Looking Back at Transform Olympus and Onward to the Future

Promoting Efficiency and Strengthening Foundations for Growth

Transform Olympus Heads toward Its Next Phase

Olympus has been globally developing a corporate transformation program companywide with the aim of improving business operations, performance, and organizational health.

By having promoted a variety of measures on a companywide basis, we improved the adjusted operating margin, which had been 9.2% in fiscal year 2019, by more than 10% to 19.3% in fiscal year 2022 and thereby achieved a significant result.

Now that the culture of corporate transformation has taken root, Olympus is shifting to a new phase, from transformation to growth.

2019

Transform Olympus Started

"Transform Medical": Optimize and

Globally deployed more than 1,000

costs and improve capital efficiency

initiatives as one of the efforts to reduce

Migrate to a company with a Nominating

Committee, etc. with diversified Board of

simplify Medical Business

2020

Accelerated Top-down and Bottom-up Transformation

2021

- Shift to centralized global group • In addition to bottom-up initiatives, identified eight strategic priorities and • Globally integrate HR management implemented top-down projects
 - Go-to-Market Transformation
 - R&D Transformation
 - Finance Transformation
 - End-to-End (E2E) Supply Chain Transformation
 - · Digital Transformation
 - Global Business Services (GBS)
 - Organizational Health QARA Transformation

Transformation Continues Daily

- Bottom-up initiatives ended
- Under the responsibility of each executive officer, each business and function will take the initiative to execute efficient and effective initiatives and change to a system that will continue to transform

COLUMN: Fostering a Culture of Corporate Transformation

Olympus Hero Selection—Awards for Employees Who have Driven Transformation

As part of Transform Olympus, Olympus has implemented more than 1,000 bottom-up initiatives in a wide range of areas, including in R&D, procurement, manufacturing, medical services, supply chain management, finance. human resources, the digital field, and organizational health. Based on Our Core Values. executive officers have engaged in the selection and commendation for Olympus Heroes, employees who have proactively put into effect transformations under these initiatives. Since launching this initiative in 2019, more than 300 employees have been selected as Olympus Heroes. By constructing a social incentive system that expresses great appreciation for achievements in this way, mindsets are drastically transformed along with a culture of positive transformation that is fostered by, for example, having employees mutually recognize each other across regions and departments as well as raising the motivation of employees throughout the organization.

Medical Service Workstream

Thoroughly explained to employees in Japan the necessity of improving profitability while optimizing repair costs and revising service prices. This explanation helped employees transform their mindset to focus more on medical services. Taking balance between customer satisfaction and profitability, it was a big step toward establishing the system which enables the provision of sustainable services.

Medical Asset Management Workstream

Established a centralized management system of single-use endotherapy devices for demonstration in China and realized efficient inventory management and effective use of assets.





Initiatives in Global Business Services

To standardize business processes and improve cost efficiency, in 2018 Olympus launched Global Business Services (GBS) in Europe ahead of other regions. Since then, we have been rolling out GBS and promoting their initiatives worldwide. Even as we achieve future sales growth, the expectation is to curb costs by standardizing some operational functions, such as indirect departments and sales support, that were dispersed in each country and region. All of this will be accomplished with the view of global overall optimization, outsourcing to external vendors and

transferring them to our own subsidiaries.

Currently, GBS is being rolled out by region, but we are also strengthening global collaboration. Even after transferring functions, we are still pursuing further improvements and considering expanding the scope of GBS, which will lead to stronger global group governance. In the years to come, we will continue our GBS activities not only to improve cost efficiency, but also to enhance Olympus' organizational capabilities and support sustainable growth.



Build foundations for standardization of operational functions. continuous improvement, and digitalization



Reduce business complexity



Greater transparency, clear and streamlined organizational structure



efficiency



governance system

Operational functions, such as those of indirect departments and sales support, are divided into two categories according to their characteristics, and standardization and consolidation are promoted for each. Currently, three business process outsourcing (BPO) and three captive shared service centers are in operation. In fiscal year 2022, efforts were accelerated primarily in Japan, China, South Korea, and AsiaOceania, and transfers to BPO were largely completed in these countries and regions. In June 2021, we established Olympus Asia Pacific Business Management Services (Dalian) Co., LTD, a captive shared services center in Dalian, China, and full-scale operations began in December 2021. Some of Japan's HR and finance functions have already been transferred there.



Business Process Outsourcing (BPO) = External Outsourcing Vendor

Operations with generalized Invoice payments, finance operations such as fixed assets, part of purchasing

Olympus' unique and high confidentiality functions: HR functions, financial planning and analysis (FP&A), and part of finance functions such as accounts receivable, etc.

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