

## Consolidated Financial Results for the 1st Quarter of the Fiscal Year Ending March 31, 2025 (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 1<sup>st</sup> Quarter of FY2024 (From April 1, 2024 to June 30, 2024)

##### (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>FY2024 1Q (3 months)</b>	<b>46,227</b>	<b>-5.1</b>	<b>-1,248</b>	<b>—</b>	<b>1,674</b>	<b>-71.1</b>	<b>766</b>	<b>-79.8</b>
FY2023 1Q (3 months)	48,728	9.8	2,205	21.3	5,794	5.7	3,787	2.9

Note: Comprehensive income: FY2024 1Q: 729 million yen (-86.6%) FY2023 1Q: 5,432 million yen (6.0%)

	Net income per share - Basic	Net income per share - Diluted
	Yen	Yen
<b>FY2024 1Q (3 months)</b>	<b>4.57</b>	<b>—</b>
FY2023 1Q (3 months)	22.51	—

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, 2024.

##### (2) Consolidated Financial Conditions

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
<b>As of June 30, 2024</b>	<b>223,787</b>	<b>179,211</b>	<b>80.1</b>	<b>1,068.05</b>
As of March 31, 2024	233,233	181,082	77.6	1,079.20

Reference: Equity Capital: FY2024 1Q: 179,211 million yen FY2023 : 181,082 million yen

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

#### 2. Dividends

	Dividends per share				
	First quarter	Interim (Second quarter)	Third quarter	Year-end	Full-year
	yen	yen	yen	yen	yen
FY2023	—	30.00	—	31.00	61.00
FY2024	—				
FY2024 (Forecast)		15.00	—	16.00	31.00

Note: Revise of dividends forecast: None

Note: Effective July 1, 2024, each share of common stock was split into two shares. For the fiscal year ended March 31, 2024, the actual dividend amount before the stock split is shown. For the fiscal year ending March 31, 2025 (forecast), the amount after the stock split is shown. Annual dividends per share for the fiscal year ending March 31, 2025 (forecast) without taking the stock split into account would be 62.00 yen.

### 3. Consolidated forecast for FY2024 (From April 1, 2024 to March 31, 2025)

	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
First half	102,000	-1.4	3,000	-59.9	3,000	-76.0	1,500	-81.2	8.94
Full year	229,000	3.2	23,000	17.4	23,000	-10.1	16,000	-6.0	95.36

Note: Revise of consolidated forecast: Yes

Note: Effective July 1, 2024, each share of common stock was split into two shares. Basic earnings per share for the fiscal year ending March 31, 2025 are based on the amount taking into consideration the stock split. Basic earnings per share for the fiscal year ending March 31, 2025 without taking the stock split into account would be 17.88 yen for the first half and 190.71 yen for full year.

#### \* Notes

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

Newly included: 1 company (Nihon Kohden Vietnam Co., Ltd.)

Excluded: — companies (—)

(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 10 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)

FY2024 1Q	176,461,960	shares
FY2023	176,461,960	shares

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

FY2024 1Q	8,668,780	shares
FY2023	8,668,532	shares

(iii) Average number of shares outstanding during the period

FY2024 1Q	167,793,252	shares
FY2023 1Q	168,252,715	shares

Note: Effective July 1, 2024, each share of common stock was split into two shares. "Total number of issued shares at the end of the period", "Number of treasury shares at the end of the period", and "Average number of shares outstanding during the period" are calculated on the assumption that the stock split was implemented at the beginning of the fiscal year ended March 31, 2024.

\* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

\* 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.

\* Review of the accompanying quarterly consolidated financial statements by a certified public accountant or auditing firm  
The Company will disclose the quarterly financial statements with the review report after the completion of the review.  
Scheduled disclosure date: August 9, 2024

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

### (1) Operating Results Analysis

During the term under review (April 1, 2024 to June 30, 2024), the global economic outlook remained uncertain due to tight monetary policy in the U.S. and Europe as well as higher geopolitical risks. In Japan, each medical institution strove to implement task shifting and improve its operational efficiency, as work style reforms for medical staff took effect in April 2024 and medical treatment fees were revised in June 2024. However, business sentiment in medical institutions deteriorated due to difficulties in securing medical professionals. Internationally, capital expenditure in China was still cautious due to the impact of the anti-corruption campaign and economic slowdown. In the U.S., hospital finance showed a trend of improvement as the number of testing and surgical procedures increased. Medical institutions both in Japan and internationally have promoted 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 medical care.

Under these circumstances, Nihon Kohden implemented its Three-year Business Plan, BEACON 2030 Phase II, starting from FY2024. The Company aims to achieve targets for three indicators: growth, profitability, and capital efficiency, by conducting 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. Sales decreased due to a reactionary decline in sales of IT systems compared to the strong growth due to large orders in the same period of the previous fiscal year, while sales of consumables and services increased. Sales in the university and private hospital markets decreased and sales in the public hospital market remained flat. Sales in the clinic market increased favorably. Sales of Patient Monitors and Physiological Measuring Equipment decreased due to lower sales of IT systems. Sales of Other Medical Equipment remained flat. Sales of Treatment Equipment increased favorably, mainly due to sales of AEDs and ventilators. As a result, domestic sales decreased 2.2% over the first quarter of FY2023 to ¥29,493 million.

**International:** Overseas sales decreased, due to the impact of a change in the fiscal term of Defibtech, LLC according to the reorganization of subsidiaries in the U.S. in the same period of the previous fiscal year. Another reason was that sales in Asia & Other decreased, mainly in China. In North America, sales of patient monitors, ventilators, and neurology products increased favorably, while sales of AEDs decreased. Sales in Latin America achieved double-digit growth, mainly in Brazil and Mexico. Sales in Europe decreased, as sales of AEDs decreased mainly in the Netherlands and the U.K., while sales in Germany increased. Sales in Asia & Other decreased, as sales in China and the Middle East decreased compared to the strong growth in the same period of the previous fiscal year, as well as lower sales in Southeast Asia. Sales of Treatment Equipment and Physiological Measuring Equipment decreased, while sales of Patient Monitors and Other Medical Equipment increased. As a result, international sales decreased 9.9% over the first quarter of FY2023 to ¥16,734 million.

As a result of the above, overall sales during the term under review decreased 5.1% over the first quarter of FY2023 to ¥46,227 million. Due to decreased sales and lower gross profit margin, operating loss of ¥1,248 million was recorded, compared to operating income of ¥2,205 million in the first quarter of FY2023. This was also because domestic gross profit margin of in-house products such as IT systems decreased and inventory write-down of a discontinued model was recorded. Ordinary income decreased 71.1% to ¥1,674 million and income attributable to owners of parent decreased 79.8% to ¥766 million over the first quarter of FY2023, reflecting foreign exchange gains.

\* In the previous fiscal year, 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 the first quarter ended June 30, 2023, Nihon Kohden consolidated the 6 months of Defibtech’s operating results from January 1, 2023 to June 30, 2023.

### Consolidated Sales Results by Product Category

	(Millions of yen)	
	Three months ended June 30, 2024	
	Amount	Growth rate (%)
Physiological Measuring Equipment	10,170	- 5.4
Patient Monitors	17,314	- 1.8
Treatment Equipment	10,835	- 14.8
Other Medical Equipment	7,906	+ 3.6
Total	46,227	- 5.1
Products	21,331	- 11.7
Consumables and Services	24,895	+ 1.3

### (Reference) Sales by Region

Domestic Sales	29,493	- 2.2
Overseas Sales	16,734	- 9.9
North America	9,281	+ 5.6
Latin America	993	+ 30.2
Europe	2,658	- 9.2
Asia & Other	3,799	- 37.6

### (Operating Results by Reporting Segments)

**Japan:** Sales decreased 2.0% to ¥29,729 million and segment income decreased 46.0% to ¥1,775 million in the first quarter of FY2024.

**North America:** Sales decreased 7.8% to ¥9,726 million and segment loss was ¥1,019 million in the first quarter of FY2024 (Segment loss of ¥918 million in the first quarter of FY2023).

**Rest of World:** Sales decreased 13.6% to ¥6,771 million and segment loss was ¥59 million in the first quarter of FY2024 (Segment income of ¥165 million in the first quarter of FY2023).

## (2) Financial Conditions Analysis

### (i) Financial Position

Total assets at the end of the current fiscal period decreased by ¥9,446 million compared to the end of the previous fiscal year to ¥223,787 million.

Current assets decreased by ¥11,896 million to ¥172,437 million compared with the end of the previous fiscal year. This was 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 ¥2,450 million to ¥51,350 million compared with the end of the previous fiscal year. This was mainly due to increase in deferred tax assets, as well as an increase in construction in progress for a new plant at Tsurugashima.

Total liabilities at the end of the current fiscal period decreased by ¥7,574 million compared to the end of the previous fiscal year to ¥44,576 million. This was mainly due to a decrease in notes and account payable, as well as accrued income taxes.

Total net assets at the end of the current fiscal period decreased by ¥1,871 million compared to the end of the previous fiscal year to ¥179,211 million. This was mainly due to a decrease in retained earnings.

As a result, net assets per share decreased by ¥11.15 to ¥1,068.05 and the equity ratio increased by 2.5 percentage points from 77.6% at the end of the previous fiscal year to 80.1%.

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

### (ii) Cash Flows

Cash and cash equivalents (hereinafter referred to as “funds”) on a consolidated basis at the end of the current fiscal year decreased by ¥3,083 million compared with the end of the previous fiscal year to ¥46,794 million.

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

(Cash flows from operating activities)

Funds provided by operating activities used ¥544 million (income of ¥4,991 million in the same period of the previous fiscal year). This is mainly due to income before income taxes of ¥1,669 million, a decrease in trade receivables of ¥12,623 million, a decrease in trade payables of ¥3,583 million, foreign exchange gains of ¥2,080 million, income taxes paid of ¥5,360 million.

(Cash flows from investing activities)

Funds used in investing activities increased by ¥38 million year-on-year to ¥1,115 million. This is mainly due to the purchase of property, plant and equipment, amounting to ¥495 million, and the purchase of intangible assets, amounting to ¥490 million.

(Cash flows from financing activities)

Funds used in financing activities decreased by ¥894 million year-on-year to ¥2,581 million. This is mainly due to cash dividends paid of ¥2,565 million.

## (3) Consolidated Forecast for FY2024

Based on recent performance trends and the future outlook, the Company revised its forecast for the first half of FY2024, previously announced on May 13, 2024.

The Company forecasts its overall sales for the first half of FY2024 to be ¥102,000 million (down ¥2,000 million from its previous forecast). Domestic sales are expected to show a low-single-digit decline over the first half of FY2023, falling short of the Company’s previous forecast, as budget executions in the university and public hospital markets will be more concentrated in the second half than its expectations. There is also a cautious stance on capital expenditure by private hospitals. The reason behind this trend is that each medical institution is facing difficulty in securing medical professionals, responding to work style reforms for medical staff and the medical treatment fee revision. Internationally, sales are expected to show a low-single-digit decline on a comparable basis, excluding the currency effect and the impact of a change in the fiscal term of Defibtech, LLC, in the same period of the previous fiscal year. Overseas sales are expected to fall short of the Company’s previous forecast, as sales in China will continue to decrease in the second quarter and business deals and budget executions in the Middle East and Southeast Asia will be more concentrated in the second half than its expectations. In North America, which is a market that the Company is focusing on, sales of patient monitors, ventilators, and neurology products are expected to increase favorably.

The Company forecasts its operating income, ordinary income, and income attributable to owners of parent for the first half of FY2024 to be ¥3,000 million (down ¥4,000 million from its previous forecast), ¥3,000 million (down ¥4,000 million from its previous forecast), and ¥1,500 million (down ¥3,000 million from its previous forecast), respectively. Income will fall short of the Company’s previous forecasts, as sales will be lower than expected, while the Company aims at securing gross profit margin by focusing on selling its in-house products.

The Company reaffirms its forecast for FY2024 unchanged as both domestic and overseas sales will be more concentrated in the second half. The Company will also take further measures to reform the profit structure of the entire Group. After reviewing the results of the first half and outlook of the second half, the Company will revise its forecast for FY2024 at the announcement of financial results for the first half of FY2024 on November 7, 2024, if necessary.

The Company’s forecast for the second quarter of FY2024 is based on an exchange rate of 150 yen to the U.S. dollar and 160 yen to the euro.

**2. Consolidated Financial Statements and Notes**  
**(1) Consolidated Balance Sheets**



(Millions of yen)

	March 31, 2024	June 30, 2024
<b>ASSETS</b>		
Current assets:		
Cash and deposits	36,132	32,535
Notes and accounts receivable - trade	71,759	59,690
Securities	14,300	15,000
Merchandise and finished goods	33,223	33,350
Work in process	3,258	3,864
Raw materials and supplies	21,305	22,090
Other current assets	4,865	6,440
Allowance for doubtful accounts	-511	-535
Total current assets	184,333	172,437
Non-current assets:		
Property, plant and equipment	25,418	26,602
Intangible assets		
Goodwill	893	862
Other intangible assets	3,958	4,298
Total intangible assets	4,852	5,161
Investments and other assets		
Investment securities	7,283	7,399
Net defined benefit asset	5,970	5,985
Other investments and other assets	5,510	6,338
Allowance for doubtful accounts	-134	-136
Total investments and other assets	18,628	19,586
Total non-current assets	48,899	51,350
Total assets	233,233	223,787
<b>LIABILITIES</b>		
Current liabilities:		
Notes and accounts payable - trade	20,143	17,743
Short-term loans payable	579	584
Accrued income taxes	5,597	2,041
Provision for bonuses	4,242	3,990
Provision for product warranties	1,648	1,723
Other current liabilities	17,690	16,255
Total current liabilities	49,901	42,338
Non-current liabilities:		
Other non-current liabilities	2,249	2,238
Total non-current liabilities	2,249	2,238
Total liabilities	52,151	44,576
<b>NET ASSETS</b>		
Shareholders' equity:		
Capital stock	7,544	7,544
Capital surplus	9,718	9,718
Retained earnings	163,578	161,744
Treasury shares	-10,233	-10,234
Total shareholders' equity	170,608	168,773
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	2,796	2,882
Foreign currency translation adjustments	5,772	5,825
Remeasurements of defined benefit plans	1,905	1,729
Total accumulated other comprehensive income	10,474	10,437
Total net assets	181,082	179,211
Total liabilities and net assets	233,233	223,787

**(2) Consolidated Statements of Income**

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net sales	48,728	46,227
Cost of sales	24,376	24,370
Gross profit	24,352	21,857
Selling, general and administrative expenses	22,146	23,105
Operating income (loss)	2,205	-1,248
Non-operating income		
Interest income	52	57
Dividend income	57	66
Foreign exchange gains	3,532	2,741
Subsidy income	0	46
Other, net	81	73
Total non-operating income	3,725	2,985
Non-operating expenses		
Interest expenses	3	8
Loss on valuation of investment securities	80	1
Other, net	53	52
Total non-operating expenses	137	62
Ordinary income	5,794	1,674
Extraordinary income		
Gain on sales of non-current assets	1	0
Gain on sales of investment securities	1	—
Total extraordinary income	2	0
Extraordinary losses		
Loss on sales of non-current assets	0	0
Loss on retirement of non-current assets	2	5
Total extraordinary losses	2	5
Income before income taxes	5,794	1,669
Income taxes	2,006	902
Net income	3,787	766
Income attributable to owners of parent	3,787	766

**(Consolidated Statements of Comprehensive Income)**

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net income	3,787	766
Other comprehensive income		
Valuation difference on available-for-sale securities	665	85
Foreign currency translation adjustment	1,036	52
Remeasurements of defined benefit plans, net of tax	-57	-175
Total other comprehensive income	1,644	-36
Comprehensive income	5,432	729
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,432	729
Comprehensive income attributable to non-controlling interests	—	—



**(3) Consolidated Statements of Cash Flows**

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
<b>Cash flows from operating activities</b>		
Income before income taxes	5,794	1,669
Depreciation and amortization	832	933
Increase (decrease) in provision	-353	-288
Increase (decrease) in net defined benefit asset or liability	-180	-267
Interest and dividend income	-110	-123
Interest expenses	3	8
Foreign exchange losses (gains)	-2,347	-2,080
Loss (gain) on sales and retirement of property, plant and equipment	1	4
Decrease (increase) in notes and accounts receivable - trade	9,625	12,623
Decrease (increase) in inventories	-2,281	82
Increase (decrease) in notes and accounts payable - trade	-3,364	-3,583
Other, net	28	-4,263
Subtotal	7,646	4,713
Interest and dividend income received	72	113
Interest expenses paid	-2	-11
Income taxes paid	-2,725	-5,360
Net cash flows from operating activities	4,991	-544
<b>Cash flows from investing activities</b>		
Proceeds from sales of investment securities	2	6
Proceeds from sales of property, plant and equipment	1	3
Purchase of property, plant and equipment	-1,002	-495
Purchase of intangible assets	-246	-490
Other, net	167	-139
Net cash flows from investing activities	-1,077	-1,115
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	-72	-6
Purchase of treasury shares	-0	-0
Cash dividends paid	-3,396	-2,565
Repayments of lease obligations	-7	-9
Net cash flows from financing activities	-3,476	-2,581
Effect of exchange rate change on cash and cash equivalents	1,473	1,157
Net increase (decrease) in cash and cash equivalents	1,911	-3,083
Cash and cash equivalents at beginning of period	43,988	49,877
Cash and cash equivalents at end of period	45,899	46,794

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

(Assumption of Going Concern)  
Not applicable.

(Significant Changes in Shareholders' Equity)  
Not applicable.

(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 first quarter ended June 30, 2024, with the effects of deferred taxes reflected, by the amount of year-to-date income before income taxes.

(Segment Information)  
Sales and Income by Reporting Segment

Three months ended June 30, 2023

	Reporting Segment			Total	Adjustment (Note 2)	Amount on quarterly consolidated financial statement (Note 3)
	Japan	North America	Rest of World			
Sales						
Revenue arising from contract with customers	30,333	10,553	7,841	48,728	—	48,728
Other revenue	—	—	—	—	—	—
Net sales to external customers	30,333	10,553	7,841	48,728	—	48,728
Intersegment sales	6,705	276	194	7,176	- 7,176	—
Total sales	37,038	10,830	8,036	55,905	- 7,176	48,728
Segment income (loss)	3,288	- 918	165	2,535	- 329	2,205

(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 ¥329 million include negative ¥249 million for the unrealized gains on inventories and negative ¥84 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.

Three months ended June 30, 2024

	Reporting Segment			Total	Adjustment (Note 2)	Amount on quarterly consolidated financial statement (Note 3)
	Japan	North America	Rest of World			
Sales						
Revenue arising from contract with customers	29,729	9,726	6,771	46,227	—	46,227
Other revenue	—	—	—	—	—	—
Net sales to external customers	29,729	9,726	6,771	46,227	—	46,227
Intersegment sales	7,036	425	184	7,646	- 7,646	—
Total sales	36,765	10,151	6,956	53,873	- 7,646	46,227
Segment income (loss)	1,775	- 1,019	- 59	697	- 1,946	- 1,248

(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 ¥1,946 million include negative ¥1,868 million for the unrealized gains on inventories and negative ¥82 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.

(Subsequent Event)

(Disposal of Treasury Stock as Restricted Stock Remuneration)

Board of Directors of the Company held on July 2, 2024 has resolved to conduct a disposal of treasury stock as non-performance-linked pre-delivery restricted stock remuneration, and the payment was completed on July 29, 2024.

1. Outline of disposal

(1) Date of disposal	July 29, 2024
(2) Type and number of shares disposed	29,188 shares of the Company's common stock
(3) Disposal value	2,308.5 yen per share
(4) Total disposal value	67,380,498 yen
(5) Planned allottees	The Company's Directors (*): 3 persons, 9,095 shares The Company's Operating Officers: 14 persons, 20,093 shares * Excluding Directors serving as Audit & Supervisory Committee Members and Outside Directors

2. Purpose and for Disposal

At the 69th Ordinary General Meeting of Shareholders held on June 25, 2020, the Company obtained the shareholders' approval to introduce a Restricted Stock Remuneration Plan ("Plan") that allots shares with transfer restrictions ("Restricted Stock") to Directors (excluding Directors serving as Audit & Supervisory Members and Outside Directors; "Eligible Directors") for the purpose of giving an incentive for enhancement of the Company's corporate value and encouraging shared value with shareholders. Under the Plan, the Company also obtained the shareholders' approval to set the maximum amount of the monetary compensation receivables in respect of which Restricted Stock at 100 million yen per year; the maximum number of shares of Restricted Stock to be allotted to Eligible Directors at 320,000 shares per fiscal year; and the transfer restriction period for Restricted Stock to be from the grant date of the Restricted Stock to the date when the Eligible Director retires from the position of Director or Operating Officer of the Company (Effective July 1, 2024, each share of common stock was split into two shares and the maximum number of shares is the number after the stock split).

(Stock Split and Partial Amendment to the Articles of Incorporation)

Based on Board of Directors of the Company held on May 13, 2024, a stock split and partially amendments to the Articles of Incorporation following the stock split were carried out as of July 1, 2024.

1. Purpose of stock split

The purpose of the stock split is to create an environment that makes it easier for investors to invest in the Company's stock and to increase the trading liquidity of the stock and expand the investor base, by lowering the amount of one unit of investment.

2. Outline of stock split

(1) Method of stock split

Each share of common stock held by shareholders listed or recorded in the final shareholders' register as of Sunday, June 30, 2024 was split into two shares.

(2) Increase in number of shares due to stock split

(i) Total number of shares issued before stock split	88,230,980	shares
(ii) Increase in number of shares due to stock split	88,230,980	shares
(iii) Total number of shares issued after stock split	176,461,960	shares
(iv) Total number of shares authorized to be issued after stock split	395,944,000	shares

3. Schedule of stock split

(1) Public notice date of record date	Friday, June 14, 2024
(2) Record date	Sunday, June 30, 2024
(3) Effective date	Monday, July 1, 2024

\* As the record date was a non-business day of the shareholders registry administrator, the actual record date was Friday, June 28, 2024.

4. Partial amendment to the Articles of Incorporation

(1) Reason for amendment

Along with the stock split, Nihon Kohden was amended Article 6 (Total Number of Shares Authorized to be Issued) of the Articles of Incorporation of the Company, effective July 1, 2024, in accordance with the provision of Article 184, Paragraph 2 of the Companies Act.

(2) Contents of amendment

(The amendment is underlined.)

Current Articles of Incorporation	Amended Articles of Incorporation
(Total Number of Shares Authorized to be Issued) Article 6. The total number of shares authorized to be issued by the Company shall be <u>197,972k shares.</u>	(Total Number of Shares Authorized to be Issued) Article 6. The total number of shares authorized to be issued by the Company shall be <u>395,944k shares.</u>

(Cancellation of Treasury Shares)

Board of Directors of the Company held on May 13, 2024 has resolved to cancel treasury shares pursuant to Article 178 of the Companies Act, and carried out as of July 19, 2024.

1. Reasons for Cancellation of Treasury Shares

To improve capital efficiency and to return further profits to shareholders.

2. Details of Matters related to Cancellation

- (1) Class of shares to be cancelled: Common shares of the Company
- (2) Number of shares to be cancelled: 5,500,000 shares  
(3.11% of the total number of shares issued before the cancellation)
- (3) Date of cancellation: July 19, 2024
- (4) Total number of shares issued after cancellation: 170,961,960 shares

\* Effective July 1, 2024, each share of common stock split into two shares and the above number of shares is the number after the stock split.