

Consolidated Financial Results for the 3rd Quarter of the Fiscal Year Ending March 31, 2026 (Japan GAAP)

NIHON KOHDEN CORPORATION (6849)

Stock Exchange Listing: Prime Market, Tokyo Stock Exchange
Head Office: Tokyo
Representative: Hirokazu Ogino, Representative Director, President and Chief Executive Officer
Contact: Fumio Izumida, Operating Officer, General Manager of Corporate Strategy Division
Phone: +81 / 3 - 5996 - 8003 (URL <https://www.nihonkohden.co.jp>)

(Amounts are rounded down to the nearest million yen)

1. Consolidated Financial Highlights for the 3rd Quarter of FY2025 (From April 1, 2025 to December 31, 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	%
FY2025 3Q (9 months)	164,013	3.5	9,134	-16.5	11,882	-12.0	6,408	-21.2
FY2024 3Q (9 months)	158,476	1.5	10,935	4.0	13,506	1.9	8,137	2.7

Note: Comprehensive income: FY2025 3Q: 4,934 million yen (-38.3%) FY2024 3Q: 8,003 million yen (-18.1%)

	Net income per share - Basic	Net income per share - Diluted
	Yen	Yen
FY2025 3Q (9 months)	39.31	—
FY2024 3Q (9 months)	48.77	—

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
As of December 31, 2025	246,762	172,534	69.9	1,062.47
As of March 31, 2025	258,276	181,294	69.5	1,101.11

Reference: Equity Capital: FY2025 3Q: 172,534 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
Full year	235,000	4.2	20,000	-3.4	22,000	8.0	12,500	-11.3	76.98

Note: Revise of consolidated forecast: Yes

*** Notes**

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

Newly included: 1 company (Nihon Kohden Advanced Technology Center India Private Limited)
 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 3Q	170,961,960	shares
FY2024	170,961,960	shares

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

FY2025 3Q	8,571,654	shares
FY2024	7,897,392	shares

(iii) Average number of shares outstanding during the period

FY2025 3Q	163,019,145	shares
FY2024 3Q	166,867,130	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.

* This summary of financial result is not subject to audit procedures.

* 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.

Content of Supplementary Materials

1. Qualitative Information on Financial Results for the Period	4
(1) Operating Results Analysis	4
(2) Financial Conditions Analysis	5
(3) Consolidated Financial Forecast for FY2025	6
2. Consolidated Financial Statements and Primary Notes	7
(1) Consolidated Balance Sheets	7
(2) Consolidated Statements of Income and Comprehensive Income	8
(3) Consolidated Statements of Cash Flows	10
(4) Notes to the Consolidated Financial Statements	11
(Assumption of Going Concern)	11
(Significant Changes in Shareholders' Equity)	11
(Applying of Specific Accounting of the Consolidated Quarterly Financial Statements)	11
(Additional Information)	11
(Segment Information)	12
(Subsequent Event)	13

1. Qualitative Information on Financial Results for the Period

(1) Operating Results Analysis

During the term under review (April 1, 2025 to December 31, 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 strengthening its marketing and service capabilities, creating customer value which contributed to improving medical safety, patient outcomes, and operating efficiency. Because capital expenditure in hospitals was cautious, domestic sales decreased, while the Company focused on strengthening its consumables and services business. Sales in the public hospital market decreased. Sales of AEDs in the PAD (public access defibrillation) market also decreased due to inventory adjustment at distributors. Sales in the university, private hospital, and clinic markets increased. Sales of Patient Monitors and Treatment Equipment decreased, while sales of Physiological Measuring Equipment and Other Medical Equipment increased. As a result, domestic sales decreased 0.9% over the nine months of FY2024 to ¥100,192 million.

International: Overseas sales achieved double-digit growth, because sales in North America, Europe, and Asia & Other increased favorably. Overseas sales also increased favorably 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 and AEDs. 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. In the third quarter (three months), sales in Latin America increased year on year due to large orders in Paraguay. Sales in Europe increased favorably, especially in Italy, Turkey, and the Netherlands. Sales in Asia & Other increased favorably, mainly in Southeast Asia and the Middle East & Africa. In the third quarter (three months), sales in Asia & Other decreased year on year due to taking time to comply with laws and regulations. Sales of Physiological Measuring Equipment and Treatment Equipment increased significantly. Sales of Patient Monitors and Other Medical Equipment decreased. As a result, international sales increased 11.3% over the nine months of FY2024 to ¥63,820 million.

As a result of the above, overall sales during the term under review increased 3.5% over the nine months of FY2024 to ¥164,013 million. Operating income decreased 16.5% to ¥9,134 million over the nine months of FY2024, as domestic sales decreased and SG&A expenses increased due to wage increases and R&D investment. Ordinary income decreased 12.0% to ¥11,882 million. Income attributable to owners of parent decreased 21.2% to ¥6,408 million over the nine months of FY2024, as extra payments for early retirements were recorded as extraordinary losses.

Consolidated Sales Results by Product Category

	(Millions of yen)	
	Nine months ended December 31, 2025	
	Amount	Growth rate (%)
Physiological Measuring Equipment	38,566	+ 17.0
Patient Monitors	57,543	- 5.0
Treatment Equipment	40,001	+ 6.6
Other Medical Equipment	27,901	+ 1.8
Total	164,013	+ 3.5
Medical Devices	75,677	- 1.8
Consumables and Services	88,336	+ 8.5

(Reference) Sales by Region

Domestic Sales	100,192	- 0.9
Overseas Sales	63,820	+ 11.3
North America	35,180	+ 16.0
Latin America	3,412	- 4.7
Europe	9,922	+ 10.0
Asia & Other	15,305	+ 6.3

(Operating Results by Reporting Segments)

Japan: Sales decreased 1.1% to ¥100,750 million and segment income decreased 46.4% to ¥7,362 million in the nine months of FY2025.

North America: Sales increased 18.2% to ¥38,081 million and segment income was ¥1,739 million in the nine months of FY2025 (Segment loss of ¥875 million in the nine months of FY2024).

Rest of World: Sales increased 3.4% to ¥25,181 million and segment income increased 24.8% to ¥569 million in the nine months of FY2025.

Segment Income: Total segment income excluding the unrealized gains on inventories and amortization of goodwill and intangible assets decreased 27.4% to ¥9,671 million in the nine months 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 ¥11,513 million compared to the end of the previous fiscal year to ¥246,762 million.

Current assets decreased by ¥12,957 million to ¥170,128 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 increased by ¥1,443 million to ¥76,634 million compared with the end of the previous fiscal year. This is mainly due to an increase in construction in progress for a new plant at Tsurugashima.

Total liabilities at the end of the current fiscal period decreased by ¥2,752 million compared to the end of the previous fiscal year to ¥74,228 million. This is mainly due to a decrease in short-term borrowings and an increase in long-term borrowings resulting from the refinancing of borrowings, as well as an increase in other current liabilities associated with early retirement, while provision for bonuses and accrued income taxes decreased.

Total net assets at the end of the current fiscal period decreased by ¥8,760 million compared to the end of the previous fiscal year to ¥172,534 million. This is mainly due to decreases in capital surplus and non-controlling interests resulting from the additional acquisition of shares of NeuroAdvanced Corp., as well as the acquisition of own shares.

As a result, net assets per share decreased by ¥38.64 to ¥1,062.47 and the equity ratio increased by 0.4 percentage points from 69.5% at the end of the previous fiscal year to 69.9%.

(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 ¥28 million compared with the end of the previous fiscal year to ¥43,089 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 ¥6,185 million year-on-year to ¥12,477 million. This is mainly due to income before income taxes of ¥9,882 million, depreciation and amortization of ¥3,393 million, a decrease in provision of ¥2,052 million, a decrease in trade receivables of ¥15,436 million, an increase in inventories of ¥4,648 million, and income taxes paid of ¥7,557 million.

(Cash flows from investing activities)

Funds used in investing activities decreased by ¥16,760 million year-on-year to ¥6,472 million. This is mainly due to the purchase of property, plant and equipment, amounting to ¥4,685 million, and the purchase of intangible assets, amounting to ¥1,680 million.

(Cash flows from financing activities)

Funds used in financing activities was ¥7,038 million (obtained of ¥4,585 million in the same period of the previous fiscal year). This is mainly due to a net decrease in short-term borrowings resulting from refinancing amounting to ¥25,984 million, as well as proceeds from long-term borrowings of ¥25,500 million, purchase of treasury shares of ¥2,724 million, and cash dividends paid of ¥5,229 million.

(3) Consolidated Forecast for FY2025

Based on the results for the nine months of FY2025 and recent performance trends, the Company revised its forecast for FY2025, previously announced on November 10, 2025.

The FY2025 full-year forecasts for overall sales, domestic sales, and overseas sales were revised to ¥235,000 million (down ¥5,000 million from its previous forecast), ¥144,400 million (down ¥5,000 million from its previous forecast), and ¥90,600 million (reaffirmed its previous forecast), respectively. In Japan, budget executions of universities and public hospitals are usually concentrated at the end of the fiscal year. There were some postponements of and restraints on their spending more than expected due to deterioration of their business sentiment. Domestic sales are expected to fall short of its previous forecast, also due to lower-than-expected sales of AEDs caused by inventory adjustment at distributors. The Company continues to expand sales of consumables and services as well as enhancing sales activities and receiving orders for medical equipment and IT systems that contribute to improving the quality and efficiency of medical care. Overseas sales will be affected by greater-than-expected depreciation of the yen in currency translation. The entire Group makes every effort for shipping, delivery, and installation by the end of the fiscal year, while the decision-making process for business negotiations for patient monitors has become more cautious in North America and the Company needs to comply with laws and regulations, mainly in Asia & Other.

Because overall sales and gross profit margin are expected to be lower than the Company's previous forecasts, operating income is expected to be ¥20,000 million (down ¥4,000 million from its previous forecast). The Company strives to restrain the increase of SG&A expenses through the reform of the profit structure of the entire Group. Ordinary income is expected to be ¥22,000 million (down ¥2,000 million from its previous forecast), reflecting foreign exchange gains. Income attributable to owners of parent remains unchanged at ¥12,500 million.

The Company's forecast for the fourth quarter of FY2025 is based on an exchange rate of 154 yen to the U.S. dollar and 184 yen to the euro. The forecast for FY2025 is based on an exchange rate of 150 yen to the U.S. dollar and 174 yen to the euro.

	(Millions of yen)	
	FY2025 (forecast)	
	Amount	Growth rate (%)
Physiological Measuring Equipment	54,100	+ 15.4
Patient Monitors	85,600	+ 0.7
Treatment Equipment	55,300	+ 4.0
Other Medical Equipment	40,000	- 1.0
Total	235,000	+ 4.2
Medical Devices	114,700	+ 1.2
Consumables and Services	120,300	+ 7.3
(Reference) Sales by Region		
Domestic Sales	144,400	- 0.6
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	December 31, 2025
ASSETS		
Current assets:		
Cash and deposits	28,428	37,998
Notes and accounts receivable - trade	71,186	57,483
Securities	15,000	6,000
Merchandise and finished goods	32,879	37,226
Work in process	4,475	6,156
Raw materials and supplies	18,819	18,649
Other current assets	12,801	6,930
Allowance for doubtful accounts	-505	-318
Total current assets	183,085	170,128
Non-current assets:		
Property, plant and equipment	29,270	31,798
Intangible assets		
Goodwill	12,938	11,338
Other intangible assets	14,715	14,188
Total intangible assets	27,653	25,526
Investments and other assets		
Investment securities	4,117	4,444
Net defined benefit asset	7,251	7,457
Other investments and other assets	7,027	7,878
Allowance for doubtful accounts	-129	-470
Total investments and other assets	18,266	19,309
Total non-current assets	75,191	76,634
Total assets	258,276	246,762
LIABILITIES		
Current liabilities:		
Notes and accounts payable - trade	19,786	19,385
Short-term borrowings	26,030	50
Current portion of long-term borrowings	—	2,550
Accrued income taxes	3,832	597
Provision for bonuses	4,585	2,344
Provision for product warranties	1,750	1,905
Other current liabilities	16,311	19,885
Total current liabilities	72,296	46,717
Non-current liabilities:		
Long-term borrowings	—	22,950
Other non-current liabilities	4,685	4,561
Total non-current liabilities	4,685	27,511
Total liabilities	76,981	74,228
NET ASSETS		
Shareholders' equity:		
Capital stock	7,544	7,544
Capital surplus	9,663	3,938
Retained earnings	166,171	167,346
Treasury shares	-13,707	-14,741
Total shareholders' equity	169,672	164,088
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	1,089	1,355
Foreign currency translation adjustments	6,711	5,571
Remeasurements of defined benefit plans	2,079	1,518
Total accumulated other comprehensive income	9,879	8,445
Non-controlling interests	1,742	—
Total net assets	181,294	172,534
Total liabilities and net assets	258,276	246,762

(2) Consolidated Statements of Income

(Millions of yen)

	Nine months ended December 31, 2024	Nine months ended December 31, 2025
Net sales	158,476	164,013
Cost of sales	76,044	78,926
Gross profit	82,431	85,086
Selling, general and administrative expenses	71,496	75,952
Operating income	10,935	9,134
Non-operating income		
Interest income	247	199
Dividend income	129	114
Foreign exchange gains	2,052	2,470
Subsidy income	126	50
Reversal of allowance for doubtful accounts	—	36
Other, net	234	363
Total non-operating income	2,792	3,235
Non-operating expenses		
Interest expenses	51	229
Loss on valuation of investment securities	40	84
Other, net	128	172
Total non-operating expenses	220	487
Ordinary income	13,506	11,882
Extraordinary income		
Gain on sales of non-current assets	1	6
Gain on sales of investment securities	—	426
Total extraordinary income	1	433
Extraordinary losses		
Loss on sales of non-current assets	5	0
Loss on retirement of non-current assets	46	7
Business restructuring costs	182	—
Extra payments for early retirements	—	2,426
Total extraordinary losses	233	2,433
Income before income taxes	13,274	9,882
Income taxes	5,136	3,416
Net income	8,137	6,465
Income attributable to non-controlling interests	—	56
Income attributable to owners of parent	8,137	6,408

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Nine months ended December 31, 2024	Nine months ended December 31, 2025
Net income	8,137	6,465
Other comprehensive income		
Valuation difference on available-for-sale securities	-404	266
Foreign currency translation adjustment	798	-1,236
Remeasurements of defined benefit plans, net of tax	-527	-561
Total other comprehensive income	-133	-1,530
Comprehensive income	8,003	4,934
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,003	4,974
Comprehensive income attributable to non-controlling interests	—	-39

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2024	Nine months ended December 31, 2025
Cash flows from operating activities		
Income before income taxes	13,274	9,882
Depreciation and amortization	2,959	3,393
Amortization of goodwill	93	789
Increase (decrease) in provision	-1,948	-2,052
Increase (decrease) in net defined benefit asset or liability	-787	-1,032
Interest and dividend income	-377	-314
Interest expenses	51	229
Foreign exchange losses (gains)	-751	-1,825
Loss (gain) on sales and retirement of property, plant and equipment	49	0
Decrease (increase) in notes and accounts receivable - trade	10,014	15,436
Decrease (increase) in inventories	-1,184	-4,648
Increase (decrease) in notes and accounts payable - trade	-3,025	-1,335
Other, net	-2,551	1,407
Subtotal	15,817	19,932
Interest and dividend income received	252	252
Interest expenses paid	-122	-150
Income taxes paid	-9,654	-7,557
Net cash flows from operating activities	6,291	12,477
Cash flows from investing activities		
Proceeds from sales of investment securities	9	436
Purchase of investment securities	-35	-15
Proceeds from sales of property, plant and equipment	-0	16
Purchase of property, plant and equipment	-3,518	-4,685
Purchase of intangible assets	-1,032	-1,680
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-18,869	—
Other, net	213	-543
Net cash flows from investing activities	-23,233	-6,472
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	25,290	-25,984
Proceeds from long-term borrowings	—	25,500
Proceeds from sales of treasury shares	—	1,616
Purchase of treasury shares	-6,359	-2,724
Decrease (increase) in deposit paid for purchase of treasury shares	-1,536	—
Cash dividends paid	-5,093	-5,229
Repayments of lease obligations	-28	-30
Decrease (increase) in deposits paid	-7,687	7,247
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	-7,433
Net cash flows from financing activities	4,585	-7,038
Effect of exchange rate change on cash and cash equivalents	536	1,062
Net increase (decrease) in cash and cash equivalents	-11,818	28
Cash and cash equivalents at beginning of period	49,877	43,061
Cash and cash equivalents at end of period	38,058	43,089

(4) Notes to the Consolidated Financial Statements

(Assumption of Going Concern)

Not applicable.

(Significant Changes in Shareholders' Equity)

(Acquisition of Additional Shares of Consolidated Subsidiary)

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 at the end of the current fiscal period.

(Acquisition of Own Shares)

Board of Directors of the Company held on December 3, 2025 has resolved to acquire its own shares pursuant the provisions of Article 156 of the Companies Act, as applied by replacing the relevant terms pursuant to the provisions of Article 165, paragraph (3) of the same Act, and acquisition of own shares of 718,200 shares. As a result, treasury shares increased by ¥1,107 million at the end of the current fiscal period.

As a result, capital surplus amounted to ¥3,938 million and treasury shares amounted to ¥14,741 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 third quarter ended December 31, 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 third quarter of FY2025, the Company has consolidated the twelve months from January 1, 2025, to December 31, 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

Nine months ended December 31, 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	101,898	32,218	24,359	158,476	—	158,476
Other revenue	—	—	—	—	—	—
Net sales to external customers	101,898	32,218	24,359	158,476	—	158,476
Inter-segment sales or transfers	22,508	2,007	543	25,058	- 25,058	—
Total	124,406	34,225	24,903	183,535	- 25,058	158,476
Segment income (loss)	13,739	- 875	456	13,320	- 2,384	10,935

(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 ¥2,384 million include negative ¥2,160 million for the unrealized gains on inventories and negative ¥242 million for amortization of goodwill and intangible assets.
3. Segment income (loss) is adjusted to coincide with operating income in the Consolidated Statement of Income.

Nine months ended December 31, 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	100,750	38,081	25,181	164,013	—	164,013
Other revenue	—	—	—	—	—	—
Net sales to external customers	100,750	38,081	25,181	164,013	—	164,013
Inter-segment sales or transfers	19,324	2,329	705	22,360	- 22,360	—
Total	120,075	40,411	25,886	186,373	- 22,360	164,013
Segment income	7,362	1,739	569	9,671	- 537	9,134

(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 ¥537 million include ¥761 million for the unrealized gains on inventories and negative ¥1,340 million for amortization of goodwill and intangible assets.
3. Segment income is adjusted to coincide with operating income in the Consolidated Statement of Income.

(Subsequent Event)

(Business combination through Acquisition)

Board of Directors of the Company held on January 14, 2026 has resolved to acquire shares of DOWELL Co., Ltd. (“DOWELL”). DOWELL will become a consolidated subsidiary of the Company. The Company will enter into a shareholders agreement with Yoshihiro Shindo (“Mr. Shindo”), Representative Director and shareholder of DOWELL, regarding DOWELL’s business operations under the new capital structure (the Company: 90.3%, Mr. Shindo: 9.7%) and the future acquisition of shares of DOWELL by the Company.

1. Outline of business combination

(1) Name of acquired company and its business description

Name of acquired company: DOWELL Co., Ltd.

Business description: R&D and sales of medical information systems

(2) Main reasons for the business combination

The Company aims to create a better future for people and healthcare by solving global medical issues in its Long-term Vision, BEACON 2030. In its Value Creation Compass toward 2030, the Company also aims at value creation from data gathered through clinical sites and strives to develop a data integration platform and pioneer algorithms to create new value from information. Over the years, the Company has continued R&D and sales of IT systems to support operations in operating rooms and examination rooms, resulting in gaining a high reputation and market share in Japan.

Since its founding in 1996, DOWELL has been deeply rooted in medical practice and has continued R&D and sales of IT systems to support medical staff such as physicians and nurses. They have gained an excellent reputation through supporting operations in Japanese operating rooms, where advanced IT systems are in use.

Both Nihon Kohden and DOWELL reached an agreement on this transaction because there is a high affinity between DOWELL’s IT systems and the Company’s Solution Business (ITS+DHS)*, and because the Company expects that leveraging the strengths of both companies will lead to the generation of new value within the field of medical practice.

By delivering IT solutions that support enhanced data usage and greater operational efficiency in medical practice, both Nihon Kohden and DOWELL will contribute to enhancing the quality and economics of medical care. Nihon Kohden aims to enhance its corporate value and solve medical and social issues through developing next-generation perioperative solutions by combining both companies’ original technologies and clinical expertise cultivated over the years with advanced technologies.

* ITS: IT Solution, DHS: Digital Health Solution.

(3) Date of the business combination

Deemed acquisition date: March 31, 2026 (scheduled)

Share acquisition date: February 27, 2026 (scheduled)

(4) Legal form of the business combination

Acquisition of shares for cash

(5) Name of the company after combination

No change.

(6) Ratio of voting rights acquired

Ratio of voting rights after combination : 90.3%

(7) Main reason for determining the acquiring company

The Company will acquire the shares for cash.

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

The acquisition price will be withheld from disclosure in accordance with the confidentiality obligations between the parties. Furthermore, appropriate due diligence has been conducted by a third-party organization to implement sufficient procedures to verify the reasonableness of the price.

3. Description and amount of major acquisition-related expenses

Nothing is confirmed at this time.

4. Amount, causes, amortization method and amortization period of goodwill incurring

Nothing is confirmed at this time.

5. Amounts of assets acquired and liabilities assumed on the date of combination and major breakdown

Nothing is confirmed at this time.