

# Consolidated Financial Highlights for FY2020

(From April 1, 2020 to March 31, 2021)

1. Consolidated Financial Results for FY2020
2. Forecast for FY2021
3. Business Strategy

NIHON KOHDEN CORPORATION

(Ticker Code: 6849)

May 17, 2021

*Fighting Disease with Electronics*



# Prologue) Results of Investigation of the Compliance Matter

January 2021

## Establishment of Investigation Committee

Total 6 members:

2 outside directors,  
2 outside lawyers,  
and 2 internal directors

## Contents of Investigation

- Hearings from the persons concerned, Digital forensic investigation
- Questionnaire answered by employees and dealers
- Investigation of transactions and donations

April 2021

## Disclosure of Investigation Report

- No fact of systematic misconduct by the Company as an organization
- No facts were found that are considered as similar cases

**The persons concerned were dealt with severely based on internal regulations**

## Analysis of the Causes

[Opportunities] An environment in which provision of benefits is induced, and a system in which it is easy to come up with the funds to do so

- (1) Distinctive characteristics of the medical device industry (2) Procurement of funds by discounts  
(3) Intervention by the dealer

[Motives] Desire to close immediate deals

- (1) Deals for replacement of other company's products in important facilities  
(2) Environment where the focus was on increasing sales

[Justifications] Defects in the compliance system, and lack of understanding of the true nature of issues

- (1) Absence of clear directions to stop the transaction (2) Justification of the persons' own actions

**The Company sincerely apologizes to all related parties for any concern caused by this matter**

# Prologue) Recurrence Prevention Measures

- A Committee for Implementation and Management of Recurrence Prevention Measures was established on April 28, 2021 in accordance with the recommendations of the Investigation Committee.
- The following measures will be implemented quickly and reliably.

## 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
  - Strengthen administrative functions
  - Strengthen reporting lines to the Chief Compliance Officer

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

- Introduce a donation website. Establish a review organization that is independent of sales divisions

### (3) Strengthening of internal controls

- Application of IT controls to pre-order processes

### (4) Establish mutual check procedures with dealers

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

## 2. Review of the Employee Performance Evaluation System

- Include compliance in evaluation items for performance evaluation

## 3. Thorough Compliance Education

- Domestic sales branch offices
  - Improve education programs for managers
  - Increase the amount of specific and practical training contents

## 4. Monitoring

- Periodic internal compliance awareness surveys
- Ensure that all employees are aware of the internal reporting hotline

# **1 Consolidated Financial Results for FY2020**

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# 1) Measures Implemented in FY2020

## COVID-19 infection control measures

- Maintained supply of products and services, while implementing thorough measures to prevent infection



- Provided and expanded online seminars and training programs



## Measures to ramp-up production

- Continued ramping up production until the end of FY2020 to meet domestic and overseas demand increase



- Unit sales of in-house ventilators (FY2020)  
NKV-330: approx. 1,000 units  
NKV-550: approx. 2,000 units



- Continued support of medical workers in clinical practice by fulfilling our responsibility as a medical device manufacturer to supply products
- Expanded installation base of patient monitors and ventilators

## 2) Consolidated Financial Results for FY2020

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

|  | FY2019<br>Actual | FY2020                                   |  |                         |            |
|--|------------------|--|--|-------------------------|------------|
|  |                  | Original forecast<br>announced<br>May 13 | Revised forecast<br>announced<br>Feb 2 | Actual                  | YoY<br>(%) |
| <b>Sales</b>   | 185,007          | 180,000                                  | 190,500                                | <b>199,727</b>          | 8.0        |
| <b>Domestic Sales</b>                                | 134,355          | 126,200                                  | 129,000                                | <b>137,274</b>          | 2.2        |
| <b>Overseas Sales</b>                                | 50,651           | 53,800                                   | 61,500                                 | <b>62,452</b>           | 23.3       |
| <b>Gross Profit</b><br>(Gross Profit Margin)         | 89,325<br>48.3%  | 87,200<br>48.4%                          | 94,700<br>49.7%                        | <b>102,233</b><br>51.2% | 14.5       |
| <b>Operating Income</b><br>(Operating Income Margin) | 15,503<br>8.4%   | 14,000<br>7.8%                           | 20,000<br>10.5%                        | <b>27,094</b><br>13.6%  | 74.8       |
| <b>Ordinary Income</b>                               | 14,846           | 14,000                                   | 19,100                                 | <b>28,374</b>           | 91.1       |
| <b>Income Attributable to<br/>Owners of Parent</b>   | 9,854            | 10,000                                   | 11,800                                 | <b>18,243</b>           | 85.1       |

+27% on a local currency basis

In-house sales ratio: FY2019 65.6% → FY2020 69.5%

Foreign exchange gains/losses:  
FY2019 ¥973 mil losses → FY2020 ¥472 mil gains

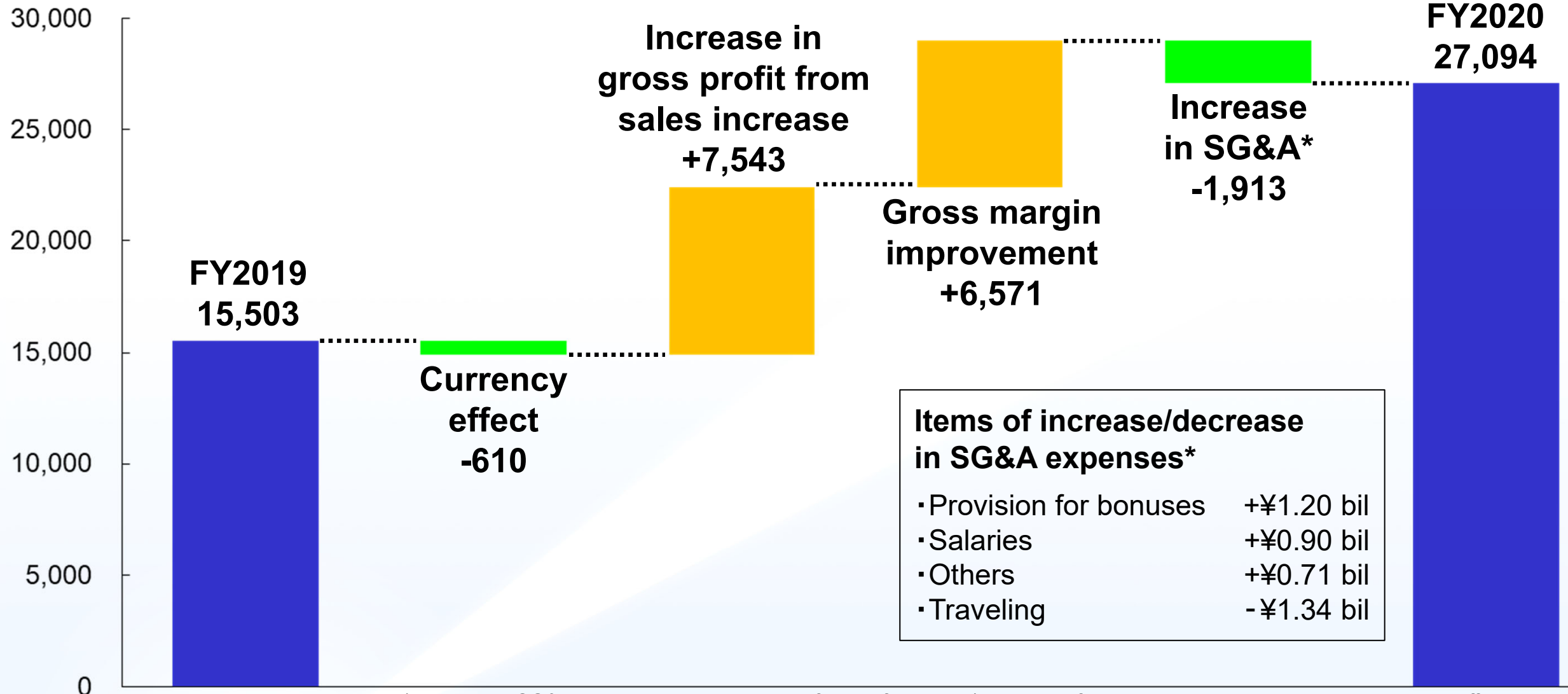
[Extraordinary losses] FY2020  
Impairment losses: ¥388 mil  
Amortization of goodwill: ¥1,185 mil

| Average exchange rate | FY2019    | FY2020  | FY2020  | FY2020           |
|-----------------------|-----------|---------|---------|------------------|
| 1 US Dollar           | 109.1 yen | 107 yen | 106 yen | <b>105.9 yen</b> |
| 1 EURO                | 121.1 yen | 117 yen | 123 yen | <b>123.1 yen</b> |



### 3) Breakdown of Operating Income

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

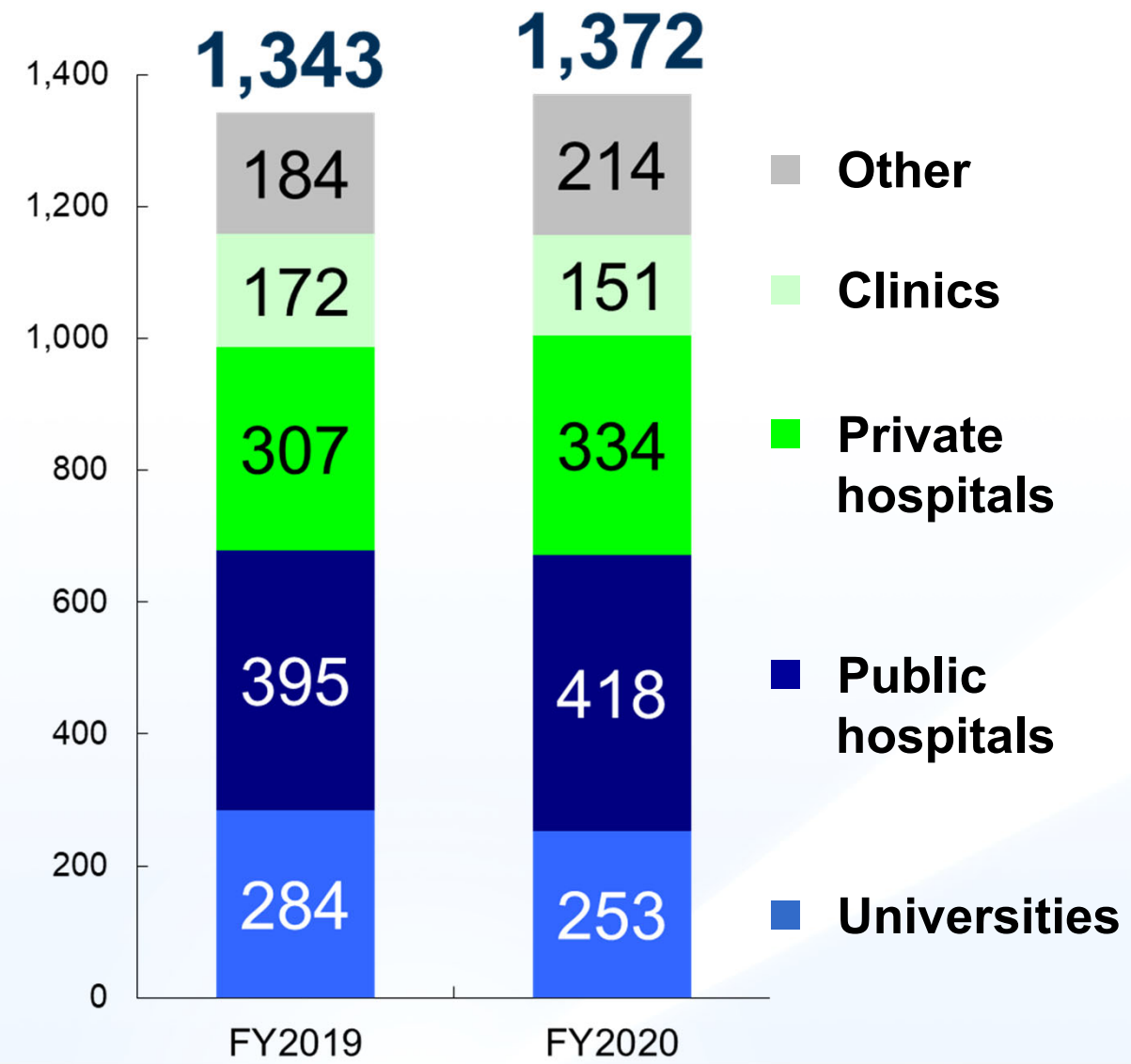


| Items of increase/decrease in SG&A expenses* |            |
|--|------------|
| · Provision for bonuses                      | +¥1.20 bil |
| · Salaries                                   | +¥0.90 bil |
| · Others                                     | +¥0.71 bil |
| · Traveling                                  | -¥1.34 bil |

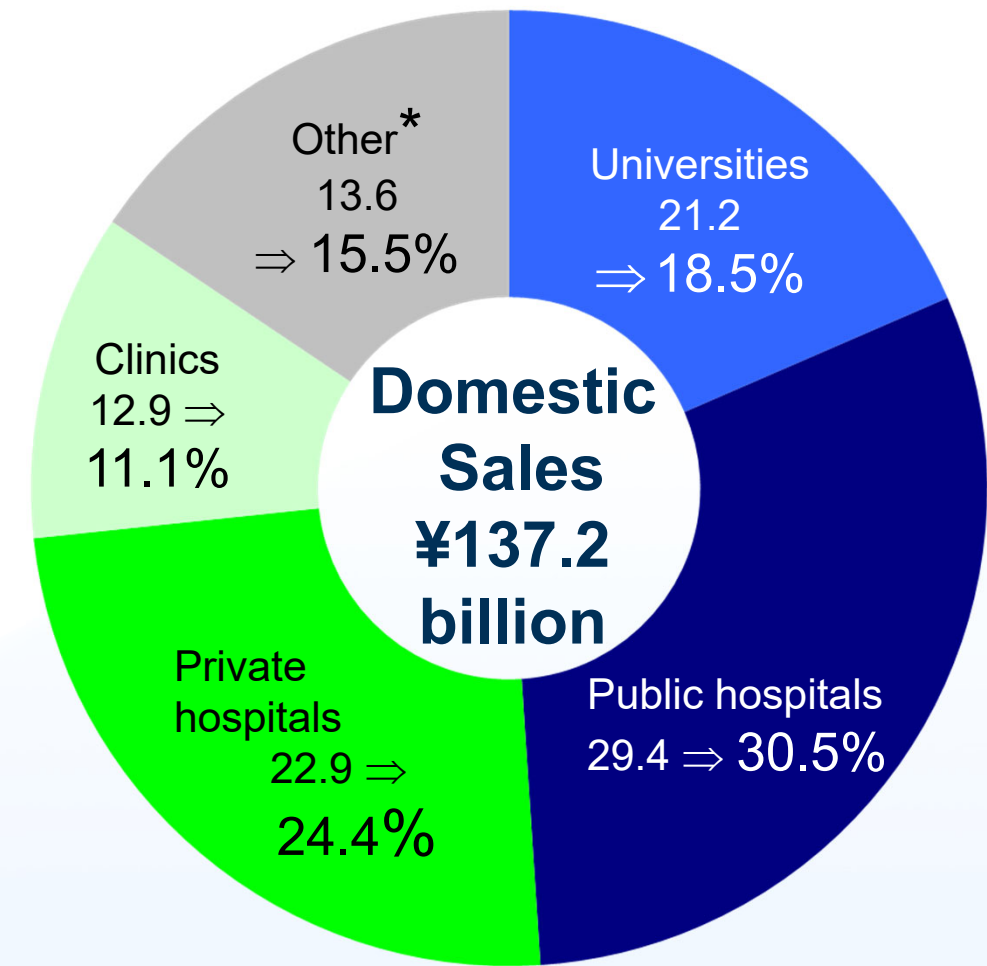
\*Increase in SG&A indicates the amount as a factor of increase/decrease of operating income excluding the currency effect. Items of increase/decrease in SG&A expenses indicate major components of increased/decreased SG&A expenses on a yen basis.

# 4) Domestic Sales

(¥100 million) Sales by market



Sales composition by market (FY2019 ⇒ FY2020)

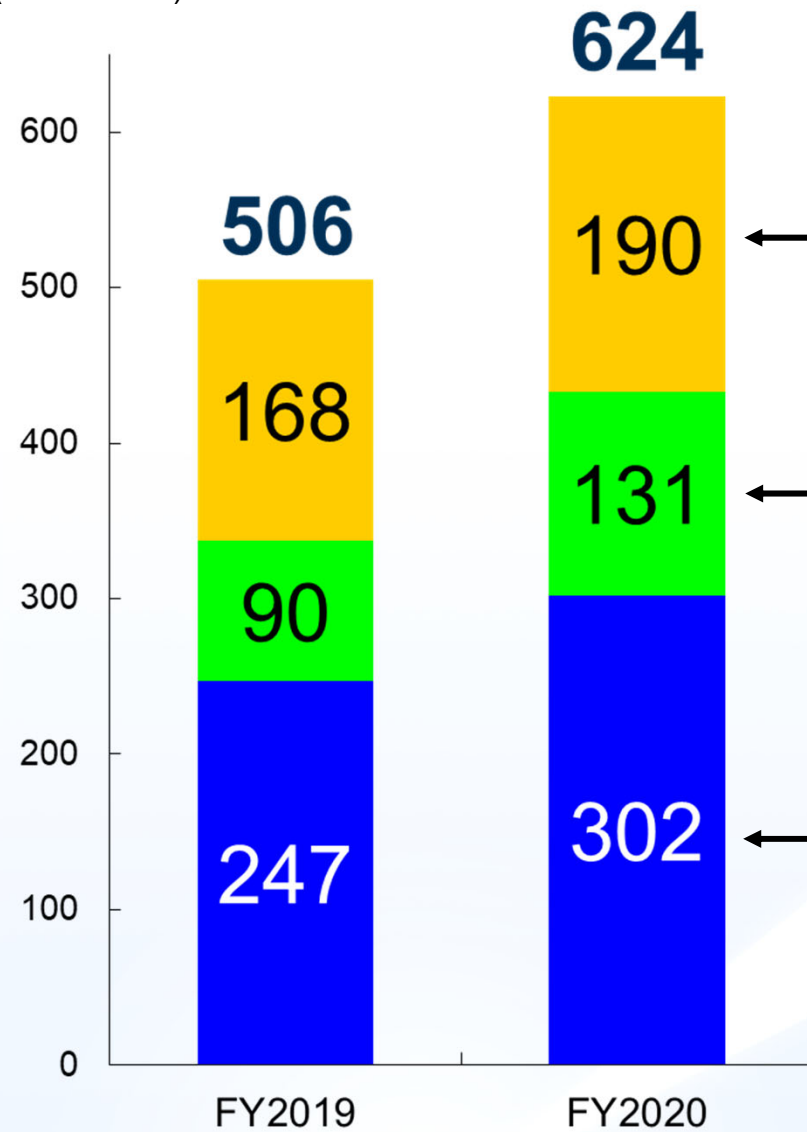


\*Other includes laboratories, animal hospitals and PAD (public access defibrillation) markets such as schools and private companies.



# 5) Overseas Sales

(¥100 million) **Geographic segments**



**Overseas sales: YoY +23%**  
(on a local currency basis: +27%)

**Asia & Other : YoY +13%**  
(on a local currency basis: +16%)

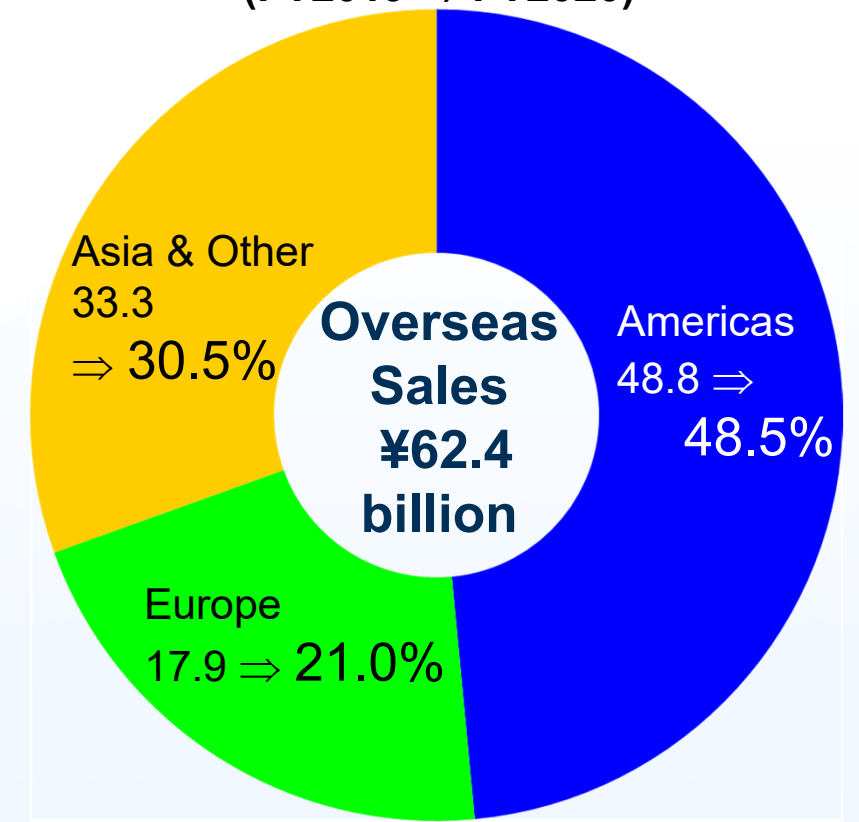
**Europe: YoY +45%**  
(on a local currency basis: +44%)

**Americas: YoY +22%**  
(on a local currency basis: +28%)

**Percentage of overseas sales to consolidated sales**

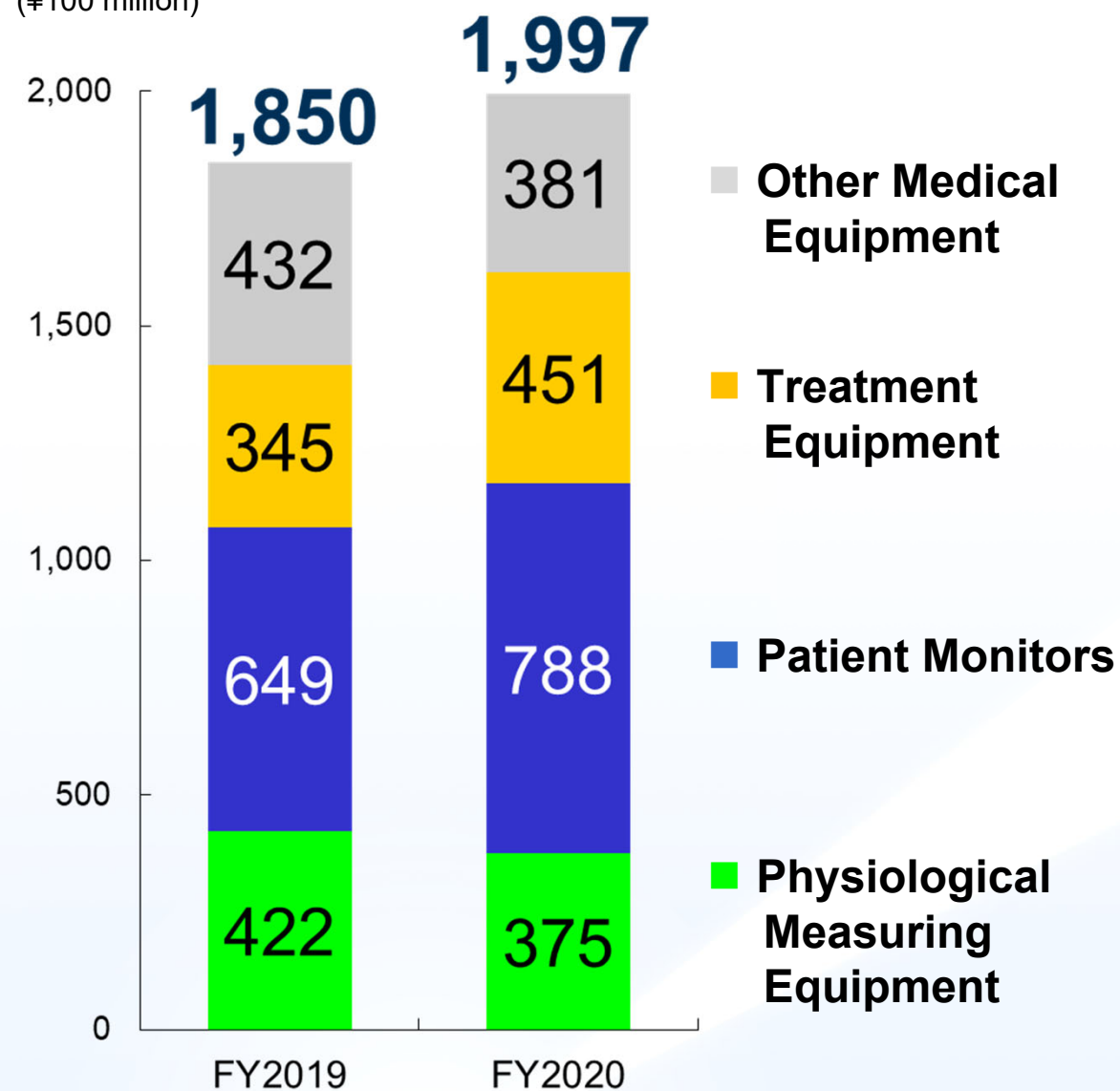
| FY2019 | FY2020 |
|--------|--------|
| 27.4%  | 31.3%  |

**Geographic Segments**  
(FY2019 ⇒ FY2020)

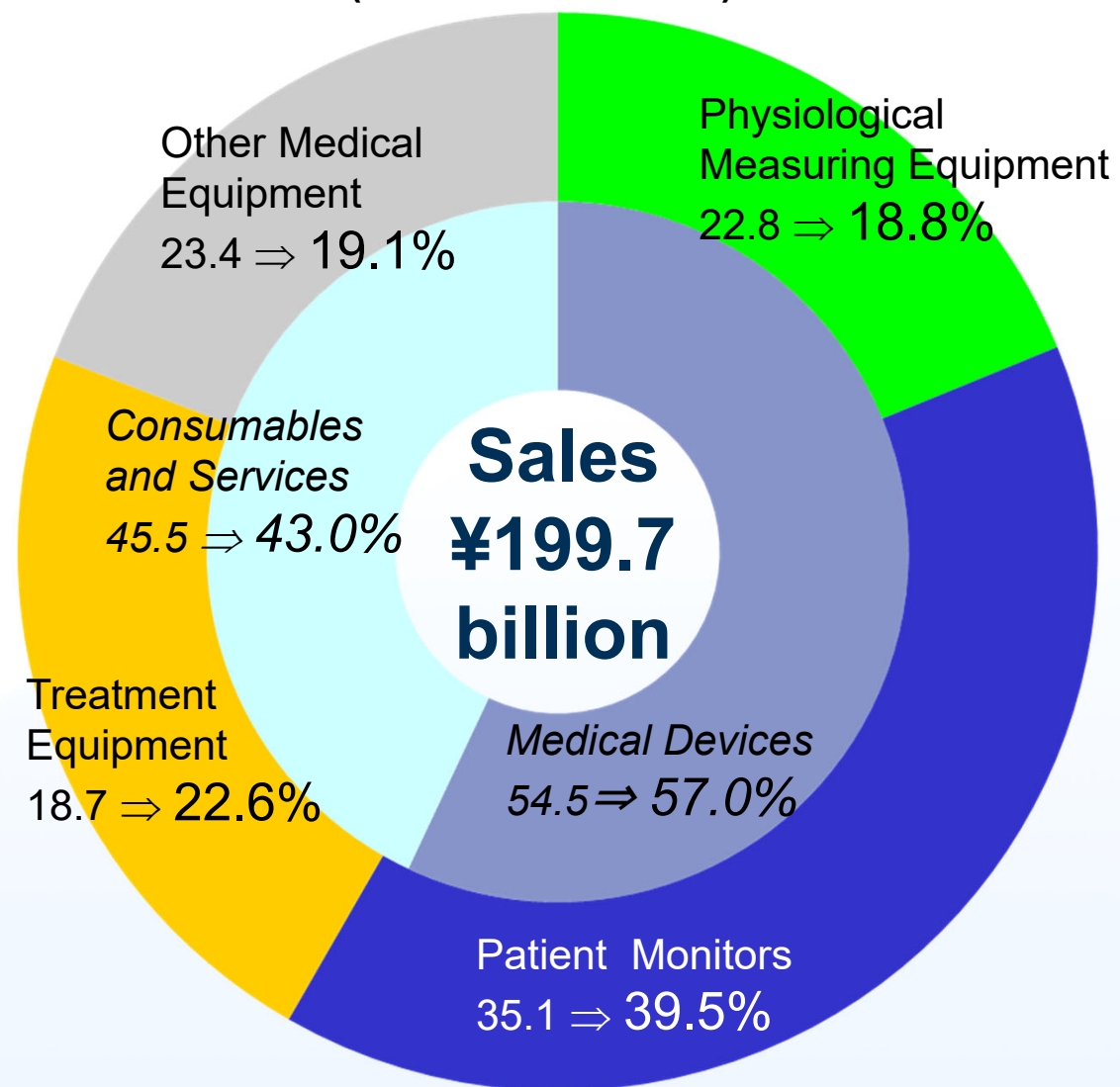


# 6) Sales by Product Category

(¥100 million)



Sales composition by product category (FY2019 ⇒ FY2020)



# 6.1) Physiological Measuring Equipment

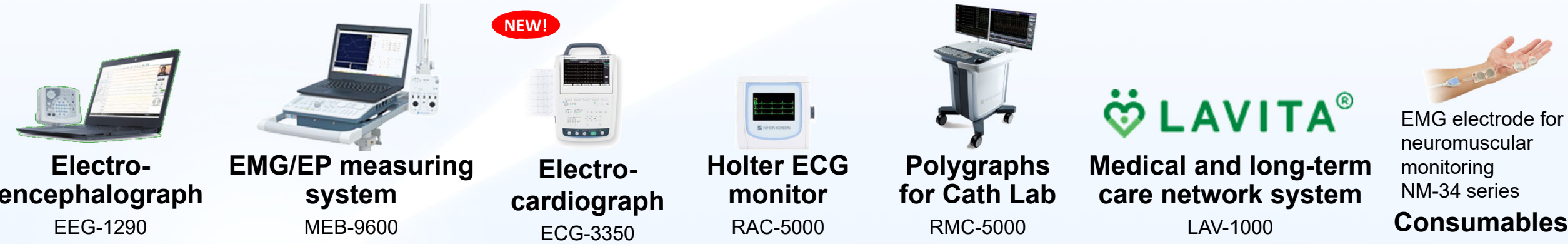
|  | FY2019        | FY2020        | YoY (%)      |
|--|---------------|---------------|--------------|
| Electroencephalographs                   | 7,564         | 6,546         | -13.5        |
| Electrocardiographs                      | 6,661         | 6,542         | -1.8         |
| Polygraphs for Cath Lab                  | 16,081        | 14,676        | -8.7         |
| Other Physiological Measuring Equipment* | 11,966        | 9,820         | -17.9        |
| <b>Physiological Measuring Equipment</b> | <b>42,273</b> | <b>37,586</b> | <b>-11.1</b> |
| <b>Domestic Sales</b>                    | <b>33,207</b> | <b>29,555</b> | <b>-11.0</b> |
| <b>Overseas Sales</b>                    | <b>9,065</b>  | <b>8,030</b>  | <b>-11.4</b> |

(Sales, millions of yen)

Sales of diagnostic information systems, ECGs, and polygraphs for cath lab decreased, as medical institutions reduced the number of testing and surgical procedures and postponed or froze their purchase budgets. Sales of EEGs remained flat, as sales of an EMG electrode increased favorably due to growing importance of neuromuscular monitoring. The demand for pulse oximeters and LAVITA increased because of use in checking mildly ill COVID-19 patients.

Sales of EEGs decreased in all regions. Sales of ECGs increased favorably in all regions.

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



# 6.2) Patient Monitors

|                         | FY2019 | FY2020        | YoY (%) |
|-------------------------|--------|---------------|---------|
| <b>Patient Monitors</b> | 64,966 | <b>78,818</b> | 21.3    |
| <b>Domestic Sales</b>   | 39,735 | <b>44,116</b> | 11.0    |
| <b>Overseas Sales</b>   | 25,230 | <b>34,701</b> | 37.5    |

(Sales, millions of yen)

Demand for bedside monitors, transmitters, and telemetry systems surged towards the end of the fiscal year. Sales of consumables such as sensors also increased favorably.

Sales achieved double-digit growth in all regions. Sales in Europe and Latin America especially showed strong growth.



**Bedside monitors**  
CSM-1500/1700



**Bedside monitor**  
PVM-4000



**Spot check monitor**  
SVM-7200

**NEW!**



**Telemetry system**  
WEP-1200

**NEW!**



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



cap-ONE mask



ECG electrodes

**Consumables**

# 6.3) Treatment Equipment

|   | FY2019        | FY2020        | YoY (%)      |
|---|---------------|---------------|--------------|
| Defibrillators (for Hospital and Ambulance) | 6,276         | 7,647         | 21.8         |
| AEDs (Automated External Defibrillator)     | 15,495        | 14,841        | -4.2         |
| Pacemakers / ICDs                           | 3,070         | 2,656         | -13.5        |
| Ventilators                                 | 3,553         | 13,950        | 292.6        |
| Other Treatment Equipment                   | 6,117         | 6,030         | -1.4         |
| <b>Treatment Equipment</b>                  | <b>34,512</b> | <b>45,126</b> | <b>30.8</b>  |
| Domestic Sales                              | 23,695        | 30,294        | 27.8         |
| Overseas Sales                              | 10,816        | 14,831        | 37.1         |
| <b>(Ref.) AED Unit Sales</b>                | <b>98,400</b> | <b>87,900</b> | <b>-10.7</b> |
| Domestic Unit Sales                         | 48,800        | 56,900        | 16.6         |

(Sales, millions of yen)

← ● **Domestic:** Sales recovered from FY2020 2H.  
**International:** Sales showed strong growth in all regions.

← ● **Domestic:** Sales increased favorably thanks to orders received for replacement.  
**International:** Sales decreased in all regions.

← ● **Domestic:** Demand for ventilators manufactured by both the Company and Hamilton grew towards the end of the fiscal year.  
**International:** The ventilator business has grown to a certain scale, driven by sales of the Company's two types of in-house ventilators.



**Defibrillator**  
EMS-1052

NEW!



**AED**  
AED-M100

NEW!



**Pulse checker**  
PLS-1100



**Pacemaker**  
Zenex MRI



**Ventilator**  
NKV-550



**Ventilator**  
NKV-330



**Ventilator**  
HAMILTON-C6



# 6.4) Other Medical Equipment

|  | FY2019 | FY2020        | YoY (%) |
|--|--------|---------------|---------|
| Hematology Analyzers   | 10,172 | <b>9,331</b>  | -8.3    |
| Imaging Systems, Medical equipment for research and others * | 33,082 | <b>28,865</b> | -12.7   |
| <b>Other Medical Equipment</b>                               | 43,254 | <b>38,196</b> | -11.7   |
| <b>Domestic Sales</b>  | 37,716 | <b>33,307</b> | -11.7   |
| <b>Overseas Sales</b>  | 5,538  | <b>4,888</b>  | -11.7   |

(Sales, millions of yen)

Sales of locally purchased products decreased significantly, as the Company focused on selling in-house products.

Sales of hematology analyzers and reagents decreased in all regions due to weak demand and a decline in the amount of testing.

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

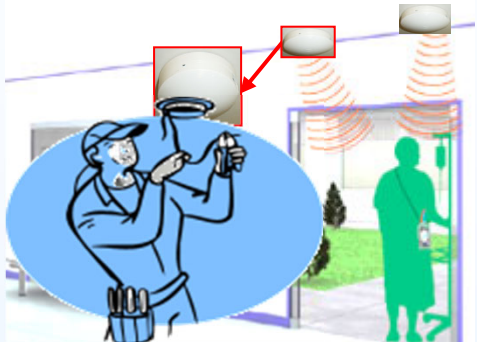


**Automated hematology analyzer**  
MEK-9100

**NEW!**



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



**Installation and maintenance services**



# (Ref.) FY2020 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> | 37.5 (-11%)   | 29.5 (-11%)    | 8.0 (-11%)     | 3.3 (-19%)  | 1.3 (+6%)   | 3.2 (-9%)    |
| <b>Patient Monitors</b>                  | 78.8 (+21%)   | 44.1 (+11%)    | 34.7 (+38%)    | 20.6 (+33%) | 6.1 (+72%)  | 7.8 (+30%)   |
| <b>Treatment Equipment</b>               | 45.1 (+31%)   | 30.2 (+28%)    | 14.8 (+37%)    | 5.3 (+30%)  | 4.6 (+46%)  | 4.8 (+37%)   |
| <b>Other Medical Equipment</b>           | 38.1 (-12%)   | 33.3 (-12%)    | 4.8 (-12%)     | 0.9 (-1%)   | 0.9 (-0%)   | 3.0 (-17%)   |
| <b>Total</b>                             | 199.7 (+8%)   | 137.2 (+2%)    | 62.4 (+23%)    | 30.2 (+22%) | 13.1 (+45%) | 19.0 (+13%)  |

# 7) Financial Condition

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

|                             | FY2019  | FY2020         | Change |   | FY2019  | FY2020         | Change |
|-----------------------------|---------|----------------|--------|---|---------|----------------|--------|
| Current Assets              | 129,020 | <b>156,140</b> | 27,120 | Current Liabilities                       | 40,319  | <b>50,608</b>  | 10,288 |
| Inventories                 | 29,249  | <b>38,887</b>  | 9,637  | Interest-bearing Debt                     | 350     | <b>350</b>     | —      |
| Property, Plant & Equipment | 20,003  | <b>20,193</b>  | 190    | Non-current Liabilities                   | 5,692   | <b>3,436</b>   | -2,256 |
| Intangible Assets           | 4,149   | <b>2,329</b>   | -1,820 | Net Assets                                | 121,774 | <b>138,986</b> | 17,211 |
| Investments & Other Assets  | 14,612  | <b>14,366</b>  | -246   |   |         |                |        |
| <b>Total Assets</b>         | 167,786 | <b>193,030</b> | 25,243 | <b>Total Liabilities &amp; Net Assets</b> | 167,786 | <b>193,030</b> | 25,243 |

|                    |            |                   |  |              |       |              |  |
|--------------------|------------|-------------------|--|--------------|-------|--------------|--|
| Inventory Turnover | 3.7 months | <b>4.8 months</b> |  | Equity Ratio | 72.6% | <b>72.0%</b> |  |
|--------------------|------------|-------------------|--|--------------|-------|--------------|--|

## [Reasons for the increase of current assets]

- Cash and deposits increased by ¥9.6 billion mainly due to income from operating activities
- Accounts receivable increased by ¥7.7 billion mainly due to higher sales in March compared to FY2019
- Inventories of finished goods and parts increased by ¥9.6 billion to respond to the special demand related to COVID-19

## [Reason for the increase of current liabilities]

- Accrued income taxes increased by ¥5.5 billion

## 8) Cash Flows

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

|   | FY2019 | FY2020        | Change |
|---|--------|---------------|--------|
| I . Cash flows from operating activities                    | 9,217  | <b>13,945</b> | 4,728  |
| II . Cash flows from investing activities                   | -4,607 | <b>-2,946</b> | 1,661  |
| Free cash flows   | 4,609  | <b>10,999</b> | 6,389  |
| III . Cash flows from financing activities                  | -3,054 | <b>-3,007</b> | 46     |
| Effect of exchange rate change on cash and cash equivalents | -339   | <b>451</b>    | 791    |
| Net increase (decrease) in cash and cash equivalents        | 1,215  | <b>8,442</b>  | 7,227  |
| Cash and cash equivalents at end of period                  | 35,913 | <b>44,356</b> | 8,442  |

|                                    | FY2019 | FY2020 | Change  |
|------------------------------------|--------|--------|---------|
| Income before income taxes         | 13,980 | 27,166 | +13,185 |
| Decrease (increase) in inventories | -982   | -9,313 | -8,331  |

|     |      |              |  |
|-----|------|--------------|--|
| ROE | 8.3% | <b>14.0%</b> |  |
|-----|------|--------------|--|

## 9) Capital Investments and R&D Costs

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

|                            | FY2019<br>Actual | FY2020   |  |              | Change | FY2021<br>Plan |
|----------------------------|------------------|--|--|--------------|--------|----------------|
|                            |                  | Original Forecast<br>announced<br>May 13, 2020 | Revised Forecast<br>announced<br>Nov 6, 2020 | Actual       |        |                |
| <b>Capital Investments</b> | 3,549            | 3,900  | 3,900  | <b>3,524</b> | -26    | 4,100          |
| <b>Depreciation</b>        | 3,597            | 3,600  | 3,600  | <b>3,236</b> | -361   | 3,800          |
| <b>R&amp;D costs</b>       | 6,731            | 7,000  | 7,200  | <b>6,357</b> | -373   | 6,600          |

- **FY2020 capital investments**

Molds for new products, measuring equipment and jigs, products for demonstration, IT systems, and production equipment (including equipment related to ramping-up production of two models of ventilators and patient monitors)

- **FY2021 capital investments plan**

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

2

# Forecast for FY2021

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# 1) Business Environment

The importance of healthcare system has been reaffirmed. The progress in COVID-19 vaccination and the status of the COVID-19 pandemic should be monitored carefully.

## Japan

- People continue to avoid visiting hospitals and clinics
- Recovery of medical institutions' earnings will take time

Testing and surgical procedures are performed under infection controls at medical institutions.

- **Urgent comprehensive grants to cope with the COVID-19** (approx. until the end of September 2021)
- **Special measures related to medical treatment fees**

The Government's FY2021 budget aims to support medical institutions experiencing financial difficulty and enhance the ability of the healthcare system to accept COVID-19 patients.

- Funds for securing comprehensive medical and long-term care in the community: FY2021 budget ¥117.9 bil for medical care

## International

### U.S. and Europe

- DX in medical fields is accelerated
- The number of newly infected patients is decreasing thanks to COVID-19 vaccination. Economies are expected to recover gradually

### China

- Economic activity has recovered as the impact of COVID-19 had ended

### Emerging Markets

- Concerns that the spread of coronavirus variants may lead to a delay in economic recovery in some regions



## 2) Forecast for FY2021

|  | FY2019<br>Actual | FY2020<br>Actual | FY2021<br>Forecast | YoY<br>(%) |
|--|------------------|------------------|--------------------|------------|
| <b>Sales</b>   | 185,007          | 199,727          | 185,500            | -7.1       |
| <b>Domestic Sales</b>                                | 134,355          | 137,274          | 128,000            | -6.8       |
| <b>Overseas Sales</b>                                | 50,651           | 62,452           | 57,500             | -7.9       |
| <b>Gross Profit</b><br>(Gross Profit Margin)         | 89,325<br>48.3%  | 102,233<br>51.2% | 92,100<br>49.6%    | -9.9       |
| <b>Operating Income</b><br>(Operating Income Margin) | 15,503<br>8.4%   | 27,094<br>13.6%  | 16,000<br>8.6%     | -40.9      |
| <b>Ordinary Income</b>                               | 14,846           | 28,374           | 16,000             | -43.6      |
| <b>Income Attributable to<br/>Owners of Parent</b>   | 9,854            | 18,243           | 11,000             | -39.7      |
| <b>Percentage of Overseas Sales</b>                  | 27.4%            | 31.3%            | 31.0%              |            |

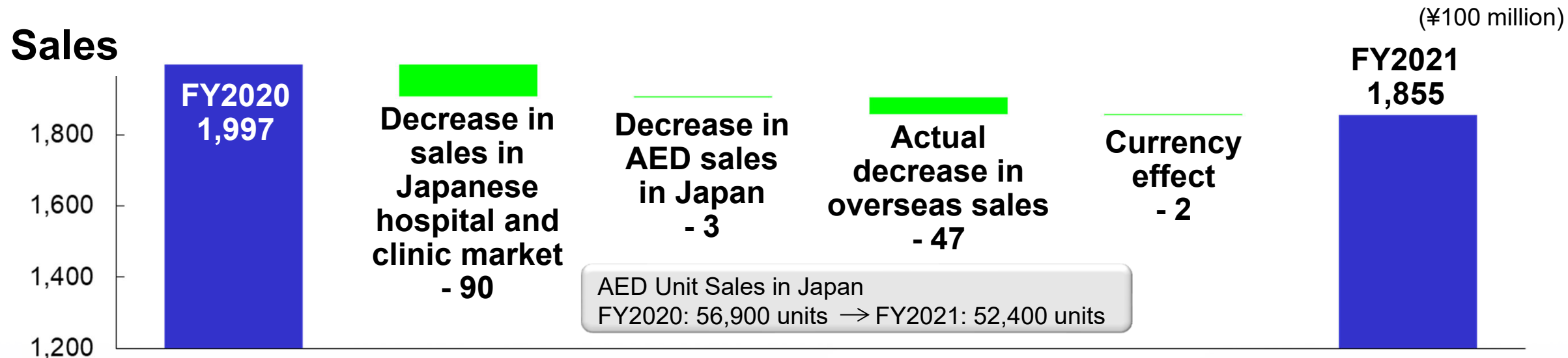
(Amounts of less than ¥1 million are rounded down)

← Almost no currency effect

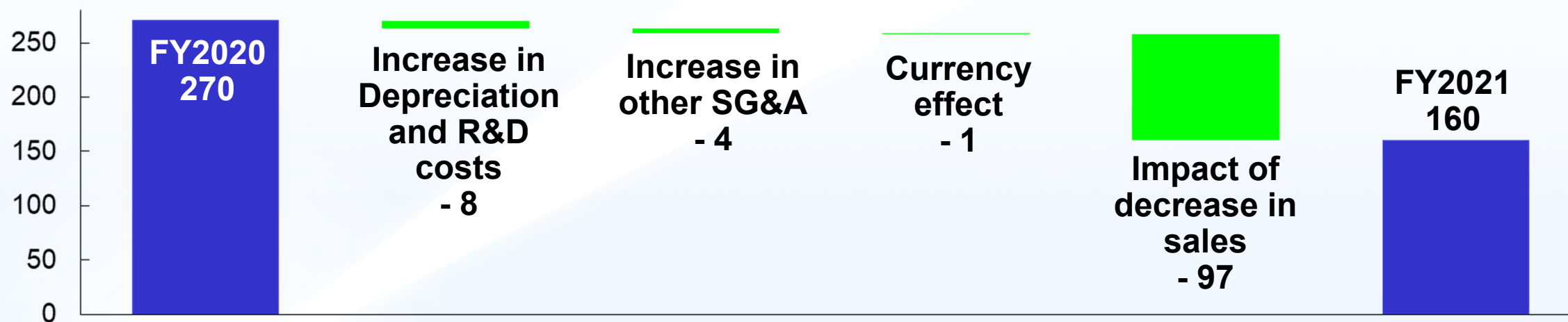
### Breakdown of overseas sales by region

|                            | FY2020<br>Actual | FY2021<br>Forecast | YoY (%) |
|----------------------------|------------------|--------------------|---------|
| <b>Americas</b>            | 30,288           | 29,000             | -4.3    |
| <b>Europe</b>              | 13,139           | 9,500              | -27.7   |
| <b>Asia<br/>&amp;Other</b> | 19,024           | 19,000             | -0.1    |
| <b>Total</b>               | 62,452           | 57,500             | -7.9    |

### 3) Analysis of FY2021 Forecast



#### Operating Income



# (Ref.) Consolidated Forecast FY2021 by Product Category/ Exchange Rates

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

|                                   | FY2020<br>Actual | FY2021<br>Forecast | Composition<br>ratio (%) | YoY<br>(%)  |
|-----------------------------------|------------------|--------------------|--------------------------|-------------|
|                                   |                  |                    |                          |             |
| Physiological Measuring Equipment | 37,586           | 40,700             | 21.9                     | 8.3         |
| Patient Monitors                  | 78,818           | 70,900             | 38.2                     | -10.0       |
| Treatment Equipment               | 45,126           | 36,100             | 19.5                     | -20.0       |
| Other Medical Equipment           | 38,196           | 37,800             | 20.4                     | -1.0        |
| <b>Total</b>                      | <b>199,727</b>   | <b>185,500</b>     | <b>100.0</b>             | <b>-7.1</b> |

(Reference)

|                                 |        |        |      |     |
|---------------------------------|--------|--------|------|-----|
| <b>Consumables and Services</b> | 85,890 | 87,200 | 47.0 | 1.5 |
|---------------------------------|--------|--------|------|-----|

## Average Exchange Rate

|             | FY2020<br>Actual | FY2021<br>Forecast |
|-------------|------------------|--------------------|
| 1 US Dollar | 105.9 yen        | 105 yen            |
| 1 EURO      | 123.1 yen        | 125 yen            |

## Estimated Exchange Rate Fluctuations for Full Fiscal Year

|             | Sales        | Operating<br>Income |
|-------------|--------------|---------------------|
| 1 US Dollar | 0.36 bil yen | 0.10 bil yen        |
| 1 EURO      | 0.06 bil yen | 0.02 bil yen        |

# 4 Business Strategy

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# 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

Targets for  
FY2029

Operating  
Margin

15%

Overseas  
Sales Ratio

45%

Management  
Philosophy

Long-term  
Vision

Three-year  
Business Plan

Core Values

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.

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



# Targets for FY2023 ending March 2024

|   |                      |
|---|----------------------|
| Net Sales                                     | ¥197.0 bil           |
| Domestic Sales                                | ¥134.0 bil           |
| Overseas Sales<br>(Overseas Sales Ratio)      | ¥63.0 bil<br>(32.0%) |
| Consumables and Services Sales Ratio          | 48% or more          |
| Gross Profit Margin                           | 50% or more          |
| Operating Income<br>(Operating Income Margin) | ¥20.0 bil<br>(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

# Material Issues and KPIs



## Material Issues in Sustainability

### KPI

[Target]

Material issues to be addressed through business

|  |                  |   |   |
|--|------------------|---|---|
| Material issues to be addressed through business | Accessible       | Improve resuscitation rates by expanding access to AEDs                           | Number of AEDs sold in the world<br>Utilization rate of AEDs in Japan and the US  |
|  |                  | Provide educational opportunities for medical professionals in emerging nations   | Promote training in epilepsy diagnosis in Indonesia<br>Number of educational seminars held, hosting countries, participants (including online programs)       |
|  | Intelligent      | Automatic control of Medical equipment  | R&D investment in a robotic anesthesia system<br>R&D investment in closed loop control of ventilators   |
|  |                  | Develop and provide sensors which are gentle on the patient                       | R&D investment in new sensors<br>Number of products sold that have esCCO, synECi18, and iNIBP installed   |
|  | Patient oriented | Create a peaceful patient environment with advanced alarm technology              | R&D investment in improved alarm algorithms for patient monitors<br>Number of hospitals that utilize alarm reports for improving workflow in Japan and the US |
|  |                  | Contribute to care for patients with heart failure, brain disorders and infection | R&D investment in early warning scores<br>R&D investment in new parameters and algorithms for heart failure care  |
|  | Connected        | Improve product utilization rate by remote monitoring                             | Number of MD Linkage sold and number of connected models<br>Number of advance notifications before trouble with products occurs                               |
|  |                  | Eliminate health disparities through telemedicine                                 | Number of network-oriented products sold like LAVITA<br>R&D investment in realization of remote support for ICUs  |
| Optimized  |                  |   |   |

**AED**  
Cumulative number of products sold: Over 350k units (worldwide, for 3 years)

**MD Linkage**  
Cumulative number of  
- Connected models: Over 7  
- Connected units: Over 5k (worldwide, for 3 years)

**CO<sub>2</sub> emissions per unit of sales**  
FY2023: 15.2% reduction compared to FY2020  
\* ISO 14001 certified sites, Scope 1, 2

**Cumulative sales ratio of environmental-friendly products: Over 20%**  
(worldwide, for 3 years)

Material issues to be addressed through corporate activities

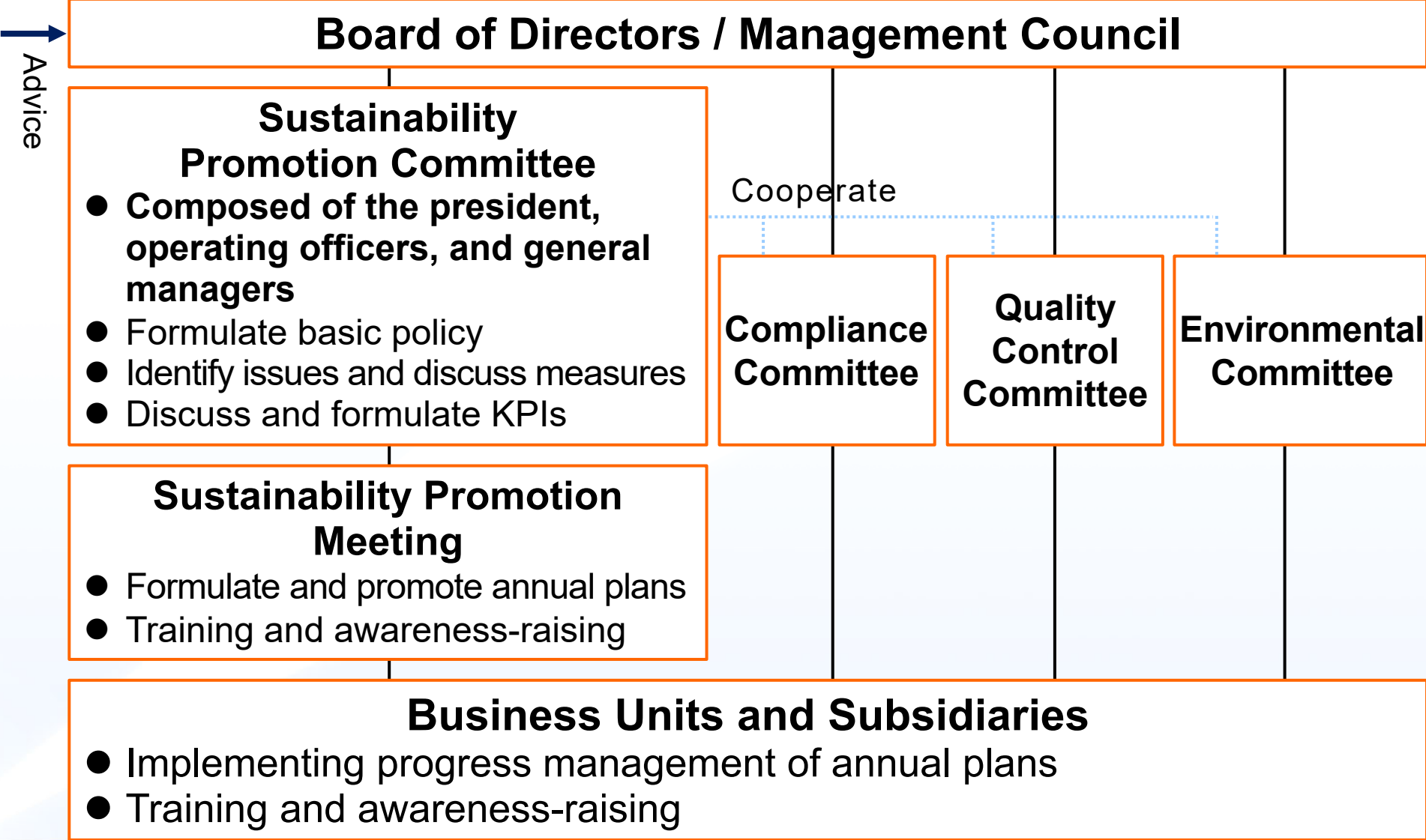
|  |                                |   |   |
|--|--------------------------------|---|---|
| Material issues to be addressed through corporate activities | Human rights / Human resources | Foster a corporate culture of pride in contributing to healthcare       | Employee satisfaction<br>Develop human resources who can succeed globally   |
|  | Quality                        | Pursue the highest level of quality in the world across the value chain | Net Promoter Scores<br>Number of recalls  |
|  | Governance                     | Ensure strict compliance and strengthen group governance                | Establish and strengthen compliance programs of the Group<br>Establish and promote global management policy in overseas subsidiaries<br>Strengthen internal control over domestic sales |
|  | Environment                    | Contribute to realizing a carbon-free society                           | CO <sub>2</sub> emissions<br>Number of models and sales ratio of environment-friendly products<br>Amount of waste from disposal of products and parts                                   |

# Enhance Sustainability Promotion Structure

Plan to establish in FY2021

**Advisory Board**

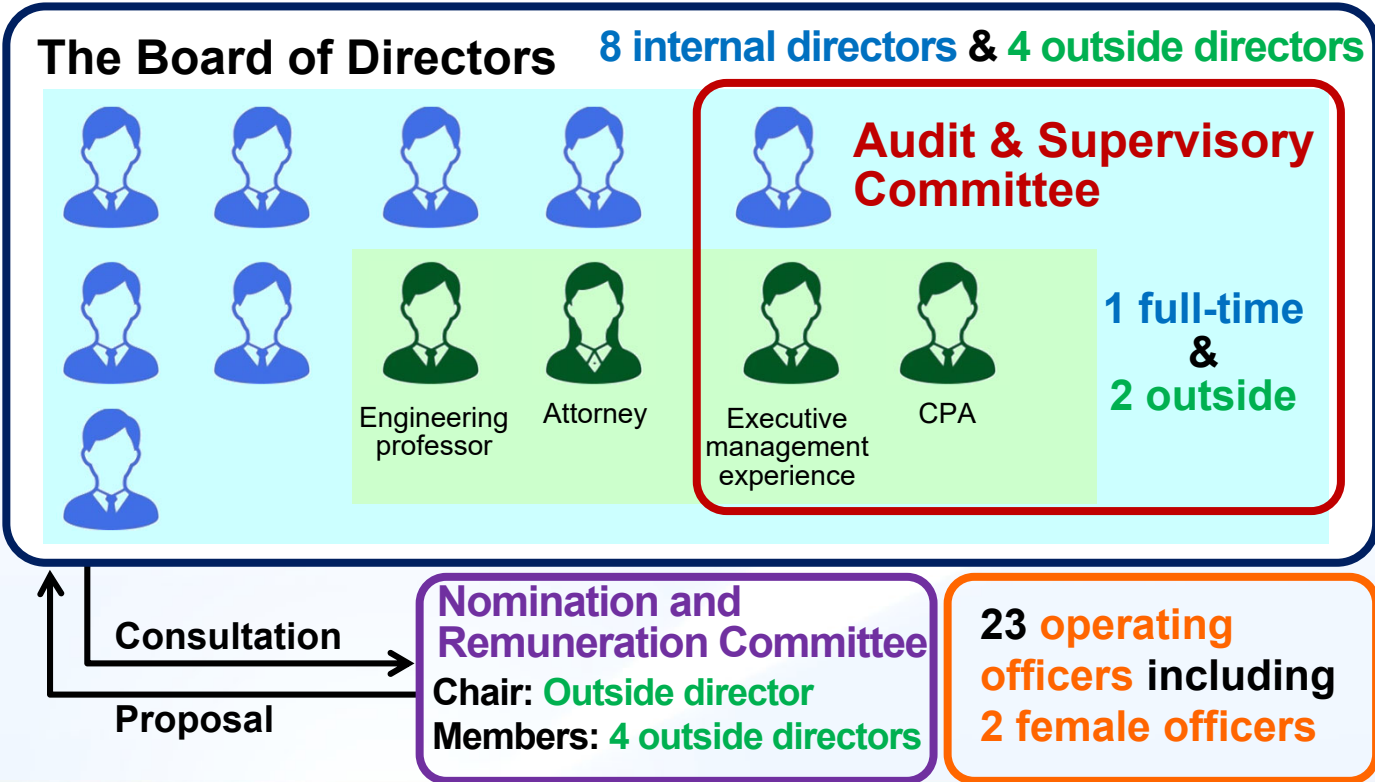
- Provide advice to the management for incorporating outside perspectives
- Plan to be composed of approx. three outside experts



# Enhance Corporate Governance and Promote Diversity

## Corporate Governance System

- June 2016 Transition to a **Company with an Audit & Supervisory Committee**  
Established a **Nomination and Remuneration Committee**
- June 2018 **One-third** of the board consists of **independent directors**
- June 2020 Elected **one female outside director**
- April 2021 Appointed **two female operating officers**



## Respect diversity of all employees

### < FY2020 Actual >

- Ratio of female managers: 7.6%
- Ratio of male employees taking childcare leave: 9.3%

### < Targets >

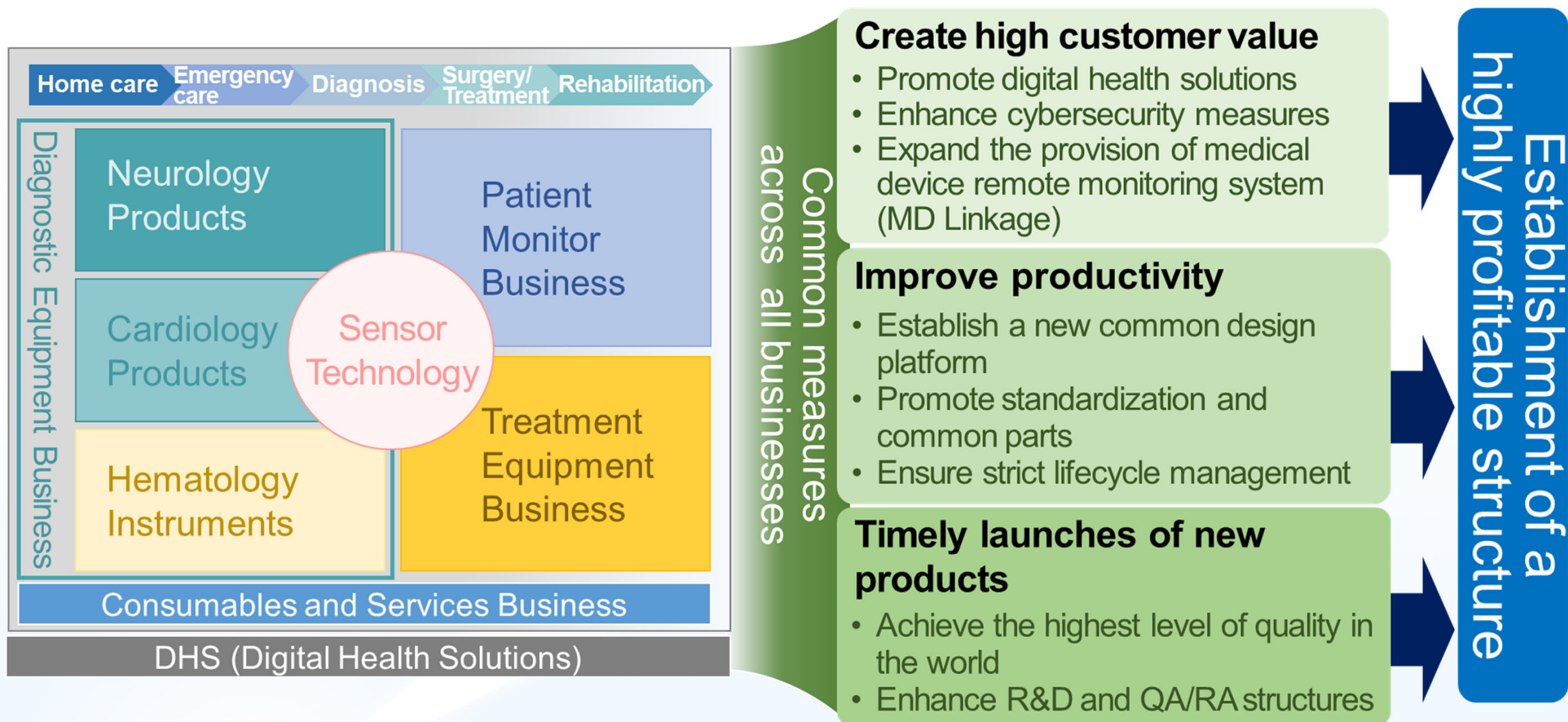
- As of April 1, 2026  
**Ratio of female managers: Over 12%**
- By FY2025  
**Ratio of male employees taking childcare leave: Over 30%**



\* parent company



# Improve the Profitability of Existing Businesses



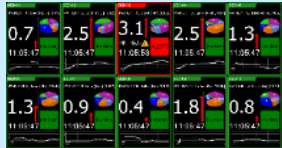
# Patient Monitor Business

- ✓ Promote creating customer value by expanding product line-up and enhancing product capabilities

General ward

ICU

OR

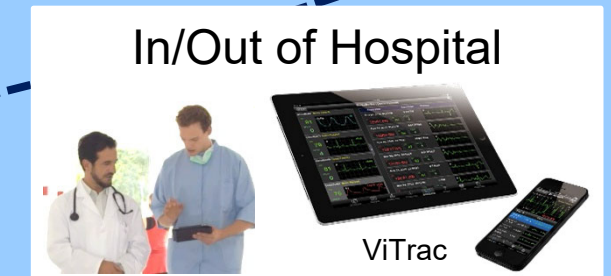
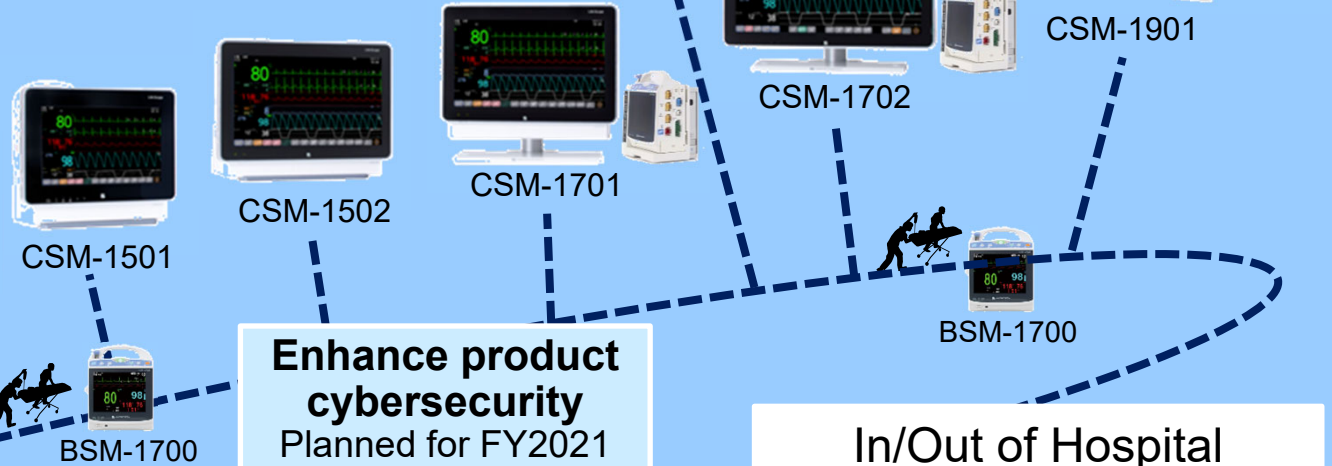


**Clinical evaluation of Early Warning Scores**  
Planned to start in Japan in FY2021

Integrated vital sign data index software



**Central monitor**  
Planned to launch in Japan in FY2021





# Treatment Equipment Business

## Ventilators

- ✓ Strengthen sales of maintenance service contracts by packaging with regular replacement parts

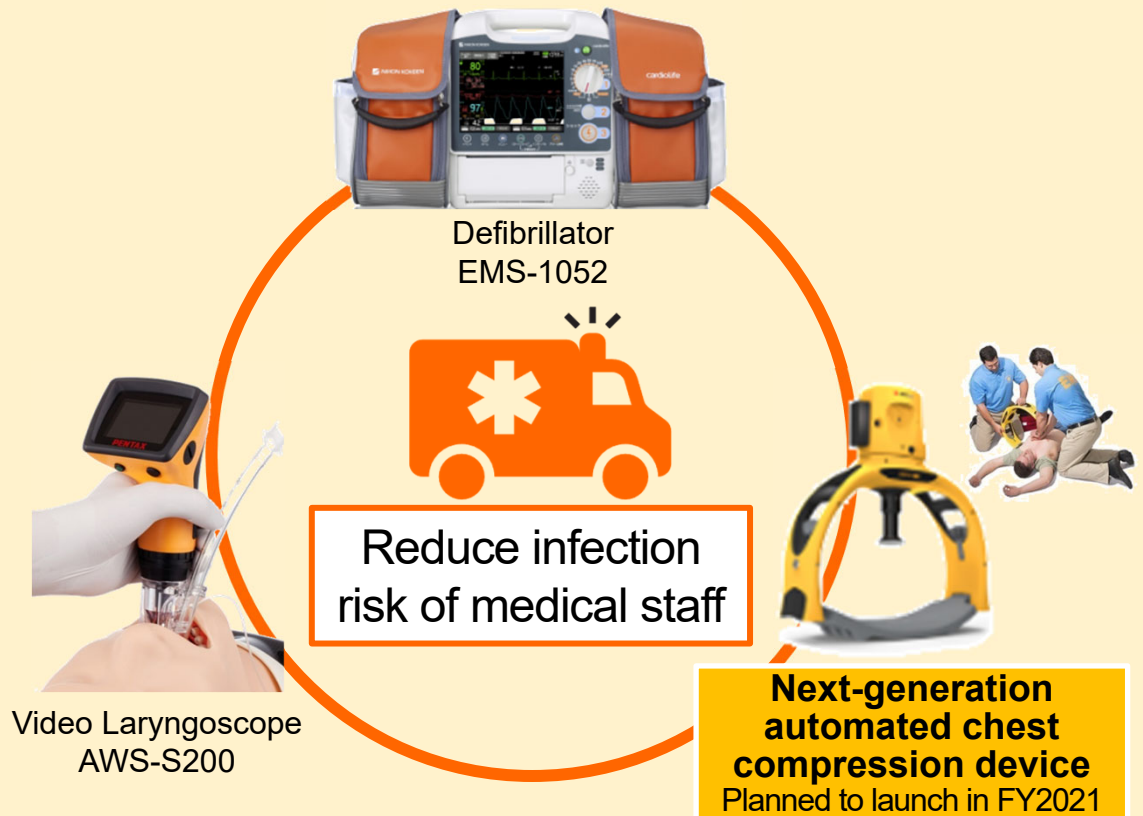


- ✓ Expand sales of disposable consumables



## Resuscitation Products

- ✓ Expand business in overseas pre-hospital markets



\* NPPV(Noninvasive Positive Pressure Ventilation) is artificial respiratory management which doesn't require intratracheal intubation or tracheotomy.

# Strengthen Strategies in Global Business

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

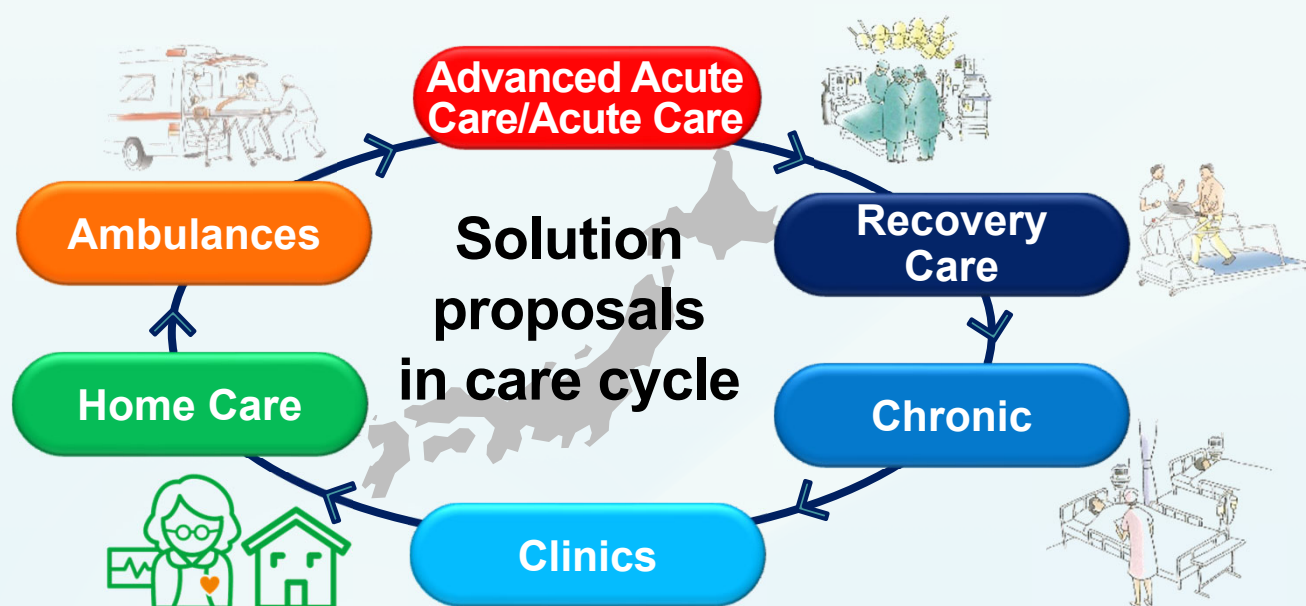
### ✓ Enhance customer value

Strengthen marketing and service capabilities which contribute to improving

Medical safety

Patient outcomes

Operating efficiency



### • Enhance added value of patient monitors

Strengthen solution proposals as demand for neuromuscular monitoring in the perioperative period is increasing

NEW!



Neuromuscular display unit  
Launched in Japan in FY2020



EMG electrode for neuromuscular monitoring  
NM-34 series

### • Started test linkage of ventilators with medical device remote monitoring system

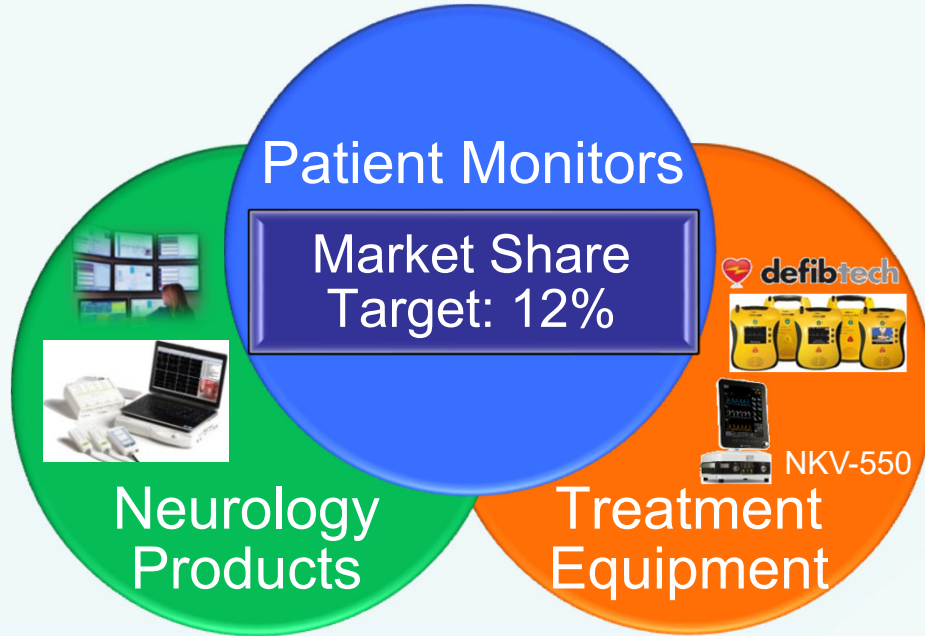


Ventilator NKV-330

MD Linkage

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

- ✓ Expand our product line-up



**Patient Monitors**

Mid-range bedside monitors  
CSM-1500/1700 series  
Planned to launch in FY2021 2H

**Resuscitation Products**

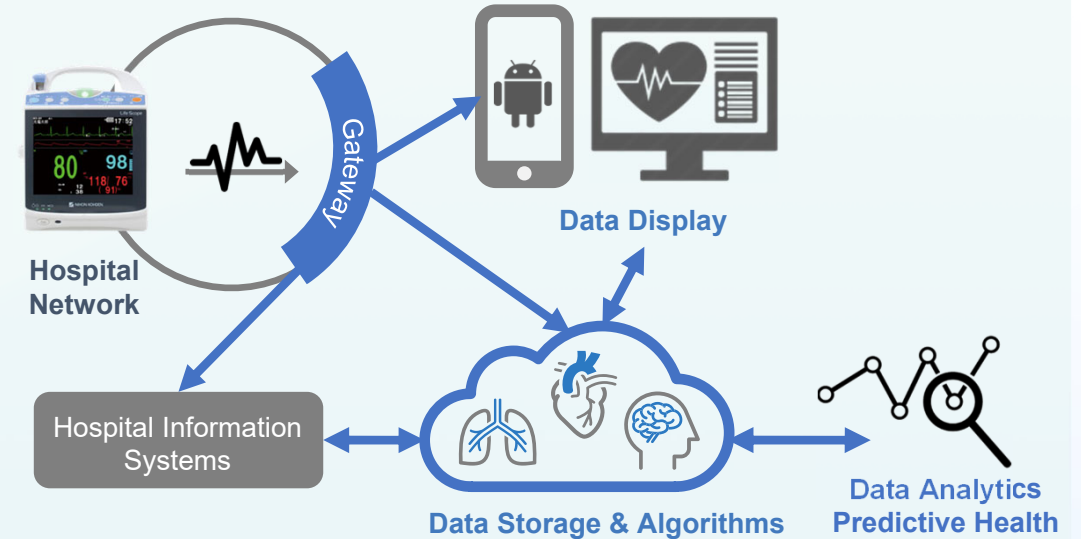
**NEW!** Video Laryngoscope NK AWS-S200  
Launched in FY2020

**Next-generation automated chest compression device**  
Planned to launch in FY2021

**NEW!**

- ✓ Started pilot operation of new digital health solution project, **NK Data Platform**

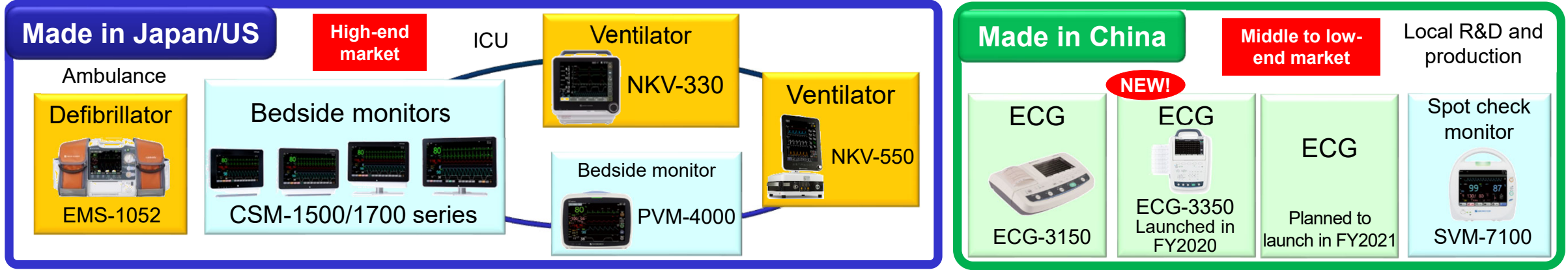
- Storage and display of numerical data, waveforms and alarm information from patient monitors and ventilators



April 1, 2021  
NKUS Lab was rebranded as Nihon Kohden Digital Health Solutions



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



## Hematology Instruments

✓ Launch of a series of new models

**NEW!** Launched internationally in FY2020



Automated hematology analyzer MEK-1301

Automated hematology analyzer and ESR\* analyzer MEK-1302

Automated hematology analyzer and ESR\* analyzer MEK-1305



**Hematology analyzer with reticulocyte measurement**

Planned to launch in FY2021 1H

✓ Reagent factory in Dubai started production April 2021



✓ Expand line-up of products made in China Planned for FY2021



Automated hematology analyzer MEK-9100

\* ESR (Erythrocyte Sedimentation Rate): High ESR means a possibility of infectious diseases such as tuberculosis. ESR is measured mainly in emerging countries.

# 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**

**FY2020 Full-year dividend: 55 yen including special dividend of 20 yen** (pay-out ratio: 25.7%)  
**Share buybacks: Up to 1.5 billion yen** May 14 - June 30 (total return ratio: 33.9%) (forecast)

**FY2021 (Forecast) Full-year dividend: 39 yen** (pay-out ratio: 30.2%)

## 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.