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November 11, 2022

## Consolidated Financial Results for the Six Months Ended September 30, 2022 (Under Japanese GAAP)

Company name: FRANCE BED HOLDINGS CO., LTD.  
 Listing: Tokyo Stock Exchange  
 Securities code: 7840  
 URL: <https://www.francebed-hd.co.jp>  
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 Scheduled date to file quarterly securities report: November 14, 2022  
 Scheduled date to commence dividend payments: December 5, 2022  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results briefing: Yes (for institutional investors and securities analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated financial results for the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2022	28,244	8.7	1,941	4.0	1,958	3.0	1,239	(5.0)
September 30, 2021	25,978	6.4	1,865	46.6	1,901	28.4	1,305	53.4

Note: Comprehensive income For the six months ended September 30, 2022: ¥1,034 million [(4.0)%]  
 For the six months ended September 30, 2021: ¥1,077 million [44.9%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2022	34.21	-
September 30, 2021	35.18	-

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2022	62,462	37,537	60.0	1,042.12
March 31, 2022	64,298	37,540	58.3	1,030.11

Reference: Equity  
 As of September 30, 2022: ¥37,537 million  
 As of March 31, 2022: ¥37,540 million

## 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	–	15.00	–	18.00	33.00
Fiscal year ending March 31, 2023	–	16.00			
Fiscal year ending March 31, 2023 (Forecast)			–	17.00	33.00

Note: Revisions to the forecast of cash dividends most recently announced: None

## 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2023	57,500	5.7	4,200	7.1	4,180	5.5	2,650	3.6	72.71

Note: Revisions to the earnings forecasts most recently announced: None

**\* Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
  - (ii) Changes in accounting policies due to other reasons: None
  - (iii) Changes in accounting estimates: None
  - (iv) Restatement: None

(4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2022	41,397,500 shares
As of March 31, 2022	41,397,500 shares

- (ii) Number of treasury shares at the end of the period

As of September 30, 2022	5,377,174 shares
As of March 31, 2022	4,954,623 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2022	36,222,884 shares
Six months ended September 30, 2021	37,112,080 shares

\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

\* Explanation regarding appropriate use of earnings forecasts, and other special matters

Caution regarding 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.

How to obtain supplementary material on financial results

The Company is scheduled to make a presentation of financial results for institutional investors and securities analysts on Thursday, December 1, 2022. The presentation's handout materials will be posted on the Company's website by the day before the presentation.

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## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Operating Results

During the six months ended September 30, 2022 (the “period under review”), the Japanese economy saw steady normalization of social and economic activity due to the relaxation of restrictions on movement, despite a resurgence of COVID-19. However, the outlook remained uncertain due to factors such as protraction of the Ukraine situation and the soaring price of commodities caused by the sharp depreciation of the yen.

In the nursing care industry to which our Group belongs, amid repeated waves of rising and falling infections of COVID-19, demand for home care continues to rise. At the same time, in the furniture and home furnishings industry, consumer sentiment toward consumer durables continues to be low, in the face of the rising cost of goods, particularly with respect to daily essentials.

Under these circumstances, the Group concentrated business resources owned by the Group into the senior-care business in accordance with the medium-term management plan that started in April 2021. And by doing so, through new products and services, we worked to find solutions to issues facing society as a whole, such as the shortage of human resources for nursing care and the increase in elderly care by the elderly. Furthermore, we aim to further enhance corporate value through promoting ESG management that is oriented toward the realization of a sustainable society. The key policies we worked on were as follows: (1) expanding business by concentrating management resources on the welfare equipment rental business (the Medical Services Business), (2) improving the profit margin by developing products that meet prevailing needs (the Home Furnishings and Health Business) and (3) strengthening the management base that supports corporate growth on an ongoing basis.

In terms of operating results of the Group in the period under review, as a result of increased revenue in the Medical Services Business from solid performance in the core welfare equipment rental business and from the M&A conducted in the previous fiscal year, as well as strong performance in higher-price-bracket products such as motorized beds and health appliances in the Home Furnishings and Health Business, net sales amounted to 28,244 million yen, up 8.7% year on year.

In terms of profit, the Medical Services Business has been making investments aimed at continual expansion of the rental business, including the hiring of personnel at operational bases and the construction of new maintenance centers, which has had a decreasing effect on profits. Nevertheless, as a result of strong performance in the Home Furnishings and Health Business, operating profit amounted to 1,941 million yen, up 4.0% year on year, ordinary profit amounted to 1,958 million yen, up 3.0% year on year, while profit attributable to owners of parent amounted to 1,239 million yen, down 5.0% year on year.

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

#### (i) Medical Services Business

In the core welfare equipment rental business, in response to an expansion in demand for welfare equipment and medical equipment that will accompany the increased population of elderly people in Tokyo going forward, Medicarent Tokyo was newly established in Kodaira-shi, Tokyo in May 2022 as a service center for the cleaning, disinfection, and maintenance of rental welfare equipment. We are integrating the headquarters function of the Medical Services Business with this facility and focusing our efforts on developing products specifically designed to be rented, and effectively utilizing rental products, with the aim of expanding profits and reducing the environmental burden. Through our efforts to effectively utilize rental products, we have decreased the number of products disposed of by a considerable amount.

In the product strategy, the Group organized sessions to try out the products in various regions across Japan with a focus on Multi-position Beds to provide self-reliance support, and proposed products that can contribute to solving problems in nursing care, such as shortage of human resources for nursing care and elderly care by the elderly. Among our rehabilitation equipment, which is experiencing expanding demand, our new product NESS L300 Go, which evokes muscle movement in the legs using electrical stimulation, was presented at the 59th Annual Meeting of the Japanese Association of Rehabilitation Medicine, and it received numerous positive reviews.

As a result, the Medical Services Business recorded net sales of 18,325 million yen, up 11.4% year on year, and ordinary profit of 1,488 million yen, down 5.0% year on year.

(ii) Home Furnishings and Health Business

In the Home Furnishings and Health Business, with the boost through advertising such as TV commercials, strong performances were achieved for such series as the Life Treatment Mattress series, which was awarded the Eco Mark and whose standard feature is an antibacterial function that taps into prevailing needs, the RAMIDUS series, a bed-type massage machine targeting consumers with growing health awareness, and the motorized bed series that offers more luxurious sleep comfort to each individual, which contributed to improved sales and profit margins.

In addition, the Group continued initiatives to promote ESG management, installing mattresses that are constructed with MORELIY, an eco-friendly mattresses disassembling system that makes mattresses easier to disassemble at the time of their disposal, and eco-friendly bed frames that use oil palm waste material, in our showrooms.

As a showroom-related initiative, the Group opened Namba Showroom, a modern style casual showroom that caters to the diverse needs of consumers in Naniwa-ku, Osaka-shi in April 2022, and reopened our renovated flagship showrooms Akasaka Showroom in Minato-ku, Tokyo, and Osaka Showroom in Chuo-ku, Osaka-shi.

As a result, the Home Furnishings and Health Business posted net sales of 9,705 million yen, up 4.4% year on year, and ordinary profit of 504 million yen, up 34.9% year on year.

## (2) Explanation of Financial Position

### Assets

Total assets decreased by 1,836 million yen from the end of the previous fiscal year (“the previous year-end”), to 62,462 million yen as of September 30, 2022. Current assets were down 1,262 million yen to 29,897 million yen from the previous year-end. This was primarily due to decreases of 3,814 million yen in cash and deposits and 544 million yen in notes and accounts receivable - trade, and contract assets (including electronically recorded monetary claims - operating), which were partially offset by increases of 2,700 million yen in securities and 258 million yen in inventories. Non-current assets decreased by 567 million yen from the previous year-end to 32,561 million yen. This result was primarily due to the purchase and depreciation and amortization of property, plant and equipment, and intangible assets.

### Liabilities

Total liabilities decreased by 1,833 million yen from the previous year-end, to 24,924 million yen. This result was primarily due to decreases of 298 million yen in notes and accounts payable - trade (including electronically recorded obligations - operating) and 1,800 million yen in bonds payable (including current portion), which were partially offset by an increase of 204 million yen in income taxes payable.

### Net assets

Net assets decreased by 2 million yen from the previous year-end, to 37,537 million yen. This was primarily due to decreases resulting from the 655 million yen payment of dividends from surplus and the 380 million yen purchase of treasury shares, which were partially offset by the 1,239 million yen profit attributable to owners of parent.

As a result, the equity-to-asset ratio increased to 60.0% from 58.3% at the previous year-end.

### Cash flows

Cash and cash equivalents decreased by 3,814 million yen from the previous year-end, to 6,963 million yen as of September 30, 2022. Details of individual cash flow items are as follows:

(i) Cash flows from operating activities

Net cash provided by operating activities amounted to 4,300 million yen, compared with 2,675 million yen for the same period of the previous year. Operating cash inflows included profit before income taxes of 2,042 million yen, the reporting of depreciation (a non-cash item) of 2,828 million yen, and a decrease in trade receivables of 545 million yen, which were partially offset by cash outflows that included income taxes paid of 374 million yen, a decrease in trade payables of 298 million yen, and an increase in inventories of 258 million yen.

(ii) Cash flows from investing activities

Net cash used in investing activities amounted to 5,247 million yen, compared with 3,284 million yen for the same period of the previous year. Investing cash outflows included purchase of securities of 3,200 million yen and purchase of property, plant and equipment of 2,483 million yen, which were partially offset by cash inflows that included redemption of securities of 500 million yen and sale of property, plant and equipment of 176 million yen.

(iii) Cash flows from financing activities

Net cash used in financing activities amounted to 2,882 million yen, compared with 624 million yen for the same period of the previous year. Financing cash outflows included payback of short-term borrowings amounting to 1,235 million yen, redemption of bonds amounting to 1,800 million yen, repayments of finance lease liabilities amounting to 1,853 million yen, purchase of treasury shares amounting to 382 million yen, and the payment of cash dividends amounting to 654 million yen, which were partially offset by cash inflows that included long-term borrowings of 1,500 million yen and sales and leasebacks of 1,706 million yen.

**(3) Explanation of Forward-looking Statements Including Consolidated Earnings Forecasts**

The consolidated earnings forecasts that we announced in the Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 on May 13, 2022 remain unchanged.

## 2. Quarterly Consolidated Financial Statements and Primary Notes

### (1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	9,778	5,963
Notes and accounts receivable - trade, and contract assets	9,191	8,738
Electronically recorded monetary claims - operating	990	900
Securities	1,500	4,200
Merchandise and finished goods	5,857	5,903
Work in process	422	434
Raw materials and supplies	2,122	2,323
Other	1,349	1,466
Allowance for doubtful accounts	(53)	(31)
Total current assets	31,159	29,897
Non-current assets		
Property, plant and equipment		
Land	7,197	7,197
Other, net	14,818	14,514
Total property, plant and equipment	22,016	21,712
Intangible assets		
Goodwill	1,167	1,048
Other	1,256	1,284
Total intangible assets	2,423	2,332
Investments and other assets	8,688	8,516
Total non-current assets	33,128	32,561
Deferred assets	10	3
Total assets	64,298	62,462
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	2,672	2,541
Electronically recorded obligations - operating	2,176	2,009
Short-term borrowings	3,975	2,740
Current portion of long-term borrowings	222	200
Current portion of bonds payable	2,100	600
Income taxes payable	485	690
Provision for bonuses	1,423	1,434
Other provisions	118	8
Asset retirement obligations	72	-
Other	5,925	6,170
Total current liabilities	19,174	16,394
Non-current liabilities		
Bonds payable	300	-
Long-term borrowings	2,140	3,500
Provisions	195	209
Retirement benefit liability	425	438
Asset retirement obligations	366	406
Other	4,155	3,974
Total non-current liabilities	7,583	8,529
Total liabilities	26,757	24,924



(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Net assets		
Shareholders' equity		
Share capital	3,000	3,000
Capital surplus	1	1
Retained earnings	37,236	37,820
Treasury shares	(4,560)	(4,941)
Total shareholders' equity	35,677	35,879
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(34)	(21)
Deferred gains or losses on hedges	53	56
Remeasurements of defined benefit plans	1,843	1,623
Total accumulated other comprehensive income	1,862	1,658
Total net assets	37,540	37,537
Total liabilities and net assets	64,298	62,462

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

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	25,978	28,244
Cost of sales	11,851	13,102
Gross profit	14,126	15,141
Selling, general and administrative expenses	12,260	13,200
Operating profit	1,865	1,941
Non-operating income		
Interest income	2	2
Dividend income	11	12
Other	100	94
Total non-operating income	114	109
Non-operating expenses		
Interest expenses	34	46
Share of loss of entities accounted for using equity method	5	0
Other	38	45
Total non-operating expenses	78	93
Ordinary profit	1,901	1,958
Extraordinary income		
Gain on sale of non-current assets	145	0
Gain on sale of investment securities	10	–
Gain on sale of investments in capital of subsidiaries and associates	–	16
Insurance claim income	–	148
Total extraordinary income	156	165
Extraordinary losses		
Loss on sale of non-current assets	–	1
Loss on retirement of non-current assets	4	15
Loss on valuation of investment securities	–	54
Loss on valuation of investments in capital of subsidiaries and associates	–	9
Impairment losses	10	–
Total extraordinary losses	14	80
Profit before income taxes	2,043	2,042
Income taxes - current	530	684
Income taxes - deferred	206	119
Total income taxes	737	803
Profit	1,305	1,239
Profit attributable to owners of parent	1,305	1,239

**Quarterly Consolidated Statement of Comprehensive Income (Cumulative)**

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	1,305	1,239
Other comprehensive income		
Valuation difference on available-for-sale securities	(7)	12
Deferred gains or losses on hedges	(8)	2
Remeasurements of defined benefit plans, net of tax	(211)	(220)
Total other comprehensive income	(228)	(204)
Comprehensive income	1,077	1,034
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,077	1,034
Comprehensive income attributable to non-controlling interests	–	–

**(3) Quarterly Consolidated Statement of Cash Flows**

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	2,043	2,042
Depreciation	2,619	2,828
Impairment losses	10	–
Amortization of goodwill	30	118
Loss (gain) on sale of non-current assets	(145)	1
Loss on retirement of non-current assets	4	15
Increase (decrease) in allowance for doubtful accounts	61	(16)
Increase (decrease) in provision for bonuses	(48)	10
Increase (decrease) in provision for bonuses for directors (and other officers)	(7)	(8)
Increase (decrease) in retirement benefit liability	(29)	3
Decrease (increase) in retirement benefit asset	(225)	(205)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	2	14
Interest and dividend income	(14)	(15)
Interest expenses	34	46
Insurance claim income	–	(148)
Share of loss (profit) of entities accounted for using equity method	5	0
Loss (gain) on sale of investment securities	(10)	–
Loss (gain) on valuation of investment securities	–	54
Loss (gain) on sale of investments in capital of subsidiaries and associates	–	(16)
Loss on valuation of investments in capital of subsidiaries and associates	–	9
Subsidies for employment adjustment	(5)	–
Decrease (increase) in trade receivables	1,230	545
Decrease (increase) in inventories	(572)	(258)
Increase (decrease) in trade payables	(958)	(298)
Increase (decrease) in accrued expenses	(118)	(81)
Other, net	(170)	93
Subtotal	3,735	4,735
Interest and dividends received	14	14
Interest paid	(34)	(44)
Proceeds from subsidies for employment adjustment	7	–
Income taxes paid	(1,046)	(374)
Proceeds from insurance income	–	71
Payments associated with disaster loss	–	(101)
Net cash provided by (used in) operating activities	2,675	4,300

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(3,281)	(2,483)
Proceeds from sale of property, plant and equipment	157	176
Purchase of securities	(800)	(3,200)
Proceeds from redemption of securities	900	500
Purchase of investment securities	(199)	–
Proceeds from sale of investment securities	12	–
Proceeds from sale of investments in capital of subsidiaries and associates	–	25
Loan advances	–	(34)
Proceeds from collection of loans receivable	1	3
Purchase of intangible assets	(74)	(163)
Payments for asset retirement obligations	–	(72)
Other, net	(0)	0
Net cash provided by (used in) investing activities	(3,284)	(5,247)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	300	(1,235)
Proceeds from long-term borrowings	–	1,500
Repayments of long-term borrowings	–	(162)
Redemption of bonds	(300)	(1,800)
Purchase of treasury shares	(490)	(382)
Proceeds from sale and leaseback transactions	2,085	1,706
Repayments of lease liabilities	(1,620)	(1,853)
Dividends paid	(598)	(654)
Net cash provided by (used in) financing activities	(624)	(2,882)
Effect of exchange rate change on cash and cash equivalents	39	14
Net increase (decrease) in cash and cash equivalents	(1,193)	(3,814)
Cash and cash equivalents at beginning of period	12,202	10,778
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	25	–
Cash and cash equivalents at end of period	11,033	6,963

**(4) Notes Regarding Quarterly Consolidated Financial Statements****Notes Regarding the Going Concern Assumption**

Not applicable

**Notes Regarding Significant Changes in the Amount of Shareholders' Equity**

The Company purchased 420,000 shares of treasury shares based on a resolution adopted at the Board of Directors meeting held on May 13, 2022. As a result, treasury shares increased by 380 million yen in the period under review, to 4,941 million yen at the end of the period under review.

**Segment Information**

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

Six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

(Millions of yen)

	Reporting segment			Other (Note 1)	Total	Adjustments (Note 2)	Amounts reported on quarterly consolidated statement of income (Note 3)
	Medical Services	Home Furnishings and Health	Total				
Net sales							
Sales to external customers	16,446	9,290	25,736	242	25,978	–	25,978
Internal sales among segments or transfers	4	160	165	3	168	(168)	–
Total	16,450	9,450	25,901	245	26,146	(168)	25,978
Segment profit (loss)	1,567	373	1,941	1	1,943	(42)	1,901

Six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

(Millions of yen)

	Reporting segment			Other (Note 1)	Total	Adjustments (Note 2)	Amounts reported on quarterly consolidated statement of income (Note 3)
	Medical Services	Home Furnishings and Health	Total				
Net sales							
Sales to external customers	18,325	9,705	28,030	213	28,244	–	28,244
Internal sales among segments or transfers	1	177	179	3	183	(183)	–
Total	18,327	9,882	28,210	216	28,427	(183)	28,244
Segment profit (loss)	1,488	504	1,992	1	1,993	(35)	1,958

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:

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Elimination of inter-segment transactions	578	737
Corporate revenue and expenses*	(620)	(773)
Total	(42)	(35)

- \* Corporate revenue and expenses are primarily revenue and expenses that do not belong to the reporting segments pertaining to the company submitting the consolidated financial statements.
3. Segment profit (loss) is adjusted to be consistent with ordinary profit reported in the quarterly consolidated statements of income.

2. Information on impairment losses on non-current assets or goodwill, etc. by reporting segment  
(Significant impairment losses relating to non-current assets)

Six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

(Millions of yen)

	Reporting segment			Other	Total	Adjustments	Amounts reported on quarterly consolidated statement of income
	Medical Services	Home Furnishings and Health	Total				
Impairment losses	–	10	10	–	10	–	10
Total	–	10	10	–	10	–	10

Six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

Not applicable