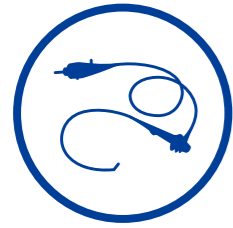


Endoscopic Solutions Business



Endoscopic Solutions Business



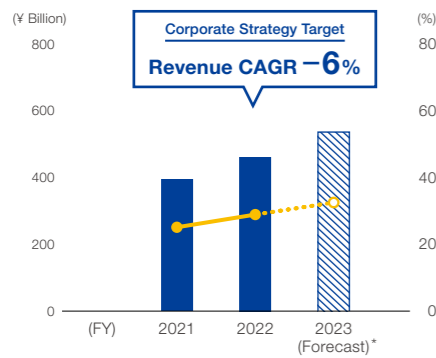
We strive to elevate the standard of care through creating innovative ‘see and treat’ endoscopy solutions that support the quadruple aim and optimize health system performance.”

Hironobu Kawano (left), Frank Drewalowski (right)

Co-heads of Endoscopic Solutions Division



Results



(FY)	2021	2022	2023 (Forecast)*
Revenue (¥ billion)	393.7	461.5	536.0
Operating Margin (%)	25.1	28.9	32.5

* Forecast as of August 9, 2022

FY2022 Sales Composition



Main Products



Operating Environment

- #### Gastrointestinal Endoscope
- Rising case numbers due to aging populations in developed countries and higher cancer prevention awareness
 - Wider range of business opportunities accompanying economic growth and need for training to spread procedure usage in emerging countries
 - Higher requirements for quality and efficiency
 - Increased concern for cleaning, disinfection, and sterilization processes

- #### Surgical Endoscope
- Growing maturity of 3D system market over the medium term and normalization of imaging sensors and data transferring technology compatible with 4K systems driving acceleration of full 4K system introduction
 - Distinctive R&D activities related to special light imaging technologies being advanced by various companies and permeating the market

Strategies, Progress, and Future Measures by Area

Business Foundations

- Approximately 70% share of global gastrointestinal endoscope market
- Technological capabilities that led to development of world's first practical gastrocamera and have continued to lead innovation, such as NBI/RDI/TXI/EDOF
- Network of approx. 200 repair and service sites worldwide
- 4K, 3D, and other products differentiated with high resolution and quality for surgical imaging
- Manufacturing techniques that realize high-mix, low-volume production
- Strong integrated system solution around all endoscopic needs
- Comprehensive training facilities and programs

Gastrointestinal Endoscope

Strategies	Progress and Future Measures
<ul style="list-style-type: none"> • Helping improve the quality of endoscopy with advanced imaging features such as NBI/RDI/TXI/EDOF • Reinforcing market position and growing into key new markets including computer-aided diagnosis (CAD), and single-use endoscopy • Contributing to strengthening infection prevention, which is a top priority at every healthcare facility 	<ul style="list-style-type: none"> • Continuing to expand sales of EVIS X1 advanced endoscopy system through launch execution in current markets and preparation of launch into new markets including the United States and China • Expanding sales of ENDO-AID, AI-powered platform for the endoscopy system in the current markets • Preparing the launch of next generation EUS system • Developing single-use duodenoscopes • Expanding sales of new endoscope reprocessor to enhance our infection prevention portfolio. Enhancing product portfolio and advisory services for infection prevention, while enabling efficiencies to further automate reprocessing workflow and improving patient safety increase efficiency and improve patient safety

Surgical Endoscope

Strategies	Progress and Future Measures
<ul style="list-style-type: none"> • Developing next generation surgical endoscope system • Developing and executing of long-term surgical endoscopy business strategy with considering core imaging product, laparoscopic robotics and smart assisted surgery concept 	<ul style="list-style-type: none"> • Expanding sales of surgical endoscopy system VISERA ELITE II. Launched infrared (IR) compatible light source in Chinese market in the fiscal year 2022. • Launching surgical endoscopy system VISERA ELITE III • Acquisition of Quest Photonic Devices, which has technology of fluorescence imaging for medical applications • Launching preparation on going for ORBEYE (surgical microscope) IR/BL

Medical Service

Strategies	Progress and Future Measures
<ul style="list-style-type: none"> • Expanding the provision of a comprehensive maintenance service program that prioritizes not stopping procedures in the medical field, while also minimizing risks such as infection • Achieving stable revenue by increasing the service contract attachment rate and promoting new service contracts • Improving customer satisfaction along with efficiency of field service activities 	<ul style="list-style-type: none"> • Strengthening the product capabilities of service contract options in each region and develop measures to increase the contract attachment rate through promotions to customers • Developing and introducing new offers by strengthen service capability and performance, such as preventive maintenance with digital technology, on top of conventional repair service

New digital customer solutions to elevate detection, diagnosis and treatment workflows



Healthcare providers are expected to serve ever more patients for better outcomes at reduced costs, while navigating complex procedure workflows. Therefore, we are developing new digital software solutions that drive efficiencies and efficacy across workflows, transform the user and patient experience during and around procedures, and optimize decision making for better patient outcomes. Our new cloud-based software platform will feature integrated workflow management solutions and will establish market leadership in AI-powered CAD and clinical decision support.