

Third Quarter FY2025 Financial Results Analyst Meeting

Main Questions and Answers

(February 5, 2026, Tokyo)

Q1: I would like to know the reasons that the full-year sales forecast for the hospital and clinic markets and AEDs in Japan was revised downward. Do you have any issues with the accuracy of your sales forecasts?

A1: In Japan, budget executions of universities and public hospitals are usually concentrated at the end of the fiscal year. However, in FY2025, there were greater-than-expected postponements of and restraints on their spending due to deterioration of their business sentiment. Domestic sales are expected to fall short of the Company's previous forecast, due in part to lower-than-expected sales of AEDs caused by inventory adjustment at distributors. In the 4th quarter, the Company aims to secure sales at the same level as in the same period of FY2024 and sales of Patient Monitors are expected to increase year-on-year. We recognize that there remains room to improve the accuracy of our short-term forecasts. We continue our efforts to further refine our forecasting through enhancing forecast precision by using data-driven indicators such as current inquiries and order volume from customers, although it remains difficult to fully capture short-term fluctuations.

Q2: Overseas sales of Patient Monitors decreased by double digits in the 3rd quarter of FY2025. I would like to know sales by overseas region.

A2: Internationally, sales of Patient Monitors decreased in all regions in the 3rd quarter, due to medical institutions taking a more cautious approach to decision-making in business negotiations in North America, delays in budget executions in Mexico, and taking time to comply with laws and regulations in Asia & Other and Europe.

Q3: I would like to know the reason why the decision-making process for business negotiations for patient monitors has become more cautious in North America. Do you see any changes in your competitiveness?

A3: In North America, sales of Patient Monitors decreased compared to double-digit growth in the same period of FY2024. This was attributable to medical institutions taking a more cautious approach to decision-making in business negotiations due to uncertainty regarding proposed budget cuts to public health insurance. Our Patient Monitoring Business in North America has continued to grow in the medium- to long-term, despite competition with others. We do not believe that there are any changes in our competitiveness or any possibilities of losing market share. As medical digital transformation progresses, the need for a data platform to integrate and analyze patients' vital sign data obtained from medical devices such as patient monitors is growing. We aim to expand our market share by enhancing our DHS products and further strengthening their differentiation.

Q4: In Japan, do you anticipate the recovery in capital expenditure by medical institutions supported by the supplementary budgets and the revision of medical treatment fees in FY2026? Do you prepare for the growth of in-house products following the discontinuation of providing Abbott products?

A4: Capital expenditure by medical institutions is expected to recover in FY2026 supported by the supplementary budgets for FY2025 and the revision of medical treatment fees in June 2026. We are focusing on solution proposals that lead to accelerating medical digital transformation in response to the contents of the supplementary budgets. The upward revision of medical treatment fees will mainly cover wage and price inflation. We expect capital expenditure by medical institutions will be stepped up after August, when medical institutions will assess the impact of the supplementary budgets and the revision of medical treatment fees on their income and expenditure. Toward FY2026, we aim to achieve medium- to long-term growth in our domestic business by providing several support measures, including reskilling, to each employee engaged in the Abbott business who wishes to remain in Nihon Kohden, and by reallocating them to growth areas such as ventilators and DHS.

Q5: I would like to know if there are any changes in the medium- to long-term business environment. Do you see any changes in the competitive environment globally, especially in North America and emerging markets? Additionally, will the Company change the direction of its partnership strategy or business portfolio?

A5: In terms of medium- to long-term trends in the business environment, business in Russia and China has shrunk and stagnated due to prolonged geopolitical risks and escalating protectionism and fragmentation. As business in India is expected to grow in the future, it is important for us to respond flexibly to changes such as protectionism. To shift from a globalization business model to a local production and consumption business model, we established a regional office in Saudi Arabia and consolidated Ad-Tech as a subsidiary in the U.S. as well as preparing to start manufacturing medical devices in India. As medical digital transformation accelerates globally, we are making efforts to transition from a business model centered on hardware to a solution-based business focused on consumables, services, and DHS products. In terms of partnership strategies, we believe that collaboration with Chinese companies is one of our options, considering the market environment and intensifying competition in China and other countries. We also plan to consolidate a domestic IT system development company as a subsidiary. We need to further accelerate the transition to a recurring business model by strengthening the development of a data integration platform.

(End)

(Cautionary Statement)

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