

Therapeutic Solutions Division



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Our vision is to contribute to society by making people's lives healthier, safer and more fulfilling through customer-driven MIS therapeutic products and solutions."

Seiji Kuramoto (left), Gabriela Kaynor (right)
Co-heads of Therapeutic Solutions Division



Results



| (FY) | 2020 | 2021 | 2022 (Forecast)*1 |
|----------------------|-------|-------|-------------------|
| Revenue (¥ billion) | 216.1 | 231.8 | 270.0 |
| Operating Margin (%) | 12.1 | 13.2 | 19.3 |

Note: From FY2022, bronchoscopes, which were classified in the gastrointestinal endoscope segment of ESD, have been transferred into the respiratory segment of TSD. Accordingly, we restated figures for FY2021. Figures of FY2020 are before restated.

*1 Forecast as of August 5, 2021

FY2021 Sales Composition



Note: Due to rounding, the total may not add up to 100%.

Main Products

| GI-Endotherapy | Urology | Respiratory | Others |
|--------------------------------|----------------------|-------------------------------|----------------|
| ERCP*2 and ultrasound products | Flexible cystoscopes | Bronchoscopes | Energy devices |
| EMR and ESD*3 products | Resection electrodes | Single-use aspiration needles | ENT products |

Operating Environment

- Increased procedures driven by aging population and the rise of chronic disease
- Intensifying cost pressures on health systems continues to drive focus on both clinical and economic value and require new care models focused on improved patient outcomes
- Ongoing shift from open surgeries to minimally invasive treatments that improve patient outcomes and optimize total cost of care
- Changes in demand for care with a shift to lower cost care settings (from inpatient to outpatient) enabled by less-invasive techniques

Strategies, Progress, and Future Measures by Area

Business Foundations

| Strategies | Highlights |
|--|--|
| <ul style="list-style-type: none"> Deliver above-market, profitable and sustainable growth through clinically and economically differentiated solutions aligned with our strategy, areas of focus and long-term view Operating efficiently from inception to sale while ensuring utmost quality and reliability Enhance and develop the business development function to accelerate the expansion of the product portfolio through external partnerships, licensing and M&A Globally managed from the U.S. to strengthen our ability to compete, grow and lead in our largest market | <ul style="list-style-type: none"> April 2021, opened a new facility in Westborough, Massachusetts, U.S., to consolidate the global headquarters of the Therapeutic Solutions Division and the sales and marketing functions of the U.S. Medical Business Establish a highly capable regulatory, medical and clinical affairs organization to develop strategies and portfolios Accelerating the discovery and vetting of future M&A targets mainly in the Therapeutic Solutions Division through increased early-stage investment activity |

Focusing on Three Therapeutic Areas

To accelerate growth in Therapeutic Solutions Division and enhance our value in minimally invasive therapy, we will focus on category leadership across three therapeutic areas

| Strategies | Highlights |
|---|---|
| <p>1 GI-Endotherapy</p> <p>Expanding clinically and economically differentiated product portfolio across all key categories, including ERCP*2, ESD*3, metal stents, and hemostasis devices</p> | <p>Leadership in GI-Endotherapy extended with the global launch of four new products and the acquisition of Arc Medical Design Ltd. with a portfolio of endoluminal devices shown to improve clinical outcomes</p> <p>ENDOCUFF VISION</p> |
| <p>2 Urology</p> <p>Becoming the global leader in BPH, stone management and bladder cancer through customer-focused innovation and compelling clinical differentiation</p> | <p>Best-in-class BPH clinical outcomes further improved with the launch of Plasma+ technology for the electrosurgical generator, and the acquisition of Medi-Tate Ltd. and its minimally invasive therapeutic device portfolio</p> <p>iTind</p> |
| <p>3 Respiratory</p> <p>Delivering market-leading solutions designed to improve care and prognosis of lung cancer patients through accurate, early diagnosis and staging</p> | <p>Lung cancer leadership reinforced via launch of next generation EBUS scope and acquisition of Veran Medical Technologies, Inc. and its portfolio of minimally invasive technology</p> <p>SPIN</p> |

Other Therapeutic Areas

| Strategies | Progress and Future Measures |
|---|--|
| <ul style="list-style-type: none"> Expand energy solutions portfolio. Protect and grow laryngology, rhinology, and gynecology businesses through investing in solutions that follow market shifts toward minimally invasive procedures across the continuum of care | <ul style="list-style-type: none"> New product introductions in advanced energy device category. Expanding existing OR offering with Ultravision, a differentiated laparoscopic smoke management solution Improving profitability through focused efforts toward operational and commercial efficiencies |

*2 Endoscopic Retrograde Cholangio Pancreatography

*3 Endoscopic Mucosal Resection, Endoscopic Submucosal Dissection