Consolidated Financial Results for the 1st Quarter and Full-year Forecasts for Fiscal 2024

Olympus Corporation | Executive Officer and CFO, Chikashi Takeda | August 9, 2023

(Slide 1)

- Hello everyone. I am Chikashi Takeda, CFO of Olympus Corporation.
- I would like to thank you all for participating in this conference.
- I would like to provide a review of our consolidated financial results for the first quarter of fiscal 2024 and talk about our full-year forecasts for fiscal 2024.

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Highlights

1Q Consolidated Financial Results

Revenue growth was mainly driven by China, which recovered from Shanghai lockdown and other factors, and APAC, which grew in all segments. By product, EVIS X1, etc. contributed. Profit decreased due to investments for sustainable growth and strengthening of operational infrastructure, as well as upfront project-related expenses for improving efficiency, etc.

- Revenue: 8% consolidated growth (up 4% after FX adjustment). Record high for Medical business in 1Q. High-single-digit growth for both ESD and TSD
- Adjusted operating profit : Decreased due to an increase in personnel expenses for future growth and strengthening of operational infrastructure such as QARA, as well as upfront project-related expenses for improving efficiency, etc.
- Profit*: Record high of ¥240.6 billion due to a gain on transfer of Scientific Solutions Business (Evident). EPS: ¥192
- Others: Steady progress made in corrective actions for FDA findings, while engaging in a constructive dialogue with FDA

Full-year Performance Forecasts

Initial forecasts remain unchanged as we still aim at achieving the budget and have taken appropriate actions, despite slightly slow 1Q results

- Revenue: Expected to achieve ¥914 billion, up 4% YoY (up 5% after FX adjustment)
- Adjusted operating profit: Expected to achieve ¥182 billion, up 3% YoY (up 6% after FX adjustment), with an adjusted operating margin of approx. 20% as stated in company strategy thorough cost management
- Profit*: Record high of ¥336 billion. EPS: Expected to be ¥273

*Profit attributable to owners of parent. Figures through FY2016 are based on Japanese GAAP (JGAAP) and figures from FY2017 onward are based on IFRS. Since all shares of discontinued operation (Evident) were transferred in April 2023, a gain on this share transfer was recorded in the first quarter of FY2024.

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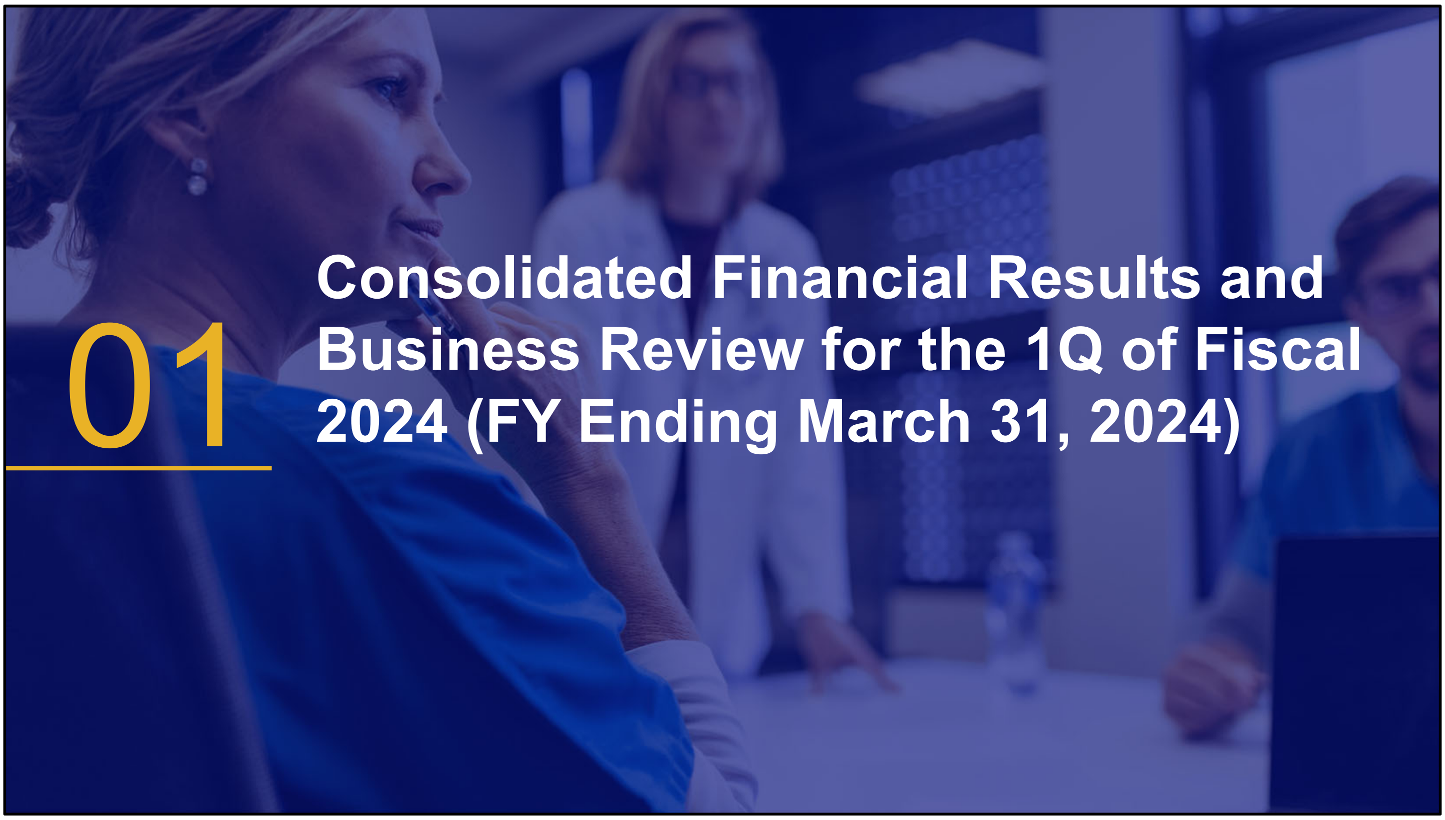
- This slide highlights the main points of our first quarter financial results for fiscal 2024.
- Revenue increased 8% on a consolidated basis. Growth was mainly driven by China, which recovered from the Shanghai lockdown and other factors, and APAC, which grew in all segments. By product, EVIS X1 and VISERA ELITE III were the main contributors. Both ESD and TSD achieved high-single-digit growth, setting a record high in the Medical business for the first quarter.
- On the other hand, profit decreased due to an increase in personnel expenses for future growth and strengthening of operational infrastructure such as QARA, as well as upfront project-related expenses for improving efficiency, etc., coupled with the absence of a gain of approx. ¥16.4 billion on the sale of land in Tokyo, which was recorded as other income in the previous fiscal year.
- FDA-related expenses amounted to several hundred million yen in SG&A and approx. ¥5 billion in other expenses. Those are mainly for complaint responses, medical device reporting (MDR), and process and design validation, ensuring that we comply with all applicable quality laws/regulations and strengthening our quality assurance function. Steady progress has been made in corrective actions for FDA findings, while engaging in a constructive dialogue with the FDA.
- Adjusted operating profit excluding other income/expenses decreased 5%, with an adjusted operating margin of 13.6%.
- Profit, as the sum of Continuing Operations and Discontinued Operation, reached a record high of ¥240.6 billion due to a gain on the transfer of Scientific Solutions Business (Evident) that was booked in the first quarter of the current fiscal year. EPS is ¥192.
- Moving on to our full-year forecasts for fiscal 2024, the initial forecasts announced in May remain unchanged as we still aim at achieving the budget and have taken appropriate actions, despite slightly slow 1Q results.
- Revenue is expected to reach ¥914.0 billion, up 4% YoY, and adjusted operating profit is expected to reach ¥182.0 billion, up 3% YoY, with an adjusted operating margin of around 20%, on a par with the previous year.
- Profit, as the sum of Continuing Operations and Discontinued Operation, is expected to reach a record high of ¥336.0 billion, with EPS of ¥273.
- The business environment is expected to remain uncertain to a certain extent in the second quarter onward. We continue to operate with a keen awareness of those risks. We also strive to maintain appropriate cost control, while allocating resources to strengthen our operational infrastructure, including QARA, R&D, and initiatives to improve productivity.



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- I will now explain the consolidated financial results and provide a business review for the first quarter of fiscal 2024.

1Q of Fiscal 2024 (1) Consolidated Financial Results

1 Revenue: 8% consolidated growth (up 4% after FX adjustment). Record high for Medical business in 1Q. High-single-digit growth for both ESD and TSD

2 Adjusted operating profit: Decreased due to an increase in personnel expenses for future growth and strengthening of operational infrastructure such as QARA, as well as upfront project-related expenses for improving efficiency, etc.

3 Profit*: Record high of ¥240.6 billion due to a gain on transfer of Scientific Solutions Business (Evident). EPS: Expected to be ¥192

1Q (Apr. to Jun.)

	(Billions of yen)	FY2023	FY2024	YoY	After FX adjustment
**Continuing operations	Revenue	192.3	1 207.7	+8%	+4%
	Gross profit (% of revenue)	125.7 (65.4%)	137.2 (66.1%)	+9%	+2%
	Selling, general and administrative expenses (% of revenue)	96.0 (49.9%)	108.8 (52.4%)	+13%	+9%
	Other income and expenses	14.8	-6.0	-	-
	Operating profit (% of revenue)	44.5 (23.2%)	22.5 (10.8%)	-50%	-60%
	Adjusted operating profit (% of revenue)	**29.7 (15.5%)**	2 **28.3 (13.6%)**	**-5%**	**-21%**
	Profit before tax (% of revenue)	42.0 (21.9%)	19.7 (9.5%)	-53%	
	Profit from continuing operations (% of revenue)	27.9 (14.5%)	13.5 (6.5%)	-52%	
***Discontinued operation	Profit from discontinued operation	-3.0	227.1	+¥230.1 billion	
Continuing operations	Profit (loss)	24.9	240.6	+865%	
	Profit (loss) attributable to owners of parent	24.9	3 240.6	+868%	
	EPS	¥20	¥192		

*Profit attributable to owners of parent. Figures through FY2016 are based on Japanese GAAP (JGAAP) and figures from FY2017 onward are based on IFRS.
**The figures from "Revenue" to Profit from continuing operations" represents continuing operations.
***Since all shares of discontinued operation (Evident) were transferred in April 2023, a gain on this share transfer was recorded in the first quarter of the fiscal year ending March 31, 2024.

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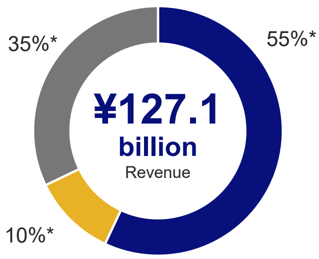
- This is an overview of our consolidated financial results.
- Consolidated revenue amounted to ¥207.7 billion, up 8% YoY. The Medical business reached a record high for the first quarter. Both ESD and TSD achieved high-single-digit growth.
- Gross profit was ¥137.2 billion, with gross profit margin improving 0.7 points. The improvement was due mainly to a decrease in procurement in the semiconductor spot market and JPY depreciation effects.
- SG&A expenses were ¥108.8 billion, with SG&A ratio worsening 2.4 points. The main factors were an increase in personnel expenses for future growth and strengthening of operational infrastructure such as QARA, as well as various project-related expenses to improve efficiency, etc.
- Adjusted operating profit was ¥28.3 billion, down ¥1.5 billion or 5% YoY. Adjusted operating margin deteriorated 1.9 points to 13.6%.
- Other income and expenses were -¥6.0 billion. While we posted a gain of approx. ¥16.4 billion on the sale of land in Tokyo in the previous fiscal year, we recorded approx. ¥5 billion as FDA-related expenses in the current fiscal year.
- Profit from Continuing Operations stood at ¥13.5 billion, with EPS of ¥11. With completion of the transfer of Discontinued Operation (Evident) in April 2023, we recorded a gain on the transfer in the first quarter of the current fiscal year, and total Profit including both Continuing Operations and Discontinued Operation amounted to ¥240.6 billion, with EPS of ¥192.

1Q of Fiscal 2024 (2) Endoscopic Solutions Division (ESD)



	FY2023	FY2024
(Billions of yen)	1Q	1Q
Revenue	116.9	127.1
Operating profit	24.8	22.2
Other income and expenses	-1.2	-3.4
Adjusted operating profit	**26.0**	**25.6**
Operating margin (After FX adjustment)	21.3%	17.4% (15.4%)
Adjusted operating margin (After FX adjustment)	**22.3%**	**20.1% (18.1%)**

*Approx. Due to rounding, the total may not add up to 100%.

Growth Rate FY2024 1Q vs FY2023 1Q	After FX adjustment		Incl. FX
■ Gastrointestinal endoscope	0%	▪ Remarkable growth in China, which was affected by Shanghai lockdown and other factors in previous year. In APAC and Japan, solid sales expansion of EVIS X1 series, as well as previous generation gastrointestinal scopes and colonoscopes, continued. In the meantime, sales declined in Europe, which was boosted by large-scale projects in the U.K. in previous year, and in North America, where customers refrained from purchasing before launch of EVIS X1.	3%
■ Surgical endoscope	19%	▪ All regions grew, led by new surgical endoscope system VISERA ELITE III. In particular, APAC, where sales expansion of VISERA ELITE III was successful, contributed to growth.	24%
■ Medical service	8%	▪ Steady growth in all regions, including China, due to stable revenue stream based on service contracts including maintenance service and an increase in new accounts.	13%
Total	5%		9%

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- Next, we will look at the details about each business segment.
- First, the Endoscopic Solutions Division. Revenue amounted to ¥127.1 billion, up 9% on a reporting basis, and up 5% after FX adjustment. Adjusted operating profit excluding other income/expenses was ¥25.6 billion, with an adjusted operating margin of 20.1%.
- Although gross profit increased due to an increase in sales, adjusted operating profit decreased due to factors such as an increase in personnel expenses. As for other expenses, approx. ¥3.2 billion was recorded as FDA-related expenses.
- I will now give a review of the first quarter (from April to June) for each sub-segment.
- In GI endoscope, we saw remarkable growth in China, which was affected by the Shanghai lockdown and other factors in the previous year. In APAC and Japan, solid sales expansion of EVIS X1 series, as well as previous generation gastrointestinal scopes and colonoscopes, continued. In the meantime, sales declined in Europe, which was boosted by large-scale projects in the U.K. in the previous year, and in North America, where customers refrained from purchasing before the launch of EVIS X1.
- Also note that sales contributions of EVIS X1 series now account for around 15% in the GI endoscope sub-segment in the first quarter. Sales of EVIS X1 in the launched regions grew double-digit YoY, reflecting continued market penetration.
- In Surgical endoscope, all regions grew, led by new surgical endoscope system VISERA ELITE III, which has been launched in Europe, Japan, and APAC since September 2022. In particular, APAC, where sales expansion of VISERA ELITE III was successful, contributed to growth.
- In Medical service, we saw steady growth in all regions, including China, due to stable revenue stream based on service contracts including maintenance service and an increase in new accounts.

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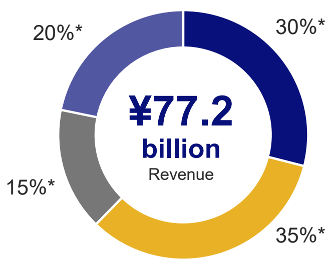
1Q of Fiscal 2024 (3) Therapeutic Solutions Division (TSD)



(Billions of yen)	FY2023 1Q	FY2024 1Q
Revenue	72.4	77.2
Operating profit	13.4	9.7
Other income and expenses	-0.2	-1.9
Adjusted operating profit	**13.6**	**11.6**
Operating margin (After FX adjustment)	18.5%	12.5% (11.4%)
Adjusted operating margin (After FX adjustment)	**18.8%**	**15.0% (13.9%)**

*Approx. Due to rounding, the total may not add up to 100%.

Growth Rate FY2024 1Q vs FY2023 1Q	After FX adjustment		Incl. FX
GI EndoTherapy	5%	▪ Growth centered on North America. Notable momentum in ESD/EMR products, Sampling (biopsy forceps, etc) and ERCP.	9%
Urology	2%	▪ Growth was driven by APAC. Despite the temporary suspension of shipments and supply shortages of some major products, resection electrodes mainly for BPH and SOLTIVE SuperPulsed Laser System for urinary tract stone treatment continued to grow.	8%
Respiratory	-2%	▪ Sales declined after FX adjustment due to shipment suspension and delay of some products in Europe and the U.S. Sales in Japan, where COVID-related subsidies effect was seen in previous year, were also sluggish.	2%
Other therapeutic areas	1%	▪ Remarkable growth in China, which was affected by Shanghai lockdown and other factors in previous year. Sales of ENT scopes contributed to growth.	5%
Total	2%		7%

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- Next, the Therapeutic Solutions Division. Revenue amounted to ¥77.2 billion, up 7% on a reporting basis and up 2% after FX adjustment. Adjusted operating profit was ¥11.6 billion, with an adjusted operating margin of 15.0%.
- Although gross profit increased due to an increase in sales, adjusted operating profit decreased due to factors such as an increase in various project-related expenses. As for other expenses, approx. ¥1.8 billion was recorded as FDA-related expenses.
- I will now give a review of the first quarter (from April to June) for each sub-segment.
- In GI EndoTherapy, we saw growth centered on North America. Notable momentum in products for Endoscopic Submucosal Dissection (ESD) and Endoscopic Mucosal Resection (EMR), which are used for the incision of lesions, for Sampling (e.g., biopsy forceps used for tissue sampling in screening tests), and for Endoscopic Retrograde Cholangio Pancreatography (ERCP) used in the endoscopic diagnosis and treatment of pancreatic ducts and bile ducts.
- In Urology, growth was driven by APAC. Despite the temporary suspension of shipments and supply shortages of some major products, resection electrodes mainly for Benign Prostatic Hyperplasia (BPH) and SOLTIVE SuperPulsed Laser System for urinary tract stone treatment continued to grow.
- In Respiratory, sales declined after FX adjustment due to shipment suspension and delay of some products in Europe and the U.S. Sales in Japan, where the COVID-related subsidies effect was seen in the previous year, were also sluggish.
- In Other therapeutic areas, we saw remarkable growth in China, which was affected by the Shanghai lockdown and other factors in the previous year. Sales of ENT scopes contributed to growth.

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Statement of Financial Position

- ☑ Balance sheet increased by approx. ¥105.7 billion in real terms, excluding FX impact of approx. ¥74.3 billion, due mainly to an increase in cash and retained earnings from transfer of Evident
- ☑ Assets held for sale and liabilities directly associated with assets held for sale changed due to completion of transfer of Evident

(Billions of yen)	End of Mar. 2023	End of Jun. 2023	Change		End of Mar. 2023	End of Jun. 2023	Change
Current assets	726.4	964.8	+238.5	Current liabilities	461.9	416.4	-45.5
Inventories	163.0	177.5	+14.5	Bonds/loans payable	50.0	99.9	+49.9
Assets held for sale	169.6	0.6	-169.1	Liabilities directly associated with assets held for sale	43.3	0	-43.2
Non-current assets	782.0	723.4	-58.5	Non current liabilities	405.2	365.0	-40.2
Property, plant and equipment	238.7	253.5	+14.8	Bonds/loans payable	290.1	246.0	-44.0
Intangible assets	115.2	120.2	+5.1	Equity	641.2	906.9	+265.7
Goodwill	182.5	197.9	+15.4	(Equity ratio)	42.4%	53.7%	+11.3pt
Total assets	1,508.3	1,688.3	+180.0	**Total liabilities and equity**	1,508.3	1,688.3	+180.0

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- This is our financial position at the end of June 2023.
- The balance sheet increased by ¥180 billion, of which approx. ¥74.3 billion was impacted by FX, resulting in an increase of approx. ¥105.7 billion in real terms.
- The main factor was an increase in cash and retained earnings due to the transfer of Evident.
- Due to the completion of the transfer of Evident, “Assets held for sale” decreased by ¥169.1 billion and “Liabilities directly associated with assets held for sale” decreased by ¥43.2 billion.
- The equity ratio rose to 53.7%, up 11.3 points from the end of March.

Consolidated Cash Flows

- FCF: Despite a decrease in operating CF due mainly to corporate tax payment related to gain on transfer of Evident, FCF increased significantly due to receipt of consideration for transfer of Evident. Adjusted FCF was minus ¥10.3 billion yen
- Financing CF: Minus ¥25.9 billion due mainly to dividend payment

1Q (Apr. to Jun.)

			FY2023	FY2024	Change
Continuing operations		Profit before tax	42.0	19.7	-22.3
Continuing operations	Discontinued operation	CF from operating activities	-26.9	-53.1	-26.3
Continuing operations	Discontinued operation	CF from investing activities	5.2	427.0	+421.8
Continuing operations	Discontinued operation	Free cash flow	-21.7	373.9	+395.5
Continuing operations	Discontinued operation	**Adjusted Free cash flow**	**-20.2**	**-10.3**	**+10.0**
Continuing operations	Discontinued operation	CF from financing activities	-21.7	-25.9	-4.1
Continuing operations		Cash and cash equivalents at end of period	286.4	558.7	+272.3

Major adjusted items for FY2023 1Q (Apr. to Jun.)

Operating CF: Tax payments for reorganization of SSD	-¥17.8 billion
Investing CF: Proceeds from sale of fixed assets (land)	+¥19.1 billion
Investing CF: Investments and temporary financial burden associated with start of Evident	-¥2.7 billion

Major adjusted items for FY2024 1Q (Apr. to Jun.)	
Operating CF: Corporate tax payment on gain on transfer of Evident	-¥56.7 billion
Investing CF: Receipt of consideration for transfer of Evident, etc.	+¥388.8 billion
Investing CF: Collection of loan from Evident, etc.	+¥52.0 billion

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- This slide shows the status of cash flows.
- Cash flow from operating activities was minus ¥53.1 billion. The decrease was due mainly to the payment of corporate tax related to a gain on the transfer of Evident.
- Cash flow from investing activities was plus ¥427.0 billion. The increase was due to the receipt of the transfer of Evident, etc. and the collection of loan from Evident, etc.
- Free cash flow stood at ¥373.9 billion. Adjusted free cash flow considering extraordinary factors such as acquisitions, transfers, and reorganizations of businesses was minus ¥10.3 billion.
- Cash flow from financing activities was minus ¥25.9 billion due mainly to the payment of dividends.
- As a result, cash and cash equivalents stood at ¥558.7 billion as of June 30, 2023, an increase of ¥272.3 billion.

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- Next, I would like to explain our full-year forecasts for fiscal 2024.

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Fiscal 2024 Consolidated Forecasts

☑ Initial forecasts remain unchanged

1 Revenue: Expected to achieve ¥914 billion, up 4% YoY (up 5% after FX adjustment)

2 Adjusted Operating profit: Expected to achieve ¥182 billion, up 3% YoY (up 6% after FX adjustment), with an adjusted operating profit margin of approximately 20% as stated in company strategy thorough cost management

3 Profit*: Expected to reach a record high of ¥336 billion due to a gain on transfer of Evident. EPS: Expected to be ¥273

	(Billions of yen)	FY2023		FY2024 Forecasts	Change	vs FY2023	After FX adjustment
** Continuing operations	Revenue	881.9	1	914.0	+32.1	+4%	+5%
	Gross profit (% of revenue)	596.8 (67.7%)		627.0 (68.6%)	+30.2	+5%	+7%
	Selling, general and administrative expenses (% of revenue)	420.5 (47.7%)		446.0 (48.8%)	+25.5	+6%	+7%
	Other income and expenses	10.3		-18.0	-	-	-
	Operating profit (% of revenue)	186.6 (21.2%)		163.0 (17.8%)	-23.6	-13%	-9%
	Adjusted operating profit (% of revenue)	**176.8 (20.0%)**	2	**182.0 (19.9%)**	**+5.2**	**+3%**	**+6%**
	Profit before tax (% of revenue)	182.3 (20.7%)		159.0 (17.4%)			
	Profit from continuing operations (% of revenue)	138.0 (15.7%)		115.0 (12.6%)			
***Discontinued operation	Profit from discontinued operation	5.6		221.0			
Continuing operations	Profit (loss)	143.6		336.0			
	Profit (loss) attributable to owners of parent	143.4 (16.3%)	3	336.0 (36.8%)			
	EPS	¥113		¥273			

*Profit attributable to owners of parent. Figures through FY2016 are based on Japanese GAAP (JGAAP) and figures from FY2017 onward are based on IFRS.
**The figures from "Revenue" to Profit from continuing operations" represents continuing operations.
***Since all shares of discontinued operation (Evident) were transferred in April 2023, a gain on this share transfer was recorded in the first quarter of the fiscal year ending March 31, 2024.

Dividend forecast for FY2024
Year-end dividend of ¥18 per share

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(Slide 11)

- Our full-year forecasts for fiscal 2024.
- The initial forecasts announced in May remain unchanged, including FX assumptions, as we still aim at achieving the budget and have taken appropriate actions, despite slightly slow 1Q results.
- Revenue is expected to reach ¥914 billion, up 4% YoY.
- We aim to achieve adjusted operating profit of ¥182 billion, up 3% YoY, with an adjusted operating margin of around 20% on a par with the previous year.
- While managing costs thoroughly, we will invest in comprehensive measures that contribute to patient safety as the number one priority, in addition to responding to FDA findings, and strengthen our R&D activities and improve productivity.
- Profit is expected to reach a record high of ¥336.0 billion due to a gain on the transfer of Evident. EPS is expected to be ¥273. Profit from Continuing Operations is expected to be ¥115 billion, with EPS of ¥93.
- Regarding dividends for fiscal 2024, we plan to issue a dividend of ¥18 per share, unchanged from the dividend forecast announced in May.

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Fiscal 2024 Forecasts by Business Segment

☑ Initial forecasts remain unchanged

1 Medical: Revenue expected to reach a record high. Launch of EVIS X1 in the U.S. is scheduled for middle of FY2024

2 Discontinued Operation: Expected to achieve a significant profit increase due to a gain on transfer

(Billions of yen)		FY2023	FY2024 Forecasts*	Change	vs FY2023	After FX adjustment
ESD	Revenue	551.8	1 572.0	+20.2	+4%	+5%
	Operating profit	152.8	158.0	+5.2	+3%	+6%
TSD	Revenue	318.2	1 329.0	+10.8	+3%	+5%
	Operating profit	63.7	56.0	-7.7	-12%	-8%
Others	Revenue	11.9	13.0	+1.1	+9%	+8%
	Operating profit(loss)	-0.9	1.0	+1.9	+¥1.9 billion	+¥1.9 billion
Elimination and Corporate	Operating profit(loss)	-28.9	-52.0	-23.1	-¥23.1 billion	-¥23.2 billion
Consolidated Total	Revenue	881.9	914.0	+32.1	+4%	+5%
	Operating profit	186.6	163.0	-23.6	-13%	-9%
(Reference) Discontinued Operation	Revenue	135.4	0	-135.4	-	-
	Operating profit(loss)	7.0	2 347.0	+340.0	-	-

*Since all shares of discontinued operation (Evident) were transferred in April 2023, a gain on this share transfer was recorded in the first quarter of the fiscal year ending March 31, 2024.

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- Moving on to forecasts by segment, we have remained the outlook that we presented in May unchanged.
- We expect both ESD and TSD to continue to grow. As a result, the combined revenue of the two divisions in the medical business is expected to reach a record high.
- In ESD, we expect to continue to see sales expansion effects from the EVIS X1 and VISERA ELITE III in Japan, Europe, and APAC. EVIS X1 is still scheduled to go on sale in the U.S. in the middle of fiscal 2024.
- In TSD, on the backdrop of procedural recovery, we project continued growth centered on GI EndoTherapy, where we benefit from existing products and continued introduction of new products, and Urology, where resection electrodes and urinary tract stone treatment products will continue to drive growth.
- For Elimination and Corporate, in addition to lose the gain on the sale of land in Tokyo worth approx. ¥16.4 billion recorded in the previous year, we expect to see an increase in IT-related and other expenses for strengthening our operational infrastructure.
- Lastly, Discontinued Operation is expected to record a gain on transfer, resulting in a significant increase in profit.

Management View

- Steady progress made in corrective actions for FDA findings, while engaging in a constructive dialogue with FDA
- Launched a company-wide quality transformation program
- Initial forecasts remain unchanged as we still aim at achieving the budget and have taken appropriate actions, despite slightly slow 1Q results and various risks

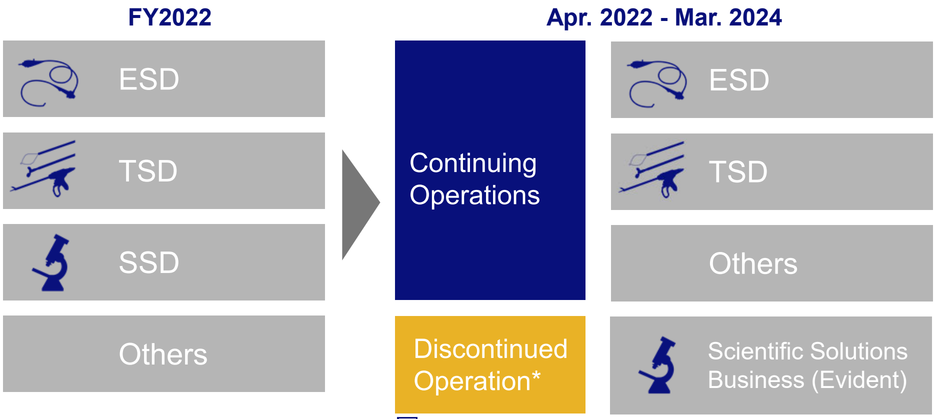
(Slide 13)

- Finally, I would like to look back what we have done under new management team since this April.
- When we formulated our company strategy, announced in May, we established a revenue CAGR of 5%, a target some of you may have viewed as conservative. The initial quarter, however, validates the realism of our projections, as we now find ourselves necessitating investments in corrective measures and the establishment of a robust framework for our quality systems following an FDA audit. Rigorous assessment and implementing corrective actions are of utmost importance to us, and these endeavors will persist throughout the fiscal year, necessitating the outlined investments.
- Although our endeavors have just commenced, we are steadily advancing while actively engaging in constructive discussions with the FDA. This dialogue is substantiated by significant transformative initiatives aimed at enhancing our quality infrastructure: optimizing the size of our quality team and ensuring consistent, global adoption of processes across manufacturing, repair, and distribution centers. Through this novel quality transformation program, we firmly believe that we safeguard Patient Safety and contribute to value creation for all stakeholders. Ultimately, this strategy will enable us to excel, fostering innovation for growth.
- Simultaneously, we continue to champion our four key drivers for value creation in pursuit of enduring, sustainable growth: "Business and Global Expansion," "Strategic M&A," "Enhancement of Care Pathways," and "Development of an Intelligent Endoscopy Ecosystem." Progress across all four pillars is proceeding according to plan.
- Despite the prevailing challenges in our operating environment, we maintain our forecast, confident in our ability to realize our goals through appropriate measures. Our foreign exchange assumptions remain unchanged, and their positive impact will counterbalance the risks observed in the first quarter.
- We regard this situation as an opportunity to evolve into a leading global MedTech company, realizing innovation for growth in alignment with our three-year plan.
- That concludes my presentation. Thanks for you unwavering trust and support on this journey.

Appendix

Changes in Reporting Structure

With completion of divestiture of Scientific Solutions Business (Evident) in FY2024 1Q, it is disclosed as a discontinued operation from FY2023 2Q to FY2024 (based on IFRS)

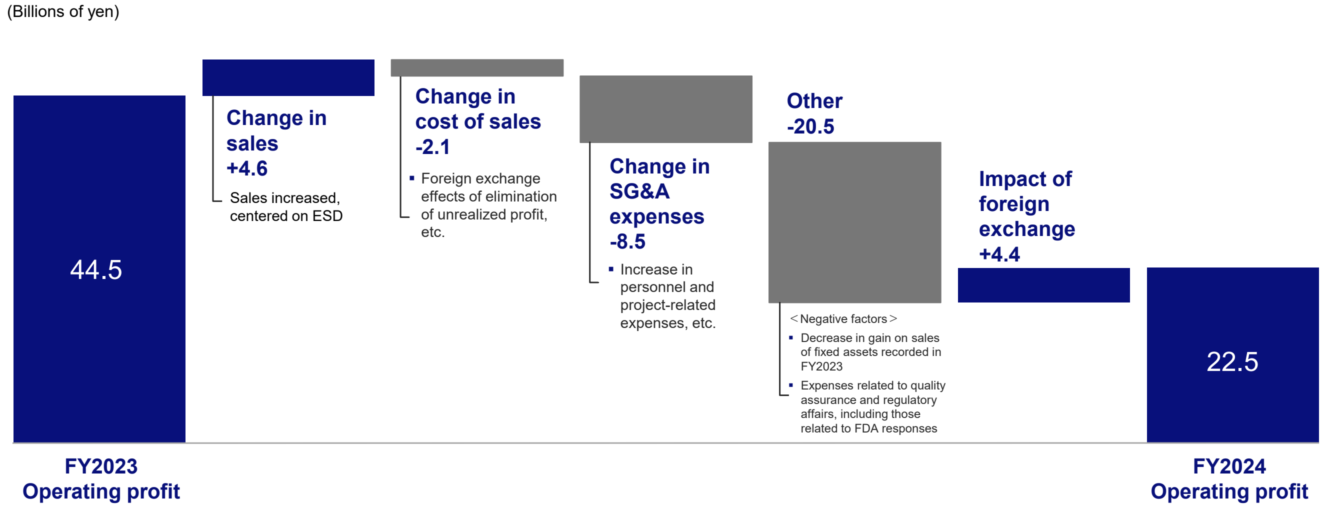


- ☑ Profit (loss) from Discontinued Operation is disclosed in Consolidated Financial Results
- ☑ Performance of Discontinued Operation is disclosed as supplementary information

*In the six months ended September 30, 2022, Olympus Corporation concluded a share transfer agreement related to the transfer of our Group's Scientific Solutions Business 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"). The amounts presented for revenue, operating profit, profit before tax and profit from continuing operations are the amounts from continuing operations from which the discontinued operation has been excluded, while the amounts presented for profit and profit attributable to owners of parent are aggregates of continuing operations and discontinued operation. The transfer of all shares was completed in April 2023.

1Q of Fiscal 2024 Factors that Affected Consolidated Operating Profit

1Q (Apr. to Jun.)



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1Q of Fiscal 2024 Results by Segment

(Billions of yen)		1Q (Apr. to Jun.) FY2023	FY2024	YoY	After FX adjustment
ESD	Revenue	116.9	127.1	+9%	+5%
	Operating profit	24.8	22.2	-11%	-24%
TSD	Revenue	72.4	77.2	+7%	+2%
	Operating profit	13.4	9.7	-28%	-37%
Others	Revenue	3.0	3.4	+13%	+9%
	Operating profit(loss)	-0.3	-0.1	+¥0.2 billion	+¥0.2 billion
Elimination and Corporate	Operating profit(loss)	6.6	-9.2	-¥15.9 billion	-¥15.8 billion
Consolidated Total	Revenue	192.3	207.7	+8%	+4%
	Operating profit	44.5	22.5	-50%	-60%
Discontinued Operation	Revenue	21.8	0	-	-
	Operating profit(loss)	-3.7	347.6	-	-

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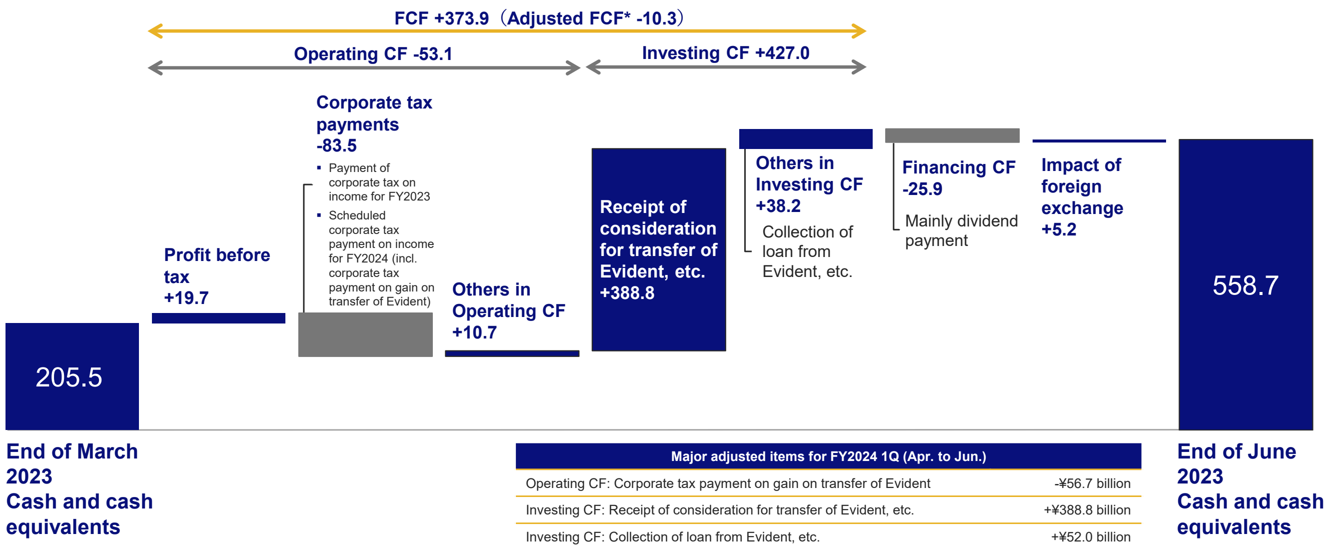
Factors that Affected Consolidated Cash Flows



Major adjusted items for FY2024 1Q (Apr. to Jun.)	
Operating CF: Corporate tax payment on gain on transfer of Evident	-¥56.7 billion
Investing CF: Receipt of consideration for transfer of Evident, etc.	+¥388.8 billion
Investing CF: Collection of loan from Evident, etc.	+¥52.0 billion

Key Product Catalysts: Endoscopic Solutions Division (As of Aug. 9, 2023)

ESD Key priorities for FY2024

- Accelerate EVIS X1 sales growth in Europe, Japan and Asia Pacific
- Aim to launch EVIS X1 in the US in middle of FY2024 and prepare for launch in China
- Launch next generation EUS system in Europe and Japan successfully
- Maximize market potential in emerging countries and further expansion in China
- Introduce new generation surgical endoscopy system and improve profitability

Growth driver now

GI endoscopy
- EVIS X1 (EU, Japan, AP)
- EVIS EXERA III (US, EU)
- EVIS LUCERA ELITE (China)

Surgical endoscopy
- VISERA ELITE II 2D/3D/IR (US, EU, Japan, China)
- VISERA 4K UHD (US, EU, Japan, China)

Just launched / Coming soon

GI endoscopy
- EVIS X1 (US, **China**)
- EU-ME3 (EU, Japan, AP)

Surgical endoscopy
- VISERA ELITE III (EU, Japan、AP)

Beyond

GI endoscopy
- Single-use duodenoscope
- ENDO-AID, endoscopy CAD platform for EVIS-X1 (Japan, US)

Surgical endoscopy
- VISERA ELITE III (US)

5%

Growth rate[1] in FY2024

1 YoY after FX adjustment

Key Product Catalysts: Therapeutic Solutions Division (As of Aug. 9, 2023)

TSD Key priorities for FY2024

GI EndoTherapy
- Expand clinically differentiated product offerings in key areas of focus: ERCP, ESD, Luminal Patency and Hemostasis devices

Urology
- Expand leadership in BPH through iTind market development while maintaining resection as a primary revenue and profit growth
- Drive lithotripsy growth through SOLTIVE SuperPulsed Laser System

Respiratory
- Drive growth in lung cancer with stronger emphasis around updated EBUS-TBNA offerings with additional opportunity to promote market expansion of SPiN Navigation in EU and APAC
- Reinforce strength in respiratory endoscopy through continued focus on driving adoption of X1 bronchoscopy platform

Growth driver now

GI EndoTherapy
- Visiglide series
- ESD Knife
- EZ Clip / QuickClip Pro
- EndoJaw

Urology
- Resection electrodes
- SOLTIVE SuperPulsed Laser System for stone + soft tissue (US, EU, **AP**)

Respiratory
- Bronchoscope, EBUS scope
- ViziShot series
- Spiration Valve System
- EVIS X1 bronchoscope (Japan, EU, AP)

Just launched / Coming soon

GI EndoTherapy
- **1** product (US)
- **6** products (EU)
- **5** products (Japan)
- **1** product (China)

Urology
- ESG-410 (US, Japan, AP)
- Single-use ureteroscope (US, Japan)
- iTind (US, EU, AP)
- **Resection electrodes (China)**
- **OES ELITE Ureteroscope (China)**

Respiratory
- Electromagnetic Navigation system (US)
- Single-use bronchoscope (US)
- New EBUS scope (US, China)
- EVIS X1 bronchoscope (US)
- Endoscopic Ultrasound Processor (EU, Japan, AP)

Beyond

GI EndoTherapy
- Single-use cholangioscope

Urology
- Cystoscope
- Camera head

Respiratory
- Electromagnetic Navigation system (EU)
- Slim EBUS scope
- EVIS X1 bronchoscope (China)

5%

Growth rate[1] in FY2024

1 YoY after FX adjustment

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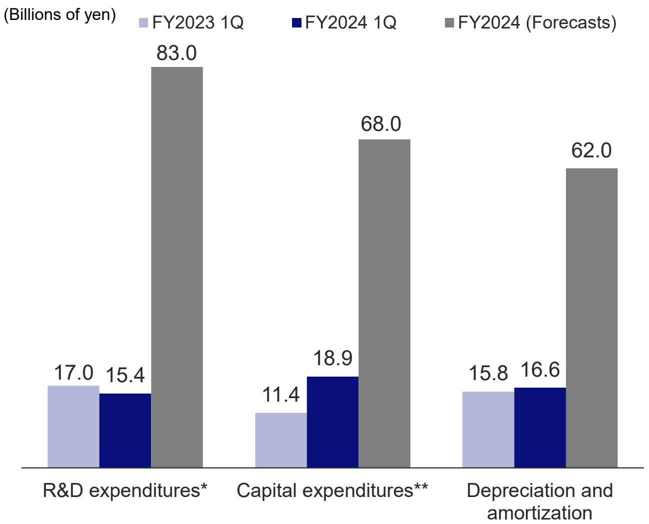
Expenditures, etc.

1Q Results and Forecasts



(Billions of yen)	FY2023	FY2024
R&D expenditures* (a)	17.0	15.4
Capitalization of R&D expenditures (b)	1.7	2.7
R&D expenses in P/L (a-b)	15.3	12.7

(Billions of yen)	FY2023	FY2024
Amortization	1.6	2.1
	End of Mar. 2023	End of Jun. 2023
R&D assets	56.0	59.9

*Capitalization of R&D expenditures (b) is included in R&D expenditures.
**Capitalization of R&D expenditures (b) is included in capital expenditures.
In addition, the Olympus Group has adopted IFRS #16 "Leases" from FY2020, and right-of use assets below are included in capital expenditures.
(FY2023 1Q: ¥2.6 billion, FY2024 1Q: ¥4.3 billion, FY2024 Forecast: ¥9.0 billion)

Foreign Exchange and Sensitivity

☑ As a general rule, we use average value for latest month as exchange rates for full-year forecasts

Foreign exchange rate

(Yen)	FY2023 1Q	FY2024 1Q	FY2024 Forecasts
Yen/U.S. dollar	129.57	137.37	132
Yen/Euro	138.12	149.47	144
Yen/CNY	19.58	19.56	19

Forex sensitivity (annualized impact)

(Billions of yen)	Revenue	Operating profit
U.S. dollar (per yen)	2.5	0.7
Euro (per yen)	1.6	0.6
CNY (per yen)	5.8	3.5

*Forex sensitivity (annualized impact) is calculated based on the FY2023 4Q results.

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