

Consolidated Financial Results for the Six Months Ended September 30, 2021 [Japanese GAAP]



November 9, 2021

Company name: A&D Company, Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 7745
 URL: <https://www.aandd.jp/>
 Representative: Yasunobu Morishima, President & CEO
 Contact: Sadao Ito, Director, Senior Managing Executive Officer in charge of Business Management HQ
 Phone: +81-48-593-1111
 Scheduled date of filing quarterly securities report: November 12, 2021
 Scheduled date of commencing dividend payments: December 6, 2021
 Availability of supplementary briefing material on quarterly financial results: Available
 Schedule of quarterly financial results briefing session: Scheduled (for institutional investors)

(Amounts of less than one million yen are truncated.)

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

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

| | Net sales | | Operating profit | | Ordinary profit | | Net profit attributable to parent company shareholders | |
|-------------------------------------|-------------|-------|------------------|------|-----------------|------|--|-------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Six months ended September 30, 2021 | 23,876 | 8.4 | 2,134 | 43.5 | 2,234 | 47.8 | 1,363 | 19.0 |
| September 30, 2020 | 22,019 | (3.5) | 1,487 | 57.5 | 1,511 | 96.1 | 1,146 | 526.6 |

Note: Comprehensive income Six months ended September 30, 2021: ¥1,653 million [41.7%]
 Six months ended September 30, 2020: ¥1,166 million [-%]

| | Basic earnings per share | | Diluted earnings per share | |
|-------------------------------------|--------------------------|--|----------------------------|--|
| | Yen | | Yen | |
| Six months ended September 30, 2021 | 66.02 | | 65.91 | |
| September 30, 2020 | 55.57 | | 54.34 | |

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio |
|--------------------------|--------------|-------------|--------------|
| | Million yen | Million yen | % |
| As of September 30, 2021 | 54,491 | 24,446 | 40.0 |
| As of March 31, 2021 | 54,119 | 23,387 | 38.4 |

Reference: Equity As of September 30, 2021: ¥21,779 million
 As of March 31, 2021: ¥20,772 million

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. effective from the beginning of the first quarter of the fiscal year. The figures as of September 30, 2021 represent those after the application of the accounting standard, etc.

2. Dividends

| | Annual dividends | | | | |
|--|------------------|-----------------|-----------------|--------------|--------------|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Year-end | Total |
| Fiscal year ended March 31, 2021 | Yen - | Yen 10.00 | Yen - | Yen 15.00 | Yen 25.00 |
| Fiscal year ending March 31, 2022 | - | 10.00 | | | |
| Fiscal year ending March 31, 2022 (Forecast) | | | - | 15.00 | 25.00 |

Note: Revision to the forecast for dividends announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 to March 31, 2022)

(% indicates changes from the previous corresponding period.)

| | Net sales | | Operating profit | | Ordinary profit | | Net profit attributable to parent company shareholders | | Basic earnings per share |
|-----------|-------------|-----|------------------|------|-----------------|------|--|-----|--------------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| Full year | 51,500 | 6.4 | 5,360 | 21.7 | 5,410 | 18.5 | 3,430 | 2.7 | 166.06 |

Note: Revision to the financial results forecast announced most recently: Yes

For the financial results forecast, please refer to the “Notice Regarding Differences Between Consolidated Financial Results Forecast for the Six Months Ended September 30, 2021 and Actual Results as well as Revision of Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022” announced today (November 9, 2021).

* Notes:

- (1) Changes in significant subsidiaries during the period: No
(Changes in specified subsidiaries accompanying changes to the scope of consolidation)
New: - companies (Company name) - ; Excluded: - companies (Company name) -
- (2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: Yes
 - 2) Changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Retrospective restatement: No

Note: For details, please refer to “2. Quarterly Consolidated Financial Statements and Primary Notes, (3) Notes to Quarterly Consolidated Financial Statements, (Changes in accounting policies)” on page 8 of the Appendix.

(4) Total number of issued shares (common stock)

1) Total number of issued shares at the end of the period (including treasury stock):

September 30, 2021: 22,601,400 shares

March 31, 2021: 22,579,700 shares

2) Total number of treasury stock at the end of the period:

September 30, 2021: 1,919,070 shares

March 31, 2021: 1,951,470 shares

3) Average number of shares during the period:

Six months ended September 30, 2021: 20,655,428 shares

Six months ended September 30, 2020: 20,628,340 shares

Note: The total number of treasury stock at the end of the period and the total number of treasury stock which has been eliminated when calculating the average number of shares during the period include the Company's shares held by Custody Bank of Japan, Ltd. (Trust E Account) as trust properties of the stock benefit trust system.

* These consolidated financial results are outside the scope of quarterly review by certified public accountants or audit corporations.

* Explanation of the proper use of financial results forecasts and other notes

Forward-looking statements in this document, including financial results forecasts, are based on information available and certain assumptions deemed reasonable by the Company at present, and the Company does not guarantee their achievement. Actual business results, etc., may differ significantly due to various factors.

Table of Contents

| | |
|--|----|
| 1. Qualitative Information on Quarterly Financial Results for the Period | 2 |
| (1) Business Results | 2 |
| (2) Financial Position | 3 |
| (3) Consolidated Financial Results Forecast and Other Forward-looking Information | 3 |
| 2. Quarterly Consolidated Financial Statements and Primary Notes | 4 |
| (1) Quarterly Consolidated Balance Sheets | 4 |
| (2) Quarterly Consolidated Statements of Income and Comprehensive Income | 6 |
| Quarterly Consolidated Statements of Income | |
| Six Months Ended September 30 | 6 |
| Quarterly Consolidated Statements of Comprehensive Income | |
| Six Months Ended September 30 | 7 |
| (3) Notes to Quarterly Consolidated Financial Statements | 8 |
| (Notes on going concern assumption) | 8 |
| (Notes in the case of significant changes in shareholders' equity) | 8 |
| (Changes in accounting policies)..... | 8 |
| (Accounting policies adopted specially for the preparation of quarterly consolidated financial statements) | 9 |
| (Segment information, etc.) | 10 |

1. Qualitative Information on Quarterly Financial Results for the Period

(1) Business Results

Looking back at the economic environment surrounding A&D Company, Ltd. (the “Company”) and its subsidiaries (collectively, the “Group”) during the six months ended September 30, 2021, economic activity in Japan, which had been sluggish due to the impact of the spread of COVID-19, gradually recovered as export and capital investment improved mainly in the manufacturing sector. However, personal consumption remained stagnant due to continued restrictions imposed on people’s activities under the declaration of a state of emergency. In overseas, China, the U.S. and European countries with high vaccination rates have propelled themselves to normalize their economic activities. The economic environment, however, remained uncertain due to such factors as supply shortages and price increases of semiconductors and other components, shipping delays caused by a shortage of containers, and soaring transportation costs.

Amid such circumstances, the Group focused on online marketing activities while working remotely and holding meetings online to prevent the spread of infection. As we expected lower profits, we worked to reduce production costs and made efforts to control fixed costs.

As a result, net sales for the six months ended September 30, 2021 were ¥23,876 million (up 8.4% year-on-year), operating profit was ¥2,134 million (up 43.5% year-on-year), ordinary profit was ¥2,234 million (up 47.8% year-on-year), and net profit attributable to parent company shareholders was ¥1,363 million (up 19.0% year-on-year).

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. effective from the beginning of the first quarter of the fiscal year. For details of the impact of this application on the financial position and business results, please refer to “2. Quarterly Consolidated Financial Statements and Primary Notes, (3) Notes to Quarterly Consolidated Financial Statements, (Changes in accounting policies) as well as (Segment information, etc.), [Segment information], 2. Disclosure of changes, etc. in reportable segments.”

Business results by segment are as follows.

1) Measurement and Weighing Instruments Business

In Japan, demand for weighing instruments picked up as economic activity recovered, resulting in growth both sales and profits.

In the Americas, growth in both sales and profits driven by a recovery in demand of our core weighing instruments, new market entries, and the growth of metal detectors and checkweighers in addition to steady sales of measurement and control simulation systems (DSP systems).

In Asia and Oceania, growth in both sales and profits driven by a significant increase in sales of weighing instruments in South Korea, strong sales in India of metal detectors and checkweighers, which are manufactured by combining Japanese controllers with locally made conveyors, and weighing instruments for the jewelry market, and strong sales in Australia of metal detectors and checkweighers as well as a growth in sales of weighing instruments.

As a result, net sales in the measurement and weighing instruments business were ¥13,761 million (up 10.2% year-on-year) and operating profit was ¥1,081 million (up 87.6% year-on-year).

2) Medical and Healthcare Business

In Japan, growth in both sales and profits driven by a recovery in demand of capital investment at hospitals, nursing homes and other facilities, as well as a growth in sales of home-use blood pressure monitors and other products through major retailers.

In the Americas, both sales and profits decreased due to shipping delays caused by a shortage of containers as well as a decrease in demand driven by COVID-19 in Canada, although shipments for a large-scale project continued in the U.S. and demand for products for U.S Department of Veterans Affairs picked up.

In Europe, both sales and profits achieved growth driven by a successful bid on a government contract for

blood pressure monitors in Russia; also by expanding market share of home-use blood pressure monitors and many other healthcare devices as a result of focusing on branding activities, such as sponsoring various events in the medical and healthcare areas; and due to strong e-commerce sales in the U.K.

As a result, net sales in the medical and healthcare business were ¥10,115 million (up 6.1% year-on-year) and operating profit was ¥2,032 million (up 2.1% year-on-year).

(2) Financial Position

(Assets, liabilities and net assets)

Total assets as of September 30, 2021 were ¥54,491 million, an increase of ¥371 million compared to the end of the previous fiscal year. This was due to an increase of ¥784 million in fixed assets mainly resulting from the construction of a new office building at HOLON Co., Ltd., which was partially offset by a decrease of ¥412 million in current assets mainly resulting from a decrease in notes and accounts receivable and contract assets.

Total liabilities as of September 30, 2021 were ¥30,044 million, a decrease of ¥687 million compared to the end of the previous fiscal year. This was due to a decrease of ¥422 million in fixed liabilities mainly driven by a decrease in long-term borrowings, in addition to a decrease of ¥264 million in current liabilities mainly driven by a decrease in short-term borrowings.

Net assets as of September 30, 2021 were ¥24,446 million, an increase of ¥1,058 million compared with the end of the previous fiscal year. This was driven by ¥860 million growth in retained earnings, as well as ¥134 million growth in accumulated other comprehensive income which is due to growth in foreign currency translation adjustments.

(3) Consolidated Financial Results Forecast and Other Forward-looking Information

In view of recent business trends and other factors, the Company revised its consolidated financial results forecast for the fiscal year ending March 31, 2022 that was announced on May 11, 2021. For details, please refer to the “Notice Regarding Differences Between Consolidated Financial Results Forecast for the Six Months Ended September 30, 2021 and Actual Results as well as Revision of Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022” separately announced today.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

| | As of March 31, 2021 | As of September 30, 2021 |
|---|----------------------|--------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 13,118 | 11,953 |
| Notes and accounts receivable | 13,108 | — |
| Notes and accounts receivable and contract assets | — | 11,504 |
| Products | 6,583 | 7,174 |
| Unfinished goods | 2,259 | 3,351 |
| Raw materials and supplies | 3,606 | 4,309 |
| Other | 1,453 | 1,402 |
| Allowance for doubtful accounts | (100) | (79) |
| Total current assets | 40,028 | 39,615 |
| Fixed assets | | |
| Tangible fixed assets | | |
| Land | 5,104 | 5,088 |
| Other, net | 5,081 | 5,890 |
| Total tangible fixed assets | 10,185 | 10,978 |
| Intangible fixed assets | | |
| Goodwill | 210 | 166 |
| Other | 1,427 | 1,340 |
| Total intangible fixed assets | 1,638 | 1,507 |
| Investments, etc. | 2,267 | 2,389 |
| Total fixed assets | 14,091 | 14,875 |
| Total assets | 54,119 | 54,491 |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable | 4,290 | 5,178 |
| Short-term borrowings | 11,374 | 10,321 |
| Long-term borrowings to be repaid within one year | 2,867 | 2,681 |
| Accrued corporate taxes, etc. | 850 | 670 |
| Provision for bonuses | 1,211 | 1,224 |
| Provision for product warranties | 178 | 183 |
| Other | 3,815 | 4,064 |
| Total current liabilities | 24,588 | 24,324 |
| Fixed liabilities | | |
| Corporate bonds | 500 | 500 |
| Long-term borrowings | 3,825 | 3,494 |
| Provision for product warranties | 62 | 77 |
| Retirement benefit liabilities | 954 | 964 |
| Provision for directors' share benefits | 79 | 74 |
| Other | 721 | 610 |
| Total fixed liabilities | 6,143 | 5,720 |
| Total liabilities | 30,731 | 30,044 |

(Million yen)

| | As of March 31, 2021 | As of September 30, 2021 |
|---|----------------------|--------------------------|
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 6,388 | 6,388 |
| Share capital surplus | 6,413 | 6,413 |
| Retained earnings | 11,506 | 12,366 |
| Treasury shares | (1,056) | (1,044) |
| Total shareholders' equity | 23,252 | 24,124 |
| Accumulated other comprehensive income | | |
| Unrealized gains on other marketable securities | 28 | 31 |
| Foreign currency translation adjustments | (2,907) | (2,727) |
| Accumulated adjustment on retirement benefits | 399 | 350 |
| Total accumulated other comprehensive income | (2,479) | (2,345) |
| Non-controlling interests | 2,614 | 2,666 |
| Total net assets | 23,387 | 24,446 |
| Total liabilities and net assets | 54,119 | 54,491 |

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Six Months Ended September 30

(Million yen)

| | For the six months ended September 30, 2020 | For the six months ended September 30, 2021 |
|--|--|--|
| Net sales | 22,019 | 23,876 |
| Cost of sales | 12,221 | 13,324 |
| Gross profit | 9,797 | 10,551 |
| Selling, general, and administrative expenses | 8,310 | 8,417 |
| Operating profit | 1,487 | 2,134 |
| Non-operating income | | |
| Interest income | 27 | 30 |
| Foreign exchange gains | 14 | 20 |
| Subsidy income | 59 | 116 |
| Rental income from land and buildings | 19 | 21 |
| Other | 57 | 39 |
| Total non-operating income | 178 | 228 |
| Non-operating expenses | | |
| Interest expenses | 86 | 69 |
| Settlement package | — | 44 |
| Other | 67 | 14 |
| Total non-operating expenses | 154 | 127 |
| Ordinary profit | 1,511 | 2,234 |
| Extraordinary income | | |
| Gain on sales of fixed assets | 1 | 1 |
| Total extraordinary income | 1 | 1 |
| Extraordinary loss | | |
| Loss on theft | — | 65 |
| Loss on sales of fixed assets | 0 | 0 |
| Loss on retirement of fixed assets | 2 | 0 |
| Total extraordinary loss | 2 | 66 |
| Net profit before taxes | 1,510 | 2,170 |
| Corporate tax, resident income tax, and business taxes | 481 | 597 |
| Corporate tax adjustments | (271) | 55 |
| Total corporate taxes | 210 | 653 |
| Net profit | 1,300 | 1,516 |
| Net profit attributable to non-controlling interests | 154 | 153 |
| Net profit attributable to parent company shareholders | 1,146 | 1,363 |

Quarterly Consolidated Statements of Comprehensive Income

Six Months Ended September 30

(Million yen)

| | For the six months ended September 30, 2020 | For the six months ended September 30, 2021 |
|--|--|--|
| Profit | 1,300 | 1,516 |
| Other comprehensive income | | |
| Unrealized gains on other marketable securities | 6 | 3 |
| Foreign currency translation adjustments | (90) | 183 |
| Adjustment related to retirement benefits | (49) | (49) |
| Total other comprehensive income | (133) | 137 |
| Comprehensive income | 1,166 | 1,653 |
| (Breakdown) | | |
| Comprehensive income attributable to parent company shareholders | 1,012 | 1,498 |
| Comprehensive income attributable to non-controlling interests | 154 | 155 |

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in the case of significant changes in shareholders' equity)

Not applicable.

(Changes in accounting policies)

(Application of the "Accounting Standard for Revenue Recognition," etc.)

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) (hereinafter, the "Revenue Recognition Standard"), etc. effective from the beginning of the first quarter of the fiscal year. Accordingly, the Company recognizes revenue at the amount expected to be received in exchange for promised goods or services at the time when the control of the goods or services is transferred to the customer. Major changes due to this application are as follows: For construction contracts, the Company had been applied the percentage of completion method for those whose outcome of construction activity could be estimated reliably, while applying the completed contract method for other constructions. However, from the beginning of the first quarter of the fiscal year, the Company recognizes revenue for construction contracts at the point of acceptance inspection. Regarding semiconductor-related equipment offered by HOLON Co., Ltd., a domestic subsidiary of the Company, for revenue from foreign markets, which had been recognized at the point of shipment, have now been recognized at the points of shipment and acceptance inspection. For revenue from domestic markets, which had been recognized at the point of acceptance inspection, have now been recognized at the points of delivery and acceptance inspection.

The application of the Revenue Recognition Standard, etc. follows the transitional treatment stipulated in the proviso of Paragraph 84 of the Revenue Recognition Standard. The cumulative effect of retrospective application for the new accounting policy to periods prior to the beginning of the first quarter of the fiscal year has been added to or deducted from the retained earnings at the beginning of the first quarter of the fiscal year, and applied the new accounting policy based on the balance.

As a result, net sales and cost of sales increased by ¥383 million and ¥348 million, respectively, for the six months ended September 30, 2021. Selling, general, and administrative expenses decreased by ¥52 million. Operating profit, ordinary profit, and profit before taxes increased by ¥87 million each. The beginning balance of retained earnings and non-controlling interests decreased by ¥188 million and ¥85 million, respectively.

Since the Company has applied the Revenue Recognition Standard, etc., "Notes and accounts receivable," which were presented under "Current assets" on the consolidated balance sheets for the previous fiscal year, have been included in and presented as "Notes and accounts receivable and contract assets" from the first quarter of the fiscal year. In accordance with the transitional treatment stipulated in Paragraph 89-2 of the Revenue Recognition Standard, no reclassification has been made to the previous fiscal year's consolidated financial statements to conform to the new presentation.

(Application of the "Accounting Standard for Fair Value Measurement," etc.)

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019) (hereinafter, the "Fair Value Measurement Standard"), etc. effective from the beginning of the first quarter of the fiscal year. In accordance with the transitional treatment stipulated in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), the Company has decided to prospectively apply the new accounting policy set forth by the Fair Value Measurement Standard, etc. The application of the new accounting policy had no impact on the consolidated financial statements.

(Accounting policies adopted specially for the preparation of quarterly consolidated financial statements)

| | For the six months ended September 30, 2021 |
|-----------------------------|---|
| Calculation of tax expenses | Tax expenses for certain consolidated subsidiaries are calculated by reasonably estimating the effective tax rate after tax effect accounting to be applied to profit before taxes for the fiscal year, which includes the second quarter, and multiplying profit before taxes by the estimated effective tax rate. |

(Segment information, etc.)

[Segment information]

I. For the six months ended September 30, 2020

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

(Million yen)

| | Measurement and Weighing Instruments Business | | | | |
|--------------------------------------|---|----------|--------|------------------|--------|
| | Japan | Americas | Europe | Asia and Oceania | Total |
| Net sales | | | | | |
| Net sales to outside customers | 9,302 | 1,334 | 336 | 1,513 | 12,486 |
| Inter-segment net sales or transfers | 1,166 | 65 | 17 | 1,076 | 2,325 |
| Total | 10,469 | 1,399 | 353 | 2,589 | 14,811 |
| Segment profits | 472 | 8 | 7 | 88 | 576 |

| | Medical and Healthcare Business | | | | | Adjustment (Note 1) | Consolidation (Note 2) |
|--------------------------------------|---------------------------------|----------|--------|------------------|--------|---------------------|------------------------|
| | Japan | Americas | Europe | Asia and Oceania | Total | | |
| Net sales | | | | | | | |
| Net sales to outside customers | 2,665 | 3,578 | 3,126 | 163 | 9,533 | — | 22,019 |
| Inter-segment net sales or transfers | 4,521 | 2 | 2 | 3,471 | 7,998 | (10,324) | — |
| Total | 7,187 | 3,580 | 3,128 | 3,635 | 17,531 | (10,324) | 22,019 |
| Segment profits | 1,192 | 156 | 405 | 236 | 1,991 | (1,080) | 1,487 |

Notes: 1. The adjustment of ¥(1,080) million in segment profit includes corporate expenses of ¥(819) million not allocated to any segments. Corporate expenses are primarily general and administrative expenses for management departments.

2. Segment profits has been adjusted with operating profit on the quarterly consolidated statements of income.

2. Information on impairment loss or goodwill, etc., for fixed assets by reportable segment

Not applicable.

II. For the six months ended September 30, 2021

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

(Million yen)

| | Measurement and Weighing Instruments Business | | | | |
|--------------------------------------|---|----------|------------|------------------|---------------|
| | Japan | Americas | Europe | Asia and Oceania | Total |
| Net sales | | | | | |
| Net sales to outside customers | 9,558 | 1,690 | <u>437</u> | 2,074 | <u>13,761</u> |
| Inter-segment net sales or transfers | 1,538 | 115 | — | 1,338 | 2,992 |
| Total | 11,097 | 1,806 | <u>437</u> | 3,412 | <u>16,754</u> |
| Segment profits | 776 | 68 | 7 | 229 | 1,081 |

| | Medical and Healthcare Business | | | | | Adjustment (Note 1) | Consolidation (Note 2) |
|--------------------------------------|---------------------------------|----------|--------------|------------------|---------------|---------------------|------------------------|
| | Japan | Americas | Europe | Asia and Oceania | Total | | |
| Net sales | | | | | | | |
| Net sales to outside customers | 2,725 | 3,464 | <u>3,651</u> | 274 | <u>10,115</u> | — | <u>23,876</u> |
| Inter-segment net sales or transfers | 4,792 | 3 | 4 | 3,605 | 8,406 | (11,398) | — |
| Total | 7,517 | 3,468 | <u>3,656</u> | 3,879 | <u>18,521</u> | (11,398) | <u>23,876</u> |
| Segment profits | 1,323 | 120 | 473 | 114 | 2,032 | (979) | 2,134 |

Notes: 1. The adjustment of ¥(979) million in segment profit includes corporate expenses of ¥(817) million not allocated to any segments. Corporate expenses are primarily general and administrative expenses for management departments.

2. Segment profits has been adjusted with operating profit on the quarterly consolidated statements of income.

2. Disclosure of changes, etc. in reportable segments

As stated in “(Changes in accounting policies),” the Company has applied the Revenue Recognition Standard, etc., and changed the accounting method for revenue recognition effective from the beginning of the first quarter of the fiscal year. In line with this change, the Company also changed the method of measurement of segment profits (losses).

As a result, for the six months ended September 30, 2021, net sales and segment profits of the measurement and weighing instruments business in Japan increased by ¥391 million and ¥87 million, respectively, and net sales and segment profits of the medical and healthcare business in Japan decreased by ¥7 million and ¥0 million, respectively, compared with those measured by the previous method.

3. Information on impairment loss or goodwill, etc., for fixed assets by reportable segment

Not applicable.