

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

| | FY2022 Actual | FY2023 | | Actual | YoY (%) | (Amounts of less than ¥1 million are rounded down) |
|--|------------------|--|--|-------------------------|---------|---|
| | | 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 | +5% on a local currency basis (+3% on a local currency basis excluding impact of change in fiscal term of Defibtech*) |
| 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 | In-house sales ratio: FY2022 72.4% FY2023 73.5% |
| Operating Income (Operating Income Margin) | 21,120 10.2% | 21,500 10.0% | 22,200 10.0% | 19,591 8.8% | -7.2 | SG&A: ¥84.8 bil ¥91.7 bil SG&A Ratio: 41.1% 41.4% |
| Ordinary Income | 24,122 | 21,500 | 24,000 | 25,589 | 6.1 | Foreign exchange gains: ¥2,386 mil ¥5,370 mil |
| Income Attributable to Owners of Parent | 17,110 | 14,500 | 15,500 | 17,026 | -0.5 | Extraordinary income: Gain on revision of retirement benefit plan ¥4,038 mil |
| | | | | | | 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.

- Overall sales increased 7.4% over FY2022 to ¥221.9 billion. Domestic sales increased 4.9% to ¥142.3 billion. Overseas sales increased 12.3% to ¥79.6 billion, a 3% growth on a local currency basis excluding the impact of a change in the fiscal term of Defibtech, LLC.
- Gross profit margin decreased by 1.1 percentage points to 50.2% due to an increase in devaluation of inventories.
- Operating income decreased 7.2% to ¥19.5 billion due to a lower gross profit margin and increased SG&A expenses.
- Ordinary income increased 6.1% to ¥25.5 billion. Income attributable to owners of parent decreased 0.5% to ¥17 billion because of an increase in the tax burden ratio due to an impact of losses before income taxes in some subsidiaries of the Company, while gain on revision of retirement benefit plan was recorded as extraordinary income.

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% | ✓ 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% | ✓ 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% | ✓ Devaluation of inventories increased. | 50.2% | 50% or more |
| (Ref) In-house sales ratio | 72.7% | 72.4% | | 73.5% | |

NIHON KOHDEN

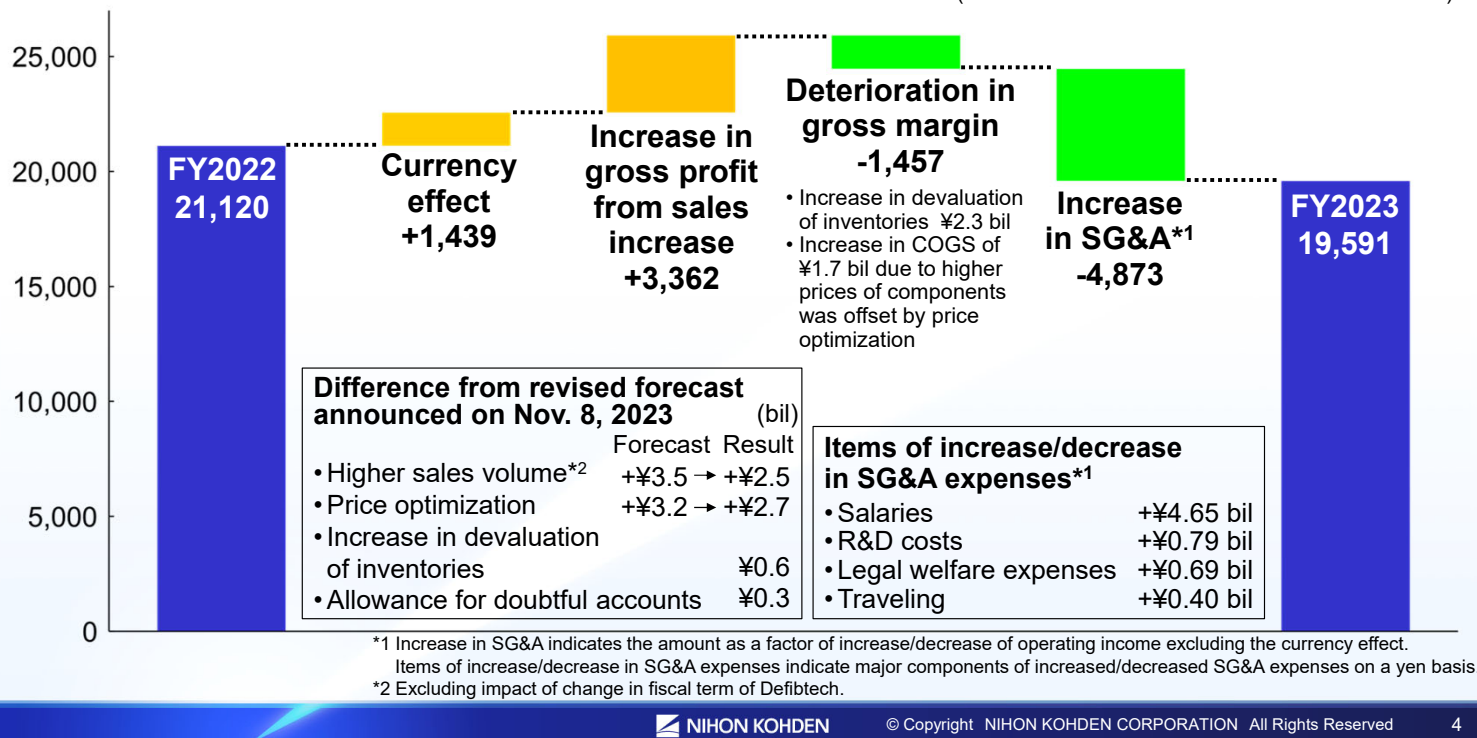
© Copyright NIHON KOHDEN CORPORATION All Rights Reserved

3

- In Japan, sales of consumables & services and IT system solutions increased favorably. Internationally, sales in Europe decreased on a local currency basis and sales in North America and China also fell short of the Company's forecasts.
- Operating income decreased as actual sales fell short of the Company's forecasts. This was also because of a lower gross profit margin and increased SG&A expenses.

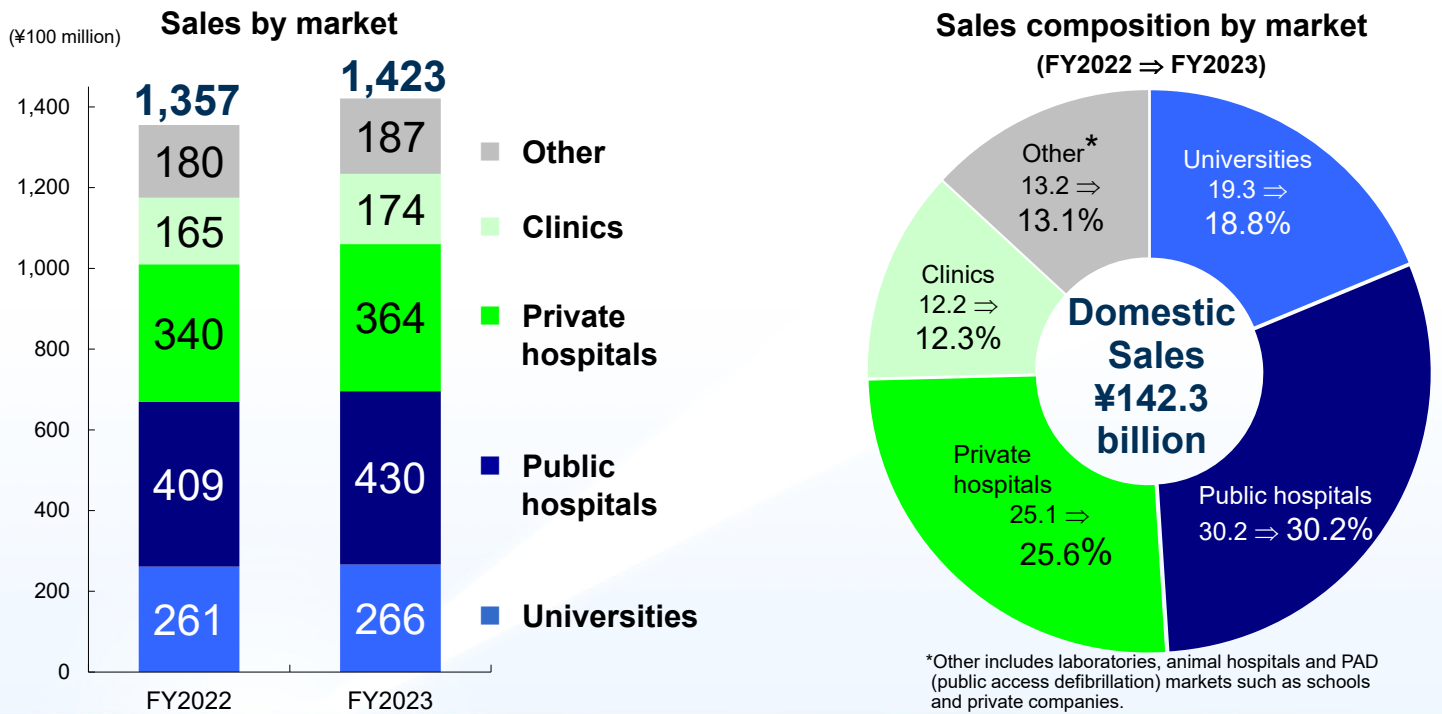
3) Breakdown of Operating Income

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



- FY2023 operating income decreased to ¥19.5 billion from ¥21.1 billion in FY2022.
- Currency effect had a positive impact of ¥1.4 billion.
- Increase in gross profit from sales increase was ¥3.3 billion.
- Deterioration in gross margin was a negative factor worth ¥1.4 billion, to which the major cause was an increase in devaluation of inventories of around ¥2.3 billion. The increase in the cost of goods sold due to higher prices of components was around ¥1.7 billion which was offset by price optimization.
- SG&A expenses due to the strengthening of human resources and R&D investment were a negative factor worth ¥4.8 billion.

4) Domestic Sales



NIHON KOHDEN

© Copyright NIHON KOHDEN CORPORATION All Rights Reserved

5

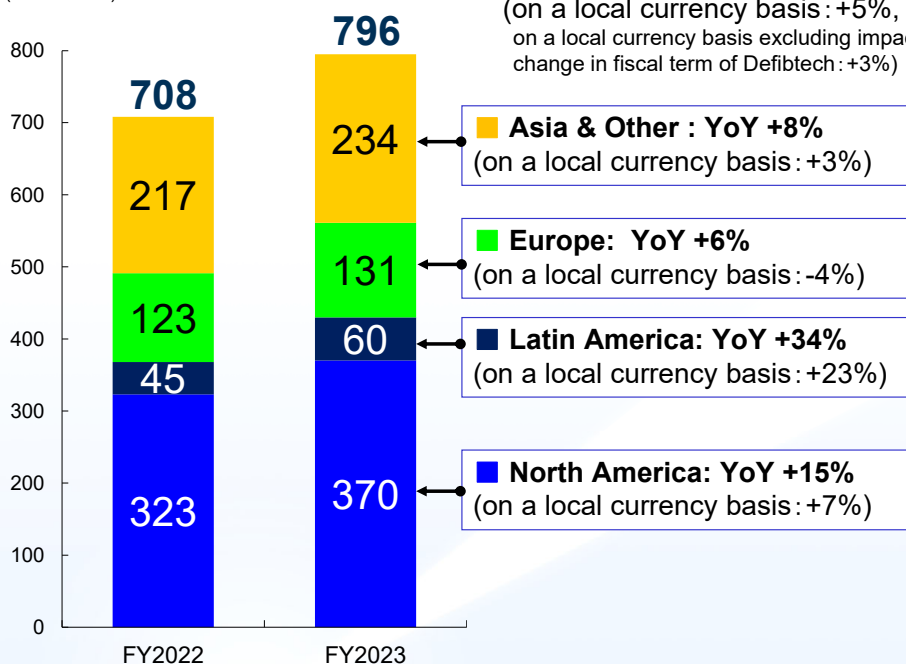
- Domestic sales increased by ¥6.6 billion to ¥142.3 billion.
- Sales in all markets and all product categories increased, as the number of testing and surgical procedures in medical institutions increased and the Company focused on its consumables and services business.
- The Company's efforts to raise selling prices due to higher prices of components also contributed to increased sales.
- Sales in the public hospital and private hospital markets increased favorably, driven by IT system solutions. Sales in the clinic market increased favorably and sales in the university market also increased.

5) Overseas Sales

(¥100 million)

Geographic segments

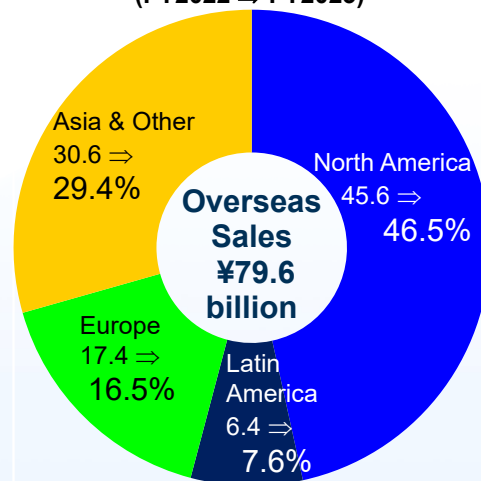
Overseas sales: YoY +12%
(on a local currency basis: +5%,
on a local currency basis excluding impact of
change in fiscal term of Defibtech: +3%)



Percentage of overseas sales to consolidated sales

| FY2022 | FY2023 |
|--------|--------|
| 34.3% | 35.9% |

Geographic Segments (FY2022 ⇒ FY2023)



- Overseas sales increased by ¥8.8 billion to ¥79.6 billion.
- Overseas sales showed double-digit growth due to yen depreciation and the impact of a change in the fiscal term of Defibtech, LLC according to the reorganization of subsidiaries in the U.S.
- Sales in the Americas for North America and Latine America are disclosed separately due to the completion of the reorganization of the U.S. subsidiaries.
- Sales in North America increased by ¥4.7 billion to ¥37 billion, a 7% growth on a local currency basis. Sales of Treatment Equipment increased significantly, while sales of Patient Monitors decreased.
- Sales in Latin America increased by ¥1.5 billion to ¥6 billion, a 23% growth on a local currency basis. A large order in Costa Rica contributed to the sales increase. Sales in Mexico and Columbia also showed strong growth.
- Sales in Europe increased by ¥0.8 billion to ¥13.1 billion, a 4% decline on a local currency basis. Sales in Germany and Russia decreased, while sales in Netherlands and Italy increased favorably.
- Sales in Asia & Other increased by ¥1.7 billion to ¥23.4 billion, a 3% growth on a local currency basis. Sales in the Middle East and Africa increased significantly, thanks to a large order in Morocco. Sales in Taiwan and Vietnam also increased favorably. Sales in China decreased due to the impact of the anti-corruption campaign from the 3rd quarter of FY2023.

6) Sales by Product Category

(Sales, millions of yen)

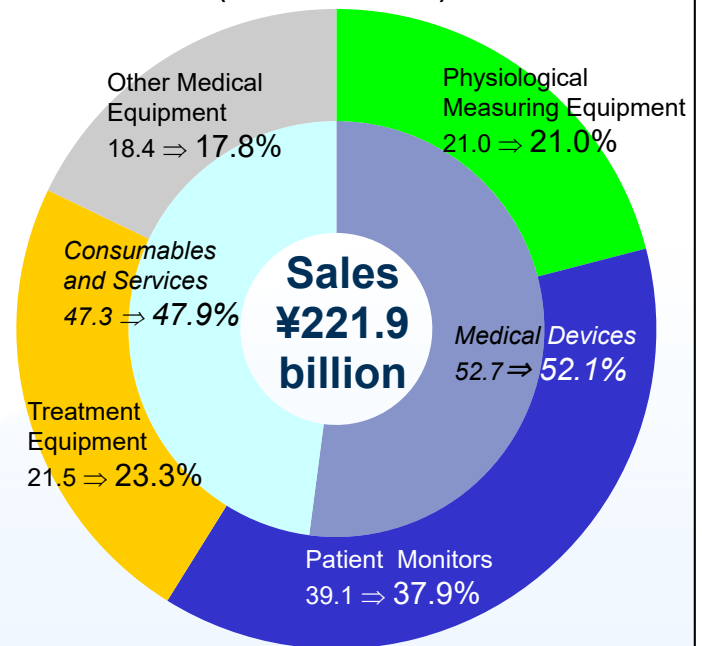
| | FY2022 | FY2023 | YoY (%) |
|-----------------------------------|--------------------------------|--------------------------------|------------|
| Physiological Measuring Equipment | 43,287 (45%) | 46,517 (46%) | 7.5 |
| Patient Monitors | 80,815 (62%) | 84,130 (60%) | 4.1 |
| Treatment Equipment | 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)



- Sales by product category are shown above.
- Sales of Consumables and Services increased 8.9% to ¥106.3 billion. Sales increased favorably both in Japan and internationally, as the Company focused on its consumables and services business.
- Gross profit margins by product category are shown above.

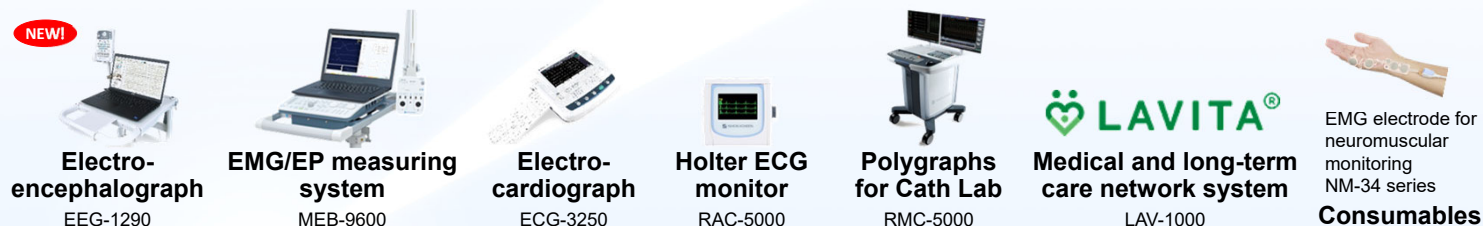
6.1) Physiological Measuring Equipment

| | FY2022 | FY2023 | YoY (%) | (Sales, millions of yen) |
|--|---------------|---------------|------------|--------------------------|
| 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 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.



NIHON KOHDEN

© Copyright NIHON KOHDEN CORPORATION All Rights Reserved

8

- Sales of Physiological Measuring Equipment increased 7.5% to ¥46.5 billion.
- Domestic sales increased 7.6% to ¥35.7 billion. Sales of diagnostic information systems achieved double-digit growth. Sales of EEGs also showed double-digit growth driven by EMG electrode for neuromuscular monitoring. Sales of polygraphs for cath lab increased favorably and sales of ECGs also increased.
- Overseas sales increased 7.2% to ¥10.7 billion. Sales of EEGs increased favorably in Europe and Asia & Other, supported by steady demand. Sales of ECGs decreased in Asia & Other and Europe.

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.



NIHON KOHDEN

© Copyright NIHON KOHDEN CORPORATION All Rights Reserved

9

- Sales of Patient Monitors increased 4.1% to ¥84.1 billion.
- Domestic sales increased 3.7% to ¥47.2 billion. Sales of clinical information systems increased significantly due in part to large orders. Sales of consumables such as sensors also increased. Sales of transmitters and bedside monitors decreased due to a reactionary decline in COVID-19-related demand.
- Overseas sales increased 4.6% to ¥36.8 billion. Sales in Latin America increased significantly thanks to large orders. Sales in Europe and Asia & Other 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

NIHON KOHDEN

© Copyright NIHON KOHDEN CORPORATION All Rights Reserved

10

- Sales of Treatment Equipment increased 16.2% to ¥51.6 billion. Domestic sales increased 5% to ¥27.1 billion. Overseas sales increased 31.7% to ¥24.5 billion.
- Sales of defibrillators increased 0.3% to ¥8.8 billion. Overseas sales decreased due to the reactionary decline of large orders in Latin America and Asia & Other, while domestic sales increased favorably thanks to orders received for replacements.
- The overall sales volume of AEDs was 132,300 units, and sales increased 26.5% to ¥25.3 billion. In Japan, sales of AEDs with a color display and sales of consumables increased favorably. Internationally, sales increased favorably in all regions, excluding the impact of a change in the fiscal term of Defibtech, LLC.
- Sales of ventilators increased 24.8% to ¥6.9 billion. Overseas sales showed strong growth in North America, Latin America, and Asia & Other. In North America, sales of a mask-type ventilator increased significantly. Domestic sales decreased as COVID-19-related demand settled down.

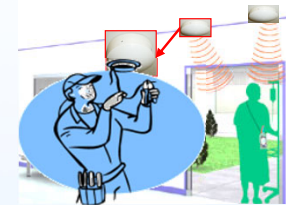
6.4) Other Medical Equipment

| | FY2022 | FY2023 | YoY (%) | (Sales, millions of yen) |
|--------------------------------|--------|---------------|---------|--------------------------|
| 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 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.



Installation and maintenance services

NIHON KOHDEN

© Copyright NIHON KOHDEN CORPORATION All Rights Reserved

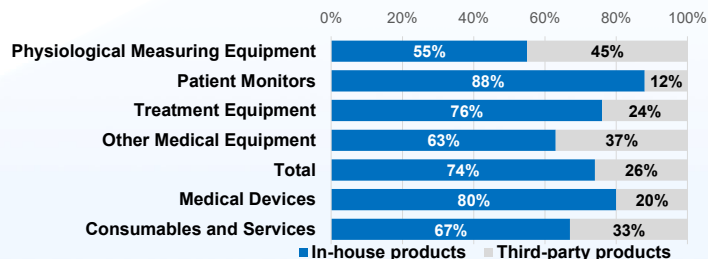
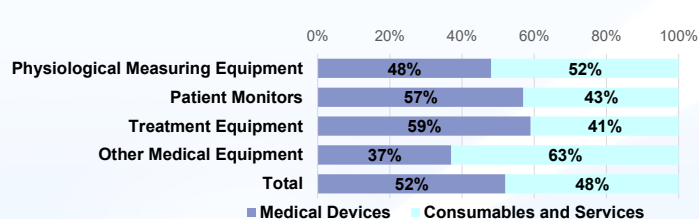
11

- Sales of Other Medical Equipment increased 4.3% to ¥39.6 billion.
- Domestic sales increased 3.7% to ¥32.2 billion. Sales of installation and maintenance services for medical devices as well as sales of hematology instruments and reagents increased favorably.
- Overseas sales increased 7.1% to ¥7.4 billion. Sales of hematology instruments and reagents increased favorably in Asia & Other.

(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.

- Total assets increased by ¥16.5 billion to ¥233.2 billion due to an increase in cash and accounts receivable.
- Inventory turnover was 6.3 months.

8) Cash Flows

| | FY2022 | FY2023 | Change | (Amounts of less than ¥1 million are rounded down) | | | | | | | | | | | | | | | | |
|--|---------|---------------|---------|--|--|--------|--------|--------|--|--------|--------|--------|---|--------|--------|---------|--------------------------|---------|--------|--------|
| I . Cash flows from operating activities | -2,513 | 15,607 | 18,121 | <table border="1"> <thead> <tr> <th></th> <th>FY2022</th> <th>FY2023</th> <th>Change</th> </tr> </thead> <tbody> <tr> <td>Income before income taxes</td> <td>24,716</td> <td>29,369</td> <td>+4,652</td> </tr> <tr> <td>Decrease (increase) in inventories</td> <td>-8,590</td> <td>3,859</td> <td>+12,450</td> </tr> <tr> <td>Income taxes paid</td> <td>-10,322</td> <td>-6,495</td> <td>+3,827</td> </tr> </tbody> </table> | | 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 | | | | | | | | | | | | | | | | | |
| 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 | | | | | | | | | | | | | | | | | |
| II . Cash flows from investing activities | -7,647 | -5,208 | 2,439 | <table border="1"> <thead> <tr> <th></th> <th>FY2022</th> <th>FY2023</th> <th>Change</th> </tr> </thead> <tbody> <tr> <td>Purchase of property, plant and equipment</td> <td>-7,458</td> <td>-3,626</td> <td>+3,831</td> </tr> </tbody> </table> | | FY2022 | FY2023 | Change | Purchase of property, plant and equipment | -7,458 | -3,626 | +3,831 | | | | | | | | |
| | FY2022 | FY2023 | Change | | | | | | | | | | | | | | | | | |
| Purchase of property, plant and equipment | -7,458 | -3,626 | +3,831 | | | | | | | | | | | | | | | | | |
| Free cash flows | -10,161 | 10,398 | 20,560 | | | | | | | | | | | | | | | | | |
| III . Cash flows from financing activities | -7,485 | -6,968 | 517 | <table border="1"> <thead> <tr> <th></th> <th>FY2022</th> <th>FY2023</th> <th>Change</th> </tr> </thead> <tbody> <tr> <td>Purchase of treasury shares</td> <td>-1,001</td> <td>-1,124</td> <td>-123</td> </tr> <tr> <td>Cash dividends paid</td> <td>-5,733</td> <td>-5,968</td> <td>-234</td> </tr> </tbody> </table> | | FY2022 | FY2023 | Change | Purchase of treasury shares | -1,001 | -1,124 | -123 | Cash dividends paid | -5,733 | -5,968 | -234 | | | | |
| | FY2022 | FY2023 | Change | | | | | | | | | | | | | | | | | |
| Purchase of treasury shares | -1,001 | -1,124 | -123 | | | | | | | | | | | | | | | | | |
| Cash dividends paid | -5,733 | -5,968 | -234 | | | | | | | | | | | | | | | | | |
| 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% | | | | | | | | | | | | | | | | | | |

- The Company secured positive cash flows from operating activities in FY2023, compared to the negative cash flows from operating activities in FY2022, which occurred due to the increase in inventories in response to tight supply of components.
- Cash and cash equivalents at the end of the period increased by ¥5.8 billion to ¥49.8 billion.
- The Company will continue to improve cash flow through measures such as optimization of inventory levels and faster debt collection.
- ROE was 9.8%.

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 < **FY2022: ¥1.0 bil**
FY2023: ¥0.4 bil

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 < **FY2022: ¥0.3 bil, FY2023: ¥0.5 bil**
FY2024: ¥1.1 bil, FY2025: ¥1.1 bil

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 < **(Acquisition of the site)**
FY2024: ¥4.0 bil, From FY2025: ¥5.2 bil
(Building and facilities)

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

- Capital investments were ¥4.9 billion, a decline of ¥3.3 billion from FY2022 when the Company established the new reagent factory in India and acquired the new plant site in Tsurugashima City.
- Depreciation was ¥3.7 billion.
- R&D costs increased by ¥0.7 billion to ¥6.9 billion as the Company focused on developing new products mainly in Patient Monitors and Treatment Equipment.
- In FY2024, capital investments will increase by ¥5.3 billion to ¥10.3 billion, depreciation will increase by ¥0.8 billion to ¥4.5 billion, and R&D costs will increase by ¥0.5 billion to ¥7.5 billion. The Company will build a new production facility for manufacturing consumables in Tsurugashima City, Saitama Prefecture, Japan.

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.

- The global economic outlook is expected to remain uncertain due to tight monetary policy in the U.S. and Europe as well as higher geopolitical risks.
- In Japan, operational efficiency is further required in medical institutions in response to work style reforms for medical staff.
- Internationally, medical institutions' business is gradually improving but capital expenditure by them is still cautious due in part to inflation. In some emerging countries, there are the move towards protectionism and regulatory tightening for medical devices.
- We are expecting to face a severe business environment because we are required to react to such changes in the market environment promptly and flexibly and to meet the needs of medical institutions for solutions which contribute to improving the quality and efficiency of medical care.

2) Forecast for FY2024

| | 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% | |

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

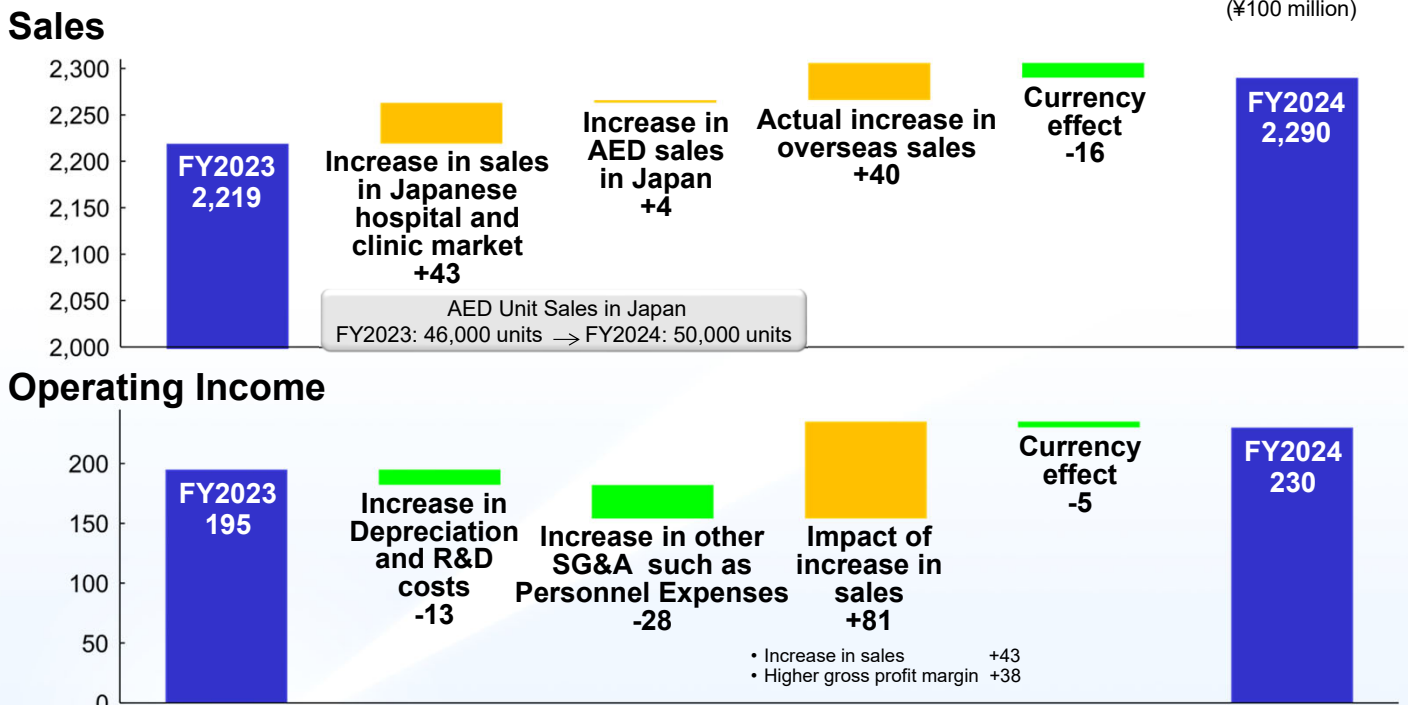
+5% on a local currency basis
(+7% on a local currency basis excluding impact of change in fiscal term of Defibtech in FY2023)

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 |

- The Company forecasts its overall sales, domestic sales, and overseas sales for FY2024 to be: a 3.2% increase to ¥229 billion, a 3.3% increase to ¥147 billion, and a 3% increase to ¥82 billion, respectively. Overseas sales are expected to be a 7% increase on a local currency basis excluding the impact of the change in the fiscal term of Defibtech, LLC in FY2023.
- In Japan, demand for IT system solutions is expected to settle down compared to the strong growth in FY2023. However, demand for patient monitors and treatment equipment is expected to remain steady.
- Internationally, the Company will focus on increasing sales in North America and emerging countries. In North America, the Company will enhance its proposals for patient monitors by adding digital health solutions. The Company will also focus on expanding sales of ventilators. Demand for AEDs is expected to settle down compared to the strong growth in FY2023.
- Gross profit margin is expected to be 51.5%. Operating income is expected to increase 17.4% to ¥23 billion. The forecasts for ordinary income and income attributable to owners of parent are shown above.

3) Analysis of FY2024 Forecast



- As for domestic sales, sales in the hospital and clinic markets are expected to increase by ¥4.3 billion. Sales of AEDs are expected to increase by ¥0.4 billion. The forecast for AED unit sales is 50,000 units.
- As for overseas sales, the actual increase in sales will be ¥4 billion. Negative currency effect will be ¥1.6 billion.
- As for operating income, depreciation and R&D costs will increase by ¥1.3 billion. Other SG&A such as personnel expenses will increase by ¥2.8 billion. The Company will focus on improving personnel productivity through the reform of the profit structure of the entire Group, while SG&A expenses are expected to increase due to wage increase. The positive impact of the increase in sales will be ¥8.1 billion, which consists of a positive impact of ¥4.3 billion due to the sales increase and a positive impact of ¥3.8 billion from the higher gross profit margin due to a decrease in devaluation of inventories. Currency effect will have a negative impact of ¥0.5 billion.

(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 |

- The consolidated sales forecast by product category is shown above.
- The forecast for FY2024 is based on an exchange rate of 140 yen to the U.S. dollar and 150 yen to the euro.
- The estimated exchange rate fluctuations are shown above.

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. Information on products (including products under development) in this document is not intended to make any advertisement or promotion.