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February 7, 2024

Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2024 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 7817
 URL: <https://www.paramountbed-hd.co.jp>
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Scheduled date to file Quarterly Securities Report: February 14, 2024
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on quarterly financial results: None
 Holding of quarterly financial results presentation meeting: None

(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated financial results for the first nine months of the fiscal year ending March 31, 2024 (from April 1, 2023 to December 31, 2023)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2023	73,052	2.7	8,512	(13.1)	9,506	(7.7)	6,571	(1.1)
December 31, 2022	71,105	11.2	9,796	(1.9)	10,297	(5.2)	6,645	(11.2)

Note: Comprehensive income Nine months ended December 31, 2023: ¥8,044 million [7.3%]
 Nine months ended December 31, 2022: ¥7,494 million [(12.5)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2023	112.71	—
December 31, 2022	114.23	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of December 31, 2023	172,043	133,206	77.4
March 31, 2023	172,293	128,697	74.7

Reference: Equity
 As of December 31, 2023: ¥133,205 million
 As of March 31, 2023: ¥128,696 million

2. Dividends

	Dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	—	28.00	—	31.00	59.00
Fiscal year ending March 31, 2024	—	31.00	—		
Fiscal year ending March 31, 2024 (Forecast)				34.00	65.00

Note: Revisions to the dividends forecasts most recently announced: Yes

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2024	105,000	6.1	14,000	4.1	14,500	2.6	9,800	6.3	168.12

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

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Application of special accounting for preparing quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
 - (i) Changes in accounting policies in accordance with changes in accounting standards, etc.: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None
- (4) Number of shares issued (common shares)

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

As of December 31, 2023	61,754,974 shares
As of March 31, 2023	61,754,974 shares

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

As of December 31, 2023	3,434,193 shares
As of March 31, 2023	3,464,828 shares

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

Nine months ended December 31, 2023	58,308,558 shares
Nine months ended December 31, 2022	58,171,729 shares

*** Indication regarding execution of quarterly review procedures**

The completion of quarterly review procedures in accordance with the Financial Instruments and Exchange Act is not required for preparing this quarterly financial results report. At the time of disclosure of this quarterly financial results report, the review procedures for quarterly consolidated financial statements in accordance with the Financial Instruments and Exchange Act are incomplete.

*** Proper use of earnings forecasts, and other special matters**

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, the statements herein do not constitute assurances regarding the Company's actual results. Actual financial and other results may differ substantially from the statements herein due to various factors. Please refer to "1. Qualitative information regarding financial results for the period under review, (3) Information regarding consolidated earnings forecasts and other forward-looking statements" on page 4 of the attached materials for the suppositions that form the assumptions for the earnings forecasts and cautions regarding the use of the earnings forecasts.

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1. Qualitative information regarding financial results for the period under review

(1) Information regarding operating results

During the nine months ended December 31, 2023, the Japanese economy continued to recover, with the easing of various restrictions related to COVID-19 infections and the resulting progress in normalization of social and economic activities. However, the future remains unclear due to factors such as the protracted Ukrainian crisis, instable foreign exchange rate trends associated with rising overseas interest rates and prices, and the slowdown of the Chinese economy.

In the medical care and nursing care fields relevant to the Group, revised rates for medical and nursing care fees for FY 2024 were finalized. In both cases, the rates were increased as a measure to respond to the need to secure human resources amid rising prices and wages. Specifically, there was a 0.88% increase in the main portion of medical fees, which covers medical service fee for physicians, etc., and a 1.59% overall increase in nursing care fees.

The fiscal year ending March 31, 2024 is the final year of Phase I of the Group's medium-term management plan based on "Paramount Vision 2030," which describes the type of company we aim to be in 2030. We steadily implement initiatives for the key measures of Phase I, "expansion of current business," "fully engaging in health promotion business," and "establishing the foundations for change," to build a foundation for medium- to long-term growth. We are also focusing on activities in preparation for the basic policies of Phase II: "expansion of recurring revenue business," "advancement of health promotion business," and "leap forward in key areas of Asia." The Group has set targets for Phase II of ¥120,000 million in net sales and ¥17,000 million in operating profit for the fiscal year ending March 31, 2027.

In terms of our results for the nine months ended December 31, 2023, net sales in the medical care business increased by 5.5% year-on-year to ¥28,709 million, mainly due to the continuation of the steady expansion of recurring revenue business in Japan and higher overseas sales year-on-year. In the nursing care business, net sales increased by 1.3% year-on-year to ¥41,223 million, mainly due to efforts to expand sales of the "Nemuri SCAN" body motion sensor for nursing facilities and to enhance the lineup of various assistive products for home care, and by focusing on the expansion of the rental wholesale business for assistive products. In the health promotion business, net sales decreased by 8.2% year-on-year to ¥1,776 million, due mainly to changes in consumer behavior following the downgrading of COVID-19 to a Class 5 disease, which resulted in a slump in visitors to stores.

Topics of the nursing care business include the establishment of a new Funabashi Branch in Funabashi-shi, Chiba on October 2, 2023 and the relocation of the Nara Branch to Tenri-shi, Nara on December 4, 2023 to improve sales and delivery efficiency and customer convenience for Paramount Care Service Co., Ltd., which operates a rental wholesale business for assistive products. On February 5, 2024, Paramount Care Service Co., Ltd. entered an agreement with SMFL Rental Company, Limited (Chiyoda-ku, Tokyo; hereinafter "SMFL Rental"), which conducts a rental wholesale business as an agent for Paramount Care Service Co., Ltd., under which Paramount Care Service Co., Ltd. is to acquire on July 1, 2024 all of the shares of a new company that is to be established by SMFL Rental in conjunction with SMFL Rental splitting off the rental wholesale business. The share acquisition will welcome businesses of franchise-operated regions into the corporate group, with the aim of expanding the business further.

The information on disaggregation of net sales for the nine months ended December 31, 2023 is as follows.

Net sales by business

(Millions of yen)

Sales categories	Nine months ended December 31, 2022	Nine months ended December 31, 2023	Change
Medical care	27,209	28,709	5.5%
Nursing care	40,689	41,223	1.3%
Health promotion	1,934	1,776	(8.2)%
Others	1,271	1,342	5.6%
Total	71,105	73,052	2.7%

Net sales by region

(Millions of yen)

Sales categories	Nine months ended December 31, 2022	Nine months ended December 31, 2023	Change
Domestic	64,155	65,476	2.1%
Overseas	6,949	7,576	9.0%
Total	71,105	73,052	2.7%

As a result of the above, net sales for the nine months ended December 31, 2023 increased by ¥1,946 million (up 2.7%) year-on-year to ¥73,052 million. In terms of profits, while the gross profit margin improved, expenses such as system-related expenses for the operation of a new Enterprise Resource Planning system and advertising expenses for the launch of a new TV commercial increased. Mainly due to these factors, operating profit decreased by ¥1,284 million to ¥8,512 million (down 13.1%), ordinary profit decreased by ¥791 million to ¥9,506 million (down 7.7%), and profit attributable to owners of parent decreased by ¥73 million to ¥6,571 million (down 1.1%).

As the Group's business consists of a single segment, segment information has been omitted.

(2) Information regarding financial position

Total assets as of December 31, 2023 stood at ¥172,043 million, a decrease of ¥250 million compared with the end of the previous fiscal year. The main aspects that contributed to this decrease were decreases in cash and deposits, and notes and accounts receivable - trade.

Total liabilities stood at ¥38,836 million, a decrease of ¥4,759 million compared with the end of the previous fiscal year. The main aspects that contributed to this decrease were decreases in notes and accounts payable - trade, and income taxes payable.

Net assets stood at ¥133,206 million, an increase of ¥4,509 million compared with the end of the previous fiscal year. The main aspects that contributed to this increase were increases in retained earnings and foreign currency translation adjustment.

As a result of the above, equity-to-asset ratio as of December 31, 2023 rose by 2.7 points, compared with the end of the previous fiscal year to 77.4%.

(3) Information regarding consolidated earnings forecasts and other forward-looking statements

No revisions have been made to the consolidated earnings forecasts announced on October 26, 2023.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	39,820	32,786
Notes and accounts receivable - trade	24,793	22,754
Lease receivables and investments in leases	5,526	6,660
Securities	13,412	13,161
Merchandise and finished goods	8,233	9,327
Work in process	362	426
Raw materials and supplies	2,660	2,924
Other	2,408	1,937
Allowance for doubtful accounts	(83)	(82)
Total current assets	97,135	89,896
Non-current assets		
Property, plant and equipment		
Buildings and structures	32,171	32,529
Accumulated depreciation	(22,617)	(23,210)
Buildings and structures, net	9,553	9,319
Machinery, equipment and vehicles	9,440	9,684
Accumulated depreciation	(8,068)	(8,300)
Machinery, equipment and vehicles, net	1,371	1,384
Land	8,846	8,846
Leased assets	2,652	2,664
Accumulated depreciation	(1,428)	(1,485)
Leased assets, net	1,223	1,179
Assets for rent	52,976	56,784
Accumulated depreciation	(32,245)	(34,953)
Assets for rent, net	20,731	21,831
Construction in progress	579	982
Other	10,682	11,772
Accumulated depreciation	(9,409)	(9,915)
Other, net	1,273	1,857
Total property, plant and equipment	43,579	45,399
Intangible assets		
Other	4,344	4,740
Total intangible assets	4,344	4,740
Investments and other assets		
Investment securities	18,244	21,443
Other	9,820	11,229
Allowance for doubtful accounts	(830)	(666)
Total investments and other assets	27,234	32,006
Total non-current assets	75,158	82,147
Total assets	172,293	172,043

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	13,432	11,287
Lease liabilities	1,542	1,415
Income taxes payable	2,410	150
Provision for bonuses	1,647	804
Provision for bonuses for directors (and other officers)	28	—
Other	7,239	6,532
Total current liabilities	26,300	20,191
Non-current liabilities		
Lease liabilities	3,965	4,262
Retirement benefit liability	7,005	7,304
Other	6,325	7,078
Total non-current liabilities	17,296	18,645
Total liabilities	43,596	38,836
Net assets		
Shareholders' equity		
Share capital	4,207	4,207
Capital surplus	51,902	51,918
Retained earnings	76,338	79,295
Treasury shares	(6,742)	(6,678)
Total shareholders' equity	125,705	128,742
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	889	1,427
Foreign currency translation adjustment	2,400	3,305
Remeasurements of defined benefit plans	(299)	(270)
Total accumulated other comprehensive income	2,990	4,462
Non-controlling interests	0	0
Total net assets	128,697	133,206
Total liabilities and net assets	172,293	172,043

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income**Quarterly consolidated statement of income (cumulative)**

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net sales	71,105	73,052
Cost of sales	37,152	37,841
Gross profit	33,953	35,210
Selling, general and administrative expenses	24,156	26,698
Operating profit	9,796	8,512
Non-operating income		
Interest income	134	259
Dividend income	168	218
Foreign exchange gains	304	653
Gain on investments in investment partnerships	99	6
Gain on investments in silent partnerships	16	26
Other	193	156
Total non-operating income	917	1,319
Non-operating expenses		
Interest expenses	69	83
Provision of allowance for doubtful accounts	321	218
Other	24	23
Total non-operating expenses	416	325
Ordinary profit	10,297	9,506
Extraordinary income		
Gain on sale of investment securities	–	10
Gain on redemption of investment securities	69	73
Total extraordinary income	69	84
Extraordinary losses		
Loss on redemption of investment securities	1	1
Loss on valuation of investment securities	31	10
Loss on valuation of shares of subsidiaries and associates	392	–
Total extraordinary losses	425	12
Profit before income taxes	9,942	9,579
Income taxes - current	2,737	2,308
Income taxes - deferred	559	698
Total income taxes	3,297	3,007
Profit	6,645	6,571
Profit attributable to non-controlling interests	0	0
Profit attributable to owners of parent	6,645	6,571

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	6,645	6,571
Other comprehensive income		
Valuation difference on available-for-sale securities	(296)	538
Foreign currency translation adjustment	1,103	904
Remeasurements of defined benefit plans, net of tax	41	28
Total other comprehensive income	849	1,472
Comprehensive income	7,494	8,044
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,494	8,044
Comprehensive income attributable to non-controlling interests	0	0

(3) Notes to quarterly consolidated financial statements

Notes on premise of going concern

Not applicable.

Notes on significant changes in the amount of shareholders' equity

Not applicable.