

September 19, 2023

Company: Olympus Corporation

Stefan Kaufmann, Director, Representative Executive Officer, President and CEO

(Code: 7733, Prime, Tokyo Stock Exchange)

Contact: Takaaki Sakurai, Vice President, Investor Relations

TEL: +81-3-3340-2111

Partial Correction of "Annual Securities Report for the Fiscal Year Ended March 31, 2023"

Olympus Corporation hereby announces that the following amendments have been made to the "Annual Securities Report for the Fiscal Year Ended March 31, 2023."

(Detail of the amendment)

The amendments are underlined as follows.

Page 154

Part I. Company Information

IV Information about Reporting Company

4 Corporate Governance, etc.

(4) Compensation for Officers, etc.

(i) Matters relating to policy to determine the amount of compensation, etc., for officers or the calculation method thereof

b. Compensation system for executive officers (including those who double as directors)

v . Short-term incentive compensation, which is performance-linked monetary compensation, etc. (FY2024-STI)

(iii) Evaluation table of revenue

(Before the amendments)

1. Payment rate 200%: $\text{FY2024 revenue forecast} + \{(\text{FY2024 revenue forecast} - \text{FY2023 actual revenue}) * 70\%\} = 914.0 + \{(914.0 - 870.2) * 70\%\} = \text{¥}944.7 \text{ billion}$
2. Payment rate 100% to 200% = $100 + (X - 914.0) * 100/307$
3. Payment ratio 100%: "revenue forecast for FY2024" = $\text{¥}914.0 \text{ billion}$
4. Payment rate 50%: FY2023 actual revenue (after FX adjustment) = $\text{¥}870.2 \text{ billion}$
5. Payment rate 0% to 100% = $(870.2 - X) * 50/483$
6. Payment rate 0%: $870.2 - (914.0 - 870.2) = \underline{\text{¥}821.9 \text{ billion}}$

Notes: 1. X represents FY2024 actual revenue (after FX adjustment)

2. Upper limit is set as 200% and lower limit 0%.

3. Adjustment: Exchange rate (USD = ¥132, EUR = ¥144, CNY = ¥19.2)

(After the amendments)

1. Payment rate 200%: FY2024 revenue forecast + {(FY2024 revenue forecast - FY2023 actual revenue) * 70%} = 914.0 + {(914.0 - 870.2) * 70%} = ¥944.7 billion
2. Payment rate 100% to 200% = 100 + (X - 914.0) * 100/307
3. Payment ratio 100%: “revenue forecast for FY2024” = ¥914.0 billion
4. Payment rate 50%: FY2023 actual revenue (after FX adjustment) = ¥870.2 billion
5. Payment rate 0% to 100% = (870.2 - X) * 50/438
6. Payment rate 0%: 870.2 - (914.0 - 870.2) = ¥826.4 billion

Notes: 1. X represents FY2024 actual revenue (after FX adjustment)

2. Upper limit is set as 200% and lower limit 0%.

3. Adjustment: Exchange rate (USD = ¥132, EUR = ¥144, CNY = ¥19.2)

This document has been translated from the Japanese original report for reference purpose only.
Olympus Corporation assumes no responsibility for direct, indirect or any other forms of damages
caused by misunderstanding from the translation.

Annual Securities Report

(Report pursuant to Article 24, Paragraph 1 of the Financial Instruments and Exchange Act)

**The 155th fiscal year
(fiscal year ended March 31, 2023)**

From April 1, 2022
To March 31, 2023

Olympus Corporation

(E02272)

Table of Contents

[Cover]	1
Part I. Company Information	1
I. Overview of Company	1
1. Key Financial Data	1
2. History	3
3. Description of Business	5
4. Subsidiaries and Other Affiliated Entities	7
5. Employees	13
II. Overview of Business	15
1. Management Policy, Business Environment, Issues to Address	15
2. Approach and Initiatives for Sustainability	19
3. Business Risks	28
4. Management Analysis of Financial Position, Operating Results and Cash Flows	40
5. Material Contracts, etc.	50
6. Research and Development Activities	51
III. Information about Facilities	53
1. Overview of Capital Investment	53
2. Major Facilities	54
3. Planned Addition, Retirement, and Other Changes of Facilities	60
IV. Information about Reporting Company	63
1. Company's Shares, etc.	63
2. Share Repurchase	71
3. Dividend Policy	72
4. Corporate Governance, etc.	73
V. Financial Information	166
1. Consolidated Financial Statements and Other Notes	167
2. Non-Consolidated Financial Statements and Other Notes	253
VI. Outline of Share-Related Administration of Reporting Company	280
VII. Reference Information of Reporting Company	281
1. Information about Parent of Reporting Company	281
2. Other Reference Information	281
Part II. Information about Reporting Company's Guarantor, etc.	283

[Audit report]

[Internal control report]

[Cover]

[Document Submitted]	Annual Securities Report
[Article of the Applicable Law Requiring Submission of This Document]	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act
[Submitted to]	Director-General of the Kanto Local Finance Bureau
[Date of Submission]	June 20, 2023
[Fiscal Year]	The 155th fiscal year (fiscal year ended March 31, 2023) (from April 1, 2022 to March 31, 2023)
[Company Name]	Olympus Kabushiki Kaisha
[Company Name in English]	OLYMPUS CORPORATION
[Position and Name of Representative]	Stefan Kaufmann, Director, Representative Executive Officer, President and CEO
[Location of Head Office]	2951 Ishikawa-machi, Hachioji-shi, Tokyo, Japan
[Telephone Number]	03-3340-2111 (main)
[Name of Contact Person]	Takayuki Aoyagi, Vice President, Accounting Department
[Nearest Place of Contact]	Shinjuku Monolith, 3-1 Nishi-Shinjuku 2-chome, Shinjuku-ku, Tokyo
[Telephone Number]	03-3340-2111 (main)
[Name of Contact Person]	Takaaki Sakurai, Vice President, Investor Relations
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo, Japan)

Part I. Company Information

I. Overview of Company

1. Key Financial Data

(1) Key financial data of group

Fiscal Year		151st	152nd	153rd	154th	155th
Year End		March 2019	March 2020	March 2021	March 2022	March 2023
Revenue	(Millions of yen)	793,862	755,231	730,544	750,123	881,923
Profit before tax	(Millions of yen)	20,117	86,617	76,810	141,701	182,294
Profit attributable to owners of parent	(Millions of yen)	8,147	51,670	12,918	115,742	143,432
Comprehensive income attributable to owners of parent	(Millions of yen)	8,094	33,284	36,670	160,773	196,481
Equity attributable to owners of parent	(Millions of yen)	441,193	370,747	394,326	510,168	640,085
Total assets	(Millions of yen)	932,030	1,015,663	1,183,453	1,357,999	1,508,308
Equity attributable to owners of parent per share	(Yen)	323.06	288.39	306.72	400.75	510.62
Basic earnings per share	(Yen)	5.97	39.37	10.05	90.22	113.22
Diluted earnings per share	(Yen)	5.96	39.36	10.04	90.17	113.08
Ratio of equity attributable to owners of parent to total assets	(%)	47.3	36.5	33.3	37.6	42.4
Ratio of equity attributable to owners of parent to profit	(%)	1.8	12.7	3.4	25.6	24.9
Price-earnings ratio	(Times)	201.34	39.67	227.96	25.93	20.48
Cash flows from operating activities	(Millions of yen)	66,943	133,544	124,122	169,729	98,490
Cash flows from investing activities	(Millions of yen)	(60,296)	(62,430)	(118,918)	(71,016)	(58,414)
Cash flows from financing activities	(Millions of yen)	(82,948)	(19,462)	40,800	(40,667)	(143,178)
Cash and cash equivalents at end of period	(Millions of yen)	114,563	162,717	217,478	302,572	205,512
Number of employees (Excludes average number of temporary employees)	(Persons)	35,124 [1,396]	35,174 [1,437]	31,653 [1,135]	31,557 [934]	32,844 [785]

- Notes:
- The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS").
 - Separately from the number of employees in the key financial data of group, the average number of temporary employees is shown in parentheses.
 - On April 1, 2019, Olympus Corporation conducted a four-for-one stock split of common stock. Assuming that the stock split was executed at the beginning of the 151st fiscal year (fiscal year ended March 31, 2019), "Equity attributable to owners of parent per share," "Basic earnings per share," and "Diluted earnings per share" are presented after the stock split.
 - The Scientific Solutions Business has been classified as a discontinued operation from the 155th fiscal year (fiscal year ended March 31, 2023). As a result, revenue and profit before tax for the 155th fiscal year (fiscal year ended March 31, 2023) in the above financial data show the amounts from continuing operations from which the discontinued operation has been excluded, and profit attributable to owners of parent shows the aggregate of continuing operations and discontinued operations. The same reclassification has been made for revenue and profit before tax for the 154th fiscal year (fiscal year ended March 31, 2022) in the above financial data. For more information on discontinued operations, please refer to "V. Financial Information, 1. Consolidated Financial Statements, etc., Notes to Consolidated Financial Statements, 41. Discontinued Operations."

(2) Business results of reporting company

Fiscal Year		151st	152nd	153rd	154th	155th
Year End		March 2019	March 2020	March 2021	March 2022	March 2023
Revenue	(Millions of yen)	376,812	375,258	344,134	378,637	380,014
Ordinary profit	(Millions of yen)	43,984	13,266	49,000	57,187	152,299
Profit	(Millions of yen)	30,223	9,861	8,541	84,844	130,338
Share capital	(Millions of yen)	124,606	124,643	124,643	124,643	124,643
Total number of issued shares	(Thousand shares)	342,713	1,370,915	1,370,915	1,299,294	1,266,179
Net assets	(Millions of yen)	471,411	376,219	349,770	357,229	418,309
Total assets	(Millions of yen)	745,793	771,026	826,569	900,917	973,602
Net assets per share	(Yen)	344.80	292.24	271.69	280.30	333.48
Dividend per share (Includes interim dividend paid per share)	(Yen)	30.00 [-]	10.00 [-]	12.00 [-]	14.00 [-]	16.00 [-]
Basic earnings per share	(Yen)	22.13	7.51	6.64	66.13	102.88
Diluted earnings per share	(Yen)	22.12	7.51	6.64	66.10	102.76
Equity ratio	(%)	63.1	48.7	42.3	39.6	42.9
Rate of return on equity	(%)	6.5	2.3	2.4	24.0	33.6
Price-earnings ratio	(Times)	54.3	208.0	345.0	35.4	22.5
Payout ratio	(%)	135.6	133.2	180.7	21.2	15.6
Numbers of employees	(Persons)	7,024	7,146	4,775	3,478	2,727
Total shareholder return (Comparison indicator: TOPIX (including dividends))	(%)	119.8 (95.0)	156.4 (85.9)	229.8 (122.1)	235.9 (124.6)	235.4 (131.8)
Highest share price	(Yen)	5,100 *1,235	2,148	2,476	2,741	3,198
Lowest share price	(Yen)	3,035 *1,185	1,156	1,413	1,998	2,175

- Notes:
- On April 1, 2019, Olympus Corporation conducted a four-for-one stock split of common stock. Assuming that the stock split was executed at the beginning of the 151st fiscal year (fiscal year ended March 31, 2019), “Net assets per share,” “Basic earnings per share,” and “Diluted earnings per share” are presented after the stock split.
 - The highest and lowest share prices are those quoted on the Prime Market of the Tokyo Stock Exchange from April 4, 2022, and on the First Section of the Tokyo Stock Exchange before that date.
 - A price marked with an asterisk (*) is the ex-rights price due to the stock split.
 - Effective April 1, 2020, Olympus Corporation has transferred certain functions such as R&D, manufacturing, and repair planning to its subsidiary Olympus Medical Systems Corp. through an absorption-type company split in order to strengthen its quality regulatory functions in the medical field. On January 1, 2021, the Imaging Business was succeeded to by OM Digital Solutions Corporation, a subsidiary of Olympus Corporation, through an absorption-type company split, and then transferred to OJ Holdings, Ltd.
 - Effective October 1, 2021, Olympus Corporation has transferred a domestic sales function in the medical field to its subsidiary Olympus Marketing, Inc. through an absorption-type company split in order to strengthen the domestic sales structure in the medical field.
 - Effective April 1, 2022, Olympus Corporation transferred its Scientific Solutions Business to its subsidiary, Evident Corporation, through an absorption-type split, in order to achieve sustainable growth and profitability in the Scientific Solutions Business.

2. History

Month / Year	Overview
October 1919	Takachiho Seisakusho was established in Hatagaya, Shibuya-ku, Tokyo, with a view to achieving domestic production of microscopes and other optical machinery
April 1936	Began manufacturing photographic equipment
June 1942	Renamed Takachiho Optical Co., Ltd.
February 1944	Opened Ina Factory (currently Nagano Facility) in Ina-shi, Nagano Prefecture
January 1949	Renamed Olympus Optical Co., Ltd.
May 1949	Stock listed on the Tokyo Stock Exchange
May 1952	Began manufacturing medical equipment
May 1955	Participated in the management of Takachiho Shokai and strengthened domestic sales of photographic equipment
October 1960	Began manufacturing measuring equipment
August 1963	Opened Hachioji Plant (currently Technology Development Center Ishikawa) in Hachioji-shi, Tokyo
May 1964	Established Olympus Optical Co. (Europa) GmbH (currently Olympus Europa SE & Co. KG, a consolidated subsidiary) to strengthen sales of Olympus Corporation's products in Europe (subsequently established manufacturing and sales locations throughout Europe)
January 1968	Established Olympus Corporation of America (currently Olympus America Inc., a consolidated subsidiary) to strengthen sales of microscopes and medical equipment in the U.S.
May 1969	Established Olympus Seiki (currently Aizu Olympus Co., Ltd., a consolidated subsidiary) (subsequently established manufacturing affiliates in various locations in Japan)
March 1977	Established Olympus Camera Corporation (currently Olympus America Inc., a consolidated subsidiary) to strengthen sales of photographic equipment in the U.S.
February 1980	Relocated Headquarters to Nishi-Shinjuku, Shinjuku-ku, Tokyo
November 1981	Established Tatsuno Plant (currently Nagano Facility) in Kamiina-gun, Nagano Prefecture
February 1988	Opened Utsugi Technology Research Institute in Hachioji-shi, Tokyo
June 1990	Established Olympus USA Incorporated (currently Olympus Corporation of the Americas, a consolidated subsidiary) to strengthen the business foundation in the U.S.
April 1993	Opened Hinode Plant in (relocated Hachioji Plant to) Nishitama-gun, Tokyo
October 2003	Renamed Olympus Corporation
October 2004	Spun off the Imaging and Medical businesses to create Olympus Imaging Corporation and Olympus Medical Systems Corp.
June 2005	Established Olympus NDT Corporation to strengthen non-destructive testing business
February 2008	Acquired Gyrus Group PLC to strengthen the surgical area in the medical field
April 2011	Set Olympus Corporation of Asia Pacific Limited as the supervising company for Asia and Oceania to strengthen the business foundation in the region.
October 2011	Olympus Opto-Technology Co. Ltd. and Okaya Olympus Co., Ltd. merged to form Nagano Olympus Co., Ltd. (currently a consolidated subsidiary)
September 2012	Transferred the information and communication business to IJ Holdings, Inc. established by Japan Industrial Partners, Inc.
April 2015	Absorbed the medical and imaging businesses through an absorption-type company split in which Olympus Corporation is the succeeding company and Olympus Medical Systems Corp. is the splitting company, and an absorption-type merger between Olympus Corporation and Olympus Imaging Corporation.
April 2016	Changed the address of registered head office to Hachioji-shi, Tokyo
April 2020	Split off certain functions such as R&D, manufacturing, and repair planning to Olympus Medical Systems Corp. through an absorption-type company split to strengthen Olympus Corporation's quality regulatory functions in the medical field
December 2020	Acquired Veran Medical Technologies, Inc. to strengthen the respiratory area in the medical field
January 2021	Transferred the Imaging business to OM Digital Solutions Corporation and then to OJ Holdings, Ltd. established by Japan Industrial Partners, Inc.
February 2021	Acquired Quest Photonic Devices B.V. to strengthen fluorescence imaging technology in the medical field for surgical applications
May 2021	Acquired Medi-Tate Ltd. to strengthen the urology area in the medical field
October 2021	Transferred the domestic sales function of the medical business to Olympus Medical Science Sales Corporation, and Olympus Medical Science Sales Corporation renamed Olympus Marketing, Inc.

Month / Year	Overview
April 2022	Spun off the Scientific Solutions business to create Evident Corporation
December 2022	Acquired Odin Medical Ltd. to strengthen the use of digital technology in the medical field
April 2023	Transferred Evident Corporation to K.K. BCJ-66, a special purpose company indirectly owned by funds advised by Bain Capital Private Equity, LP

3. Description of Business

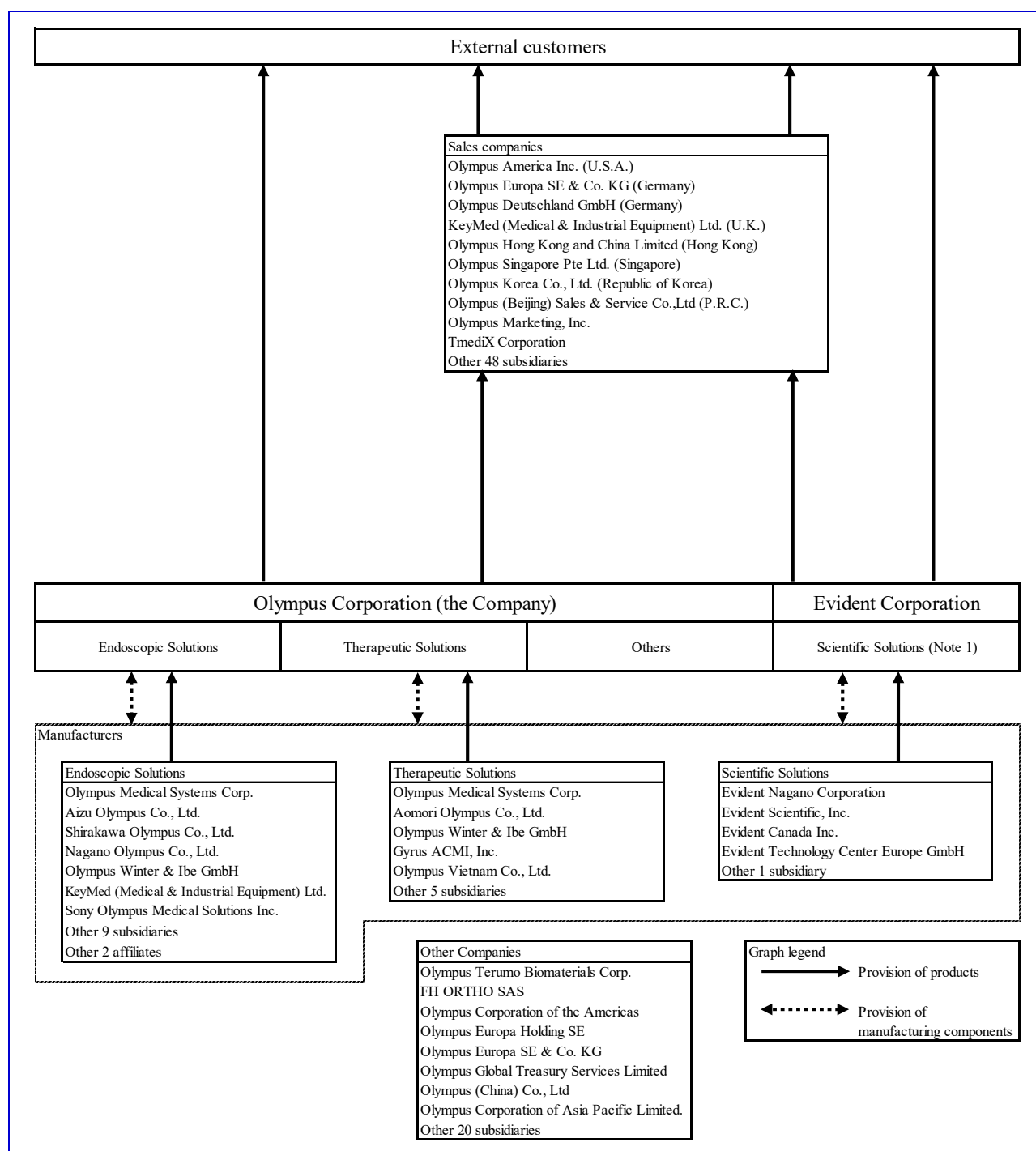
The Olympus Group consists of Olympus Corporation, 105 subsidiaries and 3 affiliates, and is primarily engaged in the manufacturing and sales of endoscopic, therapeutic, scientific and other products, as well as serving as a holding company and engaging in financial investment and other business activities related to each business.

The following three businesses, “Endoscopic Solutions,” “Therapeutic Solutions,” and “Others,” are the same as the segment classifications stated in “V. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements, 6. Business Segments.”

In the past, the Olympus Group had four reportable segments: “Endoscopic Solutions,” “Therapeutic Solutions,” “Scientific Solutions,” and “Others.” However, from the second quarter of the fiscal year ended March 31, 2023, we have changed to three reportable segments: “Endoscopic Solutions,” “Therapeutic Solutions,” and “Others.” For more information, please refer to “V. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements, 6. Business Segments.”

Business	Principal products and businesses	Names of major companies
Endoscopic Solutions	Gastrointestinal endoscopes, surgical endoscopes, medical service	Olympus Corporation (Consolidated subsidiaries) Olympus Medical Systems Corp., Olympus Marketing, Inc., Aizu Olympus Co., Ltd., Shirakawa Olympus Co., Ltd., Nagano Olympus Co., Ltd., TmediX Corporation, Olympus America Inc., Olympus Europa SE & Co. KG, Olympus Deutschland GmbH, KeyMed (Medical & Industrial Equipment) Ltd., Olympus Winter & Ibe GmbH, Olympus (Beijing) Sales & Service Co., Ltd., Olympus Korea Co., Ltd., Olympus Singapore Pte. Ltd. (Affiliated companies) Sony Olympus Medical Solutions Inc.
Therapeutic Solutions	Gastroenterology devices, urology products, respiratory products, energy devices, ENT products, gynecology products	Olympus Corporation (Consolidated subsidiaries) Olympus Medical Systems Corp., Olympus Marketing, Inc., Aomori Olympus Co., Ltd., TmediX Corporation, Olympus America Inc., Olympus Europa SE & Co. KG, Olympus Deutschland GmbH, Gyrus ACMI, Inc., Olympus Winter & Ibe GmbH, Olympus (Beijing) Sales & Service Co., Ltd., Olympus Korea Co., Ltd., Olympus Singapore Pte. Ltd., Olympus Vietnam Co., Ltd.
Scientific Solutions (Note 1)	Biological microscopes, industrial microscopes, industrial endoscopes, non-destructive testing equipment, X-ray fluorescence (XRF) analyzer	(Consolidated subsidiaries) Evident Corporation, Evident Nagano Corporation, Evident Scientific, Inc., Evident Canada Inc., Evident Technology Center Europe GmbH
Others	Biomedical materials, orthopedic equipment, others	Olympus Corporation (Consolidated subsidiaries) Olympus Terumo Biomaterials Corp., FH ORTHO SAS
Common	Holding company, financial investment	Olympus Corporation (Consolidated subsidiaries) Olympus Corporation of the Americas, Olympus Europa Holding SE, Olympus Europa SE & Co. KG, Olympus (China) Co., Ltd., Olympus Corporation of Asia Pacific Limited., Olympus Global Treasury Services Limited

The business structure of the Olympus Group as of March 31, 2023 is shown in the following diagram, which schematically illustrates the matters described above.



(Note 1) The Scientific Solutions Business has been classified as a discontinued operation from the fiscal year ended March 31, 2023. On April 3, 2023, Olympus Corporation transferred the Scientific Solutions Business to K.K. BCJ-66.

(Note 2) The names of the following companies have been changed.

Previous name	Current name
Olympus Scientific Solutions Americas Corp.	Evident Scientific, Inc.
Olympus NDT Canada Inc.	Evident Canada Inc.
Olympus Soft Imaging Solutions GmbH	Evident Technology Center Europe GmbH

4. Subsidiaries and Other Affiliated Entities

(As of March 31, 2023)

Company name	Location	Capital stock or capital contribution	Main business	Voting rights held by Olympus Corporation (%)	Relationship with Olympus Corporation				
					Concurrent officers, etc.		Financial assistance loans	Business transactions	Major profit/loss information, etc. (1) Revenue (2) Operating profit (3) Profit (4) Total equity (5) Total assets (Millions of yen)
					Officers of the reporting company	Employees of the reporting company			
(Consolidated subsidiaries)									
Olympus Medical Systems Corp. (Note 2)	Hachioji-shi, Tokyo	¥90 million	Manufacturing Endoscopic Solutions Business products and Therapeutic Solutions Business products	100	Yes	Yes	No	Manufacturing Olympus Corporation's products	
Aizu Olympus Co., Ltd. (Note 2)	Aizu-Wakamatsu-shi, Fukushima	¥214 million	Manufacturing Endoscopic Solutions Business products	100	No	Yes	No	Manufacturing Olympus Corporation's products	
Aomori Olympus Co., Ltd.	Kuroishi-shi, Aomori	¥26 million	Manufacturing Therapeutic Solutions Business products	100	No	Yes	No	Manufacturing Olympus Corporation's products	
Nagano Olympus Co., Ltd.	Tatsuno-machi, Kamiina-gun, Nagano	¥100 million	Manufacturing Endoscopic Solutions Business products	100	No	Yes	No	Manufacturing Olympus Corporation's products	
Shirakawa Olympus Co., Ltd.	Nishigo-mura, Nishishirakawa-gun, Fukushima	¥80 million	Manufacturing Endoscopic Solutions Business products	100	No	Yes	No	Manufacturing Olympus Corporation's products	
Olympus Marketing, Inc. (Notes 2, 3)	Shinjuku-ku, Tokyo	¥96 million	Sales of Endoscopic Solutions Business products and Therapeutic Solutions Business products	100	No	Yes	No	Sales of Olympus Corporation's products	(1) 112,467 (2) 14,211 (3) 8,733 (4) 41,230 (5) 78,848
Olympus Terumo Biomaterials Corp.	Shibuya-ku, Tokyo	¥72 million	Research and development, manufacturing and sales of biomaterials products and regenerative medicine	66.6	No	Yes	No	Development for manufacturing and sales of biomaterials products	
TmediX Corporation	Shinjuku-ku, Tokyo	¥50 million	Lease of products of the Endoscopic Solutions Business	100	No	Yes	No	Sales of Olympus Corporation's products	
Olympus Digital System Design Corp.	Tachikawa-shi, Tokyo	¥100 million	System development	100	No	Yes	No	Development of Olympus Corporation's products	

Company name	Location	Capital stock or capital contribution	Main business	Voting rights held by Olympus Corporation (%)	Relationship with Olympus Corporation				
					Concurrent officers, etc.		Financial assistance loans	Business transactions	Major profit/loss information, etc. (1) Revenue (2) Operating profit (3) Profit (4) Total equity (5) Total assets (Millions of yen)
					Officers of the reporting company	Employees of the reporting company			
Olympus-Supportmate Corp.	Hachioji-shi, Tokyo	¥10 million	Administration services for domestic subsidiaries and affiliates	100	No	Yes	Lending of ¥60 million for working capital	Provision of administration services	
Evident Corporation (Notes 2, 5)	Tatsuno-machi, Kamiina-gun, Nagano	¥100 million	Sales of Scientific Solutions Business products	100	Yes	Yes	Lending of ¥52,000 million for working capital	Sales of Olympus Corporation's products	
Evident Nagano Corporation (Notes 1, 5)	Tatsuno-machi, Kamiina-gun, Nagano	¥30 million	Manufacturing Scientific Solutions Business products	100 [100]	No	No	No	Manufacturing Olympus Corporation's products	
Olympus Corporation of the Americas (Note 2)	Pennsylvania, U.S.A.	US\$15 thousand	Holding company of corporate planning and financial support to affiliated companies in Americas region	100	Yes	Yes	No	Sales of Olympus Corporation's products	
Olympus America Inc. (Notes 1, 2, 3)	Pennsylvania, U.S.A.	US\$0 thousand	Sales of Endoscopic Solutions Business products and Therapeutic Solutions Business products	100 [100]	No	Yes	No	Sales of Olympus Corporation's products	(1) 297,777 (2) 51,857 (3) 47,812 (4) 170,529 (5) 252,720
Olympus Latin America, Inc. (Note 1)	Florida, U.S.A.	US\$0 thousand	Sales of Endoscopic Solutions Business products and Therapeutic Solutions Business products	100 [100]	No	Yes	No	Sales of Olympus Corporation's products	
Gyrus ACMI, Inc. (Notes 1, 2)	Massachusetts, U.S.A.	US\$1 thousand	Manufacturing Therapeutic Solutions Business products	100 [100]	No	Yes	No	No	
Gyrus ACMI LP (Note 1)	Minnesota, U.S.A.	US\$0 thousand	Manufacturing Therapeutic Solutions Business products	100 [100]	No	Yes	No	No	
Veran Medical Technologies, Inc. (Note 1)	Missouri U.S.A.	US\$302,181 thousand	Sales and manufacturing of Therapeutic Solutions Business products	100 [100]	No	Yes	No	Sales and manufacturing of Olympus Corporation's products	
Evident Scientific, Inc. (Notes 1, 4, 5)	Massachusetts, U.S.A.	US\$40,000 thousand	Manufacturing Scientific Solutions Business products	100 [100]	No	Yes	No	Manufacturing Olympus Corporation's products	

Company name	Location	Capital stock or capital contribution	Main business	Voting rights held by Olympus Corporation (%)	Relationship with Olympus Corporation				
					Concurrent officers, etc.		Financial assistance loans	Business transactions	Major profit/loss information, etc. (1) Revenue (2) Operating profit (3) Profit (4) Total equity (5) Total assets (Millions of yen)
					Officers of the reporting company	Employees of the reporting company			
Olympus Innovation Ventures, LLC (Note 1)	Massachusetts, U.S.A.	US\$0 thousand	Investment in Endoscopic Solutions Business and Therapeutic Solutions Business	100 [100]	Yes	No	No	No	
Evident Canada Inc. (Notes 1, 4, 5)	Québec, Canada	C\$21,688 thousand	Manufacturing Scientific Solutions Business products	100 [100]	No	Yes	No	Manufacturing Olympus Corporation's products	
Olympus Europa Holding SE	Hamburg, Germany	€1,000 thousand	Holding company of corporate planning to affiliated companies in Europe region	100	Yes	Yes	No	No	
Olympus Europa SE & Co. KG (Notes 1, 2)	Hamburg, Germany	€100,000 thousand	Holding company and sales of Endoscopic Solutions Business products and Therapeutic Solutions Business products	100 [100]	No	No	No	Sales of Olympus Corporation's products	
Evident Technology Center Europe GmbH (Notes 1, 4, 5)	Munster, Germany	€1,400 thousand	Information services and system development	100 [100]	No	Yes	No	Commissioned software development	
Olympus Deutschland GmbH (Note 1)	Hamburg, Germany	€10,100 thousand	Sales of Endoscopic Solutions Business products and Therapeutic Solutions Business products	100 [100]	No	Yes	No	Sales of Olympus Corporation's products	
Olympus France S.A.S. (Note 1)	Rungis Cedex, France	€3,914 thousand	Sales of Endoscopic Solutions Business products and Therapeutic Solutions Business products	100 [100]	No	No	No	Sales of Olympus Corporation's products	
Olympus Winter & Ibe GmbH (Note 1)	Hamburg, Germany	€8,182 thousand	Manufacturing Endoscopic Solutions Business products and Therapeutic Solutions Business products	100 [100]	Yes	Yes	No	Manufacturing Olympus Corporation's products	
KeyMed (Medical & Industrial Equipment) Ltd. (Note 1)	Essex, U.K.	£10 thousand	Manufacturing and sales of Endoscopic Solutions Business products	100 [100]	No	Yes	No	Sales and manufacturing of Olympus Corporation's products	

Company name	Location	Capital stock or capital contribution	Main business	Voting rights held by Olympus Corporation (%)	Relationship with Olympus Corporation				
					Concurrent officers, etc.		Financial assistance loans	Business transactions	Major profit/loss information, etc. (1) Revenue (2) Operating profit (3) Profit (4) Total equity (5) Total assets (Millions of yen)
					Officers of the reporting company	Employees of the reporting company			
Quest Photonic Devices B.V. (Note 1)	North Holland, The Netherlands	€21 thousand	Development of Endoscopic Solutions Business products	100 [100]	No	Yes	No	Development of Olympus Corporation's products	
Arc Medical Design Limited (Note 1)	West Yorkshire, U.K.	£52 thousand	Manufacturing Therapeutic Solutions Business products	100 [100]	No	Yes	No	Manufacturing Olympus Corporation's products	
FH ORTHO SAS (Note 1)	Heimsbrunn, France	€44,757 thousand	Sales and manufacturing of orthopedic equipment	100 [100]	No	Yes	No	Sales and manufacturing of Olympus Corporation's products	
Olympus Global Treasury Services Limited (Note 2)	Essex, U.K.	£266,693 thousand	Fund management of the whole group	100	Yes	Yes	No	No	
Odin Medical Ltd.	London, U.K.	£1	Development of Endoscopic Solutions Business products	100	No	No	No	Development of Olympus Corporation's products	
Medi-Tate Ltd. (Note 1)	Or-Akiva, Israel	≈28 thousand	Development and manufacturing of Therapeutic Solutions Business products	100 [100]	No	Yes	No	Manufacturing Olympus Corporation's products	
Olympus Corporation of Asia Pacific Limited (Note 2)	Hong Kong	HK\$1,729,704 thousand	Holding company of corporate planning to affiliated companies in Asia region	100	Yes	Yes	No	No	
Olympus Hong Kong and China Limited (Note 1)	Hong Kong	HK\$540,000 thousand	Sales of Endoscopic Solutions Business products and Therapeutic Solutions Business products	100 [100]	No	Yes	No	Sales and manufacturing of Olympus Corporation's products	
Olympus (China) Co., Ltd. (Note 1)	Beijing, P.R.C.	US\$31,000 thousand	Holding company of corporate planning to affiliated companies in China	100 [100]	Yes	Yes	No	No	
Evident (GuangZhou) Co., Ltd. (Notes 1, 4, 5)	Guangzhou, P.R.C.	US\$5,000 thousand	Manufacturing Scientific Solutions Business products	100 [100]	No	Yes	No	Manufacturing Olympus Corporation's products	
Olympus (Beijing) Sales & Service Co., Ltd. (Notes 1, 3)	Beijing, P.R.C.	US\$5,000 thousand	Sales of Endoscopic Solutions Business products and Therapeutic Solutions Business products	100 [100]	No	Yes	No	Sales of Olympus Corporation's products	(1) 116,139 (2) 16,949 (3) 12,983 (4) 20,456 (5) 62,252

Company name	Location	Capital stock or capital contribution	Main business	Voting rights held by Olympus Corporation (%)	Relationship with Olympus Corporation				
					Concurrent officers, etc.		Financial assistance loans	Business transactions	Major profit/loss information, etc. (1) Revenue (2) Operating profit (3) Profit (4) Total equity (5) Total assets (Millions of yen)
					Officers of the reporting company	Employees of the reporting company			
Olympus Trading (Shanghai) Limited (Notes 1, 2)	Shanghai, P.R.C.	US\$1,000 thousand	Sales of Endoscopic Solutions Business products and Therapeutic Solutions Business products	100 [100]	No	Yes	No	Import and sales of Olympus Corporation's products	
Olympus Korea Co., Ltd.	Seoul, Republic of Korea	₩18,000 million	Sales of Endoscopic Solutions Business products and Therapeutic Solutions Business products	100	No	Yes	No	Sales of Olympus Corporation's products	
Olympus Singapore Pte. Ltd. (Note 1)	Singapore	S\$330 thousand	Sales of Endoscopic Solutions Business products and Therapeutic Solutions Business products	100 [100]	No	Yes	No	Sales of Olympus Corporation's products	
Olympus Vietnam Co., Ltd.	Vietnam	US\$24,000	Manufacturing Therapeutic Solutions Business products	100	Yes	Yes	No	Manufacturing Olympus Corporation's products	
Olympus Australia Pty Ltd. (Note 1)	Victoria, Australia	A\$7,928 thousand	Sales of Endoscopic Solutions Business products and Therapeutic Solutions Business products	100 [100]	No	Yes	No	Sales of Olympus Corporation's products	
61 others	-	-	-	-	-	-	-	-	-
(Equity method affiliated companies)									
Sony Olympus Medical Solutions Inc.	Hachioji-shi, Tokyo	¥50 million	Development of Endoscopic Solutions Business products	49	No	Yes	Lending of ¥3,332 million for working capital	Development of Olympus Corporation's products	
2 others	-	-	-	-	-	-	-	-	-

- Notes:
1. Figures disclosed in parentheses in the "Voting rights held by Olympus Corporation" column represent voting rights held indirectly by Olympus Corporation.
 2. The company falls under the category of "specified subsidiary."
 3. Olympus Marketing, Inc., Olympus America Inc., and Olympus (Beijing) Sales & Service Co., Ltd. account for more than one-tenth of consolidated revenue.
 4. The names of the following companies have been changed.

Previous name	Current name
Olympus Scientific Solutions Americas Corp.	Evident Scientific, Inc.
Olympus NDT Canada Inc.	Evident Canada Inc.
Olympus Soft Imaging Solutions GmbH	Evident Technology Center Europe GmbH
Olympus (Guangzhou) Industrial Ltd.	Evident (GuangZhou) Co., Ltd.

5. On August 29, 2022, Olympus Corporation concluded a share transfer agreement related to the transfer of Scientific Solutions Business of the Olympus Group with K.K. BCJ-66, a special purpose company indirectly owned by funds advised by Bain Capital, and completed the transfer on April 3, 2023. For more information, please refer to “V. Financial information, Notes to Consolidated Financial Statements, 44. Subsequent Events (Transfer of Scientific Solutions Business).”
6. No company has filed a securities registration statement or securities report.

5. Employees

(1) Information about group

(As of March 31, 2023)

Segment	Numbers of employees (persons)	
Endoscopic Solutions	14,308	[251]
Therapeutic Solutions	8,448	[161]
Scientific Solutions (Note 3)	4,124	[151]
Others	559	[3]
Management division	5,405	[219]
Total	32,844	[785]

- Notes:
1. The number of employees represents individuals working within the Olympus Group.
 2. The number of employees includes employees on loan to the Olympus Group but does not include employees on loan outside the Olympus Group. The average number of temporary employees for the year is shown in parentheses.
 3. The Scientific Solutions Business has been classified as a discontinued operation from the fiscal year ended March 31, 2023. On April 3, 2023, Olympus Corporation transferred the Scientific Solutions Business to K.K. BCJ-66, a special purpose company indirectly owned by funds advised by Bain Capital Private Equity, LP (together with its affiliates).

(2) Information about reporting company

(As of March 31, 2023)

Numbers of employees (persons)	Average age (years)	Average length of service (years)	Average annual salary (yen)
2,727	42.86	13.85	9,652,126

Segment	Numbers of employees (persons)
Endoscopic Solutions	566
Therapeutic Solutions	279
Others	6
Management division	1,876
Total	2,727

- Notes:
1. The number of employees represents individuals working within the Olympus Corporation.
 2. The number of employees includes employees on loan to Olympus Corporation but does not include employees on loan outside Olympus Corporation.
 3. Average annual salary includes bonuses and extra wages.
 4. The number of employees decreased by 751 from the end of the previous fiscal year, mainly due to the split-off of the Scientific Solutions Business to Evident Corporation.

(3) Information about labor union (as of March 31, 2023)

Name: Olympus Labor Union

Labor-management relation: Labor-management relations are stable and there are no matters requiring special mention.

Number of members: 5,356

(4) Diversity indicators

Diversity indicators for the fiscal year ended March 31, 2023 are as follows.

Reporting company and consolidated subsidiaries	Number of all workers (persons) (Note 1)	Percentage of female workers in managerial positions (%) (Note 1)	Percentage of male workers taking childcare leave, etc. (%) (Note 2)	Wage difference between men and women (%) (Note 1)		
				All workers	Regularly employed workers	Part-time and fixed-term workers
Reporting company	6,731	7.2	70.2	70.7	70.5	64.3
Nagano Olympus Co., Ltd.	504	0.0	66.7	70.2	70.9	72.0
Aizu Olympus Co., Ltd.	2,067	4.8	85.4	68.4	70.7	92.9
Shirakawa Olympus Co., Ltd.	984	5.4	105.9	66.5	66.2	94.0
Aomori Olympus Co., Ltd.	923	0.0	100.0	60.7	63.2	75.0
Olympus Marketing, Inc.	631	2.5	73.4	67.9	67.3	110.7
Olympus Terumo Biomaterials Corp.	109	12.5	150.0	66.6	74.8	53.1
Olympus-Supportmate Corp.	159	25.0	– (Note 3)	109.0	112.9	66.5
TmediX Corporation	66	0.0	0.0	77.0	81.1	96.8
Olympus Digital System Design Corp.	15	0.0	– (Note 3)	65.4	65.4	–
Evident Corporation	1,131	5.5	75.0	69.5	72.3	49.4
Evident Nagano Corporation	496	0.0	25.0	68.8	71.4	83.2

- Notes:
1. Seconded employees are counted as employees of the company from which they are seconded.
 2. Seconded employees are counted as employees of the company to which they are seconded.
 3. There are no male workers eligible for childcare leave, etc.
 4. The periods covered are as follows;
Percentage of female workers in managerial positions: as of March 2023
Percentage of male workers taking childcare leave, etc. and wage difference between men and women: fiscal year ended March 31, 2023 (April 2022 to March 2023)
 5. The percentage of male workers taking childcare leave, etc. is calculated based on the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members.

Wage difference between men and women

The wage difference between men and women, which is one of the indicators for promoting the active participation of women, is 70.7% for Olympus Corporation.

We believe that the difference is due to the fact that male employees have been with Olympus Corporation longer, the average age of male employees is higher, and the ratio of higher-paid positions is higher for male employees than for female employees.

As part of our efforts to address these issues, we have set the active participation of women as one of our medium-term policies in Japan, and are implementing measures to strengthen the environment in which women can balance work and life, and to increase the ratio of women in management, senior management, and executive positions.

Target

We have set a target of increasing the percentage of female workers in managerial positions to 30% for the Olympus Group and 13% for Olympus Corporation. (As of March 31, 2028)

II. Overview of Business

1. Management Policy, Business Environment, Issues to Address

The management policy, business environment, and issues to address of the Olympus Group are as follows. Note that matters related to future developments that are mentioned in this section are judgments of the Olympus Group that were made as of the end of the fiscal year ended March 31, 2023 (on a consolidated basis).

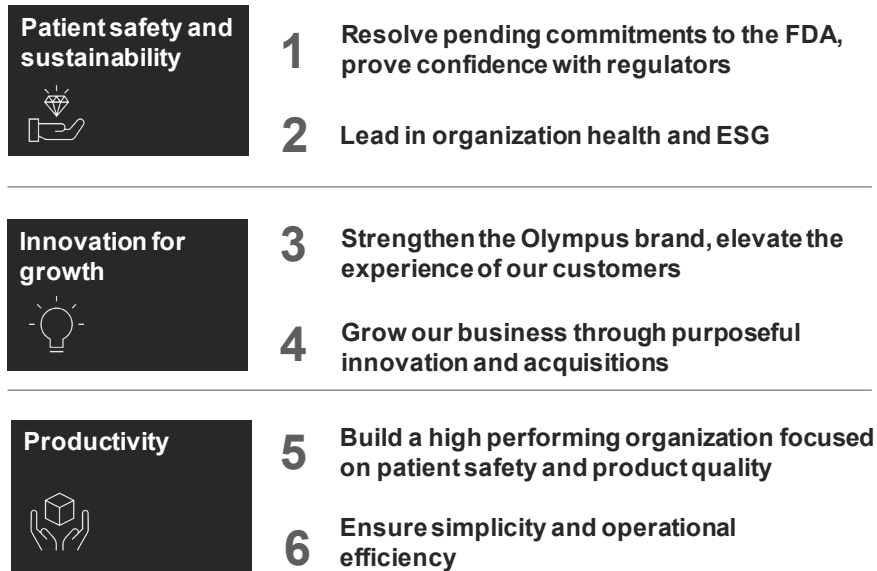
(1) Basic management policy

The Olympus Group’s corporate philosophy, our purpose, is to contribute broadly to society by meeting the fundamental needs of people and society around the world for healthy, safe and fulfilling lives through our business activities, and this is expressed as “Making people’s lives healthier, safer and more fulfilling” as the basic philosophy of all our activities.

Based on this basic philosophy, the Olympus Group will continue to provide innovative products and services to society to realize its corporate philosophy, and strive for sustainable business growth and increased corporate value.



Since April 2023, we have defined three key priorities of “patient safety and sustainability,” “innovation for growth,” and “productivity.” To continue as a sincere and transparent company, we will build a firm and durable organization in cooperation with regulatory authorities and our stakeholders and focus all our activities on customer experience value to become a company leading the healthcare industry and ESG. We will also focus on QA/RA (quality assurance and regulatory affairs) with patient safety as our top priority, and implement initiatives such as “executing transformation with the aim of a single global quality system and fully harmonized processes,” “enhancing global quality and compliance functions to ensure consistent execution,” and “resolving compliance issues and complete remediation.” We will then provide high-quality products and services in various fields in line with our long-term strategy to achieve sustainable business growth and increased corporate value.



(2) Company strategy

Based on our basic philosophy, we have announced a new company strategy in 2023 to achieve our corporate philosophy.

(Strategic value pools for long-term sustainable growth)

In our medium- and long-term corporate strategy announced in November 2019, our strategic goal was to grow into a globally leading MedTech company to deliver benefits to all our stakeholders and contribute to the health of people around the world by providing value-added innovations. As a result of our transformation efforts over the past three years in the “Focus and Simplify” and “Transform to Perform” stages, we were able to achieve the milestone of achieving an operating margin of over 20% in the fiscal year ended March 31, 2023. Going forward, we intend to focus on both growth and profitability in this new stage of “Shift to Grow,” with the goal of expanding our market position in key segments and ultimately improving patients’ experience and treatment outcomes. As sources of value to support long-term and sustainable growth that contributes to this, we have four key drivers: i) business and global expansion, ii) strategic M&A, iii) care pathway enhancement, and iv) intelligent endoscopy ecosystem.



i) Business and global expansion

With the change in global population dynamics and an increase in the occurrence of diseases, the need for solutions for diseases targeted by our products and services have been growing. We will continue to focus on three fields of gastroenterology, urology, and respiratory where we have leading positions, and provide optimal solutions for patient care pathways through advanced visualization, precision treatment, and value added solutions.

- EVIS X1, our mainstay gastrointestinal endoscopic system: Sales have already begun in Europe, Asia, and Japan, and we plan to expand sales worldwide, including the U.S. and China.
- Single-use endoscopes: We have already launched a bronchoscope in the fiscal year ended March 31, 2022 and will launch a nasopharyngoscope in the fiscal year ending March 31, 2024. In addition to bronchoscope, we will develop single-use endoscopes in the areas of duodenoscope, cholangioscope, and ureteroscope going forward. (Includes technologies not yet approved or released in some regions)
- Chinese market: This is one of our strategically important markets, where we will continue to invest in clinician education and training and assess unmet needs from Chinese healthcare professionals. We are also preparing a local manufacturing site in China and are considering offering Chinese domestic products for the Chinese market.

ii) Strategic M&A

We will continuously enhance our product portfolio through opportunities for tuck-in M&As in existing disease areas in the gastroenterology, urology, and respiratory fields and related areas with high growth potential to transform clinical and procedural workflows, enhance care, and expand business geographically. We will contribute to improving patient outcomes by providing comprehensive solutions.

iii) Care pathway enhancement

Olympus Corporation aims to improve patient outcomes by elevating the standard of care. In the care pathway covering early detection and diagnosis, stage classification, treatment, and follow-up care, we will improve the experience of patients and healthcare professionals through our solutions and provide more patients with access to healthcare to improve the quality of care and outcomes, with a focus on the three fields of gastroenterology, urology, and respiratory.

iv) Intelligent endoscopy ecosystem

With the increase in chronic diseases and an aging population, there is an even greater need to deliver better treatment outcomes to more people and improve the experience of healthcare providers and patients, while reducing medical costs. We are considering providing solutions to these challenges through intelligent endoscopy that leverages connectivity, AI, and data insights to standardize the user experience through “workflow management,” “CAD* and real-time procedure support,” and “AI clinical and operations insights.” The AI-powered intelligent endoscopy ecosystem will enable the co-creation of value between our customers, Olympus Corporation, and our partners through a new software platform and achieve more accurate early detection, diagnosis, and treatment, with the goal of moving to a business model that constantly delivers innovation by upgrading the platform’s software and applications.




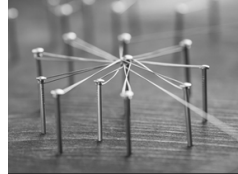
* Computer Aided Detection/Diagnosis: AI assisted detection/diagnosis

(Activities to enable investments and innovation)

In order to strengthen the foundation for value creation initiatives such as investment and innovation, we are focusing our efforts on the following four areas in particular.

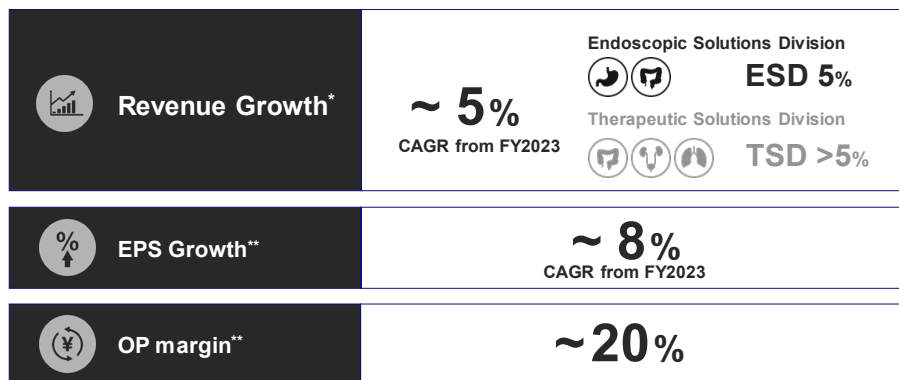
- QA/RA: Complete QA/RA reform and corrective actions by introducing a consistent and robust quality system and strengthening the organization
- R&D: Quicker and higher investments in R&D with the aim of accelerating innovation. Create a more robust innovation pipeline, seek more proactively strategic partnerships, and accelerate our time-to-market
- Manufacturing and supply chain management: Improve cost of sales, optimize organizational size and location structure, streamline and digitize processes, and pursue further efficiencies

- Global Target Operating Model (GTOM): Achieve continuous improvement of global governance and operations. Clarify decision-making processes and create a high-performance organization that enables more efficient allocation of resources to promote innovation

 <p>QARA – functional transformation globally</p> <ul style="list-style-type: none"> Execute Quality and Regulatory functional transformation with the aim of one global quality system Integrate Global Quality and Compliance Functions to ensure the consistent execution Resolve compliance issues and complete remediation 	 <p>R&D – investments to accelerate innovation</p> <ul style="list-style-type: none"> Apply an unmet need-oriented innovation approach Right investments for future to ensure an innovation engine Pro-actively seek strategic partnerships Accelerate time-to-market 	 <p>Mfg & SCM – opportunity for COGS improvements</p> <ul style="list-style-type: none"> Improve efficiency and cost to apply a fit-for-purpose organization and processes Actions include site and resource streamlining, fast-track efficiencies. Procurement and supply chain best-practices, and benefits from digitization 	 <p>Global TOM – efficiencies by an improved operations</p> <ul style="list-style-type: none"> Further fine-tune our global governance and operation to establish a high-performing organization of a global medical company that unlocks capital to drive innovation Enable cross-functional and effective decision-making, with efficient resource allocation and rigorous execution to fund & deliver key projects
<p>Ensure patient safety according to the highest industry standards</p>			

(Financial guidance)

Financial guidance for the three-year period from the fiscal year ending March 31, 2024 through the fiscal year ending March 31, 2026 is as follows. In this new stage of “Shift to Grow,” with a focus on both growth and profitability, we aim to achieve stable value creation and competitive growth by maintaining a sales CAGR of approximately 5% and an adjusted operating margin of around 20%, while targeting a CAGR of approximately 8% for EPS, which exceeds sales growth.



* The foreign exchange assumption is fixed.

** After adjusting special factors: Excluding other income and expenses, etc. Impact from fluctuations in the exchange rate is not adjusted. The actual foreign exchange rate is used.

2. Approach and Initiatives for Sustainability

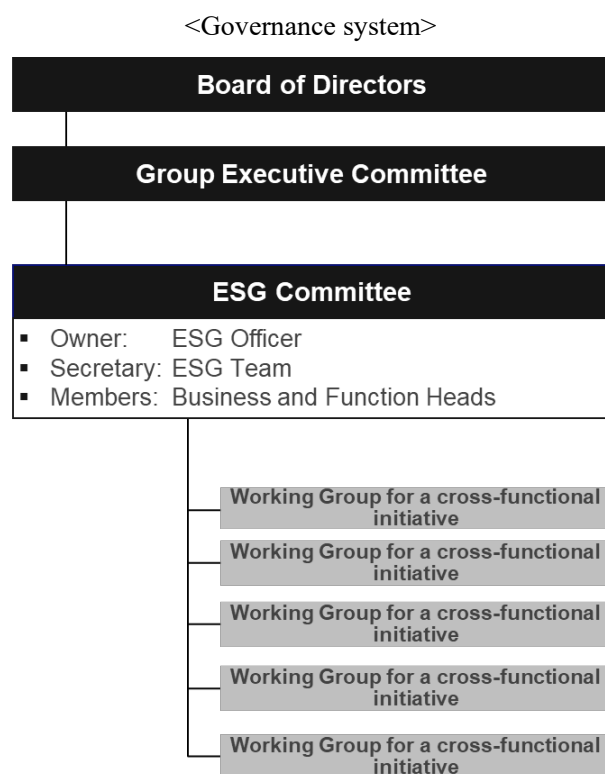
(1) Sustainability in general

The Olympus Group strives to contribute to society through activities aimed at achieving Our Purpose, “making people’s lives healthier, safer and more fulfilling.” We recognize that through doing this, the Olympus Group will be able to continue functioning as a sustainable company. Therefore, the Olympus Corporation’s ESG strategy is crucial for achieving Our Purpose.

<Governance>

To reinforce the implementation of the ESG measures, in April 2021, we designated an officer in charge of ESG (ESG Officer) to be responsible for our ESG initiatives and established the KPIs to be specified in our Company Strategy. The ESG Officer comprehensively manages ESG initiatives while monitoring the implementation progress of ESG measures. The ESG Officer also reports the status of the progress to the Group Executive Committee and the Board of Directors for deliberation. From the fiscal year ended March 31, 2021, 10% of the executive officers’ performance share unit (PSU), a part of their long-term incentive compensation, was linked to the results of an evaluation by an external ESG rating agency. In the fiscal year ended March 31, 2022, the percentage was increased from 10% to 20% to reinforce the commitment of management. Since ESG initiatives are integral to corporate management itself to require long term for the outcome, the performance in ESG is linked to the long-term incentives in the total incentive structure, which are evaluated by the results of an evaluation by an external ESG rating agency for 3 years, rather than the short-term incentives evaluated by the results in a single year.

In the fiscal year ended March 31, 2023, we reviewed the governance structure for the implementation of our ESG strategy and decided to establish a new governance system in group level starting from the fiscal year ending March 31, 2024. In this new governance structure, the ESG Committee, which mainly consists of Business and Function Heads, drives and monitors the implementation of the ESG strategy. Under the ESG Committee, working groups are set for some of ESG initiatives which require cross-functional approach to drive those ESG initiatives. In addition, the progress, outcomes and issues in the implementation of ESG strategy are reported to the Group Executive Committee and the Board of Directors. By receiving instructions and advice from the Group Executive Committee and the Board of Directors, the ESG strategy is appropriately implemented under a proper governance structure.



<Strategy>

In the fiscal year ended March 31, 2023, we reviewed and refined our ESG strategy. In our new company strategy starting from the first year ending March 31, 2024, we position ESG as one of the primary priorities to further reinforce the linkage between our ESG strategy and the company strategy, business strategy, as well as function strategy.

Funding our journey and invest to create value for all stakeholders



While retaining the essentials and framework of the prior ESG strategy, the new ESG strategy was developed through a process including communication with stakeholders, analysis in the increasing expectations and requirements from society to companies on sustainability, major trend of MedTech industry and discussion in the Group Executive Committee and the Board of Directors. The “six ESG areas” and “five materiality items” in the original ESG strategy are reformed into “six focus areas” under which “25 materiality topics” are identified. In the process of identifying the 25 materiality topics, we prioritize them into three levels: “top priority,” “high priority,” and “others,” according to the stakeholder impact and the impact on our business. These “six focus areas” and “25 materiality topics” are embedded in the initiatives of the Olympus Group’s company management and business management to represent our commitment to our contribution to solve social issues through our ESG strategy. We recognize ESG as one of the most topics to become a global leading MedTech company as well as to contribute to realize a sustainable society. Materiality needs to be reviewed and improved continuously according to changes in society and business environment.

Six focus areas

- Healthcare access and outcomes
- Compliance, product quality and safety
- Responsible supply chain
- Healthy organization
- Carbon neutral society and circular economy
- Corporate governance

6 Focus Areas / 25 materiality topics

Focus areas	25 Materiality topics		
	Top Priority (8 topics)	High Priority (9 topics)	Others (8 topics)
Healthcare Access and Outcome	<ul style="list-style-type: none"> Contribution to health equity and access <ul style="list-style-type: none"> Contribution to health equity HCP training and enablement Strategy to improve accessibility to product 	<ul style="list-style-type: none"> Innovation for better healthcare outcome Public awareness building on early detection and treatment 	<ul style="list-style-type: none"> Corporate citizenship and philanthropy
Compliance, Product Quality and Safety	<ul style="list-style-type: none"> Quality and safety in product, service and solution 	<ul style="list-style-type: none"> Business ethics and compliance Privacy, Information and cyber security 	<ul style="list-style-type: none"> Tax transparency Ethical marketing practice Risk and crisis management, risk culture Innovation to improve mftg process
Responsible Supply Chain	<ul style="list-style-type: none"> Supply chain risk mitigation and resilience 	<ul style="list-style-type: none"> Human rights commitment in supply chain management 	
Healthy Organization	<ul style="list-style-type: none"> Diversity, equity and inclusion 	<ul style="list-style-type: none"> Employee development and engagement Workplace safety and human rights 	
Carbon Neutral Society and Circular Economy	<ul style="list-style-type: none"> Scope 1 and 2 carbon emissions Scope 3 carbon emissions Circularity through product stewardship 	<ul style="list-style-type: none"> Water and waste management Climate risk resilience 	<ul style="list-style-type: none"> Environmental reporting transparency
Corporate Governance	<ul style="list-style-type: none"> Corporate governance and reporting transparency 		<ul style="list-style-type: none"> Involvement of other stakeholders Diversity in Board of Directors

<Risk management>

In the process of the enterprise risk assessment, we identify potential risks related to sustainability and ESG, and manage them through the enterprise risk management system. The status and progress are reported to the Group Executive Committee and the Board of Directors.

<Indexes and targets>

In the fiscal year ended March 31, 2023, we continued to use the Dow Jones Sustainability Index (DJSI), one of the most globally recognized corporate sustainability indices, as an indicator to measure the achievement and effort in our ESG activities, aiming to be selected to some of the indices. So far, we were selected as a composite of the DJSI Asia Pacific for the first time in 2018 and that of DJSI World in December 2022, the year following the fiscal year ended March 31, 2022, when the ESG rating by an external ESG rating agency is linked to the long-term incentives of executive officers. Since then, we have been selected a composite of the DJSI World for two consecutive years and the DJSI Asia Pacific for four consecutive years until the fiscal year ended March 31, 2023.

In the fiscal year ended March 31, 2023, we also set flagship initiatives to implement the ESG strategy, focusing on the materiality topics in the top priority category with quantitative and qualitative KPIs and targets for each of them.

ESG six focus areas and materiality topics with top priorities



* CRC: Colorectal cancer ** Olympus Corporation

(2) Climate change

<Governance>

The Olympus Group endeavors to reduce the environmental impact from the entire value chain, including product development, procurement, manufacture, logistics, sales, and repair. Under the CEO and Chief Human Resources Officer (CHRO), who are the highest environmental responsible officers, the Human Resources Head oversees matters related to the environment, health and safety (EHS) for the entire Group.

In accordance with the Human Resources Head's instructions, the EHS functional division formulates the Environmental Health and Safety Policy of the Olympus Group and creates an environmental action plan, including the reduction target of greenhouse gas emissions, as well as monitoring the progress of action plan implementation across the entire Group. In response to the progress report, the highest environmental responsible officers (CEO and CHRO) give instructions for any improvement required. The Board of Directors continues to monitor the status of the implemented climate change measures while receiving the related reports as appropriate.

* The highest environmental responsible officers are CEO and CAO until the fiscal year ended March 31, 2023; CEO and CHRO from April 1, 2023

Environmental management structure (at the time of filing this Annual Securities Report)



<Strategy>

The Olympus Group identifies risks and opportunities related to climate change for the short-term, medium-term, and long-term periods by using scenario analysis. The influence of climate change on our business activities is analyzed based on the 2-degree scenario: RCP2.6, IEA B2DS (holding the increase in the global average temperature to below 2°C above pre-industrial levels) and the 4-degree scenario: RCP8.5 (where the increase is assumed to be up to 4°C above pre-industrial levels), both of which were presented by the International Energy Agency (IEA). We identified that the major risks within the short-term period (one to five years) would be the suspension of factory operations or breakdown of the supply chain due to natural disasters; and the risks within the medium- to long-term period (10 to 20 years) would be an increase in business costs due to the introduction of carbon taxes and further tightening of greenhouse gas emissions regulations.

Although such climate change risks could affect our corporate strategy and financial plan, we assume that the scope of influence would be limited. For example, the geographical location of our factories in terms of natural disasters, such as typhoons, can be classed as a physical risk. We confirmed that our factories are at low-risk locations and a business continuation plan for each site was created in case of emergency. As a supply chain risk, we have experienced closures of sales sites due to typhoons and flooding across the world. Still, the influence was limited. We also expect an increase in operational costs due to carbon taxes etc. as a transition risk. However, the percentage of energy costs in the factories among overall business costs is small, and, therefore, the impact on our business will be limited.

As a climate change opportunity, we will continue development of environmentally conscious products with energy-saving and other functions, taking the rising requirement for such products-which contribute to greenhouse gas emissions reduction-as a business opportunity. However, we estimate the impact from this opportunity on our business will not be so large because the majority of our products are already small with low energy consumption, and the nature of our products and services are relatively independent from any impact from climate change.

	Environmental changes	Risks	Opportunities	Measures
2°C scenario	Stronger regulatory action for a low carbon society	<Transition risks> <ul style="list-style-type: none"> • Increase in procurement and operating cost* due to carbon tax, carbon emissions trading and stronger regulatory action on greenhouse gas emission by various countries 	<ul style="list-style-type: none"> • Reduction of business costs by energy-saving measures • Improvements in market competitiveness by development of environmentally conscious products • Improvements in evaluation by stakeholders 	<ul style="list-style-type: none"> • Improvements in energy efficiency • Wider use of renewable energy • Diversification of suppliers • Environmentally conscious design in the product/service design & development stage
4°C scenario	Rise in temperature and increased extreme weather events	<Physical risks> <ul style="list-style-type: none"> • Supply chain disruption caused by growing scale of natural disasters, such as typhoons, floods, etc. • Suspension of deliveries from suppliers and to customers due to suspension of distribution bases, repair centers and sales branches, etc.) 		

<Risk management>

When establishing its corporate strategy and business plan, the Olympus Group identifies potential risks that could impact on our business operations. The high risks are then extracted, and their risk levels are assessed. Such high risks include business transition risks to keep up with changes in environmental regulations and technologies to adapt climate change, as well as physical risks associated with natural disasters.

Risk evaluation and prioritization are carried out in each organization assuming the impact on the business should the risk become reality, and the likelihood of such. According to the results of such evaluation and prioritization, business plans for the following year or multiple years are established to manage such risks. As for risks related to environmental regulations, the Quality Management function monitors the regulation trends concerning our products, and the EHS division of each company monitors the regulation trends concerning the business site. The state of compliance is regularly assessed while changes are implemented as required.

The management status of those risks posing a high impact on business operations are regularly monitored in each organization and monitoring results are reported to the Group Executive Committee and the Board of Directors. In response to the monitoring results, the CEO may revise the plan details if management efficacy is insufficient.

<Indexes and targets>

The Olympus Group has set two targets. One is carbon neutrality by 2030 for its site operations (Scope 1 & Scope 2), and the other is switching electricity procurement for its site operations to renewable energy sources also by 2030. In order to contribute widely to the realization of a decarbonized society, in addition to the greenhouse gas emissions from the company itself, we believe that it is also necessary to strive to include greenhouse gas emissions from the supply chain. Accordingly, in May 2023, we set and announced a goal of net zero greenhouse gas emissions (Scope 1, 2, 3) for the entire supply chain by 2040. This goal is in line with a high-level target of 1.5°C, which is the target to strive for under the Paris Agreement.

The results in the fiscal year ended March 31, 2022 were a 25.9% reduction in greenhouse gas emissions compared to the fiscal year ended March 31, 2018, and the percentage of renewable energy usage reached 18.9%. We continue our production efficiency improvements, energy-saving activities and introduction of renewable energy in business sites across the world. We also pursue the development of

environmentally conscious products, green procurement, and improvement of logistical efficiency in order to reduce greenhouse gas emissions across the life cycles of our products.

* Actual data is for the fiscal year ended March 31, 2022, for which third-party assurance was obtained at the time of filing of this Annual Securities Report.

Greenhouse gas emissions (Scope 1, 2)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Scope 1+2 (t-CO ₂ e)	121,614	105,527	109,563	93,310	90,119★

★ Indexes certified by the Assurance Statement. *Coverage: Olympus Group (excluding small corporations)

* Scope 1: Direct greenhouse gas emissions by combustion of fuels in our sites. Scope 2: Indirect greenhouse gas emissions from our sites use of electricity, heat or steam supplied by other companies.

	Target	Results
Reduction rate of greenhouse gas emissions (compared to fiscal year ended March 31, 2018)	21% or more	25.9%
Renewable energy rate	12% or more	18.9%

(3) Human capital and diversity

<Strategy>

(i) Human resource development policy

Basic approach to human resource development

The Olympus Group regards its employees as its most important management resource from a long-term perspective. By treating every employee with respect, sincerity and empathy, we aspire for the Olympus Group as a whole to become an organization capable of responding with speed and solidarity in the face of changes in the business environment. To achieve this goal, we require all our employees to deeply understand the principles and values shared by the entire Olympus Group, hold the skills to conduct business on a global scale along with leadership and a high level of expertise. We also believe it is important to not only view human resource development from the perspective of personnel training, but also to trust in the incentive and enthusiasm shown by our employees and to assign each person to a job that matches their capabilities so that they can make the most of their own individual skills and competences.



The six dimensions necessary to achieve a Healthy Organization and Our Core Values

The Olympus Group’s ideal corporate culture

The Olympus Group believes that fostering a Healthy Organization and cultivating capable leaders who support that culture will be important factors in driving our corporate strategy forward.

The Olympus Group defines its aim for a Healthy Organization as “Committed to delivering Olympus’ Purpose by creating a working culture where everyone is empowered to perform their best” and six dimensions are identified to bring it to fruition. We are currently advancing initiatives at the global level to further improve those six dimensions.

How we are bringing a Healthy Organization to life at Olympus

We aim to establish a unified HR system for the entire Olympus Group and develop talent to contribute to the realization of a Healthy Organization. We also believe that it is particularly important to develop talent with leadership competencies for global success to achieve our corporate strategy. We are conducting training aimed at continuously enhancing our executive talent pipeline, developing human resources, and strengthening leadership and execution competencies.

(ii) Internal environment improvement policy

Diversity, equity and inclusion

The Olympus Group believes that by promoting diversity, equity and inclusion throughout the organization, we will be able to create more attractive, competitive, and innovative business development. To this end, we aim to provide challenging and rewarding work to a diverse workforce, regardless of gender, disability, nationality, or race, and to promote professional development and sustainable growth.

In order to grow into a competitive global MedTech company and contribute to the realization of a sustainable society, the Olympus Group considers ESG to be an important issue. In the six focus areas and 25 materiality topics of the ESG strategy formulated in the fiscal year ended March 31, 2023, the promotion of diversity, equity and inclusion (DEI) is stated as one of the materiality topics of particularly high importance.

We have defined the promotion of the advancement of women as one of the strategic focus areas for DEI, and set the Olympus Group's targets to this end. In particular, we have set individual goals for Japan as an area of focus and will continue to promote DEI there.

Enhancement of employee engagement

The Olympus Group's Core Values Survey represents an important employee engagement tool that supports our aim to create a Healthy Organization as it is a way to listen to employees and understand their experiences and expectations.

Based on the survey results, we are currently formulating action plans globally to close the gap between the target state of the organization and the current status from both the top-down and bottom-up perspectives at multiple organizational levels. Focusing on each region, we will take action to improve the issues related to "collaboration," "encouraged to challenge" and "work-life balance" identified from the survey in each department and function. Going forward, we will aim to achieve a Healthy Organization by periodically monitoring the progress of the action plans and the extent of improvements.

Promotional structure in human resources development

In addition to the human resources development systems that operate in each region, to ensure optimal development of human resources for the entire Olympus Group, the Olympus Group has facilitated coordination between the human resources development systems at the global and regional levels. Coordination among leaders of business and functional organizations has also been improved by appointing human resources officers responsible for business and functional organizations known as HR Business Partners. This scheme is designed not only to assure consistency throughout the Olympus Group, but also to improve the efficiency and maximize the effectiveness of human resources development measures adapted to conditions specific to each region and business.

<Indexes and targets>

For specific indexes and targets in this section "Human capital and diversity," please refer to "(i) Percentage of female workers in managerial positions, (ii) Percentage of male workers taking childcare leave, etc., and (iii) Wage difference between men and women," as shown in "I. Overview of Company, 5. Employees."

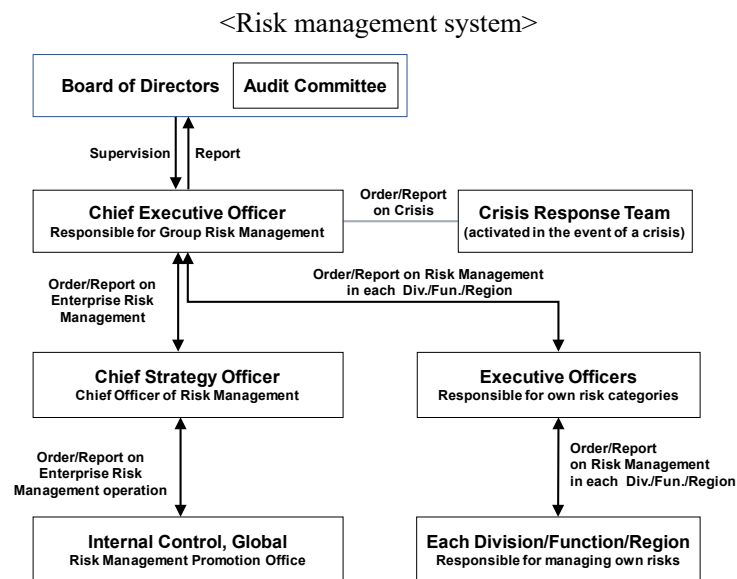
3. Business Risks

The business performances of the Olympus Group may be materially influenced by various risks (uncertainties) which may occur in the future. The Olympus Group is implementing risk management initiatives to achieve its “basic management policy,” which includes its management philosophy, corporate strategy, etc. Specifically, based on the “Policy of Risk Management and Crisis Response” and related rules, the Olympus Group is undertaking risk management from the perspective of both “offense” through active and appropriate risk taking for leading to sustainable growth and value creation for Olympus Corporation and “defense” to prevent illegalities and accidents.

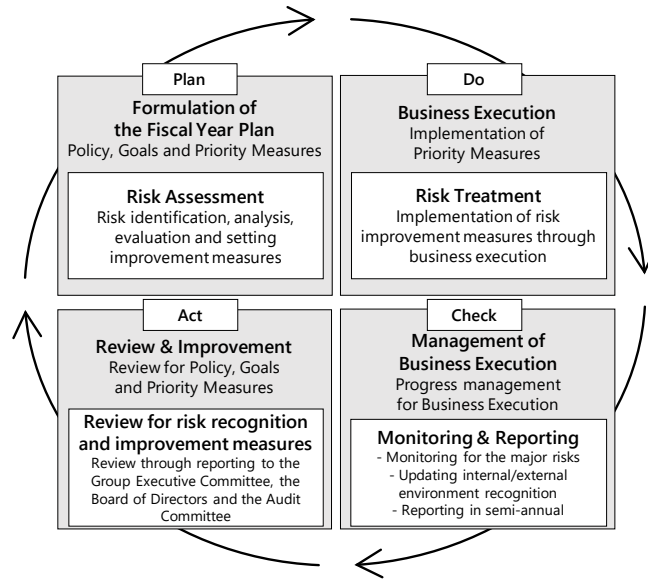
In terms of risk management systems, we have established a global risk management system, defined categories of risks that could affect the achievement of Olympus Corporation’s business targets as well as the corporate strategy, and identified the executive officer responsible for each risk category (establishing risk assurance). Each executive officer executes the necessary measures (organizational structure, process preparation, focus measures, etc.) to keep within the permitted scope of their designated area of risk.

In April 2023, we launched a new organization to integrate the four functions (risk and control, compliance, privacy, information security) related to GRC (governance, risk, compliance). In order to enhance coordination among the different functions, we have worked to further strengthen our risk management system with respect to execution capabilities.

The Olympus Group also operates risk management processes with a PDCA cycle of risk assessment (identification, analysis and evaluation of risk and setting countermeasures), implementation of risk countermeasures, monitoring and reporting, and improvement. Risk assessment is linked to the process for formulating the fiscal year plan, with risk evaluated using common company-wide evaluation standards, and company-wide risk tracked and uniformly managed. In addition, the status of response to the Olympus Group’s significant risks are regularly reported to the Olympus Group Executive Committee, the Board of Directors, and the Audit Committee for ongoing monitoring.



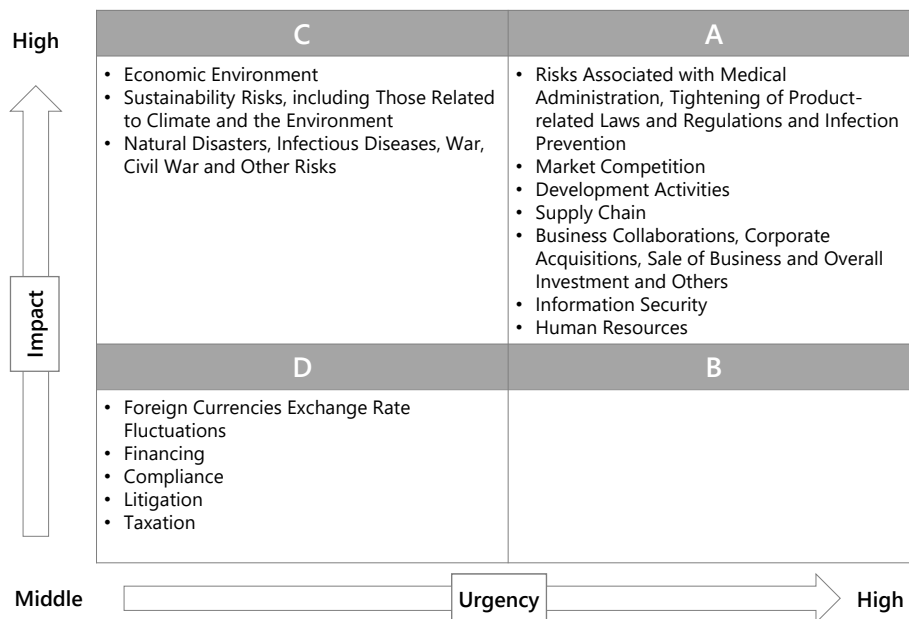
<Risk management to achieve “Basic Management Policy”>



Set out below are our principal business risk factors, aside from managerial decisions made by the Olympus Group, which may affect Olympus Group’s business performances.

The future outlooks described below are based on the forecasts of the Olympus Group made as of the end of the fiscal year ended March 31, 2023.

<Company-wide significant risk map>



<Company-wide list of significant risks>

Category	Risk	Type	Impact/ Urgency	Trend
Business Environment	Risks Associated with Medical Administration, Tightening of Product-related Laws and Regulations and Infection Prevention	Oppos. & Threats	A	↑
	Risks Associated with Market Competition	Oppos. & Threats	A	↑
Market	Risks Associated with Economic Environment	Oppos. & Threats	C	↑
	Risks Associated with Foreign Currencies Exchange Rate Fluctuations	Oppos. & Threats	D	↑
	Risks Associated with Financing	Oppos. & Threats	D	→
Business Activities	Risks Associated with Development Activities	Oppos. & Threats	A	→
	Risks Associated with Supply Chain	Oppos. & Threats	A	→
	Risks Associated with Business Collaborations, Corporate Acquisitions, Sale of Business and Overall Investment and Others	Oppos. & Threats	A	→
Overall Management	Risks Associated with Compliance	Threats	D	→
	Risks Associated with Litigation	Threats	D	→
	Risks Associated with Information Security	Threats	A	↑
	Risks Associated with Human Resources	Oppos. & Threats	A	↑
	Risks Associated with Taxation	Threats	D	→
	Sustainability Risks, including Those Related to Climate and the Environment	Oppos. & Threats	C	→
	Natural Disasters, Infectious Diseases, War, Civil War and Other Risks	Threats	C	↑

<Recent changes in the business environment>

Our awareness of the basic environment that affects the entire Olympus Group is provided below, and we identify risk and evaluate response policies both as an entire company and on an individual organizational level.

Political	Geopolitical	The possibility of export controls on cutting-edge technologies caused by intensifying trade friction between the U.S. and China impacting the business performances of the Olympus Group. We have prepared response policies (BCP formulation, etc.) that considers war and conflict.
Economical	Macro-economy	Global inflation, interest rate fluctuations, and sudden exchange fluctuations rooted in complex factors such as international economic friction, the levying of economic sanctions, shortages of key raw materials, and deterioration in supply-and-demand balances.
Social	Stakeholders	Demands from the standpoint of sustainability are increasing from global and regional stakeholders, and the legal rulemaking around information disclosure is accelerating. * For more information on sustainability, please refer to “II. Overview of Business, 2. Approach and Initiatives for Sustainability.”
Technological	New technologies	Diversification of business models and competitors. Acceleration of DX and robotics, rapid commercialization, evaluation of medical applications, and legal rulemaking for AI.

<Risks associated with business environment>

(Risks associated with medical administration and tightening of product-related laws and regulations and infection prevention)

Type: Opportunity and threat	Level of Impact/Urgency: A	Tendency: Increase ↑
Risks		
<p>In the medical field, healthcare system reforms are being continuously implemented in Japan and overseas with the aim of curbing medical care costs and improving the quality of life (QOL) of patients by improving the safety and efficacy of healthcare services. As a result, legal and regulatory requirements for medical device applications and registrations in each country, including the US Food and Drug Administration (FDA) and European Medical Device Regulations (EU-MDR), are increasing every year. In addition, the requirements concerning infection prevention and reprocessing (i.e., cleaning, disinfection, and sterilization) are becoming more complex.</p> <p>The Olympus Group's earnings may be adversely affected if: (i)-a the Olympus Group fails to launch new products or services in a timely manner based on such amendments or changes and/or (i)-b the Olympus Group otherwise needs to take certain actions corresponding to such amendments or changes by (ii) healthcare laws and regulations or related administrative policies. On the other hand, early detection of signs of changes in healthcare policy in different countries can lead to reliable responses to specific laws and regulations or to planned changes in operations.</p> <p>We are currently implementing the post-marketing surveillance studies concerning duodenoscopes that we started selling in the U.S. in 2020, further regulatory actions may be taken by the FDA depending on the future progress.</p> <p>Between November 2022 and March 2023, the Olympus Group received three Warning Letters in connection with FDA inspections of our Japanese facilities relating to certain issues with complaint handling, Medical Device Reporting, corrective and preventive actions, risk assessments, and process and design validation activities. Depending on future progress, additional regulatory actions may be taken by the FDA.</p>		
Countermeasures		
<p>The Olympus Group contributes to the improvement of healthcare services and quality of life of patients through its products that contribute to early diagnosis and minimally invasive treatment. Through product lifecycle management and infection prevention strategies, the Olympus Group is working on the development and selection of safe products that are in compliance with laws and regulations. Through efforts, such as strengthening our capabilities to execute on critical regulatory/quality strategies and plans, as well as conducting periodic audits, the Olympus Group will continue to focus and make compliance with all relevant laws and regulations a top priority.</p> <p>The safety of patients is of utmost importance to the Olympus Group. It is essential that we respond to the findings of the regulatory authorities in each country. We will take corrective actions on past findings without delay and will ensure that we respond to the three most recent Warning Letters received by the Olympus Group from the FDA.</p> <p>We will also drive improvements in root causes (vulnerabilities) that may exist with our QARA organizational structure, manufacturing processes, quality management systems and the quality culture of our medical business.</p>		
Connection with company strategy and policies: Patient safety and sustainability		

(Risks associated with market competition)

Type: Opportunity and threat	Level of Impact/Urgency: A	Tendency: Increase ↑
Risks		
<p>It is believed that there is a solid need for healthcare as societies progressively age, particularly in developed countries. There are efforts underway in various countries to reform healthcare systems, aiming to optimize rising healthcare costs and provide effective, high quality healthcare services.</p> <p>Under such circumstances, there are many competitors in the business areas in which the Olympus Group is involved, and technological innovation is also progressing. Competition in the Therapeutic Solutions Business is intensifying more than ever before. Olympus Corporation needs to launch products that are competitive in terms of price, technology, quality, etc. into the market in a timely manner, but earnings may be adversely affected depending on the results. In the short term, we will introduce new products such as EVIS X1, and in the medium- to long-term, we see the possibility to gain opportunities from increased revenue from the progression of DX and endoscopic technology development.</p> <p>We see the Chinese market as a market with particularly high growth potential in the medium to long term. At the same time, trade friction between the U.S. and China is intensifying, and uncertainty surrounding the Chinese market is intensifying in the form of policies favoring national production by the Chinese government and authorities and the promotion of concentrated purchasing. Furthermore, for the markets of emerging countries also, healthcare needs are increasing along with economic growth, with even more growth potential. Future political conditions, trends in policies and rules by governments and authorities, and the state of competition with competitors may have a large impact on the sales of Olympus Corporation.</p>		

Countermeasures
<p>The Olympus Group is not limited to conducting business operations in specific regions, but instead is working towards providing diverse products and services in various business fields and regions worldwide. In addition, in order to increase the number of physicians able to operate endoscopes, we are supporting the training of endoscopists, such as by providing training programs. Moreover, the Olympus Group monitors the competitive environment, including the emergence of alternative technologies and products in the market, and works towards expediting the selection and development of new technologies that should be adopted in cooperation with marketing, intellectual property and relevant departments. We actively consider not only inhouse development, but also the incorporation of external technologies through M&A and alliances, etc. The Olympus Group is working towards the development of new high-value added products and technologies that meet the market needs. In the Endoscopic Solutions Business in particular, we have maintained a strong market share by expanding sales of the gastrointestinal endoscopy system “EVIS X1,” and in the Therapeutic Solutions Business, we aim to increase earnings by strengthening our product lineup in the areas of Gastroenterology, Urology, and Respiratory, and by promoting the development of next-generation medical devices such as single-use endoscopes.</p> <p>In China, an important market, we are evaluating and promoting the following policies to respond to policies favoring national production</p> <ul style="list-style-type: none"> • Establishing manufacturing locations in China (including some research and development capabilities) • Optimizing the overall supply chain globally • Collecting various information related to U.S.-China relations • Preparing response policies that consider the impact of contingencies (BCP formulation, etc.) <p>In emerging countries also, we are promoting activities to maximize opportunities such as establishing dedicated organizations and long-term investment in high-priority countries</p>
Connection with company strategy and policies: Innovation for growth

<Risks associated with market>

(Risks associated with economic environment)

Type: Opportunity and threat	Level of Impact/Urgency: C	Tendency: Increase ↑
Risks		
<p>In addition to the war in Ukraine and trade friction between the U.S. and China, the Olympus Group’s earnings may be adversely affected by changes in the economic environment, such as the materialization of geopolitical risks and trends in resource prices that lead to global inflation and sudden exchange rate fluctuations.</p> <p>The Olympus Group provides products and services in the endoscopic solutions business, therapeutic solutions business, etc. to customers worldwide. However, the earnings from these businesses are largely affected by the global economy and economic trends in each country.</p> <p>Earnings in the medical field may be adversely affected if the national budgets of countries are curtailed or if there is a change in policy, etc.</p> <p>In the meantime, opportunities may emerge for increased earnings, etc., if there is an increase in related national budgets due to policy.</p>		
Countermeasures		
<p>The Olympus Group is not limited to conducting business operations in specific regions, but instead is working towards providing diverse products and services in various business fields and regions worldwide. In the event a situation arises that requires particular attention with regard to a particular country’s policies for industrial development and protection of its own industries, etc., we will set up a task force and make regular inhouse reports as necessary.</p>		
Connection with company strategy and policies: Innovation for growth		

(Risks associated with foreign currencies exchange rate fluctuations)

Type: Opportunity and threat	Level of Impact/Urgency: D	Tendency: Increase ↑
Risks		
<p>The Olympus Group provides products and services in various markets all over the world. The Olympus Group’s performance may be adversely affected by a strong yen, while it may be positively affected by a weak yen. We hedge foreign currency-denominated receivables and payables where possible, however in the event that sudden exchange fluctuations occur or if receivables and payables being hedged differ significantly from expectations, the Olympus Group’s business performance may be adversely affected.</p>		
Countermeasures		
<p>The Olympus Group uses derivative instruments such as forward exchange contracts, currency swaps, etc. to reduce the risk of exchange fluctuations. Furthermore, we are working to reduce foreign currency-denominated receivables and payables through improving the efficiency of the Olympus Group’s funds by introducing global cash pooling.</p>		

Connection with company strategy and policies: Innovation for growth
--

(Risks associated with financing)

Type: Opportunity and threat	Level of Impact/Urgency: D	Tendency: Unchanged →
Risks		
<p>The Olympus Group finances itself by, amongst others, loans from financial institutions as well as issuance of bonds. Changes in the financial markets may have an adverse impact on our financing capacities. Furthermore, if the financing cost rises due to the deterioration of the Olympus Group’s business performance, etc., the financing of the Olympus Group may be adversely affected, while if the financing cost decreases due to the improvement of the business performance, etc., it may be positively affected.</p>		
Countermeasures		
<p>The Olympus Group is reducing funding costs through the diversification of funding methods such as the issuance of commercial paper and public bonds. The Olympus Group basically adopts a fixed interest rate policy for long-term interest-bearing debt to limit the impact of rising interest rates. In addition, we are working to improve the efficiency of the Olympus Group’s funds and strengthen financial management by introducing global cash pooling.</p>		
Connection with company strategy and policies: Innovation for growth		

<Risks associated with business activities>

(Risks associated with development activities)

Type: Opportunity and threat	Level of Impact/Urgency: A	Tendency: Unchanged →
Risks		
<p>In the medical field, the Olympus Group faces more rapid changes and uncertainties in the social environment than ever before, mainly due to aging population and growing environmental awareness. The hurdles and complexities for technology development are increasing due to changes in healthcare policies in various countries, reductions in healthcare costs, tighter healthcare-related laws and regulations, and further increased demands for infection prevention and reprocessing. In Europe and the United States, awareness of environmental issues has reached remarkable levels. In response to this, there is a trend towards shortened development cycles being requested.</p> <p>On the technology front, digital transformation (DX) is accelerating across all domains, and the so-called technology innovation areas (AI/robotics/ICT) are entering their practical phase. Accordingly, the business environment is becoming more demanding, not only due to new and alternative technologies, but also due to the entrants into the medical industry from other industries, including the IT technology giants. Furthermore, in the medical field, the Olympus Group aims to improve patient outcomes, by expanding the care pathway centered on Gastroenterology, Urology, and Respiratory and contributing to the improvement of medical care standards through technological development and innovation, in accordance with its patient-first approach. We believe it is important to balance not only “continuous innovation,” in which improvements are made to existing products and technologies to meet customer needs, but also “disruptive innovation,” in which technologies are put to practical use based on new ideas in response to changes in the social environment. If market changes cannot be properly predicted or product development does not progress as planned, and the Olympus Group fails to develop new products which properly meets customers’ needs in a timely manner, the Olympus Group’s earnings may be adversely affected. In addition, there may be impairment losses on capitalized R&D assets due to an increase in expenses associated with a longer development period or a relative decrease in the recoverable amount. Opportunities include the development of technology in the Olympus Group’s focused areas and its contribution to healthcare by providing solutions to unmet needs, as well as the potential for minimally invasive treatments, reduced healthcare costs, and reduced workloads for healthcare professionals through the spread of robotics technology in the medium and long term.</p>		
Countermeasures		
<p>The Olympus Group has established an organizational structure for agile and concurrent technological development focused on the medical field. In addition, we have adopted the following comprehensive approach to technology development and innovation, and are focusing on acquiring and training the diverse human resources to promote it. (1) continuous technical development for existing businesses and products; (2) appropriate product lifecycle management to ensure product safety, improve development efficiency, and reduce development costs; (3) technology acquisition and product portfolio expansion through M&A; (4) consideration of business alliances, internal/external production, and other business strategies, taking into account Olympus Corporation’s core technologies, costs, and development timeframes; and (5) innovations for future businesses that open the way to the resolution of social issues and development of environmentally friendly products, etc.</p> <p>Our technical approach to existing products must include initiatives to expand the product lineup, comply with product-related laws and regulations, support infection prevention and reprocessing, and enhance product security. In addition, preparing multiple lineups for single-use endoscopes, whose market needs are increasing due to increasing awareness of infection control, is a high-priority development theme. We are also accelerating our DX efforts and are about to start fully utilizing digital technology in our services. Furthermore, for the near future, in order to optimize the entire clinical process and build new business models, we are also studying the use of more advanced AI and ICT, and the use of robotics for next-generation minimally invasive surgery. Through these kinds of development activities, we will focus on and build solutions to improve, the series of care pathways that patients follow from prevention to care and prognosis.</p>		

Connection with company strategy and policies: Patient safety and sustainability, Innovation for growth, Productivity

(Risks associated with supply chain)

Type: Opportunity and threat	Level of Impact/Urgency: A	Tendency: Unchanged →
Risks		
<p>The Olympus Group needs to develop products, procure necessary parts, etc. from outside suppliers, produce, and supply products in a timely manner. The number of potential high-impact supply chain risk events are increasing, especially driven by increased geopolitical tensions, cyber attacks, high-impact weather events and global trade lane disruptions and uncertainty in the procurement of raw materials and components to the supply of products has increased in recent years. Material price increases and product shortages resulting from external issues (e.g. increasing trade barriers and lower raw material availability) requires intensive focus on strong supplier management.</p> <p>For products and parts, etc. that depend on certain suppliers, if the procurement is restrained, the Olympus Group’s ability to produce and supply products may be interrupted or delayed. These macroeconomic uncertainties and geopolitical threats may have a significant impact on the production structural reform and overall supply chain optimization being implemented in the manufacturing and supply sectors.</p> <p>With regard to the global shortage of semiconductors and other components, the overall supply-demand balance is stabilizing and the risk is decreasing. However, the supply of semiconductors that we procure is limited and supply shortages could be prolonged, so we continue to need to exercise caution.</p> <p>If the production and sales of products are stagnant due to geopolitical risks, natural disasters, plagues, wars, civil wars, riots, terrorism, cyber attacks, strikes by port workers, transportation accidents, etc., loss of sales opportunities due to delivery delays, and the increased cost of recovery measures may affect our profitability.</p> <p>The Olympus Group and its manufacturing contractors manufacture products in accordance with strict quality standards. However, if any product deficiency, malfunction, etc. occurs, not only substantial costs including those of a recall would be incurred but also the Olympus Group’s reputation from the market would be undermined, which may adversely affect the Olympus Group’s earnings.</p> <p>On the other hand, properly addressing these supply chain risks and challenges can lead to improved production efficiency, stable product supply, and customer confidence, thereby increasing the potential for opportunities to increase revenues.</p>		
Countermeasures		
<p>In this increased VUCA environment, our activities focus on creating a highly transparent, integrated and resilient Supply Chain. With a view to business continuity and sustainable value creation, the Olympus Group has established the Supply Chain Policy and the Olympus Group Green Procurement Standards, and is working to strengthen compliance with laws, regulations, and social norms. For our suppliers, we have established concrete guidelines or complying with laws, regulations, and social norms, prohibiting corruption and bribes, promoting fair and lawful transactions, and taking the environment into consideration. Based on these guidelines, the Olympus Group is working to create and strengthen good relationships based on fair, just, and transparent transactions. The Olympus Group also ensures transparency in our supply chains and continue the procurement of parts and materials that does not cause human rights violations.</p> <p>The Olympus Group aims to strengthen supply chain management (SCM) and constructs an end-to-end integrated supply chain that stretches from purchasing to delivery, and focuses on improving customer satisfaction and business agility, reduced supply chain costs and optimized inventories. Goal of the end-to-end supply chain transformation is to enhance planning and distribution processes and capabilities to manage the effects of these risks in close collaboration with manufacturing and procurement, and restrict the impacts of those external headwinds. Newly created global distribution function (part of the end-to-end supply chain transformation) is overseeing and coordinating risk mitigation and countermeasures to ensure stable distribution and timely escalation of issues and support needs. We proceed with close collaboration and quick decision structures between supply chain, procurement, manufacturing and business functions.</p> <p>We aim to reduce supply issues through measures such as grasping supplier trends and strengthening relations with suppliers and enhancing a business continuity plan (BCP) including backup plans. In particular, with regard to the procurement of semiconductors, we have established a company-wide task force and is working to secure the necessary volume by strengthening relationships with suppliers. To ensure a stable supply of products, we set appropriate inventory levels at each site and take measures to respond to end-to-end supply chain changes by building a risk management system that integrates manufacturing, procurement, and supply chain. In addition, we work to build an optimal production system and improve quality in cooperation with the quality management department, and aim to curtail quality issues by implementing quality improvement activities such as separating the product development process into business reviews, technology reviews, etc. From a manufacturing perspective, we are working to optimize manufacturing costs through global production load optimization, internal/external manufacturing studies, promotion of value engineering, and promotion of manufacturing DX.</p>		
Connection with company strategy and policies: Patient safety and sustainability, Innovation for growth, Productivity		

(Risks associated with business collaborations, corporate acquisitions, sale of business and overall investment and others)

Type: Opportunity and threat	Level of Impact/Urgency: A	Tendency: Unchanged →
Risks		
<p>The Olympus Group has been focusing its business portfolio, prioritizing investments especially in the areas of GI, urology, and respiratory. The Olympus Group is investing in capital expenditures, research and development, and other investments related to its business, and its business performance and financial position may be adversely affected if there is an unforeseen change in circumstances, such as a sudden change in the external environment from the timing the decision was made in relation to such investment.</p> <p>The Olympus Group has built long-term strategic partnerships with leading enterprises in connection with technologies, product development, sales and marketing. If these strategic partners have financial or any other business-related issues, or the Olympus Group and such partners fail to maintain their partnerships due to reasons such as change of strategies, the Olympus Group's business activities may be adversely affected.</p> <p>The Olympus Group may acquire a business enterprise in order to expand its business. If the Olympus Group fails to integrate the acquired business appropriately in line with its corporate strategy or to utilize the existing business or the acquired business in an efficient manner, the Olympus Group's business execution may be adversely affected, or its business performance and financial position may be adversely affected due to impairment of goodwill or other related expenses.</p> <p>The Olympus Group holds investment securities for business purposes which include facilitating business alliances. As such, our business performance and financial position may be adversely affected under some situations involving considerable volatility with respect to stock prices and valuations of such investments brought about by developments that include market fluctuations and changes in the financial position of entities targeted for investment.</p> <p>In addition, as part of the strategic review of the business portfolio, Olympus Corporation may sell affiliated companies or businesses positioned as non-core, however, if changes in the laws and regulations of each country, economic conditions, and business conditions of counterparties make it difficult to implement the sale, or if there is a loss on sale or valuation loss occurs, it may have a management or financial impact on the Olympus Group.</p> <p>Through business alliances and corporate acquisitions conducted under appropriate countermeasures, Olympus Corporation may expand the product portfolio and acquire new technologies, establish leading positions in targeted therapeutic areas and diseases, and realize long-term growth and corporate value.</p>		
Countermeasures		
<p>The Olympus Group determines whether to invest or not, deliberating the appropriateness of the investment evaluation before investing, and continues to evaluate investments afterward in response to changes in the external environment and other factors. When considering M&A and investment, it is necessary to reduce the risk of serious problems being discovered after the conclusion of a contract. Accordingly, before making a decision on whether to proceed with an investment, Olympus Corporation deliberates the appropriateness of the investment evaluation in accordance with approval processes established by Olympus Corporation, while undertaking various types of due diligence and also using outside lawyers and financial advisors. In addition, Olympus Corporation is working towards improving the entire investment process through periodically revising the internal guidelines for adhering to compliance, the valuation model and the matters of due diligence, and monitoring the relevant business after the completion of the transaction. When selling a business, etc., Olympus Corporation makes a decision in accordance with similar approval processes to improve the entire process.</p>		
Connection with company strategy and policies: Innovation for growth, Productivity		

<Risks that affect the entire business>

(Risks associated with compliance)

Type: Threat	Level of Impact/Urgency: D	Tendency: Unchanged →
Risks		
<p>The Olympus Group and many of its distributors and suppliers engage in business with government-affiliated companies, medical institutions, and officials. The Olympus Group globally operates its businesses, including the medical business, which is a regulated business. We are subject to various laws, including the healthcare-related laws, antimonopoly laws both in Japan and other jurisdictions, as well as the anti-bribery provisions of the U.S. Foreign Corrupt Practices Act of 1977 (FCPA), the U.K. Anti-Bribery Act and other anti-bribery laws in other jurisdictions. We are also subject to various laws targeting fraud and misconduct in the healthcare industry, including the Act against Unjustifiable Premiums and Misleading Representations in Japan, and the Anti-Kickback Statute and the False Claims Act in the United States. It is also necessary to take steps to maintain a high level of compliance among the business partners (dealers, suppliers) with which the Olympus Group has developed relationships of trust. Violations of these laws may be punishable by criminal or civil fines and/or exclusion from participation in certain national healthcare programs. Furthermore, since many of our customers rely on reimbursement from public health insurance and other government programs to subsidize their medical expenditures, if our participation in such programs is restricted as a result of a violation of these laws, that could adversely affect the demand for our products and the number of surgical procedures performed with our devices.</p> <p>The Olympus Group is subject to privacy regulations worldwide. However, Olympus Corporation may be adversely issued with a fine or other penalty from a government agency or where a lawsuit may be adversely filed against Olympus Corporation by a stakeholder as a result of a violation of personal information protection laws of a particular country worldwide (Act on the Protection of Personal Information in Japan, General Data Protection Regulation (GDPR) in the EU, etc.)</p> <p>The Olympus Group strives to fully comply with these laws, however, if the Olympus Group violates any of them, regardless such violation is intentionally or not, it may affect the Olympus Group's business, financial position, results of operations, cash flows, and share price.</p>		
Countermeasures		
<p>The Olympus Group makes its employees adhere thoroughly to the compliance of laws and regulations in their performance of duties as outlined in the Global Code of Conduct and provides training to employees on the importance of preventing corruption and compliance with each country's competition-related laws. In addition, the Olympus Group conducts compliance training and auditing of distributors and third parties throughout the world.</p> <p>Departments performing control functions, such as Legal Affairs, Compliance and Internal Audit, monitor the business activities from the perspective of whether such activities are complying with the laws, regulations and internal guidelines that are applicable to the Olympus Group. In addition, necessary and appropriate training and education is provided to employees. Also, we provide a global reporting system, which is available to all Olympus employees, third parties, and the general public who may wish to report a concern. This system is operated by an independent third party and is available 24 hours a day, seven days a week, 365 days a year, in multiple languages. The Olympus Group is constructing a structure to collect information and monitor regulations related to Olympus Corporation's business in all markets where business is being developed. In addition, if there are amendments or changes to applicable laws or regulations, the Olympus Group ensures there is a thorough knowledge of such changes by employees while swiftly developing and supplying products corresponding to such amendments or changes.</p> <p>In response to risks related to personal information protection regulations, the Olympus Group has formulated a security and privacy compliance strategy in the fiscal year ended March 31, 2022, and are strengthening its response capabilities, including the assignment of specialized personnel related to personal information protection in each region, as well as strengthening its global structure to ensure cooperation throughout the Olympus Group.</p>		
Connection with company strategy and policies: Patient safety and sustainability, Productivity		

(Risks associated with litigation)

Type: Threat	Level of Impact/Urgency: D	Tendency: Unchanged →
Risks		
<p>The Olympus Group may be subject to lawsuits, disputes and other legal proceedings in connection with its domestic and international businesses. If a material lawsuit such as indemnity claim or injunction is filed by a third party, the Olympus Group's business performance and financial position may be adversely affected.</p> <p>Olympus Corporation uses various intellectual property rights in the course of its R&D and production activities, and although it believes that the Olympus Group lawfully owns or are licensed to use such rights, if any third party asserts that the Olympus Group has unknowingly infringed any of these intellectual property rights and files litigation, the Olympus Group's earnings may be adversely affected.</p> <p>Olympus (Shenzhen) Industrial Ltd., a consolidated subsidiary in Shenzhen, China and owned by Olympus (China) Co., Ltd., another consolidated subsidiary, is engaged in two (2) separate business disputes initiated by Shenzhen Anping Tai Investment and Development Co., Ltd. and Shenzhen YL Technology Co., Ltd. The Olympus Group's business performance and financial position may be adversely affected depending on future developments in these matters.</p>		

Countermeasures
Olympus Corporation has established a structure and process that enables timely consultation with external experts such as lawyers if a lawsuit or other legal proceeding arises and is strengthening the skills and expert knowledge in applicable departments in each regional headquarter in Japan, the Americas, Europe, China, Asia and Oceania. In addition, Olympus maintains insurance to prepare for certain types of unexpected losses due to lawsuits in order to minimize financial risk.
Connection with company strategy and policies: Innovation for growth

(Risks associated with information security)

Type: Threat	Level of Impact/Urgency: A	Tendency: Increase ↑
Risks		
<p>To ensure the stable and continuous supply of our products and services, Olympus Corporation strives to reduce information security risks, such as preventing the leakage of confidential and personal information of Olympus Corporation and stakeholders, and preventing violations of laws and regulations, in preparation for cyberattacks that could hinder business continuity. Nevertheless, due to the rapid increase in cyberattacks targeting medical institutions, manufacturers, and their supply chains worldwide, and the increasing sophistication and organization of these attacks, the following unforeseen events could damage the Olympus Group's corporate value, reduce its business competitiveness, cause a loss of public trust, cause compensation to affected stakeholders, or result in sanctions or fines from authorities in other countries, which could affect its business performance and financial position.</p> <ul style="list-style-type: none"> • Cyberattacks targeting products of Olympus Corporation that are installed at medical institutions may result in customer medical institutions being unable to continue providing examinations or treatment procedures, or may result in the personal information of patients being leaked or lost. • Cyberattacks targeting medical institutions that are Olympus Corporation's customers may result in the leakage of patient information through the use of its products or their maintenance work, making it impossible for its customers to continue their business. <p>Cyberattacks targeting Olympus Corporation or its supply chain could disrupt operations at Olympus Corporation or prevent it from providing maintenance services, resulting in the inability of medical institutions to continue examinations or treatment procedures.</p> <ul style="list-style-type: none"> • An incident where technological information or customer information is leaked or lost while stored in Olympus Corporation due to inadequate information security measures or internal misconduct. <p>Risks associated with the continuity of the above medical treatments are recognized by the regulatory authorities in various countries, and not only new products but also existing products are required to deal with information security and cybersecurity risks related to the product and its supply, as part of product safety.</p>		
Countermeasures		
<p>In order to minimize the impact on customers, business partners, and Olympus Corporation's business performance by responding more promptly in the event of unauthorized access due to cyberattacks, etc., the Olympus Group is working to strictly implement education on a periodic basis for all employees and establish an incident response system covering the entire Olympus Group. In addition to the above, in order to further strengthen existing activities, new security and privacy compliance strategies and a governance model to execute them were drawn up in the fiscal year ended March 2022 with the aim of enabling risk management for information/cybersecurity and privacy throughout the Olympus Group, and to enable the strategy roadmap to be implemented consistently over multiple years. Following this, the building of a global structure for the related functions necessary to execute the strategy roadmap and the execution of the roadmap measures will commence in the fiscal year ended March 2023. Specifically, we have begun initiatives such as putting in place a global response system for cyber attacks, standardizing processes globally for information asset management in the product development and manufacturing environment, and standardizing processes globally for ensuring security at the development phase and for responding to customer inquiries about security. This will enable the Olympus Group:</p> <ul style="list-style-type: none"> • To increase resilience to cyberattacks not only in general IT systems, but also in product development and manufacturing environments. • To approach security as part of product safety, to ensure product security not only at the development stage but throughout the entire lifecycle of the product, and to maintain stable supply of product throughout the supply chain, including our suppliers. • To further enhance privacy protection based on the latest trends, and laws and regulations in each country and region, as well as provide protection and utilization of various types and levels of confidentiality of data. 		
Connection with company strategy and policies: Patient safety and sustainability, Innovation for growth, Productivity		

(Risks associated with human resources)

Type: Opportunity and threat	Level of Impact/Urgency: A	Tendency: Increase ↑
Risks		
<p>In order to remain competitive, the Olympus Group must continue to recruit and retain the talented and diverse human resources it needs to conduct its business. In the industries in which the Olympus Group operates, competition for talent is intensifying globally, and some regions have seen an increase in retirement rates due to changes in the labor market as a result of the COVID-19 pandemic. Recruitment, development, and retention of personnel is becoming increasingly important. Through such measures as promoting diversity, equity and inclusion initiatives and respecting human rights, the Olympus Group aims to foster a healthy organizational culture in which every individual is able to demonstrate their performance in optimal conditions. However, if Olympus Corporation were unable to recruit and retain highly skilled personnel, this may affect the supply of future products and services and impact sustainable growth.</p>		
Countermeasures		
<p>The Olympus Group believes that it is important to ensure that each employee has a deep understanding of the Olympus Group's common philosophy and values and that highly specialized personnel are placed in the right places on a global basis. To achieve this, we conduct activities to instill our philosophy and values, and develop skills training programs and similar initiatives. We have defined the duties required to carry out our corporate strategy, introduced a globally common talent management system, and created a successor development plan starting from the most important positions. We are also working to develop a system that will enable diverse personnel, regardless of nationality, gender, etc., to play an active role and continue to demonstrate a high level of professionalism. To this end, we have established a global common leadership competency model and are putting in place programs to support demonstration of leadership. With regard to compensation, we are always aware of market trends and offer competitive compensation levels and compensation packages to our employees. For example, in the Japan region, we shifted to a compensation system that better reflects job performance and results from April 2023. In addition, the Olympus Group as a whole, including Japan, ensures fairness through a common global job evaluation and compensation policy. Also, we will aim to raise the level of compensation and at the same time increase commitment to achieving medium- and long-term goals by granting stock-based compensation to employees above a certain level. With regard to human resources recruitment, including regular hiring of new graduates etc., we are hiring personnel with specialized skills on an irregular basis, and we are strengthening our human resources recruitment system and enhancing our onboarding efforts so that employees who join Olympus Corporation can play an active role as soon as possible.</p>		
Connection with company strategy and policies: Patient safety and sustainability, Innovation for growth, Productivity		

(Risks associated with taxation)

Type: Threat	Level of Impact/Urgency: D	Tendency: Unchanged →
Risks		
<p>Olympus Corporation's tax burden may be increased due to changes in applicable tax laws or changes in their interpretations and application guidelines in jurisdiction of each country in the world. The valuation allowance for deferred tax assets may need to be increased as a result of recoverability reassessment due to changes in business conditions or the implementation of organizational restructuring. If such situations occur, it may adversely affect the Olympus Group's business performance and financial position.</p>		
Countermeasures		
<p>In regard to changes in applicable tax laws in each jurisdiction, or changes in their interpretations and application guidelines, the Olympus Group is monitoring the amendments to laws and changes in regulations and making changes as appropriate to rules for transactions within the Olympus Group. In regard to deferred tax assets, the Olympus Group is monitoring the profitability of each group company and controlling the financial results so that the respective companies can appropriately secure profitability while also paying close attention in cases of business combinations for changes in profitability following such restructuring in order to minimize risks.</p>		
Connection with company strategy and policies: Innovation for growth		

(Sustainability risks, including those related to climate and the environment)

Type: Opportunity and threat	Level of Impact/Urgency: C	Tendency: Unchanged →
Risks		
<p>Olympus Corporation is receiving increasing demands from the perspective of sustainability from stakeholders, including customers. For example, in Europe, cases in which customers add a sustainability perspective (ESG and BCP) to bidding requirements are on the rise, and the same trend can be seen in other regions. There is also a trend towards not only targeting Olympus Corporation but also its supply chain inclusively. Disclosure of sustainability information is progressively being enshrined in law in every region. Such legislation is making progress not only in Japan but also in Europe (EU CSRD) and the United States (SEC), and this could affect Olympus Corporation going forward. If we were to fail to respond to these requests from stakeholders, there is the risk of the business being unable to participate in bidding, of investors applying investment restrictions, and of corporate activities being constrained, depending on the region.</p> <p>Regarding the environmental field, the Olympus Group recognizes environmental challenges such as mitigating and adapting to climate change, conserving water resources, sustainable resource use, and protecting biodiversity. The introduction of carbon taxes, carbon dioxide emission controls, resource recycling regulations, chemical substance management, and other regulations aimed at achieving a decarbonized and recycling-oriented society could increase business costs around the world. In addition, the intensification of natural disasters caused by climate change is likely to affect the operations and supply chains at our own sites. Failure to take appropriate action may result in loss of business opportunities, etc.</p> <p>We recognize that by responding appropriately to sustainability matters, including climate and the environment and balancing sustainable corporate growth with global issues, we build trust in each region and with all stakeholders over the medium to long term, and enhance corporate value that is not limited to profit alone.</p>		
Countermeasures		
<p>With an overall perspective of sustainability, our ESG team plays a central role in promoting activities to realize ESG materiality defined through our business activities (integration of functional strategy and ESG strategy).</p> <p>Regarding the environmental field, the Olympus Group has established specialized functions to promote environmental activities, and has established an environmental management system in line with ISO 14001. Under this system, we promote compliance with environmental laws and regulations through maintenance of rules and regulations, education of environmental managers and implementors, and monitoring and improvement of local operations. For more information on sustainability, please refer to “II. Overview of Business, 2. Approach and Initiatives for Sustainability.”</p> <p>In April 2021, the Olympus Group also announced support for TCFD, promoting “contribution to the realization of a decarbonized and recycling-oriented society in cooperation with society” as a material issue (materiality). Olympus Corporation set two ambitious goals: to achieve virtually zero carbon dioxide emissions (Scope 1 and 2*) from our own sites by 2030, while aiming for carbon neutrality throughout the product lifecycle in the long term; and to obtain 100% of the electricity used at our sites from renewable energy sources by 2030.</p> <p>In order to contribute widely to the realization of a decarbonized society, in addition to the carbon dioxide emissions from the company itself, we believe that it is also necessary to strive to include carbon dioxide emissions from the supply chain. Accordingly, in May 2023, we set a goal of net zero carbon dioxide emissions (Scope 1, 2, 3) for the entire supply chain by 2040. This goal is in line with a high-level target of 1.5°C, which is the target to strive for under the Paris Agreement.</p> <p>To achieve these goals and as countermeasures to environmental risks in our supply chain, we will implement manufacturing improvement activities and renewable energy at bases around the world, and also continue to develop environmentally friendly products, improve the efficiency of logistics, implement green procurement in cooperation with our suppliers, set voluntary reduction targets in cooperation with suppliers, and continue to support decarbonization activities.</p> <p>* Scope 1: Direct greenhouse gas emissions from onsite fuel use; Scope 2: Indirect greenhouse gas emissions from onsite electricity and heat use; Scope 3: Other indirect greenhouse gas emissions (other than Scope 1 and Scope 2)</p>		
Connection with company strategy and policies: Patient safety and sustainability		

(Natural disasters, infectious diseases, war, civil war and other risks)

Type: Threat	Level of Impact/Urgency: C	Tendency: Increase ↑
Risks		
Occurrence of natural disaster, infection, war, civil war, riot, terrorist attack or economic sanction may adversely affect the Olympus Group’s earnings.		
Countermeasures		
When there is a serious crisis, a Crisis Response Team is established in accordance with crisis response rules that are applicable to the Olympus Group as a whole, striving to manage the crisis to minimize the negative impact on corporate value. Moreover, the Olympus Group strengthens the response to business interruption risk through the formulation and periodic revision of a business continuity plan (BCP) and education and training to increase the effectiveness of the BCP even in peacetime.		
Connection with company strategy and policies: Innovation for growth		

4. Management Analysis of Financial Position, Operating Results and Cash Flows

(1) Overview of business results, etc.

(i) Business results

In the second quarter of the fiscal year ended March 31, 2023, Olympus Corporation concluded a share transfer agreement related to the transfer of Scientific Solutions Business of the Olympus Group with K.K. BCJ-66, a special purpose company indirectly owned by funds advised by Bain Capital Private Equity, LP (together with its affiliates, “Bain Capital”). Due to this, profit (loss) from the Scientific Solutions Business has been classified as a discontinued operation from the second quarter, and it has been presented in the same manner for the fiscal year ended March 31, 2022 and the fiscal year ended March 31, 2023. Furthermore, the amounts presented for revenue, operating profit, profit before tax and profit from continuing operations are the amounts from continuing operations from which the discontinued operation has been excluded, while the amounts presented for profit and profit attributable to owners of parent are aggregates of continuing operations and discontinued operation.

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

Trends in overall business results

The global economy in the fiscal year ended March 31, 2023 saw a continued move to recovery as economic activities recovered from the challenging conditions created by the global spread of COVID-19. On the other hand, there is a developing risk of worsening business conditions due to global monetary tightening. Furthermore, impacts were felt from increased COVID-19 infections in China, the war in Ukraine, and global inflation along with rising raw material prices, supply chain constraints, and shortages of semiconductors and other components. Amid a recovery in economic activities and a gradual economic recovery, the Japanese economy was also impacted by fluctuations in foreign exchange, and from the same factors affecting the global economy, namely, rising raw material prices, supply chain constraints, and shortages of semiconductors and other components.

Even under such circumstances, the Olympus Group aims to develop itself as a truly global MedTech company. Olympus Corporation is allocating management resources to the medical field, mainly in Endoscopic Solutions Business and Therapeutic Solutions Business, and we are working to strengthen our management base in order to achieve sustainable growth. As part of these efforts, we concluded an agreement to transfer all shares of Evident Corporation (“Evident”), a wholly owned subsidiary of Olympus Corporation to which our Scientific Solutions Business was transferred through a company split, and based on this agreement, we completed the transfer on April 3, 2023.

Business results

Business results of continuing operations are presented in (1) to (9), and business results of the sum of continuing operations and discontinued operation are presented in (10) below.

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Increase (Decrease)	Increase (Decrease) ratio (%)
(1) Revenue	750,123	881,923	131,800	17.6%
(2) Cost of sales	243,423	285,074	41,651	17.1%
(3) Selling, general and administrative expenses	357,510	420,547	63,037	17.6%
(4) Share of profit (loss) of investments accounted for using equity method/Other income/Other expenses	(3,002)	10,307	13,309	–
(5) Operating profit	146,188	186,609	40,421	27.7%
(6) Finance income (loss)	(4,487)	(4,315)	172	–
(7) Profit before tax	141,701	182,294	40,593	28.6%
(8) Income taxes	31,074	44,304	13,230	42.6%
(9) Profit from continuing operations	110,627	137,990	27,363	24.7%
(10) Profit attributable to owners of parent	115,742	143,432	27,690	23.9%
Exchange rate (Yen/USD)	112.38	135.47	23.09	–
Exchange rate (Yen/EUR)	130.56	140.97	10.41	–
Exchange rate (Yen/CNY)	17.51	19.75	2.24	–

(1) Revenue

Revenue increased by ¥131,800 million year on year to ¥881,923 million. This increase was due to an increase in revenue in the Endoscopic Solutions Business and Therapeutic Solutions Business despite a decrease in revenue in other businesses. Details are as described in “Analysis of the performance by segment” on the page 43.

(2) Cost of sales

Cost of sales increased by ¥41,651 million year on year to ¥285,074 million. The cost-to-sales ratio improved 0.1 percentage points year on year to 32.3%.

In the previous fiscal year, approximately ¥4,200 million was deducted from cost of sales with the reversal of some of the provision for duodenoscope market response recorded in the fiscal year ended March 31, 2020 after the amount of costs deemed necessary was less than the initial estimate for that provision, and approximately ¥2,700 million was deducted from cost of sales with the reversal of some of the provision associated with the voluntary recall of bronchoscopes recorded in the fiscal year ended March 31, 2021 after the amount of costs deemed necessary was less than the initial estimate for that provision. On the other hand, in the fiscal year ended March 31, 2023, the cost-to-sales ratio improved due to changes to the respective sales shares for each geological region resulting from increased sales in China during the fiscal year ended March 31, 2023, as well as the impact from foreign exchange due

to the depreciating yen, despite there being an increase in procurement costs for raw materials such as semiconductors.

(3) Selling, general and administrative expenses

Selling, general and administrative expenses increased by ¥63,037 million year on year to ¥420,547 million. In particular, expenses for sales activities and costs increased in relation to strengthening the business operation foundation such as quality assurance, compliance with laws and regulations, etc.

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

The sum of share of profit (loss) of investments accounted for using equity method, other income, and other expenses amounted to ¥10,307 million, and the profit or loss improved by ¥13,309 million year on year. Other income increased by approximately ¥10,000 million compared to the previous fiscal year due to the approximately ¥3,000 million in tax reserves that were recorded for an additional expected tax burden related to an independent study on indirect taxes conducted by an overseas subsidiary of Olympus Corporation in the fiscal year ended March 31, 2019 but are not expected to be incurred, and due to the recording of approximately ¥2,800 million in gain on step acquisition associated with the acquisition of Medi-Tate Ltd. in the previous fiscal year, as well as ¥16,400 million in gain on sale of fixed assets, along with the recording of approximately ¥1,400 million in adjustments to the original acquisition consideration at the time of acquisition due to changes in the fair value of the contingent consideration, which makes up part of the acquisition consideration of Medi-Tate Ltd., in the current fiscal year. On the other hand, regarding other expenses, in the previous fiscal year, approximately ¥1,600 million in impairment losses on development assets in the Endoscopic Solutions Business and approximately ¥8,800 million in costs related to the promotion of the business transformation plan “Transform Olympus” were recorded, but in the current fiscal year, costs related to the promotion of “Transform Olympus” decreased by approximately ¥6,500 million, leading to a decrease of approximately ¥4,300 million year on year.

(5) Operating profit

Reflecting the factors stated above, operating profit increased by ¥40,421 million year on year to ¥186,609 million.

(6) Finance income (loss)

Finance loss, which reflects finance income and finance costs, improved ¥172 million year on year to ¥4,315 million. The main factor for this improvement of loss was an increase in interest income due to a rise in USD interest rates.

(7) Profit before tax

Reflecting the factors stated above, profit before tax increased by ¥40,593 million year on year to ¥182,294 million.

(8) Income taxes

The increased profit before tax led income taxes to increase by ¥13,230 million year on year to ¥44,304 million.

(9) Profit from continuing operations

Reflecting the factors stated above, profit from continuing operations increased by ¥27,363 million year on year to ¥137,990 million.

(10) Profit attributable to owners of parent (the aggregate of continuing operations and discontinued operation)

Reflecting the factors stated above and profit from discontinued operation, profit attributable to owners of parent increased by ¥27,690 million year on year to ¥143,432 million.

(Research and development, and capital investments)

During the fiscal year ended March 31, 2023, the Olympus Group invested ¥76,866 million on research and development, and spent ¥72,023 million on capital investments in continuing operations, excluding discontinued operation.

(Impact of foreign exchanges rates)

Compared to the previous fiscal year, the yen depreciated against USD, EUR, and CNY. The average exchange rate during the period was ¥135.47 against the USD (¥112.38 in the previous fiscal year), ¥140.97 against the EUR (¥130.56 in the previous fiscal year) and ¥19.75 against the CNY (¥17.51 in the previous fiscal year), which caused revenue and operating profit to up ¥98,381 million and ¥44,345 million, respectively, year on year. Consolidated revenue increased 4.5% year on year, and consolidated operating profit decreased 2.7%, excluding the impact of the foreign exchange rate.

Analysis of the performance by segment

	Revenue			Operating profit (loss)		
	Previous fiscal year (Millions of yen)	Current fiscal year (Millions of yen)	Increase (Decrease) ratio (%)	Previous fiscal year (Millions of yen)	Current fiscal year (Millions of yen)	Increase (Decrease) ratio (%)
Endoscopic Solutions	461,547	551,823	19.6	133,204	152,769	14.7
Therapeutic Solutions	275,586	318,207	15.5	60,826	63,692	4.7
Others	12,990	11,893	(8.4)	(2,018)	(914)	–
Subtotal	750,123	881,923	17.6	192,012	215,547	12.3
Elimination or Unallocation	–	–	–	(45,824)	(28,938)	–
Consolidated total	750,123	881,923	17.6	146,188	186,609	27.7

Note: Businesses are segmented by adding similarities of sales market to the business established based on line of products.

Endoscopic Solutions Business

Consolidated revenue in the Endoscopic Solutions Business amounted to ¥551,823 million (up 19.6% year on year), while operating profit amounted to ¥152,769 million (up 14.7% year on year).

In the gastrointestinal endoscopes field, sales recovered in China, which had been affected by the lockdown in Shanghai and other cities up to the six months ended September 30, 2022, and sales also increased in North America and Europe, resulting in positive year-on-year growth in all regions. By product, sales of the gastrointestinal endoscopic system “EVIS X1” series were favorable, while demand for the prior-generation upper gastrointestinal videoscopes and colorectal videoscopes was also firm, contributing to increased sales. The ratio of the “EVIS X1” series to total sales also gradually increased.

In the surgical endoscopes field, sales in Asia and Oceania, where the surgical endoscopy system “VISERA ELITE III” was launched, and in North America, where sales of the surgical endoscopy system “VISERA ELITE II” combined with rigid scopes and surgical videoscopes remained strong, contributed to positive year-on-year growth.

In the medical services field, all regions showed positive year-on-year growth due to an increase in new contracts, in addition to stable sales of existing service contracts including maintenance services.

Operating profit in the Endoscopic Solutions Business increased. This increase was due to the current fiscal year's absence of the approximately ¥4,200 million that was deducted from cost of sales with the reversal of some of the provision after the amount of costs deemed necessary was less than the initial estimate for the provisions recorded in the fiscal year ended March 31, 2020 related to the reversal of provision for duodenoscope market response, as well as the increase in sales expenses associated with EVIS X1 and other products and in expenses related to strengthening the business operation foundation such as quality assurance, compliance with laws and regulations, etc. Meanwhile, gross profit increased due to increased revenue, and the impact of approximately ¥1,600 million related to development assets recorded in the previous fiscal year disappeared.

Revenue increased 6.0% year on year, and operating profit decreased 11.8% year on year, excluding the impact of the foreign exchange rate.

Therapeutic Solutions Business

Consolidated revenue in the Therapeutic Solutions Business amounted to ¥318,207 million (up 15.5% year on year), while operating profit amounted to ¥63,692 million (up 4.7% year on year).

The GI-endothecopy field saw positive growth, primarily in North America and Europe. Furthermore, sales increased due to product groups for Endoscopic Retrograde Cholangio Pancreatography (ERCP), which are used in endoscopic diagnoses and treatment of pancreatic duct, bile duct, etc. and product groups for the sampling of biopsy forceps, etc., which are used for collecting tissue for screening examinations.

The urology field achieved favorable performance mainly in North America and Europe, with steady growth in sales of resection electrodes for Benign Prostatic Hyperplasia (BPH) and lithotripsy machine for kidney stones "SOLTIVE SuperPulsed Laser System." Gynecology products, which were grouped in other therapeutic areas in the Therapeutic Solutions Business, have been included in urology in the Therapeutic Solutions Business from the fiscal year ended March 31, 2023.

The respiratory field saw positive growth, primarily in North America and China. Sales of the devices mainly used for Endobronchial Ultrasound-guided Transbronchial Needle Aspiration (EBUS-TBNA) were favorable.

In other therapeutic areas, sales increased mainly in energy devices. In particular, sales of "POWERSEAL" contributed.

Operating profit in the Therapeutic Solutions Business increased. This was due to the absence of the ¥2,800 million in gain on step acquisition associated with the acquisition of Medi-Tate Ltd. recorded as other income in the previous fiscal year, as well as the current fiscal year's absence of the approximately ¥2,700 million that was deducted from cost of sales with the reversal of some of the provision associated with the voluntary recall of bronchoscopes recorded in the fiscal year ended March 31, 2021 after the amount of costs deemed necessary was less than the initial estimate for that provision, along with increased costs related to the strengthening of quality assurance, compliance, etc., and increased costs such as sales expenses accompanying the recovery in business operations. Meanwhile, gross profit increased due to increased revenue, and we recorded approximately ¥1,400 million in other income as adjustments to the original acquisition consideration at the time of acquisition due to changes in the fair value of the contingent consideration, which makes up part of the acquisition consideration of Medi-Tate Ltd.

Revenue increased 2.7% year on year, and operating profit decreased 13.8% year on year, excluding the impact of the foreign exchange rate.

Others

In other businesses, the Olympus Group conducts R&D and exploratory activities for new businesses in addition to engaging in the developing, manufacturing, and selling of biomedical materials, such as synthetic bone filler, and orthopedic equipment.

Consolidated revenue in other businesses amounted to ¥11,893 million (down 8.4% year on year), while operating loss amounted to ¥914 million (compared with an operating loss of ¥2,018 million in the previous fiscal year).

Revenue decreased with the end of the sales of medical devices to the animal market, despite sales of FH ORTHO SAS increasing in conjunction with the effect from COVID-19 settling down. Operating loss in other businesses improved due to such factors as the absence of the previous fiscal year's recording in costs associated with the liquidation of AVS (subsidiary that conducted sales of medical devices for the animal market), despite decreased revenue.

(ii) Financial position

	As of March 31, 2022 (Millions of yen)	As of March 31, 2023 (Millions of yen)	Increase (Decrease) (Millions of yen)	Increase (Decrease) ratio (%)
Total assets	1,357,999	1,508,308	150,309	11.1
Total equity	511,362	641,234	129,872	25.4
Equity attributable to owners of parent to total assets	37.6%	42.4%	4.8%	

[Assets]

As of the end of the fiscal year ended March 31, 2023, total assets increased by ¥150,309 million compared to the end of the previous fiscal year to ¥1,508,308 million mainly due to foreign exchange impact caused by yen depreciation and an increase in deferred tax assets. In current assets, with the conclusion of the share transfer agreement related to the transfer of the Scientific Solutions Business, the ¥164,936 million in assets in the Scientific Solution Business expected to be transferred has been reclassified as assets held for sale. Cash and cash equivalents decreased by ¥133,243 million due mainly to income taxes paid of ¥97,567 million and purchase of property, plant and equipment of ¥47,570 million. In non-current assets, goodwill increased by ¥18,007 million due to the impact of foreign exchange rates and the acquisition of Odin Medical Ltd., and deferred tax assets increased by ¥98,760 million related to the integration of the Scientific Solutions Business into Evident.

[Liabilities]

Total liabilities increased by ¥20,437 million from the end of the previous fiscal year to ¥867,074 million. In current liabilities, with the conclusion of the share transfer agreement related to the transfer of the Scientific Solutions Business, the ¥43,253 million in liabilities in the Scientific Solution Business expected to be transferred has been reclassified as liabilities directly associated with assets held for sale. Furthermore, income taxes payable increased by ¥65,214 million related to the integration of the Scientific Solutions Business into Evident. In non-current liabilities, bonds and borrowings decreased by ¥43,759 million due to on-time repayment.

[Equity]

Total equity increased by ¥129,872 million from the end of the previous fiscal year to ¥641,234 million. The increase was due mainly to a ¥42,462 million increase in other components of equity, which was primarily attributable to the recording of ¥143,432 million in profit attributable to owners of parent and an increase in exchange differences on translation of foreign operations, despite the dividends of surplus and share repurchase.

Furthermore, Olympus Corporation canceled treasury shares of ¥23,271 million on June 8, 2022, based on resolution of the Board of Directors meeting held on May 11, 2022, and purchased treasury shares of ¥50,000 million and canceled ¥43,817 million of them based on resolution of the Board of Directors meeting held on November 11, 2022, with the result that treasury shares decreased by ¥17,503 million.

As a result of the foregoing, equity attributable to owners of parent to total assets increased from 37.6% as of the end of the previous fiscal year to 42.4%.

(iii) Cash flows

	Previous fiscal year (Millions of yen)	Current fiscal year (Millions of yen)	Increase (Decrease) (Millions of yen)
Cash flows from operating activities	169,729	98,490	(71,239)
Cash flows from investing activities	(71,016)	(58,414)	12,602
Cash flows from financing activities	(40,667)	(143,178)	(102,511)
Cash and cash equivalents at end of year	302,572	205,512	(97,060)

[Cash flows from operating activities]

Net cash provided by operating activities for the fiscal year ended March 31, 2023 was ¥98,490 million (compared with ¥169,729 million provided for the fiscal year ended March 31, 2022). Cash flows from operating activities increased due to an increase due to factors such as profit before tax of ¥182,294 million and adjustment for depreciation and amortization of ¥66,741 million, despite a decrease due to factors such as income taxes paid of ¥97,567 million, an increase in trade and other receivables of ¥27,013 million, and an increase in inventories of ¥26,852 million.

[Cash flows from investing activities]

Net cash used in investing activities for the fiscal year ended March 31, 2023 was ¥58,414 million (compared with ¥71,016 million used for the fiscal year ended March 31, 2022). Cash flows from investing activities decreased mainly due to purchase of property, plant and equipment of ¥47,570 million including production equipment, etc. and purchase of intangible assets of ¥23,053 million including research and development assets, despite recording proceeds from the sale of property, plant and equipment of ¥20,460 million including land in Hatagaya.

[Cash flows from financing activities]

Net cash used in financing activities for the fiscal year ended March 31, 2023 was ¥143,178 million (compared with ¥40,667 million used for the fiscal year ended March 31, 2022). Cash flows from financing activities decreased due to purchase of treasury shares of ¥50,003 million, redemption of bonds of ¥40,000 million, repayments of lease liabilities of ¥20,914 million, dividends paid of ¥17,822 million, and repayments of long-term borrowings of ¥13,547 million.

As a result of the foregoing, cash and cash equivalents at the end of the fiscal year ended March 31, 2023 reached ¥205,512 million, a decrease of ¥97,060 million compared to the end of the previous fiscal year. Note that of the related indicators, the interest coverage ratio changed from 39.6 times at the end of the previous fiscal year to 18.3 times for the current fiscal year due to cash flows from operating activities being ¥98,490 million, a decrease of ¥71,239 million compared with the previous fiscal year, despite a decrease in bonds and borrowings of ¥43,759 million from the end of the previous fiscal year.

(2) Production, orders, and sales results

(i) Production results

Segment	Production (Millions of yen)	Increase (Decrease) ratio (%)
Endoscopic Solutions	420,972	18.6
Therapeutic Solutions	230,680	9.0
Others	8,751	37.1
Total	660,403	15.2

Note: Amounts are based on sales prices and before intersegment transfers.

(ii) Order results

Because the Olympus Group's products are mainly manufactured on a production schedule, the description of orders received is omitted.

(iii) Sales results

Segment	Sales (Millions of yen)	Increase (Decrease) ratio (%)
Endoscopic Solutions	551,823	19.6%
Therapeutic Solutions	318,207	15.5%
Others	11,893	(8.4)%
Total	881,923	17.6%

Note: Intersegment transactions are offset and eliminated.

(3) Management analysis of financial position, operating results and cash flows

The future outlooks described below are based on the forecasts made as of the end of the fiscal year ended March 31, 2023.

(i) Analysis of financial position and operating results for the fiscal year ended March 31, 2023

In its medium to long-term corporate strategy announced in November 2019, the Olympus Group has defined its target performance indicator as adjusted operating margin adjusted for special factors, and has been conducting business activities with the goal of improving adjusted operating margin to over 20% in the fiscal year ended March 31, 2023.

Adjusted operating margin for the fiscal year ended March 31, 2023 was 20.0%. In the Endoscopic Solutions Business, sales of the gastrointestinal endoscopy system “EVIS X1” grew, and in the Therapeutic Solutions Business, sales increased mainly in the three areas of GI-endotherapy, urology, and respiratory, which resulted in the increase in revenue, and accordingly increased gross profit contributed the result of adjusted operating margin.

Based on the company strategy announced in May 2023, we will continue to achieve stable value creation and competitive growth while maintaining an adjusted operating margin of around 20%.

(ii) Analysis and discussion of cash flows and the status of capital resources and liquidity of funds

(i) Analysis and discussion of cash flows

As stated in “4. Management Analysis of Financial Position, Operating Results and Cash Flows, (1) Overview of business results, etc., (iii) Cash flows,” during the fiscal year ended March 31, 2023, the Olympus Group’s cash on hand amounted to ¥205,512 million (down ¥97,060 million from the end of the previous fiscal year) due to expenditures for the purchase of treasury shares, redemption of bonds and repayments of long-term borrowings, while funds increased due to operating activities. We recognize that this level of cash reserves is sufficient to ensure stable business operations and financial strength.

(ii) Financial policy

The Olympus Group’s basic financial policy is to both maintain financial stability and improve capital efficiency through appropriate control of financial leverage. Based on this basic policy, the Olympus Group’s financial policy is to maintain financial stability in light of financial discipline such as D/E ratio and interest-bearing debt/EBITDA ratio. In addition, we are working to reduce funding costs by diversifying and expanding our funding base, including the issuance of public bonds in Japanese and overseas capital markets.

Olympus Corporation has obtained credit ratings from Rating and Investment Information, Inc., S&P Global Ratings Japan Inc., and Moody’s Japan K.K., and the status as of March 31, 2023 is as follows.

Rating and Investment Information, Inc.: A+ (long-term, stable outlook), a-1 (short-term)

S&P Global Ratings Japan Inc.: BBB+ (long-term, positive outlook)

Moody’s Japan K.K.: Baa2 (long-term, positive outlook)

(iii) Funding demand

The Olympus Group’s working capital requirements are mainly due to the purchase of materials and parts to manufacture its products as well as operating expenses such as manufacturing costs and selling, general and administrative expenses. Operating expenses mainly consist of personnel expenses and marketing expenses such as advertising and sales promotion expenses. Although the Olympus Group’s R&D expenses are recorded as part of

various operating expenses, personnel expenses for employees involved in R&D constitute the major portion of R&D expenses. The Olympus Group's main demand for investment capital is for capital investment to improve production efficiency, including the expansion of its main manufacturing facilities in Japan and its manufacturing and repair sites mainly in Europe and the U.S. We will continue to actively respond to the demand for funds for strategic investments for future growth, while maintaining financial stability and improving capital efficiency.

(iv) Financing

The Olympus Group's working capital and capital investment funds are allocated from internal funds, and when necessary, funds are raised through borrowings from financial institutions and the issuance of bonds. We believe that the cash flow from operating activities will be sufficient to fully repay these borrowings and bonds, and we do not foresee any problems in raising the funds needed for future growth. In addition, since we maintain good business relationships with our major financial institutions and as stated in (ii) Financial policy, the credit rating by Rating and Investment Information, Inc. is A category, S&P Global Ratings Japan Inc. is BBB+, and Moody's Japan K.K. is Baa2, we believe that we can raise funds stably and at low cost in a timely manner. Furthermore, we have established a global commitment line in major currencies (USD, EUR, and JPY), which enables us to raise funds flexibly and smoothly.

We will continue to consider appropriate financing in response to funding needs, while being conscious of both maintaining financial stability and improving capital efficiency.

(v) Capital allocation

As described in (iv) Financing, our flexible funding structure has enabled the Olympus Group to secure sufficient cash on hand for business investment and shareholder returns. In order to achieve sustainable growth of the Olympus Group, we intend to allocate our cash reserves to investments in growth drivers on a priority basis, investing for profitable, organic growth and strategically investing for growth opportunities. While prioritizing investment in business growth, we will also actively return profits to shareholders in consideration of shareholder value. Our policy is to increase dividends in a stable and gradual manner, and to flexibly implement buyback of company shares based on investment opportunities and cash conditions.

(iii) Significant accounting policies and estimates

The Olympus Group prepares its consolidated financial statements in accordance with IFRS. Estimates considered necessary in the preparation of these consolidated financial statements have been made on a reasonable basis. For more information on significant accounting policies and estimates, please refer to "V. Financial Information, 1. Consolidated Financial Statements, etc., Notes to Consolidated Financial Statements, 3. Significant Accounting Policies and 4. Significant Accounting Estimates and Associated Judgments."

5. Material Contracts, etc.

(1) Alliance agreement

Name of contracting company	Counterparty	Country	Contents of agreement	Period of agreement
Olympus Corporation	Terumo Corporation	Japan	Alliance for development and sales in the medical device field	One year from April 25, 2001, with automatic annual extensions
Olympus Corporation	Sony Corporation	Japan	Establishment of a joint venture in the medical business	No fixed term after September 28, 2012

(2) Transfer of Scientific Solutions Business

On August 29, 2022, the Olympus Corporation concluded a share transfer agreement related to the transfer of Scientific Solutions Business of the Olympus Group with K.K. BCJ-66, a special purpose company indirectly owned by funds advised by Bain Capital. The transfer was completed on April 3, 2023. For details, please refer to “V. Financial Information, Notes to Consolidated Financial Statements, 44. Subsequent Events, (Transfer of Scientific Solutions Business).”

(3) Acquisition of Odin Medical Ltd.

The Olympus Corporation acquired all of the issued shares of Odin Medical Ltd. to make it a wholly owned subsidiary through Keymed (Medical & Industrial Equipment) Ltd., a consolidated subsidiary of the Olympus Corporation, on December 19, 2022. For details, please refer to “V. Financial Information, Notes to Consolidated Financial Statements, 40. Business Combinations, (Acquisition of Odin Medical Ltd.).”

(4) Transfer of collagen and dental product sales businesses

On March 28, 2023, Olympus Terumo Biomaterials Corporation, a consolidated subsidiary of Olympus Corporation, executed a company split agreement with GC Japan for the transfer of the collagen products development, manufacture and sales business and dental products sales business, which are included in the other businesses of the Olympus Group. As a result, from the fiscal year ended March 31, 2023, the assets and liabilities related to the collagen business and the dental products sales business owned by Olympus Terumo Biomaterials Corporation are classified as a disposal group classified as held for sale. Transfer completion is scheduled for July 2023.

(5) Acquisition of subsidiary stock

On February 24, 2023, Olympus Corporation executed an agreement to acquire all the issued shares of Taewoong Medical Co., Ltd. a South Korean manufacturer of medical devices such as metal stents for digestive organs.

6. Research and Development Activities

The Olympus Group's corporate philosophy, our purpose, is "Making people's lives healthier, safer and more fulfilling," and we conduct research and development activities with the aim of realizing sustainable development.

We are focusing our investments and resources in the areas of gastroenterology, urology, and respiratory, where the Olympus Group has strengths, to achieve profitable and sustainable growth and improve patient outcomes. Furthermore, for further growth in the future, we are developing single-use endoscopes and solutions utilizing digital tools and technologies such as AI and robotics.

The Olympus Group is working to innovate its R&D process and will increase the speed of development by promoting front-loading R&D and acquiring necessary technologies through alliances, open innovation, and M&A. We will also improve R&D efficiency by optimizing the cost of each R&D theme while taking profitability into consideration, prioritizing projects, including determining the discontinuation of projects, and controlling expenditures appropriately.

In 2021, we transitioned to a new R&D organization by dividing the organization by technology to ensure concurrent engineering in the early stages of development for each project. In 2022, we implemented improvements to the operating model. We aim to improve development efficiency by expanding project management, improving resource management processes, introducing value engineering and systems engineering, and promoting collaboration between departments with different expertise within a project, and will continue to make further improvements going forward.

R&D expenditures for continuing operations, excluding discontinued operations, for the fiscal year ended March 31, 2023 were ¥76.9 billion, up 2.2% year on year, and the ratio to net sales was 8.7%, down 1.3 percentage points from the previous fiscal year.

○ Endoscopic Solutions Business

We are mainly engaged in research and development of medical devices such as endoscopic videoscope systems and surgical endoscopy systems that contribute to early detection of diseases and minimally invasive treatments that are less burdensome for patients.

Major achievements during the period included the development of the surgical endoscopy system "VISERA ELITE III" and the endoscopic ultrasound processor "EU-ME3." Development is also underway for the launch of next-generation endoscopy systems and single-use duodenoscopes.

R&D expenditures related to this business area were ¥44.3 billion, up 12.6% year on year.

○ Therapeutic Solutions Business

We are mainly engaged in the research and development of medical devices that contribute to minimally invasive treatments with less burden on patients, such as gastroenterological endoscopic devices and respiratory and urological treatment devices.

Major achievements during the period included the development of "OES ELITE Ureteroscope," a rigid ureteroscope, and "THUNDERBEAT Open Fine Jaw Type X," an energy device for open abdominal surgery. Development is also underway for the launch of single-use ureteroscopes, single-use cholangioscopes, and single-use bronchoscopes.

R&D expenditures related to this business area were ¥22.7 billion, up 9.8% year on year.

○ Other businesses and matters common to group

We are engaged in research and development in various fields with the aim of further developing our core business, which is mainly in the medical field.

Major achievements during the period included the development of optical technology and image processing technology including AI to improve early diagnosis and observation functions, device technology to realize minimally invasive treatment, and precision control technology including robotics; and initiatives related to production technology, such as the functionality advancement of new endoscopes, treatment devices, and other products in the medical field, the development of simulation technology and material technology to realize low costs, the development of processing technology for

mass production of high precision lenses, and the development of equipment that leads to automated production lines.

R&D expenditures related to this business area were ¥9.9 billion, down 35.0% year on year.

III. Information about Facilities

1. Overview of Capital Investment

Capital investment in the fiscal year ended March 31, 2023 was ¥72,000 million for the Olympus Group as a whole, mainly for the development of new products, streamlining of production, reinforcement of sales structure, and renewal of aging facilities, mainly by Olympus Corporation.

The situation by reportable segment is as follows.

Endoscopic Solutions Business

Capital investments in the endoscope business during the fiscal year ended March 31, 2023 totaled ¥43,000 million. In Japan, investments in R&D assets, investments for sales promotion purposes, and investments in production facilities for next-generation endoscope systems were the main items. Overseas, in addition to investments for sales promotion purposes and investments in R&D assets, investments were made for the redevelopment of repair locations in the Americas and Europe.

Therapeutic Solutions Business

Capital investment in the therapeutic solutions business for the fiscal year ended March 31, 2023 totaled ¥15,900 million. In Japan, investments in R&D assets as well as investments to strengthen machinery and equipment, etc. in order to expand the lineup and increase production of endotherapy devices were the main items. Overseas, investments were made for sales promotion purposes and for R&D assets.

Others

Capital investment in other businesses for the fiscal year ended March 31, 2023 totaled ¥1,400 million. Capital investments were mainly related to the orthopedic surgery business.

Management Division

Capital investments in the management division during the fiscal year ended March 31, 2023 totaled ¥11,700 million. Capital investments were mainly related to the redevelopment of the Hachioji Facility and Nagano Facility in Japan. In addition, from the viewpoint of optimization of management resources, Olympus Corporation reviewed its assets and transferred its land held in Hatagaya on April 27, 2022. As a result of this transfer of fixed assets, a gain on sale of fixed assets of ¥16,400 million was recorded as other income in the fiscal year ended March 31, 2023.

- Notes:
1. Capital investments include investments in property, plant and equipment and intangible assets.
 2. Businesses classified as discontinued operations are not included.

2. Major Facilities

(1) Reporting company

(As of March 31, 2023)

Facility (Location)	Segment	Details of major facilities and equipment	Book value of facilities and equipment by type (Millions of yen)						Numbers of employees (persons)	
			Buildings and structures	Machin- ery and vehicles	Land [Area in thousands of m ²]	Lease assets (Property, plant and equip- ment)	Others	Total		
Nagano Facility Tatsuno (Tatsuno-machi, Kamiina-gun, Nagano)	Management Division	Production equipment	876	558	1,094 [119]	–	3,145	5,673	199	
Nagano Facility Ina (Ina-shi, Nagano)	Endoscopic Solutions	Production equipment	617	2	67 [32]	–	10	696	1	
Technology Development Center Ishikawa (Hachioji-shi, Tokyo)	Endoscopic Solutions Therapeutic Solutions Others	Testing and research facilities and other fixtures	7,232	867	93 [49]	79	7,742	16,013	1,267	
Technology Development Center Utsugi (Hachioji-shi, Tokyo)	Endoscopic Solutions Therapeutic Solutions Others	Testing and research facilities and other fixtures	3,156	150	4,231 [41]	3	469	8,009	228	
Hatagaya Former Headquarters (Shibuya-ku, Tokyo)	Management Division	Office equipment and other fixtures	–	–	280 [1]	–	–	280	–	
Headquarters (Shinjuku-ku, Tokyo)			186	–	–	–	86	272	607	
Tokyo Facility Sasazuka (Shibuya-ku, Tokyo)	Endoscopic Solutions Therapeutic Solutions Others	Office equipment and other fixtures	59	–	–	–	1,890	1,949	75	
Tokyo Equipment and Fixtures Center (Minami-ku, Sagamihara-shi, Kanagawa)	Endoscopic Solutions Therapeutic Solutions Others	Equipment for sales promotion	103	554	–	–	33	690	35	
Shirakawa Facility (Nishigo-mura, Nishishirakawa- gun, Fukushima)	Endoscopic Solutions	Office equipment and other fixtures	3,862	56	–	–	1,064	4,982	292	
Rental facilities and equipment	Nagano Olympus Co., Ltd. (Tatsuno-machi, Kamiina-gun, Nagano)	Endoscopic Solutions	Production equipment	289	206	–	–	288	783	–
	Aizu Olympus Co., Ltd. (Aizu-Wakamatsu- shi, Fukushima)	Endoscopic Solutions	Production equipment	3,688	–	–	–	–	3,688	–
	Aomori Olympus Co., Ltd. (Kuroishi-shi, Aomori)	Therapeutic Solutions	Production equipment	2,369	–	184 [31]	–	–	2,553	–

Facility (Location)	Segment	Details of major facilities and equipment	Book value of facilities and equipment by type (Millions of yen)						Numbers of employees (persons)	
			Buildings and structures	Machin- ery and vehicles	Land [Area in thousands of m ²]	Lease assets (Property, plant and equip- ment)	Others	Total		
Rental facilities and equipment	Shirakawa Olympus Co., Ltd. (Nishigo-mura, Nishishirakawa-gun, Fukushima)	Endoscopic Solutions	Production equipment	98	47	–	–	218	363	–
	Olympus Medical Systems Corp. (Hinode-cho, Nishitama-gun, Tokyo)	Endoscopic Solutions Therapeutic Solutions	Production equipment	358	–	–	–	–	358	–
	Others	–	–	620	–	260 [7]	–	1	881	–
Social welfare facilities (dormitory for bachelors and company housing)		–	–	652	–	3,094 [21]	–	5	3,751	–
Others		–	–	213	38	6 [24]	289	5,100	5,646	23
Total				24,378	2,478	9,309 [325]	371	20,051	56,587	2,727

- Notes: 1. Book value is the book value in the non-consolidated financial statements in accordance with Japanese GAAP.
2. Others include tools, furniture and fixtures, as well as construction in progress and intangible assets.
3. The main difference with IFRS is ¥3,468 million for right-of-use assets (land, buildings and structures).
4. Major leased facilities from companies other than consolidated companies are as follows.

(Rental contract)

(As of March 31, 2023)

Facility (Location)	Segment	Details of major facilities and equipment	Area (Thousands of m ²)	Annual rent (Millions of yen)
Headquarters (Shinjuku-ku, Tokyo)	Management Division	Headquarters building	11	867

(Lease contract)

(As of March 31, 2023)

Facility (Location)	Segment	Details of major facilities and equipment	Lease term	Lease contract amount (Millions of yen)	Annual lease payment (Millions of yen)	Lease contract balance (Millions of yen)
Technology Development Center Ishikawa (Hachioji-shi, Tokyo)	Others	Network equipment	March 2022 to May 2027	80	13	67

(2) Major domestic subsidiaries

(As of March 31, 2023)

Company name	Facility name (Location)	Segment	Details of major facilities and equipment	Book value of facilities and equipment by type (Millions of yen)						Numbers of employees (persons)	
				Buildings and structures	Machinery and vehicles	Land (Area in thousands of m ²)	Lease assets (Property, plant and equipment)	Others	Total		
Olympus Medical Systems Corp.	Hinode Facility (Hinode-cho, Nishitama-gun, Tokyo)	Endoscopic Solutions Therapeutic Solutions	Production equipment	166	618	1,440 [10]	–	129	2,353	257	
	Technology Development Center Ishikawa (Hachioji-shi, Tokyo)	Endoscopic Solutions Therapeutic Solutions	Testing and research facilities and other fixtures	2	718	–	11	3,792	4,523	2,175	
	Technology Development Center Utsugi (Hachioji-shi, Tokyo)	Endoscopic Solutions Therapeutic Solutions	Testing and research facilities and other fixtures	–	208	–	10	572	790	180	
	Tokyo Facility Sasazuka (Shibuya-ku, Tokyo)	Endoscopic Solutions Therapeutic Solutions	Other equipment	–	2	–	–	116	118	70	
	Rental facilities and equipment	Nagano Olympus Co., Ltd. (Tatsunomachi, Kamiina-gun, Nagano)	Endoscopic Solutions	Production equipment	18	781	–	–	189	988	–
		Aizu Olympus Co., Ltd. (Aizu-Wakamatsu-shi, Fukushima)	Endoscopic Solutions	Production equipment	1,174	2,430	1,232 [76]	–	738	5,574	–
		Aomori Olympus Co., Ltd. (Kuroishi-shi, Aomori)	Therapeutic Solutions	Production equipment	495	878	420 [40]	–	150	1,943	–
		Shirakawa Olympus Co., Ltd. (Nishigo-mura, Nishishirakawa-gun, Fukushima)	Endoscopic Solutions	Production equipment	206	1,097	868 [75]	–	724	2,895	–
Social welfare facilities (dormitory for bachelors and company housing)	–	–	–	66	–	171 [3]	–	–	237	–	

Company name	Facility name (Location)	Segment	Details of major facilities and equipment	Book value of facilities and equipment by type (Millions of yen)						Numbers of employees (persons)
				Buildings and structures	Machinery and vehicles	Land (Area in thousands of m ²)	Lease assets (Property, plant and equipment)	Others	Total	
	Others	–	–	–	701	–	12	876	1,589	79
	Total			2,127	7,433	4,131 [204]	33	7,286	21,010	2,761

- Notes:
1. Book values are based on Japanese GAAP.
 2. The above does not include construction in progress and software in progress.
 3. Others include tools, furniture and fixtures and intangible assets.
 4. The main difference with IFRS is ¥32,940 million for R&D assets.
 5. Major leased facilities from companies other than consolidated companies are as follows.

(Rental contract)

(As of March 31, 2023)

Facility (Location)	Segment	Details of major facilities and equipment	Area (Thousands of m ²)	Annual rent (Millions of yen)
Tokyo Equipment and Fixtures Center (Minami-ku, Sagami-hara-shi, Kanagawa)	Endoscopic Solutions Therapeutic Solutions Others	Warehouse	32	571

(3) Major overseas subsidiaries

(As of March 31, 2023)

Company name (Location)		Segment	Details of major facilities and equipment	Book value of facilities and equipment by type (Millions of yen)					Numbers of employees (persons)
				Buildings and structures	Machinery and vehicles	Land (Area in thousands of m ²)	Others	Total	
Olympus Corporation of the Americas	Pennsylvania, U.S.A.	Management Division	Office buildings Sales promotion equipment and other facilities	12,291	1,443	–	1,827	15,561	37
Olympus America Inc.	Pennsylvania, U.S.A.	Endoscopic Solutions Therapeutic Solutions	Business assets	4,863	103	782 [219]	30,285	36,034	1,442
Evident Scientific, Inc.	Massachusetts, U.S.A.	Science	Sales promotion equipment and other facilities	3,039	598	–	9,170	12,807	705
Gyrus ACMI, Inc.	Massachusetts, U.S.A.	Therapeutic Solutions	Production equipment, sales promotion equipment and other facilities	8,763	1,491	123 [43]	20,046	30,423	1,667
Veran Medical Technologies, Inc.	Missouri, U.S.A.	Therapeutic Solutions	Intangible assets	188	25	–	20,027	20,240	890
Olympus Vietnam Co., Ltd.	Dong Nai Province, Vietnam	Therapeutic Solutions Others	Office buildings Production equipment	4,337	811	–	226	5,374	1,779
Olympus (Beijing) Sales & Service Co., Ltd	Beijing, China	Endoscopic Solutions Therapeutic Solutions	Sales promotion equipment and other facilities	3,166	11	–	16,060	19,237	1,429
KeyMed (Medical & Industrial Equipment) Ltd.	Essex, U.K.	Endoscopic Solutions	Production equipment, sales promotion equipment and other facilities	4,422	128	180 [55]	4,132	8,863	798
Olympus Europa SE & Co. KG	Hamburg, Germany	Endoscopic Solutions Therapeutic Solutions	Office buildings Sales promotion equipment and other facilities	20,138	45	–	4,983	25,167	650
Olympus Winter & Ibe Properties GmbH & Co. KG	Hamburg, Germany	Endoscopic Solutions Therapeutic Solutions	Office buildings Land	11,669	–	1,947 [34]	–	13,616	–
Olympus Winter & Ibe GmbH	Hamburg, Germany	Endoscopic Solutions Therapeutic Solutions	Office buildings Production equipment	1,853	2,078	–	2,079	6,010	1,439
Medi-Tate Ltd.	Or-Akiva, Israel	Therapeutic Solutions	Intangible assets	7	4	–	9,351	9,363	11

Notes: 1. Book values are based on IFRS.

2. The above does not include construction in progress and software in progress.
3. Others include tools, furniture and fixtures and intangible assets.
4. Scientific Solutions Business is included in discontinued operation from the fiscal year ended March 31, 2023, and, on April 3, 2023, Scientific Solutions Business was transferred to K.K. BCJ-66, a special purpose company indirectly owned by funds advised by Bain Capital Private Equity, LP (including its affiliates).

3. Planned Addition, Retirement, and Other Changes of Facilities

The Olympus Group's capital investment plan (new construction and expansion) for the year after the current fiscal year, planned as of March 31, 2023, is as follows.

(1) Significant addition of facilities

Company category	Company name/Facility name (Location)	Segment	Details of major facilities and equipment	Total planned investment (Millions of yen)	Amount already paid (Millions of yen)	Financing methods	Production capacity after completion
Reporting company	Nagano Facility Tatsuno (Tatsuno-machi, Kamiina-gun, Nagano)	Management Division	Land	8	-	Own capital	The production capacity is expected to be the same level as the current production capacity.
			Buildings and auxiliary facilities	7,627	2,848		
			Others	130	-		
			Total	7,765	2,848		
	Technology Development Center Ishikawa (Hachioji-shi, Tokyo)	Endoscopic Solutions Therapeutic Solutions Others	Buildings and auxiliary facilities	4,777	5,333	Own capital	
			Testing and research facilities	296	-		
			Software	900	102		
			Others	993	-		
	Total	6,966	5,435				
	Headquarters (Shinjuku-ku, Tokyo)	Management Division	Buildings and auxiliary facilities	1,264	-	Own capital	
Software			337	-			
Total	1,601	-					
Tokyo Facility Sasazuka (Shibuya-ku, Tokyo)	Endoscopic Solutions Therapeutic Solutions Management Division Others	Software	617	1,880	Own capital		
		Others	105	-			
		Total	722	1,880			
Assets for rent: Aizu Olympus Co., Ltd.	Endoscopic Solutions	Buildings and auxiliary facilities	351	-	Own capital		
		Others	176	-			
Total	527	-					
Assets for rent: Aomori Olympus Co., Ltd.	Therapeutic Solutions	Buildings and auxiliary facilities	255	-	Own capital		
		Tools	450	-			
		Others	144	-			
Total	849	-					
Assets for rent: Others	-	Buildings and auxiliary facilities	127	-	Own capital		
		Others	134	-			
Total	261	-					
Others	-	Buildings and auxiliary facilities	544	-	Own capital		
		Machinery	129	-			
		Others	590	4			
		Total	1,263	4			
Total			19,954	10,167			
Domestic subsidiary	Olympus Marketing, Inc.	Endoscopic Solutions	Equipment for sales promotion	10,222	-	Own capital	
			Others	66	-		

Company category	Company name/Facility name (Location)	Segment	Details of major facilities and equipment	Total planned investment (Millions of yen)	Amount already paid (Millions of yen)	Financing methods	Production capacity after completion
	(Shinjuku-ku, Tokyo)	Therapeutic Solutions	Total	10,288	–		
Domestic subsidiary	Olympus Medical Systems Corp. (Hachioji-shi, Tokyo)	Endoscopic Solutions Therapeutic Solutions	Machinery	2,462	22	Own capital	
			Testing and research facilities	2,091	36		
			Others	279	5		
			Total	4,832	63		

- Notes: 1. Values are based on Japanese GAAP.
2. The main difference with IFRS is ¥8,209 million for R&D assets.
3. Amount already paid includes construction in progress.

Company category	Company name/Facility name (Location)	Segment	Details of major facilities and equipment	Total planned investment (Millions of yen)	Amount already paid (Millions of yen)	Financing methods	Production capacity after completion
Overseas subsidiaries	Olympus Corporation of the Americas, Olympus America Inc., and others (Americas)	Endoscopic Solutions Therapeutic Solutions Others	Buildings and auxiliary facilities	1,593	202	Own capital	The production capacity is expected to be the same level as the current production capacity.
			Machinery	277	1,207		
			Software	–	2,067		
			Equipment for sales promotion	6,356	–		
			R&D assets	4,114	–		
			Others	368	219		
			Total	12,708	3,695		
	Olympus Europa SE & Co. KG, Olympus Winter & Ibe GmbH, and others (Europe and Middle East)	Endoscopic Solutions Therapeutic Solutions Others	Buildings and auxiliary facilities	2,627	1,021	Own capital	
			Machinery	3,241	1,653		
			Tools	162	96		
			Software	866	360		
			Equipment for sales promotion	4,880	164		
			R&D assets	1,978	–		
			Others	478	210		
	Total	14,232	3,504				
	Olympus (Beijing) Sales & Service Co., Ltd. (Beijing, China)	Endoscopic Solutions Therapeutic Solutions Others	Buildings and auxiliary facilities	1,137	–	Own capital	
Software			197	–			
Equipment for sales promotion			4,315	–			
Others			723	211			
Total			6,372	211			
Olympus (Suzhou) Medical Device Co., Ltd. (Suzhou, China)	Endoscopic Solutions	Buildings and auxiliary facilities	855	–	Own capital		
		Tools	267	–			
		Software	221	–			
		Others	33	–			
		Total	1,376	–			

(2) Significant retirement of facilities

There are no significant events.

IV. Information about Reporting Company

1. Company's Shares, etc.

(1) Total number of shares, etc.

(i) Total number of shares

Class	Total number of shares authorized to be issued (Shares)
Common stock	4,000,000,000
Total	4,000,000,000

(ii) Issued shares

Class	Number of issued shares as of the end of the current fiscal year (Shares) (March 31, 2023)	Number of issued shares as of the filing date (Shares) (June 20, 2023)	Name of financial instruments exchange on which the Reporting Company is listed or authorized financial instruments business association to which the Reporting Company is registered	Description
Common stock	1,266,178,700	1,266,178,700	Tokyo Stock Exchange, Prime Market	The number of shares constituting one unit: 100 shares
Total	1,266,178,700	1,266,178,700	–	–

(2) Subscription rights to shares, etc.

(i) Stock option plans

	The first subscription rights to shares	The second subscription rights to shares
Date of resolution	August 8, 2013	June 26, 2014
Classification and number of grantees	Five directors 20 corporate officers	Five directors 20 corporate officers
Number of subscription rights to shares*	144 [142]	199 [199]
Class, description and number of shares to be issued upon exercise of subscription rights to shares*	Common stock 57,600 [56,800] (Note2)	Common stock 79,600 [79,600] (Note2)
Paid-in amount upon exercise of subscription rights to shares*	¥1 (Note 3)	¥1 (Note 3)
Exercise period for subscription rights to shares*	From August 27, 2013 to August 26, 2043	From July 12, 2014 to July 11, 2044
Issue price and amount of capital incorporation of shares to be issued upon exercise of subscription rights to shares*	Issue price: ¥735 Amount of capital incorporation: ¥368	Issue price: ¥907 Amount of capital incorporation: ¥454
Conditions for exercising subscription rights to shares*	(i) A holder of subscription rights to shares may exercise the rights only during a period of 10 years that starts after one year has passed since the day immediately following the day on which the holder loses his/her position of director, executive officer or corporate officer of Olympus Corporation. (ii) In the event of the death of a holder of subscription rights to shares, rights may be exercised by heirs.	

	The first subscription rights to shares	The second subscription rights to shares
	(iii) Holders of subscription rights to shares may exercise all or part of their subscription rights.	
Matters related to the transfer of subscription rights to shares*	Any acquisition of subscription rights to shares by way of transfer requires the approval of the Board of Directors.	
Matters related to the delivery of subscription rights to shares in connection with reorganization*	(Note 4)	

	The third subscription rights to shares	The fourth subscription rights to shares
Date of resolution	June 26, 2015	June 28, 2016
Classification and number of grantees	Five directors 19 corporate officers	Five directors 19 corporate officers
Number of subscription rights to shares*	196 [196]	218 [204]
Class, description and number of shares to be issued upon exercise of subscription rights to shares*	Common stock 78,400 [78,400] (Note2)	Common stock 87,200 [81,600] (Note2)
Paid-in amount upon exercise of subscription rights to shares*	¥1 (Note 3)	¥1 (Note 3)
Exercise period for subscription rights to shares*	From July 14, 2015 to July 13, 2045	From July 14, 2016 to July 13, 2046
Issue price and amount of capital incorporation of shares to be issued upon exercise of subscription rights to shares*	Issue price: ¥1,104 Amount of capital incorporation: ¥552	Issue price: ¥896 Amount of capital incorporation: ¥448
Conditions for exercising subscription rights to shares*	(i) A holder of subscription rights to shares may exercise the rights only during a period of 10 years that starts after one year has passed since the day immediately following the day on which the holder loses his/her position of director, executive officer or corporate officer of Olympus Corporation. (ii) In the event of the death of a holder of subscription rights to shares, rights may be exercised by heirs. (iii) Holders of subscription rights to shares may exercise all or part of their subscription rights.	
Matters related to the transfer of subscription rights to shares*	Any acquisition of subscription rights to shares by way of transfer requires the approval of the Board of Directors.	
Matters related to the delivery of subscription rights to shares in connection with reorganization*	(Note 4)	

* Details as of the end of the current fiscal year (March 31, 2023). The details as of the end of the month prior to the filing date are stated in [] for items that changed between the end of the current fiscal year and the end of the month prior to the filing date (May 31, 2023), and there is no change to other items from the details as of the end of the current fiscal year.

- Notes: 1. Olympus Corporation conducted a four-for-one split of common stock with an effective date of April 1, 2019 by resolution of the Board of Directors meeting held on February 8, 2019. As a result, the “number of shares to be issued upon exercise of subscription rights to shares” and the “Issue price and amount of capital incorporation of shares to be issued upon exercise of subscription rights to shares” have been adjusted.
2. The number of shares to be issued for each stock subscription right (hereinafter “Number of Shares Granted”) shall be 400. If, after the stock subscription right allotment date, Olympus Corporation conducts a stock split, allotment of shares without contribution or consolidation of shares with regard to its common stock, the Number of Shares Granted shall be adjusted according to the following formula, and any fraction of less than one share resulting from the adjustment shall be rounded down.
- $$\text{Number of Shares Granted after adjustment} = \text{Number of Shares Granted before adjustment} \times \text{ratio of stock split, allotment of shares without contribution or consolidation of shares}$$

The Number of Shares Granted after adjustment shall be applied, in the case of a stock split or allotment of shares without contribution, on and after the day following the record date of such stock split or allotment of shares without contribution, and in the case of a consolidation of shares, on and after the effective date of such consolidation of shares. However, if a stock split or allotment of shares without contribution is conducted on the condition that a proposal to increase capital or reserves by reducing the amount of surplus is approved at a General Meeting of Shareholders, and the record date for the stock split or allotment of shares without contribution is a date prior to the conclusion of such General Meeting of Shareholders, the Number of Shares Granted after adjustment shall be applied on and after the day following the date of the conclusion of such General Meeting of Shareholders.

In addition, if subscription rights to shares are succeeded through an absorption-type merger or consolidation-type merger, or through a share exchange or share transfer in which Olympus Corporation becomes a wholly owned subsidiary, Olympus Corporation may adjust the Number of Granted Shares as deemed necessary in accordance with the merger ratio or other factors.

3. The amount to be paid in per share that can be delivered by exercising subscription rights to shares shall be ¥1 multiplied by the Number of Granted Shares.
4. In the event of a merger (only if Olympus Corporation is dissolved in the merger), absorption-type company split or incorporation-type company split (only if Olympus Corporation is split in each case), or share exchange or share transfer (only if Olympus Corporation becomes a wholly owned subsidiary in each case) (hereinafter collectively, "Reorganization"), Olympus Corporation shall issue the subscription rights to shares of the stock company listed in Article 236, Paragraph 1, Item 8 (a) to (e) of the Companies Act (hereinafter "Reorganizing Company") to holders of subscription rights to shares holding subscription rights to shares remaining immediately before the effective date (effective date of an absorption-type merger if an absorption-type merger, date of incorporation of a newly incorporated company if an incorporation-type merger, effective date of the absorption-type split if absorption-type split, date of incorporation of a newly incorporated company if an incorporation-type split, effective date of a share exchange if a share exchange, and the date of incorporation as a wholly owning parent company established through a share transfer if a share transfer) of Reorganization (hereinafter "Remaining Subscription Rights to Shares"), in each case. However, the delivery of the subscription rights to shares of the Reorganizing Company in accordance with the following conditions shall be provided for in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement, or share transfer plan.
 - (1) Number of subscription rights to shares of the Reorganizing Company to be delivered
The same number of subscription rights to shares as the number of Remaining Subscription Rights to Shares held by the holder of subscription rights to shares shall be delivered to each holder.
 - (2) Class of shares of the Reorganizing Company to be issued upon exercise of subscription rights to shares
Shares of common stock of the Reorganizing Company.
 - (3) Number of shares of the Reorganizing Company to be issued upon exercise of subscription rights to shares
To be determined in accordance with Note 2, after taking into consideration the conditions, etc. for Reorganization.
 - (4) Value of assets to be contributed upon exercise of the subscription rights to shares
 - (i) The value of the assets to be contributed upon exercising each subscription rights to shares to be delivered shall be the amount obtained by multiplying the amount paid in after reorganization set forth in (ii) below by the number of shares of the Reorganizing Company to be issued for each stock subscription right determined in accordance with (3) above.
 - (ii) The amount to be paid in after reorganization shall be ¥1 per share of the Reorganizing Company that can be delivered by exercising each stock subscription right to be delivered.
 - (5) Period during which subscription rights to shares may be exercised
The period from the later of either the start date of the period during which subscription rights to shares may be exercised set forth in "Exercise period for subscription rights to shares" above or the effective date of Reorganization, until the date of expiration of the period during which subscription rights to shares may be exercised set forth in "Exercise period for subscription rights to shares" above.
 - (6) Matters related to the increase in share capital and capital surplus when shares are issued through the exercise of subscription rights to shares
 - (i) The amount of share capital to be increased when shares are issued upon the exercise of the subscription rights to shares shall be the upper limit amount of increase in share capital, etc. calculated in accordance with Article 17, Paragraph 1 of the Regulations on Corporate Accounting, multiplied by 0.5, and any fractions less than ¥1 resulting from such calculation shall be rounded up.
 - (ii) The amount of capital surplus to be increased when shares are issued upon the exercise of the subscription rights to shares shall be the upper limit amount of increase in share capital, etc. set forth in (i) above minus the amount of increase in share capital set forth in (i) above.
 - (7) Restrictions on acquisition of subscription rights to shares by transfer

The acquisition of subscription rights to shares by transfer shall require approval by a resolution of the Board of Directors of the Reorganizing Company.

(8) Acquisition provisions for subscription rights to shares

If any of the proposals (i), (ii), (iii), (iv) or (v) below is approved by the General Meeting of Shareholders (or by a resolution of the Board of Directors if a resolution of a General Meeting of Shareholders is not required), Olympus Corporation may acquire subscription rights to shares without contribution on a date separately determined by the Board of Directors.

- (i) Proposal to approve a merger agreement under which Olympus Corporation becomes the dissolving company
- (ii) Proposal to approve a company split agreement or an incorporation-type company split plan under which Olympus Corporation becomes the splitting company
- (iii) Proposal to approve a share exchange agreement or share transfer plan under which Olympus Corporation becomes a wholly owned subsidiary
- (iv) Proposal to approve an amendment to the Articles of Incorporation to establish a provision requiring the approval of Olympus Corporation for the acquisition of all shares issued by Olympus Corporation by means of transfer
- (v) Proposal to approve an amendment to the Articles of Incorporation to establish a provision that the acquisition of such shares by transfer shall require the approval of Olympus Corporation or that Olympus Corporation shall acquire all of such class of shares by a resolution of a General Meeting of Shareholders, as the details for shares to be issued upon exercise of subscription rights to shares

(9) Other conditions for exercising subscription rights to shares

To be determined in accordance with “Conditions for exercising subscription rights to shares” above.

(ii) Rights plans

Not applicable.

(iii) Other subscription rights to shares, etc.

Not applicable.

(3) Exercises of bonds with subscription rights to shares containing a clause for exercise price amendment, etc.

Not applicable.

(4) Changes in the total number of issued shares, share capital, etc.

Date	Increase (Decrease) in the total number of issued shares (Thousand shares)	Balance of the total number of issued shares (Thousand shares)	Increase (Decrease) in share capital (Millions of yen)	Balance of share capital (Millions of yen)	Increase (Decrease) in legal capital surplus (Millions of yen)	Balance of legal capital surplus (Millions of yen)
July 26, 2018 (Note 1)	22	342,713	46	124,606	46	91,026
April 1, 2019 (Note 2)	1,028,140	1,370,853	–	124,606	–	91,026
July 25, 2019 (Note 3)	62	1,370,915	37	124,643	37	91,063
June 4, 2021 (Note 4)	(71,621)	1,299,294	–	124,643	–	91,063
June 8, 2022 (Note 5)	(13,402)	1,285,892	–	124,643	–	91,063
March 28, 2023 (Note 6)	(19,713)	1,266,179	–	124,643	–	91,063

Notes: 1. Due to the paid in issuance of new shares for granting restricted stock compensation.
Issue price: ¥4,135

Amount of capital incorporation: ¥2,067.5

Allottees: 5 directors (excluding outside directors), 17 corporate officers

2. Due to the four-for-one stock split.
3. Due to the paid in issuance of new shares for granting restricted stock compensation.

Issue price: ¥1,205

Amount of capital incorporation: ¥602.5

Allottees: 4 executive officers (including persons those who double as directors), 15 corporate officers

4. Due to cancellation of treasury shares.
5. Due to cancellation of treasury shares.
6. Due to cancellation of treasury shares.

(5) Shareholding by shareholder category

As of March 31, 2023

Category	Status of shares (Number of shares constituting one unit: 100 shares)							Shares less than one unit (Shares)	
	Government and local municipalities	Financial institutions	Financial instrument business operators	Other corporations	Foreign corporations, etc.		Individuals and others		Total
					Other than individuals	Individuals			
Number of shareholders (Persons)	–	67	65	485	930	166	52,208	53,921	–
Number of shares held (Unit)	–	4,858,906	321,897	266,652	6,475,160	1,100	736,180	12,659,895	189,200
Percentage of shares held (%)	–	38.38	2.54	2.11	51.15	0.01	5.82	100.00	–

- Notes:
1. Of the 12,641,218 shares of treasury shares, 126,412 units are included in “Individuals and others” and 18 shares are included in “Shares less than one unit.”
 2. The figures in “Other corporations” include 41 units held under the name of Japan Securities Depository Center.

(6) Principal shareholders

As of March 31, 2023

Name of shareholders	Location	Number of shares held (Shares)	Percentage of shares held against the total number of issued shares (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	2-11-3 Hamamatsu-cho, Minato-ku, Tokyo, Japan	259,260,800	20.68
Custody Bank of Japan, Ltd. (Trust account)	1-8-12 Harumi, Chuo-ku, Tokyo, Japan	96,219,200	7.68
JP MORGAN CHASE BANK 385632 (Standing proxy: Mizuho Bank, Ltd.)	London, U.K. (Shinagawa Intercity A, 2-15-1 Konan, Minato-ku, Tokyo, Japan)	81,646,548	6.51
SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited Tokyo Branch)	Boston, U.S.A. (3-11-1 Nihonbashi, Chuo-ku, Tokyo, Japan)	52,109,662	4.16
SMBC Trust Bank Ltd. (Olympus shares in Sumitomo Mitsui Banking Corporation's retirement benefit trust account)	1-3-2 Marunouchi, Chiyoda-ku, Tokyo, Japan	39,509,300	3.15
Nippon Life Insurance Company	1-6-6 Marunouchi, Chiyoda-ku, Tokyo, Japan	21,258,572	1.70
STATE STREET BANK WEST CLIENT - TREATY 505234 (Standing proxy: Mizuho Bank, Ltd.)	North Quincy, U.S.A. (Shinagawa Intercity A, 2-15-1 Konan, Minato-ku, Tokyo, Japan)	21,097,112	1.68
MUFG Bank, Ltd.	2-7-1 Marunouchi, Chiyoda-ku, Tokyo, Japan	17,522,344	1.40
JP MORGAN CHASE BANK 385781 (Standing proxy: Mizuho Bank, Ltd.)	London, U.K. (Shinagawa Intercity A, 2-15-1 Konan, Minato-ku, Tokyo, Japan)	16,538,901	1.32
THE BANK OF NEW YORK MELLON AS DEPOSITARY BANK FOR DEPOSITARY RECEIPT HOLDERS (Standing proxy: Sumitomo Mitsui Banking Corporation)	New York, U.S.A. (1-1-2 Marunouchi, Chiyoda-ku, Tokyo, Japan)	16,043,055	1.28
Total	-----	621,205,494	49.56

Notes: 1. In the Large Shareholding Report (change report) dated July 21, 2020, which is available for public inspection, Nomura Securities Co., Ltd. and two joint holders are listed as holding the 79,093,014 shares as of July 15, 2020. However, since Olympus Corporation is unable to confirm the number of shares actually held as of March 31, 2023, Nomura Securities Co., Ltd. and its joint holders are not included in the above list of principal shareholders. The details in the Large Shareholding Report (change report) are as follows.

Name	Numbers of shares held (Shares)	Percentage of shares held against the total number of issued shares (%)
Nomura Securities Co., Ltd.	267,614	0.02
NOMURA INTERNATIONAL PLC	122,900	0.01
Nomura Asset Management Co., Ltd.	78,702,500	5.74
Total	79,093,014	5.77

2. In the Large Shareholding Report (change report) dated December 7, 2020, which is available for public inspection, Capital Research and Management Company is listed as holding the 87,462,134 shares as of November 30, 2020. However, since Olympus Corporation is unable to confirm the number of shares actually held as of March 31, 2023, Capital Research and Management Company is not included in the above list of principal shareholders. The details in the Large Shareholding Report (change report) are as follows.

Name	Numbers of shares held (Shares)	Percentage of shares held against the total number of issued shares (%)
Capital Research and Management Company	87,462,134	6.38
Total	87,462,134	6.38

3. In the Large Shareholding Report (change report) dated June 21, 2021, which is available for public inspection, Sumitomo Mitsui Trust Bank, Limited and two joint holders are listed as holding the 82,941,600 shares as of June 15, 2021. However, since Olympus Corporation is unable to confirm the number of shares actually held as of March 31, 2023, Sumitomo Mitsui Trust Bank, Limited and its joint holders are not included in the above list of principal shareholders. The details in the Large Shareholding Report (change report) are as follows.

Name	Numbers of shares held (Shares)	Percentage of shares held against the total number of issued shares (%)
Sumitomo Mitsui Trust Bank, Limited	3,556,000	0.27
Sumitomo Mitsui Trust Asset Management Co., Ltd.	37,309,500	2.87
Nikko Asset Management Co., Ltd.	42,076,100	3.24
Total	82,941,600	6.38

4. In the Large Shareholding Report dated July 9, 2021, which is available for public inspection, Baillie Gifford & Co and one joint holder are listed as holding the 65,597,033 shares as of June 30, 2021. However, since Olympus Corporation is unable to confirm the number of shares actually held as of March 31, 2023, Gifford & Co and its joint holder are not included in the above list of principal shareholders. The details in the Large Shareholding Report are as follows.

Name	Numbers of shares held (Shares)	Percentage of shares held against the total number of issued shares (%)
Baillie Gifford & Co	27,961,656	2.15
Baillie Gifford Overseas Limited	37,635,377	2.90
Total	65,597,033	5.05

5. In the Large Shareholding Report (change report) dated November 4, 2022, which is available for public inspection, BlackRock Japan Co., Ltd. and seven joint holders are listed as holding the 78,732,691 shares as of October 31, 2022. However, since Olympus Corporation is unable to confirm the number of shares actually held as of March 31, 2023, BlackRock Japan Co., Ltd. and its joint holders are not included in the above list of principal shareholders. The details in the Large Shareholding Report (change report) are as follows.

Name	Numbers of shares held (Shares)	Percentage of shares held against the total number of issued shares (%)
BlackRock Japan Co., Ltd.	26,958,500	2.10
BlackRock Investment Management LLC	1,416,452	0.11
BlackRock (Netherlands) BV	2,028,312	0.16
BlackRock Fund Managers Limited	2,992,359	0.23
BlackRock Asset Management Ireland Limited	6,743,472	0.52
BlackRock Fund Advisors	19,848,900	1.54
BlackRock Institutional Trust Company, N.A.	17,083,072	1.33
BlackRock Investment Management (UK) Limited	1,661,624	0.13
Total	78,732,691	6.12

6. In the Large Shareholding Report (change report) dated January 30, 2023, which is available for public inspection, MUFG Bank, Ltd. and four joint holders are listed as holding the 66,832,624 shares as of January 23, 2023. However, since Olympus Corporation is unable to confirm the number of shares actually held as of March 31, 2023, MUFG Bank, Ltd. and its joint holders are not included in the above list of principal shareholders. The details in the Large Shareholding Report (change report) are as follows.

Name	Numbers of shares held (Shares)	Percentage of shares held against the total number of issued shares (%)
MUFG Bank, Ltd.	17,522,344	1.36
Mitsubishi UFJ Trust and Banking Corporation	19,972,780	1.55
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	20,190,800	1.57
First Sentier Investors (Hong Kong) Limited	2,728,500	0.21
First Sentier Investors (Singapore)	6,418,200	0.50
Total	66,832,624	5.20

(7) Voting rights

(i) Issued shares

As of March 31, 2023

Category	Number of shares (Shares)	Number of voting rights	Description
Shares with no voting rights	–	–	–
Shares with restricted voting rights (treasury shares, etc.)	–	–	–
Shares with restricted voting rights (other)	–	–	–
Shares with full voting rights (treasury shares, etc.)	(Treasury shares) Common stock 12,641,200	–	–
Shares with full voting rights (other)	Common stock 1,253,348,300	12,533,483	–
Shares less than one unit	Common stock 189,200	–	–
Total number of issued shares	1,266,178,700	–	–
Number of voting rights held by all shareholders	–	12,533,483	–

- Notes: 1. Common stock in “Shares with full voting rights (other)” includes 4,100 shares (41 voting rights) held under the name of Japan Securities Depository Center.
2. Olympus Corporation conducted the disposal of treasury shares of 38,929 shares based on its subsequent grant-type restricted stock compensation (RSU) system on June 14, 2023.

(ii) Treasury shares, etc.

As of March 31, 2023

Name of shareholder	Address of shareholder	Number of shares held under own name (Shares)	Number of shares held under the names of others (Shares)	Total number of shares held (Shares)	Percentage of shares held against the total number of issued shares (%)
(Treasury shares) Olympus Corporation	2951 Ishikawa-machi, Hachioji-shi, Tokyo, Japan	12,641,200	–	12,641,200	1.00
Total	–	12,641,200	–	12,641,200	1.00

Note: Olympus Corporation conducted the disposal of treasury shares of 38,929 shares based on its subsequent grant-type restricted stock compensation (RSU) system on June 14, 2023.

2. Share Repurchase

Class of Shares: Repurchase of common stock under Article 155, Item 3 of the Companies Act, repurchase of common stock under Article 155, Item 7 of the Companies Act, and repurchase of common stock under Article 155, Item 13 of the Companies Act

(1) Repurchase by resolution of General Meeting of Shareholders

Not applicable.

(2) Repurchase by resolution of Board of Directors

Category	Number of shares (Shares)	Total amount (Yen)
Status of resolutions at meeting of the Board of Directors (November 11, 2022) (Repurchase period: November 14, 2022 to February 28, 2023)	21,000,000	50,000,000,000
Shares repurchased prior to the current fiscal year	–	–
Shares repurchased in the current fiscal year	19,713,300	49,999,975,503
Number and total amount of residual resolution shares	1,286,700	24,497
Unexercised ratio at the end of the current fiscal year (%)	6.13	0.00
Shares repurchased during the current period	–	–
Unexercised ratio as of the filing date (%)	6.13	0.00

Category	Number of shares (Shares)	Total amount (Yen)
Status of resolutions at meeting of the Board of Directors (May 12, 2023) (Repurchase period: May 15, 2023 to January 31, 2024)	55,000,000	100,000,000,000
Shares repurchased prior to the current fiscal year	–	–
Shares repurchased in the current fiscal year	–	–
Number and total amount of residual resolution shares	–	–
Unexercised ratio at the end of the current fiscal year (%)	–	–
Shares repurchased during the current period (Note 1)	0	0
Unexercised ratio as of the filing date (%) (Note2)	100.00	100.00

- Notes: 1. The number of shares repurchased during the current period does not include shares acquired from June 1, 2023 to the filing date of this Annual Securities Report.
2. The unexercised ratio as of the filing date is calculated without including shares acquired from June 1, 2023 to the filing date of this annual securities report.

(3) Repurchase not based on resolution of General Meeting of Shareholders or of Board of Directors

Category	Number of shares (Shares)	Total amount(Yen)
Shares repurchased in the current fiscal year	2,519	3,136,572
Shares repurchased during the current period	747	259,132

- Notes:
- 1,387 shares of shares repurchased during the current fiscal year were acquired without contribution under the restricted stock compensation plan.
 - 639 shares of shares repurchased during the current period were acquired without contribution under the restricted stock compensation plan.
 - The number of shares repurchased during the current period does not include shares due to the purchase of shares less than one unit from June 1, 2023 to the filing date of this Annual Securities Report.

(4) Disposition and holding of treasury shares

Category	Current fiscal year		Current period	
	Number of shares (Shares)	Total amount of disposal value (Yen)	Number of shares (Shares)	Total amount of disposal value (Yen)
Treasury shares solicited to subscribers	–	–	–	–
Treasury shares disposed of for cancellation	33,115,633	67,087,328,277	–	–
Treasury shares transferred in connection with a merger, share exchange, share issuance, or corporate split	–	–	–	–
Other (disposal of treasury shares pertaining to the exercising of subscription rights to shares)	126,800	254,131,796	6,400	14,224,550
Other (disposal of treasury shares pertaining to restricted stock compensation)	93,780	164,809,800	–	–
Number of treasury shares held	12,641,218	–	12,635,565	–

- Notes:
- The number of treasury shares held during the current period does not include shares due to the repurchase of shares of Olympus Corporation and disposal of treasury shares from June 1, 2023 to the filing date of this Annual Securities Report.
 - Olympus Corporation conducted the disposal of treasury shares of 38,929 shares based on its subsequent grant-type restricted stock compensation (RSU) system on June 14, 2023.

3. Dividend Policy

In order to achieve sustainable growth of the Olympus Group, Olympus Corporation prioritizes the allocation of cash on hand to investments in growth drivers and carries out investment for profitable, organic growth and strategic investment for growth opportunities. Our policy is to increase dividends in a stable and gradual manner and to buyback of company shares flexibly based on investment opportunities and our cash situation.

In accordance with the above policy, Olympus Corporation have decided to pay a year-end dividend of ¥16 per share for the current fiscal year, increased by ¥2 from the previous fiscal year by a resolution at the meeting of the Board of Directors held on May 12, 2023. Effective date and payment start date are June 6, 2023.

Olympus Corporation's Articles of Incorporation provide that Olympus Corporation may pay dividends from retained earnings, etc. by a resolution of the Board of Directors, pursuant to Article 459, Paragraph 1 of the Companies Act. There is no provision regarding the number of times dividends can be paid each fiscal year. In addition, the Olympus Corporation is subject to consolidated dividend regulations.

Resolution	Total dividends (Millions of yen)	Dividend per share (Yen)
Board of Directors meeting held on May 12, 2023	20,057	16

4. Corporate Governance, etc.

(1) Overview of corporate governance

As of the filing date of the Annual Securities Report (June 20, 2023)

(i) Basic Concepts Regarding Corporate Governance

[Basic Policy on Corporate Governance]

Our Corporate Philosophy

All our activities are based on our Corporate Philosophy, “Making people’s lives healthier, safer and more fulfilling.” Following this philosophy, we aim to improve our company’s continuous development and mid- and long-term corporate value for all stakeholders, including shareholders.

Basic Concepts Regarding Corporate Governance

Based on our fiduciary responsibility to shareholders and our responsibility to stakeholders including clients, employees and local communities, etc. as well as the above Corporate Philosophy, our company has implemented basically the principles of the Corporate Governance Code and developed this policy with the aim of realizing effective corporate governance.

1. Securing Shareholders’ Rights and Equality

- (1) We respect shareholders’ rights and secure their substantial equality.
- (2) We take appropriate steps to improve the environment pertaining to the exercise of rights at the General Meeting of Shareholders.
- (3) If it is judged that listed shares will contribute to the improvement of Olympus group’s corporate value in the mid- to long-term, then, upon verifying the economic rationality and the future prospects for the mid- to long-term, we will hold the listed shares. Every year, the Board of Directors will verify the suitability of ownership considering comprehensively the purpose of holding, the benefits associated with holding and the risks, and gradually reduce shares that we judged not to be suitable for possession. In order to exercise shareholders’ rights regarding policy shareholdings, we will exercise its voting rights on all agenda items, and from the viewpoint of improving the mid- to long-term corporate value of an enterprise issuing such shares, will consider said enterprise’s financial condition and decide appropriately about whether to approve or disapprove each agenda item.
- (4) In the case of conducting related party transactions, Olympus and its subsidiaries are required to obtain the approval of the Board of Directors of each company in accordance with the “Job Authority Rules” and any other related rules. Its subsidiaries are required to report to Olympus after obtaining approval from the regional headquarters.

2. Cooperation with Stakeholders other than Shareholders

Under our Corporate Philosophy, “Making people’s lives healthier, safer and more fulfilling,” we endeavor to cooperate as appropriate with various stakeholders including employees, clients, business connections, creditors and local communities.

We will present its values regarding appropriate cooperation with stakeholders, respect for their interests, and ethics for sound business activities, and stipulate and implement a code of conduct to be complied with by such members. Specifically, we have formulated the “Corporate Philosophy,” “Our Behaviors” and the “Olympus Global Code of Conduct” as a code of conduct for all groups, and have widely disseminated them among all officers and employees who belong to Olympus group.

We promote diversity and inclusion for the entire organization and aim for specialized and sustainable growth by providing opportunities to empower diverse personnel, placing the right person in the right position, irrespective of gender, disability, nationality, or race.

As a supervisor responsible for compliance-related matters, we have appointed a Chief Compliance Officer (CCO). Furthermore, we have established a global contact desk which can be available 24 hours a day in multiple languages for any employees and external stakeholders in addition to local internal compliance-related reporting system in each region. We report the status of use thereof to the Audit Committee regularly and to the Board of Directors as necessary.

3. Complete Information Disclosure and Secured Transparency

Under the basic concept for all corporate activities, our Corporate Philosophy, “Making people’s lives healthier, safer and more fulfilling,” we will disclose corporate information, such as management policy, financial condition, status of business activities and sustainability in a fair, timely, appropriate and active manner for the purpose of obtaining all stakeholders’ correct understanding and trust.

4. Basic Concepts on Sustainability Related Initiatives

We identify important ESG areas and important issues (materiality) that should be the focus in our corporate strategy and actively implement measures to contribute to the realization of a sustainable society through responsible corporate activities based on our Corporate Philosophy.

5. Responsibility of the Board of Directors, etc.

(1) Role of the Board of Directors

The Board of Directors determines basic management policy, matters related to the internal control system, and other important matters, and monitors directors and executive officers, in the execution of their duties.

(2) Qualification of Directors

Having high ethical standards as well as the experience, knowledge and ability required to create mid- to long-term corporate value, our directors spend a sufficient amount of time for the Board of Directors in order to fulfill their own obligations and responsibilities.

(3) Diversity of the Board of Directors

We consider the diversity of the composition of the Board of Directors in terms of internationality, gender, career and age, as well as experience, knowledge and ability, etc.

(4) Scale of the Board of Directors

Based on Olympus group’s scale and business lines, we maintain an appropriate number of members, 15 or fewer persons, as stipulated in the Articles of Incorporation, in order to effectively and efficiently exercise the functions of the Board of Directors.

(5) Independent Outside Director

From the viewpoint of increasing the monitoring functions of the Board of Directors, more than half of the directors are independent outside directors. The independence standards are set forth by the Nominating Committee.

(6) Chairperson of the Board of Directors

For the purpose of securing the monitoring function of the Board of Directors, an independent outside director serves as the Chairperson of the Board of Directors.

(7) Committees for Nomination, Compensation and Audit

The Board of Directors shall set up a Nominating Committee, Compensation Committee and Audit Committee.

Nominating Committee

- The Nominating Committee shall deliberate matters related to human resources at the director and executive officer level, and shall determine the content of proposals submitted to the General Meeting of Shareholders in relation to the appointment and dismissal of directors.
- The Nominating Committee consists of three or more committee members selected from among the directors by the Board of Directors, and independent outside directors constitute the absolute majority thereof. An independent outside director serves as the Chairperson.

Compensation Committee

- The Compensation Committee shall deliberate matters related to compensation of directors and executive officers, and prescribe policy in relation to determining the details of compensation, etc. for individuals, and in accordance with the policy, determine the contents of compensation, etc. for individuals.
- The Compensation Committee consists of three or more committee members selected from among the directors by the Board of Directors, and independent outside directors constitute the absolute majority thereof. An independent outside director serves as the Chairperson.

Audit Committee

- The Audit Committee shall carry out the following duties.
 - 1) Auditing the execution of duties by executive officers and directors, and creating audit reports
 - 2) Determining the content of proposals relating to the appointment, dismissal and non-reappointment of Accounting Auditors
 - 3) Other duties prescribed by law or by the Articles of Incorporation, and other matters recognized as necessary by the Audit Committee
- The Audit Committee consists of at least three individuals selected from among the directors by the Board of Directors, of whom more than half shall be independent outside directors. The chairperson of the committee shall be an independent outside director. Moreover, at least one member shall be an individual who possesses extensive knowledge related to financial and accounting.

(8) Appointment Process of the Directors

The Nominating Committee shall deliberate director candidates while making reference to the selection criteria, hold interviews, and determine the content of proposals submitted to the General Meeting of Shareholders in relation to the appointment and dismissal of directors.

(9) Fostering and Deciding the CEO's Successor

The Nominating Committee periodically discusses a succession plan for the CEO.

As for determining the successor, the Nominating Committee discusses whether the candidates have qualifications that are suitable for the CEO, and provides opinions and advice to the Board of Directors. Thereafter, the successor is decided by the Board of Directors.

(10) Compensation System

Regarding officers' compensation (directors and executive officers), the basic policy is to provide compensation that is suited to their duties, and to increase the awareness among the officers in order to: "Meet expectations of various stakeholders by aiming to maximize corporate values." Based on said policy, the Compensation Committee focuses on appropriately setting the compensation ratio linked to short and mid- and long-term performance, and decides officers' compensation.

(11) Management of the Board of Directors Meeting

For the purpose of deciding on important matters and supervising business operations, agenda items for, time of, and the frequency of holding the Board of Directors meeting are set in order to facilitate necessary and sufficient discussion. In order to facilitate constructive discussions and the exchange of opinions at the Board of Directors meeting, materials are previously sent regarding matters to be discussed and matters to be reported at the Board of Directors meeting in consideration of the time required for the attendees to prepare for the Board of Directors meeting. Moreover, the Board of Directors meeting schedule and expected agenda items are prepared in advance.

(12) Assembly for Outside Directors Only

We hold an "Executive Session," which is held after the conclusion of every Board of Directors meeting and an "Opinion Exchange Meeting for outside directors," which is held four times a year (once per quarter). These are meetings in which only outside directors can participate. At each meeting, the outside directors aim to share their recognition while extracting management issues and providing feedback on the details to the executive officers.

(13) Evaluation of the Board of Directors Meeting

Every year, the effectiveness of the Board of Directors is analyzed and evaluated including a third party's perspectives, and we aim to improve the effectiveness of the Board of Directors by extracting the issues and aiming for improvements, as necessary. Most importantly, we aim to improve our sustainable growth and medium- to long-term corporate value. An overview of the evaluation result is released.

(14) Information Acquisition and Support System

- We endeavor to actively provide the directors with information helpful for effectively fulfilling their roles and duties.
- The outside directors of Olympus may, whenever deemed necessary or appropriate, request an explanation or report from inside directors, executive officers or employees, or request the submission of internal materials.
- We are working to stimulate discussions at the Board of Directors, providing outside directors with explanation of agendas in advance and setting opportunities for debate about corporate strategy, as necessary.
- So that the Nominating Committee, Compensation Committee, Audit Committee and any other committees can execute their duties appropriately, we shall set up an office for each committee. The offices shall be staffed with suitable personnel, etc.

(15) Training for Directors

The directors endeavor to improve themselves including by acquiring and updating, etc. their knowledge in order to fulfill their roles and duties. We provide newly-appointed outside directors with various programs for acquiring knowledge concerning Olympus, including tours to our business office and factory, as well as study groups on our business, etc.

6. Interaction with Shareholders

For the purpose of our continuous development and improvement of mid- to long-term corporate value, the Board of Directors has stipulated and announced the Policy for Improving the System and Initiatives for Promoting Constructive Interactions with Shareholders.

Policy for Improving the System and Initiatives for Promoting Constructive Interactions with Shareholders

1) Basic Policy

For the purpose of our continuous development and improvement of mid- to long-term corporate value, we, centering on the CEO and the CFO, actively conduct constructive interactions with shareholders. The IR function assists such initiatives through internal information exchange and improving the system for providing shareholders' opinions as feedback, etc. to the upper management team.

2) Policy for Interactions by the CEO and CFO

The CEO and the CFO play a central role in conducting overall interactions with shareholders toward the realization of constructive interactions. Specifically, the CEO and the CFO will proactively establish opportunities for direct interactions with shareholders by conducting the following in addition to individual interviews with shareholders: briefing sessions for every quarterly settlement, small meetings, telephone conferences with overseas investors, domestic and international road shows on a regular basis, and participation in conferences held by securities firms, etc.

3) Policy for IR Activities by the IR Function

By putting the IR function in charge of IR activities, we actively implement IR activities toward solid interactions with shareholders. Specifically, in addition to conducting individual interviews at any time as requested by shareholders, we will regularly implement IR events, such as briefing sessions for individual investors and facility tours. Moreover, we will actively provide information to shareholders through the website, integrated reports, business reports for shareholders and the Convocation of the General Meeting of Shareholders, etc.

- 4) Policy for Internal Information Exchange by the IR Function
The IR function, as needed, exchanges information with the Corporate Strategy and Planning, Internal Control, the Treasury, the Accounting, and the Legal Affairs functions etc. on a daily basis, and establishes a project team if necessary, in order to build a coordinated collaboration system. Moreover, the IR function reports shareholders' opinions and concerns obtained from interactions with shareholders centering on institutional investors at the Group Executive Committee as well as the Board of Directors meeting, if necessary. Thereafter, the contents of such opinions and concerns will be discussed.
- 5) Policy for Insider Information Management when Interacting with Shareholders
In accordance with the "Regulations for Insider Trading Prevention," insider information is strictly managed. When interacting with shareholders, the IR function issues a reminder to the person in charge of the interaction, thereby preventing the divulgence of insider information.

The Olympus Group's IR activities are outlined below

The Olympus Group has established a dedicated investor relations function to fulfill its corporate accountability and ensure management transparency. Olympus Corporation focuses on information disclosure activities in order to gain the correct understanding and trust of investors and various other stakeholders in the Olympus Group, as well as to realize appropriate corporate value. We hold financial results briefings several times a year for investors and analysts at which the Representative Executive Officer and executive officers directly explain management policies, business activities, and other corporate information. In addition, IR interviews and conference calls are held for investors and analysts each quarter. Olympus Corporation has been engaged in IR activities for overseas investors since the early 1970s, actively disclosing information, including visits to local investors by the (then) Representative Director and other officers in charge, etc. participation in healthcare conferences, and the disclosure of most information in English with the same level of content and timing as the Japanese version.

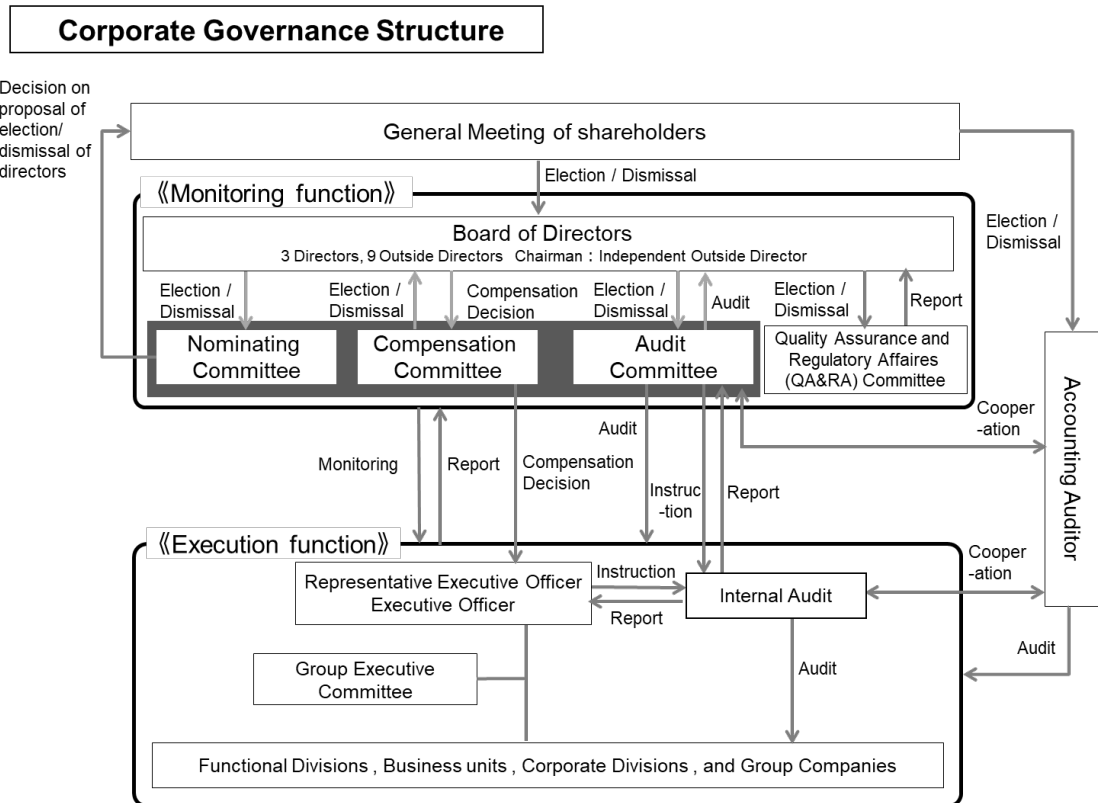
Since 2016, Olympus Corporation has been holding events at which the (then) Representative Director and other officers in charge, etc. explain our medium- and long-term management and business strategies to investors and others. In May 2023, the Olympus Group announced the new company strategy to achieve sustainable business growth and evolve into a truly global MedTech company. In addition, we are working to enhance our IR information by preparing and posting on our website "Olympus Medical Business," which introduces our products and strengths, etc. in the medical field.

(ii) Overview of the Corporate Governance System and Reasons for Adopting the System

In aiming to become a truly global MedTech company, as a company with a Nominating Committee, etc. we strive to strengthen governance, further improve transparency, and accelerate decision-making in business execution through a clear separation of management monitoring and execution.

[Corporate Governance Structure (as of the filing date of the Annual Securities Report)]

Our corporate governance structure is shown in the following diagram.



* Olympus Corporation established the Quality Assurance and Regulatory Affairs (QA&RA) Committee as an optional committee in April 2023 to oversee and report on the progress of the establishment of the quality assurance and regulatory affairs (QA&RA) structure required of a global MedTech company, from the perspective of compliance with relevant laws and regulations, collaboration among internal functions, and securing human and other resources.

The composition of the Board of Directors and each committee is as follows.

Position	Name	Board of Directors	Nominating Committee	Compensation Committee	Audit Committee
Independent Outside Director	Sumitaka Fujita	◎	◎		
Independent Outside Director	Tetsuo Iwamura	○		◎	
Independent Outside Director	Yasumasa Masuda	○			◎
Independent Outside Director	David Robert Hale	○	○		
Independent Outside Director	Jimmy C. Beasley	○		○	
Independent Outside Director	Sachiko Ichikawa	○			○
Independent Outside Director	Yasushi Shingai	○	○	○	
Independent Outside Director	Kohei Kan	○			○
Independent Outside Director	Gary John Pruden	○		○	
Director	Yasuo Takeuchi	○	○		
Director	Stefan Kaufmann	○			
Director	Nobuyuki Koga	○			○

○ indicates members, ◎ indicates the chair (Chairperson of the Board of Director or Committee).

[Board of Directors]

Purpose and authority, etc.	<ul style="list-style-type: none"> The Board of Directors convenes at least once every three months and when needed. The Board of Directors determines matters related to basic policies of management and internal control systems and other important matters, and monitors the execution of the duties of directors and executive officers, etc. The Board of Directors is chaired by an independent outside director. We expect that outside directors will monitor management from the perspective of achieving sustainable growth of Olympus and enhancing corporate value over the medium to long term as entrusted by shareholders, and will provide advice based on their own knowledge. We proactively provide directors with information to enable the effective execution of their roles and duties. The outside directors may at all times when needed or when considered appropriate require clarifications, reports or the submission of internal documents from internal directors, executive officers, corporate officers, and employees, so as to strengthen the functions of information transmission and monitoring and to create systems to ensure the soundness of management.
Considerations for the fiscal year ended March 31, 2023	<ul style="list-style-type: none"> Matters related to Olympus's basic management policies; e.g. corporate strategies, business plans, performance forecasts and Basic Policy on the Internal Control System, etc. Matters related to Corporate Governance (Status report for each business, risk management, internal audit plan, status of quality control and information security efforts, status report on IR activities, evaluation of the effectiveness of the Board of Directors, executive structure for the next term, etc.) Matters related to the status of activities of each Committee; e.g. audit plans of the Audit Committee, matters discussed at the Compensation Committee, and sharing of other committee proceedings, etc. <p>In addition to the above, the Chairperson of the Board of Directors reports on matters to be discussed at the meeting of the Group Executive Committee as necessary and the Board of Directors regularly receives status reports on the execution of duties from executive officers</p>

Attendance at meetings during the current fiscal year was as follows.

Position	Name	Attendance at meetings
Chairperson of Board of Directors / Independent Outside Director	Sumitaka Fujita	16 of 16 (100%)
Independent Outside Director	Tetsuo Iwamura	16 of 16 (100%)
Independent Outside Director	Yasumasa Masuda	16 of 16 (100%)
Independent Outside Director	David Robert Hale	16 of 16 (100%)
Independent Outside Director	Jimmy C. Beasley	16 of 16 (100%)
Independent Outside Director	Sachiko Ichikawa	16 of 16 (100%)
Independent Outside Director	Yasushi Shingai	13 of 13 (100%) (Assumed the post of director in June 2022)
Independent Outside Director	Kohei Kan	13 of 13 (100%) (Assumed the post of director in June 2022)
Independent Outside Director	Gary John Pruden	11 of 13 (84.6%) (Assumed the post of director in June 2022)
Director	Yasuo Takeuchi	16 of 16 (100%)
Director	Stefan Kaufmann	16 of 16 (100%)
Director	Nobuyuki Koga	16 of 16 (100%)
Independent Outside Director	Susumu Kaminaga	3 of 3 (100%) (Retired from the post of director in June 2022)
Independent Outside Director	Atsushi Iwasaki	3 of 3 (100%) (Retired from the post of director in June 2022)

[Nominating Committee]

Purpose and authority, etc.	<ul style="list-style-type: none"> The Nominating Committee deliberates matters related to human resources at the director and executive officer level, and determined the content of proposals submitted to the general meeting of shareholders in relation to the appointment and dismissal of directors. The Nomination Committee shall consist of at least three members selected from among directors by the Board of Directors, and the majority shall be independent outside directors. In addition, the chairperson shall be an independent outside directors.
Considerations for the fiscal year ended March 31, 2023	<ul style="list-style-type: none"> In considering the plan for the composition of the Board of Directors, the Nominating Committee updated a matrix of the experience and knowledge required of our directors. Regarding the selection of candidates for directors, outside consultants were used, and deliberations and interviews were conducted according to the selection criteria after considering the composition of Olympus's Board of Directors. Regarding the selection plan for executive officers, the Nominating Committee discussed their suitability and made decisions after a year-long evaluation and selection process Regarding the succession plan for executive officers, the Nominating Committee discussed whether the candidates possessed the desired experience and knowledge in accordance with expected roles in the execution of duties at Olympus.

Attendance at meetings during the current fiscal year was as follows.

Position	Name	Attendance at meetings
Nominating Committee Chairperson (Independent Outside Director)	Sumitaka Fujita	17 of 17 (100%)
Nominating Committee Member (Independent Outside Director)	David Robert Hale	17 of 17 (100%)
Nominating Committee Member (Independent Outside Director)	Yasushi Shingai	15 of 15 (100%) (Assumed the post of Committee Member in June 2022)
Nominating Committee Member (Director)	Yasuo Takeuchi	17 of 17 (100%)
Nominating Committee Member (Independent Outside Director)	Tetsuo Iwamura	2 of 2 (100%) (Retired from the post of Committee Member in June 2022)

[Compensation Committee]

Purpose and authority, etc.	<ul style="list-style-type: none"> The Compensation Committee considers matters related to compensation for directors and executive officers, establishes the policy for the content of individual compensation, etc., and determines the details for compensation of each director and executive officer according to this policy The Compensation Committee shall consist of at least three members selected from among directors by the Board of Directors, and the majority shall be independent outside directors. In addition, the chairperson shall be an independent outside directors.
Considerations for the fiscal year ended March 31, 2023	<ul style="list-style-type: none"> Details about compensation for directors and executive officers were determined. As described in “(4) Compensation for Officers, etc. (iii) Compensation Committee.”

Attendance at meetings during the current fiscal year was as follows.

Position	Name	Attendance at meetings
Compensation Committee Chairperson (Independent Outside Director)	Tetsuo Iwamura	11 of 11 (100%)
Compensation Committee Member (Independent Outside Director)	Jimmy C. Beasley	11 of 11 (100%)
Compensation Committee Member (Independent Outside Director)	Yasushi Shingai	6 of 7 (85.7%) (Assumed the post of Committee Member in June 2022)
Compensation Committee Member (Independent Outside Director)	Gary John Pruden	7 of 7 (100%) (Assumed the post of Committee Member in June 2022)
Compensation Committee Member (Independent Outside Director)	Susumu Kaminaga	4 of 4 (100%) (Retired from the post of Committee Member in June 2022)

[Audit Committee]

Purpose and authority, etc.	<ol style="list-style-type: none"> 1) Audits on how executive officers and directors execute their duties, and preparing audit report 2) Determining proposal contents for appointing, dismissing, and refusing reappointment of the accounting auditor 3) Other duties stipulated in laws and regulations and the Articles of Incorporation, and other matters determined to be necessary by the Audit Committee <ul style="list-style-type: none"> • The Audit Committee shall consist of at least three members selected from among directors by the Board of Directors, and the majority shall be independent outside directors. In addition, the chairperson shall be an independent outside director. At least one member shall have an extensive understanding of finance and accounting operations.
Considerations for the fiscal year ended March 31, 2023	<ul style="list-style-type: none"> • In addition to maintaining an independent position and fair and unbiased attitude and auditing and monitoring the Accounting Auditor and internal audit department, the Audit Committee conducted effective, efficient audits by directly verifying the suitability and validity of the execution of duties by the directors and executive officers. • In addition to monitoring and evaluating whether the Accounting Auditor maintained an independent position and performed suitable audits, the Audit Committee received reports from the Accounting Auditor on the state of execution of its duties and requested explanations where necessary. <p>As described in “(3) Audits b. Status of the Audit Committee’s activities.”</p>

Attendance at meetings during the current fiscal year was as follows.

Position	Name	Attendance at meetings
Audit Committee Chairperson (Independent Outside Director)	Yasumasa Masuda	25 of 25 (100%)
Audit Committee Member (Independent Outside Director)	Sachiko Ichikawa	25 of 25 (100%)
Audit Committee Member (Independent Outside Director)	Kohei Kan	19 of 19 (100%) (Assumed the post of Committee Member in June 2022)
Standing Audit Committee Member (Director)	Nobuyuki Koga	25 of 25 (100%)
Audit Committee Member (Independent Outside Director)	Atsushi Iwasaki	6 of 6 (100%) (Retired from the post of Committee Member in June 2022)

[Executive Officers]

Executive officers are comprised of the following ten persons: Executive Chairperson, President and Chief Executive Officer (CEO), Endoscopic Solutions Division Head, Therapeutic Solutions Division Head, Chief Financial Officer (CFO), Chief Strategy Officer (CSO), Chief Manufacturing and Supply Officer (CMSO), Chief Technology Officer (CTO), Chief Human Resources Officer (CHRO), and Chief Quality Officer (CQO), who accelerate and streamline the decision-making system in the Olympus Group and centrally manage risk management across the Olympus Group..

(iii) Other Matters Related to Corporate Governance

[Basic approach to the internal control system and status of such development]

The following is a summary of the details of the system resolved by the Board of Directors for a system to ensure the appropriateness of the Olympus Corporation’s operations and the status of operation of such system.

All activities of Olympus are based on our Corporate Philosophy, “Making people’s lives healthier, safer and more fulfilling.”

Olympus, based on this basic concept, shall prepare and operate a framework which ensures the effectiveness and efficiency of operations and appropriateness and reliability of financial reporting of Olympus and its subsidiaries (hereinafter, “the Olympus Group”), and make continuous improvements.

I Framework to ensure the appropriateness of business operations in the Olympus Group

1. Framework to ensure that the execution of duties by Olympus’s executive officers and employees and by the directors and employees of subsidiaries complies with applicable laws and regulations and the Articles of Incorporation
 - (1) Olympus shall establish “Management Basic Policy,” basic policy the Board of Directors relies on when the Board monitors the execution of duties of directors and executive officers. Furthermore, it shall establish the Olympus Global Code of Conduct and internal corporate regulations for quality, product safety, and export control, etc., based on the Corporate Philosophy, and shall instill the policies and facilitate initiatives to raise awareness of compliance in the Olympus Group through continuing education and other measures.
 - (2) Olympus shall also establish a compliance promotion system by appointing an officer in charge of compliance (“Chief Compliance Officer”) and establishing a function in charge of group-wide compliance. The function in charge of group-wide compliance shall be responsible for activities toward the improvement of the group compliance system based on the Global Compliance Management System. In addition, whole Olympus Group shall continuously conduct education of employees and measures relating to assessment. Furthermore, within the Olympus Group, if there is or may be a violation of laws and regulations, etc., a global contact desk which can be available 24 hours a day in multiple languages, and a local hotline contact desk in each region will receive the report of them.
 - (3) Olympus shall set up an internal audit function reporting directly to the Chief Executive Officer. The internal audit function shall conduct audits to verify the effectiveness of the various processes for risk management, control and governance within the Olympus Group in accordance with the internal audit regulations. The internal audit function shall report the results of internal audits to the Chief Executive Officer and the Audit Committee.
 - (4) In order to ensure the appropriateness and reliability of financial reporting of the Olympus Group, the internal audit function shall continue to conduct improvement activities by regularly evaluating its efforts and operations to ensure that control activities relating to financial reporting function effectively under the internal control system.
 - (5) Olympus shall be responsible for working with lawyers, the police and other parties to systematically stand firm against anti-social forces and organizations which threaten societal order and safety. The Olympus Group continuously shall conduct measures for excluding anti-social forces and prepare relevant rules and regulations in order to maintain its social responsibility to exclude anti-social forces.

<Overview of Status of Management>

- (1) Olympus has established the “Management Basic Policy,” basic policy the Board of Directors relies on when the Board monitors the execution of duties of directors and executive officers. In addition, it has established the Olympus Global Code of Conduct and internal corporate regulations for quality, product safety, and export control, etc., based on the Corporate Philosophy, and provides education and other measures. Furthermore, it instills contents of the Corporate Philosophy and conducts core value surveys targeting employees in order to examine how they are performed in daily works.
- (2) Under direction of the Chief Compliance Officer, Olympus regularly holds meetings and checks globally important measures. In addition, it provided compliance training to employees of the Olympus Group. Furthermore, it has established whistleblowing desks and familiarized employees with the whistleblowing system.
- (3) The internal audit function makes proposals to the Board of Directors and the Audit Committee for discussion in accordance with the internal audit regulations, and reports the audit implementation status and others to the CEO and the Audit Committee, in addition to the Group Executive Committee.
- (4) Olympus reports the internal control evaluation implementation policy of financial reports and its management status to the CEO, the Group Executive Committee, and the Audit Committee.
- (5) Olympus conducts measures for excluding anti-social forces, such as investigations on transactions of the Olympus Group in accordance with the rules for excluding anti-social forces.

2. Framework regarding the maintenance of records and management of information in relation to performance of duties by executive officers of Olympus

- (1) Pursuant to laws and regulations and the internal rules on document management in each region, Olympus shall maintain and manage documents or electronic data.
- (2) Directors may access important documents such as the minutes of a meeting of the Board of Directors and documentary approvals at any time based on the internal rules on document management.

<Overview of Status of Management>

- (1) Pursuant to laws and regulations and the internal rules on document management in each region, Olympus saves the minutes of the Board of Directors’ meetings, Annual Securities Report, etc.
- (2) Directors may access important documents at any time whenever necessary.

3. Regulations and other framework relating to managing risks of loss of the Olympus Group

- (1) Olympus shall manage its business risks of the Olympus Group based on due deliberations held at meetings of the Board of Directors and the Group Executive Committee, among other meetings, and appropriate operation of the internal approval procedure. The Board of Directors shall determine basic management policy, matters related to the internal control system, other important matters and important matters related to business execution, as well as deciding matters to delegate to executive officers. Also, for important matters not decided by the Board of Directors, executive officers shall make a decision, and make a report to the Board of Directors.
- (2) Olympus shall manage risks such as those relating to quality, product safety, export control, information security, health and safety, the environment and disasters by designating functions in charge, establishing internal corporate regulations, working for preventive risk management as the Olympus Group, and implementing education and training.

- (3) Based on the Internal Control Rules and other related rules, Olympus shall prevent the emergence of serious risks resulting from the business activities of the Olympus Group, and shall create, operate appropriately, and manage a risk management system to minimize damage in the event of such risks emerging.

Moreover, pursuant to the Risk Management Operation Rules, each function in charge in the Olympus Group shall be aware of risks and take preventative measures, and Olympus has a framework which enables prompt actions in the event of an emergency. In the event of a violation of corporate ethics, or an earthquake, fire or accident, the function in charge shall make immediate reports to the executive officers and relevant people. The final determination in such circumstance shall be made by the Chief Executive Officer.

<Overview of Status of Management>

- (1) Olympus makes a proposal to the Board of Directors for resolution of significant matters of the Olympus Group, such as corporate strategies and business plans, following sufficient deliberations at meetings of the Group Executive Committee. executive officers make decisions on matters delegated by the Board of Directors in accordance with the Job Authority Rules and report to the Board of Directors. In addition, Olympus regularly and systematically held the meetings of the Group Executive Committee and the Board of Directors using online methods. It also performed business risk management of the group by due operations of approval procedures using the electric approval system.
- (2) Olympus, as necessary, establishes and amends internal rules, holds meetings, and provides education regarding risks such as those relating to quality, product safety, export control, information security, health and safety, the environment and disasters. In particular, given cybersecurity incidents which occurred in the previous fiscal year, Olympus has been working to enhance its incident response structure so that we can more promptly respond to incidents across the entire Olympus Group.
- (3) Based on the Internal Control Rules and other related rules, Olympus is making risk management efforts as the Olympus Group such as providing necessary education and training and holding meetings. In addition, each business and each function in charge performs risk assessment and conducts training for prompt response in case a disaster occurs. Successively from the previous fiscal year, it conducted workplace vaccinations as a part of measures toward rapid normalization from COVID-19.

4. Framework to ensure the effective performance of duties by executive officers of Olympus and directors of its subsidiaries
- (1) The Board of Directors shall approve medium- and long-term Corporate Strategic Plans in which the business objectives of the Olympus Group are set forth, and action plans for these, which are called annual business plans and other important matters. In addition, the Board of Directors shall delegate except matters that should be resolved by the Board of Directors to executive officers in order to enhance efficient and agile decision-making on the execution of business. In addition, the Board of Directors shall receive reports, once a quarter, on business performance in order to evaluate the status of our annual business plan, and monitor executive officers' performance of duties.
 - (2) The Board of Directors shall determine the assignment of duties among the executive officers. In addition, the Board of Directors shall receive, at least once every three months, reports on their duties as performed.
 - (3) Based on the Job Authority Rules, Organization Rules, and other related rules, Olympus shall define the responsibilities and authorities of major job ranks and the Board of Directors receives reports from major management organizations on their duties as performed.

- (4) With the establishment of Treasury Control Framework, which regulate financial policies as a base for financial operations of the Olympus Group, Olympus strengthens the governance of the Olympus Group from a financial aspect, and oversees and manages funding, foreign exchange, and transactions with financial institutions for the Olympus Group including the subsidiaries.

<Overview of Status of Management>

- (1) The Board of Directors approves annual business plans based on the Corporate Strategic Plans and other important matters. The Board of Directors delegates matters on the execution of business except matters that should be resolved by the Board of Directors to executive officers in order to enhance efficient and agile decision-making. During the fiscal year ended March 31, 2023, 16 meetings of the Board of Directors were held.
- (2) The Board of Directors determines the assignment of duties among the executive officers and receives reports on their duties as performed.
- (3) Olympus defined the responsibilities and authorities of major job ranks based on the related rules and the Board of Directors receives reports on their duties as performed.
- (4) Based on the Treasury Control Framework, Olympus regularly oversees and manages funding, foreign exchange, and transactions with financial institutions for the subsidiaries by receiving this information.

5. Framework for reporting to Olympus on matters concerning execution of duties by the directors and employees of the subsidiaries

- (1) After Olympus has clarified the management criteria of subsidiaries by means of the Affiliated Company Management Rules and other related rules, the officers responsible for the regional headquarters shall conduct reviews of the situation faced by subsidiaries' management, and periodically report the results of the reviews to the CEO of Olympus.
- (2) Olympus shall ensure receiving reports as appropriate and in a timely manner from the subsidiaries in accordance with the Global Consolidated Accounting Control Framework to ensure that we will remain accurately informed of financial position and results of operation of the Olympus Group, and appropriately maintain and manage the consolidated accounting policies.

<Overview of Status of Management>

- (1) Based on reports from its subsidiaries, Olympus regularly conducts reviews of the situation faced by subsidiaries' management and reports the results of the reviews to the CEO of Olympus.
- (2) Olympus receives necessary financial information as appropriate and in a timely manner from the subsidiaries in accordance with the Global Consolidated Accounting Control Framework to confirm and approve the content.

6. Other framework to ensure the appropriateness of business operations in the Olympus Group

- (1) Olympus shall dispatch its executive officers, corporate officers, or employees to major subsidiaries as directors, Auditors, or other equivalent positions, and the head of each function manages such whole function within the Olympus Group. Furthermore, In order to ensure the fairness of operations of subsidiaries, Olympus request them to obtain our approval for significant matters of subsidiaries based on the Job Authority Rules and any other related rules.
- (2) Olympus has appointed an officer in charge of ESG and set goals related to ESG in the Olympus Group and shall continue to work on them. Moreover, Olympus has set ESG-related indicators as part of the performance-linked compensation for executives and is strengthening its efforts as a corporate strategy.

<Overview of Status of Management>

- (1) Olympus dispatches its officers, etc. to major subsidiaries as directors or other equivalent positions, and deliberates on significant matters of subsidiaries based on the Job Authority Rules and any other related rules. In addition, the head of each function manages such whole function within the Olympus Group.
- (2) Based on the ESG-related policy, Olympus is reviewing its ESG strategy, taking into account recent changes in the social environment. Moreover, it has set evaluation results by ESG rating agencies as indicator for part of long-term incentive compensation that is performance-linked compensations for executives and is strengthening its efforts as a corporate strategy.

II Matters necessary for the execution of duties of the Audit Committee

1. Framework for matters related to employees whose assignment is to assist in the duties of Olympus' Audit Committee, and matters related to the independence of those employees from the executive officers of Olympus, and matters related to ensuring the effectiveness of instructions from the Audit Committee of Olympus to those employees
Olympus shall allocate a dedicated employee who will assist with the Audit Committee's duties. Moreover, Olympus may have a concurrent employee as needed. In addition, we shall set forth internal corporate regulations to ensure independence from execution as stated below, and ensure effectiveness of directions from the Audit Committee to such employees.
 - (i) While employees who have been assigned to assist in the duties of the Audit Committee assist in those duties, directors (excluding Audit Committee Members), executive officers and employees, etc. shall not give them commands or instructions.
 - (ii) The appointment, dismissal, transfer, wage or personnel evaluation of employees who are assisting the Audit Committee with their duties shall be decided only after obtaining the approval of the Audit Committee.

<Overview of Status of Management>

Olympus has established the Office of Audit Committee and allocated two dedicated employees and one concurrent employee as of March 31, 2023. In addition, pursuant provisions of the internal corporate regulations, we have ensured these employees' independence from execution, and ensure effectiveness of directions from the Audit Committee to such employees as follows.

- (i) While employees who have been assigned to assist in the duties of the Audit Committee assist in those duties, directors (excluding Audit Committee Members), executive officers and employees, etc. shall not give them commands or instructions.
- (ii) The appointment, transfer, etc. of employees who are assisting the Audit Committee with their duties shall be decided only after obtaining the approval of the Audit Committee. Wage, personnel evaluation, etc. of such employees shall be decided after the Audit Committee confirms and consents to contents evaluated by Standing Audit Committee Members.

2. Framework regarding reports by directors (excluding those who are members of Audit Committee), executive officers and employees of Olympus to the Audit Committee, and reports by directors and employees of the subsidiaries of Olympus or personnel who have received reports from them to the Audit Committee Olympus
 - (1) When directors (excluding Audit Committee Members), executive officers, or employee of Olympus, as well as any directors, Audit and Supervisory Board Members, or employees of a subsidiary discover any material fact in violation of laws, regulations, or the Articles of Incorporation, any misconduct, or any fact that may cause significant damage to Olympus, they shall immediately report such fact to the Audit Committee, either directly or through the responsible function. In other cases where the Audit Committee requests a report from a director, executive officer, or employee, etc. of the Olympus Group, in accordance with laws and regulations or Audit Committee Rules etc., the director, executive officer, or employee in question shall promptly report to the Audit Committee.

- (2) Chief Compliance Officer shall regularly make reports to the Audit Committee on the status of compliance within the Olympus Group. In addition, Chief Compliance Officer shall regularly make reports on details of issues reported and results of investigations in accordance with the Internal Reporting System.
- (3) The internal audit function of Olympus shall regularly report the status of internal audit in the Olympus Group to the Audit Committee of Olympus.

<Overview of Status of Management>

- (1) At Olympus, when directors, executive officers, corporate officers, or employees of Olympus and its subsidiaries discover any material fact in violation of laws and regulations, any misconduct, or any fact that may cause significant damage to Olympus, Olympus Corporation shall report such fact to the Audit Committee. In addition, when reporting is requested from the Audit Committee, Olympus Corporation shall promptly report to the Audit Committee.
- (2) Chief Compliance Officer regularly and as needed makes reports to the Audit Committee on the status of compliance and internal reporting as well as results of investigation.
- (3) The officer in charge of internal audit function regularly and as needed reported to the Audit Committee on internal audit plans and audit status.

3. Framework to ensure that any personnel who have made a report to the Audit Committee of Olympus will not be subjected to any unfair treatment due to the report made
Olympus shall set forth internal corporate regulations and shall not impose any unfair treatment (including de-facto measures such as restricting the personnel to engage in duties, or assigning the personnel solely to work on chores, in addition to measures of personnel affairs such as dismissal, demotion, pay cut and other disciplinary actions and disadvantageous transfer) to any personnel who have made a report on the grounds of having made a report to the Audit Committee.

<Overview of Status of Management>

Under the rules concerning the framework supporting duties of Audit Committee Members and the Audit Committee, Olympus has been strictly prohibited from unfairly treating anyone who made a report to the Audit Committee for the reason of making such report, and the rules have been complied with.

4. Matters regarding procedures for advance payment of expenses incurred in connection with execution of duties by the Audit Committee Members of Olympus and their reimbursement, and treatment of other expenses or liabilities incurred in connection with execution of the duties
When an advance payment or reimbursement of expenses is requested for execution of duties of Audit Committee Members, Olympus shall promptly, in accordance with Olympus's rules and regulations, process disbursement except for such case that the expense is obviously deemed unnecessary for execution of duties by Audit Committee Members.

<Overview of Status of Management>

Olympus reimburses required expenses as appropriate upon request from Audit Committee Members.

5. Other systems to ensure the effectiveness of audit by the Audit Committee of Olympus
 - (1) Directors, executive officers and employees of Olympus and directors and employees of the subsidiaries shall ensure effectiveness of the audit by cooperating with the Audit Committee for investigations by interviews and on-site inspections.
 - (2) Olympus shall ensure that it provides the Audit Committee with opportunities to sufficiently exchange opinions with directors, executive officers, Accounting Auditors and any other personnel necessary.
 - (3) Olympus shall ensure that the Audit Committee is permitted to have its Members attend important meetings, and that they have an opportunity to state their opinion.

- (4) The Audit Committee shall work closely with the internal audit function to receive reports on audit results, etc. from the internal audit function, and the Audit Committee may exercise its authority to give instructions and make commands to the internal audit function as necessary.
- (5) Olympus shall ensure that it provides the Audit Committee with, upon their request, opportunities of collaboration between the Audit Committee and Audit Committee of the subsidiaries and collecting information from employees of the subsidiaries.

<Overview of Status of Management>

- (1) Directors, executive officers, corporate officers and employees of Olympus cooperate with the Audit Committee for investigations by interviews and on-site inspections so that Olympus Corporation can ensure effectiveness of the audit of Olympus.
- (2) The Audit Committee regularly and as needed exchanges opinions with directors, executive officers, corporate officers and Accounting Auditors.
- (3) Olympus ensures opportunities where the Audit Committee Members attend important meetings such as meetings of the Group Executive Committee.
- (4) The internal audit function regularly and as needed reports to the Audit Committee. In addition, the Audit Committee are allowed to exercise authority to give instructions and make commands to the internal audit function as necessary.
- (5) Olympus holds liaison meetings with Audit & Supervisory Board Members of subsidiaries and affiliates, and upon the request of the Audit Committee, provides opportunities to exchange opinions with the Audit & Supervisory Board Members of the subsidiaries.

[Overview of Content of Limitation of Liability Agreement]

In order to enable directors to fully discharge their expected functions, we have entered with directors (excluding executive directors, etc.) into agreements based on the provisions of Article 427, paragraph (1) of the Companies Act which limit the indemnification liability pursuant to Article 423, paragraph (1) of the Companies Act, such that the indemnification liability under the said agreements corresponds to the statutory minimum indemnification liability amount. This limitation of liability applies only when the liability is the result of a director performing their duties in good faith and without gross negligence.

[Overview of Content of Directors and Officers Insurance]

We have entered into directors and officers liability insurance agreements with an insurance company pursuant to Article 430-3, Paragraph 1 of the Companies Act. Insured persons in this insurance agreements include officers and managerial employees of Olympus Corporation and its subsidiaries (in Japan and Asia), and insurance premiums are paid in full by Olympus Corporation. The insurance agreements cover damages that may arise when the insured person assumes liability for the execution of his or her duties or receives claims related to the pursuit of such liability. We will bear the full amount of the insurance premiums. However, the Olympus Group takes measures to ensure that the proper execution of duties is not compromised by excluding damage claims resulting from criminal acts or acts performed with an awareness of legal violations not covered by insurance.

[Number of Directors and Resolution Requirements for the Election of Directors]

The Articles of Incorporation stipulate that Olympus Corporation shall have no more than 15 directors. Furthermore, the Articles of Incorporation stipulate that directors be elected by a majority vote of the General Meeting of Shareholders with at least one-third of shareholders eligible to

exercise voting rights in attendance and that resolutions on elections are not adopted by cumulative voting.

[Matters for Resolution by the General Meeting of Shareholders Which Can Be Resolved on by the Board of Directors]

In order to carry out capital policy in accordance with changes in the business environment and to carry out flexible return of profits to shareholders, we stipulate in its Articles of Incorporation that matters, including dividends from surplus, set forth in each item of Article 459, Paragraph 1 of the Companies Act shall be decided by resolutions of the Board of Directors, not those of General Meeting of Shareholders, unless otherwise provided by laws and regulations.

Furthermore, the Articles of Incorporation stipulate that in order to enable directors and executive officers to fully fulfill the roles expected of them, Olympus Corporation can, by a resolution of the Board of Directors, pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, in cases where the statutory requirements are satisfied, exempt directors (including former directors) and executive officers (including former executive officers) from the indemnity liability pursuant to Article 423, Paragraph 1 of the Companies Act, limited to the balance of the indemnity liability amount reduced by the statutory minimum liability amount.

[Requirements for Special Resolutions of the General Meeting of Shareholders]

The Articles of Incorporation stipulate that in order to facilitate the operations of the General Meeting of Shareholders by relaxing the quorum requirements for special resolutions of general meetings of shareholders pursuant to Article 309, Paragraph 2 of the Companies Act, special resolutions of the general meetings of shareholders are adopted by a vote of two-thirds or higher of shareholders in attendance who hold one-third of voting rights.

[Basic Policy regarding Persons who Control Decisions on Financial and Business Policies]

The basic policy on control of a joint stock company is as follows.

Olympus Corporation believes that the persons who control decisions on Olympus Corporation's financial and business policies need to be persons who fully understand the details of Olympus Corporation's financial and business affairs and the source of Olympus Corporation's corporate value and who will make it possible to continually and persistently ensure and enhance Olympus Corporation's corporate value and, furthermore, the common interests of its shareholders.

Olympus Corporation will not indiscriminately reject a large-scale acquisition of Olympus Corporation's shares if it will contribute to the corporate value of Olympus Corporation, and furthermore, the common interests of its shareholders. Olympus Corporation also believes that ultimately its shareholders as a whole must make the decision on any proposed acquisition that would involve a transfer of corporate control of a joint stock company.

Nonetheless, there are some forms of a large-scale acquisition that benefits neither the corporate value of the target company nor, furthermore, the common interests of its shareholders. Unless a person who would make a large-scale acquisition of Olympus Corporation's shares understands the source of Olympus Corporation's corporate value and would ensure and enhance these elements over the medium-to-long term, the corporate value of Olympus Corporation and, furthermore, the common interests of its shareholders would be harmed. Olympus Corporation believes that persons who would make a large-scale acquisition of Olympus Corporation's shares in a manner that does not contribute to the corporate value of Olympus Corporation and, furthermore, the common interests of its shareholders would be inappropriate to become persons who would control decisions on Olympus Corporation's financial and business policies. Against a large-scale acquisition of Olympus Corporation's shares by such persons, in order to ensure the corporate value of Olympus Corporation and, furthermore, the common interests of its shareholders, Olympus Corporation will

require the acquirer, etc. to provide necessary and sufficient information, disclose relevant information appropriately in a timely manner, and ensure that shareholders will have sufficient information and time needed to make proper decisions whether or not the large-scale acquisition is acceptable. Olympus Corporation will also take other appropriate measures within the scope permitted by the Financial Instruments and Exchange Act, the Companies Act, other laws and ordinances, and the Articles of Incorporation.

(iv) Status of Other Corporate Governance Initiatives

[Compliance]

The Olympus Group has established the Olympus Global Code of Conduct as a guideline for conducting business ethically and responsibly in order to put our Corporate Philosophy, “Our Purpose” and “Our Core Values” into practice, and we adhere to compliance by following policies and regulations based on this Code.

The Chief Compliance Officer (CCO), who is responsible for global compliance, convenes monthly Global Compliance Leadership Team meetings of compliance officers from each regional headquarters to ensure the CCO policy and discuss the implementation of important measures to be taken across all regions, and works to grasp the status of compliance and promote measures throughout the Olympus Group to build a higher level of compliance management system. In the current fiscal year, we strengthened our risk reduction measures, education, and monitoring related to anti-bribery, and enhanced information management and response capabilities for reported cases based on a common global whistleblowing system.

In the Japan region, in addition to anti-bribery as a globally common measure, we have established our own key laws and regulations in Japan, formulated related rules, implemented process management, and provided systematic compliance training for officers and employees through e-learning, group training, seminars, etc. The results of these efforts are being introduced at group companies in Japan through the Compliance Promotion Committee.

The CCO reports these activities to the Audit Committee in an effort to reduce compliance risks.

[Risk Management]

Olympus Corporation is undertaking risk management from the perspective of both “offense” through active and appropriate risk taking for leading to sustainable growth and value creation for Olympus Corporation and “defense” to prevent illegalities and accidents.

We are also creating a crisis management process to minimize the effects of unpredicted incidents on corporate value.

(i) Risk management

Risk information for each region and individual company is appropriately managed by business, function, and region, and the necessary information is consolidated at global headquarter. We also use risk assessment in our business planning process, leading to highly transparent business operations.

(ii) Crisis management

Any major incident that is highly likely to affect business management in the Olympus Group is reported promptly to the CEO and other senior management and handled appropriately by the managers in coordination with relevant divisions. We are also constantly improving our disaster prevention and mitigation activities. In response to the increase in the number of severe natural disasters in Japan and overseas, we are preparing for storms and earthquakes and developing systems at our offices nationwide based on new work styles such as working from home. Globally, we are strengthening our cooperation with each region.

[Information Security]

In 2018, we appointed a Chief Information Security Officer (CISO) and a dedicated function to properly protect, manage, and securely use the information handled by our business and internal business information and we have been promoting activities to enhance the security of our products and services so that we can provide safe and reliable products and services.

Continuing on from the previous fiscal year, in which we formulated a new information security and privacy compliance strategy, governance model, and strategic roadmap to further strengthen our past activities, in the current fiscal year, we created a global framework in each related function necessary to implement the strategic roadmap and we started to implement roadmap measures. Specifically, we launched a global product security organization and a global privacy protection organization and we have begun initiatives such as putting in place a global response system for cyber attacks, standardizing processes globally for information asset management in the product development and manufacturing environment, and standardizing processes globally for product development and responding to customer inquiries.

These efforts will enable us to increase resilience to cyber attacks not only in our general IT systems but also in our product development and manufacturing environments, continuously ensure product security not only in the development phase but throughout the product lifecycle, further enhance privacy protection based on the latest trends and regulations of each country, and protect and utilize various types and levels of confidentiality of data.

[Quality Management]

Olympus Corporation continues to maintain and improve the effectiveness of our quality management system in order to pursue value that is genuinely wanted by our customers, act with the utmost focus on quality and sustainably deliver safe products and services that are useful to society.

Continuing on from the previous fiscal year, in the current fiscal year, we have been engaged in various activities to maintain and improve our organizational culture in which employees in not only the quality assurance and regulatory affairs function but all functions and regions of the Olympus Group, act with the safety and security of our customers as the top priority, in line with the Olympus Group Quality Policy, in order to further improve the mindset of all Olympus Group employees to place importance on safety and quality.

Based on our Corporate Philosophy “Our Core Values,” we are proactively communicating with external experts and government authorities regarding compliance with laws, regulations, and social norms, and risk judgment, and we are strengthening our processes to make and respond to decisions with integrity. In particular, we engaged in communication with government authorities in a transparent and proactive manner.

We make regular reports to executive officers and the Chief Quality Officer (CQO), the head of the quality assurance and regulatory affairs function, in accordance with global management rules and clarify company-wide issues to ensure product quality and reliable compliance with product laws and regulations. In addition, under the CQO, Olympus Corporation is undergoing global strategic reform, including hiring many personnel with knowledge and experience in product quality and product laws and regulations at MedTech companies, aiming to make prompt decisions and responses appropriate as a global MedTech company.

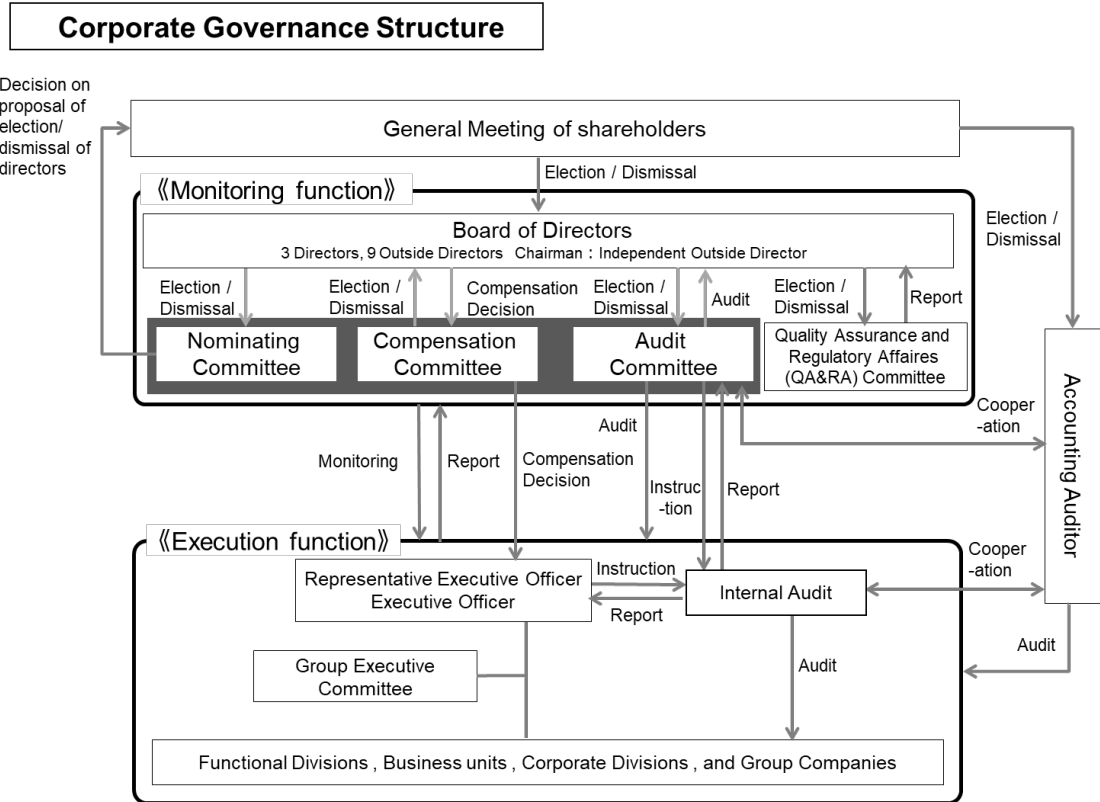
The Olympus Group will continue to improve the quality of our operations globally and contribute to the safety and security of our customers.

As of the closing date of the General Meeting of Shareholders (June 27, 2023)

(i) Basic Concepts Regarding Corporate Governance

[Corporate Governance Structure (as of the closing date of the General Meeting of Shareholders, June 27, 2023)]

Our corporate governance structure will be as shown in the following diagram.



* Olympus Corporation established the Quality Assurance and Regulatory Affairs (QA&RA) Committee as an optional committee in April 2023 to oversee and report on the progress of the establishment of the quality assurance and regulatory affairs (QA&RA) structure required of a global MedTech company, from the perspective of compliance with relevant laws and regulations, collaboration among internal functions, and securing human and other resources.

The composition of the Board of Directors and each committee is planned to be as follows.

Position	Name	Board of Directors	Nominating Committee	Compensation Committee	Audit Committee
Independent Outside Director	Sumitaka Fujita	◎	◎		
Independent Outside Director	Yasumasa Masuda	○			◎
Independent Outside Director	David Robert Hale	○			
Independent Outside Director	Jimmy C. Beasley	○		○	
Independent Outside Director	Sachiko Ichikawa	○			○
Independent Outside Director	Yasushi Shingai	○		◎	
Independent Outside Director	Kohei Kan	○			○
Independent Outside Director	Gary John Pruden	○	○		
Independent Outside Director	Tatsuro Kosaka	○	○		
Independent Outside Director	Luann Marie Pendy	○		○	
Director	Yasuo Takeuchi	○			
Director	Stefan Kaufmann	○	○		
Director	Toshihiko Okubo	○			○

○ indicates members, ◎ indicates the chair (Chairperson of the Board of Director or Committee).

(2) Status of Officers

(i) Officers

a. Directors

1. The status of Olympus Corporation's directors as of the filing date of the Annual Securities Report (June 20, 2023) is as follows.

Male directors: 18, female directors: 2 (10% of Officers are female) *Figure of the left includes the number of executive officers.

Position	Name	Date of birth	Profile	Term of office	Number of shares held (Of which, the number of shares to be delivered under the stock compensation plan) (Shares)
Outside Director	Sumitaka Fujita	December 24, 1942	<p>April 1965 Joined ITOCHU Corporation</p> <p>June 1995 Director, ITOCHU Corporation</p> <p>April 1997 Managing Director, ITOCHU Corporation</p> <p>April 1998 Representative Managing Director, ITOCHU Corporation</p> <p>April 1999 Representative Senior Managing Director, ITOCHU Corporation</p> <p>April 2001 Representative Executive Vice President, ITOCHU Corporation</p> <p>April 2006 Representative Vice Chairperson, ITOCHU Corporation</p> <p>June 2006 Vice Chairperson, ITOCHU Corporation</p> <p>June 2007 Outside Director, Orient Corporation</p> <p>June 2008 Senior Corporate Adviser, ITOCHU Corporation Outside Director, Furukawa Electric Co., Ltd. Outside Auditor, NIPPONKOA Insurance Company, Limited (currently Sampo Japan Insurance Inc.)</p> <p>June 2009 Outside Director, Nippon Sheet Glass Co., Ltd.</p> <p>April 2010 Outside Director, NKSJ Holdings, Inc. (currently Sampo Holdings, Inc.)</p> <p>June 2011 Chairperson, Japan Association for Chief Financial Officers (present)</p> <p>April 2012 Outside Director, Olympus Corporation (present)</p> <p><Important concurrent positions> Chairperson, Japan Association for Chief Financial Officers</p>	(Note 3)	15,717 [5,086] (Note 4)

Position	Name	Date of birth	Profile	Term of office	Number of shares held (Of which, the number of shares to be delivered under the stock compensation plan) (Shares)
Outside Director	Tetsuo Iwamura	May 30, 1951	<p>April 1978 Joined Honda Motor Co., Ltd.</p> <p>June 2000 Director, Honda Motor Co., Ltd.</p> <p>April 2003 President and Director, Honda South America Ltda. President and Director, Moto Honda da Amazonia Ltda. President and Director, Honda Automoveis do Brasil Ltda.</p> <p>June 2006 Managing Director, Honda Motor Co., Ltd.</p> <p>April 2007 President and Director, Honda North America, Inc. President and Director, American Honda Motor Co., Inc.</p> <p>June 2008 Senior Managing Director, Honda Motor Co., Ltd.</p> <p>April 2011 Senior Managing Officer and Director, Honda Motor Co., Ltd.</p> <p>June 2011 Senior Managing Officer, Honda Motor Co., Ltd.</p> <p>April 2012 Executive Vice President, Executive Officer, Honda Motor Co., Ltd.</p> <p>June 2012 Representative Director, Honda Motor Co., Ltd.</p> <p>April 2013 Risk Management Officer, Honda Motor Co., Ltd.</p> <p>April 2014 Corporate Brand Officer, Honda Motor Co., Ltd. Chairperson and Director, American Honda Motor Co., Inc.</p> <p>June 2017 Outside Director, Olympus Corporation (present)</p>	(Note 3)	9,493 [5,086] (Note 4)

Position	Name	Date of birth	Profile	Term of office	Number of shares held (Of which, the number of shares to be delivered under the stock compensation plan) (Shares)
Outside Director	Yasumasa Masuda	February 27, 1957	<p>April 1980 Joined Fujisawa Pharmaceutical Co., Ltd. (currently Astellas Pharma Inc.)</p> <p>June 2008 Corporate Executive, Vice President, Corporate Finance & Control, Astellas Pharma Inc.</p> <p>June 2011 Corporate Executive, Vice President, Corporate Finance & Control, and Chief Financial Officer, Astellas Pharma Inc.</p> <p>April 2012 Corporate Executive, Vice President and Chief Financial Officer, Astellas Pharma Inc.</p> <p>June 2012 Senior Corporate Executive, Senior Vice President and Chief Financial Officer, Astellas Pharma Inc.</p> <p>April 2017 Senior Corporate Executive, Senior Vice President and Assistant to President, Astellas Pharma Inc.</p> <p>June 2017 Independent Non-Executive, Deloitte Touche Tohmatsu LLC</p> <p>June 2018 Independent Non-Executive, Deloitte Tohmatsu LLC Outside Director, Olympus Corporation (present)</p> <p>June 2023 Outside Auditor, SUBARU CORPORATION (assuming the office on June 21, 2023)</p> <p><Important concurrent positions> Outside Auditor, SUBARU CORPORATION (assuming the office on June 21, 2023)</p>	(Note 3)	8,249 [5,086] (Note 4)

Position	Name	Date of birth	Profile	Term of office	Number of shares held (Of which, the number of shares to be delivered under the stock compensation plan) (Shares)
Outside Director	David Robert Hale	December 21, 1984	<p>September 2007 Joined The Parthenon Group (currently EY-Parthenon)</p> <p>January 2009 Assigned as Analyst to Strategic Value Capital* * An investment subsidiary of The Parthenon Group</p> <p>June 2009 Senior Associate, The Parthenon Group</p> <p>May 2010 Principal, The Parthenon Group</p> <p>January 2011 Joined ValueAct Capital Management L.P.</p> <p>December 2012 Vice President, ValueAct Capital Management L.P.</p> <p>May 2014 Partner, ValueAct Capital Management L.P. (present)</p> <p>March 2015 Director, MSCI Inc.</p> <p>August 2015 Director, Bausch Health Companies Inc.</p> <p>June 2019 Outside Director, Olympus Corporation (present)</p> <p>June 2021 Outside Director, JSR Corporation (present)</p> <p><Important concurrent positions> Partner, ValueAct Capital Management L.P. Outside Director, JSR Corporation</p>	(Note 3)	— (Note 4) (Note 5)

Position	Name	Date of birth	Profile	Term of office	Number of shares held (Of which, the number of shares to be delivered under the stock compensation plan) (Shares)
Outside Director	Jimmy C. Beasley	April 6, 1963	<p>March 1986 Territory Manager, Roche Laboratories (Division of Hoffman La Roche)</p> <p>June 1989 Various roles of increasing responsibility in sales and marketing including Vice President of Sales and Marketing, Bard Access Systems Division, C.R. Bard Inc.</p> <p>June 2003 President, Bard Access Systems Division, C.R. Bard Inc.</p> <p>April 2007 President, Bard Peripheral Vascular Division, C.R. Bard Inc.</p> <p>May 2009 Group Vice President, C.R. Bard Inc.</p> <p>June 2013 Group President, C.R. Bard Inc.</p> <p>May 2018 Consultant and Executive Advisor* to ValueAct Capital Management L.P. (hereinafter called "VAC")</p> <p>* The executive advisor role is a consulting role to VAC; it is not an employee position. This consulting agreement finished at the end of March 2019.</p> <p>June 2019 Outside Director, Olympus Corporation (present)</p>	(Note 3)	3,586 [2,238] (Note 4)

Position	Name	Date of birth	Profile	Term of office	Number of shares held (Of which, the number of shares to be delivered under the stock compensation plan) (Shares)
Outside Director	Sachiko Ichikawa	January 17, 1967	<p>April 1997 Registered as attorney Joined Tanabe & Partners</p> <p>January 2005 Registered as attorney of the State of New York</p> <p>November 2009 Statutory Auditor, The Board Director Training Institute of Japan</p> <p>January 2011 Partner, Tanabe & Partners (present)</p> <p>June 2015 Outside Director, ANRITSU CORPORATION Director, The Board Director Training Institute of Japan</p> <p>April 2018 Registered as certified public accountant of the U.S.A.</p> <p>May 2018 Outside Auditor, Ryohin Keikaku Co., Ltd.</p> <p>June 2020 Statutory Auditor, The Board Director Training Institute of Japan</p> <p>June 2021 Outside Director, Tokyo Electron Ltd. (present) Outside Director, Olympus Corporation (present)</p> <p>June 2022 Director, The Board Director Training Institute of Japan (present)</p> <p><Important concurrent positions> Partner, Tanabe & Partners Outside Director, Tokyo Electron Ltd. Director, The Board Director Training Institute of Japan</p>	(Note 3)	3,545 [3,545] (Note 4)

Position	Name	Date of birth	Profile	Term of office	Number of shares held (Of which, the number of shares to be delivered under the stock compensation plan) (Shares)	
Outside Director	Yasushi Shingai	January 11, 1956	April 1980	Joined Japan Tobacco and Salt Public Corporation (currently Japan Tobacco Inc.)	(Note 3)	2,238 [2,238] (Note 4)
			June 2004	Executive Officer and Finance Group Leader, Japan Tobacco Inc.		
			July 2004	Executive Officer and Senior Vice President, CFO, Japan Tobacco Inc.		
			June 2005	Director, Executive Officer and Senior Vice President, CFO, Japan Tobacco Inc.		
			June 2006	Director, Japan Tobacco Inc.		
			June 2011	Executive Vice President and Deputy CEO, JT international S.A.		
			June 2014	Representative Director, Executive Vice President and Deputy CEO, Japan Tobacco Inc.		
			January 2018	Outside Director, Recruit Holdings Co., Ltd.		
			January 2018	Director, Japan Tobacco Inc.		
			March 2018	Outside Director, Asahi Group Holdings, Ltd.		
			June 2018	Outside Director, ExaWizards Inc. (present)		
			June 2018	Outside Director, Mitsubishi UFJ Financial Group, Inc. (retiring on June 29, 2023)		
June 2019	Outside Director, Dai-ichi Life Holdings, Inc. (present)					
June 2021	Outside Director, NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION (present)					
April 2022	Representative Director, Shingai Institute of Management Consulting, Inc. (present)					

Position	Name	Date of birth	Profile	Term of office	Number of shares held (Of which, the number of shares to be delivered under the stock compensation plan) (Shares)
			<p>June 2022 Outside Director, Olympus Corporation (present)</p> <p><Important concurrent positions> Outside Director, ExaWizards Inc. Outside Director, Mitsubishi UFJ Financial Group, Inc. (retiring on June 29, 2023) Outside Director, Dai-ichi Life Holdings, Inc. Outside Director, NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION Representative Director, Shingai Institute of Management Consulting, Inc.</p>		

Position	Name	Date of birth	Profile	Term of office	Number of shares held (Of which, the number of shares to be delivered under the stock compensation plan) (Shares)
Outside Director	Kohei Kan	March 7, 1960	<p>September 1986 Registered as Certificated Public Accountant</p> <p>April 1987 Joined Mita Audit Corporation (currently Deloitte Touche Tohmatsu LLC)</p> <p>June 1998 Partner, Deloitte Touche Tohmatsu LLC</p> <p>November 2013 Board Member, Deloitte Tohmatsu Group and Deloitte Touche Tohmatsu LLC</p> <p>November 2015 Chief Executive Officer, Deloitte Touche Tohmatsu LLC</p> <p>June 2018 Senior Advisor, Deloitte Tohmatsu LLC</p> <p>September 2018 Audit & Assurance Leader, Deloitte Asia Pacific Limited</p> <p>January 2020 Senior Advisor, Deloitte Asia Pacific Limited</p> <p>October 2020 Chief, Kan Kohei Certified Public Accountant Office (present)</p> <p>November 2020 Board Member, International Federation of Accountants “IFAC” (present)</p> <p>January 2022 Senior Advisor, The Japanese Institute of Certified Public Accountants (present)</p> <p>June 2022 Outside Director, Olympus Corporation (present)</p> <p><Important concurrent positions> Chief, Kan Kohei Certified Public Accountant Office Board Member, International Federation of Accountants “IFAC” Senior Advisor, The Japanese Institute of Certified Public Accountants</p>	(Note 3)	2,841 [2,238] (Note 4)

Position	Name	Date of birth	Profile	Term of office	Number of shares held (Of which, the number of shares to be delivered under the stock compensation plan) (Shares)
Outside Director	Gary John Pruden	May 10, 1961	<p>October 1985 Joined Janssen Pharmaceutica, a division of Johnson & Johnson</p> <p>June 1999 Director of Marketing, GI Franchise Marketing, Janssen Pharmaceutica</p> <p>May 2001 Vice President, Marketing, Primary Care Franchise, Janssen Pharmaceutica</p> <p>November 2002 Vice President, Marketing, CNS Franchise, Janssen Pharmaceutica</p> <p>February 2004 President & Chief Operating Officer, Janssen-Ortho Canada INC</p> <p>January 2006 Worldwide President, Ethicon Products Inc, a division of Johnson & Johnson</p> <p>April 2009 Company Group Chairperson, Ethicon Franchise Inc</p> <p>January 2012 Worldwide Chairperson, Global Surgery Group, Johnson & Johnson</p> <p>June 2015 Executive Vice President & Worldwide Chairperson, Medical Devices, Johnson & Johnson</p> <p>December 2017 Independent Board Director, Motus GI (present)</p> <p>April 2018 Independent Board Director, Lantheus Holdings Inc. (present)</p> <p>December 2019 Chief Executive Officer, GPS Med Tech Strategy Consulting (present)</p> <p>March 2020 Independent Board Director, OSSIO Inc. (present)</p> <p>June 2022 Outside Director, Olympus Corporation (present)</p>	(Note 3)	2,238 [2,238] (Note 4)

Position	Name	Date of birth	Profile	Term of office	Number of shares held (Of which, the number of shares to be delivered under the stock compensation plan) (Shares)
			<Important concurrent positions> Independent Board Director, Motus GI Independent Board Director, Lantheus Holdings Inc. Chief Executive Officer, GPS Med Tech Strategy Consulting Independent Board Director, OSSIO Inc.		

Position	Name	Date of birth	Profile	Term of office	Number of shares held (Of which, the number of shares to be delivered under the stock compensation plan) (Shares)
Director, Representative Executive Officer, Executive Chairperson and ESG Officer	Yasuo Takeuchi	February 25, 1957	<p>April 1980 Joined Olympus Corporation</p> <p>April 2005 General Division Manager, Olympus Medical Systems Corp.</p> <p>April 2009 Director, Olympus Europa Holding GmbH</p> <p>June 2009 Corporate Officer, Olympus Corporation</p> <p>October 2011 Executive Managing Director and Chairperson of the Board, Olympus Europa Holding GmbH</p> <p>April 2012 Director, Olympus Corporation (present) Senior Corporate Managing Officer, Olympus Corporation Group President of Group Management Office, Olympus Corporation</p> <p>Chairperson of the Board, Olympus Corporation of the Americas</p> <p>Director, Olympus Corporation of Asia Pacific Limited</p> <p>March 2013 Administrative Board and Managing Director, Olympus Europa Holding SE</p> <p>April 2015 Head of Corporate Management Office, Olympus Corporation</p> <p>April 2016 Director, Vice President, Olympus Corporation Chief Financial Officer (CFO), Olympus Corporation Chief Regional Representative Officer, Olympus Corporation</p> <p>April 2019 Representative Director, Olympus Corporation President, Olympus Corporation Chief Executive Officer (CEO), Olympus Corporation</p>	(Note 3)	176,817 [97,592] (Note 4)

Position	Name	Date of birth	Profile		Term of office	Number of shares held (Of which, the number of shares to be delivered under the stock compensation plan) (Shares)
			June 2019	Representative Executive Officer, President, Olympus Corporation		
			April 2023	Representative Executive Officer, Executive Chairperson, Olympus Corporation (present) ESG Officer, Olympus Corporation (present)		

Position	Name	Date of birth	Profile	Term of office	Number of shares held (Of which, the number of shares to be delivered under the stock compensation plan) (Shares)
Director, Representative Executive Officer, President and Chief Executive Officer (CEO)	Stefan Kaufmann	January 24, 1968	<p>September 1990 Various roles in operational and strategic HR functions, Karstadt AG</p> <p>October 2000 Head of HR Development, Thomas Cook</p> <p>May 2003 Joined Olympus Europa GmbH (currently Olympus Europa SE & Co. KG) General Manager Human Resources, Olympus Europa GmbH</p> <p>April 2008 Managing Director Corporate Division, Olympus Europa GmbH</p> <p>November 2011 Executive Managing Director, Olympus Europa SE & Co. KG</p> <p>September 2013 Managing Director Consumer Business, Olympus Europa SE & Co. KG</p> <p>April 2017 Corporate Officer, Olympus Corporation</p> <p>April 2019 Chief Administrative Officer (CAO), Olympus Corporation</p> <p>Supervisory Board (Chairperson), Olympus Europa Holding SE</p> <p>June 2019 Director, Olympus Corporation (present) Executive Officer and Chief Administrative Officer (CAO), Olympus Corporation</p> <p>April 2022 Chief Strategy Officer (CSO), Olympus Corporation ESG Officer, Olympus Corporation Director, Olympus (China) Co., Ltd.</p>	(Note 3)	75,529 [73,563] (Note 4)

Position	Name	Date of birth	Profile	Term of office	Number of shares held (Of which, the number of shares to be delivered under the stock compensation plan) (Shares)
			April 2023 Representative Executive Officer, President and Chief Executive Officer (CEO), Olympus Corporation (present) Chairperson of the Board, Olympus Corporation of the Americas (present)		

Position	Name	Date of birth	Profile	Term of office	Number of shares held (Of which, the number of shares to be delivered under the stock compensation plan) (Shares)
Director	Nobuyuki Koga	September 14, 1955	<p>April 1978 Joined Olympus Corporation</p> <p>April 2002 President and Representative Director, Shirakawa Olympus Co., Ltd.</p> <p>April 2006 General Manager, Human Resources Dept., Olympus Corporation</p> <p>June 2009 Corporate Officer, Olympus Corporation</p> <p>July 2009 Director, Olympus Medical Systems Corp.</p> <p>July 2009 Division Manager, Manufacturing Service Division, Olympus Medical Systems Corp.</p> <p>April 2010 President and Representative Director, Aizu Olympus Co., Ltd.</p> <p>April 2014 Division Manager, Corporate Service Division, Olympus Corporation</p> <p>June 2017 Standing Audit & Supervisory Board Member, Olympus Corporation</p> <p>June 2019 Director, Olympus Corporation (present)</p>	(Note 3)	58,555 [5,086] (Note 4)
Total					358,808 [203,996] (Note 4)

- Notes:
- Messrs. Sumitaka Fujita, Tetsuo Iwamura, Yasumasa Masuda, David Robert Hale and Jimmy C. Beasley, Ms. Sachiko Ichikawa and Messrs. Yasushi Shingai, Kohei Kan, and Gary John Pruden are outside directors.
 - Messrs. Sumitaka Fujita, Tetsuo Iwamura, Yasumasa Masuda, David Robert Hale and Jimmy C. Beasley, Ms. Sachiko Ichikawa and Messrs. Yasushi Shingai, Kohei Kan, and Gary John Pruden are independent directors as stipulated in Rule 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange, Inc.
 - The term of office shall expire upon the close of the General Meeting of Shareholders pertaining to the final business year ending within one (1) year after election at the General Meeting of Shareholders held on June 24, 2022.
 - “Number of shares held” indicates the number of shares held as of March 31, 2023. It also includes the number of shares each director holds through the Officers’ Shareholding Association of Olympus Corporation, his/her own equity interest held through a company managing stock compensation of Olympus Corporation as well as the number of shares to be delivered under the stock compensation plan.
 - Mr. David Robert Hale is a partner of ValueAct Capital Management L.P. The number of shares of Olympus Corporation held by ValueAct Capital Master Fund, L.P. controlled by ValueAct Capital Management L.P. is 6,403,084 shares (as of March 31, 2023).
 - Olympus Corporation is a company with a Nominating Committee, etc. The structure of the committees is as follows.
Nominating Committee: Messrs. Sumitaka Fujita, David Robert Hale, Yasushi Shingai and Yasuo Takeuchi
Compensation Committee: Messrs. Tetsuo Iwamura, Jimmy C. Beasley, Yasushi Shingai and Gary John Pruden
Audit Committee: Mr. Yasumasa Masuda, Ms. Sachiko Ichikawa and Messrs. Kohei Kan and Nobuyuki Koga

2. Olympus Corporation has proposed the “Election of Thirteen Directors” as an agenda item (matter to be resolved) at the General Meeting of Shareholders to be held on June 27, 2023, and if the proposal is approved and passed, the directors of Olympus Corporation will be as follows.

The details of the resolutions of the Board of Directors’ meeting scheduled to be held immediately after the General Meeting of Shareholders (such as positions) are included below.

Male directors: 18, female directors: 3 (14% of Officers are female) *Figure of the left includes the number of executive officers.

Position	Name	Date of birth	Profile	Term of office	Number of shares held (Of which, the number of shares to be delivered under the stock compensation plan) (Shares)
Outside Director	Sumitaka Fujita	December 24, 1942	<p>April 1965 Joined ITOCHU Corporation</p> <p>June 1995 Director, ITOCHU Corporation</p> <p>April 1997 Managing Director, ITOCHU Corporation</p> <p>April 1998 Representative Managing Director, ITOCHU Corporation</p> <p>April 1999 Representative Senior Managing Director, ITOCHU Corporation</p> <p>April 2001 Representative Executive Vice President, ITOCHU Corporation</p> <p>April 2006 Representative Vice Chairperson, ITOCHU Corporation</p> <p>June 2006 Vice Chairperson, ITOCHU Corporation</p> <p>June 2007 Outside Director, Orient Corporation</p> <p>June 2008 Senior Corporate Adviser, ITOCHU Corporation</p> <p> Outside Director, Furukawa Electric Co., Ltd.</p> <p> Outside Auditor, NIPPONKOA Insurance Company, Limited (currently Sompo Japan Insurance Inc.)</p> <p>June 2009 Outside Director, Nippon Sheet Glass Co., Ltd.</p> <p>April 2010 Outside Director, NKSJ Holdings, Inc. (currently Sompo Holdings, Inc.)</p> <p>June 2011 Chairperson, Japan Association for Chief Financial Officers (present)</p> <p>April 2012 Outside Director, Olympus Corporation (present)</p> <p><Important concurrent positions> Chairperson, Japan Association for Chief Financial Officers</p>	(Note 3)	15,717 [5,086] (Note 4)

Position	Name	Date of birth	Profile	Term of office	Number of shares held (Of which, the number of shares to be delivered under the stock compensation plan) (Shares)
Outside Director	Yasumasa Masuda	February 27, 1957	<p>April 1980 Joined Fujisawa Pharmaceutical Co., Ltd. (currently Astellas Pharma Inc.)</p> <p>June 2008 Corporate Executive, Vice President, Corporate Finance & Control, Astellas Pharma Inc.</p> <p>June 2011 Corporate Executive, Vice President, Corporate Finance & Control, and Chief Financial Officer, Astellas Pharma Inc.</p> <p>April 2012 Corporate Executive, Vice President and Chief Financial Officer, Astellas Pharma Inc.</p> <p>June 2012 Senior Corporate Executive, Senior Vice President and Chief Financial Officer, Astellas Pharma Inc.</p> <p>April 2017 Senior Corporate Executive, Senior Vice President and Assistant to President, Astellas Pharma Inc.</p> <p>June 2017 Independent Non-Executive, Deloitte Touche Tohmatsu LLC</p> <p>June 2018 Independent Non-Executive, Deloitte Tohmatsu LLC Outside Director, Olympus Corporation (present)</p> <p>June 2023 Outside Auditor, SUBARU CORPORATION (assuming the office on June 21, 2023)</p> <p><Important concurrent positions> Outside Auditor, SUBARU CORPORATION (assuming the office on June 21, 2023)</p>	(Note 3)	8,249 [5,086] (Note 4)

Position	Name	Date of birth	Profile	Term of office	Number of shares held (Of which, the number of shares to be delivered under the stock compensation plan) (Shares)
Outside Director	David Robert Hale	December 21, 1984	<p>September 2007 Joined The Parthenon Group (currently EY-Parthenon)</p> <p>January 2009 Assigned as Analyst to Strategic Value Capital* * An investment subsidiary of The Parthenon Group</p> <p>June 2009 Senior Associate, The Parthenon Group</p> <p>May 2010 Principal, The Parthenon Group</p> <p>January 2011 Joined ValueAct Capital Management L.P.</p> <p>December 2012 Vice President, ValueAct Capital Management L.P.</p> <p>May 2014 Partner, ValueAct Capital Management L.P. (present)</p> <p>March 2015 Director, MSCI Inc.</p> <p>August 2015 Director, Bausch Health Companies Inc.</p> <p>June 2019 Outside Director, Olympus Corporation (present)</p> <p>June 2021 Outside Director, JSR Corporation (present)</p> <p><Important concurrent positions> Partner, ValueAct Capital Management L.P. Outside Director, JSR Corporation</p>	(Note 3)	— (Note 4) (Note 5)

Position	Name	Date of birth	Profile	Term of office	Number of shares held (Of which, the number of shares to be delivered under the stock compensation plan) (Shares)
Outside Director	Jimmy C. Beasley	April 6, 1963	<p>March 1986 Territory Manager, Roche Laboratories (Division of Hoffman La Roche)</p> <p>June 1989 Various roles of increasing responsibility in sales and marketing including Vice President of Sales and Marketing, Bard Access Systems Division, C.R. Bard Inc.</p> <p>June 2003 President, Bard Access Systems Division, C.R. Bard Inc.</p> <p>April 2007 President, Bard Peripheral Vascular Division, C.R. Bard Inc.</p> <p>May 2009 Group Vice President, C.R. Bard Inc.</p> <p>June 2013 Group President, C.R. Bard Inc.</p> <p>May 2018 Consultant and Executive Advisor* to ValueAct Capital Management L.P. (hereinafter called "VAC")</p> <p>* The executive advisor role is a consulting role to VAC; it is not an employee position. This consulting agreement finished at the end of March 2019.</p> <p>June 2019 Outside Director, Olympus Corporation (present)</p>	(Note 3)	3,586 [2,238] (Note 4)

Position	Name	Date of birth	Profile	Term of office	Number of shares held (Of which, the number of shares to be delivered under the stock compensation plan) (Shares)
Outside Director	Sachiko Ichikawa	January 17, 1967	<p>April 1997 Registered as attorney Joined Tanabe & Partners</p> <p>January 2005 Registered as attorney of the State of New York</p> <p>November 2009 Statutory Auditor, The Board Director Training Institute of Japan</p> <p>January 2011 Partner, Tanabe & Partners (present)</p> <p>June 2015 Outside Director, ANRITSU CORPORATION Director, The Board Director Training Institute of Japan</p> <p>April 2018 Registered as certified public accountant of the U.S.A.</p> <p>May 2018 Outside Auditor, Ryohin Keikaku Co., Ltd.</p> <p>June 2020 Statutory Auditor, The Board Director Training Institute of Japan</p> <p>June 2021 Outside Director, Tokyo Electron Ltd. (present) Outside Director, Olympus Corporation (present)</p> <p>June 2022 Director, The Board Director Training Institute of Japan (present)</p> <p><Important concurrent positions> Partner, Tanabe & Partners Outside Director, Tokyo Electron Ltd. Director, The Board Director Training Institute of Japan</p>	(Note 3)	3,545 [3,545] (Note 4)

Position	Name	Date of birth	Profile	Term of office	Number of shares held (Of which, the number of shares to be delivered under the stock compensation plan) (Shares)
Outside Director	Yasushi Shingai	January 11, 1956	<p>April 1980 Joined Japan Tobacco and Salt Public Corporation (currently Japan Tobacco Inc.)</p> <p>June 2004 Executive Officer and Finance Group Leader, Japan Tobacco Inc.</p> <p>July 2004 Executive Officer and Senior Vice President, CFO, Japan Tobacco Inc.</p> <p>June 2005 Director, Executive Officer and Senior Vice President, CFO, Japan Tobacco Inc.</p> <p>June 2006 Director, Japan Tobacco Inc.</p> <p> Executive Vice President and Deputy CEO, JT international S.A.</p> <p>June 2011 Representative Director, Executive Vice President and Deputy CEO, Japan Tobacco Inc.</p> <p>June 2014 Outside Director, Recruit Holdings Co., Ltd.</p> <p>January 2018 Director, Japan Tobacco Inc.</p> <p>March 2018 Outside Director, Asahi Group Holdings, Ltd.</p> <p>June 2018 Outside Director, ExaWizards Inc. (present)</p> <p> Outside Director, Mitsubishi UFJ Financial Group, Inc. (retiring on June 29, 2023)</p> <p>June 2019 Outside Director, Dai-ichi Life Holdings, Inc. (present)</p> <p>June 2021 Outside Director, NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION (present)</p> <p>April 2022 Representative Director, Shingai Institute of Management Consulting, Inc. (present)</p>	(Note 3)	2,238 [2,238] (Note 4)

Position	Name	Date of birth	Profile	Term of office	Number of shares held (Of which, the number of shares to be delivered under the stock compensation plan) (Shares)
			<p>June 2022 Outside Director, Olympus Corporation (present)</p> <p><Important concurrent positions> Outside Director, ExaWizards Inc. Outside Director, Mitsubishi UFJ Financial Group, Inc. (retiring on June 29, 2023) Outside Director, Dai-ichi Life Holdings, Inc. Outside Director, NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION Representative Director, Shingai Institute of Management Consulting, Inc.</p>		

Position	Name	Date of birth	Profile	Term of office	Number of shares held (Of which, the number of shares to be delivered under the stock compensation plan) (Shares)
Outside Director	Kohei Kan	March 7, 1960	<p>September 1986 Registered as Certified Public Accountant</p> <p>April 1987 Joined Mita Audit Corporation (currently Deloitte Touche Tohmatsu LLC)</p> <p>June 1998 Partner, Deloitte Touche Tohmatsu LLC</p> <p>November 2013 Board Member, Deloitte Tohmatsu Group and Deloitte Touche Tohmatsu LLC</p> <p>November 2015 Chief Executive Officer, Deloitte Touche Tohmatsu LLC</p> <p>June 2018 Senior Advisor, Deloitte Tohmatsu LLC</p> <p>September 2018 Audit & Assurance Leader, Deloitte Asia Pacific Limited</p> <p>January 2020 Senior Advisor, Deloitte Asia Pacific Limited</p> <p>October 2020 Chief, Kan Kohei Certified Public Accountant Office (present)</p> <p>November 2020 Board Member, International Federation of Accountants “IFAC” (present)</p> <p>January 2022 Senior Advisor, The Japanese Institute of Certified Public Accountants (present)</p> <p>June 2022 Outside Director, Olympus Corporation (present)</p> <p><Important concurrent positions> Chief, Kan Kohei Certified Public Accountant Office Board Member, International Federation of Accountants “IFAC” Senior Advisor, The Japanese Institute of Certified Public Accountants</p>	(Note 3)	2,841 [2,238] (Note 4)

Position	Name	Date of birth	Profile	Term of office	Number of shares held (Of which, the number of shares to be delivered under the stock compensation plan) (Shares)
Outside Director	Gary John Pruden	May 10, 1961	<p>October 1985 Joined Janssen Pharmaceutica, a division of Johnson & Johnson</p> <p>June 1999 Director of Marketing, GI Franchise Marketing, Janssen Pharmaceutica</p> <p>May 2001 Vice President, Marketing, Primary Care Franchise, Janssen Pharmaceutica</p> <p>November 2002 Vice President, Marketing, CNS Franchise, Janssen Pharmaceutica</p> <p>February 2004 President & Chief Operating Officer, Janssen-Ortho Canada INC</p> <p>January 2006 Worldwide President, Ethicon Products Inc, a division of Johnson & Johnson</p> <p>April 2009 Company Group Chairperson, Ethicon Franchise Inc</p> <p>January 2012 Worldwide Chairperson, Global Surgery Group, Johnson & Johnson</p> <p>June 2015 Executive Vice President & Worldwide Chairperson, Medical Devices, Johnson & Johnson</p> <p>December 2017 Independent Board Director, Motus GI (present)</p> <p>April 2018 Independent Board Director, Lantheus Holdings Inc. (present)</p> <p>December 2019 Chief Executive Officer, GPS Med Tech Strategy Consulting (present)</p> <p>March 2020 Independent Board Director, OSSIO Inc. (present)</p> <p>June 2022 Outside Director, Olympus Corporation (present)</p>	(Note 3)	2,238 [2,238] (Note 4)

Position	Name	Date of birth	Profile	Term of office	Number of shares held (Of which, the number of shares to be delivered under the stock compensation plan) (Shares)
			<Important concurrent positions> Independent Board Director, Motus GI Independent Board Director, Lantheus Holdings Inc. Chief Executive Officer, GPS Med Tech Strategy Consulting Independent Board Director, OSSIO Inc.		

Position	Name	Date of birth	Profile	Term of office	Number of shares held (Of which, the number of shares to be delivered under the stock compensation plan) (Shares)
Outside Director	Tatsuro Kosaka	January 18, 1953	<p>April 1976 Joined CHUGAI PHARMACEUTICAL CO., LTD.</p> <p>April 1995 Deputy President, Chugai Pharma Europe, Ltd.</p> <p>October 2002 Vice President and General Manager of Corporate Planning Dept., CHUGAI PHARMACEUTICAL CO., LTD.</p> <p>October 2004 Senior Vice President and General Manager of Corporate Planning Dept., CHUGAI PHARMACEUTICAL CO., LTD.</p> <p>March 2005 Senior Vice President and Deputy Managing Director of Sales & Marketing Division, CHUGAI PHARMACEUTICAL CO., LTD.</p> <p>July 2005 Senior Vice President and Head of Strategic Marketing Unit, CHUGAI PHARMACEUTICAL CO., LTD.</p> <p>March 2008 Senior Vice President and Head of Life Cycle Management & Marketing Unit, CHUGAI PHARMACEUTICAL CO., LTD.</p> <p>March 2010 Director and Executive Vice President, CHUGAI PHARMACEUTICAL CO., LTD.</p> <p>March 2012 Representative Director, President and Chief Operating Officer (COO), CHUGAI PHARMACEUTICAL CO., LTD.</p> <p>March 2016 Outside Director, Asahi Group Holdings, Ltd.</p>	(Note 3)	(Note 4)

Position	Name	Date of birth	Profile	Term of office	Number of shares held (Of which, the number of shares to be delivered under the stock compensation plan) (Shares)
			<p>March 2018 Representative Director, President and Chief Executive Officer (CEO), CHUGAI PHARMACEUTICAL CO., LTD.</p> <p>March 2020 Representative Director, Chairperson and Chief Executive Officer (CEO), CHUGAI PHARMACEUTICAL CO., LTD.</p> <p>March 2021 Representative Director and Chairperson, CHUGAI PHARMACEUTICAL CO., LTD.</p> <p>March 2022 Senior Advisor, CHUGAI PHARMACEUTICAL CO., LTD. (present)</p> <p>June 2022 Outside Auditor, Komatsu Ltd. (present) Outside Director, Mitsubishi Electric Corporation (present) Vice Chairperson of Council, Chairperson of Bio-Economy Committee, KEIDANREN (Japan Business Federation) (present)</p> <p>June 2023 Outside Director, Olympus Corporation (scheduled)</p> <p><Important concurrent positions> Senior Advisor, CHUGAI PHARMACEUTICAL CO., LTD. Outside Auditor, Komatsu Ltd. Outside Director, Mitsubishi Electric Corporation Vice Chairperson of Council, Chairperson of Bio-Economy Committee, KEIDANREN (Japan Business Federation)</p>		

Position	Name	Date of birth	Profile	Term of office	Number of shares held (Of which, the number of shares to be delivered under the stock compensation plan) (Shares)
Outside Director	Luann Marie Pendy	May 8, 1960	<p>December 1987 Joined Abbott Laboratories</p> <p>February 1998 Director, Quality Control Production Laboratories, Chemical and Agricultural Product Division, Abbott Laboratories</p> <p>February 2007 Corporate Vice President, Global Quality & Regulatory Affairs, Hospira Inc</p> <p>November 2008 Vice President, Corporate Quality, Medtronic Inc. (currently Medtronic plc.)</p> <p>June 2014 Senior Vice President, Global Quality, Medtronic Inc.</p> <p>November 2017 Senior Vice President, Regulatory Affairs & Global Quality, Medtronic plc.</p> <p>January 2018 Senior Vice President, Chief Quality and Regulatory Affairs Officer, Medtronic plc.</p> <p>June 2023 Outside Director, Olympus Corporation (scheduled)</p>	(Note 3)	— (Note 4)

Position	Name	Date of birth	Profile	Term of office	Number of shares held (Of which, the number of shares to be delivered under the stock compensation plan) (Shares)
Director, Representative Executive Officer, Executive Chairperson and ESG Officer	Yasuo Takeuchi	February 25, 1957	<p>April 1980 Joined Olympus Corporation</p> <p>April 2005 General Division Manager, Olympus Medical Systems Corp.</p> <p>April 2009 Director, Olympus Europa Holding GmbH</p> <p>June 2009 Corporate Officer, Olympus Corporation</p> <p>October 2011 Executive Managing Director and Chairperson of the Board, Olympus Europa Holding GmbH</p> <p>April 2012 Director, Olympus Corporation (present) Senior Corporate Managing Officer, Olympus Corporation Group President of Group Management Office, Olympus Corporation</p> <p>Chairperson of the Board, Olympus Corporation of the Americas</p> <p>Director, Olympus Corporation of Asia Pacific Limited</p> <p>March 2013 Administrative Board and Managing Director, Olympus Europa Holding SE</p> <p>April 2015 Head of Corporate Management Office, Olympus Corporation</p> <p>April 2016 Director, Vice President, Olympus Corporation Chief Financial Officer (CFO), Olympus Corporation</p> <p>Chief Regional Representative Officer, Olympus Corporation</p> <p>April 2019 Representative Director, Olympus Corporation President, Olympus Corporation Chief Executive Officer (CEO), Olympus Corporation</p>	(Note 3)	176,817 [97,592] (Note 4)

Position	Name	Date of birth	Profile		Term of office	Number of shares held (Of which, the number of shares to be delivered under the stock compensation plan) (Shares)
			June 2019	Representative Executive Officer, President, Olympus Corporation		
			April 2023	Representative Executive Officer, Executive Chairperson, Olympus Corporation (present) ESG Officer, Olympus Corporation (present)		

Position	Name	Date of birth	Profile	Term of office	Number of shares held (Of which, the number of shares to be delivered under the stock compensation plan) (Shares)
Director, Representative Executive Officer, President and Chief Executive Officer (CEO)	Stefan Kaufmann	January 24, 1968	<p>September 1990 Various roles in operational and strategic HR functions, Karstadt AG</p> <p>October 2000 Head of HR Development, Thomas Cook</p> <p>May 2003 Joined Olympus Europa GmbH (currently Olympus Europa SE & Co. KG) General Manager Human Resources, Olympus Europa GmbH</p> <p>April 2008 Managing Director Corporate Division, Olympus Europa GmbH</p> <p>November 2011 Executive Managing Director, Olympus Europa SE & Co. KG</p> <p>September 2013 Managing Director Consumer Business, Olympus Europa SE & Co. KG</p> <p>April 2017 Corporate Officer, Olympus Corporation</p> <p>April 2019 Chief Administrative Officer (CAO), Olympus Corporation</p> <p>Supervisory Board (Chairperson), Olympus Europa Holding SE</p> <p>June 2019 Director, Olympus Corporation (present) Executive Officer and Chief Administrative Officer (CAO), Olympus Corporation</p> <p>April 2022 Chief Strategy Officer (CSO), Olympus Corporation ESG Officer, Olympus Corporation Director, Olympus (China) Co., Ltd.</p> <p>April 2023 Representative Executive Officer, President and Chief Executive Officer (CEO), Olympus Corporation (present) Chairperson of the Board, Olympus Corporation of the Americas (present)</p>	(Note 3)	75,529 [73,563] (Note 4)

Position	Name	Date of birth	Profile	Term of office	Number of shares held (Of which, the number of shares to be delivered under the stock compensation plan) (Shares)
Director	Toshihiko Okubo	June 1, 1960	<p>February 1991 Joined Olympus Corporation</p> <p>July 2005 President and Chief Executive Officer (CEO), Olympus NDT Corporation</p> <p>August 2011 General Division Manager of the Life & Industrial Systems, Olympus Corporation</p> <p>June 2013 Chairperson, Olympus NDT Corporation</p> <p>April 2014 Corporate Officer, Olympus Corporation</p> <p>April 2015 Division Manager of the Scientific Solutions Business Strategy Division, Olympus Corporation</p> <p>April 2016 Head of the Scientific Solutions Business Unit, Olympus Corporation</p> <p>April 2019 Senior Vice President of New Business Development, Olympus Corporation</p> <p>April 2021 Senior Vice President of Corporate Planning, Olympus Corporation</p> <p>April 2022 Deputy Chief Strategy Officer, Olympus Corporation</p> <p>April 2023 Assistant to Chief Strategy Officer, Olympus Corporation</p> <p>May 2023 Office of Audit Committee, Olympus Corporation</p> <p>June 2023 Director, Olympus Corporation (scheduled)</p>	(Note 3)	18,960 [6,717] (Note 4)
Total					309,720 [200,541] (Note 4)

- Notes:
1. Messrs. Sumitaka Fujita, Yasumasa Masuda, David Robert Hale and Jimmy C. Beasley, Ms. Sachiko Ichikawa, Messrs. Yasushi Shingai, Kohei Kan, Gary John Pruden and Tatsuro Kosaka and Dr. Luann Marie Pendy are outside directors.
 2. If Messrs. Sumitaka Fujita, Yasumasa Masuda, David Robert Hale and Jimmy C. Beasley, Ms. Sachiko Ichikawa, Messrs. Yasushi Shingai, Kohei Kan, Gary John Pruden and Tatsuro Kosaka, and Dr. Luann Marie Pendy are elected as directors, Olympus Corporation plans to notify the Tokyo Stock Exchange, Inc. of their election as independent directors as stipulated in Rule 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange, Inc.
 3. The term of office shall expire upon the close of the General Meeting of Shareholders pertaining to the final business year ending within one (1) year after election at the General Meeting of Shareholders held on June 27, 2023.

4. “Number of shares held” indicates the number of shares held as of March 31, 2023. It also includes the number of shares each director holds through the Officers’ Shareholding Association of Olympus Corporation, his/her own equity interest held through a company managing stock compensation of Olympus Corporation as well as the number of shares to be delivered under the stock compensation plan.
5. Mr. David Robert Hale is a partner of ValueAct Capital Management L.P. The number of shares of Olympus Corporation held by ValueAct Capital Master Fund, L.P. controlled by ValueAct Capital Management L.P. is 6,403,084 shares (as of March 31, 2023).
6. Olympus Corporation is a company with a Nominating Committee, etc. The structure of the committees will be as follows.

Nominating Committee: Messrs. Sumitaka Fujita, Gary John Pruden, Tatsuro Kosaka and Stefan Kaufmann

Compensation Committee: Messrs. Yasushi Shingai and Jimmy C. Beasley and Dr. Luann Marie Pendy

Audit Committee: Mr. Yasumasa Masuda, Ms. Sachiko Ichikawa, Messrs. Kohei Kan and Toshihiko Okubo

b. Executive Officers

Position	Name	Date of birth	Profile	Term of office	Number of shares held (Of which, the number of shares to be delivered under the stock compensation plan) (Shares)
Director, Representative Executive Officer, Executive Chairperson and ESG Officer	Yasuo Takeuchi	February 25, 1957	a. See Status of Directors	(Note 1)	176,817 [97,592] (Note 2)
Director, Representative Executive Officer, President and Chief Executive Officer (CEO)	Stefan Kaufmann	January 24, 1968	a. See Status of Directors	(Note 1)	75,529 [73,563] (Note 2)

Position	Name	Date of birth	Profile	Term of office	Number of shares held (Of which, the number of shares to be delivered under the stock compensation plan) (Shares)
Executive Officer and Endoscopic Solutions Division Head	Frank Drewalowski	April 21, 1965	<p>February 1993 Joined Olympus Europa GmbH (currently Olympus Europa SE & Co. KG)</p> <p>April 2000 Department Manager GI/EUS/BF and Service Marketing Division, Olympus Europa</p> <p>April 2006 General Manager Medical Endoscopy & Surgical, Olympus Medical Systems Europa GmbH (currently Olympus Europa SE & Co. KG) Managing Director Medical, Olympus Germany</p> <p>April 2009 Regional Managing Director Medical, Microscopy and Consumer Business, Olympus Germany</p> <p>April 2011 Managing Director Medical Systems Division, Olympus Europa GmbH (currently Olympus Europa SE & Co. KG)</p> <p>April 2019 Executive Managing Director, Olympus Europa Holding GmbH</p> <p>April 2020 Corporate Officer, Olympus Corporation Global Division Head Endoscopic Solutions Division, Olympus Corporation</p> <p>April 2023 Executive Officer and Endoscopic Solutions Division Head, Olympus Corporation (present) Supervisory Board (Chairperson), Olympus Europa Holding SE (present)</p>	(Note 1)	14,525 [14,525] (Note 2)

Position	Name	Date of birth	Profile	Term of office	Number of shares held (Of which, the number of shares to be delivered under the stock compensation plan) (Shares)
Executive Officer and Therapeutic Solutions Division Head	Gabriela Kaynor	November 20, 1975	<p>May 2004 Business Unit Manager, Johnson & Johnson Services, Inc.</p> <p>February 2007 Engineering Manager, Johnson & Johnson Services, Inc.</p> <p>July 2008 R&D Director Monitoring & OR Products, SharpSafety, Covidien plc (currently Cardinal Health, Inc.)</p> <p>February 2012 Director Program Management Office & Advanced Supplier Development, Covidien plc (currently Cardinal Health, Inc.)</p> <p>February 2015 Director of Operations, Acclarent, Inc.</p> <p>April 2016 Joined Olympus Corporation of the Americas Executive Director Strategy Development & Portfolio Management, Olympus Corporation of the Americas</p> <p>July 2017 Vice President, Upstream Marketing & PMO, Olympus Corporation of the Americas</p> <p>April 2019 Senior Vice President, Global Portfolio Management, Strategy & PMO Therapeutic Solutions Division, Olympus Corporation</p> <p>April 2020 Global Division Head Therapeutic Solutions Division, Olympus Corporation</p> <p>April 2022 Corporate Officer, Olympus Corporation Director, Olympus Corporation of the Americas (present)</p> <p>April 2023 Executive Officer and Therapeutic Solutions Division Head, Olympus Corporation (present)</p>	(Note 1)	5,236 [5,236] (Note 2)

Position	Name	Date of birth	Profile	Term of office	Number of shares held (Of which, the number of shares to be delivered under the stock compensation plan) (Shares)
Executive Officer and Chief Financial Officer (CFO)	Chikashi Takeda	October 6, 1962	<p>April 1985 Joined Yamanouchi Pharmaceutical Co., Ltd. (currently Astellas Pharma Inc.)</p> <p>April 2014 Corporate Executive, Vice President, Corporate Planning, Astellas Pharma Inc.</p> <p>April 2016 Corporate Executive, Vice President, Corporate Finance & Control, Astellas Pharma Inc.</p> <p>April 2017 Corporate Executive, Chief Financial Officer (CFO), Astellas Pharma Inc.</p> <p>April 2018 Senior Corporate Executive, Chief Financial Officer (CFO) and Interim Head of Global Procurement, Astellas Pharma Inc.</p> <p>January 2020 Joined Olympus Corporation</p> <p>April 2020 Executive Officer and Chief Financial Officer (CFO), Olympus Corporation (present)</p> <p>Supervisory Board, Olympus Europa Holding SE (present)</p> <p>Director, Olympus Corporation of Asia Pacific Limited (present)</p> <p>Director, Olympus (China) Co., Ltd. (present)</p>	(Note 1)	28,305 [27,012] (Note 2)

Position	Name	Date of birth	Profile	Term of office	Number of shares held (Of which, the number of shares to be delivered under the stock compensation plan) (Shares)	
Executive Officer and Chief Strategy Officer (CSO)	Nacho Abia	August 3, 1968	January 1994	Product Manager, GCI Distribution	(Note 1)	76,385 [76,385] (Note 2)
			March 1996	Senior Product Manager, Tech Data España S.L.U.		
			August 1997	Division Manager Personal entertainment division, Sony España		
			June 2000	South European Marketing Manager Digital Imaging division, Sony Europe Limited		
			June 2001	Joined Olympus Spain S.A. (currently Olympus Iberia S.A.U) Managing Director Iberia Region, Olympus Spain S.A.		
			March 2008	Managing Director Imaging Division, Olympus Europa GmbH (currently Olympus Europa SE & Co. KG)		
			March 2011	President, Olympus Imaging America Inc.		
			July 2013	President, Olympus Corporation of the Americas		
			April 2015	CEO, Olympus Corporation of the Americas (present)		
			April 2017	Corporate Officer, Olympus Corporation		
			April 2019	Regional Representative Officer Americas, Olympus Corporation Therapeutic Solutions Division Head, Olympus Corporation		
			April 2020	Executive Officer and Chief Operating Officer (COO), Olympus Corporation		
			April 2023	Executive Officer and Chief Strategy Officer (CSO), Olympus Corporation (present) Director, Olympus Corporation of Asia Pacific Limited (present)		

Position	Name	Date of birth	Profile	Term of office	Number of shares held (Of which, the number of shares to be delivered under the stock compensation plan) (Shares)
			Director, Olympus (China) Co., Ltd. (present)		
Executive Officer and Chief Manufacturing and Supply Officer (CMSO)	Tetsuo Kobayashi	June 17, 1960	<p>April 1983 Joined Olympus Corporation</p> <p>April 2011 Division Manager of Business Structure Reformation Division, Olympus Corporation</p> <p>April 2012 Corporate Officer, Olympus Corporation Division Manager of Group Management Division, Olympus Corporation</p> <p>July 2013 Division Manager of Finance Division, Olympus Corporation</p> <p>July 2016 Executive Vice President, Olympus Corporation of the Americas</p> <p>February 2019 Division Manager of Management Division, Olympus Corporation</p> <p>April 2019 Office of Chief Executive Officer, Olympus Corporation</p> <p>April 2020 Supervisory Board, Olympus Europa Holding SE</p> <p>April 2021 Chief Strategy Officer (CSO), Olympus Corporation</p> <p>April 2022 Executive Officer and Chief Manufacturing and Supply Officer (CMSO), Olympus Corporation (present)</p>	(Note 1)	41,267 [16,585] (Note 2)

Position	Name	Date of birth	Profile	Term of office	Number of shares held (Of which, the number of shares to be delivered under the stock compensation plan) (Shares)
Executive Officer and Chief Technology Officer (CTO)	Andre Roggan	September 19, 1962	<p>July 1996 Project Manager, University Hospital Benjamin Franklin</p> <p>April 1998 Technical Director, Division of Biomedical Engineering, Laser- und Medizin-Technologie GmbH</p> <p>July 2001 Director Research and Development, Celon AG medical instruments</p> <p>January 2004 Chief Technology Officer (CTO), Celon AG medical instruments</p> <p>October 2008 Chief Executive Officer (CEO), Celon AG medical instruments</p> <p>April 2010 Joined Olympus Winter & Ibe GmbH Managing Director, Olympus Winter & Ibe GmbH</p> <p>April 2012 Managing Director and Speaker of the Board, Olympus Winter & Ibe GmbH</p> <p>April 2013 Executive Managing Director and Chairperson of the Board, Olympus Winter & Ibe GmbH Managing Director, Olympus Europa Management SE</p> <p>April 2019 Global Head of Development, Therapeutic Systems Division, Olympus Corporation</p> <p>April 2021 Corporate Officer, Olympus Corporation Operation Group Management Head and Olympus Surgical Technologies Europe Head, Olympus Corporation</p> <p>April 2022 Executive Officer and Chief Technology Officer (CTO), Olympus Corporation (present)</p>	(Note 1)	25,179 [25,179] (Note 2)

Position	Name	Date of birth	Profile	Term of office	Number of shares held (Of which, the number of shares to be delivered under the stock compensation plan) (Shares)
Executive Officer and Chief Human Resources Officer (CHRO)	Shigeto Ohtsuki	November 12, 1961	<p>April 1984 June 1999 June 2008 March 2011 June 2015 November 2019 February 2020 April 2020 April 2022 April 2023</p> <p>Joined Hitachi, Ltd. Manager, Human Resources, General Electric Japan, Ltd. Director & Corporate Officer, Human Resources, Hewlett Packard Japan, Ltd. Corporate Officer, General Manager of Personnel Department, Shiseido Company, Limited Executive Officer, Human Resources and CSR, Miraca Holdings Inc. (currently H.U. Group Holdings, Inc.) Joined Olympus Corporation Human Resources Head, Olympus Corporation Corporate Officer, Olympus Corporation Supervisory Board, Olympus Europa Holding SE (present) Executive Officer and Chief Human Resources Officer (CHRO), Olympus Corporation (present)</p>	(Note 1)	6,614 [4,633] (Note 2)

Position	Name	Date of birth	Profile	Term of office	Number of shares held (Of which, the number of shares to be delivered under the stock compensation plan) (Shares)	
Executive Officer and Chief Quality Officer (CQO)	Pierre Boisier	July 26, 1958	August 1977	United States Marine Corps	(Note 1)	4,827 [4,827] (Note 2)
			October 1995	General Manager, Gambro Healthcare, Inc.		
			April 1999	Vice president of Operations, Coherent, Inc.		
			September 2001	Vice President of QA and RA, National Genetics Institute		
			February 2004	Director of Quality, EP Technologies, Boston Scientific Corporation		
			March 2005	Group Vice President Quality, Cardiovascular, Boston Scientific Corporation		
			February 2007	Group Vice President QA Neurovascular, Electrophysiology & Neuromodulation, Boston Scientific Corporation		
			October 2010	Senior Vice President of Quality, Becton, Dickinson and Company		
			April 2015	Executive Vice President and Chief Quality Officer, Becton, Dickinson and Company		
			March 2021	Joined Olympus Corporation of the Americas		
			April 2021	Chief Quality Officer, Olympus Corporation		
April 2022	Corporate Officer, Olympus Corporation					
April 2023	Executive Officer and Chief Quality Officer (CQO), Olympus Corporation (present)					
Total					454,684 [345,537] (Note 2)	

- Notes:
1. The term of office shall be until March 31, 2024.
 2. “Number of shares held” indicates the number of shares held as of March 31, 2023. It also includes the number of shares each executive officer holds through the Officers’ Shareholding Association of Olympus Corporation, his/her own equity interest held through a company managing stock compensation of Olympus Corporation as well as the number of shares to be delivered under the stock compensation plan.
 3. Olympus Corporation has adopted a corporate officer system. The 13 corporate officers are as follows.
Corporate Officer Toshihiko Okubo

Corporate Officer	Hidenao Tsuchiya
Corporate Officer	Katsuyuki Saito
Corporate Officer	Koji Ando
Corporate Officer	Yoshio Tashiro
Corporate Officer	Kazutaka Eguchi
Corporate Officer	Akira Hasegawa
Corporate Officer	Tomohisa Sakurai
Corporate Officer	Masahito Goto
Corporate Officer	Wenlei Yang
Corporate Officer	Hironobu Kawano
Corporate Officer	Seiji Kuramoto
Corporate Officer	Stephen Kneebone

Note: Mr. Toshihiko Okubo is scheduled to retire as corporate officer on June 26, 2023. He will assume the position of director if elected to the Board of Directors at the General Meeting of Shareholders scheduled to be held on June 27, 2023.

(ii) Outside Directors

Olympus Corporation has strengthened its corporate governance system by having a majority of nine of its 12 directors be outside directors, to reflect their objective viewpoints and wealth of experience and knowledge in its management.

Olympus Corporation is a company with a Nominating Committee, etc. and the Nominating Committee determines the candidates for the Board of Directors. The reasons for the appointment of the nine outside directors elected at the General Meetings of Shareholders held on June 24, 2022 are as follows. There are no special interests between the outside directors and Olympus Corporation. Olympus Corporation has designated all nine outside directors as independent directors.

Name	Reasons for appointment
Sumitaka Fujita	Mr. Sumitaka Fujita has extensive experience and diverse knowledge as a business manager at ITOCHU Corporation. He also possesses a high level of insight, expertise, and capabilities that are expected of an outside director of Olympus Corporation through his experience as the Chairperson of the Japan Association for Chief Finance Officers as well as his experience as an outside director and Outside Auditor at several other companies. Since he assumed the post of outside director of Olympus Corporation in April 2012, he has been giving guidance/advice regarding the business management of Olympus Corporation at meetings of the Board of Directors. In addition, he contributed to the development of a transparent director compensation system as Chairperson of the Compensation Committee, which was established voluntarily. Since June 2018, he has been leading the Board of Directors as Chairperson of the Board. Furthermore, after the transition to a company with a Nominating Committee, etc. in June 2019, he monitored business execution of Olympus Corporation at the Board of Directors, and as Chairperson of the Nominating Committee, he facilitated decisions regarding the contents of the agenda for election of directors. Olympus Corporation expects that outside directors will monitor management from the perspective of achieving sustainable growth of Olympus Corporation and enhancing corporate value over the medium to long term as entrusted by shareholders, and will provide advice based on their own knowledge. From the above, Olympus Corporation has determined that he is an indispensable person for the composition of the Board of Directors.

Name	Reasons for appointment
Tetsuo Iwamura	<p>Mr. Tetsuo Iwamura has extensive experience and diverse knowledge as a business manager at Honda Motor Co., Ltd. In addition, through his long experience in global expansion in the sales marketing, manufacturing and development field at Honda Motor Co., Ltd., he has a high level of insight, expertise, and capabilities that are expected of an outside director of Olympus Corporation. Since he assumed the post of outside director of Olympus Corporation in June 2017, he has been giving guidance/advice regarding the business management of Olympus Corporation at meetings of the Board of Directors as well as the Nominating Committee and Compliance Committee voluntarily established. After the transition to a company with a Nominating Committee, etc. in June 2019, he monitored business execution of Olympus Corporation at the Board of Directors, and as a member of the Nominating Committee, he facilitated decisions regarding the contents of the agenda for election of directors. In addition, since July 2020, he has facilitated decisions regarding executive compensation as a member of the Compensation Committee. Olympus Corporation expects that outside directors will monitor management from the perspective of achieving sustainable growth of Olympus Corporation and enhancing corporate value over the medium to long term as entrusted by shareholders, and will provide advice based on their own knowledge. From the above, Olympus Corporation has determined that he is an indispensable person for the composition of the Board of Directors.</p>
Yasumasa Masuda	<p>Mr. Yasumasa Masuda has extensive experience and diverse knowledge as a business manager in the healthcare industry at Astellas Pharma Inc. In addition, through his experience as an independent non-executive officer at the Deloitte Tohmatsu Group, he possesses a high level of insight, expertise, and capabilities that are expected of an outside director of Olympus Corporation. Since he assumed the post of outside director of Olympus Corporation in June 2018, he has been giving guidance/advice regarding the business management of Olympus Corporation at meetings of the Board of Directors and the Nominating Committee. After the transition to a company with a Nominating Committee, etc. in June 2019, he monitored business execution of Olympus Corporation at the Board of Directors, and as a member of the Nominating and Compensation Committees, he facilitated decisions regarding the contents of the agenda for election of directors and regarding executive compensation. In addition, he has been promoting the audit of the execution of duties by the executive officers and directors of Olympus Corporation as Chairperson of the Audit Committee since June 2021. Olympus Corporation expects that outside directors will monitor management from the perspective of achieving sustainable growth of Olympus Corporation and enhancing corporate value over the medium to long term as entrusted by shareholders, and will provide advice based on their own knowledge. From the above, Olympus Corporation has determined that he is an indispensable person for the composition of the Board of Directors.</p>

Name	Reasons for appointment
David Robert Hale	<p>Mr. David Robert Hale is a Partner of ValueAct Capital Management L.P., one of Olympus Corporation’s shareholders. He has a track record of helping global companies transform themselves with his knowledge of the global capital markets and the healthcare industry as a business management consultant and investor with experience in diverse industries, and he possesses a high level of insight, expertise, and capabilities that are expected of an outside director of Olympus Corporation. Since he assumed the post of director of Olympus Corporation in June 2019, he has been giving guidance/advice regarding the business management of Olympus Corporation at meetings of the Board of Directors. In addition, as a member of the Nominating Committee, he facilitated decisions regarding the contents of the agenda for election of directors. Olympus Corporation expects that outside directors will monitor management from the perspective of achieving sustainable growth of Olympus Corporation and enhancing corporate value over the medium to long term as entrusted by shareholders, and will provide advice based on their own knowledge. From the above, Olympus Corporation has determined that he is an indispensable person for the composition of the Board of Directors.</p>
Jimmy C. Beasley	<p>Through his 30 years of global business experience and extensive management experience in the C. R. Bard Group, one of the world’s leading companies in the healthcare industry, Mr. Jimmy C. Beasley possesses a high level of insight, expertise, and capabilities that are expected of an outside director of Olympus Corporation. Since he assumed the post of director of Olympus Corporation in June 2019, he has been giving guidance/advice regarding the business management of Olympus Corporation at meetings of the Board of Directors. In addition, he has participated in decisions on executive compensation as a member of the Compensation Committee. Olympus Corporation expects that outside directors will monitor management from the perspective of achieving sustainable growth of Olympus Corporation and enhancing corporate value over the medium to long term as entrusted by shareholders, and will provide advice based on their own knowledge. Olympus Corporation has determined that he will contribute to achieving sustainable growth of Olympus Corporation and enhancing corporate value over the medium to long term, as well as enhancing the internationality and diversity of the Board of Directors in Olympus Corporation’s aim to become a global MedTech company. From the above, Olympus Corporation has determined that he is an indispensable person for the composition of the Board of Directors.</p>
Sachiko Ichikawa	<p>Ms. Sachiko Ichikawa has extensive experience, broad knowledge and a global perspective as an attorney (in Japan and the State of New York, U.S.A.) and a certified public accountant in the U.S. She also possesses a high level of insight, expertise, and capabilities that are expected of an outside director of Olympus Corporation through her experience as an outside director and Outside Auditor at several other companies and her experience as Statutory Auditor of the Board Director Training Institute of Japan. Since she assumed the post of director of Olympus Corporation in June 2021, she has been giving guidance/advice regarding the business management of Olympus Corporation at meetings of the Board of Directors. In addition, she has promoted the audit of the execution of duties by the executive officers and directors of Olympus Corporation as a member of the Audit Committee. Olympus Corporation expects that outside directors will monitor management from the perspective of achieving sustainable growth of Olympus Corporation and enhancing corporate value over the medium to long term as entrusted by shareholders, and will provide advice based on their own knowledge. From the above, Olympus Corporation has determined that she is an indispensable person for the composition of the Board of Directors.</p>

Name	Reasons for appointment
Yasushi Shingai	Mr. Yasushi Shingai possesses extensive experience and diverse knowledge as a business manager at Japan Tobacco Inc. He also possesses a high level of insight, expertise, and capabilities that are expected of an outside director of Olympus Corporation through his experience as an outside director at several other companies, combined with his professional knowledge beyond corporate finance regarding acquisition of global companies as well as post-acquisition management and governance, in addition to his extensive experience as a business manager of an overseas business headquarters company of the Japan Tobacco Group. Olympus Corporation expects that outside directors will monitor management from the perspective of achieving sustainable growth of Olympus Corporation and enhancing corporate value over the medium to long term as entrusted by shareholders, and will provide advice based on their own knowledge. From the above, Olympus Corporation has determined that he is an indispensable person for the composition of the Board of Directors.
Kohei Kan	Mr. Kohei Kan has extensive experience and diverse knowledge as Chief Executive Officer of Deloitte Touche Tohmatsu LLC, in addition to his extensive experience and diverse knowledge as a certified public accountant. He also possesses a high level of insight, expertise, and capabilities that are expected of an outside director of Olympus Corporation given that he has experience working abroad and experience as person in charge of auditing and assurance businesses overseas at the aforementioned company with a global perspective. In addition, he currently serves as a board member of the International Federation of Accountants. Olympus Corporation expects that outside directors will monitor management from the perspective of achieving sustainable growth of Olympus Corporation and enhancing corporate value over the medium to long term as entrusted by shareholders, and will provide advice based on their own knowledge. From the above, Olympus Corporation has determined that he is an indispensable person for the composition of the Board of Directors.
Gary John Pruden	Mr. Gary John Pruden has over 30 years of global business experience and extensive experience and knowledge as a business manager at Johnson & Johnson Group, one of the world's leading companies in the healthcare industry. He also has experience as an outside director of several U.S. companies. Olympus Corporation expects that outside directors will monitor management from the perspective of achieving sustainable growth of Olympus Corporation and enhancing corporate value over the medium to long term as entrusted by shareholders, and will provide advice based on their own knowledge. Olympus Corporation has determined that he will contribute to achieving sustainable growth of Olympus Corporation and enhancing corporate value over the medium to long term, as well as enhancing the internationality and diversity of the Board of Directors in Olympus Corporation's aim to become a global MedTech company. From the above, Olympus Corporation has determined that he is an indispensable person for the composition of the Board of Directors.

To enable directors to fully fulfill the roles expected of them, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, Olympus Corporation has entered into an agreement with directors (excluding Executive Directors, etc.) to limit their liability for damages specified in Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability for damages under such agreement is the minimum liability amount as stipulated in laws and regulations.

[Policy on Independence of Outside Officers]

Olympus Corporation has established its “Criteria for Independence of Outside Officers” as described below in order to clarify its policy on the independence of Outside Officers:

<p>(Criteria for Independence of Outside Officers)</p> <ol style="list-style-type: none">1. In any of the past 10 fiscal years, the Outside Officer has not directly received more than ¥10 million in remuneration (excluding remuneration from Olympus Corporation to Officers) or other assets from Olympus Corporation and Olympus Corporation’s affiliates (hereinafter, collectively the “Olympus Group”). If the Outside Officer is a consultant, accounting expert or legal expert, the organization to which he or she belongs has not received more than ¥10 million in remuneration or similar from the Olympus Group.2. During the past ten-year period, the Outside Officer has not been an Executive Director, executive officer, corporate officer or employee of the rank of General Manager or above at a company that falls under the following categories.<ol style="list-style-type: none">1) In any of the past 10 fiscal years, the monetary amount of the relevant company’s transactions with the Olympus Group has been more than 2% of the consolidated revenue of either Olympus Corporation or the Olympus Group2) The relevant company is a principal shareholder of Olympus Corporation (holding more than 5% of the total number of voting rights of Olympus Corporation directly or indirectly; the same shall apply hereinafter)3) The Olympus Group is a principal shareholder of the relevant company4) The relevant company has substantive interests in the Olympus Group (as a main bank, consultant, etc.)5) The Olympus Group and the relevant company have a relationship in which they mutually dispatch and appoint directors3. The Outside Officer is not financially dependent on a person who falls under the categories of 1. or 2. above.4. The Outside Officer is not a spouse of, or a relative within the third degree of kinship of, a director, Executive Director, corporate officer or employee of the rank of General Manager or above at the Olympus Group.5. The Outside Officer does not belong to an auditing firm that conducts statutory audits of the Olympus Group.6. In addition to each of the above items, the Outside Officer does not have any significant interest that casts doubt on his or her independence.
--

(iii) Cooperation between Supervision or Auditing by outside directors and Internal Auditing, Audit Committee Auditing, and Accounting Auditing, and the Relationship with the Internal Control Division

Olympus Corporation is a company with a Nominating Committee, etc. Olympus Corporation’s outside directors, as members of the Board of Directors, decide important matters such as basic management policies, as well as receiving reports on the status of activities from each committee and execution function, etc. Outside directors are entrusted by shareholders to monitor the duties of directors and executive officers to ensure the sustainable growth and the medium- to long-term enhancement of corporate value of Olympus Corporation. The Audit Committee, which consists of members selected by the Board of Directors, works closely with the internal audit, the Accounting Auditor, and internal control functions, and regularly reports the status of its auditing activities to the Board of Directors. Details are provided under “(3) Audits.”

(3) Audits

(i) Audit Committee Audits

a. Organization, members and procedures of the Audit Committee

The Audit Committee consists of four members. The majority of members (three) are independent outside directors who are part-time Audit Committee Members. The part-time Audit Committee Members are Mr. Yasumasa Masuda, Ms. Sachiko Ichikawa and Mr. Kohei Kan. The other member, Mr. Nobuyuki Koga, is an inside director who is a standing Audit Committee Member. The Audit Committee is chaired by Mr. Yasumasa Masuda, an independent outside director. Audit Committee Member, Ms. Sachiko Ichikawa is a qualified attorney (in Japan and the State of New York, U.S.A.). In addition, Ms. Sachiko Ichikawa, as a U.S. certified public accountant, and Mr. Kohei Kan, as a Japanese certified public accountant, have considerable knowledge of finance and accounting. Mr. Yasumasa Masuda has experience in finance and accounting as a chief financial officer and independent non-executive officer of an audit firm, and Mr. Kohei Kan has experience in finance and accounting as a chief executive officer of an audit firm and a current Board Member of the International Federation of Accountants.

(Role of Standing Audit Committee Members)

Inside director who is Standing Audit Committee Member collect necessary information at Olympus Corporation and affiliated companies. The information collected is shared with the Audit Committee and opinions are exchanged to form an audit opinion as the Audit Committee. In addition, in order to promote the Audit Committee's activities that contribute to the enhancement of organizational auditing, Standing Audit Committee Member communicate closely with the parties from whom they collect information, and focus on promoting understanding by sharing the Audit Committee's points of view in advance so that discussions with the Audit Committee Members can be conducted efficiently and smoothly. Standing Audit Committee Member check audit work in coordination with the Accounting Auditor and by giving instructions to and receiving reports from the Chief Internal Audit Officer (CIAO), as well as hearing reports from the Chief Compliance Officer (CCO) and other divisions. In addition to attending the Board of Directors meetings, Standing Audit Committee Member attends important meetings including meetings of the Group Executive Committee, exchange opinions with the Chief Executive Officer (CEO) and other executive officers, and hold liaison meetings for auditors at affiliated companies to improve governance as a corporate group. Standing Audit Committee Members also inspect important approval documents and other documents to confirm the appropriateness of business operations.

(Role of part-time Audit Committee Members)

Independent outside directors who are part-time Audit Committee Members exchanges opinions from a neutral and independent standpoint in light of the information shared by the Audit Committee and others, based on their professional expertise, to form an audit opinion as the Audit Committee. In addition, part-time Audit Committee Members confirm audit operations in cooperation with the Accounting Auditor and by giving instructions to and receiving reports from the CIAO, hear reports from the CCO and other divisions, attend the Board of Directors meetings and other important meetings, and exchanges opinions with the CEO and other executive officers.

(Staff to assist the Audit Committee)

Three employees (two dedicated employees, one concurrent employee) have been appointed after confirming their independence from the execution function, to assist the Audit Committee by conducting research on governance matters under instructions from the Audit Committee, as well as by attending and providing supplemental opinions at hearings of reports from employees.

(Use of external experts)

In March 2023, the Audit Committee entered into an agreement with a legal advisor, who is independent from the execution function, in order to receive advice that will contribute to improving the quality of the Audit Committee's activities and legal support in the event of contingencies.

b. Status of the Audit Committee's activities

(Frequency of the Audit Committee meetings and attendance of each Audit Committee Member)

The Audit Committee holds 25 meetings a year, either on the same day as the Board of Directors meetings and preliminary briefings held to preliminarily explain for proposals for the Board of Directors meetings or on an ad hoc basis. The average time required for the Audit Committee meetings is three hours and 20 minutes per meeting, and the number of proposals per year is 89. The following reports and resolutions were made throughout the year.

Reports: The performance of duties by the executive officers, description of the business report, summary of quarterly financial results and financial reports by the accounting function, the Accounting Auditor's accounting audit plan and quarterly financial results review, and accounting audit reports on audits under the Companies Act and audits under the Financial Instruments and Exchange Act, internal audit plan and J-SOX evaluation and internal audit results report by the internal audit function, the status of activities by the compliance function, the structure and activities of the legal function, the status of development and operation of Basic Policy on the Internal Control System, etc.

Resolutions: The Audit Committee's audit plan and budget, appropriateness of the Accounting Auditor's audit methods and audit results, Accounting Auditor's evaluation (evaluation items, interim evaluation, and final evaluation), reappointment of the Accounting Auditor, the Audit Committee's audit report, selection of Selected Audit Committee Members and Specified Audit Committee Members, consent to remuneration to the Accounting Auditor's audit, legal adviser agreement, lawsuit against former directors for damages, etc.

The attendance of each Audit Committee Member is as follows.

Position	Name	Attendance at meetings	Percentage
Audit Committee Chairperson (Independent Outside Director)	Yasumasa Masuda	25 of 25	100%
Audit Committee Member (Independent Outside Director)	Sachiko Ichikawa	25 of 25	100%
Audit Committee Member (Independent Outside Director)	Kohei Kan	19 of 19 (Assumed the post of Committee Member in June 2022)	100%
Standing Audit Committee Member (Inside Director)	Nobuyuki Koga	25 of 25	100%
Audit Committee Member (Independent Outside Director)	Atsushi Iwasaki	6 of 6 (Retired from the post of Committee Member in June 2022)	100%

(Specific considerations involving the Audit Committee)

The Audit Committee aims to conduct effective and efficient audits on a global level by determining the appropriateness of audits by the Accounting Auditor, directly verifying the suitability and validity of the execution of duties by directors and executive officers through attendance at important meetings and exchanges of opinions, and promoting organizational audits through cooperation with internal control functions. During the current fiscal year, the

Audit Committee conducted a further review within the committee of the future role of the Audit Committee and once again exchanged opinions with the relevant functions on the Basic Policy on the Internal Control System that contributes to the global management of Olympus Corporation. The Audit Committee also confirmed the status of the Olympus Group's response to the Warning Letters from the US Food and Drug Administration (FDA) received by a subsidiary during the current fiscal year.

(Promote effectiveness and organizational audits of the internal audit function)

In order to improve the effectiveness of the internal audit function and promote organizational audits, Olympus Corporation ensures a dual reporting line from the internal audit function directly to the CEO and Audit Committee. Furthermore, when formulating internal audit plans, the Audit Committee reviews the plans and ensures they are consistent with the Audit Committee's point of view. The Audit Committee confirms the effectiveness of each of the risk management, control and governance processes conducted under the executive officers through instructions to the internal audit function and regular hearings of reports on J-SOX and internal audit results.

(Direct audit by the Audit Committee and points of view of audits specific to the current fiscal year)

The Audit Committee enhances the effectiveness of audits by directly conducting audits through hearing reports from executive officers and other members of management, attending important meetings, holding liaison meetings for auditors at affiliated companies, and inspecting important approval documents and other documents. When setting the themes for hearing reports from executive officers, we focused on the following specific audit focus points for the current fiscal year, as set forth in the Audit Committee's audit plan.

- (1) Confirm the appropriateness of resource allocation and business processes for achieving our performance goals during the last fiscal year of Transform Olympus.
- (2) Check compliance to the Corporate Governance Code.
 - (i) Sustainability status
 - (ii) Status of efforts to disclose non-financial information
- (3) Check that a healthy corporate culture is being fostered.

(Appropriateness of audits by the Accounting Auditor)

The Audit Committee confirms the status of the development and operation of the quality control system at the Accounting Auditor, Ernst & Young ShinNihon LLC, as well as the status of quality control and audit implementation in the accounting audit of the Accounting Auditor's Olympus Corporation audit team. In addition, in order to comply with amendment to the Code of Ethics (effective from the fiscal year ending March 31, 2024) established by the Japanese Institute of Certified Public Accountants (JICPA), Olympus Corporation, in consultation with Ernst & Young ShinNihon LLC, began to operate on the prior consent of the Audit Committee regarding the engagement of non-assurance services including at affiliated companies in the fourth quarter of the fiscal year ended March 31, 2023 and confirmed the independence of the Accounting Auditor. Furthermore, in order to confirm the global accounting audit system that includes overseas affiliates, audit quality, and the leadership to global network firms by Ernst & Young ShinNihon LLC, the Audit Committee exchanged opinions with major network firms and determined the appropriateness of the accounting audit.

(Handling of competitive and conflict-of-interest transactions by directors and scandals)

The Audit Committee will respond appropriately to any issues that arise regarding competitive or conflict-of-interest transactions by directors. In the event of a scandal, appropriate action will be taken in accordance with the Audit Committee's auditing standards.

(ii) Internal Audits

The CIAO, who reports directly to the CEO, is responsible for internal audits and manages the internal audit system for the entire Olympus Group in Europe, the US and Asia, including Japan, and oversees internal audit operations. The scope of internal audits covers Olympus Corporation and Olympus Group companies. Internal audits are conducted according to an annual audit plan formulated on a risk basis, and include suggesting improvements to the auditee and following up on the status of such improvements. We also assess the development and operation of internal controls over financial reporting based on the Financial Instruments and Exchange Act.

In addition to having a dual reporting line that reports the status and results of internal audits and the results of the evaluation of the development and operation of internal controls regularly or as appropriate to the CEO and Audit Committee, Olympus Corporation works closely with the Accounting Auditor by exchanging information on audit plans and audit results. To ensure the independence of internal audits, the internal audit department shall conduct internal audits independently from the organization being audited and in addition to not engaging in any business activities conducted by the organization being audited, the CEO shall obtain confirmation from the Board of Directors when appointing the CIAO. Furthermore, to ensure expertise in internal audits, Olympus Corporation has adopted a job rotation and on-the-job training system, and has developed a system to support the acquisition of internal audit-related qualifications and ongoing professional skill development. Currently, the internal audit function has 69 employees (as of March 31, 2023) throughout the Olympus Group, including 12 certified public accountants (including accountants certified outside Japan), 20 Certified Internal Auditors, 11 Certified Information Systems Auditors, and eight Certified Fraud Examiners (including duplicate qualification holders).

(iii) Accounting Audits

a. Name of auditing firm

Ernst & Young ShinNihon LLC

b. Continuous audit period

14 years

c. Engagement certified public accountants

Takahiro Yamazaki

Tetsuya Yoshida

Mitsuharu Konno

d. Other personnel engaged in assisting the audit

21 certified public accountants, 18 personnel who have passed the certified public accountant exam and 33 other personnel engage in assisting the accounting audit of Olympus Corporation

e. Policy and reasons for selecting audit firm

The Accounting Auditor is selected in accordance with the accounting auditor evaluation criteria of Olympus Corporation after confirming whether any of the items of Article 340, Paragraph 1 of the Companies Act, which provides for the dismissal of the Accounting Auditor by the Audit Committee, applies to the Accounting Auditor, and whether there are any circumstances that affect the eligibility and credibility of the Accounting Auditor.

If the Accounting Auditor is recognized as falling under any of the items of Article 340, Paragraph 1 of the Companies Act, the Audit Committee will dismiss the Accounting Auditor with the unanimous consent of the Audit Committee Members, if necessary. Furthermore, in addition to the above cases, the Audit Committee shall decide the details of the proposal to dismiss or not reappoint the Accounting Auditor to be submitted to the General Meeting of Shareholders if it is deemed that the audit at Olympus Corporation is not being conducted

properly due to events occurring that affect the eligibility and credibility of the Accounting Auditor, if Olympus Corporation seeks to further improve audit quality, or if Olympus Corporation otherwise judges it necessary.

f. Evaluation of the audit firm by the Audit Committee

The Audit Committee establishes the Olympus Corporation's accounting auditor evaluation criteria based on the Practical Guidelines for Auditors Concerning the Evaluation of Accounting Auditors and the Establishment of Selection Criteria, formulated by the Japan Audit & Supervisory Board Members Association, and confirms the quality control system, number of years of continuous engagement, appropriateness of audit quality and independence of Ernst & Young ShinNihon LLC's Olympus Corporation audit team, and the audit system at EY Global, the group to which Ernst & Young ShinNihon LLC belongs. The content of the proposal for dismissal or non-reappointment of the Accounting Auditor to be submitted to the General Meeting of Shareholders is determined based on the results of this evaluation. The Audit Committee deemed that reappointment was appropriate and did not submit such a proposal for the fiscal year ending March 31, 2024. The specific evaluation process for the current fiscal year is as follows.

Process	Timing	Main Implementation Details
Review and determination of evaluation items for the current fiscal year	September 2022 to December 2022	In addition to items to be evaluated on an ongoing basis, determine priority evaluation items for the current fiscal year, and decide the timing and method of evaluation.
Confirm quality control status as an audit firm	September 2022 to November 2022	Communicate with the functional heads of the audit firm and hear the results of quality control review by JICPA to confirm the quality assessment as a firm.
Confirm quality control status as an audit team	December 2022 to March 2023	Confirm the Accounting Auditor's assessment of the execution function. Also confirm the status of communication between the Olympus Corporation audit team and key global network firms.
Interim evaluation of the Accounting Auditor	December 2022	Evaluate each item. Also select items to be implemented before the final evaluation.
Final evaluation of the Accounting Auditor and review of the appropriateness of the Accounting Auditor for reappointment	May 2023	Conduct a final evaluation of the Accounting Auditor and review the appropriateness of reappointing the Accounting Auditor.

(iv) Audit Remuneration, etc.

a. Remuneration paid to the certified public accountants, etc.

Category	Previous fiscal year		Current fiscal year	
	Remuneration for auditing services (Millions of yen)	Remuneration for non-auditing services (Millions of yen)	Remuneration for auditing services (Millions of yen)	Remuneration for non-auditing services (Millions of yen)
Reporting company	252	18	244	2
Consolidated subsidiaries	19	–	91	–
Total	271	18	335	2

(Previous fiscal year)

Olympus Corporation commissions and pays certified public accountants, etc. to provide various advisory and other services, such as the preparation of comfort letters related to the issuance of corporate bonds in overseas markets, as non-auditing services.

(Current fiscal year)

Olympus Corporation commissions and pays certified public accountants, etc. to provide various advisory and other services, as non-auditing services.

- b. Remuneration paid to member firms belonging to the same network (EY) to which the certified public accountant, etc. belong (excluding a.)

Category	Previous fiscal year		Current fiscal year	
	Remuneration for auditing services (Millions of yen)	Remuneration for non-auditing services (Millions of yen)	Remuneration for auditing services (Millions of yen)	Remuneration for non-auditing services (Millions of yen)
Reporting company	–	7	–	8
Consolidated subsidiaries	841	53	1,013	40
Total	841	60	1,013	48

(Previous fiscal year)

Non-auditing services for Olympus Corporation and its consolidated subsidiaries include advisory and other services.

(Current fiscal year)

Non-auditing services for Olympus Corporation and its consolidated subsidiaries include advisory and other services.

- c. Other important details of remuneration for auditing service

(Previous fiscal year)

Not applicable.

(Current fiscal year)

Not applicable.

- d. Policy for determining audit remuneration

When determining audit remuneration for certified public accountants, etc., Olympus Corporation considers and discusses the appropriateness of the number of audit man-hours, etc., based on the details in the audit plan presented by the certified public accountants, etc., and determines the audit remuneration after obtaining the consent of Audit Committee, in accordance with Article 399 of the Companies Act.

- e. Reason for the Audit Committee consenting to the remuneration paid to the Accounting Auditor

The Audit Committee gave its consent for remuneration, etc. for the Accounting Auditor, in accordance with Article 399, Paragraph 1 of the Companies Act, after obtaining and verifying the necessary information, including the details in the Accounting Auditor's audit plan, the

status of performance of the auditing work, and the basis for calculating the audit remuneration estimate.

(4) Compensation for Officers, etc.

- (i) Matters relating to policy to determine the amount of compensation, etc., for officers or the calculation method thereof

As a company with a Nominating Committee, etc., Olympus has established the Compensation Committee, which consists of three or more members and a majority of which is independent outside directors. The Compensation Committee is chaired by an independent outside director to ensure transparency and to determine fair and appropriate compensation. Our basic policy regarding the officer compensation system is to make officers have a strong sense of awareness that maximize the corporate value and meet expectations of various stakeholders, and reward their responsibilities with suitable and appropriate treatments. The Compensation Committee, in accordance with the purpose of the basic policy mentioned above, decides the policy on the determination of compensation for individual directors and executive officers. In accordance with this policy, the Compensation Committee determines the amount of individual compensation, etc., for individual directors and executive officers and reports them to the Board of Directors.

a. Compensation system for directors (excluding those who double as executive officers)

i. Level of compensation for directors

- (i) In order to set the directors' compensation at a competitive level for securing and retaining talented personnel, and encouraging positive participation in various activities as directors, the compensation level shall be targeted at the 75% compared with the peer group in the role responsibilities and each residence.
- (ii) The companies to compose a peer group are selected from those having medical equipment in the business portfolio and health care companies in respective region of residence.
- (iii) Compensation levels for each peer group are confirmed using objective compensation survey data from external specialized organizations.
- (iv) If a director requests to decline compensation, the Compensation Committee will confirm and decide on the response.

ii. Compensation composition of directors

- (i) With importance placed on the concept that directors and investors shall share interests, non-performance-linked stock compensation (non-monetary compensation) is granted in addition to monetary compensation (base salary (BS)).
- (ii) Stock compensation for non-executive directors shall be subsequent grant-type restricted stock compensation (RSU: Restricted Stock Unit), and the right will be defined at retirement for those directors who are resident in Japan. The right will be defined on an individual basis in accordance with a general method of stock compensation in each region for those directors who are non-resident in Japan.
- (iii) Stock compensation for the fiscal year ending March 31, 2024 will be set at 8 million yen for both residents and non-residents in Japan. The reason for the increase from the previous fiscal year is to further promote the idea of sharing interests between directors and investors by promoting shareholding.
- (iv) The number of shares to be granted will be calculated based on the share price at the time of assumption of office at the General Meeting of Shareholders, and the number of shares will be provided after vesting.
- (v) The following shareholding guidelines are established.
1. Residents in Japan: All subsequent grant-type restricted stock compensation (RSU) is vested at the time of retirement so that shareholding guidelines have not been established.

2. Non-residents in Japan: One time or more of the base salary (BS) This level is the one to be achieved in about five years after assuming office. However, this five-year period does not take into account the impact of stock disposal by use of “sell plan before knowledge” for tax payment purposes.
- (vi) The Chairperson of the Board of Directors receives a Chairperson allowance in addition to the base salary (BS).
 - (vii) With the exception of full-time non-executive director, Audit Committee members receive an Audit Committee allowance in addition to the base salary (BS). The Audit Committee allowance is set as an equivalent amount to the difference between the Audit Committee allowance and the Nominating and Compensation Committee allowance in the peer group.
 - (viii) For executive officers who double as directors, monetary compensation for the management and monitoring functions of directors shall be paid separately from executive officer compensation for those who are natives of Japan. For those who are not natives of Japan, monetary compensation paid for management and monitoring functions performed as director is included in compensation of executive officers.
- b. Compensation system for executive officers (including those who double as directors)
- i. Philosophy on compensation
 - (i) In order to achieve our corporate strategy and to create corporate value, it is essential that we have a compensation system that ensures that we have capable management personnel and that they can fully demonstrate their abilities. To this end, we have decided on a compensation system based on the following concepts.
 1. Establish a more powerful incentive program which can compete with global MedTech companies
 2. Establish an incentive program which is consistent with the corporate strategy
 3. Establish a program with focuses on value creation and performance evaluation utilizing long-term incentive compensation (LTI), which is non-monetary compensation, etc.
 4. Set a compensation level considering the stage of development to become a global MedTech company (a hybrid mix of “Global labor market” and “Home”).
 5. Ensure sound management of incentives by putting clawback clauses and shareholding guidelines in place.
 6. Enhance the motivation of executive officers by setting challenging and achievable targets.
 - ii. Level of compensation for executive officers
 - (i) Thoughts on compensation amount
 1. Olympus assigns weights to performance-linked compensation and stock compensation and looks to raise the weights based on its philosophy of compensation, which is to set a compensation level considering the stage of development to become a global MedTech company – a hybrid mix of “Global labor market” and “Home,” with consideration given to compensation amount of officers of other global MedTech companies.
 2. By considering the situation of labor market of executive officers’ home countries and competitiveness in the market, and the roles and responsibilities, we set target level and tolerance range, and determine compensation after

holistic comparisons of basic compensation, TCC (Total Cash Compensation) and TDC (Total Direct Cash). The compensation level of labor market of each country is confirmed through use of objective compensation survey data from external specialized agencies.

3. The appropriateness of the compensation amount for executive officers is monitored by the pay ratio (the ratio of the CEO's compensation to the median salary of employees living in Japan). We are also working to ensure the consistency in terms of executive officer compensation and employee compensation systems, including providing of stock compensation to some employees (including non-residents in Japan).

iii Compensation composition of executive officers

- (i) Compensation for executive officers is a combination of base salary (BS), which is a fixed compensation, short-term incentive compensation (STI), which is performance-linked monetary compensation, and long-term incentive compensation (LTI), which is non-monetary compensation.
- (ii) For executive officers who are not from Japan, fringe benefits, severance payments, etc., are set individually at the general level of fringe benefits and severance payments in their place of origin. The Compensation Committee decides on the amount, etc., that are set individually. The payment of severance payment at the time of retirement and the amount of the allowance are determined based on multiple conditions such as the term of office.
- (iii) Considering the compensation amounts of global MedTech companies, we set the ratio of Short-Term Incentive compensation (STI), which is a performance-linked monetary compensation, and Long-Term Incentive compensation (LTI), which is a non-monetary compensation, as follows:

<CEO and Chairman (Executive Chairperson)>

BS : STI : LTI = 1 (19%) : 1.25 (24%) : 3 (57%)

<Common to executive officers other than the above>

BS : STI : LTI = 1 (24%) : 1.15 (28%) : 2 (48%)

- iv) Long-term incentive compensation (LTI) consists of subsequent grant-type restricted stock compensation (RSU: Restricted Stock Unit) and performance-linked stock compensation (PSU: Performance Share Unit).

iv. Compensation risk management

- (i) Shareholding guidelines
 1. Shareholding guidelines are established to share interests between investors and management (executive officers).
 2. Shareholding guidelines shall be as follows:
 - Executive officers shall hold a number of Olympus' shares that is five times the amount of basic compensation or more.
 3. The guidelines for shareholding are set at a level that will be achieved approximately five years after the assumption of office although the length may fluctuate subject to the status of achievement of the targets.
- (ii) Clawback clause
 1. A clawback clause has been set up to deter the management (executive officers) from reckless investments and improper accounting.
 2. The clawback is subject to short-term incentive compensation (STI), which is performance-linked monetary compensation, and long-term incentive compensation (LTI), which is non-monetary compensation, for executive officers. The clawback will become effective if the following events occur.

- An event that requires the refund of the difference between the amount of compensation that has been paid and the amount of compensation that should have been paid caused by a revelation that the information prerequisites for compensation is incorrect or different.
 - An event that requires the return of the amount of compensation already paid as a kind of sanctions in the event of a violation of obligations, etc.
3. The final decision on the application of the clawback to the individual events is made by the Compensation Committee and reported to the Board of Directors.
- v. Short-term incentive compensation, which is performance-linked monetary compensation, etc. (FY2024-STI)

(i) Target composition

Short-term incentive compensation (FY2024-STI) for the fiscal year ending March 31, 2024 (FY2024) consists of financial indicators and quality goals. Financial indicators are set to be revenue and operating profit margin aiming at assessing growth and efficiency. In addition, since it is important to steadily implement long-term and strategic efforts within each fiscal year, quality goals are set as indicators. The ratio for each indicator, as shown in the figure below, is set at 25% for revenue 25% for operating profit margin, and 50% for quality goals.

Revenue 25%	Operating profit margin 25%	Quality goals 50%
----------------	--------------------------------	----------------------

(ii) Upper and lower limit on the evaluation table and adjustment items

1. Upper and lower limit are set for each evaluation indicator.
2. Adjustment items
 - Revenue: The exchange rate used for FY2024 earnings forecasts is applied to make a foreign currency adjustment.
 - Operating profit: Other income/other expenses are deducted.

(iii) Evaluation table of revenue

1. Payment rate 200%: $FY2024 \text{ revenue forecast} + \{(FY2024 \text{ revenue forecast} - FY2023 \text{ actual revenue}) * 70\%\} = 914.0 + \{(914.0 - 870.2) * 70\%\} = ¥944.7$ billion
2. Payment rate 100% to 200% = $100 + (X - 914.0) * 100/307$
3. Payment ratio 100%: “revenue forecast for FY2024” = ¥914.0 billion
4. Payment rate 50%: FY2023 actual revenue (after FX adjustment) = ¥870.2 billion
5. Payment rate 0% to 100% = $(870.2 - X) * 50/438$
6. Payment rate 0%: $870.2 - (914.0 - 870.2) = ¥826.4$ billion

- Notes: 1. X represents FY2024 actual revenue (after FX adjustment)
 2. Upper limit is set as 200% and lower limit 0%.
 3. Adjustment: Exchange rate (USD = ¥132, EUR = ¥144, CNY = ¥19.2)

(iv) Evaluation table of operating profit margin

1. Payment rate 200%: FY2024 operating profit margin forecast + 5% or more = 24.9% or more
2. Payment rate 100% to 200%: FY2024 operating profit margin 20.9% or more, less than 24.9% = $100 + 25 * (Y - 20.9)$
3. Payment rate 100%: FY2024 operating profit margin forecast +/- 1% = 18.9% or more, less than 20.9%
4. Payment rate 50% to 100%: FY2024 operating profit margin 16.9% or more, less than 18.9% = $50 - 25 * (18.9 - Y)$
5. Payment rate 50%: FY2024 operating profit margin forecast - 3% = 16.9%
6. Payment rate 0%: less than 16.9%

- Notes: 1. Y represents FY2024 actual operating profit margin (after adjustment)
 2. Upper limit is set as 200% and lower limit 0%.
 3. Adjustments: Other income/other expenses are deducted.

- (v) Quality goals
 1. The goals for the STI and PSU reward evaluation are the medium- to long-term, and short-term goals of major initiatives to improve the root causes (vulnerabilities) that may exist with our QARA organizational structure, manufacturing processes, quality management systems and the quality culture of our medical business.
 2. The Compensation Committee and the Quality Assurance and Regulatory Affairs (QA&RA) Committee, which is made up of outside directors, cooperate to determine proper compensation evaluation targets and achievement rates.
- vi. Long-term incentive compensation, which is non-monetary compensation (FY2024-LTI)

The following section describes long-term incentive compensation (FY2024-LTI) covering the three-year period from the fiscal year ending March 31, 2024 to the fiscal year ending March 31, 2026.

The ratio of subsequent grant-type restricted stock compensation (RSU: Restricted Stock Unit) and performance-linked stock compensation (PSU: Performance Share Unit) are 25% and 75%, respectively, in accordance with the basic concept of putting emphasis on performance-linked compensation. Nevertheless, in light of the current uncertain and drastically changing business climate, the Compensation Committee has determined 40% for RSU and 60% for PSU for FY2024-LTI in order to secure a desirable share of stock in the total compensation.

- (i) Subsequent grant-type restricted stock compensation (FY2024-RSU)
 1. Vesting
 1. Every one year after the grant date, one-third each of the rights will be vested and shares are provided. The rights will be vested after confirmation by the Compensation Committee.
 2. When retiring as an executive officer, the unvested rights shall be vested after confirmation by the Compensation Committee one year after the retirement.
 2. Grant date and number of units provided
 1. The grant date shall be April 1, 2023.
 2. The stock price used in the calculation shall be the closing price of Olympus' common shares on the business day preceding the grant date.
 3. For foreign exchange, apply average TTM (Telegraphic Transfer Middle Rate) for the fiscal year before the grant date.
 4. The total base salary of executive officers, which is the basis for granting, is 729,935,769 yen, and the total number of RSU provided is 289,098 units.
- (ii) Performance-linked stock compensation (FY2024-PSU)
 1. Performance-linked stock compensation (PSU) is determined based on the philosophy of compensation, which is to make the incentive program consistent with the corporate strategy, and also in consideration of the business environment.
 2. Vesting

After three years from the grant of the units, performance rate is evaluated, then the rights will be vested, and shares are provided. The rights will be vested after confirmation by the Compensation Committee.
 3. Grant date and number of units provided
 1. The grant date shall be April 1, 2023.
 2. The stock price used in the calculation shall be the closing price of Olympus' common shares on the business day preceding the grant date.
 3. For foreign exchange, apply average TTM (Telegraphic Transfer Middle Rate) for the fiscal year before the grant date.

4. The total base salary of executive officers, which is the basis for granting, is 729,935,769 yen, and the total number of PSU provided is 433,648 units.
4. PSU metrics consist of EPS growth, relative TSR, quality indicator and ESG metrics, and their ratios are as follows:

EPS growth 20%	Relative TSR 40%	Quality indicator 30%	ESG 10%
-------------------	---------------------	--------------------------	------------

5. The target values and evaluation table for each metric are set as follows:
1. EPS growth: 20%
 - (i) The company strategy covering from the fiscal year ending March 31, 2024 to the fiscal year ending March 31, 2026 focuses on both growth and profitability in the new stage called “Shift to Grow.” Then EPS growth rate is set as one of the financial guidance and target value is set as 8%. The Compensation Committee judged that setting EPS growth rate (after adjustment) as an evaluation index of PSU is suitable.
 - (ii) Payment rate: 100% = EPS growth (after adjustment) 8%
 - (iii) Payment rate = $(X - 1) * 100/7$

Notes: 1. X represents average EPS growth rate for FY2024 – FY2026 after adjustment

2. Upper limit is set as 200% and lower limit 0%.

3. Adjustments: Other income/other expenses are deducted, and tax rates are adjusted.
 2. Relative TSR: 40%
 - (i) The Compensation Committee determined that the relative TSR is appropriate as an indicator for evaluating the corporate value and shareholder value.
 - (ii) The peer group consists of the following 20 companies in Japan, Europe, and the U.S. that are “manufacturers whose business portfolio includes medical devices” or “manufacturers classified in the health care category of the GICS code.”
Abbott Laboratories, Thermo Fisher Scientific Inc., Medtronic plc, Koninklijke Philips N.V., Danaher Corporation, Asahi Kasei Corporation, Becton, Dickinson and Company, Siemens Healthineers AG, Stryker Corporation, Baxter International Inc., Boston Scientific Corporation, Zimmer Biomet Holdings, Inc., Terumo Corporation, Agilent Technologies, Inc., HOYA Corporation, Smith & Nephew plc, Edwards Lifesciences Corporation, Intuitive Surgical, Inc., STERIS plc, Sysmex Corporation
 - (iii) If the company’s TSR rank is above the 75% level, provide a payment rate of 200%; at the 50% level, provide a payment rate of 100%, at the 25% level, provide a payment rate of 50%; and at the level below the 25% level, the payment rate is 0%.
The percentage of the payment (Y), between the rank 50% and 75% level (X) is, $Y = 4*(X-50) + 100$. The percentage of the payment (Y), between the rank 25% and 50% level (X) is, $Y = 2*(X-25) + 50$.
 3. Quality index: 30%
 - (i) The goals for the STI and PSU reward are the medium- to long-term and short-term goals of major initiatives to improve the root causes (vulnerabilities) that may exist with our QARA organizational structure, manufacturing processes, quality management systems and the quality culture of our medical business.
 - (ii) The Compensation Committee and the Quality Assurance and Regulatory Affairs (QA&RA) Committee, which is made up of outside directors, cooperate to determine proper compensation evaluation targets and achievement rates.

4. ESG: 10%

- (i) Indicators for ESG, which is a basis of business management, and is announced to be reinforced in the company strategy, is used as an index.
- (ii) In light of the business characteristics of Olympus, the Dow Jones Sustainability Index (DJSI) is set as an evaluation index for the following reasons.
- It provides comprehensive coverage of overall corporate activities.
 - The breadth of coverage in the evaluation area contrasts with the expectations of a broad range of stakeholders.
 - It is a highly reliable external rating agency and ensures transparency and fairness.
- (iii) DJSI ratings are “World Index (W),” “Asia Pacific Index (AP),” and “Non-Index (Non)” from the top ranks. With the goal of meeting global standards in all areas of E (Environment), S (Society), and G (Governance), the following evaluation table is set with an emphasis on the Index that will be achieved in the third year, in consideration of the results of the first and second years.

1st Year	2nd Year	3rd Year	Payout %
W	W	W	200%
		AP	150%
		Non	50%
	AP	W	200%
		AP	150%
		Non	50%
	Non	W	150%
		AP	100%
		Non	0%
AP	W	W	200%
		AP	150%
		Non	50%
	AP	W	200%
		AP	100%
		Non	50%
	Non	W	150%
		AP	100%
		Non	0%
Non	W	W	200%
		AP	100%
		Non	0%
	AP	W	200%
		AP	100%
		Non	0%
	Non	W	150%
		AP	50%
		Non	0%

(ii) Compensation, etc., for the fiscal year ended March 31, 2023

a. Total amount by type of compensation, etc., by officer classification, and number of officers subject to compensation, etc.

Officer classification		Total amount of compensation, etc. (Millions of yen)	Total amount of compensation, etc., by type (Millions of yen)			Number of subject officers (persons)
			Basic compensation	Performance-linked compensation, etc.	Non-monetary compensation, etc.	
Director	Inside	1,094	531	190	373	3
	Outside	192	151	–	41	11
	Total	1,286	682	190	414	14
Executive Officer		1,122	570	223	329	4

- Notes:
1. Basic compensation includes the amount paid in the fiscal year ended March 31, 2023, and performance-linked compensation, etc., which is a short-term incentive, and non-monetary compensation, etc., which is a long-term incentive, include the amounts recorded as expenses in the fiscal year ended March 31, 2023. Performance-linked stock compensation (PSU: Performance Share Unit) of 387 million yen is only recorded in non-monetary compensation, etc. and is not recorded in performance-linked compensation, etc.
 2. There are two executive officers who double as director in addition to the four executive officers mentioned above, compensation, etc. of the two are included in compensation, etc., for inside directors.
 3. We do not pay performance-linked compensation, etc. to directors who do not double as an executive officer.
 4. The aforementioned outside directors include two outside directors who retired at the close of the General Meeting of Shareholders for the fiscal year ended March 31, 2022 held on June 24, 2022.
 5. One outside director requested to decline his compensation and the Compensation Committee has decided not to pay the compensation to him. However, he is included in the number of outside directors mentioned above.

b. Total amount of compensation, etc. for each officer whose total amount of compensation, etc. is ¥100 million or more.

Name	Officer classification	Total amount of compensation, etc. (Millions of yen)	Total amount of compensation, etc., by type (Millions of yen)		
			Basic compensation	Performance-linked compensation, etc.	Non-monetary compensation, etc.
Yasuo Takeuchi	Director, Executive Officer	381	92	81	209
Stefan Kaufmann	Director, Executive Officer	734	468	109	157
Chikashi Takeda	Executive Officer	123	33	32	58
Nacho Abia	Executive Officer	344	80	99	164
Andre Roggan	Executive Officer	230	117	60	53

- Notes:
1. The “Basic compensation” in the table above includes the amount paid in the fiscal year ended March 31, 2023. “Performance-linked compensation, etc.” includes the amount of short-term incentive compensation with the fiscal year ended March 31, 2023 as the evaluation period, and “Non-monetary compensation, etc.” includes the amount of long-term incentive compensation with the fiscal year ended March 31, 2023 as a part of the evaluation period (subsequent grant-type restricted stock compensation and performance-linked stock compensation), both of which are recorded as expenses

in the fiscal year ended March 31, 2023. Amounts recorded for performance-linked stock compensation are not included in “Performance-linked compensation, etc.”

2. Stefan Kaufmann, Andre Roggan and Nacho Abia have employment contracts with overseas subsidiaries and the “Basic compensation” amount in the above table includes various allowances and welfare benefits provided under such employment contracts for three of them.
3. Stefan Kaufmann and Andre Roggan are executive officers of Olympus Corporation having office for execution in Japan and their principle place of residence is Japan, while belonging to an overseas subsidiary. We make the necessary adjustments to ensure that their tax burden for income taxes is consistent with that of the residents of the belonging country. The amount of taxes, etc. incurred in connection with such treatment is also included in the amount shown under “Basic compensation” in the table above. In addition, unsettled taxes that are temporarily incurred in the relevant country and for which a refund is to be requested (Stefan Kaufmann: 216 million yen, Andre Roggan: 30 million yen) are not included in the compensation in the table above.

- c. Short-term incentive compensation, for which the evaluation period was the fiscal year ended March 31, 2023 (FY2023-STI)

Evaluation indicators and composition ratios for short-term incentive compensation (STI) for the fiscal year ended March 31, 2023 were: Revenue = 30%, Operating profit margin = 40%, and Strategic goals = 30%.

- i. Revenue: 30%

Initially, we set the target of revenue according to the “next term outlook” of the financial statements for the fiscal year ended March 2022, however, pursuant to the decision to transfer the Scientific Solutions business it was confirmed that it will become discontinued operations, the Compensation Committee has made a resolution to define the target to the revenue of continuing operations on March 23, 2023. For achieving 100% of the target, 100% will be paid, and the payment rate will be from a lower limit of 0% and an upper limit of 200%. If Revenue (X) exceeds the target, for the payment rate of between 100% and 110% payment, it is calculated as $\text{Payment rate} = 100 + (X - 8,300) * 10/162$, and for the payment rate between 110% and 200% payment, it is calculated as $\text{Payment rate} = 110 + (X - 8,462) * 90/337$. If Revenue (X) is below the target, the payment rate between 50% and 100% payment is calculated as $\text{Payment rate} = 50 + (X - 7,981) * 50/319$.

- ii. Operating profit margin: 40%

We set the target of operating profit margin according to the “next term outlook” of the financial statements for the fiscal year ended March 2022, however, the Compensation Committee has made a resolution to define the target to the operating margin after adjustment of continuing operations on March 23, 2023. For achieving 100% of the target, 100% will be paid, and the payment rate will be from a lower limit of 0% to an upper limit of 200%. If Operating profit margin (Y) exceeds the target, for the payment rate of between 100% and 110% payment, it is calculated as $\text{Payment rate} = 100 + (Y - 21.4) * 10/1.9$, and for the payment rate between 110% and 200% payment, it is calculated as $\text{Payment rate} = 110 + (Y - 23.3) * 90/0.2$. If Operating profit margin (Y) is below the target, the payment rate between 50% and 100% payment is calculated as $\text{Payment rate} = 50 + (Y - 20.1) * 50/1.3$; if Operating profit margin is less than 20.1%, the payment rate is 0%.

- iii. Strategic goals: 30%

Matters related to the following “Materiality Topics to be Addressed Company-Wide” were determined for the fiscal year ended March 31, 2023, and were presented at the financial results briefing for the fiscal year ended March 31, 2022 that was held on May 11, 2022, which were then set as common goals for all executive officers. Payment rate with a lower limit of 0% to an upper limit of 200% was determined according to the achievement degree for each target.

- Focus on diseases on which we can have a market leading impact
- Shape the future by investing in new ways to elevate the standard of care
- Enable our organization to better execute globally and at a pace

The targets and actual values of the respective performance evaluation indices are as follows.

Short-term incentive compensation (STI)		Target value	Actual value	Achievement rate	Payment rate
Performance evaluation index	Revenue (30%)	¥830.0 billion	¥832.8 billion	101.8%	30.54%
	Operating profit margin (40%)	21.4%	20.0%	93.5%	0%
	Strategic goals (30%)	–	–	99.1%	29.73%

- Notes:
1. Revenue: The exchange rate used for the earnings forecasts for the fiscal year ended March 31, 2023 is applied to make a foreign exchange adjustment.
 2. Operating profit margin: Calculated using operating profit after adjustment by deducting other income and expenses.

As a result of the above, the consolidated payment rate of each performance index was 60.3%. In addition, the payment amount was determined by multiplying this payment rate by the standard amount of short-term incentive compensation (STI).

- d. Long-term incentive compensation (FY2021-PSU), for which the fiscal year ended March 31, 2023 was set as the final year of the evaluation period

The target period was the three years from the fiscal year ended March 31, 2021 to the fiscal year ended March 31, 2023, with (1) operating profit margin, (2) ROIC, (3) EPS growth rate, (4) relative TSR, and (5) ESG set as performance indicators. The purpose was to stimulate the motivation to achieve the management strategy goals that were announced in November 2019 and to provide rewards for the results. Transfer of the Imaging business was completed during this period, and the transfer of the Scientific Solution business was completed on April 3, 2023. Therefore, the Compensation Committee decided to evaluate the results of continuing business operations by excluding these areas.

The following tables summarizes the weight for each of the indicator, target values for 100% payment, results, and the payment rates based thereon.

Performance evaluation index	Weight	Target (100% payment)	Actual result	Payment rate	Payment rate
i) Operating profit margin	40%	20%	20.0%	100%	129%
ii) ROIC	15%	20%	18.4%	80%	
iii) EPS growth rate	15%	25% (CGAR)	35.8%	200%	
iv) Relative TSR	20%	50%ile (Peer group)	58.8%ile	135.2%	
v) ESG	10%	DJSI-index	World	200%	

- Notes:
1. Operating profit margin, ROIC, and EPS growth rate are adjusted results after other income and expenses have been deducted.
 2. (Operating profit margin payment rate %) = 50 * (Operating profit margin result) - 900
 3. (ROIC payment rate %) = (100 * (ROIC result) - 1200) * 1/8
 4. (EPS growth rate payment rate %) = (100 * EPS growth rate result) - 1800) / 7
 5. (Relative TSR payment rate %) = 4 * (Relative TSR result %ile) - 100

6. ESG payment rate: Determined from the DJSI-index for each fiscal year during the evaluation period. The following shows the results for each year of DJSI-index, and the payment rate was 200%.
 FY2021 = Asia Pacific, FY2022 = World, FY2023 = World

The resulting payment rate was 129%, and the number of shares to be vested was calculated by multiplying this payment rate by the number of PSU units that have been granted to each executive officer.

- e. Stock compensation with units granted for the fiscal year ended March 31, 2023

Stock compensations with units granted for the fiscal year ended March 31, 2023, were as follows.

Type	Name	Eligible person	Date of granting unit	Total number of units granted
Subsequent grant-type restricted stock compensation	FY2023-RSU	Non-executive Directors	June 24, 2022	20,142
		Executive Officers	April 1, 2022	209,304
Performance-linked stock compensation	FY2023-PSU	Executive Officers	April 1, 2022	313,960

(iii) Compensation Committee

The Compensation Committee determined the details of compensations, etc. for the fiscal year ended March 31, 2023 after discussing matters concerning the determination of compensations, etc., including the consistency of the policy to determine compensations, etc., of directors and executive officers on an individual basis with how the details and amounts of compensations, etc., are determined, and the rationality of the process of deriving the details and amounts of compensations, etc., by applying numerical values and other relevant factors to the way they are determined, and the Compensation Committee has decided that this is in accordance with said policy for determination.

The members of the Compensation Committee are as follows.

- From April 2022 to the General Meeting of Shareholders in June 2022

Chairperson: Susumu Kaminaga (Independent Outside Director)

Member: Tetsuo Iwamura (Independent Outside Director)

Member: Jimmy C. Beasley (Independent Outside Director)

- After the General Meeting of Shareholders in June 2022

Chairperson: Tetsuo Iwamura (Independent Outside Director)

Member: Jimmy C. Beasley (Independent Outside Director)

Member: Yasushi Shingai (Independent Outside Director)

Member: Gary John Pruden (Independent Outside Director)

Matters on which the Compensation Committee decides or deliberates are as follows.

- Policy for determining individual compensation for directors and executive officers
- Type of compensation to be paid to each position of director and executive officer, the composition ratio of each type of compensation, and performance-linked compensation indicators
- Content of individual compensation, etc. for directors and executive officers

- Individual amount of fixed compensation, individual calculation method of variable compensation, and individual content of non-monetary compensation
- Matters concerning the compensation regulations for directors and executive officers
- In addition to the above, matters concerning the compensation of directors and executive officers consulted by the Board of Directors and matters deemed necessary by the Committee

The activities of the Compensation Committee in the fiscal year ended March 31, 2023 concerning the process of determining the amounts of compensations, etc. of officers are as follows.

- The Compensation Committee met 11 times, for a total of 20 hours.
- One Committee member was absent from one meeting and all the other meetings were attended by all Committee members.
- The Compensation Committee retained “Pay Governance,” an international independent compensation consultant, to provide objective and professional advice and information on compensation for directors and executive officers, and to support investigations. They attended 9 of 11 meetings held from April 2022 to March 2023.

The itemized contents of the Compensation Committee activities in the fiscal year ended March 31, 2023 are as listed in the following table.

	Date of meeting	Agenda
34th	April 27, 2022	1. Report on FY2022-STI Results Review and determination of payment amount (discussion) 2. FY2023-LTI (resolution) 3. FY2023-LTI RSU and PSU grant units (resolution)
35th	May 17, 2022	1. 19 PSU result review and determination of payment amount and number of payment units (resolution) 2. FY2022-STI Results Review and determination of payment amount (resolution)
36th	May 19, 2022	1. FY2023-STI (resolution)
37th	June 10, 2022	1. Report on descriptions of the Annual Securities Report (discussion)
38th	June 24, 2022	1. Release of Restricted Stock Compensation Restriction (19RS) (resolution) 2. Vesting of Stock Compensation (FY2021-RSU) for retired executive officers (resolution) 3. Vesting of Stock Compensation (RSU) for retired directors and a non-resident director in Japan (resolution) 4. Monthly individual compensation and determination of the number of units for stock compensation for directors (resolution) 5. Amendment of regulations (resolution)
39th	September 15, 2022	1. FY2023 Compensation Committee deliberation schedule and discussion points (discussion) 2. Latest Trends in Executive Compensation in the United States (discussion) 3. FY2023 Corporate officers / Senior positions compensation (discussion)
40th	October 19, 2022	1. Compensation for Newly Appointed executive officers in FY2024 (resolution) 2. Compensation for executive officers in FY2024 (discussion)
41st	November 10, 2022	1. Report on compensation for directors in FY2024 (discussion) 2. Report on compensation for executive officers in FY2024 (discussion) 3. Vesting of RSUs for retiring executive officers (resolution) 4. Change in vesting timing of RSU for retired executive officers (resolution)
42nd	December 15, 2022	1. Revision of Executive Officer Long-Term Incentive Compensation Regulations (resolution) 2. Report on compensation for directors in FY2024 (discussion) 3. Report on compensation for executive officers in FY2024 (discussion)
43rd	February 9, 2023	1. Report on compensation for directors in FY2024 (discussion) 2. Report on compensation for executive officers in FY2024 (discussion)
44th	March 23, 2023	1. Proposal for compensation for directors in FY2024 (resolution) 2. Proposal for compensation for executive officers in FY2024 (resolution)

	Date of meeting	Agenda
		3. FY2023-STI and FY2021-PSU Evaluation Target (resolution)

Notes: FY2022: Fiscal Year Ended March 31, 2022
FY2023: Fiscal Year Ended March 31, 2023
FY2024: Fiscal Year Ending March 31, 2024
19PSU: Long-term incentive compensation covering the period from the fiscal year ended March 31, 2020 to the fiscal year ended March 31, 2022
FY2021-PSU: Long-term incentive compensation covering the period from the fiscal year ended March 31, 2021 to the fiscal year ended March 31, 2023
FY2022-STI: Short-term incentive compensation for the fiscal year ended March 31, 2022
FY2023-STI: Short-term incentive compensation for the fiscal year ended March 31, 2023
FY2022-LTI: Long-term incentive compensation covering the period from the fiscal year ended March 31, 2022 to the fiscal year ending March 31, 2024
FY2023-LTI: Long-term incentive compensation covering the period from the fiscal year ended March 31, 2023 to the fiscal year ending March 31, 2025

(5) Shareholdings

(i) Criteria for and Approach to Investment Shares

With regard to the classification of investment shares held for pure investment purposes and investment shares held for purposes other than pure investment, Olympus Corporation defines “pure investment purposes” as the purpose of exclusively benefiting from changes in the value of shares or dividends pertaining to the shares. However, in accordance with internal rules, the investment of surplus funds is limited to methods that guarantee the principal or ensure equivalent safety, and Olympus Corporation does not engage in risky investment management. “Purposes other than pure investment” is defined as the purpose of holding to contribute to the improvement of the medium- to long-term corporate value in the Olympus Group’s business operations.

(ii) Investment Shares Held for Purposes Other than Pure Investment

a. Policy of shareholding, method for verifying the rationality of shareholding, and details of verification of the suitability of holding individual issues by the Board of Directors, etc.

Olympus Corporation holds listed shares that we believe will contribute to the enhancement of the Olympus Group’s medium- to long-term corporate value after examining their medium- to long-term economic rationality and future prospects. Each year, the Board of Directors reviews the appropriateness of holding individual cross-shareholdings (shares held for purposes other than pure investment), taking into consideration the purpose of holding and the benefits and risks associated with holding, and is successively reducing the number of shares that are deemed unsuitable for holding. With respect to cross-shareholdings, in order to exercise our rights as shareholders, Olympus Corporation exercises voting rights for all proposals, and we make appropriate decisions for or against each proposal, taking into consideration the management situation of the company in question from the perspective of improving the medium- to long-term corporate value of the company whose shares we hold.

During the current fiscal year, Olympus Corporation sold two issues of shares after examining the significance of its holdings. In addition, one issue of shares was transferred to Evident Corporation.

b. Number of issues and carrying amount

	Number of issues (Issue)	Total carrying amount on balance sheet (Millions of yen)
Unlisted shares	7	64
Shares other than unlisted shares	1	470

(Issues whose number of shares increased during the current fiscal year)

	Number of issues (Issue)	Total acquisition cost for the shares increased (Millions of yen)	Reason for increase in number of shares
Unlisted shares	–	–	–
Shares other than unlisted shares	–	–	–

(Issues whose number of shares decreased during the current fiscal year)

	Number of issues (Issue)	Total selling price for the shares decreased (Millions of yen)
Unlisted shares	1	0
Shares other than unlisted shares	1	932

Note: In addition to the table above, there is another issue (1 unlisted shares) that was succeeded by Evident Corporation.

c. Information on number of shares, amount on balance sheet, etc., of specified investment shares and deemed investment shares by issuers

Specified investment shares

Issuer	Current fiscal year	Previous fiscal year	Purpose of holding, quantitative effect of holding, and reasons for increase in number of shares	Shareholding in Olympus Corporation
	Number of shares (Shares)	Number of shares (Shares)		
	Amount on balance sheet (Millions of yen)	Amount on balance sheet (Millions of yen)		
OHARA INC.	400,000	400,000	We hold the company's shares to maintain and strengthen a smooth business relationship in our medical business. The company is our supply partner for optical glass used in our medical endoscopes, and we are collaborating to build a strong supply chain.	None
	470	508		
Ushio Inc.	–	560,575	Although we had been holding the company's shares to maintain and strengthen a smooth business relationship in our medical business and Scientific Solutions Business, we sold its shares upon verifying the rationality of shareholding in the current fiscal year.	Yes
	–	1,024		

Note: “–” indicates that Olympus Corporation does not hold any of this issue.

Deemed investment shares

Not applicable.

- (iii) Investment Shares Held for Pure Investment
Not applicable.

V. Financial Information

1. Basis of preparation of consolidated financial statements and non-consolidated financial statements

- (1) Since the consolidated financial statements of Olympus Corporation satisfy the requirements for a “Specified Company of Designated International Accounting Standards” set forth in Article 1-2 of the “Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” (Ordinance of the Ministry of Finance No. 28 of 1976; hereinafter “Regulation on Consolidated Financial Statements”), they have been prepared in accordance with the International Financial Reporting Standards (hereinafter “IFRS”), as prescribed in provisions of Article 93 of the same Ordinance.
- (2) The non-consolidated financial statements of Olympus Corporation have been prepared in accordance with the “Regulation on Terminology, Forms, and Preparation Methods of Financial Statements” (Ordinance of the Ministry of Finance No. 59 of 1963; hereinafter “Regulations on Financial Statements”). Olympus Corporation falls under a special company submitting financial statements, and prepares the non-consolidated financial statements in accordance with the provision of Article 127 of the Regulation on Financial Statements.

2. Audit certification

In accordance with the provision of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, the consolidated financial statements and non-consolidated financial statements of Olympus Corporation for the fiscal year ended March 31, 2023 were audited by Ernst & Young ShinNihon LLC.

3. Special efforts to ensure appropriateness of its consolidated financial statements and maintenance of the system to prepare the consolidated financial statements properly in accordance with IFRS

Olympus Corporation takes special efforts to secure appropriateness of its consolidated financial statements and maintains a system to prepare the consolidated financial statements properly in accordance with IFRS. The details of such efforts and system are as follows:

- (1) In order to ensure that Olympus Corporation properly understands the contents of accounting standards, etc. and accurately respond to their amendment, we collect information from the Financial Accounting Standards Foundation, etc. to ensure appropriateness.
- (2) With respect to the application of IFRS, Olympus Corporation obtains and keeps abreast of the latest standards by obtaining press releases and standards issued by the International Accounting Standards Board. In addition, in order to prepare the proper consolidated financial statements, etc., in accordance with IFRS, the Olympus Group accounting policies and practical guidelines are established in accordance with IFRS, and we follow accounting procedures based on these policies and guidelines.

1. Consolidated Financial Statements and Other Notes

(1) Consolidated Financial Statements

(i) Consolidated Statement of Financial Position
Olympus Corporation and Consolidated Subsidiaries
As of March 31, 2023

(Millions of yen)

	Notes	2022	2023
ASSETS			
Current assets			
Cash and cash equivalents	7,35	302,572	169,329
Trade and other receivables	8,35	178,428	174,672
Other financial assets	10,35	10,269	11,360
Inventories	9	167,368	162,994
Income taxes receivable		3,718	15,960
Other current assets	11	27,565	22,421
Subtotal		689,920	556,736
Assets held for sale	12	4,685	169,621
Total current assets		694,605	726,357
Non-current assets			
Property, plant and equipment	13	247,112	238,731
Goodwill	14	164,498	182,505
Intangible assets	14	120,361	115,183
Retirement benefit asset	23	25,975	27,028
Investments accounted for using equity method		1,514	1,010
Trade and other receivables	8,35	27,857	36,980
Other financial assets	10,35	16,152	21,476
Deferred tax assets	37	57,783	156,543
Other non-current assets	11	2,142	2,495
Total non-current assets		663,394	781,951
Total assets		1,357,999	1,508,308

(Millions of yen)

	Notes	2022	2023
LIABILITIES AND EQUITY			
Liabilities			
Current liabilities			
Trade and other payables	17,35	60,547	62,919
Bonds and borrowings	18,35	52,281	49,970
Other financial liabilities	19,35	26,015	23,235
Income taxes payable		34,353	99,567
Provisions	20	22,114	19,111
Other current liabilities	21	180,941	163,837
Subtotal		376,251	418,639
Liabilities directly associated with assets held for sale	12	–	43,253
Total current liabilities		376,251	461,892
Non-current liabilities			
Bonds and borrowings	18,35	333,846	290,087
Other financial liabilities	19,35	64,600	61,668
Retirement benefit liability	23	40,001	20,416
Provisions	20	2,783	2,912
Deferred tax liabilities	37	13,087	11,905
Other non-current liabilities	21	16,069	18,194
Total non-current liabilities		470,386	405,182
Total liabilities		846,637	867,074
Equity			
Share capital	24	124,643	124,643
Capital surplus	24	91,239	92,150
Treasury shares	24	(45,589)	(28,086)
Other components of equity	24	34,818	77,280
Other components of equity related to disposal group held for sale	24	–	3,034
Retained earnings	24	305,057	371,064
Total equity attributable to owners of parent		510,168	640,085
Non-controlling interests		1,194	1,149
Total equity		511,362	641,234
Total liabilities and equity		1,357,999	1,508,308

(ii) Consolidated Statement of Profit or Loss
Olympus Corporation and Consolidated Subsidiaries
For the fiscal year ended March 31, 2023

(Millions of yen)

	Notes	2022	2023
Continuing operations			
Revenue	6,28	750,123	881,923
Cost of sales	9,13 14,23	243,423	285,074
Gross profit		506,700	596,849
Selling, general and administrative expenses	13,14 23,29	357,510	420,547
Share of profit (loss) of investments accounted for using equity method	6	1,492	491
Other income	30	13,661	23,706
Other expenses	16,30	18,155	13,890
Operating profit	6	146,188	186,609
Finance income	31	1,351	3,860
Finance costs	31	5,838	8,175
Profit before tax		141,701	182,294
Income taxes	37	31,074	44,304
Profit from continuing operations		110,627	137,990
Discontinued operation			
Profit from discontinued operation	41	5,343	5,623
Profit		115,970	143,613
Profit attributable to:			
Owners of parent		115,742	143,432
Non-controlling interests		228	181
Profit		115,970	143,613
Earnings per share			
Basic earnings per share			
Continuing operations	32	86.05	108.78
Discontinued operation	32	4.17	4.44
Basic earnings per share	32	90.22	113.22
Diluted earnings per share			
Continuing operations	32	86.01	108.65
Discontinued operation	32	4.16	4.43
Diluted earnings per share	32	90.17	113.08

(iii) Consolidated Statement of Comprehensive Income
Olympus Corporation and Consolidated Subsidiaries
For the fiscal year ended March 31, 2023

(Millions of yen)

	Notes	2022	2023
Profit		115,970	143,613
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Financial assets measured at fair value through other comprehensive income	33	(686)	(84)
Remeasurements of defined benefit plans	33	5,312	7,320
Total of items that will not be reclassified to profit or loss	33	4,626	7,236
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	33	42,407	47,093
Cash flow hedges	33	(2,154)	(1,280)
Share of other comprehensive income of associates accounted for using equity method	33	152	–
Total of items that may be reclassified to profit or loss	33	40,405	45,813
Total other comprehensive income		45,031	53,049
Comprehensive income		161,001	196,662
Comprehensive income attributable to:			
Owners of parent		160,773	196,481
Non-controlling interests		228	181
Comprehensive income		161,001	196,662

(iv) Consolidated Statement of Changes in Equity
Olympus Corporation and Consolidated Subsidiaries

For the fiscal year ended March 31, 2022

(Millions of yen)

	Notes	Equity attributable to owners of parent						Total	Non-controlling interests	Total equity
		Share capital	Capital surplus	Treasury shares	Other components of equity	Other components of equity related to disposal group held for sale	Retained earnings			
Balance at April 1, 2021		124,643	90,835	(98,048)	(1,347)	–	278,243	394,326	1,154	395,480
Profit							115,742	115,742	228	115,970
Other comprehensive income					45,031			45,031		45,031
Comprehensive income		–	–	–	45,031	–	115,742	160,773	228	161,001
Share repurchase	24			(30,001)				(30,001)		(30,001)
Disposal of treasury shares	24		(111)	115				4		4
Cancellation of treasury shares	24		(82,340)	82,340				–		–
Dividends from surplus	26						(15,428)	(15,428)	(188)	(15,616)
Transfer from retained earnings to capital surplus			82,366				(82,366)	–		–
Transfer from other components of equity to retained earnings					(8,866)	8,866		–		–
Share-based payment transactions	27		489	5				494		494
Transfer to other components of equity related to disposal group held for sale								–		–
Total transactions with owners		–	404	52,459	(8,866)	–	(88,928)	(44,931)	(188)	(45,119)
Balance at March 31, 2022		124,643	91,239	(45,589)	34,818	–	305,057	510,168	1,194	511,362

For the fiscal year ended March 31, 2023

(Millions of yen)

	Notes	Equity attributable to owners of parent							Non-controlling interests	Total equity
		Share capital	Capital surplus	Treasury shares	Other components of equity	Other components of equity related to disposal group held for sale	Retained earnings	Total		
Balance at April 1, 2022		124,643	91,239	(45,589)	34,818	–	305,057	510,168	1,194	511,362
Profit							143,432	143,432	181	143,613
Other comprehensive income					53,049			53,049		53,049
Comprehensive income		–	–	–	53,049	–	143,432	196,481	181	196,662
Share repurchase	24			(50,003)				(50,003)		(50,003)
Disposal of treasury shares	24		(254)	254				0		0
Cancellation of treasury shares	24		(67,087)	67,087				–		–
Dividends from surplus	26						(17,822)	(17,822)	(226)	(18,048)
Transfer from retained earnings to capital surplus			67,156				(67,156)	–		–
Transfer from other components of equity to retained earnings					(7,553)	7,553		–		–
Share-based payment transactions	27		1,096	165				1,261		1,261
Transfer to other components of equity related to disposal group held for sale					(3,034)	3,034		–		–
Total transactions with owners		–	911	17,503	(10,587)	3,034	(77,425)	(66,564)	(226)	(66,790)
Balance at March 31, 2023		124,643	92,150	(28,086)	77,280	3,034	371,064	640,085	1,149	641,234

Note: Details of Share capital, Capital surplus, Retained earnings, Treasury shares and Other components of equity are described in Note “24. Share Capital and Other Components of Equity.”

(v) Consolidated Statement of Cash Flows
Olympus Corporation and Consolidated Subsidiaries
For the fiscal year ended March 31, 2023

(Millions of yen)

	Notes	2022	2023
Cash flows from operating activities			
Profit before tax		141,701	182,294
Profit before tax from discontinued operation	41	8,172	7,413
Depreciation and amortization		64,615	66,741
Loss (gain) on step acquisition	30,40	(2,826)	–
Impairment losses	16	3,396	2,498
Interest and dividend income		(1,184)	(3,971)
Interest expenses		4,865	6,037
Loss (gain) on sale and retirement of fixed assets	30	(972)	(15,757)
Share of loss (profit) of investments accounted for using equity method		(1,492)	(491)
Decrease (increase) in trade and other receivables		(10,981)	(27,013)
Decrease (increase) in inventories		(2,097)	(26,852)
Increase (decrease) in trade and other payables		(8,827)	8,770
Increase (decrease) in retirement benefit liability		181	(14,099)
Decrease (increase) in retirement benefit asset		328	952
Increase (decrease) in provisions		(15,372)	(3,555)
Other		2,488	14,507
Subtotal		181,995	197,474
Interest received		1,017	3,933
Dividends received		167	38
Interest paid		(4,286)	(5,388)
Income taxes paid		(9,164)	(97,567)
Net cash provided by operating activities		169,729	98,490

(Millions of yen)

	Notes	2022	2023
Cash flows from investing activities			
Payments into time deposits		(1)	(2,136)
Purchase of property, plant and equipment		(41,688)	(47,570)
Proceeds from sale of property, plant and equipment		4,485	20,460
Purchase of intangible assets		(20,083)	(23,053)
Purchase of investment securities		(1,977)	(3,705)
Proceeds from sale and redemption of investments		8,282	933
Payments for acquisition of subsidiaries	34,40	(21,837)	(3,859)
Proceeds from sale of subsidiaries	34	724	–
Other		1,079	516
Net cash used in investing activities		(71,016)	(58,414)
Cash flows from financing activities			
Increase (decrease) in short-term borrowings and commercial papers	34	(5,454)	(67)
Repayments of lease liabilities	34	(17,691)	(20,914)
Repayments of long-term borrowings	34	(26,246)	(13,547)
Dividends paid	26	(15,428)	(17,822)
Dividends paid to non-controlling interests		(188)	(226)
Proceeds from issuance of bonds	18,34	56,143	–
Redemption of bonds	18,34	–	(40,000)
Payments for share repurchase		(30,001)	(50,003)
Other		(1,802)	(599)
Net cash used in financing activities		(40,667)	(143,178)
Effect of exchange rate changes on cash and cash equivalents		27,048	6,042
Net increase (decrease) in cash and cash equivalents		85,094	(97,060)
Cash and cash equivalents at beginning of period		217,478	302,572
Cash and cash equivalents at end of period	7	302,572	205,512

Notes to the Consolidated Financial Statements
Olympus Corporation and Consolidated Subsidiaries

1. Reporting Entity

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

The Olympus Group is principally engaged in the manufacturing and sales of endoscopic, therapeutic and scientific, and other products. In the second quarter of the fiscal year ended March 31, 2023, following the classification of the Scientific Solutions Business as a discontinued operation, the reportable segments have been changed. Details of each business are as described in Note "6. Business segments."

2. Basis of Preparation

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

The consolidated financial statements of the Olympus Group have been prepared in accordance with IFRS issued by the International Accounting Standards Board. Since the requirements for a "Specified Company of Designated International Accounting Standards" set forth in Article 1-2 of the "Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" are satisfied, Olympus Corporation adopts the provisions of Article 93 of the same Regulation.

The Japanese language consolidated financial statements for the fiscal year ended March 31, 2023 were approved by Stefan Kaufmann, Director, Representative Executive Officer, President and CEO, and Chikashi Takeda, Executive Officer CFO, on June 20, 2023.

(2) Basis of Measurement

The Olympus Group's consolidated financial statements have been prepared on a historical cost basis, except for certain items, such as financial instruments measured at fair value as described in Note "3. Significant Accounting Policies."

(3) Functional currency and presentation currency

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

(4) Changes in presentation

(Changes due to classifying the Scientific Solutions Business as a discontinued operation)

In the second quarter ended September 30, 2022, Olympus Corporation concluded a share transfer agreement related to the transfer of the Scientific Solutions Business of the Olympus Group with K.K. BCJ-66, a special purpose company indirectly owned by funds advised by Bain Capital.

Due to this, the Scientific Solutions Business has been classified as a discontinued operation from the second quarter ended September 30, 2022. As a result, a portion of the Consolidated Statement of Profit or Loss, Consolidated Statement of Cash Flows and significant note thereto for the fiscal year ended March 31, 2022 have been reclassified in line with the presentation style for the fiscal year ended March 31, 2023.

(Consolidated Statement of Cash Flows)

(Cash flows from operating activities)

"Loss (gain) on sale and retirement of fixed assets," which had previously been included in "Other" of "Cash flows from operating activities" for the fiscal year ended March 31, 2022, increased in

significance, and it has been presented independently from the fiscal year ended March 31, 2023. To reflect this change in the presentation, the Consolidated Financial Statements for the fiscal year ended March 31, 2022 have been reorganized.

As a result, in the Consolidated Statement of Cash Flows for the fiscal year ended March 31, 2022, ¥1,516 million presented as “Other” in “Cash flows from operating activities” was reorganized into “Loss (gain) on sale and retirement of fixed assets” of ¥(972) million and “Other” of ¥2,488 million.

(Cash flows from investing activities)

“Purchase of investment securities,” which had previously been included in “Other” of “Cash flows from investing activities” for the fiscal year ended March 31, 2022, increased in significance, and it has been presented independently from the fiscal year ended March 31, 2023. Furthermore, as “Payments for loans receivable” and “Collection of loans receivable,” which had previously been presented independently, decreased in significance, and they have been included in “Other” from the fiscal year ended March 31, 2023. To reflect these changes in presentation, the Consolidated Financial Statements for the fiscal year ended March 31, 2022 have been reorganized.

As a result, the ¥(2,040) million which had previously been included in “Other” of “Cash flows from investing activities” has been presented independently as ¥(1,977) million in “Purchase of investment securities,” and the ¥(129) million in “Payments for loans receivable” and ¥1,271 million in “Collection of loans receivable” have been reorganized into “Other,” resulting in a reorganization of ¥1,079 million.

3. Significant Accounting Policies

(1) Basis of consolidation

(i) Subsidiaries

A subsidiary is an entity that is controlled by the Olympus Group. The Olympus Group considers that it has control over an entity when it is exposed or has rights, to variable returns arising from its involvement with the entity, while having the ability to affect those returns through the exercise of its power over the entity. Financial statements of a subsidiary are consolidated from the date on which the Olympus Group obtains control over such subsidiary, until the date on which the control is lost.

All intergroup balances, transactions, unrealized profit or loss arising from intergroup transactions are eliminated on consolidation.

Comprehensive income of the subsidiaries is attributed to the owners of parent and to the noncontrolling interests even if this results in the non-controlling interests having a deficit balance.

Changes in Olympus Corporation’s ownership interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. Any difference between the adjustment to the noncontrolling interests and the fair value of the consideration is recognized directly in equity attributable to owners of parent.

If the Olympus Group loses control over a subsidiary, any resulting gains or losses shall be recognized in profit or loss.

(ii) Associates

An associate is an entity over which the Olympus Group has significant influence on its financial and operating policies but does not have control or joint control. Investments in associates are accounted for by the equity method from the date the Olympus Group gains significant influence until the date it loses that influence.

Investments in associates include goodwill recognized on acquisition.

(2) Business combinations

Business combinations are accounted for by using the acquisition method.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which a business combination occurs, the items for which the accounting treatment is incomplete are measured at provisional amounts, and adjustments to the provisional amounts are finalized during the measurement period within one year from the acquisition date.

Consideration for an acquisition is measured at the sum of the acquisition-date fair value of the assets transferred, liabilities assumed, and equity instruments issued by the Olympus Group in exchange for the control over the acquiree. Consideration for an acquisition includes contingent consideration. If consideration for an acquisition exceeds the fair value of identifiable assets and liabilities, such excess is recognized as goodwill in the consolidated statement of financial position. If, conversely, the consideration is less than the fair value, the difference shall be directly recognized in profit or loss in the consolidated statement of profit or loss. In addition, acquisition-related costs incurred shall be recognized in profit or loss.

For a business combination that is achieved in stages, interest in the acquiree that was previously held by the Olympus Group is remeasured at fair value at the date of acquisition of control, and the resulting gains or losses are recognized in profit or loss.

(3) Foreign currency translations

(i) Foreign currency transactions

Foreign currency transactions are translated into the functional currency of each Group company using the exchange rate at the transaction date or an exchange rate that approximates it. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated into functional currencies using the exchange rate at the end of the reporting period. Nonmonetary assets and liabilities denominated in foreign currencies measured at fair value are translated into functional currencies using the exchange rate at the date when such fair value was measured. Translation differences arising from translations and settlements are recognized in profit or loss for the period; provided, however, that translation differences arising from financial assets measured at fair value through other comprehensive income are recognized in other comprehensive income.

(ii) Financial statements of foreign operations

Assets and liabilities of foreign operations are translated into Japanese yen using the exchange rates at the end of the reporting period. Income and expenses are translated into Japanese yen using the average exchange rates for the fiscal year unless exchange rates significantly fluctuate during the period. Exchange differences on translation of foreign operations are recognized in other comprehensive income. Such translation differences of foreign operations are recognized in profit or loss for the period in which the foreign operations concerned are disposed of.

(4) Financial instruments

(i) Financial assets

(i) Initial recognition and measurement

The Olympus Group initially recognizes trade and other receivables on the date when they are incurred, and other financial assets at the transaction date when the Olympus Group becomes a party to the contract for the financial assets. At the initial recognition, financial assets are measured at fair value plus transaction costs, except for those measured at fair value through profit or loss.

(ii) Classification and subsequent measurement

The Olympus Group classifies the financial assets at initial recognition as financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income or financial assets measured at fair value through profit or loss.

(Financial assets measured at amortized cost)

Financial assets are classified into financial assets measured at amortized cost, on the condition that they meet both of the following criteria:

- Financial assets are held based on the business model to hold financial assets for the purpose of collecting contractual cash flows
- Contractual terms associated with financial assets give rise to cash flows on specified dates, consisting only of payment of the principal and interest on the principal balance

Financial assets measured at amortized cost are measured at amortized cost using the effective interest method subsequent to the initial recognition.

(Financial assets measured at fair value through other comprehensive income)

Equity instruments such as shares held mainly for the purpose of maintaining or strengthening business relationships with investees are designated at initial recognition as financial assets measured at fair value through other comprehensive income.

Any change in fair value of equity financial assets measured at fair value through other comprehensive income is recognized in other comprehensive income subsequent to the initial recognition. If such assets are derecognized or the fair value decreases significantly, accumulated other comprehensive income is directly transferred to retained earnings.

Dividends from such financial assets are recognized in profit or loss.

(Financial assets measured at fair value through profit or loss)

Financial assets other than above are classified as financial assets measured at fair value through profit or loss.

Changes in fair value of financial assets measured at fair value through profit or loss are recognized in profit or loss subsequent to the initial recognition.

(iii) Impairment of financial assets

For financial assets measured at amortized cost, the Olympus Group recognizes allowance for doubtful accounts for expected credit losses.

The Olympus Group evaluates at the end of each reporting period whether there is a significant increase in credit risk of financial assets since initial recognition. When there is no significant increase in the credit risk since initial recognition, the amount equal to expected credit losses for 12 months are recognized as allowance for doubtful accounts. When there is a significant increase in credit risk since initial recognition, the amount equal to expected credit losses for the remaining life of the financial assets are recognized as allowance for doubtful accounts.

For trade receivables, contract assets and lease receivables, allowance for doubtful accounts are always recognized at the amount equal to expected credit losses for the remaining life of the assets.

With regard to financial assets on which impairment losses were previously recognized, when the amount of impairment losses decreased due to any event that occurred after the initial recognition of the impairment losses, the previously recognized impairment losses are reversed and recognized in profit or loss.

(iv) Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to receive the cash flows from the financial asset are assigned and substantially all the risks and rewards of ownership are transferred.

(ii) Financial liabilities

(i) Initial recognition and measurement

The Olympus Group initially recognizes financial liabilities at the transaction date when the Olympus Group becomes a party to the contract for the financial liabilities. All financial liabilities are measured at fair value at initial recognition, whereas financial liabilities measured at amortized cost are measured at the amount less directly attributable transaction costs.

(ii) Classification and subsequent measurement

Financial liabilities are classified into financial liabilities measured at fair value through profit or loss or financial liabilities measured at amortized cost at initial recognition.

Changes in fair value of financial liabilities measured at fair value through profit or loss are recognized in profit or loss subsequent to the initial recognition.

Financial liabilities measured at amortized cost are measured at amortized cost subsequent to the initial recognition, by using the effective interest method. Amortization by the effective interest method, as well as gains and losses associated with derecognition shall be recognized in profit or loss.

(iii) Derecognition

The Olympus Group derecognizes a financial liability when it is extinguished, namely when the obligation specified in the contract is discharged, cancelled or expires.

(iii) Offsetting financial instruments

Financial assets and liabilities are offset, with the net amount presented in the consolidated statement of financial position, only if the Olympus Group holds a legal right to offset the recognized amounts, and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

(iv) Derivatives and hedge accounting

The Olympus Group uses derivatives such as forward exchange contracts, interest rate swaps and interest rate currency swap contracts, as hedging instruments against foreign exchange risk and interest rate risk. These derivatives are classified as financial assets measured at fair value through profit or loss and financial liabilities measured at fair value through profit or loss. Derivatives that meet criteria for hedge accounting are designated as hedging instruments, and hedge accounting is applied.

For the application of hedge accounting, the Olympus Group officially makes designation and prepares documentation at the inception of the hedge, regarding the hedging relationship as well as the risk management objectives and strategies. Such documentation contains hedging instruments, hedged items, the nature of the risks to be hedged and the method for evaluating the hedging effectiveness. The Olympus Group continually evaluates whether the hedging relationship is effective prospectively.

The Olympus Group applies cash flow hedges to interest rate-related and interest rate currency related derivative transactions that meet the criteria for hedge accounting.

Of changes in fair value associated with hedging instruments in cash flow hedges, the effective portion is recognized in other comprehensive income, and recognized in other components of equity until the hedged transaction is executed and recognized in profit or loss. The ineffective portion is recognized in profit or loss.

The amount associated with hedging instruments recognized in other components of equity is transferred to profit or loss, at the point in time when the hedged transaction affects profit or loss. If a hedged item results in the recognition of a non-financial asset or a non-financial liability, the associated amount recognized in other components of equity is accounted for as adjustment to the initial book value of the non-financial asset or the non-financial liability.

When a forecast transaction is no longer expected to occur, hedge accounting is discontinued, and any related cumulative gain or loss that has been recognized in other components of equity is transferred to profit or loss. Even when hedge accounting is discontinued, if hedged future cash flows are expected to occur, the amount that had been recognized as other components of equity until hedge accounting is discontinued continue to be recognized as other components of equity until these cash flows occur.

The Olympus Group does not use fair value hedges or net investment hedges in foreign operations.

(5) Cash and cash equivalents

Cash and cash equivalents comprise cash, readily available deposits, and short-term, highly liquid investments having maturities of three months or less of the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(6) Inventories

Inventories are measured at the lower of cost or net realizable value. The costs of inventories are calculated principally by using the weighted average method, which include purchase cost, processing cost, and other costs incurred in bringing inventories to their present location and condition. Net realizable value is determined at the estimated selling price in the ordinary course of business less estimated cost required up to the completion of the process and estimated selling expenses.

(7) Property, plant and equipment

Property, plant and equipment is measured by using the cost model and is stated at cost less accumulated depreciation and accumulated impairment losses.

The costs of property, plant and equipment include any costs directly attributable to the acquisition of assets, dismantlement, removal and restoration costs as well as borrowing costs eligible for capitalization.

Except for assets that are not depreciated such as land, each asset is depreciated over its estimated useful life on a straight-line basis. The estimated useful lives of major asset items are as follows (excluding right-of-use assets):

- Buildings and structures: 2 to 50 years
- Machinery and vehicles: 2 to 10 years
- Tools, furniture and fixtures: 2 to 15 years

The estimated useful lives, residual values and depreciation methods are subject to review at the end of each reporting period, and any change is prospectively applied as a change in an accounting estimate.

(8) Goodwill

Goodwill is carried at cost less any accumulated impairment losses.

Goodwill is not amortized and is tested for impairment in each period or whenever there is an indication of impairment. Impairment loss of goodwill is recognized in profit or loss.

Goodwill measurements at initial recognition are presented in “(2) Business combinations.”

(9) Intangible assets

Intangible assets are measured by using the cost model and are carried at cost less accumulated amortization and accumulated impairment losses.

The costs of intangible assets acquired separately include any costs directly attributable to the acquisition of the assets. Intangible assets acquired through business combinations are measured at fair value at the acquisition date. With regard to internally generated intangible assets, of the costs incurred during the development phase, the following are eligible for capitalization and recognized as development costs, whereas such costs that are not eligible are recognized as expenses when incurred.

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- Olympus Corporation's intention to complete the intangible asset and use or sell it.
- Olympus Corporation's ability to use or sell the intangible asset.
- The intangible asset is likely to create future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- Olympus Corporation's ability to measure reliably the expenditure attributable to the intangible asset during its development.

Except for intangible assets with indefinite useful lives, each asset is amortized over the estimated useful life on a straight-line basis. The estimated useful lives of major asset items are as follows:

- Capitalized development costs: 4 to 8 years
- Software: 3 to 5 years
- Other: 3 to 15 years

The estimated useful lives and amortization methods are reviewed at the end of each reporting period, and any change is prospectively applied as a change in an accounting estimate.

Intangible assets with indefinite useful lives and those yet to be usable are not amortized and are tested for impairment in each period or whenever there is an indication of impairment.

(10) Leases

(i) Leases as lessee

Olympus Corporation introduces a single lessee accounting model, instead of classifying leases into operating leases and finance leases, and recognizes 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.

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 the initial measurement amount of lease liabilities adjusted for any initial direct costs, prepaid lease payments, restoration costs, etc. Right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful lives and lease terms.

The lease term is estimated based on the non-cancellable period and adjusted for optional periods for which the Olympus Group is reasonably certain to exercise an option to extend or terminate the lease.

Furthermore, lease payments are categorized into amounts equivalent to the principal and interest of lease liabilities, and the amount equivalent to the interest apportioned to each fiscal period is calculated so as to achieve a constant rate of interest on the lease liabilities balance at each period-end, and recognized in profit or loss.

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, 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 statement of financial position.

(ii) Leases as lessor

Lease transactions involving the transfer of substantially all the risks and rewards associated with the ownership of the leased assets are classified as finance leases, while other types of lease transactions are classified as operating leases.

In finance lease transactions, the present value of gross investments in the lease is recognized as revenue at the commencement of the lease term, and the corresponding 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 in the consolidated statement of financial position, and lease payments receivable are recognized as revenue over the lease terms on a straight-line basis.

(11) Impairment of non-financial assets

For the carrying amount of non-financial assets (excluding inventories, deferred tax assets, retirement benefit assets and non-current assets held for sale), the Olympus Group assesses at the end of each reporting period whether there is an indication of impairment. If any such indication exists, an impairment test is performed. However, goodwill, intangible assets with indefinite useful lives and those yet to be usable are tested for impairment in each period or whenever there is an indication of impairment.

Assets that are not individually tested in impairment testing are integrated into the smallest cash-generating unit that generates cash inflows largely independent of cash inflows from other assets or asset groups. Corporate assets do not generate independent cash inflows. Therefore, if there is an indication that corporate assets may be impaired, the impairment test is performed based on the recoverable amount of the cash-generating unit to which the corporate assets belong.

The recoverable amount of an asset or cash-generating unit is the higher of its value in use and fair value less cost of disposal. In calculating value in use, estimated future cash flows are discounted to the present value using the pretax discount rate reflecting the time value of money and risks specific to the asset.

Impairment losses are recognized when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. Impairment losses recognized in association with a cash-generating unit are recognized by first reducing the carrying amount of any allocated goodwill and then are allocated to other assets of the cash-generating unit on a pro-rata basis based on the carrying amount of each asset.

When there is an indication of reversal in respect of impairment losses recognized in prior periods and the recoverable amount of the asset or cash-generating unit exceeds its carrying amount, impairment losses are reversed. The carrying amount after reversal of impairment losses does not exceed the carrying amount that would have been determined when depreciation or amortization had been continued until the reversal occurred if any impairment loss had never been recognized for the asset. Impairment losses associated with goodwill are not reversed.

(12) Non-current assets and discontinued operations held for sale

Non-current assets or disposal groups that will be recovered principally through a sale transaction rather than through continuous use are classified as non-current assets or disposal groups held for sale if it is highly probable that they will be sold within one year, they are immediately available for sale in their current state, and the Olympus Group’s management is committed to implementing a plan for their sale.

The Olympus Group shall not depreciate or amortize a non-current asset while it is classified as held for sale or while it is part of a disposal group classified as held for sale, and shall measure a non-current asset or disposal group classified as held for sale at the lower of its carrying amount and fair value less costs to sell.

When businesses that are considered as units on which management decision is made have already been sold or fulfill the requirements to be classified as being held for sale, the Olympus Group classifies those businesses as discontinued operations.

(13) Provisions

Provisions are recognized when the Olympus Group has present obligations as a result of past events, it is highly probable that outflows of economic resources will be occurred to settle the obligations, and reliable estimates of the obligations can be made.

Where time value of money is material, provisions are measured by discounting estimated future cash flows into present value by using the interest rate reflecting the time value of money as well as the risks inherent to the associated liabilities.

(14) Contingent liabilities

With regard to liabilities held by the Olympus Group as of the end of the reporting period that may be incurred, when it cannot be confirmed whether or not those are liabilities as of the end of the reporting period, or when the liabilities do not meet criteria for recognition of provisions, information on such liabilities is provided in the corresponding note on contingent liabilities, unless it is believed that the possibility of an outflow of economic resources by performance of the liabilities is remote at the end of the reporting period.

(15) Government grants

Government grants are recognized at fair value, if there is reasonable assurance that the Olympus Group will comply with the conditions attached to them and that will receive the grants. Government grants associated with expenses are recognized in revenue over the period when the expenses, which the grant is intended to compensate, are incurred. Government grants related to the acquisition of assets are recognized as deferred income and then recognized in profit or loss over the expected useful life of the relevant asset on a systematic basis.

(16) Employee benefits

(i) Post-employment benefits

The Olympus Group adopts defined benefit pension plans and defined contribution pension plans.

The Olympus Group calculates the present value of defined benefit obligations and associated current service cost as well as past service cost by using the projected unit credit method.

The discount rate used for discounting to the present value of defined benefit obligations is determined by reference to market yields on high quality corporate bonds of which currency and due date are consistent with those of the post-employment benefit obligations.

Asset or liability associated with a defined benefit plan is calculated by subtracting the fair value of plan assets from the present value of defined benefit obligations of each plan.

Any difference due to remeasurement arising from defined benefit pension plans is recognized as other comprehensive income in the period when the difference arose, and immediately transferred to retained earnings. Past service costs are expensed as incurred.

Contributions to defined contribution pension plans are recognized as expenses according to the period during which employees rendered the relevant services.

(ii) Short-term employee benefits

Short-term employee benefits are recognized as expenses in the period in which the employee renders the related service without discounting. When the Olympus Group has present legal or constructive obligations to make payments resulting from past services rendered by the employees

and the amount can be estimated reliably, the amount estimated to be paid is recognized as a liability.

(iii) Other long-term employee benefits

The Olympus Group has a special leave system and incentive payment plans according to a specific number of service years as long-term employee benefits other than pension plans. The amount of obligations to other long-term employee benefits is recognized as a liability at the amount calculated by discounting the estimated amount of future benefits earned in exchange for service that employees provided in prior fiscal years and the current fiscal year to the present value.

(17) Equity

Common shares are recognized in share capital at their issue price. Expenses incidental to issuance of common shares are deducted at the amount net of tax effect from equity.

Treasury shares are recognized at cost and deducted from equity. No gain or loss is recognized associated with the purchase, sale or retirement of treasury shares of Olympus Corporation. Any difference between the book value and the consideration received from the sale is recognized in equity.

(18) Stock-based compensation

Olympus Corporation has the following equity-settled stock compensation system as incentive plans for its directors, executive officers, and corporate officers.

Stock option plans

Stock options are measured at fair value at the grant date and recognized as expenses over the vesting periods with corresponding increases to equity and taking into account the estimated number of options to be vested. The fair value of stock options is calculated using the Black-Scholes model.

Stock compensation system

With the aim of enhancing awareness toward contributing to sustainable improvement of corporate value, as well as further enhancing value sharing with shareholders, Olympus Corporation has introduced a subsequent grant-type restricted stock compensation (RSU: Restricted Stock Unit) system for directors. Olympus Corporation has introduced a restricted stock compensation system, performance-based stock compensation (PSU: Performance Share Unit) system and RSU system for executive officers and corporate officers. Olympus Corporation has also introduced a PSU system and RSU system for senior management of Olympus Corporation and its subsidiaries. The compensation calculated by the reference the fair value of shares of Olympus Corporation is recognized in profit or loss as an expense and the corresponding amount is recognized as an increase in equity.

(19) Revenue

With regard to contracts with customers, the Olympus Group recognizes revenue by applying the following steps (except for interest and dividend income, etc., under IFRS 9 “Financial instruments” and lease payments receivable under IFRS 16 “Leases”).

Step 1: Identify the contract with the customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The Olympus Group is principally engaged in the manufacturing and sales of endoscopic, therapeutic and other products. With regard to the sales of these products, the Olympus Group mainly recognizes revenue at the time of delivery of a product since in many cases it considers that the customer obtains control over the product and performance obligations are satisfied at the time of delivery of the product.

Revenue is measured at the amount of promised consideration in contracts with customers less discounts and rebates, and reduced by the amount of sales returns.

(20) Finance income and finance costs

Finance income mainly comprises interest income, dividend income, exchange gains and changes in fair value of financial assets and liabilities measured at fair value through profit or loss. Interest income is recognized as incurred using the effective interest method. Dividend income is recognized when the right to receive payment is established.

Finance costs mainly comprise interest expenses, interest on bonds, exchange losses and changes in fair value of financial assets and liabilities measured at fair value through profit or loss. Interest expenses and interest on bonds are recognized as incurred using the effective interest method.

(21) Income taxes

Income tax costs comprise current taxes and deferred taxes. These taxes are recognized in profit or loss, except in cases where they arise from items that are recognized directly in other comprehensive income or equity, and where they arise from business combinations.

(i) Current taxes

Current taxes are measured at an expected amount of taxes to be paid to or refunded from the tax authorities. The tax rates and tax laws used to determine the amount of taxes are tax rates and tax laws that have been enacted, or substantially enacted by the end of the reporting period.

With regard to uncertain tax positions of income taxes, the Olympus Group recognizes the reasonably estimated amount as assets or liabilities, when it is more likely than not, based on interpretations for the purpose of tax laws, that the tax positions will be sustained.

(ii) Deferred taxes

Deferred taxes are recognized for temporary differences, which are differences between the tax bases of assets and liabilities and their carrying amounts for accounting purposes at the end of the reporting period, tax losses carried forward and tax credits carried forward.

Deferred tax assets or liabilities are not recognized for the following cases:

- Taxable temporary differences arising from the initial recognition of goodwill
- Temporary differences on the initial recognition of assets or liabilities arising from a transaction other than a business combination that affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences associated with investments in subsidiaries and associates when the Olympus Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.
- Deductible temporary differences associated with investments in subsidiaries and associates when it is probable that the temporary difference will not reverse in the foreseeable future, or when it is not probable that there will be sufficient taxable profits against which the deductible temporary differences can be utilized.

Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax credits carried forward and tax losses carried forward can be utilized. In principle, deferred tax liabilities are recognized for all taxable temporary differences.

In recognizing deferred tax assets, the Olympus Group assesses the probability that deductible temporary differences or tax losses carried forward can be utilized against future taxable profits. In assessing the recoverability of deferred tax assets, the scheduled reversal of deferred tax liabilities, projected taxable profits and tax planning are taken into account.

Deferred tax assets and liabilities are measured based on tax rates and tax laws that have been enacted, or substantially enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if the Olympus Group has a legally enforceable right to offset current tax assets against current tax liabilities, and they are related to income taxes levied by the same taxation authority on the same taxable entity, or different taxable entities that intend either to settle on a net basis or to realize the tax asset or settle the liability simultaneously.

Olympus Corporation and some of its domestic subsidiaries have adopted the Group Tax Sharing System.

(22) Earnings per share

Basic earnings per share are calculated by dividing profit attributable to owners of parent by the weighted-average number of common shares outstanding, subject to the adjustment to the number of treasury shares for the corresponding period.

Diluted earnings per share are calculated reflecting adjustments for the effect of all potential dilutive common shares.

4. Significant Accounting Estimates and Associated Judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application 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 effects of such reviews are recognized in the period in which the estimates are revised and in subsequent periods.

Information regarding the judgments made by the Olympus Group that may have material impacts on the consolidated financial statements is as follows:

- Scope of subsidiaries and associates (Note “3. Significant Accounting Policies, (1) Basis of consolidation”)
- Accounting for arrangements containing leases (Notes “3. Significant Accounting Policies, (10) Leases,” and “36. Leases”)
- Revenue (Notes “3. Significant Accounting Policies, (19) Revenue,” and “28. Revenue”)

Information regarding accounting estimates and assumptions that may have material impacts on the consolidated financial statements is as follows.

- Valuation of inventories (Notes “3. Significant Accounting Policies, (6) Inventories,” and “9. Inventories”)

Inventories are measured at cost. However, if the net realizable value of inventories at the end of the reporting period is lower than the cost, the inventories are measured at the net realizable value and the difference between the net realizable value and the cost is recognized as cost of sales, in principle. For inventories that are not used in the normal operating cycle process and remain unused, the net realizable value is calculated reflecting future demand and market trends. In the event that the market environment deteriorates further than forecasted and net realizable value declines significantly, losses may be incurred.

- Impairment of non-financial assets (Notes “3. Significant Accounting Policies, (11) Impairment of non-financial assets,” and “16. Impairment of non-financial assets”)

The Olympus Group tests for impairment of property, plant and equipment, goodwill, and intangible assets in accordance with Note “3. Significant accounting policies.” In the calculation of the recoverable amount in the impairment test, assumptions are made regarding future cash flows, discount rates, etc. These assumptions are determined based on management’s best estimates and judgment. However, they may be affected by the results of changes in uncertain future economic conditions, and if they require revision, they may have a significant impact on the consolidated financial statements.

- Measurement of provisions (Notes “3. Significant Accounting Policies, (13) Provisions,” and “20. Provisions”)

Provisions are measured based on the best estimates for expenditures as of the fiscal year closing date expected to be required to settle future obligations. Estimates of expenditures expected to be required to settle future obligations are calculated based on a comprehensive consideration of possible future outcomes. Changes in uncertain future economic conditions may affect assumptions used to calculate the provisions. Accordingly, there are risks that such changes could result in significant adjustments to measurements of provisions in the future accounting periods.

- Contingent liabilities (Notes “3. Significant Accounting Policies, (14) Contingent liabilities,” and “42. Contingent liabilities”)

Contingencies are disclosed when an item could have a significant impact on future operations, taking into account all available evidence at the reporting date and considering the likelihood and monetary impact of the event.

- Measurement of defined benefit obligation (Notes “3. Significant Accounting Policies, (16) Employee benefits,” and “23. Employee benefits”)

For defined benefit pension plans, the net value of the defined benefit obligations and the fair value of plan assets is recognized as either liabilities or assets. Defined benefit obligations are calculated based on the same types of assumptions used in the actuarial calculation, which include estimates of the discount rate, the retirement rate, the mortality rate, and the rate of compensation increase. These assumptions are established by comprehensively judging a variety of available information, including market trends, such as interest rate changes. The assumptions for actuarial calculation may be affected by changes in uncertain future economic circumstances or social situations, etc., and have risk of causing a material adjustment to the measurement of defined benefit obligations in the future.

- Recoverability of deferred tax assets (Notes “3. Significant Accounting Policies, (21) Income taxes,” and “37. Income taxes”)

Deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which deductible temporary differences, etc. can be utilized. Judgements on the likelihood that taxable income will be available are made based on the timing and amount of taxable income estimated based on the business plans including assumptions of the growth rate and operating profit ratio. These estimates are determined based on management’s best estimates. However, they may be affected by the results of changes in uncertain future economic conditions and the actual results may differ from these forecasts.

5. New or Amended Standards or Interpretations Not Yet Adopted

There were no significant new or amended standards and interpretations issued by the date of approval of the consolidated financial statements not yet early adopted by the Olympus Group.

6. Business Segments

(1) Overview of reportable segments

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

In the past, the Olympus Group had four reportable segments: “Endoscopic Solutions,” “Therapeutic Solutions,” “Scientific Solutions,” and “Others.” However, from the second quarter of the fiscal year ended March 31, 2023, the Olympus Group has changed to three reportable segments: “Endoscopic Solutions,” “Therapeutic Solutions,” and “Others.” The change is due to Olympus Corporation classifying the Scientific Solutions Business as a discontinued operation with the conclusion of a share transfer agreement related to the transfer of Scientific Solutions Business of the Olympus Group with K.K. BCJ-66, a special purpose company indirectly owned by funds advised by Bain Capital.

For details on discontinued operations, please see Note “41. Discontinued Operation.”

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

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

(2) Revenue, business results and other items by reportable segment

Revenue, business results and other items of each reportable segment of the Olympus Group were as follows. The accounting treatment used for reportable segments is the same as described in Note “3. Significant Accounting Policies.”

Fiscal year ended March 31, 2022

(Millions of yen)

	Reportable Segment				Adjustment (Notes 2, 3, 4, 5)	Amount on consolidated financial statements
	Endoscopic Solutions	Therapeutic Solutions	Others	Total		
Revenue						
Revenue from outside customers	461,547	275,586	12,990	750,123	–	750,123
Intersegment revenue (Note 1)	–	–	373	373	(373)	–
Total	461,547	275,586	13,363	750,496	(373)	750,123
Operating profit (loss)	133,204	60,826	(2,018)	192,012	(45,824)	146,188
Finance income						1,351
Finance costs						5,838
Profit before tax						141,701
Other items						
Share of profit (loss) of investments accounted for using equity method	1,539	(47)	–	1,492	–	1,492
Depreciation and amortization	33,523	16,935	1,093	51,551	6,300	57,851
Impairment losses	2,006	488	–	2,494	902	3,396
Segment assets	493,582	412,914	20,863	927,359	430,640	1,357,999
Investments accounted for using equity method	1,514	–	–	1,514	–	1,514
Capital expenditures	40,437	16,343	997	57,777	8,416	66,193

- Notes: 1. Intersegment revenue is based on actual market prices.
2. Adjustment for operating profit (loss) is corporate expenses that mainly consist of elimination of transactions among segments, as well as general and administrative expenses and fundamental research expenses that are not attributable to reportable segments.
3. Adjustment for segment assets is corporate assets that are not attributable to reportable segments and assets of a discontinued operation.
4. Adjustment for depreciation and amortization is the amount of depreciation and amortization related to corporate assets that are not attributable to reportable segments.
5. Adjustment for capital expenditures is the amount of increase in fixed assets related to corporate assets that are not attributable to reportable segments.

Fiscal year ended March 31, 2023

(Millions of yen)

	Reportable Segment				Adjustment (Notes 2, 3, 4, 5, 6)	Amount on consolidated financial statements
	Endoscopic Solutions	Therapeutic Solutions	Others	Total		
Revenue						
Revenue from outside customers	551,823	318,207	11,893	881,923	–	881,923
Intersegment revenue (Note 1)	–	–	252	252	(252)	–
Total	551,823	318,207	12,145	882,175	(252)	881,923
Operating profit (loss)	152,769	63,692	(914)	215,547	(28,938)	186,609
Finance income						3,860
Finance costs						8,175
Profit before tax						182,294
Other items						
Share of profit (loss) of investments accounted for using equity method	505	(14)	–	491	–	491
Depreciation and amortization	37,495	19,159	1,059	57,713	5,879	63,592
Impairment losses	1,342	883	3	2,228	265	2,493
Segment assets	555,546	452,969	20,638	1,029,153	479,155	1,508,308
Investments accounted for using equity method	664	346	–	1,010	–	1,010
Capital expenditures	43,001	15,854	1,428	60,283	11,740	72,023

- Notes: 1. Intersegment revenue is based on actual market prices.
2. Adjustment for operating profit (loss) is corporate expenses that mainly consist of elimination of transactions among segments, as well as general and administrative expenses and fundamental research expenses that are not attributable to reportable segments.
3. Adjustment for operating profit (loss) includes gain on sale of fixed assets at Olympus Corporation of ¥16,395 million that is not attributable to reportable segments.
4. Adjustment for segment assets is corporate assets that are not attributable to reportable segments and assets of discontinued operation.
5. Adjustment for depreciation and amortization is the amount of depreciation and amortization related to corporate assets that are not attributable to reportable segments.
6. Adjustment for capital expenditures is the amount of increase in fixed assets related to corporate assets that are not attributable to reportable segments.

(3) Information about products and services

This information is omitted as similar information has been disclosed in the above tables.

(4) Geographical information

Revenue and non-current assets of the Olympus Group by country or region were as follows.

Revenue by country or region

(Millions of yen)

	2022	2023
Japan	118,826	122,516
North America	261,351	322,167
Europe	194,366	222,164
China	100,974	117,094
Asia and Oceania	61,104	77,807
Others	13,502	20,175
Total	750,123	881,923

Notes: 1. Revenue is based on the location of customers, classified by country or region.

2. Major countries or regions other than Japan were as follows:

- | | |
|----------------------|---|
| (1) North America | United States, Canada |
| (2) Europe | Germany, United Kingdom, France, etc. |
| (3) Asia and Oceania | Singapore, South Korea, Australia, etc. |
| (4) Others | Central and South America, Africa, etc. |

For the fiscal years ended March 31, 2022 and 2023, revenue from external customers in the United States was ¥243,871 million and ¥300,080 million, respectively. In no single country or region other than Japan, the United States and China was revenue from external customers significant in the fiscal years ended March 31, 2022 and 2023.

Non-current assets (excluding financial instruments, deferred tax assets, and retirement benefit assets)

(Millions of yen)

	2022	2023
Japan	150,796	138,682
Americas	214,365	220,391
Europe and Middle East	139,256	153,367
Asia and Oceania	29,696	26,474
Total	534,113	538,914

Notes: 1. Each geographic location is determined on the basis of geographic proximity.

2. Major countries and regions other than Japan were as follows:

- | | |
|----------------------------|--|
| (1) Americas | United States, Canada, Mexico, and Brazil |
| (2) Europe and Middle East | Germany, United Kingdom, France, etc. |
| (3) Asia and Oceania | Singapore, China, South Korea, Australia, etc. |

Within Americas, the balances of non-current assets (except financial instruments, deferred tax assets, and retirement benefit assets) in the United States were ¥205,699 million and ¥217,723 million as of March 31, 2022 and 2023, respectively. Within Europe and Middle East, the balances of non-current assets (except financial instruments, deferred tax assets, and retirement benefit assets) in Germany were ¥55,905 million and ¥58,358 million as of March 31, 2022 and 2023, respectively. The balances of non-current assets (except financial instruments, deferred tax assets, and retirement benefit assets) in any individual country and region other than Japan, the United States, and Germany were not material as of March 31, 2022 and 2023.

(5) Major customers

Information on revenue attributable to major customers for the fiscal years ended March 31, 2022 and 2023 was omitted because revenue attributable to each customer accounted for less than 10% of consolidated revenue.

7. Cash and Cash Equivalents

The breakdown of cash and cash equivalents in the Consolidated Statement of Financial Position is as follows. Cash and cash equivalents in the Consolidated Statement of Cash Flows are as follows:

(Millions of yen)

	2022	2023
Cash and deposits	294,580	164,551
Short-term investments	7,992	4,778
Cash and cash equivalents in the consolidated statement of financial position	302,572	169,329
Cash and cash equivalents included in assets held for sale	–	36,183
Cash and cash equivalents in the consolidated statement of cash flows	302,572	205,512

8. Trade and Other Receivables

The breakdown of trade and other receivables as of March 31, 2022 and 2023 was as follows:

(Millions of yen)

	2022	2023
Trade notes receivable and trade accounts receivable	151,043	141,877
Other receivables	14,955	14,074
Contract assets	728	1,239
Lease receivables	50,517	65,003
Allowance for doubtful accounts	(10,958)	(10,541)
Total	206,285	211,652
Current	178,428	174,672
Non-current	27,857	36,980
Total	206,285	211,652

Note: Trade and other receivables are presented net of allowance for doubtful accounts in the consolidated statement of financial position.

9. Inventories

The breakdown of inventories as of March 31, 2022 and 2023 was as follows:

(Millions of yen)

	2022	2023
Merchandise and finished goods	64,116	66,578
Work in progress	40,428	33,528
Raw materials and supplies	62,824	62,888
Total	167,368	162,994

The amounts of inventories recorded as cost of sales for the fiscal years ended March 31, 2022 and 2023 were ¥199,627 million and ¥224,363 million, respectively.

Write-downs of inventories recognized as expenses for the fiscal years ended March 31, 2022 and 2023 were ¥18,542 million and ¥19,741 million, respectively.

Inventories include materials not expected to be used for manufacturing within 12 months from the end of each fiscal year, but all of them are held within the Olympus Group's normal operating cycle. The

corresponding carrying amounts at March 31, 2022 and 2023 were ¥4,135 million and ¥3,842 million, respectively.

10. Other Financial Assets

The breakdown of other financial assets as of March 31, 2022 and 2023 was as follows:

			(Millions of yen)	
			2022	2023
<hr/>				
Financial assets measured at fair value through profit or loss				
Derivative assets			1,874	6,860
Equity securities and others			956	937
Financial assets measured at amortized cost				
Deposits with withdrawal restrictions			6,023	6,128
Lease and guarantee deposits			4,359	3,614
Other			8,738	8,396
Financial assets measured at fair value through other comprehensive income				
Equity securities and others			4,471	6,901
Total			<hr/> 26,421	<hr/> 32,836
Current			10,269	11,360
Non-current			16,152	21,476
Total			<hr/> 26,421	<hr/> 32,836

11. Other Current Assets and Other Non-current Assets

The breakdown of other current assets and other non-current assets as of March 31, 2022 and 2023 was as follows:

			(Millions of yen)	
			2022	2023
<hr/>				
Prepaid expenses			14,528	10,643
Consumption tax receivables			7,285	6,462
Other			7,894	7,811
Total			<hr/> 29,707	<hr/> 24,916
Current			27,565	22,421
Non-current			2,142	2,495
Total			<hr/> 29,707	<hr/> 24,916

12. Assets Held for Sale

The breakdown of assets held for sale and liabilities directly associated with assets held for sale is as follows:

(Millions of yen)

	2022	2023
Assets		
Cash and cash equivalents	–	36,183
Trade and other receivables	–	34,712
Inventories	–	35,931
Land	4,683	1,371
Buildings and structures	2	5,798
Machinery and vehicles	–	2,577
Tools, furniture and fixtures	–	3,246
Construction in progress	–	220
Right-of-use assets	–	8,168
Other property, plant and equipment	–	4,910
Intangible assets	–	15,808
Goodwill	–	2,790
Deferred tax assets	–	1,872
Other financial assets	–	3,792
Other current assets	–	9,804
Other non-current assets	–	2,439
Total	4,685	169,621
Liabilities		
Trade and other payables	–	9,109
Accrued expenses	–	10,685
Provisions	–	627
Deferred tax liabilities	–	4,225
Other financial liabilities	–	9,187
Other current liabilities	–	7,309
Other non-current liabilities	–	2,111
Total	–	43,253

Assets classified as assets held for sale in the previous fiscal year are assets held by the entire company not belonging to any segment that Olympus Corporation decided to sell from the standpoint of management resource optimization. Sales of these assets were completed on April 27, 2022.

Assets classified as assets held for sale and liabilities directly associated with assets held for sale as of March 31, 2023 are as follows.

(Transfer of Scientific Solutions Business)

On August 29, 2022, Olympus Corporation concluded a share transfer agreement related to the transfer of Scientific Solutions Business of the Olympus Group with K.K. BCJ-66, a special purpose company indirectly owned by funds advised by Bain Capital. Accordingly, from the fiscal year ended March 31, 2023, the assets and liabilities related to the Scientific Solutions Business of the Olympus Group have been classified as a disposal group classified as held for sale. The transfer was completed on April 3, 2023. For details, please see “V. Financial Information, Notes to Consolidated Financial Statements, 44. Subsequent Events, (Transfer of Scientific Solutions Business).”

(Transfer of collagen and dental product sales businesses)

On March 28, 2023, Olympus Terumo Biomaterials Corporation, a consolidated subsidiary of Olympus Corporation, executed a company split agreement with GC Japan for the transfer of the collagen products development, manufacture and sales business and dental products sales business, which are included in the other businesses of the Olympus Group. As a result, from the fiscal year ended March 31, 2023, the assets and liabilities related to the collagen business and the dental products sales business owned by Olympus Terumo Biomaterials Corporation have been classified as a disposal group classified as held for sale. Transfer completion is scheduled for July 2023.

13. Property, Plant and Equipment

(1) Changes in property, plant and equipment

The changes in carrying amount, acquisition cost, and accumulated depreciation and accumulated impairment losses of property, plant and equipment were as follows:

Carrying amount

	(Millions of yen)					
	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
Balance at April 1, 2021	123,061	21,549	64,057	23,028	7,471	239,166
Additions	12,846	6,342	25,554	358	10,326	55,426
Additions through business combinations	–	–	29	–	–	29
Depreciation	(15,883)	(6,965)	(25,233)	(360)	–	(48,441)
Impairment losses	(163)	(4)	(82)	–	–	(249)
Sales and disposals	(7,079)	(830)	(2,160)	(67)	–	(10,136)
Transfer to assets held for sale	(2)	–	–	(4,683)	–	(4,685)
Reclassification	2,690	2,486	2,413	–	(6,100)	1,489
Exchange differences on translation of foreign operations	6,505	884	6,346	253	773	14,761
Other	(214)	(9)	(22)	(2)	(1)	(248)
Balance at March 31, 2022	121,761	23,453	70,902	18,527	12,469	247,112
Additions	13,009	5,289	24,453	1,056	15,078	58,885
Additions through business combinations	–	–	3	–	–	3
Depreciation	(15,738)	(7,216)	(25,492)	(328)	–	(48,774)
Impairment losses	(297)	(85)	–	–	–	(382)
Sales and disposals	(4,150)	(820)	(4,301)	(149)	–	(9,420)
Transfer to assets held for sale	(11,651)	(2,720)	(6,159)	(1,382)	(183)	(22,096)
Reclassification	9,358	2,036	3,877	10	(14,298)	983
Exchange differences on translation of foreign operations	5,865	889	4,344	422	755	12,275
Other	132	21	(10)	1	(0)	145
Balance at March 31, 2023	118,289	20,847	67,617	18,157	13,821	238,731

Notes: 1. No borrowing costs were capitalized for the fiscal years ended March 31, 2022 and 2023.

2. Depreciation of property, plant and equipment is included in “Cost of sales,” “Selling, general and administrative expenses” and “Profit from discontinued operation” on the consolidated statement of profit or loss.

3. Changes of carrying amount ¥3,416 million and ¥2,706 million by company housing Olympus Corporation contracted and loaned to employees is recorded “Additions” and “Sales and disposals” of “Buildings and structures” for the fiscal years ended March 31, 2022 and 2023, respectively. And that has no impact on balance.

Acquisition cost

(Millions of yen)

	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
Balance at April 1, 2021	244,133	66,029	267,051	23,873	7,471	608,557
Balance at March 31, 2022	257,067	70,030	305,888	19,622	12,469	665,076
Balance at March 31, 2023	252,867	63,132	293,700	19,444	13,821	642,964

Accumulated depreciation and accumulated impairment losses

(Millions of yen)

	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
Balance at April 1, 2021	121,072	44,480	202,994	845	–	369,391
Balance at March 31, 2022	135,306	46,577	234,986	1,095	–	417,964
Balance at March 31, 2023	134,578	42,285	226,083	1,287	–	404,233

(2) Right-of-use assets

The carrying amount of right-of-use assets included in property, plant and equipment by underlying asset type was as follows:

(Millions of yen)

	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Total
Balance at April 1, 2021	51,624	4,487	2,173	264	58,548
Balance at March 31, 2022	50,341	5,112	1,881	260	57,594
Balance at March 31, 2023	43,930	4,325	1,747	160	50,162

Note: Right-of-use assets increased during the fiscal years ended March 31, 2022 and 2023 by ¥16,122 million and ¥15,109 million, respectively.

14. Goodwill and Intangible Assets

- (1) The changes in carrying amount, acquisition cost, and accumulated amortization and accumulated impairment losses of goodwill and intangible assets were as follows:

Carrying amount

(Millions of yen)

	Goodwill	Intangible assets			Total
		Capitalized development costs	Software	Other	
Balance at April 1, 2021	127,384	56,234	11,641	36,935	104,810
Additions	–	–	3,205	1,373	4,578
Additions through internal development	–	15,499	–	–	15,499
Additions through business combinations (Note 2)	21,093	–	–	8,645	8,645
Amortization	–	(9,049)	(3,296)	(3,829)	(16,174)
Impairment losses	–	(2,061)	(1,086)	–	(3,147)
Sales and disposals	–	–	(24)	(381)	(405)
Reclassification	–	11	(232)	8	(213)
Exchange differences on translation of foreign operations	16,021	1,310	332	4,527	6,169
Other	–	16	801	(218)	599
Balance at March 31, 2022	164,498	61,960	11,341	47,060	120,361
Additions	–	–	5,584	541	6,125
Additions through internal development	–	13,984	–	–	13,984
Additions through business combinations (Note 3)	6,340	2,439	–	–	2,439
Amortization	–	(9,484)	(3,432)	(5,051)	(17,967)
Impairment losses	–	(1,255)	(477)	(379)	(2,111)
Sales and disposals	–	(7)	(28)	(445)	(480)
Transfer to assets held for sale	(3,011)	(11,595)	(1,040)	(334)	(12,969)
Reclassification	–	(1,174)	179	1,278	283
Exchange differences on translation of foreign operations	14,678	1,183	214	3,980	5,377
Other	–	(4)	14	131	141
Balance at March 31, 2023	182,505	56,047	12,355	46,781	115,183

- Notes: 1. Amortization of capitalized development costs is recorded as “Cost of sales” and “Profit from discontinued operation” on the consolidated statement of profit or loss. Amortization cost excluding capitalized development costs is recorded in “Cost of sales,” “Selling, general and administrative expenses” and “Profit from discontinued operation” on the consolidated statement of profit or loss.
2. Of additions through business combinations, major components included in “Other” are ¥8,645 million in technology-related assets arising in the acquisition of Medi-Tate Ltd. For details on business combinations, please see Note “40. Business Combinations.”
3. Of additions through business combinations, major components included in “Capitalized development costs” are ¥2,439 million in research and development assets held by Odin Medical Ltd. Ltd. For details on business combinations, please see Note “40. Business Combinations.”

Acquisition cost

(Millions of yen)

	Goodwill	Intangible assets			Total
		Capitalized development costs	Software	Other	
Balance at April 1, 2021	127,384	87,537	56,335	147,960	291,832
Balance at March 31, 2022	164,498	99,283	58,389	172,542	330,214
Balance at March 31, 2023	182,505	90,277	62,793	174,448	327,518

Accumulated amortization and accumulated impairment losses

(Millions of yen)

	Goodwill	Intangible assets			Total
		Capitalized development costs	Software	Other	
Balance at April 1, 2021	–	31,303	44,694	111,025	187,022
Balance at March 31, 2022	–	37,323	47,048	125,482	209,853
Balance at March 31, 2023	–	34,230	50,438	127,667	212,335

(2) Significant intangible assets

Significant intangible assets recognized at March 31, 2022 are technology-related assets arising from the acquisition of Veran Medical Technologies, Inc. by the Olympus Group on December 29, 2020 and technology-related assets arising from the acquisition of Medi-Tate Ltd. by the Olympus Group on May 27, 2021. The carrying amounts were ¥15,168 million and ¥9,276 million, respectively, and the remaining amortization period was 14 years each, as of March 31, 2022.

Significant intangible assets recognized at March 31, 2023 are technology-related assets arising from the acquisition of Veran Medical Technologies, Inc. by the Olympus Group on December 29, 2020 and technology-related assets arising from the acquisition of Medi-Tate Ltd. by the Olympus Group on May 27, 2021. The carrying amounts were ¥15,345 million and ¥9,321 million, respectively, and the remaining amortization period was 13 years each, as of March 31, 2023.

For details on business combinations, please see Note “40. Business Combinations.”

(3) Research and development expenditures recognized as expenses

Research expenses and development costs that do not meet asset recognition criteria are recognized as expenses when incurred. Research and development expenditures recognized as expenses in continuing operations, excluding discontinued operation, in the fiscal years ended March 31, 2022 and 2023 were ¥63,582 million and ¥64,287 million, respectively.

15. Commitments

Commitments to acquire property, plant and equipment and intangible assets subsequent to March 31, 2022 and 2023 were as follows:

(Millions of yen)

	2022	2023
Property, plant and equipment	5,972	10,452
Intangible assets	1,825	289
Total	7,797	10,741

16. Impairment of Non-financial Assets

(1) Impairment losses

The Olympus Group recognizes impairment losses when an asset's recoverable amount is less than its carrying amount. Impairment losses on non-financial assets are included in "Other expenses" on the consolidated statement of profit or loss.

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

The breakdown of impairment losses by asset type was as follows:

(Millions of yen)

	2022	2023
Property, plant and equipment		
Buildings and structures	163	297
Machinery and vehicles	4	85
Tools, furniture and fixtures	82	–
Intangible assets		
Capitalized development costs	2,061	1,255
Software	1,086	477
Other	–	379
Total	3,396	2,493

Major impairment losses recognized in the fiscal year ended March 31, 2022 were as follows.

Olympus Corporation recognized impairment losses of ¥1,630 million on development assets in the Endoscopic Solutions Business, which were written down to their recoverable amount since Olympus Corporation no longer expects them to generate the expected earnings at the time of acquisition due to such factors as changes in the market environment. The recoverable amount was the fair value less costs of disposal and, as the assets are difficult to sell, this amount was zero. It was classified as level 3 in the fair value hierarchy.

Olympus Corporation recognized impairment loss of ¥902 million for software that is a corporate asset not belonging to any reportable segment, as the software is no longer expected to be used in the future and thus was written down to its recoverable amount. The recoverable amount was the fair value less costs of disposal and, as the assets are difficult to sell, this amount was zero. It was classified as level 3 in the fair value hierarchy.

Major impairment losses recognized in the fiscal year ended March 31, 2023 were as follows.

Olympus Corporation recognized impairment losses of ¥1,009 million on development assets in the Endoscopic Solutions Business, which were written down to their recoverable amount since Olympus Corporation no longer expects them to generate the expected earnings at the time of acquisition due to

such factors as changes in the market environment. The recoverable amount was the fair value less costs of disposal and, as the assets are difficult to sell, this amount was zero. It was classified as level 3 in the fair value hierarchy.

The fair value hierarchy is described in greater detail in Note “35. Financial Instruments, (4) Fair value.”

(2) Impairment test for goodwill

The breakdown of the carrying amount of goodwill corresponding to cash generating units was as follows:

	(Millions of yen)	
	2022	2023
Endoscopic solutions segment	21,339	29,692
Therapeutic solutions segment	137,501	149,458
Scientific solutions segment	2,174	–
Other		
Orthopedic business	3,484	3,355
Total	164,498	182,505

The Olympus Group tested goodwill for impairment on March 31, 2022 and 2023.

Individually significant goodwill carried on the consolidated statement of financial position is the goodwill allocated to the Endoscopic solutions segment and Therapeutic solutions segment. Of the goodwill recorded as a result of the business combination in the fiscal year ended March 31, 2023, the goodwill of Odin Medical Ltd. is allocated to the Endoscopic solutions segment.

For impairment testing of goodwill, the recoverable amount is measured based on value in use.

Value in use is measured by discounting estimated future cash flows to present value. Estimated future cash flows is primarily based on a business plan approved by the management and considering a growth rate for the period after the term of the business plan.

Business plans have a maximum term of five years as a general rule. Business plans reflect management’s assessment of future industry trends as well as historical data, and are prepared based on external and internal information. The estimated future cash flows are determined based on the business plans.

The growth rate for the period after the term of the business plans is determined based on market research reports for the industry in which the cash-generating unit (CGU) operates. The growth rate of “Endoscopic Solutions Business” and “Therapeutic Solutions Business” is 1.7% - 4.0% and 1.7% - 3.8%, respectively, as of March 31, 2022, and 1.7% - 4.1% and 1.6% - 5.2%, respectively, as of March 31, 2023.

The discount rate is based on the pre-tax weighted average cost of the cash-generating unit. The discount rates for the fiscal years ended March 31, 2022 and 2023, were 7.7% and 10.7%, respectively.

The main assumptions in estimating value in use are the growth rate and the operating profit ratio in estimating future cash flows in the five year business plan, the growth rate for the period after the business plan and the discount rate.

Value in use measured using the above rates amply exceeds the carrying amount of the Endoscopic solutions segment and the carrying amount of the Therapeutic solutions segment, respectively. Olympus Corporation believes that there is a low probability of significant impairment even if the key assumptions used in the impairment testing were to change within a range of reasonable foreseeability.

The goodwill attributable to the Scientific solutions segment is transferred to assets held for sale during the fiscal year ended March 31, 2023.

17. Trade and Other Payables

The breakdown of trade and other payables as of March 31, 2022 and 2023 was as follows:

(Millions of yen)

	2022	2023
Notes and account payable	45,316	45,826
Other payable	15,231	17,093
Total	60,547	62,919

18. Bonds and Borrowings

The breakdown of bonds and borrowings as of March 31, 2022 and 2023 was as follows:

(Millions of yen)

	2022	2023	Average interest rate (%)	Maturity
Short-term borrowings	67	3	0.00	—
Current portion of bonds payable	39,966	9,989	0.27	March 2024
Current portion of long-term borrowings	12,248	39,978	0.10	November 2023
Bonds (excluding current portion)	140,356	136,129	1.21	December 2024 to July 2030
Long-term borrowings (excluding current portion)	193,490	153,958	0.52	May 2024 to September 2029
Total	386,127	340,057		
Current	52,281	49,970		
Non-current	333,846	290,087		
Total	386,127	340,057		

Note: The average interest rate is the weighted average interest rate on the ending balance of borrowings.

Bonds and borrowings are classified as financial liabilities measured at amortized cost.

The breakdown of bonds as of March 31, 2022 and 2023 was as follows:

(Millions of yen)

Company	Bond name	Issue date	2022	2023	Interest rate (%)	Maturity date
Olympus Corporation	22nd unsecured bonds	September 20, 2017	9,994	–	0.22	September 2022
Olympus Corporation	23rd unsecured bonds	March 7, 2019	9,979	9,989	0.27	March 2024
Olympus Corporation	24th unsecured bonds	December 5, 2019	29,971	–	0.06	December 2022
Olympus Corporation	25th unsecured bonds	December 5, 2019	19,949	19,968	0.20	December 2024
Olympus Corporation	26th unsecured bonds	July 18, 2020	24,925	24,947	0.25	July 2025
Olympus Corporation	27th unsecured bonds	July 19, 2020	24,891	24,904	0.47	July 2030
Olympus Corporation	Dollar-denominated unsecured bonds due 2026	December 8, 2021	60,613	66,310	2.14	December 2026
Total			180,322	146,118		

The breakdown of long-term borrowings, including current portion, as of March 31, 2022 and 2023 was as follows:

(Millions of yen)

Financial institution	2022	2023	Interest rate (%)	Maturity date
Japanese Bank	13,063	13,119	0.86	September 2029
Japanese Bank	1,464	1,471	0.73	September 2027
Japanese Bank	10,000	10,000	1.38	September 2025
Japanese Bank	9,608	9,679	0.53	August 2027
Japanese Bank	10,000	10,000	1.39	September 2025
Japanese Bank	6,120	–	2.91	February 2023
Japanese Bank	6,120	–	2.92	March 2023
Japanese Bank	9,639	9,696	0.55	June 2028
Japanese Bank	39,912	39,969	0.10	November 2023
Japanese Bank	49,710	49,810	0.32	April 2025
Japanese Bank	39,831	39,911	0.22	May 2024
Japanese Bank	10,000	10,000	0.37	May 2024
Other	271	281		
Total	205,738	193,936		

19. Other Financial Liabilities

The breakdown of other financial liabilities as of March 31, 2022 and 2023 was as follows:

		(Millions of yen)	
		2022	2023
Financial liabilities measured at fair value through profit or loss			
Derivative liabilities		4,037	1,216
Contingent consideration		6,100	8,226
Financial liabilities measured at amortized cost			
Lease liabilities		65,015	57,162
Other		15,463	18,299
Total		90,615	84,903
Current		26,015	23,235
Non-current		64,600	61,668
Total		90,615	84,903

20. Provisions

The changes in provisions during the fiscal year ended March 31, 2023 were as follows:

(Millions of yen)					
	Provision for product warranties	Provision for loss on litigation	Provision for duodenoscope market response	Other	Total
Balance at April 1, 2022	4,284	4,507	7,954	8,152	24,897
Increase during the year	221	70	667	2,321	3,279
Decrease (Provisions used)	(1,601)	–	(1,397)	(2,752)	(5,750)
Decrease (Provisions reversed)	(548)	(20)	(477)	(792)	(1,837)
Transfer to liabilities directly associated with assets held for sale	(482)	–	–	(122)	(604)
Exchange differences on translation of foreign operations	966	351	–	721	2,038
Balance at March 31, 2023	2,840	4,908	6,747	7,528	22,023
Current	2,621	4,868	6,747	4,875	19,111
Non-current	219	40	–	2,653	2,912
Total	2,840	4,908	6,747	7,528	22,023

(1) Provision for product warranties

For products sold subject to a quality assurance warranty, Olympus Corporation accrues after service cost expected to be incurred within the guarantee period. The provision for product warranties is calculated using the prescribed standards, based on after service cost actually incurred in the past. These warranty provisions are expected to be expended during the guarantee period (mostly within three years).

(2) Provision for loss on litigation

To provide for losses related to lawsuits or other litigation, in light of progress of the lawsuits, the expected amount of these losses is accounted for based on a reasonable estimate of the amount deemed necessary. These loss provisions are expected to be expended mostly within one year.

(3) Provision for duodenoscope market response

Olympus Corporation has decided to voluntarily replace the old type of duodenoscopes with a fixed tip cap with the new type with a removable tip cap, which is easier to clean and disinfect, against the background of obtaining regulatory approval for the new type of duodenoscopes with a removable tip cap in the United States. The amount deemed necessary to carry out this market response was reasonably estimated and recorded as a provision.

21. Other Current Liabilities and Other Non-current Liabilities

The breakdown of other current liabilities and other non-current liabilities as of March 31, 2022 and 2023 was as follows:

		(Millions of yen)	
		2022	2023
Accrued expenses		117,143	106,458
Contract liabilities		53,650	55,533
Other		26,217	20,040
	Total	197,010	182,031
Current		180,941	163,837
Non-current		16,069	18,194
	Total	197,010	182,031

22. Government Grants

Government grants included in other current liabilities and other non-current liabilities as of March 31, 2022 and 2023 were as follows:

		(Millions of yen)	
		2022	2023
Other current liabilities		443	285
Other non-current liabilities		2,038	1,753

Government grants were conditioned on acquiring equipment in a specific medical field in Japan and they are amortized over the useful life of their related assets on a straight-line basis.

There are no unfulfilled conditions or contingencies related to these grants.

23. Employee Benefits

Olympus Corporation and some of its consolidated subsidiaries have established defined benefit corporate pension plans, defined contribution pension plans and lump sum payment plans to fund employees' retirement benefits.

The defined benefit corporate pension plans are cash balance plans that use a point system. In these plans, points are awarded to the plan participants based on their job performance and interest points calculated using an interest crediting rate based on trends in market interest rates accumulate in the participants' hypothetical individual accounts.

The Olympus Group, its pension funds and institutions that manage its plan assets are legally required to faithfully administer and manage plan assets in the aim of providing reliable pension benefits to plan participants into the indefinite future. They fulfill their management responsibilities in accord with basic policies prepared by the funds.

The Olympus Group's retirement benefit plans are exposed to multiple risks, including investment risks associated with plan assets and interest rate risk associated with defined benefit obligations.

(1) Defined benefit plans

(i) Reconciliation of defined benefit obligations

The changes in defined benefit obligations were as follows:

	(Millions of yen)	
	2022	2023
Balance at April 1	179,340	175,633
Current service cost	6,943	6,410
Past service cost	343	(80)
Interest cost	2,461	3,235
Remeasurements of defined benefit plans		
Actuarial gains and losses arising from changes in demographic assumptions	480	(366)
Actuarial gains and losses arising from changes in financial assumptions	(7,718)	(20,351)
Other	(1,219)	2,954
Contributions by employees	156	151
Benefits paid	(11,094)	(7,283)
Transfer to liabilities associated with assets held for sale	-	(12,751)
Effects of business combinations and disposals	(494)	-
Exchange differences on translation of foreign operations	6,462	5,101
Other	(27)	(17)
Balance at March 31	175,633	152,636

(ii) Reconciliation of fair value of plan assets

The change in the fair value of plan assets during the fiscal year ended March 31, 2023 is presented below.

The Olympus Group conducts a financial verification based on Olympus Corporation's corporate pension rules at the end of every fiscal year to ascertain the extent of any funding deficit and determine whether contributions need to be recalculated.

In the fiscal year ending March 31, 2024, the Olympus Group plans to contribute ¥4,616 million to the plan.

(Millions of yen)

	2022	2023
Balance at April 1	159,571	161,607
Interest income	1,988	2,669
Remeasurements		
Return on plan assets	(410)	(8,546)
Contributions by employer	6,646	19,572
Contributions by employees	134	160
Benefits paid	(10,288)	(6,449)
Transfer to liabilities associated with assets held for sale	–	(12,924)
Exchange differences on translation of foreign operations	4,058	3,301
Other	(92)	(142)
Balance at March 31	161,607	159,248

(iii) Reconciliation of defined benefit obligations and plan assets

The reconciliation between the defined benefit obligations and plan assets and the retirement benefit liability and asset recognized in the consolidated statement of financial position was as follows:

(Millions of yen)

	2022	2023
Present value of the funded defined benefit obligations	157,914	136,957
Fair value of plan assets	(161,607)	(159,248)
Subtotal	(3,693)	(22,291)
Present value of the unfunded defined benefit obligations	17,719	15,679
Net defined benefit liabilities (assets)	14,026	(6,612)
Amounts recognized in the consolidated statement of financial position		
Retirement benefit liability	40,001	20,416
Retirement benefit asset	(25,975)	(27,028)
Net defined benefit liabilities (assets)	14,026	(6,612)

(iv) Components of plan assets

The breakdown of plan assets by category was as follows:

	(Millions of yen)	
	2022	2023
Assets with quoted market prices in an active market		
Japanese equity securities	1,440	1,368
Overseas debt securities	742	556
Cash and cash equivalents	10,849	11,170
Total	13,031	13,094
Assets without quoted market prices in an active market		
Overseas equity securities	15,300	13,188
Overseas debt securities	10,540	28,150
General account for life insurance companies	52,929	46,626
Jointly managed money trust	52,933	45,943
Other (Note 1)	16,874	12,247
Total	148,576	146,154
Total of plan assets	161,607	159,248

Note: Insurance contracts concluded through annuity buy-in transactions included in "Other" amounted to ¥14,187 million and ¥9,707 million as of the end of the fiscal years ended March 31, 2022 and 2023, respectively.

To reliably pay defined benefit obligations into the indefinite future, plan assets in the Olympus Group's corporate pension funds are managed safely and efficiently in the aim of generating medium- to long-term investment returns in excess of the minimum rate of return required to maintain the plans. To do so, the pension funds carefully ascertain their risk tolerance, determine an optimal asset allocation within those risk constraints and invest in a diversified portfolio of assets.

(v) Matters related to actuarial assumptions

The main significant actuarial assumptions used to measure present value of defined benefit obligations were as follows:

	2022	2023
Discount rate	0.74%	2.60%

(vi) Sensitivity analysis

In the event of a 0.5% change in the discount rate used in the actuarial calculation, the present value of the defined benefit obligations would be affected as shown below. This analysis assumes that all other variables remain constant. In actuality, however, the sensitivity analysis may be affected by changes in other assumptions.

	(Millions of yen)	
	2022	2023
Discount rate		
0.5% increase (decrease in obligations)	(12,282)	(8,717)
0.5% decrease (increase in obligations)	14,362	10,120

(vii) Weighted average duration

The weighted average durations of the defined benefit obligations were 14.3 years and 13.2 years as of March 31, 2022 and 2023, respectively.

(2) Defined contribution plans

The amounts recognized as expenses related to the defined contribution plan were ¥16,736 million and ¥18,783 million for the fiscal years ended March 31, 2022 and 2023, respectively, and included expenses recognized in relation to the public pension system.

24. Share Capital and Other Components of Equity

(1) Number of authorized shares, issued shares and treasury shares

The changes in the number of authorized shares, issued shares and treasury shares were as follows:

	Number of shares	
	2022	2023
Authorized shares	4,000,000,000	4,000,000,000
Issued shares (Note 1)		
As of April 1	1,370,914,963	1,299,294,333
Increase or decrease (Note 2) (Note 3)	(71,620,630)	(33,115,633)
As of March 31	1,299,294,333	1,266,178,700
Treasury shares (Note 4)		
As of April 1	85,279,921	26,261,612
Increase or decrease (Note 5) (Note 6)	(59,018,309)	(13,620,394)
As of March 31	26,261,612	12,641,218

- Notes: 1. All of the shares of Olympus Corporation are ordinary shares that have no par value and no limitations on the rights. Issued shares are fully paid.
2. The decrease in the fiscal year ended March 31, 2022, was due to the cancellation of treasury shares conducted effectively on June 4, 2021.
3. The decrease in the fiscal year ended March 31, 2023, was due to the cancellation of 13,402,333 shares of treasury shares and 19,713,300 shares of treasury shares conducted effectively on June 8, 2022 and March 28, 2023, respectively.
4. Olympus Corporation has adopted stock option plans and utilizes treasury shares for delivery of shares due to exercise. Contract conditions and amounts are described in Note "27. Stock-based Compensation."
5. The main changes in the fiscal year ended March 31, 2022, were a decrease of 71,620,630 shares due to the cancellation of treasury shares conducted effectively on June 4, 2021, and an increase of 12,681,000 shares due to the share repurchase conducted between December 21, 2021, and February 18, 2022 on contract basis.
6. The main changes in the fiscal year ended March 31, 2023, were a decrease of 13,402,333 shares due to the cancellation of treasury shares conducted effectively on June 8, 2022, an increase of 19,713,300 shares due to the share repurchase conducted between November 14, 2022, and January 16, 2023 on contract basis and a decrease of 19,713,300 shares due to the cancellation of treasury shares conducted effectively on March 28, 2023.

(2) Capital surplus

Japan's Companies Act provides that at least one-half of capital paid in or contributed in exchange for newly issued shares is to be classified as share capital and any amount not classified as share capital is to be classified as legal capital surplus included in capital surplus.

Additionally, legal capital surplus may be reclassified as share capital pursuant to a shareholder resolution at a General Meeting of Shareholders.

(3) Retained earnings

Japan's Companies Act provides that one-tenth of the amount of reductions in surplus due to dividend distributions funded by the surplus is to be accumulated as legal capital surplus or legal retained earnings until the total of legal capital surplus and legal retained earnings equals one-quarter of share capital.

Accumulated legal retained earnings may be appropriated to reduce a capital deficit. They may also be utilized pursuant to a shareholder resolution at a General Meeting of Shareholders.

The amount of Olympus Corporation's retained earnings distributable as dividends is measured based on the amount of retained earnings carried on Olympus Corporation's accounting books prepared in accordance with accounting principles generally accepted in Japan.

Additionally, the Companies Act imposes certain restrictions on how the amount of retained earnings distributable as dividends is measured. Olympus Corporation distributes retained earnings within the constraints stipulated by those restrictions.

(4) Other components of equity

The changes in other components of equity were as follows:

	(Millions of yen)					
	Exchange differences on translation of foreign operations	Cash flow hedges	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Share of other comprehensive income of associates accounted for using equity method	Total
Balance at March 31, 2021	(5,825)	(347)	4,977	–	(152)	(1,347)
Other comprehensive income	42,407	(2,154)	(686)	5,312	152	45,031
Reclassification to retained earnings	–	–	(3,554)	(5,312)	–	(8,866)
Balance at March 31, 2022	36,582	(2,501)	737	–	–	34,818
Other comprehensive income	47,093	(1,280)	(84)	7,320	–	53,049
Reclassification to retained earnings	–	–	(233)	(7,320)	–	(7,553)
Transfer to other components of equity related to disposal group held for sale	(3,019)	–	(15)	–	–	(3,034)
Balance at March 31, 2023	80,656	(3,781)	405	–	–	77,280

(i) Exchange differences on translation of foreign operations

Exchange differences that arise when foreign operations' financial statements prepared in a foreign currency are consolidated

(ii) Cash flow hedges

Olympus Corporation hedges to avert the risk of changes in future cash flows. Changes in the fair value of derivatives designated as cash flow hedges are recognized in other comprehensive income to the extent the hedges are deemed effective.

(iii) Financial assets measured at fair value through other comprehensive income

Valuation gains/losses on financial assets measured at fair value through other comprehensive income

(iv) Remeasurements of defined benefit plans

Changes in defined benefit obligations due to actuarial gains/losses and the effects of changes in actuarial assumptions; they are recognized in other comprehensive income when they occur and immediately transferred from other components of equity to retained earnings.

(v) Share of other comprehensive income of associates accounted for using equity method

Olympus Corporation's share of the exchange differences on translation of the financial statements of foreign operations of associates accounted for using equity method

25. Capital Policy

To enhance its corporate value, the Olympus Group has adopted a basic policy, premised on maintaining a stable financial foundation, of continually returning value to shareholders while placing priority on investing in growth businesses.

The Olympus Group manages all of its equity and interest-bearing debt as components of its capital cost. Cognizant of financial stability and capital efficiency, the Olympus Group aims to improve its credit ratings issued by rating agencies to more readily procure funding globally. The Olympus Group is not subject to any significant capital restrictions (except for general provisions stipulated in Japan's Companies Act).

The Olympus Group has designated adjusted earnings per share (adjusted EPS) as an equity-related key performance indicator. In the company strategy announced on May 12, 2023, the Olympus Group has defined a target of achieving an adjusted EPS CAGR of more than 8% starting from the fiscal year ending March 31, 2024 through the fiscal year ending March 31, 2026.

(Yen)

	2022	2023
Adjusted EPS (Notes 1, 2)	—	96.09

Notes: 1. This is EPS after adjusting special factors, and the amount differs from the amount shown in Note "32. Earnings per share." In calculating adjusted EPS, other income and other expenses, etc., are excluded from profit, which is the basis for the calculation.

2. Adjusted EPS for the fiscal year ended March 31, 2022 was not calculated, as the Olympus Group has defined a target of CAGR starting from the fiscal year ended March 31, 2023.

26. Dividends

Dividends paid during the fiscal year ended March 31, 2022 were as follows:

Resolution	Class of shares	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
May 7, 2021 Board of Directors	Common stock	15,428	12	March 31, 2021	June 3, 2021

Dividends paid during the fiscal year ended March 31, 2023 were as follows:

Resolution	Class of shares	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
May 11, 2022 Board of Directors	Common stock	17,822	14	March 31, 2022	June 3, 2022

Dividends for which the record date falls in the current fiscal year and the effective date is in the following fiscal year are as follows:

Resolution	Class of shares	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
May 12, 2023 Board of Directors	Common stock	20,057	16	March 31, 2023	June 6, 2023

27. Stock-based Compensation

The Olympus Group has adopted equity-settled stock option plans for directors, executive officers, corporate officers, and senior management of Olympus Corporation and its subsidiaries (hereinafter the “Employees of the Olympus Group”) with the aim of enhancing awareness toward contributing to sustainable improvement of corporate value as well as further enhancing value sharing with shareholders.

(1) Stock Options

(i) Overview of stock option plans

Under the stock option plans, grantees are granted 400 shares of common stock per subscription right to shares.

The grants are not subject to vesting conditions, but holders of subscription rights to shares may exercise their subscription rights to shares only during a 10-year period beginning one year from the day after the date on which they vacate their position as a director, executive officer or corporate officers of Olympus Corporation (or the date on which they vacate their position as an Audit & Supervisory Board Member if they were appointed to the Audit & Supervisory Board Members after vacating their position as a director or corporate officer). If not exercised within the exercise period, the options become null and void. Olympus Corporation introduced a restricted stock compensation system and performance-based stock compensation system from the fiscal year ended March 31, 2018, and the stock option plan was terminated. No stock options have been granted since such time. The exercise period for stock options already granted ends on July 13, 2046.

(ii) Outline of stock options

	Grant date	Number of shares granted (shares)	Exercise price (Yen)	Exercise period
First series of stock subscription rights	August 26, 2013	160,400	1	From August 27, 2013 to August 26, 2043
Second series of stock subscription rights	July 11, 2014	164,000	1	From July 12, 2014 to July 11, 2044
Third series of stock subscription rights	July 13, 2015	154,800	1	From July 14, 2015 to July 13, 2045
Fourth series of stock subscription rights	July 13, 2016	158,000	1	From July 14, 2016 to July 13, 2046

Note: The number of stock options is presented as the number of underlying shares.

(iii) Movement in number of stock options and weighted average exercise price

	2022		2023	
	Number of equity securities (shares)	Weighted average exercise price (Yen)	Number of equity securities (shares)	Weighted average exercise price (Yen)
Outstanding at beginning of year	513,200	1	429,600	1
Granted	-	-	-	-
Exercised	(83,600)	1	(126,800)	1
Expired	-	-	-	-
Outstanding at end of year	429,600	1	302,800	1
Exercisable at end of year	211,200	1	148,400	1

- Notes: 1. The number of stock options is presented as the number of underlying shares.
2. The weighted average share prices of stock options at the time of exercise were ¥2,325 and ¥2,474 for the fiscal years ended March 31, 2022 and 2023, respectively.
3. The weighted average remaining lives of unexercised stock options year were 23.0 years and 22.0 years as of March 31, 2022 and 2023, respectively.

(2) Restricted stock compensation system

(i) Overview of restricted stock compensation system

The restricted stock compensation system is for Olympus Corporation's executive officers and corporate officers.

Under the restricted stock compensation system, Olympus Corporation's executive officers and corporate officers serving in qualifying positions wholly transfer their rights to monetary compensation receivable from Olympus Corporation as in kind property contributions to the system and receive newly issued shares of Olympus Corporation's common stock, conditional upon their meeting a specified continuous-tenure requirement.

Issuance of Olympus Corporation's common stock as restricted stock compensation is contingent on Olympus Corporation and the eligible executive officers and corporate officers serving in qualifying positions entering into an agreement that includes provisions 1) prohibiting the shares from being transferred or pledged to a third party or otherwise disposed of in any manner during a certain specified period and 2) entering into agreement including contents such as allowing Olympus Corporation to reclaim the shares at no cost under certain specified circumstances. Olympus Corporation abolished the restricted stock compensation system due to the introduction of the subsequent grant-type restricted stock compensation (RSU: Restricted Stock Unit) system effectively from the fiscal year ended March 31, 2021. Therefore, no shares will be granted under the restricted stock compensation system from the fiscal year ended March 31, 2021, onward.

(ii) Number of shares granted during the year and fair value at grant date

Not applicable.

(3) Performance-based stock compensation (PSU: Performance Share Unit) system

(i) Overview of Performance Share Unit (PSU) system (hereinafter the "PSU system")

The PSU system is generally for executive officers and corporate officers of Olympus Corporation, and it covers the Employees of the Olympus Group from the fiscal year ended March 31, 2023.

Under the PSU system, at the beginning of the performance evaluation period, the standard number of common stock units to be delivered after the end of the performance evaluation period is

determined based on the amount of basic salary. The number of share units to be allotted is the number of the standard number of common stock units multiplied by the payment rate determined according to the degree of attainment at the end of the performance period. The eligible persons wholly transfer their rights to monetary compensation receivable equivalent to the number of such allotted share units as in kind property contributions and receive newly issued shares of Olympus Corporation's common stock.

The performance evaluation period is three fiscal years, and the Compensation Committee determines the payment rate within the predetermined range according to the degree of attainment, at the end of the performance evaluation period, of predetermined performance evaluation indicators and targets set by the Compensation Committee.

The performance evaluation indicators and targets at the start of the performance evaluation period and the payment rate at the end of the performance evaluation period for corporate officers and the Employees of the Olympus Group are determined by the Representative Executive Officer.

(ii) Number of shares granted during the fiscal year and fair value at grant date

The weighted average fair value at the grant date under this system for the fiscal years ended March 31, 2022 and 2023 were ¥1,947 and ¥2,307, respectively.

The number of shares delivered correspond to the directors' standard variable compensation calculated based on their position and adjusted within the predetermined range based on the degree of attainment, as of the end of the three fiscal years, of predetermined performance evaluation targets set by the Compensation Committee or Representative Executive Officer as described above in (3) 1).

(4) Restricted Stock Unit system

(i) Overview of Restricted Stock Unit system (hereinafter the "RSU system")

The RSU system is generally for directors, executive officers and corporate officers of Olympus Corporation, and it covers the Employees of the Olympus Group from the fiscal year ended March 31, 2023.

Under the RSU system, on the condition that the eligible persons remain employed by Olympus Corporation during the vesting period, the eligible persons are granted the right to acquire the predetermined number of shares of Olympus Corporation's common stock at a predetermined time based on the amount of basic salary, etc. at the beginning of the transfer restriction period. The eligible persons wholly transfer all their rights to monetary compensation receivable according to that number of granted units after the end of the vesting period as in kind property contributions and receive newly issued shares of Olympus Corporation's common stock.

RSUs are delivered as newly issued shares of Olympus Corporation's common stock for directors who live in Japan at the time of retirement, in principle, and for directors who do not live in Japan after the standard vesting period in their region. The vesting period of RSUs for executive officers, corporate officers and the Employees of the Olympus Group was three years until the fiscal year ended March 31, 2022, and the number of shares equivalent to all the granted units was delivered after the vesting period. From the fiscal year ended March 31, 2023, shares are delivered by one-third of the number of granted units each year as the vesting period deems to be one year.

(ii) Number of shares granted during the year and fair value at grant date

The weighted average fair value at the grant date under this plan for the fiscal years ended March 31, 2022 and 2023 were ¥2,160 and ¥2,236, respectively.

As for the number of shares, Olympus Corporation's common stock determined by Olympus Corporation in advance are delivered after the end of the vesting period as stated in (4) 1) above.

(5) Stock compensation expenses

(Millions of yen)

	2022	2023
Selling, general and administrative expenses	400	1,690

28. Revenue

(1) Disaggregation of Revenue

The organization of the Olympus Group has basically consisted of the Endoscopic Solutions Business, Therapeutic Solutions Business, Scientific Solutions Business, and Others, but, from the second quarter, the organization has been changed to basically consist of the Endoscopic Solutions Business, Therapeutic Solutions Business, and Others. The change is due to Olympus Corporation classifying the Scientific Solutions Business as a discontinued operation with the conclusion of a share transfer agreement related to the transfer of Scientific Solutions Business of the Olympus Group with K.K. BCJ-66, a special purpose company indirectly owned by funds advised by Bain Capital.

Revenue recorded in Endoscopic Solutions Business, Therapeutic Solutions Business and Others is stated as revenue, as these segments are the units for which separate financial information is available and according to which reporting is periodically conducted to decide how to allocate management resources and assess business performance. Revenue is geographically disaggregated by customer location. Relationship between the disaggregated revenue and revenue of each reportable segment is as follows:

For the fiscal year ended March 31, 2022

	(Millions of yen)			
	Endoscopic Solutions	Therapeutic Solutions	Others	Total
Japan	65,908	44,988	7,930	118,826
North America	161,066	100,074	211	261,351
Europe	117,045	72,789	4,532	194,366
China	68,299	32,651	24	100,974
Asia and Oceania	39,662	21,149	293	61,104
Others	9,567	3,935	0	13,502
Total	461,547	275,586	12,990	750,123
Revenue from contracts with customers	409,183	269,092	12,990	691,265
Revenue from other sources	52,364	6,494	–	58,858

Note: Revenue from other sources includes revenue from lease contracts as defined under IFRS 16.

For the fiscal year ended March 31, 2023

(Millions of yen)

	Endoscopic Solutions	Therapeutic Solutions	Others	Total
Japan	70,472	46,170	5,874	122,516
North America	198,134	123,874	159	322,167
Europe	134,307	82,411	5,446	222,164
China	82,906	34,147	41	117,094
Asia and Oceania	51,891	25,543	373	77,807
Others	14,113	6,062		20,175
Total	551,823	318,207	11,893	881,923
Revenue from contracts with customers	483,667	307,679	11,893	803,239
Revenue from other sources	68,156	10,528	—	78,684

Note: Revenue from other sources includes revenue from lease contracts as defined under IFRS 16.

(i) Endoscopic Solutions Business

The Endoscopic Solutions Business sells medical devices, including gastrointestinal endoscopes and surgical endoscopes, as well as provides medical services such as lease and repair for these products, to customers who are primarily medical institutions in Japan and overseas.

Regarding the sale of products by the Endoscopic Solutions Business, when control over products is transferred to a customer—at the time Olympus Corporation delivers the products to the customer—the legal title to the products and physical possession of the products, and significant risks and rewards of ownership of the products are transferred to the customer; then Olympus Corporation obtains the right to receive payments from the customer. At that point, Olympus Corporation recognizes the revenue. The revenue from the sale of products is measured in transaction prices related to the contract with the customer. Olympus Corporation receives a consideration for a transaction primarily within a year after satisfaction of performance obligations, and the consideration does not include a significant financial component. In respect of transactions that consist of multiple components, such as products and maintenance service, Olympus Corporation treats each component as a separate performance obligation when products to sell and services to render have an independent value on their own, and the total transaction amount is proportionally allocated based on the individual sales prices of the components.

In regard to maintenance contracts concerning medical devices, because performance obligations are satisfied over the passage of time, the transaction amount related to the contract with a customer is recognized as revenue spread evenly over the contract period. Generally, Olympus Corporation receives a consideration for a transaction in a lump sum as advance payment at the time the contract is concluded.

Lease transactions for medical devices as the lessor are recorded in accordance with Note “3. Significant Accounting Policies, (10) Leases.” Olympus Corporation receives lease fees concerning leasing contracts based on payment conditions specified in individual contracts.

(ii) Therapeutic Solutions Business

The Therapeutic Solution Business sells medical devices, including gastroenterology devices, urology products, respiratory products, energy devices, ENT products, and gynecology products, to customers who are primarily medical institutions in Japan and overseas.

Regarding the sale of products by the Therapeutic Solutions Business, when control over products is transferred to a customer—at the time Olympus Corporation delivers the products to the customer—the legal title to the products and physical possession of the products, and significant risks and rewards of ownership of the products are transferred to the customer; then Olympus Corporation

obtains the right to receive payments from the customer. At that point, Olympus Corporation recognizes the revenue. The revenue from the sale of products is measured in transaction prices related to the contract with the customer. Olympus Corporation receives a consideration for a transaction primarily within a year after satisfaction of performance obligations, and the consideration does not include a significant financial component.

(iii) Other Businesses

Other businesses include R&D and exploratory activities for new businesses, in addition to sales of biomedical materials and orthopedic equipment.

(2) Contract balances

The balances of receivables from contracts with customers, and contract assets and contract liabilities were as follows:

For the fiscal year ended March 31, 2022

	(Millions of yen)	
	April 1, 2021	March 31, 2022
Receivables from contracts with customers	131,127	145,912
Contract assets	436	728
Contract liabilities	44,923	53,650

For the fiscal year ended March 31, 2023

	(Millions of yen)	
	April 1, 2022	March 31, 2023
Receivables from contracts with customers	145,912	137,177
Contract assets	728	1,239
Contract liabilities	53,650	55,533

In the consolidated statement of financial position, receivables from contracts with customers and contract assets are included in trade and other receivables and contract liabilities are included in other current liabilities and other non-current liabilities.

Contract assets are related to consideration for performance that has been completed but not been charged on the reporting date. Contract assets are reclassified to receivables when the right to payment becomes unconditional. Contract liabilities are advances from customers who first made some or all of the payment even though service had not yet been provided to the customer, primarily for maintenance contracts.

The amounts of revenues from continuing operations recognized during the fiscal years ended March 31, 2022 and 2023 which were included in contract liabilities at the beginning of the period were ¥40,724 million and ¥50,919 million, respectively. In addition, for the fiscal years ended March 31, 2022 and 2023, the amounts of revenue recognized from performance obligation satisfied (or partly satisfied) in the previous period are immaterial.

(3) Transaction price allocated to the remaining performance obligations

The amounts of revenue by timing of satisfaction of remaining performance obligations are as follows: Olympus Corporation has applied the practical expedient and does not disclose transactions of which the expected contract period is within one year or less.

(Millions of yen)

	2022	2023
Within 1 year	13,670	18,068
Over 1 year	9,568	12,074
Total	23,238	30,142

29. Selling, General and Administrative Expenses

Major items of selling, general and administrative expenses for the fiscal years ended March 31, 2022 and 2023 were as follows:

(Millions of yen)

	2022	2023
Personnel expenses (Note)	196,276	231,862
Depreciation	30,708	34,151
Advertising and promotion expenses	13,274	15,448

Note: Personnel expenses mainly include wages, bonuses, legal welfare expenses, expenses related to post-employment benefits, and personnel expenses incurred by the development division.

30. Other Income and Other Expenses

(1) Other income

Major items of other income are as follows.

Fiscal year ended March 31, 2022 (April 1, 2021 - March 31, 2022)

(Gain on step acquisition)

Olympus Corporation recorded gain on step acquisition of ¥2,826 million in “Other income” due to the acquisition of Medi-Tate Ltd. For details on business combination, please see Note “40. Business Combinations.”

(Gain on sale of fixed assets)

Olympus Corporation recorded gain on sale of fixed assets of ¥1,393 million in “Other income.”

(Partial reversal of provision for indirect taxes of consolidated subsidiaries)

Of the tax provision recorded in the fiscal year ended March 31, 2019 in anticipation of additional collection related to the independent investigation conducted by Olympus Corporation’s foreign subsidiaries regarding indirect taxes, ¥3,049 million, which is no longer expected to be incurred in the current fiscal year, is recorded in “Other income.”

(Change in fair value of contingent consideration, which is a portion of acquisition consideration)

Olympus Corporation recorded ¥1,249 million in “Other income” due to the change in fair value of contingent consideration, which makes up part of the acquisition consideration of Veran Medical Technologies, Inc. For details on the change in fair value, please see Note “40. Business Combinations.”

Fiscal year ended March 31, 2023 (April 1, 2022 - March 31, 2023)

(Gain on sale of fixed assets)

Olympus Corporation recorded gain on sale of the land in Hatagaya of ¥16,395 million in “Other income.”

(Change in fair value of contingent consideration, which is a portion of acquisition consideration)

Olympus Corporation recorded ¥1,381 million in “Other income” due to adjustments to the original acquisition consideration at the time of acquisition resulting from changes in the fair value of the contingent consideration, which makes up part of the acquisition consideration of Medi-Tate Ltd. For details on the change in fair value, please see Note “40. Business Combinations.”

(2) Other expenses

Major items of other expenses are as follows.

Fiscal year ended March 31, 2022 (April 1, 2021 - March 31, 2022)

(Business restructuring expenses)

Olympus Corporation recorded ¥8,836 million for the cost related to promotion such as the business transformation plan “Transform Olympus” in “Other expenses.”

(Impairment losses)

Olympus Corporation recognized impairment losses of ¥1,630 million on development assets in the Endoscopic Solutions Business, which were written down to their recoverable amount since Olympus Corporation no longer expects them to generate the expected earnings at the time of acquisition due to such factors as changes in the market environment, and recorded the losses in “Other expenses.”

Fiscal year ended March 31, 2023 (April 1, 2022 - March 31, 2023)

(Business restructuring expenses)

Olympus Corporation recorded ¥2,361 million for the cost related to promotion of the business transformation plan “Transform Olympus” in “Other expenses.”

(Quality-related expenses)

Olympus Corporation recorded ¥1,937 million for the cost related to strengthening the global quality assurance functions and ensuring quality compliance in “Other expenses.”

31. Finance Income and Finance Costs

The breakdown of finance income and finance costs for the fiscal years ended March 31, 2022 and 2023 was as follows:

(Millions of yen)

	2022	2023
Finance income		
Interest income		
Financial assets measured at amortized cost	1,013	3,702
Dividends income		
Financial assets measured through other comprehensive income	167	38
Other	171	120
Total	1,351	3,860
Finance costs		
Interest expenses		
Financial liabilities measured at amortized cost	4,230	4,974
Interest on bonds		
Financial liabilities measured at amortized cost	554	891
Foreign exchange loss (Note 1)	697	2,141
Other	357	169
Total	5,838	8,175

Notes: 1. Valuation gains or losses on currency derivatives that are not designated as hedges are included in foreign exchange gain or loss.

2. Fee income and expenses arising financial assets measured at amortized cost are immaterial.

32. Earnings per Share

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

	2022	2023
Basic earnings per share		
Continuing operations	86.05	108.78
Discontinued operation	4.17	4.44
Basic earnings per share	90.22	113.22
Diluted earnings per share		
Continuing operations	86.01	108.65
Discontinued operation	4.16	4.43
Diluted earnings per share	90.17	113.08

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

	2022	2023
Profit used to calculate basic earnings per share and diluted earnings per share		
Profit attributable to owners of parent	115,742	143,432
Profit not attributable to owners of parent	–	–
Profit used to calculate basic earnings per share	115,742	143,432
Continuing operations	110,399	137,809
Discontinued operation	5,343	5,623
Adjustment to profit	–	–
Profit used to calculate diluted earnings per share	115,742	143,432
Continuing operations	110,399	137,809
Discontinued operation	5,343	5,623
The weighted average number of shares of common stock used to calculate basic earnings per share and diluted earnings per share		
The weighted average number of shares of common stock	1,282,920	1,266,848
Increase in number of shares of common stock		
Subscription rights to shares relating to stock options	480	373
Common stock relating to PSU	–	744
Common stock relating to RSU	203	406
The weighted average number of shares of diluted common stock during the period	1,283,603	1,268,371

33. Other Comprehensive Income

The breakdown of each component of other comprehensive income (including non-controlling interests) for the fiscal years ended March 31, 2022 and 2023 was as follows:

(Millions of yen)

	2022	2023
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income		
Amount arising during the year	(481)	(103)
Tax effect	(205)	19
Financial assets measured at fair value through other comprehensive income	(686)	(84)
Remeasurements of defined benefit plans		
Amount arising during the year	8,047	9,217
Tax effect	(2,735)	(1,897)
Remeasurements of defined benefit plans	5,312	7,320
Total of items that will not be reclassified to profit or loss	4,626	7,236
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations		
Amount arising during the year	42,407	47,093
Reclassification adjustments	-	-
Before tax effect	42,407	47,093
Tax effect	-	-
Exchange differences on translation of foreign operations	42,407	47,093
Cash flow hedges		
Amount arising during the year	1,622	3,683
Reclassification adjustments	(4,727)	(5,527)
Before tax effect	(3,105)	(1,844)
Tax effect	951	564
Cash flow hedges	(2,154)	(1,280)
Share of other comprehensive income of associates accounted for using equity method		
Amount arising during the year	152	-
Reclassification adjustments	-	-
Before tax effect	152	-
Tax effect	-	-
Share of other comprehensive income of associates accounted for using equity method	152	-
Total of items that may be reclassified to profit or loss	40,405	45,813
Total other comprehensive income	45,031	53,049

34. Cash Flow Information

(1) Non-cash transactions

The major non-cash transactions are follows:

(Millions of yen)

	2022	2023
Right-of-use assets acquired through lease transactions	16,116	15,109

(2) Liabilities arising from financing activities

The changes in liabilities arising from financing activities were as follows:

Fiscal year ended March 31, 2022

(Millions of yen)

	Balance at April 1	Movement due to cash inflows/outfl ows from financing activities	Non-cash items			Balance at March 31
			Increase due to new lease	Exchange differences on translation of foreign operations	Other	
Short-term borrowings	5,458	(5,454)	–	78	(15)	67
Bonds (Note)	119,596	56,143	–	–	4,583	180,322
Long-term borrowings (Note)	230,210	(26,246)	–	1,349	425	205,738
Lease liabilities (Note)	66,407	(17,691)	16,116	787	(604)	65,015

Note: Balances redeemable within one year are included.

Fiscal year ended March 31, 2023

(Millions of yen)

	Balance at April 1	Movement due to cash inflows/outfl ows from financing activities	Non-cash items			Balance at March 31
			Increase due to new lease	Exchange differences on translation of foreign operations	Other	
Short-term borrowings	67	(67)	–	2	1	3
Bonds (Note)	180,322	(40,000)	–	–	5,796	146,118
Long-term borrowings (Note)	205,738	(13,547)	–	1,326	419	193,936
Lease liabilities (Note)	65,015	(20,914)	15,109	3,690	(5,738)	57,162

Note: Balances redeemable within one year are included.

(3) Payments for acquisition of business

There is no income or expenses from significant business acquisitions during the fiscal years ended March 31, 2022 and 2023.

(4) Payments for acquisition of subsidiaries

A reconciliation of the consideration paid for the acquisition of subsidiaries and payments for acquisition was as follows:

(Millions of yen)

	2022	2023
Consideration for acquisitions paid in cash	23,222	4,008
Cash and cash equivalents of assets acquired, at the time the Olympus Group obtained control of the subsidiaries	(1,385)	(149)
Payments for acquisition of subsidiaries	21,837	3,859

(5) Loss of control

Fiscal year ended March 31, 2022

Transfer of Olympus Systems Corporation

(i) Overview of transaction

Olympus Corporation concluded an agreement to transfer all shares of Olympus Systems Corporation, a consolidated subsidiary of Olympus Corporation, to Accenture Japan Ltd on May 28, 2021 and completed the transfer procedures on August 31, 2021. As a result of this, Olympus Corporation lost its control of Olympus Systems Corporation on the same day.

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

	(Millions of yen)
	Amount
Current assets	783
Non-current assets	414
Total assets	1,197
Current liabilities	569
Non-current liabilities	507
Total liabilities	1,076

(iii) Cash flows associated with the loss of control

	(Millions of yen)
	Amount
Cash and cash equivalents received as consideration of the loss of control	726
Cash and cash equivalents of subsidiaries with the loss of control	(2)
Proceeds from sale of subsidiaries (Note)	724

Note: Proceeds from sale of subsidiaries are included in "Cash flows from investing activities" in the Consolidated Statement of Cash Flows.

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

Olympus Corporation recorded a gain of ¥605 million associated with the loss of control of Olympus Systems Corporation in "Other income" in the consolidated statement of profit or loss.

Fiscal year ended March 31, 2023

Not applicable.

35. Financial Instruments

(1) Credit risk

Credit risk is the risk that a counterparty may default on its contractual obligations resulting in a financial loss for the Olympus Group.

The Olympus Group is mainly exposed to the credit risk of customers and business counterparts on financial assets measured at amortized cost and of financial institutions that are counterparties to derivatives held for hedging foreign currency fluctuations and other financial risks.

The Olympus Group manages credit risk pertaining to financial assets measured at amortized cost by conducting credit investigations on major external customers and controls of due dates and outstanding balances by customers in accordance with internal regulations, while promptly identifying doubtful accounts caused by deteriorated financial conditions, etc., to reduce risks. Credit risk associated with derivatives is reduced by limiting transactions to highly creditworthy financial institutions.

Financial assets measured at amortized cost are mainly classified into “trade receivables” that consist of notes receivable, accounts receivable and lease receivables and “receivables other than trade receivables.” The Olympus Group provides allowance for doubtful accounts for each receivable as follows.

“Trade receivables” are classified into three categories: receivables to “debtors that are not facing serious problems in their management conditions,” receivables to “debtors that are facing serious problems in repaying their debts,” and receivables to “debtors that are bankrupt,” according to the debtors’ management and financial conditions at the end of the reporting period. Allowance for doubtful accounts is always recognized at an amount equal to expected credit losses for the remaining life of the assets for each category.

“Debtors that are not facing serious problems in their management conditions” refer to those that have no indication of problems in repaying their debts and no problems in ability to repay their debts. Allowance for doubtful accounts on receivables from the debtors in this category is recorded collectively using a provision ratio based on a historical loan loss ratio and future estimates.

“Debtors that are facing serious problems in repaying their debts” refer to those that are not in a state of bankrupt but are facing, or will likely face, serious problems in repaying their debts. Allowance for doubtful accounts on receivables from the debtors in this category is recorded based on the estimated collectable amount of the respective assets on an individual basis.

“Debtors that are bankrupt” refer to those that are legally or substantially bankrupt or in a state of serious financial difficulty with no prospect of revitalization. Allowance for doubtful accounts on receivables from the debtors in this category is recorded for all receivables excluding assets received as collateral or for credit enhancement.

The Olympus Group evaluates at the end of each reporting period whether there is a significant increase in credit risk of “receivables other than trade receivables” since initial recognition. When there is no significant increase in credit risk since initial recognition, the amount equal to expected credit losses for 12 months is recognized as allowance for doubtful accounts. When there is a significant increase in credit risk since initial recognition, the amount equal to expected credit losses for the remaining life of the financial assets is recognized as allowance for doubtful accounts.

“A significant increase in credit risk” refers to a situation in which there are serious problems in collectibility of receivables at the end of the reporting period compared to that at the initial recognition. When evaluating whether or not there is a significant increase in credit risk, the Olympus Group takes

into consideration reasonably available and supportable information, such as a debtor's results of operations for past periods and management improvement plan, as well as past due information.

Allowance for doubtful accounts on "receivables other than trade receivables" is recognized using a method to estimate credit losses collectively or individually according to the extent of the debtor's credit risk. However, when the debtors are in serious financial difficulty or legally or substantially bankrupt, allowance for doubtful accounts is recognized using a method to estimate credit losses individually by considering the receivables as credit-impaired financial assets.

Irrespective of the above classification, when it is clear that a financial asset in its entirety or a portion thereof cannot be recovered, such as a legal extinguishment of receivables, the carrying amount of the financial asset is directly amortized.

Information on allowance for doubtful accounts

The carrying amounts of financial assets subject to allowance for doubtful accounts were as follows:

These carrying amounts represent the maximum amount of exposure to credit risk.

(Millions of yen)				
Trade receivables	Debtors that are not facing serious problems in their management conditions	Debtors that are facing serious problems in repaying their debts	Debtors that are bankrupt	Total
Balance at March 31, 2022	199,234	3,928	364	203,526
Balance at March 31, 2023	204,624	4,584	306	209,514

There was no significant change that had a material impact on allowance for doubtful accounts for "Trade receivables" as of March 31, 2022 and 2023.

(Millions of yen)				
Receivables other than trade receivables	No significant increase in credit risk	Significant increase in credit risk		Total
		Non-credit-impaired financial assets	Credit-impaired financial assets	
Balance at March 31, 2022	26,502	6,924	604	34,030
Balance at March 31, 2023	25,137	6,881	613	32,631

There was no significant change that had material impacts on allowance for doubtful accounts for "Receivables other than trade receivables" as of March 31, 2022 and 2023.

The changes in allowance for doubtful accounts related to above financial assets were as follows:

(Millions of yen)

	Receivables other than trade receivables			
	Trade receivables	No significant increase in credit risk	Significant increase in credit risk	
			Non-credit-impaired financial assets	Credit-impaired financial assets
Balance at April 1, 2021	5,872	0	6,783	584
Increase	179	84	79	–
Decrease	(860)	(32)	(9)	(0)
Other	55	0	–	20
Balance at March 31, 2022	5,246	52	6,853	604
Increase	427	–	103	–
Decrease	(1,161)	(48)	(79)	(1)
Other	391	(0)	–	10
Balance at March 31, 2023	4,903	4	6,877	613

(2) Liquidity risk

Liquidity risk is the risk that the Olympus Group may not be able to repay borrowings or settle other financial liabilities on their due dates.

Borrowings, bonds and other financial liabilities held by the Olympus Group are exposed to liquidity risk. Based on the report from each division, the finance division of the Olympus Group prepares and updates its cash flow plans on a timely basis and keeps its liquidity in hand over a certain ratio of consolidated revenue in order to manage liquidity risk.

Major financial liabilities by maturity date are as follows. Trade and other payables are not included in the tables below as they are settled within one year and their contractual cash flows are nearly equal to the carrying amount.

As of March 31, 2022

(Millions of yen)

	Carrying amount	Contractual cash flows		
		Total	Within 1 year	Over 1 year
Non-derivative financial liabilities				
Bonds and borrowings	386,127	400,462	55,036	345,426
Lease liabilities	65,015	73,246	16,498	56,748
Derivative financial liabilities				
Currency derivatives	3,752	4,086	3,912	174
Interest rate derivatives	285	285	81	204

As of March 31, 2023

(Millions of yen)

	Carrying amount	Contractual cash flows		
		Total	Within 1 year	Over 1 year
Non-derivative financial liabilities				
Bonds and borrowings	340,057	351,441	52,508	298,933
Lease liabilities	57,162	65,424	14,398	51,026
Derivative financial liabilities				
Currency derivatives	1,067	1,067	1,027	40
Interest rate derivatives	149	149	72	77

The Olympus Group does not expect the cash flows included in the maturity analysis to occur much earlier than anticipated or to differ significantly from the anticipated monetary amounts.

(3) Market risk

Market risk is the risk of fluctuations in fair value or future cash flows of financial instruments because of changes in market prices. Market risk includes foreign exchange risk which arises from changes in foreign exchange rates, interest rate risk which arises from changes in market interest rates and market price fluctuation risk which arises from changes in market prices of listed shares.

(i) Foreign exchange risk

The Olympus Group operates business activities worldwide. Accordingly, financial assets and liabilities arising from transactions denominated in currencies other than the functional currency are exposed to foreign exchange rate fluctuation risk. The Olympus Group mainly uses foreign exchange forward contracts, currency options and currency swaps to reduce the foreign exchange fluctuation risk.

(i) Foreign exchange forward contracts, currency options and currency swaps

The details of foreign exchange forward contracts, currency options and currency swaps were as follows:

(Millions of yen)

	2022		2023	
	Contract amount	Fair value	Contract amount	Fair value
Foreign exchange forward contracts:	115,534	(3,063)	165,085	1,559
U.S. dollar	72,307	(1,773)	59,912	591
Other currency	43,227	(1,290)	105,173	968
Currency options	–	–	8,257	(90)
U.S. dollar	–	–	8,257	(90)
Currency swaps	87,910	1,185	97,240	4,325
Receive other currencies / pay Euro	26,537	(121)	30,475	16
Receive Euro / pay other currencies	178	(0)	–	–
Receive U.S. dollar / pay Japanese yen	61,195	1,306	66,765	4,309
Total	203,444	(1,878)	270,582	5,794

(ii) Sensitivity analysis of currency fluctuation risk

The following table illustrates the impact on profit before tax in the consolidated statement of profit or loss from financial instruments held by the Olympus Group at the end of each fiscal year if the Japanese yen appreciated by 1 Japanese yen against the U.S. dollar and the Euro. This analysis assumes that all other variables are held constant.

(Millions of yen)

	2022	2023
U.S. dollar	(209)	(22)
Euro	(162)	(57)

(ii) Interest rate risk

The Olympus Group's exposure to interest rate risk mainly relates to debt such as borrowings and bonds. Because the amount of interest is affected by fluctuations in market interest rates, the Olympus Group is exposed to interest rate risk of fluctuations in future cash flows of interest.

Mainly to limit an increase in the amount of interest paid in the future due to a rise in interest rates, the Olympus Group raises funds by procuring fixed rate long-term borrowings and issuing bonds at fixed interest rates. If funds are procured through long-term borrowings at a variable interest rate, the Olympus Group endeavors to stabilize cash flows by entering into an interest rate swap contract to receive a variable interest rate and pay a fixed interest rate with financial institutions and virtually fixing the borrowing rate.

Interest rate sensitivity analysis

As for borrowings with variable interest rates held by the Olympus Group at the end of the fiscal year, the amount of effects on profit before tax in the consolidated statement of profit or loss in the event of a 1% increase in interest rates at the end of the fiscal year is as follows. This analysis calculated the amount of effects by multiplying the balance of borrowings with variable interest rates at the end of the fiscal year by 1%. The analysis excludes borrowings with variable interest rates of which interest rates have been fixed by interest rate swap agreements.

(Millions of yen)

	2022	2023
Consolidated statement of profit or loss (profit before tax)	(498)	(499)

(iii) Market price risk

The Olympus Group holds listed shares for strategic investment purposes, including facilitating business alliances. Market prices of listed shares may fluctuate depending on market economy trends as the prices are determined based on market principles. For listed shares, the Olympus Group regularly checks market prices and the financial status of issuers (business counterparts), while reviewing holding positions continuously in consideration of relationships with business counterparts.

Sensitivity analysis of market price risk

With regard to listed shares held by the Olympus Group at the end of each fiscal year, the following table shows the impact on other comprehensive income (before tax effect) in the consolidated statement of comprehensive income that would result from 1% decline in market prices at the end of each fiscal year. The impact was calculated by multiplying listed shares at the end of each fiscal year by 1% for this analysis.

(Millions of yen)

	2022	2023
Other comprehensive income (before tax effect)	(15)	(5)

(4) Fair value

(i) Fair value hierarchy

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

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

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

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

The Olympus Group recognizes transfers of financial instruments between the levels of the fair value hierarchy as if they occurred at the end of each fiscal year. There were no significant financial instruments transferred between the levels for the fiscal years ended March 31, 2022 and 2023.

(ii) Financial instruments measured at fair value

The methods for measuring major financial instruments measured at fair value are as follows.

(Other financial assets and other financial liabilities)

Listed shares are classified as level 1 and stated at market prices valued at the end of each fiscal year.

Unlisted shares are classified as level 2 or level 3 and stated at the value obtained by using valuation techniques such as the comparable company analysis method.

Derivative assets and liabilities are classified as level 2. Currency derivatives are stated at the value based on forward exchange rates, and interest-rate derivatives are stated at the value obtained based on observable data such as market interest rates, credit risks, and the period up to maturity.

The contingent consideration for business combinations, etc. is classified as level 3 and stated at the estimates of future payability.

The fair value hierarchy of financial instruments measured at fair value is as follows:

As of March 31, 2022

	(Millions of yen)			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through profit or loss				
Derivative assets	–	1,874	–	1,874
Equity securities and others	–	–	956	956
Financial assets measured at fair value through other comprehensive income				
Equity securities and others	1,532	–	2,939	4,471
Financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	–	4,037	–	4,037
Contingent consideration	–	–	6,100	6,100

As of March 31, 2023

	(Millions of yen)			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through profit or loss				
Derivative assets	–	6,860	–	6,860
Equity securities and others	–	–	937	937
Financial assets measured at fair value through other comprehensive income				
Equity securities and others	470	–	6,431	6,901
Financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	–	1,216	–	1,216
Contingent consideration	–	–	8,226	8,226

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

(Millions of yen)

	2022	2023
Balance at April 1	2,348	3,895
Gains and losses (Note)		
Profit or loss	(58)	(66)
Other comprehensive income	34	27
Purchases	1,978	3,705
Transfer to investments accounted for using the equity method	(597)	(203)
Other	190	10
Balance at March 31	3,895	7,368

Note: Gains or losses recognized in profit or loss are included in “Finance income” or “Finance costs” in the consolidated statement of profit or loss. Gains or losses recognized in other comprehensive income are included in “Financial assets measured at fair value through other comprehensive income” in the consolidated statement of comprehensive income.

Total gains or losses recognized in profit or loss included gains of ¥136 million and losses of ¥65 million on financial instruments held as of the fiscal years ended March 31, 2022 and 2023, respectively.

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

(Millions of yen)

	2022	2023
Balance at April 1	3,608	6,100
Business combinations, etc.	2,834	4,095
Settlement	–	(715)
Change in fair value	(594)	(1,758)
Other	252	504
Balance at March 31	6,100	8,226

(iii) Financial instruments measured at amortized cost

The measurement techniques for measuring the fair value of major financial instruments measured at amortized cost are as follows. These financial instruments are mainly classified into level 2.

(Cash and cash equivalents, trade and other receivables, and trade and other payables)

Account items to be settled in the short term are stated at their book value because their fair value is nearly equal to their book value.

Lease receivables are stated at the value obtained by calculating the present value of each lease receivable categorized by a specific period, at discounted rates that take into account credit risks and the period up to maturity.

(Other financial assets and other financial liabilities)

Account items to be settled in the short term are stated at their book value because their fair value is nearly equal to their book value.

(Bonds and borrowings)

Bonds and borrowings with fixed interest rates are stated at the value calculated at discounted rates which would be applied to a similar issuance of bonds or similar new loans to generate future cash flows.

Borrowings with variable interest rates are stated at their book value because their fair value is deemed to be nearly equal to their book value, given that they are short-term borrowings reflecting market interest rates, and their credit conditions have not significantly changed since the drawdown.

Short-term borrowings and commercial papers are stated at their book value since they are settled in the short term and their fair value is nearly equal to their book value.

The carrying amount and fair value of major financial instruments measured at amortized cost were as follows. Financial instruments whose carrying amounts approximate fair value are not included in the following table.

	(Millions of yen)			
	2022		2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Lease receivables	50,517	50,513	65,003	64,982
Financial liabilities				
Bonds	180,322	178,341	146,118	141,280
Borrowings	145,903	146,336	134,021	134,287

(iv) Equity instruments

Equity instruments such as shares held mainly for the purpose of maintaining or strengthening business relationships with the investees are designated as financial assets measured at fair value through other comprehensive income. The fair values of equity instruments by major issuer were as follows:

	(Millions of yen)	
Bond name	2022	
Noah Medical Corporation	1,836	
USHIO INC.	1,024	
OHARA INC.	508	

	(Millions of yen)	
Bond name	2023	
Delfi Diagnostics, Inc.	3,338	
Noah Medical Corporation	2,003	
OHARA INC.	470	

The fair value at the date of sale and cumulative gains or losses on sales of equity instruments sold during the fiscal year based on Olympus Corporation's policy for equity securities and others held for strategic investment purposes were as follows:

(Millions of yen)

	2022	2023
Fair value at the date of sale	8,280	933
Cumulative gains or losses on sale	4,756	335

The breakdown of dividends received recognized from equity instruments was as follows:

(Millions of yen)

	2022	2023
Equity instruments derecognized during the year	130	28
Equity instruments held at the end of year	37	10
Total	167	38

(5) Hedge accounting

The Olympus Group raises a portion of funds through borrowings with variable interest rates and bonds in foreign currencies with fixed interest rates, and is exposed to interest rate risks and foreign exchange risks for foreign currency transactions within that scope. The Olympus Group uses interest rate swaps that virtually converts borrowings with variable interest rates into borrowings with fixed interest rates and interest rate and currency swaps that virtually converts bonds in foreign currencies with fixed interest rates into fixed rate bonds denominated in Japanese yen in order to hedge interest rate risk. The Group applies hedge accounting by designating the interest rate swaps as cash flow hedges.

For interest rate swaps, the notional amount, term (maturity) and underlying data for interest rate of the hedging instrument and the hedged item are to be matched, in principle. No ineffective portion was recognized as of March 31, 2022 and 2023.

For interest rate and currency swaps, the amount recognized in net gain or loss on the ineffective portion of the hedge for the fiscal year ended March 31, 2023, is not material.

A summary of interest rate swaps and interest rate and currency swaps designated as cash flow hedge was as follows:

As of March 31, 2022

(Millions of yen)

	Notional amount	Over 1 year	Carrying amount (Note)		Interest rate
			Assets	Liabilities	
Interest rate swaps	10,000	10,000	–	285	Variable rate receipt: 6-month Japanese yen TIBOR Fixed rate payment: 1.3815%
Interest rate and currency swaps	61,195	61,195	1,306	–	Fixed rate receipt: U.S. dollar 2.143% Fixed rate payment: Japanese yen 0.6975%

As of March 31, 2023

(Millions of yen)

	Notional amount	Over 1 year	Carrying amount (Note)		Interest rate
			Assets	Liabilities	
Interest rate swaps	10,000	10,000	–	149	Variable rate receipt: 6-month Japanese yen TIBOR Fixed rate payment: 1.3815%
Interest rate and currency swaps	66,765	66,765	4,309	–	Fixed rate receipt: U.S. dollar 2.143% Fixed rate payment: Japanese yen 0.6975%

Note: The amount in the consolidated statement of financial position are recorded in “Other financial assets” or “Other financial liabilities” of each current and non-current based on their maturity date.

The cash flow hedge reserve (before tax effect) regarding the above table was as follows:

(Millions of yen)

	2022	2023
Interest rate swaps	(285)	(149)
Interest rate and currency swaps	(3,320)	(5,300)

Cash flow hedges recognized in the consolidated statement of comprehensive income and other comprehensive income (before tax effect) were as follows:

Fiscal year ended March 31, 2022

(Millions of yen)

	Changes in the fair value recognized in other comprehensive income	Amount of reclassification adjustment from cash flow hedge to profit or loss Note:
Interest rate swaps	41	174
Interest rate and currency swaps	1,581	(4,901)

Fiscal year ended March 31, 2023

(Millions of yen)

	Changes in the fair value recognized in other comprehensive income	Amount of reclassification adjustment from cash flow hedge to profit or loss Note:
Interest rate swaps	56	80
Interest rate and currency swaps	3,627	(5,607)

Note: The amounts included in the consolidated statement of profit or loss are recorded in “Finance income” or “Finance costs.”

(6) Transfer of financial instruments

Transferred financial assets that are not derecognized in their entirety

The Olympus Group transfers a part of trade receivables to a third party in order to diversify fundraising channels and conduct stable fund procurement. The third party has recourse only to the transferred assets upon the debtors’ default and cannot claim other assets of the Olympus Group. While the Olympus Group does not bear bad debt risk on a certain portion of the transferred receivables due to a contract with the third party, the full amount has been recognized in the consolidated statement of financial position because the financial assets in their entirety do not qualify for derecognition. The proceeds which arising on the transfer of the assets have been recorded as the associated liabilities and are settled when a

payment is made for the transferred assets. The Olympus Group cannot use the transferred assets until the payment is made.

The carrying amounts of transferred assets and the associated liabilities when the Olympus Group continues to recognize all of the transferred assets as of March 31, 2022 and 2023 are as follows. They are recognized in “Trade and other receivables” and “Other financial liabilities,” respectively, in the consolidated statement of financial position.

	(Millions of yen)	
	2022	2023
Transferred financial assets	4,533	4,206
Related liabilities	4,533	4,206
Net position of transferred financial assets	-	-

Note: The fair values are equivalent to the carrying amounts in the above table.

36. Leases

(1) Lessor

The Olympus Group leases endoscopes and other equipment under finance leases. It also leases endoscopes and other equipment, and property owned by Olympus Corporation as operating leases.

The business conditions of the customers, equipment usage, etc. are monitored regularly in order to manage the risks for the assets.

The breakdown of revenue under finance leases from continuing operations was as follows:

	(Millions of yen)	
	2022	2023
Lease income (loss)	7,958	14,717
Interest income	2,365	2,931

The breakdown of future lease payments receivable under finance leases was as follows:

(Millions of yen)

	2022	2023
Undiscounted lease payments to be received		
Within 1 year	24,712	29,952
More than 1 year, but within 2 years	14,666	17,433
More than 2 years, but within 3 years	8,522	11,091
More than 3 years, but within 4 years	3,605	4,540
More than 4 years, but within 5 years	1,107	1,651
More than 5 years	159	524
Total	52,771	65,191
Unguaranteed residual value	2,167	5,148
Unearned finance income	(4,421)	(5,336)
Net investment in the lease	50,517	65,003

The breakdown of revenue under operating leases from continuing operations was as follows:

(Millions of yen)

	2022	2023
Lease income	26,881	31,210
Variable lease payments (Note)	12,627	13,484

Note: Income that is not determined by an index or a rate.

The breakdown of future lease payments receivable under operating leases from continuing operations was as follows:

(Millions of yen)

	2022	2023
Within 1 year	17,609	17,883
More than 1 year, but within 2 years	11,727	11,553
More than 2 years, but within 3 years	6,609	5,556
More than 3 years, but within 4 years	2,568	2,086
More than 4 years, but within 5 years	602	866
More than 5 years	374	460
Total	39,489	38,404

(2) Lessee

The Olympus Group rents properties and other equipment as lessee.

Certain of the lease transactions have renew/purchase options or escalation clauses, but there are no significant restrictions on dividends, additional borrowings and additional leases provided by the lease contracts.

In addition, some lease contracts contain extension options and termination options.

There were no leases that have not yet commenced among lease contracts concluded by the Olympus Group as of March 31, 2022 and 2023.

The book value of right-of-use assets by type of underlying asset and the increase in right-of-use assets are described in Note “13. Property, Plant and Equipment.”

The total amount of cash outflows related to leases were ¥20,240 million and ¥24,114 million for the fiscal years ended March 31, 2022 and 2023, respectively.

The breakdown of lease-related income and expenses for lessee of continuing operations were as follows:

	(Millions of yen)	
	2022	2023
Revenue from sublease of right-of-use assets	18	12
Depreciation of right-of-use assets by underlying asset class		
Land	355	326
Buildings and structures	8,727	8,856
Machinery and vehicles	2,604	2,857
Tools, furniture and fixtures	803	868
Interest expense under lease obligations	1,504	1,569
Expenses under short-term leases	448	628
Expenses under leases of low-value asset	761	955

Note: The balance of lease liabilities by date is described in Note “35. Financial Instruments.”

37. Income Taxes

(1) Deferred tax assets and liabilities

The breakdown of major deferred tax assets and liabilities by cause was as follows:

(Millions of yen)		
	2022	2023
Deferred tax assets		
Inventories	8,112	6,974
Prepaid expenses	16,547	9,822
Accrued bonuses	7,704	7,096
Accrued expenses	4,599	4,941
Unrealized intercompany profits	11,992	15,440
Property, plant and equipment	10,037	9,931
Intangible assets	3,305	2,665
Interest rate swaps	87	46
Deferred gains or losses on hedges	1,017	1,623
Retirement benefit liability	6,263	2,084
Loss carryforwards	12,819	5,379
Investments in subsidiaries	-	109,268
Other	8,803	15,876
Total	91,285	191,145
Deferred tax liabilities		
Property, plant and equipment	(5,306)	(6,957)
Financial assets measured at fair value through other comprehensive income	(287)	(176)
Retirement benefit asset	(4,309)	(6,186)
Fair value differences on acquisition	(9,773)	(9,568)
Capitalized development costs	(18,976)	(17,587)
Retained profit of overseas subsidiaries	(2,341)	(2,741)
Other	(5,597)	(3,292)
Total	(46,589)	(46,507)
Net deferred tax assets	44,696	144,638

Loss carryforwards, deductible temporary differences and tax credits carried forward for which deferred tax assets have not been recognized were as follows. The tax base is presented.

(Millions of yen)		
	2022	2023
Loss carryforwards	5,117	3,410
Deductible temporary differences	27,317	23,166
Tax credits carried forward	718	800
Total	33,152	27,376

Loss carryforwards for which deferred tax assets have not been recognized and expires as follows:

	(Millions of yen)	
	2022	2023
Within 4th year	-	-
5th year and thereafter	5,117	3,410
Total	5,117	3,410

Olympus Corporation does not recognize deferred tax liabilities for the temporary differences associated with undistributed profits of subsidiaries when Olympus Corporation is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Total temporary differences associated with the undistributed profits of subsidiaries which have not been recognized as deferred tax liabilities (income base) were ¥319,744 million and ¥397,604 million as of March 31, 2022 and 2023, respectively.

(2) Income taxes expenses

The breakdown of income tax expenses was as follows:

	(Millions of yen)	
	2022	2023
Current tax expenses (Note 1)	34,728	35,662
Deferred tax expenses (Notes 2, 3, 4)	(3,653)	8,642
Total of income tax expenses	31,074	44,304

Notes: 1. The current tax expense includes tax losses which were previously not recorded, tax credits or benefits resulting from temporary differences for prior periods. Consequently, the current tax expense for the fiscal years ended March 31, 2022 and 2023 decreased by ¥2,246 million and ¥1,344 million, respectively.

In addition, the current tax expense for the fiscal year ended March 31, 2023 includes the corporation tax for the previous fiscal year of ¥85 million.

2. The deferred tax expense includes tax losses which were previously not recorded, tax credits or benefits resulting from temporary differences for prior periods. Consequently, the deferred tax expense decreased by ¥323 million for the fiscal year ended March 31, 2022 and increased by ¥69 million for the fiscal year ended March 31, 2023, respectively.
3. The deferred tax expense includes devaluation of deferred tax assets and the reversal of devaluation of deferred tax assets which was previously recorded (assessment of recoverability of deferred tax assets). Consequently, the deferred tax expense decreased by ¥1,925 million for the fiscal year ended March 31, 2022 and increased by ¥2,485 million for the fiscal year ended March 31, 2023, respectively.
4. The deferred tax expense increased by ¥267 million for the fiscal year ended March 31, 2022 and decreased by ¥386 million for the fiscal year ended March 31, 2023 due to the effect of changes in tax rates in Japan and overseas.

(3) Income taxes recognized in other comprehensive income

Income taxes recognized in other comprehensive income are presented in Note “33. Other Comprehensive Income.”

(4) Reconciliation of effective tax rate

Reconciliation of the effective statutory tax rate and the average actual tax rate for the fiscal years ended March 31, 2022 and 2023 is as follows.

Olympus Corporation’s income taxes mainly include corporation tax, inhabitant tax and enterprise tax. The effective statutory tax rates calculated based on these taxes were 30.6% and 30.6% for the fiscal

years ended March 31, 2022 and 2023, respectively. Overseas subsidiaries are subject to income taxes of the countries in which they operate.

	2022	2023
Effective statutory tax rate	30.6%	30.6%
Non-deductible expense, such as entertainment expenses	1.8	2.3
Non-taxable income, such as dividend income	0.1	(0.4)
Tax credit for experimental research cost and others	(1.7)	(1.1)
Different tax rates applied to subsidiaries	(2.1)	(6.7)
Subsidiaries reserve	0.4	1.2
Change in unrecognized deferred tax assets and liabilities	(12.0)	(2.7)
Change in deferred tax assets at the end of fiscal year due to changes in tax rates	0.2	(0.2)
Expiration of tax losses carried forward	3.1	–
Effects of organizational restructuring	–	(1.4)
Other	1.5	2.7
Average actual tax rate	21.9%	24.3%

38. Major Subsidiaries

(1) Structured entities

Major subsidiaries as of March 31, 2023 were as described in “I. Company Overview, 4. Subsidiaries and Affiliates.”

(2) Significant subsidiaries having non-controlling interests

During the fiscal years ended March 31, 2022 and 2023, there was no individually significant subsidiary having non-controlling interests.

39. Related-party Transactions

(1) Related-party transactions

Fiscal year ended March 31, 2022

There are no significant transactions

Fiscal year ended March 31, 2023

	Name	Ownership (owned) ratio of voting rights, etc. (%)	Relationship with the relevant party	Description of transaction	Amount of transaction (Millions of yen)	Account	Balance at end of year (Millions of yen)
Officer	Yasuo Takeuchi	Ownership Direct 0.0	Director, Representative Executive Officer, President and CEO	Contribution in kind of monetary compensation claims (Note 1)	27	—	—

Note: Contribution in kind of monetary compensation claims is associated with the PSU system.

(2) Remuneration for management executives

(Millions of yen)

	2022	2023
Remuneration and bonuses	1,370	1,665
Stock compensation	353	743
Total	1,723	2,408

40. Business Combinations

Fiscal year ended March 31, 2022

(Acquisition of Medi-Tate Ltd.)

(1) Outline of business combination

(i) Name and description of acquired business

Name of the acquired business: Medi-Tate Ltd. (hereinafter “Medi-Tate”)

Description of business: R&D and manufacturing of Therapeutic Solutions Business products

(ii) Primary reason for business combination

Medi-Tate is a medical device manufacturer that researches, develops, and manufactures minimally invasive therapeutic devices for benign prostatic hyperplasia (BPH). By adding Medi-Tate’s minimally invasive therapeutic devices for BPH to our Olympus product portfolio, we will contribute to promoting the spread of minimally invasive treatment for diversifying prostate diseases and improving QOL for patients, thereby further strengthening our competitive position in the urology field.

(iii) Acquired ratio of holding capital with voting rights

100%

(iv) Acquisition date

May 27, 2021

(v) Acquisition method to govern the acquired company

Just prior to the acquisition date, Olympus Corporation owned 18.46% of Medi-Tate’s voting shares through its consolidated subsidiary Olympus Winter & Ibe GmbH, and it acquired an additional 81.54% for cash as consideration on the acquisition date through Olympus Winter & Ibe GmbH, making it a wholly owned subsidiary.

(2) Acquisition-related expense

The acquisition-related expense of ¥168 million has been recorded in “Selling, general and administrative expenses.”

(3) Gain on step acquisition

As a result of revaluing the equity interest of the acquired company held just prior to the acquisition date at fair value on the acquisition date, we recognized a gain on step acquisition of ¥2,826 million. Gain on step acquisition is recorded in “Other income” in the consolidated statement of profit or loss.

(4) Fair value of consideration paid, assets acquired, and liabilities assumed as of the acquisition date

	(Millions of yen)
	Amount
Fair value of consideration paid	
Cash	22,680
Fair value of equity interest held just prior to the acquisition date	4,932
Contingent consideration	2,148
Total	29,760
Fair value of assets acquired and liabilities assumed	
Cash and cash equivalents	1,353
Trade and other receivables	3
Inventories	3
Other current assets	214
Property, plant and equipment	30
Intangible assets	8,866
Other financial assets (non-current)	3
Deferred tax assets	604
Trade and other payables	(46)
Other current liabilities	(675)
Deferred tax liabilities	(2,039)
Other non-current liabilities	(16)
Fair value of assets acquired and liabilities assumed, net	8,300
Goodwill	21,460
Total	29,760

Based on the fair value of consideration paid on the acquisition date, we have allocated the assets acquired and liabilities assumed. Furthermore, the allocation of consideration paid has been completed in the fiscal year ended March 31, 2022, and there is no material change in the amount from the initial provisional amount. The balance of intangible assets of ¥8,866 million is comprised of technology-related assets related to products of Medi-Tate, which are measured based on future sales growth rate, diminishing value rate, discount rate and other assumptions. The estimated useful lives of technology-related assets are 14 years.

Goodwill mainly represents a rational estimate of the expected future excess earning power. Furthermore, the amount of goodwill recognized does not include the amount that is expected to be deductible for tax purposes.

(5) Contingent consideration

The contingent consideration is a milestone payment subject to the obtaining of approval for development made by Medi-Tate, and the payment is calculated by taking into consideration the possibility of obtaining the approval for the development and time value of money. The payment limit is USD40,000 thousand.

In terms of hierarchical level, the fair value of the contingent consideration is level 3, which is the fair value calculated from valuation techniques that include inputs that are not based on observable market data. The amount of change in fair value of the contingent consideration includes the recording of the part based on changes in the time value of money as “Finance costs” and the part based on changes other than the time value of money as “Other income” or “Other expenses.”

(6) Impacts on the Olympus Group

Olympus Corporation omits making a description concerning profit or loss information of the said business combination on and after the acquisition date as well as profit or loss information under the assumption that the said business combination was conducted at the beginning of the fiscal year ended March 31, 2022. This is because the amount of impact on consolidated statement of profit or loss due to such information is not material.

Furthermore, the independent auditor has not audited profit or loss information under the assumption that the said business combination was conducted at the beginning of the fiscal year.

(Revised provisional amounts)

For the following business combinations that occurred in the fiscal year ended March 31, 2021, provisional amounts have been revised during the fiscal year ended March 31, 2022. As a result, we have retrospectively revised the figures at the end of the fiscal year ended March 31, 2021 in the consolidated statement of financial position.

(Acquisition of Veran Medical Technologies, Inc.)

Veran Medical Technologies, Inc. became a consolidated subsidiary of Olympus Corporation on December 29, 2020, due to the acquisition of shares for cash consideration.

In the fiscal year ended March 31, 2022, the fair value of some assets acquired and liabilities assumed has been revised with respect to the measurement of the fair value of assets acquired and liabilities assumed as of the acquisition date in said business combination. Regarding said business combination, in the fiscal year ended March 31, 2022, initial measurement of assets acquired, liabilities assumed and goodwill has been finalized.

(Millions of yen)

	Provisional fair value as of March 31, 2021	Subsequent revision	Revised fair value
Fair value of consideration paid			
Cash	31,050	–	31,050
Contingent consideration	1,461	–	1,461
Total	32,511	–	32,511
Fair value of assets acquired and liabilities assumed			
Cash and cash equivalents	433	–	433
Trade and other receivables	506	–	506
Inventories	2,259	(83)	2,176
Property, plant and equipment	41	200	241
Intangible assets	14,647	2,306	16,953
Other assets	210	143	353
Deferred tax assets	1,612	1,134	2,746
Trade and other payables	(128)	20	(108)
Other liabilities	(587)	(192)	(779)
Deferred tax liabilities	(2,586)	(1,658)	(4,244)
Fair value of assets acquired and liabilities assumed, net	16,407	1,870	18,277
Goodwill	16,104	(1,870)	14,234
Total	32,511	–	32,511

Due to these revisions, we have retrospectively revised the figures for the fiscal year ended March 31, 2021 in the consolidated statement of financial position. The major adjustments as of March 31, 2021 were increases in intangible assets, deferred tax assets and deferred tax liabilities of ¥2,467 million, ¥1,213 million and ¥1,774 million, respectively, and a decrease in goodwill of ¥1,998 million.

(Acquisition of Quest Photonic Devices B.V.)

Quest Photonic Devices B.V. became a consolidated subsidiary of Olympus Corporation on February 9, 2021, due to the acquisition of shares for cash consideration.

In the fiscal year ended March 31, 2022, the fair value of some assets acquired and liabilities assumed has been revised with respect to the measurement of the fair value of assets acquired and liabilities assumed as of the acquisition date in said business combination. Regarding said business combination, in the fiscal year ended March 31, 2022, initial measurement of assets acquired, liabilities assumed and goodwill has been finalized.

(Millions of yen)

	Provisional fair value as of March 31, 2021	Subsequent revision	Revised fair value
Fair value of consideration paid			
Cash	4,684	–	4,684
Contingent consideration	1,290	–	1,290
Total	5,974	–	5,974
Fair value of assets acquired and liabilities assumed			
Cash and cash equivalents	301	–	301
Trade and other receivables	53	–	53
Inventories	197	–	197
Other current assets	24	–	24
Property, plant and equipment	204	–	204
Intangible assets	569	1,899	2,468
Other financial assets (non-current)	45	–	45
Deferred tax assets	32	–	32
Trade and other payables	(21)	–	(21)
Bonds and borrowings (current)	(39)	–	(39)
Provisions	(1)	–	(1)
Other current liabilities	(314)	–	(314)
Bonds and borrowings (non-current)	(1,035)	–	(1,035)
Deferred tax liabilities	–	(475)	(475)
Other non-current liabilities	(22)	–	(22)
Fair value of assets acquired and liabilities assumed, net	(7)	1,424	1,417
Goodwill	5,981	(1,424)	4,557
Total	5,974	–	5,974

Due to these revisions, we have retrospectively revised the figures for the fiscal year ended March 31, 2021 in the consolidated statement of financial position. Intangible assets and deferred tax assets increased by ¥1,908 million and ¥477 million, respectively, and goodwill decreased by ¥1,431 million.

Fiscal year ended March 31, 2023

(Acquisition of Odin Medical Ltd.)

(1) Outline of business combination

(i) Name and description of acquired business

Name of the acquired business: Odin Medical Ltd. (hereinafter “Odin”)

Description of business: Development of cloud AI-enabled applications for endoscopy

(ii) Primary reason for business combination

Odin was founded by renowned clinicians and artificial intelligence experts in the Wellcome / EPSRC Centre for Interventional and Surgical Sciences (WEISS) at University College London to develop applications for next-generation cloud AI for endoscopy.

By incorporating Odin’s solutions, which utilize surgical and clinical data collected and analyzed in real time, Olympus Corporation aims not only to reduce the administrative burden on health care workers and support decision-making in clinical sites, but also to support health care workers to provide better medical care to patients.

(iii) Acquired ratio of holding capital with voting rights

100%

(iv) Acquisition date

December 19, 2022

(v) Acquisition method to govern the acquired company

Cash consideration for the acquisition of shares

(2) Acquisition-related expense

The acquisition-related expense of ¥199 million has been recorded in “Selling, general and administrative expenses.”

(3) Fair value of consideration paid, assets acquired, and liabilities assumed as of the acquisition date

	(Millions of yen)
	Amount
Fair value of consideration paid	
Cash	3,982
Contingent consideration	4,095
Total	8,077
Fair value of assets acquired and liabilities assumed	
Cash and cash equivalents	148
Other current assets	1
Property, plant and equipment	3
Intangible assets	2,434
Trade and other payables	(28)
Other current liabilities	(99)
Deferred tax liabilities	(606)
Other non-current liabilities	(74)
Fair value of assets acquired and liabilities assumed, net	1,779
Goodwill	6,298
Total	8,077

Based on the fair value of consideration paid on the acquisition date, we have allocated the assets acquired and liabilities assumed. However, as this allocation is not yet complete, the above values represent provisional fair values based on the best estimates at present. In the event we can receive and evaluate additional information relating to facts and conditions present at the point of acquisition, we may adjust the above values for a period of one year from the acquisition date.

Goodwill mainly represents a rational estimate of the expected future excess earning power. Furthermore, the amount of goodwill recognized does not include the amount that is expected to be deductible for tax purposes.

(4) Contingent consideration

The contingent consideration is a milestone payment subject to the obtaining of approval for development made by Odin, and the payment is calculated by taking into consideration the possibility of obtaining the approval for the development and time value of money. The payment limit is GBP33,000 thousand.

In terms of hierarchical level, the fair value of the contingent consideration is level 3. The amount of change in fair value of the contingent consideration includes the recording of the part based on changes in the time value of money as “Finance costs” and the recording of the part based on changes other than the time value of money as “Other income” or “Other expenses.”

(5) Impacts on the Olympus Group

Olympus Corporation omits making a description concerning profit or loss information of the said business combination on and after the acquisition date as well as profit or loss information under the assumption that the said business combination was conducted at the beginning of the fiscal year ended March 31, 2023. This is because the amount of impact on consolidated statement of profit or loss due to such information is not material.

Furthermore, the independent auditor has not audited profit or loss information under the assumption that the said business combination was conducted at the beginning of the fiscal year.

(Contingent consideration of Medi-Tate Ltd.)

With regard to the contingent consideration recognized in connection with the acquisition of Medi-Tate Ltd. in the previous fiscal year, due to the delay from the initial schedule in obtaining approval promoted through development activities, we have lowered the fair value from the balance of ¥2,699 million at the beginning of the fiscal year to ¥2,037 million in the fiscal year ended March 31, 2023. Of the ¥662 million difference, the amount of impact of changes in the time value of money of ¥460 million (Note 1) was recorded as “Finance costs” in the consolidated statement of profit or loss, the amount of impact of ¥1,381 million due to the review of the fair value itself (Note 2) was recorded as “Other income” in the consolidated statement of profit or loss, and the amount of impact of exchange rate fluctuations of ¥259 million was recorded as “Exchange differences on translation of foreign operations” in the consolidated statement of comprehensive income, respectively.

- Notes: 1. The amount of contingent consideration is presented at the current value calculated from discounting in the period from the day of payment to the relevant fiscal year-end. Therefore, in principle, the amount increases and “Finance costs” occur as the day of payment approaches.
2. The impact originates from the fact that the amount itself has been reviewed due to the fact that achieving the conditions for the milestone has become difficult as a result of the delay from the initial schedule.

41. Discontinued Operation

(1) Outline of discontinued operation

On August 29, 2022, Olympus Corporation concluded a share transfer agreement related to the transfer of Scientific Solutions Business of the Olympus Group with K.K. BCJ-66, a special purpose company indirectly owned by funds advised by Bain Capital. Due to this transfer, profit (loss) from the Scientific Solutions Business has been classified as profit (loss) from discontinued operation from the second quarter, and it has been presented in the same manner for the fiscal years ended March 31, 2023 and 2022. The transfer was executed on April 3, 2023.

(2) Profit (loss) of discontinued operation

Profit (loss) of discontinued operations is as follows:

(Millions of yen)

	2022	2023
Revenue	118,744	135,421
Cost of sales	53,749	60,045
Gross profit	64,995	75,376
Selling, general and administrative expenses	47,889	57,361
Other income	764	215
Other expenses (Note)	10,160	11,195
Operating profit	7,710	7,035
Finance income	544	551
Finance costs	82	173
Profit before tax	8,172	7,413
Income taxes expenses	2,829	1,790
Profit from discontinued operation	5,343	5,623

Note: Other expenses include ¥9,353 million and ¥11,073 million in the fiscal year ended March 31, 2022 and 2023, respectively, related to the spin-off of the Scientific Solutions Business and the strengthening of its management systems.

(3) Cash flows of discontinued operation

Cash flows of discontinued operation are as follows:

(Millions of yen)

Cash flows of discontinued operation	2022	2023
Net cash provided by (used in) operating activities	10,284	(13,151)
Net cash used in investing activities	(7,688)	(11,725)
Net cash used in financing activities	(826)	(2,891)

42. Contingent Liabilities

The Olympus Group has the following guarantees:

(Millions of yen)

	2022	2023
Employees (mortgages)	1	0
Total	1	0

(Guarantee obligations of employees' mortgages)

The maximum term of the guarantee obligations extends to 2023. As a guarantor, the Olympus Group is liable for any defaults of the mortgages in scope of the obligations and has an obligation to settle the mortgages on behalf of the employees. Those obligations are collateralized by the homes of the employees.

43. Additional Information

(Transfer of shares of OM Digital Solutions Corporation)

(1) Overview of transaction

Olympus Corporation transferred the Imaging Business on January 1, 2021 to OJ Holdings, Ltd., a special purpose company established by Japan Industrial Partners, Inc. In this transfer of the business, OM Digital Solutions Corporation was newly established as a subsidiary of Olympus Corporation, the Imaging Business was succeeded to OM Digital Solutions Corporation through a company split, and Olympus Corporation transferred 95% of the shares of OM Digital Solutions Corporation (95% of total number of issued shares) to OJ Holdings, Ltd.

On March 20, 2023, Olympus Corporation transferred 5% of the shares of OM Digital Solutions Corporation (5% of total number of issued shares) to OJ Holdings, Ltd.

(2) Ownership ratio before and after the share transfer

(i) Ratio of voting rights owned before transfer 5%

(ii) Ratio of voting rights owned after transfer -%

Note: Olympus Corporation has dissolved its capital relationship with OM Digital Solutions Corporation through this share transfer.

(3) Impact on business results

The impact of this share transfer on the Olympus Corporation's consolidated financial statements was immaterial.

44. Subsequent Events

(Transfer of Scientific Solutions Business)

On August 29, 2022, Olympus Corporation concluded a share transfer agreement related to the transfer of Scientific Solutions Business of the Olympus Group with K.K. BCJ-66, a special purpose company indirectly owned by funds advised by Bain Capital, and completed the transfer on April 3, 2023.

(1) Reasons for transfer

As a truly global medical technology company, Olympus Corporation announced its corporate strategy for achieving sustainable growth (hereinafter "Corporate Strategy") on November 6, 2019. Based on this corporate strategy, we are aggressively allocating management resources to the medical field, mainly in Endoscopic Solutions Business and Therapeutic Solutions Business, and we are working to strengthen our management base in order to achieve sustainable growth. Under such circumstances, Olympus Corporation transferred its Science Solutions business, which had different business characteristics to the medical field, to Evident Corporation (hereinafter "Evident"). We focused on enhancing corporate value for the entire Olympus Group by establishing management systems that were complementary to the respective business characteristics, while proceeding with the task of examining all options, including the transfer of the shares of Evident. As a result of such examination, we reached the conclusion that based on the Corporate Strategy, the optimal path for enhancing corporate value of the Olympus Group and realizing autonomous and sustainable growth for the Science Solutions Business was to transfer all shares of Evident to Bain Capital.

(2) Name of counterparty of the share transfer transaction

K.K. BCJ-66

(3) Date of the share transfer

April 3, 2023

(4) Name and business description of the consolidated subsidiary to be transferred and details of transactions with Olympus Corporation

Name: Evident Corporation
Description of business: Business related to the development, manufacturing and sale, provision of solutions, and other activities dealing with biological microscopes, industrial microscopes, industrial endoscopes, non-destructive testing equipment, X-ray analyzers, etc.
Details of transactions with Olympus Corporation: Financing support

(5) Number of shares to be transferred, transfer price, gain or loss on transfer and shareholding ratio after the transfer

- (i) Number of shares held before transfer: 100 shares (shareholding ratio: 100%)
- (ii) Number of shares to be transferred: 100 shares
- (iii) Number of shares held after transfer: - shares (shareholding ratio: -%)
- (iv) Transfer price: Transfer price based on the agreement is ¥427,674 million. Under the agreement, the price has not been finalized and is subject to price adjustment.

Although this is currently under review, gain on transfer of the Scientific Solutions Business and expenses, such as related income taxes, are expected to total ¥347,900 million and ¥125,500 million, respectively.

(Subsidiary share transfer)

On April 21, 2023, Olympus Corporation concluded an agreement to transfer all shares of Gyrus Medical Limited, a consolidated subsidiary of Olympus Corporation whose business is the manufacture of products for the Therapeutic Solutions Business, to ATL TECHNOLOGY UK HOLDINGS LIMITED.

Olympus Corporation lost control of Gyrus Medical Limited on the same day that the transfer of shares in accordance with this share transfer agreement was completed. Consideration for this share transfer shall be GBP25 million in cash and GBP4 million in contingent consideration, but loss (gain) on transfer is currently undecided as it is being calculated.

(Share repurchase and cancellation of treasury shares)

At the meeting of the Board of Directors held on May 12, 2023, Olympus Corporation resolved agenda related to the repurchase of its own shares as provided for in Article 459 Section 1 of the Companies Act and Article 32 of Olympus Corporation's Articles of Incorporation, as well as the cancellation of treasury shares provided for in Article 178 of the Companies Act.

(1) Reasons for the share repurchase and the cancellation of treasury shares

To strengthen shareholder returns and to improve capital efficiency

(2) Details of items related to the repurchase

1. Class of shares: Common stock of Olympus Corporation
2. Total number of shares to be repurchased: 55,000,000 shares (maximum)
(4.39% of total number of issued shares (excluding treasury shares))
3. Total amount of shares to be repurchased: ¥100,000 million (maximum)
4. Repurchase period: May 15, 2023 to January 31, 2024
5. Repurchase method: Market purchase based on a discretionary trading contract on the Tokyo Stock Exchange

(3) Details of cancellation

1. Class of shares: Common stock of Olympus Corporation
2. Number of shares to be cancelled: All of the shares to be repurchased as stated in (2) above
3. Date of cancellation: February 29, 2024

(2) Other Information

Quarterly information for the fiscal year ended March 31, 2023

(Cumulative period)	Three months	Six months	Nine months	Year-end
Revenue	192,265	417,060	641,545	881,923
Profit before tax	42,048	89,321	139,370	182,294
Profit attributable to owners of parent	24,860	66,836	108,217	143,432
Basic earnings per share (yen)	19.53	52.50	85.12	113.22

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Basic earnings per share (yen)	19.53	32.97	32.64	28.08

Note: On August 29, 2022, Olympus Corporation concluded a share transfer agreement related to the transfer of Scientific Solutions Business of the Olympus Group with K.K. BCJ-66, a special purpose company indirectly owned by funds advised by Bain Capital. Accordingly, profit (loss) from the Scientific Solutions Business has been classified as profit (loss) from a discontinued operation from the second quarter ended September 30, 2022. Due to this transfer, revenue and profit before tax for the three months ended June 30, 2022 have been reclassified to the amounts from continuing operations, excluding the discontinued operation.

2. Non-Consolidated Financial Statements and Other Notes

(1) Non-Consolidated Financial Statements

(i) Non-Consolidated Balance Sheet Olympus Corporation As of March 31, 2023

(Millions of yen)

	2022	2023
ASSETS		
Current assets		
Cash and deposits	46	4
Notes receivable	42	2
Electronically recorded monetary claims - operating	102	—
Accounts receivable	*2 68,671	*2 59,690
Finished goods	33,136	39,527
Work in progress	2,424	1,080
Raw materials and supplies	47,403	46,882
Short-term loans receivable	*2 196,422	*2 72,521
Other receivables	*2 63,143	*2 56,143
Other current assets	*2 10,417	*2 10,805
Allowance for doubtful accounts	(3,506)	(1,923)
Total current assets	418,300	284,731
Fixed assets		
Property, plant and equipment		
Buildings	27,124	23,871
Structures	711	507
Machinery and equipment	3,613	2,474
Vehicles	4	4
Tools, furniture and fixtures	7,204	6,114
Land	14,272	9,309
Lease assets	338	371
Construction in progress	224	8,185
Total property, plant and equipment	53,490	50,835
Intangible assets		
Patent right	298	134
Software	4,426	3,628
Software in progress	1,794	1,982
Right of using facilities, etc.	6	8
Total intangible assets	6,524	5,752

(Millions of yen)

	2022	2023
Investments and other assets		
Investment securities	*1 2,553	*1 1,470
Investment securities in subsidiaries and affiliates	374,137	537,835
Investments in capital of subsidiaries and affiliates	612	612
Prepaid pension expenses	15,749	14,976
Long-term accounts receivable-other	*4 5,634	*4 5,634
Deferred tax assets	26,215	69,929
Other assets	4,497	8,725
Allowance for doubtful accounts	*4 (6,794)	*4 (6,897)
Total investments and other assets	422,603	632,284
Total fixed assets	482,617	688,871
Total assets	900,917	973,602
LIABILITIES		
Current liabilities		
Accounts payable	*2 39,739	*2 42,810
Short-term borrowings	–	*2 10,878
Current portion of bonds payable	40,000	10,000
Current portion of long-term borrowings	–	40,000
Lease liabilities	122	133
Other payable	*2 , *3 5,351	*2 , *3 7,525
Accrued expenses	*2 33,163	*2 27,333
Income taxes payable	17,083	67,380
Deposits received	*2 68,950	*2 53,325
Provision for product warranties	45	8
Provision for business restructuring	61	183
Other current liabilities	*2 2,288	*2 224
Total current liabilities	206,802	259,799
Non-current liabilities		
Long-term bonds, less current maturities	141,195	136,765
Long-term borrowings, less current maturities	195,000	155,000
Lease liabilities	219	246
Long-term deposits received, less current maturities	358	25
Provision for loss on business of subsidiaries and affiliates	–	3,350
Other non-current liabilities	114	108
Total non-current liabilities	336,886	295,494
Total liabilities	543,688	555,293

(Millions of yen)

	2022	2023
NET ASSETS		
Shareholders' equity		
Share capital	124,643	124,643
Capital surplus		
Legal capital surplus	91,063	91,063
Total capital surplus	91,063	91,063
Retained earnings		
Other retained earnings		
Reserve for advanced depreciation	1,047	963
Retained earnings carried forward	187,443	232,887
Total retained earnings	188,490	233,850
Treasury shares	(45,589)	(28,086)
Total shareholders' equity	358,607	421,470
Valuation and translation adjustments		
Net unrealized holding gains (losses) on available-for-sale securities, net of taxes	529	236
Deferred gains or losses on hedges	(2,303)	(3,676)
Total valuation and translation adjustments	(1,774)	(3,440)
Subscription rights to shares	396	279
Total net assets	357,229	418,309
Total liabilities and net assets	900,917	973,602

(ii) Non-Consolidated Statement of Income
Olympus Corporation
For the fiscal year ended March 31, 2023

(Millions of yen)

	2022	2023
Revenue	*1 378,637	*1 380,014
Cost of sales	*1 251,924	*1 229,138
Gross profit	126,713	150,876
Selling, general and administrative expenses	*1 , *2 81,361	*1 , *2 68,891
Operating profit	45,352	81,985
Non-operating income		
Interest income	*1 84	*1 171
Dividends income	*1 29,267	*1 79,080
Others	*1 4,999	*1 5,876
Total non-operating income	34,350	85,127
Non-operating expenses		
Interest expenses	*1 1,036	*1 907
Interest on bonds	410	665
Foreign exchange losses	338	4,241
Bond issuance costs	612	–
Commission for syndicate loan	6	6
Business structure improvement expenses	16,905	5,312
Quality-related expenses	–	598
Others	*1 3,208	*1 3,084
Total non-operating expenses	22,515	14,813
Ordinary profit	57,187	152,299
Extraordinary income		
Gain on sale of fixed assets	1,396	16,618
Gain on sales of investment securities	4,850	335
Gain on sale of shares of subsidiaries and associates	763	–
Gain on liquidation of subsidiaries and affiliates	–	81
Gain on extinguishment of tie-in shares	–	742
Income related to litigation	891	1
Transfer pricing taxation adjustments	*1 , *5 30,309	–
Total extraordinary income	38,209	17,777
Extraordinary losses		
Impairment losses	84	477
Loss on sales of investment securities	95	–
Loss on valuation of investments in subsidiaries and affiliates	–	426
Provision for loss on business of subsidiaries and affiliates	–	*3 3,350
Extra payments for early retirements, etc.	*4 91	*4 446
Loss associated with cancellation of development	82	–
Total extraordinary losses	352	4,699
Profit before provision for income taxes	95,044	165,377

	2022	2023
Income taxes, current	11,988	78,006
Income taxes, deferred	(1,788)	(42,967)
Total income taxes	10,200	35,039
Profit	84,844	130,338

(iii) Non-Consolidated Statement of Changes in Net Assets
Olympus Corporation

For the fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity						
	Capital surplus				Retained earnings		
	Share capital	Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings
					Reserve for advanced depreciation	Retained earnings carried forward	
Balance at April 1, 2021	124,643	91,063	9	91,072	1,084	226,059	227,143
Changes during the year							
Dividends from surplus						(15,428)	(15,428)
Decrease by corporate division						(25,703)	(25,703)
Profit						84,844	84,844
Share repurchase							
Disposal of treasury shares			(35)	(35)			
Cancellation of treasury shares			(82,340)	(82,340)			
Transfer from retained earnings to capital surplus			82,366	82,366		(82,366)	(82,366)
Reversal of reserve for advanced depreciation					(37)	37	–
Net changes in items other than shareholders' equity							
Net changes during the year	–	–	(9)	(9)	(37)	(38,616)	(38,653)
Balance at March 31, 2022	124,643	91,063	–	91,063	1,047	187,443	188,490

	Shareholders' equity		Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Treasury shares	Total shareholders' equity	Net unrealized holding gains (losses) on available-for-sale securities, net of taxes	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at April 1, 2021	(98,048)	344,810	4,488	–	4,488	472	349,770
Changes during the year							
Dividends from surplus		(15,428)					(15,428)
Decrease by corporate division		(25,703)					(25,703)
Profit		84,844					84,844
Share repurchase	(30,001)	(30,001)					(30,001)
Disposal of treasury shares	120	85				(76)	9
Cancellation of treasury shares	82,340	–					–
Transfer from retained earnings to capital surplus		–					–
Reversal of reserve for advanced depreciation		–					–
Net changes in items other than shareholders' equity			(3,959)	(2,303)	(6,262)		(6,262)
Net changes during the year	52,459	13,797	(3,959)	(2,303)	(6,262)	(76)	7,459
Balance at March 31, 2022	(45,589)	358,607	529	(2,303)	(1,774)	396	357,229

For the fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings
					Reserve for advanced depreciation	Retained earnings carried forward	
Balance at April 1, 2022	124,643	91,063	–	91,063	1,047	187,443	188,490
Changes during the year							
Dividends from surplus						(17,822)	(17,822)
Profit						130,338	130,338
Share repurchase							
Disposal of treasury shares			(69)	(69)			
Cancellation of treasury shares			(67,087)	(67,087)			
Transfer from retained earnings to capital surplus			67,156	67,156		(67,156)	(67,156)
Reversal of reserve for advanced depreciation					(84)	84	–
Net changes in items other than shareholders' equity							
Net changes during the year	–	–	–	–	(84)	45,444	45,360
Balance at March 31, 2023	124,643	91,063	–	91,063	963	232,887	233,850

	Shareholders' equity		Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Treasury shares	Total shareholders' equity	Net unrealized holding gains (losses) on available-for-sale securities, net of taxes	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at April 1, 2022	(45,589)	358,607	529	(2,303)	(1,774)	396	357,229
Changes during the year							
Dividends from surplus		(17,822)					(17,822)
Profit		130,338					130,338
Share repurchase	(50,003)	(50,003)					(50,003)
Disposal of treasury shares	419	350				(117)	233
Cancellation of treasury shares	67,087	–					–
Transfer from retained earnings to capital surplus		–					–
Reversal of reserve for advanced depreciation		–					–
Net changes in items other than shareholders' equity			(293)	(1,373)	(1,666)		(1,666)
Net changes during the year	17,503	62,863	(293)	(1,373)	(1,666)	(117)	61,080
Balance at March 31, 2023	(28,086)	421,470	236	(3,676)	(3,440)	279	418,309

Notes the Non-Consolidated Financial Statements
Olympus Corporation

(Significant accounting policies)

1. Asset Valuation Principles and Method

(1) Securities

(i) Held-to-maturity securities Amortized cost method

(ii) Investment securities in subsidiaries and affiliates Cost method based on the moving-average method

(iii) Available-for-sale securities

Items other than shares, etc. that do not have a market price Market value method

(the net unrealized gains and losses on these securities are reported as a separate component of net assets, and the cost of sales is calculated by the moving average method)

Shares, etc. that do not have a market price Cost method based on the moving-average method

Contributions to limited liability partnerships engaged in investment business and similar partnerships (contributions deemed as securities as per Article 2, Paragraph 2 of the Financial Instruments and Exchange Act) are reported using a method that treats the amount (net) equivalent to the equity ownership portion based on the latest available financial statements depending on the reporting date stipulated in the partnership agreement.

(2) Claims and liabilities from derivatives transactions Market value method

(3) Inventories Reported using the moving-average method (for the value stated in the balance sheet, the book value is written down based on the decreased profitability)

2. Depreciation and Amortization Method for Fixed Assets

(1) Property, plant and equipment (excluding lease assets) Straight-line method

(i) Vehicles, tools and fixtures Based on useful lives as per the Corporation Tax Act

(ii) Other property, plant and equipment Based on useful lives prescribed by Olympus Corporation determined in accordance with estimated functional useful years

(2) Intangible assets (excluding lease assets) Straight-line method

Based on useful lives as per the Corporation Tax Act Software for internal use is reported using the usable period within Olympus Corporation (3 to 5 years).

(3) Lease assets

Finance lease assets not involving the transfer of ownership

Calculated on the straight-line method over the lease period as the useful lives and assuming no residual value.

3. Accounting Principles for Allowances and Provisions

(1) Allowance for doubtful accounts

To provide for losses due to unrecoverable claims such as accounts receivable and loans receivable, ordinary claims are accounted using the historical loan loss ratio and doubtful and other specified claims

are reported in amounts expected to be unrecoverable considering the recoverability of each claim separately.

(2) Provision for product warranties

Due to the accounting of after-sales service cost expected within Olympus Corporation's guarantee period with respect to products sold, the provision for product warranties is accounted using the prescribed Company's standards based on actually incurred past after-sales service cost.

(3) Provision for retirement benefits

To provide for retirement benefit payments to employees, the cost recognized as occurring at the end of the current fiscal year is accounted based on the projected retirement benefit obligation and plan assets as of the end of the current fiscal year.

Pertaining to past service cost, the pro-rata amount calculated using a fixed number of years (5 years) within the average remaining service period of employees at the time of occurrence of such past service liabilities is accounted as an expense.

Pertaining to the actuarial gain or loss, the pro-rata amount calculated using a fixed number of years (5 years) within the average remaining service period of employees at the time of occurrence of such actuarial gain or loss is accounted as an expense starting from the following fiscal year.

(4) Provision for loss on business of subsidiaries and affiliates

To provide for losses arising from business of subsidiaries and affiliates, an estimated amount to be borne by Olympus Corporation related to excessive liabilities is accounted, taking into account the financial conditions of the subsidiaries and affiliates.

(5) Provisions for business restructuring

To provide for expenses arising from business restructuring, the expected amount of these expenses is accounted.

4. Accounting Principles for Revenue and Expenses

The Olympus Group is principally engaged in the sales of products of Endoscopic Solutions Business and Therapeutic Solutions Business.

Endoscopic Solutions Business

The Endoscopic Solutions Business sells medical devices, including gastrointestinal endoscopes and surgical endoscopes, as well as provides medical services such as repair for these products, to customers who are primarily the Group companies.

Regarding the sale of products by the Endoscopic Solutions Business, when control over products is transferred to a customer—at the time Olympus Corporation delivers the products to the customer—the legal title to the products and physical possession of the products, and significant risks and rewards of ownership of the products are transferred to the customer; then Olympus Corporation obtains the right to receive payments from the customer. At that point, Olympus Corporation recognizes the revenue. For repair of products, revenue is recognized at the point when service provision satisfying a performance obligation is completed. The revenue from these transactions is measured in transaction prices related to the contract with the customer. Olympus Corporation receives a consideration for a transaction primarily within a year after satisfaction of performance obligations, and the consideration does not include a significant financial component.

Therapeutic Solutions Business

The Therapeutic Solution Business sells medical devices, including gastroenterology devices, urology products, respiratory products, energy devices, ENT products, and gynecology products, to customers who are primarily the group companies.

Regarding the sale of products by the Therapeutic Solutions Business, when control over products is transferred to a customer—at the time Olympus Corporation delivers the products to the customer—the legal title to the products and physical possession of the products, and significant risks and rewards of ownership of the products are transferred to the customer; then Olympus Corporation obtains the right to receive payments from the customer. At that point, Olympus Corporation recognizes the revenue. The revenue from the sale of products is measured in transaction prices related to the contract with the customer. Olympus Corporation receives a consideration for a transaction primarily within a year after satisfaction of performance obligations, and the consideration does not include a significant financial component.

5. Other Important Items that Form the Basis for Preparing Non-consolidated Financial Statements

(1) Treatment method for important deferred assets

Stock issuance expense and bond issuance expense: Total expense recorded at the time of occurrence

(2) Hedge accounting methods

(i) Hedge accounting methods

The deferred hedge treatment method is used. Foreign currency-denominated accounts receivable under foreign exchange forward contracts are accounted for upon translation at the foreign exchange rate stipulated in the contracts. Pertaining to interest rate swaps, requirements for special treatment are satisfied, therefore a special treatment is used.

(ii) Hedging instruments and hedged items

Hedging instruments: Foreign exchange forward contracts, interest rate swap contracts, interest rate currency swap contracts

Hedged items: Forecasted transactions for foreign currency-denominated accounts receivable, borrowings, foreign-currency denominated bonds, foreign-currency denominated bond interests, foreign-currency deposits

(iii) Hedging policy

Foreign exchange rate fluctuation risk and interest rate fluctuation risk are hedged based on internal regulations that stipulate authorization relating to derivatives and transaction limits.

(iv) Method of assessing hedge effectiveness

The effectiveness is assessed by checking whether there exists a high correlation among the value fluctuations of hedged items, the cash flow and hedging instruments.

(Significant accounting estimates)

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

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

Information regarding accounting estimates and assumptions that may have material impacts on the non-consolidated financial statements is as follows.

1. Valuation of inventories

Inventories are measured at cost. However, if net realizable value falls below the cost as of the end of the reporting period, inventories are measured at the net realizable value and any difference is recognized in cost of sales in principle.

For inventories that are not used in the normal operating cycle process and remain unused, the net realizable value is calculated reflecting future demand and market trends. If the net realizable value decreased significantly due to a worse than expected market environment, losses may be incurred.

(Millions of yen)

	2022	2023
Inventories	82,963	87,489

2. Impairment of fixed assets

For property, plant and equipment and intangible assets for which there are indications that the asset or asset group may be impaired at the end of the fiscal year, in the event the total undiscounted future cash flows from the asset or asset group will be less than the carrying amount, Olympus Corporation records an impairment loss by reducing the carrying amount down to the recoverable amount.

In the recognition and measurement of impairment loss, assumptions are made regarding future cash flows, discount rates, etc.

These assumptions are determined based on management's best estimates and judgment. However, they may be affected by the results of changes in uncertain future economic conditions, and if they require revision, they may have a significant impact on the non-consolidated financial statements.

(Millions of yen)

	2022	2023
Property, plant and equipment	53,490	50,835
Intangible assets	6,524	5,752
Impairment losses	84	477

3. Contingent liabilities

Contingencies are disclosed when an item could have a significant impact on future operations, taking into account all available evidence at the reporting date and considering the likelihood and monetary impact of the event.

4. Measurement of retirement benefit obligations

For retirement benefit plans, the net value of the retirement benefit obligations and the fair value of pension assets and unrecognized items such as actuarial gains and losses is recognized as either liabilities or assets.

Retirement benefit obligations are calculated based on the same types of assumptions used in the actuarial calculation, which include estimates of the discount rate, retirement rate, mortality rate, and the rate of compensation increase. These assumptions are established by comprehensively judging a variety of available information, including market trends, such as interest rate changes.

Uncertain future economic conditions or changes in social conditions may affect the assumptions used in the actuarial calculation. Accordingly, there are risks that such changes could result in significant adjustments to the measurements of retirement benefit obligations in future accounting periods.

(Millions of yen)

	2022	2023
Prepaid pension expenses	15,749	14,976

5. Recoverability of deferred tax assets

Deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which deductible temporary differences, etc. can be utilized.

Judgements on the likelihood that taxable income will be available are made based on the timing and amount of taxable income estimated based on the business plans including assumptions of the growth rate and operating profit ratio.

These estimates are determined based on management's best estimates. However, they may be affected by the results of changes in uncertain future economic conditions and the actual results may differ from these forecasts.

(Millions of yen)

	2022	2023
Net deferred tax assets	26,215	69,929
Deferred tax assets before offsetting with deferred tax liabilities	31,829	75,157

(Additional information)

(Transfer of shares of OM Digital Solutions Corporation)

(1) Overview of transaction

Olympus Corporation transferred the Imaging Business on January 1, 2021 to OJ Holdings, Ltd., a special purpose company established by Japan Industrial Partners, Inc. In this transfer of the business, OM Digital Solutions Corporation was newly established as a subsidiary of Olympus Corporation, the Imaging Business was succeeded to OM Digital Solutions Corporation through a company split, and Olympus Corporation transferred 95% of the shares of OM Digital Solutions Corporation (95% of total number of issued shares) to OJ Holdings, Ltd.

On March 20, 2023, Olympus Corporation transferred 5% of the shares of OM Digital Solutions Corporation (5% of total number of issued shares) to OJ Holdings, Ltd.

(2) Ownership ratio before and after the share transfer

- (i) Ratio of voting rights owned before transfer 5%
- (ii) Ratio of voting rights owned after transfer -%

Note: Olympus Corporation has dissolved its capital relationship with OM Digital Solutions Corporation through this share transfer.

(3) Impact on business results

The impact of this share transfer on the Olympus Corporation's non-consolidated financial statements was immaterial.

(Non-Consolidated balance sheet)

*1 Investment securities

The breakdown of investment securities as of March 31, 2022 and 2023 was as follows:

	(Millions of yen)	
	2022	2023
Cross-holdings of securities	2,553	1,470

*2 Monetary claims and monetary liabilities to subsidiaries and affiliates

	(Millions of yen)	
	2022	2023
Short-term monetary claims	323,653	186,767
Short-term monetary liabilities	106,699	106,644

*3. Unpaid amount of trade payables transferred by factoring method

	(Millions of yen)	
	2022	2023
	2,875	2,194

- *4. The following amount of allowance for doubtful accounts is the amount expected to be unrecoverable with respect to commission fees related to Receiver Funds, and is included as an excess amount in “Long-term accounts receivable-other” under Investments and other assets. Although these fees were paid to the external partners of multiple Receiver Funds, Olympus Corporation has requested payment from these external partners of Receiver Funds because the fees were not agreed upon.

	(Millions of yen)	
	2022	2023
	5,634	5,634

5. Contingent liabilities

	(Millions of yen)	
	2022	2023
Liabilities for guarantees	2,706	3,019
(Contracted guarantees to subsidiaries and affiliates, etc.)	2,704	3,019

6. Discounted trade notes receivable

	(Millions of yen)	
	2022	2023
Discounted trade notes receivable	194	15

(Non-Consolidated statement of income)

*1 Amounts related to transactions with subsidiaries and affiliates

(Millions of yen)

	2022	2023
Amounts resulting from business transactions		
Revenue	340,379	373,955
Net purchases	286,936	250,443
Other business transactions	26,742	29,579
Amount resulting from non-business transactions	62,544	82,884

*2 Major expense items and amounts of selling, general and administrative expenses for the fiscal years ended March 31, 2022 and 2023 were as follows:

The approximate ratio of selling expenses of selling, general and administrative expenses is 17% and 7% for the fiscal years ended March 31, 2022 and 2023, respectively.

(Millions of yen)

	2022	2023
Outsourcing expenses	20,172	27,129
Salaries and allowances	19,845	15,596
Bonuses	11,115	7,841
Retirement benefit cost	873	721
Experimental research cost	11,373	4,118
Depreciation	5,868	5,007
Deductions, etc.	(15,873)	(19,506)

Note: Deductions, etc. are deductions for actual expenses reimbursed to subsidiaries and affiliates such as outsourced administrative services (composite expenses), etc., and they are deductible items from personnel expenses and business expenses.

*3 Provision for loss on business of subsidiaries and affiliates

Fiscal year ended March 31, 2023

Nagano Olympus Co., Ltd., a consolidated subsidiary of Olympus Corporation, had excessive liabilities as a result of processes accompanying the transfer of the Scientific Solutions Business. Provision for loss on business of subsidiaries and affiliates of ¥3,350 million is a loss against an estimated amount to be borne by Olympus Corporation related to such excessive liabilities.

*4. Extra payments for early retirements, etc.

“Extra payments for early retirements, etc.” are expenses incurred in the provision of special additional payment and re-employment support through career support system for external opportunity implemented by Olympus Corporation and subsidiaries and affiliates.

(Millions of yen)

	2022	2023
Extra payments for early retirements, etc.	91	446

*5. Transfer pricing taxation adjustments

Fiscal year ended March 31, 2022

Olympus Corporation has applied to the Japanese and U.S. tax authorities for prior confirmation of the calculation method of arm's length price regarding the transfer pricing of transactions with Olympus Corporation of the Americas in the United States and its subsidiary, and it has reached an agreement in mutual discussion with both tax authorities. Transfer pricing taxation adjustments recorded in extraordinary income are adjustments with Olympus Corporation of the Americas based on such agreements.

(Securities)

Investment securities in subsidiaries and affiliates

As of March 31, 2022

Amount of shares, etc. that do not have a market price

(Millions of yen)

Category	2022
Investment securities in subsidiaries	374,137
Investment securities in affiliates	0

As of March 31, 2023

Amount of shares, etc. that do not have a market price

(Millions of yen)

Category	2023
Investment securities in subsidiaries	537,835
Investment securities in affiliates	0

(Tax effect accounting)

1. Breakdown of deferred tax assets and liabilities by main cause as of March 31, 2022 and 2023

	(Millions of yen)	
	2022	2023
Deferred tax assets		
Inventories	3,337	3,167
Prepaid expenses	9,919	3,611
Accrued bonuses	2,064	1,635
Property, plant and equipment	3,862	3,478
Intangible assets	2,973	2,546
Investment securities	2,036	1,339
Investment securities in subsidiaries and affiliates	28,381	108,913
Allowance for doubtful accounts	3,154	2,701
Loss carryforwards	8,684	–
Deferred gains or losses on hedges	1,017	1,623
Other	2,860	6,265
Subtotal of deferred tax assets	68,287	135,278
Valuation allowance related to tax losses carried forward	(2,184)	–
Valuation allowance related to total deductible temporary differences	(34,274)	(60,121)
Subtotal of valuation allowances	(36,458)	(60,121)
Total deferred tax assets	31,829	75,157
Deferred tax liabilities		
Net unrealized holding gains (losses) on available-for-sale securities, net of taxes	(163)	(51)
Reserve for advanced depreciation	(462)	(425)
Prepaid pension expenses	(4,822)	(4,585)
Other	(167)	(167)
Total deferred tax liabilities	(5,614)	(5,228)
Net deferred tax assets	26,215	69,929

2. Breakdown of major items when there are significant differences between the effective statutory tax rate and the actual tax rate of income taxes after the application of tax effect accounting, which have caused such difference

	2022	2023
Effective statutory tax rate	30.6%	30.6%
(Adjustment)		
Non-deductible expense, such as entertainment expenses	0.5	0.6
Non-taxable income, such as dividend income	(8.9)	(17.5)
Tax credit for experimental research cost and others	(0.6)	(0.9)
Increase (decrease) in valuation allowances	6.9	(0.6)
Expiration of tax losses carried forward	4.9	–
Effects of organizational restructuring	(21.8)	8.4
Other	(0.9)	0.6
Actual tax rate of corporate income taxes after the application of tax effect accounting	10.7%	21.2%

3. Accounting treatment of corporate and local income taxes or tax effect accounting related thereto

Olympus Corporation adopted the group tax sharing system from the fiscal year ended March 31, 2023. It follows the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (PITF No. 42; August 12, 2021) for accounting treatment and disclosure of corporate income taxes, local corporate income taxes, and tax effect accounting related thereto.

(Business combinations)

Fiscal year ended March 31, 2022

(Company split associated with the restructuring of domestic sales functions)

On October 1, 2021, Olympus Corporation conducted a company split that transferred some of the rights and liabilities associated with the domestic sales functions of the Endoscopic Solutions Business and the Therapeutic Solutions Business to Olympus Corporation’s wholly owned subsidiary Olympus Medical Science Sales Corporation. The company split was carried out under an absorption-type split agreement concluded between Olympus Corporation and Olympus Medical Science Sales Corporation on February 12, 2021. Furthermore, with the start of our evaluation into making the Scientific Solutions Business a separate company, on June 17, 2021, Olympus Corporation concluded a modified agreement related to absorption-type splits between Olympus Corporation and Olympus Medical Science Sales Corporation.

Moreover, on October 1, 2021, Olympus Medical Science Sales Corporation changed its trade name to “Olympus Marketing Corporation.”

(1) Overview of transaction

(i) Names and description of businesses subject to transaction

Names of businesses Endoscopic Solutions Business, Therapeutic Solutions Business

Description of business Domestic sales functions for the above businesses

Total assets ¥35,668 million

Liabilities ¥9,965 million

Net assets ¥25,703 million

(ii) Business combination date

October 1, 2021

(iii) Legal form of business combination

Absorption-type split in which Olympus Corporation becomes the absorption-type split company and Olympus Marketing, Inc. (former company name: Olympus Medical Science Sales Corporation) becomes the absorption-type split successor company

(iv) Name of the company after the combination

Olympus Marketing, Inc.

(2) Description of transaction including purpose of the transaction

Olympus Corporation and Olympus Medical Science Sales Corporation have been responsible for the Olympus Group’s domestic sales functions. By integrating the domestic sales functions for the Endoscopic Solutions Business and the Therapeutic Solutions Business of the two companies, Olympus Corporation aims to realize “flexible personnel assignment,” “enhanced cooperation with partners,” “integrated nationwide policy implementation,” and “acquisition and retention of excellent personnel,” and conducted the company split to strengthen its sales functions.

(3) Outline of accounting treatment applied

These transactions were treated as transactions under common control in accordance with the Accounting Standard for Business Combinations (ASBJ Statement No. 21, January 16, 2019) and Guidance on Accounting Standard for Business Combinations and Business Divestitures (ASBJ Guidance No. 10, January 16, 2019).

Fiscal year ended March 31, 2023

(Transfer of Scientific Solutions Business through company split)

Olympus Corporation transferred its Scientific Solutions Business through an absorption-type company split (hereinafter the “Company Split”), to Evident Corporation, which is a newly established wholly owned subsidiary of Olympus (hereinafter the “Evident”) on April 1, 2022.

(1) Overview of transaction

(i) Names and description of businesses subject to transaction

Names of businesses Scientific Solutions Business

Description of business Development, manufacturing, sales and provision of solutions for biological microscopes, industrial microscopes, industrial endoscopes, non-destructive testing equipment, X-ray analyzers, etc.

Total assets ¥16,761 million

Liabilities ¥2,269 million

Net assets ¥14,492 million

(ii) Effective date of company split

April 1, 2022

(iii) Legal form of business combination

Absorption-type split in which Olympus Corporation becomes the absorption-type split company and Evident becomes the absorption-type split successor company

(iv) Name of the company after the combination

Evident Corporation

(2) Description of transaction including purpose of the transaction

As a truly global medical technology company, Olympus Corporation announced its corporate strategy for achieving sustainable growth (hereinafter “Corporate Strategy”) on November 6, 2019. Based on this corporate strategy, we are allocating management resources to the medical field, mainly in Endoscopic Solutions Business and Therapeutic Solutions Business, and we are working to strengthen our management base in order to achieve sustainable growth. Under these circumstances, we have been carefully analyzing and considering the reorganization of the Scientific Solutions Business, taking all options into consideration including a possible subsequent business transfer after Olympus Corporation Split, in order to achieve sustainable growth and profitability improvement of the Scientific Solutions Business. As a result, we decided to spin off the Scientific Solutions Business after it was judged that establishing a management structure that matches the characteristics of each business in the medical field centered on the above two businesses and Scientific Solutions Business will accelerate efforts to achieve sustainable growth and improve profitability of each and contribute to the enhancement of corporate value of the entire Group. As of April 1, 2022, we have completed the reorganization, in which our newly established wholly owned subsidiary, Evident Corporation takes over the Scientific Solutions Business.

(3) Outline of accounting treatment applied

These transactions were treated as transactions under common control in accordance with the Accounting Standard for Business Combinations (ASBJ Statement No. 21, January 16, 2019) and Guidance on Accounting Standard for Business Combinations and Business Divestitures (ASBJ Guidance No. 10, January 16, 2019).

(Absorption-type merger for a wholly owned subsidiary)

Olympus Corporation implemented an absorption-type merger (hereinafter “the Merger”) with consolidated subsidiary, Olympus Logitex Co., Ltd. (hereinafter “Olympus Logitex”), effective from April 1, 2022.

(1) Overview of transaction

(i) Names and description of businesses subject to transaction

Description of business Storing, shipping and logistics planning of Olympus Group products

Total assets ¥849 million

Liabilities ¥86 million

Net assets ¥763 million

(ii) Effective date of merger

April 1, 2022

(iii) Legal form of business combination

As an absorption-type merger (simplified and short-form) with Olympus Corporation acting as the surviving company and Olympus Logitex to be absorbed and merged. As a result, Olympus Logitex has been dissolved.

(iv) Name of the company after the combination

Olympus Corporation

(2) Description of transaction including purpose of the transaction

In order to improve operations and improve business performance and organizational soundness, we are working on the company-wide cross-functional corporate transformation plan “Transform Olympus,” and in one of its priority measures, “End-to-End (E2E) Supply Chain Transformation,” we aim to build an E2E supply chain that integrates everything from parts procurement to delivery to customers, improving customer satisfaction and business agility, improving cost efficiency, and optimizing inventory. As part of this End-to-End supply chain transformation, we integrated Olympus Logitex, which is responsible for storage and warehousing functions for Olympus Group products and distribution functions to dealers and customers in Japan and overseas, into our supply chain management section, which is responsible for the supply chain strategy planning function of the entire Group, and the merger has been conducted with the aim of strengthening the ability to propose logistics solutions and strengthening cooperation with global procurement, manufacturing, and sales functions.

(3) Outline of accounting treatment applied

These transactions were treated as transactions under common control in accordance with the Accounting Standard for Business Combinations (ASBJ Statement No. 21, January 16, 2019) and Guidance on Accounting Standard for Business Combinations and Business Divestitures (ASBJ Guidance No. 10, January 16, 2019). As a result of this merger, ¥742 million was recorded in “Gain on extinguishment of tie-in shares.”

(Significant subsequent events)

(Transfer of Scientific Solutions Business)

On August 29, 2022, Olympus Corporation concluded a share transfer agreement related to the transfer of Scientific Solutions Business of the Olympus Group with K.K. BCJ-66, a special purpose company indirectly owned by funds advised by Bain Capital, and completed the transfer on April 3, 2023.

(1) Reasons for transfer

As a truly global medical technology company, Olympus Corporation announced its corporate strategy for achieving sustainable growth (hereinafter “Corporate Strategy”) on November 6, 2019. Based on this corporate strategy, we are aggressively allocating management resources to the medical field, mainly in Endoscopic Solutions Business and Therapeutic Solutions Business, and we are working to strengthen our management base in order to achieve sustainable growth. Under such circumstances, Olympus Corporation transferred its Science Solutions business, which had different business characteristics to the medical field, to Evident Corporation (hereinafter “Evident”). We focused on enhancing corporate value for the entire Olympus Group by establishing management systems that were complementary to the respective business characteristics, while proceeding with the task of examining all options, including the transfer of the shares of Evident. As a result of such examination, we reached the conclusion that based on the Corporate Strategy, the optimal path for enhancing corporate value of the Olympus Group and realizing autonomous and sustainable growth for the Science Solutions Business was to transfer all shares of Evident to Bain Capital.

(2) Name of counterparty to the share transfer

K.K. BCJ-66

(3) Date of the share transfer

April 3, 2023

(4) Name and business description of the consolidated subsidiary to be transferred and details of transactions with Olympus Corporation

Name:	Evident Corporation
Description of business:	Business related to the development, manufacturing and sale, provision of solutions, and other activities dealing with biological microscopes, industrial microscopes, industrial endoscopes, non-destructive testing equipment, X-ray analyzers, etc.
Details of transactions with Olympus Corporation:	Financing support

(5) Number of shares to be transferred, transfer price, gain or loss on transfer and shareholding ratio after the transfer

(i) Number of shares held before transfer:	100 shares (shareholding ratio: 100%)
(ii) Number of shares to be transferred:	100 shares
(iii) Number of shares held after transfer:	- shares (shareholding ratio: -%)

(iv) Transfer price: Transfer price based on the agreement is ¥427,674 million. Under the agreement, the price has not been finalized and is subject to price adjustment.

Although this is currently under review, gain on sale from the transfer of the subsidiary’s shares is expected to be ¥246,188 million.

(Subsidiary share transfer)

At a meeting of the Board of Directors held on February 10, 2023, Olympus Corporation resolved the transfer of all shares of our consolidated subsidiary TmediX Corporation (TmediX) to our consolidated subsidiary Olympus Marketing, Inc. (Olympus Marketing), and completed the transfer on April 3, 2023.

(1) Reasons for transfer

Toward achievement of strategic aspiration, Olympus Corporation needs to strengthen the foundation of sales functions in the Japan region, further improve profitability, and reform the makeup, and as part of these efforts, launched Olympus Marketing as a sales function of the medical business in the Japan region in October 2021. In developing business plans and calculating business results, accounting collaboration (consolidation) with TmediX, which was engaged in a sales function in the Japan region along with Olympus Marketing, was important, and therefore, it is necessary to improve the accuracy of consolidated accounting of the two companies and visualize their figures in a domestic sales function to make appropriate decisions in a speedy manner, looking at both companies with a bird's-eye view.

Furthermore, collaboration of both companies is also important from aspects of ensuring consistent governance as a sales function and optimizing the use of resources of both companies, and we set up a review task force in June 2022 and reached a conclusion that making TmediX a subsidiary of Olympus Marketing is the most appropriate for strengthening collaboration between both companies.

(2) Name of counterparty to the share transfer

Olympus Marketing, Inc.

(3) Date of the share transfer

April 3, 2023

(4) Name and business description of the consolidated subsidiary to be transferred and details of transactions with Olympus Corporation

Name:	TmediX Corporation
Description of business:	Lease of products of the Endoscopic Solutions Business
Details of transactions with Olympus Corporation:	Sales of Olympus Corporation's products

(5) Number of shares to be transferred, transfer price, gain or loss on transfer and shareholding ratio after the transfer

- | | |
|---|---|
| (i) Number of shares held before transfer: | 1,000 shares (shareholding ratio: 100%) |
| (ii) Number of shares to be transferred: | 1,000 shares |
| (iii) Number of shares held after transfer: | - shares (shareholding ratio: -%) |
| (iv) Transfer price: | ¥1,529 million |

In the fiscal year ending March 31, 2024, gain on sale from the transfer of the subsidiary's shares of ¥1,403 million is planned to be recorded as extraordinary income.

(Share repurchase and cancellation of treasury shares)

At a meeting of the Board of Directors held on May 12, 2023, Olympus Corporation resolved agenda related to the purchase of treasury shares as provided for in Article 459 Section 1 of the Companies Act and Article 32 of Olympus Corporation's Articles of Incorporation, as well as the cancellation of treasury shares provided for in Article 178 of the Companies Act.

(1) Reasons for the share repurchase and cancellation of treasury shares

To strengthen shareholder returns and to improve capital efficiency

(2) Details of items related to the repurchase

1. Class of shares: Common stock of Olympus Corporation
2. Total number of shares to be repurchased: 55,000,000 shares (maximum)
(4.39% of total number of issued shares (excluding treasury shares))
3. Total amount of shares to be repurchased: ¥100,000 million (maximum)
4. Repurchase period: May 15, 2023 to January 31, 2024
5. Repurchase method: Market purchase based on a discretionary trading contract on the Tokyo Stock Exchange

(3) Details of cancellation

1. Class of shares: Common stock of Olympus Corporation
2. Number of shares to be cancelled: All of the shares to be repurchased as stated in (2) above
3. Date of cancellation: February 29, 2024

(iv) Supplementary Schedules

Property, Plant and Equipment Schedule

							(Millions of yen)
Category	Class of assets	Balance at April 1, 2022	Increase during the year	Decrease during the year	Amortization during the year	Balance at March 31, 2023	Depreciation Cumulative amount
Property, plant and equipment	Buildings	27,124	1,956	2,403	2,806	23,871	49,086
	Structures	711	23	59	168	507	2,996
	Machinery and equipment	3,613	481	982	638	2,474	6,429
	Vehicles	4	3	–	3	4	55
	Tools, furniture and fixtures	7,204	2,229	1,983	1,336	6,114	20,239
	Land	14,272	812	5,775	–	9,309	–
	Lease assets	338	200	23	144	371	307
	Construction in progress	224	8,148	187	–	8,185	–
	Total	53,490	13,852	11,412	5,095	50,835	79,112
Intangible assets	Patent right	298	–	–	164	134	–
	Software	4,426	1,044	30	1,812	3,628	–
	Software in progress	1,794	1,732	1,544 (477)	–	1,982	–
	Right of using facilities, etc.	6	2	0	0	8	–
	Total	6,524	2,778	1,574 (477)	1,976	5,752	–

Notes: 1. The amount in parentheses in “Decrease during the year” column is included in the total amount and indicates the amount of impairment losses recorded for the fiscal year ended March 31, 2023.

2. Major items of increase during the year were as follows:

Renewal of Hachioji Facility (Construction in progress)
¥5,262 million

Renewal of Nagano Facility (Construction in progress)
¥2,848 million

(Land) ¥812 million

3. Major items of decrease during the year were as follows:

Succession of Scientific Solutions Business to a subsidiary
(Buildings) ¥1,608 million

(Tools, furniture and fixtures) ¥1,582 million

(Land) ¥1,083 million

(Machinery and equipment) ¥839 million

(Structures) ¥53 million

(Software) ¥15 million

(Lease assets) ¥10 million

(Construction in progress) ¥10 million

Sale of land in Hatagaya (Land) ¥4,683 million

Provisions Schedule

(Millions of yen)

Account	Balance at April 1, 2022	Increase during the year	Decrease during the year	Balance at March 31, 2023
Allowance for doubtful accounts	10,300	115	1,595	8,820
Provision for product warranties	45	8	45	8
Provision for loss on business of subsidiaries and affiliates	–	3,350	–	3,350
Provision for business restructuring	61	164	42	183

Notes: 1. Major items of decrease in Allowance for doubtful accounts during the year were as follows:

Sony Olympus Medical Solutions Inc. ¥1,585 million

2. Major items of increase in Provision for loss on business of subsidiaries and affiliates during the year were as follows:

Nagano Olympus Co., Ltd. ¥3,350 million

(2) Details of Major Assets and Liabilities

Olympus Corporation omits a description concerning details of major assets and liabilities due to preparation of consolidated financial statements.

(3) Other Information

Not applicable.

VI. Outline of Share-Related Administration of Reporting Company

Fiscal year	From April 1 to March 31
General Meeting of Shareholders	June
Record date	March 31
Record date for distribution of surplus	September 30 and March 31
The number of shares constituting one unit	100 shares
Purchase of shares less than one unit	
Handling office	1-4-1 Marunouchi, Chiyoda-ku, Tokyo, Japan Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Department
Transfer Agent for common stock	1-4-1 Marunouchi, Chiyoda-ku, Tokyo, Japan Sumitomo Mitsui Trust Bank, Limited
Transfer office	–
Purchase fee	Free
Method of public notice	The method of public notice of Olympus Corporation shall be by electronic public notice. However, in the event that electronic public notice becomes impossible due to unavoidable circumstances, announcements will be published in the Nihon Keizai Shimbun. Electronic public notices are posted on Olympus Corporation's website, which may be accessed with the following URL. https://www.olympus-global.com/ir/
Special benefits for Shareholders	Not applicable.

VII. Reference Information of Reporting Company

1. Information about Parent of Reporting Company

Not applicable.

2. Other Reference Information

Olympus Corporation submitted the following documents during the period from the beginning of the current fiscal year to the date of submission of the annual securities report.

(1) Annual Securities Report, the documents attached thereto, and the Confirmation Letter	Fiscal year (154th Term)	From April 1, 2021 to March 31, 2022	Submitted to the Director-General of the Kanto Local Finance Bureau on June 21, 2022
(2) Internal Control Report and the documents attached thereto	Fiscal year (154th Term)	From April 1, 2021 to March 31, 2022	Submitted to the Director-General of the Kanto Local Finance Bureau on June 21, 2022
(3) Securities Registration Statement (allotment of restricted stock) and the documents attached thereto			Submitted to the Director-General of the Kanto Local Finance Bureau on June 24, 2022
(4) Amendment to Securities Registration Statement	This is an amendment to the Securities Registration Statement submitted on June 24, 2022.		Submitted to the Director-General of the Kanto Local Finance Bureau on June 27, 2022
(5) Extraordinary Report	This is an Extraordinary Report pursuant to Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 9-2 of the Cabinet Office Order on Disclosure of Corporate Affairs.		Submitted to the Director-General of the Kanto Local Finance Bureau on June 27, 2022
(6) Amended Shelf Registration Statement			Submitted to the Director-General of the Kanto Local Finance Bureau on June 27, 2022
(7) Quarterly Securities Report and the Confirmation Letter	(First quarter of the 155th Term)	From April 1, 2022 to June 30, 2022	Submitted to the Director-General of the Kanto Local Finance Bureau on August 9, 2022
(8) Extraordinary Report	This is an Extraordinary Report pursuant to Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 3 of the Cabinet Office Order on Disclosure of Corporate Affairs.		Submitted to the Director-General of the Kanto Local Finance Bureau on August 29, 2022
(9) Amended Shelf Registration Statement			Submitted to the Director-General of the Kanto Local Finance Bureau on August 29, 2022
(10) Extraordinary Report	This is an extraordinary report pursuant to Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 9 of the Cabinet Office Order on Disclosure of Corporate Affairs.		Submitted to the Director-General of the Kanto Local Finance Bureau on October 21, 2022
(11) Amended Shelf Registration Statement			Submitted to the Director-General of the Kanto Local Finance Bureau on October 21, 2022
(12) Quarterly Securities Report and the Confirmation Letter	(Second quarter of the 155th Term)	From July 1, 2022 to September 30, 2022	Submitted to the Director-General of the Kanto Local Finance Bureau on November 11, 2022

(13)	Amendment to Quarterly Securities Report and the Confirmation Letter		This is an amendment to Quarterly Securities Report and the Confirmation Letter submitted on November 11, 2022.	Submitted to the Director-General of the Kanto Local Finance Bureau on November 21, 2022
(14)	Report on Repurchase	Reporting period	From November 1, 2022 to November 30, 2022	Submitted to the Director-General of the Kanto Local Finance Bureau on December 12, 2022
(15)	Report on Repurchase	Reporting period	From December 1, 2022 to December 31, 2022	Submitted to the Director-General of the Kanto Local Finance Bureau on January 12, 2023
(16)	Report on Repurchase	Reporting period	From January 1, 2023 to January 31, 2023	Submitted to the Director-General of the Kanto Local Finance Bureau on February 7, 2023
(17)	Quarterly Securities Report and the Confirmation Letter	(Third quarter of the 155th Term)	From October 1, 2022 to December 31, 2022	Submitted to the Director-General of the Kanto Local Finance Bureau on February 10, 2023
(18)	Report on Repurchase	Reporting period	From February 1, 2023 to February 28, 2023	Submitted to the Director-General of the Kanto Local Finance Bureau on March 8, 2023
(19)	Securities Registration Statement (allotment of restricted stock) and the documents attached thereto			Submitted to the Director-General of the Kanto Local Finance Bureau on May 17, 2023
(20)	Report on Repurchase	Reporting period	From May 1, 2023 to May 31, 2023	Submitted to the Director-General of the Kanto Local Finance Bureau on June 7, 2023

Part II. Information about Reporting Company's Guarantor, etc.

Not applicable.

Independent Auditor's Report and Internal Control Audit Report

June 20, 2023

The Board of Directors
Olympus Corporation

Ernst & Young ShinNihon LLC

Tokyo, Japan

Designated Engagement Partner	Certificated Public Accountant	Takahiro Yamazaki
Designated Engagement Partner	Certificated Public Accountant	Tetsuya Yoshida
Designated Engagement Partner	Certificated Public Accountant	Mitsuharu Konno

<Audit of the Financial Statements>

Opinion

We have audited the accompanying consolidated financial statements of Olympus Corporation and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statement of profit or loss, comprehensive income, changes in equity, and cash flows for the year then ended, and notes to the consolidated financial statements in accordance with the provision of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the

audit of the consolidated financial statements as a whole, and in forming the auditor’s opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of goodwill of the Therapeutic solutions segment	
Description of Key Audit Matter	Auditor’s Response
<p>As described in (2) Impairment test for goodwill in Note 16 “Impairment of Non-financial Assets” to the Consolidated Financial Statements, the Company performed an impairment test for goodwill related to the Therapeutic solutions segment (cash generating unit) in the fiscal year ended March 31, 2023. As of March 31, 2023, the amount of goodwill for the Therapeutic solutions segment was ¥149,458 million (9.9% of total assets of Consolidated Statement of Financial Position). In performing the impairment test for goodwill related to the Therapeutic solutions segment, the Company measures the recoverable amount based on value in use. Value in use is determined by discounting to present value the cash flows based on the business plan approved by management having a maximum term of five years as well as the terminal value, which is based on the growth rates after the term of the business plan. The main assumptions in determining value in use are as follows.</p> <ul style="list-style-type: none"> • Growth rate and operating profit ratio in the business plan • Growth rate for the period after the term of the business plan • Discount rate <p>These main assumptions involve uncertainty associated with management estimates and have a significant impact on determining value in use. Among these, the growth rate and the operating profit ratio in the business plan are based on growth through the expansion of the Company’s portfolio of treatment tools and devices, and dissemination of procedures. However, these are affected by the external environment, such as regulations on medical devices in the countries and regions where the Company operates its Therapeutic Solutions Business, and competition with products of other companies. In particular, during the fiscal year ended March 31, 2023, a domestic consolidated subsidiary of the Company in charge of development and manufacturing received several Warning Letters from the US Food and Drug Administration (FDA), including those concerning manufacturing process validation, design validation, and timeliness of Medical Device Reporting (MDR). Response to these issues may affect the Company’s business plan. Based on the above, we determined this to be a key audit matter.</p>	<p>In considering the valuation of goodwill of the Therapeutic solutions segment, we performed the following audit procedures, among others.</p> <ul style="list-style-type: none"> • We made inquiries of management and reviewed agenda materials of the Board of Directors and other meetings to gain an understanding of strategies in the Therapeutic Solutions Business, which is the basis of the business plan having a maximum term of five years. • We compared the growth rate and operating profit ratio used in the business plan with past results, market forecasts, and available external data. • To assess the impact of the improvement plan in response to the Warning Letters on the business plan of the Therapeutic Solutions Business, we reviewed the agenda materials of the Board of Directors and other meetings where the improvement plan was discussed, and made inquiries of management in business and quality departments regarding impact on new product development activities and timing of market introduction, which are the basis for the growth rate and operating profit ratio of the business plan, and estimates of future costs associated with improvement activities. We also performed our own sensitivity analysis, which included certain stresses on the risk factors included in the assumptions. • We involved valuation specialists from our network firms and performed the following procedures. <ul style="list-style-type: none"> • We compared the growth rate for the period after the term of the business plan with market forecasts and available external data. • Regarding the discount rate, we compared it with the acceptable range set by valuation specialists and evaluated the reasonableness of the method used to determine the discount rate and the reliability of external data used as the basis of determination. • We evaluated the reasonableness of the method used to determine value in use.

Disclosure of subsequent events associated with the transfer of the Scientific Solutions Business	
Description of Key Audit Matter	Auditor's Response
<p>As described in Notes to the Consolidated Financial Statements, "44. Subsequent Events," on August 29, 2022, the Company concluded a transfer agreement with K.K. BCJ-66, a special purpose company indirectly owned by funds advised by Bain Capital Private Equity, LP, to transfer all shares of Evident Corporation ("Evident") for the purpose of transferring its Scientific Solutions Business. The transfer was completed on April 3, 2023. As a result, a gain on transfer of the Scientific Solutions Business of ¥347,900 million (under review) is expected to be recorded in the fiscal year ending March 31, 2024.</p> <p>The transfer to K.K. BCJ-66 was originally scheduled to be completed during the fiscal year ended March 31, 2023. However, due to the time required to obtain approvals from the relevant authorities in some countries in accordance with domestic and foreign competition laws and related regulations, the transfer was completed and the gain on transfer was recorded on April 3, 2023, which will have a significant impact on profit (loss) in the fiscal year ending March 31, 2024.</p> <p>In addition, the process of calculating the transfer cost, which is the basis for calculating the noted gain on transfer, involves a complex process in which the Company identifies assets and liabilities related to the Scientific Solutions Business held by the Company and its domestic and foreign consolidated subsidiaries during the fiscal year of the transfer and reorganizes them under Evident, the newly established wholly-owned subsidiary.</p> <p>Based on the above, we determined this to be a key audit matter.</p>	<p>We performed the following procedures, among others, with regard to the disclosure of subsequent events associated with the transfer of the Scientific Solutions Business.</p> <ul style="list-style-type: none"> ● We made inquiries of management and reviewed agenda materials of the Board of Directors and other meetings to gain an understanding of the economic rationale and business strategy taken into account by the Company in connection with the transfer. ● We made inquiries of management regarding the circumstances behind the change in transfer completion date from its originally scheduled date and the course of action taken. We also reviewed the terms of the transfer completion under the transfer agreement and obtained and evaluated evidence of the transfer completion in order to verify that the transfer was indeed completed on April 3, 2023 in the fiscal year ending March 31, 2024. ● We reviewed the notes to subsequent events for compliance with the requirements of the accounting standards. We also verified the following procedures with respect to the amount of gain on transfer of the Scientific Solutions Business that was noted. <ul style="list-style-type: none"> • We compared the contract amount with respect to the transfer price and the price adjustment items estimated to be incurred by the Company after the transfer date with the transfer agreement. • We reviewed and evaluated materials prepared by the Company and its domestic and foreign consolidated subsidiaries on the process of reorganizing and consolidating the assets and liabilities to be transferred to Evident to confirm that transfer costs were accurately and comprehensively calculated. We then reviewed, recalculated, and reconciled the calculation materials with the relevant documents.

Valuation of deferred tax assets	
Description of Key Audit Matter	Auditor's Response
<p>The Company recorded deferred tax assets of ¥156,543 million in the Consolidated Statement of Financial Position for the fiscal year ended March 31, 2023. As described in Notes to the Consolidated Financial Statements, "37. Income Taxes," the amount before offsetting deferred tax liabilities is ¥191,145 million.</p> <p>As described in Notes to the Consolidated Financial Statements, "3. Significant Accounting Policies (21) Income Taxes," the Company and some of its domestic subsidiaries have adopted the consolidated tax system. Deferred tax assets are recognized to the extent that it is expected that taxable profits will be available against which deductible temporary differences, unused tax credits carried forward and tax losses carried forward can be utilized. Estimates of taxable income used to determine the recoverability of deferred tax assets are based on business plans prepared by management. However, such estimates are subject to uncertainties, including significant judgments based on growth rate and the operating profit ratio.</p> <p>Furthermore, temporary differences of ¥109,268 million related to investments in subsidiaries, etc., was recorded as a breakdown of deferred tax assets before offsetting as of the end of the fiscal year ended March 31, 2023. However, this consists of temporary differences arising from the reorganization of assets and liabilities related to the Scientific Solutions Business held by the Company and its domestic and foreign consolidated subsidiaries under Evident for the transfer of the Scientific Solutions Business. A significant amount of deferred tax asset has been recognized based on the assumption that completing the transfer of Evident shares to K.K. BCJ-66 would eliminate these temporary differences and that the taxable income for which such temporary differences are to be used will be earned.</p> <p>Based on the above, we determined this to be a key audit matter.</p>	<p>We performed the following audit procedures to evaluate the reasonableness of the determination of the recoverability of deferred tax assets.</p> <ul style="list-style-type: none"> • We compared the business plans of prior years with results to evaluate the effectiveness of the estimation process for business planning, which is the basis for estimating future taxable income. • We compared the growth rate and operating profit ratio used in the business plan with past results, market forecasts, and available external data. We also evaluated the impact of the improvement plan in response to the Warning Letters on the business plan. • We studied the scheduling of the expected years for the elimination of balances of the deductible temporary differences and the loss carryforwards for tax purposes. In particular, we used the following procedures to verify that deductible temporary differences arising in connection with the transfer of Evident will be eliminated and that taxable income for which such temporary differences are to be used will be earned. <ul style="list-style-type: none"> • We reviewed the terms of the transfer completion under the transfer agreement and obtained and evaluated evidence of the transfer completion in order to verify that the share transfer was indeed completed on April 3, 2023 in the fiscal year ending March 31, 2024. • We used tax specialists from our network firms to gain an understanding of the tax treatment of the investment in terms of deductible temporary differences.

Other Information

The other information comprises the information included in the disclosure document that contains audited consolidated financial statements but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for the preparation and presentation of the other information. In addition, the Audit Committee is responsible for overseeing the Group's reporting process for the other information.

Our opinion on the audit of the consolidated financial statements does not include the other information, and we do not provide an opinion on the other information.

Our responsibility in the audit of the consolidated financial statements is to read the other information carefully and, in the course of that reading, consider whether there are material differences between the other information and the consolidated financial statements or knowledge we have gained in the audit. It is also our responsibility to note whether there are any other indications of significant errors in the other information aside from such material differences.

If we determine that there are significant errors in the other information based on the work we have performed, we are required to report such facts.

We have concluded that the other information does not exist.

Responsibilities of Management, the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by IFRSs, matters related to going concern.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material, if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with IFRSs.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, monitoring and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Internal Control Audit>

Opinion

We have audited the Internal Control Report as of March 31, 2023 of Olympus Corporation to provide audit certification in accordance with the provision of Article 193-2, Paragraph 2 of the Financial Instruments and Exchange Act.

In our opinion, the accompanying Internal Control Report, in which Olympus Corporation indicated that its internal control over financial reporting as of March 31, 2023 was effective, presented fairly, in all material respects, the results of its assessment of internal control over financial reporting, in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for Opinion

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under auditing standards for internal control over financial reporting are further described in the Auditor's Responsibilities for the Internal Control Audit section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management, the Audit Committee for Internal Control Report

Management is responsible for developing and implementing internal control over financial reporting, and for the preparation and fair presentation of an Internal Control Report in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

The Audit Committee is responsible for overseeing and verifying the development and implementation of internal control over financial reporting.

Internal control over financial reporting may not completely prevent or detect misstatements in financial reporting.

Auditor's Responsibilities for the Internal Control Audit

Our objectives are to obtain reasonable assurance about whether the Internal Control Report is free from material misstatement based on the internal control audit, and to issue an auditor's report that includes our opinion on the Internal Control Report from an independent standpoint.

As part of an internal control audit over financial reporting in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform audit procedures to obtain audit evidence regarding the results of the assessment of internal control over financial reporting in the Internal Control Report. Audit procedures for internal control audits are selected and applied at our discretion, based on the materiality of their effects on the reliability of financial reporting.
- Examine the contents of the Internal Control Report as a whole, including statements made by management regarding the scope of assessment of internal control over financial reporting, the assessment procedures performed, and the assessment results.
- Obtain sufficient and appropriate audit evidence regarding the results of the assessment of internal control over financial reporting in the Internal Control Report. We are responsible for the direction, monitoring and performance of the audit of the Internal Control Report. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding the planned scope and timing of the internal control audit, the results of the internal control audit, any significant deficiencies in internal control that we identify during our audit that should be disclosed, the results of their correction, and other matters required by the standards for internal control audits.

We also provide the Audit Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certificated Public Accountants Act of Japan.

-
- * 1. The original of the above auditor's report is kept separately by the Company as an attachment to the consolidated financial statements and the Internal Control Report.
2. XBRL data is not included in the scope of the audit.

Following is an English translation of the Independent Auditor's Report.
This report is presented merely as supplemental information.

Independent Auditor's Report

June 20, 2023

The Board of Directors
Olympus Corporation

Ernst & Young ShinNihon LLC

Tokyo, Japan

Designated Engagement Partner	Certificated Public Accountant	Takahiro Yamazaki
Designated Engagement Partner	Certificated Public Accountant	Tetsuya Yoshida
Designated Engagement Partner	Certificated Public Accountant	Mitsuharu Konno

Opinion

We have audited the accompanying the non-consolidated financial statements of Olympus Corporation, which comprise the non-consolidated balance sheet as at March 31, 2023, non-consolidated statement of income, the non-consolidated statement of changes in net assets, significant accounting policies, and other notes and supplementary schedules to provide audit certification in accordance with the provision of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2023, and its financial performance for the year then ended in accordance with accounting standards generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the non-consolidated financial statements of the current fiscal year. These matters were addressed in the context of the audit of the non-consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Disclosure of Subsequent Events Associated With the Transfer of the Scientific Solutions Business

As described in Notes to the Non-Consolidated Financial Statements (Significant Subsequent Events), the Company transferred all held Evident Corporation shares on April 3, 2023, pursuant to a transfer agreement regarding the transfer of the Scientific Solutions Business with K.K. BCJ-66, a special purpose company indirectly owned by funds advised by Bain Capital Private Equity, LP, signed on August 29, 2022.

Our reasons for determining the matter to be a key audit matter and our response are the same as those described in the Auditor's Report on the Consolidated Financial Statements (Disclosure of subsequent events associated with the transfer of the Scientific Solutions Business), so they have therefore been omitted.

Valuation of Deferred Tax Assets

The Company recorded deferred tax assets of ¥69,929 million in its non-consolidated balance sheet for the fiscal year ended March 31, 2023. As described in Notes to the Non-Consolidated Financial Statements (Significant Accounting Estimates) 5. Recoverability of Deferred Tax Assets, the amount before offsetting deferred tax liabilities is ¥75,157 million.

Our reasons for determining the matter to be a key audit matter and our response are the same as those described in the Auditor's Report on the Consolidated Financial Statements (Valuation of deferred tax assets), so they have therefore been omitted.

Other Information

The other information comprises the information included in the disclosure document that contains audited non-consolidated financial statements but does not include the non-consolidated financial statements and our auditor's report thereon. Management is responsible for the preparation and presentation of the other information. In addition, the Audit Committee is responsible for overseeing the Group's reporting process for the other information.

Our opinion on the audit of the non-consolidated financial statements does not include the other information, and we do not provide an opinion on the other information.

Our responsibility in the audit of the non-consolidated financial statements is to read the other information carefully and, in the course of that reading, consider whether there are material differences between the other information and the non-consolidated financial statements or knowledge we have gained in the audit. It is also our responsibility to note whether there are any other indications of significant errors in the other information aside from such material differences.

If we determine that there are significant errors in the other information based on the work we have performed, we are required to report such facts.

We have concluded that the other information does not exist.

Responsibilities of Management, the Audit Committee for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for the development and implementation of internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing matters related to going concern as required in accordance with accounting principles generally accepted in Japan.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material, if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the non-consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the non-consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance accounting principles generally accepted in Japan.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the non-consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the non-consolidated financial statements of the current fiscal year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest Required to be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certificated Public Accountants Act of Japan.

* 1. The original of the above auditor's report is kept separately by the Company as an attachment to the non-consolidated financial statements.
2. XBRL data is not included in the scope of the audit.

[Cover]

[Document Submitted]	Confirmation Letter
[Article of the Applicable Law Requiring Submission of This Document]	Article 24-4-2, Paragraph 1 of the Financial Instruments and Exchange Act
[Submitted to]	Director-General of the Kanto Local Finance Bureau
[Date of Submission]	June 20, 2023
[Company Name]	Olympus Kabushiki Kaisha
[Company Name in English]	OLYMPUS CORPORATION
[Position and Name of Representative]	Stefan Kaufmann, Director, Representative Executive Officer, President and CEO
[Position and Name of Chief Financial Officer]	Not applicable.
[Location of Head Office]	2951 Ishikawa-machi, Hachioji-shi, Tokyo, Japan
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo, Japan)

1. Matters Concerning the Adequacy of the Contents of the Securities Report

Stefan Kaufmann, Director, Representative Executive Officer, President and CEO of Olympus Corporation has confirmed that the information in Olympus Corporation's Annual Securities Report for the fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023) is properly presented in accordance with the Financial Instruments and Exchange Act.

2. Special Notes

There are no matters to be noted.

[Cover]

[Document Submitted]	Internal Control Report
[Article of the Applicable Law Requiring Submission of This Document]	Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act
[Submitted to]	Director-General of the Kanto Local Finance Bureau
[Date of Submission]	June 20, 2023
[Company Name]	Olympus Kabushiki Kaisha
[Company Name in English]	OLYMPUS CORPORATION
[Position and Name of Representative]	Stefan Kaufmann, Director, Representative Executive Officer, President and CEO
[Position and Name of Chief Financial Officer]	Not applicable.
[Location of Head Office]	2951 Ishikawa-machi, Hachioji-shi, Tokyo, Japan
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo, Japan)

1. Matters Related to the Basic Framework for Internal Control over Financial Reporting

Stefan Kaufmann, Director, Representative Executive Officer, President and CEO of Olympus Corporation is responsible for the development and operation of Olympus Corporation's internal control over financial reporting, and maintains and operates internal control over financial reporting in accordance with the basic framework for internal control indicated in the "On the Revision of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" issued by the Business Accounting Council.

Internal control aims at achieving the objectives to a reasonable extent with the organized and integrated function of individual components as a whole. Accordingly, internal control over financial reporting may not completely prevent or detect misstatements in financial reporting.

2. Matters Related to the Scope of Assessment, Base Date and Assessment Procedures

The assessment of internal control over financial reporting was conducted with March 31, 2023, the end of the current fiscal year, as the base date, and the assessment was made in accordance with generally accepted standards for the assessment of internal control over financial reporting.

In this assessment, internal controls that have a significant impact on overall financial reporting on a consolidated basis (companywide internal controls) were assessed, and based on the results of the assessment, business processes to be assessed are selected. In assessing the business process, the selected business process is analyzed, and key control points that have a significant impact on the reliability of financial reporting are identified. The effectiveness of internal control is then assessed by evaluating the status of development and operation of these key control points.

The scope of the assessment of internal control over financial reporting was determined for Olympus Corporation, its consolidated subsidiaries, and its equity-method companies based on the materiality of the effect on the reliability of financial reporting. The materiality of the effects on the reliability of financial reporting was determined by considering the materiality of the monetary and qualitative effects, and the scope of assessment of internal control over business processes was reasonably determined based on the results of the assessment of companywide internal control conducted for Olympus Corporation and its 38 consolidated subsidiaries. 67 other consolidated subsidiaries and 3 equity-method companies are not included in the scope of assessment of company-wide internal control because they are considered to be immaterial in terms of monetary and qualitative materialities.

The scope of assessment of internal control over business processes was determined by adding up the revenues (after elimination of consolidated intercompany transactions) of each business location in the previous fiscal year, beginning with the location with the highest amount, and designating as significant business locations those locations that accounted for approximately two-thirds of consolidated revenues in the previous fiscal year and nine business locations that were deemed significant after considering fluctuations during the period. For the selected significant business locations, the business processes leading to revenues, accounts receivable, and inventories were assessed as accounts that have a significant bearing on Olympus Corporation's business objectives. Furthermore, regarding the scope including other business locations and regardless of the selected significant business locations, the business processes that have a high possibility of material misstatement and that are related to significant accounts that involve estimates and forecasts, and businesses or operations that engage in high-risk transactions were individually added to the scope of assessment as significant business processes, taking into account their impact on financial reporting.

3. Matters Related to Assessment Results

As a result of the above assessment, it was concluded that the Olympus Group's internal control over financial reporting was effective as of the end of the current fiscal year.

4. Supplemental Notes

Not applicable.

5. Special Notes
Not applicable.