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PARAMOUNT BED HOLDINGS

FASF MEMBERSHIP

October 30, 2024

Consolidated Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2025 (Under Japanese GAAP)

Company name:	**Paramount Bed Holdings Co., Ltd.**
Listing:	Tokyo Stock Exchange
Securities code:	7817
URL:	https://www.paramountbed-hd.co.jp
Representative:	Tomohiko Kimura, President and Chief Executive Officer
Contact:	Yuichi Naguchi, General Manager, Budget Management Dept. and Investor Relations Dept. TEL: 03-3648-1100
Scheduled date to file semi-annual securities report:	November 14, 2024
Scheduled date to commence dividend payments:	December 3, 2024
Preparation of supplementary material on financial results:	Yes
Holding of financial results presentation meeting:	Yes (for institutional investors and analysts)

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

1. Consolidated financial results for the first six months of the fiscal year ending March 31, 2025 (from April 1, 2024 to September 30, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	48,674	(2.1)	4,099	(36.7)	3,454	(55.8)	2,272	(57.1)
September 30, 2023	49,720	6.1	6,480	4.2	7,819	2.9	5,298	5.0

Note: Comprehensive income Six months ended September 30, 2024: ¥1,832 million [(74.8)%]
Six months ended September 30, 2023: ¥7,278 million [5.2%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	39.55	–
September 30, 2023	90.89	–

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2024	177,667	136,400	76.8
March 31, 2024	180,020	136,016	75.6

Reference: Equity
As of September 30, 2024: ¥136,399 million
As of March 31, 2024: ¥136,015 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, 2024	–	31.00	–	34.00	65.00
Fiscal year ending March 31, 2025	–	48.00			
Fiscal year ending March 31, 2025 (Forecast)			–	49.00	97.00

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

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(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, 2025	108,000	1.9	13,000	(5.9)	12,500	(21.5)	8,500	(20.0)	147.95

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

Regarding the revision to the consolidated earnings forecasts, please refer to the "Notice of Difference Between Earnings Forecasts and Actual Results for the Six Months of Fiscal Year Ending March 31, 2025 and Revision of Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2025" released today (October 30, 2024).

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None

(2) Application of special accounting for preparing semi-annual 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 September 30, 2024	61,754,974 shares
As of March 31, 2024	61,754,974 shares

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

As of September 30, 2024	4,156,282 shares
As of March 31, 2024	4,334,941 shares

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

Six months ended September 30, 2024	57,451,988 shares
Six months ended September 30, 2023	58,303,227 shares

*** Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.**

*** 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.

Contents of Attached Materials

Index

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

(1) Information regarding operating results

During the six months ended September 30, 2024, the Japanese economy continued to gradually recover, due to expectations of improvement in the employment and income environment and an increase in inbound demand. However, the future remains unclear due to factors such as the soaring raw material prices, stagnant consumer confidence caused by higher prices exceeding wage increases, and the impact of labor shortages.

The Group launched Phase II of its medium-term management plan based on the "Paramount Vision 2030," which describes the type of company we aim to be in 2030. Focusing on the priority measures of "expansion of recurring business," "evolution of health promotion business," and "rapid growth in focused areas in Asia," the Group is moving forward with activities aiming for ¥120,000 million in net sales and ¥17,000 million in operating profit, etc. for the fiscal year ending March 31, 2027.

The operating results of our three core businesses for the six months ended September 30, 2024 were as follows. Beginning with the medical care business, in Japan, under the environment which remained severe for hospital management due to the ongoing labor shortage and soaring heating and lighting expenses and material prices, sales of beds and other products was sluggish due to the continuing trend of wait-and-see attitude toward capital investment among medical facilities. However, demand for products and services that contribute to operational efficiency and task shifting in response to reforms in work styles of physicians remained strong. In the overseas market, while sales to private medical institutions expanded in Indonesia, sales in China declined mainly due to a reactionary drop from the special demand at the dawn of the zero-COVID policy and postponement of projects caused by the anti-corruption movement. As a result, net sales in the medical care business decreased by 9.6% year-on-year to ¥17,866 million. In the nursing care business, net sales increased by 4.8% year-on-year to ¥29,105 million, mainly due to steady performance of sales and rentals for home use, etc. In the health promotion business, net sales decreased by 29.8% year-on-year to ¥900 million, mainly due to changes in consumer behavior following the downgrading of COVID-19 to a Class 5 disease and a slump in consumer confidence caused by higher prices.

As for a topic, Paramount Bed Co., Ltd. concluded a business transfer agreement with NEC Platforms, Ltd. (Chiyoda-ku, Tokyo) on September 1, 2024, under which Paramount Bed Co., Ltd. will on October 1, 2024 take over the business related to research and development, production, sales, etc. of the "NEC Sanitary Use Recording System," an automatic excretion recording system for nursing facility residents that has been provided by NEC Platforms, Ltd. Going forward, by linking this system with "Nemuri CONNECT," a monitoring support system for nursing facilities provided by the Group, it will be possible to manage information on sleep, excretion, etc. efficiently and centrally, enabling more detailed health management of residents. Through this and other measures, we aim to contribute to the further promotion of nursing care DX.

The information on disaggregation of net sales for the six months ended September 30, 2024 is as follows.

Net sales by business

(Millions of yen)

Sales categories	Six months ended September 30, 2023	Six months ended September 30, 2024	Change
Medical care	19,770	17,866	(9.6)%
Nursing care	27,767	29,105	4.8%
Health promotion	1,282	900	(29.8)%
Others	900	801	(11.0)%
Total	49,720	48,674	(2.1)%

Net sales by region

(Millions of yen)

Sales categories	Six months ended September 30, 2023	Six months ended September 30, 2024	Change
Domestic	44,437	43,778	(1.5)%
Overseas	5,283	4,895	(7.3)%
Total	49,720	48,674	(2.1)%

As a result of the above, net sales for the six months ended September 30, 2024 decreased by ¥1,046 million (down 2.1%) year-on-year to ¥48,674 million. In terms of profits, in addition to the decreased gross profit resulting from the sales decline and the soaring price of raw materials, they were also affected by an increase in personnel expenses, and the recording of investment-related expenses for medium- to long-term growth such as promotional expenses accompanying the launch of new products. Mainly due to these factors, operating profit decreased by ¥2,380 million to ¥4,099 million (down 36.7%), ordinary profit decreased by ¥4,365 million to ¥3,454 million (down 55.8%) mainly due to foreign exchange losses caused by sudden fluctuations in exchange rates, and profit attributable to owners of parent decreased by ¥3,026 million to ¥2,272 million (down 57.1%) due to the occurrence of impairment losses on non-current assets of consolidated subsidiaries.

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

(2) Information regarding financial position

Total assets as of September 30, 2024 stood at ¥177,667 million, a decrease of ¥2,353 million compared with the end of the previous fiscal year. The main aspects that contributed to this decrease were decreases in notes and accounts receivable - trade, and securities.

Total liabilities stood at ¥41,267 million, a decrease of ¥2,736 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 ¥136,400 million, an increase of ¥383 million compared with the end of the previous fiscal year. The main aspect that contributed to this increase was an increase in retained earnings.

As a result of the above, equity-to-asset ratio as of September 30, 2024 rose by 1.2 points, compared with the end of the previous fiscal year to 76.8%.

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

Based on the progress achieved thus far in our business performance during the six months ended September 30, 2024, the environment for various businesses and other factors, we have revised our full-year consolidated earnings forecasts for the fiscal year ending March 31, 2025, which were announced on May 13, 2024. For details, please refer to the "Notice of Difference Between Earnings Forecasts and Actual Results for the Six Months of Fiscal Year Ending March 31, 2025 and Revision of Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2025" released today.

2. Semi-annual consolidated financial statements and significant notes thereto

(1) Semi-annual consolidated balance sheet

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	33,828	38,403
Notes and accounts receivable - trade	30,382	21,904
Lease receivables and investments in leases	6,525	7,586
Securities	12,918	8,680
Merchandise and finished goods	7,069	8,766
Work in process	397	505
Raw materials and supplies	2,729	3,045
Other	1,730	1,753
Allowance for doubtful accounts	(84)	(83)
Total current assets	95,496	90,562
Non-current assets		
Property, plant and equipment		
Buildings and structures	33,165	33,750
Accumulated depreciation	(23,401)	(23,435)
Buildings and structures, net	9,764	10,315
Machinery, equipment and vehicles	9,716	9,449
Accumulated depreciation	(8,378)	(8,120)
Machinery, equipment and vehicles, net	1,337	1,329
Land	8,846	8,518
Leased assets	2,680	2,760
Accumulated depreciation	(1,201)	(1,190)
Leased assets, net	1,478	1,569
Assets for rent	57,849	64,917
Accumulated depreciation	(35,998)	(41,483)
Assets for rent, net	21,851	23,433
Construction in progress	562	474
Other	11,986	12,233
Accumulated depreciation	(10,156)	(10,429)
Other, net	1,829	1,803
Total property, plant and equipment	45,670	47,444
Intangible assets		
Goodwill	–	714
Other	4,800	4,996
Total intangible assets	4,800	5,711
Investments and other assets		
Investment securities	23,063	22,243
Other	11,621	12,422
Allowance for doubtful accounts	(631)	(718)
Total investments and other assets	34,052	33,948
Total non-current assets	84,523	87,104
Total assets	180,020	177,667

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	12,185	11,573
Lease liabilities	1,362	1,434
Income taxes payable	2,678	1,110
Provision for bonuses	1,740	1,725
Provision for bonuses for directors (and other officers)	24	–
Other	6,905	5,298
Total current liabilities	24,897	21,142
Non-current liabilities		
Lease liabilities	4,602	5,274
Retirement benefit liability	7,484	7,589
Other	7,020	7,260
Total non-current liabilities	19,106	20,124
Total liabilities	44,004	41,267
Net assets		
Shareholders' equity		
Share capital	4,207	4,207
Capital surplus	51,918	52,043
Retained earnings	83,346	83,666
Treasury shares	(9,077)	(8,698)
Total shareholders' equity	130,394	131,218
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,903	1,623
Foreign currency translation adjustment	3,894	3,719
Remeasurements of defined benefit plans	(177)	(162)
Total accumulated other comprehensive income	5,620	5,180
Non-controlling interests	0	1
Total net assets	136,016	136,400
Total liabilities and net assets	180,020	177,667

(2) Semi-annual consolidated statement of income and semi-annual consolidated statement of comprehensive income

Semi-annual consolidated statement of income

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	49,720	48,674
Cost of sales	25,751	25,113
Gross profit	23,969	23,560
Selling, general and administrative expenses	17,489	19,461
Operating profit	6,480	4,099
Non-operating income		
Interest income	133	220
Dividend income	125	196
Foreign exchange gains	1,072	–
Gain on investments in investment partnerships	55	–
Gain on investments in silent partnerships	85	–
Other	111	227
Total non-operating income	1,583	644
Non-operating expenses		
Interest expenses	54	77
Foreign exchange losses	–	840
Loss on investments in investment partnerships	–	131
Loss on investments in silent partnerships	–	138
Provision of allowance for doubtful accounts	174	85
Other	15	16
Total non-operating expenses	244	1,289
Ordinary profit	7,819	3,454
Extraordinary income		
Gain on sale of investment securities	–	28
Gain on redemption of investment securities	19	51
Total extraordinary income	19	80
Extraordinary losses		
Loss on redemption of investment securities	–	5
Loss on valuation of investment securities	10	3
Impairment losses	–	475
Total extraordinary losses	10	484
Profit before income taxes	7,827	3,050
Income taxes - current	2,436	907
Income taxes - deferred	92	(130)
Total income taxes	2,529	777
Profit	5,298	2,272
Profit attributable to non-controlling interests	0	0
Profit attributable to owners of parent	5,298	2,272

Semi-annual consolidated statement of comprehensive income

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	5,298	2,272
Other comprehensive income		
Valuation difference on available-for-sale securities	522	(280)
Foreign currency translation adjustment	1,442	(175)
Remeasurements of defined benefit plans, net of tax	15	15
Total other comprehensive income	1,979	(440)
Comprehensive income	7,278	1,832
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,278	1,832
Comprehensive income attributable to non-controlling interests	0	0

(3) Notes to semi-annual consolidated financial statements

Notes on premise of going concern

Not applicable.

Notes on significant changes in the amount of shareholders' equity

Not applicable.

Notes on semi-annual consolidated balance sheet

*1. The amounts due to non-consolidated subsidiaries and affiliated companies are as follows:

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Investment securities (stocks)	2,582	2,983
Investment securities (other)	1,099	1,102
Others	0	–

2. Contingent liabilities

The Company guarantees the liabilities for borrowings from financial institutions as follows:

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Employees (housing loan obligations)	9	8

Notes on semi-annual consolidated statement of income

* Main items and amounts of selling, general and administrative expenses are as follows:

(Millions of yen)

	Six months ended September 30, 2023 (April 1, 2023 to September 30, 2023)	Six months ended September 30, 2024 (April 1, 2024 to September 30, 2024)
Salaries and allowances	2,912	3,191
Provision for bonuses	964	1,055

Notes on semi-annual consolidated statement of cash flows

* Reconciliation of balance of cash and cash equivalents at end of period and account balances per the semi-annual consolidated balance sheet is as follows.

(Millions of yen)

	Six months ended September 30, 2023 (April 1, 2023 to September 30, 2023)	Six months ended September 30, 2024 (April 1, 2024 to September 30, 2024)
Cash and deposits	38,100	38,403
Securities	13,662	8,680
Total	51,762	47,084
Time deposits with maturity over 3 months	(162)	(46)
Securities investment trusts and bonds with redemption periods exceeding three months	(7,596)	(2,400)
Cash and cash equivalents	44,003	44,637

Notes on segment information, etc.

Segment Information

I Six months ended September 30, 2023 (April 1, 2023 to September 30, 2023)

As the Group’s business consists of a single segment of bed-related business, segment information has been omitted.

II Six months ended September 30, 2024 (April 1, 2024 to September 30, 2024)

As the Group’s business consists of a single segment of bed-related business, segment information has been omitted.