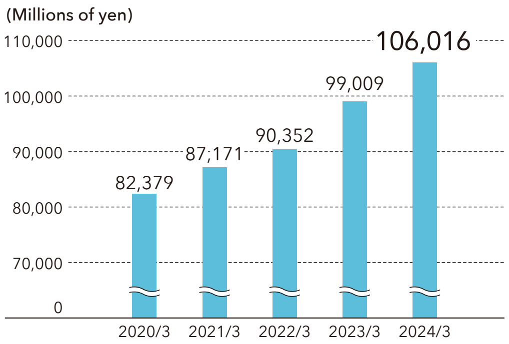
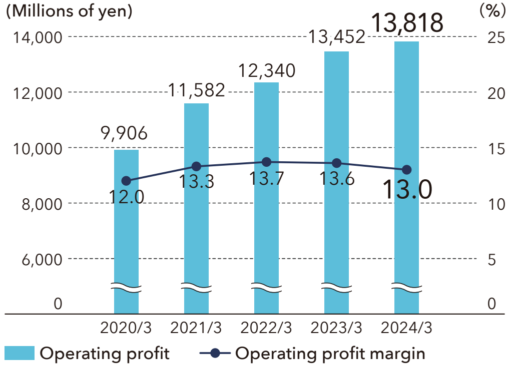
Corporate Data

Management's Discussion and Analysis of Financial Condition and Results of Operation (MD&A)

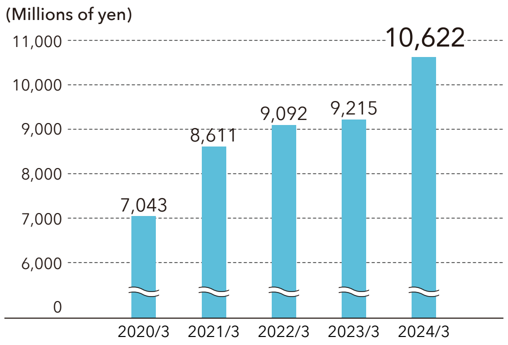
Net sales



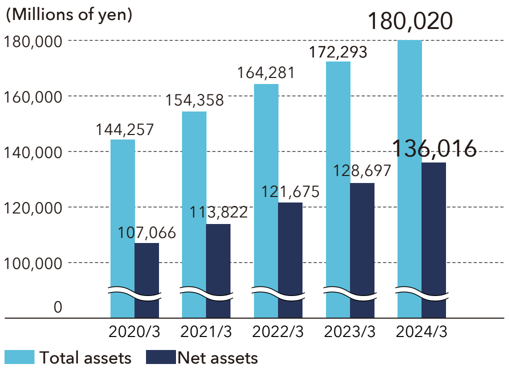
Operating profit, operating profit margin



Net profit attributable to owners of the parent



Total assets, net assets



Financial overview

The fiscal year ended March 31, 2024 was the final year of Phase I of the Group's Medium-term Management Plan, part of the "Paramount Vision 2030," our vision for the year 2030. In that period, we promoted initiatives toward the "expansion of current businesses," "fully engaging in health promotion business," and "establishing the foundations for change," the key measures of this Phase.

As for performance in the three main businesses, in the medical care business, net sales increased 9.1% from the previous fiscal year to 40,690 million yen, mainly due to continued steady expansion of recurring revenue businesses in Japan and increased sales to overseas customers compared to the previous fiscal year. In the nursing care business, increased sales of the "Nemuri SCAN" body motion sensor, which is mainly used in nursing care facilities to monitor patients, and efforts to expand the lineup of various assistive products for home care, as well as a focus on expanding the assistive product rental wholesale business, led to an increase of 6.7% from the previous fiscal year to 61,350 million yen. The health promotion business saw a decrease of 12.2% from the previous fiscal year to 2,210 million yen, partly due to sluggish growth in the number of customers visiting stores due to changes in consumer behavior after COVID-19 was downgraded to a Class 5 infection.

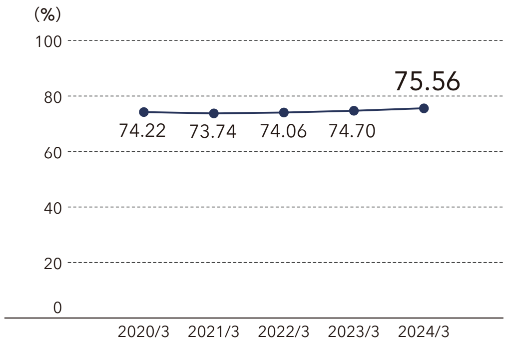
As a result, consolidated net sales increased by 7,007 million yen (7.1% increase) compared to the previous period to total 106,016 million yen. operating profit increased by 365 million yen (2.7% increase) to 13,818 million yen compared to the previous period, ordinary profit increased by 1,781 million yen (12.6% increase) to 15,920 million yen compared to the previous period partly due to foreign exchange gains, and net profit attributable to owners of the parent increased by 1,407 million yen (15.3% increase) to 10,622 million yen.

Financial condition

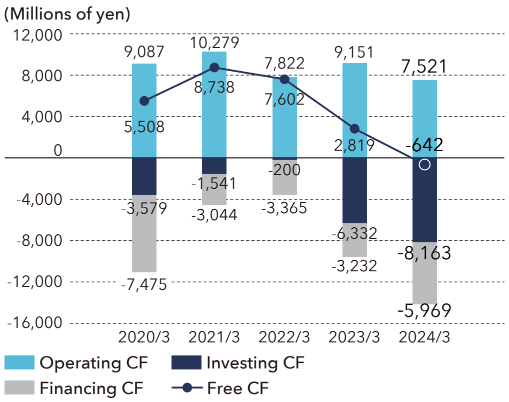
Total assets as of March 31, 2024 increased by 7,726 million yen from March 31, 2023 to 180,020 million yen. Total liabilities increased by 407 million yen to 44,004 million yen. Net assets increased by 7,319 million yen to 136,016 million yen. As a result, equity-to-asset ratio was 75.6% and net assets per share was 2,368.78 yen.

Management's Discussion and Analysis of Financial Condition and Results of Operation (MD&A)

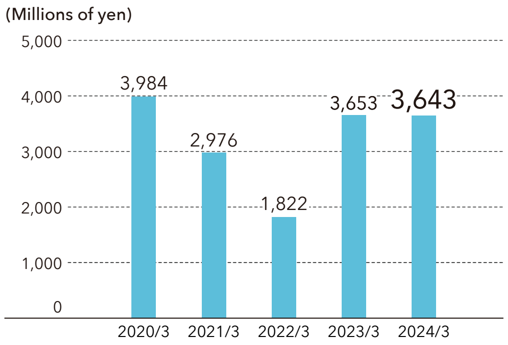
Equity-to-asset ratio



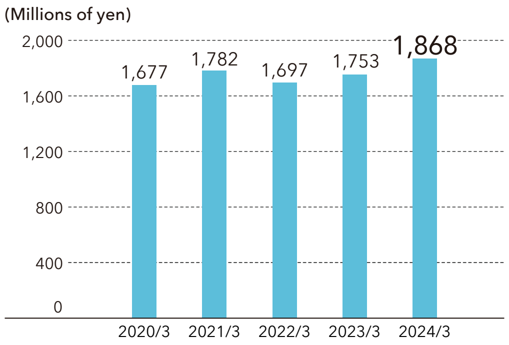
Operating CF, investing CF, financing CF, free CF



Capital investment expenses



Research and development expenses



●Cash flow status

Cash and cash equivalents (hereinafter referred to as "cash") as of March 31, 2024 totaled 39,740 million yen. The status of each cash flow and their factors are as follows.

■Cash flows from operating activities

The cash increased as the result of operating activities amounted to 7,521 million yen. This was mainly due to increases in the profit before income taxes of 15,500 million yen and depreciation and amortization of 9,765 million yen, and decreases due to the increase in rental assets of 7,717 million yen and the increase in trade receivables of 9,765 million yen following expansion of the recurring revenue business.

■Cash flows from investing activities

The cash decreased as the result of investing activities amounted to 8,163 million yen. This was mainly due to decreases of 4,441 million yen in purchase of investment securities, 2,853 million yen in purchase of property, plant and equipment, such as updating coating facilities at our Indonesia factory, and 1,382 million yen in purchase of intangible assets, such as the ERP system, along with an increase of 1,579 million yen in proceeds from sale of securities.

■Cash flows from financing activities

The cash decreased as the result of financing activities amounted to 5,969 million yen. This was mainly dividend payments amounting to 3,615 million yen and purchase of company's own shares amounting to 2,399 million yen.

●Capital investment status

Capital investment expenses for the fiscal year ended March 31, 2024 totaled 3,643 million yen. This was mainly related to building our new ERP system amounting to 920 million yen and updating coating facilities at our Indonesia factory, etc. amounting to 464 million yen. There were no material disposals or sales of facilities during this fiscal year.

●Research and development status

Based on the corporate principles of "We Create Comfortable Healthcare Environments through Cutting-edge Technology with a Human Touch," the Group's research and development activities are handled by the Sleep Research Institute and a total of five departments under the Technology Development Division of the core subsidiary, Paramount Bed Co., Ltd.: R&D Department, Elemental Technology Department, Development Department, Design Department, and IBS Solution Development Department. Research and development expenses for the fiscal year ended March 31, 2024 are 1,868 million yen.

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Financial and Non-financial Data

Unit: Millions of yen

	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3
Net sales	75,270	74,089	73,198	77,220	80,088	82,379	87,171	90,352	99,009	**106,016**
Operating profit	10,038	9,660	11,015	10,661	10,580	9,906	11,582	12,340	13,452	**13,818**
Operating profit margin (%)	13.3	13.0	15.0	13.8	13.2	12.0	13.3	13.7	13.6	**13.0**
Ordinary profit	11,553	9,830	11,788	12,161	10,923	10,145	13,461	13,543	14,139	**15,920**
Net profit attributable to owners of the parent	7,264	6,387	9,034	8,366	6,704	7,043	8,611	9,092	9,215	**10,622**
Comprehensive income	8,251	5,039	8,533	8,257	7,064	6,212	9,664	10,809	9,432	**13,252**
Net assets	85,391	85,223	88,391	102,803	108,242	107,066	113,822	121,675	128,697	**136,016**
Total assets	125,508	126,279	128,962	139,176	144,006	144,257	154,358	164,281	172,293	**180,020**
Net assets per share (yen)	1,453.42	1,461.50	1,600.45	1,726.95	1,800.25	1,841.97	1,958.23	2,092.47	2,207.86	**2,368.78**
Basic earnings per share (yen)	122.02	110.88	160.07	148.62	111.84	118.21	148.15	156.39	158.37	**182.61**
Annual dividend per share (yen)	30.0	35.0	45.0	45.0	50.0	50.0	51.5	55.0	59.0	**65.0**
Dividends on equity ratio (DOE) (%)	2.1	2.4	2.9	2.7	2.8	2.7	2.7	2.7	2.7	**2.8**
Dividend payout ratio (%)	24.6	31.6	28.1	30.3	44.7	42.3	34.8	35.2	37.3	**35.6**
Equity-to-asset ratio (%)	68.04	67.49	68.54	73.87	75.16	74.22	73.74	74.06	74.70	**75.56**
Return on equity (%)	8.65	7.49	10.41	8.75	6.35	6.54	7.80	7.72	7.36	**8.03**
Cash flows from operating activities	8,151	9,657	12,019	9,967	7,914	9,087	10,279	7,822	9,151	**7,521**
Cash flows from investing activities	-3,615	-2,037	-936	-493	-2,464	-3,579	-1,541	-220	-6,332	**-8,163**
Cash flows from financing activities	-5,375	-5,493	-5,641	-2,621	-2,842	-7,475	-3,044	-3,365	-3,232	**-5,969**
Cash and cash equivalents	20,453	22,615	27,644	34,435	37,069	35,009	40,756	45,462	45,663	**39,740**
Price earnings ratio (PER) (times)	12.8	18.3	13.6	19.3	22.0	18.5	16.4	12.8	14.9	**15.5**
Price to book-value ratio (PBR) (times)	1.09	1.37	1.39	1.57	1.36	1.21	1.24	0.95	1.07	**1.18**
Research and development expenses	1,246	1,385	1,600	1,589	1,642	1,677	1,782	1,697	1,753	**1,868**
Number of employees (persons)	2,496	2,638	2,685	2,925	3,224	3,494	3,614	3,682	3,946	**4,126**

(Note) 1. The Company carried out a 1:2 stock split of common shares effective April 1, 2021. Net assets per share, net profit per share, and annual dividend per share were calculated on the assumption that the share split had been conducted at the beginning of the fiscal year ended March 31, 2015.

2. The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) has been applied from the beginning of the fiscal year ended March 31, 2022, and the key management indicators for the fiscal year ended March 31, 2022 and beyond are those after applying such accounting standard.

Corporate Information (As of March 31, 2024)

Corporate name	Paramount Bed Holdings Co., Ltd.
Head office	14-5, Higashisuna 2-chome, Koto-ku, Tokyo 136-8671, Japan
Phone	+81-3-3648-1100 (operator)
Capital	4,207,430,300 yen
Listing	Tokyo Stock Exchange, Prime Market (Securities Code: 7817)
Number of employees	Consolidated: 4,126

Main Group companies

Domestic consolidated subsidiaries	Paramount Bed Co., Ltd. Paratechno Co., Ltd. Paramount Care Service Co., Ltd. Sadashige Special Plywood Co., Ltd.
Domestic non-consolidated subsidiaries	KP Service Co., Ltd. PARAMOUNT BED Healthcare Fund
Overseas consolidated subsidiaries	Paramount Bed Asia Pacific Pte. Ltd. PT. Paramount Bed Indonesia Paramount Bed (China) Co., Ltd. Paramount Bed Vietnam Co., Ltd.
Overseas non-consolidated subsidiaries	Paramount Bed (Thailand) Co., Ltd. Paramount Bed India Pvt. Ltd. Paramount Bed Mexico S.A. de C.V. Paramount Bed USA Corporation

Stock Information (As of March 31, 2024)

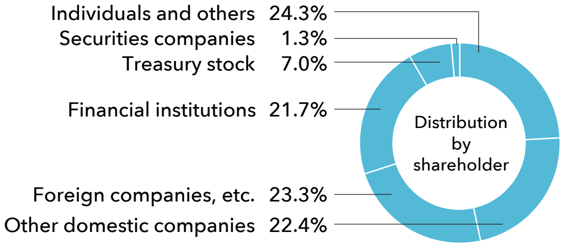
Total number of authorized shares	252,000,000
Total number of shares issued	61,754,974
Number of shareholders	11,435

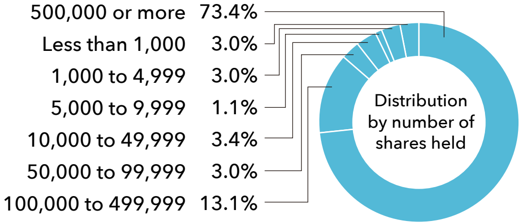
Major shareholders

Name of shareholders	Number of shares held	Shareholding ratio
The Master Trust Bank of Japan, Ltd. (Trust Account)	8,620 thousand shares	15.0 %
CTOC Co., LTD.	4,266	7.4
LLAGE WOOD Co.	4,146	7.2
Michihide Kimura	1,822	3.2
Kyosuke Kimura	1,818	3.2
Kenji Kimura	1,782	3.1
Tomohiko Kimura	1,769	3.1
Custody Bank of Japan, Ltd. (Trust Account)	1,584	2.8
JP MORGAN CHASE BANK 385632	1,475	2.6
Paramount Bed Group employee shareholding association	1,394	2.4

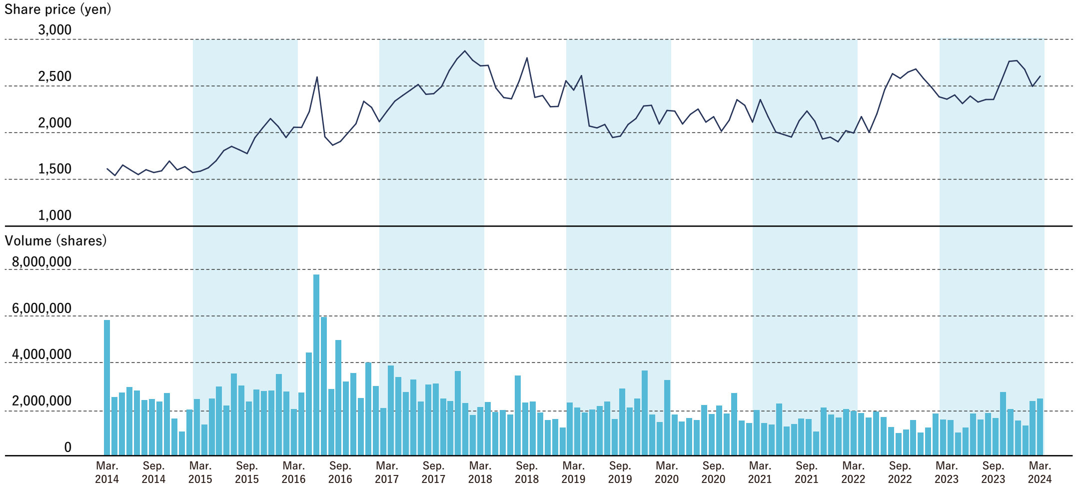
*The Company holds 4,334,941 shares of treasury stock; however the shareholding ratio is calculated with treasury stock excluded.

Distribution of shares





10-year share price/volume trends 2014 to 2024



*The Company carried out a 1:2 stock split of common shares effective April 1, 2021.
Share prices prior to March 2021 are presented on the assumption that an equivalent stock split had taken place.

PARAMOUNT BED
HOLDINGS

https://www.paramountbed-hd.co.jp/english