

## Consolidated Financial Results for the First Three Months of the Fiscal Year Ending March 31, 2020 (J-GAAP)

July 31, 2019

Company name: **France Bed Holdings Co., Ltd.**

Code number: 7840

Listing exchanges: Tokyo

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Representative: Shigeru Ikeda, President & CEO

Contact person: Tsutomu Shimada, Director (Accounting Group)

Scheduled date to submit quarterly report: August 9, 2019

Scheduled date of the start of dividend payments: —

Preparation of supplementary explanation materials for 1Q financial results: None

1Q earnings announcement: None

(Amounts less than one million yen have been truncated)

### 1. Consolidated Results for the Three Months Ended June 30, 2019

(April 1, 2019 – June 30, 2019)

#### (1) Consolidated Operating Results

(Percentage figures indicate year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2019	12,386	-0.9	403	-30.9	383	-32.6	244	-41.4
Three months ended June 30, 2018	12,504	0.9	584	10.0	569	11.5	418	28.8

Note: Comprehensive income

Three months ended June 30, 2019: ¥97 million (-62.2%)

Three months ended June 30, 2018: ¥257 million (-9.6%)

	Profit per share	Fully diluted profit per share
	Yen	Yen
Three months ended June 30, 2019	6.24	—
Three months ended June 30, 2018	10.54	—

#### (2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2019	60,797	37,615	61.8	960.63
As of March 31, 2019	63,256	38,207	60.4	972.64

Reference: Shareholders' equity

As of June 30, 2019: ¥37,615 million

As of March 31, 2019: ¥38,207 million

## 2. Dividends

	Cash dividends per share				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2019	—	12.50	—	15.50	28.00
Fiscal year ending March 31, 2020	—				
Fiscal year ending March 31, 2020 (Outlook)		14.00	—	14.00	28.00

Note: Revisions to the dividends outlook since most recent announcement: None  
 Breakdown of the year-end dividend for the fiscal year ended March 31, 2019  
 Ordinary dividend: ¥12.50 Commemorative dividend: ¥3.00

## 3. Forecasts of Results for the Fiscal Year Ending March 31, 2020 (April 1, 2019 – March 31, 2020)

(Percentage figures indicate year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	53,000	2.3	2,800	18.4	2,800	18.5	1,800	-30.7	45.82

Note: Revisions to the forecasts of results since most recent announcement: None

### Footnote items

- (1) Changes in significant subsidiaries during the period  
 (Changes in specified subsidiaries accompanying changes in the scope of consolidation): None
- (2) Application of special accounting treatments for the preparation of the consolidated financial statement: None
- (3) Changes in accounting principles, changes in accounting estimates, and changes in presentations due to revisions
  - 1) Changes in accounting principles accompanying revisions in accounting standards: None
  - 2) Changes other than those in [1] above: None
  - 3) Changes in accounting estimates: None
  - 4) Changes in presentation due to revisions: None
- (4) Number of shares issued (common shares)
  - 1) Number of shares issued at the end of the period (including treasury shares)
    - As of June 30, 2019: 41,397,500 shares
    - As of March 31, 2019: 41,397,500 shares
  - 2) Number of treasury shares at the end of the period
    - As of June 30, 2019: 2,240,770 shares
    - As of March 31, 2019: 2,115,636 shares
  - 3) Average number of shares issued during the period
    - April 2019 – June 2019: 39,220,904 shares
    - April 2018 – June 2018: 39,658,611 shares

[The consolidated financial results presented herein are not subject to the quarterly review by certified public accountants or audit corporations]

[Note concerning the appropriate use of performance forecasts and other related items]

(Caution concerning forward-looking statements, etc.)

This document contains forward-looking statements including performance forecasts based on information available to the Company at the time of disclosure and certain assumptions that the

Company believes to be reasonable. The Company makes no assurances as to their outcomes. Actual performance may differ substantially from these forecasts owing to a wide range of factors.

## 2. Consolidated Financial Statements and Primary Notes

### (1) Consolidated Balance Sheets

(Million yen)

	FY2019 (as of March 31, 2019)	1Q of FY2020 (as of June 30, 2019)
<b>Assets</b>		
Current assets		
Cash and deposits	12,688	11,530
Notes and accounts receivable – trade	9,238	8,172
Electronically recorded monetary claims – operating	812	1,107
Securities	3,299	2,300
Merchandise and finished goods	5,108	5,204
Work in process	450	465
Raw materials and supplies	2,074	2,157
Other	1,317	1,556
Allowance for doubtful accounts	(43)	(32)
Total current assets	34,946	32,461
Non-current assets		
Property, plant and equipment	16,960	17,155
Intangible assets	1,729	1,724
Investments and other assets	9,545	9,387
Total non-current assets	28,235	28,267
Deferred assets	74	67
Total assets	63,256	60,797
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable – trade	3,066	2,916
Electronically recorded obligations – operating	2,116	2,223
Short-term borrowings	2,050	2,100
Current portion of bonds	600	600
Income taxes payable	2,793	65
Provision for bonuses	1,237	630
Other provisions	10	1
Other	5,041	6,283
Total current liabilities	16,915	14,820
Non-current liabilities		
Bonds payable	3,600	3,600
Long-term borrowings	300	300
Provisions	115	107
Retirement benefit liability	533	538
Asset retirement obligations	214	225
Other	3,368	3,590
Total non-current liabilities	8,132	8,362
Total liabilities	25,048	23,182

(Million yen)

	FY2019 (as of March 31, 2019)	1Q of FY2020 (as of June 30, 2019)
Net assets		
Shareholders' equity		
Share capital	3,000	3,000
Retained earnings	34,307	33,943
Treasury shares	(2,045)	(2,125)
Total shareholders' equity	35,262	34,817
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(9)	(42)
Deferred gains or losses on hedges	(5)	(10)
Remeasurements of defined benefit plans	2,960	2,850
Total accumulated other comprehensive income	2,945	2,797
Total net assets	38,207	37,615
Total liabilities and net assets	63,256	60,797

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

Consolidated Statements of Income  
(Three months ended June 30, 2018 and 2019)

(Million yen)

	Three months ended June 30, 2018 (from April 1, 2018 to June 30, 2018)	Three months ended June 30, 2019 (from April 1, 2019 to June 30, 2019)
Net sales	12,504	12,386
Cost of sales	6,251	6,179
Gross profit	6,252	6,206
Selling, general and administrative expenses	5,667	5,803
Operating profit	584	403
Non-operating income		
Interest income	0	1
Dividend income	10	10
Share of profit of entities accounted for using equity method	0	—
Difference due to change in contract of insurance	—	20
Other	21	21
Total non-operating income	32	53
Non-operating expenses		
Interest expenses	15	14
Share of loss of entities accounted for using equity method	—	0
Share-based remuneration expenses	—	28
Other	31	29
Total non-operating expenses	47	73
Ordinary profit	569	383
Extraordinary income		
Gain on liquidation of subsidiaries	10	—
Total extraordinary income	10	—
Extraordinary losses		
Loss on sales of non-current assets	—	0
Loss on retirement of non-current assets	3	5
Total extraordinary losses	3	5
Profit before income taxes	576	378
Income taxes – current	1,037	34
Income taxes – deferred	(878)	99
Total income taxes	158	133
Profit	418	244
Profit attributable to owners of parent	418	244

Consolidated Statements of Comprehensive Income  
(Three months ended June 30, 2018 and 2019)

(Million yen)

	Three months ended June 30, 2018 (from April 1, 2018 to June 30, 2018)	Three months ended June 30, 2019 (from April 1, 2019 to June 30, 2019)
Profit	418	244
Other comprehensive income		
Valuation difference on available-for-sale securities	(5)	(32)
Deferred gains or losses on hedges	15	(5)
Remeasurements of defined benefit plans, net of tax	(170)	(110)
Total other comprehensive income	(160)	(147)
Comprehensive income	257	97
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	257	97
Comprehensive income attributable to non-controlling interests	—	—

(3) Notes to the Consolidated Financial Statements  
 (Notes to the Going Concern Assumption)  
 Not applicable

(Notes Regarding Significant Changes in the Amount of Shareholders' Equity)  
 Not applicable

**(Segment Information)**

1. Information on net sales, income or loss by reporting segments

Three months ended June 30, 2018 (From April 1, 2018 to June 30, 2018)

(Million yen)

	Reporting segment			Other (Note 1)	Total	Adjustments (Note 2)	Consolidated statements of income (Note 3)
	Medical Services	Home Furnishing and Health	Total				
Sales							
Sales to external customers	7,136	5,073	12,210	293	12,504	—	12,504
Internal sales among segments or transfers	2	32	35	1	36	(36)	—
Total	7,139	5,106	12,245	295	12,540	(36)	12,504
Segment income (loss)	570	17	588	(11)	576	8	584

Three months ended June 30, 2019 (From April 1, 2019 to June 30, 2019)

(Million yen)

	Reporting segment			Other (Note 1)	Total	Adjustments (Note 2)	Consolidated statements of income (Note 3)
	Medical Services	Home Furnishing and Health	Total				
Sales							
Sales to external customers	7,231	5,095	12,326	60	12,386	—	12,386
Internal sales among segments or transfers	0	36	37	1	38	(38)	—
Total	7,231	5,132	12,364	61	12,425	(38)	12,386
Segment income (loss)	455	(61)	394	1	395	8	403

Notes 1. The "Other" segment is a business segment not included in the reporting segments and includes businesses such as real estate leasing.

2. The details of "Adjustments" are as follows.  
 Segment income

(Million yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Intersegment transaction elimination	209	216
Corporate expenses*	(200)	(207)
Total	8	8

\*Corporate expenses are mainly expenses relating to the general affairs division and other administrative divisions of the company submitting the consolidated financial statements that do not belong to reporting segments.

3. Segment income is adjusted with operating profit reported in the consolidated statements of income.



2. Matters related to changes in reporting segments, etc.

In the fiscal year ended March 31, 2019, France Bed Sales Co., Ltd. ("France Bed Sales"), a consolidated subsidiary of the Company, withdrew from the commodities and sundries sales business. Accordingly, as a result of reviewing the business management classification of France Bed Sales, the Company has changed to a method of including France Bed Sales and FB Tomonokai Co., Ltd., which had previously been included in "Other," in statements for Home Furnishing and Health Business, starting from the first quarter of the fiscal year ending March 31, 2020.

Segment information for the three months ended June 30, 2018 shows figures prepared on the basis of the revised classification.

### **(Significant Subsequent Events)**

Disposal of treasury shares as restricted stock compensation

The Company resolved to dispose of its treasury shares as restricted stock compensation for Directors (excluding Outside Directors and Directors who are Audit & Supervisory Committee Members) of the Company and Directors of the Company's subsidiaries at the Board of Directors' meeting held on June 27, 2019, and disposed of the treasury shares as described below:

- Outline of the treasury shares disposed of
  - (1) Type of the shares disposed of  
Common shares of the Company
  - (2) Total number of the shares disposed of  
32,300 shares
  - (3) Disposal value  
956 yen per share
  - (4) Total disposal value  
30,878,800 yen
  - (5) Method of offer or disposal  
Method of allocating certain restricted stocks
  - (6) Method of contribution  
In-kind contribution of monetary compensation receivables
  - (7) Recipients of allocation, number of recipients and shares disposed of
    - Directors of the Company (excluding Outside Directors and Directors who are Audit & Supervisory Committee Members): One person, 6,100 shares
    - Directors of the Company's subsidiaries: Two persons, 26,200 shares
  - (8) Disposal date  
July 26, 2019
  - (9) Others  
A securities registration statement regarding this disposal of treasury shares has been filed pursuant to the Financial Instruments and Exchange Act.