Consolidated Financial Results for the 3rd Quarter and Full-year Forecasts for Fiscal 2023

Olympus Corporation | Executive Officer and CFO, Chikashi Takeda | February 10, 2023

(Slide 1)

- Hello everyone. I am Chikashi Takeda, Chief Financial Officer of Olympus Corporation.
- I would like to thank you all for participating in this conference.
- I would like to give a review of our consolidated financial results for the third quarter of fiscal 2023 and talk about our full-year forecasts for fiscal 2023.
- Today's briefing will be focused on Continuing Operations. Please refer to the Appendix section for detailed information about Discontinued Operation.
- Now, I would like to provide a review of our financial results.

Disclaimer

- This material contains forward-looking statements that reflect management's current views, plans, and expectations based on information available at the time of preparation. These forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, future business decisions, and other internal and external factors that may cause the Company's actual results, performance, achievements, or financial position to be materially different from any future results expressed or implied by these forward-looking statements.
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Highlights

3Q and 9M Consolidated Financial Results

☑ Achieved double-digit growth in both revenue and operating profit by continuing to implement measures to respond to recent rapid changes in environment and risks

- Revenue: 17% consolidated growth. Record high for Medical business in 3Q and 9M
  Double-digit growth for both ESD and TSD
- Operating profit: Record highs for both amount and ratio in 3Q and 9M*

Full-year Performance Forecasts

☑ Largely unchanged from previous forecasts, except for FX assumptions
Expected to achieve adj. OPM of >20%, our target in corporate strategy

- Revenue: Expected to achieve ¥871 billion, up 16% YoY. Operating profit: Record highs for both amount and ratio
- Profit**: Expected to reach a record high of ¥376 billion due to a gain on transfer of Scientific Solutions Business. EPS: Expected to grow 229% to ¥297

*From FY2009, when Olympus began disclosing the quarterly report.
**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) are scheduled to be transferred in March 2023, the latest forecast for discontinued operation for the fiscal year 2023 is based on the figures up to the end of February 2023.

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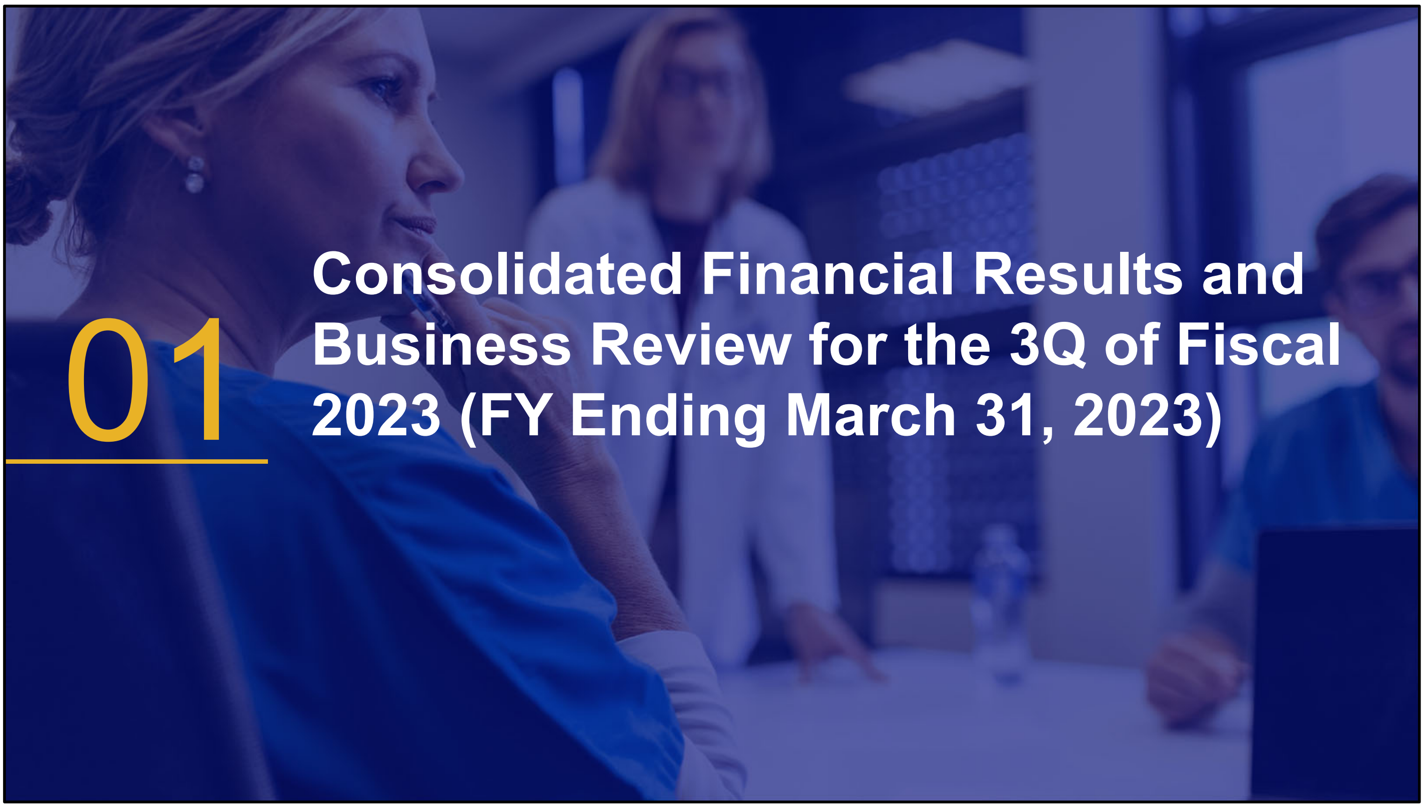
- This slide highlights our financial results for the third quarter of fiscal 2023.
- In the third quarter, we continued to see the impact of supply shortages of semiconductors and other components, combined with rising materials costs, but the situation is gradually improving, and we have taken measures to minimize risks as much as possible through our efforts.
- Revenue increased 17% on a consolidated basis. We achieved double-digit growth for both ESD and TSD, setting record highs for both the third quarter and the first nine months in the Medical business.
- Operating profit and operating margin also set record highs for both the third quarter and the first nine months.
- Moving on to our full-year forecasts for fiscal 2023, we have revised our FX assumptions from the previous forecasts. Based on results up to the third quarter, we have slightly lowered revenue excluding FX, but have left adjusted operating profit unchanged. We are still on track to achieve adjusted OPM of >20%, our target in corporate strategy.
- We expect revenue to achieve ¥871 billion, up 16% YoY and operating profit to achieve record highs for both amount and ratio.
- Profit, as the sum of Continuing Operations and Discontinued Operation, is also expected to reach a record high of ¥376 billion due to a gain on transfer of Scientific Solutions Business (Evident), with EPS of ¥297, up 229% YoY.



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- I will now explain the consolidated financial results and provide a business review for the third quarter of fiscal 2023.

3Q of Fiscal 2023 (1) Consolidated Financial Results

1 Revenue: 17% consolidated growth. Record high for Medical business in 3Q and 9M. Double-digit growth for both ESD and TSD

2 Operating profit: Record highs for both amount and ratio in 3Q and 9M*. Adjusted operating margin was 20.0% in 9M

	(Billions of yen)	9 Months (Apr. to Dec.) FY2022	FY2023	YoY	YoY (After FX adjustment)	3Q (Oct. to Dec.) FY2022	FY2023	YoY	YoY (After FX adjustment)
Continuing operations**	Revenue	547.2	1 641.5	+17%	+3%	187.1	1 224.5	+20%	+4%
	Gross profit (% of revenue)	366.1 (66.9%)	433.7 (67.6%)	+18%	+1%	124.7 (66.7%)	156.2 (69.6%)	+25%	+6%
	Selling, general and administrative expenses (% of revenue)	259.1 (47.4%)	306.1 (47.7%)	+18%	+7%	90.2 (48.2%)	107.6 (47.9%)	+19%	+7%
	Other income and expenses	-4.7	14.9	-	-	-3.0	0.3	-	-
	Operating profit (% of revenue)	102.2 (18.7%)	2 142.6 (22.2%)	+39%	+6%	31.6 (16.9%)	2 49.0 (21.8%)	+55%	+14%
	Adjusted operating profit (% of revenue)	**107.5 (19.7%)**	**128.1 (20.0%)**	**+19%**	**-12%**	**34.7 (18.6%)**	**48.8 (21.7%)**	**+40%**	**+3%**
	Profit before tax (% of revenue)	97.0 (17.7%)	139.4 (21.7%)	+44%		28.6 (15.3%)	50.0 (22.3%)	+75%	
	Profit from continuing operations (% of revenue)	83.0 (15.2%)	105.6 (16.5%)	+27%		24.5 (13.1%)	36.1 (16.1%)	+47%	
Discontinued operation	Profit from discontinued operation	4.9	2.8	-¥2.1 billion		0.8	5.3	+566%	
Continuing operations / Discontinued operation	Profit (loss)	87.8	108.4	+23%		25.3	41.4	+64%	
	Profit (loss) attributable to owners of parent	87.7	108.2	+23%		25.3	41.4	+64%	
	EPS	¥68	¥85			-	-		

*From FY2009, when Olympus began disclosing the quarterly report.
**The figures from "Revenue" to "Profit from continuing operations" represents continuing operations.

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- This is an overview of our consolidated financial results.
- Consolidated revenue amounted to ¥641.5 billion in the first nine months, up 17% YoY. Revenue in the Medical business represented record highs for the third quarter and the first nine months, with double-digit growth for both ESD and TSD.
- Gross profit was ¥433.7 billion, with gross margin improving 0.7 point. Despite the impact of rising materials costs and other factors, gross margin improved due mainly to a change in regional sales mix driven by increased sales in China in the third quarter, and yen depreciation effects.
- SG&A expenses were ¥306.1 billion, with SG&A ratio deteriorating 0.3 point. In particular, expenses associated with sales activities and strengthening of our operational infrastructure such as QARA increased.
- In other income and expenses, a gain of ¥14.9 billion was posted. Main factors for the increase were a gain of ¥16.4 billion on the sale of land in Tokyo in the first quarter, and the recording of ¥1.3 billion from the adjusted acquisition consideration due to a change in the fair value of conditional payment that was part of the acquisition consideration for Medi-Tate in the third quarter.
- Operating profit was ¥142.6 billion, up ¥40.4 billion or 39% YoY. Operating margin improved 3.5 points to 22.2%. Note that adjusted operating margin excluding other income and expenses, which is a milestone in our corporate strategy, was 20.0%.
- Profit from Continuing Operations was ¥105.6 billion, with EPS of ¥83, up 29% YoY, while total Profit including both Continuing Operations and Discontinued Operation was ¥108.4 billion, with EPS of ¥85, up 25% YoY.
- In this fiscal year, we have been operating under conditions of multiple growth inhibitors and rising costs, while making investments in growth areas and strengthening operational infrastructure. Although the environment remains uncertain, we will continue to strive to achieve revenue and profit growth and reach the must-hit target of >20% adjusted operating margin set three years ago.

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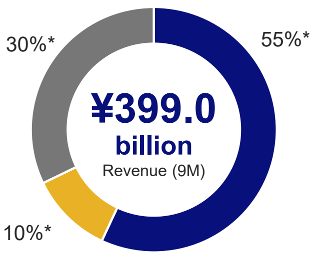
3Q of Fiscal 2023 (2) Endoscopic Solutions Division (ESD)



(Billions of yen)	FY2022 3Q	FY2022 9M	FY2023 3Q	FY2023 9M
Revenue	113.1	333.7	140.5	399.0
Operating profit	30.0	91.6	41.8	110.7
Other income and expenses	-0.9	-4.0	-0.9	-2.3
Operating margin (After FX adjustment)	26.5%	27.4%	29.7% (25.7%)	27.7% (24.0%)
Adjusted operating margin	**27.3%**	**28.6%**	**30.4%**	**28.3%**

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

Growth Rate FY2023 3Q vs FY2022 3Q	vs FY2022 (incl. FX)		vs FY2022 (After FX adjustment)
■ Gastrointestinal endoscope	27%	▪ China, where order backlog from Shanghai lockdown in 1Q has been almost cleared, and North America, where yen depreciation had a significant effect, contributed to sales growth. In Europe and APAC, solid sales expansion of EVIS X1 series, as well as old generation gastroscopes and colonoscopes, continued.	10%
■ Surgical endoscope	7%	▪ Sales were led by North America, where sales of laparoscopes remained solid, and China, where sales of VISERA ELITE II surgical endoscopy system remained solid. After FX adjustment, sales were negatively impacted by prolonged delivery time in Europe caused by parts shortages including semiconductors.	-7%
■ Medical service	27%	▪ Steady growth in all regions, including North America, due to stable revenue stream based on service contracts including maintenance service and an increase in new accounts.	10%
Total	24%		8%

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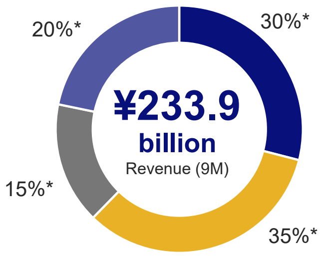
- Next, we will look at the details about each business segment.
- First, the Endoscopic Solutions Division. Revenue in the first nine months amounted to ¥399.0 billion, up 20% YoY. Adjusted operating profit excluding other income and expenses was ¥113.0 billion, with an adjusted operating margin of 28.3%.
- Revenue in China, which was previously affected by the Shanghai lockdown and other factors, recovered, resulting in revenue growth across all regions and sub-segments in ESD. The yen depreciation served as a tailwind, with revenue increasing in North America, in particular. APAC also performed well. Despite an increase in SG&A expenses due to increasing expenses associated with sales growth such as sales promotions for EVIS X1, and expenses for strengthening of operational infrastructure such as QARA, adjusted operating profit increased due to increased revenue and the impact of yen depreciation. Other expenses improved due to the absence of impairment loss of ¥1.6 billion associated with the development assets recorded in the previous fiscal year.
- I will now give a review in the third quarter (from October to December) for each sub-segment.
- In GI endoscope, overseas revenue grew, primarily in China, as we almost cleared the order backlog from the Shanghai lockdown in the first quarter. Amid ongoing delays in delivery due to shortages of semiconductors and other components, we saw solid sales expansion in Europe and APAC, driven by EVIS X1 series as well as previous-generation gastroscopes and colonoscopes.
- Also note that sales contribution of EVIS X1 series continued to account for more than 10% in the GI endoscope sub-segment in the third quarter. Sales of EVIS X1 in the launched regions grew 25% YoY, reflecting accelerating market penetration.
- In Surgical endoscope, sales were led by North America, where sales of laparoscopes remained solid, and China, where sales of VISERA ELITE II surgical endoscopy system remained solid. After FX adjustment, there was a negative impact in Europe, due in part to prolonged delivery time caused by supply shortages including semiconductors.
- In Medical service, we saw steady growth in all regions including North America, due to stable revenue stream based on service contracts including maintenance service and an increase in new accounts.

3Q of Fiscal 2023 (3) Therapeutic Solutions Division (TSD)



	FY2022		FY2023	
(Billions of yen)	3Q	9M	3Q	9M
Revenue	70.6	203.7	81.0	233.9
Operating profit	13.6	43.8	18.3	48.1
Other income and expenses	-0.8	1.3	1.3	1.2
Operating margin (After FX adjustment)	19.2%	21.5%	22.6% (21.5%)	20.6% (19.2%)
Adjusted operating margin	**20.4%**	**20.9%**	**21.0%**	**20.1%**

*Approx. Due to rounding, the total may not add up to 100%.
**From FY2023, Gynecology products classified in Other therapeutic areas in TSD are included in Urology in TSD. FY2022 results have been reclassified in the same manner.

Growth Rate FY2023 3Q vs FY2022 3Q	vs FY2022 (incl. FX)		vs FY2022 (After FX adjustment)
GI EndoTherapy	12%	▪ Sales grew in all product groups, driven by North America with the number of procedures increasing. Notable momentum in Sampling (biopsy forceps, etc.), ERCP, and ESD/EMR products. Sales in Japan and China declined due to a decrease in procedure volume caused by a rapid surge in COVID.	2%
Urology**	22%	▪ Strong performance in North America, led by resection electrodes for BPH and "SOLTIVE SuperPulsed Laser System" for stone lithotripsy.	3%
Respiratory	14%	▪ China, supported by COVID-related respiratory budgets, contributed to sales growth. Sales in North America also increased due to yen depreciation effect. Steady sales expansion in respiratory-endotherapy products for EBUS-TBNA (Endobronchial ultrasound-guided Transbronchial Needle Aspiration). After FX adjustment, sales were negatively impacted by Europe, which was boosted by large orders in Russia and other countries in previous year.	-2%
Other therapeutic areas	8%	▪ Steady performance in "Powerseal" energy device. In North America, yen depreciation effect contributed to sales growth. After FX adjustment, sales were negatively impacted by Europe, which was significantly affected by parts shortages and an absence of large orders in Russia in previous year.	-5%
Total	15%		0%

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- Next, the Therapeutic Solutions Division. Revenue in the first nine months amounted to ¥233.9 billion, up 15% YoY. Adjusted operating profit was ¥47.0 billion, with an adjusted operating margin of 20.1%.
- Revenue increased across all sub-segments thanks to a recovery in procedure volume in North America and Europe, and favorable FX. Although SG&A expenses rose due to costs related to QARA and a recovery of business activities, adjusted operating profit increased. In other income, while a gain of ¥2.8 billion on the phased acquisition of Medi-Tate in the first quarter of the previous fiscal year was recorded, ¥1.3 billion was recorded in the third quarter of this fiscal year from the adjusted acquisition consideration due to a change in the fair value of conditional payment that was part of the acquisition consideration for Medi-Tate.
- I will now give a review in the third quarter (from October to December) for each sub-segment.
- In GI EndoTherapy, sales grew in all product categories, driven by North America with the number of procedures increasing. Notable momentum in products for Sampling (e.g., biopsy forceps used for tissue sampling in screening tests), for Endoscopic Retrograde Cholangio Pancreatography (ERCP) used in the endoscopic diagnosis and treatment of pancreatic ducts and bile ducts, and for Endoscopic Submucosal Dissection (ESD) and Endoscopic Mucosal Resection (EMR), which are used for the incision of lesions. In Japan and China, which experienced a rapid surge in COVID, revenue declined due to a fall in the number of procedures.
- In Urology, performance was strong, centered on North America thanks to an ongoing recovery in the number of procedures. The main drivers continued to be resection electrodes for BPH and "SOLTIVE SuperPulsed Laser System" for stone lithotripsy.
- In Respiratory, China, supported by COVID-related respiratory budgets, contributed to sales growth. Sales in North America also increased due to yen depreciation effect. Steady sales expansion in respiratory-endotherapy products for EBUS-TBNA (Endobronchial ultrasound-guided Transbronchial Needle Aspiration) is continued. After FX adjustment, sales were negatively impacted by Europe, which was boosted by large orders in Russia and other countries in the previous fiscal year.
- In other therapeutic areas, we saw steady performance in "Powerseal" energy device. In North America, yen depreciation effect contributed to sales growth. After FX adjustment, sales were negatively impacted by Europe, which was significantly affected by parts shortages and the absence of large orders in Russia in the previous fiscal year.
- Results up to the third quarter fell short of the Company's plan due to multiple external factors restricting business growth, including a prolonged delivery time due to parts shortage, the Shanghai lockdown that occurred in the first quarter, and a decrease in procedure volume caused by the spread of COVID in Japan and China in the third quarter. As a result of these factors, our sales growth rate in the first nine months was up 1% YoY excluding FX, but if we had excluded the effects of the parts shortage and the Shanghai lockdown, we would have assumed that our sales growth rate would have been up 4% YoY. We will continue to invest long term initiatives to ensure our business growth.

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Statement of Financial Position

- ☑ Stated line items for Discontinued Operation's assets held for sale and liabilities directly associated with assets held for sale
- ☑ Excluding FX impact of approx. ¥63 billion, balance sheet decreased

(Billions of yen)	End of Mar. 2022	End of Dec. 2022	Change		End of Mar. 2022	End of Dec. 2022	Change
Current assets	694.6	722.5	+27.9	Current liabilities	376.3	355.3	-21.0
Inventories	167.4	170.9	+3.5	Bonds/loans payable	52.3	53.2	+0.9
Assets held for sale	4.7	132.3	+127.6	Liabilities directly associated with assets held for sale	0	32.8	+32.8
Non-current assets	663.4	670.1	+6.7	Non current liabilities	470.4	431.8	-38.6
Property, plant and equipment	247.1	233.4	-13.8	Bonds/loans payable	333.8	299.5	-34.3
Intangible assets and others	251.8	253.7	+1.9	Equity	511.4	605.6	+94.2
Goodwill	164.5	183.0	+18.5	(Equity ratio)	37.6%	43.4%	+5.8pt
Total assets	1,358.0	1,392.6	+34.6	**Total liabilities and equity**	1,358.0	1,392.6	+34.6

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- This is our financial position at the end of December 2022.
- From the second quarter, we stated the assets and liabilities for Discontinued Operation as "assets held for sale" and "liabilities directly associated with assets held for sale", respectively.
- Balance sheet increased by ¥34.6 billion, but excluding the FX impact of ¥63 billion, it decreased.
- Although profit before tax increased, cash and equivalents declined due to income tax payments, the acquisition of property, plant and equipment including demonstration/loaner items and leased assets, and the expenditures associated with redevelopment projects in Tokyo and Nagano, as well as the purchase of treasury shares.
- The equity ratio rose to 43.4%, up 5.8 points from the end of March.

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Consolidated Cash Flows

- ☑ FCF: Operating CF was positive ¥54.9 billion. Adjusted FCF was positive ¥42.4 billion
- ☑ Financing CF: Minus ¥112.4 billion due to purchase of treasury shares (¥40.0 billion*), dividend payment and bond redemption (¥40.0 billion), etc.

9 Months (Apr. to Dec.)

			FY2022	FY2023	Change
Continuing operations		Profit before tax	97.0	139.4	+42.4
	Discontinued operation	CF from operating activities	115.3	54.9	-60.3
		CF from investing activities	-57.1	-37.9	+19.3
		Free cash flow	58.1	17.1	-41.0
		Adjusted Free cash flow	90.9	42.4	-48.5
		CF from financing activities	-9.3	-112.4	-103.1
		Cash and cash equivalents at end of period	275.1	211.3	-63.8

Major adjusted items for FY2022 9M (Apr. to Dec.)	
Operating CF: Reversal of provision for career support for external opportunity program, etc.	-¥11.2 billion
Investing CF: Acquisition of businesses and subsidiaries, etc.	-¥21.6 billion

Major adjusted items for FY2023 9M (Apr. to Dec.)	
Operating CF: Tax payments and investments for reorganization of Scientific Solutions Business, etc.	-¥34.8 billion
Investing CF: Proceeds from sale of fixed assets (land), etc.	+¥19.1 billion
Investing CF: Acquisition of investment securities, businesses, and subsidiaries, etc.	-¥7.5 billion
Investing CF: Temporary financial burden for reorganization of Scientific Solutions Business, etc.	-¥2.1 billion

*Total amount is expected to be ¥50 billion.
Please refer to Appendix (P.23) for cash flow of discontinued operation.

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- This slide shows the status of cash flows.

- Cash flow from operating activities for the first nine months was plus ¥54.9 billion. Various one-off factors combined with circumstances unique to this fiscal year resulted in a decline in operating cash flow compared with the previous fiscal year. Key factors behind this were tax payments associated with the reorganization of the Scientific Solutions Division, the lump-sum corporate tax payments in May in Japan without making interim payments in November 2021. Other factors included an increase in corporate tax payments associated with the absence of loss carried forward, as well as an increase in working capital due in part to an increase in inventories from front-loaded purchases of parts and materials against the backdrop of supply shortages.

- Cash flow from investing activities was minus ¥37.9 billion. While there were expenditures for the acquisition of Medi-Tate in the previous fiscal year, cash flow improved in this fiscal year due to the proceeds from the sale of land in Tokyo.

- Free cash flow stood at ¥17.1 billion. Adjusted free cash flow considering extraordinary factors such as acquisitions, transfers, and reorganizations of businesses was plus ¥42.4 billion.

- Cash flow from financing activities was minus ¥112.4 billion. Key factors included the purchase of treasury shares, dividend payments and bond redemption.

- As a result, cash and cash equivalents stood at ¥211.3 billion as of December 31, 2022, a decrease of ¥63.8 billion.

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- Next, I would like to explain our full-year forecasts for fiscal 2023.

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Fiscal 2023 Consolidated Forecasts

☑ Largely unchanged from previous forecasts, except for FX assumptions. Expected to achieve adj. OPM of >20%, our target in corporate strategy

1 Revenue: Expected to achieve ¥871 billion, up 16% YoY, Operating profit: Record highs for both amount and ratio

2 Profit*: Expected to reach a record high of ¥376 billion due to a gain on transfer of SSD. EPS: Expected to grow 229% to ¥297

	(Billions of yen)	FY2023 Forecasts as of Nov. 11	FY2023 Latest Forecasts	Change	vs Nov. 11	vs Nov. 11 (After FX adjustment)	FY2022****	YoY	YoY (After FX adjustment)
Continuing operations**	Revenue	892.0	[1] 871.0	-21.0	-2%	0%	750.1	+16%	+4%
	Gross profit (% of revenue)	613.0 (68.7%)	594.0 (68.2%)	-19.0	-3%	0%	506.7 (67.5%)	+17%	+2%
	Selling, general and administrative expenses (% of revenue)	413.5 (46.4%)	411.0 (47.2%)	-2.5	-1%	0%	357.5 (47.7%)	+15%	+4%
	Other income and expenses	12.5	15.0	-	-	-	-3.0	-	-
	Operating profit (% of revenue)	212.0 (23.8%)	[1] 198.0 (22.7%)	-14.0	-7%	+1%	146.2 (19.5%)	+35%	+10%
	Adjusted operating profit (% of revenue)	**200.5 (22.5%)**	**184.0 (21.1%)**	-16.5	**-8%**	**0%**	**150.7 (20.1%)**	**+22%**	**-3%**
	Profit before tax (% of revenue)	206.0 (23.1%)	197.0 (22.6%)				141.7 (18.9%)		
	Profit from continuing operations (% of revenue)	157.0 (17.6%)	149.0 (17.1%)				110.7 (14.7%)		
Discontinued operation***	Profit from discontinued operation	230.0	227.0				5.3		
Continuing operations / Discontinued operation	Profit (loss)	387.0	376.0				116.0		
	Profit (loss) attributable to owners of parent	387.0 (39.2%)	[2] 376.0 (43.2%)				115.7 (13.3%)		
	EPS	¥305	¥297				¥90		

Dividend forecast for FY2023

Year-end dividend of ¥16 per share

*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) are scheduled to be transferred in March 2023, the latest forecast for discontinued operation for the fiscal year 2023 is based on the figures up to the end of February 2023.
****The figures for FY2022 are before the audit.

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- We have revised our FX assumptions from the previous forecasts. Based on results up to the third quarter, we have slightly lowered revenue excluding FX, but have left adjusted operating profit unchanged. Although FX assumptions have been revised from the previous forecasts, revenue and operating profit remain largely unchanged, excluding FX. The forecast assumptions for annual average FX are ¥135 to dollar and ¥140 to euro. For more details and FX sensitivity, please refer to page 24 in Appendix.
- Revenue is expected to achieve ¥871.0 billion, up 16% YoY.
- Operating profit is expected to achieve ¥198 billion, up 35% YoY with an adjusted operating margin of 21.1%. Record highs for both amount and ratio.
- Although multiple risk factors continue to stay in front of us and the outlook remains uncertain, we will proceed with all efforts with the goal of achieving the must-hit target of >20% adjusted operating margin set in corporate strategy.
- Profit is also expected to reach a record high of ¥376.0 billion, reflecting a gain on transfer of Scientific Solutions Business. EPS is expected to be ¥297, up 229% YoY. Profit of Continuing Operations is expected to be ¥149.0 billion with EPS of ¥118, up 37% YoY.
- Regarding dividends for fiscal 2023, we plan to pay a dividend of ¥16, unchanged from the announcement in May.

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Fiscal 2023 Forecasts by Business Segment

1. Medical: Revenue expected to reach a record high. EVIS X1 launch in the US. to be postponed to the middle of FY2024. Impact of this matter on business performance expected to be negligible
2. Discontinued Operation: Expected to achieve a significant profit increase due to a gain on transfer

(Billions of yen)		FY2023 Forecasts as of Nov. 11	FY2023 Latest Forecasts*	Change	vs Nov. 11	vs Nov. 11 (After FX adjustment)	FY2022**	YoY	YoY (After FX adjustment)
ESD	Revenue	552.0	[1] 542.0	-10.0	-2%	0%	461.5	+17%	+5%
	Operating profit	173.5	163.5	-10.0	-6%	0%	133.2	+23%	-1%
TSD	Revenue	329.0	[1] 318.0	-11.0	-3%	-1%	275.6	+15%	+3%
	Operating profit	75.0	69.5	-5.5	-7%	+1%	60.8	+14%	-2%
Others	Revenue	11.0	11.0	-	-	-	13.0	-15%	-18%
	Operating profit(loss)	-1.5	-1.5	-	-	-	-2.0	+¥0.5 billion	+¥0.5 billion
Elimination and Corporate	Operating profit(loss)	-35.0	-33.5	+1.5	+¥1.5 billion	+¥1.5 billion	-45.8	+¥12.3 billion	+¥16.4 billion
Consolidated Total	Revenue	892.0	871.0	-21.0	-2%	0%	750.1	+16%	+4%
	Operating profit	212.0	198.0	-14.0	-7%	+1%	146.2	+35%	+10%
(Reference) Discontinued Operation	Revenue	95.0	119.0	+24.0	+25%	+28%	118.7	0%	-13%
	Operating profit(loss)	354.0	[2] 350.0	-4.0	-1%	-1%	7.7	+4,445%	+4,352%

*Since all shares of discontinued operation (Evident) are scheduled to be transferred in March 2023, the latest forecast for discontinued operation for the fiscal year 2023 is based on the figures up to the end of February 2023.
**The figures for FY2022 are before the audit.

(Slide 12)

- Moving on to forecasts by segment, we expect both ESD and TSD to continue double-digit growth YoY. As a result, the combined revenue of the two divisions in the medical field is expected to reach a record high.
- We previously announced that EVIS X1 would be launched in the US within this fiscal 2023. However we have been revising the schedule to ensure all regulatory requirements are completed prior to the launch of the product. We are aiming for a launch in the middle of fiscal 2024. We do not expect this postponement to have a material impact on our business performance.
- In ESD, the impact of supply constraints including semiconductors is improving. We expect continued sales expansion of EVIS X1 in Japan, Europe, and APAC. In China, we expect growth, supported by pent-up demand due to delays in tenders and business negotiations caused by the Shanghai lockdown in the first quarter, as well as government support such as low-interest loan programs for medical equipments.
- In TSD, we expect continued growth centered on its three focused areas. While in Japan and China, the number of procedures is declining due to a rapid surge in COVID, in Europe and North America, where the number of procedures are recovering, sales of mainstay products are expected to be strong.
- We will continue to work on achieving adjusted OPM of >20%, our target in corporate strategy despite the unstable and uncertain environment by controlling SG&A expenses through company-wide efforts such as hiring constraint, review of various projects, limited non-essential overseas trips, and review of R&D priorities.
- Lastly, Discontinued Operation is expected to record a gain on transfer, resulting in a significant increase in profit.

FDA Warning Letters and Efforts to Strengthen QARA

FDA Warning Letters

- Olympus received Warning Letters from the U.S. Food and Drug Administration (FDA) regarding Aizu Olympus on November 3, 2022, and Olympus Medical Systems Corporation on December 15, 2022. The content of the Warning Letters cites quality system issues related to processes and records for design and manufacturing, as well as late submission of Medical Device Reports (MDRs)
- We are closely communicating with the FDA through both written and live interactions in order to ensure FDA expectations are met in a timely manner

Efforts to strengthen QARA
Globalization of Quality and Regulatory

- Global Complaint improvement program, implementing a new process and technology platform to ensure compliance
- Establishing an independent worldwide Quality and Regulatory organizational structure under the Chief Quality Officer reporting directly to the CEO (incl. hiring many leaders with knowledge and experience of QARA at medtech companies)
- Implementing a global Quality System and governance model for all Olympus sites and businesses
- Remediation of Design and Manufacturing processes and records

(Slide 13)

- Please turn to slide 13.
- I would like to explain Warning Letters we received from the FDA and our efforts to strengthen quality assurance and regulatory affairs.
- Olympus received Warning Letters regarding an inspection of the Aizuwakamatsu (Aizu) facility based in Fukushima, Japan in July and an inspection of the Hachioji facility based in Tokyo, Japan in September.
- The content of the Warning Letters cites quality system issues related to processes and records for design and manufacturing, as well as late submission of Medical Device Reports (MDRs). We are closely communicating with the FDA through both written and live interactions in order to ensure FDA expectations are met in a timely manner.
- We have been promoting efforts to strengthen quality assurance and regulatory affairs, including the globalization of the quality and regulatory. We have implemented Global Complaint improvement program that is a new process and technology platform to ensure compliance. We established an independent worldwide Quality and Regulatory organizational structure including hiring many leaders with knowledge and experience of QARA at medtech companies under the Chief Quality Officer reporting directly to the CEO. We have been implementing a global Quality System and governance model for all Olympus sites and businesses as well as remediating of Design and Manufacturing processes and records.
- The total amount of investment for these initiatives is currently under review. We will inform our forecast when a reasonable estimate can be made. The latest full-year forecasts include ¥1.4 billion in expenses for the current fiscal year.
- In order to become a leading global medtech company, we will further strengthen our quality assurance and regulatory affairs, and globally establish quality and compliance to ensure patient safety.
- Thank you very much.

Appendix

Changes in Reporting Structure

With divestiture of Scientific Solutions Business (Evident), it is disclosed as a discontinued operation from 2Q (based on IFRS)

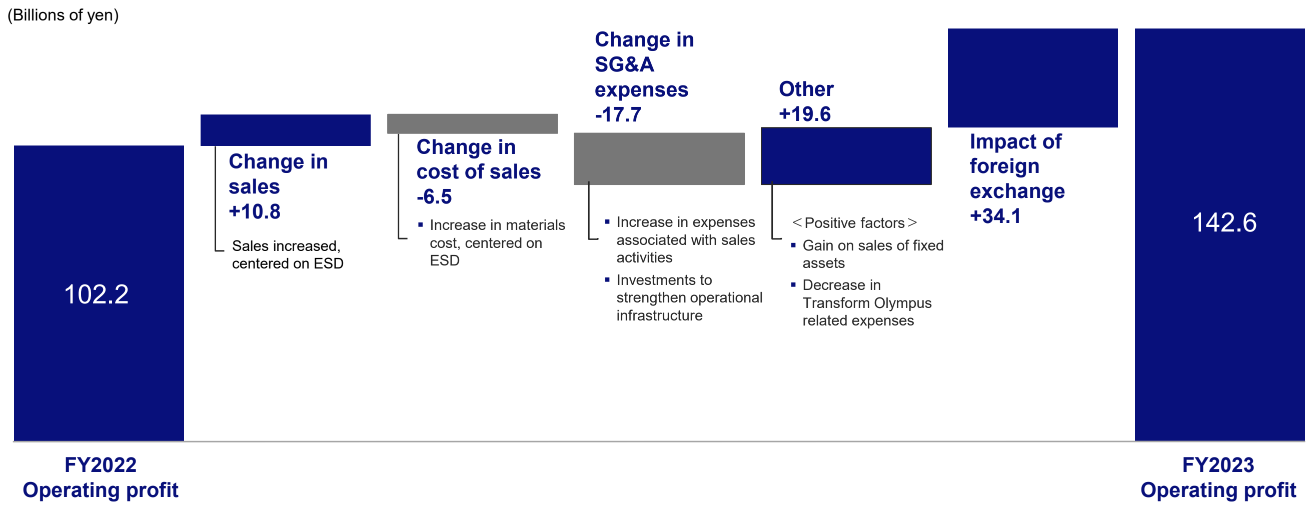
FY2022	Apr. 2022 - Feb. 2023 (scheduled)		Mar. 2023 (scheduled) -
ESD	Continuing Operations	ESD	ESD
TSD		TSD	TSD
SSD		Others	Others
Others	Discontinued Operation*	Scientific Solutions Business (Evident)	

- ☑ 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"). Due to this, profit (loss) from the Scientific Solutions Business has been classified as profit (loss) from discontinued operation from the second quarter under review, and corresponding items for the six months ended September 30, 2021, have been restated in a similar manner. Furthermore, 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. It is assumed that the transfer of all shares will be completed in March 2023.

3Q of Fiscal 2023 Factors that Affected Consolidated Operating Profit

9 Months (Apr. to Dec.)



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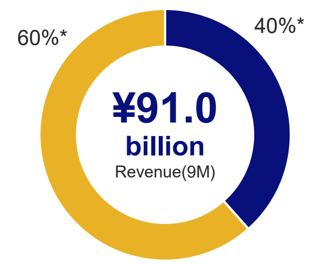
3Q of Fiscal 2023 Discontinued Operation (Scientific Solutions Business)



*Approx.

	FY2022		FY2023	
(Billions of yen)	3Q	9M	3Q	9M
Revenue	29.6	82.6	38.3	91.0
Operating profit	1.1	6.7	6.4	1.5
Other income and expenses	-3.8	-4.6	-3.3	-8.3
Operating margin (After FX adjustment)	3.7%	8.1%	16.6% (10.8%)	1.6%
Adjusted operating margin	**16.5%**	**13.6%**	**25.3%**	**10.7%**

Growth Rate FY2023 3Q vs FY2022 3Q	vs FY2022 (incl. FX)		vs FY2022(After FX adjustment)
■ Life science	26%	▪ Budget execution at research institutes and universities remained steady. In particular, in China, which was affected by Shanghai lockdown in 1Q, order backlog has been almost cleared, contributing to sales growth.	11%
■ Industrial	32%	▪ Favorable capex conditions in client markets such as aviation and gas pipeline. China, where shipments are increasing after lifting of Shanghai lockdown, and North America, where yen depreciation had a significant effect, contributed to sales growth.	14%
Total	29%		12%

Cash flow of discontinued operation 9M (Apr. - Dec.)

	FY2022	FY2023	Change
CF from operating activities	6.8	-13.7	-20.4
CF from investing activities	-4.6	-8.2	-3.6
CF from financing activities	-0.7	-1.4	-0.7

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3Q of Fiscal 2023 Results by Segment

(Billions of yen)		9 Months (Apr. - Dec.) FY2022	FY2023	YoY	After FX adjustment	3Q (Oct. – Dec.) FY2022	FY2023	YoY	After FX adjustment
ESD	Revenue	333.7	399.0	+20%	+5%	113.1	140.5	+24%	+8%
	Operating profit	91.6	110.7	+21%	-8%	30.0	41.8	+40%	+5%
TSD	Revenue	203.7	233.9	+15%	+1%	70.6	81.0	+15%	0%
	Operating profit	43.8	48.1	+10%	-10%	13.6	18.3	+35%	+12%
Others	Revenue	9.8	8.6	-12%	-15%	3.4	3.0	-12%	-16%
	Operating profit(loss)	-1.5	-0.9	+¥0.6 billion	+¥0.7 billion	-0.3	-0.1	+¥0.2 billion	+¥0.2 billion
Elimination and Corporate	Operating profit(loss)	-31.7	-15.3	+¥16.4 billion	+¥17.8 billion	-11.6	-11.0	+¥0.6 billion	+¥1.1 billion
Consolidated Total	Revenue	547.2	641.5	+17%	+3%	187.1	224.5	+20%	+4%
	Operating profit	102.2	142.6	+39%	+6%	31.6	49.0	+55%	+14%
Discontinued operation	Revenue	82.6	91.0	+10%	-4%	29.6	38.3	+29%	+12%
	Operating profit(loss)	6.7	1.5	-78%	-144%	1.1	6.4	+487%	+232%

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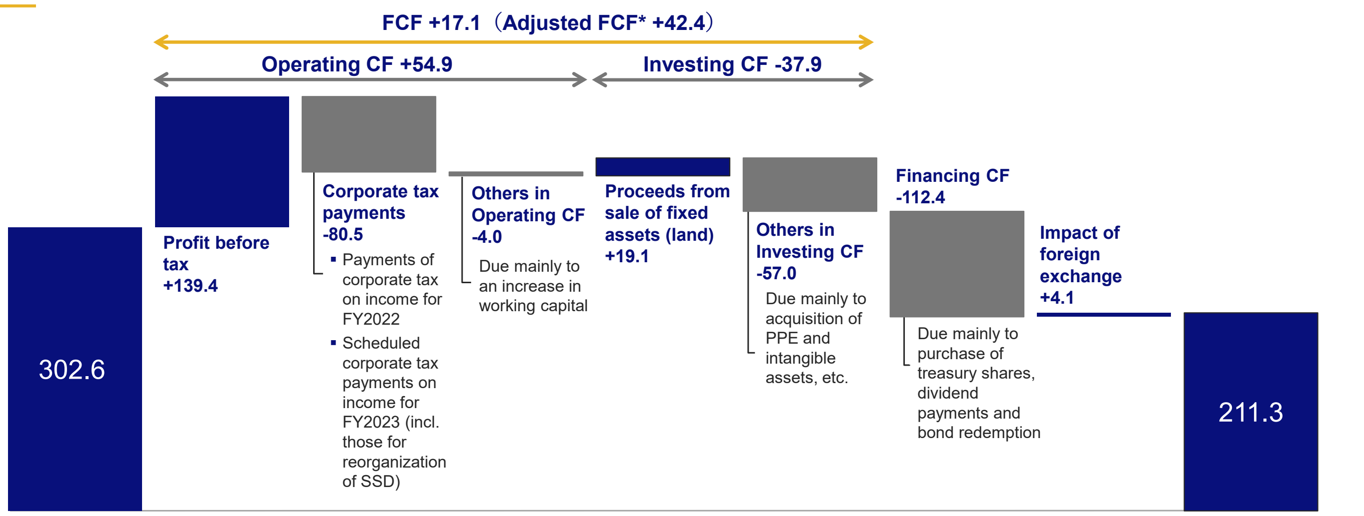
Factors that Affected Consolidated Cash Flows



*Major adjusted items for FY2023 9M (Apr. to Dec.)	
Operating CF: Tax payments and investments for reorganization of Scientific Solutions Business, etc.	-¥34.8 billion
Investing CF: Proceeds from sale of fixed assets (land), etc.	+¥19.1 billion
Investing CF: Acquisition of investment securities, businesses, and subsidiaries, etc.	-¥7.5 billion
Investing CF: Temporary financial burden for reorganization of Scientific Solutions Business, etc.	-¥2.1 billion

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Key Product Catalysts: Endoscopic Solutions Division (As of Feb. 10, 2023)

ESD Key priorities for FY2023

- Accelerate EVIS X1 sales growth in Europe, Japan and Asia Pacific
- **Aim to launch EVIS X1 in the US in the 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	Just launched / Coming soon	Beyond
GI endoscopy ▪ EVIS X1 (EU, Japan, AP) ▪ EVIS EXERA III (US, EU) ▪ EVIS LUCERA ELITE (China)	**GI endoscopy** ▪ EVIS X1 (US) ▪ EU-ME3 (EU, Japan, AP)	**GI endoscopy** ▪ EVIS X1 (China) ▪ Single-use duodenoscope ▪ ENDO-AID, endoscopy CAD platform for EVIS-X1 (Japan, US)
Surgical endoscopy ▪ **VISERA ELITE II 2D/3D/IR** (**US**, EU, Japan, **China**) ▪ VISERA 4K UHD (US, EU, Japan, China)	**Surgical endoscopy** ▪ **VISERA ELITE III** (EU, Japan、**AP**)	**Surgical endoscopy** ▪ VISERA ELITE III (US)

17%

Growth rate[1] in FY2023

1 YoY including FX

Key Product Catalysts: Therapeutic Solutions Division (As of Feb. 10, 2023)

TSD Key priorities for FY2023

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
- Launch EVIS X1, our next generation bronchoscopy platform, in the US market
- Accelerate growth through expansion of lung cancer solutions leveraging acquisition of Veran Medical Technologies

Growth driver now

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

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

Respiratory
- Bronchoscope, EBUS scope
- ViziShot series
- Spiration Valve System

Just launched / Coming soon

GI EndoTherapy
- **3** products (US)
- **5** products (EU)
- **5** products (Japan)

Urology
- iTind, non-surgical device for Benign Prostatic Hyperplasia (US, EU)

Respiratory
- Veran Electromagnetic Navigation system (US)
- Single-use bronchoscope (US)
- EBUS scope (US)
- EVIS X1 bronchoscope (US)

Beyond

GI EndoTherapy
- Single-use cholangioscope

Urology
- Single-use ureteroscope

Respiratory
- Veran Electromagnetic Navigation system (EU)
- Single-use bronchoscope

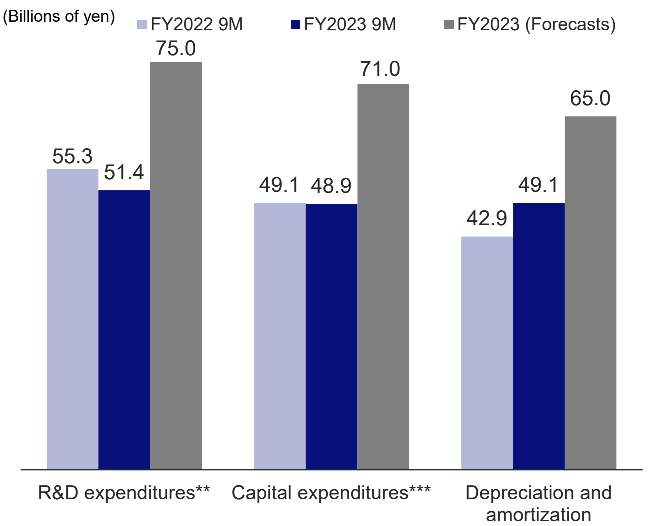
15%

Growth rate[1] in FY2023

1 YoY including FX

Expenditures, etc.

9 Months (Apr. to Dec.) and Full-year Forecasts*



(Billions of yen)	FY2022	FY2023
R&D expenditures** (a)	55.3	51.4
Capitalization of R&D expenditures (b)	9.6	8.8
R&D expenses in P/L (a-b)	45.7	42.6

(Billions of yen)	FY2022	FY2023
Amortization	5.1	6.2
	End of Sep. 2022	End of Dec. 2022
R&D assets	53.8	53.4

*The Scientific Solutions Business has been classified as a discontinued operation from the second quarter under review. Due to this, the amounts presented for R&D expenditures, Capital expenditures and Depreciation and amortization are the amounts from continuing operations from which the discontinued operation has been excluded. The figures have been similarly reclassified in the six months ended September 30, 2021.
**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.
(FY2022 3Q: ¥10.5 billion, FY2023 3Q: ¥6.7 billion, FY2023 Forecast: ¥8.0 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)	FY2022 1Q	FY2022 2Q	FY2022 3Q	FY2023 1Q	FY2023 2Q	FY2023 3Q	FY2023 Forecasts as of November 11	FY2023 Latest Forecasts
Yen/U.S. dollar	109.49	110.11	113.71	129.57	138.37	141.59	140	135
Yen/Euro	131.96	129.84	130.07	138.12	139.34	144.30	139	140
Yen/CNY	16.96	17.02	17.78	19.58	20.19	19.87	20	20

Forex sensitivity (annualized impact)

(Billions of yen)	Revenue	Operating profit
U.S. dollar (per yen)	2.5	1.1
Euro (per yen)	1.6	0.7
CNY (per yen)	6.0	3.9

*Amounts in the above table are related to continuing operations only.

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