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# Consolidated Financial Results for the Nine Months of the Fiscal Year Ending March 31, 2019 <under IFRS>



February 8, 2019

Company Name: Olympus Corporation  
Code Number: 7733  
(URL: <http://www.olympus.co.jp/>)  
Stock Exchange Listing: First Section of Tokyo Stock Exchange  
Representative: Hiroyuki Sasa, Representative Director, President  
Contact: Takayuki Aoyagi, General Manager, Accounting Department  
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Scheduled date to submit the Quarterly Securities Report: February 8, 2019  
Scheduled date to commence dividend payments: –  
Presentation of supplementary material on quarterly financial results: Yes  
Holding of quarterly financial results presentation meeting: Yes (for analysts and institutional investors)

Figures are rounded off to the nearest million yen

## 1. Consolidated Financial Results for the Nine Months of the Fiscal Year Ending March 31, 2019 (From April 1, 2018 to December 31, 2018)

(1) Consolidated Results of Operations (cumulative) (% indicate changes from the same period of the previous fiscal year)

	Revenue		Operating profit		Profit before tax		Profit	
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
Nine months ended December 31, 2018	581,046	1.6	20,584	(65.6)	13,585	(75.6)	6,467	(86.6)
December 31, 2017	572,064	7.6	59,808	6.9	55,704	13.9	48,185	21.9

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	(¥ million)	%	(¥ million)	%	(¥)	(¥)
Nine months ended December 31, 2018	6,527	(86.4)	4,240	(93.8)	19.12	19.11
December 31, 2017	48,037	21.7	68,157	71.4	140.37	140.31

## (2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Equity attributable to owners of parent to total assets
	(¥ million)	(¥ million)	(¥ million)	%
As of December 31, 2018	922,613	438,684	437,452	47.4
March 31, 2018	978,663	444,259	442,793	45.2

## 2. Dividends

	Annual dividends				
	First quarter	Second quarter	Third quarter	Year-end	Total
	(¥)	(¥)	(¥)	(¥)	(¥)
Fiscal year ended March 31, 2018	–	0.00	–	28.00	28.00
Fiscal year ending March 31, 2019	–	0.00	–		
Fiscal year ending March 31, 2019 (Forecast)				30.00	30.00

Note: Revisions of the forecast most recently announced: No

### 3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2019 (From April 1, 2018 to March 31, 2019)

(% indicate changes from the same period of the previous fiscal year)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥)
Full year	790,000	0.4	44,000	(45.7)	39,000	(49.1)	26,000	(54.4)	76.15

Note: Revisions of the forecast most recently announced: No

#### \* Notes

- (1) Changes in significant subsidiaries during the nine months under review (changes in specified subsidiaries resulting in the changes in scope of consolidation): No
- (2) Changes in accounting policies and changes in accounting estimates
  - 1) Changes in accounting policies required by IFRS: No
  - 2) Changes in accounting policies due to other reasons: No
  - 3) Changes in accounting estimates: No

- (3) Total number of issued shares (common shares)

- 1) Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2018	342,713,349 shares
As of March 31, 2018	342,691,224 shares

- 2) Total number of treasury shares at the end of the period

As of December 31, 2018	1,293,431 shares
As of March 31, 2018	1,295,351 shares

- 3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2018	341,412,916 shares
Nine months ended December 31, 2017	342,215,292 shares

\* Quarterly financial results reports are exempt from quarterly reviews conducted by certified public accountants or an audit corporation.

\* Proper use of the forecast of financial results, and other special matters

(Caution concerning forward-looking statements)

The forward-looking statements, including forecast of financial results, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable.

Accordingly, the Company cannot make promises to achieve such forecasts. Actual business and other results may differ substantially due to various factors. Please refer to the section of “Explanation of Forecast of Consolidated Financial Results and Other Forward-looking Statements” on page 4 of the attached material for the conditions that form the assumptions for the forecast and cautions concerning the use thereof.

**Attached Material**  
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## 1. Qualitative Information Regarding Settlement of Accounts for the Nine Months

### (1) Explanation of Results of Operations

#### Overall

	(Millions of yen)			
	Nine months ended December 31, 2017	Nine months ended December 31, 2018	Increase (Decrease)	Increase (Decrease) Ratio (%)
Revenue	572,064	581,046	8,982	1.6
Operating profit	59,808	20,584	(39,224)	(65.6)
Profit attributable to owners of parent	48,037	6,527	(41,510)	(86.4)
Exchange rate (Yen/U.S. dollar)	111.70	111.14	(0.56)	–
Exchange rate (Yen/Euro)	128.53	129.49	0.96	–

In the global economy during the nine months ended December 31, 2018, the U.S. economy continued to steadily recover against a backdrop of robust personal consumption. Europe is in a mild economic recovery amid improvement in the employment environment. China remains in a phase of slowing growth with investment growth shrinking, despite some minor improvements in production growth and consumer spending growth. In the Japanese economy, employment conditions continued to improve and capital investment remained in a growth trend amid strong corporate earnings, with the trend of moderate recovery continuing.

Amid this business environment, the Olympus Group's overall consolidated revenue increased for the nine months ended December 31, 2018 to ¥581,046 million (up 1.6% year on year), due to increased sales in the Medical Business and Scientific Solutions Business. Operating profit amounted to ¥20,584 million (down 65.6% year on year). Operating profit's year-on-year decrease despite revenue growth in the Medical Business and Scientific Solutions Businesses was due to a monetary settlement of ¥19,380 million following damages claim securities litigation settlements; ¥5,957 million in costs associated with the restructuring of the Imaging Business's manufacturing locations; a ¥3,828 million provision for damages resulting from the judgment regarding a lawsuit involving a Chinese production subsidiary; and a ¥9,653 million in costs associated with the plea agreement with the U.S. Department of Justice (DOJ). Moreover, an increase in finance costs associated with exchange losses resulted in profit attributable to owners of parent of ¥6,527 million (down 86.4% year on year).

Regarding foreign exchange, the yen appreciated against the U.S. dollar, on the other hand, it depreciated against the euro compared to the previous fiscal year. The average exchange rate during the period was ¥111.14 against the U.S. dollar (¥111.70 in the same period of the previous fiscal year) and ¥129.49 against the euro (¥128.53 in the same period of the previous fiscal year), which caused revenue and operating profit to down by ¥2,565 million and ¥475 million, respectively, year on year.

#### Medical Business

	(Millions of yen)			
	Nine months ended December 31, 2017	Nine months ended December 31, 2018	Increase (Decrease)	Increase (Decrease) Ratio (%)
Revenue	447,273	464,435	17,162	3.8
Operating profit	87,772	86,535	(1,237)	(1.4)

Consolidated revenue in the Medical Business amounted to ¥464,435 million (up 3.8% year on year), while operating profit amounted to ¥86,535 million (down 1.4% year on year).

In the gastrointestinal endoscope field, although the mainstay endoscopy platform systems are reaching the second half of their product life cycles, steady sales were maintained. In the surgical field, the new "VISERA ELITE II" surgical endoscopy systems performed strongly while sales of the "THUNDERBEAT" integrated energy device with both advanced bipolar and ultrasonic energy continued to grow. In the therapeutic devices field, sales of single-use products for use in endoscopic diagnosis and treatment of biliary and pancreatic ducts and others were strong.

Operating profit in the Medical Business decreased due to the recording of costs associated with the plea agreement with the DOJ.

**Scientific Solutions Business**

(Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018	Increase (Decrease)	Increase (Decrease) Ratio (%)
Revenue	70,002	73,245	3,243	4.6
Operating profit	3,519	4,958	1,439	40.9

Consolidated revenue in the Scientific Solutions Business amounted to ¥73,245 million (up 4.6% year on year), while operating profit amounted to ¥4,958 million (up 40.9% year on year).

Sales of products for hospitals and life science research were steady in North America and China. Moreover, in addition to strong sales of industrial microscopes for semiconductor and electrical component inspection, sales of non-destructive testing equipment mainly to the petroleum gas market increased in North America and Asia, leading to higher revenue year on year in the Scientific Solutions Business.

Operating profit in the Scientific Solutions Business increased due to the increase in revenue and a review of costs.

**Imaging Business**

(Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018	Increase (Decrease)	Increase (Decrease) Ratio (%)
Revenue	47,313	38,338	(8,975)	(19.0)
Operating profit (loss)	1,493	(13,129)	(14,622)	–

Consolidated revenue in the Imaging Business amounted to ¥38,338 million (down 19.0% year on year), while operating loss amounted to ¥13,129 million (compared with an operating profit of ¥1,493 million in the same period of the previous fiscal year).

The Imaging Business's revenue declined due partly to the impact of constraints on supplies of certain existing products and on the number of new products in conjunction with intensifying competition for mirrorless cameras and restructuring of manufacturing locations.

As a result of a decrease in revenues and the recording of costs associated with the restructuring of manufacturing locations and impairment losses of ¥1,345 million, operating loss was recognized in the Imaging Business.

**Others**

(Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018	Increase (Decrease)	Increase (Decrease) Ratio (%)
Revenue	7,476	5,028	(2,448)	(32.7)
Operating loss	(2,820)	(2,192)	628	–

Consolidated revenue in other businesses amounted to ¥5,028 million (down 32.7% year on year), while operating loss amounted to ¥2,192 million (compared with an operating loss of ¥2,820 million in the same period of the previous fiscal year).

Other businesses' revenue declined due mainly to external sales being terminated for lens units for compact cameras. Operating loss for other businesses decreased due mainly to reorganization of our non-core business domains in order to allocate management resources to our business domains in a more concentrated manner, and business transfer of subsidiaries in the same period of the previous fiscal year.

**(2) Financial Position**

As of the end of the third quarter under review, total assets decreased by ¥56,050 million compared to the end of the previous fiscal year to ¥922,613 million.

Their decrease was primarily the net result of a ¥15,570 million increase in inventories, a ¥8,880 million increase in income taxes receivable, a ¥4,235 million increase in property, plant and equipment, a ¥3,669 million increase in goodwill, a ¥60,305 million decrease in cash and cash equivalents, a ¥23,484 million

decrease in trade and other receivables classified as current assets, a ¥1,306 million decrease in intangible assets, and a ¥7,152 million decrease in other financial assets classified as non-current assets.

Total liabilities decreased in comparison to the end of the previous fiscal year by ¥50,475 million to ¥483,929 million, mainly as a net result of an ¥18,538 million decrease in other current liabilities classified as current liabilities, and a ¥36,444 million decrease in bonds and borrowings classified as non-current liabilities.

Total equity decreased in comparison to the end of the previous fiscal year by ¥5,575 million to ¥438,684 million. Its decrease was primarily the net result of an increase in retained earnings reflecting ¥6,527 million in profit attributable to owners of parent, a decrease in retained earnings reflecting ¥9,559 million of dividends and a ¥2,993 million decrease in other components of equity.

As a result of the foregoing, equity attributable to owners of parent to total assets increased from 45.2% as of the end of the previous fiscal year to 47.4%.

### (3) Cash Flows

Cash and cash equivalents at the end of the third quarter under review reached ¥131,774 million, a decrease of ¥59,465 million compared to the end of the previous fiscal year. The following are the cash flows for the nine months ended December 31, 2018.

#### Cash flows from operating activities

Net cash provided by operating activities for the nine months ended December 31, 2018 was ¥36,587 million (compared with ¥60,219 million provided for the nine months ended December 31, 2017). The main sources of cash included a recording of ¥13,585 million in profit before tax, an adjustment for noncash item of ¥43,010 million in depreciation and amortization and a ¥29,201 million decrease in trade and other receivables. The main uses of cash included a ¥15,585 million increase in inventories and ¥19,676 million of income taxes paid.

#### Cash flows from investing activities

Net cash used in investing activities for the nine months ended December 31, 2018 was ¥43,841 million (compared with ¥42,166 million used for the nine months ended December 31, 2017). The main uses of cash included ¥34,163 million in purchase of property, plant and equipment and ¥9,953 million in purchase of intangible assets.

#### Cash flows from financing activities

Net cash used in financing activities for the nine months ended December 31, 2018 was ¥51,584 million (compared with ¥36,160 million used for the nine months ended December 31, 2017). The main uses of cash included ¥64,325 million in repayments of long-term borrowings, ¥25,000 million in redemption of bonds and ¥9,559 million in dividends paid. The main sources of cash included ¥40,817 million in net increase (decrease) in short-term borrowings and commercial papers and ¥9,425 million in proceeds from long-term borrowings.

### (4) Explanation of Forecast of Consolidated Financial Results and Other Forward-looking Statements

Regarding the forecasts of consolidated financial results for the fiscal year ending March 31, 2019, the forecasts are unchanged from the forecasts announced in the “Consolidated Financial Results for the Six Months of the Fiscal Year Ending March 31, 2019,” which was released on November 6, 2018.

The average exchange rates for the fourth quarter and onward of the fiscal year ending March 31, 2019, which are a precondition for the forecast, are expected to be ¥108 against the U.S. dollar and ¥125 against the euro.

**2. Condensed Consolidated Financial Statements and Significant Notes Thereto****(1) Condensed Consolidated Statements of Financial Position**

	(Millions of yen)	
	As of March 31, 2018	As of December 31, 2018
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	191,239	130,934
Trade and other receivables	157,339	133,855
Other financial assets	7,442	2,938
Inventories	139,309	154,879
Income taxes receivable	4,127	13,007
Other current assets	14,487	16,848
Subtotal	513,943	452,461
Assets held for sale	348	6,005
Total current assets	514,291	458,466
Non-current assets		
Property, plant and equipment	168,243	172,478
Goodwill	97,208	100,877
Intangible assets	73,371	72,065
Retirement benefit asset	29,514	29,841
Investments accounted for using equity method	44	2,273
Trade and other receivables	17,971	13,278
Other financial assets	39,683	32,531
Deferred tax assets	37,135	39,571
Other non-current assets	1,203	1,233
Total non-current assets	464,372	464,147
Total assets	978,663	922,613

(Millions of yen)

	As of March 31, 2018	As of December 31, 2018
<b>LIABILITIES AND EQUITY</b>		
Liabilities		
Current liabilities		
Trade and other payables	57,559	54,103
Bonds and borrowings	88,791	88,739
Other financial liabilities	8,793	12,058
Income taxes payable	9,467	5,914
Provisions	6,814	7,928
Other current liabilities	134,496	115,958
Subtotal	305,920	284,700
Liabilities directly associated with assets held for sale	–	4,724
Total current liabilities	305,920	289,424
Non-current liabilities		
Bonds and borrowings	159,183	122,739
Other financial liabilities	7,379	7,535
Retirement benefit liability	39,145	41,072
Provisions	785	1,118
Deferred tax liabilities	10,004	11,160
Other non-current liabilities	11,988	10,881
Total non-current liabilities	228,484	194,505
Total liabilities	534,404	483,929
Equity		
Share capital	124,560	124,606
Capital surplus	91,502	91,367
Treasury shares	(4,775)	(4,767)
Other components of equity	(5,810)	(8,803)
Retained earnings	237,316	235,049
Total equity attributable to owners of parent	442,793	437,452
Non-controlling interests	1,466	1,232
Total equity	444,259	438,684
Total liabilities and equity	978,663	922,613

## (2) Condensed Consolidated Statements of Profit or Loss

	(Millions of yen)	
	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Revenue	572,064	581,046
Cost of sales	199,153	202,642
Gross profit	372,911	378,404
Selling, general and administrative expenses	310,238	322,540
Share of profit (loss) of investments accounted for using equity method	(127)	347
Other income	3,409	5,156
Other expenses	6,147	40,783
Operating profit	59,808	20,584
Finance income	1,344	1,717
Finance costs	5,448	8,716
Profit before tax	55,704	13,585
Income taxes	7,519	7,118
Profit	48,185	6,467
Profit attributable to:		
Owners of parent	48,037	6,527
Non-controlling interests	148	(60)
Profit	48,185	6,467
Earnings per share		
Basic earnings per share	¥140.37	¥19.12
Diluted earnings per share	¥140.31	¥19.11

## (3) Condensed Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Profit	48,185	6,467
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	4,856	(3,655)
Remeasurements of defined benefit plans	(614)	(982)
Total of items that will not be reclassified to profit or loss	4,242	(4,637)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	15,015	1,991
Cash flow hedges	727	421
Share of other comprehensive income of associates accounted for using equity method	(12)	(2)
Total of items that may be reclassified to profit or loss	15,730	2,410
Total other comprehensive income	19,972	(2,227)
Comprehensive income	68,157	4,240
Comprehensive income attributable to:		
Owners of parent	68,006	4,299
Non-controlling interests	151	(59)
Comprehensive income	68,157	4,240

## (4) Condensed Consolidated Statements of Changes in Equity

Nine months ended December 31, 2017

(Millions of yen)

	Equity attributable to owners of parent						Non-controlling interests	Total equity
	Share capital	Capital surplus	Treasury shares	Other components of equity	Retained earnings	Total		
Balance at April 1, 2017	124,520	91,779	(1,122)	(5,652)	185,226	394,751	1,477	396,228
Profit					48,037	48,037	148	48,185
Other comprehensive income				19,969		19,969	3	19,972
Comprehensive income	–	–	–	19,969	48,037	68,006	151	68,157
Purchase of treasury shares			(1,220)			(1,220)		(1,220)
Disposal of treasury shares		(7)	7			0		0
Dividends from surplus					(9,583)	(9,583)	(79)	(9,662)
Transfer from other components of equity to retained earnings				(376)	376	–		–
Share-based payment transactions	40	20				60		60
Total transactions with owners	40	13	(1,213)	(376)	(9,207)	(10,743)	(79)	(10,822)
Balance at December 31, 2017	124,560	91,792	(2,335)	13,941	224,056	452,014	1,549	453,563

Nine months ended December 31, 2018

(Millions of yen)

	Equity attributable to owners of parent						Non-controlling interests	Total equity
	Share capital	Capital surplus	Treasury shares	Other components of equity	Retained earnings	Total		
Balance at April 1, 2018	124,560	91,502	(4,775)	(5,810)	237,316	442,793	1,466	444,259
Profit (loss)					6,527	6,527	(60)	6,467
Other comprehensive income				(2,228)		(2,228)	1	(2,227)
Comprehensive income	–	–	–	(2,228)	6,527	4,299	(59)	4,240
Purchase of treasury shares			(5)			(5)		(5)
Disposal of treasury shares		(14)	13			(1)		(1)
Dividends from surplus					(9,559)	(9,559)	(368)	(9,927)
Transfer from other components of equity to retained earnings				(765)	765	–		–
Share-based payment transactions	46	72				118		118
Equity transactions with non-controlling interests		(193)				(193)	193	–
Total transactions with owners	46	(135)	8	(765)	(8,794)	(9,640)	(175)	(9,815)
Balance at December 31, 2018	124,606	91,367	(4,767)	(8,803)	235,049	437,452	1,232	438,684

## (5) Condensed Consolidated Statements of Cash Flows

	(Millions of yen)	
	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Cash flows from operating activities		
Profit before tax	55,704	13,585
Depreciation and amortization	39,580	43,010
Interest and dividend income	(1,232)	(1,527)
Interest expenses	5,136	3,801
Loss (gain) on sales of investments in subsidiaries	(638)	–
Loss related to securities litigation	592	19,380
Loss related to duodenoscope investigation	–	9,653
Share of loss (profit) of investments accounted for using equity method	127	(347)
Decrease (increase) in trade and other receivables	16,305	29,201
Decrease (increase) in inventories	(18,017)	(15,585)
Increase (decrease) in trade and other payables	(11,095)	(1,212)
Increase (decrease) in retirement benefit liability	788	1,077
Decrease (increase) in retirement benefit asset	1,312	(1,881)
Other	(9,759)	(11,695)
Subtotal	78,803	87,460
Interest received	629	1,025
Dividends received	603	502
Interest paid	(4,494)	(3,844)
Loss on litigation paid	(809)	(19,227)
Loss related to duodenoscope investigation	–	(9,653)
Income taxes paid	(14,513)	(19,676)
Net cash provided by operating activities	60,219	36,587
Cash flows from investing activities		
Purchase of property, plant and equipment	(35,095)	(34,163)
Proceeds from sale of property, plant and equipment	4,326	3,562
Purchase of intangible assets	(10,539)	(9,953)
Purchase of investments in associates	–	(2,273)
Payments for loans receivable	(960)	(1,270)
Collection of loans receivable	838	350
Proceeds from sale of investments	6,716	4,187
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(8,703)	–
Proceeds from sale of investments in subsidiaries resulting in change in scope of consolidation	2,378	–
Payments for acquisition of business	–	(3,501)
Other	(1,127)	(780)
Net cash used in investing activities	(42,166)	(43,841)

(Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Cash flows from financing activities		
Increase (decrease) in short-term borrowings and commercial papers	(2,470)	40,817
Proceeds from long-term borrowings	23,550	9,425
Repayments of long-term borrowings	(55,111)	(64,325)
Dividends paid	(9,583)	(9,559)
Dividends paid to non-controlling interests	(79)	(368)
Proceeds from issuance of bonds	9,946	–
Redemption of bonds	–	(25,000)
Payments for purchase of treasury shares	(1,220)	(5)
Other	(1,193)	(2,569)
Net cash used in financing activities	(36,160)	(51,584)
Effect of exchange rate changes on cash and cash equivalents	5,355	(627)
Net increase (decrease) in cash and cash equivalents	(12,752)	(59,465)
Cash and cash equivalents at beginning of period	199,465	191,239
Cash and cash equivalents at end of period	186,713	131,774

(6) Notes to Condensed Consolidated Financial Statements

(Notes on premise of going concern)

No items to report

(Reporting entity)

Olympus Corporation (hereinafter, the “Company”) is a joint stock company located in Japan. The address of its registered head office is Hachioji-shi, Tokyo. The Company’s condensed consolidated financial statements comprise the Company and its subsidiaries (hereinafter, the “Olympus Group”) and interests in the Company’s associates.

The Olympus Group is principally engaged in the manufacture and sales of medical, scientific, imaging and other products. Details of each business are as described in Note “Segment information.”

(Basis of preparation)

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

The condensed consolidated financial statements of the Olympus Group have been prepared in accordance with IAS 34. Since the requirements for “Specified Company of Designated International Accounting Standards” set forth in Article 1-2 of the “Ordinance on Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements” are satisfied, the Olympus Group adopts the provisions of Article 93 of the same Ordinance.

The condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be used in conjunction with the Olympus Group’s annual consolidated financial statements as of March 31, 2018.

These condensed consolidated financial statements were approved by the Board of Directors meeting on February 8, 2019.

(2) Basis of measurement

The Olympus Group’s condensed consolidated financial statements have been prepared on an acquisition cost basis, except for specific financial instruments measured at fair value.

(3) Functional currency and presentation currency

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

(Significant accounting policies)

The significant accounting policies adopted for the condensed consolidated financial statements of the Olympus Group for the nine months ended December 31, 2018 are the same as those applied for the fiscal year ended March 31, 2018.

(Significant accounting estimates and associated judgments)

In preparing IFRS-based consolidated financial statements, the management is required to make judgment, 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.

Significant accounting estimates and associated judgments in the condensed consolidated financial statements are consistent with the consolidated financial statements for the previous fiscal year.

## (Segment information)

## (1) Overview of reportable segments

The reportable segments of the Olympus Group are components of the Company whose separate financial information is available. These segments are periodically evaluated by the Board of Directors in deciding how to allocate management resources and in assessing the performance.

The Olympus Group, based on the four businesses, Medical Business, Scientific Solutions Business, Imaging Business and Others, formulates comprehensive strategies for Japan and abroad with respect to products and services handled and deploys business activities.

Accordingly, the Olympus Group has the abovementioned four businesses as reportable segments.

The principal products and services of each reportable segment are as follows.

Reportable Segment	Principal products and services
Medical Business	Gastrointestinal endoscopes, surgical endoscopes, endo-therapy devices, ultrasound endoscopes
Scientific Solutions Business	Biological microscopes, industrial microscopes, industrial endoscopes, non-destructive testing equipment
Imaging Business	Digital cameras, voice recorders
Others	Biomedical materials

## (2) Revenue and business results for reportable segments

Revenue and business results of each reportable segment of the Olympus Group are as follows. The accounting method used for reportable segments is the same as that applied for its consolidated financial statements for the fiscal year ended March 31, 2018.

Nine months ended December 31, 2017

	Reportable Segment					Adjustment (Note 2)	Amount on condensed consolidated financial statements
	Medical	Scientific Solutions	Imaging	Others	Total		
Revenue							
Revenue from outside customers	447,273	70,002	47,313	7,476	572,064	–	572,064
Revenue among segments (Note 1)	–	57	8	430	495	(495)	–
Total revenue	447,273	70,059	47,321	7,906	572,559	(495)	572,064
Operating profit (loss)	87,772	3,519	1,493	(2,820)	89,964	(30,156)	59,808
Finance income							1,344
Finance costs							5,448
Profit before tax							55,704
Other items							
Share of profit (loss) of investments accounted for using equity method	(124)	(3)	–	–	(127)	–	(127)
Depreciation and amortization	30,577	4,423	1,602	465	37,067	2,513	39,580
Impairment losses (non-financial assets)	5	55	–	–	60	–	60

## Notes:

- Revenue among segments is based on actual market prices.
- Adjustment for operating profit (loss) is corporate expenses that consist of elimination of transactions among segments as well as general and administrative expenses and fundamental research expenses etc. that are not attributable to reportable segments.

## Nine months ended December 31, 2018

	Reportable Segment					Adjustment (Note 2)	Amount on condensed consolidated financial statements
	Medical	Scientific Solutions	Imaging	Others	Total		
<b>Revenue</b>							
Revenue from outside customers	464,435	73,245	38,338	5,028	581,046	–	581,046
Revenue among segments (Note 1)	–	55	–	379	434	(434)	–
Total revenue	464,435	73,300	38,338	5,407	581,480	(434)	581,046
Operating profit (loss)	86,535	4,958	(13,129)	(2,192)	76,172	(55,588)	20,584
Finance income							1,717
Finance costs							8,716
Profit before tax							13,585
<b>Other items</b>							
Share of profit (loss) of investments accounted for using equity method	347	0	–	–	347	–	347
Depreciation and amortization	33,382	5,245	1,195	364	40,186	2,824	43,010
Impairment losses (non-financial assets)	–	–	1,345	–	1,345	105	1,450

## Notes:

1. Revenue among segments is based on actual market prices.
2. Adjustment for operating profit (loss) is corporate expenses that consist of elimination of transactions among segments as well as general and administrative expenses and fundamental research expenses etc. that are not attributable to reportable segments.

(Subsequent event)

(Share split and partial amendments to the Articles of Incorporation in relation to share split)

The Company, at its meeting of the Board of Directors held on February 8, 2019, resolved to implement a share split and partially amend the Articles of Incorporation in relation to the share split.

(1) Purpose of Share Split

The purpose of the share split is to lower the unit investment amount and increase the liquidity of the Company's stock, thereby enabling a wider range of shareholders to hold the Company's stock.

(2) Overview of Share Split

(i) Method of share split

With a record date of March 31, 2019 (provided, however, that since this day falls on a non-business day of the share registration agent, the practical record date will be March 29, 2019), a four-for-one share split will be instituted to the shares of common share held by shareholders registered in the final List of Shareholders or in other registers on that date.

(ii) Number of shares to be increased by share split

Total number of issued shares as of December 31, 2018:	342,713,349 shares
Number of shares to be increased by share split:	1,028,140,047 shares
Total number of issued shares after share split:	1,370,853,396 shares
Number of shares authorized to be issued after share split	4,000,000,000 shares

\* The total number of issued shares above might increase due to exercise of subscription rights to shares between the date of this resolution by the Board of Directors and the record date for the share split.

(iii) Schedule of the share split

Public notice of record date:	March 14, 2019
Record date:	March 31, 2019
Effective date:	April 1, 2019

(3) Partial Amendments to the Articles of Incorporation

(i) Reason for the amendments

In connection with this share split, pursuant to the provisions of Article 184, Paragraph 2 of the Companies Act, the total number of shares authorized to be issued stipulated in Article 6 of the Company's Articles of Incorporation will be amended effective April 1, 2019.

(ii) Details of the amendment

The details of the amendment are as follows.

(Underlined portions represent amendment)

Before the amendment	After the amendment
Article 6. <i>(Total Number of Shares Authorized to be Issued)</i> The total number of shares authorized to be issued by the Company shall be <u>one</u> billion (1,000,000,000) shares.	Article 6. <i>(Total Number of Shares Authorized to be Issued)</i> The total number of shares authorized to be issued by the Company shall be <u>four</u> billion (4,000,000,000) shares.

(iii) Schedule

Effective date for the amendments to the Articles of Incorporation: April 1, 2019

(4) Effect on Earnings per Share in Relation to Share Split

Earnings per share calculated on the assumption that the share split was implemented at the beginning of the previous fiscal year are as follows.

(Basic earnings per share and diluted earnings per share)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Basic earnings per share	¥35.09	¥4.78
Diluted earnings per share	¥35.08	¥4.78
	Third quarter ended December 31, 2017	Third quarter ended December 31, 2018
Basic earnings per share	¥13.30	¥8.80
Diluted earnings per share	¥13.29	¥8.80

(5) Others

(i) Change in amount of share capital

The amount of the Company's share capital will not change as a result of the share split.

(ii) Dividends

As the share split will be conducted with an effective date of April 1, 2019, year-end dividend for the fiscal year ending March 31, 2019 will be commenced based on the number of shares held prior to the share split.