

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



November 5, 2021

Company Name: Olympus Corporation
 Code Number: 7733
 (URL: <https://www.olympus.co.jp/>)
 Stock Exchange Listing: First Section of Tokyo Stock Exchange
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 Scheduled date to submit the Quarterly Securities Report: November 5, 2021
 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 Six Months of the Fiscal Year Ending March 31, 2022 (From April 1, 2021 to September 30, 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)	%
Six months ended								
September 30, 2021	413,059	30.5	76,256	151.7	73,846	160.7	62,513	–
September 30, 2020	316,500	(14.1)	30,292	(45.7)	28,331	(47.0)	(22,677)	–

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	(¥ million)	%	(¥ million)	%	(¥)	(¥)
Six months ended						
September 30, 2021	62,397	–	67,207	–	48.53	48.51
September 30, 2020	(22,702)	–	(31,425)	–	(17.66)	(17.65)

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 six months ended September 30, 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				
September 30, 2021	1,185,302	447,231	446,149	37.6
March 31, 2021	1,183,330	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	856,000	17.2	144,000	75.6	139,000	81.0	109,000	743.8	84.78

Note: Revisions of the forecast most recently announced: Yes

* Notes

(1) Changes in significant subsidiaries during the six 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 September 30, 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 September 30, 2021	13,648,348 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)

Six months ended September 30, 2021	1,285,643,846 shares
Six months ended September 30, 2020	1,285,591,856 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 Six Months

(1) Explanation of Results of Operations

Trends in overall business results

The global economy faced challenging conditions in the six months ended September 30, 2021 due to the impact of the global spread of the novel coronavirus disease (COVID-19). Although the global economy continued to face highly uncertain conditions including a second (or more) wave of infection in some regions, economic activities are recovering along with vaccination progressing. On the other hand, the spread of COVID-19 has 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, in turn affecting the global economy. The Japanese economy faced challenging conditions, as was the case for the global economy, due to the impact of COVID-19, despite showing signs of recovery in exports and a diminished effect of COVID-19 on corporate earnings.

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)			
	Six months ended September 30, 2020	Six months ended September 30, 2021	Increase (Decrease)	Increase (Decrease) ratio (%)
(1) Revenue	316,500	413,059	96,559	30.5
(2) Cost of sales	120,542	142,801	22,259	18.5
(3) Selling, general and administrative expenses	161,458	191,459	30,001	18.6
(4) Share of profit (loss) of investments accounted for using equity method/Other income/Other expenses	(4,208)	(2,543)	1,665	–
(5) Operating profit	30,292	76,256	45,964	151.7
(6) Finance income (loss)	(1,961)	(2,410)	(449)	–
(7) Income taxes	2,454	11,333	8,879	361.8
(8) Profit attributable to owners of parent	(22,702)	62,397	85,099	–
Exchange rate (Yen/U.S. dollar)	106.92	109.80	2.88	–
Exchange rate (Yen/Euro)	121.30	130.90	9.60	–
Exchange rate (Yen/Renminbi)	15.26	16.99	1.73	–

(1) Revenue

Revenue increased by ¥96,559 million year on year to ¥413,059 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 ¥22,259 million year on year to ¥142,801 million. The cost-to-sales ratio improved 3.5 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

¥6,000 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 ¥30,001 million year on year to ¥191,459 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 led to an increase in expenses such as outsourcing 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 ¥2,543 million, and the profit or loss improved by ¥1,665 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. For details on the gain on step acquisition of Medi-Tate Ltd., please see the note (page 23) related to (Business combinations). On the other hand, other expenses increased due to factors such as the recording of approximately ¥1,600 million in impairment losses related to an equity investment in associates accounted for using equity method located in Europe, and an increase of approximately ¥1,500 million in costs related to the promotion of the business transformation plan “Transform Olympus,” compared with the recording of approximately ¥3,000 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 ¥45,964 million year on year to ¥76,256 million.

(6) Finance income (loss)

Finance loss, which reflects finance income and finance costs, deteriorated ¥449 million year on year to ¥2,410 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 ¥8,879 million year on year to ¥11,333 million.

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

Reflecting the factors stated above, profit attributable to owners of parent increased by ¥85,099 million year on year to ¥62,397 million.

(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 ¥109.8 against the U.S. dollar (¥106.92 in the same period of the previous fiscal year), ¥130.9 against the euro (¥121.3 in the same period of the previous fiscal year) and ¥16.99 against the renminbi (¥15.26 in the same period of the previous fiscal year), which caused revenue and operating profit to increase by ¥20,909 million and ¥4,127 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 six months ended September 30, 2020, has been reclassified and restated based on the new reporting segment classifications.

Endoscopic Solutions Business

	(Millions of yen)			
	Six months ended September 30, 2020	Six months ended September 30, 2021	Increase (Decrease)	Increase (Decrease) ratio (%)
Revenue	171,321	220,565	49,244	28.7
Operating profit (loss)	42,338	61,645	19,307	45.6

Consolidated revenue in the Endoscopic Solutions Business amounted to ¥220,565 million (up 28.7% year on year), while operating profit amounted to ¥61,645 million (up 45.6% 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, Europe 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 Japan, 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 for an equity investment in associates accounted for using equity method located in Europe, while at the same time, profit significantly increased mainly due to a significant increase in revenue as a result of the recovery from the effects of COVID-19.

Therapeutic Solutions Business

	(Millions of yen)			
	Six months ended September 30, 2020	Six months ended September 30, 2021	Increase (Decrease)	Increase (Decrease) ratio (%)
Revenue	101,636	133,101	31,465	31.0
Operating profit (loss)	9,924	30,262	20,338	204.9

Consolidated revenue in the Therapeutic Solutions Business amounted to ¥133,101 million (up 31.0% year on year), while operating profit amounted to ¥30,262 million (up 204.9% year on year).

In the GI-endotherapy 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, 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 significant positive growth in North America, where sales of the devices, bronchoscopes, etc. mainly used for EBUS-TBNA (Endobronchial Ultrasound-guided Transbronchial Needle

Aspiration) were favorable due to recovery from the impact of COVID-19, in addition to the sale of Veran Medical Technologies, Inc., which became a subsidiary in December 2020.

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

Operating profit in the Therapeutic Solutions Business increased significantly. In the previous fiscal year, approximately ¥5,900 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. For details on the gain on step acquisition of Medi-Tate Ltd., please see the note (page 23) related to (Business combinations).

Scientific Solutions Business

	(Millions of yen)			
	Six months ended September 30, 2020	Six months ended September 30, 2021	Increase (Decrease)	Increase (Decrease) ratio (%)
Revenue	40,312	53,161	12,849	31.9
Operating profit (loss)	223	6,485	6,262	2,808.1

Consolidated revenue in Scientific Solutions Business amounted to ¥53,161 million (up 31.9% year on year), while operating profit amounted to ¥6,485 million (up 2,808.1% 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 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 non-destructive testing equipment, whose market is expected to recover, also contributed to the increase of sales. In addition, sales of X-ray fluorescence analyzers expanded, driven by the strong gold market and recycling market for precious metals, etc.

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)			
	Six months ended September 30, 2020	Six months ended September 30, 2021	Increase (Decrease)	Increase (Decrease) ratio (%)
Revenue	3,231	6,232	3,001	92.9
Operating profit (loss)	(961)	(1,138)	(177)	-

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 ¥6,232 million (up 92.9% year on year), while operating loss amounted to ¥1,138 million (compared with an operating loss of ¥961 million in the same period of the previous fiscal year).

Revenue significantly increased with the addition of revenue of approximately ¥2,000 million from FH ORTHO SAS, which became a subsidiary in November 2020. Operating loss for other businesses deteriorated due to the addition of expenses for FH ORTHO SAS.

(2) Financial Position

In the six months ended September 30, 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. For details regarding this retroactive adjustment, please refer to the note (page 25) related to (Business combinations).

[Assets]

As of the end of the second quarter under review, total assets increased by ¥1,972 million compared to the end of the previous fiscal year to ¥1,185,302 million. This was mainly because goodwill increased by ¥23,088 million and intangible assets increased by ¥11,321 million due mainly to the impact of the acquisition of Medi-Tate Ltd., even though cash and cash equivalents decreased by ¥24,043 million due to repayments of borrowings, dividends paid, etc.

[Liabilities]

Total liabilities decreased by ¥49,779 million from the end of the previous fiscal year to ¥738,071 million. This was mainly because bonds and borrowings decreased due to repayments of short-term borrowings and long-term borrowings, in addition to trade and other payables decreasing by ¥17,153 million mainly due to a decrease in trade payable and a decrease in other payable as a result of the payment of special additional payment associated with implementing the career support for external opportunity.

[Equity]

Total equity increased by ¥51,751 million from the end of the previous fiscal year to ¥447,231 million. This was mainly due to recording profit attributable to owners of parent of ¥62,397 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 37.6%.

(3) Cash Flows

Cash and cash equivalents at the end of the second quarter under review reached ¥193,435 million, a decrease of ¥24,043 million from the end of the previous fiscal year. The following are the cash flows for the six months ended September 30, 2021.

Cash flows from operating activities

Net cash provided by operating activities for the six months ended September 30, 2021 was ¥68,833 million (compared with ¥37,449 million provided for the six months ended September 30, 2020). This was mainly due to the recording of ¥73,846 million in profit before tax due to strong sales, and adjustment for depreciation and amortization of ¥31,875 million, despite an increase in inventories of ¥7,156 million and a decrease in trade and other payables of ¥14,146 million, which includes the payment of approximately ¥9,979 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 six months ended September 30, 2021 was ¥50,453 million (compared with ¥70,215 million used for the six months ended September 30, 2020). The main factor is ¥21,334 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 ¥21,211 million and purchase of intangible assets, such as R&D assets, of ¥10,733 million.

Cash flows from financing activities

Net cash used in financing activities for the six months ended September 30, 2021 was ¥44,078 million (compared with ¥81,227 million provided for the six months ended September 30, 2020). This was mainly due to the payments of ¥5,364 million for repayments of short-term borrowings and ¥15,004 million for repayments of long-term borrowings, 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 three Months of the Fiscal Year Ending March 31, 2022,” which was released on August 5, 2021. The results for the six months ended September 30, 2021 have exceeded the assumptions of the previous forecasts, and we expect the market environment to recover in the future as well. We also expect expenses incurred for the reorganization of the Scientific Solutions Business. Taking these factors into consideration, we have revised our previously announced forecast of consolidated financial results as follows. Foreign exchange rates for the fiscal year ending March 31, 2022, which are a precondition for the forecast, are expected to be ¥110.4 per U.S. dollar, ¥130.45 per euro and ¥17.05 per renminbi.

(Millions of yen)

	Revenue	Operating profit	Profit before tax	Profit attributable to owners of parent	Basic earnings per share
Previous Forecast (A)	830,000	140,000	135,000	101,000	¥78.56
Revised Forecast (B)	856,000	144,000	139,000	109,000	¥84.78
Increase (Decrease) (B-A)	26,000	4,000	4,000	8,000	—
Increase (Decrease) ratio (%)	3.1	2.9	3.0	7.9	—

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 September 30, 2021
ASSETS		
Current assets		
Cash and cash equivalents	217,478	193,435
Trade and other receivables	157,920	152,178
Other financial assets	10,268	8,324
Inventories	158,895	166,047
Income taxes receivable	10,425	7,234
Other current assets	24,970	25,096
Subtotal	579,956	552,314
Assets held for sale	117	-
Total current assets	580,073	552,314
Non-current assets		
Property, plant and equipment	239,166	237,075
Goodwill	127,383	150,471
Intangible assets	104,810	116,131
Retirement benefit asset	22,677	22,321
Investments accounted for using equity method	3,128	0
Trade and other receivables	24,577	24,486
Other financial assets	23,350	23,415
Deferred tax assets	56,598	57,201
Other non-current assets	1,568	1,888
Total non-current assets	603,257	632,988
Total assets	1,183,330	1,185,302

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
LIABILITIES AND EQUITY		
Liabilities		
Current liabilities		
Trade and other payables	69,870	52,717
Bonds and borrowings	31,529	21,243
Other financial liabilities	21,873	22,554
Income taxes payable	10,736	19,351
Provisions	33,412	32,017
Other current liabilities	160,971	140,354
Total current liabilities	328,391	288,236
Non-current liabilities		
Bonds and borrowings	323,735	314,131
Other financial liabilities	60,197	59,028
Retirement benefit liability	42,446	42,351
Provisions	5,676	5,837
Deferred tax liabilities	12,980	13,130
Other non-current liabilities	14,425	15,358
Total non-current liabilities	459,459	449,835
Total liabilities	787,850	738,071
Equity		
Share capital	124,643	124,643
Capital surplus	90,835	90,969
Treasury shares	(98,048)	(15,685)
Other components of equity	(1,347)	3,307
Retained earnings	278,243	242,915
Total equity attributable to owners of parent	394,326	446,149
Non-controlling interests	1,154	1,082
Total equity	395,480	447,231
Total liabilities and equity	1,183,330	1,185,302

(2) Condensed Quarterly Consolidated Statements of Profit or Loss

	(Millions of yen)	
	Six months ended September 30, 2020	Six months ended September 30, 2021
Continuing operations		
Revenue	316,500	413,059
Cost of sales	120,542	142,801
Gross profit	195,958	270,258
Selling, general and administrative expenses	161,458	191,459
Share of profit (loss) of investments accounted for using equity method	81	399
Other income	3,013	7,419
Other expenses	7,302	10,361
Operating profit	30,292	76,256
Finance income	530	596
Finance costs	2,491	3,006
Profit before tax	28,331	73,846
Income taxes	2,454	11,333
Profit from continuing operations	25,877	62,513
Discontinued operations		
Loss from discontinued operations	(48,554)	–
Profit (loss)	(22,677)	62,513
Profit (loss) attributable to:		
Owners of parent	(22,702)	62,397
Non-controlling interests	25	116
Profit (loss)	(22,677)	62,513
Earnings per share		
Basic earnings (loss) per share		
Continuing operations	¥20.11	¥48.53
Discontinued operations	¥(37.77)	¥–
Basic earnings per share	¥(17.66)	¥48.53
Diluted earnings (loss) per share		
Continuing operations	¥20.10	¥48.51
Discontinued operations	¥(37.75)	¥–
Diluted earnings per share	¥(17.65)	¥48.51

(3) Condensed Quarterly Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit (loss)	(22,677)	62,513
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	2,167	659
Remeasurements of defined benefit plans	(9,332)	40
Total of items that will not be reclassified to profit or loss	(7,165)	699
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(1,584)	3,754
Cash flow hedges	59	90
Share of other comprehensive income of associates accounted for using equity method	(58)	151
Total of items that may be reclassified to profit or loss	(1,583)	3,995
Total other comprehensive income	(8,748)	4,694
Comprehensive income	(31,425)	67,207
Comprehensive income attributable to:		
Owners of parent	(31,450)	67,091
Non-controlling interests	25	116
Comprehensive income	(31,425)	67,207

(4) Condensed Quarterly Consolidated Statements of Changes in Equity

Six months ended September 30, 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 (loss)						(22,702)	(22,702)	25	(22,677)
Other comprehensive income				(8,748)			(8,748)		(8,748)
Comprehensive income	–	–	–	(8,748)	–	(22,702)	(31,450)	25	(31,425)
Purchase of treasury shares			(0)				(0)		(0)
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				9,336		(9,336)	–		–
Share-based payment transactions		48	31				79		79
Transfer to other components of equity related to disposal group held for sale				(75)	75		–		–
Total transactions with owners	–	19	60	9,261	75	(22,192)	(12,777)	(170)	(12,947)
Balance at September 30, 2020	124,643	91,176	(98,075)	(22,238)	75	230,939	326,520	1,066	327,586

Six months ended September 30, 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 (loss)					62,397	62,397	116	62,513
Other comprehensive income				4,694		4,694		4,694
Comprehensive income	–	–	–	4,694	62,397	67,091	116	67,207
Purchase of treasury shares			(0)			(0)		(0)
Disposal of treasury shares		(23)	23			0		0
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				(40)	40	–		–
Share-based payment transactions		160				160		160
Total transactions with owners	–	134	82,363	(40)	(97,725)	(15,268)	(188)	(15,456)
Balance at September 30, 2021	124,643	90,969	(15,685)	3,307	242,915	446,149	1,082	447,231

(5) Condensed Quarterly Consolidated Statements of Cash Flows

	(Millions of yen)	
	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from operating activities		
Profit before tax	28,331	73,846
Profit (loss) before tax from discontinued operations	(48,498)	–
Depreciation and amortization	29,151	31,875
Loss (gain) on step acquisitions	–	(2,826)
Interest and dividend income	(553)	(498)
Interest expenses	2,017	2,010
Loss on sale of Imaging Business	43,677	–
Share of loss (profit) of investments accounted for using equity method	(81)	(399)
Decrease (increase) in trade and other receivables	19,290	6,351
Decrease (increase) in inventories	(7,723)	(7,156)
Increase (decrease) in trade and other payables	(12,720)	(14,146)
Increase (decrease) in retirement benefit liability	1,017	174
Decrease (increase) in retirement benefit asset	1,332	400
Increase (decrease) in provisions	5,790	(1,374)
Other	(9,337)	(15,303)
Subtotal	51,693	72,954
Interest received	344	395
Dividends received	209	103
Interest paid	(1,632)	(1,821)
Income taxes paid	(13,165)	(2,798)
Net cash provided by operating activities	37,449	68,833
Cash flows from investing activities		
Payments into time deposits	(40,001)	–
Purchase of property, plant and equipment	(17,585)	(21,211)
Proceeds from sale of property, plant and equipment	213	2,063
Purchase of intangible assets	(8,624)	(10,733)
Payments for loans receivable	(451)	(126)
Collection of loans receivable	485	420
Proceeds from sales of investments	173	–
Purchase of investments in associates	(1,126)	–
Payments for acquisition of subsidiaries	(3,266)	(21,334)
Proceeds from sale of subsidiaries	–	724
Other	(33)	(256)
Net cash used in investing activities	(70,215)	(50,453)

	(Millions of yen)	
	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings and commercial papers	(46,154)	(5,364)
Repayments of lease liabilities	(8,186)	(8,128)
Proceeds from issuance of bonds	49,757	–
Proceeds from long-term borrowings	99,180	–
Repayments of long-term borrowings	–	(15,004)
Dividends paid	(12,856)	(15,428)
Dividends paid to non-controlling interests	(170)	(188)
Other	(344)	34
Net cash provided by (used in) financing activities	<u>81,227</u>	<u>(44,078)</u>
Effect of exchange rate changes on cash and cash equivalents	(638)	1,655
Net increase (decrease) in cash and cash equivalents	<u>47,823</u>	<u>(24,043)</u>
Cash and cash equivalents at beginning of period	<u>162,717</u>	<u>217,478</u>
Cash and cash equivalents at end of period	<u>210,540</u>	<u>193,435</u>

(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.”

(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 November 5, 2021.

(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 six months ended September 30, 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 first quarter 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 six months ended September 30, 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 27.

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 16.

Six months ended September 30, 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	171,321	101,636	40,312	3,231	316,500	–	316,500
Intersegment revenue (Note 1)	–	–	0	112	112	(112)	–
Total revenue	171,321	101,636	40,312	3,343	316,612	(112)	316,500
Operating profit (loss)	42,338	9,924	223	(961)	51,524	(21,232)	30,292
Finance income							530
Finance costs							2,491
Profit before tax							28,331
Other items							
Share of profit (loss) of investments accounted for using equity method	104	(23)	–	–	81	–	81
Depreciation and amortization	14,544	6,701	3,482	304	25,031	3,853	28,884
Impairment losses	65	4	–	–	69	46	115

Notes:

- Intersegment revenue is based on actual market prices.
- 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.

Six months ended September 30, 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	220,565	133,101	53,161	6,232	413,059	–	413,059
Intersegment revenue (Note 1)	–	–	4	196	200	(200)	–
Total revenue	220,565	133,101	53,165	6,428	413,259	(200)	413,059
Operating profit (loss)	61,645	30,262	6,485	(1,138)	97,254	(20,998)	76,256
Finance income							596
Finance costs							3,006
Profit before tax							73,846
Other items							
Share of profit (loss) of investments accounted for using equity method	446	(47)	–	–	399	–	399
Depreciation and amortization	16,261	7,966	3,507	751	28,485	3,390	31,875
Impairment losses	1,775	–	–	–	1,775	478	2,253

Notes:

1. Intersegment revenue 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.

(Per-share data)

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

	Six months ended September 30, 2020 (April 1, 2020 - September 30, 2020)	Six months ended September 30, 2021 (April 1, 2021 - September 30, 2021)
Basic earnings (loss) per share		
Continuing operations	¥20.11	¥48.53
Discontinued operations	¥(37.77)	¥–
Basic earnings per share	¥(17.66)	¥48.53
Diluted earnings (loss) per share		
Continuing operations	¥20.10	¥48.51
Discontinued operations	¥(37.75)	¥–
Diluted earnings per share	¥(17.65)	¥48.51

	Second quarter ended September 30, 2020 (July 1, 2020 - September 30, 2020)	Second quarter ended September 30, 2021 (July 1, 2021 - September 30, 2021)
Basic earnings (loss) per share		
Continuing operations	¥20.25	¥34.00
Discontinued operations	¥(35.78)	¥-
Basic earnings per share	¥(15.53)	¥34.00
Diluted earnings (loss) per share		
Continuing operations	¥20.24	¥33.98
Discontinued operations	¥(35.76)	¥-
Diluted earnings per share	¥(15.52)	¥33.98

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

	(Millions of yen)	
	Six months ended September 30, 2020 (April 1, 2020 - September 30, 2020)	Six months ended September 30, 2021 (April 1, 2021 - September 30, 2021)
Profit (loss) used to calculate basic earnings per share and diluted earnings per share		
Profit attributable to owners of parent	(22,702)	62,397
Profit not attributable to common shareholders of parent	-	-
Profit (loss) used to calculate basic earnings per share	(22,702)	62,397
Continuing operations	25,852	62,397
Discontinued operations	(48,554)	-
Adjustment to profit	-	-
Profit (loss) used to calculate diluted earnings per share	(22,702)	62,397
Continuing operations	25,852	62,397
Discontinued operations	(48,554)	-

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	1,285,592 thousand shares	1,285,644 thousand shares
Increase in number of shares of common stock		
Subscription rights to shares relating to stock options	544 thousand shares	499 thousand shares
Common stock relating to subsequent grant-type restricted share-based remuneration	47 thousand shares	170 thousand shares
Average number of shares of diluted common stock during the period	1,286,183 thousand shares	1,286,313 thousand shares

	Second quarter ended September 30, 2020 (July 1, 2020 - September 30, 2020)	Second quarter ended September 30, 2021 (July 1, 2021 - September 30, 2021)
Profit (loss) used to calculate basic earnings per share and diluted earnings per share		
Profit attributable to owners of parent	(19,966)	43,707
Profit not attributable to common shareholders of parent	-	-
<hr/>		
Profit (loss) used to calculate basic earnings per share	(19,966)	43,707
Continuing operations	26,030	43,707
Discontinued operations	(45,996)	-
<hr/>		
Adjustment to profit	-	-
<hr/>		
Profit (loss) used to calculate diluted earnings per share	(19,966)	43,707
Continuing operations	26,030	43,707
Discontinued operations	(45,996)	-
<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	1,285,605 thousand shares	1,285,646 thousand shares
Increase in number of shares of common stock		
Subscription rights to shares relating to stock options	539 thousand shares	497 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	1,286,238 thousand shares	1,286,379 thousand shares
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(Business combinations)

Six months ended September 30, 2020 (April 1, 2020 - September 30, 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”)
Description of business	Development and manufacturing of auxiliary devices for diagnoses and treatment using gastrointestinal endoscopes

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, 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."

(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.

Six months ended September 30, 2021 (April 1, 2021 - September 30, 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	45
Property, plant and equipment	30
Intangible assets	9,238
Other financial assets (non-current)	3
Deferred tax assets	604
Trade and other payables	(45)
Other current liabilities	(684)
Deferred tax liabilities	(2,125)
Other non-current liabilities	(16)
Fair value of assets acquired and liabilities assumed, net	8,409
Goodwill	21,351
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 and the second quarter ended September 30, 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 and the second quarter ended September 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	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	1,021	2,633
Trade and other payables	(128)	20	(108)
Other liabilities	(587)	(192)	(779)
Deferred tax liabilities	(2,586)	(1,544)	(4,130)
Fair value of assets acquired and liabilities assumed, net	16,407	1,871	18,278
Goodwill	16,104	(1,871)	14,233
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, ¥1,091 million and ¥1,651 million, respectively, and a decrease in goodwill of ¥1,999 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.

(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)	
	Six months ended September 30, 2020 (April 1, 2020 - September 30, 2020)	Six months ended September 30, 2021 (April 1, 2021 - September 30, 2021)
Revenue	13,745	-
Cost of sales	9,478	-
Gross profit	4,267	-
Selling, general and administrative expenses	8,908	-
Share of profit (loss) of investments accounted for using equity method	-	-
Other income	22	-
Other expenses	43,875	-
Operating loss	(48,494)	-
Finance income	0	-
Finance costs	4	-
Loss before tax	(48,498)	-
Income taxes	56	-
Loss from discontinued operations	(48,554)	-

(3) Cash flows of discontinued operations

Cash flows of discontinued operations are as follows.

	(Millions of yen)	
	Six months ended September 30, 2020 (April 1, 2020 - September 30, 2020)	Six months ended September 30, 2021 (April 1, 2021 - September 30, 2021)
Cash flows of discontinued operations		
Net cash used in operating activities	(2,245)	-
Net cash used in investing activities	(527)	-
Net cash used in financing activities	(52)	-

(Cash flow information)

Six months ended September 30, 2021 (April 1, 2021 - September 30, 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.

(Additional information)

(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.

(Important subsequent events)

(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 Group to form relationships with early stage companies and help nurture partnerships and explore and acquire technologies with relevant and compelling entrepreneurial teams.

The 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 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%

(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 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.