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News Release

Company: Olympus Corporation
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(Code: 7733, First Section, Tokyo Stock Exchange)

Company: Japan Industrial Partners, Inc.
Hidemi Moue, CEO

Signing of Memorandum of Understanding for Divestiture of Imaging Business

Olympus Corporation ("Olympus") and Japan Industrial Partners, Inc. ("JIP") hereby announce that, today, the parties signed a memorandum of understanding to carveout Olympus's Imaging business to a new company ("NewCo") and subsequently transfer its shares to a fund managed, operated or otherwise handled by JIP (the "Transaction").

After the due diligence and further discussions and negotiations, the parties are aiming to sign a legally-binding definitive agreement for the Transaction (the "Definitive Agreement") by September 30, 2020. We will promptly make further announcement if any matters relating to the Transaction that needs further announcement occur.

1. Background and Purpose of the Transaction

Olympus's Imaging business began with the manufacture and sale of a camera using the photographic lens Zuiko in 1936. Through innovative technology and unique product development capabilities, Olympus has developed and launched various products, aiming to contribute to make people's lives more fulfilling. Those products include: Olympus Pen, the innovative half-sized camera; Zuiko Pearlorder, the world's first micro-cassette tape recorder; and Olympus OM-D series, the mirrorless interchangeable lens camera.

Olympus has implemented measures to cope with the extremely severe digital camera market, due to, amongst others, rapid market shrink caused by the evolution of smartphones; Olympus has improved the cost structure by restructuring the manufacturing bases and focusing on high-value-added interchangeable lenses, aiming to rectify the earning structure to those that may continue generating profit even as sales dwindles. Despite all such efforts, Olympus's Imaging business recorded operating losses for 3 consecutive fiscal years up to the term ended in March 2020.

Under such circumstances, Olympus considers that, by carving-out the Imaging business and by operating the business with JIP, the Imaging business's corporate structure may become more compact, efficient and agile and it is the most appropriate way to realize its self-sustainable and continuous growth and to bring values to the users of our products as well as our employees working in the Imaging business. Olympus therefore has decided to sign the memorandum of understanding for the Transaction.

JIP has strong track records in supporting strategic carve-outs that realize growth potential and encourage autonomous growth. By adding support from JIP, the NewCo, as the successor of reputable brands such as “OM-D” and “ZUIKO,” will utilize the innovative technology and unique product development capabilities which have been developed within Olympus, and will realize continuous growth of the business by bringing better products and services to the users and customers and by making itself a productive and rewarding work place for its employees.

2. Imaging Business after the Transaction

NewCo will succeed and maintain the research and development functions and manufacturing functions globally as reformed under the contemplated structuring reforms to continue to offer high-quality, highly reliable products; and also continue to provide supports to the imaging solution products that have been distributed by Olympus.

3. Outline of the Transaction

The specifics of the Transaction shall be decided in the Definitive Agreement after careful examination and consultation between the parties. The parties currently consider the outline of the Transaction shall be as follows.

The parties will proceed with the actions and procedures for Transactions in full compliance with applicable laws including consultation obligations and other requirements under local employment laws.

- (1) Structure : (i) Olympus’s Imaging business will be transferred to the NewCo by way of company split or otherwise, and then, (ii) shares in the NewCo will be transferred to a new company to be established by JIP.
- (2) Signing of Definitive Agreement : Scheduled to be signed by September 30, 2020
- (3) Closing : Olympus and JIP strive to close the Transaction by December 31, 2020.

4. Structuring Reform

Prior to the closing of the Transaction, Olympus plans to implement structuring reforms to the Imaging business aiming to change the business structure of Imaging business to be more profitable and sustainable. We are currently investigating costs and other impacts of the structuring reform. If any future event which requires disclosure arises, Olympus will announce it promptly.

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