

Consolidated Financial Results for the 1st Quarter of the Fiscal Year Ending March 31, 2026 (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 1st Quarter of FY2025 (From April 1, 2025 to June 30, 2025)

(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	%
FY2025 1Q (3 months)	50,020	8.2	1,400	—	473	-71.7	137	-82.1
FY2024 1Q (3 months)	46,227	-5.1	-1,248	—	1,674	-71.1	766	-79.8

Note: Comprehensive income: FY2025 1Q: -1,157 million yen (—%) FY2024 1Q: 729 million yen (-86.6%)

	Net income per share - Basic	Net income per share - Diluted
	Yen	Yen
FY2025 1Q (3 months)	0.84	—
FY2024 1Q (3 months)	4.57	—

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, 2025.

(2) Consolidated Financial Conditions

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2025	247,066	177,528	71.2	1,078.25
As of March 31, 2025	258,276	181,294	69.5	1,101.11

Reference: Equity Capital: FY2025 1Q: 175,825 million yen FY2024: 179,552 million yen

2. Dividends

	Dividends per share				
	First quarter	Interim (Second quarter)	Third quarter	Year-end	Full-year
	yen	yen	yen	yen	yen
FY2024	—	15.00	—	16.00	31.00
FY2025	—				
FY2025 (Forecast)		16.00	—	16.00	32.00

Note: Revise of dividends forecast: None

3. Consolidated forecast for FY2025 (From April 1, 2025 to March 31, 2026)

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	Net income per share - Basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	Yen
Full year	240,000	6.5	24,000	15.9	24,000	17.8	15,000	91.99

Note: Revise of consolidated forecast: None

*** Notes**

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

Newly included: — companies (—)

Excluded: 2 companies (E-Staff Insurance Services Corporation,
Advanced Medical Predictive Devices, Diagnostics and Displays, LLC)

(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)

FY2025 1Q	170,961,960	shares
FY2024	170,961,960	shares

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

FY2025 1Q	7,897,432	shares
FY2024	7,897,392	shares

(iii) Average number of shares outstanding during the period

FY2025 1Q	163,064,558	shares
FY2024 1Q	167,793,252	shares

Notes:

1. Effective July 1, 2024, each share of common stock was split into two shares. "Average number of shares outstanding during the period" is calculated on the assumption that the stock split was implemented at the beginning of the fiscal year ended March 31, 2025.

2. Number of treasury shares, which are deducted from "Number of treasury shares at the end of the period" and "Average number of shares outstanding during the period," includes the Company's stock held by the trust of Employee Stock Ownership Plan.

* 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.

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1. Qualitative Information on Financial Results for the Period

(1) Operating Results Analysis

During the term under review (April 1, 2025 to June 30, 2025), the global economic outlook was increasingly uncertain due to the U.S. tariff policies as well as geopolitical risks. In Japan, business sentiment in medical institutions declined due to price and wage inflation, while each medical institution strove to implement task shifting and improve its operational efficiency. Internationally, overall demand for medical equipment remained steady, while there was uncertainty regarding proposed budget cuts to public health insurance in the U.S. and the effects of the economic slowdown in China. Medical institutions both in Japan and internationally have been promoting 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 their medical care.

Under these circumstances, Nihon Kohden continued the implementation of its Three-year Business Plan, BEACON 2030 Phase II, which started in FY2024. The Company aims to achieve targets for three indicators: growth, profitability, and capital efficiency, by implementing 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. As a result of these measures, domestic sales increased. Sales of AEDs showed strong growth in the PAD (public access defibrillation) market. Sales in the university and clinic markets also increased favorably. Sales in the private hospital market remained flat and sales in the public hospital market decreased. Sales of Treatment Equipment achieved double-digit growth and sales of Physiological Measuring Equipment increased favorably. Sales of Other Medical Equipment also increased, while sales of Patient Monitors decreased. As a result, domestic sales increased 4.0% over the first quarter of FY2024 to ¥30,686 million.

International: Sales in all regions increased. Overseas sales achieved double-digit growth on a comparable basis excluding the currency effect and the impact of the consolidation of Ad-Tech. Sales in North America showed double-digit growth, posting a significant increase in sales of neurology products including Ad-Tech as well as favorable sales of Treatment Equipment such as ventilators and AEDs. Sales of Patient Monitors remained flat on a comparable basis and decreased on a yen basis due to yen appreciation. Sales in Latin America increased, mainly in Brazil. Sales in Europe increased favorably, especially in Turkey, Italy, France, and the U.K. Sales in Asia & Other achieved double-digit growth, as sales in Thailand and Vietnam showed strong growth and sales in China also increased. Sales of Physiological Measuring Equipment and Treatment Equipment increased significantly, while sales of Patient Monitors and Other Medical Equipment decreased. As a result, international sales increased 15.5% over the first quarter of FY2024 to ¥19,334 million.

As a result of the above, overall sales during the term under review increased 8.2% over the first quarter of FY2024 to ¥50,020 million. Due to increased sales and the consolidation of Ad-Tech as well as favorable gross profit margin reflecting a decrease in inventory devaluation and higher selling prices, operating income of ¥1,400 million was recorded, compared to operating loss of ¥1,248 million in the first quarter of FY2024. Ordinary income decreased 71.7% to ¥473 million and income attributable to owners of parent decreased 82.1% to ¥137 million over the first quarter of FY2024, reflecting foreign exchange losses compared to gains in the same period of FY2024.

Consolidated Sales Results by Product Category

	(Millions of yen)	
	Three months ended June 30, 2025	
	Amount	Growth rate (%)
Physiological Measuring Equipment	12,600	+ 23.9
Patient Monitors	16,366	- 5.5
Treatment Equipment	13,058	+ 20.5
Other Medical Equipment	7,994	+ 1.1
Total	50,020	+ 8.2
Products	21,856	+ 2.5
Consumables and Services	28,163	+ 13.1
(Reference) Sales by Region		
Domestic Sales	30,686	+ 4.0
Overseas Sales	19,334	+ 15.5
North America	11,015	+ 18.7
Latin America	1,026	+ 3.3
Europe	2,919	+ 9.8
Asia & Other	4,373	+ 15.1

(Operating Results by Reporting Segments)

Japan: Sales increased 3.9% to ¥30,901 million and segment income decreased 13.2% to ¥1,541 million in the first quarter of FY2025.

North America: Sales increased 21.1% to ¥11,782 million and segment income was ¥348 million in the first quarter of FY2025 (Segment loss of ¥1,019 million in the first quarter of FY2024).

Rest of World: Sales increased 8.3% to ¥7,336 million and segment loss was ¥131 million in the first quarter of FY2025 (Segment loss of ¥59 million in the first quarter of FY2024).

(2) Financial Conditions Analysis

(i) Financial Position

Total assets at the end of the current fiscal period decreased by ¥11,210 million compared to the end of the previous fiscal year to ¥247,066 million.

Current assets decreased by ¥9,886 million to ¥173,198 million compared with the end of the previous fiscal year. This is mainly due to a decrease in notes and accounts receivable resulting from the collection from the end of the previous fiscal year.

Fixed assets decreased by ¥1,323 million to ¥73,867 million compared with the end of the previous fiscal year. This is mainly due to the depreciation of property, plant and equipment and intangible assets, as well as the impact of currency exchange rates.

Total liabilities at the end of the current fiscal period decreased by ¥7,443 million compared to the end of the previous fiscal year to ¥69,537 million. This is mainly due to a decrease in provision for bonuses, as well as accrued income taxes.

Total net assets at the end of the current fiscal period decreased by ¥3,766 million compared to the end of the previous fiscal year to ¥177,528 million. This was mainly due to a decrease in retained earnings, as well as foreign currency translation adjustments.

As a result, net assets per share decreased by ¥22.86 to ¥1,078.25 and the equity ratio increased by 1.7 percentage points from 69.5% at the end of the previous fiscal year to 71.2%.

(ii) Cash Flows

Cash and cash equivalents (hereinafter referred to as “funds”) on a consolidated basis at the end of the current fiscal period increased by ¥1,151 million compared with the end of the previous fiscal year to ¥44,213 million.

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

(Cash flows from operating activities)

Funds obtained from operating activities amounted to ¥5,911 million (expenditure of ¥544 million in the same period of the previous fiscal year). This is mainly due to income before income taxes of ¥472 million, a decrease in trade receivables of ¥13,768 million, an increase in inventories of ¥2,800 million, a decrease in provision of ¥3,207 million, income taxes paid of ¥3,545 million.

(Cash flows from investing activities)

Funds used in investing activities increased by ¥45 million year-on-year to ¥1,160 million. This is mainly due to the purchase of property, plant and equipment, amounting to ¥565 million, and the purchase of intangible assets, amounting to ¥587 million.

(Cash flows from financing activities)

Funds used in financing activities increased by ¥0 million year-on-year to ¥2,582 million. This is mainly due to cash dividends paid of ¥2,573 million.

(3) Consolidated Forecast for FY2025

As recent performance trends are in line with estimates, the Company reaffirms the forecast for FY2025, previously announced on May 13, 2025.

2. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheets



(Millions of yen)

	March 31, 2025	June 30, 2025
ASSETS		
Current assets:		
Cash and deposits	28,428	33,506
Notes and accounts receivable - trade	71,186	57,497
Securities	15,000	11,000
Merchandise and finished goods	32,879	34,675
Work in process	4,475	4,589
Raw materials and supplies	18,819	18,929
Other current assets	12,801	13,550
Allowance for doubtful accounts	-505	-549
Total current assets	183,085	173,198
Non-current assets:		
Property, plant and equipment	29,270	29,023
Intangible assets		
Goodwill	12,938	11,931
Other intangible assets	14,715	14,117
Total intangible assets	27,653	26,048
Investments and other assets		
Investment securities	4,117	4,191
Net defined benefit asset	7,251	7,344
Other investments and other assets	7,027	7,392
Allowance for doubtful accounts	-129	-131
Total investments and other assets	18,266	18,795
Total non-current assets	75,191	73,867
Total assets	258,276	247,066
LIABILITIES		
Current liabilities:		
Notes and accounts payable - trade	19,786	18,264
Short-term loans payable	26,030	26,034
Accrued income taxes	3,832	884
Provision for bonuses	4,585	1,236
Provision for product warranties	1,750	1,785
Other current liabilities	16,311	16,897
Total current liabilities	72,296	65,104
Non-current liabilities:		
Other non-current liabilities	4,685	4,433
Total non-current liabilities	4,685	4,433
Total liabilities	76,981	69,537
NET ASSETS		
Shareholders' equity:		
Capital stock	7,544	7,544
Capital surplus	9,663	9,665
Retained earnings	166,171	163,699
Treasury shares	-13,707	-13,709
Total shareholders' equity	169,672	167,200
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	1,089	1,192
Foreign currency translation adjustments	6,711	5,526
Remeasurements of defined benefit plans	2,079	1,905
Total accumulated other comprehensive income	9,879	8,624
Non-controlling interests	1,742	1,703
Total net assets	181,294	177,528
Total liabilities and net assets	258,276	247,066

(2) Consolidated Statements of Income

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Net sales	46,227	50,020
Cost of sales	24,370	23,703
Gross profit	21,857	26,316
Selling, general and administrative expenses	23,105	24,915
Operating income (loss)	-1,248	1,400
Non-operating income		
Interest income	57	45
Dividend income	66	61
Foreign exchange gains	2,741	—
Subsidy income	46	19
Reversal of allowance for doubtful accounts	—	21
Other, net	73	155
Total non-operating income	2,985	303
Non-operating expenses		
Interest expenses	8	107
Loss on valuation of investment securities	1	74
Foreign exchange losses	—	1,015
Other, net	52	33
Total non-operating expenses	62	1,231
Ordinary income	1,674	473
Extraordinary income		
Gain on sales of non-current assets	0	1
Total extraordinary income	0	1
Extraordinary losses		
Loss on sales of non-current assets	0	0
Loss on retirement of non-current assets	5	1
Total extraordinary losses	5	1
Income before income taxes	1,669	472
Income taxes	902	278
Net income	766	194
Income attributable to non-controlling interests	—	56
Income attributable to owners of parent	766	137

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Net income	766	194
Other comprehensive income		
Valuation difference on available-for-sale securities	85	103
Foreign currency translation adjustment	52	-1,281
Remeasurements of defined benefit plans, net of tax	-175	-173
Total other comprehensive income	-36	-1,351
Comprehensive income	729	-1,157
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	729	-1,118
Comprehensive income attributable to non-controlling interests	—	-39

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Cash flows from operating activities		
Income before income taxes	1,669	472
Depreciation and amortization	933	1,060
Increase (decrease) in provision	-288	-3,207
Increase (decrease) in net defined benefit asset or liability	-267	-367
Interest and dividend income	-123	-107
Interest expenses	8	107
Foreign exchange losses (gains)	-2,080	915
Loss (gain) on sales and retirement of property, plant and equipment	4	0
Decrease (increase) in notes and accounts receivable - trade	12,623	13,768
Decrease (increase) in inventories	82	-2,800
Increase (decrease) in notes and accounts payable - trade	-3,583	-1,022
Other, net	-4,263	590
Subtotal	4,713	9,410
Interest and dividend income received	113	89
Interest expenses paid	-11	-43
Income taxes paid	-5,360	-3,545
Net cash flows from operating activities	-544	5,911
Cash flows from investing activities		
Proceeds from sales of investment securities	6	—
Proceeds from sales of property, plant and equipment	3	1
Purchase of property, plant and equipment	-495	-565
Purchase of intangible assets	-490	-587
Other, net	-139	-9
Net cash flows from investing activities	-1,115	-1,160
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	-6	—
Proceeds from sales of treasury shares	—	1,616
Purchase of treasury shares	-0	-1,616
Cash dividends paid	-2,565	-2,573
Repayments of lease obligations	-9	-8
Net cash flows from financing activities	-2,581	-2,582
Effect of exchange rate change on cash and cash equivalents	1,157	-1,017
Net increase (decrease) in cash and cash equivalents	-3,083	1,151
Cash and cash equivalents at beginning of period	49,877	43,061
Cash and cash equivalents at end of period	46,794	44,213

(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, 2025, with the effects of deferred taxes reflected, by the amount of year-to-date income before income taxes.

(Additional Information)

(Changes in the Fiscal Year and Other Matters of Consolidated Subsidiaries)

Previously, Software Team Srl, a consolidated subsidiary whose fiscal year end was December 31, changed its fiscal year from end on December 31 to end on March 31. For the first quarter of FY2025, the Company has consolidated the six months from January 1, 2025, to June 30, 2025, and the impact of the change in the fiscal year end is adjusted through the consolidated statements of income.

(Segment Information)
Sales and Income by Reporting Segment

Three months ended June 30, 2024

(Millions of yen)

	Reporting Segment			Total	Adjustment (Note 2)	Amount on quarterly consolidated financial statement (Note 3)
	Japan	North America	Rest of World			
Net 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
Inter-segment sales or transfers	7,036	425	184	7,646	- 7,646	—
Total	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.

Three months ended June 30, 2025

(Millions of yen)

	Reporting Segment			Total	Adjustment (Note 2)	Amount on quarterly consolidated financial statement (Note 3)
	Japan	North America	Rest of World			
Net sales						
Revenue arising from contract with customers	30,901	11,782	7,336	50,020	—	50,020
Other revenue	—	—	—	—	—	—
Net sales to external customers	30,901	11,782	7,336	50,020	—	50,020
Inter-segment sales or transfers	6,714	639	234	7,588	- 7,588	—
Total	37,615	12,422	7,570	57,608	- 7,588	50,020
Segment income (loss)	1,541	348	- 131	1,758	- 357	1,400

(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 ¥357 million include ¥102 million for the unrealized gains on inventories and negative ¥460 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, 2025 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, 2025.

1. Outline of disposal

(1) Date of disposal	July 29, 2025
(2) Type and number of shares disposed	44,118 shares of the Company's common stock
(3) Disposal value	1,706.5 yen per share
(4) Total disposal value	75,287,367 yen
(5) Planned allottees	The Company's Directors (*): 3 persons, 12,831 shares The Company's Operating Officers: 16 persons, 31,287 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.

(Acquisition of Additional Shares of Consolidated Subsidiary)

1. Outline of the transaction

(1) Name of the constituent company and its business description

Name of the constituent company: NeuroAdvanced Corp.

Business description: Holding company of companies that are engaged in R&D, production, and sales of medical equipment

(2) Date of business combination

July 1, 2025 (deemed acquisition date)

(3) Legal form of business combination

Acquisition of shares from non-controlling shareholders

(4) Name of the combined combination

No change.

(5) Other matters concerning the outline of the transaction

As disclosed in the Notice of Acquisition of Additional Shares of Consolidated Subsidiary on July 2, 2025, the Company has received a notice for exercising a put option from NeuroNewCo, LP ("NNC-LP") on July 1, 2025 (U.S. time), and has acquired all of the shares (28.6%) of NeuroAdvanced Corp. ("NAC") held by NNC-LP. As a result, NAC and Ad-Tech became wholly owned subsidiaries of the Company, with July 1, 2025 designated as the deemed acquisition date.

2. Outline of the implementing accounting processes

In accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019), the transaction will be treated as a transaction with a non-controlling shareholder among common control transactions.

3. Matters to be reported in the case of acquisition of additional shares of a subsidiary

Acquisition cost of the acquired company and breakdown by type of consideration

Consideration for acquisition	Cash	¥7,433 million
Acquisition cost		¥7,433 million

4. Changes in the Company's interest in transactions with non-controlling shareholders

(1) Major causes of changes in capital surplus

Acquisition of additional shares of a subsidiary

(2) Amount of capital surplus decreased due to transactions with non-controlling shareholders

¥5,730 million