



## Consolidated Financial Results for the First Three Months of the Fiscal Year Ending March 31, 2021 (Under Japanese GAAP)

July 31, 2020  
Listing: Tokyo Stock  
Exchange

Company name: France Bed Holdings Co., Ltd.  
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 Scheduled date to file Quarterly Securities Report: August 12, 2020  
 Scheduled date to commence dividend payment: —  
 Preparation of supplementary material on quarterly financial results: No  
 Holding of quarterly earnings announcement: No  
 (Amounts less than one million yen are truncated)

### 1. Consolidated Results for the Three Months Ended June 30, 2020 (from April 1 to June 30, 2020)

#### (1) Consolidated Operating Results (Percentages indicate year-on-year changes)

	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, 2020	11,150	(9.9)	377	(6.5)	529	37.9	269	10.1
Three months ended June 30, 2019	12,386	(0.9)	403	(30.9)	383	(32.6)	244	(41.4)

Note: Comprehensive income Three months ended June 30, 2020: ¥214 million (121.1%) Three months ended June 30, 2019 ¥97 million (-62.2%)

	Profit per share		Fully diluted profit per share	
	Yen		Yen	
Three months ended June 30, 2020	6.95		—	
Three months ended June 30, 2019	6.24		—	

#### (2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2020	59,855	37,130	62.0	957.65
As of March 31, 2020	59,798	37,481	62.6	966.70

Note: Shareholders' equity As of June 30, 2020 ¥37,130 million As of March 31, 2020 ¥37,481 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, 2020	—	14.00	—	14.00	28.00
Fiscal year ending March 31, 2021	—				
Fiscal year ending March 31, 2021 (Forecast)		14.00	—	14.00	28.00

Note: Revisions to the dividend forecast since most recent announcement: None

### 3. Forecast of Results for the Fiscal Year Ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Percentages indicate year-on-year changes)

	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	50,000	(4.6)	2,500	(0.3)	2,600	6.7	1,600	5.2	41.26

Note: Revisions to the forecasts of results since most recent announcement: Yes

Footnotes

(1) Changes in significant subsidiaries during the period under review (Changes in specified subsidiaries resulting in changes in the scope of consolidation): Yes

Added: One company (Name) Tsubasa Co., Ltd. Excluded: None

Note: For more information, please refer to "Changes in Significant Subsidiaries during the Period under Review" on page 8 of this document, under (3) Notes Regarding Consolidated Financial Statements of 2. Consolidated Financial Statements and Primary Notes.

(2) Application of special accounting methods for the preparation of the quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatements of financial statements for prior periods:

- |   |      |
|---|------|
| 1) Changes in accounting policies due to revisions to accounting standards and other regulations: | None |
| 2) Changes in accounting policies for other reasons:  | None |
| 3) Changes in accounting estimates:   | None |
| 4) Restatements of financial statements for prior periods:  | 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, 2020	41,397,500 shares	As of March 31, 2020	41,397,500 shares
2) Number of treasury shares at the end of the period	As of June 30, 2020	2,625,530 shares	As of March 31, 2020	2,625,530 shares
3) Average number of shares issued during the period	As of June 30, 2020	38,771,970 shares	As of June 30, 2019	39,220,904 shares

Note: The consolidated financial results presented herein are not subject to a quarterly review by certified public accountants or an audit firm.

Note regarding the appropriate use of performance forecasts and other related items:

Caution concerning forward-looking statements

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.

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## 1. Qualitative Information on Quarterly Results

### (1) Summary of Operating Results

During the first quarter ended June 30, 2020 ("the period under review"), business activities in general were stagnant in Japan in the midst of the COVID-19 crisis, and the Japanese economy suffered a sharp downturn. Although business activities began to pick up gradually after the state of emergency was lifted nationally on May 25, uncertainty remained for the Japanese economy amid growing concern over a second wave of the pandemic.

Under these circumstances, the France Bed Group (the "Group") stepped up its efforts to bolster the senior-care businesses (focusing available resources on our core competency) and to improve the profitability of the Home Furnishing and Health Business, both of which are key initiatives of its Medium-Term Management Plan.

The revenue from renting special-needs equipment to consumers, which is the core of the Medical Services Business, remained robust, as nursing-care services proved essential to assist users and their family members in maintaining normal lives even amid COVID-19. By contrast, the net sales in the Home Furnishing and Health Business declined primarily due to slow customer traffic at furniture stores, the main sales channel for this segment, during the government's nationwide stay-home campaign. As a result, the Group reported consolidated net sales of 11,150 million yen for the period under review, down 9.9% from the same period the previous fiscal year.

The Group posted an operating profit of 377 million yen for the period under review, down 6.5% year on year. The favorable change in the cost of sales ratio and the cutback on selling, general and administrative expenses were not enough to offset a decline in gross profit resulting from weak net sales. The Group's ordinary profit amounted to 529 million yen, up 37.9% year on year, and its profit attributable to owners of parent jumped 10.1% to 269 million yen.

The performance of each business segment for the period under review is described below:

#### 1) Medical Services Business

In the core rental business of special-needs equipment, the Group delivered services with utmost care in order to prevent the spread of COVID-19 infection by asking employees to check their body temperature regularly, wear facial masks, and disinfect hands before and after visiting customers. During the period under review, Tsubasa Co., Ltd., which is headquartered in Kagawa Prefecture and is engaged in the rental of special-needs equipment, was added to the scope of consolidation of the Company.

In January 2020, we began renting the newly developed multi-position bed in selected regions, which is designed to make it easy for a bedridden person to get up from the bed on their own. This bed can be adjusted to four different positions—from horizontal to upright—to help the user practice self-care while helping ease the stress on caregivers. In these selected regions, we ran advertisements including TV commercials for the new bed to promote its unique up-down movement as well as its ease of use.

During the national health crisis, we suspended sales activities to hospitals and nursing-care facilities for new orders and were compelled to focus on delivering to them items backordered from the previous fiscal year.

We continued to deliver bed linen to hospitals primarily in the Kanto region, with the utmost care taken to protect employees from becoming infected with the virus.

As a result, the Group achieved net sales of 7,283 million yen in the Medical Services Business for the period under review, up 0.7% year on year. The segment income surged 27.9% to 583 million yen.

#### 2) Home Furnishing and Health Business

While the nationwide state of emergency was in force at the height of COVID-19, customer traffic remained slow at furniture stores, the primary sales channel for our home furnishing and health products, and many sales events were canceled. During these challenging times, the Group opened three new showrooms in Nagano, Shizuoka, and Tokyo and expanded the floor space of an existing one in Mie to provide more customers a hands-on experience of our value-added products designed to promote better health and quality of sleep. Our showrooms were open to the public in a reservation-only environment to minimize the risk of viral infection. To reach housebound consumers, we stepped up the promotion of our products sold through online retailers.

In the value-added product category, our Culiess AG™ antibacterial mattresses, with a top layer woven from AGLiza® antibacterial threads jointly developed with Toyobo Co., Ltd., were received particularly well among customers in their 30s and 40s with small children. In June, as part of our initiative to promote resource conservation and ecology, we started to offer customers a new service of reconditioning and repurposing their used down comforters into new bedding items.

As the occupancy rate fell sharply in the Japanese hotel industry amid the national health crisis, orders for new or replacement beds from hotels were weak, and we were compelled to focus on delivering to them items backordered from the previous fiscal year.

As a result, the Group posted net sales of 3,765 million yen in the Home Furnishing and Health Business for the period under review, which was a year-on-year decline of 26.1%, with a segment loss of 215 million yen, compared with the loss of 61 million yen for the same period the previous fiscal year.

### (2) Summary of Financial Position

#### Assets

Total assets as of June 30, 2020 increased by 57 million yen to 59,855 million yen compared with the end of the previous fiscal year ("the previous year-end"). Current assets were up 240 million yen to 32,076 million yen from the previous year-end. This was primarily due to increases of 3,550 million yen in cash and deposits and 149

million yen in inventories, which were partially offset by decreases of 1,462 million yen in notes and accounts receivable - trade (including electronically recorded monetary claims - operating) and 2,200 million yen in securities. Non-current assets decreased by 177 million yen to 27,736 million yen from the previous year-end. This reflected the purchase and depreciation/amortization of property, plant and equipment as well as intangible assets.

**Liabilities**

Total liabilities increased by 408 million yen to 22,725 million yen from the previous year-end. This was primarily due to an increase in accrued expenses, which was partially offset by a decrease in notes and accounts payable - trade (including electronically recorded obligations - operating).

**Net assets**

Net assets decreased by 350 million yen to 37,130 million yen from the previous year-end. This was primarily due to a decrease of 542 million yen resulting from the payment of dividends from surplus, which was partially offset by a profit of 269 million yen attributable to owners of parent.

As a result, the shareholders' equity ratio decreased to 62.0% from 62.6% at the previous year-end.

**(3) Forward-looking Statements Including Forecasts of Consolidated Business Results**

The Group had postponed disclosing forecasts of its consolidated business results for the fiscal year ending March 31, 2021, as the impact that the COVID-19 crisis would have on the Group was difficult to quantify with reasonable confidence. However, as business activities have begun to pick up in Japan after the state of emergency was lifted, the Group has disclosed its forecasts based on currently available information.

## 2. Consolidated Financial Statements and Primary Notes

## (1) Consolidated Balance Sheets

(Million yen)

	FY2020 (As of March 31, 2020)	Q1 of FY2021 (As of June 30, 2020)
<b>Assets</b>		
Current assets		
Cash and deposits	7,737	11,287
Notes and accounts receivable - trade	8,822	7,241
Electronically recorded monetary claims - operating	788	907
Securities	3,499	1,299
Merchandise and finished goods	5,764	5,822
Work in process	400	429
Raw materials and supplies	2,057	2,121
Other	2,771	2,972
Allowance for doubtful accounts	(5)	(4)
Total current assets	31,836	32,076
Non-current assets		
Property, plant and equipment	17,618	17,519
Intangible assets	1,696	1,673
Investments and other assets	8,597	8,543
Total non-current assets	27,913	27,736
Deferred assets	48	43
Total assets	59,798	59,855
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	2,828	2,223
Electronically recorded obligations - operating	2,140	2,302
Short-term borrowings	2,700	2,700
Current portion of bonds	600	600
Income taxes payable	68	71
Provision for bonuses	1,221	623
Other provisions	11	3
Asset retirement obligations	17	17
Other	4,777	6,280
Total current liabilities	14,365	14,822
Non-current liabilities		
Bonds payable	3,000	3,000
Long-term borrowings	300	300
Provisions	61	66
Retirement benefit liability	510	523
Asset retirement obligations	276	276
Other	3,802	3,737
Total non-current liabilities	7,951	7,903
Total liabilities	22,317	22,725

(Million yen)

	FY2020 (As of March 31, 2020)	Q1 of FY2021 (As of June 30, 2020)
<b>Net assets</b>		
Shareholders' equity		
Share capital	3,000	3,000
Capital surplus	0	0
Retained earnings	34,676	34,379
Treasury shares	(2,507)	(2,507)
Total shareholders' equity	35,168	34,872
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(49)	(9)
Deferred gains or losses on hedges	1	2
Remeasurements of defined benefits plans	2,360	2,264
Total accumulated other comprehensive income	2,312	2,257
Total net assets	37,481	37,130
Total liabilities and net assets	59,798	59,855

(2) Consolidated Statements of Income and Comprehensive Income  
 Consolidated Statements of Income  
 (Three months ended June 30, 2019 and 2020)

(Million yen)

	Three months ended June 30, 2019 (from April 1 to June 30, 2019)	Three months ended June 30, 2020 (from April 1 to June 30, 2020)
Net sales	12,386	11,150
Cost of sales	6,179	5,277
Gross profit	6,206	5,873
Selling, general and administrative expenses	5,803	5,496
Operating profit	403	377
Non-operating income		
Interest income	1	0
Dividend income	10	11
Subsidies for employment adjustment	—	157
Other	41	24
Total non-operating income	53	194
Non-operating expenses		
Interest expenses	14	15
Share of loss of entities accounted for using the equity method	0	0
Other	58	24
Total non-operating expenses	73	41
Ordinary profit	383	529
Extraordinary losses		
Loss on sales of non-current assets	0	—
Loss on retirement of non-current assets	5	0
Loss resulting from temporary suspension of business	—	102
Total extraordinary losses	5	103
Profit before income taxes	378	426
Income taxes - current	34	20
Income taxes - deferred	99	136
Total income taxes	133	157
Profit	244	269
Profit attributable to owners of parent	244	269

Consolidated Statements of Comprehensive Income  
(Three months ended June 30, 2019 and 2020)

(Million yen)

	Three months ended June 30, 2019 (from April 1 to June 30, 2019)	Three months ended June 30, 2020 (from April 1 to June 30, 2020)
Profit	244	269
Other comprehensive income		
Valuation difference on available-for-sale securities	(32)	39
Deferred gains or losses on hedges	(5)	1
Remeasurements of defined benefits plans, net of tax	(110)	(96)
Total other comprehensive income	(147)	(54)
Comprehensive income	97	214
(Breakdown)		
Comprehensive income attributable to owners of parent	97	214
Comprehensive income attributable to non-controlling interests	—	—

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

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

Changes in Significant Subsidiaries during the Period under Review

During the period under review, Tsubasa Co., Ltd., which had been an unconsolidated subsidiary of the Company, was added to the scope of consolidation due to its increased significance.

Segment Information

1. Information on net sales and income (loss) by reporting segment  
Three months ended June 30, 2019 (from April 1 to June 30, 2019)

(Million yen)

Net sales	Reporting segment			Other (Note 1)	Total	Adjustments (Note 2)	Amounts reported on consolidated statement of income (Note 3)
	Medical Services	Home Furnishing and Health	Total				
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

Three months ended June 30, 2020 (from April 1 to June 30, 2020)

(Million yen)

Net sales	Reporting segment			Other (Note 1)	Total	Adjustments (Note 2)	Amounts reported on consolidated statement of income (Note 3)
	Medical Services	Home Furnishing and Health	Total				
Sales to external customers	7,283	3,765	11,048	102	11,150	—	11,150
Internal sales among segments or transfers	1	26	27	1	28	(28)	—
Total	7,284	3,791	11,075	103	11,179	(28)	11,150
Segment income (loss)	583	(215)	367	1	369	8	377

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

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

(Million yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Elimination of inter-segment transactions	216	212
Corporate expenses*	(207)	(204)
Total	8	8

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

3. Segment income (loss) is adjusted to be consistent with the operating profit reported in the consolidated statements of income.