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To whom it may concern:

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Notice Regarding Revision of Full-Year Earnings Forecast and Partial Withdrawal of the Medium-Term Management Plan

FRANCE BED HOLDINGS CO., LTD. (the “Company”) announces that, at the Board of Directors meeting held today, in light of recent business performance trends, it resolved to revise the consolidated earnings forecast for the fiscal year ending March 31, 2026, which was announced on May 15, 2025, as set forth below

At the same time, the Company also announces that it has decided to withdraw the performance targets set forth in its Medium-Term Management Plan, whose final year is the fiscal year ending March 31, 2027.

Notice

1. Revision of earnings forecast

(1) Revision of consolidated earnings forecast for the fiscal year ending March 31, 2026 (April 1, 2025 to March 31, 2026)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per Share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecast (A)	62,300	4,750	4,750	3,050	88.25
Revised forecast (B)	61,500	4,200	4,200	2,650	79.09
Difference (B-A)	(800)	(550)	(550)	(400)	—
Increase/Decrease Rate (%)	(1.2%)	(11.5%)	(11.5%)	(13.1%)	—
Reference: previous year results (fiscal year ended March 31, 2025)	60,561	4,696	4,686	2,946	85.28

There is no change in the dividend forecast due to the revision of the earnings forecast.

(2) Reason for revision

As the Company continues to closely review its full-year operating results, both net sales and profit are expected to be lower than the previously announced forecast. As the main reasons for this, first of all, in the Home Furnishings and Health Business, consumer sentiment continued to weaken due to the impact of rising prices, and as durable consumer goods, sales of high-priced beds slowed. As a result, sales fell short of the plan and negatively impacted the profitability of the overall business. In addition, in the Medical Services Business, although rental sales remained solid, an increase in transactions with customers acquired from other operators led to a higher proportion of low gross margin transactions, resulting in a rise in the cost of sales ratio.

Furthermore, procurement costs increased due to the continued depreciation of the yen above expectations, and structural reform expenses associated with the consolidation of a factory, which was decided to be implemented during the fiscal year, were incurred unplanned, resulting in an increased expense burden. Moreover, the recognition of one-time expenses for the current fiscal year, associated with the review of certain investment projects (reorganization of investment-related costs), had an additional impact on performance.

As described above, due to multiple factors that resulted in profitability falling below expectations, the Company has revised its full-year earnings forecast.

(Note) The forecasts above are based information available to the Company at the time of disclosure. Actual performance may differ from the forecasts due to a wide range of factors.

2. Withdrawal of medium-term management plan

(1) Reasons for withdrawal of performance targets under the medium-term management plan

On May 15, 2024, the Group announced the new medium-term management plan, with the fiscal year ending March 2027 as its fiscal year and has been working toward the achievement of the performance targets set forth in the plan.

However, as described above, the Group has revised downward its full-year consolidated earnings forecast for the fiscal year ending March 2026. Moreover, the business environment has changed significantly from the assumptions made at the time the medium-term management plan was formulated, including changes in the consumption environment, cost structure, and foreign exchange trends. As a result, a review of the medium-term earnings scenario has become necessary, and the Group has therefore decided to withdraw the performance targets under the medium-term management plan.

(2) Future outlook

Based on the background that the Company now expects full-year results for the current fiscal year to shift from the initially planned increase in profits to a decrease, the Group is carefully assessing its outlook going forward. As mentioned earlier, the main cause of the deviation from the plan for the current fiscal year is the deterioration in profitability due to a rise in cost of goods and SG & A expenses, while sales growth did not meet expectations due to insufficient recovery in market conditions in response to

rising prices and wages. This imbalance in the supply and demand environment is unlikely to be resolved in the short term, and similar earnings pressure is expected to continue in the next fiscal year.

In light of this situation, the Company will position the improvement of profitability as the top priority for the next fiscal year and proceed with initiatives to rebuild its business structure and strengthen the earnings base. Specifically, the Company will further accelerate its strategy of selection and concentration by focusing management resources on highly profitable products and priority areas with strong growth potential. In addition, the Company will steadily implement appropriate price pass-throughs to offset cost increases due to rising price and wage hikes, with the aim of both ensuring profitability and maintaining competitiveness.

In addition, the Company will work on a company-wide basis to improve the efficiency of business processes and eliminate waste, with the aim of enhancing labor productivity. At the same time, the Company will rigorously assess the effectiveness of all expenses and will refrain from incorporating measures that are unlikely to deliver results into its plans. Even for necessary expenditures, the Company will thoroughly pursue cost reductions and build a lean and resilient operating structure across both fixed and variable costs.

In addition, the Company will work to ensure the early realization of the benefits from the factory consolidation implemented in the current fiscal year, while continuing to advance structural reforms, including significant reductions in head office expenses, in order to strengthen its earnings base on a company-wide basis. Through these initiatives, the Company aims to establish a structure capable of generating sustainable profits even in a challenging business environment.

With regard to the earnings forecast for the third (final) year of the three-year medium-term business plan, the Company will promptly disclose a full-year earnings forecast for the final year once the single-year business plan for the fiscal year ending March 2027 is finalized at the Board of Directors meeting scheduled for March 2026, reflecting the finalized details.

End