

Consolidated Financial Highlights for FY2023

(From April 1, 2023 to March 31, 2024)

- 1. Consolidated Financial Results for FY2023**
- 2. Forecast for FY2024**

NIHON KOHDEN CORPORATION

(Ticker Code: 6849)

May 15, 2024

Fighting Disease with Electronics



1 Consolidated Financial Results for FY2023

1) Consolidated Financial Results for FY2023

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

	FY2022 Actual	FY2023		Actual	YoY (%)
		Original forecast announced May 15, 2023	Revised forecast announced Nov 8, 2023		
Sales	206,603	215,000	221,500	221,986	7.4
Domestic Sales	135,734	139,500	142,000	142,370	4.9
Overseas Sales	70,869	75,500	79,500	79,615	12.3
Gross Profit (Gross Profit Margin)	105,926 51.3%	109,000 50.7%	112,500 50.8%	111,346 50.2%	5.1
Operating Income (Operating Income Margin)	21,120 10.2%	21,500 10.0%	22,200 10.0%	19,591 8.8%	-7.2
Ordinary Income	24,122	21,500	24,000	25,589	6.1
Income Attributable to Owners of Parent	17,110	14,500	15,500	17,026	-0.5

+5% on a local currency basis
(+3% on a local currency basis excluding
impact of change in fiscal term of Defibtech*)

In-house sales ratio:

	FY2022	FY2023
	72.4%	73.5%

SG&A:

	FY2022	FY2023
	¥84.8 bil	¥91.7 bil
SG&A Ratio:	41.1%	41.4%

Foreign exchange gains:

	FY2022	FY2023
	¥2,386 mil	¥5,370 mil

Extraordinary income:

Gain on revision of retirement benefit plan	¥4,038 mil
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Income taxes: ¥7,606 mil ¥12,342 mil

Average exchange rate	FY2022	FY2023	FY2023	FY2023
1 US Dollar	134.6 yen	125 yen	139 yen	143.9 yen
1 EURO	141.0 yen	139 yen	151 yen	156.8 yen

* Defibtech, LLC changed its fiscal term from end on December 31 to end on March 31, according to the reorganization of U.S. subsidiaries. In FY2023, Nihon Kohden consolidated the 15 months of Defibtech's operating results from January 1, 2023, to March 31, 2024.

2) Measures Implemented in FY2023

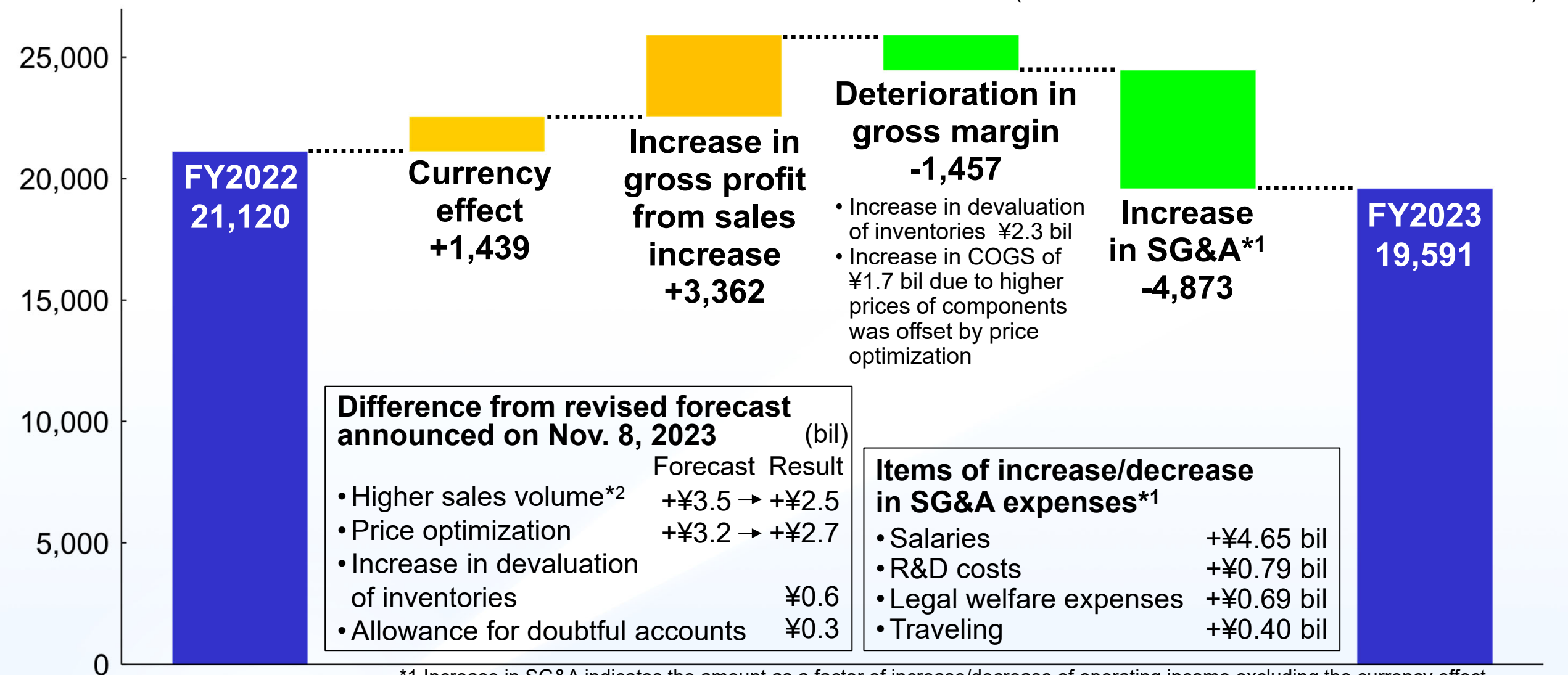
- ✓ In Japan, sales of consumables & services and IT system solutions increased favorably.
- ✓ Internationally, sales in Europe decreased on a local currency basis. Sales in North America and China fell short of its forecasts.
- ✓ Gross profit margin decreased as devaluation of inventories increased in the factory and North America.
- ✓ SG&A expenses increased due to the strengthening of human resources and R&D investment.

**The Company posted record highs in sales.
Operating income decreased.**

	FY2021	FY2022		FY2023	FY2023 Targets
Overseas Sales Ratio	33.5%	34.3%	<ul style="list-style-type: none"> ✓ Favorable currency effects and impact of change in fiscal term of Defibtech. ✓ Sales in North America and China fell short of its forecasts. 	35.9%	32.0%
Consumables and Services Sales Ratio	44.2%	47.3%	<ul style="list-style-type: none"> ✓ Sales of consumables increased favorably. ✓ Sales of installation and maintenance services for medical devices also increased favorably. 	47.9%	48% or more
Gross Profit Margin	53.2%	51.3%	<ul style="list-style-type: none"> ✓ Devaluation of inventories increased. 	50.2%	50% or more
(Ref) In-house sales ratio	72.7%	72.4%		73.5%	

3) Breakdown of Operating Income

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

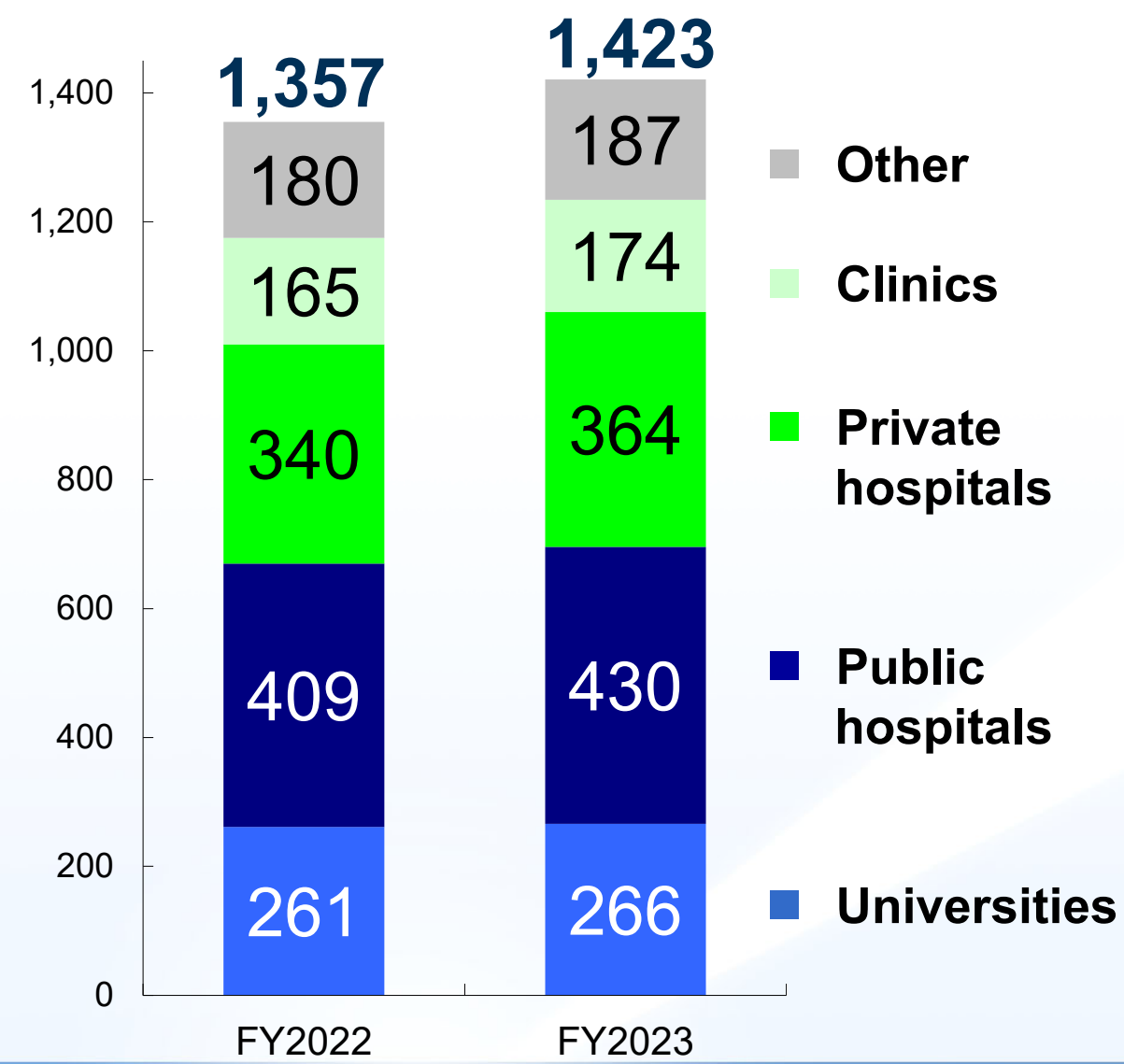


*1 Increase in SG&A indicates the amount as a factor of increase/decrease of operating income excluding the currency effect. Items of increase/decrease in SG&A expenses indicate major components of increased/decreased SG&A expenses on a yen basis.

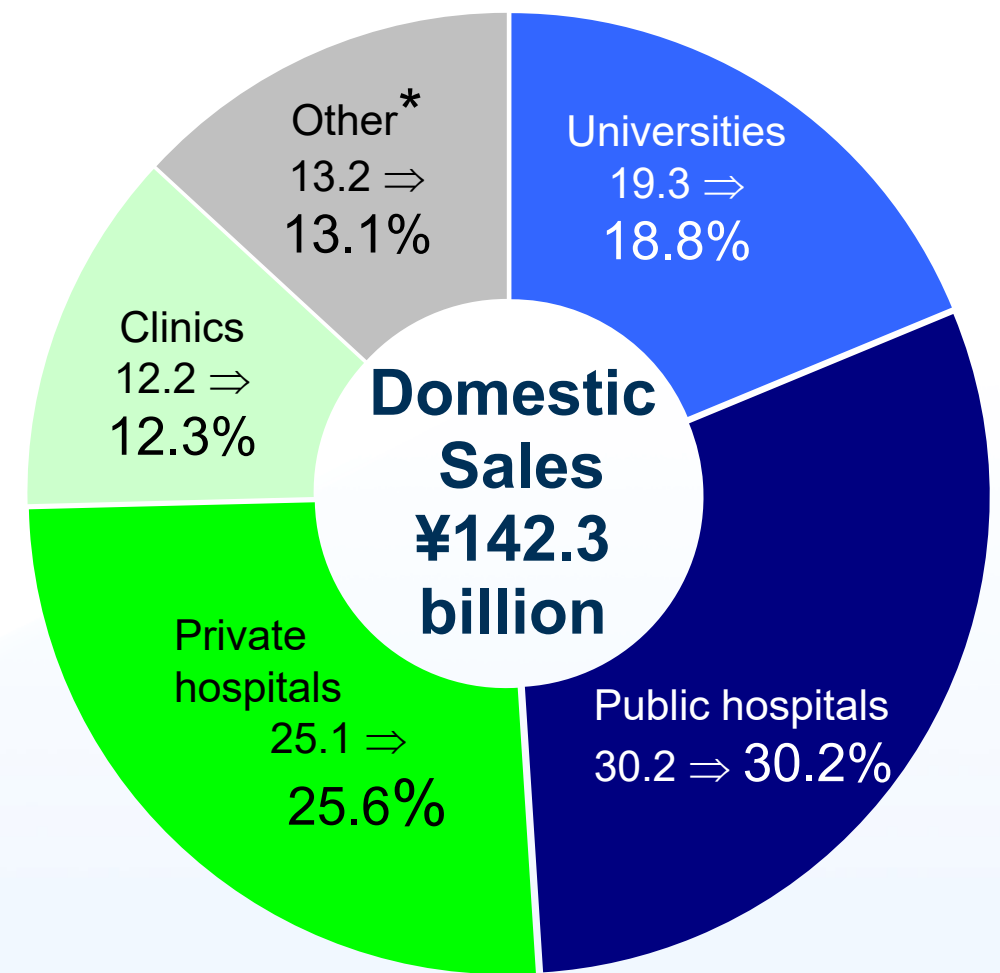
*2 Excluding impact of change in fiscal term of Defibtech.

4) Domestic Sales

(¥100 million) Sales by market



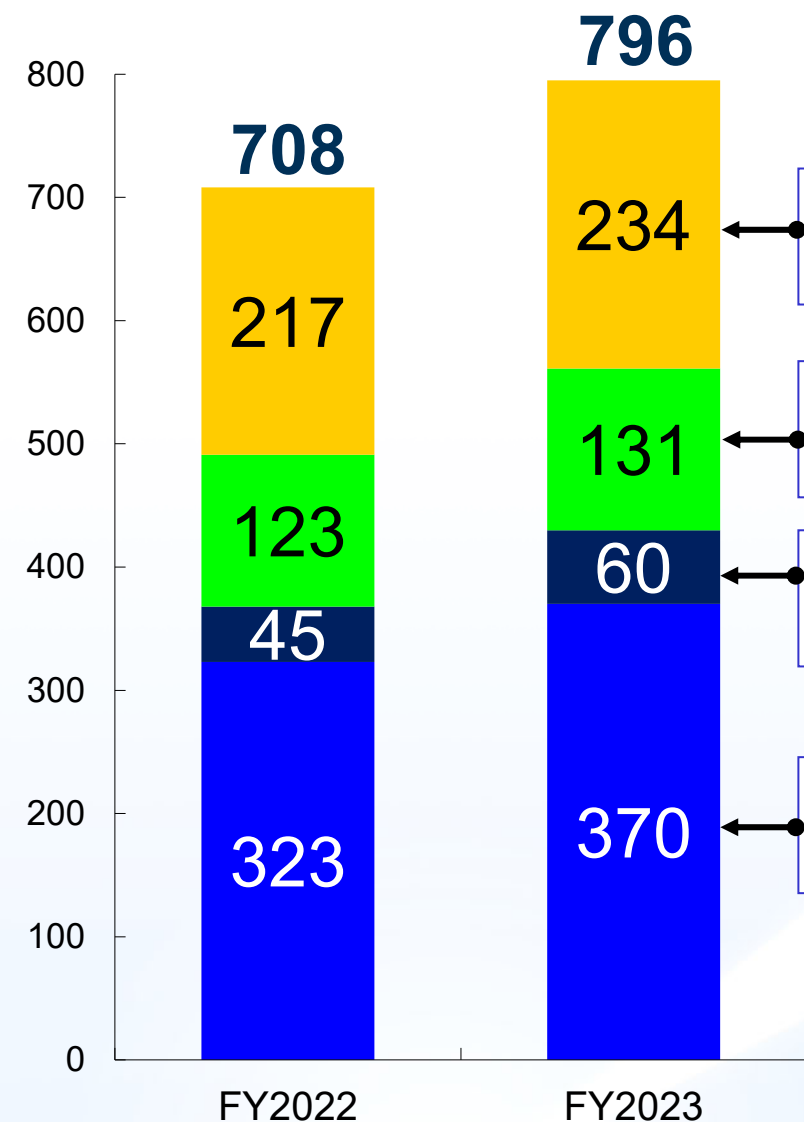
Sales composition by market (FY2022 ⇒ FY2023)



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

5) Overseas Sales

Geographic segments
(¥100 million)



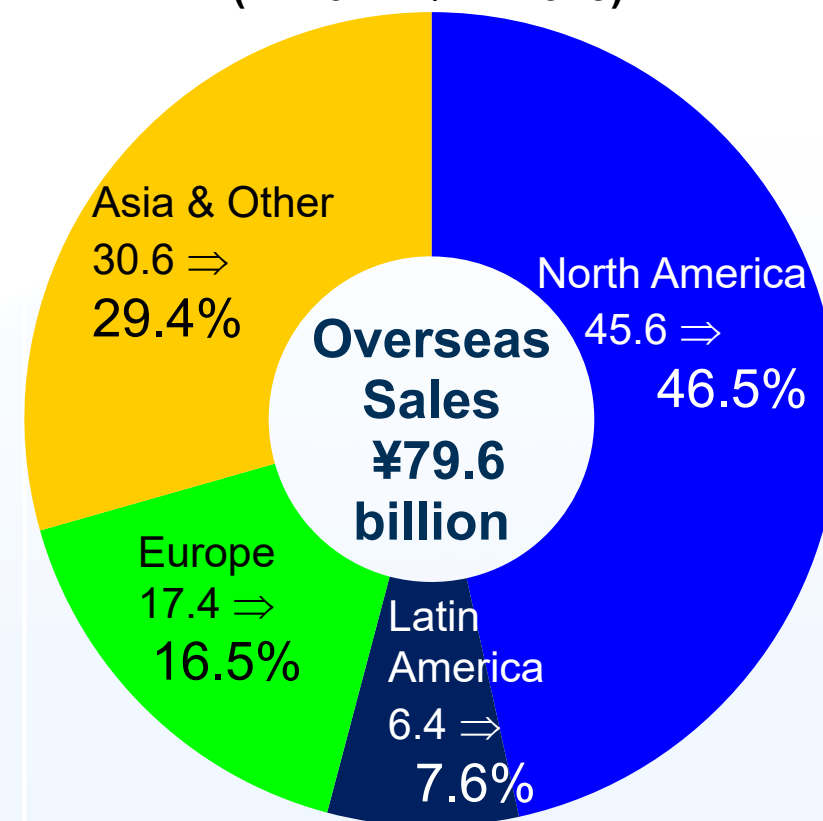
Overseas sales: YoY +12%
 (on a local currency basis: +5%,
 on a local currency basis excluding impact of
 change in fiscal term of Defibtech: +3%)

- Asia & Other : YoY +8%**
(on a local currency basis: +3%)
- Europe: YoY +6%**
(on a local currency basis: -4%)
- Latin America: YoY +34%**
(on a local currency basis: +23%)
- North America: YoY +15%**
(on a local currency basis: +7%)

Percentage of overseas sales to consolidated sales

FY2022	FY2023
34.3%	35.9%

Geographic Segments
(FY2022 ⇒ FY2023)



6) Sales by Product Category

(Sales, millions of yen)

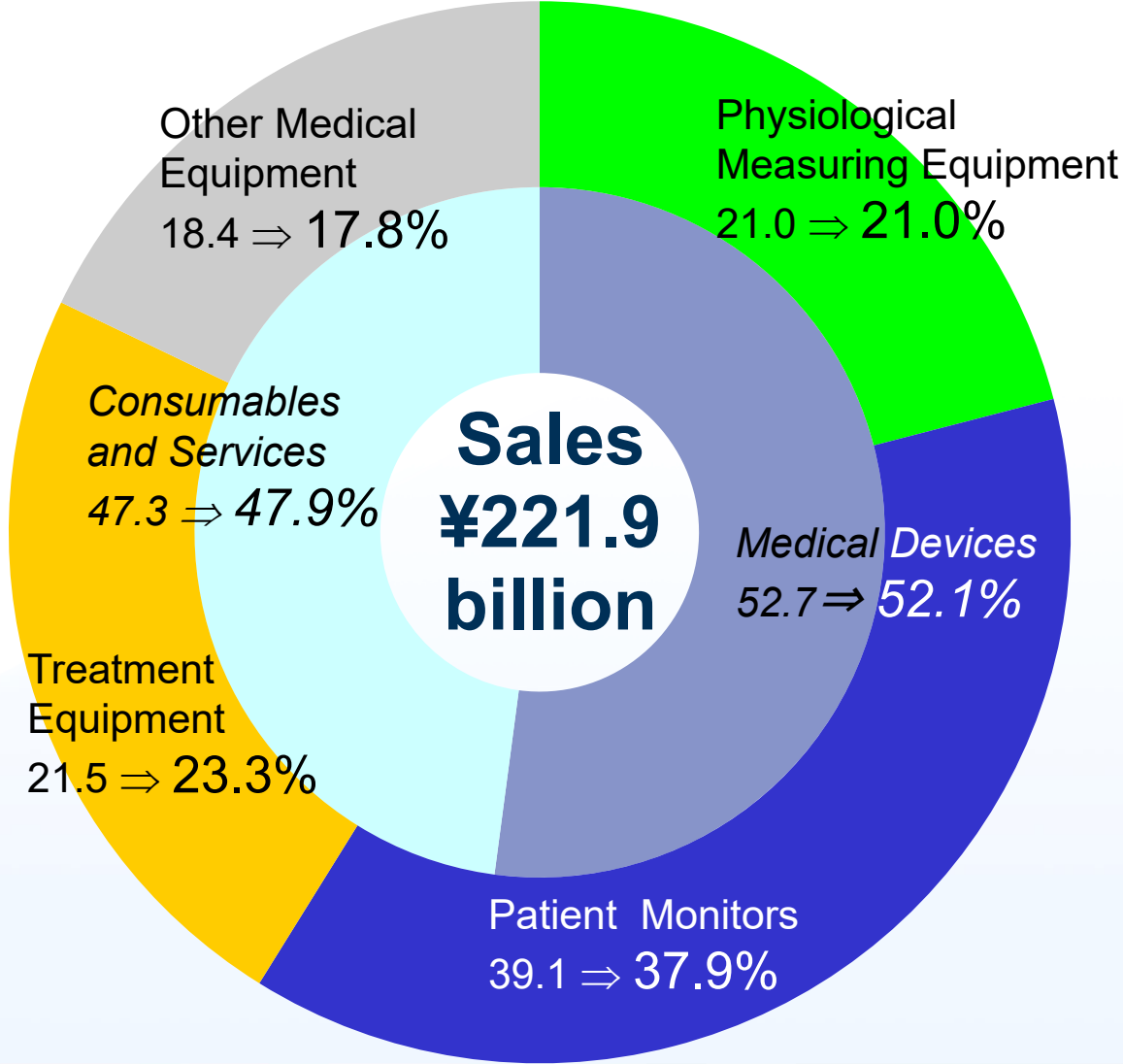
	FY2022	FY2023	YoY (%)
Physiological Measuring Equipment	43,287 (45%)	46,517 (46%)	7.5
Patient Monitors	80,815 (62%)	84,130 (60%)	4.1
Treatment Equipment	44,463 (45%)	51,665 (43%)	16.2
Other Medical Equipment	38,036 (44%)	39,673 (43%)	4.3
Total	206,603 (51%)	221,986 (50%)	7.4

(Reference)

Medical Devices	108,904 (51%)	115,638 (50%)	6.2
Consumables and Services	97,699 (51%)	106,347 (50%)	8.9

*The figures in parentheses in the table are gross profit margins.

Sales composition by product category (FY2022 ⇒ FY2023)



6.1) Physiological Measuring Equipment

	FY2022	FY2023	YoY (%)
Electroencephalographs	9,299	10,032	7.9
Electrocardiographs	6,817	6,656	-2.4
Polygraphs for Cath Lab	16,026	17,163	7.1
Diagnostic Information Systems	6,029	7,106	17.9
Other Physiological Measuring Equipment*	5,114	5,558	8.7
Physiological Measuring Equipment	43,287	46,517	7.5
Domestic Sales	33,235	35,745	7.6
Overseas Sales	10,052	10,771	7.2

(Sales, millions of yen)

Sales of diagnostic information systems showed double-digit growth. Sales of EEGs showed double-digit growth driven by EMG electrode for neuromuscular monitoring. Sales of polygraphs for cath lab increased favorably. Sales of ECGs also increased.

Sales of EEGs increased favorably in Europe and Asia & Other. Sales of ECGs decreased in Asia & Other and Europe.

*Includes products of other companies.

NEW!



Electro-encephalograph
EEG-1290



EMG/EP measuring system
MEB-9600



Electro-cardiograph
ECG-3250



Holter ECG monitor
RAC-5000



Polygraphs for Cath Lab
RMC-5000



Medical and long-term care network system
LAV-1000



EMG electrode for neuromuscular monitoring
NM-34 series
Consumables

6.2) Patient Monitors

	FY2022	FY2023	YoY (%)
Patient Monitors	80,815	84,130	4.1
Clinical Information Systems	5,597	7,093	26.7
Domestic Sales	45,606	47,289	3.7
Overseas Sales	35,209	36,840	4.6

(Sales, millions of yen)

Sales of clinical information systems increased significantly. Sales of consumables such as sensors also increased. Sales of transmitters and bedside monitors decreased.

Sales in Latin America increased significantly thanks to large orders. Sales in Europe and Asia & Others decreased on a local currency basis and increased on a yen basis. Sales in North America decreased.



6.3) Treatment Equipment

	FY2022	FY2023	YoY (%)
Defibrillators (for Hospital and Ambulance)	8,850	8,878	0.3
AEDs (Automated External Defibrillator)	20,068	25,385	26.5
Pacemakers / ICDs	2,310	2,573	11.4
Ventilators	5,581	6,964	24.8
Other Treatment Equipment	7,651	7,863	2.8
Treatment Equipment	44,463	51,665	16.2
Domestic Sales	25,834	27,135	5.0
Overseas Sales	18,628	24,530	31.7
(Ref.) AED Unit Sales	118,600	132,300	11.6
Domestic Unit Sales	50,000	46,000	-8.0

(Sales, millions of yen)

● **Domestic:** Sales increased favorably thanks to orders received for replacements.
International: Sales decreased in Latin America and Asia & Other.

● **Domestic:** Sales of AEDs with a color display and consumables increased favorably.
International: Sales increased favorably in all regions.

● **Domestic:** Sales decreased.
International: Sales showed strong growth in North America, Latin America, and Asia & Other. In North America, sales of a mask-type ventilator increased significantly.



Defibrillator
EMS-1052



Fully automatic AED
AED-3250



Pacemaker
Zenex MRI

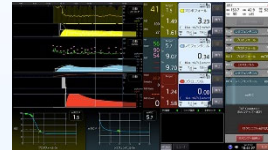


Ventilators
NKV-550/440/330

NEW!

AsisTIVA

Syringe pump control software for assisting with total intravenous anesthesia
ROP-1680



NEW!



Automated chest compression device
ARM XR ACC

6.4) Other Medical Equipment

	FY2022	FY2023	YoY (%)
Hematology Instruments	11,534	12,246	6.2
Imaging Systems and Others *	26,501	27,427	3.5
Other Medical Equipment	38,036	39,673	4.3
Domestic Sales	31,057	32,200	3.7
Overseas Sales	6,979	7,473	7.1

(Sales, millions of yen)

Sales of installation and maintenance services for medical devices and hematology instruments and reagents increased favorably. Sales of locally purchased products decreased.

Sales of hematology instruments and reagents increased favorably in Asia & Other.

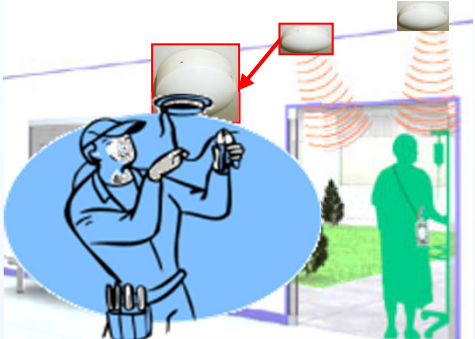
*Includes consumables, installation and maintenance services which are not part of other categories.



Automated hematology analyzer
MEK-9200



Automated hematology and ESR analyzer
MEK-1305

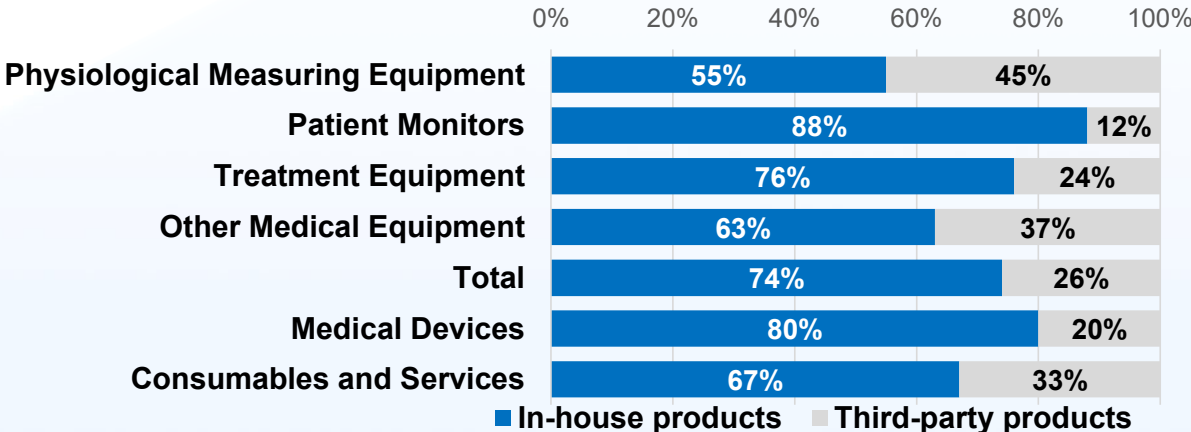
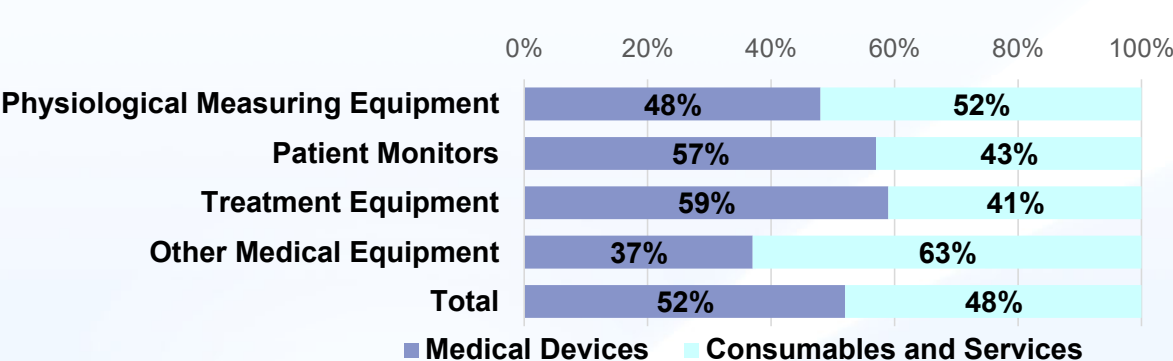


Installation and maintenance services

(Ref.) FY2023 Regional Sales by Product Category / Sales Ratio

(Amounts of less than ¥0.1 billion are rounded down)

	Overall Sales	Domestic Sales	Overseas Sales				
			Total	North America	Latin America	Europe	Asia & Other
Physiological Measuring Equipment	46.5 (+8%)	35.7 (+8%)	10.7 (+7%)	4.3 (+19%)	0.4 (-7%)	1.8 (+10%)	4.2 (-2%)
Patient Monitors	84.1 (+4%)	47.2 (+4%)	36.8 (+5%)	21.8 (-1%)	2.9 (+93%)	4.6 (+9%)	7.4 (+2%)
Treatment Equipment	51.6 (+16%)	27.1 (+5%)	24.5 (+32%)	10.2 (+75%)	1.6 (+3%)	5.4 (+9%)	7.1 (+17%)
Other Medical Equipment	39.6 (+4%)	32.2 (+4%)	7.4 (+7%)	0.7 (-4%)	1.0 (+11%)	1.1 (-17%)	4.6 (+16%)
Total	221.9 (+7%)	142.3 (+5%)	79.6 (+12%)	37.0 (+15%)	6.0 (+34%)	13.1 (+6%)	23.4 (+8%)



7) Financial Condition

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

	FY2022	FY2023	Change		FY2022	FY2023	Change
Current Assets	172,500	184,333	11,833	Current Liabilities	46,568	49,901	3,333
Inventories	58,790	57,787	-1,002	Interest-bearing Debt	403	579	176
Property, Plant & Equipment	24,446	25,418	972	Non-current Liabilities	2,555	2,249	-306
Intangible Assets	4,221	4,852	630	Net Assets	167,604	181,082	13,478
Investments & Other Assets	15,560	18,628	3,068				
Total Assets	216,728	233,233	16,504	Total Liabilities & Net Assets	216,728	233,233	16,504
Inventory Turnover	7.0 months	6.3 months		Equity Ratio	77.3%	77.6%	

[Reasons for the increase of current assets]

- Cash and deposits increased by ¥2.6 billion mainly due to income from operating activities.
- Accounts receivable increased by ¥6.7 billion mainly due to higher sales at end of FY2023 compared to FY2022.

[Reasons for the increase of current liabilities]

- Accrued income taxes increased by ¥2.4 billion.

8) Cash Flows

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

	FY2022	FY2023	Change
I . Cash flows from operating activities	-2,513	15,607	18,121
II . Cash flows from investing activities	-7,647	-5,208	2,439
Free cash flows	-10,161	10,398	20,560
III . Cash flows from financing activities	-7,485	-6,968	517
Effect of exchange rate change on cash and cash equivalents	1,539	2,458	919
Net increase (decrease) in cash and cash equivalents	-16,107	5,889	21,997
Cash and cash equivalents at end of period	43,988	49,877	5,889
ROE	10.6%	9.8%	

	FY2022	FY2023	Change
Income before income taxes	24,716	29,369	+4,652
Decrease (increase) in inventories	-8,590	3,859	+12,450
Income taxes paid	-10,322	-6,495	+3,827

	FY2022	FY2023	Change
Purchase of property, plant and equipment	-7,458	-3,626	+3,831

	FY2022	FY2023	Change
Purchase of treasury shares	-1,001	-1,124	-123
Cash dividends paid	-5,733	-5,968	-234

9) Capital Investments and R&D Costs

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

	FY2022 Actual	FY2023		Actual	Change	FY2024 Plan	Change
		Original Forecast announced May 15, 2023	Revised Forecast announced Nov 8, 2023				
Capital Investments	8,294	5,000	5,000	4,978	-3,315	10,300	5,321
Depreciation	3,675	4,100	4,000	3,704	28	4,500	795
R&D costs	6,200	7,200	7,200	6,996	796	7,500	503

● FY2023 capital investments

Molds for new products, measuring equipment and jigs, products for demonstration, IT systems, production equipment
Establishment of new reagent factory in India

Total investments: approx. ¥1.4 bil $\left\{ \begin{array}{l} \text{FY2022: ¥1.0 bil} \\ \text{FY2023: ¥0.4 bil} \end{array} \right.$

Construction: Started in September 2022 and completed in September 2023
Operation: Planned to start in Summer 2024

● FY2024 capital investments plan

Molds for new products, measuring equipment and jigs, products for demonstration, and production equipment
Introduction of PLM/MES* systems

Capital Investments: approx. ¥3.0 bil $\left\{ \begin{array}{l} \text{FY2022: ¥0.3 bil, FY2023: ¥0.5 bil} \\ \text{FY2024: ¥1.1 bil, FY2025: ¥1.1 bil} \end{array} \right.$

PLM/MES:
Planned to start operation in FY2025

Establishment of new plant in Tsurugashima City **FY2022: ¥2.3 bil**

Total investments: approx. ¥11.5 bil $\left\{ \begin{array}{l} \text{(Acquisition of the site)} \\ \text{FY2024: ¥4.0 bil, From FY2025: ¥5.2 bil} \\ \text{(Building and facilities)} \end{array} \right.$

Construction: Planned to start in July 2024 and be completed at end of 2025
Operation: Planned to start in 2026

*PLM: Product Life-cycle Management, MES: Manufacturing Execution System

2

Forecast for FY2024

1) Business Environment

The global economic outlook remains uncertain due to tight monetary policy in the U.S. and Europe, and higher geopolitical risks. The impact of inflation and higher personnel expenses on the business of medical institutions should be monitored carefully.

Japan

Secure medical staff and promote their work style reforms.

- Medical service fees will rise by 0.88% in June 2024. Higher basic fees for wage increase, promoting DX in medical fields, infection control measures, and task shifting.

Deepen integrated community care systems. Differentiate medical institution functions and strengthen collaboration.

- Funds for securing comprehensive medical and long-term care in the community: FY2024 budget ¥102.9 bil for medical care

Work style reforms are implemented in FY2024 and each prefecture will draw up its next regional health vision.

International

U.S. and Europe

- Medical institutions' business is gradually improving but capital expenditure by them is still cautious.
- Growing demand for DX and IT solutions in medical fields.
- Withdrawal of foreign companies from the ventilator market.

Emerging Markets

- Slower economic growth and anti-corruption campaign in China.
- Protectionism in some countries.
- Regulatory tightening for medical devices.

2) Forecast for FY2024

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

	FY2023 Actual	FY2024 Forecast	YoY (%)
Sales	221,986	229,000	3.2
Domestic Sales	142,370	147,000	3.3
Overseas Sales	79,615	82,000	3.0
Gross Profit (Gross Profit Margin)	111,346 50.2%	118,000 51.5%	6.0
Operating Income (Operating Income Margin)	19,591 8.8%	23,000 10.0%	17.4
Ordinary Income	25,589	23,000	-10.1
Income Attributable to Owners of Parent	17,026	16,000	-6.0
Percentage of Overseas Sales	35.9%	35.8%	

+5% on a local currency basis
(+7% on a local currency basis excluding impact
of change in fiscal term of Defibtech in FY2023)

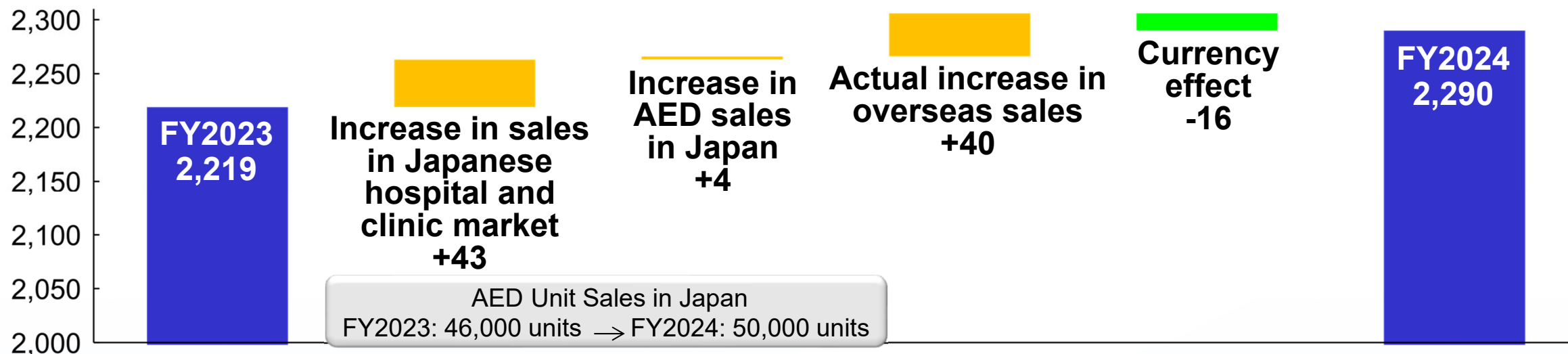
Breakdown of overseas sales by region

	FY2023 Actual	FY2024 Forecast	YoY (%)
North America	37,058	38,100	2.8
Latin America	6,039	5,200	-13.9
Europe	13,104	12,400	-5.4
Asia & Other	23,413	26,300	12.3
Total	79,615	82,000	3.0

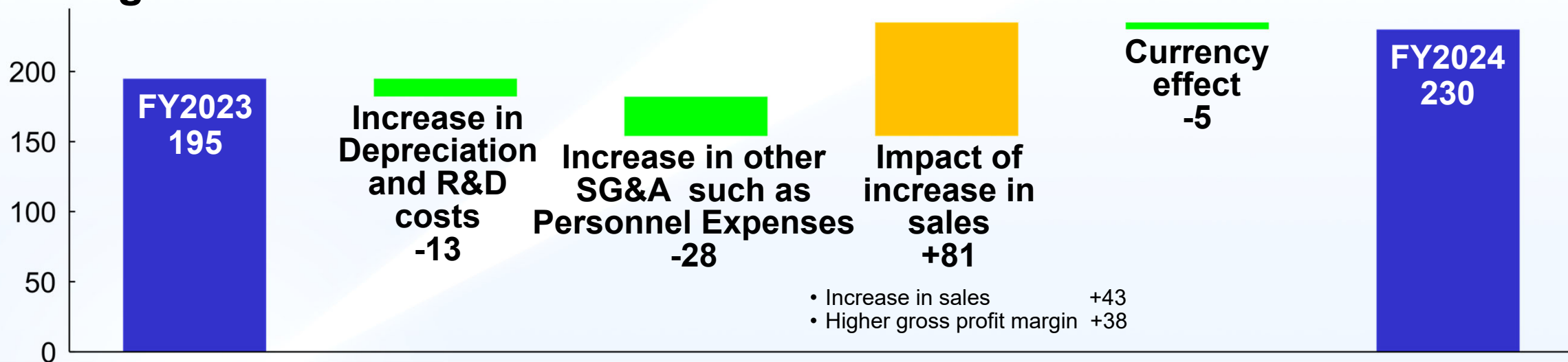
3) Analysis of FY2024 Forecast

(¥100 million)

Sales



Operating Income



(Ref.) Consolidated Forecast FY2024 by Product Category/ Exchange Rates

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

	FY2023 Actual	FY2024 Forecast	Composition ratio (%)	YoY (%)
Physiological Measuring Equipment	46,517	47,900	20.9	3.0
Patient Monitors	84,130	87,200	38.1	3.6
Treatment Equipment	51,665	53,200	23.2	3.0
Other Medical Equipment	39,673	40,700	17.8	2.6
Total	221,986	229,000	100.0	3.2

(Reference)

Medical Devices	115,638	117,900	51.5	2.0
Consumables and Services	106,347	111,100	48.5	4.5

Average Exchange Rate

	FY2023 Actual	FY2024 Forecast
1 US Dollar	143.9 yen	140 yen
1 EURO	156.8 yen	150 yen

Estimated Exchange Rate Fluctuations for Full Fiscal Year

	Sales	Operating Income
US Dollar	0.40 bil yen	0.12 bil yen
EURO	0.06 bil yen	0.03 bil yen

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