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News Release

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Notice regarding acquisition of Veran Medical Technologies, Inc. (to make it a subsidiary)  
in the United States

Olympus Corporation ("Olympus") hereby announces that it has entered into an agreement to acquire Veran Medical Technologies, Inc. ("VMT", headquartered in the U.S.), a high-growth company with a focus on the interventional pulmonology field\*<sup>1</sup>, through our consolidated subsidiary Olympus Corporation of the Americas ("OCA", headquartered in the U.S.). The acquisition will be implemented pursuant to an Agreement and Plan of Merger between VMT and a special purpose company newly established as OCA's wholly owned subsidiary in the U.S. ("SPC").

The closing of the acquisition and consummation of the merger is subject to certain customary closing conditions and regulatory clearance by relevant authorities in accordance with the competition laws of the U.S and other jurisdictions.

\*1: Treatment or diagnosis using bronchoscopes

1. Purpose of the acquisition

Olympus announced, on November 6, 2019, its new corporate strategy ("Corporate Strategy") to achieve growth as a global medical technology ("medtech") company in order to realize sustainable growth for the Olympus Group overall. Under this Corporate Strategy, Olympus's strategic aspiration is to grow into a globally-leading medtech company contributing to people's lives by delivering innovative solutions that benefit patients, healthcare professionals, payors, and providers.

In this Corporate Strategy, Olympus identified "Focus and scale the TSD" as one of the core components for business growth and enhanced profitability. In particular, Olympus announced its focus on three fields: gastroenterological EndoTherapy devices, urological devices, and respiratory devices. As a result of this acquisition, Olympus expects to further expand its respiratory business product offerings.

Lung cancer affects the highest number of cancer patients and is the leading cause of cancer-related deaths globally\*<sup>1</sup>. With increased awareness and more lung cancer screenings performed by low-dose CT (computed tomography)\*<sup>2</sup>, the need for definitive diagnosis of lesions in the peripheral regions of the lungs by tissue biopsy is expected to increase. These lesions are sometimes small\*<sup>3</sup> and difficult to reach and technology such as electromagnetic navigation systems can assist physicians in reaching the correction location.

\*1 For Reference: WHO : <https://www.who.int/news-room/fact-sheets/detail/cancer>

\*2 Minimally invasive CT examination performed at the minimum dose that can be diagnosed (exposure dose 1/10 of normal CT examination)

\*3: Shadows up to 30 mm in the lungs confirmed by CT examination

VMT is a high-growth company established in 2003 focusing on the interventional pulmonology field and has an advanced electromagnetic navigation system and various related devices, which support access to the peripheral part of the lungs. Additionally, VMT provides services to support its products, as well as excellent product development capabilities, business foundations, and a strong sales team in the U.S.

By combining VMT's electromagnetic navigation system obtained through this acquisition with Olympus' existing products, we expect to be able to provide a wider range of patient solutions for the diagnosis of lung cancer. From this acquisition, Olympus will bolster its respiratory business by securing a promising future product portfolio.

## 2. Details of the acquisition

### I. Acquisition method

The SPC, the wholly-owned subsidiary of OCA, will merge with and into VMT. As a result of the merger, OCA will receive 1,000 VMT shares and the current VMT shareholders will receive cash considerations.

### II. Funding required for this acquisition

Cash reserves will be used to fund this acquisition.

## 3. Overview of the subsidiary to be transferred

(1) Name	Veran Medical Technologies, Inc.		
(2) Address	St. Louis, MO, U.S.		
(3) Title and Name of representative	CEO Jason Pesterfield		
(4) Description of business	Internal R&D & Manufacturing with some component and finished goods outsourcing Direct Sales in U.S.; Distributors leveraged internationally		
(5) Capital	6 million yen (Note 1)		
(6) Date of incorporation	August 7, 2003		
(7) Main shareholders and shareholding ratios	Versant Ventures, 20.54%, River Cities Capital, 17.61%, Maclellan Foundation, 12.70%		
(8) Relationship between Olympus and this subsidiary			
	Capital relationship	None	
	Personnel relationship	None	
	Transactional relationship	None	
(9) Operating results and financial standing over the last three years (Yen in millions) (Note 1)			
Fiscal Year	Year Ended December 2017	Year Ended December 2018	Year Ended December 2019
Equity Total	322	(1,672)	(3,339)
Assets Total	2,653	3,278	2,207
Revenue	1,898	2,328	3,022
Operating Profit (loss)	(1,288)	(1,603)	(1,215)
Net Profit (loss)	(1,484)	(1,998)	(1,738)

(Note1) It is converted at USD1 = ¥103.89 (exchange rate as of the end of November, 2020).

#### 4. Overview of the Seller

(1) Name	Versant Ventures, 20.54% River Cities Capital, 17.61% Maclellan Foundation, 12.70% Others 49.15%
(2) Address	Versant Ventures, The State of California River Cities Capital, The State of Ohio Maclellan Foundation, The State of Tennessee
(3) Relationship between Olympus and this subsidiary	
Capital relationship	None
Personnel relationship	None
Transactional relationship	None

#### 5. Number of shares acquired, shareholding and purchase price

(1) Number of shares held before the acquisition	—
(2) Number of shares acquired (Note 1)	1,000 shares
(3) Acquisition amount	Approx. USD 300 million (Approx. ¥31.2 billion) (Note 2)
Conditional payment (Note 3)	Approx. USD 40 million (Approx. ¥4.2 billion) (Note 2)
(4) Number of shares held after the acquisition (Note1)	1,000 shares (Ownership ratio: 100%)

(Note 1) The SPC will merge with and into VMT. As a result of the merger, the current VMT shareholders will receive cash considerations and OCA will receive 1,000 VMT shares, whereby OCA will become the sole shareholder of VMT.

(Note 2) It is converted at USD1 = ¥103.89 (exchange rate as of the end of November, 2020).

(Note 3) Conditional payment has not been finalized at this time.

#### 6. Schedule

Date of signing	December 3, 2020
Date of closing (share transfer)	December 31, 2020 (Plan)

## 7. Future Outlook

Olympus is currently in the process of analyzing the impact of the acquisition, and we will promptly provide notice as soon as additional items to be disclosed have arisen.

(For reference) Financial forecast (as of 13<sup>th</sup> of November 2020) and actual results for FY ended March 31, 2020

(Yen in Millions)

	Revenue	Operating Profit	Profit before tax	Profit attributable to owners of parent
Current Forecast (FY ending March 2021)	697,000	60,500	58,500	(5,500)
Actual Results (FY ended March 2020)	755,231	92,200	86,617	51,670

(Note 1) The Imaging Business has been classified as a discontinued operation from this second quarter. Due to this, the amounts presented for revenue, operating profit and profit before tax stated in the current forecast are the amounts from continuing operations. The amounts presented for profit attributable to owners of parent are aggregates of continuing operations and discontinued operation.

(Note 2) The figures for actual results for the FY2020 (total) are before the audit.