Since developing the world’s first practical gastrocamera in 1950, Olympus has worked alongside healthcare professionals to contribute to the evolution of endoscopy.

Our highest priority is to ensure patient safety, and we are committed to elevating the standard of care to improve outcomes by focusing on enhancing patient care pathways from early detection, diagnosis and staging, and minimally invasive treatment.

We are **True to Life**

By embracing Our Purpose of “Making people’s lives healthier, safer and more fulfilling,” Olympus continues to contribute to society through its businesses.

As a leading global MedTech company, we aim to achieve both ambitious leaps and sustainable growth under the new company strategy. Please look forward to Olympus delivering on its promises and soaring beyond our new horizon.
I am delighted to take up this incredible opportunity and I sincerely express my gratitude and delight at being named the new Olympus CEO and I am excited to continue our transformation initiated by my predecessor Yasuo Takeuchi. The first stage of Olympus’ transformation was a huge success in terms of becoming a pure MedTech player, increasing performance, and striving for a more globalized organization with a global leadership. We are now at the start of the second stage, where we will shift to grow. From here, my aspiration is for us to become a leading global MedTech company that is recognized by all our stakeholders for its innovative products and solutions, as well as its people.

Ensuring patient safety is our top priority and becoming a global MedTech company recognized for its innovative products and solutions, as well as its people.”

I am delighted to take up this incredible opportunity and I sincerely express my gratitude and delight at being named the new Olympus CEO and I am excited to continue our transformation initiated by my predecessor Yasuo Takeuchi. The first stage of Olympus’ transformation was a huge success in terms of becoming a pure MedTech player, increasing performance, and striving for a more globalized organization with a global leadership. We are now at the start of the second stage, where we will shift to grow. From here, my aspiration is for us to become a leading global MedTech company that is recognized by all our stakeholders for its innovative products and solutions, as well as its people.

Initiatives in Pursuit of Patient Safety and Sustainability

We are making progress toward becoming a global MedTech company. We have successfully divested our Imaging Business and Scientific Solutions Business, and have established a united and globalized senior management team transforming us into a pure MedTech player. However, the situation that we are in today in connection with three Food and Drug Administration (FDA) warning letters we received in fiscal year 2023 is an opportunity for us all to recognize that we must fundamentally improve our corporate culture, processes, and systems to meet the expectations of regulators and stakeholders. We put patient safety first and must continue to make meaningful improvements in quality assurance and regulatory affairs (QARA) over the next two to three years.

One of the critical success factors of Transform Olympus over the last four years has been giving equal weight to improving both financial performance and organizational health. We must now do the same with QARA remediation, where we are not only focusing heavily on addressing issues arising from the FDA observations at our sites globally, but are also executing remediation on a broader scale that covers our entire manufacturing landscape and R&D processes. This is because we want to be able to improve across the whole organization, not just those sites that have received warning letters. We have already established a holistic transformation program to investigate the detail and root cause behind the warning letters and to address areas that need to be enhanced. We are doing this by examining
Our Six ESG Focus Areas

We have revisited our ESG strategy to fully integrate it into the new company strategy. This solved our problem of having a siloed ESG strategy by making it an integral part of the company, business and overall functional strategy.

My personal aim is for Olympus to become an ESG leader among global MedTech companies through six focus areas: Healthcare Access and Outcome; Compliance, Product Quality and Safety; Responsible Supply Chain; Healthy Organization; Carbon Neutral Society and Circular Economy; and Corporate Governance. These ESG focus areas are crucial to our sustainability and contribution to society. For example, one of our top priorities in Healthcare Access and Outcomes is to enhance colorectal cancer related training by 20% in target emerging countries and regions. Healthcare in many of these markets is still underdeveloped, and Olympus has a strong track record of being the first to deliver training and education to healthcare professionals. Another focus area is to have a Healthy Organization, which is critical to my goal of having Olympus recognized by its stakeholders for its innovative products and people, as well as being an ESG leader.

I discussed with the Board of Directors the establishment of a QARA Committee that is composed of three outside directors with experience in leading global MedTech companies and QARA knowledge. They meet monthly with the executive team, monitor initiatives, and provide strategic advice. I am particularly pleased that, over the last few years, we have increased the capabilities at the Board level by bringing in new members with MedTech experience and promoting the Board of Directors and the executive team to cooperate closely on patient safety and QARA. As we focus on the new company strategy, we will invest approximately ¥60 billion over the next three years on strengthening QARA. This is a necessary investment rather than a cost because we are not only addressing issues arising from the FDA observations, but also taking a more holistic approach to create a steadfast foundation designed to meet patients’, customers’, and regulators’ expectations and ensure patient safety is our top priority. Operational performance will also improve given our digitizing and optimizing manufacturing efforts that will help reduce costs by creating a more streamlined and harmonized operating model. We expect SG&A ratio to be reduced due to greater clarity on decision-making authority and improved R&D and regulatory processes that will ultimately accelerate our ability to deliver products to customers while keeping product safety a top priority. QARA transformation will unleash Olympus’ full potential, and make us more sustainable and stronger. We do not want to miss out on this opportunity.

The corporate strategy overseen by Yasuo Takahashi has been a huge success, doubling our adjusted operating margin from below 10% to 20%. However, beyond financial targets, we have made significant cultural progress by successfully diverting our Imaging Business and Scientific Solutions Business, so our transformation from an optical equipment manufacturer to a pure MedTech player is an achievement that we should all proud of. We have also globalized and diversified the Board of Directors, which was formerly made up mostly of Japanese members before 2019, so that we are now a leader in Japan and on par with other MedTech companies and global players in terms of governance. Furthermore, half of the senior management team, our 60 leaders, are non-Japanese, reflecting our global models’ high level of diversity and willingness to collaborate in order to fulfill Our Purpose. Another achievement has been increased efficiency, with the SG&A ratio falling below 50% from 55% in fiscal year 2019, despite working in a variety of challenging macroeconomic and macropolitical environments over the past three to four years. Overcoming these challenges, meeting financial targets, and transforming the company to a new level demonstrates that the corporate strategy was perhaps the greatest success story in our long and fruitful 100-year history.

I would like to now discuss our new company strategy, which introduces the Three Guiding Principles. First, “Patient Safety and Sustainability” entails developing a patient safety mindset and adjusting our operating model, processes, and systems in order to become a leading global MedTech company. Second, “Innovation for Growth” refers to not only the need to innovate and develop products but to be more innovative and creative, and to take bolder calculated risks as a company, while working more closely with our customers to create commercial models and offerings. Third, “Productivity” is the fuel for innovation and we are building a high performing organization focused on patient safety and product quality while ensuring simplicity and operational efficiency. We have also established four strategic value pools that will drive our long-term sustainable growth and create value for our customers and society: Business and Global Expansion, Strategic M&A, Care Pathway Enhancement, and Intelligent Endoscopy Ecosystem. The Three Guiding Principles and the four value pools are deeply connected and help facilitate and accelerate each other, which is the beauty of the new company strategy. Strategic M&A, for example, is part of Innovation for Growth because we cannot develop everything in-house and must occasionally look outside for products and solutions to expand our portfolio and fill unmet customer needs. Finally, our resource allocation and investment priorities remain unchanged from the corporate strategy, with GI, Urology, and Respiratory as focus areas.

New Company Strategy and the Three Guiding Principles

Our new company strategy sets a target of revenue growth CAGR of around 5% over the next three years. Given our QARA transformation efforts and renewed patient safety initiatives, investing approximately ¥60 billion in QARA over that timeframe means that resources allocated to some of our innovation and R&D projects will be impacted, and considering the current rate of global macroeconomic and macropolitical instability, I believe this target is reasonable and will require significant commitment to achieve. However, I am confident that after we have successfully transformed Olympus to reach the next level of maturity as a leading global MedTech company, our growth potential will be significantly higher, and we will be able to grow our revenue at a rate greater than 5% CAGR while improving our operating margin.

I also believe that our capital allocation policy is more than appropriate for Olympus to become a leading global MedTech company. Our first priority is to invest in innovation, the business, and M&A. The second priority is to continue increasing the dividend gradually, as we have done hitherto. After securing sufficient liquidity on hand for working capital and investment, we will consider additional repurchasing of our shares if there are surplus funds. Although we expect this policy to remain unchanged for the next few years, we need to improve how we communicate the criteria for whether or not to repurchase our shares, while also keeping in mind the ongoing challenge of maintaining a healthy capital ratio. We are also committed to paying higher dividends.

Olympus has proven in the last three years that it can deliver on its commitments while also creating value for shareholders. As the new CEO, I will make certain that this trend continues. Despite facing challenges, we are fully committed to becoming a leading global MedTech company that is recognized by all our stakeholders for its innovative products and people. I am confident that Olympus has a bright and promising future ahead, and we are working extremely hard to justify the trust that has been placed in us over the years.
In May 2023, Olympus announced its new company strategy, “Leading as a global MedTech company.” In our company strategy, we have set three priorities as guiding principles to achieve “Making people’s lives healthier, safer, and more fulfilling,” as stated in Our Purpose: “Patient safety and sustainability,” Innovation for growth,” and “Productivity.” With patient safety at our top priority in this new strategy, we will aim to become a global MedTech company that is recognized the quality, value and innovation of our people and products. Integrated Report 2023 introduces the progress of our transformation, including a track record of our improvement in business performance and initiatives to date, with thoughts from management, employees, and voices of healthcare professionals. We have also expanded our information disclosure in line with the four strategic value pools that drive long-term sustainable growth introduced in our company strategy: 1) Business and Global Expansion, 2) Strategic M&A, 3) Care Pathway Enhancement, and 4) Intelligent Endoscopy Ecosystem.

Theme of Integrated Report 2023

Message from the CEO
A message from Mr. Stefan Kaufmann, who took over as CEO in April 2023, on the next steps in the transformation to become a leading global MedTech company.

Roundtable Discussion with the Chairperson of the Board, Executive Chairperson, and CEO
With Our Purpose and patient safety as top priorities, Chairperson of the Board Mr. Fujita, Executive Chairperson Mr. Takeuchi, and CEO Mr. Kauflmann had a roundtable discussion on what the executive team and the Board of Directors are working on and how they are cooperating to take the next steps toward Olympus becoming a leading global MedTech company.

Initiatives for Patient Safety and Growth
Information on our product quality and safety initiatives, the QARA structure, and messages from the CEO and the Chairperson of the QARA Committee.

Messages from Executive Officers
Introducing messages from our executive officers regarding their role, initiatives, and enthusiasm for realizing Our Purpose under the new organizational structure from April 2023 and the new company strategy.

Our New Company Strategy

Message from Executive Officers
P.02
ESG Strategy
P.38
Explanation of the six ESG focus areas and materiality topics with top priorities outlined in the new company strategy.

Customer Voices
P.54
Introducing comments from healthcare professionals on ENDOCUFF VISION, a GI-Endotherapy device, and iTind, a Therapeutic device used in urology.

Innovation
P.58
Introducing our approach and strategy regarding R&D activities.

Medical Business Strategy:
Asian Emerging Markets
P.64
Following China’s lead, introducing our support for the training of endoscopists and contribution to strengthening medical infrastructure in Asian emerging markets, where it is conceivable that the spread of medical devices will rapidly advance in the years to come.

Care Pathway Enhancement
P.68
Explaining the enhancement of the care pathway from early detection and diagnosis, staging, treatment, and post procedure with colorectal cancer, benign prostate hyperplasia, and lung cancer as examples.

Intelligent Endoscopy Ecosystem
P.70
Introducing our unique pursuit of solutions to healthcare challenges through the use of digital technologies such as AI.
Our Company

This chapter looks back on Olympus’ 100-year history and provides a business overview and Olympus’ competitive advantages. In addition, Chairperson of the Board Mr. Fujita, Executive Chairperson Mr. Takeuchi, and CEO Mr. Kaufmann held a roundtable discussion on the next steps toward Olympus becoming a leading global MedTech company. This chapter also introduces initiatives for patient safety and growth and messages from each executive officer.

Contents

10 Roundtable Discussion with the Chairperson of the Board, Executive Chairperson, and CEO
16 Initiatives for Patient Safety and Growth
18 Value Creation Model
20 Steps toward Becoming a Truly Global MedTech Company
22 Overview
28 Message from the CFO
30 Messages from Executive Officers
Towards the Next Step in Becoming a Leading Global MedTech Company with Our Purpose and Patient Safety Mindset

Thinking Behind the CEO Change

Takeuchi: The decision to change CEO in April 2023 was to coincide with the new company strategy announced in May 2023, which succeeds the previous corporate strategy introduced in 2019. I was CEO at the time we started Transform Olympus and my biggest mission was to transform the company into becoming a truly global leading MedTech company. Around 2021, I worked closely with Stefan to think about the next step in the development of the Company. I knew that this transition would require a new strategy and new leadership. So, while we have successfully transformed into a pure MedTech company over these last four years, this is only the first step.

Fujita: In terms of the nomination process, Mr. Takeuchi informed the Nominating Committee of his intention to step down as CEO. The Nominating Committee started to deliberate about who would be the most appropriate successor, both taking into account Mr. Takeuchi’s recommendations and following our succession plan which was already in place. After having several interviews and discussions within the Committee, we unanimously elected Mr. Kaufmann to be our new CEO.

Kaufmann: There is a robust process behind the CEO nomination process. We are a company with a Nominating Committee, etc., and we see succession planning as one of the most important components of the Nominating Committee. Yas (Takeuchi) and I had earnest discussions about putting me forward as a nominee. When I was chosen, I felt really proud and humbled. Of course, I also had many questions because I was suddenly entrusted with the responsibilities of the position. I was also proud of Olympus in taking this bold decision which shows how far we have come under the leadership of Yas to globalize Olympus and to build the foundation for long-term, sustainable growth.

Formulating the New Company Strategy Based on the Strong Relationship between the Executive Team and the Board of Directors

Kaufmann: I wanted to change the strategy formulation approach in two ways from the previous process. First, I wanted a stronger involvement from as many people as possible in developing the strategy, so we asked for input from many of our senior leaders and talents. We did this through workshops and inspiration sessions across the Company. Simultaneously, we started to cultivate a change in mindset to encourage buy-in toward the new strategic direction and execution, and I think that process was successful. The second change was to simplify the new company strategy and make it easier to understand by aligning the various divisional, functional, and corporate strategies. I wanted a more streamlined version of the strategy rather than a long book, so it would be an easier read that clearly sets out our priorities and KPIs to ensure that our whole
organization is steering in the same direction.

**Takeuchi:** To add to what Stefan said, we formulated the 2019 corporate strategy with the involvement of just five executive officers, including Stefan and myself. My focus was on deciding the corporate direction of Olympus, so the strategy was considered and developed after establishing Transform Olympus based on our aspiration to become a leading global MedTech company. As for the new company strategy, the corporate direction was not changed, so Stefan has been able to focus on what becoming a leading global MedTech company means for Olympus. As he mentioned, Stefan engaged with many of our people, and he substantiated many elements from the 2019 corporate strategy in developing the new company strategy.

**Fujita:** The corporate direction remains the same, however, the degree of Board participation and discussion for the new strategy was increased. For example, in addition to regular Board meetings, we also held special discussions for strategy. In special strategy discussions especially, we focused on how to remediate issues raised by regulators; this has advanced the quality of our Board discussions in connection with quality assurance and regulatory affairs (QARA) related issues. We also held an outside directors’ meeting on how to deal with QARA-related issues moving forward. In addition, we decided to form a Quality Assurance and Regulatory Affairs (QARA) Committee. Other topics we have discussed included growth strategy (M&A and investment policy for the Endoscopic Solutions Division and Therapeutic Solutions Division), and R&D policy (including resource availability), financial planning (suitability of revenue levels, SSSA expenses, operating profit level, etc.), tax management, capital allocation (share buyback policy and investment in M&A and R&D), and clarifying the link between the current fiscal year plan and multi-year plan.

**Kaufmann:** The discussions the executive team had with the Board of Directors about the new company strategy. The executive team and the Board of Directors. The executive team have attended all the QA&R&R Committee meetings, efforts, providing the Board with further transparency. I have attended all the QA&R&R Committee meetings, and if reinforced the importance of the decision to set up the Committee because I can see how the executive team benefits from the experiences of Board members who have gone through similar QARA situations.

**Fujita:** I agree with Mr. Kaufmann about Olympus strengthening the skills and capabilities of the Board. One recent development is the appointment of Dr. Luann Marie Pendry to the Board, who will bring QARA expertise and experience to the QA&R&R Committee. As the Nominating Committee, we always analyze the balance in the composition of the Board, as well as its sustainability by considering the skills matrix and diversity.

**Takeuchi:** Every year since the Nominating Committee was founded, we have discussed what skills are to be further strengthened in order to take action to address QARA-related issues and regulations. We are continuing our efforts to ensure all our employees clearly understand what it means to be a patient safety-oriented company so that we can more proactively identify and address issues. Stefan made an important declaration by prioritizing patient safety in the new company strategy.

**Fujita:** From the Board of Directors’ viewpoint, we have always taken patient safety very seriously. For example, we have been discussing Olympus’ QARA function and areas for improvements with the executive team; however, after receiving three warning letters, QARA-related discussions became a top priority in our Board discussions, including in Executive Sessions*. The QA&R&R Committee, etc. By changing this structure, we have further strengthened the collaboration between the executive team and the Board of Directors, thus improving the effectiveness of both the executive team and the Board of Directors. One of Olympus’ strengths is the strong relationship between the Board of Directors and the executive team in terms of the corporate direction.

**Fujita:** The scandal in 2011 made Olympus’ executive team and the Board of Directors very aware of the importance of governance and this mindset makes Olympus stand out from other companies. After Mr. Takeuchi introduced Transform Olympus in 2019, we changed our governance structure to a company with a Nominating Committee, etc. The purpose is to separate executive and monitoring, which has strengthened execution and sped up decision-making for the executive team and focused on the monitoring for the Board. We also have Executive Sessions after each Board meeting where only outside directors participate and we discuss management issues, which are then shared with the top executive. As Mr. Takeuchi mentioned, there is strong collaboration

---

**Strengthening QARA and Evolving as a Culture Led by Patient Safety**

**Kaufmann:** We started the process to improve our quality management system a few years ago. However, we must make further progress to reach the level that is required as a global MedTech company. The situation that we are in today in connection with the three FDA warning letters we received in fiscal year 2023 is an opportunity for us all to recognize there is room to improve our corporate culture, processes, and systems to meet the expectations of regulators and stakeholders. To strengthen QARA, we have built capabilities in our organization that will enable us to proactively handle ongoing issues, which go beyond remediating regulatory issues. Our corporate culture is changing to one where patient safety is always our top priority and everyone has the mindset to maintain high quality; this change will enable us to tackle the root causes of QARA-related issues and support efforts to fulfill our obligations. I also see this cultural shift as a huge opportunity for Olympus to become a more agile organization that can provide even more value than the past and elevate us to the next level as a global MedTech company.

**Takeuchi:** When we embarked on the Transform Olympus journey, we also had to change Olympus’ culture because we were by nature a tech-driven company rather than a MedTech company. Our culture and mindset as a MedTech company needs to be further strengthened in order to take action to address QARA-related issues and regulations. We are continuing our efforts to ensure all our employees clearly understand what it means to be a patient safety-oriented company so that we can more proactively identify and address issues. Stefan made an important declaration by prioritizing patient safety in the new company strategy.

**Fujita:** From the Board of Directors’ viewpoint, we have always taken patient safety very seriously. For example, we have been discussing Olympus’ QARA function and areas for improvements with the executive team; however, after receiving three warning letters, QARA-related discussions became top priority in our Board discussions, including in Executive Sessions*. The QA&R&R Committee, etc. By changing this structure, we have further strengthened the collaboration between the executive team and the Board of Directors, thus improving the effectiveness of both the executive team and the Board of Directors. One of Olympus’ strengths is the strong relationship between the Board of Directors and the executive team in terms of the corporate direction.

**Fujita:** The scandal in 2011 made Olympus’ executive team and the Board of Directors very aware of the importance of governance and this mindset makes Olympus stand out from other companies. After Mr. Takeuchi introduced Transform Olympus in 2019, we changed our governance structure to a company with a Nominating Committee, etc. The purpose is to separate executive and monitoring, which has strengthened execution and sped up decision-making for the executive team and focused on the monitoring for the Board. We also have Executive Sessions after each Board meeting where only outside directors participate and we discuss management issues, which are then shared with the top executive. As Mr. Takeuchi mentioned, there is strong collaboration

---

**Improving the Effectiveness of the Board of Directors**

**Takeuchi:** Corporate governance is made possible by effective team collaboration between the executive team and the Board of Directors. The executive team focuses on managing the Company while the Board of Directors advises, supports, and monitors the executive team. Without an effective executive team, you cannot help the Board of Directors be effective. When I was CEO, I wanted to create such a collaborative environment, and this led to the change in Olympus’ governance structure from a traditional Japanese structure to a company with a Nominating Committee, etc. By changing this structure, we have further strengthened the collaboration between the executive team and the Board of Directors, thus improving the effectiveness of both the executive team and the Board of Directors. One of Olympus’ strengths is the strong relationship between the Board of Directors and the executive team in terms of the corporate direction.

**Fujita:** The scandal in 2011 made Olympus’ executive team and the Board of Directors very aware of the importance of governance and this mindset makes Olympus stand out from other companies. After Mr. Takeuchi introduced Transform Olympus in 2019, we changed our governance structure to a company with a Nominating Committee, etc. The purpose is to separate executive and monitoring, which has strengthened execution and sped up decision-making for the executive team and focused on the monitoring for the Board. We also have Executive Sessions after each Board meeting where only outside directors participate and we discuss management issues, which are then shared with the top executive. As Mr. Takeuchi mentioned, there is strong collaboration

---

**Olympus Integrated Report 2023**

© Olympus Co., Ltd. 2023
Chapter 01 — Our Company

Roundtable Discussion with the Chairperson of the Board, Executive Chairperson, and CEO

Becoming a leading global MedTech company which is respected by all of our stakeholders while ensuring patient safety as the highest priority.

Stefan Kaufmann

between the executive team and the Board and there is a clear understanding of the duties on both sides. I am also very appreciative of Mr. Kaufmann for introducing optimization of agendas and time savings to allow the Board members to focus on important topics in the Board meetings. Moving forward, I wish to continue our good teamwork and see leadership from Mr. Kaufmann as he executes the new company strategy towards the goal to become a leading global MedTech company in line with Our Purpose while prioritizing patient safety.

Kaufmann: Over the last couple of years, the Board of Directors has established a healthy routine. At every Board meeting, they discuss not only the important corporate priorities, but also conduct a self-assessment, looking for further opportunities to improve Board effectiveness. A couple of topics have been on the agenda that could benefit the relationship between the executive team and the Board. First, the Board of Directors can only be effective if members understand the realties of the Company. So, in the first 60 minutes of each Board meeting, I share insights into the current opportunities and challenges we face, as well as what we see coming up. We engage in an open discussion, and I feel that the Board appreciates this as it helps them to better understand what we are doing through the executive perspective. Second, the Board members have busy schedules, so we align on the critical strategic and governance topics to discuss in advance. I propose to the Board the areas which are closely related to our strategic priorities that we need to discuss at certain moments during the course of the year, which includes governance-related topics. In this way, the executive side has become very forward-looking in terms of the agenda it wants to share and discuss with the Board and for the Board members to understand how the agenda items are linked to our strategic priorities. For other topics, we either put them in writing or have brief discussions so that we can allocate our Board members’ time to the most crucial areas.

Takeuchi: As Mr. Fujita pointed out, one purpose of changing the traditional governance structure to a company with a Nominating Committee, etc. was to accelerate management action by shifting the decision-making responsibility from the Board to the executive team. Regular report of the executive team to the Board members is an effective way to share the challenges of management and issues faced by executive officers, and the support they require from the Board. During my tenure as CEO, I tweaked this reporting system and also conducted executive discussions with only outside directors based on the issues raised. Since Stefan has become CEO, he has continued to make huge advancements such as spending the first hour of the Board meeting providing updates on the latest situation. I think this is an incremental and natural development of the collaboration between the executive team and the Board of Directors to improve the effectiveness of the Board.

New CEO’s Approach to Corporate Governance

Kaufmann: I became a director in June 2019 and the first year was a big learning experience for me since I was inexperienced in being a director for a Japanese company. I spent a lot of time learning and understanding how governance in Japan and other companies work, and how Olympus approaches governance. Yas and Mr. Fujita encouraged me to participate in the governance transformation process from the start and, like all directors, I contributed to governance-related discussions including the self-assessment of the Board and self-regulation of the Company. When I became CEO in April 2023, my perspective of Olympus and corporate governance completely changed because, shifting my role, I was suddenly communicating with all of our stakeholders and receiving input from external sources on how Olympus was perceived. As CEO, I have the unique responsibility to look after all the opportunities, issues, and challenges facing Olympus. In terms of building a relationship with the Board, I have been on the Board for the last four years and I have been cooperating with our outside directors for a long time. Since becoming CEO, I have been looking to further strengthen relationships by engaging with all the directors both collectively and individually and having open and honest discussions. What I have come to greatly appreciate about the Board is its wealth of experience, capability, and wisdom, and I feel fortunate to be able to engage the directors as strategic advisors. There were not many opportunities for the Board to meet in person during COVID-19, and now I would like to create opportunities for our Board members to be involved more in our day-to-day business and meet more of our junior managers and talents to get better insights into the realities of our Company and the issues that we face.

Entering the Next Phase of Transformation to Become a Leading Global MedTech Company

Kaufmann: Over the last four years, under the leadership of Yas, Olympus has undergone an amazing transformation and entered the next phase of transformation to become a leading global MedTech company. We are now at a point where we want to be recognized by all of our stakeholders as a Company that is known for its innovation, product solutions, and people while ensuring patient safety as the highest priority. We must now guide our culture to further put patient safety at the center and adopt a quality-first mindset. I am committed to modeling this culture as we embark on the next stage of transformation and I believe that there is still plenty of room to realize huge potential from Olympus.

Takeuchi: There is huge potential for Olympus which I have seen over my long career at the Company; this potential was a catalyst for Transform Olympus. I think we have done well following this transformational direction over the last four years. This has laid the foundation for the Company’s growth into the future as a global MedTech company. That being said, we have only completed the first chapter of Olympus’ next 100 years. The real change, the challenges and opportunities that come with it, starts now.

Fujita: Under our new CEO Mr. Kaufmann’s leadership and with Our Purpose and patient safety mindset, Olympus will continue its efforts to become a leading global MedTech company by executing the new company strategy. To meet our ambitions, the Board will continue to strengthen its effectiveness and contributions to enhance corporate value.
Initiatives for Patient Safety and Growth

QARA Investments for Patient Safety and Our Future Growth

Commitment to Product Quality and Safety

Nothing is more important to Olympus than patient safety. The situation that we are in today is an opportunity for us all to recognize that we must fundamentally improve our quality and regulatory systems. We take this challenge extremely seriously and are working tirelessly on structural and cultural changes to meet the regulators’ expectations, and this remains the Company’s highest priority.

We have already started with significant investments and commitments to transform Olympus’ quality management processes into a consistent global system for both patient safety and quality management. A right-sized quality assurance and regulatory affairs (QARA) organization is being built to support this effort and to make sure processes are adopted consistently and globally across manufacturing, repair and distribution centers.

In addition, we have established the Quality Assurance and Regulatory Affairs (QARA) Committee, which ensures we live up to our patient safety aspirations and diligently respond to regulators and fulfill our commitments. We will continue to invest in patient safety and our business’ growth, which are fundamental to our organization’s long-term sustainability.

To strengthen QARA, we have established a QARA organization plan that could implement the functions within a unified global quality management system.

Based on this new QARA organization plan, we addressed skill set and knowledge needs in quality and regulatory compliance by conducting MedTech leaders with expertise in areas such as complaint handling, regulatory affairs, product quality, and compliance. Keeping up with the latest regulatory interpretations is also very important for us and it is essential to have the right skilled people and foster talent. I think we have built a very good foundation with the senior team and we are now ready to move forward to build a globally coherent quality mindset that ensures patient safety as our top priority.

Our design assurance (quality side of R&D) team is set up to make sure that we design products consistent with applicable regulations and meet the demands of regulators. Our R&D is mostly in Japan and our design assurance team works very closely with these Japanese R&D teams. Their collaboration is getting better and they are designing products within applicable global regulatory guidelines. We are focusing on bringing the quality management system to a global standard. We are unifying our quality management system to consolidate requirements for critical processes ensuring that relevant global regulatory requirements are consistently met.

The entire company is working diligently to remediate the issues identified in the warning letters and trying to prevent similar incidents from happening again. During this process, we are closely communicating with the regulatory authorities. Patient safety is our highest priority. I am confident that these efforts will help our QARA become globally unified and enable Olympus to transform into a 100% global MedTech company.

Message from Chairperson of the QARA Committee

Gary John Pruden
Outside Director

Our Committee oversees the development and execution of Olympus’ QARA strategy to make sure we meet all regulatory standards required for a global MedTech company. Our aim is to enhance our global capabilities to make sure we avoid future regulatory challenges. Thus it is essential to remediate our processes, standards, and capabilities. The Committee will also review and oversea root cause analysis, support the transformation of the corporate culture, and monitor the establishment of a robust global quality management system.

I bring over 35 years of experience in global healthcare organizations with extensive knowledge of the medical device industry, including quality management systems and regulatory affairs. My fellow committee members, Mr. Basaley and Dr. Pendy, are also very experienced in quality and regulatory and bring a wealth of global medical device knowledge to their roles as outside directors. We hope to make full use of our expertise to help overcome the transformation at Olympus and provide advice where necessary. We will support Olympus’ transformation into a global MedTech company where patient safety is our first priority and the focus of our entire organization.
Olympus’ Value Creation Model

OUR PURPOSE
Making people’s lives healthier, safer and more fulfilling

Strength
Strong position built on basis of relationships of trust with care providers
- Global market share for gastrointestinal endoscopes approximately 70%
- Training support for doctors conducted around the world
- Entered emerging markets ahead of other companies and built relationships of trust with doctors
  - Have built relationships of trust in Chinese market for about 50 years, since normalization of diplomatic relations between Japan and China in 1972
  - Established representative office in Singapore in 1975
- Global and robust management foundation
  - Approximately 17 training centers with the aim of providing training opportunities for healthcare professionals
  - Build an industry-leading service network among the world’s medical device companies
  - Established a global headquarters for the Therapeutic Solutions Business in the U.S.
- Technological capabilities that produce high-quality and advanced products
  - Selected as one of the top 100 most innovative companies in the world 11 times
  - Olympus Group’s approximately 16,000 patents1 to build a high-quality IP portfolio
  - Strong know-how and optical technology built up since the Company’s founding
  - Manufacturing techniques that realize high-mix, low-volume production
- Diverse human resources that possess high expertise
  - Aiming to become a global MedTech company, hiring highly specialized and talented people for global positions
    - To further grow mainly in the Therapeutic Solutions Business, set up a specialized business development team in the U.S., hired talented people, and carried out M&A2
    - To strengthen implementation skills, approximately 6,600 employees participated in training, and approximately 6,700 people participated in the Global Communication Skill Strengthening Program3

Strategy

Company Strategy
Leading as a global MedTech company

Patient safety and sustainability
- Resolve pending commitments to the FDA, prove confidence with regulators
- Lead in organization health and ESG

Innovation for growth
- Strengthen the Olympus brand, elevate the experience of our customers
- Grow our business through purposeful innovation and acquisitions

Productivity
- Build a high performing organization focused on patient safety and product quality
- Ensure simplicity and operational efficiency

Strategic value pools that drive long-term sustainable growth
- Business and Global Expansion
- Care Pathway Enhancement
- Strategic M&A
- Intelligent Endoscopy Ecosystem

Materiality Topics at Olympus
- Healthcare Access and Outcome
- Compliance, Product Quality and Safety
- Responsible Supply Chain
- Healthy Organization
- Carbon Neutral Society and Circular Economy
- Corporate Governance

Details on the materiality topics at Olympus are on page 38

Social Outcome
Providing value to patients, countries, regions, and society through care providers

Patients
- Contributing to people’s health around the world by always giving the highest priority to patient safety
- Improving patient outcomes by elevating the standard of care in target diseases based on early diagnosis and minimally invasive treatments
- Feedback on product improvements and requests
- Providing products that help improve patient outcomes by meeting abundant needs
- Support for procedure development

Care providers
- Contributing to the enhancement of the customer experience in the care pathway from early detection and diagnosis to staging, treatment, and post procedure
- Contributing to improvements in efficiency of medical care and its economic outcomes through early diagnosis and minimally invasive treatments
- Providing unique solutions to issues in the medical field

Countries/Regions/Society
- Contributing to limiting medical expenses through early diagnosis and minimally invasive treatments
- Contributing to the future of medicine

Financial KPIs

Revenue Growth4
- CAGR from FY2023
- ~5%

Endoscopics Solutions Division
- ESS 5%

Therapeutic Solutions Division
- TSD > 5%

Operating Margin5
- ~20%

 EPS Growth6
- CAGR from FY2023
- ~8%
Steps toward Becoming a Truly Global MedTech Company

Becoming a Truly Global MedTech Company

In January 2019, Olympus announced its corporate transformation plan, Transform Olympus. In November of the same year, we announced our corporate strategy in which we presented our goal to achieve an adjusted operating margin* of over 20% in fiscal year 2023, a level equivalent to that of global competitor MedTech companies. We accelerated transformation to become a truly global MedTech company. In addition to sales growth, we have achieved an adjusted operating margin of 20% in fiscal year 2023 due to steady implementation of reducing costs and improving capital efficiency.
Chapter 01 — Our Company

Overview

Our History

1919–1950s
From the Founding of Olympus and the Path to Business Modernization

1919 Established as Takachiho Seisakusho to manufacture microscopes in Japan

1921 Registered trademark as Olympus

1936 Introduced Olympus' first camera, the Semi-Olympus I (entry into camera business)

1949 Name changed to Olympus Optical Co., Ltd. Company listed on Tokyo Stock Exchange (TSE)

1950 Development of world's first practical gastrocamera

1954 Introduction of the Path to Business Modernization

1959 Establishment of Olympus Corporation of America

Marketing

1960–1980s
Evolution as an Integrated Optical Manufacturer and Expansion of Overseas Sales Networks

1964 Established Olympus Europe

1966 Launch of BF-5B, 4B and 3A bronchofiberscope

1968 Launch of BF-1, 8, 8B and 8A bronchofiberscope

1972 Launch of RF nephrotome and development of CY5-1 rigid cystoscope

1975 Began selling laparoscopes from the W&I

1984 Development of ZUIKO PEARLCORDER microcassette tape recorder

1986 Launch of biopsy scope and endotherapy devices (biopsy forceps/cytology brushes)

1989 Development of ZUIKO PEARLCORDER microcassette tape recorder

1990–2010
Diversification of Medical Business

2001 Commenced collaboration with Terumo Corporation

2005 Established first training center in China (Shanghai)

2011 Delivered recording of past losses discovered

2012 Appointed new management team

2013 Set up Olympus China Co., Ltd.
Medical Business

In its Endoscopic Solutions Business, Olympus uses innovative capabilities in medical technology, therapeutic intervention and precision manufacturing to help healthcare professionals deliver diagnostic, therapeutic and minimally invasive procedures to improve clinical outcomes, reduce overall costs and enhance the quality of life for patients and their safety. Starting with the world's first gastrocamera in 1950, Olympus' Endoscopic Solutions portfolio has grown to include endoscopes, laparoscopes, and video imaging systems, as well as system integration solutions and medical services.

<table>
<thead>
<tr>
<th>Endoscopic Solutions Business</th>
<th>Revenue</th>
<th>Operating Profit</th>
<th>Operating Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>¥551.8 billion</td>
<td>¥152.8 billion</td>
<td>27.7%</td>
</tr>
</tbody>
</table>

In its Therapeutic Solutions Business, Olympus uses innovative capabilities in medical technology, therapeutic intervention, and precision manufacturing to help healthcare professionals deliver diagnostic, therapeutic, and minimally invasive procedures to improve clinical outcomes, reduce overall costs, and enhance the quality of life for patients and their safety. Starting with its early contributions to the development of the polypectomy snare, Olympus' Therapeutic Solutions portfolio has grown to include an array of surgical energy devices and a wide range of instruments to help prevent, detect, and treat disease.

<table>
<thead>
<tr>
<th>Therapeutic Solutions Business</th>
<th>Revenue</th>
<th>Operating Profit</th>
<th>Operating Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>¥318.2 billion</td>
<td>¥63.7 billion</td>
<td>20.0%</td>
</tr>
</tbody>
</table>

In other businesses, the Olympus Group conducts R&D and exploratory activities for new businesses in addition to engaging in R&D, manufacturing, and sales of biomedical materials, such as synthetic bone filler, and orthopedic equipment.

<table>
<thead>
<tr>
<th>Others</th>
<th>Revenue</th>
<th>¥11.9 billion</th>
</tr>
</thead>
</table>

Two values Olympus offers

Early Diagnosis

- By incorporating technology aimed at improving the quality of lesion detection, diagnosis, and treatment, as well as examination efficiency, gastrointestinal endoscopes, which are one of Olympus’ mainstay products, contribute to the early detection of lesions from gastrointestinal diseases such as cancer.
- If a suspicious lesion is found during the endoscopic examination, the area can be sampled for pathological examination.
- Recently, our endoscopes’ magnification function is expected to enable doctors to make a definitive diagnosis immediately based on magnified images without the need to damage body tissue.

Minimally Invasive Treatment

- Gastrointestinal endoscopes can also be used together with endotherapy devices to treat early-stage cancers, as well as various treatments such as removal of polyps and accidental foreign objects.
- In the field of urology, we are deploying devices that can be used in clinics to treat benign prostatic hyperplasia (BPH), which is expected to increase with the aging of the population, without the need for excisional surgery. It is a minimally invasive treatment that ensures no permanent foreign object remains in the patient’s body.
- Unlike conventional open surgery, endoscopic surgery (laparoscopic surgery) does not require large abdominal incisions therefore patients are expected to feel less post-operative pain, spend shorter days in hospital and return to normal life more quickly.
Our Products

Endoscopic Solutions Business

Gastrointestinal Endoscope
- A group of products for inserting endoscopes into the digestive organs through natural orifices (mouth, nose, anus) for observation and diagnosis.

Gastrointestinal endoscopy systems
- Flexible endoscopes
- Reprocessing

Surgical Endoscope
- Endoscopy products that mainly insert into the abdominal cavity through a small hole on the body surface to check the condition of the inside body during surgical operations and microscope system.

Surgical endoscopy systems
- Endoscopes (Rigid endoscopes, video endoscopes)
- Surgical Microscope

Medical Service
- General repairs and service contracts for endoscopy system
- General repairs
  - Repair services through repair bases worldwide
  - Repair services at facilities through field services (stationary equipment such as reprocessors)
- Service contracts
  - Single-year or multi-year contracts
  - Partial or complete repair cost coverage
  - Priority provision of loaners during repair of defective products
  - Provision of comprehensive services

Therapeutic Solutions Business

GI-Endotherapy
- A group of products that are inserted into the instrument channel of flexible endoscopes and used for various endoscopic procedures. They can be used for tissue sampling, lesion removal, and hemostasis without making incisions or small holes on the patient’s body surface.

GI-Endotherapy devices
- Endotherapy devices
- Therapeutic devices

Urology
- A group of urology products for observing, diagnosing and treating the urethra, prostate, bladder, ureter and kidneys by inserting endoscopes transurethrally or percutaneously. Also, a group of gynecology products for observation, diagnosis, and treating the uterus by inserting endoscopes and instruments transvaginally.

Scopes
- Ureteroscope / Cystovideoscope
- Rigid cystoscope
- Plasma resection for BPH and NMIBC*
- Thulium fiber laser system

Therapeutic devices
- Minimally invasive treatment device for BPH
- Thrombectomy catheter
- GI Endo-therapy**

Respiratory
- A portfolio of flexible endoscopes and single-use devices to visualize, diagnose and treat diseases in the tracheobronchial tree.

Scopes
- Bronchoscope
- Biopsy forceps

Endotherapy devices
- Thrombectomy catheter
- Biopsy forceps

Other Therapeutic Areas

ENT
- A group of products for observing, diagnosing, and treating the nasal cavity, oral cavity, pharynx, larynx, and ears by inserting endoscopes through the nose, mouth, and ears

Surgical Devices
- Broad offering of energy-based devices that enable laparoscopic and open surgical procedures by providing tissue grasping, manipulation, dissection, coagulation & vascular control
Message from the CFO

Achieved Milestone Target of Corporate Strategy by Enhancing Corporate Resilience

As the final year of the corporate strategy that we announced in November 2019, fiscal year 2023 was a milestone for Olympus. Reviewing the past three years, we have encountered many challenges, starting with COVID-19 in the corporate strategy’s first year, followed by supply shortages of semiconductors and parts. There were also increasing geopolitical risks, such as the war in Ukraine, and rising raw material prices. Despite numerous macro headwinds, we have achieved top-line growth with an annual revenue growth rate of 4.6%* by continuing to fulfill our mission to deliver products and services to patients and healthcare professionals. Our performance also benefited from efforts to optimize costs and resource allocations by implementing efficiency and effectiveness improvement measures under our corporate transformation plan, Transform Olympus. As a result, we were able to achieve an adjusted operating margin of over 20%, which was a milestone in our corporate strategy. We also made significant progress on focusing our corporate portfolio, which was a key component of our corporate strategy. We transferred the Imaging Business and Scientific Solutions Business, and we have transitioned into a long-term sustainable growth phase as a company focused on healthcare. I believe that the mindset of Olympus employees has been transformed, and that we are now more resilient as an organization.

* 3-year CAGR on a continuing business basis from fiscal year 2020 after FX adjustment

Advancing to a New Phase of Growth with a New Company Strategy

We announced a new company strategy in May 2023. The three Guiding Principles under this patient-centric strategy are “Patient safety and sustainability,” “Innovation for growth,” and “Productivity.” We also narrowed our financial targets down to three KPIs that emphasize growth and profitability. We aim to achieve revenue CAGR of around 5%, EPS CAGR of around 8%, and maintain the operating margin at the previous year’s level of 20%. While maximizing free cash flow is the starting point for achieving these KPIs, they also correlate closely with our corporate value and stock prices. We chose these indicators because they are easy to calculate and understand, and I believe this simplicity enabled us to achieve our previous milestone. I am confident that over the next three years, our 30,000 employees will continue to work toward the common goal and we will be able to achieve our desired results.

Patient safety is our top priority. While our quality assurance and regulatory affairs (QARA) transformation efforts will impact both costs and revenue growth, we anticipate steady growth in patient safety through product development and marketing. In the face of various drivers that include new product categories. In particular, we plan to launch the Evis X1 advanced endoscopy system in the United States, our largest market, in the midst of fiscal year 2024, and in China in the near future. To achieve sustainable growth in fiscal year 2024 and beyond, we will continue to invest in innovation while also focusing on cost optimization. Some of our initiatives to improve productivity are ongoing. We aim to achieve top-line growth with an adjusted operating margin of over 20%, and we will be able to achieve our desired results.

Further Improvements to the Finance Function

Our finance function activities are targeted toward the realization of the Guiding Principles and the achievement of KPIs. We have transitioned our finance function, which has primarily operated on a regional basis in the past, to a framework centered on business partners in business and functional categories. This has brought the finance function closer to business activities so that it can respond quickly and appropriately to everyday business needs, such as resource allocation. Because we communicate more closely with the business units, we are better able to monitor and manage top-line growth and costs. As a result, we now anticipate that we will be able to secure the funding needed for investment in growth over the next three years such as R&D and further enhancing our business foundation. The finance function is also contributing to value creation through activities that are not directly reflected in our KPIs, such as efforts to optimize our balance sheet. We have reduced cross-shareholdings by approximately 90% over the past three years, and by the end of June 2023, Olympus held shares in only one listed company. We are also taking steps to dispose of assets that do not contribute to business growth. A gain on the sale of land in fiscal year 2023 contributed significantly to our cash flows. We recognize that there is room for improvement in our cash conversion cycle (CCC), especially in terms of inventory, and this topic has become a major consideration for management. Although we had to lower the priority over the past two years to ensure reliable product supply to customers, we are now promoting End-to-End supply chain transformation from development to delivery for our patients and customers. We are also strengthening our tax management and conducting a comprehensive review to discover opportunities to improve cash flow, while ensuring regulatory compliance. We continue to support each business and function based on detailed monitoring on a 360-degree perspective.

Capital Allocation to Generate Sustainable Value

We aim to enhance our cash generation ability through continual investment in business growth and productivity enhancements. To achieve sustainable growth while also increasing shareholder value, we will prioritize our capital allocations toward business investments in areas in which Olympus has unique capabilities and will add value. Over the past four years, we have allocated approximately ¥140 billion to M&A and other investments. In accordance with our company strategy, 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.

Our shareholder returns policy calls for steady, gradual dividend growth, and in fiscal year 2023 we increased our dividend by ¥2 from the previous fiscal year, to ¥16, our fifth consecutive year of dividend growth. We expect increasing dividends for the next three years. In addition, we are currently repurchasing our shares with an approximately ¥150 billion ceiling. This is our third share repurchasing since 2022, and will run from May 15, 2023 to January 31, 2024. We allocated approximately ¥80 billion to the two previous repurchases. We will continue to increase dividends while also considering additional share repurchasing based on the outlook for the supply and demand of funds, as well as a strong focus on capital cost optimization, financial discipline, and the EPS growth rate.

Becoming a Company Chosen by All Stakeholders

To increase corporate value sustainably, I believe the most important thing is to earn the continuing support of all of our stakeholders, including patients and their families, healthcare professionals, investors, employees, business partners, regulators, and society. The results of our business activities, as shown in our financial statements, begin with revenue and end with earnings per share after tax. Those figures reflect the value that we provide in response to our various stakeholders’ needs. For example, our revenue comes from our products and services, but we also need to consider whether we are providing sufficient value to patients in terms of healthcare effectiveness and safety, as well as what investments we need to make in order to achieve these goals. There are other important things we need to consider such as we are paying our employees competitive compensation and enabling them to experience pride and fulfillment through the creation and provision of our products and services, whether we are investing enough in initiatives to improve productivity and employee engagement, and whether our trading condition is conducive to maintaining win-win relationships with our partners and suppliers. We need to deliver bottom-line growth to our shareholders while meeting all of these requirements. To improve financial performance sustainably, we must continuously verify that we are fully meeting stakeholder expectations.

We are actively introducing systems that will allow us to share achievements with our stakeholders. In March 2023, we expanded the scope of our stock-based compensation system for directors and executive officers, which we introduced with the aim of incentivizing contribution to the Olympus Group’s medium- to long-term growth. The system has been expanded to include employees in senior management positions. Our management team is committed to improving corporate value and shareholder value from the same perspective as shareholders.

Despite a challenging business environment, we achieved the milestone set down in our corporate strategy. We are taking a step forward to overcome the next management challenges. We will continue to strengthen our resilience as we strive to improve our value and become a company chosen by stakeholders, while also working to sustainably maximize our corporate value.
Messages from Executive Officers

Our Management Team

Executive Chairperson

Yasuo Takeuchi
Director, Representative Executive Officer, Executive Chairperson and ESG Officer

CEO

Stefan Kaufmann
Director, Representative Executive Officer, President and Chief Executive Officer

Shaping a new era of endoscopy: To elevate the standard of care we empower patients and care providers with an intelligent endoscopy ecosystem that features AI technology

As the leader in endoscopy-enabled care, Olympus has been elevating the standards of endoscopy with innovative best-in-class devices and services along the care pathway. The rise in chronic diseases and aging populations, however, poses the challenge of providing even better outcomes for more people, with better care-team and patient experience, at lower total cost. We therefore believe in empowering patients and care providers with an intelligent endoscopy ecosystem that enables AI-driven cognitive support for better clinical decisions, reduced administrative workload, enhanced safety and quality control, as well customer-centric commercialization. At ESD, the vision for this new era of endoscopy takes shape: from developing best in class and connective endoscopy systems to developing the integrating software architecture and flexible commercial and service solutions. I am excited about the launch of our upcoming innovations that will help our intelligent endoscopy ecosystem grow.

Since my appointment as CEO in 2019, I have been implementing Transform Olympus and corporate strategy to maximize corporate value. From fiscal year 2024, we have achieved exclusive focus on the Medical Business. This moves us closer to our aim of becoming a leading global MedTech company, and in parallel with our structural and cultural changes, we are raising our quality governance to global standards in order to provide our customers with safer and more effective medical devices and to be seen as a more trusted partner by our stakeholders.

In parallel, I have worked closely with Stefan to communicate effectively with our stakeholders. Integrating activities that address social issues into day-to-day operations is critical to a sustainable company, therefore I will lead the integration of ESG initiatives into the company strategy, which already embraces our commitment to sustainable business.

Executive Officer and Therapeutic Solutions Division Head

Gabriela Kaynor

Profile: Gabriela Kaynor took on varying roles within Operations, Supply Chain, and Engineering at Johnson & Johnson and similar positions at Acmeon and Coulter (now Cardinal Health) before joining Olympus Corporation of the Americas in 2010 as Executive Director, Strategy Development and Portfolio Management. After holding several roles within the Company, she was appointed Global Division Head of Therapeutic Solutions Division in 2020. She started her current role as Therapeutic Solutions Division Head in April 2023.

TSD accelerates Olympus’ development of minimally invasive single-use solutions and advances our culture

Quality and patient safety shape every decision we make at Olympus, and my priority is to unify TSD around our company strategy. Olympus has a tremendous opportunity to expand our portfolio beyond traditional endoscopy by focusing on minimally invasive single-use devices. Our mission in TSD is to accelerate our ability to innovate by bringing clinically and economically differentiated solutions to patients across the care pathway in our key areas of focus. We strive to accelerate our R&D capabilities, strengthen our inorganic pipeline, and expand our global footprint. To accomplish these goals, it is vital we empower our team members across the globe to take smart risks and act with agility.

As the first female executive officer at Olympus, I am personally invested in promoting diversity and the presence of women in leadership roles. A unified, engaged, and diverse team is the key to success, and we embrace our mission to excel in the single-use space and elevate the standard of care.

Profile: Frank Drewalowski started his career in 1993 as Product Manager in the Endoscopy Department at Olympus Europe. He then gained experience in Sales and Marketing positions working with a steadily increasing product portfolio. In 2016 he was appointed Executive Managing Director of Olympus Europe. After serving as Corporate Officer and Global Division Head of Endoscopic Solutions since April 2020, he began his current role as Endoscopic Solutions Division Head in April 2023.

TSD Head

Frank Drewalowski
Executive Officer and Endoscopic Solutions Division Head

Quality and patient safety shape every decision we make at Olympus, and my priority is to unify TSD around our company strategy. Olympus has a tremendous opportunity to expand our portfolio beyond traditional endoscopy by focusing on minimally invasive single-use devices. Our mission in TSD is to accelerate our ability to innovate by bringing clinically and economically differentiated solutions to patients across the care pathway in our key areas of focus. We strive to accelerate our R&D capabilities, strengthen our inorganic pipeline, and expand our global footprint. To accomplish these goals, it is vital we empower our team members across the globe to take smart risks and act with agility.

As the first female executive officer at Olympus, I am personally invested in promoting diversity and the presence of women in leadership roles. A unified, engaged, and diverse team is the key to success, and we embrace our mission to excel in the single-use space and elevate the standard of care.

CFO

Chikashi Takeda
Executive Officer and Chief Financial Officer

Profile: Chikashi Takeda spent over 30 years with Astellas Pharma and held numerous roles across corporate financial planning and analysis, business development, and corporate governance. After serving as Senior Corporate Executive, Chief Financial Officer (CFO), and Head of Global Procurement, he joined Olympus in 2020 to his current role as CFO and Executive Officer. He emphasizes the importance of resource allocation to maximize corporate value and focus on patient-centric activities.

See page 28.
Develop our company strategy and define future global operating model to truly be a global medical technology leader

As Chief Strategy Officer, I work closely with all stakeholders to develop our company strategy and advance Olympus’ agenda as a global medical technology leader. My responsibility also includes the management of Regional Representative Officers, the establishment of frameworks to define our company’s future global operating model, the development of the company business and our M&A activities. With these changes, we will bring a strong focus on patient safety, innovation, and productivity. I prioritize ensuring Olympus can fulfill customers’ expectations with the highest emphasis on patient safety and elevating the standard of care by improving relations with healthcare providers and continuously reviewing the company’s priorities to ensure the right resources are allocated to the right areas. Last but not least, we are committed to excelling in talent development and organizational health, including diversity, equity, and inclusion.

My aspiration is to evolve our foundations from monozukuri—“craftsmanship”—to kachizukuri—

Tetsuo Kobayashi
Executive Officer and Chief Manufacturing and Supply Officer

As the operational heart of Olympus, CMSO will commit energy and resources to address the issues raised in FDA’s warning letters and to implement one global quality management system, with fully harmonized processes between functions. With strong focus on Healthy Organization, we will find balance between these remediation efforts and maintaining the engagement of our employees. My aspiration is to evolve our foundations from monozukuri—“craftsmanship”—to kachizukuri, which means “creating value.” This value will come from cross-functional collaboration, cost containment through process standardization, digitalization, responsible and reliable supply chain, product quality and safety.

Innovating new solutions and creating value by better clinical outcomes and improved customer experience

It is our vision to become a leading global and agile R&D organization, innovating new solutions for products, procedures and services that elevate the standard of care. We concentrate on focus areas and prioritize patient safety and product quality while ensuring predictable and efficient execution based on a high performing and healthy organization. Next to Olympus’ established product portfolio, we engage in the development of single-use endoscopes, digital solutions and advanced endoluminal interventions, supporting unmet customer needs and creating value by better clinical outcomes and improved customer experience.

We will achieve sustainable growth by realizing a Healthy Organization and encouraging employee development

As CHRO, I am building a global framework of talent management, recruitment, placement of the right talent in the right positions, performance management, and training, in order to support each division and function from a variety of HR perspectives. In May 2023, we introduced a global performance and goal management system to integrate performance management systems worldwide, and in fiscal year 2024, all employees set the global quality goal focused on patient safety that will be reflected in their appraisal. We finally introduced the job-based HR system for all employees in Japan in April 2023 with the intention of further enhancing talent development to empower employees to grow professionally and support career development. In addition to these activities, we promote a Healthy Organization by accelerating our efforts to realize diversity, equity, and inclusion, which will lead to our sustainable growth.

Moving to a globally unified quality and regulatory organizational structure of a global MedTech company

My role is to make sure that we continue to follow all applicable regulations in the markets where we operate, focus on patient safety and product quality, and maintain high customer satisfaction. To achieve these goals, Olympus is moving to a more globally unified quality and regulatory organizational structure and is continuing to hire experienced MedTech leaders and team members to elevate processes to a global standard. We are implementing three major projects to transform Olympus into a leading global MedTech company: remodeling manufacturing and design centers to meet regulators’ expectations and rectify outstanding issues; rolling out a global quality management system that is designed to standardize processes and integrate systems throughout Olympus; and undertaking a global quality transformation from a precision equipment company to a 100% MedTech company. With these initiatives, Olympus aims to resolve QARA issues and focus on achieving a robust target state of quality and compliance.

Profile: Nacho Abia joined Olympus Spain (now Olympus Iberia) in 2004 as Managing Director of the Ibiza region after holding several positions in the IT and consumer electronics industries. He was appointed CEO of Olympus Corporation of the Americas in 2015 and Corporate Officer in 2017. In 2018, he became the Regional Representative Officer of the Americas and in 2019 he was appointed Executive Officer and Chief Operating Officer. He started his current role as Chief Strategy Officer in April 2023.

Profile: Tetsuo Kobayashi joined Olympus Optical Co. Ltd, known today as Olympus Corporation, in 1983. He began his career as a manufacturing management specialist. He cultivated his international experience in the U.S. and Singapore, and after returning to Japan, he held various management positions in the medical field and business transformation in Olympus. He was appointed as the officer in charge of supporting the CTO in 2016, served as the Senior Vice President of the office of CEO in 2016, joining the Chief Operating Officer in 2021. He has been in his current position as Chief Manufacturing and Supply Officer since 2022.

Profile: Pierre Boisier started his career as a production technician on the manufacturing floor and rose to executive-level positions across a variety of different companies, and joined Olympus in 2021 as Chief Quality Officer; a position he still holds as of April 2023. He has over 35 years of experience in roles related to quality, operations, R&D, and pharmaceuticals, including more than two decades of leadership in quality management at companies such as Boston Scientific and Boston, Dickinson and Company.

Profile: Andre Roggan joined Olympus in 2004 following the Company’s acquisition of Germany’s Celon AG, where he was Chief Technology Officer for the Development, Manufacturing, and Region organization in Europe from 2004 to 2011. In 2011, he became Chief Technology Officer in the Americas, serving as Head of Operational Group Management. He has been in his current position as Chief Technology Officer since 2022.

Profile: Andre Roggan joined Olympus in 2004 following the Company’s acquisition of Germany’s Celon AG, where he was Chief Technology Officer for the Development, Manufacturing, and Region organization in Europe from 2004 to 2011. In 2011, he became Chief Technology Officer in the Americas, serving as Head of Operational Group Management. He has been in his current position as Chief Technology Officer since 2022.

Profile: Pierre Boisier started his career as a production technician on the manufacturing floor and rose to executive-level positions across a variety of different companies, and joined Olympus in 2021 as Chief Quality Officer; a position he still holds as of April 2023. He has over 35 years of experience in roles related to quality, operations, R&D, and pharmaceuticals, including more than two decades of leadership in quality management at companies such as Boston Scientific and Boston, Dickinson and Company.

Profile: Nacho Abia joined Olympus Spain (now Olympus Iberia) in 2004 as Managing Director of the Ibiza region after holding several positions in the IT and consumer electronics industries. He was appointed CEO of Olympus Corporation of the Americas in 2015 and Corporate Officer in 2017. In 2018, he became the Regional Representative Officer of the Americas and in 2019 he was appointed Executive Officer and Chief Operating Officer. He started his current role as Chief Strategy Officer in April 2023.

Profile: Andre Roggan joined Olympus in 2004 following the Company’s acquisition of Germany’s Celon AG, where he was Chief Technology Officer for the Development, Manufacturing, and Region organization in Europe from 2004 to 2011. In 2011, he became Chief Technology Officer in the Americas, serving as Head of Operational Group Management. He has been in his current position as Chief Technology Officer since 2022.

Profile: Pierre Boisier started his career as a production technician on the manufacturing floor and rose to executive-level positions across a variety of different companies, and joined Olympus in 2021 as Chief Quality Officer; a position he still holds as of April 2023. He has over 35 years of experience in roles related to quality, operations, R&D, and pharmaceuticals, including more than two decades of leadership in quality management at companies such as Boston Scientific and Boston, Dickinson and Company.

Profile: Shigeto Ohtsuki began his career in 1994 at the Department of Human Resources at Hitachi Ltd. He has also worked as Human Resource Manager at Hitachi Healthcare Co., Ltd. for China and for the Asia-Pacific region at Honeywell Process Controls Co., and Corporate Officer, Human Resources of Omron Co., Ltd. He joined Olympus in 2018. In 2020, he became Head of Human Resources and Corporate Officer. He started his current role as Chief Human Resources Officer in April 2023.

Profile: Tetsuo Kobayashi joined Olympus Optical Co. Ltd, known today as Olympus Corporation, in 1983. He began his career as a manufacturing management specialist. He cultivated his international experience in the U.S. and Singapore, and after returning to Japan, he held various management positions in the medical field and business transformation in Olympus. He was appointed as the officer in charge of supporting the CTO in 2016, served as the Senior Vice President of the office of CEO in 2016, joining the Chief Operating Officer in 2021. He has been in his current position as Chief Manufacturing and Supply Officer since 2022.

Profile: Pierre Boisier started his career as a production technician on the manufacturing floor and rose to executive-level positions across a variety of different companies, and joined Olympus in 2021 as Chief Quality Officer; a position he still holds as of April 2023. He has over 35 years of experience in roles related to quality, operations, R&D, and pharmaceuticals, including more than two decades of leadership in quality management at companies such as Boston Scientific and Boston, Dickinson and Company.

Profile: Nacho Abia joined Olympus Spain (now Olympus Iberia) in 2004 as Managing Director of the Ibiza region after holding several positions in the IT and consumer electronics industries. He was appointed CEO of Olympus Corporation of the Americas in 2015 and Corporate Officer in 2017. In 2018, he became the Regional Representative Officer of the Americas and in 2019 he was appointed Executive Officer and Chief Operating Officer. He started his current role as Chief Strategy Officer in April 2023.
Our Strategy

This chapter focuses on Olympus’ new company strategy announced in May 2023. Olympus aims to become a leading global MedTech company through the implementation of this strategy.

Contents
36 Our New Company Strategy
38 ESG Strategy
42 Global Healthcare Data
46 Overview and Direction of Medical Business
50 Endoscopic Solutions Business
52 Therapeutic Solutions Business
54 Customer Voices
56 Infection Prevention
58 Innovation
60 Intellectual Property Activities
62 Medical Business Strategy: Chinese Market
64 Medical Business Strategy: Asian Emerging Markets
66 Strategic M&A
68 Care Pathway Enhancement
70 Intelligent Endoscopy Ecosystem
72 Evolving Our Corporate Culture
77 Activities to Improve Productivity
78 Carbon Neutral Society and Circular Economy
81 Responsible Supply Chain
Despite continuing drastic changes in the external environment, we aim to sustain an annual revenue growth rate of around 5% and maintain an operating margin of around 20%. EPS CAGR is targeted at around 8%, above revenue growth, with productivity and efficiency improvements to control rising costs. Over the next three years, we plan to resolve QARA issues and actively invest for sustainable growth. At the same time, we will take steps to enhance efficiency, including the optimization of manufacturing plants through cost-cutting activities, and globalizing our organization and operations.

Regarding capital allocation, we are prioritizing business investments. Under our new company strategy, we will continue to proceed with business investments and M&A, focusing on disease states where Olympus can have market-leading impact and contribute to elevating the standard of care. In addition to investments for business growth, we will also invest in sustainable growth, such as strengthening QARA functions. Through appropriate financial management, we will see a stable and gradual dividend increase, and consider flexible buyback of company shares based on investment opportunities and cash/financial conditions.

### FY2024-FY2026 Financial Guidance

Despite continuing drastic changes in the external environment, we aim to sustain an annual revenue growth rate of around 5% and maintain an operating margin of around 20%. EPS CAGR is targeted at around 8%, above revenue growth, with productivity and efficiency improvements to control rising costs. Over the next three years, we plan to resolve QARA issues and actively invest for sustainable growth. At the same time, we will take steps to enhance efficiency, including the optimization of manufacturing plants through cost-cutting activities, and globalizing our organization and operations.

### Competitive Growth Along with Steady Value Creation

#### Revenue Growth<sup>1</sup>

- Endoscopic Solutions Division: ~5% CAGR from FY2023
- Therapeutic Solutions Division: TSD >5%

#### Operating Margin<sup>2</sup>

- ESD: 5%
- CAGR from FY2023

#### EPS Growth<sup>2</sup>

- ~8% CAGR from FY2023

### Capital Allocation

Regarding capital allocation, we are prioritizing business investments. Under our new company strategy, we will continue to proceed with business investments and M&A, focusing on disease states where Olympus can have market-leading impact and contribute to elevating the standard of care. In addition to investments for business growth, we will also invest in sustainable growth, such as strengthening QARA functions. Through appropriate financial management, we will see a stable and gradual dividend increase, and consider flexible buyback of company shares based on investment opportunities and cash/financial conditions.

## Business Investment Priorities

- Investment for profitable, organic growth
- Strategic investment for growth opportunities

### FY2024-FY2026 Forecasts

- FY2024-FY2026 Forecasts
- FY2023 Forecast
- FY2024—FY2026 Forecasts

### Shareholder Returns

- Stable and gradual dividend increase in line with medium- to long-term business performance
- Flexible buyback of company shares based on investment opportunities and cash/financial conditions

### FY2021—FY2023

- Dividends
- Buyback

### FY2024—FY2026 Forecasts

- Dividends
- Buyback

---

<sup>1</sup> Constant currency basis

<sup>2</sup> Adjusted for extraordinary items

Exclude "Other income / expenses"

No adjustment will be made for the impact of exchange rate fluctuations; actual exchange rate will be used
Materiality Topics at Olympus

Olympus will endeavor to build a strong and sustainable organization by working with regulators and stakeholders to remain a company with integrity and transparency. We will meanwhile actively aim to contribute to the realization of Our Purpose of “making people’s lives healthier, safer and more fulfilling,” in order to become a leader in the healthcare industry as well as in ESG. We have positioned the promotion of ESG as one of our priority initiatives in the new company strategy, and will enhance the affinity and consistency between our ESG strategy and company strategy, business strategy, and functional strategy to levels greater than previously seen.

### ESG Strategy Structure

To enhance Olympus’ ESG initiatives, we undertook a reconsideration of our promotion structure for sustainability strategies at the Group level in fiscal year 2023. We then established a new sustainability governance system in April 2023. Under the new governance system, an “ESG Committee” has been put in place, with the ESG Officer having ownership, and the committee comprised of heads of respective businesses and functions. The ESG Committee implements sustainability strategies, discusses important measures related to materiality, and monitors progress against goals.

Furthermore, we have established thematic working groups under the ESG Committee, such as those on the environment and human rights, to study and share information on measures that need to be taken across functions. The ESG Officer reports to the Group Executive Committee and the Board of Directors on the implementation status of the sustainability strategy as well as outcomes and attendant challenges. We thus ensure that a proper and appropriate sustainability strategy is implemented based on the guidance and advice of the Group Executive Committee and the Board of Directors.

### Sustainable Society: Contributions to the Sustainable Development Goals (SDGs)

Olympus will engage, through its business activities, with the resolution of environmental and societal issues facing the world while contributing to the realization of a sustainable society, which is the objective of the SDGs*. Toward this end, we have deciphered and elucidated the particular relationships between the SDGs and our own business activities, in the process identifying 13 goals closely related to Olympus’ operations.

### Olympus and Its Relationships with the SDGs

Of these 13 goals, the SDG to which our degree of contribution through our business is greatest is goal 3 “Good health and well-being,” and we will actively contribute to the resolution of multiple societal issues centered on “health” as a global MedTech company.

### Main Materiality Items

Main materiality items associated with contributions to goal 3

- Contribution to health equity and access
- Innovation for better healthcare outcome
- Quality and safety in product, service and solution
- Supply chain risk mitigation and resilience
- Workplace safety and human rights
- Employee development and engagement
- Diversity and inclusion
- Circularity through product stewardship
- Ethical marketing practice
- Environmental reporting transparency
- Involvement of other stakeholders
- Strengthening risk and crisis management, fostering a risk-aware corporate culture
- Diversity in Board of Directors
- Public awareness building on early detection and treatment
- Privacy, information and cyber security
- Corporate citizenship and philanthropy
- Tax transparency
- Innovation to improve manufacturing process

### Olympus Integrated Report 2023

#### Relevant Goals of SDGs

Goal 3 - Good Health and Well-being

- Contribution to health equity and access
- Healthcare professional (HCP) training and enabling
- Strategy to improve accessibility to product
- Innovation for better healthcare outcome
- Public awareness building on early detection and treatment
- Healthy Organization

#### Materiality Matrix

- High Priority Materiality Topics (Eight)
  - Business ethics and compliance
  - Human rights commitment in supply chain management
  - Scope 1 and 2 carbon emissions
  - Water and waste management
  - Climate risk resilience
  - Corporate governance and reporting transparency
  - Contribution to health equity and access
  - Innovation for better healthcare outcome
  - Quality and safety in product, service and solution
  - Supply chain risk mitigation and resilience
  - Workplace safety and human rights
  - Employee development and engagement
  - Diversity and inclusion
  - Circularity through product stewardship

- High Priority Materiality Topics (Three)
  - Ethical marketing practice
  - Environmental reporting transparency
  - Involvement of other stakeholders
  - Strengthening risk and crisis management, fostering a risk-aware corporate culture
  - Diversity in Board of Directors
  - Public awareness building on early detection and treatment
  - Privacy, information and cyber security

- Low Impact

#### Materiality Identification

Identification of materiality items through processes including deliberations by the Group Executive Committee and the Board of Directors. In addition, drafting of a Materiality Matrix with assigned priorities to the identified social issues from the perspective of the two axes.
Six ESG Focus Areas

1. Healthcare Access and Outcome

Olympus recognizes the healthcare business as a domain conducive to our contributing to society by exercising our prowess in the areas in which we excel. We will aim to contribute to society by delivering innovative products that facilitate greater healthcare outcomes and training opportunities for HCPs.

2. Compliance, Product Quality and Safety

As a company providing medical devices, Olympus’ foremost priority should be the safety of patients. We are endeavoring to ensure observance of anti-corruption and other compliance measures and our complete accordance with the laws and regulations of respective countries to ensure the quality and safety of our products.

3. Responsible Supply Chain

The stable provision of medical devices is indispensable to ensuring the stable availability of healthcare in society, in addition to fulfilling our responsibility to deliver a stable supply of our products, we will actively work together with our suppliers to address social issues, such as those involving the environment and human rights.

4. Healthy Organization

Olympus defines a healthy organizational culture as one in which each and every employee can perform at their best, and is engaged in a variety of initiatives towards its aim of becoming such an organization.

5. Carbon Neutral Society and Circular Economy

Olympus recognizes climate change as a serious issue that endangers the integrity of the global environment, as well as being an issue which affects our business activities. We will continue to promote a variety of ongoing initiatives toward the achievement of carbon neutrality into the future.

6. Corporate Governance

Olympus has, over the course of many years, focused on strengthening our corporate governance to ensure that we remain a company that is trusted by our stakeholders. We recognize that doing so is of vital importance for the sustainability of our company and will continue to strive to enhance corporate governance into the future.
Global Healthcare Data

Population

- Aging population is a critical trend across major regions and worldwide as the 65+ segment grows by 3% annually and 0-14 will experience no growth.
- China will see the most rapidly growing aging population and declining number of young people due to the increasing longevity and dropping birthrate.
- Aging population is one of the primary factors of increased disease burden and Olympus continues providing solutions to improve the standard of care in targeted disease states.

Health Expenditure

- The U.S. healthcare expenditure per capita is by far the largest and growing at the compound annual growth rate (CAGR) of 4.1% from 2010 to 2020. The health spending per capita in China has been growing significantly with approximately 12% CAGR.
- Olympus is contributing to improve healthcare access globally through supporting healthcare professionals training, etc.

Cancer

- Lung, Colorectal, Prostate, Stomach, and Liver cancers will remain the Top 5 by volume addressable cancers over the long term with significant growth in absolute incidence. Stomach cancer is projected to be the fastest growing and followed by cancers of the Esophagus, Pancreas and Bladder.
- The overall opportunity to improve the standard of care and patient outcomes will continue to grow significantly across Olympus-addressable cancers.


* EU5: UK, France, Italy, Germany, Spain.


* CAGR: 2010-2020


* Selected cancers that Olympus is currently offering products and services
**Global Healthcare Data**

**GI**

**Colorectal Cancer Patients—Incidence by Selected Countries**
- Colorectal Cancer (CRC) is a primary driver of cancer worldwide, accounting for approximately 10% of all cancer cases and is the second leading cause of cancer-related deaths worldwide. Its burden is expected to increase with the risk factors including family and hereditary history but most cases are sporadic (increasing with age).
- CRC has a long history of natural progression demonstrated. Olympus, a leader in flexible endoscopy, is committed to its part in the fight against CRC with the mission to raise awareness and ensure early detection.

**Gastric Cancer Patients—Incidence by Selected Countries**
- Gastric cancer remains one of the most common and deadly cancers worldwide, especially among older males. China is a country with a large population of affected patients.
- Gastric cancer incidence and mortality are highly variable by region and highly dependent on diet and Helicobacter pylori infection.
- Olympus, a leader in flexible endoscopy, manufactures gastroscopes for the diagnosis and treatments of gastric cancers. When gastric cancer is detected in its early stages, endoscopic resection is a common approach of treatment with shorter hospital stay and faster return to normal life than conventional open surgery.

**Respiratory**

**Non-Small Cell Lung Cancer (NSCLC) Patients—Incidence by Selected Countries**
- Lung cancer is by far the leading cause of cancer death. Non-Small Cell Lung Cancer (NSCLC) represents 85% of lung cancer types, 15% being Small Cell Lung cancer (SCLC). The burden of NSCLC is expected to increase to nearly 1.5 times in new cases by 2040 from 2020 (U.S., EUS, Japan, China). The highest incidence with fastest evolution can be found in China. Main risk factors are cigarette smoking, secondhand smoke, and exposure to harmful chemicals.
- Olympus’ mission is to improve outcomes for patients with, or at risk of, having lung cancer by elevating the standard of care across diagnosis and staging.

**Urology**

**Bladder Cancer Patients—Incidence by Selected Countries**
- Bladder cancer is one of the common cancers worldwide. With its high prevalence, in conjunction with its vulnerability to multiple recurrences and progression despite local therapy, leads to a substantial health service burden globally.
- Olympus is focused around decreasing bladder cancer recurrence through improved detection and resection of non-muscle invasive tumors and enhancing health outcomes and patient experiences.

**TURP (Trans urethral resection of the prostate) Growth in the U.S. (2013-2023)²**
- Benign Prostatic Hyperplasia (BPH) affects 50% of men aged 51-60 years of age (including undiagnosed)⁴. Symptoms often start mildly, but typically develop further over time and require different types of therapies in line with severity. The majority of BPH patients are Mild (43%) or Moderate (38%) while 19% are Severe.
- For years Olympus has been an innovator in developing and marketing procedural solutions for BPH, with electrodes for resection, vaporization and enucleation. By providing new therapeutic solutions with the iMind device, Olympus will continue to be a global market leader in Urology.

**BPH Patients—Diagnosed Prevalence by Selected Countries**
- Benign Prostatic Hyperplasia (BPH) affects 50% of men aged 51-60 years of age (including undiagnosed)⁴. Symptoms often start mildly, but typically develop further over time and require different types of therapies in line with severity. The majority of BPH patients are Mild (43%) or Moderate (38%) while 19% are Severe.
- For years Olympus has been an innovator in developing and marketing procedural solutions for BPH, with electrodes for resection, vaporization and enucleation. By providing new therapeutic solutions with the iMind device, Olympus will continue to be a global market leader in Urology.

**Cystoscopy Total Cumulative Growth in the U.S. (2009-2019)²**

**Kidney Stone Patients—12 Month Total Prevalence by Selected Countries**
- Currently 12% of the global population are affected by kidney stones with prevalence rates rising globally, particularly in China, U.S. and EUS countries. The disease has been associated with an increased risk of end-stage renal failure.
- Olympus has a long history of supporting healthcare professionals to meet the needs of patients and customers in stone management with expertise in Visualization and Lithotripsy. “See and Treat” is core to the patient outcomes of safely rendering a patient stone free. Olympus is working to shape and increase procedural efficacy and efficiency through an integrated Stone Management platform combining breakthrough laser technologies with endoscopy technologies through digital health offerings.
- Olympus is constantly redefining total procedural solutions that enable healthcare professionals to improve clinical outcomes and patient safety. As a result, Olympus is the trusted partner for urological needs and will continue to innovate to stay on the cutting edge in stone management technology.
Our Positions in Focus Areas

GI

<table>
<thead>
<tr>
<th>Disease</th>
<th>Market Size</th>
<th>Market CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>GI-Endoscopy</td>
<td>¥300 – 400 billion</td>
<td>4–6%</td>
</tr>
<tr>
<td>GI-Endotherapy</td>
<td>¥350 – 450 billion</td>
<td>5–7%</td>
</tr>
</tbody>
</table>

**Market Share**
- No.1: Approx. 55% of ESD revenue
- No.2: Approx. 30% of TSD revenue

**Main Sources of Revenue**
- Computer-Aided Detection (CADe/x)
- Workflow Management
- Remote Maintenance

**Catalyst for Growth**
- >70% share*1 in colonoscopes, gastrosopes, duodenoscopes, and ultrasonic gastrointestinal videoscope
- Strong growth for EVIS X1 endoscopy system with U.S. (FY2024) and China (FY2025) with ~70,000 legacy units potential for upgrades
- Differentiated digital solutions and flexible service models will enhance the standard of care and provide future monetization opportunities

**Future Growth Driver**
- Global expansion and additional line-up for EVIS X1 endoscopy system
- EndoClot and To be unveiled

**Olympus Right to Win**
- GI Endoscopy
- Olympus Care Focus
  - Colorectal Cancer
  - Gastric Cancer
  - Pancreato-biliary Disease

**Olympus Integration Report 2023**

Chapter 02 — Our Strategy

Overview and Direction of Medical Business
## Urology

### Market Size by Disease

<table>
<thead>
<tr>
<th>Disease</th>
<th>Market Size</th>
<th>Total Served</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower Tract (Bladder &amp; Prostate)</td>
<td>¥400–500 billion</td>
<td>86 million</td>
</tr>
<tr>
<td>Upper Tract (Kidney, Ureter, &amp; Bladder)</td>
<td>¥400–500 billion</td>
<td>86 million</td>
</tr>
</tbody>
</table>

### Future Growth Driver

- **Right to Win**
  - Olympus
  - Urology (including gynecology products) of Olympus’ Therapeutic Solutions Business
  - CAGR FY2024-FY2026: High single-digit %

### Catalyst for Growth

- **Single-use uroscopy**
- **System targets Installed base of 150 platforms**
- **Leading market position of >70% share**

### Main Sources of Revenue

- **Endobronchial ultrasound-guided transbronchial fine needle aspiration (EBUS-TBNA)**
- **Single-use array management scopes**

### Future Growth Driver

- **Slim EBUS scopes**
- **Slim EBUS will enable access to suspicious lesions beyond the central / middle lung regions**

### Note:


### Upper Tract

- **Upper Tract**
  - **Care Focus**
  - **Benign Pulmonary Disease**
  - **Lung Cancer**

- **Olympus Right to Win**
  - **CAGI FY2024-FY2026**: High single-digit %

### Lower Tract

- **Lower Tract**
  - **Bladder cancer**
  - **Benign Prostate Hypertrophy**
  - **Prostate Cancer**

- **Olympus Right to Win**
  - **CAGI FY2024-FY2026**: High single-digit %

### Catalyst for Growth

- **Portugal expansion in our Soltive platform and the launch of a single-use uroscopy will provide sustainable long-term growth**

### Main Sources of Revenue

- **Bipolar resection electrodes**
- **Cystoscopy**
- **PLASMA+ resection generator and PLASMA+ consumables**
- **Electrode targeting system targets Installed base of 150 platforms**

### Future Growth Driver

- **Slim EBUS scopes**
- **Slim EBUS will enable access to suspicious lesions beyond the central / middle lung regions**

### Note:


### Market Size by Disease

- **Urology stone management**
  - **Est. 1.5 million patients**
  - **Up to 74% recurrence rate**

- **Bladder cancer**
  - **86 million men affected (including undiagnosed)**
  - **50% of men aged between 51 and 60 are affected**
  - **Rising prevalence: up to 13% of population**
  - **Est. 40% 5-year recurrence rate**

### Note:

We strive to elevate the standard of care through creating innovative ‘see and treat’ endoscopy solutions that support the quadruple aim and optimize health system performance.”

Frank Drewalowski (left), Hironobu Kawano (right)
Co-heads of Endoscopic Solutions Division

Endoscopic Solutions Business

Strategy, Progress, and Future Measures by Area

Gastrointestinal Endoscope

- Approximately 70% share of global gastrointestinal endoscope market
- Technological capabilities that lead to development of world’s first practical gastroscope and have continued to load innovation, such as NBI/RDI/TW/EDOF
- Network of approx. 200 repair and service sites worldwide

Surgical Endoscope

- 4K, 3D, and other products differentiated with high resolution and quality for surgical imaging
- Manufacturing techniques that realize high-mix, low-volume production
- Strong integrated system solution around all endoscopic needs
- Comprehensive training facilities and programs

Gastrointestinal Endoscope

Strategy

- Helping improve the quality of endoscopy with advanced imaging features such as NBI/RDI/ TX/EDOF
- Reinforcing market position and growing into key new markets including computer-aided diagnosis (CAD), and single-use endoscopy
- Contributing to strengthening infection prevention, which is a top priority at every healthcare facility

Gastrointestinal Endoscope FY2023 Sales Composition

- Approximately 55%
- About 30% of Revenue

Results

- Sales: ¥461.5 billion (¥551.8 billion (Forecast))
- Margin: 28.9%

Business Foundations

- Operating Environment
  - Rising case rates due to aging populations in developed countries and higher cancer prevention awareness
  - Wider range of business opportunities accompanying economic growth and need for training to spread procedure usage in emerging countries
  - Higher requirements for quality and efficiency
  - Increased concern for cleaning, disinfection, and sterilization processes

- Surgical Endoscope
  - Growing maturity of 3D system market over the medium term and normalization of imaging sensors and data transferring technology compatible with 4K systems driving acceleration of full 4K system introduction
  - Distinctive R&D activities related to special light imaging technologies being advanced by various companies and permeating the market

- Operating Environment
  - Increased concern for cleaning, disinfection, and sterilization processes
  - Network of approx. 200 repair and service sites worldwide

- New digital customer solutions to elevate detection, diagnosis and treatment workflows
  - Healthcare providers are expected to serve ever more patients for better outcomes at reduced costs, while navigating complex procedure workflows. Therefore, we are developing new digital software solutions that drive efficiencies and efficacy across workflows, transform the user and patient experience during and around procedures, and optimize decision-making for better patient outcomes. Our new cloud-based software platform will feature integrated workflow management solutions and will establish market leadership in AI-powered CAD and clinical decision support.
We aim to improve patient outcomes by elevating the standard of care through minimally invasive solutions in targeted disease states.”

Gabriela Kaynor (left), Seiji Kuramoto (right)

Co-heads of Therapeutic Solutions Division

Therapeutic Solutions Business

Operating Environment

- Increased procedures driven by aging population and the rise of chronic disease
- Intensifying cost pressures on health systems continues to drive focus on both clinical and economic value and require new care models focused on improved patient outcomes

Ongoing shift from open surgeries to minimally invasive treatments that improve patient outcomes and optimize total cost of care
- Changes in demand for care with a shift to lower cost care settings (from inpatient to outpatient) enabled by less-invasive techniques

Strategy, Progress, and Future Measures by Area

Business Foundations

- Deliver above-market, profitable growth through clinically and economically differentiated solutions
- Focus on disease states in specialties where we can have a market leading impact
- Operate efficiently from inception to sale while ensuring utmost quality and reliability
- Leverage business development to accelerate expansion of the product portfolio through external partnerships, licensing and M&A

- Exceeded growth and operating profit targets, delivering positive above market growth across overall TSD portfolio
- Key therapeutic areas strengthened through series of deals and partnerships
- Further strengthened our position as a global MedTech company by establishing Olympus Innovation Ventures to invest in pioneering startups with innovative technologies that improve clinical outcomes, reduce healthcare costs, and enhance the quality of life for patients

Focusing on Three Therapeutic Areas

To accelerate growth in Therapeutic Solutions Business and enhance our value in minimally invasive treatment, we will focus on category leadership across three therapeutic areas

GI-Endotherapy

Expanding clinically and economically differentiated product portfolio across all key categories, including ESD*, ESD*, metal stents, and hemostasis devices

- >20% global share with double-digit growth in our ESD/EYMP®, ENDOCUFF VISION, EndoClot portfolios
- Acquisition** of broad metal stent portfolio will significantly accelerate our global position and options in biliary tract, esophagus, colon, and duodenal treatments
- Single-use cholangioscope will enhance clinician optionality

Urology

Becoming the global leader in BPH, stone management, and bladder cancer through customer-focused innovation and compelling clinical differentiation

- IF In reusable ureteroscopes—launch of single-use ureteroscope will expand clinician options
- Portfolio of Laser and Ultrasonic Lithotripsy systems enables share capture
- IF in Thulium Fiber Laser Lithotripsy systems (Softlase SuperPulsed Laser System) and fibers
- Existing market leading position in cystoscopes, resectoscopes, and resection electrodes
- PLASMA+ system designed to shorter procedure times
- Expanded reimbursement for differentiated MIS BPH device which provides better clinical outcomes and elevates the standard of care

Respiratory

Delivering market-leading solutions designed to improve care and prognosis of lung cancer patients through accurate, early diagnosis and staging

- Leading market position of >70% share in pulmonary bronchoscopy, endotherapy, EBUS scopes and EBUS TBNA needles
- Slim EBUS will enable access to suspicious lesions beyond the central / middle lung regions

Other Therapeutic Areas

- Expand energy solutions portfolio
- Protect and grow laryngology and rhinology businesses through investing in solutions that follow market shifts toward minimally invasive procedures across the continuum of care

- Expanding launch of POWERSEAL, an advanced bipolar surgical energy device with strong and efficient sealing of vessels. Further strengthening the energy device portfolio with THUNDERBEAT and SONICBEAT
- Launched CELERIS single-use microdebrider, which is designed for ENTs.
- Acquisition*6 of broad metal stent portfolio will significantly accelerate our
- Further strengthened our position as a global MedTech company by establishing Olympus Innovation Ventures to invest in pioneering startups with innovative technologies that improve clinical outcomes, reduce healthcare costs, and enhance the quality of life for patients

Note: FY23 results are based on Olympus Integrated Report 2023
Customer Voices

Innovative Solutions to Improve Clinical Outcomes

ENDOCUFF VISION

ENDOCUFF VISION supports the early detection of colorectal cancer. The device attaches to the distal end of a colonoscope and maximizes the viewable mucosa during endoscopic therapy by manipulating colonic folds. A single row of flexible arms evert and flatten folds to provide an enhanced view of the entire colon.

- **Clinician Benefits:** ENDOCUFF VISION has been shown to increase adenoma detection rates (ADR) by up to 16% over standard colonoscopies1**, improving physicians’ abilities to detect and treat cancer in its early stages. Early detection saves lives.
- **Patient Benefits:** Supports easier colonoscopies with less pain and loss mucosal trauma.
- **Sales Regions:** U.S., Europe, Asia Pacific
- **Future Growth Outlook:** Double-digit growth (5-Year CAGR: FY2023-FY2028)

---

iTind

iTind is a non-surgical device supporting the minimally invasive treatment of benign prostatic hyperplasia (BPH). The temporarily implanted nitinol device is placed in the obstructed prostatic urethra in a folded configuration. The super-elastic nitinol struts expand at the 12, 5, and 7 o’clock positions, reshaping the tissue to better allow urine flow.

- **Clinician Benefits:** iTind delivers rapid relief of BPH symptoms. It does not require cutting or healing prostate tissue, leaves behind no permanent implant, and avoids complications associated with other treatments.
- **Patient Benefits:** iTind preserves sexual function and continence and removes the need for an uncomfortable catheter. It can be placed during a straightforward procedure in an office or outpatient setting. Patients can recover at home.
- **Sales Regions:** U.S. and Europe
- **Future Growth Outlook:** Double-digit growth (5-Year CAGR: FY2023-FY2028)

---

We are proud to develop innovative solutions along the care pathway that improve clinical outcomes. Here are two examples of novel solutions we recently introduced. Collaboration with healthcare providers was essential for the development of these new solutions, and we share their clinical experiences below. In the future, we will continue to partner with leading healthcare providers to elevate the standard of care and shape a better healthcare system.

---

Dr. Doug Rex

"I utilize ENDOCUFF VISION in the great majority of routine colonoscopies I do. The main advantage is that it improves detection. We know from the Kaiser study by Doug Corley that for each 1% increase in the ADR there’s a 3% reduction in the chance of colorectal cancer and a 5% reduction in the chance of fatal colorectal cancer2. There’s also a strong suggestion that there are some improvements in efficiency with ENDOCUFF VISION, and it’s really unusual to have a device that improves detection and at the same time makes you more efficient3."

---

Dr. Seth Gross

"One of the things I really like and I have seen a tremendous benefit from early on is loop reduction. Loops are one of the biggest challenges when we do colonoscopies. I have noticed that when I take a loop out with ENDOCUFF VISION, that loop tends to stay out due to the way the fingers engage the colon. Furthermore, ENDOCUFF VISION allows me to better manipulate the colonic folds for a more careful inspection. I can really see more of the surface area of the entire colon and identify subtle polyps that would be otherwise hidden."

---

Dr. Bilal Chughtai

"The results of our randomized, controlled study demonstrate the safety and effectiveness of the iTind, a temporarily implanted device, in reshaping the prostate and allowing urine to flow, thus relieving lower urinary tract symptoms without the need for patients to go home with a catheter. Most adverse events experienced by patients during the trial were mild and resolved within two weeks, which is a major advantage over other therapies. Additionally, trial results showed that treatment with the iTind does not compromise sexual function."

---

Dr. Daniele Amparore

"We now have published study data showing iTind device treatment is a reliable minimally invasive surgical option with minimal safety concerns for extended time periods. This evidence of clinical durability is important to physicians considering surgical options for BPH symptom treatment."

---

*3 Quote is a compilation of Dr. Rex’s comments in Episode 2: ENDOCUFF VISION and Its Benefits - https://medical.olympusamerica.com/products/endocuff-vision#forPhysicians and Episode 3: Customer Voices - https://medical.olympusamerica.com/products/endocuff-vision
*4 Quote published in https://www.goldjournal.net/article/S0090-4295(20)31520-X/fulltext published December 25, 2020

Note: Products or devices presented include future technology which may be pending regional regulatory approval and are not available for sale in all regions.
Infection Prevention

Organization and Efforts to Increase Patient Safety and Drive Innovation for Infection Prevention

Olympus and its healthcare partners recognize that advancements in Infection Prevention (IP) are essential for improving patient care. Accordingly, Olympus placed infection prevention as an important pillar of business focus in 2021, and it gained an increasing presence in the organization, specifically within R&D and Medical and Scientific Affairs (MSA). We continue to strengthen the business management for a strong focus on execution to aim for the highest level of patient safety while increasing transparency and investments to grow the infection prevention business. With the Infection Prevention Business Unit (IPBU), Infection Prevention Center of Excellence (IPCCE), Infection Prevention System Development (IPSys) and Infection Prevention Engineering (IPE), a strong, dedicated team has been created for a holistic approach to drive global patient safety to the next level. Therefore, Olympus advocates the continuous development of solutions to further increase efficacy and compatibility to our aim for maximum patient safety. In view of patient care, the development of strict norms for validation around the globe presents an opportunity to actively develop and deliver solutions. Olympus’ Infection Prevention Business strives to increase patient safety, provide economically and environmentally sustainable reprocessing solutions as well as pursue untapped organic and inorganic opportunities. Topline growth is driven by a holistic portfolio globally led by the Automatic Endoscope Reprocessor (AER) launches and their consumables.

U.S. Market Transition Progress for Duodencopes

Advancing the commitment to our patients and healthcare providers, Olympus continues to transition duodencopes in the United States market to the latest generation, which provides disposable components designed to improve access to the elevator mechanism for ease of reprocessing, aligning with regulatory recommendations. Since the start of the program, Olympus has been actively working with customers to upgrade to the latest generation duodencope. In order to enhance reprocessing workflow and customer acceptance, Olympus has coordinated on-site and online reprocessing trainings with customers and added clarification to the instructions for use. Over 2,200 customer training in-services have been performed in the United States to educate customers and promote safe reprocessing practices.

Enhancing Reprocessing Compliance and Patient Safety Through Educational Materials and Resources

We understand that adhering to guidelines not only promotes the quality and safety of reprocessing processes, but also helps us meet the evolving needs of our healthcare professionals and practitioners in the market. Through ongoing interactions and close collaborations, we aim to encourage data-driven, scientific expertise and knowledge to drive innovations, enhance our support offerings, and demonstrate a commitment to stay at the forefront of trends in the field of infection prevention.

As a trusted partner in infection prevention, Olympus strives to elevate patient safety for all practitioners in endoscope reprocessing. With the global website for infection prevention*, we provide healthcare professionals with resources and educational materials on “Endoscope Processing” (up-to-date guidance on safe endoscope processing for Olympus endoscopes) and “Scientific Evidence” (state-of-the-art evidence on infection prevention in endoscopy to help provide information on the latest trends and guidelines). With a strong focus on quality assurance, i.e., on sampling and culturing, we are committed to providing information about safe reprocessing practices and elevating the standard of care.

*As of September 2023, the website is not yet available for healthcare professionals in some countries, including, but not limited to Japan.

Olympus Partners with the World’s Leading Experts to Promote Efficient and Safe Endoscope Reprocessing

A close collaboration with the world’s leading infection prevention experts, professional societies and key opinion leaders helps to keep Olympus aware of global standardization policies, guidelines and laws – making Olympus a trusted partner committed to promoting quality, efficient and safe endoscope reprocessing practices. One of our major achievements has been the establishment of the annual “Endoscope Hygiene Experts Forum (EHEF)” since 2016, this platform has served as a pivotal stakeholder exchange platform for infection prevention, bringing together internationally renowned healthcare professionals and thought leaders. The primary objective of this science and evidence-driven platform is to engage stakeholders in discussions on safe endoscope reprocessing, fostering innovation, collaboration and knowledge-sharing, while ultimately driving advancements in infection prevention. This year’s event primarily focused on the latest studies and evidence in sampling and culturing, a key aspect to advance patient safety in endoscopy. Experts from Europe, the United States and Asia jointly collaborated on a true cross-continental proposal for an international standard in hygienic monitoring of flexible endoscopes. Looking ahead, we confirm our commitment to shaping the infection prevention landscape and driving innovation with patient safety at the forefront of all our efforts.
Innovation

R&D Activities

Basic Policy

Olympus R&D Defined the Vision

“Being a leading global and agile R&D organization, innovating new solutions that elevate the standard of care.”

To achieve this vision, three R&D missions were set following companywide Olympus’ company strategy:

- Patient safety and sustainability
  - Prioritize patient safety and product quality, establish and maintain a healthy and capable organization
- Innovation for growth
  - Deliver value creating innovation for products, procedures, and solutions
- Productivity
  - Ensure predictable and efficient execution based on a high performing organization

R&D Strategy in Company Strategy

In the company strategy announced in May 2023, R&D is positioned as center of the most important value-creating initiatives for innovation, which is essential for the Company’s development. We aim to introduce innovation methods that address unmet needs, make appropriate investments that will drive future innovation, actively pursue strategic partnerships, and accelerate speed to market.

R&D Expenditures

<table>
<thead>
<tr>
<th>R&amp;D Expenditures</th>
<th>Capitalization of R&amp;D Expenditures</th>
<th>R&amp;D Expenditures in P/L</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2022</td>
<td>¥118,300</td>
<td>¥87,900</td>
</tr>
<tr>
<td>FY2023</td>
<td>¥128,900</td>
<td>¥96,900</td>
</tr>
<tr>
<td>FY2024 (Forecast)</td>
<td>¥160,000</td>
<td>¥100,000</td>
</tr>
</tbody>
</table>

Approach toward R&D Expenditures

To advance as a leading global MedTech company, it is critical for Olympus to provide competitive and innovative products to the markets in a faster cadence. Shifting from our traditional “all by ourselves” approach to one leveraging alliances and partnerships will enable shorter development cycles and the optimization in overall development costs. Our aim is to invest approximately 8.5% of our revenue into R&D activities in fiscal year 2026. This ratio is competitive and reflects the average of our peers in the MedTech industry. Within such budget frame we will gradually shift investments from sustaining activities to midterm innovation and technology development, supporting our clinical unmet needs driven strategy for next generation products. In addition, a fraction of the R&D budget will be reserved for transformative/disruptive technology exploration.

Single-use Endoscope

Approach to Reusable and Single-use Endoscope

One of strategic value pools in our company strategy unveiled in May 2023 is business and global expansion. We continue to recognize the market opportunity for single-use endoscopes and complement our reusable endoscopy product portfolio with single-use endoscopes. Reusable endoscopes will continue to be the first choice for a wide range of procedures due to the strong clinical need for advanced imaging and maneuverability as well as their financial efficiency for hospitals. At the same time, single-use endoscopy is quickly becoming a relevant option for selected procedures, the market for single-use endoscopes is expected to grow by 15–18% annually from 2020 to 2030. As a global leader in endoscopy, we are developing single-use endoscopes on the strength of our expertise in visualization, maneuverability and ergonomics, as well as our largest installed base in the market.

Areas in Which We Plan to Develop (or Launched) Single-use Endoscopes (As of October 2023)

<table>
<thead>
<tr>
<th>Areas in Which We Plan to Develop (or Launched)</th>
<th>GI</th>
<th>Urology</th>
<th>Respiratory</th>
</tr>
</thead>
<tbody>
<tr>
<td>Duodenoscopes/Cholangioscopes</td>
<td>Planned launch FY2022</td>
<td>Planned launch FY2025</td>
<td>Brochoscopies: Launched FY2022 Rhinolaryngoscopes: Launched FY2022</td>
</tr>
<tr>
<td>Ureteroscopes:</td>
<td>Planned launch FY2025</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Focus on innovative visualization technology to provide clinicians with the optimal range of endoscopes to meet their needs:

- **GI**
  - Duodenoscopes/Cholangioscopes
  - Planned launch FY2022
- **Urology**
  - Ureteroscopes: Planned launch FY2025
- **Respiratory**
  - Brochoscopies: Launched FY2022
  - Rhinolaryngoscopes: Launched FY2022

We have established a strategic approach to single-use endoscopy that is aligned with our goal to be the **Endoscopy Partner of Choice**, with best-in-class solutions providing the right scope for every patient, procedure and site of care.

**Spotlight: Product Launch in the U.S.**

**E-SteriScope Single-use Flexible Video Rhinolaryngoscope**

Launched in 2023, the E-SteriScope portfolio delivers options for both diagnostic and therapeutic procedures complementing Olympus’ existing video platform to provide a comprehensive ENT solution.

The E-SteriScope is a collaboration with Human Vallen Medical Instrument Co., Ltd. Olympus does not handle E-SteriScope in Japan.

Note: Products or devices presented include future technology which may be pending regional regulatory approval and are not available for sale in all regions.

*Growth forecast information comes from the Company’s research.*
Chapter 02 — Our Strategy

Intellectual Property Activities

New Medium-term Plan and Governance System

The Intellectual Property Function has formulated a new medium-term plan that complements the company strategy announced by Olympus in May 2023. We are now working to implement this plan approved by management. In 2021, the Intellectual Property Function was reorganized as part of the Global Legal Organization. It also has reporting lines to the R&D functions that are the source of new inventions. Under this organizational structure, we are working to enhance our intellectual property (IP) investment initiatives with the aim of driving innovation over the medium- to long-term future by optimizing our IP activities through feedback from regular discussions with the Chief Technology Officer (CTO). Furthermore, the Global General Counsel reports on activities to the Board of Directors once a year and the Intellectual Property function takes appropriate measures as necessary.

Growth-oriented IP Investment Based on Characteristics of the Medical Business Environment

Following the transfer of the Scientific Solutions Business in April 2023, our IP investment focuses on the Medical Business, especially the Endoscopic Solutions Business and Therapeutic Solutions Business. Our goal is to use patent applications to maintain our competitive edge in the Endoscopic Solutions Business area and to establish a competitive advantage for the Therapeutic Solutions Business, which has become a growth driver for Olympus. To achieve our competitive advantage strategically and efficiently, we have introduced a business process under which decisions about the allocation of patent application investment are made through discussions with the Endoscopic Solutions Business and Therapeutic Solutions Business, based on an overview of all projects that have been approved for these businesses through our strategic business plan. By establishing specialist units to provide cross-regional management of the patent portfolios of the Endoscopic Solutions Business and Therapeutic Solutions Business, we have also created a structure capable of centrally managing our patent portfolio on a global basis. In addition, we are strengthening our IP capabilities to support the specialized business development function that we have established in the United States from a due diligence perspective, with a view to future expansion of our patent portfolio through M&A activities.

Through careful alignment with our strategy and by shifting our investment toward high-growth areas, we are continuing to enhance the “strength” of each individual patent and therewith rapidly closing the gap on our European and American competitors. We will continue our efforts to establish a patent portfolio that will contribute to Olympus’ sustainable growth.

Using IP Intelligence for Care Pathway Enhancement

In 2022, our dedicated patent analysis team helped more than 20 Olympus units to develop business strategies by providing IP landscapes that incorporate IP information into their business information to provide a comprehensive overview of their current statuses and future outlooks. Following our company strategy on Care Pathway Enhancement, we continue our analyses of business environments around diseases from the perspective of the respective entire care pathway (from early detection to post procedure). This approach allows us to gain insights about care pathways, especially in contributing to a deeper understanding of new areas other than diagnosis and treatment. Our focus now is to reflect the knowledge obtained through these business environment analyses in high-level planning, including disease strategies and technology roadmaps.

Enhance Cross-regional and Cross-functional IP Capabilities

The regional organizations of the Intellectual Property Function work together to pursue global product development initiatives and projects spanning multiple regions. We aim to improve quality, streamline management, and reduce costs globally by standardizing and integrating work processes and project management systems that have traditionally varied from region to region. In addition to training within the Intellectual Property Function, we are also strengthening IP capabilities across multiple regions and departments by providing IP training globally to business units and R&D functions. For example, we provide business units with programs designed to enhance IP literacy, which is vital for strategic planning and other processes. For R&D functions, we offer programs designed to improve the quality of their invention proposals.

As part of our company strategy, we are also integrating business processes and regulations to create a governance structure that will enable companies acquired through M&A to work organically with Olympus’ Intellectual Property function.

Analysis of Patent Score* Relative to Competitors

* An indicator that determines the quality and value of patents automatically, objectively, and quantitatively.

Source: Calculated using A暇k's Acquis Index® Patent Score method

Legal Note: Olympus uses Acquis Index® Patent Score method to assess the quality and value of patents. The method evaluates patents based on various factors, including the number of citations, the number of patents that引用 them, and the time frame of the patents.
Chinese Market with High Growth Potential

Further development of endoscopic medicine is expected in the Chinese market. In this section, we outline Olympus strengths and describe the market conditions and future growth potential.

Providing Sustainable Growth Opportunities and Total Solutions for the Chinese Market

Since entering the Chinese market about 50 years ago, Olympus has strengthened its business foundation of other companies. Through active cooperation with doctors, hospitals, and academic societies, we have expanded endoscopy and have built relationships of trust with healthcare professionals. At the same time, we have been supporting doctors so that they can perform endoscopic screenings and treatments safely by strengthening our service centers and training support. With such a strong foundation, our business in China has grown significantly. Despite short-term fluctuations due to COVID-19 and other factors, the long-term growth potential for China is high and we will continue to place this market as strategically important. Specifically, Olympus continues to invest aggressively to grow the business through three key strategies:

1. Invest in clinician education and training: 2. Assess unmet needs from Chinese healthcare professionals; 3. Local Manufacturing Strategy. In addition to our current three in house training centers in Shanghai, Beijing, and Guangzhou, we support the training centers of other companies. Through active cooperation with doctors, Olympus has strengthened its business foundation ahead of the global market.

Our Strategy

- **Made in China 2025**: released in 2015: The Chinese government announced the country aims to become a true manufacturing powerhouse, including in R&D, instead of the current one focusing on goods assembly. The goal is to become one of the top manufacturing nations in the world by 2049. There are 10 target fields, one of which includes biotechnology and medical device.
- **Healthy China 2030**: released in 2016: This policy promotes the health of the Chinese people and building of a healthy nation. Priority items are early detection and treatment of chronic diseases including cancer, fixing regional disparities in the medical service area, and expansion of medical institutions. To support this, the aim is to also achieve technological innovation and development in the medical industry.
- **Working plan for improvement of comprehensive capabilities of county-level hospitals**: released in 2019: This policy aims to raise the healthcare standards of 500 county-level hospitals and 500 Traditional Chinese Medicine (TCM) hospitals to the same level as a class III hospital or a class III TCM hospital.
- **Volume-based procurement (VBP)**: A type of centralized purchasing procurement program initiated by provinces, cities, and other regions with the initial goal of reducing medical costs for high-value medical devices.

Business and Global Expansion

- **Revenue in China**
- **Number of endoscopists per million people**
- **Number of healthcare professionals**
- **Number of healthcare professionals who have participated in Olympus training courses over the past five years**
- **Number of healthcare professionals in China**
- **Number of years Olympus has been expanding in the Chinese Market and building relationships of trust with local doctors**
- **Approx. 96,000 people**
- **Class I hospitals: Over 1,000 facilities**
- **Class II hospitals: approx. 500 facilities**
- **Class III hospitals: approx. 40 facilities**
- **Approx. 50 years**

PEST Analysis in Chinese Market

- **Political**
  - "Made in China 2025" released in 2015: The Chinese government announced the country aims to become a true manufacturing powerhouse, including in R&D, instead of the current one focusing on goods assembly. The goal is to become one of the top manufacturing nations in the world by 2049. There are 10 target fields, one of which includes biotechnology and medical device.
  - "Healthy China 2030" released in 2016: This policy promotes the health of the Chinese people and building of a healthy nation. Priority items are early detection and treatment of chronic diseases including cancer, fixing regional disparities in the medical service area, and expansion of medical institutions. To support this, the aim is to also achieve technological innovation and development in the medical industry.
  - "Working plan for improvement of comprehensive capabilities of county-level hospitals" released in 2019: This policy aims to raise the healthcare standards of 500 county-level hospitals and 500 Traditional Chinese Medicine (TCM) hospitals to the same level as a class III hospital or a class III TCM hospital.
  - Volume-based procurement (VBP): A type of centralized purchasing procurement program initiated by provinces, cities, and other regions with the initial goal of reducing medical costs for high-value medical devices.
- **Economic**
  - "Healthy China 2030": released in 2016: This policy promotes the health of the Chinese people and building of a healthy nation. Priority items are early detection and treatment of chronic diseases including cancer, fixing regional disparities in the medical service area, and expansion of medical institutions. To support this, the aim is to also achieve technological innovation and development in the medical industry.
- **Social**
  - Increase in the number of endoscopic screenings and treatments: In recent years, demand in China for early diagnosis and minimally invasive treatments has been increasing due to the growing health awareness among its people. In addition to providing both of these values, endoscopy can help reduce medical costs, and the number of screenings and treatments is growing rapidly.
  - Installation of new endoscopy rooms: With the Chinese government’s policies and the increase in the number of endoscopic screenings and treatments, endoscopy rooms are being actively introduced in newly established or expanded hospitals, leading to the development of endoscopy.
  - Shortage of endoscopists: The number of endoscopists per million people remains low (Japan: 282 endoscopists, China: 28 endoscopists). In medical institutions, the number of endoscopists are unable to keep up with the growing number of patients, making the development of new endoscopists an urgent matter.
- **Technological**
  - Gastrointestinal endoscope: Olympus maintains an advantage over local manufacturers. NBI™ technology and magnifying endoscopes that meet clinical needs have contributed to the improvement of endoscopic diagnosis and treatment technology in China. In addition, diagnostic methods based on our technology, represented by magnifying endoscopes and NBI, are becoming the standard in endoscopy, maintaining our superiority in the market.
  - Endoscopic surgery: While the rapid development of CMOS technology, local manufacturers are improving their technology level, and the competitive environment in this market is intensifying.
  - GI-Endotherapy devices: The competitive environment is becoming severe for low-end products, where price is more important than technology and added value. On the other hand, we have established a strong position in the market for high-end products such as EBD™ and other advanced procedures, on which we are focusing.
Support for Training of Endoscopists and Contribution to Strengthening Medical Infrastructure in Asian Countries

Following China’s lead, it is in Asian emerging markets where it is conceivable that the spread of medical devices will rapidly advance in the years to come. We will further enhance training for healthcare professionals and strive to develop medical technology infrastructure.

Indian Seen as Promising Follow-on Market after China

Published by the United Nations Population Fund (UNFPA), the State of World Population 20231 reported that India’s population will reach approximately 1.43 billion in April 2023, making it now the most populous nation in the world, surpassing China. In addition to population growth, the number of cancer patients is expected to increase further in the years ahead due to rapid economic development. Against this backdrop, the number of endoscopists per million people is 282 in India and 74 in China, meaning there is a shortage of doctors who can perform precise diagnosis using endoscopy, which is essential for the early detection and treatment of cancer. The survival rate of cancer patients is lower in developed countries. For example, whereas the five-year survival rate for colorectal cancer patients has reached about 70% in Japan, it is about 30% in India. In response to these social issues, Olympus is collaborating with local academic societies and hospitals, supporting more than 150 endoscopy training programs a year and providing prompt repair services for medical devices. In the Indian market, where it is conceivable that the spread of medical devices will rapidly advance in the years to come, Olympus will contribute to the dissemination and development of endoscopic diagnosis and treatment through the training of endoscopists.

Support for Endoscopist Training in Asian Countries

In 2016, Olympus established a training and education center in Thailand targeting healthcare professionals in Southeast Asia. Equipped with lecture halls and training rooms resembling actual operating rooms and endoscopy rooms, the center is used not only for Olympus-sponsored training on procedures and products but also for training sponsored by endoscopy societies in various countries and regions as well as academic societies in various fields of surgery. The facility also serves as a forum that contributes to improvements in patient diagnosis and treatment.

In addition to training associated with the introduction of EVIS X1 and VISERA ELITE III, in fiscal year 2023 we also conducted a host of activities that included workshops in collaboration with academic societies such as the NPO MESDA.2 The number of training participants increased due to the development of online and hybrid training programs. Issues such as the shortage of endoscopists and surgeons as well as the room for improvement in terms of medical technology remain in many Southeast Asian countries. By providing education and training opportunities for healthcare professionals at our training centers, we are committed to making access to endoscopists more widespread in Southeast Asian countries and to the development of medical technology infrastructure. In the years ahead supporting the training of endoscopists, focusing on early diagnosis, minimally invasive treatments, and the dissemination of procedures using endoscopy, we will contribute to improvements in patient QOL.

Sales Ratios by Country in Asia/Oceania Region

In Asia/Oceania, the number of endoscopists per million people varied by country. In February 2023, the number was highest in South Korea with 31 per million people, followed by Australia with 18, India with 11, and Singapore with 7. In the Philippines, there were 4 endoscopists per million people, and Thailand had 3. In Vietnam, there were 28 endoscopists per million people. In order to address the shortage of doctors who can perform precise diagnosis using endoscopy, Olympus is collaborating with local academic societies and hospitals, supporting more than 150 endoscopy training programs a year and providing prompt repair services for medical devices. In the Indian market, where it is conceivable that the spread of medical devices will rapidly advance in the years to come, Olympus will contribute to the dissemination and development of endoscopic diagnosis and treatment through the training of endoscopists.

EVIS X1 and VISERA ELITE III, in fiscal year 2023 we also conducted a host of activities that included workshops in collaboration with academic societies such as the NPO MESDA. The number of training participants increased due to the development of online and hybrid training programs. Issues such as the shortage of endoscopists and surgeons as well as the room for improvement in terms of medical technology remain in many Southeast Asian countries. By providing education and training opportunities for healthcare professionals at our training centers, we are committed to making access to endoscopists more widespread in Southeast Asian countries and to the development of medical technology infrastructure. In the years ahead supporting the training of endoscopists, focusing on early diagnosis, minimally invasive treatments, and the dissemination of procedures using endoscopy, we will contribute to improvements in patient QOL.
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
Care Pathway Enhancement

Olympus continuously aims to improve its solution capabilities to advance the Quadruple Aim: improving clinical outcomes, lowering the total cost of care, and enhancing the experience of both the patient and care team. We are focused and steadfast on elevating the standard of care all along the care pathway from early clinical outcomes, lower the total cost of care, and enhancing the experience of both the patient and care provider. Olympus continuously aims to improve its solution capabilities to advance the Quadruple Aim: improving clinical outcomes, lowering the total cost of care, and enhancing the experience of both the patient and care provider.

Enhancing the Care Pathway for ColoRectal Cancer (CRC)

**The disease state**
CRC impacts ~2 million people each year; it is the third most diagnosed malignancy and the second leading cause of cancer-related deaths in the world. Effective CRC screening programs are important as early stage CRC often has no symptoms, and has a high mortality if not detected early. Once detected, open surgery is an expensive option with side effects for the patient. In contrast, the MIS procedures offer shorter recovery times and improved efficiencies for the provider.

**Our focus**
Enhance early detection and enable minimally invasive surgical (MIS) procedures to improve outcomes and lower the cost of care.

**Our solutions**
- EVIS X1: supports the early detection of CRC. Additionally, it may be used with a variety of advanced imaging techniques and endoscopic devices for treatment.
- ENDO-AID CAD
- ENDOPASS
- ENDOCUFF

**Healthcare Value Proposition of Olympus Solutions**
- Designed to increase ADR*3 which may lead to early detection
- Designed to enhance safety and effectiveness of early-stage cancer treatment and bleeding control during and post procedure

**Clinician/Provider**
- CADe and ENDO-AID FUSION support improved ADR*. Research shows increased ADR contributes to the prevention of CRC and reduces the risk of fatal outcomes*. EISD procedures reduce or eliminate hospital overnight stays reducing costs to patients

**Patient**
- Early Detection: Contributing to greatly improved survival
- ESD*: A MIS procedure to treat early-stage cancer that uses DualKnife J and other specially designed devices, reduces recovery time and improves patient comfort
- EVIS X1 RDI with EndoClot supports reduced risk of post-procedure bleeding

**Notes:**
* ADR = adenoma detection rate
* Computer-aided detection/diagnosis
* GLOBOCAN 2020
* The disease state
* Very low risk of pneumothorax or overnight stay
* Patient
* CYHD = colorectal adenoma.
* CAROLINA study, presented at the ACG meeting, Chicago, IL, 2019

Enhancing the Care Pathway for Lung Cancer

**Our focus**
Improve ability to detect lung cancer at an early stage to accelerate lung cancer diagnosis and time to treatment.

**The disease state**
When detected at an early stage, lung cancer is highly treatable. However, many lung cancer nodules are not properly diagnosed, as the majority of new lung cancer lesions first appear in the middle and peripheral regions of the lung, these areas are difficult to access using current techniques. As a consequence, many cancers are diagnosed at a late stage when they are more difficult to treat and have increased mortality.

**Our solutions**
- EBUS scope and TBNA for early intervention through real-time EBUS visualization and real-time sampling of lung nodules. The EBUS scope extends its capability to the middle and peripheral regions of the lung where the majority of lesions are found.
- iTind offers clinically proven symptom relief while greatly reducing the risk of loss of sexual function or incontinence with straightforward office procedure

**Healthcare Value Proposition of Olympus Solutions**
- Improves the ability to detect lung cancer at an early stage
- Less invasive procedure with fewer adverse events
- iTind is the first and only FDA-cleared transcatheter ablation device for the treatment of low-risk pulmonary nodules
- Potentially identify more lung cancers at an early stage for which therapy has better outcomes
- Low risk of pneumothorax or overnight stay when performed in HOPD or ASC

**Clinician/Provider**
- Increased diagnostic confidence that the procedure will lead to a correct diagnosis
- Higher sample collection success rate using real-time EBUS visualization*

**Patient**
- iTind delivers rapid relief of symptoms, reduces treatment time, eliminates the need for a post-procedure catheter, and reduces the need for a night stay reducing costs to payors*12
- Quality of life is improved post-procedure
- Reduced time to treatment
- Since iTind is performed in a single office setting, patients are discharged the same day with no hospital stay required

**Notes:**
Intelligent Endoscopy Ecosystem

As the MedTech leader for endoscopy-enabled care, we are harnessing the opportunities enabled by digital technologies to bring about an Intelligent Endoscopy Ecosystem, for the benefit of our customers and patients, and to reach the quadruple aim of healthcare.

To Meet Healthcare Challenges, We Will Elevate Our Unique Capabilities

The rise in chronic diseases and our aging populations require the healthcare community to overcome the challenge of better outcomes for more people, with better care team and patient experience, at lower cost. Many needs around endoscopy have remained the same for a long time. For example, gastroenterologists who perform lifesaving procedures are constantly looking to deliver improved clinical outcomes but are faced with an increasing cognitive burden due to a rising number of procedures with growing administrative workload. At the same time, hospital administrators are looking to manage staff shortages which is a reality in many markets today.

We believe there is an opportunity for significant progress in “Intelligent” endoscopy, leveraging digitalization and automation. Data and connectivity, powered by AI, enable intelligent insights to help address clinical and operational needs.

We will elevate our unique capabilities from advanced visualization to intelligent cognitive support, from precision treatment to intelligently guided precision treatment and from value-added solutions to intelligent insights and solutions. With the Intelligent Endoscopy Ecosystem, we envision a future where care givers focus more of their valuable time on helping more patients in need of care.

Today, Olympus provides best-in-class endoscopy products and services with strong stand-alone value propositions. However, we believe that the value potential of integrating the Olympus portfolio by data and AI is significantly higher than the sum of its individual elements.

Our advanced digital endoscopy ecosystem will be driven by a state-of-the-art software platform, meeting current and future clinical and operational needs, empowering clinicians and healthcare administrators to elevate patient care standards. With the latest core technologies, including AI, it offers actionable insights from data throughout the patient journey, ensuring efficient and optimal outcomes for Olympus customers.

It will also enable a transition from a “Hardware only” business model, which depends on longer upgrade cycles, towards a model where continuous software enhancements can provide “always-on innovation” via over-the-air upgrades and on-demand apps on the Olympus platform.

As a result, patients and caregivers can benefit through more precise detection, diagnosis and treatment.
Evolving Our Corporate Culture

An Evolution in Corporate Culture

As part of our transformation, we are aiming to realize a Healthy Organization. We are working to comprehensively improve our corporate culture by looking at both the Company and the day-to-day experiences of our employees. To evolve our corporate culture in which each and every employee can perform at their best, which is the foundation for achieving sustainable growth, we are implementing various improvement activities globally based on the results of our Core Values Survey, etc.

Our Ideal Corporate Culture

We define our aim for a Healthy Organization as “Committed to delivering Olympus’ Purpose by creating a working culture where everyone is empowered to perform their best” and we consider there to be six dimensions necessary to bring it to fruition. Based on the Core Values Survey results, we are specifically prioritizing areas such as collaboration across geographical regions and teams, empowerment of employees to maximize their potential, improvement of work-life balance, and fostering a culture that encourages challenge.

How We Are Bringing a Healthy Organization to Life at Olympus

In our aim to realize a Healthy Organization, we are working toward building a globally common HR system and develop talent. We are implementing a variety of initiatives, such as to place the right people in the right positions, to foster a culture of empowerment and challenge, and to conduct various training to strengthen leadership and execution competencies to develop talent for global success.

Overview and Vision of the Future

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Overview and Vision of the Future</th>
<th>Progress and Future Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Talent and Succession Management</td>
<td>Support sustainable corporate management and strengthen executive talent pipeline by placement of the right talent in the right positions</td>
<td>Completed implementation of talent and succession management processes for executive officers and global division/function heads (GDH), and annually review and discuss talent pipeline</td>
</tr>
<tr>
<td>Global Leadership Competencies and Leadership Development</td>
<td>Support targeted leadership development as well as talent and succession management by defining ten most crucial leadership competencies based on Olympus strategy</td>
<td>Global Leadership Competency Model (GLCM) rolled out, and from April 2023 GLCM is evaluated in performance appraisal</td>
</tr>
<tr>
<td>Employee Enablement and Global Learning Offers</td>
<td>Create a culture and environment where people are inspired and empowered to grow professionally as well as personally</td>
<td>Global 360 Feedback launched in May 2022, with 500 participants in first year</td>
</tr>
<tr>
<td>Global Levelling</td>
<td>Clarify the vertical and horizontal relationship of jobs across Olympus by assigning levels to management jobs according to the size of the role of each position</td>
<td>GLCM Module Program as first global leadership development program scheduled for launch</td>
</tr>
<tr>
<td>Global Performance Management Harmonization</td>
<td>One global approach to performance management to enable placement of the right talent in the right positions on a global scale</td>
<td>Complete performance and goal management system, and globally harmonize management system</td>
</tr>
<tr>
<td>Globally Integrated HR Management System</td>
<td>Implement HR management systems that were dispersed by region into one unified global HR system to support HR operation globally</td>
<td>Complete performance and goal management system, preparing and enabling managers to conduct their mid-year and year-end meetings</td>
</tr>
<tr>
<td>Japan HR Reform</td>
<td>Accelerate the fostering of a culture of empowerment and challenge, and placement of the right talent in the right positions as a Group</td>
<td>Complete the change to a job-based HR system that determines treatment based on the size of each individual’s job responsibilities, regardless of age or experience</td>
</tr>
<tr>
<td>Standardization of Basic Work Procedures</td>
<td>Have a consistent set of practices in place at Olympus that shape the way we work together and create a Healthy Organization</td>
<td>Revision of Japan’s performance management systems has been completed by aligning with globally common performance management systems</td>
</tr>
</tbody>
</table>

The six dimensions necessary to achieve a Healthy Organization and Our Core Values

<table>
<thead>
<tr>
<th>Purpose-driven</th>
<th>People-centric</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Inspirational Leadership</strong></td>
<td><strong>1. Collaboration</strong></td>
</tr>
<tr>
<td>Leaders present a clear strategy and Olympus future</td>
<td>Collaboration across departments and geographical regions, and the management of constructive discussions</td>
</tr>
<tr>
<td><strong>2. External, Customer Orientation</strong></td>
<td><strong>2. People-centric</strong></td>
</tr>
<tr>
<td>Identify customer and market trends and respond to evaluation needs by valuing new ideas</td>
<td>At Olympus, we are able to do actively</td>
</tr>
<tr>
<td><strong>3. Empowerment</strong></td>
<td><strong>3. At Olympus, we solve customer and patient challenges with passion and perseverance</strong></td>
</tr>
<tr>
<td>Everyone is allowed to make decisions, take responsibility and chart their own career path</td>
<td>There is a good understanding of Olympus priorities and goals</td>
</tr>
<tr>
<td><strong>4. Encouraged to Challenge</strong></td>
<td><strong>4. People with diverse perspectives and backgrounds are valued at Olympus</strong></td>
</tr>
<tr>
<td>Foster a culture that values diverse ways of thinking, and encourages taking on new challenges</td>
<td>At Olympus, we are able to do actively</td>
</tr>
<tr>
<td><strong>5. Work-Life Balance</strong></td>
<td><strong>5. People with diverse perspectives and backgrounds are valued at Olympus</strong></td>
</tr>
<tr>
<td>Creation of an attractive work environment and prioritizing employee well-being</td>
<td>People with diverse perspectives and backgrounds are valued at Olympus</td>
</tr>
<tr>
<td><strong>6. Global Levelling</strong></td>
<td><strong>6. There are no significant barriers at work to doing my job well</strong></td>
</tr>
<tr>
<td>Clarify the vertical and horizontal relationship of jobs across Olympus by assigning levels to management jobs according to the size of the role of each position</td>
<td>There are no significant barriers at work to doing my job well</td>
</tr>
</tbody>
</table>

*The data in the table above is a summary of the Core Values Survey results conducted between August 20 and September 10, 2021. Approximately 80% of employees responded.*
Olympus has been implementing its global Diversity, Equity, and Inclusion (DEI) strategy since April 2023. Our ESG strategy, which was announced in May 2023, states the promotion of DEI as one of the materiality topics and sets targets relating to promoting the advancement of women on a global level. In particular, we have set individual goals for Japan as an area of focus and will continue to promote DEI there. In June 2023, we established the new position of Chief Diversity, Equity, and Inclusion Officer (CDEO). The CDEO is responsible for overseeing and driving initiatives under our DEI strategy at the global level.

**Definition of Diversity, Equity and Inclusion**

Respect for all employees, regardless of differences in age, gender, race, sexual orientation, gender identity, sexual orientation, disability, national origin, religion, cultural background, and other attributes.

Foster inclusive interpersonal interactions, and encourage and support each employee to perform at their best.

The opportunities for growth that the company provides are not affected by the differences that each employee may have. Olympus promotes equal opportunities for everyone to perform at their best.

**Benefits from DEI**

- Improved employee and workplace satisfaction
- Enhanced sense of engagement
- Increased creativity and innovation
- Improved organizational performance

**Promotion of Diversity, Equity, and Inclusion (DEI)**

At Olympus, taking people with diverse perspectives and backgrounds is a part of Our Core Values. Olympus respects the differences in our people’s age, gender, race, sexual orientation, gender identity, socio-economic status, ethnicity, nationality, and culture. Additionally, we believe for who they are, with equal access to opportunities. We believe that Diversity, Equity, and Inclusion are equally important, and only when DEI becomes integrated into our daily work, will people feel self-renewal, leadership, and performance at their best.

In an inclusive and equitable environment, our people with diverse backgrounds will better understand our customers’ varied needs and expectations, thereby creating new value by exchanging their opinions and broadening the perspectives of teams.

**Global DEI Strategic Priorities and Initiatives**

In engaging with DEI, we have positioned four key themes as global strategic priority areas:

1. Gender and Life Priority: Further support for women employees and all care-takers. We aim to support employees’ career advancement and create a friendly and collaborative workplace.
2. Nationality and Culture: Increase diversity and ensure equal access to opportunities regardless of nationality, culture, or language skill.
3. Career and Experience: Enhance employee professional experience and broaden career development opportunities.
4. Inclusive Environment: Ensure an environment where everyone can speak up freely and collaborate effectively.

**Olympus Core Values Survey**

Based on the results of the Core Values Survey, an employee engagement survey conducted in 2021, Olympus is developing measures globally from both the top-down and bottom-up perspectives. Companywide initiatives have included site visits by executive officers, optimization of decision-making processes, visualization and follow-up of the current status of employee work-life balance, and enhancement of motivation and structures to support motivation and growth.

At the same time, the survey results showed that there were notable differences between regions, so we are taking action in each region to improve the issues identified from the survey. In November 2022, we conducted a Core Values Survey (Interim Survey) to review the current status of our organization and reflect on the improvement activities and plans already in place. We will use the survey results to continuously improve our culture.

**Follow-up Measures for Our Core Values Survey in Japan**

The Core Values Survey results showed that “policies are clearly communicated by management and a relationship of trust is built” and “each employee understands Our Core Values and applies them through their actions” scored highly in Japan.

However, we found issues in areas such as fostering a culture that encourages challenges without fear of failure, enhancing communication and collaboration, building talent management and structures to support motivation and growth, and creating a highly productive and collaborative working environment. To address these issues, we are implementing improvement measures based on survey responses from employees and feedback from each organization.

For example, we are working to improve the quantity and quality of communication in the organization by holding regular 1-on-1 meetings between leaders and direct reports, as well as encouraging open and cross-departmental communication using tools for team building, effective meeting management, etc. We have also expanded our systems to support individual career development, such as improving the assignment of roles regardless of age and other attributes by introducing a new HR system (extension of the job-based HR system), as well as enhancing internal recruitment and strengthening career development support. Another ongoing project aims to promote collaboration through the development of new office environments and the creation of flexible work styles that allow individuals or teams to choose the right style and location according to the purpose and content of their work.

Moving forward, we aim to improve employee engagement by periodically monitoring the progress of the action plans and the extent of improvements being made.
**Activities to Improve Productivity**

**To Enable Investments and Innovation for Long-term Growth**

Global TOM*—Improve Our Capability to Deliver on Our Mission, Targets and Ambition

While striving to “make people’s lives healthier, safer and more fulfilling,” Olympus has laid out a clear value creation strategy to drive sustainable growth. To better equip the organization to drive Business and Global Expansion as well as absorb Strategic M&A initiatives, the Chief Strategy Officer decided to launch an effort to review Olympus’ global operating model and will establish a new team to build capabilities that continuously ensure organizational readiness in line with our strategic priorities of our company strategy. Our desire is to create an operating model that—building on our strategic imperatives—ensures transparent and fast decision-making across functions, divisions and regions, but also facilitates efficient resource allocation and ongoing capability development.

The review of our operating model is structured in four themes, each focusing on a distinct set of activities:

**Operating Model Design & Governance:** We aim to further strengthen and clarify roles and responsibilities, structures and governance in our global matrix. By doing so, we facilitate better collaboration and decision-making along our three axes, divisions, functions and regions.

**People & Culture:** We identify levers to set capabilities to strengthen talent, culture and performance mindset to enhance our operating model.

**Enterprise Architecture & Systems:** We enable our global operations by gradually enhancing, harmonizing and simplifying our tech stack.

**Productivity, Efficiency and Processes:** Building on our optimized operating model, we aspire to simplify our operations to rigorously execute and unlock capital.

**Operating Model Design & Governance:** We aim to further strengthen and clarify roles and responsibilities, structures and governance in our global matrix. By doing so, we facilitate better collaboration and decision-making along our three axes, divisions, functions and regions.

**People & Culture:** We identify levers to set capabilities to strengthen talent, culture and performance mindset to enhance our operating model.

**Enterprise Architecture & Systems:** We enable our global operations by gradually enhancing, harmonizing and simplifying our tech stack.

**Productivity, Efficiency and Processes:** Building on our optimized operating model, we aspire to simplify our operations to rigorously execute and unlock capital.

---

**Evolving Our Corporate Culture**

Our Development and Learning Offers Support Professional Growth and Global Collaboration

At Olympus, we encourage our people to build and expand their professional and personal skills while learning with and from each other. Our Global Development Portfolio focuses on strengthening Leadership Competencies, on fostering collaboration and connection to Our Purpose and Our Core Values, and on opportunities to grow professional and business skills and adopt Healthy Organization practices and habits.

To date, approximately 6,600 Olympus employees have participated in our foundational global business, execution and leadership skill building program. About 500 leaders have joined our global 360 feedback process.

At Olympus, we value the diversity of languages and cultures of employees in each country and region. We also believe that smooth international communication is essential as a global MedTech company. In Japan, we are undertaking the Global Communication Skill Strengthening Program to improve English proficiency and support cross-cultural understanding. Since its launch in 2020, a total of more than 6,700 employees have participated.

---

**Employees Set Performance Goal Focused on Patient Safety**

In the fiscal year ending March 31, 2024, we introduced a new global approach to performance management known as MyPerformance. This approach, along with global talent and succession management is operated through performance and goal management system ensuring a consistent experience for employees across the globe. As part of the MyPerformance process, employees propose their own performance goals linked to the Three Guiding Principles—Patient safety and sustainability, Innovation for growth, and Productivity—outlined in our company strategy, and are evaluated in terms of their achievements in each of these areas. As patient safety and regulatory compliance are top priorities for Olympus, we have established a common global goal designed to ensure that all employees prioritize the pursuit of quality in the fiscal year ending March 31, 2024. The global goal ensures the focus on patient safety in everyone’s day-to-day activities, ensuring compliance with all applicable laws, regulations, and industry standards, as well as understanding and adhering to all policies and procedures that govern their work. In addition, every employee, regardless of their function or role, will also identify and report any potential safety risks, hazards, or instances of non-compliance and will actively participate in related initiatives.

**Examples of job-specific goals relating to patient safety**

- **IT**
  - Ensuring that systems are safe and patient data is not compromised.

- **Quality inspectors**
  - Inspecting and assessing product safety, and providing feedback that leads to improvements.

- **Uptime support**
  - Providing guidance to clinical users on how to use products.

- **Legal and compliance**
  - Ensuring legal compliance and business protection.

- **Commercial functions**
  - Ensuring we follow the correct process in winning new business, providing checks and balances.

- **Customer service**
  - Expanding customer outreach, following regulatory guidelines in dealing with product defects and complaints.

- **Finance**
  - Maintaining high reporting standards, including accuracy, clarity, and compliance with requirements.

- **Supply chain**
  - Providing compliance to regulatory requirements for manufacture, transportation, and storage of our products.

- **Territory manager**
  - Ensuring that organizational learning is shared and applied to prevent any incidents.

- **Repair technician**
  - Following the correct procedures to ensure that repairs are of the highest standard.

- **Manufacturing operator**
  - Manufacturing products in line with regulatory requirements and processes.
Carbon Neutral Society and Circular Economy

Olympus is fully aware that recent climate change, excessive impact on environment, deteriorating water resources, and water risks brought about by environmental laws and regulations are issues we need to address promptly. Therefore, we are committed to Olympus Social and Circular Economy as one of the materiality items. We also set targets of achieving carbon neutrality\(^*\) with respect to greenhouse gas (GHG) emissions from our site operations (Scope 1 and 2\(^*\)) by 2030 and using electricity generated 100% from renewable energy for our site operations (Scope 1, 2, and 3\(^*\)) by 2040.

To achieve this target, we continue to improve production efficiency and implement further energy-saving measures, as well as gradually replacing the energy used in our site operations\(^*\) with renewable energy sources by 2030 to accelerate initiatives to reduce GHG emissions. We also recognize the importance of environmental impact reduction across the supply chain and continuously implement measures to develop environmentally conscious products, improve logistics efficiency, set voluntary reduction targets in cooperation with suppliers, and support decarbonization initiatives.

Major Environmental Activity Results in Fiscal Year 2023

<table>
<thead>
<tr>
<th>Policy Policy</th>
<th>Targets</th>
<th>Measures</th>
<th>FY2022 Achievements and Results</th>
<th>FY2023 Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development of long-term environmental targets</td>
<td>Improve effectiveness and efficiency of the Environmental Management System</td>
<td>Formulation of a plan to reduce greenhouse gas emissions throughout the supply chain</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintenance of ISO 14001 certification</td>
<td>Ensure appropriate responses to indicated points in external audit</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Implantation of ISO 14001 certification into global major manufacturing sites (Europe, Australia, Americas)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintenance of ISO 14001 multi-site certification</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conducted internal audits for administrative functions of 6 sites in Japan and 2 sites in Asia</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inspection on the waste management process and operational improvements at each site in Japan</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education on waste and chemical substance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental laws and regulations</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education for environmental laws and regulations</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inspection on the waste management process and operational improvements at each site in Japan</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education on waste and chemical substance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education for environmental laws and regulations</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Result of a new Eco-Product(^*)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creation of new Eco-Products(^*)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Created new Eco-Products(^*)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2 new, bringing the total to GHG)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintenance of ISO 14001 certificaiton</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ensure appropriate responses to indicated points in internal and external audit</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conducted internal audits for administrative functions of 6 sites in Japan and 2 sites in Asia</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improve target site for the environmental health and safety risk assessment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continue to improve the environmental quality management systems at individual products and facilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental initiatives throughout the product life cycles</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Greenhouse gas emissions: achieve carbon neutrality (Scope 1, 2)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Renewable energy use: improve by 1% per year</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water use intensity: improve by 1% per year</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water use intensity: improve by 1% per year</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Greenhouse gas emissions: reduced by 45% (compared to FY2020)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Renewable energy rate: 71.9%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Greenhouse gas emissions: reduced by 45% (compared to FY2020)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Renewable energy rate: 71.9%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Greenhouse gas emissions: reduced by 45% (compared to FY2020)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Renewable energy rate: 71.9%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Greenhouse gas emissions: reduced by 45% (compared to FY2020)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Renewable energy rate: 71.9%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Greenhouse gas emissions: reduced by 45% (compared to FY2020)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Renewable energy rate: 71.9%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Footnotes:
1. Carbon neutrality refers to reducing GHG emissions from site operations (Scope 1, 2) and offsetting carbon equivalent by renewable energy sources, energy reductions, and afforestation projects.
2. Scope 1: Direct GHG emissions by combustion of fuels in our site.
3. Scope 2: Indirect GHG emissions from on-site use of electricity, heat or steam supplied by other companies.
4. Scope 3: Indirect GHG emissions excluding Scope 1, 2. It is an amount that is as possible (98%) or more than the actual amount (75%) and uses credit allowance from carbon reduction and removal (such as afforestation and CO2 capture and storage) by an amount equivalent to the emitted GHG emissions (less than 15%) to achieve a balance.
5. Including product creation results in past

Response to Climate Change (Information Disclosure in Line with TCFD Recommendations)

Olympus recognizes that climate change is a serious issue that threatens the global environment, as well as having grave implications for the Group’s business activities. Based on this awareness, we announced our endorsement of the Recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) in May 2021. According to the TCFD’s Recommendations, we will disclose climate-related financial information in a timely manner.

Governance

Olympus endeavors to reduce the environmental impact from the entire value chain, including product development, procurement, manufacture, logistics, sales, and repair. Under the CEO and Chief Human Resources Officer (CHRO), who are the executive officers responsible for the environment including responses to climate change, the Human Resources Officer, who manages the environment, health, and safety (EHS) functions, oversees matters related to EHS for the entire Group. In addition, an officer responsible for the environmental, social, and governance (ESG) activities was appointed and set targets for the ESG field including GHG emissions in the medium- to long-term business plan to promote ESG initiatives by the Group. Under the Environmental and Safety Policy formulated by the Human Resources Head, the EHS division created an environmental action plan for the entire Group in line with the ESG targets set in the medium- to long-term business plan, monitors the status of progress of that plan, and makes continuous improvements. In response to progress reports, the
Chapter 02 — Our Strategy

Carbon Neutral Society and Circular Economy

Executive officers responsible for the environment (the CEO and CHRO) give instructions for any improvements required. The Board of Directors, being the highest authority, disposed of the impairment loss and climate change measures while receiving related reports as necessary. Also, to risk management to the ESGs. During the company strategy and business plan formulation stages, Olympus identifies and evaluates risks that have the potential to significantly impact the Group’s business operations. These risks include regulations relating to the environment including climate change, technology and other transition risks, and physical risks resulting from natural disasters. Identified risks are evaluated and prioritized by each organization based on the degree of impact if the risk materializes and the possibility of occurrence, and based on the results, we formulate single-year and multi-year business plans to manage the risks. Regarding risks relating to environmental laws and regulations, the quality control function monitors developments concerning those product-related environmental laws and regulations. The environmental division of each company monitors regulatory developments relating to their business sites, and each periodically evaluates the status of compliance, and takes measures as necessary. To address those risks that could have a particularly substantial impact on business operations, we periodically monitor the status of organizational risk management and report the results to the Group Executive Committee and Board of Directors. The CEO reports on the results of risk management monitoring, and if measures are ineffective, reviews action plans.

Olympus identifies climate change-related risks and opportunities for the short-, medium- and long-term periods by using scenario analysis. The influence of climate change on our business activities is analyzed based on the 2°C scenario: RCP8.5, IEA BD20, holding the increase in the global average temperature below 2°C above pre-industrial levels, and the 4°C scenario: RCP8.5 and IEA CPE (where the increase is assumed to be up to 4°C above pre-industrial levels), presented by the International Energy Agency (IEA). We identified that the major risks within the short term (one to five years) would be the factory operation suspensions or supply chain breakdowns due to natural disasters; and the risks within the medium to long term (10 to 20 years) would be an increase in business costs due to the introduction of carbon taxes and tighter GHG emission regulations. Although such climate change risks could affect our corporate strategy and financial plan, we assume that the scope of influence would be limited. For the purpose of the geographical location of our factories in terms of natural disasters, such as typhoons, can be classified as a physical risk. We confirmed that our factories are at low-risk locations and a business continuation plan for such site was created in case of emergency. As a supply chain risk, we have experienced closures of sales sites due to typhoons and flooding across the world in fiscal year 2023. Still, the influence was limited. We also expect an increase in operational costs due to carbon taxes, etc. as a transition risk. However, the percentage change in energy costs in the factories among overall business costs is small, and, therefore, the impact was not significant. As a regulatory action, the “Electricity Retail Business” law is linked to the evaluation results of an external ESG evaluation organization. Our Strategy

Environmental Management Structure

Olympus has set targets of achieving carbon neutrality with respect to GHG emissions from our site operations (Scope 1 and 2) by 2030 and using electricity generated 100% from renewable energy at our site operations (Scope 1 and 2) by 2040. This target is in line with the 1.5°C goal set as a challenge target under the Paris Agreement. Achievements during fiscal year 2023 included a 45.7% reduction in GHG emissions compared to fiscal year 2020 and a 71.9% reduction of electricity derived from renewable energy. To achieve the target, we reinforce our GHG emissions management and develop a low-carbon business model, by taking measures such as: improvements in energy efficiency; reduction of energy intensity; using renewable energy; reduction of waste generation; and reduction of water consumption. In addition, we will perform scenario analysis on the overall business and supply chain to prepare for climate change. Regarding those targets, the Group will establish a mechanism for periodic evaluation of the status of compliance, and measures as necessary. We also review the results of risk management monitoring, and if measures are ineffective, we will review action plans.

Olympus aims to strengthen supply chain management (SCM) to ensure stable delivery of products and services for patients. In our ESG strategy announced in May 2023, we have identified supply chain risk mitigation and resilience as one of our top priorities, and we strive to create and strengthen good relationships with our suppliers through fair, just, and transparent transactions.

Supply Chain Policy

We share our “Expectations of Suppliers” and “Green Procurement Standards” in writing with our suppliers in Japan, asking them to comply with laws and regulations, social norms, and environmental considerations. We conduct an annual web-based supplier survey in Japan with 10 CSG questions to raise suppliers’ awareness of issues related to the Sustainable Development Goals (SDGs). Our Global Procurement ESG strategy consists of three material topics as part of the focus area of Responsible Supply Chain:

1. Improve supply chain risk mitigation and resilience by implementing a multi-tier supply chain risk monitoring solution.
2. Enhance social human rights commitment in SCM. This includes creating and implementing a Global Supplier Code of Conduct as well as monitoring ESG risk in our supply chain.
3. Environmental Supplier Management: We will begin creating a baseline of CO2 emissions from our suppliers, as well as asking suppliers to set science-based targets for our Science Based Targets Initiative (SBTI)*1 certification.

Supplier Survey and Improvement Activities

Our Global Procurement ESG strategy addresses the identified supply chain risk of our major suppliers around the world with whom we have ongoing business in Japan. The survey covers 12 questions, of which 24 are related to supply chain risk management, information, sustainability, and business continuity plans (BCPs). In fiscal year 2023, we added six questions relating to climate change, including actual greenhouse gas emissions. In fiscal year 2023 the survey was conducted on 667 companies*, including overseas suppliers. Responses were received from about 56% of companies, and the survey results require additional follow-up, an on-site audit is conducted with required corrective actions to adhere to our “Expectations of Suppliers.”

Expectations of Suppliers

1. Compliance with Laws, Regulations, and Social Norms
2. Health and Safety
3. Fair and Impartial Trade
4. Ensuring Green and Safety, Delivery, Fair Pricing, and Stable Supply
5. Environmental Considerations
6. Environmental Information Security and the Appropriate Protection of Information
7. Promoting Social Contributions
8. Promoting CSR Activities Internally and Among Suppliers

*1 Information on Science Based Targets is available at https://www.scientificallimits.org
*2 This is a smaller number than the 774 companies in fiscal year 2022 due to the removal of business partners and suppliers with whom the Group does not have any ongoing business relationships.

Human Rights Initiatives

Olympus engages in global activities in the area of human rights due diligence in compliance with the UN Guiding Principles (UNGP) on Business and Human Rights. In fiscal year 2022, Olympus implemented a human rights impact assessment that covered the entire Olympus Group. Olympus plans to investigate the current state of affairs at each member company in the Olympus Group according to this strategy. Furthermore, in accordance with its Human Rights Policy, in fiscal year 2023, Olympus deployed a learning globally to introduce Olympus’ responsibility to respect human rights in its supply chain and to give an overview of the laws and systems in each country. Those who enrolled in the e-learning program learned about examples of human rights violations that could occur in the Olympus Group and at suppliers. In Japan, 8,998 employees enrolled in this e-learning program (enrollment rate 94%). Olympus will continue to carry out regular educational activities to improve the awareness of its employees regarding human rights.

Responsibility for Environment

Responsibility for Environment

Overview of ESG

In 2023, Olympus strengthened its supply chain management (SCM) to ensure stable delivery of products and services for patients. In its ESG strategy announced in May 2023, Olympus has identified supply chain risk mitigation and resilience as one of its top priorities, and it strives to create and strengthen good relationships with its suppliers through fair, just, and transparent transactions. Olympus aims to strengthen supply chain management (SCM) to ensure stable delivery of products and services for patients. In its ESG strategy announced in May 2023, Olympus has identified supply chain risk mitigation and resilience as one of its top priorities, and it strives to create and strengthen good relationships with its suppliers through fair, just, and transparent transactions.
3
Our Setup

This chapter introduces messages from newly appointed directors and Olympus’ current corporate governance initiatives.

Contents
84 Corporate Governance
96 Directors
99 Compliance
100 Communication with Shareholders and Investors
101 Risk Management
Corporate Governance Structure (As of June 27, 2023)

Board of Directors
- 3 Directors, 10 Outside Directors
- Chairperson: Independent Outside Director

Nominating Committee
- Established in 2012
- Chairperson: Independent Outside Director

Compensation Committee
- Established in 2012
- Chairperson: Independent Outside Director

Audit Committee
- Established in 2012
- Chairperson: Independent Outside Director

Quality Assurance and Regulatory Affairs (QA&RA) Committee
- Established in 2023
- Chairperson: Independent Outside Director

TOPICS
- Efforts to Realize Highly Transparent and Effective Management
  - The Chairperson of the Board of Directors and the chairperson of statutory committees (Nominating Committee, Compensation Committee, and Audit Committee) are independent outside directors.
  - The Chairperson of the Board of Directors participates in the Group Executive Committee as an observer.
  - Pre-briefings to independent outside directors, information sharing and mutual exchange of opinions through meetings only for independent outside directors, and the feeding back of results to executive officers.

Changes in Corporate Governance

<table>
<thead>
<tr>
<th>Chronology</th>
</tr>
</thead>
<tbody>
<tr>
<td>Details on the G37 Committee are on pages 42, 43</td>
</tr>
</tbody>
</table>

- **Management Plans**
  - 2010 Medium-Term Strategic Plan (10CSP)
    - Stage of reorganizing management
    - Reconstructing management
    - Strengthening internal systems
  - Medium-Term Vision
    - New Stage of Globalization
  - 2016 Medium-Term Management Plan (16CSP)
    - Sustainable growth stage (Strengthening the foundations of our business and developing a strong business portfolio)

- **Corporate Strategy**
  - Transforming into a truly global MedTech company

- **Company Strategy**
  - Leading as a global MedTech company

- **Topical Areas**
  - Efforts to Realize Highly Transparent and Effective Management
    - The Chairperson of the Board of Directors and the chairperson of statutory committees (Nominating Committee, Compensation Committee, and Audit Committee) are independent outside directors.
    - The Chairperson of the Board of Directors participates in the Group Executive Committee as an observer.
    - Pre-briefings to independent outside directors, information sharing and mutual exchange of opinions through meetings only for independent outside directors, and the feeding back of results to executive officers.

Corporate Governance

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 the sustainable development of Olympus and medium- to long-term corporate value for all stakeholders, including shareholders. This philosophy also drives us to establish, implement, and continuously improve our corporate governance system, positioning this task as a top management priority. In addition, we are complying with Japan’s Corporate Governance Code, which was formulated by the TSE in June 2015 (revised in June 2021), and have implemented measures based on the principles of the code. 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 corporate philosophy.

Overview of Board and Each Committee

<table>
<thead>
<tr>
<th>Name</th>
<th>Outline</th>
<th>Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Directors</td>
<td>The Board of Directors shall deliberate matters related to corporate governance, and shall determine the content of proposals submitted to the General Meeting of Shareholders in relation to the election and dismissal of directors.</td>
<td>Summitaka Fujita (Chairperson) Yasumasa Masuda David Robert Pruden Kohei Kan Tatsuro Kosaka Luann Marie Pendy Yoriko Takayuki Stefan Kaufmann Toshihiko Okubo</td>
</tr>
<tr>
<td>Nominating Committee</td>
<td>The Nominating Committee shall deliberate matters relating to human resources at the director and executive officer levels, and shall determine the content of proposals submitted to the Board of Directors, regardless of the nationalities, ethnicities, and genders of its members.</td>
<td>Yasumasa Masuda (Chairperson) David Robert Pruden Kohei Kan Tatsuro Kosaka Luann Marie Pendy Yoriko Takayuki Stefan Kaufmann Toshihiko Okubo</td>
</tr>
<tr>
<td>Compensation Committee</td>
<td>The Compensation Committee shall deliberate matters relating to compensation of directors and executive officers, and prescribe policy in relation to determining the details of compensation, etc., and in accordance with such policy, determine the contents of compensation, etc., for individuals.</td>
<td>Yasumasa Masuda (Chairperson) David Robert Pruden Kohei Kan Tatsuro Kosaka Luann Marie Pendy Yoriko Takayuki Stefan Kaufmann Toshihiko Okubo</td>
</tr>
<tr>
<td>Audit Committee</td>
<td>The Audit Committee shall carry out the following duties: 1) Auditing the execution of duties by executive officers and directors, and creating audit reports 2) Determining the content of proposals relating to the election, dismissal, and non-reappointment of accounting auditors 3) Other duties prescribed by law or by the Articles of Incorporation, and other matters recognized as necessary by the Audit Committee.</td>
<td>Yasumasa Masuda (Chairperson) Tatsuro Kosaka Luann Marie Pendy Yoriko Takayuki Stefan Kaufmann Toshihiko Okubo</td>
</tr>
<tr>
<td>Quality Assurance and Regulatory Affairs Committee (QA&amp;RA Committee)</td>
<td>The QA&amp;RA Committee shall receive or deliberate on the following matters and report such matters to the Board of Directors as appropriate: 1) Oversight and advice on the company plans of the quality management system as required of a comprehensive management system 2) Review and advice on regulatory communication strategy and engagement 3) Provide recommendations for management concerning quality, research and development, marketing, sales, and customer service 4) In addition to the above, monitor any significant resourcing requirements outside of management plans and/or address any matters that have been requested by the Board of Directors with regard to the TSE</td>
<td>Gary John Pruden (Chairperson) David Robert Pruden Kohei Kan Luann Marie Pendy</td>
</tr>
<tr>
<td>Group Executive Committee</td>
<td>In the Group Executive Committee, the Representative Executive Officers and executive officers shall deliberate on critical matters concerning business execution for the entire Olympus Group as entrusted by the Board of Directors, and provide support on the decision-making of executive officers so as to prevent decisions being made based solely on the discretion of an executive officer. Each executive officer reports on and shares the status of execution of business and functions under their jurisdiction to ensure the effectiveness of the committee as a body for monitoring the execution of business and functions of the entire Olympus Group. (Meets at least once a month and when needed).</td>
<td>Stefan Kaufmann (Chairperson) Yoriko Takayuki Daisuke Kawanishi Tatsuro Kosaka Luann Marie Pendy Kenjiro Miura Tatsuro Kanai Yoriko Takayuki Yutaka Kobayashi Ando Roggen Shigeto Ohmei Pierre Rosier</td>
</tr>
</tbody>
</table>
Message from a Newly Appointed Outside Director

Luann Marie Pendy
Outside Director (Member of Compensation Committee/Member of ESG Committee)

I have been passionate about providing solutions for healthcare issues for over 30 years. Based on my decades of experience, Our Purpose of “making people’s lives healthier, safer and more fulfilling” resonates with me. Olympus is currently implementing a variety of initiatives with patient safety as the top priority. Employees must always think about how their roles contribute to patient safety, which is the most important way to strengthen quality assurance, regulatory affairs, and compliance. In other words, everyone in every function must fully commit to quality and compliance in their everyday duties for the safety of patients. We also need to learn new ways of doing business so we are ready to respond quickly to regulatory changes. I will fulfill my responsibilities as an outside director by offering my expertise and experience, and monitoring Olympus to ensure that it is addressing quality assurance and regulatory affairs issues.

For Olympus to achieve sustainable growth for the next century, we need to not only focus on technology but also work closely with healthcare professionals to identify unmet patient needs and deliver solutions that improve patient outcomes. My philosophy is that our Board, our leadership team, our management team should reflect the diverse range of patients and healthcare professionals we serve. The greater contribution that I would like to make is a more diverse company because that is how we can continue to provide value-added solutions to patients and healthcare professionals.

Message from a Newly Appointed Director

Toshihiko Okubo
Director (Member of Audit Committee)

After executing M&A, structural reforms, etc., at Olympus’ former Scientific Solutions Business (currently Evident Corporation), I was responsible for transforming the business portfolio, including the company’s split and transfer of the Imaging Business and the Scientific Solutions Business from 2019. For 10 of my 32-year career at Olympus, I had been based in the United States, and in many respects that experience has proven to be pivotal for me. Olympus has had to overcome a variety of challenges throughout the course of its more than 100-year history. That said, what customers expect and request from companies, are bound to become increasingly dynamic in the years to come. For Olympus to continue to increase its corporate value in such an environment, both agile and bold management execution and appropriate governance and monitoring are essential. This is because appropriate governance and monitoring by the Board of Directors enable our management team to execute agilely and boldly. Of the 13 directors on our Board of Directors, 10 are outside directors with a wealth of experience and diverse, advanced expertise. As a member of such a Board with a deeper understanding of Olympus’ business, organization, and culture, I would like to contribute to the Board and the Audit Committee in furthering the effective and efficient fulfillment of their responsibilities.

Activities of the Board of Directors and Committees in Fiscal Year 2023

<table>
<thead>
<tr>
<th>Name</th>
<th>Attendance at meetings of the Board of Directors</th>
<th>Attendance at meetings of the Nominating Committee</th>
<th>Attendance at meetings of the Compensation Committee</th>
<th>Attendance at meetings of the Audit Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sumitake Fujita</td>
<td>16/16</td>
<td>17/17</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Tetsuo Inayama</td>
<td>16/16</td>
<td>2/2</td>
<td>15/15</td>
<td>25/25</td>
</tr>
<tr>
<td>Yasunori Masuda</td>
<td>16/16</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>David Robert Isles</td>
<td>16/16</td>
<td>17/17</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Jimmy C. Bradley</td>
<td>16/16</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Sachiko Ohira</td>
<td>16/16</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Yasuo Shiraga</td>
<td>16/16</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Kohji Itoh</td>
<td>16/16</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Gary John Pruden</td>
<td>16/16</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Yasuo Ikeda</td>
<td>16/16</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Stefan Kugmann</td>
<td>16/16</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Nobuyuki Koga</td>
<td>16/16</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
</tbody>
</table>

Notes:
1. Attendance of Mr. Tetsuo Inayama at the meetings of the Nominating Committee is based on those held during his term of office as a member until June 24, 2023.
2. Attendance of Mr. Yasuo Ikeda at the meetings of the Board of Directors is based on those held after his appointment as a director on June 24, 2023.
3. Attendance of Mr. Yasuo Ikeda at the meetings of the Compensation Committee is based on those held during his term of office as a director until June 24, 2023.
4. As Mr. Tatsuro Kosaka, Dr. Luann Marie Pendy, and Mr. Toshihiko Okubo were appointed directors in June 2023, they did not attend the meetings of the Board of Directors or those of the other Committees in fiscal year 2023.

Board of Directors
- The Chairman of the Board of Directors conducted a review of the proceedings of the Board of Directors up to the previous meeting and those of each committee meeting and reported on matters deliberated at the Group Executive Committees.
- As a regular agenda item, conducted executive status reports from executive officers.

Nominating Committee
- In considering the plan for the composition of the Board of Directors, the Nominating Committee updated a matrix for the experience and knowledge required of directors of Olympus.
- Regarding the selection of candidates for Directors, outside consultants were used, and deliberations and interviews were conducted according to the selection criteria after considering the composition of Olympus’ Board of Directors.
- Regarding the selection plan for executive officers, the Nominating Committee discussed the suitability and made decisions after a year-long selection process.
- Regarding the succession plan for executive officers, the Nominating Committee discussed the candidates’ background and knowledge in accordance with expected roles in the execution of duties at Olympus.

Compensation Committee
- Reviewed results of performance-linked compensation in fiscal year 2022 and determined amount to be paid.
- Reviewed compensation content to further improve compensation system.
- Determined compensation for fiscal year 2023 as well as reviewed results of performance-linked compensation and determined amount to be paid after the end of the fiscal year.
- Determined compensation policy for fiscal year 2024.

Audit Committee
- In addition to maintaining an independent position and fair and unbiased attitude and auditing the accounting auditor and internal audit function, the Audit Committee conducted effective audits by directly verifying the suitability and validity of the execution of duties by the directors and executive officers.
- In addition to monitoring and evaluating whether the accounting auditor maintained an independent position and performed suitable audits, the Audit Committee received reports from the accounting auditor on the state of execution of its duties and requested explanations where necessary.

Notes:
- Participation in April 2023 to May 2023
Support Systems for Directors

To support the effective execution of the roles and duties of directors, Olympus works proactively to provide directors with information and provides documents prior to Board of Directors’ meetings while setting an opportunity for the examination of agendas in advance as necessary and working to stimulate discussions in Board of Directors’ meetings. Olympus established a dedicated organization of “Secretary to the Board” to support the execution of duties of outside directors as well as the effective and vigorous activities of the Board of Directors, Nominating Committee, and Compensation Committee. Olympus provides training for directors, comprising visits to our major business bases such as business offices and factories, etc., and business study sessions such as briefing sessions, product demonstrations, and technical result presentations to promote the acquisition of knowledge concerning Olympus. Furthermore, Olympus holds meetings between newly inaugurated directors and executive officers to promote understanding of executive thinking and awareness of issues, and to deepen understanding of the roles and responsibilities of an Olympus director. Finally, Olympus covers the cost for directors to acquire the requisite knowledge necessary for the performance of their duties.

Process for Election of Directors and Executive Officers, Development and Selection of Successors for the CEO

Process for Election of Directors and Executive Officers

The Nominating Committee shall deliberate director candidates while making reference to the selection criteria, hold interviews, and deliberate the content of proposals submitted to the General Meeting of Shareholders in relation to the election and dismissal of directors.

In addition, executive officer elections are determined by the Board of Directors after the Nominating Committee discusses whether the candidate has experience, insight, etc., appropriate for an executive officer and develops proposals for elections.

Development and Selection of Successors for the CEO

The Nominating Committee deliberates a succession plan for the CEO and reviews it periodically. As for determining the successor, the Nominating Committee discusses whether the candidates have qualifications that are suitable for the role of CEO, and provides opinions and advice to the Board of Directors. Thereafter, the successor is decided by the Board of Directors.

Overview and Background for Implementation of the Evaluation of the Board of Directors

Since 2019, we have been conducting evaluations of the effectiveness of the Board of Directors and an overview of the results has been made public every year with the aim of realizing effective corporate governance. In the Board of Directors’ Evaluation conducted from February to June 2023, the following points have been set as main objectives.

- To measure the effectiveness of the activities for the effectiveness improvement initiatives determined in the Board of Directors Evaluation during the term of office of directors in fiscal year 2022.
- To review the period (fiscal year 2021 to fiscal year 2023) covered by the corporate transformation plan Transform Olympus, to confirm the activities and progresses to strengthen governance and improve transparency in the past, and aim to promote the Board of Directors to further enhance the effectiveness as a Board of global MedTech company in facilitating the new company strategy.

Evaluation Results for Effectiveness of the Board of Directors

It was generally positively evaluated that steady progress had been made in the initiatives for fiscal year 2023. In addition, Olympus Board of Directors confirmed that the Board of Directors have defined “the responsibilities” and a “culture to be sustained” had been fostered, with affirming the achievement that concrete efforts had been made to strengthen corporate governance. The current members of the Board of Directors agreed with the definitions of “responsibilities” and “culture” established by the Board of Directors in the past and formed a consensus that they should be sustained among the members. In addition, a consensus was formed that the Board of Directors should continue to examine its structure and operations to further contribute to the enhancement of corporate value, while sustaining the practice of corporate governance reform to date.

In May 2023, Olympus announced the new company strategy to pursue its way to enhance a position as a global MedTech company. Following Olympus’ Purpose of “Making people’s lives healthier, safer and more fulfilling,” we will continue to strengthen corporate governance and enhance transparency, which are important management foundations.

Initiatives for Enhancing Effective Corporate Governance

Agenda of the Board of Directors

We have delegated authority largely to executive officers to increase the speed of management decision-making and execution of duties. We are addressing issues that should be discussed by the Board of Directors in a timely and appropriate manner. The main agenda of the Board of Directors for fiscal year 2023 was as follows.

Agenda of the Board of Directors in Fiscal Year 2023

- Matters related to Olympus’ basic management policies; e.g. corporate strategies, business plans, performance forecasts, and Basic Policy on the Internal Control System, etc.
- Matters related to Corporate Governance (Status report for each business, risk management, internal audit plan, status of quality control and information security efforts, status report on IR activities, evaluation of the effectiveness of the Board of Directors, executive structure for the next term, etc.)
- Matters related to the status of activities of each Committee; e.g. audit plans of the Audit Committee, matters discussed at the Compensation Committee, and sharing of other committees’ proceedings, etc.

In addition to the above, the Chairperson of the Board of Directors reports on matters discussed at the meeting of the Group Executive Committee as necessary and the Board of Directors regularly receives status reports on the execution of duties from executive officers.

- Deliberate on the agenda of the Board of Directors in a more systemic manner in relation to corporate strategy by working together with the Chairperson of the Board, the CEO, and secretariat.
- With regard to executive officers’ reports on the status of their business execution, make efforts to put emphasis on the focus points of the Board of Directors, based on the priorities of management issues, as well as monitoring items that the Board of Directors attaches importance to.
- The Nominating Committee, Compensation Committee, Audit Committee, and the Board of Directors shall make necessary efforts based on priority issues while further strengthening cooperation.

Steady progress had been made with respect to the following initiatives: Proper narrowing down of agenda; optimization centered on the evolution of reporting on the status of execution into a global MedTech company; Expectation for further narrowing down the agenda and more efficient operation of the Board of Directors; The Nominating Committee, Compensation Committee, Audit Committee, and the Board of Directors shall make necessary efforts based on priority issues while further strengthening cooperation.

Initiatives for Fiscal Year 2024

- Enhanced monitoring by the Board of Directors on quality assurance and regulatory affairs
- Activities of the Board of Directors to effectively supervise management decision-making and execution from a strategic and broad perspective
- Initiatives to continuously improve the operations of the Board of Directors (Further improve the quality of presentations from the executives, reconfirm the Board of Directors’ pre-briefing method, and the creation of opportunities for “bridging” among Board members and between Board members and executive members)
Officer Compensation

Basic Policy for Officer Compensation
At Olympus, our Compensation Committee, a majority of which is comprised of independent outside directors, discusses and determines the compensation policy used to govern and reward our directors and executive officers (“officers”). Our basic policy regarding officer compensation is to make officers have a strong sense of awareness that maximizes the corporate value and meet stakeholders’ expectations, and reward their responsibilities with suitable and appropriate treatments. Based on the said policy, the Compensation Committee focuses on appropriately setting the compensation portion linked to short-term, medium- to long-term performance, and decides officer compensation.

Compensation Level
Each officer’s compensation level is set to commensurate with their roles/responsibilities, evaluation of competitive market data, economic environment, and company and individual performance in order to encourage Olympus to attract, retain and motivate executives. Specifically, the compensation levels of global MedTech companies and companies in the country the officer is from are set as benchmarks, and the compensation level will be determined annually by making a relative comparison.

Components of Compensation
1. Base salary (BS): Cash compensation in the form of fixed compensation that is paid monthly in accordance with the roles and responsibilities regarding work duties.
2. Short-term incentive (STI): Cash compensation intended to reward executives for actual business performance results every fiscal year. STI allows officers to earn cash compensation equal to 0% to 200% of their target bonus opportunity, based on the achievement of financial and non-financial performance measures.
3. Long-term incentive (LTI): • Restricted stock unit (RSU)—grant-Age restricted stock compensation: A type of service-vested stock compensation that grants rights (units) corresponding to a set amount of total compensation to be paid as shares of Company stock (with one unit equal to one share) at the completion of the pre-defined period.
   • Performance share unit (PSU)—performance-linked stock compensation: An equity award with pre-defined performance-based conditions and paid out in shares of Company stock after the performance period is completed. The compensation paid is calculated as a ratio between 0% and 200% relating to the reaching target after three years.

Officer Compensation in Fiscal Year 2023

<table>
<thead>
<tr>
<th>Position</th>
<th>Total compensation (¥ million)</th>
<th>Total compensation by type (%)</th>
<th>Number of subject officers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inside directors</td>
<td>1,064</td>
<td>531</td>
<td>18–36%</td>
</tr>
<tr>
<td>Outside directors</td>
<td>102</td>
<td>151</td>
<td>—</td>
</tr>
<tr>
<td>Executive officers</td>
<td>1,122</td>
<td>570</td>
<td>223</td>
</tr>
</tbody>
</table>

Notes: 1. Basic salary includes the amount paid for fiscal year 2023. Performance-based cash compensation includes the fiscal year 2023 short-term incentives, for which the ratio of actual performance results to target bonuses is set. Directors are also given restricted stock units (RSUs) and performance stock units (PSUs) to be recorded as expenses for fiscal year 2023. PSUs of ¥387 million is only stated in non-monetary compensation and is not stated in performance-based cash compensation.
2. For the inside directors, the amounts related to the outside directors in which the officer is classified as an executive officer and inside director, which are classified as both salary and compensation which is paid as both inside and outside directors are included in the table. Total compensation by type is reported for these two individuals under the inside directors row.
3. Olympus Corporation does not provide retirement benefits and cash compensation to directors who are not classified as both an executive officer and inside director.
4. The outside director has requested to exclude his compensation. Therefore information is not reported for this director. However, the outside director’s amount includes the total number of outside directors for fiscal year 2023.

Compensation Structure for Executives
In fiscal year 2020, in accordance with a corporate strategy of aiming to become a global MedTech company, we established a new compensation system which was implemented at the beginning of fiscal year 2021. In order to achieve our corporate 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. The new compensation was designed and decided based on the following concepts.
1. Establish a more powerful incentive program which can compete with global MedTech companies
2. Establish an incentive program which is consistent with the corporate strategy
3. Establish a program that focuses on value creation and performance evaluation utilizing LTI compensation
4. Set a compensation level considering the stage of development to become a new global MedTech company—a hybrid mix of “global labor market” and “Home”
5. Ensure the sound management of incentives by putting clawback 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 that are responsible for global management, differences in compensation levels by region make it difficult to attract and retain talented executives with Japan’s pay levels. By considering the situation of labor market of executive officers’ home countries and competitiveness in the market, and the roles and responsibilities, we set target level and tolerance range, and determine compensation after holistic comparisons of basic compensation, TCC (Total Cash Compensation) and TDC (Total Direct Compensation). Compensation for executive officers is to be a combination of BS, a fixed compensation, STI compensation which is linked to business results by every fiscal year, and LTI compensation. Focusing on achieving corporate strategy aimed at enhancing medium to long-term corporate value and shareholder value, the ratio of performance-linked compensation, particularly LTI compensation, was raised, and the standard amount of STI compensation and LTI compensation was set. LTI compensation consists of RSU and PSU.

Having taken into consideration the compensation levels of global MedTech companies, the compensation structure has been changed to higher the ratios of STI compensation, which is performance-linked compensation, and LTI compensation, which is stock compensation.

Changes in the Compensation Structure for Executive Officers

<table>
<thead>
<tr>
<th>FY2020</th>
<th>Executive Officer</th>
<th>BS 55%</th>
<th>STI 35%</th>
<th>LTI 25%</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2021</td>
<td>Representative Executive Officer</td>
<td>BS 25%</td>
<td>STI 25%</td>
<td>LTI 50%</td>
</tr>
<tr>
<td>FY2023</td>
<td>Representative Executive Officer</td>
<td>BS 20%</td>
<td>STI 25%</td>
<td>LTI 43%</td>
</tr>
</tbody>
</table>

Note: Executive officers who are non-residents of Japan are also be provided with shares for LTI compensation.

Setting up a new compensation system, in line with the corporate strategy of becoming a global MedTech company.

Officer Compensation in Fiscal Year 2023 was set at ¥8 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.

Compensation Structure for Executive Officers

<table>
<thead>
<tr>
<th>Components of Compensation</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>BS</td>
<td></td>
</tr>
<tr>
<td>STI</td>
<td></td>
</tr>
<tr>
<td>LTI</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Position</th>
<th>Total compensation (¥ million)</th>
<th>Total compensation by type (%)</th>
<th>Number of subject officers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inside directors</td>
<td>1,064</td>
<td>531</td>
<td>18–36%</td>
</tr>
<tr>
<td>Outside directors</td>
<td>102</td>
<td>151</td>
<td>—</td>
</tr>
<tr>
<td>Executive officers</td>
<td>1,122</td>
<td>570</td>
<td>223</td>
</tr>
</tbody>
</table>

Notes: 1. Basic salary includes the amount paid for fiscal year 2023. Performance-based cash compensation includes the fiscal year 2023 short-term incentives, for which the ratio of actual performance results to target bonuses is set. Directors are also given restricted stock units (RSUs) and performance stock units (PSUs) to be recorded as expenses for fiscal year 2023. PSUs of ¥387 million is only stated in non-monetary compensation and is not stated in performance-based cash compensation.
2. For the inside directors, the amounts related to the outside directors in which the officer is classified as an executive officer and inside director, which are classified as both salary and compensation which is paid as both inside and outside directors are included in the table. Total compensation by type is reported for these two individuals under the inside directors row.
3. Olympus Corporation does not provide retirement benefits and cash compensation to directors who are not classified as both an executive officer and inside director.
4. The outside director has requested to exclude his compensation. Therefore information is not reported for this director. However, the outside director’s amount includes the total number of outside directors for fiscal year 2023.

Officer Compensation

<table>
<thead>
<tr>
<th>Position</th>
<th>Total compensation (¥ million)</th>
<th>Total compensation by type (%)</th>
<th>Number of subject officers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inside directors</td>
<td>1,064</td>
<td>531</td>
<td>18–36%</td>
</tr>
<tr>
<td>Outside directors</td>
<td>102</td>
<td>151</td>
<td>—</td>
</tr>
<tr>
<td>Executive officers</td>
<td>1,122</td>
<td>570</td>
<td>223</td>
</tr>
</tbody>
</table>

Notes: 1. Basic salary includes the amount paid for fiscal year 2023. Performance-based cash compensation includes the fiscal year 2023 short-term incentives, for which the ratio of actual performance results to target bonuses is set. Directors are also given restricted stock units (RSUs) and performance stock units (PSUs) to be recorded as expenses for fiscal year 2023. PSUs of ¥387 million is only stated in non-monetary compensation and is not stated in performance-based cash compensation.
2. For the inside directors, the amounts related to the outside directors in which the officer is classified as an executive officer and inside director, which are classified as both salary and compensation which is paid as both inside and outside directors are included in the table. Total compensation by type is reported for these two individuals under the inside directors row.
3. Olympus Corporation does not provide retirement benefits and cash compensation to directors who are not classified as both an executive officer and inside director.
4. The outside director has requested to exclude his compensation. Therefore information is not reported for this director. However, the outside director’s amount includes the total number of outside directors for fiscal year 2023.

Compensation Structure for Executives
In fiscal year 2020, in accordance with a corporate strategy of aiming to become a global MedTech company, we established a new compensation system which was implemented at the beginning of fiscal year 2021. In order to achieve our corporate 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. The new compensation was designed and decided based on the following concepts.
1. Establish a more powerful incentive program which can compete with global MedTech companies
2. Establish an incentive program which is consistent with the corporate strategy
3. Establish a program that focuses on value creation and performance evaluation utilizing LTI compensation
4. Set a compensation level considering the stage of development to become a new global MedTech company—a hybrid mix of “global labor market” and “Home”
5. Ensure the sound management of incentives by putting clawback 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 that are responsible for global management, differences in compensation levels by region make it difficult to attract and retain talented executives with Japan’s pay levels. By considering the situation of labor market of executive officers’ home countries and competitiveness in the market, and the roles and responsibilities, we set target level and tolerance range, and determine compensation after holistic comparisons of basic compensation, TCC (Total Cash Compensation) and TDC (Total Direct Compensation). Compensation for executive officers is to be a combination of BS, a fixed compensation, STI compensation which is linked to business results by every fiscal year, and LTI compensation. Focusing on achieving corporate strategy aimed at enhancing medium to long-term corporate value and shareholder value, the ratio of performance-linked compensation, particularly LTI compensation, was raised, and the standard amount of STI compensation and LTI compensation was set. LTI compensation consists of RSU and PSU.

Having taken into consideration the compensation levels of global MedTech companies, the compensation structure has been changed to higher the ratios of STI compensation, which is performance-linked compensation, and LTI compensation, which is stock compensation.

Setting up a new compensation system, in line with the corporate strategy of becoming a global MedTech company.
Chapter 03 — Our Setup

Corporate Governance

Compensation of Executive Officers for Fiscal Year 2023 and Fiscal Year 2024

The Company established a new compensation system in fiscal year 2020, in accordance with the corporate strategy of aiming to become a global MedTech company, based on the direction of greater emphasis on LTI compensation. Regarding the composition of compensation for executive officers, the Company has increased the ratio of STI compensation, which is performance-linked compensation, and LTI compensation, which is stock compensation, taking into consideration the compensation level of global MedTech companies. The ratio of RSU and PSU are 25% and 75%, respectively, in accordance with the basic concept of putting emphasis on performance-linked compensation. Nevertheless, Given the uncertain and variable business environment, the Compensation Committee has determined 40% for RSU and 60% for PSU for fiscal year 2023 and fiscal year 2024 in order to ensure an ideal ratio of shares to the total amount of compensation.

Short-term Incentive (STI)

A performance-linked compensation in line with a single financial target and important issues facing the entire Company, in which targets are commonly set for all executive officers. The compensation is payable at a ratio of 70% to 100% in proportion to achieving the targets. The financial indicators are revenue and operating margin to assess growth and efficiency. Since it is important to steadily implement long-term and strategic initiatives within each fiscal year, we also deem strategic goals and quality goals to be indicators.

FY2023 (Result), FY2024

<table>
<thead>
<tr>
<th>Index</th>
<th>Weight</th>
<th>Target</th>
<th>Actual</th>
<th>Achieved/actual rate</th>
<th>Payment rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>30%</td>
<td>¥330.0 billion</td>
<td>¥322.8 billion</td>
<td>101.8%</td>
<td>30.54%</td>
</tr>
<tr>
<td>Operating margin</td>
<td>40%</td>
<td>21.4%</td>
<td>20.0%</td>
<td>93.5%</td>
<td>0%</td>
</tr>
<tr>
<td>Strategic goals</td>
<td>30%</td>
<td>—</td>
<td>—</td>
<td>99.1%</td>
<td>29.79%</td>
</tr>
</tbody>
</table>

FY2024

<table>
<thead>
<tr>
<th>Index</th>
<th>Weight</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>25%</td>
<td>¥314.0 billion</td>
</tr>
<tr>
<td>Operating margin</td>
<td>25%</td>
<td>20.3%</td>
</tr>
</tbody>
</table>

Quality goals 50%

The medium- to long-term and short-term goals of major initiatives to improve the root causes (vulnerabilities) that may exist within our ORA organizational structure, manufacturing processes, quality management systems and the quality culture of our Medical Business.

FY2023 to FY2025

Operations share unit (PSU) FY2023 to FY2025

<table>
<thead>
<tr>
<th>Index</th>
<th>Weight</th>
<th>Target</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating margin</td>
<td>40%</td>
<td>20.0%</td>
<td>100%</td>
</tr>
<tr>
<td>EPS growth rate</td>
<td>20%</td>
<td>35.8%</td>
<td></td>
</tr>
<tr>
<td>Relative TSR</td>
<td>25%</td>
<td>135.2%</td>
<td></td>
</tr>
<tr>
<td>ROIC</td>
<td>10%</td>
<td>80%</td>
<td></td>
</tr>
</tbody>
</table>

Performance Share Unit (PSU)

FY2021 to FY2023

<table>
<thead>
<tr>
<th>Index</th>
<th>Weight</th>
<th>Target</th>
<th>Result</th>
<th>Payment rate</th>
<th>Payment rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>40%</td>
<td>¥330.0 billion</td>
<td>¥322.8 billion</td>
<td>101.8%</td>
<td>30.54%</td>
</tr>
<tr>
<td>Operating margin</td>
<td>21.4%</td>
<td>20.0%</td>
<td>93.5%</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>Strategic goals</td>
<td>30%</td>
<td>—</td>
<td>—</td>
<td>99.1%</td>
<td>29.79%</td>
</tr>
</tbody>
</table>

FY2024 to FY2026

<table>
<thead>
<tr>
<th>Index</th>
<th>Weight</th>
<th>Target</th>
<th>Result</th>
<th>Payment rate</th>
<th>Payment rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating margin</td>
<td>40%</td>
<td>20.0%</td>
<td>100%</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>EPS growth rate</td>
<td>20%</td>
<td>35.8%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relative TSR</td>
<td>25%</td>
<td>135.2%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ROIC</td>
<td>10%</td>
<td>80%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Reasons for adopting KPIs of FY2024 to FY2026

- EPS growth rate: The company strategy covering from the fiscal year 2024 to the fiscal year 2026 focuses on both growth and profitability in the new stage called "Shift to Grow." Then EPS growth rate is set as one of the financial guidance and target value is set as 8%. The Compensation Committee judged that setting EPS growth rate (after adjustment) as an evaluation index of PSU is suitable.
- Relative TSR: The Compensation Committee determined that the relative TSR is appropriate as an indicator for evaluating the corporate value and shareholder value.
- Quality indicator: The goals for PSU reward are the medium- to long-term and short-term goals of major initiatives to improve the root causes (vulnerabilities) that may exist within our ORA organizational structure, manufacturing processes, quality management systems and the quality culture of our Medical Business. The Compensation Committee determined that the quality indicator is appropriate as an indicator for evaluating the patient safety.
- ESG: The Compensation Committee determined that ESG is appropriate as an indicator because it is a basis of business management and announced to be reinforced in the company strategy.
Directors (As of August 31, 2023)

Outside Director

Sumitaka Fujita

Outside Director

Yasumasa Masuda

Outside Director

D. Robert Hale

Outside Director

Jimmy C. Beasley

Outside Director

Sachiko Ichikawa

Outside Director

Yasuishi Shingali

Outside Director

Kohei Kan

Chapter 03 — Our Setup
Compliance

Olympus strives to foster an environment of integrity and compliance within the organization. We have adopted the Olympus Global Code of Conduct, which builds on our tradition of over 100 years of innovation, positive contributions to society, and unwavering commitment to integrity. The Olympus Global Code of Conduct is the foundation for our policies, and our management team and employees act in accordance with this Code in their global corporate activities.

Compliance Management System

Our Global Compliance function works to raise awareness of the Olympus Global Code of Conduct and related compliance policies by providing management and employees with the resources and training they need to do business with integrity, treat customers, suppliers, and third-party business partners fairly, and report concerns when they arise. The Olympus Group is committed to fostering a business culture that follows the highest standards of business integrity in all our relationships. The Chief Executive Officer is responsible for compliance with applicable laws and regulations within the business operations of the Olympus Group and has appointed the Global Chief Compliance Officer (CCO) who is responsible for the Compliance Management System within the Olympus Group. The Board of Directors and its Audit Committee receive periodic reports on compliance activities from the CCO, and they consult with the CCO as needed. The CCO, together with members of the Global Leadership Team, ensures that relevant internal regulations are observed in the regional business centers and that compliance activities are carried out in accordance with the requirements of the management systems overseen by the CCO and are reflective of best practices.

During fiscal year 2023, the CCO led an organizational design effort that resulted in the integration of the Risk & Controls, Compliance, Privacy, and Information Security functions into the new and more unified Governance, Risk & Compliance (GRC) function. This enhanced GRC function and organizational design effort, effective April 1, 2023, will improve collaboration among these functions and further strengthen risk management for Olympus.

Compliance Management System (As of April 2023)

Audit Committee

Global Leadership Team (GLT)

Chairperson: Mr. Stephen Wilson

Chief Executive Officer (CEO)

Olympus Corporation

Global Leadership Team (GLT)

Chairperson: Mr. Stephen Wilson

Chief Executive Officer (CEO)

Olympus Corporation

Integrity Line (Global Reporting System)

Integrity Line (Global Reporting System) values a corporate culture of integrity and provides a safe and open workplace where employees can raise questions and concerns. We provide a global reporting system, the Olympus Integrity Line, which is available to all employees, business partners, and other third parties who wish to report a concern. This system is managed by an independent third party. The compliance function maintains a cross-functional team that meets regularly, collaborating to continuously improve the effectiveness of the reporting system and processes. In fiscal year 2023, improvements included the enhanced tracking of policy violations, the initiation of additional regional reporting of conflicts of interest, and global adoption of the Olympus Internal Investigations Policy, which establishes the Global Internal Investigations Committee and provides the framework for our internal investigations process as we strive to ensure that legitimate reports of concern will be investigated and treated according to the same high standards regardless of location or department. The Global Compliance function raises awareness of the reporting system through consistent messaging about the Olympus Global Code of Conduct and related e-learning programs and best practices.

For the fiscal year 2023, we received 893 reports through the Integrity Line or other means. If a concern is misconduct is substantiated following appropriate review, we take corrective action including policy/process remediation, enhanced training and education for individuals/groups, issuance of warnings to individuals, and, in serious cases, termination in accordance with local regulations. In fiscal year 2023, 82% of closed reports were substantiated following review.

Compliance Training

To raise compliance awareness and promote an understanding of important laws and internal rules, as well as to ensure consistent compliance with them, the Global Compliance function strives continually to enhance compliance education programming. Global initiatives for fiscal year 2023 are as follows.

- Group training and e-learning related to anti-bribery and anti-corruption: Frequency of program: 1 Number of participants: 78,603 (compliance officers, employees, and other persons designated by the Chief Compliance Officer)

- Group training and e-learning related to Global Conflict of Interest: Frequency of program: 1 Number of participants: 24,016 (compliance officers, employees, and other persons designated by the Chief Compliance Officer)
Communication with Shareholders and Investors

Basic Policy on Information Disclosure

Olympus complies with the laws and the Financial Instruments Exchange rules, and discloses information in compliance therewith. Olympus also proactively discloses that information which may have a material impact on its corporate value, evaluation in accordance with Article 27-36 of the Financial Instruments and Exchange Act (the so-called "Fair Disclosure Rules") and the Internal Information Disclosure Criteria regardless of whether such disclosure is not required by the laws or the rules. Olympus' disclosure of information, as required by the Timely Disclosure Rules of the Tokyo Stock Exchange, will be disclosed through the Timely Disclosure network (TDnet) of the Tokyo Stock Exchange in general. Furthermore, we proactively disclose any information that is not required by laws or rules through various ways, including press releases, websites, integrated report, and voluntary timely disclosure.

Investor Relations Activities

The following investor relations activities were conducted in fiscal year 2023.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Time conducted</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Briefing sessions on results for institutional investors and analysts</td>
<td>4</td>
<td>Meetings held quarterly to explain topics, focused on financial results and forecasts</td>
</tr>
<tr>
<td>Factory tour</td>
<td>1</td>
<td>Factory tour of Aizu Olympus Co., Ltd., which manufactures gastrointestinal endoscopes and other products</td>
</tr>
<tr>
<td>Overseas IR roadshows</td>
<td>3</td>
<td>Meetings for institutional investors in which the CEO and the CFO visit overseas sites * Includes roadshows held remotely</td>
</tr>
<tr>
<td>Conferences held by securities companies (including overseas conferences)</td>
<td>8</td>
<td>Participation in and meetings held at conferences held by securities companies in Japan and overseas</td>
</tr>
<tr>
<td>Individual meetings with institutional investors and analysts</td>
<td>959</td>
<td>Individual meetings held with officers and/or IR function representatives (including meetings conducted at overseas IR roadshows and conferences)</td>
</tr>
<tr>
<td>• Officers (executive officers, outside directors, etc.)</td>
<td>113</td>
<td></td>
</tr>
<tr>
<td>• IR Department</td>
<td>846</td>
<td></td>
</tr>
</tbody>
</table>

Giving Feedback to Management and the Board of Directors

The IR function makes reports to the CEO and CFO about dialogue with analysts and institutional investors at any time. Every six months, feedback is given at the Group Executive Committee and Board of Directors meeting about evaluations and concerns related to capital markets by means of an IR Activities Report. Management and the IR function also work to improve IR activities including efforts to make dialogue productive and improve and widen disclosure materials by considering the opinions of analysts and institutional investors. The following shows the main concerns of analysts and institutional investors for the fiscal year 2023.

- Impact of the lockdown, etc. in Chinese market
- Impact of inventory and price increases for raw materials and parts including semiconductors on financial performance
- Content of warning letters received from the U.S. Food and Drug Administration and Olympus’ response
- Financial KPI for the new company strategy
- Capital allocation and shareholder return policy

Promotion of Risk Management

The Olympus Group is implementing risk management initiatives to achieve its basic management policy, which includes its corporate philosophy, company strategy, etc. Specifically, based on the “Policy of Risk Management and Crisis Response” and related rules, the Olympus Group is undertaking risk management from the perspective of both “offense” through active and sound risk taking leading to sustainable growth and value creation for Olympus Corporation and “defense” to prevent irregularities and accidents. A crisis management process has also been established to minimize the impact of unforeseen incidents on corporate value.

Risk Management

In terms of risk management systems, we have established a global risk management system, defined categories of risks that could affect the achievement of Olympus Corporation’s business targets as well as the company strategy, and identified the executive officer responsible for each risk category (establishing risk assurance). Each executive officer executes the necessary measures (organizational structure, process preparation, focus measures, etc.) to keep within the acceptable range of their designated area of risk.

In April 2023, we launched a new organization to integrate the four functions (Risk and Control, Compliance, Privacy, Information Security) related to GRC (Governance, Risk, Compliance). In order to enhance coordination among the different functions, we have worked to further strengthen our risk management system with respect to execution capabilities. In addition, risk management processes are operated with a plan-do-check-act (PDCA) cycle of risk assessment (identification, analysis and evaluation of risk, and setting countermeasures), implementation of risk countermeasures, monitoring and reporting, and improvement. Risk assessment is linked to the process for formulating the fiscal year plan, with risk evaluated using common companywide evaluation standards, and companywide risks visualized and uniformly managed. Also, the status of response to the Olympus Group’s key risks are periodically reported to the Olympus Group Executive Committee (IEC), the Board of Directors, and the Audit Committee.

Crisis Management

Any major incident that is highly likely to affect business management in the Olympus Group is reported promptly to the president and other senior management and handled appropriately by the managers in coordination with relevant divisions. Furthermore, we continue to conduct annual training exercises in anticipation of emergencies, ensuring the ongoing review and refinement of response processes. Our aim is to minimize damages in the event of large-scale natural disasters and similar incidents.

In terms of a business continuity plan (BCP), we strive to develop practical plans that emphasize the value chain. To support this, we have established the “BCP-EICM Development Guidelines” and consistently work on improving BCP practices. Additionally, we conduct regular education and training programs to enhance the effectiveness of our BCP.

Moving forward, we will continue to prioritize the health and safety of our employees, healthcare professionals, patients, and communities, while implementing the best measures to maintain the supply of our products and services.
## Companywide Significant Risk Map

The Olympus Group conducts risk assessments at the time of annual planning to identify significant risks that could significantly affect the achievement of the company strategy and business goals. For risks that are particularly important from a company-wide perspective, the management team consider their priority based on their impact on our management and their degree of urgency, and organize them into the following risk map to ensure common awareness throughout Olympus. Please refer to our website for details of each risks.

### Significant Risks

The Olympus Group conducts risk assessments at the time of annual planning to identify significant risks that could significantly affect the achievement of the company strategy and business goals. For risks that are particularly important from a company-wide perspective, the management team consider their priority based on their impact on our management and their degree of urgency, and organize them into the following risk map to ensure common awareness throughout Olympus. Please refer to our website for details of each risks.

### Companywide List of Significant Risks

<table>
<thead>
<tr>
<th>Category</th>
<th>Risk</th>
<th>Type</th>
<th>Impact/ Urgency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Environment</td>
<td>Risks Associated with Medical Administration, Tightening of Product-related Laws and Regulations and Prevention</td>
<td>Opportunities &amp; Threats</td>
<td>A ↑</td>
</tr>
<tr>
<td></td>
<td>Risks Associated with Market Competition</td>
<td>Opportunities &amp; Threats</td>
<td>A ↑</td>
</tr>
<tr>
<td>Market</td>
<td>Risks Associated with Economic Environment</td>
<td>Opportunities &amp; Threats</td>
<td>C ↑</td>
</tr>
<tr>
<td></td>
<td>Risks Associated with Foreign Currencies Exchange Rate Fluctuations</td>
<td>Opportunities &amp; Threats</td>
<td>D ↑</td>
</tr>
<tr>
<td></td>
<td>Risks Associated with Financing</td>
<td>Opportunities &amp; Threats</td>
<td>D →</td>
</tr>
<tr>
<td>Business Activities</td>
<td>Risks Associated with Development Activities</td>
<td>Opportunities &amp; Threats</td>
<td>A ↓</td>
</tr>
<tr>
<td></td>
<td>Risks Associated with Supply Chain</td>
<td>Opportunities &amp; Threats</td>
<td>A →</td>
</tr>
<tr>
<td></td>
<td>Risks Associated with Business Collaborations, Corporate Acquisitions, Sale of Business and Overall Investment and Others</td>
<td>Opportunities &amp; Threats</td>
<td>A →</td>
</tr>
<tr>
<td>Overall Management</td>
<td>Risks Associated with Compliance</td>
<td>Threats</td>
<td>D →</td>
</tr>
<tr>
<td></td>
<td>Risks Associated with Litigation</td>
<td>Threats</td>
<td>D →</td>
</tr>
<tr>
<td></td>
<td>Risks Associated with Information Security</td>
<td>Threats</td>
<td>A ↑</td>
</tr>
<tr>
<td></td>
<td>Risks Associated with Human Resources</td>
<td>Opportunities &amp; Threats</td>
<td>A ↑</td>
</tr>
<tr>
<td></td>
<td>Risks Associated with Taxation</td>
<td>Threats</td>
<td>D →</td>
</tr>
<tr>
<td>Sustainability Risks, Including Those Related to Climate and the Environment</td>
<td>Opportunities &amp; Threats</td>
<td>A ↑</td>
<td></td>
</tr>
<tr>
<td>Natural Disasters, Infectious Diseases, Civil War and Other Risks</td>
<td>Threats</td>
<td>C →</td>
<td></td>
</tr>
</tbody>
</table>

Our awareness of the basic environment that affects the entire Olympus Group is provided below, and we identify risk and evaluate response policies both as an entire company and on an individual organizational level.

### Recent Changes in the Business Environment

| Political | Geopolitical | The possibility of export controls on cutting-edge technologies caused by intensifying trade friction between the U.S. and China impacting the business performances of the Olympus Group. We have prepared responses policies (BCP formulation, etc.) that considers war and conflict. |
| Economical | Macroeconomy | Global inflation, interest rate fluctuations, and sudden exchange fluctuations rooted in complex factors such as international economic friction, the levying of economic sanctions, shortages of key raw materials, and deterioration in supply-and-demand balances. |
| Social | Stakeholders | Demands from the standpoint of sustainability are increasing from global and regional stakeholders, and the legal rulemaking around information disclosure is accelerating. |
| Technology | New technologies | Diversification of business models and competitions. Acceleration of DX and robotics, rapid commercialization, evaluation of medical applications, and legal rulemaking for AI. |
10-Year Financial/Non-financial Data (For the fiscal years as of/ended March 31)

<table>
<thead>
<tr>
<th>2023</th>
<th>JGAAP</th>
<th>IFRS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total net assets (JGAAP)(*1)</td>
<td>3,872,402</td>
<td>3,872,402</td>
</tr>
<tr>
<td>Equity ratio (JGAAP)/Ratio of equity attributable to owners of parent to total assets (IFRS)(*8) (%)</td>
<td>45.1%</td>
<td>45.1%</td>
</tr>
<tr>
<td>Interest-bearing debt</td>
<td>470,302</td>
<td>470,302</td>
</tr>
<tr>
<td>Cash and cash equivalents at year end</td>
<td>634,738</td>
<td>634,738</td>
</tr>
<tr>
<td>Cash flows from operating activities</td>
<td>169,329</td>
<td>169,329</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td>169,329</td>
<td>169,329</td>
</tr>
<tr>
<td>Earnings per share (JGAAP)</td>
<td>13.28</td>
<td>13.28</td>
</tr>
<tr>
<td>Average exchange rate of U.S. dollar/Jen</td>
<td>106.29</td>
<td>106.29</td>
</tr>
</tbody>
</table>

Non-financial indicators

- Number of employees: 30,702
- Overseas employees as a percentage of employees: 62.5%
- Percentage of women in managers in Japan(*11): 1.3%
- Percentage of women in global senior management positions(*12): 2.2%
- Percentage of global management positions held by women(*13): 2.7%
- Percentage of eligible male employees taking paternity leave in Japan(*14): 0.1%
- Percentage of employees with disabilities(*15): 2.1%

*1) The Company's EBITDA is calculated using the following assumption: EBITDA = Operating profit + Depreciation and amortization that is included in cost of sales or SG&A expenses + Amortization of goodwill that is included in SG&A expenses.

*2) Figures for the fiscal year ended March 31, 2014, and changed their method of recognizing actuarial gain or loss. This change has been applied retroactively to the March 31, 2013.

*3) The figure for the fiscal year ended March 31, 2019 is recalculated using the same method.

*4) The revenue used to calculate the inventory turnover period for fiscal year 2020 and fiscal year 2022 is for continuing operations only.

*5) The Company conducted a stock split at the ratio of four shares for one ordinary share on April 1, 2019. Figures prior to the year ended March 31, 2019 have been converted to align with the post-stock split figures.

*6) The Company concluded a stock split at the ratio of four shares for one ordinary share on April 1, 2019. "Profit attributable to owners of parent per share" is expressed with the figure after the stock split.

*7) In line with the issuance of IAS No. 19 “Employee Benefits” (revised on June 16, 2011) to be applied for fiscal years beginning on or after January 1, 2013, certain overseas subsidiaries adopted IAS No. 19 effective from the fiscal year ended March 31, 2014, and changed their method of recognizing actuarial gain or loss. This change has been applied retroactively to the March 31, 2013.

*8) The percentage within global senior management as of August 1, 2020 for fiscal year 2020, July 1, 2021 for fiscal year 2021, and July 1, 2022 for fiscal year 2022.

*9) Figures for managers of Olympus Group as of March 1.

*10) Figures as of March 31.

*11) Seconded employees are counted as employees of companies from which they were seconded.

*12) The percentage within global senior management as of August 1, 2020 for fiscal year 2020, July 1, 2021 for fiscal year 2021, and July 1, 2022 for fiscal year 2022.

*13) Eligible male employees of Olympus Corporation taking paternity leave.

*14) Eligible male employees of Olympus Corporation taking paternity leave.

*15) Through fiscal year 2019, figures as of June 1 of each respective year, and from fiscal year 2020, the figures are as of March 31 of each respective year for individuals in Japan (eight special-purpose subsidiaries).
Corporate Information/Stock Information (As of March 31, 2023)

**Corporate Information**

- **Company Name**: Olympus Corporation
- **Established**: October 12, 1919
- **Head Office**: Shinjuku Monolith, 3-1 Nishi-Shinjuku 2-chome, Shinjuku-ku, Tokyo 163-0914, Japan
- **Capital**: ¥124,643 million
- **Number of Group Companies**: 108 (Excluding Olympus Corporation, 105 Subsidiaries, and 3 Affiliates)
- **Consolidated Headcount**: 32,805 (Excludes temporary employees, average of 786)
- **Non-Consolidated Headcount**: 2,727
- **Website**: https://www.olympus-global.com
- **Stock Exchange Listing**: Tokyo Stock Exchange
- **Number of Shareholders**: 100
- **Number of Shares Issued**: 1,266,178,700
- **Share Trading Unit**: 100
- **Transfer Agent for Common Stock**: Sumitomo Mitsui Trust Bank, Limited
- **Head Office**: Shinjuku Monolith, 3-1 Nishi-Shinjuku 2-chome, Shinjuku-ku, Tokyo 100-8233, Japan

**Principal Shareholders**

<table>
<thead>
<tr>
<th>Shareholder name</th>
<th>Number of shares held</th>
<th>Percentage of shares outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Master Trust Bank of Japan, Ltd. (trust accounts)</td>
<td>259,260,800</td>
<td>20.68%</td>
</tr>
<tr>
<td>J.P. Morgan Chase Bank</td>
<td>81,846,546</td>
<td>6.51%</td>
</tr>
<tr>
<td>SMBC CLIENT OMINBUS-ACCOUNT</td>
<td>52,109,662</td>
<td>4.16%</td>
</tr>
<tr>
<td>Nippon Life Insurance Company</td>
<td>39,509,300</td>
<td>3.15%</td>
</tr>
<tr>
<td>The Bank of New York Mellon as Depository Bank for Depository Receipt Holders</td>
<td>16,043,055</td>
<td>1.28%</td>
</tr>
</tbody>
</table>

**Composition of Shareholders**

- Foreign institutions and individuals: 38.37%
- Japanese financial institutions: 2.54%
- Japanese individuals and others: 4.83%
- Japanese securities firms: 2.11%
- Other Japanese corporations: 1.00%
- Treasury stock: 51.15%

**External Evaluations/Commitment to External Initiatives**

- **Inclusion in ESG Indices**
  - Dow Jones Sustainability Indices
    - Dow Jones Sustainability World Index
    - Dow Jones Sustainability Asia-Pacific Index
  - FTSE4Good Index Series
    - FTSE Blossom Japan Index
    - FTSE Blossom Japan Sector Relative Index
  - FTSE Global All Cap Japan Index
  - STOXX Global 1800 Japan Index
  - STOXX Global 1800 Healthcare Index

- **Financial**
  - Selected by CDP as a CDP 2022 Supplier Engagement Leader, the highest rating in the Supplier Engagement Rating (SER), which evaluates how effectively companies are working with their suppliers to address climate change challenges (two consecutive years since 2021 for Olympus).
  - Secured a “BBB+” rating from S&P Global Ratings Japan Inc. (S&P Japan).

- **ESG**
  - Received the Silver rating under the PRIDE, a company with excellent initiatives to combine work and childcare (Olympus in 2022, and 2023 for Olympus Marketing).
  - Received Kurumin certification from the Ministry of Health, Labour and Welfare as a company with excellent initiatives to promote women workers (Eruboshi for Aizu Olympus and in 2020, 2022, three consecutive years since 2021 for Olympus Marketing).
  - Obtained an A+ rating in the climate change survey and a B rating in the water security survey by CDP Worldwide, an international NGO that aims at the realization of a sustainable economy (2022 for Olympus).
  - Listed in the Certified Health and Productivity Management Organization Recognition Program (seven consecutive years since 2017 for Olympus and 2021 for Olympus Marketing).
  - Listed in the Certified Health and Productivity Management Organization Recognition Program (three consecutive years since 2021 for Nippon Life and 2022, 2023 for Olympus Marketing).
  - Participates in the United Nations Global Compact.

- **Olympus Medical Business**

  - **Olympus Global Homepage**
    - Provides information on the Olympus Group such as management information, product information, and non-financial information.
    - https://www.olympus-global.com

  - **Sustainability**
    - Presents the Olympus Group’s detailed ESG information.
    - https://www.olympus-global.com/csr

  - **Olympus Medical Business**

    - **Introduction**
      - Introduces Olympus’ strengths in as well as basic knowledge about the Medical Business.
      - https://www.olympus-global.com/irdata/medical.html

**The Role of Integrated Report**

This Integrated Report compiles important information that includes non-financial information in addition to financial information and aims to provide an easy-to-understand explanation of the value Olympus creates. For more detailed information, please refer to the following corporate websites and media.

- **Olympus Global Homepage**
- **Sustainability**

**Composition of Shareholders**

Note: The building ratio is computed by excluding treasury stock (ELMT 314).