Consolidated Financial Highlights for FY2017

(From April 1, 2017 to March 31, 2018)

1. Consolidated Financial Results for FY2017
2. Forecast for FY2018
3. Progress of Mid-term Business Plan, TRANSFORM 2020

NIHON KOHDEN CORPORATION

(Ticker Code：6849)
May 15, 2018

Fighting Disease with Electronics

NIHON KOHDEN

1 Consolidated Financial Results for FY2017

1) Consolidated Financial Results for FY2017

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

	FY2016 Actual	FY2017 Forecast	FY2017 Actual	FY2017 YoY (%)
Sales	166,285	*175,000*	**174,249**	4.8
Domestic Sales	124,764	*128,000*	**128,144**	2.7
Overseas Sales	41,520	*47,000*	**46,105**	11.0
Gross Profit	79,226	—	**82,759**	4.5
(Gross Profit Margin)	47.6%		**47.5%**	
Operating Income	13,585	*15,000*	**14,517**	6.9
(Operating Income Margin)	8.2%	*8.6%*	**8.3%**	
Ordinary Income	14,053	*15,000*	**14,501**	3.2
Income Attributable to Owners of Parent	9,149	*10,200*	**9,154**	0.1

Overseas Sales: +8% on a local currency basis

Gross Profit: ･Gross margin ratio fell due to reduced pricing in selected deals, although the sales ratio of in-house products increased.

In-house	FY2016	FY2017
sales ratio	63.1%	64.0%

Income Attributable to Owners of Parent:

Extraordinary losses	FY2017
Retirement benefit expenses*1:	¥225 mil
Surcharges*2:	¥195 mil

Increase of income taxes due to the tax reform in the U.S.: approx. ¥0.8 bil

Average exchange rate	FY2016	FY2017	FY2017
1 US Dollar	109.2 yen	110 yen	111.0 yen
1 EURO	119.3 yen	115 yen	130.0 yen

*1 Loss associated with the transfer to a defined contribution pension plan
*2 Expected administrative fine imposed on Nihon Kohden Europe under the German Act on Regulatory Offences

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- Overall sales increased 4.8% to ¥174.2 billion. Domestic sales increased 2.7% to ¥128.1 billion. Overseas sales increased 11% to ¥46.1 billion, a 8% growth on a local currency basis.

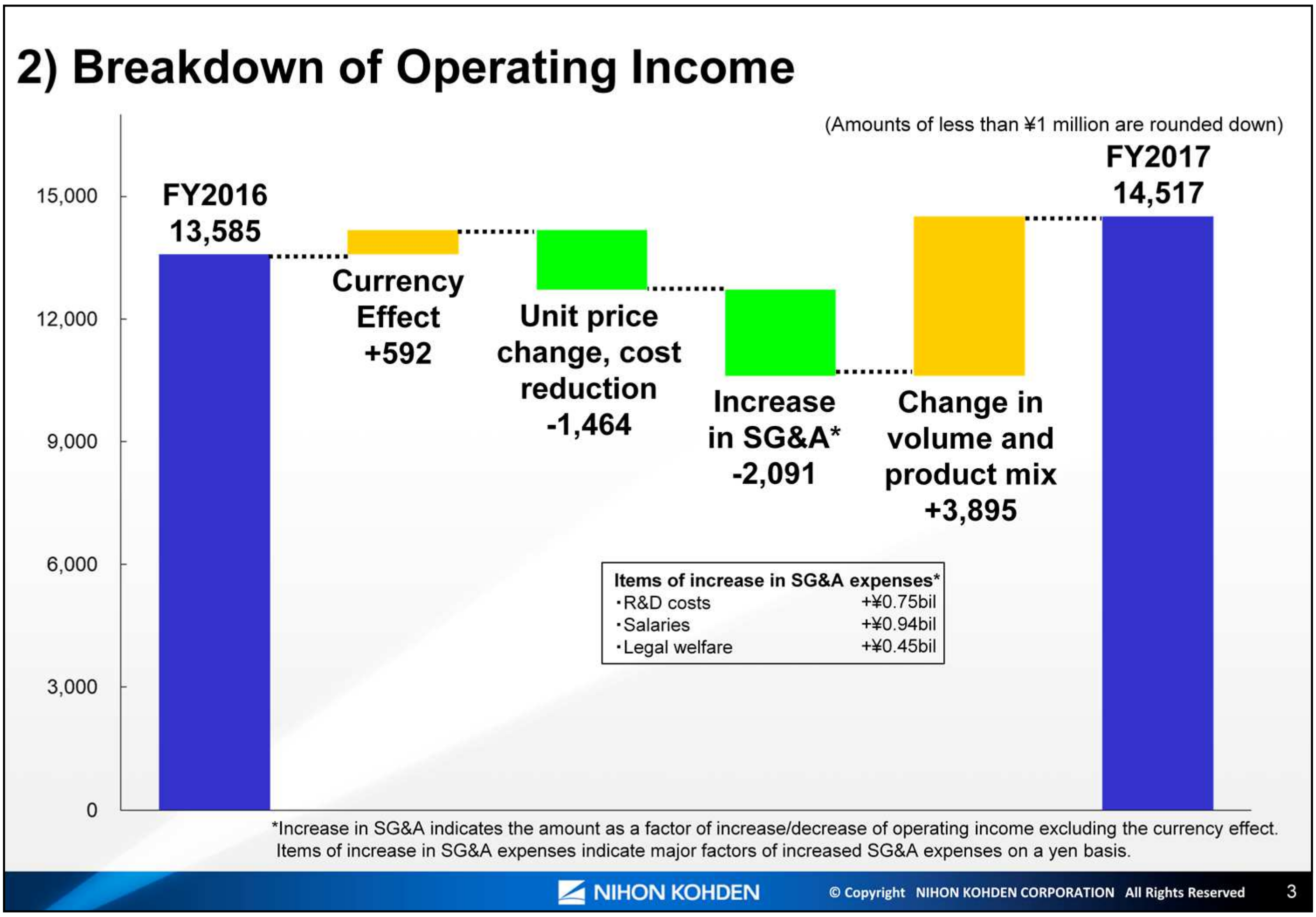
- Overall sales fell short of the forecast by ¥0.8 billion. This was due to a shortfall in sales in the U.S. and Asia. Domestic sales exceeded the forecast.

- Gross margin ratio decreased 10 basis points to 47.5%. This was due to reduced pricing in selected deals, although the sales ratio of in-house products increased. Another reason was to reduce pricing of some specific products in order to increase sales of consumables.

- Operating income increased 6.9% to ¥14.5 billion due to increased sales, but by less than the forecast.

- Income attributable to owners of parent increased 0.1% to ¥9.1 billion, because the Company posted extraordinary losses and there was also an impact from the increase of income taxes due to the tax reform in the U.S.

- In FY2017, our business performance improved and income increased, while improving the gross margin ratio remained as an issue.



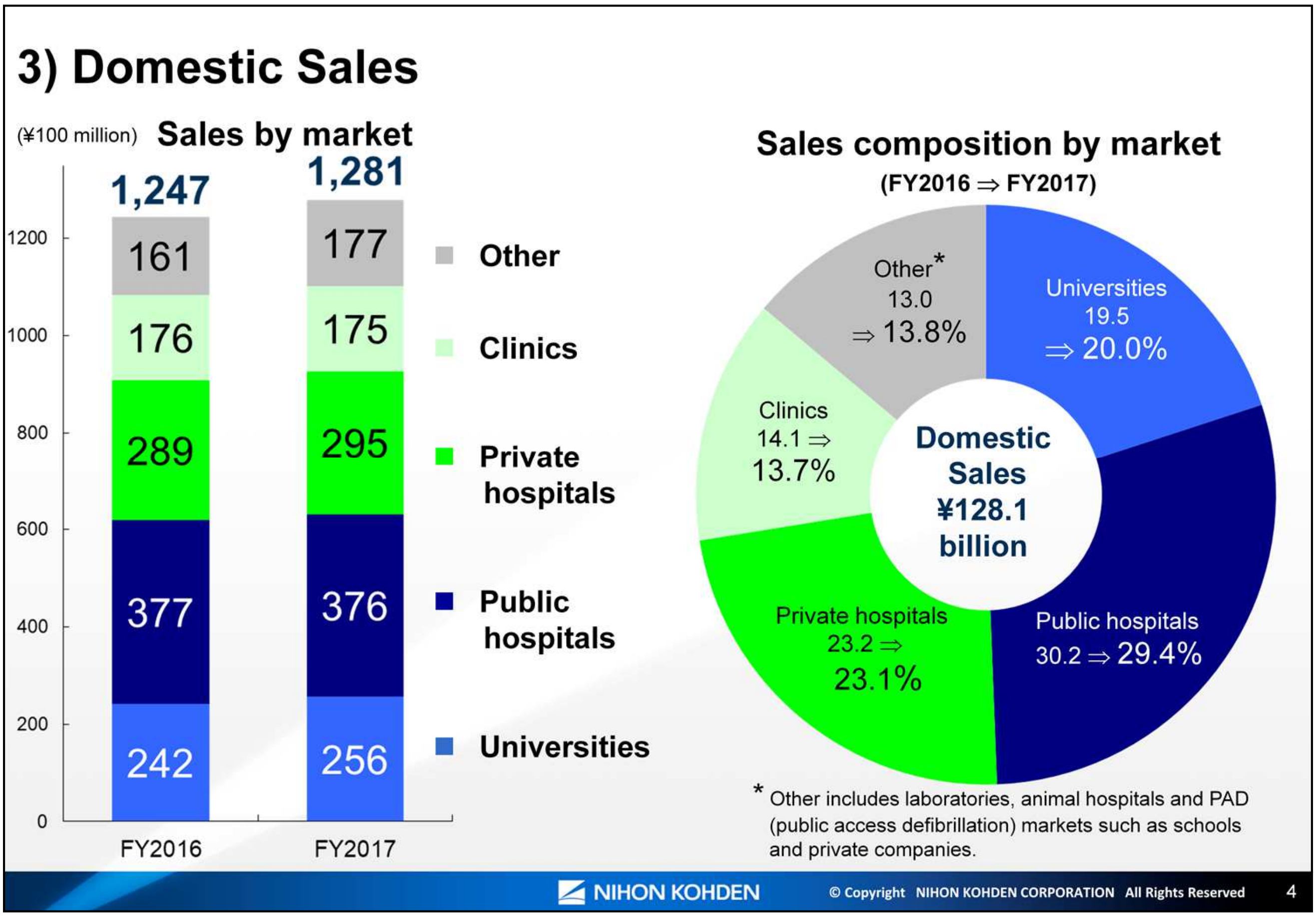
- FY2017 operating income increased to ¥14.5 billion from ¥13.5 billion in FY2016.

- Currency effect had a positive impact of ¥0.5 billion due to yen depreciation.

- Unit price change and cost reduction had a negative impact of ¥1.4 billion, resulting from unit price decline and the impact of unrealized profits on inventories due to currency fluctuation.

- Increases in SG&A had a negative impact of ¥2.0 billion mainly due to the increase of personnel expenses and R&D costs.

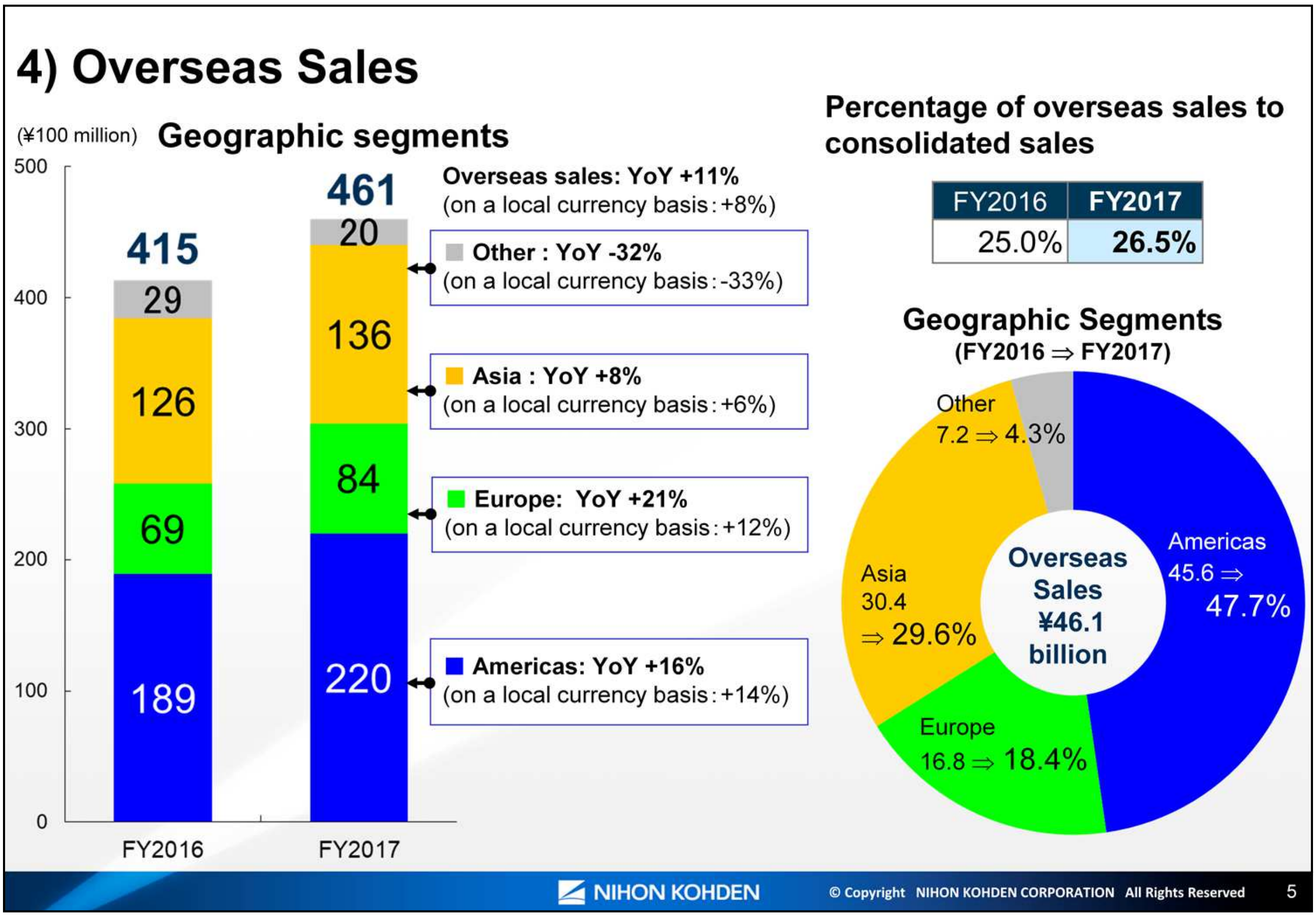
- Change in volume and product mix had a positive impact of ¥3.8 billion mainly due to volume increase.



- Domestic sales increased by ¥3.4 billion to ¥128.1 billion.

- Sales in the university hospital market increased favorably as the Company received orders related to replacement of IT systems. Sales in the private hospital market showed stable growth. Sales of AEDs in other markets also increased. Sales in the public hospital market remained flat, while sales in the clinic market decreased.

- Sales increased as the Company concentrated on enhancing sales activities which match each market; the acute care hospital market, the small and mid-sized hospital market, and the clinic market. Consumables and Services also contributed to increased sales.



- Overseas sales increased by ¥4.6 billion to ¥46.1 billion.

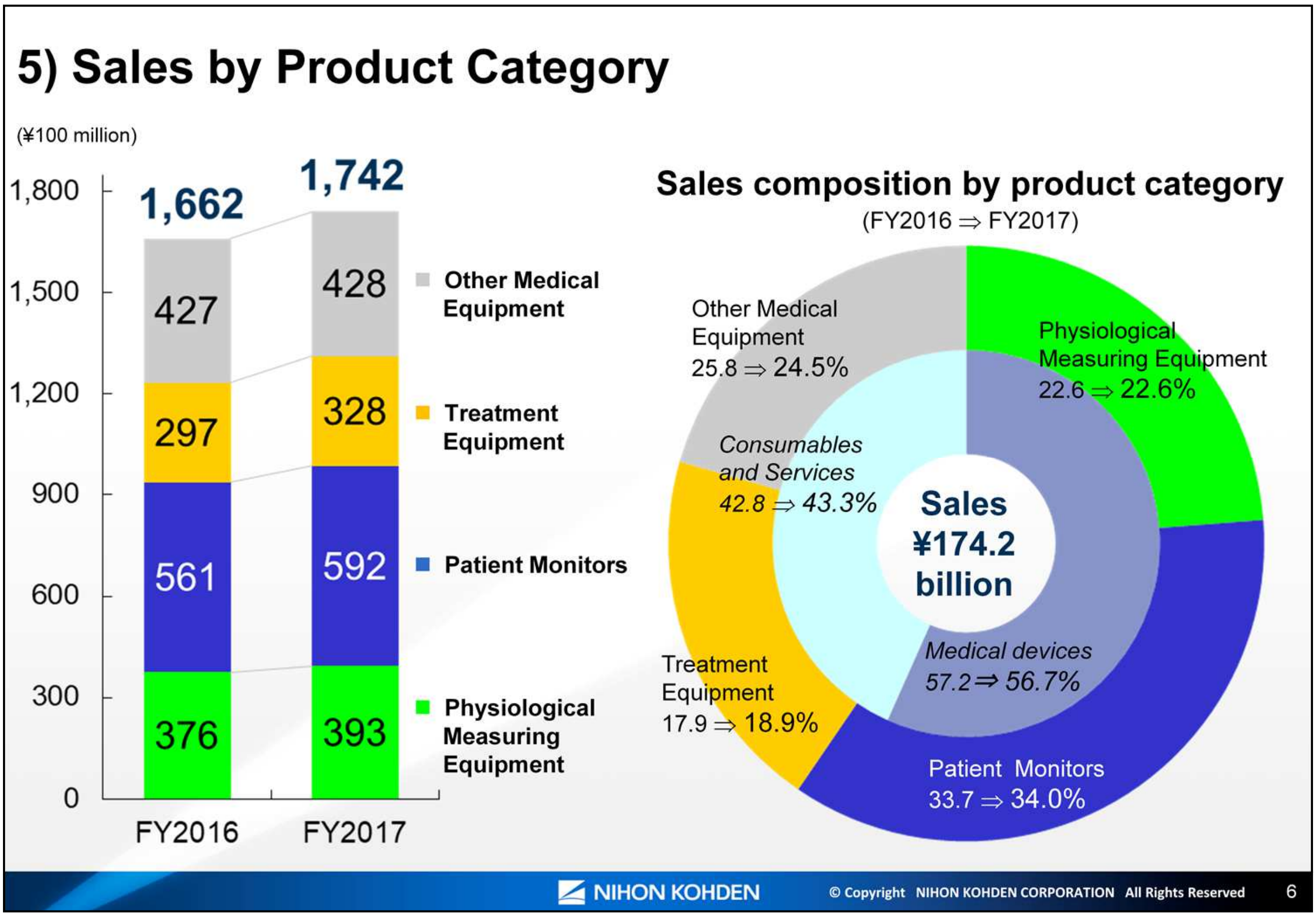
- Sales in the Americas increased by ¥3.1 billion to ¥22.0 billion, a 14% growth on a local currency basis. In the U.S., sales of Patient Monitors and AEDs showed strong growth. In Latin America, sales in Brazil, Mexico and Colombia increased favorably.

- Sales in Europe increased by ¥1.5 billion to ¥8.4 billion, a 12% growth on a local currency basis. Sales in Russia increased favorably and sales in Germany and Turkey recovered.

- Sales in Asia increased by ¥1.0 billion to ¥13.6 billion, a 6% growth on a local currency basis. Sales in China increased favorably. Sales in the Middle East recovered as a result of developing distribution channels.

- Sales in Other decreased compared with the previous fiscal year when a large order in Egypt was recorded.

- Overseas sales increased in general, but fell short of the forecast because sales of EEGs decreased in the U.S. and sales in India, Vietnam and Korea decreased.



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

- The sales ratio of Consumables and Services increased to 43.3% because we strengthened the consumables business both in Japan and internationally.

5.1) Physiological Measuring Equipment

(Sales, millions of yen)

	FY2016	FY2017	YoY (%)
Electroencephalographs	7,372	**7,292**	-1.1
Electrocardiographs	6,620	**6,982**	5.5
Polygraphs for Cath Lab	12,330	**13,172**	6.8
Other Physiological Measuring Equipment (Diagnostic Information Systems and Others) *	11,334	**11,874**	4.8
Physiological Measuring Equipment	37,658	**39,323**	4.4
Domestic Sales	29,748	**31,445**	5.7
Overseas Sales	7,910	**7,878**	-0.4

Domestic Sales: Sales of Polygraphs for cath labs and diagnostic information systems increased favorably. Sales of ECGs also increased. Sales of EEGs remained flat.

Overseas Sales: Sales of EEGs decreased, while sales of ECGs increased favorably.

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

EMG/Evoked potential measuring system MEB-9400 | Wireless input box WEE-1200 | Electro-cardiographs ECG-2400 | Holter ECG monitors RAC-5000 | Polygraphs for cath labs RMC-5000 | Medical and long-term care network system LAV-1000

- Sales of Physiological Measuring Equipment increased 4.4% to ¥39.3 billion.

- Domestic sales increased 5.7% to ¥31.4 billion. Sales of polygraphs for cath lab and diagnostic information systems increased favorably. Sales of ECGs increased on the sales effects of new products, Holter ECG monitors. Sales of EEGs remained flat.

- Overseas sales decreased 0.4% to ¥7.8 billion. Sales of EEGs decreased in the U.S., while sales of ECGs increased favorably.

5.2) Patient Monitors

(Sales, millions of yen)

	FY2016	FY2017	YoY (%)
Patient Monitors	56,117	**59,229**	5.5
Domestic Sales	36,032	**36,857**	2.3
Overseas Sales	20,084	**22,372**	11.4

Domestic Sales: Replacement demands for clinical information systems increased favorably. Consumables such as sensors also contributed increased sales.

Overseas Sales: Sales increased in the Americas, Europe and Asia, especially led by strong sales in the U.S.

Bedside monitor
CSM-1901

Bedside monitor
CSM-1500

Transmitter
ZS-640P

SpO_2 probes

cap-ONE biteblock

ECGs Electrodes

Consumables

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

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- Sales of Patient Monitors increased 5.5% to ¥59.2 billion.
- Domestic sales increased 2.3% to ¥36.8 billion. Sales of clinical information systems increased favorably. Sales of consumables such as sensors also increased.
- Overseas sales increased 11.4% to ¥22.3 billion. Sales in the Americas, Asia and Europe increased, especially led by strong sales in the U.S.

5.3) Treatment Equipment

(Sales, millions of yen)

	FY2016	FY2017	YoY (%)
Defibrillators (for Hospital and Ambulance)	5,109	**6,285**	23.0
AEDs (Automated External Defibrillator)	13,175	**14,867**	12.8
Pacemakers / ICDs	3,111	**3,189**	2.5
Ventilators	2,205	**2,432**	10.3
Other Treatment Equipment	6,127	**6,117**	-0.2
Treatment Equipment	29,728	**32,892**	10.6
Domestic Sales	21,315	**22,288**	4.6
Overseas Sales	8,412	**10,603**	26.0
(Ref.) AED Unit Sales	84,700	**92,000**	8.6
Domestic Unit Sales	44,300	**45,200**	2.0

Both domestic and overseas sales increased favorably.

Domestic: Unit sales increased due to recovery of replacement demand.
Overseas: Sales increased favorably in the Americas and Europe.

Defibrillator TEC-5600 series

AED AED-3100

Pacemaker Zenex MRI

Ventilator HAMILTON-C1

CPR Assist CPR-1100

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- Sales of Treatment Equipment increased 10.6% to ¥32.8 billion. Domestic sales increased 4.6% to ¥22.2 billion. Overseas sales increased 26% to ¥10.6 billion.

- Sales of defibrillators increased 23% to ¥6.2 billion, as both domestic and overseas sales increased favorably.

- Sales of AEDs increased 12.8% to ¥14.8 billion. Overall AED unit sales were 92,000 units. In Japan, unit sales increased due to recovery of replacement demand. Internationally, sales increased favorably in the Americas and Europe.

5.4) Other Medical Equipment

(Sales, millions of yen)

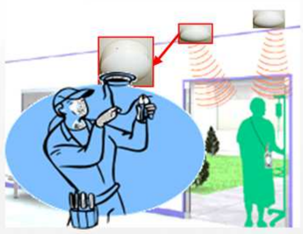
	FY2016	**FY2017**	YoY (%)
Hematology Analyzers	12,074	**11,224**	-7.0
Imaging Systems, Medical equipment for research and others *	30,707	**31,589**	2.9
Other Medical Equipment	42,781	**42,804**	0.1
Domestic Sales	37,668	**37,552**	-0.3
Overseas Sales	5,112	**5,251**	2.7

Domestic: Sales decreased.
Overseas: Sales increased in Latin America and Europe.

*Includes consumables, installation and maintenance services which are not applicable to other categories.

Automated hematology analyzer
MEK-9100

Clinical chemistry analyzer
CHM-4100



Installation and maintenance services

- Sales of Other Medical Equipment increased 0.1% to ¥42.8 billion.

- Domestic sales decreased 0.3% to ¥37.5 billion, because sales of hematology instruments decreased.

- Overseas sales increased 2.7% to ¥5.2 billion, because sales of hematology analyzers increased in Latin America and Europe.

6) Financial Condition

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

	FY2016	FY2017	Change
Current Assets	119,235	**124,601**	5,366
Inventories	22,638	**23,098**	460
Property, Plant & Equipment	20,148	**20,324**	175
Intangible Assets	5,597	**5,079**	-517
Investments & Other Assets	7,825	**7,935**	109
Total Assets	152,806	**157,941**	5,134
Inventory Turnover	3.1 months	**3.0 months**	

	FY2016	FY2017	Change
Current Liabilities	45,006	**44,605**	-400
Interest-bearing Debt	628	**488**	-140
Non-current Liabilities	3,913	**3,980**	67
Net Assets	103,887	**109,355**	5,468
Total Liabilities & Net Assets	152,806	**157,941**	5,134
Equity Ratio	68.0%	**69.2%**	

[Reason for the increase of inventories]
・Work in process and raw materials and supplies increased by ¥1,439 million, while merchandise and finished goods decreased by ¥979 million.
→Procurement of electronic components in advance due to tight demand-supply balance
→Securing of materials to shorten lead-time

- Total assets increased by ¥5.1 billion to ¥157.9 billion.

- As for inventories, work in process and raw materials and supplies increased, while merchandise and finished goods decreased. Inventory turnover shortened by 0.1 months to 3.0 months.

7) Cash Flows

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

	FY2016	FY2017	Change
Ⅰ.Cash flows from operating activities	11,356	**10,843**	-512
Ⅱ.Cash flows from investing activities	-6,344	**-3,346**	2,998
Free cash flows	5,011	**7,497**	2,485
Ⅲ.Cash flows from financing activities	-3,517	**-4,628**	-1,110
Effect of exchange rate change on cash and cash equivalents	-217	**-144**	72
Net increase (decrease) in cash and cash equivalents	1,277	**2,724**	1,447
Cash and cash equivalents at end of period	28,560	**31,285**	2,724
ROE	9.1%	**8.6%**	

	FY2016	FY2017	Change
Income before income taxes and non-controlling interests	13,851	13,954	+102
Purchase of property, plant and equipment	-6,304	-2,901	+3,402

Purchase of treasury shares:
500k shares (¥1.47 bil) in Mar 2018

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- Cash and cash equivalents at end of the period increased by ¥2.7 billion to ¥31.2 billion.
- ROE was 8.6%.
- The Company repurchased 500k shares.

8) Capital Investments and R&D Costs

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

	FY2016 Actual	FY2017 Original Forecast announced May 11, 2017	FY2017 Revised Forecast announced Nov 6, 2017	FY2017 Actual	Change	FY2018 Plan
Capital Investments	7,710	5,700	5,200	**3,430**	**-4,280**	4,000
Depreciation	3,422	3,900	3,600	**3,338**	**-83**	3,900
R&D costs	6,466	7,300	7,300	**7,226**	**759**	8,500

●**FY2017 capital investments:**
Molds for new products, measuring equipment and jigs, products for demonstration, production equipment, renovation of head quarters (Nishiochiai Office) (¥0.8bil)

●**FY2018 capital investments plan:**
Molds for new products, measuring equipment and jigs, products for demonstration, production equipment, and renewal of backbone system server

●**FY2019 capital investments plan:**
Construction of Eastern Japan Logistics Center
- Start of construction: June 2018 (plan)
- Completion and relocation: Summer 2019 (plan)
- Capital investments in FY2019: ¥0.8bil
  (As the Center is a leasing logistics facility, investment is for distribution equipment such as moving shelves)

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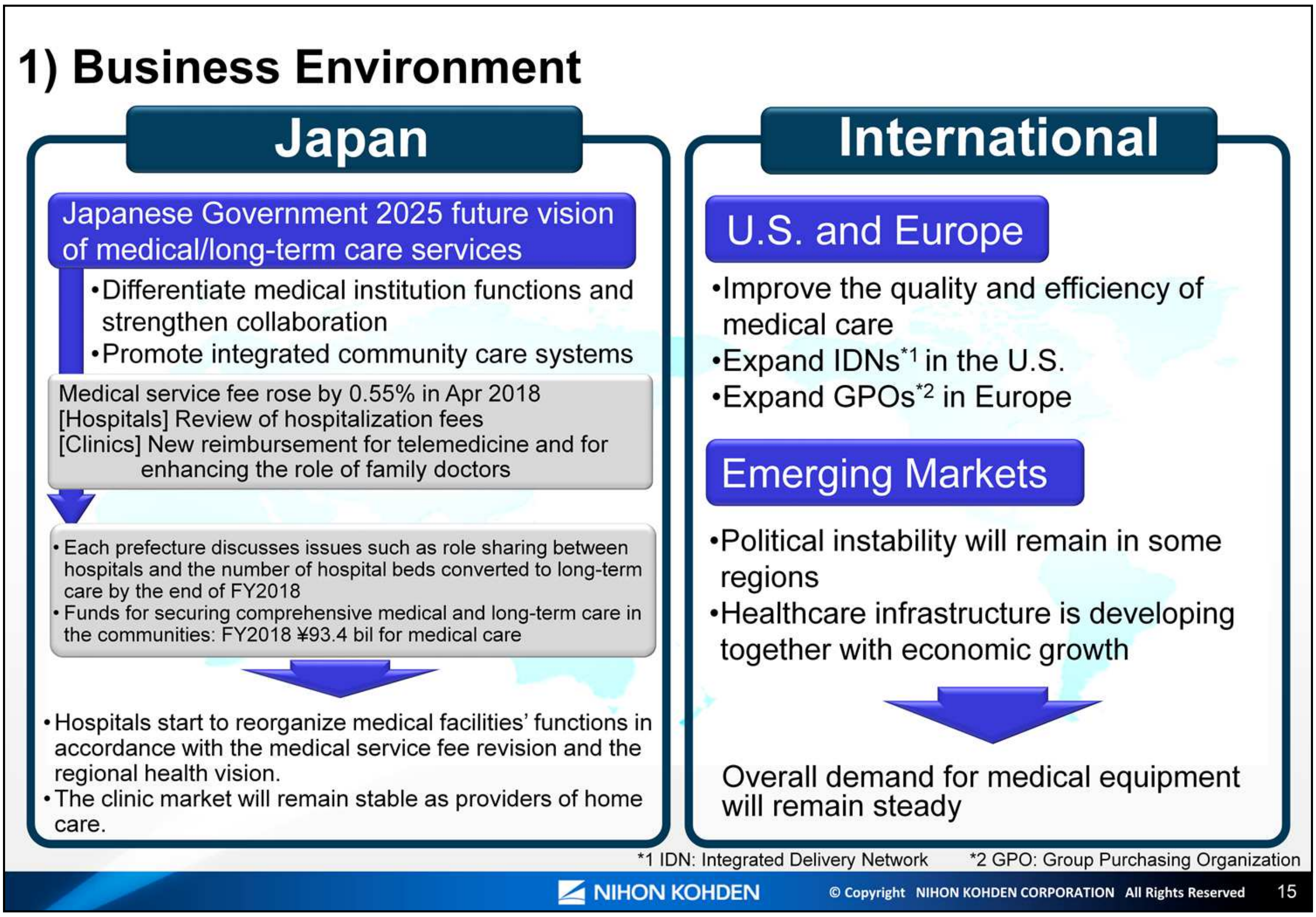
- Capital investments were ¥3.4billion. The reason for the difference from the forecast was the carryover of investment in production equipment and the restraint of investment in products for demonstration.

- Depreciation was ¥3.3 billion. R&D costs increased by ¥0.7 billion to ¥7.2 billion.

- Capital investments and depreciation for FY2018 will increase by ¥0.6 billion respectively, to ¥4.0 billion and ¥3.9 billion. R&D costs for FY2018 will increase by ¥1.3 billion to ¥8.5 billion, as the Company plans to launch a lot of new products.

- In FY2019, capital investments for constructing the Eastern Japan Logistics Center are expected. This is for the purpose of reducing costs by integrating logistics centers.

2 Forecast for FY2018



- In Japan, the government is working on healthcare system reform under its 2025 future vision of medical/long-term care services. In the hospital market, the reorganization of medical facilities' functions will start in accordance with a review of hospitalization fees and development of a regional health vision. The clinic market will remain stable.

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

2) Forecast for FY2018

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

	FY2017	FY2018	YoY (%)
Sales	174,249	180,000	3.3
Domestic Sales	128,144	130,700	2.0
Overseas Sales	46,105	49,300	6.9
Gross Profit	82,759	86,800	4.9
(Gross Profit Margin)	47.5%	48.2%	
Operating Income	14,517	15,000	3.3
(Operating Income Margin)	8.3%	8.3%	
Ordinary Income	14,501	15,000	3.4
Income Attributable to Owners of Parent	9,154	10,300	12.5
Percentage of Overseas Sales	26.5%	27.4%	

+11% on a local currency basis

Breakdown of overseas sales by region

	FY2017	FY2018	YoY (%)
Americas	22,000	23,400	6.4
Europe	8,462	9,100	7.5
Asia	13,634	14,100	3.4
Other	2,008	2,700	34.4
Total	46,105	49,300	6.9

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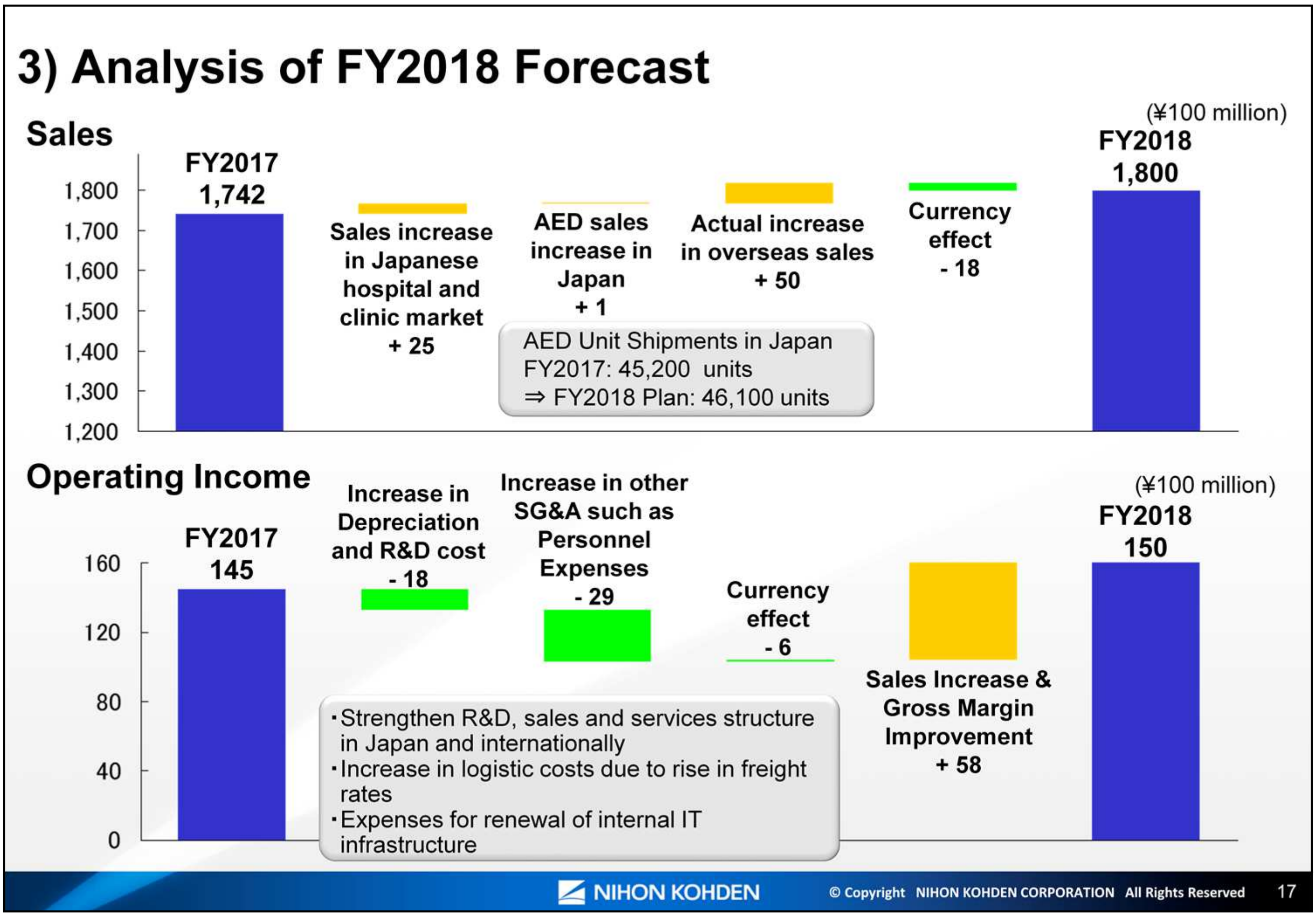
- Under these market circumstances, the Company forecasts its overall sales, domestic sales and overseas sales for FY2018 to be: 3.3% growth to ¥180.0 billion, 2% growth to ¥130.7 billion, and 6.9% growth to ¥49.3 billion, respectively. Overseas sales are expected to be a 11% growth on a local currency basis.

- Gross margin ratio is expected to be improved to 48.2% by introducing new in-house products.

- The forecast for operating income is ¥15.0 billion, up 3.3%. The forecasts for ordinary income and income attributable to owners of parent are shown above.

- As for overseas sales by region, we expect sales expansion in the favorable U.S. and Latin America markets and enhance sales activities in Africa, where we established a branch in Kenya.



- As for sales in Japan, sales in the hospital and clinic markets, and AED sales are expected to increase by ¥2.5 billion and ¥0.1 billion, respectively. The forecast for AED unit sales is 46,100 units.

- As for overseas sales, the actual increase in overseas sales will be ¥5.0 billion. Negative currency effect will be ¥1.8 billion.

- As for operating income, depreciation and R&D costs will increase by ¥1.8 billion. Other SG&A such as Personnel Expenses will increase by ¥2.9 billion mainly due to enhancement of R&D, sales and services structure, increase in logistic costs, and expenses for renewal of internal IT infrastructure. Currency effects will be the negative impact of ¥0.6 billion. The positive impact of sales increase and gross margin improvement will be ¥5.8 billion.

(Ref.) Consolidated Forecast FY2018 by Product Category

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

	FY2017	FY2018	Composition ratio (%)	YoY (%)
Physiological Measuring Equipment	39,323	40,200	22.3	2.2
Patient Monitors	59,229	62,500	34.7	5.5
Treatment Equipment	32,892	33,600	18.7	2.2
Other Medical Equipment	42,804	43,700	24.3	2.1
Total	174,249	180,000	100.0	3.3

(Reference)

	FY2017	FY2018	Composition ratio (%)	YoY (%)
Consumables and Services	75,505	78,100	43.4	3.4

Average exchange rate

	FY2017	FY2018
1 US Dollar	111.0 yen	105 yen
1 EURO	130.0 yen	130 yen

Annual exchange rate fluctuations

	Sales	Operating Income
1 US Dollar	0.30 bil yen	0.11 bil yen
1 EURO	0.05 bil yen	0.02 bil yen

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

- The forecast for FY2018 is based on an exchange rate of 105 yen to the U.S. dollar and 130 yen to the euro.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Progress of Mid-term Business Plan, TRANSFORM 2020
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Review of 1st year of TRANSFORM 2020
1) Key Indicators

	FY2016 Actual	FY2017 Actual		FY2019 Target	3 year CAGR
Sales YoY	+0.5%	+4.8%	Sales	¥190 bil	4.5%
Domestic Sales YoY	+2.3%	+2.7%	Domestic Sales	¥135 bil	2.7%
Overseas Sales YoY (on a local currency basis)	-4.6% (+ 6%)	+11.0% (+8%)	Overseas Sales	¥55 bil	9.8%
Consumables and Services Sales Ratio	42.8%	43.3%	Consumables and Services Sales Ratio	45.0%	
Operating Income Margin	8.2%	8.3%	Operating Income (Operating income margin)	¥20 bil (10.5%)	13.8%
ROE	9.1%	8.6%	ROE	12.0%	

Breakdown of overseas sales by region

Americas	¥27.3 bil
Europe	¥8.2 bill
Asia	¥16.5 bil
Other	¥3.0 bil

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- When we evaluate our progress in the 1st year of mid-term business plan regarding key indicators, domestic sales growth was in line with 3 year CAGR target. Overseas sales growth exceeded the target on a yen basis, but fell slightly short of the target on a local currency basis.

- The sales ratio of Consumables and Services increased to 43.3%.

- The improvement of gross profit margin remained as an issue, while both domestic and overseas sales increased and the sales mix improved. Therefore, operating income margin remained at 8.3% and ROE decreased to 8.6%, which deviated from the FY2019 target.

Review of 1st year of TRANSFORM 2020
2) Key Strategies

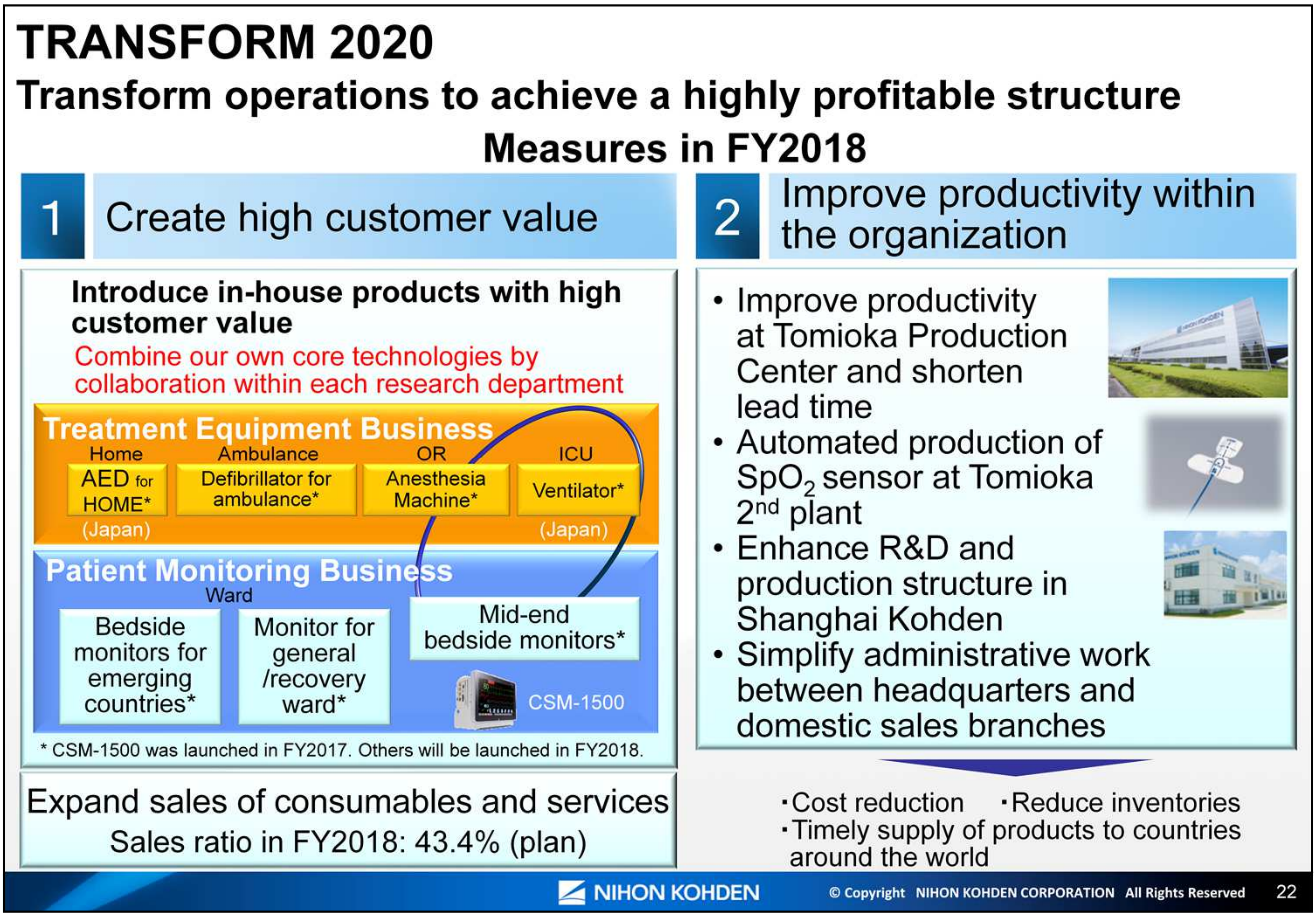
6 key strategies	Results in FY2017
Strengthen business expansion by region	・Absorbed domestic sales subsidiaries ・Established Kenya branch in Africa and enhanced direct sales structure in Brazil
Achieve further growth in core businesses	・Introduced new patient monitors ・Expanded product portfolio for the clinic market ・Took initiatives to start automated production of consumables
Develop new businesses	・Promoted in-house development of ventilators and anesthesia machines
Strengthen technological development capabilities	・Strengthened local R&D capability for large deals in the U.S.
Pursue the highest level of quality in the world	・No.1 customer satisfaction for 11 consecutive years in the U.S.
Consolidate corporate fundamentals	・One-third of board directors will be outside directors as of Jun 27, 2018. ・Promote work style reforms and introduce flextime and telecommuting programs in Apr 2018

- To strengthen business expansion by region, we strengthened our domestic sales structure by absorbing sales subsidiaries and promoted sales initiatives for each market systematically.

- Internationally, we established a new branch in Kenya to strengthen business development in Africa. In Latin America, we also enhanced the direct sales structure in Brazil.

- To achieve further growth in core businesses, we introduced new patient monitors and expanded our product portfolio for the domestic clinic market.

- We also took initiatives to start automated production of consumables to enhance the cost competitiveness of our Consumables Business.



- In FY2019, which is the 2nd year of the mid-term business plan, we will further strive to transform operations to achieve a highly profitable structure. We believe that FY2019 is the year to secure a foothold for growth in 2020 and beyond.

- In particular, we will focus on improving the gross profit margin. We aim at increasing sales and improvement of gross profit margin by introducing in-house products with high customer value, including our core patient monitors.

- We will also focus on our profitable Consumables and Services Businesses, and aim at higher sales ratios in these businesses.

- To develop strategic businesses with these new products, we will further strengthen our sales structure.

- In addition, we will reduce the cost of sales by improving productivity. Especially, urgent task is to streamline our global supply chain including R&D, production and logistics in accordance with the increase of demands.

- We also aim to enhance cost competitiveness by introducing automated production step by step.

- To improve productivity across the entire group, we will reform its operating processes by utilizing ICT. We will adopt shared services for administrative procedures between headquarters and domestic sales branches.

Six Key Strategies

Strengthen business expansion by region

Achieve further growth in core businesses

Develop new businesses

Strengthen technological development capabilities

Pursue the highest level of quality in the world

Consolidate corporate fundamentals

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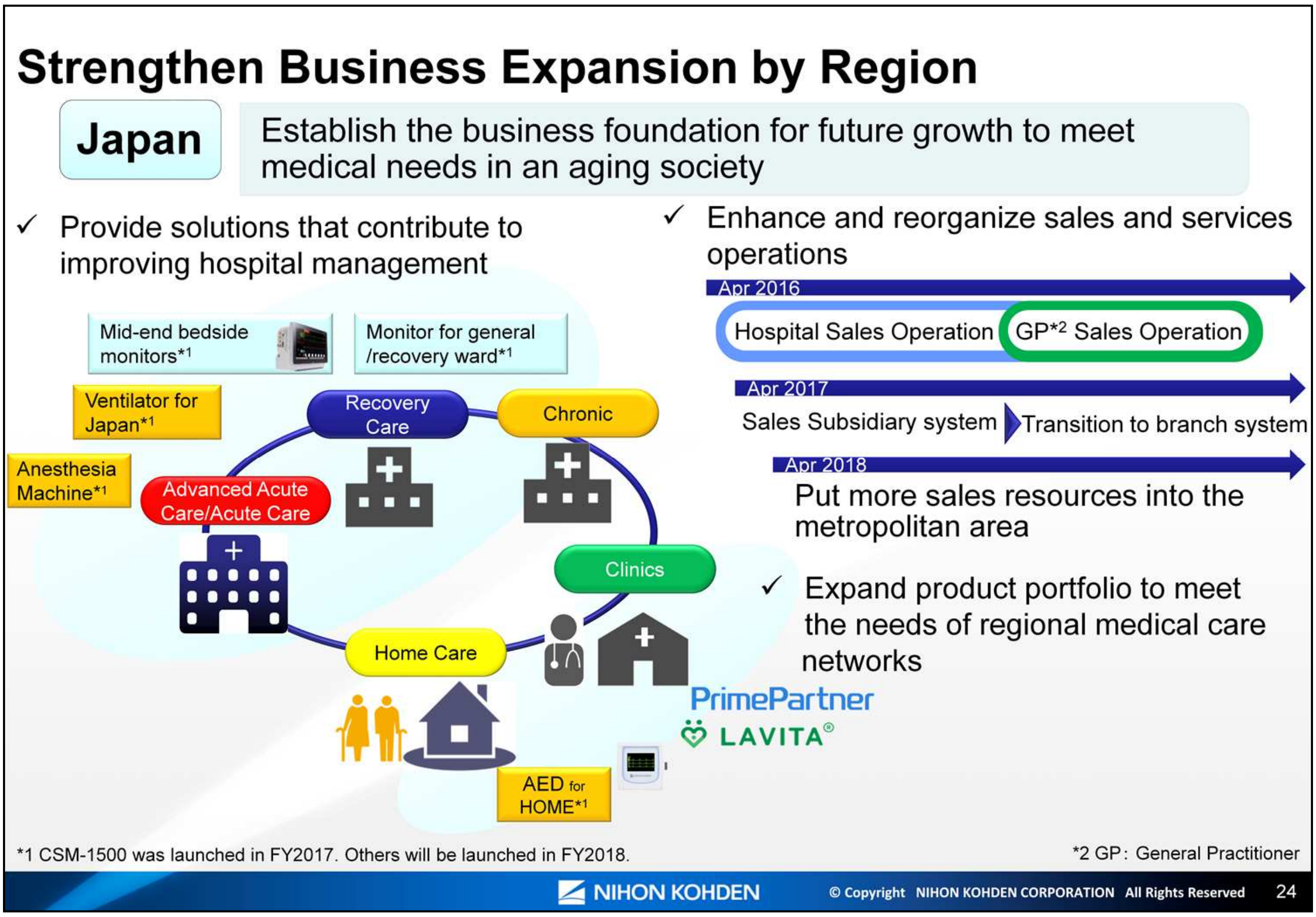
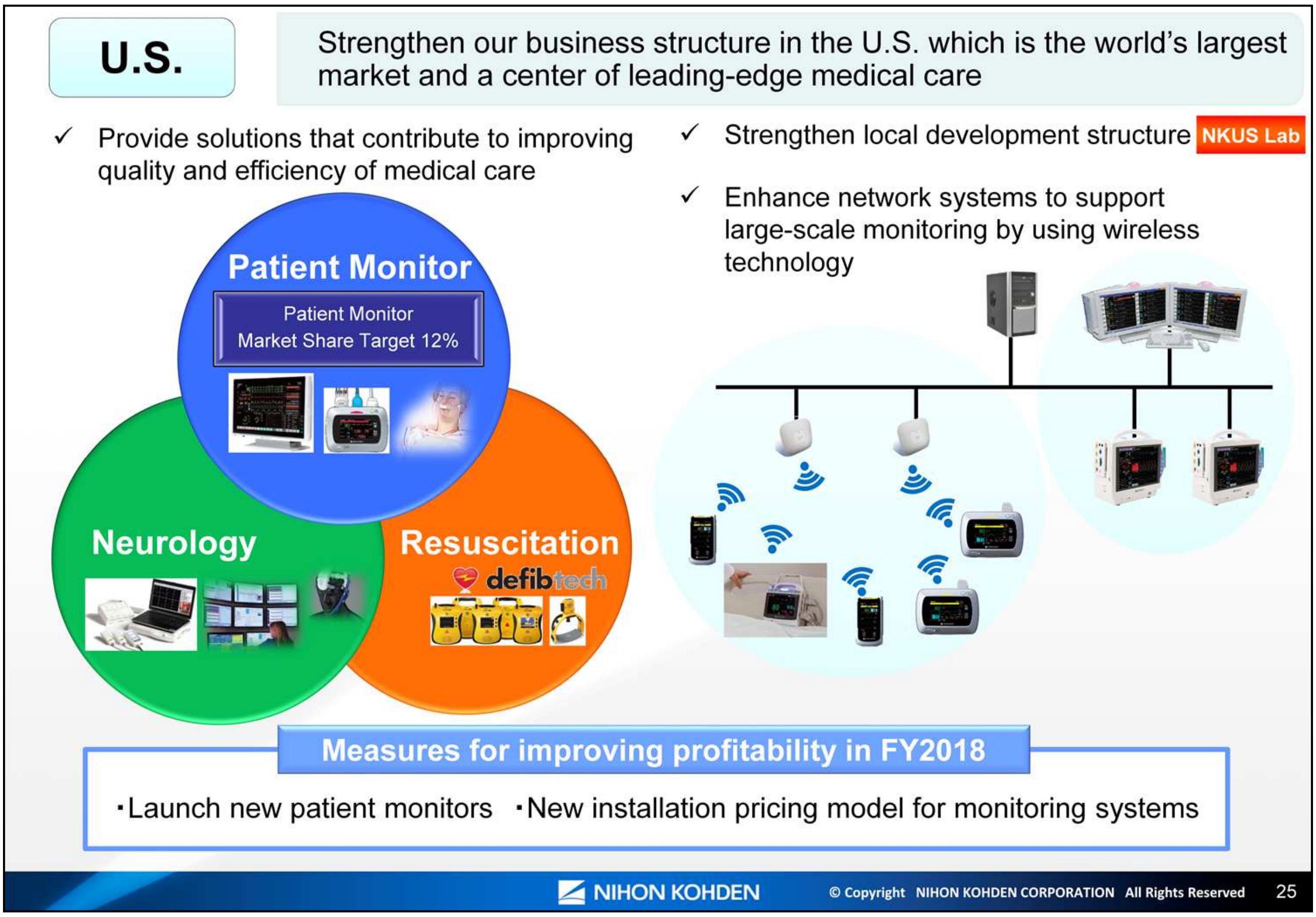


- In Japan, the government is working on reform of the healthcare system, including acute care, recovery care, chronic care and home care, to meet medical needs in an aging society.

- In order to respond to such market changes, the Company absorbed and merged its domestic sales subsidiaries in 2017, following the reorganization of its sales operations in 2016.

- After reviewing regional medical demand trends, the Company decided to put more sales resources into the metropolitan area in 2018, where we expect the increase of medical demand.

- In the hospital market, where replacement demand is expected, we will introduce new products such as patient monitors that contribute to improving hospital management. In the clinic and home care markets, where we expect to grow, we will also expand our portfolio of products for regional medical care networks.



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

- Our brand awareness is increasing as our patient monitoring systems have been introduced in the U.S. at leading university hospitals. We feel we are getting closer to achieving the market share target of 12% in FY2019.

- As the number of large-scale monitoring systems increase, demands for advanced network technology are increasing. We need to invest a large amount of time and effort in installing patient monitoring systems and advanced expertise is required.

- We will reinforce the professionalism of our service teams and adopt a new installation pricing model to improve profitability.

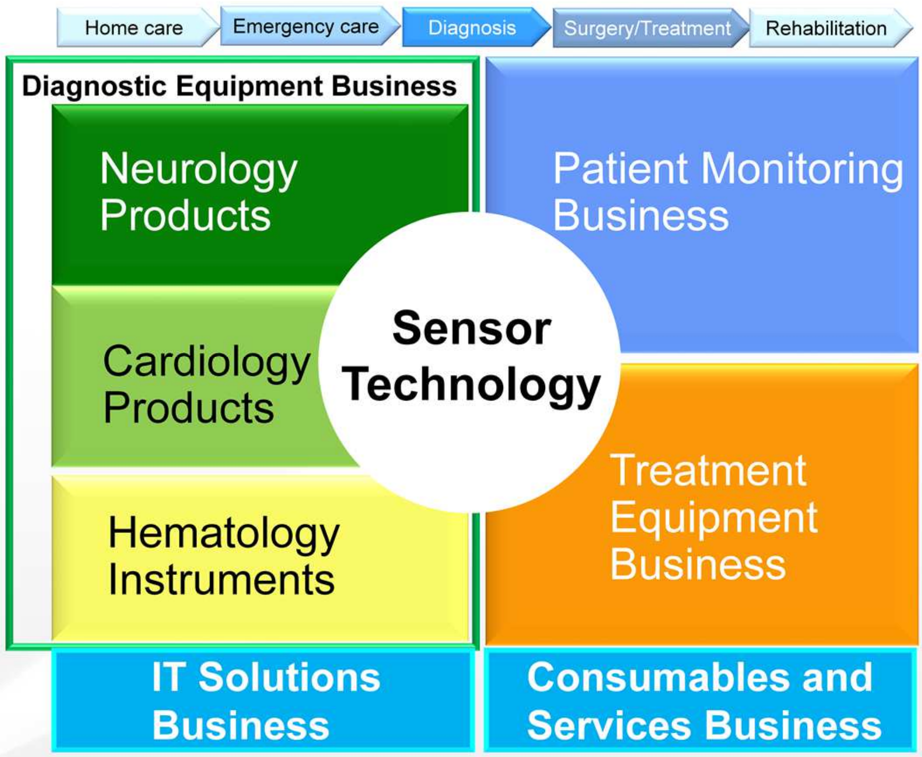
- We expect to further strengthen our competitiveness as we will launch new products in our core patient monitor line-up in FY2018.

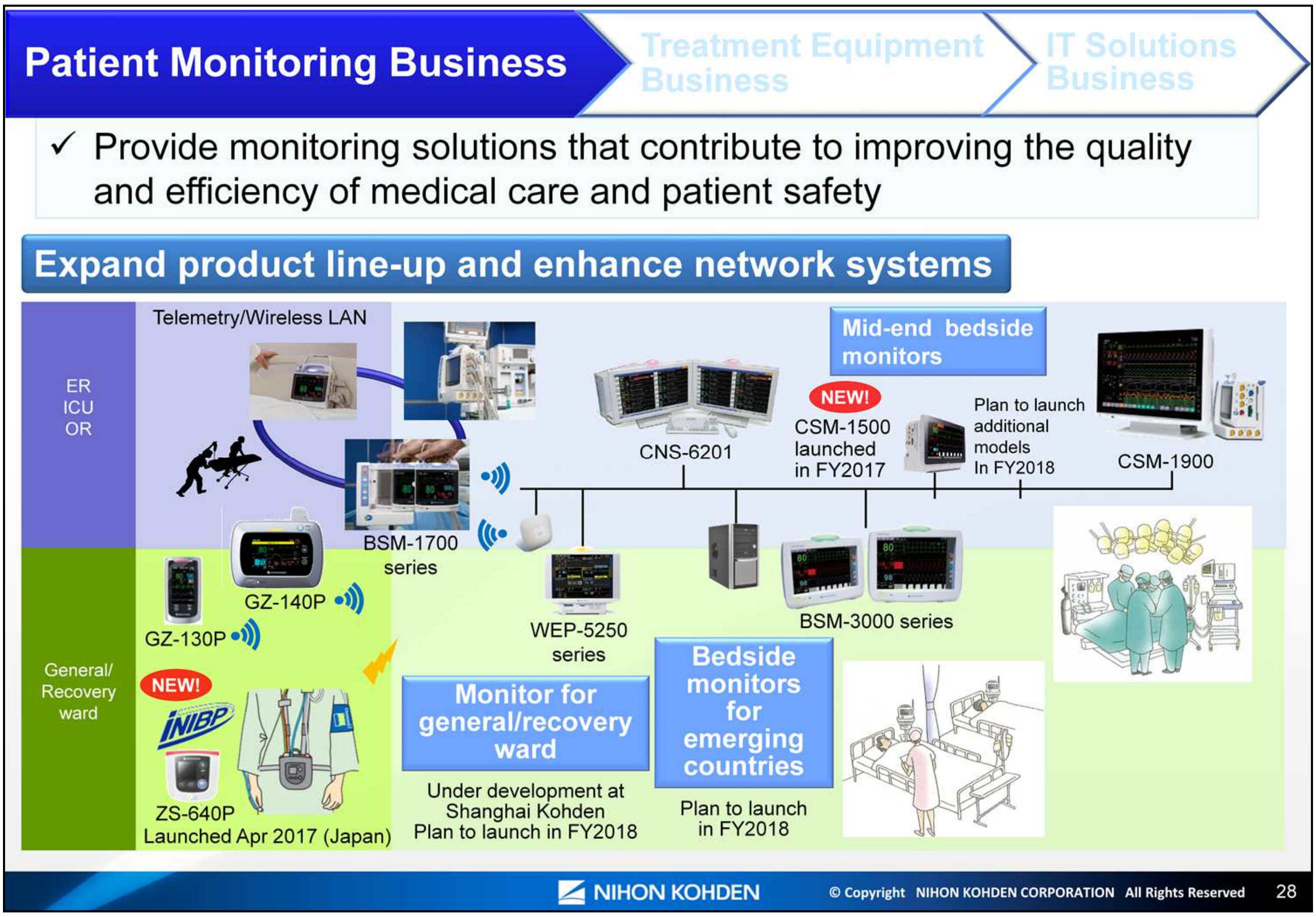
- In order to enhance business development in emerging countries, we established a new International Sales Operations department, which covers Latin America, Asia, the Middle-East and Africa.

- In China, we are expanding our line-up of locally developed and manufactured products to increase market share. We will further strengthen local R&D and production capacity as the basis of producing affordable models for emerging markets.

- In other emerging markets, we will promote localization of sales and services networks. We will also establish a global production and logistics structure to respond to the increase in demand and to support large deals.

Achieve Further Growth in Core Businesses



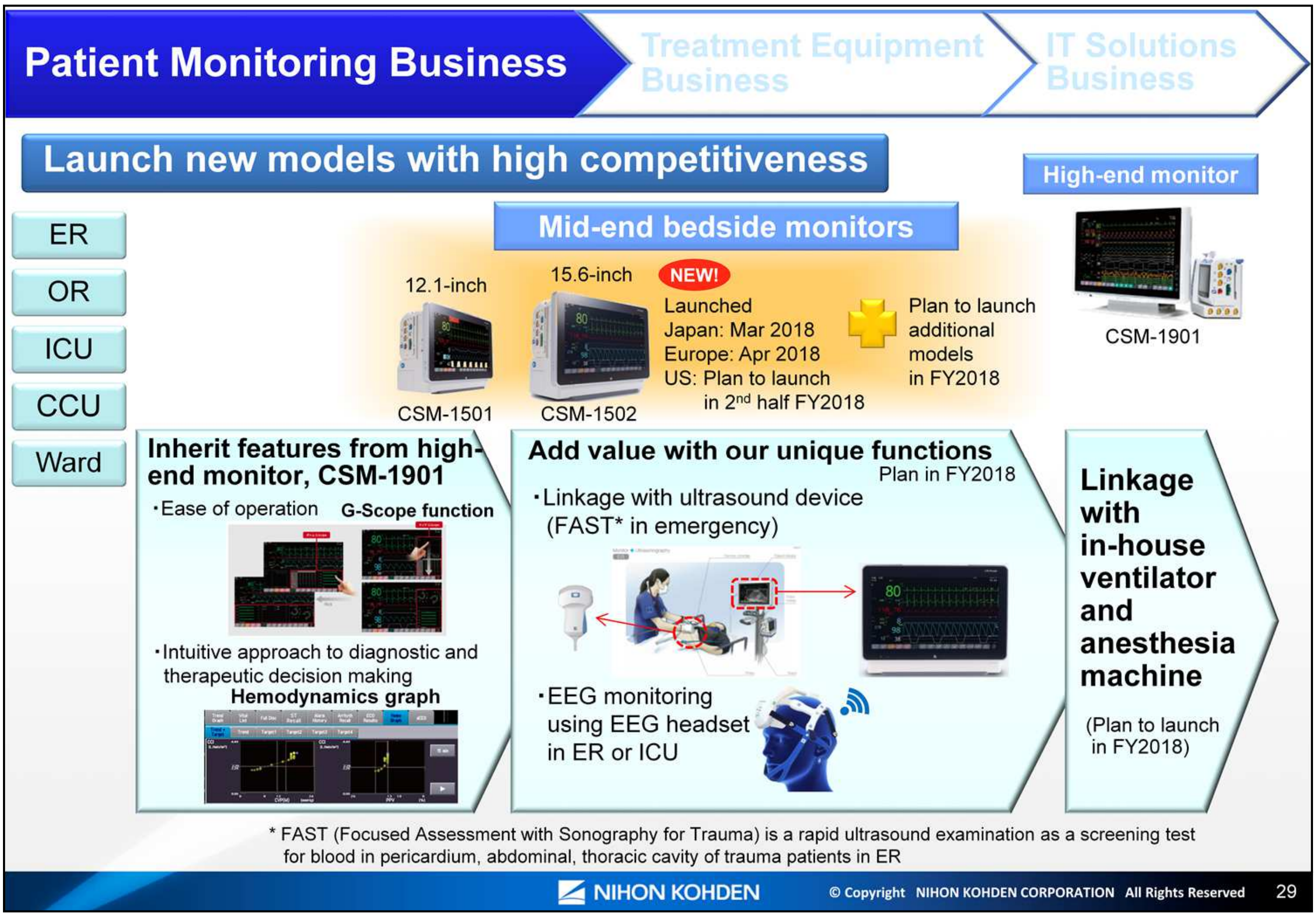


- In our Patient Monitoring Business, we will expand our product line-up to cover all areas from acute care to recovery care. We will also strengthen our competitiveness by enhancing network systems.

- We launched our core mid-end bedside monitors in March 2018, and additional models will be launched in the 1st half of FY2018.

- A new addition to our product line-up is a monitor for use in general/recovery wards, which is currently under development at Shanghai Kohden. We aim to capture increasing demand for monitoring in recovery care and chronic care.

- We also plan to launch bedside monitors for emerging countries, as successors to existing affordable models.

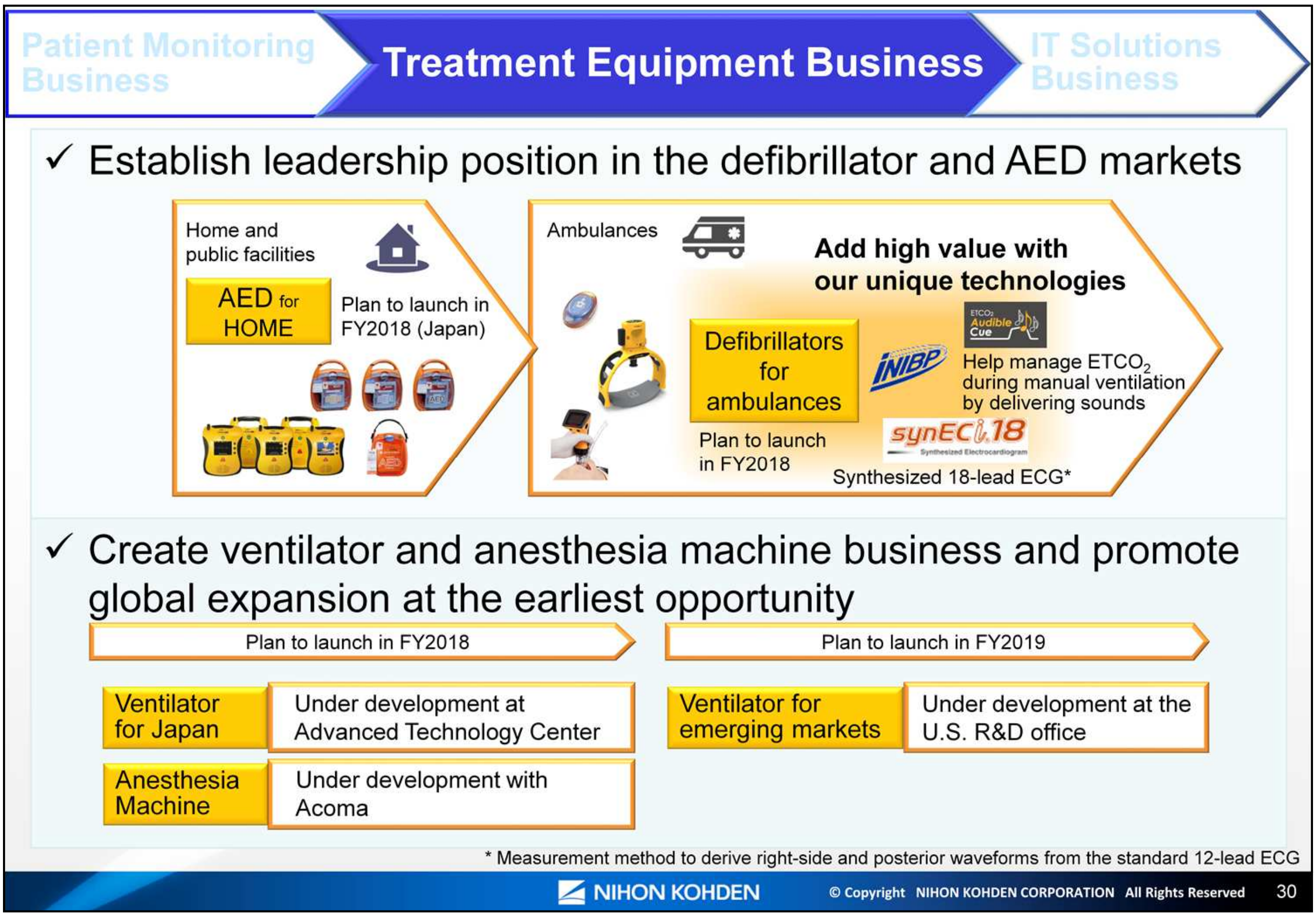


- We launched the CSM-1500 series as our new mid-end bedside monitor for mid to high-end markets. The CSM-1500 series were launched in Japan in March 2018, and Europe in April 2018. Introduction in the U.S. will be in the 2nd half of FY2018.

- CSM-1500 series inherit functions and operability from the high-end monitor, CSM-1901. These new products are designed to prepare for new technological trends and create a platform for our monitoring systems for the next 5 to 10 years.

- We will add new functions such as the display of ultrasound images by connecting an ultrasound probe. We will also integrate wireless EEG measurement technology using an EEG headset in order to respond to demand for neuro monitoring in ER or ICU.

- In the future, we will make it possible to connect our in-house ventilators and anesthesia machines to the monitors. We expect these monitors to become a platform for providing advanced monitoring solutions.

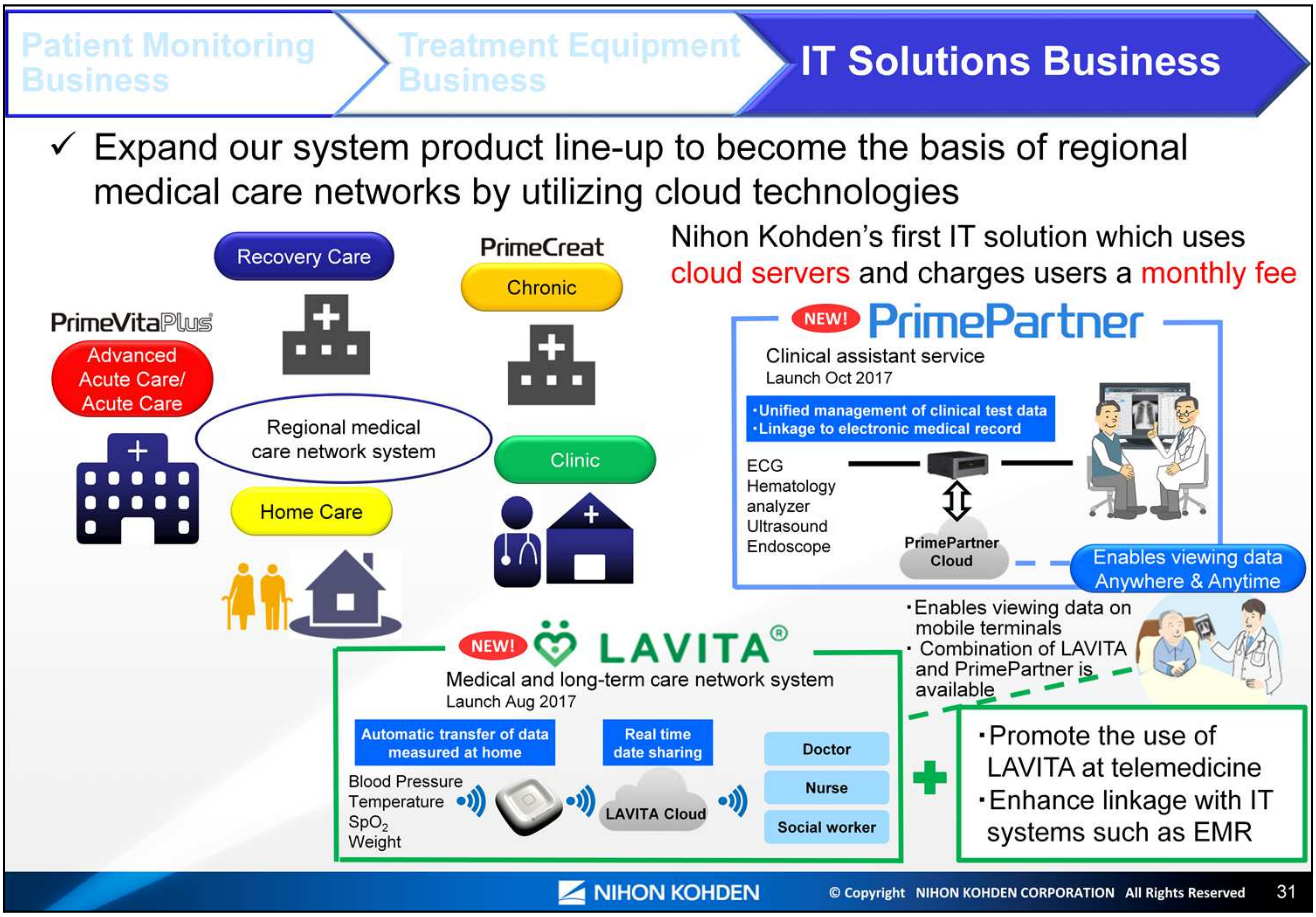


- In our Treatment Equipment Business, we plan to launch AED for home and defibrillators for ambulances.

- We aim to create high customer value by combining different research departments' technologies such as iNIBP or Audible Cue which are patient monitoring technologies and Synthesized 18-lead ECG which is ECG technology.

- A ventilator for Japan and an anesthesia machine under development with Acoma will be launched in FY2018.

- In FY2019, we plan to launch a ventilator for emerging markets, which is currently under development at the U.S. R&D office.

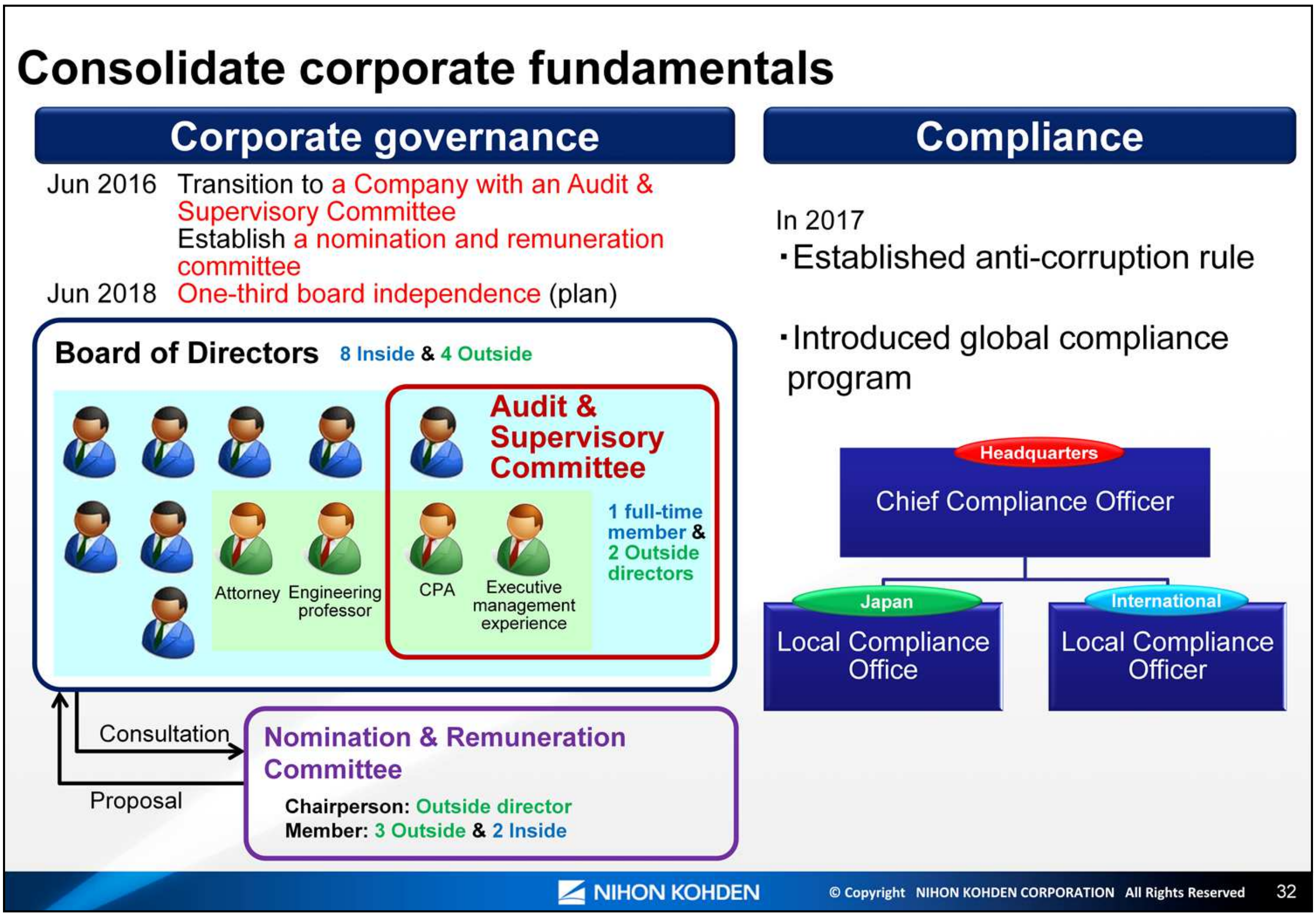


- In our IT Solutions Business, we are expanding our system product line-up to become the basis of regional medical care networks.

- In 2017, we launched PrimePartner and LAVITA, our first IT solutions which use cloud servers and charge users a monthly fee.

- Attention to LAVITA is increasing because a new reimbursement for telemedicine and remote monitoring was instituted as part of the medical service fee revision announced in April 2018.

- In the future, we aim to increase customer value of LAVITA by linkage with open systems such as electronic medical records.

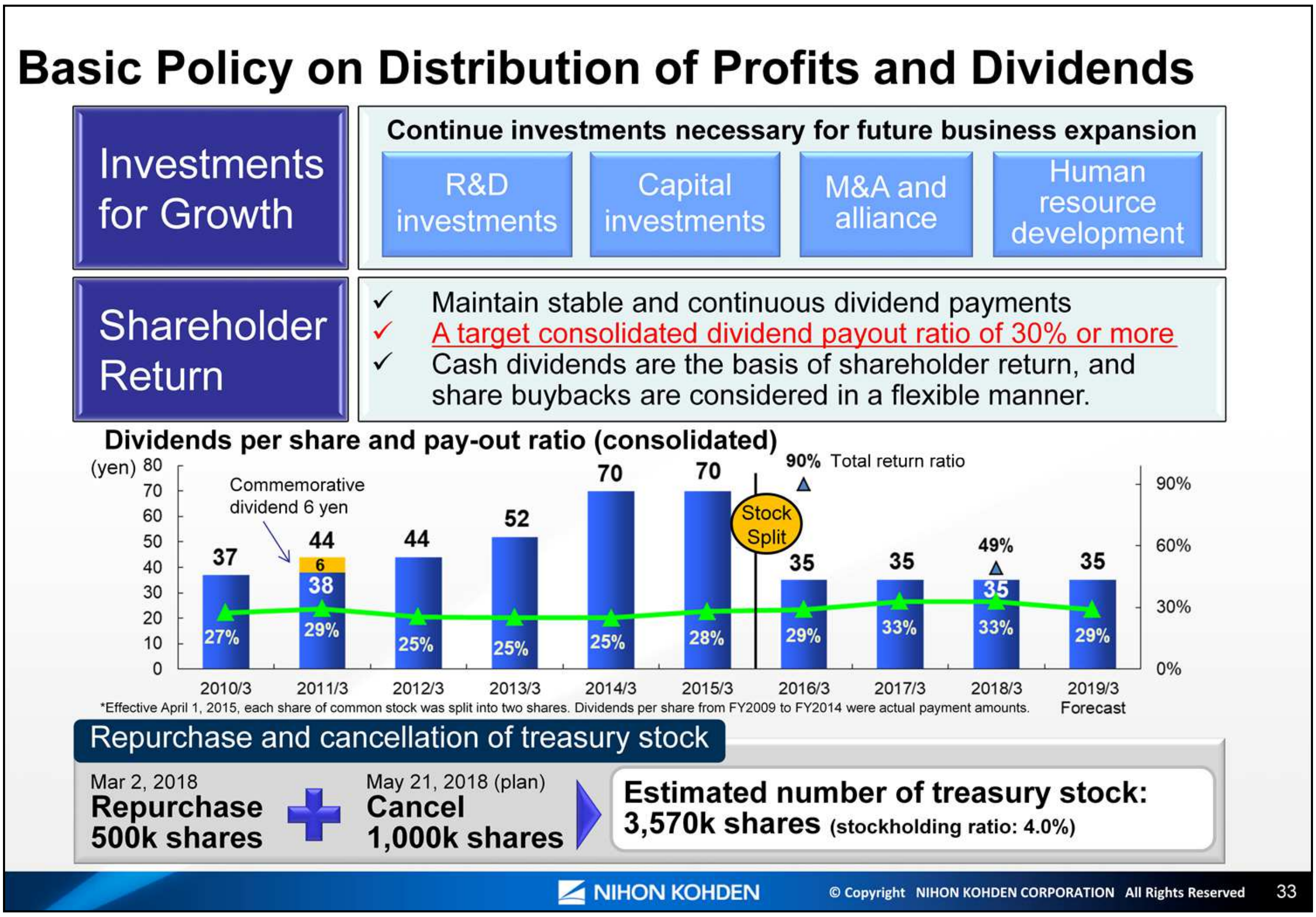


- In order to consolidate our corporate fundamentals, we will focus on enhancing corporate governance as our top priority.

- In 2016, the Company transitioned to a Company with an Audit & Supervisory Committee and established a nomination and remuneration committee. One-third of the board will be independent outside directors after the shareholders' meeting in June 2018.

- In order to promote overseas business development, the Company established an anti-corruption rule and introduced a global compliance program.

- There was an incident of inappropriate conduct in our European subsidiary in the past. In order to prevent inappropriate conduct, we are committed to fostering a group-wide organizational culture that is highly sensitive to compliance.



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

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

- Full-year dividends for FY2018 will be 35 yen, and the payout ratio will be 29%.

Disclaimer:
The contents of this document are based on the Company's best judgments at the time it was prepared and do not constitute a guarantee or promise that the Company will achieve its numerical targets or implement the measures described therein.

NIHON KOHDEN