

Summary of Consolidated Financial Results

For the Fiscal Year Ended June 30, 2022 [Japan GAAP]

August 29, 2022

Name of Company: MEDIUS HOLDINGS Co., Ltd.
 Stock Code: 3154 URL: <https://www.medius.co.jp/>
 Stock Exchange Listing: Tokyo Stock Exchange, Prime Market
 Representative Title: President and Representative Director Name: Yasuhiko Ikeya
 Contact Person Title: Director and General Manager of Administration Division Name: Hiroyuki Akutagawa
 Phone: +81-(0)3-6811-2958
 Date of general shareholders' meeting: September 29, 2022 (tentative)
 Date of commencement of dividend payment: September 30, 2022 (tentative)
 Date of filing of annual securities report: September 29, 2022 (tentative)
 Supplementary explanatory documents: Available
 Earnings presentation: Yes (for institutional investors and analysts)

(Yen in millions, rounded down)

1. Financial results for the fiscal year ended June 2022 (July 1, 2021 - June 30, 2022)

(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	%
FY6/22	221,694	6.7	2,267	(14.6)	2,757	(13.2)	1,867	(9.6)
FY6/21	207,758	-	2,656	141.5	3,176	98.8	2,065	117.2

(Note) Comprehensive income: FY6/22: 1,803 million yen [(20.7)%] FY6/21: 2,275 million yen [52.3%]

	Earnings per share	Earnings per share fully diluted	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
FY6/22	85.30	85.15	11.3	3.1	1.0
FY6/21	94.81	94.15	13.9	4.1	1.3

(Reference) Equity in earnings of affiliated companies: FY6/22: 19 million yen FY6/21: 29 million yen

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

(2) Financial Position (Consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2022	92,953	17,307	18.6	789.43
As of June 30, 2021	84,479	15,843	18.8	727.12

(Reference) Shareholders' equity: As of Jun. 30, 2022: 17,307 million yen
 As of Jun. 30, 2021: 15,843 million yen

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

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at year-end
	Million yen	Million yen	Million yen	Million yen
FY6/22	(3,899)	(4,823)	5,205	9,067
FY6/21	6,848	(4,616)	1,901	12,584

2. Dividends

	Dividend per share					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of FY	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY6/21	-	0.00	-	21.00	21.00	457	22.1	3.1
FY6/22	-	0.00	-	19.00	19.00	416	22.3	2.5
FY6/23 (estimated)	-	0.00	-	14.00	14.00		51.2	

3. Forecast for the fiscal year ending June 2023 (Consolidated, July 1, 2022 - June 30, 2023)

(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	230,000	3.7	700	(69.1)	1,100	(60.1)	600	(67.9)	27.36

* 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 "3. Consolidated Financial Statements and Important Notes

(5) Notes to consolidated financial statements (Changes in the scope of consolidation or the scope of application of the equity method)" on page 17 of Supplementary Information.

(2) 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 "3. Consolidated Financial Statements and Important Notes

(5) Notes to consolidated financial statements (Changes in accounting policy)" on page 17 of Supplementary Information.

(3) Number of shares outstanding (common stock)

(a) Shares outstanding (including treasury shares)

(b) Treasury shares

(c) Average number of shares outstanding

End of FY6/22:	21,925,104	End of FY6/21:	21,789,724
End of FY6/22:	958	End of FY6/21:	958
FY6/22:	21,897,811	FY6/21:	21,788,766

(Reference) Summary of Non-consolidated Financial Results**1. Financial results for the fiscal year ended June 2022 (July 1, 2021 - June 30, 2022)****(1) Results of Operations (Non-consolidated)**

(Percentage figures represent year on year changes)

	Net sales		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY6/22	2,724	15.2	732	67.9	998	42.0	932	40.5
FY6/21	2,364	9.6	436	108.0	703	44.6	663	(22.3)

	Earnings per share	Earnings per share fully diluted
	Yen	Yen
FY6/22	42.56	42.48
FY6/21	30.43	30.22

(2) Financial Position (Non-consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2022	23,886	8,649	36.2	394.52
As of June 30, 2021	21,468	8,112	37.8	372.32

(Reference) Shareholders' equity: As of Jun. 30, 2022: 8,649 million yen

As of Jun. 30, 2021: 8,112 million yen

* 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

(Cautionary statement regarding forward-looking statements, etc.)

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. Overview of Operating Results, etc. (4) Future outlook" on page 6 of Supplementary Information.

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1. Overview of Operating Results, etc.

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

(1) Overview of operating results for the fiscal year under review

During the fiscal year under review, although the Japanese economy continued to be characterized by restrictions on economic activities due to the declaration of a state of emergency and the issuance of priority measures to prevent the spread of the COVID-19, the economy showed a gradual recovery trend along with progress in vaccinations. However, there were also some signs of restraints on economic recovery due to the impacts of higher commodity prices arising from the higher tension in Ukraine. In addition, the outlook remains uncertain due to intermittent outbreaks of infection spread by the Omicron variant and concerns about the prolonged impact of the situation in Ukraine.

In Japan's medical sector, the impact of the COVID-19 pandemic is lessening due to continued capital investments to build a system to maintain the provision of medical care, partly as a result of subsidies and other policies, and the spread of vaccinations. However, there are continuing negative effects on the business conditions of medical institutions due to the reluctance of people to seek medical care, especially in the Tokyo area, and lingering postponements of non-emergency surgeries.

In the medical device sales industry, as the impact of falling sales prices of medical supplies due to the revision of medical service fees intensifies, there is a growing demand for the provision of complex services that can contribute to improving the management and efficiency of medical institutions. Against this backdrop, moves to expand business areas and strengthen sales structures through M&As, business alliances and others are gaining momentum. Under such a business environment, in order to maintain the medical systems of medical institutions, the MEDIUS Group has conducted its business activities under the policy of ensuring a stable supply of products and solving customers' problems, all while striving to prevent the spread of infection by all employees. The number of operations recovered to a certain degree due to progress in anti-infection measures at medical institutions, and even when the number of COVID-19 cases increased, there was no significant drop in the number. Sales of consumables including those for surgeries also increased from the previous fiscal year, due in part to a focus on minimally invasive fields and a sales expansion in the field of orthopedics. Meanwhile, while sales of reagents for the COVID-19 tests and products in relation to anti-infection measures including personal protective equipment peaked out, sales volumes remained high compared to the level before the spread of infections. The MEDIUS Group also actively promoted proposals for solutions that contribute to improving medical environments and management, and new contracts for SPD, among other factors, contributed to the increase in sales in the medical device sales business. Medical supply sales increased thanks to new orders related to anti-infection measures. Furthermore, the business integration with SANO MEDICAL INSTRUMENTS Co., Ltd. in October 2021 contributed to higher sales. SG&A expenses increased from the previous fiscal year due to the hiring of personnel and the opening and relocation of sales offices in connection with the expansion of business scale at major subsidiaries, as well as capital investment-related expenses and relocation costs related to the new logistics center at KURIBARA MEDICAL Instruments. The extraordinary loss of 197 million yen was mainly due to an impairment loss on related non-current assets incurred in connection with the relocation of a sales office of a major subsidiary.

In the current fiscal year, sales increased 6.7% from a year earlier to 221,694 million yen, operating profit decreased 14.6% to 2,267 million yen, ordinary profit decreased 13.2% to 2,757 million yen and profit attributable to owners of parent decreased 9.6% to 1,867 million yen.

Business segment performance was as follows.

(i) Medical Device

Sales and gross profit of consumables increased from one year earlier due to the acquisition of SPD (see note below) orders and new customers as well as increased sales of products related to anti-infection measures and the business integration with SANO MEDICAL INSTRUMENTS Co., Ltd., despite a downturn in the number of surgeries in Japan caused by the pandemic. Although sales of medical equipment decreased from one year earlier, sales remained strong due to the acquisition of orders related to the relocation and construction of new facilities, as well as orders related to subsidies for anti-infection measures of COVID-19. Meanwhile, SG&A expenses increased due to costs related to the establishment of a new logistics center at KURIBARA MEDICAL Instruments.

As a result, segment sales increased 7.0% from one year earlier to 216,384 million yen, the gross profit increased 9.8% to 25,322 million yen, and the segment profit (operating profit) increased 14.5% to 9,250 million yen.

(Note) SPD (supply, processing and distribution) is an outsourced system 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 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, Akita MEDICAL INSTRUMENTS Co., Ltd., MITAS Inc., 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 4.6% to 5,309 million yen, the gross profit decreased 1.5% to 2,098 million yen and the segment profit (operating profit) decreased 28.4% to 495 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) Overview of financial position for the fiscal year under review

A. Assets

Total assets were 92,953 million yen at the end of the fiscal year under review, 8,473 million yen more than at the end of the previous fiscal year.

Current assets increased 3,359 million yen to 71,553 million yen. This increase was mainly the result of increases of 3,590 million yen in notes and accounts receivable-trade, 2,124 million yen in merchandise and finished goods and 1,162 million yen in other current assets, despite a decrease of 3,517 million yen in cash and deposits.

Non-current assets increased 5,113 million yen to 21,399 million yen. The primary change was increases of 3,742 million yen in property, plant and equipment and 1,466 million yen in investments and other assets.

B. Liabilities

Total liabilities increased 7,009 million yen to 75,646 million yen at the end of the fiscal year under review.

Current liabilities increased 6,828 million yen to 67,522 million yen. This increase was mainly the result of increases of 6,135 million yen in short-term borrowings and 986 million yen in income taxes payable.

Non-current liabilities increased 180 million yen to 8,123 million yen primarily because of increases of 56 million yen in long-term borrowings and 70 million yen in asset retirement obligations.

C. Net assets

Net assets increased 1,464 million yen to 17,307 million yen at the end of the fiscal year under review because of an increase of 1,410 million yen in retained earnings.

(3) Overview of cash flows for the fiscal year under review

Cash and cash equivalents totaled 9,067 million yen at the end of the fiscal year under review, 3,517 million yen less than at the end of the previous fiscal year. The following is a summary of cash flows during the fiscal year under review.

A. Operating activities

Net cash used in operating activities was 3,899 million yen compared with a positive cash flow of 6,848 million yen one year earlier. Major sources of cash were profit before income taxes of 2,567 million yen, depreciation of 971 million yen and amortization of goodwill of 194 million yen. Major uses of cash were a 2,979 million yen increase in trade receivables, a 1,991 million yen increase in inventories, an 863 million yen increase in other current assets, an 805 million yen decrease in trade payables and income taxes paid of 1,379 million yen.

B. Investing activities

Net cash used in investing activities was 4,823 million yen compared with 4,616 million yen one year earlier. Proceeds of 196 million yen from refund of leasehold and guarantee deposits were more than offset by payments of 4,270 million yen for purchase of property, plant and equipment, 318 million yen for purchase of intangible assets, and 390 million yen for purchase of long-term prepaid expenses.

C. Financing activities

Net cash provided by financing activities was 5,205 million yen compared with 1,901 million yen one year earlier. There were net increase of 6,184 million yen in short-term borrowings and proceeds of 1,000 million yen from long-term borrowings and payments of 1,558 million yen for repayments of long-term borrowings and 457 million yen for dividends paid.

(Reference) Cash flow-related indicators

	FY6/18	FY6/19	FY6/20	FY6/21	FY6/22
Equity ratio (%)	19.8	20.5	19.8	18.8	18.6
Equity ratio on a fair value basis (%)	35.3	24.0	27.6	26.2	22.5
Ratio of interest-bearing debt to cash flow (%)	858.5	-	795.9	169.3	-
Interest coverage ratio (times)	20.0	-	26.3	127.7	-

Equity ratio: Shareholders' equity / Total assets

Equity ratio on a fair value basis: Market capitalization / Total assets

Ratio of interest-bearing debt to cash flow: Interest-bearing debt / Cash flow

Interest coverage ratio: Cash flow / Interest payments

(Note 1) All calculations are based on consolidated financial figures.

(Note 2) Market capitalization is calculated based on the number of shares outstanding excluding treasury shares.

(Note 3) Operating cash flow is used for cash flow.

(Note 4) Interest-bearing debt covers all liabilities on the consolidated balance sheets for which interest is paid.

(Note 5) The ratio of interest-bearing debt to cash flow and the interest coverage ratio for the fiscal years ended June 2019 and 2022 are not shown due to negative operating cash flow.

(Note 6) The Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018) has been applied from the beginning of the fiscal year ended June 2019. The equity ratio and the equity ratio on a fair value basis for the fiscal year ended June 2018 are retroactively adjusted to incorporate this standard.

(Note 7) The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) has been applied from the beginning of the fiscal year under review. All figures for the fiscal year ended June 2021 are retroactively adjusted to incorporate this standard.

(4) Future outlook

In Japan's medical sector, as medical and nursing care needs are expected to increase due to the declining birthrate and aging population, effective and efficient medical and nursing care delivery systems are being developed under the Regional Medical Care Vision. Meanwhile, the industry has been impacted by the intermittent spread of COVID-19 caused by the Omicron variant, and there is still no prospect of a conclusion to this situation.

In the medical device sales industry, to which the MEDIUS Group belongs, competition among companies is expected to gain momentum and industry reorganization through M&As, business alliances and others will further progress, as companies are required to provide complex services that can contribute to operational efficiency and management improvement of medical institutions.

Upholding the management philosophy of "contributing to regional medical care" under such operating circumstances, the MEDIUS Group aims to contribute to the creation of advanced and reliable medical environments by responding to the needs of diversifying medical institutions through the supply of medical equipment, the streamlining of management systems and logistics through IT, and the promotion of medical management support such as providing information on the medical frontline and advanced and cutting-edge medical technologies. In particular, we are focusing on expanding the SPD business and will strive to promote complex services that will improve the management of medical institutions, such as by offering the SURGELANE® surgical room operation support program, the meccul® medical supplies database and medical supplies analysis service, and the MORISS® surgical room information management system for the management of surgical supplies in surgical rooms through the sale of medical supplies (consumables).

While the current situation is expected to be impacted to a certain extent by a decrease in the number of non-emergency surgeries and examinations due to the spread of COVID-19, demand for reagents for the COVID-19 tests and products in relation to anti-infection measures including personal protective equipment is also expected to be maintained to a certain extent. In addition, the revision of medical treatment fees in April 2022 is expected to lower unit sales prices, particularly in the cardiovascular field. Meanwhile, the impacts of higher commodity prices arising from the higher tension in Ukraine are expected to combine to depress the MEDIUS Group's performance. Despite these circumstances, we expect increases in sales and gross profit for the next fiscal year (fiscal year ending June 2023) by expanding our business through comprehensive proposals to customers centered on solutions, and by further leveraging synergies from increased efficiency and complementary know-how through the integration of management resources at ALVAUS, Inc., which was formed in October 2021 through the integration of subsidiaries specializing in the cardiovascular field.

We expect SG&A expenses to increase by more than 2 billion yen overall and operating profit, ordinary profit and profit attributable to owners of parent to decrease compared to the fiscal year ended June 2022. This is mainly due to continued regular hiring of human resources and expenses related to the opening and relocation of offices at major subsidiaries in line with business scale expansion, as well as depreciation and maintenance expenses related to the new logistics center opened in April 2022 at KURIBARA MEDICAL Instruments.

Based on the above, we expect the following results for the next fiscal year (fiscal year ending June 2023). However, there is a possibility that the spread of COVID-19 may be prolonged and unexpected events may occur in our business activities. We will promptly disclose the revised forecast if such an event necessitates a revision of the forecast in the future.

<Consolidated results forecasts>

(Million yen)

	FY6/22 Consolidated results	FY6/23 Consolidated results forecasts	Change (%)
Net sales	221,694	230,000	3.7
Operating profit	2,267	700	(69.1)
Ordinary profit	2,757	1,100	(60.1)
Profit attributable to owners of parent	1,867	600	(67.9)

(5) Basic policy on profit distribution and dividends for the fiscal year under review and the next fiscal year

MEDIUS HOLDINGS' basic policy is to distribute profits to shareholders in accordance with its growth while securing the internal reserves necessary to maintain stable growth over the medium to long term, with a target payout ratio of 20-30% on a consolidated basis. Internal reserves are used to prepare for business development in response to changes in the market, including industry restructuring.

Based on this policy, and taking into consideration the business environment and other factors, we will pay a year-end dividend of 19 yen per share for the fiscal year under review (fiscal year ended June 2022), in accordance with the resolution of the Board of Directors on August 5, 2022.

As announced in the "Notice Concerning Changes in Dividend Policy and Shareholder Benefit Plan" dated August 5, 2022, we resolved to aim for a consolidated dividend payout ratio of 30% or more and to change the shareholder benefit plan from the viewpoint of fair profit distribution to shareholders. Based on this policy, we plan to pay 14 yen per share for the next fiscal year (fiscal year ending June 2023).

2. Basic Policy on Selection of Accounting Standards

For the time being, the MEDIUS Group's policy is to prepare its consolidated financial statements in accordance with Japanese GAAP, taking into consideration the comparability of the consolidated financial statements from period to period and intercompany comparability.

Our policy regarding the application of International Financial Reporting Standards (IFRS) is to respond appropriately taking into consideration various conditions in Japan and overseas.

3. Consolidated Financial Statements and Important Notes

(1) Consolidated balance sheet

(Thousand yen)

	Fiscal year ended June 2021 (As of June 30, 2021)	Fiscal year ended June 2022 (As of June 30, 2022)
Assets		
Current assets		
Cash and deposits	12,623,216	9,105,819
Notes and accounts receivable - trade	43,543,416	47,134,159
Investments in leases	48,364	45,495
Merchandise and finished goods	9,380,448	11,505,256
Raw materials and supplies	10,256	15,221
Other	2,676,984	3,839,478
Allowance for doubtful accounts	(88,712)	(91,522)
Total current assets	68,193,975	71,553,906
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,626,097	8,084,347
Accumulated depreciation	(1,766,627)	(1,885,375)
Buildings and structures, net	1,859,470	6,198,972
Machinery, equipment and vehicles	49,039	1,018,108
Accumulated depreciation	(47,949)	(52,654)
Machinery, equipment and vehicles, net	1,089	965,453
Tools, furniture and fixtures	1,393,548	1,740,253
Accumulated depreciation	(1,104,361)	(1,100,194)
Tools, furniture and fixtures, net	289,186	640,059
Land	2,992,178	3,111,833
Construction in progress	2,024,100	3,190
Other	169,469	167,153
Accumulated depreciation	(88,724)	(97,410)
Other, net	80,744	69,743
Total property, plant and equipment	7,246,769	10,989,251
Intangible assets		
Goodwill	1,207,955	1,026,131
Other	1,017,370	1,104,638
Total intangible assets	2,225,326	2,130,770
Investments and other assets		
Investment securities	4,384,143	4,349,547
Long-term loans receivable	820,101	688,575
Deferred tax assets	849,726	2,295,093
Other	1,566,613	1,655,276
Allowance for doubtful accounts	(806,740)	(708,579)
Total investments and other assets	6,813,843	8,279,912
Total non-current assets	16,285,939	21,399,934
Total assets	84,479,914	92,953,841

(Thousand yen)

	Fiscal year ended June 2021 (As of June 30, 2021)	Fiscal year ended June 2022 (As of June 30, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	50,665,151	50,363,249
Short-term borrowings	6,192,365	12,328,047
Current portion of bonds payable	-	7,000
Income taxes payable	686,572	1,673,501
Contract liabilities	199,607	162,583
Provision for bonuses	49,148	40,785
Provision for bonuses for directors (and other officers)	-	131,879
Provision for stock based compensation	156,512	-
Asset retirement obligations	-	9,912
Other	2,744,647	2,805,415
Total current liabilities	60,694,005	67,522,374
Non-current liabilities		
Bonds payable	-	22,000
Long-term borrowings	5,403,400	5,459,541
Deferred tax liabilities	820,461	817,199
Provision for loss on guarantees	109,013	98,999
Provision for share-based compensation	-	42,327
Retirement benefit liability	1,304,353	1,323,097
Asset retirement obligations	65,569	135,985
Other	239,958	224,552
Total non-current liabilities	7,942,755	8,123,702
Total liabilities	68,636,761	75,646,076
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	11,610,668
Treasury shares	(450)	(450)
Total shareholders' equity	14,096,645	15,625,996
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,839,196	1,744,163
Remeasurements of defined benefit plans	(92,688)	(62,395)
Total accumulated other comprehensive income	1,746,508	1,681,768
Total net assets	15,843,153	17,307,764
Total liabilities and net assets	84,479,914	92,953,841

(2) Consolidated statements of income and comprehensive income
(Consolidated statement of income)

(Thousand yen)

	Fiscal year ended June 2021 (Jul. 1, 2020 – Jun. 30, 2021)	Fiscal year ended June 2022 (Jul. 1, 2021 – Jun. 30, 2022)
Net sales	207,758,486	221,694,333
Cost of sales	182,561,555	194,273,566
Gross profit	25,196,931	27,420,767
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	19,672	13,197
Provision for share-based compensation	121,761	21,226
Salaries and allowances	9,237,003	10,089,792
Employees' bonuses	2,516,067	2,651,198
Provision for bonuses	49,148	38,535
Provision for bonuses for directors (and other officers)	-	131,879
Retirement benefit expenses	453,926	487,126
Legal welfare expenses	1,821,210	1,959,741
Depreciation	481,974	677,502
Rent expenses	1,810,436	1,974,395
Outsourcing expenses	1,923,853	2,181,495
Other	4,105,108	4,926,973
Total selling, general and administrative expenses	22,540,163	25,153,064
Operating profit	2,656,768	2,267,702
Non-operating income		
Interest income	4,596	4,032
Dividend income	58,938	46,933
Purchase discounts	340,761	331,823
Share of profit of entities accounted for using equity method	29,198	19,181
Commission income	71,121	85,886
Reversal of provision for loss on guarantees	8,850	10,013
Other	73,509	72,514
Total non-operating income	586,975	570,385
Non-operating expenses		
Interest expenses	53,588	68,582
Other	13,185	11,628
Total non-operating expenses	66,773	80,210
Ordinary profit	3,176,970	2,757,877
Extraordinary income		
Gain on sale of non-current assets	5,815	5,839
Subsidy income	63,681	-
Gain on sale of investment securities	4,518	1,061
Total extraordinary income	74,014	6,901
Extraordinary losses		
Loss on sale of non-current assets	-	1,796
Loss on retirement of non-current assets	2,502	11,597
Impairment losses	44,014	184,110
Loss on sale of shares of subsidiaries and associates	6,000	-
Loss on valuation of shares of subsidiaries and associates	20,135	-
Total extraordinary losses	72,651	197,504

(Thousand yen)

	Fiscal year ended June 2021 (Jul. 1, 2020 – Jun. 30, 2021)	Fiscal year ended June 2022 (Jul. 1, 2021 – Jun. 30, 2022)
Profit before income taxes	3,178,333	2,567,275
Income taxes - current	1,005,311	2,121,992
Income taxes - deferred	107,024	(1,422,633)
Total income taxes	1,112,336	699,358
Profit	2,065,996	1,867,916
Profit attributable to owners of parent	2,065,996	1,867,916

Consolidated statement of comprehensive income

(Thousand yen)

	Fiscal year ended June 2021 (Jul. 1, 2020 – Jun. 30, 2021)	Fiscal year ended June 2022 (Jul. 1, 2021 – Jun. 30, 2022)
Profit	2,065,996	1,867,916
Other comprehensive income		
Valuation difference on available-for-sale securities	213,923	(95,032)
Remeasurements of defined benefit plans, net of tax	(4,908)	30,292
Total other comprehensive income	209,015	(64,739)
Comprehensive income	2,275,012	1,803,176
Comprehensive income attributable to owners of parent	2,275,012	1,803,176

(3) Consolidated statements of changes in equity

Fiscal year ended June 2021 (July 1, 2020 - June 30, 2021)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,285,270	2,611,508	8,439,362	(450)	12,335,691
Changes during period					
Issuance of new shares	-	-			-
Dividends of surplus			(305,042)		(305,042)
Profit attributable to owners of parent			2,065,996		2,065,996
Net changes in items other than shareholders' equity					-
Total changes during period	-	-	1,760,954	-	1,760,954
Balance at end of period	1,285,270	2,611,508	10,200,316	(450)	14,096,645

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	1,625,272	(87,779)	1,537,492	13,873,183
Changes during period				
Issuance of new shares			-	-
Dividends of surplus			-	(305,042)
Profit attributable to owners of parent			-	2,065,996
Net changes in items other than shareholders' equity	213,923	(4,908)	209,015	209,015
Total changes during period	213,923	(4,908)	209,015	1,969,969
Balance at end of period	1,839,196	(92,688)	1,746,508	15,843,153

Fiscal year ended June 2022 (July 1, 2021 - June 30, 2022)

(Thousand yen)

	Shareholders' equity				Total shareholders' equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	
Balance at beginning of period	1,285,270	2,611,508	10,200,316	(450)	14,096,645
Changes during period					
Issuance of new shares	59,499	59,499			118,999
Dividends of surplus			(457,564)		(457,564)
Profit attributable to owners of parent			1,867,916		1,867,916
Net changes in items other than shareholders' equity					
Total changes during period	59,499	59,499	1,410,352	-	1,529,351
Balance at end of period	1,344,769	2,671,008	11,610,668	(450)	15,625,996

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	1,839,196	(92,688)	1,746,508	15,843,153
Changes during period				
Issuance of new shares				118,999
Dividends of surplus				(457,564)
Profit attributable to owners of parent				1,867,916
Net changes in items other than shareholders' equity	(95,032)	30,292	(64,739)	(64,739)
Total changes during period	(95,032)	30,292	(64,739)	1,464,611
Balance at end of period	1,744,163	(62,395)	1,681,768	17,307,764

(4) Consolidated statements of cash flows

(Thousand yen)

	Fiscal year ended June 2021 (Jul. 1, 2020 – Jun. 30, 2021)	Fiscal year ended June 2022 (Jul. 1, 2021 – Jun. 30, 2022)
Cash flows from operating activities		
Profit before income taxes	3,178,333	2,567,275
Depreciation	712,726	971,876
Amortization of goodwill	194,250	194,231
Impairment losses	44,014	184,110
Increase (decrease) in retirement benefit liability	63,547	49,350
Increase (decrease) in allowance for doubtful accounts	8,387	13,381
Increase (decrease) in provision for bonuses	(2,664)	(10,613)
Increase (decrease) in provision for bonuses for directors (and other officers)	-	131,879
Increase (decrease) in provision for share-based compensation	124,973	(114,184)
Increase (decrease) in provision for loss on guarantees	(8,850)	(10,013)
Interest and dividend income	(63,534)	(50,965)
Interest expenses	53,588	68,582
Share issuance costs	-	1,062
Loss (gain) on sale of non-current assets	(5,815)	(4,043)
Loss on retirement of non-current assets	2,502	11,597
Share of loss (profit) of entities accounted for using equity method	(29,198)	(19,181)
Decrease (increase) in trade receivables	(6,314,772)	(2,979,412)
Decrease (increase) in inventories	(273,987)	(1,991,631)
Decrease (increase) in investments in leases	54,208	48,366
Decrease (increase) in other current assets	(413,841)	(863,847)
Increase (decrease) in trade payables	10,032,935	(805,968)
Loss (gain) on sale of investment securities	(4,518)	(1,061)
Loss on valuation of shares of subsidiaries and associates	20,135	-
Loss (gain) on sale of shares of subsidiaries and associates	6,000	-
Increase (decrease) in accrued consumption taxes	94,509	(396,716)
Increase (decrease) in other current liabilities	121,074	390,266
Other, net	7,675	(8,876)
Subtotal	7,601,679	(2,624,536)
Interest and dividends received	59,402	48,676
Interest paid	(53,622)	(69,561)
Income taxes paid	(864,108)	(1,379,724)
Income taxes refund	105,193	126,142
Net cash provided by (used in) operating activities	6,848,544	(3,899,003)

(Thousand yen)

	Fiscal year ended June 2021 (Jul. 1, 2020 – Jun. 30, 2021)	Fiscal year ended June 2022 (Jul. 1, 2021 – Jun. 30, 2022)
Cash flows from investing activities		
Payments into time deposits	(61,592)	(60,194)
Proceeds from withdrawal of time deposits	60,192	60,194
Purchase of property, plant and equipment	(3,451,230)	(4,270,208)
Proceeds from sale of property, plant and equipment	8,004	7,706
Payments for retirement of property, plant and equipment	(127)	(328)
Purchase of intangible assets	(463,136)	(318,517)
Purchase of investment securities	(113,731)	(10,837)
Proceeds from sale of investment securities	5,093	1,571
Proceeds from sale of shares of subsidiaries and associates	84,000	-
Proceeds from collection of loans receivable	32,508	22,793
Purchase of long-term prepaid expenses	(339,666)	(390,726)
Payments of leasehold and guarantee deposits	(166,002)	(194,419)
Proceeds from refund of leasehold and guarantee deposits	87,445	196,457
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)	-
Purchase of insurance funds	(8,493)	(29,274)
Proceeds from cancellation of insurance funds	21,275	17
Other, net	(10,643)	(7,922)
Net cash provided by (used in) investing activities	(4,616,381)	(4,823,462)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	750,838	6,184,501
Proceeds from long-term borrowings	3,100,000	1,000,000
Repayments of long-term borrowings	(1,560,322)	(1,558,624)
Proceeds from issuance of shares	-	117,936
Repayments of lease liabilities	(83,405)	(80,950)
Dividends paid	(305,113)	(457,793)
Net cash provided by (used in) financing activities	1,901,998	5,205,068
Net increase (decrease) in cash and cash equivalents	4,134,160	(3,517,397)
Cash and cash equivalents at beginning of period	8,450,260	12,584,421
Cash and cash equivalents at end of period	12,584,421	9,067,024

(5) Notes to consolidated financial statements

(Notes on going concern assumptions)

None

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

(Significant changes in the scope of consolidation)

From the fiscal year under review, 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.

From the fiscal year under review, SANO MEDICAL INSTRUMENTS Co., Ltd. was added to the scope of consolidation due to the acquisition of all of its stock by MEDIUS HOLDINGS 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)

MEDIUS HOLDINGS has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) from the beginning of the fiscal year under review. 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 fiscal year financial statements in prior years incorporate this standard.

For 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 39,028,815 thousand yen each. However, these changes 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, and advances received included in other current liabilities are instead classified as contract liabilities beginning from the fiscal year under review.

(Application of accounting standard for fair value measurement)

MEDIUS HOLDINGS has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019) from the beginning of the fiscal year under review. 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 consolidated financial statements.

(Segment information, etc.)

[Segment information]

1. Overview of reporting segments

(1) Method of determining reporting segments

The MEDIUS Group's reporting segments are components of the MEDIUS Group for which separate financial information is available and are subject to periodic review by the Board of Directors for the purpose of determining the allocation of management resources and evaluating performance.

(2) Products and services in each reporting segment

The MEDIUS Group has established business divisions by products and services, and each division formulates comprehensive strategies for the products and services it handles and develops business activities.

Therefore, the MEDIUS Group consists of segments by product and service based on business divisions, and has two reporting segments: Medical Device and Welfare Device.

The Medical Device segment is engaged in sales of medical devices, and repair and maintenance of medical devices. The Welfare Device segment sells and rents nursing care and welfare equipment.

2. Calculation of net sales, income (loss), assets, liabilities and other items by reporting segment

The accounting treatment of the reported business segments are the same as the accounting policy adopted to prepare the consolidated financial statements.

Income by reporting segment is the figure for operating profit.

Intersegment sales or transfers are based on actual market prices.

3. Information about sales, income (loss), assets, liabilities and other items by reporting segment

Fiscal year ended June 2021 (July 1, 2020 - June 30, 2021)

(Thousand yen)

	Reporting segments			Adjustment (Note 1)	Amount on the consolidated statement of income (Note 2)
	Medical Device	Welfare Device	Total		
Net sales					
Sales to outside customers	202,195,273	5,563,213	207,758,486	-	207,758,486
Intersegment sales or transfers	-	-	-	-	-
Total	202,195,273	5,563,213	207,758,486	-	207,758,486
Segment income	8,075,885	691,684	8,767,569	(6,110,800)	2,656,768
Segment assets	45,227,453	1,110,005	46,337,458	38,142,455	84,479,914
Others					
Depreciation	161,325	246,495	407,820	304,905	712,726
Increase in property, plant and equipment and intangible assets	391,206	421,472	812,678	3,347,676	4,160,355

(Notes) 1 Adjustments are as follows:

(1) The 6,110,800 thousand yen negative adjustment for segment income includes 23,568

thousand yen for intersegment transaction eliminations, 194,250 thousand yen deduction for amortization of goodwill and 5,940,118 thousand yen deduction for corporate expenses that cannot be assigned to specific segments. Corporate expenses are primarily operating expenses of parent company and general and administrative expenses that do not belong to specific segments.

(2) Adjustments to segment assets, depreciation and increase in property, plant and equipment and intangible assets are corporate assets, depreciation, and increase in property, plant and

equipment and intangible assets that are not allocated to reporting segments.

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

Fiscal year ended June 2022 (July 1, 2021 - June 30, 2022)

(Thousand yen)

	Reporting segments			Adjustment (Note 1)	Amount on the consolidated statement of income (Note 2)
	Medical Device	Welfare Device	Total		
Net sales					
Sales to outside customers	216,384,707	5,309,626	221,694,333	-	221,694,333
Intersegment sales or transfers	-	-	-	-	-
Total	216,384,707	5,309,626	221,694,333	-	221,694,333
Segment income	9,250,208	495,180	9,745,388	(7,477,685)	2,267,702
Segment assets	52,060,689	1,145,969	53,206,658	39,747,182	92,953,841
Others					
Depreciation	233,555	310,320	543,876	428,000	971,876
Increase in property, plant and equipment and intangible assets	506,598	323,296	829,894	4,190,188	5,020,083

(Notes) 1 Adjustments are as follows.

(1) The 7,477,685 thousand yen negative adjustment for segment income includes 19,047 thousand yen for intersegment transaction eliminations, 194,231 thousand yen deduction for amortization of goodwill and 7,302,501 thousand yen deduction for corporate expenses that cannot be assigned to specific segments. Corporate expenses are primarily operating expenses of parent company and general and administrative expenses that do not belong to specific segments.

(2) Adjustments to segment assets, depreciation, and increase in property, plant and equipment and intangible assets are corporate assets, depreciation, and increase in property, plant and equipment and intangible assets that are not allocated to reporting segments.

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

[Related information]

Fiscal year ended June 2021 (July 1, 2020 - June 30, 2021)

1. Information by product and service

This information is omitted because the same information is disclosed in the segment information.

2. Information by region

(1) Net sales

Not applicable as there are no sales to external customers outside Japan.

(2) Property, plant and equipment

Not applicable as there are no property, plant and equipment located outside Japan.

3. Information by major customer

This information is omitted because there are no sales to external customers that account for 10% or more of the net sales in the consolidated statement of income.

Fiscal year ended June 2022 (July 1, 2021 - June 30, 2022)

1. Information by product and service

This information is omitted because the same information is disclosed in the segment information.

2. Information by region

(1) Net sales

Not applicable as there are no sales to external customers outside Japan.

(2) Property, plant and equipment

Not applicable as there are no property, plant and equipment located outside Japan.

3. Information by major customer

This information is omitted because there are no sales to external customers that account for 10% or more of the net sales in the consolidated statement of income.

[Information about impairment loss on non-current assets by reporting segment]

Fiscal year ended June 2021 (July 1, 2020 - June 30, 2021)

(Thousand yen)

	Reporting segments			Corporate/ Elimination	Total
	Medical Device	Welfare Device	Total		
Impairment loss	-	-	-	44,014	44,014

(Note) The amount of "Corporate/Elimination" is impairment loss on corporate assets that do not belong to any reporting segment.

Fiscal year ended June 2022 (July 1, 2021 - June 30, 2022)

(Thousand yen)

	Reporting segments			Corporate/ Elimination	Total
	Medical Device	Welfare Device	Total		
Impairment loss	142,410	-	142,410	41,700	184,110

(Note) The amount of "Corporate/Elimination" is impairment loss on corporate assets that do not belong to any reporting segment.

[Information about amortization and unamortized balance of goodwill by reporting segment]

Fiscal year ended June 2021 (July 1, 2020 - June 30, 2021)

(Thousand yen)

	Reporting segments			Corporate/ Elimination	Total
	Medical Device	Welfare Device	Total		
Amortization during the period	-	-	-	194,250	194,250
Balance at the end of period	-	-	-	1,207,955	1,207,955

(Note) The amount of "Corporate/Elimination" is impairment loss on the company that do not belong to any reporting segment.

Fiscal year ended June 2022 (July 1, 2021 - June 30, 2022)

(Thousand yen)

	Reporting segments			Corporate/ Elimination	Total
	Medical Device	Welfare Device	Total		
Amortization during the period	-	-	-	194,231	194,231
Balance at the end of period	-	-	-	1,026,131	1,026,131

(Note) The amount of "Corporate/Elimination" is impairment loss on the company that do not belong to any reporting segment.

[Information about gain on negative goodwill by reporting segment]

Fiscal year ended June 2021 (July 1, 2020 - June 30, 2021)

None

Fiscal year ended June 2022 (July 1, 2021 - June 30, 2022)

None

(Per share information)

	Fiscal year ended June 2021 (Jul. 1, 2020 - Jun. 30, 2021)	Fiscal year ended June 2022 (Jul. 1, 2021 - Jun. 30, 2022)
Net assets per share	727.12 yen	789.43 yen
Earnings per share	94.81 yen	85.30 yen
Earnings per share fully diluted	94.15 yen	85.15 yen

(Notes) 1. The basis for calculating earnings per share and earnings per share fully diluted is as follows:

	Fiscal year ended June 2021 (Jul. 1, 2020 - Jun. 30, 2021)	Fiscal year ended June 2022 (Jul. 1, 2021 - Jun. 30, 2022)
Earnings per share		
Profit attributable to owners of parent (Thousand yen)	2,065,996	1,867,916
Amount not attributable to common shareholders (Thousand yen)	-	-
Profit attributable to owners of parent relating to common stock (Thousand yen)	2,065,996	1,867,916
Average number of shares of common stock outstanding during the period (Shares)	21,788,766	21,897,811
Earnings per share fully diluted		
Adjustment for profit attributable to owners of parent (Thousand yen)	-	-
Increase in number of shares of common stock (Shares)	154,350	37,823
[Stock compensation-type stock acquisition rights] (Shares)	[154,350]	[37,823]
Overview of residual shares not included in the calculation of earnings per share fully diluted due to their non-dilutive effect	-	-

2 The basis for calculation of net assets per share is as follows:

	Fiscal year ended June 2021 (As of June 30, 2021)	Fiscal year ended June 2022 (As of June 30, 2022)
Total net assets (Thousand yen)	15,843,153	17,307,764
Amount deducted from total net assets (Thousand yen)	-	-
Net assets related to common stock at the end of the fiscal year (Thousand yen)	15,843,153	17,307,764
Number of shares of common stock used in the calculation of net assets per share at the end of the fiscal year (Shares)	21,788,766	21,924,146

(Significant subsequent events)
None