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March 7, 2023

NIHON KOHDEN CORPORATION (6849)

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Nihon Kohden Corporation to Reorganize Its U.S. Subsidiaries into a Holding Company Structure, Change in Specified Subsidiaries, and Name Change of Subsidiaries

Nihon Kohden Corporation (“Nihon Kohden”) today announced that on March 7, 2023, its Board of Directors passed a resolution to reorganize a total of eight direct and indirect, wholly owned subsidiaries in the United States. As outlined in Section 2 below, Nihon Kohden will first make a contribution in kind of all shares of five of the direct, wholly owned subsidiaries to Nihon Kohden OrangeMed, Inc., which will become the new holding company. Immediately following this contribution in kind, on April 1, 2023, Resuscitation Solution, Inc., one of the Company’s specified direct, wholly owned subsidiaries, will be dissolved and liquidated. All remaining direct and indirect, wholly owned subsidiaries, other than Nihon Kohden OrangeMed, Inc. as holding company, will convert from corporations to limited liability companies in each applicable U.S. jurisdiction.

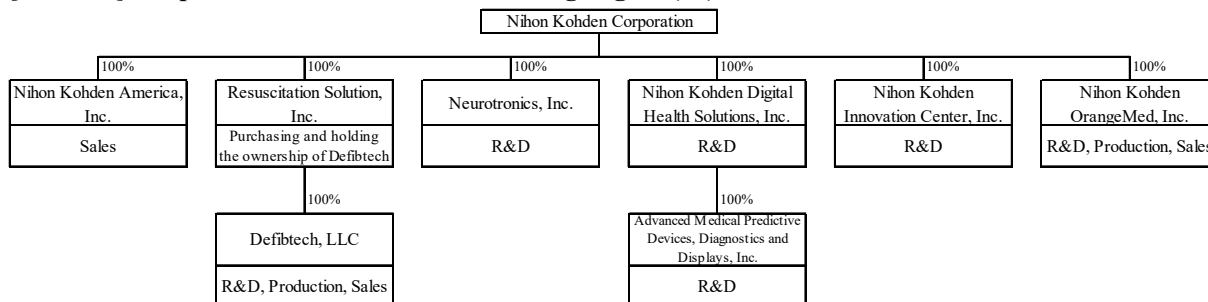
1. Purpose of the Reorganization

Nihon Kohden has established or acquired a total of eight direct and indirect, wholly owned subsidiaries in the U.S. By transforming to a holding company structure and reorganizing these subsidiaries, Nihon Kohden aims to enhance its U.S. business further through (i) increased synergy, (ii) efficient group governance and operations and (iii) strengthened competitiveness utilizing its local R&D, production, and sales capabilities.

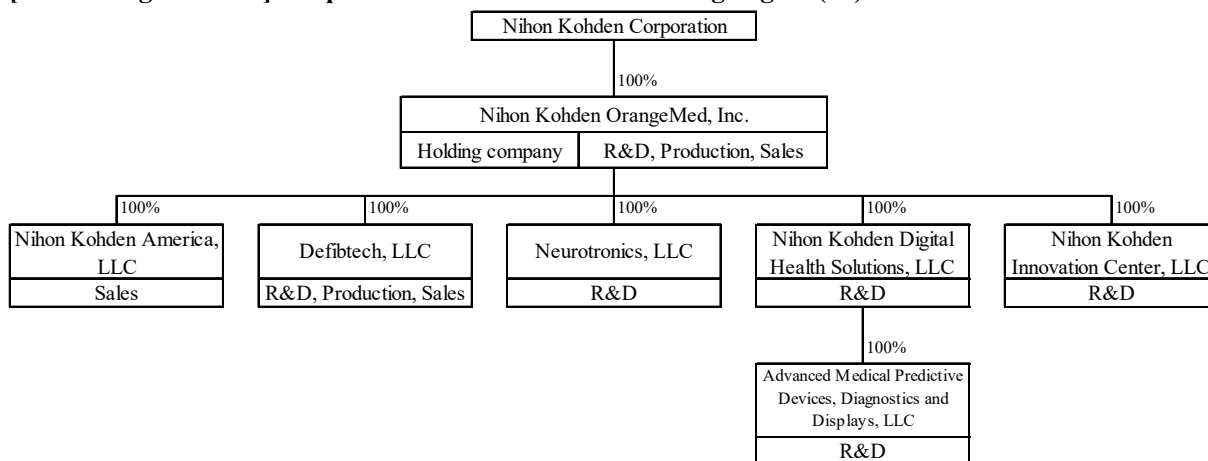
2. Outline of the Reorganization

- 1) Nihon Kohden will make a contribution in kind of all shares of (i) Nihon Kohden America, Inc., (ii) Neurotronics, Inc., (iii) Nihon Kohden Digital Health Solutions, Inc., (iv) Nihon Kohden Innovation Center, Inc. and (v) Resuscitation Solution, Inc., to Nihon Kohden OrangeMed, Inc.
- 2) As a result of this contribution, Nihon Kohden OrangeMed, Inc. will become a holding company for all other U.S. subsidiaries. No immediate changes to the name or ventilator business of Nihon Kohden OrangeMed, Inc. will occur as part of the currently approved reorganization. Nihon Kohden will announce any future changes to the new structure at the appropriate time.
- 3) Immediately following the contribution, Nihon Kohden America, Inc., Neurotronics, Inc., Nihon Kohden Digital Health Solutions, Inc., Advanced Medical Predictive Devices, Diagnostics and Displays, Inc., and Nihon Kohden Innovation Center, Inc. will convert from corporations to limited liability companies in each applicable U.S. jurisdiction.
- 4) Resuscitation Solution, Inc., was previously established for the purpose of purchasing and holding the ownership of Defibtech, LLC, which was acquired by Nihon Kohden in 2012. Immediately following the contribution of shares from Nihon Kohden to Nihon Kohden OrangeMed, Inc., Nihon Kohden will dissolve and liquidate Resuscitation Solution, Inc. Defibtech, LLC will then become a wholly owned subsidiary of Nihon Kohden OrangeMed, Inc.

[Current] Corporate Structure Based on Voting Rights (%)



[Post-Reorganization] Corporate Structure Based on Voting Rights (%)



3. Outline of Specified Subsidiaries

(1) Specified Subsidiary to serve as U.S. Holding Company

(1) Name	Nihon Kohden OrangeMed, Inc.	
(2) Location	California, U.S.A	
(3) Name and title of representative	President, Eiichi Tanaka (Nihon Kohden’s director) (planned)* *Hong-Lin Du will remain as the head of ventilator business.	
(4) Business	<ul style="list-style-type: none"> Management control for subsidiaries in the U.S., R&D, production, and sales of ventilators 	
(5) Capital	Before contribution in kind: \$21.0 million (¥2,730 million) After contribution in kind: \$89.8 million (¥11,679 million) (planned) * Based on US accounting and an exchange rate of 130 yen to the U.S. dollar.	
(6) Date of establishment	April 2015	
(7) Fiscal term	March	
(8) Major shareholders	100% held by Nihon Kohden Corporation	
(9) Relationship between Nihon Kohden Corporation and Nihon Kohden OrangeMed, Inc.	Capital	Nihon Kohden OrangeMed is wholly owned by Nihon Kohden Corporation.
	Personnel	Four directors and one employee of Nihon Kohden Corporation will be directors of Nihon Kohden OrangeMed. (planned)
	Business	Nihon Kohden Corporation loans working capital to Nihon Kohden OrangeMed.

(2) Specified Subsidiary to be Dissolved and Liquidated

(1) Name	Resuscitation Solution, Inc.		
(2) Location	Delaware, U.S.A		
(3) Name and title of representative	President, Hiroyuki Satake (Nihon Kohden's director)		
(4) Business	Purchasing and holding the ownership of Defibtech		
(5) Capital	\$50.5 million (¥6,565 million) * Based on an exchange rate of 130 yen to the U.S. dollar.		
(6) Date of establishment	October 2012		
(7) Scheduled date of dissolution	April 1, 2023 (planned)		
(8) Fiscal term	December		
(9) Major shareholders	100% held by Nihon Kohden Corporation		
(10) Relationship between Nihon Kohden Corporation and Resuscitation Solution, Inc.	Capital	Resuscitation Solution is wholly owned by Nihon Kohden Corporation.	
	Personnel	Two directors and one employee of Nihon Kohden Corporation are directors of Resuscitation Solution.	
	Business	There is no significant business relationship between Nihon Kohden Corporation and Resuscitation Solution.	
(11) Operating results and financial conditions for the last three years			
As of fiscal years ended	March 31, 2020	March 31, 2021	March 31, 2022
Net assets	4,164 million yen	1,560 million yen	1,625 million yen
Total assets	4,454 million yen	2,419 million yen	1,656 million yen
Net assets per share	832,802.65 yen	297,581.26 yen	310,006.58 yen
Net sales	—	—	—
Operating income	-8 million yen	-2 million yen	-0 million yen
Ordinary income	-9 million yen	-6 million yen	-1 million yen
Net income	-13 million yen	-3,206 million yen	-266 million yen
Net income per share	-2,759.10 yen	-626,044.58 yen	-50,775.82 yen
Dividend per share	—	—	—

* Translations into yen of operating results and financial conditions are based on the average exchange rate during each fiscal year and at the exchange rate on the last day of each fiscal year, respectively.

4. Largest Subsidiary to Change Corporate Form

(1) Name	Current company name: Nihon Kohden America, Inc. New company name: Nihon Kohden America, LLC
(2) Location	California, U.S.A
(3) Name and title of representative	President & CEO, Eiichi Tanaka (Nihon Kohden's director)
(4) Business	Sales of medical electronic equipment
(5) Capital	\$4,741 thousands (¥616 million) * Based on an exchange rate of 130 yen to the U.S. dollar.
(6) Date of establishment	November 1979
(7) Scheduled date of change	April 1, 2023 (planned)

5. Effect on Operating Results of Nihon Kohden

The effect of this reorganization on the consolidated results for the fiscal year ending March 31, 2023, and the fiscal year ending March 31, 2024, will be minor, respectively.