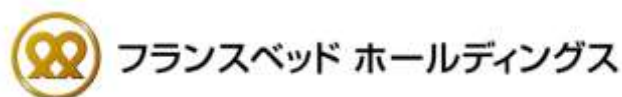




Shigeru Ikeda, Chairman and President

FRANCE BED HOLDINGS CO., LTD. (7840)



Company Information

Market	TSE Prime Market
Industry	Other products (manufacturing business)
Representative Director, Chairman and President	Shigeru Ikeda
HQ Address	Shinjuku Square Tower 5F, 6-22-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo
Fiscal Year-end	March
Website	https://francebed-hd.co.jp/en/

Stock Information

Share Price	Shares Outstanding	Total market cap	ROE Act.	Trading Unit
¥913	41,397,500 shares	¥37,795 million	6.8%	100 shares
DPS Est.	Dividend yield Est.	EPS Est.	PER Est.	BPS Act.
¥33.00	3.6%	¥72.71	12.6x	¥1,030.11
				PBR Act.
				0.9x

*The share price is the closing price on June 29. Each number is based on the result in the term ended March 2022.

Earnings Trend

Fiscal Year	Net Sales	Operating Income	Ordinary Income	Net Income	EPS	DPS
March 2019 Act.	51,764	2,363	2,361	2,599	66.02	28.00
March 2020 Act.	52,430	2,492	2,436	1,520	39.07	28.00
March 2021 Act.	52,430	3,246	3,451	2,295	59.87	30.00
March 2022 Act.	54,398	3,918	3,959	2,557	69.35	33.00
March 2023 Est.	57,500	4,200	4,180	2,650	72.71	33.00

*Unit: million yen, yen. Estimates are those of the Company. Net income is profit attributable to owners of the parent. Hereinafter the same shall apply.

This Bridge Report presents France Bed Holdings' summary of Financial Results for the Fiscal Year Ended March 2022, etc.

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Key Points

- As a pioneer in the welfare equipment rental business, France Bed Holdings operates the medical services business, which manufactures, procures, rents, retails, and wholesales medical/nursing-care beds and welfare equipment, and the home furnishing and health business, which manufactures, procures, and wholesales household beds, furniture, and bedding, and so on.
- In the term ended March 2022, sales increased 3.7% year on year to 54,398 million yen. Sales increased in both segments. The welfare equipment rental business, which is the mainstay, performed steadily, and in the home furnishing and health business, sales to furniture retailers, which had been sluggish due to the novel coronavirus crisis in the previous term, recovered. Ordinary income increased 14.7% year on year to 3,959 million yen. In the medical services business, the sales composition ratio of nursing care-related rentals, which have a low ratio of cost of sales, increased, and sales of high-unit-price, high-value-added mattresses with high gross profit margins were strong in the home furnishing and health business, resulting in gross profit margin improving 1.7 points and gross profit increasing 7.2% year on year. This absorbed the increase in SG&A, such as personnel expenses, resulting in profit growth. Net sales were almost as expected, and profit exceeded the forecast.
- The home furnishing and health business, which saw a significant increase in profits in the previous term, continues to the shift to high-value-added products and is expected to increase sales and profit in this term as well. However, due to the high prices of raw materials and the depreciation of the yen, they think that it is necessary to consider price revisions. Moreover, in the medical services business, it is crucial to control the cost rate while investing in expanding the market share. Furthermore, under the medium-term management plan, the company is preparing to start a rental business in Singapore as part of its overseas business with the aim of developing it as a driving force for future growth, once again. Although there are differences in the insurance systems, the company is also aiming to export not only products, but also the rental system itself to the aging country, Singapore.
- In the previous term, the first year of the medium-term management plan, both sales and profit exceeded the targets. We would like to pay attention to how far the company can accumulate sales and profit in the current term as there are uncertainties in achieving the targets for the term ending March 2024, which are net sales of 59 billion yen and an ordinary income of 4.8 billion yen.

1. Company Overview

The company's management philosophy is "France Bed aims to be an affectionate company that helps people live affluent, relaxing lives through creation and innovation." The company is engaged in the medical services business, which includes the manufacture, purchase, rental, retail, and wholesale of medical and nursing care beds and welfare equipment, and the home furnishing and health business, which includes the manufacture, purchase, and wholesale of household beds, furniture, bedding, etc. It is a pioneer in the welfare equipment rental business. The company's characteristics and strengths include human-friendly manufacturing and a system for offering a broad range of services swiftly.

【1-1 Corporate History】

Mr. Minoru Ikeda, who is the father of Mr. Shigeru Ikeda (currently Representative Director, Chairman and President of France Bed Holdings Co., Ltd.), established Futaba Corporation, the predecessor of France Bed Co., Ltd., in 1949. The company manufactured seats for automobile products, and in 1956, it began manufacturing Japan's first splitable bed, France Bed, which became a huge hit. The company name was changed to France Bed Co., Ltd. in 1961. In 1963, the company was listed on the Second Section of the Tokyo Stock Exchange, and in 1966, it was listed on the First Section of the Tokyo Stock Exchange.

At France Bed Sales Co., Ltd., which was established in 1958 mainly for the purpose of selling France Bed, Mr. Shigeru Ikeda was selling medical treatment beds for home care, which he started as a new business in 1983. When they received requests for trade-ins in cases where users died soon after the sale of the beds, the company started a rental service. In order to fully operate the rental business considering the extremely high level of customer satisfaction, in 1987, the group company Nippon Sanitary Bedding Co., Ltd. merged with France Bed Sales Co., Ltd. and changed the company name to France Bed Medical Service Co., Ltd. becoming a pioneer in the welfare equipment rental business.

Initially, the rental service itself was not well known and struggled, but it has steadily expanded by capturing the needs of local governments that want to reduce costs through switching from free provision of welfare equipment to rental.

With the start of the nursing care insurance system in 2000, the rental of welfare equipment was incorporated into the system, thanks in part to Chairman and President Ikeda's efforts to lobby the Ministry of Health, Labour and Welfare, and business expanded rapidly.

In March 2004, France Bed Holdings Co., Ltd. was established through the share transfer of France Bed Co., Ltd. and France Bed Medical Service Co., Ltd. In the same month, the company's stock was listed on the First Section of the Tokyo Stock Exchange and the First Section of the Osaka Securities Exchange.

In April 2009, France Bed Medical Service Co., Ltd. was merged into France Bed Co., Ltd.

In April 2022, the company got listed on the TSE Prime Market due to the restructuring of the market.

【1-2 Corporate Philosophy】

The company has the following management philosophy.

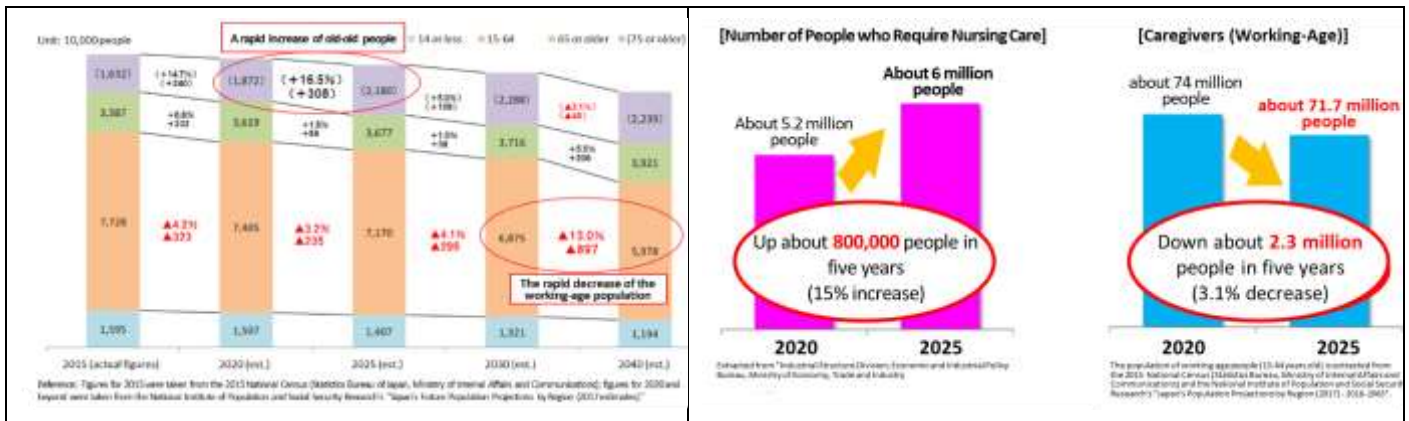
As stated in the interview with the President, the guiding principle of the company's activities is to solve the product users' problems.

- ☆ France Bed aims to be an affectionate company that helps people live affluent, relaxing lives through creation and innovation.
- ☆ We will achieve the greatest possible value for our shareholders. We will create new and highly valuable products and services.
- ☆ We will strengthen the group's overall power by making effective use of its business resources.

【1-3 Environment Surrounding the Company】

(1) Declining birthrate and aging population: Lack of nursing care providers and increase in elderly care at home

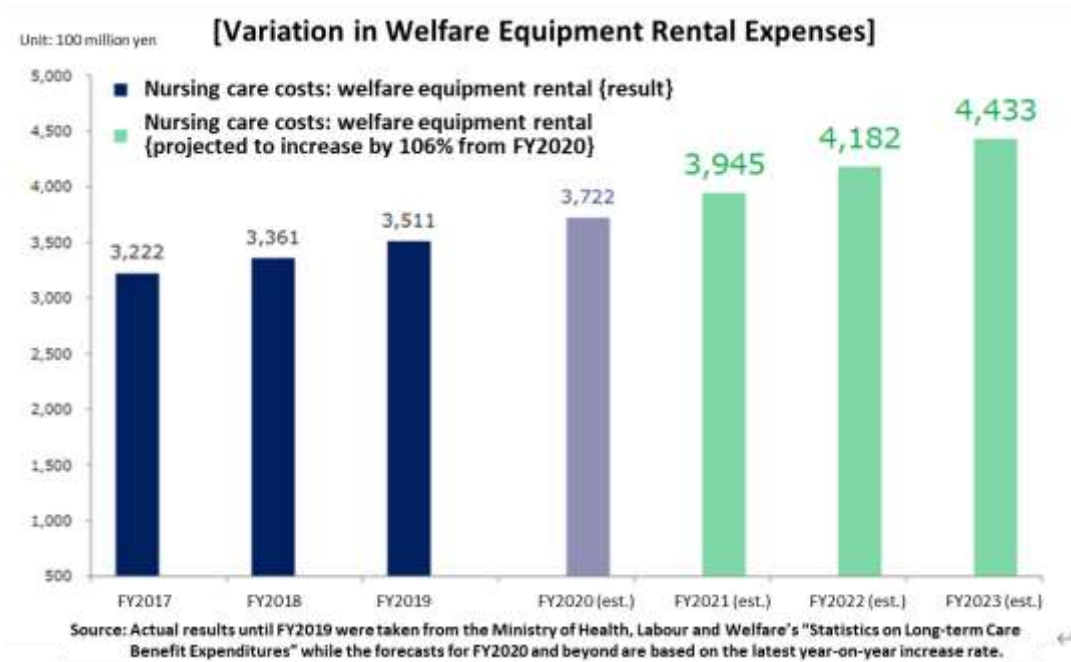
As the birthrate declines and the population ages, the number of people who require nursing care increases, while the working-age population (15-64 years old) declines. It is certain that there will be a shortage of nursing care personnel in nursing care facilities and the number of elderly caregivers at home will further increase, making coping with the super-aging society a major challenge for the Japanese society.



(Taken from the reference material of the company)

(2) Healthy welfare equipment rental market

Considering the aging of Japan’s population and the increase of people who require nursing care, the company expects the cost of renting welfare equipment, mainly nursing care beds, to continue to grow steadily, and the company forecasts that it will continue to increase at an annual rate of 6% from FY2020 onward.

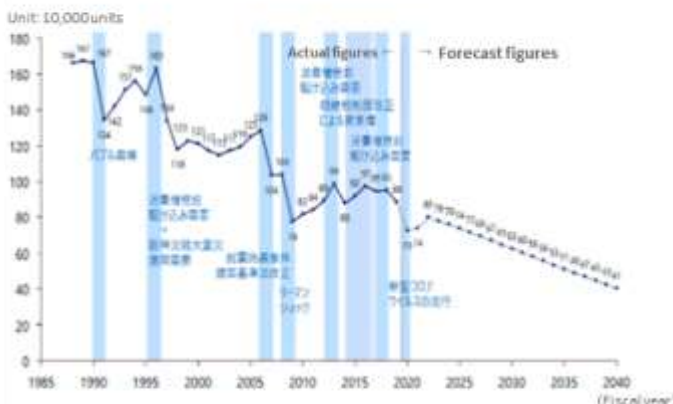


(Taken from the reference material of the company)

(3) Housing starts will decline, but the renovation market will remain strong

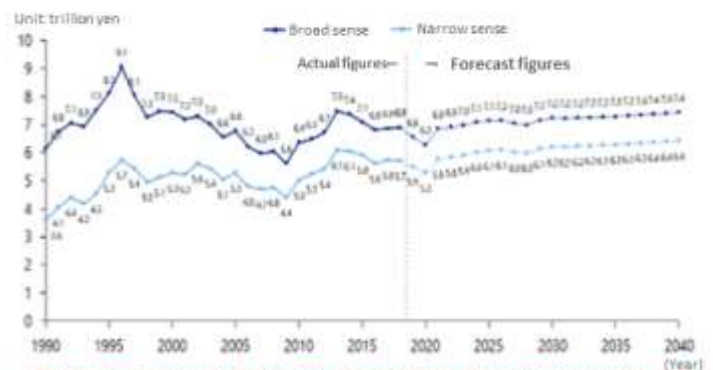
Although the number of new housing starts is expected to decline, the renovation market is expected to expand, albeit moderately, and as a result, replacement demand for durable consumer goods is expected to be strong.

[Domestic New Housing Starts: Results and Forecasts]



Source: Actual figures: Ministry of Land, Infrastructure, Transport, and Tourism, "Housing Starts Statistics"; Forecast figures: Nomura Research Institute, Ltd.

[Results and Forecasts of the Renovation Market Size]



Broad sense: The scale of the renovation market in the narrow sense plus, the amount including the purchase costs of durable consumer goods and interior goods related to renovation, such as air conditioners and furniture

Narrow sense: Extension and renovation works recorded as "new housing" in Housing Starts Statistics and repair and maintenance costs for new construction, etc.

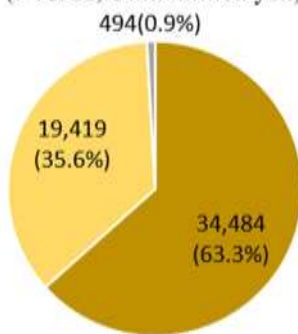
Source: Actual figures: Center for Housing Renovation and Dispute Settlement Support, "Market Size of Home Renovation (2018 Edition)"; Forecast figures: Nomura Research Institute, Ltd.

(Taken from the reference material of the company)

[1-4 Business Description]

The two reported segments are Medical Services and Home Furnishing and Health. Other includes real estate leasing etc.

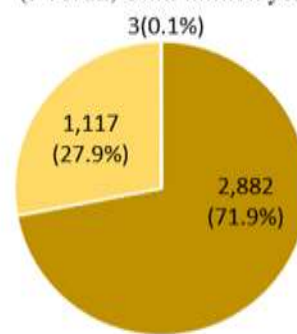
Sales Composition by Segment
(FY3/22, Unit: million yen)



■ Medical service ■ Home furnishing and health ■ Other

* Net sales to external customers

Profit Composition by Segment
(FY3/22, Unit: million yen)



■ Medical service ■ Home furnishing and health ■ Other

* Ratio to the total amount before adjustments

(1) Medical services business

In addition to developing, manufacturing, purchasing, renting, retailing, and wholesaling medical and nursing care beds and welfare equipment, the company provides linen supply services to medical and welfare facilities and hotels, although its geographic reach is limited. The company is also involved in the production of medical and welfare facilities.

The company's production and development departments, which produce beds, furniture, and nursing care products for home and institutional use, and its sales and marketing departments, which have a nationwide sales network of their own stores and affiliated distributors, work in unison to propose unique products and services.

Since 1983, when the company started Japan's first rental service for medical beds, it has been pursuing an environmentally friendly and gentle lifestyle through its services and products.

(Major subsidiaries and affiliates)

France Bed Co., Ltd., Homecare service Yamaguchi, Tsubasa Co., Ltd., Kashidasu Co., Ltd., Jiangsu France Bed Co., Ltd., France Bed Medical Service Co., Ltd., Mistral Service Corporation.

(Business description)**① Manufacture, purchase, rental, retail, and wholesale of medical and nursing care beds as well as welfare equipment**

The company rents and sells nursing care products, welfare equipment, health support products, and products of the Reha tech brand for active seniors through its experienced professional staff in stores and on the Internet.

At the stores, the company provides various consultation services such as nursing care consultation and care plan preparation, and holds various health-related seminars and events.

② Linen supply for medical and welfare facilities, hotels, etc.

The company provides clean and safe linens to medical and welfare facilities and hotels. Linen for medical and welfare facilities is finished quickly and carefully in a cleaning factory equipped with disinfection facilities. The factory meets strict hygiene standards and has been designated as a Medical Service Mark Certified Factory.

③ Production of medical and welfare facilities

Based on the demand for safety from clients, that is, medical and welfare facilities, the company is doing its utmost efforts in design and development to further improve the safety of its products. The company was also one of the first to introduce home-like designs and materials to medical and nursing care beds, adding warmth to the inorganic spaces of medical and welfare facilities. The psychological effects of interior design on medical treatment life are also taken into consideration to support the realization of a higher quality medical and welfare environment.

(Commercial distribution)

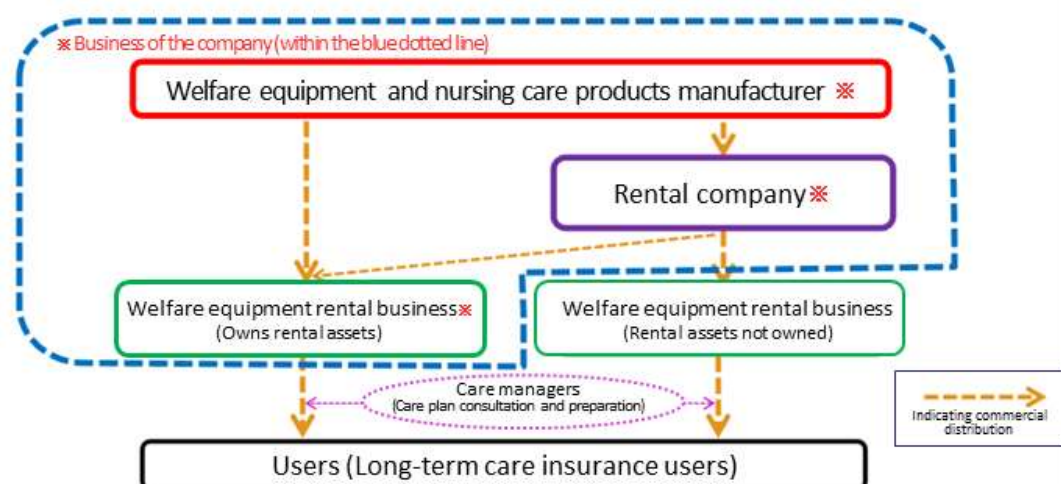
There are two main channels: direct rental and wholesale rental and sales.

***Direct rental**

The company, which is both a manufacturer of welfare and nursing care equipment and a welfare equipment rental service provider, maintains its own rental assets and rents them to users of long-term care insurance through care managers.

***Wholesale rental and sales**

The company, a manufacturer of welfare equipment and nursing care products, provides rental wholesaling and wholesales to welfare equipment rental companies, as well as wholesales of products to rental wholesalers who rent or sell products to welfare equipment rental companies.



(Taken from the reference material of the company)

(2) Home furnishing and health business

The company develops, manufactures, purchases, and sells beds, furniture, bedding, health equipment, etc.

In the production and development department, the company has been working on the development of beds and bedding products based on its research for comfortable sleep that it has been pursuing since its establishment, as well as the creation of diverse and valuable products ranging from furniture and interior design to health equipment.

In addition, the sales department has established a wide range of sales channels, including furniture stores, department stores, interior specialty stores, and lodging facilities throughout Japan.

Utilizing the unique knowledge that both divisions have built up, the company is contributing to the creation of a new, richer lifestyle culture through products and services that have never been seen before.

(Major subsidiaries and affiliates)

France Bed Co., Ltd., France Bed Sales Co., Ltd., FB TOMONOKAI Co., Ltd., Tokyo Bed Co., Ltd., France Bed Furniture Co., Ltd., Jiangsu France Bed Co., Ltd.

(Business description)

① Supporting people's lives as a leading manufacturer in the furniture and interior design industry

As a leading manufacturer in the furniture and interior design industry, the company supports the realization of affluent lifestyles by proposing high value-added products to the consumer market from various perspectives such as health, sleep, lifestyle, and environmental friendliness, with an eye on both domestic and overseas markets.

② Developing high value-added products

In addition to beds that provide comfortable sleep, which the company has pursued since its establishment, it develops a wide variety of high value-added products that create a rich and healthy lifestyle, from general interior furniture such as living room sofas and dining sets to health devices such as massage machines.

③ Production of comfortable and high-quality hotel interiors from the planning stage

Using the knowledge of creating comfortable spaces that the company has cultivated over the years, the company carries out comprehensive production services for hotels. Starting with the delivery of beds and interior furnishings, the company produces effective spaces, including the design and construction of guest rooms and lobbies, as well as interior coordination, in accordance with the concept of the hotel.

【1-5 Characteristics and strengths】

(1) Product development capabilities: Pursuing user-friendly manufacturing

The company's management philosophy is "to be an affectionate company that helps people live affluent, relaxing lives through creation and innovation," and its guiding principle is to solve customers' problems.

Based on this guideline, the company is pursuing people-friendly manufacturing, such as an automatic bed for assisting turn over and a multi-position bed for getting up from the bed, which will help improve ADL (Activities of Daily Living) and make it easier for people to return to their homes and society.

In addition, the company is focusing on the development of environmentally friendly products.



Supporting safe daily activities

Supporting to go out easily with unique functions and comfort



Supporting safer and more convenient wheelchair use

Supporting communication for people with dementia and aphasia

(Taken from the reference material of the company)

(2) Broad and prompt service provision system

As a leading company in the industry, the company provides a wide range of unique and friendly services for people to live with a peace of mind, from home to hospitals and facilities, including sales and rental of welfare equipment, production of hospitals and welfare facilities, and sales and rental of medical equipment.

In addition, welfare equipment including nursing beds, for example, must be installed in a house before the patient is discharged from a hospital and returns home. Therefore, it is important to be able to make arrangements quickly.

In addition to building and expanding its core maintenance center, the company is working to further strengthen its service provision system by adding small service depots, which are logistics bases without maintenance functions, in urban areas.

(3) Providing a life of affluence and gentleness

As a leading manufacturer in the furniture and interior design industry, the company has been creating a rich lifestyle culture for 70 years by pursuing the realization of a rich and gentle lifestyle.

【1-6 ROE Analysis】

	FY3/17	FY3/18	FY3/19	FY3/20	FY3/21	FY3/22
ROE (%)	5.1	4.5	6.5	4.0	6.1	6.8
Net income margin (%)	3.70	3.44	5.02	2.89	4.37	4.70
Total asset turnover	0.85	0.82	0.80	0.85	0.85	0.86
Leverage	1.63	1.61	1.62	1.62	1.62	1.68

In the Medium-Term Management Plan (FY 3/22-FY 3/24), the company aims to achieve a ROE of 8% or higher in FY 3/24. Since the company plans to achieve a net income margin of 5.4% in FY 3/24, it will need to increase its total asset turnover and leverage to achieve a ROE of 8%.

2. Fiscal Year Ended March 2022 Earnings Results

【2-1 Overview of Results】

	FY3/21	Ratio to sales	FY3/22	Ratio to sales	YoY	Compared to forecasts
Sales	52,430	100.0%	54,398	100.0%	+3.7%	+0.7%
Gross profit	27,038	51.6%	28,999	53.3%	+7.2%	-
SG&A	23,792	45.3%	25,081	46.1%	+5.4%	-
Operating Income	3,246	6.1%	3,918	7.2%	+20.7%	+5.8%
Ordinary Income	3,451	6.5%	3,959	7.3%	+14.7%	+8.4%
Quarterly Net Income	2,295	4.3%	2,557	4.7%	+11.3%	+8.8%

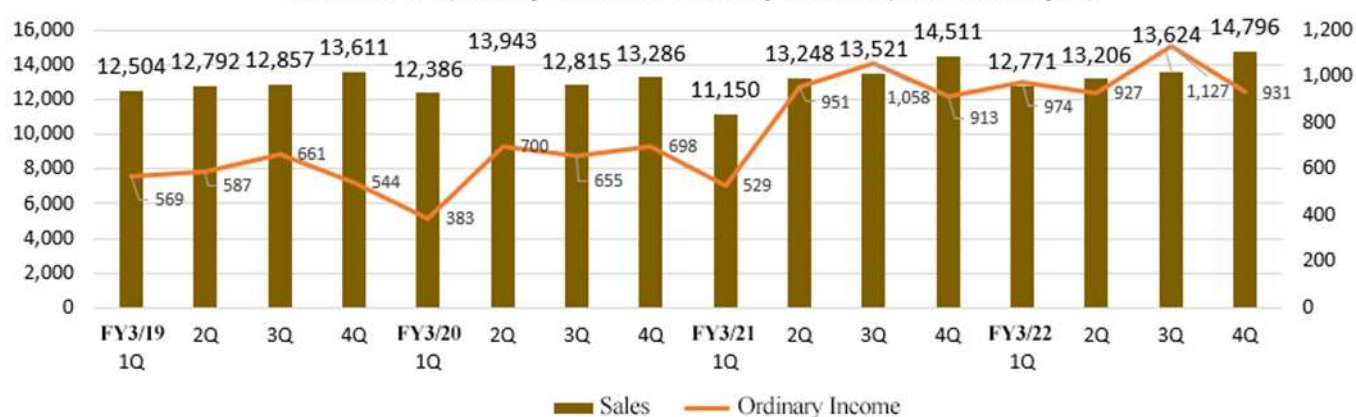
*Unit: million yen. “Compared to forecasts” means the differences from the earnings forecasts disclosed in May 2021

Sales and profit increased.

sales increased 3.7% year on year to 54,398 million yen. Sales increased in both segments. The welfare equipment rental business, which is the mainstay, performed steadily, and in the home furnishing and health business, sales to furniture retailers, which had been sluggish due to the novel coronavirus crisis in the previous term, recovered. Ordinary income increased 14.7% year on year to 3,959 million yen. In the medical services business, the sales composition ratio of nursing care-related rentals, which have a low ratio of cost of sales, increased, and sales of high-unit-price, high-value-added mattresses with high gross profit margins were strong in the home furnishing and health business, resulting in gross profit margin improving 1.7 points and gross profit increasing 7.2% year on year. This absorbed the increase in SG&A, such as personnel expenses, resulting in profit growth. Net sales were almost as expected, and profit exceeded the forecast.

In addition, the “Accounting Standard for Revenue Recognition” (Corporate Accounting Standard No. 29, March 31, 2020) has been applied since the first quarter of the term ended March 2022. In case of not using the standard, sales would stand at 54,436 million yen (up 3.8% year on year) and ordinary income at 3,904 million yen (up 14.1% year on year).

Variations in Quarterly Sales and Ordinary Income (unit: million yen)



【2-2 Trend in each Segment】

	FY3/21	Ratio to total sales	FY3/22	Ratio to total sales	YoY	Compared to forecasts
Medical services	32,839	62.6%	34,484	63.3%	+5.0%	+0.8%
Home furnishing and health	19,186	36.5%	19,419	35.6%	+1.2%	-1.9%
Other	404	0.7%	494	0.9%	+22.1%	-
Total sales	52,430	100.0%	54,398	100.0%	+3.7%	+0.7%
Medical services	2,956	9.0%	2,882	8.3%	-2.4%	-3.9%
Home furnishing and health	511	2.6%	1,117	5.7%	+118.6%	+71.8%
Other	4	0.9%	3	0.6%	-5.4%	-
Adjustment	-20	-	-45	-	-	-
Total profit	3,451	6.5%	3,959	7.2%	+14.7%	+8.4%

*Unit: million yen. The ratio of profit in each segment to total sales means profit margin in each segment. From the fiscal year ending March, 2022, the segmental target has been changed from operating income to ordinary income in order to strengthen business portfolio management.

(1) Medical services business

Sales increased and profit

Sales rose 5.0% year on year to 34,484 million yen.

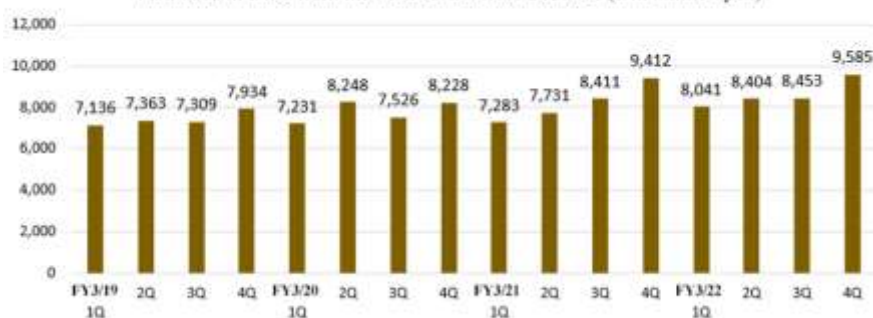
The sales of nursing care-related rental were healthy. The acquisition of HOMECARE SERVICE YAMAGUCHI Co., Ltd., which engages in the welfare equipment rental business mainly in Yamaguchi Prefecture, as a subsidiary contributed to sales.

Profit decreased 2.4% year on year to 1,567 million yen.

In addition to the rise in rental costs, sales of ozone-generating equipment and other infection control products, which enjoyed special demand in the previous year, decreased significantly, and business expansion expenses, including investments in personnel and delivery vehicles under the medium-term management plan, increased.

Various measures will be taken from this term to address the rise in costs.

Variations in Sales from the Medical Services Business (unit: million yen)

**(2) Home furnishings and health business**

Sales and profit grew.

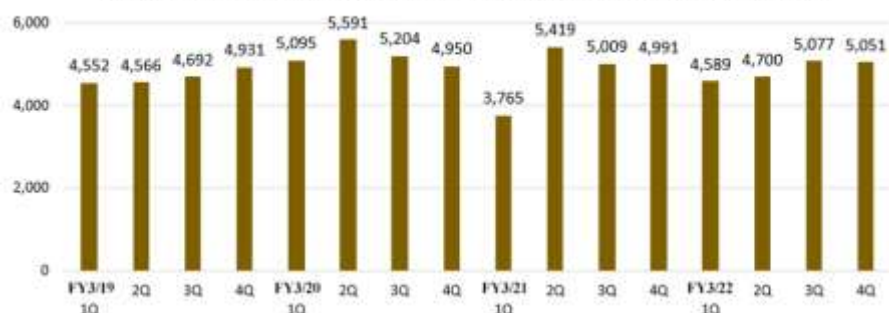
Sales rose 1.2% year on year to 19,419 million yen.

In the previous fiscal year, visitors to furniture stores decreased due to the COVID-19 pandemic, and exhibitions sale events, etc. were canceled, but these are gradually normalizing. However, due to the prolonging of the COVID-19 pandemic, sales to hotels, which underwent a decline in business, decreased significantly.

Profit rose 118.6% year on year to 1,117 million yen.

Profitability improved as sales of high value-added products such as mattresses with a disinfecting function, which had been on sale before the novel coronavirus crisis, were strong. Moreover, distribution costs have decreased due to a shift to middle- and high-end products and a decrease in sales volume of low-priced and popular products.

Variations in Sales from the Home Furnishing and Health Business (unit: million yen)



【2-3 Financial Standing and Cash Flows】

◎Main BS

	End of Mar. 2021	End of Mar. 2022	Increase/ decrease		End of Mar. 2021	End of Mar. 2022	Increase/ decrease
Current Assets	32,055	31,159	-896	Current Liabilities	17,698	19,174	+1,476
Cash and Deposits	9,702	9,778	+76	Trade Payables	5,332	4,848	-484
Trade Receivables	10,039	10,180	+141	Short-Term Debt	6,876	9,435	+2,559
Inventories	7,787	8,401	+614	Noncurrent Liabilities	7,106	7,583	+477
Noncurrent Assets	30,135	33,128	+2,993	Long-Term Debt	5,592	5,959	+367
Tangible Assets	19,633	22,016	+2,383	Total Liabilities	24,804	26,757	+1,953
Intangible Assets	1,826	2,423	+597	Net Assets	37,412	37,540	+128
Investments, Others	8,674	8,688	+14	Retained Earnings	35,881	37,236	+1,355
Total Assets	62,217	64,298	+2,081	Total Liabilities, Net Assets	62,217	64,298	+2,081

*Unit: million yen. Trade receivables include electronically recorded ones, and trade payables also include electronically recorded ones. Interest-bearing liabilities include lease obligations.

Total assets increased 2 billion yen from the end of the previous term to 64.2 billion yen due to an increase in tangible assets such as the purchase of building for new Tokyo Service Center.

Liabilities increased 1.9 billion yen from the end of the previous term to 26.7 billion yen, due to the increase in long-term debt, etc. Net assets stood at 37.5 billion yen, nearly unchanged from the previous term.

Capital-to-asset ratio increased 1.7 points from the end of the previous term to 58.3%.

◎Cash Flow

	FY3/21	FY3/22	Increase/decrease
Operating Cash Flow	10,408	6,011	-4,396
Investing Cash Flow	-6,995	-7,778	-782
Free Cash Flow	3,413	-1,767	-5,180
Financing Cash Flow	-1,918	316	+2,235
Cash and Equivalents	12,202	10,778	-1,423

*Unit: million yen.

The cash inflow from operating activities shrank and free CF turned negative, due to the increase of inventories, the decrease of trade payables, etc.

The cash position dropped.

【2-4 Topics】

① Adoption of electronic voting at general meetings of shareholders and participation in the electronic voting platform for institutional investors

In May 2022, it was decided that from the 19th Ordinary General Meeting of Shareholders held on June 24, 2022, the exercise of voting rights using the Internet would be allowed in addition to the conventional exercise of voting rights in writing. Moreover, the company has participated in the electronic voting platform for institutional investors operated by ICJ Inc., an affiliate of the Tokyo Stock Exchange, Inc.

The company aims to create an environment in which it is easier for shareholders to exercise their voting rights by increasing the options and convenience of doing so.

3. Fiscal Year Ending March 2023 Earnings Forecasts

【3-1 Earnings Forecasts】

	FY3/22	Ratio to sales	FY3/23 Est.	Ratio to sales	YoY
Sales	54,398	100.0%	57,500	100.0%	+5.7%
Operating Income	3,918	7.2%	4,200	7.3%	+7.1%
Ordinary Income	3,959	7.2%	4,180	7.2%	+5.5%
Net Income	2,557	4.7%	2,650	4.6%	+3.6%

*Unit: million yen. Estimates are those of the Company.

Sales and profit are expected to increase.

The estimate of sales is projected to grow 5.7% year on year to 57.5 billion yen and operating income by 5.5% year on year to 4,180 million yen. Sales and profit are expected to increase in both businesses.

The dividend is to be 33.00 yen/share, unchanged from the previous term, with 16.00 yen/share in the intermediate and 17.00 yen/share in the year-end. The estimated payout ratio is 45.3%.

◎Plan for equipment investment

	FY3/20	FY3/21	FY3/22	FY3/23 (Full-year Plan)	YoY
Rental assets	4,172	4,288	4,554	4,553	-0.0%
Equipment for manufacturing and distribution	275	343	318	516	+62.3%
Service centers	76	1,611	1,386	105	-92.4%
Acquisition of software	314	161	180	229	+27.2%
Other	544	365	223	90	-59.6%
Total	5,383	6,770	6,663	5,496	-17.5%
Depreciation	4,518	4,931	5,468	5,828	+6.6%

The plan is to build or relocate the core maintenance center to expand the infrastructure in the medical services business.

【3-2 Trend in each Segment】

	FY3/22	Ratio to total sales	FY3/23 (forecast)	Ratio to total sales	YoY
Medical services	34,484	63.3%	37,500	65.2%	+8.7%
Home furnishing and health	19,419	35.6%	19,800	34.4%	+1.9%
Total sales	54,398	100.0%	57,500	100.0%	+5.7%
Medical services	2,882	8.3%	3,030	8.0%	+5.1%
Home furnishing and health	1,117	5.7%	1,180	5.9%	+5.6%
Total ordinary profit	3,959	7.2%	4,180	7.2%	+5.5%

*Unit: million yen. From FY3/22, a target ordinary income in each segment is set instead of a target operating income, for the purpose of strengthening the business portfolio management. "Other," is excluded, which is not a reportable segment.

(1) Medical services business

Sales and profit grew.

The company will concentrate management resources on the welfare equipment rental business in line with the strategy under the medium-term management plan.

For rental sales, the company will open five new sales offices and increase the sales staff, including new graduates, by 62.

The company will also actively promote the strengthening of the sales of rental of multi-position beds, which are priority rental products, and the switch to multi-fit handrails.

Since the company will invest mainly in increasing the number of employees, profit margin will decline slightly. However, the company will also work to reduce costs and improve business efficiency through utilization of data.

(2) Home furnishings and health business

Sales and profit are expected to increase.

In line with the strategy under the medium-term management plan, the company work to expand profit margin through development of products that meet prevailing needs.

To improve profitability, the company will expand sales of high-value-added products with functional value in terms of hygiene and environmental performance as well as products with unique functions such as bed-type massage machines.

To expand the opportunities to showcase its products, the company plans to open one new exhibition venue of their group and six in-shop galleries.

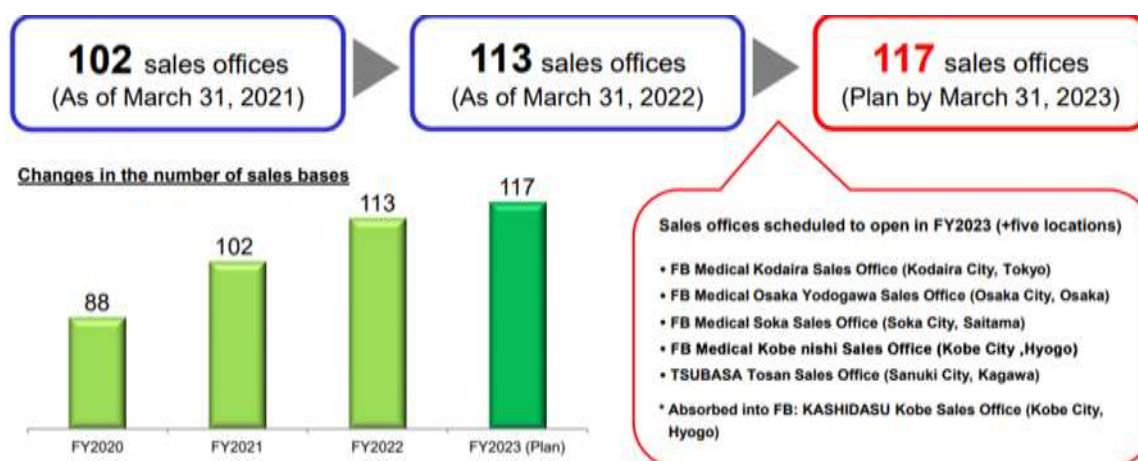
4. Future Initiatives

4-1 Medical services business

(1) Expansion of welfare equipment rental business share.

To further strengthen the silver business, the company will expand the welfare equipment rental sales bases and increase the number of sales staffs by 62.

In the rental business, the company handles a massive number of items, and it is necessary to understand how to assemble these products and explain them to customers. Therefore, it takes about two years for new graduates to contribute to sales, but the increase in staff is considered an essential investment to grow the market share.



(Taken from the reference material of the company)

(2) Enhancement of infrastructure to support business expansion

The company is proceeding with constructing and relocating the core maintenance centers.

In May 2022, Medicarent Tokyo was relocated and newly built in Kodaira, Tokyo, and the Osaka Service Center (tentative name) is scheduled to start operation in April 2023. Candidate site is being selected in the Chubu area as well.

(3) Reducing the number of discarded rental items

The welfare equipment rental business is steadily expanding its earnings, but along with this expansion, over 100,000 rental items are discarded every year.

Even for amount for which book value remains, disposal reaches 250 million yen annually, which is a major issue.

In the future, the company will consider reusing discarded items and reduce them and promote the development of products suited rentals that do not need to be discarded entirely, which will lead to the reduction of environmental load and costs and contribute to growth of profit.

(4) Strengthening of “corporate rental” for hospitals and facilities for the elderly

The company will strengthen the business for corporations such as hospitals and facilities for the elderly that can be expected to have a large scale.

The company will propose products that help reduce workers' labor, such as automatic bed for assisting turn over and multi-position beds, at rental prices that support introduction.

4-2 Home Furnishings and Health Business

(1) Development of products that meet prevailing needs.

The company is developing new products under the theme of "Proposing richness beyond sleep comfort, for everyone."

*Looper Move

Looper Move is a mattress with a built-in reclining mechanism that allows you to raise your back and legs using a remote control.

*GRANMAX-Premium

GRANMAX-Premium is the latest electric reclining bed. Based on the Zero Gravity Posture Theory (the most natural posture of a human being with no load when sleeping in weightlessness) developed based on the results of NASA's research, its angle is automatically set as a relaxation position.



(Taken from the reference material of the company)

From the spring in 2022, TV commercials will also be aired to expand sales.

(2) Initiatives for the Creation of New Added Value with Consideration of the Environment

① Environmentally friendly mattress dismantling system

Many springs (iron), which are natural resources, are used in mattresses, it is necessary to separate them from other materials to allow for reuse. However, the springs in regular mattresses are often covered with non-woven bags one by one or tightly fixed, making the disassembly extremely laborious.

Moreover, the disposal methods of mattresses vary among municipalities. While some municipalities collect and dispose of (disassemble) mattresses, municipalities that accept only disassembled mattresses and municipalities that do not collect and dispose of mattresses account for about 18%.

In order to address this situation, the company developed “MORELIY,” an environmentally friendly system for disassembling mattresses. With a structure of successive springs unique to FRANCE BED, it is possible to easily disassemble the mattress into springs and other materials, reducing the burden of disposal and promoting recycling. It won the 2021 Good Design Award.

In the future, all mattresses exhibited in the company's showroom will be switched to MORELIY to increase the appeal to consumers who are highly aware of environmental issues.

In addition, the entire lineup of core mattresses has obtained the Eco Mark Certification. It is the first in the industry to receive the Eco Mark for mattresses with a sterilizing function.

② Environmentally friendly bed frame LT 101 F P I L G

The company has also developed a bed frame that does not place a burden on the environment.

This product is a bed frame that utilizes the industry's first (according to Panasonic research) recycled board technology, PALM LOOP, which uses waste wood from oil palm trees and was developed by Panasonic Corporation.

Using 40% PALM LOOP boards per bed frame, the company can expect a reduction in CO₂ equivalent to the volume of about 5,740 500 ml PET bottles per bed (the conversion for the single size). CO₂ in the annual production will be reduced by the volume of about 2 million bottles.

(3) Creation of a system unaffected by retailer trends

The novel coronavirus crisis had a significant influence on the sales of the company's furniture. Some of the furniture stores to which the company supplies products are trying to reduce the number of stores. In addition, although the company aims to expand sales of high-value-added products, dealers tend to prefer purchasing low-priced products that are easy to sell. Under such circumstances, the company believes that it is necessary to have a mechanism to sustainably grow sales without being influenced by the trends and intentions of dealers.

Therefore, as of the end of March 2022, the company has 32 group exhibition venues and 18 France Bed Galleries (a special section that displays and sells only France Bed products, installed within a furniture store). Group exhibition venues in major ordinance-designated cities and core cities have been completed, including the establishment of four new sites in the previous term, and the company will consider favorable properties for establishing new venues. The company also opened three new France Bed Galleries in the last term. The company will continue to expand number of stores gradually.

With such a track record at its bases, the company intends to strengthen its ability to make proposals to furniture stores.

(4) Responding to the expanding EC market

The company's EC sales were nearly unchanged from the previous year due to the reaction to the demand resulting from people staying home for longer hours in the previous term, but they are steadily growing due to the expansion of the lineup in response to changes in consumer purchasing behavior.

On the other hand, since the volume of products handled is rapidly increasing, the product arrangement, product management, delivery arrangement, etc. that small and medium-sized EC businesses have conducted on their own have become complicated.

Therefore, the company has constructed a logistics collaboration system in which the company handles warehousing, inspection, storage, inventory management, picking, packing, and shipping of beds and bedding ordered through their EC.

5. Future Focuses

The home furnishing and health business, which saw a significant increase in profits in the previous term, continues to the shift to high-value-added products and is expected to increase sales and profit in this term as well. However, due to the high prices of raw materials and the depreciation of the yen, they think that it is necessary to consider price revisions. Moreover, in the medical services business, it is crucial to control the cost rate while investing in expanding the market share. Furthermore, under the medium-term management plan, the company is preparing to start a rental business in Singapore as part of its overseas business with the aim of developing it as a driving force for future growth, once again. Although there are differences in the insurance systems, the company is also aiming to export not only products, but also the rental system itself to the aging country, Singapore.

In the previous term, the first year of the medium-term management plan, both sales and profit exceeded the targets. We would like to pay attention to how far the company can accumulate sales and profit in the current term as there are uncertainties in achieving the targets for the term ending March 2024, which are net sales of 59 billion yen and an ordinary income of 4.8 billion yen.



<Reference 1: Medium-Term Management Plan (FY 3/2022-FY 3/2024) >

The company is promoting a three-year Medium-Term Management Plan whose initial year is the term ended March 2022.

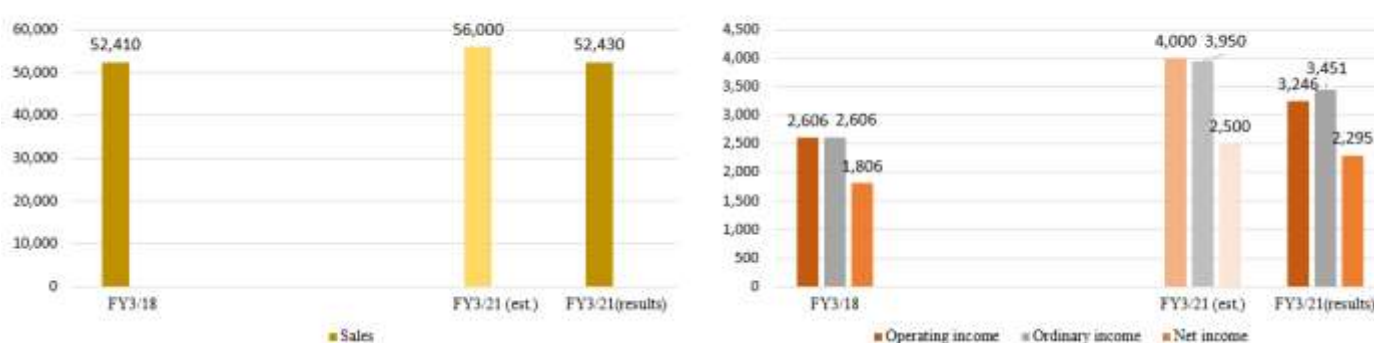
【1 Review of the Previous Medium-Term Plan】

(1) Overall performance

Amid the novel coronavirus pandemic, sales and profit fell below the estimates.

The ROE for the term ended March 2021 was 6.1%, up 0.1 points from the estimate 6.0%.

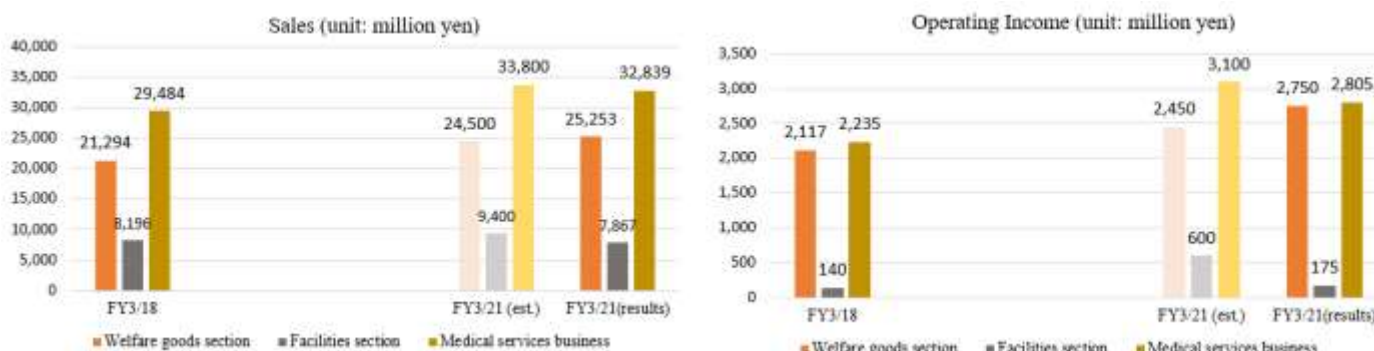
Forecasts in the Previous Medium-Term Management Plan and Results (unit: million yen)



(2) Performance by each segment

① Medical services business

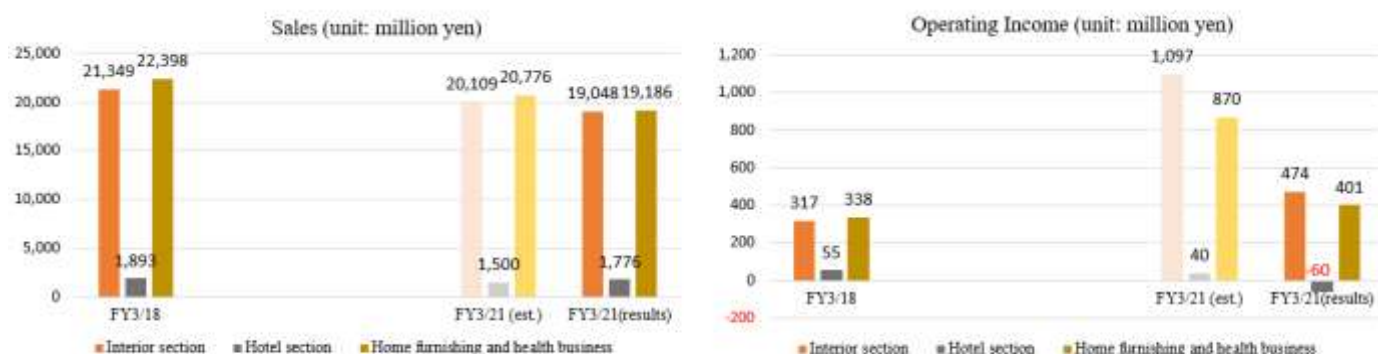
The welfare goods section performed well, and its sales and profit exceeded the estimates, but the performance of the facilities section, which sells products to hospital facilities and supplies linen goods, fell below the forecasts. As a result, the performance of the medical services business did not reach the forecast.



② Home furnishing and health business

The performance of the home furnishing section, which mainly sells household beds, did not reach the forecast, but the company promoted the shift from quantity to quality, improving profitability.

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*From FY3/20, France Bed Sales Co., Ltd. and FB TOMONOKAI Co., Ltd., which were included in "Others" previously, are included in "Home furnishing and health business." To correspond to this, the results and estimates of the FY3/18 are recalculated.

【2 Outline of the New Medium-Term Management Plan】

(1) External environment

As mentioned in 【1-3 Environment Surrounding the Company】, it is anticipated that the shortage of medical and nursing-care staff will worsen through the decline in birthrate and the aging of the population.

(2) Vision

To resolve problems with the external environment and problems of Japan, the company plans to focus the management resources of its corporate group to businesses for elderly people, and offer new products and services to solve the issues in the nursing-care field.

The company aims to become a company that "is of use to society and contributes to society."

By providing products and services that are useful for daily life, the company will earn revenues and post appropriate profits, strive to conduct business administration while putting importance on ESG without just sticking to economic value, and create social value at the same time.

In addition, by continuously endeavoring to create new value according to the changes in the social environment, the company hopes to remain an enterprise that is expected by society to exist for over 100 years.

(3) Group strategy

The following strategies were stated regarding each field in the business portfolio.

Field	FY3/21 Net sales	Strategy
Welfare equipment	25.2 billion yen	Core business with a high market growth rate and a high profit margin. Seeking to expand the business scale and increase its market share by proactive investments.
Home furnishing	19 billion yen	Promoting the shift from quantity to quality and elevating business efficiency to improve profit margin despite the low market growth rate.
Facilities	7.8 billion yen	Improving profit margin by reforming the business structure.
Hotels	1.7 billion yen	Improving profit margin by reforming the business structure.
Overseas	100 million yen	Taking another challenge to foster this segment to be a driver of future growth.
New business	-	Developing new business which will become a pillar for securing revenues in the future.

(4) Reinforcement of the management foundation to support continuous enterprise growth

The following five themes were specified as essential issues from the perspective of ESG.

Offering even more safe and secure high value-added products
Pursuing the reuse and recycling of raw materials
Reducing CO ₂ emissions and converting energy
Fostering human resources
Promoting diversity and work-life balance

In addition to continuing to offer high value-added commodities and services, the company will pursue the promotion of its rental service, development of environmentally friendly products, and the reuse and recycling of raw materials to efficiently use raw materials, to contribute to the realization of living with richness and kindness on solid business foundations comprised of compliance, governance, and sound financial position.

During this term, the company is planning to set medium-term objectives and KPIs in accordance with the five important themes, announce them both internally and externally, and launch initiatives.

(5) Priority measures regarding each business

① Medical services business

The priority measure is expanding business by focusing management resources on welfare equipment rental business.

As mentioned above, the welfare equipment rental market is projected to grow 6% year on year after FY2020 as well.

Furthermore, considering that the baby-boom generation will become old-old age from 2022, and the increase rate of old-old age people especially in major urban areas will be striking, the company will implement the following concrete measures.

◎Expansion strategy

The company will focus its management resources on the medical services business and increase direct transactions in urban areas where the increase rate of old-old age people is striking. In rural areas, they will enhance wholesale rental transactions.

To achieve this, they will increase the number of sales offices mainly in Tokyo, Nagoya, and Osaka by 11, from 92 as of the end of March 2021 to 103 by the end of March 2024.

They will also increase the number of employees by 80, mainly in Tokyo, Nagoya, and Osaka. (FRANCE BED HOLDINGS CO., LTD.)

Furthermore, they will seek the maximization of the productivity of business activities by proceeding with the digitalization of work duties related to receiving orders, in addition to promoting M&A targeted predominantly at welfare equipment rental businesses facing the difficulty in finding a successor, etc., and enterprises hoping for business transfer.

◎Building infrastructure to support business expansion

As for key maintenance centers for the maintenance and repair of rental equipment, the Tokyo service center was newly built and relocated in May 2022. It plans to expand the total floor area 1.4 times and adopt solar power generation in the future.

Plans for preparations in Osaka and Nagoya are also in progress.

Furthermore, regarding the welfare equipment rental business, as expanding the logistics and delivery system will be one of the requirements for gaining a competitive advantage, they will also forge ahead with establishing more small service depots, which are logistical bases without a maintenance function.

They plan to establish four more depots mainly in urban areas (Hachioji City, Tokyo; Ota Ward, Tokyo; Nerima Ward, Tokyo; and Kawasaki City, Kanagawa Prefecture), increasing the total number of bases to 16 by the end of March 2024.

◎Development of products for labor-saving or workload reduction

The company will develop welfare equipment that will lead to labor-saving or workload reduction, addressing the challenges in the nursing care industry, such as the lack of nursing care personnel and nursing care of the elderly by the elderly.

The product into which they are currently pouring their efforts is the multi-position bed for getting up from the bed.

By transforming into four positions from the sleeping posture to a standing position, it reduces the burden on the caregiver while assisting the users' independent life.

The model for homes has been introduced since 2020. A model for hospitals and welfare institutions will be sold in November 2021, and in the future, a model for overseas markets will be developed.



(Taken from the reference material of the company)

② Home furnishing and health business

The priority measure is to improve profit margin by providing products that could meet the needs of the times.

New housing starts is forecasted to decline, but the renovation market is expected to grow gently, so the demand for replacing durable goods is projected to be favorable.

The concrete measures are as follows.

◎Development of products that could meet the needs of the times

As people became more conscious about health and hygiene amid the novel coronavirus pandemic and as there are environmental issues, the company will develop and promote functional products with new added value.

*New "Life Treatment Mattress"

Since the mattresses of the bedding brand Culiess AG which specializes in hygiene, are highly evaluated, the antiseptic feature has been made into a standard feature of the cloth of the mattresses. They enable users to sleep in a clean, highly hygienic environment with (i) a sterile and breathable mattress that remains clean, (ii) an antibacterial bed frame that remains clean, and (iii) antiseptic bedding that remains clean.

The company obtained the eco-labeling certification for all products, to advertise the fact that they are environmentally friendly.

*Environmentally friendly mattress "Reco-Plus"

Since mattresses include many iron springs, which are made of natural resources, it is necessary to separate them from other materials for recycling. However, the springs of general mattresses are covered with non-woven bags or tightly fixated, so it is troublesome to disassemble them. The methods for discarding mattresses vary among municipalities. Some municipalities collect and discard (disassemble) mattresses, while other municipalities accept only disassembled mattresses, and some other municipalities do not collect or discard them.

Meanwhile, the environmentally friendly mattress “Reco-Plus” has a continuous spring structure unique to France Bed, which can reduce workload at the time of discarding the mattress, because it is possible to separate the springs from other materials easily. This mattress is recyclable and reusable, because the ratio of recyclable materials, such as stuffing and surface cloth, is high. This mattress is certified for eco-labeling, and complies with the Green Purchasing.

* “MORELIY,” an environmentally friendly system for disassembling mattresses

In order to create a scheme allowing consumers to easily participate in activities concerning the preservation of the environment, the company developed “MORELIY,” an environmentally friendly system for disassembling mattresses, which makes the disassembly of mattresses simple.

Mattresses where “MORELIY” is used can be easily disassembled into cushion materials, springs and fabric, allowing for the completion of disassembly in approximately 15 minutes without any tools.

Disassembling conventional mattresses itself was not possible, but as “MORELIY” allows for separation of materials, it will lead to the promotion of waste reuse (thermal recycling and material recycling).

By making the workflow encompassing the disassembly, separation and recycling of mattresses simple, the company will create a scheme allowing consumers to easily participate in activities concerning the preservation of the environment and will install “MORELIY” in 50% of mattresses in the following 10 years.

◎Expansion of the pet business

The overall market related to pet animals is growing steadily at an annual rate of around 2%.

The company has launched the brand called France Pet. By utilizing its technologies nurtured through the manufacturing of interior products for many years, the company will enrich the lineup of products for pets.

◎Expansion of opportunities to showcase their original products with unique features

The company will increase showrooms for its corporate group, and use them as the second selling spaces in cooperation with business partners. The company will promote middle and high-grade products with unique features, which have a high profit margin. By the end of March 2024, the company will increase the number of showrooms by 4 to 35.

◎Response to the growing EC market

It is expected that more consumers will use mail-order and EC services amid the novel coronavirus pandemic and the EC market will grow further.

The sales via mail order and EC have grown by double digits in the past two terms.

The company will enrich the lineup of products that are easy to deliver and suited for online sale, to meet the demand for products available via mail order and EC.



Foldair™
(Mattress that can be folded in to three)



Snore-less Pillow Mini
(Pillow cushion for having a catnap)



Polute R-zero with continuous high-density springs
(Mattress that can be rolled for shipment)

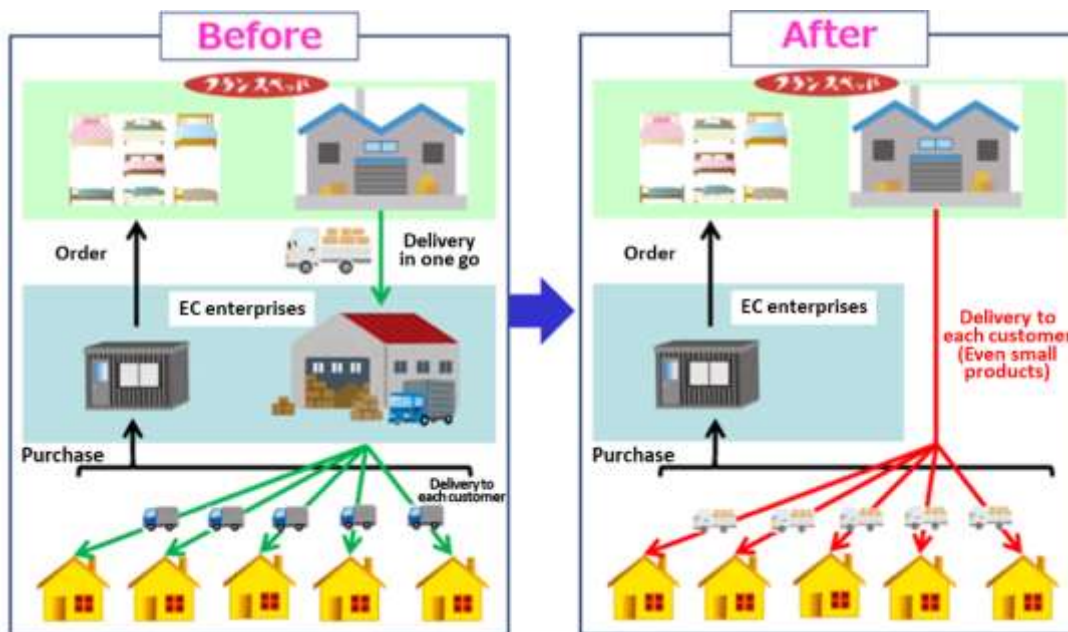
(Taken from the reference material of the company)

◎Measures for increasing online transactions

Due to the growth of demand from housebound consumers, online transactions are increasing rapidly. Accordingly, small and medium-sized EC enterprises are facing difficulty in handling and managing products, arranging shipment, etc.

To solve this problem, the company will develop a cooperative system for dealing with processes from product management and shipment arrangement on behalf of EC enterprises.

With this service, EC enterprises can concentrate on the tasks for receiving orders and meet consumer needs accurately.



(Taken from the reference material of the company)

(6) Return to shareholders

Under the basic policy of stable dividends, the company will accumulate profit stably while keep on paying a dividend of 15 yen/share in each half period for a total of 30 yen/share per year regardless of the profit level, and aim to increase the dividend level through comprehensive judgment while considering necessary investments for medium/long-term corporate growth for achieving a consolidated payout ratio of around 50%.

The company plans to acquire treasury shares continuously.

(7) Numerical goals

The numerical goals for the entire company and each segment are as follows.

The company plans to increase ROE from the current 6% level to over 8% in three years.

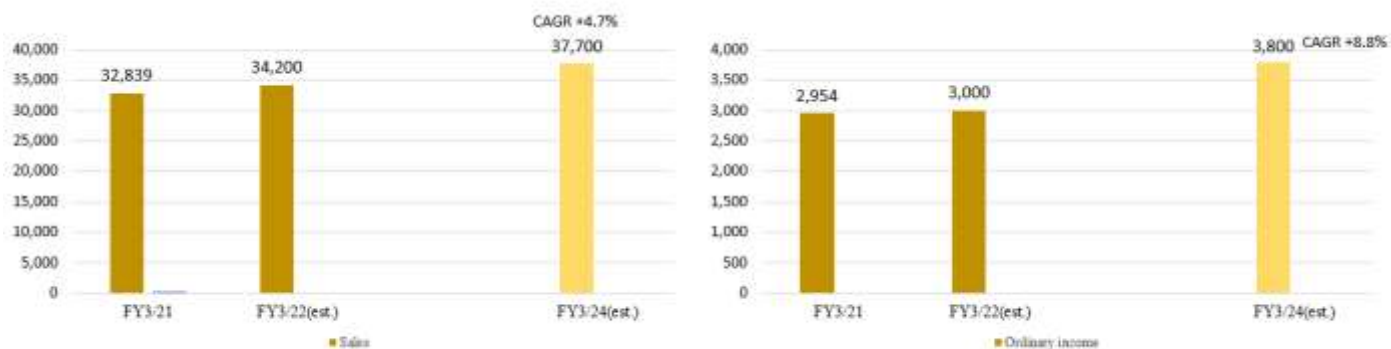
*CAGR stands for the compound annual growth rate for the period from FY3/21 (results) to FY3/24 (estimate). This was calculated by Investment Bridge Co., Ltd.



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Medical services business



*From this Medium-term Management Plan, a target ordinary income in each segment is set instead of a target operating income, for the purpose of strengthening the business portfolio management.

Home furnishing and health business



<Reference2: Regarding Corporate Governance>

◎Organization Type and the Composition of Directors and Auditors

Organization type	Company with audit and supervisory committee
Directors	9 directors, including 3 outside ones

◎Corporate Governance Report

Last updated in June 30, 2022.

<Basic Policy>

Our company recognizes that corporate governance is the basic framework for corporate management in relation to various stakeholders such as shareholders, customers, employees, business partners, and local communities, and consists of the (i) supervisory function of management, (ii) establishment of corporate ethics, (iii) risk management, (iv) compliance, (v) accountability, and (vi) improvement of management efficiency. In light of this basic framework, we believe that it is our greatest responsibility to strive to increase shareholder profits.

To enhance and strengthen corporate governance, our company has identified four issues to be addressed: (i) enhancement of audit functions, (ii) ensuring compliance with laws and regulations, (iii) improvement of IR, and (iv) promoting the organic revitalization of its subsidiary businesses.

In order to address these issues, we will clarify and enhance the functions of the company's board of directors, audit committee, and other groups (audit group, corporate planning group, accounting and general affairs group, secretarial group, and human resources department), and clearly define and strengthen their functions to improve the transparency of management.

<Reason for Non-compliance with the Principles of the Corporate Governance Code>

Principles	Disclosure contents
[Supplementary Principle 4-11 Prerequisites for Ensuring the Effectiveness of the Board of Directors and Audit & Supervisory Board]	The Board of Directors of the Company currently consists of nine directors (including four directors who are Audit & Supervisory Committee members). It is composed of and managed by directors with excellent personalities, insight, and high management abilities. Currently, all directors are male and Japanese, but we will continue to consider ensuring the diversity of directors through efforts such as appointing female officers.

<Disclosure Based on the Principles of the Corporate Governance Code (Excerpts)>

Principles	Disclosure contents
[Principle 1-4 Strategically Held Shares]	The Group strategically holds shares with the aim to achieve sustainable growth and enhance corporate value. Annually, we routinely and continuously compare transactions, returns, such as dividends, risks, and capital cost for strategically held shares to assess their reasonableness from a mid-to-long term perspective. In the event that the reasonableness of shareholding cannot be confirmed through assessment, we will proceed in reducing those shares. With regard to exercising voting rights of strategically held shares, each proposal at the General Meeting of Shareholders is discussed based on the viewpoint of improving the mid-to-long term corporate value of both the Group and the issuing company. Proposals that are deemed to undermine corporate value will be opposed. For the issuing companies that have posted a deficit successively for a certain period or caused a scandal or the like, proposals will be carefully examined and be dealt appropriately.
[Supplementary Principle 2-4-1 Ensuring Diversity in the Company, Including Promoting the Active Participation of Women]	To promote the active participation of female employees within the company, centered on France Bed Co., Ltd., which is the operating company, we are considering increasing the ratio of new graduates and mid-career hires, introducing a rehiring system, and setting up a diversity promotion office.

	<p>The Group has formulated a Human Rights Policy and Safety and Health Policy, through which it regards employees as human capital and respects diversity. Based on these policies, we will work on especially recruiting women who are indispensable for business growth and supporting their careers as well as developing the employment department and actively employing people with disabilities and elderly people. By 2030, for the entire Group, we aim for a ratio of female employees of 35% or higher, a ratio of female managers of 15% or higher, a ratio of employees with disabilities of 3% or higher, and a ratio of men taking childcare leave of 50% (maintaining 100% for women).</p>
<p>【Principle 3-1-3 Initiatives Concerning Sustainability, etc.】</p>	<p>The company has stipulated the promotion of ESG management in its medium-term management plan. Within the promotion of ESG management, five crucial issues are essential to society and can affect value improvement for the Group in the medium to long term. These issues are (1) Efficient use of resources, (2) CO₂ emission reduction and energy conversion, (3) Providing safer and higher value-added products and services, (4) Human resource development, and (5) Promotion of diversity and work-life balance. The company also specified the foundations that support the business as ① Governance, ② Compliance, and ③ Sound finance.</p> <p>On the CSR information page of our website, we introduce our relationship with SDGs and also post the top message, basic policies such as environmental management policy, human rights policy, and safety and health policy, and our initiatives concerning ESG issues.</p> <p>In addition, we disclose information on how to respond to climate change in line with TCFD recommendations, such as information related to quantitative disclosure of risks and opportunities, governance system development status, and indexes and targets for greenhouse gas emissions.</p>
<p>[Principle 5-1 Policy for Constructive Dialogue with Shareholders]</p>	<p>Our company appoints a director to supervise IR and defines a corporate planning division as its IR department. Financial report briefings are conducted every six months for shareholders and investors. The Representative Director, Chairman, and President and others will explain management policies, financial standing, etc., directly to attendees, and these contents are published on the company's website.</p> <p>In addition, small meetings for institutional investors and company briefings for individual investors are held several times a year, and as much as possible, the Representative Director participates and gives explanations.</p>

This report is not intended for soliciting or promoting investment activities or offering any advice on investment or the like, but for providing information only. The information included in this report was taken from sources considered reliable by our company. Our company will not guarantee the accuracy, integrity, or appropriateness of information or opinions in this report. Our company will not assume any responsibility for expenses, damages or the like arising out of the use of this report or information obtained from this report. All kinds of rights related to this report belong to Investment Bridge Co., Ltd. The contents, etc. of this report may be revised without notice. Please make an investment decision on your own judgment.

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