

**First Quarter FY2022 Financial Results Conference Call
Main Questions and Answers
(August 4, 2022, Tokyo)**

Q1: I would like to know the impact on your business of product supply issues due to the shortage of semiconductors and Shanghai lockdown as well as higher prices of components in the 1st quarter of FY2022. How do you see the impact in the 2nd quarter and beyond?

A1: It is difficult to estimate the amount of impact of product supply issues due to the shortage of semiconductors and Shanghai lockdown. Internationally, there were some losses of business opportunities due to inability to meet delivery date requirements. Even if we were able to supply products, it's not certain whether we could have received orders or not. To minimize the impact on our production and supply, we have continued to increase inventories of finished goods and parts, and the R&D department has continued to take the lead in exploring alternative parts and methods of performance validation since FY2021. As a result, overseas sales were generally in line with our expectations on a local currency basis. We take account of negative impacts of around 4 billion yen on sales and 2 billion yen on operating income, based on the assumption that the product supply issues will continue until the end of the 1st half of FY2022. The higher prices of components had negative impact of around 0.2 billion yen on gross profit margin in the 1st quarter of FY2022 and are expected to have a negative impact of around 1.5 billion yen for the full year.

Q2: I would like to know how you see the reactionary decline of COVID-19-related demand in Japan, which was smaller than my expectation. In Patient Monitors, why did sales of high-end bedside monitors increase?

A2: In Japan, COVID-19-related demand for patient monitors decreased to around 0.1 billion yen in the 1st quarter of FY2022 from around 1.3 billion yen in the same period of FY2021. Sales of transmitters, mid-range to low-end bedside monitors decreased by double digits compared to the strong growth in the same period of FY2021. On the other hand, demand for non-COVID-19-related medical devices has shown a recovery trend. Sales of clinical information systems increased significantly, and sales of high-end bedside monitors for ORs/ICUs also increased.

Q3: Domestic sales increased year on year excluding the impact of COVID-19-related demand. Would you explain the trend of domestic sales by market?

A3: In Japan, sales in the university hospital and clinic markets increased favorably, as the number of testing and surgical procedures showed a recovery trend and capital expenditure by medical institutions resumed. In the public hospital and private hospital markets, sales decreased compared to the strong performance in the same period of FY2021, but sales increased excluding the impact of the decrease in demand to treat COVID-19 patients. Replacement demand for physiological measuring equipment, hematology instruments, and IT system solutions, for which capital expenditure had been postponed due to the COVID-19 pandemic, has shown a recovery trend.

Q4: Overseas sales decreased by double digits. Excluding special factors such as the reactionary decline of large orders, COVID-19-related demand, and the impact of the product supply issues, how would you see overseas sales? Is demand for medical devices increasing?

A4: Internationally, sales in all regions decreased, mainly due to a reactionary decline in sales of Patient Monitors. In the same period of FY2021, sales of Patient Monitors were favorable due to large orders in the U.S. and strong demand in some regions where the spread of COVID-19 had resurged. Excluding these two special factors, we estimate that overseas sales increased by double digits on a yen basis. Although we expected there would be a reactionary decline of COVID-19-related demand mainly in Asia & Other compared to the same period in FY2021, demand for medical devices was steady due to efforts to strengthen the functioning of the healthcare system in emerging countries such as India and Southeast Asia. Excluding the impact of product supply issues, we would have more business opportunities for patient monitors and defibrillators.

Q5: Would you explain the contribution of the Shanghai lockdown to decreased sales in China? I would like to know the status both in the 1st quarter (from January to March) and the 2nd quarter (from April to June).

A5: Shanghai Kohden closed its offices from the end of March to the end of May 2022 and operations have resumed gradually after the lockdown was lifted in June 2022. Sales in China decreased around 30% in the 1st quarter (January to March) due to restrictions on sales and service activities of the Company caused by the resurgence of COVID-19. In the 2nd quarter (April to June), sales in China are also expected to decrease around 30% due to the Shanghai lockdown. In China, we have faced difficulties in procuring parts and components due to continuing supply chain disruption, but we aim to recover our performance in the 2nd half of FY2022.

Q6: What was the reason for the strong growth in sales of Consumables and Services? As the installed base of patient monitors has expanded in the U.S. over the past few years, did sales of Consumables and Services increase?

A6: Sales of Consumables and Services increased both in Japan and internationally, because the number of testing and surgical procedures has shown a recovery trend. In Japan, sales of EP catheters and ablation catheters, which are purchased products, achieved double-digit growth, and exceeded our expectations. Sales of in-house consumables also increased favorably both in Japan and internationally. In the U.S., sales of SpO₂ and CO₂ sensors achieved double-digit growth on a yen basis by strengthening our offerings of these sensors. Our Consumables and Services business is expanding as the installation base of patient monitors and ventilators expanded both in Japan and internationally.

Q7: I would like to know the outlook for gross profit margin in the 1st half of FY2022. Gross profit margin declined in the 1st quarter of FY2022 due to an unfavorable product mix. Will it be difficult to secure gross profit margin of 50% in the 2nd quarter (three months) due to higher prices of components? In Japan, the Company has focused on selling in-house products. What is your sales policy for purchased products?

A7: Gross profit margin was 49.2% due to an unfavorable product mix. It was lower than our expectation because sales of purchased products such as catheters increased favorably due to the recovery in the number of testing and surgical procedures in Japan. In terms of demand for catheters, we should continue to monitor the trends in the number of testing and surgical procedures as the spread of COVID-19 has resurged recently. A decrease in sales of purchased products will be a factor that improves gross profit margin, but higher prices of components will be a factor that decreases it. We would like to secure gross profit margin of 50% or more in the 2nd quarter (three months), but it is expected to be less than 50% in the 1st half of FY2022. In our three-year business plan, we aim to improve the profitability of existing businesses, as one of the basic policies of the plan. In Japan, we focus on selling in-house products and restrain sales of locally purchased products. However, we do not restrain

sales of purchased products, because synergistic effects are expected between in-house products and purchased products.

(End)

(Cautionary Statement)

*This material is posted for reference purposes for investors. This is a summary and not a verbatim record of all statements made at the meeting.

*Earnings forecasts and other forward-looking statements in this material are based on information currently available and certain assumptions that the Company believes are reasonable. Therefore, they do not constitute a guarantee that they will be realized. Actual results may differ from such estimates due to unforeseen circumstances.