

EVIS X1 Introduction Strategies

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- I'd like to take it from here and explain the introduction strategies of EVIS X1 to the markets.

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We plan to gradually introduce the EVIS X1 series of products while meeting local needs and complying with the laws and regulations of each country.



- First, I'd like to cover introduction in different regions.
- As some of you may know, we issued a press release in Europe, Australia, Hong Kong, and India on April 23, 2020 and started sales.
- We started sales in Japan on July 3, 2020.

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EVIS X1

Global Strategies

- Let me first introduce the global strategies for EVIS X1.

**To support further improvements in endoscopic services at each step of the endoscopic screening, from lesion detection to treatment.
To continue to be the best partner for our customers by providing solutions that fulfill their needs.**



- Our goal for EVIS X1 is to support further improvements of endoscopic services at each step of the endoscopic screening, from lesion detection to treatment.
- As shown in the figure at the bottom of the slide, the endoscopy medical services is divided into steps, from lesion detection to treatment.
- Our plan is to provide innovative technologies that are appropriate for each step and to continue to be the best partner for our customers by providing solutions that fulfill their needs.
- As I mentioned earlier, the one in the name “EVIS X1” reflects this idea.
- So how will we approach those goals?

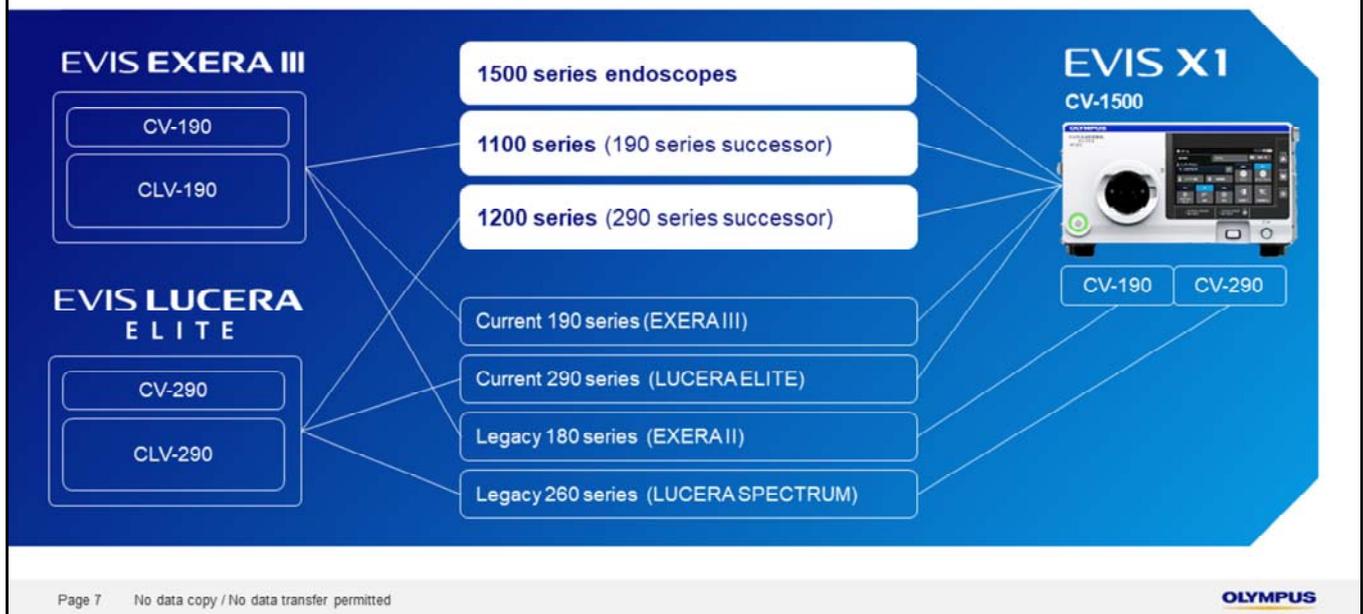


EVIS X1 Strategies

1. Developing a rich product portfolio based on a unified global platform
2. Creating clinical values with the new features of EVIS X1



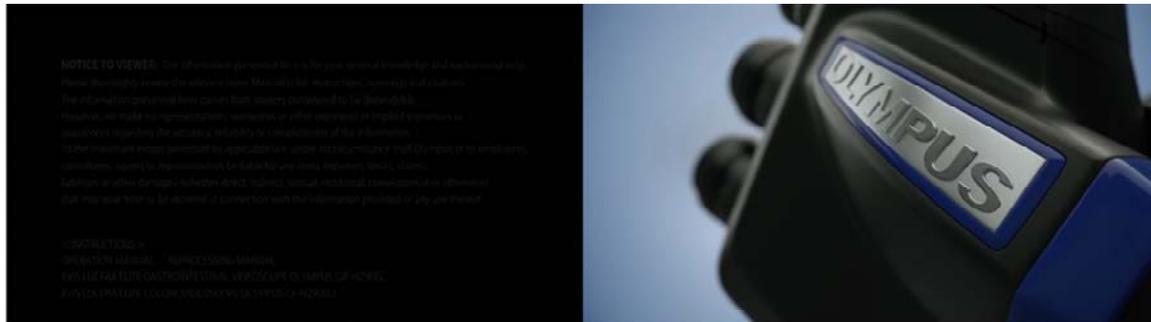
- We are planning to develop two strategies.
- The first is to develop a rich product portfolio based on a unified global platform.
- And the second is to create clinical values with the new features of EVIS X1.
- Let's look at each strategy in detail. First, our first strategy.



- As Kura mentioned earlier, we will provide a wide variety of scopes by compatibility with the scopes developed for existing endoscopy systems in addition to the special scopes for EVIS X1, by best utilizing the globally unified platform of EVIS X1.
- This will make it possible for physicians to use scopes that were not previously available in their regions.

Developing a rich product portfolio based on a globally unified platform

We will provide a wide variety of scopes by compatibility with the scopes developed for existing endoscopy systems in addition to the special scopes for EVIS X1

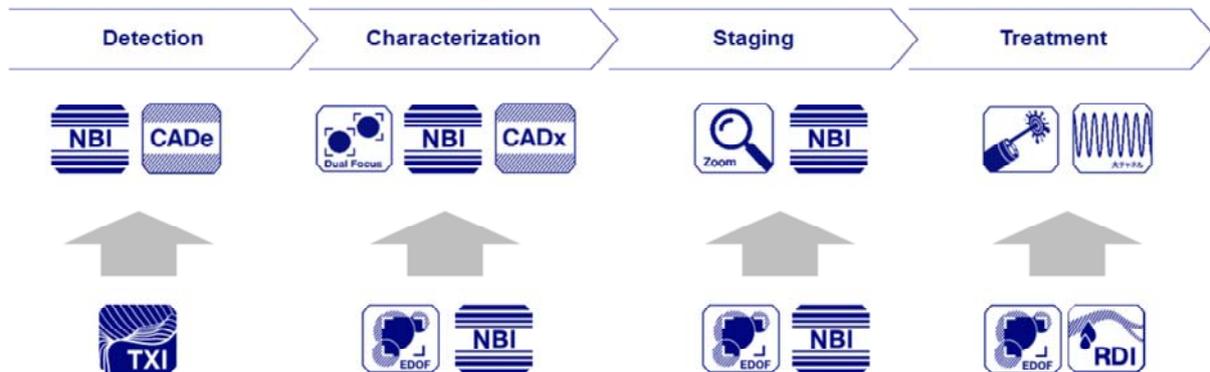


*Under development and not for sale

- Now for some examples.
- The PowerSpiral endoscope shown in the video on the right was available with the EXERA series, but not with the LUCERA series.
- On the other hand, the ultra-high magnifying endoscope, Endocyto shown in the video on the left was available with the LUCERA series, but not with the EXERA series.
- This is because we selected the products to introduce to meet various local needs.
- To meet the diverse needs of endoscopists in recent years, we will develop a rich product portfolio based on a globally unified platform.

Creating clinical values with the new features of EVIS X1

Supporting activities to increase clinical usefulness for diagnosis and treatment in upper and lower gastrointestinal endoscope



- And the second strategy is to create clinical values with new features of EVIS X1.
- This is a key concept that Olympus has also worked on previously, and we have matched each function to each step from previous products.
- We will also strengthen our activities to further enhance the clinical usefulness of TXI, EDOF, and RDI, which are the representative new functions of X1, by matching them to the steps of detection, characterization, staging, and treatment.
- Specifically, we will use TXI for detection and the combination of EDOF and NBI for characterization and staging, as the gold standard procedure to contribute to endoscopy medical services around the world.
- Given the high expectations for these medical values, we will work proactively to establish evidence.

Supplement: Aim of Magnifying Endoscope Portfolio

EVIS X1



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- Let's revisit the aims of the magnifying endoscope portfolio.
- The EDOF scope aims to become the global standard for magnifying endoscopes, with a high priority on operability and versatility shown along the horizontal axis.
- In the meantime, our challenge lies not only in the spread of procedures based on this standard, but also on the vertical axis.
- We will continue to work toward the realization of more detailed magnifying endoscopic imaging by improving magnifying performance itself.
- In other words, we will continue to pursue the creation of new endoscopic diagnostics while aiming to become the standard for magnifying endoscopy.
- I believe that continuing to pursue these two goals is a major key success factor in Olympus receiving the support of many endoscopists.

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EVIS X1

Development of Japanese market

- Now that I've explained the development strategies on a global level, how will each region develop according to these guidelines?
- And now I'd like to move on to the development of the Japanese market.

Series name:

EVIS X1

Product name		Launch date in Japan
EVIS X1 VIDEO SYSTEM CENTER	OLYMPUS CV-1500	Friday, July 3
4K UHD LCD MONITOR	OEV321UH	Friday, July 3
MOBILE WORKSTATION	WM-NP3	Friday, July 3
GASTROINTESTINAL VIDEOSCOPE	OLYMPUS GIF-1200N	Friday, March 6
GASTROINTESTINAL VIDEOSCOPE	OLYMPUS GIF-EZ1500	Friday, July 3
COLONOVIDEOSCOPE	OLYMPUS CF-EZ1500DI	Friday, August 3

*Several devices are not available in some areas

- This table shows the products to be introduced in Japan on July 3, though the sales of some of the products did start earlier.
- GIF-1200N is an ultra-thin endoscope for the upper gastrointestinal tract that is in increasing demand in Japan.
- The sales of this product started on March 6.
- GIF-EZ1500 and CF-EZ1500 are endoscopes with the features of the EDOF function. We will strengthen the sales activities of these endoscopes as our core products.

We will propose the adoption of the new system to customers who purchased an existing system five years ago or before.

Number of facilities that use endoscopes*



Total number of endoscopes in operation in Japan*

33,000 units

Potential units to be updated*
(endoscopes that are 5 years old or more)

70%

* Data obtained internally

- In Japan, the number of facilities offering endoscopic services is approximately 6,000 hospitals, 21,000 clinics, and 27,000 facilities in total.
- Because of the characteristics of the Japanese market, we assume that there are few facilities that are planning to start to provide new endoscopic services.
- Therefore, we will propose replacement of endoscopes that are five years old or more at facilities that use endoscopes.
- According to our survey, there are currently approximately 33,000 endoscopes in operation in Japan, of which approximately 70% are assumed to have been used for more than five years.
- We will start sales promotion mainly these facilities.

We will encourage replacement with strategic products suitable for the characteristics of each facility.



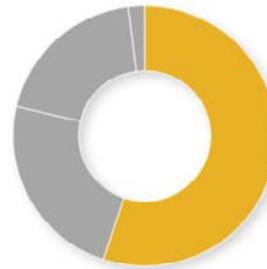
- As for products and functions to provide to each segment, we would like to provide EDOF scopes to all users first.
- Using this scope with the conventional NBI will support the diagnostic procedures simpler.
- We will introduce RDI to EDOF for facilities that focus on treatment.
- I will introduce the ultra-thin endoscope for TXI for facilities that actively perform endoscopic screening.
- I will be covering each item.

Using EDOF together with NBI makes magnifying endoscopic diagnosis more accessible.

Market penetration rate of Olympus' magnifying endoscopes based on the number of facilities that use magnifying endoscopes^{*1}

	Upper	Lower
Total	12.6%	15.1%
Hospitals	39.9%	39.7%
Clinics	4.7%	8.1%

What are the challenges for wider use of magnifying endoscopic observation?^{*2}



55.1%
Simplification of procedures

- Simplified focusing procedure
- Shortening procedure time

▪ *1 Data obtained internally *2 JDDW 2019 Satellite Seminar questionnaire

- As I mentioned earlier, we would like to provide EDOF to all facilities. The figures shown in the table on the left are the market penetration rates of our magnifying endoscopes.
- At hospitals, magnifying endoscopes are owned by approximately 40% of users for the upper and lower gastrointestinal tract.
- At clinics, magnifying endoscopes are owned by approximately 5% of users for the upper gastrointestinal tract and by approximately 8% for the lower gastrointestinal tract, so they have yet to be spread.
- As shown in the pie chart on the right, despite the usefulness of magnifying endoscopes, our survey indicates that further improvements are being sought in regard to simplifying the procedures.
- With the advent of the new EDOF scope, we believe that this concern has been solved and we are confident that the new product has high potential to become the new standard.



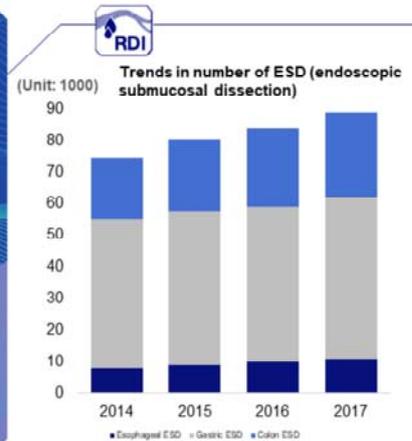
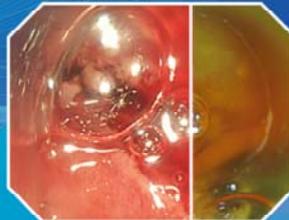
RDI

Red Dichromatic Imaging

For reliable and safer endoscopic treatment

It is assumed that endoscopic treatment will increase as the number of cancer patients increases.

By showing deep vessels in orange and yellow, contrast is made in vessels to facilitate smooth treatment.

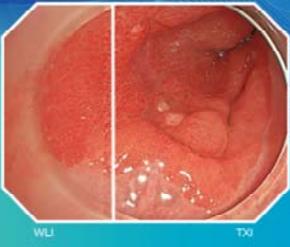


This data is a compilation from Olympus' perspective of the data (NDB open data) released by the Japanese Ministry of Health, Labour and Welfare in addition to the receipt data of the medical facilities.
* Data from FY 2015 to 2018

- For the facilities that actively provide endoscopic treatment, see the chart on the right.
- This chart shows changes in the number of ESD cases, which is a procedure developed in Japan to remove the mucosa of a lesion.
- The number of cases is increasing year by year.
- RDI is expected to support this procedure, and we believe that RDI will be used by many endoscopists in the near future as an indispensable function for endoscopic treatment.

• TXI
Texture and Color Enhancement Imaging

The input image is broken down into a base image (brightness component) and a texture image, each of which is enhanced by the system's image processing technology. The enhanced images are integrated to show subtle tissue differences more clearly using additional color enhancement to support observation of the lesions, etc. Switching to the mode allows you to observe the image in colors that are closer to those under normal light.



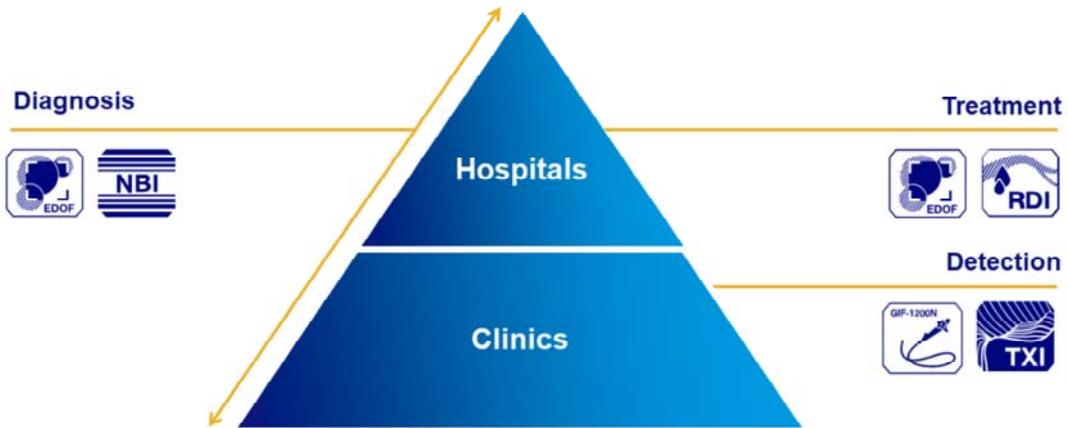
Improved observation performance with use of new ultra-thin endoscope and new image processing technology, TXI

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- In addition, at facilities that actively provide endoscopic screening, we would like to support improvement in the observation performance of suspicious areas by using the TXI technology in addition to this ultra-thin endoscope developed to reduce the pain for Japan, where there are many cases of gastric cancer.

We will encourage replacement with strategic products suitable for the characteristics of each facility.

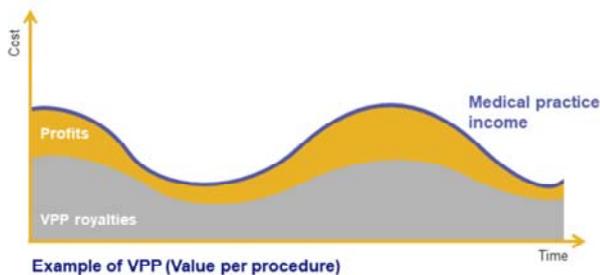


- In this way, we intend to provide products and functions suitable for customers with different needs to increase the need for replacement with EVIS X1.

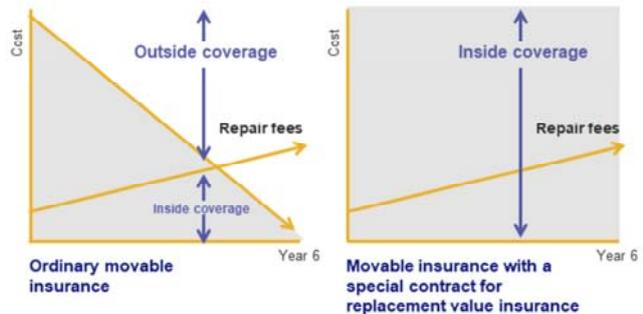
For hospitals

For clinics

Securing profits based on medical practice income regardless of fluctuations in the number of cases
 Charging system to collect fees according to the number of cases performed
 New lease contracts that are extensions by further developing the conventional lease system



Accidents are covered by insurance even after the fourth year, when the failure risk increases sharply.
 New lease system with a special contract for replacement value insurance that's worth more than the movable insurance of ordinary leases
 Damage to the endoscopic equipment caused by accidents during the lease period is secured up to the property price.



- Finally, I would like to say that in order to make the EVIS X1 with these new features available to many customers, Olympus has been offering special sales plans for user hospitals and clinics.
- For example, there is a plan that does not require an initial investment that allows the hospital to make payments based on value per procedure.
- We also offer lease programs with generous insurance for clinics.
- As well as products, we offer satisfactory sales programs to encourage continued customer use.



- So I have given a brief introduction of the global market development strategies and the Japanese market development.
- I realize that Olympus' strength is advanced endoscopic technologies that lead the world, such as EVIS X1, but I would also like to stress that we also have great strengths in our robust global sales/service network.
- In order to deliver the EVIS X1 to as many physicians around the world as we can, we will strive to create a new era of endoscope healthcare by working closely with local staff around the world.