



## Consolidated Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2022 (Under Japanese GAAP)

November 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	
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Scheduled date to file Quarterly Securities Report: November 12, 2021	
Scheduled date to commence dividend payment: December 3, 2021	
Preparation of supplementary material on quarterly financial results: Yes	
Holding of quarterly earnings announcement: Yes (for institutional investors and securities analysts)	

(Amounts less than one million yen are truncated)

### 1. Consolidated Results for the Six Months Ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

#### (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	%
Six months ended								
September 30, 2021	25,978	6.4	1,865	46.6	1,901	28.4	1,305	53.4
September 30, 2020	24,398	(7.3)	1,272	14.2	1,480	36.6	851	27.6

Note: Comprehensive income  
 Six months ended September 30, 2021: ¥1,077 million (44.9%)  
 Six months ended September 30, 2020: ¥743 million (71.5%)

	Profit per share	Fully diluted profit per share
Six months ended	Yen	Yen
September 30, 2021	35.18	—
September 30, 2020	21.95	—

#### (2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
September 30, 2021	60,747	37,408	61.5	1,011.22
March 31, 2021	62,217	37,412	60.1	998.31

Note: Shareholders' equity  
 As of September 30, 2021: ¥37,408 million  
 As of March 31, 2021: ¥37,412 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, 2021	—	14.00	—	16.00	30.00
Fiscal year ending March 31, 2022	—	15.00			
Fiscal year ending March 31, 2022 (Forecast)			—	15.00	30.00

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

#### 3. Forecast of Results for the Fiscal Year Ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

(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	54,000	2.9	3,700	13.9	3,650	5.7	2,350	2.3	62.70

Note: Revisions to the forecast of results since most recent announcement: None

#### Footnotes

- (1) Changes in significant subsidiaries during the period under review (Changes in specified subsidiaries resulting in changes in the scope of consolidation): None
- (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: Yes
  - 2) Changes in accounting policies for other reasons: None
  - 3) Changes in accounting estimates: None
  - 4) Restatements of financial statements for prior periods: None

Note: For more information, please refer to "Changes in Accounting Policies" on page 11 of this document, under (4) Notes Regarding Consolidated Financial Statements of 2. Consolidated Financial Statements and Primary Notes.

(4) Number of shares issued (common shares)

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

As of September 30, 2021:	41,397,500 shares	As of March 31, 2021:	41,397,500 shares
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- 2) Number of treasury shares at the end of the period

As of September 30, 2021:	4,404,534 shares	As of March 31, 2021:	3,921,557 shares
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- 3) Average number of shares issued during the period

Six months ended September 30, 2021:	37,112,080 shares	Six months ended September 30, 2020:	38,771,899 shares
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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.

Method of obtaining supplementary materials of the financial results:

The Company is scheduled to make a presentation of financial results for institutional investors and securities analysts on Thursday, December 2, 2021. The presentation's handout materials will be posted on the Company's website immediately following the presentation.

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## 1. Qualitative Information on Quarterly Results

### (1) Summary of Operating Results

During the first six months ended September 30, 2021 (“the period under review”), the outlook for the Japanese economy remained uncertain due to the impact of the COVID-19 pandemic. However, the rollout of vaccines and other measures brought cases under control, raising hopes for a gradual recovery.

The France Bed Group (the “Group”) saw continued demand for home care bolstered by the COVID-19 pandemic in the nursing-care industry but struggled to cope with restricted sales opportunities in the furniture and interior industry, including reduced footfall in furniture stores and showrooms due to intermittent declarations of a state of emergency and other measures.

Under these circumstances, the Group developed a new medium-term management plan for the three years starting from April 2021. Based on the policy of seeking to continue to enhance corporate value and promoting ESG management to realize a sustainable society by resolving issues facing society as a whole, such as the shortage of human resources for nursing care and the increase in elderly care by the elderly, through new products and services by concentrating the Group’s management resources on the silver business, the Group is working on major initiatives such as (1) expanding business by concentrating management resources on the rental business of special-needs equipment (the Medical Services Business), (2) improving the profit margin by developing products that meet prevailing needs (the Home Furnishing and Health Business) and (3) strengthening the management base that supports corporate growth on an ongoing basis.

In this environment, the Group recorded consolidated net sales of 25,978 million yen (up 6.4% year on year) for the period under review in its operating results, reflecting a recovery in sales of home beds and other products compared with the previous year when furniture stores were forced to suspend operations, in the Home Furnishing and Health Business, in addition to the firm performance of the core rental business of special-needs equipment in the Medical Services Business as the COVID-19 pandemic dragged on.

Moreover, with a reduction in the cost of sales ratio, etc., the Group posted operating profit of 1,865 million yen for the period under review, up 46.6% year on year. The Group’s ordinary profit amounted to 1,901 million yen, up 28.4% year on year, and its profit attributable to owners of parent rose to 1,305 million yen, up 53.4% year on year.

Associated with the application of the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020), etc. from the first quarter, the accounting treatment for revenue recognition is different from the second quarter of the previous fiscal year. In the summary of operating results, year-on-year comparisons are shown based on different accounting treatment methods.

For more information, please refer to (4) Notes Regarding Consolidated Financial Statements (Changes in Accounting Policies) of 2. Consolidated Financial Statements and Primary Notes.

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

From the first quarter, the calculation basis of segment profit has been changed from operating profit to ordinary profit. As a result, the comparisons and analysis for the period under review are based on the segment profit after the change. For more information, please refer to “3. Matters related to changes in reporting segments” under (4) Notes Regarding Consolidated Financial Statements (Segment Information) of 2. Consolidated Financial Statements and Primary Notes.

#### 1) Medical Services Business

In the core rental business of special-needs equipment, the Group actively focused on expanding business sites, including KASHIDASU CO., Ltd., which became a subsidiary in October last year, expanding its sales forces, and strengthening the delivery structure, focusing on the urban areas of Tokyo, Nagoya and Osaka, to meet growing demand for home care. The Group also sought to increase recognition of its multi-position beds launched in 2020 to provide self-reliance support to users and ease the stress on caregivers, through TV advertising and the organization of sessions where care managers can try out the products for themselves. For hospitals and welfare facilities, we focused on promoting products which reduce contact and save labor

such as beds featuring the monitoring care system M2 and automatic roll-over assistant beds.

As a result, the Medical Services Business recorded net sales of 16,446 million yen for the period under review, up 9.5% year on year, and ordinary profit of 1,567 million yen, up 15.1% year on year.

## 2) Home Furnishing and Health Business

In the Home Furnishing and Health Business, our mainstay Life Treatment Mattress series, which, based on the concept of “cleanliness will continue,” features an antibacterial function as standard, sold well, tapping into rising hygiene awareness amid the protracted COVID-19 crisis, and contributed to improvement in profit margins. Our Life Treatment Mattress series was awarded the Eco Mark under the program run by the Japan Environment Association and was recognized as a product which has relatively few environmental impacts through its whole life cycle ranging from production to disposal and which contributes to environmental preservation.

Furthermore, in face of the increase in health awareness of recent years and the resistance to going out for physiotherapy or a massage due to the COVID-19 pandemic, we started selling the RAMIDUS I, in August 2021. The RAMIDUS I is a bed-type massage machine for a full-body massage, which makes the benefits of massage easily available at home.

In an initiative for showrooms, we expanded the space where customers can see our high value-added products that help them maintain their health and improve the quality of their sleep. To do this, we opened our first directly operated showroom in the Kita Kanto area in Utsunomiya-shi, Tochigi Prefecture and took thorough infection prevention measures, including advance reservations and limited admission.

As a result, the Home Furnishing and Health Business posted net sales of 9,290 million yen, up 1.1% year on year, and ordinary profit of 373 million yen, up 165.3% year on year.

## (2) Summary of Financial Position

### Assets

Total assets as of September 30, 2021 decreased by 1,469 million yen to 60,747 million yen compared with the end of the previous fiscal year (“the previous year-end”). Current assets were down 2,216 million yen to 29,838 million yen from the previous year-end. This was primarily due to decreases of 1,668 million yen in cash and deposits and 1,229 million yen in notes and accounts receivable - trade and contract assets (including electronically recorded monetary claims - operating), which were partially offset by increases of 400 million yen in securities and 572 million yen in inventories. Non-current assets increased by 756 million yen from the previous year-end, to 30,891 million yen. This mainly reflected the purchase and depreciation/amortization of property, plant and equipment as well as intangible assets.

### Liabilities

Total liabilities decreased by 1,464 million yen to 23,339 million yen from the previous year-end. This was primarily due to decreases of 958 million yen in notes and accounts payable - trade (including electronically recorded obligations - operating), 621 million yen in income taxes payable and 299 million yen in consumption taxes payable, which were partially offset by an increase of 526 million yen in lease obligations and others.

### Net assets

Net assets decreased by 4 million yen from the previous year-end, to 37,408 million yen. This was primarily due to decreases resulting from the 599 million yen payment of dividends from surplus and the 436 million yen purchase and disposal of treasury shares, which were partially offset by 1,305 million yen profit attributable to owners of parent.

As a result, the shareholders' equity ratio increased to 61.5% from 60.1% at the previous year-end.

### Cash flow position

Cash and cash equivalents decreased by 1,168 million yen from the previous year-end to 11,033 million yen as of September 30, 2021. Details of individual cash flow items are as follows:

#### 1) Cash flows from operating activities

Net cash provided by operating activities amounted to 2,675 million yen, compared with 5,878 million yen for the same period the previous year. Operating cash inflows included profit before income taxes of 2,043 million yen, the reporting of depreciation (a non-cash item) of 2,619 million yen, and the collection of notes and accounts receivable - trade of 1,230 million yen, which offset cash outflows that included the payment of 1,046 million yen in income taxes, the payment of 958 million yen in notes and accounts payable - trade, and an increase of 572 million yen in inventories.

2) Cash flows from investing activities

Net cash used in investing activities amounted to 3,284 million yen, compared with 2,676 million yen for the same period the previous year. Cash outflows from investing activities included the purchase of property, plant and equipment worth 3,281 million yen and the acquisition of investment securities worth 199 million yen, which were partially offset by the sale of property, plant and equipment worth 157 million yen.

3) Cash flows from financing activities

Net cash used in financing activities amounted to 624 million yen, compared with 557 million yen for the same period the previous year. Financing cash inflows included an increase of 300 million yen in short-term borrowings and sales and leasebacks of 2,085 million yen, which were offset by cash outflows that included redemption of bonds amounting 300 million yen, purchase of treasury shares of 490 million yen, repayments of finance lease obligations of 1,620 million yen, and the payment of cash dividends of 598 million yen.

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

The forecast of results for the fiscal year ending March 31, 2022, which we announced in the Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 on May 14, 2021, remain unchanged.

## 2. Consolidated Financial Statements and Primary Notes

## (1) Consolidated Balance Sheets

(Million yen)

	FY2021 (As of March 31, 2021)	Q2 of FY2022 (As of September 30, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	9,702	8,033
Notes and accounts receivable - trade	9,063	-
Notes and accounts receivable - trade, and contract assets	-	7,986
Electronically recorded monetary claims - operating	976	823
Securities	3,100	3,500
Merchandise and finished goods	5,487	5,908
Work in process	415	383
Raw materials and supplies	1,885	2,070
Other	1,438	1,209
Allowance for doubtful accounts	(14)	(77)
<b>Total current assets</b>	<b>32,055</b>	<b>29,838</b>
Non-current assets		
Property, plant and equipment		
Land	6,991	7,027
Other, net	12,642	13,521
<b>Total property, plant and equipment</b>	<b>19,633</b>	<b>20,548</b>
Intangible assets		
Goodwill	353	362
Other	1,473	1,398
<b>Total intangible assets</b>	<b>1,826</b>	<b>1,760</b>
Investments and other assets	8,674	8,582
<b>Total non-current assets</b>	<b>30,135</b>	<b>30,891</b>
Deferred assets	27	18
<b>Total assets</b>	<b>62,217</b>	<b>60,747</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	2,856	2,279
Electronically recorded obligations - operating	2,476	2,094
Short-term borrowings	3,300	3,600
Current portion of long-term borrowings	300	300
Current portion of bonds	600	2,100
Income taxes payable	1,224	602
Provision for bonuses	1,378	1,329
Other provisions	15	8
Other	5,546	5,522
<b>Total current liabilities</b>	<b>17,698</b>	<b>17,838</b>
Non-current liabilities		
Bonds payable	2,400	600
Provisions	81	84
Retirement benefit liability	453	434
Asset retirement obligations	343	343
Other	3,827	4,039
<b>Total non-current liabilities</b>	<b>7,106</b>	<b>5,501</b>
<b>Total liabilities</b>	<b>24,804</b>	<b>23,339</b>

(Million yen)

	FY2021 (As of March 31, 2021)	Q2 of FY2022 (As of September 30, 2021)
<b>Net assets</b>		
Shareholders' equity		
Share capital	3,000	3,000
Capital surplus	0	1
Retained earnings	35,881	36,540
Treasury shares	(3,626)	(4,062)
<b>Total shareholders' equity</b>	<b>35,255</b>	<b>35,478</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(15)	(23)
Deferred gains or losses on hedges	35	27
Remeasurements of defined benefits plans	2,137	1,925
<b>Total accumulated other comprehensive income</b>	<b>2,157</b>	<b>1,929</b>
<b>Total net assets</b>	<b>37,412</b>	<b>37,408</b>
<b>Total liabilities and net assets</b>	<b>62,217</b>	<b>60,747</b>



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

## Consolidated Statements of Income

(Six months ended September 30, 2020 and 2021)

(Million yen)

	Six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)	Six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)
Net sales	24,398	25,978
Cost of sales	11,573	11,851
Gross profit	12,825	14,126
Selling, general and administrative expenses	11,553	12,260
Operating profit	1,272	1,865
Non-operating income		
Interest income	1	2
Dividend income	15	11
Share of profit of entities accounted for using equity	0	–
Patent-related income	–	45
Other	295	54
Total non-operating income	312	114
Non-operating expenses		
Interest expenses	31	34
Share of loss of entities accounted for using equity method	–	5
Other	72	38
Total non-operating expenses	104	78
Ordinary profit	1,480	1,901
Extraordinary income		
Gain on sales of non-current assets	0	145
Gain on sales of investment securities	0	10
Total extraordinary income	0	156
Extraordinary losses		
Loss on retirement of non-current assets	3	4
Impairment loss	43	10
Loss resulting from temporary suspension of business	102	–
Total extraordinary losses	149	14
Profit before income taxes	1,330	2,043
Income taxes - current	516	530
Income taxes - deferred	(37)	206
Total income taxes	479	737
Profit	851	1,305
Profit attributable to owners of parent	851	1,305

Consolidated Statements of Comprehensive Income  
(Six months ended September 30, 2020 and 2021)

(Million yen)

	Six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)	Six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)
Profit	851	1,305
Other comprehensive income		
Valuation difference on available-for-sale securities	80	(7)
Deferred gains or losses on hedges	(0)	(8)
Remeasurements of defined benefits plans, net of tax	(188)	(211)
Total other comprehensive income	(107)	(228)
Comprehensive income	743	1,077
(Breakdown)		
Comprehensive income attributable to owners of parent	743	1,077
Comprehensive income attributable to non-controlling interests	–	–

## (3) Consolidated Statements of Cash Flows

(Million yen)

	Six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)	Six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,330	2,043
Depreciation	2,400	2,619
Impairment loss	43	10
Amortization of goodwill	–	30
Loss (gain) on sales of non-current assets	(0)	(145)
Loss on retirement of non-current assets	3	4
Increase (decrease) in allowance for doubtful accounts	(1)	61
Increase (decrease) in provision for bonuses	55	(48)
Increase (decrease) in provision for bonuses for directors (and other officers)	(6)	(7)
Increase (decrease) in net defined benefit liability	(20)	(29)
Decrease (increase) in net defined benefit asset	(204)	(225)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	3	2
Interest and dividend income received	(16)	(14)
Interest expenses	31	34
Share of (profit) loss of entities accounted for using equity method	(0)	5
Loss (gain) on sales of investment securities	(0)	(10)
Subsidies for employment adjustment	(222)	(5)
Decrease (increase) in trade receivables	883	1,230
Decrease (increase) in inventories	588	(572)
Increase (decrease) in trade payables	(923)	(958)
Increase (decrease) in accrued expenses	12	(118)
Other, net	241	(170)
Subtotal	4,197	3,735
Interest and dividend income received	16	14
Interest expenses paid	(31)	(34)
Amount of employment adjustment subsidy received	137	7
Income taxes (paid) refund	1,558	(1,046)
Net cash provided by (used in) operating activities	5,878	2,675

(Million yen)

	Six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)	Six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(2,292)	(3,281)
Proceeds from sales of property, plant and equipment	0	157
Purchase of investing securities	(700)	(800)
Proceeds from redemption of securities	600	900
Purchase of investment securities	(59)	(199)
Proceeds from sales of investment securities	0	12
Loan advances	(125)	–
Collection of loans receivable	–	1
Purchase of intangible assets	(99)	(74)
Other, net	–	(0)
Net cash provided by (used in) investing activities	(2,676)	(3,284)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	300	300
Redemption of bonds	(300)	(300)
Purchase of treasury shares	(0)	(490)
Proceeds from sale and leaseback transactions	1,355	2,085
Repayments of lease obligations	(1,370)	(1,620)
Dividends paid	(541)	(598)
Net cash provided by (used in) financing activities	(557)	(624)
Effect of exchange rate change on cash and cash equivalents	2	39
Net increase (decrease) in cash and cash equivalents	2,646	(1,193)
Cash and cash equivalents at beginning of period	10,636	12,202
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	70	–
Increase (decrease) in cash and cash equivalents resulting from merger of consolidated subsidiaries	–	25
Cash and cash equivalents at end of period	13,353	11,033

#### (4) Notes Regarding Consolidated Financial Statements

##### Notes Regarding the Going Concern Assumption

Not applicable.

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

The Company acquired 530,000 shares of its own stock based on a resolution adopted at the Board of Directors meeting held on May 14, 2021. On July 21, 2021, the Company cancelled 56,600 treasury shares in accordance with a resolution passed at the meeting of the Board of Directors held on June 29, 2021.

As a result, treasury shares increased 436 million yen in the period under review, to 4,062 million yen at the end of the period under review.

##### Changes in Accounting Policies

Application of Accounting Standard for Revenue Recognition, etc.

The Company began applying the Accounting Standard for Revenue Recognition (ASBJ Statement No.29, March 31, 2020, hereinafter the "Revenue Recognition Accounting Standard") and related measures at the beginning of the first quarter. Accordingly, the Company recognizes amounts expected to be received in exchange for promised goods or services as revenue at the point where control over the goods and services has been transferred to the customer. Major changes attributable to the application are as follows:

1. For sales transactions in which revenue was previously recognized at the time of shipment, revenue will be recognized at the time of arrival of shipment or acceptance inspection.
2. For construction contracts, revenue was previously recognized when the performance obligation was fully satisfied. However, in cases where control over goods or services is transferred to the customer for a certain period of time, we will recognize revenue over a certain period of time as we satisfy the performance obligation to transfer goods or services to the customer. For construction contracts in which the period from the date of commencement of transactions to the time when the performance obligation is expected to be fully satisfied is very short, we recognize revenue when the performance obligation has been fully satisfied by applying alternative treatment, without recognizing revenue over a certain period of time.
3. For certain expenses that were previously recorded as selling, general and administrative expenses and sales discounts that were previously recorded as non-operating expenses, we reduce them from net sales as consideration to be paid to customers.
4. In buy-sell transactions, we previously recognized the extinguishment of raw materials, etc. which had been supplied for value, but we have decided not to recognize the extinguishment of raw materials, etc. which were supplied for value because we are obliged to repurchase them in the transactions. In these transactions, we do not recognize revenue from the transfer of supplied goods.

The application of the Revenue Recognition Accounting Standard and related measures follows the provisional treatment stipulated in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard. The cumulative effects in case of retroactively applying the new accounting policy to before the beginning of the first quarter are adjusted in retained earnings at the beginning of the first quarter, and the new accounting policy is applied from this initial balance. However, as a result of applying the method stipulated in Paragraph 86 of the Revenue Recognition Accounting Standard, the new accounting policy is not applied retroactively to contracts in which the amount of almost all revenues was recognized according to the previous treatment before the beginning of the first quarter. In addition, we account for all contract changes made prior to the beginning of the first quarter by applying the method prescribed in (1) of Paragraph 86 of the Revenue Recognition Accounting Standard based on the contract terms, after reflecting all contract changes, and added or subtracted their cumulative effect to or from retained earnings at the beginning of the first quarter.

As a result, net sales for the period under review increased 123 million yen, cost of sales increased 61 million

yen, and selling, general and administrative expenses rose 0 million yen. Operating profit, ordinary profit and profit before income taxes each increased 61 million yen, respectively. The balance of retained earnings at the beginning of the period under review decreased 43 million yen.

With the application of the Revenue Recognition Accounting Standard and related measures “trade notes and accounts receivable” posted under “current assets” on the balance sheet of the previous fiscal year is posted as “trade notes and accounts receivable and contract assets” starting from the first quarter. In accordance with the provisional treatment stipulated in Paragraph 89-2 of the Revenue Recognition Accounting Standard, reclassification based on the new presentation method is not made for the previous fiscal year.

#### Application of Accounting Standard for Fair Value Measurement and related measures

We started to apply the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019, hereinafter the “Fair Value Measurement Accounting Standard”) at the beginning of the first quarter. Accordingly, we have decided to continue to apply the new accounting policies specified in the Fair Value Measurement Accounting Standard and related measures according to the provisional treatment prescribed in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). The application has no impact on the quarterly consolidated financial statements.

#### Segment Information

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

Six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)

(Million yen)

	Reporting segment			Other (Note 1)	Total	Adjustments (Note 2)	Amounts reported on consolidated statement of income (Note 3)
	Medical Services	Home Furnishing and Health	Total				
Net sales							
Sales to external customers	15,015	9,185	24,200	198	24,398	–	24,398
Internal sales among segments or transfers	2	133	136	2	139	(139)	–
Total	15,017	9,319	24,337	201	24,538	(139)	24,398
Segment profit (loss)	1,361	140	1,502	2	1,504	(24)	1,480

Six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

(Million yen)

	Reporting segment			Other (Note 1)	Total	Adjustments (Note 2)	Amounts reported on consolidated statement of income (Note 3)
	Medical Services	Home Furnishing and Health	Total				
Net sales							
Sales to external customers	16,446	9,290	25,736	242	25,978	–	25,978
Internal sales among segments or transfers	4	160	165	3	168	(168)	–
Total	16,450	9,450	25,901	245	26,146	(168)	25,978
Segment profit (loss)	1,567	373	1,941	1	1,943	(42)	1,901

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 (loss)

(Million yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Elimination of inter-segment transactions	472	578
Corporate revenue and expenses*	(496)	(620)
Total	(24)	(42)

\* Corporate revenue and expenses are revenue and expenses which do not belong to the reporting segments pertaining to the company submitting consolidated financial statements.

3. Segment profit (loss) is adjusted to be consistent with the ordinary 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)

Six months ended September 30, 2020 (from April 1, 2020 to September 30, 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

Six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

(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

### 3. Matters related to changes in reporting segments

As described in the “Change in Accounting Policies,” the Company has adopted the Revenue Recognition Accounting Standard and related measures from the beginning of the first quarter and changed accounting methods for revenue recognition. Reflecting this change, it modified the method for measuring the profits and losses of its business segments.

As a result of the change, compared to the previous methods, net sales and segment profit for the Medical Services Business increased 2 million yen and 1 million yen, respectively, in the period under review. Net sales and segment profit for Home Furnishing and Health Business increased 118 million yen and 59 million yen, respectively. Net sales and segment profit for the Other segment increased 2 million yen and 0 million yen, respectively.

In addition, the Group has developed a new medium-term management plan for the three years ending FY2023 (the fiscal year ending March 31, 2024) and announced it on May 14, 2021. As the Group has changed the target for each segment from operating profit to ordinary profit for the purpose of strengthening the management of the business portfolio under the medium-term management plan, the Group has changed the basis of calculation of segment profit from operating profit to ordinary profit from the first quarter.

The segment information for the second quarter of the previous fiscal year is prepared based on the changes above.