



Consolidated Financial Statements and Notes

For the Fiscal Year Ended March 31, 2024

(from April 1, 2023 to March 31, 2024)

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditor's Report.....	2
Consolidated Statement of Financial Position as of March 31, 2024.....	9
Consolidated Statement of Profit or Loss for the year ended March 31, 2024	11
Consolidated Statement of Comprehensive Income for the year ended March 31, 2024	12
Consolidated Statement of Changes in Equity for the year ended March 31, 2024.....	13
Consolidated Statement of Cash Flows for the year ended March 31, 2024.....	15
Notes to the Consolidated Financial Statements	17

Independent Auditor's Report

The Board of Directors
Olympus Corporation

The Audit of the Consolidated 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, 2024, and the consolidated statements 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 our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024, 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
As described in (2) Impairment test for goodwill in Note 16 "Impairment of Non-financial Assets" to the Consolidated Financial Statements, Olympus Corporation (the Company) performed an impairment test for goodwill related to the Therapeutic solutions	In considering the valuation of goodwill of the Therapeutic solutions segment, we performed the following audit procedures, among others. <ul style="list-style-type: none">● We made inquiries of management and discussed the following matters to gain an

<p>segment (cash generating unit) in the fiscal year ended March 31, 2024. As of March 31, 2024, the amount of goodwill for the Therapeutic solutions segment was ¥147,910 million (9.6% of total assets of Consolidated Statement of Financial Position).</p> <p>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. Of these assumptions, 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.</p> <p>Considering that, in the fiscal year ended March 31, 2024, the Company continued with the improvement plan implemented in response to the warning letters received from the United States Food and Drug Administration (FDA) in the fiscal year ended March 31, 2023 and made the decision to discontinue the manufacture and sale of products developed by Veran Medical Technologies, Inc. (VMT) acquired as part of</p>	<p>understanding of strategies in the Therapeutic Solutions Business, which is the basis of the business plan having a maximum term of five years.</p> <ul style="list-style-type: none"> - The consistency between the strategy announced by the Company in May 2023 and the strategies in the Therapeutic Solutions Business - The impact of the discontinuation of the manufacture and sale of VMT's products on the strategies in the Therapeutic Solutions Business - The impact of the progress and future outlook of the improvement plan for the findings raised in the warning letters on development activities and market entry timing for new products and, in addition, estimates of future costs related to improvement activities <p>Further, we reviewed minutes of board of directors and other meetings.</p> <ul style="list-style-type: none"> ● We compared the growth rate and operating profit ratio used in the business plan with past results, market forecasts, and available external data. We performed our own sensitivity analysis in which a certain level of stress was placed on 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 the discount rate with the range set by the 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.
--	---

Company's Therapeutic Solutions Business in a prior fiscal year, which impacted the business plan and assets of the Therapeutic Solutions Business, we determined the valuation of goodwill of the Therapeutic solutions segment to be a key audit matter.	
--	--

Recognition of impairment loss on assets related to Veran Medical Technologies, Inc.	
Description of Key Audit Matter	Auditor's Response
<p>As described in “(1) Impairment losses” under Note 16 “Impairment of Non-financial Assets” to the Consolidated Financial Statements, the Company made the decision in the fiscal year ended March 31, 2024 to discontinue the manufacture and sale of products developed by consolidated subsidiary VMT.</p> <p>The Company previously performed impairment testing for the fixed assets related to VMT manufacturing and sales as part of a cash-generating unit within the Therapeutic solutions segment in consideration of the synergies with other assets in this segment. However, after deciding to discontinue the manufacture and sale of products developed by VMT, the Company individually performed impairment tests for the fixed assets generated from the acquisition of VMT rather than testing for impairment at the segment level, and as a result determined that the fair value less the cost of disposal was zero. Thus, the Company recorded impairment loss on fixed assets of ¥41,704 million, including goodwill of ¥20,227 million, as “other expenses”.</p> <p>Considering that separation from the cash-generating unit to which the assets belong involves significant judgments by management and that the amount of related impairment loss recorded as a result has a significant impact on the consolidated financial statements, we determined the recognition of impairment loss on assets related to VMT to be a key audit matter.</p>	<p>In considering the recognition of impairment loss on assets related to VMT, we performed the following audit procedures, among others.</p> <ul style="list-style-type: none"> ● We made inquiries of management and reviewed minutes of board of directors and other meetings to obtain an understanding of the strategic reasons for discontinuing the manufacture and sale of VMT's products. ● We evaluated the reasonableness of the scope and amount of goodwill subject to impairment in consideration of the impact of this decision on the Therapeutic solutions segment, which is the related cash-generating unit. ● In order to evaluate whether impairment loss was appropriately measured, we involved component auditors and performed the following procedures. <ul style="list-style-type: none"> - We reviewed VMT's trial balance and compared the account balances of fixed assets with the amount recorded for impairment to test whether VMT's fixed assets were comprehensively considered for impairment. - With regard to the recoverable amount, we considered the reasonableness of evaluating the fair value less the cost of disposal as zero.

Valuation of deferred tax assets	
Description of Key Audit Matter	Auditor's Response
<p>The Company recorded deferred tax assets of ¥72,324 million on the consolidated statement of financial position as of March 31, 2024 and, as described in “(1) Deferred tax assets and liabilities” under Note 37 “Income Taxes” to the Consolidated Financial Statements, deferred tax assets before being offset against deferred tax liabilities totaled ¥111,159 million.</p> <p>As described in “(21) Income taxes” under “3. Material Accounting Policies” in Notes to the Consolidated Financial Statements, the Company and some of its subsidiaries have adopted the Group Relief System and recognize deferred tax assets 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.</p> <p>The estimate of the amount of taxable profit used in determining the recoverability of deferred tax assets is based on the business plan developed by management, and the growth rate and operating profit ratio, which are the main assumptions of this plan, involve judgments by management. In particular, in the fiscal year ended March 31, 2024, the Company continued with the improvement plan implemented in response to the warning letters received from the United States Food and Drug Administration (FDA) in the fiscal year ended March 31, 2023, and judgments by management with regard to the progress and outlook of this improvement plan have an impact on the main assumptions.</p> <p>Therefore, we determined the valuation of deferred tax assets to be a key audit matter.</p>	<p>In order to evaluate the adequacy of the determination of the recoverability of deferred tax assets, we performed the following audit procedures, among others.</p> <ul style="list-style-type: none"> ● We compared prior year business plans with actual results to evaluate the effectiveness of the estimation process used in formulating the business plan, which forms the basis for expected future taxable profit. ● We compared the growth rate and operating profit ratio used in the business plan with past results, market forecasts, and available external data. ● We made inquiries of management regarding the estimates of future costs related to improvement activities in response to the findings raised in the warning letters and, in order to evaluate the impact of these costs on the taxable profit in the future, we reviewed materials prepared by the Company. ● In order to evaluate the reasonableness of the schedule of the fiscal years in which the balances of deductible temporary differences and unused tax losses are expected to reverse, we reviewed scheduling-related materials prepared by the Company and compared these materials with the timing of reversal of deductible temporary differences and unused tax losses.

Other Information

The other information comprises the information included in disclosure documents that contains audited consolidated financial statements but does not include the consolidated financial statements and our auditor's report thereon.

We have concluded that other information does not exist. Accordingly, we have not performed any work related to other information.

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, supervision 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, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

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.

Fee-related Information

The fees for the audits of the financial statements of Olympus Corporation and its subsidiaries and other services provided by us and other EY member firms for the year ended March 31, 2024 are 1,287 million yen and 209 million yen, respectively.

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 Certified Public Accountants Act of Japan.

Ernst & Young ShinNihon LLC
Tokyo, Japan

August 7, 2024

Takahiro Yamazaki

Takahiro Yamazaki
Designated Engagement Partner
Certified Public Accountant

Tetsuya Yoshida

Tetsuya Yoshida
Designated Engagement Partner
Certified Public Accountant

Mitsuharu Konno

Mitsuharu Konno
Designated Engagement Partner
Certified Public Accountant

Consolidated Statement of Financial Position
Olympus Corporation and Consolidated Subsidiaries
As of March 31, 2024

(Millions of yen)

	Notes	2023	2024
ASSETS			
Current assets			
Cash and cash equivalents	7,35	169,329	340,933
Trade and other receivables	8,35	174,672	197,599
Other financial assets	10,35	11,360	9,862
Inventories	9	162,994	190,030
Income taxes receivable		15,960	36,686
Other current assets	11	22,421	25,175
Subtotal		556,736	800,285
Assets held for sale	12	169,621	55
Total current assets		726,357	800,340
Non-current assets			
Property, plant and equipment	13	238,731	259,968
Goodwill	14	181,324	180,331
Intangible assets	14	116,757	91,961
Retirement benefit asset	23	27,028	36,815
Investments accounted for using equity method		1,010	479
Trade and other receivables	8,35	36,980	55,764
Other financial assets	10,35	21,476	34,146
Deferred tax assets	37	156,543	72,324
Other non-current assets	11	2,495	2,088
Total non-current assets		782,344	733,876
Total assets		1,508,701	1,534,216

(Millions of yen)

	Notes	2023	2024
LIABILITIES AND EQUITY			
Liabilities			
Current liabilities			
Trade and other payables	17,35	62,919	61,855
Bonds and borrowings	18,35	49,970	69,988
Other financial liabilities	19,35	23,235	27,673
Income taxes payable		99,567	38,658
Provisions	20	19,111	31,318
Other current liabilities	21	163,837	202,203
Subtotal		418,639	431,695
Liabilities directly associated with assets held for sale	12	43,253	—
Total current liabilities		461,892	431,695
Non-current liabilities			
Bonds and borrowings	18,35	290,087	229,628
Other financial liabilities	19,35	61,668	62,238
Retirement benefit liability	23	20,416	20,586
Provisions	20	2,912	2,362
Deferred tax liabilities	37	12,298	11,989
Other non-current liabilities	21	18,194	18,532
Total non-current liabilities		405,575	345,335
Total liabilities		867,467	777,030
Equity			
Share capital	24	124,643	124,643
Capital surplus	24	92,150	92,032
Treasury shares	24	(28,086)	(102,017)
Other components of equity	24	77,280	149,127
Other components of equity related to disposal group held for sale	24	3,034	—
Retained earnings	24	371,064	493,401
Total equity attributable to owners of parent		640,085	757,186
Non-controlling interests		1,149	—
Total equity		641,234	757,186
Total liabilities and equity		1,508,701	1,534,216

Consolidated Statement of Profit or Loss
Olympus Corporation and Consolidated Subsidiaries
For the fiscal year ended March 31, 2024

(Millions of yen)

	Notes	2023	2024
Continuing operations			
Revenue	6,28	881,923	936,210
Cost of sales	9,13 14,23	285,074	311,087
Gross profit		596,849	625,123
Selling, general and administrative expenses	13,14 23,29	420,547	473,231
Share of profit (loss) of investments accounted for using equity method	6	491	(358)
Other income	30	23,706	4,666
Other expenses	16,30	13,890	112,602
Operating profit	6	186,609	43,598
Finance income	31	3,860	2,562
Finance costs	31	8,175	10,306
Profit before tax		182,294	35,854
Income taxes	37	44,304	8,881
Profit from continuing operations		137,990	26,973
Discontinued operation			
Profit from discontinued operation	41	5,623	215,956
Profit		143,613	242,929
Profit attributable to:			
Owners of parent		143,432	242,566
Non-controlling interests		181	363
Profit		143,613	242,929
Earnings per share			
Basic earnings per share (yen)			
Continuing operations	32	108.78	21.93
Discontinued operation	32	4.44	177.98
Basic earnings per share	32	113.22	199.91
Diluted earnings per share(yen)			
Continuing operations	32	108.65	21.88
Discontinued operation	32	4.43	177.56
Diluted earnings per share	32	113.08	199.44

Consolidated Statement of Comprehensive Income
Olympus Corporation and Consolidated Subsidiaries
For the fiscal year ended March 31, 2024

(Millions of yen)

	Notes	2023	2024
Profit		143,613	242,929
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Financial assets measured at fair value through other comprehensive income	33	(84)	(20)
Remeasurements of defined benefit plans	33	7,320	4,682
Total of items that will not be reclassified to profit or loss	33	7,236	4,662
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	33	47,093	69,011
Cash flow hedges	33	(1,280)	(177)
Total of items that may be reclassified to profit or loss	33	45,813	68,834
Total other comprehensive income		53,049	73,496
Comprehensive income		196,662	316,425
Comprehensive income attributable to:			
Owners of parent		196,481	316,062
Non-controlling interests		181	363
Comprehensive income		196,662	316,425

Consolidated Statement of Changes in Equity
Olympus Corporation and Consolidated Subsidiaries
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		—		—
Equity transactions with non-controlling interests										
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

For the fiscal year ended March 31, 2024

(Millions of yen)

(millions of yen)										
Equity attributable to owners of parent										
	Notes	Share capital	Capital surplus	Treasury shares	Other components of equity	Other components of equity related to disposal group held for sale	Retained earnings	Total	Non-controlling interests	Total equity
Balance at April 1, 2023		124,643	92,150	(28,086)	77,280	3,034	371,064	640,085	1,149	641,234
Profit							242,566	242,566	363	242,929
Other comprehensive income					76,530	(3,034)		73,496		73,496
Comprehensive income		—	—	—	76,530	(3,034)	242,566	316,062	363	316,425
Share repurchase	24			(180,002)				(180,002)		(180,002)
Disposal of treasury shares	24		(43)	43				0		0
Cancellation of treasury shares	24		(104,795)	104,795				—		—
Dividends from surplus	26						(20,057)	(20,057)	(183)	(20,240)
Transfer from retained earnings to capital surplus			104,855				(104,855)	—		—
Transfer from other components of equity to retained earnings					(4,683)		4,683	—		—
Share-based payment transactions	27		1,457	1,233				2,690		2,690
Equity transactions with non-controlling interests			(1,592)					(1,592)	(1,329)	(2,921)
Total transactions with owners		—	(118)	(73,931)	(4,683)	—	(120,229)	(198,961)	(1,512)	(200,473)
Balance at March 31, 2024		124,643	92,032	(102,017)	149,127	—	493,401	757,186	—	757,186

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.”

Consolidated Statement of Cash Flows
Olympus Corporation and Consolidated Subsidiaries
For the fiscal year ended March 31, 2024

(Millions of yen)

	Notes	2023	2024
Cash flows from operating activities			
Profit before tax		182,294	35,854
Profit before tax from discontinued operation	41	7,413	348,276
Depreciation and amortization		66,741	65,940
Impairment losses	16	2,498	64,568
Interest and dividend income		(3,971)	(2,376)
Interest expenses		6,037	5,409
Loss (gain) on sale and retirement of fixed assets	30	(15,757)	456
Share of loss (profit) of investments accounted for using equity method		(491)	358
Gain on transfer of the Scientific Solutions Business	34	—	(349,037)
Decrease (increase) in trade and other receivables		(27,013)	(11,851)
Decrease (increase) in inventories		(26,852)	(19,072)
Increase (decrease) in trade and other payables		8,770	(5,935)
Increase (decrease) in retirement benefit liability		(14,099)	1,013
Decrease (increase) in retirement benefit asset		952	(3,269)
Increase (decrease) in provisions		(3,555)	9,083
Other		14,507	42,765
Subtotal		197,474	182,182
Interest received		3,933	2,365
Dividends received		38	11
Interest paid		(5,388)	(4,803)
Income taxes paid		(97,567)	(137,390)
Net cash provided by operating activities		98,490	42,365

(Millions of yen)

	Notes	2023	2024
Cash flows from investing activities			
Payments into time deposits		(2,136)	—
Purchase of property, plant and equipment		(47,570)	(46,425)
Proceeds from sale of property, plant and equipment		20,460	1,471
Purchase of intangible assets		(23,053)	(18,199)
Purchase of investment securities		(3,705)	(28)
Proceeds from transfer of the Scientific Solutions Business	34	—	379,091
Proceeds from the transfer of the collagen business and dental product sales businesses	34	—	1,656
Payments for acquisition of subsidiaries	34,40	(3,859)	—
Proceeds from sale of subsidiaries	34	—	4,472
Collection of loans receivable	41	1,284	53,373
Payments for contingent consideration		(606)	(2,966)
Expenditures based on share purchase agreement		—	(43,647)
Amount recovered upon cancellation of share purchase agreement		—	31,110
Other		771	84
Net cash provided by (used in) investing activities		(58,414)	359,992
Cash flows from financing activities			
Increase (decrease) in short-term borrowings and commercial papers	34	(67)	(3)
Repayments of lease liabilities	34	(20,914)	(19,518)
Repayments of long-term borrowings	34	(13,547)	(40,000)
Dividends paid	26	(17,822)	(20,057)
Dividends paid to non-controlling interests		(226)	(183)
Payments for share repurchase		(50,003)	(180,002)
Redemption of bonds	18,34	(40,000)	(10,000)
Payments for acquisition of interests in subsidiaries from non-controlling interests		—	(2,921)
Other		(599)	(3,326)
Net cash used in financing activities		(143,178)	(276,010)
Effect of exchange rate changes on cash and cash equivalents		6,042	9,074
Net increase (decrease) in cash and cash equivalents		(97,060)	135,421
Cash and cash equivalents at beginning of period		302,572	205,512
Cash and cash equivalents at end of period	7	205,512	340,933

Notes to the Consolidated Financial Statements

Olympus Corporation and Consolidated Subsidiaries

1. Reporting Entity

Olympus Corporation is a joint stock company 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 other products. Description of each business is 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, 2024 were approved by Stefan Kaufmann, Director, Representative Executive Officer, President and CEO, and Tatsuya Izumi, Executive Officer and CFO, on June 20, 2024. These English language consolidated financial statements were approved by Stefan Kaufmann, Director, Representative Executive Officer, President and CEO, and Tatsuya Izumi, Executive Officer CFO subsequently on August 7, 2024.

Refer to (Share repurchase and cancellation of treasury shares, Transfer of orthopedic surgery business and Disposal of treasury shares) of Note 43 for details of material event which occurred subsequent to the date of the Japanese language consolidated financial statements, which required additional disclosures in these English language consolidated financial statements.

(2) 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.

(3) Changes in presentation methods

(Consolidated Statement of Cash Flows)

(Cash flows from investing activities)

In the fiscal year ended March 31, 2023, because "Collection of loans receivable" and "Payments for contingent consideration," which had previously been included in "Other" of "Cash flows from investing activities," increased in monetary importance, they have been listed independently from the fiscal year ended March 31, 2024. Furthermore, due to the decreased monetary importance of "Proceeds from sale and redemption of investments," which had previously been listed independently, it has been disclosed in "Other" from the fiscal year ended March 31, 2024. To reflect this change in the presentation method, consolidated financial statements for the fiscal year ended March 31, 2023 have been reclassified.

As a result, ¥516 million which had previously been presented in "Other" of "Cash flows from investing activities," has been listed independently as ¥1,284 million in "Collection of loans receivable," and ¥606 million in "Payments for contingent consideration" and ¥933 million in "Proceeds from sale and redemption of investments" has been reclassified as "Other" in the amount of ¥771 million.

3. Material 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 non-controlling 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 non-controlling 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.

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

(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

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 with the aim of enhancing awareness toward contributing to sustainable improvement of corporate value as well as further enhancing value sharing with shareholders of Olympus Corporation.

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

Olympus Corporation has introduced a subsequent grant-type restricted stock compensation (RSU: Restricted Stock Unit) system and performance-based stock compensation (PSU: Performance Share Unit) system as a stock compensation system. 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 taxes 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, except a business combination that affects neither accounting profit nor taxable profit and that arises neither equivalent amount of taxable temporary differences nor deductible temporary differences.

- 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

In preparing IFRS-based 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 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. Material Accounting Policies, (1) Basis of consolidation”)
- Accounting for arrangements containing leases (Notes “3. Material Accounting Policies, (10) Leases,” and “36. Leases”)
- Revenue (Notes “3. Material 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. Material Accounting Policies, (6) Inventories,” and “9. 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 unsold inventories that remain outside the operating cycle, the net realizable value, etc. is calculated by reflecting future demand and market trends. If the net realizable value decreased significantly due to a worse market environment than expected, losses may be incurred.

- Impairment of non-financial assets (Notes “3. Material 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. Material 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. Material 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. Material 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. Material 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. 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 defined benefit obligations in future accounting periods.

- Recoverability of deferred tax assets (Notes “3. Material 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

The new or amended standards and interpretations that were issued by the date of approval of the consolidated financial statements and that have not been early adopted by the Olympus Group are primarily as follows. The timing of adopting the new IFRS standards by the Olympus Group and the impact of adoption on the Olympus Group's consolidated financial statements is under evaluation.

IFRS Standards		Mandatory adoption (from the fiscal year beginning)	Timing of adoption by the Olympus Group	Description of new standards and amendments
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027	Not determined	Introduces new requirements to improve companies' reporting of financial performance and provide investors with a better basis for analyzing and comparing companies

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 according to which reporting is periodically conducted 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 ended September 30, 2022, we have 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.

An outline of discontinued operations is described in Note “41. Discontinued Operation.” The transfer of the shares of Evident Corporation, which operates the Scientific Solutions Business, was completed on April 3, 2023.

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 for reportable segments

Revenue, business results and other items for reportable segments are as follows. The accounting treatment used for reportable segments is the same as described in Note “3. Material Accounting Policies.”

Fiscal year ended March 31, 2023

(Millions of yen)

	Reportable Segment				Adjust- ment (Note 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 (Note 7)	555,939	452,969	20,638	1,029,546	479,155	1,508,701
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 the amount related to corporate assets that are not attributable to reportable segments and assets of discontinued operations.
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.
7. Provisional amounts for segment assets have been revised in the fiscal year ended March 31, 2024 with respect to the acquisition of Odin Medical Ltd. in the fiscal year ended March 31, 2023 and figures at the end of the fiscal year ended March 31, 2023 have been retrospectively revised. For details, please see Note “40. Business Combinations.”

Fiscal year ended March 31, 2024

(Millions of yen)						
	Reportable Segment				Adjust- ment (Note 2, 4, 5, 6)	Amount on consolidated financial statements
	Endoscopic Solutions	Therapeutic Solutions	Others	Total		
Revenue						
Revenue from outside customers	586,617	337,331	12,262	936,210	–	936,210
Intersegment revenue (Note 1)	–	–	121	121	(121)	–
Total	586,617	337,331	12,383	936,331	(121)	936,210
Operating profit (loss)	104,684	(8,466)	(7,809)	88,409	(44,811)	43,598
Finance income						2,562
Finance costs						10,306
Profit before tax						35,854
Other items						
Share of profit (loss) of investments accounted for using equity method	(332)	(26)	–	(358)	–	(358)
Depreciation and amortization	41,501	18,184	961	60,646	5,294	65,940
Impairment losses (Note 3)	10,890	44,315	8,588	63,793	775	64,568
Segment assets	637,036	469,186	12,660	1,118,882	415,334	1,534,216
Investments accounted for using equity method	–	479	–	479	–	479
Capital expenditures	50,674	19,295	1,452	71,421	9,306	80,727

- 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. The operating loss of the Therapeutic solutions segment includes a loss of ¥51,886 million incurred from the discontinuation of manufacturing and sales of Veran Medical Technologies, Inc. products. Details are as described in Note “30. Other Income and Other Expenses.” Such losses include impairment losses of ¥41,704 million. Details are as described in Note “16. Impairment of non-financial assets.”
4. Adjustment for segment assets is the amount related to corporate assets that are not attributable to reportable segments.
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

(Millions of yen)

	2023	2024
Japan	122,516	121,515
North America	322,167	351,337
Europe	222,164	242,825
China	117,094	106,341
Asia and Oceania	77,807	88,081
Others	20,175	26,111
Total	881,923	936,210

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) Other | Central and South America, Africa, etc. |

For the fiscal years ended March 31, 2023 and 2024, revenue from external customers in the United States was ¥300,080 million and ¥326,299 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, 2023 and 2024.

Non-current assets (excluding financial instruments, deferred tax assets, and retirement benefit assets)

(Millions of yen)

	2023	2024
Japan	138,682	138,637
Americas	220,391	202,587
Europe and Middle East	153,760	163,002
Asia and Oceania	26,474	30,122
Total	539,307	534,348

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 ¥217,723 million and ¥199,220 million as of March 31, 2023 and 2024, 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 ¥58,358 million and ¥62,533 million as of March 31, 2023 and 2024, 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, 2023 and 2024.

3. Provisional amounts for non-current assets have been revised in the fiscal year ended March 31, 2024 with respect to the acquisition of Odin Medical Ltd. in the fiscal year ended March 31, 2023 and figures at the end of the fiscal year ended March 31, 2023 have been retrospectively revised. For details, please see Note “40. Business Combinations.”

(5) Major customers

Information on revenue attributable to major customers for the fiscal years ended March 31, 2023 and 2024 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)	
	2023	2024
Cash and deposits	164,551	148,251
Short-term investments	4,778	192,682
Cash and cash equivalents in the consolidated statement of financial position	169,329	340,933
Cash and cash equivalents included in assets held for sale	36,183	—
Cash and cash equivalents in the consolidated statement of cash flows	205,512	340,933

8. Trade and Other Receivables

The breakdown of trade and other receivables as of March 31, 2023 and 2024 was as follows:

	(Millions of yen)	
	2023	2024
Trade notes receivable and trade accounts receivable	141,877	152,042
Other receivables	14,074	24,005
Contract assets	1,239	220
Lease receivables	65,003	86,238
Allowance for doubtful accounts	(10,541)	(9,142)
Total	211,652	253,363
Current	174,672	197,599
Non-current	36,980	55,764
Total	211,652	253,363

Note: Trade and other receivables are presented net of allowance for doubtful accounts in the consolidated statement of financial position. Current assets of ¥6,056 million and non-current assets of ¥6,697 million are included in “Other receivables” in the fiscal year ended March 31, 2024 as other receivables arising from the termination of the stock acquisition agreement with Taewoong Medical Co., Ltd.

9. Inventories

The breakdown of inventories as of March 31, 2023 and 2024 was as follows:

	(Millions of yen)	
	2023	2024
Merchandise and finished goods	66,578	67,293
Work in progress	33,528	47,764
Raw materials and supplies	62,888	74,973
Total	162,994	190,030

The amounts of inventories recorded as cost of sales for the fiscal years ended March 31, 2023 and 2024 were ¥224,363 million and ¥229,786 million, respectively.

Write-downs of inventories recognized as expenses for the fiscal years ended March 31, 2023 and 2024 were ¥19,741 million and ¥23,301 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, 2023 and 2024 were ¥3,842 million and ¥3,471 million, respectively.

10. Other Financial Assets

The breakdown of other financial assets as of March 31, 2023 and 2024 was as follows:

(Millions of yen)		
	2023	2024
Financial assets measured at fair value through profit or loss		
Derivative assets	6,860	14,358
Equity securities and others	937	704
Financial assets measured at amortized cost		
Deposits with withdrawal restrictions	6,128	6,677
Lease and guarantee deposits	3,614	4,457
Other	8,396	10,260
Financial assets measured at fair value through other comprehensive income		
Equity securities and others	6,901	7,552
Total	32,836	44,008
Current	11,360	9,862
Non-current	21,476	34,146
Total	32,836	44,008

11. Other Current Assets and Other Non-current Assets

The breakdown of other current assets and other non-current assets as of March 31, 2023 and 2024 was as follows:

(Millions of yen)		
	2023	2024
Prepaid expenses	10,643	12,040
Consumption tax receivables	6,462	7,892
Other	7,811	7,331
Total	24,916	27,263
Current	22,421	25,175
Non-current	2,495	2,088
Total	24,916	27,263

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)

	2023	2024
Assets		
Cash and cash equivalents	36,183	—
Trade and other receivables	34,712	—
Inventories	35,931	—
Land	1,371	41
Buildings and structures	5,798	14
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	169,621	55
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	—

The fiscal year ended March 31, 2024 saw the completion of procedures for the sale of assets and liabilities related to the Scientific Solutions Business and of assets and liabilities related to the collagen business and dental product sales businesses, which had been classified as held for sale in the previous fiscal year.

(Transfer of Scientific Solutions Business)

The transfer of all shares of Evident Corporation, which had been a consolidated subsidiary of Olympus Corporation, was conducted on April 3, 2023. In conjunction with this transfer, the transfer of the assets and liabilities of the Scientific Solutions Business, which were classified as held for sale in the previous fiscal year, was completed on the same date. Details are described in Note “34. Cash Flow Information.”

(Transfer of collagen business and dental product sales businesses)

The transfer of assets and liabilities related to the collagen business and dental product sales businesses, which were classified as assets held for sale in the previous fiscal year, was completed on July 3, 2023. Details are described in Note “34. Cash Flow Information.”

Assets categorized as assets held for sale in the fiscal year under review are assets, belonging to the Endoscopic Solutions Business segment and Therapeutic Solutions Business segment, that are to be sold from the standpoint of management resource optimization and are scheduled for sale within a year from the fiscal year closing date.

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, 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
Additions	11,808	6,122	29,395	170	15,033	62,528
Depreciation	(16,342)	(7,352)	(26,781)	(188)	—	(50,663)
Impairment losses	(1,082)	(370)	(1,585)	(887)	(189)	(4,113)
Sales and disposals	(3,746)	(358)	(4,906)	(15)	—	(9,025)
Transfer to assets held for sale	(14)	—	—	(41)	—	(55)
Reclassification	17,004	1,156	5,232	(40)	(22,182)	1,170
Exchange differences on translation of foreign operations	10,668	1,364	8,034	473	657	21,196
Other	77	19	(26)	—	129	199
Balance at March 31, 2024	136,662	21,428	76,980	17,629	7,269	259,968

- Notes: 1. No borrowing costs were capitalized for the fiscal years ended March 31, 2023 and 2024.
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 ¥2,706 million and ¥2,300 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, 2023 and 2024, 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, 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
Balance at March 31, 2024	287,726	61,943	325,562	19,364	7,329	701,924

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, 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
Balance at March 31, 2024	151,064	40,515	248,582	1,735	60	441,956

(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, 2022	50,341	5,112	1,881	260	57,594
Balance at March 31, 2023	43,930	4,325	1,747	160	50,162
Balance at March 31, 2024	46,384	4,660	2,210	132	53,385

Note: Right-of-use assets increased during the fiscal years ended March 31, 2023 and 2024 by ¥15,109 million and ¥14,838 million, respectively.

14. Goodwill and Intangible Assets

(1) Changes in goodwill and intangible assets

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			
		Capitalized development costs	Software	Other	Total
Balance at April 1, 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 2, 3)	5,159	3,212	—	801	4,013
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 (Note 3)	181,324	56,820	12,355	47,582	116,757
Additions	—	—	2,395	231	2,626
Additions through internal development	—	15,573	—	—	15,573
Amortization	—	(8,332)	(3,106)	(3,839)	(15,277)
Impairment losses	(24,029)	(9,266)	(31)	(27,129)	(36,426)
Sales and disposals	(1,749)	(15)	(37)	(463)	(515)
Reclassification	—	1,436	422	(1,767)	91
Exchange differences on translation of foreign operations	24,785	3,424	705	4,754	8,883
Other	—	1	(5)	253	249
Balance at March 31, 2024	180,331	59,641	12,698	19,622	91,961

- 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 “Capitalized development costs” are ¥3,212 million in research and development assets held by Odin Medical Ltd. Ltd. For details on business combinations, please see Note “40. Business Combinations.”
3. Provisional amounts for additions through business combinations and balance at March 31, 2023 have been revised in the fiscal year ended March 31, 2024 with respect to the acquisition of Odin Medical Ltd. in the fiscal year ended March 31, 2023 and figures have been retrospectively revised. For details, please see Note “40. Business Combinations.”

Acquisition cost

(Millions of yen)

	Goodwill	Intangible assets			Total
		Capitalized development costs	Software	Other	
Balance at April 1, 2022	164,498	99,283	58,389	172,542	330,214
Balance at March 31, 2023	181,324	91,050	62,793	175,249	329,092
Balance at March 31, 2024	180,331	95,191	69,069	179,357	343,617

Accumulated amortization and accumulated impairment losses

(Millions of yen)

	Goodwill	Intangible assets			Total
		Capitalized development costs	Software	Other	
Balance at April 1, 2022	–	37,323	47,048	125,482	209,853
Balance at March 31, 2023	–	34,230	50,438	127,667	212,335
Balance at March 31, 2024	–	35,550	56,371	159,735	251,656

(2) Significant intangible assets

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.

Significant intangible assets recognized at March 31, 2024 are technology-related assets arising from the acquisition of Medi-Tate Ltd. by the Olympus Group on May 27, 2021. The carrying amount was ¥9,663 million, and the remaining amortization period was 12 years, as of March 31, 2024.

(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, 2023 and 2024 were ¥64,287 million and ¥70,795 million, respectively.

15. Commitments

Commitments to acquire property, plant and equipment and intangible assets subsequent to March 31, 2023 and 2024 were as follows:

(Millions of yen)

	2023	2024
Property, plant and equipment	10,452	10,177
Intangible assets	289	2,527
Total	10,741	12,704

16. Impairment of Non-financial Assets

(1) Impairment losses

The Olympus Group recognizes impairment losses when the recoverable amount of an asset falls below its carrying amount. Impairment losses related to non-financial assets are recorded as “Other expenses” in the consolidated statement of profit or loss.

Business assets are mainly grouped according to business segment, while assets scheduled for disposal are grouped according to the assets to be disposed or sold, and idle assets are grouped individually.

The breakdown of impairment losses by asset type was as follows:

	(Millions of yen)	
	2023	2024
Property, plant and equipment		
Buildings and structures	297	1,082
Machinery and vehicles	85	370
Tools, furniture and fixtures	—	1,585
Land	—	887
Construction in progress	—	189
Goodwill	—	24,029
Intangible assets		
Capitalized development costs	1,255	9,266
Software	477	31
Other	379	27,129
Total	2,493	64,568

Major impairment losses recognized in the fiscal year ended March 31, 2023 were as follows.

The Company recognized impairment losses of ¥1,009 million on development assets in the Endoscopic Solutions Business, which were written down to their recoverable amount since the Company 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 main impairment losses recognized in the fiscal year ended March 31, 2024 were as follows.

(Losses associated with the discontinuation of manufacture and sale of products from Veran Medical Technologies, Inc.)

Following the discontinuation of the manufacture and sale of Veran Medical Technologies, Inc. (“VMT”) electromagnetic navigation systems, related non-current assets were written down to their recoverable amount, and an impairment loss of ¥41,704 million was recorded (¥20,227 million for goodwill; ¥16,077 million for technology-related assets; ¥250 million for trademarks; ¥3,601 million for research and development in progress; and ¥1,157 million for license usage rights). Since the completion of the acquisition, the non-current assets related to the manufacture and sale of VMT’s products included in Therapeutic solutions segment had been tested for impairment using this business segment as the cash-generating unit, taking into account synergies with other assets in the Therapeutic Solutions Business segment. However, during the fiscal year ended March 31, 2024, it was found that it was difficult to achieve the original goal of early diagnosis and minimally invasive treatment of respiratory diseases in combination with existing respiratory products, which was assumed at the time of acquisition, and it was also found that the products did not meet the quality standards required internally. Due to the decision to terminate the development and sale of VMT’s products, the impairment test was performed separately for

non-current assets incurred in connection with the acquisition of VMT, rather than on a business segment basis. 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.

VMT was acquired by the Olympus Group in December 2020, with the objective of combining VMT's electromagnetic navigation systems and related devices with Olympus Corporation's bronchoscope systems to enable early diagnosis and minimally invasive therapies for bronchial disease, and drive the growth of the Respiratory business. However, as a result of an independent investigation it became apparent that VMT's technology and products did not conform to the quality standards of the Olympus Group, and accordingly Olympus Corporation discontinued shipments of said products in February 2023, since which time it has been engaged in further analysis and considering how to address the situation going forward. After putting the highest priority on the safety of patients during these deliberations, we concluded that improving the quality for these products to meet Olympus standards would incur enormous costs, and that a resumption of shipments would be significantly delayed at a time when the clinical needs of our customers are undergoing rapid change. Accordingly, on September 6, 2023 we took the decision to discontinue the manufacture and sale of these products. Loss amounts associated with the discontinuation of manufacture and sale of these products are as described in Note "30. Other Income and Other Expenses."

(Impairment losses on development assets and research and development in progress)

Olympus Corporation recognized impairment losses of ¥6,002 million and ¥4,565 million on development assets and research and development in progress, respectively, 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. Olympus Corporation recognized impairment losses of ¥2,346 million on development assets in Therapeutic 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.

(Loss related to the orthopedic surgery business)

Olympus Corporation recorded impairment losses of ¥8,588 million (¥3,802 million for goodwill; ¥1,407 million for patent rights; ¥918 million for research and development assets; ¥271 million for land; ¥512 million for buildings and structures; ¥1,219 million for tools, furniture and fixtures; ¥180 million for machinery and vehicles; and ¥189 million for right-of-use assets) on the assets in the orthopedic surgery business that is part of the "Others" segment, which were written down to their recoverable amount since Olympus Corporation no longer expects them to generate the expected earnings due to such factors as changes in the market environment. The recoverable amount was the fair value less costs of disposal. It was classified as level 3 in the fair value hierarchy.

(2) Impairment test for goodwill

The breakdown of the carrying amount of goodwill corresponding to cash generating units was as follows:

	(Millions of yen)	
	2023	2024
Endoscopic solutions segment	28,511	32,421
Therapeutic solutions segment	149,458	147,910
Other		
Orthopedic surgery business	3,355	—
Total	181,324	180,331

The Olympus Group tested goodwill for impairment on March 31, 2023 and 2024.

Individually significant goodwill carried on the consolidated statement of financial position is the goodwill allocated to the Endoscopic solutions segment and Therapeutic 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% - 4.1% and 1.6% - 5.2%, respectively, as of March 31, 2023, and 1.7% - 4.7% and 1.5% - 4.8%, respectively, as of March 31, 2024.

The discount rate is based on the pre-tax weighted average cost of capital of the cash-generating unit. The discount rates for the fiscal years ended March 31, 2023 and 2024, were 10.7% and 11.8%, 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.

17. Trade and Other Payables

The breakdown of trade and other payables as of March 31, 2023 and 2024 was as follows:

(Millions of yen)		
	2023	2024
Notes and account payable	45,826	41,854
Other payable	17,093	20,001
Total	62,919	61,855

18. Bonds and Borrowings

The breakdown of bonds and borrowings as of March 31, 2023 and 2024 was as follows:

(Millions of yen)

	2023	2024	Average interest rate (%)	Maturity
Short-term borrowings	3	—	0.00	—
Current portion of bonds payable	9,989	19,986	0.20	December 2024
Current portion of long-term borrowings	39,978	50,002	0.08	May 2024
Bonds (excluding current portion)	136,129	125,264	1.44	July 2025 to July 2030
Long-term borrowings (excluding current portion)	153,958	104,364	0.65	April 2025 to September 2029
Total	340,057	299,616		
Current	49,970	69,988		
Non-current	290,087	229,628		
Total	340,057	299,616		

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, 2023 and 2024 was as follows:

(Millions of yen)

Company	Bond name	Issue date	2023	2024	Interest rate (%)	Maturity date
Olympus Corporation	23rd unsecured bonds	March 7, 2019	9,989	—	0.27	March 2024
Olympus Corporation	25th unsecured bonds	December 5, 2019	19,968	19,986	0.20	December 2024
Olympus Corporation	26th unsecured bonds	July 18, 2020	24,947	24,970	0.25	July 2025
Olympus Corporation	27th unsecured bonds	July 19, 2020	24,904	24,917	0.47	July 2030
Olympus Corporation	Dollar-denominated unsecured bonds due 2026	December 8, 2021	66,310	75,377	2.14	December 2026
Total			146,118	145,250		

The breakdown of long-term borrowings, including current portion, as of March 31, 2023 and 2024 was as follows:

(Millions of yen)				
Financial institution	2023	2024	Interest rate (%)	Maturity date
Japanese Bank	13,119	13,179	0.86	September 2029
Japanese Bank	1,471	1,477	0.73	September 2027
Japanese Bank	10,000	10,000	1.38	September 2025
Japanese Bank	9,679	9,750	0.53	August 2027
Japanese Bank	10,000	10,000	1.39	September 2025
Japanese Bank	9,696	9,755	0.55	June 2028
Japanese Bank	39,969	—	0.10	November 2023
Japanese Bank	49,810	49,910	0.32	April 2025
Japanese Bank	39,911	39,992	0.25	May 2024
Japanese Bank	10,000	10,000	0.40	May 2024
Other	281	303		
Total	193,936	154,366		

19. Other Financial Liabilities

The breakdown of other financial liabilities as of March 31, 2023 and 2024 was as follows:

(Millions of yen)		
	2023	2024
Financial liabilities measured at fair value through profit or loss		
Derivative liabilities	1,216	2,483
Contingent consideration	8,226	7,119
Financial liabilities measured at amortized cost		
Lease liabilities	57,162	60,943
Other	18,299	19,366
Total	84,903	89,911
Current	23,235	27,673
Non-current	61,668	62,238
Total	84,903	89,911

20. Provisions

The changes in provisions during the fiscal year ended March 31, 2024 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, 2023	2,840	4,908	6,747	7,528	22,023
Increase during the year	11,531	216	757	5,414	17,918
Decrease (Provisions used)	(2,402)	(6)	(444)	(2,327)	(5,179)
Decrease (Provisions reversed)	(1,203)	(190)	(1,158)	(572)	(3,123)
Exchange differences on translation of foreign operations	314	742	—	985	2,041
Balance at March 31, 2024	11,080	5,670	5,902	11,028	33,680
Current	10,791	5,568	5,902	9,057	31,318
Non-current	289	102	—	1,971	2,362
Total	11,080	5,670	5,902	11,028	33,680

Note: Provision for product warranties included the ¥2,292 million expected to be needed for a voluntary recall of small intestine endoscope systems and provision of ¥5,238 million for market corrective measures for high-flow insufflation units.

(1) Provision for product warranties

For products sold subject to a quality assurance warranty, Olympus Corporation accrues after service cost and recall cost expected to be incurred within the guarantee period. After service cost is calculated using the prescribed standards, based on after service cost actually incurred in the past, and is expected to be expended during the guarantee period (mostly within three years). For recall cost, the amount deemed necessary for recalls was reasonably estimated and recorded as a provision.

(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, 2023 and 2024 was as follows:

(Millions of yen)			
		2023	2024
Accrued expenses		106,458	130,095
Contract liabilities		55,533	65,616
Other		20,040	25,024
Total		182,031	220,735
Current		163,837	202,203
Non-current		18,194	18,532
Total		182,031	220,735

22. Government Grants

Government grants included in other current liabilities and other non-current liabilities as of March 31, 2023 and 2024 were as follows:

(Millions of yen)			
		2023	2024
Other current liabilities		285	279
Other non-current liabilities		1,753	1,473

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)

	2023	2024
Balance at April 1	175,633	152,636
Current service cost	6,410	5,690
Past service cost	(80)	(9)
Interest cost	3,235	4,260
Remeasurements of defined benefit plans		
Actuarial gains and losses arising from changes in demographic assumptions	(366)	104
Actuarial gains and losses arising from changes in financial assumptions	(20,351)	(5,527)
Other	2,954	2,539
Contributions by employees	151	203
Benefits paid	(7,283)	(8,682)
Transfer to liabilities associated with assets held for sale	(12,751)	–
Exchange differences on translation of foreign operations	5,101	8,723
Other	(17)	(47)
Balance at March 31	152,636	159,890

(ii) Reconciliation of fair value of plan assets

The change in the fair value of plan assets during the fiscal years ended March 31, 2023 and March 31, 2024 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, 2025, the Olympus Group plans to contribute ¥3,505 million to the plan.

(Millions of yen)

	2023	2024
Balance at April 1	161,607	159,248
Interest income	2,669	4,539
Remeasurements		
Return on plan assets	(8,546)	3,424
Contributions by employer	19,572	7,079
Contributions by employees	160	204
Benefits paid	(6,449)	(7,622)
Transfer to liabilities associated with assets held for sale	(12,924)	–
Exchange differences on translation of foreign operations	3,301	9,309
Other	(142)	(62)
Balance at March 31	159,248	176,119

(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)

	2023	2024
Present value of the funded defined benefit obligations	136,957	143,972
Fair value of plan assets	(159,248)	(176,119)
Subtotal	(22,291)	(32,147)
Present value of the unfunded defined benefit obligations	15,679	15,918
Net defined benefit liabilities (assets)	(6,612)	(16,229)
Amounts recognized in the consolidated statement of financial position		
Retirement benefit liability	20,416	20,586
Retirement benefit asset	(27,028)	(36,815)
Net defined benefit liabilities (assets)	(6,612)	(16,229)

(iv) Components of plan assets

The breakdown of plan assets by category was as follows:

(Millions of yen)

	2023	2024
Assets with quoted market prices in an active market		
Japanese equity securities	1,368	1,515
Overseas debt securities	556	613
Cash and cash equivalents	11,170	12,821
Total	13,094	14,949
Assets without quoted market prices in an active market		
Overseas equity securities	13,188	6,832
Overseas debt securities	28,150	45,739
General account for life insurance companies	46,626	45,698
Jointly managed money trust	45,943	49,070
Other (Note)	12,247	13,831
Total	146,154	161,170
Total of plan assets	159,248	176,119

Note: Insurance contracts concluded through annuity buy-in transactions included in “Other” amounted to ¥9,707 million and ¥10,927 million as of the end of the fiscal years ended March 31, 2023 and 2024, 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:

	2023	2024
Discount rate	2.60%	3.12%

(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)	
	2023	2024
Discount rate		
0.5% increase (decrease in obligations)	(8,717)	(7,758)
0.5% decrease (increase in obligations)	10,120	11,948

(vii) Weighted average duration

The weighted average durations of the defined benefit obligations were 13.2 years and 13.0 years as of March 31, 2023 and 2024, respectively.

(2) Defined contribution plans

The amounts recognized as expenses related to the defined contribution plan were ¥18,783 million and ¥20,966 million for the fiscal years ended March 31, 2023 and 2024, 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	
	2023	2024
Authorized shares	4,000,000,000	4,000,000,000
Issued shares (Note 1)		
As of April 1	1,299,294,333	1,266,178,700
Increase or decrease (Note 2) (Note 3)	(33,115,633)	(51,032,000)
As of March 31	1,266,178,700	1,215,146,700
Treasury shares (Note 4)		
As of April 1	26,261,612	12,641,218
Increase or decrease (Note 5) (Note 6)	(13,620,394)	36,873,689
As of March 31	12,641,218	49,514,907

- 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, 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.
 3. The decrease in the fiscal year ended March 31, 2024, was due to the cancellation of 51,032,000 shares of treasury shares conducted effectively on February 29, 2024.
 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, 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 18, 2023 on a delivery date basis and a decrease of 19,713,300 shares due to the cancellation of treasury shares conducted effectively on March 28, 2023.
 6. The main changes in the fiscal year ended March 31, 2024, were an increase of 51,032,000 shares due to the share repurchase conducted between May 15, 2023, and November 8, 2023 on a delivery date basis, an increase of 37,446,500 shares due to the share repurchase conducted between November 10, 2023, and March 26, 2024 on a delivery date basis and a decrease of 51,032,000 shares due to the cancellation of treasury shares conducted effectively on February 29, 2024.

(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	Total
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
Other comprehensive income	69,011	(177)	(20)	4,682	73,496
Reclassification to retained earnings	—	—	(1)	(4,682)	(4,683)
Transfer to other components of equity related to disposal group held for sale	3,019	—	15	—	3,034
Balance at March 31, 2024	152,686	(3,958)	399	—	149,127

(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.

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% from the fiscal year ended March 31, 2024 through the fiscal year ending March 31, 2026 starting from the fiscal year ended March 31, 2023.

(Yen)

	2023	2024
Adjusted EPS (Note 1)	96.09	83.91

Note: 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.

26. Dividends

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 paid during the fiscal year ended March 31, 2024 were 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

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 10, 2024 Board of Directors	Common stock	20,981	18	March 31, 2024	June 5, 2024

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 of Olympus Corporation.

(1) Stock Options

(i) Overview of stock option plans

Under the stock option plans, grantees are granted 400 shares of common stock of Olympus Corporation 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 new application of the stock option plan was suspended. 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
The second subscription rights to shares	July 11, 2014	164,000	1	From July 12, 2014 to July 11, 2044
The third subscription rights to shares	July 13, 2015	154,800	1	From July 14, 2015 to July 13, 2045
The fourth subscription rights to shares	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

	2023		2024	
	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	429,600	1	302,800	1
Granted	—	—	—	—
Exercised	(126,800)	1	(20,400)	1
Expired	—	—	—	—
Outstanding at end of year	302,800	1	282,400	1
Exercisable at end of year	148,400	1	161,600	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 ¥2,474 and ¥2,425 for the fiscal years ended March 31, 2023 and 2024, respectively.

3. The weighted average remaining lives of unexercised stock options year were 22.0 years and 21.0 years as of March 31, 2023 and 2024, respectively.

(2) 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 for executive officers and corporate officers of Olympus Corporation, and the Employees of the Olympus Group (hereinafter the “Eligible Persons”).

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 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, 2023 and 2024 were ¥2,307 and ¥2,257, 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 (2) (i).

(3) Restricted Stock Unit system

(i) Overview of Restricted Stock Unit system (hereinafter the “RSU system”)

The RSU system is for directors, executive officers and corporate officers of Olympus Corporation, and the Employees of the Olympus Group (hereinafter the “Eligible Persons”).

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 paid as newly issued shares of the Company’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 fiscal 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 fiscal 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, 2023 and 2024 were ¥2,236 and ¥2,269, 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 (3) (i) above.

(4) Stock compensation expenses

(Millions of yen)

	2023	2024
Selling, general and administrative expenses	1,690	2,579

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 ended September 30, 2022, 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, 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	0	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.

For the fiscal year ended March 31, 2024

(Millions of yen)

	Endoscopic Solutions	Therapeutic Solutions	Others	Total
Japan	71,892	44,495	5,128	121,515
North America	216,565	134,666	106	351,337
Europe	145,931	90,714	6,180	242,825
China	74,950	30,748	643	106,341
Asia and Oceania	58,979	28,897	205	88,081
Others	18,300	7,811	0	26,111
Total	586,617	337,331	12,262	936,210
Revenue from contracts with customers	508,888	326,167	12,262	847,317
Revenue from other sources	77,729	11,164	—	88,893

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. Material 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, 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

For the fiscal year ended March 31, 2024

	(Millions of yen)	
	April 1, 2023	March 31, 2024
Receivables from contracts with customers	137,177	146,956
Contract assets	1,239	220
Contract liabilities	55,533	65,616

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, 2023 and 2024 which were included in contract liabilities at the beginning of the period were ¥50,919 million and ¥55,521 million, respectively. In addition, for the fiscal years ended March 31, 2023 and 2024, 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)	
	2023	2024
Within 1 year	18,068	22,936

	2023	2024
Over 1 year	12,074	11,838
Total	30,142	34,773

29. Selling, General and Administrative Expenses

Major items of selling, general and administrative expenses for the fiscal years ended March 31, 2023 and 2024 were as follows:

	(Millions of yen)	
	2023	2024
Personnel expenses (Note)	231,862	264,627
Depreciation	34,151	35,293
Advertising and promotion expenses	15,448	16,193

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, 2023 (April 1, 2022 – March 31, 2023)

(Gain on sale of fixed assets)

Olympus Corporation recorded gain on sale of 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 recognized ¥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.”

Fiscal year ended March 31, 2024 (April 1, 2023 – March 31, 2024)

(Transfer of collagen business and dental product sales businesses)

Olympus Corporation recorded a gain of ¥1,127 million associated with the loss of control of the collagen business and dental product sales businesses in “Other income.” Details are described in Note “34. Cash Flow Information.”

(2) Other expenses

Major items of other expenses are as follows.

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)

In order to comply with quality laws and regulation for medical device of global regulatory authorities, we must strengthen our quality management systems. An expense of ¥1,937 million was incurred in “Other expenses” to ensure we strengthen our global quality management system and to improve targeted areas including complaint handling and response, medical device reporting (MDR), and process design validation.

Fiscal year ended March 31, 2024 (April 1, 2023 – March 31, 2024)

(Quality-related expenses)

In order to comply with quality laws and regulation for medical device of global regulatory authorities, we must strengthen our quality management systems. An expense of ¥23,041 million was incurred in “Other expenses” to ensure we strengthen our global quality management system and to improve targeted areas including complaint handling and response, medical device reporting (MDR), and process design validation.

(Losses associated with the discontinuation of manufacture and sale of products from Veran Medical Technologies, Inc.)

A loss of ¥51,886 million (¥2,337 million for loss on valuation of inventories; ¥41,704 million for impairment loss on non-current assets (Note); ¥7,846 million for expenses related to the voluntary recall of products) associated with the discontinuation of manufacture and sale of products from Veran Medical Technologies, Inc.’s electromagnetic navigation systems was recorded in “Other expenses.”

Note: Details of impairment losses on non-current assets are as described in Note “16. Impairment of Non-financial Assets.”

(Impairment losses on development assets and research and development in progress)

Olympus Corporation recognized impairment losses of ¥6,002 million and ¥4,565 million on development assets and research and development in progress, respectively, 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.” Olympus Corporation recognized impairment losses of ¥2,346 million on development assets in Therapeutic 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.”

Details are as described in Note “16. Impairment of Non-financial Assets.”

(Implementation of career support system for external opportunity)

Olympus Corporation recorded ¥5,851 million in “Other expenses” as expenses incurred in the provision of special additional payment and re-employment support services under the career support system for external opportunity implemented by Olympus Corporation and its group companies.

(Conclusion and cancellation of share purchase agreement)

Effective March 7, 2024, Olympus Corporation reached an agreement with the former shareholders of South Korean medical device manufacturer Taewoong Medical Co., Ltd. to rescind the definitive agreement to acquire shares concluded on February 24, 2023. Olympus Corporation recorded ¥1,966

million in “Other expenses” as expenses related to the conclusion and cancellation of the share purchase agreement.

(Loss related to orthopedic surgery business)

The loss of ¥8,588 million related to the orthopedic surgery business is recorded in other expenses (¥3,802 million for impairment loss on goodwill; ¥2,356 million for impairment loss on intangible assets excluding goodwill; and ¥2,430 million for impairment loss on property, plant and equipment (Note)).

Note: Details of impairment losses on non-current assets are as described in Note “16. Impairment of Non-financial Assets.”

31. Finance Income and Finance Costs

The breakdown of finance income and finance costs for the fiscal years ended March 31, 2023 and 2024 was as follows:

(Millions of yen)		
	2023	2024
Finance income		
Interest income		
Financial assets measured at amortized cost	3,702	2,365
Dividends income		
Financial assets measured through other comprehensive income	38	11
Other	120	186
Total	3,860	2,562
Finance costs		
Interest expenses		
Financial liabilities measured at amortized cost	4,974	4,575
Interest on bonds		
Financial liabilities measured at amortized cost	891	834
Foreign exchange loss (Note 1)	2,141	4,487
Other	169	410
Total	8,175	10,306

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

	2023	2024
Basic earnings per share (yen)		
Continuing operations	108.78	21.93
Discontinued operation	4.44	177.98
Basic earnings per share	113.22	199.91
Diluted earnings per share (yen)		
Continuing operations	108.65	21.88

	2023	2024
Discontinued operation	4.43	177.56
Diluted earnings per share	113.08	199.44

(2) The basis for calculating basic earnings per share and diluted earnings per share

	2023	2024
Profit used to calculate basic earnings per share and diluted earnings per share		
Profit attributable to owners of parent(Millions of yen)	143,432	242,566
Profit not attributable to owners of parent(Millions of yen)	—	—
Profit used to calculate basic earnings per share(Millions of yen)	143,432	242,566
Continuing operations	137,809	26,610
Discontinued operation	5,623	215,956
Adjustment to profit(Millions of yen)	—	—
Profit used to calculate diluted earnings per share(Millions of yen)	143,432	242,566
Continuing operations	137,809	26,610
Discontinued operation	5,623	215,956
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(thousand shares)	1,266,848	1,213,402
Increase in number of shares of common stock		
Subscription rights to shares relating to stock options(thousand shares)	373	291
Common stock relating to PSU(thousand shares)	744	1,927
Common stock relating to RSU(thousand shares)	406	621
The weighted average number of shares of diluted common stock during the period(thousand shares)	1,268,371	1,216,241

33. Other Comprehensive Income

The breakdown of each component of other comprehensive income (including non-controlling interests) for the fiscal years ended March 31, 2023 and 2024 was as follows:

	(Millions of yen)	
	2023	2024
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	(103)	(60)
Tax effect	19	40
Financial assets measured at fair value through other comprehensive income	(84)	(20)
Remeasurements of defined benefit plans		
Amount arising during the year	9,217	6,308
Tax effect	(1,897)	(1,626)
Remeasurements of defined benefit plans	7,320	4,682
Total of items that will not be reclassified to profit or loss	7,236	4,662
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations		
Amount arising during the year	47,093	69,011
Reclassification adjustments	—	—
Before tax effect	47,093	69,011
Tax effect	—	—
Exchange differences on translation of foreign operations	47,093	69,011
Cash flow hedges		
Amount arising during the year	3,683	8,669
Reclassification adjustments	(5,527)	(8,924)
Before tax effect	(1,844)	(255)
Tax effect	564	78
Cash flow hedges	(1,280)	(177)
Total of items that may be reclassified to profit or loss	45,813	68,834
Total other comprehensive income	53,049	73,496

34. Cash Flow Information

(1) Non-cash transactions

The major non-cash transactions are follows:

	(Millions of yen)	
	2023	2024
Right-of-use assets acquired through lease transactions	15,109	14,838

(2) Liabilities arising from financing activities

The changes in liabilities arising from financing activities were as follows:

Fiscal year ended March 31, 2023

(Millions of yen)

	Balance at April 1	Movement due to cash inflows/ outflows 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.

Fiscal year ended March 31, 2024

(Millions of yen)

	Balance at April 1	Movement due to cash inflows/ outflows 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	3	(3)	–	–	–	–
Bonds (Note)	146,118	(10,000)	–	–	9,132	145,250
Long-term borrowings (Note)	193,936	(40,000)	–	33	397	154,366
Lease liabilities (Note)	57,162	(19,518)	14,838	5,801	2,660	60,943

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, 2023 and 2024.

(4) Payments for acquisition of subsidiaries

A reconciliation of the consideration paid for the acquisition of subsidiaries and payments for acquisition was as follows:

	2023	2024
Consideration for acquisitions paid in cash	4,008	—
Cash and cash equivalents of assets acquired, at the time the Olympus Group obtained control of the subsidiaries	(149)	—
Payments for acquisition of subsidiaries	3,859	—

(5) Loss of control

Fiscal year ended March 31, 2023

No items to report

Fiscal year ended March 31, 2024

(Transfer of Scientific Solutions Business)

(i) Overview of transaction

On August 29, 2022, Olympus Corporation concluded an agreement to transfer all shares of its consolidated subsidiary, Evident Corporation (hereinafter, “Evident”), which operates the Scientific Solutions Business, to K.K. BCJ-66, a special purpose company indirectly owned by funds advised by Bain Capital, and completed the transfer procedures on April 3, 2023. As a result of this, Olympus Corporation lost its control of Evident on the same day.

(ii) Assets and liabilities associated with the loss of control

	(Millions of yen)
	Amount
Current assets	118,936
Non-current assets	50,119
Total assets	169,055
Current liabilities	30,657
Non-current liabilities	12,497
Total liabilities	43,154

(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	418,166
Expenses related to transfer of businesses	(2,892)
Cash and cash equivalents of subsidiaries with the loss of control	(36,183)
Proceeds from the transfer of Scientific Solutions Business (Note)	379,091

Note: Proceeds from the transfer of Scientific Solutions Business 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 ¥349,037 million associated with the loss of control of Evident in “Profit from discontinued operation” in the Consolidated Statement of Profit or Loss.

(Transfer of Gyrus Medical Limited)

(i) Overview of transaction

On April 21, 2023, Olympus Corporation concluded an agreement to transfer all shares of Gyrus Medical Limited (“GML”), a consolidated subsidiary of Olympus Corporation, to ATL TECHNOLOGY UK HOLDINGS LIMITED.

Olympus Corporation lost its control of GML on the same day that the transfer of shares in accordance with this share transfer agreement was completed.

(ii) Assets and liabilities associated with the loss of control

	(Millions of yen)
	Amount
Current assets	2,226
Non-current assets	1,285
Total assets	3,511
Current liabilities	688
Non-current liabilities	17
Total liabilities	705

(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	4,472
Cash and cash equivalents of subsidiaries with the loss of control	(0)
Proceeds from sale of subsidiaries (Note)	4,472

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 ¥115 million associated with the loss of control of GML in “Other income” in the Consolidated Statement of Profit or Loss.

(Transfer of collagen business and dental product sales businesses)

(i) Overview of transaction

On March 28, 2023, Olympus Terumo Biomaterials Corporation, a consolidated subsidiary of Olympus Corporation, concluded a company split agreement with GC Corporation 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. The transfer of the businesses in accordance with this agreement was completed on July 3, 2023. As a

result, Olympus Corporation lost its control of the collagen business and the dental product sales businesses on that date.

(ii) Assets and liabilities associated with the loss of control

	(Millions of yen)
	Amount
Current assets	158
Non-current assets	399
Total assets	557
Current liabilities	28
Non-current liabilities	—
Total liabilities	28

(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	1,769
Expenses related to transfer of businesses	(113)
Proceeds from the transfer of the collagen business and dental product sales businesses (Note)	1,656

Note: Proceeds from the transfer of the collagen business and dental product sales businesses 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 ¥1,127 million associated with the loss of control of the collagen business and dental product sales businesses in “Other income” in the Consolidated Statement of Profit or Loss.

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, 2023	204,624	4,584	306	209,514
Balance at March 31, 2024	234,544	4,833	264	239,641

There was no significant change that had a material impact on allowance for doubtful accounts for “Trade receivables” as of March 31, 2023 and 2024.

(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, 2023	25,137	6,881	613	32,631
Balance at March 31, 2024	40,409	4,559	668	45,636

There was no significant change that had material impacts on allowance for doubtful accounts for “Receivables other than trade receivables” as of March 31, 2023 and 2024.

The changes in allowance for doubtful accounts related to above financial assets were as follows:

(Millions of yen)				
	Trade receivables	Receivables other than 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, 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
Increase	667	0	–	2
Decrease	(821)	(4)	(2,320)	(2)
Other	592	1	–	55
Balance at March 31, 2024	5,341	1	4,557	668

(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, 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

As of March 31, 2024

(Millions of yen)

	Carrying amount	Contractual cash flows		
		Total	Within 1 year	Over 1 year
Non-derivative financial liabilities				
Bonds and borrowings	299,616	308,505	72,560	235,945
Lease liabilities	60,943	69,950	14,160	55,790
Derivative financial liabilities				
Currency derivatives	2,401	2,401	2,266	135
Interest rate derivatives	82	81	61	20

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)

	2023		2024	
	Contract amount	Fair value	Contract amount	Fair value
Foreign exchange forward contracts:	165,085	1,559	112,492	(1,480)
U.S. dollar	59,912	591	55,144	(899)
Other currency	105,173	968	57,348	(581)
Currency options	8,257	(90)	9,901	(299)
U.S. dollar	8,257	(90)	5,402	(194)
Other currency	—	—	4,499	(105)
Currency swaps	97,240	4,325	97,761	13,736
Receive other currencies / pay Euro	30,475	16	21,505	11
Receive Euro / pay other currencies	—	—	551	(1)
Receive U.S. dollar / pay Japanese yen	66,765	4,309	75,705	13,726
Total	270,582	5,794	220,154	11,957

(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)

	2023	2024
U.S. dollar	(22)	(42)
Euro	(57)	(59)

(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)

	2023	2024
Consolidated statement of profit or loss (profit before tax)	(499)	(500)

(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)

	2023	2024
Other comprehensive income (before tax effect)	(5)	(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, 2023 and 2024.

(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 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, 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

As of March 31, 2024

	(Millions of yen)			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through profit or loss				
Derivative assets	—	14,358	—	14,358
Equity securities and others	—	—	704	704
Financial assets measured at fair value through other comprehensive income				
Equity securities and others	538	—	7,014	7,552
Financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	—	2,483	—	2,483
Contingent consideration	—	—	7,119	7,119

The changes in financial assets categorized within level 3 were as follows:

(Millions of yen)

	2023	2024
Balance at April 1	3,895	7,368
Gains and losses (Note)		
Profit or loss	(66)	(18)
Other comprehensive income	27	(106)
Purchases	3,705	325
Sales	—	(405)
Transfer to investments accounted for using the equity method	(203)	—
Other	10	554
Balance at March 31	7,368	7,718

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 for the years ended March 31, 2023 and 2024 included a loss of ¥65 million and a loss of ¥71 million on financial instruments held as of March 31, 2023 and 2024, respectively.

The changes in financial liabilities categorized within level 3 were as follows:

(Millions of yen)

	2023	2024
Balance at April 1	6,100	8,226
Business combinations, etc.	4,095	—
Settlement	(715)	(3,421)
Change in fair value	(1,758)	1,400
Other	504	914
Balance at March 31	8,226	7,119

(iii) Financial instruments measured at amortized cost

The methods 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)				
	2023		2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Lease receivables	65,003	64,982	86,238	86,085
Financial liabilities				
Bonds	146,118	141,280	145,250	139,324
Borrowings	134,021	134,287	94,372	94,225

(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	2023
Delfi Diagnostics, Inc.	3,338
Noah Medical Corporation	2,003
OHARA INC.	470
(Millions of yen)	
Bond name	2024
Delfi Diagnostics, Inc.	3,785
Noah Medical Corporation	2,271
OHARA INC.	538

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)

	2023	2024
Fair value at the date of sale	933	200
Cumulative gains or losses on sale	335	0

The breakdown of dividends received recognized from equity instruments was as follows:

(Millions of yen)

	2023	2024
Equity instruments derecognized during the year	28	0
Equity instruments held at the end of year	10	11
Total	38	11

(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, 2023 and 2024.

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, 2024, 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, 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%

As of March 31, 2024

(Millions of yen)

	Notional amount	Over 1 year	Carrying amount (Note)		Interest rate
			Assets	Liabilities	
Interest rate swaps	10,000	10,000	–	82	Variable rate receipt: 6-month Japanese yen TIBOR Fixed rate payment: 1.3815%
Interest rate and currency swaps	75,705	75,705	13,727	–	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)

	2023	2024
Interest rate swaps	(149)	(82)
Interest rate and currency swaps	(5,300)	(5,622)

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, 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)

Fiscal year ended March 31, 2024

(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	(11)	78
Interest rate and currency swaps	8,680	(9,002)

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, 2023 and 2024 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)	
	2023	2024
Transferred financial assets	4,206	1,248
Related liabilities	4,206	1,248
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)	
	2023	2024
Lease income (loss)	14,717	19,152
Interest income	2,931	4,372

The breakdown of future lease payments receivable under finance leases was as follows:

(Millions of yen)

	2023	2024
Undiscounted lease payments to be received		
Within 1 year	29,952	39,375
More than 1 year, but within 2 years	17,433	23,657
More than 2 years, but within 3 years	11,091	14,104
More than 3 years, but within 4 years	4,540	6,133
More than 4 years, but within 5 years	1,651	2,569
More than 5 years	524	420
Total	65,191	86,258
Unguaranteed residual value	5,148	8,273
Unearned finance income	(5,336)	(8,293)
Net investment in the lease	65,003	86,238

The breakdown of revenue under operating leases from continuing operations was as follows:

(Millions of yen)

	2023	2024
Lease income	31,210	30,844
Variable lease payments (Note)	13,484	15,402

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)

	2023	2024
Within 1 year	17,883	17,348
More than 1 year, but within 2 years	11,553	10,306
More than 2 years, but within 3 years	5,556	4,732
More than 3 years, but within 4 years	2,086	2,228
More than 4 years, but within 5 years	866	1,223
More than 5 years	460	526
Total	38,404	36,363

(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, 2023 and 2024.

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 ¥24,114 million and ¥22,863 million for the fiscal years ended March 31, 2023 and 2024, respectively.

The breakdown of lease-related income and expenses for lessee of continuing operations were as follows:

	(Millions of yen)	
	2023	2024
Revenue from sublease of right-of-use assets	12	7
Depreciation of right-of-use assets by underlying asset class		
Land	326	188
Buildings and structures	8,856	9,012
Machinery and vehicles	2,857	3,054
Tools, furniture and fixtures	868	887
Interest expense under lease obligations	1,569	1,850
Expenses under short-term leases	628	732
Expenses under leases of low-value asset	955	1,078

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)	
	2023	2024
Deferred tax assets		
Inventories	6,974	7,387
Prepaid expenses	9,822	11,315
Accrued bonuses	7,096	7,219
Accrued expenses	4,941	5,776
Unrealized intercompany profits	15,440	19,385
Property, plant and equipment	9,931	12,413
Intangible assets	2,665	3,077
Interest rate swaps	46	25
Deferred gains or losses on hedges	1,623	1,721
Retirement benefit liability	2,084	1,221
Loss carryforwards	5,379	5,783
Lease liabilities	15,089	15,705
Provision for product warranties	8,670	12,284
Investments in subsidiaries	109,268	—
Other	2,009	7,348
Total	201,037	111,159
Deferred tax liabilities		
Property, plant and equipment	(6,957)	(8,874)
Financial assets measured at fair value through other comprehensive income	(176)	(146)
Retirement benefit asset	(6,186)	(7,860)
Fair value differences on acquisition	(9,961)	(3,372)
Capitalized development costs	(13,578)	(9,452)
Retained profit of overseas subsidiaries	(2,741)	(2,036)
Right-of-use assets	(13,901)	(14,283)
Other	(3,292)	(4,801)
Total	(56,792)	(50,824)
Net deferred tax assets and liabilities	144,245	60,335

(Amendments to IAS 12 “Income Taxes”)

The Olympus Group has applied “Deferred Tax related to Assets and Liabilities arising from a Single Transaction” (Amendments to IAS 12 “Income Taxes”) effective for the fiscal year ended March 31, 2024. The impact of the application of this standard on the Olympus Group’s consolidated financial statements is immaterial.

The Olympus Group has also applied “International Tax Reform — Pillar Two Model Rules” (Amendments to IAS 12 “Income Taxes”) effective for the fiscal year ended March 31, 2024. The amendment clarifies that IAS 12 applies to income taxes arising from tax laws enacted or substantively enacted to implement the BEPS’s Pillar Two GloBE Rules (global minimum tax) by OECD. However, this standard makes a temporary exception that requires an entity not to recognize or disclose information about deferred tax assets and liabilities related to the income taxes arising from the global minimum tax

rules. The Olympus Group has applied the exception defined in IAS 12 and does not recognize or disclose information about deferred tax assets and liabilities related to the income taxes arising from the global minimum tax rules.

(The global minimum tax system)

The Pillar Two rule has been implemented in some of jurisdictions where the Olympus Group is operating, and it shall be applied to the Olympus Group for the fiscal year beginning on or after April 1, 2024. The Olympus Corporation has assessed potential exposures of Pillar Two to its income taxes based on the recent tax returns, country-by-country reports and financial statements of constituent entities subject to the system. The result shows that the tax burden in no or only nominal tax jurisdictions where some subsidiaries are located will be taxed up to the minimum rate of 15%. However, the Olympus Corporation determines that its impact on the Olympus Group's consolidated financial statements is immaterial.

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)	
	2023	2024
Loss carryforwards	3,410	4,671
Deductible temporary differences	23,166	16,903
Tax credits carried forward	800	1,112
Total	27,376	22,686

Loss carryforwards for which deferred tax assets have not been recognized and expires as follows:

	(Millions of yen)	
	2023	2024
Within 4th year	—	—
5th year and thereafter	3,410	4,671
Total	3,410	4,671

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 ¥397,604 million and ¥310,790 million as of March 31, 2023 and 2024, respectively.

(2) Income tax expenses

The breakdown of income tax expenses was as follows:

	(Millions of yen)	
	2023	2024
Current tax expenses (Note 1)	35,662	35,373
Deferred tax expenses (Notes 2, 3, 4)	8,642	(26,492)
Total of income tax expenses	44,304	8,881

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, 2023 and 2024 decreased by ¥1,344 million and ¥2,423 million, respectively.

In addition, the current tax expense for the fiscal year ended March 31, 2024 includes the corporation tax for the previous fiscal year of ¥(69) 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 increased by ¥69 million for the fiscal year ended March 31, 2023 and decreased by ¥552 million for the fiscal year ended March 31, 2024, 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 increased by ¥2,485 million for the fiscal year ended March 31, 2023 and decreased by ¥508 million for the fiscal year ended March 31, 2024, respectively.
4. The deferred tax expense decreased by ¥386 million for the fiscal year ended March 31, 2023 and increased by ¥867 million for the fiscal year ended March 31, 2024 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, 2023 and 2024 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, 2023 and 2024, respectively. Overseas subsidiaries are subject to income taxes of the countries in which they operate.

	2023	2024
Effective statutory tax rate	30.6%	30.6%
Non-deductible expense, such as entertainment expenses	2.3	8.7
Non-taxable income, such as dividend income	(0.4)	(4.0)
Tax credit for experimental research cost and others	(1.1)	(8.9)
Different tax rates applied to subsidiaries	(6.7)	(1.0)
Subsidiaries reserve	1.2	(4.4)
Change in unrecognized deferred tax assets and liabilities	(2.7)	(10.7)
Change in deferred tax assets at the end of fiscal year due to changes in tax rates	(0.2)	2.4
Effects of organizational restructuring	(1.4)	11.8
Other	2.7	0.3
Average actual tax rate	24.3%	24.8%

38. Major Subsidiaries

(1) Structured entities

Major subsidiaries as of March 31, 2024 were as follows.

Company name	Location	Main business	Voting rights held by Olympus Corporation (%)
(Consolidated subsidiaries) Olympus Medical Systems Corp. (Note 2)	Hachioji-shi, Tokyo	Manufacturing Endoscopic Solutions Business products and Therapeutic Solutions Business products	100
Aizu Olympus Co., Ltd. (Note 2)	Aizu-Wakamatsu-shi, Fukushima	Manufacturing Endoscopic Solutions Business products	100
Aomori Olympus Co., Ltd.	Kuroishi-shi, Aomori	Manufacturing Therapeutic Solutions Business products	100
Nagano Olympus Co., Ltd.	Tatsuno-machi, Kamiina-gun, Nagano	Manufacturing Endoscopic Solutions Business products	100
Shirakawa Olympus Co., Ltd.	Nishigo-mura, Nishishirakawa-gun, Fukushima	Manufacturing Endoscopic Solutions Business products	100
Olympus Marketing, Inc. (Notes 2, 3)	Shinjuku-ku, Tokyo	Sales of Endoscopic Solutions Business products and Therapeutic Solutions Business products	100
Olympus Terumo Biomaterials Corp. (Note 1)	Shibuya-ku, Tokyo	Research and development, manufacturing and sales of biomaterials products and regenerative medicine	95.7 [100]
TmediX Corporation (Note 1)	Shinjuku-ku, Tokyo	Lease of products of the Endoscopic Solutions Business	100 [100]
Olympus-Supportmate Corp.	Hachioji-shi, Tokyo	Administration services for domestic subsidiaries and affiliates	100
Olympus Corporation of the Americas (Note 2)	Pennsylvania, U.S.A.	Holding company of corporate planning and financial support to affiliated companies in Americas region	100
Olympus America Inc. (Notes 1, 3)	Pennsylvania, U.S.A.	Sales of Endoscopic Solutions Business products and Therapeutic Solutions Business products	100 [100]
Olympus Latin America, Inc. (Note 1)	Florida, U.S.A.	Sales of Endoscopic Solutions Business products and Therapeutic Solutions Business products	100 [100]
Gyrus ACMI, Inc. (Notes 1, 2)	Massachusetts, U.S.A.	Manufacturing Therapeutic Solutions Business products	100 [100]
Gyrus ACMI LP (Note 1)	Minnesota, U.S.A.	Manufacturing Therapeutic Solutions Business products	100 [100]
Olympus Innovation Ventures, LLC (Note 1)	Massachusetts, U.S.A.	Investment in Endoscopic Solutions Business and Therapeutic Solutions Business	100 [100]
Olympus Europa Holding SE	Hamburg, Germany	Holding company of corporate planning to affiliated companies in Europe region	100
Olympus Europa SE & Co. KG (Notes 1, 2)	Hamburg, Germany	Holding company and sales of Endoscopic Solutions Business products and Therapeutic Solutions Business products	100 [100]
Olympus Deutschland GmbH (Note 1)	Hamburg, Germany	Sales of Endoscopic Solutions Business products and Therapeutic Solutions Business products	100 [100]
Olympus France S.A.S. (Note 1)	Rungis Cedex, France	Sales of Endoscopic Solutions Business products and Therapeutic Solutions Business products	100 [100]
Olympus Winter & Ibe GmbH (Note 1)	Hamburg, Germany	Manufacturing Endoscopic Solutions Business products and Therapeutic Solutions Business products	100 [100]
KeyMed (Medical & Industrial Equipment) Ltd. (Note 1)	Essex, U.K.	Manufacturing and sales of Endoscopic Solutions Business products	100 [100]
Quest Photonic Devices B.V. (Note 1)	North Holland The Netherlands	Development of Endoscopic Solutions Business products	100 [100]
Arc Medical Design Limited (Note 1)	West Yorkshire, U.K.	Manufacturing Therapeutic Solutions Business products	100 [100]
FH ORTHO SAS (Note 1)	Heimsbrunn France	Sales and manufacturing of orthopedic equipment	100 [100]

Company name	Location	Main business	Voting rights held by Olympus Corporation (%)
Olympus Global Treasury Services Limited (Note 2)	Essex, U.K.	Fund management of the whole group	100
Odin Medical Ltd.	London, U.K.	Development of Endoscopic Solutions Business products	100
Medi-Tate Ltd. (Note 1)	Or-Akiva, Israel	Development and manufacturing of Therapeutic Solutions Business products	100 [100]
Olympus Corporation of Asia Pacific Limited (Note 2)	Hong Kong	Holding company of corporate planning to affiliated companies in Asia region	100
Olympus Hong Kong and China Limited (Note 1)	Hong Kong	Sales of Endoscopic Solutions Business products and Therapeutic Solutions Business products	100 [100]
Olympus (China) Co., Ltd. (Note 1)	Beijing, P.R.C.	Holding company of corporate planning to affiliated companies in China	100 [100]
Olympus (Beijing) Sales & Service Co., Ltd. (Notes 1, 3)	Beijing, P.R.C.	Sales of Endoscopic Solutions Business products and Therapeutic Solutions Business products	100 [100]
Olympus Trading (Shanghai) Limited (Notes 1, 2)	Shanghai, P.R.C.	Sales of Endoscopic Solutions Business products and Therapeutic Solutions Business products	100 [100]
Olympus Korea Co., Ltd.	Seoul, Republic of Korea	Sales of Endoscopic Solutions Business products and Therapeutic Solutions Business products	100
Olympus Singapore Pte. Ltd. (Note 1)	Singapore	Sales of Endoscopic Solutions Business products and Therapeutic Solutions Business products	100 [100]
Olympus Vietnam Co., Ltd.	Vietnam	Manufacturing Therapeutic Solutions Business products	100
Olympus Australia Pty Ltd. (Note 1)	Victoria, Australia	Sales of Endoscopic Solutions Business products and Therapeutic Solutions Business products	100 [100]
53 others	—	—	—
(Equity method affiliated companies)			
Sony Olympus Medical Solutions Inc.	Hachioji-shi, Tokyo	Development of Endoscopic Solutions Business products	49
2 others	—	—	—

- Notes:
- Figures disclosed in parentheses in the “Voting rights held by Olympus Corporation” column represent voting rights held indirectly by Olympus Corporation.
 - The company falls under the category of “specified subsidiary.”
 - Olympus Marketing, Inc., Olympus America Inc., and Olympus (Beijing) Sales & Service Co., Ltd. account for more than one-tenth of consolidated revenue.
 - No company has filed a securities registration statement or securities report.

(2) Significant subsidiaries having non-controlling interests

During the fiscal years ended March 31, 2023 and 2024, there was no individually significant subsidiary having non-controlling interests.

39. Related-party Transactions

(1) Related-party 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)	27	—	—

Note: Contribution in kind of monetary compensation claims is associated with the PSU system.

Fiscal year ended March 31, 2024

	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, Executive Chairperson and ESG Officer	Contribution in kind of monetary compensation claims (Note 3)	303	—	—
Officer	Jose Ignacio Abia Buenache	Ownership Direct 0.0	Executive Officer and CSO (Note 1)	Contribution in kind of monetary compensation claims (Note 3)	241	—	—
Officer	Stefan Kaufmann	Ownership Direct 0.0	Director, Representative Executive Officer, President and CEO	Contribution in kind of monetary compensation claims (Note 3)	230	—	—
Officer	Chikashi Takeda	Ownership Direct 0.0	Executive Officer and CFO (Note 1)	Contribution in kind of monetary compensation claims (Note 3)	91	—	—
Officer	Tetsuo Kobayashi	Ownership Direct 0.0	Executive Officer and CMSO	Contribution in kind of monetary compensation claims (Note 3)	23	—	—
Officer	Andre Heribert Roggan	Ownership Direct 0.0	Executive Officer and CTO	Contribution in kind of monetary compensation claims (Note 3)	16	—	—
Officer	Toshihiko Okubo	Ownership Direct 0.0	Director	Contribution in kind of monetary compensation claims (Note 3)	14	—	—
Officer	Shigeto Ohtsuki	Ownership Direct 0.0	Executive Officer and CHRO	Contribution in kind of monetary compensation claims (Note 3)	13	—	—
Officer	Nobuyuki Koga	Ownership Direct 0.0	Director (Note 2)	Contribution in kind of monetary compensation claims (Note 4)	11	—	—
Officer	Tetsuo Iwamura	Ownership Direct 0.0	Outside Director (Note 2)	Contribution in kind of monetary compensation claims (Note 4)	11	—	—

Notes: 1. They resigned from the board of directors on March 31, 2024, and the above table shows transactions during the fiscal year under review related to their terms of office.

2. They resigned from the board of directors on June 27, 2023, and the above table shows transactions during the fiscal year under review related to their terms of office.
3. It is due to contribution in kind of monetary compensation claims accompanying PSU system and RSU system.
4. It is due to contribution in kind of monetary compensation claims accompanying RSU system.

(2) Remuneration for management executives

(Millions of yen)

	2023	2024
Remuneration and bonuses	1,665	2,953
Stock compensation	743	1,469
Total	2,408	4,422

40. Business Combinations

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, which is affiliated with the Wellcome / EPSRC Centre for Interventional and Surgical Sciences (WEISS) at University College London (UCL), was founded by renowned clinicians and artificial intelligence experts to develop next-generation cloud AI-enabled applications 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 settings, 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 booked 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	3,955
Trade and other payables	(28)
Other current liabilities	(99)
Deferred tax liabilities	(986)
Other non-current liabilities	(74)
Fair value of assets acquired and liabilities assumed, net	2,920
Goodwill	5,157
Total	8,077

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, 2024, and the values of the assets and liabilities on the acquisition date have been revised from the initial provisional amounts.

The adjustments made comprise an increase in intangible assets of ¥3,943 million and an increase in deferred tax liabilities of ¥986 million. As a result, goodwill decreased by ¥2,894 million. The balance of intangible assets of ¥3,955 million is mostly comprised of ¥3,170 million in research and development assets related to products of Odin, and ¥774 million in intangible assets based on the contract, which are measured based on future sales growth rate, diminishing value rate, discount rate and other assumptions. The estimated useful lives of research and development assets are 15 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.

(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 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 under review. This is because the amount of impact on the 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 from the acquisition of Medi-Tate Ltd. carried out in the fiscal year ended March 31, 2022, due to the delay from the initial plan in obtaining approval as part of 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 plan.

Fiscal year ended March 31, 2024

(Revised provisional amounts)

For the following business combination that occurred in the fiscal year ended March 31, 2023, provisional amounts have been revised during the fiscal year ended March 31, 2024. As a result, we have retrospectively revised the figures at the end of the fiscal year ended March 31, 2023 in the consolidated statement of financial position.

(Acquisition of Odin Medical Ltd.)

Odin Medical Ltd. became a consolidated subsidiary of Olympus Corporation on December 19, 2022, due to the acquisition of shares for cash consideration.

In the fiscal year ended March 31, 2024, 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, 2024, initial measurement of assets acquired, liabilities assumed and goodwill has been finalized.

			(Millions of yen)
	Provisional fair value as of March 31, 2023	Subsequent revision	Revised fair value
Fair value of consideration paid			
Cash	3,982	—	3,982
Contingent consideration	4,095	—	4,095
Total	8,077	—	8,077
Fair value of assets acquired and liabilities assumed			
Cash and cash equivalents	148	—	148
Other current assets	1	—	1
Property, plant and equipment	3	—	3
Intangible assets	2,434	1,521	3,955
Trade and other payables	(28)	—	(28)
Other current liabilities	(99)	—	(99)
Deferred tax liabilities	(606)	(380)	(986)
Other non-current liabilities	(74)	—	(74)
Fair value of assets acquired and liabilities assumed, net	1,779	1,141	2,920
Goodwill	6,298	(1,141)	5,157
Total	8,077	—	8,077

Due to these revisions, there were increases in intangible assets and deferred tax liabilities of ¥1,574 million and ¥393 million, respectively, and a decrease in goodwill of ¥1,181 million in the consolidated statement of financial position as of March 31, 2023.

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, profit (loss) from the Scientific Solutions Business has been classified as profit (loss) from discontinued operation from the second quarter ended September 30, 2022. The transfer of the shares of Evident, which operates the Scientific Solutions Business, was completed on April 3, 2023. Details are described in Note “34. Cash Flow Information.”

(2) Profit (loss) of discontinued operation

Profit (loss) of discontinued operations is as follows:

(Millions of yen)

	2023	2024
Revenue	135,421	—
Cost of sales	60,045	—
Gross profit	75,376	—
Selling, general and administrative expenses	57,361	244
Other income (Note 1)	215	349,151
Other expenses (Note 2)	11,195	631
Operating profit	7,035	348,276
Finance income	551	—
Finance costs	173	—
Profit before tax	7,413	348,276
Income taxes (Note 3)	1,790	132,320
Profit from discontinued operation	5,623	215,956

- Notes: 1. Other income includes ¥349,037 million in the fiscal year ended March 31, 2024 for the gain on the transfer of Scientific Solutions Business.
2. Other expenses include ¥11,073 million and ¥161 million in the fiscal year ended March 31, 2023 and the fiscal year ended March 31, 2024, respectively, related to the spin-off of the Scientific Solutions Business and the strengthening of its management systems.
3. Income taxes in the fiscal year ended March 31, 2024 include ¥120,313 million of tax expenses related to the transfer of Scientific Solutions Business.

(3) Cash flows of discontinued operation

Cash flows of discontinued operation are as follows:

(Millions of yen)

Cash flows of discontinued operation	2023	2024
Net cash used in operating activities	(13,151)	(57,569)
Net cash provided by (used in) investing activities	(11,725)	431,091
Net cash used in financing activities	(2,891)	—

Note: Net cash provided by (used in) investing activities in the fiscal year ended March 31, 2024 includes proceeds from the transfer of the Scientific Solutions Business of ¥379,091 million and collection of loans receivable from Evident Corporation of ¥52,000 million.

42. Contingent Liabilities

The Olympus Group has the following guarantees:

(Millions of yen)		
	2023	2024
Employees (mortgages)	0	—
Total	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. Subsequent Events

(Share repurchase and cancellation of treasury shares)

At the meeting of the Board of Directors held on November 9, 2023, Olympus Corporation resolved to cancel treasury shares as provided for in Article 178 of the Companies Act, and cancelled the treasury shares on April 30, 2024.

(1) Details of cancellation

- | | |
|--|---|
| 1. Class of shares: | Common stock of Olympus Corporation |
| 2. Number of shares to be cancelled: | 37,446,500 shares
(3.08% of total number of issued shares before the cancellation) |
| 3. Date of cancellation: | April 30, 2024 |
| 4. Total number of issued shares after cancellation: | 1,177,700,200 shares |

At the meeting of the Board of Directors held on May 10, 2024, Olympus Corporation resolved items 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 as provided for in Article 178 of the Companies Act. Olympus Corporation carried out the repurchase of its own shares as follows:

(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: | 60,000,000 shares (maximum)
(5.15% 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 13, 2024 to December 31, 2024 |
| 5. Repurchase method: | Market purchase on the Tokyo Stock Exchange based on a discretionary trading contract |

(3) Treasury shares repurchased based on the above resolution by the Board of Directors

1. Total number of shares repurchased: 1,656,800 shares
2. Total amount of shares repurchased: ¥4,317 million
3. Repurchase period: May 13, 2024 to July 31, 2024 (based on delivery date)

(4) 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: January 31, 2025

(Transfer of orthopedic surgery business)

On May 25, 2024, Olympus Corporation entered into a put option agreement with PTCJ-6O Holdings Inc. and PTCJ-6F Holdings Inc. (special purpose companies established by Polaris Capital Group Co., Ltd., hereinafter collectively, the “Polaris Capital Group”), to transfer (hereinafter, the “Transfer”) Olympus Terumo Biomaterials Corporation and FH Ortho SAS (hereinafter, the “FHO Group”), Olympus’s Orthopedic Surgery Business Unit. The transfer of the businesses in accordance with this agreement was completed on July 12, 2024.

(1) Reasons for transfer

Olympus Corporation is committed to strengthening its position as a global medtech company and realizing Our Purpose of “Making people’s lives healthier, safer and more fulfilling.” On May 12, 2023, Olympus Corporation announced its company strategy, which is based on the three priorities of patient safety and sustainability, innovation for growth, and productivity (hereinafter, the “Corporate Strategy”). Based on this Corporate Strategy, Olympus Corporation is focusing on disease areas where it can make the greatest contribution and increase its presence in important and long-term growth markets as a leading company. These include the fields of gastroenterology, urology, and respiratory. To improve its focus on these key areas, Olympus Corporation determined that the transfer of Olympus Terumo Biomaterials Corporation and the FHO Group to Polaris Capital Group is the best way to improve the corporate value of the Olympus Group and to achieve organic and sustainable growth of the orthopedic surgery business.

(2) Name of counterparty to the share transfer transaction

Polaris Capital Group

(3) Date of the share transfer

July 12, 2024

(4) Name and description of the business to be transferred

- | | |
|--------------------------|---|
| Name: | Orthopedic surgery business (Olympus Terumo Biomaterials Corporation and FHO Group) |
| Description of business: | Developing, manufacturing, and selling of biomedical materials, such as synthetic bone filler, and orthopedic equipment |

(5) Transfer price

Transfer price based on the agreement is ¥3,698 million. Under the agreement, the price has not been finalized and is subject to price adjustment.

Moreover, gain or loss on transfer is currently being calculated.

(Disposal of treasury shares)

Olympus Corporation conducted two rounds of disposal of treasury shares (hereinafter “this disposal of treasury shares”) based on its restricted stock unit system (hereinafter “RSU system”) and performance share unit system (hereinafter “PSU system”) as follows.

Olympus Corporation introduced the PSU system in the fiscal year ended March 31, 2018 as stock compensation to directors (excluding outside directors) and corporate officers. Then, as part of the change in officer system in accordance with its transition into a company with a Nominating Committee, etc. in June 2019, Olympus Corporation introduced the PSU system as stock compensation to executive officers, and also further worked on reviewing its compensation systems under a basic concept to reward the responsibilities of directors (including outside directors) and executive officers with suitable and appropriate treatments through encouraging strong awareness “to maximize the corporate value and to meet expectations of various stakeholders.” As part of this initiative, Olympus Corporation introduced the RSU system in the fiscal year ended March 31, 2021 as stock compensation to directors (including outside directors) and executive officers. Under the same basic concept, Olympus Corporation introduced the PSU system and the RSU system for employees in senior management positions (hereinafter the “Group employees” of Olympus Corporation’s subsidiaries in the fiscal year ended March 31, 2023.

This disposal of treasury shares shall be conducted as stock compensation to the directors and executive officers who are the allottees (hereinafter “allottees”) whereby shares of common stock of Olympus Corporation are paid in as contribution in kind for the full amount of monetary remuneration claims against Olympus Corporation. In addition, those who were executive officers at the time of the granting of stock compensation and who became employees of Olympus Corporation’s subsidiaries after their retirement shall also be allottees.

Outline of the disposal of treasury shares (disposal decided on June 26, 2024)

(1) Date of disposal	July 24, 2024
(2) Class and number of shares for disposal	502,745 shares of common stock of Olympus Corporation
(3) Disposal price	¥2,579 per share
(4) Total amount of disposal value	¥1,297 million
(5) Disposal recipients, the number of such recipients, and the number of shares to be disposed of	<p>(i) RSU granted for the fiscal year ended March 31, 2021</p> <p>One non-executive director (retiree) 1,541 shares</p> <p>(ii) RSU granted for the fiscal year ended March 31, 2022 (hereinafter “FY2022-RSU”)</p> <p>One non-executive director (retiree) and three executive officers (including retirees) 73,815 shares</p> <p>(iii) Transformational FY22-RSU granted for the fiscal year ended March 31, 2022</p> <p>One executive officer 6,081 shares</p> <p>(iv) RSU granted for the fiscal year ended March 31, 2023</p> <p>Two non-executive directors (retirees) and five executive officers (including retirees) 61,783 shares</p> <p>(v) RSU granted for the fiscal year ended March 31, 2024</p> <p>Six non-executive directors (including retirees), eight executive officers (including retirees) and one employee of Olympus Corporation’s subsidiaries 139,516 shares</p> <p>(vi) PSU granted for the performance evaluation period starting from the fiscal year ended March 31, 2022 and ended in the fiscal year ended March 31, 2024</p> <p>Five executive officers (including retirees) 111,328 shares</p> <p>(vii) PSU granted for the performance evaluation period starting from the fiscal year ended March 31, 2023 and ending in the fiscal year ending March 31, 2025</p> <p>One executive officer (retiree) 50,936 shares</p> <p>(viii) PSU granted for the performance evaluation period starting from the fiscal year ended March 31, 2024 and ending in the fiscal year ending March 31, 2026</p> <p>One executive officer (retiree) 57,745 shares</p>

Outline of the disposal of treasury shares (disposal decided on July 2, 2024)

(1) Date of disposal	July 24, 2024
(2) Class and number of shares for disposal	9,378 shares of common stock of Olympus Corporation
(3) Disposal price	¥2,542.5 per share
(4) Total amount of disposal value	¥24 million
(5) Disposal recipients, the number of such recipients, and the number of shares to be disposed of	Two Group employees of Olympus Corporation's subsidiaries (retirees) 9,378 shares