

This document has been translated from the Japanese original (as submitted to the Tokyo Stock Exchange) for reference purposes only. Olympus Corporation assumes no responsibility for direct, indirect or any other forms of damages caused by misunderstanding from the translation.

## Consolidated Financial Results for the Nine Months of the Fiscal Year Ending March 31, 2020 <under IFRS>



February 6, 2020

Company Name: Olympus Corporation  
 Code Number: 7733  
 (URL: <https://www.olympus.co.jp/>)  
 Stock Exchange Listing: First Section of Tokyo Stock Exchange  
 Representative: Yasuo Takeuchi, Director, Representative Executive Officer, President and CEO  
 Contact: Takayuki Aoyagi, Vice President, Accounting Department  
 Phone: 03-3340-2111  
 Scheduled date to submit the Quarterly Securities Report: February 6, 2020  
 Scheduled date to commence dividend payments: –  
 Presentation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results presentation meeting: Yes (for analysts and institutional investors)

(Figures are rounded off to the nearest million yen)

### 1. Consolidated Financial Results for the Nine Months of the Fiscal Year Ending March 31, 2020 (From April 1, 2019 to December 31, 2019)

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

|                   | Revenue     |     | Operating profit |        | Profit before tax |        | Profit      |        |
|-------------------|-------------|-----|------------------|--------|-------------------|--------|-------------|--------|
|                   | (¥ million) | %   | (¥ million)      | %      | (¥ million)       | %      | (¥ million) | %      |
| Nine months ended |             |     |                  |        |                   |        |             |        |
| December 31, 2019 | 595,071     | 2.4 | 78,485           | 281.3  | 74,191            | 446.1  | 59,141      | 814.5  |
| December 31, 2018 | 581,046     | 1.6 | 20,584           | (65.6) | 13,585            | (75.6) | 6,467       | (86.6) |

|                   | Profit attributable to owners of parent |        | Total comprehensive income |        | Basic earnings per share |     | Diluted earnings per share |     |
|-------------------|---|--------|----------------------------|--------|--------------------------|-----|----------------------------|-----|
|                   | (¥ million)                             | %      | (¥ million)                | %      | (¥)                      | (¥) | (¥)                        | (¥) |
| Nine months ended |   |        |                            |        |                          |     |                            |     |
| December 31, 2019 | 59,138                                  | 806.1  | 58,617                     | –      | 44.76                    |     | 44.74                      |     |
| December 31, 2018 | 6,527                                   | (86.4) | 4,240                      | (93.8) | 4.78                     |     | 4.78                       |     |

Note: On April 1, 2019, the Company conducted a four-for-one stock split of common stock. The stock split is reflected in the amounts of “basic earnings per share” and “diluted earnings per share.”

### (2) Consolidated Financial Position

|                   | Total assets | Total equity | Equity attributable to owners of parent | Ratio of equity attributable to owners of parent to total assets |
|-------------------|--------------|--------------|---|--|
|                   | (¥ million)  | (¥ million)  | (¥ million)                             | %  |
| As of             |              |              |   |  |
| December 31, 2019 | 987,915      | 397,269      | 396,039                                 | 40.1   |
| March 31, 2019    | 932,030      | 442,387      | 441,193                                 | 47.3   |

### 2. Dividends

|  | Annual dividends |                |               |          |       |
|--|------------------|----------------|---------------|----------|-------|
|  | First quarter    | Second quarter | Third quarter | Year-end | Total |
|  | (¥)              | (¥)            | (¥)           | (¥)      | (¥)   |
| Fiscal year ended March 31, 2019             | –                | –              | –             | 30.00    | 30.00 |
| Fiscal year ending March 31, 2020            | –                | –              | –             |          |       |
| Fiscal year ending March 31, 2020 (Forecast) |                  |                |               | 10.00    | 10.00 |

Notes: 1. Revisions of the forecast most recently announced: No

2. On April 1, 2019, the Company conducted a four-for-one stock split of common stock. For the fiscal year ended March 31, 2019, the actual amounts of dividends prior to the stock split are presented. The stock split is reflected in the dividend for the fiscal year ending March 31, 2020 (forecast). (Reference) Without reflecting the stock split, the annual dividend per share for the fiscal year ending March 31, 2020 (forecast) would be ¥40.00.

### 3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2020

(From April 1, 2019 to March 31, 2020)

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

|           | Revenue     |     | Operating profit |       | Profit before tax |       | Profit attributable to owners of parent |       | Basic earnings per share |
|-----------|-------------|-----|------------------|-------|-------------------|-------|---|-------|--------------------------|
|           | (¥ million) | %   | (¥ million)      | %     | (¥ million)       | %     | (¥ million)                             | %     | (¥)                      |
| Full year | 810,000     | 2.0 | 92,000           | 225.3 | 87,000            | 332.5 | 64,000                                  | 685.6 | 48.44                    |

Note: Revisions of the forecast most recently announced: Yes

#### \* Notes

(1) Changes in significant subsidiaries during the nine months under review (changes in specified subsidiaries resulting in the changes in scope of consolidation): No

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

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

Note: For details, please see “2. Condensed Consolidated Financial Statements and Significant Notes Thereto (6) Notes to Condensed Consolidated Financial Statements (Significant accounting policies)” on page 13 of the Consolidated Financial Results (Attached Material).

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

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

|                         |                      |
|-------------------------|----------------------|
| As of December 31, 2019 | 1,370,914,963 shares |
| As of March 31, 2019    | 1,370,853,396 shares |

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

|                         |                   |
|-------------------------|-------------------|
| As of December 31, 2019 | 85,336,356 shares |
| As of March 31, 2019    | 5,170,080 shares  |

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

|                                     |                      |
|-------------------------------------|----------------------|
| Nine months ended December 31, 2019 | 1,321,186,502 shares |
| Nine months ended December 31, 2018 | 1,365,651,664 shares |

Note: On April 1, 2019, the Company conducted a four-for-one stock split of common stock. Concerning the number of shares for the previous fiscal year, “Total number of issued shares at the end of the period,” “total number of treasury shares at the end of the period” and “average number of shares during the period” have been calculated and presented as if the stock split was conducted at the beginning of the previous fiscal year.

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

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

(Caution concerning forward-looking statements)

The forward-looking statements, including forecast of financial results, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable.

Accordingly, the Company cannot make promises to achieve such forecasts. Actual business and other results may differ substantially due to various factors. Please refer to the section of “Explanation of Forecast of Consolidated Financial Results and Other Forward-looking Statements” on page 5 of the attached material for the conditions that form the assumptions for the forecast and cautions concerning the use thereof.

**Attached Material**  
**Contents**

- 1. Qualitative Information Regarding Settlement of Accounts for the Nine Months..... 2
  - (1) Explanation of Results of Operations..... 2
  - (2) Financial Position..... 4
  - (3) Cash Flows ..... 5
  - (4) Explanation of Forecast of Consolidated Financial Results and Other Forward-looking Statements..... 5
  
- 2. Condensed Consolidated Financial Statements and Significant Notes Thereto..... 6
  - (1) Condensed Consolidated Statements of Financial Position..... 6
  - (2) Condensed Consolidated Statements of Profit or Loss ..... 8
  - (3) Condensed Consolidated Statements of Comprehensive Income ..... 9
  - (4) Condensed Consolidated Statements of Changes in Equity ..... 10
  - (5) Condensed Consolidated Statements of Cash Flows..... 11
  - (6) Notes to Condensed Consolidated Financial Statements ..... 13
    - (Notes on premise of going concern) ..... 13
    - (Reporting entity) ..... 13
    - (Basis of preparation) ..... 13
    - (Significant accounting policies)..... 13
    - (Significant accounting estimates and associated judgments)..... 15
    - (Segment information) ..... 15

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

### (1) Explanation of Results of Operations

#### Overall

|   | (Millions of yen)                      |  |                     |                                  |
|---|--|--|---------------------|----------------------------------|
|   | Nine months ended<br>December 31, 2018 | Nine months ended<br>December 31, 2019 | Increase (Decrease) | Increase (Decrease)<br>Ratio (%) |
| Revenue   | 581,046                                | 595,071                                | 14,025              | 2.4                              |
| Operating profit (loss)                           | 20,584                                 | 78,485                                 | 57,901              | 281.3                            |
| Profit (loss) attributable to<br>owners of parent | 6,527                                  | 59,138                                 | 52,611              | 806.1                            |
| Exchange rate (Yen/U.S. dollar)                   | 111.14                                 | 108.67                                 | (2.47)              | –                                |
| Exchange rate (Yen/Euro)                          | 129.49                                 | 121.05                                 | (8.44)              | –                                |
| Exchange rate (Yen/Renminbi)                      | 16.61                                  | 15.60                                  | (1.01)              | –                                |

In line with the reorganization of the Medical Business, effective from the fiscal year ending March 31, 2020, we have presented business operations by segment by dividing up the Medical Business into the Endoscopic Solutions Business and the Therapeutic Solutions Business. For details, please see “2. Condensed Consolidated Financial Statements and Significant Notes Thereto (6) Notes to Condensed Consolidated Financial Statements (Segment information)” on page 15.

The global economy slowed down overall during the nine months ended December 31, 2019, and the situation remained unclear due to trade friction between the U.S. and China and the U.K.’s withdrawal from the EU. The Japanese economy recovered gradually, supported by corporate earnings and improvement in the employment and income environments, despite a further increase in weakness, mainly in manufacturing industries, amid a scenario of continually sluggish exports.

Amid this business environment, the Olympus Group announced its business transformation plan “Transform Olympus” in January 2019 to develop itself as a truly global medtech company, and we also announced a medium- and long-term management strategy based on “Transform Olympus” in November 2019. This management strategy replaces the medium-term management plan, 2016 Corporate Strategic Plan (“16CSP”), announced in April 2016 and indicates the long-term direction of the Company. Going forward, we will work to achieve sustainable growth based on this management strategy.

The Olympus Group’s overall consolidated revenue for the nine months ended December 31, 2019 increased to ¥595,071 million (up 2.4% year on year), due to increased sales in the Endoscopic Solutions Business, Therapeutic Solutions Business and Scientific Solutions Business. Operating profit was ¥78,485 million (up 281.3% year on year) due to profit growth in the Endoscopic Solutions Business, Therapeutic Solutions Business and Scientific Solutions Business, and the large improvement resulting from increased cost-effectiveness and the absence of ¥38,818 million in “Other expenses” recorded as one-time costs in the same period of the previous fiscal year relating to a monetary settlement following damages claim securities litigation settlements, costs associated with the restructuring of the Imaging Business’s manufacturing locations, damages resulting from the judgment regarding a lawsuit involving a Chinese production subsidiary, costs associated with entering into a plea agreement with the U.S. Department of Justice, etc. Profit attributable to owners of parent improved significantly to ¥59,138 million (up 806.1% year on year), as a result of finance costs declining mainly due to exchange losses, despite an increase of income taxes associated with a significant improvement in operating profit.

Regarding foreign exchange, the yen appreciated against the U.S. dollar, the euro and the renminbi compared to the previous fiscal year. The average exchange rate during the period was ¥108.67 against the U.S. dollar (¥111.14 in the same period of the previous fiscal year), ¥121.05 against the euro (¥129.49 in the same period of the previous fiscal year) and ¥15.60 against the renminbi (¥16.61 in the same period of the previous fiscal year) which caused revenue and operating profit to down by ¥21,940 million and ¥8,318 million, respectively, year on year.

**Endoscopic Solutions Business**

(Millions of yen)

|                         | Nine months ended<br>December 31, 2018 | Nine months ended<br>December 31, 2019 | Increase (Decrease) | Increase (Decrease)<br>Ratio (%) |
|-------------------------|--|--|---------------------|----------------------------------|
| Revenue                 | 303,826                                | 315,123                                | 11,297              | 3.7                              |
| Operating profit (loss) | 65,773                                 | 91,580                                 | 25,807              | 39.2                             |

Consolidated revenue in the Endoscopic Solutions Business amounted to ¥315,123 million (up 3.7% year on year), while operating profit amounted to ¥91,580 million (up 39.2% year on year).

Although the mainstay endoscopy systems are reaching the second half of their product life cycles in developed countries, strong sales were maintained in China, which is continuing to grow. Additionally, “VISERA ELITE II” surgical endoscopy systems also performed strongly, leading to higher revenue year on year in the Endoscopic Solutions Business.

Operating profit in the Endoscopic Solutions Business increased due to improved cost-effectiveness and the absence of expenses, such as the costs associated with entering into a plea agreement with the U.S. Department of Justice, recorded as “Other expenses” in the same period of the previous fiscal year.

**Therapeutic Solutions Business**

(Millions of yen)

|                         | Nine months ended<br>December 31, 2018 | Nine months ended<br>December 31, 2019 | Increase (Decrease) | Increase (Decrease)<br>Ratio (%) |
|-------------------------|--|--|---------------------|----------------------------------|
| Revenue                 | 160,609                                | 163,589                                | 2,980               | 1.9                              |
| Operating profit (loss) | 20,762                                 | 22,537                                 | 1,775               | 8.5                              |

Consolidated revenue in the Therapeutic Solutions Business amounted to ¥163,589 million (up 1.9% year on year), while operating profit amounted to ¥22,537 million (up 8.5% year on year).

Sales of new flexible ureteroscope products and new endoscopy products for rhinology/otology and single-use products of endo-therapy devices for use in diagnosis and treatment of biliary and pancreatic ducts and others were strong. Additionally, sales of single-use products of the “THUNDERBEAT” integrated energy device with both advanced bipolar and ultrasonic energy, and therapeutic devices for EBUS procedures in the Respiratory Business continued to grow, leading to higher revenue year on year in the Therapeutic Solutions Business.

Operating profit in the Therapeutic Solutions Business rose mainly due to the contribution of increased revenue.

**Scientific Solutions Business**

(Millions of yen)

|                         | Nine months ended<br>December 31, 2018 | Nine months ended<br>December 31, 2019 | Increase (Decrease) | Increase (Decrease)<br>Ratio (%) |
|-------------------------|--|--|---------------------|----------------------------------|
| Revenue                 | 73,245                                 | 76,636                                 | 3,391               | 4.6                              |
| Operating profit (loss) | 4,958                                  | 8,009                                  | 3,051               | 61.5                             |

Consolidated revenue in the Scientific Solutions Business amounted to ¥76,636 million (up 4.6% year on year), while operating profit amounted to ¥8,009 million (up 61.5% year on year).

Sales of products for hospitals and life science research were strong in all regions. Sales of industrial endoscopes were strong for the main markets such as aviation and infrastructure, and sales of non-destructive testing equipment also increased in the aviation market in North America and in the infrastructure market in China and other countries in Asia, leading to higher revenue year on year in the Scientific Solutions Business.

Operating profit in the Scientific Solutions Business increased due to the increase in revenue and improved cost-effectiveness.

**Imaging Business**

| (Millions of yen)       |  |  |                     |                                  |
|-------------------------|--|--|---------------------|----------------------------------|
|                         | Nine months ended<br>December 31, 2018 | Nine months ended<br>December 31, 2019 | Increase (Decrease) | Increase (Decrease)<br>Ratio (%) |
| Revenue                 | 38,338                                 | 34,747                                 | (3,591)             | (9.4)                            |
| Operating profit (loss) | (13,129)                               | (7,377)                                | 5,752               | –                                |

Consolidated revenue in the Imaging Business amounted to ¥34,747 million (down 9.4% year on year), while operating loss amounted to ¥7,377 million (compared with an operating loss of ¥13,129 million in the same period of the previous fiscal year).

A harsh operating environment led to a decline in revenue in the Imaging Business.

Operating loss for the Imaging Business declined due to the recording of one-time costs associated with the restructuring of manufacturing locations in the same period of the previous fiscal year as “other expenses,” in addition to the advancement of improved cost-effectiveness.

**Others**

| (Millions of yen)       |  |  |                     |                                  |
|-------------------------|--|--|---------------------|----------------------------------|
|                         | Nine months ended<br>December 31, 2018 | Nine months ended<br>December 31, 2019 | Increase (Decrease) | Increase (Decrease)<br>Ratio (%) |
| Revenue                 | 5,028                                  | 4,976                                  | (52)                | (1.0)                            |
| Operating profit (loss) | (2,192)                                | (1,826)                                | 366                 | –                                |

Consolidated revenue in other businesses amounted to ¥4,976 million (down 1.0% year on year), while operating loss amounted to ¥1,826 million (compared with an operating loss of ¥2,192 million in the same period of the previous fiscal year).

Mainly, the biomedical materials business was solid, and revenue in other businesses was at the same level as the same period of the previous fiscal year.

Operating loss in other businesses declined due to improvements in the cost-effectiveness of activities of seeking out new business.

**(2) Financial Position**

As of the end of the third quarter under review, total assets increased by ¥55,885 million compared to the end of the previous fiscal year to ¥987,915 million.

As for total assets, cash and cash equivalents increased ¥30,271 million, property, plant and equipment increased ¥28,579 million primarily due to the impact of the application of IFRS 16 “Leases” from the fiscal year ending March 31, 2020, and intangible assets increased ¥885 million. On the other hand, trade and other receivables in current assets decreased ¥17,876 million.

Total liabilities increased in comparison to the end of the previous fiscal year by ¥101,003 million to ¥590,646 million, mainly as a net result of a ¥89,296 million increase in bonds and borrowings in non-current liabilities, a ¥21,494 million increase in other financial liabilities in non-current liabilities due to the impact of the application of IFRS 16 “Leases” from the fiscal year ending March 31, 2020, and a ¥6,640 million decrease in trade and other payables.

Total equity decreased in comparison to the end of the previous fiscal year by ¥45,118 million to ¥397,269 million. Its decrease was primarily the net result of an increase in retained earnings reflecting ¥59,138 million in profit attributable to owners of parent, a decrease in retained earnings reflecting ¥10,243 million of dividends, a ¥93,380 million decrease in purchase of treasury shares, and a ¥702 million decrease in other components of equity (exchange differences on translation of foreign operations, etc.).

As a result of the foregoing, equity attributable to owners of parent to total assets decreased from 47.3% as of the end of the previous fiscal year to 40.1%.

## (3) Cash Flows

Cash and cash equivalents at the end of the third quarter under review reached ¥144,843 million, an increase of ¥30,280 million compared to the end of the previous fiscal year. The following are the cash flows for the nine months ended December 31, 2019.

Cash flows from operating activities

Net cash provided by operating activities for the nine months ended December 31, 2019 was ¥105,739 million (compared with ¥36,587 million provided for the nine months ended December 31, 2018). The main sources of cash included a ¥74,191 million in profit before tax, an adjustment for noncash items of ¥50,524 million in depreciation and amortization, and a decrease in trade and other receivables of ¥11,444 million. The main uses of cash included an ¥15,011 million increase in inventories and ¥12,973 million of income taxes paid.

Cash flows from investing activities

Net cash used in investing activities for the nine months ended December 31, 2019 was ¥45,037 million (compared with ¥43,841 million used for the nine months ended December 31, 2018). The main uses of cash included ¥28,526 million in purchase of property, plant and equipment and ¥17,376 million in purchase of intangible assets.

Cash flows from financing activities

Net cash used in financing activities for the nine months ended December 31, 2019 was ¥28,960 million (compared with ¥51,584 million used for the nine months ended December 31, 2018). Increasing factors mainly included ¥44,602 million in net increase in short-term borrowings and commercial papers, ¥39,780 million in proceeds from long-term borrowings and ¥49,793 million in proceeds from issuance of bonds. Decreasing factors mainly included ¥11,851 million in repayments of lease liabilities, ¥48,000 million in repayments of long-term borrowings, ¥10,243 million in dividends paid and ¥93,380 million in payments for purchase of treasury shares.

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

Regarding the forecasts of consolidated financial results for the fiscal year ending March 31, 2020, the forecasts have been revised from the forecasts announced in the “Consolidated Financial Results for the Six Months of the Fiscal Year Ending March 31, 2020,” which was released on November 6, 2019.

The full-year forecasts for revenue, operating profit, and following profit items have been upwardly revised, based on the steady progress made through the nine months ended December 31, 2019. The posting of approximately ¥10.0 billion in costs is factored into this forecast as costs to newly respond to the duodenoscope related market. In addition, the spread of a novel coronavirus (2019-nCoV), whose occurrence in patients is continuing to be reported on around the world, is currently expected to have an impact on economic activity mainly in China, and there is a possibility that this impact will affect the financial results of the Company as well.

The average exchange rates for the fourth quarter and onward of the fiscal year ending March 31, 2020, which are a precondition for the forecast, are expected to be ¥109 against the U.S. dollar and ¥120 against the euro.

(Millions of yen)

|                               | Revenue | Operating profit | Profit before tax | Profit attributable to owners of parent | Basic earnings per share |
|-------------------------------|---------|------------------|-------------------|---|--------------------------|
| Previous Forecast (A)         | 800,000 | 90,000           | 86,000            | 63,000                                  | ¥47.05                   |
| Revised Forecast (B)          | 810,000 | 92,000           | 87,000            | 64,000                                  | ¥48.44                   |
| Increase (Decrease) (B-A)     | 10,000  | 2,000            | 1,000             | 1,000                                   | –                        |
| Increase (Decrease) ratio (%) | 1.3     | 2.2              | 1.2               | 1.6                                     | –                        |

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

|   | (Millions of yen)    |                         |
|---|----------------------|-------------------------|
|   | As of March 31, 2019 | As of December 31, 2019 |
| <b>ASSETS</b>                                 |                      |                         |
| Current assets                                |                      |                         |
| Cash and cash equivalents                     | 114,426              | 144,697                 |
| Trade and other receivables                   | 155,321              | 137,445                 |
| Other financial assets                        | 2,155                | 2,988                   |
| Inventories                                   | 153,623              | 167,858                 |
| Income taxes receivable                       | 7,931                | 6,868                   |
| Other current assets                          | 16,867               | 18,529                  |
| Subtotal                                      | 450,323              | 478,385                 |
| Assets held for sale                          | 5,709                | 5,254                   |
| Total current assets                          | 456,032              | 483,639                 |
| Non-current assets                            |                      |                         |
| Property, plant and equipment                 | 176,908              | 205,487                 |
| Goodwill                                      | 101,188              | 99,846                  |
| Intangible assets                             | 69,269               | 70,154                  |
| Retirement benefit asset                      | 30,239               | 29,238                  |
| Investments accounted for using equity method | 2,440                | 2,297                   |
| Trade and other receivables                   | 14,618               | 18,945                  |
| Other financial assets                        | 32,808               | 33,490                  |
| Deferred tax assets                           | 47,267               | 43,061                  |
| Other non-current assets                      | 1,261                | 1,758                   |
| Total non-current assets                      | 475,998              | 504,276                 |
| Total assets                                  | 932,030              | 987,915                 |

(Millions of yen)

|   | As of March 31, 2019 | As of December 31,<br>2019 |
|---|----------------------|----------------------------|
| <b>LIABILITIES AND EQUITY</b>                             |                      |                            |
| Liabilities   |                      |                            |
| Current liabilities                                       |                      |                            |
| Trade and other payables                                  | 61,724               | 55,084                     |
| Bonds and borrowings                                      | 59,707               | 56,198                     |
| Other financial liabilities                               | 9,391                | 23,838                     |
| Income taxes payable                                      | 8,043                | 7,845                      |
| Provisions  | 10,803               | 12,858                     |
| Other current liabilities                                 | 133,311              | 120,973                    |
| Subtotal  | 282,979              | 276,796                    |
| Liabilities directly associated with assets held for sale | 4,532                | 4,710                      |
| Total current liabilities                                 | 287,511              | 281,506                    |
| Non-current liabilities                                   |                      |                            |
| Bonds and borrowings                                      | 121,628              | 210,924                    |
| Other financial liabilities                               | 7,799                | 29,293                     |
| Retirement benefit liability                              | 43,116               | 42,531                     |
| Provisions  | 6,468                | 7,329                      |
| Deferred tax liabilities                                  | 12,101               | 9,352                      |
| Other non-current liabilities                             | 11,020               | 9,711                      |
| Total non-current liabilities                             | 202,132              | 309,140                    |
| Total liabilities   | 489,643              | 590,646                    |
| Equity  |                      |                            |
| Share capital   | 124,606              | 124,643                    |
| Capital surplus   | 91,310               | 91,126                     |
| Treasury shares   | (4,764)              | (98,142)                   |
| Other components of equity                                | (8,234)              | (8,936)                    |
| Retained earnings   | 238,275              | 287,348                    |
| Total equity attributable to owners of parent             | 441,193              | 396,039                    |
| Non-controlling interests                                 | 1,194                | 1,230                      |
| Total equity  | 442,387              | 397,269                    |
| Total liabilities and equity                              | 932,030              | 987,915                    |

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

|   | (Millions of yen)                      |  |
|---|--|--|
|   | Nine months ended<br>December 31, 2018 | Nine months ended<br>December 31, 2019 |
| Revenue   | 581,046                                | 595,071                                |
| Cost of sales   | 202,642                                | 214,125                                |
| Gross profit  | 378,404                                | 380,946                                |
| Selling, general and administrative expenses                            | 322,540                                | 296,365                                |
| Share of profit (loss) of investments accounted for using equity method | 347                                    | 316                                    |
| Other income  | 5,156                                  | 1,564                                  |
| Other expenses  | 40,783                                 | 7,976                                  |
| Operating profit  | 20,584                                 | 78,485                                 |
| Finance income  | 1,717                                  | 1,518                                  |
| Finance costs   | 8,716                                  | 5,812                                  |
| Profit before tax   | 13,585                                 | 74,191                                 |
| Income taxes  | 7,118                                  | 15,050                                 |
| Profit  | 6,467                                  | 59,141                                 |
| Profit attributable to:   |  |  |
| Owners of parent  | 6,527                                  | 59,138                                 |
| Non-controlling interests   | (60)                                   | 3                                      |
| Profit  | 6,467                                  | 59,141                                 |
| Earnings per share  |  |  |
| Basic earnings per share  | ¥4.78                                  | ¥44.76                                 |
| Diluted earnings per share  | ¥4.78                                  | ¥44.74                                 |

## (3) Condensed Consolidated Statements of Comprehensive Income

|   | (Millions of yen)                      |  |
|---|--|--|
|   | Nine months ended<br>December 31, 2018 | Nine months ended<br>December 31, 2019 |
| Profit  | 6,467                                  | 59,141                                 |
| Other comprehensive income  |  |  |
| Items that will not be reclassified to profit or loss                               |  |  |
| Financial assets measured at fair value through other comprehensive income          | (3,655)                                | 2,427                                  |
| Remeasurements of defined benefit plans   | (982)                                  | (326)                                  |
| Total of items that will not be reclassified to profit or loss                      | (4,637)                                | 2,101                                  |
| Items that may be reclassified to profit or loss                                    |  |  |
| Exchange differences on translation of foreign operations                           | 1,991                                  | (2,865)                                |
| Cash flow hedges  | 421                                    | 322                                    |
| Share of other comprehensive income of associates accounted for using equity method | (2)                                    | (82)                                   |
| Total of items that may be reclassified to profit or loss                           | 2,410                                  | (2,625)                                |
| Total other comprehensive income  | (2,227)                                | (524)                                  |
| Comprehensive income  | 4,240                                  | 58,617                                 |
| Comprehensive income attributable to:   |  |  |
| Owners of parent  | 4,299                                  | 58,614                                 |
| Non-controlling interests   | (59)                                   | 3                                      |
| Comprehensive income  | 4,240                                  | 58,617                                 |

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

Nine months ended December 31, 2018

(Millions of yen)

|   | Equity attributable to owners of parent |                 |                 |                            |                   |         | Non-controlling interests | Total equity |
|---|---|-----------------|-----------------|----------------------------|-------------------|---------|---------------------------|--------------|
|   | Share capital                           | Capital surplus | Treasury shares | Other components of equity | Retained earnings | Total   |                           |              |
| Balance at April 1, 2018                                      | 124,560                                 | 91,502          | (4,775)         | (5,810)                    | 237,316           | 442,793 | 1,466                     | 444,259      |
| Profit  |   |                 |                 |                            | 6,527             | 6,527   | (60)                      | 6,467        |
| Other comprehensive income                                    |   |                 |                 | (2,228)                    |                   | (2,228) | 1                         | (2,227)      |
| Comprehensive income  | –                                       | –               | –               | (2,228)                    | 6,527             | 4,299   | (59)                      | 4,240        |
| Purchase of treasury shares                                   |   |                 | (5)             |                            |                   | (5)     |                           | (5)          |
| Disposal of treasury shares                                   |   | (14)            | 13              |                            |                   | (1)     |                           | (1)          |
| Dividends from surplus  |   |                 |                 |                            | (9,559)           | (9,559) | (368)                     | (9,927)      |
| Transfer from other components of equity to retained earnings |   |                 |                 | (765)                      | 765               | –       |                           | –            |
| Share-based payment transactions                              | 46                                      | 72              |                 |                            |                   | 118     |                           | 118          |
| Equity transactions with non-controlling interests            |   | (193)           |                 |                            |                   | (193)   | 193                       | –            |
| Total transactions with owners                                | 46                                      | (135)           | 8               | (765)                      | (8,794)           | (9,640) | (175)                     | (9,815)      |
| Balance at December 31, 2018                                  | 124,606                                 | 91,367          | (4,767)         | (8,803)                    | 235,049           | 437,452 | 1,232                     | 438,684      |

Nine months ended December 31, 2019

(Millions of yen)

|   | Equity attributable to owners of parent |                 |                 |                            |                   |           | Non-controlling interests | Total equity |
|---|---|-----------------|-----------------|----------------------------|-------------------|-----------|---------------------------|--------------|
|   | Share capital                           | Capital surplus | Treasury shares | Other components of equity | Retained earnings | Total     |                           |              |
| Balance at April 1, 2019                                      | 124,606                                 | 91,310          | (4,764)         | (8,234)                    | 238,275           | 441,193   | 1,194                     | 442,387      |
| Profit  |   |                 |                 |                            | 59,138            | 59,138    | 3                         | 59,141       |
| Other comprehensive income                                    |   |                 |                 | (524)                      |                   | (524)     | –                         | (524)        |
| Comprehensive income  | –                                       | –               | –               | (524)                      | 59,138            | 58,614    | 3                         | 58,617       |
| Purchase of treasury shares                                   |   |                 | (93,380)        |                            |                   | (93,380)  |                           | (93,380)     |
| Disposal of treasury shares                                   |   | (2)             | 2               |                            |                   | 0         |                           | 0            |
| Dividends from surplus  |   |                 |                 |                            | (10,243)          | (10,243)  | (125)                     | (10,368)     |
| Transfer from other components of equity to retained earnings |   |                 |                 | (178)                      | 178               | –         |                           | –            |
| Share-based payment transactions                              | 37                                      | (24)            |                 |                            |                   | 13        |                           | 13           |
| Equity transactions with non-controlling interests            |   | (158)           |                 |                            |                   | (158)     | 158                       | –            |
| Total transactions with owners                                | 37                                      | (184)           | (93,378)        | (178)                      | (10,065)          | (103,768) | 33                        | (103,735)    |
| Balance at December 31, 2019                                  | 124,643                                 | 91,126          | (98,142)        | (8,936)                    | 287,348           | 396,039   | 1,230                     | 397,269      |

## (5) Condensed Consolidated Statements of Cash Flows

|   | (Millions of yen)                      |  |
|---|--|--|
|   | Nine months ended<br>December 31, 2018 | Nine months ended<br>December 31, 2019 |
| Cash flows from operating activities                                    |  |  |
| Profit before tax   | 13,585                                 | 74,191                                 |
| Depreciation and amortization   | 43,010                                 | 50,524                                 |
| Interest and dividend income  | (1,527)                                | (1,516)                                |
| Interest expenses   | 3,801                                  | 2,922                                  |
| Loss related to securities litigation                                   | 19,380                                 | –                                      |
| Loss related to duodenoscopy investigation                              | 9,653                                  | –                                      |
| Share of loss (profit) of investments accounted for using equity method | (347)                                  | (316)                                  |
| Decrease (increase) in trade and other receivables                      | 29,201                                 | 11,444                                 |
| Decrease (increase) in inventories                                      | (15,585)                               | (15,011)                               |
| Increase (decrease) in trade and other payables                         | (1,212)                                | (3,194)                                |
| Increase (decrease) in retirement benefit liability                     | 1,077                                  | (203)                                  |
| Decrease (increase) in retirement benefit asset                         | (1,881)                                | 329                                    |
| Other   | (11,695)                               | 921                                    |
| Subtotal  | 87,460                                 | 120,091                                |
| Interest received   | 1,025                                  | 1,091                                  |
| Dividends received  | 502                                    | 425                                    |
| Interest paid   | (3,844)                                | (2,895)                                |
| Loss on litigation paid   | (19,227)                               | –                                      |
| Loss related to duodenoscopy investigation                              | (9,653)                                | –                                      |
| Income taxes paid   | (19,676)                               | (12,973)                               |
| Net cash provided by operating activities                               | 36,587                                 | 105,739                                |
| Cash flows from investing activities                                    |  |  |
| Purchase of property, plant and equipment                               | (34,163)                               | (28,526)                               |
| Proceeds from sale of property, plant and equipment                     | 3,562                                  | 140                                    |
| Purchase of intangible assets   | (9,953)                                | (17,376)                               |
| Purchase of investments in associates                                   | (2,273)                                | –                                      |
| Payments for loans receivable   | (1,270)                                | (799)                                  |
| Collection of loans receivable  | 350                                    | 642                                    |
| Proceeds from sale of investments                                       | 4,187                                  | 1,727                                  |
| Payments for acquisition of business                                    | (3,501)                                | (462)                                  |
| Other   | (780)                                  | (383)                                  |
| Net cash used in investing activities                                   | (43,841)                               | (45,037)                               |

(Millions of yen)

|  | Nine months ended<br>December 31, 2018 | Nine months ended<br>December 31, 2019 |
|--|--|--|
| Cash flows from financing activities                                   |  |  |
| Net increase (decrease) in short-term borrowings and commercial papers | 40,817                                 | 44,602                                 |
| Repayments of lease liabilities  | –                                      | (11,851)                               |
| Proceeds from long-term borrowings                                     | 9,425                                  | 39,780                                 |
| Repayments of long-term borrowings                                     | (64,325)                               | (48,000)                               |
| Dividends paid   | (9,559)                                | (10,243)                               |
| Dividends paid to non-controlling interests                            | (368)                                  | (125)                                  |
| Proceeds from issuance of bonds  | –                                      | 49,793                                 |
| Redemption of bonds  | (25,000)                               | –                                      |
| Payments for purchase of treasury shares                               | (5)                                    | (93,380)                               |
| Other  | (2,569)                                | 464                                    |
| Net cash used in financing activities                                  | (51,584)                               | (28,960)                               |
| Effect of exchange rate changes on cash and cash equivalents           | (627)                                  | (1,462)                                |
| Net increase (decrease) in cash and cash equivalents                   | (59,465)                               | 30,280                                 |
| Cash and cash equivalents at beginning of period                       | 191,239                                | 114,563                                |
| Cash and cash equivalents at end of period                             | 131,774                                | 144,843                                |

(6) Notes to Condensed Consolidated Financial Statements

(Notes on premise of going concern)

No items to report

(Reporting entity)

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

The Olympus Group is principally engaged in the manufacture and sales of endoscopic, therapeutic and scientific, imaging and other products. Details of each business are as described in Note “Segment information.”

(Basis of preparation)

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

The condensed consolidated financial statements of the Olympus Group have been prepared in accordance with IAS 34. Since the requirements for “Specified Company of Designated International Accounting Standards” set forth in Article 1-2 of the “Regulation on Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements” are satisfied, the Olympus Group adopts the provisions of Article 93 of the same Regulation. The condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be used in conjunction with the Olympus Group’s annual consolidated financial statements as of March 31, 2019.

These condensed consolidated financial statements were approved by Director, Representative Executive Officer, President and CEO Yasuo Takeuchi, and Executive Officer and CFO Yasushi Sakai on February 6, 2020.

(2) Basis of measurement

The Olympus Group’s condensed consolidated financial statements have been prepared on an acquisition cost basis, except for specific financial instruments measured at fair value.

(3) Functional currency and presentation currency

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

(Significant accounting policies)

The significant accounting policies adopted for the condensed consolidated financial statements of the Olympus Group for the nine months ended December 31, 2019 are the same as those applied for the fiscal year ended March 31, 2019 with exception of the items described below.

The Olympus Group has adopted IFRS 16 “Leases” (hereinafter, “IFRS 16”) from the first quarter ended June 30, 2019. IFRS 16 introduces a single lessee accounting model, instead of classifying leases into operating leases and finance leases. IFRS 16 requires a lessee to recognize right-of-use assets representing its rights to use the underlying leased assets and lease liabilities representing its obligations to make lease payments for all leases, in principle.

(1) Leases as lessee

Lease liabilities are measured at the present value of the total lease payments that are not paid at the commencement date. Right-of-use assets are initially measured at cost, which comprises the initial amount of lease liabilities adjusted for any initial direct costs, prepaid lease payments and restoration

costs, etc. Right-of-use assets are depreciated on a straight-line method over the shorter of their estimated useful lives or lease terms.

The lease term is estimated based on the non-cancelable period and adjusted for optional periods for which the Olympus Group is reasonably certain to exercise an option to extend or terminate the lease. The Olympus Group classifies total lease payments into the principal portion of the lease liability and the interest portion of the lease payments and recognizes in profit or loss the amount allocated to the interest portion of the lease payments in each fiscal year that is calculated at a consistent interest rate on the outstanding lease liabilities.

If the contract transfers the right to control the use of an identified asset for a period of time in exchange for a consideration, at the start of the contract, the contract is deemed to be a lease or to contain a lease.

For short-term leases and leases for which the underlying asset is of low value (“low-value leases”), the Olympus Group does not recognize the right-of-use assets and lease liabilities but recognizes lease payments as expenses.

Right-of-use assets and lease liabilities are included in and presented as “Property, plant and equipment” and “Other financial liabilities” respectively on the consolidated statements of financial position.

## (2) Leases as lessor

The Olympus Group classifies lease transactions involving transfer of substantially all the risks and rewards associated with the ownership of the leased assets into finance lease, while classifies other type of lease transactions into operating lease.

In finance lease transactions, the present value of gross investments in the leases is recognized as revenue at the commencement of the lease term, and the correspondent amount is recognized as lease receivables. Unearned finance income is apportioned at a constant rate on the net investment over the lease term and recognized as revenue in the period to which it is attributable.

In operating lease transactions, the relevant leased properties are recognized on the consolidated statements of financial position, and lease payments receivable are recognized in revenue over the lease terms on a straight-line method.

With the application of IFRS 16, the Olympus Group adopts the method whereby the cumulative effect allowed as a transition measure is recognized at the adoption date. As a result of adopting such method, instead of restating comparative information, the Olympus Group recorded ¥38,499 million of lease-related assets including right-of-use assets and ¥38,499 million of lease liabilities in the consolidated statements of financial position as of April 1, 2019.

There is no impact for the opening balance of retained earnings because, when recognizing lease liability, the Olympus Group recognized lease-related assets at an amount equal to the lease liability.

In addition, the Olympus Group measures the aforementioned lease liabilities at the present value by discounting the remaining lease payments at the lessee’s incremental borrowing rate (rate that would apply for a borrowing from an external source separately) as of the adoption date. The weighted average of the lessee’s incremental borrowing rates applied to the lease liabilities recognized in the consolidated statements of financial position as of the adoption date is 1.13%.

Reconciliation of non-cancelable operating lease agreements applying IAS 17 at the end of the previous fiscal year and lease liabilities recognized on the consolidated statements of financial position as of the adoption date is as follows:

|  | (Millions of yen) |
|--|-------------------|
| Operating lease agreements disclosed on March 31, 2019   | 44,262            |
| Operating lease agreements disclosed on March 31, 2019 (after discounting with the incremental borrowing rate) | 42,232            |
| Finance lease obligations (March 31, 2019)   | 9,035             |
| Short-term leases and low-value leases   | (896)             |
| Options to extend or terminate the lease that the lessee is reasonably certain to exercise                     | 13,539            |
| Lease agreements entered into before the lease commencement date (Executing date)                              | (19,896)          |
| Others   | 3,520             |
| Lease liabilities as of April 1, 2019  | 47,534            |

In the application of IFRS 16, the Olympus Group has adopted the following practical expedients.

- Applied a single discount rate to a portfolio of lease assets with similar characteristics
- Accounted in the same way as short-term leases for leases with a lease term of 12 months or less
- Excluded initial direct costs from the measurement as of the adoption date for the right-of-use assets that existed at the beginning of the fiscal year ending March 31, 2020
- Used hindsight on exercising options to extend or terminate the lease when determining the lease term

(Significant accounting estimates and associated judgments)

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

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

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

(Segment information)

(1) Overview of reportable segments

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

The Olympus Group reorganized its medical business on April 1, 2019, and separated the previous Medical Business into the Endoscopic Solutions Business and Therapeutic Solutions Business. Consequently, the Olympus Group has changed four reportable segments: Medical Business, Scientific Solutions Business, Imaging Business and Others into five segments: Endoscopic Solutions Business, Therapeutic Solutions Business, Scientific Solutions Business, Imaging Business and Others.

Segment information for the nine months ended December 31, 2018 has been modified according to the new classification.

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

| Reportable Segment             | Principal products and services  |
|--------------------------------|--|
| Endoscopic Solutions Business  | Gastrointestinal endoscopes, surgical endoscopes, endoscopy systems, repair service                      |
| Therapeutic Solutions Business | Endo-therapy devices, energy devices, urology, gynecology and ENT products                               |
| Scientific Solutions Business  | Biological microscopes, industrial microscopes, industrial endoscopes, non-destructive testing equipment |
| Imaging Business               | Digital cameras, voice recorders   |
| Others                         | Biomedical materials   |

(2) Revenue and business results for reportable segments

Revenue and business results of each reportable segment of the Olympus Group are as follows. The accounting method used for reportable segments is the same as the accounting policies of the Olympus Group that are described in “Significant accounting policies.”

Nine months ended December 31, 2018

|   | Reportable Segment |             |            |          |         |         | Adjustment<br>(Note 2) | Amount on<br>condensed<br>consolidated<br>financial<br>statements |
|---|--------------------|-------------|------------|----------|---------|---------|------------------------|---|
|   | Endoscopic         | Therapeutic | Scientific | Imaging  | Others  | Total   |                        |   |
| Revenue   |                    |             |            |          |         |         |                        |   |
| Revenue from outside customers  | 303,826            | 160,609     | 73,245     | 38,338   | 5,028   | 581,046 | –                      | 581,046   |
| Revenue among segments (Note 1)   | –                  | –           | 55         | –        | 379     | 434     | (434)                  | –   |
| Total revenue   | 303,826            | 160,609     | 73,300     | 38,338   | 5,407   | 581,480 | (434)                  | 581,046   |
| Operating profit (loss)   | 65,773             | 20,762      | 4,958      | (13,129) | (2,192) | 76,172  | (55,588)               | 20,584  |
| Finance income  |                    |             |            |          |         |         |                        | 1,717   |
| Finance costs   |                    |             |            |          |         |         |                        | 8,716   |
| Profit before tax   |                    |             |            |          |         |         |                        | 13,585  |
| Other items   |                    |             |            |          |         |         |                        |   |
| Share of profit (loss) of investments accounted for using equity method | 347                | –           | 0          | –        | –       | 347     | –                      | 347   |
| Depreciation and amortization   | 21,132             | 12,250      | 5,245      | 1,195    | 364     | 40,186  | 2,824                  | 43,010  |
| Impairment losses (non-financial assets)                                | –                  | –           | –          | 1,345    | –       | 1,345   | 105                    | 1,450   |

Notes:

- Revenue among segments is based on actual market prices.
- Adjustment for operating profit (loss) is corporate expenses that consist of elimination of transactions among segments as well as general and administrative expenses and fundamental research expenses etc. that are not attributable to reportable segments.

## Nine months ended December 31, 2019

|   | Reportable Segment |             |            |         |         |         | Adjustment<br>(Note 2) | Amount on<br>condensed<br>consolidated<br>financial<br>statements |
|---|--------------------|-------------|------------|---------|---------|---------|------------------------|---|
|   | Endoscopic         | Therapeutic | Scientific | Imaging | Others  | Total   |                        |   |
| Revenue   |                    |             |            |         |         |         |                        |   |
| Revenue from outside customers  | 315,123            | 163,589     | 76,636     | 34,747  | 4,976   | 595,071 | –                      | 595,071   |
| Revenue among segments (Note 1)   | –                  | –           | 42         | 3       | 363     | 408     | (408)                  | –   |
| Total revenue   | 315,123            | 163,589     | 76,678     | 34,750  | 5,339   | 595,479 | (408)                  | 595,071   |
| Operating profit (loss)   | 91,580             | 22,537      | 8,009      | (7,377) | (1,826) | 112,923 | (34,438)               | 78,485  |
| Finance income  |                    |             |            |         |         |         |                        | 1,518   |
| Finance costs   |                    |             |            |         |         |         |                        | 5,812   |
| Profit before tax   |                    |             |            |         |         |         |                        | 74,191  |
| Other items   |                    |             |            |         |         |         |                        |   |
| Share of profit (loss) of investments accounted for using equity method | 376                | (60)        | –          | –       | –       | 316     | –                      | 316   |
| Depreciation and amortization   | 23,734             | 13,514      | 5,054      | 1,275   | 846     | 44,423  | 6,101                  | 50,524  |
| Impairment losses (non-financial assets)                                | 90                 | 381         | –          | 1,376   | –       | 1,847   | 223                    | 2,070   |

## Notes:

1. Revenue among segments is based on actual market prices.
2. Adjustment for operating profit (loss) is corporate expenses that consist of elimination of transactions among segments as well as general and administrative expenses and fundamental research expenses etc. that are not attributable to reportable segments.