



## **Paramount Bed Holdings Co., Ltd.**

Financial Results Briefing for the Fiscal Year Ended March 31, 2024

May 21, 2024

## Event Summary

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<b>[Company Name]</b>	Paramount Bed Holdings Co., Ltd.	
<b>[Company ID]</b>	7817-QCODE	
<b>[Event Language]</b>	JPN	
<b>[Event Type]</b>	Earnings Announcement	
<b>[Event Name]</b>	Financial Results Briefing for the Fiscal Year Ended March 31, 2024	
<b>[Fiscal Period]</b>	FY2024 Annual	
<b>[Date]</b>	May 21, 2024	
<b>[Number of Pages]</b>	34	
<b>[Time]</b>	16:00 - 16:59 (Total: 59 minutes, Presentation: 36 minutes, Q&A: 23 minutes)	
<b>[Venue]</b>	Webcast	
<b>[Venue Size]</b>		
<b>[Participants]</b>		
<b>[Number of Speakers]</b>	2	
	Tomohiko Kimura	President and Chief Executive Officer
	Yuichi Naguchi	General Manager of Budget Management Department and IR Department

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## Presentation

**Moderator:** Now that time has arrived, we will now begin the financial results briefing for Paramount Bed Holdings Co., Ltd. for the fiscal year ended March 31, 2024. Thank you very much for joining us today.

There will be time for a question-and answer session after the presentation. Questions will be submitted via the raise-your-hand function on the control panel, or the Q&A function.

Now I would like to introduce today's presenters. Mr. Tomohiko Kimura, President and Chief Executive Officer. Mr. Yuichi Naguchi, General Manager of the Budget Management Department and IR Department

Now, Tomohiko Kimura, President and Chief Executive Officer, will report on the financial results for the fiscal year ended March 31, 2024. President, please begin.

### Overview of Financial Results



#### Sales and profit increased, setting all-time highs in sales and profits

(Unit: millions of yen)	FYE 3/2023	Forecast	FYE 3/2024	% to forecast	YoY change
	Results		Results		
<b>Net sales</b>	<b>99,009</b>	<b>105,000</b>	<b>106,016</b>	+ 1.0%	+ 7.1%
<b>Operating profit (Operating profit margin)</b>	<b>13,452</b> (13.6%)	<b>14,000</b> (13.3%)	<b>13,818</b> (13.0%)	-1.3%	+ 2.7%
<b>Ordinary profit (Ordinary profit margin)</b>	<b>14,139</b> (14.3%)	<b>14,500</b> (13.8%)	<b>15,920</b> (15.0%)	+ 9.8%	+ 12.6%
<b>Profit attributable to owners of Parent (Net profit margin)</b>	<b>9,215</b> (9.3%)	<b>9,800</b> (9.3%)	<b>10,622</b> (10.0%)	+ 8.4%	+ 15.3%

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**Kimura:** I am Kimura of Paramount Bed Holdings. Thank you very much for joining our financial results briefing today.

Today's main topics will include an overview of financial results for the fiscal year ended March 31, 2024, an update on the medium-term management plan ending March 31, 2027, and a review of the dividend policy.

I will begin with the explanation of an overview of the financial results. First, net sales increased 7.1% from the previous fiscal year, and increased 1% from the budget, to JPY106.016 billion, exceeding JPY100 billion for the first time since the Company's establishment.

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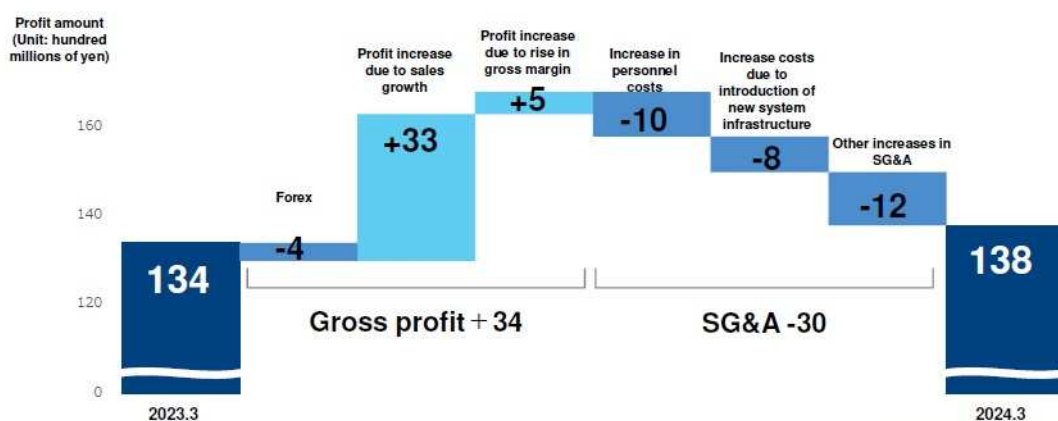


Operating profit was JPY13.818 billion, up 2.7% from the previous year and generally in line with the budget, marking the fourth consecutive year of growth in both sales and operating profit. Ordinary profit increased 12.6% from the previous year and was 9.8% over budget, to JPY15.920 billion, mainly due to foreign exchange gains. Net profit attributable to shareholders of the parent company increased 15.3% from the previous year, or 8.4% over budget, to JPY10.622 billion. As in the previous fiscal year, each of our profits reached a new record high.

## Factors Causing Changes in Operating Profit



Recurring revenue business has grown steadily  
Achieved profit growth despite increased costs



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Next, I will explain the factors behind the increase or decrease in operating profit.

Gross profit increased by JPY3.4 billion from the previous year due to the effect of increased sales, resulting from the expansion of the recurring business and price revisions, despite the negative impact of foreign exchange rates.

On the other hand, SG&A expenses increased by approximately JPY3 billion, mainly due to personnel expenses and the cost of introducing a new enterprise resource planning system. As a result, operating profit increased by JPY400 million.

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## Financial Status

Net assets increased by 7,727 million yen

Unit: millions of yen	FYE 3/2023	FYE 3/2024	Change	YoY Change
<b>Current assets</b>	<b>97,135</b>	<b>95,496</b>	<b>-1,639</b>	<b>-1.7%</b>
<b>Non-current assets</b>	<b>75,158</b>	<b>84,523</b>	<b>+9,365</b>	<b>+12.5%</b>
<b>Total assets</b>	<b>172,293</b>	<b>180,020</b>	<b>+7,727</b>	<b>+4.5%</b>
<b>Current liabilities</b>	<b>26,300</b>	<b>24,897</b>	<b>-1,403</b>	<b>-5.3%</b>
<b>Non-current liabilities</b>	<b>17,296</b>	<b>19,106</b>	<b>+1,810</b>	<b>+10.5%</b>
<b>Total liabilities</b>	<b>43,596</b>	<b>44,004</b>	<b>+408</b>	<b>+0.9%</b>
<b>Net assets</b>	<b>128,697</b>	<b>136,016</b>	<b>+7,319</b>	<b>+5.7%</b>
<b>Total liabilities and net assets</b>	<b>172,293</b>	<b>180,020</b>	<b>+7,727</b>	<b>+4.5%</b>

The balance sheet is shown on page seven of the slide. Net assets increased by JPY7.727 billion.

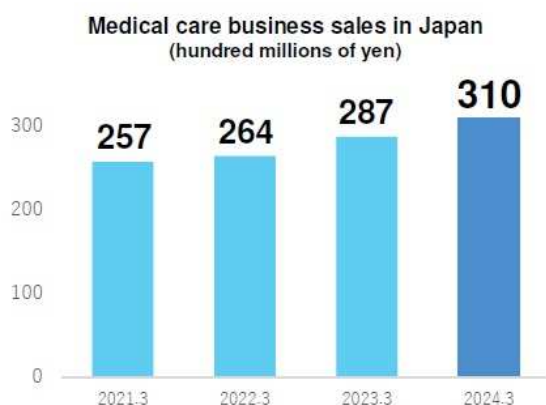
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## Medical Care Business (Japan)

Efficiency and digitalization related to medical staff work-style reforms drive increased results. Recurring revenue business advanced.



### No. of hospitals with on-site staffing service contracts

107 hospitals **➤** 113 hospitals +6%  
2023.3 2024.3

### No. of hospitals with Smart Bed System installations

32 hospitals **➤** 46 hospitals +44%  
2023.3 2024.3

### Recurring transaction volume (medical care)

6.0 billion yen **➤** 7.4 billion yen +23%  
2023.3 2024.3

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Next, I will explain the performance of our three main businesses: medical care, nursing care, and health promotion. First, let me explain our medical care business, which is divided into domestic and overseas operations. Domestic sales increased 8% from the previous year, up 5% over budget, to JPY31 billion.

Medical institutions in Japan are actively working to improve the working environment for healthcare professionals by streamlining operations, digitizing operations, and shifting tasks. In this environment, the recurring revenue business, the smart bed systems, other products and services, which we have been focusing, performed well. On-site staffing service contracts and smart bed system installations increased for 6 and 14 hospitals, respectively, and recurring transaction volume increased 23% from the previous fiscal year to JPY7.4 billion.

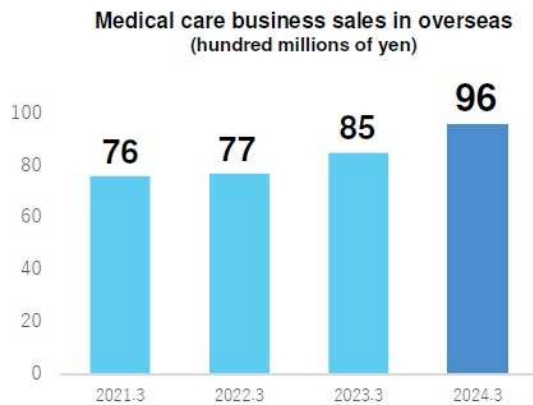
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## Medical Care Business (Overseas)

### Increased sales of High-function type contributed to higher revenue



For overseas, in China, sales of high-functional types increased in addition to a reactionary increase from the end of the zero COVID-19 policy at the beginning of the year. As a result, net sales increased 13% from the previous year to JPY9.6 billion. In India, one of our focus countries, domestic sales, including nonconsolidated sales, expanded 22% to JPY1.7 billion.

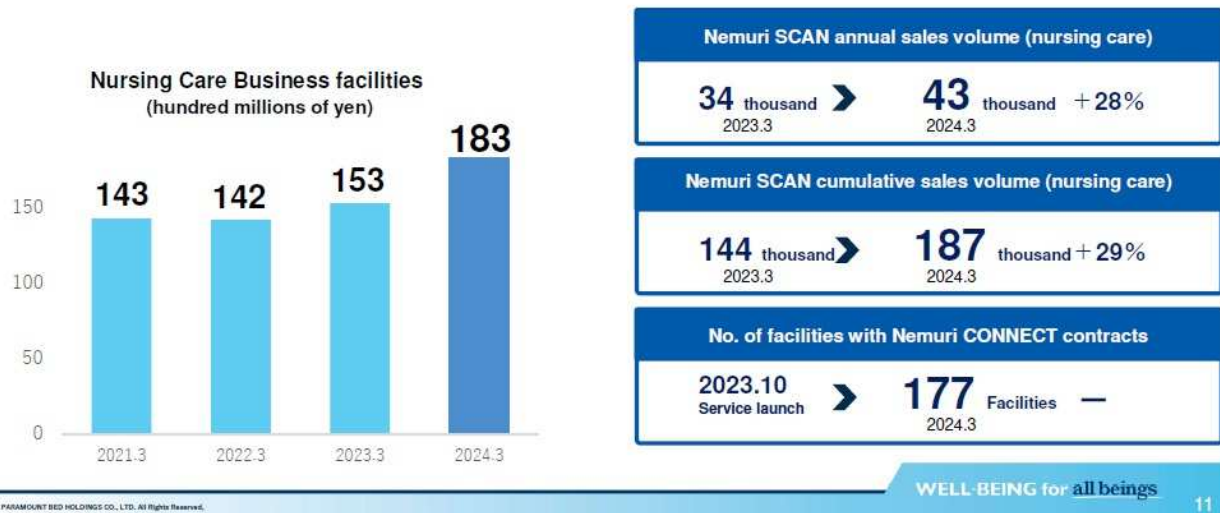
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## Nursing Care Business (for nursing homes)

The use of Nemuri SCAN permeates rapidly  
Launch of the cloud-based monitoring support system "Nemuri CONNECT"



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Next, I will explain the nursing care business, which is divided into two segments, nursing homes and home care. In the nursing home market, sales increased 19% from the previous fiscal year, and was 14% over the budget period, to JPY18.3 billion.

The nursing care industry is facing a serious labor shortage. Under such circumstances, local governments are actively promoting the introduction of devices to support monitoring and other activities. Sales of our NEMURI-SCAN was also strong, with actual results up 28% from the previous year to 43,000 units. Since 3,000 units were sold to hospitals, the total annual sales volume for medical care and nursing care totaled 46,000 units.

Cumulative sales of NEMURI-SCAN for nursing care exceeded 187,000 units, and total sales, including those for hospitals, exceeded 200,000 units. In October last year, we began offering NEMURI-CONNECT, a new monitoring support system that can manage sleep information detected by NEMURI-SCAN on the cloud. The details of the system will be explained later, but as of the end of March, there were 177 facilities under contract with NEMURI-CONNECT.

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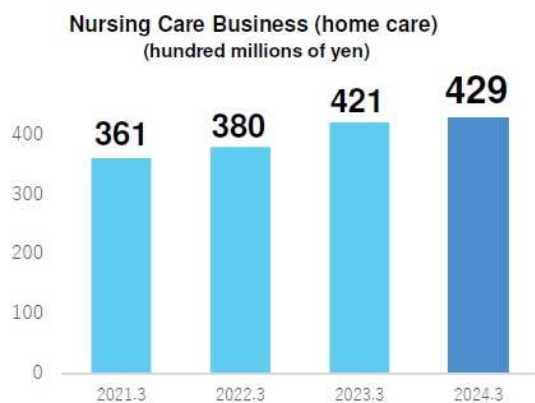
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## Nursing Care Business (for home care)

Sales of assistive products other than beds are expanding  
Rental wholesale has grown, overcoming returns from COVID-19 facilities



In the home-use market, bed sales declined, partly because the mainstay beds, the Rakusho Plus series, that have driven growth to date was sufficiently introduced in the home care market. However, product sales remained at a high level as a result of efforts to strengthen sales of assistive products other than beds.

In the rental wholesale business, despite the impact of the return of beds rented out to temporary facilities due to the change in the classification of COVID-19 to a category 5 infection, recurring transaction volume increased 4% or JPY900 million from the previous period to JPY26.5 billion. In addition, the number of end users renting assistive products from the Group grew steadily, increasing 8% to 553,000.

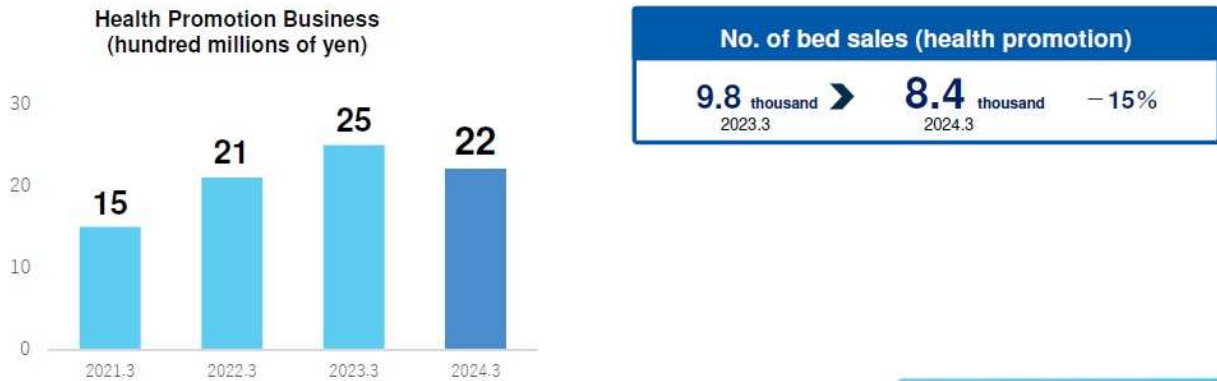
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## Health Promotion Business

Change in consumer behavior after reclassification of COVID-19 to Class 5 affects sales



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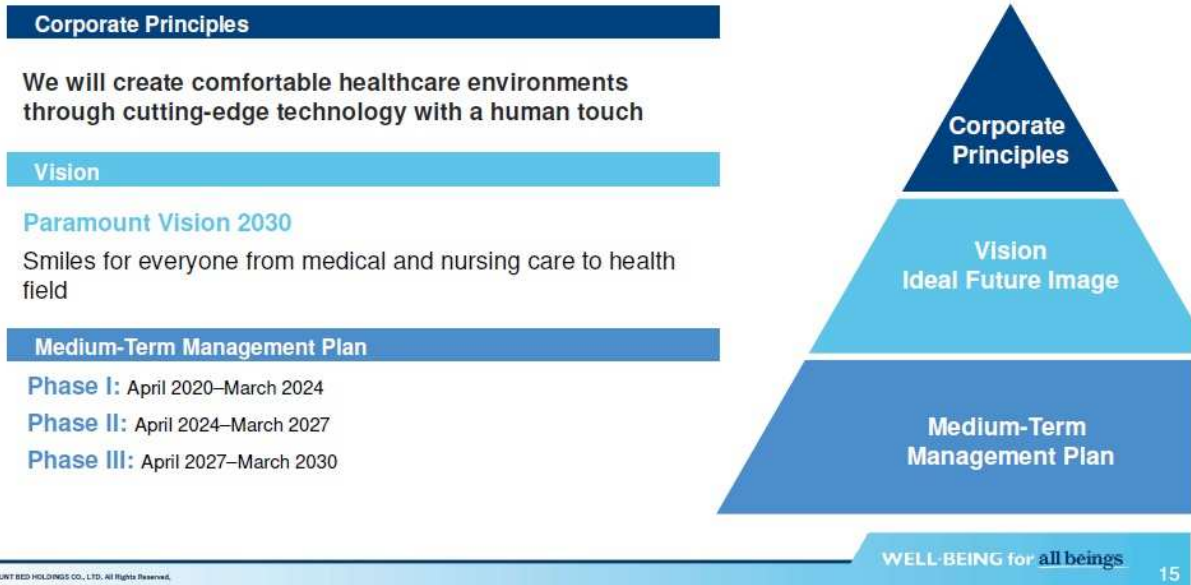
Sales in the health promotion business decreased 12% from the previous year to JPY2.2 billion. The impact was due to a change in consumption behavior, from the previous stay-home demand to going out and sightseeing, with COVID-19 having been reclassified to a category 5 infectious disease.

Another impact was due to the introduction of the new enterprise resource planning system last October, causing loss of opportunity due to the inability to ship some products. As I will explain later, we launched a new model of Active Sleep this April. In conjunction with this, the Company plans to strengthen promotional activities, such as revamping PR video content, to accelerate the speed of growth once again.

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Next, I will explain our future strategies and outlook, focusing on the contents of our medium-term management plan.

We announced the update of our medium-term management plan at the same time as our financial results last week. The positioning of the plan is as shown. We have designated the period through the fiscal year ended March 31, 2024 as Phase I, a period of strategic investment for medium- to long-term growth, and have focused on various initiatives.

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## Review of Phase I

Performance targets exceeded 2 years ahead of schedule. All-time high sales and profits for four consecutive years.



We exceeded our performance targets for the Phase I period two years earlier, in the fiscal year ended March 31, 2022, and have continued to increase sales and profits since then, with sales and operating profit reaching record highs for the fourth consecutive fiscal year.

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# Phase II Priority Measures



The key measures of Phase II are as described.

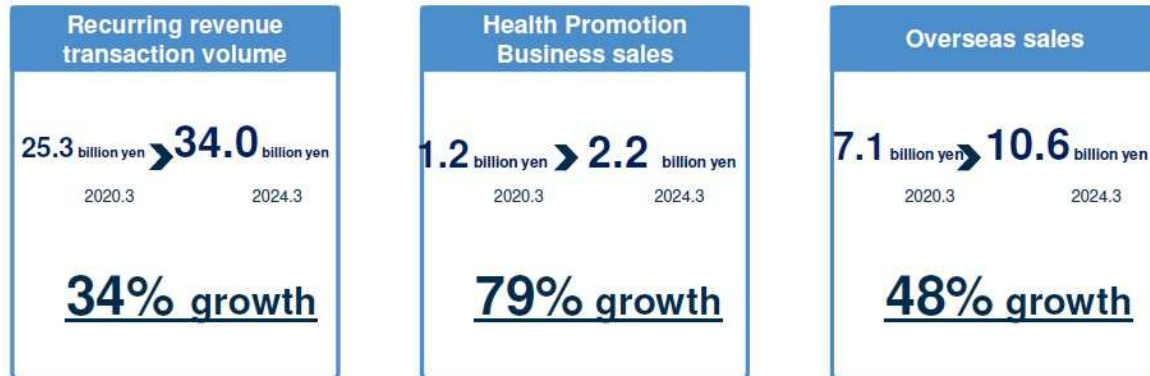
First, expansion of the recurring revenue business. We aim to achieve sustainable and stable growth by expanding the stock-type business. Second, the evolution of the health promotion business. This is a major goal that will help us achieve our vision. Third, making great strides in our focus areas in Asia. We aim to become a globally active company by spreading the value that our group provides in Asia.

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## Status of Priority Measures Businesses



## Steady expansion of businesses in the key areas of Phase II

These three priority measures were steadily expanded during the Phase I period, and we believe that we were able to lay the foundation for the next phase of growth.

Next, I will explain the details of each of the priority initiatives.

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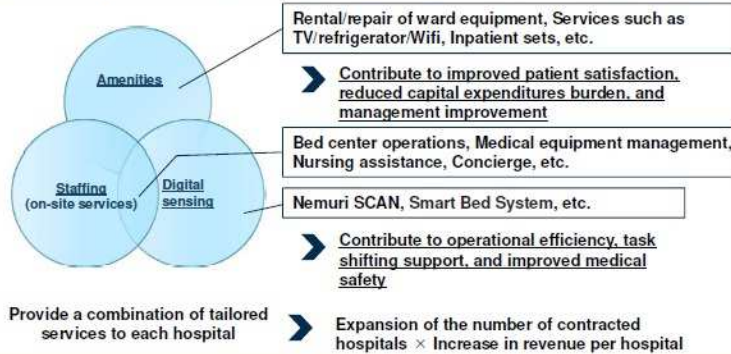
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## Expansion of Recurring Revenue Business (Medical Care Business)

Aiming to be a partner in hospital management through stronger continuous relationships with medical institutions.

**Environment surrounding medical institutions**  
Shortage of labor due to work-style reforms, Rising costs, Decrease in income due to drop in patients after COVID-19, and Promotion of medical DX.

● Developing various recurring revenue menus to contribute to solve challenge



### Main KPIs



First, I would like to discuss the recurring revenue business in the medical care segment. The environment surrounding hospital management in Japan is very difficult, because in addition to the reduction of COVID-19 countermeasure subsidies, a major challenge is to cope with the labor shortage associated with the reform of the way doctors work that began in April 2024, and the burden of utility and material procurement costs is increasing due to skyrocketing prices.

Over the years, we have focused on developing recurring revenue items that contribute to the operational efficiency of nurses and other medical staff and improve the management of medical institutions. Today, we offer three major value propositions, as shown in the slide.

The first is amenities. We provide rental ward equipment, TV, refrigerator, Wi-Fi environment, hospitalization set, etc. In recent years, we have responded to the increasing need for people to bring their own smartphones and tablet devices when they are hospitalized, while at the same time wanting to be as light as possible without a change of clothes, toiletries, etc. We aim to provide a variety of services that can contribute to improving hospital management, such as increasing patient satisfaction and reducing the burden of capital investment.

The second is staffing, a service in which we station personnel with unique skills at hospitals to provide support in various aspects so that healthcare professionals can concentrate on their respective specialized work. The Company manages not only beds and other ward equipment, but also medical equipment, including products from other companies, and provides nursing assistant services, general receptionist services, and concierge services.

The third, digital sensing, utilizes NEMURI-SCAN and other products to help nurses and other healthcare professionals improve work efficiency and medical safety. Our Smart Bed System, in particular, is a system

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that can accurately and efficiently manage and share a variety of patient information by linking ICT devices, such as various sensors that measure vital signs, with electronic medical records through bedside terminals.

The system has been well received in line with efforts to reform the way doctors work, and has not only already been introduced at 46 hospitals, but many business negotiations are underway for its future introduction.

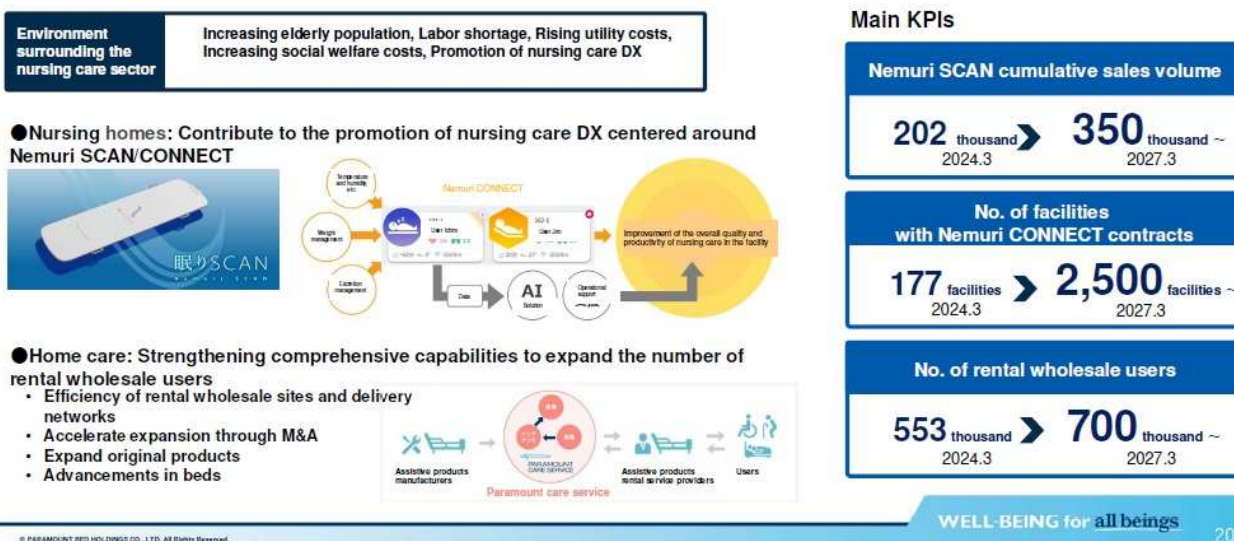
We believe that we can differentiate and offer these recurring businesses with a competitive edge because our group has a high market share in hospital beds. By providing an optimal combination of services for individual issues and needs, we aim to strengthen ongoing relationships with medical institutions and become a true partner in hospital management.

In Phase II, the goal is to expand the number of resident services and contracted hospitals offering staffing, and the number of hospitals with smart bed systems to more than 150, respectively. We will also aim to expand the menu of contracts per hospital.

## Expansion of Recurring Revenue Business (Nursing Care Business)

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### Accelerate use of Nemuri SCAN and transition from one-time sales to a recurring revenue model



Next, I will explain the recurring business of the nursing care segment.

In the nursing care sector, labor shortages are also a major issue. Our NEMURI-SCAN has been evaluated as effective in improving the operational efficiency at nursing care institutions, and has been expanded. We will continue to expand the use of this product, aiming for a cumulative total of more than 350,000 units.

In addition, as I mentioned earlier, last October we began offering NEMURI-CONNECT, a monitoring support system that allows NEMURI-SCAN to be managed in the cloud. This system allows, for example, a corporation that operates multiple facilities to view and analyze the status of residents at all facilities at once.

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Since it is expandable to work with a variety of sensors and systems, including those from other manufacturers, it can also be used to centrally manage information such as weight, elimination, and room environment such as temperature and humidity, in addition to sleep, heart rate, and respiration, which can be detected by NEMURI-SCAN.

In addition, the plan is to also utilize AI to improve the quality and productivity of nursing care throughout the facility. Our goal is to become a platform for nursing care DX, so to speak. We aim to have more than 2,500 facilities under contract for this NEMURI-CONNECT in three years.

With respect to recurring revenue business in home care, we will continue to expand our rental wholesale business. In February, we announced the acquisition of the nursing care business division of SMFL Rental Corporation, a rental wholesaler in the Kanto region. It is expected to be consolidated from July. We will continue to pursue this type of M&A. We also aim to increase the number of rental wholesale end users from the current 550,000 to over 700,000 in three years.

## Advancement of Health Promotion Business



### Strengthening lineup and marketing for reaccelerated growth

Environment surrounding health promotion business sector

Japan, a nation with a significant sleep deficit, Expanding sleep tech, Increasing health awareness, and Growing health management efforts

●Aiming to improve public awareness by broadcasting new commercials centering around the two main brands

**INTIME**

Produced by PARAMOUNT BED



Active Sleep

A new model released in April 2024



New commercials available here ↓



●Creating new businesses in the health promotion sector centered around affiliated companies and CVC-funded firms



... & more

#### Main KPIs

##### Health Promotion Business sales

2.2 billion yen 2024.3 → 5.0 billion yen 2027.3

##### No. of beds sold for Health Promotion Business

8 thousand 2024.3 → 20 thousand ~ 2027.3

CVC information here→



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Next, I will explain the health promotion business.

In Japan, while people are becoming increasingly health-conscious, the amount of sleep they get is the shortest in the world, and the country is also known as a sleep-deprived nation. For these fields, we have been providing products and services that utilize electric bed technology that supports a comfortable getting up experience, and sensor technology that can detect sleep conditions, which we have cultivated in the medical and nursing care fields.

I have always wanted to dispel the negative impression of electric beds as something to be used when one becomes ill. There is evidence that angling the body when sleeping naturally lowers the diaphragm, making it

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easier to breathe and fall asleep. Our goal is to help people lead more lively and energetic lives through the use of electric beds, and furthermore, to extend their healthy life expectancy.

Last year, we launched a new product in the INTIME series, an electric bed that empowers your life, and are promoting it with a new concept. In April of this year, we fully remodeled the Active Sleep BED, an automated bed for sleeping. Apart from the addition of a function that allows a more relaxed position on the bed, the automatic operation function has also evolved.

A new promotional video was produced to coincide with this model change. The content is designed to make electric beds more accessible. The Company intends to promote the value of this bed and expand its business by strengthening marketing activities, such as using TV media as well as social networking services, to increase awareness.

We will also continue our efforts to create new businesses in this health segment field in cooperation with the investees of the PARAMOUNT BED Healthcare Fund, a CVC fund launched in 2022, and others.

With sales of JPY5 billion in three years, we intend to grow this business into the third pillar, after medical care and nursing care.

## Leap Forward in Key Area of Asia

### Strengthening area management in key countries (Indonesia, China, India)

Environment surrounding overseas business sector

Population growth/economic expansion in Asia, Expansion of medical infrastructure, Protection of domestic industries, Changing competitive environment

#### ● Expanding tailored lineup to the needs of each country



From localized models to flagship models  
In Phase II, double the number of bed models introduced compared to Phase I



#### ● Efforts to enhance production capacity/improve quality



- New factory in India (scheduled to start operations within 2024)  
⇒ Increase in in-house production rate, doubling of production capacity
- Introduction of new painting line in Indonesia  
⇒ Quality improvement through double coating
- Expansion of welding robots in Chinese factories in Phase I  
⇒ Operating with over 90% automation rate in welding process

Projected completion image of new Indian factory

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#### Main KPIs



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Next, we are making great strides in our focus areas in Asia. We will focus on Indonesia, China, and India, where the population is large and the number of hospital beds is expected to increase, and beds will become more sophisticated in the future. To increase our share of sales of medical equipment, mainly beds for hospitals, and ward equipment, we will accelerate product launches, ranging from localized models of older models to flagship models with various functions.

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During the three years of this Phase II, we will introduce twice as many bed models as during the four years of Phase I. Furthermore, we intend to conduct meticulous area management tailored to local needs.

In addition, we will also implement production and quality initiatives to support this strategy. Countries in the focus area have been promoting preferential policies for their own industries in recent years. We believe that having production plants in each of these countries gives us an advantage, especially when compared to global players.

Furthermore, in India, we are constructing a new plant that will double our production capacity and improve our in-house production ratio to establish a highly cost-competitive production system, with the aim of starting operations by the end of this year.

In Indonesia and China, we are also implementing initiatives to improve quality and productivity from time to time, and plan to further enhance our overall strength. In the final year of the current phase, we aim to achieve overseas sales of JPY15 billion.

## Management Indicators

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(Unit: hundred millions of yen)	2024.3 Results	2025.3 Forecast	2027.3 Target	% change versus 2024.3
<b>Sales</b>	<b>1,060</b>	<b>1,120</b> ➤	<b>1,200</b>	+ 13 %
<b>Recurring revenue volume value *1</b>	<b>340</b>	<b>382</b> ➤	<b>450</b>	+ 32 %
<b>Operating profit</b>	<b>138</b>	<b>140</b> ➤	<b>170</b>	+ 23 %
<b>EBITDA *2</b>	<b>235</b>	<b>250</b> ➤	<b>290</b>	+ 23 %

\*1. The total amount of cash obtained from the recurring revenue business. Adopted as a more accurate indicator of actual performance.

\*2. Calculated as the sum of operating profit and depreciation expenses. Adopted as an indicator to promote further growth investment based on changes in our group's business style.

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Next, I will explain the numerical targets for Phase II.

We have set four management indicators: net sales, recurring transaction volume, operating profit, and EBITDA.

First, regarding net sales and operating profit, we are aiming for net sales of JPY120 billion and operating profit of JPY17 billion for the fiscal year ending March 31, 2027, in line with the targets disclosed in 2022. The remaining two are newly added this time.

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Recurring transaction volume is the total amount of cash earned in the recurring business, one of the priority measures in Phase II, and was adopted as an indicator of the status of this business. We will aim for JPY45 billion in three years.

In addition, the Group's business model continues to change, as the proportion of stock-oriented businesses increases with the expansion of the recurring business.

In light of such changes, we have set EBITDA as an indicator for earning power as a result of past investments, and for earning resources for further growth investments in the future. This EBITDA figure is based on the sum of operating profit and depreciation. The budget for this fiscal year is JPY25 billion, up JPY1.5 billion from the previous year, and the target for the next three years is JPY29 billion. The plan is to keep the EBITDA margin at 22% to 24%.

## Sales Targets for the Main 3 Businesses:



(Unit: hundred millions of yen)	2024.3 Results	2025.3 Forecast	2027.3 Target	% change versus 2024.3
Medical Care Business	406	427 >	500	+ 23 %
Nursing Care Business	613	634 >	650	+ 6 %
Health Promotion Business	22	40 >	50	+ 127 %

Sales targets for the three main businesses are shown on page 24.

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## Sales Targets for Overseas Key Areas

(Unit: hundred millions of yen)	2024.3 Results	2025.3 Forecast	2027.3 Target	% change versus 2024.3
Indonesia	28	35 >	45	+ 61 %
China	35	36 >	45	+ 29 %
India *	17	19 >	25	+ 56 %
*The sales figures for India include sales to the domestic market, including non-consolidated local subsidiaries. Its number differs from consolidated overseas sales.				
Consolidated overseas sales	106	115 >	150	+ 41 %

The next page summarizes the sales targets for our focus areas in Asia. India currently shows the value of sales to the domestic market, including non-consolidated sales, but will be consolidated during Phase II. Consolidated overseas sales are targeted at JPY15 billion, a 41% increase over the final year of Phase I.

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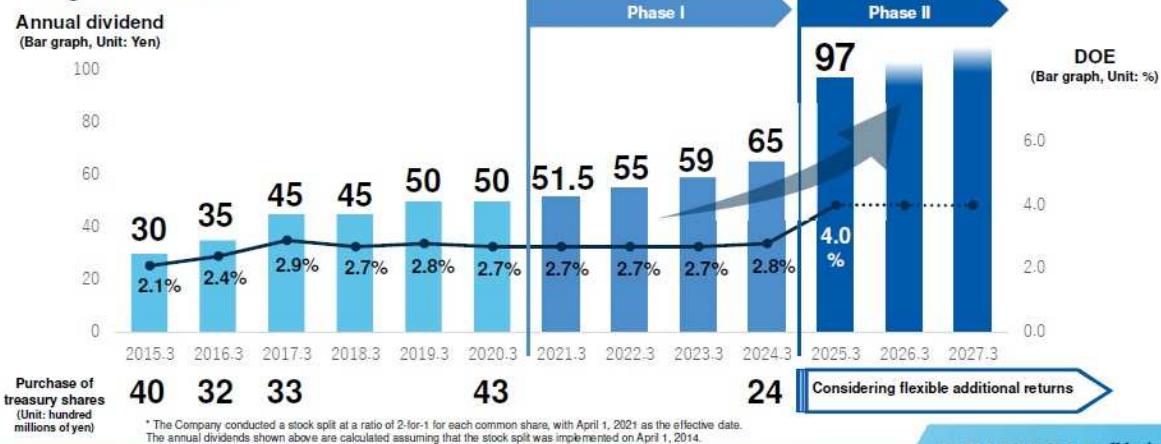
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# Shareholder Return

## New dividend policy

DOE ratio of 4.0%, dividend payout ratio of 50% as a guide

Promoting a shareholder return policy that allows our shareholders to experience growth together with us



WELL-BEING for all beings

Next, I would like to focus on shareholder returns. As a company that continuously supports the medical and nursing care fields, our basic approach is to maintain a strong financial structure to prepare for future contingencies, while actively investing in our business and determining the size of dividends based on a return policy that allows our shareholders to experience growth together with us.

Looking back at the past, as shown on this slide, we have paid progressive dividends for more than 10 years. Going forward, as announced on May 13, we will review the level of the dividend amount.

Specifically, the Company had previously set DOE at 2.7% and payout ratio at 30%, but from this fiscal year, the Company will aim for DOE of 4% and a payout ratio of 50%. As a result, the annual dividend for the current fiscal year is expected to be JPY97 per share, an increase of JPY32 per share over the previous year.

We will also consider flexible additional returns as needed, from time to time, while comprehensively considering changes in stock prices and market conditions.

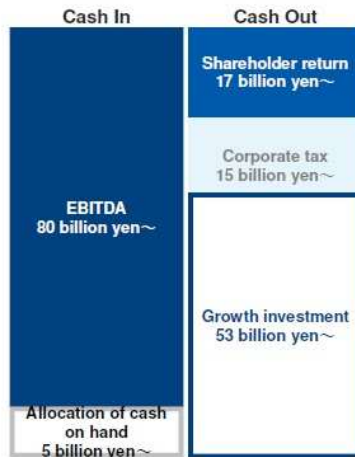
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## Cash Allocation

### Phase II period: Cumulative total



#### Shareholder return

Dividend on equity (DOE) ratio of 4.0%, dividend payout ratio of 50% as a guide

Flexible additional return considering market environment, etc.

#### Growth investment

Recurring assets to strengthen ongoing relationships with customers

Enhancement of production facilities and maintenance equipment for rental assistive products/Push introduction of system infrastructure

Active development of partnerships with other companies, including establishment of CVC for business development

#### Stance on level of cash on hand

Approx. 3 months of working capital

- + Maintain business operation system capable of continuously providing products and services that contribute to medical and nursing care even in the event of a disaster

The following page summarizes the Phase II three-year cash allocation plan. For future growth, we will continue to invest in the transition to a stock-type business, and will also actively invest through CVC. The Company intends to use cash on hand to cover any excess cash outflows.

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## FYE 3/2025 Financial Forecast

Increased sales and operating profit: Despite a budgeted decline in profit for the first half, the full year is expected to set an all-time high.

(Unit: millions of yen)	FYE 3/2024	FYE 3/2025		YoY	
	Full year	First half	Second half		Full year
<b>Net sales</b>	<b>106,016</b>	<b>51,000</b>	<b>61,000</b>	<b>112,000</b>	+ 5.6%
<b>Operating profit (Operating profit margin)</b>	<b>13,818</b> (13.6%)	<b>5,200</b> (10.2%)	<b>8,800</b> (14.4%)	<b>14,000</b> (12.5%)	+ 1.3%
<b>Ordinary profit (Ordinary profit margin)</b>	<b>15,920</b> (15.0%)	<b>5,450</b> (10.7%)	<b>9,050</b> (14.8%)	<b>14,500</b> (12.9%)	-8.9%
<b>Profit attributable to owners of Parent (Net profit margin)</b>	<b>10,622</b> (10.0%)	<b>3,850</b> (7.5%)	<b>6,250</b> (10.2%)	<b>10,100</b> (9.0%)	-4.9%

Next, I would like to provide details on our business forecast for the fiscal year ending March 31, 2025.

Consolidated net sales are expected to increase 5.6% from the previous year to JPY112 billion, and operating profit is expected to increase 1.3% to JPY14 billion. On the other hand, ordinary profit is expected to decrease by 8.9% to JPY14.5 billion because the budget does not incorporate the foreign exchange gains recorded in the previous year. Net profit attributable to shareholders of the parent company is expected to decrease by 4.9% to JPY10.1 billion.

We expect to increase sales and operating profit for the full year, and plan to continue to achieve record highs. For H1 of the current fiscal year, we forecast an increase in sales and a decrease in profit. This is due, first, to expenses related to the new enterprise resource planning system, promotion costs for Active Sleep BED, costs associated with the creation of a new brand message, and research and development costs at the beginning of the fiscal year.

In terms of sales, there is an uneven balance of projects compared to previous years, and while sales and profits declined in Q1 compared to the previous year, we plan to increase sales and profits in the three months of Q2, which is the budgeted amount for H1 of the year.

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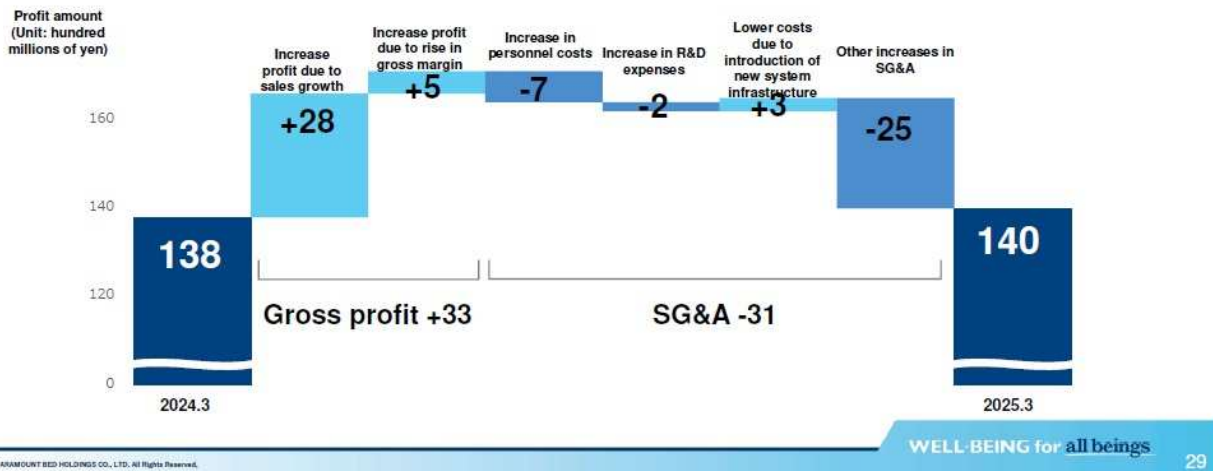
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## FYE 3/2025: Factors Causing Changes in Operating Income

Increase profits through continued expansion of recurring revenue business



Next, I will explain the breakdown of changes in operating profit.

Gross profit is expected to increase by JPY3.3 billion due to increased sales and improved gross profit margin. As for expenses, while costs related to the enterprise resource planning system introduced last year will decrease for the full year, personnel expenses, expenses for consolidation of the nursing care business division of SMFL Rental, which will be acquired, and R&D expenses will increase.

Overall SG&A expenses are expected to increase by JPY3.1 billion, and operating profit is projected to increase by JPY200 million from the previous year to JPY14 billion.

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## Capital expenditures, depreciation costs, and R&D expenses

The capital expenditures for FYE 3/2025 are expected to remain at a high level, particularly for ERP-related investments

(Unit: millions of yen)

	2022.3 Results	2023.3 Results	2024.3 Results	2025.3 Forecast
Capital expenditures	1,822	3,653	3,643	4,425
Depreciation costs	7,898	8,482	9,765	11,031
R&D expenses	1,697	1,753	1,975	2,158
Number of employees	3,682	3,946	4,126	-

Capital investments, depreciation, and R&D expenses are as shown.

Capital investment is budgeted slightly higher this fiscal year due to the introduction of new product molds and enterprise resource planning systems, as well as the timing of IT-related equipment upgrades. Depreciation and amortization expense is primarily for assets used in the rental business in the medical and nursing care businesses. We plan to continue to increase in line with the expansion of the recurring business.

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# WELL-BEING for all beings

Our group has set forth Paramount Vision 2030, "Smiles for everyone from medical and nursing care to health field," to expand our business beyond the framework of traditional medical and nursing bed manufacturers. As we continue the future-oriented expansion and evolution of our business, we have created the brand message "WELL-BEING for all beings" to express the value that our group will provide to stakeholders worldwide.

We have prepared a video expressing the worldview embedded in our brand message. Please take a look at the video using the link or QR code below.

<https://www.paramount.co.jp/english/brandmessage>



As a final topic, I would like to explain the recently announced formulation of a new brand message.

For more than a decade, the Group has grown while making major investments in on-site staffing services in the medical business, and rental wholesaling in the nursing care business. We have also focused on expanding products and services that utilize IP and digital technologies, such as NEMURI-SCAN and Smart Bed System.

Today, consolidated net sales have grown to over JPY100 billion. Meanwhile, bed sales have dropped to account for about one-third of that total. Not only sell-out businesses, but also stock-type businesses are growing.

Despite these significant changes in our business format, we feel that many people still think of our group as a manufacturer and distributor of medical and nursing care beds. In order to dispel this image in a positive sense, and to further transform our business category and grow toward the future, we felt it was important to gain a new understanding of the value of our group that we provide to stakeholders around the world.

That is the new brand message, WELL-BEING for all beings. The Group's vision of well-being is "to create a social infrastructure that supports healthy days and better lives for all people, and to continue to be there for each and every one of them during their lifetime". We created a video that expresses the thoughts and worldview behind this brand message. Please watch.

[Video Begins]

**Company Representative:** Healthy days and better lives for all. This desire is the driving force of our Paramount Group. For those whose life begins today, for those who are enjoying their second life, for those who work hard for someone else, for those who listen to someone else well, for those who are always positive,

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for those are who learning for the future, for those who work in teams, for those who work hard for themselves, for those who live in this world. For you. For you. And for you.

The Paramount Group will be there for each and every life, and will gently support each happy day. We will continue to take on challenges today with the reliable technology and gentleness we have cultivated in the medical and nursing care fields. In every life, in every day, in every moment, let's realize well-being. WELL-BEING for all beings.

Paramount Bed.

[Video Ends]

**Kimura:** As you can see, by replacing the "all beings" part of this message, we are expressing the diversity of the Group's stakeholders. I believe that this is exactly the message that leads to Paramount's vision of smiles for everyone. In response to social issues and customer needs that will continue to change and diversify in the future, the Group will work together to continue to propose new solutions, aiming to further contribute to society and increase corporate value.

This concludes my explanation. Thank you.

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