

Consolidated Financial Results for the Nine Months of the Fiscal Year Ending March 31, 2022 <under IFRS>



February 4, 2022

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 Code Number: 7733
 (URL: <https://www.olympus.co.jp/>)
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 Scheduled date to submit the Quarterly Securities Report: February 4, 2022
 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, 2022 (From April 1, 2021 to December 31, 2021)

(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, 2021	629,757	22.6	108,910	68.2	103,635	67.4	87,849	–
December 31, 2020	513,584	(8.5)	64,734	(23.6)	61,918	(23.1)	1,645	(97.2)

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	(¥ million)	%	(¥ million)	%	(¥)	(¥)
Nine months ended						
December 31, 2021	87,667	–	101,950	–	68.19	68.16
December 31, 2020	1,624	(97.3)	(3,247)	–	1.26	1.26

Note: The Imaging Business has been classified as a discontinued operation from the second quarter of the fiscal year ended March 31, 2021. Due to this, for the nine months ended December 31, 2020, the amounts presented for revenue, operating profit and profit before tax are the amounts from continuing operations from which the discontinued operation has been excluded. The amounts presented for profit and profit attributable to owners of parent are aggregates of continuing operations and discontinued operations.

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
	(¥ million)	(¥ million)	(¥ million)	%
As of				
December 31, 2021	1,292,967	480,294	479,146	37.1
March 31, 2021	1,183,453	395,480	394,326	33.3

2. Dividends

	Annual dividends				
	First quarter	Second quarter	Third quarter	Year-end	Total
	(¥)	(¥)	(¥)	(¥)	(¥)
Fiscal year ended March 31, 2021	–	0.00	–	12.00	12.00
Fiscal year ending March 31, 2022	–	0.00	–		
Fiscal year ending March 31, 2022 (Forecast)				14.00	14.00

Note: Revisions of the forecast most recently announced: No

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2022

(From April 1, 2021 to March 31, 2022)

(% 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	862,000	18.0	144,000	75.6	139,000	81.0	109,000	743.8	84.96

Note: Revisions of the forecast most recently announced: Yes

* 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 stock)

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

As of December 31, 2021	1,299,294,333 shares
As of March 31, 2021	1,370,914,963 shares

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

As of December 31, 2021	14,342,456 shares
As of March 31, 2021	85,279,921 shares

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

Nine months ended December 31, 2021	1,285,570,532 shares
Nine months ended December 31, 2020	1,285,599,237 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 7 of the attached material for the conditions that form the assumptions for the forecast and cautions concerning the use thereof.

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1. Qualitative Information Regarding Settlement of Accounts for the Nine Months

(1) Explanation of Results of Operations

Trends in overall business results

The global economy saw signs of recovery in the nine months ended December 31, 2021, as the challenging conditions created by the global spread of the novel coronavirus disease (COVID-19) gradually eased. Although vaccinations are progressing and economic activities are recovering, highly uncertain conditions continue including trends of renewed spread in certain regions. The spread of COVID-19 has also affected the supply chains of certain countries and regions, and both the spread of COVID-19 and trade friction between the United States and China have led to a global semiconductor shortage and surging resource prices. The Japanese economy saw a similar recovery as the global economy, as the challenging conditions caused by COVID-19 were easing.

Even under such circumstances, the Olympus Group are promoting initiatives toward sustainable growth according to its business transformation plan “Transform Olympus” announced in January 2019, aiming to develop itself as a truly global medtech company, and the medium- and long-term management strategy announced in November 2019 based on “Transform Olympus.”

Business results

Business results of continuing operations are presented in (1) to (7), and business results of the sum of continuing and discontinued operations are presented in (8) below. Due to the transfer of the Imaging Business to OJ Holdings, Ltd., a special purpose company established by Japan Industrial Partners, Inc. in the previous fiscal year, the profit (loss) of the Imaging Business is presented in discontinued operations.

	(Millions of yen)			
	Nine months ended December 31, 2020	Nine months ended December 31, 2021	Increase (Decrease)	Increase (Decrease) ratio (%)
(1) Revenue	513,584	629,757	116,173	22.6
(2) Cost of sales	190,090	217,918	27,828	14.6
(3) Selling, general and administrative expenses	250,177	293,619	43,442	17.4
(4) Share of profit (loss) of investments accounted for using equity method/Other income/Other expenses	(8,583)	(9,310)	(727)	–
(5) Operating profit	64,734	108,910	44,176	68.2
(6) Finance income (loss)	(2,816)	(5,275)	(2,459)	–
(7) Income taxes	7,986	15,786	7,800	97.7
(8) Profit attributable to owners of parent	1,624	87,667	86,043	–
Exchange rate (Yen/U.S. dollar)	106.11	111.10	4.99	–
Exchange rate (Yen/Euro)	122.38	130.62	8.24	–
Exchange rate (Yen/Renminbi)	15.44	17.25	1.81	–

(1) Revenue

Revenue increased by ¥116,173 million year on year to ¥629,757 million. This increase was due to an increase in revenue in all business of the Endoscopic Solutions Business, Therapeutic Solutions Business, Scientific Solutions Business and other businesses. Details are as described in “Analysis of the performance by segment” below.

(2) Cost of sales

Cost of sales increased by ¥27,828 million year on year to ¥217,918 million. The cost-to-sales ratio improved 2.4 percentage points year on year to 34.6%. In the previous fiscal year, factory utilization rates have declined as a result of reduced production volume because of the impact of COVID-19. Furthermore, approximately ¥5,800 million in expenses were recorded associated with the voluntary recall of bronchoscopes and

cholangioscopes in both the Therapeutic Solutions Business and the Endoscopic Solutions Business. On the other hand, sales increased and operating capacity improved in the current period, leading to improvement in the cost-to-sales ratio.

(3) Selling, general and administrative expenses

Selling, general and administrative expenses increased by ¥43,442 million year on year to ¥293,619 million. In the previous fiscal year, the spread of COVID-19 led to restrictions mainly on sales activities, which caused a decline in travel and transportation expenses, advertising and promotion expenses, etc. However, in the current period, the easing of restrictions mainly on sales activities that is accompanying the spread of COVID-19 led to an increase in expenses such as outsourcing expenses and personnel expenses.

(4) Share of profit (loss) of investments accounted for using equity method/Other income/Other expenses

The sum of share of profit (loss) of investments accounted for using equity method, other income, and other expenses amounted to a loss of ¥9,310 million, and the profit or loss deteriorated by ¥727 million year on year. Other income increased due to factors such as recording of approximately ¥2,800 million in gain on step acquisition associated with the acquisition of Medi-Tate Ltd. and approximately ¥1,400 million in gain on sale of fixed assets. Details on the gain on step acquisition of Medi-Tate Ltd. are as described in the note (page 27) related to (Business combinations). On the other hand, other expenses increased due to factors such as the recording of approximately ¥4,100 million in expenses associated with the spin-off from the Scientific Solutions Business, approximately ¥1,600 million in impairment losses on development assets in the Endoscopic Solutions Business, and an increase of approximately ¥1,400 million in costs related to the promotion of the business transformation plan “Transform Olympus,” compared with the recording of approximately ¥5,300 million in expenses associated with the establishment and transfer of a new company due to the divestiture from the Imaging Business in the previous fiscal year.

(5) Operating profit

Reflecting the factors stated above, operating profit increased by ¥44,176 million year on year to ¥108,910 million.

(6) Finance income (loss)

Finance loss, which reflects finance income and finance costs, deteriorated ¥2,459 million year on year to ¥5,275 million. The deterioration in finance loss was due mainly to the increase of foreign exchange losses.

(7) Income taxes

The increased profit before tax led income taxes to increase by ¥7,800 million year on year to ¥15,786 million.

(8) Profit attributable to owners of parent (the aggregate of continuing operations and discontinued operations)

In addition to the factors stated above, profit attributable to owners of parent increased by ¥86,043 million year on year to ¥87,667 million due to loss of discontinued operations recorded in the previous fiscal year.

(Impact of foreign exchanges rates)

Compared to the same period of the previous fiscal year, the yen depreciated against the U.S. dollar, euro, and renminbi. The average exchange rate during the current period was ¥111.1 against the U.S. dollar (¥106.11 in the same period of the previous fiscal year), ¥130.62 against the euro (¥122.38 in the same period of the previous fiscal year) and ¥17.25 against the renminbi (¥15.44 in the same period of the previous fiscal year), which caused revenue and operating profit to increase by ¥35,210 million and ¥6,799 million, respectively, year on year.

Analysis of the performance by segment

In the first quarter ended June 30, 2021, to strengthen business in the respiratory field, we transferred bronchoscopes from the Endoscopic Solutions Business to the Therapeutic Solutions Business. Segment information for the nine months ended December 31, 2020, has been reclassified and restated based on the new reporting segment classifications.

Endoscopic Solutions Business

	(Millions of yen)			
	Nine months ended December 31, 2020	Nine months ended December 31, 2021	Increase (Decrease)	Increase (Decrease) ratio (%)
Revenue	276,679	333,701	57,022	20.6
Operating profit (loss)	73,918	91,600	17,682	23.9

Consolidated revenue in the Endoscopic Solutions Business amounted to ¥333,701 million (up 20.6% year on year), while operating profit amounted to ¥91,600 million (up 23.9% year on year).

The gastrointestinal endoscopes field recovered from the impact of COVID-19 to show positive year-on-year growth in all regions, and in particular, sales in North America and Japan rose. By product, sales of the new “EVIS X1” series were strong, while demand for the prior-generation upper and lower gastrointestinal scopes was also firm, contributing to increased sales. The ratio of the “EVIS X1” series to total sales also gradually increased.

In the surgical endoscopes field, recovery from the effects of COVID-19 resulted in positive year-on-year growth. Especially, sales increased in North America and Europe, where sales of the surgical endoscopy system “VISERA ELITE II” were strong.

In the medical services field, all regions showed positive year-on-year growth due to stable sales of existing service contracts including maintenance services, an increase in new contracts, and an increase in the number of repairs from the recovery in the effects of COVID-19.

Operating profit in the Endoscopic Solutions Business recorded an impairment loss of approximately ¥1,600 million on development assets in the Endoscopic Solutions Business but increased due mainly to a large increase in revenue with the recovery from the effects of COVID-19.

Therapeutic Solutions Business

	(Millions of yen)			
	Nine months ended December 31, 2020	Nine months ended December 31, 2021	Increase (Decrease)	Increase (Decrease) ratio (%)
Revenue	163,952	203,714	39,762	24.3
Operating profit (loss)	23,167	43,845	20,678	89.3

Consolidated revenue in the Therapeutic Solutions Business amounted to ¥203,714 million (up 24.3% year on year), while operating profit amounted to ¥43,845 million (up 89.3% year on year).

In the GI-endothorapy field, the number of procedures is on a trend of recovery, and all regions and product groups saw positive growth. In particular, sales in Europe and North America, where the number of procedures has been increasing, were favorable amid socioeconomic activities returning to normal as vaccinations progressed. Furthermore, sales increased due to the sampling of biopsy forceps, etc., which are used for collecting tissue for screening examinations, product groups for ERCP (Endoscopic Retrograde Cholangio Pancreatography), which are used in endoscopic diagnoses and treatment of pancreatic duct, bile duct, etc., and product groups for ESD (Endoscopic Submucosal Dissection) and EMR (Endoscopic Mucosal Resection), which are used in lesion resection.

The urology field saw significant positive growth, particularly in North America and Europe, where the number of procedures has been recovering. In particular, the expansion of sales of resection electrodes for BPH (Benign Prostatic Hyperplasia) and lithotripsy machine for kidney stones “SOLTIVE SuperPulsed” Laser System was successful as sales in North America, where the number of procedures has been recovering toward levels prior to the spread of COVID-19, were favorable.

The respiratory field saw progressive recovery from the impact of COVID-19, experiencing large growth centered on North America. The sale of Veran Medical Technologies, Inc., which became a subsidiary in December 2020, contributed to increased revenue, and sales of the devices, bronchoscopes, etc. mainly used for EBUS-TBNA (Endobronchial Ultrasound-guided Transbronchial Needle Aspiration) were favorable.

In other therapeutic areas, sales were favorable in rhinology/otology, energy devices and gynecology. In particular, sales of endoscopes for ENT and “THUNDERBEAT” contributed.

Operating profit in the Therapeutic Solutions Business increased significantly. In the previous fiscal year, approximately ¥5,600 million in expenses were recorded associated with the voluntary recall of bronchoscopes in the Therapeutic Solutions Business. However, the recovery from the effects of COVID-19 in the current period led to a large increase in revenue, and a gain of approximately ¥2,800 million was recorded related to the step acquisition of Medi-Tate Ltd. Details on the gain on step acquisition of Medi-Tate Ltd. are as described in the note (page 27) related to (Business combinations).

Scientific Solutions Business

	(Millions of yen)			
	Nine months ended December 31, 2020	Nine months ended December 31, 2021	Increase (Decrease)	Increase (Decrease) ratio (%)
Revenue	66,941	82,854	15,913	23.8
Operating profit (loss)	2,956	11,361	8,405	284.3

Consolidated revenue in Scientific Solutions Business amounted to ¥82,854 million (up 23.8% year on year), while operating profit amounted to ¥11,361 million (up 284.3% year on year).

In the life science field, recovery from the effects of COVID-19 resulted in positive year-on-year growth. Contributing factors included the progress of budget deployment at research institutes and universities and the expansion of sales of biological microscopes in Asia Pacific and North America, whose market environment is seeing remarkable recovery, due to the relaxation of restrictions on sales activities.

For the industrial field, in the wake of the overall recovery in market conditions, the capital investment situation of customers improved, and all fields showed positive year-on-year growth. Especially in China, industrial microscopes performed well due to the brisk market for 5G-related electronic components and semiconductors, and in North America, non-destructive testing equipment, whose market is expected to recover, also contributed to the increase in sales.

Operating profit in the Scientific Solutions Business significantly increased due to a significant increase in revenue as a result of the recovery from the effects of COVID-19.

Others

	(Millions of yen)			
	Nine months ended December 31, 2020	Nine months ended December 31, 2021	Increase (Decrease)	Increase (Decrease) ratio (%)
Revenue	6,012	9,488	3,476	57.8
Operating profit (loss)	(1,531)	(1,488)	43	—

In other businesses, the Olympus Group conducts R&D and exploratory activities for new businesses in addition to engaging in development, manufacturing, and sales of biomedical materials, such as synthetic bone filler, and orthopedic equipment.

Consolidated revenue in other businesses amounted to ¥9,488 million (up 57.8% year on year), while operating loss amounted to ¥1,488 million (compared with an operating loss of ¥1,531 million in the same period of the previous fiscal year).

Revenue significantly increased supported by revenue of approximately ¥3,200 million from FH ORTHO SAS, which became a subsidiary in November 2020. Operating loss for other businesses was flat due to the increase of expenses related to FH ORTHO SAS, despite increased revenue.

(2) Financial Position

In the nine months ended December 31, 2021, the Olympus Group retroactively adjusted the consolidated statements of financial position as of the end of the previous fiscal year due to the adjustment of the fair value of assets acquired and liabilities assumed of Veran Medical Technologies, Inc. and Quest Photonic Devices B.V., which were acquired in December 2020 and February 2021, respectively. Details regarding this retroactive adjustment are as described in the note (pages 29 to 30) related to (Business combinations).

[Assets]

As of the end of the third quarter under review, total assets increased by ¥109,514 million compared to the end of the previous fiscal year to ¥1,292,967 million. This was mainly because cash and cash equivalents increased by ¥57,612 million due mainly to the issuance of foreign bonds, goodwill increased by ¥27,258 million due mainly to the impact of the acquisition of Medi-Tate Ltd., and intangible assets increased by ¥11,517 million.

[Liabilities]
Total liabilities increased by ¥24,700 million from the end of the previous fiscal year to ¥812,673 million. This was mainly because bonds and borrowings increased from the issuance of foreign bonds and income taxes payable increased by ¥11,176 million, even though trade and other payables decreased by ¥15,783 million mainly due to a decrease in trade payable and a decrease in other payable as a result of the payment of a special additional payment associated with implementing the career support for external opportunity.

[Equity]

Total equity increased by ¥84,814 million from the end of the previous fiscal year to ¥480,294 million. This was mainly due to recording profit attributable to owners of parent of ¥87,667 million while paying dividends from retained earnings.

At the meeting of the Board of Directors held on May 7, 2021, the Company resolved the cancellation of treasury shares as provided for under Article 178 of the Companies Act and concluded the disposal on June 4, 2021. The impact of this cancellation is that treasury shares decreased by ¥82,340 million (contraction of negative stated amount in equity), and capital surplus decreased by ¥82,340 million.

The amount of the above cancellation was deducted from other capital surplus in capital surplus, but the amount that exceeds other capital surplus was deducted from retained earnings.

As a result of the foregoing, equity attributable to owners of parent to total assets increased from 33.3% as of the end of the previous fiscal year to 37.1%.

(3) Cash Flows

Cash and cash equivalents at the end of the third quarter under review reached ¥275,090 million, an increase of ¥57,612 million from the end of the previous fiscal year. The following are the cash flows for the nine months ended December 31, 2021.

Cash flows from operating activities

Net cash provided by operating activities for the nine months ended December 31, 2021 was ¥115,256 million (compared with ¥89,022 million provided for the nine months ended December 31, 2020). This was mainly due to the recording of ¥103,635 million in profit before tax due to strong sales, and adjustment for depreciation and amortization of ¥47,993 million, despite an increase in inventories of ¥6,802 million and a decrease in trade and other payables of ¥12,815 million, which includes the payment of ¥11,181 million for a special additional payment associated with implementing the career support for external opportunity.

Cash flows from investing activities

Net cash used in investing activities for the nine months ended December 31, 2021 was ¥57,124 million (compared with ¥115,010 million used for the nine months ended December 31, 2020). The main factor is ¥21,587 million for payments for the acquisition of Medi-Tate Ltd. In addition, uses of cash included purchase of property, plant and equipment, such as manufacturing equipment, of ¥29,956 million and purchase of intangible assets, such as R&D assets, of ¥16,717 million.

Cash flows from financing activities

Net cash used in financing activities for the nine months ended December 31, 2021 was ¥9,313 million (compared with ¥51,971 million provided for the nine months ended December 31, 2020). This was due mainly to ¥56,161 million procured from the issuance of foreign bonds, despite payments of ¥5,356 million for repayments of short-term borrowings, ¥15,006 million for repayments of long-term borrowing, payment for purchase of treasury stock of ¥1,801 million and an increase in deposits for the purchase of treasury stock of ¥13,199 million, in addition to the payment of ¥15,428 million for dividends.

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

The forecast of consolidated financial results for the fiscal year ending March 31, 2022 has been revised from the forecast announced in the “Consolidated Financial Results for the Six Months of the Fiscal Year Ending March 31, 2022,” which was released on November 5, 2021. Although the results for the first nine months ended December 31, 2021 were generally in line with the assumptions made in the previous forecast, the Company has revised upward its forecast for net sales due to the weaker yen against foreign currencies compared to the previous forecast. However, the forecasts for operating profit, profit before tax, and net income have been left unchanged due to the expected increase in expenses. Foreign exchange rates for the fiscal year ending March 31, 2022, which are a precondition for the forecast, are expected to be ¥112.08 per U.S. dollar, ¥130.47 per euro and ¥17.44 per renminbi.

(Millions of yen)

	Revenue	Operating profit	Profit before tax	Profit attributable to owners of parent	Basic earnings per share
Previous Forecast (A)	856,000	144,000	139,000	109,000	¥84.78
Revised Forecast (B)	862,000	144,000	139,000	109,000	¥84.96
Increase (Decrease) (B-A)	6,000	0	0	0	—
Increase (Decrease) ratio (%)	0.7	0.0	0.0	0.0	—

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

	(Millions of yen)	
	As of March 31, 2021	As of December 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	217,478	275,090
Trade and other receivables	157,920	161,334
Other financial assets	10,268	21,505
Inventories	158,895	166,958
Income taxes receivable	10,425	6,136
Other current assets	24,970	26,308
Subtotal	579,956	657,331
Assets held for sale	117	-
Total current assets	580,073	657,331
Non-current assets		
Property, plant and equipment	239,166	238,194
Goodwill	127,384	154,642
Intangible assets	104,810	116,327
Retirement benefit asset	22,677	22,848
Investments accounted for using equity method	3,128	1,499
Trade and other receivables	24,577	24,843
Other financial assets	23,350	14,221
Deferred tax assets	56,720	61,284
Other non-current assets	1,568	1,778
Total non-current assets	603,380	635,636
Total assets	1,183,453	1,292,967

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
LIABILITIES AND EQUITY		
Liabilities		
Current liabilities		
Trade and other payables	69,870	54,087
Bonds and borrowings	31,529	51,582
Other financial liabilities	21,873	25,334
Income taxes payable	10,736	21,912
Provisions	33,412	29,835
Other current liabilities	160,971	150,537
Total current liabilities	328,391	333,287
Non-current liabilities		
Bonds and borrowings	323,735	341,518
Other financial liabilities	60,197	57,917
Retirement benefit liability	42,446	43,098
Provisions	5,676	5,961
Deferred tax liabilities	13,103	13,214
Other non-current liabilities	14,425	17,678
Total non-current liabilities	459,582	479,386
Total liabilities	787,973	812,673
Equity		
Share capital	124,643	124,643
Capital surplus	90,835	91,058
Treasury shares	(98,048)	(17,454)
Other components of equity	(1,347)	9,748
Retained earnings	278,243	271,151
Total equity attributable to owners of parent	394,326	479,146
Non-controlling interests	1,154	1,148
Total equity	395,480	480,294
Total liabilities and equity	1,183,453	1,292,967

(2) Condensed Quarterly Consolidated Statements of Profit or Loss

	(Millions of yen)	
	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Continuing operations		
Revenue	513,584	629,757
Cost of sales	190,090	217,918
Gross profit	323,494	411,839
Selling, general and administrative expenses	250,177	293,619
Share of profit (loss) of investments accounted for using equity method	207	577
Other income	4,251	8,228
Other expenses	13,041	18,115
Operating profit	64,734	108,910
Finance income	836	973
Finance costs	3,652	6,248
Profit before tax	61,918	103,635
Income taxes	7,986	15,786
Profit from continuing operations	53,932	87,849
Discontinued operations		
Loss from discontinued operations	(52,287)	–
Profit	1,645	87,849
Profit attributable to:		
Owners of parent	1,624	87,667
Non-controlling interests	21	182
Profit	1,645	87,849
Earnings per share		
Basic earnings (loss) per share		
Continuing operations	41.93	68.19
Discontinued operations	(40.67)	–
Basic earnings per share	1.26	68.19
Diluted earnings (loss) per share		
Continuing operations	41.91	68.16
Discontinued operations	(40.65)	–
Diluted earnings per share	1.26	68.16

(3) Condensed Quarterly Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Profit	1,645	87,849
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	3,051	(619)
Remeasurements of defined benefit plans	(7,098)	(166)
Total of items that will not be reclassified to profit or loss	(4,047)	(785)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(872)	15,000
Cash flow hedges	129	(265)
Share of other comprehensive income of associates accounted for using equity method	(102)	151
Total of items that may be reclassified to profit or loss	(845)	14,886
Total other comprehensive income	(4,892)	14,101
Comprehensive income	(3,247)	101,950
Comprehensive income attributable to:		
Owners of parent	(3,268)	101,768
Non-controlling interests	21	182
Comprehensive income	(3,247)	101,950

(4) Condensed Quarterly Consolidated Statements of Changes in Equity

Nine months ended December 31, 2020

(Millions of yen)

	Equity attributable to owners of parent							Non-controlling interests	Total equity
	Share capital	Capital surplus	Treasury shares	Other components of equity	Other components of equity related to disposal group held for sale	Retained earnings	Total		
Balance at April 1, 2020	124,643	91,157	(98,135)	(22,751)	–	275,833	370,747	1,211	371,958
Profit						1,624	1,624	21	1,645
Other comprehensive income				(4,892)			(4,892)		(4,892)
Comprehensive income	–	–	–	(4,892)	–	1,624	(3,268)	21	(3,247)
Purchase of treasury shares			(1)				(1)		(1)
Disposal of treasury shares		(29)	29				0		0
Dividends from surplus						(12,856)	(12,856)	(170)	(13,026)
Transfer from other components of equity to retained earnings				5,865		(5,865)	–		–
Share-based payment transactions		122	31				153		153
Transfer to other components of equity related to disposal group held for sale				(75)	75		–		–
Total transactions with owners	–	93	59	5,790	75	(18,721)	(12,704)	(170)	(12,874)
Balance at December 31, 2020	124,643	91,250	(98,076)	(21,853)	75	258,736	354,775	1,062	355,837

Nine months ended December 31, 2021

(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, 2021	124,643	90,835	(98,048)	(1,347)	278,243	394,326	1,154	395,480
Profit	–	–	–	–	87,667	87,667	182	87,849
Other comprehensive income	–	–	–	14,101	–	14,101	–	14,101
Comprehensive income	–	–	–	14,101	87,667	101,768	182	101,950
Purchase of treasury shares	–	–	(1,802)	–	–	(1,802)	–	(1,802)
Disposal of treasury shares	–	(46)	50	–	–	4	–	4
Cancellation of treasury shares	–	(82,340)	82,340	–	–	–	–	–
Dividends from surplus	–	–	–	–	(15,428)	(15,428)	(188)	(15,616)
Transfer from retained earnings to capital surplus	–	82,337	–	–	(82,337)	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	(3,006)	3,006	–	–	–
Share-based payment transactions	–	272	6	–	–	278	–	278
Total transactions with owners	–	223	80,594	(3,006)	(94,759)	(16,948)	(188)	(17,136)
Balance at December 31, 2021	124,643	91,058	(17,454)	9,748	271,151	479,146	1,148	480,294

(5) Condensed Quarterly Consolidated Statements of Cash Flows

	(Millions of yen)	
	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Cash flows from operating activities		
Profit before tax	61,918	103,635
Profit (loss) before tax from discontinued operations	(52,083)	–
Depreciation and amortization	44,491	47,993
Loss (gain) on step acquisitions	–	(2,826)
Interest and dividend income	(865)	(860)
Interest expenses	3,050	3,031
Loss on sale of Imaging Business	44,656	–
Share of loss (profit) of investments accounted for using equity method	(207)	(577)
Decrease (increase) in trade and other receivables	15,114	(343)
Decrease (increase) in inventories	(2,179)	(6,802)
Increase (decrease) in trade and other payables	(10,582)	(12,815)
Increase (decrease) in retirement benefit liability	1,896	271
Decrease (increase) in retirement benefit asset	(2,739)	(281)
Increase (decrease) in provisions	8,136	(3,633)
Other	644	(4,542)
Subtotal	111,250	122,251
Interest received	530	699
Dividends received	335	161
Interest paid	(2,448)	(2,492)
Income taxes paid	(20,645)	(5,363)
Net cash provided by operating activities	89,022	115,256
Cash flows from investing activities		
Payments into time deposits	(40,004)	–
Purchase of property, plant and equipment	(26,976)	(29,956)
Proceeds from sale of property, plant and equipment	1,540	2,178
Purchase of intangible assets	(14,261)	(16,717)
Payments for loans receivable	(451)	(129)
Collection of loans receivable	696	889
Proceeds from sales of investments	3,543	7,747
Purchase of investments in associates	(1,078)	–
Payments for acquisition of subsidiaries	(40,075)	(21,587)
Proceeds from sale of subsidiaries	–	724
Proceeds from sale of businesses	2,122	–
Other	(66)	(273)
Net cash used in investing activities	(115,010)	(57,124)

	(Millions of yen)	
	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings and commercial papers	(71,968)	(5,356)
Repayments of lease liabilities	(12,096)	(12,801)
Proceeds from issuance of bonds	49,757	56,161
Proceeds from long-term borrowings	99,180	–
Repayments of long-term borrowings	–	(15,006)
Dividends paid	(12,856)	(15,428)
Dividends paid to non-controlling interests	(170)	(188)
Payments for purchase of treasury shares	(1)	(1,801)
Change in deposits due to the purchase of treasury shares	–	(13,199)
Other	125	(1,695)
Net cash provided by (used in) financing activities	51,971	(9,313)
Effect of exchange rate changes on cash and cash equivalents	(1,014)	8,793
Net increase (decrease) in cash and cash equivalents	24,969	57,612
Cash and cash equivalents at beginning of period	162,717	217,478
Cash and cash equivalents at end of period	187,686	275,090

(6) Notes to Condensed Quarterly 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 quarterly 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 manufacturing and sales of endoscopic, therapeutic, scientific and other products. Details of each business are as described in Note “(Segment information)” on page 16.

(Basis of preparation)

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

The condensed quarterly consolidated financial statements of the Olympus Group have been prepared in accordance with IAS 34. Since the requirements for a “Specified Company of Designated International Accounting Standards” set forth in Article 1-2 of the “Regulation on Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements” are satisfied, the Olympus Group adopts the provisions of Article 93 of the same Regulation. The condensed quarterly 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, 2021.

These condensed quarterly consolidated financial statements were approved by Director, Representative Executive Officer, President and CEO Yasuo Takeuchi, and Executive Officer and CFO Chikashi Takeda on February 4, 2022.

(2) Basis of measurement

The Olympus Group’s condensed quarterly 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 quarterly 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 quarterly consolidated financial statements of the Olympus Group for the nine months ended December 31, 2021 are the same as those applied for the fiscal year ended March 31, 2021.

(Significant accounting estimates and associated judgments)

In preparing IFRS-based consolidated financial statements, the management is required to make judgments, estimates and assumptions that affect the adoption of accounting policies and the amounts of assets, liabilities, revenues and expenses. Actual results may differ from such estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis and the effect is recognized in the period in which the estimates are revised and in future periods.

The details of significant accounting estimates and associated judgments in the condensed quarterly consolidated financial statements are unchanged from the contents described in the consolidated financial statements for the previous fiscal year.

Although the impact of the spread of COVID-19 differs by region, the impact is currently expected to continue diminishing overall as vaccinations become available worldwide, and we have assumed that the Company’s sales activities will also begin to normalize.

(Segment information)

(1) Overview of reportable segments

The reportable segments of the Olympus Group are the units for which separate financial information is available and according to which reporting is periodically conducted to decide how to allocate management resources and assess business performance.

The Olympus Group has established strategies and engages in business activities for the products and services based on four segments: “Endoscopic Solutions,” “Therapeutic Solutions,” “Scientific Solutions,” and “Others.” Reportable segments are determined in line with these segments.

From the three months ended June 30, 2021, bronchoscopes, which were previously included in the Endoscopic Solutions segment, were transferred to the Therapeutic Solutions segment, for the purpose of strengthening business in the respiratory area. Therefore, segment information for the nine months ended December 31, 2020, has been reclassified and restated based on the new reporting segment classifications.

Due to the transfer of the Imaging Business to OJ Holdings, Ltd., a special purpose company established by Japan Industrial Partners, Inc. in the previous fiscal year, the profit (loss) of the Imaging Business is presented in discontinued operations.

For details on discontinued operations, please see Note “(Discontinued operations)” on page 33.

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

Reportable Segment	Principal products and services
Endoscopic Solutions Business	Gastrointestinal endoscopes, surgical endoscopes, medical service
Therapeutic Solutions Business	Gastroenterology devices, urology products, respiratory products, energy devices, ENT products, gynecology products
Scientific Solutions Business	Biological microscopes, industrial microscopes, industrial endoscopes, non-destructive testing equipment, X-ray fluorescence (XRF) analyzer
Others	Biomedical materials, orthopedic equipment

(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 treatment used for reportable segments is as described in Note “(Significant accounting policies)” on page 15.

Nine months ended December 31, 2020

	Reportable Segment					Adjustment (Note 2)	Amount on condensed quarterly consolidated financial statements
	Endoscopic Solutions	Therapeutic Solutions	Scientific Solutions	Others	Total		
Revenue							
Revenue from outside customers	276,679	163,952	66,941	6,012	513,584	–	513,584
Intersegment revenue (Note 1)	–	–	4	166	170	(170)	–
Total revenue	276,679	163,952	66,945	6,178	513,754	(170)	513,584
Operating profit (loss)	73,918	23,167	2,956	(1,531)	98,510	(33,776)	64,734
Finance income							836
Finance costs							3,652
Profit before tax							61,918
Other items							
Share of profit (loss) of investments accounted for using equity method	242	(35)	–	–	207	–	207
Depreciation and amortization	21,933	10,497	5,480	521	38,431	5,685	44,116
Impairment losses	65	401	–	–	466	–	466

Notes:

1. Revenue among segments is based on actual market prices.

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

Nine months ended December 31, 2021

	Reportable Segment					Adjustment (Note 2)	Amount on condensed quarterly consolidated financial statements
	Endoscopic Solutions	Therapeutic Solutions	Scientific Solutions	Others	Total		
Revenue							
Revenue from outside customers	333,701	203,714	82,854	9,488	629,757	–	629,757
Intersegment revenue (Note 1)	–	–	25	291	316	(316)	–
Total revenue	333,701	203,714	82,879	9,779	630,073	(316)	629,757
Operating profit (loss)	91,600	43,845	11,361	(1,488)	145,318	(36,408)	108,910
Finance income							973
Finance costs							6,248
Profit before tax							103,635
Other items							
Share of profit (loss) of investments accounted for using equity method	624	(47)	–	–	577	–	577
Depreciation and amortization	24,840	12,438	5,204	857	43,339	4,654	47,993
Impairment losses	1,898	417	–	–	2,315	862	3,177

Notes:

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

(Bonds and borrowings)

(1) Bonds

During the nine months ended December 31, 2020, the Company issued the 26th unsecured corporate bonds of ¥25,000 million (interest rate 0.25%, due July 18, 2025) and the 27th unsecured corporate bonds of ¥25,000 million (interest rate 0.47%, due July 19, 2030) in view of the impact the spread of COVID-19 on financial results, as business funds and long-term working capital.

During the nine months ended December 31, 2021, in order to promote diversification of funds procurement methods, the Company issued US dollar-denominated straight corporate bonds of US\$500 million (interest rate of 2.143%, due December 8, 2026) as business funds.

(2) Borrowings

During the nine months ended December 31, 2020, in view of the impact the spread of COVID-19 on financial results, the Company procured borrowings (loans) as business funds and long-term working capital of: ¥50,000 million (interest rate 0.32% (fixed rate), due April 30, 2025), ¥40,000 million (variable interest rate (based on TIBOR + spread), due May 31, 2024), and ¥10,000 million (variable interest rate (based on TIBOR + spread), due May 15, 2024).

There were no significant transactions during the nine months ended December 31, 2021.

(Per-share data)

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

	Nine months ended December 31, 2020 (April 1, 2020 - December 31, 2020)	Nine months ended December 31, 2021 (April 1, 2021 - December 31, 2021)
Basic earnings (loss) per share		
Continuing operations	¥41.93	¥68.19
Discontinued operations	¥(40.67)	¥-
Basic earnings per share	¥1.26	¥68.19
Diluted earnings (loss) per share		
Continuing operations	¥41.91	¥68.16
Discontinued operations	¥(40.65)	¥-
Diluted earnings per share	¥1.26	¥68.16
	Third quarter ended December 31, 2020 (October 1, 2020 - December 31, 2020)	Third quarter ended December 31, 2021 (October 1, 2021 - December 31, 2021)
Basic earnings (loss) per share		
Continuing operations	¥21.82	¥19.66
Discontinued operations	¥(2.90)	¥-
Basic earnings per share	¥18.92	¥19.66
Diluted earnings (loss) per share		
Continuing operations	¥21.81	¥19.65
Discontinued operations	¥(2.90)	¥-
Diluted earnings per share	¥18.91	¥19.65

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

	(Millions of yen)	
	Nine months ended December 31, 2020 (April 1, 2020 - December 31, 2020)	Nine months ended December 31, 2021 (April 1, 2021 - December 31, 2021)
Profit (loss) used to calculate basic earnings per share and diluted earnings per share		
Profit attributable to owners of parent	1,624	87,667
Profit not attributable to common shareholders of parent	-	-
Profit (loss) used to calculate basic earnings per share	1,624	87,667
Continuing operations	53,911	87,667
Discontinued operations	(52,287)	-
Adjustment to profit	-	-
Profit (loss) used to calculate diluted earnings per share	1,624	87,667
Continuing operations	53,911	87,667
Discontinued operations	(52,287)	-

The weighted average number of shares of common stock used to calculate basic earnings per share and diluted earnings per share

The weighted average number of shares of common stock	1,285,599 thousand shares	1,285,571 thousand shares
Increase in number of shares of common stock		
Subscription rights to shares relating to stock options	542 thousand shares	492 thousand shares
Common stock relating to subsequent grant-type restricted share-based remuneration	63 thousand shares	192 thousand shares
Average number of shares of diluted common stock during the period	1,286,204 thousand shares	1,286,255 thousand shares

	Third quarter ended December 31, 2020 (October 1, 2020 - December 31, 2020)	Third quarter ended December 31, 2021 (October 1, 2021 - December 31, 2021)
Profit (loss) used to calculate basic earnings per share and diluted earnings per share		
Profit attributable to owners of parent	24,326	25,270
Profit not attributable to common shareholders of parent	-	-
<hr/>		
Profit (loss) used to calculate basic earnings per share	24,326	25,270
Continuing operations	28,059	25,270
Discontinued operations	(3,733)	-
<hr/>		
Adjustment to profit	-	-
<hr/>		
Profit (loss) used to calculate diluted earnings per share	24,326	25,270
Continuing operations	28,059	25,270
Discontinued operations	(3,733)	-
<hr/>		

The weighted average number of shares of common stock used to calculate basic earnings per share and diluted earnings per share

The weighted average number of shares of common stock	1,285,614 thousand shares	1,285,424 thousand shares
Increase in number of shares of common stock		
Subscription rights to shares relating to stock options	538 thousand shares	479 thousand shares
Common stock relating to subsequent grant-type restricted share-based remuneration	94 thousand shares	236 thousand shares
<hr/>		
Average number of shares of diluted common stock during the period	1,286,246 thousand shares	1,286,139 thousand shares
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(Business combinations)

Nine months ended December 31, 2020 (April 1, 2020 - December 31, 2020)

(Acquisition of Arc Medical Design Limited)

(1) Outline of business combination

1) Name and description of acquired business

Name of acquired business	Arc Medical Design Limited (hereinafter “Arc Medical Design”)
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Description of business	Development and manufacturing of auxiliary devices for diagnoses and treatment using gastrointestinal endoscopes
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2) Primary reason for business combination

To further strengthen the Company’s core competencies in early detection and minimally invasive therapies, beyond our proprietary development, by acquiring optimal partners, we are working to expand our lineup of devices to treat digestive disorders and to develop auxiliary devices for the diagnosis and treatment of colorectal cancer.

Through this acquisition, the Company has obtained full rights to Arc Medical Design’s innovative medical products. The Company already has exclusive distribution rights in the European market for Arc Medical Design’s core product, ENDOCUFF VISION™, and will now be responsible for the design, manufacturing, sales, and business strategy of the entire ENDOCUFF product group. Through the acquisition of this product group, we will further contribute to reducing treatment costs and improving patients’ QOL.

3) Percentage of voting equity interest acquired

100%

4) Acquisition date

August 7, 2020

5) How we obtained control of the acquiree

Cash consideration for the acquisition of shares

(2) Acquisition-related expense

The acquisition-related expense of ¥67 million has been booked in “Selling, general and administrative expenses.”

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

	(Millions of yen)
	Amount
Fair value of consideration paid	
Cash	3,472
Contingent consideration	488
Total	3,960
Fair value of assets acquired and liabilities assumed	
Cash and cash equivalents	79
Property, plant and equipment	0
Intangible assets	1,296
Other assets	5
Deferred tax liabilities	(246)
Other liabilities	(74)
Fair value of assets acquired and liabilities assumed, net	1,060
Goodwill	2,900
Total	3,960

Based on the fair value of consideration paid on the acquisition date, we have allocated the assets acquired and liabilities assumed. Furthermore, the allocation of consideration paid has been completed in the previous fiscal year, and there is no material change in the amount from the initial provisional amount.

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

(4) Contingent consideration

The contingent consideration is the royalties paid over certain future period to former shareholders of Arc Medical Design for sales of Arc Medical Design's products, and its fair value is calculated considering future sales forecasts and the time value of money. Furthermore, there is no limit on the amount of payment of the royalties.

In terms of hierarchical level, the fair value of the contingent consideration is level three. The amount of change in fair value of the contingent consideration includes the recording of the part based on changes in the time value of money as "Financial costs" and the part based on changes other than the time value of money as "Other income" or "Other expenses."

(5) Impacts on the Olympus Group

The Company omits making a description concerning profit and loss information of the said business combination on and after the acquisition date as well as profit and loss information under the assumption that the said business combination was conducted at the beginning of the fiscal year under review. This is because the amount of impact on condensed quarterly consolidated statements of profit or loss due to such information is not material.

(Acquisition of FH ORTHO SAS)

(1) Outline of business combination

1) Name and description of acquired business

Name of acquired business	FH ORTHO SAS (hereinafter, “FH ORTHO”)
Description of business	Development, manufacturing, and sales of orthopedic equipment

2) Primary reason for business combination

The Company has been developing an orthopedic business in Japan that manufactures and sells bone substitutes, high tibial osteotomy (HTO) plates, and other related products through its subsidiary Olympus Terumo Biomaterials Corporation. Furthermore, in order to support more precise and safer fragmentation and excision of bodily tissue (bone), the Company has developed the first ultrasound device indicated for arthroscopic surgery.

Through this acquisition, the Company will enhance its portfolio of products, which are innovative and contribute to enhanced patients’ QOL, used in ligament reconstructive surgery, foot arthrodesis, trauma surgery, etc. Furthermore, in addition to developing the Company’s orthopedic surgery products through the global sales routes owned by FH ORTHO, by selling some of FH ORTHO’s core products in Japan, we will expand the Olympus Group’s sales channels and grow our business. By introducing more products and solutions that contribute to minimally invasive therapies and by expanding sales channels for them, the Company will further enhance its position as a global medtech company.

3) Percentage of voting equity interest acquired

100%

4) Acquisition date

November 2, 2020

5) How we obtained control of the acquiree

Cash consideration for the acquisition of shares

(2) Acquisition-related expense

The acquisition-related expense of ¥403 million has been booked in “Sales, general and administrative expenses.”

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

	(Millions of yen)
	Amount
Fair value of consideration paid	
Cash	5,776
Contingent consideration	194
Total	5,970
Fair value of assets acquired and liabilities assumed	
Cash and cash equivalents	122
Trade and other receivables	618
Inventories	3,445
Other current assets	1,099
Property, plant and equipment	1,271
Intangible assets	2,232
Deferred tax assets	617
Trade and other payables	(727)
Bonds and borrowings (current)	(3,055)
Provisions	(460)
Other current liabilities	(723)
Retirement benefit liability	(206)
Deferred tax liabilities	(847)
Other non-current liabilities	(356)
Fair value of assets acquired and liabilities assumed, net	3,030
Goodwill	2,940
Total	5,970

Based on the fair value of consideration paid on the acquisition date, we have allocated the assets acquired and liabilities assumed. Furthermore, the allocation of consideration paid has been completed in the previous fiscal year, and the value of the assets and liabilities on the acquisition date have been revised from the initial provisional amounts.

The major adjustments made comprise an increase in inventories of ¥1,251 million, an increase in intangible assets of ¥1,725 million, and an increase in deferred tax liabilities of ¥847 million. As a result, goodwill decreased by ¥2,303 million. The balance of intangible assets of ¥2,232 million is mostly comprised of ¥2,031 million in technology-related assets related to products of FH ORTHO, which are measured based on future sales growth rate, diminishing value rate, discount rate and other assumptions. The estimated useful lives of technology-related assets are 10 to 16 years.

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

(4) Contingent consideration

The contingent consideration is set to be paid based on the achievement levels of designated performance metrics for FH ORTHO after the business combination, and the payment limit is €2,550 thousand. Its fair value is calculated considering forecasts of future financial results and the time value of money.

In terms of hierarchical level, the fair value of the contingent consideration is level three. The amount of change in fair value of the contingent consideration includes the recording of the part based on changes in the time value of money as “Finance costs” and the part based on changes other than the time value of money as “Other income” or “Other expenses.”

(5) Impacts on the Olympus Group

The Company omits making a description concerning profit or loss information of the said business combination on and after the acquisition date as well as profit or loss information under the assumption that the said business combination was conducted at the beginning of the fiscal year under review. This is because the amount of impact on condensed quarterly consolidated statements of profit or loss due to such information is not material.

(Acquisition of Veran Medical Technologies, Inc.)

(1) Outline of business combination

1) Name and description of acquired business

Name of acquired business	Veran Medical Technologies, Inc. (hereinafter, “VMT”)
Description of business	Manufacturing and sales of pulmonary medical devices

2) Primary reason for business combination

VMT’s electromagnetic navigation system supports the insertion of bronchoscopes and devices into the finely branching bronchial periphery, the identification of the location of lesions in the bronchial periphery, and tissue biopsy in the lesions. By combining VMT’s electromagnetic navigation system with the Company’s existing pulmonary devices such as our bronchoscopes and radial endobronchial ultrasound (EBUS), we expect even greater results in smoothly accessing lesions and diagnosing and determining the stage of a patient’s lung cancer. Through this acquisition, not only will we strengthen the product lineup in our Respiratory Business, but we will also greatly strengthen our North American sales network with the addition of VMT’s highly experienced sales staff. By enhancing our competitiveness in the pulmonary market, we will further contribute to early diagnosis and minimally invasive therapies for bronchial disease.

3) Percentage of voting equity interest acquired

100%

4) Acquisition date

December 29, 2020

5) How we obtained control of the acquiree

Cash consideration for the acquisition of shares

(2) Acquisition-related expense

The acquisition-related expense of ¥440 million has been booked in “Selling, general and administrative expenses.”

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

	(Millions of yen)
	Amount
Fair value of consideration paid	
Cash	31,050
Contingent consideration	1,461
Total	32,511
Fair value of assets acquired and liabilities assumed	
Cash and cash equivalents	433
Trade and other receivables	506
Inventories	2,176
Property, plant and equipment	241
Intangible assets	16,953
Other assets	353
Deferred tax assets	2,746
Trade and other payables	(108)
Other liabilities	(779)
Deferred tax liabilities	(4,244)
Fair value of assets acquired and liabilities assumed, net	18,277
Goodwill	14,234
Total	32,511

Based on the fair value of consideration paid on the acquisition date, we have allocated the assets acquired and liabilities assumed. Furthermore, the allocation of consideration paid has been completed in the nine months ended December 31, 2021, and the value of the assets and liabilities on the acquisition date have been revised from the initial provisional amounts.

The major adjustments made comprise an increase in intangible assets of ¥16,953 million, an increase in deferred tax assets of ¥1,128 million, and an increase in deferred tax liabilities of ¥4,244 million. As a result, goodwill decreased by ¥16,295 million. The ¥16,953 million in intangible assets are mainly made up of ¥13,993 million in technology-related assets and ¥2,577 million in-process research and development related to VMT's products, and the amount is calculated based on assumptions for the future net sales growth rate, the diminishing value rate, and the discount rate, etc. The estimated useful lives of technology-related assets are 15 years.

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

(4) Contingent consideration

The contingent consideration is set to be paid based on the achievement levels of designated performance metrics for VMT after the business combination, and the payment limit is US\$40,000 thousand. In terms of hierarchical level, the fair value of the contingent consideration is level three.

(5) Impacts on the Olympus Group

The Company omits making a description concerning profit or loss information of the said business combination on and after the acquisition date as well as profit or loss information under the assumption that the said business combination was conducted at the beginning of the fiscal year under review. This is because the amount of impact on condensed quarterly consolidated statements of profit or loss due to such information is not material.

Nine months ended December 31, 2021 (April 1, 2021 - December 31, 2021)

(Acquisition of Medi-Tate Ltd.)

(1) Outline of business combination

1) Name and description of acquired business

Name of acquired business	Medi-Tate Ltd. (hereinafter “Medi-Tate”)
Description of business	R&D and manufacturing of Therapeutic Solutions Business products

2) Primary reason for business combination

Medi-Tate is a medical device manufacturer that researches, develops, and manufactures minimally invasive therapeutic devices for benign prostatic hyperplasia (BPH). By adding Medi-Tate’s minimally invasive treatment device for BPH to our Olympus product portfolio, we will contribute to promoting the spread of minimally invasive treatment for diversifying prostate diseases and improving QOL for patients, thereby further strengthening our competitive position in the urology field.

3) Percentage of voting equity interest acquired

100%

4) Acquisition date

May 27, 2021

5) How we obtained control of the acquiree

Just prior to the acquisition date, the Company owned 18.46% of Medi-Tate’s voting shares through its consolidated subsidiary Olympus Winter & Ibe GmbH, and it acquired an additional 81.54% for cash as consideration on the acquisition date through Olympus Winter & Ibe GmbH, making it a wholly owned subsidiary.

(2) Acquisition-related expense

The acquisition-related expense of ¥168 million has been booked in “Selling, general and administrative expenses.”

(3) Gain on step acquisition

As a result of revaluing the equity interest of the acquired company held just prior to the acquisition date at fair value on the acquisition date, we recognized a gain on step acquisition of ¥2,826 million. Gains on step acquisition are recorded in “Other income” in the condensed quarterly consolidated statements of profit or loss.

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

	(Millions of yen)
	Amount
Fair value of consideration paid	
Cash	22,680
Fair value of equity interest held just prior to the acquisition date	4,932
Contingent consideration	2,148
Total	29,760
Fair value of assets acquired and liabilities assumed	
Cash and cash equivalents	1,353
Trade and other receivables	3
Inventories	3
Other current assets	214
Property, plant and equipment	30
Intangible assets	8,866
Other financial assets (non-current)	3
Deferred tax assets	604
Trade and other payables	(46)
Other current liabilities	(675)
Deferred tax liabilities	(2,039)
Other non-current liabilities	(16)
Fair value of assets acquired and liabilities assumed, net	8,300
Goodwill	21,460
Total	29,760

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

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

(5) Contingent consideration

The contingent consideration is a milestone payment subject to the obtaining of approval for development made by Medi-Tate, and the payment is calculated by taking into consideration the possibility of obtaining the approval for the development and time value of money. The payment limit is US\$40,000 thousand.

In terms of hierarchical level, the fair value of the contingent consideration is level three, which is the fair value calculated from valuation techniques that include inputs that are not based on observable market data. The amount of change in fair value of the contingent consideration includes the recording of the part based on changes in the time value of money as “Finance costs” and the part based on changes other than the time value of money as “Other income” or “Other expenses.”

(6) Impacts on the Olympus Group

The Company omits making a description concerning profit or loss information of the said business combination on and after the acquisition date as well as profit or loss information under the

assumption that the said business combination was conducted at the beginning of the fiscal year under review. This is because the amount of impact on condensed quarterly consolidated statements of profit or loss due to such information is not material.

(Revised provisional amounts)

For the following business combinations that occurred in the previous fiscal year, provisional amounts have been revised in the first quarter ended June 30, 2021, the second quarter ended September 30, 2021 and third quarter ended December 31, 2021. As a result, we have retroactively revised the figures at the end of the previous fiscal year in the condensed quarterly consolidated statements of financial position.

Acquisition of Veran Medical Technologies, Inc.

Veran Medical Technologies, Inc. became a consolidated subsidiary of the Company on December 29, 2020, due to the acquisition of shares for cash consideration.

In the first quarter ended June 30, 2021, the second quarter ended September 30, 2021 and third quarter ended December 31, 2021, the fair value of some assets acquired and liabilities assumed has been provisionally revised with respect to the measurement of the fair value of assets acquired and liabilities assumed as of the acquisition date in said business combination. Regarding said business combination, in the third quarter ended December 31, 2021, initial measurement of assets acquired, liabilities assumed and goodwill has been finalized.

	(Millions of yen)		
	Provisional fair value as of March 31, 2021	Subsequent revision	Revised fair value
Fair value of consideration paid			
Cash	31,050	–	31,050
Contingent consideration	1,461	–	1,461
Total	32,511	–	32,511
Fair value of assets acquired and liabilities assumed			
Cash and cash equivalents	433	–	433
Trade and other receivables	506	–	506
Inventories	2,259	(83)	2,176
Property, plant and equipment	41	200	241
Intangible assets	14,647	2,306	16,953
Other assets	210	143	353
Deferred tax assets	1,612	1,134	2,746
Trade and other payables	(128)	20	(108)
Other liabilities	(587)	(192)	(779)
Deferred tax liabilities	(2,586)	(1,658)	(4,244)
Fair value of assets acquired and liabilities assumed, net	16,407	1,870	18,277
Goodwill	16,104	(1,870)	14,234
Total	32,511	–	32,511

As a result of these revisions, the major adjustments as of March 31, 2021 were increases in intangible assets, deferred tax assets and deferred tax liabilities of ¥2,467 million, ¥1,213 million and ¥1,774 million, respectively, and a decrease in goodwill of ¥1,998 million.

Acquisition of Quest Photonic Devices B.V.

Quest Photonic Devices B.V. became a consolidated subsidiary of the Company on February 9, 2021, due to the acquisition of shares for cash consideration.

In the first quarter ended June 30, 2021, the fair value of some assets acquired and liabilities assumed has been provisionally revised with respect to the measurement of the fair value of assets acquired and liabilities assumed as of the acquisition date in said business combination. Regarding said business combination, since initial measurement of assets acquired, liabilities assumed and goodwill has not been finalized as of the submission date of this quarterly financial results report, the amount is provisional based on information available at this time.

	(Millions of yen)		
	Provisional fair value as of March 31, 2021	Subsequent revision	Revised fair value
Fair value of consideration paid			
Cash	4,684	–	4,684
Contingent consideration	1,290	–	1,290
Total	5,974	–	5,974
Fair value of assets acquired and liabilities assumed			
Cash and cash equivalents	301	–	301
Trade and other receivables	53	–	53
Inventories	197	–	197
Other current assets	24	–	24
Property, plant and equipment	204	–	204
Intangible assets	569	1,899	2,468
Other financial assets (non-current)	45	–	45
Deferred tax assets	32	–	32
Trade and other payables	(21)	–	(21)
Bonds and borrowings (current)	(39)	–	(39)
Provisions	(1)	–	(1)
Other current liabilities	(314)	–	(314)
Bonds and borrowings (non-current)	(1,035)	–	(1,035)
Deferred tax liabilities	–	(475)	(475)
Other non-current liabilities	(22)	–	(22)
Fair value of assets acquired and liabilities assumed, net	(7)	1,424	1,417
Goodwill	5,981	(1,424)	4,557
Total	5,974	–	5,974

Due to these revisions, intangible assets and deferred tax liabilities as of March 31, 2021, increased by ¥1,908 million and ¥477 million, respectively, and goodwill decreased by ¥1,431 million.

(Equity and other equity items)

(Cancellation of treasury shares)

Based on resolution of the Board of Directors meeting held on May 7, 2021, the Company canceled treasury shares on June 4, 2021. Due to this cancellation, treasury shares decreased by 71,620,630 shares during the six months ended September 30, 2021.

The impact of this cancellation is that treasury shares decreased by ¥82,340 million (contraction of negative stated amount in equity), and capital surplus decreased by ¥82,340 million.

The amount of the above cancellation was deducted from other capital surplus in capital surplus, but the amount that exceeds other capital surplus was deducted from retained earnings.

(Purchase of treasury shares)

At a meeting of the Board of Directors held on December 17, 2021, the Company resolved the purchase of treasury shares and the specific means of acquisition as provided for under the provisions of Article 156 of the Companies Act as applied by replacing the relevant terms pursuant to the provisions of Article 459 Section 1 of the Companies Act and Article 32 of the Company's Articles of Incorporation. The details of the resolution passed at the meeting of the Board of Directors held on December 17, 2021 are as follows:

(1) Details of the resolution passed at the meeting of the Board of Directors held on December 17:

1. Class of shares	Common shares of the Company
2. Total number of shares to be acquired	16,000,000 shares (maximum)
3. Total share acquisition value	¥30,000 million (maximum)
4. Acquisition period	December 21, 2021 to March 31, 2022
5. Acquisition method	Market purchase based on a discretionary trading contract on the Tokyo Stock Exchange

(2) Treasury shares acquired based on the above resolution by the Board of Directors

1. Total number of shares acquired	721,900 shares
2. Total share acquisition value	¥1,801 million
3. Acquisition period	December 21, 2021 to December 31, 2021

Details regarding this purchase of treasury shares are as described in the note (page 37) related to (Important subsequent events).

(Cash flow information)

Nine months ended December 31, 2021 (April 1, 2021 - December 31, 2021)

(Loss of control)

Transfer of Olympus Systems Corporation

(i) Overview of transaction

The Company concluded an agreement to transfer all shares of Olympus Systems Corporation, a consolidated subsidiary of the Company, to Accenture Japan Ltd on May 28, 2021 and completed the transfer procedures on August 31, 2021. As a result of this, the Company lost its control of Olympus Systems Corporation on the same day.

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

	(Millions of yen)
	Amount
Current assets	783
Non-current assets	414
Total assets	1,197
Current liabilities	569
Non-current liabilities	507
Total liabilities	1,076

(iii) Cash flows associated with the loss of control

	(Millions of yen)
	Amount
Cash and cash equivalents received as consideration of the loss of control	726
Cash and cash equivalents of subsidiaries with the loss of control	(2)
Proceeds from sale of subsidiaries (Note)	724

Note: Proceeds from sale of subsidiaries are included in “Cash flows from investing activities” in the Condensed Quarterly Consolidated Statements of Cash Flows.

(iv) Gain or loss associated with the loss of control

The Company recorded a gain of ¥605 million associated with the loss of control of Olympus Systems Corporation under “Other income” in the Condensed Quarterly Consolidated Statements of Profit or Loss.

(Discontinued operations)

(1) Outline of discontinued operations

Due to the transfer of the Imaging Business to OJ Holdings, Ltd., a special purpose company established by Japan Industrial Partners, Inc. in the previous fiscal year, the profit (loss) of the Imaging Business is presented in discontinued operations.

(2) Profit (loss) of discontinued operations

Profit (loss) of discontinued operations is as follows.

	(Millions of yen)	
	Nine months ended December 31, 2020 (April 1, 2020 - December 31, 2020)	Nine months ended December 31, 2021 (April 1, 2021 - December 31, 2021)
Revenue	20,915	-
Cost of sales	14,640	-
Gross profit	6,275	-
Selling, general and administrative expenses	13,572	-
Share of profit (loss) of investments accounted for using equity method	-	-
Other income	64	-
Other expenses (Note)	44,760	-
Operating loss	(51,993)	-
Finance income	0	-
Finance costs	90	-
Loss before tax	(52,083)	-
Income taxes	204	-
Loss from discontinued operations	(52,287)	-

Note: Other expenses in the nine months ended December 31, 2020 include loss on sale of Imaging Business of ¥44,656 million (allowance pertaining to expenses in accordance with the transfer agreement of ¥28,136 million, inventories of ¥14,910 million, fixed assets of ¥1,610 million).

(3) Cash flows of discontinued operations

Cash flows of discontinued operations are as follows.

	(Millions of yen)	
	Nine months ended December 31, 2020 (April 1, 2020 - December 31, 2020)	Nine months ended December 31, 2021 (April 1, 2021 - December 31, 2021)
Cash flows of discontinued operations		
Net cash used in operating activities	(2,970)	-
Net cash used in investing activities	(856)	-
Net cash used in financing activities	(68)	-

(Additional information)

(Company split associated with the restructuring of domestic sales functions)

On October 1, 2021, the Company conducted a company split that transferred some of the rights and liabilities associated with the domestic sales functions of the Endoscopic Solutions Business and the Therapeutic Solutions Business to the Company’s wholly owned subsidiary Olympus Medical Science Sales Corporation. The company split was carried out under an absorption-type split agreement concluded between the Company and Olympus Medical Science Sales Corporation on February 12, 2021. Furthermore, with the start of our evaluation into making the Scientific Solutions Business a separate company, on June 17, 2021, the Company concluded a modified agreement related to absorption-type splits between the Company and Olympus Medical Science Sales Corporation.

Moreover, on October 1, 2021, Olympus Medical Science Sales Corporation changed its trade name to “Olympus Marketing Corporation.”

1. Overview of transaction

1) Names and description of businesses subject to transaction

Names of businesses	Endoscopic Solutions Business, Therapeutic Solutions Business
Description of business	Domestic sales functions for the above businesses

2) Effective date of company split

October 1, 2021

3) Legal form of company split

Absorption-type split in which Olympus becomes the absorption-type split company and Olympus Marketing Corporation (former company name: Olympus Medical Science Sales Corporation) becomes the absorption-type split successor company

4) Name of the company after the company split

Olympus Marketing Corporation

2. Description of transaction including purpose of the transaction

The Company and Olympus Medical Science Sales Corporation have been responsible for the Olympus Group’s domestic sales functions. By integrating the domestic sales functions for the Endoscopic Solutions Business and the Therapeutic Solutions Business of the two companies, the Company aims to realize “flexible personnel assignment,” “enhanced cooperation with partners,” “integrated nationwide policy implementation,” and “acquisition and retention of excellent personnel,” and conducted the company split to strengthen its sales functions.

(Establishment of a subsidiary)

On October 5, 2021, the Company’s consolidated subsidiary Olympus Corporation of the Americas established Olympus Innovation Ventures, LLC (hereinafter, “OIV”) as a corporate venture capital fund (hereinafter, “CVC Fund”).

In recent years, the pace of innovation has been accelerating, and new trends such as digital, AI and robotics are shifting the medtech landscape. In order to take advantage of these opportunities and to create opportunities for us to grow, we have established the CVC Fund. This fund will allow the Olympus Group to form relationships with early stage companies and help nurture partnerships and explore and acquire technologies with relevant and compelling entrepreneurial teams.

The Olympus Group will initially commit a total of US\$50 million over five years for OIV to search, identify, vet and invest in early stage companies with differentiated technologies. OIV will deliver the following benefits to us:

- (1) Build a pipeline of future M&A targets
- (2) Spot critical trends in technology, medicine, and care delivery
- (3) Identify promising new markets for future growth
- (4) Generate financial return on invested capital
- (5) Raise the Olympus Group's profile in the medtech innovation ecosystem

Name of established subsidiary	Olympus Innovation Ventures, LLC
Description of business	Investment in and support to external opportunities
Date of incorporation	October 5, 2021
Investors and investment ratios	Olympus Corporation of the Americas 100%

(Transfer of Scientific Solutions Business through company split)

At the Board of Directors meeting held on December 17, 2021, the Board resolved to transfer the Scientific Solutions Business through an absorption-type company split (hereinafter the "Company Split"), to Evident Corporation, which is a newly established wholly-owned subsidiary of Olympus (hereinafter the "New Scientific Company"), effective April 1, 2022 (planned).

1. Background and purpose of the company split

As a truly global medical technology company, the Company announced its corporate strategy for achieving sustainable growth (hereinafter "Corporate Strategy") on November 6, 2019. Based on this corporate strategy, the Company is allocating management resources to the medical field, mainly in Endoscopic Solutions Business and Therapeutic Solutions Business, and we are working to strengthen our management base in order to achieve sustainable growth.

Under these circumstances, as announced in the timely disclosures of "Notice Concerning Commencement of Consideration on Intra-Group Reorganization of Scientific Solutions Business" dated June 4, 2021 and "(Progress of Disclosure matters) Notice Concerning Commencement of Consideration on Intra-Group Reorganization of Scientific Solutions Business" dated November 5, 2021, we have been carefully analyzing and considering the reorganization of the Scientific Solutions Business, taking all options into consideration including a possible subsequent business transfer after the Company Split, in order to achieve sustainable growth and profitability improvement of the Scientific Solutions Business.

As a result, we decided to spin off the Scientific Solutions Business after it was judged that establishing a management structure that matches the characteristics of each business in the medical field and Scientific Solutions Business will accelerate efforts to achieve sustainable growth and improve profitability of each and contribute to the enhancement of corporate value of the entire Group.

2. Summary of the company split

1) Method of the company split

The Company will carry out an absorption-type split (simple absorption-type company split) with the Company as the absorption-type company split and the New Scientific Company as the successor company to the absorption-type company split

2) Schedule of the company split

Date of Resolution by Board of Directors December 17, 2021

Date of Company Split agreement: January 14, 2022
Effective date of Company Split: April 1, 2022 (planned)

Since the Company Split falls under the simple absorption-type split based on the provisions of Article 784, Paragraph 2 of the Companies Act, the Company will not hold a general meeting of shareholders.

3) Details of allocation related to company split

At the time of the company split, the New Scientific Company will newly issue one common share and allocate and deliver it to the Company.

4) Rights and obligations to be succeeded by the successor company

The New Scientific Company will succeed the assets and rights and obligations of the Company regarding the Scientific Solutions Business, which are stipulated in the absorption-type company split agreement with the Company.

5) Summary of the successor company of the absorption-type company split

Name: Evident Corporation
Address: 6666 Inatomi, Tatsuno-machi, Kamiina-gun, Nagano
Title and Name of Representative: Yoshitake Saito, President and Representative Director
Capital: 0.5 million yen
Description of Business: Development, manufacturing, sales and provision of solutions for biological microscopes, industrial microscopes, industrial endoscopes, non-destructive testing equipment, X-ray analyzers, etc. (planned)

(Absorption-type merger agreement for a wholly owned subsidiary)

The Company decided to implement an absorption-type merger (hereinafter "the Merger") with consolidated subsidiary, Olympus Logitex Co., Ltd. (hereinafter "Olympus Logitex"), effective on April 1, 2022 as announced on December 17, 2021.

1. Background and purpose of the merger

In order to improve operations and improve business performance and organizational soundness, we are working on the company-wide cross-functional corporate transformation plan "Transform Olympus", and in one of its priority measures, "End-to-End (E2E) Supply Chain Transformation," we aim to build an E2E supply chain that integrates everything from parts procurement to delivery to customers, improving customer satisfaction and business agility, improving cost efficiency, and optimizing inventory.

As part of this End-to-End supply chain transformation, we will integrate Olympus Logitex, which is responsible for storage and warehousing functions for Olympus Group products and distribution functions to dealers and customers in Japan and overseas, into our supply chain management section, which is responsible for the supply chain strategy planning function of the entire Group, and the merger will be conducted with the aim of strengthening the ability to propose logistics solutions and strengthening cooperation with global procurement, manufacturing, and sales functions.

2. Summary of the merger

1) Method of the merger

As an absorption-type merger (simplified and short-form), Olympus will act as the merging entity

and Olympus Logitex will be absorbed and merged. As a result, Olympus Logitex will be dissolved.

2) Schedule of the merger

Decision date of merger:	December 17, 2021
Date of Merger Agreement:	December 17, 2021
Effective date of merger:	April 1, 2022 (planned)

The Merger is, for Olympus, a simplified merger under the provisions of Paragraph 2 of Article 796 of the Companies Act and, for Olympus Logitex, a short-form merger under the provisions of Paragraph 1 of Article 784 of the Companies Act. Therefore, the individual entities will not hold a general meeting of shareholders to carry out the Merger.

3) Details of allocation related to the merger

Since Olympus Logitex is a wholly owned subsidiary of the Company, there will be no allotment of shares or money due to the merger.

4) Status of inherited assets / liabilities (as of March 31, 2021) (J-GAAP)

Total assets:	2,077 million yen
Total liabilities:	1,539 million yen

5) Overview of the surviving company of the absorption-type merger (as of March 31, 2021)

Name	Olympus Corporation
Capital	124,643 million yen
Description of Business	Manufacture and sale of medical equipment, scientific equipment, etc.

(Important subsequent events)

(Purchase of treasury shares)

At a meeting of the Board of Directors held on December 17, 2021, the Company resolved the purchase of treasury shares and the specific means of acquisition as provided for under the provisions of Article 156 of the Companies Act as applied by replacing the relevant terms pursuant to the provisions of Article 459 Section 1 of the Companies Act and Article 32 of the Company's Articles of Incorporation., the details of which are as follows.

(1) Details of the resolution passed at the meeting of the Board of Directors held on December 17:

1. Type of shares to be acquired:	Common shares of the Company
2. Total number of shares to be acquired	16,000,000 shares (maximum)
3. Total share acquisition value	¥30,000 million (maximum)
4. Acquisition period	December 21, 2021 to March 31, 2022
5. Acquisition method	Market purchase based on a discretionary trading contract on the Tokyo Stock Exchange

(2) Treasury shares acquired based on the above resolution by the Board of Directors

1. Total number of shares acquired	5,569,900 shares
2. Total share acquisition value	¥13,598 million
3. Acquisition period	January 1, 2022 to January 31, 2022 (Delivery base)

Details regarding the purchase of treasury shares in the nine months ended December 31, 2021 are as described in the note (page 31) related to (Equity and other equity items).