



Integrated
Report
2022



OUR PURPOSE

Making people's lives healthier, safer and more fulfilling



Ever since its founding over one hundred years ago, Olympus has continued to make valuable contributions to society through its businesses. Throughout our history, our products and services have not only become essential parts of medicine and life sciences, but have also proved to be indispensable in the fields of manufacturing and infrastructure maintenance. In addition, we fulfill the needs of people worldwide by meeting societal demands.

We have been on a journey to transform Olympus into a global medtech company and steadily build a strong management foundation. This is the driving force for us to help advance society as we aim to improve patient outcomes by elevating the standard of care in targeted disease states. Our journey is entering a new phase as we work to realize sustainable growth throughout the transformation. Please look forward to Olympus delivering on its promises and soaring to new heights.





Yasuo Takeuchi

Director, Representative Executive Officer,
President and CEO

“ We will work together under Our Purpose to create high value-added innovations that contribute to a sustainable society.”

Evolving into a Global Medtech Company through Three Years of Transformation

Three years have passed since we first announced the *Transform Olympus* corporate transformation plan on our 100th anniversary in 2019. Since then, our management team and employees have been steadily implementing measures to promote transformation. Thanks to these efforts, our operating profit in fiscal year 2022 was 5.4 times higher than fiscal year 2019. During this period, we launched the EVIS X1 advanced endoscopy system and relocated the global headquarters of our Therapeutic Solutions Business to the U.S., the world's largest medical device market, and expanded our therapeutic product portfolio. Through these initiatives, we met our expected growth targets across our Medical Business. In just three years, our drastic corporate reforms have yielded benefits not only in terms of the organizational structure, but also in the mindsets of individual Olympus employees.

Our business environment has seen major changes in the healthcare industry. Health awareness has grown as a result of the global COVID-19 pandemic, and the world's aging population has been increasing pressure to reduce medical costs. In this environment, it is becoming increasingly important to improve patient outcomes by elevating the standard of care across the entire patient care pathway and help to bring better outcomes for patients. I believe that we can do more, such as further enhancing our business foundation and investing to ensure our continued evolution as a global medtech company that provides essential value to the world.

I would like to review what we have achieved over the past three years through our efforts to transform Olympus into a global medtech company. Olympus was founded as a technology-oriented company specializing in the manufacture of microscopes. For many years, Olympus developed its own unique operating models that were optimized for each region and group company. As a result, global coordination had been a challenge. Even

before I was appointed CEO, I felt strongly that Olympus had a lot to do to stand on par with other global medtech companies in terms of its management foundation, group governance, efficiency, and profitability. I saw a huge opportunity to improve our ability to quickly adapt to changes in the external environment, and the implications this had on our sustainable growth. That is why I believed that we first needed to build a robust management foundation that ensures adequate profitability, in order to overcome these challenges, achieve sustainable growth as a truly global medtech company, and continue to make people's lives healthier, safer and more fulfilling. The most important attribute for bringing about this large-scale corporate transformation is the ability to execute. We announced *Transform Olympus* in January 2019 aiming to reinforce our ability to execute, under which we have built a management foundation and organizational structure optimized for speed of execution. In addition to shifting to a centralized global group management and changing our governance structure with a Nominating Committee etc., we have also made progress on various initiatives, including a globally integrated HR management system. We have also promoted diversity, including within the Board of Directors and the executive team.

In November 2019, we announced a corporate strategy to achieve sustainable growth. Our strategic goal as one of the globally leading medtech companies is to deliver benefits to all our stakeholders and contribute to people's health by providing value-added innovations. We have made a clear commitment to achieving an annual revenue growth rate of 5–6% and an operating margin of over 20%, along with maintaining sustainable growth by becoming leaders in the therapeutic areas where we compete. I have high expectations that every Olympus employee will take ownership of this transformation. We have worked very hard to facilitate understanding of the purpose of the transformation, making it easier to visualize the goal by using specific KPIs wherever possible and linking the transformation to Our Purpose of “making people's lives healthier, safer and more fulfilling.” Achieving an operating margin of over 20% is one KPI we

announced to our stakeholders, including employees, as a milestone target in fiscal year 2023. When we first announced this target, some questioned whether it could be delivered in such a short period. However, I took a firm stance that we could achieve it if all of us in Olympus are committed to the corporate transformation—the concept I have been working on for long before my appointment as CEO—and strategy executions.

Now, let me share key achievements to date in relation to the four strategic pillars laid out in our corporate strategy. The first is to “Focus our corporate portfolio.” To this, we have made significant progresses. Olympus transferred its Imaging Business in 2021, completed the reorganization of the Scientific Solutions Business through a company split in April 2022, and signed the agreement to transfer the Scientific Solutions Business to a third party in August 2022, signaling progress in our transformation into a truly global medtech company. The second is “Further strengthen leadership in endoscopy.” As part of our efforts to strengthen the Medical Business, we have launched the EVIS X1 advanced endoscopy system and ENDO-AID, an AI-powered endoscopy computer-aided detection (CAD) platform. The third is “Focus and scale our TSD business.” To achieve this, we have enhanced business development capabilities, primarily in Therapeutic Solutions Business’ global headquarters in the U.S. With that we have expanded our product portfolio through M&A and made early-stage discovery of new business opportunities with a focus on GI-Endotherapy, Urology, and Respiratory. In addition, we are also ramping up capabilities in functions core to medtech such as medical affairs, quality assurance and regulatory affairs. The fourth and final key component is “Lead in next-gen minimally invasive surgery.” We will achieve this through R&D and product development of digital endosuites*. Over the past three years, we have

worked to achieve business growth and improve our profitability as a global medtech company by steadily implementing a variety of initiatives in these four strategic pillars.

Following the announcement of our corporate strategy, we were confronted by a range of issues that required action on a global scale, such as the COVID-19 pandemic and supply chain disruptions including shortages of semiconductors and other components. These challenging circumstances evoked change and an acceleration in our transformation towards becoming a truly global medtech company to ensure sustainable growth. We have worked steadily to implement numerous measures in line with *Transform Olympus* and our corporate strategy. Our business performance for fiscal year 2022 achieved revenue of ¥868.9 billion, with both the Medical Business and Scientific Solutions Business setting new records for revenue. As a result, our two-year average revenue growth rate from fiscal year 2020 was over 7%. We also achieved an adjusted operating margin of 19.3%, indicating steady progress towards our milestone target of 20% or higher by fiscal year 2023. Our efforts to transform Olympus were already in progress when the COVID-19 pandemic broke out, luckily by then, we had good structures and preparations in place that enabled better global coordination in a highly uncertain situation. Most importantly, Our Purpose of “making people’s lives healthier, safer and more fulfilling” was tested and it was proven that Olympus employees around the world are fully committed to fulfilling our ultimate purpose. I am confident that these are the reasons we have been able to achieve both steady top-line growth and improved profitability.

* A solution that could extend the reach of endotherapies while improving the patient experience, using artificial intelligence (AI) and other digital tools and technologies.

Medical Business Direction: Focus on Patient Care Pathway

In fiscal year 2023, we are all working together to achieve our target of an operating margin of over 20%. I am determined to make it a year in which Olympus shifts from the *transformation phase* to the *growth phase* as a global medtech company. As a company that has evolved as part of the Japanese manufacturing industry, I understand there are many hurdles for Olympus to overcome to compete in the global medtech market and achieve sustainable growth. However, we will shift our focus more on activities which stimulate growth and improve profitability, such as actively considering investments to strengthen our position in the future, and enhancing our corporate value as a global medtech company.

In December 2021, we announced our medical business direction. We explained the importance of focusing on the care pathways patients experience from prevention to screening, diagnosis, treatment and recovery. This includes supporting and improving personalized care for each patient, and strengthening the provision of solutions aimed at those care pathways. In the past, Olympus used technology to develop best-in-class medical devices as solutions for individual diseases; however, with stronger focus on patients’ and healthcare professionals’ needs, we would focus not only on optimizing the performance of our devices, but also on driving adoption of new approaches to improve patient outcomes. Going forward, we focus on the therapeutic areas where we can win and where we expect future growth opportunities. We will shift emphasis to delivering clinical and economic value across patient care pathways. I am confident this approach will expand business opportunities and enable us to maximize the value we deliver, and to achieve further growth.

This medical business direction is defined by three keywords: “Focus,” “Shape,” and “Enable.” First, we will Focus on the disease states in which we can have a market-leading impact – GI, Urology, and Respiratory. Second, we will Shape the future by investing in new ways to elevate the standard of care, leading to the enhancement of care pathways, the optimization of procedures, and the pursuit of next-generation product innovations. We see M&A as an essential tool in priority areas, and have focused our efforts on enhancing our business development structures and reinforcing our business portfolio. We will continue to consider the capabilities that we need, and proactively explore M&A as a growth option.

Olympus was initially founded as an optical equipment manufacturer to produce microscopes in Japan. By leveraging our core technologies, we were able to achieve growth by expanding our business portfolio to include cameras, medical devices, and various other products. Because of this historical background, our management infrastructure is not yet optimal for a global medtech

company, and further improvement is needed. The third keyword, Enable, refers to the enhancement of our operations. A particular priority will be the transition to a structure and operating model optimized for product development, quality assurance and regulatory affairs on a global scale. In addition, during the ongoing COVID-19 pandemic, we have actively developed and implemented educational programs and training exercises to support healthcare professionals in achieving excellent clinical results and to provide economic value. In April 2022, we increased the number of executive officers from five to six, this is meant to strengthen our management structure and organizational capabilities as a global medtech company. I see further enhancement of our global organizational structure and cross-functional collaboration as an absolute necessity for Olympus to continue to provide significant value to both patients and healthcare professionals. By steadily pursuing our medical business direction, we strive to ensure our growth as a global medtech company and continuously improve profitability.

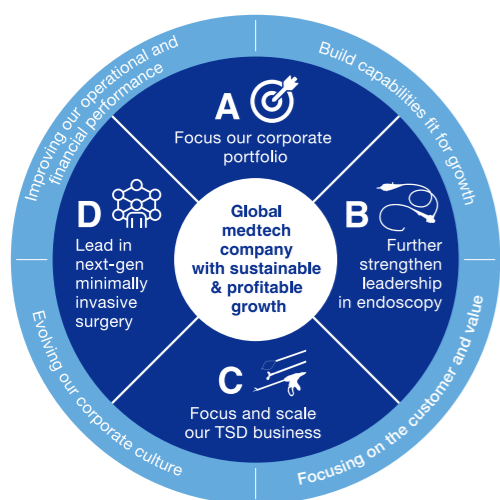
Helping to Create a Sustainable Society

At the heart of the *Transform Olympus* concept is our corporate philosophy, which consists of Our Purpose “making people’s lives healthier, safer and more fulfilling” and Our Core Values. We owe all the stakeholders supporting us till today for the fact that Olympus has been able to sustain its business for more than a century. When looking ahead to the next hundred years, it is important for all Olympus employees to live by Our Purpose and act with Our Core Values, so that we can continue to contribute to all of our stakeholders. In 2018, we redefined our corporate philosophy by introducing Our Purpose and Our Core Values, which helped all Olympus employees to consciously link their work to tangible contributions for patients and society. Since becoming CEO, I have been constantly contemplating ways to ensure Olympus continues sustainable growth. Our corporate transformation has been guided by our determination to fulfill Our Purpose and achieve growth as a leading global medtech company. Importantly, we continue our best efforts to build a better future together with all stakeholders.

With Our Purpose, we will continue delivering innovations that only Olympus can create and contributing to help solving social challenges facing our stakeholders including our employees and their families. All that, I believe, would pave a path to creating a sustainable society.



Director, Representative Executive Officer, President and CEO



“Olympus is committed to improving patient outcomes by contributing across the entire patient care pathway, delivering clinical and economic value.”

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This chapter gives an overview of the past and present of Olympus, as well as our vision for the future.

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Theme of Integrated Report 2022

Since the announcement of the corporate transformation plan *Transform Olympus* and corporate strategy in 2019, Olympus has implemented various initiatives including shifting to centralized global group management, transitioning to a company with a Nominating Committee, etc., promoting diversity including on the Board of Directors and the executive team, focusing our corporate portfolio, and actively investing in growth areas. Fiscal year 2023 is a milestone year for us, as our goal is to achieve an adjusted operating margin* of over 20%, a level equivalent to that of global medtech peers. Integrated Report 2022 introduces the progress of our transformation, including a track record of our improvement in business performance and initiatives to date, with thoughts from management and employees. We have also expanded our sustainability initiatives and disclosure of non-financial information, including an "Intellectual Property Activities" page, disclosure of Our Core Values Survey results on the "Evolving Our Corporate Culture" page, and risk-related disclosure.

*Operating Profit excludes "Other income/expenses." No adjustments are made for the impact of exchange rate fluctuations; actual exchange rates are used.

Major New Contents

(Includes pages with significantly updated content from Integrated Report 2021)

Steps toward Becoming a Truly Global Medtech Company

▶ P.12–13

These pages show a summary of the initiatives we have done until now to improve performance in order to achieve an adjusted operating margin of over 20%.

CxO Roundtable Discussion

▶ P.28–33

For this section, a roundtable discussion was held with five CxOs (CEO, CTO, CMSO, CMO and CQO) on how they are enhancing capabilities and cross-functional collaboration to provide solutions focused on patients and target diseases.

Special Feature: EVIS X1

▶ P.48–49

In this section, we asked doctors in Europe about experiences with the EVIS X1 endoscopy system.

Special Feature: Urology

▶ P.52–53

This feature introduces the major urological diseases and our solutions which performed well in the Therapeutic Solutions Business in fiscal year 2022.

Intellectual Property Activities

▶ P.62–63

Recognizing that, to improve corporate value, IP creation on global and companywide basis is important, on these pages we introduce our intellectual property activities which are being carried out worldwide.

Evolving Our Corporate Culture

▶ P.66–69

This section explains our implementation of multiple HR initiatives globally to realize a Healthy Organization. In addition, the results of Our Core Values Survey are disclosed for the first time to show progress toward improving the corporate culture.

Governance Roundtable Discussion

▶ P.75–79

In this section, CEO Mr. Takeuchi, Chairman of the Board Mr. Fujita, and Mr. Era of BlackRock Japan Co., Ltd. held a discussion on the theme of "Corporate governance to increase corporate value."

Risk Management

▶ P.92–94

This section describes updates to the system and processes for promoting risk management, and summarizes the content and responses to major risks, sorted by category.

Global Healthcare Data

▶ P.96–99

Here, we expand on disclosure, centered on data related to diseases in our three focus areas of GI, Urology, and Respiratory.

Editorial Policy

The Olympus Group strives to conduct disclosure in a manner that meets the information needs of its stakeholders. Starting in fiscal year 2018, its annual reports are being compiled as an integrated report. With the foremost aim of deepening understanding with regard to the Olympus Group, this report contains the corporate strategy, business activity, financial, and other information traditionally disclosed in our annual reports while also including non-financial information on social contribution, environmental, and other activities necessary to explaining the Group's efforts to create value. In constructing this year's report, we referenced the International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC). The Company's corporate website provides up-to-date information on a variety of topics.

Forward-Looking Statements

This integrated report contains forward-looking statements that reflect management's current views, plans, and expectations based on information available at the time of preparation. These forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, future business decisions, and other internal and external factors that may cause the Company's actual results, performance, achievements, or financial position to be materially different from any future results expressed or implied by these forward-looking statements.

About Products

Some products in the Integrated Report have not yet been released in some regions.

1

Our Company

This chapter looks back on Olympus' 100-year history and introduces a business overview, particularly focusing on Olympus' competitive advantages in the mainstay Medical Business. In addition, each executive officer discusses the policies for becoming a truly global medtech company.

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Value Creation Model

Olympus' Value Creation Model

OUR PURPOSE Making people's lives healthier, safer and more fulfilling

Strength

Strong position built on basis of relationships of trust with customers

- ▶ Global market share for gastrointestinal endoscopes approximately 70%
- ▶ Training for doctors conducted around the world
- ▶ Entered emerging markets ahead of other companies and built relationships of trust with doctors
 - Have built relationships of trust in Chinese market for about 50 years, since normalization of diplomatic relations between Japan and China in 1972
 - Established representative office in Singapore in 1975

Global and robust management foundation

- ▶ Approximately 17 training centers with the aim of providing training opportunities for healthcare professionals
- ▶ Build an industry-leading service network among the world's medical device companies
- ▶ Established a global headquarters for the Therapeutic Solutions Business in the U.S.
- ▶ Credit ratings: A (R&I), BBB+ (S&P), Baa2 (Moody's)
- ▶ Approximately 990 dialogues with institutional investors and securities analysts^{*1}

Technological capabilities that produce high-quality and advanced products

- ▶ Selected as one of the top 100 most innovative companies in the world 10 times
- ▶ Olympus Group's approximately 20,000 patents^{*2} to build a high-quality IP portfolio
- ▶ Strong know-how and optical technology built up since the Company's founding
- ▶ Manufacturing techniques that realize high-mix, low-volume production

Diverse human resources that possess high expertise

- ▶ Aiming to become a global medtech company, hiring highly specialized and talented people for global positions
 - To further grow mainly in the Therapeutic Solutions Business, set up a specialized business development team in the U.S., hired talented people, and carried out M&A
 - Percentage of foreign management roles globally: approximately 51%^{*3}
- ▶ To strengthen implementation skills, approximately 6,000 employees participated in training, and approximately 4,500 people participated in the Global Communication Skill Strengthening Program^{*2}

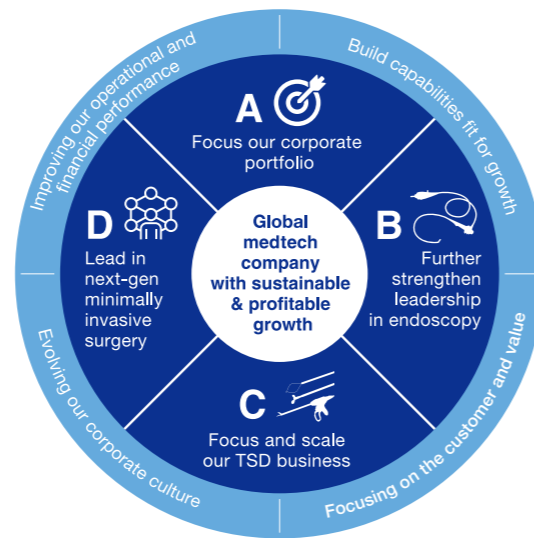


Strategy

Corporate Strategy

Transforming into a Truly Global Medtech Company

Realization of corporate culture and structure that enables sustainable growth



See page 41 for Medical Business Direction

Six Important ESG Areas

1. Corporate governance
2. Economic sustainability
3. Product sustainability
4. Environment
5. People
6. Society

Our Materiality

- Healthcare access and outcomes
- Compliance, product quality and safety
- Responsible supply chain
- Diversity and inclusion
- Carbon neutral society and circular economy

Social Outcome

Providing value to patients, countries, and society through our customers



Patients

- Contributing to the health of people around the world
- Improving patient outcomes by elevating the standard of care in target diseases based on early diagnosis and minimally invasive treatments

50 million

Colonoscopies performed worldwide^{*4}

100

Diseases or conditions treated^{*5}

- Feedback on product improvements and requests

Relationships of trust built by collaborating with customers

- Providing products that help improve patient outcomes by meeting abundant needs
- Support for procedure development

Customers

(Medical institutions, research institutions, manufacturing industry, etc.)

- Contributing to improvements in efficiency of medical care and its economic outcomes through early diagnosis and minimally invasive treatments
- Contributing to biological/medical research as well as pathology research
- Contributing to industrial efficiency and improvements in inspection quality



Countries/Society

- Contributing to limiting medical expenses through early diagnosis and minimally invasive treatments
- Contributing to the future of medicine
- Contributing to safety and security in everyday lives

Financial KPIs



5-6%

Annual average revenue growth rate



> 20%

Operating margin^{*6}

^{*1} Fiscal year 2022
^{*2} As of March 2022

^{*3} The percentage within global senior management as of July 1, 2022

^{*4} Numbers come from the Company's research. Numbers of the US, Canada, Germany, France, Italy, Spain, the UK, Poland, Japan, China, South Korea, Australia, India, and Russia. As of 2019

^{*5} Olympus has versatile medical devices with the ability to treat approximately 100 diseases or conditions as of March 2022.

^{*6} Operating Profit excludes "Other income/expenses." adjustments are made for the impact of exchange rate fluctuations; actual exchange rates are used.

Steps toward Becoming a Truly Global Medtech Company

Becoming a Truly Global Medtech Company

Olympus is aiming to transform into a truly global medtech company. In January 2019, we announced our corporate transformation plan, *Transform Olympus*. In November of the same year, we announced our corporate strategy in which we presented our goal to achieve an adjusted operating margin*¹ of over 20% in fiscal year 2023, a level equivalent to that of competitor global medtech companies. We will introduce our previous steps and future initiatives toward becoming a truly global medtech company.

FY2020 (Result) >>

Adjusted operating margin

13.5%

Initiatives and Priority Measures

- Achieved significant SG&A efficiency (¥32.5 billion reduction, or 7% decrease, from fiscal year 2019)
- Steadily progressed the corporate transformation plan, *Transform Olympus*
- Broadened perspectives in management and accelerated management action as a result of diversifying the Board of Directors and migration to a company with a Nominating Committee, etc.
- Development of next-generation gastrointestinal endoscopy system in the Endoscopic Solutions Business
- Built a business base for the Therapeutic Solutions Business and invested resources in key focus areas
- Integrated global group management, and strengthened business execution
- Established the globally integrated HR management that enables optimal talent allocation at the global level
- Recruited and placed human resources, regardless of nationality, age, or gender, within the Olympus Group, and actively hired external personnel with a wide range of experience, knowledge, and abilities (appointment of CMO, CQO, and other global talent from outside Japan)

Supporting Financial Indicators (Result)*¹

Adjusted FCF	¥71.1 billion
Adjusted ROIC	10.7%
Adjusted EPS	¥45.49

FY2021 (Result) >>

Adjusted operating margin

14.1%

Initiatives and Priority Measures

- Made steady progress on the corporate transformation plan, *Transform Olympus*
- Formulated five materiality items that moves us toward sustainable business growth and a sustainable society
- Completed the transfer of the Imaging Business to Japan Industrial Partners, Inc. in January 2021
- Launched the EVIS X1 advanced endoscopy system—the first new model in about eight years—in Europe, Japan, and some parts of Asia
- Conducted multiple M&A to drive growth in the Medical Business (GI endoscopy: Arc Medical Design Ltd.; Respiratory: Veran Medical Technologies, Inc.; Orthopedic: FH ORTHO SAS; Surgical: Quest Photonic Devices B.V.)
- Reorganized the product development structure (a system in which specialized functions, such as quality, R&D and manufacturing, strengthen their cooperation from the early stage to develop products that are safer and more effective)
- Implemented “Career Support for External Opportunity” in Japan

Supporting Financial Indicators (Result)*¹

Adjusted FCF growth	+11.6% (¥79.4 billion)
Adjusted ROIC	10.3%
Adjusted EPS growth	+37.2% (¥62.42)

FY2022 (Result) >>

Adjusted operating margin

19.3%

Initiatives and Priority Measures

- Continued to foster a culture of corporate transformation by promoting top-down and bottom-up initiatives through *Transform Olympus*, our corporate transformation plan
- Implemented ESG initiatives that contribute to a sustainable society (Selected as Dow Jones Sustainability World Index (DJSI World))
- Decided to reorganize Scientific Solutions Business through Company Split and accelerated efforts to implement Company Split. (In August 2022, Olympus decided to transfer all shares of its subsidiary Evident Corporation, which is engaged with the Scientific Solutions Business, to third party. The transfer is scheduled in January 2023)
- Continued to expand sales of EVIS X1 advanced endoscopy system through launch execution in current markets and preparation of launch into new markets including the U.S. and China
- Established Olympus Innovation Ventures, a corporate venture capital fund
- Formulated strategic initiatives for the Medical Business (Olympus Investor Day 2021)
- To develop safer and more effective products, we strengthened cross-functional collaboration among specialized functions, such as QARA, R&D, and manufacturing from the early stages of product development

Supporting Financial Indicators (Result)*¹

Adjusted FCF growth	+35.9% (¥131.3 billion)
Adjusted ROIC	17.1%
Adjusted EPS growth	+46.6% (¥97.73)

*¹ The following adjustments are made to each indicator. M&A relates to fiscal year 2020 and later (after the launch of our corporate strategy in 2019).
 • Adjusted Operating profit and EPS: Operating Profit excludes “Other income/expenses.” No adjustments are made for the impact of exchange rate fluctuations; actual exchange rates are used.
 • Adjusted ROIC: “Other income and other expenses” and “Depreciation and amortization of intangible fixed assets related to M&A” are deducted from operating profit after tax. (Tax rate: Japan’s statutory effective tax rate of about 30% is used.) “M&A-related assets (goodwill and intangible assets related to M&A)” is deducted from working capital. No adjustments are made for the impact of exchange rate fluctuations, and actual exchange rates are used.
 • Adjusted FCF: “Cash inflows and outflows of other income and other expenses,” “M&A-related expenditure,” and “Business restructuring-related expenditure” are deducted. No adjustments are made for the impact of exchange rate fluctuations, and actual exchange rates are used.
 *² CAGR from fiscal year 2021 to fiscal year 2023, starting from fiscal year 2020

FY2023 (Forecast) >>

Adjusted operating margin

22.4%

Revenue CAGR*²

over 10%

Initiatives and Priority Measures

- Focus on the diseases on which we can have a market-leading impact
- See page 47 for future measures in Endoscopic Solutions Business
- See page 51 for future measures in Therapeutic Solutions Business
- Shape the future by investing in new ways to elevate the standard of care
- Enable our organization to better execute globally and at pace
- Strengthen ESG initiatives for sustainable growth

Supporting Financial Indicators (Forecast)*¹

Adjusted FCF growth	—
Adjusted ROIC	—
Adjusted EPS growth	+43.2% (¥133.47)

Financial Guidance and Supporting Financial Indicators*¹

		FY2023 Targets
Supporting financial indicators	Adjusted operating margin	> 20%
	Adjusted FCF growth	> 20%*²
	Adjusted ROIC	> 20%
	Adjusted EPS growth	> 25%*²

Overview

Our History

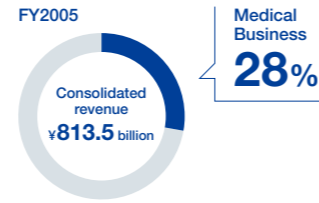
Evolution of Medical Business

Development of World's First Practical Gastrocamera

Olympus succeeded in creating a gastrocamera through joint development between the Company's R&D team and a physician in the Department of Gastroenterology of The University of Tokyo. The introduction of fiberscopes made it possible to see directly inside a patient's stomach in real time.

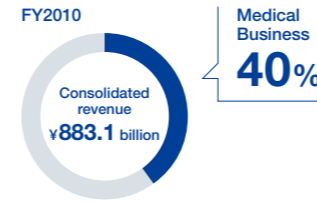
Entry into Surgical Device Business

Predicting that endoscopes would eventually be used in surgery, Olympus acquired German rigid endoscope manufacturer Winter & Ibe GmbH in 1979 and expanded its business into the surgical endoscope field.



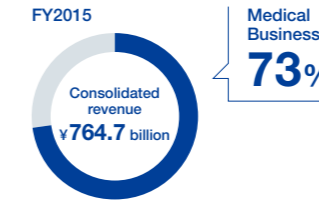
New Era of Videoscopes

The development of videoscopes, which feature imaging elements such as CCDs built into their distal tips, contributed to a substantial increase in the accuracy of diagnoses. This increase in accuracy came from the ability to display images on monitors for multiple healthcare professionals to view.



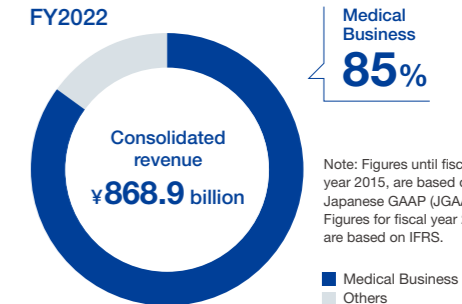
Development of Endoscopic Surgery

Olympus continued to release innovative products, including HD surgical endoscopes—the world's first surgical energy device to integrate both advanced bipolar and ultrasonic energy—and 3D and 4K surgical endoscopes.



Advent of Observation Using Specific Light Spectra

Olympus continued to accelerate the advance of technologies, such as Narrow Band Imaging (NBI) technologies. As a result, endoscopes evolved from being mere observation tools to becoming medical devices capable of treatment and therapy.



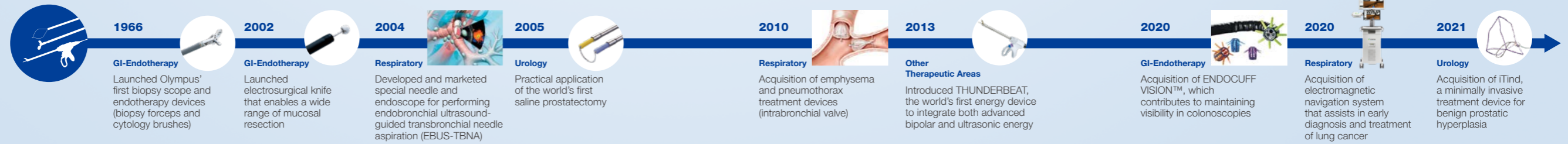
Note: Figures until fiscal year 2015, are based on Japanese GAAP (JGAAP). Figures for fiscal year 2022, are based on IFRS.

■ Medical Business
■ Others

Endoscopic Solutions Business



Therapeutic Solutions Business



Read the history of the Medical Business here.
<https://www.olympus-global.com/ir/data/medical.html>

Scientific Solutions Business



Note: Olympus decided to transfer all shares of Evident Corporation, a specified subsidiary of Olympus to a special purpose company indirectly owned by funds advised by Bain Capital Private Equity, L.P. The transfer is scheduled in January 2023.

1919–1950s From the Founding of Olympus and the Path to Business Modernization

- 1919 Established as Takachiho Seisakusho to manufacture microscopes in Japan
- 1921 Registered trademark as Olympus
- 1936 Introduced Olympus' first camera, the Semi-Olympus I (entry into camera business)
- 1949 Name changed to Olympus Optical Co., Ltd. Company listed on Tokyo Stock Exchange (TSE)

1960–1980s Evolution as an Integrated Optical Manufacturer and Expansion of Overseas Sales Networks

- 1964 Established Olympus Europe
- 1968 Established Olympus Corporation of America
- 1979 Established U.S. location in California (currently world's largest endoscope service center)
- 1989 Established Beijing residential office and corporation in Singapore

1990–2010 Diversification of Medical Business

- 2001 Commenced collaboration with Terumo Corporation
- 2008 Established first training center in China (Shanghai) Acquired Gyrus Group PLC to strengthen surgical area of Medical Business

2011–2015 Unveiled "Back to Basics" Slogan and Began Shifting Resources to Medical Business

- 2011 Deferred recording of past losses discovered
- 2012 Appointed new management team Formed business and capital alliance with Sony Corporation Transferred Information & Communication Business
- 2013 Security on Alert Designation placed on Company stock by TSE removed Procured capital through public offering in overseas markets (approx. ¥110 billion)

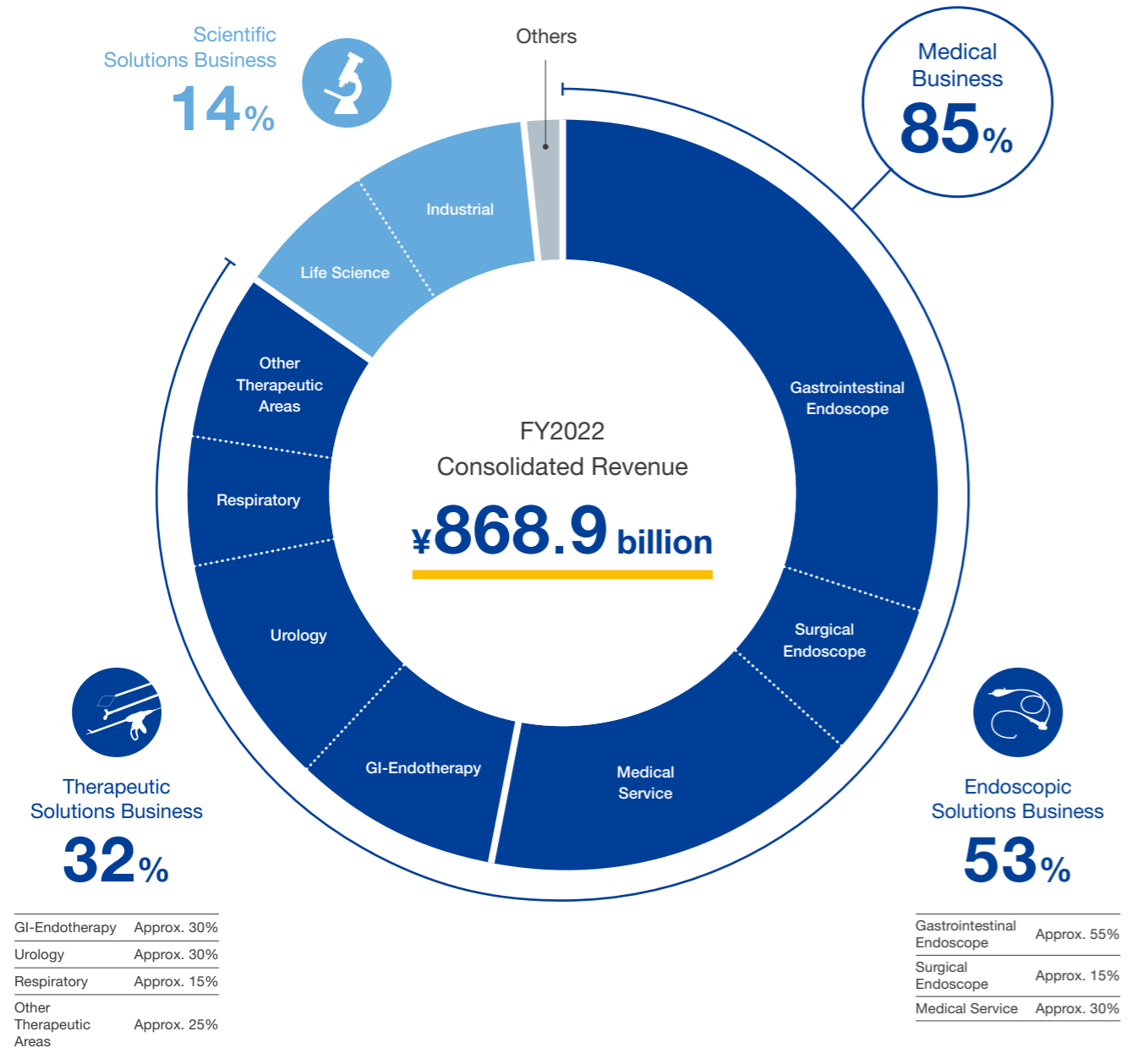
2016–2018 Transition from Stage of Reconstructing Management to Stage of Sustainable Growth and Development

- 2016 Increased production capacity (completed construction of new buildings) at medical endoscope development and production sites (Aizu, Shirakawa, and Aomori)
- 2018 Introduced new corporate philosophy

2019– Aiming to Become a Truly Global Medtech Company

- 2019 Announced corporate transformation plan, Transform Olympus and corporate strategy
- 2020 Acquired Veran Medical Technologies, Inc. in the U.S.
- 2021 Transferred Imaging Business Acquired Quest Photonic Devices B.V. in the Netherlands and Medi-Tate Ltd. in Israel Announced medical business direction
- 2022 Reorganization of Scientific Solutions Business through Company Split

At a Glance



Overseas Revenue Over **80%**



Medical Business

	Endoscopic Solutions Business	Revenue	Operating Profit	Operating Margin
		¥461.5 billion	¥133.2 billion	28.9%

In its Endoscopic Solutions Business, Olympus uses innovative capabilities in medical technology, therapeutic intervention and precision manufacturing to help healthcare professionals deliver diagnostic, therapeutic and minimally invasive procedures to improve clinical outcomes, reduce overall costs and enhance the quality of life for patients and their safety. Starting with the world's first gastrocamera in 1950, Olympus' Endoscopic Solutions portfolio has grown to include endoscopes, laparoscopes, video imaging systems, digital and integrated customer solutions, as well as solutions for infection prevention and for service.

- Major Products**
- Gastrointestinal endoscopy systems
 - Surgical endoscopy systems
 - Surgical microscopes
 - Endoscope reprocessor
 - Maintenance/Service
 - Customer solutions (Digital healthcare solutions)

	Therapeutic Solutions Business	Revenue	Operating Profit	Operating Margin
		¥275.6 billion	¥60.8 billion	22.1%

In its Therapeutic Solutions Business, Olympus uses innovative capabilities in medical technology, therapeutic intervention, and precision manufacturing to help healthcare professionals deliver diagnostic, therapeutic, and minimally invasive procedures to improve clinical outcomes, reduce overall costs, and enhance the quality of life for patients. Starting with its early contributions to the development of the polypectomy snare, Olympus' Therapeutic Solutions portfolio has grown to include a wide range of medical devices to help prevent, detect, and treat disease.

- Major Products**
- GI-Endotherapy devices
 - Urology/gynecology products
 - Respiratory products
 - Energy devices
 - ENT products
 - Surgical single-use devices

	Scientific Solutions Business	Revenue	Operating Profit	Operating Margin
		¥119.1 billion	¥17.5 billion	14.7%

At Scientific Solutions Business, we are guided by the scientific spirit—innovation and exploration are at the heart of what we do. Committed to making people's lives healthier, safer and more fulfilling, we support our customers with solutions that solve their challenges and advance their work; whether it is researching medical breakthroughs, inspecting infrastructure, or exposing hidden toxins in consumer products.

- Major Products**
- Biological microscopes
 - Industrial microscopes
 - Industrial videoscopes
 - Non-destructive testing instruments
 - X-ray fluorescence (XRF) analyzers

Note: Olympus decided to transfer all shares of Evident Corporation, a specified subsidiary of Olympus to a special purpose company indirectly owned by funds advised by Bain Capital Private Equity, LP. The transfer is scheduled in January 2023.

Others	Revenue	
	¥12.6 billion	In other businesses, the Olympus Group conducts R&D and exploratory activities for new businesses in addition to engaging in R&D, manufacturing, and sales of biomedical materials, such as synthetic bone filler, and orthopedic equipment.

Our Products

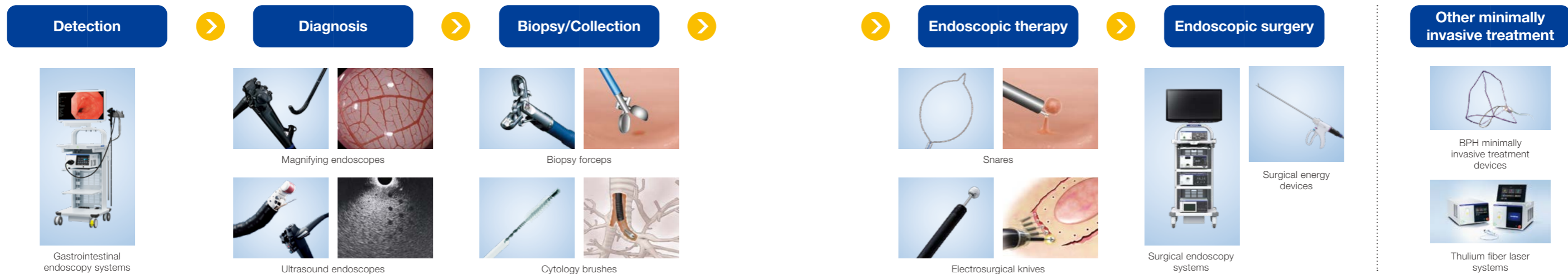
Early Diagnosis

- By incorporating technology aimed at improving the quality of lesion detection, diagnosis, and treatment, as well as examination efficiency, gastrointestinal endoscopes, which are one of Olympus' mainstay products, contribute to the early detection of lesions from gastrointestinal diseases such as cancer.
- If a suspicious lesion is found during the endoscopic examination, the area can be sampled for pathological examination.
- Recently, our endoscopes' magnification function is expected to enable doctors to make a definitive diagnosis immediately based on magnified images without the need to damage body tissue.

Early diagnosis centered on gastrointestinal endoscopes and minimally invasive treatment realized mainly from endotherapy devices and surgical products are the two value propositions created by Olympus. Through this, we hope to contribute to improvements in the quality of life of patients while also helping to address the worldwide trend of rising healthcare costs.

Minimally Invasive Treatment

- Gastrointestinal endoscopes can also be used together with endotherapy devices to treat early-stage cancers, as well as various treatments such as removal of polyps and accidental foreign objects.
- In the field of urology, we are deploying devices that can be used in clinics to treat benign prostatic hyperplasia (BPH), which is expected to increase with the aging of the population, without the need for excisional surgery. It is a minimally invasive treatment that ensures no permanent foreign object remains in the patient's body.
- Unlike conventional open surgery, endoscopic surgery (laparoscopic surgery) does not require large abdominal incisions therefore patients are expected to feel less post-operative pain, spend shorter days in hospital and return to normal life more quickly.

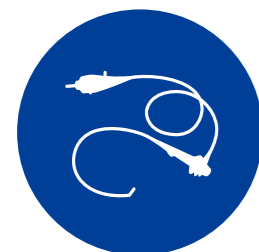


The Social Issues Solved by Olympus



1.9 million
New incidents of colon cancer*¹

*¹ Source: GLOBOCAN 2020



50 million
Colonoscopies performed worldwide*²

*² Numbers come from the Company's research. Numbers of the US, Canada, Germany, France, Italy, Spain, the UK, Poland, Japan, China, South Korea, Australia, India, and Russia. As of 2019

Endoscopes play an important role in detecting and treating many types of cancer. For example, according to 2020 data, new cases of colon cancer affect about 1.9 million people annually, and a number that is expected to increase in the years to come. About 50 million colonoscopies are performed annually for the diagnosis and therapeutic treatment of colon cancer, and Olympus products are used for many of them.



100
Diseases or conditions treated*³

*³ As of March 2022



TOP 4
Cancers treated*⁴

Endoscopes are used not only for detecting and diagnosing lesions, but also for their therapeutic treatment. In addition to GI-Endotherapy devices, we provide versatile medical devices for various hospital departments, and our devices are capable of treating about 100 diseases. By providing treatment methods for four of the five cancers with the highest number of cases—lung, stomach, colon, and prostate*⁴—and developing therapeutic devices to help treat other cancers, Olympus is contributing to the health of people around the world.

*⁴ As of March 2022. Source: GLOBOCAN 2020. Excluding breast cancer, which is the top cancer in terms of cases

Message from the CFO



“We will enhance our finance function and work to maximize the value we provide to stakeholders.”

Chikashi Takeda

Executive Officer and
Chief Financial Officer (CFO)

Changing to a Resilient Mindset Has Driven Improvements in Business Performance

Fiscal year 2022 was the second year of the three-year period through to fiscal year 2023, which is considered a milestone in our corporate strategy announced in November 2019. The first half of fiscal year 2021, which was the first year of our corporate strategy, was significantly impacted by the unforeseen global COVID-19 pandemic. However, from the latter half of the fiscal year, the market environment recovered and we were able to achieve significant sales growth in fiscal year 2022. The adjusted operating margin in fiscal year 2022 was 19.3%, marking significant progress toward achieving our milestone of an operating margin of over 20% by fiscal year 2023.

We were able to achieve top-line growth in all our businesses. This is because our products are highly evaluated in the market, such as the flagship product of the Endoscopic Solutions Business, the EVIS X1 system, and products in the Therapeutic Solutions Business' three focus areas, such as Urology. In terms of costs, while continuing to invest in building new operating models and in growth, the impact of various measures meant to improve efficiency and promoted in our corporate transformation plan, *Transform Olympus*, can be confirmed in our financial statements since improvements can be clearly seen.

We also believe changes in employee mindset have driven our positive financial results. As it turned out, the timing of us undertaking reforms under both *Transform Olympus* and our corporate strategy coincided with the COVID-19 pandemic. Even in such unprecedented times, there are customers who need our products and this has enabled us to reconfirm Our Purpose as well as the high level of trust, respect, and expectations those customers hold for our Company and the products we have built up over the years. Under these tough operating conditions, there has been a spike in the number of situations that, after first questioning what is needed to make our operations

more efficient and effective, require quick action. We have experienced the fruits of our various efforts in this regard and have a growing awareness of our financial milestone. I believe we have acquired the ability to adapt to changes resiliently and flexibly in various situations both so that each employee can know their role and so that we better understand the expectations of our stakeholders.

See page 12 “Steps toward Becoming a Truly Global Medtech Company”

Priority Measures as Finance Function Transitions to the Next Phase

We have been changing our operating model in various functions. In terms of our finance function, we have undertaken various initiatives to deliver added value to both internal and external stakeholders. In fiscal year 2022, we took steps to redefine our finance function and restructure our organization based on the two keywords of “globalization” and “business partners.” We have shifted our finance function, which was previously operating on a regional basis, to a framework that works with other divisions and functions within Olympus to build a global framework for business collaboration. Starting with the budget formulation process for fiscal year 2023, we have already been able to respond appropriately and in a timely manner to each business and each function from a global perspective. We formed a diverse team in terms of nationality and gender, and we strongly believe this greater diversity and pool of talented individuals will enable us to achieve a “quick win” by building on small successes at earlier stages and will form a solid foundation from which we can continue to add value.

One of our vital missions as a listed company is to provide sufficient information to capital markets and to have investors properly evaluate our corporate value. Conducting dialogue with capital markets and enhancing information disclosure are final parts to the End-to-End roles and

responsibilities of finance, and we regard this as one of the most important aspects. Since my appointment as CFO, I have undertaken several initiatives, including expanding information disclosure for product pipelines and sub-segments, to bring us closer to our goal of becoming a global medtech company. As indicated by our ability to maintain a price earnings ratio (PER) of 20 times or greater in fiscal year 2022, our stock price incorporates expectations of future value. Of course, there is still a need to improve information on pipelines in the medium to long term. To do this, we will pay attention to changes in the market, enhance our information disclosure and engage in dialogue to meet the high expectations of securities analysts and investors with specialized knowledge of the healthcare industry and who have a strong interest in Olympus.

Financial Strategy and Allocation of Management Resources to Achieve Sustainable Growth

To increase corporate value, we must be strongly aware of how we can maximize current and future cash flows, while also considering the value of time. In addition to improving profitability, we are reviewing and tackling challenges involving the balance sheet from a zero basis. First, we re-identified assets that were not generating sufficient value and accelerated efficiency measures. Over the past two years, we have reduced about 90% of cross shareholdings as well as sold real estate and land. We have also taken measures such as transferring some businesses and functions with limited growth opportunities. At the same time, we recognize there is room for improvement in our cash conversion cycle (CCC), especially in terms of inventory. However, bearing in mind special characteristics of the medical business, we must also consider the risk of not being able to deliver our products to patients in need due to inventory shortages. Since last fiscal year, supplying parts such as semiconductors has been unstable and because of this, we are also faced with the issue of determining appropriate levels of inventory. We are constantly considering how to deal with this situation.

Regarding capital allocation, we announced this policy at our Investor Day in December 2021. We are prioritizing business investments in areas our unique strengths enable us to add value, to ensure sustainable growth and to increase shareholder value. Over the past two years, we have undertaken M&A of five companies, mostly in priority areas for the Medical Business. Going forward, in line with our corporate strategy, we will continue to promote business investment and M&A centered on the Medical Business, especially our three focus areas of GI-Endotherapy, Urology, and Respiratory. In the future, we will expand the scope of our investments to include larger companies. With a view to

utilizing our sufficient space for leverage, we issued U.S. dollar-denominated corporate bonds last year and are promoting further diversification of financing methods.

We are aiming to gradually increase dividends. In fiscal year 2022 we increased our dividend by ¥2 from the previous fiscal year, to ¥14. In fiscal year 2022, we canceled approximately 72 million treasury shares in June 2021 and repurchased approximately 12.7 million treasury shares (approximately ¥30 billion) between December 2021 and February 2022. Going forward, while continuing to increase dividends, we will consider flexible repurchasing of treasury shares based on a strong awareness of financial discipline and on forecasts for supply and demand of funds.

Maximizing the Value We Provide to All Our Stakeholders

To ensure that growing corporate value is sustainable, we need to receive ongoing support from all stakeholders, including patients, healthcare professionals, investors, and employees. The Company is aiming to achieve sustainable growth with solid financial positioning by choosing to understand, create, and deliver the value demanded by each stakeholder and since corporate value is ultimately evaluated based on factors such as free cash flow, our goal is to maximize these. In the process of reaching this point, we need to consider various factors. It is necessary to build win-win systems and relationships with stakeholders such as employees and partners that are sufficiently commensurate with the value provided. When deciding whether or not to work with us, we are aware our employees in particular are placing increasing importance on factors other than compensation and fringe benefits, such as the social value of our products and services, organizational health including work styles, and professional development initiatives. We will achieve sustainable profitability through disciplined investments and by delivering differentiated products and solutions to improve patient outcomes. Ongoing efforts to increase our corporate resilience are also vital in being chosen by stakeholders, as things often do not go as expected. We will aim to sustainably grow and maximize our corporate value by always keeping in mind our unwavering commitment to deliver value to all stakeholders and continue to be chosen by them, while paying attention to their changing needs.

Regarding the executive officer compensation for fiscal year 2023, it was structured to include a higher proportion of long-term incentive compensation. In addition, the relative total shareholder return (TSR) weight, which is used as an indicator, has been increased from 40% to 60%. This is a threefold increase from two years ago when it was 20%. We understand the greatest expectation of shareholders for management is to improve corporate and shareholder value.

Message from the COO



“The overarching direction for fiscal year 2023 and beyond is to elevate the standard of care in targeted disease states, and focus on generating value for our patients.”

Nacho Abia
Executive Officer and
Chief Operating Officer (COO)

Message from the CTO



“I believe ‘agility,’ one lesson I learned from my experience, will help us to overcome some of our biggest challenges.”

Andre Roggan
Executive Officer and
Chief Technology Officer (CTO)

Business Performance in FY2022

Fiscal year 2022 has been definitely the most successful year in the history of Olympus. We all have to be proud about the record-high revenue and operating profit, and excellent performance across the board in all business areas. While the world generally has become a more uncertain and difficult place, we reacted with agility and flexibility as the whole organization adjusted.

The Endoscopic Solutions Business delivered a very good result with significant growth over the previous fiscal year in all categories. The EVIS X1 advanced endoscopy system performed very well in Europe, Japan and some parts of Asia. And, we are looking to launch it this fiscal year in the U.S., as well. The customer feedback is excellent. The penetration of over 20%* is as good as expected, and this year, we are expecting another significant increase in share expansion, and acceleration of the penetration in the regions that have launched.

The Therapeutic Solutions Business had a very strong recovery to make significant growth, too in fiscal year 2022. Growth was not only on the sales side; Therapeutic Solutions Business has been prioritizing investments while controlling expenses, that is, growing efficiently. A lot of new products have been launched, mostly from organic development, but also from inorganic growth, and they are working very well. Just look at urology, where we have very strong penetration.

I also want to mention the Scientific Solutions Business, which beat all the records in terms of revenue and also in operating profit, as they became more solutions oriented to the customers. All three businesses are working very hard, and the customers appreciate it.

* EVIS X1 overall share of gastrointestinal endoscopy revenue in regions where it has been introduced

Building Long-term Potential

Shifting our focus to the longer time frame, the acquisitions Olympus completed in the last two years have been very much strategic—Arc Medical Design, Veran Medical Technologies, Quest Technologies, Medi-Tate—and they provide excellent technologies for us to invest in the future. The benefits in the form of significant revenue will show up in the years to come, but these companies bring excellent compliments to our existing technologies in their different areas.

The overarching direction for fiscal year 2023, the first full year of operation under our new medical business direction, is to elevate the standard of care in targeted disease states, where we have technology that can make a difference and focus on generating value for our patients—and, of course, for the healthcare professionals who treat them. It is not a revision of corporate strategy, but will help us to better focus our investments. While maintaining our leadership in GI-Endoscopy, we need to continue growing in Therapeutic Solutions Business, specifically in GI-Endotherapy, Urology, and Respiratory where we have made investments, and we should harvest from those investments.

And, obviously, we also need to think in the future, what things are going to be relevant in medical technology in 10 to 20 years. I've mentioned external uncertainties, and we have to do our best to navigate that environment. I am very positive we will do that. If we can provide clinically differentiated products; if we can provide value to the healthcare professionals and value to the healthcare facilities and to governments, then all that will surely make a good business, because this is what it is all about. We will be appreciated by our customers.

Injecting at Least a Few of the Attributes of a Startup Company in My New Role as CTO

I am proud and respectful of the challenges in transforming the Olympus R&D team into a more modern R&D organization.

I joined Olympus in 2004 through the acquisition of Celon AG, a small startup company near Berlin that has since become a competence center for energy devices within Olympus. I'm a physicist by education, so I like analytical thinking, and I have a good technical understanding and deep experience in the surgical business and Therapeutic Solutions Business, which I think supports the organization.

I have long promoted the best cultural attributes from Japan, Germany, and also the U.S. to deliver our best outcomes. And, I think it's also worth mentioning one lesson from that startup company, which is to be very agile. I learned to value a faster decision-making processes, and my hope is that I can inject at least a few of the attributes of a startup company in my new role as CTO.

R&D Team's Strengths and Challenges

I believe agility would help us to overcome some of our biggest challenges, such as to build customer trust by becoming more predictable in what our R&D is accomplishing, and slashing the time for product approval in the different regions. One way is to bring everyone, including expert functions like quality assurance and regulatory affairs on board from day one deep inside each project, so that the process can be more efficient and discrepancies caught early instead of much later. In that regard, one of Olympus' strengths is that it has a good relationship with its customers and understands their unmet needs. Our engineers have

direct contact with healthcare professionals to observe their procedures and translate unmet needs into truly valued technical solutions.

In the past, Olympus has been trying to develop everything in-house, and I believe this is not a strategy that will achieve sustainable growth. So, we will collaborate with strategic partners, or we may consider the acquisition of products and technologies like the recent acquisitions. In general, I believe that collaboration with third parties will gain us more speed in the future.

Five External Challenges for Olympus

From the CTO's point of view, I note five external challenges for Olympus. The first is digitalization; for example, internet or cloud connectivity, or AI to improve the detection or diagnosis functions of our products. Next is healthcare cost efficiency and value focus. It is important to develop a clinical strategy for all new products to provide evidence of their value for our customers.

Another is agile development and short innovation cycles. Given the exponential pace of new technologies and innovation, it's my mission to introduce agile development processes to stay competitive in innovation.

We also want to accelerate the ESG focus across the supply chain. Our R&D team will promote efforts to ensure that the products we launch contribute to a sustainable economy.

Finally, we will also focus on organizational health. We will start support programs for female leaders in technical jobs, and over the next few years, we will strengthen our diversity and inclusion efforts.

Message from the CMSO



“Drawing on my variety of experiences from Change Management, I am optimizing manufacturing, repair, procurement, and the supply chain as one value chain.”

Tetsuo Kobayashi

Executive Officer and
Chief Manufacturing and Supply Officer (CMSO)

Strengthen Risk Management and Resilience

I joined Olympus in 1983 and my career began in the manufacturing function at the Shirakawa Factory as well as open a factory overseas. After that, I experienced corporate function in Singapore, Medical Business management, and representation of the Finance Division, etc. Recently, I've been involved in relocating the global business headquarters for the Therapeutic Solutions Business to the U.S., and engaging with *Transform Olympus* as Chief Transformation Officer (CTrO). In April 2022, I was appointed CMSO. For many years, Olympus has been working earnestly in manufacturing to realize the needs of healthcare professionals, and our expanding global service network also presents a high barrier to entry. Despite possessing these strengths, each function and each factory has a tendency to follow prescribed methods, I recognize there are challenges related to responding to the recent rapid changes in the environment as well as the risks. I think my strengths lie in having consistently carried out Change Management and, as CMSO, I will strive to optimize manufacturing, repair, procurement, and the supply chain as one value chain. Fiscal year 2023 is an important year for achieving the adjusted operating margin of over 20%, which is a current milestone. Worth noting, there is a risk for a short supply of parts, but, since we have been strengthening our end-to-end global partnering, we were able to take appropriate measures to minimize this risk. We have been managing this by identifying important suppliers and building strong relationships with them, considering alternative solutions, and adjusting inventory reserves. Going forward, we will continue monitoring changes happening in the world, identify possible risks, and, in advance, prepare countermeasures. We will strengthen the risk management system and by promoting efforts to increase resilience, we can build a strong organization that can respond to changes in the environment and all risks in both a flexible and timely manner.

Refining Operational Excellence and Maximizing Provided Value

Improving operation effectiveness and efficiency is very important, as well as establishing business improvement processes in the field so that products and solutions can be provided to our customers in a timely and appropriate manner. Specifically, I will be promoting digitalization and the creation of a global operating model, as well as encourage hiring additional diverse talent. We will switch to globally unified processes and integrated systems in addition to conducting reviews of common KPIs, etc. This will enable us to flexibly reorganize our production system, which will lead to a stronger risk response. Also, collaboration between R&D functions will contribute to concurrent engineering in the early stage of product development. We will be promoting diverse talent, and we will not only respond to requests from R&D functions, but we will also be strengthening our capabilities in which specialists in the manufacturing and procurement functions can provide added value, such as by proposing optimal manufacturing methods and the best suitable suppliers. Up to now, our manufacturing technologies have continued to evolve while inheriting advanced manufacturing capabilities, enabling Olympus to maintain its competitive advantages. From this point on, we will collaborate more closely with external partners to develop unique manufacturing technologies while strengthening our core technologies even further. By implementing these measures and refining our operational excellence, I believe there is room for improving profitability in addition to the usual effects of reducing costs. Constant investment is required for Olympus to achieve sustainable growth as a truly global medtech company and continue to expand its value to society and our stakeholders. As CMSO, I will contribute to the improvement of profitability necessary to realize this virtuous cycle.

Message from the CAO



“We are moving toward a culture in which each and every employee can perform at their best, with an emphasis on outcomes and output.”

Stefan Kaufmann

Director, Executive Officer, Chief Administrative Officer (CAO),
Chief Strategy Officer (CSO) and ESG Officer

Embracing a Global Mindset and Growing through Transform Olympus

Despite the past several years of economic/political uncertainty, fiscal year 2022 was a very special and productive year for Olympus. Over the past three years, more than 1,000 initiatives have been implemented through *Transform Olympus*, facilitating daily improvements in all functions and in all regions. Due to the tremendous effort of our employees, I'm very pleased to say Olympus is more robust not only in terms of revenue and profits, but also more efficient, and an overall healthier organization.

The transformation has been both long and intense, but rewarding. I'm grateful to all employees, for they have shown an inspiring sense of endurance and flexibility. We will continue to train the capabilities and methodologies we have built up through *Transform Olympus* to achieve our ideal corporate culture, and shift to focus more on growth to allow our employees time to incorporate the global mindset into their daily lives.

Primary Goals for FY2023

In fiscal year 2023, we will focus on improving efficiency by standardizing, centralizing, and harmonizing processes within the Company: rolling out Global Business Services (GBS) (details on page 65), building a Healthy Organization (details on page 66), strengthening IT infrastructure and information security, and focusing on more transparent resource allocation for projects related to strategic, transformational, change and IT technology to ensure investments add value to the company.

All initiatives planned for fiscal year 2023 are important, but the one I hold the greatest sense of urgency for is IT infrastructure and information security. Business operations

have been digitizing and will continue to do so at an increasingly rapid pace. I and the IT leadership are aware of this and will continue to ensure that IT services and products will enable employees to increase their productivity and efficiency. The digitization will increase risk and require all of us to be more aware of IT security.

Another topic I would like to highlight is employee engagement. To ensure that high-end services are delivered to our customers, our employees must be engaged in the Company and feel enabled. We have created a holistic action plan to further improve organizational health, and there must be a balance between being a purpose-driven company and people-centric. First and foremost, we want to ensure employees feel empowered and are encouraged to challenge the status quo. As a global company, we also believe that global succession planning is important in order to utilize all potential successors. We will plan to expand the scope of this measure to include positions at all levels of the Company, not only just those at the upper level.

Lastly, I would like to mention the importance of ESG. At the beginning of April 2022, I took over as the ESG Officer. We will continue to integrate ESG philosophy into business strategy and pursue to make Olympus a sustainable business. Our current initiatives, such as further promotion of female employees by allowing for more flexible work hours, including part-time hours for managers, will help ease the burden between duties at home and at work.



2

Our Strategy

This chapter focuses on Olympus' corporate strategy announced in November 2019 as well as its medical business direction announced in December 2021 and reviews their progress. Olympus aims to become a truly global medtech company through the implementation of this strategy.

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Yasuo Takeuchi

Director, Representative Executive Officer, President and CEO

Andre Roggan

Executive Officer and Chief Technology Officer (CTO)

Tetsuo Kobayashi

Executive Officer and Chief Manufacturing and Supply Officer (CMSO)

Ross Segan

Corporate Officer and Chief Medical Officer (CMO)

Pierre Boisier

Corporate Officer and Chief Quality Officer (CQO)

CxO Roundtable Discussion

Enhancing Capabilities and Cross-functional Collaboration as a Patient and Disease-oriented Company

Management Changes, Company Vision, and Challenges to Becoming a Leading Global Medtech Company

Takeuchi: In my mind, Olympus has been focusing on how to deliver solutions for our customers and our history proves that. We started to manufacture microscopes, then expanded into consumer cameras, and then into endoscopes, all the while listening to our customers and building the technologies they need. That's why Olympus has been characterized as a very product-oriented or technology-oriented company. Now, we have decided we are going to focus on the medical field. I can see gaps between Olympus as the product-oriented company and a medtech company, but identifying those gaps and filling them is both our mission and our challenge. There is no defined path to becoming a medtech company, but our journey for becoming a leading global medtech company

has only just begun, and Our Purpose is always to meet the needs of patients and customers.

Today, I think Olympus is better structured than ever before. In April 2022, we split the former CTO function in two, creating the new position of CMSO. Their joint purpose is to unify the governing of our global processes and strive to standardize the Center of Excellence, manufacturing, as well as each function while maintaining medical safety and efficacy. To become a global medtech company, we need to enhance global governance from all angles, which is different from our current model that tends to be locally oriented.

Roggan: To become a leading global medtech company, it's imperative we maintain our clear customer focus through innovation and our segments like GI, Urology, and Respiratory. To do that, we have to become a real promoter of innovation and core technology development, with these strategies being fully aligned with our corporate

strategy and medical business direction. As CTO and head of R&D, my vision is for Olympus to become a leading global R&D organization by delivering innovative products and services with clear customer and patient focus. And we will do this in shorter introduction cycles.

We must also focus on our employees because people make our organization and culture. What we want to see is enabled and engaged employees who are living Olympus' core values and working in efficient and agile processes.

The challenges we face as a company are many, but through engaged employees and the right processes, we can do better. For example, from an R&D perspective, we are still running very complex processes that are not standardized globally. We can move more resources into new product development and focus more on simplifying our processes globally, as well as strengthening collaboration with external partners, to support faster decision-making

and product delivery.

To help with these challenges, my goal is to establish a strong leadership team who embraces change with empowering leadership. This team will support building a Healthy Organization and our greatest asset, our employees.

Kobayashi: Olympus has a long history of providing outstanding technology and values to customers. However, improvements are necessary for us to continue being trusted and chosen by healthcare professionals and patients around the world. To meet the needs of customers, we need to standardize our process globally, speed up R&D to deliver value to patients in a timely manner, and grow our capabilities in quality assurance as well as regulatory affairs, to meet the market's high quality and safety standards.

My vision as CMSO is for us to continue living the Olympus values by working as one global and cross-functional team, making decisions, and seeking opportunities



Our journey for becoming a leading global medtech company has only just begun, and Our Purpose is always to meet the needs of patients and customers.”

————— Yasuo Takeuchi

in a fully inclusive, yet business-oriented manner. Craftsmanship and our drive for excellence will continue to be part of our foundation, but we will break functional silos to achieve cross-functional integration.

As Andre has said, we have many challenges to overcome. Regulations are growing tighter, material prices are increasing, and the market has become very competitive, but we can all do our part. My goals are to focus on network optimization, digitalization, a global operating model, and sustainability. By strengthening our resilience, improving our capabilities, and retaining and developing

world-class talent, we can accelerate our transformation journey.

Boisier: Olympus’ goal is to transform into a leading medtech company through a relentless focus on improving the quality, safety, efficacy, and compliance of our products. To achieve this, the company must unify under one quality management system and we must lead by example with a global mindset as one team. We can do this by not doing compliance for compliance’s sake or quality for quality’s sake. We need to make sure we understand the intent of the regulations and expectations of our customers and use this information to constantly improve our products and processes, always striving toward operational excellence.

In the same way, we must drive operational excellence by constantly improving our products and how we deliver them to our customers. For example, when listening to customers, we should not just be recording quality data, but using that data and turning it into information we understand and can reflect it in our products. We must strive to constantly ship new products and make sure our new designs are meeting customer expectations.

We have both internal and external challenges to overcome, and we are working on our internal challenges through our transformation process. The external challenges we confront can be overcome by understanding the issues and quickly adapting. Regulations and safety requirements are always changing, so we must be able to understand why these changes are taking place and quickly make changes.

Segan: Olympus has a storied history of medical innovation that has benefited millions of people around

the world. We should be proud of this, but at the same time, unsatisfied because there is so much more we can do. At the beginning and end of every day, we have to renew our commitment to our patients. They are our mothers, fathers, brothers, sisters, children, and our families. Patients are our friends, colleagues, loved ones, and members of the global community. At some point, we are also patients, and we must always remember that what we do is for those we are privileged to serve.

Olympus has a great foundation on which to build, and we must deliver innovations to meaningfully and measurably improve clinical outcomes with economic value across the care pathway. To do this, we need to collaborate with the healthcare community, identify and characterize important unmet medical needs, generate and disseminate high-quality clinical evidence, and stay scientifically informed as a company. The Medical and Scientific Affairs (MSA) organization is well placed to help deliver these solutions because we bring a special mix of medical, scientific, and professional capabilities that allow us to have a portfolio that is clinically relevant and economically valuable and safe.

As Tetsuo said, the market is competitive and the regulations are growing tighter, but there are things we can do including providing evidence that is measurable and making sure our business is scientifically informed. At Olympus, we must always advocate from the patient’s point of view.

Takeuchi: These are all important goals and views on the challenges for our Company and I am happy to see we are all aligned in our aspirations. Although we have many things to face, our single direction

will not change and that is very important. I think our efforts with *Transform Olympus* over the past three years has helped tremendously. At the heart of this, is our employees and I am now more motivated than ever to do what I can empower and motivate our people.

Enhancing Cross-functional Activities between Functions

Takeuchi: As mentioned, we have reorganized the CTO function and split it in two. We have also enhanced our QARA and MSA functions and changed them to be led by experienced CQO and CMO. These have allowed us to continue focusing on medical safety and efficacy while evolving as a leading global medtech company to meet the needs of our customers. There is no single way of governing a global company and we have to enhance governance in all directions to continue being the company chosen by healthcare professionals and patients around the world.

Roggan: Product development has always been a cross-functional activity. Strong collaboration between all core functions including quality, regulatory, manufacturing, R&D, and clinical affairs is very important and a key enabler to delivering and developing excellent products. There are many challenges we need to overcome such as aiming for launching products without quality issues. This is where cross-functional collaboration is key, and we can start collaboration much earlier on in the product development process through front loading and concurrent engineering. By involving all individuals in the development process at the very beginning of the project, we can identify issues much

earlier and improve quality from the onset. Implementing value engineering already from the early phases of development will help make sure we do it right the first time, so we launch a product fully meeting requirements and customer expectations. This is a key success to securing the next level of competitiveness.

Kobayashi: This new scalable, global operational structure will improve our ability to execute. We will be able to work with the same aspirational target, and most importantly, all relevant functions will be able to “speak the same language” beyond regions, factories, and sites. By speaking the same language, we can remove some duplication in processes and costs, allowing us to be efficient on a global scale. This new business model will improve our ability to react to changing markets and ultimately improve patient outcomes. As the CMSO, I believe we can bring continuous improvements in the speed of operations and cost efficiency of product development to improve on-time delivery. For example, we can suggest sustainable supplier and procurement options as well as help streamline processes and costs. Moreover, driving and accelerating our digitalization agenda will increase the feeling of unity by working in a truly global and cross-functional context, which fully encourages and leverages best practices.

Boisier: We do need to standardize our processes and quality management system as much as possible. Not every part of the quality management system can be standardized, however, and in these areas, we need to harmonize. In R&D, for example, sometimes different validation techniques are

needed for different types of products. It’s our job to work cross functionally with R&D and others to ensure we are using the appropriate validation techniques in each situation. When we collect data from customers, we need to understand the data and bring it back to the cross-functional team so that the data can be turned into real information to help make good decisions to continuously improve our products and services. Our mantra is to continuously simplify our processes and focus on what needs



We aim to become a leading global R&D organization by delivering innovative products and services with clear customer and patient focus. And we will do this in shorter introduction cycles.”

————— Andre Roggan

to get done so we can constantly deliver what the customer needs. **Segan:** MSA sees itself as another critical partner and enabler. Many functions such as risk management, safety planning, etc. are coordinated across R&D, manufacturing quality, and medical safety including infection prevention. All of these functions work closely with MSA. We have been adding capabilities in not only infection prevention team, but also in medical safety in collaboration with those other functions.



Today, the market is extremely competitive and the standards we are required to meet are very tight, but our drive for operational excellence, inspired by our *monozukuri* ('craftsmanship') will continue to be part of our foundation."

————— Tetsuo Kobayashi

Enhanced CQO and CMO Functions

Takeuchi: After announcing *Transform Olympus*, we have further enhanced our CQO and CMO functions unique to a medtech company. The CQO is a relatively new position from 2019, created under the desired scenario of Olympus becoming a medtech company. Also, the CMO is a very new position from 2020, and one we did not have in the past. We used to depend upon external sources for those areas, but it is critical for us as a medtech company to have these internal capabilities.

Segan: First, I would like to explain a little about what MSA does for Olympus. We do a mixture of things including clinical trials, publications, and milestones of clinical trials that either lead to regulatory clearances or differentiation in the marketplace.

Over the past two years we have been focused on first building foundational capabilities in Medical and Scientific Affairs, which included the formation of an appropriate clinical research organization and augmenting infection prevention team. We were hiring medical experts with clinical expertise in major therapeutic areas such as GI, Urology, and Respiratory, as well as gathering resources capable of doing health economics, outcomes research, real-world data, market access, and market development. We are working very robustly in infection prevention to be able to establish Olympus as a thought leader and not one that merely reacts to regulatory requirements.

With the release of the medical business direction at Investor Day last December, where we were talking about elevating standards of care, our endoscopes and

therapeutic devices will be a critical enabler of that. I think Olympus has a lot of the right ideas and we just need to continue to challenge ourselves to do it differently. I feel that we are on the cusp of that, but it is just something we are going to have to keep working on.

Boisier: The best part about Olympus is the culture and the people. Every employee has a great attitude and wants to do their best for the customer and the Company, but the challenge is sometimes knowing what is best. In the past, there were instructions coming from too many different directions. We are in the process of providing a clear direction for our associates so everyone can focus on performing their duties consistently, so we can harness the power of a large medtech company.

We are all responsible for the quality of our products and ensuring compliance to regulations, but manufacturing should be leading the way on manufacturing issues, R&D should be leading the way on R&D issues, and the list goes on. If everyone is trying to do everything, the message gets cloudy and that's what we have been focusing on fixing.

We are not only transforming QARA, but also R&D and manufacturing. Everything we are doing is aligned. Our processes are getting better to help give direction, and we will also start simplifying those processes so employees can continuously do their job to the best of their abilities.

We have a lot of work to do, and I am rarely happy with the speed of improvement, but based on my experience at other global companies, I can say the progress of our transformation is moving at an appropriate pace. It is not just QARA



We must deliver innovations to meaningfully and measurably improve clinical outcomes with economic value across the care pathway."

————— Ross Segan

that is transforming, but the Company and we are working on aligning our business with what is best for the customer.

Takeuchi: It is also important we make sure our employees are understanding our message. Having small meetings with employees is one way to guarantee that the message is being delivered.

Roggan: I couldn't agree more. Meeting Olympus employees and getting feedback are crucial for developing our new corporate culture.

Kobayashi: Yes, it is also very important to collaborate together and be motivated in order to improve our capabilities and efficiency.

Future Aspirations and Final Thoughts

Roggan: My aspiration is to further strengthen Olympus' longstanding position as a market leader and innovator of new products by helping our R&D function to grow into a world-class structure. The key to this is cross-functional collaboration and staying focused on our customers and patients.

Kobayashi: We have a lot of challenges to overcome as a company, but we also have a lot of potential and it's an exciting journey to be a part of. We must focus on three priorities: 1. Operational excellence, 2. Building the next-generation manufacturing system by utilizing digitalization, and 3. Retaining, developing, and attracting our world-class talent. We can always do better as a company, and we are going to continue working hard on our journey to becoming a leading global medtech company.

Boisier: Our focus must be on safety, quality, delivery, and cost of our products and services. These are all critical to our associates and customers. By moving to one quality management system, we can become more agile and be continuously improving our products and services. To do this, we must simplify and focus our processes to make jobs easier and more efficient. **Segan:** I would like to be bold and say that Olympus will be playing a more meaningful role in cancer states, among others. We are going to truly change the standard of care in certain conditions, and I want people to start seeing Olympus as the company who is going to bring value to the healthcare community in a different, more comprehensive and meaningful way.

Takeuchi: I think we can all and

agree there are many challenges we are facing, but there are also many opportunities for us to contribute to the healthcare community. Olympus is now shifting from being a product-oriented company to a patient- and disease-oriented company. I am very excited because we are stepping in the right direction, and while we need to overcome our many challenges, we also have a lot of opportunities. Right now, we have a really good culture in the Company where everyone can explore their capabilities and be empowered to go beyond that. Yes, there is always more work to do, but we will make it our goal to wake up every morning and go to bed every night thinking about the patient.



We need to make sure we understand the intent of the regulations and are constantly improving our products, processes, and services, always striving toward operational excellence."

————— Pierre Boisier

Sustainability

Olympus' Materiality

By taking a proactive approach to ESG and actively strengthening our efforts via various initiatives, we believe Olympus can further contribute to building a more sustainable society. In order to accelerate concrete and transparent ESG initiatives, we elevated the ESG team to report directly to the ESG Officer from fiscal year 2023, to empower the team to monitor and promote companywide initiatives. Also, we are currently working on identifying specific social issues to be solved over the medium to long term and the relevant KPI to measure and disclose the progress. We also recognize the importance of building a sustainable governance structure to properly monitor and analyze the progress of KPIs. Through the establishment of this structure, we will work closely with each business and functional unit that has a corporate culture where all employees are committed to delivering Our Purpose and fulfilling our social responsibility.



Stefan Kaufmann
Director, Executive Officer, Chief Administrative Officer (CAO), Chief Strategy Officer (CSO) and ESG Officer

ESG Engagement

We extracted six important ESG areas and defined five materiality items. These five materiality items reflect our corporate strategy, benchmarks by stakeholders and an external ESG evaluation organization's opinions, and have been established by the Group Executive Committee and the Board of Directors. The five materiality items show that we contribute to solving social issues through our business, and are in a mutually complementary and solid relationship. We consider ESG to be a crucial component as we grow to become a globally leading medtech company and contribute to the creation of a sustainable society. The distinct materiality items can vary depending on social and business changes and we continue to revise them as required.

Six Important ESG Areas

- | | |
|----------------------------|----------------|
| 1. Corporate governance | 4. Environment |
| 2. Economic sustainability | 5. People |
| 3. Product sustainability | 6. Society |

Our Materiality

- Healthcare access and outcomes
- Compliance, product quality and safety
- Responsible supply chain
- Diversity and inclusion
- Carbon neutral society and circular economy

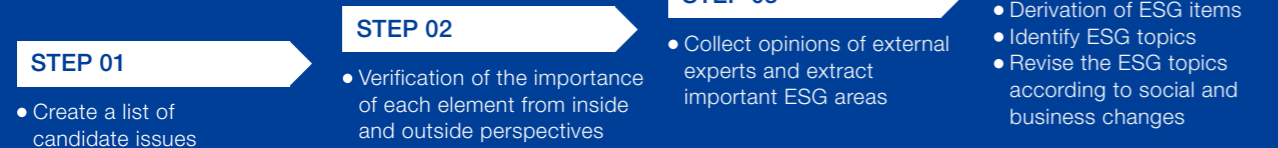
ESG Promotion Structure

To reinforce the implementation of the ESG measures, in April 2021, we designated an ESG Officer to be responsible for our ESG initiatives and established the KPIs to be specified in our medium- to long-term business plan. The ESG Officer comprehensively manages ESG initiatives while monitoring the implementation progress of ESG measures. The ESG Officer also reports the status of that progress to the Group Executive

Committee and the Board of Directors for deliberation.

From fiscal year 2021, 10% of the executive officers' performance share unit (PSU), a part of our long-term incentive compensation, was linked to the results of an evaluation by an external ESG evaluation organization. In fiscal year 2022, the percentage is being increased from 10% to 20% to reinforce the commitment of management.

Procedure to Establish ESG Enhancement Measures



Materiality 1

Healthcare Access and Outcomes

We strive to provide medical information and educational opportunities for early detection and treatment of diseases to people globally. Under the leadership of the Chief Medical Officer, who is a seasoned clinician, we are making efforts such as ensuring the safety of medical devices by utilizing the high-quality clinical and scientific knowledge of the Medical Business.

Elevating the Standard of Care

The Olympus Group aims to improve patient outcomes by elevating the standard of care in targeted diseases. We have a global organization of Medical and Scientific Affairs (MSA) that serves our patients, healthcare professionals, and communities by bringing medical, scientific, and professional capabilities to help ensure we deliver clinically relevant, economically valuable, and safe products and solutions around the globe.

This organization is committed to improving the standard of medical care through the following three important roles:

1. Strengthen the Olympus Group's functional capabilities to support the development of safer, more effective, and innovative patient-centered medical devices.
2. Develop and implement educational programs and training for healthcare professionals to rapidly gain technical expertise and achieve excellent clinical results while ensuring the patient's safety.
3. Leverage real-world evidence to improve clinical outcomes for patients that, in turn, produce economic value for payers, healthcare systems, and society.

Focus on Global Training for Healthcare Professionals

Olympus has invited experts to provide training for healthcare professionals to promote the safe and proper use of our medical products. In 2021, we launched the training platform "Olympus Continuum" as an educational platform offering a comprehensive program of medical products and procedures. "Olympus Continuum" is designed to provide training tailored to the skills of healthcare professionals, taking advantage of the online nature of the program, in addition to traditional group on-site training, from pre-training to post-training follow-up. We have opened a portal site in five languages and are expanding our web-based training tools, including a learning management system (LMS)^{*1} and an on-demand library^{*2}.

In fiscal year 2022, we provided a total of 1,285 training sessions (+34% year on year) globally in each business area despite the COVID-19 pandemic.

^{*1} System for realizing a series of online processes from registration to attendance of hands-on training and lectures (implementation status varies by region).
^{*2} System for posting a wide variety of learning content, mainly videos and procedure booklets for healthcare professionals.

[Details : Olympus Continuum: https://continuum.olympusprofed.com/](https://continuum.olympusprofed.com/)

Progress in Fiscal Year 2022

- Enhanced content for "Olympus Continuum," a comprehensive global educational platform for healthcare professionals
- Held cancer awareness initiatives around the world
- Through our Grants Program, the Olympus Group supports independent third-party activities that relate to diseases, conditions, or treatments for which Olympus products are used. Over 335 unique organizations received Olympus Grants in fiscal year 2022 to conduct programming in more than 50 countries. In addition to in-kind awards, financial grants made by the Olympus Group in fiscal year 2022 totaled approximately US\$6.4 million



Number of "Olympus Continuum" trainings held



Number of organizations that received Olympus Grants

COLUMN

The Project for Early-stage Diagnosis and Treatment of Cancer in Chinese Rural Areas (Since 2005)

In China, a large-scale national project led by the National Health Commission is underway to train and improve the skills of doctors in rural areas, where medical resources and training opportunities are relatively insufficient compared to other areas, as well as raise awareness among medical institutions, doctors, and patients regarding early diagnosis and early treatment. Olympus has been supporting this project for many years through technology dissemination activities by academic exchange and support activities such as when Chinese doctors acquire skills in clinical settings in Japan or when experienced Japanese doctors visit China to give lectures or demonstrations.

In 2021, despite the pandemic, 13 project activities (training activities) were conducted during the year, with a total of approximately 44,000 rural doctors participating on-site and online. In addition, the use of the "Early Diagnosis and Treatment App" for smartphones, which provides a variety of online training opportunities, was also promoted, bringing the total number of registered participants to approximately 18,000 as of the end of March 2022.

[A Doctor's Perspective on the Project for Early-stage Diagnosis and Treatment of Cancer in Rural Areas \(Integrated Report 2021\): https://www.olympus-global.com/ir/data/integratedreport/pdf/integrated_report_2021e_A3.pdf#page=22](https://www.olympus-global.com/ir/data/integratedreport/pdf/integrated_report_2021e_A3.pdf#page=22)

Sustainability

Materiality 2

Compliance, Product Quality and Safety

We are committed to a robust corporate compliance program, and focused on maintaining rigorous levels of product safety and quality across the entire value chain. To support this, we employ a set of rigid internal rules to ensure we are compliant with the laws and regulations in each of the regions in which we operate.

Compliance

The Olympus Group strives to foster an environment of integrity and compliance within the organization. The Olympus Global Code of Conduct, adopted in 2019, builds on our tradition of over 100 years of innovation, positive contributions to society, and unwavering commitment to integrity. It explains the standards of conduct expected of our management and employees, and guides them as they conduct business with integrity. Our global compliance function works to raise awareness of this Olympus Global Code of Conduct and related compliance policies and report concerns when they arise. Olympus has appointed a Global Chief Compliance Officer (CCO), who leads global collaboration across the Company to continuously assess whether business activities are consistent with applicable legal requirements and Company policies and procedures. Our CCO reports regularly to the Chief Executive Officer and the Audit Committee and more frequently as needed.

Compliance Management System (As of April 2022)



Commitment to Product Quality and Safety

The Olympus Group has strengthened its quality assurance and regulatory affairs (QARA) organization under the leadership of the Chief Quality Officer (CQO) to assure product quality, with patient safety as its top priority. To ensure compliance and patient safety, the QA function introduced new Field Corrective Action (FCA) and Corrective

and Preventive Action (CAPA) processes that are consistent across all global regions, as well as digital solutions that were deployed globally.

The RA function focuses on supporting efficient and effective product launches and maintaining regulatory compliance. We are streamlining the QARA functions in each region as well as the lines of reporting at our factories, and reforming our organization so that other functions, such as development, can collaborate more efficiently with QARA functions. To foster a mindset that emphasizes safety and quality for all Olympus Group employees, we continue to implement initiatives to instill quality policy standards in our daily operations.

Progress in Fiscal Year 2022	
<ul style="list-style-type: none"> No violations of key laws/regulations and other socially important legislation Received 347 reports, whether through the Integrity Line or other means (55.8% of closed reports were substantiated following review.) Newly implemented FCA and CAPA processes have reduced documents required in previous processes by approximately 87% across the Company. Conducted regular training for employees 	
E-learning and group training of compliance helpline	<ul style="list-style-type: none"> Frequency of program: 1 Number of participants: 13,527 (attendance: approx. 92%)
E-learning and group training of important laws and regulations	<ul style="list-style-type: none"> Frequency of program: 7 Total number of participants: 81,204



Attendance rate of Olympus Group employees in Japan receiving education on compliance helpline



Companywide document reduction rate due to process efficiency

Materiality 3

Responsible Supply Chain

By ensuring responsible and robust supply chain management (SCM), we foster sustainable value creation across the entire organization. Our systems and standards address environmental and social problems, including human rights, throughout our supply chain.

Procurement

The Olympus Group aims to strengthen SCM within the context of business continuity and sustainable value creation. Olympus publishes "Global Standards: What Olympus Expects of Third Parties" to show its basic requirements to all third parties that support its business activities. Olympus has also adopted the "Request to Suppliers," a document defining its expectations toward suppliers in such areas as respect for human rights, compliance with laws, regulations and social norms, including laws concerning the exclusion of antisocial elements, the prohibition of corruption, bribery and similar behavior, the promotion of fair and equitable trading, and consideration for the environment. Once each year, we use a web-based system to conduct a corporate survey for suppliers engaged in business at Olympus offices in Japan, and the survey results are utilized for work procedure improvement to avoid problematic incidents. There have been zero incidents so far. In cases where we find problems related not only to compliance with local regulations and social norms, but also respect for human rights in our on-site audits and if the supplier does not comply with Olympus' request to make improvements, we may terminate business with them. In addition, we formulated the "Olympus Group Green Procurement Standards," which set out our basic environmentally conscious approach to procurement. Since then, the Olympus Group has disclosed its basic stance on our supply chain both internally and externally through its website and training sessions, while strengthening compliance with laws, regulations, and social norms.

Response to Conflict Minerals

The Olympus Group upholds international efforts to resolve the problem of conflict minerals. On behalf of the Olympus Group, Olympus participates in a committee established by the Responsible Minerals Trade Working Group of the Japan Electronics and Information Technology Industries Association (JEITA). Working together with suppliers, such as by discussing the conflict minerals at the Supply Chain Policy Meeting, we ensure transparency in our supply chains and

continue parts and materials procurement that does not cause human rights violations.

Human Rights

Olympus supports the United Nations Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the UN Guiding Principles on Business and Human Rights, and the Ten Principles of the United Nations Global Compact. Along with encouraging our customers and third parties promoting business activities with Olympus to respect human rights, we aim to promote understanding of human rights by all of our employees. In fiscal year 2022, we implemented online training on basic information regarding human rights and the UN Guiding Principles for Olympus Group employees in Japan. In fiscal year 2023, we carried out similar training with content for each region in the Olympus Group overseas.

Progress in Fiscal Year 2022
<ul style="list-style-type: none"> Administer web-based corporate survey to suppliers engaged in business at Olympus offices in Japan (86% response rate from 774 companies*1) Conducted a human rights impact assessment for the entire Olympus Group with support from Business for Social Responsibility (BSR), a global organization offering support to businesses in the field of human rights and sustainability Implemented online training on basic information regarding human rights and the UN Guiding Principles for Olympus Group employees in Japan (attendance: approx. 97%)
<small>*1 This number is smaller than the 826 companies in fiscal year 2021 due to the removal of business partners related to the transfer of the Imaging Business</small>



Conducted a web-based corporate survey*2



Given copies of "Request to Suppliers"*3



Attendance ratio for online training regarding human rights for Olympus Group employees in Japan

*2 Administered to suppliers engaged in business at Olympus offices in Japan

*3 Covering the major direct materials suppliers engaged in business at Olympus offices in Japan

Details : Compliance: <https://www.olympus-global.com/csr/governance/compliance/>
Product Responsibility: <https://www.olympus-global.com/csr/social/product-responsibility/>

Details : Procurement: <https://www.olympus-global.com/csr/social/procurement/>
Request to Suppliers: <https://www.olympus-global.com/csr/procurement/supply.html>
Human Rights: <https://www.olympus-global.com/csr/social/human-rights/>

Sustainability

Materiality 4

Diversity and Inclusion

We believe that by promoting diversity and inclusion across the organization, we are creating a more engaging, competitive, and innovative business. In doing so, we provide meaningful employment for a diverse workforce—irrespective of sex, disability, nationality, or race—enabling us to thrive professionally and grow sustainably.

Expanding Globally Integrated HR Management

The Olympus Group has established the globally integrated HR management that enables optimal talent allocation at the global level. The newly established HR management system compensates employees according to their performance and is based on groupwide standards. We are working to foster a corporate culture that allows diverse employees to reach their potential, irrespective of nationality, age, or sex. For all employees in Japan from April 2023, we are planning to expand the job-based HR system in which employees are compensated based on the size and results of their work, regardless of factors like years of service or age. We aim to provide fair and appropriate opportunities for employment, capacity building, and promotion to ensure every employee can maximize their potential. As of July 2022, approximately 51% of global senior management are non-Japanese. We achieved this by proactively promoting global talent according to capabilities and aptitudes. This represents significant progress in diversity within our organization since the launch of our corporate transformation plan, *Transform Olympus*, when as of March 1, 2019, approximately 11% of global senior managers were non-Japanese.

Promoting the Advancement of Women

In the Olympus Group, there is approximately 14% of females in managerial positions, and we employ many women. In Japan, as of the end of April 2022, there were 85 women in managerial positions and 241 female candidates for managerial positions. In fiscal year 2022, we conducted a combined training and mentoring program for female managerial candidates. To encourage appointing female managers, this program aimed to enhance participants' skills and capacities, and to nurture managerial mindsets. Also, we are establishing and expanding systems that support flexible work styles and balance both work and childcare/nursing care (including a work-at-home system, reentry system, and an hour-based annual leave system employees can take for nursing and care). We are actively promoting use of such systems.

Aiming for a Diverse Workforce

Olympus actively works to employ people with disabilities (physical, mental, and intellectual), and to provide ongoing work-related support and training. At a special-purpose subsidiary, we have achieved a working environment and conditions suited to the characteristics and work styles of individuals with disabilities. In addition to enhancing conditions for long-term employment and systems suited to the needs of those with disabilities, we are implementing training to further improve our recruitment and employment support. We also conducted a range of activities to promote understanding and support for sexual minorities, including a dedicated consultation office, awareness seminars, LGBTQ Week (awareness-raising through e-learning and events), and an employee social network group for sharing information.

Progress in Fiscal Year 2022

- Changed operations of organization for advancement of diversity from regional to global (from April 2022)
- Conducted training and mentoring for managerial candidates to encourage the appointment of female managers
- Conducted post-childcare training to support an early return to work
- Provided networking opportunities online for employees to communicate with one another on childcare leave
- Provided a website with information for employees on leave
- Held seminars to promote awareness of LGBTQ
- Held a live chat event during LGBTQ Week
- Received the Silver rating under the PRIDE Index 2021, a Japanese index to evaluate a corporation's performance in LGBTQ inclusion



Global percentage of non-Japanese in managerial positions in Olympus Group*

*The percentage within global senior management as of July 1, 2022



Global percentage of females in managerial positions in Olympus Group*



Increase in number of "females in managers" of the Olympus Group in Japan: between March 2016 and April 2022

Details: Employment: <https://www.olympus-global.com/csr/social/employment/>
 Diversity and Equal Opportunity: <https://www.olympus-global.com/csr/social/diversity/>
 General Employer Action Plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace: <https://www.olympus-global.com/csr/social/diversity/woman.html>
 General Employer Action Plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children: <https://www.olympus-global.com/csr/social/diversity/actionplan.html>

Materiality 5

Carbon Neutral Society and Circular Economy

Olympus set a target of achieving carbon neutrality by 2030 with zero CO₂ emissions from its site operations. To achieve this target, we will continue to improve production efficiency and implement further energy-saving measures, as well as gradually replace the energy used in our site operations*¹ with renewable energy sources by 2030. ¹ Excluding rental properties, such as sales sites.

Response to Climate Change

The Olympus Group recognizes that climate change is a material issue threatening the global environment, as well as having grave implications for the Group's business activities. Based on this awareness, we announced our endorsement of the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in May 2021. According to the TCFD's recommendations, the Olympus Group will promote information disclosure on "Governance," "Strategy," "Risk management," and "Metrics and targets."

Progress in Fiscal Year 2022

- Began to exclusively source 100% of the electricity used at 10 major R&D and manufacturing sites in Japan from renewable energy sources (April 2022)
- Created new Eco-Products (one new, bringing total to 665)
- Held environmental e-learning program and environmental activities for Group employees as part of Olympus Environment Day initiatives

Governance	The Olympus Group endeavors to reduce the environmental impact from the entire value chain, including product development, procurement, manufacture, logistics, sales, and repair. The CEO and CAO are the executive officers responsible for environmental initiatives, including Olympus' response to climate change. Underneath them, the Human Resources Head, who manages human resource development and general affairs, has control over matters related to the environment, health, and safety (EHS), and oversees the environmental activities for the entire Group. The EHS functional division creates an environmental action plan, including the reduction target of CO ₂ emissions, as well as monitoring the progress of action plan implementation across the entire Group. In response to the progress report, the CEO and CAO give instructions for any improvement required. The Board of Directors continues to monitor the status of the implemented climate change measures while receiving the related reports at least once a year. Also, to reinforce the commitment of management to ESG and climate change initiatives, 20% of the executive officers' performance share unit (PSU), a part of our long-term incentive (LTI) compensation, is linked to the results of an evaluation by an external ESG evaluation organization.
Strategy	The Olympus Group identifies risks and opportunities related to climate change for the short, medium, and long term by using scenario analysis. The influence of climate change on our business activities is analyzed based on the 2-degree scenario: RCP2.6, IEA B2DS (holding the increase in the global average temperature to below 2°C above pre-industrial levels) and the 4-degree scenario: RCP8.5 (where the increase is assumed to be up to 4°C above pre-industrial levels), both of which were presented by the International Energy Agency (IEA). We identified that the major risks within the short term (one to five years) would be the suspension of factory operations or breakdown of the supply chain due to natural disasters; and the risks within the medium to long term (10 to 20 years) would be an increase in business costs due to the introduction of carbon taxes and further tightening of regulations for CO ₂ emissions.
Risk management	The Olympus Group identifies, assesses, and manages climate change and other environmental risks within the groupwide risk management system that covers all the risks that could affect our business.
Metrics and targets	The Olympus Group set two targets in 2021. One is carbon neutrality by 2030 for its site operations (Scope 1 and Scope 2*), and the other is switching electricity procurement for its site operations to renewable energy sources also by 2030. We continue our production efficiency improvements, energy-saving activities, and introduction of renewable energy in business sites across the world. We also pursue the development of environmentally conscious products, green procurement, and improvement of logistical efficiency in order to reduce CO ₂ emissions across the life cycles of our products.

*2 Scope 1: Direct greenhouse gas emissions by combustion of fuels in its sites. Scope 2: Indirect emissions from its sites use of electricity, heat or steam supplied by other companies.

Targets and Results

	Results			Targets
	FY2020	FY2021	FY2022	FY2031
CO₂ emissions	Reduced by 9.9% compared to FY2018	Reduced by 23.3% compared to FY2018	Reduced by 25.9% compared to FY2018	Carbon neutrality for Olympus' site operation
Renewable energy rate	11.4%	12.2%	18.9%	100%

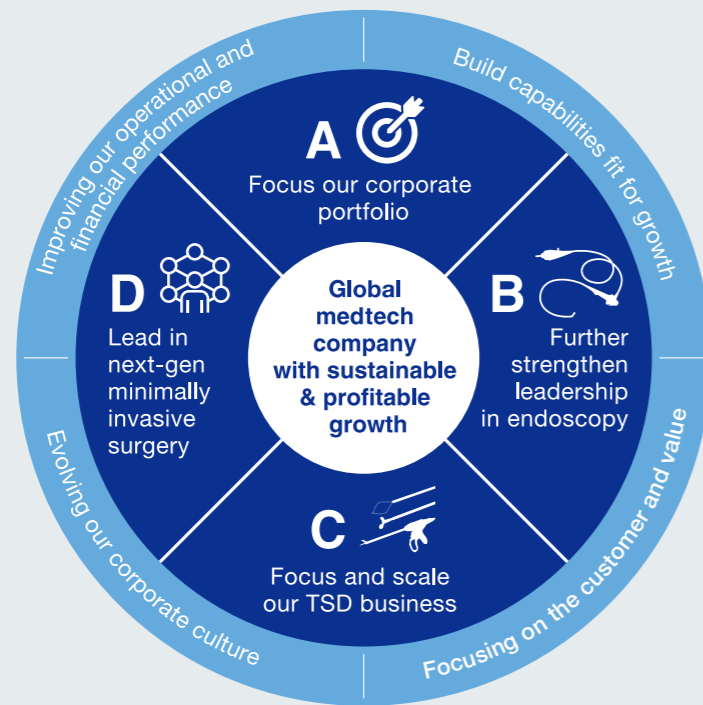
Details: Environment: <https://www.olympus-global.com/csr/environment/>

Key Components of Our Corporate Strategy

Progress of the Key Components

“Our aspiration is to become a globally-leading medtech company contributing to people’s lives by delivering innovative solutions that benefit patients, healthcare professionals, payors and providers.” This is Olympus’ strategic aspiration under the corporate strategy. As a milestone, we aim to achieve an adjusted operating margin*¹ of over 20% for fiscal year 2023. To achieve this target, we are promoting various initiatives.

*¹ Operating Profit excludes “Other income/expenses.” No adjustments are made for the impact of exchange rate fluctuations; actual exchange rates are used.

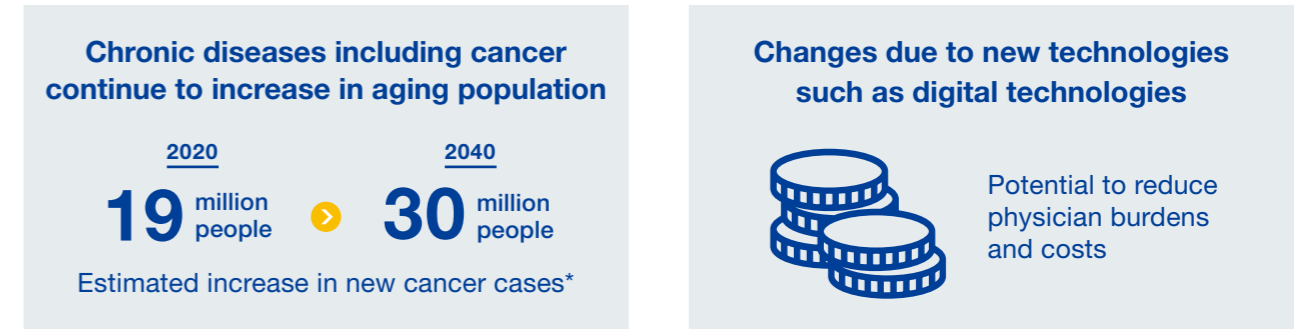


- Decided to reorganize Scientific Solutions Business through Company Split and accelerated efforts to implement Company Split. (In August 2022, Olympus decided to transfer all shares of its subsidiary Evident Corporation, which is engaged with the Scientific Solutions Business, to third party. The transfer is scheduled in January 2023.)
- Strengthened measures in the focus areas of GI, Urology, and Respiratory.
 - Continued to expand sales of EVIS X1 advanced endoscopy system through launch execution in current markets and preparation of launch into new markets including, the U.S. and China.
 - Aggressively introduced new products and expanded sales of mainstay products in GI-Endotherapy and achieved positive year-on-year growth for all product categories.
 - Drove double-digit growth in Plasma Resection for BPH & bladder cancer while generating significant incremental revenue and profit through the SOLTIVE SuperPulsed Laser System launch.
 - Ongoing market expansion of EBUS-TBNA portfolio fueled by launch of new EBUS bronchoscope in U.S. and China last year and expanded lung cancer solution with Veran SPiN electromagnetic navigation platform.
- Expanded sales of surgical endoscopy system VISERA ELITE II. Launched infrared (IR) compatible light source in Chinese market in the fiscal year 2022.
- Strengthened the product capabilities of service contract options in each region and developed measures to increase the contract attachment rate through promotions to customers.
- Promoted R&D activities for the realization of the digital endosuite.*²
- Established Olympus Innovation Ventures, a corporate venture capital fund.

*² A solution that could extend the reach of endotherapies while improving the patient experience, using artificial intelligence (AI) and other digital tools and technologies.

Medical Business Direction

Medical Business Direction



*Source: GLOBOCAN 2020



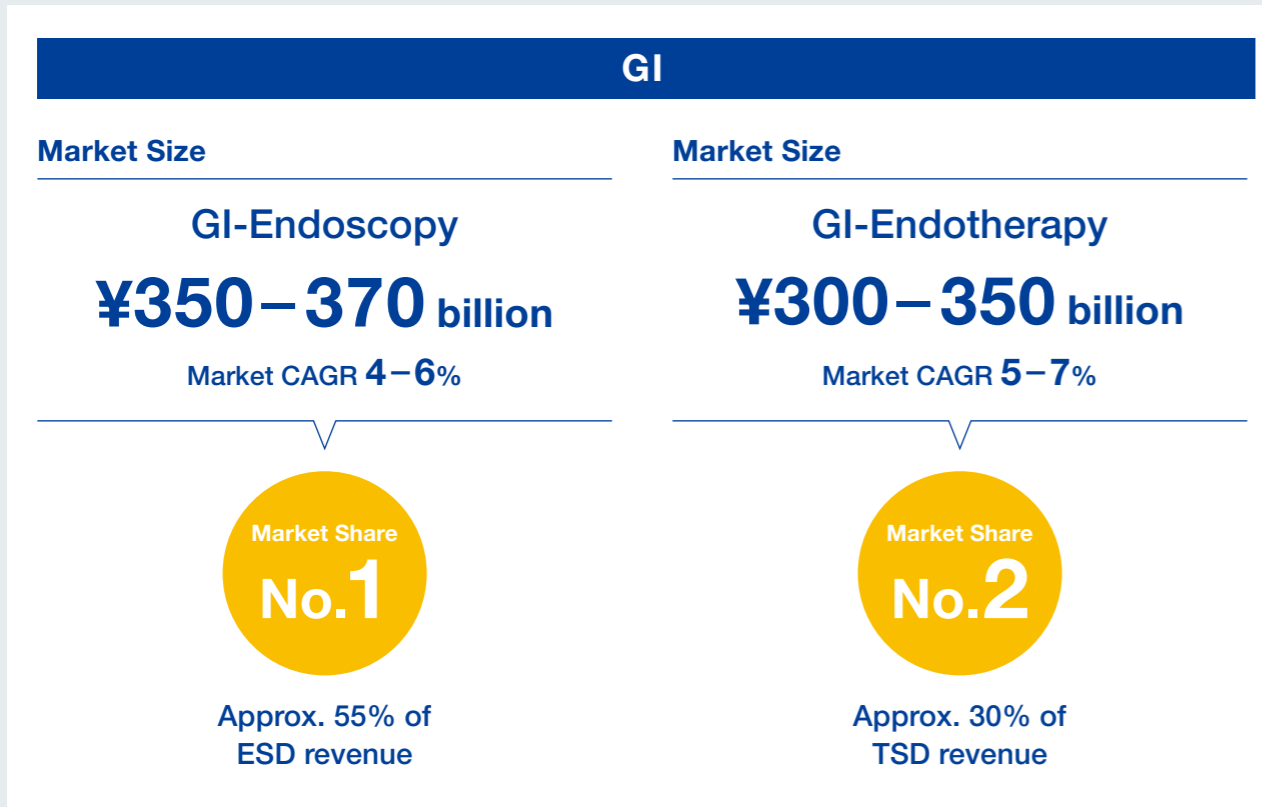
Medical Business Direction (Announced in December 2021)

Based on the long-term corporate strategy, Olympus aims to become a global medtech company. To this end, Olympus announced a clear direction for its Medical Business.

- Focus**
 - Focus on GI-Endotherapy, Urology, and Respiratory business areas, the disease states on which Olympus can maximize its positive impact.
- Shape**
 - Shape the future by investing in new ways to enhance the standard of care.
 - Introduce single-use endoscopes; integrate computer-aided diagnosis, cloud, and endoscopy workflow management technologies; and explore endoluminal therapy breakthroughs
- Enable**
 - Enable Olympus to better execute globally and at pace.
 - Enable an expanded global R&D network, a stronger Medical and Scientific Affairs, a more centralized quality assurance and regulatory affairs (QARA) function, and an established corporate venture capital fund

Aim to improve patient outcomes by elevating the standard of care in targeted disease states.

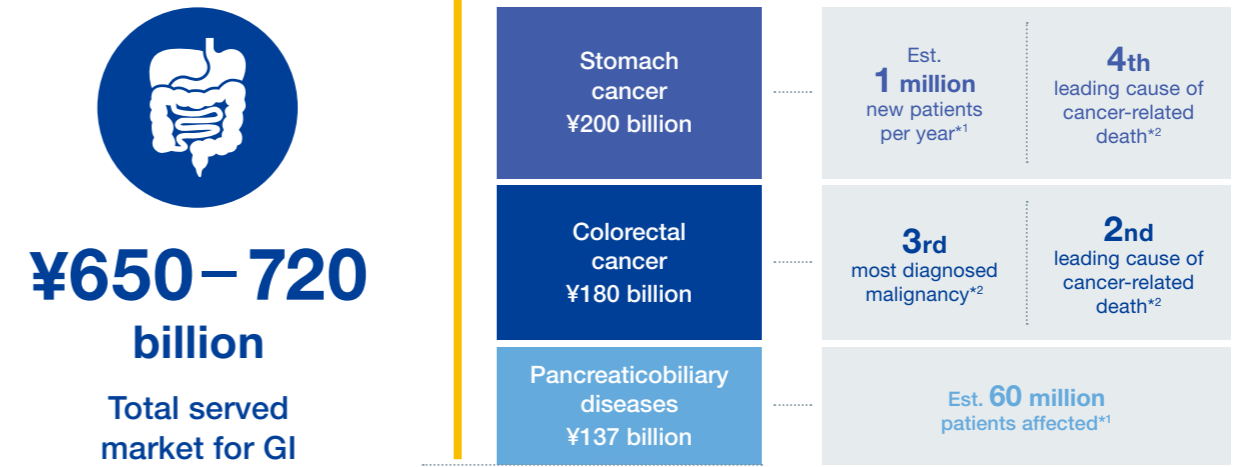
Our Positions in Focus Areas



Note: Served market scale and growth forecast information for this page come from the Company's research and pertains to data for the USA, EU5 (Germany, UK, Italy, France, Spain), Japan and China. Market scale is as of March 31, 2021. Respiratory includes the impact of the Veran Medical acquisition. Growth forecasts are projected for fiscal year 2022 to fiscal year 2024, starting from fiscal year 2021. This also applies to market data shown on other pages. Sub-segment sales ratios within ESD/TSD are figures of fiscal year 2022.

GI

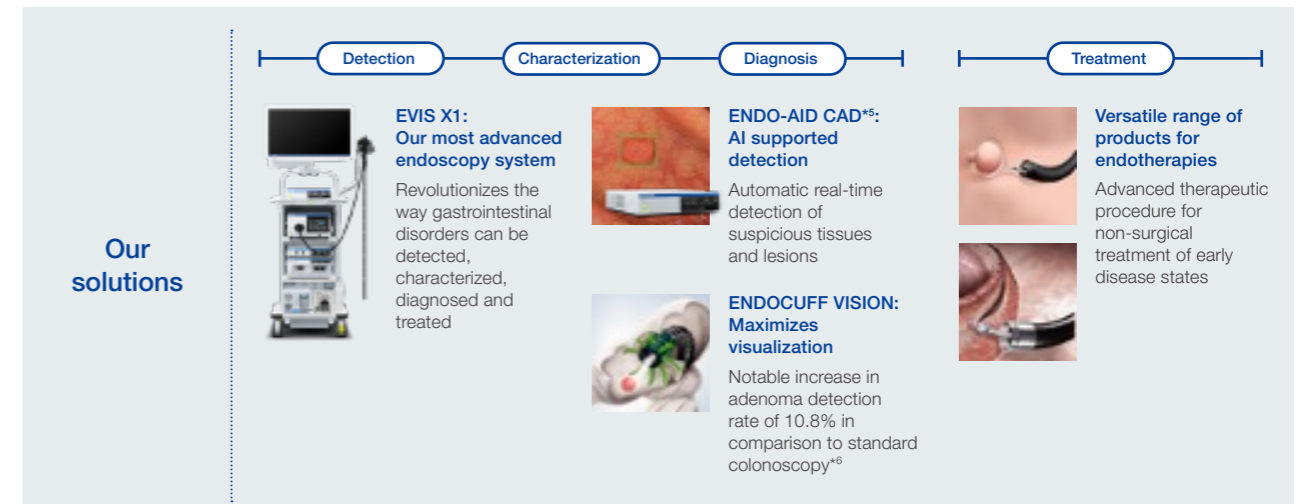
Market Size by Disease



Major Care Pathways

Our focus Screening, diagnosis, and treatment in early stages to limit severe cases

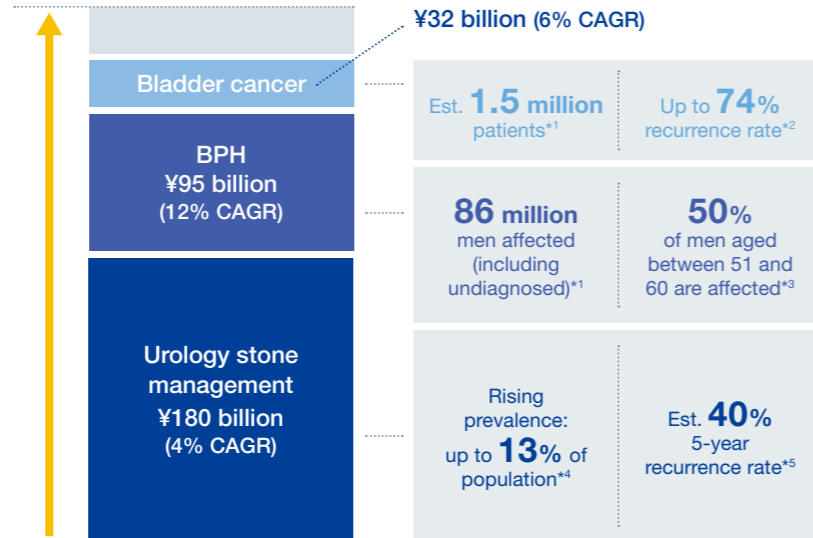
The disease state Colorectal cancer (CRC) is the third most diagnosed malignancy and the second leading cause of cancer-related deaths in the world^{*2}. Its burden is expected to increase by 60%, to more than 2.2 million new cases and 1.1 million deaths, by 2030^{*3}. Currently, 50 million colonoscopies are performed worldwide^{*4}.



^{*1} Source: Epi Database®, Cerner Enviza. Available from wee.epidb.com. Accessed November 18, 2021. 2020 data for U.S., EU5, Japan, and China.
^{*2} Source: GLOBOCAN 2020
^{*3} <https://gut.bmj.com>, Global patterns and trends in colorectal cancer incidence and mortality, Melina Arnold, Mónica S Sierra, Mathieu Laversanne, Isabelle Soerjomataram, Ahmedin Jemal, Freddie Bray
^{*4} Based on Company's research. Numbers for U.S., Canada, EU5, Japan, China, South Korea, Australia, India as of 2018 or 2019 depending on region
^{*5} Computer-aided detection
^{*6} Floer M, Biecker E, Fitzlaff R, et al. Higher Adenoma Detection Rates with Endocuff-Assisted Colonoscopy—A Randomized Controlled Multicenter Trial. PLoS ONE. 2014;9(12):e114267
 Note: Products or devices presented include future technology which may be pending regional regulatory approval and are not available for sale in all regions.

Urology

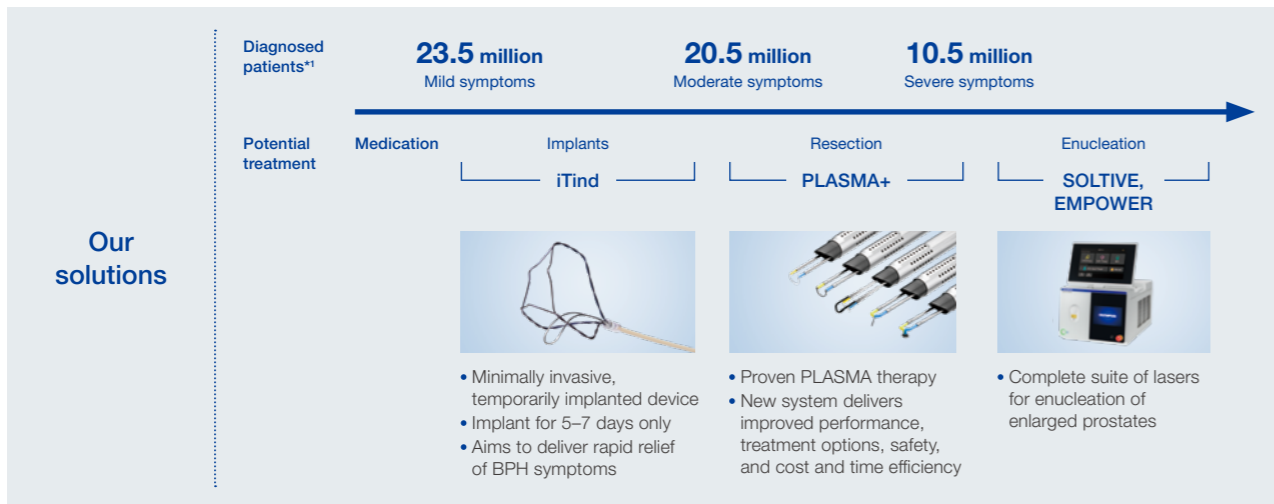
Market Size by Disease



Major Care Pathways

Our focus Provide urologists a complete suite of procedural solutions to treat all patients

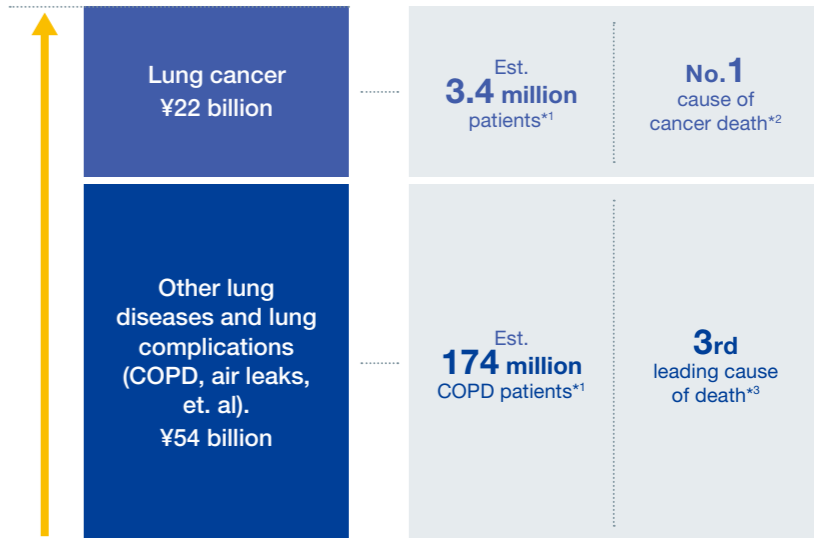
The disease state BPH is a widespread disease. Symptoms start mildly, but typically develop further over time, requiring different types of therapies in line with severity.



*¹ Source: Epi Database®, Cerner Enviza. Available from wee.epidb.com. Accessed November 18, 2021. 2020 data for U.S., EU5, Japan, and China.
*² Source: Recurrence of high-risk bladder cancer: A population-based analysis—Cancer. 2013 Sep 1; 119(17): 3219–3227.
*³ Source: BPH: surgical management.—Urology Care Foundation website. www.urologyhealth.org. Updated July 2013.
*⁴ Source: Epidemiology of stone disease across the world—World J Urol. 2017 Sep;35(9):1301–1320. doi: 10.1007/s00345-017-2008-6.
*⁵ Source: Recurrent Nephrolithiasis in Adults: A Comparative Effectiveness Review of Preventive Medical Strategies—Agency for Healthcare Research and Quality (www.effectivehealthcare.ahrq.gov), published online June 15, 2011.
Note: Products or devices presented include future technology which may be pending regional regulatory approval and are not available for sale in all regions.

Respiratory

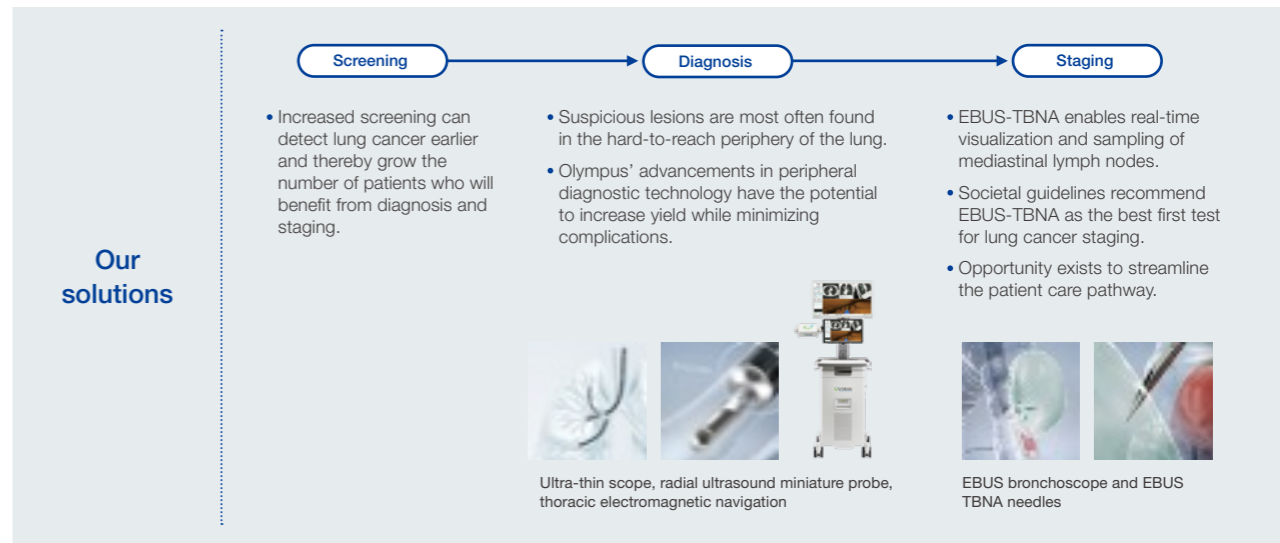
Market Size by Disease



Major Care Pathways

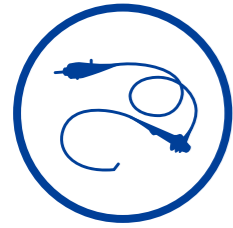
Our focus Drive improvements in the five-year survival rate of lung cancer patients by developing new and disruptive technologies

The disease state Lung cancer has the highest mortality of any type of cancer*². Only small percentage of patients are screened today. Utilization of EBUS-TBNA*⁴, a guideline recommended diagnostic and staging tool remains low. Maximizing diagnostic yield of suspicious peripheral nodules while minimizing complications remains a critical need.



*¹ Source: Epi Database®, Cerner Enviza. Available from wee.epidb.com. Accessed November 18, 2021. 2020 data for U.S., EU5, Japan, and China.
*² Source: GLOBOCAN 2020
*³ Source: World Health Organization
*⁴ Endobronchial ultrasound-transbronchial needle aspiration
Note: Products or devices presented include future technology which may be pending regional regulatory approval and are not available for sale in all regions.

Endoscopic Solutions Business



Endoscopic Solutions Business



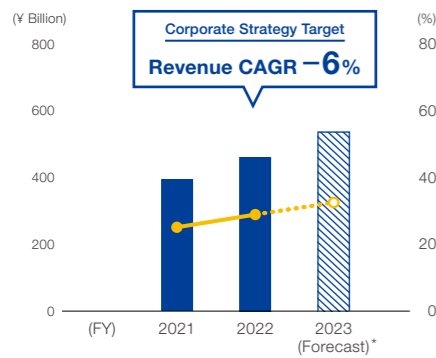
We strive to elevate the standard of care through creating innovative ‘see and treat’ endoscopy solutions that support the quadruple aim and optimize health system performance.”

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



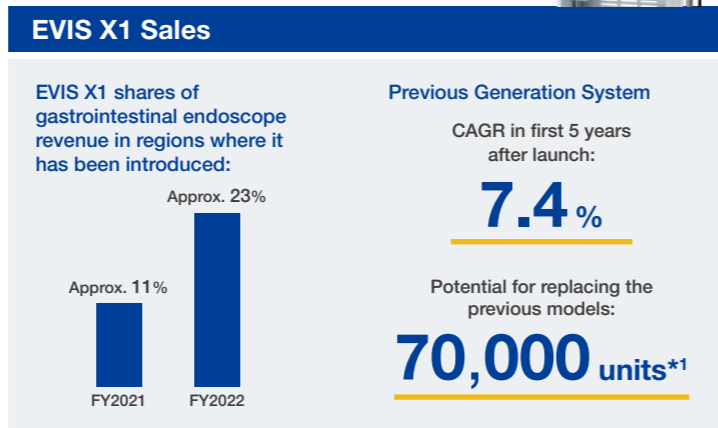
Healthcare providers are expected to serve ever more patients for better outcomes at reduced costs, while navigating complex procedure workflows. Therefore, we are developing new digital software solutions that drive efficiencies and efficacy across workflows, transform the user and patient experience 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.

Special Feature: EVIS X1

EVIS X1 Contributes to Improving the Quality of Endoscopic Diagnosis and Treatment



It has been approximately two years since Olympus launched its flagship EVIS X1 advanced endoscopy system in Europe, Japan, and some parts of Asia. Both EVIS X1, which is equipped with various imaging techniques to further improve treatment and diagnosis, and AI-powered applications for detecting lesions have been highly regarded by endoscopists around the world, and sales have been favorable in areas where EVIS X1 has been introduced. In this special feature, we present responses from doctors in Europe, where market penetration of these products is deepening.



*1 Unit sales of previous generation video processors (CV-190, CV-290)

Technologies

TXI Texture and Color Enhancement Imaging

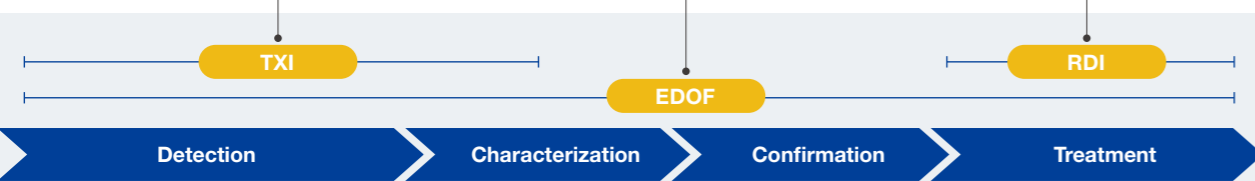
Optimizes the three elements of texture, color, and brightness of mucosal surfaces and supports better visibility of lesions, etc.

EDOF Extended Depth of Field

By combining two images at different focus distances, the need for focal adjustments is reduced, contributing to improved efficiency and decrease in the oversight rate.

RDI Red Dichromatic Imaging

By utilizing green, amber, and red wavelengths, it enhances the visibility of gastrointestinal bleeding sources and deep blood vessels, and makes hemostasis quicker and easier.



BAI-MAC Brightness Adjustment Imaging with MAintenance of Contrast

Contributes to improvement of observation performance during screening tests by brightening darker distal areas while maintaining the brightness of the proximal areas without halation.

Far point: dark

Near point: lightness

Far point: rise in lightness

Near point: keep lightness

Application

ENDO-AID CADe Application to aid in the detection of colonic lesions

An AI-powered colonic lesion detection application that, when integrated with EVIS X1, can automatically detect and display potential presence of lesions such as polyps and cancers in real time.

Customer Survey Results

We asked 464 doctors across Europe

What are your experiences with EVIS X1?



97% agree*2

EVIS X1 has helpful preset procedure settings

93% agree*2

TXI improves visibility of potential lesions

96% agree*3

The detection of colonic polyps using ENDO-AID CADe is very accurate

94% agree*2

EVIS X1 will improve clinical performance

81% agree*2

TXI utilization does not require training

90% agree*3

No perceivable image delays while working with ENDO-AID CADe

*2 Olympus internal survey among 464 Olympus doctors across Europe between September 2020 and April 2022.

*3 Olympus internal survey among 68 Olympus doctors across Europe between June 2021 and April 2022.

Doctors' Voices



Prof. Dr. Horst Neuhaus
Evangelisches Krankenhaus Düsseldorf, Germany

Thanks to EDOF, we can see the entire endoscopic image sharply, including the outer rims of the image, which is important. Sometimes it is difficult to identify the exact bleeding location, but when using RDI, a doctor can better identify the area from which the bleeding originates and this is of therapeutic relevance.

For colonoscopies, I frequently prefer TXI instead of white light to better detect smaller lesions. BAI-MAC enables a brighter image to be seen right down to the depths and the result is a brighter image without losing the contours. There is no overexposure, still, the contours remain clearly visible.



Prof. Dr. Siegbert Faiss
Sana Klinikum Lichtenberg, Germany

With TXI, the image is brighter, leading to an easier recognition of the surface texture and depth of the image. When TXI is activated, surface structures can be seen with more plasticity and when combined with NBI*4, this plasticity is a great advantage for displaying early findings and observing the conditions of the vessels.

I think, in the future, we will get used to examining with TXI because muscle fibers and vessels can be seen better, and there is more plasticity compared to white light. Other technologies I find helpful are EDOF and RDI. With EDOF, the image is always in focus, without the need to switch the focus, and the use of RDI for bleeding prophylaxis is promising, especially for deeper blood vessels.

*4 Narrow Band Imaging: an optical imaging technology that enhances the visibility of vessels and other tissue on the mucosal surface.

Therapeutic Solutions Business



Therapeutic Solutions Business



To elevate the standard of care through minimally invasive solutions across targeted diseases while delivering above-market, sustainable growth.”



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

Results

(¥ Billion)

(FY)	2021	2022	2023 (Forecast)*1
Revenue	231.8	275.6	327.0 (¥ billion)
Operating Margin	13.2	22.1	23.1 (%)

Note: From FY2023, gynecology, which were classified in the others of Therapeutic Solutions Business, have been included in the urology segment of Therapeutic Solutions Business. Accordingly, we restated figures for FY2022.

*1 Forecast as of August 9, 2022

FY2022 Sales Composition

Category	Percentage
GI-Endotherapy	Approx. 30%
Urology	Approx. 30%
Respiratory	Approx. 15%
Others	Approx. 25%

Main Products

Category	Product Examples
GI-Endotherapy	ERCP*2 and ultrasound products
Urology	Flexible cystoscopes
Respiratory	Bronchoscopes
Others	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 growth through clinically and economically differentiated solutions Focus on disease states in specialties where we can have a market-leading impact Operate efficiently from inception to sale while ensuring utmost quality and reliability Leverage business development to accelerate expansion of the product portfolio through external partnerships, licensing and M&A 	<ul style="list-style-type: none"> Exceeded growth and operating profit targets, delivering positive above market growth across overall Therapeutic Solutions Business portfolio Key therapeutic areas strengthened through series of deals and partnerships Further strengthened our position as a global medtech company by establishing Olympus Innovation Ventures to invest in pioneering startups with innovative technologies that improve clinical outcomes, reduce healthcare costs, and enhance the quality of life for patients

Focusing on Three Therapeutic Areas

To accelerate growth in Therapeutic Solutions Business 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>	<ul style="list-style-type: none"> Global results of Arc Medical Design Ltd. portfolio outpace pre-integration assumptions and global integration is on track Entered into U.S. distribution of EndoClot Plus, Inc. to broaden GI-ET footprint in focus area of hemostasis management ERCP segment continues to be an area of focus and growth for the GI-ET exhibiting strong year over year growth
<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>	<ul style="list-style-type: none"> Drove double-digit growth in Plasma Resection for BPH & bladder cancer while generating significant incremental revenue and profit through the SOLTIVE SuperPulsed Laser System launch Finalized Medi-Tate Ltd. acquisition and integration and established key commercial & market development capabilities to enable adoption of the iTind minimally invasive solution for BPH
<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>	<ul style="list-style-type: none"> Ongoing market expansion of EBUS-TBNA portfolio fueled by launch of new EBUS bronchoscope in U.S. and China last year and expanded lung cancer solution with Veran SPIN electromagnetic navigation platform Expedite Veran Medical Technologies, Inc. integration and merger activities and capture value of synergies through focus on new product pipeline Drive expansion of the core bronchoscopy portfolio in U.S. including single-use bronchoscopes while focusing on delivering the right clinical solution, in all situations

Other Therapeutic Areas

Strategies	Progress and Future Measures
<ul style="list-style-type: none"> Expand energy solutions portfolio Protect and grow laryngology and rhinology businesses through investing in solutions that follow market shifts toward minimally invasive procedures across the continuum of care 	<ul style="list-style-type: none"> Expanding launch of POWERSEAL, an advanced bipolar surgical energy device with strong and efficient sealing of vessels, throughout 2022. Further strengthening the energy device portfolio with THUNDERBEAT and SONICBEAT Launched CELERIS single-use microdebrider, which is designed for ENTs. CELERIS eliminates staff disruption and helps to improve patient outcomes by reducing infection risk

*2 Endoscopic Retrograde Cholangio Pancreatography

*3 Endoscopic Mucosal Resection, Endoscopic Submucosal Dissection

Special Feature: Urology

Key Diseases and Treatments that Drive Urology Growth

Benign Prostate Hyperplasia (BPH)

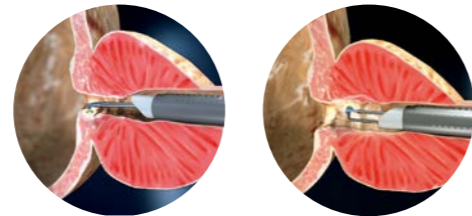
Method of Treatment Treatment through Non-Ablative Device

Olympus is rolling out iTind, a minimally invasive treatment device that ensures urine flow by expanding the urethra over the span of five days after longitudinally implanting a three-wire nitinol device in the prostate. iTind enables a patient to be treated at a doctor's office or clinic, returning home the same day, and to achieve resolution of symptoms without a permanent implant left behind.



Method of Treatment Transurethral Resection (TUR)

TUR is a procedure in which a surgeon inserts a resectoscope from the urethra and then, using the handle, operates a loop-shaped electrode to surgically resect tissue from an enlarged prostate or a bladder tumor with an electro-surgical knife. For a safe procedure and precise resection, the solution from Olympus is the TURis procedure, in which a resection is performed by discharging electricity from the entire area surrounding the electrode through saline.



Resection of the enlarged prostate when a resectoscope is inserted transurethally near the neck of the urinary bladder



Urinary Stone

Method of Treatment Transurethral Lithotripsy (TUL)

During Lithotripsy, an urologist navigates an endoscope through the urinary tract and uses laser or ultrasonic energy to break up one or more stones in the bladder, ureter, or kidney. The resulting stone fragments may be expelled naturally or can be removed using stone retrieval baskets.

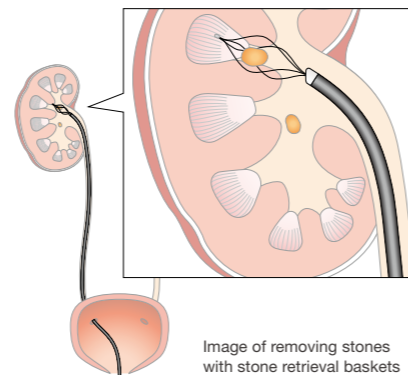


Image of removing stones with stone retrieval baskets



Therapeutic Solutions Business has made steady progress towards our financial targets and delivered above market growth. Although all our businesses performed well, the growth in Urology has been exceptionally strong. Some highlights underpinning our current and future urology growth are highlighted below:

Our Solutions

Outline

- Minimally invasive treatment device for BPH expected to expand in the market in the future.
- iTind enables a patient to be treated at a doctor's office or clinic, returning home the same day, to achieve resolution of symptoms without a permanent implant left behind and to lower the risk of sexual dysfunction.
- Sales area: U.S., Europe
- Future growth outlook: double-digit growth over next 3 years



iTind

Outline

- Olympus originally introduced the 1st PLASMA solution more than 15 years ago. In 2021 the 3rd generation PLASMA+ system was launched, delivering improved performance, treatment options, safety and cost and time efficiency.
- Differentiated PLASMA+ technology provides Urologists with a market-leading integrated platform of resectoscopes, electrodes and energy generators.
- Sales area: Americas, Europe, Asia, Japan and China
- Future growth outlook: mid single-digit growth over next 3 years



PLASMA+ System (ESG-410 and Electrodes)

Our Solutions

Outline



SOLTIVE SuperPulsed Laser System

- Olympus pioneered the use of Thulium Fiber Laser (TFL) technology for kidney stone treatment through the SOLTIVE launch in 2020.
- SOLTIVE delivers exceptional performance in a surprisingly small and versatile package, capable of dusting stones in half the time with virtually no retro-pulsion in a footprint 1/8th the size of conventional high powered laser systems.
- Clinical research indicates that SOLTIVE may offer the potential for shorter procedure times, better patient outcomes and lower procedure costs than those performed with Holmium YAG lasers.*
- Sales area: Americas, Europe, and some parts of Asia
- Future growth outlook: double-digit growth over next 3 years

Advantages of the Thulium Fiber Laser

- The effects of the Thulium Fiber laser system are made possible by a laser module configuration unique within the medical field, offering the broadest range of settings available, including very low energies and high frequencies that can deliver superior performance across a range of applications.
- Further, laser energy is emitted at 1940 nanometers, the optimal wavelength for peak absorption in water. This allows more than four times greater energy absorption than any Holmium YAG laser system, the current standard of care marketed today.

*Ryan, JR; Nguyen, MH; Linscott, JA; Nowicki, SW; Jumper, BM; Ingimarsson, JP; "PD54-07: Thulium Fiber Laser Results in Shorter Operating Times During Ureteroscopy and Laser Lithotripsy," The Journal of Urology, September 2021; accessed Nov. 2, 2021.
Disclaimer: These abstract study findings are early analysis and may change with further, more complete analysis. Generalizability of economic impact to other institutions is not specific and is limited.
Note: Products or devices presented include future technology which may be pending regional regulatory approval and are not available for sale in all regions.

Medical Business Strategy: Chinese Market

Chinese Market with High Growth Potential

Further development of endoscopic medicine is expected in the Chinese market. In this section, we outline Olympus strengths and describe the market conditions and future growth potential.

Providing Total Solutions Unique to Olympus

Since entering the Chinese market about 50 years ago, Olympus has strengthened its business foundation ahead of other companies. Through active cooperation with doctors, hospitals, and academic societies, we have spread endoscopy and have built relationships of trust with doctors. At the same time, we have been supporting doctors so that they can perform endoscopic screenings and treatments safely by strengthening our after-sales service at our service sites and training support. Most recently, since October 2021, three new service centers have been established in Hangzhou, Xian, and Chengdu, for a total of seven locations in operation, strengthening the system for quicker inspection and maintenance of endoscopic products. In addition, we offer various proposals for improving the convenience of endoscopy rooms based on our unique knowledge, taking into consideration hospital conditions and the needs of healthcare professionals. For example, we propose endoscopy room layouts that enable doctors to perform screenings and treatments safely and efficiently, as well as the equipment and tools required for such layouts. Our service activities are expanding year by year as we utilize our expertise as a leading endoscopy company. We will continue to achieve business growth through total solutions that include our service network and training activities, which are our unique strengths, along with our long-standing relationships of trust with doctors.

Chinese Service Centers and Training Centers



Supporting Endoscopist Training

At our three in-house training centers in Shanghai, Beijing, and Guangzhou, we provide hands-on training (on-site training) by each disease/procedure, online training including e-learning, and contests for trainees to report their learning outcomes. Recently, we have expanded our online educational material offerings and developed more hybrid online and on-site training programs, which have led to a rapid increase in the number of training participants. Various learning programs are also offered at collaborative training centers that are affiliated with around 20 hospitals nationwide*1. Olympus provides remote training and support by clinically experienced doctors from our own training centers, thereby supporting the training of endoscopists throughout China.

*1 As of September 2022



The "Gastrointestinal Early-Stage Cancer Treatment Operation Skills Series Course" co-hosted by Olympus and East Hospital Affiliated To Tongji University Online lecture (top) and on-site lecture (bottom) by Prof. Xu Qinwei, from the university

Approx. **62,000** people

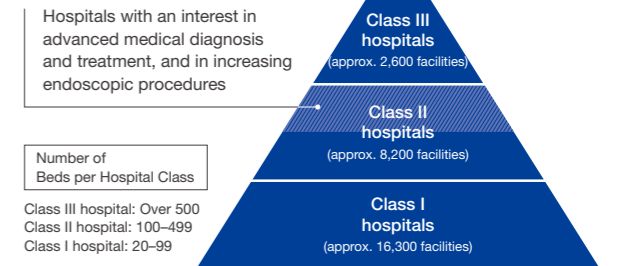
Number of doctors who have participated in Olympus training programs over the past five years*2 (including approximately 42,000 online participants)

Around **50** years

Number of years Olympus has been expanding in the Chinese market and building relationships of trust with local doctors

*2 FY2018 to FY2022

China's Potential Market*3



*3 As of March 31, 2022

PEST Analysis in Chinese Market



- **"Made in China 2025" released in 2015:** The Chinese government announced that the country aims to become a true manufacturing powerhouse, including in R&D, instead of the current one focusing on goods assembly. The goal is to become one of the top manufacturing nations in the world by 2049. There are 10 target fields, one of which includes biotechnology and medical device.
- **"Healthy China 2030" released in 2016:** This policy promotes the health of the Chinese people and building of a healthy nation. Priority items are early detection and treatment of chronic diseases including cancer, fixing regional disparities in the medical service area, and expansion of medical institutions. To support this, the aim is also to achieve technological innovation and development in the medical industry.
- **"Working plan for improvement of comprehensive capabilities of county-level hospitals" released in 2019:** This policy aims to raise the healthcare standards of 500 county-level hospitals and 500 Traditional Chinese Medicine (TCM) hospitals to the same level as a class III hospital or a class III TCM hospital.
- **Volume-based procurement (VBP):** A type of centralized purchasing procurement program initiated by provinces, cities, and other regions with the initial goal of reducing medical costs for high-value medical devices. While bidding companies are forced to offer heavy price cuts due to stiff cost competition, in exchange, the winners are guaranteed a certain volume of sales.

Note: Policies by the Chinese government are introduced above.



- **Outlook for the Chinese healthcare market:** Even in the face of COVID-19, CAGR of gross domestic product for the five years up to 2021 remained at approximately 6%, while total national health expenditure grew at a CAGR of approximately 12% for the five years up to 2020, according to the National Bureau of Statistics. Although the healthcare market has been affected by lockdowns due to the recent zero-COVID policy, the market is expected to grow steadily and significantly over the medium to long term.
- **Increased investment in mid-tier and rural hospitals:** In China, about 27,000 medical facilities are divided into classes III, II, and I, etc., and there is a tendency for patients to converge on class III hospitals where medical standards are high. Moreover, there is a significant shortage of rural hospitals, and to resolve this disparity in healthcare, investment in infrastructure is expected to continue to grow after 2022, especially in mid-tier and rural hospitals.



- **Increase in the number of endoscopic screenings and treatments:** In recent years, demand in China for early diagnosis and minimally invasive treatments has been increasing due to the growing health awareness among its people. In addition to providing both of these values, endoscopy can help reduce medical costs, and the number of screenings and treatments is growing rapidly.
- **Installation of new endoscopy rooms:** With the Chinese government's policies and the increase in the number of endoscopic screenings and treatments, endoscopy rooms are being actively introduced in newly established or expanded hospitals, leading to the development of endoscopy.
- **Shortage of endoscopists:** The number of endoscopists per 100,000 people remains low (Japan: 25 endoscopists, China: 2.2 endoscopists*4). In medical institutions, the number of endoscopists are unable to keep up with the growing number of patients, making the development of new endoscopists an urgent matter.



- **Gastrointestinal endoscope:** Olympus maintains an advantage over local manufacturers. NBI*5 technology and magnifying endoscopes that meet clinical needs have contributed to the improvement of endoscopic diagnosis and treatment technology in China. In addition, diagnostic methods based on our technology, represented by magnifying endoscopes and NBI, are becoming the standard in endoscopy, maintaining our superiority in the market.
- **Surgical endoscope:** With the rapid development of CMOS technology, local manufacturers are improving their technology level, and the competitive environment in this market is intensifying.
- **GI-Endotherapy devices:** The competitive environment is becoming severe for low-end products, where price is more important than technology and added value. On the other hand, we have established a strong position in the market for high-end products such as ESD*6 and other advanced procedures, on which we are focusing.

*4 Source: Calculated by Olympus using publicly available data

*5 Narrow Band Imaging

*6 Endoscopic Submucosal Dissection

Medical Business Strategy: Strengthening Business Foundations and Corporate Portfolio

Business Development

Establishment of a Corporate Venture Capital Fund

Under the corporate strategy we announced in 2019, we aim to sustain an annual revenue growth rate of 5–6% based on organic growth through investment in existing businesses and functional enhancements, mainly in the medical field, as well as M&A and other investments in line with our business strategy. In recent years, the pace of innovation has been accelerating, and new trends such as digital, AI and robotics are shifting the medtech landscape.

We are strengthening the capabilities and scope of our Global Business Development function and have been conducting M&A activities in our focus areas, especially in the medical field. In order to take advantage of these opportunities and to create opportunities for us to grow, we established a corporate venture capital fund “Olympus Innovation Ventures” in October 2021.

We consider that “Olympus Innovation Ventures” is important. It should be seen as part of a comprehensive

business development program. Also, this Corporate Venture Capital (CVC) is used as making a minority investment in earlier-stage and emerging companies. We will strive to form relationships early and help nurture partnerships with relevant and compelling external companies.

“Olympus Innovation Ventures” is governed by the investment committee comprised of the COO, CSO, CFO, and CTO that will establish and monitor the investment strategy. Investment committee has 100% rights over investment decisions and will report quarterly to the Group Executive Committee and annually to the Board of Directors.

Olympus Innovation Ventures will be managed by the Global Business Development team. The management of the CVC itself will be outsourced to an experienced external CVC fund manager. This will have advantages in terms of portfolio management, deal execution, etc.

Outline of “Olympus Innovation Ventures”

Initial corporate commitment	U.S. \$50 million (additional investment if necessary)
Priority clinical areas	Focus on “devices” or “digital (such as data analytics or clinician workflow)” in GI/Urology/Respiratory area
Stage	Emphasis on early to growth-stage global startups

We will identify opportunities through CVC with the following five objectives:

- Build a pipeline of future M&A targets
- Identify promising new markets for future growth
- Raise Olympus’ profile in the medtech innovation ecosystem
- Spot critical trends in technology, medicine, and care delivery
- Generate financial return on invested capital

“Olympus Innovation Ventures” Portfolio

We completed our first investment in Virgo Surgical Video Solutions. Their mission is to improve patient outcomes and clinical workflows in healthcare by developing AI tools for endoscopy. Also, they envision a world where technology powered by AI dramatically improves the quality of, and access to healthcare.

**Message from
Matt Schwartz, CEO of
Virgo Surgical Video Solutions**



Virgo is excited to partner with Olympus through the Innovation Ventures fund. Olympus’ expertise in endoscopic imaging technologies and Virgo’s strength in cloud-based endoscopy solutions are a natural fit together. We fully expect this partnership to yield multiple opportunities that mutually benefit both companies in the years to come.

Single-use Endoscope

Approach to Reusable and Single-use Endoscopy

As part of our corporate strategy unveiled in November 2019, a key strategic effort to further strengthen our leadership in endoscopy is to complement our reusable endoscopy product portfolio with single-use endoscopes. Reusable endoscopes will continue to be the first choice for a wide range of procedures due to the strong clinical need for advanced imaging and maneuverability as well as their financial efficiency for hospitals. At the same time, as single-use endoscopy is

quickly becoming a relevant option for selected procedures, the market for single-use endoscopes is expected to grow by 15–18%* annually from 2020 to 2030.

As a global leader in endoscopy, we are developing single-use endoscopes on the strength of our expertise in visualization, maneuverability and ergonomics, as well as our largest installed base in the market.

*Growth forecast information comes from the Company’s research.

Areas in which We Plan to Develop (or Launched) Single-use Endoscopes (As of September 2022)

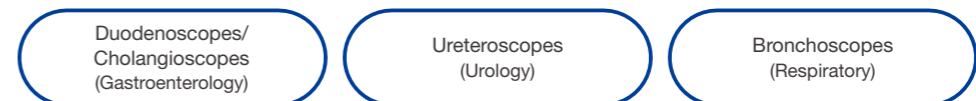
Focus on the Customer

We recognize that single-use endoscopes are necessary for enhancing our endoscope portfolio to satisfy the demand from the market and customers.



Olympus’ goal is to be the endoscopy partner of choice by providing the right endoscope for every patient, procedure and site of care around the world.

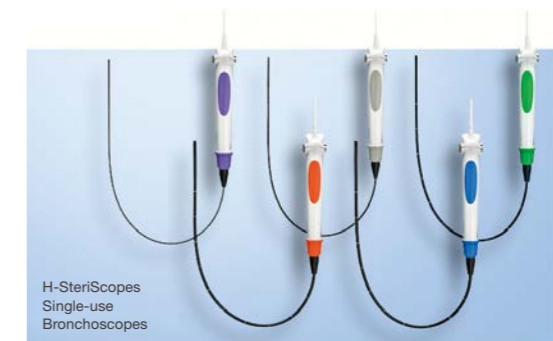
We will focus our single-use endoscope business in areas such as:



Product Launch in the U.S.

In April 2021, Olympus announced the expansion of our respiratory portfolio with the launch of our first line of single-use bronchoscopes, the H-SteriScopes™.

Available in five models, this disposable bronchoscope includes premium features that will help clinicians target, diagnose, and treat patients while enhancing workflow and productivity.



The H-SteriScope portfolio is a collaboration between Veran Medical Technologies, Inc., a wholly owned Olympus subsidiary, and Hunan Vathin Medical Instrument Co., Ltd. Olympus does not handle H-SteriScope in Japan.

Reprocessing

Reprocessing Enhancements for Reusable Medical Devices to Promote Patient and Healthcare Professional Safety

Olympus has delivered high performance medical technologies across multiple diagnostic and therapeutic areas throughout its long history in endoscopy. Further, Olympus and its healthcare partners recognize that advancements in endoscopy play an important role in advancing patient care. As a key component to the safe and effective use of reusable endoscopes, reprocessing (cleaning, disinfection, and/or sterilization) is gathering more attention from regulatory authorities and hospitals owing in large part to reports of infection events associated with endoscopes. Moreover, hospitals are increasingly encountering novel microorganisms and viruses, such as multidrug-resistant bacteria and the COVID-19 virus. Olympus is committed to playing an important role in safety by addressing



Endoscope reprocessor
Launched in China and
some Asian countries

these challenges and pushing itself to ensure that safe, effective products reach those who need them the most.



Established a Dedicated Unit to Take Prompt Action against the Cross-infection Issues Worldwide

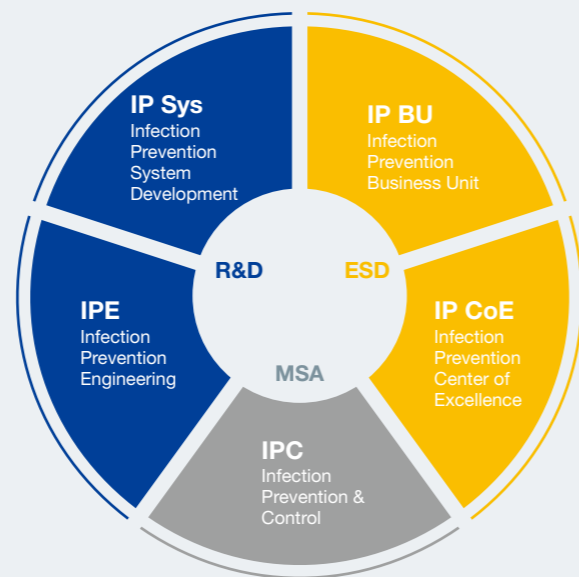
The medical business direction announced in December 2021, makes our commitment clear by placing infection prevention as a fourth pillar of business focus. In furtherance of this commitment, infection prevention has gained an increasing presence in various areas of the Olympus organization, our core business, and specifically in the areas of R&D and Medical and Scientific Affairs (MSA). And we are carrying out organizational reforms to focus on infection prevention in close cooperation with each area.

The newly established IP CoE is aiming for an infection-free future and is proactively working on topics that cross business units, R&D, and MSA functions related to infection prevention and clarify the vision of infection prevention. Based on IP CoE's vision, the infection prevention business unit (IP BU) will develop business activities and service offering to support organic and in-organic growth.

IP sys and IPE both R&D departments developing next generation technologies and solutions, such as automatic endoscope reprocessors intended to improve the efficiency of reprocessing and further enhance the safety of our products.

Finally, Infection Prevention & Control (IPC) belonging to the area of Medical Safety within MSA, ensures the science

and evidence-related basis of all Olympus interactions with internal and external stakeholders, including know-how and education for specialized knowledge.



Enlightenment and Educational Activities for Internal and External Stakeholders

Olympus has set up a dedicated website for infection prevention to support healthcare professionals*. Through this platform, we provide information on infection prevention, microbiology, reprocessing processes, equipment, and various guidance required for product-specific reprocessing, as well as practical data-driven advice and videos such as e-learning and Video Reprocessing Guide.

* As of September 2022, the website is not yet available for healthcare professionals in some countries, including, but not limited to Japan.



[Details](https://infectionprevention.olympus.com/en-us/) : <https://infectionprevention.olympus.com/en-us/>

COLUMN

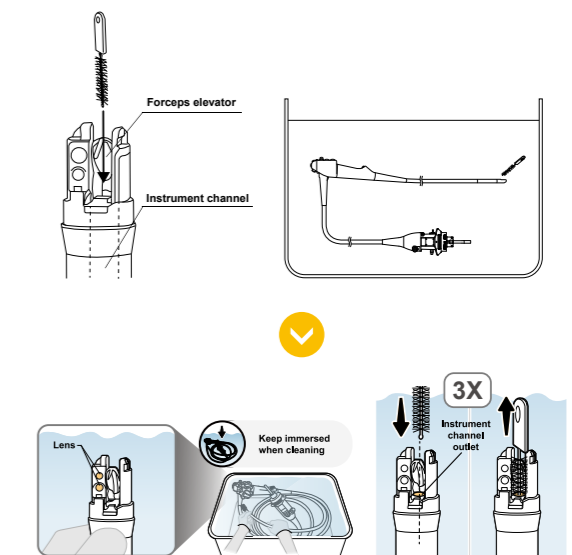


Replacement Activity with the Latest Duodenoscope

We introduced a duodenoscope with a removable cap to Europe and Asia in 2019, and to the United States in the spring of 2020, which is designed to improve visualization of the distal end for manual cleaning and disinfection. To further our goal of infection prevention, we are promoting activities to replace prior generation duodenoscopes with a new duodenoscope with a removable cap, and we will further strengthen this replacement program worldwide. We are also providing dedicated intensive training on how to reprocess duodenoscopes for all customers independent on the model of duodenoscope they use.

Improvement Activities for Reprocessing Duodenoscopes: Revision of User Manuals

Because the distal end of duodenoscopes has a more complex structure than other endoscopes, reprocessing of duodenoscopes requires a multitude of steps. We have revised the reprocessing manual in order to more clearly instruct the cleaning steps in an easier-to-understand manner with the intent to reduce mistakes during the cleaning procedure. In the new reprocessing manual, the notation method has been completely reviewed, to include using color display, detailed illustrations, adoption of easy-to-understand icons or symbols, and notional changes to more specific workflow procedures, etc.



Scientific Solutions Business



Scientific Solutions Business



We supply innovative products and services for supporting life science research, clinical research, and inspections of manufacturing and social infrastructure.”

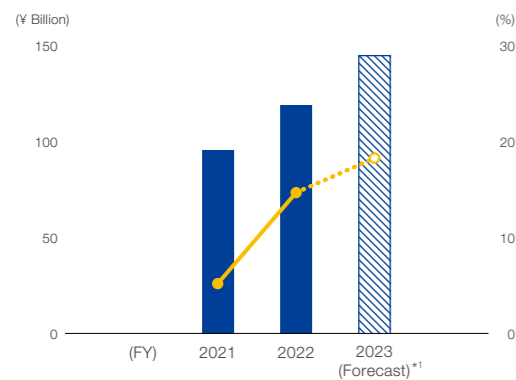
Yoshitake Saito

President and Representative Director, Evident Corporation



We implemented the company split of the Scientific Solutions Business into an independent entity, Evident Corporation, on April 1, 2022, and have since been operating under this new name. We promote agile product development and open innovation, accelerate sustainable growth, and improve profitability by establishing an autonomous management system befitting the unique character of Evident.

Results



	2021	2022	2023 (Forecast)*1	
Revenue	95.9	119.1	145.0	(¥ billion)
Operating Margin	5.2	14.7	18.3	(%)

* Forecast as of August 9, 2022

FY2022 Sales Composition



Operating Environment

Life Science

- Robust budget implementation at universities, research institutions, hospitals, etc.
- Continuous growth of target markets over the medium to long term is the expected result of enhanced investments in life science research, digital pathology and the activation of market supporting regenerative medicine.

Industrial

- Increasing demand in the semiconductor and electronic component markets, and the infrastructure maintenance market are also recovering. In the medium to long term, significant growth is expected in these markets, especially in China.
- Expansion can be expected to continue investment in semiconductors and electronic components on the back of continued growth in markets related to IoT and EVs. Continued investment in the infrastructure maintenance market is also expected.

Note: Olympus decided to transfer all shares of Evident Corporation, a specified subsidiary of Olympus to a special purpose company indirectly owned by funds advised by Bain Capital Private Equity, LP. The transfer is scheduled in January 2023.

Market Shares and Portfolios

	Biological Microscopes	Industrial Microscopes	Industrial Videoscopes	Non-Destructive Testing Instruments	X-Ray Fluorescence (XRF) Analyzers
Field	Life Science	Industrial			
Share	30–50%	30–40%	35–45%	30–40%	25–35%
Competitors	Nikon, Zeiss, Leica	Keyence, Nikon, Zeiss	Waygate Technologies	Waygate Technologies, Zetec, Eddyfi	Thermo Fisher
Products					
Uses	Contribution to the development of life science research and healthy living	Contribution to improvements in efficiency and quality in industry as well as in safety and security in everyday lives			
	Biological, medical, and pathology research	Semiconductor, electronic component, and automotive part inspections, etc.	Aircraft engine inspections, etc.	Plant and pipeline inspections, etc.	Resource and environmental surveys, RoHS directive compliance, etc.
Customer Segment	Life science research/ Clinical research/Support for regenerative medicine and drug discovery		Manufacturing/Infrastructure maintenance/Environment and natural resources		

Strategies, Progress, and Future Measures by Area

In Scientific Solutions Business, our goal is to meet the true needs of customers and to create value that exceeds customers' expectations through solutions aimed at improving customers' total workflow, in addition to high-quality hardware products. The life science field contributes to making peoples' lives healthier through fundamental clinical research—in fields including regenerative medicine, cancer, drug discovery, and neuroscience—as well as

through pathology and fertility treatment.

In the industrial field, we are providing value to improve efficiency for customers in a wide range of markets, focusing on infrastructure maintenance, manufacturing, as well as environment and natural resources. We will also strengthen our business operation platform for sustainable growth, and pursue functional enhancement for further profitability improvement.

Life Science

Strategies

- Establishment of solutions for life science research, clinical research, and cell culture monitoring of customer segments
- In addition to hardware, providing digital and workflow solutions for digital pathological diagnosis as new value provision for fundamental research workflows

Progress and Future Measures

- Commenced with providing cloud-based services in some regions for centrally managing research workflows, such as in data acquisition, management, sharing, and analysis
- Launched a new flagship model that realizes digital solution

Industrial

Strategies

- Strengthen platform for providing individualized solutions to customers and automation systems by continuing to promote digitalization of hardware and connectivity while focusing on customer segments in manufacturing, infrastructure and maintenance, and environment and natural resources
- Establishment of workflow solutions using IoT and cloud technologies

Progress and Future Measures

- Launched a workflow solutions business which uses the cloud in addition to the conventional hardware sales business
- Promote the development of further workflow solutions by enhancing cooperation with customers in segment including manufacturing, infrastructure maintenance, environment and natural resources

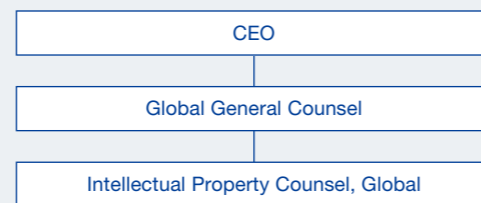
Intellectual Property Activities

Intellectual Property Activities

Basic Concept and Organizational Structure

A member of the Global Legal Organization since 2021, Olympus' Intellectual Property Function is positioned as a global organization. Before that time, the function was part of regional R&D organizations with its main focus on Japan, and organizational reforms have made it possible for highly specialized talent to formulate intellectual property (IP) strategy and take prompt action from a global perspective. In addition to R&D and manufacturing, the Intellectual Property Function is involved in areas that include formulating business strategy as well as product strategy and planning, thus involved from the upstream. By building a high-quality IP portfolio with an experienced professional team who has

technical and legal expertise under the Global General Counsel, we are aiming to secure an advantage over our competitors and maintain our leadership in the market. Currently, we are aiming to create a system that will be in compliance with the international standard for IP management (ISO 56005). The Global General Counsel reports to the Board of Directors once a year and Intellectual Property Function takes appropriate measures as necessary.



Transformation for 2021 and Beyond

Japan-centered organization	➤	As a global organization, formulating IP strategy and achieving speedy responses from a global perspective
Part of Olympus' R&D organizations	➤	As one of Olympus' legal organizations, highly specialized talent involved not only in R&D and manufacturing but also in formulating business strategy and product strategy/planning
Passive IP activities	➤	Taking a business-oriented approach, actively involved from upstream, such as in strategy formulation

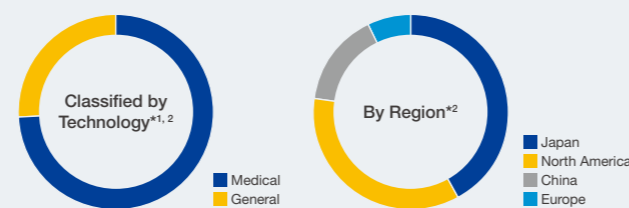
To improve corporate value, IP creation on global and companywide basis remains important

Investments in IP that Focus on Future Growth

Olympus makes proactive and strategic investments in IP from a global perspective in line with our corporate strategy. Concentrating on the Medical Business, we conduct the filing of patent applications efficiently in accordance with their strategic importance. As we aim to become a global medtech company, we also focus on competitive analysis and use of our proprietary machine learning tools to predict future strengths of our patents. This allows us to evaluate our patent portfolio in real time and focus on high-quality patent applications. Since the term for patent rights is as long as 20 years, we are actively filing applications not only in major markets, but also in markets with high potential, while conducting investment activities that focus on future growth. Since 2020, we have had an Intellectual Property Function specializing in China, which is an important market for us,

and are working to build a strong patent portfolio there. Taking into account the emergence of new technologies and business models as well as the possibility of future litigation, we are also ensuring a wider range of patent protection in a strategic manner. With regard to the patents we do hold, we manage maintenance costs by making selections aligning decisions with business strategy.

Patents Held by Olympus (Approx. 20,000*2)



*1 These figures are based on the International Patent Classification. Medical has the patent classification code "A61" and General includes the code "H04N." The number of patents under "Medical" does not necessarily correspond to the number of patents held by the Endoscopic Solutions Business and Therapeutic Solutions Business.

*2 As of March 2022. This is the aggregated number of patents held by the Olympus Group since 2022.

Reflecting IP Perspectives in Strategy Formulation

When considering a new project, the Intellectual Property Function provides a patent analysis report that is tailored to macro perspectives and areas of interest. Consequently, this has enabled strategy formulation that takes into account IP perspectives. While discussing with our businesses, we also decide on the patent application policy in accordance with the priority placed on the new project and the business strategy.

By having the Intellectual Property Function involved from an early stage, we are trying to make sure that customer needs and market information from our businesses is effectively utilized in the invention in the product planning and design phases. Our goal is to support inventions created in this way so that they can be filed for patents and create valuable inventions.

In addition, regardless of any new projects, the unit specializing in patent analysis is in constant communication with our businesses and working to provide advice from a professional point of view.

Improving IP Understanding across Departments

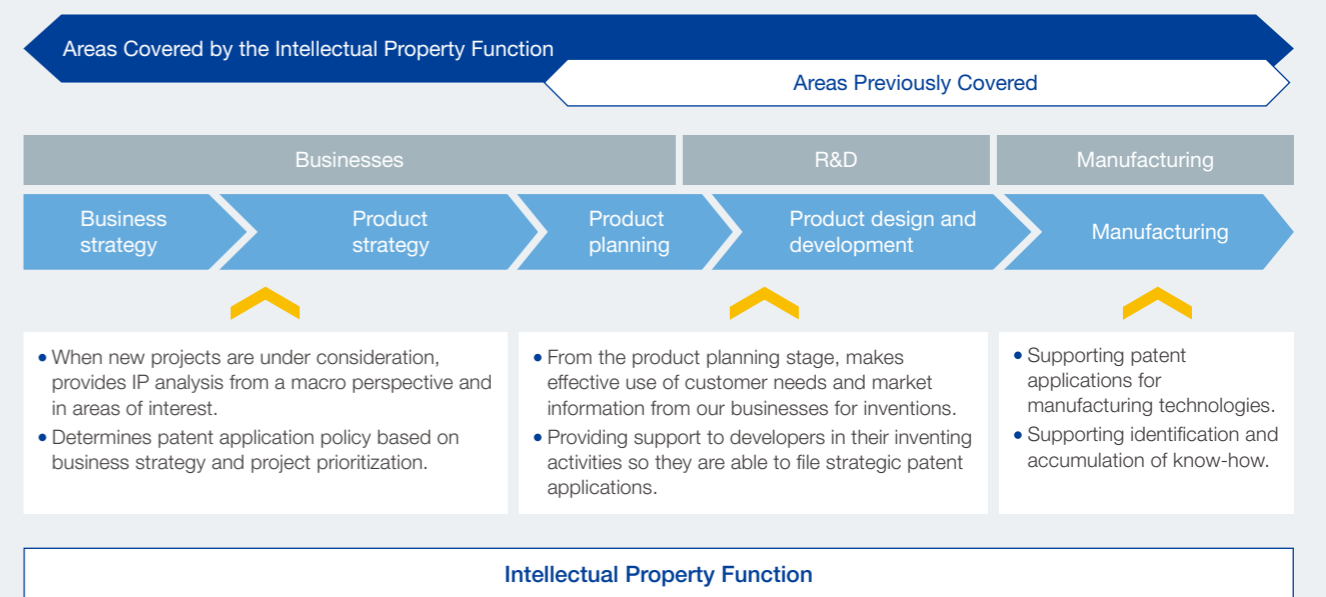
Within the Intellectual Property Function there exists an organization that oversees employee training, undertakes the development of global training programs, and conducts training sessions. In addition to improving in-house IP literacy, this organization is aiming to build an in-house network while advancing initiatives.

In line with our corporate strategy, we are conducting training programs with the aim of smoothly advancing corporate transformation from the perspective of IP. For

example, we have been conducting basic training on IP law for R&D function and programs aimed at improving the quality of invention proposals. In addition to these, we have recently started training sessions on more specific risk management for R&D function to reduce the risk of IP litigation. For our businesses, we have started a program to improve literacy relating to IP, which is important in strategy formulation.

Amid rapidly changing IP trends, it is important for employees to keep up to date and to understand the Company's position. Once a month, we distribute reports to R&D and business employees around the world, and work so that the information can be widely reflected in our business activities by constantly updating the latest information on IP.

Relationships between the Intellectual Property Function and Other Functions



Conducts Regular Communications

- Specializing in patent analysis, the Intellectual Property Function constantly communicates with our businesses while providing professional advice.
- Once a month, the function analysis delivers a report that shares the latest trends in IP with employees in R&D and business employees around the world.
- Conducts regular training for employees.

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.



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.



GBS Progress

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 Asia-Oceania, 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.



Evolving Our Corporate Culture

An Evolution in Corporate Culture

As part of our transformation, we are working toward the realization of a Healthy Organization. To achieve this, we need to look at both the needs of the Company and the day-to-day experiences of our employees. When these two elements are balanced, our organization is healthy and we can maximize our potential. By creating a culture in which each and every employee can perform at their best, we believe that we will be able to grow sustainably and realize Our Purpose: “Making people’s lives healthier, safer and more fulfilling.”

Our Ideal Corporate Culture

Olympus believes that a Healthy Organization and the leaders who support that culture will be important factors in providing momentum toward the realization of our corporate strategy. We define our aim for a Healthy Organization as

“Committed to delivering Olympus’ Purpose by creating a working culture where everyone is empowered to perform their best” and we consider there to be six dimensions which is necessary to bring it to fruition. We are currently advancing initiatives at the global level to further improve those six dimensions.



The six dimensions necessary to achieve a Healthy Organization and Our Core Values

How We Are Bringing a Healthy Organization to Life at Olympus

We aim to build a globally common HR system and develop talent to support becoming a Healthy Organization. We also

believe that it is important to develop talent with leadership competencies for global success to achieve our corporate strategy. We are conducting training to strengthen our executive talent pipeline, continuously develop human resources, and strengthen leadership and execution competencies.

Initiative	Overview and Vision of the Future	Progress and Future Measures
Talent and Succession Management 1 4	<ul style="list-style-type: none"> Support sustainable corporate management and strengthen executive talent pipeline by putting the right talent in the right position Build global succession pools and develop talents to ensure we have the right global talent with the right experience at the right place 	<ul style="list-style-type: none"> Complete to implement the process of talent and succession management for executive officers and global division/function heads (GDFH), and annually revise and discuss about talent pipeline Work on talent and succession management and systematic assessments, as well as talent development in positions below GDFHs
Global Leadership Competency Model (GLCM) 1 4	<ul style="list-style-type: none"> Support the development leadership skills by defining 10 competencies that describe the most important mindsets and behaviors for Olympus leaders 	<ul style="list-style-type: none"> Global rollout of GLCM Launch global 360 feedback based on GLCM Hold training programs globally
Global Learning and Leadership Development 1 4	<ul style="list-style-type: none"> Create an organizational culture where people are inspired and empowered to grow professionally as well as personally Support global leaders’ career development 	<ul style="list-style-type: none"> Design and deliver top leadership programs and acquire critical businessperson skills to demonstrate global leadership Implement training to strengthen leadership competencies
Global Levelling 2	<ul style="list-style-type: none"> Clarify the vertical and horizontal relationship of jobs across Olympus by assigning levels to management jobs according to the size of the role of each position 	<ul style="list-style-type: none"> Harmonization of leadership compensation structures Apply the programs and policies gradually as they are introduced
Global Performance Management Harmonization 4	<ul style="list-style-type: none"> Transition to a globally integrated assessment system covering all regions from regional- and country-specific systems Foster an organizational culture that facilitates feedback and learning while enabling the right person to be in the right position globally 	<ul style="list-style-type: none"> Complete the design and the process of target setting, mid-year check, appraisal Prepare for implementing the training program and building the system of performance management
Globally Integrated HR Management System 2 4	<ul style="list-style-type: none"> Implement HR management systems that were dispersed by region into one unified global HR system to support HR operation globally 	<ul style="list-style-type: none"> Complete aggregation of basic employee data Continue efforts to aggregate various HR information such as performance and training management
Japan HR Reform 1 4 5	<ul style="list-style-type: none"> Integrate into one, common job-based HR system for both managers and non-managers Achieve fairer placement of “the right person for the right job” through harmonization of personnel standardization 	<ul style="list-style-type: none"> Come to an agreement with the labor union on the revised personnel system for non-managers and begin the implementation process Implement and prepare the grading and performance management system as a common framework linked closely with the global standard
Standardization of Basic Work Procedures 1 2 3 4 5 6	<ul style="list-style-type: none"> Create a range of easy-to-apply Practices for diverse situations and issues that will support managers and teams in their daily business to become a healthy organization Provide in-person trainings, live-virtual workshops and e-learning to develop global common ways of working and strengthen everyone’s ability to execute 	<ul style="list-style-type: none"> Create and share Practices Global e-learning launched in July 2021
Master Class 3	<ul style="list-style-type: none"> Keynote speeches by external experts who provide outside-in perspectives on latest trends in the medtech industry, leadership challenges and personal development impulses 	<ul style="list-style-type: none"> Conducted monthly for approximately 300 global top leaders, mainly global senior management

Evolving Our Corporate Culture

Our Core Values Survey

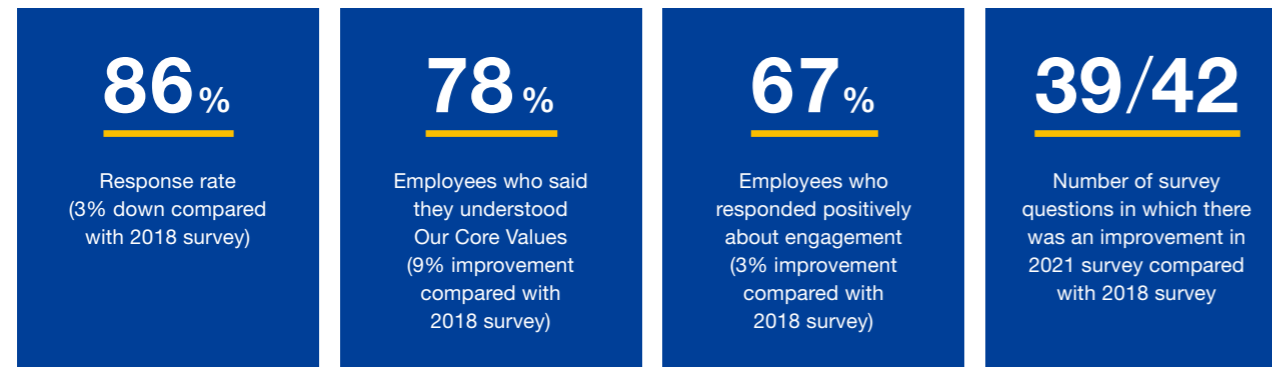
The Olympus Core Values Survey represents an important employee engagement tool that supports our aim to create a Healthy Organization. It is a way to listen to employees and understand their experiences and expectations.

From August to September 2021, we conducted the first Our Core Values Survey in three years. The survey was translated into 18 languages and administered across 43 countries and regions, attaining an overall response rate of 86%. Improvements could be seen over the previous survey with 78% of employees responding that they understood Our Core Values, and 67% of employees answering

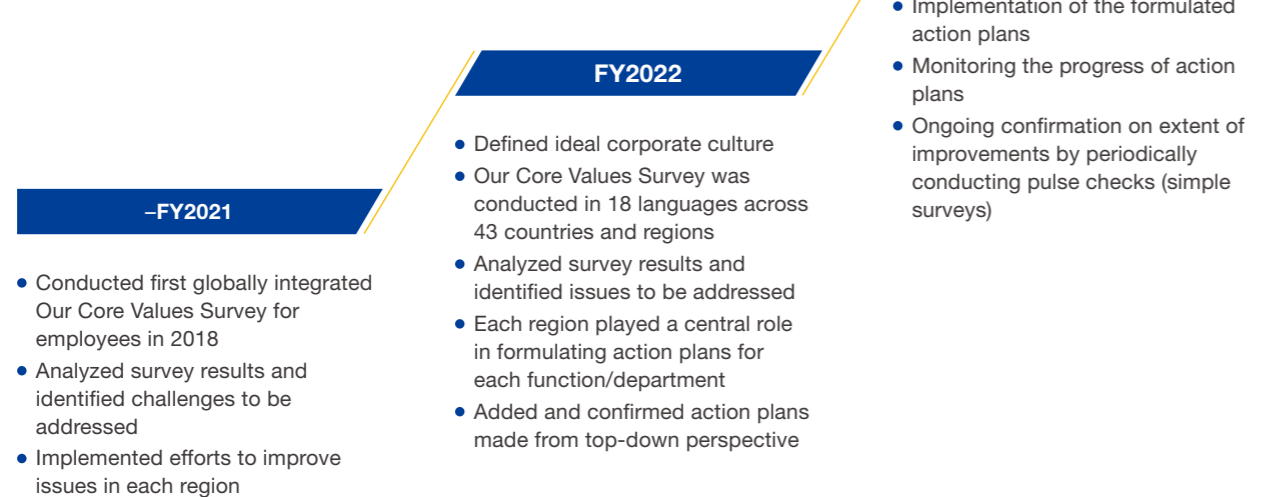
positively with regard to engagement. In addition, of the 42 items in the survey, 39 showed an improvement from the previous survey, and thus we believe we are making steady progress with our efforts to improve our corporate culture.

Based on the survey results, we are currently formulating action plans globally to close the gap between the target state of the organization and the current status from both the top-down and bottom-up perspectives at multiple organizational levels. Focusing on each region, we will take action to improve the issues identified from the survey in each department and function. Going forward, we will aim to achieve a Healthy Organization by periodically monitoring the progress of the action plans and the extent of improvements.

Results for 2021 Survey (Worldwide)



Changes in Our Core Values



Follow-up Measures for Our Core Values Survey

To establish the Healthy Organization that we are aiming for, we are introducing actions as tools that can be put into effect immediately at each workplace. To help employees and managers facilitate that immediate action, we have made open access to the tools via the Company Intranet. The topics covered include: building a team with higher communication skills; improved feedback to both team members and managers; tips and tricks to improve work-life balance; and how to hold more efficient meetings, among others.

For example, to accelerate collaboration across departments and regions, we launched an initiative called "Olympus Exchange" in 2021 with the aim of sharing knowledge and information across departments. For each session, employees give presentations on a certain theme and coworkers from all over the world are free to participate, thereby enabling them to gain a better understanding of the Company's business, market environment, and functions.



Example of an "Olympus Exchange" presentation

COLUMN

Training to Foster Leadership Talent Who Can Succeed Globally

At Olympus, we encourage global talent development opportunities for employees and leaders to build and expand their professional and personal skills while learning with and from each other. Our Global Leadership Development Programs will address the development of our Leadership Competencies and foster global collaboration among leaders to further grow together as an organization.

Moreover, we are providing training to all employees worldwide to strengthen their business, execution and leadership competencies, since we believe this is a key factor for ensuring organizational change. To date, about 6,000 employees have participated in this global training.

At Olympus we value the diversity of languages and cultures of employees in each country and region. We also believe that smooth international communication is essential as a global medtech company. In Japan, we are undertaking the Global Communication Skill Strengthening Program to improve English proficiency and support cross-cultural understanding. Since its launch in 2020, more than 4,500 employees have participated.



*As of March 2022

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Our Setup

This chapter's special feature is a roundtable discussion on the theme of "Corporate governance that contributes to increase corporate value." We also introduce messages from newly appointed outside directors and Olympus' current corporate governance initiatives.

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Directors (As of June 24, 2022)



Director, Representative Executive Officer, President and CEO
Yasuo Takeuchi

(Date of birth: February 25, 1957)
 Apr. 1980 Joined the Company
 Apr. 2005 General Division Manager, Olympus Medical Systems Corp.
 Apr. 2009 Director, Olympus Europa Holding GmbH
 Jun. 2009 Corporate Officer, the Company
 Oct. 2011 Executive Managing Director and Chairman of the Board, Olympus Europa Holding GmbH
 Apr. 2012 Director, the Company (present)
 Senior Corporate Managing Officer, the Company
 Group President of Group Management Office, the Company
 Chairman of the Board, Olympus Corporation of the Americas (present)
 Director, Olympus Corporation of Asia Pacific Limited
 Mar. 2013 Administrative Board and Managing Director, Olympus Europa Holding SE
 Apr. 2015 Head of Corporate Management Office, the Company
 Apr. 2016 Director, Vice President, the Company
 Chief Financial Officer (CFO), the Company
 Chief Regional Representative Officer, the Company
 Apr. 2019 Representative Director, the Company
 President, the Company
 Chief Executive Officer (CEO), the Company (present)
 Jun. 2019 Representative Executive Officer, President, the Company (present)



Director, Executive Officer, Chief Administrative Officer (CAO), Chief Strategy Officer (CSO) and ESG Officer
Stefan Kaufmann

(Date of birth: January 24, 1968)
 Sep. 1990 Various roles in operational and strategic HR functions, Karstadt AG
 Oct. 2000 Head of HR Development, Thomas Cook
 May 2003 General Manager, Human Resources, Olympus Europa GmbH
 (currently Olympus Europa SE & Co. KG)
 Apr. 2008 Managing Director Corporate Division, Olympus Europa GmbH
 Nov. 2011 Executive Managing Director, Olympus Europa SE & Co. KG
 Sep. 2013 Managing Director Consumer Business, Olympus Europa SE & Co. KG
 Apr. 2017 Corporate Officer, the Company
 Apr. 2019 Chief Administrative Officer (CAO), the Company (present)
 Supervisory Board (Chairman), Olympus Europa Holding SE (present)
 Jun. 2019 Director, the Company (present)
 Executive Officer, the Company (present)
 Apr. 2022 Chief Strategy Officer (CSO), the Company (present)
 ESG Officer, the Company (present)



Director
Nobuyuki Koga

(Date of birth: September 14, 1955)
 Apr. 1978 Joined the Company
 Apr. 2002 President and Representative Director, Shirakawa Olympus Co., Ltd.
 Apr. 2006 General Manager, Human Resources Dept., the Company
 Jun. 2009 Corporate Officer, the Company
 Director, Olympus Medical Systems Corp.
 Jul. 2009 Division Manager, Manufacturing Service Division, Olympus Medical Systems Corp.
 Apr. 2010 President and Representative Director, Aizu Olympus Co., Ltd.
 Apr. 2014 Division Manager, Corporate Service Division, the Company
 Jun. 2017 Standing Audit & Supervisory Board Member, the Company
 Jun. 2019 Director, the Company (present)



Outside Director
Sumitaka Fujita

(Date of birth: December 24, 1942)
 Apr. 1965 Joined ITOCHU Corporation
 Jun. 1995 Director, ITOCHU Corporation
 Apr. 1997 Managing Director, ITOCHU Corporation
 Apr. 1998 Representative Managing Director, ITOCHU Corporation
 Apr. 1999 Representative Senior Managing Director, ITOCHU Corporation
 Apr. 2001 Representative Executive Vice President, ITOCHU Corporation
 Apr. 2006 Representative Vice Chairman, ITOCHU Corporation
 Jun. 2006 Vice Chairman, ITOCHU Corporation
 Jun. 2007 Outside Director, Orient Corporation
 Jun. 2008 Senior Corporate Adviser, ITOCHU Corporation
 Outside Director, Furukawa Electric Co., Ltd.
 Outside Audit & Supervisory Board Member, NIPPONKOA Insurance Company, Limited (currently Sampo Japan Insurance Inc.)
 Jun. 2009 Outside Director, Nippon Sheet Glass Co., Ltd.
 Apr. 2010 Outside Director, NKSJ Holdings, Inc. (currently Sampo Holdings, Inc.)
 Jun. 2011 Chairman, Japan Association for CFOs (present)
 Apr. 2012 Outside Director, the Company (present)

<Important concurrent position>
 Chairman, Japan Association for CFOs



Outside Director
Tetsuo Iwamura

(Date of birth: May 30, 1951)
 Apr. 1978 Joined Honda Motor Co., Ltd.
 Jun. 2000 Director, Honda Motor Co., Ltd.
 Apr. 2003 President and Director, Honda South America Ltda.
 President and Director, Moto Honda da Amazonia Ltda.
 President and Director, Honda Automoveis do Brasil Ltda.
 Jun. 2006 Managing Director, Honda Motor Co., Ltd.
 Apr. 2007 President and Director, Honda North America, Inc.
 President and Director, American Honda Motor Co., Inc.
 Jun. 2008 Senior Managing Director, Honda Motor Co., Ltd.
 Apr. 2011 Senior Managing Officer and Director, Honda Motor Co., Ltd.
 Jun. 2011 Senior Managing Officer, Honda Motor Co., Ltd.
 Apr. 2012 Executive Vice President, Executive Officer, Honda Motor Co., Ltd.
 Jun. 2012 Representative Director, Honda Motor Co., Ltd.
 Apr. 2013 Risk Management Officer, Honda Motor Co., Ltd.
 Apr. 2014 Corporate Brand Officer, Honda Motor Co., Ltd.
 Chairman and Director, American Honda Motor Co., Inc.
 Jun. 2017 Outside Director, the Company (present)



Outside Director
Yasumasa Masuda

(Date of birth: February 27, 1957)
 Apr. 1980 Joined Fujisawa Pharmaceutical Co., Ltd. (currently Astellas Pharma Inc.)
 Jun. 2008 Corporate Executive, Vice President, Corporate Finance & Control, Astellas Pharma Inc.
 Jun. 2011 Corporate Executive, Vice President, Corporate Finance & Control, and Chief Financial Officer, Astellas Pharma Inc.
 Apr. 2012 Corporate Executive, Vice President and Chief Financial Officer, Astellas Pharma Inc.
 Jun. 2012 Senior Corporate Executive, Senior Vice President and Chief Financial Officer, Astellas Pharma Inc.
 Apr. 2017 Senior Corporate Executive, Senior Vice President and Assistant to President, Astellas Pharma Inc.
 Jun. 2017 Independent Non-Executive, Deloitte Touche Tohmatsu LLC
 Jun. 2018 Independent Non-Executive, Deloitte Tohmatsu LLC
 Outside Director, the Company (present)

Directors



Outside Director
D. Robert Hale

(Date of birth: December 21, 1984)
 Sep. 2007 Joined The Parthenon Group (currently EY-Parthenon)
 Jan. 2009 Assigned as Analyst to Strategic Value Capital, an investment subsidiary of The Parthenon Group
 Jun. 2009 Senior Associate, The Parthenon Group
 May 2010 Principal, The Parthenon Group
 Jan. 2011 Joined ValueAct Capital Management L.P.
 Dec. 2012 Vice President, ValueAct Capital Management L.P.
 May 2014 Partner, ValueAct Capital Management L.P. (present)
 Mar. 2015 Director, MSCI Inc.
 Aug. 2015 Director, Bausch Health Companies Inc.
 Jun. 2019 Outside Director, the Company (present)
 Jun. 2021 Outside Director, JSR Corporation (present)

<Important concurrent positions>
 Partner, ValueAct Capital Management L.P.
 Outside Director, JSR Corporation



Outside Director
Jimmy C. Beasley

(Date of birth: April 6, 1963)
 Mar. 1986 Territory Manager, Roche Laboratories (Division of Hoffman La Roche)
 Jun. 1989 Various roles of increasing responsibility in sales and marketing including Vice President of Sales and Marketing, Bard Access Systems Division, C.R. Bard Inc.
 Jun. 2003 President, Bard Access Systems Division, C.R. Bard Inc.
 Apr. 2007 President, Bard Peripheral Vascular Division, C.R. Bard Inc.
 May 2009 Group Vice President, C.R. Bard Inc.
 Jun. 2013 Group President, C.R. Bard Inc.
 May 2018 Consultant and Executive Advisor to ValueAct Capital Management L.P.*
 Jun. 2019 Outside Director, the Company (present)

*The executive advisor role is a consulting role to ValueAct Capital Management L.P.: it is not an employee position. This consulting agreement finished at the end of March 2019.



Outside Director
Sachiko Ichikawa

(Date of birth: January 17, 1967)
 Apr. 1997 Registered as attorney
 Joined Tanabe & Partners
 Jan. 2005 Registered as attorney of the State of New York
 Nov. 2009 Statutory Auditor, The Board Director Training Institute of Japan
 Jan. 2011 Partner, Tanabe & Partners (present)
 Jun. 2015 Outside Director, ANRITSU CORPORATION
 Director, The Board Director Training Institute of Japan
 Apr. 2018 Registered as certified public accountant of the U.S.A.
 May 2018 Outside Corporate Auditor, Ryohin Keikaku Co., Ltd.
 Jun. 2020 Statutory Auditor, The Board Director Training Institute of Japan (present)
 Jun. 2021 Outside Director, Tokyo Electron Ltd. (present)
 Outside Director, the Company (present)

<Important concurrent positions>
 Partner, Tanabe & Partners
 Statutory Auditor, The Board Director Training Institute of Japan
 Outside Director, Tokyo Electron Ltd.



Outside Director
Yasushi Shingai

(Date of birth: January 11, 1956)
 Apr. 1980 Joined Japan Tobacco and Salt Public Corporation (currently Japan Tobacco Inc.)
 Jun. 2004 Executive Officer and Finance Group Leader, Japan Tobacco Inc.
 Jul. 2004 Executive Officer and Senior Vice President, CFO, Japan Tobacco Inc.
 Jun. 2005 Director, Executive Officer and Senior Vice President, CFO, Japan Tobacco Inc.
 Jun. 2006 Director, Japan Tobacco Inc.
 Executive Vice President and Deputy CEO, JT International S.A.
 Jun. 2011 Representative Director, Executive Vice President and Deputy CEO, Japan Tobacco Inc.
 Jun. 2014 Outside Director, Recruit Holdings Co., Ltd.
 Jan. 2018 Director, Japan Tobacco Inc.
 Mar. 2018 Outside Director, Asahi Group Holdings, Inc.
 Jun. 2018 Outside Director, Exa Wizards Inc. (present)
 Outside Director, Mitsubishi UFJ Financial Group, Inc. (present)
 Jun. 2019 Outside Director, Dai-ichi Life Holdings, Inc. (present)
 Jun. 2021 Outside Director, Nippon Telegraph and Telephone West Corporation (present)
 Apr. 2022 Representative Director, Shingai Institute of Management Consulting, Inc. (present)
 Jun. 2022 Outside Director, the Company (present)

<Important concurrent positions>
 Outside Director, Exa Wizards Inc.
 Outside Director, Mitsubishi UFJ Financial Group, Inc.
 Outside Director, Dai-ichi Life Holdings, Inc.
 Outside Director, Nippon Telegraph and Telephone West Corporation
 Representative Director, Shingai Institute of Management Consulting, Inc.



Outside Director
Kohei Kan

(Date of birth: March 7, 1960)
 Sep. 1986 Registered as Certificated Public Accountant
 Apr. 1987 Joined Mita Audit Corporation (currently Deloitte Touche Tohmatsu LLC)
 Jun. 1998 Partner, Deloitte Touche Tohmatsu LLC
 Nov. 2013 Board Member, Deloitte Tohmatsu Group and Deloitte Touche Tohmatsu LLC
 Nov. 2015 Chief Executive Officer, Deloitte Touche Tohmatsu LLC
 Jun. 2018 Senior Advisor, Deloitte Tohmatsu LLC
 Sep. 2018 Audit & Assurance Leader, Deloitte Asia Pacific Limited
 Jan. 2020 Senior Advisor, Deloitte Asia Pacific Limited
 Oct. 2020 Chief, Kan Kohei Certified Public Accountant Office (present)
 Nov. 2020 Board Member, International Federation of Accountants "IFAC" (present)
 Jan. 2022 Senior Advisor, The Japanese Institute of Certified Public Accountants (present)
 Jun. 2022 Outside Director, the Company (present)

<Important concurrent position>
 Chief, Kan Kohei Certified Public Accountant Office
 Board Member, International Federation of Accountants "IFAC"
 Senior Advisor, The Japanese Institute of Certified Public Accountants



Outside Director
Gary John Pruden

(Date of birth: May 10, 1961)
 Oct. 1985 Joined Janssen Pharmaceutica, a division of Johnson & Johnson
 Jun. 1999 Director of Marketing, GI Franchise Marketing, Janssen Pharmaceutica
 May 2001 Vice President, Marketing, Primary Care Franchise, Janssen Pharmaceutica
 Nov. 2002 Vice President, Marketing, CNS Franchise, Janssen Pharmaceutica
 Feb. 2004 President & Chief Operating Officer, Janssen-Ortho Canada INC
 Jan. 2006 Worldwide President, Ethicon Products Inc, a division of Johnson & Johnson
 Apr. 2009 Company Group Chairman, Ethicon Franchise Inc
 Jan. 2012 Worldwide Chairman, Global Surgery Group, Johnson & Johnson
 Jun. 2015 Executive Vice President & Worldwide Chairman, Medical Devices, Johnson & Johnson
 Dec. 2017 Independent Board Director, Motus GI (present)
 Apr. 2018 Independent Board Director, Lantheus Holdings Inc. (present)
 Dec. 2019 Chief Executive Officer, GPS Med Tech Strategy Consulting (present)
 Jun. 2022 Outside Director, the Company (present)

<Important concurrent positions>
 Independent Board Director, Motus GI
 Independent Board Director, Lantheus Holdings Inc.
 Chief Executive Officer, GPS Med Tech Strategy Consulting

Governance Roundtable Discussion



Yasuo Takeuchi
 Director, Representative Executive Officer, President and CEO
 (Member of the Nominating Committee)



Sumitaka Fujita
 Outside Director
 (Chairman of the Board/
 Chairman of the Nominating Committee)

Corporate Governance to Increase Corporate Value

Discussion



Akitsugu Era
 BlackRock Japan Co., Ltd.
 Managing Director,
 Head of Investment Stewardship

The Role of Corporate Governance

Takeuchi: For companies to increase their corporate value, it's important to view corporate governance as systems to create a comprehensive and sustainable virtuous cycle. For many years, I have been thinking about how best to bring out Olympus' maximum potential. When I became a director in 2012, I felt Olympus should be managed with a global management perspective. Since then, I have had constructive discussions with each division and function while also working to strengthen the organization. Since my appointment as CEO in 2019, I have been prioritizing reinforcing diversity to transform our organizational management and increase corporate value. I have also taken the same approach for our executive officers and the Board of Directors and improved diversity.

Fujita: I was appointed as an outside director in 2012, and since then I think the management of

Governance Roundtable Discussion

Olympus can be divided into three phases. In the first phase from 2012, to recover from the scandal, the management team was completely replaced, and throughout this phase we sought to rebuild trust as a company. We changed to a system in which outside directors were the majority of Board of Directors and worked to revamp our management with the executive team. In the second phase from 2016, we launched the growth strategy called 16CSP, which was our medium-term management plan at the time. This plan was to move from regaining trust towards growth. From there, we entered the current, third phase. In 2019, we launched our corporate transformation plan *Transform Olympus* and clarified our vision to become a global medtech company. In June 2019, we changed our governance structure to a company with a Nominating Committee, etc. With the executive team headed by Mr. Takeuchi as CEO, I believe we have an agile management system which is capable of strong execution.

Era: As Mr. Fujita explained, both the execution and governance systems have been changed according to the stage of management at the time, during the three phases. I feel this makes it much clearer and easier to understand the objective and plans of the initiatives.

Fujita: In the first phase, we had to rebuild the management system from a variety of perspectives. I believe that the Board of Directors we had then performed like a management board. However, in the current phase, it has a clear monitoring role. I think the relationship of trust between execution and monitoring is now progressing in a positive direction.

Takeuchi: Starting from 2012, Olympus has become increasingly self-aware of winning trust when running the business. The fact that we have been able to transform at this surprising speed since my appointment as CEO in 2019 is largely owed to my experiences in the preceding seven years from 2012. Corporate value can be enhanced

even without proper governance in place, but I don't think that's sustainable. When I was appointed CEO, my first commitment to all stakeholders was that I make Olympus a sustainable company. This has consistently been my management policy.

Fujita: According to academic research, corporate value and governance do not necessarily have a strong positive correlation. But I think this analysis only focuses on financial value. Recently, the importance of non-financial value is also increasing. Given the trend towards sustainable growth of corporate value in a broad sense, I think the correlation will become stronger as we move forward in the medium to long term.

Era: For me, the purpose of governance is to increase corporate value and how substantial efforts are being made to achieve that purpose. To this end, we ask our portfolio companies and their management, how their Boards of Directors, outside directors are functioning, how companies are leveraging their knowledge and insights. I believe companies with a well-thought-out structures in place, have a clear logic and explanation of the roles and concept for their Boards of Directors and committees.

Takeuchi: From the standpoint of the executive team, I believe it is our role to make effective use of our outside directors' capabilities. I place great importance on diversity, but I know that unless we make a conscious effort, we will not be able to make use of our outside directors' diverse knowledge.

Era: One of the roles of governance is to prompt the management team to respond appropriately and quickly to unexpected and extremely difficult situations, for example, the global pandemic. If we define "good governance" as a mechanism that effectively adjusts to the business situation, I believe in the long run, "good governance" and corporate value will be inextricably linked.

Building Trust for Greater Effectiveness

Era: As Mr. Fujita pointed out, Olympus' Board of Directors has clearly shifted in recent years from a management type board to a monitoring type board. However, I believe some Japanese companies have not fully taken advantage of the monitoring type board, because they are often much familiar in operating under the management type board, due to its long history. It is very difficult where to draw the line between how much authority should be entrusted to the management team and the scope of monitoring for the Board. Also, keeping the right balance is dependent on the relationship, level of mutual trust between the management team and the Board, and the corporate culture. Furthermore, firm management is not static, and needs to adapt to the rapidly changing environment. Therefore, the right balance can easily change if you are not constantly mindful about these changes.

Takeuchi: In our case, I feel that trust between the executive team and outside directors has been growing, but as Mr. Era pointed out, it's difficult to have a good balance of execution and monitoring in some areas. When I feel the Board has crossed into discussing on details related to execution, I kindly ask them to step back by saying, "Since this comes within the scope of execution, please hold back a little."

Fujita: Even in discussions that only involve outside directors, I am sometimes asked, "Is this not going a bit too far?" However, for a monitoring board, it's better that outside directors say what they feel. Outside directors do not run a company, so management is entrusted to the executive team, but I encourage them to proactively make comments if they feel there are risks involved in this issue, or if there are hidden aspects in the execution process. In addition, we cannot discuss everything efficiently in the Board of Directors' meetings due to time constraints and how

frequently the meetings are held. Because of this, after talking with the executive team, briefing sessions and Opinion Exchange Meetings are held outside of Board of Directors' meetings as needed and depending on the topic. By integrating our discussions in regular Board meetings, which are in line with annual plans, and discussions with outside of Board meetings, we are striving to improve effectiveness.

Takeuchi: Mr. Fujita gives us feedback on the important matters discussed at Opinion Exchange Meetings held by the outside directors. In the past year or so, whenever I thought it was more effective to give direct explanations, I have participated in discussions held by the outside directors. Each executive officer normally made a report individually until recently. However, we have received several comments from outside directors that although they understand the individual details, they could not understand how each function was coordinating. To help them have more holistic views, I now take ownership in setting the agenda first, and in setting the scene before others make presentations to prepare the outside directors what they are about to hear. As in this case, the fact that we're constantly striving to change for the better is contributing

to improve the effectiveness of the Board of Directors.

"Purpose" Is the Starting Point for Corporate Governance

Takeuchi: At the end of the day, the ultimate state is where we see discipline of governance reflected in daily management. To that end, I thought Olympus needed a reason for its existence. I felt the need to clarify the underlying ideas of why Olympus exists and what we are working for. Backed by an idea that "purpose" is the starting point for good governance, about two years before I assumed position as CEO, I had already started preparing to formulate Our Purpose, which is "Making people's lives healthier, safer and more fulfilling." And our corporate strategy should be to ensure we fulfill Our Purpose. There is a reason for Olympus' existence, and we do business for that purpose. When we can bring clarity to the expected goals of each employee and if they strive to increase their own value through their assignments, Olympus would definitely grow. That's my view of how the ultimate state of governance works.

Fujita: I believe that what is important in governance is not its form, but that it is based on purpose, and the executive team is managing in the

most effective way to achieve that purpose, along with the Board of Directors effectively carrying out its role as a monitoring board. To realize Our Purpose, we have clarified our aspirations and made a variety of transformations to become a leading global medtech company. In this way, I think it's extremely important to continuously identify new challenges and resolve them in alignment with Our Purpose.

Era: In 2018, our CEO of BlackRock sent a letter to the CEOs of our investee companies around the world, emphasizing the importance of having a sense of purpose. Our belief is that purpose is the foundation for everything, because if management and employees are not engaged in their work with a clear understanding of why the company exists, its purpose, then the strategy and plans will not be consistent. It is extremely important that the management live and breathe the purpose, it is instilled throughout the organization, and rooted in key discussions within the Boards of Directors.

Takeuchi: Our Purpose is both the starting point and the ultimate goal, and we must continually assess whether it's being properly executed in the Company. To make our goal possible, we need a tracking mechanism and have been reforming our HR and IT systems aiming to

“I’m committed to making Olympus into a sustainable company.”

Yasuo Takeuchi



“Integrating discussions from the Board of Directors’ meetings with outside directors’ meetings increases our effectiveness.”

Sumitaka Fujita



increase the transparency of internal information. To integrate and build such systems on a global scale takes time and money. For Olympus to become a truly leading global medtech company, considerable effort will be required, but I believe that we are steadily making good progress toward our goal. Also, from the management continuity perspective, we have placed a lot of importance on the “succession plan.” The direction for succession as an integrated team, including the outside directors, has been agreed upon, so I’m confident that Olympus’ business direction remains unchanged even when the top management changes.

Era: Until hearing directly from Mr. Takeuchi about the importance of purpose and the reform of the Olympus’ human resource management systems, I was not fully aware of the level of commitment. I think it would be beneficial to emphasize through greater disclosure, about the fact that purpose plays a key role in ensuring governance and discipline for Olympus. On a different topic, Olympus has actively carried out several M&As in recent years. As the number of new companies joining the group increases, what are your thoughts on the current state of management and governance related to post-merger integration (PMI)?

Takeuchi: M&A involves all company

functions, we need to be well coordinated to manage the process. Even when we advance the process using a standard PMI process, there is no guarantee that things go according to plan. Every time we conduct M&A, we address extremely complex challenges. Since we encounter new challenges each time, they give us opportunities to grow a little by little. As a medtech company, M&A is essential to expanding our product portfolio and breadth of our technologies and ensuring our growth continues. I believe that one of the major management challenges is to become advanced in our ability to execute M&A effectively.

Composition of the Board of Directors in Accordance with Management Phase

Takeuchi: To increase the effectiveness of governance, I believe it is extremely important to exchange information between representatives from the executive team and the Chairperson of the Board of Directors. Since Mr. Fujita and I are very conscious of this and have built a trusting relationship, the sense of trust is pervasive in the Board of Directors.

Era: It must be quite challenging to find a qualified person with the relevant experience and commitment to serve as the Chairperson of the

Board of Directors. I’m sure it requires significant commitment for Mr. Fujita to take on this role as well.

Fujita: Since becoming Chairperson of the Board of Directors, I have also been participating in the Group Executive Committee as an observer. To enhance our effectiveness as a monitoring board, and as part of our efforts to strengthen and expedite execution, it’s very important for the Board of Directors to understand how the Group Executive Committee operates, what is being discussed, and what issues are being addressed. I believe that the Chairperson of the Board of Directors needs to be strongly committed and able to facilitate smooth communication with the executive team, including my other involvement which is to enhance the effectiveness of the operation of the Board of Directors.

Takeuchi: About three years before the term “skills matrix” became as widely used as it is today, I had been considering the composition of the Board of Directors and what we needed to become a global medtech company. I had felt the need to align the relevant information with skills and experience to ensure the necessary diversity among board members. Therefore, in the Nominating Committee, we discussed the roles of the Chairperson of the Board, the chairperson of each committee, as

well as each committee member. Following those discussions, the proposals made by the Nominating Committee have led to our current skills matrix, but I felt that a Chairperson of the Board would not be able to fulfill the role without special skills. Our basic policy on corporate governance stipulates that an outside director should serve as Chairperson of the Board, but I now believe that a person with chairpersonship skills should be appointed as an outside director in advance.

Era: It’s crucial to continue to have a chairperson that meets the expectations of various stakeholders. I can see that the relationship between the CEO and the Chairperson of the Board of Directors now appears to be very constructive, but I think the challenge is how to ensure continuity. I hope to see this good dynamics maintained in the future as well.

Takeuchi: Realistically, the only way to ensure successful operation is to manage it while bringing clarity to the roles of the CEO and the Chairperson of the Board. Roles and responsibilities of the CEO should be defined as a representative of the executive team, the Board of Directors monitor if his/her performance is fulfilling the roles and responsibilities. Similarly, roles and responsibilities of the Chairperson of the Board of Directors should be defined to enable

the Board of Directors to assess his/her performance. Ideally the process of monitoring and assessment is clear enough to manage with little support, and I am trying to enable this. My idea of the ideal state is to have a culture which continues to improve management quality and that is passed down based on mutual trust between the executive team and the Board of Directors. For that to happen, it is important that the executive team promotes agile and decisive management and the Board of Directors exercises advisory and management monitoring faculty from a strategic and broad perspective, and that the culture aspires to continuously improve quality of management.

Towards Sustainable Increases in Corporate Value

Era: Upon assessing the effectiveness of the corporate governance, we value discussions like the one we did today, rather than looking at only the form such as the Board of Director’s composition. This is why we ask questions on how the Company’s vision and purpose is instilled in the heart of the employees, and whether the relationship between execution and monitoring is appropriate and constructive. By asking these questions, it allows us to distinguish

whether the efforts and practices are genuine or merely superficial. These assessments can be used as a part of our investment decisions, and generally speaking, there is a tendency to continue to invest in the companies that are making true efforts in raising governance standards, for a longer time period.

Fujita: Our management philosophy is rooted in a corporate culture based on Our Purpose and Our Core Values. If we foster these, I believe we will be closer to becoming a sustainable company. Management does not always face the same situations, and it’s natural that corporate activities will change in the future, but I think it’s extremely important to create a foundation for corporate culture and values.

Takeuchi: I always think that when business performance isn’t good, there is probably something wrong with the corporate governance. If that way of thinking were to become further adopted, we would surely move in a positive direction. If the Board of Directors operates on this kind of understanding, I believe governance would improve by several notches. But the governance of the Board of Directors will not improve unless governance is also strengthened in terms of execution. I will continue to aim for that kind of management going forward.

“Companies that are making true efforts in raising governance standards have long-term promise.”

Akitsugu Era



Corporate Governance

Characteristics of Corporate Governance at Olympus

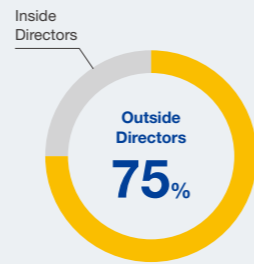
1 Building a Corporate Governance System Appropriate for a Global Medtech Company

- From June 2019, we transitioned to a company with a Nominating Committee, etc., to accelerate management decision-making and business execution functions as well as to reinforce management monitoring functions

2 Highly Transparent and Effective Management

- The chairperson of the Board of Directors is an independent outside director
- The majority of directors are outside directors, all of whom are independent
- Independent outside directors possess abundant experience and knowledge rich in diversity
- The chairperson of each committee is an independent outside director
- Each committee is composed of a majority of independent outside directors
- The chairperson of the Board of Directors participates in the Group Executive Committee as an observer
- Implemented efforts to improve effectiveness, such as prior explanations to independent outside directors, information sharing and mutual exchange of opinions through meetings only for independent outside directors, and the feeding back of results to executive officers

Outside Directors on the Board of Directors*1



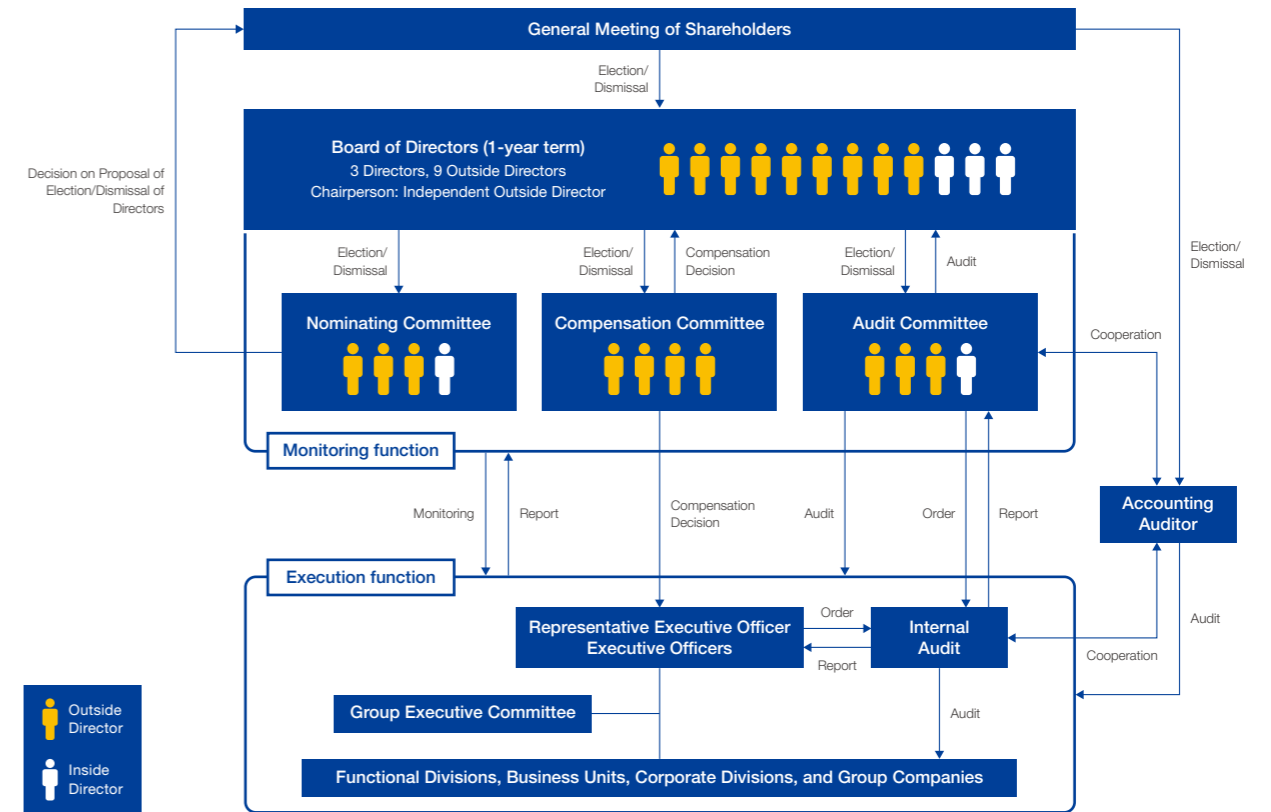
*1 All are independent outside directors.

Diversity on the Board of Directors

Non-Japanese directors > 4/12

Female directors > 1/12

Corporate Governance Structure (As of June 24, 2022)



Changes in the Corporate Governance

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Chronology	<ul style="list-style-type: none"> Deferred recording of past losses discovered New management system launched 						<ul style="list-style-type: none"> Announcement of <i>Transform Olympus</i> corporate transformation plan 					
Management Plans	2010 Medium-Term Strategic Plan (10CSP) Advancing to the Next Stage of Globalization		Medium-Term Vision Stage of reconstructing management (recover trust and strengthen internal systems)			2016 Medium-Term Management Plan (16CSP) Sustainable growth stage (Strengthening the foundations of our business and developing a strong business portfolio)			Corporate Strategy Transforming into a truly global medtech company			
Management System	A company with an Audit & Supervisory Board								A company with a Nominating Committee, etc.			
Chairperson of the Board	Directors					Independent outside directors						
Directors	More than half are outside directors											
Members	Outside 3/ Inside 12	Outside 6/ Inside 5	Outside 8/ Inside 5	Outside 5/ Inside 5	Outside 6/ Inside 5	Outside 10/ Inside 5	Outside 9/ Inside 3	Outside 8/ Inside 3	Outside 9/ Inside 3	Outside 8/ Inside 3	Outside 9/ Inside 3	Outside 9/ Inside 3
Female	-		1			-		1				
Nationalities other than Japanese	1	-					3			4		
Committees	Voluntarily established a Nominating Committee, Compensation Committee, and Compliance Committee Members: Majority are outside directors Committee chairpersons: Outside directors								Established a Nominating Committee, Compensation Committee, and Audit Committee*2 Members: Majority are independent outside directors Committee chairpersons: Independent outside directors			

*1 Established Management Reform Committee, Director Liability Investigation Committee, Non-Director Liability Investigation Committee

*2 The Compliance Committee was established until July 2020.

Corporate Governance

Basic Concept of Corporate Governance

All our activities are based on our corporate philosophy, "Making people's lives healthier, safer and more fulfilling." Following this philosophy, we aim for the sustainable development of Olympus and medium- to long-term corporate value for all stakeholders, including shareholders.

This philosophy also drives us to establish, implement, and continuously improve systems for ensuring the effectiveness and efficiency of operations and the appropriateness and reliability of financial reports. We are continuously strengthening our corporate governance system, positioning this task as a top management priority. In addition, we are complying with Japan's Corporate Governance Code, which was formulated by the TSE in June 2015 (revised in June 2021), and have

implemented measures based on the principles of the code. Through such efforts, we seek to ensure an effective corporate governance structure based on our fiduciary duty to shareholders; our responsibilities to customers, employees, communities, and other stakeholders; and the aforementioned corporate philosophy.

 **Our Corporate Governance Policy (Basic Concept)**

https://www.olympus-global.com/company/governance/pdf/basic_policy_for_corporate_governance_en.pdf

Overview of Board and Each Committee

Name	Outline	Members
Board of Directors	The Board of Directors shall determine basic management policy, matters related to the internal control system, and other important matters, and monitor directors and executive officers, in the execution of their duties. (Meets at least once every three months and when needed.)	<ul style="list-style-type: none"> Sumitaka Fujita (Chairperson) Yasuo Takeuchi Tetsuo Iwamura Yasumasa Masuda D. Robert Hale Jimmy C. Beasley Sachiko Ichikawa Yasushi Shingai Kohei Kan Gary John Pruden Stefan Kaufmann Nobuyuki Koga
Nominating Committee	The Nominating Committee shall deliberate matters related to human resources at the director and executive officer levels, and shall determine the content of proposals submitted to the General Meeting of Shareholders in relation to the appointment and dismissal of directors.	<ul style="list-style-type: none"> Sumitaka Fujita (Chairperson) Yasuo Takeuchi D. Robert Hale Yasushi Shingai
Compensation Committee	The Compensation Committee shall deliberate matters related to compensation of directors and executive officers, and prescribe policy in relation to determining the details of compensation, etc., and in accordance with the policy, determine the contents of compensation, etc., for individuals.	<ul style="list-style-type: none"> Tetsuo Iwamura (Chairperson) Jimmy C. Beasley Yasushi Shingai Gary John Pruden
Audit Committee	The Audit Committee shall carry out the following duties. 1) Auditing the execution of duties by executive officers and directors, and creating audit reports 2) Determining the content of proposals relating to the appointment, dismissal, and non-reappointment of accounting auditors 3) Other duties prescribed by law or by the Articles of Incorporation, and other matters recognized as necessary by the Audit Committee	<ul style="list-style-type: none"> Yasumasa Masuda (Chairperson) Sachiko Ichikawa Kohei Kan Nobuyuki Koga
Group Executive Committee	In the Group Executive Committee, the Representative Executive Officer and executive officers shall deliberate on critical matters concerning business execution for the entire Olympus Group as entrusted by the Board of Directors, and provide support on the decision-making of executive officers so as to prevent decisions being made based solely on the discretion of an executive officer. Each executive officer reports on and shares the status of execution of business and functions under their jurisdiction to ensure the effectiveness of the committee as a body for monitoring the execution of business and functions of the entire Olympus Group. (Meets at least once a month and when needed.)	<ul style="list-style-type: none"> Yasuo Takeuchi (Chairperson) Nacho Abia Andre Roggan Tetsuo Kobayashi Chikashi Takeda Stefan Kaufmann

The Member Composition of the Board of Directors

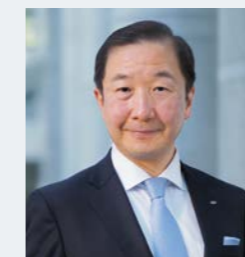
With regard to the composition of the Board of Directors, we consider the diversity of experience, knowledge, and skills of the Board of Directors, regardless of the nationalities, ethnicities, and genders of its members. The directors shall secure sufficient time as members of the Board of Directors to ensure that all directors are able to fulfill their duties and responsibilities. To ensure its effectiveness, the Board of Directors is currently composed of 12 members, of whom nine

are independent outside directors. In addition, of those 12 directors, four are non-Japanese, and one is female. This composition is based on a consideration for human resource requirements to becoming the global medtech company that Olympus aims to be, which includes having abundant experience and insight in corporate management, finance, and international business deployment, as well as diversity in internationality and gender.

Name	Date of appointment	Independence	Area Olympus expects the directors to display their capabilities in						
			Corporate Management	Overseas Business/Diversity	Healthcare Industry	Manufacturing/Development/Research	Legal/Risk Management	Finance/Accounting	ESG
Yasuo Takeuchi	Apr. 2012		●	●	●			●	
Sumitaka Fujita	Apr. 2012	○	●	●				●	●
Tetsuo Iwamura	June 2017	○	●	●		●			
Yasumasa Masuda	June 2018	○	●	●	●			●	
D. Robert Hale	June 2019	○	●	●	●			●	
Jimmy C. Beasley	June 2019	○	●	●	●				
Sachiko Ichikawa	June 2021	○		●				●	●
Yasushi Shingai	June 2022	○	●	●				●	
Kohei Kan	June 2022	○		●				●	●
Gary John Pruden	June 2022	○	●	●	●				
Stefan Kaufmann	June 2019			●	●				
Nobuyuki Koga	June 2019				●	●			

Notes: 1. The above table does not indicate all the expertise/experiences the directors have.
2. As a company with an Audit & Supervisory Board before the transition to a company with a Nominating Committee, etc., Nobuyuki Koga was appointed as a member of the Company's Audit & Supervisory Board in 2017.

Message from a Newly Appointed Outside Director



Yasushi Shingai
Outside Director

My encounters with Olympus began when I was a child. I have good memories of buying and taking pictures with a half-size Olympus PEN camera and an OM-1 single-lens reflex (SLR) camera to document my travels. Now, Olympus has been working to change for the future without being bound by the past since 2019. Even though its historic camera business had been sold, I empathize with the decision to focus management resources on medtech and transform the Company. Because of this, along with Olympus' Our Purpose, which is closely linked with sustainability, of "making people's lives healthier, safer and more fulfilling," I felt that I wanted to contribute to Olympus as an outside director.

We are now in an era in which companies are being asked what kind of society they want to develop and what their goals are. What is required of corporate management in these times is to review the values, products,

and services they provide from an outside-in perspective by mulling over the external environment, rather than from an inside-out perspective by starting with the products and services it owns and asking the world about them. At the same time, it is about gaining an insight into the future and backcasting that insight to prepare for what we have to do in the present. Together with the executive team, I will consider what we need to do now and both formulate and monitor the execution of the strategy for 10 or 30 years into the future.

In my opinion, the stakeholder model is very important for managing a company. With customers at the center, there is a triangle around them of employees, society in general, and shareholders. I am completely committed to fulfilling responsibilities to these stakeholders in a well-balanced manner at a high level, while also fulfilling my obligations so that Olympus' corporate value can grow sustainably over the long term.

Message from a Newly Appointed Outside Director



Kohei Kan
Outside Director

In my role as an outside director, I intend to draw on my experiences gained from performing audits on global companies as a certified public accountant working for an audit corporation. In an increasingly globalized world, I believe that it is even more important to be aware of the risks facing Olympus subsidiaries especially those overseas, by using global control systems based on a collaborative approach to both internal and external audits.

Currently, I am also serving as a board member of the International Federation of Accountants. Interest in corporate sustainability is increasing worldwide and is being reflected in active discussions about the disclosure of non-financial as well as corporate financial data, including the processes used to provide assurance on that information. Disclosure is important not only as a way of responding to demands for both

financial and non-financial data, but I believe it is also important as a process that enables employees to truly understand how their efforts are creating value for society. I am looking forward to making my own contributions in this area.

Olympus is a company with a 100-year history. Instead of merely relying on that vast history, however, Olympus is responding to a rapidly changing business environment by resolutely striving to transform itself into a global medtech company. At a recent meeting with Olympus employees, I was given the impression that Olympus is moving forward with globalization and diversity, rapidly implementing changes in order to achieve its goals, and successfully producing results. I am happy to have this opportunity to serve as an outside director for such a company, and am determined to contribute to its continuing growth and success.

Message from a Newly Appointed Outside Director



Gary John Pruden
Outside Director

I had my first colonoscopy when I was 50 years old and they discovered an adenoma. I was told that if I had waited another year to get checked, there was a good chance I may not have survived. Now I am a colonoscopy frequent flyer, so I go every year and know that a scope from Olympus, both then and now, saved my life. I have been grateful to Olympus for its efforts to advance technology and improve the use of endoscopes.

After retiring from Johnson & Johnson, I realized my interests were mainly in innovation that makes a difference in patients' lives and globalization. Within some markets around the world, medical care can often be inadequate and training for doctors is needed. Because of this, I see using innovation and globalization to improve healthcare outcomes and expand healthcare opportunities as key goals for Olympus.

While in-house development is important to incorporate new ideas, so are inorganic growth opportunities in licensing new technology. Generating new ideas and business strategy is about insight, creating a roadmap and choosing what opportunities to go for, where to differentiate, and how to compete. In licensing and acquisition, it's necessary to approach success by both taking on challenges and sometimes taking risks.

In conclusion, I am convinced Olympus' technology is changing patients' lives and creating better outcomes. To carry on this momentum, we will listen to executive officers' opinions and patients' voices, work together with them, and support Olympus through its challenges as it leads into the future toward improved outcomes for patients.

Activities of the Board of Directors and Committees in Fiscal Year 2022

Name	Attendance at meetings of the Board of Directors	Attendance at meetings of the Nominating Committee	Attendance at meetings of the Compensation Committee	Attendance at meetings of the Audit Committee
Yasuo Takeuchi	12/12	11/11	—	—
Sumitaka Fujita	12/12	11/11	—	—
Susumu Kaminaga	12/12	—	11/11	—
Tetsuo Iwamura	12/12	11/11	11/11	—
Yasumasa Masuda	12/12	2/2	4/4	18/18
Atsushi Iwasaki	10/12	—	—	24/24
D. Robert Hale	12/12	11/11	—	—
Jimmy C. Beasley	12/12	—	11/11	—
Sachiko Ichikawa	9/9	—	—	18/18
Stefan Kaufmann	12/12	—	—	—
Nobuyuki Koga	12/12	—	—	24/24

Notes: 1. Attendance of Ms. Sachiko Ichikawa at the meetings of the Board of Directors is based on those held after her appointment as a director on June 24, 2021.
 2. Attendance of Mr. Yasumasa Masuda at the meetings of the Nominating Committee and the Compensation Committee is based on those held during his term of office as a member until June 24, 2021.
 3. Attendance of Mr. Yasumasa Masuda and Ms. Sachiko Ichikawa at the meetings of the Audit Committee is based on those held after their appointment as members on June 24, 2021.
 4. As Mr. Yasushi Shingai, Mr. Kohei Kan, and Mr. Gary John Pruden were appointed directors in June 2022, they did not attend the meetings of the Board of Directors or those of the other Committees in fiscal year 2022.

Name	Activities
Board of Directors	<ul style="list-style-type: none"> The Chairperson of the Board of Directors conducted a review of the proceedings of the Board of Directors up to the previous meeting and those of each committee meeting and reported on matters deliberated at the Group Executive committee As a regular agenda item, conducted execution status reports from executive officers Separately from regular meetings of the Board of Directors, a corporate strategy discussion meeting was held on the state of progress and issues in the corporate strategy and on topics in the business plan In an ongoing effort to improve the monitoring function while aiming for outside directors to mutually exchange information and share awareness, an Opinion Exchange Meeting for outside directors was held four times a year (once per quarter) as a regular meeting at which only outside directors participated, and an Executive Session was held after the conclusion of every Board of Directors' meeting
Nominating Committee	<ul style="list-style-type: none"> In considering the plan for the composition of the Board of Directors, the Nominating Committee created a matrix for the experience and knowledge required of directors of Olympus In determining candidates for director, the Nominating Committee, with the help of external consultants, held discussions and interviews in accordance with the selection criteria and made decisions that ensure management transparency as well as achieve sustainable growth and increase corporate value. The committee took into account the composition of the Board of Directors, giving consideration to diversity, including global awareness, gender, work experience, and age, as well as the balance of experience, knowledge, and skills Regarding the selection plan for executive officers, the Nominating Committee discussed their suitability and made decisions after a year-long selection process Regarding the succession plan for executive officers, the Nominating Committee discussed whether the candidates possessed the desired experience and knowledge in accordance with expected roles in the execution of duties at Olympus
Compensation Committee*	<ul style="list-style-type: none"> Reviewed results of performance-linked compensation in fiscal year 2021 and determined amount to be paid Reviewed compensation content to further improve compensation system Determined compensation for fiscal year 2022 as well as reviewed results of performance-linked compensation and determined amount to be paid after the end of the fiscal year Determined compensation policy for fiscal year 2023
Audit Committee	<ul style="list-style-type: none"> In addition to maintaining an independent position and fair and unbiased attitude and auditing and overseeing the accounting auditor and internal audit function, the Audit Committee conducted effective, efficient audits by directly verifying the suitability and validity of the execution of duties by the directors and executive officers In addition to monitoring and evaluating whether the accounting auditor maintained an independent position and performed suitable audits, the Audit Committee received reports from the accounting auditor on the state of execution of its duties and requested explanations where necessary

Conducted mainly in an online environment, such as by utilizing a web conferencing system, to ensure safety from the COVID-19 pandemic for those attending and the effectiveness of each committee

*Activities from April 2021 to May 2022

Corporate Governance

Support Systems for Directors

To support the effective execution of the roles and duties of directors, Olympus works proactively to provide directors with information and provides documents prior to Board of Directors' meetings while setting an opportunity for the explanation of agendas in advance as necessary and working to stimulate discussions in Board of Directors' meetings. Olympus established a dedicated organization of "Secretary to the Board" to support the execution of duties of outside directors as well as the effective and vigorous activities of the Board of Directors, Nominating Committee, and Compensation Committee.

Olympus provides training for directors, comprising visits to

our major business bases such as business offices and factories, etc., and business study sessions such as briefing sessions, product demonstrations, and technical result presentations to promote the acquisition of knowledge concerning Olympus. Furthermore, Olympus holds meetings between newly inaugurated directors and executive officers to promote understanding of executive thinking and awareness of issues, and to deepen understanding of the roles and responsibilities of an Olympus director. Finally, Olympus covers the cost for directors to acquire the requisite knowledge necessary for the performance of their duties.

Process for Appointment of Directors and Executive Officers, Development and Selection of Successors for the CEO

Process for Appointment of Directors and Executive Officers

The Nominating Committee shall deliberate director candidates while making reference to the selection criteria, hold interviews, and determine the content of proposals submitted to the General Meeting of Shareholders in relation to the appointment and dismissal of directors.

In addition, executive officer appointments are determined by the Board of Directors after the Nominating Committee discusses whether the candidate has experience, insight, etc., appropriate

for an executive officer and develops proposals for appointments.

Development and Selection of Successors for the CEO

The Nominating Committee deliberates a succession plan for the CEO and reviews it periodically. As for determining the successor, the Nominating Committee discusses whether the candidates have qualifications that are suitable for the role of CEO, and provides opinions and advice to the Board of Directors. Thereafter, the successor is decided by the Board of Directors.

Initiatives for Enhancing Effective Corporate Governance

We have been continuously strengthening our corporate governance system and enhancing its effectiveness, positioning these tasks as top management priorities. Since 2015, we have been conducting evaluations of the effectiveness of the Board of Directors and an overview of the results has been made public. The Company is promoting management reform based on the *Transform Olympus* corporate transformation plan for making the leap forward to becoming a truly global medtech company. As part of this reform, Olympus has moved to a company with a Nominating Committee, etc., to enhance management monitoring functions. Also, the evaluation of the Board of Directors in fiscal year 2021 identified that "in order to contribute to the enhancement of Olympus' corporate value through cooperation with the executives, the responsibilities of the Board of Directors will be to: (i) deepen the recognition and insight of the business environment and management issues through constructive discussions with the executives; (ii) effectively monitor management decision-making and execution from a broad and strategic perspective; and (iii) support the promotion of measures for the growth of Olympus as a truly global medtech company." Based on the analysis and evaluation results for fiscal year 2022, we will

continue our efforts in the current fiscal year to further enhance effectiveness.

Agenda of the Board of Directors in Fiscal Year 2022

We are expanding the delegation of authority to the executives and addressing issues that should be discussed by the Board of Directors in a timely and appropriate manner. The main agenda of the Board of Directors for fiscal year 2022 was as follows.

- Items related to the Olympus' basic management policy (corporate strategy, business plans and forecasts, basic policy on the internal control system, etc.)
- Items related to corporate governance (status of policy shareholdings, internal audit plan, risk management, IR activity status report, status report of information security and quality control, evaluation of the effectiveness of the Board of Directors, executive officer structure for the next fiscal year, status report on individual businesses, etc.)
- Items related to the activities of individual committees (Audit Committee auditing plan report, items for discussion at the Compensation Committee, and other business items shared by committees)

Outside of the issues, the Chairperson of the Board of Directors reported on matters to be deliberated at the Group Executive Committee after each meeting and executive officers regularly reported on execution status. Separately from regular meetings of the Board of Directors, a corporate strategy discussion meeting was held on the state of progress and issues in the corporate strategy as well as on topics in the business plan.

Evaluation Results for Effectiveness of the Board of Directors

Much progress has been seen in the initiatives for fiscal year 2022. In particular, we confirmed that the "Culture of Board of Directors" is being fostered in which "under the mutually trusting relations between monitoring and execution, the executives are promoting swift decision-making in the management to adapt execution to the changes in the environment, and the Board of

Directors is fostering a relationship through providing advisory functions and management oversight functions from broad and strategic perspectives to support the improvement of management quality through constructive discussions with executives." Olympus believes that sustaining such "Culture of Board of Directors" is the foundation needed for the Board of Directors to fulfill its responsibilities, and we will strive to enhance the corporate value of Olympus by continuing to adapt the responsibility of the Board of Directors to changes in the business environment and management issues each time, as well as the optimal composition and operation of Board of Directors.

Evaluation Results for Effectiveness of the Board of Directors

<https://www.olympus-global.com/company/governance/board.html>

Initiatives for Fiscal Year 2022	Assessment of Response
<ul style="list-style-type: none"> • In implementing corporate strategy, further deepen discussions on proposals such as for quality and R&D as main important agenda items for the Board of Directors. 	<ul style="list-style-type: none"> • Strengthening of the monitoring and execution functions under the leadership of the Chairperson of the Board and the CEO, who are cooperating closely with each other based on a mutually trusting relationship, while the foundations for fulfilling the responsibilities of the Board of Directors are being laid. • Certain improvements were verified in establishing and refining the agenda of the Board of Directors' meetings, bringing awareness of areas that should be entrusted with executives and priority areas that require monitoring by the Board of Directors. • A certain degree of progress was made in strengthening cooperation among committees, with each committee reporting to the Board of Directors the contents of its deliberations as appropriate. • Effective implementation of the "Board Succession Plan" aiming to realize the corporate strategy, and an increase in diversity for the composition of the Board of Directors.
<ul style="list-style-type: none"> • Strive to organize and present specific issues in the Board of Directors' relevant agenda items and share the importance, complexity, and broad significance of such issues. 	
<ul style="list-style-type: none"> • Strengthen cooperation between the three committees (Nominating Committee, Compensation Committee, and Audit Committee) and the Board of Directors. 	
<ul style="list-style-type: none"> • Ensure the sustainable operation of the "Board Succession Plan." 	



Fostering and sustaining a "Culture of Board of Directors" is the foundation for Board of Directors to fulfill its responsibilities.

Initiatives for Fiscal Year 2023

- Deliberate on the agenda of the Board of Directors in a more systemic manner in relation to corporate strategy by working together with the chairperson, the CEO, and secretariat, to properly narrow down the agenda and timely response to environmental changes, among other things.
- With regard to executive officers' reports on the status of their business execution, while focusing on evolving into a global medtech company, efforts will be made to put emphasis on the focus points of the Board of Directors, which are fostered as a common understanding through mutual feedback on monitoring and execution, based on the priorities of management issues, as well as monitoring items that the Board of Directors attaches importance to.
- The Nominating Committee, Compensation Committee, Audit Committee, and the Board of Directors shall make reasonably necessary efforts based on priority issues while further strengthening cooperation.

Officer Compensation

Basic Policy for Officer Compensation

At Olympus, our Compensation Committee, a majority of which is comprised of independent outside directors, discusses and determines the compensation policy used to govern and reward our directors and executive officers (“officers”). Our basic policy regarding officer compensation is to make officers have a strong sense of awareness that maximizes the corporate value and meet stakeholders’ expectations, and reward their responsibilities with suitable and appropriate treatments. Based on the said policy, the Compensation Committee focuses on appropriately setting the compensation portion linked to short-term, medium- to long-term performance, and decides officer compensation.

Compensation Level

Each officer’s compensation level is set to commensurate with their roles/responsibilities, evaluation of competitive market data, economic environment, and company and individual performance in order to enable Olympus to attract, retain and motivate executives. Specifically, the compensation levels of global medtech companies and companies in the country the officer is from are set as benchmarks, and the compensation level will be determined annually by making a relative comparison.

Officer Compensation in Fiscal Year 2022

Position	Total amount of compensation (¥ million)	Total compensation by type (¥ million)			Number of subject officers
		Base salary	Performance-linked compensation, etc.	Non-monetary compensation, etc.	
Directors	Inside directors	919	514	224	3
	Outside directors	138	116	—	10
Executive officers	666	282	234	150	3

Notes: 1. BS shows the amount paid for fiscal year 2022. Performance-linked compensation, etc. show the amounts of STI compensation for the applicable period, fiscal year 2022 (paid in July 2022), and non-monetary compensation, etc. shows the amount of LTI compensation to be recorded as expenses for fiscal year 2022. PSU of ¥227 million is only recorded in non-monetary compensation, etc. and is not recorded in performance-linked compensation, etc.
 2. There are two other executive officers who concurrently hold a position as director in addition to the three executive officers mentioned above. Compensation, etc. of the two are included in compensation for inside directors.
 3. The Company does not pay performance-linked compensation to directors who do not concurrently hold a position as executive officer.
 4. The aforementioned outside directors include the two outside directors who retired at the close of fiscal year 2021 General Meeting of Shareholders held on June 24, 2021.
 5. One outside director has requested to decline his compensation and the Compensation Committee has decided not to pay the compensation to the director. However, the director is included in the number of outside directors mentioned above.

Compensation Structure for Directors

Taking into consideration roles and responsibilities, compensation for directors is paid by fixed compensation as BS. To address the concept that directors and investors share interests, service-vested stock compensation is also granted. The stock compensation here is to be RSU, the right to which will be defined at retirement for those directors who are residents of Japan. Stock rights will be defined on an individual basis in accordance with a general method of stock compensation in each region for those directors who are non-residents of Japan. For further sharing interests with investors through promoting the holding of shares, we decided to increase the amount for both

Components of Compensation

- 1. Base salary (BS):** Cash compensation in the form of fixed compensation that is paid monthly in accordance with the roles and responsibilities regarding work duties.
- 2. Short-term incentive (STI):** Cash compensation intended to reward executives for driving actual business performance results every fiscal year. STI allows officers to earn cash compensation equal to 0% to 200% of their target bonus opportunity, based on the achievement of financial and non-financial performance measures.
- 3. Long-term incentive (LTI):**
 - Restricted stock (RS):** An equity award with a service based vesting period over three years and aligned to Olympus’ stock price volatility. Restriction on share transfer is lifted after expiration of the transfer restriction period (applicable until those paid at the beginning of fiscal year 2020).
 - Restricted stock unit (RSU)—grant-type restricted stock compensation:** A type of service-vested stock compensation that grants rights (units) corresponding to a set amount of total compensation to be paid as shares of Company stock (with one unit equal to one share) at the completion of the pre-defined period.
 - Performance share unit (PSU)—performance-linked stock compensation:** An equity award with pre-defined performance-based conditions and paid out in shares of Company stock after the performance period is completed. The compensation paid is calculated as a ratio between 0% and 200% relating to reaching the target after three years.

Japanese and non-Japanese residents from ¥3 million in the fiscal year 2022, to ¥6 million. The number of shares to be given will be calculated based on the share price at the time of

BS 71–85%	RSU 15–29%
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Notes: 1. The above table shows a compensation ratio by type as to directors who are natives of Japan. As for directors who are not natives of Japan, a payment level of RSU is the same as directors who are from Japan, but a compensation ratio by type is different because of difference in total compensation.
 2. For those who concurrently holding a position as executive officer, cash compensation paid for management and monitoring functions performed as a director is separate from compensation of an executive officer for those who are natives of Japan. For those who are not natives of Japan, cash compensation paid for management and monitoring functions performed as a director is included in compensation of an executive officer. In addition, for those who concurrently holding a position as executive officer, RSU is set for compensation of executive officer. Therefore, RSU as a director’s compensation shall not be paid.

assumption of office at the General Meeting of Shareholders, and the number of shares will be given after vesting.

Compensation Structure for Executive Officers

In fiscal year 2020, in accordance with a corporate strategy of aiming to become a global medtech company, we established a new compensation system which was implemented at the beginning of fiscal year 2021. In order to achieve our corporate strategy and to create corporate value, it is essential that we have a compensation system that ensures that we have capable management personnel and that they can fully demonstrate their abilities. The new compensation system, which was designed for fiscal year 2021 and later, was decided based on the following concepts.

1. Establish a more powerful incentive program which can compete with global medtech companies
2. Establish an incentive program which is consistent with the corporate strategy
3. Establish a program that focuses on value creation and performance evaluation utilizing LTI compensation
4. Set a compensation level considering the stage of development to become a global medtech company—a hybrid mix of “Global labor market” and “Home”
5. Ensure the sound management of incentives by putting clawback clauses and shareholding guidelines in place
6. Enhance the motivation of executive officers by setting challenging and achievable targets

Note: As composition for executive officers, shifts from a Japanese-centered composition to a global composition, the Compensation Committee resolved in December 2021 to revise the details as above because “the provision of competitive BS in comparison with major Japanese global companies” stipulated that the fourth item in the philosophy was not being met.

While a standardized, global compensation system is desirable for compensation design for executive officers that are responsible for global management, differences in compensation levels by region make it difficult to attract and retain talented executives with Japan’s pay levels. As such, the compensation structure of all executive officers will be the same. However, actual compensation levels are determined by taking into account differences in pay levels in the country of origin of the executive officer. Compensation for executive officers is to be a combination of BS, a fixed compensation, STI compensation which is linked to business results by every fiscal year, and LTI compensation. Focusing on achieving corporate strategy aimed at enhancing medium- to long-term corporate value and shareholder value, the ratio of performance-linked compensation, particularly LTI compensation, was raised, and the standard amount of STI compensation and LTI compensation was set. LTI compensation consists of RSU and PSU.

A clawback clause has been set up to deter the management (executive officers) from reckless investments and improper accounting. Shareholding guidelines are established to share interests between investors and management.

Changes in the Compensation Structure for Executive Officers

FY2020

Executive Officer

BS 50%	STI 25%	LTI 25%
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Note: Executive officers who are non-residents of Japan are not eligible for compensation through RSUs, and their compensation through PSUs will be paid in equivalent cash compensation instead of the shares themselves.

Setting up a new compensation system, in line with the corporate strategy of becoming a global medtech company.



FY2021, FY2022

Chief Executive Officer

BS 25%	STI 25%	LTI 50%
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Executive Officer

BS 28.5%	STI 28.5%	LTI 43%
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Note: Executive officers who are not residing in Japan will also be provided with shares for long-term incentive compensation (LTI).

Having taken into consideration the compensation levels of global medtech companies, the compensation structure has been changed to higher the ratios of STI compensation, which is performance-linked compensation, and LTI compensation, which is stock compensation.



FY2023

Chief Executive Officer

BS 19%	STI 24%	LTI 57%
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Executive Officer

BS 24%	STI 28%	LTI 48%
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Note: Executive officers who are non-residents of Japan will also be provided with shares for LTI compensation.

1 Increasing the proportion of long-term incentives in line with the long-term corporate strategy

2 Setting challenging and achievable targets in accordance with the business environment and increasing the motivation of executive officers

Corporate Governance

Compensation of Executive Officers for Fiscal Year 2022 and Fiscal Year 2023

The Company established a new compensation system in fiscal year 2020, in accordance with the corporate strategy of aiming to become a global medtech company, based on the direction of greater emphasis on LTI compensation. Subsequently, amid a business environment that had changed drastically due to the spread of COVID-19 and other factors, the Compensation Committee examined the optimal compensation for executive officers to improve corporate value as well as to maintain and improve the motivation of executive officers.

Regarding the composition of compensation for executive officers, in fiscal year 2023, the Company will increase the ratio of STI compensation, which is performance-linked compensation, and LTI compensation, which is stock compensation, taking into consideration the compensation level of global medtech companies. Given the uncertain and variable business environment, the ratio of subsequent grant-type, RSU was set at 40% and PSU at 60% to ensure an ideal ratio of shares to the total amount of compensation.

FY2022 (Results)

Chief Executive Officer

BS	STI	RSU	PSU
25%	25%	20%	30%

Executive Officer

BS	STI	RSU	PSU
28.5%	28.5%	17.2%	25.8%

FY2023

Chief Executive Officer

BS	STI	RSU	PSU
19%	24%	23%	34%

Executive Officer

BS	STI	RSU	PSU
24%	28%	19%	29%

Notes: 1. The above table shows a compensation ratio by type of compensation paid for the role of executive officer, and it does not include compensation paid for the role of monitoring of a person who is concurrently holding a position as a director.
 2. For those who are not natives of Japan, one-time payments, severance pay, housing allowances, pensions, etc. are established for making adjustments to the previous compensation agreements on an individual basis. (This is not included in the ratios shown in the figure above.)
 3. For CEO only, additional "Transformational FY22-RSU" have been granted, corresponding to 18% of BS (this is not included in the ratios shown in the figure above).

Notes: 1. The above table shows a compensation ratio by type of compensation paid for the role of executive officer, and it does not include compensation paid for the role of monitoring of a person who is concurrently holding a position as a director.
 2. For those who are not natives of Japan, one-time payments, severance pay, housing allowances, pensions, etc. are established for making adjustments to the previous compensation agreements on an individual basis. (This is not included in the ratios shown in the figure above.)

Short-term Incentive (STI)

A performance-linked compensation in line with a single year's financial targets and important issues facing the entire Company, in which targets are commonly set for all executive officers. The compensation is payable at a ratio of 0% to 200% in proportion to achieving the targets. The financial indicators are revenue and operating margin to assess growth and efficiency. Since it is important to steadily implement long-term and strategic initiatives within each fiscal year, we also deem strategic goals to be indicators.

FY2022 (Result: Payment rate 132.5%)

Index	Weight	Target value	Actual value	Achievement rate	Payment rate
Revenue ^{*1}	30%	¥785.7 billion	¥801.1 billion	142.4%	42.7%
Operating margin ^{*1}	40%	17.5%	19.3%	172%	68.8%
Strategic goals ^{*2}	30%	—	—	70%	21%

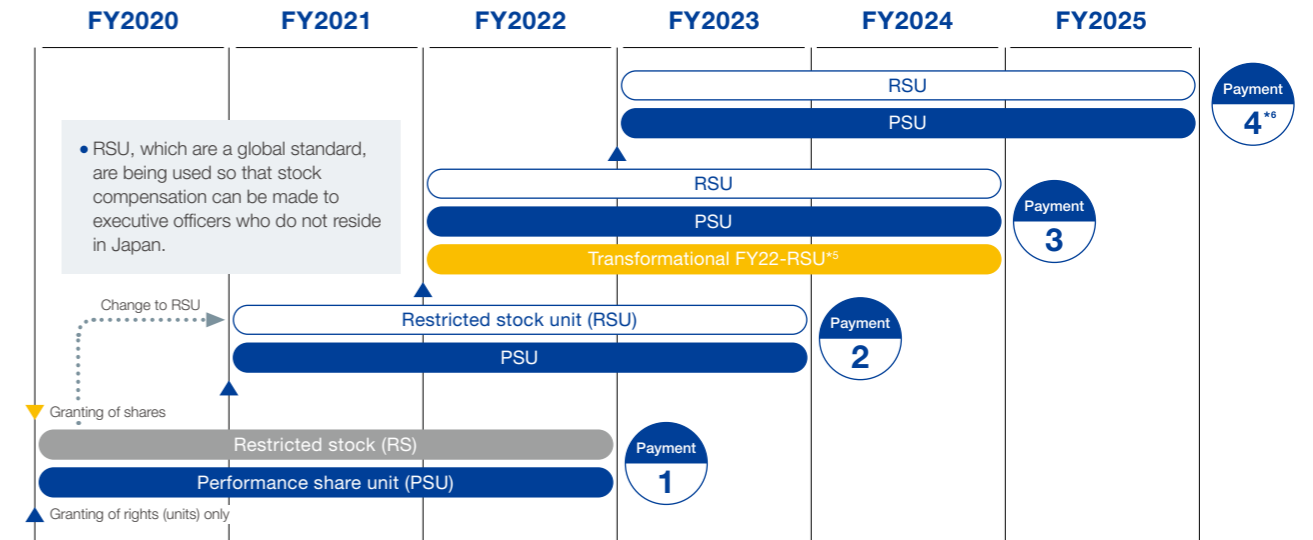
FY2023

Index	Weight	Target
Revenue ^{*3}	30%	¥968.0 billion
Operating margin ^{*3}	40%	20.9%
Strategic goals ^{*4}	30%	Items set based on issues facing the entire Company

^{*1} Revenue is calculated from the figure after foreign exchange adjustment and operating margin is calculated from operating profit after adjustments that deduct other income from and add other expenses to operating profit.
^{*2} Target items were set on the following important companywide initiatives for fiscal year 2022, announced on May 7, 2021, and set as common goals for all executive officers. The payment rate for the achievement rate of each target was set from the lower limit of 0% to the upper limit of 200%.
 • Deepening profitable growth strategy in the Medical Business
 • Further improvement of efficiency and effectiveness through *Transform Olympus*
 • Continued steady investment in product development for future growth
^{*3} At the time of the evaluation, revenue is calculated from the figure after foreign exchange adjustment and operating margin is calculated from operating profit after adjustments that deduct other income from and add other expenses to operating profit.
^{*4} Having set the target items relating to the important initiatives to be tackled companywide for fiscal year 2023, as shown below, which was announced on May 11, 2022, and are deemed common goals for all executive officers. An evaluation table for payment curve between 0% and 200% is set for each item.
 • Focus on diseases on which we can have a market-leading impact
 • Shape the future by investing in new ways to elevate the standard of care
 • Enable our organization to better execute globally and at pace

Long-term Incentive (LTI)

From fiscal year 2021, RSU and PSU are being utilized. Executive officers, including those who are non-residents of Japan, are granted rights (units) that correspond to a pre-defined amount of total compensation, and which are payable as actual shares after completion of pre-defined period.



^{*5} Although the payment rate was 0% for those PSU for which fiscal year 2021 was the final fiscal year of the evaluation period, we recognized that the COVID-19 pandemic was having a major impact on the business environment and produced effects through fiscal year 2022 and beyond. The Compensation Committee believed it was necessary to have an effective form of compensation aimed at maximizing corporate value, improving shareholder value, and strengthening the sharing of interests with shareholders, and were, therefore, paying out a "Transformational FY22-RSU."
^{*6} From fiscal year 2023, payment type of RSU was changed to 1/3 payable as actual shares after each year.

Performance Share Unit (PSU)

FY2022 (Results)

Index	Weight	Target value	Actual value	Payment rate
Total Profit for applicable period ^{*7}	70%	¥221.7 billion	¥225.1 billion	94.5%
Average rate of revenue growth over applicable period ^{*8}	30%	6.5%	5.67%	

^{*7} Regarding the total profit for the applicable period, to evaluate the achievement rate, the target value did not change and the value adjusted by deducting the one-time costs due to the divestiture of the Imaging Business from the companywide actual value was used as the actual value.
^{*8} For revenue growth, the achievement rate was evaluated using the target value of the companywide revenue, excluding that of the Imaging Business.

FY2023

Index	Weight
Operating margin	40%
ROIC	15%
EPS growth rate	15%
Relative TSR ^{*9}	20%
ESG ^{*10}	10%

FY2024

Index	Weight
Operating profit	40%
Relative TSR ^{*9}	40%
ESG ^{*10}	20%

FY2025

Index	Weight
Operating profit	20%
Relative TSR ^{*9}	60%
ESG ^{*10}	20%

Rationale for Changes

• To change the valuation indicators and their weights according to the business environment, based on the philosophy toward compensation of "an incentive program which is consistent with the corporate strategy"

Rationale for Changes

• Having determined that relative TSR is appropriate as an indicator for evaluating the corporate value and shareholder value, judged it appropriate to increase relative TSR ratio to further enhance corporate value and shareholder value

^{*9} The peer group consists of the following 20 companies in Japan, Europe, and the U.S. that are "manufacturers whose business portfolio includes medical devices" or "manufacturers classified in the healthcare category of the GICS code."
 Abbott Laboratories; Thermo Fisher Scientific Inc.; Medtronic plc; Koninklijke Philips N.V.; Danaher Corporation; Asahi Kasei Corporation; Becton, Dickinson and Company; Siemens Healthineers AG; Stryker Corporation; Baxter International Inc.; Boston Scientific Corporation; Zimmer Biomet Holdings, Inc.; Terumo Corporation; Agilent Technologies, Inc.; HOYA Corporation; Smith & Nephew plc; Edwards Lifesciences Corporation; Intuitive Surgical, Inc.; STERIS plc; Sysmex Corporation
^{*10} Evaluation based on the Dow Jones Sustainability Index (DJSI), which is a global representative ESG investment index. In light of the business characteristics of Olympus, the DJSI is set as an evaluation index for the reasons given below. In addition, with the goal of meeting global standards in all areas of ESG, an evaluation table was set with an emphasis on the DJSI that will be achieved in the third year, in consideration of the results of the first and second years.
 • The DJSI provides comprehensive coverage of overall corporate activities.
 • The breadth of coverage in the evaluation area contrasts with the expectations of a broad range of stakeholders.
 • The DJSI is a highly reliable external evaluation organization and ensures transparency and fairness.

Risk Management

Promotion of Risk Management

The Olympus Group is implementing risk management initiatives to achieve its basic management policy, which includes its corporate philosophy, corporate strategy, etc. Specifically, based on the “Policy of Risk Management and Crisis Response” and related rules, the Olympus Group is undertaking risk management from the perspective of both “offense” through active and sound risk taking leading to sustainable growth and value creation for Olympus Corporation and “defense” to prevent illegalities and accidents.

A crisis management process has also been established to minimize the impact of unforeseen incidents on corporate value.

Risk Management

In terms of risk management systems, we have established a global risk management system, defined categories of risks that could affect the achievement of Olympus Corporation’s business targets as well as the corporate strategy, and identified the executive officer responsible for each risk category (establishing risk assurance). Each executive officer executes the necessary measures (organizational structure, process preparation, focus measures, etc.) to keep within the acceptable range of their designated area of risk.

In addition, risk management processes are operated with a plan-do-check-act (PDCA) cycle of risk assessment (identification, analysis and evaluation of risk, and setting countermeasures), implementation of risk countermeasures, monitoring and reporting, and improvement. Risk assessment is linked to the process for formulating the fiscal year plan, with risk evaluated using common companywide evaluation standards, and companywide risks visualized and uniformly managed. Also, the status of response to the Olympus Group’s key risks are periodically reported to the Olympus Group Executive Committee (GEC), the Board of Directors, and the Audit Committee.

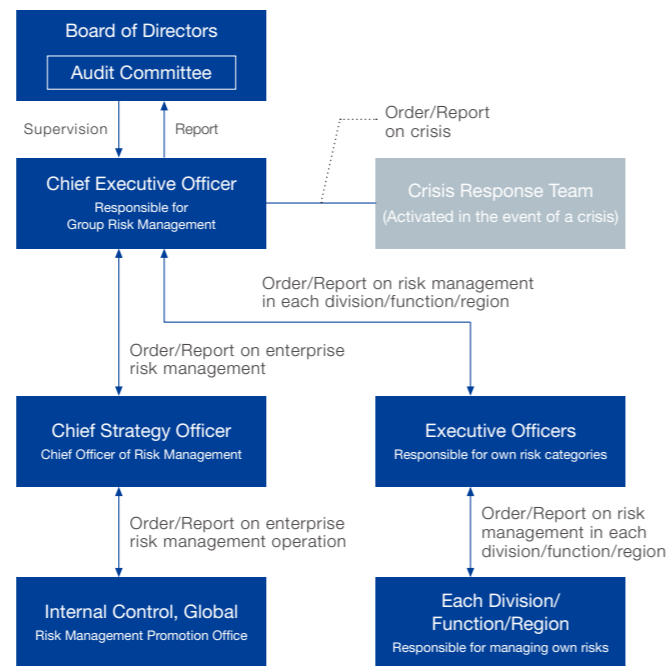
Crisis Management

Any major incident that is highly likely to affect business management in the Olympus Group is reported promptly to the president and other management, and handled appropriately by the managers in coordination with relevant divisions.

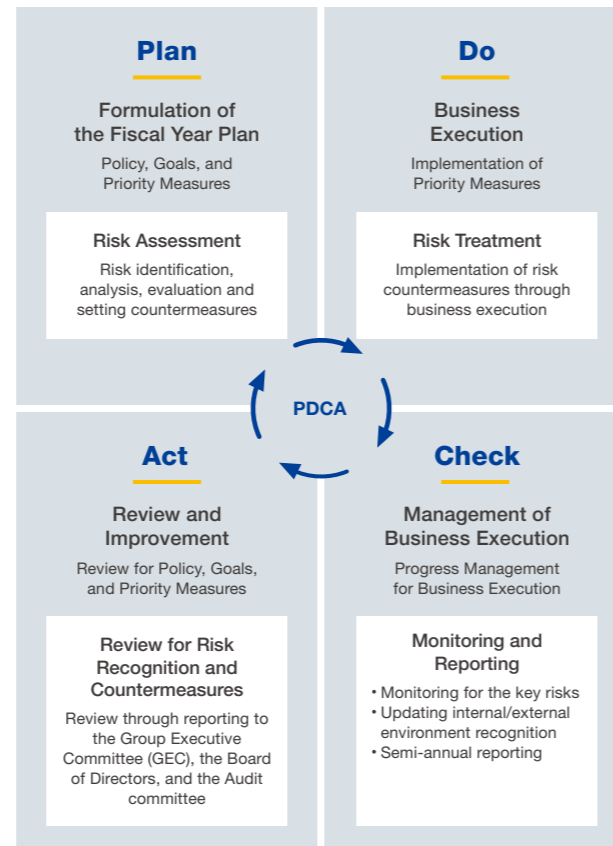
Further, we revised our business continuity plans (BCPs), which conventionally focused on natural disasters, such as earthquakes and storms, to include pandemics, as represented by COVID-19. We are also building viable BCPs with increased focus on the entire value chain. As a part of this effort, we are constantly implementing our disaster prevention and reduction activities such as by formulating the “BCP/BCM Development Guideline.” We provide training and drills to employees to improve the effectiveness of our BCPs.

We continuously implement every possible measure to keep our products and services available to our customers, giving the highest priority to the health and safety of our employees, healthcare professionals, patients, and communities.

Risk Management Structure (FY2022)



Risk Management to Achieve Basic Management Policy



Business Risk

<https://www.olympus-global.com/ir/policy/risk.html>

Main Risks

	Risk	Details	Countermeasures
Risks Associated with the Business Environment	Risks Associated with Changes in Healthcare Administration Policies, Tighter Product-related Laws and Regulations, and Infection Prevention	Matters to monitor <ul style="list-style-type: none"> Impact on the delivery of new products and services due to changes in healthcare-related laws and regulations in each country and related government policies, and need to implement market response for products Further regulatory action by FDA regarding post-marketing surveillance for duodenoscopes 	<ul style="list-style-type: none"> Strengthen organizational responsiveness to changes in laws and regulations, etc. including development and selection of safe products, and product development that is in compliance with laws and regulations Provide regular training to employees engaged in applicable operations
	Risks Associated with Market Conditions and Competition	Matters to monitor <ul style="list-style-type: none"> Impact of the emergence of alternative technologies and products Decreased competitiveness due to inability to introduce products that meet needs in a timely manner Opportunities to leverage <ul style="list-style-type: none"> Increase revenue through competitive product launches 	<ul style="list-style-type: none"> Expedite the selection and development of new technologies to be adopted Proactive use of external technologies in parallel with in-house development Launch new high value-added products and strengthen product lineup
Risks Associated with the Market	Risks Associated with Economic Environment	Matters to monitor <ul style="list-style-type: none"> Impact of geopolitical risks when they emerge Changes in the global economy and economic trends in each country National budget trends and policy changes in each country 	<ul style="list-style-type: none"> Provide business development that does not rely on specific regions or product areas Monitor policies of each country for industrial development and protection of its own industries, etc., and timely set up of task forces, etc.
	Risks Associated with Exchange Rate Fluctuations	Matters to monitor/Opportunities to leverage <ul style="list-style-type: none"> Performance deterioration/improvement due to yen appreciation/weakness Difference between expected and actual foreign currency-denominated receivables and payables 	<ul style="list-style-type: none"> Reduce risk through derivative transactions Reduce foreign currency-denominated receivables and payables by global cash pooling
	Risks Associated with Financing	Matters to monitor/Opportunities to leverage <ul style="list-style-type: none"> Impact on financing capabilities due to changes in financial markets Increase/decrease in financing costs due to deterioration/improvement in business performance 	<ul style="list-style-type: none"> Reduce funding costs through the diversification of funding methods Improve the efficiency of group funds and strengthen financial management through global cash pooling
Risks Associated with Business Activities	Risks Associated with Development Activities	Matters to monitor <ul style="list-style-type: none"> Decline in competitiveness due to failures in developing products that properly meet customers’ needs Increase in expenses associated with longer development periods, impairment losses on capitalized R&D assets, etc. Opportunities to leverage <ul style="list-style-type: none"> Contribution to healthcare through development of technologies and providing solutions Early diagnosis, minimally invasive treatments, and reduced workloads for healthcare professionals, etc. 	<ul style="list-style-type: none"> Establish an organizational structure for agile technological development Improve development efficiency and reduce development costs through appropriate product life-cycle management Acquire technologies and expand product portfolio through M&A Provide services utilizing digital technology, AI, ICT, etc. Conduct further study in the use of robotics
	Risks Associated with the Supply Chain	Matters to monitor <ul style="list-style-type: none"> Production and supply disruptions or delays due to procurement constraints Impact of geopolitical risks, etc. on logistics Necessity of market response due to quality issues 	<ul style="list-style-type: none"> Construct End-to-End integrated supply chain Strengthen relations with suppliers and enhance business continuity plans (BCPs) Curtail quality issues by implementing quality improvement activities
	Risks Associated with Business Collaborations, Corporate Acquisitions, Sale of Business, and Overall Investment	Matters to monitor <ul style="list-style-type: none"> Acquisitions: impact on business execution and impairment of goodwill, etc. Sales: difficulties implementing the sale, loss on sale, valuation loss, etc. Opportunities to leverage <ul style="list-style-type: none"> Expand the product portfolio and acquire new technologies 	<ul style="list-style-type: none"> Undertake various types of due diligence with external experts Implement a process to deliberate the appropriateness of an investment evaluation Periodically revise internal compliance guidelines, valuation model, and matters of due diligence
	Risks Associated with Business Restructuring	Matters to monitor <ul style="list-style-type: none"> Status of each measure to improve companywide efficiency Opportunities to leverage <ul style="list-style-type: none"> Foster a corporate culture capable of sustainable growth, and strengthen our management foundation 	<ul style="list-style-type: none"> Execute bottom-up initiatives Promote initiatives by each executive officer

Main Risks

Risk	Details	Countermeasures
Risks Associated with Laws and Regulations	<p>Matters to monitor</p> <ul style="list-style-type: none"> Punishments and lawsuits for violations of various legal regulations, including healthcare laws, antitrust laws, anti-bribery laws, healthcare anti-fraud laws, and privacy regulations Further actions to be taken in relation to the plea agreement with the U.S. Department of Justice (DOJ) 	<ul style="list-style-type: none"> Thoroughly educate employees on relevant laws and regulations Monitor business activities Monitor compliance with related laws and regulations
Risks Associated with Litigation	<p>Matters to monitor</p> <ul style="list-style-type: none"> Filing of claims for damages and other important lawsuits Disputes over intellectual property rights, etc. Future progress of litigation concerning Chinese subsidiary 	<ul style="list-style-type: none"> Establish a system for cooperation with external experts such as lawyers Strengthen skills and expertise in relevant departments Maintain insurance coverage for losses due to lawsuits
Risks Associated with Information Security	<p>Matters to monitor</p> <ul style="list-style-type: none"> Confidential or personal information leaks, interruption of business by the Company or our customers due to cyberattacks 	<ul style="list-style-type: none"> Enhance various security measures, and establish an incident response system covering the entire Group Provide educational materials for all employees on a regular basis
Risks Associated with Human Resources	<p>Matters to monitor</p> <ul style="list-style-type: none"> Deterioration in competitiveness due to failure to recruit and retain highly skilled personnel 	<ul style="list-style-type: none"> Implement skills training programs Introduce a talent management system Create a successor development plan Establish a leadership competency model Establish a system to enable diverse talent to play an active role in the Company Provide competitive compensation levels and compensation packages Strengthen the system for recruiting talent
Risks Associated with the Internal Control System	<p>Matters to monitor</p> <ul style="list-style-type: none"> Internal control system failures, unforeseen circumstances that arise, and the hampering of management's rapid decision-making 	<ul style="list-style-type: none"> Develop and operate a global internal control system Regularly monitor operational status and make reports to management
Risks Associated with Taxation	<p>Matters to monitor</p> <ul style="list-style-type: none"> Tax burden increases due to changes in applicable tax laws and regulations, etc. Increase in valuation allowance for deferred tax assets 	<ul style="list-style-type: none"> Monitor the amendments to laws and regulations, etc., and review rules for transactions within the Group Monitor the profitability of each Group company and manage the financial results
Risks Associated with Climate Change and Environmental Regulations	<p>Matters to monitor</p> <ul style="list-style-type: none"> Increased costs due to measures realizing a decarbonized, recycling-oriented society, and tighter environmental regulations Impact of natural disasters caused by climate change on operations at our sites and supply chains 	<ul style="list-style-type: none"> Strengthen compliance with environmental laws and regulations through the development of rules and regulations, educational materials, etc. Implement various measures such as the introduction of renewable energy while aiming for carbon neutrality
Risks Associated with COVID-19 Infections	<p>Matters to monitor</p> <ul style="list-style-type: none"> Restrictions on customer visits and postponement or cancellation of business meetings, etc. Impact on product sales due to the reduced number of cases and capital expenditures Restrictions on product and parts procurement, manufacturing, and product supply 	<ul style="list-style-type: none"> Conduct sales activities, etc., take into account the situation regarding infections Continue to implement online training, demonstrations, and seminars
Risks Associated with Natural Disasters, Infectious Diseases, Wars, Civil Wars and Other Risks	<p>Matters to monitor</p> <ul style="list-style-type: none"> Occurrence of natural disasters, etc. 	<ul style="list-style-type: none"> Establish and operate groupwide crisis response rules Formulation and periodic revision of BCPs, education, and training

Risks Associated with Overall Management

Data Section

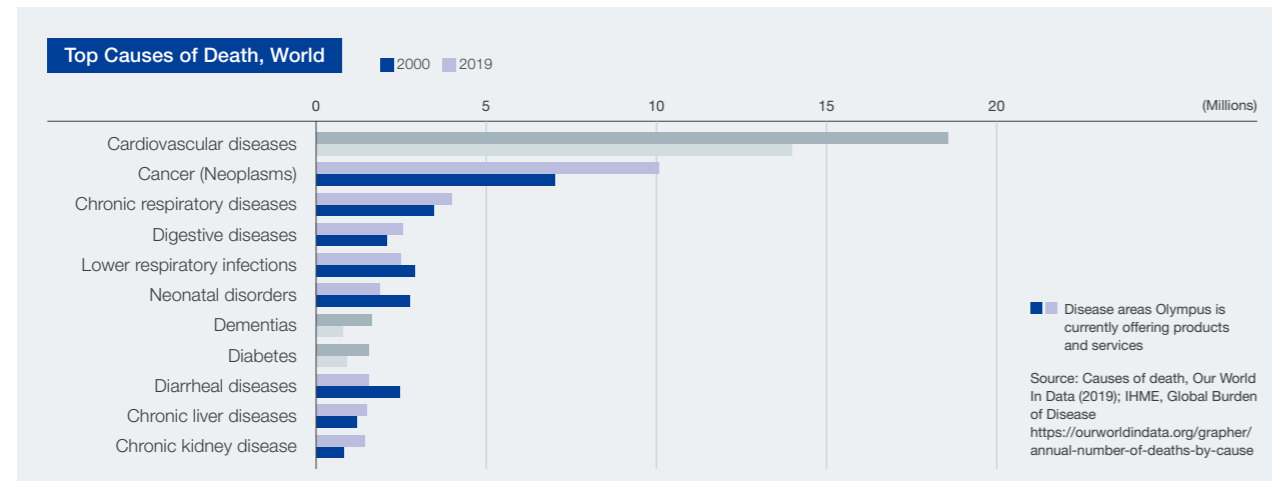
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Global Healthcare Data

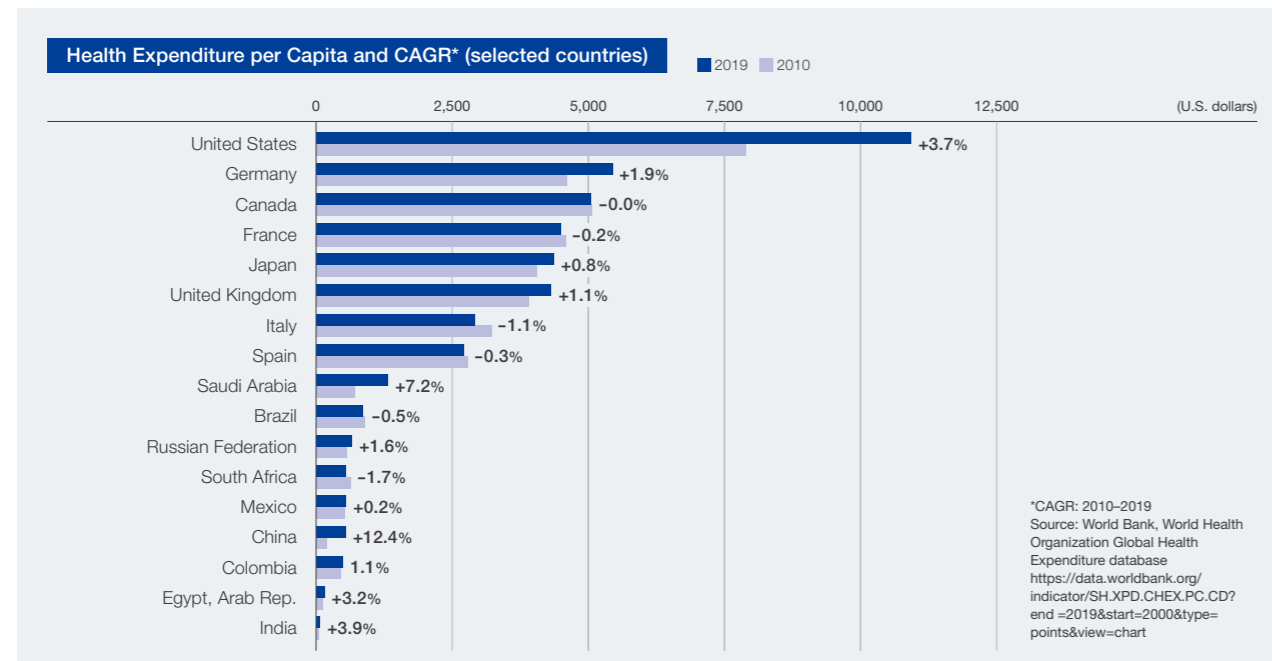
Diseases

- Cancer is one of the leading causes of death in the world with the fastest rate of increase (+44%) from 2000 to 2019.
- Olympus continues to provide solutions to improve patient outcomes in many of the disease areas.



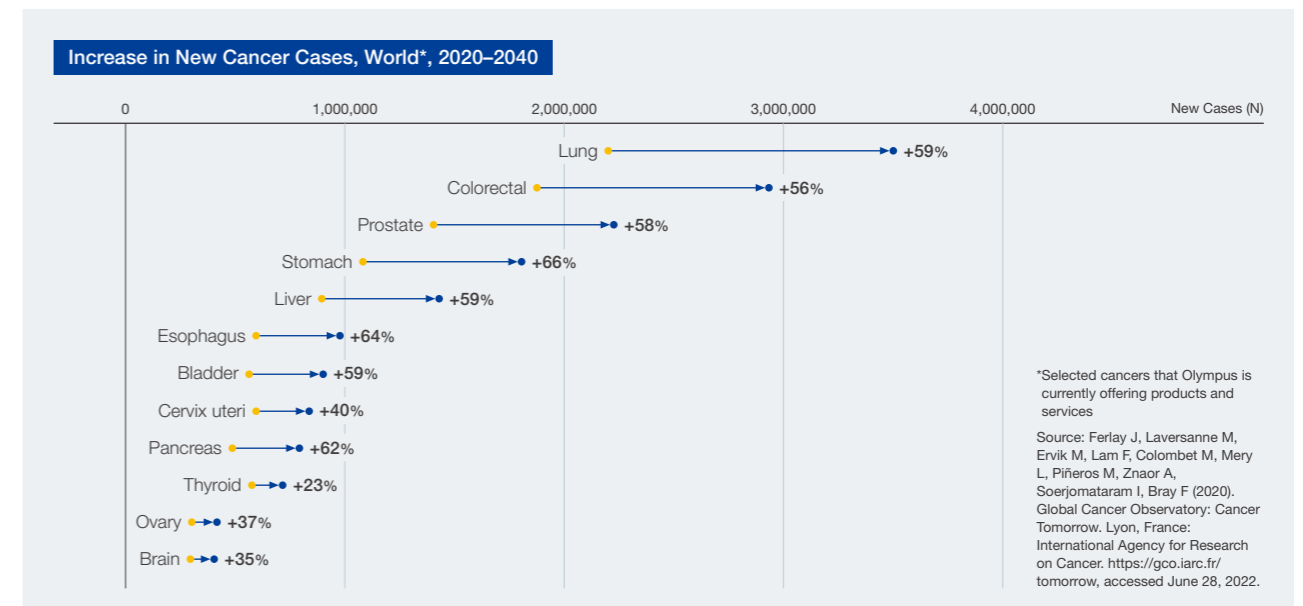
Health Expenditure

- The U.S. healthcare expenditure per capita is by far the largest and growing at the compound annual growth rate (CAGR) of 3.7% from 2010 to 2019. The health spending per capita in China has been growing significantly with more than 12% CAGR.
- Olympus is contributing to improve healthcare access globally through supporting healthcare professionals training etc.

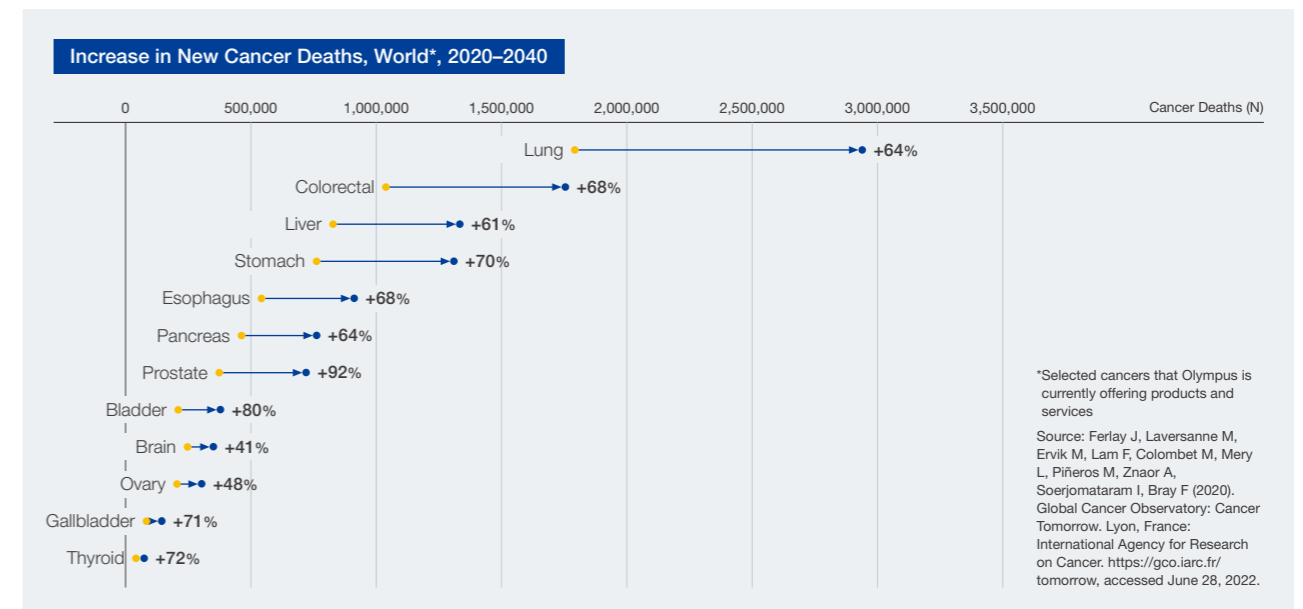


Cancer

- Lung, Colorectal, Prostate, Stomach, and Liver cancers will remain the Top 5 by volume addressable cancers over the long term with significant growth in absolute incidence. Stomach cancer is projected to be the fastest growing and followed by cancers of the Esophagus, Pancreas and Bladder.
- The overall opportunity to improve the standard of care and patient outcomes will continue to grow significantly across Olympus-addressable cancers.

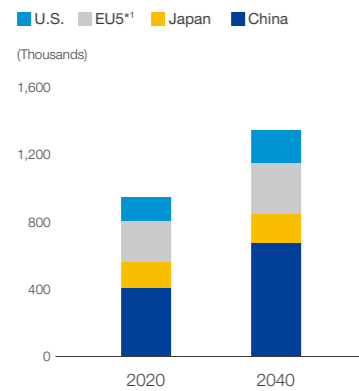


- Lung, Colorectal, Liver, Stomach, and Esophageal cancers will remain the Top 5 by volume addressable cancer deaths over the long term. Deaths from Prostate and Bladder cancers are projected to be the fastest growing with 92% and 80% increase respectively, from 2020 to 2040.



GI

Colorectal Cancer Incidence by Selected Countries



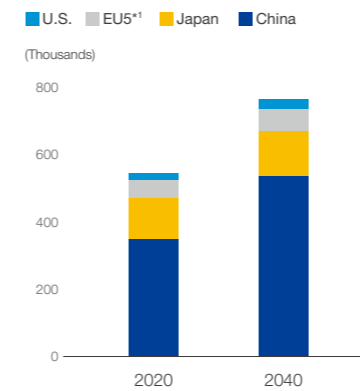
- Colorectal cancer (CRC) is one of the top commonly diagnosed malignancy types. Its burden is expected to increase with the risk factors including family and hereditary history but most cases are sporadic (increasing with age).
- CRC has a long history of natural progression demonstrated. Olympus, a leader in flexible endoscopy, is committed to its part in the fight against CRC with the mission to raise awareness and ensure early detection.

Colonoscopy

Total Cumulative Growth in the U.S. (2009-2019)¹²

+22%

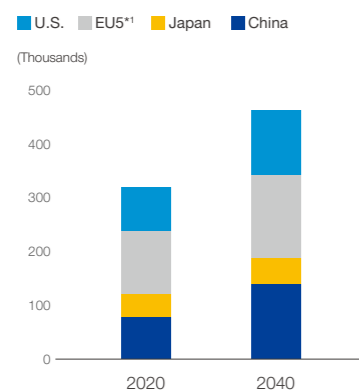
Gastric Cancer Patients— Incidence by Region



- Gastric cancer remains one of the most common and deadly cancers worldwide, especially among older males. China is a country with a large population of affected patients.
- Gastric cancer incidence and mortality are highly variable by region and highly dependent on diet and Helicobacter pylori infection.
- Olympus, a leader in flexible endoscopy, manufactures gastroscopes for the diagnosis and treatments of gastric cancers. When gastric cancer is detected in its early stages, endoscopic resection is a common approach of treatment with shorter hospital stay and faster return to normal life than conventional open surgery.

Urology

Bladder Cancer Patients— Incidence by Selected Countries



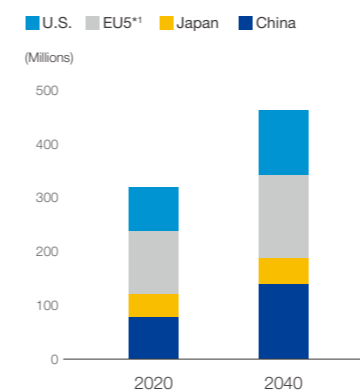
- Bladder cancer is one of the common cancers worldwide. With its high prevalence, in conjunction with its vulnerability to multiple recurrences and progression despite local therapy, leads to a substantial health service burden globally.
- Olympus is focused around decreasing bladder cancer recurrence through improved detection and resection of non-muscle invasive tumors and enhancing health outcomes and patient experiences.

Cystoscopy

Total Cumulative Growth in the U.S. (2009-2019)¹²

+10%

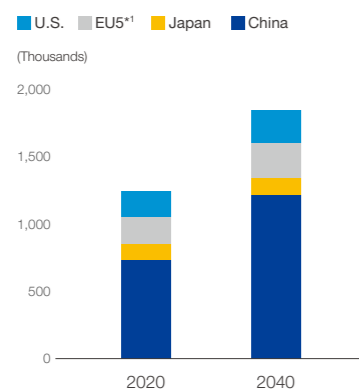
BPH—Diagnosed Prevalence by Selected Countries



- Benign Prostatic Hyperplasia (BPH) affects 50% of men aged 51–60 years of age (including undiagnosed)¹³. Symptoms often start mildly, but typically develop further over time and require different types of therapies in line with severity. The majority of BPH patients are Mild (43%) or Moderate (38%) while 19% are Severe.
- For years Olympus has been an innovator in developing and marketing procedural solutions for BPH, with electrodes for resection, vaporization and enucleation. By providing new therapeutic solutions with the iTind device, Olympus will continue to be a global market leader in Urology.

Respiratory

Non-Small Cell Lung Cancer (NSCLC) Patients— Incidence by Selected Countries



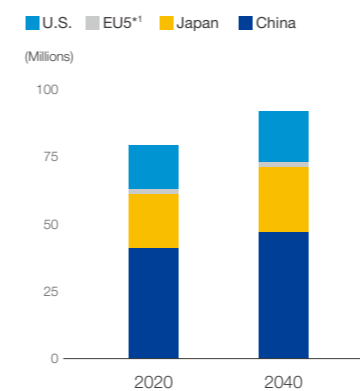
- Lung cancer is by far the leading cause of cancer death. Non-Small Cell Lung cancer (NSCLC) represents 85% of lung cancer types, 15% being Small Cell Lung cancer (SCLC). The burden of NSCLC is expected to increase to nearly 1.5 times in new cases by 2040 from 2020 (U.S., EU5, Japan, China). The highest incidence with fastest evolution can be found in China. Main risk factors are cigarette smoking, secondhand smoke, and exposure to harmful chemicals.
- Olympus' mission is to improve outcomes for patients with, or at risk of, having lung cancer by elevating the standard of care across diagnosis and staging.
- Olympus contributes to the advancements in thoracic imaging through the increased detection of small solitary pulmonary nodules (SPNs)

Bronchoscopy

Total Cumulative Growth in the U.S. (2009-2019)¹²

+63%

COPD Patients— Diagnosed Prevalence by Selected Countries



- Chronic Obstructive Pulmonary Disease (COPD) entails a group of lung conditions that cause breathing difficulties. It is the 3rd leading cause of death worldwide. Environmental exposure to tobacco smoke, air pollution and occupational dusts, fumes and chemicals are important risk factors for COPD.
- COPD is sometimes called emphysema or chronic bronchitis. Diagnosed prevalence of COPD patients is forecasted to increase from approx. 75 million in 2020 to more than 90 million in 2040 (U.S., EU5, Japan, China). China is the highest and fastest increasing diagnosed prevalence of COPD patient population.
- Olympus endobronchial valve Spiration Valve System (SVS) is used for emphysema patients when medicines have no effect or in which neither a lung reduction procedure nor transplant surgery is not applicable. It is also used to treat postoperative prolonged air leaks arising from a pneumothorax or lung surgery.

*1 EU5: UK, France, Italy, Germany, Spain

Source: Epi Database, Cerner Enviza. Accessed June 2022.

¹² Source: Compiled from Merative MarketScan Outpatient View database released in 2011 and 2021. MarketScan is a registered trademark of Merative in the United States, other countries or both.

¹³ Source: BPH: surgical management – Urology Care Foundation website: www.urologyhealth.org. Updated July 2013

10-Year Financial/Non-financial Data (For the fiscal years as of/ended March 31)

(Millions of yen)

	JGAAP					IFRS					
	2013	2014	2015	2016	2017	2017	2018	2019	2020 ^{*8}	2021 ^{*8}	2022
Revenue	743,851	713,286	764,671	804,578	748,050	740,557	786,497	793,862	755,231	730,544	868,867
Selling, general and administrative (SG&A) expenses	343,121	367,011	398,889	430,773	414,855	397,697	426,596	437,510	381,171	357,032	405,399
Percentage of revenue (%)	46.1%	51.5%	52.2%	53.5%	55.5%	53.7%	54.2%	55.1%	50.5%	48.9%	46.7%
Operating profit	35,077	73,445	90,962	104,464	76,487	71,192	81,029	28,281	92,200	81,985	153,898
Percentage of revenue (%)	4.7%	10.3%	11.9%	13.0%	10.2%	9.6%	10.3%	3.6%	12.2%	11.2%	17.7%
Profit before tax	19,142	16,425	8,934	70,800	81,686	62,481	76,665	20,117	86,617	76,810	149,873
Net income (loss) (JGAAP)/Profit attributable to owners of parent (IFRS)	8,020	13,627	(8,737)	62,594	78,191	42,783	57,064	8,147	51,670	12,918	115,742
Percentage of revenue (%)	1.1%	1.9%	—	7.8%	10.5%	5.8%	7.3%	1.0%	6.8%	1.8%	13.3%
EBITDA margin ^{*1} (%)	10.6%	16.8%	18.5%	19.2%	17.4%	16.9%	17.0%	11.0%	21.1%	19.4%	25.1%
EBITDA margin (Medical Business) ^{*2} (%)	29.0%	29.7%	29.1%	29.5%	27.4%	27.4%	26.5%	24.9%	29.3%	27.7%	33.2%
R&D expenditures	63,379	66,796	74,101	81,415	79,178	79,178	89,469	93,968	87,750	81,794	85,272
Percentage of revenue (%)	8.5%	9.4%	9.7%	10.1%	10.6%	10.7%	11.4%	11.8%	11.6%	11.2%	9.8%
Capital expenditures	28,109	37,810	47,743	64,445	49,347	60,683	65,255	66,830	74,673	98,935	75,503
Depreciation and amortization	33,899	36,850	41,219	39,912	44,658	54,290	52,913	58,669	67,377	59,559	64,615
Amortization of goodwill	9,683	9,457	9,421	9,867	8,642	—	—	—	—	—	—
Financial indicators											
Total assets ^{*3, 9}	960,239	1,027,475	1,081,551	1,000,614	991,062	960,032	978,663	932,030	1,015,663	1,183,453	1,357,999
Total net assets (JGAAP) ^{*3} /Total equity (IFRS)	151,907	331,284	357,254	384,283	430,880	396,228	444,259	442,387	371,958	395,480	511,362
Equity ratio (JGAAP)/Ratio of equity attributable to owners of parent to total assets (IFRS) ^{*9} (%)	15.5%	32.1%	32.9%	38.2%	43.3%	41.1%	45.2%	47.3%	36.5%	33.3%	37.6%
Interest-bearing debt	560,390	415,831	354,421	321,138	286,357	285,970	247,974	181,335	280,915	355,264	386,127
Net debt	330,780	163,710	144,546	154,584	86,926	86,505	56,735	66,909	118,421	137,786	83,555
Inventories ^{*9}	99,307	98,595	107,387	111,558	124,064	125,319	139,309	153,623	167,596	158,895	167,368
Inventory turnover period ^{*4} (months)	1.6	1.7	1.6	1.6	1.9	1.9	2.0	2.2	2.6	2.7	2.3
Cash and cash equivalents at end of year	225,782	251,344	209,809	166,323	199,431	199,465	191,239	114,563	162,494	217,478	302,572
Cash flows from operating activities	25,233	72,388	66,811	48,621	90,194	102,052	95,146	66,943	133,544	124,122	169,729
Cash flows from investing activities	33,455	(20,273)	(39,612)	(52,897)	(8,305)	(20,814)	(53,312)	(60,296)	(62,430)	(118,918)	(71,016)
Cash flows from financing activities	(42,436)	(39,693)	(70,185)	(33,870)	(44,244)	(43,615)	(51,058)	(82,948)	(19,462)	40,800	(40,667)
Return on equity (ROE) (%)	8.3%	5.7%	(2.6)%	17.0%	19.3%	11.3%	13.6%	1.8%	12.7%	3.4%	25.6%
Return on assets (ROA) (%)	0.8%	1.4%	(0.8)%	6.0%	7.9%	4.4%	5.9%	0.9%	5.3%	1.2%	9.1%
Net income (loss) per share ^{*5} (JGAAP)/ Profit attributable to owners of parent per share (IFRS) (yen)	28.96	41.05	(25.53)	182.90	228.47	125.01	41.71	5.97	39.37	10.05	90.22
Total equity per share ^{*5} (JGAAP)/ Equity attributable to owners of parent per share (IFRS) (yen)	493.30	962.83	1,038.64	1,117.24	1,252.96	1,153.45	324.25	323.06	288.39	306.72	400.75
Price earnings ratio (PER) ^{*6} (times)	76.4	80.2	—	23.9	18.7	34.2	24.2	201.3	39.7	228.0	25.9
Price book-value ratio (PBR) (times)	4.5	3.4	4.3	3.9	3.4	3.7	3.1	3.7	5.4	7.5	5.8
Outstanding market value (billions of yen)	675.8	1,127.4	1,530.0	1,499.2	1,466.6	1,466.6	1,384.5	1,647.8	2,141.4	3,140.8	3,039.0
Cash dividends per share ^{*7} (yen)	—	—	2.5	4.25	7	7	7	7.5	10	12	14
Average exchange rate											
U.S. dollar/Yen	83.10	100.24	109.93	120.14	108.38	108.38	110.85	110.91	108.74	106.06	112.38
Euro/Yen	107.14	134.37	138.77	132.58	118.79	118.79	129.70	128.41	120.82	123.70	130.56
Non-financial indicators											
Number of employees	30,697	30,702	31,540	33,336	34,687	34,687	35,933	35,124	35,174	31,653	31,557
[Average number of temporary employees]	[2,240]	[2,978]	[1,374]	[1,257]	[1,298]	[1,298]	[1,511]	[1,396]	[1,437]	[1,135]	[934]
Overseas employees as a percentage of employees (%)	62.4%	62.5%	63.2%	63.3%	63.7%	63.7%	63.7%	61.9%	61.3%	57.2%	59.3%
Percentage of females in managers in Japan ^{*10, 11} (%)	1.2%	1.3%	1.7%	1.6%	2.1%	2.1%	2.4%	2.2%	2.8%	4.2%	5.1%
Percentage of females in managerial positions globally ^{*12} (%)	—	—	—	—	—	—	—	—	8.4%	10.8%	14.2%
Percentage of non-Japanese in managerial positions globally ^{*12} (%)	—	—	—	—	—	—	—	—	32.2%	36.9%	51.4%
Percentage of employees with disabilities ^{*13} (%)	1.9%	2.0%	2.1%	1.9%	2.1%	2.1%	2.2%	2.2%	2.3%	2.6%	2.6%

^{*1} At the Company, EBITDA is calculated using the following assumptions: EBITDA = Operating profit + Depreciation and amortization that is included in cost of sales or SG&A expenses + Amortization of goodwill that is included in SG&A expenses
EBITDA margin = EBITDA / Revenue

^{*2} At the Company, EBITDA (Medical Business) is calculated using the following assumptions: EBITDA = Segment profit in the Medical Business + Depreciation and amortization that is included in cost of sales or SG&A expenses + Amortization of goodwill that is included in SG&A expenses
EBITDA margin (Medical Business) = EBITDA (Medical Business) / Revenue

^{*3} In line with the issuance of IAS No. 19 "Employee Benefits" (revised on June 16, 2011) to be applied for fiscal years beginning on or after January 1, 2013, certain overseas subsidiaries adopted IAS No. 19 effective from the fiscal year ended March 31, 2014, and changed their method of recognizing actuarial gain or loss. This change has been applied retroactively to the March 31, 2013.

^{*4} The revenue used to calculate the inventory turnover period for fiscal year 2020 is for continuing operations only.

^{*5} The Company conducted a stock split at the ratio of four shares for one ordinary share on April 1, 2019. "Profit attributable to owners of parent per share" is expressed with the figure after the stock split. The figure for the fiscal year ended March 31, 2019 is recalculated using the same method.

^{*6} Price earnings ratio (PER) for the fiscal year ended March 31, 2015 is omitted as the Company recorded net loss for these fiscal years.

^{*7} The Company conducted a stock split at the ratio of four shares for one ordinary share on April 1, 2019. Figures prior to the year ended March 31, 2019 have been converted to align with the post-stock split standard.

^{*8} From the second quarter of fiscal year 2021, the Imaging Business has been categorized as a discontinued operation. Accordingly, we restated figures for fiscal year 2020.

^{*9} In fiscal year 2022, the consolidated statement of financial position was retrospectively adjusted to reflect the adjustments to the provisionally measured fair value of the assets acquired and liabilities assumed in the business combination. Accordingly, the related indicators for fiscal year 2021 are presented after such adjustments have been reflected.

^{*10} "Female managers" of the Olympus Group in Japan for fiscal year 2022 (as of the end of March 2022). Prior to fiscal year 2021, figures are based on different definitions of "female managers" for each fiscal year.

^{*11} Figures include employees who have been seconded to Olympus Corporation, while employees from Olympus Corporation seconded to other companies have been excluded.

^{*12} The percentage within global senior management as of August 1, 2020 for fiscal year 2020 and July 1, 2021 from fiscal year 2021.

^{*13} Through fiscal year 2019, figures are as of June 1 of each respective year, and from fiscal year 2020, the figures are as of March 31 of each respective year for individuals in Japan (at eight special-purpose subsidiaries).

Corporate Information/Stock Information (As of March 31, 2022)

Corporate Information

Company Name	Olympus Corporation
Established	October 12, 1919
Head Office	Shinjuku Monolith, 3-1 Nishi-Shinjuku 2-chome, Shinjuku-ku, Tokyo 163-0914, Japan
Capital	¥124,643 million
Number of Group Companies	108 (Excluding Olympus Corporation, 106 Subsidiaries, and 2 Affiliates)
Consolidated Headcount	31,557 (Excludes temporary employees, average of 934)
Non-Consolidated Headcount	3,478
Website	https://www.olympus-global.com
Securities Identification Code	7733
Stock Exchange Listing	Tokyo Stock Exchange
Fiscal Year-End	March 31
General Meeting of Shareholders	June
Share Trading Unit	100
Number of Shares Issued	1,299,294,333
Number of Shareholders	43,819
Transfer Agent for Common Stock	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8233, Japan

Depository and Transfer Agent for American Depository Receipts:

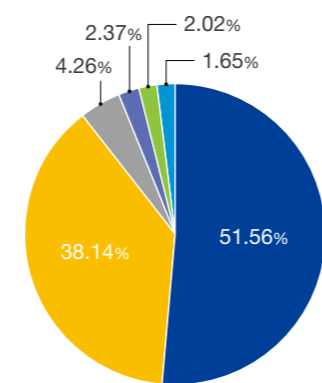
The Bank of New York Mellon
240 Greenwich Street, New York,
NY 10286, U.S.A.
International: +1-201-680-6825
U.S. toll free: 888-269-2377
(888-BNY-ADRS)
<https://www.adrbnymellon.com>
Ratio (ADR:ORD): 1:1
Exchange: OTC (Over-the-Counter)
Symbol: OCPNY
CUSIP: 68163W109

Principal Shareholders

Shareholder name	Number of shares held	Percentage of shares outstanding
The Master Trust Bank of Japan, Ltd. (trust accounts)	243,809,100	19.15%
JP MORGAN CHASE BANK 385632	87,088,376	6.84%
Custody Bank of Japan, Ltd. (trust accounts)	78,118,300	6.14%
SSBTC CLIENT OMNIBUS ACCOUNT	48,860,900	3.84%
SMBC Trust Bank Ltd. (Olympus shares in Sumitomo Mitsui Banking Corporation's retirement benefit trust account)	39,509,300	3.10%
SSSBTC CLIENT OMNIBUS ACCOUNT BRITISH VIRGIN ISLANDS/U.K.	38,216,084	3.00%
MUFG Bank, Ltd.	30,522,344	2.40%
THE BANK OF NEW YORK MELLON AS DEPOSITARY BANK FOR DEPOSITARY RECEIPT HOLDERS	23,670,841	1.86%
Nippon Life Insurance Company	21,258,572	1.67%
MSCO CUSTOMER SECURITIES	20,972,600	1.65%

Note: The holding ratio is computed by excluding treasury stock (26,261,612 shares).

Composition of Shareholders



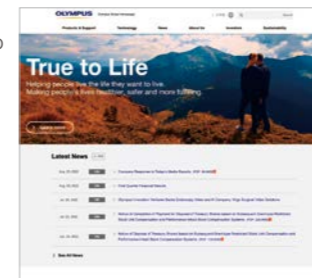
- Foreign institutions and individuals
- Japanese financial institutions
- Japanese individuals and others
- Other Japanese corporations
- Treasury stock
- Japanese securities firms

The Role of Integrated Report

This Integrated Report compiles important information that includes non-financial information in addition to financial information and aims to provide an easy-to-understand explanation of the value Olympus creates. For more detailed information, please refer to the following corporate websites and media.

Olympus Global Homepage

Provides information on the Olympus Group such as management information, product information, and non-financial information.



<https://www.olympus-global.com>

Sustainability

Presents the Olympus Group's detailed ESG data.



<https://www.olympus-global.com/csr/>

Olympus Medical Business

Introduces Olympus' strengths in as well as basic knowledge about the Medical Business.



<https://www.olympus-global.com/ir/data/medical.html>

External Evaluations/ Commitment to External Initiatives

(As of July 2022)

Inclusion in ESG Indexes

Member of **Dow Jones Sustainability Indices**
Powered by the S&P Global CSA



Dow Jones Sustainability World Index
Dow Jones Sustainability Asia Pacific Index

FTSE4Good Index Series
FTSE Blossom Japan Index

Financial

Secured an "A" rating from Rating and Investment Information, Inc. (R&I).

Secured a "BBB+" rating from S&P Global Ratings Japan Inc. (S&P)

Secured a "Baa2" rating from Moody's Japan K.K. (Moody's)

ESG



Obtained a B rating in the climate change survey and the water security survey by CDP Worldwide, an international NGO that aims at the realization of a sustainable economy (2021 for Olympus).



Listed in White 500, the Certified Health and Productivity Management Organization Recognition Program (six consecutive years since 2017 for Olympus and 2021 for Olympus Marketing).



Selected by CDP as a CDP 2021 Supplier Engagement Leader (2021 for Olympus), the highest rating in the Supplier Engagement Rating (SER), which evaluates how effectively companies are working with their suppliers to address climate change challenges.



Listed in the Certified Health and Productivity Management Organization Recognition Program (two consecutive years since 2021 for Aizu Olympus and 2020/2022 for Olympus Marketing).



Received Kurumin accreditation from the Ministry of Health, Labour and Welfare as a company well-equipped with supports for raising children (2016 and 2019 for Olympus, 2018 for Olympus Terumo Biomaterials, and 2020 for Olympus Medical Science Sales).



Received Eruboshi certification from the Minister of Health, Labour and Welfare as a company that actively promotes female workers (Eruboshi Grade 3 for Olympus in 2019).

Received the Silver rating under the PRIDE Index 2021, a Japanese index to evaluate a corporation's performance in LGBTQ inclusion (2021 for Olympus).

Certified as a Sports Yell Company (2022 for Olympus, Olympus Marketing and Olympus Terumo Biomaterials).



Support for the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).



Participates in the United Nations Global Compact.