

Consolidated Financial Highlights for the First Quarter of FY2024 (From April 1, 2024 to June 30, 2024)

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NIHON KOHDEN CORPORATION

(Ticker Code: 6849)

August 2, 2024

Fighting Disease with Electronics



1) Consolidated Financial Results for the 1st Quarter of FY2024

| | FY2023 1Q | FY2024 1Q | YoY (%) |
|------------------------------------------------------|-----------------|------------------------|---------|
| Net Sales | 48,728 | 46,227 | -5.1 |
| Domestic Sales | 30,154 | 29,493 | -2.2 |
| Overseas Sales | 18,574 | 16,734 | -9.9 |
| Gross Profit (Gross Profit Margin) | 24,352 50.0% | 21,857 47.3% | -10.2 |
| Operating Income (Operating Income Margin) | 2,205 4.5% | -1,248 — | — |
| Ordinary Income | 5,794 | 1,674 | -71.1 |
| Income Attributable to Owners of Parent | 3,787 | 766 | -79.8 |

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

-21% on a local currency basis
(-9% on a local currency basis excluding impact of change in fiscal term of Defibtech in FY2023 1Q*)

In-house sales ratio: FY2023 1Q **73.3%** → FY2024 1Q **68.9%**

SG&A Ratio: **45.5%** → **50.0%**

Foreign exchange gains:
¥3,532 mil → **¥2,741 mil**

| Average Exchange Rate | (2023/6) | (2024/6) |
|-----------------------|-----------|------------------|
| 1 US Dollar | 135.4 yen | 154.7 yen |
| 1 EURO | 147.9 yen | 166.7 yen |

*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 FY2023 1Q ended June 30, 2023, Nihon Kohden consolidated the 6 months of Defibtech's operating results from January 1, 2023 to June 30, 2023.

2) Highlights of FY2024 1Q

Net Sales : -5.1%

- **Japan**: Sales decreased due to a reactionary decline in sales of IT systems compared to the strong growth due to large orders in FY2023 1Q, while sales of consumables and services increased.
- **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 FY2023 1Q. Another reason was that sales in Asia & Other decreased, mainly in China.

Operating Loss : ¥1,248 million (Operating income of ¥2,205 million in FY2023 1Q)

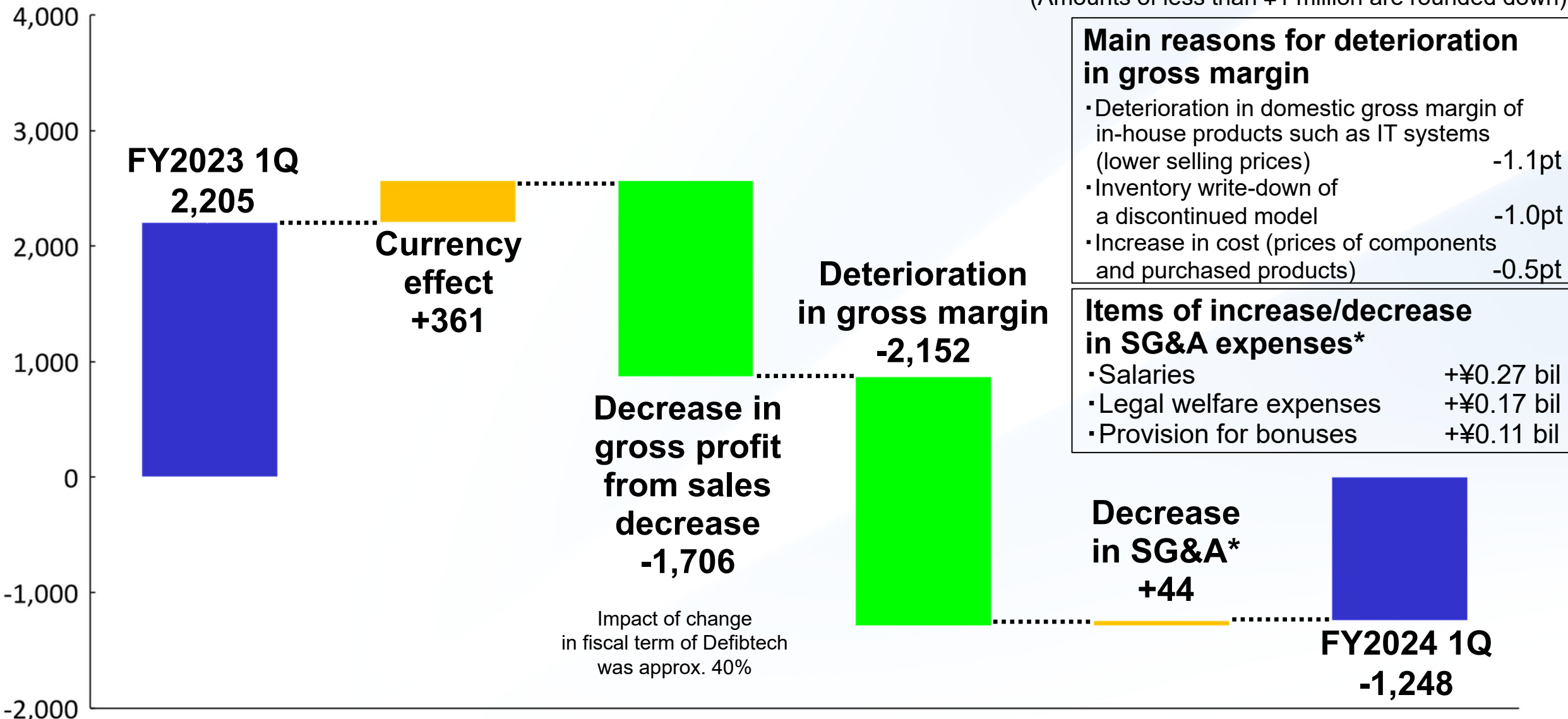
- Sales decreased and gross profit margin was lower, because domestic gross profit margin of in-house products such as IT systems decreased and inventory write-down of a discontinued model was recorded.

Ordinary Income : -71.1%

- Ordinary income was recorded, reflecting foreign exchange gains.

3) Breakdown of Operating Income

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

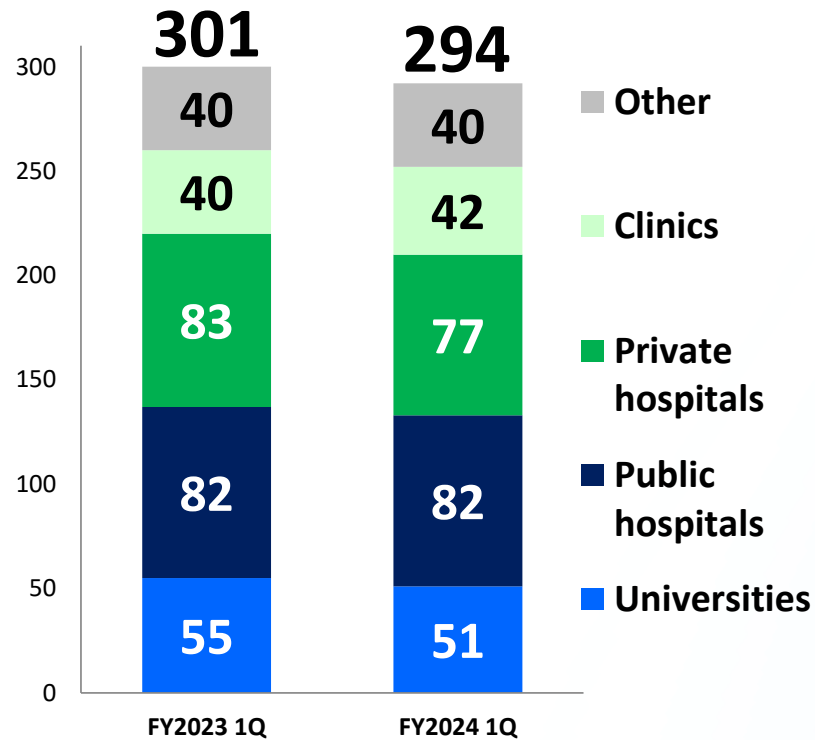


*Decrease in SG&A indicates the amount as a factor of increase/decrease of operating income excluding the currency effect. Items of increase/decrease in SG&A expenses indicate major components of increased/decreased SG&A expenses on a yen basis.

4) Domestic Sales

Sales by Market

(¥100 million)



Sales by Product Category

(Sales, millions of yen)

| | FY2023 1Q | FY2024 1Q | YoY (%) |
|-----------------------------------|---------------|---------------|-------------|
| Physiological Measuring Equipment | 8,262 | 7,760 | -6.1 |
| Patient Monitors | 9,818 | 9,038 | -7.9 |
| Treatment Equipment | 6,048 | 6,641 | 9.8 |
| Other Medical Equipment | 6,024 | 6,051 | 0.5 |
| Total Sales | 30,154 | 29,493 | -2.2 |

[Markets] 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.

[Products] Physiological Measuring Equipment: Sales of diagnostic information systems decreased due to a reactionary decline compared to the strong growth in FY2023 1Q. Sales of ECGs and EEGs also decreased. Sales of polygraphs for cath lab increased.

Patient Monitors: Sales of clinical information systems decreased due to a reactionary decline compared to the strong growth in FY2023 1Q. Sales of transmitters also decreased. Sales of telemetry systems increased favorably, supported by the launch of new products.

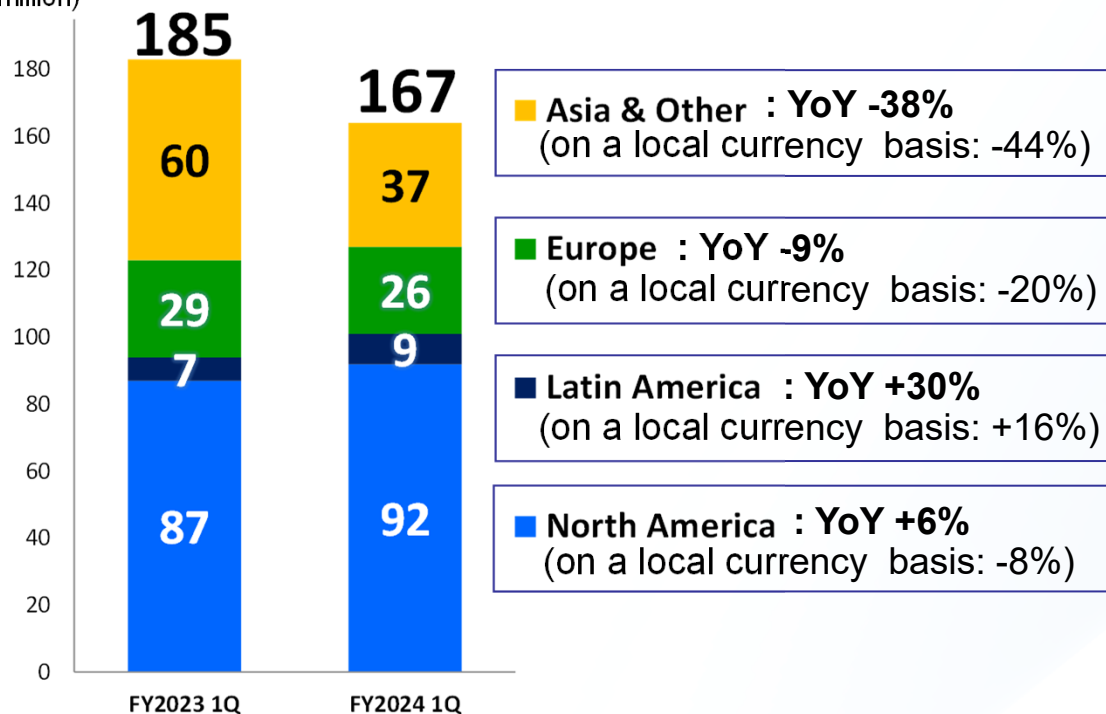
Treatment Equipment: Sales of AEDs and ventilators achieved double-digit growth. Sales of defibrillators and pacemakers / ICDs decreased.

Other Medical Equipment: Sales of imaging systems were double-digit growth. Sales of hematology instruments and locally purchased products decreased.

5) Overseas Sales

Geographic Segments

(¥100 million)



Percentage of overseas sales to consolidated sales

| | FY2023 1Q | FY2024 1Q |
|----------------------------------------------------|-----------|-----------|
| Percentage of overseas sales to consolidated sales | 38.1% | 36.2% |

Sales by Product Category

(Sales, millions of yen)

| | FY2023 1Q | FY2024 1Q | YoY (%) |
|-----------------------------------|---------------|---------------|-------------|
| Physiological Measuring Equipment | 2,493 | 2,409 | -3.4 |
| Patient Monitors | 7,809 | 8,275 | 6.0 |
| Treatment Equipment | 6,664 | 4,193 | -37.1 |
| Other Medical Equipment | 1,607 | 1,855 | 15.4 |
| Total Sales | 18,574 | 16,734 | -9.9 |

-21% on a local currency basis
(-9% on a local currency basis excluding impact of change in fiscal term of Defibtech in FY2023 1Q)

- [Region]**
- North America:** Sales of patient monitors, ventilators, and neurology products increased favorably, while sales of AEDs decreased.
 - Latin America:** Sales achieved double-digit growth, mainly in Brazil and Mexico. Sales in all product categories increased.
 - Europe:** Sales decreased, as sales of AEDs decreased mainly in the Netherlands and the U.K., while sales in Germany increased.
 - Asia & Other:** Sales decreased, as sales in China and the Middle East decreased compared to the strong growth in FY2023 1Q, as well as lower sales in Southeast Asia.
- [Products]**
- Physiological Measuring Equipment:** Sales of ECGs decreased compared to the strong growth in China in FY2023 1Q. Sales of EEGs decreased in China, compared to favorable sales in North America, Europe, and Latin America.
 - Patient Monitors:** Sales in North America, Europe, and Latin America achieved double-digit growth. Sales in Asia & Other decreased compared to the strong growth in China and the Middle East in FY2023 1Q.
 - Treatment Equipment:** Sales of AEDs decreased due to the impact of change in fiscal term of Defibtech, LLC. Sales of ventilators increased significantly, especially for a mask-type ventilator in North America.
 - Other Medical Equipment:** Sales of hematology instruments and reagents achieved double-digit growth in Europe and Latin America.

6) Sales by Product Category

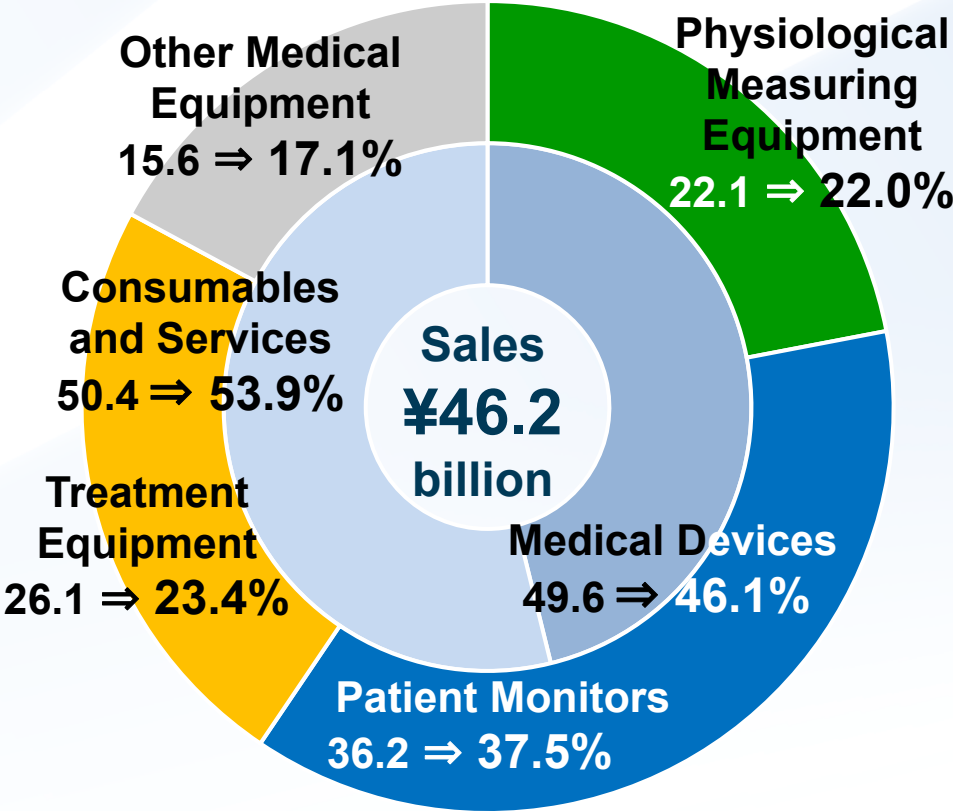
(Sales, millions of yen)

| | FY2023 1Q | FY2024 1Q | YoY (%) |
|-----------------------------------|---------------|---------------|-------------|
| Physiological Measuring Equipment | 10,756 | 10,170 | -5.4 |
| Patient Monitors | 17,627 | 17,314 | -1.8 |
| Treatment Equipment | 12,713 | 10,835 | -14.8 |
| Other Medical Equipment | 7,631 | 7,906 | 3.6 |
| Total Sales | 48,728 | 46,227 | -5.1 |

(Reference)

| | | | |
|--------------------------|--------|--------|-------|
| Medical Devices | 24,150 | 21,331 | -11.7 |
| Consumables and Services | 24,578 | 24,895 | 1.3 |

**Sales composition
by product category**
(FY2023 1Q ⇒ FY2024 1Q)



(Ref.) Breakdown of Sales by Product Category

(Billions of yen)

| Physiological Measuring Equipment | FY2023 1Q | FY2024 1Q |
|-------------------------------------------|--------------|--------------|
| Electroencephalographs | 2.1 | 2.1 |
| Electrocardiographs | 1.7 | 1.3 |
| Polygraphs for Cath Lab | 4.2 | 4.3 |
| Diagnostic Information Systems | 1.4 | 1.0 |
| Other Physiological Measuring Equipment * | 1.1 | 1.4 |

*Includes products of other companies.

| Treatment Equipment | FY2023 1Q | FY2024 1Q |
|---------------------------------------------|--------------|--------------|
| Defibrillators (for Hospital and Ambulance) | 1.6 | 1.5 |
| AEDs (Automated External Defibrillator) | 7.8 | 5.2 |
| Pacemakers / ICDs | 0.6 | 0.6 |
| Ventilators | 0.6 | 1.4 |
| Other Treatment Equipment | 1.8 | 1.9 |

| Patient Monitors | FY2023 1Q | FY2024 1Q |
|------------------------------|--------------|--------------|
| Patient Monitors | 17.6 | 17.3 |
| Clinical Information Systems | 1.3 | 0.9 |

| Other Medical Equipment | FY2023 1Q | FY2024 1Q |
|------------------------------|--------------|--------------|
| Hematology Instruments | 2.6 | 2.9 |
| Imaging Systems and Others * | 4.9 | 5.0 |

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

7) Topics

Announced New Vendor-Partnership with Houston Methodist

- Major IDN* in Texas, the U.S., which owns eight hospitals with approx. 2,700 operating beds

In FY2023 3Q

Signed a five-year contract



In FY2024 1Q

Announced our partnership, preparing for delivery to affiliated hospitals

*IDN: Integrated Delivery Network.

New products to be launched in FY2024

Patient Monitoring Business

Central monitor CNS-2101

Launched in Japan in FY2021 3Q
Launched in the U.S. in FY2023 3Q

**Planned to launch in Europe
and emerging markets in FY2024**



Mid-to low-end bedside monitors

**Planned to launch in Japan, Europe,
and emerging markets in FY2024**

Treatment Equipment Business

Ventilator NKV-440

U.S. production

U.S. R&D

Launched in some emerging
countries in FY2022 4Q

**Planned to launch
in the U.S. in FY2024**



Defibrillator for hospital

**Planned to launch in Japan
and emerging markets in FY2024**

Solution Business (ITS+DHS)

Remote ICU solution RemoteSense

U.S. R&D

**Launched in the U.S.
in FY2024 1Q**
**Planned to add functions
in FY2024 2Q**



Dashboard software for monitoring patient condition

Planned to launch in Japan in FY2024

* The actual launch dates varied in accordance with the examination period for regulatory approval in each country.

8) Financial Condition

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

| | FY2023 | FY2024 1Q | Change | | FY2023 | FY2024 1Q | Change |
|-----------------------------|---------|----------------|---------|-------------------------------------------|---------|----------------|--------|
| Current Assets | 184,333 | 172,437 | -11,896 | Current Liabilities | 49,901 | 42,338 | -7,563 |
| Inventories | 57,787 | 59,305 | 1,517 | Interest-bearing Debt | 579 | 584 | 4 |
| Property, Plant & Equipment | 25,418 | 26,602 | 1,183 | Non-current Liabilities | 2,249 | 2,238 | -10 |
| Intangible Assets | 4,852 | 5,161 | 309 | Net Assets | 181,082 | 179,211 | -1,871 |
| Investments & Other Assets | 18,628 | 19,586 | 958 | | | | |
| Total Assets | 233,233 | 223,787 | -9,446 | Total Liabilities & Net Assets | 233,233 | 223,787 | -9,446 |

| | | | | | | | |
|--------------------|------------|-------------------|--|--------------|-------|--------------|--|
| Inventory Turnover | 6.3 months | 6.4 months | | Equity Ratio | 77.6% | 80.1% | |
|--------------------|------------|-------------------|--|--------------|-------|--------------|--|

[Reasons for the decrease of current assets]
Notes and accounts receivable decreased by ¥12 bil.

[Reasons for the increase of Property, Plant & Equipment]
Construction cost of
new plant in Tsurugashima City was ¥1.3 bil.

[Cancellation of treasury shares]
Cancellation of 5.5 mil shares on July 19, 2024
As of end of July 2024:
Total number of shares issued after cancellation:
170 mil shares
Number of treasury stock: 3.13 mil shares
(stockholding ratio: 1.8%)

9) Cash Flows

| | FY2023 1Q | FY2024 1Q | Change |
|--------------------------------------------------------------------|--------------|---------------|--------|
| I . Cash flows from operating activities | 4,991 | -544 | -5,536 |
| II . Cash flows from investing activities | -1,077 | -1,115 | -38 |
| Free cash flows | 3,914 | -1,660 | -5,574 |
| III . Cash flows from financing activities | -3,476 | -2,581 | 894 |
| Effect of exchange rate change on cash and cash equivalents | 1,473 | 1,157 | -315 |
| Net increase (decrease) in cash and cash equivalents | 1,911 | -3,083 | -4,995 |
| Cash and cash equivalents at end of period | 45,899 | 46,794 | 894 |

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

| | FY2023 1Q | FY2024 1Q | Change |
|---------------------------------------------------|-----------|-----------|--------|
| Income before income taxes | 5,794 | 1,669 | -4,124 |
| Decrease (increase) in accounts receivable | 9,625 | 12,623 | +2,997 |
| Decrease (increase) in inventories | -2,281 | 82 | +2,363 |
| Income taxes paid | -2,725 | -5,360 | -2,634 |

| | FY2023 1Q | FY2024 1Q | Change |
|----------------------------|-----------|-----------|--------|
| Cash dividends paid | -3,396 | -2,565 | +830 |

[Planned to acquire own shares]

Acquisition period : From August 5, 2024, to March 31, 2025
 Total amount of share acquisition costs : Up to ¥10 billion

10) Capital Investments and R&D Costs

(Millions of yen)

| | FY2023 1Q | FY2024 1Q | Change | FY2023 Actual | FY2024 Plan |
|---------------------|--------------|--------------|--------|------------------|----------------|
| Capital Investments | 1,067 | 2,222 | 1,154 | 4,978 | 10,300 |
| Depreciation | 832 | 933 | 101 | 3,704 | 4,500 |
| R&D Costs | 1,559 | 1,602 | 43 | 6,996 | 7,500 |

● 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. ¥11.0 bil < (Acquisition of the site)
~FY2024: ¥4.1 bil, FY2025~: ¥4.6 bil
(Building and facilities)

Construction: **Started 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

11) Forecast for FY2024 1H

(Billions of yen)

| | FY2023 1H Actual | FY2024 1H Forecast | | | |
|------------------------------------------------------|---------------------|----------------------------------------------|--------------------------------------------|-------------------------|---------|
| | | Original forecast announced May 13 (A) | Revised forecast announced Aug 2 (B) | Difference (B) - (A) | YoY (%) |
| Net Sales | 103.5 | 104.0 | 102.0 | -2.0 | -1.5 |
| Domestic Sales | 65.7 | — | — | — | — |
| Overseas Sales | 37.8 | — | — | — | — |
| Gross Profit (Gross Profit Margin) | 52.0 50.2% | — | — | — | — |
| Operating Income (Operating Income Margin) | 7.4 7.2% | 7.0 6.7% | 3.0 2.9% | -4.0 | -60.0 |
| Ordinary Income | 12.5 | 7.0 | 3.0 | -4.0 | -76.1 |
| Income Attributable to Owners of Parent | 7.9 | 4.5 | 1.5 | -3.0 | -81.2 |

*The assumed exchange rates in FY2024 2Q are 150 yen to the U.S. dollar and 160 yen to the euro.

12) Reason for the Revision

Net Sales
 [down ¥2.0 bil
 from previous
 forecast]

**Domestic
 Sales**

- Sales are expected to show a low-single-digit decline.
- Each medical institution is facing difficulty in securing medical professionals, responding to work style reforms for medical staff and the medical treatment fee revision.
- Budget executions in the university and public hospital markets will be more concentrated in FY2024 2H than its expectations. There is also a cautious stance on capital expenditure by private hospitals.

**Overseas
 Sales**

- 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.
- Sales in China will continue to decrease in FY2024 2Q and business deals and budget executions in the Middle East and Southeast Asia will be more concentrated in FY2024 2H 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.

**Operating Income
 Ordinary Income**
 [down ¥4.0 bil]
**Income Attributable to
 Owners of Parent**
 [down ¥3.0 bil]

- In FY2024 1H, gross profit margin will be less than 50%.
- In FY2024 2Q, income is expected to be lower than its previous forecasts, as sales will be lower than expected. The Company aims at securing gross profit margin of 50% by focusing on selling its in-house products.

13) Forecast for FY2024

| | FY2023 Actual | FY2024 Forecast | YoY (%) |
|------------------------------------------------------|------------------|--------------------|------------|
| Net 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 reaffirms its forecast for FY2024 unchanged as both domestic and overseas sales will be more concentrated in FY2024 2H than its expectations. The Company will also take further measures to reform the profit structure of the entire Group.

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

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

| | FY2023 | FY2024 | Composition ratio (%) | YoY (%) |
|-----------------------------------|----------------|----------------|--------------------------|------------|
| | Actual | Forecast | | |
| 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 Services | 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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