Securities Report FY2026

FRANCE BED HOLDINGS CO., LTD.

5. Financial Information

1. Preparation method of consolidated financial statements and financial statements

(1) The consolidated financial statements of the Company are prepared in accordance with the “Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” (Ministry of Finance Order No. 28 of 1976).

(2) The Company’s financial statements are prepared in accordance with the “Regulation on Terminology, Forms, and Preparation Methods of Financial Statements” (Ministry of Finance Order No. 59 of 1963, hereinafter the “Regulation on Financial Statements”).
Also, the Company falls under the category of a special company submitting financial statements and prepares its financial statements in accordance with Article 127 of the Regulation on Financial Statements.

2. Note on independent audit

The Company’s consolidated financial statements for the fiscal year (April 1, 2025 to March 31, 2026) and financial statements for the business year (April 1, 2025 to March 31, 2026) have been audited by Deloitte Touche Tohmatsu LLC in accordance with the provisions of Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act.

3. Specific initiatives to ensure fair presentation of consolidated financial statements, etc.

The Company has made specific initiatives to ensure the fair presentation of consolidated financial statements and other information. Specifically, in order to properly understand the details of the accounting standards and other regulations, and to develop a system that can accurately respond to changes in accounting standards and other regulations, the Company has joined the Financial Accounting Standards Foundation and collects information when needed.
In addition, the Company participates in the training on preparation of securities (semiannual) reports conducted by the Financial Accounting Standards Foundation and in training on accounting conducted by other companies.

1. Consolidated financial statements and other information

(1) Consolidated financial statements

(i) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	7,223	6,355
Notes receivable - trade	365	193
Accounts receivable - trade	9,275	9,603
Electronically recorded monetary claims - operating	1,161	1,471
Securities	10,000	8,500
Merchandise and finished goods	6,517	5,476
Work in process	454	454
Raw materials and supplies	2,315	2,124
Other	1,173	1,160
Allowance for doubtful accounts	(2)	(9)
Total current assets	38,483	35,330
Non-current assets		
Property, plant and equipment		
Assets for lease	5,475	5,652
Accumulated depreciation	(3,799)	(4,072)
Assets for lease, net	1,676	1,580
Buildings and structures	18,753	19,209
Accumulated depreciation	(12,485)	(12,911)
Buildings and structures, net	6,268	6,298
Machinery, equipment and vehicles	5,829	6,132
Accumulated depreciation	(4,579)	(4,759)
Machinery, equipment and vehicles, net	1,249	1,372
Tools, furniture and fixtures	3,550	3,661
Accumulated depreciation	(3,160)	(3,183)
Tools, furniture and fixtures, net	390	478
Land	6,914	6,917
Leased assets	14,531	13,972
Accumulated depreciation	(10,813)	(9,851)
Leased assets, net	3,717	4,120
Construction in progress	405	39
Total property, plant and equipment	20,621	20,808
Intangible assets		
Goodwill	457	222
Leased assets	204	55
Software	520	398
Other	119	285
Total intangible assets	1,301	962
Investments and other assets		
Investment securities	*1 326	*1 747
Long-term loans receivable	52	40
Deferred tax assets	1,718	1,609
Retirement benefit asset	7,203	7,129
Other	*1, *2 1,228	*1, *2 1,189
Allowance for doubtful accounts	(89)	(98)
Total investments and other assets	10,440	10,617
Total non-current assets	32,363	32,388
Deferred assets		
Bond issuance costs	41	28
Total deferred assets	41	28
Total assets	70,888	67,747

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,666	2,320
Electronically recorded obligations - operating	2,018	986
Short-term borrowings	1,540	1,540
Current portion of long-term borrowings	290	890
Lease liabilities	2,322	2,430
Income taxes payable	1,677	339
Accrued consumption taxes	323	384
Contract liabilities	221	318
Provision for bonuses	1,642	1,705
Provision for bonuses for directors (and other officers)	15	17
Provision for business restructuring	–	28
Asset retirement obligations	14	41
Other	2,813	2,566
Total current liabilities	15,546	13,568
Non-current liabilities		
Bonds payable	1,500	1,500
Convertible-bond-type bonds with share acquisition rights	5,039	5,029
Long-term borrowings	4,520	3,630
Lease liabilities	1,997	2,177
Deferred tax liabilities	20	19
Provision for retirement benefits for directors (and other officers)	90	96
Provision for contingent loss	8	9
Retirement benefit liability	405	427
Asset retirement obligations	361	352
Other	790	775
Total non-current liabilities	14,734	14,016
Total liabilities	30,281	27,584
Net assets		
Shareholders' equity		
Share capital	3,000	3,000
Capital surplus	–	0
Retained earnings	35,418	36,802
Treasury shares	(205)	(1,699)
Total shareholders' equity	38,213	38,103
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(33)	(18)
Deferred gains or losses on hedges	(10)	15
Remeasurements of defined benefit plans	2,437	2,062
Total accumulated other comprehensive income	2,393	2,059
Total net assets	40,607	40,162
Total liabilities and net assets	70,888	67,747

(ii) Consolidated statement of income and consolidated statement of comprehensive income

Consolidated statement of income

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Net sales	*1 60,561	*1 61,769
Cost of sales	*2, *4 27,505	*2, *4 27,955
Gross profit	33,056	33,813
Selling, general and administrative expenses	*3, *4 28,359	*3, *4 29,478
Operating profit	4,696	4,335
Non-operating income		
Interest income	34	69
Dividend income	7	8
Subsidy income	10	32
Share of profit of entities accounted for using equity method	22	–
Other	129	101
Total non-operating income	205	211
Non-operating expenses		
Interest expenses	76	72
Compensation expenses	87	92
Other	52	45
Total non-operating expenses	215	210
Ordinary profit	4,686	4,335
Extraordinary income		
Gain on sale of non-current assets	*5 0	*5 0
Total extraordinary income	0	0
Extraordinary losses		
Loss on sale of non-current assets	*6 45	–
Loss on retirement of non-current assets	*7 7	*7 5
Loss on valuation of investment securities	16	–
Loss on sale of investment securities	4	–
Business restructuring expenses	–	*8 78
Impairment losses	14	–
Total extraordinary losses	88	83
Profit before income taxes	4,599	4,253
Income taxes - current	2,105	1,253
Income taxes - deferred	(453)	254
Total income taxes	1,652	1,507
Profit	2,946	2,746
Profit attributable to owners of parent	2,946	2,746

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Profit	2,946	2,746
Other comprehensive income		
Valuation difference on available-for-sale securities	(12)	14
Deferred gains or losses on hedges	(47)	25
Remeasurements of defined benefit plans, net of tax	827	(374)
Total other comprehensive income	* 767	* (334)
Comprehensive income	3,713	2,411
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,713	2,411
Comprehensive income attributable to non-controlling interests	–	–

(iii) Consolidated statement of changes in equity
FY2025 (from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,000	–	37,755	(4,170)	36,584
Changes during period					
Dividends of surplus			(1,347)		(1,347)
Profit attributable to owners of parent			2,946		2,946
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		4		25	29
Cancellation of treasury shares		(3,940)		3,940	–
Transfer from retained earnings to capital surplus		3,936	(3,936)		–
Net changes in items other than shareholders' equity					
Total changes during period	–	–	(2,336)	3,965	1,628
Balance at end of period	3,000	–	35,418	(205)	38,213

	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	(20)	37	1,609	1,626	38,211
Changes during period					
Dividends of surplus					(1,347)
Profit attributable to owners of parent					2,946
Purchase of treasury shares					(0)
Disposal of treasury shares					29
Cancellation of treasury shares					–
Transfer from retained earnings to capital surplus					–
Net changes in items other than shareholders' equity	(12)	(47)	827	767	767
Total changes during period	(12)	(47)	827	767	2,395
Balance at end of period	(33)	(10)	2,437	2,393	40,607

FY2026 (from April 1, 2025 to March 31, 2026)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,000	–	35,418	(205)	38,213
Changes during period					
Dividends of surplus			(1,362)		(1,362)
Profit attributable to owners of parent			2,746		2,746
Purchase of treasury shares				(1,500)	(1,500)
Disposal of treasury shares		0		5	6
Net changes in items other than shareholders' equity					
Total changes during period	–	0	1,383	(1,494)	(110)
Balance at end of period	3,000	0	36,802	(1,699)	38,103

	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	(33)	(10)	2,437	2,393	40,607
Changes during period					
Dividends of surplus					(1,362)
Profit attributable to owners of parent					2,746
Purchase of treasury shares					(1,500)
Disposal of treasury shares					6
Net changes in items other than shareholders' equity	14	25	(374)	(334)	(334)
Total changes during period	14	25	(374)	(334)	(444)
Balance at end of period	(18)	15	2,062	2,059	40,162

(iv) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash flows from operating activities		
Profit before income taxes	4,599	4,253
Depreciation	5,094	5,033
Impairment losses	14	–
Amortization of goodwill	234	234
Loss (gain) on sale of non-current assets	44	(0)
Loss on retirement of non-current assets	7	5
Increase (decrease) in allowance for doubtful accounts	(30)	15
Increase (decrease) in provision for bonuses	75	62
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(59)	5
Increase (decrease) in retirement benefit liability	(40)	22
Increase (decrease) in provision for business restructuring	–	28
Decrease (increase) in retirement benefit asset	(539)	(464)
Increase (decrease) in provision for bonuses for directors (and other officers)	(1)	1
Loss (gain) on sale of investment securities	4	–
Loss (gain) on valuation of investment securities	16	–
Interest and dividend income	(42)	(77)
Interest expenses	76	72
Share of loss (profit) of entities accounted for using equity method	(22)	–
Decrease (increase) in trade receivables	205	(465)
Decrease (increase) in inventories	(851)	1,231
Increase (decrease) in trade payables	(161)	(1,377)
Increase (decrease) in accrued expenses	(131)	59
Other, net	(87)	254
Subtotal	8,403	8,893
Interest and dividends received	34	76
Interest paid	(89)	(80)
Income taxes paid	(900)	(2,555)
Net cash provided by (used in) operating activities	7,448	6,333

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,736)	(5,132)
Proceeds from sale of property, plant and equipment	319	0
Purchase of securities	(7,500)	(4,500)
Proceeds from redemption of securities	7,000	6,000
Purchase of investment securities	–	(299)
Proceeds from sale of investment securities	0	–
Purchase of shares of subsidiaries and associates	(54)	(100)
Proceeds from sale of shares of subsidiaries and associates	247	–
Proceeds from collection of loans receivable	9	11
Purchase of intangible assets	(214)	(289)
Payments for asset retirement obligations	–	(14)
Other, net	0	(0)
Net cash provided by (used in) investing activities	(4,929)	(4,323)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(530)	–
Repayments of long-term borrowings	(290)	(290)
Purchase of treasury shares	(0)	(1,503)
Proceeds from sale and leaseback transactions	2,661	3,175
Repayments of lease liabilities	(2,995)	(2,899)
Dividends paid	(1,344)	(1,359)
Net cash provided by (used in) financing activities	(2,498)	(2,876)
Effect of exchange rate change on cash and cash equivalents	–	–
Net increase (decrease) in cash and cash equivalents	20	(867)
Cash and cash equivalents at beginning of period	13,202	13,223
Cash and cash equivalents at end of period	* 13,223	* 12,355

Notes

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.

Reason for exclusion from the scope of consolidation

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:

Not applicable

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

3. Fiscal year of the consolidated subsidiaries

The fiscal year-end for all the consolidated subsidiaries is in alignment with 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 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.

(vi) Provision for business restructuring

The provision for business restructuring is provided at a reasonably estimated amount for the fiscal year under review for possible losses from a consolidation and reorganization plan of production bases in the Home Furnishings and Health Business.

(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 and prior service costs

Prior service costs are amortized using the straight-line method over a certain number of years (10 years) within the average remaining years of service of the eligible employees at the time of occurrence of such costs.

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 and unrecognized prior service costs

Unrecognized actuarial gains or losses and unrecognized prior service costs 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.

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 3 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.

Significant accounting estimates

The following is a list of items recorded in the consolidated financial statements for the fiscal year under review whose amounts are based on accounting estimates and that are at risk of significantly impacting the consolidated financial statements for the following fiscal year.

• Goodwill impairment

(1) Amount of goodwill at the end of the fiscal year under review

(Millions of yen)

	FY2025	FY2026
Goodwill	457	222

(2) Major assumptions used in the calculation of the amounts recorded in the consolidated financial statements for the fiscal year under review

The Group recorded goodwill arising from the acquisition of consolidated subsidiaries KASHIDASU CO., Ltd. and HOMECARE SERVICE YAMAGUCHI Co., Ltd. Goodwill is amortized equally over the estimated period of time during which the investment is expected to yield benefits.

Also, the Company conducts quarterly assessments to determine whether there are any signs of goodwill impairment, and uses future business plans, market trends, and other factors to make decisions. In the event of a significant change in these determining factors, an impairment loss on goodwill may be recognized.

As a result of the assessment of signs of impairment in the fiscal year under review, no impairment loss on goodwill was recognized since there were no signs of impairment.

Unapplied accounting standards

- “Accounting Standard for Leases” (ASBJ Statement No. 34, September 13, 2024, ASBJ)
- “Implementation Guidance on Accounting Standard for Leases” (ASBJ Guidance No. 33, September 13, 2024, ASBJ), Etc.

(1) Overview

As part of its efforts for ensuring that Japanese GAAP is consistent with international accounting standards, the ASBJ conducted a review, taking into consideration international accounting standards, toward the development of the Accounting Standard for Leases for recognizing assets and liabilities for all leases held by a lessee. Accordingly, the ASBJ issued the Accounting Standard for Leases, etc., which were developed under a basic policy with the aim of being simple and highly convenient by incorporating only the key provisions of IFRS 16 instead of all the provisions, despite being based on the single accounting model of IFRS 16, while also making revisions basically unnecessary even when the provisions of IFRS 16 are applied for non-consolidated financial statements.

Regarding the method for allocating the lessee’s lease expenses in the lessee’s accounting treatment, a single accounting model is applied for recording the depreciation related to right-of-use assets and the amount equivalent to the interest on lease liabilities for all leases regardless of whether a lease is a finance lease or an operating lease. This is the same as under IFRS 16.

(2) Planned date of application
Shall apply beginning from the start of FY2028.

(3) Effects from application of these accounting standards etc.
The impact from the application of the "Accounting Standard for Leases," etc. on the consolidated financial statements is currently under evaluation.

Changes in presentation

Consolidated statement of income

"Compensation income" under "non-operating income," which was separately shown in the fiscal year ended March 31, 2025, is included in "other" from the fiscal year ended March 31, 2026, because the amount was not more than 10/100 of the total non-operating income. "Subsidy income," which was included in "other" under "non-operating income" in the fiscal year ended March 31, 2025, is separately shown from the fiscal year ended March 31, 2026, because the amount exceeded 10/100 of the total non-operating income. Consolidated financial statements for the fiscal year ended March 31, 2025 have been restated in order to reflect these changes in the method of presentation.

As a result, "compensation income" of 37 million yen and "other" of 103 million yen, which were shown under "non-operating income" in the consolidated statement of income for the fiscal year ended March 31, 2025, have been reclassified as "subsidy income" of 10 million yen and "other" of 129 million yen.

Notes regarding consolidated balance sheet

*1 "Investment securities" and "Other" under "Investments and other assets" invested in unconsolidated subsidiaries and affiliates are as follows:

	As of March 31, 2025	As of March 31, 2026
Investment securities (shares)	64 million yen	164 million yen
Other (investments in other securities of subsidiaries and associates)	227	227

*2 Pledged assets and secured liabilities

Assets pledged as collateral are as follows:

	As of March 31, 2025	As of March 31, 2026
Other (guarantee deposits)	9 million yen	9 million yen

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

3 Contingent liabilities (Guarantee obligations)

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

As of March 31, 2025		As of March 31, 2026	
Employees	2 million yen	Employees	1 million yen

(2) The Group provides guarantees for a lease contract by the following company.

As of March 31, 2025		As of March 31, 2026	
KASHIDASU CO., Ltd.	34 million yen	KASHIDASU CO., Ltd.	61 million yen

(3) 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.

	As of March 31, 2025	As of March 31, 2026
FB TOMONOKAI CO., LTD.	534 million yen	531 million yen

Notes regarding consolidated statement of income

*1 Revenue from contracts with customers

For net sales, revenues are not separately presented for revenues from contracts with customers and other revenues. The amount of revenue from contracts with customers is presented in Note “Revenue recognition, (1) Information on disaggregation of revenue from contracts with customers” in the consolidated financial statements.

*2 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.

	FY2025 (from April 1, 2024 to March 31, 2025)	FY2026 (from April 1, 2025 to March 31, 2026)
	180 million yen	217 million yen

*3 The major items and amounts of selling, general and administrative expenses are as follows:

	FY2025 (from April 1, 2024 to March 31, 2025)	FY2026 (from April 1, 2025 to March 31, 2026)
Freight storage fees	3,337 million yen	3,428 million yen
Provision of allowance for doubtful accounts	(27)	16
Employees’ salaries and bonuses	11,021	11,534
Provision for bonuses	1,471	1,522
Provision for bonuses for directors (and other officers)	15	17
Retirement benefit expenses	(141)	(198)
Provision for retirement benefits for directors (and other officers)	20	14

*4 Total research and development expenses included in selling, general and administrative expenses and manufacturing costs for period

	FY2025 (from April 1, 2024 to March 31, 2025)	FY2026 (from April 1, 2025 to March 31, 2026)
	186 million yen	207 million yen

*5 Details of gain on sale of non-current assets are as follows:

	FY2025 (from April 1, 2024 to March 31, 2025)	FY2026 (from April 1, 2025 to March 31, 2026)
Machinery, equipment and vehicles	0 million yen	0 million yen
Total	0	0

*6 Details of loss on sale of non-current assets are as follows:

	FY2025 (from April 1, 2024 to March 31, 2025)	FY2026 (from April 1, 2025 to March 31, 2026)
Assets for lease	1 million yen	– million yen
Land	43	–
Total	45	–

*7 Details of loss on retirement of non-current assets are as follows:

	FY2025 (from April 1, 2024 to March 31, 2025)	FY2026 (from April 1, 2025 to March 31, 2026)
Assets for lease	0 million yen	3 million yen
Buildings and structures	0	1
Machinery, equipment and vehicles	3	0
Tools, furniture and fixtures	1	0
Software	0	–
Removal costs, etc.	1	0
Right to use facilities	–	0
Total	7	5

*8 Business restructuring expenses

Business restructuring expenses refer to losses from a consolidation and reorganization plan of production bases in the Home Furnishings and Health Business, which are mainly comprised of loss on disposal of inventories at FRANCE BED CO., LTD., and loss on disposal of inventories, loss on disposal of non-current assets, and special additional retirement benefits at FRANCE BED FURNITURE CO., LTD. Both companies are consolidated subsidiaries.

Business restructuring expenses include provision for business restructuring of 28 million yen.

Notes regarding consolidated statement of comprehensive income

* Reclassification adjustments, income taxes and tax effects relating to other comprehensive income

	FY2025 (from April 1, 2024 to March 31, 2025)	FY2026 (from April 1, 2025 to March 31, 2026)
Valuation difference on available-for-sale securities		
Amount accrued for the fiscal year	(18) million yen	21 million yen
Reclassification adjustment(s)	–	–
Before income taxes and tax effects adjustment	(18)	21
Income taxes and tax effects	6	(6)
Valuation difference on available-for-sale securities	(12)	14
Deferred gains or losses on hedges		
Amount accrued for the fiscal year	(68)	37
Income taxes and tax effects	21	(11)
Deferred gains or losses on hedges	(47)	25
Remeasurements of defined benefit plans, net of tax		
Amount accrued for the fiscal year	1,895	126
Reclassification adjustment(s)	(669)	(665)
Before income taxes and tax effects adjustment	1,226	(538)
Income taxes and tax effects	(399)	164
Remeasurements of defined benefit plans, net of tax	827	(374)
Total other comprehensive income	767	(334)

Notes regarding consolidated statement of changes in equity

FY2025 (from April 1, 2024 to March 31, 2025)

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

	Number of shares at beginning of the fiscal year (Thousand shares)	Increase (Thousand shares)	Decrease (Thousand shares)	Number of shares at end of the fiscal year (Thousand shares)
Issued shares				
Common shares (Note 1)	38,397	–	3,650	34,747
Total	38,397	–	3,650	34,747
Treasury shares				
Common shares (Notes 2, 3)	3,859	3	3,673	189
Total	3,859	3	3,673	189

Notes: 1. The decrease of 3,650 thousand shares in the total number of issued common shares consists of cancellation of treasury shares by resolution of the Board of Directors.

2. The increase of 3 thousand shares in the number of common shares held as treasury shares consists of a gratis acquisition of 3 thousand shares through restricted stock-based remuneration and a purchase of 0 thousand shares representing less than one unit.

3. The decrease of 3,673 thousand shares in the number of common shares held as treasury shares consists of a cancellation of 3,650 thousand treasury shares and a disposal of 23 thousand treasury shares by 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 25, 2024 Annual general meeting of shareholders	Common shares	759	22.00	March 31, 2024	June 26, 2024
November 8, 2024 Board of Directors' meeting	Common shares	587	17.00	September 30, 2024	December 5, 2024

(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 24, 2025 Annual general meeting of shareholders	Common shares	794	Retained earnings	23.00	March 31, 2025	June 25, 2025

FY2026 (from April 1, 2025 to March 31, 2026)

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

	Number of shares at beginning of the fiscal year (Thousand shares)	Increase (Thousand shares)	Decrease (Thousand shares)	Number of shares at end of the fiscal year (Thousand shares)
Issued shares				
Common shares	34,747	–	–	34,747
Total	34,747	–	–	34,747
Treasury shares				
Common shares (Notes 1, 2)	189	1,189	4	1,374
Total	189	1,189	4	1,374

Notes: 1. The increase of 1,189 thousand shares in the number of common shares held as treasury shares consists of a purchase of 1,184 thousand treasury shares, a gratis acquisition of 4 thousand shares through restricted stock-based remuneration, and a purchase of 0 thousand shares representing less than one unit by resolution of the Board of Directors.

2. The decrease of 4 thousand shares in the number of common shares held as treasury shares consists of a disposal of 4 thousand treasury shares through restricted stock-based remuneration.

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, 2025 Annual general meeting of shareholders	Common shares	794	23.00	March 31, 2025	June 25, 2025
November 7, 2025 Board of Directors' meeting	Common shares	567	17.00	September 30, 2025	December 5, 2025

(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 24, 2026 Annual general meeting of shareholders	Common shares	800	Retained earnings	24.00	March 31, 2026	June 25, 2026

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

	FY2025 (from April 1, 2024 to March 31, 2025)	FY2026 (from April 1, 2025 to March 31, 2026)
Cash and deposits	7,223 million yen	6,355 million yen
Securities	10,000	8,500
Designated joint operating money trust, etc. with maturities of more than three months when purchased	(4,000)	(2,500)
Cash and cash equivalents	13,223	12,355

Leases

1. Finance lease transactions

(1) Finance lease transactions that transfer ownership

As lessee:

(i) Components of leased assets

Intangible assets

This is software in the Medical Services Business.

(ii) Accounting method for depreciation of leased assets

The accounting method for depreciation of leased assets is as described in "4. Notes regarding accounting policies, (2) Depreciation method for important depreciable assets" of "Basis of preparation of consolidated financial statements."

(2) Finance lease transactions that do not transfer ownership

As lessee:

(i) Components of leased assets

Property, plant and equipment

This is mainly rental assets (assets for lease) in the Medical Services Business.

(ii) Accounting method for depreciation of leased assets

The accounting method for depreciation of leased assets is as described in “4. Notes regarding accounting policies, (2) Depreciation method for important depreciable assets” of “Basis of preparation of consolidated financial statements.”

As lessor:

The information is omitted as it is immaterial.

2. Operating lease transactions

As lessee:

Future lease payments under non-cancellable leases of operating lease transactions

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Due within one year	21	22
Due after one year	46	44
Total	67	67

As lessor:

Future lease payments under non-cancellable leases of operating lease transactions

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Due within one year	183	183
Due after one year	4,581	4,398
Total	4,765	4,581

Impairment losses

There are no impairment losses allocated to leased assets.

Financial instruments

1. Status of financial instruments

(1) Policy on financial instruments

The Group raises funds for working capital and capital expenditures necessary for the Company and its subsidiaries to carry out their business activities. Short-term working capital is financed through bank borrowings and bonds payable, while capital investment funds are financed through long-term bank borrowings, bonds payable, convertible-bond-type bonds with share acquisition rights, and sale-and-leasebacks. Temporary surplus funds are invested in safe and highly liquid financial assets. The Company uses derivative transactions for the purpose of hedging foreign exchange risks and has a policy of not engaging in speculative transactions.

(2) Description of financial instruments and their risks

Trade receivables, such as notes receivable - trade, accounts receivable - trade, and electronically recorded monetary claims - operating, are exposed to customer credit risk.

Securities and investment securities are mainly designated joint operating money trusts for the purpose of short-term surplus fund management and stocks of companies with which the Company has business relationships, and are exposed to market price fluctuation risk.

Trade payables, such as notes and accounts payable - trade, and electronically recorded obligations - operating, are due within 1 year.

Short-term borrowings are raised for working capital and are exposed to the risk of fluctuations in interest rates. Lease liabilities under finance lease transactions are intended to finance capital expenditure requirements. Long-term borrowings are used for long-term working capital and capital expenditures and bear variable and fixed interest rates. Bonds payable are used for working capital and capital expenditures and bear fixed interest rates. Convertible-bond-type bonds with share acquisition rights are used for capital expenditures, M&A investments, and purchase of treasury shares. The longest term for repayment of long-term borrowings, bonds payable, and convertible-bond-type bonds with share acquisition rights is 7 years and 9 months after the balance sheet date.

Derivative transactions mainly consist of forward exchange contracts and other instruments used to hedge foreign currency exchange rate fluctuation risks associated with foreign currency-denominated trade payables. Refer to the aforementioned “4. Notes regarding accounting policies, (7) Significant hedge accounting” in “Basis of preparation of consolidated financial statements” for details on hedging instruments and hedged items, hedging policy, and methods for evaluating the effectiveness of hedging with respect to hedge accounting.

(3) Risk management system for financial instruments

(i) Management of credit risk (risk related to nonperformance by suppliers and customers)
In accordance with the “Credit Management Rules,” our important subsidiary, FRANCE BED CO., LTD. regularly monitors major suppliers and customers by the Credit Management Committee to manage due dates and outstanding balances for each supplier and customer and to early identify and mitigate concerns about collection due to deterioration of financial conditions and other factors. The same management in accordance with the Credit Management Rules of FRANCE BED CO., LTD. is conducted for other subsidiaries.
The credit risk of securities is minimal, as they are held in highly creditworthy designated joint operating money trusts, etc., in accordance with the “Implementation Guidelines for Investment of Surplus Funds.”
The Company recognizes little credit risk in its derivative transactions, which are limited to domestic banks with high credit ratings.

(ii) Management of market risk (risk of fluctuations in foreign exchange rates, interest rates, etc.)
The Company’s subsidiaries with foreign currency-denominated trade payables hedge their exposure to foreign exchange fluctuation risks on foreign currency-denominated trade payables primarily through the use of forward exchange contracts.
Investment securities are periodically monitored for market value and the financial condition of the issuing entity (supplier or customer company) and reported to the Director in charge of accounting. Also, the Company reviews its holdings on an ongoing basis, taking into account market conditions and relationships with suppliers and customers.
Derivative transactions are executed and managed by the department in charge with the approval of the person in charge in accordance with the “Market Risk Management Rules” and the “Risk Management Guidelines” that stipulate the transaction authority, transaction limits, and so on.

(iii) Management of liquidity risk (risk of failure to make payments on the due date) related to financing
The Group manages the funds of Group companies centrally at the Company through cash management services, and manages liquidity risk by having the finance division prepare and update cash flow management plans in a timely manner.

(4) Supplementary explanation on matters relating to fair value of financial instruments
Since variable factors are incorporated in the calculation of the fair value of financial instruments, such values may change due to the adoption of different assumptions and other factors. In addition, the contract amounts of derivative transactions in the Note “Derivatives” do not in themselves indicate the market risk associated with derivative transactions.

2. Matters relating to fair value of financial instruments

Carrying amounts in the consolidated balance sheet, fair values and the differences between them were as follows:

As of March 31, 2025

	Carrying amount (Millions of yen)	Fair value (Millions of yen)	Difference (Millions of yen)
(1) Notes receivable - trade	365	365	–
(2) Accounts receivable - trade	9,275	9,275	–
(3) Electronically recorded monetary claims - operating	1,161	1,161	–
(4) Securities and investment securities (*2)			
Available-for-sale securities	10,133	10,133	–
Total assets	20,936	20,936	–
(1) Notes and accounts payable - trade	2,666	2,666	–
(2) Electronically recorded obligations - operating	2,018	2,018	–
(3) Short-term borrowings	1,540	1,540	–
(4) Bonds payable	1,500	1,455	(44)
(5) Convertible-bond-type bonds with share acquisition rights	5,039	5,230	190
(6) Long-term borrowings (*3)	4,810	4,655	(154)
(7) Lease liabilities (*4)	4,319	4,319	–
Total liabilities	21,894	21,885	(8)
Derivatives (*5)	(14)	(14)	–

(*1) “Cash and deposits” are omitted because they are cash and because deposits are settled in a short period of time and their fair value approximates the carrying amount.

(*2) Stocks and other securities without market prices are not included in "(4) Securities and investment securities." The carrying amounts of such financial instruments in the consolidated balance sheets are as follows:

Category	FY2025 (Millions of yen)
Unlisted shares	127
Shares of unconsolidated subsidiaries and affiliates	64

(*3) Current portion of long-term borrowings is included.

(*4) Lease liabilities in current liabilities and lease liabilities in non-current liabilities are combined.

(*5) Net receivables and payables arising from derivatives are presented on a net basis.

As of March 31, 2026

	Carrying amount (Millions of yen)	Fair value (Millions of yen)	Difference (Millions of yen)
(1) Notes receivable - trade	193	193	–
(2) Accounts receivable - trade	9,603	9,603	–
(3) Electronically recorded monetary claims - operating	1,471	1,471	–
(4) Securities and investment securities (*2)			
Available-for-sale securities	8,955	8,955	–
Total assets	20,223	20,223	–
(1) Notes and accounts payable - trade	2,320	2,320	–
(2) Electronically recorded obligations - operating	986	986	–
(3) Short-term borrowings	1,540	1,540	–
(4) Bonds payable	1,500	1,454	(45)
(5) Convertible-bond-type bonds with share acquisition rights	5,029	5,305	275
(6) Long-term borrowings (*3)	4,520	4,342	(177)
(7) Lease liabilities (*4)	4,607	4,606	(0)
Total liabilities	20,504	20,556	51
Derivatives (*5)	22	22	–

(*1) "Cash and deposits" are omitted because they are cash and because deposits are settled in a short period of time and their fair value approximates the carrying amount.

(*2) Stocks and other securities without market prices are not included in "(4) Securities and investment securities." The carrying amounts of such financial instruments in the consolidated balance sheets are as follows:

Category	FY2026 (Millions of yen)
Unlisted shares	127
Shares of unconsolidated subsidiaries and affiliates	164

(*3) Current portion of long-term borrowings is included.

(*4) Lease liabilities in current liabilities and lease liabilities in non-current liabilities are combined.

(*5) Net receivables and payables arising from derivatives are presented on a net basis.

Notes: 1. Securities and derivatives

Securities and investment securities

For information on securities categorized by each holding purpose, refer to Note "Securities."

Derivatives

Refer to Note "Derivatives."

2. Expected redemption amounts of monetary claims and securities with maturity after the consolidated balance sheet date

As of March 31, 2025

	Within 1 year (Millions of yen)	After 1 year through 5 years (Millions of yen)	After 5 years through 10 years (Millions of yen)	After 10 years (Millions of yen)
Cash and deposits	7,223	–	–	–
Notes receivable - trade	365	–	–	–
Accounts receivable - trade	9,275	–	–	–
Electronically recorded monetary claims - operating	1,161	–	–	–
Securities and investment securities				
Available-for-sale securities with maturity dates				
(1) Government bonds, municipal bonds, etc.	–	–	–	–
(2) Bonds payable	–	–	–	–
(3) Other	10,000	–	–	–
Total	28,025	–	–	–

As of March 31, 2026

	Within 1 year (Millions of yen)	After 1 year through 5 years (Millions of yen)	After 5 years through 10 years (Millions of yen)	After 10 years (Millions of yen)
Cash and deposits	6,355	–	–	–
Notes receivable - trade	193	–	–	–
Accounts receivable - trade	9,603	–	–	–
Electronically recorded monetary claims - operating	1,471	–	–	–
Securities and investment securities				
Available-for-sale securities with maturity dates				
(1) Government bonds, municipal bonds, etc.	–	–	–	–
(2) Bonds payable	–	–	–	–
(3) Other	8,500	–	–	–
Total	26,123	–	–	–

3. Scheduled repayment amounts of bonds payable, long-term borrowings, lease liabilities and other interest-bearing debt after the consolidated balance sheet date

As of March 31, 2025

	Within 1 year (Millions of yen)	After 1 year through 2 years (Millions of yen)	After 2 years through 3 years (Millions of yen)	After 3 years through 4 years (Millions of yen)	After 4 years through 5 years (Millions of yen)	After 5 years (Millions of yen)
Short-term borrowings	1,540	–	–	–	–	–
Bonds payable	–	–	1,500	–	–	–
Convertible-bond-type bonds with share acquisition rights	–	–	–	5,039	–	–
Long-term borrowings	290	890	2,290	290	290	760
Lease liabilities	2,322	1,359	512	25	15	84
Total	4,152	2,249	4,302	5,355	305	844

As of March 31, 2026

	Within 1 year (Millions of yen)	After 1 year through 2 years (Millions of yen)	After 2 years through 3 years (Millions of yen)	After 3 years through 4 years (Millions of yen)	After 4 years through 5 years (Millions of yen)	After 5 years (Millions of yen)
Short-term borrowings	1,540	–	–	–	–	–
Bonds payable	–	1,500	–	–	–	–
Convertible-bond-type bonds with share acquisition rights	–	–	5,029	–	–	–
Long-term borrowings	890	2,290	290	290	290	470
Lease liabilities	2,430	1,539	535	18	14	69
Total	4,860	5,329	5,854	308	304	539

3. Matters relating to breakdown of fair value of financial instruments by level

The fair value of financial instruments is classified into the following 3 levels based on the observability and materiality of the inputs used to calculate fair value.

Level 1 fair value: Observable fair value calculated based on quoted market prices for the asset or liability for which such fair value is calculated and that are formed in an active market

Level 2 fair value: Observable fair value calculated using inputs for fair value calculation other than Level 1 inputs

Level 3 fair value: Fair value calculated using inputs for calculating unobservable fair value

When multiple inputs that have a significant impact on the calculation of fair value are used, fair value is classified to the level with the lowest priority in the calculation of fair value among the levels to which each of those inputs belongs.

(1) Financial instruments recorded on the consolidated balance sheet at fair value

As of March 31, 2025

(Millions of yen)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Available-for-sale securities				
Shares	103	–	–	103
Derivatives				
Currency-related	–	(14)	–	(14)
Total assets	103	(14)	–	88

As of March 31, 2026

(Millions of yen)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Available-for-sale securities				
Shares	425	–	–	425
Derivatives				
Currency-related	–	22	–	22
Total assets	425	22	–	447

(2) Financial instruments other than those recorded on the consolidated balance sheet at fair value

As of March 31, 2025

(Millions of yen)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Notes receivable - trade	–	365	–	365
Accounts receivable - trade	–	9,275	–	9,275
Electronically recorded monetary claims - operating	–	1,161	–	1,161
Securities and investment securities				
Other	–	10,030	–	10,030
Total assets	–	20,832	–	20,832
Notes and accounts payable - trade	–	2,666	–	2,666
Electronically recorded obligations - operating	–	2,018	–	2,018
Short-term borrowings	–	1,540	–	1,540
Bonds payable	–	1,455	–	1,455
Convertible-bond-type bonds with share acquisition rights	–	5,230	–	5,230
Long-term borrowings	–	4,655	–	4,655
Lease liabilities	–	4,319	–	4,319
Total liabilities	–	21,885	–	21,885

As of March 31, 2026

(Millions of yen)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Notes receivable - trade	–	193	–	193
Accounts receivable - trade	–	9,603	–	9,603
Electronically recorded monetary claims - operating	–	1,471	–	1,471
Securities and investment securities				
Other	–	8,530	–	8,530
Total assets	–	19,798	–	19,798
Notes and accounts payable - trade	–	2,320	–	2,320
Electronically recorded obligations - operating	–	986	–	986
Short-term borrowings	–	1,540	–	1,540
Bonds payable	–	1,454	–	1,454
Convertible-bond-type bonds with share acquisition rights	–	5,305	–	5,305
Long-term borrowings	–	4,342	–	4,342
Lease liabilities	–	4,606	–	4,606
Total liabilities	–	20,556	–	20,556

Note: Explanation of valuation techniques used to calculate fair value and inputs related to the calculation of fair value

- Securities and investment securities

  Listed shares, designated joint operating money trusts, and bonds payable are valued using quoted market prices. Since listed shares are traded in active markets, their fair value is classified as Level 1 fair value. On the other hand, the Company’s holdings of designated joint operating money trusts and bonds payable are classified as Level 2 fair value because they are not frequently traded in the market and are not considered quoted prices in an active market.

- Derivatives

  The fair value of forward exchange contracts is determined using the discounted present value method with observable inputs such as exchange rates and is classified as Level 2 fair value.

- Notes receivable - trade, accounts receivable - trade and electronically recorded monetary claims - operating

  The fair value of these claims is calculated using the discounted present value method based on the amount of the claim, the period to maturity, and an interest rate that takes into account credit risk for each claim classified by a certain period of time, and is classified as Level 2 fair value.

- Notes and accounts payable - trade, electronically recorded obligations - operating and short-term borrowings

  The fair value of these debts is calculated using the discounted present value method based on the future cash flows of each debt classified by a certain period of time and an interest rate that takes into account the period until the due date and credit risk, and is classified as Level 2 fair value.

- Bonds payable

  The fair value of bonds payable issued by the Company is determined using the discounted present value method based on the total amount of principal and interest, plus an interest rate that takes into account the remaining term of the bonds payable and credit risk, and is classified as Level 2 fair value.

- Convertible-bond-type bonds with share acquisition rights

  The fair value of convertible-bond-type bonds with share acquisition rights issued by the Company is calculated based on prices and other information provided by the securities company involved, and is classified as Level 2 fair value.

- Long-term borrowings and lease liabilities

  The fair value of these debts is determined using the discounted present value method based on the total amount of principal and interest, plus an interest rate that takes into account the remaining term of the debt and credit risk, and is classified as Level 2 fair value.

Securities

1. Available-for-sale securities

   As of March 31, 2025

	Type	Carrying amount (Millions of yen)	Acquisition cost (Millions of yen)	Difference (Millions of yen)
Items whose carrying amount exceeds acquisition cost	(1) Shares	3	1	2
	(2) Bonds			
	(i) Government bonds, municipal bonds, etc.	–	–	–
	(ii) Bonds payable	–	–	–
	(iii) Other	–	–	–
	(3) Other	30	30	0
	Subtotal	33	31	2
Items whose carrying amount does not exceed acquisition cost	(1) Shares	100	150	(50)
	(2) Bonds			
	(i) Government bonds, municipal bonds, etc.	–	–	–
	(ii) Bonds payable	–	–	–
	(iii) Other	–	–	–
	(3) Other	10,000	10,000	–
	Subtotal	10,100	10,150	(50)
Total		10,133	10,182	(48)

Note: Unlisted shares (carrying amount in the consolidated balance sheet: 127 million yen) and shares of unconsolidated subsidiaries and affiliates (carrying amount in the consolidated balance sheet: 64 million yen) are not included in “Available-for-sale securities” in the above table because they are shares, etc. without market prices.

As of March 31, 2026

	Type	Carrying amount (Millions of yen)	Acquisition cost (Millions of yen)	Difference (Millions of yen)
Items whose carrying amount exceeds acquisition cost	(1) Shares	72	53	18
	(2) Bonds			
	(i) Government bonds, municipal bonds, etc.	–	–	–
	(ii) Bonds payable	–	–	–
	(iii) Other	–	–	–
	(3) Other	30	30	0
	Subtotal	102	83	19
Items whose carrying amount does not exceed acquisition cost	(1) Shares	353	398	(45)
	(2) Bonds			
	(i) Government bonds, municipal bonds, etc.	–	–	–
	(ii) Bonds payable	–	–	–
	(iii) Other	–	–	–
	(3) Other	8,500	8,500	–
	Subtotal	8,853	8,898	(45)
Total		8,955	8,982	(26)

Note: Unlisted shares (carrying amount in the consolidated balance sheet: 127 million yen) and shares of unconsolidated subsidiaries and affiliates (carrying amount in the consolidated balance sheet: 164 million yen) are not included in "Available-for-sale securities" in the above table because they are shares, etc. without market prices.

2. Available-for-sale securities sold

FY2025 (from April 1, 2024 to March 31, 2025)

Type	Sale proceeds (Millions of yen)	Total gain on sale (Millions of yen)	Total loss on sale (Millions of yen)
(1) Shares	0	–	0
(2) Bonds			
(i) Government bonds, municipal bonds, etc.	–	–	–
(ii) Bonds payable	–	–	–
(iii) Other	–	–	–
(3) Other	–	–	–
Total	0	–	0

FY2026 (from April 1, 2025 to March 31, 2026)

Not applicable

3. Securities for which impairment was recognized

FY2025 (from April 1, 2024 to March 31, 2025)

Impairment was carried out in the fiscal year under review and a loss on valuation of investment securities of 16 million yen was recorded.

When carrying out impairment, in cases when the fair value at the end of the period had declined by 50% or more from the acquisition cost, in general impairment is performed. In cases when the fair value had declined by 30% or more to less than 50%, issues including recoverability are considered and a decision on whether or not impairment is necessary is made.

FY2026 (from April 1, 2025 to March 31, 2026)

Not applicable

Derivatives

1. Derivative transactions to which hedge accounting is not applied
   Not applicable

2. Derivative transactions to which hedge accounting is applied
   Currency-related
   As of March 31, 2025

Method of hedge accounting	Class of transactions	Principal hedge	Contract amount, etc. (Millions of yen)	More than 1 year of the contract amount, etc. (Millions of yen)	Fair value (Millions of yen)
Designated hedge accounting of forward exchange contracts, etc.	Forward exchange contracts Purchased US$	Advance payments to suppliers	899	–	(14)
Total			899	–	(14)

As of March 31, 2026

Method of hedge accounting	Class of transactions	Principal hedge	Contract amount, etc. (Millions of yen)	More than 1 year of the contract amount, etc. (Millions of yen)	Fair value (Millions of yen)
Designated hedge accounting of forward exchange contracts, etc.	Forward exchange contracts Purchased US$	Advance payments to suppliers	451	–	22
Total			451	–	22

Retirement benefits

1. Overview of retirement benefit plans adopted

   Consolidated subsidiaries have funded and unfunded defined benefit plans to provide for employee retirement benefits, and certain consolidated subsidiaries have defined contribution plans.

   Defined benefit corporate pension plans (all are funded plans) provide a lump sum or annuity based on salary and length of service.

   A retirement benefit trust has been established for the main defined benefit corporate pension plan.

   Lump-sum retirement benefit plans (unfunded plans, but some are funded as a result of the establishment of a retirement benefit trust) provide a lump-sum payment based on salary and length of service as a retirement benefit.

   The lump-sum retirement benefit plans of certain consolidated subsidiaries calculate retirement benefit liability and retirement benefit expenses using the simplified method.

   In some cases, extra retirement payments may be paid to employees upon their retirement, etc.

2. Defined benefit plans

   (1) Reconciliation of the beginning and ending balances of projected retirement benefit obligations (excluding plans to which the simplified method is applied as described in (3))

	FY2025 (from April 1, 2024 to March 31, 2025)	FY2026 (from April 1, 2025 to March 31, 2026)
Balance of retirement benefit obligations at beginning of period	8,431 million yen	6,798 million yen
Service cost	378	300
Interest cost	63	126
Actuarial gains and losses accrued	(735)	21
Retirement benefits paid	(443)	(576)
Prior service costs incurred	(922)	–
Other	25	1
Balance of retirement benefit obligations at end of period	6,798	6,672

   (2) Reconciliation of the beginning and ending balances of plan assets

	FY2025 (from April 1, 2024 to March 31, 2025)	FY2026 (from April 1, 2025 to March 31, 2026)
Balance of plan assets at beginning of period	14,065 million yen	14,194 million yen
Expected return on plan assets	136	222
Actuarial gains and losses accrued	276	149
Contribution from employer	25	23
Retirement benefits paid	(309)	(591)
Balance of plan assets at end of period	14,194	13,999

   (3) Reconciliation of the beginning and ending balances of retirement benefit liability for the plans to which the simplified method is applied

	FY2025 (from April 1, 2024 to March 31, 2025)	FY2026 (from April 1, 2025 to March 31, 2026)
Balance of retirement benefit liability at beginning of period	642 million yen	597 million yen
Retirement benefit expenses	57	48
Retirement benefits paid	(83)	(21)
Other	(18)	–
Balance of retirement benefit liability at end of period	597	624

(4) Reconciliation between ending balance of retirement benefit obligations and plan assets, and retirement benefit liability/asset recorded in the consolidated balance sheet

	As of March 31, 2025	As of March 31, 2026
Retirement benefit obligations of funded plans	6,862 million yen	6,869 million yen
Plan assets	(14,194)	(13,999)
	(7,331)	(7,129)
Retirement benefit obligations of unfunded plans	533	427
Net amount of liabilities and assets recorded in the consolidated balance sheet	(6,798)	(6,702)
Retirement benefit liability	405	427
Retirement benefit asset	(7,203)	(7,129)
Net amount of liabilities and assets recorded in the consolidated balance sheet	(6,798)	(6,702)

(5) Amounts of retirement benefit expenses and their components

	FY2025 (from April 1, 2024 to March 31, 2025)	FY2026 (from April 1, 2025 to March 31, 2026)
Service cost	378 million yen	300 million yen
Interest cost	63	126
Expected return on plan assets	(136)	(222)
Amortization of actuarial gains and losses	(669)	(573)
Amortization of past service cost	(38)	(92)
Retirement benefit expenses calculated by simplified method	57	48
Retirement benefit expenses of defined benefit plans	(344)	(413)

(6) Remeasurements of defined benefit plans, net of tax

The components of remeasurements of defined benefit plans, net of tax (before deduction of income taxes and tax effects) are as follows:

	FY2025 (from April 1, 2024 to March 31, 2025)	FY2026 (from April 1, 2025 to March 31, 2026)
Prior service costs	883 million yen	(92) million yen
Actuarial gains and losses	342	(446)
Total	1,226	(538)

(7) Remeasurements of defined benefit plans

The components of remeasurements of defined benefit plans (before deduction of income taxes and tax effects) are as follows:

	As of March 31, 2025	As of March 31, 2026
Unrecognized actuarial gains and losses	2,666 million yen	2,219 million yen
Unrecognized prior service costs	883	791
Total	3,550	3,011

(8) Plan assets

(i) Major components of plan assets

The ratio of each major category to total plan assets is as follows:

	As of March 31, 2025	As of March 31, 2026
Bonds	28%	28%
Shares	0	0
Cash and deposits	38	6
General account	5	5
Other	29	61
Total	100	100

Note: Total plan assets include 66% and 65% of the retirement benefit trusts established for corporate pension plans and lump-sum retirement benefit plans as of March 31, 2025 and as of March 31, 2026, respectively.

(ii) Method for setting the long-term expected rate of return on plan assets

To determine the long-term expected rate of return on plan assets, the Company takes into account current and expected allocation of plan assets, and current and expected long-term return rate on various types of assets constituting plan assets.

(9) Actuarial assumptions

Major actuarial assumptions (expressed as a weighted average)

	As of March 31, 2025	As of March 31, 2026
Discount rate	1.8%	1.8%
Long-term expected rate of return	1.8	1.8
Scheduled rate of salary increase	3.2	3.2

3. Defined contribution plans

The amounts of required contributions to defined contribution plans of certain consolidated subsidiaries were 180 million yen as of March 31, 2025 and 185 million yen as of March 31, 2026.

Share options, etc.

Not applicable

Tax effect accounting

1. Major components of deferred tax assets and liabilities

	As of March 31, 2025	As of March 31, 2026
Deferred tax assets		
Provision for bonuses	508 million yen	538 million yen
Retirement benefit liability	860	748
Long-term accounts payable (Retirement benefits for directors (and other officers))	104	104
Impairment losses	304	304
Tax loss carryforwards (Note 2)	225	190
Loss on valuation of inventories	153	162
Other	822	775
Deferred tax assets subtotal	2,979	2,823
Valuation allowance for tax loss carryforwards (Note 2)	(201)	(175)
Valuation allowance for total deductible temporary differences, etc.	(888)	(873)
Valuation allowance subtotal (Note 1)	(1,089)	(1,048)
Total deferred tax assets	1,889	1,775
Deferred tax liabilities		
Reserve for tax purpose reduction entry of non-current assets	(111)	(104)
Valuation difference on available-for-sale securities	(0)	(2)
Retirement benefit asset	(20)	(19)
Other	(59)	(58)
Total deferred tax liabilities	(191)	(184)
Net deferred tax assets (liabilities) (Note 3)	1,698	1,590

Notes: 1. The valuation allowance decreased by 41 million yen. This was mainly due to a 25 million yen decrease in the valuation allowance for tax loss carryforwards.

2. Tax loss carryforwards and their deferred tax asset carryforwards by expiration date

As of March 31, 2025

	Within 1 year (Millions of yen)	After 1 year through 2 years (Millions of yen)	After 2 years through 3 years (Millions of yen)	After 3 years through 4 years (Millions of yen)	After 4 years through 5 years (Millions of yen)	After 5 years (Millions of yen)	Total (Millions of yen)
Tax loss carryforwards (*)	55	–	–	29	24	116	225
Valuation allowance	(30)	–	–	(29)	(24)	(116)	(201)
Deferred tax assets	24	–	–	–	–	–	24

As of March 31, 2026

	Within 1 year (Millions of yen)	After 1 year through 2 years (Millions of yen)	After 2 years through 3 years (Millions of yen)	After 3 years through 4 years (Millions of yen)	After 4 years through 5 years (Millions of yen)	After 5 years (Millions of yen)	Total (Millions of yen)
Tax loss carryforwards (*)	–	–	28	24	24	113	190
Valuation allowance	–	–	(13)	(24)	(24)	(113)	(175)
Deferred tax assets	–	–	15	–	–	–	15

(*) Tax loss carryforwards are multiplied by the statutory effective tax rate.

3. Net deferred tax assets and liabilities for the previous and current fiscal years are included in the following items in the consolidated balance sheets.

	As of March 31, 2025	As of March 31, 2026
Non-current assets - Deferred tax assets	1,718 million yen	1,609 million yen
Non-current liabilities - Deferred tax liabilities	(20)	(19)

2. Reconciliation of significant differences between the statutory effective tax rate and the actual effective rate of income taxes after application of deferred tax accounting

	As of March 31, 2025	As of March 31, 2026
Statutory effective tax rate	30.6%	30.6%
(Adjustments)		
Non-deductible amount of entertainment expenses, etc.	2.0	2.4
Inhabitant per capita taxes	2.5	2.8
Valuation allowance	2.9	1.3
Tax deduction	(0.6)	(3.1)
Upward correction in deferred tax assets at end of period resulting from changes in the tax rate	(1.1)	(0.3)
Other	(0.4)	1.7
Effective rate of income taxes after application of deferred tax accounting	35.9	35.4

Asset retirement obligations

Those that are recorded on the consolidated balance sheet of the asset retirement obligations

(1) Overview of the asset retirement obligations

The asset retirement obligations include restoration obligations associated with real estate lease contracts of the company submitting the consolidated financial statements and consolidated subsidiaries, expenses for recycling of specified construction materials of consolidated subsidiaries in accordance with the Construction Material Recycling Act, and expenses for removal of asbestos when disassembling plant buildings.

(2) Method of calculating the amount of the asset retirement obligations

The expected period of use is estimated as the useful life of the subject asset, and the discount rate is calculated using the interest rate of government bonds for the relevant period to calculate the amount of asset retirement obligations.

(3) Increase or decrease in the total amount of asset retirement obligations

	FY2025 (from April 1, 2024 to March 31, 2025)	FY2026 (from April 1, 2025 to March 31, 2026)
Beginning balance	360 million yen	376 million yen
Increased amount associated with the purchase of property, plant and equipment	14	8
Adjustments due to the passage of time	1	1
Reduced amount due to fulfillment of the asset retirement obligations	–	(14)
Other increase (decrease) amount	(0)	22
Ending balance	376	393

Real estate for lease, etc.

The Group has rental land, rental housing, and other assets in Tokyo, Osaka, and other areas.

Rental income from such rental properties for the fiscal year ended March 31, 2025 was 280 million yen (rental income is included in net sales, and rental expenses are included in cost of sales).

Rental income from such rental properties for the fiscal year ended March 31, 2026 was 280 million yen (rental income is included in net sales, and rental expenses are included in cost of sales).

Carrying amounts in the consolidated balance sheet, increase or decrease and fair values of the rental and other investment property are as follows:

(Millions of yen)

		FY2025 (from April 1, 2024 to March 31, 2025)	FY2026 (from April 1, 2025 to March 31, 2026)
Carrying amount	Beginning balance	1,176	1,140
	Increase or decrease during period	(35)	(12)
	Ending balance	1,140	1,127
Fair value at end of period		4,318	4,325

Notes: 1. The carrying amount represents the amount of acquisition cost less accumulated depreciation and accumulated impairment.

2. Of the increases and decreases during the period, the major decreases in the previous fiscal year were depreciation (21 million yen) and impairment losses (14 million yen). The major increase in the current fiscal year was acquisition (7 million yen), and the major decrease was depreciation (20 million yen).

3. The fair value at the end of the fiscal year is mainly based on the "assessed value of fixed assets for property tax purposes" adjusted based on reasonable standards.

Revenue recognition

(1) Information on disaggregation of revenue from contracts with customers

FY2025 (from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Reporting segment			Other (Note 1)	Total
	Medical Services	Home Furnishings and Health	Total		
Net sales					
Goods transferred at a point in time	16,757	19,455	36,212	222	36,434
Goods transferred over time	58	23	81	–	81
Revenue from contracts with customers	16,815	19,478	36,293	222	36,515
Revenue from rental transactions, etc. (Note 2)	23,694	3	23,697	348	24,045
Sales to external customers	40,509	19,481	59,990	571	60,561

FY2026 (from April 1, 2025 to March 31, 2026)

(Millions of yen)

	Reporting segment			Other (Note 1)	Total
	Medical Services	Home Furnishings and Health	Total		
Net sales					
Goods transferred at a point in time	16,654	19,366	36,020	194	36,215
Goods transferred over time	57	11	68	–	68
Revenue from contracts with customers	16,711	19,378	36,089	194	36,283
Revenue from rental transactions, etc. (Note 2)	25,119	2	25,121	363	25,485
Sales to external customers	41,830	19,380	61,211	557	61,769

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. Revenue from rental transactions and real estate leasing 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.

(2) Information that provides a basis for understanding revenue from contracts with customers
The basis for understanding revenues is described in “4. Notes regarding accounting policies, (6) Accounting standards for significant income and expenses” of “Basis of preparation of consolidated financial statements.”

(3) Information about the relationship between the satisfaction of performance obligations under contracts with customers and cash flows from such contracts, and the amount and timing of revenue expected to be recognized in the following fiscal year or later from contracts with customers that existed at the end of the current fiscal year

(i) Balance of contract assets and contract liabilities, etc.

(Millions of yen)

	FY2025	FY2026
Receivables from contracts with customers (beginning balance)	5,177	4,861
Receivables from contracts with customers (ending balance)	4,861	4,961
Contract liabilities (beginning balance)	234	221
Contract liabilities (ending balance)	221	318

The amount of revenue recognized in the previous fiscal year that was included in the contract liability balance at the beginning of the period was 151 million yen.

The amount of revenue recognized in the current fiscal year that was included in the contract liability balance at the beginning of the period was 152 million yen.

(ii) Transaction price allocated to remaining performance obligations
Information on remaining performance obligations is omitted because the Group has no significant transactions with an initial expected contract period of more than one year.

Segment information, etc.

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

FY2025 (from April 1, 2024 to March 31, 2025)

(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	40,509	19,481	59,990	571	60,561	–	60,561
Internal sales among segments or transfers	1	313	315	12	327	(327)	–
Total	40,511	19,794	60,306	583	60,889	(327)	60,561
Segment profit	3,592	1,067	4,660	4	4,664	22	4,686
Segment assets	48,207	25,424	73,632	826	74,458	(3,570)	70,888
Other items							
Depreciation	4,535	537	5,072	14	5,087	6	5,094
Impairment losses	–	–	–	14	14	–	14
Increase in property, plant and equipment and intangible assets	4,637	306	4,944	0	4,944	–	4,944

FY2026 (from April 1, 2025 to March 31, 2026)

(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	41,830	19,380	61,211	557	61,769	–	61,769
Internal sales among segments or transfers	3	313	317	11	328	(328)	–
Total	41,834	19,694	61,528	569	62,097	(328)	61,769
Segment profit	3,369	952	4,322	3	4,326	9	4,335
Segment assets	47,355	24,985	72,341	813	73,155	(5,407)	67,747
Other items							
Depreciation	4,450	559	5,010	16	5,026	7	5,033
Impairment losses	–	–	–	–	–	–	–
Increase in property, plant and equipment and intangible assets	4,711	282	4,994	–	4,994	1	4,995

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

   (Millions of yen)

	FY2025	FY2026
Elimination of inter-segment transactions	1,576	1,615
Corporate revenue and expenses*	(1,554)	(1,606)
Total	22	9

   * 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)

	FY2025	FY2026
Elimination of inter-segment transactions	(23,771)	(23,244)
Corporate assets*	20,201	17,837
Total	(3,570)	(5,407)

   * 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 is adjusted to be consistent with ordinary profit reported in the consolidated financial statements.

<u>Related information</u>

FY2025 (from April 1, 2024 to March 31, 2025)

1. Information on goods and services

   The information is omitted because the same information is disclosed in “Segment information.”

2. Information for each region
   (1) Net sales

This information is omitted because sales to external customers in Japan account for more than 90% of the net sales in the consolidated statement of income.

   (2) Property, plant and equipment

Not applicable since there are no property, plant and equipment located outside Japan.

FY2026 (from April 1, 2025 to March 31, 2026)

1. Information on goods and services
   The information is omitted because the same information is disclosed in "Segment information."

2. Information for each region
   (1) Net sales
   This information is omitted because sales to external customers in Japan account for more than 90% of the net sales in the consolidated statement of income.

   (2) Property, plant and equipment
   Not applicable since there are no property, plant and equipment located outside Japan.

Information about impairment losses of non-current assets by reporting segment

FY2025 (from April 1, 2024 to March 31, 2025)
This information is omitted because it is presented in "Segment information."

FY2026 (from April 1, 2025 to March 31, 2026)
This information is omitted because it is presented in "Segment information."

Information about amortization and unamortized balance of goodwill by reporting segment

FY2025 (from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Reporting segment			Other	Total	Adjustments	Carrying amount
	Medical Services	Home Furnishings and Health	Total				
Amortization in the fiscal year	234	–	234	–	234	–	234
Balance at end of period	457	–	457	–	457	–	457

FY2026 (from April 1, 2025 to March 31, 2026)

(Millions of yen)

	Reporting segment			Other	Total	Adjustments	Carrying amount
	Medical Services	Home Furnishings and Health	Total				
Amortization in the fiscal year	234	–	234	–	234	–	234
Balance at end of period	222	–	222	–	222	–	222

Information about gain on bargain purchase by reporting segment

Not applicable

Related party information

FY2025 (from April 1, 2024 to March 31, 2025)

Affiliates

(Millions of yen)

Type	Name of company or other organization	Address	Share capital or investments in capital	Description of business	The percentage ownership of voting rights, etc.	Relationship with related parties	Description of transaction	Transaction amount	Account	Ending balance
Affiliate	Mistral Service Co., Ltd.	Fukuchiyama City, Kyoto Prefecture	73	Home nursing care, day care, etc.	(Owned) Indirect 33.9	Secondment of employees	Compensation resulting from withdrawal from leased property	50	Non-operating expenses (compensation expenses)	–

Note: Mistral Service Co., Ltd. was an affiliate; however, because all shares in the company owned by a consolidated subsidiary were sold on March 21, 2025, the company was excluded from the scope of application of the equity method on that same date. The percentage ownership of voting rights, etc. and transaction amount listed above indicate the information prior to this date of exclusion.

FY2026 (from April 1, 2025 to March 31, 2026)

Not applicable

Per share information

	FY2025 (from April 1, 2024 to March 31, 2025)	FY2026 (from April 1, 2025 to March 31, 2026)
Net assets per share	1,175.06 yen	1,203.46 yen
Basic earnings per share	85.28 yen	82.04 yen
Diluted earnings per share	76.89 yen	73.49 yen

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

	FY2025 (from April 1, 2024 to March 31, 2025)	FY2026 (from April 1, 2025 to March 31, 2026)
Basic earnings per share		
Profit attributable to owners of parent (Millions of yen)	2,946	2,746
Amount not attributable to common shareholders (Millions of yen)	–	–
Profit attributable to owners of parent relating to common shares (Millions of yen)	2,946	2,746
Average number of common shares outstanding during the fiscal year (Thousand shares)	34,552	33,471
Diluted earnings per share		
Adjustments to profit attributable to owners of parent (Millions of yen)	(6)	(6)
(Interest expenses included in the above, after deducting the amount equivalent to taxes) (Millions of yen)	(6)	(6)
Increase in the number of common shares (Thousand shares)	3,678	3,796
(Convertible-bond-type bonds with share acquisition rights included in the above) (Thousand shares)	3,678	3,796
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

(v) Annexed consolidated detailed schedules

Consolidated detailed schedule of corporate bonds

Company name	Issue	Date of issuance	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Interest rate (%)	Secured/ unsecured	Maturity
FRANCE BED HOLDINGS CO., LTD.	13th unsecured bonds payable	November 30, 2022	1,500	1,500	0.1	None	November 30, 2027
FRANCE BED HOLDINGS CO., LTD.	Euro-Yen denominated convertible-bond-type bonds with share acquisition rights maturing in 2029	March 14, 2024	5,039	5,029	–	None	March 14, 2029
Total	–	–	6,539	6,529	–	–	–

Notes: 1. Notes regarding convertible-bond-type bonds with share acquisition rights are as follows:

Issue	Euro-Yen denominated convertible-bond-type bonds with share acquisition rights maturing in 2029
Shares to be issued	Common shares
Price of issue for share acquisition rights (Yen)	No price
Price of issue for shares (Yen)	1,317.1
Total amount of issue (Millions of yen)	5,000
Total amount of issue for shares issued by exercise of share acquisition rights (Millions of yen)	–
Grant ratio of share acquisition rights (%)	100
Period for exercise of share acquisition rights	From March 28, 2024 To February 28, 2029

2. The scheduled amount of redemption of bonds for the 5 years following the consolidated balance sheet date is as follows:

Within 1 year (Millions of yen)	After 1 year through 2 years (Millions of yen)	After 2 years through 3 years (Millions of yen)	After 3 years through 4 years (Millions of yen)	After 4 years through 5 years (Millions of yen)
–	1,500	5,029	–	–

Consolidated detailed schedule of borrowings

Classification	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Average interest rate (%)	Payment due
Short-term borrowings	1,540	1,540	1.6	–
Current portion of long-term borrowings	290	890	0.7	–
Current portion of lease liabilities	2,322	2,430	0.4	–
Long-term borrowings	4,520	3,630	0.6	From April 2027 to December 2033
Lease liabilities (excluding current portion)	1,997	2,177	0.4	From April 2027 to April 2035
Total	10,669	10,667	–	–

Notes: 1. “Average interest rate” represents weighted average interest rate with respect to the ending balance of borrowings.

2. The scheduled repayment amounts of long-term borrowings and lease liabilities (excluding current portion) for the 5 years following the consolidated balance sheet date are as follows:

	After 1 year through 2 years (Millions of yen)	After 2 years through 3 years (Millions of yen)	After 3 years through 4 years (Millions of yen)	After 4 years through 5 years (Millions of yen)
Long-term borrowings	2,290	290	290	290
Lease liabilities	1,539	535	18	14

Consolidated detailed schedule of asset retirement obligations

The schedule of asset retirement obligations is omitted because the items to be presented in this schedule are presented as notes stipulated in Article 15-23 of the Regulations on Consolidated Financial Statements.

(2) Other information

Quarterly information for FY2026

Cumulative period	First quarter	Second quarter	Third quarter	FY2026
Net sales (Millions of yen)	14,362	29,259	44,810	61,769
Profit before income taxes (Millions of yen)	789	1,764	3,045	4,253
Profit attributable to owners of parent (Millions of yen)	477	1,047	1,857	2,746
Basic earnings per share (Yen)	14.13	31.20	55.44	82.04

Accounting period	First quarter	Second quarter	Third quarter	Fourth quarter
Basic earnings per share (Yen)	14.13	17.08	24.27	26.62

Note: For the first quarter and third quarter, although financial information for each of these quarters was created pursuant to the regulations of the financial instruments exchange, no review was conducted of the financial information for these quarters during the fiscal period.

2. Financial statements, etc.

(1) Financial statements

(i) Balance sheet

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	4,567	3,610
Securities	10,000	8,500
Prepaid expenses	38	38
Short-term loans receivable from subsidiaries and associates	*1, *3 4,800	*1, *3 4,920
Current portion of long-term loans receivable from subsidiaries and associates	*1, *3 8	*1, *3 20
Other	*1 391	*1 395
Total current assets	19,806	17,483
Non-current assets		
Property, plant and equipment		
Buildings	30	27
Vehicles	12	8
Tools, furniture and fixtures	8	7
Total property, plant and equipment	51	44
Intangible assets		
Software	0	1
Total intangible assets	0	1
Investments and other assets		
Investment securities	97	109
Shares of subsidiaries and associates	42,998	42,998
Investments in other securities of subsidiaries and associates	227	227
Long-term loans receivable from subsidiaries and associates	*1, *3 20	–
Long-term prepaid expenses	23	9
Deferred tax assets	112	110
Other	48	50
Total investments and other assets	43,528	43,505
Total non-current assets	43,579	43,550
Deferred assets		
Bond issuance costs	41	28
Total deferred assets	41	28
Total assets	63,427	61,063

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Liabilities		
Current liabilities		
Short-term borrowings	1,540	1,540
Current portion of long-term borrowings	–	600
Accounts payable - other	8	8
Accrued expenses	*1 164	*1 151
Income taxes payable	151	86
Deposits received from subsidiaries and associates	*1, *2 18,301	*1, *2 17,678
Provision for bonuses	70	72
Other	33	28
Total current liabilities	20,270	20,166
Non-current liabilities		
Bonds payable	1,500	1,500
Convertible-bond-type bonds with share acquisition rights	5,039	5,029
Long-term borrowings	2,600	2,000
Other	170	170
Total non-current liabilities	9,310	8,700
Total liabilities	29,580	28,866
Net assets		
Shareholders’ equity		
Share capital	3,000	3,000
Capital surplus		
Legal capital surplus	750	750
Other capital surplus	25,596	25,597
Total capital surplus	26,346	26,347
Retained earnings		
Other retained earnings		
Retained earnings brought forward	4,736	4,572
Total retained earnings	4,736	4,572
Treasury shares	(205)	(1,699)
Total shareholders’ equity	33,877	32,219
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(31)	(23)
Total valuation and translation adjustments	(31)	(23)
Total net assets	33,846	32,196
Total liabilities and net assets	63,427	61,063

(ii) Statement of income

(Millions of yen)

	Fiscal year ended March 31, 2025		Fiscal year ended March 31, 2026	
Operating revenue	*1	2,856	*1	2,941
General and administrative expenses	*1, *2	1,562	*1, *2	1,619
Operating profit		1,293		1,322
Non-operating income				
Interest income	*1	35	*1	47
Interest on securities		31		60
Other		3		4
Total non-operating income		70		113
Non-operating expenses				
Interest expenses	*1	39	*1	71
Amortization of bond issuance costs		12		12
Other		10		15
Total non-operating expenses		62		99
Ordinary profit		1,301		1,335
Extraordinary losses				
Loss on valuation of investment securities		16		–
Total extraordinary losses		16		–
Profit before income taxes		1,285		1,335
Income taxes - current		133		139
Income taxes - deferred		(7)		(1)
Total income taxes		125		137
Profit		1,159		1,198

(iii) Statement of changes in equity

FY2025 (from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings: Retained earnings brought forward	Total retained earnings		
Balance at beginning of period	3,000	750	29,533	30,283	4,923	4,923	(4,170)	34,036
Changes during period								
Dividends of surplus					(1,347)	(1,347)		(1,347)
Profit					1,159	1,159		1,159
Purchase of treasury shares							(0)	(0)
Disposal of treasury shares			4	4			25	29
Cancellation of treasury shares			(3,940)	(3,940)			3,940	–
Net changes in items other than shareholders' equity								
Total changes during period	–	–	(3,936)	(3,936)	(187)	(187)	3,965	(158)
Balance at end of period	3,000	750	25,596	26,346	4,736	4,736	(205)	33,877

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(25)	(25)	34,011
Changes during period			
Dividends of surplus			(1,347)
Profit			1,159
Purchase of treasury shares			(0)
Disposal of treasury shares			29
Cancellation of treasury shares			–
Net changes in items other than shareholders' equity	(5)	(5)	(5)
Total changes during period	(5)	(5)	(164)
Balance at end of period	(31)	(31)	33,846

FY2026 (from April 1, 2025 to March 31, 2026)

(Millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at beginning of period	3,000	750	25,596	26,346	4,736	4,736	(205)	33,877
Changes during period								
Dividends of surplus					(1,362)	(1,362)		(1,362)
Profit					1,198	1,198		1,198
Purchase of treasury shares							(1,500)	(1,500)
Disposal of treasury shares			0	0			5	6
Net changes in items other than shareholders' equity								
Total changes during period	–	–	0	0	(163)	(163)	(1,494)	(1,657)
Balance at end of period	3,000	750	25,597	26,347	4,572	4,572	(1,699)	32,219

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(31)	(31)	33,846
Changes during period			
Dividends of surplus			(1,362)
Profit			1,198
Purchase of treasury shares			(1,500)
Disposal of treasury shares			6
Net changes in items other than shareholders' equity	7	7	7
Total changes during period	7	7	(1,650)
Balance at end of period	(23)	(23)	32,196

Notes

Significant accounting policies

1. Evaluation criteria and evaluation methods of securities
   (1) Shares of subsidiaries and investments in other securities of subsidiaries and associates
   Stated at cost determined by the moving average method.
   (2) 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 by the moving average method.)
   Stock, etc. without market price
   Stated at cost determined by the moving average method.
2. Accounting method for depreciation of non-current assets
   (1) Property, plant and equipment
   The straight-line method is applied.
   The estimated useful lives of assets are principally as follows:

Buildings	8 to 18 years
Vehicles	6 years
Tools, furniture and fixtures	6 to 15 years

   (2) Intangible assets
   The straight-line method is applied.
   Software for internal use is amortized using the straight-line method over the estimated usable period for office use (5 years).
   (3) Long-term prepaid expenses
   Long-term prepaid expenses are equally amortized over the years.
3. Accounting standards for allowances and provisions
   (1) 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.
4. Other basis of preparation of financial statements
   (1) Treatment of deferred assets
   Bond issuance costs are amortized over the redemption period of the bonds using the straight-line method.

Significant accounting estimates

The following is a list of items recorded in the financial statements for the fiscal year under review whose amounts are based on accounting estimates and that are at risk of significantly impacting the financial statements for the following fiscal year.

• Impairment of shares of subsidiaries and associates and investments in other securities of subsidiaries and associates

(1) Amount of shares of subsidiaries and associates and investments in other securities of subsidiaries and associates at the end of the fiscal year under review

(Millions of yen)

	FY2025	FY2026
Shares of subsidiaries and associates	42,998	42,998
Investments in other securities of subsidiaries and associates	227	227

(2) Major assumptions used in the calculation of the amounts recorded in the financial statements for the fiscal year under review
The Company recognizes impairment on shares of subsidiaries and associates without market prices and investments in other securities of subsidiaries and associates up to their actual value if their actual value, calculated based on the most recent financial statements, has declined by 50% or more compared to their acquisition cost. If the actual value of an asset declines by 30% or more from its acquisition cost, the asset is written down to its actual value, unless the recoverability of the asset is supported by sufficient evidence.

No valuation losses on shares of subsidiaries and associates and investments in other securities of subsidiaries and associates were recognized in the fiscal year under review.

Notes regarding balance sheet

*1 Monetary receivables from and monetary liabilities to subsidiaries and associates (including those presented separately)

	As of March 31, 2025	As of March 31, 2026
Short-term monetary receivables	5,192 million yen	5,325 million yen
Long-term monetary receivables	20	–
Short-term monetary liabilities	18,358	17,734

*2 The Company has adopted the FRANCE BED HOLDINGS GROUP Cash Management Service (CMS) to ensure the efficient management and procurement of funds for the entire Group. “Deposits received from subsidiaries and associates” represents funds deposited by these companies.

*3 The Company has adopted the FRANCE BED HOLDINGS GROUP Cash Management Service (hereinafter the “CMS”) to ensure the efficient management and procurement of funds for the entire Group.

The Company has entered into basic CMS operation consignment agreements with seven Group companies and has set a limit on the amount of loans that can be lent by CMS. The unused lines of credit based on these agreements as of the end of the fiscal year under review are as follows:

	As of March 31, 2025	As of March 31, 2026
Total lending limits under CMS	12,840 million yen	13,020 million yen
Loan outstanding balance	4,829	4,940
Unused amount	8,011	8,080

Since the above basic CMS operation consignment agreements include a limited use of funds, the full amount of the loan will not necessarily be disbursed.

Notes regarding statement of income

*1 Transactions with subsidiaries and associates

	FY2025 (from April 1, 2024 to March 31, 2025)	FY2026 (from April 1, 2025 to March 31, 2026)
Operating transactions		
Operating revenue	2,856 million yen	2,941 million yen
General and administrative expenses	860	948
Non-operating transactions	48	82

*2 The major items and amounts of general and administrative expenses are as follows:

	FY2025 (from April 1, 2024 to March 31, 2025)	FY2026 (from April 1, 2025 to March 31, 2026)
Employees’ salaries and bonuses	420 million yen	456 million yen
Remuneration for directors (and other officers)	184	174
Bonuses for directors (and other officers)	69	58
Provision for bonuses	70	72
Shareholder benefit expenses	274	308
Depreciation	7	7

Securities

As of March 31, 2025

Shares of subsidiaries and associates (carrying amount in the balance sheet for the fiscal year under review: 42,998 million yen) and investments in other securities of subsidiaries and associates (carrying amount in the balance sheet for the fiscal year under review: 227 million yen) are not stated because they are shares, etc. without market prices.

As of March 31, 2026
Shares of subsidiaries and associates (carrying amount in the balance sheet for the fiscal year under review: 42,998 million yen) and investments in other securities of subsidiaries and associates (carrying amount in the balance sheet for the fiscal year under review: 227 million yen) are not stated because they are shares, etc. without market prices.

Tax effect accounting

1. Major components of deferred tax assets and liabilities

	As of March 31, 2025	As of March 31, 2026
Deferred tax assets		
Provision for bonuses	21 million yen	22 million yen
Accrued enterprise tax	11	9
Loss on valuation of investment securities	128	128
Loss on valuation of investments in other securities of subsidiaries and associates	12	12
Long-term accounts payable (Retirement benefits for directors (and other officers))	53	53
Other	25	24
Deferred tax assets subtotal	253	251
Valuation allowance	(140)	(140)
Total deferred tax assets	112	110
Net deferred tax assets	112	110

2. Reconciliation of significant differences between the statutory effective tax rate and the actual effective rate of income taxes after application of deferred tax accounting

	As of March 31, 2025	As of March 31, 2026
Statutory effective tax rate	30.6%	30.6%
(Adjustments)		
Amount exempted from profits, such as dividend income	(30.0)	(29.5)
Non-deductible amount of entertainment expenses, etc.	6.5	7.0
Non-deductible amount of bonuses for directors (and other officers) (performance-based monetary remuneration)	1.6	1.3
Valuation allowance	0.3	–
Upward correction in deferred tax assets at end of period resulting from changes in the tax rate	(0.1)	–
Other	0.8	0.8
Effective rate of income taxes after application of deferred tax accounting	9.8	10.3

Significant subsequent events

Not applicable

(iv) Annexed detailed schedules

Annexed detailed schedule of property, plant and equipment, etc.

(Millions of yen)

Classification	Types of assets	Balance at beginning of period	Increase during period	Decrease during period	Amortization in the fiscal year	Balance at end of period	Accumulated depreciation
Property, plant and equipment	Buildings	30	–	–	2	27	9
	Vehicles	12	–	–	3	8	11
	Tools, furniture and fixtures	8	–	–	1	7	4
	Total	51	–	–	7	44	24
Intangible assets	Software	0	1	–	0	1	–

Annexed detailed schedule of provisions

(Millions of yen)

Account	Balance at beginning of period	Increase during period	Decrease during period	Balance at end of period
Provision for bonuses	70	72	70	72

(2) Components of major assets and liabilities

This information is omitted because consolidated financial statements are prepared.

(3) Other information

Not applicable