



## **Consolidated Financial Results for Fiscal 2023 and Full-Year Forecasts for Fiscal 2024**

Olympus Corporation | Executive Officer and CFO, Chikashi Takeda | May 12, 2023

(Slide 1)

- Hello everyone. I am Chikashi Takeda, Chief Financial Officer of Olympus Corporation.
- I would like to thank you all for participating in this conference.
- Today I would like to start by giving a review of our consolidated financial results for fiscal 2023 and reviewing the past three years. Next, CEO Stefan Kaufmann will describe our company strategy, and I will return to go over our full-year forecasts for fiscal 2024.
- Today's briefing will be focused on Continuing Operations. Please refer to the Appendix section for detailed information about Discontinued Operation.

## Disclaimer

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## Consolidated Financial Results for Fiscal 2023

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- I will now explain the consolidated financial results and provide a business review for fiscal 2023.

## Fiscal 2023 (1) Consolidated Financial Results

- 1 Revenue: 18% consolidated growth. Record high for Medical business in 4Q and 12M. Double-digit growth for both ESD and TSD
- 2 Operating profit: Achieved adjusted operating margin of 20%, as set forth in 2019 Corporate Strategy. Record highs for both amount and ratio in 12M\*

	Full-year (Apr. to Mar.)				4Q (Jan. to Mar.)				
	(Billions of yen)	FY2022	FY2023	YoY	After FX adjustment	FY2022	FY2023	YoY	After FX adjustment
Continuing operations **	Revenue	750.1	881.9	+18%	+4%	202.9	240.4	+18%	+9%
	Gross profit (% of revenue)	506.7 (67.6%)	596.8 (67.7%)	+18%	+2%	140.6 (69.3%)	163.1 (67.9%)	+16%	+3%
	Selling, general and administrative expenses (% of revenue)	357.5 (47.7%)	420.5 (47.7%)	+18%	+7%	98.4 (48.5%)	114.5 (47.6%)	+16%	+8%
	Other income and expenses	-3.0	10.3	-	-	1.7	-4.6	-	-
	Operating profit (% of revenue)	146.2 (19.5%)	186.6 (21.2%)	+28%	-3%	44.0 (21.7%)	44.0 (18.3%)	0%	-23%
	<b>Adjusted operating profit (% of revenue)</b>	<b>150.7 (20.1%)</b>	<b>176.8 (20.0%)</b>	<b>+17%</b>	<b>-12%</b>	<b>43.2 (21.3%)</b>	<b>48.7 (20.2%)</b>	<b>+13%</b>	<b>-11%</b>
	Profit before tax (% of revenue)	141.7 (18.9%)	182.3 (20.7%)	+29%	-	44.7 (22.0%)	42.9 (17.9%)	-4%	-
	Profit from continuing operations (% of revenue)	110.6 (14.8%)	138.0 (15.7%)	+25%	-	27.7 (13.6%)	32.4 (13.5%)	+17%	-
	Profit from discontinued operation	5.3	5.6	+¥0.3 billion	-	0.5	2.9	+523%	-
	Profit (loss)	116.0	143.6	+24%	-	28.1	35.2	+25%	-
Discontinued operation	Profit (loss) attributable to owners of parent	115.7	143.4	+24%	-	28.1	35.2	+25%	-
	EPS	¥90	¥113			-	-		

\*From FY2009, when Olympus began disclosing the quarterly report.  
 \*\*The figures from "Revenue" to "Profit from continuing operations" represents continuing operations.  
 \*\*\*Since all shares of discontinued operation (Evident) were transferred in April 2023, a gain on this share transfer is expected to be recorded in the first quarter of FY2024.

**Dividend payment for FY2023**  
 Year-end dividend of ¥16 per share

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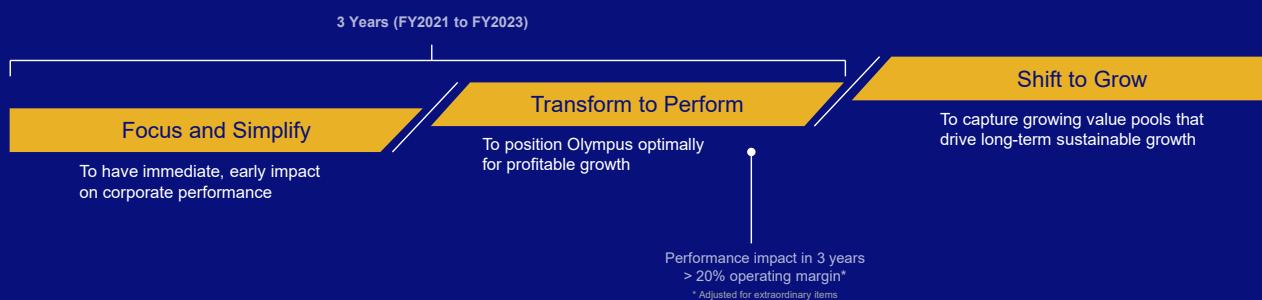
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(Slide 4)

- This is an overview of our consolidated financial results.
- In fiscal 2023, we operated our business under a persistently challenging environment throughout the year, with the Shanghai lockdown, the war in Ukraine, supply shortages of semiconductors and other components, and rising raw materials costs all playing a part. However, we were committed to overcoming these challenges and called upon the hard work and innovation of employees to keep delivering our products and services and meet the expectations of patients and healthcare providers. At the same time, we also pursued aggressive investments to reinforce our operational infrastructure, which is a necessary step for Olympus to achieve sustainable growth as a medtech company. We maintained a keen awareness of sustained growth and swiftly recognized opportunities while continuing to implement risk mitigation measures, thus achieving the target adjusted operating margin of over 20% set out in our corporate strategy.
- Consolidated revenue amounted to ¥881.9 billion, up 18% YoY. Revenue in the Medical business represented record highs for the fourth quarter and the full year, with double-digit growth for both ESD and TSD.
- Gross profit was ¥596.8 billion, with gross margin improving 0.1 point. In addition to the absence of reversal of provision totaling approx. ¥4.2 billion (related to response to the duodenoscope market) and reversal of provision totaling approx. ¥2.7 billion (related to a voluntary recall of bronchoscopes) both recorded in the previous fiscal year, procurement costs for raw materials, including semiconductors, increased during the fiscal year. However, gross margin improved due mainly to a favorable change in regional sales mix driven by increased sales in China, and yen depreciation effects.
- SG&A expenses were ¥420.5 billion, with SG&A ratio on a par with the previous year. Amid ongoing inflation, in particular, expenses associated with sales activities and strengthening of our operational infrastructure such as QARA increased.
- In other income and expenses, a gain of ¥10.3 billion was posted. Despite the absence of reversal of provision of approx. ¥3.0 billion related to indirect taxes of consolidated subsidiary and a marginal gain of approx. ¥2.8 billion on phased acquisition of Medi-Tate in the previous year, other income and expenses increased, due in part to a gain of approx. ¥16.4 billion on the sale of land in Tokyo. Also note that approx. ¥1.9 billion in FDA-related expenses described during the third quarter results briefing were recorded.
- Operating profit was ¥186.6 billion, up ¥40.4 billion or 28% YoY. Operating margin improved 1.7 points to 21.2%. Note that we achieved the target adjusted operating margin excluding other income and other expenses of over 20% set out in our corporate strategy in 2019.
- Profit from Continuing Operations stood at ¥138.0 billion, with EPS of ¥109, up 26% YoY, while total Profit including both Continuing Operations and Discontinued Operation amounted to ¥143.6 billion, with EPS of ¥113, up 25% YoY.
- We plan to issue a year-end dividend of ¥16 per share for fiscal 2023, the same amount announced in February.

## We adopted an ambitious timeline out to 2023

We would unleash our potential by developing the organizational focus, operational structure and employee mindset needed for long-term, sustainable growth.



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- Next, I would like to review the past three years.
- In January 2019, Olympus announced its corporate transformation plan "Transform Olympus," and in our corporate strategy announced in November 2019, we declared the target of achieving an adjusted operating margin of over 20%, on a par with the level expected of a global medical technology company, in fiscal 2023.
- Over the past three years, top management and all employees have come together to implement all manner of initiatives and drive reforms. As a result, the figure for adjusted operating margin, which stood at 9.2% in fiscal 2019\*, dramatically improved to 20.0% in fiscal 2023.
- Over this extremely short space of time, I believe we have greatly transformed and evolved every aspect of the company, including our business structure, organizational and operating models, employee awareness and corporate culture. However, to achieve sustainable growth, there still remain myriad issues that stand in the way of Olympus becoming a world-class medical technology company - one that is accepted by all stakeholders including patients. Going forward, we will continue with efforts to demonstrate the full potential of Olympus.

\* This includes adjusted operating profit of the Scientific Solutions Division and Imaging Division.

## We set and made progress against ambitious targets



Sustain **5-6%** growth annually



Deliver > **20%** consolidated corporate operating margin\*



Become a **leader** in the therapeutic areas where we compete (GI, Urology and Respiratory)

\*Continuing business base. Adjusted for extraordinary items  
\*\*Continuing business base. 3-year CAGR from FY2020 after FX adjustment  
\*\*\*3-year CAGR from FY2020

- ✓ Despite macroeconomic issues and Covid lockdowns, grew topline 4.6%\*\* CAGR
- ✓ Doubled operating profit over 3-year transformation and exceeded consolidated operating margin 20%\*
- ✓ With significant profitability improvements and ¥80billion share buyback, adjusted EPS growth\*\*\* exceeded 25%.
- ✓ Maintained investments in R&D at similar levels to MedTech peers to ensure sustainable future growth
- ✓ Transformed to a pure-play MedTech company

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- Since our corporate strategy was announced in 2019, a host of unexpected situations have developed, from microeconomic issues to urban lockdowns due to the COVID-19 pandemic. Despite these trying times, the CAGR of consolidated revenue among continuing operations after FX adjustment was 4.6% over the past three years.
- We have also made tremendous gains in operating profit, doubling over the past three years, with an adjusted operating margin of 20% in fiscal 2023, the result of steadily implementing initiatives to reduce costs and improve capital efficiency in addition to revenue growth.
- The adjusted EPS growth rate exceeding 25% that was set out as a reference indicator was also achieved as a result of huge gains in profitability and the implementation of ¥80 billion in share buybacks.
- Meanwhile, we have made investments in R&D, which is vital to continue with sustained growth into the future, on a par with industry peers.
- The revisions to our business portfolio, positioned as one of the key items of our corporate strategy, were completed in full with the decision to transfer the Imagine Division and Scientific Solutions Division. Going forward, we will redouble our efforts to contribute to the field of medical practice, patients and all of society as a company specializing in medical equipment.
- Now, our CEO, Stefan Kaufmann, will explain our company strategy.



## **Beyond our New Horizon: Leading as a global MedTech company**

Olympus Corporation | President and CEO, Stefan Kaufmann | 12 May 2023

(Slide 7)

- I'm delighted to share our strategy with you today in my new position as President and CEO. I'm looking forward to working with as many of you to ensure our key objectives are met and that we carry on the path of growth and development.
- This is an exciting time for our company with much to be optimistic about for the future.
- With this in mind, we are introducing our new strategy to guide us to the next phase to accelerate growth and improve performance - Beyond our New Horizon: Leading as a global MedTech company.



## Executive Officers



**Yasuo Takeuchi**

Director, Representative Executive Officer, and Executive Chairman and ESG Officer



**Stefan Kaufmann**

Director, Representative Executive Officer, President and Chief Executive Officer



**Frank Drewalowski**

Executive Officer and Endoscopic Solutions Division Head



**Gabriela Kaynor**

Executive Officer and Therapeutic Solutions Division Head



**Chikashi Takeda**

Executive Officer, Chief Financial Officer



**Nacho Abia**

Executive Officer and Chief Strategy Officer



**Tetsuo Kobayashi**

Executive Officer, Chief Manufacturing and Supply Officer



**André Roggan**

Executive Officer, Chief Technology Officer



**Shigeto Ohtsuki**

Executive Officer and Chief Human Resources Officer



**Pierre Boisier**

Executive Officer and Chief Quality Officer

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- Part of our plan includes bringing a new and dynamic leadership team to develop and implement our core strategy.
- We have a diverse management suite of professionals who possess decades of industry-leading expertise, knowledge, and experience across their respective fields
- We are very confident that the new leadership team will be fully devoted to implementing our strategy that we believe will make our business a lasting success and one that carries through on our objective of making Olympus a truly global MedTech player.



## Guiding Principles

### Patient safety and sustainability



- 1 Resolve pending commitments to the FDA, prove confidence with regulators
- 2 Lead in organization health and ESG

### Innovation for growth



- 3 Strengthen the Olympus brand, elevate the experience of our customers
- 4 Grow our business through purposeful innovation and acquisitions

### Productivity



- 5 Build a high performing organization focused on patient safety and product quality
- 6 Ensure simplicity and operational efficiency

“ Making people’s lives healthier, safer, and more fulfilling. ”

(Slide 9)

- As the new CEO, here are the three main priorities relating to patient safety and sustainability, innovation for growth, and productivity.
- These priorities are the guiding principles for understanding Our Purpose of making people’s lives healthier, safer and more fulfilling.
- We are committed to building a robust and durable organization that works with regulators and stakeholders to uphold our corporate framework of integrity and transparency. We want to create a business that leads in healthcare and ESG and one that puts the customer experience at the heart of everything that we do. And to be a company that is high performing in patient safety, offering quality products across multiple areas that tie into our long-term business priorities.



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- Above all, nothing is more important than patient safety. The 3 Warning Letters from the FDA are a strong signal for Olympus to raise its quality management systems to a global industry standard.
- We take this issue extremely seriously and are working tirelessly on structural and cultural changes to meet the regulators' expectations. Employees and systems that will ensure patient safety remains the highest priority.
- In April, I met with the FDA leadership. As a result, we have developed an action plan in coordination with the FDA. I plan to work personally and closely with the agency to meet our obligations and rectify outstanding issues. This has been a learning curve for our organization but a challenge we can overcome.

## QARA investments for Patient Safety and our future growth



### Execute Transformation with the Aim of a Single Global Quality System and Fully Harmonized Processes

- Build and implement a Single Global Quality System
- Develop streamlined digitally-enabled processes to support the global execution of the Quality System, including Complaint Management & MDR, Process Validation, Design Controls, Management Review, Internal Audit, Regulatory Commitment Tracking, etc.



### Enhance Global Quality and Compliance Functions to Ensure Consistent Execution

- Develop a robust organization and supporting processes to ensure consistent execution of Quality System requirements, quality improvements, identification and resolution of compliance risks
- Integrate Quality Engineering and Quality Leadership organizations globally across all three regions, manufacturing plants, repair and distribution centers



### Resolve Compliance Issues and Complete Remediation

- Ensure all commitments to regulators are implemented on time meeting regulator's expectations

(Slide 11)

- As priority number one, we have already started with significant investments and commitments to transform Olympus' quality control processes into a single global system for both quality and quality management.
- A right-sized quality assurance and regulatory affairs organization will support this effort and ensure processes are adopted consistently and globally across manufacturing, repair and distribution centers.
- In addition, we have established a committee, which ensures we diligently respond to regulators and fulfill our commitments.
- We will continue to invest in patient safety and our business' growth, which are fundamental to our organization's long-term sustainability.



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- Since its inception, Olympus has prided itself on impacting society in line with our shared values.
- Part of our continued endeavors is realizing sustainable growth and developing a sustainable society.

## ESG six focus areas and materiality topics with top priorities



\* CRC: Colorectal cancer \*\* Olympus Corporation

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- Olympus is committed to being a leader amongst its global MedTech peers in environmental, social and governance matters. We are developing a set of meaningful KPIs to guide and track our actions related to governance and reporting transparency, improve the health and equity of our organization and communities that we serve, and creating a responsible supply chain and carbon-neutral footprint.
- Training is a very effective way to make a relevant contribution to improving patient care. In both our developed and emerging markets, we aim to increase our training provided to Healthcare Professionals by 20% to contribute to diagnosing and curing colorectal cancer.
- Diversity has proven its relevance as a critical success factor. We also want to diversify our workforce and committees further. Therefore, we aim to have 30% women leaders globally by FY28. Starting in Japan, we aim that 100% of our eligible male colleagues take parental leave – a goal we plan to accomplish by FY26. I am sure that we will soon be one of Japan’s leading companies in this field.
- Carbon neutrality has been high on our agenda for several years; we are expanding the goal for carbon-neutral operation sites to net-zero GHG emissions by 2040.



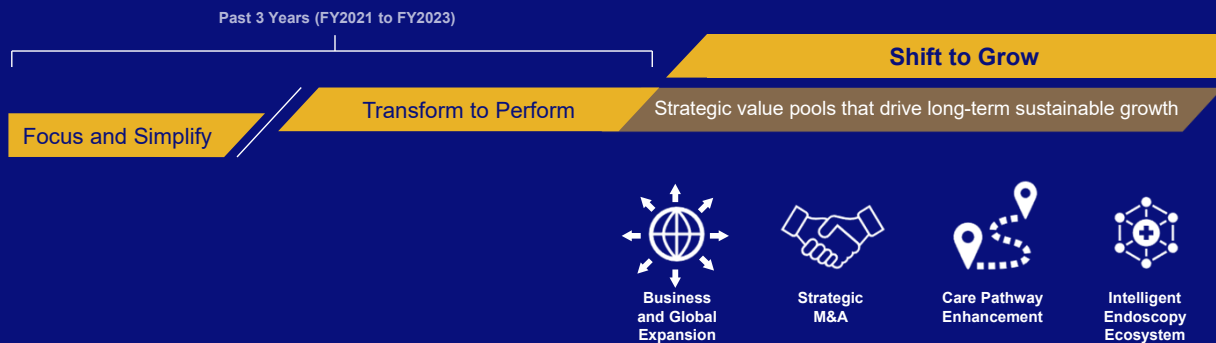
## Strategic Value Pools for Long-term Sustainable Growth

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- Now I would like to outline our strategic values that will ensure the long-term sustainable growth

## Four value pools that will drive sustainable growth

We will continue to Focus on disease states where Olympus can have a market-leading impact and will Shape and Enable future growth by investing in new ways to elevate the standard of care.



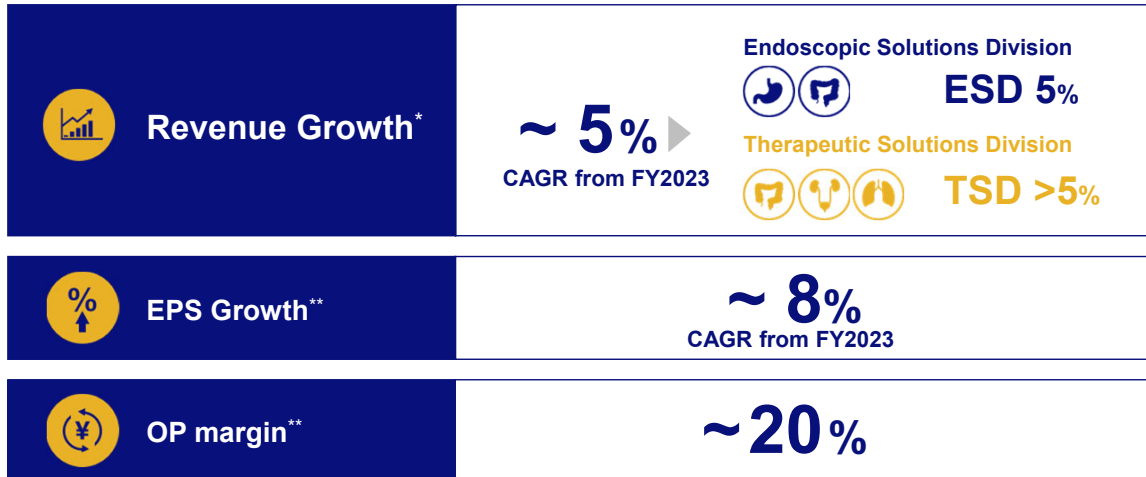
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- We are continuously building additional value pools to support long-term sustainable growth; through this, we have identified four key drivers that will expand our market position in our key segments and ultimately improve patient experiences and outcomes.
- These four areas are global expansion, M&A, care pathway innovation, and building intelligent endoscopic ecosystems.



## FY24-26 Financials

Competitive growth along with steady value creation



\* constant currency basis  
\*\* Adjusted for extraordinary Items  
- Exclude "Other income / expenses"  
- No adjustment will be made for the impact of exchange rate fluctuations; actual exchange rate will be used

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- This growth strategy is expected to contribute to the sustainable growth of the company.
- In 2019, we revealed our long-term aspiration and have set some targets to help us achieve our goals and objectives and ensure we make good progress.
- Today I am glad to report that over the past three years we have taken on the transformation and have almost achieved our milestone of exceeding 20% operating margin in FY2023.
- From now on, in the new stage of Shift to Grow, we will manage both growth and profitability.
- Our targets under this approach are to sustain revenue CAGR of around 5% and around 20% operating margin as befits a global MedTech company, and to deliver EPS CAGR of around 8%.

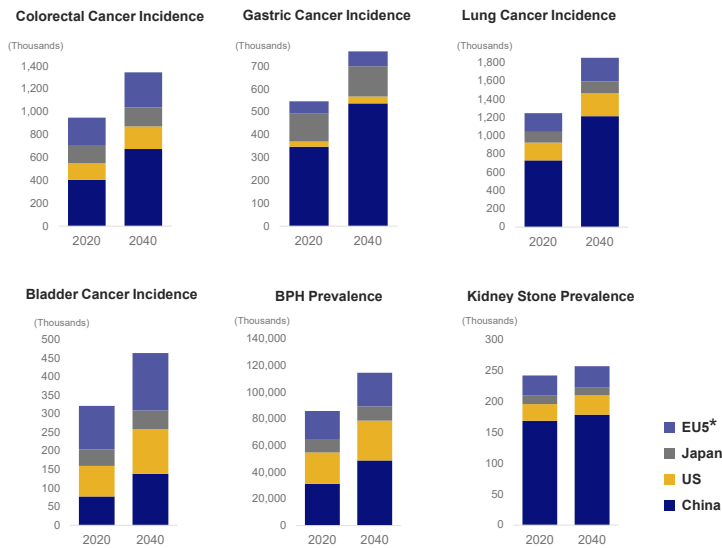


## **Business and Global Expansion**

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- We are on the path to further business growth and global expansion. Before I talk about our growth strategy in more detail, let's start with the market environment.

## Rise in cancer and other chronic diseases in our focus areas drives demand for endoscopy-enabled procedures



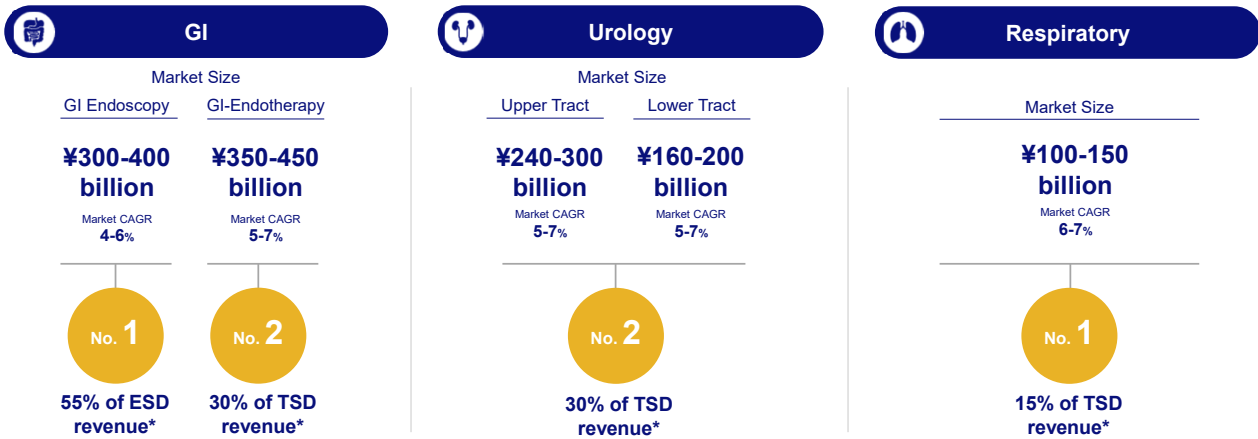
- Olympus is an established **innovator in developing solutions to enhance the standard of care** in these disease states
- Olympus' **expertise in visualization, maneuverability and ergonomics** uniquely positions us to expand our leadership
- Olympus is focused on decreasing cancer recurrence **through improved detection, staging and therapeutic innovations**
- Olympus offers a **complete set of complementary solutions and services for infection prevention, repair and service** supported by highly-knowledgeable, dedicated sales representatives

\*EU5: UK, France, Italy, Germany, Spain  
Source: Epidemiology database, Cermer Enviza. Accessed Feb. 2023

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- Globally, the shift in demographics and rise in disease incidence are increasing the need for solutions across our targeted disease states. Both patients and Healthcare Professionals will increasingly demand less invasive procedures with improved detection, staging, and therapeutic interventions.
- This will drive demand for our endoscopic and therapeutic solutions where we have:
  - - Strong service and support;
  - - differentiated expertise in endoscopic and minimally invasive approaches;
  - - and advanced access, visualization, detection, and treatment modalities
- which uniquely position us to expand our leadership in endoscopy.

## We have a leading impact in large, fast-growing markets



**Our innovation pipeline will enable sustained market leadership in GI, Urology and Respiratory**

Note: Served market scale and growth forecast information for this slide come from the Company's research and pertains to data for the USA, EUS (Germany, UK, Italy, France, Spain), Japan and China. Market scale is as of March 31, 2023. Respiratory includes the impact of the Veran Medical acquisition. Growth forecasts are projected for fiscal year 2023 to fiscal year 2026. This also applies to market data shown on slides below. Sub-segment sales ratios within ESD/TSD are figures of fiscal year 2023.

\*Approx.

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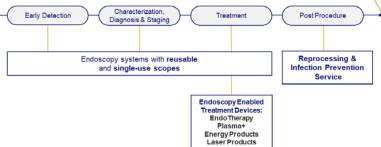
- Olympus will continue to focus on disease states in specialties where we can have the greatest impact on elevating the standard of care.
- We are active in several large, fast-growing markets and are clear leaders in gastroenterology, urology, and respiratory, which account for a combined market worth over a trillion Yen. These markets continue to evolve and provide tremendous opportunities for our future innovation and growth.

## Our unique capabilities have led to differentiated solutions along the care pathway



### Precision Treatment

Precision access and tissue manipulation: TFL\*, Plasma, ESD\*\*



\* TFL = thulium fiber laser  
\*\* ESD = endoscopic submucosal dissection



### Advanced Visualization

"Making the invisible visible"



### Value Added Solutions

Reprocessing, Repair, Uptime Service



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- Elevating the standard of care has always been a key focus for Olympus. It has been part of our DNA since we introduced our first endoscope over seventy years ago.
- We have and will continue to develop differentiated solutions along the care pathway.
- Olympus continues to lead in precision treatment with a comprehensive portfolio of access, therapeutic and tissue manipulation technologies, and advanced visualization with an extensive portfolio of solutions that makes the invisible, visible.
- We also offer a complete set of solutions and services for reprocessing, infection prevention, and repair supported by highly knowledgeable, dedicated sales representatives.

## At a Glance: Transformed to a pure-play MedTech company



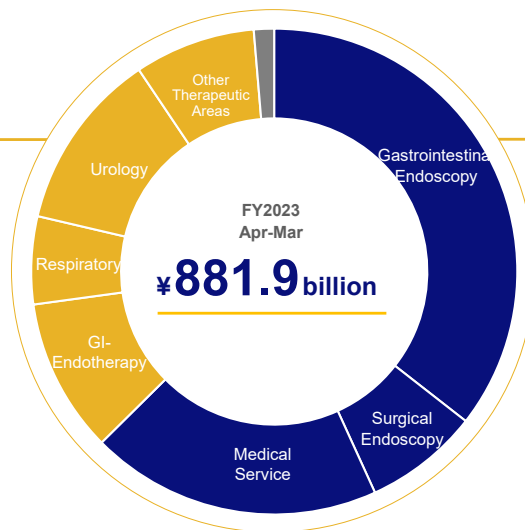
**Therapeutic  
Solutions Business**

**36%**



**Endoscopic  
Solutions Business**

**63%**



■ Others

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- And now, as a pure-play MedTech company, we are able to fully align our capabilities and focus on further elevating the standard of care in the impactful markets that we serve and where we hold a significant leadership position.


# GI Endoscopy innovations in visualization, detection and endoscopes will continue to position us as a leader in the market

**Olympus Care Focus**

Market Size  
¥300-400 billion\*  
4-6% CAGR


- Colorectal Cancer
- Gastric Cancer

**Main Sources of Revenue**




GI Endoscopy  
**EVIS X1™**  
endoscopy system  
(incl. scopes)

**Catalyst for Growth**



Global expansion and  
additional line-up for  
EVIS X1™ endoscopy  
system

**Future Growth Driver**



Computer-Aided  
Detection (CADe/x)  
Workflow Management  
Remote Maintenance

**Olympus Right to Win**

CAGR FY24-26:  
Mid single-digit %

- ✓ **>70% share\*** in colonoscopes, gastroscopes, duodenoscopes, and ultrasound gastrointestinal videoscope.
- ✓ Strong growth for EVIS X1™ endoscopy system with US (FY2024) and China (FY2025) with **~70,000 legacy units potential** for upgrades.
- ✓ Differentiated digital solutions and flexible service models will enhance the standard of care and provide **future monetization opportunities**.

**Investments in AI and other digital health solutions will provide continued differentiation, improve patient outcomes and workflow management**

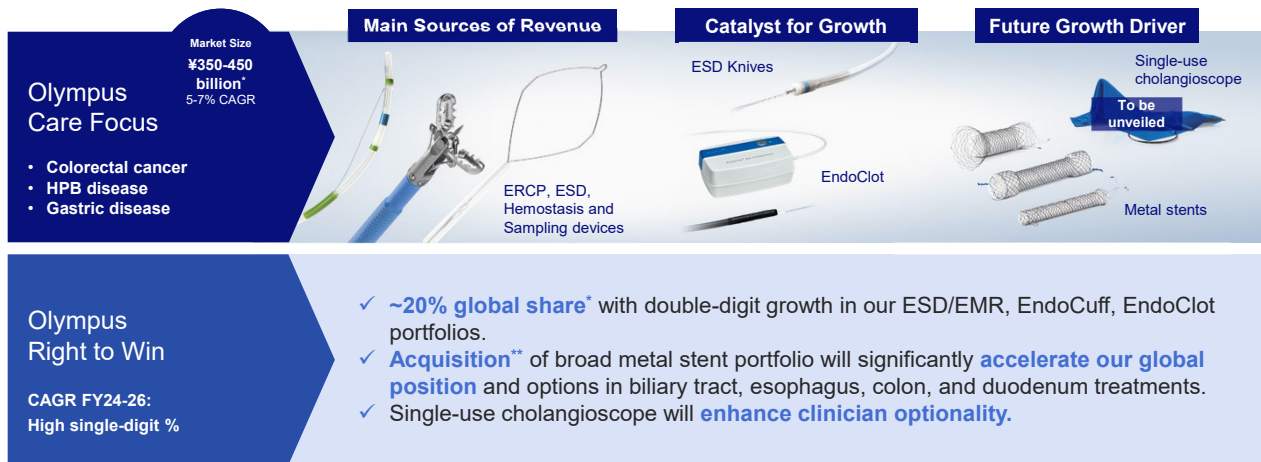
\* Addressable market, growth and Olympus position based upon publicly available data and Olympus research, and pertains to data for the USA, Germany, UK, Italy, France, Spain, Japan and China.

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- Turning to our established market leader business, GI will continue to grow at or above market as we roll-out the EVIS X1™ endoscopy system around the globe.
- Our investments in Intelligent Endoscopic Ecosystems will transform the customer experience, fortify our market position, and provide future monetization opportunities.



## GI-Endotherapy has built a differentiated portfolio across several disease states



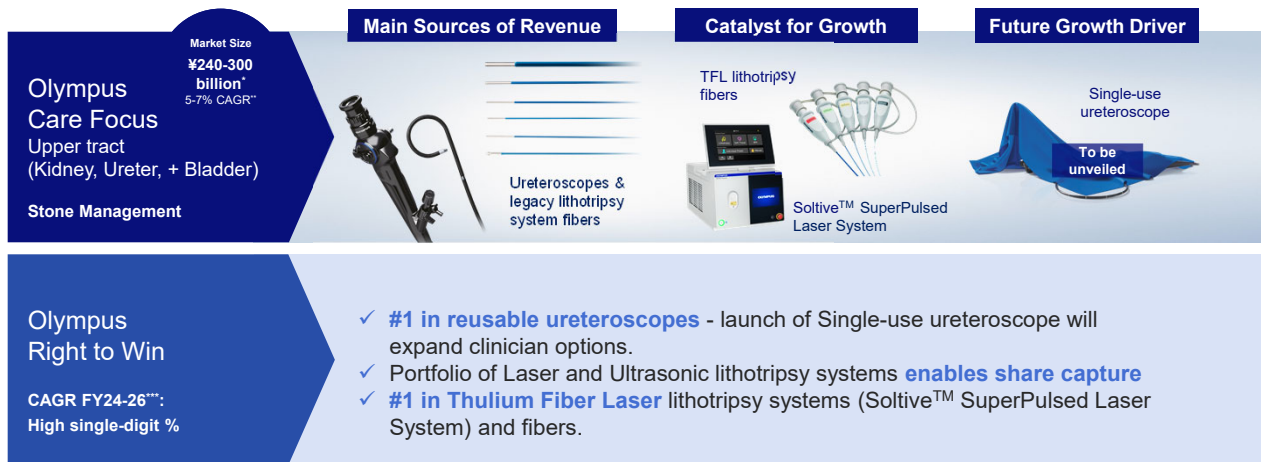
Continued market adoption of new product launches plus the recently announced acquisition<sup>2</sup> of metal stent portfolio will drive high-single digit growth

\*Addressable market, growth and Olympus position based upon publicly available data and Olympus research, and pertains to data for the USA, Germany, UK, Italy, France, Spain, Japan and China.\*\* Acquisition of TaeWoong medical Co., Ltd. Closure pending

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- Complementary to our core GI portfolio, we have built a broad and differentiated GI endotherapy portfolio of ERCP, ESD, Sampling and Hemostasis solutions.
- We are also incredibly excited about our recent agreement to acquire TaeWoong Medical and their portfolio of gastrointestinal and urological metallic stents as a future growth driver.

## Urology delivering strong growth in stone management with innovative solutions that improve clinical outcomes



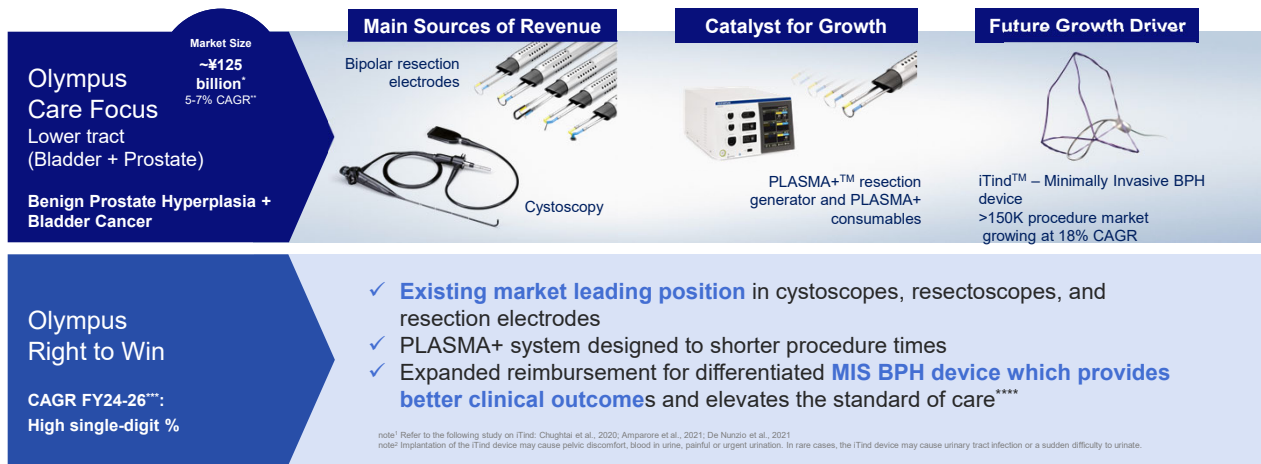
**Portfolio expansion in our Soltive platform and the launch of a Single-use ureteroscope will provide sustainable long-term growth**

\* Addressable market, growth and Olympus position based upon publicly available data and Olympus research, and pertains to data for the USA, Germany, UK, Italy, France, Spain, Japan and China. \*\* CAGR for the total market of upper and lower tract categories. \*\*\* On an Olympus Urology/Gynecology consolidated basis.

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- In Urology, our business can be divided into upper tract and lower tract diseases.
- For the upper urological tract, we hold the number one market position in reusable ureteroscopes, and we will soon be launching a single-use ureteroscope to give clinicians additional options and drive future growth.
- Olympus was also the first company to launch the new thulium fiber lasers for lithotripsy and we command the top market share in this category for both the laser systems as well as the consumable fibers.

## Leading position in cystoscopes and resectoscopes fueling growth in lower tract urology



**Market leading PLASMA+ resection system plus new minimally invasive BPH device will deliver consistent growth**

\* Addressable market, growth and Olympus position based upon publicly available data and Olympus research, and pertains to data for the USA, Germany, UK, Italy, France, Spain, Japan and China. / \*\* CAGR for the total market of upper and lower tract categories. / \*\*\* On an Olympus Urology/Gynecology consolidated basis. / \*\*\*\* iTind procedure does not require a permanent implant and preserves sexual function and continence, while reducing the need for a post-procedure catheter. Procedure can be done in the MD office setting.

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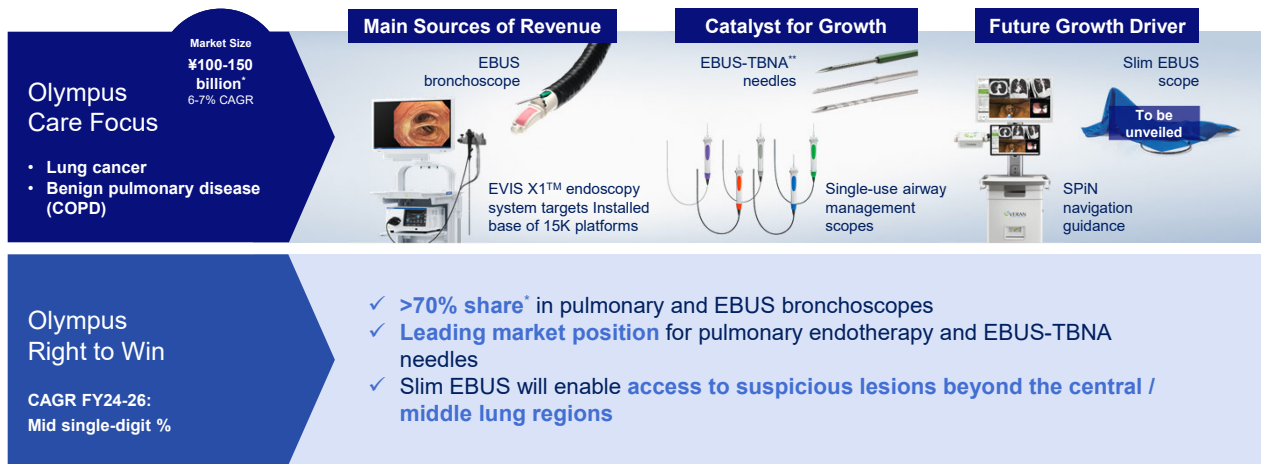
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- In the lower urological tract, we have a similarly compelling and market-leading portfolio of solutions for the treatment of bladder cancer and BPH.
- We expect to see significant growth from our new iTind™ device. This is the first and only temporary implant to relieve BPH symptoms as of April 2023.
- The minimally invasive procedure can be performed in a clinical office setting and provides a solution for patients that do not want a permanent implant. The iTind™ procedure allows for improved outcomes, such as preserving sexual function and continence. The iTind procedure also reduces the need for a post-procedure catheter

## Respiratory segment will transform with technologies that enable access to the periphery with real time sampling



**EVIS X1 platform upgrades and extension of EBUS portfolio which will expand clinical applications thereby driving sustainable growth for the next few years**

\* Addressable market, growth and Olympus position based upon publicly available data and Olympus research, and pertains to data for the USA, Germany, UK, Italy, France, Spain, Japan and China. / \*\* Endobronchial ultrasound-guided transbronchial fine needle aspiration (EBUS-TBNA).

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- In Respiratory, we are excited about the prospect of elevating the standard of care and enabling early detection of lesions beyond the central lung regions.
- While it was a challenging year for our Respiratory business unit with Covid-related lockdowns and macroeconomic-related supply issues, we are bullish on the long-term prospects.
- We lead market position in pulmonary and EBUS bronchoscopes, and our investments in single-use airway management scopes and the Slim-EBUS scope, which are under development, are expected to reinvigorate the growth in this segment.

## Single-use endoscopes complement our portfolio providing the right scope for the right situation at the right time



Growing market for  
single-use endoscopes

**15-18%**

CAGR between  
2020 and 2030\*

\* Served market projection by Olympus

First single-use scope  
launched FY22



Bronchoscope

More launches planned for FY24 – FY26



Rhinolaryngoscope



Duodenoscope  
Cholangioscope



Ureteroscope



Single-use scopes will incrementally add

~ **¥ 10 billion** revenue by FY26

(Slide 27)

- We also continue to recognize the market opportunity for single-use endoscopes.
- We have five additional single-use scope launches planned between FY24 and FY26. And expect that single-use scopes will incrementally add approximately 10 billion yen in revenue by FY26. This portfolio will uniquely position Olympus with an optimal range of endoscopes for every patient, procedure and site of care.

## Regional expansion of EVIS X1 as our growth driver: Obtained 510(k) clearance for the U.S. market

EVIS X1™ endoscopy system launched in EU/AP/JP markets with opportunity to grow globally

Expected growth opportunity for EVIS X1 endoscopy system

CAGR in first 5 years after launch

**7.4%\***

\* Historical performance of previous generation (180/260 series to 190/290 series)

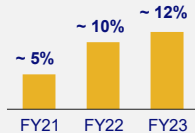
Potential for replacing the previous model

**70,000 units\***

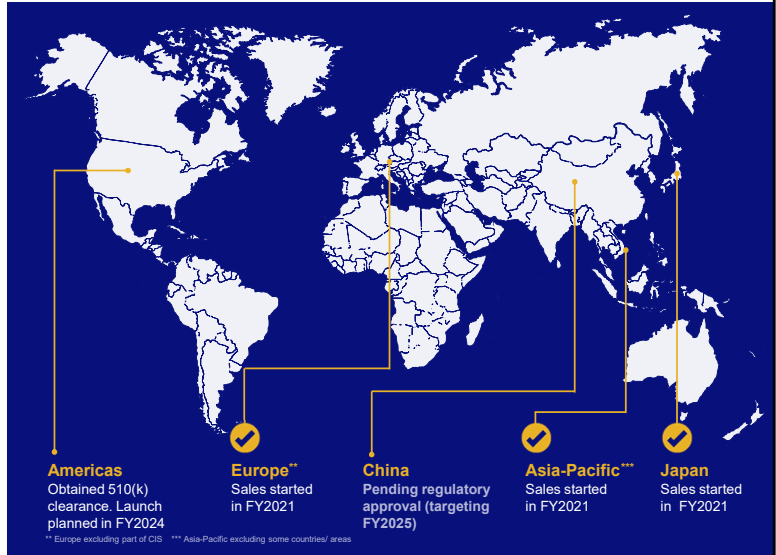
\* Unit sales of previous generation video processor (CV-190 and CV-290)

EVIS X1 endoscopy system sales start in Japan, Europe and Asia-Pacific

EVIS X1 endoscopy system share of global GI Endoscopy net sales



Note: Products or devices presented include future technology which may be pending regional regulatory approval and are not available for sale in all regions.



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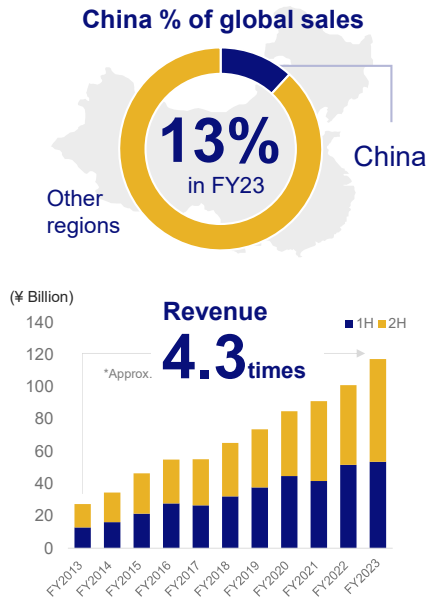
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(Slide 28)

- We mentioned earlier about our EVIS X1™ platform, our most advanced endoscopy system, and we have already seen exciting growth.
- The EVIS X1 endoscopy system represents a range of new, easy-to-use technologies that revolutionize the way gastrointestinal disorders can be detected, characterized and treated
- Olympus is a global company with solutions available around the world; as we recently announced, we obtained 510(k) clearance and plan to launch the EVIS X1 endoscopy ecosystem in the U.S. market in the middle of FY24; this market accounts for approximately 35% of Olympus' total GI sales. Additionally, pending regulatory approval, we expect to launch the EVIS X1 endoscopy system in China in FY25, representing another ~20% of our GI sales in this field.

## Growth opportunities in China remain unchanged



Despite short-term fluctuations, we continue to expand our business in China with long-term high single-digit growth aspirations by focusing on the expansion of diagnosis in reducing cancer mortality rates, as an important market.



### Invest in clinician education and training

Expand comprehensive training to endoscopists to support procedural quality and efficiency and elevating screening awareness for stomach & colorectal cancer



### Assess unmet needs from Chinese HCPs

Capture HCPs inputs and market insight in China for future product developments



### Local Manufacturing Strategy

Prepare local manufacturing site in Suzhou, China, to offer "Made in China" products for local market.

(Slide 29)

- China remains an important and strategic market. We have a great foundation in China with a high level of healthcare professionals engagement. Despite recent Covid-related challenges and the backdrop of updated policies, we are bullish on our long-term prospects in China and will continue to invest in the market.
- Some examples of our strategic investments in the market include training and education to improve healthcare access and increase the number of endoscopists. And we have also initiated activities to establish a local manufacturing site to provide "Made in China" products for the local market.





## **Strategic M&A**

(Slide 30)

- Next, I will address M&As and their role as catalysts for expanding our market position.

**We will prioritize tuck-in M&A capital deployment to transform clinical and procedural workflows, enhance care, and to expand geographically.**

We are an established acquirer and investor, deploying **¥ 140** billion in capital in the past four years



\*TaeWoong: Closure pending



**We will focus on tuck-ins in core or high-growth adjacencies**

(Slide 31)

- We continue to strengthen our product portfolio capabilities through tuck-in M&A opportunities in our priority businesses of GI, GI-Endotherapy, Urology and Respiratory in existing disease states and attractive high-growth adjacencies, which in turn contribute to improving patient outcome through comprehensive solutions.
- We are very excited about the recent agreement to acquire TaeWoong Medical, a Korea-based manufacturer of medical devices such as GI metallic stents. The addition provides for a more comprehensive stent portfolio and access and scale in selected regions.
- Moving forward, in addition to our continued focus in organic innovation, we will continue to expand our product and technology strengths through M&A in core or high-growth adjacencies.



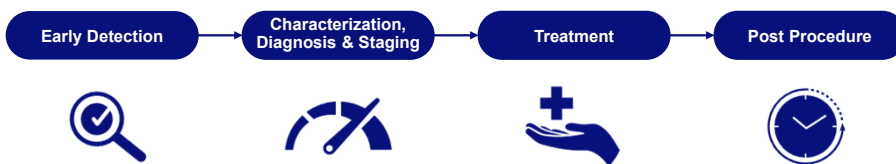
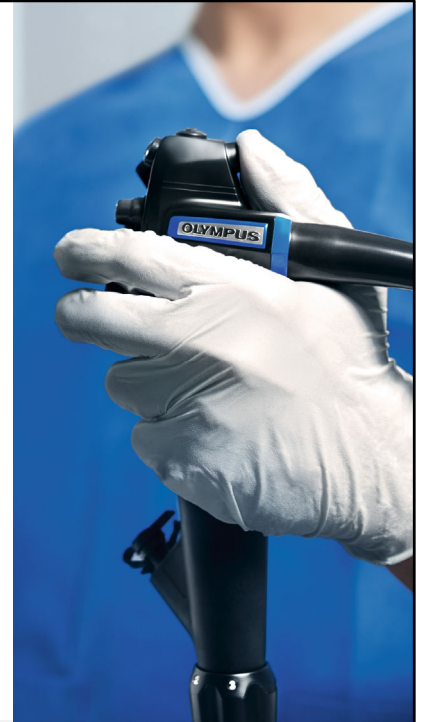
## Care Pathway Enhancement

(Slide 32)

- The care pathway remains an impetus for us to continuously improve and, where possible, expand our solutions to generate better outcomes.

## Expectations for patient care are shifting

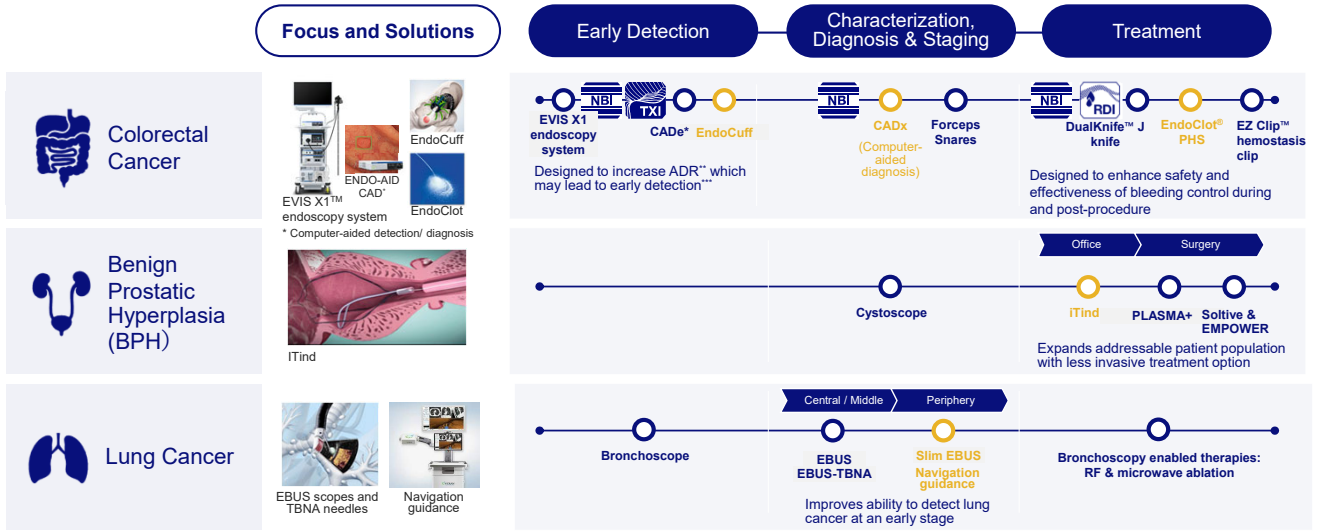
“ We will focus on enhancing patient care pathways where Olympus can elevate the standard of care. ”



(Slide 33)

- Patient and care teams' expectations and needs change and evolve, so too must Olympus. We are focused and steadfast on elevating the standard of care to improve outcomes, the patient and care team experience along the care pathway journey from early detection, diagnosis and staging, treatment, and ultimately in post procedure care.
- Our solutions provide healthcare access to more patients and improve the quality of care and outcomes.

# Enhancing the care pathway in key therapeutic areas



Note: NBI and RDI are registered trademarks of the Olympus Corp but defer to legal on all trademarking requirements and language.

\*\* ADR = adenoma detection rate \*\*\* Data on File with Boddingtons Plastics Ltd.

(Slide 34)

- Here are a few examples of care pathway enhancements in our three focused therapeutic areas over the past few years. In each case, we leverage our core strength to address an unmet need with new solutions, in turn unlocking new value pools for Olympus.
- It elevates the standard of care and ultimately shapes a better healthcare system.



## **Intelligent Endoscopy Ecosystem**

(Slide 35)

- As the medtech leader for endoscopy-enabled care, we are harnessing the opportunities enabled by digital technologies to bring about an intelligent endoscopy ecosystem, for the benefit of our customers and patients, and to reach the quadruple aim of healthcare.

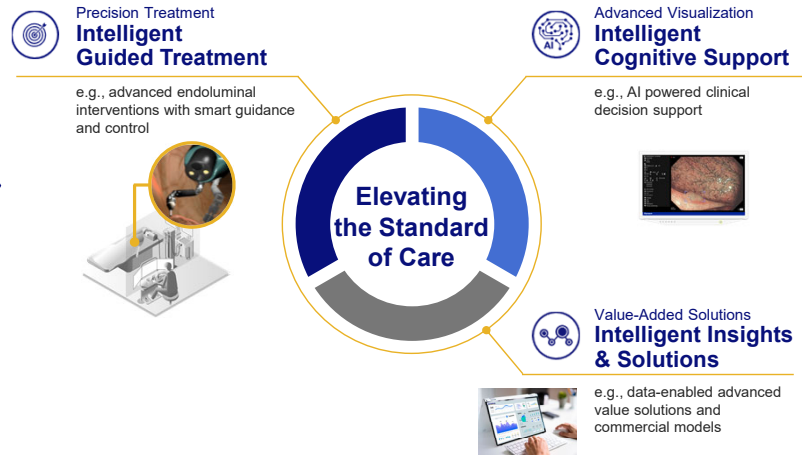
## To meet healthcare challenges, elevate our unique capabilities

Chronic disease patients and their care providers expect continued improvements and outcomes at a lower total cost of care

### Quadruple aim of healthcare

Better Outcomes  
Better Patient Experience  
Better Care Team Experience  
Lower Total Cost of Care

To meet these challenges, we will elevate our unique capabilities with new breakthrough innovations



(Slide 36)

- The rise in chronic diseases and our aging populations require the healthcare community to overcome the challenge of better outcomes for more people, with better care team and patient experience, at lower total cost.
- For example, there are markets with a shortage of Gastroenterologists who can perform lifesaving but demanding procedures, and those who are able to perform these procedure face increasing cognitive load due to rising procedures and increasing administrative workload.
- We believe that there is an opportunity for significant progress through “intelligent” endoscopy, enabled by connectivity, AI and data insights.
- This can enable wider access and better outcomes, while enabling care givers to focus on the patient.
- Therefore, we will elevate our unique capabilities from advanced visualization to intelligent cognitive support, from precision treatment to intelligently guided precision treatment and from value added solutions to intelligent insights and solution.

## We will shape a new era of intelligent, AI-powered endoscopy

With these elevated capabilities and our strong market position, we will shape a new era of GI endoscopy

Era of optically enhanced endoscopy  
(ability to take pictures inside the body)



Gastrocameras and Fiberscopes

Era of enhanced resolution and visualization



Video Endoscopy

HDTV System

Enhanced

Era of intelligent, AI-powered endoscopy  
with enhanced cognitive support software



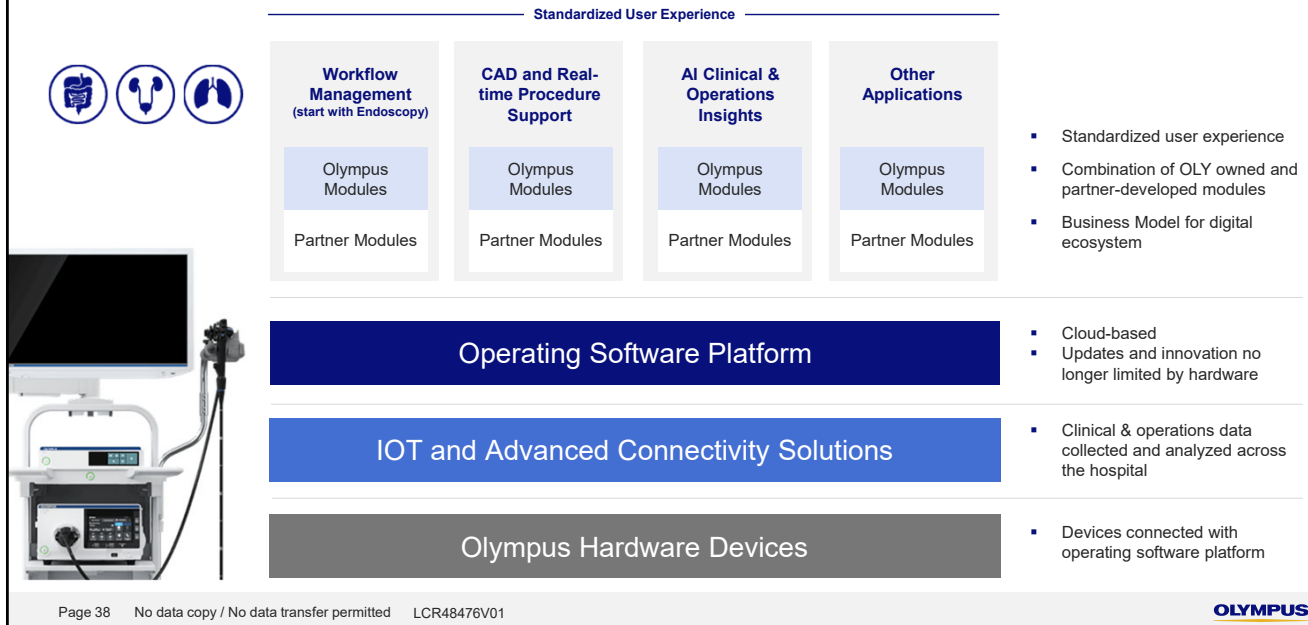
Future AI-powered Endoscopy

(Slide 37)

- Olympus has been a forerunner and leader in endoscopy enabled care pathways, especially in GI with 70% market share.
- With our new elevated capabilities and our strong market position, we will continue to shape a new era of GI endoscopy by developing an intelligent, AI-powered endoscopy ecosystem – ushering the next generation of endoscopy solutions.
- Let me share the blueprint for our upcoming solutions for you:



## Intelligent ecosystem enabled by new, modern software platform and business model



(Slide 38)

- Our intelligent, AI-powered endoscopy ecosystem will be based on a new, modern software platform that will enable value-adding co-creation between customers, Olympus and 3rd party partners.
- It will enable a transition from a mere “Hardware sell” business model, which depends on longer upgrade cycles, towards a model where continuous software improvement can provide “always-on innovation” via over the air upgrades and on-demand apps on the Olympus platform.
- As a result, patient and caregivers can benefit through more precise detection, diagnosis and treatment. Data-driven workflow solutions and commercial models can contribute to efficiency. We also believe that this can contribute to attracting more next generation HCPs because of easier and more scalable training as well as reduced mental burden with intelligent cognitive support.



(Slide 39)

- As mentioned earlier today, a strategy to enable investment to secure long-term growth is pivotal to our business.
- In addition, innovation is an essential aspect of our business and will help us develop and grow in our key focus areas.

## Activities to enable investments and innovation



### QARA – functional transformation globally

- Execute Quality and Regulatory **functional transformation** with the aim of one global quality system
- Integrate Global Quality and Compliance Functions to ensure the consistent execution
- Resolve compliance issues and **complete remediation**



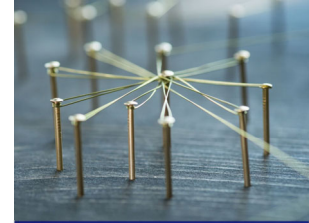
### R&D – investments to accelerate innovation

- Apply an **unmet need-oriented innovation** approach
- Right investments for future to ensure an **innovation engine**
- Pro-actively seek **strategic partnerships**
- **Accelerate time-to-market**



### Mfg & SCM – opportunity for COGS improvements

- Improve **efficiency and cost** to apply a fit-for-purpose organization and processes
- Actions include **site and resource streamlining, fast-track efficiencies, procurement and supply chain** best-practices, and benefits from digitization



### Global TOM – efficiencies by an improved operations

- Further fine-tune our **global governance and operation** to establish a high-performing organization of a global medical company that **unlocks capital to drive innovation**
- Enable **cross-functional and effective decision-making, with efficient resource allocation** and rigorous execution to fund & deliver key projects

Ensure patient safety according to the highest industry standards

(Slide 40)

- To enable innovation, we must continue to work on optimizing our value creation.
- This can be accomplished by:
  - Our QARA transformation, which will provide us with a consistent, modern and robust quality system and organization, and help us complete our remediation efforts
  - Quicker and higher investments in R&D with the aim of accelerating innovation. We want to create a more robust innovation pipeline, seek more proactively strategic partnerships and accelerate our time-to-market
  - Seizing opportunities through COGS improvements, a right-sized organization and site structure, streamlined and digitized processes and seeking further efficiencies
  - And finally we will continue to improve our global governance and operation and establish and enable a high-performing organization, with clearer decision making processes and a more efficient resource allocation to unlock capital to drive innovation

## Funding our journey and invest to create value for all stakeholders



(Slide 41)

- The value creation wheel outlines how, as a business, we are looking to bolster our approach to continue to provide outstanding value to all stakeholders across the key areas of patient safety and sustainability, innovation for growth and productivity.
- Essentially, we want to maximize our profits by increasing sales, and improving COGS and SGA.
- We will look to reinvest the revenue generated to create new value and ultimately achieve that level of sustainable growth that we're currently pursuing and that I've mentioned earlier in my presentation.



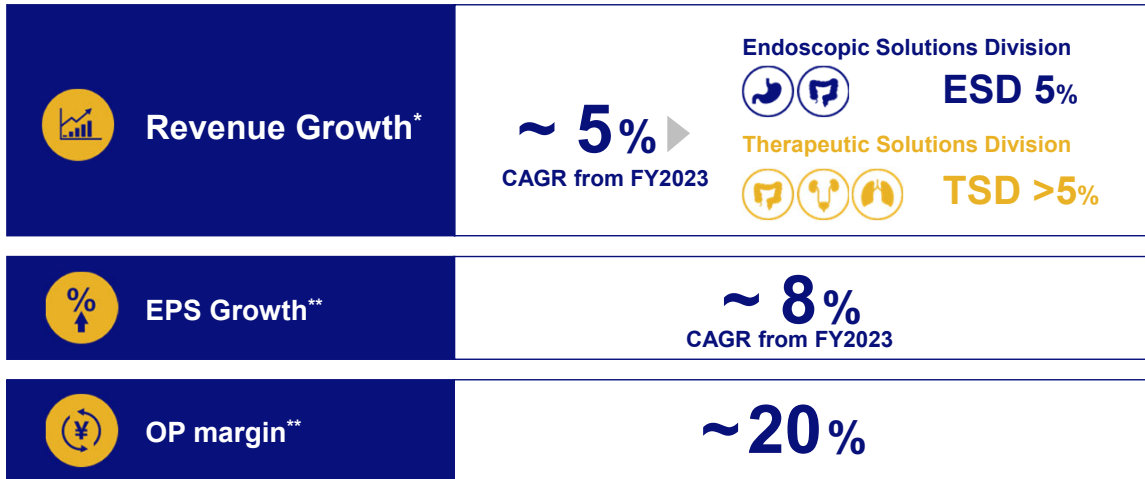
## Financial Guidance

(Slide 42)

- Now I'd like to guide you through the financials and provide a solid overview of the growth and value we aim to generate.

## FY24-26 Financials

Competitive growth along with steady value creation



\* constant currency basis  
\*\* Adjusted for extraordinary items  
- Exclude "Other income / expenses"  
- No adjustment will be made for the impact of exchange rate fluctuations; actual exchange rate will be used

(Slide 43)

- As I mentioned earlier, our new strategy will support long-term sustainable growth for Olympus.
- We expect revenue CAGR to be around 5%, including M&A.
- We aim to achieve 5% CAGR for our ESD business, mainly due to increased sales of EVIS X1 and VISERA ELITE III - and with TSD, we are aiming for more than 5% CAGR by expanding our product portfolio, including single-use endoscopes and M&A.
- EPS CAGR is targeted at around 8%, above revenue growth, with productivity and efficiency improvements to control rising costs and our operating profit margin, we believe, to be maintained at around 20%.

## Capital Allocation

- ✓ Prioritize allocation to business investment
- ✓ Stable and gradual dividend increase
- ✓ Flexible buyback of company shares



(Slide 44)

- Our capital allocation policy, last updated in 2021, remains the same.
- Taking advantage of our robust platform centered on GI endoscopes in the medical business, I believe we can continue to generate a stable free cash flow.
- First, business investment is the top priority in capital allocation.
- Our shareholders expect Olympus to make business investments to create unique added value and increase shareholder value.
- In line with our company strategy, we will continue to promote business investment and M&A centered on the medical business, especially in our three focus areas that our referenced earlier.
- In line with good financial management, we will pay dividends stably and aim to increase them gradually. After securing sufficient liquidity on hand for working capital and investment, we will consider additional buyback of treasury stock if there are surplus funds.

## Direction of Business Investment and Shareholder Returns

		(JPY)		FY2021 – FY2023 Actual		FY2024 – FY2026 Forecasts	
<b>Business Investment</b> 	<ul style="list-style-type: none"> <li>Investment for profitable, organic growth</li> <li>Strategic investment for growth opportunities</li> </ul>	R&D	¥ <b>223.0</b> billion	FY2021 - FY2023 total		Ratio to revenue from 8% in FY23 to <b>8.5%</b> in FY26	
		CAPEX	¥ <b>227.0</b> billion	FY2021 - FY2023 total		<b>Maintain similar level</b>	
		M&A	Acquired 7 companies for		¥ <b>135.0</b> billion	<b>Focus on tuck-in M&amp;A</b>	
<b>Shareholder Returns</b> 	<ul style="list-style-type: none"> <li>Dividends Increase gradually</li> <li>Buyback</li> </ul>		FY2021	FY2022	FY2023	FY2024	FY2024 – FY2026
			¥ <b>15.4</b> billion ¥ 12.0 per share	¥ <b>17.8</b> billion ¥ 14.0 per share	¥ <b>20.1</b> billion ¥ 16.0 per share	¥ <b>22.6</b> billion ¥ 18.0 per share	over ¥ <b>67.8</b> billion FY2024 - FY2026 total
			—	¥ <b>30.0</b> billion	¥ <b>50.0</b> billion	Share Buybacks and improve capital efficiency over ¥ <b>100.0</b> billion	

**Invest in growth and productivity to improve cash generation and enhance shareholder returns**

(Slide 45)

- Let me share with you the direction of our business investment and shareholder returns over the next three years.
- R&D is the most important element of elevating the standard of care and introducing new solutions along the Care Pathway. We will invest in R&D to create new breakthrough innovations, while continuing to control cost increases through prioritization of development themes.
- Regarding capital expenditures, we plan to strengthen our manufacturing base, including the establishment of a base in China, the amount of investment over the next three years is expected to be at a similar level as the past three years.
- We would like to capture opportunities for M&A, but we don't set the budget as it depends on the opportunity. Our Business Development team is always searching for opportunities that fit our strategy and we will continue to work in this area to identify those opportunities as part of our growth plan.
- In addition to these investments for business growth, strengthening QARA is a key management priority over the next three years, and we plan to make extraordinary investments in our QARA function.
- With our sustainable growth strategy, we will continue to create greater value for our shareholders which will reflect in the dividends.
- Dividends have been increased for the past five straight years and are expected to increase by 2 yen per share for the current fiscal year.
- We will also consider share buybacks to improve capital efficiency at a right time.
- And now over to our CFO for the forecasts for the fiscal year 2024





(Slide 46)

- Next, I would like to explain our full-year forecasts for fiscal 2024.

## Fiscal 2024 Consolidated Forecasts

- 1 Revenue: Expected to achieve ¥914 billion, up 4% YoY (up 5% after FX adjustment)
- 2 Adjusted Operating profit: Expected to achieve ¥182 billion, up 3% YoY (up 6% after FX adjustment)
- 3 Profit\*\*: Expected to reach a record high of ¥336 billion due to a gain on transfer of Scientific Solutions Business. EPS: Expected to grow 141% to ¥273
- 4 Shareholder returns: Annual dividend plan to increase by ¥2/share YoY to ¥18/share. Share buyback of approx. ¥100 billion expected

(Billions of yen)		FY2023	FY2024 Forecasts	Change	vs FY2023	After FX adjustment
** Continuing operations	Revenue	881.9	1 914.0	+32.1	+4%	+5%
	Gross profit	596.8	627.0	+30.2	+5%	+7%
	(% of revenue)	(67.7%)	(68.6%)			
	Selling, general and administrative expenses	420.5	446.0	+25.5	+6%	+7%
	(% of revenue)	(47.7%)	(48.8%)			
	Other income and expenses	10.3	-18.0	-	-	-
	Operating profit	186.6	163.0	-23.6	-13%	-9%
	(% of revenue)	(21.2%)	(17.8%)			
	<b>Adjusted operating profit</b>	<b>176.8</b>	<b>2 182.0</b>	<b>+5.2</b>	<b>+3%</b>	<b>+6%</b>
	(% of revenue)	(20.0%)	(19.9%)			
Profit before tax	182.3	159.0				
(% of revenue)	(20.7%)	(17.4%)				
Profit from continuing operations	138.0	115.0				
(% of revenue)	(15.7%)	(12.6%)				
Profit from discontinued operation	5.6	221.0				
Profit (loss)	143.6	3 336.0				
			3			
Profit (loss) attributable to owners of parent	143.4	336.0				
(% of revenue)	(16.3%)	(36.8%)				
EPS	¥113	¥273				

\*Profit attributable to owners of parent. Figures through FY2016 are based on Japanese GAAP (JGAAP) and figures from FY2017 onward are based on IFRS.

\*\*The figures from "Revenue" to "Profit from continuing operations" represents continuing operations.

\*\*\*Since all shares of discontinued operation (Evident) were transferred in April 2023, a gain on this share transfer is expected to be recorded in the first quarter of the fiscal year ending March 31, 2024.

### Dividend forecast for FY2024

- 4 Year-end dividend of ¥18 per share

(Slide 47)

- Our full-year forecasts for fiscal 2024.
- The forecast assumptions for annual average FX are ¥132 to the U.S. dollar and ¥144 to the euro.
- Revenue is expected to achieve ¥914 billion, up 4% YoY.
- Meanwhile, we project a significant increase in expenses to implement comprehensive measures that contribute to patient safety as the number one priority, including expenses for responding to the FDA findings. We will also prioritize the allocation of resources to R&D and productivity improvements. On the other hand, we will continue with COGS reduction initiatives and SG&A rationalization efforts to secure resources.
- While maintaining a balance between addressing major issues and continuous investments for sustainable growth, we aim to achieve adjusted operating profit of ¥182 billion, up 3% YoY, with an adjusted operating margin of around 20% on a par with the previous year.
- Profit is also expected to reach a record high of ¥336 billion, in part reflecting a gain on transfer of the Scientific Solutions Business. EPS is expected to be ¥273, up 141% YoY. Profit from Continuing Operations is expected to be ¥115 billion, with EPS of ¥93, down 14% YoY.
- Regarding dividends for fiscal 2024, we plan to issue a dividend of ¥18 per share, up ¥2 from the previous year, in light of financial forecasts under our policy of stable and gradual dividend increase. In addition, we plan to repurchase our shares of approx. ¥100 billion.

## Fiscal 2024 Forecasts by Business Segment

- 1** Medical: Revenue expected to reach a record high. EVIS X1 has already received 510(k) clearance from the U.S. Food and Drug Administration (FDA). Launch in the U.S. is scheduled for the middle of FY2024
- 2** Discontinued Operation: Expected to achieve a significant profit increase due to a gain on transfer

(Billions of yen)		FY2023	FY2024 Forecasts*	Change	vs FY2023	After FX adjustment
ESD	Revenue	551.8	<b>1</b> 572.0	+20.2	+4%	+5%
	Operating profit	152.8	158.0	+5.2	+3%	+6%
TSD	Revenue	318.2	<b>1</b> 329.0	+10.8	+3%	+5%
	Operating profit	63.7	56.0	-7.7	-12%	-8%
Others	Revenue	11.9	13.0	+1.1	+9%	+8%
	Operating profit(loss)	-0.9	1.0	+1.9	+¥1.9 billion	+¥1.9 billion
Elimination and Corporate	Operating profit(loss)	-28.9	-52.0	-23.1	-¥23.1 billion	-¥23.2 billion
<b>Consolidated Total</b>	Revenue	881.9	914.0	+32.1	+4%	+5%
	Operating profit	186.6	163.0	-23.6	-13%	-9%
(Reference) Discontinued Operation	Revenue	135.4	0	-135.4	-	-
	Operating profit(loss)	7.0	<b>2</b> 347.0	+340.0	-	-

\*Since all shares of discontinued operation (Evident) were transferred in April 2023, a gain on this share transfer is expected to be recorded in the first quarter of the fiscal year ending March 31, 2024.

(Slide 48)

- Moving on to forecasts by segment, we expect both ESD and TSD to continue to grow. As a result, the combined revenue of the two divisions in the medical field is expected to reach a record high.
- In ESD, we expect to continue to see sales expansion of EVIS X1 in Japan, Europe and APAC. Also note that in the U.S., we received 510(k) clearance from the FDA at the end of April and ran displays and demonstrations of EVIS X1 during Digestive Diseases Week (DDW), a gastroenterology conference held from May 7 to 9. We are aiming to launch the product in the U.S. in the middle of fiscal 2024, unchanged from February.
- In TSD, on the backdrop of procedural recovery, we project continued growth centered on the three focused areas - GI, Urology and Respiratory.
- For Elimination and Corporate, in addition to a gain on the sale of land in Tokyo worth approx. ¥16.4 billion recorded in fiscal 2023 no longer applying, we expect increased expenses to reinforce our operational infrastructure.
- Discontinued Operation is expected to record a gain on transfer, resulting in a significant increase in profit.
- Finally, let us conclude with a few words from our CEO, Stefan Kaufmann.

“

We want to be recognized by healthcare professionals, patients and regulators for the quality, value and innovation of our people and products and are committed to deliver value to all our stakeholders.

”

(Slide 49)

- Let me once again spell out our aspiration to establish a truly global MedTech company that is committed to improving patient outcomes by elevating the standard of care in targeted disease states.
- By strengthening this foundation and maintaining growth and profitability, we strive to meet our financial targets through rigorous and thorough financial management coupled with taking a long-term approach. This will enable Olympus to be recognized by healthcare professionals, patients and regulators for the quality, value and innovation of our people and products.
- I look forward to working with you all on delivering our ambitious program and value for all our stakeholders.

**OLYMPUS**