

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



August 9, 2023

Company Name: Olympus Corporation  
 Code Number: 7733  
 (URL: <https://www.olympus.co.jp/>)  
 Stock Exchange Listing: Prime Market of Tokyo Stock Exchange  
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 Scheduled date to submit the Quarterly Securities Report: August 9, 2023  
 Scheduled date to commence dividend payments: –  
 Presentation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results presentation meeting: Yes (for analysts and institutional investors)

(Figures are rounded off to the nearest million yen)

## 1. Consolidated Financial Results for the Three Months of the Fiscal Year Ending March 31, 2024 (From April 1, 2023 to June 30, 2023)

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

	Revenue		Operating profit		Adjusted operating profit		Profit before tax		Profit	
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
Three months ended										
June 30, 2023	207,723	8.0	22,476	(49.5)	28,267	(5.0)	19,710	(53.1)	240,614	865.5
June 30, 2022	192,265	–	44,521	–	29,740	–	42,048	–	24,922	32.9

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share		Diluted earnings per share	
	(¥ million)	%	(¥ million)	%	(¥)	(¥)	(¥)	(¥)
Three months ended								
June 30, 2023	240,560	867.7	285,117	221.5	191.90		191.50	
June 30, 2022	24,860	33.0	88,679	313.7	19.53		19.52	

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. As the businesses have been similarly reclassified in the three months ended June 30, 2022, changes from the same period of the previous fiscal year are not presented.

## (2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
	(¥ million)	(¥ million)	(¥ million)	%
As of				
June 30, 2023	1,688,272	906,924	905,904	53.7
March 31, 2023	1,508,308	641,234	640,085	42.4

## 2. Dividends

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

Note: Revisions of the forecast most recently announced: No

### 3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2024

(From April 1, 2023 to March 31, 2024)

(% indicate changes from the same period of the previous fiscal year)

	Revenue		Operating profit		Adjusted operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥)
Full year	914,000	3.6	163,000	(12.7)	182,000	2.9	159,000	(12.8)	336,000	134.3	272.66

Note: Revisions of the forecast most recently announced: No

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

#### \* Notes

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

Newly included: None

Excluded: 1 company (Evident Corporation)

- (2) Changes in accounting policies and changes in accounting estimates

- 1) Changes in accounting policies required by IFRS: No
- 2) Changes in accounting policies due to other reasons: No
- 3) Changes in accounting estimates: No

- (3) Total number of issued shares (common stock)

- 1) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2023	1,266,178,700 shares
As of March 31, 2023	1,266,178,700 shares

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

As of June 30, 2023	12,596,640 shares
As of March 31, 2023	12,641,218 shares

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

Three months ended June 30, 2023	1,253,555,850 shares
Three months ended June 30, 2022	1,273,057,773 shares

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

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

(Caution concerning forward-looking statements)

The forward-looking statements 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.

(Adjusted operating profit)

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

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## 1. Qualitative Information Regarding Settlement of Accounts for the Three Months

### (1) Explanation of Results of Operations

In the second quarter ended September 30, 2022, Olympus Corporation concluded a share transfer agreement related to the transfer of Scientific Solutions Business of the Olympus Group with K.K. BCJ-66, a special purpose company indirectly owned by funds advised by Bain Capital Private Equity, LP (together with its affiliates, “Bain Capital”). Due to this, profit (loss) from the Scientific Solutions Business has been classified as profit (loss) from discontinued operation from the second quarter ended September 30, 2022, and it has been presented in the same manner for the first quarter ended June 30, 2022. Furthermore, the amounts presented for revenue, operating profit, adjusted operating profit, profit before tax and profit from continuing operations are the amounts from continuing operations from which the discontinued operation has been excluded, while the amounts presented for profit and profit attributable to owners of parent are aggregates of continuing operations and discontinued operation.

Additionally, the Olympus Group formerly had four reportable segments: “Endoscopic Solutions,” “Therapeutic Solutions,” “Scientific Solutions,” and “Others.” However, from the second quarter ended September 30, 2022, they have been changed to three segments: “Endoscopic Solutions,” “Therapeutic Solutions,” and “Others,” and have been presented in the same manner for the first quarter ended June 30, 2022.

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

The global economy continued the trend toward recovery in the three months ended June 30, 2023, while global monetary tightening poses a downside risk. Furthermore, impacts were felt from the war in Ukraine and global inflation along with rising raw material prices, supply chain constraints, and shortages of components. Amid a recovery in economic activities and a gradual economic recovery, the Japanese economy was also impacted by fluctuations in foreign exchange, and from the same factors affecting the global economy, namely, rising raw material prices, supply chain constraints, and shortages of semiconductors and other components.

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)			
	Three months ended June 30, 2022	Three months ended June 30, 2023	Increase (Decrease)	Increase (Decrease) ratio (%)
(1) Revenue	192,265	207,723	15,458	8.0
(2) Cost of sales	66,544	70,497	3,953	5.9
(3) Selling, general and administrative expenses	96,018	108,770	12,752	13.3
(4) Share of profit (loss) of investments accounted for using equity method/Other income/Other expenses	14,818	(5,980)	(20,798)	–
(5) Operating profit	44,521	22,476	(22,045)	(49.5)
(6) Adjusted operating profit	29,740	28,267	(1,473)	(5.0)
(7) Finance income (loss)	(2,473)	(2,766)	(293)	–
(8) Profit before tax	42,048	19,710	(22,338)	(53.1)
(9) Income taxes	14,158	6,224	(7,934)	(56.0)
(10) Profit from continuing operations	27,890	13,486	(14,404)	(51.6)
(11) Profit attributable to owners of parent	24,860	240,560	215,700	867.7
Exchange rate (Yen/USD)	129.57	137.37	7.80	–
Exchange rate (Yen/EUR)	138.12	149.47	11.35	–
Exchange rate (Yen/CNY)	19.58	19.56	(0.02)	–

#### (1) Revenue

Revenue increased by ¥15,458 million year on year to ¥207,723 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 ¥3,953 million year on year to ¥70,497 million. The cost-to-sales ratio improved by 0.7 percentage points year on year to 33.9% due to reduced procurement on the semiconductor spot market and the impact from foreign exchange due to the depreciating yen.

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

Selling, general and administrative expenses increased by ¥12,752 million year on year to ¥108,770 million. The main factors are an increase in personnel expenses due to future growth and strengthening of the business operating base, including quality assurance and regulatory compliance, as well as various project-related expenses aimed at improving efficiency and other factors.

#### (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 ¥5,980 million, and the profit or loss deteriorated by ¥20,798 million year on year. Other income decreased ¥17,203 million year on year after a gain on sale of fixed assets of approximately ¥16.4 billion was recorded in the previous fiscal year. On the other hand, other expenses increased ¥3,369 million year on year, with approximately ¥5.0 billion recorded for FDA-related expenses. Approximately ¥1.0 billion in expenses related to promoting “Transform Olympus” was recorded in the previous fiscal year.

#### (5) Operating profit

Reflecting the factors stated above, operating profit decreased by ¥22,045 million year on year to ¥22,476 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 ¥1,473 million year on year to ¥28,267 million.

(7) Finance income (loss)

Finance loss, which reflects finance income and finance costs, deteriorated ¥293 million year on year to ¥2,766 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 ¥22,338 million year on year to ¥19,710 million.

(9) Income taxes

The decreased profit before tax led income taxes to decrease by ¥7,934 million year on year to ¥6,224 million.

(10) Profit from continuing operations

The decreased profit before tax led profit from continuing operations to decrease by ¥14,404 million year on year to ¥13,486 million.

(11) Profit attributable to owners of parent

As a result of recording a gain of approximately ¥348.1 billion on the transfer of Scientific Solutions Business in discontinued operations, profit attributable to owners of parent increased by ¥215.7 billion year on year to ¥240.560 billion.

(Impact of foreign exchanges rates)

Compared to the same period of the previous fiscal year, the yen depreciated against the USD and EUR, on the other hand, it appreciated against CNY. The average exchange rate during the period was ¥137.37 against the USD (¥129.57 in the same period of the previous fiscal year), ¥149.47 against the EUR (¥138.12 in the same period of the previous fiscal year) and ¥19.56 against the CNY (¥19.58 in the same period of the previous fiscal year), which caused revenue, operating profit and adjusted operating profit to increase by ¥8,278 million, ¥4,548 million and ¥4,697 million, respectively, year on year.

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

(Millions of yen)				
	Three months ended June 30, 2022	Three months ended June 30, 2023	Increase (Decrease)	Increase (Decrease) ratio (%)
Revenue	116,857	127,138	10,281	8.8
Operating profit (loss)	24,834	22,177	(2,657)	(10.7)

Consolidated revenue in the Endoscopic Solutions Business amounted to ¥127,138 million (up 8.8% year on year), while operating profit amounted to ¥22,177 million (down 10.7% year on year).

Sales in the gastrointestinal endoscope field recorded positive year-on-year growth as a result of increased sales in Asia and Oceania and Japan and year-on-year sales recovery in China, which had been affected by the lockdown in Shanghai and other cities during the previous fiscal year. By product, in addition to the favorable results from sales of the gastrointestinal endoscopic system “EVIS X1” series, demand for the prior-generation upper gastrointestinal videoscopes and colorectal videoscopes was also firm and contributed to increased sales. The ratio of the “EVIS X1” series to total sales also gradually increased.

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

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

Operating profit in the Endoscopic Solutions Business decreased. This decrease was due to, in spite of an increase in operating profit from increased revenue, approximately ¥3.2 billion of FDA-related expenses recorded in other expenses, as well as increase in personnel expenses due to future growth and strengthening of the business operating base, including quality assurance and regulatory compliance.

**Therapeutic Solutions Business**

(Millions of yen)				
	Three months ended June 30, 2022	Three months ended June 30, 2023	Increase (Decrease)	Increase (Decrease) ratio (%)
Revenue	72,365	77,156	4,791	6.6
Operating profit (loss)	13,357	9,681	(3,676)	(27.5)

Consolidated revenue in the Therapeutic Solutions Business amounted to ¥77,156 million (up 6.6% year on year), while operating profit amounted to ¥9,681 million (down 27.5% year on year).

The GI-endotherapy field saw positive growth, primarily in North America and Europe. 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., the sampling of biopsy forceps, etc., which are used for collecting tissue for screening examinations, and product groups for ESD (Endoscopic Submucosal Dissection) and EMR (Endoscopic Mucosal Resection), which are used in lesion resection.

The urology field achieved favorable performance mainly in North America, Europe, Asia and Oceania, with sales being expanded for resection electrodes for BPH (Benign Prostatic Hyperplasia) and lithotripsy machine for kidney stones “SOLTIVE SuperPulsed Laser System.”

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

In other therapeutic areas, sales were favorable for endoscopes for otorhinolaryngology.

Operating profit in the Therapeutic Solutions Business decreased. This was due to, in spite of an increase in operating profit from increased revenue, approximately ¥1.8 billion of FDA-related expenses recorded in other expenses, as well as increased expenses related to various projects aimed at improving efficiency and other factors.

**Others**

	(Millions of yen)			
	Three months ended June 30, 2022	Three months ended June 30, 2023	Increase (Decrease)	Increase (Decrease) ratio (%)
Revenue	3,043	3,429	386	12.7
Operating profit (loss)	(296)	(141)	155	-

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 ¥3,429 million (up 12.7% year on year), while operating loss amounted to ¥141 million (compared with an operating loss of ¥296 million in the same period of the previous fiscal year).

Revenue increased due to an increase in demand before the transfer of the collagen business at Olympus Terumo Biomaterials Corporation. Operating profit in other businesses improved due to the progress in streamlining of costs.

**(2) Financial Position****[Assets]**

As of the end of the first quarter under review, total assets increased by ¥179,964 million compared to the end of the previous fiscal year to ¥1,688,272 million. As for current assets, cash and cash equivalents increased by ¥389,393 million mainly due to the receipt of consideration for the transfer of Scientific Solutions Business, while assets held for sale decreased by ¥169,056 million following the completion of the Scientific Solutions Business transfer. As for non-current assets, goodwill, and property, plant and equipment increased by ¥15,362 million and ¥14,764 million, respectively, mainly due to exchange rate effects, while deferred tax assets decreased by ¥102,458 million mainly for a gain on the transfer of Scientific Solutions Business.

**[Liabilities]**

Total liabilities decreased by ¥85,726 million from the end of the previous fiscal year to ¥781,348 million. Income taxes payable on gains on the transfer of Scientific Solutions Business decreased by ¥66,678 million, and liabilities directly related to assets held for sale decreased by ¥43,225 million following the completion of the Scientific Solutions Business transfer.

**[Equity]**

Total equity increased by ¥265,690 million from the end of the previous fiscal year to ¥906,924 million. The main factors for this increase, despite the distribution of surplus, were quarterly profit attributable to owners of parent of ¥240,560 million mainly due to the gain on the transfer of Scientific Solutions Business and an increase of ¥47,817 million in other components of equity mainly due to exchange differences on translation of foreign operations.

As a result of the foregoing, equity attributable to owners of parent to total assets increased from 42.4% as of the end of the previous fiscal year to 53.7%.

**(3) Cash Flows**

Cash and cash equivalents at the end of the first quarter under review reached ¥558,722 million, an increase of ¥353,210 million from the end of the previous fiscal year. The following are the cash flows for the three months ended June 30, 2023.

**[Cash flows from operating activities]**

Net cash used in operating activities for the three months ended June 30, 2023 was ¥53,112 million (compared with ¥26,860 million used for the three months ended June 30, 2022). Cash flows from operating activities decreased due to income taxes paid of ¥83,513 million, despite an increase due to factors such as



profit before tax of ¥19,710 million, adjustment for depreciation and amortization of ¥16,613 million, and a decrease in trade and other receivables of ¥15,028 million.

[Cash flows from investing activities]

Net cash provided by investing activities for the three months ended June 30, 2023 was ¥426,988 million (compared with ¥5,198 million provided for the three months ended June 30, 2022). Cash flows from investing activities increased mainly due to the receipt of ¥384,835 million in consideration for the transfer of Scientific Solutions Business and the collection of ¥52,441 million in loans receivable from Evident, etc. despite a decrease of ¥11,573 million for the purchase of property, plant and equipment such as production equipment.

[Cash flows from financing activities]

Net cash used in financing activities for the three months ended June 30, 2023 was ¥25,888 million (compared with ¥21,748 million used for the three months ended June 30, 2022). Cash flows from financing activities decreased mainly due to the payment of ¥20,057 million as dividends.

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

The forecasts of consolidated financial results for the fiscal year ending March 31, 2024 are unchanged from the forecasts announced in our “Consolidated Financial Results for the Fiscal Year Ended March 31, 2023” released on May 12, 2023.

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

	(Millions of yen)	
	As of March 31, 2023	As of June 30, 2023
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	169,329	558,722
Trade and other receivables	174,672	165,965
Other financial assets	11,360	12,816
Inventories	162,994	177,487
Income taxes receivable	15,960	16,585
Other current assets	22,421	32,703
Subtotal	556,736	964,278
Assets held for sale	169,621	565
Total current assets	726,357	964,843
Non-current assets		
Property, plant and equipment	238,731	253,495
Goodwill	182,505	197,867
Intangible assets	115,183	120,244
Retirement benefit asset	27,028	28,115
Investments accounted for using equity method	1,010	827
Trade and other receivables	36,980	39,591
Other financial assets	21,476	27,325
Deferred tax assets	156,543	54,085
Other non-current assets	2,495	1,880
Total non-current assets	781,951	723,429
Total assets	1,508,308	1,688,272

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
<b>LIABILITIES AND EQUITY</b>		
Liabilities		
Current liabilities		
Trade and other payables	62,919	55,608
Bonds and borrowings	49,970	99,919
Other financial liabilities	23,235	38,434
Income taxes payable	99,567	32,889
Provisions	19,111	21,054
Other current liabilities	163,837	168,462
Subtotal	418,639	416,366
Liabilities directly associated with assets held for sale	43,253	28
Total current liabilities	461,892	416,394
Non-current liabilities		
Bonds and borrowings	290,087	246,047
Other financial liabilities	61,668	62,515
Retirement benefit liability	20,416	21,086
Provisions	2,912	2,810
Deferred tax liabilities	11,905	13,837
Other non-current liabilities	18,194	18,659
Total non-current liabilities	405,182	364,954
Total liabilities	867,074	781,348
Equity		
Share capital	124,643	124,643
Capital surplus	92,150	92,866
Treasury shares	(28,086)	(27,986)
Other components of equity	77,280	125,097
Other components of equity related to disposal group held for sale	3,034	–
Retained earnings	371,064	591,284
Total equity attributable to owners of parent	640,085	905,904
Non-controlling interests	1,149	1,020
Total equity	641,234	906,924
Total liabilities and equity	1,508,308	1,688,272

## (2) Condensed Quarterly Consolidated Statements of Profit or Loss

	(Millions of yen)	
	Three months ended June 30, 2022	Three months ended June 30, 2023
Continuing operations		
Revenue	192,265	207,723
Cost of sales	66,544	70,497
Gross profit	125,721	137,226
Selling, general and administrative expenses	96,018	108,770
Share of profit (loss) of investments accounted for using equity method	37	(189)
Other income	17,839	636
Other expenses	3,058	6,427
Operating profit	44,521	22,476
Finance income	718	521
Finance costs	3,191	3,287
Profit before tax	42,048	19,710
Income taxes	14,158	6,224
Profit from continuing operations	27,890	13,486
Discontinued operation		
Profit (loss) from discontinued operation	(2,968)	227,128
Profit	24,922	240,614
Profit attributable to:		
Owners of parent	24,860	240,560
Non-controlling interests	62	54
Profit	24,922	240,614
Earnings per share		
Basic earnings (loss) per share		
Continuing operations	¥21.86	¥10.71
Discontinued operation	¥(2.33)	¥181.19
Basic earnings per share	¥19.53	¥191.90
Diluted earnings (loss) per share		
Continuing operations	¥21.85	¥10.69
Discontinued operation	¥(2.33)	¥180.81
Diluted earnings per share	¥19.52	¥191.50

## (3) Condensed Quarterly Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit	24,922	240,614
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(72)	155
Remeasurements of defined benefit plans	52	(280)
Total of items that will not be reclassified to profit or loss	(20)	(125)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	64,597	45,786
Cash flow hedges	(820)	(1,158)
Total of items that may be reclassified to profit or loss	63,777	44,628
Total other comprehensive income	63,757	44,503
Comprehensive income	88,679	285,117
Comprehensive income attributable to:		
Owners of parent	88,617	285,063
Non-controlling interests	62	54
Comprehensive income	88,679	285,117

## (4) Condensed Quarterly Consolidated Statements of Changes in Equity

Three months ended June 30, 2022

(Millions of yen)

	Equity attributable to owners of parent							Non-controlling interests	Total equity
	Share capital	Capital surplus	Treasury shares	Other components of equity	Other components of equity related to disposal group held for sale	Retained earnings	Total		
Balance at April 1, 2022	124,643	91,239	(45,589)	34,818	–	305,057	510,168	1,194	511,362
Profit						24,860	24,860	62	24,922
Other comprehensive income				63,757			63,757		63,757
Comprehensive income	–	–	–	63,757	–	24,860	88,617	62	88,679
Repurchase of our shares			(1)				(1)		(1)
Disposal of treasury shares		(52)	52				0		0
Cancellation of treasury shares		(23,271)	23,271				–		–
Dividends from surplus						(17,822)	(17,822)	(226)	(18,048)
Transfer from retained earnings to capital surplus		23,295				(23,295)	–		–
Transfer from other components of equity to retained earnings				(52)		52	–		–
Share-based payment transactions		163					163		163
Total transactions with owners	–	135	23,322	(52)	–	(41,065)	(17,660)	(226)	(17,886)
Balance at June 30, 2022	124,643	91,374	(22,267)	98,523	–	288,852	581,125	1,030	582,155

Three months ended June 30, 2023

(Millions of yen)

	Equity attributable to owners of parent							Non-controlling interests	Total equity
	Share capital	Capital surplus	Treasury shares	Other components of equity	Other components of equity related to disposal group held for sale	Retained earnings	Total		
Balance at April 1, 2023	124,643	92,150	(28,086)	77,280	3,034	371,064	640,085	1,149	641,234
Profit						240,560	240,560	54	240,614
Other comprehensive income				47,537	(3,034)		44,503		44,503
Comprehensive income	–	–	–	47,537	(3,034)	240,560	285,063	54	285,117
Repurchase of our shares			(0)				(0)		(0)
Disposal of treasury shares		(10)	14				4		4
Dividends from surplus						(20,057)	(20,057)	(183)	(20,240)
Transfer from retained earnings to capital surplus		3				(3)	–		–
Transfer from other components of equity to retained earnings				280		(280)	–		–
Share-based payment transactions		723	86				809		809
Total transactions with owners	–	716	100	280	–	(20,340)	(19,244)	(183)	(19,427)
Balance at June 30, 2023	124,643	92,866	(27,986)	125,097	–	591,284	905,904	1,020	906,924

## (5) Condensed Quarterly Consolidated Statements of Cash Flows

	(Millions of yen)	
	Three months ended June 30, 2022	Three months ended June 30, 2023
Cash flows from operating activities		
Profit before tax	42,048	19,710
Profit (loss) before tax from discontinued operation	(3,815)	347,628
Depreciation and amortization	17,686	16,613
Interest and dividend income	(573)	(515)
Interest expenses	1,503	1,408
Loss (gain) on sale and retirement of fixed assets	(16,192)	–
Share of loss (profit) of investments accounted for using equity method	(37)	189
Gain on transfer of the Scientific Solutions Business	–	(348,125)
Decrease (increase) in trade and other receivables	7,579	15,028
Decrease (increase) in inventories	(13,610)	(8,803)
Increase (decrease) in trade and other payables	(3,434)	(9,209)
Increase (decrease) in retirement benefit liability	(651)	55
Decrease (increase) in retirement benefit asset	309	(444)
Other	(17,234)	(2,458)
Subtotal	13,579	31,077
Interest received	543	512
Dividends received	30	3
Interest paid	(1,276)	(1,191)
Income taxes paid	(39,736)	(83,513)
Net cash used in operating activities	(26,860)	(53,112)

	(Millions of yen)	
	Three months ended June 30, 2022	Three months ended June 30, 2023
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,084)	(11,573)
Proceeds from sale of property, plant and equipment	19,387	536
Purchase of intangible assets	(3,491)	(3,297)
Proceeds from transfer of the Scientific Solutions Business	–	384,835
Proceeds from sale of subsidiaries	–	4,007
Collection of loans receivable	122	52,441
Other	(2,736)	39
Net cash provided by investing activities	5,198	426,988
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings and commercial papers	(87)	(0)
Repayments of lease liabilities	(4,059)	(5,341)
Dividends paid	(17,822)	(20,057)
Dividends paid to non-controlling interests	(226)	(183)
Other	446	(307)
Net cash used in financing activities	(21,748)	(25,888)
Effect of exchange rate changes on cash and cash equivalents	27,250	5,222
Net increase (decrease) in cash and cash equivalents	(16,160)	353,210
Cash and cash equivalents at beginning of period	302,572	205,512
Cash and cash equivalents at end of period	286,412	558,722



(6) Notes to Condensed Quarterly Consolidated Financial Statements

(Notes on premise of going concern)

No items to report

(Reporting entity)

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

The Olympus Group is principally engaged in the manufacturing and sales of endoscopic, therapeutic and other products. Details of each business are as described in Notes (Business segments) (page 16).

(Basis of preparation)

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

The condensed quarterly consolidated financial statements of the Olympus Group have been prepared in accordance with IAS 34. Since the requirements for a "Specified Company of Designated International Accounting Standards" set forth in Article 1-2 of the "Regulation on Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements" are satisfied, the Olympus Group adopts the provisions of Article 93 of the same Regulation. The condensed quarterly consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be used in conjunction with the Olympus Group's annual consolidated financial statements as of March 31, 2023.

These condensed quarterly consolidated financial statements were approved by Director, Representative Executive Officer, President and CEO Stefan Kaufmann, and Executive Officer and CFO Chikashi Takeda on August 9, 2023.

(2) Functional currency and presentation currency

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

(3) Changes in presentation methods

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

In the second quarter ended September 30, 2022, Olympus Corporation concluded a share transfer agreement related to the transfer of Scientific Solutions Business of the Olympus Group with K.K. BCJ-66, a special purpose company indirectly owned by funds advised by Bain Capital. Due to this, the Scientific Solutions Business has been classified as a discontinued operation from the six months ended September 30, 2022. As a result, a portion of the condensed quarterly consolidated statements of profit or loss, condensed quarterly consolidated statements of cash flows and significant notes thereto for the three months ended June 30, 2022 and the first quarter ended June 30, 2022 have been reclassified in line with the presentation style for the three months ended June 30, 2023 and the first quarter ended June 30, 2023.

(Condensed quarterly consolidated statements of cash flows)

In the three months ended June 30, 2022, because "Collection of loans receivable," which had previously been included in "Other" of "Cash flows from investing activities," increased in monetary importance, it has been listed independently from the three months ended June 30, 2023. To reflect this change in the presentation method, we have reorganized our Condensed Quarterly Consolidated Financial Statements for the three months ended June 30, 2022.

As a result, in the Condensed Quarterly Consolidated Statements of Cash Flows for the three months ended June 30, 2022, the negative ¥2,614 million presented as "Other" in "Cash flows from investing activities" was reorganized into "Collection of loans receivable" of ¥122 million and "Other" of negative ¥2,736 million.

**(Material accounting policies)**

The material accounting policies adopted for the condensed quarterly consolidated financial statements of the Olympus Group for the three months ended June 30, 2023 are the same as those applied for the fiscal year ended March 31, 2023.

**(Significant accounting estimates and associated judgments)**

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

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

The details of significant accounting estimates and associated judgments in the condensed quarterly consolidated financial statements are unchanged from the contents described in the consolidated financial statements for the previous fiscal year.

**(Business segments)****(1) Overview of reportable segments**

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

In the past, the Olympus Group had four reportable segments: “Endoscopic Solutions,” “Therapeutic Solutions,” “Scientific Solutions,” and “Others.” However, from the second quarter ended September 30, 2022, we have changed to three reportable segments: “Endoscopic Solutions,” “Therapeutic Solutions,” and “Others,” and have presented the information in the same manner for the first quarter ended June 30, 2022. 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 29). The transfer of the shares of Evident, which operates the Scientific Solutions Business, was completed on April 3, 2023.

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

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

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

Revenue and business results of each reportable segment of the Olympus Group are as follows. The accounting treatment used for reportable segments is as described in (Material accounting policies) (page 16).

## Three months ended June 30, 2022

	Reportable Segment				Adjustment (Note 2, 3)	(Millions of yen)
	Endoscopic Solutions	Therapeutic Solutions	Others	Total		Amount on condensed quarterly consolidated financial statements
Revenue						
Revenue from outside customers	116,857	72,365	3,043	192,265	–	192,265
Intersegment revenue (Note 1)	–	–	102	102	(102)	–
Total revenue	116,857	72,365	3,145	192,367	(102)	192,265
Operating profit (loss)	24,834	13,357	(296)	37,895	6,626	44,521
Finance income						718
Finance costs						3,191
Profit before tax						42,048
Other items						
Share of profit (loss) of investments accounted for using equity method	37	–	–	37	–	37
Depreciation and amortization	9,167	4,793	331	14,291	1,475	15,766
Impairment losses	333	388	–	721	–	721

## 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.

## Three months ended June 30, 2023

	Reportable Segment				Adjustment (Note 2)	(Millions of yen)
	Endoscopic Solutions	Therapeutic Solutions	Others	Total		Amount on condensed quarterly consolidated financial statements
Revenue						
Revenue from outside customers	127,138	77,156	3,429	207,723	–	207,723
Intersegment revenue (Note 1)	–	–	36	36	(36)	–
Total revenue	127,138	77,156	3,465	207,759	(36)	207,723
Operating profit (loss)	22,177	9,681	(141)	31,717	(9,241)	22,476
Finance income						521
Finance costs						3,287
Profit before tax						19,710
Other items						
Share of profit (loss) of investments accounted for using equity method	(184)	(5)	–	(189)	–	(189)
Depreciation and amortization	10,276	4,683	245	15,204	1,409	16,613
Impairment losses (reversal of impairment losses)	138	–	–	138	(4)	134

## 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.

(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 June 30, 2023
<b>ASSETS</b>		
Cash and cash equivalents	36,183	–
Trade and other receivables	34,712	–
Inventories	35,931	165
Land	1,371	–
Buildings and structures	5,798	1
Machinery and vehicles	2,577	23
Tools, furniture and fixtures	3,246	5
Construction in progress	220	12
Right-of-use assets	8,168	–
Other property, plant and equipment	4,910	–
Intangible assets	15,808	–
Goodwill	2,790	359
Deferred tax assets	1,872	–
Other financial assets	3,792	–
Other current assets	9,804	–
Other non-current assets	2,439	–
Total	169,621	565
<b>Liabilities</b>		
Trade and other payables	9,109	–
Accrued expenses	10,685	–
Provisions	627	–
Deferred tax liabilities	4,225	–
Other financial liabilities	9,187	–
Other current liabilities	7,309	–
Other non-current liabilities	2,111	28
Total	43,253	28

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

(Transfer of Scientific Solutions Business)

On August 29, 2022, Olympus Corporation concluded a share transfer agreement related to the transfer of Scientific Solutions Business of the Olympus Group with K.K. BCJ-66, a special purpose company indirectly owned by funds advised by Bain Capital. Accordingly, from the fiscal year ended March 31, 2023, the assets and liabilities related to the Scientific Solutions Business of the Olympus Group have been classified in a disposal group classified as held for sale.

(Transfer of collagen business and dental product sales businesses)

On March 28, 2023, Olympus Terumo Biomaterials Corporation, a consolidated subsidiary of Olympus Corporation, executed a company split agreement with GC 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. As a result, from the fiscal year under review, the assets and liabilities related to the collagen business and the dental products sales business owned by Olympus Terumo Biomaterials Corporation are classified as a disposal group classified as held for sale.

Assets classified as assets held for sale and liabilities directly associated with assets held for sale as of June 30, 2023 are as follows.

(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 24).

(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 held for sale in the previous fiscal year, was completed on July 3, 2023. Details are as described in (Subsequent events) (page 30).

(Equity and other equity items)

Three months ended June 30, 2022 (April 1, 2022 - June 30, 2022)

(Cancellation of treasury shares)

Based on resolution of the Board of Directors meeting held on May 11, 2022, Olympus Corporation canceled treasury shares on June 8, 2022. Due to this cancellation, treasury shares decreased by 13,402,333 shares during the three months ended June 30, 2022.

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

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

Three months ended June 30, 2023 (April 1, 2023 - June 30, 2023)

(Disposal of treasury shares)

Olympus Corporation conducted the disposal of treasury shares based on its restricted stock unit (RSU) system on June 14, 2023. Due to this disposal, treasury shares decreased by 38,929 shares during the three months ended June 30, 2023.

The impact of this disposal is that treasury shares decreased by ¥86 million.

(Dividends)

Dividends paid are as follows.

Three months ended June 30, 2022 (April 1, 2022 - June 30, 2022)

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

Three months ended June 30, 2023 (April 1, 2023 - June 30, 2023)

Resolution	Class of shares	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting held on May 12, 2023	Common stock	20,057	16	March 31, 2023	June 6, 2023

## (Revenue)

The organization of the Olympus Group has basically consisted of the Endoscopic Solutions Business, Therapeutic Solutions Business, Scientific Solutions Business, and Others, but, from the second quarter ended September 30, 2022, the organization has been changed to basically consist of the Endoscopic Solutions Business, Therapeutic Solutions Business, and Others, and the information has been presented in the same manner for the first quarter ended June 30, 2022.

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:

## Three months ended June 30, 2022 (April 1, 2022 - June 30, 2022)

(Millions of yen)				
	Endoscopic Solutions	Therapeutic Solutions	Others	Total
Japan	14,914	10,781	1,603	27,298
North America	44,432	28,654	40	73,126
Europe	30,993	19,261	1,321	51,575
China	12,388	6,836	7	19,231
Asia and Oceania	11,195	5,469	72	16,736
Others	2,935	1,364	0	4,299
Total	116,857	72,365	3,043	192,265

## Three months ended June 30, 2023 (April 1, 2023 - June 30, 2023)

(Millions of yen)				
	Endoscopic Solutions	Therapeutic Solutions	Others	Total
Japan	16,142	10,925	1,511	28,578
North America	45,822	30,351	67	76,240
Europe	31,070	20,498	1,421	52,989
China	17,415	7,010	310	24,735
Asia and Oceania	13,389	6,805	120	20,314
Others	3,300	1,567	0	4,867
Total	127,138	77,156	3,429	207,723

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.

Three months ended June 30, 2022 (April 1, 2022 - June 30, 2022)

(Gain on sale of fixed assets)

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

Three months ended June 30, 2023 (April 1, 2023 - June 30, 2023)

There are no significant transactions.

(2) Other expenses

Major items of other expenses are as follows.

Three months ended June 30, 2022 (April 1, 2022 - June 30, 2022)

(Business restructuring expenses)

Olympus Corporation recorded ¥1,011 million for the cost related to promotion of the business transformation plan “Transform Olympus” in “Other expenses.”

Three months ended June 30, 2023 (April 1, 2023 - June 30, 2023)

(Quality-related expenses)

In order to comply with laws and regulation for medical device of U.S. FDA and other global regulatory authorities, we must strengthen our quality management systems. An expense of ¥5,013 million was incurred in “Other Expense” to ensure we strengthen our global quality management system and to improve targeted areas include complaint handling and response, medical device reporting (MDR), and process design validation.

(Per-share data)

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

	Three months ended June 30, 2022 (April 1, 2022 - June 30, 2022)	Three months ended June 30, 2023 (April 1, 2023 - June 30, 2023)
Basic earnings (loss) per share		
Continuing operations	¥21.86	¥10.71
Discontinued operation	¥(2.33)	¥181.19
Basic earnings per share	¥19.53	¥191.90
Diluted earnings (loss) per share		
Continuing operations	¥21.85	¥10.69
Discontinued operation	¥(2.33)	¥180.81
Diluted earnings per share	¥19.52	¥191.50



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

	(Millions of yen)	
	Three months ended June 30, 2022 (April 1, 2022 - June 30, 2022)	Three months ended June 30, 2023 (April 1, 2023 - June 30, 2023)
Profit used to calculate basic earnings per share and diluted earnings per share		
Profit attributable to owners of parent	24,860	240,560
Profit not attributable to common shareholders of parent	-	-
Profit (loss) used to calculate basic earnings per share	24,860	240,560
Continuing operations	27,828	13,432
Discontinued operation	(2,968)	227,128
Adjustment to profit	-	-
Profit (loss) used to calculate diluted earnings per share	24,860	240,560
Continuing operations	27,828	13,432
Discontinued operation	(2,968)	227,128

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	1,273,058 thousand shares	1,253,556 thousand shares
Increase in number of shares of common stock		
Subscription rights to shares relating to stock options	403 thousand shares	297 thousand shares
Common stock relating to PSU	-	1,778 thousand shares
Common stock relating to RSU	305 thousand shares	546 thousand shares
Average number of shares of diluted common stock during the period	1,273,766 thousand shares	1,256,177 thousand shares

## (Cash flow information)

Three months ended June 30, 2022 (April 1, 2022 - June 30, 2022)

No items to report

Three months ended June 30, 2023 (April 1, 2023 - June 30, 2023)

## (Transfer of Scientific Solutions Business)

## (i) Overview of transaction

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

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

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

## (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	421,018
Cash and cash equivalents of subsidiaries with the loss of control	(36,183)
<b>Proceeds from the transfer of Scientific Solutions Business (Note)</b>	<b>384,835</b>

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

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

Olympus Corporation recorded a gain of ¥348,125 million associated with the loss of control of Evident under “Profit (loss) from discontinued operation” in the Condensed Quarterly Consolidated Statements of Profit or Loss.

## (Transfer of Gyrus Medical Limited)

## (i) Overview of transaction

On April 21, 2023, Olympus Corporation concluded an agreement to transfer all shares of Gyrus Medical Limited (hereinafter “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
<b>Total assets</b>	<b>3,511</b>
Current liabilities	688
Non-current liabilities	17
<b>Total liabilities</b>	<b>705</b>

## (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	4,007
Cash and cash equivalents of subsidiaries with the loss of control	(0)
<b>Proceeds from sale of subsidiaries (Note)</b>	<b>4,007</b>

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

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

Olympus Corporation recorded a loss of ¥191 million associated with the loss of control of GML under “Other expenses” in the Condensed Quarterly Consolidated Statements of Profit or Loss.

## (Financial instruments)

## Fair value of financial instruments

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

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

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

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

The Olympus Group recognizes transfers of financial instruments between the levels of the fair value hierarchy as if they occurred at the end of each quarter of the fiscal year. There were no significant financial instruments transferred between the levels for the fiscal year ended March 31, 2023 and the three months ended June 30, 2023.

## (1) Financial instruments measured at fair value

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

## (Other financial assets and other financial liabilities)

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

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

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

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

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

As of March 31, 2023

	(Millions of yen)			
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
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
<b>Financial liabilities</b>				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	–	1,216	–	1,216
Contingent consideration	–	–	8,226	8,226

As of June 30, 2023

	(Millions of yen)			
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Financial assets measured at fair value through profit or loss				
Derivative assets	–	12,143	–	12,143
Equity securities and others	–	–	882	882
Financial assets measured at fair value through other comprehensive income				
Equity securities and others	620	–	7,002	7,622
<b>Financial liabilities</b>				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	–	3,867	–	3,867
Contingent consideration	–	–	9,195	9,195

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

	(Millions of yen)	
	Three months ended June 30, 2022 (April 1, 2022 - June 30, 2022)	Three months ended June 30, 2023 (April 1, 2023 - June 30, 2023)
Balance at April 1	3,895	7,368
Gains and losses (Note)		
Profit or loss	113	6
Other comprehensive income	27	61
Purchases	147	15
Other	264	434
Balance at June 30	4,446	7,884

Note:

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

Total gains or losses recognized in profit or loss included a gain of ¥113 million and a gain of ¥6 million on financial instruments held as of the three months ended June 30, 2022 and 2023, respectively.

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

	(Millions of yen)	
	Three months ended June 30, 2022 (April 1, 2022 - June 30, 2022)	Three months ended June 30, 2023 (April 1, 2023 - June 30, 2023)
Balance at April 1	6,100	8,226
Settlement	(345)	(115)
Change in fair value	(80)	395
Other	345	689
Balance at June 30	6,020	9,195

## (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 June 30, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Lease receivables	65,003	64,982	70,754	70,613
Financial liabilities				
Bonds	146,118	141,280	151,897	144,613
Borrowings	134,021	134,287	134,131	134,913

## (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, and profit (loss) for the three months ended June 30, 2022 and 2023 have been presented in the same manner. 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 24).

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

Profit (loss) of discontinued operations is as follows:

	(Millions of yen)	
	Three months ended June 30, 2022 (April 1, 2022 - June 30, 2022)	Three months ended June 30, 2023 (April 1, 2023 - June 30, 2023)
Revenue	21,795	-
Cost of sales	10,309	-
Gross profit	11,486	-
Selling, general and administrative expenses	12,895	497
Other income (Note 1)	100	348,237
Other expenses (Note 2)	2,436	112
Operating profit (loss)	(3,745)	347,628
Finance income	4	-
Finance costs	74	-
Profit before tax (loss)	(3,815)	347,628
Income taxes (Note 3)	(847)	120,500
Profit (loss) from discontinued operation	(2,968)	227,128

- Notes: 1. Other income includes ¥348,125 million in the three months ended June 30, 2023 for the gain on the transfer of Scientific Solutions Business
2. Other expenses include ¥2,365 million and ¥90 million in the three months ended June 30, 2022 and the three months ended June 30, 2023, respectively, related to the spin-off of the Scientific Solutions Business and the strengthening of its management systems.
3. Income taxes of ¥120,500 million in the three months ended June 30, 2023 are tax expenses related to the transfer of Scientific Solutions Business.

## (3) Cash flows of discontinued operation

Cash flows of discontinued operation are as follows:

	(Millions of yen)	
	Three months ended June 30, 2022 (April 1, 2022 - June 30, 2022)	Three months ended June 30, 2023 (April 1, 2023 - June 30, 2023)
Cash flows of discontinued operation		
Net cash used in operating activities	(9,871)	(57,303)
Net cash provided by (used in) investing activities (Note)	(4,435)	436,835
Net cash used in financing activities	(416)	-

Note: Net cash provided by (used in) investing activities in the three months ended June 30, 2023 includes proceeds from the transfer of the Scientific Solutions Business of ¥384,835 million and collection of loans receivable from Evident Corporation of ¥52,000 million.

(Contingent liabilities)

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

(Subsequent events)

(Transfer of collagen business and dental product sales businesses)

On March 28, 2023, Olympus Terumo Biomaterials Corporation (hereinafter “OTB”), a consolidated subsidiary of Olympus Corporation, executed a company split agreement with GC Corporation (hereinafter “GC”) 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.

(1) Reasons for transfer

The principle businesses conducted by OTB were the orthopedic and the collagen businesses, but with the objective of maximizing resource distribution within OTB and the value of both the orthopedic and the collagen businesses, it was decided to transfer these businesses to GC, which has a strong interest in the collagen business and has also shown a proactive stance towards investing in that business.

(2) Name of counterparty to the company split

GC Corporation

(3) Date of the company split

July 3, 2023

(4) Transfer price

Transfer price based on the agreement is ¥1,757 million. Under the agreement, the price has not been finalized and is subject to price adjustment.

Although this is currently under review, the gain on transfer from this company split is expected to be ¥1,220 million.

From the previous fiscal year, the assets and liabilities related to the collagen business and the dental products sales business owned by OTB are classified as a disposal group classified as held for sale. Details are as described in (Assets held for sale and liabilities directly associated with assets held for sale) (page 18).

(Additional acquisition of interests in subsidiaries)

On July 24, 2023, Olympus Corporation and Terumo Corporation (hereinafter “Terumo”) agreed that the Olympus Group would acquire all shares of Olympus Terumo Biomaterials Corporation (hereinafter “OTB”), a consolidated subsidiary of Olympus Corporation. Effective August 4, 2023, the Olympus Group acquired all shares of OTB. With the acquisition of all shares, OTB became a wholly owned subsidiary of the Olympus Group.



(1) Reason for additional acquisition of interests

Since April 2007, Olympus Corporation and Terumo have been conducting a joint business through OTB. As a result of much careful consideration by both Olympus Corporation and Terumo, they reached a conclusion that making OTB a wholly owned subsidiary of the Olympus Group would be the best way to further increase its corporate value, and reached this agreement.

(2) Acquired ratio of holding capital with voting rights

33.4%

The Olympus Group's equity interest before acquisition was 66.6%. After acquisition, it is 100%.

(3) Date of additional acquisition of interests

August 4, 2023

(4) Method of acquiring additional interest

Repurchase of our shares from a non-controlling shareholder in consideration for cash

(5) Impacts on the Olympus Group

The impact of the additional acquisition of interests on the Olympus Group is currently under review. The difference of ¥1,492 million between the ¥1,429 million decrease in non-controlling interests on the date of acquisition and the fair value of consideration paid of ¥2,921 million is recognized as a reduction in capital surplus in the consolidated statements of financial position.

(Repurchase of our shares)

At a meeting of the Board of Directors held on May 12, 2023, Olympus Corporation resolved the repurchase of our shares and the specific means of acquisition 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 our 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 acquired:	55,000,000 shares (maximum)
3. Total share acquisition value:	¥100,000 million (maximum)
4. Acquisition period:	May 15, 2023 to January 31, 2024
5. Acquisition method:	Market purchase based on a discretionary trading contract on the Tokyo Stock Exchange

(2) Treasury shares acquired based on the above resolution by the Board of Directors after the three months ended June 30, 2023

1. Total number of shares acquired:	875,100 shares
2. Total share acquisition value:	¥1,986 million
3. Acquisition period:	July 1, 2023 to July 31, 2023 (based on delivery date)

(Disposal of treasury shares)

Olympus Corporation conducted the disposal of treasury shares (hereinafter “this disposal of treasury shares”) based on its restricted stock unit system (hereinafter “RSU system”) and performance share unit system (hereinafter “PSU system”) as follows.

Olympus Corporation introduced the PSU system in the fiscal year ended March 31, 2018 as stock compensation to directors (excluding outside directors) and corporate officers until the fiscal year ended March 31, 2019. After its transition into a company with a Nominating Committee, etc. in June 2019, Olympus Corporation continued the PSU system as stock compensation for executive officers and corporate officers, and also further worked on reviewing its compensation systems under a basic concept to reward the responsibilities of directors (including outside directors) and executive officers with suitable and appropriate treatments through encouraging strong awareness “to maximize the corporate value and to meet expectations of various stakeholders,” and as part of this policy, Olympus Corporation introduced RSU system as stock compensation to directors (including outside directors) and executive officers since the fiscal year ended March 31, 2021. Additionally, starting in the fiscal year ended March 31, 2022, Olympus Corporation introduced the same RSU system as stock compensation for corporate officers. This disposal of treasury shares was conducted as stock compensation to the directors, executive officers, and corporate officers who were the allottees under the RSU system and PSU system, and they paid the entire amount of their monetary compensation claims to Olympus Corporation as contributed assets in kind, and received Olympus Corporation’s common stock as a result of the disposal.

## Outline of the disposal of treasury shares

(1) Date of disposal	July 25, 2023
(2) Class and number of shares for disposal	515,101 shares of common stock of Olympus Corporation breakdown RSU 138,462 shares PSU 376,639 shares
(3) Disposal price	¥2,247 per share
(4) Total amount of disposal value	¥1,157 million
(5) Disposal recipients, the number of such recipients, and the number of shares to be disposed of	<p>(i) RSU granted for the fiscal year ended March 2021 Two non-executive directors (retirees) and four executive officers 73,597 shares</p> <p>(ii) RSU granted for the fiscal year ended March 2022 Two non-executive directors (retirees) and one corporate officer (retiree) 4,177 shares</p> <p>(iii) RSU granted for the fiscal year ended March 2022 One corporate officer (retiree) 2,027 shares</p> <p>(iv) RSU granted for the fiscal year ended March 2023 Four non-executive directors (including retirees) and six executive officers 58,661 shares</p> <p>(v) PSU granted for the performance evaluation period starting from the fiscal year ended March 2021 and ending in the fiscal year ended March 2023 One non-executive director, seven executive officers (including retirees) and 14 corporate officers (including retirees) 376,639 shares</p> <p>*Retired executive officers and retired corporate officers include those who retired in the fiscal years ended March 31, 2021 and 2022, and those who retired due to the transfer of Evident Corporation (April 3, 2023).</p>