



Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (Under Japanese GAAP)

May 14, 2021

Company name: FRANCE BED HOLDINGS CO., LTD.	Listing: Tokyo Stock Exchange
Code number: 7840	URL: https://www.francebed-hd.co.jp
Representative: Shigeru Ikeda, President & CEO	
Contact person: Tsutomu Shimada, Director (Accounting Group)	Tel: +81-3-6741-5501
Scheduled date of Ordinary General Shareholders' Meeting: June 25, 2021	
Scheduled date to commence dividend payment: June 28, 2021	
Scheduled date to file Securities Report: June 25, 2021	
Preparation of supplementary material on financial results: Yes	
Holding of earnings announcement: Yes	

(Amounts less than one million yen are truncated)

1. Consolidated Results for the Fiscal Year Ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(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	%
Fiscal year ended March 31, 2021	52,430	(0.0)	3,246	30.2	3,451	41.6	2,295	50.9
March 31, 2020	52,430	1.2	2,492	5.4	2,436	3.1	1,520	(41.5)

Note: Comprehensive income Fiscal year ended March 31, 2021: ¥2,140 million (141.1%)
Fiscal year ended March 31, 2020: ¥887 million (-%)

	Profit per share	Fully diluted profit per share	Return on equity	Ordinary profit on total assets	Operating profit on net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2021	59.87	—	6.1	5.6	6.1
March 31, 2020	39.07	—	4.0	3.9	4.7

Reference: Share of profit of entities accounted for using equity method

Fiscal year ended March 31, 2021: ¥3 million
Fiscal year ended March 31, 2020: ¥4 million

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2021	62,217	37,412	60.1	998.31
March 31, 2020	59,798	37,481	62.6	966.70

Reference: Shareholders' equity As of March 31, 2021: ¥37,412 million As of March 31, 2020: ¥37,481 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	%	Yen
March 31, 2021	10,408	(6,995)	(1,918)	12,202
March 31, 2020	1,164	(3,826)	(688)	10,636

2. Dividends

	Cash dividends per share					Total dividend payments	Dividend payout ratio (Consolidated)	Dividend on equity (Consolidated)
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2020	—	14.00	—	14.00	28.00	1,085	71.6	2.8
March 31, 2021	—	14.00	—	16.00	30.00	1,142	50.1	3.0
Fiscal year ending March 31, 2022 (Forecast)	—	15.00	—	15.00	30.00		47.8	

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

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	54,000	2.9	3,700	13.9	3,650	5.7	2,350	2.3	62.70

* Notes

(1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries resulting in changes in the scope of consolidation): None

Note: TSUBASA CO., LTD. and KASHIDASU Co., Ltd. are included in the scope of consolidation in the fiscal year under review, although they do not fall under specified subsidiary. For details, please refer to "4. Consolidated Financial Statements and Primary Notes; (5) Notes Regarding Consolidated Financial Statements (Changes in Significant Subsidiaries during the Fiscal Year under Review)" on page 19 of the accompanying materials.

(2) 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

(3) Number of shares issued (common shares)

1) Number of shares issued at the end of the period (including treasury shares)

As of March 31, 2021:	41,397,500 shares	As of March 31, 2020:	41,397,500 shares
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2) Number of treasury shares at the end of the period

As of March 31, 2021:	3,921,557 shares	As of March 31, 2020:	2,625,530 shares
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3) Average number of shares during the period

As of March 31, 2021:	38,339,910 shares	As of March 31, 2020:	38,906,169 shares
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The consolidated financial results presented herein are not subject to audits 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. For the assumptions underlying the forecasts and precautions when using the forecasts, please refer to 1. Summary of Operating Results, etc.; (4) Future Outlook on page 5 of the accompanying materials.

Method of obtaining supplementary materials of the financial results:

The Company is scheduled to make a presentation of financial results for institutional investors and securities analysts on Thursday, May 27, 2021. The presentation's handout materials will be posted on the Company's website immediately following the presentation.

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1. Summary of Operating Results, etc.

(1) Summary of Operating Results for the Fiscal Year Ended March 31, 2021

During the fiscal year ended March 31, 2021 (“the period under review”), the Japanese economy continued to be affected by the COVID-19 pandemic, and the future outlook remained uncertain, with recurrent waves of infection making it impossible to predict when the pandemic will end, despite signs of recovery driven by government policies.

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.

In the period under review, the Home Furnishing and Health Business saw decline in sales to furniture stores and hotels due to the effects of COVID-19. However, the Medical Services Business performed solidly in the core business of renting special-needs equipment to consumers, which are essential nursing-care services for the day-to-day lives of users and their family members even amid the ongoing COVID-19 pandemic. As a result, the Group reported consolidated net sales of 52,430 million yen for the period under review, mostly unchanged year on year.

On the profit front, the Home Furnishing and Health Business achieved greater profitability thanks to the strong performance of antibacterial and other high value added products, and efforts to curb selling, general and administrative expenses were made in both business segments. Accordingly, the Group posted operating profit of 3,246 million yen for the period under review, up 30.2% year on year. Ordinary profit amounted to 3,451 million yen, up 41.6% year on year, and profit attributable to owners of parent climbed 50.9% to 2,295 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 handling special-needs equipment, the Group delivered services throughout the COVID-19 pandemic, taking utmost care to prevent the spread of infection, asking employees to check their body temperature regularly, wear facial masks and disinfect their hands before and after visiting customers. In this environment, the Group established four sales offices (Amagasaki-shi in Hyogo, Akishima-shi in Tokyo, Kashiwa-shi in Chiba, and Kawagoe-shi in Saitama) from October 2020 onwards, as part of its efforts to increase the market share of the rental business handling special-needs equipment. Meanwhile, TSUBASA CO., LTD., which rents special-needs equipment out of its headquarters in Kagawa Prefecture and became a subsidiary of the Company following the acquisition of shares in December 2009, and KASHIDASU Co., Ltd., which is involved in the same line of business in Chiba and Osaka Prefectures and became a subsidiary following the acquisition of shares in October 2020, were both included in the scope of consolidation from the period under review.

In an effort to expand our product offerings, we have been sequentially expanding the regions where we rent new, multi-position beds designed to support a bedridden person in independently getting up since January 2020, and began offering this product across the country in October 2020. This bed can be adjusted to four different positions—from horizontal to upright—to help the user practice self-care while easing the stress on caregivers. By running advertisements, including TV commercials and small product presentation meetings for care managers and others in these regions, we worked to share the image of users who would fit into the new bed and conveyed its features to potential customers. We also strived to carry out sales of COVID-19 infection control products, including ozone-generating equipment, to nursing-care facilities and others.

In efforts to improve business efficiency through the use of ICT, we focused on improving the quality of sales, increasing the number of website product listings linked to our general catalogue of special-needs equipment for home use, thereby enabling users and their family members to order directly online the small items that were previously sold via in-person sales.

In an environment where in-person sales activities were restricted amid the COVID-19 pandemic, we worked on sales of COVID-19 infection control products, such as ozone-generating equipment, sterilizers and disposable gloves, in addition to the sales of beds and accessories, our flagship products, to hospitals and welfare facilities by conducting sales activities incorporating remote marketing including the online introduction of our products.

As a result, the Medical Services Business recorded net sales of 32,839 million yen for the period under review, up 5.1% year on year, and operating profit of 2,805 million yen, up 20.5% year on year.

2) Home Furnishing and Health Business

During the period under review, the Group opened three new showrooms (Minato-ku in Tokyo, Kakegawashi in Shizuoka and Shiojiri-shi in Nagano) and expanded the floor space of an existing showroom in Tsushi in Mie. By ensuring an environment to minimize the risk of viral infection through advance reservation systems and the restriction on the numbers of visitors entering the showrooms, we offered the public more opportunities for a hands-on experience of our value-added products designed to promote better health and quality of sleep. For online retailers who are enjoying increasing demand, we focused on expanding sales of products that can be delivered using the parcel delivery service and enhancing our product lineup for at-home demand, including the three-fold spring mattress Fold Air and the SNORELESS PILLOW MINI, which offers comfort and support to people using their smartphone or reading while lying down, launched from February 2021.

In the value-added product category, our antibacterial mattresses under the brand name of Culiess AG™, the industry's first specialized hygiene bedding brand, with a top layer woven from AGliza® antibacterial threads jointly developed with Toyobo Co., Ltd., were received particularly well primarily among highly hygiene-conscious consumers. In addition, we focused on further enhancement and sales of our lineup of products designed to make "Cleanness will continue" the new standard, including launching our mainstay Life Treatment Mattress series featuring a standard antibacterial function in October 2020.

As demand fell in the Japanese hotel industry, depressed by the slump in occupancy rates caused by the COVID-19 pandemic, we focused on receiving orders for our limited new projects.

As a result, the Home Furnishing and Health Business posted net sales of 19,186 million yen, down 7.9% year on year, and operating profit of 401 million yen, up 211.5% year on year.

(2) Summary of Financial Position for the Fiscal Year Ended March 31, 2021

Assets

Total assets increased by 2,418 million yen from the previous year-end, to 62,217 million yen as of March 31, 2021. Current assets increased by 218 million yen from the previous year-end, to 32,055 million yen. This was primarily due to increases of 1,964 million yen in cash and deposits and 428 million yen in notes and accounts receivable - trade (includes electronically recorded monetary claims - operating), partially offset by decreases of 399 million yen in securities, 433 million yen in inventories, and 1,487 million yen in accounts receivable - other included in "Other" of current assets. Non-current assets increased by 2,221 million yen from the previous year-end, to 30,135 million yen. This reflected the purchase and depreciation and amortization of property, plant and equipment and intangible assets, in addition to the purchase of land, the generation of goodwill from M&A and a decrease in investment securities, among other factors.

Liabilities

Total liabilities increased by 2,487 million yen from the previous year-end, to 24,804 million yen. This was mainly due to increases of 363 million yen in notes and accounts payable - trade (including electronically recorded obligations - operating), 340 million yen in lease obligations (including long-term), and 1,155 million yen in income taxes payable.

Net assets

Net assets decreased by 68 million yen from the previous year-end, to 37,412 million yen. This was primarily due to a profit attributable to owners of parent of 2,295 million yen, which was offset by decreases of 1,085

million yen resulting from the payment of dividends from surplus and 1,118 million yen resulting from the purchase of treasury shares.

As a result, the shareholders' equity ratio decreased to 60.1% from 62.6% at the previous year-end.

(3) Summary of Cash Flows for the Fiscal Year Ended March 31, 2021

Cash and cash equivalents increased by 1,565 million yen from the previous year-end, to 12,202 million yen as of March 31, 2021. Details of individual cash flow items are as follows:

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 10,408 million yen, compared with 1,164 million yen for the same period the previous year. Operating cash inflows included profit before income taxes of 3,508 million yen, the reporting of depreciation (a non-cash item) of 4,931 million yen, a decrease in inventories of 556 million yen, and a corporate tax refund and tax deduction of 1,296 million yen.

(Cash flows from investing activities)

Net cash used in investing activities amounted to 6,995 million yen, compared with 3,826 million yen for the same period the previous year. Investing cash inflows included proceeds from sales of investment securities of 661 million yen, which were offset by cash outflows such as purchase of property, plant and equipment of 6,575 million yen, purchase of intangible assets of 159 million yen, purchase of shares of subsidiaries resulting in changes in scope of consolidation of 586 million yen and loans receivable from subsidiaries, etc. of 145 million yen.

(Cash flows from financing activities)

Net cash used in financing activities amounted to 1,918 million yen, compared with 688 million yen for the same period the previous year. Financing cash inflows included an increase of 600 million yen in short-term borrowings and sales and leasebacks of 3,135 million yen, which were offset by cash outflows that included redemption of bonds amounting 600 million yen, purchase of treasury shares of 1,118 million yen, repayments of finance lease obligations of 2,851 million yen, and the payment of cash dividends of 1,083 million yen.

Reference: Cash flow metrics

	FY2017	FY2018	FY2019	FY2020	FY2021
Shareholders' equity ratio (%)	60.9	62.7	60.4	62.6	60.1
Shareholders' equity ratio at market value (%)	59.5	58.2	56.0	59.1	58.3
Ratio of interest-bearing debt to cash flow (number of years)	1.3	2.3	1.1	10.4	1.1
Interest coverage ratio (times)	107.2	72.5	173.2	19.2	159.6

Shareholders' equity ratio: shareholders' equity / total assets

Shareholders' equity ratio at market value: total market capitalization / total assets

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

Interest coverage ratio: cash flow / interest payment

Notes: 1. From the beginning of the fiscal year ended March 31, 2019, the Company adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018). Accordingly, the figures for shareholders' equity ratio and shareholders' equity ratio at market value for the fiscal year ended March 31, 2018, are shown after applying the accounting standard retrospectively.

2. Each indicator has been calculated on the basis of consolidated financial figures.

3. Total market capitalization has been calculated on the basis of the number of shares issued excluding treasury shares.

4. Cash flow refers to cash flows from operating activities.

5. Interest-bearing debt includes all liabilities recorded on the consolidated balance sheet on which interest is paid.

(4) Future Outlook

In Japan, issues such as a rising number of elderly people due to lower fertility rates and an ageing population, and a shortage of carers due to the decline in working age population are expected to pick up pace.

In the Medical Services Business, we will seek to expand our share of the market for special-needs equipment for home care, which is expected to be in increasing demand in the future with the growing number of elderly people, by concentrating our management resources on this area and aggressively pushing ahead with measures such as expansion of sales bases and M&A. Meanwhile, as issues such as a shortage of carers due to a shrinking labor force and old people providing care for old people at home become more serious, we will also focus on the development and sales expansion of new labor-saving products such as care robots, to help solve such issues.

In the Home Furnishing and Health Business, with the COVID-19 pandemic prompting dramatic changes in consumer attitudes towards their living environment and sleep, we will focus on the development and sales expansion of products with functional value in terms of hygiene and environmental performance and we will also aim to expand our group showrooms as spaces for properly conveying these product features. In measures to address the e-commerce market, we will enhance our lineup of products suited to online sales and will also establish a framework for logistics collaboration with Internet shopping operators.

Accordingly, the Group's consolidated results forecasts for the fiscal year ending March 31, 2022 are net sales of 54,000 million yen, operating profit of 3,700 million yen, ordinary profit of 3,650 million yen, and profit attributable to owners of parent of 2,350 million yen.

Meanwhile, the France Bed Group has developed a new Medium-Term Management Plan for the three years ending in FY2024 (the fiscal year ending March 2024). For more details, refer to the "Notice of Formulation of Medium-Term Management Plan" announced today.

(5) Basic Policy for Profit Distribution, and Dividends in FY2021 and FY2022

To maximize its shareholder value, the Company regards profit distribution as one of its key management priorities. The Company decides its dividends by comprehensively taking into account its performance, operating environment and the necessity of enhancing its financial soundness in line with its basic policy of making every effort to maintain stable dividend payments.

Based on this policy, the Company plans to pay a year-end dividend of 16.0 yen per share for FY2021, an increase of 2.0 yen from 14.0 yen per share as announced on May 25, 2020.

The Company plans to place this matter on the proposal of the 18th ordinary general shareholders' meeting scheduled for June 2021. Additionally, for FY2022, the Company plans to pay an interim dividend of 15.0 yen per share and a year-end dividend of 15.0 yen per share for an annual dividend of 30.0 yen per share.

(6) Business and Other Risks

Risks that may affect the business results, financial position, stock prices, etc. of the Group include those listed below. However, the listed factors do not cover all risks related to the Group, and there are other risks that exist, but which are difficult to foresee. The Group has established an Information Management Committee, a body to examine and review internal control-related matters, such as risk management, corporate information management and control, and compliance. The Committee gathers information and reports to the Board of Directors.

In addition, the Group has a Crisis Response Rules in place. When an event occurs that is considered to be a financial difficulty, a task force headed by the president & CEO shall be swiftly set up, and measures shall be taken.

Matters concerning the future in this document are decisions made by the Group at the end of the fiscal year

under review.

1) Business environment of the Group

a) The Group's Medical Services Business relies greatly on the government-sponsored nursing-care insurance program based on the Long-Term Care Insurance Act, with sales related to nursing care insurance accounting for more than 50% of the net sales of the Medical Services Business. To address this risk, the Group works to expand sales of products that are not related to nursing care by focusing on the development and sale of Reha tech-branded products targeted at active seniors, in order to build a profit base that does not rely so heavily on the nursing-care insurance program. However, revisions are made every three years to the nursing-care insurance program, so the Group's services may be excluded from services covered by the insurance, or the percentages of insurance coverage applicable to the Group's services may be reduced. In such a case, net sales would decline, and the Group's performance and financial position would deteriorate.

b) The furniture retail markets for the suppliers and customers of the Group's Home Furnishing and Health business tend to be susceptible to influences such as economic trends and accompanying change in consumer sentiment, land price fluctuations and the housing tax system. To address this risk, the Group promotes diversification beyond transactions with existing furniture retailers to include sales channels such as online retailers, home improvement stores, and mass merchandisers, in a bid to maintain sales and ensure profitability. However, if market demand shrinks due to declined income stemming from economic stagnation, a rise in market interest rates, an increase in land value, a rise in housing-related taxes, the increasingly aging and shrinking population, and other factors; or if our competitors get ahead of us in similar products or in technology areas despite our product differentiation efforts, the Group is likely to face a decline in sales and a reduction in sales prices, leading to a lower profit margin. In addition, a deterioration of our customers' financial position, customer defaults, and other events would also impact the Group's performance and financial position.

2) Product defects

The Group manufactures its products in its factories in accordance with the Japanese Industrial Standards (JIS) and Francebed Engineering Standards (FES), which are based on the Group's own quality criteria that are even stricter than JIS. However, there is no guarantee that defects will not occur in any of the products. Moreover, while the Group holds a product liability insurance, there is no guarantee that this insurance will ultimately be sufficient to cover the amount of compensation to be borne, and the Group may not always be able to continue holding such insurance.

In the event that a product defect occurs for which the Group bears liability, or if a large-scale recall is carried out in the interests of customer safety, or in other such circumstances, we may receive administrative directives from regulatory bodies, and costs of collecting such products and liabilities for damages would be incurred. This could ruin the Group's credibility and cause significant damage to our product reputation and brand, potentially resulting in lower net sales and affecting the Group's performance and financial position.

3) Unauthorized disclosure of personal information

Due to the nature of its business, the Group handles a large volume of personal information such as customer information and pays particular attention to the protection of personal information in the conduct of its business activities, and takes measures to protect confidentiality. The Group also purchases liability insurance to mitigate any losses arising from such risks and provide compensation to any victims. However, if a leak of personal information were to occur due to an information security incident caused by a cyberattack or other attack, the Group could be held legally responsible, and it could experience a major loss of credibility that could affect its performance and financial position.

4) Credit

The Group engages in a range of business transactions and bears a credit risk that could result in losses such as those incurred due to a supplier's or customer's worsened credit standing or bankruptcy. In order to control this risk, the Group has set a credit limit and a payment method for each supplier and customer, and has established a committee for the protection of accounts receivable to flexibly manage credit risk. However, because it is difficult to eliminate all such risks, the Group's performance and financial position could be adversely affected in the event of deterioration in credit standing or bankruptcy of a supplier or customer

5) Exchange rate fluctuations

The Group engages in import and export transactions of raw materials and manufactured products, and bears the risk of fluctuations in exchange rates with regard to related foreign-currency denominated monetary receivables and payables (including foreign currency denominated forecasted transactions). The Group therefore enters into derivative transactions for the purpose of hedging risks associated with exchange rate fluctuations, but it is difficult to completely eliminate all such risks, including the indirect impact of exchange rate fluctuations. It is therefore possible that the Group's performance and financial position could be affected by exchange rate fluctuations.

In addition, the Group enters into import and export transactions with multiple countries mainly in Asia and Europe, and will continue to do so. It is therefore possible that the Group's performance and financial position could be affected by changes in the export and import environment associated with changes in the economic situation in each country or social upheaval caused by disaster, riots, terrorism, wars or other factors.

6) Disasters

As the Group operates many business bases centered in Japan, if a natural disaster such as typhoon and earthquake were to occur, or in the case of a fire, power outage, epidemic or other incident, the Group would be exposed to a risk of substantial costs incurred by an absence of business activities at suspended business bases, or due to the repair of facilities in question.

In the case of an unprecedented pandemic like the COVID-19 pandemic, the Company must prioritize the safety of its officers and employees and their families as well as its other stakeholders and it is required to significantly downscale its business operations to prevent the spread of infection. If such a situation arises, the Group will immediately set up a crisis task force led by the Company's President & CEO and take measures based on a business continuity plan detailing actions to be taken by individual officers and employees and individual departments. However, depending on the duration of the disaster and the economic impact, the Group's performance and financial position could be impacted.

2. Corporate Group

The Company's corporate group consists of the Company, twelve subsidiaries (seven consolidated subsidiaries and five non-consolidated subsidiaries), and one affiliate, and mainly engages in the Medical Services Business and the Home Furnishing and Health Business.

The Group's businesses and relationship between its businesses and Group companies are described below.

The classification of business segments in the Segment Information is the same as that below.

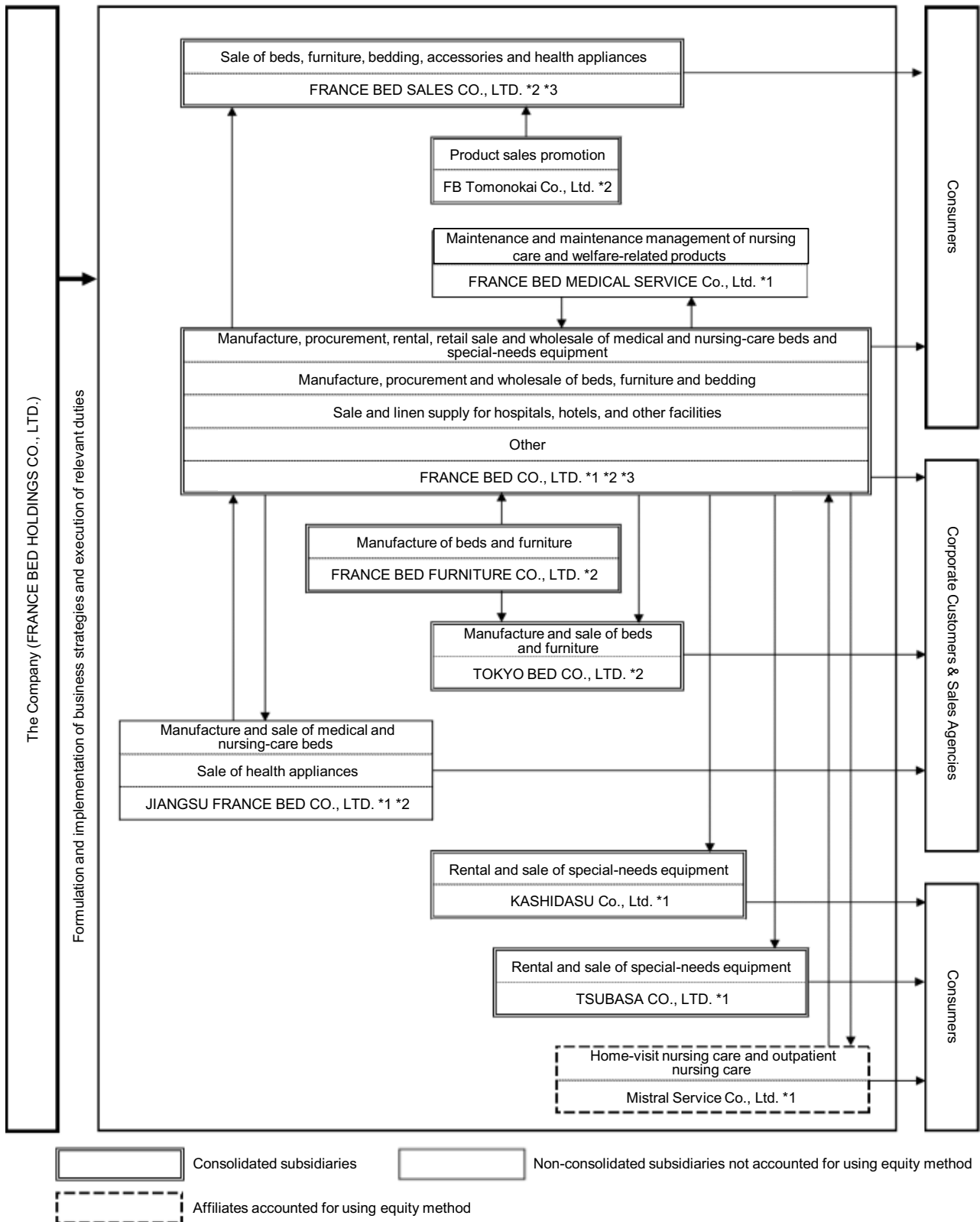
Business segments	Business activities	Major group companies
Medical Services	Manufacture, procurement, rental, retail sale and wholesale of medical and nursing-care beds and special-needs equipment, and linen supply for hospitals, hotels, and other facilities.	FRANCE BED CO., LTD. TSUBASA CO., LTD. KASHIDASU Co., Ltd. JIANGSU FRANCE BED CO., LTD. FRANCE BED MEDICAL SERVICE Co., Ltd. Mistral Service Co., Ltd.
Home Furnishing and Health	Manufacture, procurement, wholesale and door-to-door sale of beds, furniture, bedding, health appliances, and other products, and advertising and setting up of exhibition venues	FRANCE BED CO., LTD. FRANCE BED SALES CO., LTD. FB Tomonokai Co., Ltd. TOKYO BED CO., LTD. FRANCE BED FURNITURE CO., LTD. JIANGSU FRANCE BED CO., LTD.
Other	Real estate leasing and other businesses	FRANCE BED CO., LTD. FRANCE BED SALES CO., LTD.

Notes: 1. FB Tomonokai Co., Ltd., a subsidiary of the Company's consolidated subsidiary, FRANCE BED SALES CO., LTD., solicits its members based on contracts for specified prepaid transactions relevant to products marketed by FRANCE BED SALES CO., LTD., and mediates product sales to such its members.

2. Major non-consolidated subsidiaries and entities not accounted for using equity method: JIANGSU FRANCE BED CO., LTD. and FRANCE BED MEDICAL SERVICE Co., Ltd.
JIANGSU FRANCE BED CO., LTD. and FRANCE BED MEDICAL SERVICE Co., Ltd. have been excluded from the scope of consolidation and from the scope of application of the equity method because they are small in size and their amounts in terms of total assets, net sales, profit or loss (amount corresponding to equity interest), retained earnings (amount corresponding to equity interest), etc. do not materially impact the consolidated financial statements.

[Operating Structure]

The figure below shows the Group's operating structure. Only major business relationships are included.



3. Basic Approach to Selection of Accounting Standards

The Group applies the J-GAAP as accounting standards to ensure the comparability of its consolidated financial statements from period to period and among entities.

The Group will appropriately respond to the application of the International Financial Reporting Standards (IFRS) upon taking into account circumstances both in Japan and abroad.

4. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Million yen)

	FY2020 (As of March 31, 2020)	FY2021 (As of March 31, 2021)
Assets		
Current assets		
Cash and deposits	7,737	9,702
Notes and accounts receivable - trade	8,822	9,063
Electronically recorded monetary claims - operating	788	976
Securities	3,499	3,100
Merchandise and finished goods	5,764	5,487
Work in process	400	415
Raw materials and supplies	2,057	1,885
Other	2,771	1,438
Allowance for doubtful accounts	(5)	(14)
Total current assets	31,836	32,055
Non-current assets		
Property, plant and equipment		
Assets for lease	5,185	5,336
Accumulated depreciation	(3,559)	(3,566)
Assets for lease, net	1,626	1,769
Buildings and structures	15,110	15,214
Accumulated depreciation	(10,334)	(10,647)
Buildings and structures, net	4,776	4,567
Machinery, equipment and vehicles	5,741	5,750
Accumulated depreciation	(4,490)	(4,449)
Machinery, equipment and vehicles, net	1,250	1,301
Tools, furniture and fixtures	2,799	2,950
Accumulated depreciation	(2,452)	(2,588)
Tools, furniture and fixtures, net	347	361
Land	5,457	6,991
Leased assets	10,691	12,209
Accumulated depreciation	(6,588)	(7,661)
Leased assets, net	4,102	4,548
Construction in progress	58	93
Total property, plant and equipment	17,618	19,633
Intangible assets		
Goodwill	-	353
Leased assets	970	823
Software	663	635
Other	62	14
Total intangible assets	1,696	1,826
Investments and other assets		
Investment securities	820	634
Long-term loans receivable	27	60
Deferred tax assets	1,778	1,954
Retirement benefit asset	4,877	4,906
Other	*1 1,218	*1 1,233
Allowance for doubtful accounts	(125)	(115)
Total investments and other assets	8,597	8,674
Total non-current assets	27,913	30,135
Deferred assets		
Bond issuance costs	48	27
Total deferred assets	48	27
Total assets	59,798	62,217

(Million yen)

	FY2020 (As of March 31, 2020)	FY2021 (As of March 31, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,828	2,856
Electronically recorded obligations - operating	2,140	2,476
Short-term borrowings	2,700	3,300
Current portion of long-term borrowings	–	300
Current portion of bonds	600	600
Lease obligations	2,364	2,676
Income taxes payable	68	1,224
Accrued consumption taxes	193	449
Provision for bonuses	1,221	1,378
Provision for bonuses for directors (and other officers)	11	15
Asset retirement obligations	17	–
Other	2,219	2,420
Total current liabilities	14,365	17,698
Non-current liabilities		
Bonds payable	3,000	2,400
Long-term borrowings	300	–
Lease obligations	3,164	3,192
Deferred tax liabilities	22	30
Provision for retirement benefits for directors (and other officers)	53	73
Provision for contingent loss	8	7
Retirement benefit liability	510	453
Asset retirement obligations	276	343
Other	615	604
Total non-current liabilities	7,951	7,106
Total liabilities	22,317	24,804
Net assets		
Shareholders' equity		
Share capital	3,000	3,000
Capital surplus	0	0
Retained earnings	34,676	35,881
Treasury shares	(2,507)	(3,626)
Total shareholders' equity	35,168	35,255
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(49)	(15)
Deferred gains or losses on hedges	1	35
Remeasurements of defined benefits plans	2,360	2,137
Total accumulated other comprehensive income	2,312	2,157
Total net assets	37,481	37,412
Total liabilities and net assets	59,798	62,217

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	FY2020 (from April 1, 2019 to March 31, 2020)	FY2021 (from April 1, 2020 to March 31, 2021)
Net sales	52,430	52,430
Cost of sales	*1 26,512	*1 25,392
Gross profit	25,917	27,038
Selling, general and administrative expenses	23,425	23,792
Operating profit	2,492	3,246
Non-operating income		
Interest income	7	3
Dividend income	19	17
Share of profit of entities accounted for using equity	4	3
Subsidies for employment adjustment	–	*2 227
Difference due to change in contract of insurance	20	–
Other	126	143
Total non-operating income	178	395
Non-operating expenses		
Interest expenses	59	64
Sales discounts	34	29
Amortization of bond issuance costs	25	21
Rental expenses	20	20
Share-based remuneration expenses	28	–
Other	64	54
Total non-operating expenses	234	190
Ordinary profit	2,436	3,451
Extraordinary income		
Gain on sales of non-current assets	133	4
Gain on sales of investment securities	0	281
Total extraordinary income	133	286
Extraordinary losses		
Loss on sales of non-current assets	0	–
Loss on retirement of non-current assets	19	32
Loss on sales of investment securities	–	17
Loss on valuation of investment securities	174	–
Impairment loss	10	75
Loss on liquidation of subsidiaries and associates	3	–
Loss resulting from temporary suspension of business	–	*3 104
Total extraordinary losses	208	229
Profit before income taxes	2,361	3,508
Income taxes - current	269	1,285
Income taxes - deferred	572	(73)
Total income taxes	841	1,212
Profit	1,520	2,295
Profit attributable to owners of parent	1,520	2,295

Consolidated Statements of Comprehensive Income

(Million yen)

	FY2020 (from April 1, 2019 to March 31, 2020)	FY2021 (from April 1, 2020 to March 31, 2021)
Profit	1,520	2,295
Other comprehensive income		
Valuation difference on available-for-sale securities	(39)	34
Deferred gains or losses on hedges	6	34
Remeasurements of defined benefits plans, net of tax	(599)	(223)
Total other comprehensive income	(632)	(154)
Comprehensive income	887	2,140
(Breakdown)		
Comprehensive income attributable to owners of parent	887	2,140
Comprehensive income attributable to non-controlling interests	–	–

(3) Consolidated Statements of Changes in Equity

FY2020 (from April 1, 2019 to March 31, 2020)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,000	–	34,307	(2,045)	35,262
Changes during period					
Dividends of surplus			(1,151)		(1,151)
Profit attributable to owners of parent			1,520		1,520
Purchase of treasury shares				(493)	(493)
Disposal of treasury shares		0		30	30
Change in scope of consolidation					–
Net changes in items other than shareholders' equity					
Total changes during period	–	0	368	(462)	(93)
Balance at end of period	3,000	0	34,676	(2,507)	35,168

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefits plans	Total accumulated other comprehensive income	
Balance at beginning of period	(9)	(5)	2,960	2,945	38,207
Changes during period					
Dividends of surplus					(1,151)
Profit attributable to owners of parent					1,520
Purchase of treasury shares					(493)
Disposal of treasury shares					30
Change in scope of consolidation					–
Net changes in items other than shareholders' equity	(39)	6	(599)	(632)	(632)
Total changes during period	(39)	6	(599)	(632)	(726)
Balance at end of period	(49)	1	2,360	2,312	37,481

FY2021 (from April 1, 2020 to March 31, 2021)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,000	0	34,676	(2,507)	35,168
Changes during period					
Dividends of surplus			(1,085)		(1,085)
Profit attributable to owners of parent			2,295		2,295
Purchase of treasury shares				(1,118)	(1,118)
Disposal of treasury shares					-
Change in scope of consolidation			(4)		(4)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	1,205	(1,118)	86
Balance at end of period	3,000	0	35,881	(3,626)	35,255

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefits plans	Total accumulated other comprehensive income	
Balance at beginning of period	(49)	1	2,360	2,312	37,481
Changes during period					
Dividends of surplus					(1,085)
Profit attributable to owners of parent					2,295
Purchase of treasury shares					(1,118)
Disposal of treasury shares					-
Change in scope of consolidation					(4)
Net changes in items other than shareholders' equity	34	34	(223)	(154)	(154)
Total changes during period	34	34	(223)	(154)	(68)
Balance at end of period	(15)	35	2,137	2,157	37,412

(4) Consolidated Statements of Cash Flows

(Million yen)

	FY2020 (from April 1, 2019 to March 31, 2020)	FY2021 (from April 1, 2020 to March 31, 2021)
Cash flows from operating activities		
Profit before income taxes	2,361	3,508
Depreciation	4,518	4,931
Impairment loss	10	75
Amortization of goodwill	–	22
Loss (gain) on sales of non-current assets	(133)	(4)
Loss on retirement of non-current assets	19	32
Increase (decrease) in allowance for doubtful accounts	(37)	(15)
Increase (decrease) in provision for bonuses	(16)	132
Increase (decrease) in provision for bonuses for directors (and other officers)	0	2
Increase (decrease) in net defined benefit liability	(35)	(73)
Decrease (increase) in net defined benefit asset	(451)	(346)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(53)	14
Loss (gain) on sales of investment securities	(0)	(264)
Loss (gain) on valuation of investment securities	174	–
Loss (gain) on liquidation of subsidiaries and associates	3	–
Interest and dividend income received	(27)	(21)
Interest expenses	59	64
Share of (profit) loss of entities accounted for using equity method	(4)	(3)
Subsidies for employment adjustment	–	(227)
Decrease (increase) in trade receivables	441	(194)
Decrease (increase) in inventories	(589)	556
Increase (decrease) in trade payables	(213)	253
Increase (decrease) in accrued expenses	(204)	105
Other, net	(302)	384
Subtotal	5,519	8,932
Interest and dividend income received	27	21
Interest expenses paid	(60)	(65)
Amount of employment adjustment subsidy received	–	223
Income taxes (paid) refund	(4,321)	1,296
Net cash provided by (used in) operating activities	1,164	10,408

(Million yen)

	FY2020 (from April 1, 2019 to March 31, 2020)	FY2021 (from April 1, 2020 to March 31, 2021)
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,249)	(6,575)
Proceeds from sales of property, plant and equipment	350	4
Proceeds from withdrawal of time deposits	2,000	–
Purchase of investing securities	(600)	(1,300)
Proceeds from redemption of securities	–	1,300
Purchase of investment securities	(0)	(99)
Proceeds from sales of investment securities	1	661
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(586)
Purchase of shares of subsidiaries and associates	(28)	(59)
Proceeds from liquidation of subsidiaries and associates	45	–
Loan advances	–	(145)
Collection of loans receivable	28	–
Purchase of intangible assets	(370)	(159)
Payments for asset retirement obligations	(5)	(37)
Other, net	1	–
Net cash provided by (used in) investing activities	(3,826)	(6,995)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	650	600
Redemption of bonds	(600)	(600)
Purchase of treasury shares	(495)	(1,118)
Proceeds from sales of treasury shares	0	–
Proceeds from sale and leaseback transactions	3,317	3,135
Repayments of lease obligations	(2,408)	(2,851)
Dividends paid	(1,150)	(1,083)
Other, net	(1)	–
Net cash provided by (used in) financing activities	(688)	(1,918)
Effect of exchange rate change on cash and cash equivalents	0	0
Net increase (decrease) in cash and cash equivalents	(3,351)	1,494
Cash and cash equivalents at beginning of period	13,988	10,636
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	–	70
Cash and cash equivalents at end of period	* 10,636	* 12,202

(5) Notes Regarding Consolidated Financial Statements

Notes Regarding the Going Concern Assumption

Not applicable.

Changes in Significant Subsidiaries during the Fiscal Year under Review

Though not categorized as a change in a specified subsidiary, TSUBASA CO., LTD., which was a non-consolidated subsidiary in the previous fiscal year, was included in the scope of consolidation from the first quarter of the fiscal year under review due to its higher level of materiality.

In addition, though not categorized as a change in a specified subsidiary, KASHIDASU Co., Ltd. was included in the scope of consolidation from the third quarter of the fiscal year under review as a result of acquisition of all the shares of KASHIDASU Co., Ltd. through FRANCE BED CO., LTD., which is a consolidated subsidiary of the Company, during the third quarter of the fiscal year under review.

Basis of Preparation of Consolidated Financial Statements

1. Scope of Consolidation

(1) Number of consolidated subsidiaries: 7

Names of consolidated subsidiaries:

FRANCE BED CO., LTD.

FRANCE BED FURNITURE CO., LTD.

FRANCE BED SALES CO., LTD.

FB Tomonokai Co., Ltd.

TOKYO BED CO., LTD.

TSUBASA CO., LTD.

KASHIDASU Co., Ltd.

Changes in scope of consolidation

TSUBASA CO., LTD., which was a non-consolidated subsidiary in the previous fiscal year, was included in the scope of consolidation from the first quarter of the fiscal year under review due to its higher level of materiality.

In addition, KASHIDASU Co., Ltd. was included in the scope of consolidation from the third quarter of the fiscal year under review as a result of acquisition of all the shares of KASHIDASU Co., Ltd. through FRANCE BED CO., LTD., which is a consolidated subsidiary of the Company, during the third quarter of the fiscal year under review.

(2) Names of major non-consolidated subsidiaries:

JIANGSU FRANCE BED CO., LTD.

FRANCE BED MEDICAL SERVICE Co., Ltd.

Reason for exclusion from the scope of consolidation

The non-consolidated subsidiaries have been excluded from the scope of consolidation as they are all small in size and their total amounts in terms of total assets, net sales, profit or loss (amount corresponding to equity interest) and retained earnings (amount corresponding to equity interest) do not materially impact the consolidated financial statements.

2. Application of the Equity Method

(1) Number of affiliates accounted for using equity method: 1

Name of affiliates:

Mistral Service Co., Ltd.

(2) The major non-consolidated subsidiaries and affiliates (JIANGSU FRANCE BED CO., LTD. and FRANCE BED MEDICAL SERVICE Co., Ltd.) are not accounted for using the equity method, as their exclusion has a minor impact on the consolidated financial statements in terms of profit or loss (amount corresponding to equity interest) and retained earnings (amount corresponding to equity interest), and is considered immaterial from the overall perspective.

(3) The balance sheet date of Mistral Service Co., Ltd., the affiliate accounted for using the equity method, is different from the consolidated balance sheet date. Therefore, financial statements related to the fiscal year of Mistral Service Co., Ltd. are used.

3. Fiscal Year of the Consolidated Subsidiaries

The balance sheet dates of all consolidated subsidiaries are the same as the consolidated balance sheet date.

4. Notes Regarding Accounting Policies

(1) Valuation standards and methods for important assets

1) Securities

a. Available-for-sale securities

- Market value available

Stated at market value as of the consolidated balance sheet date. (The difference in valuation is fully charged to net assets, with the cost of securities sold calculated by the moving average method.)

- Market value not available

Stated at cost determined by the moving average method

b. Investments in other securities of subsidiaries and associates

Stated at cost determined by the moving average method

2) Derivatives

Stated at market value

3) Inventories

a. Merchandise, finished goods and work in process

Stated at cost determined by the first-in, first-out method. (Balance sheet values are calculated by reducing the book values of these assets based on a decline in profitability.)

b. Raw materials and supplies

Stated at cost determined by the last purchase method. (Balance sheet values are calculated by reducing the book values of these assets based on a decline in profitability.)

(2) Depreciation method for important depreciable assets

1) Property, plant and equipment

The straight-line method is applied.

The estimated useful lives of assets are principally as follows:

Assets for lease 3-10 years

Buildings and structures 2-55 years

Machinery, equipment and vehicles 2-13 years

Tools, furniture and fixtures 2-20 years

Assets for lease whose acquisition cost is less than 200,000 yen are equally depreciated over three years as lump-sum depreciable assets.

2) Intangible assets

The straight-line method is applied.

Software for internal use is amortized using the straight-line method over the estimated usable period for office use (5 years or 10 years).

3) Leased assets

a. Leased assets related to finance lease transactions involving the transfer of ownership

Leased assets related to finance lease transactions involving the transfer of ownership are depreciated using the same method applied for non-current assets owned by the Company.

b. Leased assets related to finance lease transactions not involving the transfer of ownership

Leased assets related to finance lease transactions not involving the transfer of ownership are depreciated on the straight-line method over the lease period of the leased assets, assuming the lease period as the useful life and no residual value.

4) Long-term prepaid expenses

Long-term prepaid expenses are equally amortized over the years.

(3) Accounting standards for significant allowances and provisions

1) Allowance for doubtful accounts

The allowance for doubtful accounts is provided at an amount of possible losses from trade and other receivables, based on the historical rate of credit losses for general receivables and on the individual collectability for specific receivables such as receivables with default possibility.

2) Provision for bonuses

The provision for bonuses for employees is provided at the amount borne for the fiscal year under review of the estimated amounts to be paid.

- 3) Provision for bonuses for directors (and other officers)
The provision for bonuses for directors (and other officers) is provided at an amount based on the estimated amount to be paid in the fiscal year under review.
- 4) Provision for retirement benefits for directors (and other officers)
The provision for retirement benefits for directors (and other officers) is provided at an amount required to be paid at the end of the fiscal year under review, based on internal rules and regulations.
- 5) Provision for contingent loss
The provision for contingent loss is provided at an amount considered necessary, with a reasonable estimate for possible future contingencies.
- (4) Method and period of goodwill amortization
Goodwill is amortized equally over the estimated period of time during which the investment is expected to yield benefits.
- (5) Accounting method for retirement benefits
- 1) Method for attributing expected retirement benefits to periods of service
In calculating the amount of retirement benefit obligations, the projected benefit method is adopted for attributing estimated retirement benefits over the period up to the end of the fiscal year under review.
 - 2) Treatment of actuarial gains or losses
Actuarial gains or losses are amortized using the straight-line method over a certain number of years (primarily 10 years) within the average remaining years of service of the eligible employees at the time of recognition, and allocated proportionately from the fiscal year following the respective fiscal year of recognition.
 - 3) Accounting treatment of unrecognized actuarial gains or losses
Unrecognized actuarial gains or losses are recorded after adjustments for tax effects, as remeasurements of defined benefit plans under accumulated other comprehensive income in net assets.
 - 4) Adoption of the simplified method by companies that are small in size
Certain consolidated subsidiaries, in the calculation of retirement benefit liability and retirement benefit expenses, apply the simplified method in which the amount to be required at the year-end for voluntary termination is used as retirement benefit obligations.
- (6) Significant hedge accounting
- 1) Method of hedge accounting
Deferral hedge accounting has been adopted. Designated hedge accounting is applied to certain monetary receivables and payables denominated in foreign currencies hedged by forward exchange.
 - 2) Hedging instruments and hedged items
 - a. Hedging instruments
Derivative transactions (forward exchange contracts)
 - b. Hedged items
Monetary receivables and payables denominated in foreign currencies exposed to exchange rate fluctuation risk (including foreign currency denominated forecasted transactions).
 - 3) Hedging policy
Derivative transactions are conducted mainly for the purpose of hedging the foreign exchange fluctuation risks associated with imports of raw materials and merchandise. In undertaking derivative transactions, they are controlled so that the hedge ratio is maintained to be over a certain level with the planned transaction amount as the maximum limit.
 - 4) Method of evaluating hedge effectiveness
 - a. Prospective test
Verifies whether the transaction is consistent with the Market Risk Management Rules and the Risk Management Guidelines.
 - b. Retrospective test
Verifies whether the market and cash flow fluctuations were avoided, for exchange rate fluctuation risk in foreign currency denominated transactions.
- (7) Scope of cash and cash equivalents in the Consolidated Statements of Cash Flows
Cash and cash equivalents are composed of cash on hand, deposits that can be withdrawn at any time and short-term investments that are readily convertible into cash and face only slight risks of fluctuation in value with redemption due dates arriving within three months from the acquisition date.
- (8) Treatment of deferred assets
Bond issuance cost is amortized over the redemption period of the bonds using the straight-line method.

(9) Other significant matters for preparing consolidated financial statements

Accounting for consumption tax

The tax-exclusion method is adopted for consumption tax and local consumption tax.

Non-deductible consumption taxes related to non-current assets are treated as periodic expenses attributable to the fiscal year under review.

Changes to Presentation

Consolidated Statements of Income

“Rental income” and “compensation income,” which were separately presented under “non-operating income” in the previous fiscal year, are included in “other” from the fiscal year under review since the amount fell below 10% of the total amount of non-operating income. Consolidated financial statements for the previous fiscal year have been restated to reflect this change in presentation.

As a result, “rental income” of 25 million yen, “compensation income” of 25 million yen and “other” of 75 million yen under “non-operating income” in the consolidated statements of income for the previous fiscal year have been restated as “other” of 126 million yen.

“Rental expenses,” which was included in “other” under “non-operating expenses” in the previous fiscal year, is separately presented from the fiscal year under review since the amount exceeded 10% of the total amount of non-operating expenses. Consolidated financial statements for the previous fiscal year have been restated to reflect this change in presentation.

As a result, “other” of 85 million yen under “non-operating expenses” in the consolidated statements of income for the previous fiscal year has been restated as “rental expenses” of 20 million yen and “other” of 64 million yen.

Notes Regarding Consolidated Balance Sheets

*1. Assets pledged as collateral and secured liabilities

Assets pledged as collateral are as follows:

	FY2020 (As of March 31, 2020)	FY2021 (As of March 31, 2021)
Other (guarantee deposits)	10 million yen	9 million yen

There are no secured liabilities corresponding to the above assets pledged as collateral.

2. Guarantee obligations

(1) The Group provides guarantees for the following loans.

	FY2020 (As of March 31, 2020)	FY2021 (As of March 31, 2021)
Employees	10 million yen	8 million yen

(2) There is a possibility that the following liability will be incurred in relation to the following company's deposit entrustment contract for the security money for prepaid services.

	FY2020 (As of March 31, 2020)	FY2021 (As of March 31, 2021)
FB Tomonokai Co., Ltd.	484 million yen	494 million yen

Notes Regarding Consolidated Statements of Income

*1. The balance sheet values of inventories reflected a reduction in book value due to a decline in profitability, and the following loss on valuation of inventories was included in cost of sales.

	FY2020 (from April 1, 2019 to March 31, 2020)	FY2021 (from April 1, 2020 to March 31, 2021)
	90 million yen	156 million yen

*2. Subsidies for employment adjustment

FY2021 (from April 1, 2020 to March 31, 2021)

These are attributable to special measures associated with the effects of COVID-19.

*3. Loss resulting from temporary suspension of business

FY2021 (from April 1, 2020 to March 31, 2021)

In response to state of emergency declarations due to the COVID-19 pandemic, the Group suspended operations at production bases and temporarily closed its showrooms. The Group recorded fixed costs (such as personnel expenses and depreciation) for this suspension of operations and temporary closure as loss resulting from the temporary suspension of business under extraordinary losses.

Notes Regarding Consolidated Statements of Changes in Equity

FY2020 (from April 1, 2019 to March 31, 2020)

1. Type and number of shares issued and treasury shares

(Thousand shares)

	As of the beginning of the period	Increase during period	Decrease during period	As of the end of the period
Shares issued				
Common shares	41,397	–	–	41,397
Total	41,397	–	–	41,397
Treasury shares				
Common shares (Note 1, 2)	2,115	542	32	2,625
Total	2,115	542	32	2,625

Notes: 1. The increase of 542 thousand shares in the number of common shares held as treasury shares consists of a purchase of 500 thousand shares, gratis acquisition of 41 thousand shares through restricted stock-based remuneration, and a purchase of 0 thousand shares representing less than one unit by a resolution of the Board of Directors.

2. The decrease of 32 thousand shares in the number of common shares held as treasury shares consists of disposal of 32 thousand shares and sales of 0 thousand shares representing less than one unit in response to an additional purchase request, by a resolution of the Board of Directors.

2. Dividends

(1) Amounts paid

(Resolution)	Type of stock	Total dividends paid	Dividend per share	Dividend record date	Effective date
June 25, 2019 Shareholders' meeting	Common shares	608 million yen	15.50 yen	March 31, 2019	June 26, 2019
October 31, 2019 Board of Directors' meeting	Common shares	542million yen	14.00 yen	September 30, 2019	December 6, 2019

Note: The dividend per share of 15.50 yen by a resolution adopted at Shareholders' meeting held on June 25, 2019, includes a commemorative dividend of 3.00 yen to celebrate the 70th founding anniversary of FRANCE BED CO., LTD., a consolidated subsidiary of the Company.

(2) Dividends for which the record date is during the fiscal year under review, but the effective date is in the following fiscal year.

(Resolution)	Type of stock	Total dividends paid	Source of dividends	Dividend per share	Dividend record date	Effective date
June 23, 2020 Shareholders' meeting	Common shares	542 million yen	Retained earnings	14.00 yen	March 31, 2020	June 24, 2020

FY2021 (from April 1, 2020 to March 31, 2021)

1. Type and number of shares issued and treasury shares

(Thousand shares)

	As of the beginning of the period	Increase during period	Decrease during period	As of the end of the period
Shares issued				
Common shares	41,397	–	–	41,397
Total	41,397	–	–	41,397
Treasury shares				
Common shares (Note 1, 2)	2,625	1,296	–	3,921
Total	2,625	1,296	–	3,921

Notes: 1. The increase of 1,296 thousand shares in the number of common shares held as treasury shares consists of a purchase of 1,295 thousand shares and a purchase of 0 thousand shares representing less than one unit by resolution of the Board of Directors.

2. Dividends

(1) Amounts paid

(Resolution)	Type of stock	Total dividends paid	Dividend per share	Dividend record date	Effective date
June 23, 2020 Shareholders' meeting	Common shares	542 million yen	14.00 yen	March 31, 2020	June 24, 2020
November 6, 2020 Board of Directors' meeting	Common shares	542 million yen	14.00 yen	September 30, 2020	December 4, 2020

(2) Dividends for which the record date is during the fiscal year under review, but the effective date is in the following fiscal year. The following matters are to be resolved.

(Resolution)	Type of stock	Total dividends paid	Source of dividends	Dividend per share	Dividend record date	Effective date
June 25, 2021 Shareholders' meeting	Common shares	599 million yen	Retained earnings	16.00 yen	March 31, 2021	June 28, 2021

Notes Regarding Consolidated Statements of Cash Flows

Reconciliation of accounts in the consolidated balance sheets to cash and cash equivalents at the end of the period

(Million yen)

	FY2020 (from April 1, 2019 to March 31, 2020)	FY2021 (from April 1, 2020 to March 31, 2021)
Cash and deposits	7,737	9,702
Securities	3,499	3,100
Designated joint operating money trust, etc. with maturities of more than three months when purchased	(600)	(600)
Cash and cash equivalents	10,636	12,202

Segment Information

1. Summary of reporting segments

The reporting segments of the Group are those units for which separate financial information can be obtained among the constituent units of the Group, which is regularly examined by the Board of Directors in order to determine the allocation of management resources and assess business performance.

The Group identifies the business segments based on similarities in the products and services provided and other factors. It has two reporting segments: the Medical Services Business, and the Home Furnishing and Health Business.

The main products and services of each reporting segment are as follows.

Medical Services: Manufacture, procurement, rental, retail sale and wholesale of medical and nursing care beds and care equipment, and linen supply for hospitals, hotels, and other facilities.

Home Furnishing and Health: Manufacture, procurement, wholesale and door-to-door sale of beds, furniture, bedding and health appliances, etc., and advertising and setting up of exhibition venues.

2. Method of calculating net sales, profit (loss), assets and other items by reporting segment

Accounting treatment for reporting business segments are the same as those stated in "Basis of Preparation of Consolidated Financial Statements."

Profit (loss) of reporting segments is based on operating profit.

Internal revenues among segments and transfers are based on prevailing market prices.

3. Information on net sales, profit (loss), assets and other items by reporting segment

FY2020 (from April 1, 2019 to March 31, 2020)

(Million yen)

	Reporting segment			Other (Note 1)	Total	Adjustments (Note 2)	Amount reported on consolidated financial statements (Note 3)
	Medical Services	Home Furnishing and Health	Total				
Net sales							
Sales to external customers	31,235	20,842	52,077	353	52,430	–	52,430
Internal sales among segments or transfers	1	261	263	5	269	(269)	–
Total	31,236	21,103	52,340	359	52,699	(269)	52,430
Segment profit	2,326	128	2,454	4	2,459	32	2,492
Segment assets	35,256	26,404	61,661	860	62,521	(2,722)	59,798
Other items							
Depreciation	3,973	529	4,503	10	4,513	4	4,518
Impairment loss	–	10	10	–	10	–	10
Increase in property, plant and equipment and intangible assets	4,569	616	5,186	197	5,383	0	5,383

FY2021 (from April 1, 2020 to March 31, 2021)

(Million yen)

	Reporting segment			Other (Note 1)	Total	Adjustments (Note 2)	Amount reported on consolidated financial statements (Note 3)
	Medical Services	Home Furnishing and Health	Total				
Net sales							
Sales to external customers	32,839	19,186	52,025	404	52,430	–	52,430
Internal sales among segments or transfers	4	229	233	6	240	(240)	–
Total	32,843	19,415	52,259	411	52,670	(240)	52,430
Segment profit	2,805	401	3,206	4	3,210	35	3,246
Segment assets	39,450	25,898	65,349	826	66,175	(3,958)	62,217
Other items							
Depreciation	4,365	541	4,907	17	4,924	6	4,931
Impairment loss	–	43	43	32	75	–	75
Increase in property, plant and equipment and intangible assets	6,222	538	6,760	5	6,766	4	6,770

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 profit (Million yen)

	FY2020	FY2021
Elimination of inter-segment transactions	905	959
Corporate expenses*	(872)	(923)
Total	32	35

* 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.

Segment assets (Million yen)

	FY2020	FY2021
Elimination of inter-segment transactions	(17,564)	(21,834)
Corporate assets*	14,841	17,875
Total	(2,722)	(3,958)

* Corporate assets are primarily surplus funds (cash and deposits) and assets 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 profit (loss) is adjusted to be consistent with operating profit reported in the consolidated financial statements.

Per Share Information

	FY2020 (from April 1, 2019 to March 31, 2020)	FY2021 (from April 1, 2020 to March 31, 2021)
Net assets per share (Yen)	966.70	998.31
Profit per share (Yen)	39.07	59.87

Notes: 1. Fully diluted profit per share is not presented since the Company has no dilutive shares.

2. The basis for calculating profit per share is as follows.

	FY2020 (from April 1, 2019 to March 31, 2020)	FY2021 (from April 1, 2020 to March 31, 2021)
Profit attributable to owners of parent (Million yen)	1,520	2,295
Amount not attributable to common shareholders (Million yen)	—	—
Profit attributable to owners of parent relating to common shares (Million yen)	1,520	2,295
Average number of shares of common shares during the fiscal year (Thousand shares)	38,906	38,339

Significant Subsequent Events

Not applicable.

5. Other

(1) Change of Officers

1) Change of Representative

Not applicable.

2) Change of other Officers

– Candidates for Directors who are not members of the Audit & Supervisory Committee

Director Tatsuhiro Kuwata (currently Director, Managing Executive Officer and General Manager of Home Furnishing Business Division of FRANCE BED CO., LTD.)

Director Yoshiro Yoshino (currently Director, Managing Executive Officer and General Manager of Medical Business Division of FRANCE BED CO., LTD.)

Director Akihiko Nagata (currently Head of Accounting Office of Accounting Group and Corporate Officer, Deputy General Manager of Administration Division and General Manager of Administration Department of FRANCE BED CO., LTD.)

– Retiring Directors who are not members of the Audit & Supervisory Committee

Director Tsutomu Shimada (currently in charge of Accounting Group and Director, Managing Executive Officer and General Manager of Administration Division of FRANCE BED CO., LTD.)

Director Takashi Ueda (currently in charge of Corporate Planning Group and Director, Managing Executive Officer and General Manager of Production and Development Division of FRANCE BED CO., LTD.)

3) Scheduled date of appointment and retirement

June 25, 2021