

# Corporate Value Creation Model

Through its business activities based on its Management Philosophy, Nihon Kohden is working to address social issues and offer value to society as well as attain sustainable development and enhance the corporate value of the Group.

## Realization of the Company's Management Philosophy

**Long-term Vision**

**Illuminating Medicine for Humanity**

Operating margin **15%**

Overseas sales ratio **45%**

- Social and Medical Issues Addressed by Nihon Kohden**
- Social Issues**
- Demographic changes
  - Changes in structure of diseases
  - Climate change/Natural disasters
- Medical Issues**
- Increases in medical expenses
  - Ensuring quality of medical care
- Trends in Medical Device Industry**
- Accelerating digitalization
  - Changes in logistics environment
  - Response to new work-styles
  - Tighten laws/regulations

### INPUT

**Main Investment Capital**

**Financial Capital**

- **Sound financial structure**  
Current ratio **370%** (FY2022)

**Human Capital**

- **Diverse employees**  
Number of employees **5,751**  
Of which, Overseas 1,641 people (As of March 31, 2023)

**Intellectual Capital**

- **Proactive R&D investment**  
R&D costs **¥6.2 billion** (FY2022)
- **Innovative technological development capabilities**  
Number of new products released **13 items** (FY2022)

**Manufacturing Capital/  
Social Capital**

Number of bases in Japan and overseas

In Japan	<b>114</b> sales offices
Overseas	<b>26</b> group companies

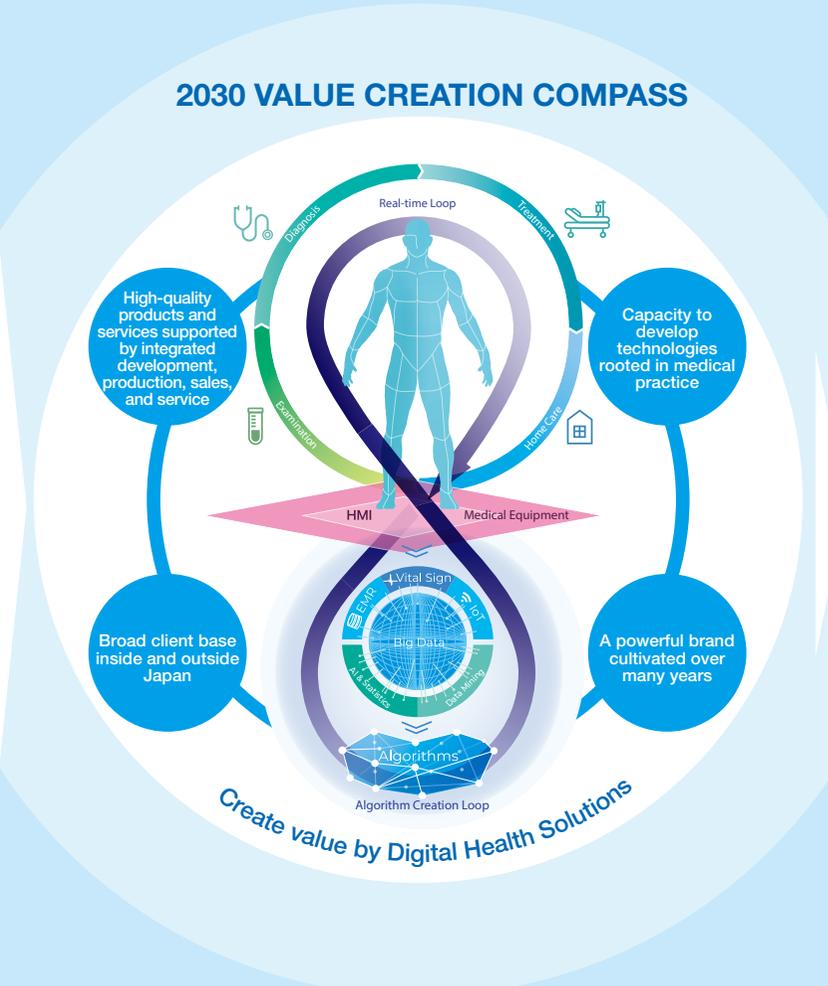
Areas in which products deployed

Over	<b>120</b> countries (As of March 31, 2023)
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**Natural Capital**

CO<sub>2</sub> Emissions per unit of sales **5.88 t-CO<sub>2</sub>/¥100 million** (FY2022)

Recycling rate **97.4%** (FY2022)



### OUTPUT

**Targets of the Three-year Business Plan**

FY2023 ending March 2024

Sales	<b>¥197 billion</b>
Domestic Sales	<b>¥134 billion</b>
Overseas Sales (Overseas Sales Ratio)	<b>¥63 billion (32.0%)</b>
Operating income (Operating income margin)	<b>¥20 billion (10.2%)</b>
Net income	<b>¥13.8 billion</b>
ROE	<b>10%</b>

Results in FY2022

Physiological Measuring Equipment		
Net Sales	Composition ratio	
<b>¥43.2 billion</b>	<b>21.0%</b>	The ECG-3250 Electrocardiograph
Patient Monitors		
Net Sales	Composition ratio	
<b>¥80.8 billion</b>	<b>39.1%</b>	The CNS-2101 Central Monitor
Treatment Equipment		
Net Sales	Composition ratio	
<b>¥44.4 billion</b>	<b>21.5%</b>	The AED-3250 Automated External Defibrillator
Other Medical Equipment		
Net Sales	Composition ratio	
<b>¥38.0 billion</b>	<b>18.4%</b>	The MEK-9200 Automated Hematology Analyzer

### OUTCOME

**Creating social value**

**Financial Capital**

- Investment funds for sustainable growth
- Return to shareholders

**Human Capital**

- Job creation
- Fostering a corporate culture in which employees take pride in contribution to healthcare and to our mission

**Intellectual Capital**

- Technology such as AI and green technology, that is the source of value co-creation

**Social Capital**

- Improving quality of life (QOL) for patients
- Improving resuscitation rates by expanding access to AEDs

**Natural Capital**

- Realizing a carbon-free society
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**Production Capital**

- Value chain which pursues the highest level of quality in the world

# Value Creation Compass toward 2030

## Toward Better Patient Outcomes and Improving the Economy of Medical Care

The Value Creation Compass is our new value creation model that represents how Nihon Kohden will work to solve medical and social issues by 2030. Nihon Kohden will combine our original technologies and clinical expertise with advanced technology in collaboration with global partners, to create valuable solutions that help solve issues in clinical sites.

- **Patient outcomes and economy of medical care**

We aim to create value that addresses global medical issues of achieving better patient outcomes and improving the economy of medical care.

- **Suitable solutions for each disease and clinical site**

We aim to provide the optimal care cycle solution for each patient, from examination, diagnosis, and treatment to home care.

- **HMI technology and medical equipment**

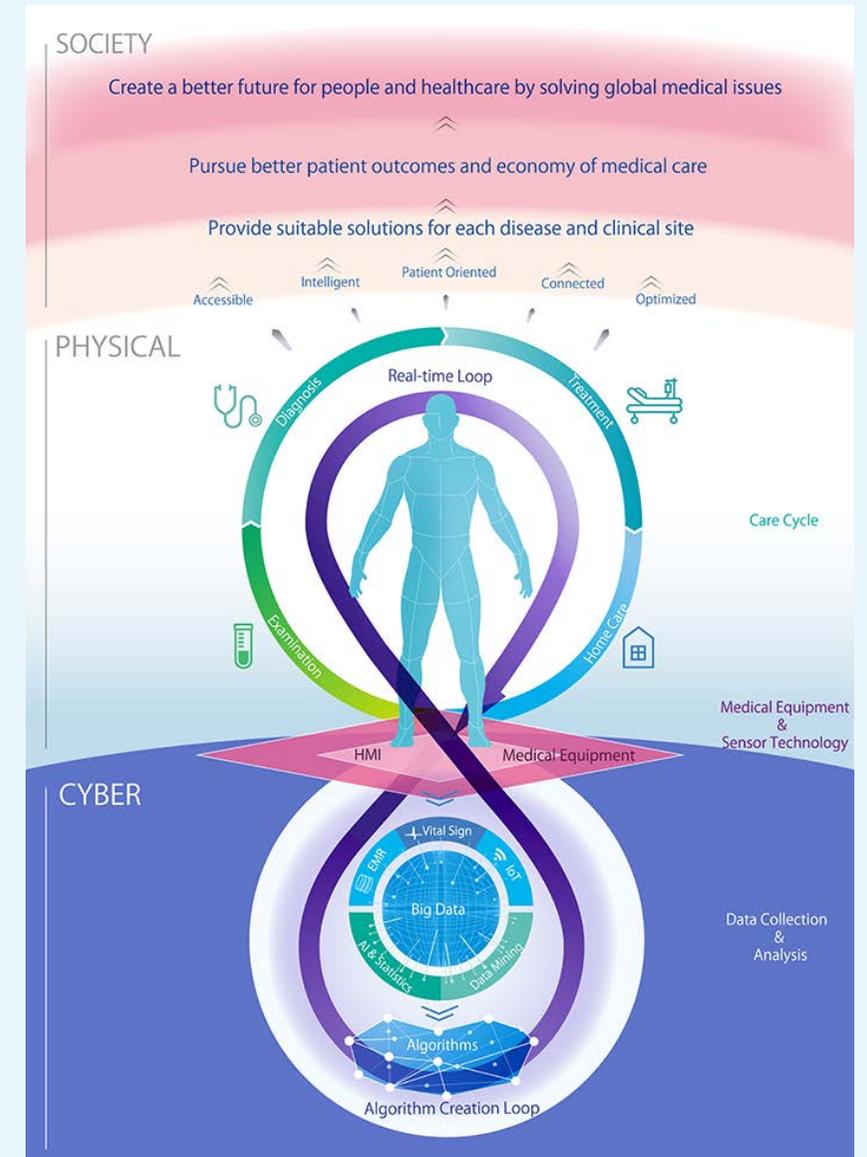
HMI technology is one of our core strengths and serves as an important touchpoint with patients throughout their clinical journey. HMI technology and medical equipment give us access to patients and clinical sites which enable us to create value.

- **Value creation from data gathered through clinical sites**

Nihon Kohden will develop a data integration platform and pioneer algorithms to create new value from information. Vital sign data, IoT data and EMR information will be integrated as a big data. Algorithms for clinical prediction models will be developed using AI and data analysis.

- **Real time loop to respond to clinical needs**

By combining HMI technology and medical equipment used in the medical field, and new algorithms created from big data analysis, we provide solutions that can respond to clinical needs in real time.



# Vision towards 2030 for the Future

Nihon Kohden will combine our original technologies and clinical expertise with advanced technology in collaboration with global partners to create valuable solutions that help solve issues in clinical sites.



## How do we bridge the final distance between AEDs and people to save every life possible?

We have been working to widely deploy AEDs to improve the survival rate.

But still we have challenges to address; training for first responders, reducing fears about AED use, sensing technology for early detection of cardiac arrest, a mobile app-based volunteer first responder network, and utilization of on-scene data and vital signs. We aim for a future in which the number of sudden cardiac deaths is one-third of the current level, through step by step efforts to reduce the psychological and physical barriers to AED use.

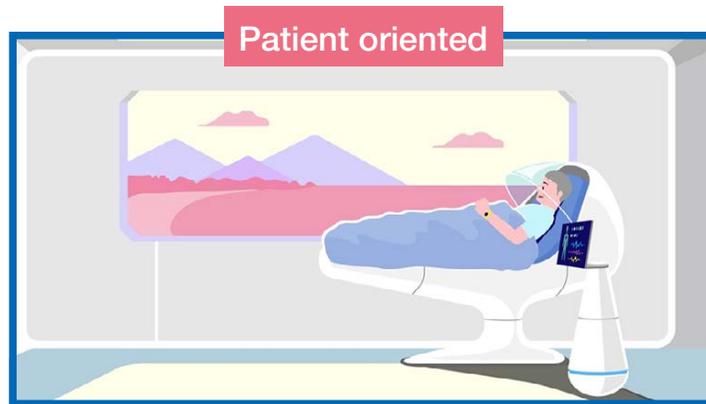
We are working hard to achieve a future where everyone can use AEDs without hesitation.



## Can we eliminate human error in operating rooms with advances in technology?

Surgery is a beacon of hope for patients who want to live. However, human error in operating rooms is still a cause of death. Especially in emerging countries, the mortality rates due to human error are estimated to be 100 to 1,000 times higher than in developed countries. We believe we will be able to solve this serious issue. Utilization of patients' vital signs and stable anesthetic management may be able to reduce the mortality rate due to human error to one-hundredth of the current level. Our aim is improving the safety of surgery by developing advances in technology and delivering these technologies beyond national borders to patients all over the world.

## Vision towards 2030 for the Future



### How do we design ICUs where patients can recover in peace and with dignity?

ICUs are intended to save patients' lives and help them make an early recovery. However, can patients really recover in peace, surrounded by a lot of machines and tubes?

Our ideal room offers patients a place to rest not only their bodies but also their mind. The changes in patients' conditions can be appropriately monitored to provide treatment at early stages. The temperature of the bed and the room brightness can also be comfortably adjusted according to the patients' conditions. We aim to design such an optimal environment for each patient and realize ICUs that are friendly to patients, families, and medical workers.



### Can we connect medicine and life, so that people can enjoy their time wherever they desire?

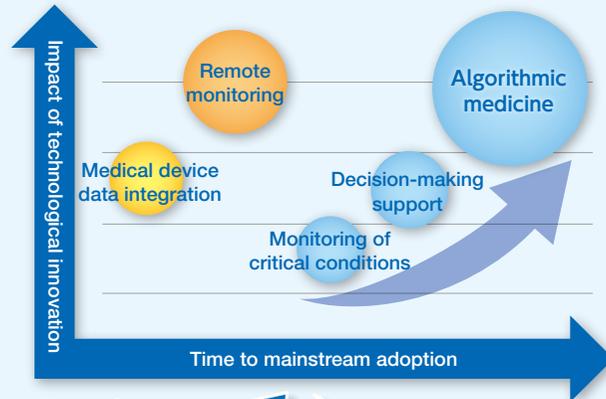
Patients feel anxious even when they want to go home; "My condition may get worse because I won't be able to receive the same treatment as when I was in hospital." or "Emergency situations may cause a burden for my family." Providing homecare with the same quality as hospital care will enable the early prediction and prevention of deteriorative conditions such as heart failure. Since many people live with illnesses in aging population, we aim to reduce the burden on patients, their families and hospitals by reducing readmission rates. We will continue to watch over the daily lives of people recovering from illness to help them enjoy their time wherever they desire.



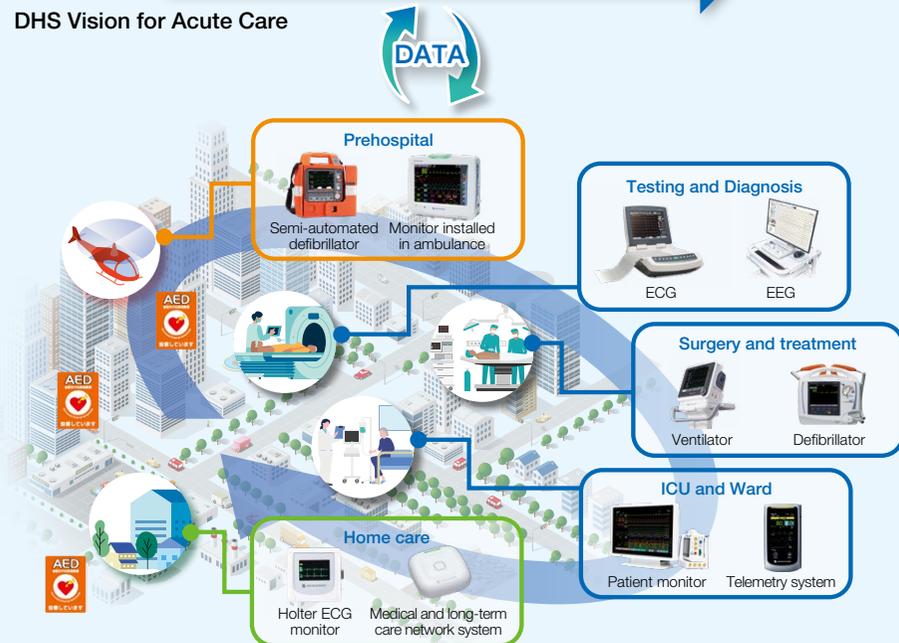
### How can we create a medical system with both quality and efficiency so that patients, families, and healthcare professionals all thrive?

Hospitals are working on improving their productivity and management. Medical workers want to spend as much time as possible for patients. Our goal is a "Win-Win" relationship in which everyone is happy. We collect and utilize the data from medical devices deployed in hospitals to allocate resources appropriately and optimize operation of the devices. This will enable medical workers to concentrate on patients and improve patient outcomes. As a result, patients can smoothly return to their daily lives after a short hospital stay. We aim to increase the "satisfaction with medical care" of all stakeholders by helping hospitals improve efficiency.

# Nihon Kohden's DHS (Digital Health Solutions) Vision



DHS Vision for Acute Care



DHS Vision for Regional Medical Care

Nihon Kohden is promoting the DHS (digital health solutions) Vision to realize its Long-term Vision toward 2030, BEACON 2030. Currently, we are investigating the creation of new customer value to solve specific issues in two areas: DHS Vision for Acute Care and DHS Vision for Regional Medical Care.

Under the DHS vision for acute care, we aim to provide application and services that utilize patients' vital sign data and medical device information in step with technological advances. In the area of medical device data integration, we will develop a platform for data input, including the use of new technologies such as medical device connectivity and wearable devices to obtain patients' vital sign data. In the area of remote monitoring, we will contribute to the development of telemedicine by enabling medical professionals to recognize, judge, and intervene with patients at a distance, in line with the progress of network technology and cloud computing. We plan to utilize the information acquired using the technologies of medical device data integration and remote monitoring to gradually develop solutions that only Nihon Kohden can provide.

Nihon Kohden's core technology is the Human Machine Interface, which is its unique data acquisition technology and the basis for utilizing data such as patients' vital signs. Going forward, we will create solutions that contribute to improving patient outcomes and economy of medical care by enhancing our data collection capabilities, strengthening our data analysis technologies and our ability to create algorithms, and integrating the HMI technology and medical equipment with network technologies such as remote monitoring.

Under the DHS vision for regional medical care, given Japan's declining birthrate and aging population, there is a growing need for a system that accepts high-risk patients from acute care hospitals to second line hospitals and convalescent hospitals. We aim to realize our DHS vision to support regional medical care by providing an IT system platform that links regional medical care support hospitals and general practitioners, leading to early detection and intervention for diseases.