



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

February 4, 2022

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: Akihiko Osada, Director (Accounting/General Affairs Group)	Tel: +81-3-6741-5501
Scheduled date to file Quarterly Securities Report: February 14, 2022	
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, 2021 (from April 1, 2021 to December 31, 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	%
Nine months ended December 31, 2021	39,602	4.4	2,995	27.9	3,028	19.3	2,039	19.3
December 31, 2020	37,919	(3.1)	2,341	32.0	2,538	46.0	1,709	34.3

Note: Comprehensive income      Nine months ended December 31, 2021: ¥1,691 million (16.0%)  
 Nine months ended December 31, 2020: ¥1,458 million (50.6%)

	Profit per share	Fully diluted profit per share
	Yen	Yen
Nine months ended December 31, 2021	55.11	–
December 31, 2020	44.24	–

#### (2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2021	61,498	36,997	60.1	1,014.37
March 31, 2021	62,217	37,412	60.1	998.31

Reference: Shareholders' equity      As of December 31, 2021: ¥36,997 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

Note: The Company included HOMECARE SERVICE YAMAGUCHI Co., Ltd. in its scope of consolidation from the first nine months under review even though the subsidiary does not correspond to a specified subsidiary. Note: For more information, please refer to "Changes in Significant Subsidiaries during the Period under Review" on page 9 of this document, under (3) Notes Regarding Consolidated Financial Statements of 2. Consolidated Financial Statements and Primary Notes.

(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 9 of this document, under (3) 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 December 31, 2021:	41,397,500 shares	As of March 31, 2021:	41,397,500 shares
--------------------------	-------------------	-----------------------	-------------------

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

As of December 31, 2021:	4,924,303 shares	As of March 31, 2021:	3,921,557 shares
--------------------------	------------------	-----------------------	------------------

3) Average number of shares issued during the period

Nine months ended December 31, 2021:	37,014,615 shares	Nine months ended December 31, 2020:	38,627,889 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.

## 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 .....	4
2. Consolidated Financial Statements and Primary Notes .....	5
(1) Consolidated Balance Sheets .....	5
(2) Consolidated Statements of Income and Comprehensive Income .....	7
Consolidated Statements of Income	
For the nine months ended December 31, 2020 and 2021 .....	7
Consolidated Statements of Comprehensive Income	
For the nine months ended December 31, 2020 and 2021 .....	8
(3) Notes Regarding Consolidated Financial Statements .....	9
Notes Regarding the Going Concern Assumption .....	9
Notes Regarding Significant Changes in the Amount of Shareholders' Equity .....	9
Changes in Significant Subsidiaries during the Period under Review .....	9
Changes in Accounting Policies .....	9
Segment Information .....	10

## 1. Qualitative Information on Quarterly Results

### (1) Summary of Operating Results

During the first nine months ended December 31, 2021 (the “period under review”), signs of recovery appeared in the Japanese economy with progress achieved in vaccinations against COVID-19. However, the outlook for the economy remained uncertain given developments such as deteriorating procurement conditions that resulted from a global semiconductor shortage, the appreciation of raw material prices, and the recurring spread of infection caused by new COVID-19 variants.

In the nursing care industry where the France Bed Group (the “Group”) operates, demand continued to expand for home care in response to the spread of COVID-19. Meanwhile, in the furniture and interior industry, another business field for the Group, the number of people visiting showrooms and other facilities began to show signs of a gradual recovery, due to relaxed restrictions on economic activities from October 2021.

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, consolidated net sales amounted to 39,602 million yen (up 4.4% year on year) in the period under review despite the prolonged effects of the pandemic, reflecting a sales recovery of home beds and other products in the Home Furnishing and Health Business achieved from the previous period, when furniture stores and the like were forced to suspend their operations, in addition to strong results for the special-needs equipment rental business, a core operation in the Medical Services Business.

Moreover, with a reduction in the cost of sales ratio, etc., the Group posted operating profit of 2,995 million yen for the period under review, up 27.9% year on year. The Group’s ordinary profit amounted to 3,028 million yen, up 19.3% year on year, and its profit attributable to owners of parent rose to 2,039 million yen, up 19.3% 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 of the current fiscal year, the accounting treatment for revenue recognition is different from the first nine months 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 (3) 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 (3) Notes Regarding Consolidated Financial Statements (Segment Information) of 2. Consolidated Financial Statements and Primary Notes.

#### 1) Medical Services Business

In the core special-needs equipment rental business, the Group made focused efforts to expand business sites for renting the equipment, including those operated by KASHIDASU Co., Ltd., which had become the Company’s subsidiary in the previous period, increase the number of salespeople, and strengthen the delivery structure, in areas centered on Tokyo, Nagoya and Osaka, in an attempt to meet expanded demand

for home care. The Company also acquired all shares in HOMECARE SERVICE YAMAGUCHI Co., Ltd., an operator of special-needs equipment rental and other businesses in an area centered on Yamaguchi Prefecture, and made the company a consolidated subsidiary, in December 2021.

As a product strategy, the Group worked to increase the recognition of its multi-position beds launched in 2020 to provide self-reliance support to users and ease the stress on caregivers. Specifically, the Group broadcast television commercials for the beds, organized sessions to give care managers in each region a chance to try out them out, and exhibited them at international special-needs equipment shows.

For hospitals and welfare facilities, the Group focused sales promotion on products that help reduce contact and save labor, such as beds featuring the monitoring care system M2 and automatic roll-over assistant beds, positioning these products as equipment that makes up for a nursing and nursing care manpower shortage and improves working conditions.

As a result, the Medical Services Business recorded net sales of 24,899 million yen for the period under review, up 6.2% year on year, and ordinary profit of 2,220 million yen, up 5.1% year on year.

## 2) Home Furnishing and Health Business

In the Home Furnishing and Health Business, the Life Treatment Mattress series, which was awarded the Eco Mark and whose standard feature is an antibacterial function, performed strongly, tapping into rising hygiene and environmental awareness amid the protracted pandemic. Strong results achieved by the series contributed to improved profit margins. Meanwhile, in October 2021, the Group developed MORELIY, an eco-friendly disassembling system which makes mattresses easier to disassemble at the time of their disposal. Processes and structures that could be disassembled were productized and installed in MORELIY to separate mattresses for their recycling. MORELIY won the 2021 Good Design Award based on an evaluation of those points.

In addition, in view of growing health awareness in recent years, the Group began selling the RAMIDUS I, a bed-type massage machine for a full-body massage in the sleeping position, and the UMIGAME PILLOW(Shape like a sea turtle), a low-resilience pillow with a disinfecting function that supports smartphone operations during the day and television viewing while stretched out on the floor. The Group expanded the lineup of these and other items in response to cocooning demand that expanded under the pandemic.

As a showroom-related initiative, the Group expanded space where customers can view its high value-added products that help their health maintenance and sleeping quality enhancement by opening directly operated showrooms in Utsunomiya-shi, Tochigi Prefecture in July 2021 and Kanazawa-shi, Ishikawa Prefecture in November 2021, and taking thoroughgoing infection control measures, including the enforcement of advance reservations and admission restrictions.

As a result, the Home Furnishing and Health Business posted net sales of 14,367 million yen, up 1.2% year on year, and ordinary profit of 844 million yen, up 89.4% year on year.

## (2) Summary of Financial Position

### Assets

Total assets as of December 31, 2021 decreased by 718 million yen to 61,498 million yen compared with the end of the previous fiscal year (“the previous year-end”). Current assets were down 3,460 million yen to 28,594 million yen from the previous year-end. This result was primarily due to decreases of 1,815 million yen in cash and deposits, 534 million yen in notes and accounts receivable - trade and contract assets (including electronically recorded monetary claims - operating) and 2,100 million yen in securities, which partially offset an increase of 979 million yen in inventories. Non-current assets increased by 2,754 million yen from the previous year-end, to 32,890 million yen. This result primarily reflected the purchase of property, plant and equipment, and intangible assets, and the acquisition of goodwill through M&A.

### Liabilities

Total liabilities decreased by 303 million yen to 24,501 million yen from the previous year-end. This result was primarily due to decreases of 308 million yen in notes and accounts payable - trade (including electronically

recorded obligations - operating) and 1,066 million yen in income taxes payable, which partially offset an increase of 967 million yen in lease obligations.

#### Net assets

Net assets decreased by 415 million yen from the previous year-end, to 36,997 million yen. This was primarily due to decreases resulting from the 1,154 million yen payment of dividends from surplus and the 905 million yen purchase and disposal of treasury shares, which were partially offset by 2,039 million yen profit attributable to owners of parent.

As a result, the shareholders' equity ratio remained unchanged from the end of the previous period at 60.1%.

#### (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)	Q3 of FY2022 (As of December 31, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	9,702	7,886
Notes and accounts receivable - trade	9,063	–
Notes and accounts receivable - trade, and contract assets	–	8,457
Electronically recorded monetary claims - operating	976	1,047
Securities	3,100	1,000
Merchandise and finished goods	5,487	6,178
Work in process	415	439
Raw materials and supplies	1,885	2,149
Other	1,438	1,504
Allowance for doubtful accounts	(14)	(70)
Total current assets	32,055	28,594
Non-current assets		
Property, plant and equipment		
Land	6,991	7,202
Other, net	12,642	14,732
Total property, plant and equipment	19,633	21,934
Intangible assets		
Goodwill	353	1,226
Other	1,473	1,337
Total intangible assets	1,826	2,564
Investments and other assets	8,674	8,390
Total non-current assets	30,135	32,890
Deferred assets	27	14
Total assets	62,217	61,498

(Million yen)

	FY2021 (As of March 31, 2021)	Q3 of FY2022 (As of December 31, 2021)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	2,856	2,805
Electronically recorded obligations - operating	2,476	2,219
Short-term borrowings	3,300	3,675
Current portion of long-term borrowings	300	322
Current portion of bonds	600	2,100
Income taxes payable	1,224	157
Provision for bonuses	1,378	745
Other provisions	15	12
Asset retirement obligations	–	26
Other	5,546	6,487
<b>Total current liabilities</b>	<b>17,698</b>	<b>18,553</b>
Non-current liabilities		
Bonds payable	2,400	600
Long-term borrowings	–	47
Provisions	81	189
Retirement benefit liability	453	426
Asset retirement obligations	343	335
Other	3,827	4,349
<b>Total non-current liabilities</b>	<b>7,106</b>	<b>5,947</b>
<b>Total liabilities</b>	<b>24,804</b>	<b>24,501</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	3,000	3,000
Capital surplus	0	1
Retained earnings	35,881	36,719
Treasury shares	(3,626)	(4,533)
<b>Total shareholders' equity</b>	<b>35,255</b>	<b>35,187</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(15)	(28)
Deferred gains or losses on hedges	35	18
Remeasurements of defined benefits plans	2,137	1,819
<b>Total accumulated other comprehensive income</b>	<b>2,157</b>	<b>1,809</b>
<b>Total net assets</b>	<b>37,412</b>	<b>36,997</b>
<b>Total liabilities and net assets</b>	<b>62,217</b>	<b>61,498</b>



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

## Consolidated Statements of Income

(Nine months ended December 31, 2020 and 2021)

(Million yen)

	Nine months ended December 31, 2020 (from April 1, 2020 to December 31, 2020)	Nine months ended December 31, 2021 (from April 1, 2021 to December 31, 2021)
Net sales	37,919	39,602
Cost of sales	18,033	18,091
Gross profit	19,886	21,511
Selling, general and administrative expenses	17,544	18,515
Operating profit	2,341	2,995
Non-operating income		
Interest income	2	3
Dividend income	17	11
Share of profit of entities accounted for using equity	1	–
Patent-related income	–	45
Other	322	82
Total non-operating income	343	143
Non-operating expenses		
Interest expenses	47	51
Share of loss of entities accounted for using equity method	–	2
Other	99	56
Total non-operating expenses	146	110
Ordinary profit	2,538	3,028
Extraordinary income		
Gain on sales of non-current assets	4	146
Gain on sales of investment securities	281	10
Total extraordinary income	286	156
Extraordinary losses		
Loss on retirement of non-current assets	18	4
Loss on sales of investment securities	17	–
Impairment loss	43	10
Loss resulting from temporary suspension of business	102	–
Total extraordinary losses	181	14
Profit before income taxes	2,643	3,170
Income taxes - current	713	618
Income taxes - deferred	221	512
Total income taxes	934	1,130
Profit	1,709	2,039
Profit attributable to owners of parent	1,709	2,039

Consolidated Statements of Comprehensive Income  
(Nine months ended December 31, 2020 and 2021)

(Million yen)

	Nine months ended December 31, 2020 (from April 1, 2020 to December 31, 2020)	Nine months ended December 31, 2021 (from April 1, 2021 to December 31, 2021)
Profit	1,709	2,039
Other comprehensive income		
Valuation difference on available-for-sale securities	33	(13)
Deferred gains or losses on hedges	(3)	(17)
Remeasurements of defined benefits plans, net of tax	(280)	(317)
Total other comprehensive income	(250)	(348)
Comprehensive income	1,458	1,691
(Breakdown)		
Comprehensive income attributable to owners of parent	1,458	1,691
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

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. The Company then acquired 519,700 shares of its own stock based on a resolution adopted at the Board of Directors meeting held on November 30, 2021.

As a result, treasury shares increased 906 million yen in the period under review, to 4,533 million yen at the end of the period under review.

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

The Company included HOMECARE SERVICE YAMAGUCHI Co., Ltd. in its scope of consolidation from the period under review though the subsidiary does not correspond to a specified subsidiary, following the acquisition of all of its shares through FRANCE BED CO., LTD., its consolidated subsidiary, in the period under review. The acquisition date for the shares is deemed to be October 31, 2021. Since the period from the date for consolidated accounts settlement is less than three months, results for HOMECARE SERVICE YAMAGUCHI Co., Ltd. are only included in balance sheets for the period under review and they are not included in quarterly consolidated statements of income.

#### 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

Nine months ended December 31, 2020 (from April 1, 2020 to December 31, 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	23,426	14,194	37,620	298	37,919	–	37,919
Internal sales among segments or transfers	4	188	192	4	197	(197)	–
Total	23,430	14,382	37,813	303	38,116	(197)	37,919
Segment profit (loss)	2,111	445	2,557	3	2,560	(21)	2,538

## Nine months ended December 31, 2021 (from April 1, 2021 to December 31, 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	24,899	14,367	39,266	335	39,602	–	39,602
Internal sales among segments or transfers	4	203	208	5	213	(213)	–
Total	24,904	14,571	39,475	340	39,816	(213)	39,602
Segment profit (loss)	2,220	844	3,065	3	3,068	(39)	3,028

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)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Elimination of inter-segment transactions	697	908
Corporate revenue and expenses*	(719)	(947)
Total	(21)	(39)

\* 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

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

(Significant impairment loss relating to non-current assets)

(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 changes in amount of goodwill)

During the period under review, goodwill of 375 million yen arose in the Medical Services segment as a result of the inclusion of KASHIDASU Co., Ltd. in the Company’s scope of consolidation following the acquisition of all of its shares through FRANCE BED CO., LTD., the Company’s consolidated subsidiary. The amount of the goodwill in question is a figure calculated through provisional accounting because the allocation of the acquisition cost was not completed at the end of the period under review.

Nine months ended December 31, 2021 (from April 1, 2021 to December 31, 2021)

(Significant impairment loss relating to non-current assets)

(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

(Significant changes in amount of goodwill)

During the period under review, goodwill of 879 million yen arose in the Medical Services segment as a result of the inclusion of HOMECARE SERVICE YAMAGUCHI Co., Ltd. in the Company's scope of consolidation following the acquisition of all of its shares through FRANCE BED CO., LTD., the Company's consolidated subsidiary.

The amount of the goodwill in question is a figure calculated through provisional accounting because the allocation of the acquisition cost was not completed at the end of the period under review.

### 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 third quarter of the previous fiscal year is prepared based on the changes above.