



June 24, 2022

To whom it may concern

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Notice of Disposal of Treasury Shares based on Subsequent Grant-type Restricted Stock Unit Compensation and Performance-linked Stock Compensation Systems

Olympus Corporation (hereinafter "Olympus") hereby announces that it has determined to dispose of its treasury shares based on its subsequent grant-type restricted stock compensation (RSU: Restricted Stock Unit) and performance-linked stock compensation (PSU: Performance Stock Unit) as follows:

1. Summary of the Disposal

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| (1) | Date of disposal | July 22, 2022 |
| (2) | Class and number of shares for disposal | 87,840 shares of common share of Olympus breakdown RSU 16,567 shares PSU 71,273 shares |
| (3) | Disposal price | 2,680 yen per share |
| (4) | Total amount of disposal value | 235,411,200 yen |
| (5) | Disposal recipients, the number of such recipients, and the number of shares to be disposed of | <p>① RSU granted for the fiscal year ended March 2021 (FY2021-RSU)</p> <p>Two retiring directors 3,082 shares</p> <p>One retired executive officer 6,722 shares</p> <p>② RSU granted for the fiscal year ended March 2022 (FY2022-RSU)</p> <p>Two retiring directors and one non-resident director in Japan 3,921 shares</p> <p>One retired executive officer 768 shares</p> <p>③ Transformational FY22-RSU granted for the fiscal year ended March 2022</p> <p>One retired corporate officer 2,074 shares</p> <p>④ PSU granted for the performance evaluation period starting from the fiscal year ended March 2020 and ending in the fiscal year ended March 2022 (19PSU)</p> <p>Three executive officers, three retired executive officers, nine corporate officers and eight retired corporate officers 71,273 shares</p> <p>※Those officers retired in the fiscal year ended March 2020 and March 2021 are included in the retired executive officers and retired corporate officers.</p> |
| (6) | Other | Olympus has submitted notice of securities for the disposal of treasury shares in accordance with the Financial Instruments and Exchange Act. |

2. Objectives and Reasons for the Disposal

Olympus introduced PSU system in the fiscal year ended March 2018 as a stock compensation to directors (excluding outside directors) and corporate officers until the fiscal year ended March 2019. After its transition into a company with a Nominating Committee etc. in June 2019, Olympus further worked on reviewing its compensation systems under a basic concept to reward the responsibilities of directors (including outside directors) and executive officers with suitable and appropriate treatments through encouraging strong awareness “to maximize the corporate value and to meet expectations of various stakeholders,” and additionally introduced RSU system since the fiscal year ended March 2021 as the consequence. Olympus has introduced a similar RSU system to corporate officers as well since the fiscal year ended March 2022. Also, Olympus has set share-holding guidelines to executive officers and directors respectively, and clawback clause to executive officers. This disposal of treasury shares is made as stock compensations for planned recipients of directors, executive officers and corporate officers based on its RSU and PSU systems.

The outline etc. of the RSU and PSU systems are as follows.

[Outline etc. of the RSU system]

(1) RSU to Directors

Olympus provides basic compensation to directors as fixed monetary compensation. By considering the importance of sharing interests between directors and investors, in addition to basic compensation, RSU is granted in each term of office, which is non-performance-linked stock compensation.

The right to acquire stock will be defined at retirement for directors resident in Japan. The right will be defined on an individual basis in accordance with a general method of stock compensation in each region for directors who are non-resident in Japan. The right to acquire stock to a director non-resident in Japan this time is defined at end of each term of office.

On that basis, Olympus has determined to provide FY2021-RSU and FY2022-RSU to two retiring directors resident in Japan and FY2022-RSU to a director non-resident in Japan.

(2) RSU to Executive Officers and Corporate Officers

Compensation for executive officers and corporate officers is a combination of basic compensation that is fixed compensation, short-term incentive compensation and long-term incentive compensation, which are performance-linked compensations to corresponding fiscal years. The long-term incentive compensation is composed of RSU and PSU.

The transfer restriction period of RSU is set as three (3) years. At the starting of the transfer restriction period, the number of granted stocks are determined, and delivered after three years. If a person eligible for grant retires during the transfer restriction period due to a legitimate cause approved by the Compensation Committee, the number of stocks shall be prorated by the number of months in office, including the month in which such person retired, and the corresponding number of stocks shall be provided. As to RSU granted to retiring officers for the fiscal year ended March 2022 and after, a resolution shall be adopted at a meeting of the Compensation Committee held six (6) months or more after such retirement.

On that basis, Olympus has determined to deliver FY2021-RSU to a retired executive officer and FY2022-RSU to a retired corporate officer.

(3) Transformational FY22-RSU

The PSU for the performance evaluation period starting in the fiscal year ended March 2019 and ending in the fiscal year ended March 2021 (hereinafter “18PSU”) resulted in 0% pay ratio. However, the Compensation Committee judged that executive officers contributed to considerable achievements that leads to business performance in the fiscal year ended March 2022 and after, under the business circumstances severely hit by the spread of novel coronavirus disease. Based on the judgement, the Committee perceived the necessity to provide a compensation to executive officers that encourages continuous focus on maximization of corporate values, enhancement of investors’ values and sharing of interests between shareholders, then determined to grant “Transformational FY22-RSU” in the meeting of Compensation Committee held on April 27, 2021.

Transformational FY22-RSU sets the eligible recipients from those of 18PSU and those executive officers continuously in office in the fiscal year closing March 2022. The date of grant was set as April 1, 2021, and the right of disposal is set to determine on March 31, 2024, which is after 3 years of the grant, or six (6) months after retirement. Corporate officers are granted RSU similarly, with the date of grant as April 1, 2021, and the right of disposal set to determine on March 31, 2024, or at retirement.

On that basis, Olympus has determined to deliver Transformational FY22-RSU to a retired corporate officer.

[Outline etc. of the PSU system]

In addition to RSU, PSU is a component of the long-term incentive compensation to executive officers and corporate officers. PSU is stock compensation provided according to achievement rate of pre-defined performance metrics during a performance evaluation period of three (3) years.

The performance evaluation period of 19PSU was from the fiscal year ended March 2020 to the fiscal year ended March 2022 and the performance metrics were set as total net income and average sales growth of the target period. The number of stocks to be provided was set by the equivalent monetary amounts defined between 0 - 150% depending on the achievement rate at the end of the target period.

The number of stocks to be delivered to each executive officer and corporate officer, including those retired, were determined by prorating the total monetary value corresponding the actual result of performance metrics, considering individually granted points and the number of months in office, etc.

In this disposal of treasury shares, under the above systems, each of eligible directors, executive officers and corporate officers will pay the entire amount of their monetary compensation claims to Olympus as contributed assets in kind and then, receive Olympus's shares to be disposed of.

3. Basis for Calculating the Amount to be Paid and the Details thereof

Olympus will dispose of its treasury shares to planned recipients by using the monetary compensation claims granted to them by the above systems as contributed assets. The disposal price is set by closing price of Olympus' common share as of June 23, 2022 (business day preceding the date of determination by representative executive officer) in Tokyo Stock Exchange.

The deviation rate of this value from the simple average closing price of common stock of Olympus in Tokyo Stock Exchange for one month (from May 24, 2022 to June 23, 2022) 2,727.3 yen (round off to the first decimal place, by simply averaging the closing prices, and the same applies to the followings) was -1.76% (round off to the second decimal place in calculating deviation rate, and the same applies to the followings), the simple average closing price for 3 months (from March 24, 2022 to June 23, 2022) 2,532.2 yen was 5.51%, and the simple average closing price for 6 months (from December 24, 2021 to June 23, 2022) 2,444.5 yen was 8.79%.

The above price is the market price immediately before the date of determination on disposal of treasury shares by the representative executive officer, which is pursuant to the "guidance on handling of stock increase by third-party allotment" by Japan Securities Dealers Association, and Olympus considers it rational and not particularly favorable to the recipients.

4. Matters concerning the procedure required by the corporate code of conduct

This third-party allotment does not require an opinion from an independent third party or require procedures for confirming the intent of shareholders, which are provided for under Rule 432 of the Securities Listing Regulations of the Tokyo Stock Exchange, because (i) the dilution ratio is less than 25% and (ii) this third-party allotment does not involve a change in controlling shareholder.