

# Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 <under IFRS>



May 12, 2023

Company Name: Olympus Corporation  
 Code Number: 7733  
 (URL: <https://www.olympus.co.jp/>)  
 Stock Exchange Listing: Prime Market of Tokyo Stock Exchange  
 Representative: Stefan Kaufmann, Director, Representative Executive Officer, President and CEO  
 Contact: Takayuki Aoyagi, Vice President, Accounting Department  
 Phone: 03-3340-2111

Scheduled date of General Meeting of Shareholders: June 27, 2023  
 Scheduled date to submit the Securities Report: June 20, 2023  
 Scheduled date to commence dividend payments: June 6, 2023  
 Presentation of supplementary material on financial results: Yes  
 Holding of financial results presentation meeting: Yes (for analysts and institutional investors)

(Figures are rounded off to the nearest million yen)

## 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

### (1) Consolidated Results of Operations

(% indicate changes from the previous fiscal year)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive income	
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
Fiscal year ended March 31, 2023	881,923	17.6	186,609	27.7	182,294	28.6	143,613	23.8	143,432	23.9	196,662	22.1
March 31, 2022	750,123	–	146,188	–	141,701	–	115,970	792.8	115,742	796.0	161,001	338.2

	Basic earnings per share	Diluted earnings per share	Ratio of equity attributable to owners of parent to profit	Ratio of profit before tax to total assets	Ratio of operating profit to revenue
	(¥)	(¥)	%	%	%
Fiscal year ended March 31, 2023	113.22	113.08	24.9	12.7	21.2
March 31, 2022	90.22	90.17	25.6	11.2	19.5

Reference: Share of profit (loss) of investments accounted for using equity method:

Fiscal year ended March 31, 2023: ¥491 million

Fiscal year ended March 31, 2022: ¥1,492 million

Note: The Scientific Solutions Business has been classified as a discontinued operation from the second quarter. Due to this, the amounts presented for revenue, operating profit and profit before tax are the amounts from continuing operations from which the discontinued operation has been excluded. The amounts presented for profit and profit attributable to owners of parent are aggregates of continuing operations and discontinued operation. As the businesses have been similarly reclassified in the fiscal year ended March 31, 2022, changes from the same period of the previous fiscal year are not presented.

### (2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share
	(¥ million)	(¥ million)	(¥ million)	%	(¥)
As of March 31, 2023	1,508,308	641,234	640,085	42.4	510.62
March 31, 2022	1,357,999	511,362	510,168	37.6	400.75

### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	(¥ million)	(¥ million)	(¥ million)	(¥ million)
Fiscal year ended March 31, 2023	98,490	(58,414)	(143,178)	205,512
March 31, 2022	169,729	(71,016)	(40,667)	302,572

## 2. Dividends

	Annual dividends per share					Total amount of cash dividends (Annual)	Payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of parent (Consolidated)
	First quarter	Second quarter	Third quarter	Year-end	Total			
	(¥)	(¥)	(¥)	(¥)	(¥)	(¥ million)	%	%
Fiscal year ended March 31, 2022	–	0.00	–	14.00	14.00	17,822	15.5	4.0
Fiscal year ended March 31, 2023	–	0.00	–	16.00	16.00	20,057	14.1	3.5
Fiscal year ending March 31, 2024 (Forecast)	–	0.00	–	18.00	18.00		–	

## 3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2024 (From April 1, 2023 to March 31, 2024)

(% indicate changes from the previous fiscal year)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥)
Full year	914,000	3.6	163,000	(12.7)	159,000	(12.8)	336,000	134.3	272.66

### \* Notes

- (1) Changes in significant subsidiaries during the fiscal year under review (changes in specified subsidiaries resulting in the changes in scope of consolidation): No
- (2) Changes in accounting policies and changes in accounting estimates
  - 1) Changes in accounting policies required by IFRS: No
  - 2) Changes in accounting policies due to other reasons: No
  - 3) Changes in accounting estimates: No
- (3) Total number of issued shares (common stock)
  - 1) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2023	1,266,178,700 shares
As of March 31, 2022	1,299,294,333 shares
  - 2) Total number of treasury shares at the end of the period

As of March 31, 2023	12,641,218 shares
As of March 31, 2022	26,261,612 shares
  - 3) Average number of shares during the period

Fiscal year ended March 31, 2023	1,266,848,102 shares
Fiscal year ended March 31, 2022	1,282,919,790 shares

## Reference: Summary of Non-Consolidated Financial Results

Financial Results for the Fiscal Year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

### (1) Non-Consolidated Results of Operations

(% indicate changes from the previous fiscal year)

	Revenue		Operating profit		Ordinary profit		Profit	
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
Fiscal year ended								
March 31, 2023	380,014	0.4	81,985	80.8	152,299	166.3	130,338	53.6
March 31, 2022	378,637	10.0	45,352	58.7	57,187	16.7	84,844	893.4

	Basic earnings per share	Diluted earnings per share
	(¥)	(¥)
Fiscal year ended		
March 31, 2023	102.88	102.76
March 31, 2022	66.13	66.10

### (2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	(¥ million)	(¥ million)	%	(¥)
As of				
March 31, 2023	973,602	418,309	42.9	333.48
March 31, 2022	900,917	357,229	39.6	280.30

Reference: Equity as of March 31, 2023: ¥418,030 million      March 31, 2022: ¥356,833 million

\* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

\* Proper use of the forecast of financial results, and other special matters

The forward-looking statements contained in these materials are based on information currently available as of the date of release of these materials and on certain assumptions deemed to be reasonable. Actual business and other results may differ substantially due to various factors.

## Attached Material

### Contents

1. Overview of Operating Results and Others.....	2
(1) Analysis of Business Results.....	2
(2) Analysis of Financial Position and Cash Flows .....	9
(3) Basic Strategy for Profit Sharing and Dividend for the Current Fiscal Year and Following Fiscal Year ....	12
(4) Business Risks.....	12
2. Basic Rationale for Selecting the Accounting Standards .....	32
3. Consolidated Financial Statements and Significant Notes Thereto.....	33
(1) Consolidated Statements of Financial Position .....	33
(2) Consolidated Statements of Profit or Loss .....	35
(3) Consolidated Statements of Comprehensive Income .....	36
(4) Consolidated Statements of Changes in Equity.....	37
(5) Consolidated Statements of Cash Flows .....	39
(6) Notes to Consolidated Financial Statements .....	41
(Notes on premise of going concern).....	41
(Reporting entity).....	41
(Basis of preparation).....	41
(Significant accounting policies).....	42
(Significant accounting estimates and associated judgments).....	42
(Business segments).....	43
(Cash and cash equivalents).....	46
(Assets held for sale and liabilities directly associated with assets held for sale).....	47
(Bonds and borrowings).....	48
(Provisions).....	48
(Equity and other equity items).....	48
(Dividends) .....	50
(Revenue).....	50
(Other income and other expenses).....	51
(Per-share data) .....	53
(Cash flow information).....	55
(Financial instruments) .....	56
(Discontinued operation).....	59
(Business combinations) .....	60
(Additional information).....	65
(Subsequent events) .....	65

## 1. Overview of Operating Results and Others

### (1) Analysis of Business Results

#### (Review of Operations)

In the second quarter of the fiscal year ended March 31, 2023, Olympus Corporation concluded a share transfer agreement related to the transfer of Scientific Solutions Business of the Olympus Group with K.K. BCJ-66, a special purpose company indirectly owned by funds advised by Bain Capital Private Equity, LP (together with its affiliates, “Bain Capital”). Due to this, profit (loss) from the Scientific Solutions Business has been classified as a discontinued operation from the second quarter, and it has been presented in the same manner for the fiscal year ended March 31, 2022 and the fiscal year ended March 31, 2023. Furthermore, the amounts presented for revenue, operating profit, profit before tax and profit from continuing operations are the amounts from continuing operations from which the discontinued operation has been excluded, while the amounts presented for profit and profit attributable to owners of parent are aggregates of continuing operations and discontinued operation.

Additionally, the Olympus Group has formerly had four reportable segments: “Endoscopic Solutions,” “Therapeutic Solutions,” “Scientific Solutions,” and “Others.” However, from the second quarter, they have been changed to three segments: “Endoscopic Solutions,” “Therapeutic Solutions,” and “Others.”

#### Trends in overall business results

The global economy in the fiscal year ended March 31, 2023 saw a continued move to recovery as economic activities recovered from the challenging conditions created by the global spread of COVID-19. On the other hand, there is a developing risk of worsening business conditions due to global monetary tightening. Furthermore, impacts were felt from increased COVID-19 infections in China, the war in Ukraine, and global inflation along with rising raw material prices, supply chain constraints, and shortages of semiconductors and other components. Amid a recovery in economic activities and a gradual economic recovery, the Japanese economy was also impacted by fluctuations in foreign exchange, and from the same factors affecting the global economy, namely, rising raw material prices, supply chain constraints, and shortages of semiconductors and other components.

Even under such circumstances, the Olympus Group aims to develop itself as a truly global medtech company. Olympus Corporation is allocating management resources to the medical field, mainly in Endoscopic Solutions Business and Therapeutic Solutions Business, and we are working to strengthen our management base in order to achieve sustainable growth. As part of these efforts, we concluded an agreement to transfer all shares of Evident Corporation (“Evident”), a wholly owned subsidiary of Olympus Corporation to which our Scientific Solutions Business was transferred through a company split, and based on this agreement, we completed the transfer on April 3, 2023.

Business results

Business results of continuing operations are presented in (1) to (9), and business results of the sum of continuing operations and discontinued operation are presented in (10) below.

	(Millions of yen)			
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Increase (Decrease)	Increase (Decrease) ratio (%)
(1) Revenue	750,123	881,923	131,800	17.6%
(2) Cost of sales	243,423	285,074	41,651	17.1%
(3) Selling, general and administrative expenses	357,510	420,547	63,037	17.6%
(4) Share of profit (loss) of investments accounted for using equity method/Other income/Other expenses	(3,002)	10,307	13,309	–
(5) Operating profit	146,188	186,609	40,421	27.7%
(6) Finance income (loss)	(4,487)	(4,315)	172	–
(7) Profit before tax	141,701	182,294	40,593	28.6%
(8) Income taxes	31,074	44,304	13,230	42.6%
(9) Profit from continuing operations	110,627	137,990	27,363	24.7%
(10) Profit attributable to owners of parent	115,742	143,432	27,690	23.9%
Exchange rate (Yen/USD)	112.38	135.47	23.09	–
Exchange rate (Yen/EUR)	130.56	140.97	10.41	–
Exchange rate (Yen/CNY)	17.51	19.75	2.24	–

**(1) Revenue**

Revenue increased by ¥131,800 million year on year to ¥881,923 million. This increase was due to an increase in revenue in the Endoscopic Solutions Business and Therapeutic Solutions Business despite a decrease in revenue in other businesses. Details are as described in “Analysis of the performance by segment” below.

**(2) Cost of sales**

Cost of sales increased by ¥41,651 million year on year to ¥285,074 million. The cost-to-sales ratio improved 0.1 percentage points year on year to 32.3%.

In the previous fiscal year, approximately ¥4,200 million was deducted from cost of sales with the reversal of some of the provision for duodenoscope market response recorded in the fiscal year ended March 31, 2020 after the amount of costs deemed necessary was less than the initial estimate for that provision, and approximately ¥2,700 million was deducted from cost of sales with the reversal of some of the provision associated with the voluntary recall of bronchoscopes recorded in the fiscal year ended March 31, 2021 after the amount of costs deemed necessary was less than the initial estimate for that provision. On the other hand, in the fiscal year under review, the cost-to-sales ratio improved due to changes to the respective sales shares for each geographical region resulting from increased sales in China during the fiscal year ended March 31, 2023, as well as the impact from foreign exchange due to the depreciating yen, despite there being an increase in procurement costs for raw materials such as semiconductors. For details on the deduction from cost of sales regarding the provision for duodenoscope market response and the provision associated with the voluntary recall of bronchoscopes, please refer to notes on (Provisions) on page 48.

**(3) Selling, general and administrative expenses**

Selling, general and administrative expenses increased by ¥63,037 million year on year to ¥420,547 million. In particular, expenses for sales activities and costs increased in relation to strengthening the business

operation foundation such as quality assurance, compliance with laws and regulations, etc.

(4) Share of profit (loss) of investments accounted for using equity method/Other income/Other expenses

The sum of share of profit (loss) of investments accounted for using equity method, other income, and other expenses amounted to ¥10,307 million, and the profit or loss improved by ¥13,309 million year on year. Other income increased by approximately ¥10,000 million compared to the previous fiscal year due to the approximately ¥3,000 million in tax reserves that were recorded for an additional expected tax burden related to an independent study on indirect taxes conducted by an overseas subsidiary of Olympus Corporation in the fiscal year ended March 31, 2019 but are not expected to be incurred, and due to the recording of approximately ¥2,800 million in gain on step acquisition associated with the acquisition of Medi-Tate Ltd. in the previous fiscal year, as well as ¥16,400 million in gain on sale of fixed assets, along with the recording of approximately ¥1,400 million in adjustments to the original acquisition consideration at the time of acquisition due to changes in the fair value of the contingent consideration, which makes up part of the acquisition consideration of Medi-Tate Ltd., in the current fiscal year. Details on the gain on step acquisition of Medi-Tate Ltd. are as described in “Business combinations (Acquisition of Medi-Tate Ltd.), (3) Gain on step acquisition” (page 60), and details on change in fair value are as described in “Business combinations (Contingent consideration of Medi-Tate Ltd.)” (page 64). On the other hand, regarding other expenses, in the previous fiscal year, approximately ¥1,600 million in impairment losses on development assets in the Endoscopic Solutions Business and approximately ¥8,800 million in costs related to the promotion of the business transformation plan “Transform Olympus” were recorded, but in the current fiscal year, costs related to the promotion of “Transform Olympus” decreased by approximately ¥6,500 million, leading to a decrease of approximately ¥4,300 million year on year.

(5) Operating profit

Reflecting the factors stated above, operating profit increased by ¥40,421 million (an increase of 27.7%) year on year to ¥186,609 million.

(6) Finance income (loss)

Finance loss, which reflects finance income and finance costs, improved ¥172 million year on year to ¥4,315 million. The main factor for this improvement of loss was an increase in interest income due to a rise in USD interest rates.

(7) Profit before tax

Reflecting the factors stated above, profit before tax increased by ¥40,593 million year on year to ¥182,294 million.

(8) Income taxes

The increased profit before tax led income taxes to increase by ¥13,230 million year on year to ¥44,304 million.

(9) Profit from continuing operations

Reflecting the factors stated above, profit from continuing operations increased by ¥27,363 million year on year to ¥137,990 million.

(10) Profit attributable to owners of parent (the aggregate of continuing operations and discontinued operation)

Reflecting the factors stated above and profit from discontinued operation, profit attributable to owners of parent increased by ¥27,690 million year on year to ¥143,432 million.

(Research and development, and capital investments)

During the fiscal year under review, the Olympus Group invested ¥76,866 million on research and development, and spent ¥72,023 million on capital investments in continuing operations, excluding discontinued operation.

**(Impact of foreign exchanges rates)**

Compared to the previous fiscal year, the yen depreciated against USD, EUR, and CNY. The average exchange rate during the period was ¥135.47 against the USD (¥112.38 in the previous fiscal year), ¥140.97 against the EUR (¥130.56 in the previous fiscal year) and ¥19.75 against the CNY (¥17.51 in the previous fiscal year), which caused revenue and operating profit to up ¥98,381 million and ¥44,345 million, respectively, year on year. Consolidated revenue increased 4.5% year on year, and consolidated operating profit decreased 2.7%, excluding the impact of the foreign exchange rate.

**Analysis of the performance by segment**

(Millions of yen)

	Revenue			Operating profit (loss)		
	Previous fiscal year	Current fiscal year	Increase (Decrease) ratio (%)	Previous fiscal year	Current fiscal year	Increase (Decrease) ratio (%)
Endoscopic Solutions	461,547	551,823	19.6	133,204	152,769	14.7
Therapeutic Solutions	275,586	318,207	15.5	60,826	63,692	4.7
Others	12,990	11,893	(8.4)	(2,018)	(914)	–
Subtotal	750,123	881,923	17.6	192,012	215,547	12.3
Elimination or Unallocation	–	–	–	(45,824)	(28,938)	–
Consolidated total	750,123	881,923	17.6	146,188	186,609	27.7

Note: Businesses are segmented by adding similarities of sales market to the business established based on line of products.

**Endoscopic Solutions Business**

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Increase (Decrease)	Increase (Decrease) ratio (%)
Revenue	461,547	551,823	90,276	19.6
Operating profit (loss)	133,204	152,769	19,565	14.7

Consolidated revenue in the Endoscopic Solutions Business amounted to ¥551,823 million (up 19.6% year on year), while operating profit amounted to ¥152,769 million (up 14.7% year on year).

In the gastrointestinal endoscopes field, sales recovered in China, which had been affected by the lockdown in Shanghai and other cities up to the six months ended September 30, 2022, and sales also increased in North America and Europe, resulting in positive year-on-year growth in all regions. By product, sales of the gastrointestinal endoscopic system “EVIS X1” series were favorable, while demand for the prior-generation upper gastrointestinal videoscopes and colorectal videoscopes was also firm, contributing to increased sales. The ratio of the “EVIS X1” series to total sales also gradually increased.

In the surgical endoscopes field, sales in Asia and Oceania, where the surgical endoscopy system “VISERA ELITE III” was launched, and in North America, where sales of the surgical endoscopy system “VISERA ELITE II” combined with rigid scopes and surgical videoscopes remained strong, contributed to positive year-on-year growth.

In the medical services field, all regions showed positive year-on-year growth due to an increase in new contracts, in addition to stable sales of existing service contracts including maintenance services.

Operating profit in the Endoscopic Solutions Business increased. This increase was due to the current fiscal year’s absence of the approximately ¥4,200 million that was deducted from cost of sales with the reversal of some of the provision after the amount of costs deemed necessary was less than the initial estimate for the



provisions recorded in the fiscal year ended March 31, 2020 related to the reversal of provision for duodenoscope market response, as well as the increase in sales expenses associated with EVIS X1 and other products and in expenses related to strengthening the business operation foundation such as quality assurance, compliance with laws and regulations, etc. Meanwhile, operating profit increased due to increased revenue, and the impact of approximately ¥1,600 million related to development assets recorded in the previous fiscal year disappeared.

Revenue increased 6.0% year on year, and operating profit decreased 11.8% year on year, excluding the impact of the foreign exchange rate.

## Therapeutic Solutions Business

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Increase (Decrease)	Increase (Decrease) ratio (%)
Revenue	275,586	318,207	42,621	15.5
Operating profit (loss)	60,826	63,692	2,866	4.7

Consolidated revenue in the Therapeutic Solutions Business amounted to ¥318,207 million (up 15.5% year on year), while operating profit amounted to ¥63,692 million (up 4.7% year on year).

The GI-endotherapy field saw positive growth, primarily in North America and Europe. Furthermore, sales increased due to product groups for ERCP (Endoscopic Retrograde Cholangio Pancreatography), which are used in endoscopic diagnoses and treatment of pancreatic duct, bile duct, etc. and product groups for the sampling of biopsy forceps, etc., which are used for collecting tissue for screening examinations.

The urology field achieved favorable performance mainly in North America and Europe, with steady growth in sales of resection electrodes for BPH (Benign Prostatic Hyperplasia) and lithotripsy machine for kidney stones “SOLTIVE SuperPulsed Laser System.” Gynecology products, which were grouped in other therapeutic areas in the Therapeutic Solutions Business, have been included in urology in the Therapeutic Solutions Business from the fiscal year ended March 31, 2023.

The respiratory field saw positive growth, primarily in North America and China. Sales of the devices mainly used for EBUS-TBNA (Endobronchial Ultrasound-guided Transbronchial Needle Aspiration) were favorable.

In other therapeutic areas, sales increased mainly in energy devices. In particular, sales of “POWERSEAL” contributed.

Operating profit in the Therapeutic Solutions Business increased. This was due to the absence of the ¥2,800 million in gain on step acquisition associated with the acquisition of Medi-Tate Ltd. recorded as other income in the previous fiscal year, as well as the current fiscal year’s absence of the approximately ¥2,700 million that was deducted from cost of sales with the reversal of some of the provision associated with the voluntary recall of bronchoscopes recorded in the fiscal year ended March 31, 2021 after the amount of costs deemed necessary was less than the initial estimate for that provision, along with increased costs related to the strengthening of quality assurance, compliance, etc., and increased costs such as sales expenses accompanying the recovery in business operations. Meanwhile, operating profit increased due to increased revenue, and we recorded approximately ¥1,400 million in other income as adjustments to the original acquisition consideration at the time of acquisition due to changes in the fair value of the contingent consideration, which makes up part of the acquisition consideration of Medi-Tate Ltd. For details on the gain on step acquisition of Medi-Tate Ltd. and details on change in fair value, please see “Business combinations (Acquisition of Medi-Tate Ltd.), (3) Gain on step acquisition” (page 60) and “Business combinations (Contingent consideration of Medi-Tate Ltd.)” (page 64), respectively.

Revenue increased 2.7% year on year, and operating profit decreased 13.8% year on year, excluding the impact of the foreign exchange rate.

**Others**

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Increase (Decrease)	Increase (Decrease) ratio (%)
Revenue	12,990	11,893	(1,097)	(8.4)
Operating profit (loss)	(2,018)	(914)	1,104	–

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

Consolidated revenue in other businesses amounted to ¥11,893 million (down 8.4% year on year), while operating loss amounted to ¥914 million (compared with an operating loss of ¥2,018 million in the previous fiscal year).

Revenue decreased with the end of the sales of medical devices to the animal market, despite sales of FH ORTHO SAS increasing in conjunction with the effect from COVID-19 settling down. Operating loss in other businesses improved due to such factors as the absence of the previous fiscal year's recording in costs associated with the liquidation of AVS (subsidiary that conducted sales of medical devices for the animal market), despite decreased revenue.

## (Forecast for the Fiscal Year Ending March 31, 2024)

The forecast for consolidated financial results in the fiscal year ending March 31, 2024 is as follows. The amounts presented for revenue, operating profit and profit before tax are the amounts from continuing operations from which the discontinued operation has been excluded.

Furthermore, foreign exchange rates for the fiscal year ending March 31, 2024, which are a precondition, are expected to be ¥132 per USD, ¥144 per EUR and ¥19.2 per CNY.

	Revenue (Millions of yen)	Operating profit (Millions of yen)	Profit before tax (Millions of yen)	Profit attributable to owners of parent (Millions of yen)	Basic earnings per share (Yen)
Fiscal year ending March 31, 2024	914,000	163,000	159,000	336,000	272.66

Overall, highly uncertain conditions continue, including global supply shortages of semiconductors and parts, and geopolitical risks such as the war in Ukraine, and we expect these factors to continue into the fiscal year ending March 31, 2024. Despite this situation, we forecast increased revenue in all segments. In the Endoscopic Solutions Business, we expect sales growth from replacement and penetration of the gastrointestinal endoscopic system “EVIS X1” etc. In the Therapeutic Solutions Business, we forecast sales growth centered on our mainstay GI-endothorapy field, urology field, and respiratory field.

We expect decrease in operating profit and profit before tax due to the absence of approximately ¥16,400 million in gain on sale of fixed assets under other income we recorded in the fiscal year ended March 31, 2023, and an increase in expenses related to strengthening the business operation foundation such as quality assurance, compliance with laws and regulations.

Profit attributable to owners of parent is expected to increase due to the expected gain from the sale of discontinued operations.

## (2) Analysis of Financial Position and Cash Flows

(Analysis of assets, liabilities and equity)

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023	Increase (Decrease)	Increase (Decrease) ratio (%)
Total assets	1,357,999	1,508,308	150,309	11.1
Total equity	511,362	641,234	129,872	25.4
Equity attributable to owners of parent to total assets	37.6%	42.4%	4.8%	

## [Assets]

As of the end of the fiscal year under review, total assets increased by ¥150,309 million compared to the end of the previous fiscal year to ¥1,508,308 million mainly due to foreign exchange impact caused by yen depreciation and an increase in deferred tax assets. In current assets, with the conclusion of the share transfer agreement related to the transfer of the Scientific Solutions Business, the ¥164,936 million in assets in the Scientific Solution Business expected to be transferred has been reclassified as assets held for sale. Cash and cash equivalents decreased by ¥133,243 million mainly due to income taxes paid of ¥97,567 million and purchase of property, plant and equipment of ¥47,570 million. In non-current assets, goodwill increased by ¥18,007 million due to the impact of foreign exchange rates and the acquisition of Odin Medical Ltd., and deferred tax assets increased by ¥98,760 million due to the gain on transfer of the Scientific Solutions Business.

## [Liabilities]

Total liabilities increased by ¥20,437 million from the end of the previous fiscal year to ¥867,074 million. In current liabilities, with the conclusion of the share transfer agreement related to the transfer of the Scientific Solutions Business, the ¥43,253 million in liabilities in the Scientific Solution Business expected to be transferred has been reclassified as liabilities directly associated with assets held for sale. Furthermore, income taxes payable increased by ¥65,214 million due to the gain on transfer of the Scientific Solutions Business. In non-current liabilities, bonds and borrowings decreased by ¥43,759 million due to on-time repayment.

## [Equity]

Total equity increased by ¥129,872 million from the end of the previous fiscal year to ¥641,234 million. The increase was due mainly to a ¥42,462 million increase in other components of equity, which was primarily attributable to the recording of ¥143,432 million in profit attributable to owners of parent and an increase in exchange differences on translation of foreign operations, despite the dividends of surplus and purchase of treasury shares.

Furthermore, Olympus Corporation canceled treasury shares of ¥23,271 million on June 8, 2022, based on resolution of the Board of Directors meeting held on May 11, 2022, and purchased treasury shares of ¥50,000 million and canceled ¥43,817 million of them based on resolution of the Board of Directors meeting held on November 11, 2022, with the result that treasury shares decreased by ¥17,503 million.

As a result of the foregoing, equity attributable to owners of parent to total assets increased from 37.6% as of the end of the previous fiscal year to 42.4%.

## (Analysis of cash flows)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Increase (Decrease)
Cash flows from operating activities	169,729	98,490	(71,239)
Cash flows from investing activities	(71,016)	(58,414)	12,602
Cash flows from financing activities	(40,667)	(143,178)	(102,511)
Cash and cash equivalents at end of year	302,572	205,512	(97,060)

## [Cash flows from operating activities]

Net cash provided by operating activities for the fiscal year ended March 31, 2023 was ¥98,490 million (compared with ¥169,729 million provided for the fiscal year ended March 31, 2022). Cash flows from operating activities increased due to an increase due to factors such as profit before tax of ¥182,294 million and adjustment for depreciation and amortization of ¥66,741 million, despite a decrease due to factors such as income taxes paid of ¥97,567 million, an increase in trade and other receivables of ¥27,013 million, and an increase in inventories of ¥26,852 million.

## [Cash flows from investing activities]

Net cash used in investing activities for the fiscal year ended March 31, 2023 was ¥58,414 million (compared with ¥71,016 million used for the fiscal year ended March 31, 2022). Cash flows from investing activities decreased mainly due to purchase of property, plant and equipment of ¥47,570 million including production equipment, etc. and purchase of intangible assets of ¥23,053 million including research and development assets, despite recording proceeds from the sale of property, plant and equipment of ¥20,460 million including land in Hatagaya.

## [Cash flows from financing activities]

Net cash used in financing activities for the fiscal year ended March 31, 2023 was ¥143,178 million (compared with ¥40,667 million used for the fiscal year ended March 31, 2022). Cash flows from financing activities decreased due to purchase of treasury shares of ¥50,003 million, redemption of bonds of ¥40,000 million, repayments of lease liabilities of ¥20,914 million, dividends paid of ¥17,822 million, and repayments of long-term borrowings of ¥13,547 million.

As a result of the foregoing, cash and cash equivalents at the end of the fiscal year under review reached ¥205,512 million, a decrease of ¥97,060 million compared to the end of the previous fiscal year. Note that of the related indicators, the interest coverage ratio went from 39.6 times at the end of the previous fiscal year to 18.3 times for the current fiscal year due to cash flows from operating activities being ¥98,490 million, a decrease of ¥71,239 million compared with the previous fiscal year, despite a decrease in bonds and borrowings of ¥43,759 million from the end of the previous fiscal year.

## (Indicators)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Ratio of equity attributable to owners of parent to total assets (%)	36.5	33.3	37.6	42.4
Market value ratio of equity attributable to owners of parent to total assets (%)	197.7	249.4	219.3	192.7
Interest-bearing debt to cash flows ratio (years)	2.1	2.9	2.3	3.5
Interest coverage ratio (times)	36.5	37.0	39.6	18.3

Notes: Ratio of equity attributable to owners of parent to total assets: Equity attributable to owners of parent/Total assets  
Market value ratio of equity attributable to owners of parent to total assets: Total market capitalization/Total assets  
Interest-bearing debt to cash flows ratio: Interest-bearing debt/Cash flow  
Interest coverage ratio: Cash flow/Interest payment

1. Each index was calculated by financial index of consolidated basis.
2. Total market capitalization is calculated on the basis of the number of issued shares excluding treasury stock.
3. Cash flows from operating activities are used as “Cash flow” for calculation purposes.
4. Interest-bearing debts include all of those debts reported on the consolidated statements of financial position on which interest is paid.

(3) Basic Strategy for Profit Sharing and Dividend for the Current Fiscal Year and Following Fiscal Year

In order to realize the sustainable growth of the Olympus Group, Olympus Corporation prioritizes the allocation of cash on hand to invest in growth drivers and carries out strategic investment both in highly profitable existing businesses and in growth opportunities. Our policy is to increase dividends in a stable and continuous manner and to purchase treasury shares flexibly based on investment opportunities and our capital situation.

In accordance with the above policy and in consideration of comprehensive factors that include the consolidated financial results for the fiscal year ended March 31, 2023, the financial standing and future investment in operations, the year-end dividend is ¥16 (annual dividend of ¥16) per share for the fiscal year under review.

Olympus Corporation intends to pay an annual dividend of ¥18 (year-end dividend of ¥18) per share for the next fiscal year ending March 31, 2024.

(4) Business Risks

Olympus Corporation applies the regulations in Note (31) listed in Form 2 of the “Cabinet Office Order on Disclosure of Corporate Affairs” following amendment in accordance with the “Cabinet Office Order Partially Amending the Cabinet Office Order on Disclosure of Corporate Affairs” (Cabinet Office Order No. 3 of January 31, 2019).

The business performances of the Olympus Group may be materially influenced by various risks (uncertainties) which may occur in the future. The Olympus Group is implementing risk management initiatives to achieve its “basic management policy,” which includes its management philosophy, corporate 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 appropriate risk taking for leading to sustainable growth and value creation for Olympus Corporation and “defense” to prevent illegalities and accidents.

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 corporate 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 permitted scope of their designated area of risk.

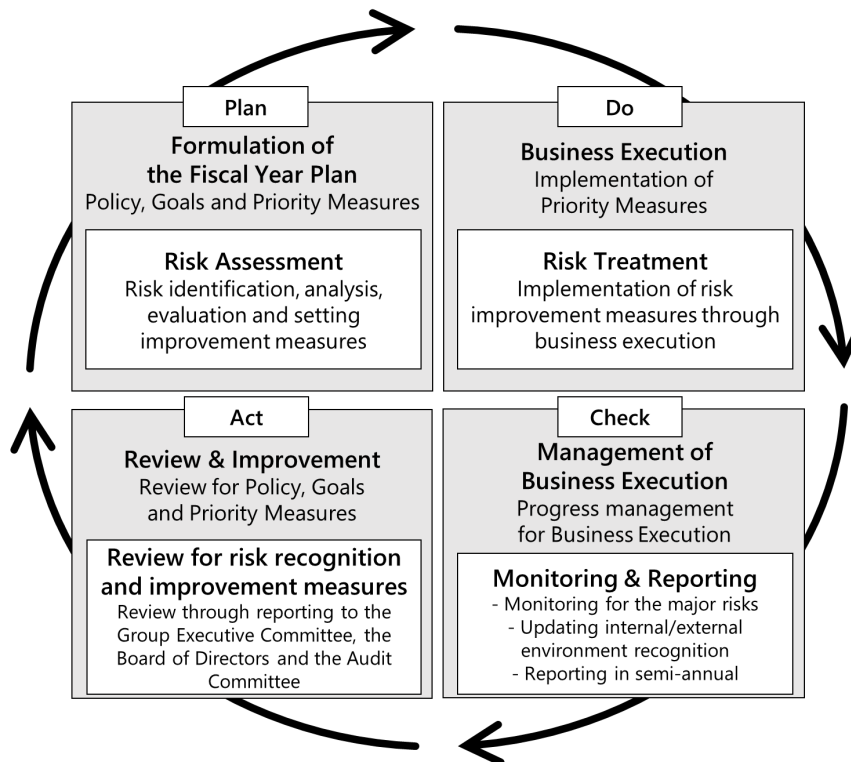
In April 2023, we launched a new organization to integrate the four functions (risk and control, compliance, privacy, information security) related to GRC (governance, risk, compliance). In order to enhance coordination among the different functions, we have worked to further strengthen our risk management system with respect to execution capabilities.

The Olympus Group also operates risk management processes with a 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 company-wide evaluation standards, and company-wide risk tracked and uniformly managed. In addition, the status of response to the Olympus Group’s significant risks are regularly reported to the Olympus Group Executive Committee, the Board of Directors, and the Audit Committee for ongoing monitoring.

< Risk Management System > (Fiscal Year Ended March 31, 2023)



< Risk Management to Achieve “Basic Management Policy” >

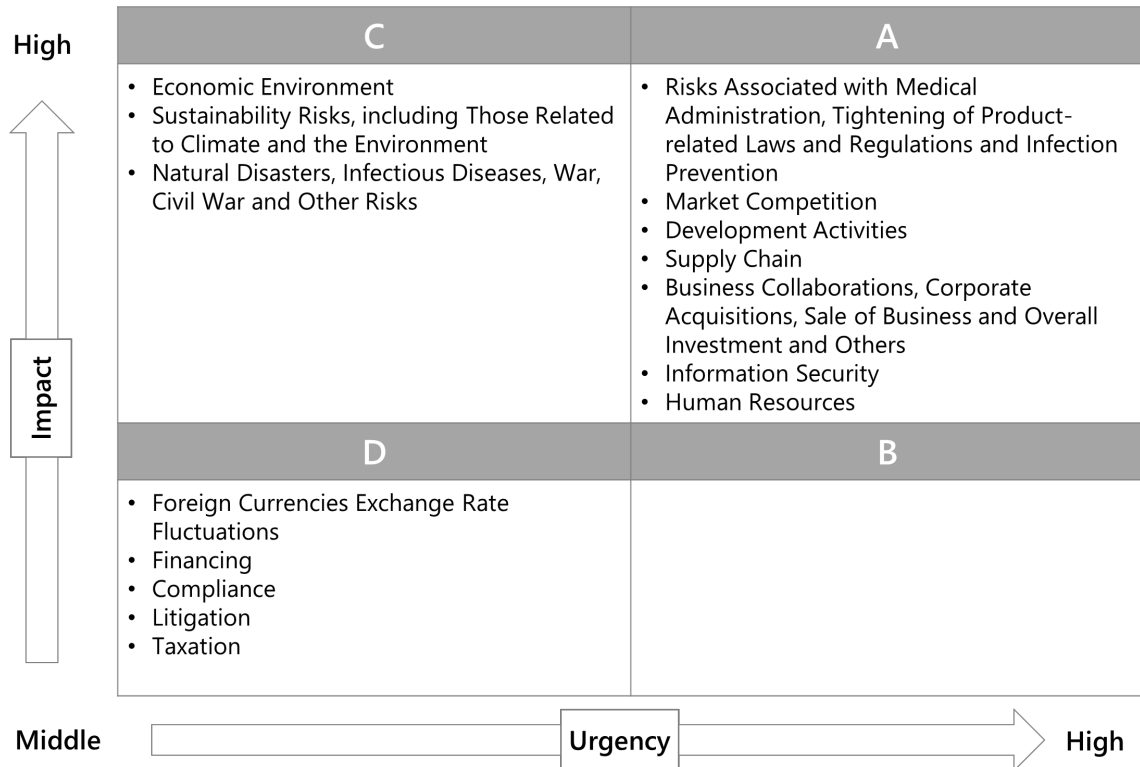




Set out below are our principal business risk factors, aside from managerial decisions made by the Olympus Group, which may affect Olympus Group’s business performances.

The future outlooks described below are based on the forecasts of the Olympus Group made as of the end of the fiscal year ended March 31, 2023.

Company-wide Significant Risk Map



## Company-wide List of Significant Risks

Category	Risk	Type	Impact/ Urgency	Trend
Business Environment	Risks Associated with Medical Administration, Tightening of Product-related Laws and Regulations and Infection Prevention	Oppos. & Threats	A	↑
	Risks Associated with Market Competition	Oppos. & Threats	A	↑
Market	Risks Associated with Economic Environment	Oppos. & Threats	C	↑
	Risks Associated with Foreign Currencies Exchange Rate Fluctuations	Oppos. & Threats	D	↑
	Risks Associated with Financing	Oppos. & Threats	D	→
Business Activities	Risks Associated with Development Activities	Oppos. & Threats	A	→
	Risks Associated with Supply Chain	Oppos. & Threats	A	→
	Risks Associated with Business Collaborations, Corporate Acquisitions, Sale of Business and Overall Investment and Others	Oppos. & Threats	A	→
Overall Management	Risks Associated with Compliance	Threats	D	→
	Risks Associated with Litigation	Threats	D	→
	Risks Associated with Information Security	Threats	A	↑
	Risks Associated with Human Resources	Oppos. & Threats	A	↑
	Risks Associated with Taxation	Threats	D	→
	Sustainability Risks, including Those Related to Climate and the Environment	Oppos. & Threats	C	→
	Natural Disasters, Infectious Diseases, War, Civil War and Other Risks	Threats	C	↑

## Recent Changes in the Business Environment

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.

<b>Political</b>	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 response policies (BCP formulation, etc.) that considers war and conflict.
<b>Economical</b>	Macro-economy	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.
<b>Social</b>	Stakeholders	Demands from the standpoint of sustainability are increasing from global and regional stakeholders, and the legal rulemaking around information disclosure is accelerating.
<b>Technological</b>	New technologies	Diversification of business models and competitors. Acceleration of DX and robotics, rapid commercialization, evaluation of medical applications, and legal rulemaking for AI.

## &lt; Risks Associated with Business Environment &gt;

(Risks Associated with Medical Administration and Tightening of Product-related Laws and Regulations and Infection Prevention)

Type: Opportunity and threat	Level of Impact/Urgency: A	Tendency: Increase ↑
Risks		
<p>In the medical field, healthcare system reforms are being continuously implemented in Japan and overseas with the aim of curbing medical care costs and improving the quality of life (QOL) of patients by improving the safety and efficacy of healthcare services. As a result, legal and regulatory requirements for medical device applications and registrations in each country, including the US Food and Drug Administration (FDA) and European Medical Device Regulations (EU-MDR), are increasing every year. In addition, the requirements concerning infection prevention and reprocessing (i.e., cleaning, disinfection, and sterilization) are becoming more complex.</p>		
<p>The Olympus Group's earnings may be adversely affected if: (i)-a the Olympus Group fails to launch new products or services in a timely manner based on such amendments or changes and/or (i)-b the Olympus Group otherwise needs to take certain actions corresponding to such amendments or changes by (ii) healthcare laws and regulations or related administrative policies. On the other hand, early detection of signs of changes in healthcare policy in different countries can lead to reliable responses to specific laws and regulations or to planned changes in operations.</p>		
<p>We are currently implementing the post-marketing surveillance studies concerning duodenoscopes that we started selling in the U.S. in 2020, further regulatory actions may be taken by the FDA depending on the future progress.</p>		
<p>Between November 2022 and March 2023 Olympus received three Warning Letters in connection with FDA inspections of our Japanese facilities relating to certain issues with complaint handling, Medical Device Reporting, corrective and preventive actions, risk assessments, and process and design validation activities. Depending on future progress, additional regulatory actions may be taken by the FDA.</p>		
Countermeasures		
<p>The Olympus Group contributes to the improvement of healthcare services and quality of life of patients through its products that contribute to early diagnosis and minimally invasive treatment. Through product lifecycle management and infection prevention strategies, the Olympus Group is working on the development and selection of safe products that are in compliance with laws and regulations.</p>		
<p>Through efforts such as, strengthening our capabilities to execute on critical regulatory/quality strategies and plans, as well as conducting periodic audits the Olympus Group will continue to focus and make compliance with all relevant laws and regulations a top priority.</p>		
<p>The safety of patients is of utmost importance to the Olympus Group. It is essential that we respond to the findings of the regulatory authorities in each country. We will take corrective actions on past findings without delay and will ensure that we respond to the three most recent Warning Letters received by the Olympus Group from the FDA. We will also drive improvements in root causes (vulnerabilities) that may exist with our QARA organizational structure, manufacturing processes, quality management systems and the quality culture of our medical business.</p>		
Connection with company strategy and policies: Patient safety and sustainability		

## (Risks Associated with Market Competition)

Type: Opportunity and threat	Level of Impact/Urgency: A	Tendency: Increase ↑
Risks		
<p>It is believed that there is a solid need for healthcare as societies progressively age, particularly in developed countries. There are efforts underway in various countries to reform healthcare systems, aiming to optimize rising healthcare costs and provide effective, high quality healthcare services.</p> <p>Under such circumstances, there are many competitors in the business areas in which the Olympus Group is involved, and technological innovation is also progressing. Competition in the Therapeutic Solutions Business is intensifying more than ever before. Olympus Corporation needs to launch products that are competitive in terms of price, technology, quality, etc. into the market in a timely manner, but earnings may be adversely affected depending on the results. In the short term, we will introduce new products such as EVIS X1, and in the medium- and long-term, we see the possibility to gain opportunities from increased revenue from the progression of DX and endoscopic technology development.</p> <p>We see the Chinese market as a market with particularly high growth potential in the medium- and long-term. At the same time, trade friction between the U.S. and China is intensifying, and uncertainty surrounding the Chinese market is intensifying in the form of policies favoring national production by the Chinese government and authorities and the promotion of concentrated purchasing. Furthermore, for the markets of emerging countries also, healthcare needs are increasing along with economic growth, with even more growth potential. Future political conditions, trends in policies and rules by governments and authorities, and the state of competition with competitors may have a large impact on the sales of the Olympus Corporation.</p>		
Countermeasures		
<p>The Olympus Group is not limited to conducting business operations in specific regions, but instead is working towards providing diverse products and services in various business fields and regions worldwide. In addition, in order to increase the number of physicians able to operate endoscopes, we are supporting the training of endoscopists, such as by providing training programs.</p> <p>Moreover, the Olympus Group monitors the competitive environment, including the emergence of alternative technologies and products in the market, and works towards expediting the selection and development of new technologies that should be adopted in cooperation with marketing, intellectual property and relevant departments. We actively consider not only inhouse development, but also the incorporation of external technologies through M&amp;A and alliances, etc. The Olympus Group is working towards the development of new high-value added products and technologies that meet the market needs. In the Endoscopic Solutions Business in particular, we have maintained a strong market share by expanding sales of the gastrointestinal endoscope system “EVIS X1,” and in the Therapeutic Solutions Business, we aim to increase earnings through expanding market share by strengthening our product lineup in the areas of GI-endothorapy, Urology, and Respiratory, and by promoting the development of next-generation medical devices such as single-use endoscopes.</p> <p>In China, an important market, we are evaluating and promoting the following policies to respond to policies favoring national production</p> <ul style="list-style-type: none"> <li>•Establishing manufacturing locations in China (including some research and development capabilities)</li> <li>•Optimizing the overall supply chain globally</li> <li>•Collecting various information related to U.S.-China relations</li> <li>•Preparing response policies that consider the impact of contingencies (BCP formulation, etc.)</li> </ul> <p>In emerging countries also, we are promoting activities to maximize opportunities such as establishing dedicated organizations and long-term investment in high-priority countries</p>		
Connection with company strategy and policies: Innovation for growth		

## &lt; Risks Associated with Market &gt;

## (Risks Associated with Economic Environment)

Type: Opportunity and threat	Level of Impact/Urgency: C	Tendency: Increase ↑
Risks		
<p>In addition to the war in Ukraine and trade friction between the U.S. and China, the Olympus Group's earnings may be adversely affected by changes in the economic environment, such as the materialization of geopolitical risks and trends in resource prices that lead to global inflation and sudden exchange fluctuations.</p> <p>The Olympus Group provides products and services in the endoscopic solutions business, therapeutic solutions business, etc. to customers worldwide. However, the earnings from these businesses are largely affected by the global economy and economic trends in each country.</p> <p>Earnings in the medical field may be adversely affected if the national budgets of countries are curtailed or if there is a change in policy, etc.</p> <p>In the meantime, opportunities may emerge for increased earnings, etc., if there is an increase in related national budgets due to policy, etc.</p>		
Countermeasures		
<p>The Olympus Group is not limited to conducting business operations in specific regions, but instead is working towards providing diverse products and services in various business fields and regions worldwide. In the event a situation arises that requires particular attention with regard to a particular country's policies for industrial development and protection of its own industries, etc., we will set up a task force and make regular inhouse reports as necessary.</p>		
Connection with company strategy and policies: Innovation for growth		

## (Risks Associated with Foreign Currencies Exchange Rate Fluctuations)

Type: Opportunity and threat	Level of Impact/Urgency: D	Tendency: Increase ↑
Risks		
<p>The Olympus Group provides products and services in various markets all over the world. The Olympus Group's business performance may be adversely affected by a strong yen, while it may be positively affected by a weak yen. We hedge foreign currency-denominated receivables and payables where possible, however in the event that sudden exchange fluctuations occur or if receivables and payables being hedged differ significantly from expectations, the Olympus Group's business performance may be adversely affected.</p>		
Countermeasures		
<p>The Olympus Group uses derivative instruments such as forward exchange contracts, currency swaps, etc. to reduce the risk of exchange fluctuations. Furthermore, we are working to reduce foreign currency-denominated receivables and payables through improving the efficiency of the Olympus Group's funds by introducing global cash pooling.</p>		
Connection with company strategy and policies: Innovation for growth		

## (Risks Associated with Financing)

Type: Opportunity and threat	Level of Impact/Urgency: D	Tendency: Unchanged →
Risks		
<p>The Olympus Group finances itself by, among others, loans from financial institutions as well as issuance of bonds. Changes in the financial markets may have an adverse impact on our financing capacities.</p> <p>Furthermore, if the financing cost rises due to the deterioration of the Olympus Group's business performance, etc., the financing of the Olympus Group may be adversely affected, while if the financing cost decreases due to the improvement of the business performance, etc., it may be positively affected.</p>		
Countermeasures		
<p>The Olympus Group is reducing funding costs through the diversification of funding methods such as the issuance of commercial paper and public bonds. The Olympus Group basically adopts a fixed interest rate policy for long-term interest-bearing debt to limit the impact of rising interest rates. In addition, we are working to improve the efficiency of the Olympus Group's funds and strengthen financial management by introducing global cash pooling.</p>		
Connection with company strategy and policies: Innovation for growth		

## &lt; Risks Associated with Business Activities &gt;

## (Risks Associated with Development Activities)

Type: Opportunity and threat	Level of Impact/Urgency: A	Tendency: Unchanged →
<b>Risks</b>		
<p>In the medical field, the Olympus Group faces more rapid changes and uncertainties in the social environment than ever before, mainly due to aging population and growing environmental awareness. The hurdles and complexities for technology development are increasing due to changes in healthcare policies in various countries, reductions in healthcare costs, tighter healthcare-related laws and regulations, and further increased demands for infection prevention and reprocessing. In Europe and the United States, awareness of environmental issues has reached remarkable levels. In response to this, there is a trend towards shortened development cycles being requested.</p> <p>On the technology front, digital transformation (DX) is accelerating across all domains, and the so-called technology innovation areas (AI/robotics/ICT) are entering their practical phase. Accordingly, the business environment is becoming more demanding, not only due to new and alternative technologies, but also due to the entrants into the medical industry from other industries, including the IT technology giants. Furthermore, in the medical field, the Olympus Group aims to improve patient outcomes, by expanding the care pathway centered on GI-endotherapy, Urology, and Respiratory and contributing to the improvement of medical care standards through technological development and innovation, in accordance with its patient-first approach. We believe it is important to balance not only “continuous innovation,” in which improvements are made to existing products and technologies to meet customer needs, but also “disruptive innovation,” in which technologies are put to practical use based on new ideas in response to changes in the social environment. If market changes cannot be properly predicted or product development does not progress as planned, and the Olympus Group fails to develop new products which properly meets customers’ needs in a timely manner, the Olympus Group’s earnings may be adversely affected. In addition, there may be impairment losses on capitalized R&amp;D assets due to an increase in expenses associated with a longer development period or a relative decrease in the recoverable amount.</p> <p>Opportunities include the advancement of technological development in the Olympus Group’s focused areas and its contribution to healthcare by providing solutions to unmet needs, as well as the potential for minimally invasive treatments, reduced healthcare costs, and reduced workloads for healthcare professionals through the spread of robotics technology in the medium- and long-term.</p>		
<b>Countermeasures</b>		
<p>The Olympus Group has established an organizational structure for agile and concurrent technological development focused on the medical field. In addition, we have adopted the following comprehensive approach to technology development and innovation, and are focusing on acquiring and training the diverse human resources to promote it. (1) continuous technical development for existing businesses and products; (2) appropriate product lifecycle management to ensure product safety, improve development efficiency, and reduce development costs; (3) technology acquisition and product portfolio expansion through M&amp;A; (4) consideration of business collaborations, internal/external production, and other business strategies, taking into account Olympus Corporation’s core technologies, costs, and development timeframes; and (5) innovations for future businesses that open the way to the resolution of social issues and development of environmentally friendly products, etc.</p> <p>Our technical approach to existing products must include initiatives to expand the product lineup, comply with product-related laws and regulations, support infection prevention and reprocessing, and enhance product security. In addition, preparing multiple lineups for single-use endoscopes, whose market needs are increasing due to increasing awareness of infection control, is a high-priority development theme. We are also accelerating our DX efforts and are about to start fully utilizing digital technology in our services. Furthermore, for the near future, in order to optimize the entire clinical process and build new business models, we are also studying the use of more advanced AI and ICT, and the use of robotics for next-generation minimally invasive surgery. Through these kinds of development activities, we will focus on and build solutions to improve, the series of care pathways that patients follow from prevention to care and prognosis.</p>		



Connection with company strategy and policies: Patient safety and sustainability, Innovation for growth, Productivity
---

## (Risks Associated with Supply Chain)

Type: Opportunity and threat	Level of Impact/Urgency: A	Tendency: Unchanged →
Risks		
<p>The Olympus Group needs to develop products, procure necessary parts, etc. from outside suppliers, produce, and supply products in a timely manner. The number of potential high-impact supply chain risk events are increasing, especially driven by increased geopolitical tensions, cyber attacks, high-impact weather events and global trade lane disruptions and uncertainty in the procurement of raw materials and components to the supply of products has increased in recent years. Material price increases and product shortages resulting from external issues (e.g. increasing trade barriers and lower raw material availability) requires intensive focus on strong supplier management.</p> <p>For products and parts, etc. that depend on certain suppliers, if the procurement is restrained, the Olympus Group's ability to produce and supply products may be interrupted or delayed. These macroeconomic uncertainties and geopolitical threats may have a significant impact on the production structural reform and overall supply chain optimization being implemented in the manufacturing and supply sectors.</p> <p>With regard to the global shortage of semiconductors and other components, the overall supply-demand balance is stabilizing and the risk is decreasing. However, the supply of semiconductors that we procure is limited and supply shortages could be prolonged, so we continue to need to exercise caution.</p> <p>If the production and sales of products are stagnant due to geopolitical risks, natural disasters, plagues, wars, civil wars, riots, terrorism, cyber attacks, strikes by port workers, transportation accidents, etc., loss of sales opportunities due to delivery delays, and the increased cost of recovery measures may affect our profitability.</p> <p>The Olympus Group and its manufacturing contractors manufacture products in accordance with strict quality standards. However, if any product deficiency, malfunction, etc. occurs, not only substantial costs including those of a recall would be incurred but also the Olympus Group's reputation from the market would be undermined, which may adversely affect the Olympus Group's earnings.</p> <p>On the other hand, properly addressing these supply chain risks and challenges can lead to improved production efficiency, stable product supply, and customer confidence, thereby increasing the potential for opportunities to increase revenues.</p>		

Countermeasures
-----------------

In this increased VUCA environment, our activities focus on creating a highly transparent, integrated and resilient Supply Chain. With a view to business continuity and sustainable value creation, the Olympus Group has established the Supply Chain Policy and the Olympus Group Green Procurement Standards, and is working to strengthen compliance with laws, regulations, and social norms. For our suppliers, we have established concrete guidelines or complying with laws, regulations, and social norms, prohibiting corruption and bribes, promoting fair and lawful transactions, and taking the environment into consideration. Based on these guidelines, the Olympus Group is working to create and strengthen good relationships based on fair, just, and transparent transactions. The Olympus Group also ensures transparency in our supply chains and continue the procurement of parts and materials that does not cause human rights violations.

The Olympus Group aims to strengthen supply chain management (SCM) and constructs an End-to-End integrated supply chain that stretches from purchasing to delivery, and focuses on improving customer satisfaction and business agility, reduced supply chain costs and optimized inventories. Goal of the End-to-End Supply Chain Transformation is to enhance planning and distribution processes and capabilities to manage the effects of these risks in close collaboration with Manufacturing and Procurement, and limit the impacts of those external headwinds. Newly created global distribution function (part of the End-to-End Supply Chain Transformation) is overseeing and coordinating risk mitigation and countermeasures to ensure stable distribution and timely escalation of issues and support needs. We proceed close collaboration and quick decision structures between Supply Chain, Procurement, Manufacturing and business functions.

Olympus Corporation aims to reduce supply issues through measures such as grasping supplier trends and strengthening relations with suppliers and enhancing a business continuity plan (BCP) including backup plans. In particular, with regard to the procurement of semiconductors, Olympus Corporation has established a company-wide task force and is working to secure the necessary volume by strengthening relationships with suppliers. To ensure a stable supply of products, Olympus Corporation sets appropriate inventory levels at each site and takes measures to respond to end-to-end supply chain changes by building a risk management system that integrates manufacturing, procurement, and supply chain. In addition, Olympus Corporation aims to curtail quality issues by implementing quality improvement activities such as separating the product development process into business reviews, technology reviews, etc. From a manufacturing perspective, we are working to optimize manufacturing costs through global production load optimization, internal/external manufacturing studies, promotion of value engineering, and promotion of manufacturing DX.

Connection with company strategy and policies: Patient safety and sustainability, Innovation for growth, Productivity
---

## (Risks Associated with Business Collaborations, Corporate Acquisitions, Sale of Business and Overall Investment and Others)

Type: Opportunity and threat	Level of Impact/Urgency: A	Tendency: Unchanged →
Risks		
<p>The Olympus Group has been focusing its business portfolio, prioritizing investments especially in the areas of GI, urology, and respiratory. The Olympus Group is investing in capital expenditures, research and development, and other investments related to its business, and its business performance and financial position may be adversely affected if there is an unforeseen change in circumstances, such as a sudden change in the external environment from the timing the decision was made in relation to such investment.</p> <p>The Olympus Group has built long-term strategic partnerships with leading enterprises in connection with technologies, product development, sales and marketing. If these strategic partners have financial or any other business-related issues, or the Olympus Group and such partners fail to maintain their partnerships due to reasons such as change of strategies, the Olympus Group's business activities may be adversely affected.</p> <p>The Olympus Group may acquire a business enterprise in order to expand its business. If the Olympus Group fails to integrate the acquired business appropriately in line with its corporate strategy or to utilize the existing business or the acquired business in an efficient manner, the Olympus Group's business execution may be adversely affected, or its business performance and financial position may be adversely affected due to impairment of goodwill or other related expenses.</p> <p>The Olympus Group holds investment securities for business purposes which include facilitating business alliances. As such, our business performance and financial position may be adversely affected under some situations involving considerable volatility with respect to stock prices and valuations of such investments brought about by developments that include market fluctuations and changes in the financial position of entities targeted for investment.</p> <p>In addition, as part of the strategic review of the business portfolio, Olympus Corporation may sell affiliated companies or businesses positioned as non-core, however, if changes in the laws and regulations of each country, economic conditions, and business conditions of counterparties make it difficult to implement the sale, or if there is a loss on sale or valuation loss occurs, it may have a management or financial impact on the Olympus Group.</p> <p>Through business alliances and corporate acquisitions conducted under appropriate countermeasures, Olympus Corporation may expand the product portfolio and acquire new technologies, establish leading positions in targeted therapeutic areas and diseases, and realize long-term growth and corporate value.</p>		
Countermeasures		
<p>The Olympus Group determines whether to invest or not, deliberating the appropriateness of the investment evaluation before investing, and continues to evaluate investments afterward in response to changes in the external environment and other factors. When considering M&amp;A and investment, it is necessary to reduce the risk of serious problems being discovered after the conclusion of a contract. Accordingly, before making a decision on whether to proceed with an investment, Olympus Corporation deliberates the appropriateness of the investment evaluation in accordance with approval processes established by Olympus Corporation, while undertaking various types of due diligence and also using outside lawyers and financial advisors. In addition, Olympus Corporation is working towards improving the entire investment process through periodically revising the internal guidelines for adhering to compliance, the valuation model and the matters of due diligence, and monitoring the relevant business after the completion of the transaction.</p>		
Connection with company strategy and policies: Innovation for growth, Productivity		

## (Risks Associated with Compliance)

Type: Threat	Level of Impact/Urgency: D	Tendency: Unchanged →
Risks		
<p>The Olympus Group and many of its distributors and suppliers engage in business with government-affiliated companies, medical institutions, and officials. The Olympus Group globally operates its businesses, including the medical business, which is a regulated business. We are subject to various laws, including the healthcare-related laws, antimonopoly laws both in Japan and other jurisdictions, as well as the anti-bribery provisions of the U.S. Foreign Corrupt Practices Act of 1977 (FCPA), the U.K. Anti-Bribery Act and other anti-bribery laws in other jurisdictions. We are also subject to various laws targeting fraud and misconduct in the healthcare industry, including the Act against Unjustifiable Premiums and Misleading Representations in Japan, and the Anti-Kickback Statute and the False Claims Act in the United States. It is also necessary to take steps to maintain a high level of compliance among the business partners (dealers, suppliers) with which the Group has developed relationships of trust.</p> <p>Violations of these laws may be punishable by criminal or civil fines and/or exclusion from participation in certain national healthcare programs. Furthermore, since many of our customers rely on reimbursement from public health insurance and other government programs to subsidize their medical expenditures, if our participation in such programs is restricted as a result of a violation of these laws, it could adversely affect the demand for our products and the number of medical procedures performed with our products.</p> <p>The Olympus Group is subject to privacy regulations worldwide. However, Olympus Corporation may be adversely issued with a fine or other penalty from a government agency or where a lawsuit may be adversely filed against Olympus Corporation by a stakeholder as a result of a violation of personal information protection laws of a particular country worldwide (Act on the Protection of Personal Information in Japan, General Data Protection Regulation (GDPR) in the EU, etc.)</p> <p>The Olympus Group strives to fully comply with these laws, however, if the Olympus Group violates any of them, regardless such violation is intentionally or not, it may affect the Olympus Group's business, financial position, results of operations, cash flows, and share price.</p>		
Countermeasures		
<p>The Olympus Group makes its employees adhere thoroughly to the compliance of laws and regulations in their performance of duties as outlined in the Global Code of Conduct and provides training to employees on the importance of preventing corruption and compliance with each country's competition-related laws. In addition, the Olympus Group conducts compliance training and auditing of distributors and third parties throughout the world.</p> <p>Departments performing control functions, such as Legal, Compliance and Internal Audit, monitor the business activities from the perspective of whether such activities are complying with the laws, regulations and internal guidelines that are applicable to the Olympus Group. In addition, necessary and appropriate training and education is provided to employees. Also, we provide a global reporting system, which is available to all Olympus employees, third parties, and the general public who may wish to report a concern. This system is operated by an independent third party and is available 24 hours a day, seven days a week, 365 days a year, in multiple languages. The Olympus Group is constructing a structure to collect information and monitor regulations related to Olympus Corporation's business in all markets where business is being developed. In addition, if there are amendments or changes to applicable laws or regulations, the Olympus Group ensures there is a thorough knowledge of such changes by employees while swiftly developing and supplying products corresponding to such amendments or changes.</p> <p>In response to risks related to personal information protection regulations, the Olympus Group has formulated a security and privacy compliance strategy in the fiscal year ended March 31, 2022, and are strengthening its response capabilities, including the assignment of specialized personnel related to personal information protection in each region, as well as strengthening its global structure to ensure cooperation throughout the Olympus Group.</p>		
Connection with company strategy and policies: Patient safety and sustainability, Productivity		

## (Risks Associated with Litigation)

Type: Threat	Level of Impact/Urgency: D	Tendency: Unchanged →
Risks		
<p>The Olympus Group may be subject to lawsuits, disputes and other legal proceedings in connection with its domestic and international businesses. If a material lawsuit such as indemnity claim or injunction is filed by a third party, the Olympus Group's business performance and financial position may be adversely affected.</p> <p>Olympus Corporation uses various intellectual property rights in the course of its R&amp;D and production activities, and although it believes that the Olympus Group lawfully owns or are licensed to use such rights, if any third party asserts that the Olympus Group has unknowingly infringed any of these intellectual property rights and files litigation, the Olympus Group's earnings may be adversely affected.</p> <p>Olympus (Shenzhen) Industrial Ltd., a consolidated subsidiary in Shenzhen, China and owned by Olympus (China) Co., Ltd., another consolidated subsidiary, is engaged in two (2) separate business disputes initiated by Shenzhen Anping Tai Investment and Development Co., Ltd. and Shenzhen YL Technology Co., Ltd. . The Olympus Group's business performance and financial position may be adversely affected depending on future developments in these matters.</p>		
Countermeasures		
<p>Olympus Corporation has established a structure and process that enables timely consultation with external experts such as lawyers if a lawsuit or other legal proceeding arises and is strengthening the skills and expert knowledge in applicable departments in each regional headquarter in Japan, the Americas, Europe, China and Asia·Oceania. In addition, Olympus maintains insurance to prepare for certain types of unexpected losses due to lawsuits in order to minimize financial risk.</p>		
Connection with company strategy and policies: Innovation for growth		

## (Risks Associated with Information Security)

Type: Threat	Level of Impact/Urgency: A	Tendency: Increase ↑
Risks		
<p>In order to ensure the stable and continuous supply of our products and services, Olympus Corporation strives to reduce information security risks, such as preventing the leakage of confidential and personal information of Olympus Corporation and stakeholders, and preventing violations of laws and regulations, in preparation for cyberattacks that could hinder business continuity. Nevertheless, due to the rapid increase in cyberattacks targeting medical institutions, manufacturers, and their supply chains worldwide, and the increasing sophistication and organization of these attacks, the following unforeseen events could damage the Olympus Group's corporate value, reduce its business competitiveness, cause a loss of public trust, cause compensation to affected stakeholders, or result in sanctions or fines from authorities in other countries, which could affect its business performance and financial position.</p> <ul style="list-style-type: none"> <li>•Cyberattacks targeting products of Olympus Corporation that are installed at medical institutions may result in customer medical institutions being unable to continue providing examinations or treatment procedures, or may result in the personal information of patients being leaked or lost.</li> <li>•Cyberattacks targeting medical institutions that are Olympus Corporation's customers may result in the leakage of patient information through the use of its products or their maintenance work, making it impossible for its customers to continue their business.</li> <li>•Cyberattacks targeting Olympus Corporation or its supply chain could disrupt operations at Olympus Corporation or prevent it from providing maintenance services, resulting in the inability of medical institutions to continue examinations or treatment procedures.</li> <li>•An incident where technological information or customer information is leaked or lost while stored in Olympus Corporation due to inadequate information security measures or internal misconduct.</li> </ul> <p>Risks associated with the continuity of the above medical treatments are recognized by the regulatory authorities in various countries, and not only new products but also existing products are required to deal with information security and cybersecurity risks related to the product and its supply, as part of product safety.</p>		
Countermeasures		
<p>In order to minimize the impact on customers, business partners, and Olympus Corporation's business performance by responding more promptly in the event of unauthorized access due to cyberattacks, etc., the Olympus Group is working to strictly implement education on a periodic basis for all employees and establish an incident response system covering the entire Olympus Group.</p> <p>In addition to the above, in order to further strengthen existing activities, new security and privacy compliance strategies and a governance model to execute them were drawn up in the fiscal year ended March 31, 2022 with the aim of enabling risk management for information/cybersecurity and privacy throughout the Olympus Group, and to enable the strategy roadmap to be implemented consistently over multiple years. Following this, the building of a global structure for the related functions necessary to execute the strategy roadmap and the execution of the roadmap measures will commence in the fiscal year ended March 31, 2023. Specifically, we have begun initiatives such as putting in place a global response system for cyberattacks, standardizing processes globally for information asset management in the product development and manufacturing environment, and standardizing processes globally for ensuring security at the development phase and for responding to customer inquiries about security. This will enable the Olympus Group:</p> <ul style="list-style-type: none"> <li>•To increase resilience to cyberattacks not only in general IT systems, but also in product development and manufacturing environments.</li> <li>• To approach security as part of product safety, to ensure product security not only at the development stage but throughout the entire lifecycle of the product, and to maintain stable supply of product throughout the supply chain, including our suppliers.</li> <li>•To further enhance privacy protection based on the latest trends, and laws and regulations in each country and region, as well as provide protection and utilization of various types and levels of confidentiality of data.</li> </ul>		

Connection with company strategy and policies: Patient safety and sustainability, Innovation for growth, Productivity
---

## (Risks Associated with Human Resources)

Type: Opportunity and threat	Level of Impact/Urgency: A	Tendency: Increase ↑
Risks		
<p>In order to remain competitive, the Olympus Group must continue to recruit and retain the talented and diverse human resources it needs to conduct its business. In the industries in which the Olympus Group operates, competition for talent is intensifying globally, and some regions have seen an increase in retirement rates due to changes in the labor market as a result of the COVID-19 pandemic. Recruitment, development, and retention of personnel is becoming increasingly important. Through such measures as promoting Diversity, Equity and Inclusion initiatives and respecting human rights, the Olympus Group aims to foster a healthy organizational culture in which every individual is able to demonstrate their performance in optimal conditions. However, if Olympus Corporation were unable to recruit and retain highly skilled personnel, this may affect the supply of future products and services and impact sustainable growth.</p>		
Countermeasures		
<p>The Olympus Group believes that it is important to ensure that each employee has a deep understanding of the Olympus Group's common philosophy and values and that highly specialized personnel are placed in the right places on a global basis. To achieve this, we conduct activities to instill our philosophy and values, and develop skills training programs and similar initiatives. We have defined the duties required to carry out our corporate strategy, introduced a globally common talent management system, and created a successor development plan starting from the most important positions. We are also working to develop a system that will enable diverse personnel, regardless of nationality, gender, etc., to play an active role and continue to demonstrate a high level of professionalism. To this end, we have established a global common leadership competency model and are putting in place programs to support demonstration of leadership. This program aims to foster a culture and develop human resources so that employees keep performing at a high level. With regard to compensation, we are always aware of market trends and offer competitive compensation levels and compensation packages to our employees. For example, in the Japan region, we shifted to a compensation system that better reflects job performance and results from April 2023. In addition, the Olympus Group as a whole, including Japan, ensures fairness through a common global job evaluation and compensation policy. Also, we will aim to raise the level of compensation and at the same time increase commitment to achieving medium- and long-term goals by granting share-based compensation to employees above a certain level. With regard to human resources recruitment, including regular hiring of new graduates etc., we are hiring personnel with specialized skills on an irregular basis, and we are strengthening our human resources recruitment system and enhancing our onboarding efforts so that employees who join Olympus Corporation can play an active role as soon as possible.</p>		
Connection with company strategy and policies: Patient safety and sustainability, Innovation for growth, Productivity		

## (Risks Associated with Taxation)

Type: Threat	Level of Impact/Urgency: D	Tendency: Unchanged →
Risks		
<p>Olympus Corporation's tax burden may be increased due to changes in applicable tax laws or changes in their interpretations and application guidelines in jurisdiction of each country in the world. The valuation allowance for deferred tax assets may need to be increased as a result of recoverability reassessment due to changes in business conditions or the implementation of organizational restructuring. If such situations occur, it may adversely affect the Olympus Group's business performance and financial position.</p>		
Countermeasures		
<p>In regard to changes in applicable tax laws in each jurisdiction, or changes in their interpretations and application guidelines, the Olympus Group is monitoring the amendments to laws and changes in regulations and making changes as appropriate to rules for transactions within the Olympus Group. In regard to deferred tax assets, the Olympus Group is monitoring the profitability of each group company and controlling the financial results so that the respective companies can appropriately secure profitability while also paying close attention in cases of business combinations for changes in profitability following such restructuring in order to minimize risks.</p>		
Connection with company strategy and policies: Innovation for growth		



(Sustainability risks, including those related to climate and the environment)

Type: Opportunity and threat	Level of Impact/Urgency: C	Tendency: Unchanged →
<b>Risks</b>		
<p>Olympus Corporation is receiving increasing demands from the perspective of sustainability from stakeholders, including customers. For example, in Europe, cases in which customers add a sustainability perspective (ESG and BCP) to bidding requirements are on the rise, and the same trend can be seen in other regions. There is also a trend towards not only targeting Olympus Corporation but also its supply chain inclusively. Disclosure of sustainability information is progressively being enshrined in law in every region. Such legislation is making progress not only in Japan but also in Europe (EU CSRD) and the United States (SEC), and this could affect Olympus Corporation going forward. If we were to fail to respond to these requests from stakeholders, there is the risk of the business being unable to participate in bidding, of investors applying investment restrictions, and of corporate activities being constrained, depending on the region.</p> <p>Regarding the environmental field, the Olympus Group recognizes environmental challenges such as mitigating and adapting to climate change, conserving water resources, controlling resources sustainably, and protecting biodiversity. The introduction of carbon taxes, carbon dioxide emission controls, resource recycling regulations, chemical substance management, and other regulations aimed at achieving a decarbonized and recycling-oriented society could increase business costs around the world. In addition, the intensification of natural disasters caused by climate change is likely to affect the operations and supply chains at our own sites. Failure to take appropriate action may result in loss of business opportunities, etc.</p> <p>We recognize that by responding appropriately to sustainability matters, including climate and the environment and by balancing sustainable corporate growth with global issues, we build trust in each region and with all stakeholders over the medium- and long-term, and enhance corporate value that is not limited to profitability alone.</p>		
<b>Countermeasures</b>		
<p>With an overall perspective of sustainability, our ESG team plays a central role in promoting activities to realize ESG materiality defined through our business activities (integration of functional strategy and ESG strategy).</p> <p>Regarding the environmental field, the Olympus Group has established specialized functions to promote environmental activities, and has established an environmental management system in line with ISO 14001. Under this system, we promote compliance with environmental laws and regulations through maintenance of rules and regulations, education of environmental managers and implementors, and monitoring and improvement of local operations.</p> <p>In April 2021, the Olympus Group also announced support for Task Force on Climate-Related Financial Disclosures (TCFD), promoting “contribution to the realization of a decarbonized and recycling-oriented society in cooperation with society” as a material issue (materiality). Olympus Corporation set two ambitious goals: to achieve virtually zero carbon dioxide emissions (Scope 1 and 2*) from our own sites by 2030, while aiming for carbon neutrality throughout the product lifecycle in the long term; and to obtain 100% of the electricity used at our sites from renewable energy sources by 2030.</p> <p>In order to contribute widely to the realization of a decarbonized society, in addition to the carbon dioxide emissions from the company itself, we believe that it is also necessary to strive to include carbon dioxide emissions from the supply chain. Accordingly, in May 2023, we set a goal of net zero carbon dioxide emissions (Scope 1, 2, 3) for the entire supply chain by 2040. This goal is in line with a high-level target of 1.5°C, which is the target to strive for under the Paris Agreement.</p> <p>To achieve these goals and as countermeasures to environmental risks in our supply chain, we will implement manufacturing improvement activities and introduce renewable energy at bases around the world, and also continue to develop environmentally friendly products, improve the efficiency of logistics, set voluntary reduction targets in cooperation with suppliers, and continue to support decarbonization activities.</p> <p>* Scope 1: Direct greenhouse gas emissions from onsite fuel use; Scope 2: Indirect greenhouse gas emissions from onsite electricity and heat use; Scope 3: Other indirect greenhouse gas emissions (other than Scope 1 and Scope 2)</p>		
Connection with company strategy and policies: Patient safety and sustainability		

(Natural Disasters, Infectious Diseases, War, Civil War and Other Risks)

Type: Threat	Level of Impact/Urgency: C	Tendency: Increase ↑
Risks		
Occurrence of natural disaster, infection, war, civil war, riot, terrorist attack or economic sanction may adversely affect the Olympus Group's earnings.		
Countermeasures		
When there is a serious crisis, a Crisis Response Team is established in accordance with crisis response rules that are applicable to the Olympus Group as a whole, striving to manage the crisis to minimize the negative impact on corporate value. Moreover, the Olympus Group strengthens the response to business interruption risk through the formulation and periodic revision of a business continuity plan (BCP) and education and training to increase the effectiveness of the BCP even in peacetime.		
Connection with company strategy and policies: Innovation for growth		

## **2. Basic Rationale for Selecting the Accounting Standards**

The Olympus Group has voluntarily applied the International Financial Reporting Standards (IFRS) from the first quarter of the fiscal year ended March 31, 2018, with the aim of improving the international comparability of financial information in the capital market, improving the effectiveness of corporate management by applying one unified accounting rule in the Olympus Group, and reinforcing governance.

**3. Consolidated Financial Statements and Significant Notes Thereto****(1) Consolidated Statements of Financial Position**

	(Millions of yen)	
	As of March 31, 2022	As of March 31, 2023
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	302,572	169,329
Trade and other receivables	178,428	174,672
Other financial assets	10,269	11,360
Inventories	167,368	162,994
Income taxes receivable	3,718	15,960
Other current assets	27,565	22,421
Subtotal	689,920	556,736
Assets held for sale	4,685	169,621
Total current assets	694,605	726,357
Non-current assets		
Property, plant and equipment	247,112	238,731
Goodwill	164,498	182,505
Intangible assets	120,361	115,183
Retirement benefit asset	25,975	27,028
Investments accounted for using equity method	1,514	1,010
Trade and other receivables	27,857	36,980
Other financial assets	16,152	21,476
Deferred tax assets	57,783	156,543
Other non-current assets	2,142	2,495
Total non-current assets	663,394	781,951
Total assets	1,357,999	1,508,308

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
<b>LIABILITIES AND EQUITY</b>		
Liabilities		
Current liabilities		
Trade and other payables	60,547	62,919
Bonds and borrowings	52,281	49,970
Other financial liabilities	26,015	23,235
Income taxes payable	34,353	99,567
Provisions	22,114	19,111
Other current liabilities	180,941	163,837
Subtotal	376,251	418,639
Liabilities directly associated with assets held for sale	–	43,253
Total current liabilities	376,251	461,892
Non-current liabilities		
Bonds and borrowings	333,846	290,087
Other financial liabilities	64,600	61,668
Retirement benefit liability	40,001	20,416
Provisions	2,783	2,912
Deferred tax liabilities	13,087	11,905
Other non-current liabilities	16,069	18,194
Total non-current liabilities	470,386	405,182
Total liabilities	846,637	867,074
Equity		
Share capital	124,643	124,643
Capital surplus	91,239	92,150
Treasury shares	(45,589)	(28,086)
Other components of equity	34,818	77,280
Other components of equity related to disposal group held for sale	–	3,034
Retained earnings	305,057	371,064
Total equity attributable to owners of parent	510,168	640,085
Non-controlling interests	1,194	1,149
Total equity	511,362	641,234
Total liabilities and equity	1,357,999	1,508,308

## (2) Consolidated Statements of Profit or Loss

	(Millions of yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Continuing operations		
Revenue	750,123	881,923
Cost of sales	243,423	285,074
Gross profit	506,700	596,849
Selling, general and administrative expenses	357,510	420,547
Share of profit (loss) of investments accounted for using equity method	1,492	491
Other income	13,661	23,706
Other expenses	18,155	13,890
Operating profit	146,188	186,609
Finance income	1,351	3,860
Finance costs	5,838	8,175
Profit before tax	141,701	182,294
Income taxes	31,074	44,304
Profit from continuing operations	110,627	137,990
Discontinued operation		
Profit from discontinued operation	5,343	5,623
Profit	115,970	143,613
Profit attributable to:		
Owners of parent	115,742	143,432
Non-controlling interests	228	181
Profit	115,970	143,613
Earnings per share		
Basic earnings per share		
Continuing operations	86.05	108.78
Discontinued operation	4.17	4.44
Basic earnings per share	90.22	113.22
Diluted earnings per share		
Continuing operations	86.01	108.65
Discontinued operation	4.16	4.43
Diluted earnings per share	90.17	113.08

## (3) Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	115,970	143,613
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(686)	(84)
Remeasurements of defined benefit plans	5,312	7,320
Total of items that will not be reclassified to profit or loss	4,626	7,236
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	42,407	47,093
Cash flow hedges	(2,154)	(1,280)
Share of other comprehensive income of associates accounted for using equity method	152	–
Total of items that may be reclassified to profit or loss	40,405	45,813
Total other comprehensive income	45,031	53,049
Comprehensive income	161,001	196,662
Comprehensive income attributable to:		
Owners of parent	160,773	196,481
Non-controlling interests	228	181
Comprehensive income	161,001	196,662

## (4) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2022

(Millions of yen)

	Equity attributable to owners of parent							Non-controlling interests	Total equity
	Share capital	Capital surplus	Treasury shares	Other components of equity	Other components of equity related to disposal group held for sale	Retained earnings	Total		
Balance at April 1, 2021	124,643	90,835	(98,048)	(1,347)	–	278,243	394,326	1,154	395,480
Profit						115,742	115,742	228	115,970
Other comprehensive income				45,031			45,031		45,031
Comprehensive income	–	–	–	45,031	–	115,742	160,773	228	161,001
Repurchase of our shares			(30,001)				(30,001)		(30,001)
Disposal of treasury shares		(111)	115				4		4
Cancellation of treasury shares		(82,340)	82,340				–		–
Dividends from surplus						(15,428)	(15,428)	(188)	(15,616)
Transfer from retained earnings to capital surplus		82,366				(82,366)	–		–
Transfer from other components of equity to retained earnings				(8,866)		8,866	–		–
Share-based payment transactions		489	5				494		494
Transfer to other components of equity related to disposal group held for sale							–		–
Total transactions with owners	–	404	52,459	(8,866)	–	(88,928)	(44,931)	(188)	(45,119)
Balance at March 31, 2022	124,643	91,239	(45,589)	34,818	–	305,057	510,168	1,194	511,362



## Fiscal year ended March 31, 2023

(Millions of yen)

	Equity attributable to owners of parent							Non-controlling interests	Total equity
	Share capital	Capital surplus	Treasury shares	Other components of equity	Other components of equity related to disposal group held for sale	Retained earnings	Total		
Balance at April 1, 2022	124,643	91,239	(45,589)	34,818	–	305,057	510,168	1,194	511,362
Profit						143,432	143,432	181	143,613
Other comprehensive income				53,049			53,049		53,049
Comprehensive income	–	–	–	53,049	–	143,432	196,481	181	196,662
Repurchase of our shares			(50,003)				(50,003)		(50,003)
Disposal of treasury shares		(254)	254				0		0
Cancellation of treasury shares		(67,087)	67,087				–		–
Dividends from surplus						(17,822)	(17,822)	(226)	(18,048)
Transfer from retained earnings to capital surplus		67,156				(67,156)	–		–
Transfer from other components of equity to retained earnings				(7,553)		7,553	–		–
Share-based payment transactions		1,096	165				1,261		1,261
Transfer to other components of equity related to disposal group held for sale				(3,034)	3,034		–		–
Total transactions with owners	–	911	17,503	(10,587)	3,034	(77,425)	(66,564)	(226)	(66,790)
Balance at March 31, 2023	124,643	92,150	(28,086)	77,280	3,034	371,064	640,085	1,149	641,234

## (5) Consolidated Statements of Cash Flows

	(Millions of yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before tax	141,701	182,294
Profit before tax from discontinued operation	8,172	7,413
Depreciation and amortization	64,615	66,741
Loss (gain) on step acquisitions	(2,826)	–
Impairment losses	3,396	2,498
Interest and dividend income	(1,184)	(3,971)
Interest expenses	4,865	6,037
Loss (gain) on sale and retirement of fixed assets	(972)	(15,757)
Share of loss (profit) of investments accounted for using equity method	(1,492)	(491)
Decrease (increase) in trade and other receivables	(10,981)	(27,013)
Decrease (increase) in inventories	(2,097)	(26,852)
Increase (decrease) in trade and other payables	(8,827)	8,770
Increase (decrease) in retirement benefit liability	181	(14,099)
Decrease (increase) in retirement benefit asset	328	952
Increase (decrease) in provisions	(15,372)	(3,555)
Other	2,488	14,507
Subtotal	181,995	197,474
Interest received	1,017	3,933
Dividends received	167	38
Interest paid	(4,286)	(5,388)
Income taxes paid	(9,164)	(97,567)
Net cash provided by operating activities	169,729	98,490

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from investing activities		
Payments into time deposits	(1)	(2,136)
Purchase of property, plant and equipment	(41,688)	(47,570)
Proceeds from sale of property, plant and equipment	4,485	20,460
Purchase of intangible assets	(20,083)	(23,053)
Purchase of investment securities	(1,977)	(3,705)
Proceeds from sale and redemption of investments	8,282	933
Payments for acquisition of subsidiaries	(21,837)	(3,859)
Proceeds from sale of subsidiaries	724	–
Other	1,079	516
Net cash used in investing activities	(71,016)	(58,414)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings and commercial papers	(5,454)	(67)
Repayments of lease liabilities	(17,691)	(20,914)
Repayments of long-term borrowings	(26,246)	(13,547)
Dividends paid	(15,428)	(17,822)
Dividends paid to non-controlling interests	(188)	(226)
Proceeds from issuance of bonds	56,143	–
Redemption of bonds	–	(40,000)
Payments for purchase of treasury shares	(30,001)	(50,003)
Other	(1,802)	(599)
Net cash used in financing activities	(40,667)	(143,178)
Effect of exchange rate changes on cash and cash equivalents	27,048	6,042
Net increase (decrease) in cash and cash equivalents	85,094	(97,060)
Cash and cash equivalents at beginning of period	217,478	302,572
Cash and cash equivalents at end of period	302,572	205,512

## (6) Notes to Consolidated Financial Statements

(Notes on premise of going concern)

No items to report

(Reporting entity)

Olympus Corporation is a joint stock company located in Japan. The address of its registered head office is Hachioji-shi, Tokyo. Olympus Corporation's consolidated financial statements comprise Olympus Corporation and its subsidiaries (hereinafter, the "Olympus Group") and interests in Olympus Corporation's associates.

The Olympus Group is principally engaged in the manufacturing and sales of endoscopic, therapeutic and scientific, and other products, but in the second quarter of the fiscal year ended March 31, 2023, following the classification of the Scientific Solutions Business as discontinued operation, we have changed our reportable segments. Details are as described in (Business segments) (page 43).

(Basis of preparation)

## (1) Statement of the consolidated financial statements' compliance with IFRS

The consolidated financial statements of the Olympus Group have been prepared in accordance with IFRS issued by the International Accounting Standards Board. Since the requirements for a "Specified Company of Designated International Accounting Standards" set forth in Article 1-2 of the "Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" are satisfied, Olympus Corporation adopts the provisions of Article 93 of the same Regulation.

## (2) Basis of measurement

The Olympus Group's consolidated financial statements have been prepared on an acquisition cost basis, except for specific financial instruments measured at fair value.

## (3) Functional currency and presentation currency

The Olympus Group's consolidated financial statements are presented in Japanese yen, which is also Olympus Corporation's functional currency, and figures are rounded off to the nearest million yen.

## (4) Changes in presentation methods

(Changes caused by the classification of the Scientific Solutions Business as discontinued operation)

In the second quarter ended September 30, 2022, Olympus Corporation concluded a share transfer agreement related to the transfer of Scientific Solutions Business of the Olympus Group with K.K. BCJ-66, a special purpose company indirectly owned by funds advised by Bain Capital.

Due to this, the Scientific Solutions Business has been classified as a discontinued operation from the second quarter ended September 30, 2022. As a result, a portion of the Consolidated Statements of Profit or Loss, Consolidated Statements of Cash Flows and Significant Notes Thereto for the fiscal year ended March 31, 2022 have been reclassified in line with the presentation style for the fiscal year ended March 31, 2023.

(Consolidated Statements of Cash Flows)

(Cash flows from operating activities)

In the fiscal year ended March 31, 2022, because "Loss (gain) on sale and retirement of fixed assets," which had previously been included in "Other" of "Cash flows from operating activities" increased in monetary importance, it has been listed independently from the fiscal year ended March 31, 2023. To reflect this change in the presentation method, we have reorganized our Consolidated Financial Statements for the fiscal year ended March 31, 2022.

As a result, in the Consolidated Statements of Cash Flows for the fiscal year ended March 31, 2022, ¥1,516 million presented as "Other" in "Cash flows from operating activities" was reorganized into "Loss (gain) on sale and retirement of fixed assets" of negative ¥972 million and "Other" of ¥2,488 million.

(Cash flows from investing activities)

In the fiscal year ended March 31, 2022, because “Purchase of investment securities,” which had previously been included in “Other” of “Cash flows from investing activities” increased in monetary importance, it has been listed independently from the fiscal year ended March 31, 2023. Furthermore, due to the decreased importance of “Payments for loans receivable” and “Collection of loans receivable,” which had previously been listed independently, they have been disclosed in “Other” from the fiscal year ended March 31, 2023. To reflect this change in the presentation method, we have reorganized our Consolidated Financial Statements for the fiscal year ended March 31, 2022.

As a result, the negative ¥2,040 million which had previously been displayed in the “Other” category of “Cash flows from investing activities” has been listed independently as negative ¥1,977 million in “Purchase of investment securities,” and the negative ¥129 million in “Payments for loans receivable” and ¥1,271 million in “Collection of loans receivable” have been reorganized into “Other,” resulting in a reorganization of ¥1,079 million.

(Significant accounting policies)

The significant accounting policies adopted for the consolidated financial statements of the Olympus Group for the fiscal year ended March 31, 2023 are the same as those applied for the fiscal year ended March 31, 2022.

(Significant accounting estimates and associated judgments)

In preparing IFRS-based consolidated financial statements, the management is required to make judgments, estimates and assumptions that affect the adoption of accounting policies and the amounts of assets, liabilities, revenues and expenses. Actual results may differ from such estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis and the effect is recognized in the period in which the estimates are revised and in future periods.

Significant accounting estimates and associated judgments in the consolidated financial statements are consistent with the consolidated financial statements for the previous fiscal year.

## (Business segments)

## (1) Overview of reportable segments

The reportable segments of the Olympus Group are the units for which separate financial information is available and according to which reporting is periodically conducted to decide how to allocate management resources and assess business performance.

In the past, the Olympus Group had four reportable segments: “Endoscopic Solutions,” “Therapeutic Solutions,” “Scientific Solutions,” and “Others.” However, from the second quarter of the fiscal year ended March 31, 2023, we have changed to three reportable segments: “Endoscopic Solutions,” “Therapeutic Solutions,” and “Others.” The change is due to Olympus Corporation classifying the Scientific Solutions Business as a discontinued operation with the conclusion of a share transfer agreement related to the transfer of Scientific Solutions Business of the Olympus Group with K.K. BCJ-66, a special purpose company indirectly owned by funds advised by Bain Capital. For details on discontinued operation, please see (Discontinued operation) (page 59).

The principal products and services of each reportable segment are as follows:

Reportable Segment	Principal products and services
Endoscopic Solutions Business	Gastrointestinal endoscopes, surgical endoscopes, medical service
Therapeutic Solutions Business	Gastroenterology devices, urology products, respiratory products, energy devices, ENT products, gynecology products
Others	Biomedical materials, orthopedic equipment

## (2) Revenue and business results for reportable segments

Revenue and business results of each reportable segment of the Olympus Group are as follows. The accounting treatment used for reportable segments is as described in (Significant accounting policies) (page 42).

Fiscal year ended March 31, 2022

	Reportable Segment				Adjustment (Note 2, 3, 4, 5)	Amount on consolidated financial statements
	Endoscopic Solutions	Therapeutic Solutions	Others	Total		
Revenue						
Revenue from outside customers	461,547	275,586	12,990	750,123	–	750,123
Intersegment revenue (Note 1)	–	–	373	373	(373)	–
Total	461,547	275,586	13,363	750,496	(373)	750,123
Operating profit (loss)	133,204	60,826	(2,018)	192,012	(45,824)	146,188
Finance income						1,351
Finance costs						5,838
Profit before tax						141,701
Other items						
Share of profit (loss) of investments accounted for using equity method	1,539	(47)	–	1,492	–	1,492
Depreciation and amortization	33,523	16,935	1,093	51,551	6,300	57,851
Impairment losses	2,006	488	–	2,494	902	3,396
Segment assets	493,582	412,914	20,863	927,359	430,640	1,357,999
Investments accounted for using equity method	1,514	–	–	1,514	–	1,514
Capital expenditures	40,437	16,343	997	57,777	8,416	66,193

## Notes:

- Intersegment revenue is based on actual market prices.
- Adjustment for operating profit (loss) is corporate expenses that mainly consist of elimination of transactions among segments, as well as general and administrative expenses and fundamental research expenses that are not attributable to reportable segments.
- Adjustment for segment assets is corporate assets that are not attributable to reportable segments and assets of

discontinued operation.

4. Adjustment for depreciation and amortization is the amount of depreciation and amortization related to corporate assets that are not attributable to reportable segments.
5. Adjustment for capital expenditures is the amount of increase in fixed assets related to corporate assets that are not attributable to reportable segments.

## Fiscal year ended March 31, 2023

	Reportable Segment				Adjustment (Note 2, 3, 4, 5, 6)	Amount on consolidated financial statements
	Endoscopic Solutions	Therapeutic Solutions	Others	Total		
Revenue						
Revenue from outside customers	551,823	318,207	11,893	881,923	–	881,923
Intersegment revenue (Note 1)	–	–	252	252	(252)	–
Total	551,823	318,207	12,145	882,175	(252)	881,923
Operating profit (loss)	152,769	63,692	(914)	215,547	(28,938)	186,609
Finance income						3,860
Finance costs						8,175
Profit before tax						182,294
Other items						
Share of profit (loss) of investments accounted for using equity method	505	(14)	–	491	–	491
Depreciation and amortization	37,495	19,159	1,059	57,713	5,879	63,592
Impairment losses	1,342	883	3	2,228	265	2,493
Segment assets	555,546	452,969	20,638	1,029,153	479,155	1,508,308
Investments accounted for using equity method	664	346	–	1,010	–	1,010
Capital expenditures	43,001	15,854	1,428	60,283	11,740	72,023

## Notes:

1. Intersegment revenue is based on actual market prices.
2. Adjustment for operating profit (loss) is corporate expenses that mainly consist of elimination of transactions among segments, as well as general and administrative expenses and fundamental research expenses that are not attributable to reportable segments.
3. Adjustment for operating profit (loss) includes gain on sale of fixed assets at Olympus Corporation of ¥16,395 million that is not attributable to reportable segments.
4. Adjustment for segment assets is corporate assets that are not attributable to reportable segments and assets of discontinued operation.
5. Adjustment for depreciation and amortization is the amount of depreciation and amortization related to corporate assets that are not attributable to reportable segments.
6. Adjustment for capital expenditures is the amount of increase in fixed assets related to corporate assets that are not attributable to reportable segments.



## (Cash and cash equivalents)

Cash and cash equivalents included in balances at end of period in the consolidated statement of cash flows are as follows:

	(Millions of yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash and cash equivalents in the consolidated statements of financial position	302,572	169,329
Cash and cash equivalents included in assets held for sale	-	36,183
Cash and cash equivalents in the consolidated statement of cash flows	302,572	205,512

(Assets held for sale and liabilities directly associated with assets held for sale)

Breakdown of assets held for sale and liabilities directly associated with assets held for sale is as follows:

	(Millions of yen)	
	As of March 31, 2022	As of March 31, 2023
<b>ASSETS</b>		
Cash and cash equivalents	–	36,183
Trade and other receivables	–	34,712
Inventories	–	35,931
Land	4,683	1,371
Buildings and structures	2	5,798
Machinery and vehicles	–	2,577
Tools, furniture and fixtures	–	3,246
Construction in progress	–	220
Right-of-use assets	–	8,168
Other property, plant and equipment	–	4,910
Intangible assets	–	15,808
Goodwill	–	2,790
Deferred tax assets	–	1,872
Other financial assets	–	3,792
Other current assets	–	9,804
Other non-current assets	–	2,439
Total	4,685	169,621
<b>Liabilities</b>		
Trade and other payables	–	9,109
Accrued expenses	–	10,685
Provisions	–	627
Deferred tax liabilities	–	4,225
Other financial liabilities	–	9,187
Other current liabilities	–	7,309
Other non-current liabilities	–	2,111
Total	–	43,253

Assets categorized as assets held for sale in the previous fiscal year are assets held by the entire company not belonging to any segment that Olympus Corporation decided to sell from the standpoint of management resource optimization. Sales of these assets were completed on April 27, 2022.

Assets classified as assets held for sale and liabilities directly associated with assets held for sale as of March 31, 2023 are as follows.

(Transfer of Scientific Solutions Business)

On August 29, 2022, Olympus Corporation concluded a share transfer agreement related to the transfer of Scientific Solutions Business of the Olympus Group with K.K. BCJ-66, a special purpose company indirectly owned by funds advised by Bain Capital. Accordingly, from the fiscal year ended March 31, 2023, the assets and liabilities related to the Scientific Solutions Business of the Olympus Group have been classified in a disposal group classified as held for sale. The transfer was completed on April 3, 2023. For details, please see (Subsequent events) (page 65).

(Transfer of collagen and dental product sales businesses)

On March 28, 2023, Olympus Terumo Biomaterials Corporation, a consolidated subsidiary of Olympus Corporation, executed a company split agreement with GC Japan for the transfer of the collagen products

development, manufacture and sales business and dental products sales business, which are included in the other businesses of the Olympus Group. As a result, from the fiscal year under review, the assets and liabilities related to the collagen business and the dental products sales business owned by Olympus Terumo Biomaterials Corporation are classified as a disposal group classified as held for sale. Transfer completion is scheduled for July 2023.

(Bonds and borrowings)

During the fiscal year ended March 31, 2022, in order to promote diversification of funds procurement methods, Olympus Corporation issued USD-denominated straight corporate bonds of USD500 million (interest rate of 2.143%, due December 8, 2026) as business funds.

During the fiscal year ended March 31, 2023, Olympus Corporation redeemed the 22nd unsecured corporate bonds of ¥10,000 million (interest rate 0.22%, due September 20, 2022) and the 24th unsecured corporate bonds of ¥30,000 million (interest rate 0.06%, due December 5, 2022).

(Provisions)

Fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)  
(Reversal of provision for duodenoscope market response)

Olympus Corporation has decided to voluntarily replace the old type of duodenoscopes with a fixed tip cap with the new type with a removable tip cap, which is easier to clean and disinfect, against the background of obtaining regulatory approval for the new type of duodenoscopes with a removable tip cap in the United States, and has recorded the amount deemed necessary for this market response as provision. Up until now, Olympus Corporation had been proceeding with the recall for the old-type product in exchange for the new type. However, in the fiscal year under review, Olympus Corporation decided to replace the old-type product with the new product recommended by the FDA at no charge with the objective of speeding up the progress, and due to a change to the amount deemed necessary for the market response, a reversal of part of that provision has been made. As a result, cost of sales in the Endoscopic Solutions Business decreased by ¥4,153 million.

(Reversal of provision for voluntary recall of Olympus Corporation's products)

As a result of conducting voluntary post-market surveillance, Olympus Corporation has decided to voluntarily recall a Bronchovideoscope model and a Choledochofiberscope model that were subject to that surveillance in light of the internal quality standards, placing top priority on securing patient safety, and has recorded the amount deemed necessary for this market response as provision. Olympus Corporation had been proceeding with the recall for the old type in exchange for the new type. However, in the fiscal year under review, Olympus Corporation decided to replace the old-type product with the new product at no charge with the objective of speeding up the progress, and due to a change to the amount deemed necessary for the market response, a reversal of part of that provision has been made. As a result, cost of sales in the Therapeutic Solutions Business decreased by ¥2,663 million.

Fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)  
There are no significant transactions

(Equity and other equity items)

Fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)  
(Cancellation of treasury shares)

Based on resolution of the Board of Directors meeting held on May 7, 2021, Olympus Corporation canceled treasury shares on June 4, 2021. Due to this cancellation, treasury shares decreased by 71,620,630 shares during the fiscal year under review.

The impact of this cancellation is that treasury shares decreased by ¥82,340 million (contraction of

negative stated amount in equity), and capital surplus decreased by ¥82,340 million.

The amount of the above cancellation was deducted from other capital surplus in capital surplus, but the amount that exceeds other capital surplus was deducted from retained earnings.

(Repurchase of our shares)

At a meeting of the Board of Directors held on December 17, 2021, Olympus Corporation resolved the purchase of treasury shares and the specific means of acquisition as provided for in Article 459 Section 1 of the Companies Act and Article 32 of Olympus Corporation's Articles of Incorporation, and carried out as follows:

(1) Details of the resolution passed at the meeting of the Board of Directors held on December 17:

- |   |   |
|---|---|
| 1. Class of shares:                       | Common stock of Olympus Corporation   |
| 2. Total number of shares to be acquired: | 16,000,000 shares (maximum)   |
| 3. Total share acquisition value:         | ¥30,000 million (maximum)   |
| 4. Acquisition period:                    | December 21, 2021 to March 31, 2022   |
| 5. Acquisition method:                    | Market purchase based on a discretionary trading contract on the Tokyo Stock Exchange |

(2) Treasury shares acquired based on the above resolution by the Board of Directors

- |                                     |  |
|-------------------------------------|--|
| 1. Total number of shares acquired: | 12,681,000 shares  |
| 2. Total share acquisition value:   | ¥30,000 million  |
| 3. Acquisition period:              | December 21, 2021 to February 18, 2022<br>(contract basis) |

Fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)

(Cancellation of treasury shares)

Based on resolution of the Board of Directors meeting held on May 11, 2022, Olympus Corporation canceled treasury shares on June 8, 2022. Due to this cancellation, treasury shares decreased by 13,402,333 shares during the fiscal year under review.

The impact of this cancellation is that treasury shares decreased by ¥23,271 million (contraction of negative stated amount in equity), and capital surplus decreased by ¥23,271 million.

The amount of the above cancellation was deducted from other capital surplus in capital surplus, but the amount that exceeds other capital surplus was deducted from retained earnings.

Based on resolution of the Board of Directors meeting held on November 11, 2022, Olympus Corporation canceled treasury shares on March 28, 2023. Due to this cancellation, treasury shares decreased by 19,713,300 shares during the fiscal year under review.

The impact of this cancellation is that treasury shares decreased by ¥43,817 million (contraction of negative stated amount in equity), and capital surplus decreased by ¥43,817 million.

The amount of the above cancellation was deducted from other capital surplus in capital surplus, but the amount that exceeds other capital surplus was deducted from retained earnings.

(Disposal of treasury shares)

Olympus Corporation conducted the disposal of treasury shares based on its restricted stock unit (RSU) system and performance share unit (PSU) system on July 22, 2022 and December 9, 2022. Due to this disposal, treasury shares decreased by 93,780 shares during the fiscal year ended March 31, 2023.

The impact of this disposal is that treasury shares decreased by ¥165 million.

(Repurchase of our shares)

At a meeting of the Board of Directors held on November 11, 2022, Olympus Corporation resolved the purchase of treasury shares and the specific means of acquisition as provided for in Article 459 Section 1 of the Companies Act and Article 32 of Olympus Corporation's Articles of Incorporation, and carried out as follows:

(1) Details of the resolution passed at the meeting of the Board of Directors held on November 11:

- |   |   |
|---|---|
| 1. Class of shares:                       | Common stock of Olympus Corporation   |
| 2. Total number of shares to be acquired: | 21,000,000 shares (maximum)   |
| 3. Total share acquisition value:         | ¥50,000 million (maximum)   |
| 4. Acquisition period:                    | November 14, 2022 to February 28, 2023  |
| 5. Acquisition method:                    | Market purchase based on a discretionary trading contract on the Tokyo Stock Exchange |

(2) Treasury shares acquired based on the above resolution by the Board of Directors

- |                                     |  |
|-------------------------------------|--|
| 1. Total number of shares acquired: | 19,713,300 shares                                      |
| 2. Total share acquisition value:   | ¥50,000 million  |
| 3. Acquisition period:              | November 14, 2022 to January 16, 2023 (contract basis) |

(Dividends)

Dividends paid are as follows.

Fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)

Resolution	Class of shares	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting held on May 7, 2021	Common stock	15,428	12	March 31, 2021	June 3, 2021

Fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)

Resolution	Class of shares	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting held on May 11, 2022	Common stock	17,822	14	March 31, 2022	June 3, 2022

(Revenue)

The organization of the Olympus Group has basically consisted of the Endoscopic Solutions Business, Therapeutic Solutions Business, Scientific Solutions Business, and Others, but, from the second quarter, the organization has been changed to basically consist of the Endoscopic Solutions Business, Therapeutic Solutions Business, and Others. The change is due to Olympus Corporation classifying the Scientific Solutions Business as a discontinued operation with the conclusion of a share transfer agreement related to the transfer of Scientific Solutions Business of the Olympus Group with K.K. BCJ-66, a special purpose company indirectly owned by funds advised by Bain Capital.

Revenue recorded in Endoscopic Solutions Business, Therapeutic Solutions Business and Others is stated as revenue, as these segments are the units for which separate financial information is available and according to which reporting is periodically conducted to decide how to allocate management resources and assess business performance. Revenue is geographically disaggregated by customer location. Relationship between

the disaggregated revenue and revenue of each reportable segment is as follows:

Fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)

(Millions of yen)

	Endoscopic Solutions	Therapeutic Solutions	Others	Total
Japan	65,908	44,988	7,930	118,826
North America	161,066	100,074	211	261,351
Europe	117,045	72,789	4,532	194,366
China	68,299	32,651	24	100,974
Asia and Oceania	39,662	21,149	293	61,104
Others	9,567	3,935	0	13,502
Total	461,547	275,586	12,990	750,123

Fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)

(Millions of yen)

	Endoscopic Solutions	Therapeutic Solutions	Others	Total
Japan	70,472	46,170	5,874	122,516
North America	198,134	123,874	159	322,167
Europe	134,307	82,411	5,446	222,164
China	82,906	34,147	41	117,094
Asia and Oceania	51,891	25,543	373	77,807
Others	14,113	6,062	0	20,175
Total	551,823	318,207	11,893	881,923

The Endoscopic Solutions Business sells medical devices, including gastrointestinal endoscopes and surgical endoscopes, as well as provides medical services such as lease and repair for these products, to customers who are primarily medical institutions in Japan and overseas.

The Therapeutic Solution Business sells medical devices, including gastroenterology devices, urology products, respiratory products, energy devices, ENT products, and gynecology products, to customers who are primarily medical institutions in Japan and overseas.

Other businesses include R&D and exploratory activities for new businesses, in addition to sales of biomedical materials and orthopedic equipment.

Revenue from the sales of these products has been accounted for using the same accounting policy as that applied in the consolidated financial statements for the previous fiscal year.

(Other income and other expenses)

(1) Other income

Major items of other income are as follows.

Fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)

(Gain on step acquisition)

Olympus Corporation recorded gain on step acquisition of ¥2,826 million in “Other income” due to the acquisition of Medi-Tate Ltd. The details of the business combination are described in (Business combinations) (page 60).

(Gain on sale of fixed assets)

Olympus Corporation recorded gain on sale of fixed assets of ¥1,393 million in “Other income.”

(Partial reversal of provision for indirect taxes of consolidated subsidiaries)

Of the tax provision recorded in the fiscal year ended March 31, 2019 in anticipation of additional collection related to the independent investigation conducted by Olympus Corporation's foreign subsidiaries regarding indirect taxes, ¥3,049 million, which is no longer expected to be incurred in the current fiscal year, is recorded under "Other income."

(Change in fair value of contingent consideration, which is a portion of acquisition consideration)

Olympus Corporation recognized ¥1,249 million in "Other income" due to the change in fair value of contingent consideration, which makes up part of the acquisition consideration of Veran Medical Technologies, Inc.

Fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)

(Gain on sale of fixed assets)

Olympus Corporation recorded gain on sale of land in Hatagaya of ¥16,395 million in "Other income."

(Change in fair value of contingent consideration, which is a portion of acquisition consideration)

Olympus Corporation recognized ¥1,381 million in "Other income" due adjustments to the original acquisition consideration at the time of acquisition resulting from changes in the fair value of the contingent consideration, which makes up part of the acquisition consideration of Medi-Tate Ltd. The details of the change in fair value are described in (Business combinations) (page 60).

(2) Other expenses

Major items of other expenses are as follows.

Fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)

(Business restructuring expenses)

Olympus Corporation recorded ¥8,836 million for the cost related to promotion such as the business transformation plan "Transform Olympus" in "Other expenses."

(Impairment losses)

Olympus Corporation recognized impairment losses of ¥1,630 million on development assets in the endoscope business, which were written down to their recoverable amount since Olympus Corporation no longer expects them to generate the expected earnings at the time of acquisition due to such factors as changes in the market environment, and recorded the losses in "Other expenses."

Fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)

(Business restructuring expenses)

Olympus Corporation recorded ¥2,361 million for the cost related to promotion of the business transformation plan "Transform Olympus" in "Other expenses."

(Quality-related expenses)

Olympus Corporation recorded ¥1,937 million for the cost related to strengthening the global quality assurance functions and establishing quality compliance in "Other expenses."

(Per-share data)

## (1) Basic earnings per share and diluted earnings per share

	Fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)
Basic earnings per share		
Continuing operations	¥86.05	¥108.78
Discontinued operation	¥4.17	¥4.44
Basic earnings per share	¥90.22	¥113.22
Diluted earnings per share		
Continuing operations	¥86.01	¥108.65
Discontinued operation	¥4.16	¥4.43
Diluted earnings per share	¥90.17	¥113.08



## (2) The basis for calculating basic earnings per share and diluted earnings per share

	(Millions of yen)	
	Fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)
Profit used to calculate basic earnings per share and diluted earnings per share		
Profit attributable to owners of parent	115,742	143,432
Profit not attributable to common shareholders of parent	–	–
Profit used to calculate basic earnings per share	115,742	143,432
Continuing operations	110,399	137,809
Discontinued operation	5,343	5,623
Adjustment to profit	–	–
Profit used to calculate diluted earnings per share	115,742	143,432
Continuing operations	110,399	137,809
Discontinued operation	5,343	5,623

The weighted average number of shares of common stock used to calculate basic earnings per share and diluted earnings per share

The weighted average number of shares of common stock	1,282,920 thousand shares	1,266,848 thousand shares
Increase in number of shares of common stock		
Subscription rights to shares relating to stock options	480 thousand shares	373 thousand shares
Common stock relating to PSU	–	744 thousand shares
Common stock relating to RSU	203 thousand shares	406 thousand shares
Average number of shares of diluted common stock during the period	1,283,603 thousand shares	1,268,371 thousand shares

## (Cash flow information)

Fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)

## (Loss of control)

## Transfer of Olympus Systems Corporation

## (1) Overview of transaction

Olympus Corporation concluded an agreement to transfer all shares of Olympus Systems Corporation, a consolidated subsidiary of Olympus Corporation, to Accenture Japan Ltd on May 28, 2021 and completed the transfer procedures on August 31, 2021. As a result of this, Olympus Corporation lost its control of Olympus Systems Corporation on the same day.

## (2) Assets and liabilities associated with the loss of control

	(Millions of yen)
	Amount
Current assets	783
Non-current assets	414
<b>Total assets</b>	<b>1,197</b>
Current liabilities	569
Non-current liabilities	507
<b>Total liabilities</b>	<b>1,076</b>

## (3) Cash flows associated with the loss of control

	(Millions of yen)
	Amount
Cash and cash equivalents received as consideration of the loss of control	726
Cash and cash equivalents of subsidiaries with the loss of control	(2)
<b>Proceeds from sale of subsidiaries (Note)</b>	<b>724</b>

Note: Proceeds from sale of subsidiaries are included in “Cash flows from investing activities” in the consolidated statement of cash flows.

## (4) Gain or loss associated with the loss of control

Olympus Corporation recorded a gain of ¥605 million associated with the loss of control of Olympus Systems Corporation under “Other income” in the consolidated statement of profit or loss.

Fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)

No items to report

## (Financial instruments)

## Fair value of financial instruments

Fair value hierarchy is categorized into the following three levels depending on the observability of inputs used in the valuation technique for the measurement.

Level 1: Fair value measured at market prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Fair value measured using observable prices other than those categorized within level 1, either directly or indirectly

Level 3: Fair value measured using a valuation technique which includes inputs that are not based on observable market data

The Olympus Group recognizes transfers of financial instruments between the levels of the fair value hierarchy as if they occurred at the end of each quarter of the fiscal year. There were no significant financial instruments transferred between the levels for the fiscal years ended March 31, 2022 and 2023.

## (1) Financial instruments measured at fair value

The methods for measuring major financial instruments measured at fair value are as follows.

## (Other financial assets and other financial liabilities)

Listed shares are classified as level 1 and stated at market prices valued at the end of each fiscal year.

Unlisted shares are classified as level 2 or level 3 and stated at the value obtained by using valuation techniques such as the comparable company analysis method.

Derivative assets and liabilities are classified as level 2. Currency derivatives are stated at the value based on forward exchange rates, and interest-rate derivatives are stated at the value obtained based on observable data such as market interest rates, credit risks, and the period up to maturity.

The contingent consideration for business combinations, etc. is classified as level 3 and stated at the estimates of future payability.

The fair value hierarchy of financial instruments measured at fair value is as follows:

As of March 31, 2022

	(Millions of yen)			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through profit or loss				
Derivative assets	–	1,874	–	1,874
Equity securities and others	–	–	956	956
Financial assets measured at fair value through other comprehensive income				
Equity securities and others	1,532	–	2,939	4,471
Financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	–	4,037	–	4,037
Contingent consideration	–	–	6,100	6,100

As of March 31, 2023

	(Millions of yen)			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through profit or loss				

Derivative assets	–	6,860	–	6,860
Equity securities and others	–	–	937	937
Financial assets measured at fair value through other comprehensive income				
Equity securities and others	470	–	6,431	6,901
Financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	–	1,216	–	1,216
Contingent consideration	–	–	8,226	8,226

The changes in financial assets categorized within level 3 were as follows:

	(Millions of yen)	
	Fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)
Balance at April 1	2,348	3,895
Gains and losses (Note)		
Profit or loss	(58)	(66)
Other comprehensive income	34	27
Purchases	1,978	3,705
Transfer to investments accounted for using the equity method	(597)	(203)
Other	190	10
Balance at March 31	3,895	7,368

Note: Gains or losses recognized in profit or loss are mainly included in “Finance income” or “Finance costs” in the consolidated statements of profit or loss. Gains or losses recognized in other comprehensive income are included in “Financial assets measured at fair value through other comprehensive income” in the consolidated statements of comprehensive income.

Total gains or losses recognized in profit or loss included a gain of ¥136 million and a loss of ¥65 million on financial instruments held as of the years ended March 31, 2022 and 2023, respectively.

The changes in financial liabilities categorized within level 3 were as follows:

	(Millions of yen)	
	Fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)
Balance at April 1	3,608	6,100
Business combinations, etc.	2,834	4,095
Settlement	–	(715)
Change in fair value	(594)	(1,758)
Other	252	504
Balance at March 31	6,100	8,226

## (2) Financial instruments measured at amortized cost

The methods for measuring the fair value of major financial instruments measured at amortized cost are as follows. These financial instruments are mainly classified into level 2.

## (Cash and cash equivalents, trade and other receivables, and trade and other payables)

Account items to be settled in the short term are stated at their book value because their fair value is nearly equal to their book value.

Lease receivables are stated at the value obtained by calculating the present value of each lease receivable categorized by a specific period, at discounted rates that take into account credit risks and the period up to maturity.

## (Other financial assets and other financial liabilities)

Account items to be settled in the short term are stated at their book value because their fair value is nearly equal to their book value.

## (Bonds and borrowings)

Bonds and borrowings with fixed interest rates are stated at the value calculated at discounted rates which would be applied to a similar issuance of bonds or similar new loans to generate future cash flows.

Borrowings with variable interest rates are stated at their book value because their fair value is deemed to be nearly equal to their book value, given that they are short-term borrowings reflecting market interest rates, and their credit conditions have not significantly changed since the drawdown.

Short-term borrowings and commercial papers are stated at their book value since they are settled in the short term and their fair value is nearly equal to their book value.

The carrying amount and fair value of major financial instruments measured at amortized cost were as follows. Financial instruments whose carrying amounts approximate fair value are not included in the following table.

	(Millions of yen)			
	As of March 31, 2022		As of March 31, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Lease receivables	50,517	50,513	65,003	64,982
Financial liabilities				
Bonds	180,322	178,341	146,118	141,280
Borrowings	145,903	146,336	134,021	134,287

## (Discontinued operation)

## (1) Outline of discontinued operation

On August 29, 2022, Olympus Corporation concluded a share transfer agreement related to the transfer of Scientific Solutions Business of the Olympus Group with K.K. BCJ-66, a special purpose company indirectly owned by funds advised by Bain Capital. Due to this, profit (loss) from the Scientific Solutions Business has been classified as profit (loss) from discontinued operation from the second quarter, and it has been presented in the same manner for the fiscal year ended March 31, 2023 and the fiscal year ended March 31, 2022. The transfer was executed on April 3, 2023.

## (2) Profit (loss) of discontinued operation

Profit (loss) of discontinued operations is as follows:

	(Millions of yen)	
	Fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)
Revenue	118,744	135,421
Cost of sales	53,749	60,045
Gross profit	64,995	75,376
Selling, general and administrative expenses	47,889	57,361
Share of profit (loss) of investments accounted for using equity method	–	–
Other income	764	215
Other expenses (Note)	10,160	11,195
Operating profit	7,710	7,035
Finance income	544	551
Finance costs	82	173
Profit before tax	8,172	7,413
Income taxes	2,829	1,790
Profit from discontinued operation	5,343	5,623

Note: Other expenses include ¥9,353 million and ¥11,073 million in the fiscal year ended March 31, 2022 and the fiscal year ended March 31, 2023, respectively, related to the spin-off of the Scientific Solutions Business and the strengthening of its management systems.

## (3) Cash flows of discontinued operation

Cash flows of discontinued operation are as follows:

	(Millions of yen)	
	Fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)
Cash flows of discontinued operation		
Net cash provided by (used in) operating activities	10,284	(13,151)
Net cash used in investing activities	(7,688)	(11,725)
Net cash used in financing activities	(826)	(2,891)

(Business combinations)

Fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)

(Acquisition of Medi-Tate Ltd.)

(1) Outline of business combination

1) Name and description of acquired business

Name of acquired business	Medi-Tate Ltd. (hereinafter “Medi-Tate”)
Description of business	R&D and manufacturing of Therapeutic Solutions Business products

2) Primary reason for business combination

Medi-Tate is a medical device manufacturer that researches, develops, and manufactures minimally invasive therapeutic devices for benign prostatic hyperplasia (BPH). By adding Medi-Tate’s minimally invasive treatment device for BPH to our Olympus product portfolio, we will contribute to promoting the spread of minimally invasive treatment for diversifying prostate diseases and improving QOL for patients, thereby further strengthening our competitive position in the urology field.

3) Acquired ratio of holding capital with voting rights

100%

4) Acquisition date

May 27, 2021

5) Acquisition method to govern the acquired company

Just prior to the acquisition date, Olympus Corporation owned 18.46% of Medi-Tate’s voting shares through its consolidated subsidiary Olympus Winter & Ibe GmbH, and it acquired an additional 81.54% for cash as consideration on the acquisition date through Olympus Winter & Ibe GmbH, making it a wholly owned subsidiary.

(2) Acquisition-related expense

The acquisition-related expense of ¥168 million has been booked in “Selling, general and administrative expenses.”

(3) Gain on step acquisition

As a result of revaluing the equity interest of the acquired company held just prior to the acquisition date at fair value on the acquisition date, we recognized a gain on step acquisition of ¥2,826 million. Gains on step acquisition are recorded in “Other income” in the consolidated statement of profit or loss.

## (4) Fair value of consideration paid, assets acquired, and liabilities assumed as of the acquisition date

	(Millions of yen)
	Amount
Fair value of consideration paid	
Cash	22,680
Fair value of equity interest held just prior to the acquisition date	4,932
Contingent consideration	2,148
<b>Total</b>	<b>29,760</b>
Fair value of assets acquired and liabilities assumed	
Cash and cash equivalents	1,353
Trade and other receivables	3
Inventories	3
Other current assets	214
Property, plant and equipment	30
Intangible assets	8,866
Other financial assets (non-current)	3
Deferred tax assets	604
Trade and other payables	(46)
Other current liabilities	(675)
Deferred tax liabilities	(2,039)
Other non-current liabilities	(16)
<b>Fair value of assets acquired and liabilities assumed, net</b>	<b>8,300</b>
<b>Goodwill</b>	<b>21,460</b>
<b>Total</b>	<b>29,760</b>

Based on the fair value of consideration paid on the acquisition date, we have allocated the assets acquired and liabilities assumed. Furthermore, the allocation of consideration paid has been completed in the previous fiscal year, and there is no material change in the amount from the initial provisional amount. The balance of intangible assets of ¥8,866 million is comprised of technology-related assets related to products of Medi-Tate, which are measured based on future sales growth rate, diminishing value rate, discount rate and other assumptions. The estimated useful lives of technology-related assets are 14 years.

Goodwill mainly represents a rational estimate of the expected future excess earning power. Furthermore, the amount of goodwill recognized does not include the amount that is expected to be deductible for tax purposes.

## (5) Contingent consideration

The contingent consideration is a milestone payment subject to the obtaining of approval for development made by Medi-Tate, and the payment is calculated by taking into consideration the possibility of obtaining the approval for the development and time value of money. The payment limit is USD40,000 thousand. In terms of hierarchical level, the fair value of the contingent consideration is level 3, which is the fair value calculated from valuation techniques that include inputs that are not based on observable market data. The amount of change in fair value of the contingent consideration includes the recording of the impact of changes in the time value of money as “Finance costs” and other impacts as “Other income” or “Other expenses.”



(6) Impacts on the Olympus Group

Olympus Corporation omits making a description concerning profit or loss information of the said business combination on and after the acquisition date as well as profit or loss information under the assumption that the said business combination was conducted at the beginning of the fiscal year under review. This is because the amount of impact on consolidated statement of profit or loss due to such information is not material.

Fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)

(Acquisition of Odin Medical Ltd.)

(1) Outline of business combination

1) Name and description of acquired business

Name of acquired business	Odin Medical Ltd. (hereinafter “Odin”)
Description of business	Development of cloud AI-enabled applications for endoscopes

2) Primary reason for business combination

Odin, which is affiliated with the Wellcome / EPSRC Centre for Interventional and Surgical Sciences (WEISS) at University College London (UCL), was founded by renowned clinicians and artificial intelligence experts to develop next-generation cloud AI-enabled applications for endoscopy. By incorporating Odin’s solutions, which utilize surgical and clinical data collected and analyzed in real time, Olympus Corporation aims not only to reduce the administrative burden on health care workers and support decision-making in clinical settings, but also to support health care workers to provide better medical care to patients.

3) Acquired ratio of holding capital with voting rights

100%

4) Acquisition date

December 19, 2022

5) Acquisition method to govern the acquired company

Cash consideration for the acquisition of shares

(2) Acquisition-related expense

The acquisition-related expense of ¥199 million has been booked in “Selling, general and administrative expenses.”

## (3) Fair value of consideration paid, assets acquired, and liabilities assumed as of the acquisition date

	(Millions of yen)
	Amount
Fair value of consideration paid	
Cash	3,982
Contingent consideration	4,095
Total	8,077
Fair value of assets acquired and liabilities assumed	
Cash and cash equivalents	148
Other current assets	1
Property, plant and equipment	3
Intangible assets	2,434
Trade and other payables	(28)
Other current liabilities	(99)
Deferred tax liabilities	(606)
Other non-current liabilities	(74)
Fair value of assets acquired and liabilities assumed, net	1,779
Goodwill	6,298
Total	8,077

Based on the fair value of consideration paid on the acquisition date, we have allocated the assets acquired and liabilities assumed. However, as this allocation is not yet complete, the above values represent provisional fair values based on the best estimates at present. In the event we can receive and evaluate additional information relating to facts and conditions present at the point of acquisition, we may adjust the above values for a period of one year from the acquisition date.

Goodwill mainly represents a rational estimate of the expected future excess earning power. Furthermore, the amount of goodwill recognized does not include the amount that is expected to be deductible for tax purposes.

## (4) Contingent consideration

The contingent consideration is a milestone payment subject to the obtaining of approval for development made by Odin, and the payment is calculated by taking into consideration the possibility of obtaining the approval for the development and time value of money. The payment limit is GBP33,000 thousand.

In terms of hierarchical level, the fair value of the contingent consideration is level 3. The amount of change in fair value of the contingent consideration includes the recording of the part based on changes in the time value of money as “Finance costs” and the part based on changes other than the time value of money as “Other income” or “Other expenses.”

## (5) Impacts on the Olympus Group

Olympus Corporation omits making a description concerning profit or loss information of the said business combination on and after the acquisition date as well as profit or loss information under the assumption that the said business combination was conducted at the beginning of the fiscal year under review. This is because the amount of impact on consolidated statement of profit or loss due to such information is not material.

### (Contingent consideration of Medi-Tate Ltd.)

With regard to the contingent consideration recognized from the acquisition of Medi-Tate Ltd. carried out in the previous fiscal year, due to the delay from the initial plan in obtaining approval as part of development activities, we have lowered the fair value from the balance of ¥2,699 million at the beginning of the fiscal year to ¥2,037 million in the fiscal year ended March 31, 2023. Of the ¥662 million difference, the amount of impact of changes in the time value of money of ¥460 million (Note 1) was recorded as “Finance costs” in the consolidated statements of profit or loss, the amount of impact of ¥1,381 million due to the review of the fair value itself (Note 2) was recorded as “Other income” in the consolidated statements of profit or loss, and the amount of impact of exchange rate fluctuations of ¥259 million was recorded as “Exchange differences on translation of foreign operations” in the consolidated statements of comprehensive income, respectively.

#### Notes:

1. The amount of contingent consideration is presented at the current value calculated from discounting in the period from the day of payment to the relevant fiscal year-end. Therefore, in principle, the amount increases and “Finance costs” occur as the day of payment approaches.
2. The impact originates from the fact that the amount itself has been reviewed due to the fact that achieving the conditions for the milestone has become difficult as a result of the delay from the initial plan.

## (Additional information)

## (Transfer of shares of OM Digital Solutions Corporation)

## (1) Overview of transaction

Olympus Corporation transferred the Imaging Business on January 1, 2021 to OJ Holdings, Ltd., a special purpose company established by Japan Industrial Partners, Inc. In this transfer of the business, OM Digital Solutions Corporation was newly established as a subsidiary of Olympus Corporation, the Imaging Business was succeeded to OM Digital Solutions Corporation through a company split, and Olympus Corporation transferred 95% of its shares held in OM Digital Solutions Corporation (95% of total number of issued shares) to OJ Holdings, Ltd.

On March 20, 2023, Olympus Corporation transferred 5% of its shares held in OM Digital Solutions Corporation (5% of total number of issued shares) to OJ Holdings, Ltd.

## (2) Ownership ratio before and after the share transfer

- |   |    |
|---|----|
| 1) Ratio of voting rights owned before transfer | 5% |
| 2) Ratio of voting rights owned after transfer  | -% |

Note: Olympus Corporation has dissolved its capital relationship with OM Digital Solutions Corporation through this share transfer.

## (3) Impact on business results

The impact of this share transfer on the Olympus Corporation's consolidated financial statements was immaterial.

## (Subsequent events)

## (Transfer of Scientific Solutions Business)

On August 29, 2022, Olympus Corporation concluded a share transfer agreement related to the transfer of Scientific Solutions Business of the Olympus Group with K.K. BCJ-66, a special purpose company indirectly owned by funds advised by Bain Capital, and completed the transfer on April 3, 2023.

## (1) Reasons for transfer

As a truly global medical technology company, Olympus Corporation announced its corporate strategy for achieving sustainable growth (hereinafter "Corporate Strategy") on November 6, 2019. Based on this corporate strategy, we are aggressively allocating management resources to the medical field, mainly in Endoscopic Solutions Business and Therapeutic Solutions Business, and we are working to strengthen our management base in order to achieve sustainable growth. Under such circumstances, Olympus Corporation transferred its Science Solutions business, which had different business characteristics to the medical field, to Evident Corporation (hereinafter "Evident"). We focused on enhancing corporate value for the entire Olympus Group by establishing management systems that were complementary to the respective business characteristics, while proceeding with the task of examining all options, including the transfer of the shares of Evident. As a result of such examination, we reached the conclusion that based on the Corporate Strategy, the optimal path for enhancing corporate value of the Olympus Group and realizing autonomous and sustainable growth for the Science Solutions Business was to transfer all shares of Evident to Bain Capital.

## (2) Name of counterparty to the share transfer

K.K. BCJ-66

## (3) Date of the share transfer

April 3, 2023

## (4) Name and business description of the consolidated subsidiary to be transferred and details of transactions with Olympus Corporation

Name:	Evident Corporation
Business description:	Business related to the development, manufacturing and sale, provision of solutions, and other activities dealing with biological microscopes, industrial microscopes, industrial endoscopes, non-destructive testing equipment, X-ray analyzers, etc.
Details of transactions with Olympus Corporation:	Financing support

## (5) Number of shares to be transferred, transfer price, gain or loss on transfer and shareholding ratio after the transfer

- 1) Number of shares held before transfer: 100 shares (shareholding ratio: 100%)
- 2) Number of shares to be transferred: 100 shares
- 3) Number of shares held after transfer: - shares (shareholding ratio: -%)
- 4) Transfer price: Transfer price based on the agreement is ¥427,674 million. Under the agreement, the price has not been finalized and is subject to price adjustment.

Although this is currently under review, gain on transfer of the Scientific Solutions Business and expenses, such as related income taxes, are expected to total ¥347,900 million and ¥125,500 million, respectively.

## (Subsidiary share transfer)

On April 21, 2023, Olympus Corporation concluded an agreement to transfer all shares of Gyrus Medical Limited, a consolidated subsidiary of Olympus Corporation whose business is the manufacture of products for the Therapeutic Solutions Business, to ATL TECHNOLOGY UK HOLDINGS LIMITED.

Olympus Corporation lost control of Gyrus Medical Limited on the same day that the transfer of shares in accordance with this share transfer agreement was completed. Consideration for this share transfer shall be GBP25 million in cash and GBP4 million in contingent consideration, but loss (gain) on transfer is currently undecided as it is being calculated.

## (Purchase and cancellation of treasury shares)

At a meeting of the Board of Directors held on May 12, 2023, Olympus Corporation resolved items related to the purchase of treasury shares as provided for in Article 459 Section 1 of the Companies Act and Article 32 of Olympus Corporation's Articles of Incorporation, as well as the cancellation of treasury shares provided for in Article 178 of the Companies Act.

## (1) Reasons for the purchase and cancellation of treasury shares

To strengthen shareholder returns and to improve capital efficiency

## (2) Details of items related to the purchase

1. Class of shares: Common stock of Olympus Corporation
2. Total number of shares to be acquired: 55,000,000 shares (maximum)  
(4.39% of total number of issued shares (excluding treasury shares))
3. Total share acquisition value: ¥100,000 million (maximum)
4. Acquisition period: May 15, 2023 to January 31, 2024
5. Acquisition method: Market purchase based on a discretionary trading contract on the Tokyo Stock Exchange

(3) Details of cancellation

- |                                      |   |
|--------------------------------------|---|
| 1. Class of shares:                  | Common stock of Olympus Corporation                   |
| 2. Number of shares to be cancelled: | Total number of treasury shares acquired in (2) above |
| 3. Date of cancellation:             | February 29, 2024                                     |