

Second Quarter FY2025 Financial Results Analyst Meeting
Main Questions and Answers
(November 12, 2025, Tokyo)

Q1: Why did sales of Patient Monitors decrease both in Japan and internationally?

A1: In Japan, although sales of Patient Monitors decreased in the 1st half of FY2025, the number of business negotiations by the end of FY2025 remained at the same level as usual. The competitiveness of our patient monitors has been enhanced by combining them with DHS products such as dashboard software for monitoring patient condition. Internationally, sales of Patient Monitors increased on a local currency basis and decreased on a yen basis. In North America, the competitiveness of our patient monitors has also been enhanced by synergies with ventilators, which attract new customers, and with the DHS products adopted by major IDNs. In Europe and Asia & Other, the growth momentum of our patient monitors is expected to improve, as we enhance our solution proposals for patient monitors by adding DHS products.

Q2: I would like to know the reason why sales of ventilators decreased in the 1st half of FY2025 and business deals are expected to be more concentrated in the 2nd half than usual in Japan, compared to strong overseas sales?

A2: In Japan, we were able to secure a number of business negotiations for ventilators, but purchasing decisions in hospitals have been postponed to the 2nd half of FY2025 due to the deterioration of their business sentiment. With the launch of the NKV-440, a mid-range model of our in-house ventilators, in August 2025, the competitiveness of our ventilators has been strengthened through the expansion of our product line-up. Sales of ventilators are expected to recover when capital expenditure by medical institutions recovers in the 2nd half of FY2025.

Q3: How have you reviewed the full-year sales forecast for FY2025 both in Japan and internationally? Are there any changes in product mix in Japan? How have you incorporated the impact of the U.S. tariff policies and your measures into the forecast?

A3: The Company reaffirmed its full-year overall sales forecast. Actual sales excluding currency effects are expected to fall short of the Company's original forecast, reflecting the revision of its foreign exchange assumptions. Domestic sales are also expected to fall short of the original forecast, reflecting lower-than-expected sales of locally purchased products. We expect a recovery in capital expenditure in the 2nd half of FY2025, as the number of business deals for in-house products remains flat. Lower sales of locally purchased products led to a favorable product mix, while sales of purchased products from Abbott increased and sales of in-house patient monitors decreased. Internationally, sales in Europe and Asia & Other are expected to fall below the original expectations, because it takes time to comply with laws and regulations in relation to matters such as radio equipment and transport of batteries, as well as the delay in the recovery of demand for medical devices in China. As the delay in compliance with laws and regulations is temporary, we aim at sales recovery by promptly implementing countermeasures. In terms of the impact of the U.S. tariff policies, the Company incorporated a negative factor worth around ¥2.5 billion as a direct tariff burden into its original forecast, and revised it to around ¥1.6 billion, reflecting lower-than-expected tariff rates. The Company does not incorporate the effect of measures such as price transfers.

Q4: What are your expectations for the new Japanese Government's healthcare policy? Do you anticipate the recovery in capital expenditure by medical institutions supported by upcoming supplementary budgets and the revision of medical treatment fees? How do you see the impact on your business?

A4: The new Government plans to provide financial support for medical institutions through upcoming supplementary budgets and the revision of medical treatment fees in response to price and wage inflation. These measures may help capital expenditure by medical institutions toward FY2026. As details have not been finalized yet, it is difficult to assess the potential impact on our business at this time.

Q5: I would like to know the medium- to long-term growth potential of your DHS business. What is the status of the FDA application for CoMET in the U.S.?

A5: The CoMET is an algorithm and software that predicts changes in a patient's condition using their vital sign data and medical device information. We expect CoMET to support medical professionals in making early intervention decisions and help prevent sudden deterioration of patients' conditions. Although it is taking time to receive FDA approval, due to the strengthening of their guidelines for AI-enabled medical devices, we are continuing to accumulate clinical data for CoMET. In Brazil, as we have succeeded in receiving official certification of CoMET, we are progressing with clinical evaluation and demonstration of the effectiveness of the software. As DHS products are provided on a subscription model, the Company expects their sales contribution will be smaller in the short term but will contribute to improving profitability in the long term.

Q6: Would you explain the background for implementing the Career Change Support Program and Next Career Support Program for Employees, in conjunction with discontinuation of providing Abbott products in Japan? What measures will you take to maintain employee motivation?

A6: The Company has decided to implement both programs as its domestic business structure will change significantly following the discontinuation of providing Abbott products. We will reallocate resources from lower-profit business to higher-profit in-house devices, consumables, and services. We strive to provide considerate explanations for employees and aim to transform our business structure to improve profitability. In addition to supporting employees who are engaged in the Abbott business and wish to change jobs to other companies where they can utilize their knowledge and experience gained from clinical practice, the Company will also provide several support measures, including reskilling, to each employee who wishes to remain in Nihon Kohden, and looks forward to their active contributions in growth areas such as ventilators and DHS.

Q7: The inventories of finished goods have been temporarily increased in preparation for starting operation of PLM/MES systems and the new plant in Tsurugashima. When do you expect the cash conversion cycle (CCC) to normalize?

A7: We started operation of the PLM system in September 2025 and the MES system in November 2025. The construction of the new plant in Tsurugashima City was completed in October 2025 and is scheduled to start operations by March 2026. We expect inventory levels to return to target and for the CCC to improve as well by the end of FY2025.

(End)

(Cautionary Statement)

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