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News Release

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Notice Concerning Judgement of the Lawsuit against Consolidated Subsidiary and Launch of Appeal

As announced in the “Notice Concerning Ruling of the Lawsuit against Consolidated Subsidiary” dated July 13, 2020, on December 31, 2021, the Shenzhen Intermediate People’s Court handed down a judgement in the remanded proceedings of the lawsuit filed on December 23, 2016 by Shenzhen Anping Tai Investment and Development Co., Ltd. (“Anpingtai”) against Olympus (Shenzhen) Industrial Ltd. (“OSZ”), an Olympus subsidiary in China (first judgement on July 30, 2018; and appellate ruling on July 1, 2020). The judgement document was sent to legal counsel of OSZ on January 11, 2022. Details of the judgement are as follows.

OSZ objects to this judgement, and on January 24, 2022, filed an appeal to the Guangdong Higher People’s Court based on a careful appraisal of the content of the judgement.

1. The court and the date of the judgement
Shenzhen Intermediate People’s Court
December 31, 2021

2. Background to the Lawsuit

OSZ is located in Shenzhen, Guangdong, in the Republic of China. Around 2011, it outsourced the running of its cafeteria and security duties to Anpingtai. In 2014, OSZ appointed Anpingtai to serve as a consultant to resolve a tax issue that had occurred between OSZ and the Shenzhen Customs Authority. The background to OSZ’s appointment of Anpingtai as a consultant for its tax issue was disclosed in “Certain Reports on the Company and its Subsidiary,” dated June 27, 2016.

On resolution of the tax issue, OSZ paid Anpingtai RMB 24 million (approx. JPY 400 million) based on the service agreement, and also lent Anpingtai two of its employee dormitories.

Subsequent to this, Anpingtai claimed that OSZ was obligated to transfer ownership of the two employee dormitories to Anpingtai as part of the payment for its consulting services, and that this obligation had not been met. Based on a memorandum dated October 16, 2013, Anpingtai filed a lawsuit with the Shenzhen Intermediate People’s Court, seeking damages of RMB 274,905,271.36 (equivalent to approximately JPY 4.643 billion at the exchange rate on that date) as compensation.

In response to this, OSZ disputed in full Anpingtai’s claims, questioning the authenticity of the memorandum used as the grounds for Anpingtai’s claim, and also launched a countersuit against Anpingtai

on March 17, 2017, seeking to make Anpingtai vacate two employee dormitories and to pay RMB 4,424,760.45 (equivalent to approximately 72 million yen at the exchange rate on that date) in usage fees.

On July 30, 2018, the Shenzhen Intermediate People's Court ordered OSZ to pay USD 30,774,390 as the compensation for damages and delinquent charge to Anpingtai. In addition, the Shenzhen Intermediate People's Court ordered Anpingtai to hand over two employee dormitories in exchange of the payment from OSZ. OSZ objected to this judgement, and on August 17, 2018, filed an appeal to the Guangdong Higher People's Court.

During the appellate proceedings, OSZ continued to present its case as in the first proceeding, and on July 1, 2020, the Guangdong Higher People's Court vacated the first judgement, in which OSZ was ordered to pay the compensation for damages etc., and remanded the case to the Shenzhen Intermediate People's Court, because the basic facts of the case, such as the validity of the Memorandum based on which Anpingtai made its claims, were unclear.

3. Outline of the Judgement and Launch of an Appeal

On December 31, 2021, the Shenzhen Intermediate People's Court rejected OSZ's claims and ordered OSZ to pay USD 30,774,390 (equivalent to approximately JPY 3,541,940,000 at the exchange rate on that date) as the consulting service fee and its delinquent charge to Anpingtai.

OSZ objects to this judgement, and on January 24, 2022, filed an appeal to the Guangdong Higher People's Court based on a careful appraisal of the content of the judgement.

4. Future outlook

Olympus Corporation ("Olympus"), with regard to the first judgement, recorded JPY 3.457 billion as other expenses for the first quarter of the fiscal year ended March 31, 2019. Olympus is now carefully examining the judgement and considering how to deal with the expenses, and will disclose immediately if any event which requires disclosure arises.