

Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 <under IFRS>



May 11, 2022

Company Name: Olympus Corporation
 Code Number: 7733
 (URL: <https://www.olympus.co.jp/>)
 Stock Exchange Listing: Prime, Tokyo Stock Exchange
 Representative: Yasuo Takeuchi, Director, Representative Executive Officer, President and CEO
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Scheduled date of General Meeting of Shareholders: June 24, 2022
 Scheduled date to submit the Securities Report: June 21, 2022
 Scheduled date to commence dividend payments: June 3, 2022
 Presentation of supplementary material on financial results: Yes
 Holding of 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 Fiscal Year Ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

(1) Consolidated Results of Operations

(% indicate changes from the previous fiscal year)

| | Revenue | | Operating profit | | Profit before tax | | Profit | | Profit attributable to owners of parent | | Total comprehensive income | |
|----------------------------------|-------------|-------|------------------|--------|-------------------|--------|-------------|--------|---|--------|----------------------------|-------|
| | (¥ million) | % | (¥ million) | % | (¥ million) | % | (¥ million) | % | (¥ million) | % | (¥ million) | % |
| Fiscal year ended March 31, 2022 | 868,867 | 18.9 | 153,898 | 87.7 | 149,873 | 95.1 | 115,970 | 792.8 | 115,742 | 796.0 | 161,001 | 338.2 |
| March 31, 2021 | 730,544 | (3.3) | 81,985 | (11.1) | 76,810 | (11.3) | 12,989 | (74.9) | 12,918 | (75.0) | 36,741 | 10.4 |

| | Basic earnings per share | Diluted earnings per share | Ratio of equity attributable to owners of parent to profit | Ratio of profit before tax to total assets | Ratio of operating profit to revenue |
|-------------------|--------------------------|----------------------------|--|--|--------------------------------------|
| Fiscal year ended | (¥) | (¥) | % | % | % |
| March 31, 2022 | 90.22 | 90.17 | 25.6 | 11.8 | 17.7 |
| March 31, 2021 | 10.05 | 10.04 | 3.4 | 7.0 | 11.2 |

Reference: Share of profit (loss) of investments accounted for using equity method:

Fiscal year ended March 31, 2022: ¥1,492 million

Fiscal year ended March 31, 2021: ¥595 million

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, the amounts presented for revenue, operating profit and profit before tax in the fiscal year ended March 31, 2021 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 | Equity attributable to owners of parent per share |
|----------------|--------------|--------------|---|--|---|
| As of | (¥ million) | (¥ million) | (¥ million) | % | (¥) |
| March 31, 2022 | 1,357,999 | 511,362 | 510,168 | 37.6 | 400.75 |
| March 31, 2021 | 1,183,453 | 395,480 | 394,326 | 33.3 | 306.72 |

(3) Consolidated Cash Flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of year |
|-------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| Fiscal year ended | (¥ million) | (¥ million) | (¥ million) | (¥ million) |
| March 31, 2022 | 169,729 | (71,016) | (40,667) | 302,572 |
| March 31, 2021 | 124,122 | (118,918) | 40,800 | 217,478 |

2. Dividends

| | Annual dividends per share | | | | | Total amount of cash dividends (Annual) | Payout ratio (Consolidated) | Ratio of dividends to equity attributable to owners of parent (Consolidated) |
|--|----------------------------|----------------|---------------|----------|-------|--|--------------------------------|---|
| | First quarter | Second quarter | Third quarter | Year-end | Total | | | |
| | (¥) | (¥) | (¥) | (¥) | (¥) | (¥ million) | % | % |
| Fiscal year ended March 31, 2021 | – | 0.00 | – | 12.00 | 12.00 | 15,428 | 119.4 | 4.0 |
| Fiscal year ended March 31, 2022 | – | 0.00 | – | 14.00 | 14.00 | 17,822 | 15.5 | 4.0 |
| Fiscal year ending March 31, 2023 (Forecast) | – | 0.00 | – | 16.00 | 16.00 | | 13.2 | |

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2023 (From April 1, 2022 to March 31, 2023)

(% indicate changes from 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 | 968,000 | 11.4 | 206,000 | 33.9 | 200,000 | 33.4 | 154,000 | 33.1 | 120.97 |

* Notes

- (1) Changes in significant subsidiaries during the fiscal year 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 March 31, 2022 | 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 March 31, 2022 | 26,261,612 shares |
| As of March 31, 2021 | 85,279,921 shares |

3) Average number of shares during the period

| | |
|----------------------------------|----------------------|
| Fiscal year ended March 31, 2022 | 1,282,919,790 shares |
| Fiscal year ended March 31, 2021 | 1,285,607,153 shares |

Reference: Summary of Non-Consolidated Financial Results

Financial Results for the Fiscal Year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

(1) Non-Consolidated Results of Operations

(% indicate changes from the previous fiscal year)

| | Revenue | | Operating profit | | Ordinary profit | | Profit | |
|-------------------|-------------|-------|------------------|------|-----------------|-------|-------------|--------|
| | (¥ million) | % | (¥ million) | % | (¥ million) | % | (¥ million) | % |
| Fiscal year ended | | | | | | | | |
| March 31, 2022 | 378,637 | 10.0 | 45,352 | 58.7 | 57,187 | 16.7 | 84,844 | 893.4 |
| March 31, 2021 | 344,134 | (8.3) | 28,575 | — | 49,000 | 269.4 | 8,541 | (13.4) |

| | Basic earnings per share | Diluted earnings per share |
|-------------------|--------------------------|----------------------------|
| | (¥) | (¥) |
| Fiscal year ended | | |
| March 31, 2022 | 66.13 | 66.10 |
| March 31, 2021 | 6.64 | 6.64 |

(2) Non-Consolidated Financial Position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|----------------|--------------|-------------|--------------|----------------------|
| | (¥ million) | (¥ million) | % | (¥) |
| As of | | | | |
| March 31, 2022 | 900,917 | 357,229 | 39.6 | 280.30 |
| March 31, 2021 | 826,569 | 349,770 | 42.3 | 271.69 |

Reference: Equity as of March 31, 2022: ¥356,833 million March 31, 2021: ¥349,298 million

- * Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.
- * Proper use of the forecast of financial results, and other special matters

The forward-looking statements contained in these materials are based on information currently available as of the date of release of these materials and on certain assumptions deemed to be reasonable. Actual business and other results may differ substantially due to various factors.

Attached Material

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1. Overview of Operating Results and Others

(1) Analysis of Business Results

(Review of Operations)

Trends in overall business results

The global economy saw signs of recovery in the fiscal year under review, as the challenging conditions created by the global spread of COVID-19 gradually eased and vaccinations progressed. On the other hand, overall, highly uncertain conditions continue with spread of new variants. 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, the impact of the war in Ukraine 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.

Under such circumstances, the Olympus Group has been carrying out activities toward sustainable growth under its business transformation plan “Transform Olympus” announced in January 2019, aiming to develop itself as a truly global medtech company, and a medium- and long-term management strategy, which was announced in November 2019, based on “Transform Olympus.”

Based on this corporate strategy, Olympus Corporation 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. As part of these efforts, on April 1, 2022, to achieve sustainable growth and increased profitability in the Scientific Solutions Business, we implemented a company split to transfer Olympus Corporation’s Scientific Solutions Business to Evident Corporation, a newly established wholly owned subsidiary.

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) | | | |
|---|-------------------------------------|-------------------------------------|------------------------|-------------------------------------|
| | Fiscal year ended March 31, 2021 | Fiscal year ended March 31, 2022 | Increase (Decrease) | Increase (Decrease) ratio (%) |
| (1) Revenue | 730,544 | 868,867 | 138,323 | 18.9 |
| (2) Cost of sales | 271,014 | 297,172 | 26,158 | 9.7 |
| (3) Selling, general and administrative expenses | 357,032 | 405,399 | 48,367 | 13.5 |
| (4) Share of profit (loss) of investments accounted for using equity method/Other income/Other expenses | (20,513) | (12,398) | 8,115 | – |
| (5) Operating profit | 81,985 | 153,898 | 71,913 | 87.7 |
| (6) Finance income (loss) | (5,175) | (4,025) | 1,150 | – |
| (7) Income taxes | 11,140 | 33,903 | 22,763 | 204.3 |
| (8) Profit attributable to owners of parent | 12,918 | 115,742 | 102,824 | 796.0 |
| Exchange rate (Yen/U.S. dollar) | 106.06 | 112.38 | 6.32 | – |
| Exchange rate (Yen/Euro) | 123.70 | 130.56 | 6.86 | – |
| Exchange rate (Yen/Renminbi) | 15.67 | 17.51 | 1.84 | – |

(1) Revenue

Revenue increased by ¥138,323 million year on year to ¥868,867 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 ¥26,158 million year on year to ¥297,172 million. The cost-to-sales ratio improved 2.8 percentage points year on year to 34.2%.

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 ¥5,700 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, and approximately ¥2,000 million in expenses were recorded associated with the voluntary recall of devices in the Therapeutic Solutions Business. Meanwhile, in the fiscal year under review, approximately ¥4,200 million was deducted from cost of sales with the reversal of some of the provision for the market response to duodenoscopes recorded in the fiscal year ended March 31, 2020 after the amount of costs deemed necessary was less than the initial estimate for that provision, and approximately ¥2,700 million was deducted from cost of sales with the reversal of some of the provision associated with the voluntary recall of bronchoscopes in the previous fiscal year after the amount of costs deemed necessary was less than the initial estimate for that provision. Furthermore, sales increased and operating capacity improved, leading to improvement in the cost-to-sales ratio. For details on the deduction from cost of sales regarding the provision for the market response to duodenoscopes and the provision associated with the voluntary recall of bronchoscopes, please refer to notes on (Provisions) on page 41.

(3) Selling, general and administrative expenses

Selling, general and administrative expenses increased by ¥48,367 million year on year to ¥405,399 million. The easing of restrictions mainly on sales activities that accompanied the spread of COVID-19 led to an increase in expenses such as outsourcing expenses, research 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 ¥12,398 million, and the loss decreased by ¥8,115 million year on year. Other income increased by approximately ¥5,900 million compared to the previous fiscal year due to approximately ¥3,600 million in tax reserves that were recorded for an additional expected tax burden related to an independent study on indirect taxes conducted by an overseas subsidiary of Olympus Corporation in the fiscal year ended March 31, 2019 but are not expected to be incurred, and due to the recording of approximately ¥2,800 million in gain on step acquisition associated with the acquisition of Medi-Tate Ltd. Details on the gain on step acquisition of Medi-Tate Ltd. are as described in the note (page 62) related to (Business combinations). On the other hand, other expenses decreased. In the current period, we recorded approximately ¥9,400 million in expenses associated with the spin-off of the Scientific Solutions Business, approximately ¥1,600 million in impairment losses on development assets in the Endoscopic Solutions Business, and an increase of approximately ¥2,800 million in costs related to the promotion of the business transformation plan “Transform Olympus.” However, in the previous fiscal year, we recorded approximately ¥11,900 million in expenses for a special additional payment associated with implementing career support for external opportunities and approximately ¥5,200 million in expenses associated with the establishment and transfer of a new company due to the divestiture from the Imaging Business. This led other expenses in the current period to decrease by approximately ¥1,300 million compared to the previous fiscal year.

(5) Operating profit

Reflecting the factors stated above, operating profit increased by ¥71,913 million (an increase of 87.7%) year on year to ¥153,898 million.

(6) Finance income (loss)

Finance loss, which reflects finance income and finance costs, improved ¥1,150 million year on year to

¥4,025 million. The main factor for this improvement of loss was a decrease in interest expenses.

(7) Income taxes

The increased profit before tax led income taxes to increase by ¥22,763 million year on year to ¥33,903 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 ¥10,2824 million year on year to ¥115,742 million due to loss of discontinued operations of ¥52,681 million recorded in the previous fiscal year.

(Research and development, and capital investments)

During the fiscal year under review, the Olympus Group invested ¥85,272 million on research and development, and spent ¥75,503 million on capital investments.

(Impact of foreign exchanges rates)

Compared to the previous fiscal year, the yen depreciated against the U.S. dollar, euro, and renminbi. The average exchange rate during the period was ¥112.38 against the U.S. dollar (¥106.06 in the previous fiscal year), ¥130.56 against the euro (¥123.70 in the previous fiscal year) and ¥17.51 against the renminbi (¥15.67 in the previous fiscal year), which caused revenue and operating profit to up ¥48,784 million and ¥22,791 million, respectively, year on year. Consolidated revenue and consolidated operating profit increased 12.3% and 59.9% year on year, respectively, excluding the impact of the foreign exchange rate.

Analysis of the performance by segment

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. Segment information for the previous fiscal year, has been reclassified and restated based on the new reporting segment classifications.

(Millions of yen)

| | Revenue | | | Operating profit (loss) | | |
|-----------------------------|----------------------|---------------------|-------------------------------|-------------------------|---------------------|-------------------------------|
| | Previous fiscal year | Current fiscal year | Increase (Decrease) ratio (%) | Previous fiscal year | Current fiscal year | Increase (Decrease) ratio (%) |
| Endoscopic Solutions | 393,664 | 461,547 | 17.2 | 98,771 | 133,204 | 34.9 |
| Therapeutic Solutions | 231,842 | 275,586 | 18.9 | 30,567 | 60,826 | 99.0 |
| Scientific Solutions | 95,861 | 119,105 | 24.2 | 4,949 | 17,526 | 254.1 |
| Others | 9,177 | 12,629 | 37.6 | (682) | (2,024) | – |
| Subtotal | 730,544 | 868,867 | 18.9 | 133,605 | 209,532 | 56.8 |
| Elimination or Unallocation | – | – | – | (51,620) | (55,634) | – |
| Consolidated total | 730,544 | 868,867 | 18.9 | 81,985 | 153,898 | 87.7 |

Note: Businesses are segmented by adding similarities of sales market to the business established based on line of products.

Endoscopic Solutions Business

(Millions of yen)

| | Fiscal year ended March 31, 2021 | Fiscal year ended March 31, 2022 | Increase (Decrease) | Increase (Decrease) ratio (%) |
|-------------------------|----------------------------------|----------------------------------|---------------------|-------------------------------|
| Revenue | 393,664 | 461,547 | 67,883 | 17.2 |
| Operating profit (loss) | 98,771 | 133,204 | 34,433 | 34.9 |

Consolidated revenue in the Endoscopic Solutions Business amounted to ¥461,547 million (up 17.2% year on year), while operating profit amounted to ¥133,204 million (up 34.9% 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 Europe 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 growth from the previous fiscal year. 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 increased significantly. In the previous fiscal year, we recorded approximately ¥4,200 million in other expenses as expenses for a special additional payment associated with implementing career support for external opportunities. However, in the fiscal year under review, while we recorded approximately ¥1,600 million in impairment losses on development assets in the Endoscopic Solutions Business, we enjoyed a large increase in revenue from the recovery from the impact of COVID-19, and approximately ¥4,200 million was deducted from cost of sales with the reversal of some of the provision for the market response to duodenoscopes recorded in the fiscal year ended March 31, 2020

after the amount of costs deemed necessary was less than the initial estimate for that provision. For details on the deduction from cost of sales regarding the provision for the market response to duodenoscopes, please refer to notes on (Provisions) on page 41.

Revenue increased 10.5% year on year, and operating profit increased 20.3% year on year, excluding the impact of the foreign exchange rate.

Therapeutic Solutions Business

(Millions of yen)

| | Fiscal year ended March 31, 2021 | Fiscal year ended March 31, 2022 | Increase (Decrease) | Increase (Decrease) ratio (%) |
|-------------------------|-------------------------------------|-------------------------------------|---------------------|----------------------------------|
| Revenue | 231,842 | 275,586 | 43,744 | 18.9 |
| Operating profit (loss) | 30,567 | 60,826 | 30,259 | 99.0 |

Consolidated revenue in the Therapeutic Solutions Business amounted to ¥275,586 million (up 18.9% year on year), while operating profit amounted to ¥60,826 million (up 99.0% 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. 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 progressive recovery from the impact of COVID-19, achieved by favorable performance centered on North America and Europe, with sales being expanded for resection electrodes for BPH (Benign Prostatic Hyperplasia) and lithotripsy machine for kidney stones “SOLTIVE SuperPulsed” Laser System.

The respiratory field saw progressive recovery from the impact of COVID-19, experiencing large growth centered on North America and Europe. Veran Medical Technologies, Inc., which became a consolidated subsidiary in December 2020, contributed to sales, 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 and energy devices. In particular, sales of endoscopes for ENT and “THUNDERBEAT” contributed.

Operating profit in the Therapeutic Solutions Business increased significantly. In the previous fiscal year, we recorded approximately ¥5,500 million in expenses associated with the voluntary recall of bronchoscopes, approximately ¥2,000 million in expenses associated with the voluntary recall of devices, and approximately ¥1,400 million in expenses for a special additional payment associated with implementing career support for external opportunities. However, in the fiscal year under review, we enjoyed a large increase in revenues with the recovery from the impact of COVID-19, and recorded approximately ¥2,800 million in gain on step acquisition associated with the acquisition of Medi-Tate Ltd, approximately ¥2,700 million in deductions from cost of sales with the reversal of some of the provision for the market response to duodenoscopes recorded in the previous fiscal year after the amount of costs deemed necessary was less than the initial estimate for that provision, and approximately ¥1,200 million in a change in fair value of the contingent consideration, which is a portion of the acquisition consideration of Veran Medical Technologies, Inc. Details on the gain on step acquisition of Medi-Tate Ltd. are as described in the note (page 62) related to (Business combinations), and details on the deduction from cost of sales regarding provisions associated with the voluntary recall of bronchoscopes are as described in the note (page 41) related to (Provisions).

Revenue increased 12.3% year on year, and operating profit increased 80.7% year on year, excluding the impact of the foreign exchange rate.

Scientific Solutions Business

(Millions of yen)

| | Fiscal year ended March 31, 2021 | Fiscal year ended March 31, 2022 | Increase (Decrease) | Increase (Decrease) ratio (%) |
|-------------------------|-------------------------------------|-------------------------------------|---------------------|----------------------------------|
| Revenue | 95,861 | 119,105 | 23,244 | 24.2 |
| Operating profit (loss) | 4,949 | 17,526 | 12,577 | 254.1 |

Consolidated revenue in the Scientific Solutions Business amounted to ¥119,105 million (up 24.2% year on year), while operating profit amounted to ¥17,526 million (up 254.1% 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 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. Particularly in North America, non-destructive testing equipment, whose market is expected to recover, was favorable, and in China, industrial microscopes performed well due to the brisk market for 5G-related electronic components and semiconductors, contributing to the increase in sales.

Despite recording approximately ¥1,200 million expenses for a special additional payment associated with implementing career support for external opportunities in the previous fiscal year, the large increase in revenue following the recovery from the impact of COVID-19 in the current term led to a significant increase in operating profit in the Scientific Solutions Business.

Revenue increased 17.3% year on year, and operating profit increased 196.5% year on year, excluding the impact of the foreign exchange rate.

Others

(Millions of yen)

| | Fiscal year ended March 31, 2021 | Fiscal year ended March 31, 2022 | Increase (Decrease) | Increase (Decrease) ratio (%) |
|-------------------------|-------------------------------------|-------------------------------------|---------------------|----------------------------------|
| Revenue | 9,177 | 12,629 | 3,452 | 37.6 |
| Operating profit (loss) | (682) | (2,024) | (1,342) | – |

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

Consolidated revenue for other businesses amounted to ¥12,629 million (up 37.6% year on year) and operating loss was ¥2,024 million (compared with an operating loss of ¥682 million in the previous fiscal year).

Revenue significantly increased supported by revenue of approximately ¥4,400 million from FH ORTHO SAS, which became a subsidiary in November 2020. Operating loss for other businesses deteriorated due to the recording of ¥1,770 million in gain on transfer following the transfer of all shares in Olympus Corporation's subsidiary Olympus RMS Corporation in the previous fiscal year, despite increased revenue.

(Forecast for the Fiscal Year Ending March 31, 2023)

The forecast for consolidated financial results in the fiscal year ending March 31, 2023 is as follows.

Furthermore, foreign exchange rates for the fiscal year ending March 31, 2023, which are a precondition, are expected to be ¥123 per U.S. dollar, ¥135 per euro and ¥19.4 per renminbi.

| | Revenue (Millions of yen) | Operating profit (Millions of yen) | Profit before tax (Millions of yen) | Profit attributable to owners of parent (Millions of yen) | Basic earnings per share |
|--------------------------------------|------------------------------|---------------------------------------|--|--|-----------------------------|
| Fiscal year ending March 31, 2023 | 968,000 | 206,000 | 200,000 | 154,000 | 120.97 |

Overall, highly uncertain conditions continue, including global supply shortages of semiconductors and parts, and geopolitical risks such as the war in Ukraine, and we expect these factors to continue into the next financial year. While there is the risk of spread from new variants, we expect the impact of COVID-19 to diminish, and in light also of foreign exchange trends, we forecast increased revenue in all segments. In the Endoscopic Solutions Business, we expect sales growth from expanded sales channels focused on the gastrointestinal endoscopic system “EVIS X1.” In the Therapeutic Solutions Business, we forecast sales growth centered on our mainstay GI-endotherapy field, urology field, and respiratory field. We also forecast sales growth in our Scientific Solutions Business centered on China.

We expect increases in operating profit, profit before tax, and profit attributable to owners of parent as we expect to record approximately ¥16,400 million in gain on transfer of fixed assets under other income, in addition to increased revenue.

(2) Analysis of Financial Position and Cash Flows

(Analysis of assets, liabilities and equity)

(Millions of yen)

| | As of March 31, 2021 | As of March 31, 2022 | Increase (Decrease) | Increase (Decrease) ratio (%) |
|---|----------------------|----------------------|---------------------|-------------------------------|
| Total assets | 1,183,453 | 1,357,999 | 174,546 | 14.7 |
| Total equity | 395,480 | 511,362 | 115,882 | 29.3 |
| Equity attributable to owners of parent to total assets | 33.3% | 37.6% | 4.3% | |

In the fiscal year under review, 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 65 to 66) related to (Business combinations).

[Assets]

As of the end of the fiscal year under review, total assets increased by ¥174,546 million from the end of the previous fiscal year to ¥1,357,999 million due to the impact of weaker yen and other factors. This was mainly due to an increase of ¥85,094 million in cash and cash equivalents, including the impact of the foreign exchange rate, an increase of ¥20,508 million in trade and other receivables, and increases of ¥37,114 million and ¥15,551 million in goodwill and intangible assets, respectively, mainly due to the acquisition of a subsidiary.

[Liabilities]

Total liabilities increased by ¥58,664 million from the end of the previous fiscal year to ¥846,637 million, impacted by weaker yen and other factors. This was mainly due to an increase of ¥30,863 million in bonds and borrowings included in current liabilities and non-current liabilities mainly by fundraising through the issuance of foreign bonds, including the impact of the foreign exchange rate, and due to an increase of ¥23,617 million in income taxes payable.

[Equity]

Total equity increased by ¥115,882 million from the end of the previous fiscal year to ¥511,362 million. While Olympus Corporation paid dividends from surplus and purchased treasury shares, retained earnings increased by ¥26,814 million, mainly due to the recording of ¥115,742 million in profit attributable to owners of parent, and other components of equity increased by ¥36,165 million due to the change in foreign currency translation adjustments caused by the weaker yen, which were the main factors.

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%.

(Analysis of cash flows)

(Millions of yen)

| | Fiscal year ended March 31, 2021 | Fiscal year ended March 31, 2022 | Increase (Decrease) |
|--|-------------------------------------|-------------------------------------|---------------------|
| Cash flows from operating activities | 124,122 | 169,729 | 45,607 |
| Cash flows from investing activities | (118,918) | (71,016) | 47,902 |
| Cash flows from financing activities | 40,800 | (40,667) | (81,467) |
| Cash and cash equivalents at end of year | 217,478 | 302,572 | 85,094 |

[Cash flows from operating activities]

Net cash provided by operating activities for the fiscal year ended March 31, 2022 was ¥169,729 million (compared with ¥124,122 million provided for the fiscal year ended March 31, 2021). Profit before tax of ¥149,873 million and adjustment for depreciation of ¥64,615 million were the main factors for the increase.

[Cash flows from investing activities]

Net cash used in investing activities for the fiscal year ended March 31, 2022 was ¥71,016 million (compared with ¥118,918 million used for the fiscal year ended March 31, 2021). The main factors were uses of cash included purchase of property, plant and equipment for demo devices, etc. of ¥41,688 million, payments for the acquisition of Medi-Tate Ltd. of ¥21,837 million and purchase of intangible assets such as R&D assets of ¥20,083 million.

[Cash flows from financing activities]

Net cash used in financing activities for the fiscal year ended March 31, 2022 was ¥40,667 million (compared with ¥40,800 provided for the fiscal year ended March 31, 2021). The main factors were ¥30,001 million in payments for purchase of treasury shares, ¥15,428 million in dividends paid, ¥26,246 million in repayments of long-term borrowings and ¥5,454 million in short-term borrowings and commercial papers. On the other hand, increasing factors was ¥56,143 million in proceeds from issuance of foreign bonds.

As a result of the foregoing, cash and cash equivalents at the end of the fiscal year under review reached ¥302,572 million, an increase of ¥85,094 million compared to the end of the previous fiscal year.

(Indicators)

| | Fiscal year ended March 31, 2019 | Fiscal year ended March 31, 2020 | Fiscal year ended March 31, 2021 | Fiscal year ended March 31, 2022 |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Ratio of equity attributable to owners of parent to total assets (%) | 47.3 | 36.5 | 33.3 | 37.6 |
| Market value ratio of equity attributable to owners of parent to total assets (%) | 176.1 | 197.7 | 249.4 | 219.3 |
| Interest-bearing debt to cash flows ratio (years) | 2.7 | 2.1 | 2.9 | 2.3 |
| Interest coverage ratio (times) | 14.5 | 36.5 | 37.0 | 39.6 |

Notes: Ratio of equity attributable to owners of parent to total assets: Equity attributable to owners of parent/Total assets
Market value ratio of equity attributable to owners of parent to total assets: Total market capitalization/Total assets
Interest-bearing debt to cash flows ratio: Interest-bearing debt/Cash flow
Interest coverage ratio: Cash flow/Interest payment

- Each index was calculated by financial index of consolidated basis.
- Total market capitalization is calculated on the basis of the number of issued shares excluding treasury stock.
- Cash flows from operating activities are used as "Cash flow" for calculation purposes.
- Interest-bearing debts include all of those debts reported on the consolidated statements of financial position on which interest is paid.

(3) Basic Strategy for Profit Sharing and Dividend for the Current Fiscal Year and Following Fiscal Year

In order to realize sustainable growth of the Olympus Group, Olympus Corporation's basic policy is to increase dividends in a stable and continuous manner while prioritizing investment in business growth, etc

In accordance with the above policy and in consideration of comprehensive factors that include the consolidated financial results for the fiscal year ended March 31, 2022, the financial standing and future investment in operations, the year-end dividend will be ¥14 (annual dividend of ¥14) per share for the fiscal year under review.

Olympus Corporation intends to pay an annual dividend of ¥16 (year-end dividend of ¥16) per share for the next fiscal year ending March 31, 2023.

(4) Business Risks

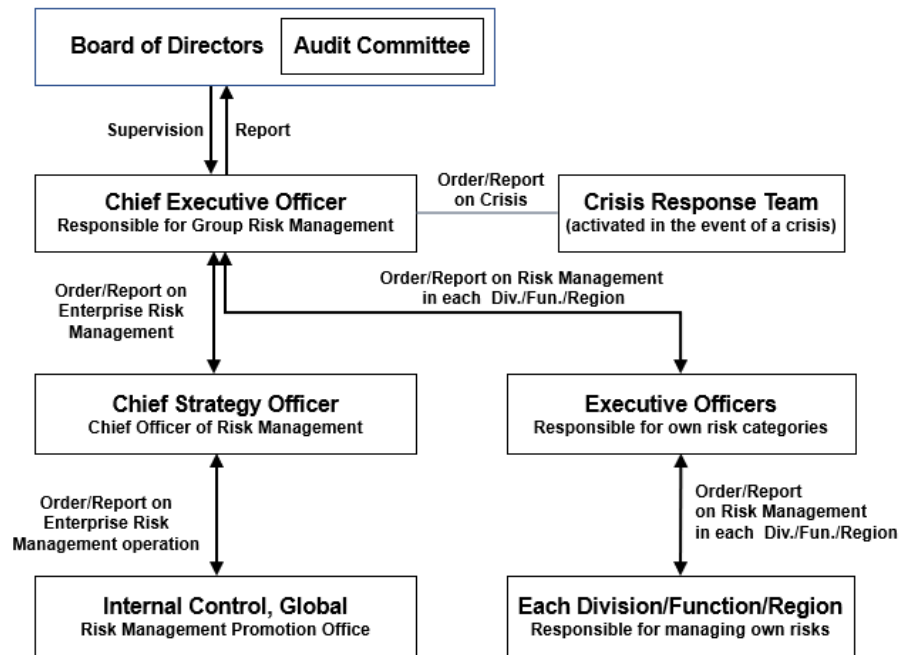
Olympus Corporation applies the regulations in Note (31) listed in Form 2 of the "Cabinet Office Order on Disclosure of Corporate Affairs" following amendment in accordance with the "Cabinet Office Order Partially Amending the Cabinet Office Order on Disclosure of Corporate Affairs" (Cabinet Office Order No. 3 of January 31, 2019).

The business performances of the Olympus Group may be materially influenced by various risks (uncertainties) which may occur in the future. The Olympus Group is implementing risk management initiatives to achieve its "basic management policy," which includes its management philosophy, corporate strategy, etc. Specifically, based on the "Policy of Risk Management and Crisis Response" and related rules, the Olympus Group is undertaking risk management from the perspective of both "offense" through active and appropriate risk taking for leading to sustainable growth and value creation for Olympus Corporation and "defense" to prevent illegalities and accidents.

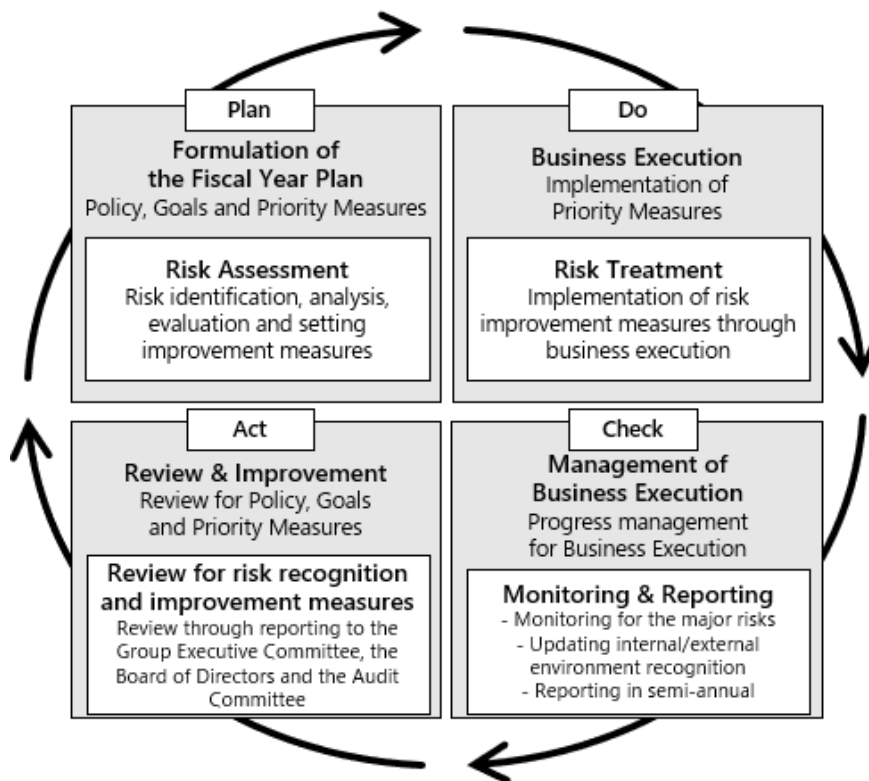
In terms of risk management systems, we have established a global risk management system, defined categories of risks that could affect the achievement of Olympus Corporation's business targets as well as the corporate strategy, and identified the Executive Officer responsible for each risk category (establishing risk assurance). Each Executive Officer executes the necessary measures (organizational structure, process preparation, focus measures, etc.) to keep within the permitted scope of their designated area of risk.

The Olympus Group also operates risk management processes with a PDCA cycle of risk assessment (identification, analysis and evaluation of risk and setting countermeasures), implementation of risk countermeasures, monitoring and reporting, and improvement. Risk assessment is linked to the process for formulating the fiscal year plan, with risk evaluated using common company-wide evaluation standards, and company-wide risk tracked and uniformly managed. In addition, the status of response to the Olympus Group's significant risks are regularly reported to the Olympus Group Executive Committee, the Board of Directors, and the Audit Committee.

< Risk Management System >



< Risk Management to Achieve “Basic Management Policy” >



Set out below are our principal business risk factors, aside from managerial decisions made by the Olympus Group, which may affect Olympus Group's business performances.

The future outlooks described below are based on the forecasts of the Olympus Group made as of the end of the fiscal year ended March 31, 2022.

< Risks Associated with Business Environment >

(Risks Associated with Changes in Policy of Medical Administration and Product-related Laws and Regulations and Infection Prevention)

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| Risks |
| <p>In the medical field, healthcare system reforms are being continuously implemented in Japan and overseas with the aim of curbing medical care costs and improving the quality of life (QOL) of patients by improving the safety and efficacy of healthcare services. As a result, legal and regulatory requirements for medical device applications and registrations in each country, including the US Food and Drug Administration (FDA) and European Medical Device Regulations (EU-MDR), are increasing every year. In addition, the requirements concerning infection prevention and reprocessing (i.e., cleaning, disinfection, and sterilization) are becoming more complex.</p> <p>The Olympus Group's earnings may be adversely affected if: (i) amendments to healthcare laws and regulations or related administrative policies; and (ii)-a Olympus Group fails to launch new products or services in a timely manner or (ii)-b Olympus Group otherwise needs to take certain actions corresponding to such amendments or changes.</p> <p>In March 2018, FDA has issued warning letters to duodenal endoscopy manufacturers including the Olympus Group, due to non-compliance with the mandatory post-marketing surveillance studies relating to the cleaning and disinfection of such products. Subsequently, we completed the post-marketing surveillance studies while cooperating with the FDA and in February 2020, we submitted the final report for the post-marketing surveillance studies. We are currently implementing the post-marketing surveillance studies concerning successor devices that we started selling in the U.S. in 2020, further regulatory actions may be taken by the FDA depending on the future progress.</p> |
| Countermeasures |
| <p>The Olympus Group contributes to the improvement of patients' quality of life through its product lineup that contributes to early diagnosis and minimally invasive treatment. Through product lifecycle management and infection prevention strategies, the Olympus Group is working on the development and selection of safe products, product development that is in compliance with laws and regulations, and the sharing of materials to be submitted to each country. In addition, through such efforts as training human resources and strengthening our capabilities to respond within the Olympus Group, such as sections dealing with quality and laws and regulations, Olympus Corporation, while continuing periodic audits and verification procedures, is improving the processes for corrective action and preventative action in order to quickly respond to change in market requirements. Furthermore, for matters related to policy of medical administration and regulations, Olympus Corporation, while conducting periodic monitoring and providing status updates to the management, is periodically training employees engaged in applicable operations to ensure best practices are shared by all while ensuring a thorough understanding of applicable laws and regulations.</p> |

(Risks Associated with Market Competition)

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| Risks |
| <p>It is believed that there is a solid need for healthcare as societies progressively age, particularly in developed countries. In addition, the need for healthcare is also rising in emerging countries due to economic growth. There are efforts underway, chiefly in developed countries, to reform healthcare systems, aiming to optimize healthcare costs and provide effective, high quality healthcare services. These changes may adversely affect the Olympus Group's earnings.</p> <p>In addition, there are many competitors in the business areas in which the Olympus Group is involved, and technological innovation is also progressing. In order for Olympus Corporation to remain competitive in an environment of increasingly intense competition from competitors and the emergence of alternative technologies and products, it is necessary to launch products that are competitive in terms of price, technology, quality, etc. into the market in a timely manner, but earnings may be adversely affected depending on the results.</p> <p>On the other hand, in cases where it becomes possible to launch competitive products into the market in a timely manner by catching up with the changes in market environment, and with the trends of alternative technologies and competitor products being launched into the market, there could be opportunities for increased earnings, etc. mainly through high unit price and expansion of Olympus Corporation's share.</p> |
| Countermeasures |
| <p>The Olympus Group is not limited to conducting business operations in specific regions, but instead is working towards providing diverse products and services in various business fields and regions worldwide. In addition, since it is important to increase the number of physicians able to operate endoscopes in emerging countries, the we are supporting the training of endoscopists.</p> <p>Moreover, the Olympus Group monitors the competitive environment, including the emergence of alternative technologies and products in the market, and works towards expediting the selection and development of new technologies that should be adopted in cooperation with marketing, intellectual property and relevant departments. We actively consider not only inhouse development, but also the incorporation of external technologies through M&A and alliances, etc. The Olympus Group is working towards the development of new high-value added products and technologies that meet the market needs. In the Endoscopic Solutions Business in particular, we have maintained a dominant market share by expanding sales of the gastrointestinal endoscope system "EVIS X1," and in the Therapeutic Solutions Business, we aim to increase earnings by strengthening our product lineup in the areas of GI endotherapy, Urology, and Respiratory, and by promoting the development of next-generation medical devices such as single-use endoscopes.</p> |

< Risks Associated with Market >

(Risks Associated with Economic Environment)

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| Risks |
| <p>In addition to the war in Ukraine and trade friction between the U.S. and China, the Olympus Group's earnings may be adversely affected by changes in the economic environment, such as the materialization of geopolitical risks and trends in resource prices.</p> <p>The Olympus Group provides products and services in the endoscopic solutions business, therapeutic solutions business, scientific solutions business, etc. to customers worldwide. However, the earnings from these businesses are largely affected by the global economy and economic trends in each country.</p> <p>Earnings in the medical field may be adversely affected if the national budgets of countries are curtailed or if there is a change in policy, etc.</p> <p>Earnings in the life science field of the Scientific Solutions Business may be adversely affected if the national budgets of countries are curtailed as the proportion of sales to national and public research institutions is high. In the industrial field, there is a high proportion of sales to the automotive industry, aviation industry and oil-related industries and earnings may be adversely affected by capital investment trends.</p> <p>In the meantime, opportunities may emerge for increased earnings, etc. in the life science field of the Scientific Solutions Business and the medical field, if there is an increase in related national budgets due to policy, etc., or in the industrial field of the Scientific Solutions Business, if there is an increase in demand for capital investment due to change in the business environment for companies.</p> <p>Economic activities are picking up steam with the gradual easing of shutdowns due to the global spread of COVID-19. However, in some regions, restrictions on visits to customers such as medical institutions or postponement/cancellation of business negotiations have impacted selling activities. Our business activities have also been affected by factors such as the decrease in the volume of products sold due to the decrease in the number of procedures. Please see “(Risks Associated with COVID-19 Infections)” for details.</p> |
| Countermeasures |
| <p>The Olympus Group is not limited to conducting business operations in specific regions, but instead is working towards providing diverse products and services in various business fields and regions worldwide. In the event a situation arises that requires particular attention with regard to a particular country's policies for industrial development and protection of its own industries, etc., we will set up a task force and make regular inhouse reports as necessary.</p> |

(Risks Associated with Foreign Currencies Exchange Rate Fluctuations)

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| Risks |
| <p>The Olympus Group provides products and services in various markets all over the world, and the overseas sales ratio on a consolidated basis accounts for approximately 84% in the fiscal year ended March 31, 2022. The Group's performance may be adversely affected by a strong yen, while it may be positively affected by a weak yen. We hedge foreign currency-denominated receivables and payables where possible, however in the event that sudden exchange fluctuations occur or if receivables and payables being hedged differ significantly from expectations, the Olympus Group's business performance may be adversely affected.</p> |
| Countermeasures |
| <p>The Olympus Group uses forward exchange contracts, currency swaps, etc. to reduce the risk of foreign exchange fluctuations. Furthermore, we are working to reduce foreign currency-denominated receivables and payables through improving the efficiency of the Olympus Group's funds by introducing global cash pooling.</p> |

(Risks Associated with Financing)

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| Risks |
| <p>The Olympus Group finances itself by, amongst others, loans from financial institutions as well as issuance of bonds. Changes in the financial markets may have an adverse impact on our financing capacities.</p> <p>Furthermore, if the financing cost rises due to the deterioration of the Olympus Group's business performance, etc., the financing of the Olympus Group may be adversely affected, while if the financing cost decreases due to the improvement of the business performance, etc., it may be positively affected.</p> |
| Countermeasures |
| <p>The Olympus Group is reducing funding costs through the diversification of funding methods such as the issuance of commercial paper and public bonds. The Olympus Group basically adopts a fixed interest rate policy for long-term interest-bearing debt to limit the impact of rising interest rates. In addition, we are working to improve the efficiency of the Olympus Group's funds and strengthen financial management by introducing global cash pooling.</p> |

< Risks Associated with Business Activities >

(Risks Associated with Development Activities)

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| Risks |
| <p>In the medical field, the Olympus Group faces more rapid changes and uncertainties in the social environment than ever before, mainly due to the COVID-19 pandemic, aging population, and growing environmental awareness. The hurdles and complexities for technology development are increasing due to changes in healthcare policies in various countries, reductions in healthcare costs, tighter healthcare-related laws and regulations, and further increased demands for infection prevention and reprocessing. Meanwhile, development cycles are getting shorter and shorter. On the technology front, digital transformation (DX) is accelerating across all domains, and the so-called technology innovation areas (AI/robotics/ICT) are entering their practical phase. Accordingly, the business environment is becoming more demanding, not only due to new and alternative technologies, but also due to the entrants into the medical industry from other industries, including the IT technology giants. Furthermore, in the medical field, the Olympus Group aims to improve patient outcomes by expanding the care pathway centered on GI endotherapy, Urology, and Respiratory and contributing to the improvement of medical care standards through technological development and innovation. We believe it is important to balance not only “continuous innovation,” in which improvements are made to existing products and technologies to meet customer needs, but also “disruptive innovation,” in which technologies are put to practical use based on new ideas in response to changes in the social environment. If market changes cannot be properly predicted or product development does not progress as planned, and the Olympus Group fails to develop new products which properly meets customers’ needs in a timely manner, the Olympus Group’s earnings may be adversely affected. In addition, there may be impairment losses on capitalized R&D assets due to an increase in expenses associated with a longer development period or a relative decrease in the recoverable amount.</p> <p>Opportunities include the development of technology in the Olympus Group’s focused areas and its contribution to healthcare by providing solutions to unmet needs, as well as the potential for minimally invasive treatments, reduced healthcare costs, and reduced workloads for healthcare professionals through the spread of robotics technology in the medium and long term.</p> |
| Countermeasures |
| <p>The Olympus Group has established an organizational structure for agile technological development focused on the medical field. In addition, we have adopted a comprehensive approach to technology development and innovation, including the following: (1) continuous technical development for existing businesses and products; (2) appropriate product lifecycle management to ensure product safety, improve development efficiency, and reduce development costs; (3) technology acquisition and product portfolio expansion through M&A; (4) consideration of business alliances, internal/external production, and other business strategies, taking into account Olympus Corporation’s core technologies, costs, and development timeframes; and (5) innovations for future business and products, etc.</p> <p>Our technical approach to existing products must include initiatives to expand the product lineup, comply with product-related laws and regulations, support infection prevention and reprocessing, and enhance product security. In addition, preparing multiple lineups for single-use endoscopes, whose market needs are increasing due to increasing awareness of infection control, is a high-priority development theme. We are also accelerating our DX efforts and are about to start fully utilizing digital technology in our services. Furthermore, for the near future, in order to optimize the entire clinical process and build new business models, we are also studying the use of more advanced AI and ICT, and the use of robotics for next-generation minimally invasive surgery. Through these kinds of development activities, we will focus on and build solutions to improve, the series of care pathways that patients follow from prevention to care and prognosis.</p> |

(Risks Associated with Supply Chain)

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| Risks |
| <p>The Olympus Group needs to develop products, procure necessary parts, etc. from outside suppliers, produce, and supply products in a timely manner. For products and parts, etc. that depend on certain suppliers, if the procurement is restrained, the Olympus Group's ability to produce and supply products may be interrupted or delayed. With the recent global shortage of semiconductors and other components, etc., there is a possibility that the supply of these components, etc. will further decrease or that the shortage will be prolonged. If these risks materialize, it may adversely affect the Olympus Group's earnings.</p> <p>If the production and sales of products are stagnant due to geopolitical risks, natural disasters, plagues, wars, civil wars, riots, terrorism, cyber attacks, strikes by port workers, transportation accidents, etc., loss of sales opportunities due to delivery delays, and the increased cost of recovery measures may affect our profitability. E.g. in China, a strict lockdown has been implemented depending on the status of the spread of the novel coronavirus, and in particular, the lockdown in Shanghai in late March 2022 has affected the Group's supply chain in China and logistics flows globally.</p> <p>The Olympus Group and its manufacturing contractors manufacture products in accordance with strict quality standards. However, if any product deficiency, malfunction, etc. occurs, not only substantial costs including those of a recall would be incurred but also the Olympus Group's reputation from the market would be undermined, which may adversely affect the Olympus Group's earnings.</p> |
| Countermeasures |
| <p>With a view to business continuity and sustainable value creation, the Olympus Group has established the Supply Chain Policy and the Olympus Group Green Procurement Standards, and is working to strengthen compliance with laws, regulations, and social norms. For our suppliers, we have established concrete guidelines or complying with laws, regulations, and social norms, prohibiting corruption and bribes, promoting fair and lawful transactions, and taking the environment into consideration. Based on these guidelines, the Olympus Group is working to create and strengthen good relationships based on fair, just, and transparent transactions. The Olympus Group also ensures transparency in our supply chains and continue the procurement of parts and materials that does not cause human rights violations.</p> <p>The Olympus Group aims to strengthen supply chain management (SCM) and constructs an End-to-End integrated supply chain that stretches from purchasing to delivery, and focuses on improving customer satisfaction and business agility, reduced supply chain costs and optimized inventories. Goal of the End-to-End Supply Chain Transformation is to enhance planning and distribution processes and capabilities to manage the effects of these risks in close collaboration with Manufacturing and Procurement, and limit the impacts of those external headwinds. Newly created global distribution function (part of the End-to-End Supply Chain Transformation) is overseeing and coordinating risk mitigation and countermeasures to ensure stable distribution and timely escalation of issues and support needs. We proceed close collaboration and quick decision structures between Supply Chain, Procurement, Manufacturing and business functions.</p> <p>Olympus Corporation aims to reduce supply issues through measures such as grasping supplier trends and strengthening relations with suppliers and enhancing a business continuity plan (BCP) including backup plans. In particular, with regard to the procurement of semiconductors, Olympus Corporation has established a company-wide task force and is working to secure the necessary volume by strengthening relationships with suppliers. To ensure a stable supply of products, Olympus Corporation sets appropriate inventory levels at each site and takes measures to respond to changes in the supply chain by integrating manufacturing and procurement. In addition, Olympus Corporation aims to curtail quality issues by implementing quality improvement activities such as separating the product development process into business reviews, technology reviews, etc.</p> |

(Risks Associated with Business Collaborations, Corporate Acquisitions, Sale of Business and Overall Investment and Others)

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| Risks |
| <p>In accordance with the corporate strategy announced in 2019 with the aim of transforming into a global medtech company, the Olympus Group has been focusing its business portfolio, prioritizing investments in the medical field, especially in the areas of GI, urology, and respiratory. The Group is investing in capital expenditures, research and development, and other investments related to its business, and its business performance and financial position may be adversely affected if there is an unforeseen change in circumstances, such as a sudden change in the external environment from the timing the decision was made in relation to such investment.</p> <p>The Olympus Group has built long-term strategic partnerships with leading enterprises in connection with technologies, product development, sales and marketing. If these strategic partners have financial or any other business-related issues, or the Olympus Group and such partners fail to maintain their partnerships due to reasons such as change of strategies, the Olympus Group's business activities may be adversely affected.</p> <p>The Olympus Group may acquire a business enterprise in order to expand its business. If the Olympus Group fails to integrate the acquired business appropriately in line with its corporate strategy or to utilize the existing business or the acquired business in an efficient manner, the Olympus Group's business execution may be adversely affected, or its business performance and financial position may be adversely affected due to impairment of goodwill, loss on sale of business, liquidation loss, or other related expenses.</p> <p>The Olympus Group holds investment securities for business purposes which include facilitating business alliances. As such, our business performance and financial position may be adversely affected under some situations involving considerable volatility with respect to stock prices and valuations of such investments brought about by developments that include market fluctuations and changes in the financial position of entities targeted for investment.</p> <p>In addition, as part of the strategic review of the business portfolio, Olympus Corporation may sell affiliated companies or businesses positioned as non-core, however, if changes in the laws and regulations of each country, economic conditions, and business conditions of counterparties make it difficult to implement the sale, or if there is a loss on sale or valuation loss occurs, it may have a management or financial impact on the Olympus Group. Olympus Corporation has been attempting to transfer of all the equity interests in Olympus (Shenzhen) Industrial Ltd., a consolidated subsidiary in Shenzhen, China and owned by Olympus (China) Co., Ltd., another consolidated subsidiary. Olympus Corporation is currently proceeding with its examination regarding a possible transfer to a third party of Scientific Solutions business. Depending on the result of the attempt, the Olympus Group's business performance and financial position may be adversely affected.</p> <p>Through business alliances and corporate acquisitions conducted under appropriate countermeasures, Olympus Corporation may expand the product portfolio and acquire new technologies, establish leading positions in targeted therapeutic areas and diseases, and realize long-term growth and corporate value.</p> |
| Countermeasures |
| <p>The Olympus Group determines whether to invest or not, deliberating the appropriateness of the investment evaluation before investing, and continues to evaluate investments afterward in response to changes in the external environment and other factors. When considering M&A and investment, it is necessary to reduce the risk of serious problems being discovered after the conclusion of a contract. Accordingly, before making a decision on whether to proceed with an investment, Olympus Corporation deliberates the appropriateness of the investment evaluation in accordance with approval processes established by Olympus Corporation, while undertaking various types of due diligence and also using outside lawyers and financial advisors. In addition, Olympus Corporation is working towards improving the entire investment process through periodically revising the internal guidelines for adhering to compliance, the valuation model and the matters of due diligence, and monitoring the relevant business after the completion of the transaction.</p> |

(Risks Associated with Business Structure Reform)

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| Risks |
| <p>In accordance with the corporate strategy announced in 2019, the Olympus Group is promoting company-wide efficiency improvement initiatives in order to be a truly global medtech company achieving sustainable growth and profitability.</p> <p>If these initiatives do not progress as scheduled, the Olympus Group's business performance and financial position may be adversely affected.</p> |
| Countermeasures |
| <p>In addition to bottom-up measures, each Executive Officer will take the initiative to implement measures in priority areas to improve operating models and processes. In this way, we aim to further accelerate our efforts, foster a corporate culture capable of sustainable growth, and strengthen our management foundation. The progress of each initiative is also reported to the Global Executive Committee.</p> |

(Risks Associated with Laws and Regulations)

| Risks |
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| <p>The Olympus Group and many of its distributors and suppliers engage in business with government-affiliated companies, medical institutions, and officials. The Olympus Group globally operates its businesses, including the medical business, which is a regulated business. We are subject to various laws, including the healthcare-related laws, antimonopoly laws both in Japan and other jurisdictions, as well as the anti-bribery provisions of the U.S. Foreign Corrupt Practices Act of 1977 (FCPA), the U.K. Anti-Bribery Act and other anti-bribery laws in other jurisdictions. We are also subject to various laws targeting fraud and misconduct in the healthcare industry, including the Act against Unjustifiable Premiums and Misleading Representations in Japan, and the Anti-Kickback Statute and the False Claims Act in the United States.</p> <p>Violations of these laws may be punishable by criminal or civil fines and/or exclusion from participation in certain national healthcare programs. Furthermore, since many of our customers rely on reimbursement from public health insurance and other government programs to subsidize their medical expenditures, if our participation in such programs is restricted as a result of a violation of these laws, that could adversely affect the demand for our products and the number of surgical procedures performed with our devices.</p> <p>The plea agreement, which we executed on December 3, 2018 with the U.S. Department of Justice, requires our subsidiary, Olympus Medical Systems, Corp. (OMSC), to “undertake steps to enhance its regulatory compliance processes and procedures, and to regularly make certain certifications that OMSC is meeting the expectations of the settlement.” Depending on OMSC’s performance of the said obligation, it may be subject to additional measures by the U.S. Department of Justice.</p> <p>The Olympus Group is subject to privacy regulations worldwide. However, Olympus Corporation may be adversely issued with a fine or other penalty from a government agency or where a lawsuit may be adversely filed against Olympus Corporation by a stakeholder as a result of a violation of personal information protection laws of a particular country worldwide (Act on the Protection of Personal Information in Japan, General Data Protection Regulation (GDPR) in the EU, etc.)</p> <p>The Olympus Group strives to fully comply with these laws, however, if the Olympus Group violates any of them, regardless such violation is intentionally or not, it may affect the Olympus Group’s business, financial position, results of operations, cash flows, and share price.</p> |
| Countermeasures |
| <p>The Olympus Group makes its employees adhere thoroughly to the compliance of laws and regulations in their performance of duties as outlined in the Global Code of Conduct and provides training to employees on the importance of preventing corruption and compliance with each country’s competition-related laws. In addition, the Olympus Group conducts compliance trainings to local dealers in China.</p> <p>Departments performing control functions, such as Legal Affairs, Compliance and Internal Audit, monitor the business activities from the perspective of whether such activities are complying with the laws, regulations and internal guidelines that are applicable to the Olympus Group. In addition, necessary and appropriate training and education is provided to employees. The Olympus Group is constructing a structure to collect information and monitor regulations related to Olympus Corporation’s business in all markets where business is being developed. In addition, if there are amendments or changes to applicable laws or regulations, the Olympus Group ensures there is a thorough knowledge of such changes by employees while swiftly developing and supplying products corresponding to such amendments or changes.</p> <p>In response to risks related to personal information protection regulations, the Olympus Group has formulated a security and privacy compliance strategy in the fiscal year ended March 31, 2022, and are strengthening its response capabilities, including the assignment of specialized personnel related to personal information protection in each region, as well as strengthening its global structure to ensure cooperation throughout the Olympus Group.</p> |

(Risks Associated with Litigation)

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|---|
| Risks |
| <p>The Olympus Group may be subject to lawsuits, disputes and other legal proceedings in connection with its domestic and international businesses. If a material lawsuit such as indemnity claim or injunction is filed by a third party, the Olympus Group's business performance and financial position may be adversely affected.</p> <p>The Olympus Group uses various intellectual property rights in the course of its R&D and production activities, and although it believes that the Olympus Group lawfully owns or are licensed to use such rights, if any third party asserts that the Olympus Group has unknowingly infringed any of these intellectual property rights and files litigation, the Olympus Group's earnings may be adversely affected.</p> <p>Olympus (Shenzhen) Industrial Ltd., a consolidated subsidiary in Shenzhen, China and owned by Olympus (China) Co., Ltd., another consolidated subsidiary, was sued by Shenzhen Anping Tai Investment and Development Co., Ltd. ("Anpingtai") on December 23, 2016, and a judgement was issued on July 30, 2018. OSZ objected to this judgement and filed an appeal on August 17, 2018. On July 1, 2020, the Guangdong Higher People's Court vacated the first judgement and remanded the case back to the first instance court for reconsideration because the basic facts of the case, such as the validity of the memorandum based on which Anpingtai made its claims, were unclear. The first instance court issued a judgment on December 31, 2021. OSZ objected to this judgement and filed an appeal on January 24, 2022. The Olympus Group's business performance and financial position may be adversely affected depending on future developments.</p> |
| Countermeasures |
| <p>Olympus Corporation has established a structure and process that enables timely consultation with external experts such as lawyers if a lawsuit or other legal proceeding arises and is strengthening the skills and expert knowledge in applicable departments in each regional headquarter in Japan, the Americas, Europe, China and Asia·Oceania. In addition, Olympus maintains insurance to prepare for certain types of unexpected losses due to lawsuits in order to minimize financial risk.</p> |

(Risks Associated with Information Security)

| |
|---|
| Risks |
| <p>To ensure the stable and continuous supply of our products and services, Olympus Corporation strives to reduce information security risks, such as preventing the leakage of confidential and personal information of Olympus Corporation and stakeholders, and preventing violations of laws and regulations, in preparation for cyberattacks that could hinder business continuity. Nevertheless, due to the rapid increase in cyberattacks targeting medical institutions, manufacturers, and their supply chains worldwide, and the increasing sophistication and organization of these attacks, the following unforeseen events could damage the Olympus Group's corporate value, reduce its business competitiveness, cause a loss of public trust, cause compensation to affected stakeholders, or result in sanctions or fines from authorities in other countries, which could affect its business performance and financial position.</p> <ul style="list-style-type: none"> • Cyberattacks targeting medical institutions that are Olympus Corporation's customers may result in the leakage of patient information through the use of its products or their maintenance work, making it impossible for its customers to continue their business. • A cyber-attack targeting Olympus Corporation or its supply chain could disrupt operations at Olympus Corporation or prevent it from providing maintenance services, resulting in the inability of medical institutions to continue examinations or treatment procedures. • An incident where technological information or customer information is leaked or lost while stored in Olympus Corporation due to inadequate information security measures or internal misconduct. <p>In the fiscal year ended March 31, 2022, Olympus Corporation confirmed cybersecurity incidents in the Americas (U.S., Canada and Latin America) and in EMEA (Europe, Middle East, and Africa). According to the results of the investigation, no evidence of loss, unauthorized use or disclosure of our data has been detected due to the cybersecurity incidents in EMEA. However, some data may have been compromised due to the cybersecurity incidents in Americas. Out of an abundance of caution, Olympus Corporation is notifying current and former employees in the Americas and any impacted customers whose data may have been affected.</p> |
| Countermeasures |
| <p>Various security enhancements are being made based on the analysis of incidents that occurred in 2021. In addition, in order to minimize the impact on customers, business partners, and Olympus Corporation's business performance by responding more promptly in the event of unauthorized access due to cyberattacks, etc., the Olympus Group is working to strictly implement education on a periodic basis for all employees and establish an incident response system covering the entire Group.</p> <p>In addition to the above, the Olympus Group has developed a new security and privacy compliance strategy for the fiscal year ended March 31, 2022, to further enhance its existing activities. This strategy includes the creation of a new governance model, which will enable the Olympus Group to manage information/cybersecurity and privacy risks across the Olympus Group and to consistently execute its multi-year strategic roadmap on a global basis. Specifically, the Olympus Group has strengthened functional alignment in line with its overall globalization progress, and clarified the responsibilities of each function involved in IT security, operational technology security, product security, privacy protection, and data protection. This will enable the Olympus Group:</p> <ul style="list-style-type: none"> • To increase resilience to cyberattacks not only in general IT systems, but also in product development and manufacturing environments. • To ensure continuous product security throughout the product lifecycle, not just during development. • To further enhance privacy protection based on the latest trends, and laws and regulations in each country and region, as well as provide protection and utilization of various types and levels of confidentiality of data. |

(Risks Associated with Human Resources)

| |
|---|
| Risks |
| In order to remain competitive, the Olympus Group must continue to recruit and retain the talented and diverse human resources it needs to conduct its business. In the industries in which the Olympus Group operates, competition for talent is intensifying globally, and some regions have seen an increase in retirement rates due to changes in the labor market as a result of the COVID-19 pandemic. Recruitment, development, and retention of personnel is becoming increasingly important, and Olympus Corporation's failure to recruit and retain highly skilled personnel could affect our ability to supply products and services, and sustain growth in the future. |
| Countermeasures |
| The Olympus Group believes that it is important to ensure that each employee has a deep understanding of the Olympus Group's common philosophy and values and that highly specialized personnel are placed in the right places on a global basis. To achieve this, we conduct activities to instill our philosophy and values, and develop skills training programs and similar initiatives. We have defined the duties required to carry out our corporate strategy, introduced a globally common talent management system, and created a successor development plan starting from the most important positions. We are also working to develop a system that will enable appropriate personnel, regardless of nationality or gender, to play an active role and continue to demonstrate a high level of professionalism. To this end, we have established a global common leadership competency model and are putting in place programs to support demonstration of leadership. With regard to compensation, we are always aware of market trends and offer competitive compensation levels and compensation packages to our employees. For example, in the Japan region, we are discussing with the labor union to shift to a compensation system that better reflects job performance and results. In addition, the Olympus Group as a whole, including Japan, ensures fairness through a common global job evaluation and compensation policy. Also, we will aim to raise the level of compensation and at the same time increase commitment to achieving medium- and long-term goals by granting stock-based compensation to employees above a certain level. With regard to human resources recruitment, including regular hiring of new graduates etc., we are hiring personnel with specialized skills on an irregular basis, and we are strengthening our human resources recruitment system and enhancing our onboarding efforts so that employees who join Olympus Corporation can play an active role as soon as possible. |

(Risks Associated with Internal Control System)

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| Risks |
| No matter how effective the internal control system is, various factors may cause the internal control system to fail and unforeseen circumstances may arise. This may result in an adverse impact on our business from a loss of our social trust. Moreover, in such cases, we may suffer payment of fines under administrative action, penalties under criminal proceedings, or indemnity civil lawsuits, which in turn may cause an adverse impact on the Olympus Group's operating results and financial position. If the internal control system does not function effectively and management is unable to properly identify changes in the internal and external environment and make decisions promptly, it may adversely affect Olympus Corporation's ability to achieve its management and business strategies. |
| Countermeasures |
| The Olympus Group is developing, operating, and improving the internal control system at Olympus Corporation, Group, and global levels and instilling it through education and awareness activities. We are working to create mechanisms to enable our governance-related organizations to collaborate and optimize their efforts at the Olympus Group and global levels, and by linking them to strategic planning and the formulation of policies and measures, to enable business execution and supervisory activities to be carried out as a series of cycles. In addition, we monitor the operational status of the internal control system and make regular reports to management. Through these measures, we verify that the internal control system is functioning effectively and continuously improve it. |

(Risks Associated with Taxation)

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|---|
| Risks |
| Olympus Corporation's tax burden may be increased due to changes in applicable tax laws or changes in their interpretations and application guidelines in jurisdiction of each country in the world. The valuation allowance for deferred tax assets may need to be increased as a result of recoverability reassessment due to changes in business conditions or the implementation of organizational restructuring. If such situations occur, it may adversely affect the Olympus Group's business performance and financial position. |
| Countermeasures |
| In regard to changes in applicable tax laws in each jurisdiction, or changes in their interpretations and application guidelines, the Olympus Group is monitoring the amendments to laws and changes in regulations and making changes as appropriate to rules for transactions within the Olympus Group. In regard to deferred tax assets, the Olympus Group is monitoring the profitability of each group company and controlling the financial results so that the respective companies can appropriately secure profitability while also paying close attention in cases of business combinations for changes in profitability following such restructuring in order to minimize risks. |

(Risks Associated with Climate Change and Environmental Regulations)

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|--|
| Risks |
| The Olympus Group recognizes environmental challenges such as mitigating and adapting to climate change, conserving water resources, sustainable resource use, and protecting biodiversity. The introduction of carbon taxes, carbon dioxide emission controls, resource recycling regulations, chemical substance management, and other regulations aimed at achieving a decarbonized and recycling-oriented society could increase business costs around the world. In addition, the intensification of natural disasters caused by climate change is likely to affect the operations and supply chains at our own sites. Failure to take appropriate action may result in loss of business opportunities, etc. |
| Countermeasures |
| <p>The Olympus Group has established specialized functions to promote environmental activities, and has established an environmental management system in line with ISO 14001. Under this system, we promote compliance with environmental laws and regulations through maintenance of rules and regulations, education of environmental managers and implementors, and monitoring and improvement of local operations.</p> <p>In addition, in recognition of the importance of promoting environmental activities in coordination with society, the Olympus Group announced its support of the Task Force on Climate-Related Financial Disclosures in April 2021. In the same year, Olympus Corporation set two ambitious goals: to achieve virtually zero carbon dioxide emissions (Scope 1 and 2*) from our own sites by 2030, while aiming for carbon neutrality throughout the product lifecycle in the long term; and to obtain 100% of the electricity used at our sites from renewable energy sources by 2030.</p> <p>To achieve these goals and to address environmental risks in our supply chain, we will continue to develop environmentally friendly products, improve logistics efficiency, and implement green procurement in cooperation with our suppliers, along with manufacturing improvement activities and the introduction of renewable energy at our sites around the world.</p> <p>* Scope 1: Direct greenhouse gas emissions from onsite fuel use; Scope 2: Indirect greenhouse gas emissions from onsite electricity and heat use</p> |

(Risks Associated with COVID-19 Infections)

| |
|--|
| Risks |
| <p>The severe situation caused by the global COVID-19 pandemic is gradually easing, vaccination is progressing, and economic activity is picking up. However, the global economy continues to face highly uncertain conditions including a second (or more) wave of infection in some regions.</p> <p>Although the impact on the Olympus Group's business activities has been easing, restrictions on visits to customers such as medical institutions or postponement/cancellation of business negotiations have continued to impact selling activities. In addition, our business activities have been affected by factors such as the decrease in the volume of products sold due to the decrease in the number of procedures. If medical institutions will be compelled to prioritize the responsive measures to COVID-19, the number of medical treatments related to our business may decrease, or capital expenditures may decrease. Under these and similar scenarios, the Olympus Group's sales activities may be further adversely affected. In addition, the Olympus Group's earnings and financial position may be adversely affected if constraints arise in the procurement of certain products and parts, or in manufacturing and product supply.</p> |
| Countermeasures |
| <p>The Olympus Group is making every effort to prevent infections, including active use of work from home and other flexible work styles and taking into account infection conditions when planning business trips and events. In sales activities, the Olympus Group has continued to implement training, demonstration and seminars online, and strives to provide solutions responding to the new environment.</p> |

(Natural Disasters, Infectious Diseases, War, Civil War and Other Risks)

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|--|
| Risks |
| <p>Occurrence of natural disaster, infection, war, civil war, riot, terrorist attack or economic sanction may adversely affect the Olympus Group's earnings.</p> |
| Countermeasures |
| <p>When there is a serious crisis, a Crisis Response Team is established in accordance with crisis response rules that are applicable to the Olympus Group as a whole, striving to manage the crisis to minimize the negative impact on corporate value. Moreover, the Olympus Group strengthens the response to business interruption risk through the formulation and periodic revision of a business continuity plan (BCP) and education and training to increase the effectiveness of the BCP even in peacetime.</p> |

2. Basic Rationale for Selecting the Accounting Standards

The Olympus Group has voluntarily applied the International Financial Reporting Standards (IFRS) from the first quarter of the fiscal year ended March 31, 2018, with the aim of improving the international comparability of financial information in the capital market, improving the effectiveness of corporate management by applying one unified accounting rule in the Olympus Group, and reinforcing governance.

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

| | (Millions of yen) | |
|---|----------------------|----------------------|
| | As of March 31, 2021 | As of March 31, 2022 |
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | 217,478 | 302,572 |
| Trade and other receivables | 157,920 | 178,428 |
| Other financial assets | 10,268 | 10,269 |
| Inventories | 158,895 | 167,368 |
| Income taxes receivable | 10,425 | 3,718 |
| Other current assets | 24,970 | 27,565 |
| Subtotal | 579,956 | 689,920 |
| Assets held for sale | 117 | 4,685 |
| Total current assets | 580,073 | 694,605 |
| Non-current assets | | |
| Property, plant and equipment | 239,166 | 247,112 |
| Goodwill | 127,384 | 164,498 |
| Intangible assets | 104,810 | 120,361 |
| Retirement benefit asset | 22,677 | 25,975 |
| Investments accounted for using equity method | 3,128 | 1,514 |
| Trade and other receivables | 24,577 | 27,857 |
| Other financial assets | 23,350 | 16,152 |
| Deferred tax assets | 56,720 | 57,783 |
| Other non-current assets | 1,568 | 2,142 |
| Total non-current assets | 603,380 | 663,394 |
| Total assets | 1,183,453 | 1,357,999 |

(Millions of yen)

| | As of March 31, 2021 | As of March 31, 2022 |
|---|----------------------|----------------------|
| LIABILITIES AND EQUITY | | |
| Liabilities | | |
| Current liabilities | | |
| Trade and other payables | 69,870 | 60,547 |
| Bonds and borrowings | 31,529 | 52,281 |
| Other financial liabilities | 21,873 | 26,015 |
| Income taxes payable | 10,736 | 34,353 |
| Provisions | 33,412 | 22,114 |
| Other current liabilities | 160,971 | 180,941 |
| Total current liabilities | 328,391 | 376,251 |
| Non-current liabilities | | |
| Bonds and borrowings | 323,735 | 333,846 |
| Other financial liabilities | 60,197 | 64,600 |
| Retirement benefit liability | 42,446 | 40,001 |
| Provisions | 5,676 | 2,783 |
| Deferred tax liabilities | 13,103 | 13,087 |
| Other non-current liabilities | 14,425 | 16,069 |
| Total non-current liabilities | 459,582 | 470,386 |
| Total liabilities | 787,973 | 846,637 |
| Equity | | |
| Share capital | 124,643 | 124,643 |
| Capital surplus | 90,835 | 91,239 |
| Treasury shares | (98,048) | (45,589) |
| Other components of equity | (1,347) | 34,818 |
| Retained earnings | 278,243 | 305,057 |
| Total equity attributable to owners of parent | 394,326 | 510,168 |
| Non-controlling interests | 1,154 | 1,194 |
| Total equity | 395,480 | 511,362 |
| Total liabilities and equity | 1,183,453 | 1,357,999 |

(2) Consolidated Statements of Profit or Loss

| | (Millions of yen) | |
|---|-------------------------------------|-------------------------------------|
| | Fiscal year ended March 31, 2021 | Fiscal year ended March 31, 2022 |
| Continuing operations | | |
| Revenue | 730,544 | 868,867 |
| Cost of sales | 271,014 | 297,172 |
| Gross profit | 459,530 | 571,695 |
| Selling, general and administrative expenses | 357,032 | 405,399 |
| Share of profit (loss) of investments accounted for using equity method | 595 | 1,492 |
| Other income | 8,479 | 14,425 |
| Other expenses | 29,587 | 28,315 |
| Operating profit | 81,985 | 153,898 |
| Finance income | 1,193 | 1,356 |
| Finance costs | 6,368 | 5,381 |
| Profit before tax | 76,810 | 149,873 |
| Income taxes | 11,140 | 33,903 |
| Profit from continuing operations | 65,670 | 115,970 |
| Discontinued operations | | |
| Loss from discontinued operations | (52,681) | - |
| Profit | 12,989 | 115,970 |
| Profit attributable to: | | |
| Owners of parent | 12,918 | 115,742 |
| Non-controlling interests | 71 | 228 |
| Profit | 12,989 | 115,970 |
| Earnings per share | | |
| Basic earnings (loss) per share | | |
| Continuing operations | ¥51.03 | ¥90.22 |
| Discontinued operations | ¥(40.98) | ¥- |
| Basic earnings per share | ¥10.05 | ¥90.22 |
| Diluted earnings (loss) per share | | |
| Continuing operations | ¥51.00 | ¥90.17 |
| Discontinued operations | ¥(40.96) | ¥- |
| Diluted earnings per share | ¥10.04 | ¥90.17 |

(3) Consolidated Statements of Comprehensive Income

| | (Millions of yen) | |
|---|-------------------------------------|-------------------------------------|
| | Fiscal year ended March 31, 2021 | Fiscal year ended March 31, 2022 |
| Profit | 12,989 | 115,970 |
| Other comprehensive income | | |
| Items that will not be reclassified to profit or loss | | |
| Financial assets measured at fair value through other comprehensive income | 2,626 | (686) |
| Remeasurements of defined benefit plans | (926) | 5,312 |
| Total of items that will not be reclassified to profit or loss | 1,700 | 4,626 |
| Items that may be reclassified to profit or loss | | |
| Exchange differences on translation of foreign operations | 21,938 | 42,407 |
| Cash flow hedges | 169 | (2,154) |
| Share of other comprehensive income of associates accounted for using equity method | (55) | 152 |
| Total of items that may be reclassified to profit or loss | 22,052 | 40,405 |
| Total other comprehensive income | 23,752 | 45,031 |
| Comprehensive income | 36,741 | 161,001 |
| Comprehensive income attributable to: | | |
| Owners of parent | 36,670 | 160,773 |
| Non-controlling interests | 71 | 228 |
| Comprehensive income | 36,741 | 161,001 |

(4) Consolidated Statements of Changes in Equity

Fiscal year ended March 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, 2020 | 124,643 | 91,157 | (98,135) | (22,751) | 275,833 | 370,747 | 1,211 | 371,958 |
| Profit | | | | | 12,918 | 12,918 | 71 | 12,989 |
| Other comprehensive income | | | | 23,752 | | 23,752 | | 23,752 |
| Comprehensive income | - | - | - | 23,752 | 12,918 | 36,670 | 71 | 36,741 |
| Purchase of treasury shares | | | (2) | | | (2) | | (2) |
| Disposal of treasury shares | | (58) | 58 | | | 0 | | 0 |
| Dividends from surplus | | | | | (12,856) | (12,856) | (170) | (13,026) |
| Transfer from other components of equity to retained earnings | | | | (2,348) | 2,348 | - | | - |
| Share-based payment transactions | | 240 | 31 | | | 271 | | 271 |
| Equity transactions with non-controlling interests | | (504) | | | | (504) | 42 | (462) |
| Total transactions with owners | - | (322) | 87 | (2,348) | (10,508) | (13,091) | (128) | (13,219) |
| Balance at March 31, 2021 | 124,643 | 90,835 | (98,048) | (1,347) | 278,243 | 394,326 | 1,154 | 395,480 |

Fiscal year ended March 31, 2022

(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 | | | | | 115,742 | 115,742 | 228 | 115,970 |
| Other comprehensive income | | | | 45,031 | | 45,031 | | 45,031 |
| Comprehensive income | - | - | - | 45,031 | 115,742 | 160,773 | 228 | 161,001 |
| Purchase of treasury shares | | | (30,001) | | | (30,001) | | (30,001) |
| Disposal of treasury shares | | (111) | 115 | | | 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 | | 82,366 | | | (82,366) | - | | - |
| Transfer from other components of equity to retained earnings | | | | (8,866) | 8,866 | - | | - |
| Share-based payment transactions | | 489 | 5 | | | 494 | | 494 |
| Total transactions with owners | - | 404 | 52,459 | (8,866) | (88,928) | (44,931) | (188) | (45,119) |
| Balance at March 31, 2022 | 124,643 | 91,239 | (45,589) | 34,818 | 305,057 | 510,168 | 1,194 | 511,362 |

(5) Consolidated Statements of Cash Flows

| | (Millions of yen) | |
|---|-------------------------------------|-------------------------------------|
| | Fiscal year ended March 31, 2021 | Fiscal year ended March 31, 2022 |
| Cash flows from operating activities | | |
| Profit before tax | 76,810 | 149,873 |
| Loss before tax from discontinued operations | (52,476) | – |
| Depreciation and amortization | 59,937 | 64,615 |
| Loss (gain) on step acquisitions | – | (2,826) |
| Impairment losses (reversal of impairment losses) | 842 | 3,396 |
| Interest and dividend income | (1,169) | (1,184) |
| Interest expenses | 3,992 | 4,865 |
| Loss on sale of Imaging Business | 44,794 | – |
| Share of loss (profit) of investments accounted for using equity method | (595) | (1,492) |
| Decrease (increase) in trade and other receivables | (9,718) | (10,981) |
| Decrease (increase) in inventories | 4,024 | (2,097) |
| Increase (decrease) in trade and other payables | 7,361 | (8,827) |
| Increase (decrease) in retirement benefit liability | (987) | 181 |
| Decrease (increase) in retirement benefit asset | (718) | 328 |
| Increase (decrease) in provisions | 6,826 | (15,372) |
| Other | 13,847 | 1,516 |
| Subtotal | 152,770 | 181,995 |
| Interest received | 817 | 1,017 |
| Dividends received | 352 | 167 |
| Interest paid | (3,355) | (4,286) |
| Income taxes paid | (26,462) | (9,164) |
| Net cash provided by operating activities | 124,122 | 169,729 |

(Millions of yen)

| | Fiscal year ended March 31, 2021 | Fiscal year ended March 31, 2022 |
|--|-------------------------------------|-------------------------------------|
| Cash flows from investing activities | | |
| Payments into time deposits | (40,002) | (1) |
| Proceeds from withdrawal of time deposits | 40,015 | – |
| Purchase of property, plant and equipment | (38,660) | (41,688) |
| Proceeds from sale of property, plant and equipment | 1,621 | 4,485 |
| Purchase of intangible assets | (20,567) | (20,083) |
| Payments for loans receivable | (466) | (129) |
| Collection of loans receivable | 1,167 | 1,271 |
| Proceeds from sales of investments | 7,870 | 8,282 |
| Payments for sale of businesses | (27,830) | – |
| Proceeds from sale of businesses | 2,121 | – |
| Payments for acquisition of subsidiaries | (44,541) | (21,837) |
| Proceeds from sale of subsidiaries | 1,328 | 724 |
| Purchase of investments in associates | (1,069) | – |
| Other | 95 | (2,040) |
| Net cash used in investing activities | (118,918) | (71,016) |
| Cash flows from financing activities | | |
| Increase (decrease) in short-term borrowings and commercial papers | (67,721) | (5,454) |
| Repayments of lease liabilities | (16,188) | (17,691) |
| Proceeds from long-term borrowings | 99,230 | – |
| Repayments of long-term borrowings | (10,606) | (26,246) |
| Dividends paid | (12,856) | (15,428) |
| Dividends paid to non-controlling interests | (170) | (188) |
| Proceeds from issuance of bonds | 49,757 | 56,143 |
| Payments for purchase of treasury shares | (2) | (30,001) |
| Payments for acquisition of interests in subsidiaries from non-controlling interests | (462) | – |
| Others | (182) | (1,802) |
| Net cash provided by (used in) financing activities | 40,800 | (40,667) |
| Effect of exchange rate changes on cash and cash equivalents | 8,757 | 27,048 |
| Net increase (decrease) in cash and cash equivalents | 54,761 | 85,094 |
| Cash and cash equivalents at beginning of period | 162,717 | 217,478 |
| Cash and cash equivalents at end of period | 217,478 | 302,572 |

(6) Notes to 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. Olympus Corporation’s consolidated financial statements comprise Olympus Corporation and its subsidiaries (hereinafter, the “Olympus Group”) and interests in Olympus Corporation’s associates.

The Olympus Group is principally engaged in the manufacturing and sales of endoscopic, therapeutic and scientific and other products. Details of each business are as described in Note “(Segment information)” on page 36.

(Basis of preparation)

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

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

(2) Basis of measurement

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

(3) Functional currency and presentation currency

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

(Significant accounting policies)

The significant accounting policies adopted for the consolidated financial statements of the Olympus Group for the fiscal year ended March 31, 2022 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 judgment, estimates and assumptions that affect the adoption of accounting policies and the amounts of assets, liabilities, revenues and expenses. Actual results may differ from such estimates.

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

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

Although the impact of the spread of COVID-19 differ by region, the impact is currently expected to continue diminishing overall as vaccinations become available worldwide, and we have assumed that Olympus Corporation’s sales activities will also begin to normalize. Based on such assumptions, Olympus Corporation makes accounting estimates related to impairment tests for fixed assets, including goodwill, assessment of recoverability of deferred tax assets, etc.

(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. Segment information for the previous fiscal year, has been reclassified and restated based on the new reporting segment classification.

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 67.

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, business results and other items of 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 35.

Fiscal year ended March 31, 2021

| | Reportable Segment | | | | | Adjustment (Note 2, 3, 4, 5) | Amount on consolidated financial statements |
|---|-------------------------|--------------------------|-------------------------|--------|---------|------------------------------------|--|
| | Endoscopic Solutions | Therapeutic Solutions | Scientific Solutions | Others | Total | | |
| Revenue | | | | | | | |
| Revenue from outside customers | 393,664 | 231,842 | 95,861 | 9,177 | 730,544 | – | 730,544 |
| Revenue among segments (Note 1) | – | – | 4 | 166 | 170 | (170) | – |
| Total | 393,664 | 231,842 | 95,865 | 9,343 | 730,714 | (170) | 730,544 |
| Operating profit (loss) | 98,771 | 30,567 | 4,949 | (682) | 133,605 | (51,620) | 81,985 |
| Finance income | | | | | | | 1,193 |
| Finance costs | | | | | | | 6,368 |
| Profit before tax | | | | | | | 76,810 |
| Other items | | | | | | | |
| Share of profit (loss) of investments accounted for using equity method | 656 | (61) | – | – | 595 | – | 595 |
| Depreciation and amortization | 29,421 | 14,504 | 7,313 | 923 | 52,161 | 7,398 | 59,559 |
| Impairment losses | 70 | 414 | – | – | 484 | 358 | 842 |
| Segment assets | 451,254 | 343,460 | 97,088 | 20,517 | 912,319 | 271,134 | 1,183,453 |
| Investments accounted for using equity method | 1,040 | 2,088 | – | – | 3,128 | – | 3,128 |
| Capital expenditures | 50,878 | 24,366 | 9,098 | 928 | 85,270 | 13,665 | 98,935 |

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.
3. Adjustment for segment assets is corporate expenses that are not attributable to reportable segments.
4. Adjustment for depreciation and amortization is the amount of depreciation and amortization related to corporate assets that are not attributable to reportable segments.
5. Adjustment for capital expenditures is the amount of increase in fixed assets related to corporate assets that are not attributable to reportable segments.

Fiscal year ended March 31, 2022

| | Reportable Segment | | | | | (Millions of yen) | |
|---|----------------------|-----------------------|----------------------|---------|-----------|------------------------------|---|
| | Endoscopic Solutions | Therapeutic Solutions | Scientific Solutions | Others | Total | Adjustment (Note 2, 3, 4, 5) | Amount on consolidated financial statements |
| Revenue | | | | | | | |
| Revenue from outside customers | 461,547 | 275,586 | 119,105 | 12,629 | 868,867 | – | 868,867 |
| Revenue among segments (Note 1) | – | – | 47 | 373 | 420 | (420) | – |
| Total | 461,547 | 275,586 | 119,152 | 13,002 | 869,287 | (420) | 868,867 |
| Operating profit (loss) | 133,204 | 60,826 | 17,526 | (2,024) | 209,532 | (55,634) | 153,898 |
| Finance income | | | | | | | 1,356 |
| Finance costs | | | | | | | 5,381 |
| Profit before tax | | | | | | | 149,873 |
| Other items | | | | | | | |
| Share of profit (loss) of investments accounted for using equity method | 1,539 | (47) | – | – | 1,492 | – | 1,492 |
| Depreciation and amortization | 33,523 | 16,935 | 7,156 | 1,093 | 58,707 | 5,908 | 64,615 |
| Impairment losses | 2,006 | 488 | – | – | 2,494 | 902 | 3,396 |
| Segment assets | 493,582 | 412,914 | 112,255 | 20,685 | 1,039,436 | 318,563 | 1,357,999 |
| Investments accounted for using equity method | 1,514 | – | – | – | 1,514 | – | 1,514 |
| Capital expenditures | 40,437 | 16,343 | 9,585 | 997 | 67,362 | 8,141 | 75,503 |

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.
3. Adjustment for segment assets is corporate expenses that are not attributable to reportable segments.
4. Adjustment for depreciation and amortization is the amount of depreciation and amortization related to corporate assets that are not attributable to reportable segments.
5. Adjustment for capital expenditures is the amount of increase in fixed assets related to corporate assets that are not attributable to reportable segments.

(3) Information by region

Information by region of revenue of the Olympus Group is as follows.

(Millions of yen)

| | Fiscal year ended March 31, 2021 (April 1, 2020 – March 31, 2021) | Fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022) |
|------------------|--|--|
| Japan | 123,454 | 135,197 |
| North America | 236,979 | 293,441 |
| Europe | 181,227 | 217,858 |
| China | 110,354 | 125,406 |
| Asia and Oceania | 63,563 | 77,484 |
| Others | 14,967 | 19,481 |
| Total | 730,544 | 868,867 |

Notes: 1. Revenue is based on the location of the customer, and is classified by country or region.

2. Major countries and regions other than Japan are as follows:

- (1) North America USA, Canada
- (2) Europe Germany, UK, France, etc.
- (3) Asia and Oceania Singapore, Hong Kong, Korea, Australia, etc.
- (4) Others Central and South America, Africa, etc.

Revenues from external customers in the USA during the fiscal years ended March 31, 2021, and March 31, 2022, were ¥222,057 million and ¥273,429 million, respectively. In both the previous fiscal year and the fiscal year under review, there were no important individual countries or regions in terms of revenue from external customers excluding Japan, the USA, and China.

(Assets held for sale)

Breakdown of assets held for sale is as follows.

| | (Millions of yen) | |
|--------------------------|----------------------|----------------------|
| | As of March 31, 2021 | As of March 31, 2022 |
| Assets | | |
| Land | 45 | 4,683 |
| Buildings and structures | 72 | 2 |
| Machinery and vehicles | 0 | - |
| Total | 117 | 4,685 |

The procedures of sales of assets categorized as assets held for sale in the fiscal year ended March 31, 2021 were completed in the fiscal year ended March 31, 2022.

Assets categorized as assets held for sale in the fiscal year under review are assets held by the entire company not belonging to any segment that Olympus Corporation decided to sell from the standpoint of management resource optimization. Sales of these assets were completed on April 27, 2022.

(Provisions)

(Reversal of provision for duodenoscope market response)

Olympus Corporation has decided to voluntarily replace the old type of duodenoscopes with a fixed tip cap with the new type with a removable tip cap, which is easier to clean and disinfect, against the background of obtaining regulatory approval for the new type of duodenoscopes with a removable tip cap in the United States, and has recorded the amount deemed necessary for this market response as provision. Up until now, Olympus Corporation had been proceeding with the recall for the old-type product in exchange for the new type. However, in the fiscal year under review, Olympus Corporation decided to replace the old-type product with the new product recommended by the FDA at no charge with the objective of speeding up the progress, and due to a change to the amount of money deemed necessary for the market response, a reversal of part of that provision has been made. As a result, cost of sales in the Endoscopic Solutions Business decreased by ¥4,153 million.

(Reversal of provision for voluntary recall of Olympus Corporation's products)

As a result of conducting voluntary post-market surveillance, Olympus Corporation has decided to voluntarily recall a Bronchovideoscope model and a Choledochofiberscope model that were subject to that surveillance in light of the internal quality standards, placing top priority on securing patient safety, and has recorded the amount deemed necessary for this market response as provision. Olympus Corporation had been proceeding with the recall for the old type in exchange for the new type. However, in the fiscal year under review, Olympus Corporation decided to replace the old-type product with the new product at no charge with the objective of speeding up the progress, and due to a change to the amount of money deemed necessary for the market response, a reversal of part of that provision has been made. As a result, cost of sales in the Therapeutic Solutions Business decreased by ¥2,663 million.

(Equity and other equity items)

(Cancellation of treasury shares)

Based on resolution of the Board of Directors meeting held on May 7, 2021, Olympus Corporation canceled treasury shares on June 4, 2021. Due to this cancellation, treasury shares decreased by 71,620,630 shares during the fiscal year under review.

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, Olympus Corporation resolved the purchase of treasury shares and the specific means of acquisition as provided for in Article 459 Section 1 of the Companies Act and Article 32 of Olympus Corporation's Articles of Incorporation, and carried out 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 Olympus Corporation |
| 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 | 12,681,000 shares |
| 2. Total share acquisition value | ¥30,000 million |
| 3. Acquisition period | December 21, 2021 to February 18, 2022 (contract basis) |

(Consolidated Statements of Profit or Loss)

(1) Selling, general and administrative expenses

Major items of selling, general and administrative expenses are as follows:

| | (Millions of yen) | |
|------------------------------------|--|--|
| | Fiscal year ended March 31, 2021 (April 1, 2020 – March 31, 2021) | Fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022) |
| Personnel expenses | 213,793 | 227,191 |
| Depreciation | 31,543 | 34,193 |
| Advertising and promotion expenses | 11,746 | 15,173 |

Personnel expenses mainly include wages, bonuses, legal welfare expenses, expenses related to post-employment benefits, and personnel expenses incurred by the development division.

(2) Other income and other expenses

1) Other income

Major items of other income are as follows.

Fiscal year ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(Government subsidies)

Olympus Corporation recorded proceeds from government subsidies of ¥2,388 million in “Other income.” The government subsidies are the grants from the government, municipality, and the like due to the spread of COVID-19 infections.

(Reversal of allowance for doubtful accounts)

Olympus Corporation recorded reversal of allowance for doubtful accounts of ¥1,359 million in “Other income.”

(Subsidiary share transfer)

Olympus Corporation transferred all shares of OLYMPUS-RMS CORP., a consolidated subsidiary of Olympus Corporation, and recorded ¥1,770 million of the capital gains in “Other income.”

Fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)

(Gain on step acquisition)

Olympus Corporation recorded gain on step acquisition of ¥2,826 million in “Other income” due to the acquisition of Medi-Tate Ltd. Details through a business combination. The details of the business combination is described in (Business combinations).

(Gain on sale of fixed assets)

Olympus Corporation recorded gain on sale of fixed assets of ¥1,393 million in “Other income.”

(Partial reversal of provision for indirect taxes of consolidated subsidiaries)

Of the tax provision recorded in the fiscal year ended March 31, 2019 in anticipation of additional collection related to the independent investigation conducted by Olympus Corporation’s foreign subsidiaries regarding indirect taxes, ¥3,596 million, which is no longer expected to be incurred in the current fiscal year, is recorded under “Other income.”

(Change in fair value of contingent consideration, which is a portion of acquisition consideration)

Olympus Corporation recognized ¥1,249 million in “Other income” due to the change in fair value of contingent consideration, which is a portion of the acquisition consideration of Veran Medical Technologies, Inc. The details of the change in fair value is described in “Business combinations.”

2) Other expenses

Major items of other expenses are as follows.

Fiscal year ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(Business restructuring expenses)

Olympus Corporation recorded ¥6,614 million for the cost related to promotion of the business transformation plan “Transform Olympus” in “Other expenses.”

Olympus Corporation recorded ¥5,156 million in “Other expenses” for the costs incurred to establish and transfer a new company due to the divestiture of the Imaging Business that aims at promoting selection of and concentration on the corporate portfolio of Olympus Corporation.

(Implementation of career support for external opportunity)

Olympus Corporation recorded ¥11,866 million in “Other expenses” for the costs incurred in the provision of special additional payment and re-employment support through career support for external opportunity implemented by Olympus Corporation and its Group companies in Japan.

Fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)

(Business restructuring expenses)

Olympus Corporation recorded ¥9,380 million for the cost related to promotion such as the business transformation plan “Transform Olympus” in “Other expenses.”

Olympus Corporation recorded ¥9,353 million in “Other expenses” as expenses related to the spin-off of the Scientific Business, which was carried out for the purpose of establishing a globally integrated business structure that matches the nature of the business and a management structure that facilitates flexible and swift decision making.

(Impairment losses)

Olympus Corporation recognized impairment losses of ¥1,630 million on development assets in the endoscope business, which were written down to their recoverable amount since Olympus Corporation no longer expects them to generate the expected earnings at the time of acquisition due to such factors as changes in the market environment, and recorded the losses in “Other expenses.”

(Per-share data)

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

| | Fiscal year ended March 31, 2021 (April 1, 2020 – March 31, 2021) | Fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022) |
|----------------------------|--|--|
| Basic earnings per share | | |
| Continuing operations | ¥51.03 | ¥90.22 |
| Discontinued operations | ¥(40.98) | ¥– |
| Basic earnings per share | ¥10.05 | ¥90.22 |
| Diluted earnings per share | | |
| Continuing operations | ¥51.00 | ¥90.17 |
| Discontinued operations | ¥(40.96) | ¥– |
| Diluted earnings per share | ¥10.04 | ¥90.17 |

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

| | (Millions of yen) | |
|--|--|--|
| | Fiscal year ended March 31, 2021 (April 1, 2020 – March 31, 2021) | Fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022) |
| Profit used to calculate basic earnings per share and diluted earnings per share | | |
| Profit attributable to owners of parent | 12,918 | 115,742 |
| Profit not attributable to common shareholders of parent | – | – |
| Profit used to calculate basic earnings per share | 12,918 | 115,742 |
| Continuing operations | 65,599 | 115,742 |
| Discontinued operations | (52,681) | – |
| Adjustment to profit | – | – |
| Profit used to calculate diluted earnings per share | 12,918 | 115,742 |
| Continuing operations | 65,599 | 115,742 |
| Discontinued operations | (52,681) | – |

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 | 1,285,607 thousand shares | 1,282,920 thousand shares |
| Increase in number of shares of common stock | | |
| Subscription rights to shares relating to stock options | 536 thousand shares | 480 thousand shares |
| Common stock relating to subsequent grant-type restricted share-based remuneration | 71 thousand shares | 203 thousand shares |
| Average number of shares of diluted common stock during the period | 1,286,214 thousand shares | 1,283,603 thousand shares |

(Cash flow information)

Fiscal year ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(Loss of control)

Divestiture of Imaging Business

(1) Overview of transaction

Based on the share transfer agreement concluded with OJ Holdings, Ltd., a special purpose company established by Japan Industrial Partners, Inc. on September 30, 2020, Olympus Corporation completed the transfer of 95% of its shares held in OM Digital Solutions Corporation (95% of total issued shares) on January 1, 2021. As a result of this transfer, Olympus Corporation has lost control of OM Digital Solutions Corporation.

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

| | (Millions of yen) |
|---------------------------|-------------------|
| | Amount |
| Cash and cash equivalents | 24,266 |
| Other current assets | 282 |
| Non-current assets | 479 |
| Total assets | 25,027 |
| Current liabilities | 24,783 |
| Non-current liabilities | 244 |
| Total liabilities | 25,027 |

(3) Cash flows associated with the loss of control

| | (Millions of yen) |
|--|-------------------|
| | Amount |
| Cash and cash equivalents received as consideration of the loss of control | 0 |
| Expenses related to sale of businesses | (3,564) |
| Cash and cash equivalents of subsidiaries with the loss of control | (24,266) |
| Payments for sale of businesses (Note) | (27,830) |

Note: Payments for sale of businesses are included in “Cash flows from investing activities” in the consolidated statement of cash flows.

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

Olympus Corporation recorded a loss of ¥44,794 million associated with the loss of control under “Loss from discontinued operations” in the consolidated statement of profit or loss. Details on loss on sale of business are as described in Note “(Discontinued operations).”

Divestiture of significant operations

(1) Overview of transaction

Olympus Corporation concluded an agreement with Nissha Co., Ltd. (hereinafter “NISSHA”) for the transfer of the Norwalk facility (hereinafter “Said Facility”), one of the manufacturing plants in the United States for therapeutic devices under Olympus Surgical Technologies America, to Nissha Medical Technologies, a wholly owned subsidiary of NISSHA. The transfer of Said Facility was completed on November 2, 2020, and Olympus Corporation lost its control of Said Facility.

(2) Assets associated with the loss of control

| | (Millions of yen) |
|---------------------|-------------------|
| | Amount |
| Current assets | 860 |
| Non-current assets | 1,488 |
| Total assets | 2,348 |

(3) Cash flows associated with the loss of control

| | (Millions of yen) |
|--|-------------------|
| | Amount |
| Cash and cash equivalents received as consideration of the loss of control | 2,121 |
| Cash and cash equivalents of businesses with the loss of control | – |
| Proceeds from sale of businesses (Note) | 2,121 |

Note: Proceeds from sale of businesses are included in “Cash flows from investing activities” in the consolidated statement of cash flows.
The total transfer price is US\$30 million, and of this amount, the consideration planned to be received from the next fiscal year onward is not included in the figures above.

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

Capital gains recognized due to loss of control of this plant amounts to ¥486 million, and is included in “Other income” in the consolidated statement of profit or loss.

Transfer of OLYMPUS-RMS CORP.

(1) Overview of transaction

Olympus Corporation concluded an agreement to transfer all shares of OLYMPUS-RMS CORP., a consolidated subsidiary of Olympus Corporation, to ROHTO Pharmaceutical Co., Ltd. and completed the transfer procedures on March 23, 2021. As a result of this, Olympus Corporation lost its control of OLYMPUS-RMS CORP. on the same day.

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

| | (Millions of yen) |
|--------------------------|-------------------|
| | Amount |
| Current assets | 418 |
| Non-current assets | 6 |
| Total assets | 424 |
| Current liabilities | 572 |
| Non-current liabilities | – |
| Total liabilities | 572 |

(3) Cash flows associated with the loss of control

| | (Millions of yen) |
|--|-------------------|
| | Amount |
| Cash and cash equivalents received as consideration of the loss of control | 1,622 |
| Cash and cash equivalents of subsidiaries with the loss of control | (294) |
| Proceeds from sale of shares of subsidiaries (Note) | 1,328 |

Note: Proceeds from sale of shares of subsidiaries are included in “Cash flows from investing activities” in the consolidated statement of cash flows.

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

Olympus Corporation recorded a gain of ¥1,770 million associated with the loss of control of OLYMPUSRMS CORP. under “Other income” in the consolidated statement of profit or loss.

Fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)

(Loss of control)

Transfer of Olympus Systems Corporation

(1) Overview of transaction

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

(2) 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 |

(3) 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 consolidated statement of cash flows.

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

Olympus Corporation recorded a gain of ¥605 million associated with the loss of control of Olympus Systems Corporation under “Other income” in the consolidated statement of profit or loss.

(Financial instruments)

Fair value of financial instruments

Fair value hierarchy is categorized into the following three levels depending on the observability of inputs used in the valuation technique for the measurement.

Level 1: Fair value measured at market prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Fair value measured using observable prices other than those categorized within level 1, either directly or indirectly

Level 3: Fair value measured using a valuation technique which includes inputs that are not based on observable market data

The Olympus Group recognizes transfers of financial instruments between the levels of the fair value hierarchy as if they occurred at the end of each quarter of the fiscal year. There were no significant financial instruments transferred between the levels for the fiscal years ended March 31, 2021 and 2022.

(1) Financial instruments measured at fair value

The methods for measuring major financial instruments measured at fair value are as follows.

(Other financial assets and other financial liabilities)

Listed shares are classified as level 1 and stated at market prices valued at the end of each fiscal year.

Unlisted shares are classified as level 2 or level 3 and stated at the value obtained by using valuation techniques such as the comparable company analysis method.

Derivative assets and liabilities are classified as level 2. Currency derivatives are stated at the value based on forward exchange rates, and interest-rate derivatives are stated at the value obtained based on observable data such as market interest rates, credit risks, and the period up to maturity.

The contingent consideration for business combinations, etc. is classified as level 3 and stated at the estimates of future payability.

The fair value hierarchy of financial instruments measured at fair value is as follows:

As of March 31, 2021

| | Level 1 | Level 2 | Level 3 | Total |
|--|---------|---------|---------|--------|
| (Millions of yen) | | | | |
| Financial assets | | | | |
| Financial assets measured at fair value through profit or loss | | | | |
| Derivative assets | – | 968 | – | 968 |
| Equity securities and others | – | – | 1,495 | 1,495 |
| Financial assets measured at fair value through other comprehensive income | | | | |
| Equity securities | 10,327 | – | 853 | 11,180 |
| Financial liabilities | | | | |
| Financial liabilities measured at fair value through profit or loss | | | | |
| Derivative liabilities | – | 2,467 | – | 2,467 |
| Contingent consideration | – | – | 3,608 | 3,608 |

As of March 31, 2022

| | (Millions of yen) | | | |
|--|-------------------|---------|---------|-------|
| | Level 1 | Level 2 | Level 3 | Total |
| Financial assets | | | | |
| Financial assets measured at fair value through profit or loss | | | | |
| Derivative assets | – | 1,874 | – | 1,874 |
| Equity securities and others | – | – | 956 | 956 |
| Financial assets measured at fair value through other comprehensive income | | | | |
| Equity securities | 1,532 | – | 2,939 | 4,471 |
| Financial liabilities | | | | |
| Financial liabilities measured at fair value through profit or loss | | | | |
| Derivative liabilities | – | 4,037 | – | 4,037 |
| Contingent consideration | – | – | 6,100 | 6,100 |

The changes in financial assets categorized within level 3 were as follows:

| | (Millions of yen) | |
|---|--|--|
| | Fiscal year ended March 31, 2021 (April 1, 2020 - March 31, 2021) | Fiscal year ended March 31, 2022 (April 1, 2021 - March 31, 2022) |
| Balance at April 1 | 1,658 | 2,348 |
| Gains and losses (Note) | | |
| Profit or loss | 11 | (58) |
| Other comprehensive income | 1 | 34 |
| Purchases | 727 | 1,978 |
| Transfer to investments accounted for using the equity method | – | (597) |
| Other | (48) | 190 |
| Balance at March 31 | 2,348 | 3,895 |

Note: Gains or losses recognized in profit or loss are mainly included in “Finance income” or “Finance costs” in the consolidated statements of profit or loss. Gains or losses recognized in other comprehensive income are included in “Financial assets measured at fair value through other comprehensive income” in the consolidated statements of comprehensive income.

Total gains or losses recognized in profit or loss included gains of ¥11 million and ¥136 million on financial instruments held as of the years ended March 31, 2021 and 2022, respectively.

The changes in financial liabilities categorized within level 3 were as follows:

| | (Millions of yen) | |
|-----------------------------|--|--|
| | Fiscal year ended March 31, 2021 (April 1, 2020 - March 31, 2021) | Fiscal year ended March 31, 2022 (April 1, 2021 - March 31, 2022) |
| Balance at April 1 | 163 | 3,608 |
| Business combinations, etc. | 3,433 | 2,834 |
| Settlement | – | – |
| Change in fair value | (111) | (594) |
| Other | 123 | 252 |
| Balance at March 31 | 3,608 | 6,100 |

(2) Financial instruments measured at amortized cost

The measurement techniques for measuring the fair value of major financial instruments measured at amortized cost are as follows. These financial instruments are mainly classified into level 2.

(Cash and cash equivalents, trade and other receivables, and trade and other payables)

Account items to be settled in the short term are stated at their book value because their fair value is nearly equal to their book value.

Lease receivables are stated at the value obtained by calculating the present value of each lease receivable categorized by a specific period, at discounted rates that take into account credit risks and the period up to maturity.

(Other financial assets and other financial liabilities)

Account items to be settled in the short term are stated at their book value because their fair value is nearly equal to their book value.

(Bonds and borrowings)

Bonds and borrowings with fixed interest rates are stated at the value calculated at discounted rates which would be applied to a similar issuance of bonds or similar new loans to generate future cash flows.

Borrowings with variable interest rates are stated at their book value because their fair value is deemed to be nearly equal to their book value, given that they are short-term borrowings reflecting market interest rates, and their credit conditions have not significantly changed since the drawdown.

Short-term borrowings and commercial papers are stated at their book value since they are settled in the short term and their fair value is nearly equal to their book value.

The carrying amount and fair value of major financial instruments measured at amortized cost were as follows. Financial instruments whose carrying amounts approximate fair value are not included in the following table.

| | (Millions of yen) | | | |
|-----------------------|--|------------|--|------------|
| | Fiscal year ended March 31, 2021 (As of March 31, 2021) | | Fiscal year ended March 31, 2022 (As of March 31, 2022) | |
| | Carrying amount | Fair value | Carrying amount | Fair value |
| Financial assets | | | | |
| Lease receivables | 45,377 | 45,319 | 50,517 | 50,513 |
| Financial liabilities | | | | |
| Bonds | 119,596 | 120,070 | 180,322 | 178,341 |
| Borrowings | 155,456 | 157,715 | 145,903 | 146,336 |

(Business combinations)

Fiscal year ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(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 Olympus Corporation’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, Olympus Corporation has obtained full rights to Arc Medical Design’s innovative medical products. Olympus Corporation 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) Acquired ratio of holding capital with voting rights

100%

4) Acquisition date

August 7, 2020

5) Acquisition method to govern the acquired company

Cash consideration for the acquisition of shares

(2) Acquisition-related expense

The acquisition-related expense of ¥67 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 | 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 consideration with conditions 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

Olympus Corporation 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 consolidated statement 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

Olympus Corporation 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), Olympus Corporation has developed the first ultrasound device indicated for arthroscopic surgery.

Through this acquisition, Olympus Corporation 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 Olympus Corporation'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, Olympus Corporation will further enhance its position as a global medtech company.

3) Acquired ratio of holding capital with voting rights

100%

4) Acquisition date

November 2, 2020

5) Acquisition method to govern the acquired company

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.

The details of goodwill were created mainly from 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

Olympus Corporation 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 consolidated statement 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 Olympus Corporation’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) Acquired ratio of holding capital with voting rights

100%

4) Acquisition date

December 29, 2020

5) Acquisition method to govern the acquired company

Cash consideration for the acquisition of shares

(2) Acquisition-related expense

The acquisition-related expense of ¥440 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 | 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 fiscal year under review, 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.

Due to the delay in achieving this earnings indicator, the fair value of the contingent consideration was revised from ¥1,461 million to ¥367 million in the fiscal year ended March 31, 2022. Of the ¥1,094 million difference, ¥1,249 million is the effect of the review of fair value itself and ¥155 million is the effect of exchange rate fluctuations, which are included in Other income in the consolidated statements of profit or loss, and in Exchange differences on translation of foreign operations in the consolidated statements of comprehensive income, respectively.

(5) Impacts on the Olympus Group

Olympus Corporation 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 consolidated statement of profit or loss due to such information is not material.

(Acquisition of Quest Photonic Devices B.V.)

(1) Outline of business combination

1) Name and description of acquired business

| | |
|---------------------------|--|
| Name of acquired business | Quest Photonic Devices B.V. (hereinafter, “Quest”) |
| Description of business | Development, manufacturing, and sales of medical devices |

2) Primary reason for business combination

Quest is a company that develops, manufactures, and commercializes cutting-edge fluorescence imaging systems (FIS) and contributes to innovation in imaging technology in the surgical field. It is strong in the development of imaging technologies using various light wavelengths. It provides a broad range of medical imaging devices, starting with the Spectrum® imaging system used in FIS-guided laparotomy and laparoscopy, devices for photodynamic therapy, and so on.

Olympus Corporation has already introduced 4K and 3D technologies in the surgical endoscope imaging field. This acquisition will contribute to more precise and safer surgical procedures by strengthening our FIS technology and product lineup.

3) Acquired ratio of holding capital with voting rights

100%

4) Acquisition date

February 9, 2021

5) Acquisition method to govern the acquired company

Cash consideration for the acquisition of shares

(2) Acquisition-related expense

The acquisition-related expense of ¥69 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 | 4,684 |
| Contingent consideration | 1,290 |
| Total | 5,974 |
| Fair value of assets acquired and liabilities assumed | |
| Cash and cash equivalents | 301 |
| Trade and other receivables | 53 |
| Inventories | 197 |
| Other current assets | 24 |
| Property, plant and equipment | 204 |
| Intangible assets | 2,468 |
| Other financial assets (non-current) | 45 |
| Deferred tax assets | 32 |
| Trade and other payables | (21) |
| Bonds and borrowings (current) | (39) |
| Provisions | (1) |
| Other current liabilities | (314) |
| Bonds and borrowings (non-current) | (1,035) |
| Deferred tax liabilities | (475) |
| Other non-current liabilities | (22) |
| Fair value of assets acquired and liabilities assumed, net | 1,417 |
| Goodwill | 4,557 |
| Total | 5,974 |

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 fiscal year under review, 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 ¥1,899 million and an increase in deferred tax liabilities of ¥475 million. As a result, goodwill decreased by ¥1,424 million. The ¥2,468 million in intangible assets are mainly made up of ¥1,995 million in technology-related assets and ¥466 million in customer-related assets related to Quest'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 and customer-related assets are 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 a payment to the previous shareholders of Quest as a milestone payment subject to the obtaining of approval for development made mainly by Quest, 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 €14,000 thousand.

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

Olympus Corporation 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 consolidated statement of profit or loss due to such information is not material.

Fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)

(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) Acquired ratio of holding capital with voting rights

100%

4) Acquisition date

May 27, 2021

5) Acquisition method to govern the acquired company

Just prior to the acquisition date, Olympus Corporation 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 consolidated statement 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. The allocation of consideration paid has been completed in the fiscal year ended March 31, 2022, and there is no material change in the amount from the initial provisional amount. The balance of intangible assets of ¥8,866 million is comprised of technology-related assets related to products of Medi-Tate, 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 14 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.

(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

Olympus Corporation 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 consolidated statement 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 during the fiscal year under review. As a result, we have retroactively revised the figures at the end of the previous fiscal year in the consolidated statement of financial position.

(Acquisition of Veran Medical Technologies, Inc.)

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

In the fiscal year under review, the fair value of some assets acquired and liabilities assumed has been 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 fiscal year under review, 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, we have retroactively revised the figures for the previous fiscal year in the consolidated statements of financial position. 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 Olympus Corporation on February 9, 2021, due to the acquisition of shares for cash consideration.

In the fiscal year under review, the fair value of some assets acquired and liabilities assumed has been 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 fiscal year under review, 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 | 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, we have retroactively revised the figures for the previous fiscal year in the consolidated statements of financial position. The major adjustments as of March 31, 2021 were 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) | |
|---|--|--|
| | Fiscal year ended March 31, 2021 (April 1, 2020 – March 31, 2021) | Fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022) |
| Revenue | 21,062 | – |
| Cost of sales | 14,715 | – |
| Gross profit | 6,347 | – |
| Selling, general and administrative expenses | 13,633 | – |
| Share of profit (loss) of investments accounted for using equity method | – | – |
| Other income | 75 | – |
| Other expenses (Note) | 44,898 | – |
| Operating loss | (52,109) | – |
| Finance income | 0 | – |
| Finance costs | 367 | – |
| Loss before tax | (52,476) | – |
| Income taxes | 205 | – |
| Loss from discontinued operations | (52,681) | – |

Note: Other expenses in the fiscal year ended March 31, 2021 include a loss on sale of the Imaging Business of ¥44,794 million (\$403,550 thousand) (expenses borne in accordance with the transfer agreement of ¥28,618 million (\$257,820 thousand), loss on sale of inventories of ¥14,910 million (\$134,324 thousand) and loss on sale of fixed asset, etc. of ¥1,266 million (\$11,405 thousand)).

(3) Cash flows of discontinued operations

Cash flows of discontinued operations are as follows.

| | (Millions of yen) | |
|---------------------------------------|--|--|
| Cash flows of discontinued operations | Fiscal year ended March 31, 2021 (April 1, 2020 – March 31, 2021) | Fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022) |
| Net cash used in operating activities | (2,999) | – |
| Net cash used in investing activities | (28,686) | – |
| Net cash used in financing activities | (68) | – |

(Additional information)

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

On October 1, 2021, Olympus Corporation 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 Olympus Corporation's wholly owned subsidiary Olympus Medical Science Sales Corporation. The company split was carried out under an absorption-type split agreement concluded between Olympus Corporation 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, Olympus Corporation concluded a modified agreement related to absorption-type splits between Olympus Corporation and Olympus Medical Science Sales Corporation. Moreover, on October 1, 2021, Olympus Medical Science Sales Corporation changed its trade name to "Olympus Marketing, Inc."

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, Inc. (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, Inc.

2. Description of transaction including purpose of the transaction

Olympus Corporation 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, Olympus Corporation 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, Olympus Corporation'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% |

(Important subsequent events)

(Cancellation of treasury shares)

At a meeting of the Board of Directors held on May 11, 2022, Olympus Corporation decided to cancel treasury stock in accordance with the provisions of Article 178 of the Companies Act. Details are as follows. Olympus Corporation

- (1) Type of shares to be cancelled: Common shares of Olympus Corporation
- (2) Number of shares to be cancelled: 13,402,333 shares
(1.03% of total number of issued shares before the cancellation)
- (3) Date of cancellation: June 8, 2022

(Transfer of Scientific Solutions Business through company split)

Olympus Corporation transferred its 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 “Evident”) on April 1, 2022.

(1) Background and purpose of the company split

As a truly global medical technology company, Olympus Corporation announced its corporate strategy for achieving sustainable growth (hereinafter “Corporate Strategy”) on November 6, 2019. Based on this corporate strategy, Olympus Corporation 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, 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 Olympus Corporation 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 centered on the above two businesses 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. As of April 1, 2022, we have completed the reorganization, in which our newly established wholly owned subsidiary, Evident Corporation takes over the Scientific Solutions Business.

(2) Summary of the company split

1) Method of the company split

Olympus Corporation has carried out an absorption-type split (simple absorption-type company split) with Olympus Corporation as the absorption-type company split and the Evident as the successor company to the absorption-type company split

2) Schedule of the company split

| | |
|--------------------------------------|-------------------|
| Decision date by Board of Directors: | December 17, 2021 |
| Date of Company Split agreement: | January 14, 2022 |
| Effective date of Company Split: | April 1, 2022 |

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

3) Details of allocation related to company split

At the time of the company split, the Evident newly issued one common share and allocated and delivered it to Olympus Corporation.

4) Rights and obligations succeeded by the successor company

The Evident succeeded the assets and rights and obligations of Olympus Corporation regarding the Scientific Solutions Business, which are stipulated in the absorption-type company split agreement with Olympus Corporation.

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 (As of April 1, 2022) (Note) |
| 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) |

Note: We have decided to underwrite the capital increase implemented by Evident on April 6, 2022 (hereinafter the “capital increase.” After the capital increase, the share capital and legal capital surplus of Evident are ¥24,000 million each. Since the share capital of Evident is equivalent to more than 10/100 (one tenth) of the share capital of Olympus Corporation as a result of the capital increase, Evident falls under the category of “specified subsidiary” of Olympus Corporation.

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

Olympus Corporation implemented an absorption-type merger (hereinafter “the Merger”) with consolidated subsidiary, Olympus Logitex Co., Ltd. (hereinafter “Olympus Logitex”), effective from April 1, 2022.

(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 integrated 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 has been 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) with Olympus acting as the surviving company and Olympus Logitex to be absorbed and merged. As a result, Olympus Logitex has been 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 |

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 did 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 Olympus Corporation, there has been no allotment of shares or money due to the merger.

4) Overview of the surviving company of the absorption-type merger (as of March 31, 2022)

| | |
|--------------------------|---|
| Name: | Olympus Corporation |
| Capital: | ¥124,643 million |
| Description of business: | Manufacture and sale of medical equipment, scientific equipment, etc. |

(Transfer of Significant Assets)

From the viewpoint of optimization of management resources, Olympus Corporation reviewed our assets and transferred our fixed assets (land) on April 27, 2022.

1. Details of the Asset to be Transferred

- (1) Name and location of the asset Land: Approx. 10,395m² (2-chome Hatagaya, Shibuya-ku, Tokyo)
- (2) Current status: Parking lot
- (3) Gain on transfer: ¥16,395 million

2. Overview of the Transferee

The transferee is a domestic corporation, but details will not be disclosed due to the wishes of the transferee. There are no capital relationships, personal relationships, business relationships and nothing special to note as a related party between Olympus Corporation and the transferee.

3. Schedule of Transfer

- (1) Date of decision March 30, 2022
- (2) Date of contract signing March 30, 2022

(3) Property delivery date April 27, 2022