

# Financial Summary



Millions of yen unless otherwise stated

Fiscal year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Business results</b>												
Net sales	113,380	120,718	132,538	153,194	160,803	165,522	166,285	174,249	178,799	185,007	199,727	205,129
Operating income	10,598	12,027	13,484	17,547	15,921	16,438	13,585	14,517	15,044	15,503	27,094	30,992
Income attributable to owners of parent*1	6,573	7,621	9,151	12,346	11,142	10,516	9,149	9,154	11,191	9,854	18,243	23,435
<b>Financial position</b>												
Current assets*2	75,366	82,742	95,181	106,515	118,389	112,929	119,235	120,687	132,211	129,020	156,140	171,875
Current liabilities*2	29,673	30,714	39,028	41,248	45,654	42,901	45,006	44,601	48,346	40,319	50,608	50,804
Total assets*2	92,495	99,403	116,800	130,917	146,755	144,270	152,806	157,910	169,717	167,786	193,030	210,201
Net assets	62,294	67,911	76,256	88,512	99,304	97,671	103,887	109,355	116,087	121,774	138,986	156,381
<b>Cash flows</b>												
Cash flows from operating activities	5,892	7,559	13,189	9,383	12,505	10,765	11,356	10,843	9,819	9,217	13,945	25,699
Cash flows from investing activities	(1,874)	(2,338)	(6,959)	(4,421)	(4,689)	(7,802)	(6,344)	(3,346)	(3,258)	(4,607)	(2,946)	(4,303)
Free cash flow	4,018	5,220	6,229	4,962	7,815	2,962	5,011	7,497	6,561	4,609	10,999	21,396
Cash flows from financing activities	(1,536)	(2,726)	(1,174)	(3,436)	(3,267)	(9,488)	(3,517)	(4,628)	(3,074)	(3,054)	(3,007)	(7,300)
Cash and cash equivalents	18,808	21,304	26,683	28,808	34,113	27,283	28,560	31,285	34,697	35,913	44,356	60,095
<b>Per share information</b>												
Net income (Yen)*3	149.62	173.49	208.31	281.03	126.83	120.12	106.81	106.92	131.43	115.72	214.21	276.51
Dividends (Yen)*4	44.0	44.0	52.0	70.0	70.0	35.0	35.0	35.0	35.0	35.0	55.0	67.0
<b>Other</b>												
R&D costs	5,105	5,583	6,424	7,108	5,745	5,910	6,466	7,226	7,243	6,731	6,357	5,711
Number of employees (Persons)	3,776	4,057	4,360	4,495	4,616	4,776	4,934	5,031	5,169	5,357	5,531	5,639
Number of shares issued at end of year (Thousands of shares)*5	45,765	45,765	45,765	45,765	45,765	89,730	89,730	89,730	88,730	88,730	88,730	88,730
<b>Key performance indicators</b>												
ROE (%)	10.9	11.7	12.7	15.0	11.9	10.7	9.1	8.6	9.9	8.3	14.0	15.9
Operating income margin (%)	9.3	10.0	10.2	11.5	9.9	9.9	8.2	8.3	8.4	8.4	13.6	15.1
Dividend payout ratio (%)	29.4	25.4	25.0	24.9	27.6	29.1	32.8	32.7	26.6	30.2	25.7	24.2

\*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.

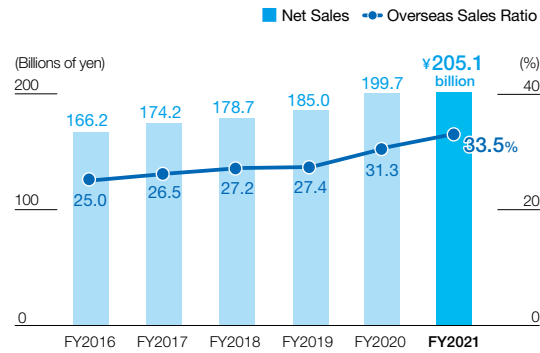
\*3 Effective April 1, 2015, each share of common stock was split into two shares. The Company calculates net income per share on the assumption that the stock split was conducted at the beginning of FY2014.

\*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.

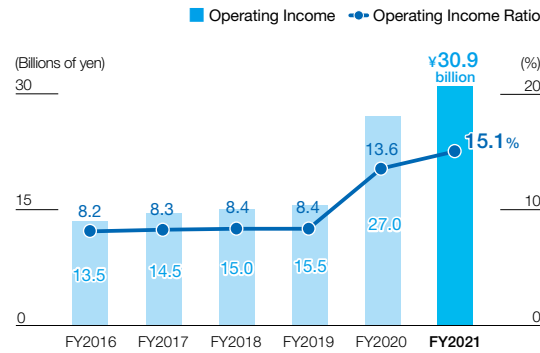
\*5 Effective April 1, 2015, each share of common stock was split into two shares.

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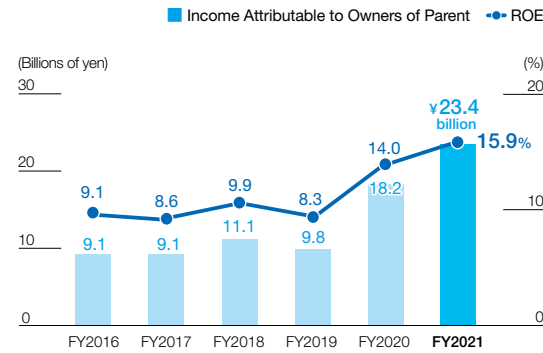
## Net Sales/Overseas Sales Ratio



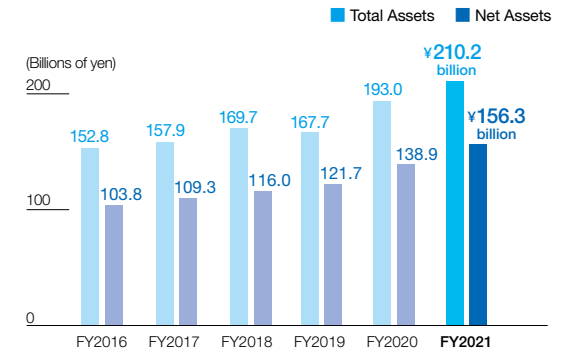
## Operating Income/Operating Income Ratio



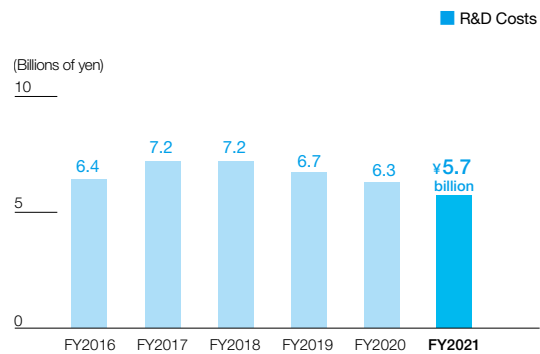
## Income Attributable to Owners of Parent/ROE



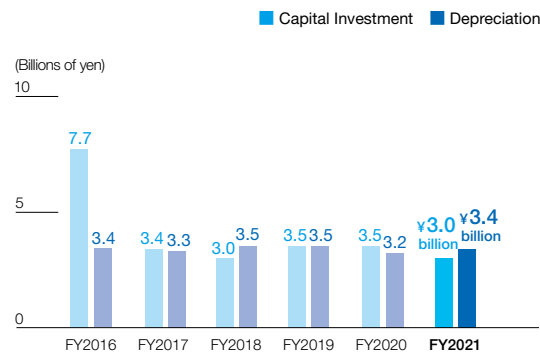
## Total Assets/Net Assets



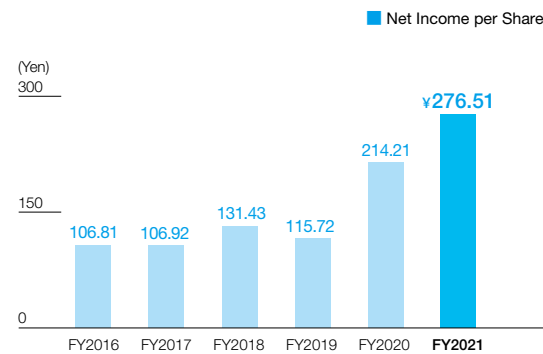
## R&D Costs



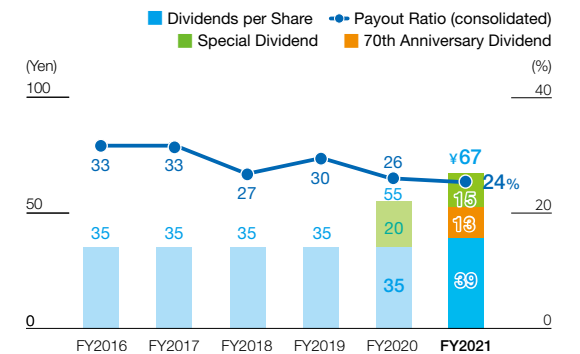
## Capital Investment/Depreciation



## Net Income per Share

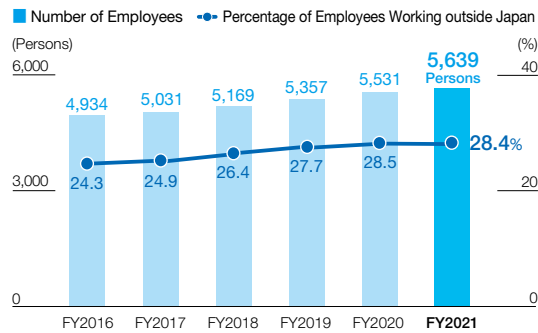


## Dividends per Share/Payout Ratio (consolidated)

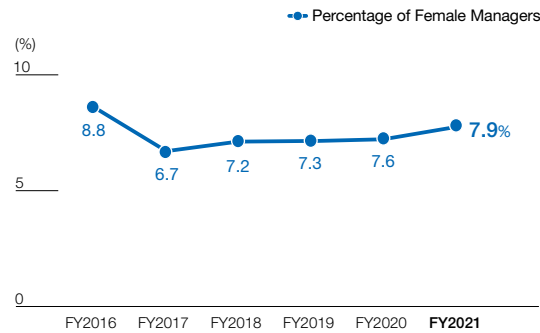


## Non-Financial Summary

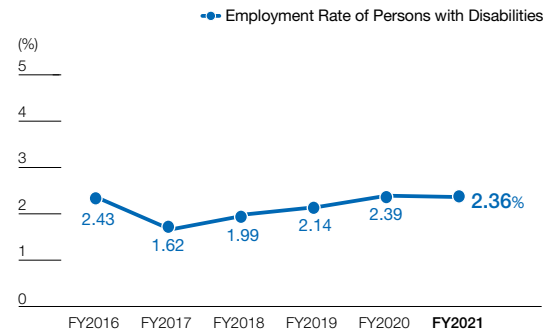
### Number of Employees/Percentage of Employees Working outside Japan



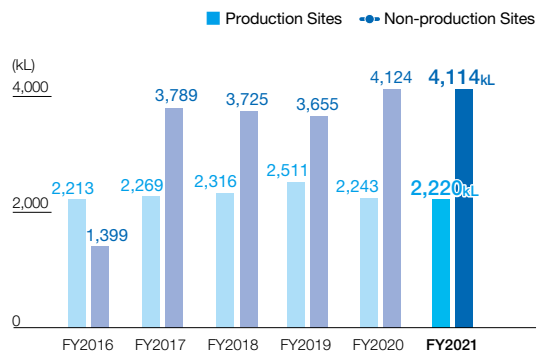
### Percentage of Female Managers\*1



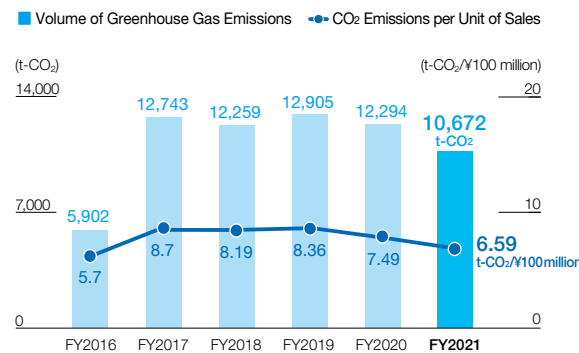
### Employment Rate of Persons with Disabilities\*1



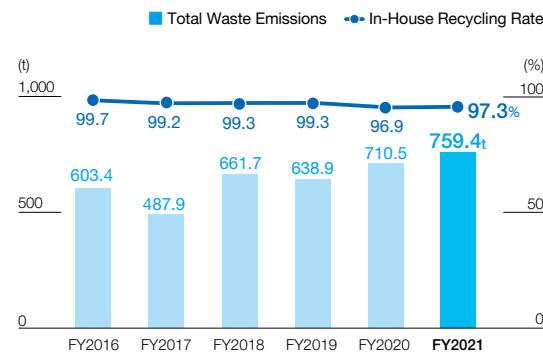
### Total Energy Consumption (Barrels of Oil Equivalent (BOE))\*2



### Volume of Greenhouse Gas Emissions/CO<sub>2</sub> Emissions per Unit of Sales\*2

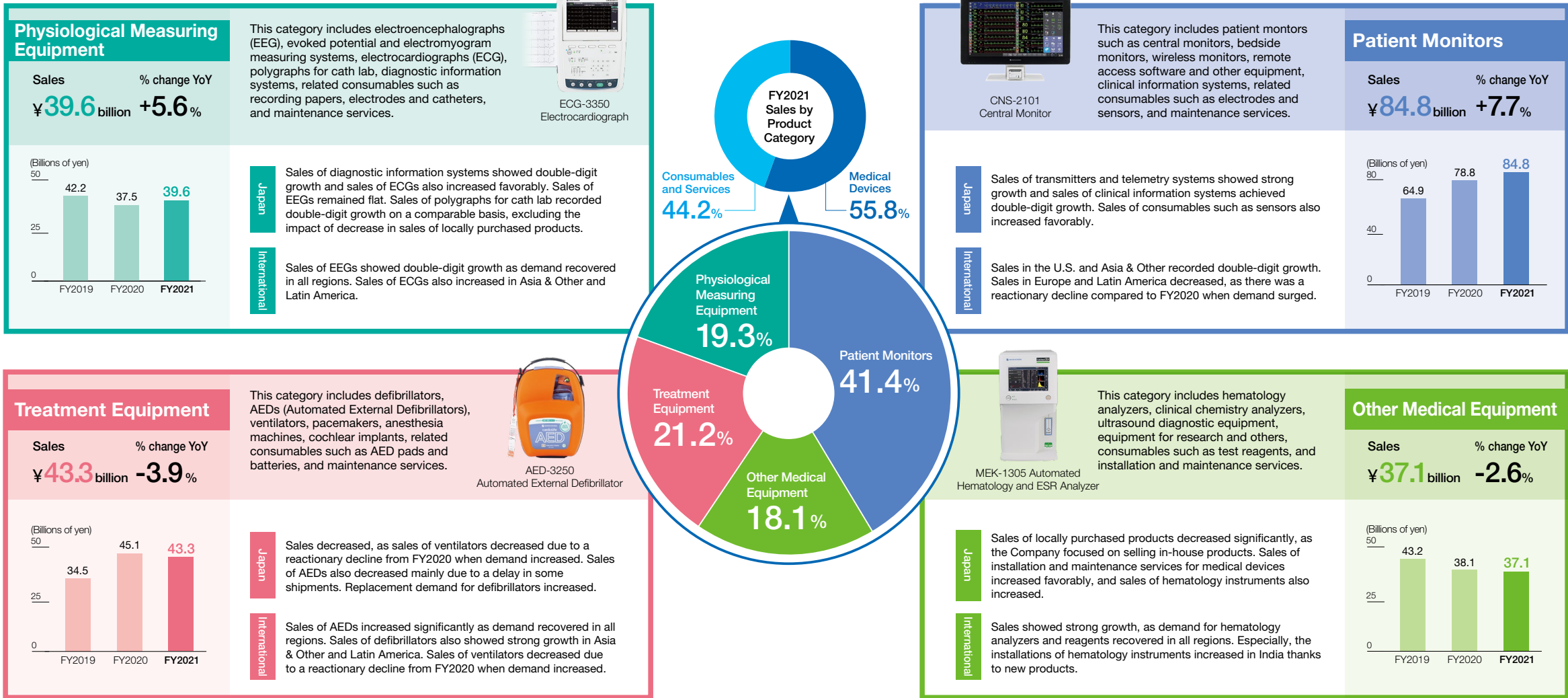


### Total Waste Emissions/In-House Recycling Rate\*3



\*1 Beginning with FY2017, 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 Beginning with FY2017, the figures for total energy consumption and volume of greenhouse gas emissions/CO<sub>2</sub> 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.

# Overview by Product Category (Consolidated)



# Management's Discussion and Analysis

## Business Environment

Social and economic activity showed signs of recovery due to the benefits of economic measures taken by each country and the progress of COVID-19 vaccination. However, the global economic outlook remained uncertain due to the spread of the Omicron variant from the end of 2021, higher resource prices, the semiconductor shortage, and the Ukraine crisis. In Japan, the number of testing and surgical procedures in medical institutions showed a recovery trend, although depending on the wave of COVID-19 infection, and the healthcare system continued to respond to COVID-19 patients. Internationally, overall demand for medical equipment was steady as medical devices to treat COVID-19 patients were installed by medical facilities and demand for non-COVID-19-related medical devices has also shown signs of recovery.

## Review of Operations

Nihon Kohden started its Three-year Business Plan, BEACON 2030 Phase I, in April 2021. The Company formulated the basic policies 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 hematology analyzer with reticulocyte measurement both in Japan and internationally. The Company also launched a central monitor which enhanced the linkage with IT systems and its first fully automatic AED in Japan. In addition, a medical device remote monitoring system for ventilators was initiated in Japan.

Internationally, Nihon Kohden strengthened its business structure. The Company started operation of its reagent factory in Dubai, UAE, and acquired Advanced Medical Predictive Devices, Diagnostics and Displays, Inc. in the U.S. As a result, overall sales for FY2021 increased 2.7% over FY2020 to ¥205.1 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 consumables and services business. Sales of Patient Monitors increased favorably and demand for certain products which had slumped in the previous fiscal year recovered. The resumption of business negotiations related to IT system solutions also contributed to sales. Sales of locally purchased products decreased significantly as the Company focused on selling in-house products. Sales in the private hospital and clinic markets increased and sales in the university hospital market remained flat. Sales in the public hospital and other markets decreased. As a result, domestic sales decreased 0.7% over FY2020 to ¥136.3 billion.

### ■International

Sales of all product categories increased as the Company succeeded in strengthening its business structure in the U.S. and emerging countries. In the Americas, sales in the U.S. increased favorably. Sales in Latin America decreased due to a reactionary decline in Columbia where sales doubled in the previous fiscal year. Sales decreased in Europe, where demand for certain products recovered, but not enough to cover the reactionary decline compared to the strong growth in the previous fiscal year. In Asia & Other, sales in India, Thailand, Malaysia, and Egypt doubled, and sales in China and Vietnam also increased favorably. As a result, international sales increased 10.2% over FY2020 to ¥68.8 billion.

## Management's Discussion and Analysis

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

Cost of sales decreased 1.5% over FY2020 to ¥96.0 billion. The gross profit margin improved by 2 percentage points to 53.2% thanks to a favorable product mix. It was also due to the Company's efforts to maintain sales prices and improve its profitability. Gross profit on sales increased 6.7% over FY2020 to ¥109.0 billion.

The ratio of SGA expenses rose 0.5 percentage points to 38.1% due to an increase in personnel expenses, as well as an increase in traveling and variable selling expenses. R&D costs decreased ¥0.6 billion year on year to ¥5.7 billion (2.8% of sales).

As a result, operating income increased 14.4% over FY2020 to ¥30.9 billion. Income attributable to owners of parent increased 28.5% over FY2020 to ¥23.4 billion.

### Assets, Liabilities, and Equity

#### ■ Assets

Total assets at the end of FY2021 increased by ¥17.1 billion compared to the end of the previous fiscal year. Current assets increased by ¥15.7 billion compared with the end of the previous fiscal year. This was mainly due to a decrease in notes and accounts receivable due to the collection of trade receivables at the end of the previous fiscal year and an increase in securities, and an increase in raw material inventories due to the advance purchase of some components in response to the tight supply-demand balance of semiconductors. Fixed assets increased by ¥1.4 billion compared with the end of the previous fiscal year. This was mainly due to an increase in intangible assets and goodwill as a result of the acquisition of Advanced Medical Predictive Devices, Diagnostics and Displays, Inc. in the U.S.

#### ■ Liabilities and Equity

Liabilities decreased by ¥0.2 billion compared to the end of the previous fiscal year, mainly due to a decrease in accrued income taxes. Total net assets increased by ¥17.3 billion compared to the end of the previous fiscal year, mainly due to an increase in retained earnings. Equity ratio increased by 2.4 percentage points to 74.4%.

#### ■ Cash Flows

Net cash provided by operating activities amounted to ¥25.6 billion, up ¥11.7 billion from the previous fiscal year. This includes income before income taxes and minority interests of ¥34.2 billion, a decrease in trade receivables of ¥12.5 billion due to progress in the collection of trade receivables at the end of the previous fiscal year, and income tax payments of ¥12.8 billion.

Funds used in investing activities amounted to ¥4.3 billion, up ¥1.3 billion from the previous fiscal year. This includes ¥2.4 billion for the purchase of property, plant and equipment such as production facilities and promotional products and ¥0.9 billion for the purchase of investments in subsidiaries (Advanced Medical Predictive Devices, Diagnostics and Displays, Inc. in the U.S.).

Net cash used in financing activities amounted to ¥7.3 billion, up ¥4.2 billion from the previous fiscal year. This includes ¥4.8 billion of cash dividends paid and ¥2.4 billion in purchase of treasury shares. Cash and cash equivalents at the end of FY2021 were ¥60.0 billion, up ¥15.7 billion from the end of the previous fiscal year.

#### ■ ROE

ROE in FY2021 increased to 15.9% from 14.0% in the previous fiscal year. In addition to the effect of increased revenues, the net profit margin improved as a result of an improved gross profit margin due to a change in the sales mix.