

Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 <under IFRS>



May 10, 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: 042-642-2111

Scheduled date of General Meeting of Shareholders: June 26, 2024
 Scheduled date to submit the Securities Report: June 20, 2024
 Scheduled date to commence dividend payments: June 5, 2024
 Presentation of supplementary material on financial results: Yes
 Holding of financial results presentation meeting: Yes (for analysts and institutional investors)

(Figures are rounded off to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (From April 1, 2023 to March 31, 2024)

(1) Consolidated Results of Operations

(% indicate changes from the previous fiscal year)

	Revenue		Operating profit		Adjusted operating profit		Profit before tax		Profit		Profit attributable to owners of parent	
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
Fiscal year ended												
March 31, 2024	936,210	6.2	43,598	(76.6)	151,534	(14.3)	35,854	(80.3)	242,929	69.2	242,566	69.1
March 31, 2023	881,923	17.6	186,609	27.7	176,793	17.3	182,294	28.6	143,613	23.8	143,432	23.9

	Total comprehensive income		Basic earnings per share	Diluted earnings per share	Ratio of equity attributable to owners of parent to profit	Ratio of profit before tax to total assets	Ratio of operating profit to revenue
	(¥ million)	%	(¥)	(¥)	%	%	%
Fiscal year ended							
March 31, 2024	316,425	60.9	199.91	199.44	34.7	2.4	4.7
March 31, 2023	196,662	22.1	113.22	113.08	24.9	12.7	21.2

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

Fiscal year ended March 31, 2024: ¥(358) million Fiscal year ended March 31, 2023: ¥491 million

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	Equity attributable to owners of parent per share
	(¥ million)	(¥ million)	(¥ million)	%	(¥)
As of					
March 31, 2024	1,534,216	757,186	757,186	49.4	649.59
March 31, 2023	1,508,701	641,234	640,085	42.4	510.62

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

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	(¥ million)	(¥ million)	(¥ million)	(¥ million)
Fiscal year ended				
March 31, 2024	42,365	359,992	(276,010)	340,933
March 31, 2023	98,490	(58,414)	(143,178)	205,512

2. Dividends

	Annual dividends per share					Total amount of cash dividends (Annual)	Payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of parent (Consolidated)
	First quarter	Second quarter	Third quarter	Year-end	Total			
	(¥)	(¥)	(¥)	(¥)	(¥)	(¥ million)	%	%
Fiscal year ended March 31, 2023	–	0.00	–	16.00	16.00	20,057	14.1	3.5
Fiscal year ended March 31, 2024	–	0.00	–	18.00	18.00	20,981	9.0	3.1
Fiscal year ending March 31, 2025 (Forecast)	–	0.00	–	20.00	20.00		–	

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2025

(From April 1, 2024 to March 31, 2025)

(% indicate changes from 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	1,021,000	9.1	177,000	306.0	198,500	31.0	171,000	376.9	121,000	(50.1)	106.10

* Notes

- (1) Changes in significant subsidiaries during the fiscal year 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 March 31, 2024	1,215,146,700 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 March 31, 2024	49,514,907 shares
As of March 31, 2023	12,641,218 shares

- 3) Average number of shares during the period

Fiscal year ended March 31, 2024	1,213,401,518 shares
Fiscal year ended March 31, 2023	1,266,848,102 shares

Reference: Summary of Non-Consolidated Financial Results

Financial Results for the Fiscal Year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)

(1) Non-Consolidated Results of Operations

(% indicate changes from the previous fiscal year)

	Revenue		Operating profit		Ordinary profit		Profit	
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
Fiscal year ended								
March 31, 2024	379,373	(0.2)	41,907	(48.9)	135,139	(11.3)	293,613	125.3
March 31, 2023	380,014	0.4	81,985	80.8	152,299	166.3	130,338	53.6

	Basic earnings per share	Diluted earnings per share
	(¥)	(¥)
Fiscal year ended		
March 31, 2024	241.97	241.41
March 31, 2023	102.88	102.76

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	(¥ million)	(¥ million)	%	(¥)
As of				
March 31, 2024	954,925	512,912	53.7	439.81
March 31, 2023	973,602	418,309	42.9	333.48

Reference: Equity as of March 31, 2024: ¥512,652 million March 31, 2023: ¥418,030 million

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

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

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

Attached Material

Contents

1. Overview of Operating Results and Others.....	2
(1) Analysis of Business Results.....	2
(2) Analysis of Financial Position and Cash Flows	9
(3) Basic Strategy for Profit Sharing and Dividend for the Current Fiscal Year and Following Fiscal Year	12
(4) Business Risks.....	12
2. Basic Rationale for Selecting the Accounting Standards	23
3. Consolidated Financial Statements and Significant Notes Thereto	24
(1) Consolidated Statements of Financial Position	24
(2) Consolidated Statements of Profit or Loss	26
(3) Consolidated Statements of Comprehensive Income	27
(4) Consolidated Statements of Changes in Equity.....	28
(5) Consolidated Statements of Cash Flows	30
(6) Notes to Consolidated Financial Statements	32
(Notes on premise of going concern).....	32
(Reporting entity).....	32
(Basis of preparation).....	32
(Material accounting policies)	32
(Significant accounting estimates and associated judgments).....	32
(Business segments).....	33
(Cash and cash equivalents).....	35
(Trade and other receivables).....	35
(Assets held for sale and liabilities directly associated with assets held for sale).....	37
(Impairment of non-financial assets)	38
(Bonds and borrowings).....	39
(Provisions).....	39
(Equity and other equity items).....	39
(Dividends)	41
(Revenue).....	42
(Other income and other expenses).....	43
(Per-share data)	44
(Cash flow information).....	46
(Financial instruments)	49
(Discontinued operation).....	52
(Business combinations)	54
(Subsequent events)	57

1. Overview of Operating Results and Others

(1) Analysis of Business Results

(Review 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 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 fiscal year ended March 31, 2024, the global economy continued to move towards recovery, but global monetary tightening and concerns about the outlook for China's economy 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, with the 2024 Noto Peninsula Earthquake also occurring during the period.

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)			
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Increase (Decrease)	Increase (Decrease) ratio (%)
(1) Revenue	881,923	936,210	54,287	6.2
(2) Cost of sales	285,074	311,087	26,013	9.1
(3) Selling, general and administrative expenses	420,547	473,231	52,684	12.5
(4) Share of profit (loss) of investments accounted for using equity method/Other income/Other expenses	10,307	(108,294)	(118,601)	–
(5) Operating profit	186,609	43,598	(143,011)	(76.6)
(6) Adjusted operating profit	176,793	151,534	(25,259)	(14.3)
(7) Finance income (loss)	(4,315)	(7,744)	(3,429)	–
(8) Profit before tax	182,294	35,854	(146,440)	(80.3)
(9) Income taxes	44,304	8,881	(35,423)	(80.0)
(10) Profit from continuing operations	137,990	26,973	(111,017)	(80.5)
(11) Profit attributable to owners of parent	143,432	242,566	99,134	69.1
Exchange rate (Yen/USD)	135.47	144.62	9.15	–
Exchange rate (Yen/EUR)	140.97	156.80	15.83	–
Exchange rate (Yen/CNY)	19.75	20.14	0.39	–

(1) Revenue

Revenue increased by ¥54,287 million year on year to ¥936,210 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 ¥26,013 million year on year to ¥311,087 million. The cost-to-sales ratio deteriorated by 0.9 percentage points year on year to 33.2%, as a result of approximately ¥5,200 million in costs associated with market correction measures for hi-flow insufflation units in the Endoscopic Solutions Business, and of recording a provision of approximately ¥4,200 million for expenses associated with the voluntary recall of small intestine endoscope systems, also in the Endoscopic Solutions Business.

(3) Selling, general and administrative expenses

Selling, general and administrative expenses increased by ¥52,684 million year on year to ¥473,231 million. The main factors are expenses related to the holistic quality transformation program Elevate and measures aimed at generating sustained growth, including the development and strengthening of business operating bases mainly for the purpose of improving productivity.

(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 ¥108,294 million, and the profit or loss deteriorated by ¥118,601 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 ¥1,400 million owing to adjustments to the original acquisition consideration 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 recorded, and as a result, other income declined by ¥19,040 million year on year. While in the previous fiscal year approximately ¥2,400 million in expenses for the promotion of Transform Olympus were recorded in other expenses, in the period under review other expenses increased by ¥98,712 million year on year. This was due to a loss of approximately ¥51,900 million related to the discontinuation of the manufacture and sale of Veran Medical Technologies, Inc.'s electromagnetic navigation systems, a one-off expense related to the holistic quality transformation program Elevate of approximately ¥23,000 million, a loss of approximately ¥8,600 million related to the orthopedic surgery business (which is included in other businesses), impairment losses on Endoscopic Solutions Business development assets and research and development in progress of approximately ¥6,000 million and ¥4,600 million respectively, impairment losses on Therapeutic Solutions Business development assets of approximately ¥2,300 million, approximately ¥2,000 million in costs associated with the conclusion and rescission of an agreement to acquire the shares of Taewoong Medical Co., Ltd., and special additional payment and other expenses associated with the implementation of a career support system for external opportunities of approximately ¥5,900 million.

(5) Operating profit

Reflecting the factors stated above, operating profit decreased by ¥143,011 million year on year to ¥43,598 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 ¥25,259 million year on year to ¥151,534 million.

(7) Finance income (loss)

Finance loss, which reflects finance income and finance costs, deteriorated ¥3,429 million year on year to ¥7,744 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 ¥146,440 million year on year to ¥35,854 million.

(9) Income taxes

The decreased profit before tax led income taxes to decrease by ¥35,423 million year on year to ¥8,881 million.

(10) Profit from continuing operations

Reflecting the factors stated above, profit from continuing operations decreased by ¥111,017 million year on year to ¥26,973 million.

(11) Profit attributable to owners of parent

As a result of recording a gain of approximately ¥349,000 million on the transfer of Scientific Solutions Business in discontinued operations during the fiscal year ended March 31, 2024, profit attributable to owners of parent increased by ¥99,134 million year on year to ¥242,566 million.

(Research and development, and capital investments)

During the fiscal year under review, the Olympus Group invested ¥86,368 million on research and development, and spent ¥80,727 million on capital investments in continuing operations, excluding discontinued operation.

(Impact of foreign exchanges rates)

Compared to the previous fiscal year, the yen depreciated against the USD, EUR, and CNY. The average exchange rate during the period was ¥144.62 against the USD (¥135.47 in the previous fiscal year), ¥156.80 against the EUR (¥140.97 in the previous fiscal year) and ¥20.14 against the CNY (¥19.75 in the previous fiscal year), which caused revenue, operating profit and adjusted operating profit to increase by ¥51,404 million, ¥12,279 million and ¥17,102 million, respectively, year on year. Consolidated revenue increased 0.3% year on year, and consolidated operating profit decreased 83.2% year on year, excluding the impact of the foreign exchange rate.

Analysis of the performance by segment

(Millions of yen)

	Revenue			Operating profit (loss)		
	Previous fiscal year	Current fiscal year	Increase (Decrease) ratio (%)	Previous fiscal year	Current fiscal year	Increase (Decrease) ratio (%)
Endoscopic Solutions	551,823	586,617	6.3	152,769	104,684	(31.5)
Therapeutic Solutions	318,207	337,331	6.0	63,692	(8,466)	–
Others	11,893	12,262	3.1	(914)	(7,809)	–
Subtotal	881,923	936,210	6.2	215,547	88,409	(59.0)
Elimination or Unallocation	–	–	–	(28,938)	(44,811)	–
Consolidated total	881,923	936,210	6.2	186,609	43,598	(76.6)

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

Endoscopic Solutions Business

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Increase (Decrease)	Increase (Decrease) ratio (%)
Revenue	551,823	586,617	34,794	6.3
Operating profit (loss)	152,769	104,684	(48,085)	(31.5)

Consolidated revenue in the Endoscopic Solutions Business amounted to ¥586,617 million (up 6.3% year on year), while operating profit amounted to ¥104,684 million (down 31.5% year on year).

In GI Endoscopy, while sales in China declined due to the impact of delays in bidding activity caused by anti-corruption campaigns and other factors, performance was favorable in North America where the gastrointestinal endoscopy system “EVIS X1” was launched and this, together with the effects of yen depreciation, resulted in year-on-year growth.

In Surgical Endoscopy, although North America and China recorded lower revenue due to the impact of discontinued shipments of some products in a difficult business environment, sales rose in Europe, Asia, and Oceania, where the “VISERA ELITE III” surgical endoscopy system was launched, which together with the effects of yen depreciation resulted in positive growth year on year.

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 approximately ¥5,200 million in costs associated with market correction measures for hi-flow insufflation units, the recording of a provision of approximately ¥4,200 million for expenses associated with the voluntary recall of small intestine endoscope systems, increases in expenses in sales

departments related to increased compensation and the like owing to increases in personnel and inflation, and the booking of costs associated with the holistic quality transformation program Elevate, there was a one-off expense related to that program of approximately ¥14,700 million, and impairment losses on development assets and research and development in progress of approximately ¥6,000 million and ¥4,600 million respectively posted in other expenses.

Revenue increased 0.5% year on year, and operating profit decreased 40.5% year on year, excluding the impact of the foreign exchange rate.

Therapeutic Solutions Business

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Increase (Decrease)	Increase (Decrease) ratio (%)
Revenue	318,207	337,331	19,124	6.0
Operating profit (loss)	63,692	(8,466)	(72,158)	–

Consolidated revenue in the Therapeutic Solutions Business amounted to ¥337,331 million (up 6.0% year on year), while operating loss amounted to ¥8,466 million (compared with an operating profit of ¥63,692 million in 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.

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, and despite lower revenues in China resulting from shortages of some products, the impact of delays in bidding activity caused by anti-corruption campaigns, and other factors. Sales of devices used mainly for EBUS-TBNA (Endobronchial Ultrasound-guided Transbronchial Needle Aspiration) increased.

In other therapeutic areas, revenue decreased following the sale of Gyrus Medical Limited, but the effects of yen depreciation contributed to year-on-year growth in revenue.

Operating profit in the Therapeutic Solutions Business declined despite the positive impact of higher sales. This was due not only to expenses related to the holistic quality transformation program Elevate and higher costs associated with the strengthening of supply chain management, but also to a loss of approximately ¥51,900 million related to the discontinuation of the manufacture and sale of Veran Medical Technologies, Inc.'s electromagnetic navigation systems, a one-off expense related to the aforementioned Elevate program of approximately ¥8,400 million, approximately ¥2,000 million in costs associated with the conclusion and rescission of an agreement to acquire the shares of Taewoong Medical Co., Ltd., and impairment losses on development assets in the Therapeutic Solutions Business of approximately ¥2,300 million recorded in other expenses.

Revenue remained at the same level as the previous fiscal year, and operating profit (loss) decreased by ¥71,889 million year on year, excluding the impact of the foreign exchange rate.

Others

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Increase (Decrease)	Increase (Decrease) ratio (%)
Revenue	11,893	12,262	369	3.1
Operating profit (loss)	(914)	(7,809)	(6,895)	–

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 ¥12,262 million (up 3.1% year on year), while operating loss amounted to ¥7,809 million (compared with an operating loss of ¥914 million in the previous fiscal year).

Revenue increased due to positive growth primarily in China. Operating profit in other businesses worsened, due in part to a loss of approximately ¥8,600 million related to the orthopedic surgery business, recorded in other expenses.

(Forecast for the Fiscal Year Ending March 31, 2025)

The forecast for consolidated financial results in the fiscal year ending March 31, 2025 is as follows.

Furthermore, foreign exchange rates for the fiscal year ending March 31, 2025, which are a precondition, are expected to be ¥151 per USD, ¥163 per EUR and ¥21 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)
Fiscal year ending March 31, 2025	1,021,000	177,000	198,500	171,000	121,000	106.10

Revenue growth is expected in all segments. In the Endoscopic Solutions Business, we anticipate sales growth from expanded sales of the gastrointestinal endoscopic system EVIS X1, which we launched in the U.S. and China in the fiscal year under review, as well as from the fulfilment of backlogged orders following the 2024 Noto Peninsula Earthquake. In the Therapeutic Solutions Business, we forecast sales growth centered on our mainstay GI-endothecopy, urology, and respiratory fields.

We forecast an increase in adjusted operating profit, reflecting the absence of the impact of the provision recorded in the cost of sales in the fiscal year ended March 31, 2024, as well as a boost from the tighter control of expenses.

We forecast increases in both operating profit and profit before tax, owing not only to the factors mentioned above, but also the smaller impact of the one-off costs recorded as other expenses in the fiscal year ended March 31, 2024.

Profit attributable to owners of parent is expected to decrease due to the dropout of the impact from the gains on the sale of discontinued operations in the fiscal year ended March 31, 2024.

(2) Analysis of Financial Position and Cash Flows

(Analysis of assets, liabilities and equity)

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024	Increase (Decrease)	Increase (Decrease) ratio (%)
Total assets	1,508,701	1,534,216	25,515	1.7
Total equity	641,234	757,186	115,952	18.1
Equity attributable to owners of parent to total assets	42.4%	49.4%	7.0%	

[Assets]

As of the end of the fiscal year under review, total assets increased by ¥25,515 million compared to the end of the previous fiscal year to ¥1,534,216 million. In current assets, despite expenditures of ¥180,002 million for the repurchase of treasury shares, cash and cash equivalents increased by ¥171,604 million, mainly as a result of the receipt of ¥379,091 million in consideration for the transfer of the Scientific Solutions Business, while inventories rose by ¥27,036 million, trade and other receivables rose by ¥22,927 million, and income taxes receivable on gain on transfer of the Scientific Solutions Business increased by ¥20,726 million. On the other hand, assets held for sale declined by ¥169,566 million following the transfer of the Scientific Solutions Business. In non-current assets, property, plant and equipment increased by ¥21,237 million, while trade and other receivables increased by ¥18,784 million, and other financial assets, especially derivative assets, increased by ¥12,670 million. On the other hand, deferred tax assets decreased by ¥84,219 million due mainly to a gain on the transfer of the Scientific Solutions Business. In addition, intangible assets decreased by ¥24,796 million as a result of the impairment loss related to Veran Medical Technologies, Inc.

[Liabilities]

Total liabilities decreased by ¥90,437 million from the end of the previous fiscal year to ¥777,030 million. Income taxes payable on gains on the transfer of Scientific Solutions Business decreased by ¥60,909 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 ¥40,441 million.

[Equity]

Total equity increased by ¥115,952 million from the end of the previous fiscal year to ¥757,186 million. This increase was achieved despite share repurchase of ¥180,002 million and dividends of surplus of ¥20,240 million, mainly as a result of profit attributable to owners of parent of ¥242,566 million arising from the transfer of the Scientific Solutions Business and other factors, and an increase of ¥71,847 million in other components of equity due mainly to exchange differences on translation of foreign operations.

Based on resolution of the Board of Directors meeting held on May 12, 2023, Olympus Corporation repurchased its own shares of ¥100,000 million and canceled treasury shares of ¥104,800 million on February 29, 2024. Furthermore, due to the repurchase of ¥80,000 million in treasury shares based on the resolution passed at the meeting of the Board of Directors held on November 9, 2023, treasury shares increased by ¥73,931 million (widening negative balance in equity).

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 49.4%.

(Analysis of cash flows)

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Increase (Decrease)
Cash flows from operating activities	98,490	42,365	(56,125)
Cash flows from investing activities	(58,414)	359,992	418,406
Cash flows from financing activities	(143,178)	(276,010)	(132,832)
Cash and cash equivalents at end of year	205,512	340,933	135,421

[Cash flows from operating activities]

Net cash provided by operating activities for the fiscal year ended March 31, 2024 was ¥42,365 million (compared with ¥98,490 million provided for the fiscal year ended March 31, 2023). Although there were negative factors such as income taxes paid of ¥137,390 million, this increase was driven mainly by adjustment for depreciation and amortization of ¥65,940 million, adjustment for impairment loss of ¥64,568 million, and profit before tax of ¥35,854 million.

[Cash flows from investing activities]

Net cash provided by investing activities for the fiscal year ended March 31, 2024 was ¥359,992 million (compared with ¥58,414 million used for the fiscal year ended March 31, 2023). 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 ¥53,373 million in loans receivable from Evident, etc. despite expenditures of ¥46,425 million for the purchase of property, plant and equipment and ¥18,199 million for the purchase of intangible assets.

In addition, in response to the expenditure of ¥43,647 million in accordance with the agreement to acquire the shares of Taewoong Medical Co., Ltd., ¥31,110 million was recovered during the fiscal year ended March 31, 2024 due to the cancellation of the share purchase agreement on March 7, 2024.

[Cash flows from financing activities]

Net cash used in financing activities for the fiscal year ended March 31, 2024 was ¥276,010 million (compared with ¥143,178 million used for the fiscal year ended March 31, 2023). The main factors behind this were payments for share repurchase of ¥180,002 million, redemption of bonds and repayments of long-term borrowings of ¥50,000 million, dividends paid of ¥20,240 million, and repayments of lease liabilities of ¥19,518 million.

As a result of the foregoing, cash and cash equivalents at the end of the fiscal year under review reached ¥340,933 million, an increase of ¥135,421 million compared to the end of the previous fiscal year. Note that of the related indicators, the interest-bearing debt to cash flows ratio went from 3.5 years at the end of the previous fiscal year to 7.1 years for the current fiscal year due to cash flows from operating activities being ¥42,365 million, a decrease of ¥56,125 million compared with the previous fiscal year, despite a decrease in bonds and borrowings of ¥40,441 million from the end of the previous fiscal year. The interest coverage ratio went from 18.3 times at the end of the previous fiscal year to 8.8 times for the current fiscal year.

(Indicators)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Ratio of equity attributable to owners of parent to total assets (%)	33.3	37.6	42.4	49.4
Market value ratio of equity attributable to owners of parent to total assets (%)	249.4	219.3	192.7	168.1
Interest-bearing debt to cash flows ratio (years)	2.9	2.3	3.5	7.1
Interest coverage ratio (times)	37.0	39.6	18.3	8.8

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

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

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

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

In accordance with the above policy and in consideration of comprehensive factors that include the consolidated financial results for the fiscal year ended March 31, 2024, the financial standing and future investment in operations, the year-end dividend is ¥18 (annual dividend of ¥18) per share for the fiscal year under review.

Olympus Corporation intends to pay an annual dividend of ¥20 (year-end dividend of ¥20) per share for the next fiscal year ending March 31, 2025.

(4) Business Risks

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

The business performance of the Olympus Group may be materially influenced by various risks (uncertainties) which may occur in the future. The Olympus Group has implemented a global Enterprise Risk Management Methodology to support the achievement of its business objectives which include inter alia its management philosophy and corporate strategy. Specifically, the Olympus Group’s risk management is based on the “Policy of Risk Management & Crisis Response” and related rules. The Olympus Group is undertaking Enterprise Risk Management from the perspective of both opportunities and threats. Opportunities are seized through active and appropriate risk taking leading to sustainable growth and value creation for the Olympus Group. Threats are identified, prioritized, and treated to ensure the achievement of business objectives and to prevent non-compliance.

In April 2023, the Olympus Group launched a new global organizational design to integrate the four functions Risk & Controls, Compliance, Privacy, and Information Security related to Governance, Risk and Compliance (GRC) into a global GRC organization. In addition, the Olympus Group started to transfer the existing Enterprise Risk Management Portfolio into an advanced methodology and performed a global Risk Assessment with all functions to validate and update Olympus Corporation’s global Risk Portfolio based on this enhanced methodology.

In particular, the elements of the enhanced Enterprise Risk Management System are:

- A global Risk & Controls organization embedded into the GRC function,
- An enhanced global Enterprise Risk Management Methodology and Approach, and
- A globally harmonized Enterprise Risk Management Process.

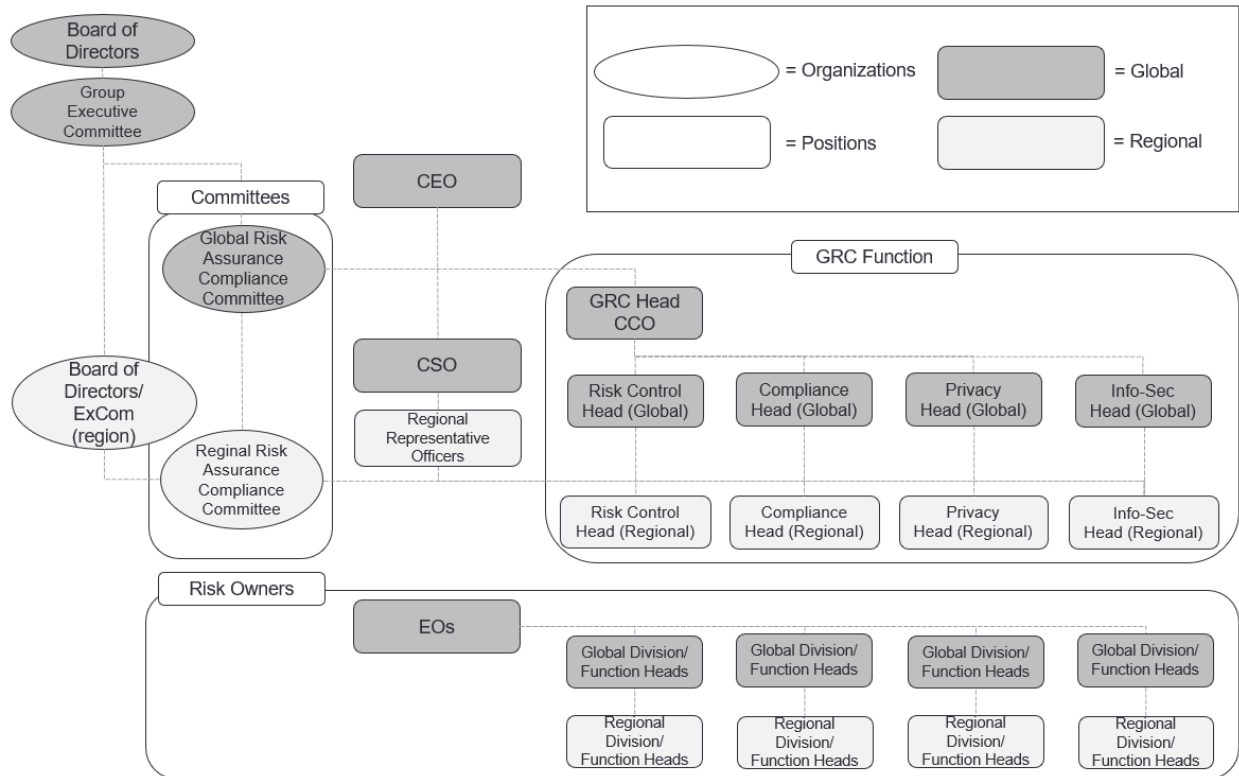
Those three elements aim to ensure a streamlined Enterprise Risk Management that feeds into business and financial planning and safeguards the achievement of Olympus Corporation’s business objectives and its corporate strategy by supporting informed decision making.

Enterprise Risk Management Organizational Setup

The Olympus Group has established a new committee structure on both a global and regional level, the Global and Regional Risk Assurance and Compliance Committees (G-RACC and R-RACC, collectively the “RACCs”). The objectives of the RACCs are to establish, implement and manage a framework for addressing enterprise risk and complying with applicable policies, laws, and regulations. Recommendations, guidance and significant risks are regularly reported to the Olympus Group Executive Committee (GEC), the Board of Directors (Board), and the Audit Committee for ongoing monitoring.

The Olympus Group also identified and collaboratively nominated Risk Owners, i.e., Global Division and Function Heads and Regional Division and Function Heads and respective Risk Coordinators responsible for managing risks. Each Risk Owner is accountable to execute the necessary measures (organizational structure, process preparation, focus measures, etc.) in their designated area of risk.

< Enterprise Risk Management Organizational Chart >



Enterprise Risk Management Methodology and Approach

The Olympus Group has established a global Enterprise Risk Management Methodology and Approach which includes 5 calibrated Risk Categories (1. Strategic (incl. External), 2. Operations & Product, 3. Financial, 4. Governance, and 5. IT & Digital) and corresponding Risk Sub-Categories.

< Enterprise Risk Management Risk Categories >

Risk Categories	Strategic (incl. External)	Operations & Product	Financial	Governance	IT & Digital
Risk Sub-Categories	<ul style="list-style-type: none"> Planning & resource allocation Business Development & Investment Communication & Stakeholder Management Market dynamics Force Majeure 	<ul style="list-style-type: none"> Research & Development Manufacturing & Repair End-to-end Supply Chain Sales, Marketing & Service Quality Physical Assets People & HR 	<ul style="list-style-type: none"> Capital Structure Accounting & Reporting Liquidity & Credit Revenue Cycle Tax 	<ul style="list-style-type: none"> Culture Regulatory Legal Compliance Data Privacy Corporate Governance 	<ul style="list-style-type: none"> IT Security & Cyber IT Applications IT Governance IT Infrastructure & Services Digital

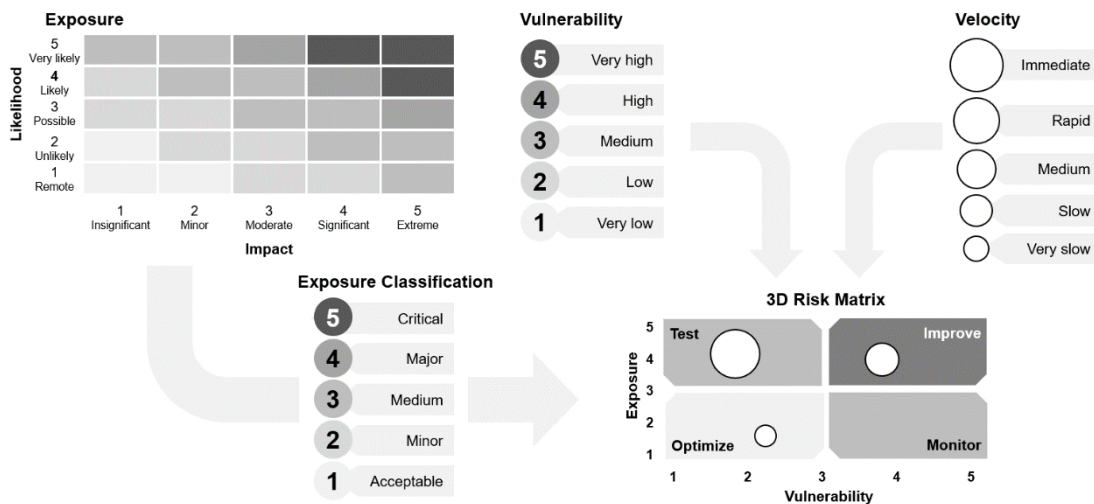
The Olympus Group also introduced three Risk Evaluation Criteria (1. Exposure, 2. Vulnerability, 3. Velocity) to evaluate and display each individual risk that might have an effect on the achievement of Olympus' business objectives as well as on the corporate strategy:

- **Exposure** which is determined by likelihood and impact. The likelihood indicates the probability of a risk materializing, while the impact assesses the severity of the consequences if a risk does materialize. Likelihood and impact levels are defined as quantitative (financial) or qualitative criteria.
- **Vulnerability** which refers to how well the organization is prepared to manage a risk if it occurs.
- **Velocity** which indicates how fast Olympus Corporation would be affected by a risk after it occurs.

Based on the three criteria, the Olympus Group actively identifies, mitigates and monitors risks. Mitigation measures are regularly reviewed and tested for effectiveness.

The Olympus Group has also introduced a so-called “3D-Risk Matrix” to visualize and manage risks. It combines the Exposure with the perceived Vulnerability and adds the Velocity to the assessed risk. The matrix is split into four quadrants. Each of them gives an indication how the risk should be dealt with. The Olympus Group also introduced an updated IT application based on databases and dashboards to facilitate better and informed risk-based decision making.

< Enterprise Risk Management Risk Evaluation Method >



Enterprise Risk Management Process

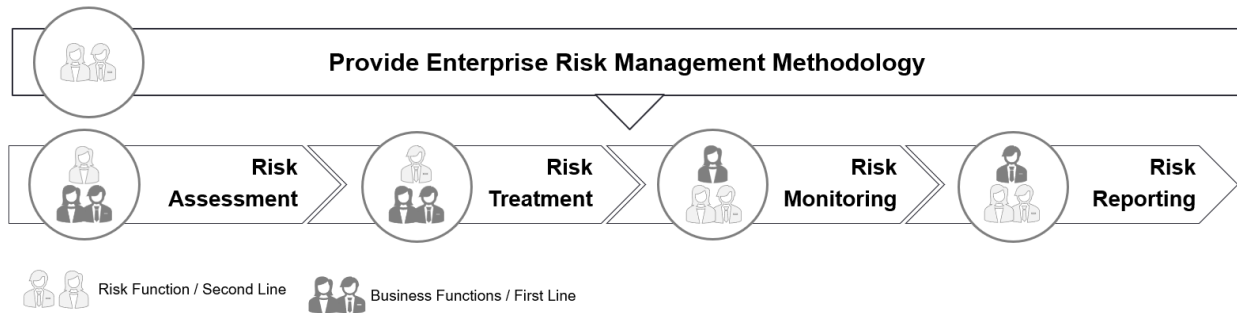
The main components of the Enterprise Risk Management Process are:

- **Risk Assessment** to identify, analyze, and evaluate risks.
- **Risk Treatment** to mitigate risk, coordinate and execute Risk Management Activities.
- **Risk Monitoring** to design and implement monitoring procedures on risks and evaluate effectiveness on Risk Treatment activities.
- **Risk Reporting** to aggregate and valuate risk and mitigating measures and report to relevant stakeholders regularly. Risk Reporting is developed and deployed internally as part of the annual plan.

The Enterprise Risk Management Process is based on the strong collaboration between the Risk & Controls Function and the Division/Business Functions following the principle of the Three Lines Model.

Risk & Controls is responsible to provide, maintain and develop the Enterprise Risk Methodology and operational guidance. We are promoting the spread of the new organizational structure and methods within the company.

< Enterprise Risk Management Process >

**Macroeconomic Business Environment**

Macroeconomic developments worldwide have been severely affected by the impact of the war in Ukraine and the situation in the Middle East region. Energy prices have risen and remain high on a global level. Inflationary developments are also aggravated by supply chain disruptions. Combined with noticeable skills shortages, this has been leading to an overall slowdown in the economy and consumption. However, inflation is falling faster than expected in most regions, in the midst of unwinding supply-side issues and restrictive monetary policy.

Geopolitical instability is also one of the greatest threats to economic growth, and other potential high-impact supply chain risk events including cyber-attacks, high-impact weather events, and uncertainty in the procurement of raw materials and components have increased in recent years. Material price increases and product shortages resulting from external issues (e.g., increasing trade barriers and lower raw material availability) require intensive focus on strong supplier management.

Awareness of the impact that environmental issues may have on business operations has reached significant levels and has become an inherent business requirement from stakeholders.

On the technology front, digital transformation is accelerating across all areas. In response to this, there is a trend towards shortened development cycles being requested. Practical application of technology innovation (AI/robotics/ICT) is also progressing rapidly.

Industry-specific Business Environment

In the medical field, healthcare system reforms are being continuously implemented in Japan and overseas with the aim of curbing medical care costs and improving the quality of life of patients by improving the safety and efficacy of healthcare services. As a result, legal and regulatory requirements for medical device applications and registrations in each country, including the US Food and Drug Administration (FDA) and European Medical Device Regulations (EU-MDR), are increasing every year. In addition, the requirements concerning infection prevention and reprocessing (i.e., cleaning, disinfection, and sterilization) are becoming more complex.

The hurdles and complexities for technology development are increasing due to changes in healthcare policies in various countries, reductions in healthcare costs, tighter healthcare-related laws and regulations, and further increased demands for infection prevention and reprocessing. Accordingly, the business environment is becoming more demanding, not only due to new and alternative technologies, but also due to the entrants into the medical industry from other industries, including large technology companies.

Furthermore, there is a growing need for healthcare as societies progressively age, particularly in developed countries. There are efforts underway in various countries to reform healthcare systems, aiming to optimize the provision of effective, high quality healthcare services in spite of rising healthcare costs. Under such circumstances, there are many competitors in the business areas in which the Olympus Group is involved,

and technological innovation is also progressing. Especially, competition in the Therapeutic Solutions Business is intensifying more than ever before.

In the Chinese market, although trade friction between the U.S. and China is intensifying, and uncertainty surrounding the Chinese market is intensifying in the form of Chinese government policies favoring national production and the promotion of concentrated purchasing, the Olympus Group sees the Chinese market as a market with the potential for sustainable growth. Furthermore, other emerging markets are also experiencing increasing healthcare needs and economic growth potential.

In the industries in which the Olympus Group operates, competition for talent is intensifying globally, and changes in the labor market are leading to higher retirement rates. Recruitment, development, and retention of personnel is becoming increasingly important.

The Olympus Group's Risk State for the Fiscal Year Ended March 31, 2024

Based on the Olympus Group's global Risk Assessment performed in the fiscal year ended March 31, 2024, risks impacting the Olympus Group have been identified, quantified, and prioritized.

Risks designated as "Improve" in the 3D-Risk Matrix have been prioritized for Risk Treatment. For the risks in the "Test" quadrant controls are in place. Routine audits ensure that the existing controls are designed well and operate effectively. Risks located in the "Monitor" quadrant are subject to periodic re-evaluation to ensure that their Risk Exposure is still at an acceptable level or to initiate additional Risk Treatment where necessary.

The Olympus Group reports the following top risks per Risk Category:

Risk Category: “Strategy (incl. External)”	Type: Opportunity and Threat
Risk Scenarios	
<p>This Risk Category consists of the following sub-categories: Planning & Resource Allocation, Business Development & Investment, Communication & Stakeholder Management, Market Dynamics, and Force Majeure.</p> <p>The highest rated risks are geopolitical threats, supply chain interruptions and challenges to business development in a volatile market. This category includes risks related to market competition.</p> <ul style="list-style-type: none"> • We need to launch products that are competitive in terms of price, technology, quality, etc. into the market in a timely manner, but earnings may be adversely affected depending on the results. • The selection of targets for mergers and acquisitions offers both opportunity and threats and requires a careful, risk-based selection, pre signing due diligence and an integration process following up on due diligence findings and post-closing due diligence. If we are not able to sufficiently mitigate these risks, the Olympus Group’s business execution may be adversely affected, or its business performance and financial position may be adversely affected due to impairment of goodwill or other related expenses. 	
Risk Treatment	
<p>To manage above risks the Olympus Group has been focusing on the following top Risk Treatment activities:</p> <ul style="list-style-type: none"> • The Olympus Group monitors the competitive environment, including the emergence of alternative technologies and products in the market, and works towards expediting the selection and development of new technologies that should be adopted in cooperation with marketing, intellectual property and relevant departments. We actively consider not only in-house development, but also the incorporation of external technologies through M&A and alliances, etc. The Olympus Group is working towards the development of new high-value added products and technologies that meet the market needs. • Increasing supply chain visibility to reduce vulnerability to supply chain disruptions. • Enhancement and harmonization of the global Business Continuity Management System. • Review and enhancement of the Merger & Acquisition process. 	
Connection with company strategy and policies: Innovation for Growth, Productivity	

Risk Category: “Operations & Product”	Type: Opportunity and Threat
Risk Scenarios	
<p>This Risk Category consists of the following sub-categories: Research & Development (R&D), Manufacturing & Repair, End-to-end Supply Chain, Sales, Marketing & Service, Quality, Physical Assets, and People & HR.</p> <p>The most significant risks belong to Product Quality, End-to-End Supply Chain and Marketing & Sales. These risks include the availability of products as well as product lifecycle.</p> <p>In particular, these are:</p> <ul style="list-style-type: none"> • Risks associated with the follow up activities of the FDA warning letters received in the fiscal year ended March 31, 2023. The initialization of a major quality improvement program and remediation activities utilized significant resources in Manufacturing, Quality, Supply Chain Management and R&D that had to be balanced and integrated into routine operations. If we are not able to sufficiently mitigate these risks, the Olympus Group’s business execution may be adversely affected. • The need for improving Olympus Corporation’s resilience against external disruptions in the supply chain has been identified in the course of increasing number of geopolitical crises, natural disasters and other supply chain challenges. An example of a natural disaster risk was the 2024 Noto Peninsula Earthquake. This affected a key supplier to Olympus Corporation’s manufacturing operations and its supply of materials in the short to middle term. 	
Risk Treatment	
<p>The Olympus Group has been focusing on improving the stability of the End-to-End Supply Chain and quality processes to provide a premium service and supply to customers, with a primary focus on patient safety. Key activities are:</p> <ul style="list-style-type: none"> • A global multi-year quality program has been initialized to globally and sustainably enhance and harmonize the Quality Management System and Quality processes. • Projects to improve the supply chain visibility and to maintain independence from suppliers. • Enhancement and harmonization of the global Business Continuity Management System 	
Connection with company strategy and policies: Patient Safety and Sustainability, Productivity	

Risk Category: “Financial”	Type: Opportunity and Threat
Risk Scenarios	
<p>This Risk Category consists of the following sub-categories: Capital Structure, Accounting & Reporting, Liquidity & Credit, Revenue Cycle, and Tax.</p> <p>The Olympus Group provides products and services in various markets all over the world and recognizes the risks associated with foreign currencies exchange rate fluctuations. The Olympus Group’s business performance may be adversely affected by a strong yen, while it may be positively affected by a weak yen. We hedge foreign currency-denominated receivables and payables where possible, however in the event that sudden exchange fluctuations occur or if receivables and payables being hedged differ significantly from expectations, the Olympus Group’s business performance may be adversely affected.</p> <p>The Olympus Group finances itself by, among others, loans from financial institutions as well as issuance of bonds. Changes in the financial markets may have an adverse impact on our financing capacities. Furthermore, if the financing cost rises due to the deterioration of the Olympus Group’s business performance, the financing of the Olympus Group may be adversely affected, while if the financing cost decreases due to the improvement of the business performance, it may be positively affected.</p> <p>The Olympus Group’s tax burden may be increased due to changes in applicable tax laws or changes in their interpretations and application guidelines in jurisdiction of each country in the world. The valuation allowance for deferred tax assets may need to be increased as a result of recoverability reassessment due to changes in business conditions or the implementation of organizational restructuring. If such situations occur, it may adversely affect the Olympus Group’s business performance and financial position.</p> <p>We also recognize risks related to credit risks of customers, suppliers, etc.</p>	
Risk Treatment	
<p>The Olympus Group uses derivative instruments such as forward exchange contracts, currency swaps, etc. to reduce the risk of exchange fluctuations. Furthermore, we are working to reduce foreign currency denominated receivables and payables through improving the efficiency of the Olympus Group’s funds by introducing global cash pooling.</p> <p>For risks related to financing, the Olympus Group is reducing funding costs through the diversification of funding methods such as the issuance of commercial paper and public bonds. The Olympus Group adopts a fixed interest rate policy for long-term interest-bearing debt to limit the impact of rising interest rates. In addition, we are working to improve the efficiency of the Olympus Group’s funds and strengthen financial management by introducing global cash pooling.</p> <p>In regard to changes in applicable tax laws in each jurisdiction, or changes in their interpretations and application guidelines, the Olympus Group is monitoring the amendments to laws and changes in regulations and making changes as appropriate to rules for transactions within the Olympus Group. In regard to deferred tax assets, the Olympus Group is monitoring the profitability of each group company and controlling the financial results so that the respective companies can appropriately secure profitability while also paying close attention in cases of business combinations for changes in profitability following such restructuring in order to minimize risks.</p> <p>With respect to credit risk, the Company monitors the financial condition of credit recipients and takes action as necessary.</p>	
Connection with company strategy and policies: Productivity	

Risk Category: “Governance”	Type: Opportunity and Threat
Risk Scenarios	
<p>This Risk Category consists of the following sub-categories: Culture, Regulatory, Legal, Compliance, Data Privacy, and Corporate Governance.</p> <p>These risks relate to the following areas:</p> <ul style="list-style-type: none"> • A lack of integration of contract management processes and contract management database may cause a lack of transparency and potentially trigger contract breaches, claims or liabilities. • The Olympus Group is facing numerous medical device regulations and laws as well a complex web of trade regulations where incomplete documentation or breaches may immediately impact product availability. • The remediation activities underway to address the FDA warning letters received in the fiscal year ended March 31, 2023 need to be fully executed in order to comply with regulations. Depending on future progress, additional regulatory actions may be taken by the FDA. • A lack of a globally consistent Business Continuity Management system. 	
Risk Treatment	
<p>The following key activities have been started and/or implemented:</p> <ul style="list-style-type: none"> • A project has been initiated to assess and enhance contract management processes. • Integration of regulatory improvement projects into the global quality enhancement program to enhance overall quality and regulatory systems. • A close communication between Olympus Corporation and the regulatory authorities to ensure alignment of plans and expectations. • A project for developing and implementing a globally consistent Business Continuity Management system has been kicked-off and is being implemented to harmonize existing Business Continuity Measures. 	
Connection with company strategy and policies: Patient Safety and Sustainability	

Risk Category: “IT & Digital”	Type: Opportunity and Threat
Risk Scenarios	
<p>This Risk Category consists of the following sub-categories: IT Security & Cyber, IT Applications, IT Governance, IT Infrastructure & Services, and Digital.</p> <p>Cyber Security breaches are evaluated as high risks and require constant attention and adjustment.</p> <p>As Olympus products are increasingly utilizing digital technologies to improve quality and efficiency of patients’ treatments, the measures to protect against cyber security breaches extend from product development all along value chain.</p>	
Risk Treatment	
<p>Top treatment measures to avoid or manage Cyber Security breaches include:</p> <ul style="list-style-type: none"> • An enhanced IT and Information Security organization has been established to maintain and manage the IT and information security management topics. A global project has been run and is continued to enhance the overall security posture of the Olympus Group. • An IT Risk Management Framework that directly feeds into the Enterprise Risk Management System has been implemented. • Security and collaboration requirements with Third Party Providers have been and/or are being reviewed and enhanced. • Business Continuity Plans and Disaster Recovery Plans are being enhanced in line within a project to globally harmonize Business Continuity Management to minimize effects on customers and patients in case Cyber Security breach materializes. • To protect products and digital services from Cyber Security breach, a global initiative was launched to implement measures including technologies and processes considering latest Cyber Security requirements. • Employees are educated in periodic manner about Cyber Security threats as well as preventive measures they can do in their daily jobs. 	
Connection with company strategy and policies: Patient Safety and Sustainability, Productivity	

Due to the change in the Risk Assessment Methodology and the full review of the Olympus Group’s Risk Portfolio, the content and the order of the risks have changed. After the re-evaluation, the below risks have been ranked lower than the above Top Risks and therefore are not mentioned. These risks are still covered in our current Risk Portfolio and are being addressed and monitored.

- Risks associated with Litigation
- Risks associated with Human Resources
- Sustainability risks, including those related to climate and the environment

2. Basic Rationale for Selecting the Accounting Standards

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

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

	(Millions of yen)	
	As of March 31, 2023	As of March 31, 2024
ASSETS		
Current assets		
Cash and cash equivalents	169,329	340,933
Trade and other receivables	174,672	197,599
Other financial assets	11,360	9,862
Inventories	162,994	190,030
Income taxes receivable	15,960	36,686
Other current assets	22,421	25,175
Subtotal	556,736	800,285
Assets held for sale	169,621	55
Total current assets	726,357	800,340
Non-current assets		
Property, plant and equipment	238,731	259,968
Goodwill	181,324	180,331
Intangible assets	116,757	91,961
Retirement benefit asset	27,028	36,815
Investments accounted for using equity method	1,010	479
Trade and other receivables	36,980	55,764
Other financial assets	21,476	34,146
Deferred tax assets	156,543	72,324
Other non-current assets	2,495	2,088
Total non-current assets	782,344	733,876
Total assets	1,508,701	1,534,216

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
LIABILITIES AND EQUITY		
Liabilities		
Current liabilities		
Trade and other payables	62,919	61,855
Bonds and borrowings	49,970	69,988
Other financial liabilities	23,235	27,673
Income taxes payable	99,567	38,658
Provisions	19,111	31,318
Other current liabilities	163,837	202,203
Subtotal	418,639	431,695
Liabilities directly associated with assets held for sale	43,253	–
Total current liabilities	461,892	431,695
Non-current liabilities		
Bonds and borrowings	290,087	229,628
Other financial liabilities	61,668	62,238
Retirement benefit liability	20,416	20,586
Provisions	2,912	2,362
Deferred tax liabilities	12,298	11,989
Other non-current liabilities	18,194	18,532
Total non-current liabilities	405,575	345,335
Total liabilities	867,467	777,030
Equity		
Share capital	124,643	124,643
Capital surplus	92,150	92,032
Treasury shares	(28,086)	(102,017)
Other components of equity	77,280	149,127
Other components of equity related to disposal group held for sale	3,034	–
Retained earnings	371,064	493,401
Total equity attributable to owners of parent	640,085	757,186
Non-controlling interests	1,149	–
Total equity	641,234	757,186
Total liabilities and equity	1,508,701	1,534,216

(2) Consolidated Statements of Profit or Loss

	(Millions of yen)	
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Continuing operations		
Revenue	881,923	936,210
Cost of sales	285,074	311,087
Gross profit	596,849	625,123
Selling, general and administrative expenses	420,547	473,231
Share of profit (loss) of investments accounted for using equity method	491	(358)
Other income	23,706	4,666
Other expenses	13,890	112,602
Operating profit	186,609	43,598
Finance income	3,860	2,562
Finance costs	8,175	10,306
Profit before tax	182,294	35,854
Income taxes	44,304	8,881
Profit from continuing operations	137,990	26,973
Discontinued operation		
Profit from discontinued operation	5,623	215,956
Profit	143,613	242,929
Profit attributable to:		
Owners of parent	143,432	242,566
Non-controlling interests	181	363
Profit	143,613	242,929
Earnings per share		
Basic earnings per share		
Continuing operations	¥108.78	¥21.93
Discontinued operation	¥4.44	¥177.98
Basic earnings per share	¥113.22	¥199.91
Diluted earnings per share		
Continuing operations	¥108.65	¥21.88
Discontinued operation	¥4.43	¥177.56
Diluted earnings per share	¥113.08	¥199.44

(3) Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	143,613	242,929
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(84)	(20)
Remeasurements of defined benefit plans	7,320	4,682
Total of items that will not be reclassified to profit or loss	7,236	4,662
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	47,093	69,011
Cash flow hedges	(1,280)	(177)
Total of items that may be reclassified to profit or loss	45,813	68,834
Total other comprehensive income	53,049	73,496
Comprehensive income	196,662	316,425
Comprehensive income attributable to:		
Owners of parent	196,481	316,062
Non-controlling interests	181	363
Comprehensive income	196,662	316,425

(4) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2023

(Millions of yen)

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

Fiscal year ended March 31, 2024

(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						242,566	242,566	363	242,929
Other comprehensive income				76,530	(3,034)		73,496		73,496
Comprehensive income	–	–	–	76,530	(3,034)	242,566	316,062	363	316,425
Share repurchase			(180,002)				(180,002)		(180,002)
Disposal of treasury shares		(43)	43				0		0
Cancellation of treasury shares		(104,795)	104,795				–		–
Dividends from surplus						(20,057)	(20,057)	(183)	(20,240)
Transfer from retained earnings to capital surplus		104,855				(104,855)	–		–
Transfer from other components of equity to retained earnings				(4,683)		4,683	–		–
Share-based payment transactions		1,457	1,233				2,690		2,690
Equity transactions with non-controlling interests		(1,592)					(1,592)	(1,329)	(2,921)
Total transactions with owners	–	(118)	(73,931)	(4,683)	–	(120,229)	(198,961)	(1,512)	(200,473)
Balance at March 31, 2024	124,643	92,032	(102,017)	149,127	–	493,401	757,186	–	757,186

(5) Consolidated Statements of Cash Flows

	(Millions of yen)	
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before tax	182,294	35,854
Profit before tax from discontinued operation	7,413	348,276
Depreciation and amortization	66,741	65,940
Impairment losses	2,498	64,568
Interest and dividend income	(3,971)	(2,376)
Interest expenses	6,037	5,409
Loss (gain) on sale and retirement of fixed assets	(15,757)	456
Share of loss (profit) of investments accounted for using equity method	(491)	358
Gain on transfer of the Scientific Solutions Business	–	(349,037)
Decrease (increase) in trade and other receivables	(27,013)	(11,851)
Decrease (increase) in inventories	(26,852)	(19,072)
Increase (decrease) in trade and other payables	8,770	(5,935)
Increase (decrease) in retirement benefit liability	(14,099)	1,013
Decrease (increase) in retirement benefit asset	952	(3,269)
Increase (decrease) in provisions	(3,555)	9,083
Other	14,507	42,765
Subtotal	197,474	182,182
Interest received	3,933	2,365
Dividends received	38	11
Interest paid	(5,388)	(4,803)
Income taxes paid	(97,567)	(137,390)
Net cash provided by operating activities	98,490	42,365

	(Millions of yen)	
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from investing activities		
Payments into time deposits	(2,136)	–
Purchase of property, plant and equipment	(47,570)	(46,425)
Proceeds from sale of property, plant and equipment	20,460	1,471
Purchase of intangible assets	(23,053)	(18,199)
Purchase of investment securities	(3,705)	(28)
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	(3,859)	–
Proceeds from sale of subsidiaries	–	4,472
Collection of loans receivable	1,284	53,373
Payments for contingent consideration	(606)	(2,966)
Expenditures based on share purchase agreement	–	(43,647)
Amount recovered upon cancellation of share purchase agreement	–	31,110
Other	771	84
Net cash provided by (used in) investing activities	(58,414)	359,992
Cash flows from financing activities		
Increase (decrease) in short-term borrowings and commercial papers	(67)	(3)
Repayments of lease liabilities	(20,914)	(19,518)
Repayments of long-term borrowings	(13,547)	(40,000)
Dividends paid	(17,822)	(20,057)
Dividends paid to non-controlling interests	(226)	(183)
Payments for share repurchase	(50,003)	(180,002)
Redemption of bonds	(40,000)	(10,000)
Payments for acquisition of interests in subsidiaries from non-controlling interests	–	(2,921)
Other	(599)	(3,326)
Net cash used in financing activities	(143,178)	(276,010)
Effect of exchange rate changes on cash and cash equivalents	6,042	9,074
Net increase (decrease) in cash and cash equivalents	(97,060)	135,421
Cash and cash equivalents at beginning of period	302,572	205,512
Cash and cash equivalents at end of period	205,512	340,933

(6) Notes to Consolidated Financial Statements

(Notes on premise of going concern)

No items to report

(Reporting entity)

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

The Olympus Group is principally engaged in the manufacturing and sales of endoscopic, therapeutic and other products. Details are as described in (Business segments) (page 33).

(Basis of preparation)

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

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

(2) Functional currency and presentation currency

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

(3) Changes in presentation methods

(Consolidated Statements of Cash Flows)

(Cash flows from investing activities)

In the fiscal year ended March 31, 2023, 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 fiscal year ended March 31, 2024. Furthermore, due to the decreased monetary importance of "Proceeds from sale and redemption of investments," which had previously been listed independently, it has been disclosed in "Other" from the fiscal year ended March 31, 2024. To reflect this change in the presentation method, we have reorganized our Consolidated Financial Statements for the fiscal year ended March 31, 2023.

As a result, the ¥516 million which had previously been displayed in the "Other" category of "Cash flows from investing activities" has been listed independently as ¥1,284 million in "Collection of loans receivable," and the ¥606 million in "Payments for contingent consideration" and ¥933 million in "Proceeds from sale and redemption of investments" has been reorganized into "Other," resulting in a reorganization of ¥771 million.

(Material accounting policies)

The material accounting policies adopted for the consolidated financial statements of the Olympus Group for the fiscal year ended March 31, 2024 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.

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

(Business segments)

(1) Overview of reportable segments

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

In the past, the Olympus Group had four reportable segments: “Endoscopic Solutions,” “Therapeutic Solutions,” “Scientific Solutions,” and “Others.” However, from the second quarter 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 52). 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, business results and other items for reportable segments

Revenue, business results and other items for reportable segments are as follows. The accounting treatment used for reportable segments is as described in (Material accounting policies) (page 32).

Fiscal year ended March 31, 2023

	Reportable Segment				Adjustment (Note 2, 3, 4, 5, 6)	Amount on consolidated financial statements
	Endoscopic Solutions	Therapeutic Solutions	Others	Total		
Revenue						
Revenue from outside customers	551,823	318,207	11,893	881,923	–	881,923
Intersegment revenue (Note 1)	–	–	252	252	(252)	–
Total	551,823	318,207	12,145	882,175	(252)	881,923
Operating profit (loss)	152,769	63,692	(914)	215,547	(28,938)	186,609
Finance income						3,860
Finance costs						8,175
Profit before tax						182,294
Other items						
Share of profit (loss) of investments accounted for using equity method	505	(14)	–	491	–	491
Depreciation and amortization	37,495	19,159	1,059	57,713	5,879	63,592
Impairment losses	1,342	883	3	2,228	265	2,493
Segment assets (Note 7)	555,939	452,969	20,638	1,029,546	479,155	1,508,701
Investments accounted for using equity method	664	346	–	1,010	–	1,010
Capital expenditures	43,001	15,854	1,428	60,283	11,740	72,023

Notes:

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

3. Adjustment for operating profit (loss) includes gain on sale of fixed assets at Olympus Corporation of ¥16,395 million that is not attributable to reportable segments.
4. Adjustment for segment assets is corporate assets that are not attributable to reportable segments and assets of discontinued operations.
5. Adjustment for depreciation and amortization is the amount of depreciation and amortization related to corporate assets that are not attributable to reportable segments.
6. Adjustment for capital expenditures is the amount of increase in fixed assets related to corporate assets that are not attributable to reportable segments.
7. Provisional amounts for segment assets have been revised in the fiscal year ended March 31, 2024 with respect to the acquisition of Odin Medical Ltd. in the fiscal year ended March 31, 2023 and figures at the end of the fiscal year ended March 31, 2023 have been retrospectively revised. Details are on page 54 (Business combinations).

Fiscal year ended March 31, 2024

	Reportable Segment				Adjustment (Note 2, 4, 5, 6)	(Millions of yen)
	Endoscopic Solutions	Therapeutic Solutions	Others	Total		Amount on consolidated financial statements
Revenue						
Revenue from outside customers	586,617	337,331	12,262	936,210	–	936,210
Intersegment revenue (Note 1)	–	–	121	121	(121)	–
Total	586,617	337,331	12,383	936,331	(121)	936,210
Operating profit (loss)	104,684	(8,466)	(7,809)	88,409	(44,811)	43,598
Finance income						2,562
Finance costs						10,306
Profit before tax						35,854
Other items						
Share of profit (loss) of investments accounted for using equity method	(332)	(26)	–	(358)	–	(358)
Depreciation and amortization	41,501	18,184	961	60,646	5,294	65,940
Impairment losses (Note 3)	10,890	44,315	8,588	63,793	775	64,568
Segment assets	637,036	469,186	12,660	1,118,882	415,334	1,534,216
Investments accounted for using equity method	–	479	–	479	–	479
Capital expenditures	50,674	19,295	1,452	71,421	9,306	80,727

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 ¥51,886 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 43). Such losses include impairment losses of ¥41,704 million. Details are as described in (Impairment of non-financial assets) (page 38).
4. Adjustment for segment assets is corporate assets that are not attributable to reportable segments.
5. Adjustment for depreciation and amortization is the amount of depreciation and amortization related to corporate assets that are not attributable to reportable segments.
6. Adjustment for capital expenditures is the amount of increase in fixed assets related to corporate assets that are not attributable to reportable segments.

(Cash and cash equivalents)

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

	(Millions of yen)	
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash and cash equivalents in the consolidated statements of financial position	169,329	340,933
Cash and cash equivalents included in assets held for sale	36,183	–
Cash and cash equivalents in the consolidated statements of cash flows	205,512	340,933

(Trade and other receivables)

Effective March 7, 2024, Olympus Corporation has agreed with the former shareholders of South Korean medical device manufacturer Taewoong Medical Co., Ltd. to rescind the definitive agreement to acquire shares concluded on February 24, 2023. Current assets of ¥6,056 million and non-current assets of ¥6,697 million are

respectively included in “Trade and other receivables” in the consolidated statements of financial position as other receivables associated with the rescission of this definitive agreement.

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

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

	(Millions of yen)	
	As of March 31, 2023	As of March 31, 2024
Assets		
Cash and cash equivalents	36,183	–
Trade and other receivables	34,712	–
Inventories	35,931	–
Land	1,371	41
Buildings and structures	5,798	14
Machinery and vehicles	2,577	–
Tools, furniture and fixtures	3,246	–
Construction in progress	220	–
Right-of-use assets	8,168	–
Other property, plant and equipment	4,910	–
Intangible assets	15,808	–
Goodwill	2,790	–
Deferred tax assets	1,872	–
Other financial assets	3,792	–
Other current assets	9,804	–
Other non-current assets	2,439	–
Total	169,621	55
Liabilities		
Trade and other payables	9,109	–
Accrued expenses	10,685	–
Provisions	627	–
Deferred tax liabilities	4,225	–
Other financial liabilities	9,187	–
Other current liabilities	7,309	–
Other non-current liabilities	2,111	–
Total	43,253	–

The fiscal year ended March 31, 2024 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 46).

(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 46).

Assets categorized as assets held for sale in the fiscal year under review are assets, belonging to the Endoscopic Solutions Business segment and Therapeutic Solutions Business segment, that are to be sold from

the standpoint of management resource optimization and are scheduled for sale within a year from the fiscal year closing date.

(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 as “Other expenses” in the consolidated statements 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 fiscal year ended March 31, 2024 were as follows.

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

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 ¥41,704 million was recorded (¥20,227 million for goodwill; ¥16,077 million for technology-related assets; ¥250 million for trademarks; ¥3,601 million for research and development in progress; and ¥1,157 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 fiscal year ended March 31, 2024, 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 49).

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 43).

(Loss related to the orthopedic surgery business)

Olympus Corporation recorded impairment losses of ¥8,588 million (¥3,802 million for goodwill; ¥1,407 million for patent rights; ¥918 million for development assets; ¥271 million for land; ¥512 million for buildings and structures; ¥1,219 million for tools, furniture and fixtures; ¥180 million for machinery and vehicles; and ¥189 million for right-of-use assets) on the assets in the orthopedic surgery business that is part of the “Others” segment, which were written down to their recoverable amount since Olympus Corporation no longer expects them to generate the expected earnings due to such factors as changes in the market environment. The recoverable amount was the fair value less costs of disposal. It was classified as level 3 in

the fair value hierarchy. Details regarding the fair value hierarchy are as described in (Financial instruments) (page 49).

(Bonds and borrowings)

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

During the fiscal year ended March 31, 2024, Olympus Corporation redeemed the 23rd unsecured corporate bonds of ¥10,000 million (interest rate 0.27%, due March 7, 2024).

(Provisions)

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

Fiscal year ended March 31, 2024 (April 1, 2023 – March 31, 2024)
(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 fiscal year ended March 31, 2024.

(Provision for market corrective measures for hi-flow insufflation units)

A provision of ¥5,238 million for expenses associated with market corrective measures for hi-flow insufflation units was made in the cost of sales of the Endoscopic Solutions Business in the fiscal year ended March 31, 2024.

(Equity and other equity items)

Fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)
(Cancellation of treasury shares)

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

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

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

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

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

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

(Disposal of treasury shares)

Olympus Corporation conducted the disposal of treasury shares based on its restricted stock unit (RSU) system and performance share unit (PSU) system on July 22, 2022 and December 9, 2022. Due to this disposal, treasury shares decreased by 93,780 shares during the fiscal year ended March 31, 2024.

The impact of this disposal is that treasury shares decreased by ¥165 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 on the Tokyo Stock Exchange based on a discretionary trading contract |

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

- | | |
|--|--|
| 1. Total number of shares repurchased: | 19,713,300 shares |
| 2. Total amount of shares repurchased: | ¥50,000 million |
| 3. Repurchase period: | November 14, 2022 to January 18, 2023 (based on delivery date) |

Fiscal year ended March 31, 2024 (April 1, 2023 – March 31, 2024)

(Cancellation of treasury shares)

Based on resolution of the Board of Directors meeting held on May 12, 2023, Olympus Corporation canceled treasury shares on February 29, 2024. Due to this cancellation, treasury shares decreased by 51,032,000 shares during the fiscal year under review.

The impact of this cancellation is that treasury shares decreased by ¥104,795 million (contraction of negative stated amount in equity), and capital surplus decreased by ¥104,795 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.

Details regarding the cancellation of treasury shares after the end of the fiscal year ended March 31, 2024 are as described in (Subsequent events) (page 57).

(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 fiscal year ended March 31, 2024.

The impact of this disposal is that treasury shares decreased by ¥1,233 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 on the Tokyo Stock Exchange based on a discretionary trading contract |

(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 on the Tokyo Stock Exchange based on a discretionary trading contract |

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

- | | |
|--|--|
| 1. Total number of shares repurchased: | 37,446,500 shares |
| 2. Total amount of shares repurchased: | ¥80,000 million |
| 3. Repurchase period: | November 10, 2023 to March 26, 2024 (based on delivery date) |

Details regarding the repurchase of its own shares after the end of the fiscal year ended March 31, 2024 are as described in (Subsequent events) (page 57).

(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 fiscal year ended March 31, 2024.

(Dividends)

Dividends paid are as follows.

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

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

Fiscal year ended March 31, 2024 (April 1, 2023 – March 31, 2024)

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:

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

(Millions of yen)

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

Fiscal year ended March 31, 2024 (April 1, 2023 – March 31, 2024)

(Millions of yen)

	Endoscopic Solutions	Therapeutic Solutions	Others	Total
Japan	71,892	44,495	5,128	121,515
North America	216,565	134,666	106	351,337
Europe	145,931	90,714	6,180	242,825
China	74,950	30,748	643	106,341
Asia and Oceania	58,979	28,897	205	88,081
Others	18,300	7,811	0	26,111
Total	586,617	337,331	12,262	936,210

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

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

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

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

(Other income and other expenses)

(1) Other income

Major items of other income are as follows.

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

(Gain on sale of fixed assets)

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

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

Olympus Corporation recognized ¥1,381 million in “Other income” due 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. The details of the change in fair value are described in (Business combinations) (page 54).

Fiscal year ended March 31, 2024 (April 1, 2023 – March 31, 2024)

(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 46).

(2) Other expenses

Major items of other expenses are as follows.

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

(Business restructuring expenses)

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

(Quality-related expenses)

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 ¥1,937 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.

Fiscal year ended March 31, 2024 (April 1, 2023 – March 31, 2024)

(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 ¥23,041 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 ¥51,886 million (¥2,337 million for loss on valuation of inventories; ¥41,704 million for impairment loss on non-current assets (Note); ¥7,846 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 38).

(Impairment losses on development assets and research and development in progress)

Olympus Corporation recognized impairment losses of ¥6,002 million and ¥4,565 million on development assets and research and development in progress, respectively, in the Endoscopic 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." Olympus Corporation recognized impairment losses of ¥2,346 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 ¥5,851 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.

(Conclusion and cancellation of share purchase agreement)

Effective March 7, 2024, Olympus Corporation reached an agreement with the former shareholders of South Korean medical device manufacturer Taewoong Medical Co., Ltd. to rescind the definitive agreement to acquire shares concluded on February 24, 2023. Olympus Corporation recorded ¥1,966 million in "Other expenses" as expenses related to the conclusion and cancellation of the share purchase agreement.

(Loss related to the orthopedic surgery business)

The loss of ¥8,588 million related to the orthopedic surgery business is recorded in other expenses (¥3,802 million for impairment loss on goodwill; ¥2,356 million for impairment loss on intangible assets excluding goodwill; and ¥2,430 million for impairment loss on property, plant and equipment (Note)).

Note: Details of impairment losses on non-current assets are as described in (Impairment of non-financial assets) (page 38).

(Per-share data)

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

	Fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 – March 31, 2024)
Basic earnings per share		
Continuing operations	¥108.78	¥21.93
Discontinued operation	¥4.44	¥177.98
Basic earnings per share	¥113.22	¥199.91
Diluted earnings per share		

Continuing operations	¥108.65	¥21.88
Discontinued operation	¥4.43	¥177.56
Diluted earnings per share	¥113.08	¥199.44

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

	(Millions of yen)	
	Fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 – March 31, 2024)
Profit used to calculate basic earnings per share and diluted earnings per share		
Profit attributable to owners of parent	143,432	242,566
Profit not attributable to common shareholders of parent	–	–
Profit used to calculate basic earnings per share	143,432	242,566
Continuing operations	137,809	26,610
Discontinued operation	5,623	215,956
Adjustment to profit	–	–
Profit used to calculate diluted earnings per share	143,432	242,566
Continuing operations	137,809	26,610
Discontinued operation	5,623	215,956

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	1,266,848 thousand shares	1,213,402 thousand shares
Increase in number of shares of common stock		
Subscription rights to shares relating to stock options	373 thousand shares	291 thousand shares
Common stock relating to PSU	744 thousand shares	1,927 thousand shares
Common stock relating to RSU	406 thousand shares	621 thousand shares
Average number of shares of diluted common stock during the period	1,268,371 thousand shares	1,216,241 thousand shares

(Cash flow information)

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

No items to report

Fiscal year ended March 31, 2024 (April 1, 2023 – March 31, 2024)

(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 Consolidated Statements of Cash Flows.

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

Olympus Corporation recorded a gain of ¥349,037 million associated with the loss of control of Evident under “Profit from discontinued operation” in the 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 Consolidated Statements of Cash Flows.

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

Olympus Corporation recorded a gain of ¥115 million associated with the loss of control of GML under “Other income” in the 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 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 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 years ended March 31, 2023 and 2024.

(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, etc. 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 March 31, 2024

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

Derivative assets	–	14,358	–	14,358
Equity securities and others	–	–	704	704
Financial assets measured at fair value through other comprehensive income				
Equity securities and others	538	–	7,014	7,552
Financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	–	2,483	–	2,483
Contingent consideration	–	–	7,119	7,119

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

	(Millions of yen)	
	Fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 – March 31, 2024)
Balance at April 1	3,895	7,368
Gains and losses (Note)		
Profit or loss	(66)	(18)
Other comprehensive income	27	(106)
Purchases	3,705	325
Sales	–	(405)
Transfer to investments accounted for using the equity method	(203)	–
Other	10	554
Balance at March 31	7,368	7,718

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

Total gains or losses recognized in profit or loss included a loss of ¥65 million and a loss of ¥71 million on financial instruments held as of the years ended March 31, 2023 and 2024, respectively.

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

	(Millions of yen)	
	Fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 – March 31, 2024)
Balance at April 1	6,100	8,226
Business combinations, etc.	4,095	–
Settlement	(715)	(3,421)
Change in fair value	(1,758)	1,400
Other	504	914
Balance at March 31	8,226	7,119

(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 March 31, 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Lease receivables	65,003	64,982	86,238	86,085
Financial liabilities				
Bonds	146,118	141,280	145,250	139,324
Borrowings	134,021	134,287	94,372	94,225

(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 46).

(2) Profit (loss) of discontinued operation

Profit (loss) of discontinued operations is as follows:

	(Millions of yen)	
	Fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 – March 31, 2024)
Revenue	135,421	–
Cost of sales	60,045	–
Gross profit	75,376	–
Selling, general and administrative expenses	57,361	244
Share of profit (loss) of investments accounted for using equity method	–	–
Other income (Note 1)	215	349,151
Other expenses (Note 2)	11,195	631
Operating profit	7,035	348,276
Finance income	551	–
Finance costs	173	–
Profit before tax	7,413	348,276
Income taxes (Note 3)	1,790	132,320
Profit from discontinued operation	5,623	215,956

Notes:

1. Other income includes ¥349,037 million in the fiscal year ended March 31, 2024 for the gain on the transfer of Scientific Solutions Business.
2. Other expenses include ¥11,073 million and ¥161 million in the fiscal year ended March 31, 2023 and the fiscal year ended March 31, 2024, respectively, related to the spin-off of the Scientific Solutions Business and the strengthening of its management systems.
3. Income taxes in the fiscal year ended March 31, 2024 include ¥120,313 million of 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)	
	Fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 – March 31, 2024)
Cash flows of discontinued operation		
Net cash used in operating activities	(13,151)	(57,569)
Net cash provided by (used in) investing activities	(11,725)	431,091
Net cash used in financing activities	(2,891)	–

Note: Net cash provided by (used in) investing activities in the fiscal year ended March 31, 2024 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)

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

(Acquisition of Odin Medical Ltd.)

(1) Outline of business combination

1) Name and description of acquired business

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

2) Primary reason for business combination

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

3) Acquired ratio of holding capital with voting rights

100%

4) Acquisition date

December 19, 2022

5) Acquisition method to govern the acquired company

Cash consideration for the acquisition of shares

(2) Acquisition-related expense

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

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

	(Millions of yen)
	Amount
Fair value of consideration paid	
Cash	3,982
Contingent consideration	4,095
Total	8,077
Fair value of assets acquired and liabilities assumed	
Cash and cash equivalents	148
Other current assets	1
Property, plant and equipment	3
Intangible assets	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 fiscal year ended March 31, 2024, 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 consolidated statements of profit or loss due to such information is not material.

(Contingent consideration of Medi-Tate Ltd.)

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

Notes:

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

Fiscal year ended March 31, 2024 (April 1, 2023 – March 31, 2024)

(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 ended 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 ended 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 ended 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.

(Subsequent events)

(Share repurchase and cancellation of treasury shares)

At a meeting of the Board of Directors held on November 9, 2023, Olympus Corporation resolved to cancel treasury shares as provided for in Article 178 of the Companies Act, and cancelled the treasury shares on April 30, 2024.

(1) Details of cancellation

1. Class of shares: Common stock of Olympus Corporation
2. Number of shares cancelled: 37,446,500 shares
(3.08% of total number of issued shares before the cancellation)
3. Date of cancellation: April 30, 2024
4. Total number of issued shares after cancellation: 1,177,700,200 shares

At a meeting of the Board of Directors held on May 10, 2024, Olympus Corporation resolved items related to the repurchase of its own shares as provided for in Article 459 Section 1 of the Companies Act and Article 32 of Olympus Corporation's Articles of Incorporation, as well as the cancellation of treasury shares as provided for in Article 178 of the Companies Act.

(1) Reasons for the share repurchase and cancellation of treasury shares

To strengthen shareholder returns and to improve capital efficiency

(2) Details of items related to the repurchase

- | | |
|--|--|
| 1. Class of shares: | Common stock of Olympus Corporation |
| 2. Total number of shares to be repurchased: | 60,000,000 shares (maximum)
(5.15% of total number of issued shares
(excluding treasury shares)) |
| 3. Total amount of shares to be repurchased: | ¥100,000 million (maximum) |
| 4. Repurchase period: | May 13, 2024 to December 31, 2024 |
| 5. Repurchase method: | Market purchase on the Tokyo Stock Exchange
based on a discretionary trading contract |

(3) Details of cancellation

- | | |
|--------------------------------------|---|
| 1. Class of shares: | Common stock of Olympus Corporation |
| 2. Number of shares to be cancelled: | All of the shares to be repurchased as stated in (2)
above |
| 3. Date of cancellation: | January 31, 2025 |