

Consolidated Financial Highlights for the Third Quarter of FY2024 (From April 1, 2024 to December 31, 2024)

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NIHON KOHDEN CORPORATION

(Ticker Code: 6849)

February 5, 2025

Fighting Disease with Electronics



1) Consolidated Financial Results for the 3rd Quarter of FY2024

	FY2023 3Q 9 months	FY2024 3Q 9 months	YoY (%)	(Amounts of less than ¥1 million are rounded down)
Net Sales	156,169	158,476	1.5	
Domestic Sales	98,598	101,153	2.6	
Overseas Sales	57,571	57,323	-0.4	<div style="border: 1px solid black; padding: 5px;"> <p>-6% on a local currency basis (-3% on a local currency basis excluding impact of change in fiscal term of Defibtech in FY2023*)</p> </div>
Gross Profit (Gross Profit Margin)	78,282 50.1%	82,431 52.0%	5.3	<div style="border: 1px solid black; padding: 5px;"> <p>In-house sales ratio: FY2023 3Q 72.8% → FY2024 3Q 72.5%</p> </div>
Operating Income (Operating Income Margin)	10,515 6.7%	10,935 6.9%	4.0	<div style="border: 1px solid black; padding: 5px;"> <p>SG&A: ¥67.7 bil → ¥71.4 bil SG&A Ratio: 43.4% → 45.1%</p> </div>
Ordinary Income	13,258	13,506	1.9	<div style="border: 1px solid black; padding: 5px;"> <p>Foreign exchange gains: ¥2,354 mil → ¥2,052 mil</p> </div>
Income Attributable to Owners of Parent	7,926	8,137	2.7	

Average Exchange Rate	(2023/12)	(2024/12)
1 US Dollar	142.4 yen	152.0 yen
1 EURO	155.7 yen	164.7 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 the nine months of FY2023 ended December 31, 2023, Nihon Kohden consolidated the 12 months of Defibtech's operating results from January 1, 2023 to December 31, 2023.

2) Highlights of FY2024 3Q (9 months)

Net Sales : +1.5%

- **Japan**: Sales increased, because the Company focused on its consumables and services business. Sales of AEDs also increased favorably in the PAD (public access defibrillation) market. Sales of locally purchased products decreased as the Company focused on selling in-house products.
- **International**: Sales decreased, due to lower sales in Asia & Other and Latin America, as well as the impact of a change in the fiscal term of Defibtech, LLC according to the reorganization of subsidiaries in the U.S. in FY2023.

Operating Income : +4.0%

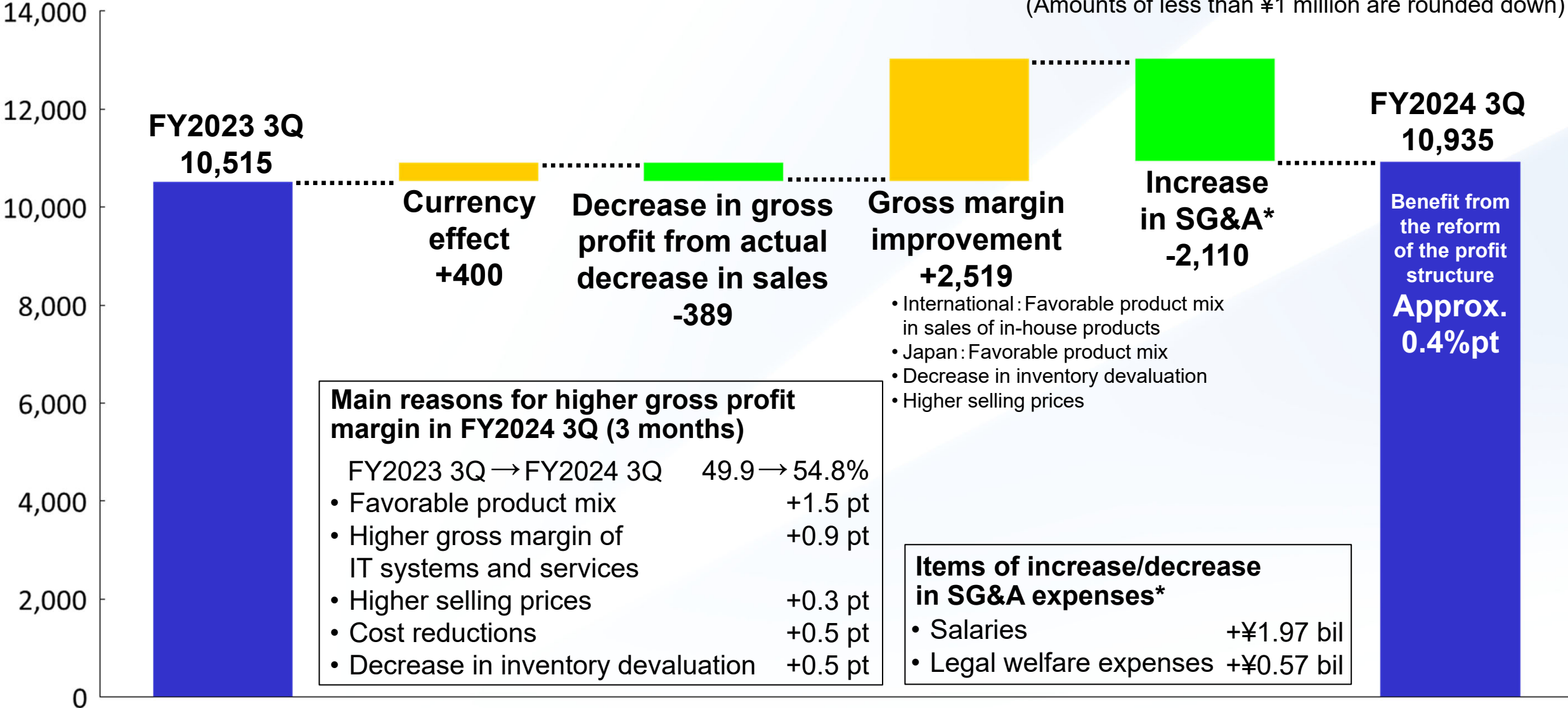
- Gross profit margin increased due to favorable product mix in overseas sales of in-house products as well as favorable product mix in Japan. There was also a positive impact from the decrease in inventory devaluation and higher selling prices.
- SG&A expenses increased due to the strengthening of human resources and wage increases.

Ordinary Income : +1.9%

- Foreign exchange gains were recorded.

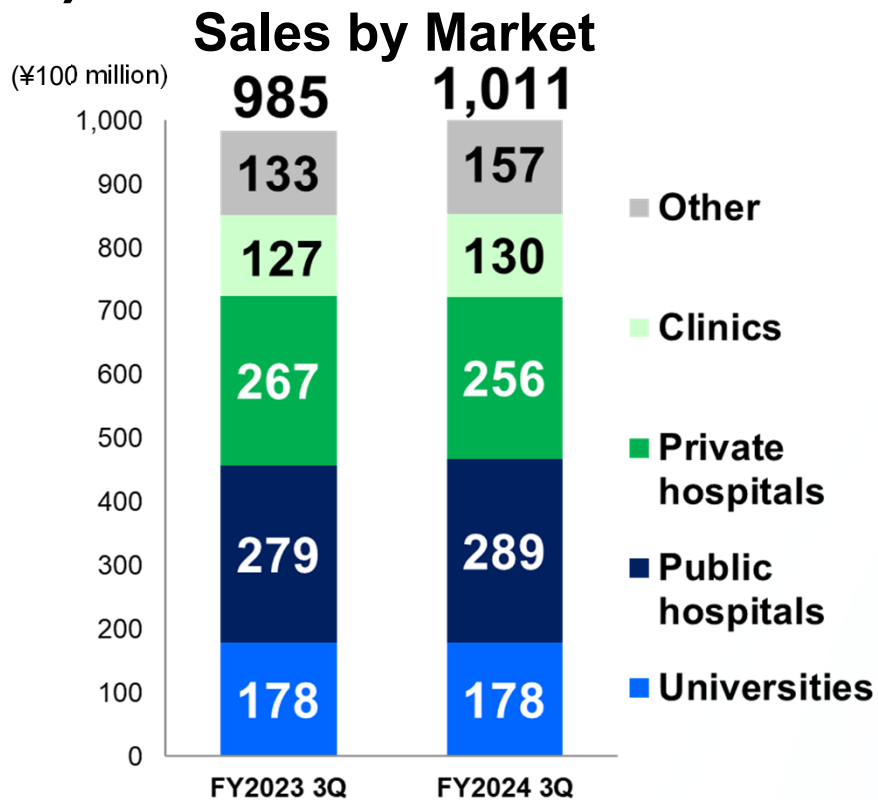
3) Breakdown of Operating Income

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



*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.

4) Domestic Sales



Sales by Product Category

(Sales, millions of yen)

	FY2023 3Q 9 months	FY2024 3Q 9 months	YoY (%)
Physiological Measuring Equipment	25,228	25,383	0.6
Patient Monitors	32,028	32,087	0.2
Treatment Equipment	19,900	22,375	12.4
Other Medical Equipment	21,440	21,306	-0.6
Total Sales	98,598	101,153	2.6

[Markets] Sales of AEDs increased favorably in the PAD (public access defibrillation) market. Sales in the public hospital and clinic markets increased, while sales in the university market remained flat. Sales in the private hospital market decreased compared to the strong growth due to large orders in FY2023 3Q.

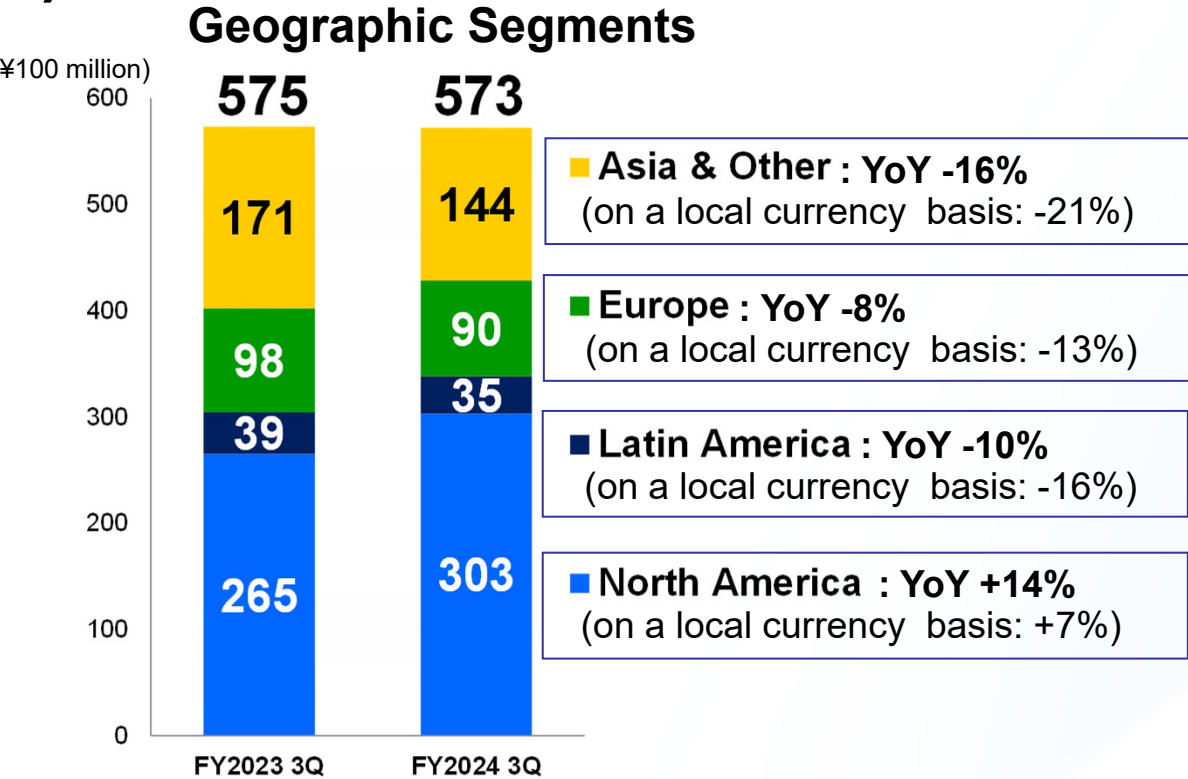
[Products] **Physiological Measuring Equipment:** Sales of EEGs achieved double-digit growth and sales of ECGs increased favorably. Sales of polygraphs for cath lab also increased. Sales of diagnostic information systems decreased compared to the strong growth in FY2023 3Q.

Patient Monitors: Sales of telemetry systems and transmitters increased favorably. Sales of consumables such as sensors also increased. Sales of clinical information systems decreased compared to the strong growth in FY2023 3Q.

Treatment Equipment: Sales of AEDs achieved double-digit growth. Sales of ventilators and defibrillators also increased.

Other Medical Equipment: Sales of locally purchased products decreased. Sales of hematology instruments and reagents, and maintenance services for medical devices increased favorably.

5) Overseas Sales



Percentage of overseas sales to consolidated sales

FY2023 3Q	FY2024 3Q
9 months	9 months
36.9%	36.2%

Sales by Product Category

(Sales, millions of yen)

	FY2023 3Q	FY2024 3Q	YoY (%)
	9 months	9 months	
Physiological Measuring Equipment	7,792	7,569	-2.9
Patient Monitors	25,879	28,491	10.1
Treatment Equipment	18,358	15,162	-17.4
Other Medical Equipment	5,540	6,099	10.1
Total Sales	57,571	57,323	-0.4

-6% on a local currency basis
 (-3% on a local currency basis excluding impact of change in fiscal term of Defibtech in FY2023)

[Region] **North America:** Sales of patient monitors and ventilators achieved double-digit growth, while sales of AEDs decreased.
Latin America: Sales decreased mainly in Costa Rica and Columbia compared to the strong performance in FY2023 3Q. Sales in Mexico increased favorably.
Europe: Sales decreased, as sales of AEDs decreased mainly in the U.K. and the Netherlands, while sales in Germany and Turkey increased.
Asia & Other: Sales in China decreased. Sales in the Middle East & Africa also decreased compared to the strong growth due to large orders in Morocco in FY2023 3Q.

[Products] **Physiological Measuring Equipment:** Sales of both EEGs and ECGs decreased in Asia & Other, mainly in China. Sales of EEGs in Latin America and Europe achieved double-digit growth. Sales of ECGs in Europe also showed double-digit growth.
Patient Monitors: Sales in North America achieved double-digit growth. Sales in Europe also increased. Sales in Asia & Other and Latin America decreased.
Treatment Equipment: Sales of AEDs decreased due to the impact of a change in the fiscal term of Defibtech in FY2023, and inventory adjustments at distributors in each region. Sales of ventilators increased significantly in North America and Asia & Other .
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)

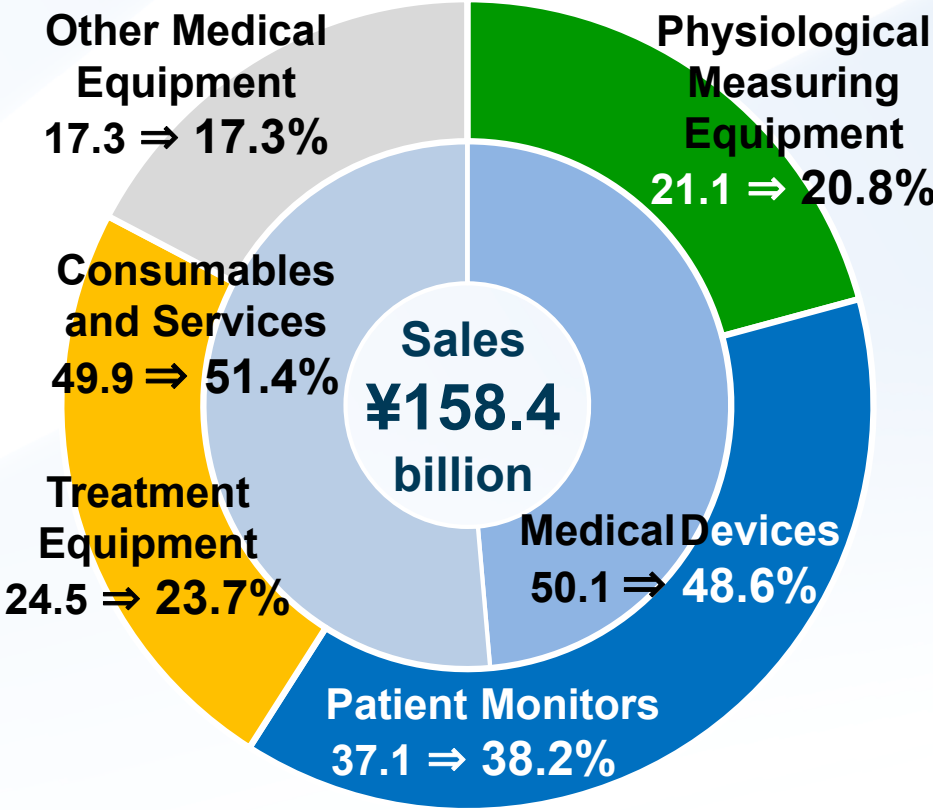
	FY2023 3Q 9 months	FY2024 3Q 9 months	YoY (%)
Physiological Measuring Equipment	33,021	32,953	-0.2
Patient Monitors	57,908	60,579	4.6
Treatment Equipment	38,258	37,538	-1.9
Other Medical Equipment	26,980	27,405	1.6
Total Sales	156,169	158,476	1.5

(Reference)

Medical Devices	78,302	77,046	-1.6
Consumables and Services	77,866	81,430	4.6

Sales composition by product category

(FY2023 3Q ⇒ FY2024 3Q)



(Ref.) Breakdown of Sales by Product Category

(Billions of yen)

Physiological Measuring Equipment	FY2023 3Q 9 months	FY2024 3Q 9 months
Electroencephalographs	7.0	7.4
Electrocardiographs	4.6	4.5
Polygraphs for Cath Lab	12.9	13.1
Diagnostic Information Systems	4.4	3.5
Other Physiological Measuring Equipment *	3.8	4.1

*Includes products of other companies.

Treatment Equipment	FY2023 3Q 9 months	FY2024 3Q 9 months
Defibrillators (for Hospital and Ambulance)	6.0	5.8
AEDs (Automated External Defibrillator)	19.7	17.1
Pacemakers / ICDs	1.9	1.8
Ventilators	4.7	6.4
Other Treatment Equipment	5.8	6.2

Patient Monitors	FY2023 3Q 9 months	FY2024 3Q 9 months
Patient Monitors	57.9	60.5
Clinical Information Systems	3.8	2.9

Other Medical Equipment	FY2023 3Q 9 months	FY2024 3Q 9 months
Hematology Instruments	8.9	9.5
Imaging Systems and Others *	18.0	17.8

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

8) Cash Flows

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

	FY2023 3Q 9 months	FY2024 3Q 9 months	Change
I . Cash flows from operating activities	7,768	6,291	-1,476
II . Cash flows from investing activities	-3,217	-23,233	-20,015
Free cash flows	4,550	-16,941	-21,491
III . Cash flows from financing activities	-5,965	4,585	10,551
Effect of exchange rate change on cash and cash equivalents	1,562	536	-1,026
Net increase (decrease) in cash and cash equivalents	148	-11,818	-11,967
Cash and cash equivalents at end of period	44,136	38,058	-6,077

	FY2023 3Q	FY2024 3Q	Change
Income before income taxes	13,255	13,274	+18
Decrease (increase) in inventories	-2,498	-1,184	+1,314
Income taxes paid	-6,503	-9,654	-3,151

	FY2023 3Q	FY2024 3Q	Change
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	-18,869	-18,869

	FY2023 3Q	FY2024 3Q	Change
Net increase (decrease) in short-term borrowings	25	25,290	+25,265
Purchase of treasury shares	-0	-6,359	-6,358
Decrease (increase) in deposits paid	—	-7,687	-7,687

[Planned to acquire own shares]

Acquisition period : From August 5, 2024 to March 31, 2025

Total amount of share acquisition costs as of December 31, 2024 :

¥6.3 billion out of the upper limit of ¥10 billion

9) Capital Investments and R&D Costs

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

	FY2023 3Q 9 months	FY2024 3Q 9 months	Change	FY2023 Actual	FY2024	
					Original forecast announced May 13	Revised forecast announced Nov 7
Capital Investments	3,202	4,984	1,782	4,978	10,300	10,300
Depreciation	2,649	2,959	310	3,704	4,500	4,400
R&D costs	5,011	4,948	-62	6,996	7,500	7,400

● 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

Total investments: approx. ¥11.0 bil < **FY2022: ¥2.3 bil**
(Acquisition of the site)
 ~FY2024: ¥4.1 bil, FY2025~: ¥4.6 bil
 (Building and facilities)

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



*Image

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

10) Forecast for FY2024

	FY2023	FY2024 Forecast		YoY (%)
	Actual	Original forecast announced May 13	Revised forecast announced Nov 7	
Sales	221,986	229,000	227,000	2.3
Domestic Sales	142,370	147,000	147,000	3.3
Overseas Sales	79,615	82,000	80,000	0.5
Gross Profit (Gross Profit Margin)	111,346 50.2%	118,000 51.5%	116,300 51.2%	4.4
Operating Income (Operating Income Margin)	19,591 8.8%	23,000 10.0%	20,500 9.0%	4.6
Ordinary Income	25,589	23,000	18,000	-29.7
Income Attributable to Owners of Parent	17,026	16,000	12,000	-29.5
Percentage of overseas sales	35.9%	35.8%	35.2%	

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

-3% on a local currency basis
±0% on a local currency basis excluding impact of change in fiscal term of Defibtech in FY2023

Breakdown of overseas sales by region

	FY2023	FY2024 Forecast		YoY (%)
	Actual	Original forecast announced May 13	Revised forecast announced Nov 7	
North America	37,058	38,100	40,400	9.0
Latin America	6,039	5,200	5,200	-13.9
Europe	13,104	12,400	12,000	-8.4
Asia & Other	23,413	26,300	22,400	-4.3
Total	79,615	82,000	80,000	0.5

Average exchange rate

1 US Dollar	143.9 yen	140 yen	149 yen
1 EURO	156.8 yen	150 yen	160 yen

*The assumed exchange rates for FY2024 4Q are 152 yen to the U.S. dollar and 164 yen to the euro.

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

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

	FY2023 Actual	FY2024 Forecast			YoY (%)
		Original forecast announced May 13	Revised forecast announced Nov 7	Composition ratio (%)	
Physiological Measuring Equipment	46,517	47,900	46,900	20.7	0.8
Patient Monitors	84,130	87,200	86,900	38.3	3.3
Treatment Equipment	51,665	53,200	53,200	23.4	3.0
Other Medical Equipment	39,673	40,700	40,000	17.6	0.8
Total	221,986	229,000	227,000	100.0	2.3

(Reference)

Medical Devices	115,638	117,900	114,700	50.5	-0.8
Consumables and Services	106,347	111,100	112,300	49.5	5.6

Estimated Exchange Rate Fluctuations for Full Fiscal Year

	Sales	Operating Income
US Dollar	0.39 bil yen	0.12 bil yen
EURO	0.06 bil yen	0.02 bil yen

11) Topics - Implement the reform of the profit structure

FY2026 Target
OPM improvement 5%pt

- ✓ Expect 50 bps improvement in profit margin as planned in FY2024, benefitting from the reform.
- ✓ Completed development of most of the measures and current estimates suggest 70% of the target is expected to be realized by the end of FY2026.
- ✓ Further accelerate implementing measures in three key areas to improve profitability.

Area	Theme	Details of measures	OPM improvement targets/estimations*	Progress as of FY2024 3Q
Product mix	Sale pricing	<ul style="list-style-type: none"> ✓ Reviewing pricing policies both in Japan and overseas 	<p>Apx. 2%</p>	<ul style="list-style-type: none"> ✓ Japan: Raised selling prices of products in Oct. 2024 and consumables in Jan. 2025. Anticipated benefits generally align with the plan ✓ International: Started raising selling prices of products in certain regions ✓ Reviewed product line-ups and discontinued selling some in-house consumables with low shipment volumes
	Review of product line-up	<ul style="list-style-type: none"> ✓ Reviewing and optimizing the number of products ✓ Increasing in-house sales ratio 		
Productivity	Improving personnel productivity, including by utilizing generative AI	<ul style="list-style-type: none"> ✓ Improving operational efficiency by introducing generative AI: 1.4 mil hours per year ✓ Focusing on core jobs and reallocating resources: 900 k hours per year ✓ Reducing the increase of headcount and overtime hours 	<p>Apx. 2%</p>	<ul style="list-style-type: none"> ✓ Set targets and managed to reduce overtime hours ✓ Upfront investments such as installing licenses of generative AI in FY2024 is expected to contribute to improved productivity from FY2025 by restraining the increase of headcount ✓ Continued a zero-based cost management
	Reducing other expenses	<ul style="list-style-type: none"> ✓ Reducing infrastructure costs such as utility costs, rent, and communication expenses, and reviewing traveling costs 		
Supply chain	Optimizing parts procurement	<ul style="list-style-type: none"> ✓ Refining price negotiations with suppliers ✓ Promoting Value Analysis/Value Engineering 	<p>Apx. 1%</p>	<ul style="list-style-type: none"> ✓ Continued price negotiations under inflation ✓ Additional cost reduction measures are under consideration

* Image of estimated margin improvement as of FY2024 3Q. FY2025 forecasts are currently under review and will be announced in May 2025.

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