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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
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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.

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# 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 digital transformation.

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.