

**FY2025 Consolidated Financial Results Analyst Meeting**  
**Main Questions and Answers**  
**(May 15, 2026, Tokyo)**

**Q1: Why did sales of Patient Monitors increase favorably in North America in the 4<sup>th</sup> quarter of FY2025?**

A1: Sales in the 4<sup>th</sup> quarter achieved double-digit growth, which exceeded the Company's expectations, because we focused on delivery and installation of medical devices, while medical institutions were cautious about decision-making in negotiations in the 3<sup>rd</sup> quarter.

**Q2: Why did full-year operating income fall short of the Company's previous forecast?**

A2: While overall sales were in line with the Company's expectations, operating income fell short of its previous forecast. The breakdown of the shortfall in operating income was around 30% due to lower gross margin and around 70% due to higher SG&A expenses. Gross margin was lower than expected due to increase in inventory devaluation. SG&A expenses increased due to higher variable selling expenses and personnel expenses such as performance-based bonuses, because sales of Patient Monitors in North America exceeded the Company's expectations in the 4<sup>th</sup> quarter. We will continue our efforts to improve the accuracy of forecasts, especially for overseas subsidiaries, which remains an issue.

**Q3: I would like to know the background and your confidence that FY2026 domestic sales are expected to be 8% growth on a comparable basis excluding the impact of the discontinuation of Abbott products and the consolidation of DOWELL Co., Ltd.**

A3: While we believe that we should set ambitious targets aiming for growth, we have reviewed the process of forecasts to avoid repeated revisions of our forecasts. Although there is uncertainty in Japan, capital expenditure by medical institutions is expected to recover moderately, as the Japanese Government has implemented support for medical institutions through supplementary budgets and revision of medical treatment fees. The Company will reallocate employees engaged in the Abbott business to growth areas such as in-house products. The Company also continues its pricing policies such as raising selling prices. Medical institutions have been working to implement task shifting and improve their operational efficiency in response to the decline in their business sentiment due to price and wage inflation. The revisions of medical treatment fees will give greater consideration for acute care hospitals. We will strengthen solution proposals mainly for IT systems and DHS products, because reducing length of hospital stays and improving hospital bed occupancy rate directly impact on hospital revenue under the DPC (Diagnosis Procedure Combination) system.

**Q4: Medical institutions in the U.S. improve operational efficiency by managing hundreds of patients using patient monitors. How do you see the situation in Japan?**

A4: Since the introduction of the DPC system in Japan, medical institutions have shifted toward evaluating improvements in the quality and economy of medical care, such as reducing the length of hospital stays and improving bed occupancy rates. In the U.S., patient monitors are utilized to maximize patient outcomes and optimize healthcare costs, in line with the shift to Value-based Medicine. In addition to the conventional functions of patient monitors, such as disease management and generating alarms, we believe that they have an important role to play in preventing sudden deterioration in patients' conditions. We aim to create business opportunities in Japan by leveraging our solution capabilities which contribute to solving medical issues in the U.S.

**Q5: Is there a risk that the progress of medical DX (digital transformation) will be delayed due to the shortage of IT personnel in medical institutions in Japan? We are also concerned about the impact of the shortage of semiconductors and memory components.**

A5: Medical institutions in Japan are promoting medical DX, which includes data health, telemedicine, and utilization of AI and ICT. The number of our business negotiations is increasing, as we are strengthening our proposals for medical DX. Advanced acute care hospitals such as university hospitals promote medical DX through investments in IT systems. For small and medium-sized hospitals, we are also strengthening our proposals for a cloud-based clinical assistant service, the PrimeBridge, to support their efforts to address the shortage of IT personnel. The Company incorporates the impact of price inflation into our full-year forecast based on the information available to the Company at this moment and does not incorporate the potential impact of difficulties in procuring parts and components.

**Q6: I would like to know the breakdown of the impact of selling prices and costs in the FY2026 operating income forecast. Considering the effects from the reform of the profit structure and the discontinuation of Abbott products in a phased manner, how do you see the balance of operating income in the 1<sup>st</sup> half and the 2<sup>nd</sup> half of FY2026?**

A6: Gross margin is expected to improve, supported by a favorable product mix, as the Company will discontinue providing Abbott products and focus on selling in-house products both in Japan and internationally. The Company also continues its pricing policies such as raising selling prices of in-house products. In addition, gross margin in North America is expected to improve. On the cost side, the Company incorporates the impact of tariffs and higher raw material prices. In terms of balance between the 1<sup>st</sup> half and the 2<sup>nd</sup> half of FY2026, both sales and operating income are expected to be concentrated in the 2<sup>nd</sup> half, as usual. The negative impact on sales from conflicts in the Middle East is expected mainly in the 1<sup>st</sup> half.

**Q7: There is a large gap between the targets in the Three-year Business Plan and the forecast for FY2026. Has the Company considered hiring external talent during periods of reform and transformation? I would like to know the purpose of the organizational reforms implemented in April 2026.**

A7: The Company has actively hired external talent to strengthen functions, mainly in overseas operations. As the Company has also utilized consulting firms, we believe that transformation can be driven by internal human resources. To build organizational resilience, the Company implemented three organizational reforms in April 2026. First, the Domestic Business Headquarters was established to strengthen the business foundation by promoting cross-departmental business process reforms. Second, the Business Unit Structure was introduced to build a framework that drives global business strategies in an integrated manner. Third, Production & Logistics Operations was established to manage the global supply chain including multi-plant production and to strengthen the procurement function. Through these initiatives, the Company aims to enhance the driving force of transformation and adapt to changes in the external environment.

(End)

(Cautionary Statement)

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