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November 14, 2022

Consolidated Financial Results for the First Two Quarters of Fiscal Year Ending March 31, 2023 (Japanese GAAP)

Company name: Living Platform, Ltd.
 Listing exchange: Tokyo Stock Exchange
 Securities code: 7091
 URL: <https://living-platform.com>
 Representative: Hirofumi Kaneko, CEO
 Inquiries: Yuuki Nakarai, Administration Manager
 Phone: +81-03-3519-7787

Scheduled date for filing quarterly securities report: November 14, 2022
 Scheduled date for commencing dividend payment: –
 Supplementary materials on quarterly financial results: Yes
 Quarterly financial results briefing session: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen, unless otherwise noted)

1. Consolidated Financial Results for the First Two Quarters (April 1, 2022 – September 30, 2022) of Fiscal Year Ending March 31, 2023

(1) Consolidated operating results (cumulative)

(% figures show the rate of increase (decrease) compared with the same period of the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First two quarters ended								
September 30, 2022	6,715	26.2	179	(27.4)	59	(87.7)	83	(71.1)
September 30, 2021	5,321	24.4	246	-	485	-	290	-

Note: Comprehensive income

First two quarters of fiscal year ending March 31, 2023: 84 million yen [(70.8%)]

First two quarters of fiscal year ended March 31, 2022: 290 million yen [-%]

	Basic earnings per share	Diluted earnings per share
First two quarters ended	Yen	Yen
September 30, 2022	18.86	18.81
September 30, 2021	64.62	64.49

Note 1: The Company conducted a three-for-one stock split of its common shares as of October 1, 2021. In accordance with this, basic earnings per share and diluted earnings per share are calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
September 30, 2022	10,497	1,444	13.7
March 31, 2022	10,866	1,346	12.4

Reference: Total shareholders' equity

As of September 30, 2022: 1,432 million yen

As of March 31, 2022: 1,346 million yen

2. Dividends

	Annual dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	-	0.00	-	0.00	0.00
Fiscal year ending March 31, 2023	-	0.00			
Fiscal year ending March 31, 2023 (Forecast)			-	0.00	0.00

Note: Revisions to the most recently announced dividend forecast: No

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 - March 31, 2023)

(% figures show the rate of increase (decrease) compared with the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	13,951		595		262		261		59.00

Note: Revisions to the most recently announced dividend forecast: No

Notes:

- (1) Changes in significant subsidiaries during the quarter (changes in specified subsidiaries resulting in change in scope of consolidation): No
 Newly consolidated: No
 Excluded from consolidation: No
- (2) Application of special accounting methods for preparing consolidated quarterly financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
 - [1] Changes in accounting policies due to revisions to accounting standards, etc.: No
 - [2] Changes in accounting policies other than those in [1]: No
 - [3] Changes in accounting estimates: No
 - [4] Restatement: No
- (4) Number of shares issued and outstanding (common shares)
 - [1] Number of shares issued and outstanding (including treasury shares) at end of fiscal year

As of September 30, 2022	4,489,500 shares
As of March 31, 2022	4,489,500 shares
 - [2] Number of treasury shares at end of fiscal year

As of September 30, 2022	43,180 shares
As of March 31, 2022	43,136 shares
 - [3] Average number of shares outstanding during quarter

First two quarters ended September 30, 2022	4,446,363 shares
First two quarters ended September 30, 2021	4,488,495 shares

Note: The Company conducted a three-for-one stock split of its common shares as of October 1, 2021. In accordance with this, the numbers of shares issued and outstanding are calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

* This report on consolidated quarterly financial results is not subject to audit procedures by a public accountant or audit corporation

* Explanation regarding appropriate use of earnings forecasts, and other notes

(Notes on forward-looking statements)

The earnings outlook and other forward-looking statements contained in this document are based on information currently available to and certain assumptions that are thought to be reasonable by the Company. Accordingly, such statements should not be construed as a guarantee of achieving the results by the Company. Actual operating results, etc. may differ materially due to various factors.

(How to obtain materials for financial results briefing session)

The Company will hold a quarterly financial results briefing session for institutional investors and analysts on November 21, 2022 (Monday). The details explained will be, along with the supplementary materials on quarterly financial results to be used on the day, posted on the Company's website promptly after the session is held.

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1. Qualitative Information on the Financial Results

(1) Overview of Operating Results

In the first two quarters of the fiscal year ending March 2023, the Japanese economy showed a pickup trend with progress made in vaccinations against COVID-19. The outlook of the impact on the Japanese society and economy remain uncertain, however, as socioeconomic activities remain limited when compared with the U.S., EU countries, and some Asian countries including Singapore, in addition to the rapid deterioration of the trade balance, the depreciation of the yen and such arising due to such factors as the situation in Ukraine, global logistics stagnation, global inflation and the progress of policy to rise interest rate in various countries.

The Living Platform Group (the “Group”) has, in order to realize a world in which we can “Foster Assurance, Create Challenges through the “establishment of a sustainable social security system,” conducted businesses focusing on the three areas of “elderly care,” “disabilities support,” and “childcare.” However, in order to contribute to the resolution of various social issues, the Group has identified six materiality issues (priority issues) (see Medium-Term Business Plan 2024) to be addressed by the Group for the SDGs (Sustainable Development Goals) set by the United Nations.

In order to acquire staff and improve the quality of services, which are important issues, the HR & Administration Department will be split off from this fiscal year and an in-house qualification system will be launched. The Group also plans to establish a system to promote efficient familiarization by utilizing the e-learning system that is scheduled to be introduced in the future. In addition, we will promote digital transformation to accelerate paperless, seal-less, and cashless operations, focusing on management operations. The Group is also aiming to “realize a society in which diverse staff can play an active role” as shown in the sustainability efforts, and is making progress in employment of workers from abroad, especially specified skilled workers.

As for the environment surrounding the Group, the nursing care business, its mainstay operations, is in a situation where the elderly population ratio (the ratio of the population aged 65 and above to the total population) continues to rise, reaching 28.8% in 2020. It is widely understood that by 2025, when the baby boomers will be 75 or above, Japan will have to face the “super-aging society.” As such, there is a pressing need to reconstruct the entire social security system including medical care, nursing care and pension systems. The needs for nursing care services are expanding against the backdrop of the declining birthrate and aging population progressing, while it has become management issues to cope with the increasingly serious problem of labor shortage as well as to secure and foster nursing care workers.

Under such circumstances, the Group opened seven new facilities in the first two quarters under review. Consequently, the Group posted net sales of 6,715,666 thousand yen (up 26.2%), operating profit of 179,012 thousand yen (down 27.4%) and ordinary profit of 59,984 thousand yen (down 87.7%), all on a year-on-year basis. Profit attributable to owners of parent was 83,862 thousand yen, down 71.1% year on year, for the quarter.

The following are the situations by business domain.

<Elderly care business>

In the elderly care business, the Company newly opened three facilities (two residential care facilities and one group home) in the first two quarters. As of the end of the quarter, the occupancy rate stood at 81.7% for residential care facilities, etc. (Note 1) (87.8% for facilities that opened a year or more ago) and 91.8% for group homes (93.8% for facilities that opened a year or more ago). The occupancy rate is regaining its stride as recovery is underway from the impact of the spread of COVID-19 along with progress made in vaccinations among the users and the staff of the facilities, including high-priced facilities. However, it is still classified as Class II according to the classification under the Infectious Diseases Control Law. Therefore, the impact of the periodic spread of the infection is significant, forcing us to limit business activities such as suspending acceptance of new residents or suspending staff infected or suspected to be infected from coming to the workplace even if a cluster does not occur. These are resulting in a significant difference from our original revenue structure. However, as the business continues to expand steadily in the current fiscal year, there is a high likelihood that rapid improvement of the revenue structure will occur in the event of a policy change that would curb the impact of COVID-19. Even if there is no policy change, we believe that although the time required may vary, the revenue structure will improve due to the improvement in the occupancy rate of newly opened facilities.

The Group’s elderly care business focuses on conducting facility care services for which it is easier to secure staff and command a high profit margin. In particular, the Group has promoted business operations centering on residential care facilities, serviced care residences and group homes. High priorities are placed on residential elderly care facilities and group homes that require administrative approvals. Meanwhile, taking into consideration the status of public invitation for applications for such approvals at municipalities and the supply and demand conditions, the Group will also expand operations with the business model of adding visiting home care and nursing services to assisted living residences and serviced care residences.

Note 1: Includes residential elderly care facilities, assisted living residences, serviced care residences and short-term admission for daily life care.

<Disabilities support business>

In the disabilities support business, the Company newly opened three facilities (group homes) in the first two quarters. As of the end of the quarter, the occupancy rate stood at 58.7% for type B working support facilities (62.0% for facilities that opened a year or more ago) and 69.2% for group homes, etc. (Note 2) (90.0% for facilities that opened a year or more ago). The occupancy rate is regaining its stride as recovery is underway from the impact of the spread of COVID-19. Nonetheless, it was unable to achieve its original revenue structures as same as the elderly care business. However, facility development is progressing steadily, centering on group homes, and in the event of a policy change, etc., we believe that there is a high likelihood that rapid improvement in income and expenditure will occur due to the realization of its original revenue structure. Even if there is no policy change, as it is highly likely that group homes will shift to a public invitation system in the future as in the case of elderly care, we believe that business expansion will be efficient in the medium to long term even if such will restrain short-term profits. As we have adopted a policy of emphasizing the speed of business expansion, we expect the profit to reach the expected level once the business has expanded to a certain scale.

In conducting the disabilities support business, the Group gives emphasis on establishing a total support system for those with disabilities to live an independent life. The Group not only conducts a variety of employment training services through daily living training and the government's continuous employment support programs, but also provides group homes, etc. as residences for people aiming to live an independent life, and works to expand their employment at the Group's facilities in such areas as elderly care, childcare and food services. By doing so, the Group intends to help the users to be active as an important workforce of the society.

Note 2: Includes group homes and welfare homes.

<Childcare business>

In the childcare business, the Company newly opened one facility (approved childcare facility) in the first two quarters. As of the end of the quarter, the occupancy rate stood at 79.0% for approved childcare facilities (83.5% for facilities that opened a year or more ago) and 43.2% for private in-house childcare facilities (also 43.2% for facilities that opened a year or more ago). The business has mostly recovered from the impact of the spread of COVID-19. However, with the increase in municipalities that suspend public invitations for new businesses with the improvement in establishment rates, we believe that the market is close to its peak.

As Japan sees the declining birthrate and aging population progressing, it is required to establish social infrastructures that facilitate childbirth of those who essentially want to give birth to children. In this context, solving the problem of children on waiting lists for childcare services remains to be a most important issue. Moreover, revisions to the government's Childcare Guidelines now require nursery schools to provide not only care but also education. Attaching importance to the factor of "education," the Group works to establish facilities while deepening exchanges among multiple generations, promoting inheritance of traditional culture and supporting children to foster their ability of getting through life, by way of coordination with its facilities for the elderly.

(2) Financial Position

(Assets, liabilities and net assets)

Total assets at the end of the first two quarters under review amounted to 10,497,241 thousand yen, a decrease of 369,027 thousand yen from the end of the previous fiscal year. This was mainly attributable to the decrease of 478,610 thousand yen in cash and deposits and 123,757 thousand yen in construction in progress, against the increase of 265,176 thousand yen in buildings and structures.

Total liabilities at the end of the first two quarters under review amounted to 9,052,887 thousand yen, a decrease of 466,884 thousand yen from the end of the previous fiscal year. This was mainly attributable to the decrease of 307,370 thousand yen in long-term borrowings and 187,980 thousand yen in income taxes payable, against the increase of 52,922 thousand yen in accrued expenses and 15,661 thousand yen in provision for bonuses.

Total net assets at the end of the first two quarters under review amounted to 1,444,353 thousand yen, an increase of 97,857 thousand yen from the end of the previous fiscal year. This was mainly attributable to the increase of 478,908 thousand yen in retained earnings, against the decrease of 393,253 thousand yen in capital surplus.

(Cash Flows)

Cash and cash equivalents ("net cash") at the end of the first two quarters under review amounted to 1,273,256 thousand yen, a decrease of 351,268 thousand yen from the end of the previous fiscal year. The status of cash flows in the first two quarters under review and their contributing factors are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 163,423 thousand yen.

This was mainly attributable to factors including profit before income taxes of 125,535 thousand yen, depreciation of 118,811 thousand yen and increase in trade receivables of 95,094 thousand yen.

(Cash flows from investing activities)

Net cash used in investing activities amounted to 172,603 thousand yen.

This was mainly attributable to factors including proceeds from sale of property, plant and equipment of 284,709 thousand yen, proceeds from collection of loans receivable of 318 thousand yen, purchase of property, plant and equipment of 359,679 thousand yen, and payments of leasehold and guarantee deposits of 85,016 thousand yen.

(Cash flows from financing activities)

Net cash used in financing activities amounted to 468,430 thousand yen.

This was mainly attributable to factors including proceeds from long-term borrowings of 234,610 thousand yen, net decrease in short-term borrowings of 2,503 thousand yen and repayments of long-term borrowings of 680,670 thousand yen.

(3) Explanations on Earnings Forecast and Other Forecast Information

In the elderly care business, the Group's mainstay operations, establishment of elderly care facilities is actively promoted in expectation of continued expansion of needs for elderly care services due to a rise in the elderly population ratio. The Group will also endeavor to expand its disabilities support business and childcare business, as the business environment allows anticipation for strong needs to continue.

The earnings outlook and other forward-looking statements are based on information currently available to and certain assumptions that are thought to be reasonable by the Company. Accordingly, such statements should not be construed as a guarantee of achieving the results by the Company. Actual financial results and the like may differ materially due to various factors.

Furthermore, the Company will promptly disclose when revisions to earnings forecasts are required due to changes in the impact on the economy in accordance with the spread of COVID-19, etc. going forward.

2. Consolidated Quarterly Financial Statements and Significant Notes Thereto

(1) Consolidated Balance Sheets

(Thousands of yen)

	Fiscal year ended March 2022 (As of March 31, 2022)	First two quarters of fiscal year ending March 2023 (As of September 30, 2022)
Assets		
Current assets		
Cash and deposits	1,751,866	1,273,256
Notes and accounts receivable - trade	1,555,354	1,603,326
Merchandise and finished goods	3,533	3,789
Raw materials and supplies	22,519	24,346
Prepaid expenses	259,647	335,528
Other	209,689	114,554
Allowance for doubtful accounts	-	(3,437)
Total current assets	3,802,610	3,351,365
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,272,740	2,537,916
Vehicles, net	5,140	3,430
Tools, furniture and fixtures, net	91,258	84,043
Land	1,620,078	1,549,952
Leased assets, net	508,946	488,391
Construction in progress	271,883	148,126
Other, net	23,387	21,535
Total property, plant and equipment	4,793,435	4,833,395
Intangible assets		
Goodwill	983,015	932,708
Software	18,056	16,122
Other	56,619	55,499
Total intangible assets	1,057,692	1,004,330
Investments and other assets		
Investment securities	88,837	120,333
Long-term loans receivable	29,355	29,187
Long-term prepaid expenses	27,159	23,860
Deferred tax assets	150,040	150,878
Guarantee deposits	743,040	817,751
Other	193,311	186,064
Allowance for doubtful accounts	(22,828)	(22,828)
Total investments and other assets	1,208,915	1,305,245
Total non-current assets	7,060,043	7,142,971
Deferred assets		
Deferred consumption tax	3,614	2,904
Total deferred assets	3,614	2,904
Total assets	10,866,268	10,497,241

(Thousands of yen)

	Fiscal year ended March 2022 (As of March 31, 2022)	First two quarters of fiscal year ending March 2023 (As of September 30, 2022)
Liabilities		
Current liabilities		
Short-term borrowings	287,503	285,000
Current portion of long-term borrowings	1,051,301	912,611
Lease liabilities	28,170	29,210
Accounts payable - other	346,038	343,989
Accrued expenses	558,232	611,154
Income taxes payable	234,905	46,924
Advances received	292,598	298,132
Deposits received	55,447	80,011
Provision for bonuses	93,865	109,527
Other	70,000	76,905
Total current liabilities	3,018,063	2,793,468
Non-current liabilities		
Long-term borrowings	4,825,642	4,518,271
Long-term advances received	377,129	382,299
Lease liabilities	643,883	627,015
Retirement benefit liability	198,499	241,008
Deferred tax liabilities	6,085	6,035
Other	450,467	484,787
Total non-current liabilities	6,501,708	6,259,418
Total liabilities	9,519,771	9,052,887
Net assets		
Shareholders' equity		
Share capital	357,757	357,757
Capital surplus	1,297,257	904,003
Retained earnings	(221,630)	257,277
Treasury shares	(79,416)	(79,459)
Total shareholders' equity	1,353,967	1,439,579
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(7,470)	(6,609)
Total accumulated other comprehensive income	(7,470)	(6,609)
Share acquisition rights	-	11,384
Total net assets	1,346,496	1,444,353
Total liabilities and net assets	10,866,268	10,497,241

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income (Cumulative)

Consolidated Quarterly Statement of Income
 First two quarters of fiscal year ending March 2023

(Thousands of yen)

	First two quarters of fiscal year ended March 31, 2022 (April 1, 2021 to September 30, 2021)	First two quarters of fiscal year ending March 31, 2023 (April 1, 2022 to September 30, 2022)
Net sales	5,321,346	6,715,666
Cost of sales	4,686,790	5,996,869
Gross profit	634,556	718,796
Selling, general and administrative expenses	387,845	539,784
Operating profit	246,710	179,012
Non-operating income		
Interest and dividend income	1,771	447
Subsidy income	369,888	-
Other	20,872	83,231
Total non-operating income	392,532	83,679
Non-operating expenses		
Interest expenses	56,894	57,588
Non-deductible consumption taxes	95,262	140,234
Bad debts written off	-	3,437
Other	1,214	1,447
Total non-operating expenses	153,371	202,707
Ordinary profit	485,870	59,984
Extraordinary income		
Gain on sale of non-current assets	-	65,550
Total extraordinary income	-	65,550
Extraordinary losses		
Impairment losses	14,819	-
Total extraordinary losses	14,819	-
Profit before income taxes	471,051	125,535
Income taxes - current	196,069	44,033
Income taxes - deferred	(15,058)	(2,361)
Total income taxes	181,011	41,672
Profit	290,039	83,862
Profit attributable to owners of parent	290,039	83,862

Consolidated Statement of Comprehensive Income
 First two quarters of fiscal year ending March 2023

(Thousands of yen)

	First two quarters of fiscal year ended March 31, 2022 (April 1, 2021 to September 30, 2021)	First two quarters of fiscal year ending March 31, 2023 (April 1, 2022 to September 30, 2022)
Profit	290,039	83,862
Other comprehensive income		
Valuation difference on available-for-sale securities	-	861
Total other comprehensive income	-	861
Comprehensive income	290,039	84,723
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	290,039	84,723

(3) Consolidated Statement of Cash Flows

(Thousands of yen)

	First two quarters of fiscal year ended March 31, 2022 (April 1, 2021 to September 30, 2021)	First two quarters of fiscal year ending March 31, 2023 (April 1, 2022 to September 30, 2022)
Cash flows from operating activities		
Income before income taxes	471,051	125,535
Amortization of deferred assets	-	709
Depreciation	115,415	118,811
Impairment losses	14,819	-
Amortization of goodwill	11,025	46,439
Interest and dividend income	(1,771)	(447)
Interest expenses	56,894	57,588
Loss (gain) on sale of property, plant and equipment	-	(65,550)
Decrease (increase) in trade receivables	(424,644)	(95,094)
Decrease (increase) in accounts receivable – other	(37,882)	47,122
Decrease (increase) in inventories	(1,851)	(2,083)
Increase (decrease) in provision for bonuses	11,545	15,661
Increase (decrease) in retirement benefit liability	20,319	42,509
Increase (decrease) in allowance for doubtful accounts	-	3,437
Increase (decrease) in advances received	(15,517)	5,533
Increase (decrease) in accounts payable - other	10,413	(2,089)
Increase (decrease) in accrued expenses	67,552	52,943
Increase (decrease) in accrued consumption taxes	11,625	(1,560)
Other, net	(28,764)	80,011
Subtotal	280,232	429,476
Interest and dividends received	1,576	702
Interest paid	(56,093)	(35,038)
Income taxes refund (paid)	(9,078)	(231,717)
Net cash provided by (used in) operating activities	216,636	163,423
Cash flows from investing activities		
Payments into time deposits	(50,000)	-
Purchase of property, plant and equipment	(644,245)	(359,679)
Proceeds from sale of property, plant and equipment	-	284,709
Purchase of intangible assets	(980)	(1,326)
Purchase of investment securities	(50,000)	(29,160)
Proceeds from collection of loans receivable	340	318
Subsidy income	497,296	-
Proceeds from refund of leasehold and guarantee deposits	18,106	10,305
Payments of leasehold and guarantee deposits	(42,029)	(85,016)
Proceeds from sales of long-term prepaid expenses	4	-
Purchase of long-term prepaid expenses	(292)	-
Proceeds from collection of construction assistance fund receivables	6,998	7,247
Decrease (increase) in other investments	-	(1)
Net cash provided by (used in) investing activities	(264,803)	(172,603)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	247,501	(2,503)
Proceeds from long-term borrowings	366,400	234,610
Repayments of long-term borrowings	(514,718)	(680,670)
Proceeds from issuance of shares	1,375	-
Purchase of treasury shares	(372)	(42)
Repayments of installment payables	(5,377)	(4,996)
Repayments of finance lease liabilities	(10,802)	(15,827)
Net cash provided by (used in) financing activities	84,004	(469,430)
Net increase (decrease) in cash and cash equivalents	35,837	(478,610)
Cash and cash equivalents at beginning of period	1,588,687	1,751,866
Cash and cash equivalents at end of period	1,624,524	1,273,256

(4) Notes to Consolidated Quarterly Financial Statements

(Notes on Going Concern Assumption)
Not applicable.

(Notes When There Are Significant Changes in Amounts of Equity)
Not applicable.

(Additional Information)

[Impact of the Spread of COVID-19 on Accounting Estimates]

The accounting estimates regarding the impact of COVID-19, as described in (Material Accounting Estimates) in the securities report for the previous fiscal year, and the assumptions used for making the estimates were impacted by the arrival of the seventh wave during the second quarter, which was not assumed as of March 31, 2022. Although there were impacts including cluster cases in some of the facilities under operation and such facilities being unable to accept new residents, the occupancy rate is regaining its stride after the second quarter and is expected to be in its regular status by the end of the fiscal year. Please note that estimating factors including future infections of COVID-19 and when the pandemic will be contained involves uncertainty, which may impact the Company's financial position and operating results in the future.

(Segment Information, Etc.)

The information is omitted as the Company has a single operating segment engaged in the life care business.

(Business Combination)

[Transaction under Common Control, Etc.]

1. Overview of transaction

(1) Name and description of business subject to the transaction

- (i) Name of business: Living Platform Tohoku, Ltd. and Alps No Mori Co., Ltd., the consolidated subsidiaries of the Company
- (ii) Description of business: Primarily the operation of the elderly care business

(2) Date of business combination

July 1, 2022

(3) Legal format of business combination

Absorption-type merger with Living Platform Tohoku, Ltd. as the surviving company and Alps No Mori Co., Ltd. as the disappearing company.

(4) Company name after business combination

Living Platform Care, Ltd. (the Company's consolidated subsidiary)

(5) Other matters concerning the overview of the transaction

By concentrating and effectively utilizing management resources on the Group's elderly care business, we aim to improve corporate value by promoting greater operational efficiency and stabilizing profitability of the entire Group.

2. Overview of the implemented accounting method

We processed the merger as a transaction under common control based on "Accounting Standard for Business Combinations" and "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures."

(Revenue Recognition)

The Group has a single segment of life care business. The breakdown information on revenue from contracts with major customers by business domain is as follows.

First two quarters (April 1, 2021 - September 30, 2021) of the fiscal year ended March 2022

(Thousands of yen)

Business domain	Reportable segment	Total
	Life care business	
Elderly care business	4,384,694	4,384,694
Disabilities support business	265,348	265,348
Childcare business	564,182	564,182
Others	107,121	107,121
Revenue from contracts with customers	5,321,346	5,321,346
Sales to outside customers	5,321,346	5,321,346

First two quarters (April 1, 2022 - September 30, 2022) of the fiscal year ending March 2023

(Thousands of yen)

Business domain	Reportable segment	Total
	Life care business	
Elderly care business	5,568,301	5,568,301
Disabilities support business	345,711	345,711
Childcare business	760,690	760,690
Others	40,962	40,962
Revenue from contracts with customers	6,715,666	6,715,666
Sales to outside customers	6,715,666	6,715,666

(Significant Subsequent Events)

Not applicable.