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News Release

Company: Olympus Corporation

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Notice of Disposal of Treasury Shares based on Subsequent Grant-type Restricted Stock Unit Compensation System

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

1. Summary of the Disposal

(1)	Date of disposal	December 9, 2022
(2)	Class and number of shares for disposal	5,940 shares of common share of Olympus
(3)	Disposal price	2,975.5 yen per share
(4)	Total amount of disposal value	17,674,470 yen
(5)	Disposal recipients, the number of such recipients, and the number of shares to be disposed of	① RSU granted for the fiscal year ended March 2022 (FY2022-RSU) One retired executive officer 2,641 shares ② Transformational FY22-RSU granted for the fiscal year ended March 2022 One retired executive officer 3,299 shares
(6)	Other	Olympus has submitted notice of securities for the disposal of treasury shares in accordance with the Financial Instruments and Exchange Act.

2. Objectives and Reasons for the Disposal

Olympus introduced performance-linked stock compensation (PSU: Performance Share Unit) system in the fiscal year ended March 2018 as a stock compensation to directors (excluding outside directors) and corporate officers until the fiscal year ended March 2019. After its transition into a company with a Nominating Committee etc. in June 2019, Olympus further worked on reviewing its compensation systems under a basic concept to reward the responsibilities of directors (including outside directors) and executive officers with suitable and appropriate treatments through encouraging strong awareness "to maximize the corporate value and to meet expectations of various stakeholders," and additionally introduced RSU system since the fiscal year ended March 2021 as the consequence. Olympus has set share-holding guidelines to executive officers and directors respectively, and clawback clause to executive officers.

This disposal of treasury shares is made as stock compensations for planned recipient of retired executive officer based on its RSU system.

The outline etc. of the RSU system is as follows.

[Outline etc. of the RSU system]

(1) RSU to Executive Officer

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

On that basis, the Compensation Committee has determined to deliver FY2022-RSU to a retired executive officer.

(2) Transformational FY22-RSU

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

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

On that basis, the Compensation Committee has determined to deliver Transformational FY22-RSU to a retired executive officer.

In this disposal of treasury shares, under the above RSU system, eligible executive officer will pay the entire amount of the monetary compensation claim to Olympus as contributed assets in kind and then, receives Olympus’s shares to be disposed of.

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

Olympus will dispose of its treasury shares to planned recipient by using the monetary compensation claim granted to a retired executive officer by the above system as contributed assets. The disposal price is set at 2,975.5 yen, which is the closing price of Olympus’ common share as of November 10, 2022 (business day preceding the date of determination by representative executive officer) in Tokyo Stock Exchange.

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

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

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