

## Consolidated Financial Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2026 (Japan GAAP)

### NIHON KOHDEN CORPORATION (6849)

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(Amounts are rounded down to the nearest million yen)

#### 1. Consolidated Financial Highlights for the 2<sup>nd</sup> Quarter of FY2025 (From April 1, 2025 to September 30, 2025)

##### (1) Consolidated Operating Results

Note: Percentages indicate increase/decrease over the corresponding period in the previous fiscal year.

	Net sales		Operating income		Ordinary income		Income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
<b>FY2025 2Q (6 months)</b>	<b>108,120</b>	<b>5.2</b>	<b>6,741</b>	<b>31.8</b>	<b>6,732</b>	<b>214.7</b>	<b>4,524</b>	<b>876.7</b>
FY2024 2Q (6 months)	102,784	-0.7	5,114	-31.7	2,139	-82.9	463	-94.2

Note: Comprehensive income: FY2025 2Q: 2,483 million yen (—%) FY2024 2Q: 142 million yen (-98.6%)

	Net income per share - Basic	Net income per share - Diluted
	Yen	Yen
<b>FY2025 2Q (6 months)</b>	<b>27.74</b>	—
FY2024 2Q (6 months)	2.76	—

Note: Effective July 1, 2024, each share of common stock was split into two shares. Net income per share is calculated on the assumption that the stock split was implemented at the beginning of the fiscal year ended March 31, 2025.

##### (2) Consolidated Financial Conditions

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
<b>As of September 30, 2025</b>	<b>246,579</b>	<b>173,815</b>	<b>70.5</b>	<b>1,065.64</b>
As of March 31, 2025	258,276	181,294	69.5	1,101.11

Reference: Equity Capital: FY2025 2Q: 173,815 million yen FY2024: 179,552 million yen

#### 2. Dividends

	Dividends per share				
	First quarter	Interim (Second quarter)	Third quarter	Year-end	Full-year
	yen	yen	yen	yen	yen
FY2024	—	15.00	—	16.00	31.00
FY2025	—	16.00	—	—	—
FY2025 (Forecast)	—	—	—	16.00	32.00

Note: Revise of dividends forecast: None

#### 3. Consolidated forecast for FY2025 (From April 1, 2025 to March 31, 2026)

Note: Percentages indicate increase/decrease over the corresponding period in the previous fiscal year.

	Net sales		Operating income		Ordinary income		Income attributable to owners of parent	Net income per share - Basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	Yen
<b>Full year</b>	<b>240,000</b>	<b>6.5</b>	<b>24,000</b>	<b>15.9</b>	<b>24,000</b>	<b>17.8</b>	<b>12,500</b>	<b>-11.3</b>
								76.64

Note: Revise of consolidated forecast: Yes

**\* Notes**

(1) Significant changes in scope of consolidation during the period: Yes

Newly included: — companies (—)

Excluded: 2 companies (E-Staff Insurance Services Corporation,  
Advanced Medical Predictive Devices, Diagnostics and Displays, LLC)

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

Note: For details, please refer to "2. Consolidated Financial Statements and Primary Notes (4) Notes to Consolidated Financial Statements (Applying of Specific Accounting of the Consolidated Quarterly Financial Statements)" on page 11 of the attachment.

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period  
(including treasury shares)

FY2025 2Q	170,961,960	shares
FY2024	170,961,960	shares

(ii) Number of treasury shares at the end of the period

FY2025 2Q	7,853,394	shares
FY2024	7,897,392	shares

(iii) Average number of shares outstanding during the period

FY2025 2Q	163,083,441	shares
FY2024 2Q	167,533,484	shares

**Notes:**

1. Effective July 1, 2024, each share of common stock was split into two shares. "Average number of shares outstanding during the period" is calculated on the assumption that the stock split was implemented at the beginning of the fiscal year ended March 31, 2025.

2. Number of treasury shares, which are deducted from "Number of treasury shares at the end of the period" and "Average number of shares outstanding during the period," includes the Company's stock held by the trust of Employee Stock Ownership Plan.

\* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

\* In domestic sales of the Nihon Kohden group, sales to public medical institutions (which include national hospitals, national universities, public agencies, and municipal hospitals) account for a relatively high percentage of total sales. Therefore, the bulk of orders tend to be concentrated in September and March due to these hospitals' budget executions. In particular, sales and income are highly concentrated in the fourth quarter of the fiscal year.

\* Earnings forecasts and other forward-looking statements in this release are based on information currently available and certain assumptions that the Company believes are reasonable. Therefore, they do not constitute a guarantee that they will be realized. Actual results may differ from such estimates due to unforeseen circumstances.

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## 1. Qualitative Information on Financial Results for the Period

### (1) Operating Results Analysis

During the term under review (April 1, 2025 to September 30, 2025), the global economic outlook remained uncertain due to escalating protectionism and fragmentation as well as prolonged uncertainty caused by geopolitical risks and policy trends in each country. In Japan, business sentiment in medical institutions declined and the proportion of operating deficits increased due to price and wage inflation, while each medical institution strove to implement task shifting and improve its operational efficiency. Internationally, overall demand for medical equipment remained steady, while there was uncertainty regarding proposed budget cuts to public health insurance in the U.S. and the effects of the economic slowdown in China. Medical institutions both in Japan and internationally have been promoting medical digital transformation, which includes data health, telemedicine, and utilization of AI and ICT, because they need to urgently improve the quality and efficiency of their medical care.

Under these circumstances, Nihon Kohden continued the implementation of its Three-year Business Plan, BEACON 2030 Phase II, which started in FY2024. The Company aims to achieve targets for three indicators: growth, profitability, and capital efficiency, by implementing six key measures including “Enhance product competitiveness”, “Focus on growth of North America Business”, and “Implement the reform of the profit structure”.

**Japan:** Nihon Kohden 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. The Company also focused on its consumables and services business as well as strengthening its marketing and service capabilities, creating customer value which contributed to improving medical safety, patient outcomes, and operating efficiency. As a result of these measures, domestic sales increased, while capital expenditure in hospitals was cautious. Sales in the clinic, private hospital, and public hospital markets increased. Sales in the university market remained flat. Sales of Physiological Measuring Equipment increased favorably. Sales of Treatment Equipment and Other Medical Equipment remained flat, while sales of Patient Monitors decreased. As a result, domestic sales increased 1.0% over the first half of FY2024 to ¥66,880 million.

**International:** Sales in North America, Europe, and Asia & Other increased favorably. Overseas sales achieved double-digit growth on a comparable basis excluding the currency effect and the impact of the consolidation of Ad-Tech. Sales in North America showed double-digit growth, posting a significant increase in sales of neurology products including Ad-Tech as well as favorable sales of ventilators. Sales of Patient Monitors decreased compared to the strong growth in the same period of the previous fiscal year. Sales in Latin America decreased, mainly in Mexico and Columbia. Sales in Europe increased favorably, especially in Italy, Turkey, and Spain. In Asia & Other, sales in Thailand and Vietnam showed strong growth and sales in the Middle East & Africa also increased significantly due to large orders in Morocco. Sales of Physiological Measuring Equipment increased significantly. Sales of Treatment Equipment also achieved double-digit growth. Sales of Patient Monitors and Other Medical Equipment increased on a comparable basis and decreased on a yen basis. As a result, international sales increased 12.9% over the first half of FY2024 to ¥41,240 million.

As a result of the above, overall sales during the term under review increased 5.2% over the first half of FY2024 to ¥108,120 million. Operating income increased 31.8% to ¥6,741 million over the first half of FY2024, due to increased sales and the consolidation of Ad-Tech. The increase in operating income was also because of favorable gross profit margin due to higher selling prices and cost reductions of in-house products, as well as a decrease in inventory devaluation. Ordinary income increased 214.7% to ¥6,732 million and income attributable to owners of parent increased 876.7% to ¥4,524 million over the first half of FY2024, reflecting lower foreign exchange losses.

### Consolidated Sales Results by Product Category

	(Millions of yen)	
	Six months ended September 30, 2025	
	Amount	Growth rate (%)
Physiological Measuring Equipment	26,053	+ 21.3
Patient Monitors	37,559	- 2.4
Treatment Equipment	26,287	+ 7.5
Other Medical Equipment	18,220	- 0.9
Total	108,120	+ 5.2
Products	49,877	- 0.2
Consumables and Services	58,242	+ 10.3

### (Reference) Sales by Region

Domestic Sales	66,880	+ 1.0
Overseas Sales	41,240	+ 12.9
North America	22,317	+ 15.7
Latin America	2,007	- 9.8
Europe	6,204	+ 8.1
Asia & Other	10,711	+ 15.3

### (Operating Results by Reporting Segments)

**Japan:** Sales increased 0.7% to ¥67,250 million and segment income decreased 34.8% to ¥5,856 million in the first half of FY2025.

**North America:** Sales increased 17.7% to ¥24,061 million and segment income was ¥804 million in the first half of FY2025 (Segment loss of ¥1,410 million in the first half of FY2024).

**Rest of World:** Sales increased 7.9% to ¥16,809 million and segment income increased 1,301.2% to ¥440 million in the first half of FY2025.

**Segment Income:** Total segment income excluding the unrealized gains on inventories and amortization of goodwill and intangible asset decreased 6.6% to ¥7,101 million in the first half of FY2025.

\* The amounts are aggregated by region, based on the location of the Company or its consolidated subsidiaries.

## (2) Financial Conditions Analysis

### (i) Financial Position

Total assets at the end of the current fiscal period decreased by ¥11,696 million compared to the end of the previous fiscal year to ¥246,579 million.

Current assets decreased by ¥9,760 million to ¥173,324 million compared with the end of the previous fiscal year. This is mainly due to a decrease in notes and accounts receivable resulting from the collection from the end of the previous fiscal year.

Fixed assets decreased by ¥1,936 million to ¥73,254 million compared with the end of the previous fiscal year. This is mainly due to the depreciation and amortization of property, plant and equipment and intangible assets, as well as the impact of currency exchange rates.

Total liabilities at the end of the current fiscal period decreased by ¥4,217 million compared to the end of the previous fiscal year to ¥72,764 million. This is mainly due to a decrease in notes and accounts payable, provision for bonuses, and accrued income taxes.

Total net assets at the end of the current fiscal period decreased by ¥7,479 million compared to the end of the previous fiscal year to ¥173,815 million. This is mainly due to a decrease in capital surplus resulting from the additional acquisition of NeuroAdvanced Corp. shares, and foreign currency translation adjustments.

As a result, net assets per share decreased by ¥35.47 to ¥1,065.64 and the equity ratio increased by 1.0 percentage points from 69.5% at the end of the previous fiscal year to 70.5%.

### (ii) Cash Flows

Cash and cash equivalents (hereinafter referred to as “funds”) on a consolidated basis at the end of the current fiscal period increased by ¥6,474 million compared with the end of the previous fiscal year to ¥49,535 million.

The status of each cash flow and their factors in the current fiscal year are as follows.

#### (Cash flows from operating activities)

Funds obtained from operating activities increased by ¥3,852 million year-on-year to ¥11,740 million. This is mainly due to income before income taxes of ¥6,732 million, a decrease in trade receivables of ¥13,427 million, an increase in inventories of ¥4,108 million, depreciation and amortization of ¥2,164 million, and income taxes paid of ¥3,708 million.

#### (Cash flows from investing activities)

Funds used in investing activities decreased by ¥1,365 million year-on-year to ¥2,001 million. This is mainly due to the purchase of property, plant and equipment, amounting to ¥1,116 million, and the purchase of intangible assets, amounting to ¥890 million.

#### (Cash flows from financing activities)

Funds used in financing activities decreased by ¥1,854 million year-on-year to ¥3,179 million. This is mainly due to cash dividends paid of ¥2,609 million, decrease in deposits paid of ¥7,247 million, and purchase of shares of subsidiaries not resulting in change in scope of consolidation of ¥7,433 million.

### (3) Consolidated Forecast for FY2025

The FY2025 full-year forecast for income attributable to owners of parent was revised to ¥12,500 million (down ¥2,500 million from its previous forecast), as the Company will record some expenses as extraordinary losses due to the implementation of Career Change Support Program and Next Career Support Program for Employees, which were announced in September 2025.

The overall sales forecast for FY2025 is ¥240,000 million as originally planned. The Company has revised its domestic sales forecast to ¥149,400 million (down ¥400 million from its previous forecast), reflecting lower-than-expected sales of locally purchased products, as the Company is focusing on selling in-house products. The Company continues to enhance sales activities and receive orders for medical equipment and IT systems that contribute to improving the quality and efficiency of medical care, while capital expenditure in medical institutions is still cautious. The Company has also revised its overseas sales forecast to ¥90,600 million (up ¥400 million from its previous forecast), reflecting greater-than-expected depreciation of yen in currency translation. In the first half of FY2025, overseas sales fell short of expectations, mainly in Latin America and Asia & Other. In the second half of FY2025, sales of Patient Monitors are expected to recover and sales of neurology products and ventilators are also expected to increase favorably in North America, as the Company expected at the beginning of the fiscal year. On the other hand, sales in Europe and Asia & Other are expected to be behind expectations, because it takes time to comply with laws and regulations such as radio equipment and transport of batteries, as well as delay in the recovery of demand for medical devices in China.

The FY2025 full-year forecasts for operating income and ordinary income remain unchanged at ¥24,000 million and ¥24,000 million, respectively. Although operating income fell short of its internal plan in the first half, the Company expects to be able to recover in the second half by improving gross profit margin and restraining the increase of SG&A expenses through the reform of the profit structure of the entire Group.

The Company's forecast for the second half of FY2025 is based on an exchange rate of 146 yen to the U.S. dollar and 168 yen to the euro.

	(Millions of yen)	
	FY2025 (forecast)	
	Amount	Growth rate (%)
Physiological Measuring Equipment	54,600	+ 16.5
Patient Monitors	86,600	+ 1.9
Treatment Equipment	58,100	+ 9.2
Other Medical Equipment	40,700	+ 0.7
Total	240,000	+ 6.5
Products	117,600	+ 3.8
Consumables and Services	122,400	+ 9.2
(Reference) Sales by Region		
Domestic Sales	149,400	+ 2.9
Overseas Sales	90,600	+ 13.0
North America	49,500	+ 18.1
Latin America	5,700	+ 5.8
Europe	13,200	+ 5.1
Asia & Other	22,200	+ 9.1

## 2. Consolidated Financial Statements and Notes

### (1) Consolidated Balance Sheets



(Millions of yen)

	March 31, 2025	September 30, 2025
<b>ASSETS</b>		
Current assets:		
Cash and deposits	28,428	34,841
Notes and accounts receivable - trade	71,186	58,651
Securities	15,000	15,000
Merchandise and finished goods	32,879	36,703
Work in process	4,475	5,265
Raw materials and supplies	18,819	18,108
Other current assets	12,801	5,421
Allowance for doubtful accounts	-505	-666
Total current assets	183,085	173,324
Non-current assets:		
Property, plant and equipment	29,270	28,753
Intangible assets		
Goodwill	12,938	11,331
Other intangible assets	14,715	13,880
Total intangible assets	27,653	25,212
Investments and other assets		
Investment securities	4,117	4,701
Net defined benefit asset	7,251	7,401
Other investments and other assets	7,027	7,317
Allowance for doubtful accounts	-129	-131
Total investments and other assets	18,266	19,289
Total non-current assets	75,191	73,254
Total assets	258,276	246,579
<b>LIABILITIES</b>		
Current liabilities:		
Notes and accounts payable - trade	19,786	18,733
Short-term loans payable	26,030	25,669
Accrued income taxes	3,832	2,751
Provision for bonuses	4,585	3,508
Provision for product warranties	1,750	1,768
Other current liabilities	16,311	15,938
Total current liabilities	72,296	68,369
Non-current liabilities:		
Other non-current liabilities	4,685	4,394
Total non-current liabilities	4,685	4,394
Total liabilities	76,981	72,764
<b>NET ASSETS</b>		
Shareholders' equity:		
Capital stock	7,544	7,544
Capital surplus	9,663	3,938
Retained earnings	166,171	168,086
Treasury shares	-13,707	-13,633
Total shareholders' equity	169,672	165,936
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	1,089	1,534
Foreign currency translation adjustments	6,711	4,632
Remeasurements of defined benefit plans	2,079	1,711
Total accumulated other comprehensive income	9,879	7,879
Non-controlling interests	1,742	—
Total net assets	181,294	173,815
Total liabilities and net assets	258,276	246,579

## (2) Consolidated Statements of Income

(Millions of yen)

	Six months ended September 30, 2024	Six months ended September 30, 2025
Net sales	102,784	108,120
Cost of sales	50,877	51,322
Gross profit	51,906	56,798
Selling, general and administrative expenses	46,791	50,056
Operating income	5,114	6,741
Non-operating income		
Interest income	157	128
Dividend income	80	69
Subsidy income	67	33
Reversal of allowance for doubtful accounts	—	21
Other, net	173	211
Total non-operating income	479	464
Non-operating expenses		
Interest expenses	16	146
Loss on valuation of investment securities	17	82
Foreign exchange losses	3,327	156
Other, net	93	87
Total non-operating expenses	3,454	473
Ordinary income	2,139	6,732
Extraordinary income		
Gain on sales of non-current assets	0	4
Total extraordinary income	0	4
Extraordinary losses		
Loss on sales of non-current assets	5	0
Loss on retirement of non-current assets	43	4
Business restructuring costs	182	—
Total extraordinary losses	231	4
Income before income taxes	1,908	6,732
Income taxes	1,445	2,151
Net income	463	4,581
Income attributable to non-controlling interests	—	56
Income attributable to owners of parent	463	4,524



**(Consolidated Statements of Comprehensive Income)**

(Millions of yen)

	Six months ended September 30, 2024	Six months ended September 30, 2025
Net income	463	4,581
Other comprehensive income		
Valuation difference on available-for-sale securities	-419	445
Foreign currency translation adjustment	449	-2,175
Remeasurements of defined benefit plans, net of tax	-351	-367
Total other comprehensive income	-321	-2,097
Comprehensive income	142	2,483
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	142	2,523
Comprehensive income attributable to non-controlling interests	—	-39

### (3) Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2024	Six months ended September 30, 2025
<b>Cash flows from operating activities</b>		
Income before income taxes	1,908	6,732
Depreciation and amortization	1,925	2,164
Amortization of goodwill	56	531
Increase (decrease) in provision	-1,011	-894
Increase (decrease) in net defined benefit asset or liability	-524	-700
Interest and dividend income	-237	-198
Interest expenses	16	146
Foreign exchange losses (gains)	2,346	110
Loss (gain) on sales and retirement of property, plant and equipment	48	-0
Decrease (increase) in notes and accounts receivable - trade	14,143	13,427
Decrease (increase) in inventories	826	-4,108
Increase (decrease) in notes and accounts payable - trade	-2,337	-999
Other, net	-4,109	-799
Subtotal	13,050	15,412
Interest and dividend income received	204	156
Interest expenses paid	-4	-119
Income taxes paid	-5,362	-3,708
Net cash flows from operating activities	7,888	11,740
<b>Cash flows from investing activities</b>		
Proceeds from sales of investment securities	6	0
Purchase of investment securities	-5	—
Proceeds from sales of property, plant and equipment	6	4
Purchase of property, plant and equipment	-2,503	-1,116
Purchase of intangible assets	-1,032	-890
Other, net	162	1
Net cash flows from investing activities	-3,366	-2,001
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	-109	-365
Proceeds from sales of treasury shares	—	1,616
Purchase of treasury shares	-2,306	-1,616
Cash dividends paid	-2,602	-2,609
Repayments of lease obligations	-17	-18
Decrease (increase) in deposits paid	—	7,247
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	-7,433
Net cash flows from financing activities	-5,034	-3,179
Effect of exchange rate change on cash and cash equivalents	-672	-84
Net increase (decrease) in cash and cash equivalents	-1,185	6,474
Cash and cash equivalents at beginning of period	49,877	43,061
Cash and cash equivalents at end of period	48,692	49,535

#### **(4) Notes to the Consolidated Financial Statements**

(Assumption of Going Concern)

Not applicable.

(Significant Changes in Shareholders' Equity)

The Company has acquired additional shares of NeuroAdvanced Corp., which is the parent company of Ad-Tech Medical Instrument Corporation on July 1, 2025 as deemed acquisition date. As a result, capital surplus decreased by ¥5,730 million, leaving capital surplus of ¥3,938 million at the end of the current fiscal period.

(Applying of Specific Accounting of the Consolidated Quarterly Financial Statements)

(Method of Calculating Income Tax)

Income tax amount is calculated principally by multiplying reasonably estimated annual effective tax rate through the half fiscal year ended September 30, 2025, with the effects of deferred taxes reflected, by the amount of year-to-date income before income taxes.

(Additional Information)

(Changes in the Fiscal Year and Other Matters of Consolidated Subsidiaries)

Previously, Software Team Srl, a consolidated subsidiary whose fiscal year end was December 31, changed its fiscal year from end on December 31 to end on March 31. For the first half of FY2025, the Company has consolidated the nine months from January 1, 2025, to September 30, 2025, and the impact of the change in the fiscal year end is adjusted through the consolidated statements of income.

(Segment Information)  
Sales and Income by Reporting Segment

Six months ended September 30, 2024

(Millions of yen)

	Reporting Segment			Total	Adjustment (Note 2)	Amount on quarterly consolidated financial statement (Note 3)
	Japan	North America	Rest of World			
Net sales						
Revenue arising from contract with customers	66,772	20,436	15,576	102,784	—	102,784
Other revenue	—	—	—	—	—	—
Net sales to external customers	66,772	20,436	15,576	102,784	—	102,784
Inter-segment sales or transfers	14,973	1,173	335	16,482	- 16,482	—
Total	81,746	21,609	15,911	119,267	- 16,482	102,784
Segment income (loss)	8,984	- 1,410	31	7,605	- 2,490	5,114

(Notes)

1. The amounts are aggregated by region, based on the location of the Company or its consolidated subsidiaries.
2. Segment income (loss) adjustments of negative ¥2,490 million include negative ¥2,340 million for the unrealized gains on inventories and negative ¥166 million for amortization of goodwill and intangible asset.
3. Segment income (loss) is adjusted to coincide with operating income in the Consolidated Statement of Income.

Six months ended September 30, 2025

(Millions of yen)

	Reporting Segment			Total	Adjustment (Note 2)	Amount on quarterly consolidated financial statement (Note 3)
	Japan	North America	Rest of World			
Net sales						
Revenue arising from contract with customers	67,250	24,061	16,809	108,120	—	108,120
Other revenue	—	—	—	—	—	—
Net sales to external customers	67,250	24,061	16,809	108,120	—	108,120
Inter-segment sales or transfers	13,658	1,502	462	15,623	- 15,623	—
Total	80,908	25,563	17,272	123,744	- 15,623	108,120
Segment income	5,856	804	440	7,101	- 359	6,741

(Notes)

1. The amounts are aggregated by region, based on the location of the Company or its consolidated subsidiaries.
2. Segment income adjustments of negative ¥359 million include ¥533 million for the unrealized gains on inventories and negative ¥899 million for amortization of goodwill and intangible asset.
3. Segment income is adjusted to coincide with operating income in the Consolidated Statement of Income.

(Business Combinations)

(Transactions under Common Control)

Acquisition of Additional Shares of Consolidated Subsidiary

1. Outline of the transaction

(1) Name of the constituent company and its business description

Name of the constituent company: NeuroAdvanced Corp.

Business description: Holding company of companies that are engaged in R&D, production, and sales of medical equipment

(2) Date of business combination

July 1, 2025 (deemed acquisition date)

(3) Legal form of business combination

Acquisition of shares from non-controlling shareholders

(4) Name of the combined combination

No change.

(5) Other matters concerning the outline of the transaction

As disclosed in the Notice of Acquisition of Additional Shares of Consolidated Subsidiary on July 2, 2025, the Company has received a notice for exercising a put option from NeuroNewCo, LP (“NNC-LP”) on July 1, 2025 (U.S. time), and has acquired all of the shares (28.6%) of NeuroAdvanced Corp. (“NAC”) held by NNC-LP. As a result, NAC and Ad-Tech became wholly owned subsidiaries of the Company, with July 1, 2025 designated as the deemed acquisition date.

2. Outline of the implementing accounting processes

In accordance with the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, January 16, 2019) and the “Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, January 16, 2019), the transaction will be treated as a transaction with a non-controlling shareholder among common control transactions.

3. Matters to be reported in the case of acquisition of additional shares of a subsidiary

Acquisition cost of the acquired company and breakdown by type of consideration

Consideration for acquisition	Cash	¥7,433	million
Acquisition cost		¥7,433	million

4. Changes in the Company’s interest in transactions with non-controlling shareholders

(1) Major causes of changes in capital surplus

Acquisition of additional shares of a subsidiary

(2) Amount of capital surplus decreased due to transactions with non-controlling shareholders

¥5,730 million

(Subsequent Event)

(Refinancing of borrowings)

The Company obtained borrowings from four financial institutions on November 1, 2024, to finance the acquisition of shares in NeuroAdvanced Corp. Subsequently, the Company refinanced these borrowings through long-term loans, as follows.

1. Purpose  
Ensuring stability in the financial foundation.
2. Lenders  
Four financial institutions
3. Borrowing amount  
¥25,500 million
4. Interest rate  
Variable interest rate
5. Borrowing date  
October 31, 2025
6. Borrowing period  
10 years
7. Repayment method  
Equal principal repayment
8. Collateral  
None