

Summary of Consolidated Financial Results For the First Half Ended December 2021 [Japan GAAP]

February 7, 2022

Name of Company: MEDIUS HOLDINGS Co., Ltd.
 Stock Code: 3154 URL: <https://www.medius.co.jp/>
 Stock Exchange Listing: Tokyo Stock Exchange, First Section
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 Date of filing of quarterly securities report: February 9, 2022 (tentative)
 Date of commencement of dividend payment: -
 Supplementary explanatory documents: None
 Earnings presentation: Yes (for institutional investors and analysts)

(Yen in millions, rounded down)

1. Financial results for the first half ended December 2021 (July 1, 2021 - December 31, 2021)

(1) Results of Operations (Consolidated)

(Percentage figures represent year on year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First half ended December 2021	109,721	10.6	1,675	46.1	1,928	38.7	1,429	50.2
First half ended December 2020	99,219	-	1,146	49.8	1,390	33.3	951	67.6

(Note) Comprehensive income: 1H FY6/22: 1,671 million yen [52.1%] 1H FY6/21: 1,099 million yen [14.3%]

	Earnings per share	Earnings per share fully diluted
	Yen	Yen
First half ended December 2021	65.37	65.34
First half ended December 2020	43.69	43.59

(Note) Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. has been applied beginning with the first quarter of the current consolidated fiscal year. All figures for the first half of the fiscal year ended June 2021 are retroactively adjusted to incorporate this standard. As sales for the first half of the fiscal year ended June 2021 were affected by the above retroactive adjustment, the changes from the same period a year earlier are not presented.

(2) Financial Position (Consolidated)

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2021	95,250	17,176	18.0
As of June 30, 2021	84,479	15,843	18.8

(Reference) Shareholders' equity: As of Dec. 31, 2021: 17,176 million yen As of Jun. 30, 2021: 15,843 million yen

(Note) Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. has been applied beginning with the first quarter of the current consolidated fiscal year. All figures for fiscal year ended June 2021 are retroactively adjusted to incorporate this standard.

2. Dividends

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Total
	Yen	Yen	Yen	Yen	Yen
FY6/21	-	0.00	-	21.00	21.00
FY6/22	-	0.00	-	-	-
FY6/22 (estimated)	-	-	-	19.00	19.00

(Note) Change in the estimation of dividend from the latest announcement: None

3. Forecast for the fiscal year ending June 2022 (Consolidated, July 1, 2021 - June 30, 2022)

(Percentage figures represent year on year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	219,500	5.7	1,900	(28.5)	2,360	(25.7)	1,600	(22.6)	73.06

(Note) Change in the forecast from the latest announcement: None

Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. has been applied beginning with the first quarter of the current consolidated fiscal year. The year on year changes have been calculated with the figures retroactively adjusted to incorporate this standard.

* Notes

(1) Changes in significant subsidiaries: Yes

(Changes in specific subsidiaries accompanied by changes in the scope of consolidation)

New: - (Name) -

Excluded: 1 (Name) OZ Co., Ltd.

Note: For more information, please see "2. Quarterly Consolidated Financial Statements and Important Notes (4) Notes to quarterly consolidated financial statements (Changes in the scope of consolidation or application of the equity method)" on page 11 of Supplementary Information.

(2) Use of accounting methods specifically for the preparation of the quarterly consolidated financial statements:

None

(3) Changes in accounting principles and estimates, and retrospective restatement

(a) Changes due to revision of accounting standards: Yes

(b) Changes other than in (a): None

(c) Changes in accounting estimates: None

(d) Retrospective restatement: None

(Note) For more information, please see "2. Quarterly Consolidated Financial Statements and Important Notes

(4) Notes to quarterly consolidated financial statements (Changes in accounting policy)" on page 11 of Supplementary Information.

(4) Number of shares outstanding (common stock)

(a) Shares outstanding (including treasury shares)

(b) Treasury shares

(c) Average number of shares outstanding

End of 1H FY6/22:	21,925,104	End of FY6/21:	21,789,724
End of 1H FY6/22:	958	End of FY6/21:	958
1H FY6/22:	21,871,906	1H FY6/21:	21,788,766

* This report is exempt from the audit procedure by certified public accountants or accounting firms.

* Cautionary statement regarding forecasts of operating results and special notes

Forward-looking statements in these materials are based on information available to management at the time this report was prepared and assumptions that management believes are reasonable. Actual results may differ significantly from these statements for a number of reasons. For more information about the forecasts, please see "1. Qualitative Information on Quarterly Financial Results (3) An explanation of future, predictive data, such as consolidated earnings forecasts" on page 4 of Supplementary Information.

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1. Qualitative Information on Quarterly Financial Results

Forward-looking statements in this document are based on judgments as of the end of the second quarter of the current fiscal year.

MEDIUS HOLDINGS has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) from the beginning of the first quarter of the current fiscal year. Comparisons and analysis with the same period of the previous fiscal year and the prior-year use figures to which this new standard has been applied retroactively.

(1) An explanation of results of operations

In the first half of the current fiscal year, there was an upturn in economic activity in Japan because of progress with COVID-19 vaccinations and the end of states of emergency. However, the outlook remains uncertain mainly because of a sudden increase in COVID-19 cases that started in December due to the Omicron variant.

In Japan's medical sector, market conditions were better than in 2020 but there were continuing negative effects of the reluctance of people to seek medical care, especially in the Tokyo area, and postponements of non-emergency surgeries. The number of people admitted to hospitals and people receiving outpatient care are still below the pre-pandemic level. Medical care institutions are facing challenges as a result.

MEDIUS Group has been helping support the operations of medical care institutions by placing priority on procuring and supplying products where there are shortages and urging all employees to take steps to prevent infection of COVID-19 from spreading.

During the first half, there was an increase in sales of products used in surgery rooms as the number of surgeries in Japan started to recover. In addition, there was a big increase in sales of reagents and other substances used in COVID-19 tests because of the recent surge in the number of cases and demand created by the Tokyo Olympics. First half performance was also supported by strong sales of personal protective equipment. Medical supply sales were strong due to orders involving capital expenditures that had been expected in the fiscal year's second half and to the receipt of orders involving pandemic safety measures.

In the first half of the current fiscal year, sales increased 10.6% from one year earlier to 109,721 million yen, operating profit increased 46.1% to 1,675 million yen, ordinary profit increased 38.7% to 1,928 million yen, and profit attributable to owners of parent increased 50.2% to 1,429 million yen.

Business segment performance was as follows.

(i) Medical Device

Sales of replacement supplies used in surgery rooms increased as the negative effect of the downturn in the number of surgeries in Japan caused by the pandemic declined. SPD (see note below) orders and new customers also contributed to the performance of this product category, resulting in sales and a gross profit that were higher than one year earlier. Sales of medical equipment were higher because of sales associated with subsidies that were paid for activities to fight the pandemic. As a result, segment sales increased 10.9% from one year earlier to 106,989 million yen, the gross profit increased 13.0% to 12,409 million yen, and the segment profit (operating income) increased 31.5% to 4,732 million yen.

(Note) SPD (supply, processing and distribution) is outsourced services for hospitals' medical supplies management and logistics which help reduce inventories of these supplies at hospitals and reduce the need for hospital personnel to handle the procurement and storage of supplies. SPD services are normally provided by medical device sales companies or companies specializing in these services. At MEDIUS Group, SPD services are provided by consolidated subsidiaries KYOWA MEDICAL CORPORATION, KURIBARA MEDICAL Instruments, MITAS Inc., Akita MEDICAL INSTRUMENTS Co., Ltd., and MEDIUS SOLUTION Co., Ltd. and by NHS Shizuoka Co., Ltd. which is an affiliated company not accounted for by the equity method.

(ii) Welfare Device

Sales and earnings decreased in this segment because the reduced level of sales activities due to the pandemic held down sales in the nursing care equipment rental business and sales of nursing care replacement supplies. Sales decreased 1.1% to 2,731 million yen, the gross profit decreased 0.4% to 1,055 million yen and the segment profit (operating income) decreased 22.3% to 278 million yen.

(Note) The business segments of the MEDIUS Group consist of the following activities.

Medical Device

(Medical Device Sales Business)

Sale of medical devices (including equipment and replacement supplies) that are purchased from manufacturers, sales agents, trading companies and other companies in Japan to hospitals and other medical institutions in Japan. This is the core business of the MEDIUS Group.

(Medical Device Repair and Maintenance Business)

Repair and after-sales services for medical devices sold by the MEDIUS Group to hospitals and other medical institutions and maintenance services for all medical devices of a hospital or other medical institution based on a maintenance contract.

Welfare Device

Sale of nursing care and welfare products (including equipment and replacement supplies) that are purchased from manufacturers, sales agents, trading companies and other companies in Japan and other countries to hospitals and other medical institutions, nursing care facilities, medical device sales companies, as well as individuals in Japan. This business also rents nursing care and welfare products to individuals.

(2) An explanation of Financial Condition

A. Assets, liabilities and net assets

(Assets)

Total assets were 95,250 million yen at the end of the first half, 10,770 million yen more than at the end of the previous fiscal year.

Current assets increased 8,184 million yen to 76,378 million yen. This increase was mainly the result of increases of 6,301 million yen in notes and accounts receivable-trade, 1,198 million yen in merchandise and finished goods and 639 million yen in other current assets.

Non-current assets increased 2,585 million yen to 18,871 million yen. The primary changes were increases of 2,131 million yen in construction in progress and 549 million yen in investments and other assets.

(Liabilities)

Total liabilities increased 9,437 million yen to 78,073 million yen at the end of the first half.

Current liabilities increased 8,516 million yen to 69,210 million yen. This increase was mainly the result of increases of 2,965 million yen in notes and accounts payable-trade and 6,278 million yen in short-term borrowings and a decrease of 427 million yen in other current liabilities.

Non-current liabilities increased 920 million yen to 8,863 million yen primarily because of a 663 million yen increase in long-term borrowings.

(Net assets)

Net assets increased 1,333 million yen to 17,176 million yen at the end of the first half. There were increases of 59 million yen each in share capital and capital surplus, 972 million yen in retained earnings and 233 million yen in valuation difference on available-for-sale securities.

B. Cash flows

Cash and cash equivalents totaled 12,634 million yen at the end of the first half, 50 million yen more than at the end of the previous fiscal year. The following is a summary of cash flows during the first half.

(Operating activities)

Net cash used in operating activities was 3,531 million yen compared with a positive cash flow of 554 million yen one year earlier. Major sources of cash were profit before income taxes of 1,928 million yen and an increase of 2,461 million yen in trade payables. Major uses of cash were a 5,688 million yen increase in trade receivables, a 1,061 million yen increase in inventories and income taxes paid of 915 million yen.

(Investing activities)

Net cash used in investing activities was 2,415 million yen compared with 2,999 million yen one year earlier. Proceeds of 137 million yen from refund of leasehold and guarantee deposits were more than offset by payments of 2,301 million yen for purchase of property, plant and equipment and 177 million yen for purchase of long-term prepaid expenses.

(Financing activities)

Net cash provided by financing activities was 5,996 million yen compared with 3,989 million yen one year earlier. There were net increase of 6,123 million yen in short-term borrowings and proceeds of 1,000 million yen from long-term borrowings and payments of 747 million yen for repayments of long-term borrowings and 456 million yen for dividends paid.

(3) An explanation of future predictive data, such as consolidated earnings forecasts

The fiscal year forecast announced on August 11, 2021, has been revised. Information about this revision is in the January 31, 2022, press release titled "Notice of Revisions to the Consolidated Earnings Forecast and Dividend Forecast."

2. Quarterly Consolidated Financial Statements and Important Notes

(1) Quarterly consolidated balance sheet

(Thousand yen)

	Fiscal year ended June 2021 (As of June 30, 2021)	First half ended December 2021 (As of December 31, 2021)
Assets		
Current assets		
Cash and deposits	12,623,216	12,654,911
Notes and accounts receivable - trade	43,543,416	49,844,521
Merchandise and finished goods	9,380,448	10,578,944
Raw materials and supplies	10,256	9,296
Other	2,725,349	3,365,291
Allowance for doubtful accounts	(88,712)	(74,373)
Total current assets	68,193,975	76,378,592
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,859,470	1,865,056
Land	2,992,178	2,992,178
Construction in progress	2,024,100	4,155,608
Other, net	371,020	388,001
Total property, plant and equipment	7,246,769	9,400,844
Intangible assets		
Goodwill	1,207,955	1,117,043
Other	1,017,370	989,876
Total intangible assets	2,225,326	2,106,919
Investments and other assets		
Other	7,620,584	8,174,999
Allowance for doubtful accounts	(806,740)	(811,320)
Total investments and other assets	6,813,843	7,363,679
Total non-current assets	16,285,939	18,871,443
Total assets	84,479,914	95,250,036

(Thousand yen)

	Fiscal year ended June 2021 (As of June 30, 2021)	First half ended December 2021 (As of December 31, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	50,665,151	53,631,038
Short-term borrowings	6,192,365	12,471,006
Income taxes payable	686,572	532,914
Provision for bonuses	49,148	37,460
Provision for bonuses for directors (and other officers)	-	21,350
Provision for share-based payment	156,512	-
Other	2,944,255	2,516,408
Total current liabilities	60,694,005	69,210,177
Non-current liabilities		
Bonds payable	-	32,500
Long-term borrowings	5,403,400	6,066,606
Provision for loss on guarantees	109,013	100,804
Retirement benefit liability	1,304,353	1,344,802
Asset retirement obligations	65,569	65,676
Provision for share-based payment	-	17,052
Provision for retirement benefits for directors (and other officers)	-	50,009
Other	1,060,419	1,186,166
Total non-current liabilities	7,942,755	8,863,618
Total liabilities	68,636,761	78,073,795
Net assets		
Shareholders' equity		
Share capital	1,285,270	1,344,769
Capital surplus	2,611,508	2,671,008
Retained earnings	10,200,316	11,172,615
Treasury shares	(450)	(450)
Total shareholders' equity	14,096,645	15,187,942
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,839,196	2,072,595
Remeasurements of defined benefit plans	(92,688)	(84,296)
Total accumulated other comprehensive income	1,746,508	1,988,298
Total net assets	15,843,153	17,176,241
Total liabilities and net assets	84,479,914	95,250,036

(2) Quarterly consolidated statements of income and comprehensive income

(Quarterly consolidated statement of income)

(For the first half)

(Thousand yen)

	First half ended Dec. 31, 2020 (Jul. 1, 2020 – Dec. 31, 2020)	First half ended Dec. 31, 2021 (Jul. 1, 2021 – Dec. 31, 2021)
Net sales	99,219,688	109,721,349
Cost of sales	87,174,830	96,256,167
Gross profit	12,044,857	13,465,182
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	(8,792)	(9,809)
Provision of share-based payment	7,308	(3,397)
Salaries and allowances	4,594,124	4,884,181
Employees' bonuses	1,091,981	1,196,970
Provision for bonuses	31,539	37,460
Provision for bonuses for directors (and other officers)	-	21,350
Retirement benefit expenses	225,670	243,860
Legal welfare expenses	876,832	942,756
Depreciation	217,743	259,428
Rent expenses	902,164	960,401
Outsourcing expenses	951,523	1,044,085
Other	2,008,026	2,212,444
Total selling, general and administrative expenses	10,898,121	11,789,731
Operating profit	1,146,735	1,675,450
Non-operating income		
Interest income	2,446	2,145
Dividend income	18,905	28,392
Purchase discounts	165,180	164,358
Share of profit of entities accounted for using equity method	15,808	16,672
Reversal of provision for loss on guarantees	9,934	8,208
Other	70,992	68,366
Total non-operating income	283,267	288,144
Non-operating expenses		
Interest expenses	26,214	31,399
Other	13,304	3,962
Total non-operating expenses	39,518	35,362
Ordinary profit	1,390,485	1,928,232
Extraordinary income		
Gain on sale of non-current assets	3,603	3,905
Subsidy income	63,681	-
Total extraordinary income	67,284	3,905
Extraordinary losses		
Loss on retirement of non-current assets	334	3,348
Total extraordinary losses	334	3,348
Profit before income taxes	1,457,434	1,928,790
Income taxes - current	360,383	527,344
Income taxes - deferred	145,089	(28,416)
Total income taxes	505,473	498,927
Profit	951,961	1,429,862
Profit attributable to owners of parent	951,961	1,429,862

(Quarterly consolidated statement of comprehensive income)
(For the first half)

(Thousand yen)

	First half ended Dec. 31, 2020 (Jul. 1, 2020 – Dec. 31, 2020)	First half ended Dec. 31, 2021 (Jul. 1, 2021 – Dec. 31, 2021)
Profit	951,961	1,429,862
Other comprehensive income		
Valuation difference on available-for-sale securities	139,780	233,399
Remeasurements of defined benefit plans, net of tax	7,644	8,391
Total other comprehensive income	147,424	241,790
Comprehensive income	1,099,385	1,671,653
Comprehensive income attributable to owners of parent	1,099,385	1,671,653

(3) Quarterly consolidated statements of cash flows

(Thousand yen)

	First half ended Dec. 31, 2020 (Jul. 1, 2020 – Dec. 31, 2020)	First half ended Dec. 31, 2021 (Jul. 1, 2021 – Dec. 31, 2021)
Cash flows from operating activities		
Profit before income taxes	1,457,434	1,928,790
Depreciation	321,956	391,172
Amortization of goodwill	97,299	103,319
Increase (decrease) in retirement benefit liability	59,565	37,743
Increase (decrease) in allowance for doubtful accounts	(20,754)	(9,759)
Increase (decrease) in provision for bonuses	(20,273)	(13,938)
Increase (decrease) in provision for bonuses for directors (and other officers)	-	21,350
Increase (decrease) in provision for share-based payment	4,466	(139,459)
Interest and dividend income	(21,352)	(30,537)
Interest expenses	26,214	31,399
Share issuance costs	-	1,062
Loss (gain) on sale of non-current assets	(3,603)	(3,905)
Loss on retirement of non-current assets	334	3,348
Share of loss (profit) of entities accounted for using equity method	(15,808)	(16,672)
Decrease (increase) in trade receivables	(11,030,704)	(5,688,747)
Decrease (increase) in inventories	(886,944)	(1,061,586)
Decrease (increase) in investments in leases	24,613	24,093
Decrease (increase) in other current assets	(537,004)	(358,120)
Increase (decrease) in trade payables	11,776,692	2,461,820
Increase (decrease) in provision for loss on guarantees	(9,934)	(8,208)
Increase (decrease) in accrued consumption taxes	(185,095)	(321,088)
Increase (decrease) in other current liabilities	(53,696)	(90,483)
Other	6,115	567
Subtotal	989,521	(2,737,842)
Interest and dividends received	19,128	28,591
Interest paid	(26,847)	(32,981)
Income taxes paid	(532,688)	(915,021)
Income taxes refund	105,193	126,142
Net cash provided by (used in) operating activities	554,307	(3,531,111)
Cash flows from investing activities		
Payments into time deposits	(18,714)	(18,714)
Proceeds from withdrawal of time deposits	37,094	37,096
Purchase of property, plant and equipment	(2,182,372)	(2,301,918)
Proceeds from sale of property, plant and equipment	5,267	6,801
Payments for retirement of property, plant and equipment	(47)	(328)
Purchase of intangible assets	(272,170)	(99,726)
Purchase of investment securities	(111,306)	(8,388)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	170,226
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(300,276)	-
Proceeds from collection of loans receivable	21,111	11,396
Purchase of long-term prepaid expenses	(194,567)	(177,463)
Payments of leasehold and guarantee deposits	(26,666)	(160,372)
Proceeds from refund of leasehold and guarantee deposits	52,539	137,697
Purchase of insurance funds	(3,234)	(7,138)
Other	(6,094)	(4,914)
Net cash provided by (used in) investing activities	(2,999,436)	(2,415,747)

(Thousand yen)

	First half ended Dec. 31, 2020 (Jul. 1, 2020 – Dec. 31, 2020)	First half ended Dec. 31, 2021 (Jul. 1, 2021 – Dec. 31, 2021)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	4,968,747	6,123,038
Proceeds from long-term borrowings	80,000	1,000,000
Repayments of long-term borrowings	(714,713)	(747,137)
Proceeds from issuance of shares	-	117,936
Repayments of lease obligations	(40,907)	(40,564)
Dividends paid	(304,033)	(456,337)
Net cash provided by (used in) financing activities	3,989,093	5,996,935
Net increase (decrease) in cash and cash equivalents	1,543,964	50,077
Cash and cash equivalents at beginning of period	8,450,260	12,584,421
Cash and cash equivalents at end of period	9,994,225	12,634,498

(4) Notes to quarterly consolidated financial statements

(Notes on going concern assumptions)

None

(Notes on significant change in shareholders' equity)

In accordance with a resolution approved by the Board of Directors on August 19, 2021, MEDIUS HOLDINGS issued stock on September 10, 2021, as post-delivery stock compensation. In the first half of the fiscal year ending in June 2022, the issuance of this stock raised share capital and capital surplus by 59,499 thousand yen each. At the end of the second quarter, share capital was 1,344,769 thousand yen and capital surplus was 2,671,008 thousand yen.

(Changes in scope of consolidation or scope of application of the equity method)

(Significant changes in scope of consolidation)

Beginning with the second quarter of the fiscal year ending in June 2022, consolidated subsidiaries OZ Co., Ltd., eVUS Medical Co., Ltd. and D-SENSE Co., Ltd. were removed from the scope of consolidation because these three companies were dissolved following their absorption-type merger on October 1, 2021, with consolidated subsidiary ACTIVE MEDICAL Co., LTD., which was the surviving company. On October 1, 2021, ACTIVE MEDICAL Co., LTD. was renamed as ALVAUS, Inc.

Beginning with the second quarter of the fiscal year ending in June 2022, SANO MEDICAL INSTRUMENTS CO.,LTD. was added to the scope of consolidation due to the acquisition by MEDIUS HOLDINGS of all of its stock on October 1, 2021.

Consolidated subsidiary Active Medical Split Preparation Co., Ltd. was renamed as Active Medical Co., Ltd. on October 1, 2021.

(Changes in accounting policy)

(Application of accounting standard for revenue recognition, etc.)

MEDIUS HOLDINGS has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) from the beginning of the first quarter of the fiscal year ending in June 2022. As a result, amounts expected to be received in exchange for the provision of goods or services are recognized as revenue at the time control of the goods or services promised to a customer is transferred to the customer.

Prior to this new revenue recognition standard, for transactions where a MEDIUS Group company acts as an agent for the provision of goods or services to a customer, the entire payment received from the customer was recognized as revenue. Due to the application of this standard, the amount recognized as revenue is instead the payment received from the customer minus the amount paid to the supplier of the product or service.

In principle, the new revenue recognition standard is applied retroactively and consolidated quarterly and fiscal year financial statements in prior years incorporate this standard.

For the first half of the fiscal year that ended in June 2021, the retroactive application of the new revenue recognition standard reduced sales and the cost of sales by 18,558,969 thousand yen each. However, the new standard had no effect on the gross profit and earnings at all other levels. Furthermore, the new standard had no effect on retained earnings at the beginning of the fiscal year that ended in June 2021.

Due to the new revenue recognition standard, the amount expected to be refunded to customers in the future, which was deducted from notes and accounts receivable-trade in the consolidated balance sheet in the previous fiscal year, is instead classified as a refund liability and included in other current liabilities beginning with the first quarter of the fiscal year ending in June 2022.

(Application of accounting standard for fair value measurement, etc.)

MEDIUS HOLDINGS has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019) from the beginning of the first quarter of the fiscal year ending in June 2022. In addition, MEDIUS HOLDINGS has applied the new accounting policies stipulated in this fair value measurement standard prospectively, in accordance with the transitional treatment in paragraph 19 of this standard and in paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). There is no effect on the quarterly consolidated financial statements.

(Segment information)

[Segment information]

I First half of the previous fiscal year (July 1, 2020 – December 31, 2020)

1. Information about sales and income (loss) by reporting segments

(Thousand yen)

	Reporting segments			Adjustment (Note 1)	Amount on the consolidated statements of income (Note 2)
	Medical Device	Welfare Device	Total		
Net sales					
Sales to outside customers	96,457,997	2,761,691	99,219,688	-	99,219,688
Intersegment sales or transfers	-	-	-	-	-
Total	96,457,997	2,761,691	99,219,688	-	99,219,688
Segment income	3,598,818	358,105	3,956,923	(2,810,187)	1,146,735

(Notes) 1. The 2,810,187 thousand yen negative adjustment for segment income includes 11,695 thousand yen for intersegment transaction eliminations, 97,299 thousand yen deduction for amortization of goodwill and 2,724,583 thousand yen deduction for corporate expenses that cannot be assigned to specific segments. Corporate expenses are primarily operating expenses of parent company and selling, general and administrative expenses that do not belong to specific segments.

2. The segment income matches operating profit in the consolidated income statement.

2. Information about impairment loss of non-current assets or goodwill by reporting segments

None

II First half of the current fiscal year (July 1, 2021 – December 31, 2021)

1. Information about sales and income (loss) by reporting segments

(Thousand yen)

	Reporting segments			Adjustment (Note 1)	Amount on the consolidated statements of income (Note 2)
	Medical Device	Welfare Device	Total		
Net sales					
Sales to outside customers	106,989,440	2,731,908	109,721,349	-	109,721,349
Intersegment sales or transfers	-	-	-	-	-
Total	106,989,440	2,731,908	109,721,349	-	109,721,349
Segment income	4,732,717	278,354	5,011,072	(3,335,621)	1,675,450

(Notes) 1. The 3,335,621 thousand yen negative adjustment for segment income includes 10,461 thousand yen for intersegment transaction eliminations, 103,319 thousand yen deduction for amortization of goodwill and 3,242,764 thousand yen deduction for corporate expenses that cannot be assigned to specific segments. Corporate expenses are primarily operating expenses of parent company and selling, general and administrative expenses that do not belong to specific segments.

2. The segment income matches operating profit in the consolidated income statement.

2. Information about impairment loss of non-current assets or goodwill by reporting segments

None

3. Changes in reportable segments

As explained in the Changes in Accounting Policy section, MEDIUS HOLDINGS has applied the Accounting Standard for Revenue Recognition from the beginning of the first quarter of the fiscal year ending in June 2022, resulting in a change in how revenue is recognized. Consequently, the calculation method for reportable segment income or loss has changed in the same manner.

Income or loss figures in reportable segment information for the first half of the previous fiscal year are based on the new accounting standard for revenue recognition.