# Paramount Bed Holdings Co., Ltd.

Financial Results Briefing for the First Six Months of the Fiscal Year Ending March 2024

November 7, 2023

# Event Summary

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|---|---|
| **[Company Name]** | Paramount Bed Holdings Co., Ltd. |
| **[Company ID]** | 7817-QCODE |
| **[Event Language]** | JPN |
| **[Event Type]** | Earnings Announcement |
| **[Event Name]** | Financial Results Briefing for the First Six Months of the Fiscal Year Ending March 2024 |
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| **[Venue]** | Webcast |
| **[Venue Size]** | |
| **[Participants]** | |
| **[Number of Speakers]** | 3 |

| | | |
|---|---|---|
| | Tomohiko Kimura | President and Chief Executive Officer |
| | Tatsunori Aiko | Corporate Officer, General Manager of Investor Relations Dept. |
| | Yuichi Naguchi | General Manager of Budget Planning Dept. |
| **[Analyst Names]*** | Kazuki Furuyama | Mizuho Securities |

*Analysts that SCRIPTS Asia was able to identify from the audio who spoke during Q&A or whose questions were read by moderator/company representatives.

## Presentation

**Moderator**: Now it is time to begin the financial results briefing of Paramount Bed Holdings Co., Ltd. for Q2 of the fiscal year ending March 2024. Thank you very much for taking time out of your busy schedule to join us today.

The secretariat would like to make a few requests and comments regarding the briefing. A financial report will be followed by a question-and-answer session. Please understand that we may not be able to answer all questions due to time constraints.

Let me introduce today's attendees. This is Tomohiko Kimura, President and Chief Executive Officer. This is Tatsunori Aiko, Corporate Officer, General Manager of Investor Relations Department. This is Yuichi Naguchi, General Manager of Budget Planning Department.

President Tomohiko Kimura will now report on the financial results for Q2 of the fiscal year ending March 2024. Mr. Kimura, please start.

### Executive Summary

PARAMOUNT BED HOLDINGS

**Increased sales and profits, and all-time highs for the first six months**

Proposed products and services for responding to increased demand due to promoting operational efficiency in medical facilities and nursing care facilities performed well.
In the Health Promotion business, we continued to achieve record sales despite changes in consumer behavior and sluggish store visits due to the intense heat.
Operating income increased as the effects of increased revenue and improved gross margins exceeded increases in expenses.

**Annual plan remains unchanged**
**All-time high sales and profits for fourth consecutive quarter**

The Medical Care and Nursing Care Businesses captured increased demand for operational efficiency, including for work style reforms.
In the Health Promotion Business, we are aiming to increase sales by strengthening marketing, including via the introduction of new commercials.
Although ERP costs have peaked, profits have also reached record highs due to increased revenue.

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**Kimura**: I am Kimura from Paramount Bed Holdings. Thank you very much for taking time out of your busy schedule to attend our financial results briefing today.

First, as a summary, I will explain the key points of today's briefing.

Net sales for Q2 of the fiscal year ending March 2024 increased, driven by growth in the medical care and nursing care businesses. In addition to systems and beds utilizing sensors, which we have been working on for many years, recurring-type proposals, such as resident services, performed well. Factors include the active promotion of initiatives to improve operational efficiency at medical and nursing care facilities in Japan in response to reforms in the way physicians work and the shortage of nursing care staff.

On the other hand, in the health promotion business, sales growth was modest due to a lull in demand for durable consumer goods as the COVID-19 moved to Category 5 and consumer behavior changed, shifting more toward travel and leisure, as well as a slowdown in the number of customers visiting stores due to the summer heat wave.

Operating profit increased as an increase in gross profit from higher sales exceeded an increase in expenses. Both net sales and profits for H1 were record highs. For the full-year plan, we have left the budget at the beginning of the period unchanged, and there has been no significant change in the market environment. We will continue to focus on expanding our medical care, nursing care, and health promotion businesses, and plan to achieve record-high net sales and profits for the fourth consecutive fiscal year.

## 1-1. Overview of Financial Results

PARAMOUNT BED HOLDINGS

### Sales and profits increased

In the first six months of the fiscal year ending March 2024, both sales and profits reached all-time highs

(Unit: millions of yen)

| | FYE 3/2023 1Q/2Q | FYE 3/2024 1Q/2Q | | | |
|---|---|---|---|---|---|
| | Results | Forecast | Results | % to Forecast | YoY Change |
| Net sales | 46,850 | 48,700 | **49,720** | +2.1% | +6.1% |
| Operating income (Operating income margin) | 6,218 (13.3%) | 5,600 (11.5%) | **6,480 (13.0%)** | +15.7% | +4.2% |
| Ordinary income (Ordinary income margin) | 7,601 (16.2%) | 5,850 (12.0%) | **7,819 (15.7%)** | +33.7% | +2.9% |
| Profit attributable to owners of Parent (Net profit margin) | 5,044 (10.8%) | 4,000 (8.2%) | **5,298 (10.7%)** | +32.5% | +5.0% |

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I will now give an overview of the financial results.

First, net sales increased 6.1% YoY and 2.1% over budget to JPY49,720 million.

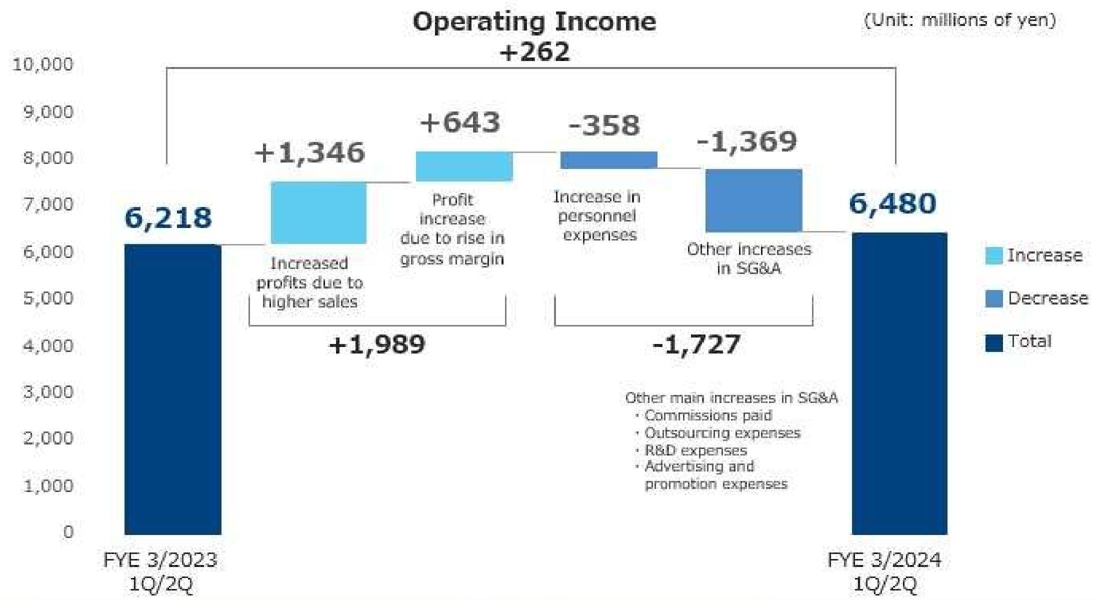
As for profits, operating profit increased 4.2% YoY and 15.7% over budget to JPY6,480 million. Ordinary profit increased 2.9% YoY and 33.7% over budget to JPY7,819 million, due in part to foreign exchange gains from the valuation of foreign currency-denominated assets as the yen weakened. Net profit attributable to owners of parent was JPY5,298 million, up 5% YoY and up 32.5% from the budget.

## 1-2. Factors Causing Changes in Operating Income

PARAMOUNT BED HOLDINGS

### Profits increased due to the effects of increased revenue

Gross margin improved by approx. 1.3% due to the effects of price revisions.
Of the increases in SG&A expenses, approx. 500 million yen was spent as system-related costs associated with ERP renewal.

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

Gross profit increased by JPY1,989 million YoY due to the effect of increased sales resulting from price revisions implemented last October as well as an improvement in gross profit margin, despite the negative impact of increased cost of sales due to higher material prices caused by the weaker yen.

Regarding expenses, increases were in personnel expenses, fee payments, outsourcing expenses, research and development expenses, and advertising expenses. In the current fiscal year, we are renewing our core operational system for mid- to long-term growth with a view to expanding our business domain. Accompanying this initiative, system-related payment fees and outsourcing expenses increased approximately by JPY500 million YoY.

Total SG&A expenses increased by JPY1,727 million. As a result, operating profit increased by JPY262 million to JPY6,480 million.

# 1-3. Financial Status

PARAMOUNT BED HOLDINGS

## Net assets increased by 5,551 million yen

(Unit: millions of yen)

| | March 31, 2023 | September 30, 2023 | Change | YoY Change |
|---|---|---|---|---|
| Current assets | 97,135 | **94,292** | -2,842 | -2.9% |
| Non-current assets | 75,158 | **81,052** | +5,894 | +7.8% |
| Total assets | 172,293 | **175,345** | +3,051 | +1.8% |
| Current liabilities | 26,300 | **23,311** | -2,988 | -11.4% |
| Non-current liabilities | 17,296 | **17,784** | +488 | +2.8% |
| Total liabilities | 43,596 | **41,096** | -2,500 | -5.7% |
| Net assets | 128,697 | **134,248** | +5,551 | +4.3% |
| Total liabilities and net assets | 172,293 | **175,345** | +3,051 | +1.8% |

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The balance sheet is as shown here.

The increase in fixed assets was due to an increase in investment securities and an increase in assets for rental in connection with the expansion of the recurring business that the Company has now focused on. Net assets increased by JPY5,551 million.

# 2-1. Medical Care Business

PARAMOUNT BED HOLDINGS

## +10% vs. previous period

Demand for operational efficiency and digitalization is increasing as domestic medical institutions promote work style reforms for doctors. Recurring sales increased by approx. 20%

(Unit: millions of yen)

| | FYE 3/2021 1Q/2Q | FYE 3/2022 1Q/2Q | FYE 3/2023 1Q/2Q | FYE 3/2024 1Q/2Q Results | FYE 3/2024 1Q/2Q YoY |
|---|---|---|---|---|---|
| Net Sales | 14,385 | 15,428 | 17,933 | **19,770** | +10% |
| Japan | 10,728 | 11,780 | 13,475 | **14,941** | +11% |
| Overseas | 3,657 | 3,648 | 4,458 | **4,829** | +8% |

(Units: thousands, fractions rounded. YoY comparisons are calculated based on actual numbers.)

| | FYE 3/2021 1Q/2Q | FYE 3/2022 1Q/2Q | FYE 3/2023 1Q/2Q | FYE 3/2024 1Q/2Q Results | FYE 3/2024 1Q/2Q YoY |
|---|---|---|---|---|---|
| Number of beds sold | 40 | 41 | 45 | **42** | -7% |
| Japan | 18 | 19 | 26 | **23** | -12% |
| Overseas | 22 | 22 | 20 | **20** | -1% |

*Number of bed sales include sales to companies within the group.



*Applied "Accounting Standard for Revenue Recognition" (Corporate Accounting Standard No. 29) from FYE 3/2022

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Next, I will explain in detail the performance of each of our three business segments: medical care business, nursing care business, and health promotion business.

First, this page shows the results of the medical care business.

Net sales increased 10% YoY to JPY19,770 million. In Japan, in light of the response to the reform of the way doctors work that will begin in 2024, the review of operations at medical facilities and the promotion of greater efficiency and digitization are urgent issues.

Against this backdrop, the Smart Bed System, a system that improves the efficiency of bedside nursing operations, as well as other recurring businesses such as rental for hospitals and resident services, performed well. We continue to receive many inquiries, and we will make proposals that solve problems that are tailored to the circumstances of each medical institution.

Overseas, although progress varied from country to country, total sales increased 8% YoY, partly due to the effect of foreign exchange rates.

# 2-2. Nursing Care Business

PARAMOUNT BED HOLDINGS

**Beds for both nursing facilities and home care continue to be strong**

Sales of Nemuri SCAN increased by 26% from the previous period to 13,600 beds. Sales of beds for home care increased due to expanded sales of equipment, despite a lull in bed sales and the return of rental beds from COVID-19 facilities. Rental wholesale increased by approx. 3%

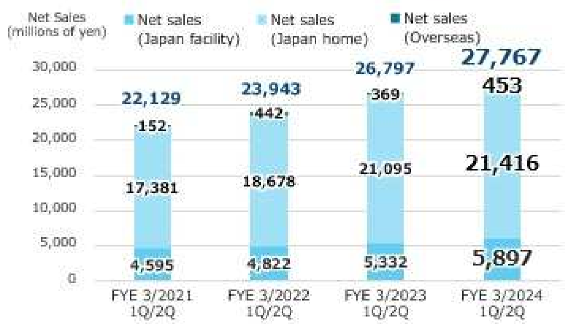
(Unit: millions of yen)

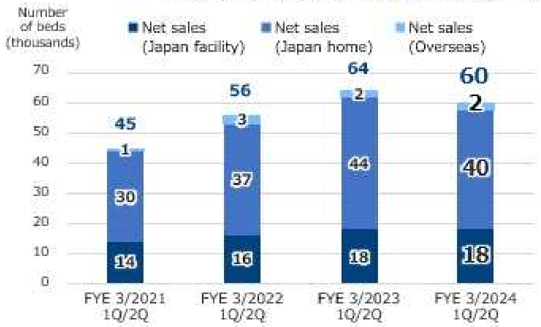
| | FYE 3/2021 1Q/2Q | FYE 3/2022 1Q/2Q | FYE 3/2023 1Q/2Q | FYE 3/2024 1Q/2Q Results | FYE 3/2024 1Q/2Q YoY |
|---|---|---|---|---|---|
| **Net sales** | 22,129 | 23,943 | 26,797 | **27,767** | +4% |
| Japan nursing facility | 4,595 | 4,822 | 5,332 | **5,897** | +11% |
| Japan home care | 17,381 | 18,678 | 21,095 | **21,416** | +2% |
| Overseas | 152 | 442 | 369 | **453** | +23% |

(Units: thousands, fractions rounded. YoY comparisons are calculated based on actual numbers.)

| | FYE 3/2021 1Q/2Q | FYE 3/2022 1Q/2Q | FYE 3/2023 1Q/2Q | FYE 3/2024 1Q/2Q Results | FYE 3/2024 1Q/2Q YoY |
|---|---|---|---|---|---|
| **Number of beds sold** | 45 | 56 | 64 | **60** | -6% |
| Japan nursing facility | 14 | 16 | 18 | **18** | +2% |
| Japan home care | 30 | 37 | 44 | **40** | -11% |
| Overseas | 1 | 3 | 2 | **2** | +20% |

*Number of bed sales include sales to companies within the group.




*Applied "Accounting Standard for Revenue Recognition" (Corporate Accounting Standard No. 29) from FYE 3/2022

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In the nursing care business, sales increased 4% YoY to JPY27,767 million.

In the nursing care field, as in the medical field, streamlining and digitization of operations against the backdrop of a shortage of human resources has become a major issue, and sales of electric beds with a sensor for the action of getting out of bed, body movement sensors, and Nemuri SCAN increased. Sales of Nemuri SCAN totaled 13,600 units, with approximately 12,000 units sold in the nursing care business and 1,500 units sold in the medical care business.

In the area of nursing home products, the three-year anniversary of the launch of the mainstay Rakusho Plus series and the growing market penetration of this series led to a lull in the upward trend in bed unit sales, but product sales remained at a high level due to the effect of price revisions and sales of welfare equipment other than beds.

The rental and wholesale business of PARAMOUNT CARE SERVICE CO., LTD. remained strong, with total sales up about 3% YoY, despite the return of beds and other equipment rented to the facilities due to the closure of COVID-19-compatible facilities following the shift of COVID-19 to Category 5. The number of rental beds in operation increased by 8,000 units YoY to approximately 194,000 units.

# 2-3. Health Promotion Business

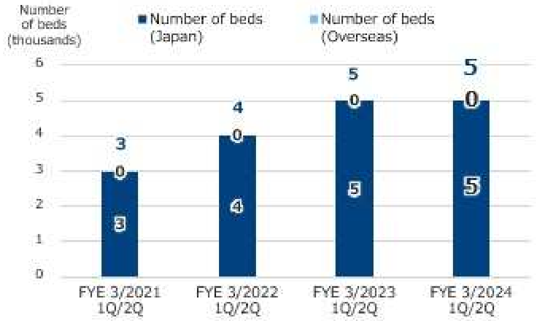
PARAMOUNT BED HOLDINGS

## Sales increased only slightly

The number of customers visiting stores was sluggish due to changes in consumer confidence following the reclassification of COVID-19 as a Class 5 infectious disease a[nd] the effects of the intense heat. New commercials were introduced in October to strengthen sales of products such as the INTIME 1000, which was released in April.

| (Unit: millions of yen) | FYE 3/2021 1Q/2Q | FYE 3/2022 1Q/2Q | FYE 3/2023 1Q/2Q | FYE 3/2024 1Q/2Q Results | FYE 3/2024 1Q/2Q YoY |
|---|---|---|---|---|---|
| Net sales | 716 | 1,020 | 1,276 | **1,282** | +0% |
| Japan | 716 | 1,020 | 1,276 | **1,282** | +0% |
| Overseas | 0 | 0 | 0 | **0** | 0% |
| (Units: thousands, fractions rounded. YoY comparisons are calculated based on actual numbers.) | | | | | |
| Number of beds sold | 3 | 4 | 5 | **5** | -8% |
| Japan | 3 | 4 | 5 | **5** | -8% |
| Overseas | 0 | 0 | 0 | **0** | 0% |

*Number of bed sales include sales to companies within the group.


*Applied "Accounting Standard for Revenue Recognition" (Corporate Accounting Standard No. 29) from FYE 3/2022

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Next, net sales in the health promotion business increased modestly YoY to JPY1,282 million.

This is due to a change in consumer behavior after COVID-19 moved to Category 5, including a shift toward more travel and leisure activities.

Aiming for expansion in H2, a new TV commercial for the INTIME brand began airing in October. To expand sales of the new INTIME 1000 series models launched in April, we will also strengthen promotion and dealer support measures, including social media.

# 2-4. List by Business

PARAMOUNT BED HOLDINGS

## Recurring domestic sales increased by 7% to 16.7 billion yen

**Net Sales**

(Unit: millions of yen)

| | FYE 3/2023 | FYE 3/2024 | |
|---|---|---|---|
| | 1Q/2Q Results | 1Q/2Q Results | YoY |
| Medical Care Business | 17,933 | **19,770** | +10.2% |
| Nursing Care Business | 26,797 | **27,767** | +3.6% |
| Health Promotion Business | 1,276 | **1,282** | +0.4% |
| Other | 842 | **900** | +6.9% |
| Total | 46,850 | **49,720** | +6.1% |

**Number of beds sold**

(Units: thousands, fractions rounded)

| | FYE 3/2023 | FYE 3/2024 | |
|---|---|---|---|
| | 1Q/2Q Results | 1Q/2Q Results | YoY |
| Medical Care Business | 45 | **42** | -7% |
| Nursing Care Business | 64 | **60** | -6% |
| Health Promotion Business | 5 | **5** | -8% |
| Other | - | **-** | - |
| Total | 115 | **107** | -7% |

*Number of beds sales include sales to companies within the group

***Reference data (recurring domestic sales)**

(rounded to the nearest hundred million yen)

| | | | |
|---|---|---|---|
| Medical Care Business | 2.9 billion yen | **3.6 billion yen** | +21% |
| Nursing Care Business | 12.7 billion yen | **13.1 billion yen** | +3% |
| Total | 15.7 billion yen | **16.7 billion yen** | +7% |

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A table of results by business is shown on page 12.

As reference information, we provide sales of the recurring business, which is currently the focus of the Company's efforts. The medical care business grew 21%, and overall sales increased 7% to JPY16,700 million in total. The recurring business has shown continued steady expansion from the previous fiscal year.

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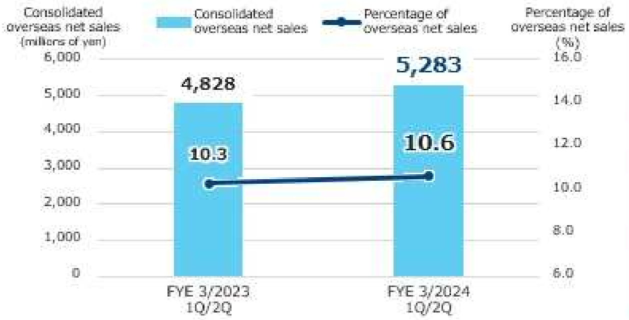
# 2-5. Overseas Sales by Region

PARAMOUNT BED HOLDINGS

## Increased 9% vs. the previous year

China saw an increase in sales in reaction to the lock down in the previous year.
Sales in Indonesia are biased toward the second half of the fiscal year.

| (Unit: millions of yen) | FYE 3/2023 1Q/2Q | FYE 3/2024 1Q/2Q | YoY |
|---|---|---|---|
| Consolidated overseas net sales | 4,828 | 5,283 | +9% |
| Overseas sales ratio | 10.3% | 10.6% | – |




**Consolidated overseas sales by region**

| (Unit: millions of yen) | FYE 3/2023 1Q/2Q | FYE 3/2024 1Q/2Q | YoY |
|---|---|---|---|
| Asia | 4,241 | 4,743 | +12% |
| Indonesia | 1,552 | 1,134 | -27% |
| China | 1,499 | 2,024 | +35% |
| Other Asia | 1,188 | 1,584 | +33% |
| Middle East | 144 | 21 | -85% |
| Central and South America | 214 | 446 | +108% |
| Other | 228 | 72 | -68% |

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The next page provides a summary of overseas sales by region.

Consolidated overseas net sales increased 9% YoY to JPY5,283 million. In China, sales expanded significantly in Q1 due to a rebound from the end of the zero COVID-19 policy, but the economy is currently slowing, and the outlook is uncertain. We will expand our market share through detailed sales activities tailored to the situation in each region.

In Indonesia, we have a major government procurement project scheduled for H2. As a recent topic, in March of this year, we signed a two-year centralized purchasing agreement with IHH Healthcare, one of the world's largest private hospital groups, with approximately 80 hospitals and more than 15,000 beds in 10 countries around the world.

In H1, we have already delivered approximately 500 beds to 22 hospitals. This will be an opportunity for us to further strengthen our presence in the IHH Group, which represents the Asian region, by leveraging our comprehensive strengths, including sensor technology.

# 3-1. Outlook for the Full Year

PARAMOUNT BED HOLDINGS

## Sales and profits to increase for the 4th consecutive year to reach all-time highs

(Unit: millions of yen)

| | FYE 3/2023 | FYE 3/2024 | | | |
|---|---|---|---|---|---|
| | Results | First half results | Second half prospects | Full year forecast | YoY |
| Net sales | 99,009 | 49,720 | 55,280 | **105,000** | +6.1% |
| Operating income (Operating income margin) | 13,452 (13.6%) | 6,480 (13.0%) | 7,520 (13.6%) | **14,000 (13.3%)** | +4.1% |
| Ordinary income (Ordinary income margin) | 14,139 (14.3%) | 7,819 (12.0%) | 6,681 (12.1%) | **14,500 (13.8%)** | +2.6% |
| Profit attributable to owners of parent (Net profit margin) | 9,215 (9.3%) | 5,298 (10.7%) | 4,502 (8.1%) | **9,800 (9.3%)** | +6.3% |

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I will now explain the outlook for the fiscal year ending March 2024.

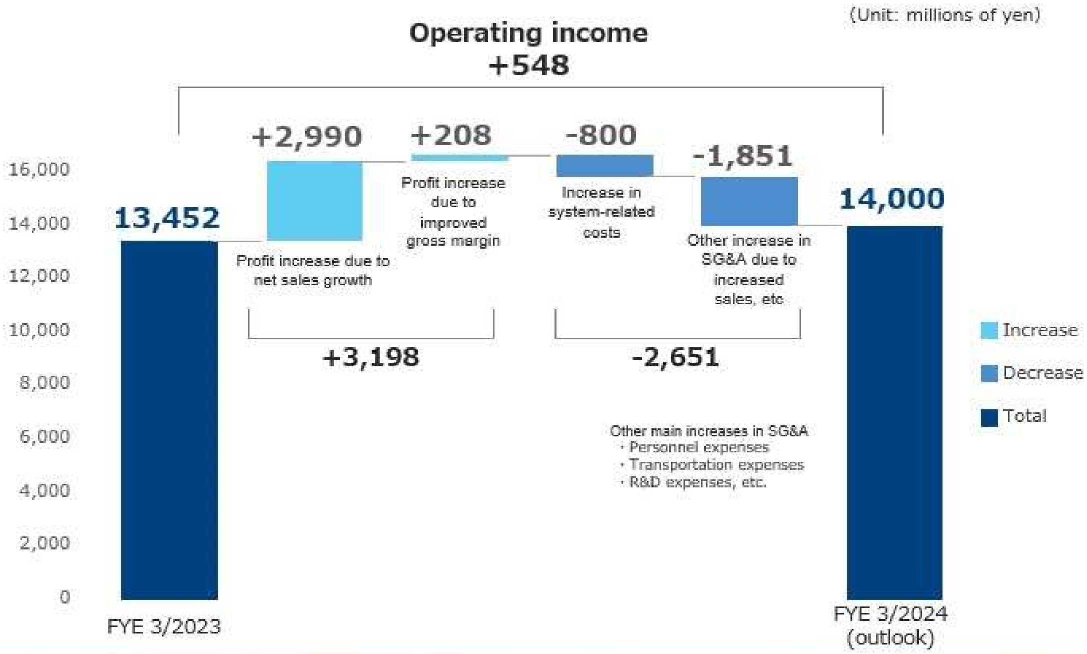
Consolidated net sales are expected to increase 6.1% YoY to JPY105,000 million, and operating profit is expected to increase 4.1% to JPY14,000 million. Ordinary profit is projected to increase 2.6% to JPY14,500 million, and net profit attributable to owners of parent is projected to increase 6.3% to JPY9,800 million. Although the budget at the beginning of the fiscal year remains unchanged, net sales and profits are expected to reach record highs for the fourth consecutive year.

If, as a result of future progress, we deem it necessary to revise the full-year forecast, we will make an announcement as soon as possible.

# 3-2. Factors Causing Changes in Operating Income

PARAMOUNT BED HOLDINGS

Continuously increase operating income by overcoming increases in system-related costs due to the effects of increased revenue

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Next, I will explain the factors causing changes in operating profit.

Gross profit is expected to increase by JPY3,198 million due to increased sales and improved gross profit margin.

Regarding expenses, as I mentioned earlier, we are renewing our core operational system this fiscal year. Although some of the related expenses that were planned for H1 were postponed to Q3, we do not expect any major changes in the overall amount for the full year.

Overall SG&A expenses are planned to increase by JPY2,651 million. Operating profit is projected to be JPY14,000 million, up JPY548 million YoY.

# 3-3. Outlook for Medical Care Business

PARAMOUNT BED HOLDINGS

## Expecting expansion of recurring revenue

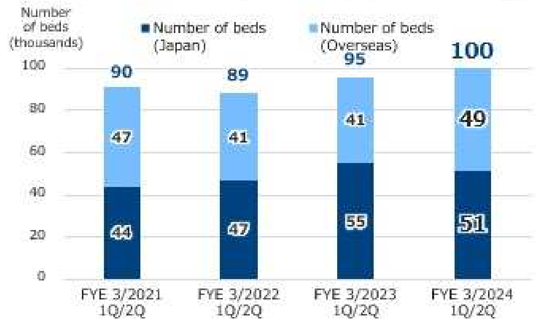
Recurring revenue business and smart bed systems, etc. are expected to expand.
In overseas, sales should increase mainly in large markets.

(Unit: millions of yen)

| | FYE 3/2021 | FYE 3/2022 | FYE 3/2023 | FYE 3/2024 Outlook | FYE 3/2024 YoY |
|---|---|---|---|---|---|
| Net sales | 33,444 | 34,230 | 37,291 | 39,119 | +5% |
| Japan | 25,769 | 26,435 | 28,729 | 29,349 | +2% |
| Overseas | 7,675 | 7,795 | 8,561 | 9,770 | +14% |

(Units: thousands, fractions rounded. YoY comparisons are calculated based on actual numbers.)

| | FYE 3/2021 | FYE 3/2022 | FYE 3/2023 | FYE 3/2024 Outlook | FYE 3/2024 YoY |
|---|---|---|---|---|---|
| Number of beds sold | 90 | 89 | 95 | 100 | +5% |
| Japan | 44 | 47 | 55 | 51 | -6% |
| Overseas | 47 | 41 | 41 | 49 | +21% |


*Applied "Accounting Standard for Revenue Recognition" (Corporate Accounting Standard No. 29) from FYE 3/2022

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Then, I will explain by business.

Sales in the medical care business are expected to increase 5% YoY to JPY39,119 million.

In Japan, we will continue to expand our current focus on recurring business and promote the Smart Bed System. Overseas, we will focus on large markets to increase bed sales volume.

Currently, we are working on building a detailed sales strategy that meets the situation and needs of each country, expanding our product lineup, and strengthening our human resources. We will promote both the secure receipt of orders for projects currently in sight and the expansion of market share and brand strength over the medium to long term.

# 3-4. Outlook for Nursing Care Business

PARAMOUNT BED HOLDINGS

**Pursuing reliable increase in net sales by strengthening our lineup**

We expanded our product lineup and also introduced original products for rental wholesalers. In the facilities business, emphasis remains on market inroads for the new Nemuri CONNECT and Nemuri SCAN systems.

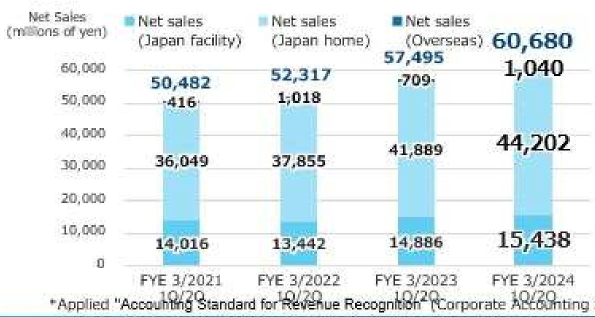
(Unit: millions of yen)

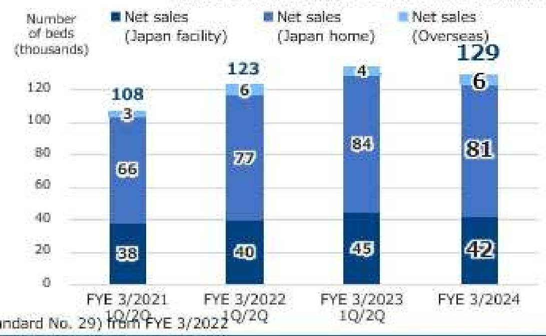
| | FYE 3/2021 | FYE 3/2022 | FYE 3/2023 | FYE 3/2024 Outlook | FYE 3/2024 YoY |
|---|---|---|---|---|---|
| **Net sales** | 50,482 | 52,317 | 57,521 | **60,669** | +6% |
| Japan nursing facility | 14,016 | 13,442 | 14,912 | **15,438** | +4% |
| Japan home care | 36,049 | 37,855 | 41,899 | **44,202** | +6% |
| Overseas | 416 | 1,018 | 709 | **1,029** | +45% |

(Units: thousands, fractions rounded. YoY comparisons are calculated based on actual numbers.)

| | FYE 3/2021 | FYE 3/2022 | FYE 3/2023 | FYE 3/2024 Outlook | FYE 3/2024 YoY |
|---|---|---|---|---|---|
| **Number of beds sold** | 108 | 123 | 132 | **129** | -3% |
| Japan nursing facility | 38 | 40 | 45 | **42** | -7% |
| Japan home care | 66 | 77 | 84 | **81** | -3% |
| Overseas | 3 | 6 | 4 | **6** | +69% |

*Number of bed sales include sales to companies within the group.




*Applied "Accounting Standard for Revenue Recognition" (Corporate Accounting Standard No. 29) from FYE 3/2022

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In the nursing care business, we project a 6% YoY increase to JPY60,669 million.

In the domestic nursing home market, as initially expected, the market penetration of mainstay models has led to a lull in the upward trend in bed sales only, but we will work to increase sales by expanding our product lineup to include non-bed products as well.

For nursing care facilities, we will continue to promote products and services that help nursing care staff work more efficiently and improve the safety of residents, such as Nemuri CONNECT, a new monitoring support system launched in October. We will explain this Nemuri CONNECT again later.

## 3-5. Outlook for Health Promotion Business

PARAMOUNT BED HOLDINGS

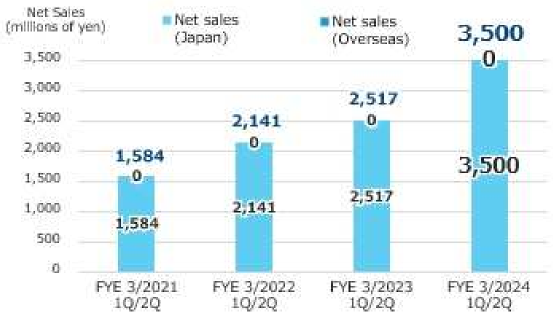
### New commercial is now airing

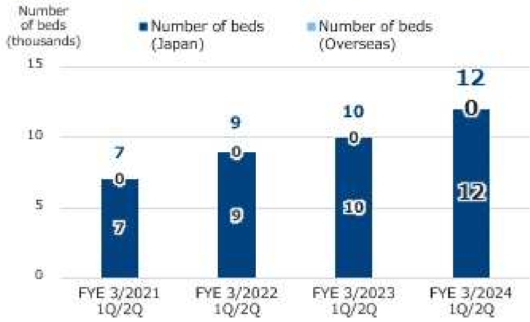
We have renewed our brand strategy and strengthened our various PR activities and dealer support measures.
We will strive to expand sales of the new INTIME 1000.

| (Unit: millions of yen) | FYE 3/2021 | FYE 3/2022 | FYE 3/2023 | FYE 3/2024 Outlook | FYE 3/2024 YoY |
|---|---|---|---|---|---|
| Net sales | 1,584 | 2,141 | 2,517 | **3,500** | +39% |
| Japan | 1,584 | 2,141 | 2,517 | **3,500** | +39% |
| Overseas | 0 | 0 | 0 | **0** | 0% |

(Units: thousands, fractions rounded. YoY comparisons are calculated based on actual numbers.)

| | FYE 3/2021 | FYE 3/2022 | FYE 3/2023 | FYE 3/2024 Outlook | FYE 3/2024 YoY |
|---|---|---|---|---|---|
| Number of beds sold | 7 | 9 | 10 | **12** | +26% |
| Japan | 7 | 9 | 10 | **12** | +26% |
| Overseas | 0 | 0 | 0 | **0** | 0% |




*Applied "Accounting Standard for Revenue Recognition" (Corporate Accounting Standard No. 29) from FYE 3/2022

The health promotion business budgets sales of JPY3,500 million, up 39% YoY, and 12,000 beds.

We will promote new brand communication based on the TV commercials launched in October, in cooperation with our dealers.

# 3-6. List by Business

PARAMOUNT BED HOLDINGS

## Recurring domestic sales projected to increase 7% YoY to 34 billion yen

**Net Sales**

(Unit: millions of yen)

| | FYE 3/2023 | FYE 3/2024 | |
|---|---|---|---|
| | Results | Outlook | YoY |
| Medical Care Business | 37,291 | **39,119** | +4.9% |
| Nursing Care Business | 57,495 | **60,669** | +5.5% |
| Health Promotion Business | 2,517 | **3,500** | +39.0% |
| Other | 1,678 | **1,710** | +1.9% |
| Total | 99,009 | **105,000** | +6.1% |

**Number of beds sold**

(Units: thousands, fractions rounded)

| | FYE 3/2023 | FYE 3/2024 | |
|---|---|---|---|
| | Results | Outlook | YoY |
| Medical Care Business | 95 | **100** | +5% |
| Nursing Care Business | 132 | **129** | -3% |
| Health Promotion Business | 10 | **12** | +26% |
| Other | - | **-** | - |
| Total | 237 | **241** | +2% |

*Number of beds sales include sales to companies within the group

***Reference data (recurring domestic sales)**

(rounded to the nearest hundred million yen)

| | | | |
|---|---|---|---|
| Medical Care Business | 6 billion yen | **6.6 billion yen** | +9% |
| Nursing Care Business | 25.6 billion yen | **27.4 billion yen** | +7% |
| Total | 31.6 billion yen | **34 billion yen** | +7% |

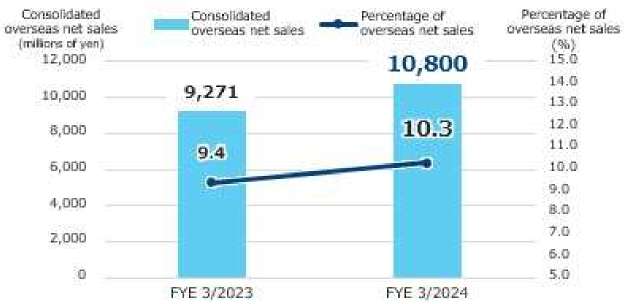
The slide summarizes the outlook by business.

Domestic recurring sales are expected to increase 7% to JPY34 billion.

# 3-7. Overseas Sales by Region

## Focus on business expansion in large markets

| (Unit: millions of yen) | FYE 3/2023 | FYE 3/2024 Outlook | YoY |
|---|---|---|---|
| Consolidated overseas net sales | 9,271 | 10,800 | +16.5% |
| Overseas sales ratio | 9.4% | 10.3% | - |




Consolidated overseas sales by region

| (Unit: millions of yen) | FYE 3/2023 | FYE 3/2024 Outlook | YoY |
|---|---|---|---|
| Asia | 8,174 | 9,897 | +21.1% |
| Indonesia | 2,874 | 3,657 | +27.2% |
| China | 3,029 | 3,524 | +16.3% |
| Other Asia | 2,269 | 2,715 | +19.7% |
| Middle East | 222 | 235 | +5.9% |
| Central and South America | 505 | 526 | +4.0% |
| Other | 369 | 140 | -62.0% |




Estimated sales by region are also shown here.

We intend to expand sales in Asia, particularly in Indonesia, China, and India, as we will promote measures to expand sales by strengthening area strategies.

**Support**
Japan 050.5212.7790 North America 1.800.674.8375
Tollfree 0120.966.744 Email Support support@scriptsasia.com

## 3-8. Capital Expenditures, Depreciation Costs, and R&D Expenses

PARAMOUNT BED HOLDINGS

### Budgeted increase in investments related to the new system infrastructure for capital expenditures

The budget also includes upgrade to coating equipment at the Indonesian factory.

| (Unit: millions of yen) | FYE 3/2021 | FYE 3/2022 | FYE 3/2023 | FYE 3/2024 Budget |
|---|---|---|---|---|
| Capital expenditures | 2,976 | 1,822 | 3,653 | **3,613** |
| Depreciation costs | 7,540 | 7,898 | 8,482 | **9,671** |
| R&D expenses | 1,782 | 1,697 | 1,753 | **1,975** |
| Number of employees | 3,614 | 3,682 | 3,946 | - |

*Reference data

(rounded to the nearest hundred million yen)

| | | | | |
|---|---|---|---|---|
| Recurring asset investment value | 8.9 billion yen | 10.1 billion yen | 10.1 billion yen | **11.6 billion yen** |

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Capital expenditures, depreciation, and R&D expenses are shown in this slide.

Capital expenditures include investments for the review of the core business system, as well as renewal of painting facilities at the Indonesian plant and molds for new products.

Depreciation is primarily for assets used in the rental business, such as caring equipment, TV systems for hospitals, and other equipment. This has increased with the expansion of the recurring business. For reference information, the amount invested in recurring assets is shown here.

# 3-9. Shareholder Returns
## (Dividends and Purchase of Treasury Shares)

PARAMOUNT BED HOLDINGS

**Basic Policy: Increase in stable dividends with 2.7% DOE and payout ratio of 30% as a guide** (under review, including revisions)

The guidance targets an annual dividend of 62 yen in FYE 3/2024 for the fourth consecutive dividend hike.

| | FYE 3/2020 | FYE 3/2021 | FYE 3/2022 | FYE 3/2023 | FYE 3/2024 Outlook |
|---|---|---|---|---|---|
| Dividends per share* | 50 yen | 51.5 yen | 55 yen | 59 yen | **62 yen** |
| Dividend on equity (DOE) | 2.7% | 2.7% | 2.7% | 2.7% | - |
| Payout ratio | 42.3% | 34.8% | 35.2% | 37.3% | **36.9%** |
| Value of share buybacks | 4,382 million yen | 0 yen | 0 yen | 0 yen | - |


* The Company carried out a 1:2 stock split of common shares effective April 1, 2021.
The above figures show the annual dividend per share calculated based on the assumption that the split took place on April 1, 2019.

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We plan to increase the annual dividend by JPY3 to JPY62 per share.

Our policy is to pay stable dividends, with a target dividend on equity of 2.7%, and we expect to increase dividends for the fourth consecutive year in this fiscal year.

In addition, the medium-term management plan will move into the second phase in the next fiscal year. We are in the process of holding various discussions, taking into account changes in the environment and other factors since the time the plan was formulated.

We are constantly reviewing our shareholder return policy, including a review that will lead to further expansion of corporate value. If we make any changes, we will make another disclosure.

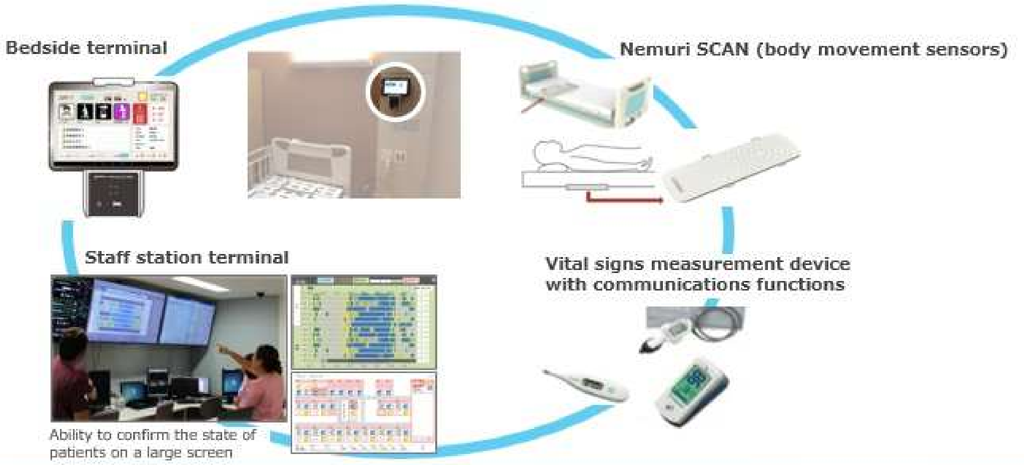
## 4-1. Topics (Medical Care Business, Japan)

PARAMOUNT BED HOLDINGS

# Accelerate sales of the smart bed system

### Contribute to the promotion of medical staff work style reforms

- This system, which is built around a bedside terminal and links vital signs measurement devices with a communications function, electronic medical records, staff terminals, various sensors, and other ICT equipment, contributes to input work, information sharing, night-time monitoring, and data utilization.
- Cumulative number of hospitals with deployments: 32 hospitals (as of end-March 2023)
  ⇒ **Expect approx. 20 hospitals to newly introduce the system this fiscal year**

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As topics, I would like to reiterate our strategies and initiatives, as well as the market environment and outlook for each of our medical care, nursing care, and health promotion businesses.

First, as for the medical care business, the business environment surrounding medical institutions in Japan continues to be very difficult for earnings, as some hospitals face reduced subsidies due to the change of COVID-19 to Category 5, and various expenses such as personnel and utilities costs are increasing.

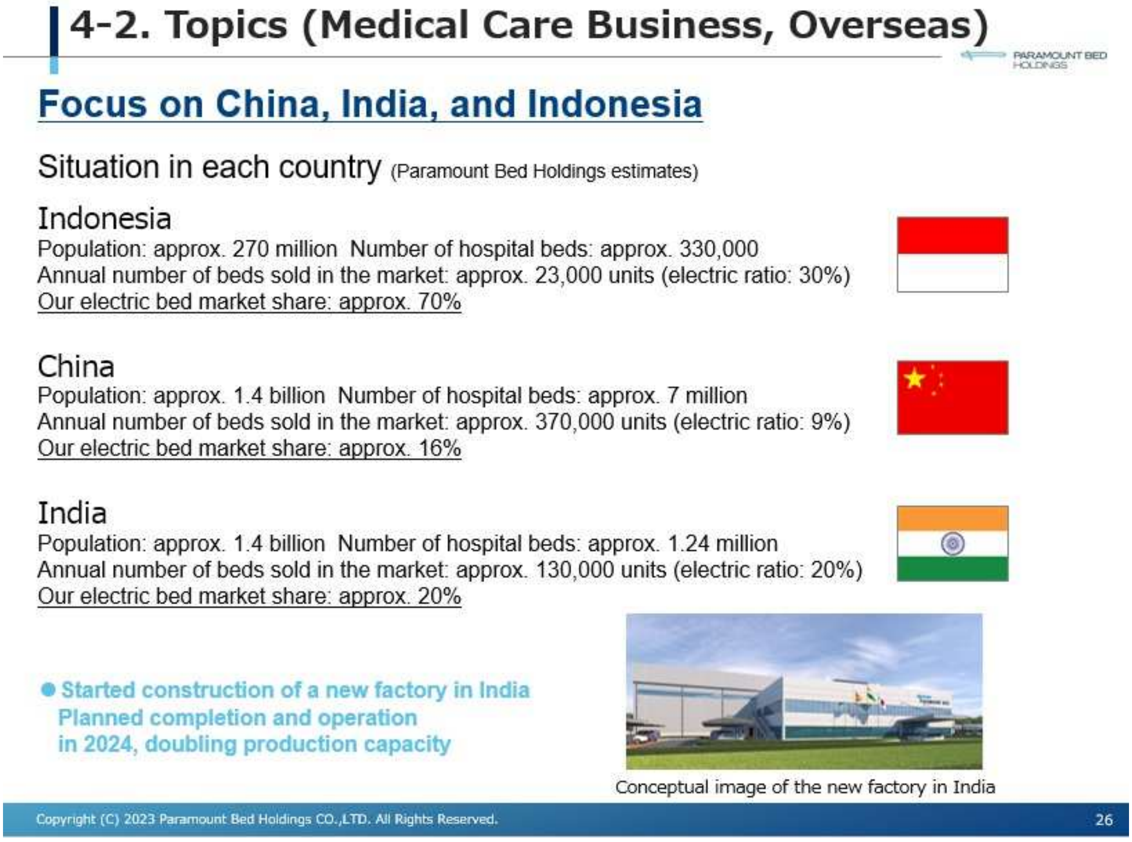
In such a situation, from 2024, there is a demand for more efficient and digitalized medical staff operations in line with the reform of the work style for physicians. Over the years, we have worked to develop products and services that help nurses and other medical staff work more efficiently and improve the management of medical institutions.

One of these is the Smart Bed System. ICT devices such as sensors and measuring instruments that measure vital signs are linked to electronic medical records through bedside terminals, preventing input errors and improving operational efficiency. This system uses the bed as a hub to manage and share a variety of patient information.

We are proud of this system because it is unique to our company, which has a high market share for hospital beds, a product that is paired with hospitalized patients. Depending on the hospital's needs, the system is scalable to accommodate admission/discharge management, TV systems, and in-hospital cashless systems and has been highly regarded for its ability to improve patient safety and satisfaction.

When the project was launched in 2016, the high cost burden for introduction was a bottleneck that prevented its widespread use, but the effectiveness of the Smart Bed Systems is finally gaining acceptance amid the trend toward greater operational efficiency and digitization in healthcare.

The total number of hospitals that have adopted the system up to the last fiscal year is 32, and about 20 more hospitals are expected to adopt the system in the current fiscal year alone. Furthermore, business negotiations for the next fiscal year and beyond are under way. We are currently in the process of converting our business from a sell-out business to an ongoing recurring business. Through this Smart Bed System, we aim to increase the percentage of recurring business.



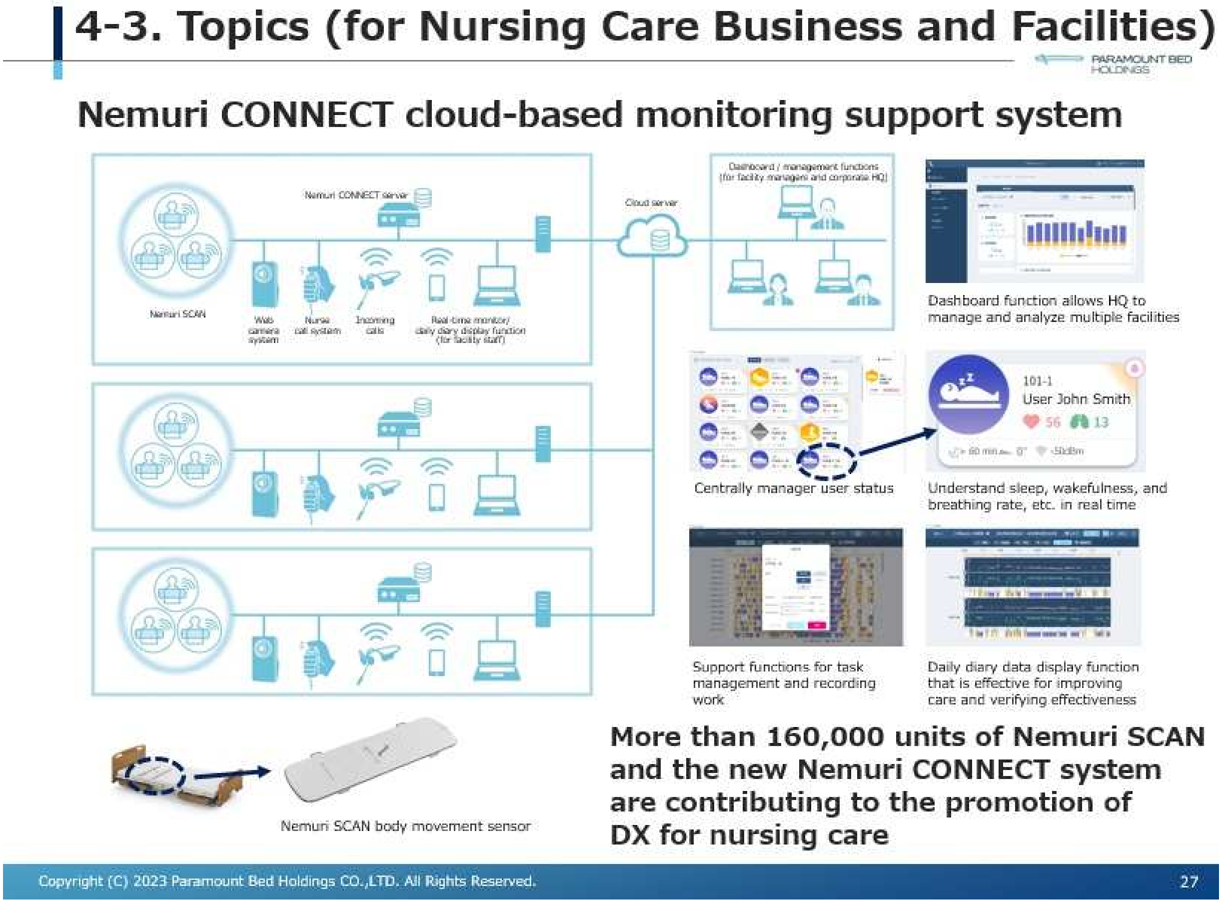

In overseas markets, which is one of the pillars of the second phase of the medium-term management plan, we have designated Indonesia, China, and India, which have large populations and are expected to increase the number of hospital beds and require higher functionality, as our focus areas. In these three countries, we estimate that we already have the top share of the electric bed market. However, we are still in the process of further expanding our market share.

We intend to expand our presence overseas by promoting more detailed area strategies tailored to the situation in each country.

In India, construction of a new mass production plant started last month to meet the growing demand. The new plant is being built on more than 20,000 square meters of land in an industrial park located approximately 80 kilometers from Delhi Airport. The project will be completed, and mass production is planned to begin next year.

Some of you may have seen today's front-page article in Nikkan Kogyo Shimbun about this new plant in India. Currently, only the assembly process is performed, but the new plant will include painting facilities and is expected to double the production capacity.

As described in the article, India is increasingly favoring domestically produced goods as a matter of policy. With the new plant in operation, we plan to manufacture more products at our Indian plant. We will strive to further expand our business through a lineup that meets the needs of the market.




In the nursing care business sector, the shortage of nursing care staff is a major challenge. In recent years, due in part to improvements in the labor market in other industries, the outflow of human resources from the nursing care sector has become more pronounced, and in 2022, the number of nursing care workers decreased for the first time.

Meanwhile, the government has designated the medical and nursing care sectors as one of the six priority reform areas to be tackled as soon as possible in the digital administrative and fiscal reform it has set as a new key policy. Discussions are currently under way to revise next year's compensation for nursing care and to relax staffing standards for nursing care.

In any case, addressing the shortage of nursing care workers is an urgent issue, so we believe that the use of sensors, AI, IoT, and other technologies, as well as the digital transformation of nursing care, is essential.

In October, we began offering Nemuri CONNECT, a new cloud-based monitoring support system. It is a system that can manage sleep information detected by Nemuri SCAN, a body movement sensor that has sold more than 160,000 units to date, in the cloud.

For example, in a corporation that operates multiple facilities, it is possible to display and analyze the status of all residents by facility and unit at the corporate headquarters. This analysis data can be used to improve nursing care programs and examine appropriate staffing for each facility. In addition, application updates can be completed in the cloud, contributing to DX promotion by facility managers.

In conjunction with the launch of Nemuri CONNECT, Nemuri SCAN itself underwent a model change. This model change improves expandability and usability, including the addition of an optional sensor that increases the detection accuracy for the action of getting out of bed. We are committed to promoting the use of Nemuri CONNECT and the new Nemuri SCAN to further improve the efficiency of nursing care operations and the safety of residents.


In our current health promotion business, the electric bed technology that helps people get up comfortably and sensor technology that can detect sleep conditions, both developed in our medical and nursing care businesses, have been used by healthy people in general. This helps them lead more lively and energetic daily lives, which will further extend their healthy life expectancy.

On the other hand, some people have a negative impression of electric beds as something to be used when one becomes ill or disabled. I have long wanted to change this perception. We want everyone to feel that using an electric bed is something that supports them in living a more their own, fulfilling life. Changing this perception is not something that can be done overnight, but we are now seriously working on restructuring our brand strategy to achieve this.

As part of this effort, the TV commercials for the INTIME series were renewed for the first time in two and a half years and began airing in October. The concept of the new INTIME is an electric bed that gives power to your life. In line with this new concept, the new commercial video depicts how INTIME moves the body and mind, and how life begins to move.

As the commercial song, we adopted a song by Eiichi Otaki called Kimi wa tennenshoku, which was released about 40 years ago. It is a famous song that is familiar to people of all ages even today, and we believe that it is appropriate for INTIME, which gives us power for a richer life.

While promoting brand communication utilizing this new concept, we aim to expand sales of the INTIME 1000 series, which underwent a model change in April, and promote a change in the perception of electric beds.

The repositioning of electric beds will quickly expand the market for our health promotion business. We are in the process of further examining the restructuring of our brand strategy, which we are working on. We will share the results of this examination with you in the future.

This concludes my explanation. Thank you very much.

## Disclaimer