

Consolidated Financial Results for the Nine Months of the Fiscal Year Ending March 31, 2024 <under IFRS>



February 14, 2024

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 to submit the Quarterly Securities Report: February 14, 2024
 Scheduled date to commence dividend payments: —
 Presentation of supplementary material on quarterly financial results: Yes
 Holding of quarterly 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 Nine Months of the Fiscal Year Ending March 31, 2024 (From April 1, 2023 to December 31, 2023)

(1) Consolidated Results of Operations (cumulative) (% indicate changes from the same period of the previous fiscal year)

	Revenue		Operating profit		Adjusted operating profit		Profit before tax		Profit	
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
Nine months ended										
December 31, 2023	675,714	5.3	39,035	(72.6)	110,172	(14.0)	33,018	(76.3)	235,575	117.4
December 31, 2022	641,545	17.2	142,572	39.5	128,129	19.2	139,370	43.7	108,369	23.4

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share		Diluted earnings per share	
	(¥ million)	%	(¥ million)	%	(¥)		(¥)	
Nine months ended								
December 31, 2023	235,212	117.4	271,408	87.7	191.59		191.15	
December 31, 2022	108,217	23.4	144,564	41.8	85.12		85.04	

Note: The Scientific Solutions Business has been classified as a discontinued operation from the second quarter of the previous fiscal year.

Due to this, the amounts presented for revenue, operating profit, adjusted 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.

(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
	(¥ million)	(¥ million)	(¥ million)	%
As of				
December 31, 2023	1,468,078	749,882	749,882	51.1
March 31, 2023	1,508,701	641,234	640,085	42.4

Note: The figures as of March 31, 2023 retroactively reflect adjustments of provisional amounts related to the business combination.

2. Dividends

	Annual dividends				
	First quarter	Second quarter	Third quarter	Year-end	Total
	(¥)	(¥)	(¥)	(¥)	(¥)
Fiscal year ended March 31, 2023	—	0.00	—	16.00	16.00
Fiscal year ending March 31, 2024	—	0.00	—		
Fiscal year ending March 31, 2024 (Forecast)				18.00	18.00

Note: Revisions of the forecast most recently announced: No

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 same period of the previous fiscal year)

	Revenue		Operating profit		Adjusted operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥)
Full year	924,000	4.8	57,000	(69.5)	145,000	(18.0)	51,000	(72.0)	252,000	75.7	207.72

Note: Revisions of the forecast most recently announced: Yes

The Scientific Solutions Business has been classified as a discontinued operation from the second quarter of the previous fiscal year. Due to this, the amounts presented for revenue, operating profit, adjusted operating profit and profit before tax in the forecast of financial results for the fiscal year ending March 31, 2024 are the amounts from continuing operations. The amounts presented for profit attributable to owners of parent and basic earnings per share are aggregates of continuing operations and discontinued operation.

* Notes

- (1) Changes in significant subsidiaries during the nine months under review (changes in specified subsidiaries resulting in the changes in scope of consolidation): Yes

Newly included: None

Excluded: 1 company (Evident Corporation)

- (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 December 31, 2023	1,266,178,700 shares
As of March 31, 2023	1,266,178,700 shares

- 2) Total number of treasury shares at the end of the period

As of December 31, 2023	82,735,615 shares
As of March 31, 2023	12,641,218 shares

- 3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2023	1,227,698,134 shares
Nine months ended December 31, 2022	1,271,290,238 shares

* Quarterly financial results reports are exempt from quarterly reviews conducted by certified public accountants or an audit corporation.

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

(Caution concerning forward-looking statements)

The forward-looking statements, including forecast of financial results, contained in these materials are based on information currently available to Olympus Corporation and on certain assumptions deemed to be reasonable. Accordingly, Olympus Corporation cannot make promises to achieve such forecasts. Actual business and other results may differ substantially due to various factors. Please refer to the section of "Explanation of Forecast of Consolidated Financial Results and Other Forward-looking Statements" on page 8 of the attached material for the conditions that form the assumptions for the forecast and cautions concerning the use thereof.

(Adjusted operating profit)

Adjusted operating profit is the amount of profit after deducting other income and other expenses from operating profit. Adjusted operating profit is disclosed because it is one of the performance metrics of the Olympus Group.

Attached Material Contents

1.	Qualitative Information Regarding Settlement of Accounts for the Nine Months.....	2
(1)	Explanation of Results of Operations.....	2
(2)	Financial Position.....	6
(3)	Cash Flows.....	7
(4)	Explanation of important management contracts.....	7
(5)	Explanation of Forecast of Consolidated Financial Results and Other Forward-looking Statements.....	8
2.	Condensed Quarterly Consolidated Financial Statements and Significant Notes Thereto.....	9
(1)	Condensed Quarterly Consolidated Statements of Financial Position.....	9
(2)	Condensed Quarterly Consolidated Statements of Profit or Loss.....	11
(3)	Condensed Quarterly Consolidated Statements of Comprehensive Income.....	12
(4)	Condensed Quarterly Consolidated Statements of Changes in Equity.....	13
(5)	Condensed Quarterly Consolidated Statements of Cash Flows.....	15
(6)	Notes to Condensed Quarterly Consolidated Financial Statements.....	17
	(Notes on premise of going concern).....	17
	(Reporting entity).....	17
	(Basis of preparation).....	17
	(Material accounting policies).....	18
	(Significant accounting estimates and associated judgments).....	18
	(Business segments).....	18
	(Cash and cash equivalents).....	20
	(Assets held for sale and liabilities directly associated with assets held for sale).....	20
	(Impairment of non-financial assets).....	20
	(Provisions).....	21
	(Bonds and borrowings).....	21
	(Equity and other equity items).....	21
	(Dividends).....	23
	(Revenue).....	23
	(Other income and other expenses).....	24
	(Per-share data).....	26
	(Cash flow information).....	28
	(Financial instruments).....	31
	(Discontinued operation).....	34
	(Business combinations).....	35
	(Contingent liabilities).....	38
	(Subsequent events).....	38

1. Qualitative Information Regarding Settlement of Accounts for the Nine Months

(1) Explanation of Results of Operations

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 Private Equity, LP (together with its affiliates, “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 ended September 30, 2022. Furthermore, the amounts presented for revenue, operating profit, adjusted 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 formerly had four reportable segments: “Endoscopic Solutions,” “Therapeutic Solutions,” “Scientific Solutions,” and “Others.” However, from the second quarter ended September 30, 2022, they have been changed to three segments: “Endoscopic Solutions,” “Therapeutic Solutions,” and “Others.”

Based on the above share transfer agreement, on April 3, 2023, we completed transferring all shares of Evident Corporation (“Evident”), a consolidated subsidiary of Olympus Corporation to which our Scientific Solutions Business was transferred through an absorption-type company split.

Trends in overall business results

During the nine months ended December 31, 2023 the global economy continued to move towards recovery, but global monetary tightening and the effects of the slump in China’s real estate market pose downside risks. In addition, the impact of the situation in the Middle East region also needs to be closely monitored. Furthermore, impacts were felt from the war in Ukraine and global inflation along with rising raw material prices and supply chain constraints. Notwithstanding a gradual improvement in business conditions, the Japanese economy was impacted by volatility in foreign exchange rates, and by the same soaring raw material prices and supply chain constraints that affected the global economy. Moreover, the latest impact of the 2024 Noto Peninsula Earthquake also needs to be closely monitored.

Despite this environment, the Olympus Group is continuing to work to transform into a global medtech company by pursuing our three priorities of “Patient safety and sustainability,” “Innovation for growth” and “Productivity” in line with the management strategy announced in May 2023.

Business results

Business results of continuing operations are presented in (1) to (10), and business results of the sum of continuing operations and discontinued operation are presented in (11) below.

	(Millions of yen)			
	Nine months ended December 31, 2022	Nine months ended December 31, 2023	Increase (Decrease)	Increase (Decrease) ratio (%)
(1) Revenue	641,545	675,714	34,169	5.3
(2) Cost of sales	207,821	224,281	16,460	7.9
(3) Selling, general and administrative expenses	306,085	340,907	34,822	11.4
(4) Share of profit (loss) of investments accounted for using equity method/Other income/Other expenses	14,933	(71,491)	(86,424)	–
(5) Operating profit	142,572	39,035	(103,537)	(72.6)
(6) Adjusted operating profit	128,129	110,172	(17,957)	(14.0)
(7) Finance income (loss)	(3,202)	(6,017)	(2,815)	–
(8) Profit before tax	139,370	33,018	(106,352)	(76.3)
(9) Income taxes	33,751	25,529	(8,222)	(24.4)
(10) Profit from continuing operations	105,619	7,489	(98,130)	(92.9)
(11) Profit attributable to owners of parent	108,217	235,212	126,995	117.4
Exchange rate (Yen/USD)	136.51	143.29	6.78	–
Exchange rate (Yen/EUR)	140.59	155.29	14.70	–
Exchange rate (Yen/CNY)	19.88	19.98	0.10	–

(1) Revenue

Revenue increased by ¥34,169 million year on year to ¥675,714 million. This increase was due to an increase in revenue in all business of the Endoscopic Solutions Business, Therapeutic Solutions Business and other businesses. Details are as described in “Analysis of the performance by segment” below.

(2) Cost of sales

Cost of sales increased by ¥16,460 million year on year to ¥224,281 million. The cost-to-sales ratio deteriorated by 0.8 percentage points year on year to 33.2%, as a result of recording a provision of approximately ¥4,200 million for expenses associated with the voluntary recall of small intestine endoscope systems in the Endoscopic Solutions Business.

(3) Selling, general and administrative expenses

Selling, general and administrative expenses increased by ¥34,822 million year on year to ¥340,907 million. The main factors are an increase in various project-related expenses aimed at improving efficiency and other factors, as well as personnel expenses due to future growth and strengthening of the business operating base, including quality assurance and regulatory compliance.

(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 expenses of ¥71,491 million, and the profit or loss deteriorated by ¥86,424 million year on year. A gain on sale of fixed assets of approximately ¥16,400 million was recorded in other income in the previous fiscal year, along with the recording of approximately ¥1,300 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. However, in the period under review a gain on transfer of approximately ¥1,100 million related to the collagen business, etc. (which had been included in other businesses) was the main item recorded, and other income declined by ¥18,577 million year on year. In addition, although in the previous fiscal year approximately ¥2,200 million in expenses for the promotion of Transform Olympus were recorded in other expenses, in the period under review other expenses increased by ¥67,003 million year on year. This was due to a loss of approximately ¥50,800 million related to the discontinuation of the manufacture and sale of Veran Medical Technologies, Inc.’s electromagnetic navigation systems, expenses related to holistic quality transformation program

Elevate of approximately ¥17,000 million, special additional payment and other expenses associated with implementation of career support system for external opportunity of approximately ¥2,000 million, and impairment losses on development assets in Therapeutic Solutions Business of approximately ¥1,400 million.

(5) Operating profit

Reflecting the factors stated above, operating profit decreased by ¥103,537 million year on year to ¥39,035 million.

(6) Adjusted operating profit

Reflecting the factors stated above, adjusted operating profit, which is the amount of profit after deducting other income and other expenses from operating profit, decreased by ¥17,957 million year on year to ¥110,172 million.

(7) Finance income (loss)

Finance loss, which reflects finance income and finance costs, deteriorated ¥2,815 million year on year to ¥6,017 million. The deterioration in finance loss was due mainly to the increase of foreign exchange losses as a result of the yen depreciating against various currencies.

(8) Profit before tax

Reflecting the factors stated above, profit before tax decreased by ¥106,352 million year on year to ¥33,018 million.

(9) Income taxes

The decreased profit before tax led income taxes to decrease by ¥8,222 million year on year to ¥25,529 million.

(10) Profit from continuing operations

The decreased profit before tax led profit from continuing operations to decrease by ¥98,130 million year on year to ¥7,489 million.

(11) Profit attributable to owners of parent

As a result of recording a gain of approximately ¥349.0 billion on the transfer of Scientific Solutions Business in discontinued operations during the nine months ended December 31, 2023, profit attributable to owners of parent increased by ¥126.995 billion year on year to ¥235.212 billion.

(Impact of foreign exchanges rates)

Compared to the same period of the previous fiscal year, the yen depreciated against the USD, EUR, and CNY. The average exchange rate during the period was ¥143.29 against the USD (¥136.51 in the same period of the previous fiscal year), ¥155.29 against the EUR (¥140.59 in the same period of the previous fiscal year) and ¥19.98 against the CNY (¥19.88 in the same period of the previous fiscal year), which caused revenue, operating profit and adjusted operating profit to increase by ¥28,919 million, ¥6,869 million and ¥9,743 million, respectively, year on year.

Analysis of the performance by segment**Endoscopic Solutions Business**

(Millions of yen)				
	Nine months ended December 31, 2022	Nine months ended December 31, 2023	Increase (Decrease)	Increase (Decrease) ratio (%)
Revenue	398,990	419,316	20,326	5.1
Operating profit (loss)	110,703	83,580	(27,123)	(24.5)

Consolidated revenue in the Endoscopic Solutions Business amounted to ¥419,316 million (up 5.1% year on year), while operating profit amounted to ¥83,580 million (down 24.5% year on year).

In GI Endoscopy, while performance was favorable in North America where the gastrointestinal endoscopy system “EVIS X1” was launched, year-on-year declines in sales were recorded in Europe, which had been lifted in the same period of the previous fiscal year by the effects of winning major projects in Russia and other countries, and in China that was affected by the anti-corruption campaign, resulting in the performance remaining at the same level as the same period of the previous fiscal year.

In Surgical Endoscopy, positive year-on-year growth was recorded as a result of increased sales from the “VISERA ELITE III” surgical endoscopy system launched in Europe and in Asia and Oceania.

In Medical Service, 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 decreased. Despite the positive impact of the increase in revenue, in addition to the recording of a provision of approximately ¥4,200 million for expenses associated with the voluntary recall of small intestine endoscope systems, there were increases in personnel expenses related to measures taken to strengthen the business operation foundation, such as future growth, quality assurance, and compliance with laws and regulations, and expenses related to various projects, including quality assurance and compliance with laws and regulations, as well as expenses related to holistic quality transformation program Elevate of approximately ¥10,800 million posted in other expenses.

Therapeutic Solutions Business

(Millions of yen)				
	Nine months ended December 31, 2022	Nine months ended December 31, 2023	Increase (Decrease)	Increase (Decrease) ratio (%)
Revenue	233,942	247,226	13,284	5.7
Operating profit (loss)	48,116	(16,176)	(64,292)	–

Consolidated revenue in the Therapeutic Solutions Business amounted to ¥247,226 million (up 5.7% year on year), while operating loss amounted to ¥16,176 million (compared with an operating profit of ¥48,116 million in the same period of the previous fiscal year).

GI-EndoTherapy saw positive growth, primarily in North America and Europe, recording higher revenue year on year. Furthermore, sales increased in product groups for ERCP (Endoscopic Retrograde Cholangio Pancreatography), which are used in endoscopic diagnoses and treatment of pancreatic duct, bile duct, etc., product groups for ESD (Endoscopic Submucosal Dissection) and EMR (Endoscopic Mucosal Resection), which are used in lesion resection, and the sampling of biopsy forceps, etc., which are used for collecting tissue for screening examinations.

Urology recorded higher revenue year on year, due mainly to positive growth in Europe and Asia and Oceania, as well as the effects of yen depreciation. Resection electrodes for BPH (Benign Prostatic Hyperplasia) and other products also contributed to the increase in sales.

Respiratory saw positive growth, primarily in North America and Europe, recording higher revenue year on year due in part to the effects of yen depreciation. Sales of devices used mainly for EBUS-TBNA (Endobronchial Ultrasound-guided Transbronchial Needle Aspiration) increased.

Other Therapeutic Areas recorded higher revenue year on year due to a rise in demand before the end of handling of other companies’ products in Japan as well as the effects of yen depreciation.

Operating profit in the Therapeutic Solutions Business declined despite the positive impact of higher sales. This was due not only to increased expenses related to various projects, including quality assurance and

compliance with laws and regulations and increase in personnel expenses due to future growth and strengthening of the business operating base, including quality assurance and regulatory compliance but also to a loss of approximately ¥50,800 million related to the discontinuation of the manufacture and sale of Veran Medical Technologies, Inc.'s electromagnetic navigation systems, expenses related to holistic quality transformation program Elevate of approximately ¥6,200 million, and impairment losses on development assets in Therapeutic Solutions Business of approximately ¥1,400 million recorded in other expenses.

Others

	(Millions of yen)			
	Nine months ended December 31, 2022	Nine months ended December 31, 2023	Increase (Decrease)	Increase (Decrease) ratio (%)
Revenue	8,613	9,172	559	6.5
Operating profit (loss)	(917)	971	1,888	-

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 ¥9,172 million (up 6.5% year on year), while operating profit amounted to ¥971 million (compared with an operating loss of ¥917 million in the same period of the previous fiscal year).

Revenue increased due to an increase in demand before the transfer of the collagen business at Olympus Terumo Biomaterials Corporation in the first quarter of the current fiscal year. Operating profit in other businesses improved due in part to gains on the transfer of the collagen business and other businesses of approximately ¥1,100 million, recorded in other income.

(2) Financial Position

In the third quarter ended December 31, 2023, the Olympus Group retroactively adjusted the consolidated statements of financial position as of the end of the previous fiscal year due to the adjustment of the fair value of assets acquired and liabilities assumed of Odin Medical Ltd., which was acquired in December 2022. Details regarding this retroactive adjustment are as described in the note (page 35) related to (Business combinations).

[Assets]

As of the end of the third quarter under review, total assets decreased by ¥40,623 million compared to the end of the previous fiscal year to ¥1,468,078 million. In current assets, cash and cash equivalents increased by ¥179,243 million, mainly as a result of the transfer of the Scientific Solutions Business, while inventories rose by ¥23,523 million, other financial assets increased by ¥17,423 million, primarily due to deposits for share repurchase, and income taxes receivable on gain on transfer of the Scientific Solutions Business, etc. grew by ¥15,103 million. On the other hand, assets held for sale declined by ¥169,621 million following the transfer of the Scientific Solutions Business. In non-current assets, exchange rate effects caused an increase in property, plant and equipment of ¥10,686 million, while deferred tax assets decreased by ¥97,048 million due mainly to a gain on the transfer of the Scientific Solutions Business. In addition, intangible assets decreased by ¥17,535 million as a result of the impairment loss related to Veran Medical Technologies, Inc.

[Liabilities]

Total liabilities decreased by ¥149,271 million from the end of the previous fiscal year to ¥718,196 million. Income taxes payable on gains on the transfer of Scientific Solutions Business decreased by ¥73,426 million, liabilities directly related to assets held for sale decreased by ¥43,253 million following the completion of the Scientific Solutions Business transfer, and bonds and borrowings decreased by ¥35,378 million.

[Equity]

Total equity increased by ¥108,648 million from the end of the previous fiscal year to ¥749,882 million. This increase was achieved despite share repurchase of ¥141,650 million and dividends of surplus of ¥20,240 million, mainly as a result of profit attributable to owners of parent of ¥235,212 million arising from the transfer of the Scientific Solutions Business and other factors, and an increase of ¥39,037 million in other components of equity due mainly to exchange differences on translation of foreign operations.

As a result of the foregoing, equity attributable to owners of parent to total assets increased from 42.4% as of the end of the previous fiscal year to 51.1%.

(3) Cash Flows

Cash and cash equivalents at the end of the third quarter under review reached ¥348,572 million, an increase of ¥143,060 million from the end of the previous fiscal year. The following are the cash flows for the nine months ended December 31, 2023.

[Cash flows from operating activities]

Net cash used in operating activities for the nine months ended December 31, 2023 was ¥12,861 million (compared with ¥54,943 million provided for the nine months ended December 31, 2022). Although there were positive factors such as adjustment for depreciation and amortization of ¥49,135 million, adjustment for impairment loss of ¥42,805 million, profit before tax of ¥33,018 million, and a decline in trade and other receivables of ¥13,523 million, this decrease was driven mainly by income taxes paid of ¥137,813 million and an increase in inventories of ¥20,956 million.

[Cash flows from investing activities]

Net cash provided by investing activities for the nine months ended December 31, 2023 was ¥391,445 million (compared with ¥37,860 million used for the nine months ended December 31, 2022). Cash flows from investing activities increased mainly due to the receipt of ¥379,091 million in consideration for the transfer of Scientific Solutions Business and the collection of ¥52,931 million in loans receivable from Evident, etc. despite expenditures of ¥34,408 million for the purchase of property, plant and equipment such as production equipment and ¥11,425 million for the purchase of intangible assets.

[Cash flows from financing activities]

Net cash used in financing activities for the nine months ended December 31, 2023 was ¥240,785 million (compared with ¥112,434 million used for the nine months ended December 31, 2022). The main factors behind this were payments for share repurchase and payment of deposits for share repurchase of ¥160,000 million, repayments of long-term borrowings of ¥40,000 million, and dividends paid of ¥20,240 million.

(4) Explanation of important management contracts

The following is a significant new contract concluded during the third quarter of the current fiscal year.

(Business Alliance Agreement)

Name of the contracting company	Counterparty	Country	Contract details
Olympus Corporation	1. Sony Corporation 2. Sony Olympus Medical Solutions Inc.	Japan	Business alliance in product development of next-generation endoscope systems

The following is a significant contract terminated during the third quarter of the current fiscal year.

(Affiliation Agreement)

Name of the contracting company	Counterparty	Country	Contract details	Contract term
Olympus Corporation	Terumo Corporation	Japan	Alliance for development and sales in the field of medical devices	One year from April 25, 2001, with automatic annual extensions

Note: Olympus Corporation and Terumo Corporation have agreed to transfer the above alliance agreement to a separate contract as of October 30, 2023.

(5) Explanation of Forecast of Consolidated Financial Results and Other Forward-looking Statements

In terms of the forecasts of consolidated financial results for the fiscal year ending March 31, 2024, we have revised the forecasts announced in our “Consolidated Financial Results for the Six Months of the Fiscal Year Ending March 31, 2024” released on November 9, 2023. After taking into consideration progress in the third quarter relative to the assumption of the previous outlook, the impact of the 2024 Noto Peninsula Earthquake, and the business environment in the fourth quarter, we have revised the previously announced consolidated earnings forecasts as follows.

The Scientific Solutions Business has been classified as a discontinued operation from the second quarter ended September 30, 2022. Due to this, the amounts presented for revenue, operating profit, adjusted operating profit and profit before tax are the amounts from continuing operations from which the discontinued operation has been excluded. The amount presented for profit attributable to owners of parent is an aggregate of continuing operations and discontinued operation.

In addition, foreign exchange rates assumed in the forecasts for the fourth quarter are ¥144 per USD, ¥157 per EUR, and ¥20.40 per CNY. The exchange rate assumptions for the full year, reflecting the results of the nine months ended December 31, 2023, are ¥143.47 per USD, ¥155.72 per EUR, and ¥20.09 per CNY (foreign exchange rates assumed in the previous forecast are ¥145 per USD, ¥155.19 per EUR, and ¥20.07 per CNY).

	Revenue (Millions of yen)	Operating profit (Millions of yen)	Adjusted 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)
Previous Forecast (A)	958,000	100,000	174,500	92,000	289,000	238.12
Revised Forecast (B)	924,000	57,000	145,000	51,000	252,000	207.72
Increase (Decrease) (B-A)	(34,000)	(43,000)	(29,500)	(41,000)	(37,000)	(30.4)
Increase (Decrease) ratio (%)	(3.5)	(43.0)	(16.9)	(44.6)	(12.8)	(12.8)

2. Condensed Quarterly Consolidated Financial Statements and Significant Notes Thereto**(1) Condensed Quarterly Consolidated Statements of Financial Position**

	(Millions of yen)	
	As of March 31, 2023	As of December 31, 2023
ASSETS		
Current assets		
Cash and cash equivalents	169,329	348,572
Trade and other receivables	174,672	165,268
Other financial assets	11,360	28,783
Inventories	162,994	186,517
Income taxes receivable	15,960	31,063
Other current assets	22,421	27,937
Subtotal	556,736	788,140
Assets held for sale	169,621	–
Total current assets	726,357	788,140
Non-current assets		
Property, plant and equipment	238,731	249,417
Goodwill	181,324	172,816
Intangible assets	116,757	99,222
Retirement benefit asset	27,028	28,370
Investments accounted for using equity method	1,010	466
Trade and other receivables	36,980	39,956
Other financial assets	21,476	28,646
Deferred tax assets	156,543	59,495
Other non-current assets	2,495	1,550
Total non-current assets	782,344	679,938
Total assets	1,508,701	1,468,078

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
LIABILITIES AND EQUITY		
Liabilities		
Current liabilities		
Trade and other payables	62,919	58,376
Bonds and borrowings	49,970	79,961
Other financial liabilities	23,235	27,903
Income taxes payable	99,567	26,141
Provisions	19,111	23,336
Other current liabilities	163,837	164,238
Subtotal	418,639	379,955
Liabilities directly associated with assets held for sale	43,253	–
Total current liabilities	461,892	379,955
Non-current liabilities		
Bonds and borrowings	290,087	224,718
Other financial liabilities	61,668	59,578
Retirement benefit liability	20,416	18,730
Provisions	2,912	2,392
Deferred tax liabilities	12,298	14,235
Other non-current liabilities	18,194	18,588
Total non-current liabilities	405,575	338,241
Total liabilities	867,467	718,196
Equity		
Share capital	124,643	124,643
Capital surplus	92,150	91,405
Treasury shares	(28,086)	(168,482)
Other components of equity	77,280	116,317
Other components of equity related to disposal group held for sale	3,034	–
Retained earnings	371,064	585,999
Total equity attributable to owners of parent	640,085	749,882
Non-controlling interests	1,149	–
Total equity	641,234	749,882
Total liabilities and equity	1,508,701	1,468,078

(2) Condensed Quarterly Consolidated Statements of Profit or Loss

	(Millions of yen)	
	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Continuing operations		
Revenue	641,545	675,714
Cost of sales	207,821	224,281
Gross profit	433,724	451,433
Selling, general and administrative expenses	306,085	340,907
Share of profit (loss) of investments accounted for using equity method	490	(354)
Other income	21,911	3,334
Other expenses	7,468	74,471
Operating profit	142,572	39,035
Finance income	2,983	1,876
Finance costs	6,185	7,893
Profit before tax	139,370	33,018
Income taxes	33,751	25,529
Profit from continuing operations	105,619	7,489
Discontinued operation		
Profit from discontinued operation	2,750	228,086
Profit	108,369	235,575
Profit attributable to:		
Owners of parent	108,217	235,212
Non-controlling interests	152	363
Profit	108,369	235,575
Earnings per share		
Basic earnings per share		
Continuing operations	¥82.96	¥5.80
Discontinued operation	¥2.16	¥185.79
Basic earnings per share	¥85.12	¥191.59
Diluted earnings per share		
Continuing operations	¥82.88	¥5.79
Discontinued operation	¥2.16	¥185.36
Diluted earnings per share	¥85.04	¥191.15

(3) Condensed Quarterly Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	108,369	235,575
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(129)	(42)
Remeasurements of defined benefit plans	141	(171)
Total of items that will not be reclassified to profit or loss	12	(213)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	37,787	35,681
Cash flow hedges	(1,604)	365
Total of items that may be reclassified to profit or loss	36,183	36,046
Total other comprehensive income	36,195	35,833
Comprehensive income	144,564	271,408
Comprehensive income attributable to:		
Owners of parent	144,412	271,045
Non-controlling interests	152	363
Comprehensive income	144,564	271,408

(4) Condensed Quarterly Consolidated Statements of Changes in Equity

Nine months ended December 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, 2022	124,643	91,239	(45,589)	34,818	–	305,057	510,168	1,194	511,362
Profit						108,217	108,217	152	108,369
Other comprehensive income				36,195			36,195		36,195
Comprehensive income	–	–	–	36,195	–	108,217	144,412	152	144,564
Share repurchase			(33,237)				(33,237)		(33,237)
Disposal of treasury shares		(100)	100				0		0
Cancellation of treasury shares		(23,271)	23,271				–		–
Dividends from surplus						(17,822)	(17,822)	(226)	(18,048)
Transfer from retained earnings to capital surplus		23,252				(23,252)	–		–
Transfer from other components of equity to retained earnings				(374)		374	–		–
Share-based payment transactions		783	164				947		947
Transfer to other components of equity related to disposal group held for sale				(2,427)	2,427		–		–
Total transactions with owners	–	664	(9,702)	(2,801)	2,427	(40,700)	(50,112)	(226)	(50,338)
Balance at December 31, 2022	124,643	91,903	(55,291)	68,212	2,427	372,574	604,468	1,120	605,588

Nine months ended December 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, 2023	124,643	92,150	(28,086)	77,280	3,034	371,064	640,085	1,149	641,234
Profit						235,212	235,212	363	235,575
Other comprehensive income				38,867	(3,034)		35,833		35,833
Comprehensive income	–	–	–	38,867	(3,034)	235,212	271,045	363	271,408
Share repurchase			(141,650)				(141,650)		(141,650)
Disposal of treasury shares		(23)	23				0		0
Dividends from surplus						(20,057)	(20,057)	(183)	(20,240)
Transfer from retained earnings to capital surplus		50				(50)	–		–
Transfer from other components of equity to retained earnings				170		(170)	–		–
Share-based payment transactions		820	1,231				2,051		2,051
Equity transactions with non-controlling interests		(1,592)					(1,592)	(1,329)	(2,921)
Total transactions with owners	–	(745)	(140,396)	170	–	(20,277)	(161,248)	(1,512)	(162,760)
Balance at December 31, 2023	124,643	91,405	(168,482)	116,317	–	585,999	749,882	–	749,882

(5) Condensed Quarterly Consolidated Statements of Cash Flows

	(Millions of yen)	
	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Cash flows from operating activities		
Profit before tax	139,370	33,018
Profit before tax from discontinued operation	1,934	348,114
Depreciation and amortization	52,313	49,135
Impairment losses	1,311	42,805
Interest and dividend income	(2,870)	(1,735)
Interest expenses	4,533	4,220
Loss (gain) on sale and retirement of fixed assets	(15,834)	187
Share of loss (profit) of investments accounted for using equity method	(490)	354
Gain on transfer of the Scientific Solutions Business	–	(349,030)
Decrease (increase) in trade and other receivables	2,853	13,523
Decrease (increase) in inventories	(31,354)	(20,956)
Increase (decrease) in trade and other payables	(2,830)	(6,049)
Increase (decrease) in retirement benefit liability	(1,500)	(2,208)
Decrease (increase) in retirement benefit asset	1,156	(626)
Increase (decrease) in provisions	(2,333)	2,378
Other	(9,577)	13,793
Subtotal	136,682	126,923
Interest received	2,840	1,732
Dividends received	30	3
Interest paid	(4,070)	(3,706)
Income taxes paid	(80,539)	(137,813)
Net cash provided by (used in) operating activities	54,943	(12,861)

	(Millions of yen)	
	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Cash flows from investing activities		
Payments into time deposits	(2,137)	–
Purchase of property, plant and equipment	(33,953)	(34,408)
Proceeds from sale of property, plant and equipment	19,840	1,181
Purchase of intangible assets	(15,234)	(11,425)
Purchase of investment securities	(3,583)	(15)
Proceeds from transfer of the Scientific Solutions Business	–	379,091
Proceeds from the transfer of the collagen business and dental product sales businesses	–	1,656
Payments for acquisition of subsidiaries	(3,909)	–
Proceeds from sale of subsidiaries	–	4,429
Collection of loans receivable	843	52,931
Payments for contingent consideration	(580)	(1,946)
Other	853	(49)
Net cash provided by (used in) investing activities	(37,860)	391,445
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings and commercial papers	(81)	(3)
Repayments of lease liabilities	(14,938)	(14,887)
Repayments of long-term borrowings	–	(40,000)
Dividends paid	(17,822)	(20,057)
Dividends paid to non-controlling interests	(226)	(183)
Payments for share repurchase	(33,237)	(141,650)
Change in deposits due to share repurchase	(6,762)	(18,350)
Redemption of bonds	(40,000)	–
Payments for acquisition of interests in subsidiaries from non-controlling interests	–	(2,921)
Other	632	(2,734)
Net cash used in financing activities	(112,434)	(240,785)
Effect of exchange rate changes on cash and cash equivalents	4,102	5,261
Net increase (decrease) in cash and cash equivalents	(91,249)	143,060
Cash and cash equivalents at beginning of period	302,572	205,512
Cash and cash equivalents at end of period	211,323	348,572

(6) Notes to Condensed Quarterly 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 condensed quarterly 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 other products. Details of each business are as described in (Business segments) (page 18).

(Basis of preparation)

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

The condensed quarterly consolidated financial statements of the Olympus Group have been prepared in accordance with IAS 34. 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 Quarterly Consolidated Financial Statements" are satisfied, the Olympus Group adopts the provisions of Article 93 of the same Regulation. The condensed quarterly consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be used in conjunction with the Olympus Group's annual consolidated financial statements as of March 31, 2023.

These condensed quarterly consolidated financial statements were approved by Director, Representative Executive Officer, President and CEO Stefan Kaufmann, and Executive Officer and CFO Chikashi Takeda on February 14, 2024.

(2) Functional currency and presentation currency

The Olympus Group's condensed quarterly 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.

(3) Changes in presentation methods

(Condensed Quarterly Consolidated Statements of Cash Flows)

(Cash flows from operating activities)

In the nine months ended December 31, 2022, because "Impairment losses," which had previously been included in "Other" of "Cash flows from operating activities," increased in monetary importance, it has been listed independently from the nine months ended December 31, 2023. To reflect this change in the presentation method, we have reorganized our Condensed Quarterly Consolidated Financial Statements for the nine months ended December 31, 2022.

As a result, in the Condensed Quarterly Consolidated Statements of Cash Flows for the nine months ended December 31, 2022, the negative ¥8,266 million presented as "Other" in "Cash flows from operating activities" was reorganized into "Impairment losses" of ¥1,311 million and "Other" of negative ¥9,577 million.

(Cash flows from investing activities)

In the nine months ended December 31, 2022, because "Collection of loans receivable" and "Payments for contingent consideration," which had previously been included in "Other" of "Cash flows from investing activities," increased in monetary importance, they have been listed independently from the nine months ended December 31, 2023. To reflect this change in the presentation method, we have reorganized our Condensed Quarterly Consolidated Financial Statements for the nine months ended December 31, 2022.

As a result, in the Condensed Quarterly Consolidated Statements of Cash Flows for the nine months ended December 31, 2022, ¥1,116 million presented as "Other" in "Cash flows from investing activities" was reorganized into "Collection of loans receivable" ¥843 million, "Payments for contingent consideration" of negative ¥580 million, and "Other" of ¥853 million.

(Material accounting policies)

The material accounting policies adopted for the condensed quarterly consolidated financial statements of the Olympus Group for the nine months ended December 31, 2023 are the same as those applied for the fiscal year ended March 31, 2023.

(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.

The details of significant accounting estimates and associated judgments in the condensed quarterly consolidated financial statements are unchanged from the contents described in 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 ended September 30, 2022, 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.

An outline of the discontinued operation is provided in (Discontinued operation) (page 34). The transfer of the shares of Evident, which operates the Scientific Solutions Business, was completed on April 3, 2023.

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 (Material accounting policies) (page 18).

Nine months ended December 31, 2022

	Reportable Segment				Adjustment (Note 2, 3)	(Millions of yen)
	Endoscopic Solutions	Therapeutic Solutions	Others	Total		Amount on condensed quarterly consolidated financial statements
Revenue						
Revenue from outside customers	398,990	233,942	8,613	641,545	–	641,545
Intersegment revenue (Note 1)	–	–	211	211	(211)	–
Total revenue	398,990	233,942	8,824	641,756	(211)	641,545
Operating profit (loss)	110,703	48,116	(917)	157,902	(15,330)	142,572
Finance income						2,983
Finance costs						6,185
Profit before tax						139,370
Other items						
Share of profit (loss) of investments accounted for using equity method	490	–	–	490	–	490
Depreciation and amortization	29,271	14,513	887	44,671	4,436	49,107
Impairment losses	907	401	3	1,311	–	1,311

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.

Nine months ended December 31, 2023

	Reportable Segment				Adjustment (Note 2)	(Millions of yen)
	Endoscopic Solutions	Therapeutic Solutions	Others	Total		Amount on condensed quarterly consolidated financial statements
Revenue						
Revenue from outside customers	419,316	247,226	9,172	675,714	–	675,714
Intersegment revenue (Note 1)	–	–	104	104	(104)	–
Total revenue	419,316	247,226	9,276	675,818	(104)	675,714
Operating profit (loss)	83,580	(16,176)	971	68,375	(29,340)	39,035
Finance income						1,876
Finance costs						7,893
Profit before tax						33,018
Other items						
Share of profit (loss) of investments accounted for using equity method	(346)	(8)	–	(354)	–	(354)
Depreciation and amortization	30,898	13,581	728	45,207	3,928	49,135
Impairment losses (reversal of impairment losses) (Note 3)	138	42,671	–	42,809	(4)	42,805

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. The operating loss of the Therapeutic Solutions Business includes a loss of ¥50,830 million incurred from the discontinuation of manufacturing and sales of Veran Medical Technologies, Inc. products. Details are as described in (Other income and other expenses) (page 24). Such losses include impairment losses of ¥41,314 million. Details are as described in (Impairment of non-financial assets) (page 20).

(Cash and cash equivalents)

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

	(Millions of yen)	
	Nine months ended December 31, 2022 (April 1, 2022 - December 31, 2022)	Nine months ended December 31, 2023 (April 1, 2023 - December 31, 2023)
Cash and cash equivalents in the condensed quarterly consolidated statements of financial position	175,748	348,572
Cash and cash equivalents included in assets held for sale	35,575	—
Cash and cash equivalents at end of period in the condensed quarterly consolidated statement of cash flows	211,323	348,572

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

The nine months ended December 31, 2023 saw the completion of procedures for the sale of assets and liabilities related to the Scientific Solutions Business and of assets and liabilities related to the collagen and dental product sales businesses, which had been classified as held for sale in the previous fiscal year.

(Transfer of Scientific Solutions Business)

The transfer of all shares of Evident Corporation, which had been a consolidated subsidiary of Olympus Corporation, was conducted on April 3, 2023. In conjunction with this transfer, the transfer of the assets and liabilities of the Scientific Solutions Business, which were classified as held for sale in the previous fiscal year, was completed on the same date. Details are described in (Cash flow information) (page 28).

(Transfer of collagen business and dental product sales businesses)

The transfer of assets and liabilities related to the collagen business and dental product sales businesses, which were classified as assets held for sale in the previous fiscal year, was completed on July 3, 2023. Details are described in (Cash flow information) (page 28).

(Impairment of non-financial assets)

The Olympus Group recognizes impairment losses when the recoverable amount of an asset falls below its carrying amount. Impairment losses related to non-financial assets are recorded in the Other expenses item of the condensed quarterly consolidated statement of profit or loss.

Business assets are mainly grouped according to business segment, while assets scheduled for disposal are grouped according to the assets to be disposed or sold, and idle assets are grouped individually.

The main impairment losses recognized in the nine months ended December 31, 2023 were as follows.

Following the discontinuation of the manufacture and sale of Veran Medical Technologies, Inc. (“VMT”) electromagnetic navigation systems, related non-current assets were written down to their recoverable amount, and an impairment loss of ¥41,314 million was recorded (¥20,041 million for goodwill; ¥15,929 million for technology-related assets; ¥247 million for trademarks; ¥3,568 million for research and development in progress; and ¥1,146 million for license usage rights). Since the completion of the acquisition, the non-current assets related to the manufacture and sale of VMT’s products included in Therapeutic Solutions segment had been tested for impairment using this business segment as the cash-generating unit, taking into account synergies with other assets in the Therapeutic Solutions Business segment. However, during the nine months ended December 31, 2023, it was found that it was difficult to

achieve the original goal of early diagnosis and minimally invasive treatment of respiratory diseases in combination with existing respiratory products, which was assumed at the time of acquisition, and it was also found that the products did not meet the quality standards required internally. Due to the decision to terminate the development and sale of VMT's products, the impairment test was performed separately for non-current assets incurred in connection with the acquisition of VMT, rather than on a business segment basis. The recoverable amount was the fair value less costs of disposal and, as the assets are difficult to sell, this amount was zero. It was classified as level 3 in the fair value hierarchy. Details regarding the fair value hierarchy are as described in (Financial instruments) (Page 31).

VMT was acquired by the Olympus Group in December 2020, with the objective of combining VMT's electromagnetic navigation systems and related devices with Olympus Corporation's bronchoscope systems to enable early diagnosis and minimally invasive therapies for bronchial disease, and drive the growth of the Respiratory business. However, as a result of an independent investigation it became apparent that VMT's technology and products did not conform to the quality standards of the Olympus Group, and accordingly Olympus Corporation discontinued shipments of said products in February 2023, since which time it has been engaged in further analysis and considering how to address the situation going forward. After putting the highest priority on the safety of patients during these deliberations, we concluded that improving the quality for these products to meet Olympus standards would incur enormous costs, and that a resumption of shipments would be significantly delayed at a time when the clinical needs of our customers are undergoing rapid change. Accordingly, on September 6, 2023 we took the decision to discontinue the manufacture and sale of these products. Loss amounts associated with the discontinuation of manufacture and sale of these products are as described in (Other income and other expenses) (Page 24).

(Provisions)

(Voluntary recall of Olympus Corporation's products)

As a result of an independent market survey conducted by Olympus Corporation, and of comparisons to in-house quality standards, we made the decision to implement a voluntary recall of small intestine endoscope systems in line with our policy of putting the highest priority on ensuring the safety of patients. A provision of ¥4,157 million for expenses associated with this market response was made in the cost of sales of the Endoscopic Solutions Business in the nine months ended December 31, 2023.

(Bonds and borrowings)

During the nine months ended December 31, 2022, 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).

There were no significant transactions during the nine months ended December 31, 2023.

(Equity and other equity items)

Nine months ended December 31, 2022

(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 nine months ended December 31, 2022.

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.

(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 nine months ended December 31, 2022.

The impact of this disposal is that treasury shares decreased by ¥164 million.

(Share repurchase)

At a meeting of the Board of Directors held on November 11, 2022, Olympus Corporation resolved the repurchase of its own shares and the specific means of repurchase as provided for under 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, 2022:

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

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

- | | |
|--|--|
| 1. Total number of shares repurchased: | 12,601,000 shares |
| 2. Total amount of shares repurchased: | ¥33,234 million |
| 3. Repurchase period: | November 14, 2022 to December 31, 2022 |

Nine months ended December 31, 2023

(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 June 14, 2023 and July 25, 2023. Due to this disposal, treasury shares decreased by 554,030 shares during the nine months ended December 31, 2023.

The impact of this disposal is that treasury shares decreased by ¥1,231 million.

(Share repurchase)

At meetings of the Board of Directors held on May 12, 2023 and November 9, 2023, Olympus Corporation resolved the repurchase of its own shares and the specific means of repurchase as provided for under Article 459 Section 1 of the Companies Act and Article 32 of Olympus Corporation's Articles of Incorporation, and carried out the repurchase of its own shares as follows:

(1) Details of the resolution passed at the meeting of the Board of Directors held on May 12, 2023:

- | | |
|--|---|
| 1. Class of shares: | Common stock of Olympus Corporation |
| 2. Total number of shares to be repurchased: | 55,000,000 shares (maximum) |
| 3. Total amount of shares to be repurchased: | ¥100,000 million (maximum) |
| 4. Repurchase period: | May 15, 2023 to January 31, 2024 |
| 5. Repurchase method: | Market purchase based on a discretionary trading contract on the Tokyo Stock Exchange |

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

- | | |
|--|--|
| 1. Total number of shares repurchased: | 51,032,000 shares |
| 2. Total amount of shares repurchased: | ¥100,000 million |
| 3. Repurchase period: | May 15, 2023 to November 8, 2023 (based on |

delivery date)

(3) Details of the resolution passed at the meeting of the Board of Directors held on November 9, 2023:

- | | |
|--|---|
| 1. Class of shares: | Common stock of Olympus Corporation |
| 2. Total number of shares to be repurchased: | 53,000,000 shares (maximum) |
| 3. Total amount of shares to be repurchased: | ¥80,000 million (maximum) |
| 4. Repurchase period: | November 10, 2023 to March 31, 2024 |
| 5. Repurchase method: | Market purchase based on a discretionary trading contract on the Tokyo Stock Exchange |

(4) Treasury shares repurchased based on the above resolution by the Board of Directors

- | | |
|--|---|
| 1. Total number of shares repurchased: | 19,625,600 shares |
| 2. Total amount of shares repurchased: | ¥41,650 million |
| 3. Repurchase period: | November 10, 2023 to December 31, 2023 (based on delivery date) |

Details regarding the repurchase of its own shares after the end of the third quarter ended December 31, 2023 are as described in (Subsequent events) (Page 38).

(Equity transactions with non-controlling interests)

On August 4, 2023, the Olympus Group acquired all the shares of Olympus Terumo Biomaterials Corporation (“OTB”), raising its equity interest in OTB from 66.6% to 100%, and resulting in OTB becoming a wholly owned subsidiary of the Olympus Group. As a result, non-controlling interests and capital surplus decreased by ¥1,329 million and ¥1,592 million respectively in the nine months ended December 31, 2023.

(Dividends)

Dividends paid are as follows.

Nine months ended December 31, 2022 (April 1, 2022 - December 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 11, 2022	Common stock	17,822	14	March 31, 2022	June 3, 2022

Nine months ended December 31, 2023 (April 1, 2023 - December 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 12, 2023	Common stock	20,057	16	March 31, 2023	June 6, 2023

(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

ended September 30, 2022, 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. The transfer procedures were completed on April 3, 2023.

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:

Nine months ended December 31, 2022 (April 1, 2022 - December 31, 2022)

(Millions of yen)				
	Endoscopic Solutions	Therapeutic Solutions	Others	Total
Japan	48,291	34,133	4,324	86,748
North America	146,234	92,402	104	238,740
Europe	96,995	59,800	3,843	160,638
China	59,113	24,447	31	83,591
Asia and Oceania	37,829	18,814	311	56,954
Others	10,528	4,346	0	14,874
Total	398,990	233,942	8,613	641,545

Nine months ended December 31, 2023 (April 1, 2023 - December 31, 2023)

(Millions of yen)				
	Endoscopic Solutions	Therapeutic Solutions	Others	Total
Japan	50,973	34,162	3,896	89,031
North America	151,324	97,747	93	249,164
Europe	101,897	64,617	4,376	170,890
China	59,479	23,123	633	83,235
Asia and Oceania	42,388	21,714	174	64,276
Others	13,255	5,863	0	19,118
Total	419,316	247,226	9,172	675,714

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.

Nine months ended December 31, 2022 (April 1, 2022 - December 31, 2022)

(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 ¥1,343 million in “Other income” due to 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. Details of the changes in the fair value are described in “Business combinations (Contingent consideration of Medi-Tate Ltd.)” (page 36).

Nine months ended December 31, 2023 (April 1, 2023 - December 31, 2023)

(Transfer of collagen business and dental product sales businesses)

Olympus Corporation recorded a gain of ¥1,127 million associated with the loss of control of the collagen business and dental product sales businesses under “Other income.” Details are described in (Cash flow information) (page 28).

(2) Other expenses

Major items of other expenses are as follows.

Nine months ended December 31, 2022 (April 1, 2022 - December 31, 2022)

(Business restructuring expenses)

Olympus Corporation recorded ¥2,211 million for the cost related to promotion of the business transformation plan “Transform Olympus” in “Other expenses.”

Nine months ended December 31, 2023 (April 1, 2023 - December 31, 2023)

(Quality-related expenses)

In order to comply with quality laws and regulation for medical device of global regulatory authorities, we must strengthen our quality management systems. An expense of ¥16,989 million was incurred in “Other expenses” to ensure we strengthen our global quality management system and to improve targeted areas including complaint handling and response, medical device reporting (MDR), and process design validation.

(Losses associated with the discontinuation of manufacture and sale of products from Veran Medical Technologies, Inc.)

A loss of ¥50,830 million (¥2,315 million for loss on valuation of inventories; ¥41,314 million for impairment loss on non-current assets (Note); ¥7,201 million for expenses related to the voluntary recall of products) associated with the discontinuation of manufacture and sale of products from Veran Medical Technologies, Inc.’s electromagnetic navigation systems was recorded in “Other expenses.”

Note: Details of impairment losses on non-current assets are as described in (Impairment of non-financial assets) (page 20).

(Impairment losses)

Olympus Corporation recognized impairment losses of ¥1,357 million on development assets in Therapeutic Solutions 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.”

(Implementation of career support system for external opportunity)

Olympus Corporation recorded ¥2,036 million in “Other expenses” as expenses incurred in the provision of special additional payment and re-employment support services under the career support system for external opportunity implemented by Olympus Corporation and its group companies.

(Per-share data)

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

	Nine months ended December 31, 2022 (April 1, 2022 - December 31, 2022)	Nine months ended December 31, 2023 (April 1, 2023 - December 31, 2023)
Basic earnings per share		
Continuing operations	¥82.96	¥5.80
Discontinued operation	¥2.16	¥185.79
Basic earnings per share	¥85.12	¥191.59
Diluted earnings per share		
Continuing operations	¥82.88	¥5.79
Discontinued operation	¥2.16	¥185.36
Diluted earnings per share	¥85.04	¥191.15

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

	(Millions of yen)	
	Nine months ended December 31, 2022 (April 1, 2022 - December 31, 2022)	Nine months ended December 31, 2023 (April 1, 2023 - December 31, 2023)
Profit used to calculate basic earnings per share and diluted earnings per share		
Profit attributable to owners of parent	108,217	235,212
Profit not attributable to common shareholders of parent	-	-
Profit used to calculate basic earnings per share	108,217	235,212
Continuing operations	105,467	7,126
Discontinued operation	2,750	228,086
Adjustment to profit	-	-
Profit used to calculate diluted earnings per share	108,217	235,212
Continuing operations	105,467	7,126
Discontinued operation	2,750	228,086

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	1,271,290 thousand shares	1,227,698 thousand shares
Increase in number of shares of common stock		
Subscription rights to shares relating to stock options	392 thousand shares	294 thousand shares
Common stock relating to PSU	479 thousand shares	1,897 thousand shares
Common stock relating to RSU	395 thousand shares	615 thousand shares
Average number of shares of diluted common stock during the period	1,272,556 thousand shares	1,230,504 thousand shares

(Cash flow information)

Nine months ended December 31, 2022

No items to report

Nine months ended December 31, 2023

(Transfer of Scientific Solutions Business)

(i) Overview of transaction

On August 29, 2022, Olympus Corporation concluded an agreement to transfer all shares of its consolidated subsidiary, Evident Corporation (hereinafter, “Evident”), which operates the Scientific Solutions Business, to K.K. BCJ-66, a special purpose company indirectly owned by funds advised by Bain Capital, and completed the transfer procedures on April 3, 2023. As a result of this, Olympus Corporation lost its control of Evident on the same day.

(ii) Assets and liabilities associated with the loss of control

	(Millions of yen)
	Amount
Current assets	118,936
Non-current assets	50,119
Total assets	169,055
Current liabilities	30,657
Non-current liabilities	12,497
Total liabilities	43,154

(iii) Cash flows associated with the loss of control

	(Millions of yen)
	Amount
Cash and cash equivalents received as consideration of the loss of control	418,166
Expenses related to transfer of businesses	(2,892)
Cash and cash equivalents of subsidiaries with the loss of control	(36,183)
Proceeds from the transfer of Scientific Solutions Business (Note)	379,091

Note: Proceeds from the transfer of Scientific Solutions Business are included in “Cash flows from investing activities” in the Condensed Quarterly Consolidated Statements of Cash Flows.

(iv) Gain or loss associated with the loss of control

Olympus Corporation recorded a gain of ¥349,030 million associated with the loss of control of Evident under “Profit from discontinued operation” in the Condensed Quarterly Consolidated Statements of Profit or Loss.

(Transfer of Gyrus Medical Limited)

(i) Overview of transaction

On April 21, 2023, Olympus Corporation concluded an agreement to transfer all shares of Gyrus Medical Limited (“GML”), a consolidated subsidiary of Olympus Corporation, to ATL TECHNOLOGY UK HOLDINGS LIMITED.

Olympus Corporation lost control of GML on the same day that the transfer of shares in accordance with this share transfer agreement was completed.

(ii) Assets and liabilities associated with the loss of control

	(Millions of yen)
	Amount
Current assets	2,226
Non-current assets	1,285
Total assets	3,511
Current liabilities	688
Non-current liabilities	17
Total liabilities	705

(iii) Cash flows associated with the loss of control

	(Millions of yen)
	Amount
Cash and cash equivalents received as consideration of the loss of control	4,429
Cash and cash equivalents of subsidiaries with the loss of control	(0)
Proceeds from sale of subsidiaries (Note)	4,429

Note: Proceeds from sale of subsidiaries are included in “Cash flows from investing activities” in the Condensed Quarterly Consolidated Statements of Cash Flows.

(iv) Gain or loss associated with the loss of control

Olympus Corporation recorded a gain of ¥104 million associated with the loss of control of GML under “Other income” in the Condensed Quarterly Consolidated Statements of Profit or Loss.

(Transfer of collagen business and dental product sales businesses)

(i) Overview of transaction

On March 28, 2023, Olympus Terumo Biomaterials Corporation, a consolidated subsidiary of Olympus Corporation, executed a company split agreement with GC Corporation 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. The transfer of the businesses in accordance with this agreement was completed on July 3, 2023. As a result, Olympus Corporation lost its control of the collagen business and the dental product sales business on that date.

(ii) Assets and liabilities associated with the loss of control

	(Millions of yen)
	Amount
Current assets	158
Non-current assets	399
Total assets	557
Current liabilities	28
Non-current liabilities	–
Total liabilities	28

(iii) Cash flows associated with the loss of control

	(Millions of yen)
	Amount
Cash and cash equivalents received as consideration of the loss of control	1,769
Expenses related to transfer of businesses	(113)
Proceeds from the transfer of the collagen business and dental product sales businesses (Note)	1,656

Note: Proceeds from the transfer of the collagen business and dental product sales businesses are included in “Cash flows from investing activities” in the Condensed Quarterly Consolidated Statements of Cash Flows.

(iv) Gain or loss associated with the loss of control

Olympus Corporation recorded a gain of ¥1,127 million associated with the loss of control of the collagen business and dental product sales businesses under “Other income” in the Condensed Quarterly Consolidated Statements of Profit or Loss.

(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 year ended March 31, 2023 and the nine months ended December 31, 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 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 is classified as level 3 and stated at the estimates of future payability.

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

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

As of December 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	–	10,646	–	10,646
Equity securities and others	–	–	718	718
Financial assets measured at fair value through other comprehensive income				
Equity securities and others	504		7,152	7,656
Financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	–	2,377	–	2,377
Contingent consideration	–	–	7,716	7,716

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

	(Millions of yen)	
	Nine months ended December 31, 2022 (April 1, 2022 - December 31, 2022)	Nine months ended December 31, 2023 (April 1, 2023 - December 31, 2023)
Balance at April 1	3,895	7,368
Gains and losses (Note)		
Profit or loss	81	4
Other comprehensive income	27	61
Purchases	3,583	301
Other	63	136
Balance at December 31	7,649	7,870

Note:

Gains or losses recognized in profit or loss are mainly included in “Finance income” or “Finance costs” in the condensed quarterly 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 condensed quarterly consolidated statements of comprehensive income.

Total gains or losses recognized in profit or loss included a gain of ¥81 million and a loss of ¥43 million on financial instruments held as of the nine months ended December 31, 2022 and 2023, respectively.

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

	(Millions of yen)	
	Nine months ended December 31, 2022 (April 1, 2022 - December 31, 2022)	Nine months ended December 31, 2023 (April 1, 2023 - December 31, 2023)
Balance at April 1	6,100	8,226
Business combinations, etc.	4,083	–
Settlement	(580)	(1,945)
Change in fair value	(1,253)	811
Other	293	624
Balance at December 31	8,643	7,716

(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, 2023		As of December 31, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Lease receivables	65,003	64,982	72,830	72,608
Financial liabilities				
Bonds	146,118	141,280	150,412	145,830
Borrowings	134,021	134,287	94,292	94,519

(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 ended September 30, 2022. The transfer of the shares of Evident, which operates the Scientific Solutions Business, was completed on April 3, 2023. Details are described in (Cash flow information) (page 28).

(2) Profit (loss) of discontinued operation

Profit (loss) of discontinued operations is as follows:

	(Millions of yen)	
	Nine months ended December 31, 2022 (April 1, 2022 - December 31, 2022)	Nine months ended December 31, 2023 (April 1, 2023 - December 31, 2023)
Revenue	91,011	-
Cost of sales	41,646	-
Gross profit	49,365	-
Selling, general and administrative expenses	39,630	387
Other income (Note 1)	72	349,149
Other expenses (Note 2)	8,326	648
Operating profit	1,481	348,114
Finance income	562	-
Finance costs	109	-
Profit before tax	1,934	348,114
Income taxes (Note 3)	(816)	120,028
Profit from discontinued operation	2,750	228,086

- Notes: 1. Other income includes ¥349,030 million in the nine months ended December 31, 2023 for the gain on the transfer of Scientific Solutions Business.
2. Other expenses include ¥8,165 million and ¥177 million in the nine months ended December 31, 2022 and the nine months ended December 31, 2023, respectively, related to the spin-off of the Scientific Solutions Business and the strengthening of its management systems.
3. Income taxes of ¥120,028 million in the nine months ended December 31, 2023 are tax expenses related to the transfer of Scientific Solutions Business.

(3) Cash flows of discontinued operation

Cash flows of discontinued operation are as follows:

	(Millions of yen)	
	Nine months ended December 31, 2022 (April 1, 2022 - December 31, 2022)	Nine months ended December 31, 2023 (April 1, 2023 - December 31, 2023)
Cash flows of discontinued operation		
Net cash used in operating activities	(13,651)	(57,728)
Net cash provided by (used in) investing activities (Note)	(8,212)	431,091
Net cash used in financing activities	(1,366)	-

Note: Net cash provided by (used in) investing activities in the nine months ended December 31, 2023 includes proceeds from the transfer of the Scientific Solutions Business of ¥379,091 million and collection of loans receivable from Evident Corporation of ¥52,000 million.

(Business combinations)

Nine months ended December 31, 2022 (April 1, 2022 - December 31, 2022)

(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	3,955
Trade and other payables	(28)
Other current liabilities	(99)
Deferred tax liabilities	(986)
Other non-current liabilities	(74)
Fair value of assets acquired and liabilities assumed, net	2,920
Goodwill	5,157
Total	8,077

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 third quarter ended December 31, 2023, and the values of the assets and liabilities on the acquisition date have been revised from the initial provisional amounts.

The adjustments made comprise an increase in intangible assets of ¥3,943 million and an increase in deferred tax liabilities of ¥986 million. As a result, goodwill decreased by ¥2,894 million. The balance of intangible assets of ¥3,955 million is mostly comprised of ¥3,170 million in technology-related assets related to products of Odin, and ¥774 million in intangible assets based on the contract, 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 15 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.

(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 condensed quarterly consolidated statements of profit or loss due to such information is not material.

Furthermore, the profit or loss information under the assumption that the said business combination was conducted at the beginning of the fiscal year under review has not been reviewed by an audit corporation’s quarterly review.

(Contingent consideration of Medi-Tate Ltd.)

With regard to the contingent consideration recognized from the acquisition of Medi-Tate Ltd. carried out in the fiscal year ended March 31, 2022, 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 ¥1,953 million in the nine months ended December 31, 2022. Of the ¥746 million difference, the amount of impact of changes in the time value of money of ¥341 million (Note 1) was recorded as “Finance costs” in the condensed quarterly consolidated statements of profit or loss, the amount of impact of ¥1,343 million due to the review of the fair value itself (Note 2) was recorded as “Other income” in the condensed quarterly consolidated statements of profit or loss, and the amount of impact of exchange rate fluctuations of ¥255 million was recorded as “Exchange differences on translation of foreign operations” in the condensed quarterly 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.

Nine months ended December 31, 2023 (April 1, 2023 - December 31, 2023)

(Revised provisional amounts)

For the following business combination that occurred in the fiscal year ended March 31, 2023, provisional amounts have been revised during the fiscal year ending March 31, 2024. As a result, we have retrospectively revised the figures at the end of the fiscal year ended March 31, 2023 in the consolidated statements of financial position.

(Acquisition of Odin Medical Ltd.)

Odin Medical Ltd. became a consolidated subsidiary of Olympus Corporation on December 19, 2022, due to the acquisition of shares for cash consideration.

In the fiscal year ending March 31, 2024, the fair value of some assets acquired and liabilities assumed has been revised with respect to the measurement of the fair value of assets acquired and liabilities assumed as of the acquisition date in said business combination. Regarding said business combination, in the fiscal year ending March 31, 2024, initial measurement of assets acquired, liabilities assumed and goodwill has been finalized.

	(Millions of yen)		
	Provisional fair value as of March 31, 2023	Subsequent revision	Revised fair value
Fair value of consideration paid			
Cash	3,982	–	3,982
Contingent consideration	4,095	–	4,095
Total	8,077	–	8,077
Fair value of assets acquired and liabilities assumed			
Cash and cash equivalents	148	–	148
Other current assets	1	–	1
Property, plant and equipment	3	–	3
Intangible assets	2,434	1,521	3,955
Trade and other payables	(28)	–	(28)
Other current liabilities	(99)	–	(99)
Deferred tax liabilities	(606)	(380)	(986)
Other non-current liabilities	(74)	–	(74)
Fair value of assets acquired and liabilities assumed, net	1,779	1,141	2,920
Goodwill	6,298	(1,141)	5,157
Total	8,077	–	8,077

Due to these revisions, there were increases in intangible assets and deferred tax liabilities of ¥1,574 million and ¥393 million, respectively, and a decrease in goodwill of ¥1,181 million in the consolidated statements of financial position for the fiscal year ended March 31, 2023

(Contingent liabilities)

There are no significant changes from the items provided in the securities report for the previous fiscal year.

(Subsequent events)

(Business combination through acquisition)

(1) Outline of business combination

1) Name and description of acquired business

Name of acquired business	Taewoong Medical Co., Ltd. (hereinafter “Taewoong Medical”)
Description of business	R&D and manufacturing of non-vascular metallic stents

2) Primary reason for business combination

Taewoong Medical, a leading manufacturer of GI stents, offers a variety of medical devices including therapeutic metallic stents designed for biliary tract, esophagus, colon, and duodenum treatments. The addition of Taewoong Medical’s medical devices to its product portfolio will enable Olympus Corporation to provide more comprehensive and varied solutions in GI, contributing to improved patient outcomes.

3) Acquired ratio of holding capital with voting rights

99.6%

4) Acquisition date

January 24, 2024

5) Acquisition method to govern the acquired company

Cash consideration for the acquisition of shares

(2) Consideration for acquisition

Consideration for acquisition based on the agreement is USD370 million. Under the agreement, the price has not been finalized and is subject to price adjustment.

Because the fair value measurement of consideration paid, assets acquired and liabilities assumed as of the date of the business combination has not been completed as of the approval date of the Condensed Consolidated Financial Statements, fair value as of the acquisition date and major breakdowns of consideration paid, assets acquired, and liabilities assumed, goodwill, acquisition-related expenses, and detailed information related to the impacts on the Group have not been disclosed.

(Share repurchase)

At a meeting of the Board of Directors held on November 9, 2023, Olympus Corporation resolved the repurchase of its own shares and the specific means of repurchase as provided for under Article 459 Section 1 of the Companies Act and Article 32 of Olympus Corporation’s Articles of Incorporation, and carried out the repurchase of its own shares as follows:

(1) Details of the resolution passed at the meeting of the Board of Directors held on November 9, 2023:

1. Class of shares:	Common stock of Olympus Corporation
2. Total number of shares to be repurchased:	53,000,000 shares (maximum)
3. Total amount of shares to be repurchased:	¥80,000 million (maximum)
4. Repurchase period:	November 10, 2023 to March 31, 2024
5. Repurchase method:	Market purchase based on a discretionary trading

contract on the Tokyo Stock Exchange

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

1. Total number of shares repurchased: 6,725,900 shares
2. Total amount of shares repurchased: ¥14,549 million
3. Repurchase period: January 1, 2024 to January 31, 2024 (based on delivery date)

Details regarding the repurchase of its own shares in the nine months ended December 31, 2023 are as described in (Equity and other equity items) (page 21).