

Financial/Non Financial Summary

Long-term Vision	The CHANGE 2020									BEACON 2030		
	April 2010		April 2013			April 2017				April 2021 to March 2030		
	SPEED UP Ⅲ		Strong Growth 2017			TRANSFORM 2020				BEACON 2030 Phase I		
(Millions of yen unless otherwise stated)												
Fiscal year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Business results												
Net sales	132,538	153,194	160,803	165,522	166,285	174,249	178,799	185,007	199,727	205,129	206,603	221,986
Operating income	13,484	17,547	15,921	16,438	13,585	14,517	15,044	15,503	27,094	30,992	21,120	19,591
Income attributable to owners of parent*1	9,151	12,346	11,142	10,516	9,149	9,154	11,191	9,854	18,243	23,435	17,110	17,026
Financial position												
Current assets*2	95,181	106,515	118,389	112,929	119,235	120,687	132,211	129,020	156,140	171,875	172,500	184,333
Current liabilities*2	39,028	41,248	45,654	42,901	45,006	44,601	48,346	40,319	50,608	50,804	46,568	49,901
Total assets*2	116,800	130,917	146,755	144,270	152,806	157,910	169,717	167,786	193,030	210,201	216,728	233,233
Net assets	76,256	88,512	99,304	97,671	103,887	109,355	116,087	121,774	138,986	156,381	167,604	181,082
Cash flows												
Cash flows from operating activities	13,189	9,383	12,505	10,765	11,356	10,843	9,819	9,217	13,945	25,699	(2,513)	15,607
Cash flows from investing activities	(6,959)	(4,421)	(4,689)	(7,802)	(6,344)	(3,346)	(3,258)	(4,607)	(2,946)	(4,303)	(7,647)	(5,208)
Free cash flow	6,229	4,962	7,815	2,962	5,011	7,497	6,561	4,609	10,999	21,396	(10,161)	10,398
Cash flows from financing activities	(1,174)	(3,436)	(3,267)	(9,488)	(3,517)	(4,628)	(3,074)	(3,054)	(3,007)	(7,300)	(7,485)	(6,968)
Cash and cash equivalents	26,683	28,808	34,113	27,283	28,560	31,285	34,697	35,913	44,356	60,095	43,988	49,877
Per share information												
Net income (Yen)*3	208.31	281.03	126.83	120.12	106.81	106.92	131.43	115.72	214.21	276.51	203.28	202.45
Dividends (Yen)*4	52.0	70.0	70.0	35.0	35.0	35.0	35.0	35.0	55.0	67.0	61.0	61.0
Other												
R&D costs	6,424	7,108	5,745	5,910	6,466	7,226	7,243	6,731	6,357	5,711	6,200	6,996
Number of employees (Persons)	4,360	4,495	4,616	4,776	4,934	5,031	5,169	5,357	5,531	5,639	5,751	5,891
Number of shares issued at end of year (Thousands of shares)*5	45,765	45,765	45,765	89,730	89,730	89,730	88,730	88,730	88,730	88,730	88,230	88,230
Common Stock Price (fiscal year-end) (Yen)*6	3,280	4,115	3,275	2,798	2,489	2,961	3,290	4,060	3,230	2,951	3,590	4,004
Price Book Value Ratio (times)	1.89	2.04	2.90	2.45	2.05	2.31	2.41	2.84	1.98	1.59	1.80	1.86
Key performance indicators												
ROE (%)	12.7	15.0	11.9	10.7	9.1	8.6	9.9	8.3	14.0	15.9	10.6	9.8
Operating income margin (%)	10.2	11.5	9.9	9.9	8.2	8.3	8.4	8.4	13.6	15.1	10.2	8.8
Dividend payout ratio (%)	25.0	24.9	27.6	29.1	32.8	32.7	26.6	30.2	25.7	24.2	30.0	30.1

*1 The figures for FY2014 or earlier periods represent net income.

*2 Since the beginning of FY2018 ended March 31, 2019, the Company has applied the partial amendments to the Accounting Standard for Tax Effect Accounting (ASBJ No. 28, February 16, 2018). These accounting standards apply to FY2017 figures retrospectively.

*3 Effective April 1, 2015, each share of common stock was split into two shares. The Company calculates net income per share on the assumption that the stock split was conducted at the beginning of FY2014.

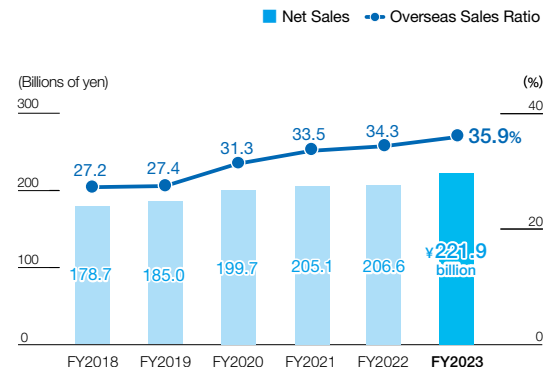
*4 Effective April 1, 2015, each share of common stock was split into two shares. The figures for FY2014 or earlier periods represent dividends per share based on the number of shares before the said stock split.

*5 Effective April 1, 2015, each share of common stock was split into two shares.

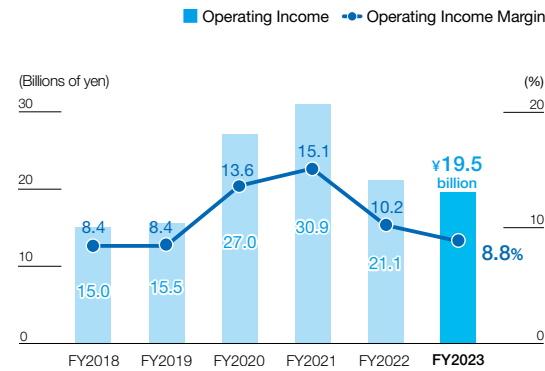
*6 Stock price at the end of FY2014 is ex-stock split.

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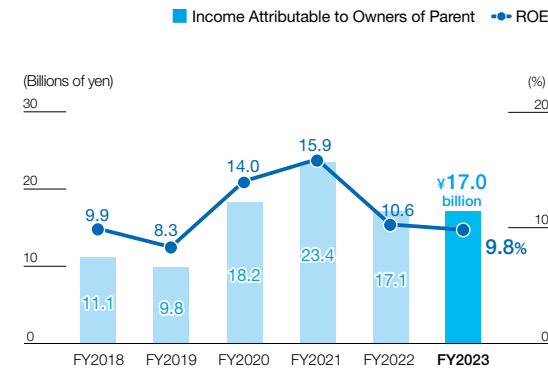
Net Sales/Overseas Sales Ratio



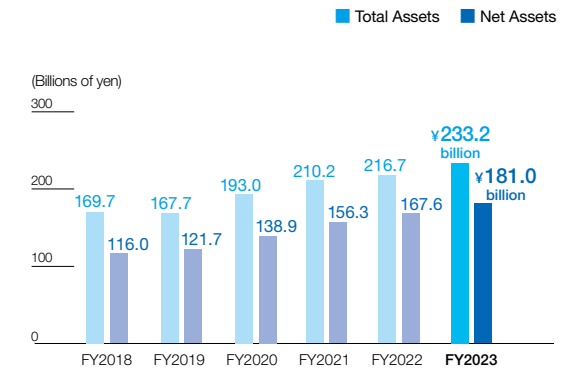
Operating Income/Operating Income Margin



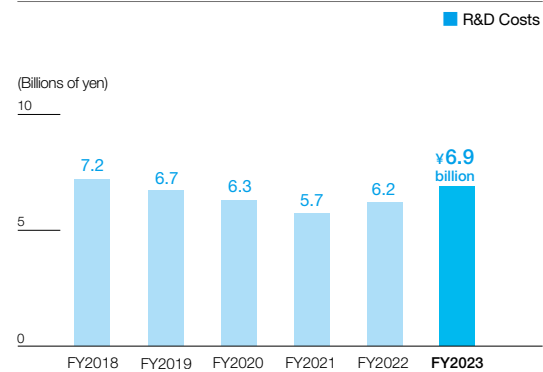
Income Attributable to Owners of Parent/ROE



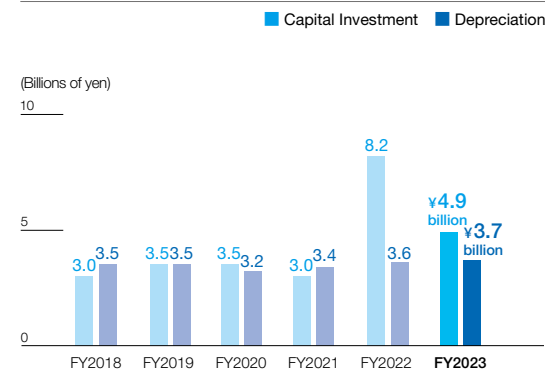
Total Assets/Net Assets



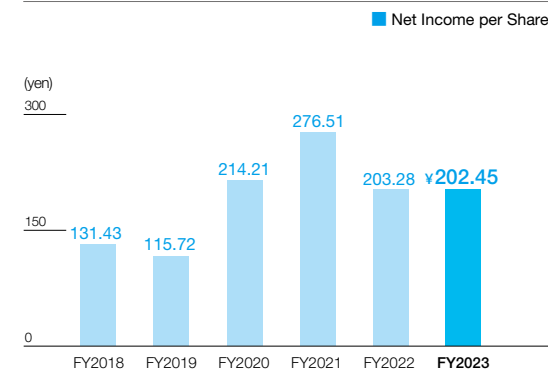
R&D Costs



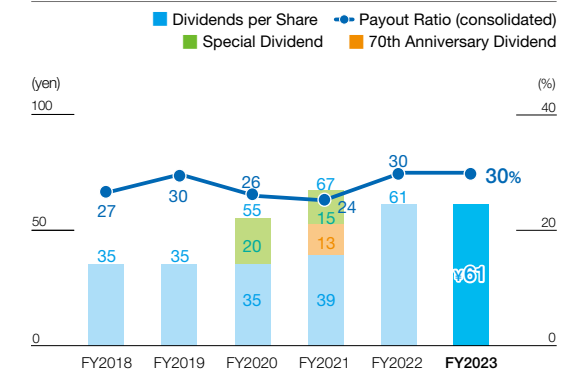
Capital Investment/Depreciation



Net Income per Share

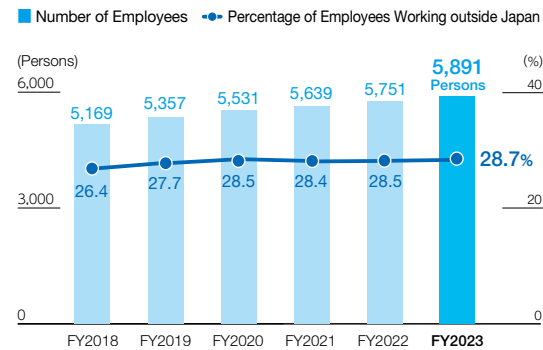


Dividends per Share/Payout Ratio (consolidated)

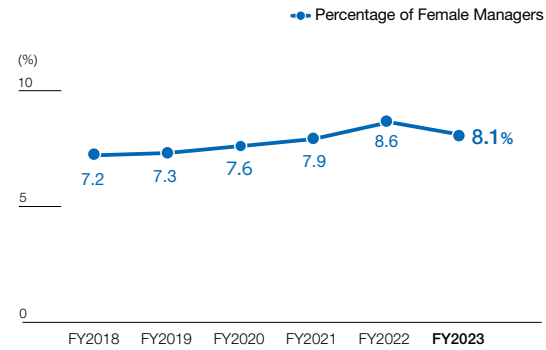


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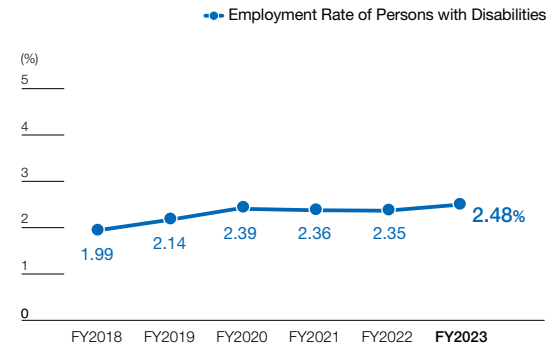
Number of Employees (Consolidated)/ Percentage of Employees Working outside Japan



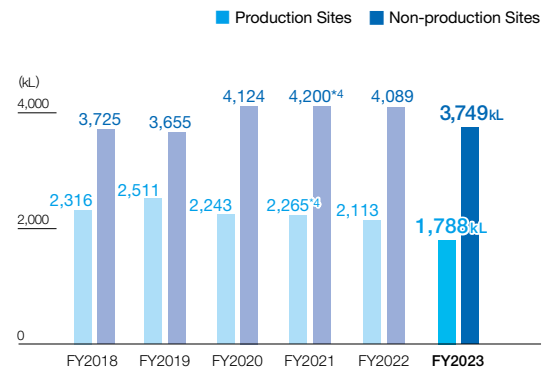
Percentage of Female Managers*1



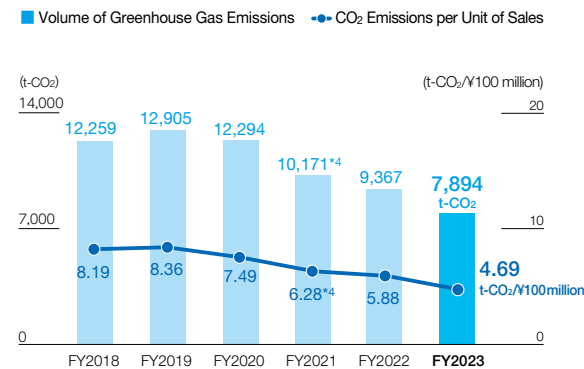
Employment Rate of Persons with Disabilities*1



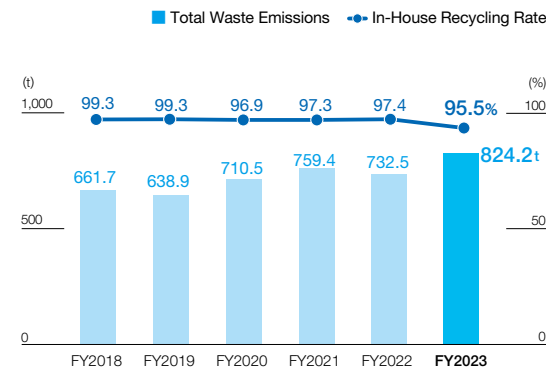
Total Energy Consumption (Barrels of Oil Equivalent (BOE))*2



Volume of Greenhouse Gas Emissions/ CO₂ Emissions per Unit of Sales*2



Total Waste Emissions/ In-House Recycling Rate*3



*1 The percentage of female managers and employment rate of person with disabilities are the combined totals for the parent company and the domestic sales branches.

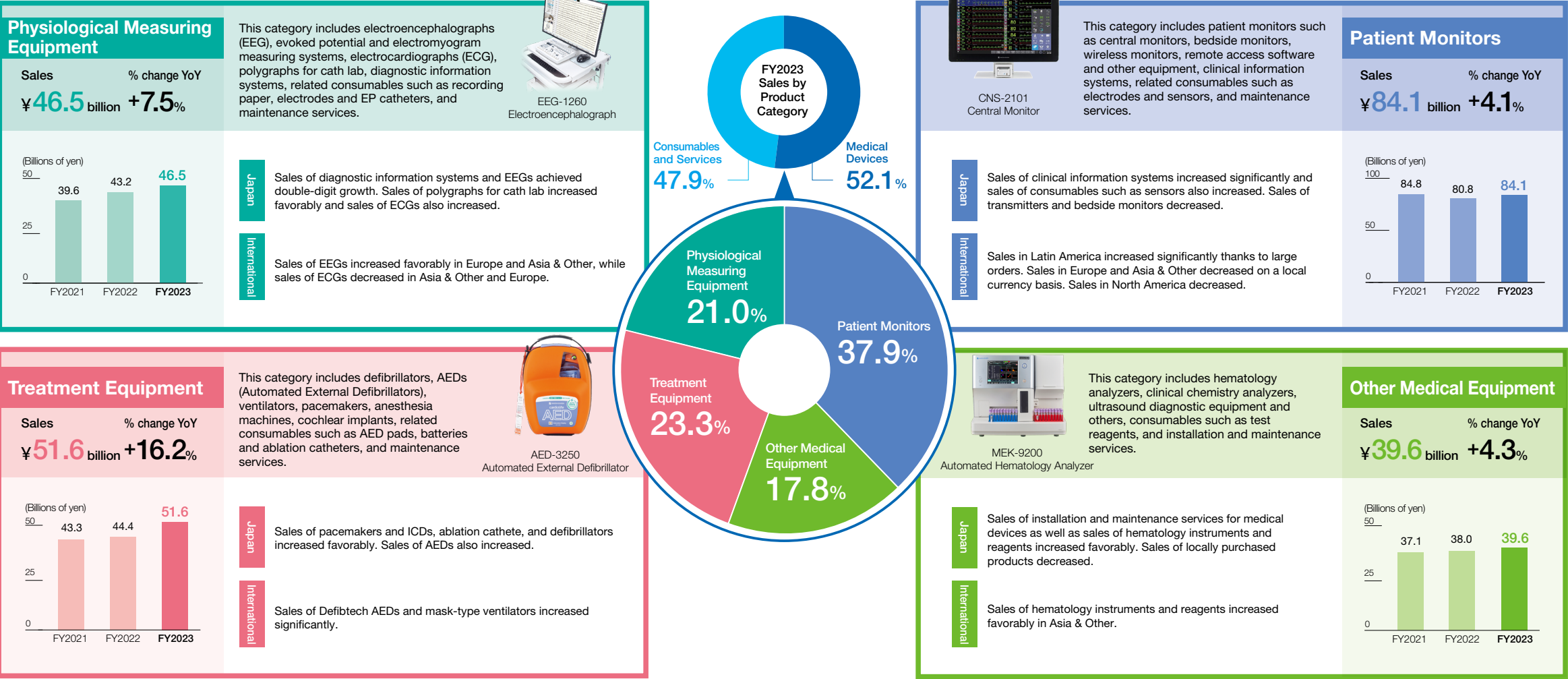
*2 The figures for total energy consumption and volume of greenhouse gas emissions/CO₂ emissions per unit of sales are the combined totals for the scope of ISO 14001 certification, including the parent company, and the domestic sales branches.

*3 The total waste emissions/in-house recycling rate for FY2020 are combined totals for the scope of ISO 14001 certification, including the parent company, and the Eastern Japan Logistics Center.

*4 The figures were revised from the previous year's report following third-party verification.

Business Report

Overview by Product Category (Consolidated)



FY2023 Sales by Product Category

Medical Devices 52.1%
Consumables and Services 47.9%

Physiological Measuring Equipment 21.0%
Treatment Equipment 23.3%
Other Medical Equipment 17.8%
Patient Monitors 37.9%

Management's Discussion and Analysis

Business Environment

In FY2023, 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 prefecture revised its healthcare system, and task shifting and operational efficiency were further required in medical institutions, because work style reforms for medical staff took effect in April 2024. Medical equipment companies were strongly required to provide solutions which contribute to improving the quality and efficiency of medical care. Internationally, overall demand for medical equipment which contributes to easing medical staff workload remained steady, while the shortage of nurses and inflation of prices in the U.S. and Europe as well as the economic slowdown and anti-corruption campaign in China continued to have a negative impact.

Review of Operations

In FY2023, Nihon Kohden implemented its Three-year Business Plan, BEACON 2030 Phase I, which sets FY2023 as its final year. The Company formulated the basic policies of the plan as follows: i) Embracing sustainability across business and corporate activities, ii) Ensuring strict compliance and strengthening group governance, iii) Improving the profitability of existing businesses and making strategic upfront investments, and iv) Establishing global SCM and strengthening core functions of operations. The Company introduced its first syringe pump control software for assisting with total intravenous anesthesia in Japan. The Company also launched a home sleep recorder and a next-generation automated chest compression device, both of which were developed in North America, as well as affordable models of bedside monitors developed in Shanghai. The Company strengthened its overseas business structure through reorganizing its U.S. subsidiaries into a holding company structure in April 2023 and completing the transition in January 2024. As a result, overall sales for FY2023 increased 7.4% over FY2022 to ¥221.9 billion.

Sales by Region

■ 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 initiatives, sales in all markets and all product categories increased. Sales in the public hospital and private hospital markets increased favorably driven by IT system solutions. Sales in the clinic market increased favorably and sales in the university market also increased. Sales of Physiological Measuring Equipment and Treatment Equipment increased favorably. Sales of Patient Monitors and Other Medical Equipment also increased. As a result, domestic sales increased 4.9% over FY2022 to ¥142.3 billion.

■ International

Overseas sales showed double-digit growth due to yen depreciation and the impact of a change in the fiscal term of Defibtech, LLC* according to the reorganization of subsidiaries in the U.S. In the Americas, sales in North America and Latin America showed double-digit growth. In North America, sales of Treatment Equipment increased significantly, while sales of Patient Monitors decreased. In Latin America, a large order in Costa Rica contributed to the sales increase. Sales in Mexico and Columbia also showed strong growth. Sales in Europe decreased on a comparable basis and increased on a yen basis. Sales in Germany and Russia decreased, while sales in Netherlands and Italy increased favorably. In Asia & Other, sales in the Middle East and Africa increased significantly, thanks to a large order in Morocco. Sales in Taiwan and Vietnam also increased favorably. Sales in China decreased due to the impact of the anti-corruption campaign from the third quarter of FY2023. As a result, overseas sales increased 12.3% over FY2022 to ¥79.6 billion.

* Defibtech, LLC changed its fiscal term from end on December 31 to end on March 31, according to Nihon Kohden's reorganization of its U.S. subsidiaries. In FY2023 ended March 31, 2024, Nihon Kohden consolidated the 15 months of Defibtech's operating results from January 1, 2023 to March 31, 2024.

Management’s Discussion and Analysis

Operating Results by Reporting Segments

Japan	Sales increased 5.2% to ¥143.9 billion and segment income decreased 8.4% to ¥20.6 billion in FY2023.
North America	Sales increased 19.2% to ¥41.9 billion and segment loss was ¥2.2 billion in FY2023 (Segment loss of ¥1.1 billion in FY2022).
Rest of World	Sales increased 4.3% to ¥36.0 billion and segment income increased 57.0% to ¥2.3 billion in FY2023.

Cost of Sales, SGA Expenses, Operating Income, and Income Attributable to Owners of Parent

Cost of sales increased 9.9% over FY2022 to ¥110.6 billion. The gross profit margin decreased by 1.1 percentage points to 50.2% due to an increase in devaluation of inventories, and the gross profit on sales increased by 5.1% over FY2022 to ¥111.3 billion. SGA expenses increased 8.2% over FY2022 to ¥91.7 billion due to the strengthening of human resources and R&D investment. The ratio of SGA expenses rose 0.3 percentage points to 41.4%. R&D costs increased ¥0.7 billion year on year to ¥6.9 billion. The ratio of R&D costs to sales increased 0.2 percentage points to 3.2%. As a result, operating income decreased 7.2% to ¥19.5 billion. Ordinary income increased 6.1% to ¥25.5 billion, reflecting foreign exchange gains. Income attributable to owners of parent decreased 0.5% to ¥17.0 billion because of an increase in the tax burden ratio due to an impact of losses before income taxes in some subsidiaries of the Company, while gain on revision of retirement benefit plan was recorded as extraordinary income.

Assets, Liabilities, and Equity

■ Assets

Total assets at the end of FY2023 increased by ¥16.5 billion compared to the end of the previous fiscal year. Current assets increased by ¥11.8 billion compared with the end of the previous fiscal year. This

was mainly due to an increase in cash and deposits, accounts receivable (trade), securities (negotiable certificates of deposit) resulting from increasing the sales. Fixed assets increased by ¥4.6 billion compared with the end of the previous fiscal year. This was mainly due to a decrease in deferred tax assets, as well as an increase in net defined benefit asset resulting from the influence of the revision of retirement benefit plans.

■ Liabilities and Equity

Total liabilities increased by ¥3.0 billion compared to the end of the previous fiscal year, mainly due to an increase in accrued income taxes. Total net assets increased by ¥13.4 billion compared to the end of the previous fiscal year, mainly due to an increase in retained earnings. Equity ratio increased by 0.3 percentage points to 77.6%.

■ Cash Flows

Funds provided by operating activities totaled ¥15.6 billion (expenditure of ¥2.5 billion in the previous year). This is mainly due to income before income taxes of ¥29.3 billion, a decrease in inventories of ¥3.8 billion, an increase in trade receivables of ¥4.0 billion, a decrease in trade payables of ¥4.9 billion. Funds used in investing activities decreased by ¥2.4 billion year-on-year to ¥5.2 billion. This is mainly due to the purchase of property, plant and equipment, amounting to ¥3.6 billion, and the purchase of intangible assets such as PLM/MES systems, amounting to ¥1.1 billion. Funds used in financing activities decreased by ¥0.5 billion year-on-year to ¥6.9 billion. This is mainly due to cash dividends paid of ¥5.9 billion and purchase of treasury shares of ¥1.1 billion. Cash and cash equivalents at the end of FY2023 increased by ¥5.8 billion compared to the end of the previous fiscal year to ¥49.8 billion.

■ ROE

ROE in FY2023 was 9.8%, below the target of 10%. This was due to a decline in the net profit margin.