Consolidated Financial Results for the 1st Quarter of Fiscal 2020 and Full-Year Forecasts

Yasushi Sakai
Executive Officer, CFO
Olympus Corporation
August 2, 2019
Disclaimer

- This material contains forward-looking statements that reflect management’s current views, plans, and expectations based on information available at the time of preparation. These forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, future business decisions, and other internal and external factors that may cause the Company’s actual results, performance, achievements, or financial position to be materially different from any future results expressed or implied by these forward-looking statements.

- Additionally, this information is subject to change without notice. Accordingly, other information should be used in addition to this material when making investment decisions.

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1Q Consolidated Financial Results

- Both revenue and profit up, in line with full-year forecasts
- SG&A ratio to revenue 55.6% (2.6 point YoY improvement) as SG&A streamlining is going as planned

Full-Year Performance Forecasts

- No change to previously released forecasts
Consolidated Financial Results and Business Overview for the 1Q of Fiscal 2020 (FY Ending March 31, 2020)
1Q of Fiscal 2020 (1) Consolidated Financial Results

Revenue was up, driven by the solid performance in the Endoscopic Solutions, Therapeutic Solutions and Scientific Solutions Division. A significant improvement in all profit figures was due to a reduction in one-time expenses compared with the previous 1Q and efficiency in SG&A expenses.

<table>
<thead>
<tr>
<th>(Billions of yen)</th>
<th>FY2019</th>
<th>1Q (Apr.-Jun.)</th>
<th>YoY</th>
<th>After foreign exchange adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>180.6</td>
<td>181.9</td>
<td>+1%</td>
<td>+3%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>118.3</td>
<td>116.7</td>
<td>-1%</td>
<td>0%</td>
</tr>
<tr>
<td>(% of revenue)</td>
<td>(65.5%)</td>
<td>(64.2%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>105.0</td>
<td>101.1</td>
<td>-4%</td>
<td>-2%</td>
</tr>
<tr>
<td>(% of revenue)</td>
<td>(58.2%)</td>
<td>(55.6%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other income and expenses etc.</td>
<td>-25.0</td>
<td>-0.9</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Operating profit (loss)</td>
<td>-11.6</td>
<td>14.7</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>(% of revenue)</td>
<td>(-)</td>
<td>(8.1%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit (Loss) before tax</td>
<td>-14.7</td>
<td>13.6</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>(% of revenue)</td>
<td>(-)</td>
<td>(7.5%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit (Loss) attributable to owners of parent</td>
<td>-16.7</td>
<td>8.6</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>(% of revenue)</td>
<td>(-)</td>
<td>(4.7%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EPS</td>
<td>-¥12</td>
<td>¥6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>¥/US$</td>
<td>¥109</td>
<td>¥110</td>
<td></td>
<td></td>
</tr>
<tr>
<td>¥/Euro</td>
<td>¥130</td>
<td>¥123</td>
<td></td>
<td></td>
</tr>
<tr>
<td>¥/CNY</td>
<td>¥17</td>
<td>¥16</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
1Q of Fiscal 2020 (2) Progress in SG&A efficiency

<table>
<thead>
<tr>
<th></th>
<th>FY2018 1Q</th>
<th>FY2019 1Q</th>
<th>FY2020 1Q</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>SG&amp;A</td>
<td>¥99.5 billion</td>
<td>¥105.0 billion</td>
<td>¥101.1 billion</td>
<td>-4%</td>
</tr>
<tr>
<td>SG&amp;A ratio</td>
<td>57.9%</td>
<td>58.2%</td>
<td>55.6%</td>
<td>-2.6pt</td>
</tr>
</tbody>
</table>

Progress in line with cost streamlining measures under Transform Olympus
The Medical Business has been reorganized into two divisions from this fiscal year: Endoscopic Solutions Division and Therapeutic Solutions Division.

### 1Q of Fiscal 2020 (3) Results by Business Segment

<table>
<thead>
<tr>
<th>Endoscopic Solutions Division</th>
<th>Therapeutic Solutions Division</th>
</tr>
</thead>
<tbody>
<tr>
<td>GI endoscopy system</td>
<td>Endotheraphy devices</td>
</tr>
<tr>
<td>Surgical endoscopy system</td>
<td>Energy devices, Surgical single-use devices</td>
</tr>
<tr>
<td>Surgical microscope</td>
<td>Energy devices, Surgical single-use devices</td>
</tr>
<tr>
<td>IT system</td>
<td>Urology / Gynecology products</td>
</tr>
<tr>
<td>Endoscopic reprocessing</td>
<td>ENT products</td>
</tr>
<tr>
<td>OR systems integration</td>
<td></td>
</tr>
</tbody>
</table>

*Please refer to P.21 of Appendix and Financial Data for the old classification of the Medical Business.*
### 1Q of Fiscal 2020 (3) Results by Business Segment

1. **Endoscopic Solutions**: Steady sales growth in GI and surgical endoscopy system incl. maintenance services drove up company-wide performance.
2. **Scientific Solutions**: High sales growth in biological microscopes and industrial products led to record-high 1Q operating profit.
3. **Imaging**: Loss decreased due to absence of production system reform expenses this FY despite sales decline in mirrorless cameras.

### Financial Performance

<table>
<thead>
<tr>
<th>(Billions of yen)</th>
<th>FY2019</th>
<th>FY2020</th>
<th>YoY</th>
<th>After foreign exchange adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Endoscopic Solutions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>92.9</td>
<td>95.4</td>
<td>+3%</td>
<td>+5%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>21.5</td>
<td>21.9</td>
<td>+2%</td>
<td>+4%</td>
</tr>
<tr>
<td><strong>Therapeutic Solutions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>51.0</td>
<td>52.1</td>
<td>+2%</td>
<td>+5%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>5.9</td>
<td>5.7</td>
<td>-3%</td>
<td>-1%</td>
</tr>
<tr>
<td><strong>Scientific Solutions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>21.1</td>
<td>22.6</td>
<td>+7%</td>
<td>+9%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>-0.4</td>
<td>1.6</td>
<td>+2.0 billion</td>
<td>+1.9 billion</td>
</tr>
<tr>
<td><strong>Imaging</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>13.9</td>
<td>10.2</td>
<td>-27%</td>
<td>-25%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>-5.8</td>
<td>-2.3</td>
<td>+3.4 billion</td>
<td>+3.7 billion</td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>1.7</td>
<td>1.6</td>
<td>-2%</td>
<td>-2%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>-0.7</td>
<td>-0.6</td>
<td>0 billion</td>
<td>0 billion</td>
</tr>
<tr>
<td><strong>Elimination and Corporate</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit</td>
<td>-32.2</td>
<td>-11.5</td>
<td>+20.7 billion</td>
<td>+20.7 billion</td>
</tr>
<tr>
<td><strong>Consolidated Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>180.6</td>
<td>181.9</td>
<td>+1%</td>
<td>+3%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>-11.6</td>
<td>14.7</td>
<td>+26.4 billion</td>
<td>+27.1 billion</td>
</tr>
</tbody>
</table>

*Please refer to P.21 of Appendix and Financial Data for the old classification of the Medical Business.*
### 1Q of Fiscal 2020 (4) Endoscopic Solutions Division

Revenue was up 3% YoY due to solid GI endoscopy system sales in emerging countries, centered on China and increased maintenance services revenue in North America.

Profit was up due to revenue growth and appropriate control of SG&A expenses.

<table>
<thead>
<tr>
<th></th>
<th>FY2019 (Billions of yen)</th>
<th>FY2020 (Billions of yen)</th>
<th>YoY</th>
<th>After foreign exchange adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>92.9</td>
<td>95.4</td>
<td>+3%</td>
<td>+5%</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>21.5</td>
<td>21.9</td>
<td>+2%</td>
<td>+4%</td>
</tr>
<tr>
<td><strong>Other income / expenses</strong></td>
<td>1.0</td>
<td>0.2</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Operating margin</strong></td>
<td>23.2%</td>
<td>23.0%</td>
<td></td>
<td>22.9%</td>
</tr>
</tbody>
</table>

**1Q (Apr.-Jun.)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>92.9</td>
<td>95.4</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>21.5</td>
<td>21.9</td>
</tr>
</tbody>
</table>
Revenue was up in all business areas: endotherapy devices, energy devices, urology / gynecology, and ENT.

Profit was flat due to upfront investments associated with functional enhancement of Transform Medical, while streamlining sales promotion costs.

<table>
<thead>
<tr>
<th></th>
<th>FY2019</th>
<th>FY2020</th>
<th>YoY</th>
<th>After foreign exchange adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>51.0</td>
<td>52.1</td>
<td>+2%</td>
<td>+5%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>5.9</td>
<td>5.7</td>
<td>-3%</td>
<td>-1%</td>
</tr>
<tr>
<td>Other income / expenses</td>
<td>0</td>
<td>0</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Operating margin</td>
<td>11.5%</td>
<td>10.9%</td>
<td>10.9%</td>
<td></td>
</tr>
</tbody>
</table>
1Q of Fiscal 2020 (4) Scientific Solutions Division

Revenue increased by 7% overall due mainly to solid performance in biological microscopes in North America and China, the effect of new industrial videoscopes and large shipments of non-destructive testing equipment.

Increased revenue coupled with the control of SG&A expenses led to record-high 1Q operating profit.
1Q of Fiscal 2020 (4) Imaging Division

### 1Q (Apr.-Jun.)

<table>
<thead>
<tr>
<th>(Billions of yen)</th>
<th>FY2019</th>
<th>FY2020</th>
<th>YoY</th>
<th>After foreign exchange adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>13.9</td>
<td>10.2</td>
<td>-27%</td>
<td>-25%</td>
</tr>
<tr>
<td><strong>Mirrorless</strong></td>
<td>10.3</td>
<td>7.7</td>
<td>-25%</td>
<td>-23%</td>
</tr>
<tr>
<td><strong>Compact</strong></td>
<td>2.0</td>
<td>1.2</td>
<td>-40%</td>
<td>-38%</td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td>1.5</td>
<td>1.3</td>
<td>-17%</td>
<td>-16%</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>-5.8</td>
<td>-2.3</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Other income / expenses</strong></td>
<td>-4.9</td>
<td>-0.5</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Operating margin</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

- Revenue declined due to no new mirrorless products this quarter following the reorganization of production bases, in addition to severe business environment.
- Loss decreased due to absence of expenses associated with the reorganization of production bases, as recorded in the previous 1Q and efforts to contain SG&A.
### Statement of Financial Position

- **Property, plant and equipment** increased due to the impact of adopting new lease standards under IFRS.
- **Equity** down due to dividends and yen appreciation, equity ratio of 45.8%.
- **Improve asset efficiency towards the end of the fiscal year and strengthen financial position**.

<table>
<thead>
<tr>
<th>(Billions of yen)</th>
<th>End Mar. 2019</th>
<th>End June 2019</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>456.0</td>
<td>441.9</td>
<td>-14.1</td>
</tr>
<tr>
<td>Inventories</td>
<td>153.6</td>
<td>162.4</td>
<td>+8.8</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>476.0</td>
<td>496.4</td>
<td>+20.4</td>
</tr>
<tr>
<td><strong>Property, plant and equipment</strong></td>
<td>176.9</td>
<td>205.9</td>
<td>+29.0</td>
</tr>
<tr>
<td>Intangible assets and others</td>
<td>197.9</td>
<td>192.5</td>
<td>-5.4</td>
</tr>
<tr>
<td>Goodwill</td>
<td>101.2</td>
<td>98.0</td>
<td>-3.2</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>932.0</td>
<td>938.3</td>
<td>+6.3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(Billions of yen)</th>
<th>End Mar. 2019</th>
<th>End June 2019</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current liabilities</td>
<td>287.5</td>
<td>285.7</td>
<td>-1.8</td>
</tr>
<tr>
<td>Bonds/long-term loans payable</td>
<td>59.7</td>
<td>60.8</td>
<td>+1.1</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>202.1</td>
<td>221.4</td>
<td>+19.3</td>
</tr>
<tr>
<td>Bonds/long-term loans payable</td>
<td>121.6</td>
<td>120.7</td>
<td>-0.9</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>442.4</td>
<td>431.2</td>
<td>-11.2</td>
</tr>
<tr>
<td><strong>(Equity ratio)</strong></td>
<td><strong>47.3%</strong></td>
<td><strong>45.8%</strong></td>
<td><strong>-1.5pt</strong></td>
</tr>
<tr>
<td><strong>Total liabilities and equity</strong></td>
<td>932.0</td>
<td>938.3</td>
<td>+6.3</td>
</tr>
</tbody>
</table>

**Interest-bearing debt:** ¥181.5 billion (+¥0.2 billion from March 31, 2019)
## Consolidated Cash Flows

- ¥12.9 billion of free cash flow driven by positive profit generated mainly in Medical segment despite expenditures for tangible fixed assets such as demo/loaner products

<table>
<thead>
<tr>
<th>(Billions of yen)</th>
<th>FY2019</th>
<th>FY2020</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>180.6</td>
<td>181.9</td>
<td>+1.3</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>-11.6</td>
<td>14.7</td>
<td>+26.4</td>
</tr>
<tr>
<td>(% of revenue)</td>
<td>-</td>
<td>8.1%</td>
<td>-</td>
</tr>
<tr>
<td><strong>CF from operating activities</strong></td>
<td>25.0</td>
<td>28.4</td>
<td>+3.4</td>
</tr>
<tr>
<td><strong>CF from investing activities</strong></td>
<td>-17.4</td>
<td>-15.5</td>
<td>+1.9</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td>7.7</td>
<td>12.9</td>
<td>+5.2</td>
</tr>
<tr>
<td><strong>CF from financing activities</strong></td>
<td>-9.1</td>
<td>-11.3</td>
<td>-2.2</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at end of period</strong></td>
<td>189.9</td>
<td>113.7</td>
<td>-76.2</td>
</tr>
<tr>
<td><strong>Depreciation and amortization</strong></td>
<td>14.3</td>
<td>17.4</td>
<td>+3.1</td>
</tr>
<tr>
<td><strong>Capital expenditures</strong></td>
<td>16.2</td>
<td>14.6</td>
<td>-1.6</td>
</tr>
</tbody>
</table>
Forecasts for Fiscal 2020
## Fiscal 2020 Consolidated Forecasts

- No change to previously released forecast

### (Billions of yen)

<table>
<thead>
<tr>
<th></th>
<th>FY2019</th>
<th>FY2020 (Forecasts)</th>
<th>Change</th>
<th>After foreign exchange adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>793.9</td>
<td>800.0</td>
<td>+1%</td>
<td>+5%</td>
</tr>
<tr>
<td><strong>Gross profit</strong> (%)</td>
<td>509.6</td>
<td>508.0</td>
<td>0%</td>
<td>+5%</td>
</tr>
<tr>
<td><strong>Selling, general and administrative expenses</strong> (%)</td>
<td>437.5</td>
<td>414.0</td>
<td>-5%</td>
<td>-3%</td>
</tr>
<tr>
<td><strong>Operating profit</strong> (%)</td>
<td>28.3</td>
<td>90.0</td>
<td>+218%</td>
<td>+269%</td>
</tr>
<tr>
<td><strong>Profit before tax</strong> (%)</td>
<td>20.1</td>
<td>86.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Profit attributable to owners of parent</strong> (%)</td>
<td>8.1</td>
<td>63.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EPS</strong></td>
<td>¥6</td>
<td>¥46</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>¥/US$$</strong></td>
<td>¥111</td>
<td>¥106</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>¥/€</strong></td>
<td>¥128</td>
<td>¥121</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>¥/CNY</strong></td>
<td>¥17</td>
<td>¥16</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Dividend forecast in FY2020
- Year-end dividend of ¥10 per share (no change)
### Fiscal 2020 Forecasts by Business Segment

- No change to previously released forecasts as all business lines are in line with our plans

<table>
<thead>
<tr>
<th></th>
<th>FY2019</th>
<th>FY2020 (Forecasts)</th>
<th>YoY</th>
<th>YoY (After foreign exchange adjustment)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Endoscopic Solutions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>418.8</td>
<td>420.0</td>
<td>0%</td>
<td>+4%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>89.8</td>
<td>105.0</td>
<td>+17%</td>
<td>+27%</td>
</tr>
<tr>
<td><strong>Therapeutic Solutions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>215.5</td>
<td>217.0</td>
<td>+1%</td>
<td>+5%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>22.2</td>
<td>30.0</td>
<td>+35%</td>
<td>+50%</td>
</tr>
<tr>
<td><strong>Scientific Solutions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>104.2</td>
<td>106.0</td>
<td>+2%</td>
<td>+6%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>8.1</td>
<td>9.0</td>
<td>+11%</td>
<td>+34%</td>
</tr>
<tr>
<td><strong>Imaging</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>48.7</td>
<td>50.0</td>
<td>+3%</td>
<td>+7%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>-18.3</td>
<td>-7.0</td>
<td>+11.3 billion</td>
<td>+11.6 billion</td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>6.7</td>
<td>7.0</td>
<td>+5%</td>
<td>+5%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>-3.5</td>
<td>-4.0</td>
<td>-0.5 billion</td>
<td>-0.5 billion</td>
</tr>
<tr>
<td><strong>Elimination and Corporate</strong></td>
<td></td>
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</tr>
<tr>
<td>Operating profit</td>
<td>-70.0</td>
<td>-43.0</td>
<td>+27.0 billion</td>
<td>+26.4 billion</td>
</tr>
<tr>
<td><strong>Consolidated Total</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Revenue</td>
<td>793.9</td>
<td>800.0</td>
<td>+1%</td>
<td>+5%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>28.3</td>
<td>90.0</td>
<td>+218%</td>
<td>+269%</td>
</tr>
</tbody>
</table>
Appendix
1Q of Fiscal 2020 Factors that Affected Consolidated Operating Profit

(Billions of yen)

**Increase in sales**
Sales increase mainly in Endoscopic Solutions and Therapeutic Solutions

**Changes in cost of sales ratio**
-3.5

**Decrease in SG&A expenses**
+2.5

**Effect of company-wide SG&A expenses streamlining**

Impact of changes in product mix

Absence of one-time expenses recorded in the previous 1Q etc. ※

Impact of Foreign exchange
-0.7

**Others**
+24.1

**Sales increase**
Sales increase mainly in Endoscopic Solutions and Therapeutic Solutions

**-11.6**

**FY2019 Operating Profit (Loss)**

**+26.4**

**FY2020 Operating Profit**

**+26.4**

※Major one-time expenses in the previous 1Q
- Securities litigation settlement 19.0
- Provision pertaining to litigations involving a Chinese manufacturing subsidiary 3.5
- Expenses of ceased operations of Chinese manufacturing subsidiary 5.4
### 1Q of Fiscal 2020 Medical Business

#### (Billions of yen)

<table>
<thead>
<tr>
<th></th>
<th>FY2019</th>
<th>FY2020</th>
<th>YoY</th>
<th>After foreign exchange adjustment</th>
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</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>143.9</td>
<td>147.5</td>
<td>+2%</td>
<td>+5%</td>
</tr>
<tr>
<td>Gastrointestinal Endoscopes (GI)</td>
<td>76.3</td>
<td>78.0</td>
<td>+2%</td>
<td>+5%</td>
</tr>
<tr>
<td>Surgical Devices</td>
<td>47.4</td>
<td>48.4</td>
<td>+2%</td>
<td>+4%</td>
</tr>
<tr>
<td>Endotherapy Devices</td>
<td>20.2</td>
<td>21.0</td>
<td>+4%</td>
<td>+7%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>27.4</td>
<td>27.6</td>
<td>+1%</td>
<td>+3%</td>
</tr>
<tr>
<td>Other income / expenses</td>
<td>1.0</td>
<td>0.1</td>
<td>-</td>
<td>-</td>
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<tr>
<td><strong>Operating margin</strong></td>
<td>19.0%</td>
<td>18.7%</td>
<td></td>
<td>18.7%</td>
</tr>
</tbody>
</table>

#### Revenue
- Revenue up due to solid momentum in emerging countries centered on China

#### Operating profit
- Profit up by increased revenue in GI and proper control of SG&A expenses

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Apr.-Jun. 2018: 143.9 billion ¥ Revenue, 27.4 billion ¥ Operating profit
Apr.-Jun. 2019: 147.5 billion ¥ Revenue, 27.6 billion ¥ Operating profit

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[OLYMPUS]
**[Supplementary Materials] Investments, etc.**

### 1Q and Full-Year Forecasts

*(Billions of yen)*

<table>
<thead>
<tr>
<th></th>
<th>FY2019 1Q</th>
<th>FY2020 1Q</th>
<th>FY2020 (Forecast)</th>
</tr>
</thead>
<tbody>
<tr>
<td>R&amp;D expenditures*</td>
<td>21.5</td>
<td>21.2</td>
<td>93.0</td>
</tr>
<tr>
<td>Capitalization of R&amp;D expenditures (b)</td>
<td>2.4</td>
<td>3.3</td>
<td>23.0</td>
</tr>
<tr>
<td>R&amp;D expenses in P/L (a-b)</td>
<td>19.1</td>
<td>17.9</td>
<td>70.0</td>
</tr>
</tbody>
</table>

### Investments, etc.

- R&D expenditures* (a)
- Capitalization of R&D expenditures (b)
- R&D expenses in P/L (a-b)

*Capitalization of R&D expenditures (b) are included in R&D expenditures and capital expenditures*