

September 30, 2020

News Release

Company: Olympus Corporation
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Signing of Definitive Agreement for Divestiture of Imaging Business

Olympus Corporation ("Olympus") hereby announces that its Board of Directors has resolved today to (i) succeed Olympus' imaging business through an absorption-type split ("Company Split") to a wholly-owned subsidiary ("New Imaging Company") to be newly established by Olympus; and (ii) transfer 95% shares of the New Imaging Company ("Share Transfer"; and the Company Split and the Share Transfer, collectively, "Transaction") to OJ Holdings, Ltd., a special purpose company established by Japan Industrial Partners, Inc. ("JIP").

The Share Transfer is subject to certain conditions including JIP's obtainment of approval(s) from relevant authorities pursuant to the competition laws of Japan and other relevant jurisdictions.

1. Background and Purpose of the Transaction

As announced in the "Signing of Memorandum of Understanding for Divestiture of Imaging Business" dated June 24, 2020, since commencing manufacture and sales of cameras using the photographic lens "Zuiko" in 1936, Olympus has operated its imaging business based on innovative technology and unique product development capabilities, aiming to enrich the lifestyle of the people in the world. However, in recent years the market has shrunk rapidly due to the rise of smartphones causing a difficult situation for the digital camera market. Olympus has improved its cost structure by restructuring its manufacturing bases and focusing on high-value-added interchangeable lenses, aiming to rectify the earning structure. Despite all such efforts, the imaging business recorded operating losses for three consecutive fiscal years up to the fiscal year ended March 2020.

Under such circumstances, Olympus consider that, by carving-out the imaging business and operating the business under JIP, its business structure may become more compact, efficient, and agile, and it is the most appropriate way to realize self-sustainable and continuous growth. As such, the Memorandum of Understanding was entered into between JIP on June 24, 2020, and based on subsequent negotiation, a legally-binding definitive agreement has been executed as of today.

The scope of the Transaction is the global imaging business. After the carve-out and transfer of the imaging business to JIP, the New Imaging Company will maintain its restructured R&D and manufacturing structure and continue to provide high-quality, highly reliable products. The New Imaging Company will start operations from January 1, 2021 and continue to provide customer support for the Olympus products as well.

2. Outline of the Transaction

(1) Timeline of the Transaction

Date of decision by Board of Directors	September 30, 2020
Execution of Share Transfer Agreement	September 30, 2020
Establishment of New Imaging Company	Mid-October, 2020 (provisional schedule)
Execution of Company Split Agreement	November 6, 2020 (provisional schedule)
Effective Date of Company Split	January 1, 2021 (provisional schedule)
Date of Share Transfer	January 1, 2021 (provisional schedule)

Note 1: The Company Split qualifies for, for Olympus, the simplified absorption-type split under Article 784, Paragraph (2) of the Companies Act. Accordingly, Olympus will not hold a general meeting of shareholders in regard to the split.

Note 2: The execution of the Share Transfer is conditioned to JIP obtaining approval from the relevant authorities pursuant to the competition laws of Japan and other relevant jurisdictions.

(2) Method of the Company Split

Olympus shall be the splitting company, and the New Imaging Company shall be the successor company.

(3) Details of allotment pertaining to the Company Split

The New Imaging Company shall newly issue 1 ordinary share for the Company Split, to be issued and allotted to Olympus.

(4) Treatment of share options and convertible bonds concerning the Company Split

Olympus has outstanding share options, although the treatment of such share options shall not be affected by this Company Split. Olympus has not issued any bonds with share options.

(5) Capital Increase/Reduction in relation with the Company Split

There is no increase nor reduction of Olympus' stated capital in relation with the Company Split.

(6) Rights and Liabilities to be Succeeded by the Successor Company of the Company Split

Among the assets, rights and liabilities of Olympus regarding the imaging business, those designated in the Company Split agreement will be succeeded by the New Imaging Company.

(7) Anticipated Performance of Liabilities

No issues are anticipated regarding the performance of liabilities to be succeeded and borne by the New Imaging Company on and after the effective date of the Company Split.

3. Overview of Parties of the Company Split

(1) Profiles of the Parties

	Splitting company		Successor company	
(i) Name	Olympus Corporation		OM Digital Solutions Corporation	
(ii) Location	2951 Ishikawa-machi, Hachioji-shi, Tokyo		Hachioji-shi, Tokyo	
(iii) Title and name of representative	Yasuo Takeuchi, Director, Representative Executive Officer, President and CEO		Shigemi Sugimoto Representative Director	
(iv) Business operations	Operations involving the manufacture and sale of endoscopes, therapeutic instruments, scientific, imaging and other products		Operations involving the manufacture and sale of digital cameras (primarily mirrorless interchangeable lens cameras), interchangeable lenses, IC recorders and other audio products	
(v) Stated capital (see Note 2)	¥124,643 million (As of March 31, 2020)		To be determined	
(vi) Established date	October 12, 1919		October 2020	
(vii) Number of issued shares (see Note 2)	1,370,914,963 shares (As of March 31, 2020)		20 shares	
(viii) Fiscal year end	March 31		March 31	
(ix) Major shareholder(s) and shareholding ratio (see Note 3)	The Master Trust Bank of Japan, Ltd. (trust account)	12.17%	Olympus Corporation	100%
	Japan Trustee Services Bank, Ltd. (trust account)	5.70%		
	State Street Bank and Trust Company 505010	5.04%		
	JP Morgan Chase Bank 385632	4.98%		
	Nippon Life Insurance Company	4.13%		
(x) Financial status and operating results for the immediately preceding fiscal year (ended March 2020) of the splitting company (consolidated/IFRS)				
Equity attributable to owners of parent company	¥370,747 million			
Total assets	¥1,015,663 million			
Equity attributable to owners of parent company per share	¥288.39			
Revenue	¥797,411 million			
Operating profit	¥83,469 million			
Profit before tax	¥77,798 million			
Profit attributable to owners of parent company	¥51,670 million			
Basic earnings per share	¥39.37			

Note 1: The New Imaging Company, as the successor company, is expected to be established in October 2020. The indication above are current forecasts.

Note 2: The stated capital and number of issued shares indicated above are those after the completion of the Company Split.

Note 3: The major shareholder(s) and shareholding ratio of Olympus indicated above are as of May 31, 2020.

(2) Overview of the business division to be divested

a. Business operations of the business division to be divested

Operations involving manufacture and sale of digital cameras (primarily mirrorless interchangeable lens cameras), interchangeable lenses, IC recorders and other audio products

b. Operating results of the business division to be divested (consolidated results for the fiscal year ended March 2020)

Revenue: ¥43,615 million

(3) Asset and liability items to be divested and its book values (as of March 31, 2020, non-consolidated)

a. Assets (Book value)

Current assets	JPY9,855 million
Fixed assets	JPY1,459 million
<u>Total</u>	<u>JPY11,315 million</u>

b. Liabilities (Book value)

Current liabilities	JPY602 million
Fixed liabilities	JPY228 million
<u>Total</u>	<u>JPY830 million</u>

4. Status after the Company Split

	Splitting company	Successor company
(i) Name	Olympus Corporation	OM Digital Solutions Corporation
(ii) Location	2951 Ishikawa-machi, Hachioji-shi, Tokyo	Hachioji-shi, Tokyo
(iii) Title and name of representative	Yasuo Takeuchi Director, Representative Executive Officer, President and CEO	Shigemi Sugimoto Representative Director
(iv) Business operations	Operations involving the manufacture and sale of endoscopes, therapeutic instruments, scientific and other products	Operations involving the manufacture and sale of digital cameras (primarily mirrorless interchangeable lens cameras), interchangeable lenses, IC recorders and other audio products

(v) Stated capital	¥124,643 million (As of March 31, 2020)	To be determined
(vi) Fiscal year end	March 31	March 31

5. Share Transfer

(1) Overview of the subsidiary to be transferred (New Imaging Company)

Please see "4. Status after the Company Split" above.

(2) Overview of transferee of the Share Transfer

(i) Name	OJ Holdings, Ltd.
(ii) Location	2-1-1 Marunouchi, Chiyoda-ku, Tokyo
(iii) Title and name of representative	Shinichi Inagaki Representative Director
(iv) Business operations	1. Business for the control and management under the invested companies. 2. All related businesses relating the above.
(v) Stated capital	¥5,000-
(vi) Established date	August 1, 2019
(vii) Major shareholder and shareholding ratio	Japan Industrial Partners, Inc. 100%
(viii) Relationship between Olympus and the transferee company	There are no notable capital relationships, personal relationships nor business relations of any kind between Olympus and the transferee company.

Note: OJ Holdings, Ltd. is a special purpose company managed and operated by JIP.

(3) Number of shares subject to transfer and the status of ownership of such shares before and after the transfer

(i) Number of shares owned prior to transfer	20 shares (Number of voting rights: 20) (Ratio of voting rights: 100%)
(ii) Number of shares subject to transfer	19 shares (Number of voting rights: 19)
(iii) Number of shares owned after the transfer	1 (Number of voting rights: 1) (Ratio of voting rights: 5%)

6. Future Prospects

The date for the execution of the Company Split Agreement is scheduled for November 6, 2020, and the effective date of the Company Split and the date of the Share Transfer are scheduled for January 1, 2021. We will promptly make announcements if any matters requiring disclosure arises hereafter.

Olympus is currently in the process of analyzing the impact that the Company Split and Share Transfer will cause on the consolidated performance of Olympus. We will announce the

impact when we announce the financial results for the second quarter of the fiscal year ending March 2021, which is scheduled in November 2020.