

## Risk Information (As of June 25, 2019)

The business performances of the Olympus Group may be materially influenced by various factors which may occur in the future. Olympus has established the internal Rules on Risk Management and Crisis Response based on which it develops global risk management systems to mitigate business risks. Specifically, in relation to the single-fiscal-year activity themes defined based on the strategies for that year, the Olympus Group will evaluate risks in line with uniform standards to facilitate the efficient and effective formulation of priority measures. A system is in place to track and periodically monitor progress with regard to priority measures identified as Group-level themes. The Group has also begun efforts to standardize risk management processes to ensure that processes carried out for region-specific activity themes are consistent across the Group. These initiatives make it possible to improve the accuracy of efforts to appropriately control risks on a Groupwide basis by utilizing shared risk assessment and incident information based on uniform standards.

Listed below are principal business risk factors, aside from managerial decisions made by the Olympus Group, which may give rise to changes in Olympus Group's business performances.

The future events described below are based on the judgment of the Olympus Group made as of the end of the fiscal year ended March 31, 2019.

### Business Risks

#### (1) Risks Associated with Selling Activities

1. In the Medical Business, if healthcare policy is amended in an unforeseeable and material manner as a result of a healthcare system reform or another change occurs in relation to the medical sector, and the Olympus Group finds it difficult to adapt to such an environmental change, or if the Olympus Group is unable to obtain the licenses and approvals in various countries necessary for its business activities in a timely manner, the Olympus Group's ability to secure its earnings may be adversely affected.
2. In the Scientific Solutions Business, system provision to research activities funded by national budgets of countries accounts for a high proportion of earnings of the Olympus Group. Therefore, if such national budgets are curtailed in the wake of unfavorable macroeconomic fluctuations, the Olympus Group's ability to secure its earnings may be adversely affected.
3. In the digital camera field of the Imaging Business, market conditions are becoming harsher. If the market contracts more sharply than anticipated, the Olympus Group may be unable to adequately counter the resulting sales decline with the restructuring measures it is currently implementing, and this may adversely affect the Olympus Group's ability to secure its earnings.

#### (2) Risks Associated with Production / Development Activities

1. Certain production bases of the Group are located in overseas countries. Therefore, depending upon exchange rate trends and other factors, operating costs may increase substantially, and the Olympus Group's ability to secure its earnings may be adversely affected.
2. The Olympus Group relies on certain specific suppliers

to consistently develop and produce those products and parts which it cannot develop or produce internally. Hence, if the Group is subjected to constraints on procurement of such products and parts according to the said suppliers' convenience, the Olympus Group's ability to produce and supply them may be adversely affected.

3. The Olympus Group and its manufacturing contractors manufacture their products in accordance with exacting quality standards. However, if any product deficiency occurs, not only substantial costs including those of a recall would be incurred but also the market's confidence in the Olympus Group would be undermined, and the Olympus Group's ability to secure its earnings may be adversely affected.
4. The Olympus Group is continuing to advance development of products using cutting-edge technologies. However, if technological progress occurs so fast and market changes cannot be predicted adequately, that the Group is unable to develop new products adequately meeting customers' needs in a timely manner, the Olympus Group's ability to secure its earnings may be adversely affected.
5. The Olympus Group, in conducting R&D and production activities, uses various intellectual property rights, and believes that the Group lawfully owns or is licensed to use such rights. However, if any third party asserts that the Group has unknowingly infringed any of these intellectual property rights and if any litigation occurs, the Olympus Group's ability to secure its earnings may be adversely affected.

#### (3) Risks Associated with Business Collaborations and Corporate Acquisitions

1. The Olympus Group has built long-term strategic partnerships with advanced enterprises in the industry on technologies and product development. If the Group can no longer maintain such partnerships due to occurrence of a financial or any other business-related problem or change of its goals, the business activities of the Group may be adversely affected.
2. The Olympus Group may acquire a business enterprise in order to expand its business. If the Group is unable to integrate the acquired business in line with the Group's management strategy or utilize management resources in an efficient manner as to the existing business or the acquired business, the Group's business may be adversely affected or its business performances and financial position may be adversely affected due to impairment of goodwill, loss on business sale or liquidation resulting from business restructuring and the like, or other related expenses.
3. The Olympus Group holds investment securities and other such instruments for policy investment purposes which include facilitating business alliances. As such, the Group's business performance and financial position could be adversely affected under a situation involving considerable volatility with respect to stock prices and valuations of such investments brought about by developments that include market fluctuations and changes in the financial position of entities targeted for investment.

#### (4) Risks Associated with Financing

Since the Olympus Group carries out financing by borrowing from financial institutions, etc. and issuance of bonds, changes in the environment for the financial markets may have an impact on the

Group's financing. Furthermore, if the Group's financing costs rise as a result of such factors as deterioration in its business performances, this may also have an adverse impact on the Group's financing.

#### (5) Risks Associated with Leakage of Information

The Olympus Group possesses important confidential information regarding such matters as technology, as well as the personal information of its customers and other related parties. In order to prevent external leakages of this information, the Group takes various countermeasures including the establishment of internal regulations, the thorough promotion of employee training, and the strengthening of security systems. Even so, in the case that such information is leaked due to unanticipated circumstances, the Group's business performances and financial position may be adversely affected by such factors as damage to the Group's corporate value, loss of social credibility, and payment of compensation to customers and related parties affected by such information leakage.

#### (6) Risks Associated with Internal Control System

The Olympus Group has developed a system for ensuring appropriate and reliable financial reporting and valid and efficient work processes, which it operates and continuously improves. However, it is possible that no matter how effective the internal control system constructed by the Group, actions arising from malicious intent or gross negligence on the part of employees, changes in the business and social environment that were not envisaged at the time of the internal control system's construction, invalidation of the system due to these changes, or various other factors, could cause the system to fail. If unable to properly address such a situation, there is the potential for an issue arises in the future with regard to violation of laws and regulations. If such an issue were to arise, the Company may be obliged to pay fines due to administrative action, penalties due to criminal proceedings, or damages and so forth due to civil lawsuits. Moreover, the Company may suffer an adverse impact on its business from a loss of social trust. Such events could have an adverse impact on the Company's operating results.

#### (7) Risks Relating to Laws and Regulations

We operate our businesses globally, including our medical business, which is a regulated business. We are subject to various laws, including the Antimonopoly Act of Japan and the laws on medical care of Japan and similar laws in other countries and jurisdictions, as well as the anti-bribery provisions of the U.S. Foreign Corrupt Practices Act of 1977 (FCPA), the U.K. Anti-Bribery Act and other anti-bribery laws in other countries and jurisdictions. We are also subject to various laws targeting fraud and abuse in the healthcare industry, including the Act Against Unjustifiable Premiums and Misleading Representations in Japan and the Anti-Kickback Statute and the False Claims Act in the United States.

With respect to the medical business, because government-sponsored healthcare systems have developed around the world, our group companies and many of their distributors and suppliers do business with government affiliated entities, healthcare providers and officials. Our group companies and their distributors and suppliers operate in countries or jurisdictions where there has been governmental corruption in the past, and in certain circumstances

strict compliance with anti-bribery laws may conflict with local customs and practices. In addition, the various laws and regulations targeting fraud and abuse in the healthcare industry are wide-ranging and subject to changing interpretation and application, which could restrict our sales or marketing practices.

Violations of these laws may be punishable by criminal or civil fines, imprisonment and/or exclusion from participation in certain national healthcare programs. Furthermore, since many of our customers rely on reimbursement from public health insurance and other government programs to subsidize their medical expenditures, if our participation in such programs would be restricted as a result of a violation of these laws, that could adversely affect the demand for our products and the number of procedures performed using our devices.

We strive to fully comply with these laws, but if we engaged in conduct that violated them, regardless of whether we intentionally violated them or not, that may affect our business, financial condition, results of operations and cash flows as well as the price of shares of our common stock.

#### (8) Risks Relating to Duodenoscopes

Civil litigation has been filed in the United States alleging that plaintiffs have suffered damages with respect to the duodenoscopes that our group manufactures and markets. Due to the current status of these cases, it is not possible to give a significant impact on the Group's business results and financial situation. In addition, a warning letter was issued by the U.S. Food and Drug Administration (FDA) to each of our duodenal endoscopy manufacturers, including our group, in March 2018 because we were not in compliance with the performing post-marketing surveillance studies relating to the cleaning and disinfection of such products.

Although we have since proceeded with post-marketing surveillance research in collaboration with the FDA, further regulatory actions by the FDA may be taken depending on the future progress. The plea agreement, executed on December 3, 2018, with the U.S. Department of Justice required our subsidiary, Olympus Medical Systems, Inc., to "strengthen the process of compliance with laws and regulations and periodically implement confirmations that the Company has reached the level expected under the agreement."

Depending on our future progress, further actions may be taken by the U.S. Department of Justice.

#### (9) Other Comprehensive Risks

Through its domestic and overseas subsidiaries and affiliates, etc., the Company operates its various businesses globally. These may be the subject of various investigations, as needed, by domestic and overseas authorities, and may have consultations with or report to authorities with respect to compliance with laws and regulations (for example in response to the examination regarding compliance with antimonopoly acts and acts related to pharmaceutical and medical device or in voluntary disclosure to the U.S. Department of Justice regarding compliance with the Foreign Corrupt Practices Act). As such, the Company's ability to secure its earnings may be adversely affected depending upon the results of such investigations and consultations. In addition, if any natural disaster, disease, war, or terrorist attack occurs, or if interest rates rise or exchange rates fluctuate beyond its expectations, the Olympus Group's ability to secure its earnings may be adversely affected.