

**Third Quarter FY2020 Financial Results Conference Call
Main Question and Answers
(February 3, 2021, Tokyo)**

Q1: In terms of the compliance matter, I would like to know the progress of the investigation by the Investigation Committee and when you will announce the results. Is there any possibility of similar cases at other sales branch offices in Japan and issues with the corporate culture?

A1: Firstly, we sincerely apologize to our customers, shareholders, and all related parties for any concern caused by this matter. The Investigation Committee, which was established on January 7, is investigating the facts of this matter and whether there are similar cases at other domestic sales branch offices. As the trial has not been held yet, it will be difficult to complete the investigation by February or March. We have introduced the Global Compliance Program in 2017 and have been working to ensure compliance throughout the Group. However, we deeply regret that we were not able to prevent this matter. Without waiting for the results from the Investigation Committee, we will reinforce our compliance education and further strengthen our organizational compliance framework. In addition, we would like to make renewed efforts to foster an organizational culture that places the highest priority on compliance.

Q2: Some public university hospitals and public medical institutions have imposed dispositions such as suspending transactions with the Company or prohibiting the Company from participation in tenders, but the impact of this matter on the consolidated results for FY2020 is expected to be limited. What do you expect the impact to be in FY2021? I would like to know the impact by market and product. Are you considering any measures to mitigate the impact on earnings, such as shifting sales activities to private hospitals or clinics, or restraining SG&A expenses?

A2: The period of suspension of transactions is generally within one to three months for public university hospitals and within one to six months for public medical institutions. We expect that there will be some impact on sales in the public university hospital and public hospital markets in the 1st quarter of FY2021. However, the number of public tenders is the smallest in the 1st quarter. In the private hospital and clinic markets, the impact will be minor but there may be some damage to our corporate image. As the Company has to provide consumables and services for already purchased products, these transactions are not subject to suspension. As for medical devices, unification and continuity of patients' data is important especially for Physiological Measuring Equipment and Patient Monitors that are connected to IT systems. Some hospitals may wait to procure these products until after the suspension expires. We will serve our customers with sincerity and make every effort to rebuild trust with all stakeholders as quickly as possible. We will also restrain SG&A expenses because overseas sales are expected to record a reactionary decline in FY2021.

Q3: I would like to know the full year forecast for FY2020. In the 4th quarter (three months), domestic sales will increase by 2.6% and overseas sales will decrease by 19.7% year on year. Based on the current situation, is there any possibility that domestic sales will be lower and overseas sales will be higher than the forecast?

A3: In Japan, the 2nd state of emergency is expected to have some adverse effects such as restrictions on sales and service activities of the Company and the postponement of testing and surgical procedures in hospitals. On the other hand, domestic sales in the 4th quarter will continue to recover because the Government's supplementary

budget will support demand for patient monitors and ventilators. Internationally, demand related to COVID-19 is settling down compared to April to December 2020. There are inquiries related to COVID-19 with the small volume and many uncertainties in some countries. It is not reflected in the revised forecast.

Q4: I would like to know the outlook for overseas sales in next two years. A reactionary decline in FY2021 will be unavoidable. Do you think that the reactionary decline will continue over several years? Will you be able to mitigate the reactionary decline by utilizing the installed base of patient monitors and ventilators which expanded in FY2020?

A4: A reactionary decline in FY2021 is expected to be unavoidable as the increase in demand related to COVID-19 pandemic has exceeded sharply our expectations. Although it is necessary to monitor the impact of continuing COVID-19 pandemic carefully, we expect that demand for expanding healthcare infrastructure such as ICU facilities will continue in each country. We will also make additional proposals to new customers which we obtained in FY2020 as well as expanding the consumables and service business. As the importance of digital health is increasing due to the COVID-19 pandemic, we would like to strengthen and accelerate the development of digital technologies as set forth in our long-term vision. We aim at minimizing the reactionary decline in FY2021 and achieving an increase in both sales and profits in FY2022.

Q5: What is the reason for the strong sales in the U.S.? The Company plans to launch new mid-range bedside monitors in FY2021. I would like to know the growth strategy for the next two to three years. When will be the sales contribution of digital health, which is an area in which the Company has strengthened its development efforts?

A5: In the U.S., our large-scale monitoring solutions for network systems have been highly evaluated. We also signed new contracts with major IDNs which has resulted in the further expansion of our U.S. business. We resubmitted the FDA application for mid-range bedside monitors at the end of November 2020, and plan to launch them in the 2nd half of FY2021. As digital health is attracting a great deal of attention in the U.S. as well, we aim at expanding our sales by combining our strengths in monitoring systems and digital solutions in the next two to three years. Digital health solutions are under development in the U.S. and are expected to make a future contribution to sales, but we cannot comment on the details.

Q6: Is there any change in the schedule for the announcement of the new medium-term business plan?

A6: There is no change in the schedule for the announcement by the end of March 2021. The new medium-term business plan will include the further strengthening of governance and compliance as the most important issues to be addressed.

(End)

(Cautionary Statement)

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