

**OLYMPUS**



# **Consolidated Financial Results for the 2<sup>nd</sup> Quarter and Full-year Forecasts for Fiscal 2024**

Olympus Corporation | President and CEO, Stefan Kaufmann | Executive Officer and CFO, Chikashi Takeda | November 9, 2023

# Disclaimer

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- 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

## 2Q and 6M Consolidated Financial Results

✓ **Sales increased due to strong growth in APAC, which grew in all areas. By segment, continued strength in Medical service. Profit decreased due to investments for sustainable growth and strengthening of operational infrastructure, and project-related expenses for improving efficiency, as well as loss related to Veran Medical Technologies, Inc.**

- Revenue: 5% consolidated growth. Record high for Medical Business in 2Q and 6M
- Adjusted operating profit : Decreased due mainly to an increase in project-related expenses for improving efficiency, as well as personnel expenses for future growth and strengthening of operational infrastructure such as QARA
- Profit\*: Record high of ¥216.3 billion due to a gain on transfer of Scientific Solutions Business (Evident). EPS: ¥174
- Others: Steady progress in addressing issues identified in warning letters, while engaging in a constructive dialogue with FDA

## Full-year Performance Forecasts

✓ **Profit is expected to decline due to various internal and external factors, but we will steadily take measures to address identified growth inhibitors and continue to invest for sustainable growth**

- Revenue: Expected to achieve ¥958 billion, up 9% YoY
- Adjusted operating profit: Expected to achieve ¥174.5 billion, down 1% YoY, with an adjusted operating margin of 18.2%
- Profit\*: Record high of ¥289 billion due to a gain on transfer of Evident. EPS: Expected to be ¥238
- Shareholder returns: Decided on an additional share buyback of ¥80 billion (FY2024 total: ¥180 billion)

\*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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**Consolidated Financial Results and  
Business Review for the 2Q of Fiscal  
2024 (FY Ending March 31, 2024)**

# 2Q of Fiscal 2024 (1) Consolidated Financial Results

- 1 Revenue: 5% consolidated growth. Record high for Medical Business in 2Q and 6M
- 2 Adjusted operating profit: Decreased due mainly to an increase in project-related expenses for improving efficiency, as well as personnel expenses for future growth and strengthening of operational infrastructure such as QARA
- 3 Profit\*: Record high of ¥216.3 billion due to a gain on transfer of Scientific Solutions Business (Evident). EPS: ¥174

6 Months (Apr. to Sep.)

2Q (Jul. to Sep.)

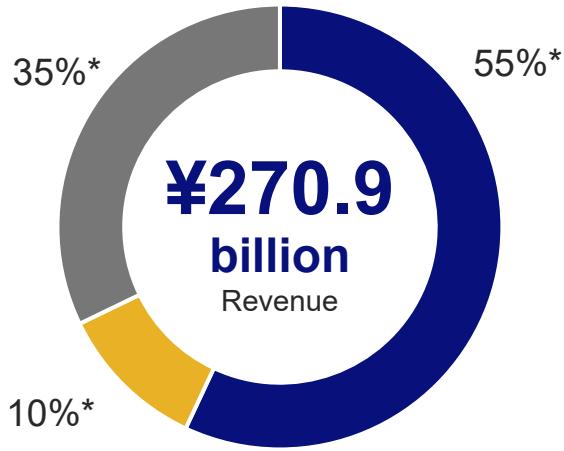
(Billions of yen)		6 Months (Apr. to Sep.)				2Q (Jul. to Sep.)				
		FY2023	FY2024	YoY	After FX adjustment	FY2023	FY2024	YoY	After FX adjustment	
**Continuing operations	Revenue	417.1	436.6	1	+5%	0%	224.8	228.9	+2%	-2%
	Gross profit (% of revenue)	277.5 (66.5%)	288.4 (66.1%)		+4%	-2%	151.8 (67.5%)	151.2 (66.1%)	0%	-5%
	Selling, general and administrative expenses (% of revenue)	198.5 (47.6%)	221.6 (50.8%)		+12%	+7%	102.5 (45.6%)	112.9 (49.3%)	+10%	+5%
	Other income and expenses	14.6	-62.0		-	-	-0.2	-56.0	-	-
	Operating profit (% of revenue)	93.6 (22.4%)	4.8 (1.1%)		-95%	-99%	49.1 (21.8%)	-17.7	-	-
	<b>Adjusted operating profit</b> (% of revenue)	<b>79.4</b> <b>(19.0%)</b>	<b>66.6</b> <b>(15.2%)</b>	<b>2</b>	<b>-16%</b>	<b>-24%</b>	<b>49.6</b> <b>(22.1%)</b>	<b>38.3</b> <b>(16.7%)</b>	<b>-23%</b>	<b>-26%</b>
	Profit before tax (% of revenue)	89.3 (21.4%)	-1.0	-¥90.3billion			47.3 (21.0%)	-20.7	-¥67.9billion	
	Profit from continuing operations (% of revenue)	69.5 (16.7%)	-11.5	-¥81.0billion			41.6 (18.5%)	-25.0	-¥66.6billion	
	Profit from discontinued operation	-2.6	228.1	+¥230.7billion			0.4	1.0	+¥0.6billion	
	Profit (loss)	66.9	216.7	+224%			42.0	-24.0	-¥66.0billion	
Profit (loss) attributable to owners of parent	66.8	216.3	3	+224%		42.0	-24.3	-¥66.2billion		
EPS	¥53	¥174				-	-			

\*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.

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

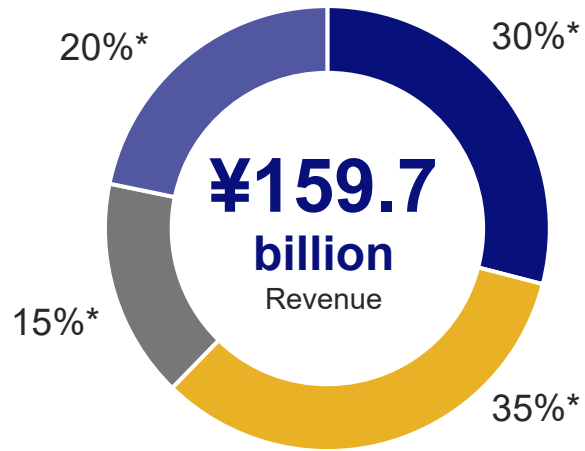


(Billions of yen)	FY2023		FY2024	
	2Q	6M	2Q	6M
Revenue	141.6	258.5	143.7	270.9
Operating profit	44.1	68.9	28.7	50.9
Other income and expenses	-0.2	-1.4	-4.4	-7.8
<b>Adjusted operating profit</b>	<b>44.3</b>	<b>70.3</b>	<b>33.2</b>	<b>58.7</b>
Operating margin (After FX adjustment)	31.1%	26.7%	20.0% (19.8%)	18.8% (17.7%)
<b>Adjusted operating margin (After FX adjustment)</b>	<b>31.3%</b>	<b>27.2%</b>	<b>23.1% (22.9%)</b>	<b>21.7% (20.6%)</b>

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

Growth Rate FY2024 2Q vs FY2023 2Q	After FX adjustment		Incl. FX
<b>■ Gastrointestinal endoscope</b>	-8%	<ul style="list-style-type: none"> <li>Sales were particularly sluggish in Europe, where capital investment has stagnated, and in North America, where customers refrained from purchasing before launch of EVIS X1.</li> </ul>	-5%
<b>■ Surgical endoscope</b>	-5%	<ul style="list-style-type: none"> <li>Sales decreased, particularly in China, where business environment was challenging. In the meantime, Japan, Europe and APAC performed well, led by new surgical endoscope system VISERA ELITE III.</li> </ul>	-2%
<b>■ Medical service</b>	8%	<ul style="list-style-type: none"> <li>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.</li> </ul>	14%
<b>Total</b>	-3%		1%

# 2Q of Fiscal 2024 (3) Therapeutic Solutions Division (TSD)



(Billions of yen)	FY2023		FY2024	
	2Q	6M	2Q	6M
Revenue	80.6	152.9	82.5	159.7
Operating profit(loss)	16.4	29.8	-38.2	-28.5
Other income and expenses	0.1	-0.1	-52.8	-54.7
<b>Adjusted operating profit</b>	<b>16.3</b>	<b>29.9</b>	<b>14.5</b>	<b>26.1</b>
Operating margin (After FX adjustment)	20.4%	19.5%	-	-
<b>Adjusted operating margin (After FX adjustment)</b>	<b>20.2%</b>	<b>19.6%</b>	<b>17.6% (18.2%)</b>	<b>16.4% (16.1%)</b>

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

Growth Rate FY2024 2Q vs FY2023 2Q

After FX adjustment

Incl. FX

<b>GI-Endotherapy</b>	6%	▪ Growth centered on North America. Notable momentum in ERCP, ESD/EMR and hemostasis products.	11%
<b>Urology</b>	-4%	▪ Sales decreased in North America and Japan due to temporary shipment suspension and supply shortages, including for major products. Resection electrodes mainly for BPH treatment continued to grow.	1%
<b>Respiratory</b>	-2%	▪ Sales decreased in China, which was affected by supply shortages of some products, etc., and in Japan, where COVID-related subsidies effect was seen in previous year.	2%
<b>Other therapeutic areas</b>	-9%	▪ Sales decreased due to sale of Gyrus Medical in Europe, etc.	-5%
<b>Total</b>	<b>-2%</b>		<b>2%</b>

# Statement of Financial Position

- ☑ Balance sheet increased by approx. ¥20.5 billion in real terms, excluding FX impact of approx. ¥89 billion, due mainly to an increase in cash and profit 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
- ☑ Intangible assets and goodwill decreased due mainly to impairment loss of Veran Medical Technologies

(Billions of yen)	End of Mar. 2023	End of Sep. 2023	Change		End of Mar. 2023	End of Sep. 2023	Change
Current assets	726.4	921.8	+195.4	Current liabilities	461.9	423.3	-38.6
Inventories	163.0	183.4	+20.4	Bonds/loans payable	50.0	100.0	+50.0
Assets held for sale	169.6	-	-169.6	Liabilities directly associated with assets held for sale	43.3	-	-43.3
Non-current assets	782.0	696.0	-86.0	Non current liabilities	405.2	367.0	-38.2
Property, plant and equipment	238.7	253.1	+14.3	Bonds/loans payable	290.1	248.5	-41.6
Intangible assets	115.2	99.6	-15.5	Equity	641.2	827.5	+186.3
Goodwill	182.5	182.3	-0.2	(Equity ratio)	42.4%	51.2%	+8.8pt
<b>Total assets</b>	1,508.3	1,617.8	+109.5	<b>Total liabilities and equity</b>	1,508.3	1,617.8	+109.5



# 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 ¥17.7 billion
- ✓ Financing CF: Minus ¥125.4 billion due mainly to share buyback and dividend payment

## 6 Months (Apr. to Sep.)

		FY2023	FY2024	Change
Continuing operations	Profit before tax	89.3	-1.0	-90.3
	Discontinued operation			
	CF from operating activities	27.3	-11.8	-39.1
	CF from investing activities	-15.7	412.7	+428.4
	Free cash flow	11.6	400.9	+389.3
	<b>Adjusted Free cash flow</b>	<b>16.2</b>	<b>17.7</b>	<b>+1.5</b>
	CF from financing activities	-35.5	-125.4	-90.0
Cash and cash equivalents at end of period		297.4	488.2	+190.8

### Major adjusted items for FY2023 6M (Apr. to Sep.)

Operating CF: Tax payments for reorganization of SSD	-¥15.2 billion
Investing CF: Proceeds from sale of fixed assets (land)	+¥19.1 billion
Investing CF: Acquisition of investment securities	-¥3.5 billion
Investing CF: Investments and temporary financial burden associated with reorganization of SSD	-¥4.9 billion

### Major adjusted items for FY2024 6M (Apr. to Sep.)

Operating CF: Corporate tax payment on gain on transfer of Evident	-¥56.7 billion
Investing CF: Receipt of consideration for transfer of Evident, etc.	+¥387.9 billion
Investing CF: Collection of loan from Evident, etc.	+¥52.0 billion



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## Forecasts for Fiscal 2024

# Fiscal 2024 Consolidated Forecasts

- 1** Revenue: Expected to achieve ¥958 billion, up 9% YoY
- 2** Adjusted Operating profit: Expected to achieve ¥174.5 billion, down 1% YoY, with an adjusted operating margin of 18.2%
- 3** Profit\*: Record high of ¥289 billion due to a gain on transfer of Evident. EPS: Expected to be ¥238
- 4** Shareholder returns: Decided on an additional share buyback of ¥80 billion (FY2024 total: ¥180 billion)

(Billions of yen)		FY2024 Forecasts as of Aug 9	FY2024 Latest Forecasts	Change	vs Aug 9	After FX adjustment	FY2023	vs FY2023	After FX adjustment
**Continuing operations	Revenue	914.0	<b>1</b> 958.0	+44.0	+5%	-2%	881.9	+9%	+3%
	Gross profit	627.0 (% of revenue) (68.6%)	650.0 (67.8%)	+23.0	+4%	-3%	596.8 (67.7%)	+9%	+2%
	Selling, general and administrative expenses	446.0 (% of revenue) (48.8%)	476.0 (49.7%)	+30.0	+7%	+1%	420.5 (47.7%)	+13%	+8%
	Other income and expenses	-18.0	-74.0	-	-	-	10.3	-	-
	Operating profit	163.0 (% of revenue) (17.8%)	100.0 (10.4%)	-63.0	-39%	-46%	186.6 (21.2%)	-46%	-54%
	<b>Adjusted operating profit</b>	<b>182.0</b> <b>(% of revenue) (19.9%)</b>	<b>2</b> <b>174.5</b> <b>(18.2%)</b>	<b>-7.5</b>	<b>-4%</b>	<b>-14%</b>	<b>176.8</b> <b>(20.0%)</b>	<b>-1%</b>	<b>-12%</b>
	Profit before tax	159.0 (% of revenue) (17.4%)	92.0 (9.6%)	*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.			182.3 (20.7%)		
	Profit from continuing operations	115.0 (% of revenue) (12.6%)	61.0 (6.4%)				138.0 (15.7%)		
	Profit from discontinued operation	221.0	228.0				5.6		
	***Discontinued operation	Profit (loss)	336.0	<b>3</b> 289.0	Dividend forecast for FY2024			143.6	
Profit (loss) attributable to owners of parent		336.0 (36.8%)	289.0 (30.2%)	143.4 (16.3%)					
EPS		¥273	¥238	¥113					
Continuing operations			<b>4</b>	Year-end dividend of ¥18 per share					

# Fiscal 2024 Forecasts by Business Segment

- 1** ESD: EVIS X1 launched in the U.S. and China in Oct 2023. Revised downward in consideration of delay in tenders due to anti-corruption campaign in China and provision associated with voluntary recall.
- 2** TSD: Revised downward in consideration of sales decline due mainly to supply delays, and loss related to Veran Medical Technologies, Inc.
- 3** Discontinued Operation: Expected to achieve a significant profit increase YoY due to a gain on transfer of Evident

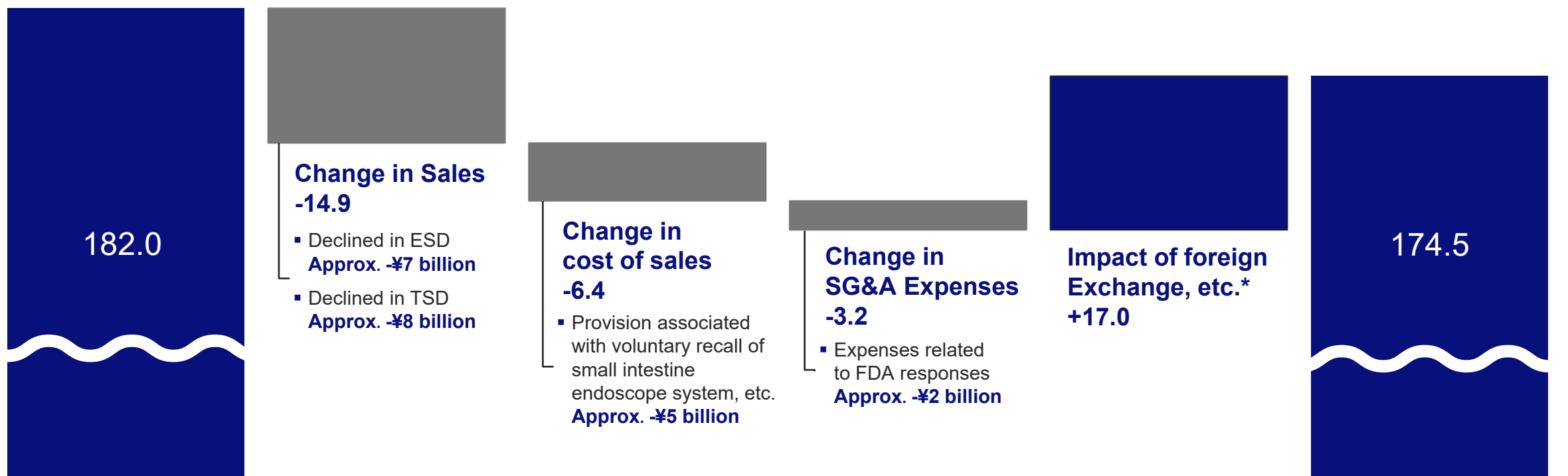
(Billions of yen)		FY2024 Forecasts as of Aug 9	FY2024 Latest Forecasts	Change	vs Aug 9	After FX adjustment	FY2023	vs FY2023	After FX adjustment
ESD	Revenue	572.0	604.0	+32.0	+6%	-1%	551.8	+9%	+3%
	Operating profit	158.0	<b>1</b> 150.0	-8.0	-5%	-15%	152.8	-2%	-12%
TSD	Revenue	329.0	342.0	+13.0	+4%	-3%	318.2	+7%	+1%
	Operating profit(loss)	56.0	<b>2</b> -4.5	-60.5	-¥60.5 billion	-¥58.7 billion	63.7	-¥68.2 billion	-¥68.9 billion
Others	Revenue	13.0	12.0	-1.0	-8%	-12%	11.9	+1%	-4%
	Operating profit(loss)	1.0	1.0	0	-	-	-0.9	+¥1.9 billion	+¥1.9 billion
Elimination and Corporate	Operating profit(loss)	-52.0	-46.5	+5.5	+¥5.5 billion	+¥7.2 billion	-28.9	-¥17.6 billion	-¥16.1 billion
<b>Consolidated Total</b>	Revenue	914.0	958.0	+44.0	+5%	-2%	881.9	+9%	+3%
	Operating profit	163.0	100.0	-63.0	-39%	-46%	186.6	-46%	-54%
(Reference) Discontinued Operation	Revenue	0	0	-	-	-	135.4	-	-
	Operating profit	347.0	<b>3</b> 348.0	+1.0	-	-	7.0	-	-

\*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.

# Factors that Affect Fiscal 2024 Forecasts (vs. Previous Forecast)

## FY2024 Latest Forecasts vs Aug. 9 Forecasts

(Billions of yen)



**FY2024  
Adjusted operating  
profit forecasts  
as of Aug. 9**

### Main Factors that affected revenue

Supply shortages due to supply chain issues	Approx. -¥9-10 billion
External factors (Impact of a delay in tenders due to anti-corruption campaign in China, etc.)	Approx. -¥8-9 billion

\*Equity Method is included.



A woman in blue scrubs is smiling and talking to a man in a white lab coat. The background is a blurred hospital setting. The image has a blue tint.

03

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# Transforming into a Leading Global MedTech Company

# Key Message

- 1** Our clear priority is the remediation of all issues outlined in the three warning letters and transforming Olympus into a best-in-class MedTech company with highest focus on patient safety and quality. We are making good progress in both fulfilling our commitments towards FDA and transforming the way we work.
- 2** Mid-term ambition level with respect to growth and margin expansion is obviously higher than what we will be able to deliver in FY2024.
- 3** We will this fiscal year and in the future increase value for our shareholders and improve our capital efficiency.



\*Constant currency basis and adjusted for extraordinary Items

# **Guiding Principles**

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# Our Strategy for Sustainable Growth

## Guiding Principles

### Patient safety and sustainability



- 1 Resolve pending commitments to the FDA, prove confidence with regulators
- 2 Lead in organization health and ESG

### Innovation for growth



- 3 Strengthen the Olympus brand, elevate the experience of our customers
- 4 Grow our business through purposeful innovation and acquisitions

### Productivity



- 5 Build a high performing organization focused on patient safety and product quality
- 6 Ensure simplicity and operational efficiency

## Strategic Value Pools



Business and  
Global Expansion



Strategic M&A



Care Pathway  
Enhancement



Intelligent  
Endoscopy  
Ecosystem

“ Making people’s lives healthier, safer and more fulfilling. ”



# Launched a holistic remediation and transformation program

“ Elevate our innovative capabilities; the standard of care and patient outcomes; and growth as an organization ”

## Fix the past & secure the present +

Meet all of our warning letter commitments in an effective and timely manner and avoid future recurrence

## Build for the future

Pro-actively address root causes that will help us improve Quality outcomes going forward through cross-functional engagement and ownership



- Improved lifecycle management
- Digitally-enabling processes to reduce costs and improve effectiveness
- Shortening time to develop, get clearance and launch products



OLYMPUS  
**Elevate**



# Laying the foundation for sustainable growth

Growth is temporarily more challenged for a variety of reasons, but we are consequently investing in our defined strategic priorities which will translate into sustainable growth and value creation over the medium-term.

## We are making investments for the future in...

### Guiding Principles

#### Patient safety and sustainability



- ✓ Steady progress is made in corrective actions for FDA findings
- ✓ ELEVATE; Launched a holistic remediation and quality transformation program

#### Innovation for growth



- ✓ Regulatory approvals and geographic expansion for EVIS X1
- ✓ Continue efforts to accelerate market development of iTind minimally invasive BPH solution

#### Productivity



- ✓ Establishing a framework to improve efficiency



# Regulatory approvals and geographic expansion for EVIS X1

Full global availability of our strategic core product that is the largest source of sales  
**EVIS X1 will foster sustainable growth**

## Expected growth opportunity for EVIS X1 endoscopy system



## Revenue ratio

<p>Approx. <b>50%</b></p>	<p><b>NEW Americas</b> Sales started in <b>October 2023 (FY24 3Q)</b></p>
<p>Approx. <b>50%</b></p>	<p><b>NEW China</b> Sales started in <b>November 2023 (FY24 3Q)</b></p>
	<p><b>Japan</b> Sales started in <b>FY2021</b></p>
	<p><b>Europe**</b> Sales started in <b>FY2021</b></p>
	<p><b>Asia-Pacific***</b> Sales started in <b>FY2021</b></p>



“ There is still replacement demand and sustainable growth potential in Japan, Europe and Asia-Pacific. ”

\*\*Europe excluding part of CIS \*\*\*Asia-Pacific excluding some countries/ areas

# EVIS X1 Endoscopy System

## - Elevating the Standard of Endoscopy

Innovation  
for growth



### TXI – Texture and Color Enhancement Imaging

Optimizes mucosal surface image color, texture, and brightness during endoscopic screening, increasing the visibility of potentially suspicious lesions.



### RDI – Red Dichromatic Imaging

Supports easier identification of bleeding points and hemostasis — helping to reduce treatment time and stress and to avoid delayed bleeding after endoscopic therapy.



### NBI – Narrow Band Imaging

Results in sharper, clearer, brighter images — enhancing the visibility of vascular and mucosal patterns.



### EDOF – Extended Depth of Field

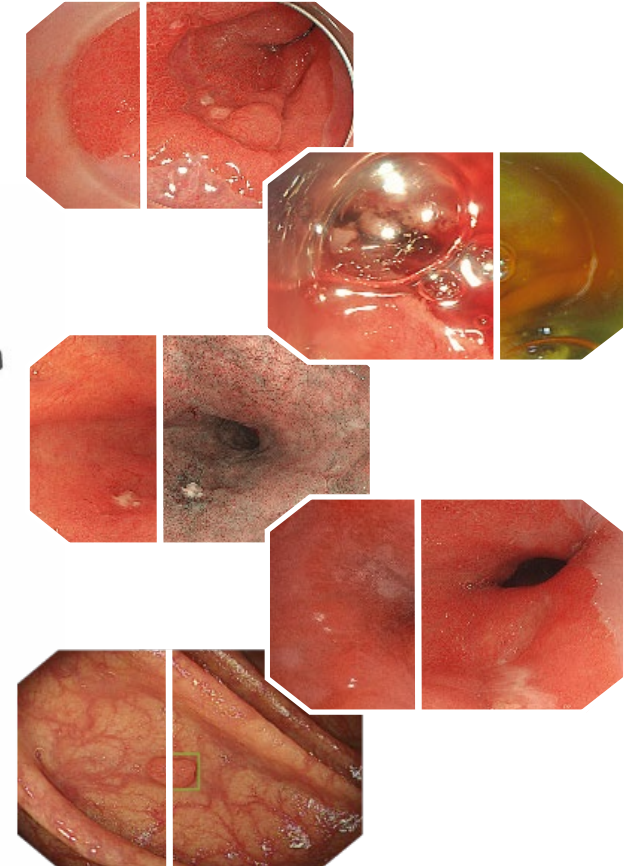
Delivers continuous broad focus, higher image resolution, and maximum magnification functionality.



### ENDO-AID

#### – Application to aid in the detection of colonic lesions

Uses advanced AI technology to suggest the potential presence of lesions, helping increase adenoma detection rates (ADR).





# TSD offers a compelling portfolio of differentiated solutions with a robust pipeline

Steady progress is made in line with the company strategy for sustainable growth.

## GI-Endotherapy



- Double-digit growth in our ESD/EMR, ENDOCUFF VISION, EndoClot portfolios
- Acquisition\*<sup>1</sup> of **broad metal stent portfolio will significantly accelerate our global position** and options in biliary tract, esophagus, colon, and duodenum treatments

## Respiratory



- Differentiated solutions such as EVIS X1 bronchoscopes and EU-ME3 endoscopic ultrasound processor expected to **drive robust future growth**
- Committed to **delivering meaningful innovation to optimize patient outcomes** in bronchoscopy and lung cancer staging & diagnosis procedures

## Urology



- Launch of single-use ureteroscope will expand clinician options
- Portfolio of Laser and Ultrasonic lithotripsy systems **enables market share capture**
- PLASMA+ Technology system, one of the growth drivers, **continues solid growth.**
- Expanded reimbursement for differentiated **MIS BPH device which provides better clinical outcomes** and elevates the standard of care\*<sup>2</sup>

\*<sup>1</sup> Acquisition of Taewoong medical Co., Ltd.; Closure pending \*<sup>2</sup> iTind procedure does not require a permanent implant and preserves sexual function and continence, while reducing the need for a post procedure catheter. Procedure can be done in the MD office setting.

# Continue efforts to accelerate market development of iTind minimally invasive BPH solution

The American Medical Association (AMA) CPT Editorial Panel published its decision to establish two Category I CPT codes for the iTind procedure, which would go into effect in January of 2025



## iTind



### Clinician Benefits

- Delivering rapid relief of BPH symptoms
- No cutting or heating prostate tissue
- Leaving behind no permanent implant
- Avoiding complications associated with other treatments

### Patient Benefits

- Preserving sexual function and continence and removing the need for an uncomfortable catheter
- Can be placed during a straightforward procedure in an office or outpatient setting. Patients can recover at home.

### Care Provider Benefits

- In the United States, CMS\*1 increased reimbursement for iTind in 2023 when performed in HOPD\*2 or ASC\*3
- Reduced procedural time and lower total cost of care when compared to alternative therapies

“ More patients and physicians will have access to the novel iTind procedure, strengthening the care pathway and elevating the standard of care. ”

\*1 CMS = Centers for Medicare & Medicaid Services \*2 HOPD = Hospital Outpatient Department \*3 ASC = Ambulatory Surgery Center





# Establishing a framework to improve efficiency

## Global Operating Model

### Goal Statement

**Further fine-tune and operationalize our global operating model** to become a more high-performing organization as a leading global MedTech company and unlock capital to drive innovation



Global Operating Model Guiding Principles



Future divisional set-up and Global Business Units Archetype



Clearer roles and responsibilities across divisions, business units, functions and regions



Refine selected Functional-specific operating model



Refine high-value managerial processes



Regionally harmonized governance framework and organization structure

## Global Productivity

### Goal Statement

**Ensure simplicity and operational efficiency** through defining short-term levers and longer-term efforts that link to fine-tuned Operating Model



Productivity workplans for FY2025 SGA target achievement



Assessment of current operations with leading industry benchmarks



Mid-/Long-term rightsizing recommendations



# Capital Allocation

# Capital Allocation

- ✓ Prioritize allocation to business investment
- ✓ Stable and gradual dividend increase
- ✓ Flexible buyback of company shares



# Shareholder Returns: Additional share buyback of ¥80 billion

“ We will proactively continue to consider share buyback in FY2025 and FY2026 after securing sufficient liquidity on hand for working capital and investment, based on the capital allocation policy. ”

¥ **100** billion

✓ Total number of shares to be repurchased 55,000,000 shares (maximum)  
: 4.39%\* of total number of shares outstanding (excluding treasury shares)

✓ Repurchase Period  
May 15, 2023 to November 6, 2023

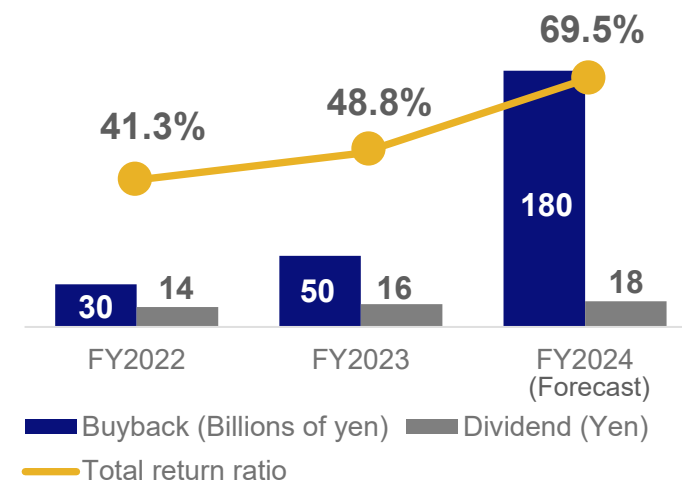
**NEW** ¥ **80** billion

✓ Total number of shares to be repurchased 53,000,000 shares (maximum)  
: 4.34%\*\* of total number of shares outstanding (excluding treasury shares)

✓ Repurchase Period  
November 10, 2023 to March 31, 2024

¥ **180** billion

Changes in Shareholder Returns



\* Calculated based on the number of shares outstanding (excluding treasury shares) as of March 31, 2023




\*\* Calculated based on the number of shares outstanding (excluding treasury shares) as of September 31, 2023

## FY24-26 Financials



In FY2026 we aim at achieving mid-single digit sales growth target and operating margin of 20%.



 Revenue Growth*	~5% CAGR from FY2023
 EPS Growth**	~8% CAGR from FY2023
 OP margin**	~20%

\* constant currency basis

\*\* Adjusted for extraordinary Items

- Exclude "Other income / expenses"

- No adjustment will be made for the impact of exchange rate fluctuations; actual exchange rate will be used



**OLYMPUS**

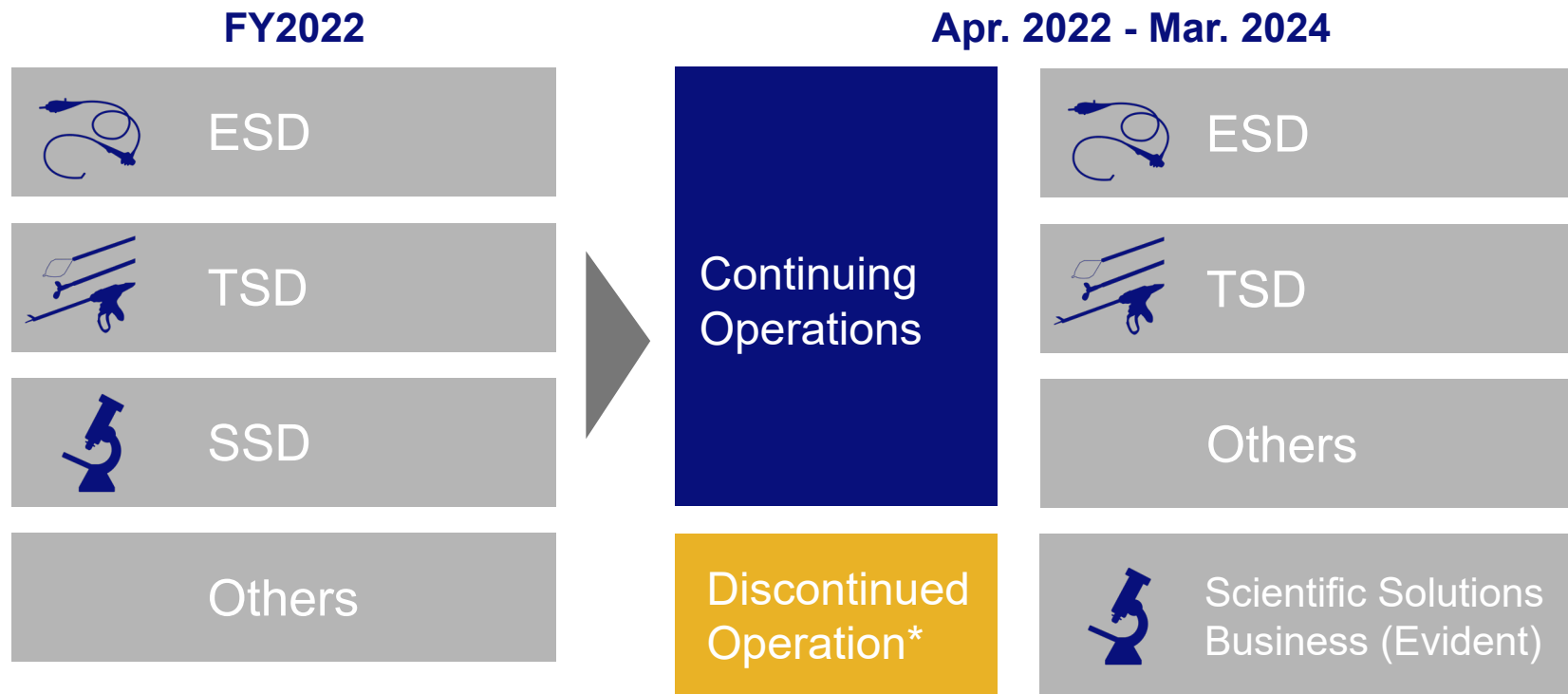
A thick, yellow, brushstroke-style underline that tapers at both ends, positioned directly beneath the word "OLYMPUS".

# Appendix

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# 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)



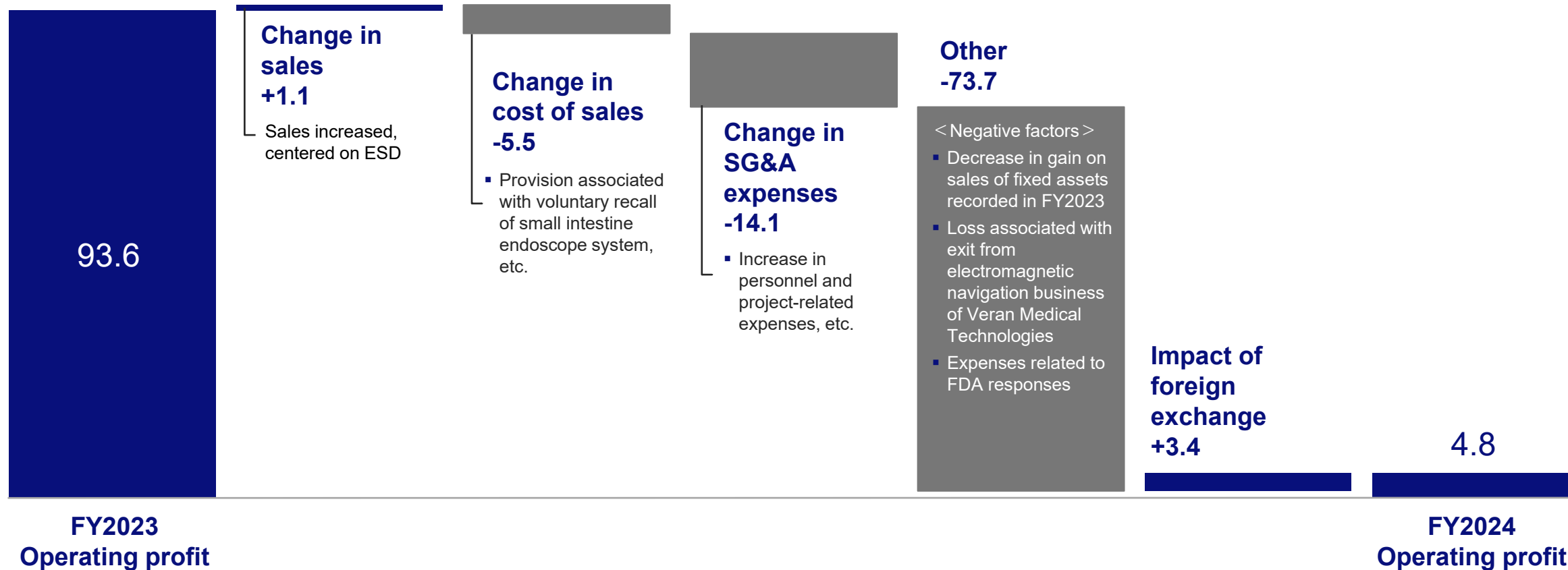
- ✓ Profit (loss) from Discontinued Operation is disclosed in Consolidated Financial Results
- ✓ Performance of Discontinued Operation is disclosed as supplementary information

\*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.

# 2Q of Fiscal 2024 Factors that Affected Consolidated Operating Profit

6 Months (Apr. to Sep.)

(Billions of yen)



# 2Q of Fiscal 2024 Results by Segment

		6 Months (Apr. - Sep.)				2Q (Jul. – Sep.)			
(Billions of yen)		FY2023	FY2024	YoY	After FX adjustment	FY2023	FY2024	YoY	After FX adjustment
ESD	Revenue	258.5	270.9	+5%	+1%	141.6	143.7	+1%	-3%
	Operating profit	68.9	50.9	-26%	-33%	44.1	28.7	-35%	-38%
TSD	Revenue	152.9	159.7	+4%	0%	80.6	82.5	+2%	-2%
	Operating profit(loss)	29.8	-28.5	-¥58.3 billion	-¥57.2 billion	16.4	-38.2	-¥54.7 billion	-¥52.3 billion
Others	Revenue	5.7	6.1	+8%	+3%	2.6	2.7	+2%	-4%
	Operating profit(loss)	-0.8	1.0	+¥1.8 billion	+¥1.8 billion	-0.5	1.1	+¥1.6 billion	+¥1.6 billion
Elimination and Corporate	Operating profit(loss)	-4.3	-18.6	-¥14.3 billion	-¥14.0 billion	-10.9	-9.3	+¥1.6 billion	+¥1.8 billion
<b>Consolidated Total</b>	Revenue	417.1	436.6	+5%	0%	224.8	228.9	+2%	-2%
	Operating profit	93.6	4.8	-95%	-99%	49.1	-17.7	-¥66.8 billion	-¥65.6 billion
Discontinued operation	Revenue	52.7	0	-	-	30.9	0	-	-
	Operating profit(loss)	-4.9	348.2	-	-	-1.1	0.6	-	-

# Other income and expenses

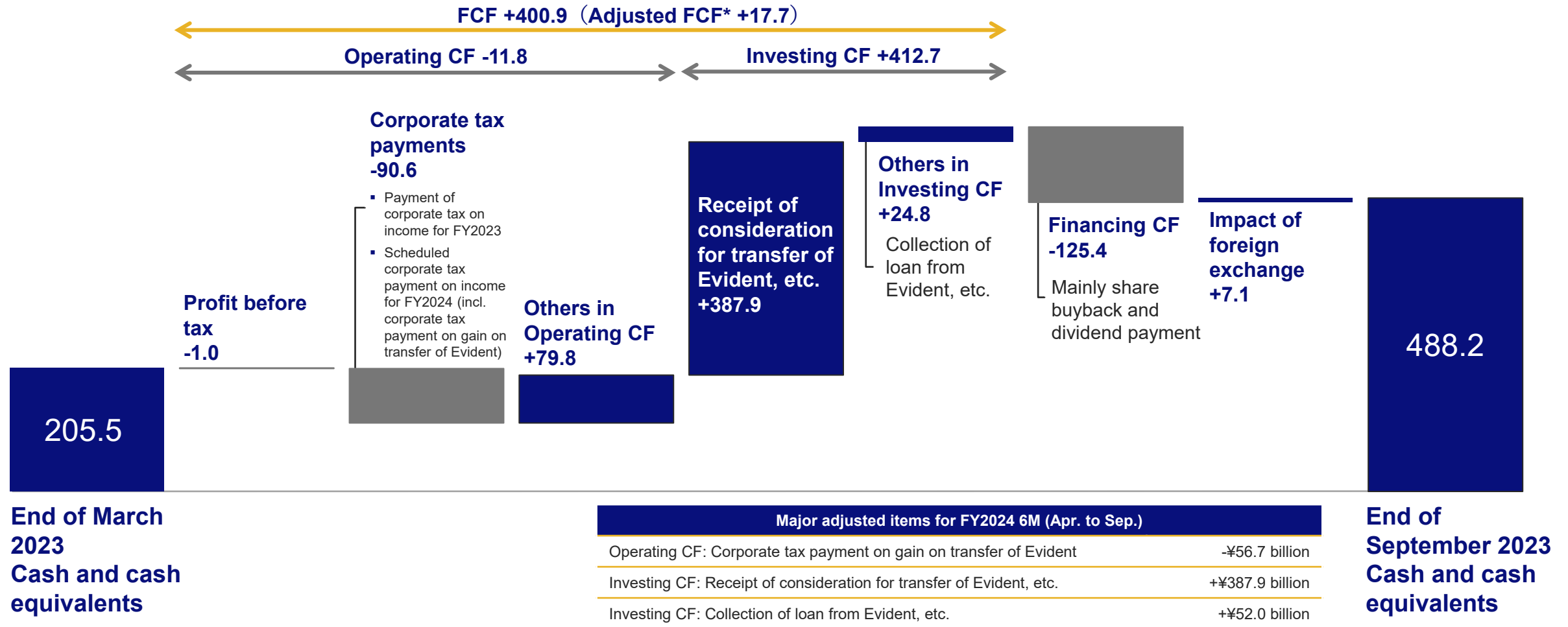
## 6 Months (Apr. to Sep.)

(Billions of yen)	FY2023 6M	FY2024 6M	Change
<b>Other income</b>	19.4	2.5	-16.8
Major items	Gain on sales of land 16.4	Gain on transfer of collagen business 1.1	
<b>Other expenses</b>	5.1	64.3	+59.2
Major items	Transform Olympus cost 1.7	Veran Medical Technologies Inc. related loss 49.6 Expenses related to FDA Responses 11.9 Impairment of development assets 1.0	

## Full-year Forecasts

(Billions of yen)	FY2023	FY2024	Change
<b>Other income</b>	23.7	3.5	-20.2
Major items	Gain on sales of land 16.4 Medi-Tate Reversal of conditional consideration 1.3	Gain on transfer of collagen business 1.1	
<b>Other expenses</b>	13.9	78.0	+64.1
Major items	Transform Olympus cost 2.4 Impairment of development Assets 1.8 Expenses related to FDA Responses 1.9	Veran Medical Technologies Inc. related loss 51.0 Expenses related to FDA Responses 20.0 Impairment of development assets 1.0	

# Factors that Affected Consolidated Cash Flows

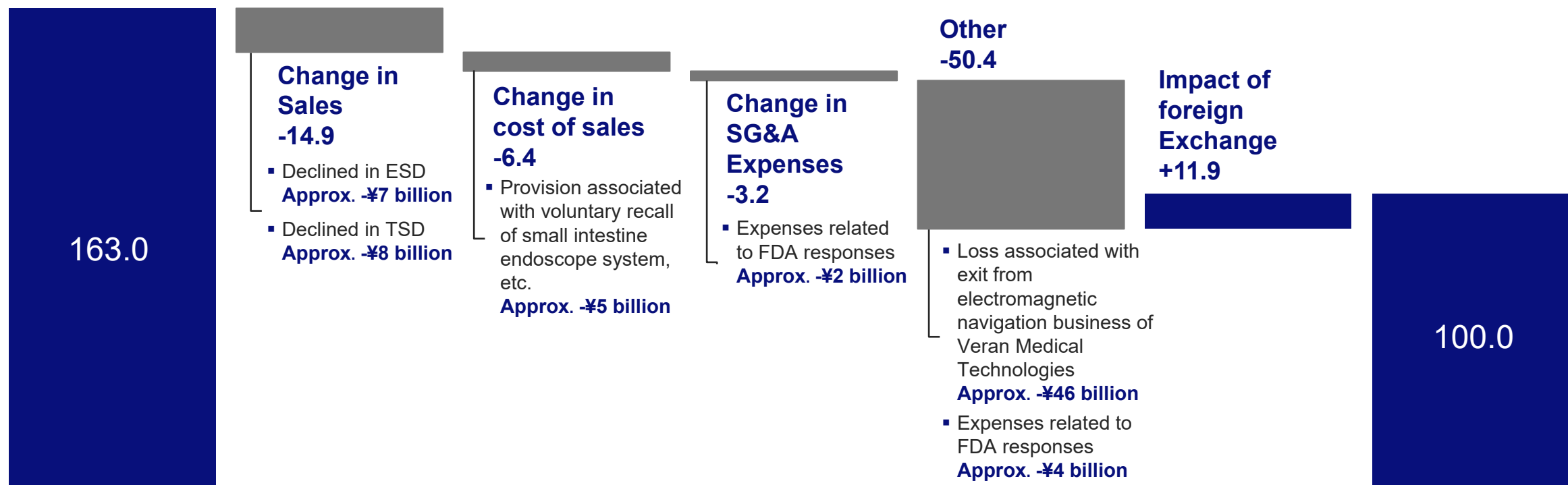




# Factors that Affect Fiscal 2024 Forecasts (vs. Previous Forecast)

## FY2024 Latest Forecasts vs Aug. 9 Forecasts

(Billions of yen)



**FY2024  
Operating profit  
as of Aug. 9**

### Main Factors that affected revenue

Supply shortages due to supply chain issues	Approx. -¥9-10 billion
External factors (Impact of a delay in tenders due to anti-corruption campaign in China, etc.)	Approx. -¥8-9 billion

**FY2024  
Operating profit  
latest forecasts**

# Key Product Catalysts: Endoscopic Solutions Division (As of Nov. 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	Just launched / Coming soon	Beyond
<p><b>GI endoscopy</b></p> <ul style="list-style-type: none"> <li>▪ EVIS X1 (EU, Japan, AP)</li> <li>▪ EVIS EXERA III (US, EU)</li> <li>▪ EVIS LUCERA ELITE (China)</li> </ul> <p><b>Surgical endoscopy</b></p> <ul style="list-style-type: none"> <li>▪ VISERA ELITE II 2D/3D/IR (US, EU, Japan, China)</li> <li>▪ VISERA 4K UHD (US, EU, Japan, China)</li> </ul>	<p><b>GI endoscopy</b></p> <ul style="list-style-type: none"> <li>▪ EVIS X1 (US, China)</li> <li>▪ EU-ME3 (EU, Japan, AP)</li> </ul> <p><b>Surgical endoscopy</b></p> <ul style="list-style-type: none"> <li>▪ VISERA ELITE III (EU, Japan, AP)</li> </ul>	<p><b>GI endoscopy</b></p> <ul style="list-style-type: none"> <li>▪ Single-use duodenoscope</li> <li>▪ ENDO-AID, endoscopy CAD platform for EVIS-X1 (Japan, US)</li> </ul> <p><b>Surgical endoscopy</b></p> <ul style="list-style-type: none"> <li>▪ VISERA ELITE III (US)</li> </ul>

**3%**

**Growth rate<sup>1</sup>  
in FY2024**

1 YoY after FX adjustment

# Key Product Catalysts: Therapeutic Solutions Division (As of Nov. 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 offering.**
- 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

- Single-use bronchoscope (US)**
- 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, AP, Japan)
- SOLTIVE SuperPulsed Laser System (Japan)**
- iTind (US, EU, AP)
- Resection electrodes (China)
- OES ELITE Ureteroscope (China)

### Respiratory

- 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
- Video processor**

### Respiratory

- Slim EBUS scope
- EVIS X1 bronchoscope (China)

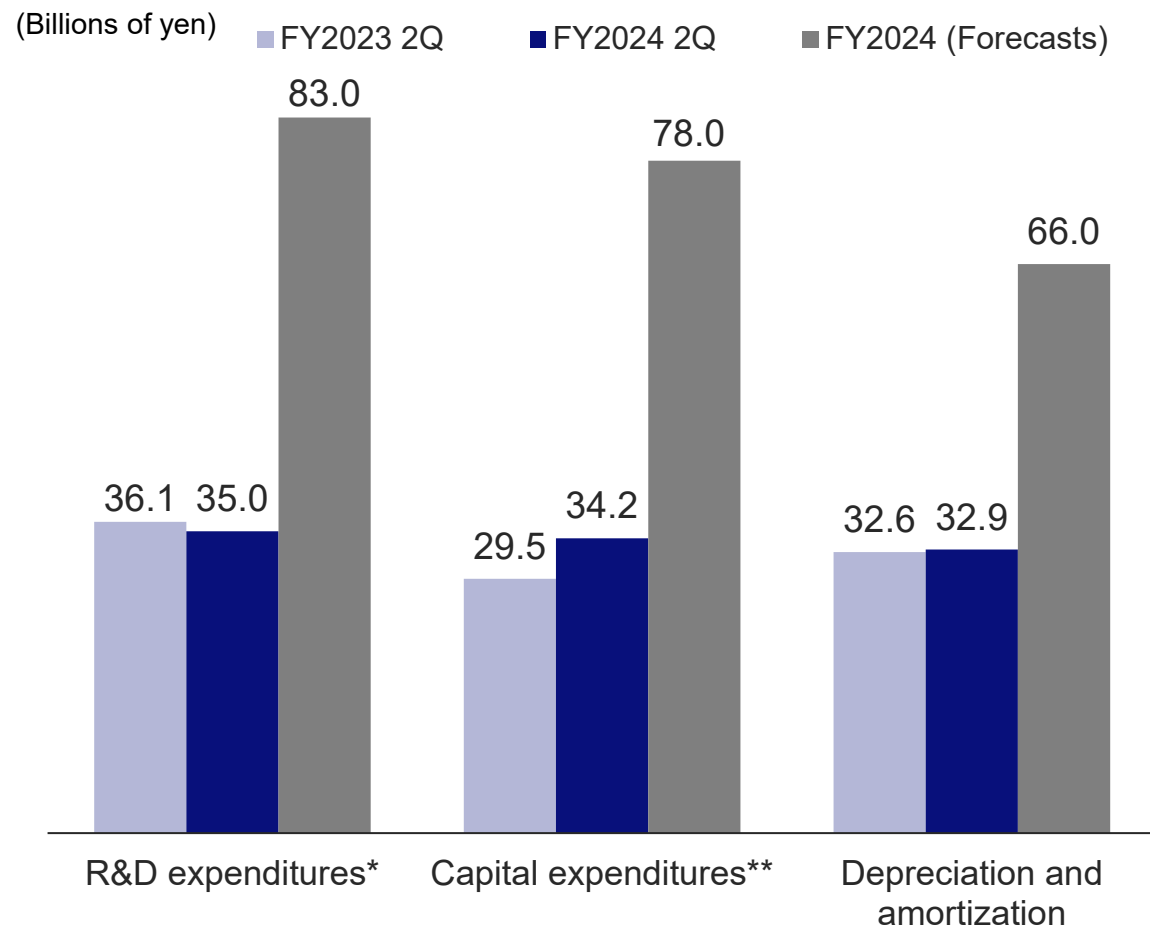
**1%**

**Growth rate<sup>1</sup>  
in FY2024**

1 YoY after FX adjustment

# Expenditures, etc.

## 6 Months (Apr. to Sep.) and Full-year Forecasts



(Billions of yen)	FY2023	FY2024
R&D expenditures* (a)	36.1	35.0
Capitalization of R&D expenditures (b)	5.6	6.2
R&D expenses in P/L (a-b)	30.5	28.8

(Billions of yen)	FY2023	FY2024
Amortization	3.9	4.2
	End of Jun. 2023	End of Sep. 2023
R&D assets	59.9	60.8

\*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 2Q: ¥4.3 billion, FY2024 2Q: ¥6.9 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	FY2023 2Q	FY2024 1Q	FY2024 2Q	FY2024 Forecasts as of August 9	FY2024 Latest Forecasts
Yen/U.S. dollar	129.57	138.37	137.37	144.62	132	145
Yen/Euro	138.12	139.34	149.47	157.30	144	155
Yen/CNY	19.58	20.19	19.56	19.94	19	20

## 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.