OLYMPUS

Consolidated Financial Statements and Notes

For the Fiscal Year Ended March 31, 2026

(from April 1, 2025 to March 31, 2026)

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

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, 2026, 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, 2026, 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, including those applicable to audits of financial statements of public interest entities, 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 Surgical & Interventional Solutions Division 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 Surgical & Interventional Solutions Division segment (cash generating unit) in the fiscal year ended March 31, 2026. As of March 31, 2026, the amount of goodwill for the Surgical & Interventional Solutions Division segment was	In considering the valuation of goodwill of the Surgical & Interventional Solutions Division segment, we performed the following audit procedures, among others: ● 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 Surgical & Interventional Solutions Division, which is the basis of the business plan having a maximum term of five years. We made

¥179,576 million (11.7% of total assets of the Consolidated Statement of Financial Position). In performing the impairment test for goodwill related to the Surgical & Interventional Solutions Division 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. ・Growth rate and operating margin in the business plan ・Discount rate 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 Surgical & Interventional Solutions Division, and competition with products of other companies. Selecting calculation methods and inputs for the discount rate requires a high degree of specialized knowledge in valuations. Considering that, in the fiscal year ended March 31, 2026, 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, the Import Alerts issued in the current fiscal year, and the latest FDA inspection continued to be incurred, along with heightened uncertainty in the external environment, we determined the valuation of goodwill of the Surgical & Interventional Solutions Division segment to be a key audit matter.	inquiries of management and discussed the following matters: ・ The consistency between the Corporate Strategy announced by the Company in November 2025 and the strategies in the Surgical & Interventional Solutions Division ・ The impact of the progress and future outlook of the improvement plan regarding the findings raised in the FDA warning letters, Import Alerts, and the latest FDA inspection on development activities on new products, the timing of product launch into the market, 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 also compared estimates of expenses to meet FDA requirements with related expenses and inspected and obtained an understanding of the estimated costs to be incurred in the future. 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: ・ 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.

Examination of expenses for organizational transformation and personnel optimization measures	
Description of Key Audit Matter	Auditor’s Response
As described under Note 30 “Other Income and Other Expenses” to the Consolidated Financial Statements in the fiscal year ended March 31, 2026, the Company recorded ¥26,872 million for expenses for organizational transformation and personnel optimization measures in “Other expenses.” On November 7, 2025, the Company announced a Corporate Strategy aimed at achieving sustainable growth. In order to steadily execute and achieve the objectives of this strategy, the Company decided to introduce a new operating model, and, accordingly, has determined to implement a global personnel optimization program. The program includes economic compensation for employees in applicable countries and regions. Management is required to exercise careful judgment in regards to the period that related expenses are recognized and their measurement methods, as these differ according to jurisdiction. Additionally, the total amount of these expenses has a significant impact on profit before tax. Therefore, we determined the examination of expenses for organizational transformation and personnel optimization measures to be a key audit matter.	In order to examine the reasonableness of the expenses related to transforming the organization on a global level and to implement personnel optimization measures, we performed the following audit procedures, among others: Overall ● We made inquiries of management, inspected related materials, and obtained a management representation letter to consider whether estimates for the global personnel optimization program have been exhaustively recorded. Japan-specific ● Regarding the economic compensation for employees in Japan, we selected samples from the economic compensation summary sheet as of March 31, 2026, inspected the application forms for the career support system for external opportunity or both the retirement terms notification letters and retirement agreement letters, reconciled them with the economic compensation summary sheet, and assessed the accuracy of the calculations in this sheet. ● We reconciled the economic compensation summary sheet prepared by the accounting department with the list of employees scheduled to retire prepared by HR, and assessed the completeness of the sheet. ● We assessed whether the list of employees scheduled to retire was consistent with the actual number of retirees after the reporting period. ● We reconciled the expenses other than economic compensation with related evidence. Overseas subsidiaries-specific ● Regarding the portion for overseas subsidiaries, we instructed the applicable component teams to consider the appropriateness of the timing of recognition and the reasonableness of the amounts recorded for the economic compensation and other compensation. We also held discussions and confirmed the amounts recorded with the component teams.

Other Information

The other information comprises the information included in disclosure documents that contain 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, 2026 are 1,428 million yen and 68 million yen, respectively.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Ernst & Young ShinNihon LLC
Tokyo, Japan

August 7, 2026

Makoto Usui
Designated Engagement Partner
Certified Public Accountant

Masanori Enomoto
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, 2026

(Millions of yen)

	Notes	2025	2026
ASSETS			
Current assets			
Cash and cash equivalents	7,35	252,532	188,038
Trade and other receivables	8,35	204,183	236,833
Other financial assets	10,35, 40	2,392	28,421
Inventories	9	187,145	207,092
Income taxes receivable		4,382	13,255
Other current assets	11,40	28,475	32,669
Subtotal		679,109	706,308
Assets held for sale	12	449	–
Total current assets		679,558	706,308
Non-current assets			
Property, plant and equipment	13,40	263,340	287,209
Goodwill	14,40	180,593	194,238
Intangible assets	14	93,971	101,032
Retirement benefit asset	23	40,510	51,189
Investments accounted for using equity method	40	482	1,397
Trade and other receivables	8,35	64,200	84,223
Other financial assets	10,35	43,440	35,368
Deferred tax assets	37	65,400	70,716
Other non-current assets	11	1,779	5,482
Total non-current assets		753,715	830,854
Total assets		1,433,273	1,537,162

(Millions of yen)

	Notes	2025	2026
LIABILITIES AND EQUITY			
Liabilities			
Current liabilities			
Trade and other payables	17,35, 40	61,420	80,646
Bonds and borrowings	18,35	94,985	79,876
Other financial liabilities	19,35	21,829	26,982
Income taxes payable		42,451	30,828
Provisions	20	16,001	16,318
Other current liabilities	21,22	188,680	202,224
Total current liabilities		425,366	436,874
Non-current liabilities			
Bonds and borrowings	18,35	134,117	159,700
Other financial liabilities	19,35	62,802	66,611
Retirement benefit liability	23	19,800	20,019
Income taxes payable		4,743	–
Provisions	20	2,095	9,632
Deferred tax liabilities	37,40	14,074	12,092
Other non-current liabilities	21,22	18,543	20,194
Total non-current liabilities		256,174	288,248
Total liabilities		681,540	725,122
Equity			
Share capital	24	124,643	124,643
Capital surplus	24	92,433	93,101
Treasury shares	24	(27,923)	(26,631)
Other components of equity	24	141,613	198,596
Retained earnings	24	420,967	422,331
Total equity attributable to owners of parent		751,733	812,040
Total equity		751,733	812,040
Total liabilities and equity		1,433,273	1,537,162

Consolidated Statement of Profit or Loss
Olympus Corporation and Consolidated Subsidiaries
For the fiscal year ended March 31, 2026

(Millions of yen)

	Notes	2025	2026
Continuing operations			
Revenue	6,28	997,332	1,010,676
Cost of sales	9,13 14,23	313,635	356,586
Gross profit		683,697	654,090
Selling, general and administrative expenses	13,14 23,29	495,654	507,080
Share of profit (loss) of investments accounted for using equity method	6	466	(3,700)
Other income	30	5,246	11,345
Other expenses	16,30	31,293	57,535
Operating profit	6	162,462	97,120
Finance income	31,40	3,449	6,171
Finance costs	31,40	6,841	9,297
Profit before tax		159,070	93,994
Income taxes	37	41,270	25,822
Profit from continuing operations		117,800	68,172
Discontinued operation			
Profit from discontinued operation	34,41	55	–
Profit		117,855	68,172
Profit attributable to:			
Owners of parent		117,855	68,172
Profit		117,855	68,172
Earnings per share			
Basic earnings per share (yen)			
Continuing operations	32	102.94	61.32
Discontinued operation	32	0.05	–
Basic earnings per share	32	102.99	61.32
Diluted earnings per share (yen)			
Continuing operations	32	102.75	61.20
Discontinued operation	32	0.05	–
Diluted earnings per share	32	102.80	61.20

Consolidated Statement of Comprehensive Income
Olympus Corporation and Consolidated Subsidiaries
For the fiscal year ended March 31, 2026

(Millions of yen)

	Notes	2025	2026
Profit		117,855	68,172
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Financial assets measured at fair value through other comprehensive income	33	(78)	24
Remeasurements of defined benefit plans	33	3,123	5,296
Total of items that will not be reclassified to profit or loss	33	3,045	5,320
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	33	(9,630)	56,435
Cash flow hedges	33	2,194	524
Total of items that may be reclassified to profit or loss	33	(7,436)	56,959
Total other comprehensive income (loss)		(4,391)	62,279
Comprehensive income		113,464	130,451
Comprehensive income attributable to:			
Owners of parent		113,464	130,451
Comprehensive income		113,464	130,451

Consolidated Statement of Changes in Equity
Olympus Corporation and Consolidated Subsidiaries

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	757,186
Profit						117,855	117,855	117,855
Other comprehensive income					(4,391)		(4,391)	(4,391)
Comprehensive income		–	–	–	(4,391)	117,855	113,464	113,464
Share repurchase	24			(100,002)			(100,002)	(100,002)
Disposal of treasury shares	24		(172)	172			0	0
Cancellation of treasury shares	24		(172,499)	172,499			–	–
Dividends from surplus	26					(20,981)	(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	2,066
Total transactions with owners		–	401	74,094	(3,123)	(190,289)	(118,917)	(118,917)
Balance at March 31, 2025		124,643	92,433	(27,923)	141,613	420,967	751,733	751,733

For the fiscal year ended March 31, 2026

(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, 2025		124,643	92,433	(27,923)	141,613	420,967	751,733	751,733
Profit						68,172	68,172	68,172
Other comprehensive income					62,279		62,279	62,279
Comprehensive income		–	–	–	62,279	68,172	130,451	130,451
Share repurchase	24			(50,002)			(50,002)	(50,002)
Disposal of treasury shares	24		(98)	98			0	0
Cancellation of treasury shares	24		(49,032)	49,032			–	–
Dividends from surplus	26					(22,556)	(22,556)	(22,556)
Transfer from retained earnings to capital surplus			49,551			(49,551)	–	–
Transfer from other components of equity to retained earnings					(5,296)	5,296	–	–
Share-based payment transactions	27		247	2,164		3	2,414	2,414
Total transactions with owners		–	668	1,292	(5,296)	(66,808)	(70,144)	(70,144)
Balance at March 31, 2026		124,643	93,101	(26,631)	198,596	422,331	812,040	812,040

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, 2026

(Millions of yen)

	Notes	2025	2026
Cash flows from operating activities			
Profit before tax		159,070	93,994
Profit before tax from discontinued operation	41	61	–
Depreciation and amortization		66,456	67,216
Impairment losses	16,30	3,636	12,085
Interest and dividend income		(3,308)	(2,522)
Interest expenses		4,628	4,816
Share of loss (profit) of investments accounted for using equity method		(466)	3,700
Decrease (increase) in trade and other receivables		(27,725)	(30,460)
Decrease (increase) in inventories		(3,410)	(10,666)
Increase (decrease) in trade and other payables		(1,926)	18,521
Increase (decrease) in retirement benefit liability		1,408	(498)
Decrease (increase) in retirement benefit asset		(1,197)	(735)
Increase (decrease) in provisions	20	(15,225)	6,068
Other		6,338	2,966
Subtotal		188,340	164,485
Interest received		3,296	2,509
Dividends received		12	13
Interest paid		(4,194)	(4,048)
Income taxes refund (paid)		3,009	(62,374)
Net cash provided by operating activities		190,463	100,585

(Millions of yen)

	Notes	2025	2026
Cash flows from investing activities			
Purchase of property, plant and equipment		(46,001)	(55,558)
Purchase of intangible assets		(19,208)	(26,865)
Purchase of investment securities		(8,588)	(5,144)
Proceeds from the transfer of the Orthopedic Business	34,41	3,730	–
Payments for acquisition of subsidiaries	34,40	(3,881)	–
Payments for contingent consideration		(4,793)	(170)
Amount recovered upon cancellation of share purchase agreement		7,603	3,032
Other	40	5,669	(2,703)
Net cash used in investing activities		(65,469)	(87,408)
Cash flows from financing activities			
Proceeds from long-term borrowings	34	–	70,000
Repayments of lease liabilities	34	(19,302)	(19,910)
Repayments of long-term borrowings	34	(50,035)	(70,000)
Dividends paid	26	(20,981)	(22,556)
Payments for share repurchase		(100,002)	(50,002)
Proceeds from issuance of bonds	34	–	29,873
Redemption of bonds	34	(20,000)	(25,000)
Other		(1,222)	(32)
Net cash used in financing activities		(211,542)	(87,627)
Effect of exchange rate changes on cash and cash equivalents		(1,853)	9,956
Net increase (decrease) in cash and cash equivalents		(88,401)	(64,494)
Cash and cash equivalents at beginning of period		340,933	252,532
Cash and cash equivalents at end of period	7	252,532	188,038

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's business operations comprise the Gastrointestinal Solutions Division and Surgical & Interventional Solutions Division. 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 Accounting Standards ("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, 2026 were approved by Bob White, Director, Representative Executive Officer, President and CEO, and Michael Parenti, Executive Officer and CFO, on June 18, 2026.

Refer to (Tariff refund procedures in the U.S.) of Note 44 for details of material event which occurred subsequent to the date of the Japanese language consolidated financial statements, which required additional disclosures in these English language consolidated financial statements.

(2) Functional currency and presentation currency

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

(3) Changes in presentation methods

(Consolidated Statement of Cash Flows)

(Cash flows from investing activities)

As "Collection of loans receivable" in "Cash flows from investing activities," which had previously been listed independently in the fiscal year ended March 31, 2025, decreased in significance, it has been included in "Other" from the fiscal year ended March 31, 2026. To reflect this change in presentation method, the consolidated financial statements for the fiscal year ended March 31, 2025 have been reclassified.

As a result, in the Consolidated Statement of Cash Flows for the fiscal year ended March 31, 2025, "Collection of loans receivable" in the amount of ¥4,283 million and ¥1,386 million previously presented as "Other" in "Cash flows from investing activities" were reclassified as "Other" in the amount of ¥5,669 million.

3. Material Accounting Policies

(1) Basis of consolidation

(i) Subsidiaries

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

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

Comprehensive income of the subsidiaries is attributed to the owners of parent and to the 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 and joint ventures

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.

A joint venture is an investee in which multiple parties, including Olympus Corporation and its subsidiaries, each has rights to the net assets of the investee under a joint agreement. Joint control is the contractually agreed sharing of control and exists only when decisions about the relevant activities require the unanimous consent of all parties sharing control.

Investments in associates and investments in joint ventures 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, and also holds derivatives such as long position call option assets and short position put option liabilities related to investments accounted for using the equity method. 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 operation 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 operation.

(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 impact of adopting the new IFRS Accounting standards on the Olympus Group’s consolidated financial statements is under evaluation.

IFRS Accounting Standards		Mandatory adoption (from the fiscal year beginning)	Timing of adoption by the Olympus Group	Description of new standards and amendments
IFRS 7	Financial Instruments: Disclosures	January 1, 2026	Fiscal year ending March 31, 2027	Amendments to the disclosure requirements for financial assets measured at fair value through other comprehensive income
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027	Fiscal year ending March 31, 2028	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 two reportable segments: “Endoscopic Solutions” and “Therapeutic Solutions.” However, from the fiscal year ended March 31, 2026, we have changed to the following two reportable segments: “Gastrointestinal Solutions Division” and “Surgical & Interventional Solutions Division,” and have presented the information in the same manner for the fiscal year ended March 31, 2025.

Effective April 1, 2025, the Olympus Group has implemented a reorganization of business units and a restructuring of the organization with the aim of developing a more efficient and a more patient- and customer-centric business. In conjunction with this reorganization of business units, the reportable segments have also been changed from the previous “Endoscopic Solutions” and “Therapeutic Solutions” to “Gastrointestinal Solutions Division” and “Surgical & Interventional Solutions Division.” In addition, the role of company-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.

Furthermore, as a result of the recent organizational restructuring and the review of operating results management categories, intersegment revenues that had previously been recorded in “Endoscopic Solutions” and “Therapeutic Solutions” are now classified as revenues from transactions within the same segment, so the intersegment revenues are not recognized, and disclosure of these items has been discontinued from the fiscal year ended March 31, 2025. To ensure comparability, the results for the fiscal year ended March 31, 2025 have 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
Gastrointestinal Solutions	Gastrointestinal endoscopes, gastroenterology devices, medical services
Surgical & Interventional Solutions	Urology products, respiratory products, surgical endoscopes, 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, 2025

(Millions of yen)

	Reportable Segment			Other (Note 1)	Adjustment (Notes 2, 3, 4, 5, 6)	Amount on consolidated financial statements
	Gastro-intestinal Solutions	Surgical & Interventional Solutions	Total			
Revenue						
Revenue from outside customers	674,043	322,759	996,802	530	–	997,332
Total	674,043	322,759	996,802	530	–	997,332
Operating profit (loss)	171,441	15,265	186,706	(474)	(23,770)	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	(27)	493	466	–	–	466
Depreciation and amortization	38,695	26,702	65,397	142	811	66,350
Impairment losses	2,216	925	3,141	–	495	3,636
Segment assets	604,295	500,099	1,104,394	4,599	324,280	1,433,273
Investments accounted for using equity method	334	148	482	–	–	482
Capital expenditures	55,090	28,588	83,678	5	1,276	84,959

Notes:
1. 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.
2. Adjustment for operating profit (loss) is corporate revenues and corporate expenses that mainly consist of elimination of transactions among segments, as well as general and administrative expenses that are not attributable to reportable segments.
3. Adjustment for segment assets is the amount related to corporate assets that are not attributable to reportable segments.
4. Adjustment for depreciation and amortization is the amount of depreciation and amortization related to corporate assets that are not attributable to reportable segments.
5. Adjustment for capital expenditures is the amount of increase in fixed assets related to corporate assets that are not attributable to reportable segments.
6. Olympus Corporation reviewed the method for allocating shared expenses from the fiscal year ended March 31, 2026 and is now allocating expenses for basic research, etc. from company-wide shared functions to the business units. As a result of these changes, operating profit for the Gastrointestinal Solutions segment decreased by ¥9,054 million, operating profit for the Surgical & Interventional Solutions segment decreased by ¥7,091 million, and the adjustment for operating loss decreased by ¥16,145 million.

Fiscal year ended March 31, 2026

(Millions of yen)

	Reportable Segment			Other (Note 1)	Adjustment (Notes 2, 3, 4, 5)	Amount on consolidated financial statements
	Gastro-intestinal Solutions	Surgical & Interventional Solutions	Total			
Revenue						
Revenue from outside customers	697,359	313,109	1,010,468	208	–	1,010,676
Total	697,359	313,109	1,010,468	208	–	1,010,676
Operating profit (loss)	136,359	(14,986)	121,373	(499)	(23,754)	97,120
Finance income						6,171
Finance costs						9,297
Profit before tax						93,994
Other items						
Share of profit (loss) of investments accounted for using equity method	(4,437)	737	(3,700)	–	–	(3,700)
Depreciation and amortization	38,917	27,384	66,301	52	863	67,216
Impairment losses	5,253	5,790	11,043	–	1,042	12,085
Segment assets	735,067	555,240	1,290,307	1,464	245,391	1,537,162
Investments accounted for using equity method	377	1,020	1,397	–	–	1,397
Capital expenditures	61,880	29,464	91,344	–	895	92,239

Notes: 1. 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.

2. Adjustment for operating profit (loss) is corporate revenues and corporate expenses that mainly consist of elimination of transactions among segments, as well as general and administrative expenses that are not attributable to reportable segments.

3. Adjustment for segment assets is the amount related to corporate assets that are not attributable to reportable segments.

4. Adjustment for depreciation and amortization is the amount of depreciation and amortization related to corporate assets that are not attributable to reportable segments.

5. Adjustment for capital expenditures is the amount of increase in fixed assets related to corporate assets that are not attributable to reportable segments.

(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)

	2025	2026
Japan	110,529	103,905
North America	413,896	405,493
Europe	254,620	281,070
China	95,738	82,452
Asia and Oceania	93,707	102,586
Other	28,842	35,170
Total	997,332	1,010,676

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, 2025 and 2026, revenue from external customers in the United States was ¥386,469 million and ¥379,639 million, respectively. In no single country or region other than Japan and the United States was revenue from external customers significant in the fiscal years ended March 31, 2025 and 2026.

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

(Millions of yen)

	2025	2026
Japan	144,602	149,986
Americas	204,976	235,330
Europe and Middle East	161,081	168,591
Asia and Oceania	29,024	34,054
Total	539,683	587,961

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 ¥198,423 million and ¥221,896 million as of March 31, 2025 and 2026, 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 ¥66,665 million and ¥69,574 million as of March 31, 2025 and 2026, 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, 2025 and 2026.

(5) Major customers

Information on revenue attributable to major customers for the fiscal years ended March 31, 2025 and 2026 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)

	2025	2026
Cash and deposits	119,221	141,197
Short-term investments	133,311	46,841
Cash and cash equivalents in the Consolidated Statement of Financial Position	252,532	188,038

8. Trade and Other Receivables

The breakdown of trade and other receivables as of March 31, 2025 and 2026 was as follows:

(Millions of yen)

	2025	2026
Trade notes receivable and trade accounts receivable	153,752	179,984
Other receivables	17,796	13,918
Contract assets	347	290
Lease receivables	105,382	136,674
Allowance for doubtful accounts	(8,894)	(9,810)
Total	268,383	321,056
Current	204,183	236,833
Non-current	64,200	84,223
Total	268,383	321,056

Note: Trade and other receivables are presented net of allowance for doubtful accounts in the Consolidated Statement of Financial Position.

9. Inventories

The breakdown of inventories as of March 31, 2025 and 2026 was as follows:

(Millions of yen)

	2025	2026
Merchandise and finished goods	77,810	88,470
Work in progress	28,236	32,236
Raw materials and supplies	81,099	86,386
Total	187,145	207,092

The amounts of inventories recorded as cost of sales for the fiscal years ended March 31, 2025 and 2026 were ¥234,474 million and ¥248,439 million, respectively.

Write-downs of inventories recognized as expenses for the fiscal years ended March 31, 2025 and 2026 were ¥24,399 million and ¥31,955 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, 2025 and 2026 were ¥3,270 million and ¥3,709 million, respectively.

10. Other Financial Assets

The breakdown of other financial assets as of March 31, 2025 and 2026 was as follows:

(Millions of yen)

	2025	2026
Financial assets measured at fair value through profit or loss		
Derivative assets	16,731	26,827
Equity securities and others	828	5,118
Financial assets measured at amortized cost		
Lease and guarantee deposits	3,168	3,077
Other	9,522	10,754
Financial assets measured at fair value through other comprehensive income		
Equity securities and others	15,583	18,013
Total	45,832	63,789
Current	2,392	28,421
Non-current	43,440	35,368
Total	45,832	63,789

11. Other Current Assets and Other Non-current Assets

The breakdown of other current assets and other non-current assets as of March 31, 2025 and 2026 was as follows:

(Millions of yen)

	2025	2026
Prepaid expenses	13,451	20,373
Consumption tax receivables	9,155	6,468
Other	7,648	11,310
Total	30,254	38,151
Current	28,475	32,669
Non-current	1,779	5,482
Total	30,254	38,151

12. Assets Held for Sale

The breakdown of assets held for sale is as follows:

(Millions of yen)

	2025	2026
Assets		
Land	299	–
Buildings and structures	150	–
Total	449	–

Assets categorized as assets held for sale as of March 31, 2025 were corporate assets, and were sold during the fiscal year ended March 31, 2026.

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, 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 (Note 4)	–	–	177	–	–	177
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 (Note 4)	136,985	22,134	73,342	17,113	13,766	263,340
Additions	13,225	4,755	28,884	2,474	16,035	65,373
Depreciation	(17,109)	(7,380)	(28,002)	(173)	–	(52,664)
Impairment losses	(1,271)	(75)	(190)	(307)	(83)	(1,926)
Sales and disposals	(4,393)	(190)	(4,271)	(550)	–	(9,404)
Reclassification	6,112	1,369	4,507	299	(9,322)	2,965
Exchange differences on translation of foreign operations	9,670	1,151	7,382	452	819	19,474
Other	–	31	(29)	(1)	1	2
Balance at March 31, 2026	143,219	21,795	81,672	19,307	21,216	287,209

Notes: 1. No borrowing costs were capitalized for the fiscal years ended March 31, 2025 and 2026.

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 in the carrying amount ¥2,336 million and ¥2,548 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, 2025 and 2026, respectively. In addition, that has no impact on balance.
4. Provisional amounts for additions through business combinations and balance at March 31, 2025 have been revised in the fiscal year ended March 31, 2026 with respect to the acquisition of Sur Medical SpA in the fiscal year ended March 31, 2025, and figures have been retrospectively revised. For details, please see Note "40. Business Combinations."

Acquisition cost

(Millions of yen)

	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
Balance at April 1, 2024	287,726	61,943	325,562	19,364	7,329	701,924
Balance at March 31, 2025	292,784	60,522	310,035	18,327	13,766	695,434
Balance at March 31, 2026	310,710	65,716	336,978	20,313	21,216	754,933

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, 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
Balance at March 31, 2026	167,491	43,921	255,306	1,006	–	467,724

(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, 2024	46,384	4,660	2,210	132	53,385
Balance at March 31, 2025	47,536	5,133	2,047	156	54,872
Balance at March 31, 2026	51,134	4,675	1,750	100	57,659

Note: Right-of-use assets increased during the fiscal years ended March 31, 2025 and 2026 by ¥17,367 million and ¥12,598 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, 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 (Notes 2, 3)	1,790	–	–	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 (Note 3)	180,593	62,916	12,986	18,069	93,971
Additions	–	–	2,659	2,405	5,064
Additions through internal development	–	21,801	–	–	21,801
Amortization	–	(8,421)	(3,067)	(3,064)	(14,552)
Impairment losses	–	(8,564)	–	(1,595)	(10,159)
Sales and disposals	–	(6)	(45)	(205)	(256)
Reclassification	–	–	(191)	(1)	(192)
Exchange differences on translation of foreign operations	13,645	4,027	434	904	5,365
Other	–	(10)	–	–	(10)
Balance at March 31, 2026	194,238	71,743	12,776	16,513	101,032

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.”

3. Provisional amounts for additions through business combinations and balance at March 31, 2025 have been revised in the fiscal year ended March 31, 2026 with respect to the acquisition of Sur Medical SpA in the fiscal year ended March 31, 2025, and figures have been retrospectively revised. For details, please see Note “40. Business Combinations.”

Acquisition cost

(Millions of yen)

	Goodwill	Intangible assets			
		Capitalized development costs	Software	Other	Total
Balance at April 1, 2024	180,331	95,191	69,069	179,357	343,617
Balance at March 31, 2025	180,593	102,529	67,469	150,227	320,225
Balance at March 31, 2026	194,238	110,641	72,005	160,434	343,080

Accumulated amortization and accumulated impairment losses

(Millions of yen)

	Goodwill	Intangible assets			
		Capitalized development costs	Software	Other	Total
Balance at April 1, 2024	–	35,550	56,371	159,735	251,656
Balance at March 31, 2025	–	39,613	54,483	132,158	226,254
Balance at March 31, 2026	–	38,898	59,229	143,921	242,048

(2) Significant intangible assets

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, 2026.

Significant intangible assets recognized at March 31, 2026 are technology-related assets arising from the acquisition of Medi-Tate Ltd. by the Olympus Group on May 27, 2021. The carrying amount was ¥8,290 million, and the remaining amortization period was 10 years, as of March 31, 2026.

(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, 2025 and 2026 were ¥89,590 million and ¥88,147 million, respectively.

15. Commitments

Commitments to acquire property, plant and equipment and intangible assets subsequent to March 31, 2025 and 2026 were as follows:

(Millions of yen)

	2025	2026
Property, plant and equipment	24,761	10,717
Intangible assets	112	912
Total	24,873	11,629

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)

	2025	2026
Property, plant and equipment		
Buildings and structures	410	1,271
Machinery and vehicles	19	75
Tools, furniture and fixtures	315	190
Land	55	307
Construction in progress	109	83
Intangible assets		
Capitalized development costs	2,557	8,564
Software	171	–
Other	–	1,595
Total	3,636	12,085

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 ¥1,704 million and ¥854 million on development assets in the Gastrointestinal Solutions Division and Surgical & Interventional Solutions Division, 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.

Major impairment losses recognized in the fiscal year ended March 31, 2026 were as follows:

(Impairment losses on development assets)

Olympus Corporation recognized impairment losses of ¥5,179 million and ¥3,376 million on development assets in the Gastrointestinal Solutions Division and Surgical & Interventional Solutions Division, 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.

(Impairment losses on other intangible assets)

Olympus Corporation recognized impairment losses of ¥1,595 million on some intangible assets such as technology-related assets in the Surgical & Interventional Solutions Division, 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)

	2025	2026
Gastrointestinal Solutions segment	13,448	14,662
Surgical & Interventional Solutions segment	167,145	179,576
Total	180,593	194,238

The Olympus Group tested goodwill for impairment on March 31, 2025 and 2026.

Individually significant goodwill carried on the Consolidated Statement of Financial Position is the goodwill allocated to the Gastrointestinal Solutions segment and Surgical & Interventional 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 "Gastrointestinal Solutions segment" and "Surgical & Interventional Solutions segment" is 1.5% - 6.3% and 2.3% - 3.8%, respectively, as of March 31, 2025, and 2.1% - 6.3% and 2.2% - 3.6%, respectively, as of March 31, 2026.

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, 2025 and 2026, were 12.2% and 10.7% - 13.6%, 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 amounts of the cash-generating units. 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, 2025 and 2026 was as follows:

(Millions of yen)

	2025	2026
Notes and account payable	40,391	46,945
Other payable	21,029	33,701
Total	61,420	80,646

18. Bonds and Borrowings

The breakdown of bonds and borrowings as of March 31, 2025 and 2026 was as follows:

(Millions of yen)

	2025	2026	Average interest rate (%)	Maturity
Current portion of bonds payable	24,992	79,876	2.14	December 2026
Current portion of long-term borrowings	69,993	–	–	–
Bonds (excluding current portion)	99,492	54,840	0.95	June 2028 to July 2030
Long-term borrowings (excluding current portion)	34,625	104,860	1.07	August 2027 to May 2035
Total	229,102	239,576		
Current	94,985	79,876		
Non-current	134,117	159,700		
Total	229,102	239,576		

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, 2025 and 2026 was as follows:

(Millions of yen)

Company	Bond name	Issue date	2025	2026	Interest rate (%)	Maturity date
Olympus Corporation	26th unsecured bonds	July 18, 2020	24,992	–	–	July 2025
Olympus Corporation	27th unsecured bonds	July 19, 2020	24,930	24,943	0.47	July 2030
Olympus Corporation	Dollar-denominated unsecured bonds due 2026	December 8, 2021	74,562	79,876	2.14	December 2026
Olympus Corporation	28th unsecured bonds	June 17, 2025	–	14,956	1.24	June 2028
Olympus Corporation	29th unsecured bonds	June 17, 2025	–	14,941	1.45	June 2030
Total			124,484	134,716		

The breakdown of long-term borrowings, including current portion, as of March 31, 2025 and 2026 was as follows:

(Millions of yen)

Financial institution	2025	2026	Interest rate (%)	Maturity date
Japanese Bank	13,237	13,296	0.86	September 2029
Japanese Bank	1,484	1,490	0.73	September 2027
Japanese Bank	10,000	–	–	September 2025
Japanese Bank	9,823	9,897	0.53	August 2027
Japanese Bank	10,000	–	–	September 2025
Japanese Bank	9,814	9,874	0.55	June 2028
Japanese Bank	49,992	–	–	April 2025
Japanese Bank	–	25,000	1.48	May 2032
Japanese Bank	–	10,000	1.55	May 2035
Japanese Bank	–	20,000	1.07	June 2028
Japanese Bank	–	15,000	0.94	May 2029
Other	268	303		
Total	104,618	104,860		

19. Other Financial Liabilities

The breakdown of other financial liabilities as of March 31, 2025 and 2026 was as follows:

(Millions of yen)

	2025	2026
Financial liabilities measured at fair value through profit or loss		
Derivative liabilities	1,007	6,263
Contingent consideration	1,689	673
Financial liabilities measured at amortized cost		
Lease liabilities	62,465	66,309
Other	19,470	20,348
Total	84,631	93,593
Current	21,829	26,982
Non-current	62,802	66,611
Total	84,631	93,593

20. Provisions

The changes in provisions during the fiscal year ended March 31, 2026 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, 2025	7,940	586	2,680	6,890	18,096
Increase during the year	6,000	864	243	9,046	16,153
Decrease (Provisions used)	(3,501)	(112)	(20)	(693)	(4,326)
Decrease (Provisions reversed)	(4,045)	(356)	(272)	(614)	(5,287)
Exchange differences on translation of foreign operations	273	86	–	955	1,314
Balance at March 31, 2026	6,667	1,068	2,631	15,584	25,950
Current	5,991	981	2,631	6,715	16,318
Non-current	676	87	–	8,869	9,632
Total	6,667	1,068	2,631	15,584	25,950

Notes: 1. Provision for product warranties included the ¥411 million expected to be needed for a voluntary recall of small intestine endoscope systems and provision of ¥513 million for market corrective measures for high-flow insufflation units.

2. Other provision includes a provision of ¥6,571 million recognized based on a reasonable estimate of potential future additional payments associated with matters involving uncertainties in tax interpretations related to past transactions that do not fall within the scope of income taxes.

(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. Decrease (Provisions reversed) mainly reflects changes in estimates of the amounts needed for a voluntary recall of small intestine endoscope systems and market corrective measures for high-flow insufflation units.

(2) Provision for loss on litigation

To provide for losses related to lawsuits or other litigation, in light of progress of the lawsuits, the expected amount of these losses is accounted for based on a reasonable estimate of the amount deemed necessary. These loss provisions are expected to be expended mostly within one year.

(3) Provision for duodenoscope market response

Olympus Corporation has decided to voluntarily replace the old type of duodenoscopes with a fixed tip cap with the new type with a removable tip cap, which is easier to clean and disinfect, against the background of obtaining regulatory approval for the new type of duodenoscopes with a removable tip cap in the United States. The amount deemed necessary to carry out this market response was reasonably estimated and recorded as a provision.

21. Other Current Liabilities and Other Non-current Liabilities

The breakdown of other current liabilities and other non-current liabilities as of March 31, 2025 and 2026 was as follows:

(Millions of yen)

	2025	2026
Accrued expenses	123,269	134,438
Contract liabilities	60,215	63,021
Other	23,739	24,959
Total	207,223	222,418
Current	188,680	202,224
Non-current	18,543	20,194
Total	207,223	222,418

22. Government Grants

Government grants included in other current liabilities and other non-current liabilities as of March 31, 2025 and 2026 were as follows:

(Millions of yen)

	2025	2026
Other current liabilities	276	238
Other non-current liabilities	1,207	991

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)

	2025	2026
Balance at April 1	159,890	150,402
Current service cost	5,637	4,989
Past service cost	–	60
Interest cost	4,951	5,398
Remeasurements of defined benefit plans		
Actuarial gains and losses arising from changes in demographic assumptions	96	(210)
Actuarial gains and losses arising from changes in financial assumptions	(9,552)	(8,082)
Other	268	1,204
Contributions by employees	228	247
Benefits paid	(9,828)	(8,703)
Effects of business combinations and disposals	(349)	–
Exchange differences on translation of foreign operations	(888)	6,084
Other	(51)	(9)
Balance at March 31	150,402	151,380

(ii) Reconciliation of fair value of plan assets

The change in the fair value of plan assets during the fiscal years ended March 31, 2025 and March 31, 2026 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, 2027, the Olympus Group plans to contribute ¥4,515 million to the plan.

(Millions of yen)

	2025	2026
Balance at April 1	176,119	171,112
Interest income	5,447	6,372
Remeasurements		
Return on plan assets	(4,775)	1,025
Contributions by employer	3,439	5,029
Contributions by employees	230	247
Benefits paid	(8,852)	(7,708)
Exchange differences on translation of foreign operations	(682)	6,601
Other	186	(128)
Balance at March 31	171,112	182,550

(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)

	2025	2026
Present value of the funded defined benefit obligations	135,220	136,515
Fair value of plan assets	(171,112)	(182,550)
Subtotal	(35,892)	(46,035)
Present value of the unfunded defined benefit obligations	15,182	14,865
Net defined benefit liabilities (assets)	(20,710)	(31,170)
Amounts recognized in the Consolidated Statement of Financial Position		
Retirement benefit liability	19,800	20,019
Retirement benefit asset	(40,510)	(51,189)
Net defined benefit liabilities (assets)	(20,710)	(31,170)

(iv) Components of plan assets

The breakdown of plan assets by category was as follows:

(Millions of yen)

	2025	2026
Assets with quoted market prices in an active market		
Japanese equity securities	1,491	1,619
Cash and cash equivalents	14,554	17,094
Total	16,045	18,713
Assets without quoted market prices in an active market		
Overseas equity securities	6,271	7,100
Overseas debt securities	45,852	50,564
General account for life insurance companies	43,689	43,217
Jointly managed money trust	46,735	49,670
Other (Note)	12,520	13,286
Total	155,067	163,837
Total of plan assets	171,112	182,550

Note: Insurance contracts concluded through annuity buy-in transactions included in “Other” amounted to ¥9,551 million and ¥9,950 million as of the end of the fiscal years ended March 31, 2025 and 2026, 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:

	2025	2026
Discount rate	3.74%	4.45%

(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)

	2025	2026
Discount rate		
0.5% increase (decrease in obligations)	(8,147)	(7,794)
0.5% decrease (increase in obligations)	9,363	8,971

(vii) Weighted average duration

The weighted average durations of the defined benefit obligations were 12.4 years and 11.9 years as of March 31, 2025 and 2026, respectively.

(2) Defined contribution plans

The amounts recognized as expenses related to the defined contribution plans were ¥21,622 million and ¥24,305 million for the fiscal years ended March 31, 2025 and 2026, 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

	2025	2026
Authorized shares	4,000,000,000	4,000,000,000
Issued shares (Note 1)		
As of April 1	1,215,146,700	1,139,116,300
Increase or decrease (Notes 2, 3)	(76,030,400)	(24,630,600)
As of March 31	1,139,116,300	1,114,485,700
Treasury shares (Note 4)		
As of April 1	49,514,907	11,305,636
Increase or decrease (Notes 5, 6)	(38,209,271)	2,077,548
As of March 31	11,305,636	13,383,184

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, 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.

3. The decrease in the fiscal year ended March 31, 2026, was due to the cancellation of 24,630,600 shares of treasury shares conducted effectively on November 28, 2025.

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, 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.

6. The main changes in the fiscal year ended March 31, 2026, were an increase of 27,630,600 shares due to the share repurchase conducted between July 30, 2025, and November 5, 2025 on a delivery date basis, and a decrease of 24,630,600 shares due to the cancellation of treasury shares conducted effectively on November 28, 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, 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
Other comprehensive income	56,435	524	24	5,296	62,279
Reclassification to retained earnings	–	–	–	(5,296)	(5,296)
Balance at March 31, 2026	199,491	(1,240)	345	–	198,596

(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. In addition, the policy of the Olympus Group is to respond flexibly to investment opportunities while maintaining financial stability through the appropriate control of financial leverage. 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 November 7, 2025, the Olympus Group has defined a target of achieving an adjusted EPS CAGR of more than 10% from the fiscal year ending March 31, 2027 through the fiscal year ending March 31, 2029 starting from the fiscal year ended March 31, 2026.

(Yen)

	2025	2026
Adjusted EPS (Notes 1, 2)	117.17	92.12

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.

26. Dividends

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 paid during the fiscal year ended March 31, 2026 were 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

Dividends for which the record date falls in the current fiscal year and the effective date is in the following fiscal year are as follows:

Resolution	Class of shares	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
May 12, 2026 Board of Directors	Common stock	33,033	30	March 31, 2026	June 4, 2026

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

	2025		2026	
	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	282,400	1	211,600	1
Granted	–	–	–	–
Exercised	(70,800)	1	(47,600)	1
Expired	–	–	(4,800)	1
Outstanding at end of year	211,600	1	159,200	1
Exercisable at end of year	121,200	1	75,600	1

Notes: 1. The number of stock options is presented as the number of underlying shares.

2. The weighted average share prices of stock options at the time of exercise were ¥2,373 and ¥1,873 for the fiscal years ended March 31, 2025 and 2026, respectively.

3. The weighted average remaining lives of unexercised stock options year were 20.0 years and 19.2 years as of March 31, 2025 and 2026, 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, 2025 and 2026 were ¥2,271 and ¥2,081 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, 2025 and 2026 were ¥2,288 and ¥2,060, 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)

	2025	2026
Selling, general and administrative expenses	2,064	2,724

28. Revenue

(1) Disaggregation of Revenue

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

In conjunction with this organizational restructuring, the reportable segments have also been changed from the previous "Endoscopic Solutions" and "Therapeutic Solutions" to the "Gastrointestinal Solutions Division" and "Surgical & Interventional Solutions Division."

Revenue recorded in the "Gastrointestinal Solutions Division" and "Surgical & Interventional Solutions Division" is stated as revenue, as these segments are the units for which separate financial information is available and according to which review is regularly conducted to decide how to allocate management resources and assess business performance. Revenue is geographically disaggregated by customer location. The relationship between the disaggregated revenue and revenue of each business segment is as follows:

To ensure comparability, the results for the fiscal year ended March 31, 2025 have also been restated to reflect the change in categorization.

For the fiscal year ended March 31, 2025

(Millions of yen)

	Gastrointestinal Solutions	Surgical & Interventional Solutions	Other	Total
Japan	83,524	26,588	417	110,529
North America	264,701	149,113	82	413,896
Europe	169,669	84,951	–	254,620
China	71,720	24,003	15	95,738
Asia and Oceania	64,354	29,337	16	93,707
Other	20,075	8,767	–	28,842
Total	674,043	322,759	530	997,332
Revenue from contracts with customers	595,154	298,781	530	894,465
Revenue from other sources	78,889	23,978	–	102,867

Note: Revenue from other sources includes revenue from lease contracts as defined under IFRS 16.

For the fiscal year ended March 31, 2026

(Millions of yen)

	Gastrointestinal Solutions	Surgical & Interventional Solutions	Other	Total
Japan	79,295	24,439	171	103,905
North America	264,926	140,567	–	405,493
Europe	192,047	89,022	1	281,070
China	63,493	18,937	22	82,452
Asia and Oceania	72,571	30,001	14	102,586
Other	25,027	10,143	–	35,170
Total	697,359	313,109	208	1,010,676
Revenue from contracts with customers	616,835	289,773	208	906,816
Revenue from other sources	80,524	23,336	–	103,860

Note: Revenue from other sources includes revenue from lease contracts as defined under IFRS 16.

(i) Gastrointestinal Solutions Division

The Gastrointestinal Solutions Division sells medical devices, including gastrointestinal endoscopes and gastroenterology devices, 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 Gastrointestinal Solutions Division, 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) Surgical & Interventional Solutions Division

The Surgical & Interventional Solutions Division sells medical devices, including urology products, respiratory products, surgical endoscopes, 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 Surgical & Interventional Solutions Division, 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, 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

For the fiscal year ended March 31, 2026

(Millions of yen)

	April 1, 2025	March 31, 2026
Receivables from contracts with customers	149,076	175,461
Contract assets	347	290
Contract liabilities	60,215	63,021

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, 2025 and 2026 which were included in contract liabilities at the beginning of the period were ¥60,102 million and ¥55,283 million, respectively. In addition, for the fiscal years ended March 31, 2025 and 2026, 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)

	2025	2026
Within 1 year	21,763	21,428
Over 1 year	11,842	12,500
Total	33,605	33,928

29. Selling, General and Administrative Expenses

Major items of selling, general and administrative expenses for the fiscal years ended March 31, 2025 and 2026 were as follows:

(Millions of yen)

	2025	2026
Personnel expenses (Note)	283,753	300,114
Depreciation	34,410	35,200
Advertising and promotion expenses	17,036	16,503

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, 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.”

For the fiscal year ended March 31, 2026

(Consideration based on an usage license agreement)

Olympus Corporation recorded ¥5,995 million in “Other income” as consideration based on an agreement licensing usage to Evident Corporation.

(Gain on sale of fixed assets)

Gain on sale of buildings held by consolidated subsidiary Olympus Czech Group, s.r.o. of ¥1,166 million was recorded in “Other income.”

(2) Other expenses

Major items of other expenses are as follows.

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 ¥1,704 million and ¥854 million on development assets in the Gastrointestinal Solutions Division and Surgical & Interventional Solutions Division, 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, and recorded the losses in “Other expenses.”

For the fiscal year ended March 31, 2026

(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 ¥10,781 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.

(Impairment losses)

Olympus Corporation recognized impairment losses of ¥5,179 million and ¥3,376 million on development assets in the Gastrointestinal Solutions Division and Surgical & Interventional Solutions Division, 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, and recorded the losses in “Other expenses.”

Olympus Corporation recognized impairment losses of ¥1,595 million on some intangible assets such as technology-related assets in the Surgical & Interventional Solutions Division, 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."

(Measures concerning organization changes and personnel optimization)

Expenses of ¥26,872 million associated with the implementation of measures to reform the organizational structure at a global level and optimize the number of employees of Olympus Corporation were recorded as "Other expenses."

31. Finance Income and Finance Costs

The breakdown of finance income and finance costs for the fiscal years ended March 31, 2025 and 2026 was as follows:

(Millions of yen)

	2025	2026
Finance income		
Interest income		
Financial assets measured at amortized cost	3,295	2,509
Dividends income		
Financial assets measured through other comprehensive income	12	13
Other (Note 3)	142	3,649
Total	3,449	6,171
Finance costs		
Interest expenses		
Financial liabilities measured at amortized cost	3,845	3,787
Interest on bonds		
Financial liabilities measured at amortized cost	782	1,029
Foreign exchange loss (Note 1)	2,020	13
Other (Note 3)	194	4,468
Total	6,841	9,297

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.

3. Other includes changes in the fair value of options held under the agreement relating to investments in Swan EndoSurgical, Inc. by the Olympus Group and RVLHC SE Holdings, LLC ("Revival"). In the fiscal year ended March 31, 2026, changes in the fair value of these options resulted in the recognition of ¥3,528 million in finance income and ¥4,191 million in finance costs. Please refer to Notes "40. Business Combinations" for information on this agreement.

32. Earnings per Share

(1) Basic earnings per share and diluted earnings per share

	2025	2026
Basic earnings per share (yen)		
Continuing operations	102.94	61.32
Discontinued operation	0.05	–
Basic earnings per share	102.99	61.32
Diluted earnings per share (yen)		
Continuing operations	102.75	61.20
Discontinued operation	0.05	–
Diluted earnings per share	102.80	61.20

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

	2025	2026
Profit used to calculate basic earnings per share and diluted earnings per share		
Profit attributable to owners of parent (Millions of yen)	117,855	68,172
Profit not attributable to common shareholders of parent (Millions of yen)	–	–
Profit used to calculate basic earnings per share (Millions of yen)	117,855	68,172
Continuing operations	117,800	68,172
Discontinued operation	55	–
Adjustment to profit (Millions of yen)	–	–
Profit used to calculate diluted earnings per share (Millions of yen)	117,855	68,172
Continuing operations	117,800	68,172
Discontinued operation	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)	1,144,343	1,111,780
Increase in number of shares of common stock		
Subscription rights to shares relating to stock options (thousand shares)	263	193
Common stock relating to PSU (thousand shares)	970	695
Common stock relating to RSU (thousand shares)	849	1,252
The weighted average number of shares of diluted common stock during the period (thousand shares)	1,146,425	1,113,920

33. Other Comprehensive Income

The breakdown of each component of other comprehensive income (including non-controlling interests) for the fiscal years ended March 31, 2025 and 2026 was as follows:

(Millions of yen)

	2025	2026
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	(62)	43
Tax effect	(16)	(19)
Financial assets measured at fair value through other comprehensive income	(78)	24
Remeasurements of defined benefit plans		
Amount arising during the year	4,413	8,113
Tax effect	(1,290)	(2,817)
Remeasurements of defined benefit plans	3,123	5,296
Total of items that will not be reclassified to profit or loss	3,045	5,320
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations		
Amount arising during the year	(8,317)	56,278
Reclassification adjustments	(1,156)	–
Before tax effect	(9,473)	56,278
Tax effect	(157)	157
Exchange differences on translation of foreign operations	(9,630)	56,435
Cash flow hedges		
Amount arising during the year	2,146	5,923
Reclassification adjustments	1,018	(5,213)
Before tax effect	3,164	710
Tax effect	(970)	(186)
Cash flow hedges	2,194	524
Total of items that may be reclassified to profit or loss	(7,436)	56,959
Total other comprehensive income	(4,391)	62,279

34. Cash Flow Information

(1) Non-cash transactions

The major non-cash transactions are as follows:

(Millions of yen)

	2025	2026
Right-of-use assets acquired through lease transactions	17,374	12,598

(2) Liabilities arising from financing activities

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

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	
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.

Fiscal year ended March 31, 2026

(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	
Bonds (Note 1)	124,484	4,873	–	–	5,359	134,716
Long-term borrowings (Note 1)	104,618	–	–	35	207	104,860
Lease liabilities (Notes 1, 2)	62,465	(13,743)	12,598	5,807	(818)	66,309

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 (¥6,167 million), which is part of the "Repayments of lease liabilities" totaling (¥19,910 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, 2025 and 2026.

(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)

	2025	2026
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, 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.

Fiscal year ended March 31, 2026

Not applicable.

35. Financial Instruments

(1) Credit risk

Credit risk is the risk that a counterparty may default on its contractual obligations resulting in a financial loss for the Olympus Group.

The Olympus Group is mainly exposed to the credit risk of customers and business counterparts on financial assets measured at amortized cost and of financial institutions that are counterparties to derivatives held for hedging foreign currency fluctuations and other financial risks.

The Olympus Group manages credit risk pertaining to financial assets measured at amortized cost by conducting credit investigations on major external customers and controls of due dates and outstanding balances by customers in accordance with internal regulations, while promptly identifying doubtful accounts caused by deteriorated financial conditions, etc., to reduce risks. Credit risk associated with derivatives is reduced by limiting transactions to highly creditworthy financial institutions.

Financial assets measured at amortized cost are mainly classified into “trade receivables” that consist of notes receivable, accounts receivable and lease receivables and “receivables other than trade receivables.” The Olympus Group provides allowance for doubtful accounts for each receivable as follows:

“Trade receivables” are classified into three categories: receivables to “debtors that are not facing serious problems in their management conditions,” receivables to “debtors that are facing serious problems in repaying their debts,” and receivables to “debtors that are bankrupt,” according to the debtors’ management and financial conditions at the end of the reporting period. Allowance for doubtful accounts is always recognized at an amount equal to expected credit losses for the remaining life of the assets for each category.

“Debtors that are not facing serious problems in their management conditions” refer to those that have no indication of problems in repaying their debts and no problems in ability to repay their debts. Allowance for doubtful accounts on receivables from the debtors in this category is recorded collectively using a provision ratio based on a historical loan loss ratio and future estimates.

“Debtors that are facing serious problems in repaying their debts” refer to those that are not in a state of bankrupt but are facing, or will likely face, serious problems in repaying their debts. Allowance for doubtful accounts on receivables from the debtors in this category is recorded based on the estimated collectable amount of the respective assets on an individual basis.

“Debtors that are bankrupt” refer to those that are legally or substantially bankrupt or in a state of serious financial difficulty with no prospect of revitalization. Allowance for doubtful accounts on receivables from the debtors in this category is recorded for all receivables excluding assets received as collateral or for credit enhancement.

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

“A significant increase in credit risk” refers to a situation in which there are serious problems in 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, 2025	255,713	4,696	254	260,663
Balance at March 31, 2026	312,341	5,222	386	317,949

There was no significant change that had a material impact on allowance for doubtful accounts for “Trade receivables” as of March 31, 2025 and 2026.

(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, 2025	25,294	4,685	595	30,574
Balance at March 31, 2026	22,697	4,938	623	28,258

There was no significant change that had material impacts on allowance for doubtful accounts for “Receivables other than trade receivables” as of March 31, 2025 and 2026.

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

(Millions of yen)

	Trade receivables	Receivables other than trade receivables		
		No significant increase in credit risk	Significant increase in credit risk	
			Non-credit-impaired financial assets	Credit-impaired financial assets
Balance at April 1, 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
Increase	1,058	9	230	2
Decrease	(731)	(1)	–	(1)
Other	418	1	–	28
Balance at March 31, 2026	5,775	10	4,904	624

(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, 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	–

As of March 31, 2026

(Millions of yen)

	Carrying amount	Contractual cash flows		
		Total	Within 1 year	Over 1 year
Non-derivative financial liabilities				
Bonds and borrowings	239,576	249,472	83,288	166,184
Lease liabilities	66,309	75,430	14,418	61,012
Derivative financial liabilities				
Currency derivatives	1,818	1,816	1,634	182

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.

In addition to the items presented in the table above, there are short position put option liabilities related to investments accounted for using the equity method (hereinafter, "Put Options"). The Put Options may be exercised within the next six years. The Put Options are measured at fair value, using inputs such as the fair value of the underlying shares, the discount rate, volatility, and the achievement rate of certain targets agreed in advance by the Olympus Group and its co-investors. The carrying amount at the end of the fiscal year ended March 31, 2026 is ¥4,445 million. (For details on investments accounted for using the equity method, please refer to Note "40. Business Combinations (Formation of joint venture).")

(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 and currency swaps to reduce the foreign exchange fluctuation risk.

(i) Foreign exchange forward contracts and currency swaps

The details of foreign exchange forward contracts and currency swaps were as follows:

(Millions of yen)

	2025		2026	
	Contract amount	Fair value	Contract amount	Fair value
Foreign exchange forward contracts:	103,991	(405)	159,278	(1,437)
U.S. dollar	49,469	(91)	85,729	(789)
Other currency	54,522	(314)	73,549	(648)
Currency swaps	96,368	16,133	109,593	22,704
Receive other currencies / pay Euro	18,929	15	24,491	(19)
Receive Euro / pay other currencies	2,679	0	5,162	9
Receive U.S. dollar / pay Japanese yen	74,760	16,118	79,940	22,714
Total	200,359	15,728	268,871	21,267

(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)

	2025	2026
U.S. dollar	(166)	40
Euro	(142)	(52)

(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.

As the impact of fluctuations in market interest rates on the Olympus Group's profit or loss is immaterial, the Olympus Group has determined that interest rate risk is not significant. Accordingly, no interest rate sensitivity analysis has been performed.

(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)

	2025	2026
Other comprehensive income (before tax effect)	(4)	(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, 2025 and 2026.

(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.

Of derivative assets and liabilities, currency derivatives and interest-rate derivatives 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.

Long position call option assets (hereinafter, "Call Options") and short position put option liabilities (hereinafter, "Put Options") related to contingent considerations for business combinations and investments accounted for using the equity method are classified as level 3. Contingent considerations are stated at the estimates of future payability. Call Options and Put Options are measured using inputs such as the fair value of the underlying shares, the discount rate, volatility, and the achievement rate of certain targets agreed in advance by the Olympus Group and RVLHC SE Holdings, LLC ("Revival").

The fair value hierarchy of financial instruments measured at fair value is as follows:

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

As of March 31, 2026

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through profit or loss				
Derivative assets	–	23,086	3,741	26,827
Equity securities and others	–	–	5,118	5,118
Financial assets measured at fair value through other comprehensive income				
Equity securities and others	427	–	17,586	18,013
Financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	–	1,818	4,445	6,263
Contingent consideration	–	–	673	673

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

(Millions of yen)

	2025	2026
Balance at April 1	7,718	15,987
Gains and losses (Note)		
Profit or loss	95	(11)
Other comprehensive income	53	40
Acquisition	8,587	8,853
Other	(466)	1,576
Balance at March 31	15,987	26,445

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 gain of ¥95 million and a loss of ¥10 million on financial instruments held as of March 31, 2025 and 2026, respectively.

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

(Millions of yen)

	2025	2026
Balance at April 1	7,119	1,689
Settlement	(6,000)	(230)
Change in fair value	564	(939)
Incurrence	–	4,191
Other	6	407
Balance at March 31	1,689	5,118

(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)

	2025		2026	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Lease receivables	105,382	105,176	136,674	135,370
Financial liabilities				
Bonds	124,484	120,093	134,717	129,643
Borrowings	94,611	93,145	104,860	98,652

(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	2025
Neptune Medical	5,981
Delfi Diagnostics, Inc.	4,020
Noah Medical Corporation	2,243
Neuspera Medical	1,495
OHARA INC.	424

(Millions of yen)

Bond name	2026
Neptune Medical	5,701
Delfi Diagnostics, Inc.	4,299
Noah Medical Corporation	2,398
Neuspera Medical	1,599
OHARA INC.	427

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)

	2025	2026
Fair value at the date of sale	–	–
Cumulative gains or losses on sale	–	–

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

(Millions of yen)

	2025	2026
Equity instruments derecognized during the year	–	–
Equity instruments held at the end of year	12	13
Total	12	13

(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, 2025 and 2026.

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, 2026, 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, 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%

As of March 31, 2026

(Millions of yen)

	Notional amount	Over 1 year	Carrying amount (Note)		Interest rate
			Assets	Liabilities	
Interest rate and currency swaps	79,940	–	22,714	–	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)

	2025	2026
Interest rate swaps	(4)	–
Interest rate and currency swaps	(2,536)	(1,830)

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, 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

Fiscal year ended March 31, 2026

(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	(0)	4
Interest rate and currency swaps	5,923	(5,217)

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, 2025 and 2026 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)

	2025	2026
Transferred financial assets	29	–
Related liabilities	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)

	2025	2026
Lease income	24,086	25,181
Interest income	5,437	5,856

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

(Millions of yen)

	2025	2026
Undiscounted lease payments to be received		
Within 1 year	44,453	53,197
More than 1 year, but within 2 years	27,999	36,308
More than 2 years, but within 3 years	19,344	26,429
More than 3 years, but within 4 years	9,456	13,243
More than 4 years, but within 5 years	3,362	3,728
More than 5 years	312	706
Total	104,926	133,611
Unguaranteed residual value	10,198	14,257
Unearned finance income	(9,742)	(11,194)
Net investment in the lease	105,382	136,674

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

(Millions of yen)

	2025	2026
Lease income	29,411	26,712
Variable lease payments (Note)	16,594	18,713

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)

	2025	2026
Within 1 year	16,491	14,987
More than 1 year, but within 2 years	10,390	9,143
More than 2 years, but within 3 years	5,038	4,788
More than 3 years, but within 4 years	2,481	2,835
More than 4 years, but within 5 years	1,365	1,445
More than 5 years	383	659
Total	36,148	33,857

(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, 2025 and 2026.

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 ¥22,362 million and ¥22,905 million for the fiscal years ended March 31, 2025 and 2026, respectively.

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

(Millions of yen)

	2025	2026
Revenue from sublease of right-of-use assets	3	5
Depreciation of right-of-use assets by underlying asset class		
Land	194	173
Buildings and structures	7,821	8,539
Machinery and vehicles	3,435	3,307
Tools, furniture and fixtures	806	804
Interest expense under lease obligations	2,085	2,080
Expenses under short-term leases	499	528
Expenses under leases of low-value asset	954	986

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)

	2025	2026
Deferred tax assets		
Inventories	7,926	10,166
Prepaid expenses	8,263	5,594
Accrued bonuses	6,112	6,771
Accrued expenses	6,433	10,032
Unrealized intercompany profits	20,222	23,292
Property, plant and equipment	10,798	13,931
Intangible assets	2,619	2,951
Interest rate swaps	1	–
Deferred gains or losses on hedges	776	592
Retirement benefit liability	2,543	1,452
Loss carryforwards	5,213	16,668
Lease liabilities	14,177	13,972
Provision for product warranties	9,034	7,727
Other	4,697	9,765
Total	98,814	122,913
Deferred tax liabilities		
Property, plant and equipment	(10,758)	(16,007)
Financial assets measured at fair value through other comprehensive income	(155)	(180)
Retirement benefit asset	(8,825)	(14,032)
Fair value differences on acquisition	(3,550)	(2,106)
Capitalized development costs	(5,055)	(15,081)
Retained profit of overseas subsidiaries	(2,454)	(2,656)
Right-of-use assets	(13,225)	(14,016)
Other	(3,466)	(211)
Total	(47,488)	(64,289)
Net deferred tax assets and liabilities	51,326	58,624

(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)

	2025	2026
Loss carryforwards	4,929	4,532
Deductible temporary differences	13,761	16,641
Tax credits carried forward	1,023	958
Total	19,713	22,131

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

(Millions of yen)

	2025	2026
Within 4th year	–	–
5th year and thereafter	4,929	4,532
Total	4,929	4,532

Olympus Corporation does not recognize deferred tax liabilities for the temporary differences associated with undistributed profits of subsidiaries, etc. 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 ¥358,223 million and ¥354,111 million as of March 31, 2025 and 2026, respectively.

(2) Income tax expenses

The breakdown of income tax expenses was as follows:

(Millions of yen)

	2025	2026
Current tax expenses (Notes 1, 2)	34,749	35,043
Deferred tax expenses (Notes 3, 4, 5)	6,521	(9,221)
Total of income tax expenses	41,270	25,822

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, 2025 and 2026 decreased by ¥3,062 million and ¥271 million, respectively. In addition, the current tax expense for the fiscal year ended March 31, 2026 includes the corporation tax for the previous fiscal year of ¥2,066 million.

2. The amount of income taxes for global minimum tax included in current tax expenses were ¥4,743 million and ¥193 million for the fiscal years ended March 31, 2025 and 2026, respectively.

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 increased by ¥200 million for the fiscal year ended March 31, 2025 and by ¥950 million for the fiscal year ended March 31, 2026, 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 ¥2,595 million for the fiscal year ended March 31, 2025 and increased by ¥1,111 million for the fiscal year ended March 31, 2026, respectively.

5. The deferred tax expense increased by ¥137 million for the fiscal year ended March 31, 2025 and decreased by ¥1,215 million for the fiscal year ended March 31, 2026 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, 2025 and 2026 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 31.5% for the fiscal years ended March 31, 2025 and 2026, respectively. Overseas subsidiaries are subject to income taxes of the countries in which they operate.

	2025	2026
Effective statutory tax rate	30.6%	31.5%
Non-deductible expense, such as entertainment expenses	1.9	0.9
Non-taxable income, such as dividend income	(0.2)	(0.4)
Tax credit for experimental research cost and others	(2.7)	(8.2)
Different tax rates applied to subsidiaries	(5.3)	(1.7)
Subsidiaries reserve	0.7	0.0
Change in unrecognized deferred tax assets and liabilities	(3.5)	3.5
Change in deferred tax assets at the end of fiscal year due to changes in tax rates	0.1	(1.3)
Effects of organizational restructuring	5.6	–
Prior period tax adjustments	0.5	2.0
Other	(1.8)	1.2
Average actual tax rate	25.9%	27.5%

38. Major Subsidiaries

(1) Structured entities

Major subsidiaries as of March 31, 2026 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 Gastrointestinal Solutions Division products and Surgical & Interventional Solutions Division products	100
Aizu Olympus Co., Ltd.	Aizu-Wakamatsu-shi, Fukushima	Manufacturing Gastrointestinal Solutions Division products	100
Aomori Olympus Co., Ltd.	Kuroishi-shi, Aomori	Manufacturing Gastrointestinal Solutions Division products and Surgical & Interventional Solutions Division products	100
Nagano Olympus Co., Ltd.	Tatsuno-machi, Kamiina-gun, Nagano	Manufacturing Gastrointestinal Solutions Division products	100
Shirakawa Olympus Co., Ltd.	Nishigo-mura, Nishishirakawa-gun, Fukushima	Manufacturing Gastrointestinal Solutions Division products and Surgical & Interventional Solutions Division products	100
Olympus Marketing, Inc. (Note 2)	Hachioji-shi, Tokyo	Sales of Gastrointestinal Solutions Division products and Surgical & Interventional Solutions Division products	100
TmediX Corporation (Note 1)	Shinjuku-ku, Tokyo	Lease of products of the Gastrointestinal Solutions Division	100 [100]
Olympus-Supportmate Corp.	Hachioji-shi, Tokyo	Administration services for domestic subsidiaries and affiliates	100

Company name	Location	Main business	Voting rights held by Olympus Corporation (%)
Olympus Corporation of the Americas (Note 2)	Pennsylvania, U.S.A.	Holding company of corporate planning and financial support to affiliated companies in Americas region	100
Olympus America Inc. (Notes 1, 2, 3)	Pennsylvania, U.S.A.	Sales of Gastrointestinal Solutions Division products and Surgical & Interventional Solutions Division products	100 [100]
Olympus Latin America, Inc. (Note 1)	Florida, U.S.A.	Sales of Gastrointestinal Solutions Division products and Surgical & Interventional Solutions Division products	100 [100]
Gyrus ACMI, Inc. (Note 1)	Massachusetts, U.S.A.	Manufacturing Surgical & Interventional Solutions Division products	100 [100]
Olympus Innovation Ventures, LLC (Note 1)	Massachusetts, U.S.A.	Investment in Gastrointestinal Solutions Division and Surgical & Interventional Solutions Division	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 Gastrointestinal Solutions Division products and Surgical & Interventional Solutions Division products	100 [100]
Olympus Deutschland GmbH (Note 1)	Hamburg, Germany	Sales of Gastrointestinal Solutions Division products and Surgical & Interventional Solutions Division products	100 [100]
Olympus France S.A.S. (Note 1)	Rungis Cedex, France	Sales of Gastrointestinal Solutions Division products and Surgical & Interventional Solutions Division products	100 [100]
Olympus Winter & Ibe GmbH (Note 1)	Hamburg, Germany	Manufacturing Gastrointestinal Solutions Division products and Surgical & Interventional Solutions Division products	100 [100]
KeyMed (Medical & Industrial Equipment) Ltd. (Note 1)	Essex, U.K.	Manufacturing and sales of Gastrointestinal Solutions Division products	100 [100]
Arc Medical Design Limited (Note 1)	West Yorkshire, U.K.	Manufacturing Gastrointestinal Solutions Division 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 Gastrointestinal Solutions Division products	100
Medi-Tate Ltd. (Note 1)	Or-Akiva, Israel	Development and manufacturing of Surgical & Interventional Solutions Division 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 Gastrointestinal Solutions Division products and Surgical & Interventional Solutions Division 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 Gastrointestinal Solutions Division products and Surgical & Interventional Solutions Division products	100 [100]
Olympus Trading (Shanghai) Limited (Notes 1, 2)	Shanghai, P.R.C.	Sales of Gastrointestinal Solutions Division products and Surgical & Interventional Solutions Division products	100 [100]
Olympus (Suzhou) Medical Device Co., Ltd. (Note 1)	Suzhou, Jiangsu Province, P.R.C.	Manufacturing Gastrointestinal Solutions Division products	100 [100]
Olympus Korea Co., Ltd.	Seoul, Republic of Korea	Sales of Gastrointestinal Solutions Division products and Surgical & Interventional Solutions Division products	100
Olympus Singapore Pte. Ltd. (Note 1)	Singapore	Sales of Gastrointestinal Solutions Division products and Surgical & Interventional Solutions Division products	100 [100]
Olympus Vietnam Co., Ltd.	Vietnam	Manufacturing Gastrointestinal Solutions Division products	100
Olympus Australia Pty Ltd. (Note 1)	Victoria, Australia	Sales of Gastrointestinal Solutions Division products and Surgical & Interventional Solutions Division products	100 [100]
47 others	–	–	–

Company name	Location	Main business	Voting rights held by Olympus Corporation (%)
(Equity-method companies)			
Sony Olympus Medical Solutions Inc.	Hachioji-shi, Tokyo	Development of Surgical & Interventional Solutions Division products	49
Swan EndoSurgical, Inc. (Notes 1, 4)	Texas, U.S.A.	Development of Gastrointestinal Solutions Division products	45 [45]
1 other	–	–	–

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 America Inc. accounts for more than one-tenth of consolidated revenue.
4. The company is a joint venture.
5. 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, 2025 and 2026, there was no individually significant subsidiary having non-controlling interests.

39. Related-party Transactions

(1) Related-party transactions

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 Drewalowski	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, 2026 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, 2026 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.

Fiscal year ended March 31, 2026

	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 5)	181	–	–
Offi-cer	Boris Shkolnik	Ownership Direct 0.0	Executive Officer and CQO	Contribution in kind of monetary compensation claims (Note 5)	87	–	–
Offi-cer	Frank Drewalowski	Ownership Direct 0.0	Executive Officer and Gastrointestinal Solutions (Note 1)	Contribution in kind of monetary compensation claims (Note 5)	71	–	–
Offi-cer	Tetsuo Kobayashi	Ownership Direct 0.0	Executive Officer and CMSO (Note 1)	Contribution in kind of monetary compensation claims (Note 5)	53	–	–
Offi-cer	Gabriela Castillo Kaynor	Ownership Direct 0.0	Executive Officer and CSO (Note 2)	Contribution in kind of monetary compensation claims (Note 5)	52	–	–
Offi-cer	Neil Boyden Tanner	Ownership Direct 0.0	Executive Officer and GGC	Contribution in kind of monetary compensation claims (Note 6)	44	–	–
Offi-cer	Shigeto Ohtsuki	Ownership Direct 0.0	Executive Officer and CHRO (Note 1)	Contribution in kind of monetary compensation claims (Note 5)	21	–	–
Offi-cer	Sumitaka Fujita	Ownership Direct 0.0	Director (Note 3)	Contribution in kind of monetary compensation claims (Note 6)	20	–	–
Offi-cer	John Manfred de Csepel	Ownership Direct 0.0	Executive Officer and CMO	Contribution in kind of monetary compensation claims (Note 6)	16	–	–
Offi-cer	Seiji Kuramoto	Ownership Direct 0.0	Executive Officer and Surgical & Interventional Solutions (Note 4)	Contribution in kind of monetary compensation claims (Note 5)	16	–	–

Notes: 1. They resigned from the position of Executive Officer on March 31, 2026, and the above table shows transactions during the fiscal year ended March 31, 2026 related to their terms of office.
2. She assumed the post of Executive Officer, CSO and ESG Officer on April 1, 2026.
3. He resigned from the board of directors on June 26, 2025, and the above table shows transactions during the fiscal year ended March 31, 2026 related to his terms of office.
4. He assumed the post of Executive Officer and Surgical & Interventional Solutions Division Head on April 1, 2026.
5. It is due to contribution in kind of monetary compensation claims accompanying PSU system and RSU system.
6. It is due to contribution in kind of monetary compensation claims accompanying RSU system.

(2) Remuneration for management executives

(Millions of yen)

	2025	2026
Remuneration and bonuses, etc.	2,594	3,551
Stock compensation	1,001	1,819
Total	3,595	5,370

Note: The remuneration in the table above does not include a refund of ¥550 million for expenses related to income tax adjustments for the Executive Officer who is classified as both an Executive Officer and inside director and who retired due to resignation on October 28, 2024.

40. Business Combinations

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.

Fiscal year ended March 31, 2026

(Revised provisional amounts)

For the following business combination that occurred in the fiscal year ended March 31, 2025, provisional amounts have been revised during the fiscal year ended March 31, 2026. As a result, we have retrospectively revised the figures at the end of the fiscal year ended March 31, 2025 in the Consolidated Statements of Financial Position.

(Acquisition of Sur Medical SpA)

Sur Medical SpA's Olympus product sales business became a consolidated subsidiary of Olympus Corporation on January 14, 2025, due to the acquisition of shares for cash consideration.

In the fiscal year ended March 31, 2026, the fair value of certain 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, 2026, initial measurement of assets acquired, liabilities assumed and goodwill has been finalized.

Fair value of consideration paid, assets acquired, liabilities assumed, and amount of goodwill as of the acquisition date

(Millions of yen)

	Provisional fair value as of March 31, 2025	Subsequent revision	Revised fair value
Fair value of consideration paid			
Cash	4,541	(96)	4,445
Total	4,541	(96)	4,445
Fair value of assets acquired and liabilities assumed			
Cash and cash equivalents	16	–	16
Trade and other receivables	701	–	701
Inventories	513	–	513
Other current assets	319	24	343
Property, plant and equipment	247	(73)	174
Intangible assets	1,732	–	1,732
Trade and other payables	(44)	(5)	(49)
Other current liabilities	(337)	–	(337)
Deferred tax liabilities	(9)	(468)	(477)
Fair value of assets acquired and liabilities assumed, net	3,138	(522)	2,616
Goodwill	1,403	426	1,829
Total	4,541	(96)	4,445

The main adjustments to items at the end of the previous fiscal year resulting from this revision include increases of ¥91 million in other financial assets, ¥24 million in other current assets, ¥402 million in goodwill, ¥5 million in trade and other payables, and ¥442 million in deferred tax liabilities, as well as a decrease of ¥70 million in property, plant and equipment.

(Formation of joint venture)

At a meeting of the Board of Directors held on July 25, 2025, Olympus Corporation resolved to establish in the United States Swan EndoSurgical, Inc. ("Swan EndoSurgical"), a joint venture in the medical device business, with RVLHC SE Holdings, LLC ("Revival"), a fund operated by Revival Healthcare Capital specializing in the medical technology sector. The investment was made via consolidated subsidiary, Olympus Corporation of the Americas, on the same day.

Swan EndoSurgical is classified as a joint venture, as the decision-making regarding Swan EndoSurgical's development activities in the field of endoluminal robotics is effectively made by agreement between Olympus Corporation and Revival.

(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 endoscopic surgery and improved medical outcomes, leading to better health and happiness for greater numbers of patients. We are proactively investing in endoluminal robotics through in-house research and development, as well as investments in startups.

As one of the options for achieving the development of endoluminal robots, the Olympus Group has invested in Swan EndoSurgical jointly with Revival, 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 initial investment in joint venture

July 25, 2025

(4) Ratio of equity acquired and investment amount

Ratio of equity acquired: 45%

Investment amount: USD29.3 million

The Olympus Group and Revival plan to make additional investments in Swan EndoSurgical over the next six years, dependent on Swan EndoSurgical achieving pre-set multi-year milestones. The total investment could reach up to USD458 million, with the Olympus Group's share potentially amounting to USD206 million.

Swan EndoSurgical is classified as a joint venture to which the equity method is applied.

(5) Important contractual matters

Under this agreement, the Olympus Group has call options to acquire Revival's equity in the joint venture (the "Call options"), while Revival has options to force the Olympus Group, under certain circumstances, to purchase Revival's equity in the joint venture (the "Put options").

(6) Major impacts on the Consolidated Financial Statements

The amount of investment in the joint venture is ¥4,410 million and it is included in "Other" under "Cash flows from investing activities" in the Consolidated Statements of Cash Flows. In addition, the impact on operating profit resulting from the formation of the joint venture is ¥(1,696) million. Regarding the Call options held by the Olympus Group and the Put options held by Revival included in the joint venture agreement, these are measured at fair value and recorded as assets and liabilities in the Olympus Group's Consolidated Statement of Financial Position. Changes in their valuation are recorded as finance income (loss) in the Consolidated Statements of Profit or Loss. In the fiscal year ended March 31, 2026, finance income and finance costs of ¥3,528 million and ¥4,191 million, respectively, have been recorded. The fair value is classified as Level 3 and is calculated using inputs such as the fair value of the underlying shares, volatility, the achievement rate of certain targets agreed in advance by the Olympus Group and RVLHC SE Holdings, LLC ("Revival"), and the discount rate.

41. Discontinued Operation

(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 (loss) from the Orthopedic Business has been classified as profit (loss) from discontinued operation.

(i) Profit (loss) of discontinued operation

Profit (loss) of discontinued operation is as follows:

(Millions of yen)

	2025	2026
Revenue	2,929	–
Cost of sales	987	–
Gross profit	1,942	–
Selling, general and administrative expenses	1,908	–
Share of profit (loss) of investments accounted for using equity method	–	–
Other income	436	–
Other expenses	428	–
Operating profit	42	–
Finance income	22	–
Finance costs	3	–
Profit before tax	61	–
Income taxes	6	–
Profit from discontinued operation	55	–

(ii) Cash flows of discontinued operation

Cash flows of discontinued operation are as follows:

(Millions of yen)

Cash flows of discontinued operation	2025	2026
Net cash used in operating activities	(467)	–
Net cash provided by investing activities (Note)	6,551	–
Net cash used in financing activities	(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. Additional Information

(Additional investment in CVC)

The Olympus Group has decided to make an additional investment of USD150 million in Olympus Innovation Ventures, LLC (“OIV”), a corporate venture capital fund of an Olympus Corporation’s consolidated subsidiary.

The Olympus Group strives to fortify Olympus' portfolio through focused investments; shape the future of endoscopy through OLYSENSE and robotics; enhance performance in China and set direction for emerging markets; and drive tuck-in M&As in close adjacencies. In order to take advantage of these opportunities and to create opportunities for the Olympus Group to grow, the Olympus Group has dedicated a new amount of funding to Olympus Innovation Ventures Fund II ("OIV Fund II"). OIV Fund II will allow the Olympus Group to continue to build relationships with early-stage companies and help nurture partnerships with relevant and compelling entrepreneurial teams.

The Olympus Group initially committed USD50 million for OIV through the Olympus Innovation Ventures Fund I ("OIV Fund I"). The Olympus Group intends to commit a total of USD150 million for OIV Fund II to enable it to identify, vet and invest in early-stage companies with differentiated technologies, in the same manner as OIV Fund I.

(Issuance of bonds)

At a meeting of the Board of Directors held on March 27, 2026, Olympus Corporation resolved to issue unsecured straight bonds denominated in USD.

Unsecured straight bonds denominated in USD

1.	Total amount of issue:	USD500 million
2.	Amount to be paid in:	90% or more of the face value of the bonds
3.	Interest rate:	Benchmark interest rate + up to 120 basis points
4.	Issuance period:	April 1, 2026 to March 31, 2027
5.	Maturity:	5 years
6.	Redemption method:	The bonds will be redeemed in full upon maturity.
7.	Use of proceeds:	Redemption of corporate bonds and repayments of borrowings
8.	Collateral / guarantee:	None

44. Subsequent Events

(Share repurchase and cancellation of treasury shares)

At a meeting of the Board of Directors held on May 12, 2026, Olympus Corporation resolved items related to the repurchase of its own shares 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, and carried out the following repurchase of its own shares.

(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:	46,000,000 shares (maximum) (4.18% of total number of issued shares (excluding treasury shares))
3.	Total amount of shares to be repurchased:	¥60,000 million (maximum)
4.	Repurchase period:	May 13, 2026 to March 31, 2027
5.	Repurchase method:	(i) Market purchase through the off-auction own share repurchase trading system (ToSTNeT-3) (ii) Market purchase on the Tokyo Stock Exchange based on a discretionary trading contract

(3) Details of cancellation

1.	Class of shares:	Common stock of Olympus Corporation
2.	Number of shares to be cancelled:	All of the shares to be repurchased as stated in (2) above, excluding the number of shares expected to be allocated as future stock compensation, etc. (9,000,000 shares)
3.	Date of cancellation:	April 30, 2027

(4) Shares repurchased after the fiscal year ended March 31, 2026, based on the above resolution by the Board of Directors

(Delivery date basis)

1.	Total number of shares repurchased:	38,948,300 shares
2.	Total amount of shares to be repurchased:	¥60,000 million
3.	Repurchase date	May 15, 2026

(Contract basis)

1.	Total number of shares repurchased:	38,948,300 shares
2.	Total amount of shares to be repurchased:	¥60,000 million
3.	Repurchase date	May 13, 2026

(Substantial borrowings)

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

1.	(1)	Lender:	Hachijuni Nagano Bank, Ltd.
	(2)	Amount of borrowings:	¥5,000 million
	(3)	Interest rate:	2.23% (fixed rate)
	(4)	Borrowing date:	May 19, 2026
	(5)	Maturity date:	May 19, 2032
	(6)	Repayment method:	Lump-sum repayment upon maturity
	(7)	Collateral / guarantee:	None

2.	(1)	Lender:	MUFG Bank, Ltd.
	(2)	Amount of borrowings:	¥15,000 million
	(3)	Interest rate:	2.61% (fixed rate)
	(4)	Borrowing date:	May 28, 2026
	(5)	Maturity date:	May 30, 2033
	(6)	Repayment method:	Lump-sum repayment upon maturity
	(7)	Collateral / guarantee:	None

(Business combinations through acquisition)

(1) Outline of business combination

(i) Name and description of acquired business

Name of the acquired business BioProtect Ltd. (hereinafter “BioProtect”)

Description of business R&D and manufacturing of biodegradable rectal spacer balloon for prostate cancer

(ii) Primary reason for business combination

BioProtect is a medical device manufacturer based in Israel that develops implant technologies designed to protect healthy tissues during radiation therapy and surgical procedures. Its flagship product is a balloon-type implant that temporarily separates adjacent tissues within the body and naturally biodegrades after treatment. This biodegradable balloon represents a next-generation spacer that provides optimal and consistent rectal protection during radiation therapy for prostate cancer.

Through this acquisition, Olympus Corporation will expand its portfolio in adjacent therapeutic areas related to endoscopy, including the gastrointestinal and urological fields, and strengthen solutions that address unmet medical needs in cancer treatment, particularly prostate cancer. Accordingly, we will further enhance our value proposition across the entire endoscopy-enabled care pathway, contributing to improved patient outcomes as well as our medium- to long-term corporate value.

(iii) Acquired ratio of holding capital with voting rights

100%

(iv) Acquisition date

June 1, 2026

(v) Acquisition method to govern the acquired company

Cash consideration for the acquisition of shares

(2) Consideration for the acquisition

The contractual amount of USD270 million will be adjusted and finalized under the agreement.

(3) Acquisition-related expense

The acquisition-related expense of ¥484 million has been booked in “Selling, general and administrative expenses”. Of this amount, acquisition-related expenses of ¥204 million were incurred in the fiscal year ended March 31, 2026, and acquisition-related expenses of ¥280 million were incurred in the fiscal year ending March 31, 2027.

(4) Fair value of consideration paid, assets acquired, and liabilities assumed as of the acquisition date

(Millions of yen)

	Amount
Fair value of consideration paid	
Cash, etc.	43,380
Total	43,380
Fair value of assets acquired and liabilities assumed	
Cash and cash equivalents	208
Trade and other receivables	531
Other financial assets (current)	45
Inventories	515
Other current assets	164
Property, plant and equipment	522
Other financial assets (non-current)	23
Deferred tax assets	66
Trade and other payables	(87)
Other current liabilities	(374)
Other financial liabilities (current)	(43)
Other financial liabilities (non-current)	(165)
Fair value of assets acquired and liabilities assumed, net	1,405
Goodwill	41,975
Total	43,380

Based on the fair value of consideration paid on the acquisition date, we have allocated the assets acquired and liabilities assumed. However, as fair value measurements of the consideration paid, assets acquired and liabilities assumed on the acquisition date, as well as the allocation of the consideration paid are 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.

(5) Impacts on the Olympus Group

Olympus Corporation omits making a description concerning profit or loss information of the said business combination on and after the acquisition date as well as profit or loss information under the assumption that the said business combination was conducted at the beginning of the fiscal year ending March 31, 2027. This is because the amount of impact on consolidated statements of profit or loss due to such information is not material.

(Tariff refund procedures in the U.S.)
Olympus Corporation of the Americas, a consolidated subsidiary of the Olympus Corporation, has initiated a refund process for the tariffs imposed in the U.S. under the International Emergency Economic Powers Act (IEEPA), following the US Supreme Court's ruling that those tariffs were unlawful.
Subsequently Olympus Corporation of the Americas received a portion of the amount sought in connection with the tariff refund claim, following the conclusion of the fiscal year ended March 31, 2026.