

Consolidated Financial Highlights for the Third Quarter of FY2023 (From April 1, 2023 to December 31, 2023)

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NIHON KOHDEN CORPORATION

(Ticker Code: 6849)

February 2, 2024

Fighting Disease with Electronics



1) Consolidated Financial Results for the 3rd Quarter of FY2023

	FY2022 3Q 9 months	FY2023 3Q 9 months	YoY (%)
Net Sales	144,557	156,169	8.0
Domestic Sales	93,569	98,598	5.4
Overseas Sales	50,987	57,571	12.9
Gross Profit (Gross Profit Margin)	73,496 50.8%	78,282 50.1%	6.5
Operating Income (Operating Income Margin)	11,377 7.9%	10,515 6.7%	-7.6
Ordinary Income	13,937	13,258	-4.9
Income Attributable to Owners of Parent	8,860	7,926	-10.5

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

+6% on a local currency basis
(+3% on a local currency basis excluding impact of change in fiscal term of Defibtech*)

In-house sales ratio: FY2022 3Q **71.7%** → FY2023 3Q **72.8%**

SG&A: ¥62.1 bil → ¥67.7 bil
SG&A Ratio: 42.9% → 43.4%

Foreign exchange gains:
¥2.05 bil → ¥2.35 bil

Average Exchange Rate	(2022/12)	(2023/12)
1 US Dollar	134.0 yen	142.4 yen
1 EURO	140.6 yen	155.7 yen

*Defibtech, LLC changed its fiscal term from end on December 31 to end on March 31, according to the reorganization of U.S. subsidiaries. In the nine months ended December 31, 2023, Nihon Kohden consolidated the 12 months of Defibtech's operating results from January 1, 2023 to December 31, 2023.

2) Highlights of FY2023 3Q (9 months)

Net Sales : +8.0%

- **Japan:** Sales in all markets and all product categories increased because the Company focused on its consumables and services business. Sales in the university and private hospital markets increased favorably thanks to large orders related to construction of new hospitals. Sales in the public hospital and clinic markets also increased.
- **International:** Sales showed double-digit growth due to yen depreciation and the impact of a change in the fiscal term of Defibtech, LLC according to the reorganization of subsidiaries in the U.S.

Operating Income : -7.6%

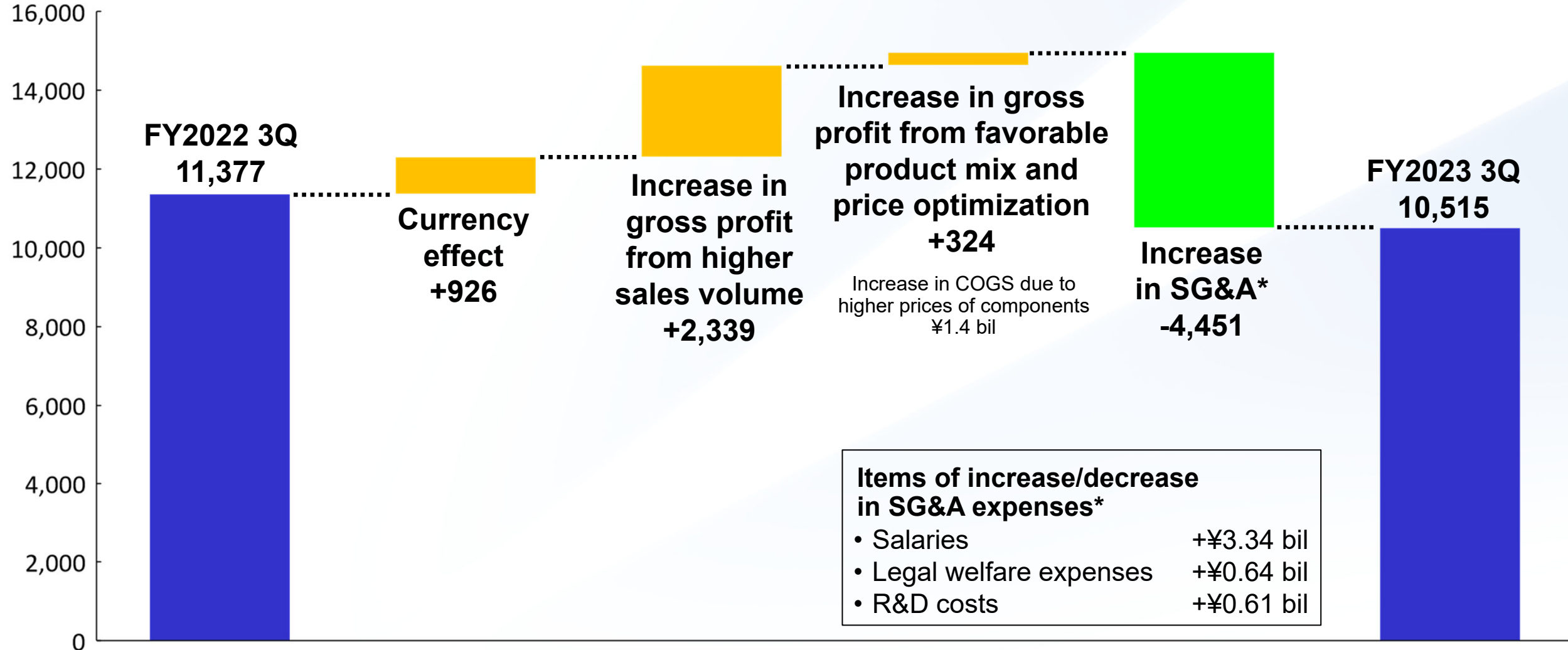
- SG&A expenses increased due to the strengthening of human resources and R&D investment, as well as costs from the reform of the profit structure.
- The cost of sales ratio rose due to unfavorable product mix in sales of in-house products, while the impact of higher prices of components was offset by the Company's efforts to raise selling prices.

Ordinary Income : -4.9%

- Foreign exchange gains increased.

3) Breakdown of Operating Income

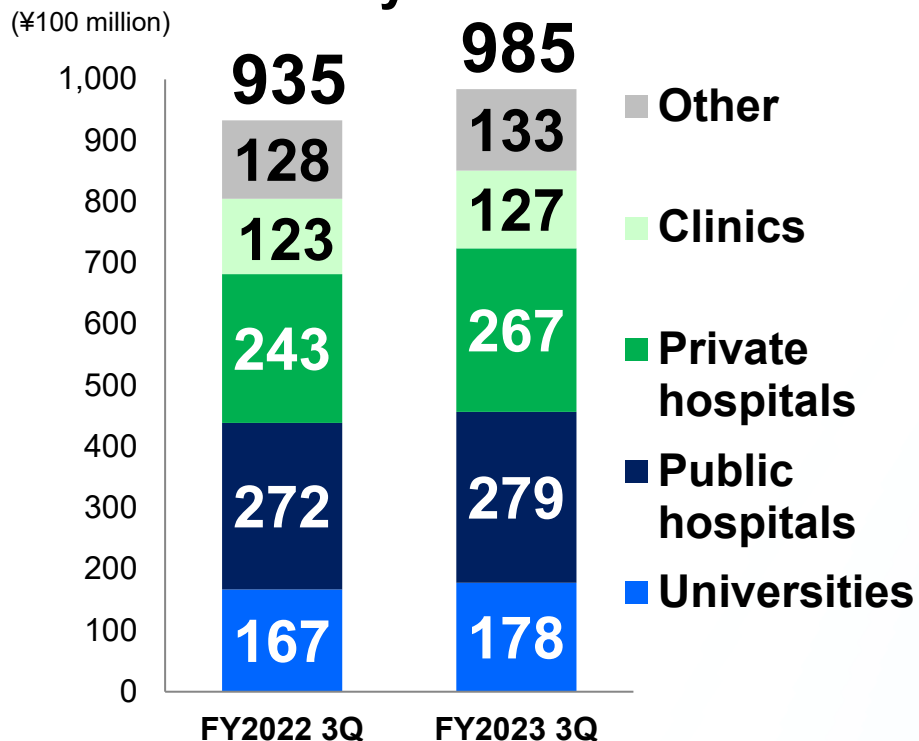
(Amounts of less than ¥1 million are rounded down)



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

4) Domestic Sales

Sales by Market



Sales by Product Category

(Sales, millions of yen)

	FY2022 3Q 9 months	FY2023 3Q 9 months	YoY (%)
Physiological Measuring Equipment	23,375	25,228	7.9
Patient Monitors	30,711	32,028	4.3
Treatment Equipment	18,494	19,900	7.6
Other Medical Equipment	20,988	21,440	2.2
Total Sales	93,569	98,598	5.4

【Markets】 As the number of testing and surgical procedures in medical institutions increased and the Company focused on its consumables and services business, sales in all markets increased. Sales in the university and private hospital markets increased favorably thanks to large orders related to construction of new hospitals. Sales in the public hospital and clinic markets also increased.

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

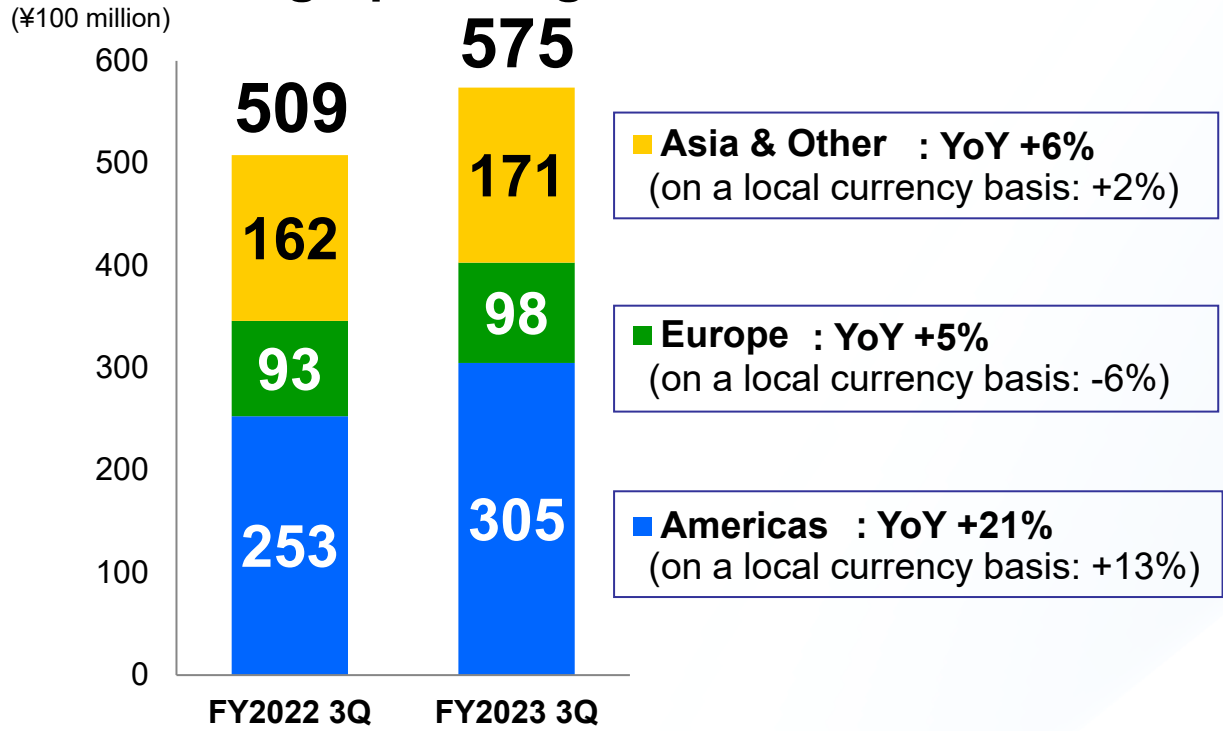
Patient Monitors: Sales of clinical information systems increased significantly. Sales of consumables such as sensors also increased favorably. Sales of transmitters and bedside monitors decreased.

Treatment Equipment: Sales of all products increased favorably, posting especially double-digit growth of ablation catheters. Sales of ventilators recovered.

Other Medical Equipment: Sales of installation and maintenance services for medical devices increased favorably. Sales of hematology instruments and reagents also increased. Sales of imaging systems decreased.

5) Overseas Sales

Geographic segments



Percentage of overseas sales to consolidated sales

FY2022 3Q	FY2023 3Q
9 months	9 months
35.3%	36.9%

Sales by Product Category

(Sales, millions of yen)

	FY2022 3Q	FY2023 3Q	YoY (%)
	9 months	9 months	
Physiological Measuring Equipment	7,007	7,792	11.2
Patient Monitors	25,259	25,879	2.5
Treatment Equipment	13,392	18,358	37.1
Other Medical Equipment	5,328	5,540	4.0
Total Sales	50,987	57,571	12.9

+6% on a local currency basis
 (+3% on a local currency basis excluding impact of change in fiscal term of Defibtech)

[Region] **Americas:** Sales in the U.S. and Latin America showed double-digit growth. In the U.S., sales of Treatment Equipment and Physiological Measuring Equipment increased significantly, while sales of Patient Monitors decreased. In Latin America, sales in Columbia and Mexico showed strong growth.
Europe: Sales in Germany decreased compared to the strong growth in FY2022 3Q, while sales in the U.K. and the Netherlands showed strong growth.
Asia & Other: Sales in Malaysia increased favorably. A large order in Morocco also contributed to the sales increase. Sales growth moderated in China mainly due to the impact of the anti-corruption campaign.

[Products] **Physiological Measuring Equipment:** Sales of EEGs increased favorably in all regions. Sales of ECGs decreased in Asia & Other and Europe.
Patient Monitors: Sales in the Americas and Europe increased on a yen basis. Sales in Asia & Other decreased both on a yen basis and on a local currency basis.
Treatment Equipment: Sales of AEDs showed strong growth in all regions. Sales of ventilators achieved double-digit growth, driven by strong sales of a mask-type ventilator in the U.S.
Other Medical Equipment: Sales of hematology instruments and reagents increased in Asia & Other.

6) Sales by Product Category

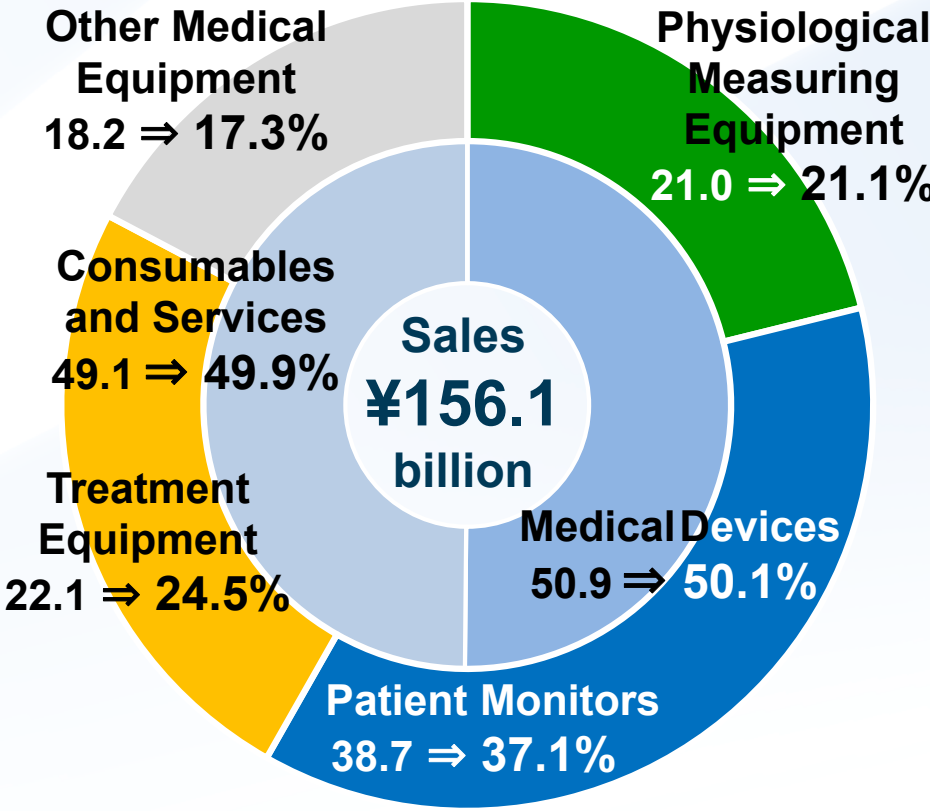
(Sales, millions of yen)

	FY2022 3Q 9 months	FY2023 3Q 9 months	YoY (%)
Physiological Measuring Equipment	30,382	33,021	8.7
Patient Monitors	55,970	57,908	3.5
Treatment Equipment	31,887	38,258	20.0
Other Medical Equipment	26,316	26,980	2.5
Total Sales	144,557	156,169	8.0

(Reference)

Medical Devices	73,618	78,302	6.4
Consumables and Services	70,938	77,866	9.8

Sales composition by product category
(FY2022 3Q ⇒ FY2023 3Q)



(Ref.) Breakdown of Sales by Product Category

(Billions of yen)

Physiological Measuring Equipment	FY2022 3Q 9 months	FY2023 3Q 9 months
Electroencephalographs	6.4	7.0
Electrocardiographs	4.7	4.6
Polygraphs for Cath Lab	11.7	12.9
Other Physiological Measuring Equipment *	7.3	8.3

*Includes diagnostic information systems and products of other companies.

Treatment Equipment	FY2022 3Q 9 months	FY2023 3Q 9 months
Defibrillators (for Hospital and Ambulance)	5.9	6.0
AEDs (Automated External Defibrillator)	14.2	19.7
Pacemakers / ICDs	1.7	1.9
Ventilators	4.0	4.7
Other Treatment Equipment	5.7	5.8

Other Medical Equipment	FY2022 3Q 9 months	FY2023 3Q 9 months
Hematology Analyzers	8.6	8.9
Imaging Systems and Others *	17.6	18.0

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

7) Topics

New products launched in FY2023*1

Treatment Equipment Business



Automated chest compression device ARM XR ACC

FY2023 1Q: U.S., Europe, emerging countries
FY2023 4Q: Japan

Made in U.S.

- Launched Japan's first device developed and manufactured at Defibtech, LLC
- Simplified setup and operation, designed for chest compressions of consistent depth and duration
- Supports rapid and continuous CPR*2 in emergency medical care



Compression module's upper panel

Ventilator NKV-440

Made in U.S.

FY2022 4Q: some emerging countries
FY2023 4Q: U.S. (planned)

Tracheal intubation ventilator for transportation in hospital



Syringe pump control software for assisting with total intravenous anesthesia ROP-1680

AsisTIVA FY2023 2Q: Japan
Administers a controlled dose of anesthetics using the patient's vital signs as a guide

Patient Monitoring Business



Central monitor CNS-2101

FY2021 3Q: Japan
FY2023 3Q: U.S.
FY2024: Europe, emerging countries (planned)



Bedside monitors BSM-2500

FY2023 3Q: Europe, emerging countries

Made in Shanghai

Affordable models for general ward/ICU/ER



Resuscitation monitor for neonate NRM-1300

FY2022 2Q: Japan
FY2023 4Q: Indonesia (planned)



Telemetry system WEP-1600

FY2023 2Q: Japan

Diagnostic Equipment Business



Home sleep Recorder NomadAir

FY2023 2Q: U.S.



Electroencephalograph EEG-1290 Next

FY2023 2Q: Japan

*1 The actual launch dates varied in accordance with the examination period for regulatory approval in each country. *2 CPR: Cardio Pulmonary Resuscitation.

8) Capital Investments and R&D Costs

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

	FY2022 3Q 9 months	FY2023 3Q 9 months	Change	FY2022 Actual	FY2023	
					Original forecast announced May 15	Revised forecast announced Nov 8
Capital Investments	3,273	3,202	-71	8,294	5,000	5,000
Depreciation	2,661	2,649	-12	3,675	4,100	4,000
R&D costs	4,395	5,011	615	6,200	7,200	7,200

● FY2023 capital investments plan

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

Establishment of new reagent factory in India < **FY2022: ¥1.0 bil**
 Total investments: approx. ¥1.2 bil < **FY2023: ¥0.2 bil**
 Construction: Started in September 2022 and completed in September 2023
 Operation: Planned to start in Summer 2024

Introduction of PLM/MES* systems < **FY2022: ¥0.3 bil**
 Capital Investments: approx. ¥3.0 bil < **FY2023-FY2025: ¥2.7 bil**
 PLM/MES: Planned to start operation in FY2025

Establishment of new plant in Tsurugashima City < **FY2022: ¥2.3 bil**
 Total investments: approx. ¥9.5 bil < **(Acquisition of the site)**
 From FY2024: approx. ¥7.2 bil < **(Building and facilities)**
 Construction: Planned to start in Spring 2024 and be completed in Spring 2025
 Operation: Planned to start in 2026

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

9) Forecast for FY2023

	FY2022 Actual	FY2023 Forecast		YoY (%)
		Original forecast announced May 15	Revised forecast announced Nov 8	
Sales	206,603	215,000	221,500	7.2
Domestic Sales	135,734	139,500	142,000	4.6
Overseas Sales	70,869	75,500	79,500	12.2
Gross Profit (Gross Profit Margin)	105,926 51.3%	109,000 50.7%	112,500 50.8%	6.2
Operating Income (Operating Income Margin)	21,120 10.2%	21,500 10.0%	22,200 10.0%	5.1
Ordinary Income	24,122	21,500	24,000	-0.5
Income Attributable to Owners of Parent	17,110	14,500	15,500	-9.4
Percentage of overseas sales	34.3%	35.1%	35.9%	

Average exchange rate

1 US Dollar	134.6 yen	125 yen	139 yen
1 EURO	141.0 yen	139 yen	151 yen

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

← +8% on a local currency basis

Breakdown of overseas sales by region

	FY2022 Actual	FY2023 Forecast		YoY (%)
		Original forecast announced May 15	Revised forecast announced Nov 8	
Americas	36,818	40,200	43,400	17.9
Europe	12,349	11,700	12,600	2.0
Asia & Other	21,701	23,600	23,500	8.3
Total	70,869	75,500	79,500	12.2

*The assumed exchange rates for FY2023 4Q are 142 yen to the U.S. dollar and 157 yen to the euro.

(Ref.) Consolidated Forecast for FY2023 by Product Category/ Effect of Exchange Rates

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

	FY2022 Actual	FY2023 Forecast			YoY (%)
		Original forecast announced May 15	Revised forecast announced Nov 8	Composition ratio (%)	
Physiological Measuring Equipment	43,287	44,100	46,100	20.8	6.5
Patient Monitors	80,815	83,400	85,500	38.6	5.8
Treatment Equipment	44,463	48,200	50,900	23.0	14.5
Other Medical Equipment	38,036	39,300	39,000	17.6	2.5
Total	206,603	215,000	221,500	100.0	7.2

(Reference)

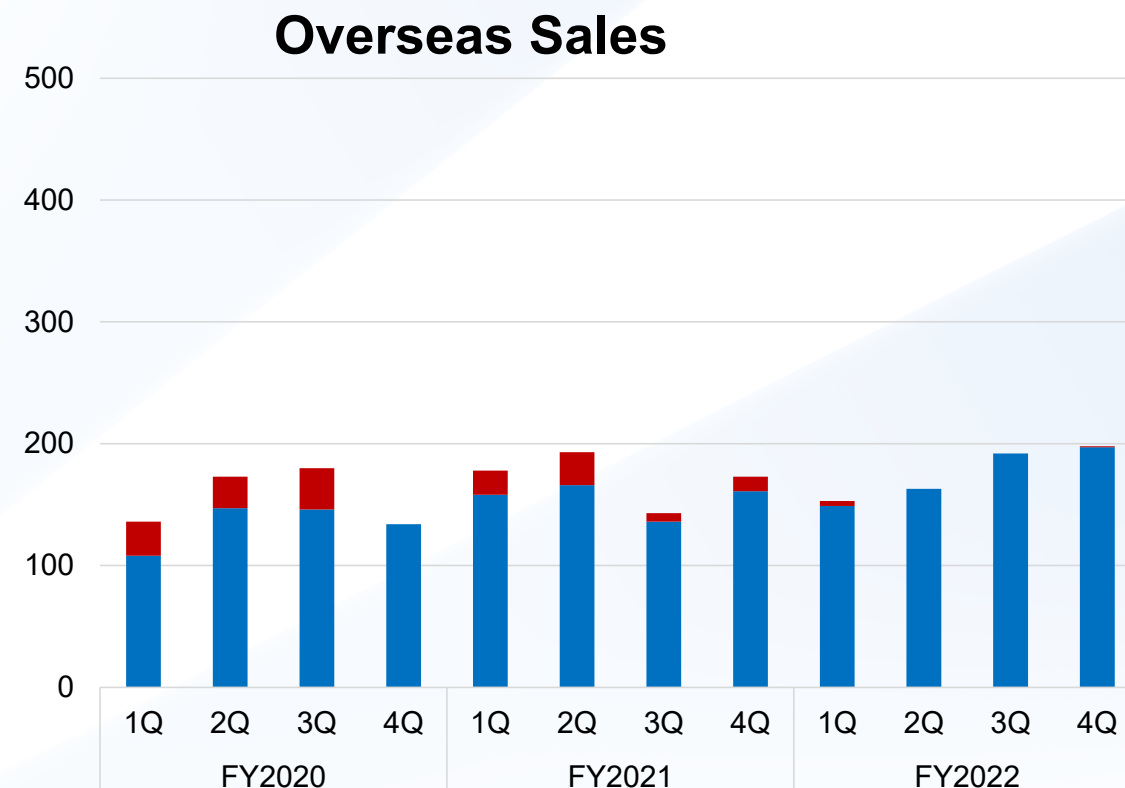
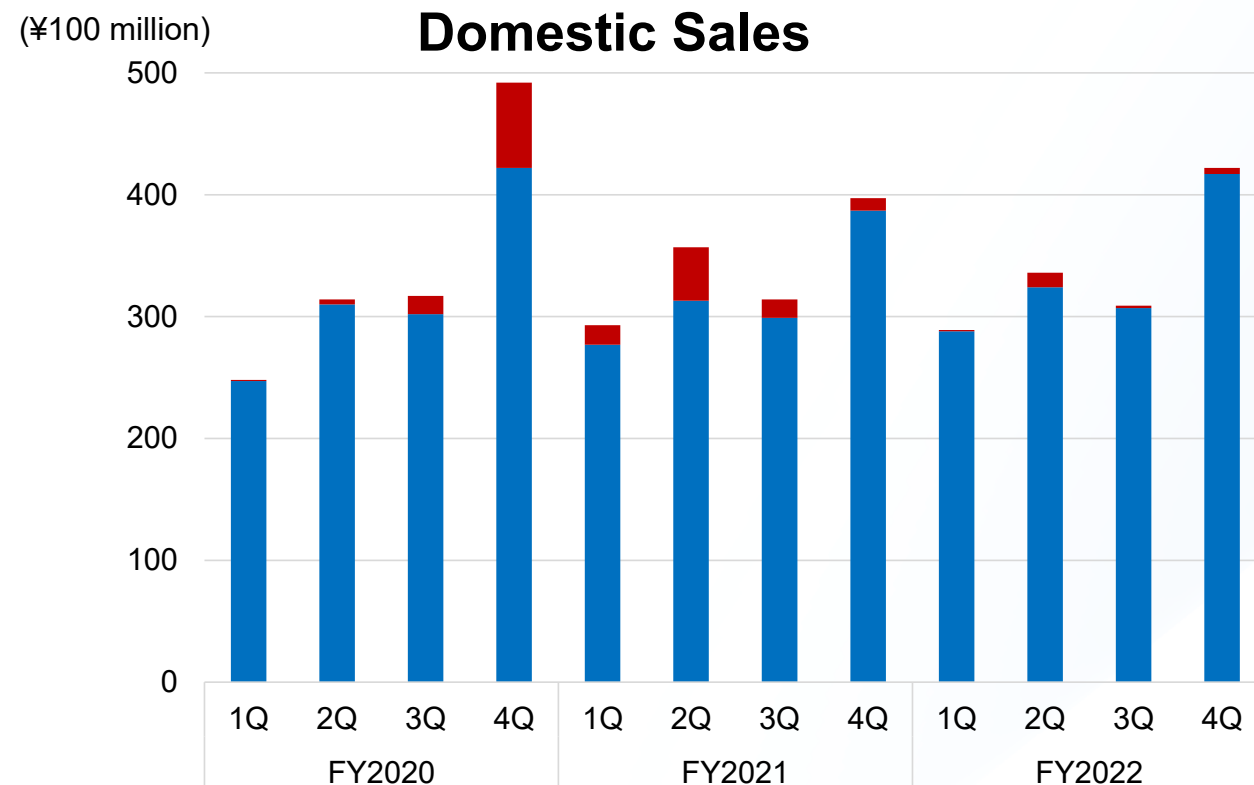
Medical Devices	108,904	113,000	115,500	52.1	6.1
Consumables and Services	97,699	102,000	106,000	47.9	8.5

Estimated Exchange Rate Fluctuations for Full Fiscal Year

	Sales	Operating Income
US Dollar	0.40 bil yen	0.14 bil yen
EURO	0.06 bil yen	0.02 bil yen

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

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



COVID-19-related demand (full-year)	FY2020		FY2021		FY2022	
	Japan	International	Japan	International	Japan	International
Patient Monitors	approx. ¥4.0 bil	approx. ¥4.5 bil	approx. ¥6.0 bil	approx. ¥3.5 bil	approx. ¥1.5 bil	approx. ¥0.3 bil
Ventilators	approx. ¥5.0 bil	approx. ¥4.0 bil	approx. ¥2.5 bil	approx. ¥1.5 bil	approx. ¥0.5 bil	approx. ¥0.1 bil
Defibrillators	—	approx. ¥0.5 bil	—	approx. ¥1.0 bil	—	approx. ¥0.1 bil
Total	approx. ¥9.0 bil	approx. ¥9.0 bil	approx. ¥8.5 bil	approx. ¥6.0 bil	approx. ¥2.0 bil	approx. ¥0.5 bil

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