



Consolidated Financial Statements and Notes

For the Fiscal Year Ended March 31, 2025

(from April 1, 2024 to March 31, 2025)

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditor's Report.....	2
Consolidated Statement of Financial Position as of March 31, 2025.....	7
Consolidated Statement of Profit or Loss for the year ended March 31, 2025	9
Consolidated Statement of Comprehensive Income for the year ended March 31, 2025	10
Consolidated Statement of Changes in Equity for the year ended March 31, 2025.....	11
Consolidated Statement of Cash Flows for the year ended March 31, 2025.....	13
Notes to the Consolidated Financial Statements	15

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, 2025, 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, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

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 segment (cash generating unit) in the fiscal year ended March 31, 2025. As of March 31, 2025, the amount of goodwill for the Therapeutic solutions segment was ¥147,143 million (10.3% of total assets of Consolidated Statement of Financial Position).	<p>In considering the valuation of goodwill of the Therapeutic solutions segment, we performed the following audit procedures, among others.</p> <ul style="list-style-type: none">● We made inquiries of management and reviewed the minutes of the board of directors and other meetings to gain an understanding of strategies in the Therapeutic Solutions Business, which is the basis of the business plan having a maximum term of five years. We made inquiries of management and discussed the following matters.• The consistency between the strategy

<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 margin 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 margin 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. Moreover, forecasting the growth rate for the period after the term of the business plan requires a high level of judgment by management and involves uncertainty. Selecting calculation methods and inputs for the discount rate requires a high degree of specialized knowledge in valuations.</p> <p>Considering that, in the fiscal year ended March 31, 2025, the costs associated with quality assurance and regulatory compliance for improvement activities implemented in response to the warning letters received from the United States Food and Drug Administration (FDA) in a prior fiscal year continued to be incurred, along with heightened uncertainty in the external environment, we determined the valuation of goodwill of the Therapeutic solutions segment to be a key audit matter.</p>	<p>announced by the Company in May 2023 and the strategies in the Therapeutic Solutions Business</p> <ul style="list-style-type: none"> • The impact of the progress and future outlook of the improvement plan regarding the findings raised in the warning letters on development activities on new products, the timing of market entry for new products, and estimates of future costs related to improvement activities ● With regard to markets that have a significant impact on determining value in use, we compared the growth rate and operating margin 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.
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Valuation of deferred tax assets	
Description of Key Audit Matter	Auditor's Response
The Company recorded deferred tax assets of ¥65,400 million on the consolidated statement of	In order to evaluate the adequacy of the determination of the recoverability of deferred tax

<p>financial position as of March 31, 2025 and, as described in Note 37 “Income Taxes” to the Consolidated Financial Statements, deferred tax assets before being offset against deferred tax liabilities totaled ¥98,815 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 in Japan have adopted the Group Relief System and recognize deferred tax assets to the extent that it is probable that taxable profit 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. However, the estimate involves significant judgments based on the growth rate and operating margin, which are the main assumptions of this plan, introducing a degree of uncertainty.</p> <p>Therefore, we determined the valuation of deferred tax assets to be a key audit matter.</p>	<p>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 used in the business plan with past results, market forecasts, and available external data. In addition, we considered the operating margin based on past results and related materials. ● We made inquiries with management and reviewed the minutes of the board of directors and other meetings to assess how the progress and future outlook of the improvement plan in response to the findings raised in the warning letters affects the business plan. ● We considered the scheduling of the expected timing for the reversal of deductible temporary differences.
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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 IFRS Accounting Standards, 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 IFRS Accounting Standards, 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 IFRS Accounting Standards.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review 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, 2025 are 1,423 million yen and 226 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 8, 2025

Makoto Usui
Designated Engagement Partner
Certified Public Accountant

Enomoto Masanori
Designated Engagement Partner
Certified Public Accountant

Mitsuharu Konno
Designated Engagement Partner
Certified Public Accountant

Consolidated Statement of Financial Position
Olympus Corporation and Consolidated Subsidiaries
As of March 31, 2025

(Millions of yen)

	Notes	2024	2025
ASSETS			
Current assets			
Cash and cash equivalents	7,35	340,933	252,532
Trade and other receivables	8,35	197,599	204,183
Other financial assets	10,35	9,862	2,301
Inventories	9	190,030	187,145
Income taxes receivable		36,686	4,382
Other current assets	11	25,175	28,451
Subtotal		800,285	678,994
Assets held for sale	12	55	449
Total current assets		800,340	679,443
Non-current assets			
Property, plant and equipment	13	259,968	263,410
Goodwill	14	180,331	180,191
Intangible assets	14	91,961	93,971
Retirement benefit asset	23	36,815	40,510
Investments accounted for using equity method		479	482
Trade and other receivables	8,35	55,764	64,200
Other financial assets	10,35	34,146	43,440
Deferred tax assets	37	72,324	65,400
Other non-current assets	11	2,088	1,779
Total non-current assets		733,876	753,383
Total assets		1,534,216	1,432,826

(Millions of yen)

	Notes	2024	2025
LIABILITIES AND EQUITY			
Liabilities			
Current liabilities			
Trade and other payables	17,35	61,855	61,415
Bonds and borrowings	18,35	69,988	94,985
Other financial liabilities	19,35	27,673	21,829
Income taxes payable		38,658	42,451
Provisions	20	31,318	16,001
Other current liabilities	21	202,203	188,680
Subtotal		431,695	425,361
Total current liabilities		431,695	425,361
Non-current liabilities			
Bonds and borrowings	18,35	229,628	134,117
Other financial liabilities	19,35	62,238	62,802
Retirement benefit liability	23	20,586	19,800
Income taxes payable		—	4,743
Provisions	20	2,362	2,095
Deferred tax liabilities	37	11,989	13,632
Other non-current liabilities	21	18,532	18,543
Total non-current liabilities		345,335	255,732
Total liabilities		777,030	681,093
Equity			
Share capital	24	124,643	124,643
Capital surplus	24	92,032	92,433
Treasury shares	24	(102,017)	(27,923)
Other components of equity	24	149,127	141,613
Retained earnings	24	493,401	420,967
Total equity attributable to owners of parent		757,186	751,733
Total equity		757,186	751,733
Total liabilities and equity		1,534,216	1,432,826

Consolidated Statement of Profit or Loss
Olympus Corporation and Consolidated Subsidiaries
For the fiscal year ended March 31, 2025

(Millions of yen)

	Notes	2024	2025
Continuing operations			
Revenue	6,28	925,752	997,332
Cost of sales	9,13 14,23	307,320	313,635
Gross profit		618,432	683,697
Selling, general and administrative expenses	13,14 23,29	466,758	495,654
Share of profit (loss) of investments accounted for using equity method	6	(358)	466
Other income	30, 34	3,432	5,246
Other expenses	16,30	103,361	31,293
Operating profit	6	51,387	162,462
Finance income	31	2,520	3,449
Finance costs	31	10,296	6,841
Profit before tax		43,611	159,070
Income taxes	37	8,546	41,270
Profit from continuing operations		35,065	117,800
Discontinued operation			
Profit from discontinued operation	41	207,864	55
Profit		242,929	117,855
Profit attributable to:			
Owners of parent		242,566	117,855
Non-controlling interests		363	—
Profit		242,929	117,855
Earnings per share			
Basic earnings per share (yen)			
Continuing operations	32	28.60	102.94
Discontinued operation	32	171.31	0.05
Basic earnings per share	32	199.91	102.99
Diluted earnings per share (yen)			
Continuing operations	32	28.53	102.75
Discontinued operation	32	170.91	0.05
Diluted earnings per share	32	199.44	102.80

Consolidated Statement of Comprehensive Income
Olympus Corporation and Consolidated Subsidiaries
For the fiscal year ended March 31, 2025

(Millions of yen)

	Notes	2024	2025
Profit		242,929	117,855
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Financial assets measured at fair value through other comprehensive income	33	(20)	(78)
Remeasurements of defined benefit plans	33	4,682	3,123
Total of items that will not be reclassified to profit or loss	33	4,662	3,045
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	33	69,011	(9,630)
Cash flow hedges	33	(177)	2,194
Total of items that may be reclassified to profit or loss	33	68,834	(7,436)
Total other comprehensive income		73,496	(4,391)
Comprehensive income		316,425	113,464
Comprehensive income attributable to:			
Owners of parent		316,062	113,464
Non-controlling interests		363	—
Comprehensive income		316,425	113,464

Consolidated Statement of Changes in Equity
Olympus Corporation and Consolidated Subsidiaries

For the fiscal year ended March 31, 2024

(Millions of yen)

(in 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

For the fiscal year ended March 31, 2025

(Millions of yen)

	Notes	Equity attributable to owners of parent					Total equity
		Share capital	Capital surplus	Treasury shares	Other components of equity	Retained earnings	Total
Balance at April 1, 2024		124,643	92,032	(102,017)	149,127	493,401	757,186
Profit						117,855	117,855
Other comprehensive income					(4,391)		(4,391)
Comprehensive income		—	—	—	(4,391)	117,855	113,464
Share repurchase	24			(100,002)			(100,002)
Disposal of treasury shares	24		(172)	172			0
Cancellation of treasury shares	24		(172,499)	172,499			—
Dividends from surplus	26					(20,981)	(20,981)
Transfer from retained earnings to capital surplus			172,431			(172,431)	—
Transfer from other components of equity to retained earnings					(3,123)	3,123	—
Share-based payment transactions	27		641	1,425			2,066
Total transactions with owners		—	401	74,094	(3,123)	(190,289)	(118,917)
Balance at March 31, 2025		124,643	92,433	(27,923)	141,613	420,967	751,733

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, 2025

(Millions of yen)

	Notes	2024	2025
Cash flows from operating activities			
Profit before tax		43,611	159,070
Profit before tax from discontinued operation	41	340,519	61
Depreciation and amortization		65,940	66,456
Impairment losses	16,30	64,568	3,636
Interest and dividend income		(2,376)	(3,308)
Interest expenses		5,409	4,628
Share of loss (profit) of investments accounted for using equity method		358	(466)
Gain on transfer of the Scientific Solutions Business	34,41	(349,037)	—
Decrease (increase) in trade and other receivables		(11,851)	(27,725)
Decrease (increase) in inventories		(19,072)	(3,410)
Increase (decrease) in trade and other payables		(5,935)	(1,926)
Increase (decrease) in retirement benefit liability		1,013	1,408
Decrease (increase) in retirement benefit asset		(3,269)	(1,197)
Increase (decrease) in provisions	20	9,083	(15,225)
Other		43,221	6,338
Subtotal		182,182	188,340
Interest received		2,365	3,296
Dividends received		11	12
Interest paid		(4,803)	(4,194)
Income taxes refund (paid)		(137,390)	3,009
Net cash provided by operating activities		42,365	190,463

	Notes	2024	2025
Cash flows from investing activities			
Purchase of property, plant and equipment		(46,425)	(46,001)
Purchase of intangible assets		(18,199)	(19,208)
Purchase of investment securities		(28)	(8,588)
Proceeds from transfer of the Scientific Solutions Business	34,41	379,091	—
Proceeds from the transfer of the collagen business and dental product sales businesses	34	1,656	—
Proceeds from the transfer of the Orthopedic Business	34,41	—	3,730
Payments for acquisition of subsidiaries	34,40	—	(3,881)
Proceeds from sale of subsidiaries	34	4,472	—
Collection of loans receivable	41	53,373	4,283
Payments for contingent consideration		(2,966)	(4,793)
Expenditures based on share purchase agreement		(43,647)	—
Amount recovered upon cancellation of share purchase agreement		31,110	7,603
Other		1,555	1,386
Net cash provided by (used in) investing activities		359,992	(65,469)
Cash flows from financing activities			
Repayments of lease liabilities	34	(19,518)	(19,302)
Repayments of long-term borrowings	34	(40,000)	(50,035)
Dividends paid	26	(20,057)	(20,981)
Dividends paid to non-controlling interests		(183)	—
Payments for share repurchase		(180,002)	(100,002)
Redemption of bonds	34	(10,000)	(20,000)
Payments for acquisition of interests in subsidiaries from non-controlling interests		(2,921)	—
Other		(3,329)	(1,222)
Net cash used in financing activities		(276,010)	(211,542)
Effect of exchange rate changes on cash and cash equivalents		9,074	(1,853)
Net increase (decrease) in cash and cash equivalents		135,421	(88,401)
Cash and cash equivalents at beginning of period		205,512	340,933
Cash and cash equivalents at end of period	7	340,933	252,532

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 and therapeutic products. We have changed its reportable segments from the six months ended September 30, 2024. Details of each business are as described in Note "6. Business Segments."

2. Basis of Preparation

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

The consolidated financial statements of the Olympus Group have been prepared in accordance with IFRS issued by the International Accounting Standards Board. Since the requirements for a "Specified Company of Designated International Accounting Standards" set forth in Article 1-2 of the "Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" are satisfied, Olympus Corporation adopts the provisions of Article 312 of the same Regulation.

The Japanese language consolidated financial statements for the fiscal year ended March 31, 2025 were approved by Yasuo Takeuchi, Director, Representative Executive Officer, Executive Chairperson and ESG Officer, and Tatsuya Izumi, Executive Officer and CFO, on June 19, 2025. These English language consolidated financial statements were approved by Bob White, Director, Representative Executive Officer, President and CEO, and Tatsuya Izumi, Executive Officer CFO subsequently on August 8, 2025.

Refer to (Share repurchase and cancellation of treasury shares, Investment in joint venture, and Consideration based on an agreement to license usage) 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 operating activities)

As "Loss (gain) on sale and retirement of fixed assets" in "Cash flows from operating activities," which had previously been listed independently in the fiscal year ended March 31, 2024, decreased in significance, it has been included in "Other" from the fiscal year ended March 31, 2025. To reflect this change in the presentation method, the consolidated financial statements for the fiscal year ended March 31, 2024 have been reclassified.

As a result, in the Consolidated Statement of Cash Flows for the fiscal year ended March 31, 2024, the ¥42,765 million presented as "Other" and ¥456 million as "Loss (gain) on sale and retirement of fixed assets" in "Cash flows from operating activities" were reclassified as ¥43,221 million in "Other."

(Cash flows from investing activities)

As "Proceeds from sale of property, plant and equipment" in "Cash flows from investing activities," which had previously been listed independently in the fiscal year ended March 31, 2024, decreased in significance, it has been included in "Other" from the fiscal year ended March 31, 2025. To reflect this change in the presentation method, the consolidated financial statements for the fiscal year ended March 31, 2024 have been reclassified.

As a result, in the Consolidated Statement of Cash Flows for the fiscal year ended March 31, 2024, the ¥84 million presented as “Other” and ¥1,471 million as “Proceeds from sale of property, plant and equipment” in “Cash flows from investing activities” were reclassified as ¥1,555 million in “Other.”

(Cash flows from financing activities)

As “Net increase (decrease) in short-term borrowings and commercial papers” in “Cash flows from financing activities,” which had previously been listed independently in the fiscal year ended March 31, 2024, decreased in significance, it has been included in “Other” from the fiscal year ended March 31, 2025. To reflect this change in the presentation method, the consolidated financial statements for the fiscal year ended March 31, 2024 have been reclassified.

As a result, in the Consolidated Statement of Cash Flows for the fiscal year ended March 31, 2024, the ¥(3,326) million presented as “Other” and ¥(3) million as “Net increase (decrease) in short-term borrowings and commercial papers” in “Cash flows from financing activities” were reclassified as as ¥(3,329) million in “Other.”

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 noncontrolling interests even if this results in the non-controlling interests having a deficit balance.

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

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

(ii) Associates

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

Investments in associates include goodwill recognized on acquisition.

(2) Business combinations

Business combinations are accounted for by using the acquisition method.

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

Consideration for an acquisition is measured at the sum of the acquisition-date fair value of the assets transferred, liabilities assumed, and equity instruments issued by the Olympus Group in exchange for the

control over the acquiree. Consideration for an acquisition includes contingent consideration. If consideration for an acquisition exceeds the fair value of identifiable assets and liabilities, such excess is recognized as goodwill in the consolidated statement of financial position. If, conversely, the consideration is less than the fair value, the difference shall be directly recognized in profit or loss in the consolidated statement of profit or loss. In addition, acquisition-related costs incurred shall be recognized in profit or loss.

(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 or 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 and corporate officers of Olympus Corporation, 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 reference to 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 margin. 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 business segments of the Olympus Group are the units for which separate financial information is available and according to which review is periodically conducted to decide how to allocate management resources and assess business performance.

In the past, the Olympus Group had three reportable segments: “Endoscopic Solutions,” “Therapeutic Solutions,” and “Other.” However, from the six months ended September 30, 2024, we have changed to two reportable segments: “Endoscopic Solutions” and “Therapeutic Solutions,” and have presented the information in the same manner for the fiscal year ended March 31, 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., collectively, the “Polaris Capital Group”), to transfer Olympus Terumo Biomaterials Corporation and FH Ortho SAS (the “FHO Group”), Olympus’s Orthopedic Business, a process that was completed on July 12, 2024.

As a result of the transfer, the financial materiality of the financial information with regard to the previous “Other” will be reduced, and the segment classification has therefore been changed as described above.

From the six months ended September 30, 2024, in accordance with company organization changes and a review of operating results management categories inside the Olympus Group, intersegment revenue that was previously recorded in “Other” are now recorded after being allocated to “Endoscopic Solutions” and “Therapeutic Solutions.” Financial information for the fiscal year ended March 31, 2024 has also been restated to reflect the change in categorization.

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	GI EndoTherapy, urology products, respiratory products, energy devices, ENT products, gynecology products

(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, 2024

(Millions of yen)

	Reportable Segment			Other (Note 2)	Adjustment (Notes 3, 4, 5, 6)	Amount on consolidated financial statements
	Endoscopic Solutions	Therapeutic Solutions	Total			
Revenue						
Revenue from outside customers	586,617	337,331	923,948	1,804	–	925,752
Intersegment revenue (Note 1)	35	7	42	–	(42)	–
Total	586,652	337,338	923,990	1,804	(42)	925,752
Operating profit (loss)	104,684	(8,466)	96,218	(287)	(44,544)	51,387
Finance income						2,520
Finance costs						10,296
Profit before tax						43,611
Other items						
Share of profit (loss) of investments accounted for using equity method	(332)	(26)	(358)	–	–	(358)
Depreciation and amortization	41,501	18,184	59,685	193	5,315	65,193
Impairment losses (Note 7)	10,890	44,315	55,205	–	775	55,980
Segment assets	637,036	469,186	1,106,222	3,905	424,089	1,534,216
Investments accounted for using equity method	–	479	479	–	–	479
Capital expenditures	50,674	19,295	69,969	50	9,324	79,343

Notes: 1. Intersegment revenue is based on actual market prices.

2. The amounts recorded in Other are the amounts of business segments not attributable to the reportable segments, such as research and development or exploratory activities related to new businesses.
3. 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.
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. 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.”

Fiscal year ended March 31, 2025

(Millions of yen)

	Reportable Segment			Other (Note 2)	Adjustment (Notes 3, 4, 5, 6)	Amount on consolidated financial statements
	Endoscopic Solutions	Therapeutic Solutions	Total			
Revenue						
Revenue from outside customers	636,144	360,658	996,802	530	–	997,332
Intersegment revenue (Note 1)	157	29	186	–	(186)	–
Total	636,301	360,687	996,988	530	(186)	997,332
Operating profit (loss)	141,398	61,453	202,851	(473)	(39,916)	162,462
Finance income						3,449
Finance costs						6,841
Profit before tax						159,070
Other items						
Share of profit (loss) of investments accounted for using equity method	493	(27)	466	–	–	466
Depreciation and amortization	43,466	18,546	62,012	141	4,197	66,350
Impairment losses	2,599	542	3,141	–	495	3,636
Segment assets	672,499	474,492	1,146,991	5,401	280,434	1,432,826
Investments accounted for using equity method	148	334	482	–	–	482
Capital expenditures	56,486	21,588	78,074	5	6,880	84,959

Notes: 1. Intersegment revenue is based on actual market prices.

2. The amounts recorded in Other are the amounts of business segments not attributable to the reportable segments, such as research and development or exploratory activities related to new businesses.

3. 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.

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)

	2024	2025
Japan	117,301	110,529
North America	351,249	413,896
Europe	236,770	254,620
China	106,335	95,738
Asia and Oceania	87,986	93,707
Other	26,111	28,842
Total	925,752	997,332

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, 2024 and 2025, revenue from external customers in the United States was ¥326,211 million and ¥386,469 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, 2024 and 2025.

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

(Millions of yen)

	2024	2025
Japan	138,637	144,602
Americas	202,587	204,644
Europe and Middle East	163,002	161,081
Asia and Oceania	30,122	29,024
Total	534,348	539,351

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 ¥199,220 million and ¥198,423 million as of March 31, 2024 and 2025, 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 ¥62,533 million and ¥66,665 million as of March 31, 2024 and 2025, 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, 2024 and 2025.

(5) Major customers

Information on revenue attributable to major customers for the fiscal years ended March 31, 2024 and 2025 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. The balance of “Cash and cash equivalents” in the Consolidated Statement of Financial Position matches with the balance of “Cash and cash equivalents” in the Consolidated Statement of Cash Flows.

(Millions of yen)

	2024	2025
Cash and deposits	148,251	119,221
Short-term investments	192,682	133,311
Cash and cash equivalents in the consolidated statement of financial position	340,933	252,532

8. Trade and Other Receivables

The breakdown of trade and other receivables as of March 31, 2024 and 2025 was as follows:

		(Millions of yen)
	2024	2025
Trade notes receivable and trade accounts receivable	152,042	153,752
Other receivables	24,005	17,796
Contract assets	220	347
Lease receivables	86,238	105,382
Allowance for doubtful accounts	(9,142)	(8,894)
Total	253,363	268,383
Current	197,599	204,183
Non-current	55,764	64,200
Total	253,363	268,383

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, 2024 and 2025 was as follows:

		(Millions of yen)
	2024	2025
Merchandise and finished goods	67,293	77,810
Work in progress	47,764	28,236
Raw materials and supplies	74,973	81,099
Total	190,030	187,145

The amounts of inventories recorded as cost of sales for the fiscal years ended March 31, 2024 and 2025 were ¥229,786 million and ¥234,474 million, respectively.

Write-downs of inventories recognized as expenses for the fiscal years ended March 31, 2024 and 2025 were ¥23,301 million and ¥24,399 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, 2024 and 2025 were ¥3,471 million and ¥3,270 million, respectively.

10. Other Financial Assets

The breakdown of other financial assets as of March 31, 2024 and 2025 was as follows:

(Millions of yen)		
	2024	2025
Financial assets measured at fair value through profit or loss		
Derivative assets	14,358	16,731
Equity securities and others	704	828
Financial assets measured at amortized cost		
Deposits with withdrawal restrictions (Note)	6,677	—
Lease and guarantee deposits	4,457	3,168
Other	10,260	9,431
Financial assets measured at fair value through other comprehensive income		
Equity securities and others	7,552	15,583
Total	44,008	45,741
Current	9,862	2,301
Non-current	34,146	43,440
Total	44,008	45,741

Note: Deposits with withdrawal restrictions are subject to withdrawal restrictions in accordance with the decision by the court associated with the litigation filed against the Olympus Group. In the fiscal year ended March 31, 2025, they were lifted due to a judicial settlement.

11. Other Current Assets and Other Non-current Assets

The breakdown of other current assets and other non-current assets as of March 31, 2024 and 2025 was as follows:

(Millions of yen)		
	2024	2025
Prepaid expenses	12,040	13,451
Consumption tax receivables	7,892	9,155
Other	7,331	7,624
Total	27,263	30,230
Current	25,175	28,451
Non-current	2,088	1,779
Total	27,263	30,230

12. Assets Held for Sale

The breakdown of assets held for sale is as follows:

(Millions of yen)

	2024	2025
Assets		
Land	41	299
Buildings and structures	14	150
Total	55	449

Assets categorized as assets held for sale for the fiscal year ended March 31, 2024 are assets, belonging to the Endoscopic Solutions Business segment and Therapeutic Solutions Business segment, and were sold during the fiscal year ended March 31, 2025.

Assets categorized as assets held for sale as of March 31, 2025 are corporate assets 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, 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
Additions	14,829	6,980	26,900	217	16,982	65,908
Additions through business combinations	–	–	247	–	–	247
Depreciation	(15,867)	(7,568)	(28,814)	(194)	–	(52,443)
Impairment losses	(410)	(19)	(315)	(55)	(109)	(908)
Sales and disposals	(3,115)	(330)	(4,320)	(53)	–	(7,818)
Transfer to assets held for sale	(150)	–	–	(299)	–	(449)
Reclassification	5,821	1,742	4,022	41	(10,421)	1,205
Exchange differences on translation of foreign operations	(849)	11	(1,071)	(99)	(45)	(2,053)
Decrease due to transfer of business	–	(99)	(357)	(75)	(18)	(549)
Other	64	(11)	140	1	108	302
Balance at March 31, 2025	136,985	22,134	73,412	17,113	13,766	263,410

- Notes: 1. No borrowing costs were capitalized for the fiscal years ended March 31, 2024 and 2025.
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. Impairment losses are included in “Other expenses” and “Profit from discontinued operation” on the consolidated statement of profit or loss.
3. Changes of carrying amount ¥2,300 million and ¥2,336 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, 2024 and 2025, 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, 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
Balance at March 31, 2025	292,784	60,522	310,105	18,327	13,766	695,504

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, 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
Balance at March 31, 2025	155,799	38,388	236,693	1,214	—	432,094

(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, 2023	43,930	4,325	1,747	160	50,162
Balance at March 31, 2024	46,384	4,660	2,210	132	53,385
Balance at March 31, 2025	47,536	5,133	2,047	156	54,872

Note: Right-of-use assets increased during the fiscal years ended March 31, 2024 and 2025 by ¥14,838 million and ¥17,367 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, 2023	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
Additions	—	—	4,488	265	4,753
Additions through internal development	—	14,298	—	—	14,298
Additions through business combinations (Note 2)	1,388	—	—	1,732	1,732
Amortization	—	(7,878)	(3,118)	(2,911)	(13,907)
Impairment losses	—	(2,557)	(171)	—	(2,728)
Sales and disposals	—	(43)	(3)	(142)	(188)
Reclassification	—	—	(866)	3	(863)
Exchange differences on translation of foreign operations	(1,528)	(321)	(41)	(81)	(443)
Decrease due to transfer of business	—	(270)	(17)	(412)	(699)
Other	—	46	16	(7)	55
Balance at March 31, 2025	180,191	62,916	12,986	18,069	93,971

- 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. Impairment losses are recorded in “Other expenses” and “Profit from discontinued operation” on the consolidated statement of profit or loss.
2. Of additions through business combinations, major component included in “Other” is ¥1,732 million in customer related assets held by Sur Medical SpA. For details on business combinations, please see Note “40. Business Combinations.”

Acquisition cost

(Millions of yen)

	Goodwill	Intangible assets			
		Capitalized development costs	Software	Other	Total
Balance at April 1, 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
Balance at March 31, 2025	180,191	102,529	67,469	150,227	320,225

Accumulated amortization and accumulated impairment losses

(Millions of yen)

	Goodwill	Intangible assets			
		Capitalized development costs	Software	Other	Total
Balance at April 1, 2023	–	34,230	50,438	127,667	212,335
Balance at March 31, 2024	–	35,550	56,371	159,735	251,656
Balance at March 31, 2025	–	39,613	54,483	132,158	226,254

(2) Significant intangible assets

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.

Significant intangible assets recognized at March 31, 2025 are technology-related assets arising from the acquisition of Medi-Tate Ltd. by the Olympus Group on May 27, 2021. The carrying amount was ¥8,648 million, and the remaining amortization period was 11 years, as of March 31, 2025.

(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, 2024 and 2025 were ¥70,270 million and ¥89,590 million, respectively.

15. Commitments

Commitments to acquire property, plant and equipment and intangible assets subsequent to March 31, 2024 and 2025 were as follows:

(Millions of yen)

	2024	2025
Property, plant and equipment	10,177	24,761
Intangible assets	2,527	112
Total	12,704	24,873

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)

	2024	2025
Property, plant and equipment		
Buildings and structures	540	410
Machinery and vehicles	32	19
Tools, furniture and fixtures	366	315
Land	616	55
Construction in progress	129	109
Goodwill	20,227	–
Intangible assets		
Capitalized development costs	8,348	2,557
Software	–	171
Other	25,722	–
Total	55,980	3,636

Major 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 the 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.

Major impairment losses recognized in the fiscal year ended March 31, 2025 were as follows.

(Impairment losses on development assets)

Olympus Corporation recognized impairment losses of ¥2,110 million and ¥448 million on development assets in the Endoscopic Solutions Business and Therapeutic Solutions Business, respectively, 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.

(2) Impairment test for goodwill

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

	(Millions of yen)	
	2024	2025
Endoscopic solutions segment	32,421	33,048
Therapeutic solutions segment	147,910	147,143
Total	180,331	180,191

The Olympus Group tested goodwill for impairment on March 31, 2024 and 2025.

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% - 4.7% and 1.5% - 4.8%, respectively, as of March 31, 2024, and 1.7% - 4.7% and 1.9% - 5.8%, respectively, as of March 31, 2025.

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, 2024 and 2025, were 11.8% and 12.2%, respectively.

The main assumptions in estimating value in use are the growth rate and the operating margin 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, 2024 and 2025 was as follows:

(Millions of yen)			
	2024	2025	
Notes and account payable	41,854	40,386	
Other payable	20,001	21,029	
Total	61,855	61,415	

18. Bonds and Borrowings

The breakdown of bonds and borrowings as of March 31, 2024 and 2025 was as follows:

(Millions of yen)				
	2024	2025	Average interest rate (%)	Maturity
Current portion of bonds payable	19,986	24,992	0.25	July 2025
Current portion of long-term borrowings	50,002	69,993	0.20	April 2025 to September 2025
Bonds (excluding current portion)	125,264	99,492	1.73	December 2026 to July 2030
Long-term borrowings (excluding current portion)	104,364	34,625	0.70	August 2027 to September 2029
Total	299,616	229,102		
Current	69,988	94,985		
Non-current	229,628	134,117		
Total	299,616	229,102		

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, 2024 and 2025 was as follows:

(Millions of yen)						
Company	Bond name	Issue date	2024	2025	Interest rate (%)	Maturity date
Olympus Corporation	25th unsecured bonds	December 5, 2019	19,986	—	0.20	December 2024
Olympus Corporation	26th unsecured bonds	July 18, 2020	24,970	24,992	0.25	July 2025
Olympus Corporation	27th unsecured bonds	July 19, 2020	24,917	24,930	0.47	July 2030
Olympus Corporation	Dollar-denominated unsecured bonds due 2026	December 8, 2021	75,377	74,562	2.14	December 2026
Total			145,250	124,484		

The breakdown of long-term borrowings, including current portion, as of March 31, 2024 and 2025 was as follows:

(Millions of yen)				
Financial institution	2024	2025	Interest rate (%)	Maturity date
Japanese Bank	13,179	13,237	0.86	September 2029
Japanese Bank	1,477	1,484	0.73	September 2027
Japanese Bank	10,000	10,000	1.38	September 2025
Japanese Bank	9,750	9,823	0.53	August 2027
Japanese Bank	10,000	10,000	1.39	September 2025
Japanese Bank	9,755	9,814	0.55	June 2028
Japanese Bank	49,910	49,992	0.32	April 2025
Japanese Bank	39,992	—	0.25	May 2024
Japanese Bank	10,000	—	0.40	May 2024
Other	303	268		
Total	154,366	104,618		

19. Other Financial Liabilities

The breakdown of other financial liabilities as of March 31, 2024 and 2025 was as follows:

(Millions of yen)		
	2024	2025
Financial liabilities measured at fair value through profit or loss		
Derivative liabilities	2,483	1,007
Contingent consideration	7,119	1,689
Financial liabilities measured at amortized cost		
Lease liabilities	60,943	62,465
Other	19,366	19,470
Total	89,911	84,631
Current	27,673	21,829
Non-current	62,238	62,802
Total	89,911	84,631

20. Provisions

The changes in provisions during the fiscal year ended March 31, 2025 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, 2024	11,080	5,670	5,902	11,028	33,680
Increase during the year	1,394	156	—	1,148	2,698
Decrease (Provisions used)	(3,458)	(5,273)	(325)	(5,023)	(14,079)
Decrease (Provisions reversed)	(1,059)	(117)	(2,897)	(89)	(4,162)
Exchange differences on translation of foreign operations	(17)	150	—	(174)	(41)
Balance at March 31, 2025	7,940	586	2,680	6,890	18,096
Current	7,413	429	2,680	5,479	16,001
Non-current	527	157	—	1,411	2,095
Total	7,940	586	2,680	6,890	18,096

Note: Provision for product warranties included the ¥1,571 million expected to be needed for a voluntary recall of small intestine endoscope systems and provision of ¥2,867 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. Decrease (Provisions used) includes the reversal associated with a settlement between consolidated subsidiary Olympus (Shenzhen) Industrial Ltd. and Shenzhen Anpingtai Investment and Development Co., Ltd., following a civil mediation ruling in court to conclude a lawsuit. The amount of reversal of the provision is described in Note “30. Other Income and Other Expenses.”

(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. Decrease (Provisions reversed) is mainly due to a change in the estimate of the amount deemed necessary to carry out responses to the market associated with the change in the target number of replacement to new type products.

21. Other Current Liabilities and Other Non-current Liabilities

The breakdown of other current liabilities and other non-current liabilities as of March 31, 2024 and 2025 was as follows:

(Millions of yen)		
	2024	2025
Accrued expenses	130,095	123,269
Contract liabilities	65,616	60,215
Other	25,024	23,739
Total	220,735	207,223
Current	202,203	188,680
Non-current	18,532	18,543
Total	220,735	207,223

22. Government Grants

Government grants included in other current liabilities and other non-current liabilities as of March 31, 2024 and 2025 were as follows:

(Millions of yen)		
	2024	2025
Other current liabilities	279	276
Other non-current liabilities	1,473	1,207

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)

	2024	2025
Balance at April 1	152,636	159,890
Current service cost	5,690	5,637
Past service cost	(9)	—
Interest cost	4,260	4,951
Remeasurements of defined benefit plans		
Actuarial gains and losses arising from changes in demographic assumptions	104	96
Actuarial gains and losses arising from changes in financial assumptions	(5,527)	(9,552)
Other	2,539	268
Contributions by employees	203	228
Benefits paid	(8,682)	(9,828)
Effects of business combinations and disposals	—	(349)
Exchange differences on translation of foreign operations	8,723	(888)
Other	(47)	(51)
Balance at March 31	159,890	150,402

(ii) Reconciliation of fair value of plan assets

The change in the fair value of plan assets during the fiscal years ended March 31, 2024 and March 31, 2025 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, 2026, the Olympus Group plans to contribute ¥3,724 million to the plan.

(Millions of yen)

	2024	2025
Balance at April 1	159,248	176,119
Interest income	4,539	5,447
Remeasurements		
Return on plan assets	3,424	(4,775)
Contributions by employer	7,079	3,439
Contributions by employees	204	230
Benefits paid	(7,622)	(8,852)
Exchange differences on translation of foreign operations	9,309	(682)
Other	(62)	186
Balance at March 31	176,119	171,112

(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)

	2024	2025
Present value of the funded defined benefit obligations	143,972	135,220
Fair value of plan assets	(176,119)	(171,112)
Subtotal	(32,147)	(35,892)
Present value of the unfunded defined benefit obligations	15,918	15,182
Net defined benefit liabilities (assets)	(16,229)	(20,710)
Amounts recognized in the consolidated statement of financial position		
Retirement benefit liability	20,586	19,800
Retirement benefit asset	(36,815)	(40,510)
Net defined benefit liabilities (assets)	(16,229)	(20,710)

(iv) Components of plan assets

The breakdown of plan assets by category was as follows:

(Millions of yen)

	2024	2025
Assets with quoted market prices in an active market		
Japanese equity securities	1,515	1,491
Overseas debt securities	613	—
Cash and cash equivalents	12,821	14,554
Total	14,949	16,045
Assets without quoted market prices in an active market		
Overseas equity securities	6,832	6,271
Overseas debt securities	45,739	45,852
General account for life insurance companies	45,698	43,689
Jointly managed money trust	49,070	46,735
Other (Note 1)	13,831	12,520
Total	161,170	155,067
Total of plan assets	176,119	171,112

Note: 1. Insurance contracts concluded through annuity buy-in transactions included in “Other” amounted to ¥10,927 million and ¥9,551 million as of the end of the fiscal years ended March 31, 2024 and 2025, 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:

	2024	2025
Discount rate	3.12%	3.74%

(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)	
	2024	2025
Discount rate		
0.5% increase (decrease in obligations)	(7,758)	(8,147)
0.5% decrease (increase in obligations)	11,948	9,363

(vii) Weighted average duration

The weighted average durations of the defined benefit obligations were 13.0 years and 12.4 years as of March 31, 2024 and 2025, respectively.

(2) Defined contribution plans

The amounts recognized as expenses related to the defined contribution plans were ¥20,966 million and ¥21,622 million for the fiscal years ended March 31, 2024 and 2025, 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	
	2024	2025
Authorized shares	4,000,000,000	4,000,000,000
Issued shares (Note 1)		
As of April 1	1,266,178,700	1,215,146,700
Increase or decrease (Note 2) (Note 3)	(51,032,000)	(76,030,400)
As of March 31	1,215,146,700	1,139,116,300
Treasury shares (Note 4)		
As of April 1	12,641,218	49,514,907
Increase or decrease (Note 5) (Note 6)	36,873,689	(38,209,271)
As of March 31	49,514,907	11,305,636

- 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, 2024, was due to the cancellation of 51,032,000 shares of treasury shares conducted effectively on February 29, 2024.
3. The decrease in the fiscal year ended March 31, 2025, was due to the cancellation of 37,446,500 shares of treasury shares and 38,583,900 shares of treasury shares conducted effectively on April 30, 2024 and January 31, 2025, respectively.
4. Olympus Corporation has adopted stock option plans and utilizes treasury shares for delivery of shares due to exercise. Contract conditions and amounts are described in Note "27. Stock-based Compensation."
5. The main changes in the fiscal year ended March 31, 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.

6. The main changes in the fiscal year ended March 31, 2025, were a decrease of 37,446,500 shares due to the cancellation of treasury shares conducted effectively on April 30, 2024, an increase of 38,583,900 shares due to the share repurchase conducted between May 13, 2024, and November 19, 2024 on a delivery date basis, and a decrease of 38,583,900 shares due to the cancellation of treasury shares conducted effectively on January 31, 2025.

(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, 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
Other comprehensive income	(9,630)	2,194	(78)	3,123	(4,391)
Reclassification to retained earnings	—	—	—	(3,123)	(3,123)
Balance at March 31, 2025	143,056	(1,764)	321	—	141,613

(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)

	2024	2025
Adjusted EPS (Notes 1, 2)	83.77	117.17

Notes: 1. This is EPS after adjusting special factors, and the amount differs from the amount shown in Note "32. Earnings per share." In calculating adjusted EPS, other income and other expenses, etc., are excluded from profit, which is the basis for the calculation.

2. The Orthopedic Business has been classified as a discontinued operation from the six months ended September 30, 2024. Due to this, figures for the fiscal year ended March 31, 2024 have also been restated.

26. Dividends

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 paid during the fiscal year ended March 31, 2025 were 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

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 13, 2025 Board of Directors	Common stock	22,556	20	March 31, 2025	June 5, 2025

27. Stock-based Compensation

The Olympus Group has adopted equity-settled stock option plans for directors, executive officers and corporate officers of Olympus Corporation, 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 (for those who were appointed the Audit & Supervisory Board Members after vacating their position as a director or corporate officer, the date on which they vacate their position as an Audit & Supervisory Board Member). 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
The first subscription rights to shares	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

	2024		2025	
	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	302,800	1	282,400	1
Granted	—	—	—	—
Exercised	(20,400)	1	(70,800)	1
Expired	—	—	—	—
Outstanding at end of year	282,400	1	211,600	1
Exercisable at end of year	161,600	1	121,200	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 ¥2,425 and ¥2,373 for the fiscal years ended March 31, 2024 and 2025, respectively.
3. The weighted average remaining lives of unexercised stock options year were 21.0 years and 20.0 years as of March 31, 2024 and 2025, 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, 2024 and 2025 were ¥2,257 and ¥2,271, 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 based on the amount of basic salary, etc. at the beginning of the transfer restriction period, and receive the said shares at a predetermined time. The Eligible Persons wholly transfer all their rights to monetary compensation claims 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, 2024 and 2025 were ¥2,269 and ¥2,288, 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)

	2024	2025
Selling, general and administrative expenses	2,579	2,064

28. Revenue

(1) Disaggregation of Revenue

The organization of the Olympus Group has basically consisted of the Endoscopic Solutions Business, Therapeutic Solutions Business, and Other, but, from the six months ended September 30, 2024, the organization has been changed to basically consist of the Endoscopic Solutions Business and Therapeutic Solutions Business.

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., collectively, the "Polaris Capital Group"), to transfer Olympus Terumo Biomaterials Corporation and FH Ortho SAS (the "FHO Group"), Olympus's Orthopedic Business, a process that was completed on July 12, 2024.

As a result of the transfer, the financial materiality of the financial information with regard to the previous "Other" was reduced, and the organizational composition has therefore been changed as described above.

Revenue recorded in Endoscopic Solutions Business and Therapeutic Solutions Business 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, 2024

(Millions of yen)

	Endoscopic Solutions	Therapeutic Solutions	Other	Total
Japan	71,892	44,495	914	117,301
North America	216,565	134,666	18	351,249
Europe	145,931	90,714	125	236,770
China	74,950	30,748	637	106,335
Asia and Oceania	58,979	28,897	110	87,986
Other	18,300	7,811	—	26,111
Total	586,617	337,331	1,804	925,752
Revenue from contracts with customers	508,888	326,167	1,804	836,859
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.

For the fiscal year ended March 31, 2025

(Millions of yen)

	Endoscopic Solutions	Therapeutic Solutions	Other	Total
Japan	70,462	39,650	417	110,529
North America	258,214	155,600	82	413,896
Europe	157,041	97,579	—	254,620
China	67,926	27,797	15	95,738
Asia and Oceania	62,048	31,643	16	93,707
Other	20,453	8,389	—	28,842
Total	636,144	360,658	530	997,332
Revenue from contracts with customers	546,437	347,498	530	894,465
Revenue from other sources	89,707	13,160	—	102,867

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 GI EndoTherapy, 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.

Other includes revenues related to business segments not attributable to the reportable segments, such as research and development or exploratory activities related to new businesses.

(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, 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

For the fiscal year ended March 31, 2025

	(Millions of yen)	
	April 1, 2024	March 31, 2025
Receivables from contracts with customers	146,956	149,076
Contract assets	220	347
Contract liabilities	65,616	60,215

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, 2024 and 2025 which were included in contract liabilities at the beginning of the period were ¥55,521 million and ¥60,102 million, respectively. In addition, for the fiscal years ended March 31, 2024 and

2025, 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)	
	2024	2025
Within 1 year	22,936	21,763
Over 1 year	11,838	11,842
Total	34,773	33,605

29. Selling, General and Administrative Expenses

Major items of selling, general and administrative expenses for the fiscal years ended March 31, 2024 and 2025 were as follows:

	(Millions of yen)	
	2024	2025
Personnel expenses (Note)	261,625	283,753
Depreciation	34,799	34,410
Advertising and promotion expenses	15,630	17,036

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:

For the fiscal year ended March 31, 2024

There are no significant transactions.

For the fiscal year ended March 31, 2025

(Reversal of provision related to litigation involving consolidated subsidiary)

Following a civil mediation ruling in court to conclude a lawsuit, consolidated subsidiary Olympus (Shenzhen) Industrial Ltd. came to a settlement with Shenzhen Anpingtai Investment and Development Co., Ltd. This led to a ¥874 million reversal of provision that had been recorded in the past based on estimates for losses associated with litigation, etc., which has been recorded in “Other income”

(Compensation income for return of fixed assets)

Consolidated subsidiary, Olympus (Shenzhen) Industrial Ltd. received compensation income of ¥1,170 million in relation to the return of usage rights for land and buildings in Shenzhen City, China, to the government of Shenzhen City, which was recorded in “Other income.”

(2) Other expenses

Major items of other expenses are as follows:

For the fiscal year ended March 31, 2024

(Quality-related expenses)

In order to comply with laws and regulations pertaining to the quality of medical devices established by 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)

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.”

(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.

For the fiscal year ended March 31, 2025

(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 ¥19,350 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.

(Implementation of career support system for external opportunity)

Olympus Corporation recorded ¥2,865 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.

(Impairment losses)

Olympus Corporation recognized impairment losses of ¥2,110 million and ¥448 million respectively on development assets in Endoscopic Solutions Business and 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.”

31. Finance Income and Finance Costs

The breakdown of finance income and finance costs for the fiscal years ended March 31, 2024 and 2025 was as follows:

		(Millions of yen)	
		2024	2025
<hr/>			
Finance income			
Interest income			
Financial assets measured at amortized cost		2,361	3,295
Dividends income			
Financial assets measured through other comprehensive income		11	12
Other		148	142
Total		<hr/> 2,520	<hr/> 3,449
Finance costs			
Interest expenses			
Financial liabilities measured at amortized cost		4,571	3,845
Interest on bonds			
Financial liabilities measured at amortized cost		834	782
Foreign exchange loss (Note 1)		4,487	2,020
Other		404	194
Total		<hr/> 10,296	<hr/> 6,841

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

	2024	2025
Basic earnings per share (yen)		
Continuing operations	28.60	102.94
Discontinued operation	171.31	0.05
Basic earnings per share	199.91	102.99
Diluted earnings per share (yen)		
Continuing operations	28.53	102.75
Discontinued operation	170.91	0.05
Diluted earnings per share	199.44	102.80

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

	2024	2025
Profit used to calculate basic earnings per share and diluted earnings per share		
Profit attributable to owners of parent (Millions of yen)	242,566	117,855
Profit not attributable to owners of parent (Millions of yen)	—	—
Profit used to calculate basic earnings per share (Millions of yen)	242,566	117,855
Continuing operations	34,702	117,800
Discontinued operation	207,864	55
Adjustment to profit (Millions of yen)	—	—
Profit used to calculate diluted earnings per share (Millions of yen)	242,566	117,855
Continuing operations	34,702	117,800
Discontinued operation	207,864	55
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)	1,213,402	1,144,343
Increase in number of shares of common stock		
Subscription rights to shares relating to stock options (thousand shares)	291	263
Common stock relating to PSU (thousand shares)	1,927	970
Common stock relating to RSU (thousand shares)	621	849
The weighted average number of shares of diluted common stock during the period (thousand shares)	1,216,241	1,146,425

33. Other Comprehensive Income

The breakdown of each component of other comprehensive income (including non-controlling interests) for the fiscal years ended March 31, 2024 and 2025 was as follows:

	(Millions of yen)	
	2024	2025
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	(60)	(62)
Tax effect	40	(16)
Financial assets measured at fair value through other comprehensive income	(20)	(78)
Remeasurements of defined benefit plans		
Amount arising during the year	6,308	4,413
Tax effect	(1,626)	(1,290)
Remeasurements of defined benefit plans	4,682	3,123
Total of items that will not be reclassified to profit or loss	4,662	3,045
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations		
Amount arising during the year	69,011	(8,317)
Reclassification adjustments	—	(1,156)
Before tax effect	69,011	(9,473)
Tax effect	—	(157)
Exchange differences on translation of foreign operations	69,011	(9,630)
Cash flow hedges		
Amount arising during the year	8,669	2,146
Reclassification adjustments	(8,924)	1,018
Before tax effect	(255)	3,164
Tax effect	78	(970)
Cash flow hedges	(177)	2,194
Total of items that may be reclassified to profit or loss	68,834	(7,436)
Total other comprehensive income	73,496	(4,391)

34. Cash Flow Information

(1) Non-cash transactions

The major non-cash transactions are as follows:

	(Millions of yen)	
	2024	2025
Right-of-use assets acquired through lease transactions	14,838	17,374

(2) Liabilities arising from financing activities

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

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.

Fiscal year ended March 31, 2025

(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	—	—	—	—	—	—
Bonds (Note 1)	145,250	(20,000)	—	—	(766)	124,484
Long-term borrowings (Note 1)	154,366	(50,035)	—	(2)	289	104,618
Lease liabilities (Notes 1, 2)	60,943	(13,834)	17,374	(617)	(1,401)	62,465

Notes: 1. Balances redeemable within one year are included.

2. Movement due to cash inflows/outflows from financing activities for lease liabilities does not include the portion related to financial liabilities of (¥5,468 million), which is part of the “Repayments of lease liabilities” totaling (¥19,302 million) in the Consolidated Statement of Cash Flows.

(3) Payments for acquisition of business

There is no income or expenses from significant business acquisitions during the fiscal years ended March 31, 2024 and 2025.

(4) Payments for acquisition of subsidiaries

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

(Millions of yen)

	2024	2025
Consideration for acquisitions paid in cash	—	(3,896)
Cash and cash equivalents of assets acquired, at the time the Olympus Group obtained control of the subsidiaries	—	15
Payments for acquisition of subsidiaries	—	(3,881)

Note: For details, please see Note “40. Business Combinations.”

(5) Loss of control

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 “Profit from discontinued operation” in the Consolidated Statement of Profit or Loss.

Fiscal year ended March 31, 2025

(Transfer of Orthopedic Business)

(i) Overview of transaction

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., collectively, the “Polaris Capital Group”), to transfer Olympus Terumo Biomaterials Corporation and FH Ortho SAS (the “FHO Group”), Olympus’s Orthopedic Business. The transfer of the business in accordance with this agreement was completed on July 12, 2024. As a result of this, Olympus Corporation lost its control of Orthopedic Business on the same day.

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

	(Millions of yen)
	Amount
Current assets	10,122
Non-current assets	2,358
Total assets	12,480
Current liabilities	2,937
Non-current liabilities	1,093
Total liabilities	4,030

(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	5,634
Expenses related to transfer of businesses	(350)
Cash and cash equivalents of subsidiaries with the loss of control	(1,554)
Proceeds from the transfer of Orthopedic Business (Note)	3,730

Note: Proceeds from the transfer of Orthopedic 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 ¥435 million associated with the loss of control of Orthopedic Business in “Profit from discontinued operation” 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 collectability 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, 2024	234,544	4,833	264	239,641
Balance at March 31, 2025	255,713	4,696	254	260,663

There was no significant change that had a material impact on allowance for doubtful accounts for “Trade receivables” as of March 31, 2024 and 2025.

(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, 2024	40,409	4,559	668	45,636
Balance at March 31, 2025	25,294	4,685	595	30,574

There was no significant change that had material impacts on allowance for doubtful accounts for “Receivables other than trade receivables” as of March 31, 2024 and 2025.

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

(Millions of yen)

	Receivables other than trade receivables			
	Trade receivables	No significant increase in credit risk	Significant increase in credit risk	
			Non-credit-impaired financial assets	Credit-impaired financial assets
Balance at April 1, 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
Increase	824	—	117	—
Decrease	(1,096)	0	—	(1)
Other	(39)	—	—	(72)
Balance at March 31, 2025	5,030	1	4,674	595

(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, 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

As of March 31, 2025

(Millions of yen)

	Carrying amount	Contractual cash flows		
		Total	Within 1 year	Over 1 year
Non-derivative financial liabilities				
Bonds and borrowings	229,102	234,935	97,138	137,797
Lease liabilities	62,465	71,227	14,073	57,154
Derivative financial liabilities				
Currency derivatives	1,003	1,000	908	92
Interest rate derivatives	4	4	4	–

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)

	2024		2025	
	Contract amount	Fair value	Contract amount	Fair value
Foreign exchange forward contracts:	112,492	(1,480)	103,991	(405)
U.S. dollar	55,144	(899)	49,469	(91)
Other currency	57,348	(581)	54,522	(314)
Currency options	9,901	(299)	—	—
U.S. dollar	5,402	(194)	—	—
Other currency	4,499	(105)	—	—
Currency swaps	97,761	13,736	96,368	16,133
Receive other currencies / pay Euro	21,505	11	18,929	15
Receive Euro / pay other currencies	551	(1)	2,679	0
Receive U.S. dollar / pay Japanese yen	75,705	13,726	74,760	16,118
Total	220,154	11,957	200,359	15,728

(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)

	2024	2025
U.S. dollar	(42)	(166)
Euro	(59)	(142)

(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)

	2024	2025
Consolidated statement of profit or loss (profit before tax)	(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)

	2024	2025
Other comprehensive income (before tax effect)	(5)	(4)

(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, 2024 and 2025.

(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, 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

As of March 31, 2025

	(Millions of yen)			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through profit or loss				
Derivative assets	—	16,731	—	16,731
Equity securities and others	—	—	828	828
Financial assets measured at fair value through other comprehensive income				
Equity securities and others	424	—	15,159	15,583
Financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	—	1,007	—	1,007
Contingent consideration	—	—	1,689	1,689

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

	(Millions of yen)	
	2024	2025
Balance at April 1	7,368	7,718
Gains and losses (Note)		
Profit or loss	(18)	95
Other comprehensive income	(106)	53
Purchases	325	8,587
Sales	(405)	—
Other	554	(466)
Balance at March 31	7,718	15,987

Note: Gains or losses recognized in profit or loss are included in “Finance income” or “Finance costs” in the consolidated statement of profit or loss. Gains or losses recognized in other comprehensive income are included in “Financial assets measured at fair value through other comprehensive income” in the consolidated statement of comprehensive income.

Total gains or losses recognized in profit or loss included a loss of ¥71 million and a gain of ¥95 million on financial instruments held as of the years ended March 31, 2024 and 2025, respectively.

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

	(Millions of yen)	
	2024	2025
Balance at April 1	8,226	7,119
Settlement	(3,421)	(6,000)
Change in fair value	1,400	564
Other	914	6
Balance at March 31	7,119	1,689

(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)				
	2024		2025	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Lease receivables	86,238	86,085	105,382	105,176
Financial liabilities				
Bonds	145,250	139,324	124,484	120,093
Borrowings	94,372	94,225	94,611	93,145

(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	2024
Delfi Diagnostics, Inc.	3,785
Noah Medical Corporation	2,271
OHARA INC.	538

(Millions of yen)	
Bond name	2025
Neptune Medical	5,981
Delfi Diagnostics, Inc.	4,020
Noah Medical Corporation	2,243
Neuspera Medical	1,495
OHARA INC.	424

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)		
	2024	2025
Fair value at the date of sale	200	—
Cumulative gains or losses on sale	0	—

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

(Millions of yen)

	2024	2025
Equity instruments derecognized during the year	0	—
Equity instruments held at the end of year	11	12
Total	11	12

(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, 2024 and 2025.

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, 2025, 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, 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%

As of March 31, 2025

(Millions of yen)

	Notional amount	Over 1 year	Carrying amount (Note)		Interest rate
			Assets	Liabilities	
Interest rate swaps	10,000	—	—	4	Variable rate receipt: 6-month Japanese yen TIBOR Fixed rate payment: 1.3815%
Interest rate and currency swaps	74,760	74,760	16,118	—	Fixed rate receipt: U.S. dollar 2.143% Fixed rate payment: Japanese yen 0.6975%

Note: The amounts 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)	
	2024	2025
Interest rate swaps	(82)	(4)
Interest rate and currency swaps	(5,622)	(2,536)

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, 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)

Fiscal year ended March 31, 2025

	(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	18	60
Interest rate and currency swaps	2,128	958

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, 2024 and 2025 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)	
	2024	2025
Transferred financial assets	1,248	29
Related liabilities	1,248	29
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)	
	2024	2025
Lease income (loss)	19,152	24,086
Interest income	4,372	5,437

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

	(Millions of yen)	
	2024	2025
Undiscounted lease payments to be received		
Within 1 year	39,375	44,453
More than 1 year, but within 2 years	23,657	27,999
More than 2 years, but within 3 years	14,104	19,344
More than 3 years, but within 4 years	6,133	9,456
More than 4 years, but within 5 years	2,569	3,362
More than 5 years	420	312
Total	86,258	104,926
Unguaranteed residual value	8,273	10,198
Unearned finance income	(8,293)	(9,742)
Net investment in the lease	86,238	105,382

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

	(Millions of yen)	
	2024	2025
Lease income	30,844	29,411
Variable lease payments (Note)	15,402	16,594

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)	
	2024	2025
Within 1 year	17,348	16,491
More than 1 year, but within 2 years	10,306	10,390
More than 2 years, but within 3 years	4,732	5,038
More than 3 years, but within 4 years	2,228	2,481
More than 4 years, but within 5 years	1,223	1,365
More than 5 years	526	383
Total	36,363	36,148

(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 material leases that have not yet commenced among lease contracts concluded by the Olympus Group as of March 31, 2024 and 2025.

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 ¥22,863 million and ¥22,362 million for the fiscal years ended March 31, 2024 and 2025, respectively.

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

	(Millions of yen)	
	2024	2025
Revenue from sublease of right-of-use assets	7	3
Depreciation of right-of-use assets by underlying asset class		
Land	188	194
Buildings and structures	8,969	7,821
Machinery and vehicles	2,980	3,435
Tools, furniture and fixtures	875	806
Interest expense under lease obligations	1,850	2,085
Expenses under short-term leases	732	499
Expenses under leases of low-value asset	1,078	954

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)	
	2024	2025
Deferred tax assets		
Inventories	7,387	7,926
Prepaid expenses	11,315	8,263
Accrued bonuses	7,219	6,112
Accrued expenses	5,776	6,433
Unrealized intercompany profits	19,385	20,222
Property, plant and equipment	12,413	10,798
Intangible assets	3,077	2,619
Interest rate swaps	25	1
Deferred gains or losses on hedges	1,721	776
Retirement benefit liability	1,221	2,543
Loss carryforwards	5,783	5,213
Lease liabilities	15,705	14,177
Provision for product warranties	12,284	9,034
Other	7,348	4,697
Total	111,159	98,815
Deferred tax liabilities		
Property, plant and equipment	(8,874)	(10,758)
Financial assets measured at fair value through other comprehensive income	(146)	(155)
Retirement benefit asset	(7,860)	(8,825)
Fair value differences on acquisition	(3,372)	(3,108)
Capitalized development costs	(9,452)	(5,055)
Retained profit of overseas subsidiaries	(2,036)	(2,454)
Right-of-use assets	(14,283)	(13,225)
Other	(4,801)	(3,466)
Total	(50,824)	(47,046)
Net deferred tax assets and liabilities	60,335	51,768

(Amendments to IAS 12 “Income Taxes”)

The Olympus Group has 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.

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)	
	2024	2025
Loss carryforwards	4,671	4,929
Deductible temporary differences	16,903	13,761
Tax credits carried forward	1,112	1,023
Total	22,686	19,713

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

	(Millions of yen)	
	2024	2025
Within 4th year	—	—
5th year and thereafter	4,671	4,929
Total	4,671	4,929

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 ¥310,790 million and ¥358,223 million as of March 31, 2024 and 2025, respectively.

(2) Income tax expenses

The breakdown of income tax expenses was as follows:

	(Millions of yen)	
	2024	2025
Current tax expenses (Notes 1, 2)	34,814	34,749
Deferred tax expenses (Notes 3, 4, 5)	(26,268)	6,521
Total of income tax expenses	8,546	41,270

- 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, 2024 and 2025 decreased by ¥2,423 million and ¥3,062 million, respectively. In addition, the current tax expense for the fiscal year ended March 31, 2025 includes the corporation tax for the previous fiscal year of ¥1,109 million.
2. The amount of income taxes for global minimum tax included in current tax expenses for the fiscal year ended March 31, 2025 was ¥4,743 million.
3. The deferred tax expense includes tax losses which were previously not recorded, tax credits or benefits resulting from temporary differences for prior periods. Consequently, the deferred tax expense decreased by ¥552 million for the fiscal year ended March 31, 2024 and increased by ¥200 million for the fiscal year ended March 31, 2025, respectively.
4. The deferred tax expense includes devaluation of deferred tax assets and the reversal of devaluation of deferred tax assets which was previously recorded (assessment of recoverability of deferred tax assets). Consequently, the deferred tax expense decreased by ¥508 million and ¥2,595 million for the fiscal year ended March 31, 2024 and 2025, respectively.
5. The deferred tax expense increased by ¥867 million for the fiscal year ended March 31, 2024 and by ¥137 million for the fiscal year ended March 31, 2025 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, 2024 and 2025 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, 2024 and 2025, respectively. Overseas subsidiaries are subject to income taxes of the countries in which they operate.

	2024	2025
Effective statutory tax rate	30.6%	30.6%
Non-deductible expense, such as entertainment expenses	8.7	1.9
Non-taxable income, such as dividend income	(4.0)	(0.2)
Tax credit for experimental research cost and others	(8.9)	(2.7)
Different tax rates applied to subsidiaries	(1.0)	(5.3)
Subsidiaries reserve	(4.4)	0.7
Change in unrecognized deferred tax assets and liabilities	(10.7)	(3.5)
Change in deferred tax assets at the end of fiscal year due to changes in tax rates	2.4	0.1
Effects of organizational restructuring	6.7	5.6
Other	0.3	(1.3)
Average actual tax rate	19.6%	25.9%

38. Major Subsidiaries

(1) Structured entities

Major subsidiaries as of March 31, 2025 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
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

Company name	Location	Main business	Voting rights held by Olympus Corporation (%)
Olympus America Inc. (Notes 1, 2, 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]
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)	Wieringerwerf, 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]
Olympus Global Treasury Services Limited	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. (Note 1)	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]
48 others	—	—	—
(Equity method affiliated companies)			
Sony Olympus Medical Solutions Inc.	Hachioji-shi, Tokyo	Development of Endoscopic Solutions Business products	49
2 others	—	—	—

- Notes:
1. Figures disclosed in parentheses in the “Voting rights held by Olympus Corporation” column represent voting rights held indirectly by Olympus Corporation.
 2. The company falls under the category of “specified subsidiary.”
 3. Olympus Marketing, Inc. and Olympus America Inc. account for more than one-tenth of consolidated revenue.
 4. 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, 2024 and 2025, there was no individually significant subsidiary having non-controlling interests.

39. Related-party Transactions

(1) Related-party transactions

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 ended March 31, 2024 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 ended March 31, 2024 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.

Fiscal year ended March 31, 2025

	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)
Offi- cer	Yasuo Takeuchi	Ownership Direct 0.0	Director, Representative Executive Officer, Executive Chairperson and ESG Officer (Note 1)	Contribution in kind of monetary compensation claims (Note 6)	224	—	—
Offi- cer	Stefan Kaufmann	Ownership Direct 0.0	Director, Representative Executive Officer, President and CEO (Note 2)	Contribution in kind of monetary compensation claims (Note 6)	204	—	—
Offi- cer	Frank Drewalows ki	Ownership Direct 0.0	Executive Officer and ESD Head (Note 3)	Contribution in kind of monetary compensation claims (Note 6)	69	—	—
Offi- cer	Andre Heribert Roggan	Ownership Direct 0.0	Executive Officer and CTO (Note 4)	Contribution in kind of monetary compensation claims (Note 6)	59	—	—
Offi- cer	Tetsuo Kobayashi	Ownership Direct 0.0	Executive Officer and CMSO	Contribution in kind of monetary compensation claims (Note 6)	38	—	—
Offi- cer	Shigeto Ohtsuki	Ownership Direct 0.0	Executive Officer and CHRO	Contribution in kind of monetary compensation claims (Note 6)	22	—	—
Offi- cer	Gabriela Castillo Kaynor	Ownership Direct 0.0	Executive Officer and CSO	Contribution in kind of monetary compensation claims (Note 7)	22	—	—
Offi- cer	Yasumasa Masuda	Ownership Direct 0.0	Director (Note 5)	Contribution in kind of monetary compensation claims (Note 7)	22	—	—
Offi- cer	Yasushi Shingai	Ownership Direct 0.0	Director (Note 5)	Contribution in kind of monetary compensation claims (Note 7)	15	—	—
Offi- cer	Toshihiko Okubo	Ownership Direct 0.0	Director	Contribution in kind of monetary compensation claims (Note 6)	13	—	—

- Notes: 1. Having assumed the post of Director, Representative Executive Officer, Executive Chairperson, President and Chief Executive Officer, and ESG Officer on April 1, 2025, he assumed the post of Director, Representative Executive Officer, Executive Chairperson, and ESG Officer on June 1, 2025.
2. He departed due to resignation from the board of directors on October 28, 2024, and the above table shows transactions during the fiscal year ended March 31, 2025 related to his terms of office.
3. He assumed the post of Executive Officer and Gastrointestinal Solutions on April 1, 2025.
4. He resigned from the board of directors on March 31, 2025, and the above table shows transactions during the fiscal year ended March 31, 2025 related to his terms of office.
5. They resigned from the board of directors on June 26, 2024, and the above table shows transactions during the fiscal year ended March 31, 2025 related to their terms of office.
6. It is due to contribution in kind of monetary compensation claims accompanying PSU system and RSU system.
7. It is due to contribution in kind of monetary compensation claims accompanying RSU system.

(2) Remuneration for management executives

(Millions of yen)

	2024	2025
Remuneration and bonuses	2,953	2,594
Stock compensation	1,469	1,001
Total	4,422	3,595

40. Business Combinations

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.

	Provisional fair value as of March 31, 2023	Subsequent revision	(Millions of yen) 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.

Fiscal year ended March 31, 2025

(Acquisition of Sur Medical SpA)

(1) Outline of business combination

(i) Name and description of acquired business

Name of the acquired business: Sur Medical SpA (hereinafter “Surmedical”)

Description of business: Sales of medical devices

(ii) Primary reason for business combination

For more than ten years, Surmedical has helped to establish our leadership in the GI area as a partner to Olympus. It has also strengthened Olympus Corporation’s presence in the GI EndoTherapy market and built reliable medical device repair services.

Purchasing from Surmedical the business that sells Olympus products will enable Olympus Corporation to roll out sales and business strategies for its own products in Chile going forward, and improve operational efficiency and customer service.

(iii) Acquired ratio of holding capital with voting rights

100%

(iv) Acquisition date

January 14, 2025

(v) Acquisition method to govern the acquired company

Cash consideration for the acquisition of shares

(2) Acquisition-related expense

The acquisition-related expense of ¥105 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, etc.	4,541
Total	4,541
Fair value of assets acquired and liabilities assumed	
Cash and cash equivalents	16
Trade and other receivables	701
Inventories	513
Other current assets	319
Property, plant and equipment	247
Intangible assets (excluding goodwill)	1,732
Trade and other payables	(44)
Other current liabilities	(337)
Deferred tax liabilities	(9)
Fair value of assets acquired and liabilities assumed, net	3,138
Goodwill	1,403
Total	4,541

Based on the fair value of consideration paid on the acquisition date, we have allocated the assets acquired and liabilities assumed. However, as this allocation is not yet complete, the above values represent provisional fair values based on the best estimates at present. In the event we can receive and evaluate additional information relating to facts and conditions present at the point of acquisition, we may adjust the above values for a period of one year from the acquisition date.

Goodwill mainly represents a rational estimate of the expected future excess earning power. Furthermore, the amount of goodwill recognized does not include the amount that is expected to be deductible for tax purposes.

(4) Impacts on the Olympus Group

Olympus Corporation omits making a description concerning profit or loss information of the said business combination on and after the acquisition date as well as profit or loss information under the assumption that the said business combination was conducted at the beginning of the fiscal year ended March 31, 2025. 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.

41. Discontinued Operation

(1) Scientific Solutions Business

On August 29, 2022, Olympus Corporation concluded a share transfer agreement related to the transfer of Scientific Solutions Business of the Olympus Group with K.K. BCJ-66, a special purpose company indirectly owned by funds advised by Bain Capital. Due to this, profit or loss from the Scientific

Solutions Business has been classified as profit or loss from discontinued operation. 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.”

(i) Profit (loss) of discontinued operation

Profit (loss) of discontinued operations is as follows:

	(Millions of yen)	
	2024	2025
Revenue	—	—
Cost of sales	—	—
Gross profit	—	—
Selling, general and administrative expenses	244	—
Share of profit (loss) of investments accounted for using equity method	—	—
Other income (Note 1)	349,151	—
Other expenses (Note 2)	631	—
Operating profit	348,276	—
Finance income	—	—
Finance costs	—	—
Profit before tax	348,276	—
Income taxes (Note 3)	132,320	—
Profit from discontinued operation	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 ¥161 million in the fiscal year ended March 31, 2024 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.

(ii) Cash flows of discontinued operation

Cash flows of discontinued operation are as follows:

	(Millions of yen)	
Cash flows of discontinued operation	2024	2025
Net cash used in operating activities	(57,569)	—
Net cash provided by investing activities	431,091	—
Net cash provided by (used in) financing activities	—	—

Note: Net cash provided by 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.

(2) Orthopedic business

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., collectively, the “Polaris Capital Group”), to transfer Olympus Terumo Biomaterials Corporation and FH Ortho SAS (the “FHO Group”), Olympus’s Orthopedic Business, a process that was completed on July 12, 2024.

Due to this, profit or loss from the Orthopedic Business has been classified as profit or loss from discontinued operation from the six months ended September 30, 2024, and it has been presented in the same manner for the fiscal year ended March 31, 2024.

(i) Profit (loss) of discontinued operation

Profit (loss) of discontinued operations is as follows:

	(Millions of yen)	
	2024	2025
Revenue	10,458	2,929
Cost of sales	3,767	987
Gross profit	6,691	1,942
Selling, general and administrative expenses	6,473	1,908
Share of profit (loss) of investments accounted for using equity method	—	—
Other income	1,234	436
Other expenses (Note 1)	9,241	428
Operating profit	(7,789)	42
Finance income	42	22
Finance costs	10	3
Profit before tax	(7,757)	61
Income taxes	335	6
Profit from discontinued operation	(8,092)	55

Note: 1. Other expenses include ¥8,588 million in the fiscal year ended March 31, 2024 for the impairment losses of assets of Orthopedic Business.

(ii) Cash flows of discontinued operation

Cash flows of discontinued operation are as follows:

	(Millions of yen)	
Cash flows of discontinued operation	2024	2025
Net cash used in operating activities	(155)	(467)
Net cash provided by investing activities (Note)	427	6,551
Net cash used in financing activities	(3,268)	(43)

Note: Net cash provided by investing activities in the fiscal year ended March 31, 2025 includes proceeds from the transfer of the Orthopedic Business of ¥3,730 million and proceeds from the collection of loans receivable from Olympus Terumo Biomaterials Corporation of ¥3,101 million.

42. Contingent Liabilities

The Olympus Group has no significant contingent liabilities.

43. Subsequent Events

(Changes in reportable segments)

The Olympus Group reorganized the previous Endoscopic Solutions and Therapeutic Solutions to Gastrointestinal Solutions Division and Surgical & Interventional Solutions Division from the fiscal year ending March 31, 2026.

In conjunction with this organizational restructuring, the reportable segments have been changed from the previous “Endoscopic Solutions” and “Therapeutic Solutions” to “Gastrointestinal Solutions Division” and “Surgical & Interventional Solutions Division.” In addition, the role of Olympus-wide shared functions has changed due to the focusing of the business portfolio, which has advanced further, and the specialization toward the medical business. Accordingly, we reviewed the method for allocating shared expenses and are now allocating expenses for basic research, etc. from these functions to the business units. The financial information that we disclose concerning the changed reportable segments has not been finalized at this time.

(Share repurchase and cancellation of treasury shares)

At a meeting of the Board of Directors held on May 13, 2025, Olympus Corporation resolved items related to the share repurchase and the specific means of repurchase as provided for in Article 459, Paragraph 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: | 36,000,000 shares (maximum)
(3.19% of total number of issued shares (excluding treasury shares)) |
| 3. | Total amount of shares to be repurchased: | ¥50,000 million (maximum) |
| 4. | Repurchase period: | July 28, 2025 to October 31, 2025 |
| 5. | Repurchase method: | Market purchase on the Tokyo Stock Exchange based on a discretionary trading contract |

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

(Based on delivery date)

- | | | |
|----|-------------------------------------|--------------------------------|
| 1. | Total number of shares repurchased: | 1,048,900 shares |
| 2. | Total amount of shares repurchased: | ¥1,905 million |
| 3. | Repurchase period: | July 28, 2025 to July 31, 2025 |

(Based on contract date)

- | | | |
|----|-------------------------------------|--------------------------------|
| 1. | Total number of shares repurchased: | 2,114,500 shares |
| 2. | Total amount of shares repurchased: | ¥3,832 million |
| 3. | Repurchase period: | July 28, 2025 to July 31, 2025 |

(4) Details of cancellation

- | | | |
|----|------------------|-------------------------------------|
| 1. | Class of shares: | Common stock of Olympus Corporation |
|----|------------------|-------------------------------------|

- | | | |
|----|-----------------------------------|--|
| 2. | Number of shares to be cancelled: | Total number of shares after excluding shares earmarked for use for share-based payments in the future (3,000,000 shares) from the number of shares to be repurchased in (2) above |
| 3. | Date of cancellation: | November 28, 2025 |

(Substantial borrowings)

Olympus Corporation has arranged business financing and long-term working capital as follows:

- | | | |
|----|-----------------------------|-------------------------------------|
| 1. | (1) Source of borrowings: | Sumitomo Mitsui Banking Corporation |
| | (2) Amount of borrowings: | ¥25,000 million |
| | (3) Borrowing rate: | 1.48% (fixed rate) |
| | (4) Drawdown date: | May 30, 2025 |
| | (5) Maturity date: | May 31, 2032 |
| | (6) Repayment method: | Lump-sum repayment upon maturity |
| | (7) Collateral / guarantee: | None |
| 2. | (1) Source of borrowings: | Sumitomo Mitsui Banking Corporation |
| | (2) Amount of borrowings: | ¥10,000 million |
| | (3) Borrowing rate: | 1.55% (fixed rate) |
| | (4) Drawdown date: | May 30, 2025 |
| | (5) Maturity date: | May 31, 2035 |
| | (6) Repayment method: | Lump-sum repayment upon maturity |
| | (7) Collateral / guarantee: | None |
| 3. | (1) Source of borrowings: | The Hachijuni Bank, Ltd. |
| | (2) Amount of borrowings: | ¥15,000 million |
| | (3) Borrowing rate: | 0.938% (fixed rate) |
| | (4) Drawdown date: | May 30, 2025 |
| | (5) Maturity date: | May 31, 2029 |
| | (6) Repayment method: | Lump-sum repayment upon maturity |
| | (7) Collateral / guarantee: | None |
| 4. | (1) Source of borrowings: | MUFG Bank, Ltd. |
| | (2) Amount of borrowings: | ¥20,000 million |
| | (3) Borrowing rate: | 1.07% (fixed rate) |
| | (4) Drawdown date: | June 4, 2025 |
| | (5) Maturity date: | June 2, 2028 |
| | (6) Repayment method: | Lump-sum repayment upon maturity |
| | (7) Collateral / guarantee: | None |

(Issuance of unsecured bonds)

Olympus Corporation issued unsecured bonds on June 11, 2025 following the determination of issuance terms and conditions as given below:

28th unsecured bonds

- | | | |
|----|------------------------|------------------------------|
| 1. | Total amount of issue: | ¥15,000 million |
| 2. | Issue price: | 100% of the principal amount |
| 3. | Interest rate: | 1.237% per annum |
| 4. | Closing date: | June 17, 2025 |

- | | |
|---------------------|--|
| 5. Maturity date: | June 16, 2028 |
| 6. Redemption: | The bonds will be redeemed in full upon maturity. |
| 7. Use of proceeds: | Redemption of corporate bonds and repayments of borrowings |
| 8. Covenants: | Inter-bond pari passu clause |

29th unsecured bonds

- | | |
|---------------------------|--|
| 1. Total amount of issue: | ¥15,000 million |
| 2. Issue price: | 100% of the principal amount |
| 3. Interest rate: | 1.453% per annum |
| 4. Closing date: | June 17, 2025 |
| 5. Maturity date: | June 17, 2030 |
| 6. Redemption: | The bonds will be redeemed in full upon maturity. |
| 7. Use of proceeds: | Redemption of corporate bonds and repayments of borrowings |
| 8. Covenants: | Inter-bond pari passu clause |

(Investment in joint venture)

At a meeting of the Board of Directors held on July 25, 2025, Olympus Corporation resolved to enter into an investment agreement, via consolidated subsidiary Olympus Corporation of the Americas, with Revival Healthcare Capital LLC (“Revival”) in relation to a joint venture in the medical device business, and completed this investment on July 25, 2025.

(1) Establishment of joint venture and reason for investment

The Olympus Group believes that development of endoluminal robots will contribute to the spread of minimally invasive laparoscopic surgery and improved medical outcomes, leading to better health and happiness for greater numbers of patients. It is proactively investing in endoluminal robotics both through its own research and development and through investments in startups.

As one option for achieving endoluminal robots, the Company has invested together with Revival in joint venture Swan EndoSurgical, Inc. with the aim of developing new products in endoluminal robotics.

(2) Name and description of joint venture

Name: Swan EndoSurgical, Inc.

Description of business: Development of endoluminal robot products

(3) Timing of investment in joint venture

July 25, 2025

(4) Ratio of equity to be acquired and investment amount

Ratio of equity to be acquired: 45%

Investment amount: USD29.3 million

The Olympus Group and Revival will make investments in Swan EndoSurgical in the form of milestone payments over multiple years, dependent on it achieving certain targets agreed in advance. The two companies together will make a total investment of 458 million U.S. dollars over the next six years, so the potential investment for Olympus Corporation is 206 million U.S. dollars.

The Olympus Group will recognize the investment as a joint venture and account for the joint venture using the equity method.

(5) Important contractual matters

Under this agreement, the Olympus Group has a call option for the joint venture, but in the event that the Olympus Group does not exercise that option, Revival has the right to force the Olympus Group to purchase the joint venture.

(6) Impacts on consolidated profit or loss

The impact on the consolidated financial statements of expenses associated with the investment in the joint venture and expenses related to development this fiscal year are currently under review, but the impact on consolidated performance for the fiscal year ending March 31, 2026, is expected to be approximately ¥7,000 million.

(Consideration based on an agreement to license usage)

Olympus Corporation recorded ¥5,995 million in “Other income” in the first quarter of the fiscal year ending March 31, 2026 as consideration based on an agreement licensing usage to Evident Corporation.