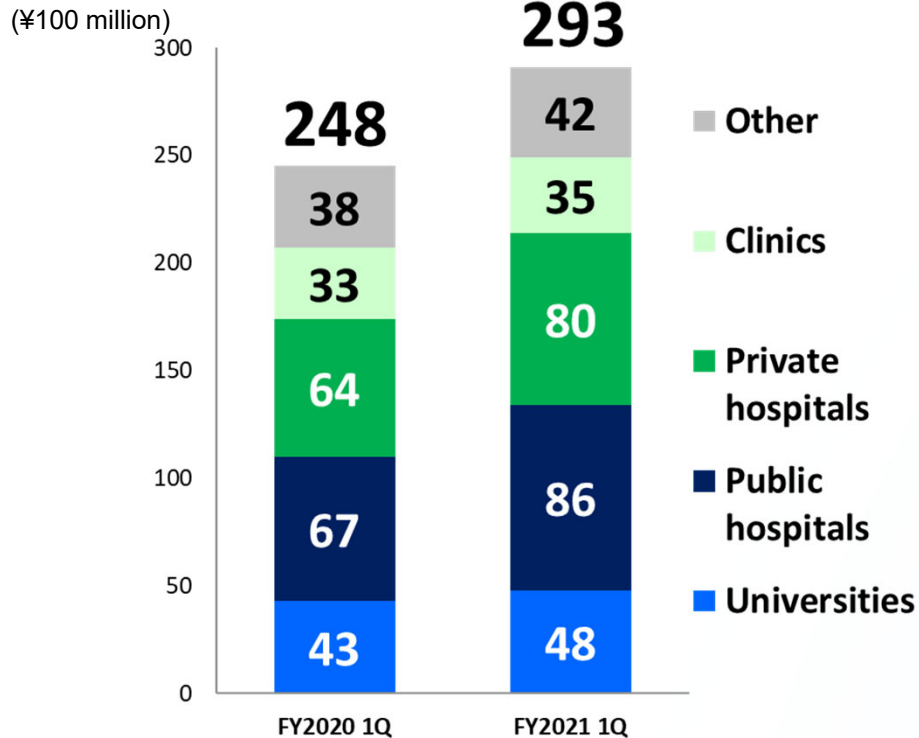
- Operating income increased significantly due to the increase in sales and higher gross profit margin resulting from a favorable product mix.

Ordinary Income : +326.5%

- Foreign exchange gains were recorded compared to losses in FY2020 1Q.

3) Domestic Sales

Sales by Market



Sales by Product Category

(Sales, millions of yen)

	FY2020 1Q	FY2021 1Q	YoY (%)
Physiological Measuring Equipment	5,643	6,392	13.3
Patient Monitors	7,732	10,827	40.0
Treatment Equipment	5,551	6,323	13.9
Other Medical Equipment	5,881	5,822	-1.0
Total Sales	24,809	29,364	18.4

【Markets】 Sales in all markets increased favorably because demand for certain products recovered compared to FY2020 1Q when the number of testing and surgical procedures decreased due to the spread of COVID-19. It was also because business negotiations related to IT system solutions resumed, after FY2020 when medical institutions postponed or froze their purchase budgets. Sales in the public hospital and private hospital markets showed strong growth, due in part to the installation of patient monitors supported by the Government's budget.

【Products】 **Physiological Measuring Equipment:** Sales of diagnostic information systems, ECGs, and EEGs achieved double-digit growth. Sales of polygraphs for cath lab also increased.

Patient Monitors: Sales of bedside monitors, transmitters, and clinical information systems increased significantly. Sales of consumables such as sensors also increased favorably.

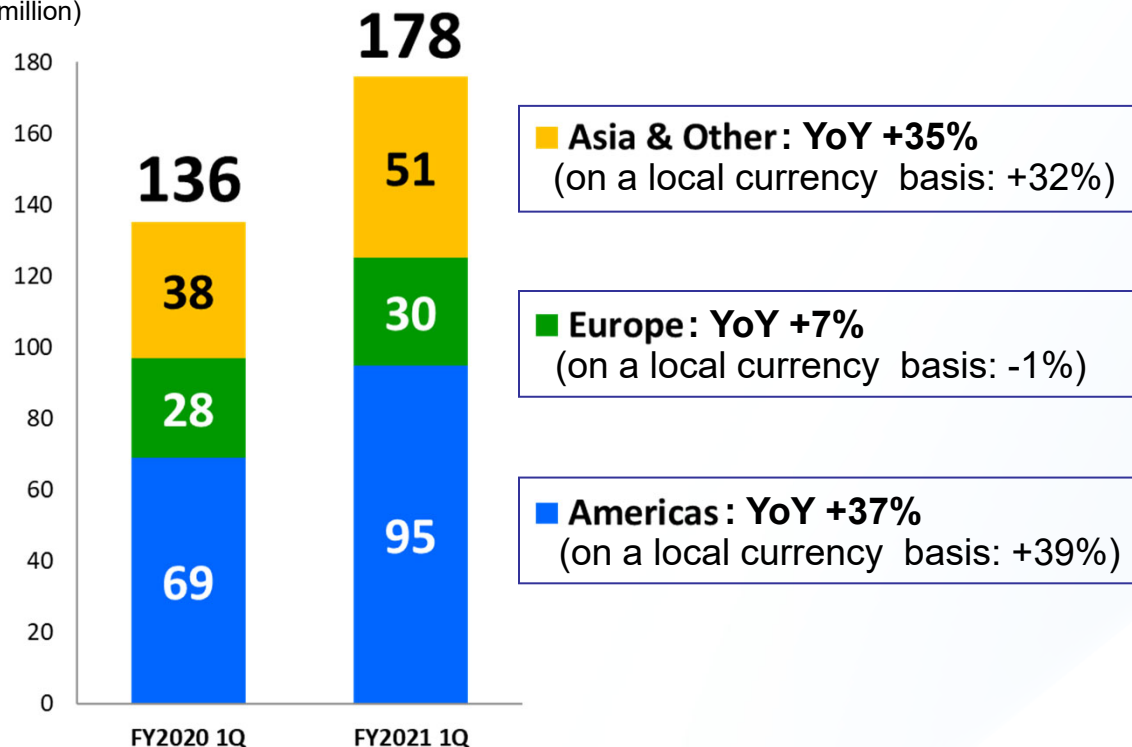
Treatment Equipment: Sales of AEDs and defibrillators increased favorably. Sales of ventilators decreased, as there was a reactionary decline compared to FY2020 1Q when demand surged.

Other Medical Equipment: Sales of locally purchased products decreased, as the Company focused on selling in-house products.

4) Overseas Sales

Geographic segments

(¥100 million)



Percentage of overseas sales to consolidated sales

FY2020 1Q	FY2021 1Q
35.5%	37.8%

Sales by Product Category

(Sales, millions of yen)

	FY2020 1Q	FY2021 1Q	YoY (%)
Physiological Measuring Equipment	1,698	2,179	28.3
Patient Monitors	7,650	10,075	31.7
Treatment Equipment	3,163	4,035	27.6
Other Medical Equipment	1,139	1,526	34.0
Total Sales	13,652	17,817	30.5

+28% on a local currency basis

- [Region]** **Americas:** Sales in the U.S. achieved double-digit growth driven by large orders for patient monitors. Sales in Latin America doubled from FY2020 1Q, mainly in Brazil and Peru.
Europe: Sales decreased on a local currency basis and increased on a yen basis. There was a reactionary decline compared to the strong growth in FY2020 1Q.
Asia & Other: Sales in India and Thailand doubled due to the resurgence of COVID-19. Sales in China also increased favorably.
- [Products]** **Physiological Measuring Equipment:** Sales of EEGs recovered in the U.S. and China, and increased favorably in Europe. Sales of ECGs increased in the Americas and Europe.
Patient Monitors: Sales in the U.S. increased significantly. Sales in India and Latin America doubled from FY2020 1Q. Sales in Europe, China, and the Middle East decreased, as there was a reactionary decline compared to FY2020 1Q when demand surged.
Treatment Equipment: In all regions, sales of AEDs recovered and sales of defibrillators increased favorably. Sales of ventilators decreased, as there was a reactionary decline compared to FY2020 1Q when demand surged.
Other Medical Equipment: Sales of hematology analyzers and reagents recovered in all regions.

5) Sales by Product Category

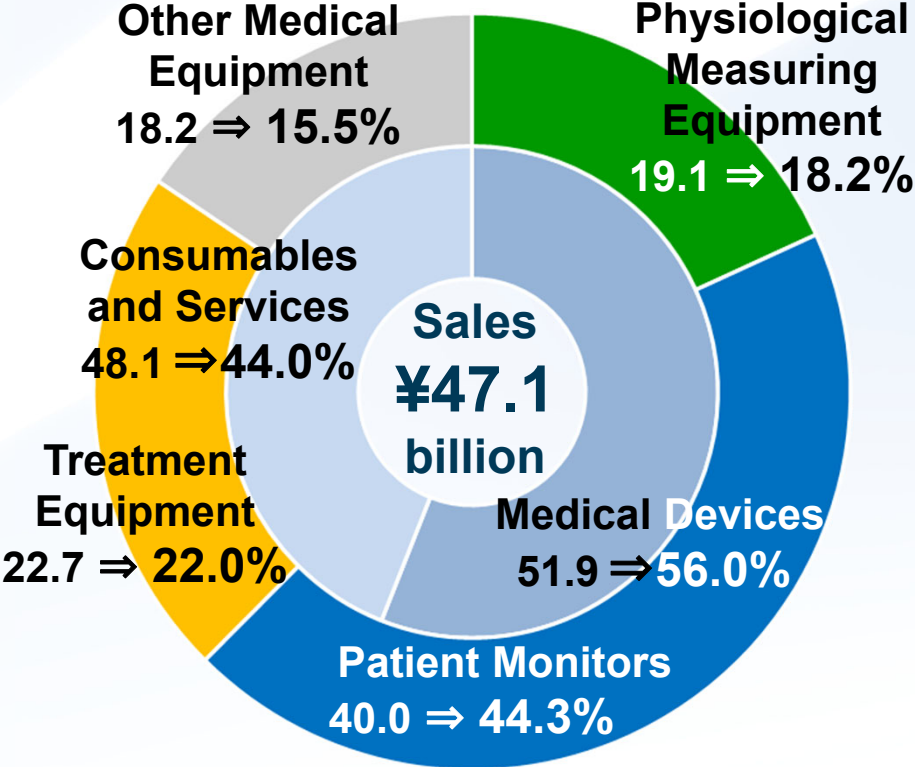
(Sales, millions of yen)

	FY2020 1Q	FY2021 1Q	YoY (%)
Physiological Measuring Equipment	7,342	8,571	16.7
Patient Monitors	15,382	20,903	35.9
Treatment Equipment	8,714	10,358	18.9
Other Medical Equipment	7,021	7,349	4.7
Total Sales	38,461	47,182	22.7

(Reference)

Consumables and Services	18,502	20,760	12.2
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Sales composition by product category
(FY2020 1Q ⇒ FY2021 1Q)



(Ref.) Breakdown of Sales by Product Category

(Billions of yen)

Physiological Measuring Equipment	FY2020 1Q	FY2021 1Q
Electroencephalographs	1.1	1.5
Electrocardiographs	1.3	1.5
Polygraphs for Cath Lab	3.0	3.2
Other Physiological Measuring Equipment *	1.7	2.2

*Includes diagnostic information systems and products of other companies.

Treatment Equipment	FY2020 1Q	FY2021 1Q
Defibrillators (for Hospital and Ambulance)	1.2	2.0
AEDs (Automated External Defibrillator)	3.0	4.1
Pacemakers / ICDs	0.6	0.6
Ventilators	2.4	1.5
Other Treatment Equipment	1.2	1.8

Other Medical Equipment	FY2020 1Q	FY2021 1Q
Hematology Analyzers	2.1	2.2
Imaging Systems, Medical equipment for research and others *	4.8	5.0

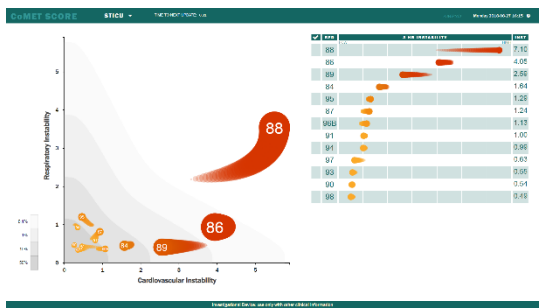
*Includes consumables, installation and maintenance services which are not part of other categories.

6) Topics: Patient Monitoring Business in the U.S.

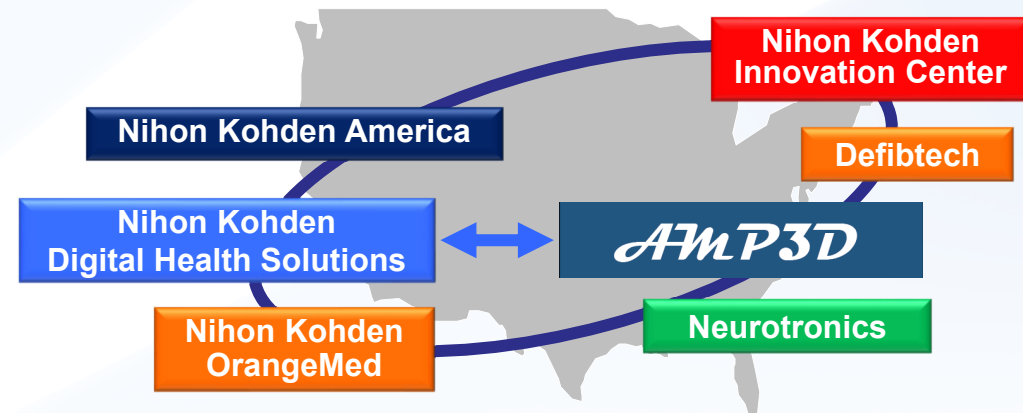
Acquired AMP3D (U.S. Company)

- Head office: Virginia, U.S.A.
- Establishment: 2013
- Representative: Kevin L. Passarello
(President and CEO)
- Business: R&D of algorithms and software for patient condition management

- High affinity with our DHS (digital health solution) vision
- Strengthening of the local R&D capability



CoMET®
Continuous Monitoring
of Event Trajectories



Received FDA approval for mid-range bedside monitors

July 2021
FDA approval

FY2021 2H
Planned to launch



CSM-1500/1700 series

7) Depreciation and R&D Costs

(Millions of yen)

	FY2020 1Q	FY2021 1Q	Change	FY2020 Actual	FY2021 Plan
Depreciation	722	756	33	3,236	3,800
R&D Costs	1,464	1,324	-139	6,357	6,600
			Capital Investments	3,524	4,100

●FY2021 capital investments plan

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

8) Forecast for FY2021

(Billions of yen)

	FY2020 Actual		FY2021 Forecast					
	First Half	Full Year	First Half			Full Year		
			Original forecast announced May 13	Revised forecast announced Aug 4	YoY (%)	Original forecast announced May 13	Revised forecast announced Aug 4	YoY (%)
Net Sales	87.2	199.7	88.5	96.0	10.0	185.5	190.5	-4.6
Domestic Sales	56.2	137.2	—	—	—	128.0	130.5	-4.9
Overseas Sales	30.9	62.4	—	—	—	57.5	60.0	-3.9
Gross Profit (Gross Profit Margin)	44.3 50.8%	102.2 51.2%	—	—	—	92.1 49.6%	95.7 50.2%	-6.4
Operating Income (Operating Income Margin)	8.7 10.0%	27.0 13.6%	6.5 7.3%	11.0 11.5%	25.6	16.0 8.6%	18.0 9.4%	-33.6
Ordinary Income	8.2	28.3	6.5	11.0	33.9	16.0	18.0	-36.6
Income Attributable to Owners of Parent	5.8	18.2	4.5	7.5	28.7	11.0	12.0	-34.2
Percentage of Overseas Sales	35.5%	31.3%				31.0%	31.5%	

-5% on a local currency basis

*The assumed exchange rates from FY2021 2Q are 107 yen to the U.S. dollar and 127 yen to the euro.

9) Reason for the Revision

Net Sales
(up ¥5.0 bil from previous forecast)

Domestic Sales
(up ¥2.5 bil)

- Both sales of medical devices, and consumables and services, will exceed the previous forecast due to the recovery in the number of testing and surgical procedures, and the resumption of business negotiations related to IT system solutions.
- The installation of patient monitors supported by the Government's budget is expected to continue until the end of September 2021.

Overseas Sales
(up ¥2.5 bil)

- The Company focuses on the U.S. and China and sales in both countries are expected to continue to grow.
- Medical equipment to treat COVID-19 patients is expected to be installed by medical facilities in regions where the spread of infection has resurged.
- The assumed exchange rates for FY2021 were changed due to yen depreciation. (1 US Dollar: from ¥105 to ¥108, 1 Euro: from ¥125 to ¥128)

**Operating Income
Ordinary Income**
(up ¥2.0 bil respectively)
**Income Attributable to
Owners of Parent**
(up ¥1.0 bil)

- Revised upward because sales are expected to exceed the previous forecast.
- Gross profit margin is also expected to exceed the Company's initial estimates due to a favorable product mix.

*There are uncertainties such as the resurgence of COVID-19 and tight supply of components. The Company will immediately announce further revisions to its forecasts if necessary.

(Ref.) Consolidated Forecast for FY2021 by Product Category, Breakdown of Overseas Sales Forecast by Region/ Effect of Exchange Rates

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

	FY2020 Actual	FY2021			YoY (%)
		Original forecast announced May 13	Revised forecast announced Aug 4	Composition ratio (%)	
Physiological Measuring Equipment	37,586	40,700	40,900	21.5	8.8
Patient Monitors	78,818	70,900	74,300	39.0	-5.7
Treatment Equipment	45,126	36,100	37,150	19.5	-17.7
Other Medical Equipment	38,196	37,800	38,150	20.0	-0.1
Total	199,727	185,500	190,500	100.0	-4.6

	FY2020 Actual	FY2021		YoY (%)
		Original forecast announced May 13	Revised forecast announced Aug 4	
Americas	30,288	29,000	29,800	-1.6
Europe	13,139	9,500	9,600	-26.9
Asia & Other	19,024	19,000	20,600	8.3
Total	62,452	57,500	60,000	-3.9

-5% on a local currency basis

(Reference)

Consumables and Services	85,890	87,200	89,700	47.1	4.4
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Average Exchange Rate

	FY2020 Actual	FY2021 Forecast
1 US Dollar	105.9 yen	108 yen
1 EURO	123.1 yen	128 yen

Estimated Exchange Rate Fluctuations for Full Fiscal Year

	Sales	Operating Income
US Dollar	0.36 bil yen	0.10 bil yen
EURO	0.06 bil yen	0.02 bil yen

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.