May 15, 2024

Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (Under Japanese GAAP)

Company name: FRANCE BED HOLDINGS CO., LTD.
Listing: Tokyo Stock Exchange
Securities code: 7840
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Representative: Shigeru Ikeda, Representative Director, Chairman and President
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Telephone: +81-3-6741-5501
Scheduled date of annual general meeting of shareholders: June 25, 2024
Scheduled date to commence dividend payments: June 26, 2024
Scheduled date to file annual securities report: June 25, 2024
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes

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

1. Consolidated financial results for the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	59,151	0.9	4,587	2.3	4,657	3.8	3,134	15.9
March 31, 2023	58,578	7.6	4,481	14.3	4,485	13.2	2,702	5.6

Note: Comprehensive income For the fiscal year ended March 31, 2024: ¥3,402 million [54.8%]
For the fiscal year ended March 31, 2023: ¥2,197 million [(2.8)%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2024	87.28	86.85	8.2	6.9	7.7
March 31, 2023	74.80	–	7.1	6.9	7.6

Reference: Share of profit (loss) of entities accounted for using equity method
For the fiscal year ended March 31, 2024: ¥34 million
For the fiscal year ended March 31, 2023: ¥4 million

(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
March 31, 2024	68,575	38,211	55.7	1,106.37
March 31, 2023	64,679	38,124	58.9	1,058.41

Reference: Equity
As of March 31, 2024: ¥38,211 million
As of March 31, 2023: ¥38,124 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	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2024	7,829	(5,616)	633	13,202
March 31, 2023	8,928	(6,691)	(2,659)	10,355

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2023	–	16.00	–	20.00	36.00	1,296	48.1	3.4
Fiscal year ended March 31, 2024	–	17.00	–	22.00	39.00	1,372	44.6	3.6
Fiscal year ending March 31, 2025 (Forecast)	–	17.00	–	22.00	39.00		44.8	

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(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, 2025	61,000	3.1	4,800	4.6	4,800	3.0	3,000	(4.2)	86.86

* **Notes**

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

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2024	38,397,500 shares
As of March 31, 2023	41,397,500 shares

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

As of March 31, 2024	3,859,837 shares
As of March 31, 2023	5,377,343 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2024	35,907,080 shares
Fiscal year ended March 31, 2023	36,121,556 shares

* Financial results reports are exempt from audit 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. 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 pages 4-5 of the accompanying materials.

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 Friday, May 31, 2024. The presentation’s handout materials will be posted on the Company’s website by the day before the presentation.

Attached Material

Index

1. Summary of Operating Results, etc.

(1) Summary of Operating Results for the Fiscal Year Ended March 31, 2024

During the fiscal year ended March 31, 2024 (the "period under review"), the Japanese economy saw further normalization of social and economic activity following the COVID-19 pandemic, with personal consumption, capital investment and demand from inbound tourists heading toward recovery. At the same time, however, the outlook remained uncertain due to factors such as sharp rises in raw material prices due to an increase in geopolitical risks including the prolonged Ukraine situation and the yen's depreciation in the foreign exchange market.

Under these circumstances, the Group concentrated business resources owned by the Group into the senior-care business with the fiscal year ended March 31, 2024 being the final year of the three-year medium-term management plan announced in May 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, the Medical Services Business saw rental sales falter in the core welfare equipment rental business, mainly due to an increase in people moving from their homes into medical institutions and the like following the subsidence of the COVID-19 pandemic and an increasingly evident shortage of delivery capacity amid a pressing need to address the so-called 2024 problem in the logistics industry. In the Home Furnishings and Health Business, customer visits to furniture stores decreased due to price increases and changes in consumer behavior following the subsidence of the COVID-19 pandemic. As a result, net sales amounted to 59,151 million yen, up 0.9% year on year.

In terms of profit, mainly owing to a reduction in rental costs due to efficient operation of rental assets in the Medical Services Business, operating profit amounted to 4,587 million yen, up 2.3% year on year, and ordinary profit amounted to 4,657 million yen, up 3.8% year on year. In addition, as a result of recording extraordinary income of 222 million yen including gain on sale of investment securities, profit attributable to owners of parent amounted to 3,134 million yen, up 15.9% 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, while taking steps to strengthen our competitiveness by hiring sales and maintenance personnel with the aim of increasing the number of continual rental contracts, we set up booths at various trade fairs including the fields of medical and rehabilitation, and organized sessions where numerous service professionals and general users could try out the products, focusing on increasing the number of rental contracts.

In new products, we developed the RaKuDa, a bed for home-care needs that can be delivered and assembled by one person, targeting welfare equipment rental business operators; and the CYCLEAN Mattress, a spring mattress for nursing care designed specifically for sleep comfort, both of which were well-received by the market.

In sales to hospitals and welfare facilities, amid a climate where reform of working-styles and resolution of the shortage of medical and nursing care personnel are urgent issues, efforts were focused on the sale of products that contribute to saving labor and improving productivity such as beds fitted with the monitoring sensor M-2, and the sleep analysis sensor M-sleep Bio, which are related to DX (digital transformation) in medical and nursing care.

As a result, the Medical Services Business recorded net sales of 38,862 million yen, up 2.1% year on year, and ordinary profit of 3,526 million yen, up 4.8% year on year.

(ii) Home Furnishings and Health Business

In the Home Furnishings and Health Business, amid a decline in the number of customers visiting furniture stores, we focused on sales of high-performance higher-price-bracket products such as the motorized bed series and premium model mattresses, mainly through our own showrooms.

Amid the phenomenon of recent years of an ever decreasing number of furniture specialty stores in Japan, we have identified a need to increase the number of spaces where we showcase the Group's products. Accordingly, we reopened BED & SOFA STUDIO Chitose after renovation in January 2024, and newly established Kagoshima Showroom in February 2024 and PR STUDIO Toyota in March 2024.

In the hotel department, capital investments in hotels grew active due to the recovery in demand from both domestic and inbound tourists, driving brisk sales of Eco Mark-certified products.

As a result, the Home Furnishings and Health Business posted net sales of 19,740 million yen, down 1.0% year on year, and ordinary profit of 1,121 million yen, down 1.7% year on year.

(2) Summary of Financial Position for the Fiscal Year Ended March 31, 2024

<u>Assets</u>

Total assets increased by 3,895 million yen from the previous year-end to 68,575 million yen as of March 31, 2024. Current assets were up 4,218 million yen to 37,184 million yen from the previous year-end. This result was primarily due to increases of 1,346 million yen in cash and deposits, 499 million yen in notes and accounts receivable - trade and electronically recorded monetary claims - operating, and 2,500 million yen in securities. Non-current assets decreased by 343 million yen from the previous year-end to 31,336 million yen. This result was primarily due to the purchase, depreciation and amortization of property, plant and equipment, and intangible assets.

<u>Liabilities</u>

Total liabilities increased by 3,808 million yen from the previous year-end to 30,363 million yen. This result was primarily due to increases of 319 million yen in notes and accounts payable - trade (including electronically recorded obligations - operating), 520 million yen in borrowings (including long-term), and 5,049 million yen in convertible-bond-type bonds with share acquisition rights, which were partially offset by decreases of 589 million yen in income taxes payable, 300 million yen in bonds payable (current portion), and 1,283 million yen in lease liabilities (including long-term).

<u>Net assets</u>

Net assets increased by 87 million yen from the previous year-end to 38,211 million yen. This was primarily due to 3,134 million yen of profit attributable to owners of parent, which was partially offset by decreases resulting from the 1,333 million yen payment of dividends from surplus and the 1,982 million yen purchase and disposal of treasury shares.

As a result, the equity-to-asset ratio decreased to 55.7% from 58.9% at the previous year-end.

(3) Summary of Cash Flows for the Fiscal Year Ended March 31, 2024

Cash and cash equivalents increased by 2,846 million yen from the previous year-end to 13,202 million yen as of March 31, 2024. Details of individual cash flow items are as follows:

<u>Cash flows from operating activities</u>

Net cash provided by operating activities amounted to 7,829 million yen, compared with 8,928 million yen for the same period of the previous year. This was primarily due to profit before income taxes of 4,708 million yen, the reporting of depreciation (a non-cash item) of 5,363 million yen, an increase in trade receivables of 499 million yen, an increase in trade payables of 319 million yen, and income taxes and other payments of 1,688 million yen.

Cash flows from investing activities

Net cash used in investing activities amounted to 5,616 million yen, compared with 6,691 million yen for the same period of the previous year. This was primarily due to the purchase of property, plant and equipment of 4,546 million yen, the purchase of intangible assets of 218 million yen, and the purchase of securities.

Cash flows from financing activities

Net cash provided by financing activities amounted to 633 million yen, compared with 2,659 million yen in net cash used in financing activities for the same period of the previous year. Financing cash inflows included long-term borrowings of 1,200 million yen, the issuance of convertible bond-type bonds with share acquisition rights of 5,021 million yen, and sales and leasebacks of 2,188 million yen. These were partially offset by cash outflows that included short-term borrowings of 480 million yen, the repayments of long-term borrowings of 200 million yen, the redemption of bonds of 300 million yen, the purchase of treasury shares of 2,004 million yen, the repayments of finance lease liabilities of 3,460 million yen, and the payment of cash dividends of 1,330 million yen.

Reference: Cash flow metrics

	FY2020	FY2021	FY2022	FY2023	FY2024
Equity-to-asset ratio (%)	62.6	60.1	58.3	58.9	55.7
Equity-to-asset ratio at market value (%)	59.1	58.3	49.0	58.9	64.8
Ratio of interest-bearing debt to cash flow (number of years)	10.4	1.1	2.5	1.6	1.6
Interest coverage ratio (times)	19.2	159.6	79.9	100.0	95.2

Equity-to-asset ratio: shareholders' equity / total assets

Equity-to-asset 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. Each indicator has been calculated on the basis of consolidated financial figures.
2. Total market capitalization has been calculated on the basis of the number of shares issued excluding treasury shares.
3. Cash flow refers to cash flows from operating activities.
4. Interest-bearing debt includes all liabilities recorded on the consolidated balance sheet on which interest is paid.

(4) Future Outlook

In light of the level of achievement of the medium-term management plan for the period from April 2021 to March 2024, we have formulated a new medium-term management plan to start from the fiscal year ending March 31, 2025 and announced it today. Concerning our plans for our mainstay Medical Services Business, in which we conducted M&A, etc. and achieved the net sales target under the previous medium-term management plan, we plan to enhance the welfare equipment rental business, which is a major operation of the Business, by continuing to concentrate management resources on this business.

Specifically, in urban areas where we are seeing a significant increase in the population of late elderly people, we will increase our sales staff, open new sales stores and conduct M&A, etc. Moreover, in regions where the elderly are dispersed over a wide area, we will focus on wholesale sales such as nursing-care beds. Through these measures, we aim to capture No. 1 share in Japan for the welfare equipment rental business operator market. In addition, as part of measures to build the infrastructure necessary to support business expansion, we are working to continuously invest in rental assets, and increase and strengthen service centers with storage and maintenance functions. In addition, we are leveraging AI to optimize delivery routes and strengthen the sales support system, and through such promotion of DX, we aim to improve labor productivity and operational efficiency.

For the Home Furnishings and Health Business, we will focus on product development of products such as high value-added products with our own original functions in the mid- to high-price range and environmentally friendly products. Moreover, we will leverage the Group's knowhow accumulated in Japan to deploy business in overseas locations, such as Vietnam.

Furthermore, by expanding rental services, which are the Group's strength, into all the Group's businesses, we will further increase the sales share of rental sales, and make progress towards sustainability management aimed at realizing a sustainable society.

For an overview of the medium-term management plan, please refer to "Notice of Development of a Medium-Term Management Plan" (in Japanese) announced today.

Accordingly, the Group's consolidated results forecasts for the fiscal year ending March 31, 2025 are net sales of 61,000 million yen, operating profit of 4,800 million yen, ordinary profit of 4,800 million yen, and profit attributable to owners of parent of 3,000 million yen.

(5) Basic Policy for Profit Distribution, and Dividends in FY2024 and FY2025

To maximize its shareholder value, the Company regards profit distribution to shareholders 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 22.0 yen per share for FY2024, an increase of 1.0 yen from 21.0 yen per share as announced on May 15, 2023.

The Company plans to place this matter on the proposal of the 21st annual general meeting of shareholders scheduled for June 2024.

Additionally, for FY2025, the Company plans to pay an interim dividend of 17.0 yen per share and a year-end dividend of 22.0 yen per share for an annual dividend of 39.0 yen per share.

(6) Business 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 Crisis Response Rules in place. When an event occurs that is considered to be a financial difficulty, a crisis task force headed by the Representative Director, Chairman and President 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.

(i) Risks related to 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 insurance 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 Furnishings and Health Business tend to be susceptible to influences such as economic trends and accompanying changes 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 of manufactured products, 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.

(ii) Risks related to 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.

(iii) Risks related to 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.

(iv) Risks related to 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 Credit Management Committee to verify and manage the developments of the Committee to ensure flexible operation. 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.

(v) Risks related to 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.

(vi) Risks related to disasters

As the Group operates many business bases centered in Japan, if a natural disaster such as a 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 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 Representative Director, Chairman and President 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.

(vii) Risks related to changes in social conditions

In its business activities, the Group faces the risk of impacts from fluctuations in resource demand and resource costs associated with social turmoil stemming from disasters, riots, terrorism, war, and other causes, and from changes in economic conditions, primarily in overseas resource-producing countries. While we pay constant close attention to movements in social conditions in Japan and overseas, there is a possibility of increases in the costs borne by the Group, including prices for raw materials and product procurement as well as general costs, which in turn would impact the Group's business performance and financial status.

(viii) Risks related to securing of human capital

In order to achieve stable growth in its ongoing endeavor to expand its businesses, the Group conducts measures such as regularly recruiting new graduates and hiring mid-career employees according to necessity. Also, in addition to stably securing human resources through an ongoing employment program that leverages the experience of elderly employees and an internal program for promoting part-time workers to regular employees, the Group conducts human resource development through the likes of participation in internal and external training. In doing so, the Group endeavors to maintain and improve the quality of the products and services that it provides under each of its businesses.

While the Group will continue to work towards securing and developing human resources going forward, should personnel shortages resulting from the likes of a failure to meet necessary headcount targets or a larger-than-expected personnel outflow occur, the resulting drop in work efficiency and other effects may impact the Group's performance and financial status.

2. Corporate Group

The Company’s corporate group consists of the Company, ten subsidiaries (eight consolidated subsidiaries and two unconsolidated subsidiaries), and one affiliate, and mainly engages in the Medical Services Business and the Home Furnishings 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 welfare equipment, and linen supply for hospitals, hotels, and other facilities	FRANCE BED CO., LTD. TSUBASA CO., LTD. KASHIDASU Co., Ltd. HOMECARE SERVICE YAMAGUCHI Co., Ltd. JIANGSU FRANCE BED CO., LTD. FRANCE BED MEDICAL SERVICE Co., Ltd. Mistral Service Co., Ltd.
Home Furnishings 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 who contract specified prepaid transactions relevant to products marketed by FRANCE BED SALES CO., LTD., and mediates product sales to such members.

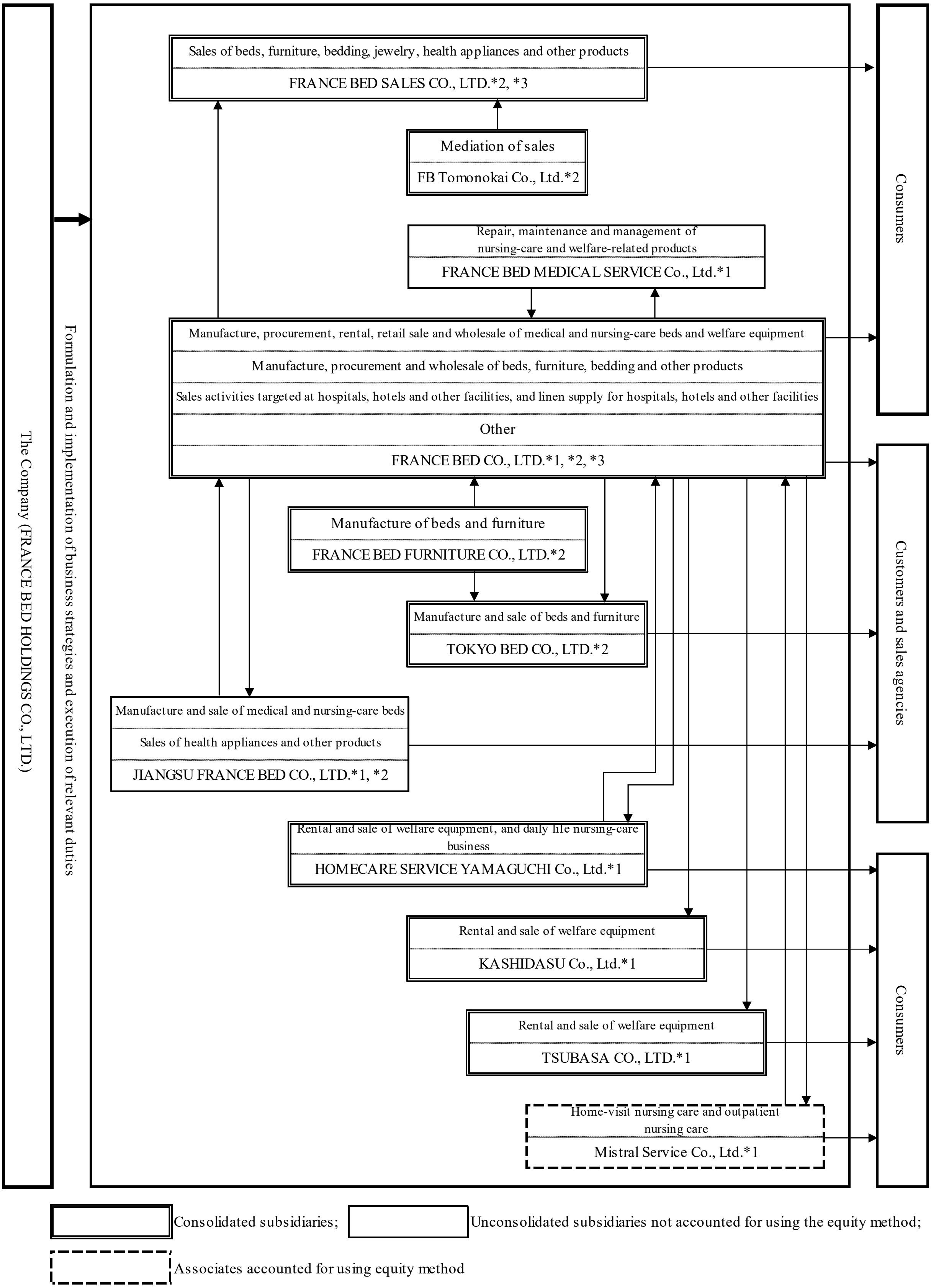
2. Affiliate accounted for using the equity method: Mistral Service Co., Ltd.

3. Unconsolidated 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.



*1. Medical Services Business, *2. Home Furnishing and Health Business, *3 Other

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 Sheet

(Millions of yen)

		As of March 31, 2023		As of March 31, 2024
Assets				
Current assets				
Cash and deposits		9,355		10,702
Notes receivable - trade		557	*3	488
Accounts receivable - trade		8,925		9,452
Electronically recorded monetary claims - operating		1,025	*3	1,066
Securities		3,500		6,000
Merchandise and finished goods		5,880		5,960
Work in process		373		380
Raw materials and supplies		2,128		2,095
Other		1,257		1,078
Allowance for doubtful accounts		(38)		(40)
Total current assets		32,966		37,184
Non-current assets				
Property, plant and equipment				
Assets for lease		5,088		5,313
Accumulated depreciation		(3,488)		(3,654)
Assets for lease, net		1,599		1,659
Buildings and structures		17,888		18,556
Accumulated depreciation		(11,879)		(11,990)
Buildings and structures, net		6,009		6,566
Machinery, equipment and vehicles		5,678		5,787
Accumulated depreciation		(4,399)		(4,537)
Machinery, equipment and vehicles, net		1,279		1,250
Tools, furniture and fixtures		3,255		3,451
Accumulated depreciation		(2,902)		(3,014)
Tools, furniture and fixtures, net		353		436
Land		7,197		7,211
Leased assets		14,965		14,673
Accumulated depreciation		(10,455)		(11,035)
Leased assets, net		4,509		3,637
Construction in progress		120		108
Total property, plant and equipment		21,069		20,870
Intangible assets				
Goodwill		929		691
Leased assets		513		358
Software		601		665
Other		179		20
Total intangible assets		2,225		1,736
Investments and other assets				
Investment securities		519		535
Long-term loans receivable		72		62
Deferred tax assets		2,043		1,639
Retirement benefit asset		4,725		5,437
Other	*1	1,110	*1	1,137
Allowance for doubtful accounts		(85)		(82)
Total investments and other assets		8,385		8,730
Total non-current assets		31,680		31,336

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Deferred assets		
Bond issuance costs	33	53
Total deferred assets	33	53
Total assets	64,679	68,575

(Millions of yen)

	As of March 31, 2023		As of March 31, 2024
Liabilities			
Current liabilities			
Notes and accounts payable - trade	2,658	*3	2,844
Electronically recorded obligations - operating	1,868	*3	2,002
Short-term borrowings	2,550		2,070
Current portion of long-term borrowings	200		290
Current portion of bonds payable	300		–
Lease liabilities	3,078		2,540
Income taxes payable	1,069		479
Accrued consumption taxes	427		235
Contract liabilities	284		234
Provision for bonuses	1,538		1,567
Provision for bonuses for directors (and other officers)	16		17
Asset retirement obligations	71		–
Other	2,657		2,863
Total current liabilities	16,721		15,144
Non-current liabilities			
Bonds payable	1,500		1,500
Convertible-bond-type bonds with share acquisition rights	–		5,049
Long-term borrowings	3,900		4,810
Lease liabilities	2,808		2,064
Deferred tax liabilities	18		22
Provision for retirement benefits for directors (and other officers)	141		149
Provision for contingent loss	8		8
Retirement benefit liability	507		446
Asset retirement obligations	340		360
Other	608		808
Total non-current liabilities	9,833		15,219
Total liabilities	26,555		30,363
Net assets			
Shareholders' equity			
Share capital	3,000		3,000
Capital surplus	1		–
Retained earnings	38,706		37,755
Treasury shares	(4,941)		(4,170)
Total shareholders' equity	36,766		36,584
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	(22)		(20)
Deferred gains or losses on hedges	12		37
Remeasurements of defined benefit plans	1,367		1,609
Total accumulated other comprehensive income	1,358		1,626
Total net assets	38,124		38,211
Total liabilities and net assets	64,679		68,575

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

Consolidated Statement of Income

(Millions of yen)

		Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2024
Net sales		58,578		59,151
Cost of sales	*	27,384	*	27,261
Gross profit		31,194		31,889
Selling, general and administrative expenses		26,713		27,302
Operating profit		4,481		4,587
Non-operating income				
Interest income		5		8
Dividend income		13		12
Share of profit of entities accounted for using equity method		4		34
Compensation income		27		40
Other		133		136
Total non-operating income		185		233
Non-operating expenses				
Interest expenses		91		83
Compensation expenses		16		36
Other		73		42
Total non-operating expenses		181		163
Ordinary profit		4,485		4,657
Extraordinary income				
Gain on sale of non-current assets		2		8
Gain on sale of investment securities		1		214
Gain on sales of investments in capital of subsidiaries and associates		16		–
Insurance claim income		148		–
Total extraordinary income		168		222
Extraordinary losses				
Loss on sale of non-current assets		8		–
Loss on retirement of non-current assets		23		170
Loss on valuation of investment securities		219		0
Loss on valuation of investments in capital of subsidiaries and associates		9		–
Impairment losses		26		–
Total extraordinary losses		287		171
Profit before income taxes		4,366		4,708
Income taxes - current		1,591		1,284
Income taxes - deferred		72		289
Total income taxes		1,664		1,574
Profit		2,702		3,134
Profit attributable to owners of parent		2,702		3,134

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	2,702	3,134
Other comprehensive income		
Valuation difference on available-for-sale securities	11	1
Deferred gains or losses on hedges	(40)	24
Remeasurements of defined benefit plans, net of tax	(475)	242
Total other comprehensive income	(504)	268
Comprehensive income	2,197	3,402
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,197	3,402
Comprehensive income attributable to non-controlling interests	–	–

(3) Consolidated Statement of Changes in Equity

FY2023 (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,000	1	37,236	(4,560)	35,677
Changes during period					
Dividends of surplus			(1,232)		(1,232)
Profit attributable to owners of parent			2,702		2,702
Purchase of treasury shares				(381)	(381)
Disposal of treasury shares					–
Cancellation of treasury shares					–
Transfer from retained earnings to capital surplus					–
Net changes in items other than shareholders' equity					
Total changes during period	–	–	1,469	(381)	1,088
Balance at end of period	3,000	1	38,706	(4,941)	36,766

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	(34)	53	1,843	1,862	37,540
Changes during period					
Dividends of surplus					(1,232)
Profit attributable to owners of parent					2,702
Purchase of treasury shares					(381)
Disposal of treasury shares					–
Cancellation of treasury shares					–
Transfer from retained earnings to capital surplus					–
Net changes in items other than shareholders' equity	11	(40)	(475)	(504)	(504)
Total changes during period	11	(40)	(475)	(504)	584
Balance at end of period	(22)	12	1,367	1,358	38,124

FY2024 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,000	1	38,706	(4,941)	36,766
Changes during period					
Dividends of surplus			(1,333)		(1,333)
Profit attributable to owners of parent			3,134		3,134
Purchase of treasury shares				(2,000)	(2,000)
Disposal of treasury shares		3		14	18
Cancellation of treasury shares		(2,756)		2,756	–
Transfer from retained earnings to capital surplus		2,752	(2,752)		–
Net changes in items other than shareholders' equity					
Total changes during period	–	(1)	(951)	771	(181)
Balance at end of period	3,000	–	37,755	(4,170)	36,584

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	(22)	12	1,367	1,358	38,124
Changes during period					
Dividends of surplus					(1,333)
Profit attributable to owners of parent					3,134
Purchase of treasury shares					(2,000)
Disposal of treasury shares					18
Cancellation of treasury shares					–
Transfer from retained earnings to capital surplus					–
Net changes in items other than shareholders' equity	1	24	242	268	268
Total changes during period	1	24	242	268	87
Balance at end of period	(20)	37	1,609	1,626	38,211

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	4,366	4,708
Depreciation	5,562	5,363
Impairment losses	26	–
Amortization of goodwill	237	237
Loss (gain) on sale of non-current assets	6	(8)
Loss on retirement of non-current assets	23	170
Increase (decrease) in allowance for doubtful accounts	(46)	(1)
Increase (decrease) in provision for bonuses	114	28
Increase (decrease) in provision for bonuses for directors (and other officers)	(0)	0
Increase (decrease) in retirement benefit liability	5	(61)
Decrease (increase) in retirement benefit asset	(398)	(362)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(46)	8
Loss (gain) on sale of investment securities	(1)	(214)
Loss (gain) on valuation of investment securities	219	0
Interest and dividend income	(19)	(21)
Interest expenses	91	83
Insurance claim income	(148)	–
Share of loss (profit) of entities accounted for using equity method	(4)	(34)
Loss (gain) on sales of investments in capital of subsidiaries and associates	(16)	–
Loss on valuation of investments in capital of subsidiaries and associates	9	–
Decrease (increase) in trade receivables	(325)	(499)
Decrease (increase) in inventories	20	(52)
Increase (decrease) in trade payables	(322)	319
Increase (decrease) in accrued expenses	241	59
Other, net	398	(146)
Subtotal	9,993	9,579
Interest and dividends received	19	20
Interest paid	(89)	(82)
Income taxes paid	(1,042)	(1,688)
Proceeds from insurance income	148	–
Payments associated with disaster loss	(101)	–
Net cash provided by (used in) operating activities	8,928	7,829

(Millions of yen)

		Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2024
Cash flows from investing activities				
Purchase of property, plant and equipment		(4,438)		(4,546)
Proceeds from sale of property, plant and equipment		183		9
Purchase of securities		(5,700)		(7,000)
Proceeds from redemption of securities		3,700		6,000
Proceeds from sale of investment securities		1		234
Purchase of investments in other securities of subsidiaries and associates		–		(31)
Proceeds from sale of investments in capital of subsidiaries and associates		25		–
Loan advances		(34)		–
Proceeds from collection of loans receivable		7		7
Purchase of intangible assets		(361)		(218)
Payments for asset retirement obligations		(72)		(71)
Other, net		(3)		1
Net cash provided by (used in) investing activities		(6,691)		(5,616)
Cash flows from financing activities				
Net increase (decrease) in short-term borrowings		(1,425)		(480)
Proceeds from long-term borrowings		2,000		1,200
Repayments of long-term borrowings		(262)		(200)
Proceeds from issuance of bonds		1,465		–
Redemption of bonds		(2,100)		(300)
Proceeds from issuance of convertible bond-type bonds with share acquisition rights		–		5,021
Purchase of treasury shares		(382)		(2,004)
Proceeds from sale and leaseback transactions		2,980		2,188
Repayments of lease liabilities		(3,703)		(3,460)
Dividends paid		(1,230)		(1,330)
Net cash provided by (used in) financing activities		(2,659)		633
Effect of exchange rate change on cash and cash equivalents		–		–
Net increase (decrease) in cash and cash equivalents		(422)		2,846
Cash and cash equivalents at beginning of period		10,778		10,355
Cash and cash equivalents at end of period	*	10,355	*	13,202

(5) Notes Regarding Consolidated Financial Statements

Notes Regarding the Going Concern Assumption

Not applicable

Basis of Preparation of Consolidated Financial Statements

1. Scope of consolidation

   (1) Number of consolidated subsidiaries: 8

   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.

   HOMECARE SERVICE YAMAGUCHI Co., Ltd.

   (2) Names of unconsolidated subsidiaries:

   JIANGSU FRANCE BED CO., LTD.

   FRANCE BED MEDICAL SERVICE Co., Ltd.

   <u>Reason for exclusion from the scope of consolidation</u>

   The unconsolidated 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 unconsolidated subsidiaries and affiliates are not accounted for using the equity method (JIANGSU FRANCE BED CO., LTD. and FRANCE BED MEDICAL SERVICE Co., Ltd.), 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 fiscal year-end of HOMECARE SERVICE YAMAGUCHI Co., Ltd., a consolidated subsidiary, is October 31. In preparing the consolidated financial statements, financial statements based on provisional financial results as of January 31 are used. However, adjustments necessary for consolidation are made for important transactions occurring between the date above and the consolidated balance sheet date.

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

4. Notes regarding accounting policies

(1) Valuation standards and methods for important assets

(i) Securities

a. Available-for-sale securities

- Items other than stock, etc. without market price

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

- Stock, etc. without market price

  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

(ii) Derivatives

Stated at market value

(iii) 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

(i) Property, plant and equipment

The straight-line method is applied.

The estimated useful lives of assets are principally as follows:

Assets for lease	3 to 10 years
Buildings and structures	2 to 50 years
Machinery, equipment and vehicles	2 to 13 years
Tools, furniture and fixtures	2 to 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.

(ii) 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).

(iii) Leased assets

a. Leased assets related to finance lease transactions that transfer ownership

The same depreciation method applied to non-current assets owned by the Company is applied.

b. Leased assets related to finance lease transactions that do not transfer 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.

(iv) Long-term prepaid expenses

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

(3) Accounting standards for significant allowances and provisions

(i) Allowance for doubtful accounts

The allowance for doubtful accounts is provided at an amount of possible losses from accounts receivable - 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.

(ii) 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.

(iii) 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.

(iv) 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.

(v) 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 reasonably estimated period of time during which the investment is expected to yield benefits.

(5) Accounting method for retirement benefits

(i) 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.

(ii) 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.

(iii) 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.

(iv) 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) Accounting standards for significant income and expenses

The Group’s main business is the manufacture, rental, retail sale, and wholesale of medical and nursing-care beds and welfare equipment; home renovation; linen supply for hospitals, hotels, and other facilities in the Medical Services Business, as well as the manufacture and wholesale of beds, furniture, bedding, health equipment, and other products in the Home Furnishings and Health Business.

Income related to the sale of merchandise or goods is mainly from wholesale or from sale through manufacturing, etc., and the Group bears a performance obligation to deliver merchandise or goods in accordance with sales contracts concluded with customers. At the moment of delivery of merchandise or goods, the customer gains control over the merchandise or goods and the performance obligation is deemed to be satisfied, with revenue recognized at the time of arrival or acceptance of the merchandise or goods.

For construction contracts, in cases where control over goods or services is transferred to the customer for a certain period of time, we recognize revenue over a certain period of time as we satisfy the performance obligation to transfer goods or services to the customer. For construction contracts in which the period from the date of commencement of transactions to the time when the performance obligation is expected to be fully satisfied is very short, we recognize revenue when the performance obligation has been fully satisfied by applying alternative treatment, without recognizing revenue over a certain period of time.

Rental transactions in the Medical Services Business fall under “lease transactions,” which are exempted from the Revenue Recognition Accounting Standard, and thus are not included in the revenue generated from contracts with customers. For certain expenses that were previously recorded as selling, general and administrative expenses and sales discounts that were previously recorded as non-operating expenses, we deduct them from net sales as consideration to be paid to customers.

Consideration for transactions is received within one year of fulfilling the performance obligation and does not include significant financial components.

(7) Significant hedge accounting

(i) 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.

(ii) 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).

(iii) 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.

(iv) 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.

(8) Scope of cash and cash equivalents in the consolidated statement 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.

(9) Treatment of deferred assets

Bond issuance costs are amortized over the redemption period of the bonds using the straight-line method.

(10) Other significant matters for preparing consolidated financial statements

Accounting for non-deductible consumption taxes

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

Changes in Presentation

Consolidated statement of income

"Rental income," "Patent-related income," and "Subsidies for employment adjustment" under "Non-operating income," which were separately set out in the results for the previous fiscal year, are included in "Other" in the fiscal year under review, as it composed less than 10/100 of total non-operating income. Consolidated financial statements for the previous fiscal year have been restated to reflect this change in presentation.

As a result, 19 million yen for "Rental income," 22 million yen for "Patent-related income," 18 million yen for "Subsidies for employment adjustment," and 73 million yen for "Other" presented in "Non-operating income" in the consolidated statement of income for the previous fiscal year have been reclassified as 133 million yen for "Other."

"Compensation expenses," which was previously included in "Other" under "Non-operating expenses" in the results for the previous fiscal year, is separately presented from the fiscal year under review as the amount exceeded 10/100 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, 90 million yen for "Other" presented in "Non-operating expenses" in the consolidated statement of income for the previous fiscal year has been reclassified as 16 million yen for "Compensation expenses" and 73 million yen for "Other."

Notes Regarding Consolidated Balance Sheet

*1. Pledged assets and secured liabilities

Assets pledged as collateral are as follows:

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Other (guarantee deposits)	9	9

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

2. Contingent liabilities (Guarantee obligations)

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

(Millions of yen)

As of March 31, 2023		As of March 31, 2024	
Employees	4	Employees	3

(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.

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
FB Tomonokai Co., Ltd.	520	527

*3. Notes maturing on consolidated balance sheet date

Notes maturing on consolidated balance sheet date are settled on the clearing date. However, since the last day of the fiscal year under review was a bank holiday, the following notes maturing at the fiscal year-end are included in the balance at the end of the fiscal year.

(Millions of yen)

		As of March 31, 2023	As of March 31, 2024
(Current assets)	Notes receivable - trade	–	37
	Electronically recorded monetary claims - operating	–	44
(Current liabilities)	Notes payable - trade	–	76
	Electronically recorded obligations - operating	–	6

Notes Regarding Consolidated Statement of Income

* 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.

(Millions of yen)

FY2023 (from April 1, 2022 to March 31, 2023)	FY2024 (from April 1, 2023 to March 31, 2024)
89	64

Notes Regarding Consolidated Statement of Changes in Equity

FY2023 (from April 1, 2022 to March 31, 2023)

1. Class and total number of issued shares, and class and number of treasury shares

(Thousand shares)

	Number of shares at beginning of the fiscal year	Increase	Decrease	Number of shares at end of the fiscal year
Issued shares				
Common shares	41,397	–	–	41,397
Total	41,397	–	–	41,397
Treasury shares				
Common shares (Note)	4,954	422	–	5,377
Total	4,954	422	–	5,377

Note: The increase of 422 thousand shares in the number of common shares held as treasury shares consists of a purchase of 420 thousand shares, gratis acquisition of 2 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. Dividends

(1) Amounts paid

(Resolution)	Class of shares	Total dividends paid (Millions of yen)	Dividend per share (Yen)	Dividend record date	Effective date
June 24, 2022 Annual general meeting of shareholders	Common shares	655	18.00	March 31, 2022	June 27, 2022
November 11, 2022 Board of Directors' meeting	Common shares	576	16.00	September 30, 2022	December 5, 2022

(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)	Class of shares	Total dividends paid (Millions of yen)	Source of dividends	Dividend per share (Yen)	Dividend record date	Effective date
June 23, 2023 Annual general meeting of shareholders	Common shares	720	Retained earnings	20.00	March 31, 2023	June 26, 2023

FY2024 (from April 1, 2023 to March 31, 2024)

1. Class and total number of issued shares, and class and number of treasury shares

(Thousand shares)

	Number of shares at beginning of the fiscal year	Increase	Decrease	Number of shares at end of the fiscal year
Issued shares				
Common shares	41,397	–	3,000	38,397
Total	41,397	–	3,000	38,397
Treasury shares				
Common shares (Note)	5,377	1,498	3,016	3,859
Total	5,377	1,498	3,016	3,859

Notes: 1. The decrease of 3,000 thousand shares in the total number of issued common shares consists of cancellation of treasury shares, by a resolution of the Board of Directors.

2. The increase of 1,498 thousand shares in the number of common shares held as treasury shares consists of a purchase of 1,498 thousand treasury shares and a purchase of 0 thousand shares representing less than one unit, by a resolution of the Board of Directors.

3. The decrease of 3,016 thousand shares in the number of common shares held as treasury shares consists of a cancellation of 3,000 thousand treasury shares and a disposal of 16 thousand treasury shares, by a resolution of the Board of Directors.

2. Dividends

(1) Amounts paid

(Resolution)	Class of shares	Total dividends paid (Millions of yen)	Dividend per share (Yen)	Dividend record date	Effective date
June 23, 2023 Annual general meeting of shareholders	Common shares	720	20.00	March 31, 2023	June 26, 2023
November 10, 2023 Board of Directors' meeting	Common shares	612	17.00	September 30, 2023	December 5, 2023

(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)	Class of shares	Total dividends paid (Millions of yen)	Source of dividends	Dividend per share (Yen)	Dividend record date	Effective date
June 25, 2024 Annual general meeting of shareholders	Common shares	759	Retained earnings	22.00	March 31, 2024	June 26, 2024

Notes Regarding Consolidated Statement of Cash Flows

* Reconciliation of closing balance of cash and cash equivalents and the related account on the consolidated balance sheet

(Millions of yen)

	FY2023 (from April 1, 2022 to March 31, 2023)	FY2024 (from April 1, 2023 to March 31, 2024)
Cash and deposits	9,355	10,702
Securities	3,500	6,000
Designated joint operating money trust, etc. with maturities of more than three months when purchased	(2,500)	(3,500)
Cash and cash equivalents	10,355	13,202

Segment Information

1. Summary of reporting segments

   The reportable segments of the Group are components of the Group for which discrete financial information is available and regularly reviewed by the Board of Directors to make decisions about allocation of managerial resources and to assess their performance.

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

   The main goods 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 welfare equipment, and linen supply for hospitals, hotels, and other facilities
Home Furnishings 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

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

   The accounting method for the business segments that are reportable is the same as described in “Basis of Preparation of Consolidated Financial Statements.”

   Profit figures for reporting segments are expressed in terms of ordinary profit.

   Intersegment revenue or transfers are based on actual market price.

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

   FY2023 (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reporting segment			Other (Note 1)	Total	Adjustments (Note 2)	Carrying amount (Note 3)
	Medical Services	Home Furnishings and Health	Total				
Net sales							
Sales to external customers	38,053	19,949	58,003	575	58,578	–	58,578
Internal sales among segments or transfers	3	231	234	7	242	(242)	–
Total	38,056	20,180	58,237	583	58,820	(242)	58,578
Segment profit (loss)	3,363	1,141	4,505	2	4,508	(23)	4,485
Segment assets	43,608	25,570	69,178	797	69,976	(5,296)	64,679
Other items							
Depreciation	4,935	596	5,532	17	5,549	12	5,562
Impairment losses	2	24	26	–	26	–	26
Increase in property, plant and equipment and intangible assets	4,274	568	4,843	–	4,843	68	4,912

FY2024 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reporting segment			Other (Note 1)	Total	Adjustments (Note 2)	Carrying amount (Note 3)
	Medical Services	Home Furnishings and Health	Total				
Net sales							
Sales to external customers	38,862	19,740	58,603	548	59,151	–	59,151
Internal sales among segments or transfers	6	270	277	7	285	(285)	–
Total	38,869	20,011	58,881	555	59,437	(285)	59,151
Segment profit (loss)	3,526	1,121	4,647	3	4,650	6	4,657
Segment assets	45,191	25,505	70,696	783	71,480	(2,905)	68,575
Other items							
Depreciation	4,782	557	5,339	16	5,356	6	5,363
Impairment losses	–	–	–	–	–	–	–
Increase in property, plant and equipment and intangible assets	4,624	280	4,905	–	4,905	–	4,905

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 (loss) (Millions of yen)

	FY2023	FY2024
Elimination of inter-segment transactions	1,416	1,506
Corporate revenue and expenses*	(1,439)	(1,499)
Total	(23)	6

* 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.

Segment assets (Millions of yen)

	FY2023	FY2024
Elimination of inter-segment transactions	(21,353)	(22,684)
Corporate assets*	16,057	19,779
Total	(5,296)	(2,905)

* Corporate assets are primarily assets 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 consolidated financial statements.

Per Share Information

(Yen)

	FY2023 (from April 1, 2022 to March 31, 2023)	FY2024 (from April 1, 2023 to March 31, 2024)
Net assets per share	1,058.41	1,106.37
Basic earnings per share	74.80	87.28
Diluted earnings per share	–	86.85

Note: The basis for calculating basic earnings per share is as follows:

	FY2023 (from April 1, 2022 to March 31, 2023)	FY2024 (from April 1, 2023 to March 31, 2024)
Basic earnings per share		
Profit attributable to owners of parent (Millions of yen)	2,702	3,134
Amount not attributable to common shareholders (Millions of yen)	–	–
Profit attributable to owners of parent relating to common shares (Millions of yen)	2,702	3,134
Average number of common shares outstanding during the fiscal year (Thousand shares)	36,121	35,907
Diluted earnings per share		
Adjustments to profit attributable to owners of parent (Millions of yen)	–	(0)
(Interest expenses included in the above, after deducting the amount equivalent to taxes) (Millions of yen)	–	(0)
Increase in the number of common shares (Thousand shares)	–	175
(Convertible-bond-type bonds with share acquisition rights included in the above) (Thousand shares)	–	175
Summary of potentially dilutive shares not included in the calculation of diluted earnings per share due to the absence of dilutive effects	–	

Significant Subsequent Events

Not applicable