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Securities Code: 7733

June 5, 2023

(Start date of measures for electronic provision: May 31, 2023)

To Shareholders

2951 Ishikawa-machi, Hachioji-shi, Tokyo
OLYMPUS CORPORATION
Director, Representative Executive Officer,
President and CEO: Stefan Kaufmann

Notice Regarding the Convocation of the General Meeting of Shareholders For the Fiscal Year Ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

OLYMPUS CORPORATION will be holding the General Meeting of Shareholders for FY2023. The meeting will be held as described below.

In convening this General Meeting of Shareholders, we will take measures for electronic provision for information included in the Reference Documents for General Meeting of Shareholders (matters subject to measures for electronic provision) and will post the information on each of the following websites on the Internet. Please access either of the websites to review the information.

Olympus Corporation's website

<https://www.olympus.co.jp/ir/stock/meeting.html> (in Japanese)

Tokyo Stock Exchange's website (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>

* Please access the website above, enter "Olympus" in "Issue name (company name)" or "7733" in "Code" to search for the relevant entry, select "Basic information" and then "Documents for public inspection/PR information," and view information from [Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting] under "Filed information available for public inspection."

Website for materials of the General Meeting of Shareholders

<https://d.sokai.jp/7733/teiji/> (in Japanese)

In addition, if you choose not to attend the meeting in person, please refer to the "Instructions for Exercising Voting Rights" on pages 4 to 5 and review the "Reference Documents for the General Meeting of Shareholders" and exercise your voting rights by 5:30 p.m., June 26, 2023 (Monday).

- 1. Date/Time:** June 27, 2023 (Tuesday) 10:00 a.m.
(Reception desk is scheduled to open at 9:00 a.m.)
- 2. Location:** 6-6-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo
Kiku Ballroom, 4th Floor, Hilton Tokyo
- 3. Meeting Agenda:**
- Reports:**
1. The Business Report, Consolidated Financial Statements, and the Results of Audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit Committee for FY2023 (from April 1, 2022 to March 31, 2023)
 2. The Non-Consolidated Financial Statements for FY2023 (from April 1, 2022 to March 31, 2023)
- Matters to be resolved:**
- 1st Agenda:** Partial Amendments to the Articles of Incorporation
- 2nd Agenda:** Election of Thirteen Directors

About Attending the Meeting

- You may attend this General Meeting of Shareholders on the internet (hereinafter called “Virtual Attendance”) without coming to the venue, and ask questions and exercise your voting rights in this way. (For further information, please refer to the “Guidance for Virtual Attendance and Questions in Advance” on pages 6 to 9).
- Due to the limited number of seats, entry to the meeting room may be restricted.
- At the meeting, written documents including the matters subject to measures for electronic provision will not be provided. Therefore, shareholders who need such documents during the meeting are asked to print the matters subject to measures for electronic provision from the aforementioned websites.
- Please understand that no souvenirs will be handed out at this General Meeting of Shareholders.
- If you choose not to attend the meeting in person, please exercise your voting rights in writing or via the Internet in advance.

Exercise of Voting Rights in Advance

- If having cast your vote in writing (by mail) and your vote for or against the agenda items is not indicated, it shall be treated as an indication of vote for the agenda.
- If having cast your vote in duplicate both in writing (by mail) and via the internet, the vote cast via the internet shall be deemed valid.
- If having cast your vote multiple times via the internet, the final vote cast shall be deemed valid.
- Please refer to “6. Validity of exercise of voting rights in advance” on page 8 for treatment of advance exercise of voting rights in the case of Virtual Attendance.

Revisions to the Matters Subject to Measures for Electronic Provision

- If revisions to the matters subject to measures for electronic provision arise, original and revised matters will be posted on the aforementioned websites.

Items Not Included in Documents to Be Delivered

Pursuant to the relevant laws and regulations and Olympus Corporation’s Articles of Incorporation, among the matters subject to measures for electronic provision, the following items are not provided in the paper-based documents delivered to shareholders who have made a request for delivery of such documents. Accordingly, the documents delivered are part of the documents that were audited by the Accounting Auditor and the Audit Committee in preparing the Audit Reports.

[Business Report]

I. Review of Group Operations

“2. Results of the Business Activities,” “3. Changes in Assets and Results of Operation,” “8. Principal Places of Business and Plants,” “9. Employee Situation of the Group,” “10. Principal Lenders,” “11. Other Important Matters Concerning Group Operations”

II. Matters Concerning Shares

III. Matters Concerning Subscription Rights to Shares, etc.

IV. Matters Concerning Company Officers

“2. Overview of Content of Limited Liability Agreement,” “3. Overview of Content of Directors and Officers Liability Insurance Agreement,” “5. Matters Concerning Outside Officers”

V. Accounting Auditor

VI. Company Framework and Policies

“1. Framework to Ensure Fairness of Operations and Overview of Status of Management of Such Framework,” “2. Basic Policy on Control of Company,” “3. Policy for Decisions on Dividend of Retained Earnings, etc.”

[Consolidated Financial Statements and Non-Consolidated Financial Statements]

“Consolidated Statement of Changes in Equity,” “Notes to Consolidated Financial Statements,” “Non-Consolidated Statement of Changes in Net Assets,” “Notes to Non-Consolidated Financial Statements”

Instructions for Exercising Voting Rights

You may exercise your voting rights in advance of the General Meeting of Shareholders by using any of the following methods:

Exercising Voting Rights in Advance

[Exercising Voting Rights in Writing (by Mail)]

Complete the voting rights exercising form sent with this Notice by indicating your vote for or against each of the agenda items and return it without affixing a stamp.

Votes to be received by: June 26, 2023 (Monday) 5:30 p.m.

[Exercising Voting Rights via the Internet]

[Exercising Voting Rights via “Smart Vote”]

Scan the QR Code for “Smart Vote” printed on the lower right-hand side of the voting rights exercise form sent with this Notice using your smartphone or tablet device to vote on the agenda items.

Votes to be given by: June 26, 2023 (Monday) 5:30 p.m.

[Exercising Voting Rights by Entering Proxy Code and Password]

Access Olympus Corporation’s designated website for voting (<https://www.web54.net>), enter the “proxy code” and “password,” which are provided on the voting rights exercise form sent with this Notice, and follow the instructions on the screen to vote on the agenda items.

Votes to be given by: June 26, 2023 (Monday) 5:30 p.m.

For details, please refer to page 5.

Exercising Voting Rights by Attending the General Meeting of Shareholders in Person

[In the Case of Virtual Attendance]

For this General Meeting of Shareholders, you may ask questions and exercise your voting rights without coming to the venue by viewing the live stream on the website designated by Olympus Corporation. Virtual Attendance is recognized as attending the General Meeting of Shareholders by the Companies Act in the same way as attending the meeting by coming to the venue.

You may ask questions in advance on the website designated by Olympus Corporation.

For details, please refer to pages 6 to 9.

[Attending the Venue in Person]

Please submit the voting rights exercise form sent with this Notice at the reception desk.

Date: June 27, 2023 (Tuesday) 10:00 a.m. (Reception starts at 9:00 a.m. (scheduled))

Instructions for Exercising Voting Rights via the Internet

[Scanning QR Code: “Smart Vote”]

You can simply log in to the website for exercising voting rights without entering your proxy code and password.

Please scan the QR Code printed on the lower right-hand side of the voting rights exercise form.

- * “QR Code” is a registered trademark of DENSO WAVE INCORPORATED.
- * The agendas for the General Meeting of Shareholders are now available for reference on the Smart Vote page.

Please note that exercising voting rights by using “Smart Vote” method is available only once.

If you need to change your votes after exercising your voting rights, please log in to the voting website for PC by using your proxy code and password printed on the voting form, and exercise your voting rights again.

- * If you rescan the QR Code, you can access the voting website for PC.

[Entering proxy code and password]

Website for exercising voting rights: <https://www.web54.net>

1. Access the voting website.
2. Enter the proxy code printed on the voting rights exercise form.
3. Enter the password printed on the voting rights exercise form.
4. Follow the instructions on the screen to vote on the agenda items.

Inquiries regarding exercising voting rights via the internet

Please contact the following for assistance on exercising voting rights via the internet.

Sumitomo Mitsui Trust Bank, Limited
Securities Agent Web Support Hotline

Dedicated line: 0120-652-031 (toll free, available only in Japan)
(Business hours: 9:00 a.m. to 9:00 p.m.)

Inquiries on matters other than the exercise of voting rights:
0120-782-031 (toll free, available only in Japan)
(Business hours: 9:00 a.m. to 5:00 p.m. on weekdays)

Institutional investors may use the electronic voting rights exercise platform for institutional investors operated by ICJ, Inc.

Guidance for Virtual Attendance and Questions in Advance

About Virtual Attendance

For this General Meeting of Shareholders, you may attend via “Virtual Attendance” without coming to the venue by viewing the live stream on the website designated by Olympus Corporation, as well as ask questions and exercise your voting rights in this way. Virtual Attendance is recognized as attending the General Meeting of Shareholders by the Companies Act in the same way as attending the meeting by coming to the venue. However, due to complexities of the system, etc., please understand there are certain matters, such as making and voting for a motion, that you will not be able to perform in the same way as shareholders who attend the meeting.

For shareholders who plan to attend by Virtual Attendance, please make sure to read and understand the following instructions before attending.

Date/time for live stream: June 27, 2023 (Tuesday) 10:00 a.m.

Website: <https://7733.ksoukai.jp>

*Please access the website beforehand and make sure that the testing webpage, designed for such purpose, can be viewed and heard without any trouble.

1. System requirements for Virtual Attendance

In order for our shareholders to use Virtual Attendance, you must prepare a communication environment, etc. Please understand it is possible that you will not be able to attend through Virtual Attendance or exercise your voting rights through Virtual Attendance due to problems in the internet environment or reasons concerning the telecommunications environment on the PC/smartphone you use.

Please also understand any telecommunications devices and fees for telecommunication required for Virtual Attendance shall be prepared by the shareholder.

OS	Windows 8.1/10/11, latest MacOS	
Browser	Windows	Microsoft Edge, Mozilla Firefox, Google Chrome
	MacOS	Safari
Smartphone	<iPhone> iOS12 or higher (browser: Safari) <iPad> iOS13 or higher (browser: Safari) <Android> 8 or higher (browser: Google Chrome)	
Connection speed	5Mbps recommended	
Operating environment	PC	https://jp.vcube.com/support/virtual-shareholders-meeting/requirements/#vsm01
	Smartphone	https://jp.vcube.com/support/virtual-shareholders-meeting/requirements/#vsm02

2. How to attend the meeting

At the day of the General Meeting of Shareholders, please have the “Notice on How to Attend the Virtual General Meeting of Shareholders” enclosed with this notice at hand and log in to the Virtual General Meeting of Shareholders system by the following steps.

- (1) Access the website designated by Olympus Corporation, as printed in the above, and input the ID and password printed in “Notice on How to Attend the Virtual General Meeting of Shareholders” to log in.
 - (2) Press “Apply for attendance”
 - (3) Press the “Attend” button.
(You will access to the live stream from here.)
- * You can press the “Attend” button from about 9:30 a.m. on the day of the meeting.

3. How to ask questions on the day of the meeting

Shareholders who attend through Virtual Attendance may ask questions from the start of this General Meeting of Shareholders until five minutes after the start of Q&A session by the following steps.

- (1) Click the “Ask questions” tab on the live stream page.
 - (2) Select a question category and input your question and press the “Next” button.
 - (3) After confirming the contents, press the “Submit” button.
- You may ask questions on matters related to the Meeting Agenda of this General Meeting of Shareholders.
 - **Each shareholder may ask up to two questions (up to 300 characters per question).**
 - Due to time limit of the Q&A session, please understand it is possible not all questions will be answered.
 - Inappropriate submissions such as consecutive submissions of the same question and personal attacks may be judged as a hindrance to the secure operation of the Virtual General Meeting of Shareholders system. Please understand that in such cases, under instruction or command of the Chairperson and by judgement of the operation office which manages the Virtual General Meeting of Shareholders system, Olympus Corporation may force a disconnection with the shareholder who made such submission(s).

4. Motions

Due to difficulties to take motions from shareholders attending through Virtual Attendance because of complexities of the system, etc., no motions shall be taken via Virtual Attendance, including those concerning procedures of the meeting and those concerning the proposals. Please understand when taking votes for motions, shareholders who attend through Virtual Attendance will be recognized as abstaining the votes or absent from voting.

5. Exercising voting rights at the meeting

Shareholders who attend through Virtual Attendance may exercise their voting rights from the start of this General Meeting of Shareholders until the time of voting for Matters to be resolved by the following steps. If you attend both the venue and via Virtual Attendance, at the time where exercise of voting rights via the virtual shareholder meeting system is confirmed, the exercise of voting rights via the virtual shareholder meeting system will be deemed valid.

- (1) Click the “exercise voting rights” tab on the live stream page.
- (2) Choose “support,” “oppose,” or “abstain” on each of the Matters to be resolved. After pressing buttons for all the Matters to be resolved, press the “exercise” button below.
*The “exercise” button can only be pressed once.

6. Validity of exercise of voting rights in advance

- If you exercise your voting rights in advance in writing or via the internet and attend the meeting through Virtual Attendance, at the time where exercise of voting rights at the meeting is confirmed, the exercise of voting right cast on the day of the meeting will be deemed valid.
- If you exercise your voting rights in advance and attend the meeting through Virtual Attendance and no exercising of voting rights is confirmed at the meeting, the exercise of voting rights in advance will be deemed valid.
- If you do not exercise your voting rights in advance and if you attend the meeting through Virtual Attendance but no exercising of voting rights is confirmed, your voting rights will be not counted as neither a “support,” “oppose,” nor “abstain” vote.

7. Notes

- Virtual Attendance is available in **Japanese only**.
- **Attendance via Virtual Attendance is limited to shareholders.** (For shareholders who wish to attend by proxy, please delegate your voting rights to a shareholder who will attend the meeting by coming to the venue as stipulated by laws and regulations and Articles of Incorporation, etc.)
- Although Olympus Corporation has taken reasonable measures against telecommunication failures for the Virtual General Meeting of Shareholders, it is possible that due to impact of the telecommunications environment there may be errors in the image or in sounds of the live stream, or temporary disruptions, etc. Please understand in such cases of telecommunications failures, shareholders may not be able to attend through Virtual Attendance or exercise their voting rights through Virtual Attendance. Olympus Corporation bears no responsibility for any detriments caused by such telecommunications failures, etc.
- Sharing of the ID and password for Virtual Attendance to third parties, recording and video-recording this General Meeting of Shareholders and publishing thereof, etc. are prohibited.
- Shareholders attending through Virtual Attendance are firmly prohibited from disclosing/providing private information or other matters concerning privacy of other shareholders, gathered through sounds and video, etc., to third parties.
- It is possible a partial change or cancellation of the contents of the Virtual General Meeting of Shareholders may be announced when Olympus Corporation judges it necessary.
- If there are any changes to the operation of the Virtual General Meeting of Shareholders, such as emergency announcements on system failures, etc. and measures to cope with changes in circumstances, such notices will be provided on Olympus Corporation’s website (<https://www.olympus.co.jp/ir/stock/meeting.html>).

8. Inquiries for the Virtual General Meeting of Shareholders

You can make inquiries concerning the Virtual General Meeting of Shareholders by making phone calls to the support lines below. Please have the “Notice on How to Attend the Virtual General Meeting of Shareholders” at hand when you make the phone call.

However, please understand questions concerning the following matters shall not be answered: ID and password for Virtual Attendance, how to connect to internet, functions of the PC and smartphone you use, or troubles deemed to be caused by the shareholder’s operating environments on the day of the meeting.

General inquiries for the Virtual General Meeting of Shareholders
Sumitomo Mitsui Trust Bank, Virtual General Meeting of Shareholders Support Dedicated Line
Phone number: 0120-782-041
Business hours: 9:00 a.m. to 5:00 p.m. (except Saturdays, Sundays and national holidays)

Inquiries for technical issues regarding the system
V-cube, Inc.
Phone number: +81-3-6833-6287
Business hours: June 26, 2023 (Monday), 9:00 a.m. to 9:00 p.m.
June 27, 2023 (Tuesday), 9:00 a.m. to the conclusion of this General Meeting of Shareholders

About Questions in Advance

You may ask questions in advance on the website designated by Olympus Corporation.

Period: From June 6, 2023 (Tuesday) 9:00 a.m. to June 20, 2023 (Tuesday) 5:30 p.m.

Website: <https://7733.ksoukai.jp>

- (1) Access the website designated by Olympus Corporation, as printed in the above, and input the ID and password printed in “Notice on How to Attend the Virtual General Meeting of Shareholders” to log in.
 - (2) Press “Ask a question in advance.”
 - (3) Select a question category and input your question and press the “Next” button.
 - (4) After confirming the contents, press the “Submit” button.
- You may ask questions on matters related to the Meeting Agenda of this General Meeting of Shareholders.
 - Each shareholder may ask up to two questions (up to 300 characters per question).
 - We intend to answer questions of interest to shareholders on the day of the General Meeting of Shareholders. However, due to time limit of the Q&A session, please understand it is possible not all questions will be answered.

Reference Documents for General Meeting of Shareholders

Propositions and information:

1st Agenda: Partial Amendments to the Articles of Incorporation

1. Reason for the Proposal

With the enforcement of the Act on Partial Amendment of the Law on Industrial Competitiveness (Law No. 70 of 2021), it has become possible to hold shareholder meetings without a fixed place (meetings where shareholders, directors and others attend by means of the Internet, etc., without a physical venue, hereinafter referred to as “virtual-only shareholder meetings”).

Bearing in mind the occurrence of large-scale disasters including infectious diseases or natural disasters and digital progression of the whole society in mind, Olympus Corporation believes that it is in the interests of all shareholders to increase choices for the method of holding general meeting of shareholders. Therefore, we propose to add Article 10-2 to the current Articles of Incorporation to enable the holding of virtual-only shareholder meetings.

In deciding on the method of holding the general meeting of shareholders, the Board of Directors will consider the interests and rights of shareholders and carefully take into account the social situation at the time of the meeting, before passing a resolution.

In making this change, the Minister of Economy, Trade and Industry and the Minister of Justice have confirmed that the requirements specified in the Ordinance of the Ministry of Economy, Trade and Industry and the Ordinance of the Ministry of Justice are met.

2. Details of the Amendments

The following are the details of the amendments.

(Underlined portions represent amendments)

Current Articles of Incorporation	Proposed Amendments
Article 1. to Article 9. <p style="text-align: center;">(Omitted)</p> (Convocation) Article 10. An ordinary general meeting of shareholders shall be convened within three (3) months after the end of each business year. An extraordinary general meeting of Shareholders may be convened any time as necessary. <p style="text-align: center;">(Newly Established)</p> Article 11. to Article 34. <p style="text-align: center;">(Omitted)</p>	Article 1. to Article 9. <p style="text-align: center;">(Unchanged)</p> (Convocation) Article 10. <p style="text-align: center;">(Unchanged)</p> <u>2. The Company may hold a general meeting of shareholders without a fixed place.</u> Article 11. to Article 34. <p style="text-align: center;">(Unchanged)</p>

2nd Agenda: Election of Thirteen Directors

Upon the conclusion of this General Meeting of Shareholders, the terms of office of all Directors (twelve) will expire. Olympus Corporation, therefore, proposes to increase the number of Directors by one and elect thirteen Directors in order to enhance the diversity and sustainability of the Board of Directors as a monitoring board based on the decision made by the Nominating Committee. The candidates for Director are as follows:

No.	Name		Present position and responsibility in Olympus Corporation		Diversity	
					Gender	Foreign Nationals
1	Sumitaka Fujita	Reelection Independent Outside	Outside Director Chairperson of Board of Directors	Nominating Committee	Male	
2	Yasumasa Masuda	Reelection Independent Outside	Outside Director	Audit Committee	Male	
3	David Robert Hale	Reelection Independent Outside	Outside Director	Nominating Committee	Male	•
4	Jimmy C. Beasley	Reelection Independent Outside	Outside Director	Compensation Committee	Male	•
5	Sachiko Ichikawa	Reelection Independent Outside	Outside Director	Audit Committee	Female	
6	Yasushi Shingai	Reelection Independent Outside	Outside Director	Nominating Committee Compensation Committee	Male	
7	Kohei Kan	Reelection Independent Outside	Outside Director	Audit Committee	Male	
8	Gary John Pruden	Reelection Independent Outside	Outside Director	Compensation Committee	Male	•
9	Tatsuro Kosaka	New election Independent Outside	—		Male	
10	Luann Marie Pandy	New election Independent Outside	—		Female	•
11	Yasuo Takeuchi	Reelection	Director, Representative Executive Officer, Executive Chairperson and ESG Officer	Nominating Committee	Male	
12	Stefan Kaufmann	Reelection	Director, Representative Executive Officer, President and Chief Executive Officer (CEO)		Male	•
13	Toshihiko Okubo	New election Non-Executive	Corporate Officer		Male	

No.	Area Olympus Corporation expects the candidates for director to display their capabilities in*								Scheduled to assume office as			
	Corporate Management	Overseas Business	Healthcare Industry	Quality Assurance	Legal/Risk Management	Finance/Accounting	HR Development	ESG	Chairperson of Board of Directors	A member of Nominating Committee	A member of Compensation Committee	A member of Audit Committee
1	•	•				•		•	•	• (Committee Chairperson)		
2	•	•	•			•						• (Committee Chairperson)
3	•	•	•			•						
4	•	•	•								•	
5		•			•	•		•				•
6	•	•				•	•				• (Committee Chairperson)	
7		•			•	•		•				•
8	•	•	•							•		
9	•	•	•							•		
10		•	•	•							•	
11	•	•	•			•						
12	•	•	•				•			•		
13		•	•									•

* The above table does not indicate all the expertise/experiences the candidates have.

1. Sumitaka Fujita (December 24, 1942)

Reelection
Independent Outside Director



Number of shares of Olympus Corporation held (Of which, the number of shares to be delivered under the stock compensation plan):

15,717 shares
(5,086 shares)

Years served as Outside Director:

11 years

Attendance at meetings of the Board of Directors during current fiscal year:

16 of 16 (100%)

Attendance at meetings of the Nominating Committee during current fiscal year:

17 of 17 (100%)

Profile, and position and responsibility in Olympus Corporation

- April 1965: Joined ITOCHU Corporation
June 1995: Director, ITOCHU Corporation
April 1997: Managing Director, ITOCHU Corporation
April 1998: Representative Managing Director, ITOCHU Corporation
April 1999: Representative Senior Managing Director, ITOCHU Corporation
April 2001: Representative Executive Vice President, ITOCHU Corporation
April 2006: Representative Vice Chairperson, ITOCHU Corporation
June 2006: Vice Chairperson, ITOCHU Corporation
June 2007: Outside Director, Orient Corporation
June 2008: Senior Corporate Adviser, ITOCHU Corporation
Outside Director, Furukawa Electric Co., Ltd.
Outside Auditor, NIPPONKOA Insurance Company, Limited (currently Sampo Japan Insurance Inc.)
June 2009: Outside Director, Nippon Sheet Glass Company, Limited.
April 2010: Outside Director, NKSJ Holdings, Inc. (currently Sampo Holdings, Inc.)
June 2011: Chairperson, Japan Association for Chief Financial Officers (present)
April 2012: Outside Director, Olympus Corporation (present)

Important concurrent positions

Chairperson, Japan Association for Chief Financial Officers

Reason for election and outline of expected roles

Mr. Sumitaka Fujita has extensive experience and diverse knowledge as a business manager at ITOCHU Corporation. He also possesses a high level of insight, expertise, and capabilities that are expected of an Outside Director of Olympus Corporation through his experience as an Outside Director and Outside Auditor at several other companies and his experience as the Chairperson of the Japan Association for Chief Finance Officers. Since he assumed the post of Outside Director of Olympus Corporation in April 2012, he has been giving guidance/advice regarding the business management of Olympus Corporation. In addition, he contributed to the development of a transparent director compensation system as Chairperson of the Compensation Committee, which was established voluntarily. Since June 2018, he has been leading the Board of Directors as Chairperson of the Board. After the transition to a Company with a Nominating Committee, etc. in June 2019, he supervised business execution of Olympus Corporation at the Board of Directors as well as continuing to serve as Chairperson of the Board, and as Chairperson of the Nominating Committee, he facilitated decisions regarding the contents of the agenda for election of Directors. Olympus Corporation expects that Outside Directors will supervise management from the perspective of achieving sustainable growth of Olympus Corporation and enhancing corporate value over the medium to long term as entrusted by shareholders, and will provide advice based on their own knowledge. From the above, Olympus Corporation has determined that he is an indispensable person for the composition of the Board of Directors and nominated him as a candidate for Outside Director again. In addition, if he is elected to the Board of Directors, he is expected to lead the management oversight function as Chairperson of the Board of Directors and, as Chairperson of the Nominating Committee, the selection of our executive candidates.

Special interest between the candidate and Olympus Corporation

There is no special interest.

2. Yasumasa Masuda (February 27, 1957)

Reelection
Independent Outside Director



Number of shares of Olympus Corporation held (Of which, the number of shares to be delivered under the stock compensation plan):

8,249 shares
(5,086 shares)

Years served as Outside Director:

5 years

Attendance at meetings of the Board of Directors during current fiscal year:

16 of 16 (100%)

Attendance at meetings of the Audit Committee during current fiscal year:

25 of 25 (100%)

Profile, and position and responsibility in Olympus Corporation

- April 1980: Joined Fujisawa Pharmaceutical Co., Ltd. (currently Astellas Pharma Inc.)
- June 2008: Corporate Executive, Vice President, Corporate Finance & Control, Astellas Pharma Inc.
- June 2011: Corporate Executive, Vice President, Corporate Finance & Control, and Chief Financial Officer, Astellas Pharma Inc.
- April 2012: Corporate Executive, Vice President and Chief Financial Officer, Astellas Pharma Inc.
- June 2012: Senior Corporate Executive, Senior Vice President and Chief Financial Officer, Astellas Pharma Inc.
- April 2017: Senior Corporate Executive, Senior Vice President and Assistant to President, Astellas Pharma Inc.
- June 2017: Independent Non-Executive, Deloitte Touche Tohmatsu LLC
- June 2018: Independent Non-Executive, Deloitte Tohmatsu LLC Outside Director, Olympus Corporation (present)
- June 2023: Outside Auditor, SUBARU CORPORATION (assuming the office on June 21, 2023)

Important concurrent positions

Outside Auditor, SUBARU CORPORATION (assuming the office on June 21, 2023)

Reason for election and outline of expected roles

Mr. Yasumasa Masuda has extensive experience and diverse knowledge as a business manager in the healthcare industry at Astellas Pharma Inc. In addition, through his experience as an independent non-executive officer at the Deloitte Tohmatsu Group, he possesses a high level of insight, expertise, and capabilities that are expected of an Outside Director of Olympus Corporation. Since he assumed the post of Director of Olympus Corporation in June 2018, he has been giving guidance/advice regarding the business management of Olympus Corporation at meetings of the Board of Directors and the Nominating Committee. After the transition to a Company with a Nominating Committee, etc. in June 2019, he supervised business execution of Olympus Corporation at the Board of Directors, and as a member of the Nominating and Compensation Committees, he facilitated decisions regarding the contents of the agenda for election of Directors and regarding executive compensation. In addition, he has been promoting the audit of the execution of duties by the Executive Officers and Directors of Olympus Corporation as Chairperson of the Audit Committee since June 2021. Olympus Corporation expects that Outside Directors will supervise management from the perspective of achieving sustainable growth of Olympus Corporation and enhancing corporate value over the medium to long term as entrusted by shareholders, and will provide advice based on their own knowledge. From the above, Olympus Corporation has determined that he is an indispensable person for the composition of the Board of Directors and nominated him as a candidate for Outside Director again. In addition, if he is elected to serve on the Board of Directors, he is expected to lead the audit of the execution of duties by our Executive Officers and Directors as Chairperson of the Audit Committee.

Special interest between the candidate and Olympus Corporation

There is no special interest.

3. David Robert Hale (December 21, 1984)

Reelection
Independent Outside Director



Number of shares of Olympus Corporation held:

0 shares

Years served as Outside Director:

4 years

Attendance at meetings of the Board of Directors during current fiscal year:

16 of 16 (100%)

Attendance at meetings of the Nominating Committee during current fiscal year:

17 of 17 (100%)

Profile, and position and responsibility in Olympus Corporation

September 2007: Joined The Parthenon Group (currently EY-Parthenon)

January 2009: Assigned as Analyst to Strategic Value Capital, an investment subsidiary of The Parthenon Group

June 2009: Senior Associate, The Parthenon Group

May 2010: Principal, The Parthenon Group

January 2011: Joined ValueAct Capital Management L.P.

December 2012: Vice President, ValueAct Capital Management L.P.

May 2014: Partner, ValueAct Capital Management L.P. (present)

March 2015: Director, MSCI Inc.

August 2015: Director, Bausch Health Companies Inc.

June 2019: Outside Director, Olympus Corporation (present)

June 2021: Outside Director, JSR Corporation (present)

Important concurrent positions

Partner, ValueAct Capital Management L.P.

Outside Director, JSR Corporation

Reason for election and outline of expected roles

Mr. David Robert Hale is a Partner of ValueAct Capital Management L.P. (hereinafter called "VAC"), one of Olympus Corporation's shareholders. He has a track record of helping global companies transform themselves with his knowledge of the global capital markets and the healthcare industry as a business management consultant and investor with experience in diverse industries, and he possesses a high level of insight, expertise, and capabilities that are expected of an Outside Director of Olympus Corporation. Since he assumed the post of Director of Olympus Corporation in June 2019, he has been giving guidance/advice regarding the business management of Olympus Corporation at meetings of the Board of Directors. In addition, as a member of the Nominating Committee, he facilitated decisions regarding the contents of the agenda for election of Directors. Olympus Corporation expects that Outside Directors will supervise management from the perspective of achieving sustainable growth of Olympus Corporation and enhancing corporate value over the medium to long term as entrusted by shareholders, and will provide advice based on their own knowledge. From the above, Olympus Corporation has determined that he is an indispensable person for the composition of the Board of Directors and nominated him as a candidate for Outside Director again. Since he is a Partner of VAC, one of Olympus Corporation's shareholders, it is expected that he can contribute to enhancing corporate value by reflecting shareholder opinions in management.

Special interest between the candidate and Olympus Corporation

There is no special interest.

4. Jimmy C. Beasley (April 6, 1963)

Reelection
Independent Outside Director



Number of shares of Olympus Corporation held (Of which, the number of shares to be delivered under the stock compensation plan):

3,586 shares
(2,238 shares)

Years served as Outside Director:

4 years

Attendance at meetings of the Board of Directors during current fiscal year:

16 of 16 (100%)

Attendance at meetings of the Compensation Committee during current fiscal year:

11 of 11 (100%)

Profile, and position and responsibility in Olympus Corporation

- March 1986: Territory Manager, Roche Laboratories (Division of Hoffman La Roche)
- June 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.
- June 2003: President, Bard Access Systems Division, C.R. Bard Inc.
- April 2007: President, Bard Peripheral Vascular Division, C.R. Bard Inc.
- May 2009: Group Vice President, C.R. Bard Inc.
- June 2013: Group President, C.R. Bard Inc.
- May 2018: Consultant and Executive Advisor to ValueAct Capital Management L.P. (hereinafter called "VAC")
- June 2019: Outside Director, Olympus Corporation (present)

*The executive advisor role is a consulting role to VAC; it is not an employee position. This consulting agreement finished at the end of March 2019.

Important concurrent positions

Mr. Beasley does not hold any important concurrent positions.

Reason for election and outline of expected roles

Through his 30 years of global business experience and extensive management experience in the C. R. Bard Group, one of the world's leading companies in the healthcare industry, Mr. Jimmy C. Beasley possesses a high level of insight, expertise, and capabilities that are expected of an Outside Director of Olympus Corporation. Since he assumed the post of Director of Olympus Corporation in June 2019, he has been giving guidance/advice regarding the business management at meetings of the Board of Directors. In addition, he has participated in decisions on executive compensation as a member of the Compensation Committee. Olympus Corporation expects that Outside Directors will supervise management from the perspective of achieving sustainable growth of Olympus Corporation and enhancing corporate value over the medium to long term as entrusted by shareholders, and will provide advice based on their own knowledge. From the above, Olympus Corporation has determined that he is an indispensable person for the composition of the Board of Directors and nominated him as a candidate for Outside Director again. In addition, if he is elected to serve on the Board of Directors, he is expected to be involved from an objective and neutral position as a member of the Compensation Committee. Olympus Corporation has determined that he will contribute to achieving sustainable growth of Olympus Corporation and enhancing corporate value over the medium to long term, as well as enhancing the internationality and diversity of the Board of Directors in Olympus Corporation's aim to become a global MedTech company.

Special interest between the candidate and Olympus Corporation

There is no special interest.

5. Sachiko Ichikawa (January 17, 1967)

Reelection
Independent Outside Director



Number of shares of Olympus Corporation held (Of which, the number of shares to be delivered under the stock compensation plan):

3,545 shares
(3,545 shares)

Years served as Outside Director:
2 year

Attendance at meetings of the Board of Directors during current fiscal year:

16 of 16 (100%)

Attendance at meetings of the Audit Committee during current fiscal year:

25 of 25 (100%)

Profile, and position and responsibility in Olympus Corporation

April 1997: Registered as attorney
Joined Tanabe & Partners

January 2005: Registered as attorney of the State of New York

November 2009: Statutory Auditor, The Board Director Training Institute of Japan

January 2011: Partner, Tanabe & Partners (present)

June 2015: Outside Director, ANRITSU CORPORATION
Director, The Board Director Training Institute of Japan

April 2018: Registered as certified public accountant of the U.S.A.

May 2018: Outside Auditor, Ryohin Keikaku Co., Ltd.

June 2020: Statutory Auditor, The Board Director Training Institute of Japan

June 2021: Outside Director, Tokyo Electron Ltd. (present)
Outside Director, Olympus Corporation (present)

June 2022: Director, The Board Director Training Institute of Japan (present)

Important concurrent positions

Partner, Tanabe & Partners
Outside Director, Tokyo Electron Ltd.
Director, The Board Director Training Institute of Japan

Reason for election and outline of expected roles

Ms. Sachiko Ichikawa has extensive experience, broad knowledge and a global perspective as an attorney (in Japan and New York, U.S.A.) and a certified public accountant in the U.S. She also possesses a high level of insight, expertise, and capabilities that are expected of an Outside Director of Olympus Corporation through her experience as an Outside Director and Outside Auditor at several other companies and her experience as Statutory Auditor of The Board Director Training Institute of Japan. Since she assumed the post of Director of Olympus Corporation in June 2021, she has been giving guidance/advice regarding the business management of Olympus Corporation at meetings of the Board of Directors. In addition, she has promoted the audit of the execution of duties by the Executive Officers and Directors of Olympus Corporation as a member of the Audit Committee. Olympus Corporation expects that Outside Directors will supervise management from the perspective of achieving sustainable growth of Olympus Corporation and enhancing corporate value over the medium to long term as entrusted by shareholders, and will provide advice based on their own knowledge. From the above, Olympus Corporation has determined that she is an indispensable person for the composition of the Board of Directors and nominated her as a candidate for Outside Director again. In addition, if she is elected to serve on the Board of Directors, she is expected to be involved from an objective and neutral position as a member of the Audit Committee. She has not been involved in company management in any way other than as an Outside Director and Outside Auditor in the past, but for the reasons stated above, Olympus Corporation has determined that she will properly perform her duties as an Outside Director.

Special interest between the candidate and Olympus Corporation

There is no special interest.

6. Yasushi Shingai (January 11, 1956)

Reelection

Independent Outside Director



Number of shares of Olympus Corporation held: (Of which, the number of shares to be delivered under the stock compensation plan):

2,238 shares
(2,238 shares)

Years served as Outside Director:

1 year

Attendance at meetings of the Board of Directors during current fiscal year:

13 of 13 (100%)

Attendance at meetings of the Nominating Committee during current fiscal year:

15 of 15 (100%)

Attendance at meetings of the Compensation Committee during current fiscal year:

6 of 7 (85.7%)

Profile, and position and responsibility in Olympus Corporation

- April 1980: Joined Japan Tobacco and Salt Public Corporation (currently Japan Tobacco Inc.)
- June 2004: Executive Officer and Finance Group Leader, Japan Tobacco Inc.
- July 2004: Executive Officer and Senior Vice President, CFO, Japan Tobacco Inc.
- June 2005: Director, Executive Officer and Senior Vice President, CFO, Japan Tobacco Inc.
- June 2006: Director, Japan Tobacco Inc.
Executive Vice President and Deputy CEO, JT international S.A.
- June 2011: Representative Director, Executive Vice President and Deputy CEO, Japan Tobacco Inc.
- June 2014: Outside Director, Recruit Holdings Co., Ltd.
- January 2018: Director, Japan Tobacco Inc.
- March 2018: Outside Director, Asahi Group Holdings, Ltd.
- June 2018: Outside Director, ExaWizards Inc. (present)
Outside Director, Mitsubishi UFJ Financial Group, Inc. (retiring on June 29, 2023)
- June 2019: Outside Director, Dai-ichi Life Holdings, Inc. (present)
- June 2021: Outside Director, NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION (present)
- April 2022: Representative Director, Shingai Institute of Management Consulting, Inc. (present)
- June 2022: Outside Director, Olympus Corporation (present)

Important concurrent positions

- Outside Director, ExaWizards Inc.
- Outside Director, Mitsubishi UFJ Financial Group, Inc. (retiring on June 29, 2023)
- Outside Director, Dai-ichi Life Holdings, Inc.
- Outside Director, NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION
- Representative Director, Shingai Institute of Management Consulting, Inc.

Reason for election and outline of expected roles

Mr. Yasushi Shingai possesses extensive experience and diverse knowledge as a business manager at Japan Tobacco Inc. He also possesses a high level of insight, expertise, and capabilities that are expected of an Outside Director of Olympus Corporation through his experience as an Outside Director at several other companies, combined with his professional knowledge beyond corporate finance regarding acquisition of global companies as well as post-acquisition management and governance, in addition to his extensive experience as a business manager of an overseas business headquarters company of the Japan Tobacco Group. Since he assumed the post of Director of Olympus Corporation in June 2022, he has been giving guidance/advice regarding the business management of Olympus Corporation at meetings of the Board of Directors. In addition, as a member of the Nominating Committee and the Compensation Committee, he facilitated decisions regarding the contents of the agenda for election of Directors and decisions regarding executive compensation. Olympus Corporation expects that Outside Directors will supervise management from the perspective of achieving sustainable growth of Olympus Corporation and enhancing corporate value over the medium to long term as entrusted by shareholders, and will provide advice based on their own knowledge. From the above, Olympus Corporation has determined that he is an indispensable person for the composition of the Board of Directors and nominated him as a candidate for Outside Director again. In addition, if he is elected to the Board of Directors, as Chairperson of the Compensation Committee, he is expected to lead the Compensation Committee in providing appropriate incentives to management for sustainable growth of Olympus Corporation.

Special interest between the candidate and Olympus Corporation

There is no special interest.

7. Kohei Kan (March 7, 1960)

Reelection
Independent Outside Director



Number of shares of Olympus Corporation held: (Of which, the number of shares to be delivered under the stock compensation plan):

2,841 shares
(2,238 shares)

Years served as Outside Director:
1 year

Attendance at meetings of the Board of Directors during current fiscal year:

13 of 13 (100%)

Attendance at meetings of the Audit Committee during current fiscal year:

19 of 19 (100%)

Profile, and position and responsibility in Olympus Corporation

- September 1986: Registered as Certificated Public Accountant
April 1987: Joined Mita Audit Corporation (currently Deloitte Touche Tohmatsu LLC)
June 1998: Partner, Deloitte Touche Tohmatsu LLC
November 2013: Board Member, Deloitte Tohmatsu Group and Deloitte Touche Tohmatsu LLC
November 2015: Chief Executive Officer, Deloitte Touche Tohmatsu LLC
June 2018: Senior Advisor, Deloitte Tohmatsu LLC
September 2018: Audit & Assurance Leader, Deloitte Asia Pacific Limited
January 2020: Senior Advisor, Deloitte Asia Pacific Limited
October 2020: Chief, Kan Kohei Certified Public Accountant Office (present)
November 2020: Board Member, International Federation of Accountants “IFAC” (present)
January 2022: Senior Advisor, The Japanese Institute of Certified Public Accountants (present)
June 2022: Outside Director, Olympus Corporation (present)

Important concurrent positions

- Chief, Kan Kohei Certified Public Accountant Office
Board Member, International Federation of Accountants “IFAC”
Senior Advisor, The Japanese Institute of Certified Public Accountants

Reason for election and outline of expected roles

Mr. Kohei Kan has extensive experience and diverse knowledge as Chief Executive Officer of Deloitte Touche Tohmatsu LLC, in addition to his extensive experience and diverse knowledge as a certified public accountant. He also possesses a high level of insight, expertise, and capabilities that are expected of an Outside Director of Olympus Corporation given that he has experience working abroad and experience as person in charge of auditing and assurance businesses overseas at the aforementioned company with a global perspective. In addition, he currently serves as a board member of the International Federation of Accountants. Since he assumed the post of Outside Director of Olympus Corporation in June 2022, he has been giving guidance/advice regarding the business management of Olympus Corporation at meetings of the Board of Directors. In addition, he has promoted the audit of the execution of duties by the Executive Officers and Directors of Olympus Corporation as a member of the Audit Committee. Olympus Corporation expects that Outside Directors will supervise management from the perspective of achieving sustainable growth of Olympus Corporation and enhancing corporate value over the medium to long term as entrusted by shareholders, and will provide advice based on their own knowledge. From the above, Olympus Corporation has determined that he is an indispensable person for the composition of the Board of Directors and nominated him as a candidate for Outside Director again. In addition, if he is elected to serve on the Board of Directors, he is expected to be involved from an objective and neutral position as a member of the Audit Committee. He has not been involved in company management in any way other than as an Outside Director and Outside Auditor in the past, but for the reasons stated above, Olympus Corporation has determined that he will properly perform his duties as an Outside Director.

Special interest between the candidate and Olympus Corporation

There is no special interest.

8. Gary John Pruden (May 10, 1961)

Reelection
Independent Outside Director



Number of shares of Olympus Corporation held (Of which, the number of shares to be delivered under the stock compensation plan):

2,238 shares
(2,238 shares)

Years served as Outside Director:

1 years

Attendance at meetings of the Board of Directors during current fiscal year:

11 of 13 (84.6%)

Attendance at meetings of the Compensation Committee during current fiscal year:

7 of 7 (100%)

Profile, and position and responsibility in Olympus Corporation

October 1985:	Joined Janssen Pharmaceutica, a division of Johnson & Johnson
June 1999:	Director of Marketing, GI Franchise Marketing, Janssen Pharmaceutica
May 2001:	Vice President, Marketing, Primary Care Franchise, Janssen Pharmaceutica
November 2002:	Vice President, Marketing, CNS Franchise, Janssen Pharmaceutica
February 2004:	President & Chief Operating Officer, Janssen-Ortho Canada INC
January 2006:	Worldwide President, Ethicon Products Inc, a division of Johnson & Johnson
April 2009:	Company Group Chairperson, Ethicon Franchise Inc
January 2012:	Worldwide Chairperson, Global Surgery Group, Johnson & Johnson
June 2015:	Executive Vice President & Worldwide Chairperson, Medical Devices, Johnson & Johnson
December 2017:	Independent Board Director, Motus GI (present)
April 2018:	Independent Board Director, Lantheus Holdings Inc. (present)
December 2019:	Chief Executive Officer, GPS Med Tech Strategy Consulting (present)
March 2020:	Independent Board Director, OSSIO Inc. (present)
June 2022:	Outside Director, Olympus Corporation (present)

Important concurrent positions

Independent Board Director, Motus GI
Independent Board Director, Lantheus Holdings Inc.
Chief Executive Officer, GPS Med Tech Strategy Consulting
Independent Board Director, OSSIO Inc.

Reason for election and outline of expected roles

Mr. Gary John Pruden has over 30 years of global business experience and extensive experience and knowledge as a business manager at Johnson & Johnson Group, one of the world's leading companies in the healthcare industry. He also has experience as an Outside Director of several U.S. companies. Since he assumed the post of Outside Director of Olympus Corporation in June 2022, he has been giving guidance/advice regarding the business management of Olympus Corporation at meetings of the Board of Directors. In addition, as a member of the Compensation Committee, he facilitated decisions regarding executive compensation. Olympus Corporation expects that Outside Directors will supervise management from the perspective of achieving sustainable growth of Olympus Corporation and enhancing corporate value over the medium to long term as entrusted by shareholders, and will provide advice based on their own knowledge. From the above, Olympus Corporation has determined that he is an indispensable person for the composition of the Board of Directors and nominated him as a candidate for Outside Director again. In addition, if he is elected to serve on the Board of Directors, he is expected to be involved from an objective and neutral position as a member of the Nominating Committee. Moreover, Olympus Corporation has determined that he will contribute to achieving sustainable growth of Olympus Corporation and enhancing corporate value over the medium to long term, as well as fulfilling Olympus Corporation's aim of enhancing the internationality and diversity of the Board of Directors as a global MedTech company.

Special interest between the candidate and Olympus Corporation

There is no special interest.

9. Tatsuro Kosaka (January 18, 1953)

New election
Independent Outside Director



Number of shares of Olympus Corporation held:

0 shares

Years served as Outside Director:

- year

Attendance at meetings of the Board of Directors during current fiscal year:

- (-%)

Profile, and position and responsibility in Olympus Corporation

- April 1976: Joined CHUGAI PHARMACEUTICAL CO., LTD.
- April 1995: Deputy President, Chugai Pharma Europe, Ltd.
- October 2002: Vice President and General Manager of Corporate Planning Dept., CHUGAI PHARMACEUTICAL CO., LTD.
- October 2004: Senior Vice President and General Manager of Corporate Planning Dept., CHUGAI PHARMACEUTICAL CO., LTD.
- March 2005: Senior Vice President and Deputy Managing Director of Sales & Marketing Division, CHUGAI PHARMACEUTICAL CO., LTD.
- July 2005: Senior Vice President and Head of Strategic Marketing Unit, CHUGAI PHARMACEUTICAL CO., LTD.
- March 2008: Senior Vice President and Head of Life Cycle Management & Marketing Unit, CHUGAI PHARMACEUTICAL CO., LTD.
- March 2010: Director and Executive Vice President, CHUGAI PHARMACEUTICAL CO., LTD.
- March 2012: Representative Director, President and Chief Operating Officer (COO), CHUGAI PHARMACEUTICAL CO., LTD.
- March 2016: Outside Director, Asahi Group Holdings, Ltd.
- March 2018: Representative Director, President and Chief Executive Officer (CEO), CHUGAI PHARMACEUTICAL CO., LTD.
- March 2020: Representative Director, Chairperson and Chief Executive Officer (CEO), CHUGAI PHARMACEUTICAL CO., LTD.
- March 2021: Representative Director and Chairperson, CHUGAI PHARMACEUTICAL CO., LTD.
- March 2022: Senior Advisor, CHUGAI PHARMACEUTICAL CO., LTD. (present)
- June 2022: Outside Auditor, Komatsu Ltd. (present)
Outside Director, Mitsubishi Electric Corporation (present)
Vice Chairperson of Council, Chairperson of Bio-Economy Committee, KEIDANREN (Japan Business Federation) (present)

Important concurrent positions

- Senior Advisor, CHUGAI PHARMACEUTICAL CO., LTD.
- Outside Auditor, Komatsu Ltd.
- Outside Director, Mitsubishi Electric Corporation
- Vice Chairperson of Council, Chairperson of Bio-Economy Committee, KEIDANREN (Japan Business Federation)

Reason for election and outline of expected roles

Mr. Tatsuro Kosaka has extensive experience and diverse knowledge as a top manager in the healthcare industry at CHUGAI PHARMACEUTICAL CO., LTD. He also possesses a high level of insight, expertise, and capabilities that are expected of an Outside Director of Olympus Corporation through his experience as an Outside Director and Outside Auditor at several other companies, together with his global corporate management experience at Chugai Pharmaceutical Co., Ltd. Additionally, he currently serves as Vice Chairperson of the Board of Councilors at KEIDANREN (Japan Business Federation). Olympus Corporation expects that Outside Directors will supervise management from the perspective of achieving sustainable growth of Olympus Corporation and enhancing corporate value over the medium to long term as entrusted by shareholders, and will provide advice based on their own knowledge. From the above, Olympus Corporation has determined that he is an indispensable person for the composition of the Board of Directors and newly nominated him as a candidate for Outside Director. In addition, if he is elected to serve on the Board of Directors, he is expected to be involved from an objective and neutral position as a member of the Nominating Committee.

Special interest between the candidate and Olympus Corporation

There is no special interest.

10. Luann Marie Pendy (May 8, 1960)

New election
Independent Outside Director



Number of shares of Olympus Corporation held:

0 shares

Years served as Outside Director:

- year

Attendance at meetings of the Board of Directors during current fiscal year:

- (-%)

Profile, and position and responsibility in Olympus Corporation

December 1987: Joining Abbott Laboratories
February 1998: Director, Quality Control Production Laboratories, Chemical and Agricultural Product Division, Abbott Laboratories
February 2007: Corporate Vice President, Global Quality & Regulatory Affairs, Hospira Inc
November 2008: Vice President, Corporate Quality, Medtronic Inc. (currently Medtronic plc.)
June 2014: Senior Vice President, Global Quality, Medtronic Inc.
November 2017: Senior Vice President, Regulatory Affairs & Global Quality, Medtronic plc.
January 2018: Senior Vice President, Chief Quality and Regulatory Affairs Officer, Medtronic plc.

Important concurrent positions

Dr. Pendy does not hold any important concurrent positions.

Reason for election and outline of expected roles

Dr. Luann Marie Pendy has extensive experience and diverse knowledge through her work with Medtronic plc., one of the world's leading companies in the healthcare industry, as well as with several other companies. In particular, she also possesses a high level of insight, expertise, and capabilities that are expected of an Outside Director of Olympus Corporation through her experience in the areas of Quality Assurance and Regulatory Affairs (QA&RA), as well as her experience on quality-related committees. Olympus Corporation expects that Outside Directors will supervise management from the perspective of achieving sustainable growth of Olympus Corporation and enhancing corporate value over the medium to long term as entrusted by shareholders, and will provide advice based on their own knowledge. From the above, Olympus Corporation has determined that she is an indispensable person for the composition of the Board of Directors and newly nominated her as a candidate for Outside Director. In addition, if she is elected to serve on the Board of Directors, she is expected to be involved from an objective and neutral position as a member of the Compensation Committee. Moreover, Olympus Corporation has determined that she will contribute to achieving sustainable growth of Olympus Corporation and enhancing corporate value over the medium to long term, as well as fulfilling Olympus Corporation's aim of enhancing the internationality and diversity of the Board of Directors as a global MedTech company.

Special interest between the candidate and Olympus Corporation

There is no special interest.

11. Yasuo Takeuchi (February 25, 1957)

Reelection



Number of shares of Olympus Corporation held (Of which, the number of shares to be delivered under the stock compensation plan):

176,817 shares
(97,592 shares)

Years served as Director:

11 years

Attendance at meetings of the Board of Directors during current fiscal year:

16 of 16 (100%)

Attendance at meetings of the Nominating Committee during current fiscal year:

17 of 17 (100%)

Profile, and position and responsibility in Olympus Corporation

April 1980:	Joined Olympus Corporation
April 2005:	General Division Manager, Olympus Medical Systems Corp.
April 2009:	Director, Olympus Europa Holding GmbH
June 2009:	Corporate Officer, Olympus Corporation
October 2011:	Executive Managing Director and Chairperson of the Board, Olympus Europa Holding GmbH
April 2012:	Director, Olympus Corporation (present) Senior Corporate Managing Officer, Olympus Corporation Group President of Group Management Office, Olympus Corporation Chairperson of the Board, Olympus Corporation of the Americas Director, Olympus Corporation of Asia Pacific Limited
March 2013:	Administrative Board and Managing Director, Olympus Europa Holding SE
April 2015:	Head of Corporate Management Office, Olympus Corporation
April 2016:	Director, Vice President, Olympus Corporation Chief Financial Officer (CFO), Olympus Corporation Chief Regional Representative Officer, Olympus Corporation
April 2019:	Representative Director, Olympus Corporation President, Olympus Corporation Chief Executive Officer (CEO), Olympus Corporation
June 2019:	Representative Executive Officer, President, Olympus Corporation
April 2023:	Representative Executive Officer, Executive Chairperson, Olympus Corporation (present) ESG Officer, Olympus Corporation (present)

Important concurrent positions

Mr. Takeuchi does not hold any important concurrent positions.

Reason for election

Mr. Yasuo Takeuchi has experience in the Accounting and Planning Divisions of Olympus Corporation. He also has extensive experience overseas, and held several executive positions at subsidiaries in Europe, including the U.K. and the U.S. Since he assumed the post of Director of Olympus Corporation in April 2012, he led initiatives for stable finance as the head of the Group Corporate Management Office supervising the Corporate Management Division and Finance/Accounting Division. In addition, he assumed the post of President and Representative Director, CEO in April 2019 and President and Representative Executive Officer, CEO in June of the same year. As Chief Executive Officer, he has been leading “Transform Olympus,” which is Olympus Corporation transformation plan and corporate strategies based on this plan. Moreover, as a member of the Nominating Committee, he facilitated decisions regarding the contents of the agenda for election of Directors. Taking these points into account, Olympus Corporation has determined that he will contribute to Olympus Corporation’s sustainable growth by supporting the Chief Executive Officer in his new role as Executive Chairperson.

Special interest between the candidate and Olympus Corporation

There is no special interest.

12. Stefan Kaufmann (January 24, 1968)

Reelection



Number of shares of Olympus Corporation held (Of which, the number of shares to be delivered under the stock compensation plan):

75,529 shares
(73,563 shares)

Years served as Director:

4 years

Attendance at meetings of the Board of Directors during current fiscal year:

16 of 16 (100%)

Profile, and position and responsibility in Olympus Corporation

- September 1990: Various roles in operational and strategic HR functions, Karstadt AG
- October 2000: Head of HR Development, Thomas Cook
- May 2003: General Manager Human Resources, Olympus Europa GmbH (currently Olympus Europa SE & Co. KG)
- April 2008: Managing Director Corporate Division, Olympus Europa GmbH
- November 2011: Executive Managing Director, Olympus Europa SE & Co. KG
- September 2013: Managing Director Consumer Business, Olympus Europa SE & Co. KG
- April 2017: Corporate Officer, Olympus Corporation
- April 2019: Chief Administrative Officer (CAO), Olympus Corporation
Supervisory Board (Chairperson), Olympus Europa Holding SE
- June 2019: Director, Olympus Corporation (present)
Executive Officer and Chief Administrative Officer (CAO), Olympus Corporation
- April 2022: Chief Strategy Officer (CSO), Olympus Corporation
ESG Officer, Olympus Corporation
Director, Olympus (China) Co., Ltd.
- April 2023: Representative Executive Officer, President and Chief Executive Officer (CEO), Olympus Corporation (present)
Chairperson of the Board, Olympus Corporation of the Americas (present)

Important concurrent positions

Mr. Kaufmann does not hold any important concurrent positions.

Reason for election

Mr. Stefan Kaufmann has global and multilateral business experience at overseas subsidiaries of Olympus Corporation and at companies in Europe leading the Administration and Human Resources Divisions and an efficiency enhancement project, and he has experience and knowledge in the Corporate Division.

He assumed the post of CAO in April 2019 and the offices of Director and Executive Officer in June 2019, and facilitated more sophisticated and efficient personnel management of Olympus Corporation and the Group management foundation. He has also been promoting Olympus Corporation's business transformation plan "Transform Olympus" along with corporate strategies based on the plan. Moreover, he has implemented various initiatives, including the selection and concentration of our business portfolio, active investment in growth areas, and structural reform of fixed costs. Taking these points into account, he will begin leading the steady implementation of the new management plan as our Chief Executive Officer while fulfilling his responsibility as the Representative Executive Officer and contributing to Olympus Corporation's sustainable growth. In addition, if he is elected to serve on the Board of Directors, Olympus Corporation will enlist his involvement in the selection of its executive candidates as a member of the Nominating Committee.

Special interest between the candidate and Olympus Corporation

There is no special interest.

13. Toshihiko Okubo (June 1, 1960)

New election
Non-executive



Number of shares of Olympus Corporation held (Of which, the number of shares to be delivered under the stock compensation plan):

18,960 shares
(6,717 shares)

Years served as Director:

- year

Attendance at meetings of the Board of Directors during current fiscal year:

- (-%)

Profile, and position and responsibility in Olympus Corporation

February 1991: Joined Olympus Corporation
July 2005: President and Chief Executive Officer (CEO), Olympus NDT Corporation
August 2011: General Division Manager of the Life & Industrial Systems, Olympus Corporation
June 2013: Chairperson, Olympus NDT Corporation
April 2014: Corporate Officer, Olympus Corporation (present)
April 2015: Division Manager of the Scientific Solutions Business Strategy Division, Olympus Corporation
April 2016: Head of the Scientific Solutions Business Unit, Olympus Corporation
April 2019: Senior Vice President of New Business Development, Olympus Corporation
April 2021: Senior Vice President of Corporate Planning, Olympus Corporation
April 2022: Deputy Chief Strategy Officer, Olympus Corporation
April 2023: Assistant to Chief Strategy Officer, Olympus Corporation
May 2023: Office of Audit Committee, Olympus Corporation (present)

Important concurrent positions

Mr. Okubo does not hold any important concurrent positions.

Reason for election

Mr. Toshihiko Okubo has global business experience in Olympus Corporation's business unit and has held executive positions in Olympus Corporation's domestic and overseas affiliates. He was appointed as Corporate Officer of Olympus Corporation in April 2014 and has been driving the structural reform of our Scientific Solutions Business. From 2019 onwards, he has also been leading the transfer of our Imaging Business, the split-up and transfer of our Scientific Solutions Business, and other selection and concentration of our business portfolio based on our corporate strategy. Taking these points into account, he is nominated so that he will contribute to Olympus Corporation's sustainable growth through the Board of Directors while making use of his experience and knowledge accumulated so far. He is a candidate for non-executive Director. In addition, if he is elected to serve on the Board of Directors, Olympus Corporation will enlist his involvement in the audit of the execution of duties by its officers, serving as a full-time member of the Audit Committee.

Special interest between the candidate and Olympus Corporation

There is no special interest.

- Notes: 1. “Number of shares of Olympus Corporation held” indicates the number of shares held as of March 31, 2023. It also includes the number of shares each candidate holds through the Officers’ Shareholding Association of Olympus Corporation, his/her own equity interest held through a company managing stock compensation of Olympus Corporation as well as the number of shares to be delivered under the stock compensation plan.
2. Attendance of Messrs. Yasushi Shingai, Kohei Kan and Gary John Pruden at Board of Directors is included for meetings held after their appointment as Director on June 24, 2022.
 3. Attendance of Mr. Yasushi Shingai at Nominating Committee and Compensation Committee is included for meetings held after his appointment as a member of the Committee on June 24, 2022.
 4. Attendance of Mr. Kohei Kan at Audit Committee is included for meetings held after his appointment as a member of the Committee on June 24, 2022.
 5. Attendance of Mr. Gary John Pruden at Compensation Committee is included for meetings held after his appointment as a member of the Committee on June 24, 2022.
 6. Process for nominating candidates for Director
The Nominating Committee has decided the candidates for Director after deliberation in accordance with the selection criteria.
 7. Messrs. Sumitaka Fujita, Yasumasa Masuda, David Robert Hale and Jimmy C. Beasley, Ms. Sachiko Ichikawa, Messrs. Yasushi Shingai, Kohei Kan, Gary John Pruden and Tatsuro Kosaka and Ms. Luann Marie Pendy are candidates for Outside Director.
 8. Olympus Corporation has notified the Tokyo Stock Exchange, Inc. of Messrs. Sumitaka Fujita, Yasumasa Masuda, David Robert Hale and Jimmy C. Beasley, Ms. Sachiko Ichikawa, and Messrs. Yasushi Shingai, Kohei Kan and Gary John Pruden as independent directors as stipulated by the regulations of the Tokyo Stock Exchange Inc. If they are elected, Olympus Corporation plans to maintain their positions as independent directors. In addition, Olympus Corporation plans to notify the Tokyo Stock Exchange, Inc. of Mr. Tatsuro Kosaka and Ms. Luann Marie Pendy as independent directors as stipulated by the regulations of the Tokyo Stock Exchange Inc.
 9. Mr. David Robert Hale is a partner of ValueAct Capital Management L.P. The number of shares of Olympus Corporation held by ValueAct Capital Master Fund, L.P. controlled by ValueAct Capital Management L.P. is 6,403,084 shares as of March 31, 2023, and the share of voting rights held by said company is less than 5%. Previously, the share of voting rights held by said company exceeded 5%, and as a result he was determined not to be an independent director in view of Olympus Corporation’s views on independence of Outside Officers. However, as the share of voting rights held by said company is now below 5% as of March 31, 2021, notification has been provided for him as an independent director.
 10. Special notes concerning the candidates for Outside Director
 - (1) Tokyo Electron Limited, of which Ms. Sachiko Ichikawa has been an outside director since June 2021, received administrative guidance in August 2022 from the Communications Infrastructure Bureau of the Ministry of Internal Affairs and Communications regarding inadequate application procedures for equipment that falls under radio frequency application equipment in accordance with the provisions of the Radio Act at the company and its group companies. Ms. Ichikawa was not aware of this fact until the time of the above revelation, but she regularly made suggestions from the perspective of legal compliance at board meetings and other meetings and alerted the board of directors. Following the occurrence of the fact, she has fulfilled her responsibilities as an outside director by, among other things, demanding that the company should take appropriate measures to ensure compliance with laws and regulations and to prevent recurrence.
 - (2) In October 2022, Mitsubishi Electric Corporation, of which Mr. Tatsuro Kosaka has been an outside director since June 2022, announced the final results of its investigation into quality improprieties at several manufacturing sites. Subsequently, in March 2023, the Kanto Telecommunications Bureau of the Ministry of Internal Affairs and Communications issued a business suspension order and a business improvement order for the business of registration and inspection of radio equipment, etc. in relation to inadequate procedures in the company’s radio station registration and inspection work at its Communication Network Manufacturing and Kamakura Manufacturing Sites, as announced in the final investigation results mentioned above. In addition, in April 2023, the results of an investigation into quality improprieties at the company’s manufacturing sites and associated companies were made public. He was not aware of these facts until the series of quality improprieties were revealed. Although he was not aware of the facts, he, on a regular basis, made recommendations from the perspective of legal compliance at board meetings and other meetings, and alerted them to the issue. Since the revelation of the incidents, he has fulfilled his

responsibilities as an outside director by making recommendations and giving instructions to the Board of Directors and others regarding thorough legal compliance and reinforcement of the system, through a thorough investigation to establish a complete picture of the facts and clarify the causes, and monitoring measures to prevent recurrence.

11. Limitation of Liability Agreement with Directors

Olympus Corporation has prescribed in the Articles of Incorporation that Olympus Corporation may enter into an agreement with Directors (excluding those who are executive directors, etc.) to limit their liability pursuant to Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability for damages under such liability limitation agreement is the minimum liability amount as stipulated in laws and regulations. If the candidates for Director, Messrs. Sumitaka Fujita, Yasumasa Masuda, David Robert Hale and Jimmy C. Beasley, Ms. Sachiko Ichikawa, and Messrs. Yasushi Shingai, Kohei Kan and Gary John Pruden are elected, Olympus Corporation plans to conclude the limitation of liability agreement with each of them. In addition, if Mr. Tatsuro Kosaka, Ms. Luann Marie Pendy and Mr. Toshihiko Okubo are elected, Olympus Corporation plans to enter into the limitation of liability agreement with them.

12. Directors and Officers Liability Insurance Agreement to insure the candidates for Director

Olympus Corporation has entered into a directors and officers liability insurance agreement with an insurance company pursuant to Article 430-3, Paragraph 1 of the Companies Act. For an overview of content of the insurance agreement, please refer to “IV Matters Concerning Company Officers 3. Overview of Content of Directors and Officers Liability Insurance Agreement” of the Business Report. If the candidates for Director are elected, they will be insured under the insurance agreement. Additionally, Olympus Corporation plans to renew the insurance agreement with the same contents in July 2023.

Policy on independence of Outside Officers

Olympus Corporation has established its “Criteria for Independence of Outside Officers” as described below in order to clarify its policy on the independence of Outside Officers:

(Criteria for Independence of Outside Officers)

1. In any of the past 10 fiscal years, the Outside Officer has not directly received more than ¥10 million in remuneration (excluding remuneration from Olympus Corporation to Officers) or other assets from Olympus Corporation and Olympus Corporation’s affiliates (hereinafter, collectively the “Group”). If the Outside Officer is a consultant, accounting expert or legal expert, the organization to which he or she belongs has not received more than ¥10 million in remuneration or similar from the Group.
2. During the past ten-year period, the Outside Officer has not been an Executive Director, Executive Officer, Corporate Officer or employee of the rank of General Manager or above at a company that falls under the following categories.
 - (i) In any of the past 10 fiscal years, the monetary amount of the relevant company’s transactions with the Group has been more than 2% of the consolidated revenue of either Olympus Corporation or the Group
 - (ii) The relevant company is a principal shareholder of Olympus Corporation (holding more than 5% of the total number of voting rights of Olympus Corporation directly or indirectly; the same shall apply hereinafter)
 - (iii) The Group is a principal shareholder of the relevant company
 - (iv) The relevant company has substantive interests in the Group (as a main bank, consultant, etc.)
 - (v) The Group and the relevant company have a relationship in which they mutually dispatch and appoint directors
3. The Outside Officer is not financially dependent on a person who falls under the categories of 1. or 2. above.
4. The Outside Officer is not a spouse of, or a relative within the third degree of kinship of, a Director, Executive Director, Corporate Officer or employee of the rank of General Manager or above at the Group.
5. The Outside Officer does not belong to an auditing firm that conducts statutory audits of the Group.
6. In addition to each of the above items, the Outside Officer does not have any significant interest that casts doubt on his or her independence.

Business Report

(April 1, 2022 to March 31, 2023)

I Review of Group Operations

1. Review of Operations

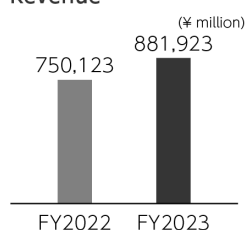
Review of Operations

Analysis of the overall operations

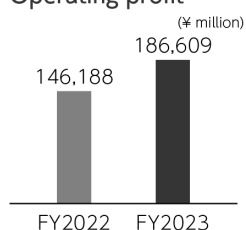
The global economy in the fiscal year under review saw a continued move to recovery as economic activities recovered from the challenging conditions created by the global spread of COVID-19. On the other hand, there is a developing risk of worsening business conditions due to global monetary tightening. Furthermore, impacts were felt from increased COVID-19 infections in China, the war in Ukraine, and global inflation along with rising raw material prices, supply chain constraints, and shortages of semiconductors and other components. Amid a recovery in economic activities and a gradual economic recovery, the Japanese economy was also impacted by fluctuations in foreign exchange, and from the same factors affecting the global economy, namely, rising raw material prices, supply chain constraints, and shortages of semiconductors and other components. Under such circumstances, the Olympus Group aims to develop itself as a truly global MedTech company. Olympus Corporation is allocating management resources to the medical field, mainly in Endoscopic Solutions Business and Therapeutic Solutions Business, and in this way, we have worked to strengthen our management base in order to achieve sustainable growth. As part of these efforts, we concluded an agreement to transfer all shares of Evident Corporation, a wholly owned subsidiary of Olympus Corporation to which our Scientific Solutions Business was transferred through a company split, and based on this agreement, we completed the transfer on April 3, 2023.

■ Business Result

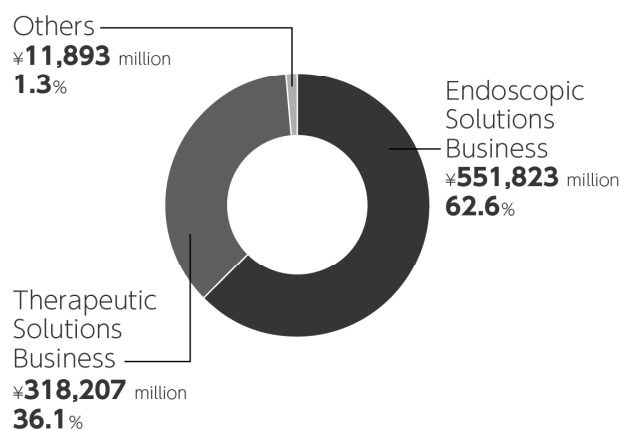
Revenue



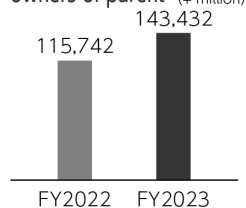
Operating profit



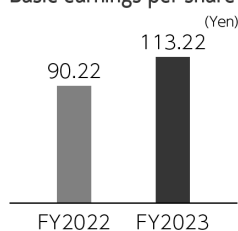
Share of Revenue by Segment



Profit attributable to owners of parent



Basic earnings per share



- Notes:
1. For monetary amounts indicated in units of ¥1 million, fractions of ¥1 million are rounded off.
 2. Olympus Corporation has adopted International Financial Reporting Standards (IFRS).
 3. The Scientific Solutions Business has been classified as a discontinued operation from the fiscal year under review. Due to this, the amounts presented for revenue and operating profit are the amounts from continuing operations from which the discontinued operation has been excluded. The amounts for the previous fiscal year have been similarly reclassified and presented.

Research and development, and capital investments

During the fiscal year under review, the Olympus Group invested ¥76,866 million on research and development, and spent ¥72,023 million on capital investments in the entire group.

Impact of foreign exchange rate

Compared to the previous fiscal year, the yen depreciated against USD, EUR, and CNY. The average exchange rate during the period was ¥135.47 against the USD (¥112.38 in the previous fiscal year), ¥140.97 against the EUR (¥130.56 in the previous fiscal year) and ¥19.75 against the CNY (¥17.51 in the previous fiscal year), which caused revenue and operating profit to up ¥98,381 million and ¥44,345 million, respectively, year on year. Consolidated revenue increased 4.5% year on year, and consolidated operating profit decreased 2.7%, excluding the impact of the foreign exchange rate.

2. Results of the Business Activities

Endoscopic Solutions Business

Revenue ¥551,823 million (up 19.6% year on year)

Principal products and business
Manufacture and sale of gastrointestinal endoscopes and surgical endoscopes and general repair and service contracts for gastrointestinal endoscopes and surgical endoscopes

Consolidated revenue in the Endoscopic Solutions Business amounted to ¥551,823 million (up 19.6% year on year), while operating profit amounted to ¥152,769 million (up 14.7% year on year).

In the gastrointestinal endoscopes field, sales recovered in China, which had been affected by the lockdown in Shanghai and other cities, and sales also increased in North America and Europe, resulting in positive year-on-year growth in all regions. By product, sales of the gastrointestinal endoscopic system “EVIS X1” series were favorable, while demand for the prior-generation upper gastrointestinal videoscopes and colorectal videoscopes was also firm, contributing to increased sales. The ratio of the “EVIS X1” series to total sales gradually increased.

In the surgical endoscopes field, sales in Asia and Oceania, where the surgical endoscopy system “VISERA ELITE III” was launched, and in North America, where sales of the surgical endoscopy system “VISERA ELITE II” combined with rigid scopes and surgical videoscopes remained strong, contributed to positive year-on-year growth.

In the medical services field, all regions showed positive year-on-year growth due to an increase in new contracts, in addition to stable sales from existing service contracts including maintenance services.

Operating profit in the Endoscopic Solutions Business increased. This increase was due to an increase in operating profit due to increased revenue as well as the current fiscal year’s absence of the approximately ¥1,600 million related to development assets recorded in the previous fiscal year, despite the increase in sales expenses associated with EVIS X1 and other products and in expenses related to strengthening the business operation foundation such as quality assurance, compliance with laws and regulations, etc. In addition, the impact of approximately ¥4,200 million that was deducted from cost of sales disappeared with the reversal of some of the provision after the amount of costs deemed necessary was less than the initial estimate for the provisions recorded in the fiscal year ended March 31, 2020 related to the reversal of provision for duodenoscopy market response.

Revenue increased 6.0% year on year, and operating profit decreased 11.8% year on year, excluding the impact of the foreign exchange rate.

Therapeutic Solutions Business

Revenue ¥318,207 million (up 15.5% year on year)

Principal products and business
Manufacture and sale of gastroenterological devices, respiratory products, and urology and gynecology products

Consolidated revenue in the Therapeutic Solutions Business amounted to ¥318,207 million (up 15.5% year on year), while operating profit amounted to ¥63,692 million (up 4.7% year on year).

The GI-endothrapy field saw positive growth, as North America and Europe where the number of cases is increasing showed favorable growth. Sales increased due to product groups for ERCP (Endoscopic Retrograde Cholangio Pancreatography), which are used in endoscopic diagnoses and treatment of pancreatic duct, bile

duct, etc. and product groups for the sampling of biopsy forceps, etc., which are used for collecting tissue for screening examinations.

The urology field saw a recovery in the number of cases and achieved favorable performance mainly in North America and Europe, with steady growth in sales of resection electrodes for BPH (Benign Prostatic Hyperplasia) and lithotripsy machine for kidney stones “SOLTIVE SuperPulsed Laser System.” Gynecology products, which were grouped in other therapeutic areas in the Therapeutic Solutions Business, have been included in urology in the Therapeutic Solutions Business from the fiscal year under review.

The respiratory field saw positive growth, primarily in North America and China. Sales of the devices mainly used for EBUS-TBNA (Endobronchial Ultrasound-guided Transbronchial Needle Aspiration) were favorable.

In other therapeutic areas, sales increased mainly in energy devices. In particular, sales of “POWERSEAL” contributed.

Operating profit in the Therapeutic Solutions Business increased. This was due to the current fiscal year’s absence of the approximately ¥2,800 million in gain on step acquisition associated with the acquisition of Medi-Tate Ltd. (Israel) recorded as other income in the previous fiscal year, despite increased costs such as sales expenses accompanying the recovery in business operations, along with increased costs related to the strengthening of quality assurance, compliance, etc. In addition, impact from the approximately ¥2,700 million that was deducted from cost of sales disappeared with the reversal of some of the provision associated with the voluntary recall of bronchoscopes recorded in the fiscal year ended March 31, 2021 after the amount of costs deemed necessary was less than the initial estimate for that provision.

Revenue increased 2.7% year on year, and operating profit decreased 13.8% year on year, excluding the impact of the foreign exchange rate.

Others

Revenue ¥11,893 million (down 8.4% year on year)

Principal products and business
Development, manufacture and sale of biomedical materials and orthopedic equipment, R&D for new businesses, etc.

Consolidated revenue in other businesses amounted to ¥11,893 million (down 8.4% year on year), while operating loss amounted to ¥914 million (compared with an operating loss of ¥2,018 million in the previous fiscal year).

Revenue decreased with the end of the sales of medical devices to the animal market, despite sales of FH ORTHO SAS (France) increasing due to the effect from COVID-19 settling down. Operating loss in other businesses improved due to such factors as the absence of the previous fiscal year’s recording in costs associated with the liquidation of AVS CO., LTD. (Olympus Corporation’s subsidiary that conducted sales of medical devices for the animal market), despite decreased revenue.

3. Changes in Assets and Results of Operation

		IFRS			
		FY2020	FY2021	FY2022	FY2023
Revenue	(Millions of yen)	755,231	730,544	750,123	881,923
Operating profit	(Millions of yen)	92,200	81,985	146,188	186,609
Profit before tax	(Millions of yen)	86,617	76,810	141,701	182,294
Profit attributable to owners of parent	(Millions of yen)	51,670	12,918	115,742	143,432
Total assets	(Millions of yen)	1,015,663	1,183,453	1,357,999	1,508,308
Total equity	(Millions of yen)	371,958	395,480	511,362	641,234
Basic earnings per share	(Yen)	39.37	10.05	90.22	113.22
Equity attributable to owners of parent per share	(Yen)	288.39	306.72	400.75	510.62

- Notes: 1. See “I Review of Group Operations 1. Review of Operations” for details on results for the current fiscal year.
2. The Scientific Solutions Business has been classified as a discontinued operation in the fiscal year under review. Due to this, the amounts presented for revenue, operating profit and profit before tax are the amounts from continuing operations from which the discontinued operation has been excluded. The amounts for the previous fiscal year have been similarly reclassified and presented.

4. Financing and Capital Investment

(1) Financing

No items to report

(2) Capital investment

A total of ¥72,023 million was spent this fiscal year in capital investment. Main expenditures included changes in office facilities and layout for promoting working style transformation, R&D assets, realignment of production and repair locations, equipment for demonstration and rental and production facilities in the Endoscopic Solutions Business and Therapeutic Solutions Business. Additionally, the amount of capital investment includes an increase in right-of-use assets of ¥10,452 million due to new lease agreements under IFRS 16 “Leases.” In addition, from the viewpoint of optimization of management resources, we reviewed our assets and transferred our land (Shibuya-ku, Tokyo). The gain from this transfer was approximately ¥16,400 million.

5. Status of Important Corporate Restructuring, etc.

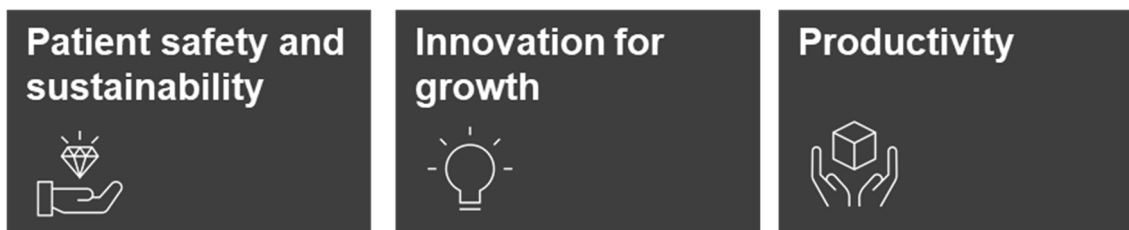
- (1) On April 1, 2022, Olympus Corporation transferred the rights and liabilities associated with its Scientific Solutions Business through an absorption-type company split to Evident Corporation, which is Olympus Corporation’s newly established wholly owned subsidiary.
- (2) On April 1, 2022, Olympus Corporation implemented an absorption-type merger with Company’s wholly owned subsidiary Olympus Logitex Co., Ltd.
- (3) On December 19, 2022 (Western European Time), Olympus Corporation acquired all of the issued shares of Odin Medical Ltd. (U.K.) through Keymed (Medical & Industrial Equipment) Ltd. (U.K.), a consolidated subsidiary of Olympus Corporation, and made said company a wholly owned subsidiary
- (4) On February 24, 2023, Olympus Corporation concluded an agreement to acquire shares of Taewoong Medical Co., Ltd. (South Korea). We plan to acquire all issued shares of said company on June 30, 2023.
- (5) April 3, 2023, Olympus Corporation transferred all issued shares of Evident Corporation, a consolidated subsidiary of Olympus Corporation, to K.K. BCJ-66, a special purpose company indirectly owned by funds advised by Bain Capital Private Equity, LP.

6. Future Challenges

The Olympus Group has defined three key priorities of “patient safety and sustainability,” “innovation for growth,” and “productivity” as guidelines to “make people’s lives healthier, safer, and more fulfilling,” which is our corporate philosophy.

To continue as a sincere and transparent company, we will build a firm and durable organization in cooperation with our stakeholders and regulatory authorities and focus all our activities on customer experience value to become a company leading the healthcare industry and ESG (environment, society, and governance) sector. Furthermore, putting top priority on patient safety, we will provide high-quality products in various fields in line with a long-term strategy.

[Basic guidelines]



Between November 2022 and March 2023, in the medical field, the Olympus Group received three Warning Letters from the US Food and Drug Administration (FDA) in connection with inspections of our Japanese facilities relating to certain issues with complaint handling, Medical Device Reporting, corrective and preventive actions, risk assessments, and process and design validation activities. The safety of patients is of the utmost importance to the Olympus Group. We will ensure that we respond to these Warning Letters and will also drive improvements in root causes (vulnerabilities) that may exist with our QARA organizational structure, manufacturing processes, quality management systems and the quality culture of our medical business.

The Olympus Group announced the new corporate strategy “Beyond our New Horizon: Leading as a global MedTech company” in May 2023. In establishing this corporate strategy, following four key drivers, which contribute to improving patients’ experience and outcome, sources of value supporting long-term and sustainable growth were set.

[Four key drivers]



With the change in global population dynamics and an increase in the occurrence of diseases, needs for solutions for diseases which the Olympus Group focuses on have been growing. Accordingly, we will continue to focus on targeted disease states contributing to improvements in the medical standard and provide solutions available worldwide as a global company.



In the Olympus Group’s focused areas and the related areas with expected strong growth, we will continuously enhance our product portfolio through opportunities for tuck-in M&As and contribute to improving patients’ outcome by providing comprehensive solutions.

* M&A for complementing and building up businesses matching our existing portfolio



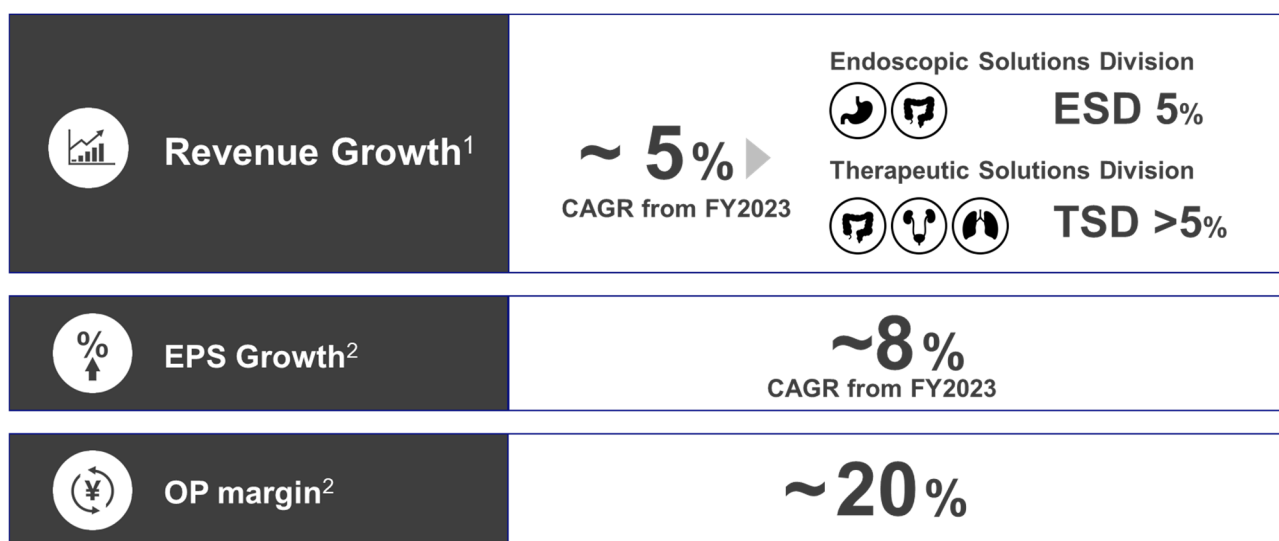
In the care pathway covering early detection and diagnosis, stage classification, treatment, and follow-up care, we will improve the experience of patients and healthcare professionals and provide access to healthcare to more patients through solutions of the Olympus Group to improve quality of care and outcomes.



By utilizing market advantages of the Olympus Group and creating an intelligent endoscopy ecosystem using AI technologies, we will realize four healthcare purposes (improving patients’ outcome, improving patients’ experience, improving healthcare professionals’ experience, and reducing medical costs) and open new era of gastrointestinal endoscopes.

The Olympus Group has advanced transformation under its business transformation plan “Transform Olympus” announced in 2019 and the corporate strategy based thereon and as a result, achieved an operating margin of over 20%, a goal of the corporate strategy, in the fiscal year under review.

In future, we will focus on both growth and profitability, aiming at a revenue CAGR of about 5%, operating margin of about 20% every year, and an EPS CAGR of about 8%.



*1 The foreign exchange assumption is fixed.

*2 After adjusting special factors

Excluding other income and expenses, etc.

Impact from fluctuations in the exchange rate is not adjusted. The actual foreign exchange rate is used.

The Olympus Group will achieve its goal through a long-term approach, along with rigid and thorough financial management, while strengthening the foundation of management and maintaining growth and profitability. Through this, we aim to become a company highly evaluated from all stakeholders including patients, healthcare professionals, and regulatory authorities from all aspects such as quality of human resources and products, value proposition, and innovation.

To our shareholders, we appreciate your continuing support and understanding.

7. Major Subsidiaries, etc.

There are 105 consolidated subsidiaries, including the following 4 major subsidiaries, and 3 equity-method companies.

Name of company	Capital stock or investment	Ratio of capital contribution by Olympus Corporation (%)	Principal business
Olympus Corporation of the Americas	US\$15,000	100	Holding company to conduct comprehensive management planning for affiliates in Americas
Olympus Europa Holding SE	€1,000,000	100	Holding company to conduct comprehensive management planning for affiliates in Europe and Middle East
Olympus Corporation of Asia Pacific Limited	HK\$1,729,704,000	100	Holding company to conduct comprehensive management planning for affiliates in Asia and Oceania
Olympus (China) Co., Ltd.	US\$31,000,000	100	Holding company to conduct comprehensive management planning for affiliates in China

8. Principal Places of Business and Plants (As of March 31, 2023)

(1) Olympus Corporation

Head Office	Hachioji-shi, Tokyo
Tokyo Facility	Shinjuku-ku, Tokyo (Headquarters) and Shibuya-ku, Tokyo
Hachioji Facility	Hachioji-shi, Tokyo (R&D Center)
Nagano Facility	Kamiina-gun, Nagano
Shirakawa Facility	Nishi-Shirakawa-gun, Fukushima

(2) Subsidiaries

Olympus Medical Systems Corp.	Hachioji-shi, Tokyo
Aizu Olympus Co., Ltd.	Aizuwakamatsu-shi, Fukushima
Aomori Olympus Co., Ltd.	Kuroishi-shi, Aomori
Shirakawa Olympus Co., Ltd.	Nishishirakawa-gun, Fukushima
Olympus Marketing, Inc.	Shinjuku-ku, Tokyo
Olympus Corporation of the Americas	Pennsylvania, U.S.
Olympus America Inc.	Pennsylvania, U.S.
Olympus Europa Holding SE	Hamburg, Germany
KeyMed (Medical & Industrial Equipment) Ltd.	Essex, U.K.
Olympus Corporation of Asia Pacific Limited	Hong Kong Special Administrative Region, China
Olympus Korea Co., Ltd.	Seoul, South Korea
Olympus (China) Co., Ltd.	Beijing, China
Olympus (Beijing) Sales & Service Co., Ltd.	Beijing, China

9. Employee Situation of the Group (As of March 31, 2023)

Segment	Numbers of employees (persons)		Increase/decrease from the previous fiscal year (persons)	
Endoscopic Solutions Business	14,308	(251)	662	(-29)
Therapeutic Solutions Business	8,448	(161)	196	(-40)
Scientific Solutions Business	4,124	(151)	415	(-7)
Others	559	(3)	35	(-28)
Management division	5,405	(219)	-21	(-45)
Total	32,844	(785)	1,287	(-149)

- Notes: 1. The number of employees represents individuals working within the Group and includes employees on loan to the Group but does not include employees on loan outside the Group. The average number of temporary employees for the year is shown in parentheses in the column of “Numbers of employees.”
2. The Scientific Solutions Business has been classified as a discontinued operation from the fiscal year under review.

10. Principal Lenders (As of March 31, 2022)

(Millions of yen)

Lender	Balance of borrowing
Sumitomo Mitsui Banking Corporation	74,500
MUFG Bank, Ltd.	51,500

11. Other Important Matters Concerning Group Operations

- (1) Shenzhen Anping Tai Investment and Development Co., Ltd. (Anpingtai), on December 23, 2016, filed a lawsuit against Olympus (Shenzhen) Industrial Ltd. (OSZ), an Olympus subsidiary in China, with the Shenzhen Intermediate People’s Court, seeking compensation for damage of about ¥4,643 million in connection with a consideration for consultancy services with which OSZ entrusted Anpingtai. On July 30, 2018, the Shenzhen Intermediate People’s Court handed down a judgment on the lawsuit ordering OSZ to pay about ¥3,357 million of compensation for damage and delinquent charges to Anpingtai. OSZ objected to the judgement and on August 17, 2018, it filed an appeal to the Guangdong Higher People’s Court. On July 1, 2020, the Guangdong Higher People’s Court vacated the first judgement ordering OSZ to pay compensation for damages and remanded the case back to the Shenzhen Intermediate People’s Court for reconsideration because the basic facts of the case, such as the validity of the memorandum based on which Anpingtai made its claims, are unclear. On December 31, 2021, Shenzhen Intermediate People’s Court has issued a judgement and ordered OSZ to pay about ¥3,542 million and delinquent charges to Anpingtai. OSZ objected to the judgement and on January 24, 2022, it filed an appeal to the Guangdong Higher People’s Court. Currently, the lawsuit is pending in the Guangdong Higher People’s Court.
- (2) Olympus (China) Co., Ltd. (OCH), an Olympus subsidiary in China, and OSZ entered into an agreement dated December 25, 2018 (the “Transfer Agreement”) with Shenzhen YL Technology Co., Ltd. (“YL”) concerning transfer of all the equity interest of OSZ, owned by OCH, to YL (the “Transfer”). Subsequently, YL proceeded with the registration of the Transfer, but Shenzhen Administration for Market Regulation (“SAMR”) restricted the registration of the Transfer. Since the registration of the Transfer was not executed by YL, OSZ canceled and ended the Transfer Agreement on January 20, 2020. The Transfer Agreement provided that the Transfer would be conducted by way of YL firstly subscribing the increased capital of OSZ and then purchasing the remaining equity interest held by OCH in OSZ, so the Capital Increase Agreement was separately executed by and between OCH, OSZ and YL as a part of the Transfer Agreement. YL, as the Claimant, filed this arbitration, which, among others, included continuation to perform the Capital Increase Agreement, (the “Arbitration”) against OSZ, as the Respondent, to Shanghai Sub-Commission of China International Economic and Trade Arbitration Commission (“CIETAC”) on October 11, 2021. OCH was joined into the Arbitration as the 2nd Respondent on December 27, 2021. CIETAC issued an arbitral award (the “Arbitral Award”) on December 26, 2022 and OSZ and OCH received the Arbitral Award on January 3, 2023. The Arbitral Award ordered the following items:

- 1) OSZ and OCH shall specifically perform the Capital Increase Agreement;
- 2) OSZ and OCH shall pay YL the property preservation fee of RMB 5,000 and the insurance fee for the property preservation of RMB 160,000;
- 3) OSZ and OCH shall pay YL the arbitration fee of RMB 2,622,000; the expense of for YL's arbitrator (RMB 20,000) prepaid by YL shall be returned to YL; the arbitration fee of OSZ's counterclaim (RMB 26,000) and OCH's counterclaim (RMB 14,000) shall be borne by OSZ and OCH respectively and shall not be returned;
- 4) YL's other claims shall be dismissed;
- 5) All counterclaims of OSZ and OCH shall be dismissed.

Although the Arbitral Award ordered the specific performance of the Capital Increase Agreement, it did not support YL's claims for directly confirming the shareholder status and processing the amendment registration procedures for the administration of market regulation ("AMR"). On the contrary, the Arbitral Award held that the Capital Increase Agreement sets out the relevant procedures before the AMR amendment registration, which shall continue to be binding on the parties. Therefore, YL shall perform its obligations including subscribing the capital contribution of RMB400 million and complying with all other terms set forth in the Capital Increase Agreement before acquiring its shareholder status in OSZ.

Note: For monetary amounts indicated in units of 1,000 yuan, fractions of 1,000 yuan are rounded off.

- (3) Olympus Corporation received a notice of lawsuit dated March 25, 2020 stating that on February 4, 2020, an individual shareholder of Olympus Corporation (the "Plaintiff") filed a derivative lawsuit for damages with the Tokyo District Court against 11 current or former Directors and former Audit & Supervisory Board members of Olympus Corporation (the "Defendants"). The Defendants are Directors of Olympus Corporation Yasuo Takeuchi; former Directors of Olympus Corporation Hiroyuki Sasa, Yasuyuki Kimoto, Hideaki Fujizuka, Shiro Hiruta, Motoyoshi Nishikawa and Kiichi Hirata; former Audit & Supervisory Board members of Olympus Corporation (former Directors of Olympus Corporation) Masashi Shimizu and Katsuya Natori; and former Audit & Supervisory Board members of Olympus Corporation Takashi Saito and Nobuo Nagoya. The lawsuit was filed to demand the 11 Defendants to pay to Olympus Corporation ¥1,600 million plus delinquent charges thereon jointly based on the view that, among other things, the Defendants failed to perform their duties in relation to the explicit or implicit approval of the execution of a consultant agreement and an agreement relating thereto by OSZ, an Olympus subsidiary in China, in order to resolve an issue that the theoretical inventory amount of certain products and items was negative in its customs clearance books, and such failure caused damages to Olympus Corporation. In response to the above notice of lawsuit, Olympus Corporation decided on May 1, 2020 that it would intervene in the lawsuit to assist the Defendants because it believes that it is necessary for Olympus Corporation to intervene in the lawsuit to appropriately rebut the plaintiff's allegations, so that the court can adjudicate the litigation in the fair and just manner. The lawsuit is pending in the Tokyo District Court.

II Matters Concerning Shares (As of March 31, 2023)

1. **Total Number of Shares Authorized to be Issued:** 4,000,000,000 shares
2. **Total Number of Issued Shares:** 1,253,537,482 shares
(Excluding treasury stock 12,641,218 shares)
3. **Number of Shareholders as of the record date for exercise of voting rights:** 58,910
4. **Principal Shareholders (Top 10)**

Name of Shareholders	Numbers of shares held	Holding Ratio
The Master Trust Bank of Japan, Ltd. (trust account)	259,260,800 shares	20.68%
Custody Bank of Japan, Ltd. (trust account)	96,219,200	7.68
JP MORGAN CHASE BANK 385632	81,646,548	6.51
SSBTC CLIENT OMNIBUS ACCOUNT	52,109,662	4.16
SMBC Trust Bank Ltd. (Olympus shares in Sumitomo Mitsui Banking Corporation's retirement benefit trust account)	39,509,300	3.15
Nippon Life Insurance Company	21,258,572	1.70
STATE STREET BANK WEST CLIENT - TREATY 505234	21,097,112	1.68
MUFG Bank, Ltd.	17,522,344	1.40
JP MORGAN CHASE BANK 385781	16,538,901	1.32
THE BANK OF NEW YORK MELLON AS DEPOSITARY BANK FOR DEPOSITARY RECEIPT HOLDERS	16,043,055	1.28

Note: The holding ratio is computed by excluding treasury stock (12,641,218 shares).

5. Status of Shares Issued to Olympus Corporation's Officers as Consideration for Execution of Their Duties During the Current Fiscal Year

	Number of shares	Number of subject officers
Directors (excluding Outside Directors) and Executive Officers	36,026 shares	6 persons
Outside Directors	7,003	3

Notes: 1. Details of stock compensation are stated in the Business Report, "IV Matters Concerning Company Officers, 4. Compensation for Directors and Executive Officers."

2. The above figures include stocks issued to retired officers.

6. Other Important Matters Concerning Shares

- (1) Based on the resolution at the meeting of the Board of Directors held on May 11, 2022, Olympus Corporation cancelled treasury shares as provided for under Article 178 of the Companies Act.
- Type of shares cancelled: Common shares
 - Total number of shares cancelled: 13,402,333 shares (1.03% of total number of issued shares before the cancellation)
 - Date of cancellation: June 8, 2022
 - Total number of issued shares after cancellation: 1,285,892,000 shares
 - Number of treasury shares after cancellation: 12,859,279 shares (1.00% of total number of issued shares after the cancellation)
- (2) Based on the resolution at the meeting of the Board of Directors held on November 11, 2022, Olympus Corporation acquired treasury shares as provided for under Article 459, Paragraph 1 of the Companies Act and Article 32 of Olympus Corporation's Articles of Incorporation.
- Type of shares acquired: Common shares
 - Total number of shares acquired: 19,713,300 shares
 - Total acquisition value: ¥50,000 million
 - Acquisition period: November 14, 2022 to January 16, 2023 (contract basis)
- (3) Based on the resolution at the meeting of the Board of Directors held on November 11, 2022, Olympus Corporation cancelled treasury shares as provided for under Article 178 of the Companies Act.
- Type of shares cancelled: Common shares
 - Total number of shares cancelled: 19,713,300 shares (1.53% of total number of issued shares before the cancellation)
 - Date of cancellation: March 28, 2023
 - Total number of issued shares after cancellation: 1,266,178,700 shares
 - Number of treasury shares after cancellation: 12,710,698 shares (1.00% of total number of issued shares after the cancellation)
- (4) At the meeting of the Board of Directors held on May 12, 2023, Olympus Corporation resolved the acquisition of treasury shares as provided for under Article 459, Paragraph 1 of the Companies Act and Article 32 of Olympus Corporation's Articles of Incorporation.
- Type of shares to be acquired: Common shares
 - Total number of shares to be acquired: 55,000,000 shares (maximum) (4.39% of total number of issued shares (excluding treasury shares))
 - Total acquisition value: ¥100,000 million (maximum)
 - Acquisition period: May 15, 2023 to January 31, 2024
- (5) At the meeting of the Board of Directors held on May 12, 2023, Olympus Corporation resolved the cancellation of treasury shares as provided for under Article 178 of the Companies Act.
- Type of shares to be cancelled: Common shares
 - Total number of shares to be cancelled: The number of all treasury shares of Olympus Corporation acquired in (4) above
 - Date of cancellation: February 29, 2024

III Matters Concerning Subscription Rights to Shares, etc.

(1) Summary of Subscription Rights to Shares

Date of resolution of issue	Number of subscription rights to shares	Class and number of shares to be issued upon exercise of subscription rights to shares	Paid-in amount for subscription rights to shares	Value of property contributed upon exercise of subscription rights to shares	Exercise period	Grantees
August 8, 2013 (The first subscription rights to shares)	401	Common stock 160,400 shares	¥735 per share	¥1 per share	(Note) 1.	Directors or Corporate Officers
June 26, 2014 (The second subscription rights to shares)	410	Common stock 164,000 shares	¥907 per share	¥1 per share	(Note) 1.	Directors or Corporate Officers
June 26, 2015 (The third subscription rights to shares)	387	Common stock 154,800 shares	¥1,104 per share	¥1 per share	(Note) 1.	Directors or Corporate Officers
June 28, 2016 (The fourth subscription rights to shares)	395	Common stock 158,000 shares	¥896 per share	¥1 per share	(Note) 1.	Directors or Corporate Officers

Notes: 1. (a) A holder of subscription rights to shares may exercise the rights only during a period of 10 years that starts after one year has passed since the day immediately following the day on which the holder loses his/her position of Director, Executive Officer or Corporate Officer of Olympus Corporation.

(b) Other terms and conditions are stipulated in the Agreement on the Allocation of Subscription Rights to Shares.

2. In accordance with the provisions of the Agreement on the Allocation of Subscription Rights to Shares, the “Number of subscription rights to shares” for the first subscription rights to shares above and that for the second subscription rights to shares above each decreased by 10, that for the third subscription rights to shares above decreased by 3, and that for the fourth subscription rights to shares above decreased by 15 due to the retirement of Corporate Officers.

3. The “number of shares to be issued upon exercise of subscription rights to shares” is adjusted to reflect a four-for-one share split of common stock conducted on April 1, 2019.

(2) Subscription Rights to Shares Granted to as Compensation for the Duties Performed and Held by Olympus Corporation's Officers at the End of the Fiscal Year Under Review

Issue number	Category	Number of subscription rights to shares	Class and number of shares to be issued upon exercise of subscription rights to shares	Number of holders
The first subscription rights to shares	Directors (excluding Outside Directors) and Executive Officers	46	Common stock 18,400 shares	3
The second subscription rights to shares	Directors (excluding Outside Directors) and Executive Officers	46	Common stock 18,400 shares	3
The third subscription rights to shares	Directors (excluding Outside Directors) and Executive Officers	46	Common stock 18,400 shares	3
The fourth subscription rights to shares	Directors (excluding Outside Directors) and Executive Officers	46	Common stock 18,400 shares	3

Note: The "number of shares to be issued upon exercise of subscription rights to shares" is adjusted to reflect a four-for-one share split of common stock conducted on April 1, 2019.

IV Matters Concerning Company Officers

1. Name of Directors and Executive Officers

(1) Name of Directors

(As of March 31, 2023)

Appointment	Name	Position and responsibility in Olympus Corporation	Important concurrent positions at other organizations
Outside Director	Sumitaka Fujita	Chairperson of the Board of Directors Chairperson of the Nominating Committee	Chairperson, Japan Association for Chief Financial Officers
Outside Director	Tetsuo Iwamura	Chairperson of the Compensation Committee	
Outside Director	Yasumasa Masuda	Chairperson of the Audit Committee	
Outside Director	David Robert Hale	Member of the Nominating Committee	Partner, ValueAct Capital Management L.P. Outside Director, JSR Corporation
Outside Director	Jimmy C. Beasley	Member of the Compensation Committee	
Outside Director	Sachiko Ichikawa	Member of the Audit Committee	Partner, Tanabe & Partners Outside Director, Tokyo Electron Ltd. Director, The Board Director Training Institute of Japan
Outside Director	Yasushi Shingai	Member of the Nominating Committee Member of the Compensation Committee	Outside Director, ExaWizards 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	Member of the Audit Committee	Chief, Kan Kohei Certified Public Accountant Office Board Member, International Federation of Accountants "IFAC" Senior Advisor, The Japanese Institute of Certified Public Accountants

Appointment	Name	Position and responsibility in Olympus Corporation	Important concurrent positions at other organizations
Outside Director	Gary John Pruden	Member of the Compensation Committee	Independent Board Director, Motus GI Independent Board Director, Lantheus Holdings Inc. Chief Executive Officer, GPS Med Tech Strategy Consulting Independent Board Director, OSSIO Inc.
Director	Yasuo Takeuchi	Member of the Nominating Committee	
Director	Stefan Kaufmann		
Director	Nobuyuki Koga	Member of the Audit Committee	

- Notes: 1. The above all Directors assumed their post on June 24, 2022.
2. Directors Sumitaka Fujita, Tetsuo Iwamura, Yasumasa Masuda, David Robert Hale, Jimmy C. Beasley, Sachiko Ichikawa, Yasushi Shingai, Kohei Kan, and Gary John Pruden are Outside Directors.
3. Olympus Corporation has notified the Tokyo Stock Exchange, Inc. of Directors Sumitaka Fujita, Tetsuo Iwamura, Yasumasa Masuda, David Robert Hale, Jimmy C. Beasley, Sachiko Ichikawa, Yasushi Shingai, Kohei Kan, and Gary John Pruden as independent directors.
4. Director Sachiko Ichikawa is a certified public accountant of the U.S.A. and has considerable knowledge of finance and accounting.
5. Director Kohei Kan is a certified public accountant and has considerable knowledge of finance and accounting.
6. Olympus Corporation appointed Director Nobuyuki Koga as Standing Audit Committee Member in order to execute the following duties continuously and effectively: interviewing Executive Officers and other officers; receiving reports from the internal audit functions, etc.; understanding information by, for example, auditing its subsidiaries; and attending various meetings.
7. The following are the main changes to the appointment, positions, responsibilities in Olympus Corporation, and important concurrent positions at other organizations of Directors during and at the end of the current fiscal year.

Name	Date of the changes	Appointment, position and responsibility in Olympus Corporation and important concurrent positions at other organizations	
		(After the changes)	(Before the changes)
Sachiko Ichikawa	June 1, 2022	Outside Director Partner, Tanabe & Partners Outside Director, Tokyo Electron Ltd. Director, The Board Director Training Institute of Japan	Outside Director Partner, Tanabe & Partners Outside Director, Tokyo Electron Ltd. Statutory Auditor, The Board Director Training Institute of Japan

Name	Date of the changes	Appointment, position and responsibility in Olympus Corporation and important concurrent positions at other organizations	
		(After the changes)	(Before the changes)
Gary John Pruden	March 31, 2023	Outside Director Independent Board Director, Motus GI Independent Board Director, Lantheus Holdings Inc. Chief Executive Officer, GPS Med Tech Strategy Consulting Independent Board Director, OSSIO Inc.	Outside Director Independent Board Director, Motus GI Independent Board Director, Lantheus Holdings Inc. Chief Executive Officer, GPS Med Tech Strategy Consulting

Note: OSSIO Inc for Director Gary John Pruden is determined as an important concurrent position at other organizations due to a change in work situation.

(2) Name of Executive Officers

(As of March 31, 2023)

Appointment	Name	Responsibility in Olympus Corporation and important concurrent positions at other organizations
Representative Executive Officer	Yasuo Takeuchi	President and Chief Executive Officer (CEO)
Executive Officer	Nacho Abia	Chief Operating Officer (COO)
Executive Officer	Andre Roggan	Chief Technology Officer (CTO)
Executive Officer	Tetsuo Kobayashi	Chief Manufacturing and Supply Officer (CMSO)
Executive Officer	Chikashi Takeda	Chief Financial Officer (CFO)
Executive Officer	Stefan Kaufmann	Chief Administrative Officer (CAO)

- Notes: 1. Executive Officers Yasuo Takeuchi and Stefan Kaufmann also serve as Directors.
2. The following executive officers were newly appointed on April 1, 2023.
- | | | |
|-------------------|--------------------------------------|-------------------|
| Executive Officer | Endoscopic Solutions Division Head | Frank Drewalowski |
| Executive Officer | Therapeutic Solutions Division Head | Gabriela Kaynor |
| Executive Officer | Chief Human Resources Officer (CHRO) | Shigeto Ohtsuki |
| Executive Officer | Chief Quality Officer (CQO) | Pierre Boisier |
3. Positions and responsibilities of Executive Officers changed on April 1, 2023 as follows.
- | | | |
|----------------------------------|---|-----------------|
| Representative Executive Officer | Executive Chairperson | Yasuo Takeuchi |
| Representative Executive Officer | President and Chief Executive Officer (CEO) | Stefan Kaufmann |
| Executive Officer | Chief Strategy Officer (CSO) | Nacho Abia |
4. Under Olympus Corporation's corporate officer system, the following are corporate officers as of March 31, 2023.

Appointment	Name
Corporate Officer	Toshihiko Okubo
Corporate Officer	Hidenao Tsuchiya
Corporate Officer	Yoshitake Saito
Corporate Officer	Katsuyuki Saito
Corporate Officer	Koji Ando
Corporate Officer	Yoshio Tashiro
Corporate Officer	Kazutaka Eguchi
Corporate Officer	Akira Hasegawa
Corporate Officer	Tomohisa Sakurai
Corporate Officer	Shigeto Ohtsuki
Corporate Officer	Masahito Goto
Corporate Officer	Wenlei Yang
Corporate Officer	Frank Drewalowski
Corporate Officer	Hironobu Kawano
Corporate Officer	Seiji Kuramoto
Corporate Officer	Gabriela Kaynor
Corporate Officer	Pierre Boisier
Corporate Officer	Stephen Kneebone

- Notes: 1. The following corporate officer retired on February 17, 2023.
- | | |
|-------------------|------------|
| Corporate Officer | Ross Segan |
|-------------------|------------|
2. The following corporate officers retired on March 31, 2023.
- Messrs. Shigeto Ohtsuki and Frank Drewalowski, Ms. Gabriela Kaynor, and Mr. Pierre Boisier assumed their post as Executive Officer on April 1, 2023.
- | | |
|-------------------|-------------------|
| Corporate Officer | Shigeto Ohtsuki |
| Corporate Officer | Frank Drewalowski |
| Corporate Officer | Gabriela Kaynor |
| Corporate Officer | Pierre Boisier |
3. The following corporate officer retired on April 2, 2023.
- | | |
|-------------------|-----------------|
| Corporate Officer | Yoshitake Saito |
|-------------------|-----------------|

2. Overview of Content of Limited Liability Agreement

Olympus Corporation has entered into an agreement with its Directors (excluding those who are executive directors, etc.) to limit their liability pursuant to Article 423, Paragraph 1 of the Companies Act, setting the minimum amount stipulated by law as the maximum liability.

3. Overview of Content of Directors and Officers Liability Insurance Agreement

Olympus Corporation has entered into a directors and officers liability insurance agreement with an insurance company pursuant to Article 430-3, Paragraph 1 of the Companies Act. The said insurance agreement insures officers and managerial employees of Olympus Corporation and its subsidiaries (domestic and in Asia), and the insurance premiums are fully borne by Olympus Corporation. The said insurance agreement covers damages that may arise when the insured assumes liability for the execution of his or her duties or receives claims related to the pursuit of such liability. However, measures are in place that exclude coverage of the insurance for damages arising from a criminal act or act carried out by the insured who is aware that the act is in violation of laws or regulations, so that the appropriateness of the execution of the duties will not be impaired.

4. Compensation for Directors and Executive Officers

(1) Total compensation paid to Directors and Executive Officers

Officer Classification		Total amount of compensation, etc. (in millions of yen)	Total compensation by type (in millions of yen)			No. of subject officers (persons)
			Basic salary	Performance-based cash compensation	Non-monetary Compensation	
Director	Inside	1,094	531	190	373	3
	Outside	192	151	–	41	11
	Total	1,286	682	190	414	14
Executive Officer		1,122	570	223	329	4

- Notes:
1. Basic salary includes the amount paid for FY2023. Performance-based cash compensation includes the FY2023 short-term incentive, for which the amount is to be recorded as expense for FY2023. Non-monetary compensation includes both time-based restricted stock units (RSUs) and performance stock units (PSUs) to be recorded as expense for FY2023. PSUs of ¥387 million is only stated in non-monetary compensation and is not stated in performance-based cash compensation.
 2. For Inside Directors, there are two other Executive Officers who are classified as both an Executive Officer and Inside Director which is in addition to the four Executive Officers reported in the table. Total compensation by type is reported for these two individuals under the Inside Directors row.
 3. Olympus Corporation does not provide performance-based cash compensation to Directors who are not classified as both an Executive Officer and Inside Director.
 4. For Outside Directors, the row includes two Directors who retired at the close of the FY2022 General Meeting of Shareholders held on June 24, 2022.
 5. One Outside Director has requested to decline his compensation, therefore information is not reported for this Director. However, the Outside Director count includes the total number of Outside Directors for FY2023.

(2) Details of policy to determine the amount of compensation, etc. for officers or the calculation method thereof and how the policy is determined

At Olympus as a company with nominating committee, etc., the Compensation Committee the majority members of which is occupied by independent Outside Directors discusses/determines policy to determine compensations, etc., of Olympus Corporation's Directors and Executive Officers on an individual basis, details of compensation, etc. and compensation rules. The Compensation Committee determined the details of compensations, etc. for the fiscal year under review after discussing matters concerning the determination of compensations, etc., including the consistency of the policy to determine compensations, etc., of Directors and Executive Officers on an individual basis with how the details and amounts of compensations, etc., are determined, and the rationality of the process of deriving the details and amounts of compensations, etc., by applying numerical values and other relevant factors to the way they are determined, and the Committee has decided that this is in accordance with said policy for determination. The Compensation Committee retained "Pay Governance," an international independent compensation consultant, to provide objective and professional advice and information, and support investigations. They attended 9 out of 11 meetings of the Compensation Committee.

(i) Basic policy for officer compensation

Our basic policy regarding officer compensation is to make officers have a strong sense of awareness that maximizes the corporate value and meet expectations of various stakeholders and reward their responsibilities with suitable and appropriate treatments.

(ii) Compensation level

An appropriate compensation level is established commensurate with roles/responsibility considering objective outside data, evaluation data, economic environment, the industry trend, and management status to establish a competitive compensation level that enables securement/retention of brilliant talents. Specifically, compensation levels of global med-tech companies and compensation levels of med-tech

companies in a country the officer is from are set as a benchmark, and the compensation level will be determined annually by making a relative comparison.

(iii) Compensation structure of Directors

■ Compensation ratio by type of Directors

Compensations for Directors are paid by fixed compensation as Basic Salary (BS). Furthermore, by considering the importance of sharing interests between directors and investors, in addition to basic salary (BS) non-performance-based stock compensation (non-monetary compensation) is granted.

The stock compensation here is to be subsequent grant-type restricted stock compensation (RSU: Restricted Stock Unit), and the right will be defined at retirement for those directors who are 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 those directors who are non-resident in Japan. In addition, stock-based compensation was set at ¥6 million for both Japanese and non-Japanese residents. The number of shares to be granted was calculated based on the share price at the time of assumption of office at the General Meeting of Shareholders, and the number of shares will be given after vesting.

Director	Basic Salary (BS)	Long-term incentives Compensation (LTI)
		RSU
	71 to 85%	15 to 29%

- Notes:
1. The table above summarizes the compensation ratios by type as to outside directors who are resident in Japan. As for outside directors who are non-resident in Japan, a payment level of RSU is the same as directors who are resident in Japan, but a compensation ratio by type is different because of difference in total compensation.
 2. For directors who are also executive officers, cash compensation paid for their director role is separate from compensation paid for executive officers who are natives of Japan. For those who are not natives of Japan, cash compensation paid for their role as a director is included in the compensation of executive officer. Additionally, these individuals do not receive a director RSU grant since their RSU award is set based on their role as an executive officer.

(iv) Compensation structure of Executive Officers

In order to achieve our management 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. To this end, we have decided on a compensation system based on the following concepts. Additionally, Executive Officers in this paragraph include Executive Officers who also serve as Directors.

1. Establish a more powerful incentive program which can compete with global med-tech companies
2. Establish an incentive program which is consistent with the management strategy
3. Establish a program with focuses on value creation and performance evaluation utilizing Long-Term Incentive compensation (LTI).
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 a sound management of incentives by putting claw-back clauses and shareholding guidelines in place.
6. Enhance the motivation of Executive Officers by setting challenging and achievable targets.

While a standardized, global compensation system is desirable for compensation design for executive officers who are responsible for global management, differences in compensation levels by region make it difficult to attract and retain talented executives by pay levels of Japan. As such the compensation structure of all Executive officers will be the same. However, actual compensation levels are determined by taking into account the differences in pay levels in the home country of the Executive Officer.

■ Compensation ratio by type of Executive Officers (in case where a target achievement rate is 100%)

Compensation for Executive Officers is to be a combination of Basic Compensation, a fixed compensation (BS: Base Salary), Short-Term Incentive Compensation which is linked to business results by every fiscal

year (STI: Short Term Incentive), and Long-Term Incentive Compensation (LTI: Long Term Incentive). Focusing on achieving management strategies aiming at enhancing medium- to long-term corporate value and shareholder value, the ratio of performance-based compensations, particularly long-term incentive compensation (LTI), was raised, and the standard amounts of short-term incentive compensation (STI) and long-term incentive compensation (LTI) were set as follows.

Representative Executive Officer BS:STI:LTI=1:1.25:3

Executive Officer BS:STI:LTI=1:1.15:2

Long-term incentive compensation (LTI) consists of time-vested RSUs and performance-based stock compensation (PSU). When the Compensation Committee for the fiscal year ended in March 2020 decided on a new compensation system, the ratio was 25% for RSU and 75% for PSU. On the other hand, given the uncertain and volatile business environment, the ratio was set as 40% for RSU and 60% for PSU.

The composition ratio of total compensations is shown as below:

Representative Executive Officer	Basic Compensation (BS)	Short-term incentive compensation (STI) [Bonus]	Long-term incentive compensation (LTI)	
			RSU	PSU
	19%	24%	23%	34%

Note: The above table summarizes the target compensation ratio, and does not include compensation paid for the role of supervision of a person who also serve as a Director.

Executive Officer	Basic Compensation (BS)	Short-term incentive compensation (STI) [Bonus]	Long-term incentive compensation (LTI)	
			RSU	PSU
	24%	28%	19%	29%

Note: 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.

■ Matters relating to non-monetary compensations: subsequent grant-type restricted stock compensation (RSU)

Subsequent grant-type restricted stock compensation (RSU) has a transfer restriction period of three years, and the number of shares equivalent to 40% of the standard amount for long-term incentive compensation (LTI) (basic compensation multiplied by a factor of 2 or 3) is determined at the beginning of the transfer restriction period. One-third of the units will be vested and paid every year.

As to performance-based stock compensation (PSU), which is also non-monetary compensation, please refer to “Matters relating to performance-based compensations (ii) non-monetary compensation: performance-based stock compensation (PSU) explained later.

■ Matters relating to performance-based compensations (i) short-term incentive compensation (STI)

The standard amount of short-term incentive compensation (STI) is determined as basic compensation multiplied by a factor of 1.15 or 1.25 and after the closing of the applicable period, the Compensation Committee evaluates the performance of indicators and decides the payment rate and amount.

[Evaluation index, evaluation weigh and reasons for selecting]

The composition of evaluation index is Revenue 30%, Operating profit margin 40%, and Strategic goals 30% in this period.

Revenue	Operating profit margin	Strategic goals
30%	40%	30%

a. Revenue: 30%

Initially, we set the target of revenue according to the “next term outlook” of the financial statements for the fiscal year ended March 2022, however, pursuant to the decision to transfer the Scientific Solutions business it was confirmed that it will become discontinued operations, the Compensation Committee has made a resolution to define the target to the revenue of continuing operations on March 23, 2023. 100% is

paid for achieving the target of 100%, and the evaluation table is set from the lower limit of 0% to the upper limit of 200%.

b. Operating profit margin: 40%

We set the target of operating profit margin according to the “next term outlook” of the financial statements for the fiscal year ended March 2022, however, pursuant to the decision to transfer the Scientific Solutions business it was confirmed that it will become discontinued operations, the Compensation Committee has made a resolution to define the target to the operating profit margin of continuing operations on March 23, 2023. 100% is paid for achieving the target of 100%, and the evaluation table is set from the lower limit of 0% to the upper limit of 200%.

c. Strategic goals: 30%

We set items from the following important issues to be tackled, which were shown at the financial results briefing held on May 11, 2022 and set them as common goals for all executive officers. In addition, the payment rate for the achievement rate of each measure is set from 0 to 200%.

- 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 a pace

[Results]

Performance-based Compensation, (STI)		Target value	Actual value
Performance evaluation index	Revenue (30%)	830 billion yen	832.8 billion yen
	Operating profit margin (40%)	21.4%	20.0%
	Strategic goals (30%)	–	99.1% achievement

- Notes:
1. Revenue: After exchange adjustment.
 2. Operating profit: Calculated from adjusted operating income after deducting other income and expenses

Based on the above results, the Compensation Committee determines the total payment rate. The payment amount is determined by multiplying this payment rate by the standard amount of performance-linked compensation (STI).

■ Matters relating to performance-based compensations (ii) non-monetary compensation: performance-based stock compensation (PSU)

Performance-based stock compensation (PSU) is determined as of the end of the performance evaluation period depending on the achievement rate of predetermined performance indices and then relevant number of stocks is provided. The following details the performance-based stock compensation (PSU) of which the evaluation period begins in the fiscal year ended March 2021 and ends in the fiscal year under review.

[Evaluation index and reasons for selecting]

For the purposes of stimulating motivation and rewarding the results against the goals set under the corporate strategy of Olympus Corporation in November 2019, an applicable period was set to three fiscal years from FY2021 and (1) Operating profit margin, (2) ROIC, (3) EPS growth, (4) Relative TSR and (5) ESG have been adopted as performance evaluation indices, and the payment rate for the achievement rate of each measure is set from 0 to 200%. During the applicable period, the transfer of Imaging business was completed, and the transfer of Scientific Solutions business was completed on April 3, 2023. The Compensation Committee determined to evaluate the performance by the results of continuing operations excluding the above operations.

Weight, target for 100% payout and result of each index are as follows.

Performance evaluation index	Weight	Target (100% payout)	Result
① Operating profit margin	40%	20%	20.0%
② ROIC	15%	20%	18.4%
③ EPS growth	15%	25% (CGAR)	35.8%
④ Relative TSR	20%	50%ile (Peer group)	58.8%ile
⑤ ESG	10%	DJSI-index	World

- Notes:
1. Operating profit margin, ROIC, and EPS growth are actual results after adjustment by deducting other income and expenses.
 2. (Payment rate % of Operating profit margin) = $50 \times (\text{Operating profit margin result}) - 900$
 3. (Payment rate % of ROIC index) = $(100 \times (\text{ROIC result}) - 1200) \times 1/8$
 4. (Payment rate % of EPS growth index) = $(100 \times (\text{EPS growth result}) - 1800) \div 7$
 5. (Payment rate % of Relative TSR index) = $4 \times (\%ile \text{ result of Relative TSR}) - 100$
 6. Payment rate of ESG index : Determined by DJSI-Index of each year in the evaluation period. Results of each year was as follows.

FY2021= Asia Pacific、FY2022= World、FY2023= World

Based on the above results, the Compensation Committee determines the total payment rate. The number of shares vested is determined by multiplying this payment rate and the number of PSU units granted to each executive officer.

Next, the following are details of the performance-based stock compensation (PSU) for which the evaluation period begins in the fiscal year under review and ends in the fiscal year ending March 2025. In performance-based stock compensation (PSU), the number of shares equivalent to 60% of the standard amount of long-term incentive compensation (LTI) is determined at the beginning of the performance evaluation period, and the number of shares is determined and vested according to performance after the closing of the target period.

[Evaluation index, evaluation weigh and reasons for selecting]

The evaluation indicators and evaluation weights are as follows.

Operating profit 20%	Relative TSR 60%	ESG 20%
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- a. Operating profit: 20%
We have set operating profit as an indicator for performance evaluation because we will continue to promote reforms to improve corporate value.
At the beginning of each fiscal year during the evaluation period, the operating profit target and the 0-200% payment curve are determined, and after closing of each fiscal year the payment rate for each business year will be calculated from the actual results. The payment rate for the PSU of operating profit is determined by average payment rate of the three fiscal years.
- b. Relative TSR: 60%
Relative TSR is set as an indicator of performance evaluation. It is an important standard which makes long-term performance and compensation payment aligned from the viewpoints of both shareholders and the executive management. Twenty global med-tech companies are set as a peer group, and 100% will be paid if the rank of our TSR is located at 50%. The evaluation table of 0 to 200% payment is calculated based on the logic reasonably set by relative comparison with the peer group.
- c. Strategic goals (ESG): 20%
Strategic goals for ESG are used as an indicator, which is announced to be reinforced in the management strategy. The index of DJSI (Dow Jones Sustainability Index) is set as an evaluation index. DJSI ratings are “World Index (W),” “Asia Pacific Index (AP),” and “Non-Index (N)” from the top ranks. Establish an assessment table that emphasizes Index to be acquired in the third year,

considering the outcome in the first and second years, and decide payment rates of 200%, 150%, 100%, 50%, and 0%.

■ Clawback clause

A clawback clause has been set up to deter the management (Executive Officers) from reckless investments and improper accounting. Clawback is subject to short-term incentive compensation (STI) and long-term incentive compensation (LTI) for Executive Officers. The clawback will be turned on if the following event occurs.

- a. An event that requires the refund of the difference between the amount of compensation that have been paid and the amount of compensation that should have been paid caused by a revelation that the information prerequisites for compensation is incorrect or different.
- b. An event requiring the return of the amount of compensation already paid as a kind of sanctions in the event of a violation of obligation, etc.

The final decision on the application of clawback to individual events is made by the Compensation Committee and reported to the Board of Directors.

5. Matters Concerning Outside Officers

(1) Relations between other organizations where important concurrent positions are assumed and Olympus Corporation (As of March 31, 2023)

Appointment	Name	Important concurrent positions at other organizations
Outside Director	Sumitaka Fujita	Chairperson, Japan Association for Chief Financial Officers
Outside Director	David Robert Hale	Partner, ValueAct Capital Management L.P. Outside Director, JSR Corporation
Outside Director	Sachiko Ichikawa	Partner, Tanabe & Partners Outside Director, Tokyo Electron Ltd. Director, The Board Director Training Institute of Japan
Outside Director	Yasushi Shingai	Outside Director, ExaWizards 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	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	Independent Board Director, Motus GI Independent Board Director, Lantheus Holdings Inc. Chief Executive Officer, GPS Med Tech Strategy Consulting Independent Board Director, OSSIO Inc.

- Notes: 1. There is no special relationship between Olympus Corporation and the organizations where Mr. Sumitaka Fujita, Ms. Sachiko Ichikawa, Messrs. Yasushi Shingai, Kohei Kan, and Gary John Pruden assume important concurrent positions.
2. ValueAct Capital Master Fund, L.P., controlled by ValueAct Capital Management L.P., in which Mr. David Robert Hale assumes an important concurrent position, holds the shares of Olympus Corporation. There is no special relationship between JSR Corporation and Olympus Corporation.
3. The above important concurrent positions at other organizations are stated for persons holding concurrent positions who held office from the following day of the conclusion of FY2022 General Meeting of Shareholders held on June 24, 2022 until the end of the current fiscal year.

(2) Major activities during current fiscal year

Olympus Corporation's outside directors monitor, based on the basic management policies of Olympus Corporation as determined by the Board of Directors, the duties of the directors and executive officers, to ensure the sustainable growth of Olympus Corporation and increase its corporate value over the medium to long term, in response to shareholders' mandate and provide advice and opinions from a position independent from the management team and from the perspectives of various stakeholders.

	Attendance at meetings	Remarks and outline of duties performed with regard to expected roles for outside directors
Sumitaka Fujita, Director	Board of Directors: 16 of 16 Nominating Committee: 17 of 17	From an independent position, Mr. Fujita actively provided statements necessary for supervising the execution of business. In addition, as Chairperson of the Board of Directors, he led the Board to focus on important agenda items, such as medium- to long-term management strategies and review of the business portfolio, with the aim of strengthening the supervisory functions of the Board of Directors. He held regular meetings of only outside directors to exchange information and share awareness based on an independent and objective standpoint. He also held Executive Sessions with only outside directors after each Board meeting, and exchanged views on issues based on the matters for deliberation on that day and issues that should be deepened at Board meetings in the future. He relayed the content of these meetings to the CEO as chairperson. As the Chairperson of the Nominating Committee, he was fully aware of the importance of director appointment and succession plans and promoted committee management.
Tetsuo Iwamura, Director	Board of Directors: 16 of 16 Nominating Committee: 2 of 2 Compensation Committee: 11 of 11	From an independent position, Mr. Iwamura actively provided statements necessary for supervising the execution of business. In particular, he offered opinions and recommendations from a variety of perspectives on the Group's overall business activities based on his wealth of global management experience. In addition, as Chairperson of the Compensation Committee, he led the formulation and management of the compensation system, which is consistent with medium- to long-term management goals, and the decision of executive compensation, and promoted the operation of the Committee.
Yasumasa Masuda, Director	Board of Directors: 16 of 16 Audit Committee: 25 of 25	From an independent position, Mr. Masuda actively provided statements necessary for supervising the execution of business. In particular, from his experience as a manager in the healthcare industry, he offered opinions and recommendations from various perspectives on the overall business activities of our group. In addition, as Chairperson of the Audit Committee, he led the audit of the execution of duties by directors and executive officers and promoted committee management.
David Robert Hale, Director	Board of Directors: 16 of 16 Nominating Committee: 17 of 17	From an independent position, Mr. Hale actively provided statements necessary for supervising the execution of business. In particular, as an experienced management consultant and investor in a variety of industries, he offered opinions and recommendations from various perspectives on the Group's overall business activities based on his knowledge in global capital markets and the healthcare industry. In addition, as a member of the Nominating Committee, he participated in decisions on matters such as the proposals for the election of directors.
Jimmy C. Beasley, Director	Board of Directors: 16 of 16 Compensation Committee: 11 of 11	From an independent position, Mr. Beasley actively provided statements necessary for supervising the execution of business. In particular, he offered opinions and recommendations from various perspectives on the Group's overall business activities based on his global business experience in the healthcare industry and his extensive experience and knowledge in a management team. In addition, as a member of the Compensation Committee, he participated in decisions on matters such as executive compensation.

	Attendance at meetings	Remarks and outline of duties performed with regard to expected roles for outside directors
Sachiko Ichikawa, Director	Board of Directors: 16 of 16 Audit Committee: 25 of 25	From an independent position, Ms. Ichikawa actively provided statements necessary for supervising the execution of business. In particular, she offered opinions and recommendations on the Group's overall business activities from her professional perspective as an attorney and certified public accountant in the U.S. In addition, as a member of the Audit Committee, she participated in the audit of the execution of duties by directors and executive officers based on her professional knowledge.
Yasushi Shingai, Director	Board of Directors: 13 of 13 Nominating Committee: 15 of 15 Compensation Committee: 6 of 7	From an independent position, Mr. Shingai actively provided statements necessary for supervising the execution of business. In particular, he offered opinions and recommendations from various perspectives on the Group's overall business activities based on his extensive experience in global management and acquisition of companies. In addition, as a member of the Nominating Committee and the Compensation Committee, he participated in decisions on matters such as the proposals for the election of directors and executive compensation.
Kohei Kan, Director	Board of Directors: 13 of 13 Audit Committee: 19 of 19	From an independent position, Mr. Kan actively provided statements necessary for supervising the execution of business. In particular, he offered opinions and recommendations on the Group's overall business activities from his professional expertise as a certified public accountant as well as his overseas work and auditing and assurance experience abroad. In addition, as a member of the Audit Committee, he participated in the audit of the execution of duties by directors and executive officers based on his professional knowledge.
Gary John Pruden, Director	Board of Directors: 11 of 13 Compensation Committee: 7 of 7	From an independent position, Mr. Pruden actively provided statements necessary for supervising the execution of business. In particular, he offered opinions and recommendations from various perspectives on the Group's overall business activities based on his global business experience in the healthcare industry and his extensive experience and knowledge as a manager. In addition, as a member of the Compensation Committee, he participated in decisions on matters such as executive compensation.

- Notes
1. Attendance of Mr. Iwamura at Nominating Committee is included for meetings held during his term as a member of the Committee until June 24, 2022.
 2. Attendance of Messrs. Shingai, Kan, and Pruden at Board of Directors is included for meetings held after their appointment as Director on June 24, 2022.
 3. Attendance of Messrs. Shingai, Kan, and Pruden at each Committee is included for meetings held after their appointment as members of the Committee on June 24, 2022.

V Accounting Auditor

1. Name of Accounting Auditor

Ernst & Young ShinNihon LLC

2. Amount of Remuneration

Classification	Amount paid
Remuneration to Accounting Auditor for the current fiscal year	¥244 million
Total amount of money and other financial interests to be paid by Olympus Corporation and its subsidiaries	¥287 million

- Notes:
1. The audit agreement between Olympus Corporation and its Accounting Auditor does not distinguish compensation paid for audit work performed in conformity with the Companies Act and compensation paid for audit work performed in conformity with the Financial Instruments and Exchange Act and it is effectively impossible to do so. Therefore, the total amount of these compensation types is presented for remuneration to Accounting Auditor for the current fiscal year.
 2. The Audit Committee agreed to the amount of remuneration, etc. of the Accounting Auditor as stipulated in Article 399, Paragraph 1 of the Companies Act after having obtained necessary information about and examined the content of the audit plan of the Accounting Auditor, the status of executing duties of the accounting audit, the basis for calculation of estimated audit remuneration, etc.
 3. Olympus Corporation's important subsidiaries, Olympus Corporation of the Americas, Olympus Europa Holding SE, Olympus Corporation of Asia Pacific Limited and Olympus (China) Co., Ltd. are audited by auditing firms other than the Accounting Auditor of Olympus Corporation.

3. Description of Non-Auditing Services

As for non-auditing services, Olympus Corporation requested the Accounting Auditor to provide advisory services and paid compensation for the service.

4. Policy for Decisions on Dismissal and Non-Reappointment of Accounting Auditor

The Audit Committee will dismiss the Accounting Auditor as necessary, with the unanimous consent of the Audit Committee Members, in the event said Accounting Auditor is recognized as falling under any of the item listed in Article 340, Paragraph 1 of the Companies Act.

In addition to the foregoing, the Audit Committee will determine the contents of agendas regarding the dismissal or non-reappointment of the Accounting Auditor to the General Meeting of Shareholders, in the event it is recognized that the appropriate performance of duties by said Accounting Auditor is rendered not possible due to events affecting the qualifications and credibility of the Accounting Auditor, when further improvement in audit quality is aimed, or when otherwise deeming the action necessary.

VI Company Framework and Policies

1. Framework to Ensure Fairness of Operations and Overview of Status of Management of Such Framework

All activities of Olympus are based on our Corporate Philosophy, “Making people’s lives healthier, safer and more fulfilling.”

Olympus, based on this basic concept, shall prepare and operate a framework which ensures the effectiveness and efficiency of operations and appropriateness and reliability of financial reporting of Olympus and its subsidiaries (hereinafter, “the Olympus Group”), and make continuous improvements.

I Framework to ensure the appropriateness of business operations in the Olympus Group

1. Framework to ensure that the execution of duties by Olympus’s executive officers and employees and by the directors and employees of subsidiaries complies with applicable laws and regulations and the Articles of Incorporation

[Framework]

- (1) Olympus shall establish “Management Basic Policy,” basic policy the Board of Directors relies on when the Board supervises the execution of duties of Directors and Executive Officers. Furthermore, it shall establish the Olympus Global Code of Conduct and internal corporate regulations for quality, product safety, and export control, etc., based on the Corporate Philosophy, and shall instill the policies and facilitate initiatives to raise awareness of compliance in the Olympus Group through continuing education and other measures.
- (2) Olympus shall also establish a compliance promotion system by appointing an officer in charge of compliance (“Chief Compliance Officer”) and establishing a function in charge of group-wide compliance. The function in charge of group-wide compliance shall be responsible for activities toward the improvement of the group compliance system based on the Global Compliance Management System. In addition, whole Olympus Group shall continuously conduct education of employees and measures relating to assessment. Furthermore, within the Olympus Group, if there is or may be a violation of laws and regulations, etc., a global contact desk which can be available 24 hours a day in multiple languages, and a local hotline contact desk in each region will receive the report of them.
- (3) Olympus shall set up an internal audit function reporting directly to the Chief Executive Officer. The internal audit function shall conduct audits to verify the effectiveness of the various processes for risk management, control and governance within the Olympus Group in accordance with the internal audit regulations. The internal audit function shall report the results of internal audits to the Chief Executive Officer and the Audit Committee.
- (4) In order to ensure the appropriateness and reliability of financial reporting of the Olympus Group, the internal audit function shall continue to conduct improvement activities by regularly evaluating its efforts and operations to ensure that control activities relating to financial reporting function effectively under the internal control system.
- (5) Olympus shall be responsible for working with lawyers, the police and other parties to systematically stand firm against anti-social forces and organizations which threaten societal order and safety. The Olympus Group continuously shall conduct measures for excluding anti-social forces and prepare relevant rules and regulations in order to maintain its social responsibility to exclude anti-social forces.

[Overview of Status of Management]

- (1) Olympus has established the “Management Basic Policy,” basic policy the Board of Directors relies on when the Board supervises the execution of duties of Directors and Executive Officers. In addition, it has established the Olympus Global Code of Conduct and internal corporate regulations for quality, product safety, and export control, etc., based on the Corporate Philosophy, and provides education and other measures. Furthermore, it instills contents of the Corporate Philosophy and conducts core value surveys targeting employees in order to examine how they are performed in daily works.
- (2) Under direction of the Chief Compliance Officer, Olympus regularly holds meetings and checks globally important measures. In addition, it provided compliance training to employees of the Olympus Group. Furthermore, it has established whistleblowing desks and familiarized employees with the whistleblowing system.
- (3) The internal audit function makes proposals to the Board of Directors and the Audit Committee for discussion in accordance with the internal audit regulations, and reports the audit implementation status and others to the CEO and the Audit Committee, in addition to the Group Executive Committee.

- (4) Olympus reports the internal control evaluation implementation policy of financial reports and its management status to the CEO, the Group Executive Committee, and the Audit Committee.
- (5) Olympus conducts measures for excluding anti-social forces, such as investigations on transactions of the Olympus Group in accordance with the rules for excluding anti-social forces.

2. Framework regarding the maintenance of records and management of information in relation to performance of duties by Executive Officers of Olympus

[Framework]

- (1) Pursuant to laws and regulations and the internal rules on document management in each region, Olympus shall maintain and manage documents or electronic data.
- (2) Directors may access important documents such as the minutes of a meeting of the Board of Directors and documentary approvals at any time based on the internal rules on document management.

[Overview of Status of Management]

- (1) Pursuant to laws and regulations and the internal rules on document management in each region, Olympus saves the minutes of the Board of Directors' meetings, Annual Securities Report, etc.
- (2) Directors may access important documents at any time whenever necessary.

3. Regulations and other framework relating to managing risks of loss of the Olympus Group

[Framework]

- (1) Olympus shall manage its business risks of the Olympus Group based on due deliberations held at meetings of the Board of Directors and the Group Executive Committee, among other meetings, and appropriate operation of the internal approval procedure.
The Board of Directors shall determine basic management policy, matters related to the internal control system, other important matters and important matters related to business execution, as well as deciding matters to delegate to Executive Officers. Also, for important matters not decided by the Board of Directors, Executive Officers shall make a decision, and make a report to the Board of Directors.
- (2) Olympus shall manage risks such as those relating to quality, product safety, export control, information security, health and safety, the environment and disasters by designating functions in charge, establishing internal corporate regulations, working for preventive risk management as the Olympus Group, and implementing education and training.
- (3) Based on the Internal Control Rules and other related rules, Olympus shall prevent the emergence of serious risks resulting from the business activities of the Olympus Group, and shall create, operate appropriately, and manage a risk management system to minimize damage in the event of such risks emerging.

Moreover, pursuant to the Risk Management Operation Rules, each function in charge in the Olympus Group shall be aware of risks and take preventative measures, and Olympus has a framework which enables prompt actions in the event of an emergency. In the event of a violation of corporate ethics, or an earthquake, fire or accident, the function in charge shall make immediate reports to the Executive Officers and relevant people. The final determination in such circumstance shall be made by the Chief Executive Officer.

[Overview of Status of Management]

- (1) Olympus makes a proposal to the Board of Directors for resolution of significant matters of the Olympus Group, such as corporate strategies and business plans, following sufficient deliberations at meetings of the Group Executive Committee. Executive Officers make decisions on matters delegated by the Board of Directors in accordance with the Job Authority Rules and report to the Board of Directors. In addition, Olympus regularly and systematically held the meetings of the Group Executive Committee and the Board of Directors using online methods. It also performed business risk management of the Group by due operations of approval procedures using the electric approval system.
- (2) Olympus, as necessary, establishes and amends internal rules, holds meetings, and provides education regarding risks such as those relating to quality, product safety, export control, information security, health and safety, the environment and disasters. In particular, given cybersecurity incidents which occurred in the previous fiscal year under review, Olympus has been working to enhance its incident response structure so that we can more promptly respond to incidents across the entire Olympus Group.
- (3) Based on the Internal Control Rules and other related rules, Olympus is making risk management efforts as the Olympus Group such as providing necessary education and training and holding meetings. In addition, each business and each function in charge performs risk assessment and conducts training for prompt response in case a disaster occurs. Successively from the previous fiscal year, it conducted workplace vaccinations as a part of measures toward rapid normalization from COVID-19.

4. Framework to ensure the effective performance of duties by Executive Officers of Olympus and Directors of its subsidiaries

[Framework]

- (1) The Board of Directors shall approve medium- and long-term Corporate Strategic Plans in which the business objectives of the Olympus Group are set forth, and action plans for these, which are called annual business plans and other important matters. In addition, the Board of Directors shall delegate except matters that should be resolved by the Board of Directors to Executive Officers in order to enhance efficient and agile decision-making on the execution of business. In addition, the Board of Directors shall receive reports, once a quarter, on business performance in order to evaluate the status of our annual business plan, and supervise Executive Officers' performance of duties.
- (2) The Board of Directors shall determine the assignment of duties among the Executive Officers. In addition, the Board of Directors shall receive, at least once every three months, reports on their duties as performed.
- (3) Based on the Job Authority Rules, Organization Rules, and other related rules, Olympus shall define the responsibilities and authorities of major job ranks and the Board of Directors receives reports from major management organizations on their duties as performed.
- (4) With the establishment of Treasury Control Framework, which regulate financial policies as a base for financial operations of the Olympus Group, Olympus strengthens the governance of the Olympus Group from a financial aspect, and oversees and manages funding, foreign exchange, and transactions with financial institutions for the Olympus Group including the subsidiaries.

[Overview of Status of Management]

- (1) The Board of Directors approves annual business plans based on the Corporate Strategic Plans and other important matters. The Board of Directors delegates matters on the execution of business except matters that should be resolved by the Board of Directors to Executive Officers in order to enhance efficient and agile decision-making. During the fiscal year under review, 16 meetings of the Board of Directors were held.
- (2) The Board of Directors determines the assignment of duties among the Executive Officers and receives reports on their duties as performed.
- (3) Olympus defined the responsibilities and authorities of major job ranks based on the related rules and the Board of Directors receives reports on their duties as performed.
- (4) Based on the Treasury Control Framework, Olympus regularly oversees and manages funding, foreign exchange, and transactions with financial institutions for the subsidiaries by receiving this information.

5. Framework for reporting to Olympus on matters concerning execution of duties by the Directors and employees of the subsidiaries

[Framework]

- (1) After Olympus has clarified the management criteria of subsidiaries by means of the Affiliated Company Management Rules and other related rules, the officers responsible for the regional headquarters shall conduct reviews of the situation faced by subsidiaries' management, and periodically report the results of the reviews to the CEO of Olympus.
- (2) Olympus shall ensure receiving reports as appropriate and in a timely manner from the subsidiaries in accordance with the Global Consolidated Accounting Control Framework to ensure that we will remain accurately informed of financial position and results of operation of the Olympus Group, and appropriately maintain and manage the consolidated accounting policies.

[Overview of Status of Management]

- (1) Based on reports from its subsidiaries, Olympus regularly conducts reviews of the situation faced by subsidiaries' management and reports the results of the reviews to the CEO of Olympus.
- (2) Olympus receives necessary financial information as appropriate and in a timely manner from the subsidiaries in accordance with the Global Consolidated Accounting Control Framework to confirm and approve the content.

6. Other framework to ensure the appropriateness of business operations in the Olympus Group

- (1) Olympus shall dispatch its executive officers, corporate officers, or employees to major subsidiaries as directors, auditors, or other equivalent positions, and the head of each function manages such whole function within the Olympus Group. Furthermore, in order to ensure the fairness of operations of subsidiaries, Olympus request them to obtain our approval for significant matters of subsidiaries based on the Job Authority Rules and any other related rules.
- (2) Olympus has appointed an officer in charge of ESG and set goals related to ESG in the Olympus Group and shall continue to work on them. Moreover, Olympus has set ESG-related indicators as part of the performance-linked compensation for executives and is strengthening its efforts as a management

strategy.

[Overview of Status of Management]

- (1) Olympus dispatches its officers, etc. to major subsidiaries as directors or other equivalent positions, and deliberates on significant matters of subsidiaries based on the Job Authority Rules and any other related rules. In addition, the head of each function manages such whole function within the Olympus Group.
- (2) Based on the ESG-related policy, Olympus is reviewing its ESG strategy, taking into account recent changes in the social environment. Moreover, it has set evaluation results by ESG evaluation organizations as indicator for part of long-term incentive compensation that is performance-based compensations for executives and is strengthening its efforts as a management strategy.

II Matters necessary for the execution of duties of the Audit Committee

1. Framework for matters related to employees whose assignment is to assist in the duties of Olympus' Audit Committee, and matters related to the independence of those employees from the Executive Officers of Olympus, and matters related to ensuring the effectiveness of instructions from the Audit Committee of Olympus to those employees

[Framework]

Olympus shall allocate a dedicated employee who will assist with the Audit Committee's duties. Moreover, Olympus may have a concurrent employee as needed. In addition, we shall set forth internal corporate regulations to ensure independence from execution as stated below, and ensure effectiveness of directions from the Audit Committee to such employees.

- ① While employees who have been assigned to assist in the duties of the Audit Committee assist in those duties, Directors (excluding Audit Committee members), Executive Officers and employees, etc. shall not give them commands or instructions.
- ② The appointment, dismissal, transfer, wage or personnel evaluation of employees who are assisting the Audit Committee with their duties shall be decided only after obtaining the approval of the Audit Committee.

[Overview of Status of Management]

Olympus has established the Office of Audit Committee and allocated two dedicated employees and one concurrent employee as of March 31, 2023. In addition, pursuant provisions of the internal corporate regulations, we have ensured these employees' independence from execution, and ensure effectiveness of directions from the Audit Committee to such employees as follows.

- ① While employees who have been assigned to assist in the duties of the Audit Committee assist in those duties, Directors (excluding Audit Committee members), Executive Officers and employees, etc. shall not give them commands or instructions.
- ② The appointment, transfer, etc. of employees who are assisting the Audit Committee with their duties shall be decided only after obtaining the approval of the Audit Committee. Wage, personnel evaluation, etc. of such employees shall be decided after the Audit Committee confirms and consents to contents evaluated by Standing Audit Committee Members.

2. Framework regarding reports by Directors (except those who are members of the Audit Committee), Executive Officers and employees of Olympus to the Audit Committee, and reports by Directors and employees of the subsidiaries of Olympus or personnel who have received reports from them to the Audit Committee Olympus

[Framework]

- (1) When Directors (except those who are members of the Audit Committee), Executive officers, or employee of Olympus, as well as any Directors, Audit and Supervisory Board members, or employees of a subsidiary discover any material fact in violation of laws, regulations, or the Articles of Incorporation, any misconduct, or any fact that may cause significant damage to Olympus, they shall immediately report such fact to the Audit Committee, either directly or through the responsible function. In other cases where the Audit Committee requests a report from a Director, Executive officer, or employee, etc. of the Olympus Group, in accordance with laws and regulations or Audit Committee Rules etc., the Director, Executive Officer, or employee in question shall promptly report to the Audit Committee.
- (2) Chief Compliance Officer shall regularly make reports to the Audit Committee on the status of compliance within the Olympus Group. In addition, Chief Compliance Officer shall regularly make reports on details of issues reported and results of investigations in accordance with the Internal Reporting System.
- (3) The internal audit function of Olympus shall regularly report the status of internal audit in the Olympus

Group to the Audit Committee of Olympus.

[Overview of Status of Management]

- (1) At Olympus, when Directors, Executive Officers, Corporate Officers, or employees of Olympus and its subsidiaries discover any material fact in violation of laws and regulations, any misconduct, or any fact that may cause significant damage to Olympus, Olympus Corporation shall report such fact to the Audit Committee. In addition, when reporting is requested from the Audit Committee, Olympus Corporation shall promptly report to the Audit Committee.
- (2) Chief Compliance Officer regularly and as needed makes reports to the Audit Committee on the status of compliance and internal reporting as well as results of investigation.
- (3) The officer in charge of internal audit function regularly and as needed reported to the Audit Committee on internal audit plans and audit status.

3. Framework to ensure that any personnel who have made a report to the Audit Committee of Olympus will not be subjected to any unfair treatment due to the report made

[Framework]

Olympus shall set forth internal corporate regulations and shall not impose any unfair treatment (including de-facto measures such as restricting the personnel to engage in duties, or assigning the personnel solely to work on chores, in addition to measures of personnel affairs such as dismissal, demotion, pay cut and other disciplinary actions and disadvantageous transfer) to any personnel who have made a report on the grounds of having made a report to the Audit Committee.

[Overview of Status of Management]

Under the rules concerning the framework supporting duties of Audit Committee Members and the Audit Committee, Olympus has been strictly prohibited from unfairly treating anyone who made a report to the Audit Committee for the reason of making such report, and the rules have been complied with.

4. Matters regarding procedures for advance payment of expenses incurred in connection with execution of duties by the Audit Committee members of Olympus and their reimbursement, and treatment of other expenses or liabilities incurred in connection with execution of the duties

[Framework]

When an advance payment or reimbursement of expenses is requested for execution of duties of Audit Committee members, Olympus shall promptly, in accordance with Olympus's rules and regulations, process disbursement except for such case that the expense is obviously deemed unnecessary for execution of duties by Audit Committee members.

[Overview of Status of Management]

Olympus reimburses required expenses as appropriate upon request from Audit Committee Members.

5. Other systems to ensure the effectiveness of audit by the Audit Committee of Olympus

[Framework]

- (1) Directors, Executive Officers and employees of Olympus and Directors and employees of the subsidiaries shall ensure effectiveness of the audit by cooperating with the Audit Committee for investigations by interviews and on-site inspections.
- (2) Olympus shall ensure that it provides the Audit Committee with opportunities to sufficiently exchange opinions with Directors, Executive Officers, Accounting Auditors and any other personnel necessary.
- (3) Olympus shall ensure that the Audit Committee is permitted to have its members attend important meetings, and that they have an opportunity to state their opinion.
- (4) The Audit Committee shall work closely with the internal audit function to receive reports on audit results, etc. from the internal audit function, and the Audit Committee may exercise its authority to give instructions and make commands to the internal audit function as necessary.
- (5) Olympus shall ensure that it provides the Audit Committee with, upon their request, opportunities of collaboration between the Audit Committee and Audit Committee of the subsidiaries and collecting information from employees of the subsidiaries.

[Overview of Status of Management]

- (1) Directors, Executive Officers, Corporate Officers and employees of Olympus cooperate with the Audit Committee for investigations by interviews and on-site inspections so that Olympus Corporation can ensure effectiveness of the audit of Olympus.
- (2) The Audit Committee regularly and as needed exchanges opinions with Directors, Executive Officers, Corporate Officers and Accounting Auditors.
- (3) Olympus ensures opportunities where the Audit Committee Members attend important meetings such as

- meetings of the Group Executive Committee.
- (4) The internal audit function regularly and as needed reports to the Audit Committee. In addition, the Audit Committee are allowed to exercise authority to give instructions and make commands to the internal audit function as necessary.
 - (5) Olympus holds liaison meetings with Audit & Supervisory Board Members of subsidiaries and affiliates, and upon the request of the Audit Committee, provides opportunities to exchange opinions with the Audit & Supervisory Board Members of the subsidiaries.

2. Basic Policy on Control of Company

Olympus Corporation believes that the persons who control decisions on Olympus Corporation's financial and business policies need to be persons who fully understand the details of Olympus Corporation's financial and business affairs and the source of Olympus Corporation's corporate value and who will make it possible to continually and persistently ensure and enhance Olympus Corporation's corporate value and, furthermore, the common interests of its shareholders.

Olympus Corporation will not indiscriminately reject a large-scale acquisition of Olympus Corporation's shares if it will contribute to the corporate value of Olympus Corporation, and furthermore, the common interests of its shareholders. Olympus Corporation also believes that ultimately its shareholders as a whole must make the decision on any proposed acquisition that would involve a transfer of corporate control of a joint stock company.

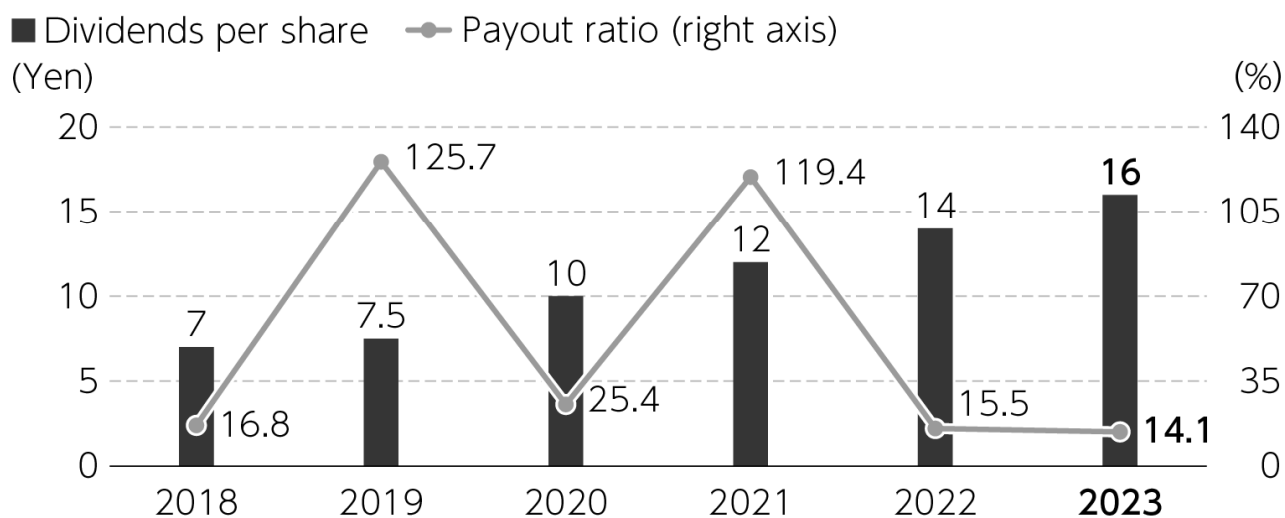
Nonetheless, there are some forms of a large-scale acquisition that benefits neither the corporate value of the target company nor, furthermore, the common interests of its shareholders. Unless a person who would make a large-scale acquisition of Olympus Corporation's shares understands the source of Olympus Corporation's corporate value and would ensure and enhance these elements over the medium-to-long term, the corporate value of Olympus Corporation and, furthermore, the common interests of its shareholders would be harmed. Olympus Corporation believes that persons who would make a large-scale acquisition of Olympus Corporation's shares in a manner that does not contribute to the corporate value of Olympus Corporation and, furthermore, the common interests of its shareholders would be inappropriate to become persons who would control decisions on Olympus Corporation's financial and business policies. Against a large-scale acquisition of Olympus Corporation's shares by such persons, in order to ensure the corporate value of Olympus Corporation and, furthermore, the common interests of its shareholders, Olympus Corporation will require the acquirer, etc. to provide necessary and sufficient information, disclose relevant information appropriately in a timely manner, and ensure that shareholders will have sufficient information and time needed to make proper decisions whether or not the large-scale acquisition is acceptable. Olympus Corporation will also take other appropriate measures within the scope permitted by the Financial Instruments and Exchange Act, the Companies Act, other laws and ordinances, and the Articles of Incorporation.

3. Policy for Decisions on Dividend of Retained Earnings, etc.

In order to realize the sustainable growth of the Olympus Group, Olympus Corporation prioritizes the allocation of cash on hand to invest in growth drivers and carries out strategic investment both in highly profitable existing businesses and in growth opportunities. Olympus Corporation’s policy is to increase dividends in a stable and continuous manner and to purchase treasury shares flexibly based on investment opportunities and our capital situation.

Based on the above policy, Olympus Corporation have decided to pay a year-end dividend of ¥16 per share for the fiscal year under review, increased by ¥2 from the previous fiscal year by a resolution at the meeting of the Board of Directors held on May 12, 2023. Effective date and payment start date are June 6, 2023.

(Reference)



Note: Olympus Corporation conducted a four-for-one stock split of common shares on April 1, 2019.

The amount of dividend per share above reflects the four-for-one stock split.

Consolidated Statement of Financial Position

(As of March 31, 2023)

(Millions of yen)

Accounts	Amount	Accounts	Amount
ASSETS:		LIABILITIES:	
Current assets	726,357	Current liabilities	461,892
Cash and cash equivalents	169,329	Trade and other payables	62,919
Trade and other receivables	174,672	Bonds and borrowings	49,970
Other financial assets	11,360	Other financial liabilities	23,235
Inventories	162,994	Income taxes payable	99,567
Income taxes receivable	15,960	Provisions	19,111
Other current assets	22,421	Other current liabilities	163,837
Subtotal	556,736	Subtotal	418,639
Assets held for sale	169,621	Liabilities directly associated with assets held for sale	43,253
Non-current assets	781,951	Non-current liabilities	405,182
Property, plant and equipment	238,731	Bonds and borrowings	290,087
Goodwill	182,505	Other financial liabilities	61,668
Intangible assets	115,183	Retirement benefit liability	20,416
Retirement benefit asset	27,028	Provisions	2,912
Investments accounted for using equity method	1,010	Deferred tax liabilities	11,905
Trade and other receivables	36,980	Other non-current liabilities	18,194
Other financial assets	21,476	Total liabilities	867,074
Deferred tax assets	156,543	EQUITY:	
Other non-current assets	2,495	Total equity attributable to owners of parent	640,085
		Share capital	124,643
		Capital surplus	92,150
		Treasury shares	(28,086)
		Other components of equity	77,280
		Other components of equity related to disposal group held for sale	3,034
		Retained earnings	371,064
		Non-controlling interests	1,149
		Total equity	641,234
Total assets	1,508,308	Total liabilities and equity	1,508,308

Consolidated Statement of Profit or Loss

(April 1, 2022 to March 31, 2023)

(Millions of yen)

Accounts	Amount
Continuing operations	
Revenue	881,923
Cost of sales	285,074
Gross profit	596,849
Selling, general and administrative expenses	420,547
Share of profit (loss) of investments accounted for using equity method	491
Other income	23,706
Other expenses	13,890
Operating profit	186,609
Finance income	3,860
Finance costs	8,175
Profit before tax	182,294
Income taxes	44,304
Profit from continuing operations	137,990
Discontinued operation	
Profit from discontinued operation	5,623
Profit	143,613
Profit attributable to:	
Owners of parent	143,432
Non-controlling interests	181
Profit	143,613

Consolidated Statement of Changes in Equity
(April 1, 2022 to March 31, 2023)

(Millions of yen)

Items	Equity attributable to owners of parent							Non-controlling interests	Total equity
	Share capital	Capital surplus	Treasury shares	Other components of equity	Other components of equity related to disposal group held for sale	Retained earnings	Total		
Balance at April 1, 2022	124,643	91,239	(45,589)	34,818	–	305,057	510,168	1,194	511,362
Profit						143,432	143,432	181	143,613
Other comprehensive income				53,049			53,049		53,049
Comprehensive income	–	–	–	53,049	–	143,432	196,481	181	196,662
Purchase of treasury shares			(50,003)				(50,003)		(50,003)
Disposal of treasury shares		(254)	254				0		0
Cancellation of treasury shares		(67,087)	67,087				–		–
Dividends from surplus						(17,822)	(17,822)	(226)	(18,048)
Transfer from retained earnings to capital surplus		67,156				(67,156)	–		–
Transfer from other components of equity to retained earnings				(7,553)		7,553	–		–
Share-based payment transactions		1,096	165				1,261		1,261
Transfer to other components of equity related to disposal group held for sale				(3,034)	3,034		–		–
Total transactions with owners	–	911	17,503	(10,587)	3,034	(77,425)	(66,564)	(226)	(66,790)
Balance at March 31, 2023	124,643	92,150	(28,086)	77,280	3,034	371,064	640,085	1,149	641,234

Notes to Consolidated Financial Statements

Notes to Important Items That Form the Basis for Preparing the Consolidated Financial Statements

1. Standards for preparation of consolidated financial statements

The consolidated financial statements of Olympus Corporation and its subsidiaries (hereinafter, “the Olympus Group”) have been prepared in accordance with the International Financial Reporting Standards (hereinafter the “IFRS”) as stipulated by the provisions of Paragraph 1, Article 120 of the Regulation on Corporate Accounting. Some of the descriptions and notes required by the IFRS are omitted as stipulated by the provisions stated in the latter part of the above same paragraph.

2. Scope of consolidation

Status of consolidated subsidiaries

Number of consolidated subsidiaries: 105

Names of principal consolidated subsidiaries:

Olympus Corporation of the Americas, Olympus Europa Holding SE, Olympus Corporation of Asia Pacific Limited, Olympus (China) Co., Ltd.

Change in scope of consolidation

Newly added consolidated subsidiaries: 3

Odin Medical Ltd. is included in consolidated subsidiaries as Olympus Corporation acquired shares in the fiscal year under review.

Olympus (Suzhou) Medical Device Co., Ltd. and one other company are included in consolidated subsidiaries as these companies were newly established in the fiscal year under review.

Excluded companies: 4

Olympus Logitex Co., Ltd. and other one company are excluded from consolidated subsidiaries as these companies merged with Olympus Corporation and another consolidated subsidiary in the fiscal year under review.

AVS CO., LTD. and one other company are excluded from consolidated subsidiaries due to liquidation in the fiscal year under review.

3. Application of the equity method

Status of affiliated companies accounted for under the equity method

Number of affiliated companies accounted for under the equity method: 3

Names of principal affiliated companies:

Sony Olympus Medical Solutions Inc.

4. Changes in presentation methods

In the fiscal year under review, Olympus Corporation concluded a share transfer agreement related to the transfer of Scientific Solutions Business of the Olympus Group with K.K. BCJ-66, a special purpose company indirectly owned by funds advised by Bain Capital.

Due to this, the Scientific Solutions Business has been classified as a discontinued operation from the fiscal year under review.

Profit or loss related to the Scientific Solutions Business, which has been classified as discontinued operations, is shown separately in the consolidated statement of profit or loss following profit from continuing operations, in the amount after the deduction of income taxes.

5. Items concerning accounting policies

(1) Financial assets

(i) Initial recognition and measurement

The Olympus Group initially recognizes trade and other receivables on the day when they are incurred, and other financial assets at the transaction date when the Olympus Group becomes a party to the contract for the financial assets. At the initial recognition, financial assets are measured at fair value plus transaction expenses, except for those measured at fair value through profit or loss.

(ii) Classification and subsequent measurement

The Olympus Group classifies the financial assets at initial recognition as financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income or financial assets measured at fair value through profit or loss.

(Financial assets measured at amortized cost)

Financial assets are classified into financial assets measured at amortized cost, on the condition that they meet both of the following criteria:

- Financial assets are held based on the business model to hold financial assets for the purpose of collecting contractual cash flows
- Contractual terms associated with financial assets gives rise to cash flows on specified dates, consisting only of payment of the principal and interest on the principal balance

Financial assets measured at amortized cost are measured at amortized cost using the effective interest method subsequent to the initial recognition.

(Financial assets measured at fair value through other comprehensive income)

Equity instruments such as shares held mainly for the purpose of maintaining or strengthening business relationships with investees are designated at initial recognition as financial assets measured at fair value through other comprehensive income.

Any change in fair value of equity financial assets measured at fair value through other comprehensive income is recognized as other comprehensive income subsequent to the initial recognition. If such assets are derecognized or the fair value decreased significantly, accumulated other comprehensive income is directly transferred to retained earnings.

Dividends from such financial assets are recognized in profit or loss.

(Financial assets measured at fair value through profit or loss)

Financial assets other than above are classified as financial assets measured at fair value through profit or loss.

Changes in fair value of financial assets measured at fair value through profit or loss are recognized in profit or loss subsequent to the initial recognition.

(iii) Impairment of financial assets

For financial assets measured at amortized cost, the Olympus Group recognized allowance for doubtful accounts for expected credit losses.

The Olympus Group evaluates at the end of each reporting period whether there is a significant increase in credit risk of financial assets since initial recognition. When there is no significant increase in the credit risk since initial recognition, the amount equal to expected credit losses for 12 months are recognized as allowance for doubtful accounts. When there is a significant increase in credit risk since initial recognition, the amount equal to expected credit losses for the remaining life of the financial assets are recognized as allowance for doubtful accounts.

For trade receivables, contract assets and lease receivables, allowance for doubtful accounts are always recognized at the amount equal to expected credit losses for the remaining life of the assets.

With regard to financial assets on which impairment losses were previously recognized, when the amount of impairment losses decreased due to any event that occurred after the initial recognition of the impairment losses, the previously recognized impairment losses are reversed and recognized in profit or loss.

(iv) Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to receive the cash flows from the financial asset are assigned and substantially all the risks and rewards of ownership are transferred.

(2) Derivatives and hedge accounting

The Olympus Group uses derivatives such as forward exchange contracts and interest rate swaps, as hedging instruments against foreign exchange risk and interest rate risk. These derivatives are classified as financial assets measured at fair value through profit or loss and financial liabilities measured at fair value through profit or loss. Derivatives that meet criteria for hedge accounting are designated as hedging instruments, and hedge accounting is applied to the derivatives.

For the application of hedge accounting, the Olympus Group officially makes designation and prepares documentation at the inception of the hedge, regarding the hedging relationship as well as the risk management objectives and strategies. Such document contains hedging instruments, hedged items, the nature of the risks to be hedged and the method for evaluating the hedging effectiveness. The Olympus Group continually evaluates whether the hedging relationship is effective prospectively.

The Olympus Group applies cash flow hedges to Interest rate-related derivative transactions that meet criteria for hedge accounting.

Of changes in fair value associated with hedging instruments in cash flow hedges, the effective portion is recognized in other comprehensive income, and recognized as other components of equity until the hedged transaction is executed and recognized in profit or loss. The ineffective portion is recognized in profit or loss.

The amount associated with hedging instruments recognized in other components of equity is transferred to profit or loss, at the point in time when the hedged transactions exert impact on profit or loss. If a hedged item results in the recognition of a non-financial asset or a non-financial liability, the associated amount recognized in other components of equity is accounted for as adjustment to the initial book value of the non-financial asset or the non-financial liability.

When any forecast transaction is no longer expected to occur, hedge accounting is discontinued, and any related cumulative gain or loss that has been recognized as other components of equity is transferred to profit or loss. Even if hedge accounting was discontinued, the amount that had been recognized as other components of equity until hedge accounting was discontinued continues to be recognized in other components of equity until future cash flows occur when these future cash flows are expected to occur. The Group does not use fair value hedges or net investment hedges in foreign operations.

(3) Inventories

Inventories are measured at the lower value between cost or net realizable value. The costs of inventories are calculated principally by using the weighted average method, which include purchase cost, processing cost, and other costs incurred in bringing inventories to their present location and condition. Net realizable value is determined at the estimated selling price in the ordinary course of business less estimated cost required up to the completion of the process and estimated selling expenses.

(4) Property, plant and equipment

Property, plant, and equipment is measured by using the cost model and is stated at cost less accumulated depreciation and accumulated impairment losses.

The costs of property, plant and equipment include any costs directly attributable to the acquisition of assets, dismantlement, removal and restoration costs as well as borrowing costs eligible for capitalization. Except for assets that are not depreciated such as land, each asset is depreciated over its estimated useful life on a straight-line method. The estimated useful lives of major asset items are as follows (excluding right-of-use assets):

- Buildings and structures: 2 to 50 years
- Machinery and vehicles: 2 to 10 years
- Tools, furniture and fixtures: 2 to 15 years

The estimated useful lives, residual values and depreciation methods are subject to review at the end of each reporting period, and any change to them is prospectively applied as a change in an accounting estimate.

(5) Goodwill

Goodwill is carried at cost less any accumulated impairment losses.

Goodwill is not amortized and is tested for impairment in each period or whenever there is an indication of impairment. Impairment loss of goodwill is recognized in profit or loss.

(6) Intangible assets

Intangible assets are measured by using the cost model and are carried at cost less accumulated amortization and accumulated impairment losses.

The costs of intangible assets acquired separately include any costs directly attributable to the acquisition of assets. Intangible assets acquired through business combinations is measured at fair value at the acquisition date. With regard to internally generated intangible assets, development expenses eligible for capitalization are recognized, whereas such costs that are not eligible are recognized as expenses when incurred.

Except for intangible assets with indefinite useful lives, each asset is amortized over the estimated useful life on a straight-line method. The estimated useful lives of major asset items are as follows:

- Capitalized development costs: 4 to 8 years
- Software: 3 to 5 years
- Other: 3 to 15 years

The estimated useful lives and amortization methods are reviewed at the end of fiscal year, and any change to them is prospectively applied as a change in an accounting estimate.

Intangible assets with indefinite useful lives and those yet to be usable are not amortized and are tested for impairment in each period or whenever there is an indication of impairment.

(7) Leases

(i) Leases as lessee

Olympus Corporation introduces a single lessee accounting model, instead of classifying leases into operating leases and finance leases, and recognizes right-of-use assets representing its rights to use the underlying leased assets and lease liabilities representing its obligations to make lease payments for all leases, in principle.

Lease liabilities are measured at the present value of the total lease payments that are not paid at the commencement date. Right-of-use assets are initially measured at the initial measurement amount of lease liabilities adjusted for any initial direct costs, prepaid lease payments, restoration costs, etc.

Right-of-use assets are depreciated on a straight-line method over the shorter of their estimated useful lives and lease terms.

The lease term is estimated based on the non-cancellable period and adjusted for optional periods for which the Olympus Group is reasonably certain to exercise an option to extend or terminate the lease. Furthermore, lease payments are categorized into amounts equivalent to the principal and interest of lease liabilities, and the amount equivalent to the interest apportioned to each fiscal period is calculated so as to achieve a constant rate of interest on the lease liabilities balance at each period-end, and recognized in profit or loss.

If the contract transfers the right to control the use of an identified asset for a period of time in exchange for a consideration, at the start of the contract, the contract is deemed to be a lease or to contain a lease.

For short-term leases and leases for which the underlying asset is of low value (“low-value leases”), the Olympus Group does not recognize the right-of-use assets and lease liabilities but recognizes lease payments as expenses. Right-of-use assets and lease liabilities are included in and presented as “Property, plant and equipment” and “Other financial liabilities” respectively on the consolidated statements of financial position.

(ii) Leases as lessor

Lease transactions involving transfer of substantially all the risks and rewards associated with the ownership of the leased assets are classified into finance lease, while other type of lease transactions are classified into operating lease.

In finance lease transactions, the present value of gross investments in the leases is recognized as revenue at the commencement of the lease term, and the correspondent amount is recognized as lease receivables. Unearned finance income is apportioned at a constant rate on the net investment over the lease term and recognized as revenue in the period to which it is attributable.

In operating lease transactions, the relevant leased properties are recognized in the Consolidated Statements of Financial Position, and lease payments receivable are recognized as revenue over the lease terms on a straight-line method.

(8) Impairment of non-financial assets

For the carrying amount of non-financial assets (excluding inventories, deferred tax assets, retirement benefit asset and non-current assets held for sale), the Olympus Group assesses at the end of each reporting period whether there is an indication of impairment. If any such indication exists, impairment test is performed. However, goodwill, intangible assets with indefinite useful lives and those yet to be

usable are tested for impairment in each period or whenever there is an indication of impairment. Assets that are not individually tested in impairment testing are integrated into the smallest cash-generating unit that generates cash inflows largely independent of cash inflows from other assets or asset groups. Corporate assets do not generate independent cash inflows. Therefore, if there is an indication that corporate assets may be impaired, impairment test is conducted based on the recoverable amount of the cash-generating unit to which the corporate assets belong.

The recoverable amount of an asset or cash-generating unit is the higher of its value in use and fair value less cost of disposal. In calculation of value in use, estimated future cash flows are discounted to the present value using the pretax discount rate reflecting monetary time value and risks specific to the asset. Impairment losses are recognized when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. Impairment losses recognized in association with a cash-generating unit are recognized first reducing the carrying amount of any allocated goodwill and then are allocated to other assets of the cash-generating unit on a pro-rate basis based on the carrying amount of each asset.

When there is an indication of reversal in respect of impairment losses recognized in prior periods and the recoverable amount of the asset or cash-generating unit exceeds its carrying amount, impairment losses are reversed. The carrying amount after reversal of impairment losses does not exceed the carrying amount that would have been determined when depreciation or amortization had been continued until the reversal occurred if any impairment loss had never been recognized for the asset. Impairment losses associated with goodwill are not reversed.

(9) Non-current assets or discontinued operations held for sale

Non-current assets or disposal groups that will be recovered principally through a sale transaction rather than through continuous use are classified as non-current assets or disposal groups held for sale if it is highly probable that they will be sold within one year, they are immediately available for sale in their current state, and the Olympus Group's management is committed to implementing a plan for their sale. An entity shall not depreciate or amortize a non-current asset while it is classified as held for sale or while it is part of a disposal group classified as held for sale, and shall measure a non-current asset or disposal group classified as held for sale at the lower of its carrying amount and fair value less costs to sell. When businesses that are considered as units on which management decision is made have already been sold or fulfill the requirements to be classified as being held for sale, the Olympus Group classifies those businesses as discontinued operations.

(10) Provisions

Provisions are recognized when the Olympus Group has present obligations as a result of past events, it is highly probable that outflows of economic resources will be occurred to settle the obligations, and reliable estimates of the obligations can be made.

Where time value of money is material, provisions are measured by discounting estimated future cash flows into present value by using the interest rate reflecting the time value of money as well as the risks inherent to the associated liabilities.

(11) Employee benefits accruals

(i) Post-employment benefits

The Olympus Group adopts defined benefit pension plans and defined contribution pension plans.

The Olympus Group calculates the present value of defined benefit obligations and associated current service cost as well as past service cost by using the projected unit credit method.

Discount rate used for discounting to the present value of defined benefit obligations is determined by reference to market yields on high quality corporate bonds of which currency and due date are consistent with those of the post-employment benefit obligations.

Asset or liability associated with a defined benefit plan is calculated by subtracting the fair value of plan assets from the present value of defined benefit obligations of each plan.

Any difference due to remeasurement arising from defined benefit pension plans is recognized as other comprehensive income in the period when the difference arose, and immediately transferred to retained earnings. Past service costs are expensed as incurred.

Contributions to defined contribution pension plans are recognized as expenses according to the period during which employees rendered the relevant services.

(ii) Short-term employee benefits

Short-term employee benefits are recognized as expenses in the period in which the employee renders the related service without discounting. When the Olympus Group has present legal or constructive obligations to make payments resulting from past services rendered by the employees and the amount can be estimated reliably, the amount estimated to be paid is recognized as liabilities.

(iii) Other long-term employee benefits

The Olympus Group has special leave system and incentive payment plans according to a specific number of service years as long-term employee benefits other than pension plans. The amount of obligations to other long-term employee benefits is recognized as liabilities at the amount calculated by discounting the estimated amount of future benefits earned in exchange for service that employees provided in prior fiscal years and the current fiscal year to the present value.

(12) Revenue

The Olympus Group is principally engaged in the manufacture and sales of endoscopes, therapeutic devices, and other products.

Endoscopic Solutions Business

The Endoscopic Solutions Business sells medical devices, including gastrointestinal endoscopes and surgical endoscopes, as well as provides medical services such as lease and repair for these products, to customers who are primarily medical institutions in Japan and overseas.

Regarding the sale of products by the Endoscopic Solutions Business, when control over products is transferred to a customer—at the time Olympus Corporation delivers the products to the customer—the legal title to the products and physical possession of the products, and significant risks and rewards of ownership of the products are transferred to the customer; then Olympus Corporation obtains the right to receive payments from the customer. At that point, Olympus Corporation recognizes the revenue. The revenue from the sale of products is measured in transaction prices related to the contract with the customer. Olympus Corporation receives a consideration for a transaction primarily within a year after satisfaction of performance obligations, and the consideration does not include a significant financial component. In respect of transactions that consist of multiple components, such as products and maintenance service, Olympus Corporation treats each component as a separate performance obligation when products to sell and services to render have an independent value on their own, and the total transaction amount is proportionally allocated based on the individual sales prices of the components.

In regard to maintenance contracts concerning medical devices, because performance obligations are satisfied over the passage of time, the transaction amount related to the contract with a customer is recognized as revenue spread evenly over the contract period. Generally, Olympus Corporation receives a consideration for a transaction in a lump sum as advance payment at the time the contract is concluded.

Lease transactions for medical devices as the lessor are recorded in accordance with Notes to Consolidated Financial Statements “5. Items concerning accounting policies, (7) Leases.” Olympus Corporation receives lease fees concerning leasing contracts based on payment conditions specified in individual contracts.

Therapeutic Solutions Business

The Therapeutic Solution Business sells medical devices, including gastroenterology devices, urology products, respiratory products, energy devices, ENT products, and gynecology products, to customers who are primarily medical institutions in Japan and overseas.

Regarding the sale of products by the Therapeutic Solutions Business, when control over products is transferred to a customer—at the time Olympus Corporation delivers the products to the customer—the legal title to the products and physical possession of the products, and significant risks and rewards of ownership of the products are transferred to the customer; then Olympus Corporation obtains the right to receive payments from the customer. At that point, Olympus Corporation recognizes the revenue. The revenue from the sale of products is measured in transaction prices related to the contract with the customer. Olympus Corporation receives a consideration for a transaction primarily within a year after satisfaction of performance obligations, and the consideration does not include a significant financial component.

Other Businesses

Other businesses include R&D and exploratory activities for new businesses, in addition to sales of biomedical materials and orthopedic equipment.

6. Notes to accounting estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis, and the effects of such reviews are recognized in the period in which the estimates are reviewed and in subsequent periods.

Information regarding accounting estimates and assumptions that may have a significant impact on the consolidated financial statements is as follows.

- Valuation of inventories (Notes “5. Items concerning accounting policies, (3) Inventories”)
Inventories are measured at cost. However, if the net realizable value of inventories at the end of the reporting period is lower than the cost, the inventories are measured at the net realizable value and the difference between the net realizable value and the cost is recognized as cost of sales, in principle. For unsold inventories that remain outside the operating cycle, the net realizable value, etc. is calculated by reflecting future demand and market trends. In the event that the market environment deteriorates further than forecasted and net realizable value declines significantly, losses may be incurred. The amount of inventories recorded in the consolidated financial statements for the fiscal year under review is ¥162,994 million.
- Impairment of non-financial assets (Notes “5. Items concerning accounting policies, (8) Impairment of non-financial assets”)
The Olympus Group tests for impairment of property, plant and equipment, goodwill, and intangible assets in accordance with Notes “5. Items concerning accounting policies.” In the calculation of the recoverable amount in the impairment test, assumptions are made regarding future cash flows, discount rates, etc.
These assumptions are determined based on management’s best estimates and judgment. However, they may be affected by the results of changes in uncertain future economic conditions, and if they require revision, they may have a significant impact on the consolidated financial statements.
In the test for impairment of goodwill, the recoverable amount is calculated based on the value in use. The value in use is calculated primarily by discounting estimated cash flows to the present value based on the business plans approved by management and, after the period of the business plans are completed, on the continuing value founded on the growth rate.
Business plans are limited to five years, reflect the management’s evaluation of future trends in the industry and historical data, and are consistent with external and internal information, and future cash flows are estimated based on these business plans.
The principal assumptions in estimating the value in use are the growth rate in the business plan, the operating margin, and the growth and discount rates after the periods of the plans are completed. The amounts of property, plant and equipment, goodwill, and intangible assets recorded in the consolidated financial statements for the fiscal year under review were ¥238,731 million, ¥182,505 million, and ¥115,183 million, respectively.

- Measurement of provisions (Notes “5. Items concerning accounting policies, (10) Provisions”)

Provisions are measured based on the best estimates for expenditures as of the fiscal year closing date expected to be required to settle future obligations. Estimates of expenditures expected to be required to settle future obligations are calculated based on a comprehensive consideration of possible future outcomes. Changes in uncertain future economic conditions may affect assumptions used to calculate the provisions. Accordingly, there are risks that such changes could result in significant adjustments to measurements of provisions in the future accounting periods. The amount of provisions recorded in the consolidated financial statements for the fiscal year under review is ¥22,023million.
- Notes to contingent liabilities (Notes to Consolidated Statements of Financial Position 3)

Contingencies are disclosed when an item could have a significant impact on future operations, taking into account all available evidence at the reporting date and considering the likelihood and monetary impact of the event.
- Measurement of defined benefit obligations (Notes “5. Items concerning accounting policies, (11) Employee benefits accruals”)

For defined benefit pension plans, the net value of the defined benefit obligations and the fair value of plan assets is recognized as either liabilities or assets. Defined benefit obligations are calculated based on the same types of assumptions used in the actuarial calculation, which include estimates of the discount rate, the retirement rate, the mortality rate, and the rate of compensation increase. These assumptions are established by comprehensively judging a variety of available information, including market trends, such as interest rate changes. Uncertain future economic conditions or changes in social conditions may affect the assumptions used in the actuarial calculation. Accordingly, there are risks that such changes could result in significant adjustments to the measurements of defined benefit obligations in future accounting periods. The amount of retirement benefit assets and retirement benefit obligations recorded in the consolidated financial statements for the fiscal year under review is ¥27,028 million and ¥20,416 million, respectively.
- Recoverability of deferred tax assets

Deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which deductible temporary differences, etc. can be utilized. Judgements on the likelihood that taxable income will be available are made based on the timing and amount of taxable income estimated based on the business plans including assumptions of the growth rate and operating margin. These estimates are determined based on management’s best estimates. However, they may be affected by the results of changes in uncertain future economic conditions and the actual results may differ from these forecasts. The amounts of deferred tax assets and deferred tax liabilities recorded in the consolidated financial statements for the fiscal year under review is ¥156,543 million and ¥11,905 million, respectively.

Notes to Consolidated Statements of Financial Position

1. Allowance for doubtful accounts directly deducted from assets

(1) Current assets ¥4,394 million

(2) Non-current assets ¥8,003 million

The amount of ¥5,634 million of allowance for doubtful accounts is the amount expected to be unrecoverable with respect to ¥5,634 million of long-term accounts receivable-other that is commission fees related to Receiver Funds and is included as an excess amount in “trade and other receivables” of non-current assets. Although these fees were paid to the external partners of multiple Receiver Funds, Olympus Corporation has requested payment from these external partners of Receiver Funds, because the fees were not agreed upon.

2. Accumulated depreciation for property, plant and equipment and accumulated impairment losses

¥404,233 million

3. Contingent liabilities

Liabilities for guarantees

Guaranteed party	Description of guarantee	Amount
Employees	Housing fund loans, etc.	¥0 million
Total		¥0 million

Notes to Consolidated Statement of Changes in Equity

1. Class and total number of issued shares at the end of the current fiscal year

Common stock 1,266,178,700 shares

2. Items concerning dividends

(1) Paid dividends

Resolution	Class of shares	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Meeting of the Board of Directors held on May 11, 2022	Common stock	17,822	14	March 31, 2022	June 3, 2022

(2) Dividends whose record date falls in the current fiscal year and which have an effective date in the next fiscal year

Olympus Corporation has made the following resolution on the dividends at a meeting of the Board of Directors held on May 12, 2023.

Class of shares	Total dividends (Millions of yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
Common stock	20,057	Retained earnings	16	March 31, 2023	June 6, 2023

3. Class and number of potential shares resulting from the exercise of subscription rights to shares (excluding shares for which the exercise period has not commenced) as of March 31, 2023

Common stock 302,800 shares

Notes to Financial Instruments

1. Items concerning status of financial instruments

With regard to fund management, the Olympus Group primarily uses short-term deposits. For financing, it uses loans from bank and other financial institutions and bond issuances.

In accordance with internal regulations, the Olympus Group manages customer credit risks pertaining to trade and other receivables by conducting credit investigations on major external customers and controls of due dates and outstanding balances by customers, while promptly identifying doubtful accounts caused by deteriorated financial conditions, etc., to reduce risks.

Regarding risks of market prices associated with holding shares, the Olympus Group regularly checks market prices and the financial status of business counterparts issuing shares, etc., while reviewing holding positions continuously in consideration of relationships with business counterparts to reduce risks.

Foreign currency fluctuation risks arising from foreign currency-denominated financial assets and financial liabilities are hedged mainly through forward foreign exchange contracts and currency swaps to lower risks. In addition, interest-rate risks associated with some long-term borrowings are hedged by fixing the amount of interest payments through interest-rate swap deals to reduce risks.

2. Items concerning fair value of financial instruments

Fair value hierarchy is categorized into the following three levels depending on the observability of inputs used in the valuation technique for the measurement.

Level 1: Fair value measured at market prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Fair value measured using observable prices other than those categorized within Level 1, either directly or indirectly

Level 3: Fair value measured using a valuation technique which includes inputs that are not based on observable market data

The Olympus Group recognizes transfers of financial instruments between the levels of the fair value hierarchy as if they occurred at the end of each fiscal year. There were no significant financial instruments transferred between the levels for the current fiscal year.

(1) Financial instruments measured at fair value

The methods for measuring major financial instruments measured at fair value are as follows.

Listed shares are classified as Level 1 and stated at market prices valued at the end of each fiscal year.

Unlisted shares are classified as Level 2 or Level 3 and stated at the value obtained by using valuation techniques such as the comparable company analysis method.

Derivative assets and liabilities are classified as Level 2. Currency derivatives are stated at the value based on forward exchange rates, and interest-rate derivatives are stated at the value obtained based on observable data such as market interest rates, credit risks, and the period up to maturity.

The contingent consideration for business combinations, etc., is classified as Level 3 and stated at the estimates of future payability.

The fair value hierarchy of financial instruments measured at fair value as of March 31, 2023 is as follows:

(Millions of yen)				
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through profit or loss				
Derivative assets	–	6,860	–	6,860
Equity securities and others	–	–	937	937
Financial assets measured at fair value through other comprehensive income				
Equity securities and others	470	–	6,431	6,901
Financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	–	1,216	–	1,216
Contingent consideration	–	–	8,226	8,226

The changes in financial assets categorized within Level 3 are as follows:

(Millions of yen)	
	Fiscal year ended March 31, 2023
Balance at April 1	3,895
Gains and losses (Note)	
Profit or loss	(66)
Other comprehensive income	27
Purchases	3,705
Transfer to investments accounted for using the equity method	(203)
Other	10
Balance at March 31	7,368

Note: Gains or losses recognized in profit or loss are mainly included in “Finance income” or “Finance costs” in the consolidated statement of profit or loss.

Gains or losses recognized in profit or loss, which related to the financial instruments held at the end of the current fiscal year, are ¥(65) million for the current fiscal year.

The changes in financial liabilities categorized within level 3 are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023
Balance at April 1	6,100
Business combinations, etc.	4,095
Settlement	(715)
Change in fair value	(1,758)
Other	504
Balance at March 31	8,226

(2) Financial instruments measured at amortized cost

The methods for measuring the fair value of major financial instruments measured at amortized cost are as follows. These financial instruments are mainly classified into level 2.

(Cash and cash equivalents, trade and other receivables, and trade and other payables)

Account items to be settled in the short term are stated at their book value because their fair value is nearly equal to their book value.

Lease receivables are stated at the value obtained by calculating the present value of each lease receivable categorized by a specific period, at discounted rates that take into account credit risks and the period up to maturity.

(Other financial assets and other financial liabilities)

Account items to be settled in the short term are stated at their book value because their fair value is nearly equal to their book value.

(Bonds and borrowings)

Bonds and borrowings with fixed interest rates are stated at the value calculated at discounted rates which would be applied to a similar issuance of bonds or similar new loans to generate future cash flows.

Borrowings with variable interest rates are stated at their book value because their fair value is deemed to be nearly equal to their book value, given that they are short-term borrowings reflecting market interest rates, and their credit conditions have not significantly changed since the drawdown.

Short-term borrowings and commercial papers are stated at their book value since they are settled in the short term and their fair value is nearly equal to their book value.

The carrying amount and fair value of major financial instruments measured at amortized cost were as follows. Financial instruments whose carrying amounts approximate fair value are not included in the following table. (Millions of yen)

	Amount recorded in the Consolidated Statements of Financial Position	Fair value	Variance
Financial assets			
Lease receivables	65,003	64,982	(21)
Financial liabilities			
Bonds	146,118	141,280	(4,838)
Borrowings	134,021	134,287	266

Notes to Revenue Recognition

1. Disaggregation of revenue

In the past, the organization of the Olympus Group has basically consisted of four segments: “Endoscopic Solutions,” “Therapeutic Solutions,” “Scientific Solutions,” and “Others.” However, from the fiscal year ended March 31, 2023, the organization has been changed to basically consist of three segments: “Endoscopic Solutions,” “Therapeutic Solutions,” and “Others.” The change is due to Olympus Corporation classifying the Scientific Solutions Business as a discontinued operation with the conclusion of a share transfer agreement related to the transfer of Scientific Solutions Business of the Olympus Group with K.K. BCJ-66, a special purpose company indirectly owned by funds advised by Bain Capital. For details on discontinued operation, please see 5. Discontinued operation.

Revenue recorded in “Endoscopic Solutions Business,” “Therapeutic Solutions Business” and “Others” is stated as revenue, as these three segments are the units for which separate financial information is available and according to which reporting is periodically conducted to decide how to allocate management resources and assess business performance. Revenue is geographically disaggregated by customer location. Relationship between the disaggregated revenue and revenue of each reportable segment is as follows:

	(Millions of yen)			
	Endoscopic Solutions	Therapeutic Solutions	Others	Total
Japan	70,472	46,170	5,874	122,516
North America	198,134	123,874	159	322,167
Europe	134,307	82,411	5,446	222,164
China	82,906	34,147	41	117,094
Asia and Oceania	51,891	25,543	373	77,807
Others	14,113	6,062	0	20,175
Total	<u>551,823</u>	<u>318,207</u>	<u>11,893</u>	<u>881,923</u>
Revenue recognized from contracts with customers	483,667	307,679	11,893	803,239
Revenue recognized from other sources	68,156	10,528	–	78,684

Note: Revenue recognized from other sources includes lease revenue and others according to IFRS 16.

2. Contract balance

The balance of receivables from contracts with customers, contract assets, and contract liabilities is as follows:
Fiscal year under review (from April 1, 2022 to March 31, 2023)

	(Millions of yen)	
	April 1, 2022	March 31, 2023
Receivables from contracts with customers	145,912	137,177
Contract assets	728	1,239
Contract liabilities	53,650	55,533

In the Consolidated Statements of Financial Position, receivables from contracts with customers and contract assets are included in trade and other receivables and contract liabilities are included in other current liabilities and other non-current liabilities.

Revenue from continuing operations recognized during the fiscal year under review which was included in contract liabilities at the beginning of the period was ¥50,919 million. In addition, for the fiscal year under review, the amount of revenue recognized from performance obligation satisfied (or partly satisfied) in the previous period is immaterial.

3. Transaction price allocated to the remaining performance obligation

Revenue by timing of satisfaction of remaining performance obligations is as follows. Olympus Corporation has applied the practical expedient and does not disclose transactions of which the expected contract period is within one year or less.

	(Millions of yen)	
	As of March 31, 2023	
Within one year	18,068	
Over one year	12,074	
Total	30,142	

Notes to Per-Share Information

1. Equity attributable to owners of parent per share	¥510.62
2. Basic earnings per share	
Continuing operations	¥108.78
Discontinued operation	¥4.44
Basic earnings per share	¥113.22

Notes to Significant Subsequent Events

(Transfer of Scientific Solutions Business)

On August 29, 2022, Olympus Corporation concluded a share transfer agreement related to the transfer of Scientific Solutions Business of the Olympus Group with K.K. BCJ-66, a special purpose company indirectly owned by funds advised by Bain Capital, and completed the transfer on April 3, 2023.

(1) Reasons for transfer

As a truly global medical technology company, Olympus Corporation announced its corporate strategy for achieving sustainable growth (hereinafter “Corporate Strategy”) on November 6, 2019. Based on this corporate strategy, we are aggressively allocating management resources to the medical field, mainly in Endoscopic Solutions Business and Therapeutic Solutions Business, and we are working to strengthen our management base in order to achieve sustainable growth. Under such circumstances, Olympus Corporation transferred its Science Solutions business, which had different business characteristics to the medical field, to Evident Corporation (hereinafter “Evident”). We focused on enhancing corporate value for the entire Olympus Group by establishing management systems that were complementary to the respective business characteristics, while proceeding with the task of examining all options, including the transfer of the shares of Evident. As a result of such examination, we reached the conclusion that based on the Corporate Strategy, the optimal path for enhancing corporate value of the Olympus Group and realizing autonomous and sustainable growth for the Science Solutions Business was to transfer all shares of Evident to Bain Capital.

(2) Name of counterparty to the share transfer

K.K. BCJ-66

(3) Date of the share transfer

April 3, 2023

(4) Name and business description of the consolidated subsidiary to be transferred and details of transactions with Olympus Corporation

Name: Evident Corporation

Business description: Business related to the development, manufacturing and sale, provision of solutions, and other activities dealing with biological microscopes, industrial microscopes, industrial endoscopes, non-destructive testing equipment, X-ray analyzers, etc.

Details of transactions with Olympus Corporation: Financing support

(5) Number of shares to be transferred, transfer price, gain or loss on transfer and shareholding ratio after the transfer

(i) Number of shares held before transfer: 100 shares (shareholding ratio: 100%)

(ii) Number of shares to be transferred: 100 shares

(iii) Number of shares held after transfer: - shares (shareholding ratio: -%)

(iv) Transfer price: Transfer price based on the agreement is ¥427,674 million. Under the agreement, the price has not been finalized and is subject to price adjustment.

Although this is currently under review, gain on transfer of the Scientific Solutions Business and expenses, such as related income taxes, are expected to total ¥347,900 million and ¥125,500 million, respectively.

(Subsidiary share transfer)

On April 21, 2023, Olympus Corporation concluded an agreement to transfer all shares of Gyrus Medical Limited, a consolidated subsidiary of Olympus Corporation whose business is the manufacture of products for the Therapeutic Solutions Business, to ATL TECHNOLOGY UK HOLDINGS LIMITED.

Olympus Corporation lost control of Gyrus Medical Limited on the same day that the transfer of shares in accordance with this share transfer agreement was completed. Consideration for this share transfer shall be GBP25 million in cash and GBP4 million in contingent consideration, but loss (gain) on transfer is currently undecided as it is being calculated.

(Purchase and cancellation of treasury shares)

At a meeting of the Board of Directors held on May 12, 2023, Olympus Corporation resolved items related to the purchase of treasury shares as provided for in Article 459 Section 1 of the Companies Act and Article 32 of Olympus Corporation's Articles of Incorporation, as well as the cancellation of treasury shares provided for in Article 178 of the Companies Act.

(1) Reasons for the purchase and cancellation of treasury shares

To strengthen shareholder returns and to improve capital efficiency

(2) Details of items related to the purchase

1. Class of shares: Common stock of Olympus Corporation
2. Total number of shares to be acquired: 55,000,000 shares (maximum)
(4.39% of total number of issued shares (excluding treasury shares))
3. Total share acquisition value: ¥100,000 million (maximum)
4. Acquisition period: May 15, 2023 to January 31, 2024
5. Acquisition method: Market purchase based on a discretionary trading contract on the Tokyo Stock Exchange

(3) Details of cancellation

1. Class of shares: Common stock of Olympus Corporation
2. Number of shares to be cancelled: Total number of treasury shares acquired in (2) above
3. Date of cancellation: February 29, 2024

Other Notes

1. Other income and other expenses

(1) Other income

Major items of other income are as follows.

(Gain on sale of fixed assets)

Olympus Corporation recorded gain on sale of land in Hatagaya of ¥16,395 million in “Other income.”

(Change in fair value of contingent consideration, which is a portion of acquisition consideration)

Olympus Corporation recognized ¥1,381 million in “Other income” due adjustments to the original acquisition consideration at the time of acquisition resulting from changes in the fair value of the contingent consideration, which makes up part of the acquisition consideration of Medi-Tate Ltd.

(2) Other expenses

Major items of other expenses are as follows.

(Business restructuring expenses)

Olympus Corporation recorded ¥2,361 million for the cost related to promotion of the business transformation plan “Transform Olympus” in “Other expenses.”

(Quality-related expenses)

Olympus Corporation recorded ¥1,937 million for the cost related to strengthening the global quality assurance functions and establishing quality compliance in “Other expenses.”

2. Business segments

(1) Overview of reportable segments

The reportable segments of the Olympus Group are the units for which separate financial information is available and according to which reporting is periodically conducted to decide how to allocate management resources and assess business performance.

In the past, the Olympus Group had four reportable segments: “Endoscopic Solutions,” “Therapeutic Solutions,” “Scientific Solutions,” and “Others.” However, from the fiscal year ended March 31, 2023, we have changed to three reportable segments: “Endoscopic Solutions,” “Therapeutic Solutions,” and “Others.” The change is due to Olympus Corporation classifying the Scientific Solutions Business as a discontinued operation with the conclusion of a share transfer agreement related to the transfer of Scientific Solutions Business of the Olympus Group with K.K. BCJ-66, a special purpose company indirectly owned by funds advised by Bain Capital. For details on discontinued operation, please see Other Notes “5. Discontinued operation.”

The principal products and services of each reportable segment are as follows.

Reportable Segment	Principal products and services
Endoscopic Solutions Business	Gastrointestinal endoscopes, surgical endoscopes, medical service
Therapeutic Solutions Business	Gastroenterology devices, urology products, respiratory products, energy devices, ENT products, gynecology products
Others	Biomedical materials, orthopedic equipment

(2) Revenue, business results and other items of reportable segments

Revenue, business results and other items of reportable segments are as follows. The accounting method used for reportable segments is the same as the accounting policies that are described in “Notes to Important Items That Form the Basis for Preparing the Consolidated Financial Statements, 5. Items concerning accounting policies.”

Fiscal year ended March 31, 2023

	Reportable Segment				Adjustment (Note 2, 3, 4, 5)	Amount on consolidated financial statements
	Endoscopic Solutions	Therapeutic Solutions	Others	Total		
(Millions of yen)						
Revenue						
Revenue from outside customers	551,823	318,207	11,893	881,923	–	881,923
Intersegment revenue (Note 1)	–	–	252	252	(252)	–
Total	551,823	318,207	12,145	882,175	(252)	881,923
Operating profit (loss)	152,769	63,692	(914)	215,547	(28,938)	186,609
Finance income						3,860
Finance costs						8,175
Profit before tax						182,294
Other items						
Share of profit (loss) of investments accounted for using equity method	505	(14)	–	491	–	491
Depreciation and amortization	37,495	19,159	1,059	57,713	5,879	63,592
Impairment losses	1,342	883	3	2,228	265	2,493
Segment assets	555,546	452,969	20,638	1,029,153	479,155	1,508,308
Investments accounted for using equity method	664	346	–	1,010	–	1,010
Capital expenditures	43,001	15,854	1,428	60,283	11,740	72,023

Notes:

1. Intersegment revenue is based on actual market prices.
2. Adjustment for operating profit (loss) is corporate expenses that mainly consist of elimination of transactions among segments, as well as general and administrative expenses and fundamental research expenses that are not attributable to reportable segments.
3. Adjustment for segment assets is corporate assets that are not attributable to reportable segments and assets of discontinued operation.
4. Adjustment for depreciation and amortization is the amount of depreciation and amortization related to corporate assets that are not attributable to reportable segments.
5. Adjustment for capital expenditures is the amount of increase in fixed assets related to corporate assets that are not attributable to reportable segments.

3. Assets held for sale and liabilities directly associated with assets held for sale

Breakdown of assets held for sale and liabilities directly associated with assets held for sale is as follows:
(Millions of yen)

		As of March 31, 2023
ASSETS		
Cash and cash equivalents		36,183
Trade and other receivables		34,712
Inventories		35,931
Land		1,371
Buildings and structures		5,798
Machinery and vehicles		2,577
Tools, furniture and fixtures		3,246
Construction in progress		220
Right-of-use assets		8,168
Other property, plant and equipment		4,910
Intangible assets		15,808
Goodwill		2,790
Deferred tax assets		1,872
Other financial assets		3,792
Other current assets		9,804
Other non-current assets		2,439
Total		169,621
LIABILITIES		
Trade and other payables		9,109
Accrued expenses		10,685
Provisions		627
Deferred tax liabilities		4,225
Other financial liabilities		9,187
Other current liabilities		7,309
Other non-current liabilities		2,111
Total		43,253

Assets classified as assets held for sale and liabilities directly associated with assets held for sale as of March 31, 2023 are as follows.

(Transfer of Scientific Solutions Business)

On August 29, 2022, Olympus Corporation concluded a share transfer agreement related to the transfer of Scientific Solutions Business of the Olympus Group with K.K. BCJ-66, a special purpose company indirectly owned by funds advised by Bain Capital. Accordingly, from the fiscal year ended March 31, 2023, the assets and liabilities related to the Scientific Solutions Business of the Olympus Group have been classified in a disposal group classified as held for sale. The transfer was completed on April 3, 2023. For details, please see (Subsequent events).

(Transfer of collagen and dental product sales businesses)

On March 28, 2023, Olympus Terumo Biomaterials Corporation, a consolidated subsidiary of Olympus Corporation, executed a company split agreement with GC Japan for the transfer of the collagen products development, manufacture and sales business and dental products sales business, which are included in the other businesses of the Olympus Group. As a result, from the fiscal year under review, the assets and liabilities related to the collagen business and the dental products sales business owned by Olympus Terumo Biomaterials Corporation are classified as a disposal group classified as held for sale. Transfer completion is scheduled for July 2023.

4. Business combinations

(Acquisition of Odin Medical Ltd.)

(1) Outline of business combination

(i) Name and description of acquired business

Name of acquired business

Odin Medical Ltd. (hereinafter “Odin”)

Description of business

Development of cloud AI-enabled applications for endoscopes

(ii) Primary reason for business combination

Odin, which is affiliated with the Wellcome / EPSRC Centre for Interventional and Surgical Sciences (WEISS) at University College London (UCL), was founded by renowned clinicians and artificial intelligence experts to develop next-generation cloud AI-enabled applications for endoscopy. By incorporating Odin’s solutions, which utilize surgical and clinical data collected and analyzed in real time, Olympus Corporation aims not only to reduce the administrative burden on health care workers and support decision-making in clinical settings, but also to support health care workers to provide better medical care to patients.

(iii) Acquired ratio of holding capital with voting rights

100%

(iv) Acquisition date

December 19, 2022

(v) Acquisition method to govern the acquired company

Cash consideration for the acquisition of shares

(2) Acquisition-related expense

The acquisition-related expense of ¥199 million has been booked in “Selling, general and administrative expenses.”

(3) Fair value of consideration paid, assets acquired, and liabilities assumed as of the acquisition date

	(Millions of yen)
	Amount
Fair value of consideration paid	
Cash	3,982
Contingent consideration	4,095
Total	8,077
Fair value of assets acquired and liabilities assumed	
Cash and cash equivalents	148
Other current assets	1
Property, plant and equipment	3
Intangible assets	2,434
Trade and other payables	(28)
Other current liabilities	(99)
Deferred tax liabilities	(606)
Other non-current liabilities	(74)
Fair value of assets acquired and liabilities assumed, net	1,779
Goodwill	6,298
Total	8,077

Based on the fair value of consideration paid on the acquisition date, we have allocated the assets acquired and liabilities assumed. However, as this allocation is not yet complete, the above values represent provisional fair values based on the best estimates at present. In the event we can receive and evaluate additional information relating to facts and conditions present at the point of acquisition, we may adjust the above values for a period of one year from the acquisition date.

Goodwill mainly represents a rational estimate of the expected future excess earning power. Furthermore, the amount of goodwill recognized does not include the amount that is expected to be deductible for tax purposes.

(4) Contingent consideration

The contingent consideration is a milestone payment subject to the obtaining of approval for development made by Odin, and the payment is calculated by taking into consideration the possibility of obtaining the approval for the development and time value of money. The payment limit is GBP33,000 thousand.

In terms of hierarchical level, the fair value of the contingent consideration is level 3. The amount of change in fair value of the contingent consideration includes the recording of the part based on changes in the time value of money as “Finance costs” and the part based on changes other than the time value of money as “Other income” or “Other expenses.”

(5) Impacts on the Olympus Group

Olympus Corporation omits making a description concerning profit or loss information of the said business combination on and after the acquisition date as well as profit or loss information under the assumption that the said business combination was conducted at the beginning of the fiscal year under review. This is because the amount of impact on consolidated statement of profit or loss due to such information is not material.

The Accounting Auditor has not audited profit and loss information under the assumption that the said business combination was conducted at the beginning of the fiscal year under review.

(Contingent consideration of Medi-Tate Ltd.)

With regard to the contingent consideration recognized from the acquisition of Medi-Tate Ltd. carried out in the previous fiscal year, due to the delay from the initial plan in obtaining approval as part of development activities, we have lowered the fair value from the balance of ¥2,699 million at the beginning of the fiscal year to ¥2,037 million in the fiscal year ended March 31, 2023. Of the ¥662 million difference, the amount of impact of changes in the time value of money of ¥460 million (Note 1) was recorded as “Finance costs” in the consolidated statements of profit or loss, the amount of impact of ¥1,381 million due to the review of the fair value itself (Note 2) was recorded as “Other income” in the consolidated statements of profit or loss, and the amount of impact of exchange rate fluctuations of ¥259 million was recorded as “Exchange differences on translation of foreign operations” in the consolidated statements of comprehensive income, respectively.

Notes:

1. The amount of contingent consideration is presented at the current value calculated from discounting in the period from the day of payment to the relevant fiscal year-end. Therefore, in principle, the amount increases and “Finance costs” occur as the day of payment approaches.
2. The impact originates from the fact that the amount itself has been reviewed due to the fact that achieving the conditions for the milestone has become difficult as a result of the delay from the initial plan.

5. Discontinued operation

(1) Outline of business combination

On August 29, 2022, Olympus Corporation concluded a share transfer agreement related to the transfer of Scientific Solutions Business of the Olympus Group with K.K. BCJ-66, a special purpose company indirectly owned by funds advised by Bain Capital. Due to this, profit (loss) from the Scientific Solutions Business has been classified as profit (loss) from discontinued operation from the fiscal year under review. The transfer was executed on April 3, 2023.

(2) Fair value of consideration paid, assets acquired, and liabilities assumed as of the acquisition date

	(Millions of yen)
	Fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)
Revenue	135,421
Cost of sales	60,045
Gross profit	75,376
Selling, general and administrative expenses	57,361
Share of profit (loss) of investments accounted for using equity method	–
Other income	215
Other expenses (Note)	11,195
Operating profit	7,035
Finance income	551
Finance costs	173
Profit before tax	7,413
Income taxes	1,790
Profit from discontinued operation	5,623

Note: Other expenses include ¥11,073 million in the fiscal year ended March 31, 2023, related to the spin-off of the Scientific Solutions Business and the strengthening of its management systems.

(3) Cash flows of discontinued operation

Cash flows of discontinued operation are as follows:

	(Millions of yen)
	Fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)
Net cash provided by (used in) operating activities	(13,151)
Net cash used in investing activities	(11,725)
Net cash used in financing activities	(2,891)

6. Cancellation and purchase of treasury shares

(Cancellation of treasury shares)

Based on resolution of the Board of Directors meeting held on May 11, 2022, Olympus Corporation canceled treasury shares on June 8, 2022. Due to this cancellation, treasury shares decreased by 13,402,333 shares during the fiscal year under review.

The impact of this cancellation is that treasury shares decreased by ¥23,271 million (contraction of negative stated amount in equity), and capital surplus decreased by ¥23,271 million.

The amount of the above cancellation was deducted from other capital surplus in capital surplus, but the amount that exceeds other capital surplus was deducted from retained earnings.

Based on resolution of the Board of Directors meeting held on November 11, 2022, Olympus Corporation canceled treasury shares on March 28, 2023. Due to this cancellation, treasury shares decreased by 19,713,300 shares during the fiscal year under review.

The impact of this cancellation is that treasury shares decreased by ¥43,817 million (contraction of negative stated amount in equity), and capital surplus decreased by ¥43,817 million.

The amount of the above cancellation was deducted from other capital surplus in capital surplus, but the amount that exceeds other capital surplus was deducted from retained earnings.

(Disposal of treasury shares)

Olympus Corporation conducted the disposal of treasury shares based on its restricted stock unit (RSU) system and performance share unit (PSU) system on July 22, 2022 and December 9, 2022. Due to this disposal, treasury shares decreased by 93,780 shares during the fiscal year under review.

The impact of this disposal is that treasury shares decreased by ¥165 million.

(Acquisition of treasury shares)

At a meeting of the Board of Directors held on November 11, 2022, Olympus Corporation resolved the acquisition of treasury shares and the specific means of acquisition as provided for in Article 459 Section 1 of the Companies Act and Article 32 of Olympus Corporation's Articles of Incorporation, and carried out as follows:

(1) Details of the resolution passed at the meeting of the Board of Directors held on November 11, 2022:

- | | |
|---|---|
| 1. Class of shares: | Common stock of Olympus Corporation |
| 2. Total number of shares to be acquired: | 21,000,000 shares (maximum) |
| 3. Total share acquisition value: | ¥50,000 million (maximum) |
| 4. Acquisition period: | November 14, 2022 to February 28, 2023 |
| 5. Acquisition method: | Market purchase based on a discretionary trading contract on the Tokyo Stock Exchange |

(2) Treasury shares acquired based on the above resolution by the Board of Directors

1. Total number of shares acquired: 19,713,300 shares
2. Total share acquisition value: ¥50,000 million
3. Acquisition period: November 14, 2022 to January 16, 2023 (contract basis)

7. Transfer of shares of OM Digital Solutions Corporation

(1) Overview of transaction

Olympus Corporation transferred the Imaging Business on January 1, 2021 to OJ Holdings, Ltd., a special purpose company established by Japan Industrial Partners, Inc. In this transfer of the business, OM Digital Solutions Corporation was newly established as a subsidiary of Olympus Corporation, the Imaging Business was succeeded to OM Digital Solutions Corporation through a company split, and Olympus Corporation transferred 95% of its shares held in OM Digital Solutions Corporation (95% of total number of issued shares) to OJ Holdings, Ltd.

On March 20, 2023, Olympus Corporation transferred 5% of its shares held in OM Digital Solutions Corporation (5% of total number of issued shares) to OJ Holdings, Ltd.

(2) Ownership ratio before and after the share transfer

(i) Ratio of voting rights owned before transfer 5%

(ii) Ratio of voting rights owned after transfer -%

Note: Olympus Corporation has dissolved its capital relationship with OM Digital Solutions Corporation through this share transfer.

(3) Impact on business results

The impact of this share transfer on the Olympus Corporation's consolidated financial statements was immaterial.

Consolidated Statements of Cash Flows (Reference)

(April 1, 2022 to March 31, 2023)

(Millions of yen)

Accounts	Amount
Cash flows from operating activities	
Profit before tax	182,294
Profit before tax from discontinued operation	7,413
Depreciation and amortization	66,741
Impairment losses	2,498
Interest and dividend income	(3,971)
Interest expenses	6,037
Loss (gain) on sale and retirement of fixed assets	(15,757)
Share of loss (profit) of investments accounted for using equity method	(491)
Decrease (increase) in trade and other receivables	(27,013)
Decrease (increase) in inventories	(26,852)
Increase (decrease) in trade and other payables	8,770
Increase (decrease) in retirement benefit liability	(14,099)
Decrease (increase) in retirement benefit asset	952
Increase (decrease) in provisions	(3,555)
Other	14,507
Subtotal	197,474
Interest received	3,933
Dividends received	38
Interest paid	(5,388)
Income taxes paid	(97,567)
Net cash provided by operating activities	98,490

(Millions of yen)

Accounts	Amount
Cash flows from investing activities	
Payments into time deposits	(2,136)
Purchase of property, plant and equipment	(47,570)
Proceeds from sales of property, plant and equipment	20,460
Purchase of intangible assets	(23,053)
Purchase of investment securities	(3,705)
Proceeds from sale and redemption of investments	933
Payments for acquisition of subsidiaries	(3,859)
Other	516
Net cash used in investing activities	(58,414)
Cash flows from financing activities	
Increase (decrease) in short-term borrowings and commercial papers	(67)
Repayments of lease liabilities	(20,914)
Repayments of long-term borrowings	(13,547)
Dividends paid	(17,822)
Dividends paid to non-controlling interests	(226)
Redemption of bonds	(40,000)
Payments for purchase of treasury shares	(50,003)
Other	(599)
Net cash used in financing activities	(143,178)
Effect of exchange rate changes on cash and cash equivalents	6,042
Net increase (decrease) in cash and cash equivalents	(97,060)
Cash and cash equivalents at beginning of period	302,572
Cash and cash equivalents at end of period	205,512

Non-Consolidated Balance Sheet
(As of March 31, 2023)

(Millions of yen)

Accounts	Amount	Accounts	Amount
ASSETS:		LIABILITIES:	
Current assets	284,731	Current liabilities	259,799
Cash and time deposits	4	Accounts payable	42,810
Notes receivable	2	Short-term borrowings	10,878
Accounts receivable	59,690	Current portion of bonds payable	10,000
Finished goods	39,527	Current portion of long-term borrowings	40,000
Work in process	1,080	Lease liabilities	133
Raw materials and supplies	46,882	Other payable	7,525
Short-term loans receivable	72,521	Accrued expenses	27,333
Other receivables	56,143	Income taxes payable	67,380
Other current assets	10,805	Deposits received	53,325
Allowance for doubtful accounts	(1,923)	Provision for product warranties	8
Fixed assets	688,871	Provision for business restructuring	183
Property, plant and equipment	50,835	Other current liabilities	224
Buildings	23,871	Non-current liabilities	295,494
Structures	507	Long-term bonds, less current maturities	136,765
Machinery and equipment	2,474	Long-term borrowings, less current maturities	155,000
Vehicles	4	Lease liabilities	246
Tools, furniture and fixtures	6,114	Long-term deposits received, less current maturities	25
Land	9,309	Provision for loss on business of subsidiaries and affiliates	3,350
Lease assets	371	Other non-current liabilities	108
Construction in progress	8,185	Total liabilities	555,293
Intangible assets	5,752	NET ASSETS:	
Patent right	134	Shareholders' equity	421,470
Software	3,628	Share capital	124,643
Software in progress	1,982	Capital surplus	91,063
Right of using facilities, etc.	8	Legal capital surplus	91,063
Investments and other assets	632,284	Retained earnings	233,850
Investment securities	1,470	Other retained earnings	233,850
Investment securities in subsidiaries and affiliates	537,835	Reserve for advanced depreciation	963
Investments in capital of subsidiaries and affiliates	612	Retained earnings carried forward	232,887
Prepaid pension expenses	14,976	Treasury shares	(28,086)
Long-term accounts receivable-other	5,634	Valuation and translation adjustments	(3,440)
Deferred tax assets	69,929	Net unrealized holding gains (losses) on available-for-sale securities, net of taxes	236
Other assets	8,725	Deferred gains or losses on hedges	(3,676)
Allowance for doubtful accounts	(6,897)	Subscription rights to shares	279
		Total net assets	418,309
Total assets	973,602	Total liabilities and net assets	973,602

Non-Consolidated Statement of Income
(April 1, 2022 to March 31, 2023)

(Millions of yen)

Accounts	Amount
Revenue	380,014
Cost of sales	229,138
Gross profit	150,876
Selling, general and administrative expenses	68,891
Operating profit	81,985
Non-operating income	85,127
Interest income	171
Dividends income	79,080
Others	5,876
Non-operating expenses	14,813
Interest expenses	907
Interest on bonds	665
Foreign exchange losses	4,241
Commission for syndicate loan	6
Business structure improvement expenses	5,312
Quality-related expenses	598
Others	3,084
Ordinary profit	152,299
Extraordinary income	17,777
Gain on sale of fixed assets	16,618
Gain on sales of investment securities	335
Gain on liquidation of subsidiaries and affiliates	81
Gain on extinguishment of tie-in shares	742
Income related to litigation	1
Extraordinary losses	4,699
Impairment losses	477
Loss on valuation of investments in subsidiaries and affiliates	426
Provision for loss on business of subsidiaries and affiliates	3,350
Extra payments for early retirements, etc.	446
Profit before provision for income taxes	165,377
Income taxes, current	78,006
Income taxes, deferred	(42,967)
Profit	130,338

Non-Consolidated Statement of Changes in Net Assets (April 1, 2022 to March 31, 2023)

(Millions of yen)

Items	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings
					Reserve for advanced depreciation	Retained earnings carried forward	
Balance at April 1, 2022	124,643	91,063	—	91,063	1,047	187,443	188,490
Changes during the year							
Dividends from surplus						(17,822)	(17,822)
Profit						130,338	130,338
Acquisition of treasury shares							
Disposal of treasury shares			(69)	(69)			
Cancellation of treasury shares			(67,087)	(67,087)			
Transfer from retained earnings to capital surplus			67,156	67,156		(67,156)	(67,156)
Reversal of reserve for advanced depreciation					(84)	84	—
Net changes in items other than shareholders' equity							
Net changes during the year	—	—	—	—	(84)	45,444	45,360
Balance at March 31, 2023	124,643	91,063	—	91,063	963	232,887	233,850

Items	Shareholders' equity		Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Treasury shares	Total shareholders' equity	Net unrealized holding gains (losses) on available-for-sale securities, net of taxes	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at April 1, 2022	(45,589)	358,607	529	(2,303)	(1,774)	396	357,229
Changes during the year							
Dividends from surplus		(17,822)					(17,822)
Profit		130,338					130,338
Acquisition of treasury shares	(50,003)	(50,003)					(50,003)
Disposal of treasury shares	419	350				(117)	233
Cancellation of treasury shares	67,087	—					—
Transfer from retained earnings to capital surplus		—					—
Reversal of reserve for advanced depreciation		—					—
Net changes in items other than shareholders' equity			(293)	(1,373)	(1,666)		(1,666)
Net changes during the year	17,503	62,863	(293)	(1,373)	(1,666)	(117)	61,080
Balance at March 31, 2023	(28,086)	421,470	236	(3,676)	(3,440)	279	418,309

Notes to Non-Consolidated Financial Statements

Notes to Items Related to Important Accounting Policies

1. Asset valuation principles and methods

(1) Securities

(i) Held-to-maturity securities

Amortized cost method

(ii) Investment securities in subsidiaries and affiliates

Cost method based on the moving-average method

(iii) Available-for-sale securities

Items other than shares, etc. that do not have a market price

Market value method (the net unrealized gains and losses on these securities are reported as a separate component of net assets, and the cost of sales is calculated by the moving-average method)

Shares, etc. that do not have a market price

Cost method based on the moving-average method

Contributions to limited liability partnerships engaged in investment business and similar partnerships (contributions deemed as securities as per Article 2, Paragraph 2 of the Financial Instruments and Exchange Act) are reported using a method that treats the amount (net) equivalent to the equity ownership portion based on the latest available financial statements depending on the reporting date stipulated in the partnership agreement.

(2) Claims and liabilities from derivatives transactions

Market value method

(3) Inventories

Reported using the moving-average method (for the value stated in the balance sheet, the book value is written down based on the decreased profitability)

2. Depreciation and amortization method for fixed assets

(1) Property, plant and equipment (excluding lease assets)

Straight-line method

(i) Vehicles, tools and fixtures

Based on useful lives as per the Corporation Tax Act

(ii) Other property, plant and equipment

Based on useful lives prescribed by Olympus Corporation determined in accordance with estimated functional useful years

(2) Intangible assets (excluding lease assets)

Straight-line method

Based on useful lives as per the Corporation Tax Act

Software for internal use is reported using the usable period within Olympus Corporation (3 to 5 years).

(3) Lease assets

Finance lease assets not involving the transfer of ownership

Calculated on the straight-line method over the lease period as the useful lives and assuming no residual value.

3. Accounting principles for allowances and provisions

(1) Allowance for doubtful accounts

To provide for losses due to unrecoverable claims such as accounts receivable and loans receivable,

ordinary claims are accounted using the historical loan loss ratio and doubtful and other specified claims are reported in amounts expected to be unrecoverable considering the recoverability of each claim separately.

(2) Provision for product warranties

Due to the accounting of after-sales service cost expected within Olympus Corporation's guarantee period with respect to products sold, the provision for product warranties is accounted using the prescribed Company's standards based on actually incurred past after-sales service cost.

(3) Provision for retirement benefits

To provide for retirement benefit payments to employees, the cost recognized as occurring at the end of the current fiscal year is accounted based on the projected benefit obligation and plan assets as of the end of the current fiscal year.

Pertaining to past service cost, the pro-rata amount calculated using a fixed number of years (5 years) within the average remaining service period of employees at the time of occurrence of such past service liabilities is accounted as an expense.

Pertaining to the actuarial gain or loss, the pro-rata amount calculated using a fixed number of years (5 years) within the average remaining service period of employees at the time of occurrence of such actuarial gain or loss is accounted as an expense starting from the following fiscal year.

(4) Provision for loss on business of subsidiaries and affiliates

To provide for losses arising from business of subsidiaries and affiliates, an estimated amount to be borne by Olympus Corporation related to excessive liabilities is accounted, taking into account the financial conditions of the subsidiaries and affiliates.

(5) Provisions for business restructuring

To provide for expenses arising from business restructuring, the expected amount of these expenses is accounted.

4. Accounting principles for revenue and expenses

Olympus Corporation is principally engaged in the manufacture and sales of endoscopes and therapeutic devices.

Endoscopic Solutions Business

The Endoscopic Solutions Business sells medical devices, including gastrointestinal endoscopes and surgical endoscopes, as well as provides medical services such as repair for these products, to customers who are primarily the group companies.

Regarding the sale of products by the Endoscopic Solutions Business, when control over products is transferred to a customer—at the time Olympus Corporation delivers the products to the customer—the legal title to the products and physical possession of the products, and significant risks and rewards of ownership of the products are transferred to the customer; then Olympus Corporation obtains the right to receive payments from the customer. At that point, Olympus Corporation recognizes the revenue. For repair of products, revenue is recognized at the point when service provision satisfying a performance obligation is completed. The revenue from these transactions is measured in transaction prices related to the contract with the customer. Olympus Corporation receives a consideration for a transaction primarily within a year after satisfaction of performance obligations, and the consideration does not include a significant financial component.

Therapeutic Solutions Business

The Therapeutic Solution Business sells medical devices, including gastroenterology devices, urology products, respiratory products, energy devices, ENT products, and gynecology products, to customers who are primarily the group companies.

Regarding the sale of products by the Therapeutic Solutions Business, when control over products is transferred to a customer—at the time Olympus Corporation delivers the products to the customer—the legal title to the products and physical possession of the products, and significant risks and rewards of ownership of the products are transferred to the customer; then Olympus Corporation obtains the right to receive payments from the customer. At that point, Olympus Corporation recognizes the revenue. The revenue from the sale of products is measured in transaction prices related to the contract with the customer. Olympus Corporation receives a consideration for a transaction primarily within a year after satisfaction of performance obligations, and the consideration does not include a significant financial component.

5. Other important items that form the basis for preparing non-consolidated financial statements

(1) Treatment method for important deferred assets

Stock issuance expense and bond issuance expense

Total expense recorded at the time of occurrence

(2) Hedge accounting methods

(i) Hedge accounting methods

The deferred hedge treatment method is used. Foreign currency-denominated accounts receivable under foreign exchange forward contracts are accounted for upon translation at the foreign exchange rate stipulated in the contracts. Pertaining to interest rate swaps, requirements for special treatment are satisfied, therefore a special treatment is used.

(ii) Hedging instruments and hedged items

- Hedging instruments Foreign exchange forward contracts, interest rate swap contracts, interest rate currency swap contracts
- Hedged items Forecasted transactions for foreign currency-denominated accounts receivable, borrowings, foreign-currency denominated bonds, foreign-currency denominated bond interests, foreign-currency deposits

(iii) Hedging policy

Foreign exchange rate fluctuation risk and interest rate fluctuation risk are hedged based on internal regulations that stipulate authorization relating to derivatives and transaction limits.

(iv) Method of assessing hedge effectiveness

The effectiveness is assessed by checking whether there exists a high correlation among the value fluctuations of hedged items, the cash flow and hedging instruments.

Notes to Non-Consolidated Balance Sheet

- | | |
|---|------------------|
| 1. Accumulated depreciation for property, plant and equipment | ¥79,112 million |
| 2. Contingent liabilities | |
| Liabilities for guarantees | ¥3,019 million |
| The above amount includes ¥3,019 million in contracted guarantees to subsidiaries and affiliates. | |
| 3. Short-term monetary claims to subsidiaries and affiliates | ¥186,767 million |
| 4. Short-term monetary liabilities to subsidiaries and affiliates | ¥106,644 million |
| 5. Discounted bills of exchange for export | ¥15 million |
| 6. Allowance for doubtful accounts | |
| ¥5,634 million of allowance for doubtful accounts is the amount expected to be unrecoverable with respect to ¥5,634 million that is commission fees related to Receiver Funds, and included as an excess amount in Long-term accounts receivable-other under Investments and other assets. Although these fees were paid to the external partners of multiple Receiver Funds, Olympus Corporation has requested payment from these external partners of Receiver Funds because the fees were not agreed upon. | |

Notes to Non-Consolidated Statement of Income

Total transactions with subsidiaries and affiliates	
Amounts resulting from business transactions	
Revenue	¥373,955 million
Net purchases	¥250,443 million
Other business transactions	¥29,579 million
Amount resulting from non-business transactions	¥82,884 million

Notes to Accounting Estimates

The preparation of non-consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis, and the effects of such reviews are recognized in the period in which the estimates are reviewed and in subsequent periods.

Information regarding accounting estimates and assumptions that may have a significant impact on the non-consolidated financial statements is as follows.

1. Valuation of inventories

Inventories are measured at cost. However, if the net realizable value of inventories at the end of the reporting period is lower than the cost, the inventories are measured at the net realizable value and the difference between the net realizable value and the cost is recognized as cost of sales, in principle.

For unsold inventories that remain outside the operating cycle, the net realizable value, etc. is calculated by reflecting future demand and market trends. In the event that the market environment deteriorates further than forecasted and net realizable value declines significantly, losses may be incurred.

The amount of inventories recorded in the non-consolidated financial statements for the fiscal year under review is ¥87,489 million.

2. Impairment of fixed assets

For property, plant and equipment and intangible assets for which there are indications that the asset or asset group may be impaired at the end of the fiscal year, in the event the total undiscounted future cash flows from the asset or asset group will be less than the carrying amount, Olympus Corporation records an impairment loss by reducing the carrying amount down to the recoverable amount.

In the recognition and measurement of impairment loss, assumptions are made regarding future cash flows, discount rates, etc. These assumptions are determined based on management's best estimates and judgment. However, they may be affected by the results of changes in uncertain future economic conditions, and if they require revision, they may have a significant impact on the non-consolidated financial statements.

The amounts of property, plant and equipment and intangible assets recorded in the non-consolidated financial statements for the fiscal year under review are ¥50,835 million and ¥5,752 million, respectively, and the amount of impairment loss recorded was ¥477 million.

3. Contingent liabilities

Contingencies are disclosed when an item could have a significant impact on future operations, taking into account all available evidence at the reporting date and considering the probability of occurrence and monetary impact of the event.

4. Measurement of defined benefit obligations

For defined benefit pension plans, the net value of the defined benefit obligations and the fair value of plan assets and unrecognized items such as actuarial gains and losses is recognized as either liabilities or assets.

Defined benefit obligations are calculated based on the same types of assumptions used in the actuarial calculation, which include estimates of the discount rate, the retirement rate, the mortality rate, and the rate of compensation increase. These assumptions are established by comprehensively judging a variety of available information, including market trends, such as interest rate changes.

Uncertain future economic conditions or changes in social conditions may affect the assumptions used in the

actuarial calculation. Accordingly, there are risks that such changes could result in significant adjustments to the measurements of defined benefit obligations in future accounting periods.

The amount of prepaid pension expenses recorded in the non-consolidated financial statements for the fiscal year under review is ¥14,976 million.

5. Recoverability of deferred tax assets

Deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which deductible temporary differences, etc. can be utilized.

Judgements on the likelihood that taxable income will be available are made based on the timing and amount of taxable income estimated based on the business plans including assumptions of the growth rate and operating margin.

These estimates are determined based on management's best estimates. However, they may be affected by the results of changes in uncertain future economic conditions and the actual results may differ from these forecasts.

The amount of net deferred tax assets recorded in the non-consolidated financial statements for the fiscal year under review is ¥69,929 million, and the amount before offsetting with deferred tax liabilities is ¥75,157 million.

Notes to Non-Consolidated Statement of Changes in Net Assets

1. Class and total number of issued shares at the end of the current fiscal year

Common stock	1,266,178,700 shares
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2. Class and total number of treasury shares at the end of the current fiscal year

Common stock	12,641,218 shares
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The number of treasury shares of common stock at the end of the current fiscal year increased by 1,132 shares as a result of the purchase of shares constituting less than one unit, decreased by 126,800 shares as a result of the exercise of stock options, increased by 1,387 shares as a result of acquisition without charge from retired Directors and Corporate Officers who were under the performance-linked share-based remuneration plan, decreased by 93,780 shares as a result of the disposal of shares for restricted share remuneration, increased by 19,713,300 shares as a result of purchase of treasury shares and decreased by 33,115,633 shares as a result of cancellation of treasury shares.

Notes to Tax Effect Accounting

1. Breakdown of deferred tax assets and liabilities by main cause

(Deferred tax assets)	
Inventories	¥3,167 million
Prepaid expenses	¥3,611 million
Accrued bonuses	¥1,635 million
Property, plant and equipment	¥3,478 million
Intangible assets	¥2,546 million
Investment securities	¥1,339 million
Investment securities in subsidiaries and affiliates	¥108,913 million
Allowance for doubtful accounts	¥2,701 million
Deferred gains or losses on hedges	¥1,623 million
Other	¥6,265 million
Subtotal of deferred tax assets	¥135,278 million
Valuation allowance related to deductible temporary differences	¥(60,121) million
Total deferred tax assets	¥75,157 million
(Deferred tax liabilities)	
Net unrealized holding gains (losses) on available-for-sale securities, net of taxes	¥(51) million
Reserve for advanced depreciation	¥(425) million
Prepaid pension expenses	¥(4,585) million
Other	¥(167) million
Total deferred tax liabilities	¥(5,228) million
Net deferred tax assets	¥69,929 million

2. Accounting treatment of corporate and local income taxes or tax effect accounting related thereto

Olympus Corporation adopted the group tax sharing system from the fiscal year under review. It follows the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (PITF No. 42; August 12, 2021) for accounting treatment and disclosure of corporate income taxes, local corporate income taxes, and tax effect accounting related thereto.

Notes to Transactions with Related Party

Subsidiaries and affiliates, etc.

Type	Company name	Ownership (owned) ratio of voting rights, etc. (%)	Relationship with the relevant party	Description of transaction	Amount of transaction (Millions of yen)	Account	Balance at end of year (Millions of yen)
Subsidiary	Evident Corporation	Ownership Direct 100.0	Financing support	Underwriting of capital increase (Note 1)	47,999	-	-
				Loan of funds (Note 2)	52,000	Short-term loans receivable	52,000

Transaction conditions and policy for determining transaction conditions, etc.

Notes 1: A capital increase conducted by Evident Corporation was underwritten.

2: The interest rate is determined in consideration of the market rate.

Officers and major individual shareholders

Type	Company name	Ownership (owned) ratio of voting rights, etc. (%)	Relationship with the relevant party	Description of transaction	Amount of transaction (Millions of yen)	Account	Balance at end of year (Millions of yen)
Officer	Yasuo Takeuchi	Ownership Direct 0.0	Director, Representative Executive Officer, President and CEO	Contribution in kind of monetary compensation claims (Note 1)	27	-	-

Note 1: It is due to contribution in kind of monetary compensation claims accompanying the performance share unit system.

Notes to Per-Share Information

1. Net assets per share ¥333.48
2. Earnings per share ¥102.88

Notes to Significant Subsequent Events

(Transfer of Scientific Solutions Business)

On August 29, 2022, Olympus Corporation concluded a share transfer agreement related to the transfer of Scientific Solutions Business of the Olympus Group with K.K. BCJ-66, a special purpose company indirectly owned by funds advised by Bain Capital, and completed the transfer on April 3, 2023.

(1) Reasons for transfer

As a truly global medical technology company, Olympus Corporation announced its corporate strategy for achieving sustainable growth (hereinafter “Corporate Strategy”) on November 6, 2019. Based on this corporate strategy, we are aggressively allocating management resources to the medical field, mainly in Endoscopic Solutions Business and Therapeutic Solutions Business, and we are working to strengthen our management base in order to achieve sustainable growth. Under such circumstances, Olympus Corporation transferred its Science Solutions business, which had different business characteristics to the medical field, to Evident Corporation (hereinafter “Evident”). We focused on enhancing corporate value for the entire Olympus Group by establishing management systems that were complementary to the respective business characteristics, while proceeding with the task of examining all options, including the transfer of the shares of Evident. As a result of such examination, we reached the conclusion that based on the Corporate Strategy, the optimal path for enhancing corporate value of the Olympus Group and realizing autonomous and sustainable growth for the Science Solutions Business was to transfer all shares of Evident to Bain Capital.

(2) Name of counterparty to the share transfer

K.K. BCJ-66

(3) Date of the share transfer

April 3, 2023

(4) Name and business description of the consolidated subsidiary to be transferred and details of transactions with Olympus Corporation

Name: Evident Corporation

Business description: Business related to the development, manufacturing and sale, provision of solutions, and other activities dealing with biological microscopes, industrial microscopes, industrial endoscopes, non-destructive testing equipment, X-ray analyzers, etc.

Details of transactions with Olympus Corporation: Financing support

(5) Number of shares to be transferred, transfer price, gain or loss on transfer and shareholding ratio after the transfer

(i) Number of shares held before transfer: 100 shares (shareholding ratio: 100%)

(ii) Number of shares to be transferred: 100 shares

(iii) Number of shares held after transfer: - shares (shareholding ratio: -%)

(iv) Transfer price: Transfer price based on the agreement is ¥427,674 million. Under the agreement, the price has not been finalized and is subject to price adjustment.

Although this is currently under review, gain on sale from the transfer of the subsidiary’s shares is expected to be ¥246,188 million.

(Subsidiary share transfer)

At a meeting of the Board of Directors held on February 10, 2023, Olympus Corporation resolved the transfer of all shares of our consolidated subsidiary TmediX Corporation (TmediX) to our consolidated subsidiary Olympus Marketing, Inc. (Olympus Marketing), and completed the transfer on April 3, 2023.

(1) Reasons for transfer

Toward achievement of strategic aspiration, Olympus Corporation needs to strengthen the foundation of sales functions in the Japan region, further improve profitability, and reform the makeup, and as part of these efforts, launched Olympus Marketing as a sales function of the medical business in the Japan region in October 2021. In developing business plans and calculating business results, accounting collaboration (consolidation) with TmediX, which was engaged in a sales function in the Japan region along with Olympus Marketing, was important, and therefore, it is necessary to improve the accuracy of consolidated accounting of the two companies and visualize their figures in a domestic sales function to make appropriate decisions in a speedy manner, looking at both companies with a bird's-eye view.

Furthermore, collaboration of both companies is also important from aspects of ensuring consistent governance as a sales function and optimizing the use of resources of both companies, and we set up a review task force in June 2022 and reached a conclusion that making TmediX a subsidiary of Olympus Marketing is the most appropriate for strengthening collaboration between both companies.

(2) Name of counterparty to the share transfer

Olympus Marketing, Inc.

(3) Date of the share transfer

April 3, 2023

(4) Name and business description of the consolidated subsidiary to be transferred and details of transactions with Olympus Corporation

Name: TmediX Corporation

Business description: Lease of products of the Endoscopic Solutions Business

Details of transactions with Olympus Corporation: Sales of products of Olympus Corporation

(5) Number of shares to be transferred, transfer price, gain or loss on transfer and shareholding ratio after the transfer

(i) Number of shares held before transfer: 1,000 shares (shareholding ratio: 100%)

(ii) Number of shares to be transferred: 1,000 shares

(iii) Number of shares held after transfer: - shares (shareholding ratio: -%)

(iv) Transfer price: ¥1,529 million

In the fiscal year ending March 31, 2024, gain on sale from the transfer of the subsidiary's shares of ¥1,403 million is planned to be recorded as extraordinary income.

(Purchase and cancellation of treasury shares)

At a meeting of the Board of Directors held on May 12, 2023, Olympus Corporation resolved items related to the purchase of treasury shares as provided for in Article 459 Section 1 of the Companies Act and Article 32 of Olympus Corporation's Articles of Incorporation, as well as the cancellation of treasury shares provided for in Article 178 of the Companies Act.

(1) Reasons for the purchase and cancellation of treasury shares

To strengthen shareholder returns and to improve capital efficiency

(2) Details of items related to the purchase

1. Class of shares: Common stock of Olympus Corporation
2. Total number of shares to be acquired: 55,000,000 shares (maximum)
(4.39% of total number of issued shares (excluding treasury shares))
3. Total share acquisition value: ¥100,000 million (maximum)
4. Acquisition period: May 15, 2023 to January 31, 2024
5. Acquisition method: Market purchase based on a discretionary trading contract on the Tokyo Stock Exchange

(3) Details of cancellation

1. Class of shares: Common stock of Olympus Corporation
2. Number of shares to be cancelled: Total number of treasury shares acquired in (2) above
3. Date of cancellation: February 29, 2024

Notes to Company Subject to Consolidated Dividend Regulations

Olympus Corporation is subject to consolidated dividend regulations.

Other Notes

(Business restructuring expenses)

Olympus Corporation recorded ¥2,361 million for the cost related to promotion such as the business transformation plan “Transform Olympus” in “Business restructuring expenses.”

Olympus Corporation recorded ¥2,951 million in “Business restructuring expenses” as expenses related to the spin-off of the Scientific Business, which was carried out for the purpose of establishing a globally integrated business structure that matches the nature of the business and a management structure that facilitates flexible and swift decision making.

(Quality-related expenses)

Olympus Corporation recorded ¥598 million for the cost related to strengthening the global quality assurance functions and establishing quality compliance in “Quality-related expenses.”

(Gain on sale of fixed assets)

Olympus Corporation recorded gain on sale of land in Hatagaya of ¥16,395 million in “Gain on sale of fixed assets.”

(Provision for loss on business of subsidiaries and affiliates)

In the fiscal year under review, our consolidated subsidiary Nagano Olympus Co., Ltd. had excessive liabilities as a result of a series of processes accompanying the transfer of the Scientific Solutions Business. An estimated amount to be borne by Olympus Corporation of ¥3,350 million related to such excessive liabilities was recorded in “Provision for loss on business of subsidiaries and affiliates.”

Business Combination

(Transfer of Scientific Solutions Business through company split)

Olympus Corporation transferred its Scientific Solutions Business through an absorption-type company split (hereinafter the “Company Split”), to Evident Corporation, which is a newly established wholly owned subsidiary of Olympus (hereinafter the “Evident”) on April 1, 2022.

(1) Overview of transaction

(i) Names and description of businesses subject to transaction

Names of businesses Scientific Solutions Business

Description of business Development, manufacturing, sales and provision of solutions for biological microscopes, industrial microscopes, industrial endoscopes, non-destructive testing equipment, X-ray analyzers, etc.

Total assets ¥16,761 million

Liabilities ¥2,269 million

Net assets ¥14,492 million

(ii) Effective date of company split

April 1, 2022

(iii) Legal form of business combination

Absorption-type split in which Olympus Corporation becomes the absorption-type split company and Evident becomes the absorption-type split successor company

(iv) Name of the company after the combination

Evident Corporation

(2) Description of transaction including purpose of the transaction

As a truly global medical technology company, Olympus Corporation announced its corporate strategy for achieving sustainable growth (hereinafter “Corporate Strategy”) on November 6, 2019. Based on this corporate strategy, Olympus Corporation is allocating management resources to the medical field, mainly in Endoscopic Solutions Business and Therapeutic Solutions Business, and we are working to strengthen our management base in order to achieve sustainable growth. Under these circumstances, we have been carefully analyzing and considering the reorganization of the Scientific Solutions Business, taking all options into consideration including a possible subsequent business transfer after Olympus Corporation Split, in order to achieve sustainable growth and profitability improvement of the Scientific Solutions Business. As a result, we decided to spin off the Scientific Solutions Business after it was judged that establishing a management structure that matches the characteristics of each business in the medical field centered on the above two businesses and Scientific Solutions Business will accelerate efforts to achieve sustainable growth and improve profitability of each and contribute to the enhancement of corporate value of the entire Group. As of April 1, 2022, we have completed the reorganization, in which our newly established wholly owned subsidiary, Evident Corporation takes over the Scientific Solutions Business.

(3) Outline of accounting treatment applied

These transactions were treated as transactions under common control in accordance with the Accounting Standard for Business Combinations (ASBJ Statement No. 21, January 16, 2019) and Guidance on Accounting Standard for Business Combinations and Business Divestitures (ASBJ Guidance No. 10, January 16, 2019).

(Absorption-type merger for a wholly owned subsidiary)

Olympus Corporation implemented an absorption-type merger (hereinafter “the Merger”) with consolidated subsidiary, Olympus Logitex Co., Ltd. (hereinafter “Olympus Logitex”), effective from April 1, 2022.

(1) Overview of transaction

(i) Description of businesses subject to transaction

Description of business Storing, shipping and logistics planning of Olympus Group products

Total assets ¥849 million

Liabilities ¥86 million

Net assets ¥763 million

(ii) Effective date of merger

April 1, 2022

(iii) Legal form of business combination

As an absorption-type merger (simplified and short-form) with Olympus Corporation acting as the surviving company and Olympus Logitex to be absorbed and merged. As a result, Olympus Logitex has been dissolved.

(iv) Name of the company after the combination

Olympus Corporation

(2) Description of transaction including purpose of the transaction

In order to improve operations and improve business performance and organizational soundness, we are working on the company-wide cross-functional corporate transformation plan “Transform Olympus,” and in one of its priority measures, “End-to-End (E2E) Supply Chain Transformation,” we aim to build an E2E supply chain that integrates everything from parts procurement to delivery to customers, improving customer satisfaction and business agility, improving cost efficiency, and optimizing inventory. As part of this End-to-End supply chain transformation, we integrated Olympus Logitex, which is responsible for storage and warehousing functions for Olympus Group products and distribution functions to dealers and customers in Japan and overseas, into our supply chain management section, which is responsible for the supply chain strategy planning function of the entire Group, and the merger has been conducted with the aim of strengthening the ability to propose logistics solutions and strengthening cooperation with global procurement, manufacturing, and sales functions.

(3) Outline of accounting treatment applied

These transactions were treated as transactions under common control in accordance with the Accounting Standard for Business Combinations (ASBJ Statement No. 21, January 16, 2019) and Guidance on Accounting Standard for Business Combinations and Business Divestitures (ASBJ Guidance No. 10, January 16, 2019). As a result of this merger, ¥742 million was recorded in “Gain on extinguishment of tie-in shares.”

Additional information
(Transfer of shares of OM Digital Solutions Corporation)

(1) Overview of transaction

Olympus Corporation transferred the Imaging Business on January 1, 2021 to OJ Holdings, Ltd., a special purpose company established by Japan Industrial Partners, Inc. In this transfer of the business, OM Digital Solutions Corporation was newly established as a subsidiary of Olympus Corporation, the Imaging Business was succeeded to OM Digital Solutions Corporation through a company split, and Olympus Corporation transferred 95% of its shares held in OM Digital Solutions Corporation (95% of total number of issued shares) to OJ Holdings, Ltd.

On March 20, 2023, Olympus Corporation transferred 5% of its shares held in OM Digital Solutions Corporation (5% of total number of issued shares) to OJ Holdings, Ltd.

(2) Ownership ratio before and after the share transfer

- (i) Ratio of voting rights owned before transfer 5%
- (ii) Ratio of voting rights owned after transfer -%

Note: Olympus Corporation has dissolved its capital relationship with OM Digital Solutions Corporation through this share transfer.

(3) Impact on business results

The impact of this share transfer on the Olympus Corporation's consolidated financial statements was immaterial.

Independent Auditor's Report

May 16, 2023

The Board of Directors
OLYMPUS CORPORATION

Ernst & Young ShinNihon LLC
Tokyo, Japan
Takahiro Yamazaki [Seal]
Certified Public Accountant
Designated and Engagement Partner
Tetsuya Yoshida [Seal]
Certified Public Accountant
Designated and Engagement Partner
Mitsuharu Konno [Seal]
Certified Public Accountant
Designated and Engagement Partner

Opinion

Pursuant to Article 444, paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets, and notes to the consolidated financial statements of OLYMPUS CORPORATION and its consolidated subsidiaries (the Group) applicable to the fiscal year from April 1, 2022 to March 31, 2023.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position and results of operations of the Group applicable to the fiscal year ended March 31, 2023, in accordance with accounting standards that are a subset of disclosure matters required by IFRS and pursuant to Article 120, paragraph 1 of the Regulations on Corporate Accounting.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Notes to Significant Subsequent Events of the consolidated financial statements, which describes that on August 29, 2022, OLYMPUS CORPORATION concluded a share transfer agreement related to the transfer of Scientific Solutions Business with K.K. BCJ-66, a special purpose company indirectly owned by funds advised by Bain Capital, and completed the transfer on April 3, 2023. Our opinion is not modified in respect of this matter.

Other Information

The other information comprises the information included in the Group's business report and its supplementary schedules. Management is responsible for preparation and disclosure of the other information. The Audit Committee is responsible for overseeing the Group's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting standards that are a subset of disclosure matters required by IFRS and pursuant to Article 120, paragraph 1 of the Regulations on Corporate Accounting, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting standards that are a subset of disclosure matters required by IFRS and pursuant to Article 120, paragraph 1 of the Regulations on Corporate Accounting, matters related to going concern.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting standards that are a subset of disclosure matters required by IFRS and pursuant to Article 120, paragraph 1 of the Regulations on Corporate Accounting.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

Independent Auditor's Report

May 16, 2023

The Board of Directors
OLYMPUS CORPORATION

Ernst & Young ShinNihon LLC
Tokyo Office
Takahiro Yamazaki [Seal]
Certified Public Accountant
Designated and Engagement Partner
Tetsuya Yoshida [Seal]
Certified Public Accountant
Designated and Engagement Partner
Mitsuharu Konno [Seal]
Certified Public Accountant
Designated and Engagement Partner

Opinion

Pursuant to Article 436, paragraph 2, item 1 of the Companies Act, we have audited the accompanying non-consolidated financial statements, which comprise the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in net assets, notes to the non-consolidated financial statements, and the related supplementary schedules (hereafter referred to as "non-consolidated financial statements, etc.") of OLYMPUS CORPORATION (the "Company") applicable to the fiscal year from April 1, 2022 to March 31, 2023.

In our opinion, the accompanying non-consolidated financial statements, etc. present fairly, in all material respects, the non-consolidated financial position and results of operations applicable to the fiscal year ended March 31, 2023, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements, Etc. section of our report. We are independent of Olympus Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Notes to Significant Subsequent Events of the non-consolidated financial statements, which describes that on August 29, 2022, Olympus Corporation concluded a share transfer agreement related to the transfer of Scientific Solutions Business with K.K. BCJ-66, a special purpose company indirectly owned by funds advised by Bain Capital, and completed the transfer on April 3, 2023. Our opinion is not modified in respect of this matter.

Other Information

The other information comprises the information included in the Group's business report and its supplementary schedules. Management is responsible for preparation and disclosure of the other information. The Audit Committee is responsible for overseeing the Group's reporting process of the other information. Our opinion on the non-consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the non-consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Audit Committee for the Non-Consolidated Financial Statements, Etc.

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements, etc. in accordance with accounting principles generally accepted in Japan. This includes the maintenance and operation of such internal control as management determines is necessary to enable the preparation and fair

presentation of non-consolidated financial statements, etc. that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, etc., management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

Audit Committee is responsible for overseeing the performance of duties by Executive Officers and Directors within the maintenance and operation of the financial reporting process.

Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements, Etc.

Our responsibilities are to obtain reasonable assurance about whether the non-consolidated financial statements, etc. as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the non-consolidated financial statements, etc. based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the decisions of users taken on the basis of these non-consolidated financial statements, etc.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, etc., whether due to fraud or error, design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- In making those risk assessments, we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the non-consolidated financial statements, etc. is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the non-consolidated financial statements, etc. of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the non-consolidated financial statements, etc. or, if the notes to the non-consolidated financial statements, etc. on material uncertainty are inadequate, to express a qualified opinion with exceptions on the non-consolidated financial statements, etc. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, etc., including the notes thereto, and whether the non-consolidated financial statements, etc. represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with the Audit Committee regarding, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the Audit Committee with a statement that we have complied with the ethical requirements in Japan regarding independence that are relevant to our audit of the financial statements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

Conflicts of Interest

We or engagement partners have no interest in Olympus Corporation which should be disclosed in accordance with the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

Audit Report

The audit committee has audited the directors' and executive officers' performance of their duties for the fiscal year from April 1, 2022 to March 31, 2023 and reports as follows in regard to the method and results of those audits.

1. Method and Contents of Audits

In regard to the content of resolutions of the board of directors regarding the matters stated in Article 416, paragraph (1), items (i)(b) and (i)(e) of the Companies Act, as well as the systems developed pursuant to those resolutions (i.e., internal control systems), the audit committee periodically received reports from directors, executive officers, and employees, etc. regarding the status of the establishment and operation of those systems and as necessary requested explanations and expressed opinions in regard thereto, in addition to which the audit committee conducted audits using the following methods.

- (i) In accordance with the audit policies and division of duties, etc. determined by the audit committee, and in cooperation with the internal control department of Olympus Corporation, utilizing means via telephone lines, the internet, and others, the audit committee attended important meetings (including online sessions), received reports from directors and executive officers, etc. regarding matters related to the performance of their duties, requested explanations as necessary, viewed important decision-making documents, etc., and inspected the status of operations and assets at the head office and main business locations. Additionally, in regard to subsidiaries, the audit committee communicated and exchanged information with the directors, executive officers, and audit and supervisory board members, etc. of subsidiaries and received reports on business from subsidiaries as necessary (including online sessions). As for internal controls over financial reporting, reports made by Directors, Executive Officers, employees and Ernst & Young ShinNihon LLC about the status of assessment and audit of said internal controls were provided to the Audit Committee, who asked for explanations as necessary (including online sessions).
- (ii) In regard to the basic policies provided for in Article 118, item (iii)(a) of the Ordinance for Enforcement of the Companies Act, as stated in the business report, the audit committee considered the contents.
- (iii) The audit committee oversaw and verified whether the accounting auditor maintained an independent position and conducted an appropriate audit, received reports from the accounting auditor on the status of the performance of its duties, and requested explanations as necessary. Additionally, the audit committee received notification from the accounting auditor that, in accordance with the "Quality Control Standards for Audits" (Business Accounting Council, October 28, 2005), etc., it had developed systems in order to ensure that its duties are appropriately performed (i.e., notification of the matters stated in the items of Article 131 of the Ordinance on Accounting of Companies) and requested explanations as necessary.

Using the methods above, the audit committee examined the business report, the supplementary schedules thereto, the accounting documents (i.e., the balance sheet, statement of income, statement of changes in net assets, and explanatory notes to accounting documents), the supplementary schedules to the accounting documents, and the consolidated accounting documents (i.e., the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and explanatory notes to consolidated accounting documents) for the business year.

2. Audit Results

(1) Results of audit of business report, etc.

- (i) We find that the business report and the supplementary schedules thereto accurately present the status of Olympus Corporation in accordance with laws, regulations, and the articles of incorporation.
- (ii) We do not find any misconduct nor any material fact constituting a violation of any law, regulation, or the articles of incorporation in relation to the directors' and executive officers' performance of their duties.
- (iii) We find the content of the resolutions of the board of directors regarding internal control systems to

be reasonable. Additionally, we do not find any matters that should be commented upon in regard to the statements in the business report or the directors' and executive officers' performance of their duties relating to the internal control systems, including internal controls for financial reporting.

(iv) We find the basic policy regarding persons who control the determination of financial and business policies of Olympus Corporation stated in the business report to be reasonable.

(2) Results of audit of accounting documents and supplementary schedules thereto

We find the methods and results of the audit by the accounting auditor, Ernst & Young ShinNihon LLC, to be reasonable.

(3) Results of audit of consolidated accounting documents

We find the methods and results of the audit by the accounting auditor, Ernst & Young ShinNihon LLC, to be reasonable.

May 16, 2023

The Audit Committee,
OLYMPUS CORPORATION

Audit Committee Member:	Yasumasa Masuda [Seal]
Audit Committee Member:	Sachiko Ichikawa [Seal]
Audit Committee Member:	Kohei Kan [Seal]
Standing Audit Committee Member:	Nobuyuki Koga [Seal]

(Note) Audit Committee Members Yasumasa Masuda, Sachiko Ichikawa, Kohei Kan are Outside Directors as provided for in Article 2, item 15 and Article 400, paragraph 3 of the Companies Act.

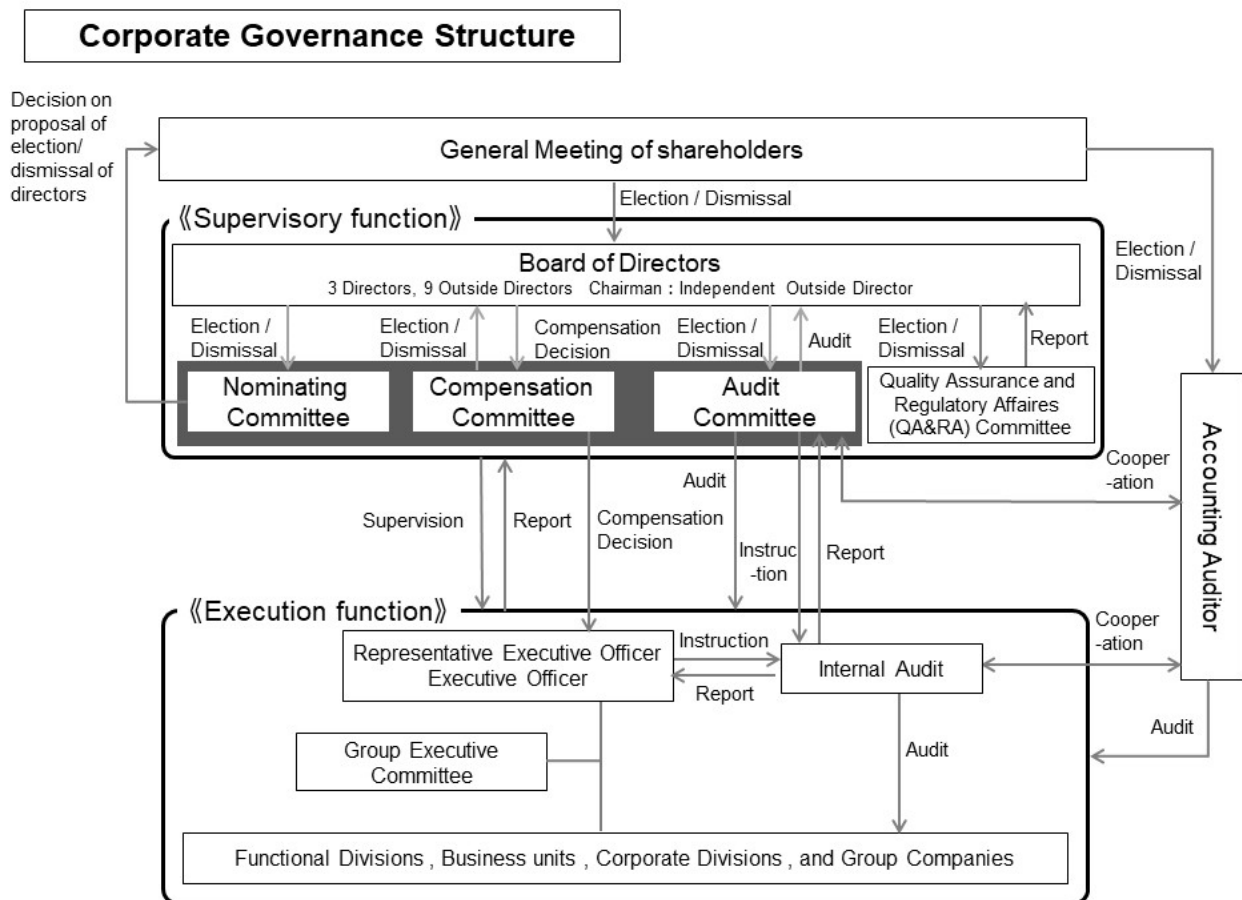
Reference (Status of Corporate Governance System)

1. 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 our company’s continuous development and medium- and long-term corporate value improvement 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 positioning the task to strengthen our corporate governance system, as a top management priority. In addition, we are complying with and have implemented the principles of Japan’s Corporate Governance Code set forth by the Tokyo Stock Exchange (amended in June 2021). 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 our corporate philosophy.

Basic policy for corporate governance is posted on Olympus Corporation’s website.

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



2. Roles of the Board of Directors and each Committee

Olympus Corporation, as a company with a nominating committee, etc., has the Board of Directors and statutory committees (Nominating Committee, Compensation Committee, and Audit Committee) in place. In addition, it has established the Quality Assurance and Regulatory Affairs (QA&RA) Committee as an optional committee in April 2023. Roles of the Board of Directors and each committee are as follows:

(1) Board of Directors, chaired by an Independent Outside Director

The Board of Directors will determine important matters including basic management policy and will supervise execution of duties of Directors and Executive Officers.

Main agendas: corporate strategy, business plans and outlook, Basic Policy on the Internal Control System, status of activities of each committee, and status of performance of Executive Officers

(2) Nominating Committee, chaired by an Independent Outside Director

The committee will deliberate on matters related to human resources at the Director and Executive Officer levels, and will determine the proposals to be submitted to the General Meeting of Shareholders in relation to the appointment of Directors.

Main agendas: skill matrix, candidates for Directors, candidates for Executive Officers, plan of candidates for Executive Officers

(3) Compensation Committee, chaired by an Independent Outside Director

The committee will determine a policy on compensation for Directors and Executive Officers, and its individual compensation.

Main agendas: policy to determine compensation, etc. of Directors and Executive Officers on an individual basis, the amount of compensation, and compensation rules

(4) Audit Committee, chaired by an Independent Outside Director

The committee will audit execution of duties of Directors and Executive Officers, create audit reports, and determine the proposals to be submitted to the General Meeting of Shareholders in relation to the selection of the Accounting Auditor, etc.

Main agendas: audit plans, audit reports, evaluation of the Accounting Auditor, and status of execution of internal audit

(5) Quality Assurance and Regulatory Affairs (QA&RA) Committee, chaired by an Independent Outside Director

The committee will provide ongoing oversight to support regulatory compliance, cross functional planning, resourcing and monitoring of company's transition towards a robust company Quality Management System as a global MedTech company.

3. Evaluation of effectiveness of the Board of Directors

Olympus Corporation annually conducts analyses and evaluations on the effectiveness of the overall Board of Directors, including third-party perspectives and announces the overview of results. These analyses and evaluations have been continuously conducted since 2015, mainly through self-assessment with questionnaires, and after transition to a company with nominating committee, etc. in 2019, discussions among Directors are also made for the analyses and evaluations. We are identifying points to be improved for higher effectiveness of the Board of Directors and statutory committees (Nominating Committee, Compensation Committee, and Audit Committee) and making improvements on it.

The overview of evaluations of the Board of Directors is posted on the website of Olympus Corporation.

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

Reference (ESG)

We are proud to say that we have been working on making people's lives healthier, safer and more fulfilling around the world for more than 100 years, through our innovative products and services. In particular, we have delivered benefits to the global healthcare community with solutions such as reducing the pain and boosting the quality of life of patients, and creating economic value throughout the medical communities.

In order to move to the next stage of realizing sustainable growth, we will contribute to create a sustainable society, by strengthening our approach to Materiality of Environmental, Social, and Governance (ESG) under the new management structure launched in April 2023.

1. Results of the fiscal year under review

We use the Dow Jones Sustainability Index (DJSI), a global major corporate sustainability index, as an index of ESG activities and as a result, Olympus Corporation was included in "DJSI World" and "DJSI Asia Pacific" in December 2022. We were selected for "DJSI World" for two (2) consecutive years and "DJSI Asia Pacific" for four (4) consecutive years.

<Selection to the ESG Index>

- Dow Jones Sustainability World Index (second consecutive year from 2021)
- Dow Jones Sustainability Asia Pacific Index (fourth consecutive year from 2019)
- FTSE4Good Index Series
- FTSE Blossom Japan Index

Member of

**Dow Jones
Sustainability Indices**

Powered by the S&P Global CSA



2. ESG strategy

We reviewed the prior ESG strategy, and under the new corporate strategy announced on May 12, 2023, we positioned ESG as one of the material items, and upgrade our ESG strategy so that it will be compatible and coherent with corporate strategy, business strategy, and function strategy more than ever.

In the ESG strategy, the prior "six ESG areas" and "five materiality items" are reorganized into "six focus areas" under which 25 materiality topics are identified. Centered on the materiality topics as particularly important, top priority, specific flagship initiatives are set for the execution, and quantitative and qualitative KPI and targets were defined for each.

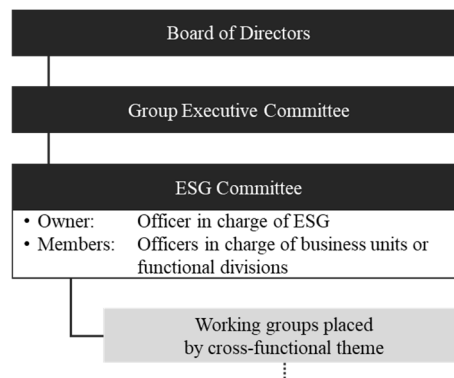
ESG six focus areas and materiality topics with top priorities



*1 CRC: Colorectal cancer *2 Olympus Corporation

3. Governance system

In April 2023, Executive Chairperson Yasuo Takeuchi succeeded the officer in charge of ESG from Stefan Kaufmann. Also, we reviewed the promotion structure of our ESG strategy at the group level in the previous fiscal year and decided to establish a new governance system in April 2023. This new governance system puts in place the ESG Committee, which consists of mainly officers in charge of each business unit or functional division, and promotes execution and monitoring of the ESG strategy. Under the ESG Committee, working groups are placed by cross-functional theme to drive the ESG strategy. In addition, through the ESG Committee, progress status of the ESG strategy, results of the activities, issues, and other matters are reported to the Group Executive Committee and the Board of Directors. By receiving instructions and advice from the Group Executive Committee and the Board of Directors, the ESG strategy will be appropriately performed under a proper governance structure.



Reference (FAQ)

We answer shareholders' questions.

Q1 Will the next year's General Meeting of Shareholders be held on a virtual platform only?

A We proposed this year's agenda for partial amendments to the Articles of Incorporation, not for the purpose of holding the General Meetings of Shareholders only on a virtual platform from next year. We consider it is important to have opportunities for dialogues with shareholders at the General Meetings of Shareholders. Even if this agenda of the partial amendments to the Articles of Incorporation is approved, we will continue to carefully consider and determine ways to hold the General Meetings of Shareholders through the Board of Directors each time the meeting is held, considering the social landscape of the moment, taking into consideration opportunities for dialogues with shareholders as well as the interests and rights of shareholders.

Q2 Please tell us about the forecasts for fiscal year ending March 31, 2024.

A Overall, highly uncertain conditions continue, including global supply shortages of semiconductors and other parts, soaring raw material prices, and geopolitical risks such as the war in Ukraine, and we expect these factors will continue into the fiscal year ending March 31, 2024. Among such a business environment, in the Endoscopic Solutions Business, we expect sales growth from expanded sales channels focused on the gastrointestinal endoscopic system "EVIS X1" continually in Japan, Europe, and Asia and plan to launch "EVIS X1" in the U.S. in the middle of the fiscal year ending March 31, 2024. In the Therapeutic Solutions Business, we forecast sales growth due to a recovery in the number of cases, mainly in the GI-endothorapy field, urology field, and respiratory field that we focus on. The Endoscopic Solutions Business and Therapeutic Solutions Business are both expected to continue growing and revenue of the medical business including both are forecasted to reach a record high. As a result, for the consolidated financial results in fiscal year ending March 31, 2024, we expect revenue of ¥914.0 billion, operating profit of ¥163.0 billion, profit before tax of ¥159.0 billion, and profit attributable to owners of parent of ¥336.0 billion. We expect decreases in operating profit and profit before tax in the fiscal year ending March 31, 2024, due to absence of impact of ¥16.4 billion in gain on transfer of fixed assets recorded as other income in this fiscal year and an expected increase in costs in relation to strengthening the business operation foundation for such as quality assurance, regulatory compliance. Meanwhile, profit attributable to owners of parent company is expected to reach a record high, due to expected gain from the transfer of Scientific Solutions Business.

Q3 Please tell us a concept of shareholder returns.

A We implement capital allocation based on the following concept to increase shareholder value and meeting the expectations from our shareholders.



* For a policy for decisions on dividend of retained earnings, etc., please refer to "VI Company Framework and Policies, 3. Policy for Decisions on Dividend of Retained Earnings, etc." of the Business Report. We resolved the acquisition of treasury shares and cancellation of treasury shares at the meeting of the Board of Directors held on May 12, 2023 with a limit of ¥100.0 billion. We will continue to stably distribute dividends through appropriate financial management, and are aiming to gradually increase dividends. Also, we secure sufficient liquidity for working capital and investments and if excess cash is available, we will consider the acquisition of treasury shares.

Q4 Please tell us about the future outlook of endoscopic medical care.

A We, as a leading company of endoscopic medical care, will improve an overall care pathway covering early

detection and diagnosis, stage classification, treatment, and follow-up care for patients and healthcare professionals through our latest solutions and create an intelligent endoscopy ecosystem. A new software platform is used for an intelligent endoscopy ecosystem with AI technologies. Upgrading software and applications on this platform will enable us to continue to provide innovations and it, we believe, contributes to more accurate early detection, diagnosis, and treatment for patients and healthcare professionals.

Q5 Please tell us about your efforts for ensuring human resource diversity.

A The Olympus Group has introduced a global human resource system which makes it possible to place the right person for the right position at a global level, and established a human resource system rewarding each employee for their performance using common standards across the group. We are making efforts to create a corporate culture where diverse human resources can actively work without regard to their nationality, age, and gender. In April 2023, we expanded the application of our job-type human resource system under which treatment is determined according to the scale of jobs and results, instead of the year of joining or age, to all employees in Japan. We are making efforts to fairly and appropriately provide opportunities for employment, capability development, and promotion to maximize the ability of each and every employee. Also, we are actively recruiting global talent for our management team based on their ability and aptitude. Currently, 60% of Executive Officers are non-Japanese and 10% are women and 15% of Corporate Officers are non-Japanese and 8% are women. Regarding promotion of the advancement of women, to increase women in managerial positions, we are working to provide development training for candidates for managers and aim to increase the percentage of female managers to 30% globally by the fiscal year ending March 31, 2028.

Q6 Please explain the reasons for transferring the Scientific Solutions Business operated since its foundation?

A Based on the corporate strategy announced in 2019, we have aggressively allocated management resources to the medical business, mainly in Endoscopic Solutions Business and Therapeutic Solutions Business, and worked to strengthen our management base in order to achieve sustainable growth. Among such situations, we made a decision that establishing an individual management structure that matches the characteristics of each business in the medical business and Scientific Solutions Business will accelerate efforts to achieve sustainable growth and improve profitability of each and contribute to the enhancement of corporate value of the entire Olympus Group that aims to develop itself as a global MedTech company. Accordingly, as of April 1, 2022, we have spun off the Scientific Solutions Business as Evident Corporation and transferred it on April 3, 2023.