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Consolidated Financial Results for the Six Months of the Fiscal Year Ending March 31, 2021 <under IFRS>

November 13, 2020

Company Name: Olympus Corporation
Code Number: 7733
(URL: https://www.olympus.co.jp/)
Stock Exchange Listing: First Section of Tokyo Stock Exchange
Representative: Yasuo Takeuchi, Director, Representative Executive Officer, President and CEO
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Scheduled date to submit the Quarterly Securities Report: November 13, 2020
Scheduled date to commence dividend payments: –
Presentation of supplementary material on quarterly financial results: Yes
Holding of quarterly financial results presentation meeting: Yes (for analysts and institutional investors)

(Figures are rounded off to the nearest million yen)

1. Consolidated Financial Results for the Six Months of the Fiscal Year Ending March 31, 2021 (From April 1, 2020 to September 30, 2020)

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

	Revenue		Operating profit		Profit before tax		Profit	
Six months ended	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
September 30, 2020	316,500	(14.1)	30,292	(45.7)	28,331	(47.0)	(22,677)	–
September 30, 2019	368,395	–	55,818	–	53,452	–	36,064	–

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
Six months ended	(¥ million)	%	(¥ million)	%	(¥)	(¥)
September 30, 2020	(22,702)	–	(31,425)	–	(17.66)	(17.65)
September 30, 2019	36,063	–	24,226	201.1	26.93	26.92

Note: The Imaging Business has been classified as a discontinued operation from the second quarter under review. Due to this, the amounts presented for revenue, operating profit and profit before tax are the amounts from continuing operations from which the discontinued operation has been excluded. The amounts presented for profit and profit attributable to owners of parent are aggregates of continuing operations and discontinued operation. As the businesses have been similarly reclassified in the six months ended September 30, 2019, changes from the same period of the previous fiscal year are not presented.

(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
As of	(¥ million)	(¥ million)	(¥ million)	%
September 30, 2020	1,073,542	327,586	326,520	30.4
March 31, 2020	1,015,663	371,958	370,747	36.5

2. Dividends

	Annual dividends				
	First quarter	Second quarter	Third quarter	Year-end	Total
	(¥)	(¥)	(¥)	(¥)	(¥)
Fiscal year ended March 31, 2020	–	0.00	–	10.00	10.00
Fiscal year ending March 31, 2021	–	0.00			
Fiscal year ending March 31, 2021 (Forecast)			–	10.00	10.00

Note: Revisions of the forecast most recently announced: Yes

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2021 (From April 1, 2020 to March 31, 2021)

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

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥)
Full year	697,000	–	60,500	–	58,500	–	(5,500)	–	(4.28)

Note: Revisions of the forecast most recently announced: Yes

The Imaging Business has been classified as a discontinued operation from the second quarter under review. Due to this, the amounts presented for revenue, operating profit and profit before tax in the forecast of financial results for the fiscal year ending March 31, 2021 are the amounts from continuing operations. The amounts presented for profit attributable to owners of parent are aggregates of continuing operations and discontinued operation. Changes from the same period of the previous fiscal year are not presented.

* Notes

(1) Changes in significant subsidiaries during the six months under review (changes in specified subsidiaries resulting in the changes in scope of consolidation): No

(2) Changes in accounting policies and changes in accounting estimates

1) Changes in accounting policies required by IFRS: No
2) Changes in accounting policies due to other reasons: No
3) Changes in accounting estimates: No

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

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

As of September 30, 2020	1,370,914,963 shares
As of March 31, 2020	1,370,914,963 shares

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

As of September 30, 2020	85,300,750 shares
As of March 31, 2020	85,329,780 shares

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

Six months ended September 30, 2020	1,285,591,856 shares
Six months ended September 30, 2019	1,338,990,355 shares

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

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

(Caution concerning forward-looking statements)

The forward-looking statements, including forecast of financial results, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Accordingly, the Company cannot make promises to achieve such forecasts. Actual business and other results may differ substantially due to various factors. Please refer to the section of “Explanation of Forecast of Consolidated Financial Results and Other Forward-looking Statements” on page 6 of the attached material for the conditions that form the assumptions for the forecast and cautions concerning the use thereof.

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

(1) Explanation of Results of Operations

Overall

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020	Increase (Decrease)	Increase (Decrease) Ratio (%)
Revenue	368,395	316,500	(51,895)	(14.1)
Operating profit (loss)	55,818	30,292	(25,526)	(45.7)
Profit (loss) from continuing operations	41,021	25,877	(15,144)	(36.9)
Profit (loss) from discontinued operations	(4,957)	(48,554)	(43,597)	–
Profit (loss)	36,064	(22,677)	(58,741)	–
Profit (loss) attributable to owners of parent	36,063	(22,702)	(58,765)	–
Exchange rate (Yen/U.S. dollar)	108.63	106.92	(1.71)	–
Exchange rate (Yen/Euro)	121.42	121.30	(0.12)	–
Exchange rate (Yen/Renminbi)	15.68	15.26	(0.42)	–

While economic activities are gradually reopening after shutdowns due to the global spread of the novel coronavirus disease (COVID-19), the global economy continued to face extremely challenging conditions in the six months ended September 30, 2020. The Japanese economy also faced challenging conditions, as was the case for the global economy, due to the impact of COVID-19, despite showing signs of recovery in exports and personal consumption.

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

The Company has set “selection of and concentration on the corporate portfolio” as one of the core components for business growth and enhanced profitability in this management strategy. On September 30, 2020, the Company divested its Imaging Business to a newly established wholly owned subsidiary of the Company (the “New Imaging Company”), through an absorption-type split. In addition, the Company concluded a final agreement with Japan Industrial Partners, Inc. (“JIP”) on September 30, 2020 concerning the transferal of 95% of the shares of the New Imaging Company to OJ Holdings, Ltd., a special purpose company established by JIP. Due to this, the Imaging Business has been classified as a discontinued operation from the second quarter under review. As a result, a portion of the Condensed Consolidated Statements of Profit or Loss, Condensed Consolidated Statements of Cash Flows and Significant Notes Thereto for the six months ended September 30, 2019 have been reclassified in line with the presentation style for the six months ended September 30, 2020.

Revenue of the Olympus Group’s continuing operations for the six months ended September 30, 2020 decreased to ¥316,500 million (down 14.1% year on year) due to the decline in revenue in all our businesses due to factors such as limits on sales promotion activities because of COVID-19. Regarding operating profit (loss) of continuing operations, we recorded ¥30,292 million (down 45.7% year on year), due to decreased revenue in all our businesses, despite a reduction in selling, general and administrative expenses. Loss attributable to owners of parent, the aggregate of continuing operations and discontinued operation, totaled ¥22,702 million (compared with profit attributable to owners of parent of ¥36,063 million in the same period of the previous fiscal year) due to the recording of approximately ¥47,000 million in loss associated with the concluding of the transfer agreement concerning the Imaging Business and related business restructuring expenses in addition to a decrease in operating profit.

Furthermore, we have recognized an impact on the Company’s consolidated results in the six months ended September 30, 2020 due to COVID-19 of approximately ¥46,000 million in revenue of continuing operations and approximately ¥13,000 million in operating profit of continuing operations.

Regarding foreign exchange, the yen appreciated against the U.S. dollar, the euro and the renminbi compared

to the same period of the previous fiscal year. The average exchange rate during the period was ¥106.92 against the U.S. dollar (¥108.63 in the same period of the previous fiscal year), ¥121.30 against the euro (¥121.42 in the same period of the previous fiscal year) and ¥15.26 against the renminbi (¥15.68 in the same period of the previous fiscal year) which caused revenue and operating profit to down by ¥5,457 million and ¥4,700 million, respectively, year on year.

Endoscopic Solutions Business

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020	Increase (Decrease)	Increase (Decrease) Ratio (%)
Revenue	206,789	182,044	(24,745)	(12.0)
Operating profit (loss)	59,816	42,054	(17,762)	(29.7)

Consolidated revenue in the Endoscopic Solutions Business amounted to ¥182,044 million (down 12.0% year on year), while operating profit amounted to ¥42,054 million (down 29.7% year on year).

In April 2020 in Europe and Asia, and in July in Japan, we introduced the new flagship endoscopic system "EVIS X1," but due to the impact of COVID-19, postponement or discontinuation of gastrointestinal endoscopy was recommended by each academic society, the number of procedures decreased, and there were restrictions on sales promotion activities such as restriction of visits to medical institutions or postponement/cancellation of business negotiations. As a result, revenue in the Endoscopic Solutions Business declined.

Operating profit in the Endoscopic Solutions Business decreased mainly due to decreased revenue and the recording of expenses related to the voluntary recall of endoscopic products in the six months ended September 30, 2020 in cost of sales despite the progress in cost efficiency.

Therapeutic Solutions Business

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020	Increase (Decrease)	Increase (Decrease) Ratio (%)
Revenue	108,025	90,913	(17,112)	(15.8)
Operating profit (loss)	15,223	10,208	(5,015)	(32.9)

Consolidated revenue in the Therapeutic Solutions Business amounted to ¥90,913 million (down 15.8% year on year), while operating profit amounted to ¥10,208 million (down 32.9% year on year).

Due to the impact of COVID-19, postponement of surgery was recommended by each academic society, the number of procedures decreased, and there were restrictions on sales promotion activities such as restriction of visits to medical institutions or postponement/cancellation of business negotiations. As a result, revenue in the Therapeutic Solutions Business declined.

Operating profit in the Therapeutic Solutions Business decreased mainly due to decreased revenue and a decline in operating levels at manufacturing bases despite the progress in cost efficiency.

Scientific Solutions Business

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020	Increase (Decrease)	Increase (Decrease) Ratio (%)
Revenue	49,739	40,312	(9,427)	(19.0)
Operating profit (loss)	5,380	223	(5,157)	(95.9)

Consolidated revenue in the Scientific Solutions Business amounted to ¥40,312 million (down 19.0% year on year), while operating profit amounted to ¥223 million (down 95.9% year on year).

The electrical component and semiconductor markets in China have been on a recovery trend. However, overall, in addition to a reduced desire for capital investment in the aviation industry, restrictions on sales promotion activities including restrictions on visits to clients and delays and cancellations of business negotiations due to COVID-19 led to decreased revenue in the Scientific Solutions Business.

Operating profit in the Scientific Solutions Business decreased mainly due to decreased revenue and a decline in operating levels at manufacturing bases despite the progress in cost efficiency.

Others

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020	Increase (Decrease)	Increase (Decrease) Ratio (%)
Revenue	3,842	3,231	(611)	(15.9)
Operating profit (loss)	(1,346)	(961)	385	–

Consolidated revenue in other businesses amounted to ¥3,231 million (down 15.9% year on year), while operating loss amounted to ¥961 million (compared with an operating loss of ¥1,346 million in the same period of the previous fiscal year).

Due to the impact of COVID-19, revenue decreased in the animal-related business and the imaging component business following restrictions on sales promotions activities.

Operating profit (loss) in other businesses improved due to cost reductions following the completion of some related development themes.

(2) Financial Position

As of the end of the second quarter under review, total assets increased by ¥57,879 million compared to the end of the previous fiscal year to ¥1,073,542 million. This was mainly due to an increase of ¥23,124 million in cash and cash equivalents and an increase of ¥39,343 million in other current financial assets due to factors such as payments into time deposits where the payment period is three months or more. On the other hand, trade and other receivables in current assets decreased ¥18,818 million due to a decrease in trade receivables, and retirement benefit asset decreased ¥14,787 million as a result of the impact of implementing a pension buy-in for the primary pension plan for the Olympus Group's subsidiaries located in the U.K. in the first quarter under review. Due to the pension buy-in, a portion of plan assets held have been contributed to the insurance company, and the Olympus Group concluded an insurance agreement with the insurance company that ensures the receipt of an amount of money equivalent to pension benefits for pensioners in the future.

Total liabilities increased in comparison to the end of the previous fiscal year by ¥102,251 million to ¥745,956 million. This is primarily because of a ¥133,597 million increase in bonds and borrowings in non-current liabilities due to the impact of financing through long-term borrowings and bond issuances in order to secure on-hand liquidity in light of the impact of COVID-19 on business results. On the other hand, trade and other payables decreased by ¥15,186 million due to the impact of the decrease of notes and accounts payable - trade, bonds and borrowings in current liabilities decreased by ¥31,780 million due to the impact of the redemption of commercial papers, and other current liabilities decreased by ¥12,826 million due to a decrease of accrued expenses, etc.

Total equity decreased in comparison to the end of the previous fiscal year by ¥44,372 million to ¥327,586 million. This is primarily because of a ¥44,894 million decrease in retained earnings due to the recording of loss attributable to owners of parent and dividends from surplus, and the impact of implementing a pension buy-in for the primary pension plan for the Olympus Group's subsidiaries located in the U.K. in the first quarter under review.

As a result of the foregoing, equity attributable to owners of parent to total assets decreased from 36.5% as of the end of the previous fiscal year to 30.4%.

In the second quarter under review, the Company concluded a share transfer agreement related to the divestiture of the Imaging Business with OJ Holdings, Ltd., a special purpose company established by Japan Industrial Partners, Inc. Due to this, assets and liabilities related to the Company's Imaging Business have been classified into a disposal group classified as held for sale from the second quarter under review. Due to this impact, assets held for sale increased by ¥26,364 million, and liabilities directly related to assets held for sales increased by ¥24,775 million.

(3) Cash Flows

Cash and cash equivalents at the end of the second quarter under review reached ¥210,540 million, an increase of ¥47,823 million compared to the end of the previous fiscal year. The following are the cash flows for the six months ended September 30, 2020.

Cash flows from operating activities

Net cash provided by operating activities for the six months ended September 30, 2020 was ¥37,449 million (compared with ¥67,270 million provided for the six months ended September 30, 2019). Cash flows from operating activities increased due to the recording of ¥28,331 million in profit before tax, a decrease of ¥19,290 million in trade and other receivables, and an adjustment for non-expense items such as ¥29,151 million in depreciation and amortization and ¥43,677 million in loss on sale of Imaging Business, despite negative factors stemming from ¥48,498 million in loss from discontinued operations and ¥13,165 million in income taxes paid.

Cash flows from investing activities

Net cash used in investing activities for the six months ended September 30, 2020 was ¥70,215 million (compared with ¥31,413 million used for the six months ended September 30, 2019). The main uses of cash included ¥17,585 million in purchase of property, plant and equipment, ¥8,624 million in purchase of intangible assets, ¥40,001 million in payments into time deposits and ¥3,266 million in payments for acquisition of subsidiaries (Arc Medical Design Limited).

Cash flows from financing activities

Net cash provided by financing activities for the six months ended September 30, 2020 was ¥81,227 million (compared with ¥10,527 million used for the six months ended September 30, 2019). Factors mainly included ¥99,180 million in proceeds from long-term borrowings and ¥49,757 million in proceeds from issuance of bonds. On the other hand, decreasing factors mainly included ¥46,154 million in decrease in short-term borrowings and commercial papers due to the impact of the redemption of commercial papers, and ¥12,856 million in dividends paid. Regarding proceeds from long-term borrowings and proceeds from issuance of bonds, this was because financing was carried out in order to secure on-hand liquidity in light of the impact of COVID-19 on business results.

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

The forecast of consolidated financial results for the fiscal year ending March 31, 2021 was undecided due to the difficulties of making a reasonable calculation because of continuing uncertainties regarding when COVID-19 crisis will be contained, the responses of each country and region, and the impact those factors will have on market trends and economic trends. However, they have been announced based on currently available information and recent business results.

The forecast for consolidated financial results in the fiscal year ending March 31, 2021 is as follows.

The Imaging Business has been classified as a discontinued operation from the second quarter under review. Due to this, the amounts presented for revenue, operating profit and profit before tax in the forecast of financial results for the fiscal year ending March 31, 2021 are only the amounts of continuing operations, excluding the Imaging Business. On the other hand, the amounts presented for profit attributable to owners of parent include profit (loss) of discontinued operations.

(Millions of yen)

	Revenue	Operating profit	Profit before tax	Profit attributable to owners of parent
Fiscal year ending March 31, 2021	697,000	60,500	58,500	(5,500)

Revenue is expected to decrease in all businesses due to the impact of COVID-19, but the gradual recovery trend is expected to continue going toward the end of the fiscal year. Operating profit and profit before tax are expected to decrease, mainly due to the decrease in revenue, despite continued curbing of selling, general and administrative expenses. Profit attributable to owners of parent is expected to be loss mainly due to the recording of approximately ¥50,500 million in loss for the full fiscal year associated with the conclusion of the transfer agreement and related business structural reform costs concerning the Imaging Business, a discontinued operation.

Foreign exchange rates for the fiscal year ending March 31, 2021, which are a precondition for the forecast, are expected to be ¥106 per U.S. dollar, ¥122 per euro and ¥15 per renminbi.

Regarding the global economy going forward, despite expecting the recovery trend to continue gradually as economic activities are gradually reopening, a persistent downside risk remains as there are no forecasts for when COVID-19 will be contained due to seeing a second wave of infection in some regions in the United States and in Europe, etc. recently. Furthermore, it is believed that the outlook for the Japanese economy will remain uncertain due to increasing uncertainty in the global economy due to COVID-19 and volatile financial and capital markets, despite a continuing recovery trend, as is the case for the global economy.

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

In the Endoscopic Solutions Business, the new flagship endoscopic system “EVIS X1” was launched in Europe, some regions in Asia and Japan. Due to this, the Company will aim to strengthen its overwhelming position in Endoscopic Solutions Business and further expand sales. The Therapeutic Solutions Business has established a leading position in the three treatment areas of “gastrointestinal,” “urology” and “respiratory,” and growth will accelerate. In the Scientific Solutions Business, the Company will work to strengthen functions to improve profitability, and proceed with establishing a foundation for sustainable growth.

2. Condensed Consolidated Financial Statements and Significant Notes Thereto

(1) Condensed Consolidated Statements of Financial Position

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
ASSETS		
Current assets		
Cash and cash equivalents	162,494	185,618
Trade and other receivables	143,062	124,244
Other financial assets	3,424	42,767
Inventories	167,596	160,857
Income taxes receivable	3,521	7,193
Other current assets	20,336	17,853
Subtotal	500,433	538,532
Assets held for sale	6,274	32,638
Total current assets	506,707	571,170
Non-current assets		
Property, plant and equipment	202,134	199,787
Goodwill	98,328	98,734
Intangible assets	74,792	77,216
Retirement benefit asset	31,111	16,324
Investments accounted for using equity method	2,267	3,308
Trade and other receivables	19,685	20,154
Other financial assets	27,266	30,909
Deferred tax assets	51,156	54,211
Other non-current assets	2,217	1,729
Total non-current assets	508,956	502,372
Total assets	1,015,663	1,073,542

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
LIABILITIES AND EQUITY		
Liabilities		
Current liabilities		
Trade and other payables	59,557	44,371
Bonds and borrowings	81,018	49,238
Other financial liabilities	20,188	19,194
Income taxes payable	11,276	6,759
Provisions	20,598	30,968
Other current liabilities	136,912	124,086
Subtotal	329,549	274,616
Liabilities directly associated with assets held for sale	4,221	28,996
Total current liabilities	333,770	303,612
Non-current liabilities		
Bonds and borrowings	199,897	333,494
Other financial liabilities	30,733	32,381
Retirement benefit liability	49,607	49,839
Provisions	7,281	5,555
Deferred tax liabilities	13,147	9,265
Other non-current liabilities	9,270	11,810
Total non-current liabilities	309,935	442,344
Total liabilities	643,705	745,956
Equity		
Share capital	124,643	124,643
Capital surplus	91,157	91,176
Treasury shares	(98,135)	(98,075)
Other components of equity	(22,751)	(22,238)
Other components of equity related to disposal group held for sale	–	75
Retained earnings	275,833	230,939
Total equity attributable to owners of parent	370,747	326,520
Non-controlling interests	1,211	1,066
Total equity	371,958	327,586
Total liabilities and equity	1,015,663	1,073,542

(2) Condensed Consolidated Statements of Profit or Loss

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Continuing operations		
Revenue	368,395	316,500
Cost of sales	125,612	120,542
Gross profit	242,783	195,958
Selling, general and administrative expenses	184,989	161,458
Share of profit (loss) of investments accounted for using equity method	159	81
Other income	948	3,013
Other expenses	3,083	7,302
Operating profit	55,818	30,292
Finance income	889	530
Finance costs	3,255	2,491
Profit before tax	53,452	28,331
Income taxes	12,431	2,454
Profit from continuing operations	41,021	25,877
Discontinued operations		
Loss from discontinued operations	(4,957)	(48,554)
Profit (loss)	36,064	(22,677)
Profit (loss) attributable to:		
Owners of parent	36,063	(22,702)
Non-controlling interests	1	25
Profit (loss)	36,064	(22,677)
Earnings per share		
Basic earnings (loss) per share		
Continuing operations	¥30.63	¥20.11
Discontinued operations	¥(3.70)	¥(37.77)
Basic earnings (loss) per share	¥26.93	¥(17.66)
Diluted earnings (loss) per share		
Continuing operations	¥30.62	¥20.10
Discontinued operations	¥(3.70)	¥(37.75)
Diluted earnings (loss) per share	¥26.92	¥(17.65)

(3) Condensed Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Profit (loss)	36,064	(22,677)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	739	2,167
Remeasurements of defined benefit plans	829	(9,332)
Total of items that will not be reclassified to profit or loss	1,568	(7,165)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(13,497)	(1,584)
Cash flow hedges	205	59
Share of other comprehensive income of associates accounted for using equity method	(114)	(58)
Total of items that may be reclassified to profit or loss	(13,406)	(1,583)
Total other comprehensive income	(11,838)	(8,748)
Comprehensive income	24,226	(31,425)
Comprehensive income attributable to:		
Owners of parent	24,225	(31,450)
Non-controlling interests	1	25
Comprehensive income	24,226	(31,425)

(4) Condensed Consolidated Statements of Changes in Equity

Six months ended September 30, 2019

(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, 2019	124,606	91,310	(4,764)	(8,234)	238,275	441,193	1,194	442,387
Profit					36,063	36,063	1	36,064
Other comprehensive income				(11,838)		(11,838)		(11,838)
Comprehensive income	–	–	–	(11,838)	36,063	24,225	1	24,226
Purchase of treasury shares			(93,380)			(93,380)		(93,380)
Disposal of treasury shares		(2)	2			0		0
Dividends from surplus					(10,243)	(10,243)	(126)	(10,369)
Transfer from other components of equity to retained earnings				(850)	850	–		–
Share-based payment transactions	37	(50)				(13)		(13)
Equity transactions with non-controlling interests		(158)				(158)	158	–
Total transactions with owners	37	(210)	(93,378)	(850)	(9,393)	(103,794)	32	(103,762)
Balance at September 30, 2019	124,643	91,100	(98,142)	(20,922)	264,945	361,624	1,227	362,851

Six months ended September 30, 2020

(Millions of yen)

		Equity attributable to owners of parent						Non-controlling interests	Total equity
	Share capital	Capital surplus	Treasury shares	Other components of equity	Other components of equity related to disposal group held for sale	Retained earnings	Total		
Balance at April 1, 2020	124,643	91,157	(98,135)	(22,751)	–	275,833	370,747	1,211	371,958
Loss						(22,702)	(22,702)	25	(22,677)
Other comprehensive income				(8,748)			(8,748)		(8,748)
Comprehensive income	–	–	–	(8,748)	–	(22,702)	(31,450)	25	(31,425)
Purchase of treasury shares			(0)				(0)		(0)
Disposal of treasury shares		(29)	29				0		0
Dividends from surplus						(12,856)	(12,856)	(170)	(13,026)
Transfer from other components of equity to retained earnings				9,336		(9,336)	–		–
Share-based payment transactions		48	31				79		79
Transfer to other components of equity related to disposal group held for sale				(75)	75		–		–
Total transactions with owners	–	19	60	9,261	75	(22,192)	(12,777)	(170)	(12,947)
Balance at September 30, 2020	124,643	91,176	(98,075)	(22,238)	75	230,939	326,520	1,066	327,586

(5) Condensed Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from operating activities		
Profit before tax	53,452	28,331
Profit (loss) before tax from discontinued operations	(4,883)	(48,498)
Depreciation and amortization	33,398	29,151
Interest and dividend income	(948)	(553)
Interest expenses	2,012	2,017
Loss on sale of Imaging Business	–	43,677
Share of loss (profit) of investments accounted for using equity method	(159)	(81)
Decrease (increase) in trade and other receivables	9,714	19,290
Decrease (increase) in inventories	(11,465)	(7,723)
Increase (decrease) in trade and other payables	(4,866)	(12,720)
Increase (decrease) in retirement benefit liability	295	1,017
Decrease (increase) in retirement benefit asset	324	1,332
Increase (decrease) in provisions	(735)	5,790
Other	(190)	(9,337)
Subtotal	75,949	51,693
Interest received	676	344
Dividends received	272	209
Interest paid	(2,022)	(1,632)
Income taxes paid	(7,605)	(13,165)
Net cash provided by operating activities	67,270	37,449
Cash flows from investing activities		
Payments into time deposits	–	(40,001)
Purchase of property, plant and equipment	(20,800)	(17,585)
Proceeds from sale of property, plant and equipment	60	213
Purchase of intangible assets	(10,313)	(8,624)
Payments for loans receivable	(500)	(451)
Collection of loans receivable	642	485
Proceeds from sales of investments	60	173
Purchase of investments in associates	–	(1,126)
Purchase of acquisition of subsidiaries	–	(3,266)
Payments for acquisition of business	(462)	–
Other	(100)	(33)
Net cash used in investing activities	(31,413)	(70,215)

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings and commercial papers	149,398	(46,154)
Repayments of lease liabilities	(7,863)	(8,186)
Proceeds from issuance of bonds	–	49,757
Proceeds from long-term borrowings	–	99,180
Repayments of long-term borrowings	(48,000)	–
Dividends paid	(10,243)	(12,856)
Dividends paid to non-controlling interests	(126)	(170)
Payments for purchase of treasury shares	(93,380)	–
Other	(313)	(344)
Net cash used in financing activities	(10,527)	81,227
Effect of exchange rate changes on cash and cash equivalents	(4,358)	(638)
Net increase (decrease) in cash and cash equivalents	20,972	47,823
Cash and cash equivalents at beginning of period	114,563	162,717
Cash and cash equivalents at end of period	135,535	210,540

(6) Notes to Condensed Consolidated Financial Statements

(Notes on premise of going concern)

No items to report

(Reporting entity)

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

The Olympus Group is principally engaged in the manufacturing and sales of endoscopic, therapeutic and scientific, imaging and other products, but in the second quarter under review, following the classification of the Imaging Business as discontinued operations, we have changed our reportable segments. For details, please see Note (Segment information)

(Basis of preparation)

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

The condensed consolidated financial statements of the Olympus Group have been prepared in accordance with IAS 34. Since the requirements for "Specified Company of Designated International Accounting Standards" set forth in Article 1-2 of the "Regulation on Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements" are satisfied, the Company adopts the provisions of Article 93 of the same Regulation. The condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be used in conjunction with the Olympus Group's annual consolidated financial statements as of March 31, 2019.

These condensed consolidated financial statements were approved by Director, Representative Executive Officer, President and CEO Yasuo Takeuchi, and Executive Officer and CFO Chikashi Takeda on November 13, 2020.

(2) Basis of measurement

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

(3) Functional currency and presentation currency

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

(4) Changes in presentation methods

(changes caused by the classification of the Imaging Business as discontinued operations)

In the second quarter under review, the Company concluded a share transfer agreement with OJ Holdings, Ltd., a special purpose company established by Japan Industrial Partners, Inc. for the divestiture of the Imaging Business.

Following this transfer, from the second quarter under review, we have classified the Imaging Business as discontinued operations. As a result, in line with our presentation format for the six months ended September 30, 2020, we have partially reorganized the presentation in our Condensed Consolidated Statements of Profit or Loss, Condensed Consolidated Statements of Cash Flows, and the related Notes to Condensed Consolidated Financial Statements for the six months ended September 30, 2019.

(Condensed Consolidated Statements of Cash Flows)

In the six months ended September 30, 2019, because "Increase (decrease) in provisions," which had previously been included in "Other" of "Cash flows from operating activities" increased in monetary importance, it has been listed independently from the six months ended September 30, 2020. To reflect this

change in the presentation method, we have reorganized our Condensed Consolidated Financial Statements for the six months ended September 30, 2019.

As a result, in the Condensed Consolidated Statements of Cash Flows for the six months ended September 30, 2019, the negative ¥925 million presented as "Other" in "Cash flows from operating activities" was reorganized into "Increase (decrease) in provisions" of negative ¥735 million and "Other" of negative ¥190 million.

(Significant accounting policies)

The significant accounting policies adopted for the condensed consolidated financial statements of the Olympus Group for the six months ended September 30, 2020 are the same as those applied for the consolidated financial statements for the previous fiscal year except for the following discontinued operations.

(Discontinued operations)

When businesses which are considered as units controlled by executive decision making have already been sold or fulfill the requirements to be classified as being held for sale, the Olympus Group classifies those businesses as discontinued operations.

(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.

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

Furthermore, as described in the consolidated financial statements for the previous fiscal year, the effects of the spread of COVID-19 differ by region, but overall, are expected to gradually disappear from the third quarter of the current consolidated fiscal year. We have assumed that the Company's sales activities will also begin to normalize at that point, and there have been no changes to that assumption This is despite seeing another wave of infection in some regions in the United States and Europe, etc. recently.

(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.

In the past, the Olympus Group had five reportable segments: "Endoscopic Solutions," "Therapeutic Solutions," "Scientific Solutions," "Imaging Business," and "Others." However, from the six months ended September 30, 2020, we have changed to four reportable segments: "Endoscopic Solutions," "Therapeutic Solutions," "Scientific Solutions," and "Others."

This change was made because the Imaging Business was classified as discontinued operations with the conclusion of the share transfer agreement with Japan Industrial Partners, Inc. for the divestiture of the Imaging Business by the Company. As a result, expenses that have been allocated to the Imaging Business from adjustments have been included in Adjustment.

For details on discontinued operations, please see Note "Discontinued operations."

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, endoscopy systems, repair service
Therapeutic Solutions Business	Endo-therapy devices, energy devices, urology, gynecology and ENT products
Scientific Solutions Business	Biological microscopes, industrial microscopes, industrial endoscopes, non-destructive testing equipment
Others	Biomedical materials

(2) Revenue and business results for reportable segments

Revenue and business results of each reportable segment of the Olympus Group are as follows. The accounting method used for reportable segments is the same as the accounting policies of the Olympus Group that are described in "Significant accounting policies."

Six months ended September 30, 2019

(Millions of yen)

	Reportable Segment					Adjustment (Note 2)	Amount on condensed consolidated financial statements
	Endoscopic	Therapeutic	Scientific	Others	Total		
Revenue							
Revenue from outside customers	206,789	108,025	49,739	3,842	368,395	–	368,395
Revenue among segments (Note 1)	–	–	32	257	289	(289)	–
Total revenue	206,789	108,025	49,771	4,099	368,684	(289)	368,395
Operating profit (loss)	59,816	15,223	5,380	(1,346)	79,073	(23,255)	55,818
Finance income							889
Finance costs							3,255
Profit before tax							53,452
Other items							
Share of profit (loss) of investments accounted for using equity method	202	(43)	–	–	159	–	159
Depreciation and amortization	16,164	9,246	3,562	348	29,320	3,536	32,856
Impairment losses (non-financial assets)	–	377	–	–	377	223	600

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

Six months ended September 30, 2020

(Millions of yen)

	Reportable Segment					Adjustment (Note 2)	Amount on condensed consolidated financial statements
	Endoscopic	Therapeutic	Scientific	Others	Total		
Revenue							
Revenue from outside customers	182,044	90,913	40,312	3,231	316,500	–	316,500
Revenue among segments (Note 1)	–	–	0	112	112	(112)	–
Total revenue	182,044	90,913	40,312	3,343	316,612	(112)	316,500
Operating profit (loss)	42,054	10,208	223	(961)	51,524	(21,232)	30,292
Finance income							530
Finance costs							2,491
Profit before tax							28,331
Other items							
Share of profit (loss) of investments accounted for using equity method	104	(23)	–	–	81	–	81
Depreciation and amortization	15,159	6,086	3,482	304	25,031	3,853	28,884
Impairment losses (non-financial assets)	65	4	–	–	69	46	115

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

(Cash and cash equivalents)

Cash and cash equivalents included in balances at end of period in the Condensed Quarterly Consolidated Statement of Cash Flows are as follows.

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash and cash equivalents in the condensed consolidated statements of financial position	135,216	185,618
Cash and cash equivalents included in assets held for sale	319	24,922
Cash and cash equivalents at end of period in the condensed consolidated statements of financial position	135,535	210,540

(Assets held for sale and liabilities directly associated with assets held for sale)

Breakdown of assets held for sale and liabilities directly associated with assets held for sale is as follows.

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Assets		
Cash and cash equivalents	223	24,922
Inventories	–	1,035
Land	27	26
Buildings and structures	274	271
Machinery and vehicles	543	802
Construction in progress	308	3
Other property, plant and equipment	19	230
Goodwill	310	310
Other financial assets	4,482	4,696
Other current assets	88	69
Other non-current assets	–	274
Total	6,274	32,638
Liabilities		
Provisions	4,196	28,251
Other current liabilities	25	367
Other non-current liabilities	–	378
Total	4,221	28,996

Assets classified as assets held for sale at the end of the previous fiscal year and liabilities directly associated with assets held for sale are as follows.

(Transfer of the equity interests in Olympus (Shenzhen) Industrial Ltd.)

The Company concluded an agreement with Shenzhen YL Technology Co., Ltd. (hereinafter "YL") to transfer of all the equity interests in Olympus (Shenzhen) Industrial Ltd. (hereinafter "OSZ"), a consolidated subsidiary in Shenzhen, China and owned by Olympus (China) Co., Ltd., another consolidated subsidiary, to YL (hereinafter the "Equity Interest Transfer"), and the Company had been proceeding with preparations for the Equity Interest Transfer. However, due to nonfulfillment of the final closing clause, the Equity Interest Transfer Agreement with YL was canceled and the Equity Interest Transfer was stopped.

However, the policy to transfer the equity interests in OSZ remains unchanged, and the Company is continuing activities aimed at conducting the transfer. Accordingly, the assets and liabilities of OSZ continue to be classified and presented as part of disposal group held for sale and the transfer is planned to be carried out within one year following the fiscal year closing date.

(Transfer of the Norwalk facility)

Assets classified as assets held for sale at the end of the previous fiscal year are the Therapeutic Solutions Business related assets owned by subsidiaries for which the asset's sale was determined and scheduled for sale within a year from the fiscal year closing date.

Assets classified as assets held for sale and liabilities directly associated with assets held for sale as of September 30, 2020 are as follows.

(Transfer of the equity interests in Olympus (Shenzhen) Industrial Ltd.)

The Company is conducting activities aimed at conducting the transfer of the equity interests in OSZ, a subsidiary of the Company in China located in Shenzhen city, China owned by Olympus (China) Co Ltd., a consolidated subsidiary, and continues to classify them in a disposal group held for sale.

(Transfer of the Norwalk facility)

During the second quarter under review, the Company concluded an agreement with Nissha Co., Ltd. (hereinafter "NISSHA") for the transfer of the Norwalk facility, one of the manufacturing plants in the United States for therapeutic devices under Olympus Surgical Technologies America (hereinafter "Said Facility") to Nissha Medical Technologies (hereinafter "NMT"), a wholly owned subsidiary of NISSHA. The assets of Said Facility remain classified as a disposal group held for sale from March 31, 2020. The handover of Said Facility to NMT was completed on November 2, 2020. For details please refer to Note "Subsequent Events."

(Divestiture of Imaging Business)

The Company concluded a share transfer agreement concerning the divestiture of the Imaging Business with special purpose company OJ Holdings, established by Japan Industrial Partners, Inc. on September 30, 2020. Accordingly, from the second quarter under review, the assets and liabilities related to the Imaging Business of the Olympus Group have been classified in a disposal group classified as held for sale. The executing date of the transfer is January 1, 2021.

(Provisions)

As a result of conducting voluntary post-market surveillance, we decided to voluntarily recall a Bronchovideoscope model and a Choledochofiberscope model that were subject to that surveillance in light of our quality standards, placing top priority on patient safety. During the six months ended September 30, 2020, Olympus Medical Systems Corp., the manufacturing subsidiary of the Company legally responsible for manufacturing said products, recorded a provision of ¥6,044 million in the cost of sales of its Endoscopic Solutions Business to cover the costs associated with this market response.

(Discontinued operations)

(1) Outline of discontinued operations

The Company concluded a share transfer agreement concerning the divestiture of the Imaging Business of the Company with special purpose company OJ Holdings, established by Japan Industrial Partners, Inc. on September 30, 2020. Accordingly, the profit (loss) of the Imaging Business is classified as discontinued operations for the six months ended September 30, 2020 and restated for the six months ended September 30, 2019. The executing date of the transfer is January 1, 2021.

(2) Profit (loss) of discontinued operations

Profit (loss) of discontinued operations is as follows.

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Revenue	20,794	13,745
Cost of sales	12,916	9,478
Gross profit	7,878	4,267
Selling, general and administrative expenses	11,723	8,908
Share of profit (loss) of investments accounted for using equity method	–	–
Other income	36	22
Other expenses (Note)	1,072	43,875
Operating profit (loss)	(4,881)	(48,494)
Finance income	54	0
Finance costs	56	4
Profit (loss) before tax	(4,883)	(48,498)
Income taxes	74	56
Profit (loss) from discontinued operations	(4,957)	(48,554)

Note: Regarding business assets in the Imaging Business, other expenses in the six months ended September 30, 2020, include ¥1,042 million of impairment losses from writing down the relevant business assets to their

recoverable value as the revenue projected at the time the assets were acquired is now not expected due to changes in the market environment, etc.
Other expenses in the six months ended September 30, 2020 include loss on sale of Imaging Business of ¥43,677 million (allowance pertaining to expenses in accordance with the transfer agreement of ¥27,157 million, inventories of ¥14,801 million, fixed assets of ¥1,719 million).

(3) Cash flow of discontinued operations

Cash flow of discontinued operations is as follows.

(Millions of yen)

Cash flow of discontinued operations	Six months ended September 30, 2019	Six months ended September 30, 2020
Net cash provided by operating activities	(1,318)	(2,245)
Net cash used in investing activities	(1,471)	(527)
Net cash used in financing activities	(13)	(52)

(Business combinations)

Six months ended September 30, 2019

No items to report

Six months ended September 30, 2020

(Business combination through acquisition)

(1) Outline of business combination

1) Name and description of acquired business

Name of acquired business	Arc Medical Design Limited (hereinafter "Arc Medical Design")
Description of business	Development and manufacturing of auxiliary devices for diagnoses and treatment using gastrointestinal endoscopes

2) Primary reason for business combination

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

Through this acquisition, the Company has obtained full rights to Arc Medical Design's innovative medical products. The Company already has exclusive distribution rights in the European market for Arc Medical Design's core product, ENDOCUFF VISION™, and we 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 undertaken as of the acquisition date

(Millions of yen)

	Amount
Fair value of consideration paid	
Cash	3,472
Consideration with conditions	484
Total	3,956
Fair value of assets acquired and liabilities undertaken	
Cash and cash equivalents	79
Property, plant and equipment	0
Intangible assets	1,239
Other assets	5
Deferred tax liabilities	(236)
Other liabilities	(48)
Fair value of assets acquired and liabilities undertaken, net	1,039
Goodwill	2,917
Total	3,956

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

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) Consideration with conditions

The consideration with conditions 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 consideration with conditions 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

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

The Accounting Auditor has not conducted quarterly reviews on profit and loss information under the assumption that the said business combination was conducted at the beginning of the fiscal year under review.

(Additional information)

As to the lawsuit for damages against former five directors of the Company in connection with the issue of past activities of the Company regarding deferral in posting losses, on May 16, 2019, the Tokyo High Court rendered a judgement to accept the claims of the Company against three of the former directors. However, the Company filed a final appeal and a petition for acceptance of a final appeal with the Supreme Court against part of the judgment which dismissed the claims of the Company against two former directors (however, the Company withdrew the final appeal at the same time as the Company submitted the statement of reason for the petition for acceptance of the final appeal). Furthermore, the two former directors whose claims were accepted filed a final appeal and a petition for acceptance of a final appeal with the Supreme Court against part of the judgment.

Regarding this matter, on October 22, 2020, the Supreme Court rejected the final appeal by the Company and also dismissed the final appeal and the petition for acceptance of the final appeal by the two former directors.

With the above, this lawsuit for damages against former directors of the Company in connection with the issue of past activities of the Company regarding deferral in posting losses has totally ended.

(Subsequent events)

(Business combination through acquisition)

(1) Outline of business combination

1) Name and description of acquired business

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

2) Primary reason for business combination

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

Through this acquisition, the Company has enhanced our innovative product portfolio used in ligament reconstructive surgery, foot arthrodesis, and trauma surgery that contributes to enhanced patient QOL. Furthermore, in addition to developing the Company’s orthopedic surgery products through the global sales routes owned by FH ORTHO, by selling some of FH ORTHO’s core products in Japan, we will expand the Olympus Group’s sales channels and grow our business. By introducing and expanding sales channels for many products and solutions that contribute to minimally invasive therapies, further enhancing the Company’s 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) Consideration for the acquisition

EUR51 million (scheduled)

The Company has stated the upper limit of consideration for acquisition, which can be calculated based on the details of the agreement, as it plans to confirm the consideration for acquisition approximately one year after the business combination.

Because the initial accounting of the business combination has not been completed as of the approval date of the Condensed Consolidated Financial Statements, detailed information related to the fair value and major breakdowns, goodwill, acquisition-related expenses and impacts on the Group regarding assets acquired and liabilities assumed on the date of the business combination have not been disclosed.

(Establishment of New Imaging Company and conclusion of absorption-type split agreement)

The Company established the New Imaging Company on October 9, 2020 in accordance with the share transfer agreement related to the divestiture of the Imaging Business, which was concluded with OJ Holdings, Ltd., a special purpose company established by Japan Industrial Partners, Inc., on September 30, 2020, and concluded an absorption-type split agreement in order to succeed the Company's Imaging Business to the New Imaging Company on November 6, 2020.

1) Name and description of business of the New Imaging Company established

Name of acquired business	OM Digital Solutions Corporation
Description of business	Operations involving the manufacture and sale of digital cameras (primarily mirrorless interchangeable lens cameras), interchangeable lenses, IC recorders, and other audio products

2) Date of establishment of the New Imaging Company

October 9, 2020

3) Execution of company split agreement

November 6, 2020

Effective date: January 1, 2021

4) Method of the Company Split

Olympus shall be the splitting company, and the New Imaging Company shall be the successor company.

5) Details of allotment pertaining to the Company Split

The New Imaging Company shall newly issue 1 ordinary share for the Company Split, issued and allotted to Olympus.

6) Overview of the business division to be divested

Business concerning the manufacture and sales, etc. of digital cameras (primarily mirrorless interchangeable lens cameras), interchangeable lenses, and audio products such as IC recorders, etc.

7) Operating results of the business division to be divested (consolidated results for the fiscal year ended March 2020)

Revenue ¥43,615 million

8) Asset and liability items to be divested and its book values (as of March 31, 2020, nonconsolidated)

Assets

Current assets	¥9,855 million
Non-current assets	¥1,459 million
Total	¥11,314 million

Liabilities

Current liabilities	¥602 million

Non-current liabilities	¥228 million
Total	¥830 million

9) Capital stock of successor company

¥1 million

(Divestiture of significant operations)

Based on the agreement with NISSHA announced on August 6, 2020, on November 2, 2020, we completed the transfer of the Norwalk facility, one of the manufacturing sites for therapeutic devices in the U.S. under Olympus Surgical Technologies America ("OSTA"), to NMT, a wholly-owned subsidiary of NISSHA.

1) Primary reason for divestiture of operations

In pursuit of sustainable growth as a global medical technology company, the Olympus Group is promoting our business transformation plan "Transform Olympus." This transfer concerning our manufacturing functions is part of the overall efforts to optimize our global organizational structure.

2) Name of company receiving transfer

Nissha Medical Technologies

3) Details of business being transferred

Manufacturing of urological and gynecological devices and components for certain therapeutic devices

4) Types and amounts of assets being transferred

Inventories	US$8 million
Property, plant and equipment	US$10 million
Intangible assets	US$3 million
Other financial assets	US$1 million
Total	US$22 million

5) Transfer period

November 2, 2020

6) Total transfer price

US$30 million