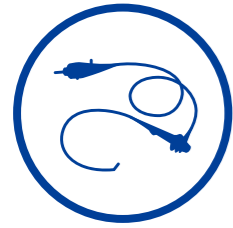


Endoscopic Solutions Business



Endoscopic Solutions Business

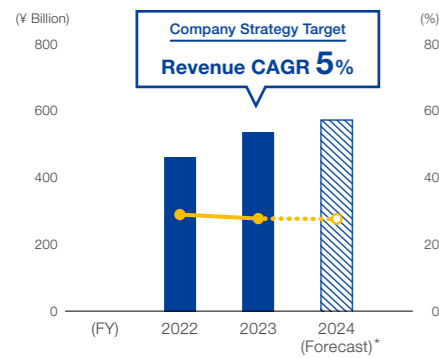


We strive to elevate the standard of care through creating innovative ‘see and treat’ endoscopy solutions that support the quadruple aim and optimize health system performance.”

Frank Drewalowski (left), Hironobu Kawano (right)
Co-heads of Endoscopic Solutions Division



Results



	2022	2023	2024 (Forecast)*	
Revenue	461.5	551.8	572.0	(¥ billion)
Operating Margin	28.9	22.7	27.6	(%)

* Forecast as of August 9, 2023

FY2023 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

Strategy, 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

Strategy	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 and future markets such as United States and China and strong growth with globally 70,000 legacy units potential for upgrades • 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 • Improving infection prevention patient safety and efficiency by enhancing product portfolio and advisory services. Expanding sales of new endoscope reprocessor

Surgical Endoscope

Strategy	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"> • Launched infrared (IR) compatible light source in Chinese market in the fiscal year 2022. Expanding sales of advanced surgical endoscopy system VISERA ELITE III in current and future markets (Already launched for Japan and Europe, China and United States are future markets) • 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

Strategy	Progress and Future Measures
<ul style="list-style-type: none"> • Profitably grow the business with a comprehensive Service portfolio tailored around the customer needs of high equipment availability, predictive lifecycle costs and smooth and safe operations • Continuous improvement of customer satisfaction along all touch points of the equipment lifecycle, providing a seamless omni-channel experience 	<ul style="list-style-type: none"> • Develop new service offerings with proven customer value, based on <ul style="list-style-type: none"> • Optimized repair center network • Expansion of field service • Extended digitally enabled services as customer portals and connected systems

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.

