

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



November 9, 2023

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 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: November 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 Six Months of the Fiscal Year Ending March 31, 2024 (From April 1, 2023 to September 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)	%
Six months ended										
September 30, 2023	436,644	4.7	4,789	(94.9)	66,570	(16.1)	(958)	–	216,659	223.7
September 30, 2022	417,060	15.8	93,603	32.5	79,362	9.0	89,321	30.5	66,940	7.1

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share		Diluted earnings per share	
	(¥ million)	%	(¥ million)	%	(¥)		(¥)	
Six months ended								
September 30, 2023	216,296	223.6	271,751	80.8	173.81		173.43	
September 30, 2022	66,836	7.1	150,268	123.5	52.50		52.45	

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

Due to this, the amounts presented for revenue, operating profit, adjusted operating profit and profit before tax are the amounts from continuing operations from which the discontinued operation has been excluded. The amounts presented for profit and profit attributable to owners of parent are aggregates of continuing operations and discontinued operation.

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
	(¥ million)	(¥ million)	(¥ million)	%
As of				
September 30, 2023	1,617,765	827,532	827,532	51.2
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	–	0.00			
Fiscal year ending March 31, 2024 (Forecast)			–	18.00	18.00

Note: Revisions of the forecast most recently announced: No

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

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

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

	Revenue		Operating profit		Adjusted operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥)
Full year	958,000	8.6	100,000	(46.4)	174,500	(1.3)	92,000	(49.5)	289,000	101.5	238.12

Note: Revisions of the forecast most recently announced: Yes

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

* Notes

- (1) Changes in significant subsidiaries during the six 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 September 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 September 30, 2023	44,638,731 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)

Six months ended September 30, 2023	1,244,420,347 shares
Six months ended September 30, 2022	1,273,103,624 shares

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

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

(Caution concerning forward-looking statements)

The forward-looking statements, including forecast of financial results, contained in these materials are based on information currently available to Olympus Corporation and on certain assumptions deemed to be reasonable. Accordingly, Olympus Corporation cannot make promises to achieve such forecasts. Actual business and other results may differ substantially due to various factors. Please refer to the section of "Explanation of Forecast of Consolidated Financial Results and Other Forward-looking Statements" on page 7 of the attached material for the conditions that form the assumptions for the forecast and cautions concerning the use thereof.

(Adjusted operating profit)

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

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

(1) Explanation of Results of Operations

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

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

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

Trends in overall business results

During the six months ended September 30, 2023 the global economy continued to move towards recovery, but global monetary tightening and the effects of the slump in China’s real estate market pose downside risks. In addition, the impact of the current 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, supply chain constraints, and shortages of components. Notwithstanding a recovery in economic activity and gradual improvement in business conditions, the Japanese economy was impacted by volatility in foreign exchange rates, and by the same soaring raw material prices, supply chain constraints and shortages of certain components that affected the global economy.

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)			
	Six months ended September 30, 2022	Six months ended September 30, 2023	Increase (Decrease)	Increase (Decrease) ratio (%)
(1) Revenue	417,060	436,644	19,584	4.7
(2) Cost of sales	139,534	148,207	8,673	6.2
(3) Selling, general and administrative expenses	198,535	221,633	23,098	11.6
(4) Share of profit (loss) of investments accounted for using equity method/Other income/Other expenses	14,612	(62,015)	(76,627)	–
(5) Operating profit	93,603	4,789	(88,814)	(94.9)
(6) Adjusted operating profit	79,362	66,570	(12,792)	(16.1)
(7) Finance income (loss)	(4,282)	(5,747)	(1,465)	–
(8) Profit before tax (loss)	89,321	(958)	(90,279)	–
(9) Income taxes	19,795	10,532	(9,263)	(46.8)
(10) Profit (loss) from continuing operations	69,526	(11,490)	(81,016)	–
(11) Profit attributable to owners of parent	66,836	216,296	149,460	223.6
Exchange rate (Yen/USD)	133.97	141.00	7.03	–
Exchange rate (Yen/EUR)	138.73	153.39	14.66	–
Exchange rate (Yen/CNY)	19.88	19.75	(0.13)	–

(1) Revenue

Revenue increased by ¥19,584 million year on year to ¥436,644 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 ¥8,673 million year on year to ¥148,207 million. The cost-to-sales ratio deteriorated by 0.4 percentage points to 33.9%. Although procurement from the semiconductor spot market decreased, a provision of approximately ¥4,200 million was recorded for expenses associated with the voluntary recall of small intestine endoscope systems in the Endoscopic Solutions Business.

(3) Selling, general and administrative expenses

Selling, general and administrative expenses increased by ¥23,098 million year on year to ¥221,633 million. The main factors are an increase in various project-related expenses aimed at improving efficiency and other factors, as well as personnel expenses due to future growth and strengthening of the business operating base, including quality assurance and regulatory compliance.

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

The sum of share of profit (loss) of investments accounted for using equity method, other income, and other expenses amounted to expenses of ¥62,015 million, and the profit or loss deteriorated by ¥76,627 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, but in the period under review a gain on transfer of approximately ¥1,100 million related to the collagen business, etc. (which had been included in other businesses) was the main item recorded, and other income declined by ¥16,820 million year on year. In addition, although in the previous fiscal year approximately ¥1,700 million in expenses for the promotion of Transform Olympus were recorded in other expenses, in the period under review other expenses increased by ¥59,202 million year on year. This was due to a loss of approximately ¥49,600 million related to the discontinuation of the manufacture and sale of Veran Medical Technologies, Inc.’s electromagnetic navigation systems, and FDA-related expenses of approximately ¥11,900 million.

(5) Operating profit

Reflecting the factors stated above, operating profit decreased by ¥88,814 million year on year to ¥4,789 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 ¥12,792 million year on year to ¥66,570 million.

(7) Finance income (loss)

Finance loss, which reflects finance income and finance costs, deteriorated ¥1,465 million year on year to ¥5,747 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 ¥90,279 million year on year to a loss of ¥958 million.

(9) Income taxes

The decreased profit before tax led income taxes to decrease by ¥9,263 million year on year to ¥10,532 million.

(10) Profit from continuing operations

The decrease in profit before tax caused profit from continuing operations to decline by ¥81,016 million year on year to a loss from continuing operations of ¥11,490 million.

(11) Profit attributable to owners of parent

As a result of recording a gain of approximately ¥349.0 billion on the transfer of Scientific Solutions Business in discontinued operations during the six months ended September 30, 2023, profit attributable to owners of parent increased by ¥149.460 billion year on year to ¥216.296 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 ¥141.00 against the USD (¥133.97 in the same period of the previous fiscal year), ¥153.39 against the EUR (¥138.73 in the same period of the previous fiscal year) and ¥19.75 against the CNY (¥19.88 in the same period of the previous fiscal year), which caused revenue, operating profit and adjusted operating profit to increase by ¥17,887 million, ¥3,423 million and ¥6,243 million, respectively, year on year.

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

(Millions of yen)				
	Six months ended September 30, 2022	Six months ended September 30, 2023	Increase (Decrease)	Increase (Decrease) ratio (%)
Revenue	258,472	270,867	12,395	4.8
Operating profit (loss)	68,899	50,909	(17,990)	(26.1)

Consolidated revenue in the Endoscopic Solutions Business amounted to ¥270,867 million (up 4.8% year on year), while operating profit amounted to ¥50,909 million (down 26.1% year on year).

Sales in the gastrointestinal endoscope field declined year on year. Although sales posted a year-on-year recovery in China, which had been affected by lockdowns in Shanghai and other cities during the first quarter of the previous fiscal year, year-on-year declines in sales were recorded in Europe, which had been lifted in the previous fiscal year by the effects of winning major projects in Russia and other countries, and in North America, due in part to customers holding off from buying ahead of the launch of the gastrointestinal endoscopic system “EVIS X1” series.

In the field of surgical endoscopic solutions, positive year-on-year growth was recorded 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. Despite the positive impact of the increase in revenue, in addition to the recording of a provision of approximately ¥4,200 million for expenses associated with the voluntary recall of small intestine endoscope systems, there were increases in personnel and other expenses related to measures taken to strengthen the business operation foundation, such as future growth, quality assurance, and compliance with laws and regulations, etc., as well as FDA-related expenses of approximately ¥7,600 million posted in other expenses.

Therapeutic Solutions Business

(Millions of yen)				
	Six months ended September 30, 2022	Six months ended September 30, 2023	Increase (Decrease)	Increase (Decrease) ratio (%)
Revenue	152,935	159,698	6,763	4.4
Operating profit (loss)	29,788	(28,542)	(58,330)	–

Consolidated revenue in the Therapeutic Solutions Business amounted to ¥159,698 million (up 4.4% year on year), while operating loss amounted to ¥28,542 million (compared with an operating profit of ¥29,788 million in the same period of the previous fiscal year).

The GI-entotherapy field 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., 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 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.

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

In other therapeutic areas, sales decreased year on year due to the transfer of Gyrus Medical Limited in April 2023.

Operating profit in the Therapeutic Solutions Business declined despite the positive impact of higher sales. This was due not only to increased expenses related to various projects aimed at improving efficiency and increase in personnel expenses due to future growth and strengthening of the business operating base, including quality assurance and regulatory compliance but also to a loss of approximately ¥49,600 million related to the discontinuation of the manufacture and sale of Veran Medical Technologies, Inc.'s electromagnetic navigation systems, and FDA-related expenses of approximately ¥4,300 million.

Others

	Six months ended September 30, 2022	Six months ended September 30, 2023	Increase (Decrease)	Increase (Decrease) ratio (%)
Revenue	5,653	6,079	426	7.5
Operating profit (loss)	(788)	1,000	1,788	–

(Millions of yen)

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 ¥6,079 million (up 7.5% year on year), while operating profit amounted to ¥1,000 million (compared with an operating loss of ¥788 million in the same period of the previous fiscal year).

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

(2) Financial Position

[Assets]

As of the end of the second quarter under review, total assets increased by ¥109,457 million compared to the end of the previous fiscal year to ¥1,617,765 million. In current assets, cash and cash equivalents increased by ¥318,831 million, mainly as a result of the transfer of the Scientific Solutions Business, while other financial assets increased ¥24,655 million, primarily due to deposits for share repurchase, and inventories rose by ¥20,436 million. On the other hand, assets held for sale declined by ¥169,621 million following the transfer of the Scientific Solutions Business. In non-current assets, exchange rate effects caused an increase in property, plant and equipment of ¥14,320 million, while deferred tax assets decreased by ¥97,196 million due mainly to a gain on the transfer of the Scientific Solutions Business. In addition, intangible assets decreased by ¥15,537 million as a result of the impairment loss related to Veran Medical Technologies, Inc.

[Liabilities]

Total liabilities decreased by ¥76,841 million from the end of the previous fiscal year to ¥790,233 million. Income taxes payable on gains on the transfer of Scientific Solutions Business decreased by ¥58,570 million, and liabilities directly related to assets held for sale decreased by ¥43,253 million following the completion of the Scientific Solutions Business transfer.

[Equity]

Total equity increased by ¥186,298 million from the end of the previous fiscal year to ¥827,532 million. This increase was achieved despite share repurchase of ¥63,976 million and dividends of surplus of ¥20,240 million, mainly as a result of profit attributable to owners of parent of ¥216,296 million arising from the transfer of the Scientific Solutions Business and other factors, and an increase of ¥58,387 million in other components of equity due mainly to exchange differences on translation of foreign operations.

As a result of the foregoing, equity attributable to owners of parent to total assets increased from 42.4% as of the end of the previous fiscal year to 51.2%.

(3) Cash Flows

Cash and cash equivalents at the end of the second quarter under review reached ¥488,160 million, an increase of ¥282,648 million from the end of the previous fiscal year. The following are the cash flows for the six months ended September 30, 2023.

[Cash flows from operating activities]

Net cash used in operating activities for the six months ended September 30, 2023 was ¥11,777 million (compared with ¥6,307 million provided for the six months ended September 30, 2022). Although there were positive factors such as adjustment for impairment loss of ¥41,739 million, adjustment for depreciation and amortization of ¥32,894 million, and a decline in trade and other receivables of ¥12,405 million, this decrease was driven mainly by income taxes paid of ¥90,570 million, a decline in trade and other payables of ¥12,717 million, and an increase in inventories of ¥14,371 million.

[Cash flows from investing activities]

Net cash provided by investing activities for the six months ended September 30, 2023 was ¥412,701 million (compared with ¥15,653 million used for the six months ended September 30, 2022). Cash flows from investing activities increased mainly due to the receipt of ¥381,898 million in consideration for the transfer of Scientific Solutions Business and the collection of ¥52,637 million in loans receivable from Evident, etc. despite expenditures of ¥21,449 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 six months ended September 30, 2023 was ¥125,422 million (compared with ¥35,452 million used for the six months ended September 30, 2022). The main factors behind this were payments for share repurchase of ¥63,976 million, payment of deposits for share repurchase of ¥26,024 million, and dividends paid of ¥20,240 million.

(4) Explanation of important management contracts

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

(Acquisition of additional ownership interest in a subsidiary)

On July 24, 2023, Olympus Corporation and Terumo Corporation agreed that the Olympus Group would acquire all shares of Olympus Terumo Biomaterials Corporation (“OTB”), a consolidated subsidiary of Olympus Corporation. Based on this contract, the Olympus Group acquired all shares of OTB on August 4, 2023. As a result, OTB became a wholly owned subsidiary of the Olympus Group.

The following agreement was terminated after the end of the second quarter of the current fiscal year and up to the date of submission of this quarterly report.

(Affiliation Agreement)

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

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

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

In terms of the forecasts of consolidated financial results for the fiscal year ending March 31, 2024, we have revised the forecasts announced in our “Consolidated Financial Results for the Fiscal Year Ended March 31, 2023” released on May 12, 2023. After taking into consideration the trend of yen depreciation in the current

foreign exchange market, which is more pronounced than we previously projected, progress in the second quarter relative to the assumption of the previous outlook, and the business environment in the third quarter and beyond, we have revised the previously announced consolidated earnings forecasts as follows.

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

In addition, foreign exchange rates assumed in the forecasts for the third quarter onward are ¥149 per USD, ¥157 per EUR, and ¥20.40 per CNY. The exchange rate assumptions for the full year, reflecting the results of the six months ended September 30, 2023, are ¥145.00 per USD, ¥155.19 per EUR, and ¥20.07 per CNY (foreign exchange rates assumed in the previous forecast are ¥132 per USD, ¥144 per EUR, and ¥19.2 per CNY).

	Revenue (Millions of yen)	Operating profit (Millions of yen)	Adjusted operating profit (Millions of yen)	Profit before tax (Millions of yen)	Profit attributable to owners of parent (Millions of yen)	Basic earnings per share (Yen)
Previous Forecast (A)	914,000	163,000	182,000	159,000	336,000	272.66
Revised Forecast (B)	958,000	100,000	174,500	92,000	289,000	238.12
Increase (Decrease) (B-A)	44,000	(63,000)	(7,500)	(67,000)	(47,000)	(34.54)
Increase (Decrease) ratio (%)	4.8	(38.7)	(4.1)	(42.1)	(14.0)	(12.7)

Note: Basic earnings per share is estimated based on the “Notice Regarding Share Repurchase and Cancellation of Treasury Shares” released on November 9, 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 September 30, 2023
ASSETS		
Current assets		
Cash and cash equivalents	169,329	488,160
Trade and other receivables	174,672	171,001
Other financial assets	11,360	36,015
Inventories	162,994	183,430
Income taxes receivable	15,960	19,370
Other current assets	22,421	23,813
Subtotal	556,736	921,789
Assets held for sale	169,621	–
Total current assets	726,357	921,789
Non-current assets		
Property, plant and equipment	238,731	253,051
Goodwill	182,505	182,291
Intangible assets	115,183	99,646
Retirement benefit asset	27,028	28,147
Investments accounted for using equity method	1,010	481
Trade and other receivables	36,980	40,987
Other financial assets	21,476	30,195
Deferred tax assets	156,543	59,347
Other non-current assets	2,495	1,831
Total non-current assets	781,951	695,976
Total assets	1,508,308	1,617,765

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
LIABILITIES AND EQUITY		
Liabilities		
Current liabilities		
Trade and other payables	62,919	51,616
Bonds and borrowings	49,970	99,954
Other financial liabilities	23,235	29,992
Income taxes payable	99,567	40,997
Provisions	19,111	26,486
Other current liabilities	163,837	174,237
Subtotal	418,639	423,282
Liabilities directly associated with assets held for sale	43,253	–
Total current liabilities	461,892	423,282
Non-current liabilities		
Bonds and borrowings	290,087	248,460
Other financial liabilities	61,668	61,798
Retirement benefit liability	20,416	21,021
Provisions	2,912	2,912
Deferred tax liabilities	11,905	13,570
Other non-current liabilities	18,194	19,190
Total non-current liabilities	405,182	366,951
Total liabilities	867,074	790,233
Equity		
Share capital	124,643	124,643
Capital surplus	92,150	91,037
Treasury shares	(28,086)	(90,808)
Other components of equity	77,280	135,667
Other components of equity related to disposal group held for sale	3,034	–
Retained earnings	371,064	566,993
Total equity attributable to owners of parent	640,085	827,532
Non-controlling interests	1,149	–
Total equity	641,234	827,532
Total liabilities and equity	1,508,308	1,617,765

(2) Condensed Quarterly Consolidated Statements of Profit or Loss

	(Millions of yen)	
	Six months ended September 30, 2022	Six months ended September 30, 2023
Continuing operations		
Revenue	417,060	436,644
Cost of sales	139,534	148,207
Gross profit	277,526	288,437
Selling, general and administrative expenses	198,535	221,633
Share of profit (loss) of investments accounted for using equity method	371	(234)
Other income	19,369	2,549
Other expenses	5,128	64,330
Operating profit	93,603	4,789
Finance income	1,764	1,247
Finance costs	6,046	6,994
Profit before tax (loss)	89,321	(958)
Income taxes	19,795	10,532
Profit (loss) from continuing operations	69,526	(11,490)
Discontinued operation		
Profit (loss) from discontinued operation	(2,586)	228,149
Profit	66,940	216,659
Profit attributable to:		
Owners of parent	66,836	216,296
Non-controlling interests	104	363
Profit	66,940	216,659
Earnings per share		
Basic earnings (loss) per share		
Continuing operations	¥54.53	¥(9.53)
Discontinued operation	¥(2.03)	¥183.34
Basic earnings per share	¥52.50	¥173.81
Diluted earnings (loss) per share		
Continuing operations	¥54.48	¥(9.50)
Discontinued operation	¥(2.03)	¥182.93
Diluted earnings per share	¥52.45	¥173.43

(3) Condensed Quarterly Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	66,940	216,659
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(53)	54
Remeasurements of defined benefit plans	90	(261)
Total of items that will not be reclassified to profit or loss	37	(207)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	86,044	56,463
Cash flow hedges	(2,753)	(1,164)
Total of items that may be reclassified to profit or loss	83,291	55,299
Total other comprehensive income	83,328	55,092
Comprehensive income	150,268	271,751
Comprehensive income attributable to:		
Owners of parent	150,164	271,388
Non-controlling interests	104	363
Comprehensive income	150,268	271,751

(4) Condensed Quarterly Consolidated Statements of Changes in Equity

Six months ended September 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						66,836	66,836	104	66,940
Other comprehensive income				83,328			83,328		83,328
Comprehensive income	–	–	–	83,328	–	66,836	150,164	104	150,268
Share repurchase			(2)				(2)		(2)
Disposal of treasury shares		(56)	56				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		23,231				(23,231)	–		–
Transfer from other components of equity to retained earnings				(323)		323	–		–
Share-based payment transactions		363	153				516		516
Transfer to other components of equity related to disposal group held for sale				(5,093)	5,093		–		–
Total transactions with owners	–	267	23,478	(5,416)	5,093	(40,730)	(17,308)	(226)	(17,534)
Balance at September 30, 2022	124,643	91,506	(22,111)	112,730	5,093	331,163	643,024	1,072	644,096

Six months ended September 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						216,296	216,296	363	216,659
Other comprehensive income				58,126	(3,034)		55,092		55,092
Comprehensive income	–	–	–	58,126	(3,034)	216,296	271,388	363	271,751
Share repurchase			(63,976)				(63,976)		(63,976)
Disposal of treasury shares		(23)	23				0		0
Dividends from surplus						(20,057)	(20,057)	(183)	(20,240)
Transfer from retained earnings to capital surplus		49				(49)	–		–
Transfer from other components of equity to retained earnings				261		(261)	–		–
Share-based payment transactions		453	1,231				1,684		1,684
Equity transactions with non-controlling interests		(1,592)					(1,592)	(1,329)	(2,921)
Total transactions with owners	–	(1,113)	(62,722)	261	–	(20,367)	(83,941)	(1,512)	(85,453)
Balance at September 30, 2023	124,643	91,037	(90,808)	135,667	–	566,993	827,532	–	827,532

(5) Condensed Quarterly Consolidated Statements of Cash Flows

	(Millions of yen)	
	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before tax (loss)	89,321	(958)
Profit (loss) before tax from discontinued operation	(3,973)	348,182
Depreciation and amortization	35,818	32,894
Impairment losses	732	41,739
Interest and dividend income	(1,508)	(1,130)
Interest expenses	2,993	2,795
Loss (gain) on sale and retirement of fixed assets	(15,769)	71
Share of loss (profit) of investments accounted for using equity method	(371)	234
Gain on transfer of the Scientific Solutions Business	–	(349,036)
Decrease (increase) in trade and other receivables	3,168	12,405
Decrease (increase) in inventories	(20,066)	(14,371)
Increase (decrease) in trade and other payables	(4,918)	(12,717)
Increase (decrease) in retirement benefit liability	(672)	(104)
Decrease (increase) in retirement benefit asset	940	(426)
Increase (decrease) in provisions	(3,038)	5,248
Other	(17,412)	15,312
Subtotal	65,245	80,138
Interest received	1,478	1,127
Dividends received	30	3
Interest paid	(2,659)	(2,475)
Income taxes paid	(57,787)	(90,570)
Net cash provided by (used in) operating activities	6,307	(11,777)

	(Millions of yen)	
	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from investing activities		
Payments into time deposits	(2,137)	–
Purchase of property, plant and equipment	(20,387)	(21,449)
Proceeds from sale of property, plant and equipment	19,514	974
Purchase of intangible assets	(9,804)	(7,330)
Purchase of investment securities	(3,517)	(15)
Proceeds from transfer of the Scientific Solutions Business	–	381,898
Proceeds from the transfer of the collagen business and dental product sales businesses	–	1,656
Proceeds from sale of subsidiaries	–	4,375
Collection of loans receivable	476	52,637
Other	202	(45)
Net cash provided by (used in) investing activities	(15,653)	412,701
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings and commercial papers	(122)	(3)
Repayments of lease liabilities	(9,543)	(10,166)
Dividends paid	(17,822)	(20,057)
Dividends paid to non-controlling interests	(226)	(183)
Payments for share repurchase	(2)	(63,976)
Change in deposits due to share repurchase	–	(26,024)
Redemption of bonds	(10,000)	–
Payments for acquisition of interests in subsidiaries from non-controlling interests	–	(2,921)
Other	2,263	(2,092)
Net cash used in financing activities	(35,452)	(125,422)
Effect of exchange rate changes on cash and cash equivalents	39,615	7,146
Net increase (decrease) in cash and cash equivalents	(5,183)	282,648
Cash and cash equivalents at beginning of period	302,572	205,512
Cash and cash equivalents at end of period	297,389	488,160

(6) Notes to Condensed Quarterly Consolidated Financial Statements

(Notes on premise of going concern)

No items to report

(Reporting entity)

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

The Olympus Group is principally engaged in the manufacturing and sales of endoscopic, therapeutic and other products. Details of each business are as described in (Business segments) (page 18).

(Basis of preparation)

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

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

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

(Condensed Quarterly Consolidated Statements of Cash Flows)

(Cash flows from operating activities)

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

As a result, in the Condensed Quarterly Consolidated Statements of Cash Flows for the six months ended September 30, 2022, the negative ¥16,680 million presented as "Other" in "Cash flows from operating activities" was reorganized into "Impairment losses" of ¥732 million and "Other" of negative ¥17,412 million.

(Cash flows from investing activities)

In the six months ended September 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 six months ended September 30, 2023. To reflect this change in the presentation method, we have reorganized our Condensed Quarterly Consolidated Financial Statements for the six months ended September 30, 2022.

As a result, in the Condensed Quarterly Consolidated Statements of Cash Flows for the six months ended September 30, 2022, ¥678 million presented as "Other" in "Cash flows from investing activities" was reorganized into "Collection of loans receivable" of ¥476 million and "Other" of ¥202 million.

(Cash flows from financing activities)

In the six months ended September 30, 2022, because “Payments for share repurchase,” which had previously been included in “Other” of “Cash flows from financing activities” increased in monetary importance, it has been listed independently from the six months ended September 30, 2023. To reflect this change in the presentation method, we have reorganized our Condensed Quarterly Consolidated Financial Statements for the six months ended September 30, 2022.

As a result, in the Condensed Quarterly Consolidated Statements of Cash Flows for the six months ended September 30, 2022, ¥2,261 million presented as “Other” in “Cash flows from financing activities” was reorganized into “Payments for share repurchase” of negative ¥2 million and “Other” of ¥2,263 million.

(Material accounting policies)

The material accounting policies adopted for the condensed quarterly consolidated financial statements of the Olympus Group for the six months ended September 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.” 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 33). The transfer of the shares of Evident, which operates the Scientific Solutions Business, was completed on April 3, 2023.

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

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

(2) Revenue and business results for reportable segments

Revenue and business results of each reportable segment of the Olympus Group are as follows. The accounting treatment used for reportable segments is as described in (Material accounting policies) (page 18).

Six months ended September 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	258,472	152,935	5,653	417,060	–	417,060
Intersegment revenue (Note 1)	–	–	162	162	(162)	–
Total revenue	258,472	152,935	5,815	417,222	(162)	417,060
Operating profit (loss)	68,899	29,788	(788)	97,899	(4,296)	93,603
Finance income						1,764
Finance costs						6,046
Profit before tax						89,321
Other items						
Share of profit (loss) of investments accounted for using equity method	371	–	–	371	–	371
Depreciation and amortization	19,114	9,639	857	29,610	2,973	32,583
Impairment losses	332	397	3	732	–	732

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.

Six months ended September 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	270,867	159,698	6,079	436,644	–	436,644
Intersegment revenue (Note 1)	–	–	70	70	(70)	–
Total revenue	270,867	159,698	6,149	436,714	(70)	436,644
Operating profit (loss)	50,909	(28,542)	1,000	23,367	(18,578)	4,789
Finance income						1,247
Finance costs						6,994
Profit before tax (loss)						(958)
Other items						
Share of profit (loss) of investments accounted for using equity method	(226)	(8)	–	(234)	–	(234)
Depreciation and amortization	20,537	9,234	491	30,262	2,632	32,894
Impairment losses (reversal of impairment losses) (Note 3)	138	41,605	–	41,743	(4)	41,739

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 ¥49,586 million incurred from the discontinuation of manufacturing and sales of Veran Medical Technologies, Inc. products. Details are as described in (Other income and other expenses) (page 24). Such losses include impairment losses of ¥40,736 million. Details are as described in (Impairment of non-financial assets) (page 20).

(Cash and cash equivalents)

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

	(Millions of yen)	
	Six months ended September 30, 2022 (April 1, 2022 - September 30, 2022)	Six months ended September 30, 2023 (April 1, 2023 - September 30, 2023)
Cash and cash equivalents in the condensed quarterly consolidated statements of financial position	255,765	488,160
Cash and cash equivalents included in assets held for sale	41,624	—
Cash and cash equivalents at end of period in the condensed quarterly consolidated statement of cash flows	297,389	488,160

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

The six months ended September 30, 2023 saw the completion of procedures for the sale of assets and liabilities related to the Scientific Solutions Business and of assets and liabilities related to the collagen and dental product sales businesses, which had been classified as held for sale in the previous fiscal year.

(Transfer of Scientific Solutions Business)

The transfer of all shares of Evident Corporation, which had been a consolidated subsidiary of Olympus Corporation, was conducted on April 3, 2023. In conjunction with this transfer, the transfer of the assets and liabilities of the Scientific Solutions Business, which were classified as held for sale in the previous fiscal year, was completed on the same date. Details are described in (Cash flow information) (page 27).

(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 described in (Cash flow information) (page 27).

(Impairment of non-financial assets)

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

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

The main impairment losses recognized in the six months ended September 30, 2023 were as follows.

Following the discontinuation of the manufacture and sale of Veran Medical Technologies, Inc. (“VMT”) electromagnetic navigation systems, related non-current assets were written down to their recoverable amount, and an impairment loss of ¥40,736 million was recorded (¥19,720 million for goodwill; ¥15,674 million for technology-related assets; ¥243 million for trademarks; ¥3,511 million for research and development in progress; and ¥1,128 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 six months ended September 30, 2023, it was found that it was difficult to

achieve the original goal of early diagnosis and minimally invasive treatment of respiratory diseases in combination with existing respiratory products, which was assumed at the time of acquisition, and it was also found that the products did not meet the quality standards required internally. Due to the decision to terminate the development and sale of VMT's products, the impairment test was performed separately for non-current assets incurred in connection with the acquisition of VMT, rather than on a business segment basis. The recoverable amount was the fair value less costs of disposal and, as the assets are difficult to sell, this amount was zero. It was classified as level 3 in the fair value hierarchy. Details regarding the fair value hierarchy are as described in (Financial instruments) (Page 30).

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

(Provisions)

(Voluntary recall of Olympus Corporation's products)

As a result of an independent market survey conducted by Olympus Corporation, and of comparisons to in-house quality standards, we made the decision to implement a voluntary recall of small intestine endoscope systems in line with our policy of putting the highest priority on ensuring the safety of patients. A provision of ¥4,157 million for expenses associated with this market response was made in the cost of sales of the Endoscopic Solutions Business in the six months ended September 30, 2023.

(Bonds and borrowings)

During the six months ended September 30, 2022, Olympus Corporation redeemed the 22nd unsecured corporate bonds of ¥10,000 million (interest rate 0.220%, due September 20, 2022).

There were no significant transactions during the six months ended September 30, 2023.

(Equity and other equity items)

Six months ended September 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 six months ended September 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.

(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. Due to this disposal, treasury shares decreased by 87,840 shares during the six months ended September 30, 2022.

The impact of this disposal is that treasury shares decreased by ¥153 million.

Six months ended September 30, 2023

(Disposal of treasury shares)

Olympus Corporation conducted the disposal of treasury shares based on its restricted stock unit (RSU) system and performance share unit (PSU) system on June 14, 2023 and July 25, 2023. Due to this disposal, treasury shares decreased by 554,030 shares during the six months ended September 30, 2023.

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

(Share repurchase)

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

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

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

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

- | | |
|--|------------------------------------|
| 1. Total number of shares repurchased: | 32,561,000 shares |
| 2. Total amount of shares repurchased: | ¥63,976 million |
| 3. Repurchase period: | May 15, 2023 to September 30, 2023 |

Details regarding the repurchase of its own shares after the end of the second quarter ended September 30, 2023 are as described in (Subsequent events) (Page 34).

(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 six months ended September 30, 2023.

(Dividends)

Dividends paid are as follows.

Six months ended September 30, 2022 (April 1, 2022 - September 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

Six months ended September 30, 2023 (April 1, 2023 - September 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.

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:

Six months ended September 30, 2022 (April 1, 2022 - September 30, 2022)

					(Millions of yen)
	Endoscopic Solutions	Therapeutic Solutions	Others	Total	
Japan	32,973	22,435	2,967	58,375	
North America	95,380	60,229	74	155,683	
Europe	62,028	38,091	2,424	102,543	
China	36,488	16,996	21	53,505	
Asia and Oceania	24,643	12,301	167	37,111	
Others	6,960	2,883	0	9,843	
Total	258,472	152,935	5,653	417,060	

Six months ended September 30, 2023 (April 1, 2023 - September 30, 2023)

					(Millions of yen)
	Endoscopic Solutions	Therapeutic Solutions	Others	Total	
Japan	34,730	21,913	2,812	59,455	
North America	96,790	63,243	82	160,115	
Europe	62,651	41,014	2,716	106,381	
China	40,806	15,945	317	57,068	
Asia and Oceania	28,288	14,160	152	42,600	
Others	7,602	3,423	0	11,025	
Total	270,867	159,698	6,079	436,644	

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.

Six months ended September 30, 2022 (April 1, 2022 - September 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.”

Six months ended September 30, 2023 (April 1, 2023 - September 30, 2023)

(Transfer of collagen business and dental product sales businesses)

Olympus Corporation recorded a gain of ¥1,127 million associated with the loss of control of the collagen business and dental product sales businesses under “Other income.” Details are described in (Cash flow information) (page 27).

(2) Other expenses

Major items of other expenses are as follows.

Six months ended September 30, 2022 (April 1, 2022 - September 30, 2022)

(Business restructuring expenses)

Olympus Corporation recorded ¥1,699 million for the cost related to promotion of the business transformation plan “Transform Olympus” in “Other expenses.”

Six months ended September 30, 2023 (April 1, 2023 - September 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 ¥11,938 million was incurred in “Other expenses” 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.

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

A loss of ¥49,586 million (¥2,278 million for loss on valuation of inventories; ¥40,736 million for impairment loss on non-current assets (Note); ¥6,572 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. was recorded in “Other expenses.”

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

(Per-share data)

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

	Six months ended September 30, 2022 (April 1, 2022 - September 30, 2022)	Six months ended September 30, 2023 (April 1, 2023 - September 30, 2023)
Basic earnings (loss) per share		
Continuing operations	¥54.53	¥(9.53)
Discontinued operation	¥(2.03)	¥183.34
Basic earnings per share	¥52.50	¥173.81
Diluted earnings (loss) per share		
Continuing operations	¥54.48	¥(9.50)
Discontinued operation	¥(2.03)	¥182.93
Diluted earnings per share	¥52.45	¥173.43

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

	(Millions of yen)	
	Six months ended September 30, 2022 (April 1, 2022 - September 30, 2022)	Six months ended September 30, 2023 (April 1, 2023 - September 30, 2023)
Profit used to calculate basic earnings per share and diluted earnings per share		
Profit attributable to owners of parent	66,836	216,296
Profit not attributable to common shareholders of parent	-	-
Profit (loss) used to calculate basic earnings per share	66,836	216,296
Continuing operations	69,422	(11,853)
Discontinued operation	(2,586)	228,149
Adjustment to profit	-	-
Profit (loss) used to calculate diluted earnings per share	66,836	216,296
Continuing operations	69,422	(11,853)
Discontinued operation	(2,586)	228,149

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	1,273,104 thousand shares	1,244,420 thousand shares
Increase in number of shares of common stock		
Subscription rights to shares relating to stock options	401 thousand shares	295 thousand shares
Common stock relating to PSU	302 thousand shares	1,855 thousand shares
Common stock relating to RSU	369 thousand shares	603 thousand shares
Average number of shares of diluted common stock during the period	1,274,176 thousand shares	1,247,173 thousand shares

(Cash flow information)

Six months ended September 30, 2022

No items to report

Six months ended September 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
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	420,973
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)	381,898

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

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

Olympus Corporation recorded a gain of ¥349,036 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 (“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	4,375
Cash and cash equivalents of subsidiaries with the loss of control	(0)
Proceeds from sale of subsidiaries (Note)	4,375

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

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

Olympus Corporation recorded a gain of ¥74 million associated with the loss of control of GML under “Other income” in the Condensed Quarterly Consolidated Statements of Profit or Loss.

(Transfer of collagen business and dental product sales businesses)

(i) Overview of transaction

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

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

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

(iii) Cash flows associated with the loss of control

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

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

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

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

(Financial instruments)

Fair value of financial instruments

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

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

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

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

The Olympus Group recognizes transfers of financial instruments between the levels of the fair value hierarchy as if they occurred at the end of each quarter of the fiscal year. There were no significant financial instruments transferred between the levels for the fiscal year ended March 31, 2023 and the six months ended September 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 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 September 30, 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	–	11,789	–	11,789
Equity securities and others	–	–	902	902
Financial assets measured at fair value through other comprehensive income				
Equity securities and others	562	–	7,196	7,758
Financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	–	4,371	–	4,371
Contingent consideration	–	–	9,320	9,320

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

	(Millions of yen)	
	Six months ended September 30, 2022 (April 1, 2022 - September 30, 2022)	Six months ended September 30, 2023 (April 1, 2023 - September 30, 2023)
Balance at April 1	3,895	7,368
Gains and losses (Note)		
Profit or loss	178	60
Other comprehensive income	27	61
Purchases	3,517	15
Other	678	594
Balance at September 30	8,295	8,098

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 ¥178 million and a gain of ¥60 million on financial instruments held as of the six months ended September 30, 2022 and 2023, respectively.

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

	(Millions of yen)	
	Six months ended September 30, 2022 (April 1, 2022 - September 30, 2022)	Six months ended September 30, 2023 (April 1, 2023 - September 30, 2023)
Balance at April 1	6,100	8,226
Settlement	(551)	(314)
Change in fair value	303	687
Other	403	721
Balance at September 30	6,255	9,320

(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 September 30, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Lease receivables	65,003	64,982	74,883	74,710
Financial liabilities				
Bonds	146,118	141,280	154,240	145,516
Borrowings	134,021	134,287	134,219	134,199

(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 27).

(2) Profit (loss) of discontinued operation

Profit (loss) of discontinued operations is as follows:

	(Millions of yen)	
	Six months ended September 30, 2022 (April 1, 2022 - September 30, 2022)	Six months ended September 30, 2023 (April 1, 2023 - September 30, 2023)
Revenue	52,744	-
Cost of sales	26,216	-
Gross profit	26,528	-
Selling, general and administrative expenses	26,466	388
Other income (Note 1)	231	349,156
Other expenses (Note 2)	5,176	586
Operating profit (loss)	(4,883)	348,182
Finance income	995	-
Finance costs	85	-
Profit before tax (loss)	(3,973)	348,182
Income taxes (Note 3)	(1,387)	120,033
Profit (loss) from discontinued operation	(2,586)	228,149

- Notes: 1. Other income includes ¥349,036 million in the six months ended September 30, 2023 for the gain on the transfer of Scientific Solutions Business.
2. Other expenses include ¥4,880 million and ¥116 million in the six months ended September 30, 2022 and the six months ended September 30, 2023, respectively, related to the spin-off of the Scientific Solutions Business and the strengthening of its management systems.
3. Income taxes of ¥120,033 million in the six months ended September 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)	
	Six months ended September 30, 2022 (April 1, 2022 - September 30, 2022)	Six months ended September 30, 2023 (April 1, 2023 - September 30, 2023)
Cash flows of discontinued operation		
Net cash used in operating activities	(10,958)	(57,668)
Net cash provided by (used in) investing activities (Note)	(6,017)	433,898
Net cash used in financing activities	(1,039)	-

Note: Net cash provided by (used in) investing activities in the six months ended September 30, 2023 includes proceeds from the transfer of the Scientific Solutions Business of ¥381,898 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)

(Share repurchase)

At a meeting of the Board of Directors held on May 12, 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: As of November 6, 2023 (based on contract), all repurchases of treasury shares have been completed.

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

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

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

- | | |
|--|--|
| 1. Total number of shares repurchased: | 17,076,600 shares |
| 2. Total amount of shares repurchased: | ¥33,223 million |
| 3. Repurchase period: | October 1, 2023 to October 31, 2023 (based on delivery date) |

Details regarding the repurchase of its own shares in the six months ended September 30, 2023 are as described in (Equity and other equity items) (page 21).

(Share repurchase and cancellation of treasury shares)

At a meeting of the Board of Directors held on November 9, 2023, 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: | 53,000,000 shares (maximum) |
| (4.34% of total number of issued shares (excluding treasury shares)) | |

3. Total amount of shares to be repurchased: ¥80,000 million (maximum)
4. Repurchase period: November 10, 2023 to March 31, 2024
5. Repurchase method: Market purchase based on a discretionary trading contract on the Tokyo Stock Exchange

(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: April 30, 2024