



## Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2021 (Under Japanese GAAP)

February 5, 2021

|  |  |
|--|--|
| Company name: France Bed Holdings Co., Ltd.                              | Listing: Tokyo Stock Exchange  |
| Code number: 7840  | URL: <a href="https://www.francebed-hd.co.jp">https://www.francebed-hd.co.jp</a> |
| Representative: Shigeru Ikeda, President & CEO                           |  |
| Contact person: Tsutomu Shimada, Director (Accounting Group)             | Tel: +81-3-6741-5501   |
| Scheduled date to file Quarterly Securities Report: February 12, 2021    |  |
| Scheduled date to commence dividend payment: –                           |  |
| Preparation of supplementary material on quarterly financial results: No |  |
| Holding of quarterly earnings announcement: No                           |  |

(Amounts less than one million yen are truncated)

### 1. Consolidated Results for the Nine Months Ended December 31, 2020 (from April 1 to December 31, 2020)

#### (1) Consolidated Operating Results

(Percentages indicate year-on-year changes)

|                                     | Net sales   |       | Operating profit |       | Ordinary profit |       | Profit attributable to owners of parent |      |
|-------------------------------------|-------------|-------|------------------|-------|-----------------|-------|---|------|
|                                     | Million yen | %     | Million yen      | %     | Million yen     | %     | Million yen                             | %    |
| Nine months ended December 31, 2020 | 37,919      | (3.1) | 2,341            | 32.0  | 2,538           | 46.0  | 1,709                                   | 34.3 |
| December 31, 2019                   | 39,144      | 2.5   | 1,773            | (1.6) | 1,738           | (4.3) | 1,271                                   | 32.3 |

Note: Comprehensive income  
 Nine months ended December 31, 2020: ¥1,458 million (50.6%)  
 Nine months ended December 31, 2019: ¥967 million (134.0%)

|                                     | Profit per share | Fully diluted profit per share |
|-------------------------------------|------------------|--------------------------------|
|                                     | Yen              | Yen                            |
| Nine months ended December 31, 2020 | 44.24            | –                              |
| December 31, 2019                   | 32.65            | –                              |

#### (2) Consolidated Financial Position

|                         | Total assets | Net assets  | Shareholders' equity ratio | Net assets per share |
|-------------------------|--------------|-------------|----------------------------|----------------------|
|                         | Million yen  | Million yen | %                          | Yen                  |
| As of December 31, 2020 | 60,728       | 36,730      | 60.4                       | 980.10               |
| March 31, 2020          | 59,798       | 37,481      | 62.6                       | 966.70               |

Reference: Shareholders' equity  
 As of December 31, 2020: ¥36,730 million  
 As of March 31, 2020: ¥37,481 million

### 2. Dividends

|  | Cash dividends per share |                       |                      |                    |       |
|--|--------------------------|-----------------------|----------------------|--------------------|-------|
|  | End of first quarter     | End of second quarter | End of third quarter | End of fiscal year | Total |
|  | Yen                      | Yen                   | Yen                  | Yen                | Yen   |
| Fiscal year ended March 31, 2020             | –                        | 14.00                 | –                    | 14.00              | 28.00 |
| Fiscal year ending March 31, 2021            | –                        | 14.00                 | –                    | –                  | –     |
| Fiscal year ending March 31, 2021 (Forecast) | –                        | –                     | –                    | 14.00              | 28.00 |

Note: Revisions to the dividend forecast since most recent announcement: None

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

(Percentages indicate year-on-year changes)

|           | Net sales   |       | Operating profit |      | Ordinary profit |      | Profit attributable to owners of parent |      | Profit per share |
|-----------|-------------|-------|------------------|------|-----------------|------|---|------|------------------|
|           | Million yen | %     | Million yen      | %    | Million yen     | %    | Million yen                             | %    | Yen              |
| Full year | 51,800      | (1.2) | 3,100            | 24.3 | 3,300           | 35.4 | 2,200                                   | 44.7 | 57.38            |

Note: Revisions to the forecast of results since most recent announcement: Yes

For revisions to forecast of consolidated financial results, see the "Notice of Revisions to Forecast of Financial Results for the Fiscal Year Ending March 31, 2021" announced today (February 5, 2021).

## Footnotes

(1) Changes in significant subsidiaries during the period under review (Changes in specified subsidiaries resulting in changes in the scope of consolidation): None

Note: It does not fall under changes in specified subsidiaries, but Tsubasa Co., Ltd. and KASHIDASU Co., Ltd. are included in the scope of consolidation during the period under review. For further details, see "2. Consolidated Financial Statements and Primary Notes (3) Notes Regarding Consolidated Financial Statements (Changes in Significant Subsidiaries during the Period under Review)" on page 8 of the accompanying materials.

(2) Application of special accounting methods for the preparation of the quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatements of financial statements for prior periods:

1) Changes in accounting policies due to revisions to accounting standards and other regulations: None

2) Changes in accounting policies for other reasons: None

3) Changes in accounting estimates: None

4) Restatements of financial statements for prior periods: None

(4) Number of shares issued (common shares)

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

|                          |                   |                       |                   |
|--------------------------|-------------------|-----------------------|-------------------|
| As of December 31, 2020: | 41,397,500 shares | As of March 31, 2020: | 41,397,500 shares |
|--------------------------|-------------------|-----------------------|-------------------|

2) Number of treasury shares at the end of the period

|                          |                  |                       |                  |
|--------------------------|------------------|-----------------------|------------------|
| As of December 31, 2020: | 3,921,479 shares | As of March 31, 2020: | 2,625,530 shares |
|--------------------------|------------------|-----------------------|------------------|

3) Average number of shares issued during the period

|                          |                   |                          |                   |
|--------------------------|-------------------|--------------------------|-------------------|
| As of December 31, 2020: | 38,627,889 shares | As of December 31, 2019: | 38,950,893 shares |
|--------------------------|-------------------|--------------------------|-------------------|

The consolidated financial results presented herein are not subject to a quarterly review by certified public accountants or an audit firm.

Note regarding the appropriate use of performance forecasts and other related items:

Caution concerning forward-looking statements

This document contains forward-looking statements including performance forecasts based on information available to the Company at the time of disclosure and certain assumptions that the Company believes to be reasonable. The Company makes no assurances as to their outcomes. Actual performance may differ substantially from these forecasts owing to a wide range of factors. For the assumptions that form the basis of results forecasts and notes when using the results forecasts, see "1. Qualitative Information on Quarterly Results (3) Forward-looking Statements Including Forecasts of Consolidated Business Results" on page 3 of the accompanying materials.

## Contents

|   |   |
|---|---|
| 1. Qualitative Information on Quarterly Results.....                                      | 2 |
| (1) Summary of Operating Results.....   | 2 |
| (2) Summary of Financial Position .....   | 3 |
| (3) Forward-looking Statements Including Forecasts of Consolidated Business Results ..... | 3 |
| 2. Consolidated Financial Statements and Primary Notes .....                              | 4 |
| (1) Consolidated Balance Sheets.....  | 4 |
| (2) Consolidated Statements of Income and Comprehensive Income.....                       | 6 |
| Consolidated Statements of Income   |   |
| For the nine months ended December 31, 2019 and 2020 .....                                | 6 |
| Consolidated Statements of Comprehensive Income   |   |
| For the nine months ended December 31, 2019 and 2020 .....                                | 7 |
| (3) Notes Regarding Consolidated Financial Statements .....                               | 8 |
| Notes Regarding the Going Concern Assumption.....   | 8 |
| Notes Regarding Significant Changes in the Amount of Shareholders' Equity .....           | 8 |
| Changes in Significant Subsidiaries during the Period under Review .....                  | 8 |
| Segment Information .....   | 9 |

## 1. Qualitative Information on Quarterly Results

### (1) Summary of Operating Results

During the nine months ended December 31, 2020 (“the period under review”), the Japanese economy continued to be affected by the COVID-19 pandemic, and its future outlook remained uncertain because it is unknown when the pandemic will end, despite the policies instituted by the government.

Under these circumstances, the France Bed Group (the “Group”) stepped up its efforts to bolster the senior-care businesses (focusing available resources on our core competency) and to improve the profitability of the Home Furnishing and Health Business, both of which are key initiatives of its Medium-Term Management Plan. In the period under review, the business of renting special-needs equipment to consumers, remained robust as nursing-care services proved essential in assisting users and their family members in maintaining normal lives even amid the ongoing COVID-19 pandemic. Meanwhile, the Home Furnishing and Health Business was on a track for recovery, but it was insufficient to offset the decline in net sales in the first quarter caused by the voluntary restraint of economic activities under the state of emergency. As a result, the Group reported consolidated net sales of 37,919 million yen for the period under review, down 3.1% from the same period of the previous fiscal year.

In terms of profits, as a result the efforts to improve the cost of sales ratio and curb selling, general and administrative expenses, the Group posted operating profit of 2,341 million yen for the period under review, up 32.0% year on year, and ordinary profit of 2,538 million yen, up 46.0% year on year. During the period under review, the Group posted a gain on sales of investment securities of 281 million yen in extraordinary income, associated with selling part of the shares it owned according to the Group basic policy on cross shareholdings. As a result, profit attributable to owners of parent came to 1,709 million yen, up 34.3% year on year.

The performance of each business segment for the period under review is described below:

#### 1) Medical Services Business

In the core rental business handling special-needs equipment, the Group delivered services with the utmost care in order to prevent the spread of COVID-19 infection, asking employees to check their body temperature regularly, wear facial masks and disinfect their hands before and after visiting customers. In this environment, the Group established a sales office in Amagasaki-shi, Hyogo in October 2020, as part of its efforts to increase the market share of the rental business handling special-needs equipment.

During the period under review, Tsubasa Co., Ltd., which is headquartered in Kagawa Prefecture and handles the rental of special-needs equipment, was added to the scope of consolidation of the Company.

In an effort to expand our product offerings, we have been sequentially expanding the regions where we rent new, multi-position beds designed to support a bedridden person in independently getting up since January 2020, and began offering this product across the country in October 2020. This bed can be adjusted to four different positions—from horizontal to upright—to help the user practice self-care while easing the stress on caregivers. By running advertisements, including TV commercials and small product presentation meetings for care managers and others in these regions, we worked to share the image of users who would fit into the new bed and conveyed its features to potential customers. We also strived to carry out sales of COVID-19 infection control products, including ozone-generating equipment, to nursing-care facilities and others.

In an environment where we were unable to adequately engage in sales activities amid the COVID-19 pandemic, we worked on sales of COVID-19 infection control products, such as ozone-generating equipment, sterilizers and disposable gloves, in addition to the sales of beds and accessories, our flagship products, to hospitals and welfare facilities by conducting sales activities incorporating remote marketing including the online introduction of our products.

As a result, the Medical Services Business recorded net sales of 23,426 million yen for the period under review, up 1.8%% year on year, and operating profit of 1,976 million yen, up 22.7% year on year.

#### 2) Home Furnishing and Health Business

During the fiscal period under review, the Group opened three new showrooms (Minato-ku in Tokyo,

Takegawa-shi in Shizuoka and Shiojiri-shi in Nagano) and expanded the floor space of an existing showroom in Tsu-shi in Mie. By ensuring an environment to minimize the risk of viral infection through advance reservation systems and the restriction on the numbers of visitors entering the showrooms, we offered the public more opportunities for a hands-on experience of our value-added products designed to promote better health and quality of sleep. For online retailers who are enjoying increasing demand, we focused on expanding sales of three-fold spring mattress Fold Air and other products that can be delivered using the parcel delivery service.

In the value-added product category, our antibacterial mattresses under the brand name of Culiess AG™, the industry's first specialized hygiene bedding brand, with a top layer woven from AGliza® antibacterial threads jointly developed with Toyobo Co., Ltd., were received particularly well primarily among highly hygiene-conscious consumers. In addition, we updated our products in October 2020 to make "Cleanness will continue" the new standard by launching our mainstay Life Treatment Mattress series featuring a standard antibacterial function, among other measures.

Amid declining demand with the occupancy rate falling sharply in the Japanese hotel industry due to the impact of the COVID-19 pandemic, we focused on receiving orders for our limited new projects and promoted the sale of Culiess AG™ mattresses with hotel specifications, our unique functional products, to hotels.

As a result, the Home Furnishing and Health Business posted net sales of 14,194 million yen, down 10.6% year on year, and operating profit of 336 million yen, up 148.2% year on year.

## (2) Summary of Financial Position

### Assets

Total assets as of December 31, 2020, increased by 929 million yen to 60,728 million yen compared with the end of the previous fiscal year ("the previous year-end"). Current assets increased by 63 million yen to 31,899 million yen from the previous year-end. This was primarily due to an increase of 1,342 million yen in cash and deposits and a decrease of 1,277 million yen in accounts receivable - other. Non-current assets increased by 882 million yen, to 28,795 million yen, from the previous year-end. This reflected the purchase of property, plant and equipment and intangible assets, the generation of goodwill from M&A and a rise in the market value of investment securities, among other factors.

### Liabilities

Total liabilities increased by 1,680 million yen to 23,997 million yen from the previous year-end. This was mainly due to increases of 375 million yen in notes and accounts payable - trade (including electronically recorded obligations - operating), 529 million yen in income taxes payable, and 265 million yen in lease obligations (including long-term).

### Net assets

Net assets decreased by 750 million yen to 36,730 million yen from the previous year-end. This was primarily due to profit attributable to owners of parent of 1,709 million yen, which was offset by a decrease resulting from the payment of dividends from surplus of 1,085 million yen and purchase of treasury shares of 1,118 million yen.

As a result, the shareholders' equity ratio decreased to 60.4% from 62.6% at the previous year-end.

## (3) Forward-looking Statements Including Forecasts of Consolidated Business Results

We have revised our forecasts of consolidated financial results for the fiscal year ending March 31, 2021 from those announced on July 31, 2020. For more details, refer to the "Notice of Revisions to Forecast of Financial Results for the Fiscal Year Ending March 31, 2021" announced today.

## 2. Consolidated Financial Statements and Primary Notes

## (1) Consolidated Balance Sheets

(Million yen)

|   | FY2020<br>(As of March 31, 2020) | Q3 of FY2021<br>(As of December 31,<br>2020) |
|---|----------------------------------|--|
| <b>Assets</b>                                       |                                  |  |
| <b>Current assets</b>                               |                                  |  |
| Cash and deposits                                   | 7,737                            | 9,079  |
| Notes and accounts receivable - trade               | 8,822                            | 8,591  |
| Electronically recorded monetary claims - operating | 788                              | 1,118  |
| Securities  | 3,499                            | 3,400  |
| Merchandise and finished goods                      | 5,764                            | 5,683  |
| Work in process                                     | 400                              | 404  |
| Raw materials and supplies                          | 2,057                            | 2,116  |
| Other   | 2,771                            | 1,527  |
| Allowance for doubtful accounts                     | (5)                              | (22)   |
| Total current assets                                | 31,836                           | 31,899                                       |
| <b>Non-current assets</b>                           |                                  |  |
| Property, plant and equipment                       | 17,618                           | 18,167                                       |
| <b>Intangible assets</b>                            |                                  |  |
| Goodwill  | –                                | 375  |
| Other   | 1,696                            | 1,563  |
| Total intangible assets                             | 1,696                            | 1,939  |
| Investments and other assets                        | 8,597                            | 8,688  |
| Total non-current assets                            | 27,913                           | 28,795                                       |
| Deferred assets                                     | 48                               | 32   |
| Total assets  | 59,798                           | 60,728                                       |
| <b>Liabilities</b>                                  |                                  |  |
| <b>Current liabilities</b>                          |                                  |  |
| Notes and accounts payable - trade                  | 2,828                            | 2,969  |
| Electronically recorded obligations - operating     | 2,140                            | 2,375  |
| Short-term borrowings                               | 2,700                            | 3,000  |
| Current portion of bonds                            | 600                              | 600  |
| Income taxes payable                                | 68                               | 598  |
| Provision for bonuses                               | 1,221                            | 648  |
| Other provisions                                    | 11                               | 10   |
| Asset retirement obligations                        | 17                               | 37   |
| Other   | 4,777                            | 5,991  |
| Total current liabilities                           | 14,365                           | 16,231                                       |
| <b>Non-current liabilities</b>                      |                                  |  |
| Bonds payable                                       | 3,000                            | 2,700  |
| Long-term borrowings                                | 300                              | 300  |
| Provisions  | 61                               | 75   |
| Retirement benefit liability                        | 510                              | 529  |
| Asset retirement obligations                        | 276                              | 343  |
| Other   | 3,802                            | 3,817  |
| Total non-current liabilities                       | 7,951                            | 7,765  |
| Total liabilities                                   | 22,317                           | 23,997                                       |

(Million yen)

|   | FY2020<br>(As of March 31, 2020) | Q3 of FY2021<br>(As of December 31,<br>2020) |
|---|----------------------------------|--|
| <b>Net assets</b>                                     |                                  |  |
| Shareholders' equity                                  |                                  |  |
| Share capital   | 3,000                            | 3,000  |
| Capital surplus                                       | 0                                | 0  |
| Retained earnings                                     | 34,676                           | 35,294                                       |
| Treasury shares                                       | (2,507)                          | (3,626)                                      |
| <b>Total shareholders' equity</b>                     | <b>35,168</b>                    | <b>34,668</b>                                |
| Accumulated other comprehensive income                |                                  |  |
| Valuation difference on available-for-sale securities | (49)                             | (16)   |
| Deferred gains or losses on hedges                    | 1                                | (2)  |
| Remeasurements of defined benefits plans              | 2,360                            | 2,080  |
| <b>Total accumulated other comprehensive income</b>   | <b>2,312</b>                     | <b>2,061</b>                                 |
| <b>Total net assets</b>                               | <b>37,481</b>                    | <b>36,730</b>                                |
| <b>Total liabilities and net assets</b>               | <b>59,798</b>                    | <b>60,728</b>                                |

## (2) Consolidated Statements of Income and Comprehensive Income

## Consolidated Statements of Income

(Nine months ended December 31, 2019 and 2020)

(Million yen)

|  | Nine months ended<br>December 31, 2019<br>(from April 1<br>to December 31, 2019) | Nine months ended<br>December 31, 2020<br>(from April 1<br>to December 31, 2020) |
|--|--|--|
| Net sales  | 39,144   | 37,919   |
| Cost of sales  | 19,703   | 18,033   |
| Gross profit   | 19,440   | 19,886   |
| Selling, general and administrative expenses           | 17,667   | 17,544   |
| Operating profit                                       | 1,773  | 2,341  |
| Non-operating income                                   |  |  |
| Interest income  | 5  | 2  |
| Dividend income  | 19   | 17   |
| Share of profit of entities accounted for using equity | 1  | 1  |
| Subsidies for employment adjustment                    | -  | 221  |
| Other  | 111  | 101  |
| Total non-operating income                             | 138  | 343  |
| Non-operating expenses                                 |  |  |
| Interest expenses                                      | 44   | 47   |
| Other  | 129  | 99   |
| Total non-operating expenses                           | 173  | 146  |
| Ordinary profit  | 1,738  | 2,538  |
| Extraordinary income                                   |  |  |
| Gain on sales of non-current assets                    | 111  | 4  |
| Gain on sales of investment securities                 | -  | 281  |
| Total extraordinary income                             | 111  | 286  |
| Extraordinary losses                                   |  |  |
| Loss on sales of non-current assets                    | 0  | -  |
| Loss on retirement of non-current assets               | 12   | 18   |
| Loss on sales of investment securities                 | -  | 17   |
| Impairment loss  | 10   | 43   |
| Loss resulting from temporary suspension of business   | -  | 102  |
| Other  | 3  | -  |
| Total extraordinary losses                             | 26   | 181  |
| Profit before income taxes                             | 1,822  | 2,643  |
| Income taxes - current                                 | 155  | 713  |
| Income taxes - deferred                                | 395  | 221  |
| Total income taxes                                     | 551  | 934  |
| Profit   | 1,271  | 1,709  |
| Profit attributable to owners of parent                | 1,271  | 1,709  |



Consolidated Statements of Comprehensive Income  
(Nine months ended December 31, 2019 and 2020)

(Million yen)

|  | Nine months ended<br>December 31, 2019<br>(from April 1<br>to December 31, 2019) | Nine months ended<br>December 31, 2020<br>(from April 1<br>to December 31, 2020) |
|--|--|--|
| Profit   | 1,271  | 1,709  |
| Other comprehensive income                                     |  |  |
| Valuation difference on available-for-sale securities          | 17   | 33   |
| Deferred gains or losses on hedges                             | 9  | (3)  |
| Remeasurements of defined benefits plans, net of tax           | (331)  | (280)  |
| Total other comprehensive income                               | (304)  | (250)  |
| Comprehensive income   | 967  | 1,458  |
| (Breakdown)  |  |  |
| Comprehensive income attributable to owners of parent          | 967  | 1,458  |
| Comprehensive income attributable to non-controlling interests | -  | -  |

### (3) Notes Regarding Consolidated Financial Statements

#### Notes Regarding the Going Concern Assumption

Not applicable.

#### Notes Regarding Significant Changes in the Amount of Shareholders' Equity

##### Acquisition of treasury shares

In accordance with the resolution adopted at the Board of Directors' meeting held on December 10, 2020, the Company acquired 1,295,600 shares of its treasury shares.

As a result of the above, treasury shares increased by 1,118 million yen at the end of the third quarter ended December 31, 2020. As of December 31, 2020, treasury shares stood at 3,626 million yen.

#### Changes in Significant Subsidiaries during the Period under Review

It does not fall under changes in specified subsidiaries, but Tsubasa Co., Ltd., which had been a non-consolidated subsidiary in the previous fiscal year, was included in the scope of consolidation in the first quarter of the current fiscal year because its importance increased.

In addition, it does not fall under changes in specified subsidiaries, but KASHIDASU Co., Ltd. was included in the scope of consolidation in the third quarter of the current fiscal year associated with the Company's acquisition of all shares of KASHIDASU Co., Ltd. through France Bed Co., Ltd., which is a consolidated subsidiary of the Company. Given that the deemed date of acquisition is October 31, 2020, and that a difference from the consolidated closing date of the fourth quarter does not exceed three months, only the balance sheet of KASHIDASU Co., Ltd. is consolidated in the period under review, and results of KASHIDASU Co., Ltd. are not included in the consolidated statement of income.

## Segment Information

## 1. Information on net sales and profit (loss) by reporting segment

Nine months ended December 31, 2019 (from April 1 to December 31, 2019)

(Million yen)

|  | Reporting segment   |                                  |        | Other<br>(Note 1) | Total  | Adjustments<br>(Note 2) | Amounts<br>reported on<br>consolidated<br>statement of<br>income<br>(Note 3) |
|--|---------------------|----------------------------------|--------|-------------------|--------|-------------------------|--|
|  | Medical<br>Services | Home<br>Furnishing<br>and Health | Total  |                   |        |                         |  |
| Net sales  |                     |                                  |        |                   |        |                         |  |
| Sales to external<br>customers                   | 23,006              | 15,891                           | 38,898 | 245               | 39,144 | –                       | 39,144   |
| Internal sales<br>among segments<br>or transfers | 1                   | 224                              | 225    | 4                 | 230    | (230)                   | –  |
| Total  | 23,008              | 16,116                           | 39,124 | 250               | 39,375 | (230)                   | 39,144   |
| Segment profit                                   | 1,609               | 135                              | 1,744  | 3                 | 1,748  | 25                      | 1,773  |

Nine months ended December 31, 2020 (from April 1 to December 31, 2020)

(Million yen)

|  | Reporting segment   |                                  |        | Other<br>(Note 1) | Total  | Adjustments<br>(Note 2) | Amounts<br>reported on<br>consolidated<br>statement of<br>income<br>(Note 3) |
|--|---------------------|----------------------------------|--------|-------------------|--------|-------------------------|--|
|  | Medical<br>Services | Home<br>Furnishing<br>and Health | Total  |                   |        |                         |  |
| Net sales  |                     |                                  |        |                   |        |                         |  |
| Sales to external<br>customers                   | 23,426              | 14,194                           | 37,620 | 298               | 37,919 | –                       | 37,919   |
| Internal sales<br>among segments<br>or transfers | 4                   | 188                              | 192    | 4                 | 197    | (197)                   | –  |
| Total  | 23,430              | 14,382                           | 37,813 | 303               | 38,116 | (197)                   | 37,919   |
| Segment profit                                   | 1,976               | 336                              | 2,312  | 3                 | 2,315  | 26                      | 2,341  |

Notes: 1. The “Other” segment is a business segment not included in any of the reporting segments and includes such businesses as real estate leasing.

2. The details of “Adjustments” are as follows:

Segment profit

(Million yen)

|   | Nine months ended<br>December 31, 2019 | Nine months ended<br>December 31, 2020 |
|---|--|--|
| Elimination of inter-segment transactions | 717                                    | 736                                    |
| Corporate expenses*                       | (691)                                  | (710)                                  |
| Total                                     | 25                                     | 26                                     |

\* Corporate expenses are primarily expenses relating to the general affairs division and other administrative divisions of the company submitting the consolidated financial statements that do not belong to the reporting segments.

3. Segment profit is adjusted to be consistent with the operating profit reported in the consolidated statements of income.

## 2. Information on impairment loss on non-current assets or goodwill by reporting segment

(Significant impairment loss relating to non-current assets)

Nine months ended December 31, 2019 (from April 1 to December 31, 2019)

(Million yen)

|                 | Reporting segment |                            |       | Other | Total | Adjustments | Amounts reported on consolidated statement of income |
|-----------------|-------------------|----------------------------|-------|-------|-------|-------------|--|
|                 | Medical Services  | Home Furnishing and Health | Total |       |       |             |  |
| Impairment loss | –                 | 10                         | 10    | –     | 10    | –           | 10   |
| Total           | –                 | 10                         | 10    | –     | 10    | –           | 10   |

Nine months ended December 31, 2020 (from April 1 to December 31, 2020)

(Million yen)

|                 | Reporting segment |                            |       | Other | Total | Adjustments | Amounts reported on consolidated statement of income |
|-----------------|-------------------|----------------------------|-------|-------|-------|-------------|--|
|                 | Medical Services  | Home Furnishing and Health | Total |       |       |             |  |
| Impairment loss | –                 | 43                         | 43    | –     | 43    | –           | 43   |
| Total           | –                 | 43                         | 43    | –     | 43    | –           | 43   |

(Significant impairment loss relating to non-current assets)

In the Medical Services segment, goodwill of 375 million yen was generated in the period under review as a result of including KASHIDASU Co., Ltd. in the scope of consolidation due to the acquisition of all its shares through France Bed Co., Ltd., a consolidated subsidiary of the Company.

The amount of the goodwill is tentatively calculated because the allocation of the acquisition cost was not yet completed at the end of the period under review.