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PARAMOUNT BED HOLDINGS

FASF MEMBERSHIP

February 5, 2025

Consolidated Financial Results for the First Nine 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.
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Scheduled date to commence dividend payments: –
Preparation of supplementary material on financial results: Yes
Holding of 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, 2025 (from April 1, 2024 to December 31, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2024	75,069	2.8	7,214	(15.3)	7,553	(20.5)	5,870	(10.7)
December 31, 2023	73,052	2.7	8,512	(13.1)	9,506	(7.7)	6,571	(1.1)

Note: Comprehensive income
Nine months ended December 31, 2024: ¥6,492 million [(19.3)%]
Nine months ended December 31, 2023: ¥8,044 million [7.3%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2024	102.38	–
December 31, 2023	112.71	–

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
December 31, 2024	178,114	135,534	76.1
March 31, 2024	180,020	136,016	75.6

Reference: Equity
As of December 31, 2024: ¥135,533 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: None

*** Notes**

(1) Significant changes in the scope of consolidation during the period: 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, 2024	57,598,692 shares
As of March 31, 2024	61,754,974 shares

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

As of December 31, 2024	1,037,899 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)

Nine months ended December 31, 2024	57,335,655 shares
Nine months ended December 31, 2023	58,308,558 shares

*** Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: None**

*** 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, 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 resulting from the depreciation of the yen, stagnant consumer confidence caused by higher prices exceeding wage increases, and the impact of labor shortages.

The Group is focusing on the priority measures of “expansion of recurring business,” “evolution of health promotion business,” and “rapid growth in focused areas in Asia” in Phase II of the medium-term management plan based on the “Paramount Vision 2030,” which describes the type of company we aim to be in 2030.

The operating results of our three core businesses for the nine months ended December 31, 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 persistently high 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, 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 2.2% year-on-year to ¥28,077 million. In the nursing care business, net sales increased by 7.9% year-on-year to ¥44,482 million, mainly due to steady performance of sales for both nursing homes and home care. In the health promotion business, net sales decreased by 24.6% year-on-year to ¥1,339 million, mainly due to a slump in visitors to retail shops.

As for a topic, we acquired more than 50% of the issued shares of HeartLab, Inc. (Head office: Kobe-shi, Hyogo; Representative Director and President: Sunao Ikegawa), making the company a subsidiary on October 24, 2024. The company has developed the RST® Calculation Program, which enables remote monitoring of Respiratory Stability Time (RST), a quantitative evaluation indicator of respiratory stability, and is currently working on a project to apply the program to heart failure monitoring. The program was approved as Software as a Medical Device (SaMD) of Class II (controlled medical device) by the Ministry of Health, Labour and Welfare on August 23, 2024. Heart failure is the second leading cause of death in Japan (approximately 15%), with an estimated 1.2 million patients. Furthermore, it is expected to increase in the future as the population ages. The Group further develops and promotes the program and hopes to contribute to the early detection of worsening heart failure and early initiation of treatment to prevent serious illnesses.

The information on disaggregation of net sales for the nine months ended December 31, 2024 is as follows.

Net sales by business

(Millions of yen)

Sales categories	Nine months ended December 31, 2023	Nine months ended December 31, 2024	Change
Medical care	28,709	28,077	(2.2)%
Nursing care	41,223	44,482	7.9%
Health promotion	1,776	1,339	(24.6)%
Others	1,342	1,168	(12.9)%
Total	73,052	75,069	2.8%

Net sales by region

(Millions of yen)

Sales categories	Nine months ended December 31, 2023	Nine months ended December 31, 2024	Change
Domestic	65,476	67,467	3.0%
Overseas	7,576	7,602	0.3%
Total	73,052	75,069	2.8%

As a result of the above, net sales for the nine months ended December 31, 2024 increased by ¥2,016 million (up 2.8%) year-on-year to ¥75,069 million. In terms of profits, while the gross profit improved resulting from the sales increase, there were an increase in personnel expenses and the recording of investment-related expenses for medium- to long-term growth. Mainly due to these factors, operating profit decreased by ¥1,298 million to ¥7,214 million (down 15.3%), ordinary profit decreased by ¥1,952 million to ¥7,553 million (down 20.5%), and profit attributable to owners of parent decreased by ¥701 million to ¥5,870 million (down 10.7%).

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, 2024 stood at ¥178,114 million, a decrease of ¥1,906 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 ¥42,579 million, a decrease of ¥1,424 million compared with the end of the previous fiscal year. The main aspects that contributed to this decrease were decreases in income taxes payable and provision for bonuses.

Net assets stood at ¥135,534 million, a decrease of ¥481 million compared with the end of the previous fiscal year. The main aspect that contributed to this decrease was the purchase of treasury shares.

As a result of the above, equity-to-asset ratio as of December 31, 2024 rose by 0.5 points, compared with the end of the previous fiscal year to 76.1%.

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

As for the consolidated operating results for the nine months ended December 31, 2024, each of the medical care, nursing care, and health promotion businesses has generally performed as expected, with net sales and operating profit progressing as planned. On the other hand, ordinary profit and profit attributable to owners of parent exceeded the plan, mainly due to a decrease in foreign exchange losses resulting from the weaker-than-expected yen.

At this time, in view of the uncertainties in foreign exchange trends, we are maintaining the consolidated earnings forecasts for the fiscal year ending March 31, 2025, which were revised on October 30, 2024.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	33,828	32,507
Notes and accounts receivable - trade	30,382	24,101
Lease receivables and investments in leases	6,525	7,767
Securities	12,918	9,034
Merchandise and finished goods	7,069	9,742
Work in process	397	523
Raw materials and supplies	2,729	3,230
Other	1,730	4,164
Allowance for doubtful accounts	(84)	(84)
Total current assets	95,496	90,988
Non-current assets		
Property, plant and equipment		
Buildings and structures	33,165	33,623
Accumulated depreciation	(23,401)	(23,479)
Buildings and structures, net	9,764	10,143
Machinery, equipment and vehicles	9,716	9,830
Accumulated depreciation	(8,378)	(8,003)
Machinery, equipment and vehicles, net	1,337	1,827
Land	8,846	8,518
Leased assets	2,680	2,651
Accumulated depreciation	(1,201)	(1,080)
Leased assets, net	1,478	1,570
Assets for rent	57,849	66,689
Accumulated depreciation	(35,998)	(42,715)
Assets for rent, net	21,851	23,973
Construction in progress	562	175
Other	11,986	12,375
Accumulated depreciation	(10,156)	(10,571)
Other, net	1,829	1,804
Total property, plant and equipment	45,670	48,014
Intangible assets		
Goodwill	–	857
Other	4,800	4,972
Total intangible assets	4,800	5,830
Investments and other assets		
Investment securities	23,063	21,774
Other	11,621	12,246
Allowance for doubtful accounts	(631)	(739)
Total investments and other assets	34,052	33,280
Total non-current assets	84,523	87,125
Total assets	180,020	178,114

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	12,185	12,615
Lease liabilities	1,362	1,466
Income taxes payable	2,678	534
Provision for bonuses	1,740	849
Provision for bonuses for directors (and other officers)	24	–
Other	6,905	6,435
Total current liabilities	24,897	21,902
Non-current liabilities		
Lease liabilities	4,602	5,408
Retirement benefit liability	7,484	7,738
Other	7,020	7,529
Total non-current liabilities	19,106	20,676
Total liabilities	44,004	42,579
Net assets		
Shareholders' equity		
Share capital	4,207	4,207
Capital surplus	51,918	49,877
Retained earnings	83,346	77,890
Treasury shares	(9,077)	(2,683)
Total shareholders' equity	130,394	129,291
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,903	1,959
Foreign currency translation adjustment	3,894	4,433
Remeasurements of defined benefit plans	(177)	(151)
Total accumulated other comprehensive income	5,620	6,242
Non-controlling interests	0	1
Total net assets	136,016	135,534
Total liabilities and net assets	180,020	178,114

(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, 2023	Nine months ended December 31, 2024
Net sales	73,052	75,069
Cost of sales	37,841	38,691
Gross profit	35,210	36,378
Selling, general and administrative expenses	26,698	29,164
Operating profit	8,512	7,214
Non-operating income		
Interest income	259	326
Dividend income	218	320
Foreign exchange gains	653	–
Gain on investments in investment partnerships	6	–
Gain on investments in silent partnerships	26	–
Other	156	281
Total non-operating income	1,319	929
Non-operating expenses		
Interest expenses	83	120
Foreign exchange losses	–	234
Loss on investments in investment partnerships	–	34
Loss on investments in silent partnerships	–	58
Provision of allowance for doubtful accounts	218	107
Other	23	33
Total non-operating expenses	325	589
Ordinary profit	9,506	7,553
Extraordinary income		
Gain on sale of investment securities	10	659
Gain on redemption of investment securities	73	99
Total extraordinary income	84	758
Extraordinary losses		
Loss on redemption of investment securities	1	1
Loss on valuation of investment securities	10	3
Impairment losses	–	475
Total extraordinary losses	12	480
Profit before income taxes	9,579	7,831
Income taxes - current	2,308	1,604
Income taxes - deferred	698	356
Total income taxes	3,007	1,961
Profit	6,571	5,870
Profit attributable to non-controlling interests	0	0
Profit attributable to owners of parent	6,571	5,870

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Profit	6,571	5,870
Other comprehensive income		
Valuation difference on available-for-sale securities	538	56
Foreign currency translation adjustment	904	539
Remeasurements of defined benefit plans, net of tax	28	26
Total other comprehensive income	1,472	621
Comprehensive income	8,044	6,492
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,044	6,491
Comprehensive income attributable to non-controlling interests	0	0

(3) Notes to quarterly consolidated financial statements

Notes on segment information, etc.

Segment Information

I Nine months ended December 31, 2023 (April 1, 2023 to December 31, 2023)

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

II Nine months ended December 31, 2024 (April 1, 2024 to December 31, 2024)

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

Notes on significant changes in the amount of shareholders' equity

1. Purchase of treasury shares

Pursuant to the resolution at the Board of Directors meeting held on October 30, 2024, the Company purchased 1,036,600 shares of treasury shares, resulting in an increase of ¥2,683 million in treasury shares.

2. Cancellation of treasury shares

Pursuant to the resolution at the Board of Directors meeting held on October 30, 2024, the Company cancelled 4,156,282 shares of treasury shares, resulting in decreases of ¥2,165 million in capital surplus, ¥6,532 million in retained earnings, and ¥8,698 million in treasury shares.

As a result, capital surplus, retained earnings, and treasury shares amounted to ¥49,877 million, ¥77,890 million, and ¥2,683 million, respectively, as of December 31, 2024, including changes caused by the disposal of treasury shares to provide restricted share incentive for employee stock ownership plan.

Notes on premise of going concern

Not applicable.

Notes on quarterly 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 December 31, 2024
Investment securities (stocks)	2,582	3,225
Investment securities (other)	1,099	1,275
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 December 31, 2024
Employees (housing loan obligations)	9	8

Notes on quarterly consolidated statement of cash flows

Quarterly consolidated statement of cash flows has not been prepared for the nine months ended December 31, 2024. In addition, the amounts of depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the first nine months of the current and previous fiscal years are as follows:

(Millions of yen)

	Nine months ended December 31, 2023 (April 1, 2023 to December 31, 2023)	Nine months ended December 31, 2024 (April 1, 2024 to December 31, 2024)
Depreciation	7,119	8,150
Amortization of goodwill	–	84