

Strategic M&A

# Strategic M&A

## M&A Strategy and Policy

We continue to strengthen our product portfolio capabilities through tuck-in M&A opportunities in our priority businesses of GI, Urology and Respiratory in existing disease states and attractive high-growth adjacencies, which in turn contribute to improving patient outcome through comprehensive solutions.

Olympus' Business Development team is responsible for identifying and pursuing M&A opportunities that align with our Care Pathway Enhancement strategy.

Business Development works closely with business unit

and divisional leaders to execute on the strategy defined in the annual Strategic Business Planning (SBP) process. We identify potential targets that can help Olympus expand its product offerings and reach new markets. Once a target is identified, a deal team is formed to conduct due diligence and integration planning to ensure that the deal will add value to Olympus. The team also oversees the post-merger integration process to ensure that the acquired company is successfully integrated into sales and operations and delivers on the business plan.

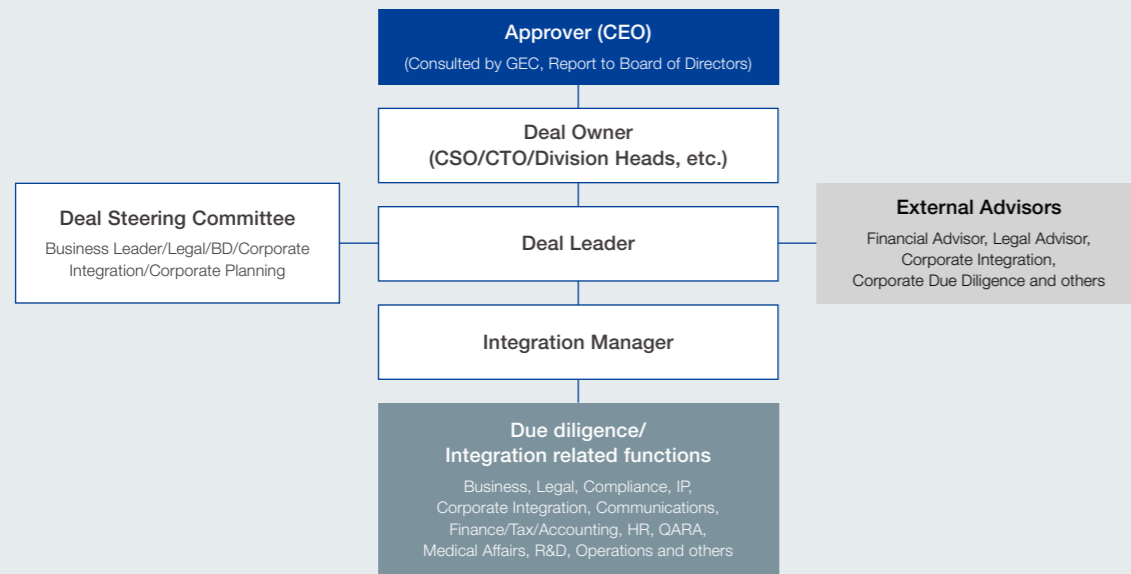
## M&A Process

The overall process for M&A begins with our strategy. Once a year, during the SBP process, we place targets on a long list and as deals are reviewed, the list is shortened accordingly. Of course, this process is dynamic and while we might use SBP to help chart our targets for a year, we also use strategy as a filter for opportunities that arise.

Within this process we view a deal from many strategic angles including Olympus strategy, divisional strategy, and business unit strategy.

When we are confident the deal falls within strategic expectations, the Deal team is put together to manage due diligence, Integration Planning, and Post Merger Integration (PMI) from a multi-functional perspective including financial criteria. At the end of the process, PMI is governed by a cross-functioning steering committee and we report to the Group Executive Committee (GEC) at regular intervals about the project, to look at KPIs and make sure the deal has been delivering on the business plan that was promised.

### Example of the Deal Execution Structure—Phase from LOI to Closing



## M&A Examples / Odin Medical (Odin Vision) Ltd.

### About Odin Medical Ltd.

We acquired Odin Medical Ltd. a cloud-AI endoscopy company, for up to GBP 66 million in upfront and milestone-based payments in December 2022.

Odin Vision was founded by a team of eminent clinicians and AI experts from the world-renowned Wellcome / EPSRC Centre for Interventional and Surgical Sciences (WEISS) at University College London (UCL). Odin Vision has its mission to create digital technology that drives a new era of healthcare supporting doctors to deliver higher quality care leading to improved patient outcomes, better patient experience and increase value for healthcare providers. Odin Vision is aiming to create a paradigm shift in the way AI is integrated into the endoscopy suite to support clinical procedures such as colonoscopy and esophagogastroduodenoscopy with their innovative cloud-AI platform.

### Aim of the Acquisition

The acquisition is a strategic component of our broader digital strategy to improve patient care by transforming clinical and procedural workflows. We plan to develop and establish Digital Excellence Centers (DECs) for the development of digital solutions around the world, beginning in London where the acquisition of Odin Vision has laid the groundwork. In addition to its portfolio, Odin Vision brings renowned AI and software expertise and development capabilities that synergize and further accelerate Olympus' digital health strategy. DECs will be located at current Olympus R&D sites in Hamburg, Boston and Tokyo, with the possibility of expanding to Silicon Valley and Tel Aviv at a later stage.



## M&A Examples / Arc Medical Design Ltd.

### About Arc Medical Design Ltd.

We acquired Arc Medical Design Ltd. in August 2020. We converted our current exclusive distribution rights of ENDOCUFF VISION to a full acquisition of the ENDOCUFF family of products.

### Aim of the Acquisition

By acquiring Arc Medical Design, we assumed worldwide responsibility for design, manufacturing, distribution and business strategy for the product portfolio with an immediate effect. It will further enable the company to improve clinical outcomes, reduce overall costs and enhance quality of life for patients.



### Situation after M&A

#### FY2023

- FY2023 Sales growth: About 40% YoY.
- Sales of main product "ENDOCUFF VISION" performed well at approximately 40% YoY, particularly strong in the U.S.
- In addition to Europe and the U.S., we started sales in Hong Kong, Australia, New Zealand, Thailand, and Vietnam in fiscal year 2022. We began evaluating doctors to start sales in India, Malaysia, Singapore, and South Korea in fiscal year 2023.

#### FY2024–

- FY2024 Sales growth outlook: Double digit growth
- Strategy:
  - Develop sales plan and prioritized account targeting tools.
  - Simplify claims and training for socialization and standardization.
  - Expand reimbursement and impact models to increase market penetration.
  - Develop clinical value strategy for ENDOCUFF VISION and AI.
  - Develop scientific publication roadmap and Implement claims and improve messaging.