

Financial Results Briefing for the Second Quarter of the Fiscal Year ending March 2020 (FYE 3/2020)

Nov. 2019

Paramount Bed Holdings Co., Ltd.

Stock code: 7817

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1. Financial Results for the Second Quarter of FYE 3/2020 (Consolidated)

1 - 1. Summary of financial results

(Unit: JPY Millions)

	FYE 3/2019 1Q/2Q	FYE 3/2020 1Q/2Q			
	Actual	Budget	Actual	vs. budget	vs. previous term (YoY)
Net sales	36,759	38,100	38,952	+2.2%	+6.0%
Operating income (operating profit)	4,868 (13.2%)	4,400 (11.5%)	4,940 (12.7%)	+12.3%	+1.5%
Ordinary income (ordinary profit margin)	5,287 (14.4%)	4,600 (12.1%)	4,921 (12.6%)	+7.0%	-6.9%
Profit attributable to owners of parent (Net profit margin)	3,693 (10.0%)	3,100 (8.1%)	3,450 (8.9%)	+11.3%	-6.6%

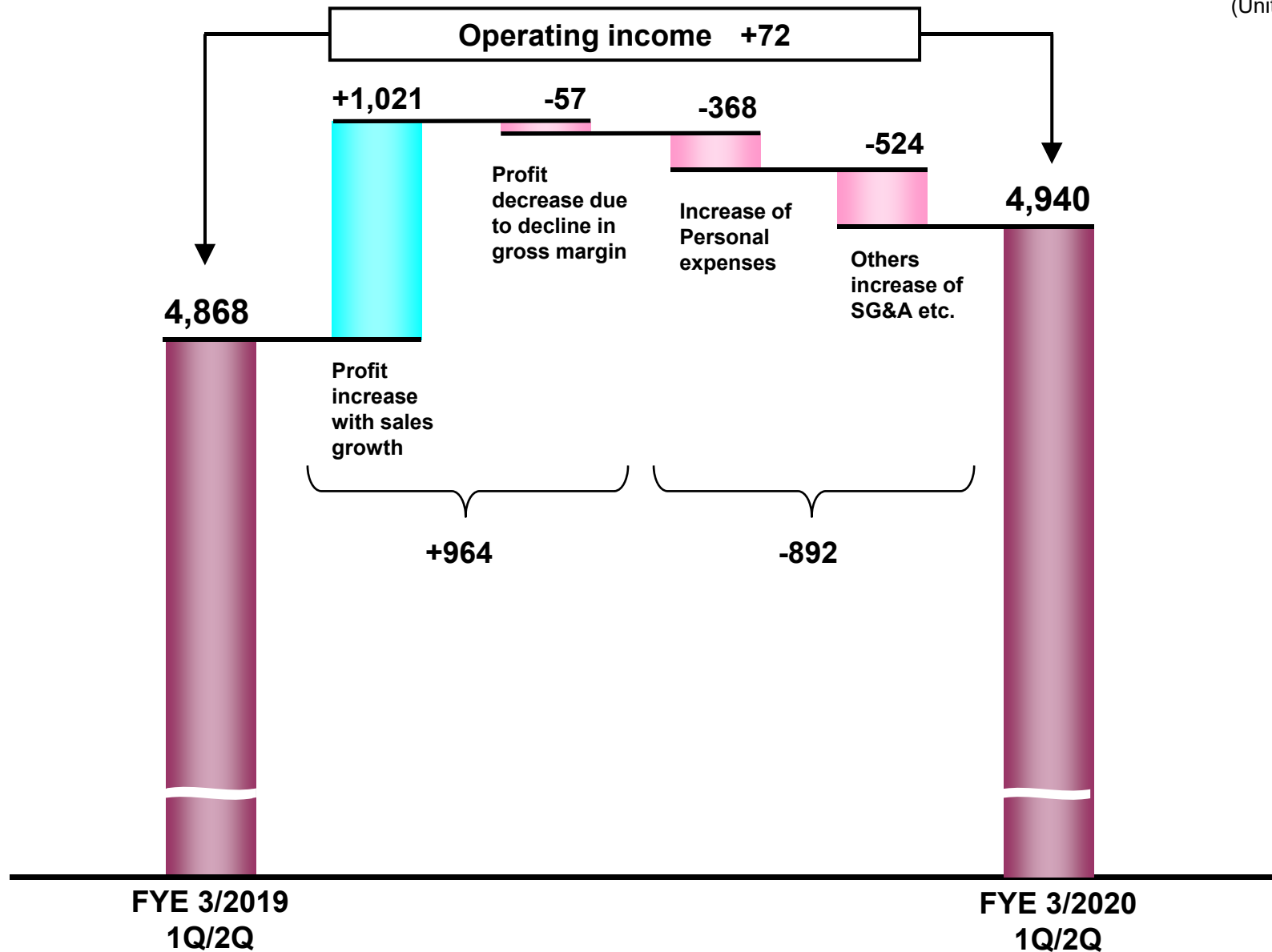
Per share data

Net income per share	123.52yen	103.12yen	114.78yen	+11.3%	-7.1%
Annual dividend (First half dividend)	100yen (50yen)	100yen (50yen)	—	—	—



1-2. Positive/negative factors for operating income

(Unit: JPY Millions)



1-3. Financial status

(Unit: JPY Millions)

	March end, 2019	September end, 2019	Changes (value)	Changes (%)
Current assets	81,212	77,426	-3,786	-5%
Non-current assets	62,794	66,638	+3,844	+6%
Total assets	144,006	144,064	+58	+0%
Current liabilities	21,209	18,875	-2,334	-11%
Non-current liabilities	14,554	15,285	+731	+5%
Total liabilities	35,764	34,161	-1,603	-4%
Net assets	108,242	109,903	+1,661	+2%
Total liabilities and net assets	144,006	144,064	+58	+0%

2. Overview by operating company

2-1. Paramount Bed

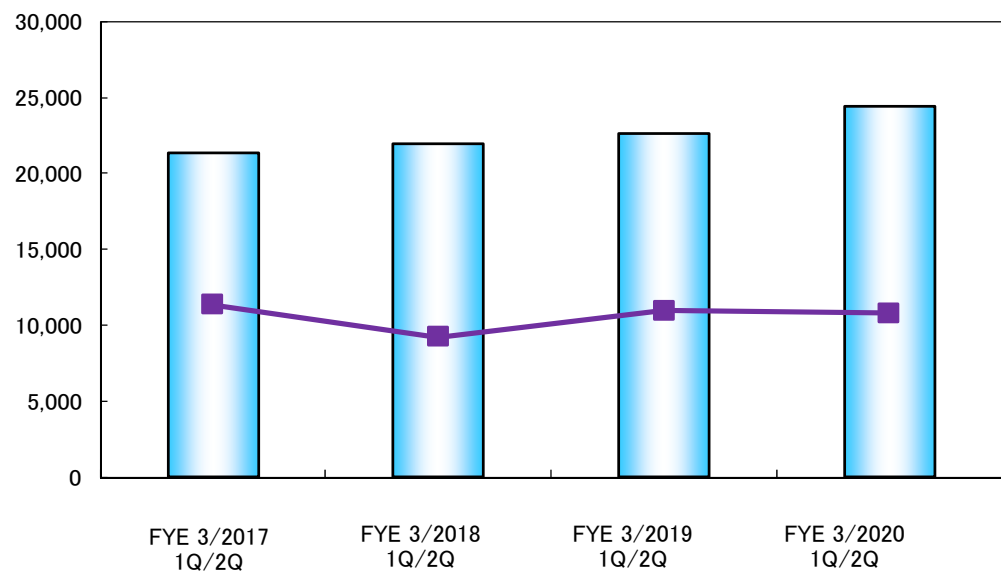
(Unit: JPY Millions)

	FYE 3/2017 1Q/2Q	FYE 3/2018 1Q/2Q	FYE 3/2019 1Q/2Q	FYE 3/2019 1Q/2Q	vs. previous term (YoY)
Net sales	21,348	21,979	22,669	24,403	+8%
Operating income	2,268	1,844	2,192	2,157	-2%

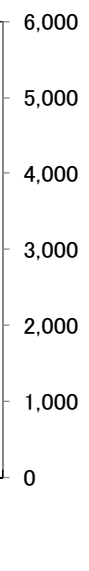
(Unit: 1,000 units, fractions rounded)

Unit sales of beds	78	74	75	75	+1%
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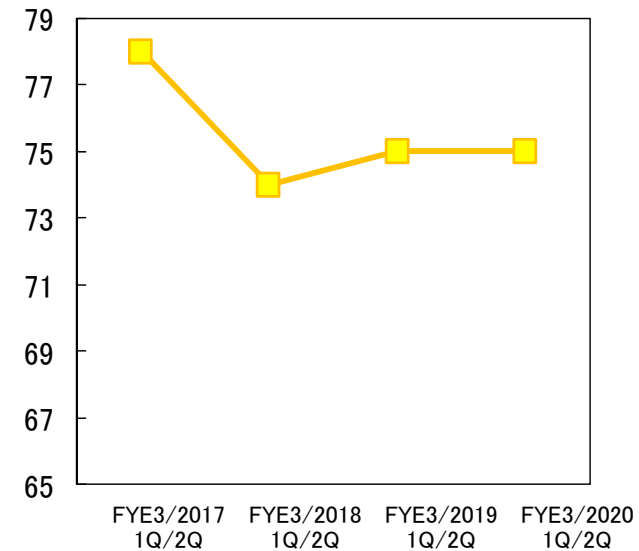
Net sales



Operating income



Unit sales of beds



* Above figures are before adjustments for consolidation.

2-2. Paramount Bed/for medical institutions

(Unit: JPY Millions)

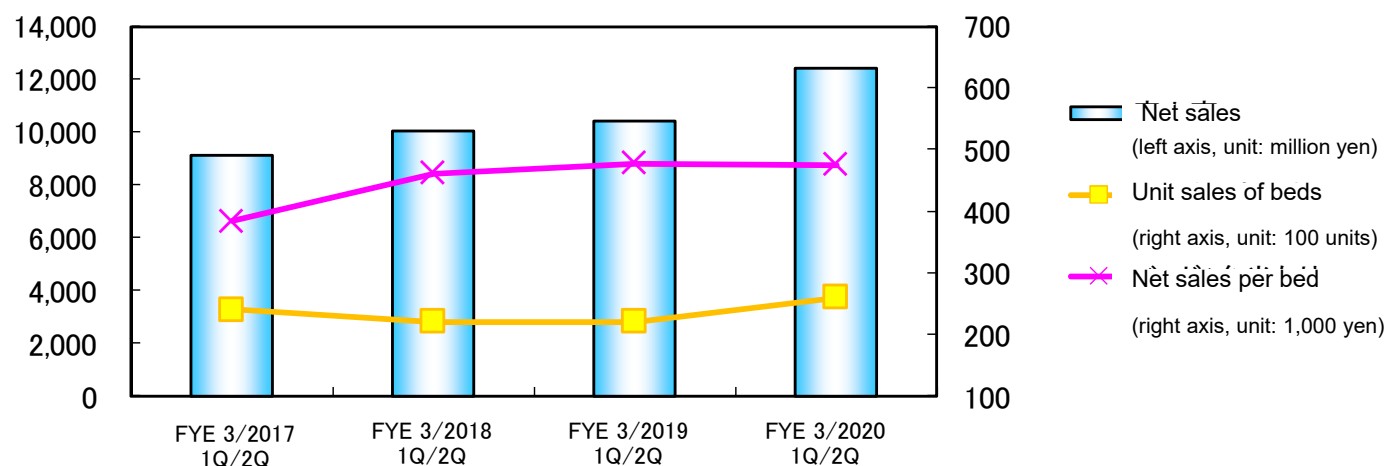
	FYE 3/2017 1Q/2Q	FYE 3/2018 1Q/2Q	FYE 3/2019 1Q/2Q	FYE 3/2020 1Q/2Q	vs. previous term (YoY)
Net sales	9,129	10,032	10,385	12,434	+20%

(unit: 1,000 units, fractions rounded)

Unit sales of beds	24	22	22	26	+20%
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(net sales ÷ unit sales of beds. Unit: 1,000 yen, fractions rounded)

Net sales per bed	383	461	477	475	-0%
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* Above figures are before adjustments for consolidation.

2-3. Paramount Bed/for elderly-care facilities

(Unit: JPY Millions)

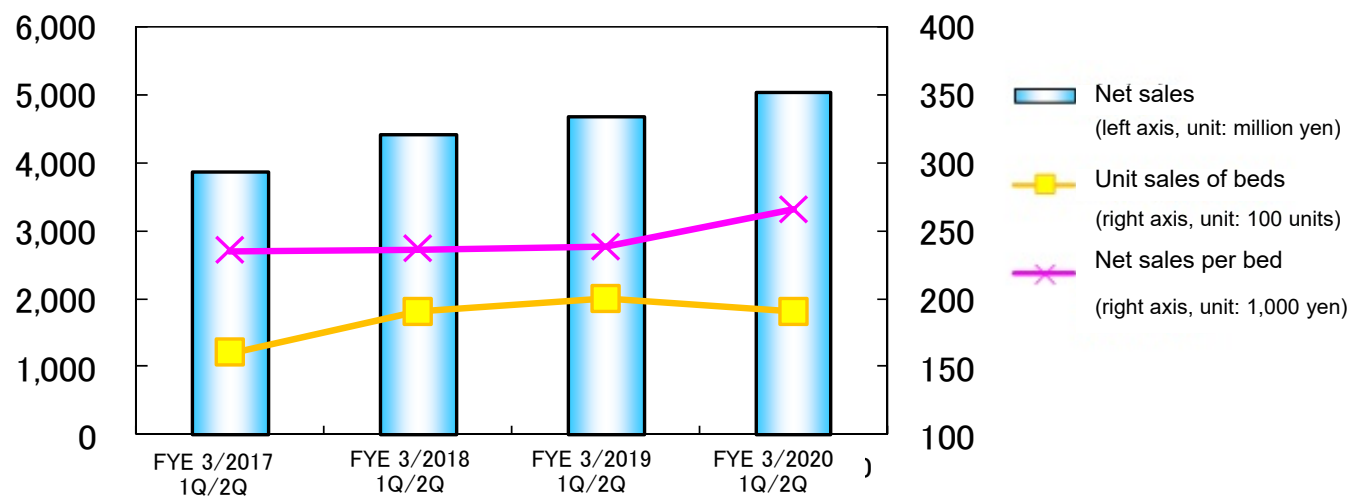
	FYE 3/2017 1Q/2Q	FYE 3/2018 1Q/2Q	FYE 3/2019 1Q/2Q	FYE 3/2020 1Q/2Q	vs. previous term (YoY)
Net sales	3,860	4,402	4,662	5,026	+8%

(unit: 1,000 units, fractions rounded)

Unit sales of beds	16	19	20	19	-3%
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(net sales ÷ unit sales of beds. Unit: 1,000 yen, fractions rounded)

Net sales per bed	235	236	238	265	+11%
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* Above figures are before adjustments for consolidation.

2-4. Paramount Bed/for home care (without consumer)

(Unit: JPY Millions)

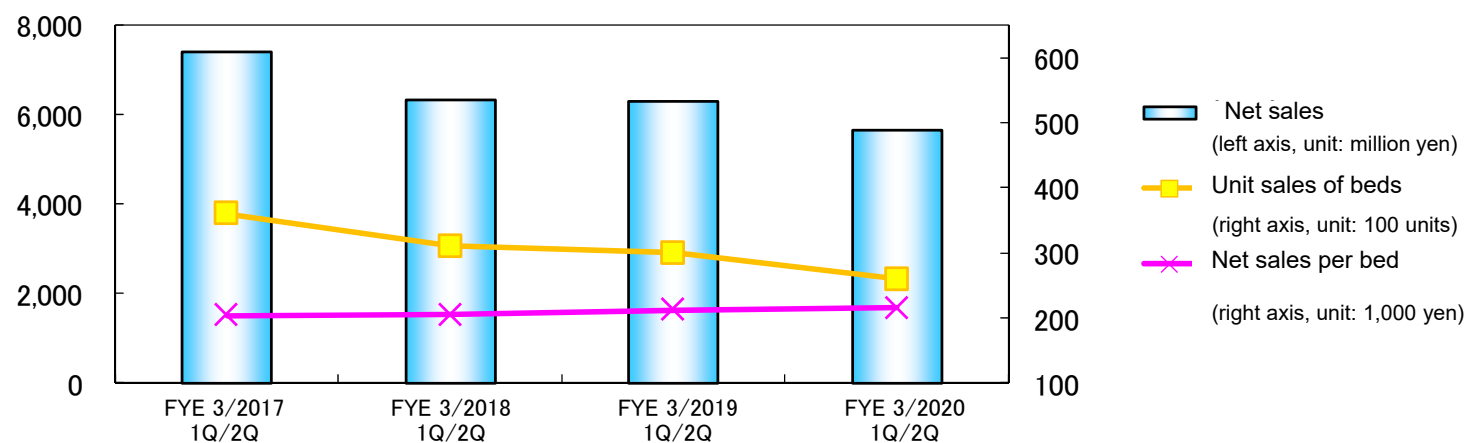
	FYE 3/2017 1Q/2Q	FYE 3/2018 1Q/2Q	FYE 3/2019 1Q/2Q	FYE 3/2020 1Q/2Q	vs. previous term (YoY)
Net sales	7,403	6,325	6,292	5,656	-10%

(unit: 1,000 units, fractions rounded)

Unit sales of beds	36	31	30	26	-12%
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(net sales ÷ unit sales of beds. Unit: 1,000 yen, fractions rounded)

Net sales per bed	204	205	212	215	+1%
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* Above figures are before adjustments for consolidation.

2-5. Paramount Bed/for consumer

(Unit: JPY Millions)

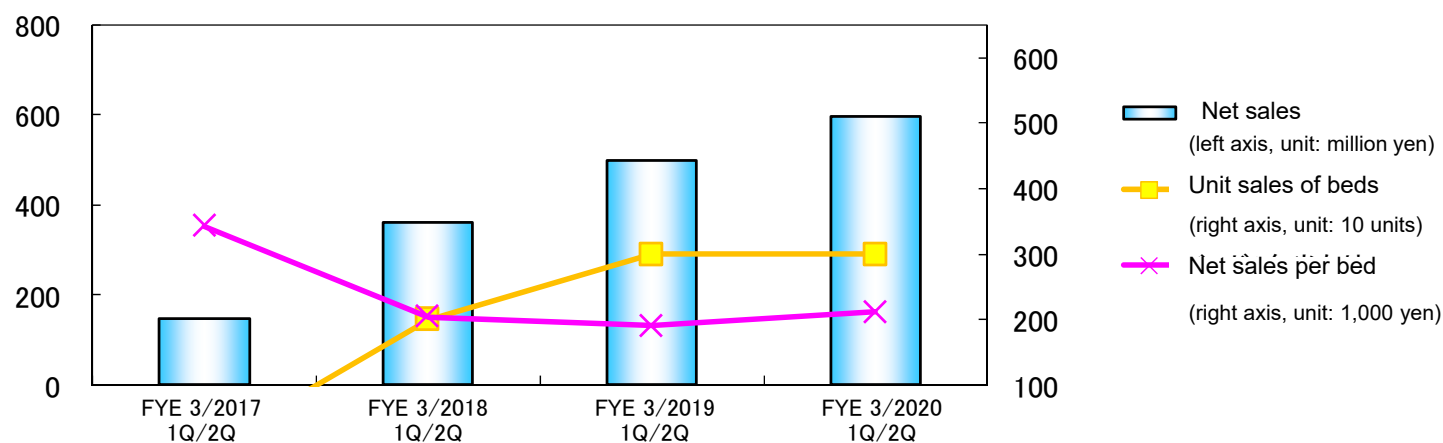
	FYE 3/2017 1Q/2Q	FYE 3/2018 1Q/2Q	FYE 3/2019 1Q/2Q	FYE 3/2020 1Q/2Q	vs. previous term (YoY)
Net sales	146	360	500	596	+19%

(unit: 1,000 units, fractions rounded)

Unit sales of beds	0	2	3	3	+7%
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(net sales ÷ unit sales of beds. Unit: 1,000 yen, fractions rounded)

Net sales per bed	343	204	190	211	+11%
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* Above figures are before adjustments for consolidation.

2-6. Paramount Bed/by user

By user <Net sales>

(Unit: JPY Millions)

	FYE 3/2019 1Q/2Q	FYE 3/2020 1Q/2Q			
	Actual	Budget	Actual	vs. budget	vs. previous term (YoY)
Medical institutions	10,385	10,971	12,434	+13%	+20%
Elderly-care facilities	4,662	4,902	5,026	+3%	+8%
Home-care	6,292	6,247	5,656	-9%	-10%
Consumer	500	762	596	-22%	+19%
Others	829	501	691	+38%	-28%
Total	22,669	23,384	24,403	+4%	+8%
Operating income	2,192	—	2,157	—	-2%

<Unit sales>

(Unit: 1,000 units, fractions rounded)

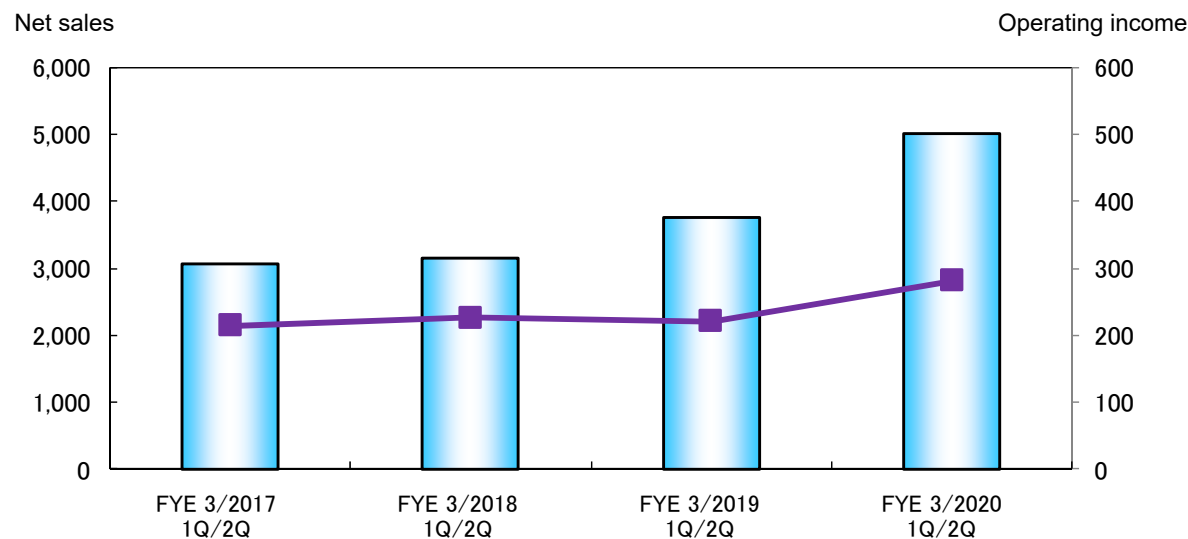
	FYE 3/2019 1Q/2Q	FYE 3/2020 1Q/2Q			
	Actual	Budget	Actual	vs. budget	vs. previous term (YoY)
Medical institutions	22	22	26	+19%	+20%
Elderly-care facilities	20	18	19	+6%	-3%
Home-care	30	30	26	-12%	-12%
Consumer	3	4	3	-20%	+7%
Others	1	1	1	-6%	+4%
Total	75	74	75	+1%	+1%

* Above figures are before adjustments for consolidation.

2-7. Paratechno

(Unit: JPY Millions)

	FYE 3/2017 1Q/2Q	FYE 3/2018 1Q/2Q	FYE 3/2019 1Q/2Q	FYE 3/2020 1Q/2Q	vs. previous term (YoY)
Net sales	3,069	3,155	3,755	5,012	+33%
Operating income	214	226	221	281	+27%



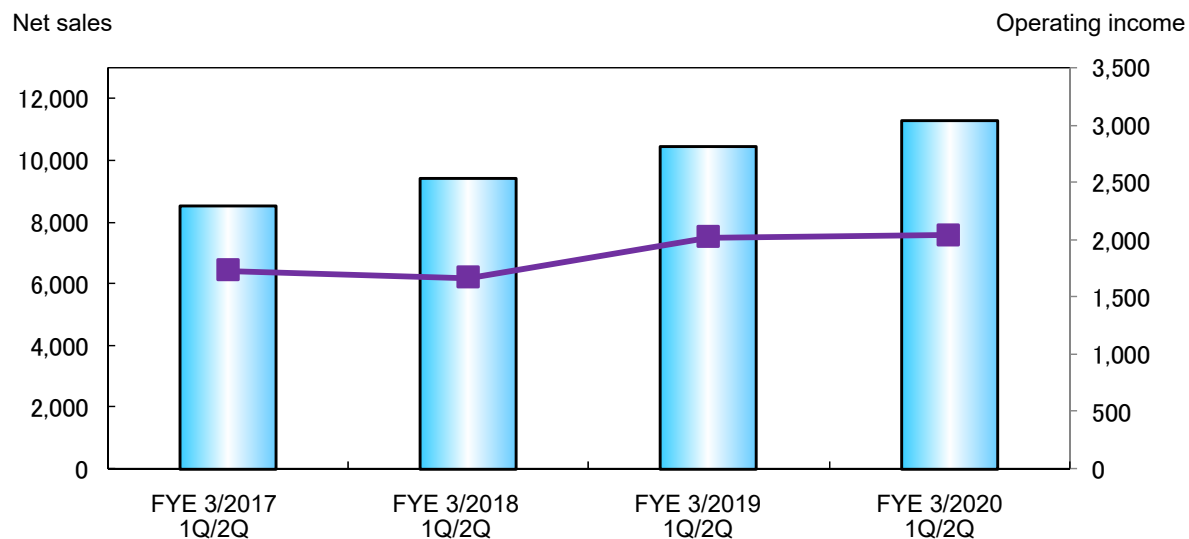
* Subsidiary CS Amenity Support (sales of ¥2.030 million and operating income of ¥239 million in FY2019), which was engaged in television systems business, was merged into Paratechno in April 1, 2019.

* Above figures are before adjustments for consolidation.

2-8. Paramount Care Service

(Unit: JPY Millions)

	FYE 3/2017 1Q/2Q	FYE 3/2018 1Q/2Q	FYE 3/2019 1Q/2Q	FYE 3/2020 1Q/2Q	vs. previous term (YoY)
Net sales	8,525	9,427	10,456	11,272	+8%
Operating income	1,731	1,662	2,016	2,039	+1%

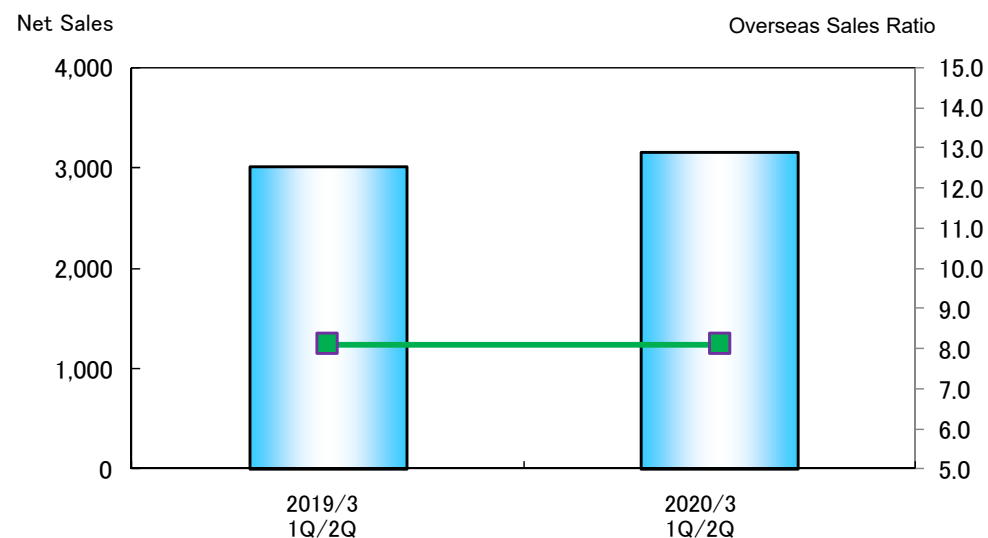


* Above figures are before adjustments for consolidation.

2-9. Overseas Business

	FYE 3/2019 1Q/2Q	FYE 3/2020 1Q/2Q	vs. previous term (YoY)
Overseas Consolidated Sales	3,007	3,159	+5%
Overseas Sales Ratio	8.1%	8.1%	—
Overseas Sales for the Group	3,723	3,614	-3%

*Figures for non-consolidated subsidiaries are included within Overseas Sales for the Group.



(Unit: JPY Millions)

Overseas Consolidated Sales by Region	FYE 3/2019 1Q/2Q	FYE 3/2020 1Q/2Q	vs. previous term (YoY)
Asia (Including the Middle East)	2,716	2,954	+9%
Indonesia	1,018	1,068	+5%
China	767	1,026	+34%
Middle East	137	27	-80%
Other Asian Countries	793	832	+5%
South & Central America	272	165	-39%
Other	18	40	+122%

* Above figures are after adjustments for consolidation.

3. Outlook for FYE 3/2020

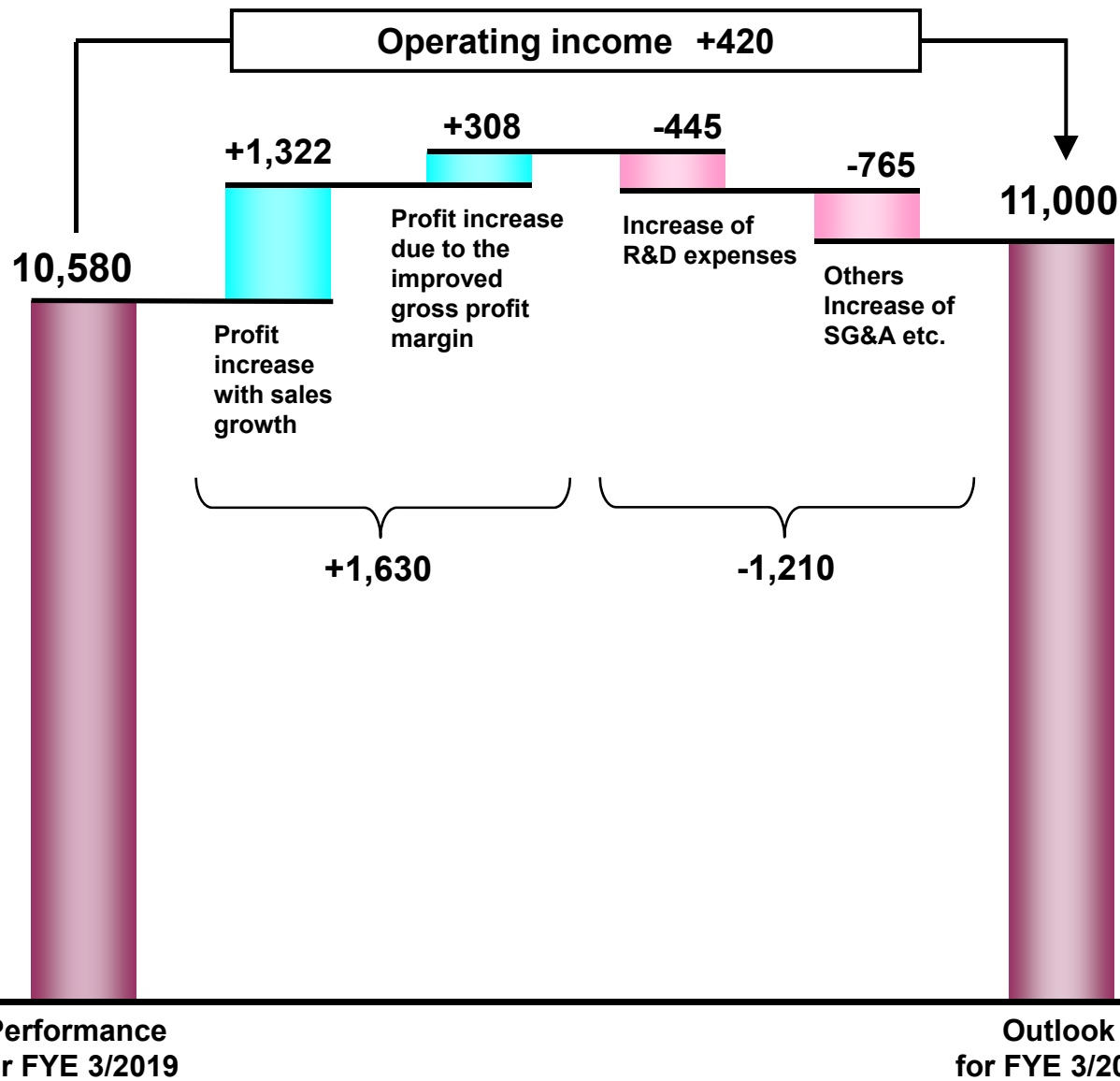
3-1. Outlook of financial performance (Consolidated)

(Unit: JPY Millions)

	FYE 3/2019	FYE 3/2019			
	Full year performance	First half projection	Second half projection	Full year forecast	vs. previous term (YoY)
Net sales	80,088	38,952	44,048	83,000	+3.6%
Operating income (Operating profit margin)	10,580 (13.2%)	4,940 (12.7%)	6,060 (13.8%)	11,000 (13.3%)	+4.0%
Ordinary income (Ordinary profit margin)	10,923 (13.6%)	4,921 (12.6%)	6,479 (14.7%)	11,400 (13.7%)	+4.4%
Profit attributable to owners of parent (Net profit margin)	6,704 (8.4%)	3,450 (8.9%)	4,350 (9.9%)	7,800 (9.4%)	+16.3%
Dividend	100yen	50yen	50yen	100yen	0%

3-2. Positive/negative factors for operating income (Consolidated)

(Unit: JPY Millions)



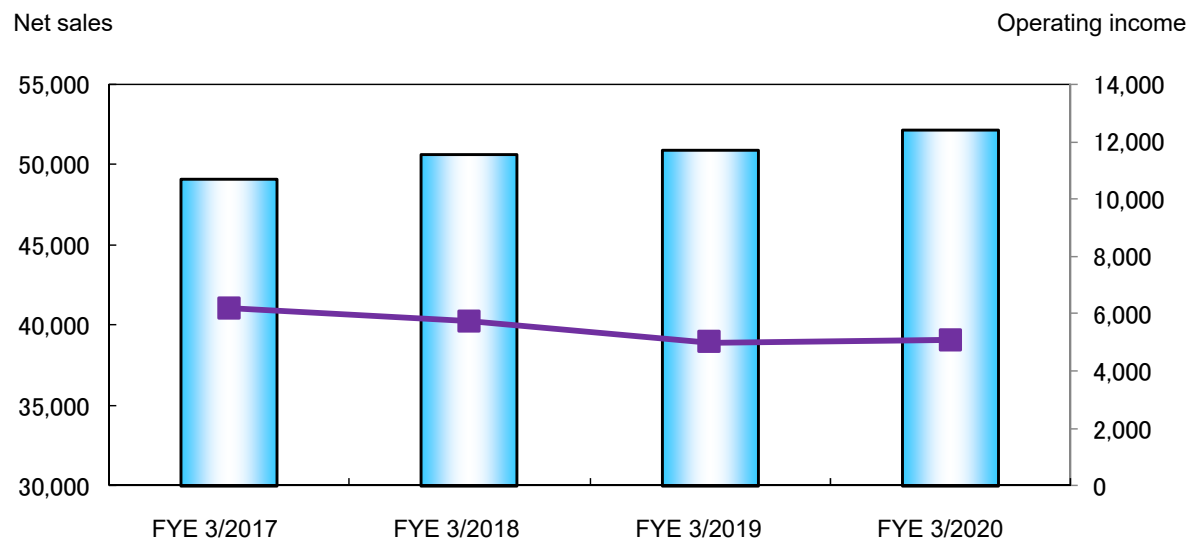
3-3. Outlook for Paramount Bed

(Unit: JPY Millions)

	FYE 3/2017	FYE 3/2018	FYE 3/2019	FYE 3/2020	vs. previous term (YoY)
Net sales	49,123	50,618	50,905	52,112	+2%
Operating income	6,184	5,734	5,010	5,064	+1%

(Unit: 1,000 units, fractions rounded)

Unit sales of beds	170	169	161	162	+1%
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* Above figures are before adjustments for consolidation.

3-4. Paramount Bed/Outlook by user

By user <Net sales>

(Unit: JPY Millions)

	FYE 3/2019	FYE 3/2020			
	Full year performance	First half performance	Second half projection	Full year forecast	vs. previous term (YoY)
Medical facilities	23,719	12,434	12,386	24,820	+5%
Elderly-care facilities	11,610	5,026	6,384	11,410	-2%
Home-care	12,468	5,656	7,144	12,800	+3%
consumer	1,047	596	1,304	1,900	+81%
Others	2,061	691	491	1,182	-43%
Total	50,905	24,403	27,709	52,112	+2%
Operating income	5,010	2,157	2,907	5,064	+1%

<Unit sales>

(Unit: 1,000 units, fractions rounded)

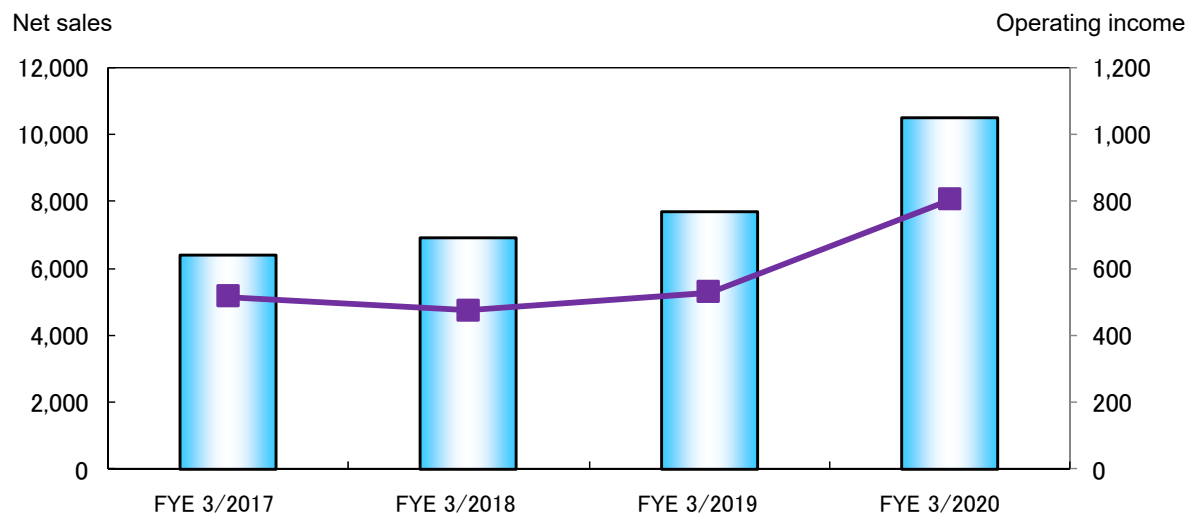
	FYE 3/2019	FYE 3/2020			
	Full year performance	First half performance	Second half projection	Full year forecast	vs. previous term (YoY)
Medical facilities	48	26	22	48	+1%
Elderly-care facilities	46	19	23	42	-8%
Home-care	60	26	36	62	+3%
consumer	5	3	5	8	+48%
Others	2	1	1	2	+6%
Total	161	75	87	162	+1%

* Above figures are before adjustments for consolidation.

3-5. Outlook for Paratechno

(Unit: JPY Millions)

	FYE 3/2017	FYE 3/2018	FYE 3/2019	FYE 3/2020	vs. previous term (YoY)
Net sales	6,382	6,931	7,698	10,500	+36%
Operating income	514	473	527	805	+53%



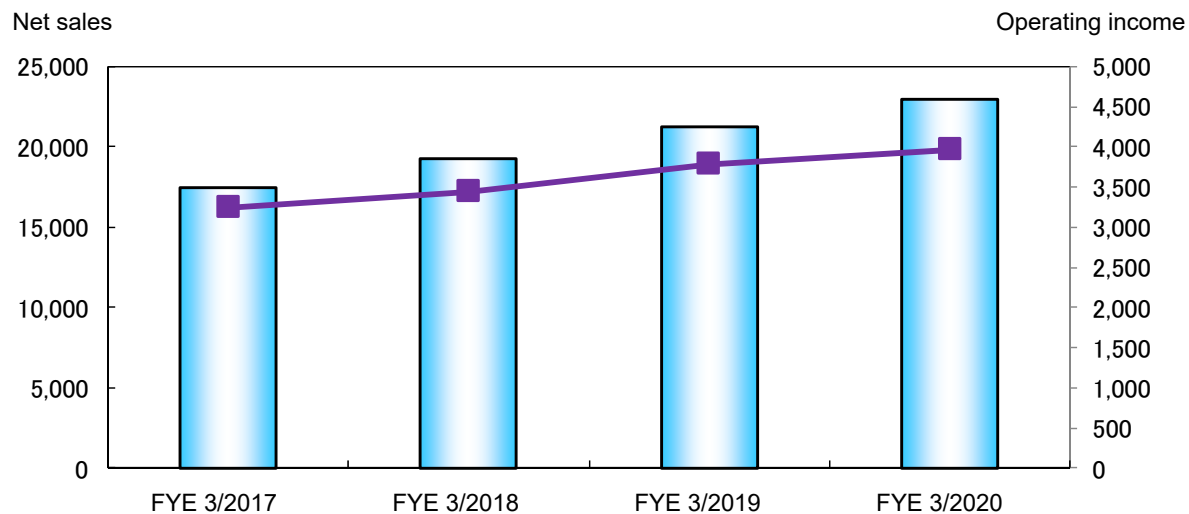
* Subsidiary CS Amenity Support (sales of ¥2.030 million and operating income of ¥239 million in FY2019), which was engaged in television systems business, was merged into Paratechno in April 1, 2019.

* Above figures are before adjustments for consolidation.

3-6. Outlook for Paramount Care Service

(Unit: JPY Millions)

	FYE 3/2017	FYE 3/2018	FYE 3/2019	FYE 3/2020	vs. previous term (YoY)
Net sales	17,506	19,301	21,267	23,000	+8%
Operating income	3,243	3,440	3,783	3,965	+5%

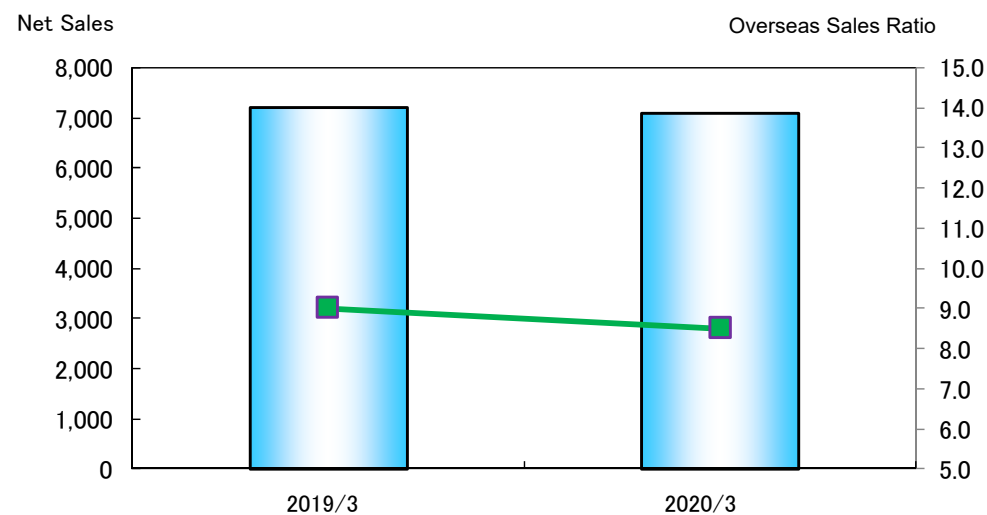


* Above figures are before adjustments for consolidation.

3-7. Outlook for Overseas Business

	FYE 3/2019	FYE 3/2020	vs. previous term (YoY)
Overseas Consolidated Sales	7,205	7,095	-2%
Overseas Sales Ratio	9.0%	8.5%	—
Overseas Sales for the Group	8,183	8,848	+8%

*Figures for non-consolidated subsidiaries are included within Overseas Sales for the Group.



(Unit: JPY Millions)

Overseas Consolidated Sales by Region	FYE 3/2018	FYE 3/2019	vs. previous term (YoY)
Asia (Including the Middle East)	6,439	6,694	+4%
Indonesia	1,999	2,403	+20%
China	2,179	1,897	-13%
Middle East	339	380	+12%
Other Asian Countries	1,920	2,012	+5%
South & Central America	723	336	-54%
Other	39	65	+67%

* Above figures are after adjustments for consolidation.



3-8. Capital expenditures, depreciation costs and R&D expenses

(Unit: JPY Millions)

	FYE 3/2018	FYE 3/2019	Outlook for FYE 3/2020	vs. previous term (YoY)
Capital expenditures	2,220	2,082	4,450	+114%
Depreciation costs	5,859	6,362	6,812	+7%
R&D expenses	1,589	1,642	22,087	+27%

(unit: person)

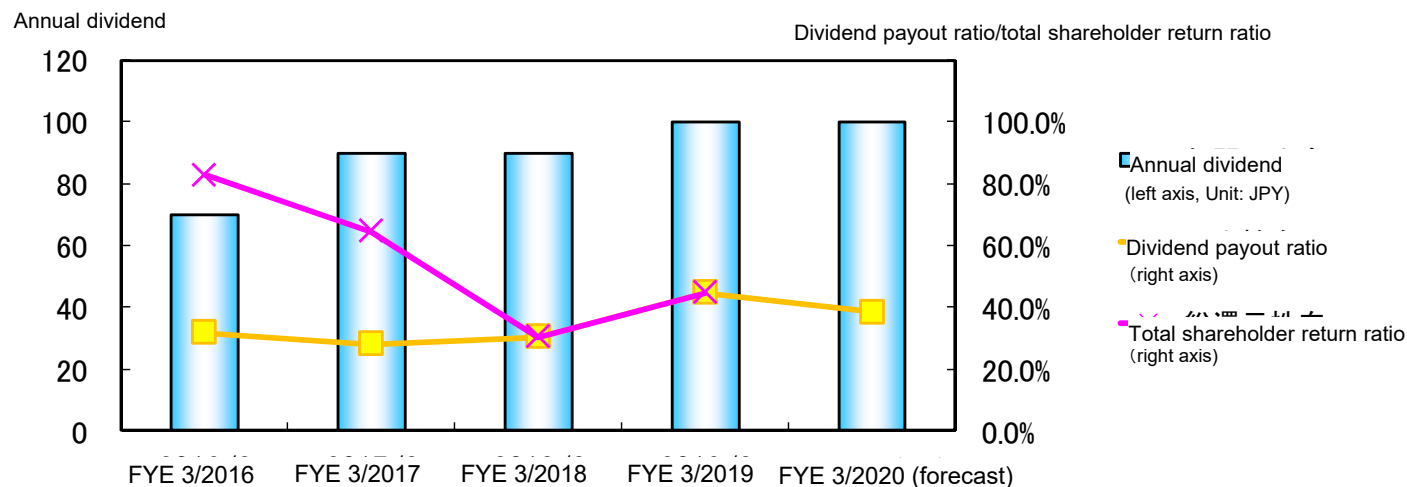
Headcount at the end of the period (Consolidated)	2,925	3,224	—	—
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3-9. Shareholder returns

Dividend and share buybacks

*1 Of this, JPY 10 was a commemorative dividend.

	FYE 3/2016	FYE 3/2017	FYE 3/2018	FYE 3/2019	FYE 3/2020 (forecast)
Annual total	70 yen	90 yen * ₁	90 yen	100 yen	100 yen
Dividend payout ratio	31.6%	28.1%	30.3%	44.7%	38.5%
Value of share buybacks	3,288 million yen	3,331 million yen	0 yen	0 yen	—
Total shareholder return ratio	82.8%	64.4%	30.3%	44.7%	—



3-10. Medium-Term Management Plan: Sales Progress by Business

Medium-Term Management Plan: 2020 Plan

(Unit: JPY Millions)

	FYE 3/2016	FYE 3/2017 (Initial FY)	FYE 3/2018 (Second FY)	FYE 3/2019 (Third FY)	FYE 3/2020 (Fourth FY)	vs. previous term (YoY)	FYE 3/2021 Target (Final FY)
Existing Business	66,907	63,373	64,846	66,426	67,217	+1%	70,000
Facilities	40,822	35,814	36,944	36,844	36,285	-2%	40,000
Home	26,084	27,559	27,902	29,581	30,931	+5%	30,000
Overseas Business	7,181	7,139	7,104	7,205	7,095	-2%	20,000
New Business	—	2,685	5,268	6,457	8,687	+35%	10,000
Total Sales	74,089	73,198	77,220	80,088	83,000	+4%	100,000
Operating Income	9,660	11,015	10,661	10,580	11,000	+4%	14,000

3-11. Sales Results by Business (1Q/2Q)

(Unit: JPY Millions)

	FYE 3/2019 1Q/2Q	FYE 3/2020 1Q/2Q	vs. previous term (YoY)
Existing Business	30,872	32,348	+5%
Facilities	16,116	17,197	+7%
Home	14,755	15,150	+3%
Overseas Business	3,007	3,159	+5%
New Business	2,879	3,443	+20%
Total Sales	36,759	38,952	+6%
Operating Income	4,868	4,940	+1%

* Above figures are after adjustments for consolidation.

New Product

Japan-First “Self-Driving Sleep”

“Active Sleep BED” for general consumers launches on June 1

Full-Scale Entry into Sleep Market

- Build-in body-motion sensors allow the bed angle to change automatically to suit sleeping conditions at sleep time, during sleep, and at wake time.
- Various positions can be configured to support sleep.
- Dedicated smartphone app not only allows the bed to operated/configured but also scores condition of sleep.
- On sale June 1, 2019
- MSRP: 240,000 yen and up

(Tax not included; set price for “Active Sleep BED” and body-motion sensor “Active Sleep Analyzer”; mattress required separately)



Illustration of Active Sleep BED in Use



Dedicated smartphone app not only allows operation/configuration of bed but can also score sleep.

New Product

Newly designed “INTIME2000i” with “remote monitoring” for general consumers launches on July 1

- Built-in body-motion sensors not only support “self-driving sleep” but also have a “monitoring feature” that can be used with the dedicated app (separate user fee required) to check the sleep status of family members who live at a distance.
- Uses new design with rounded, enclosed shape.
- If needed, optional attachments for caregivers, such as handles, are available.
- On sale July 1, 2019
- MSRP: 260,000 yen and up

(Tax not included; set price for “INTIME2000i” bed and sleep-measuring sensor “Active Sleep Analyzer”; mattress required separately)

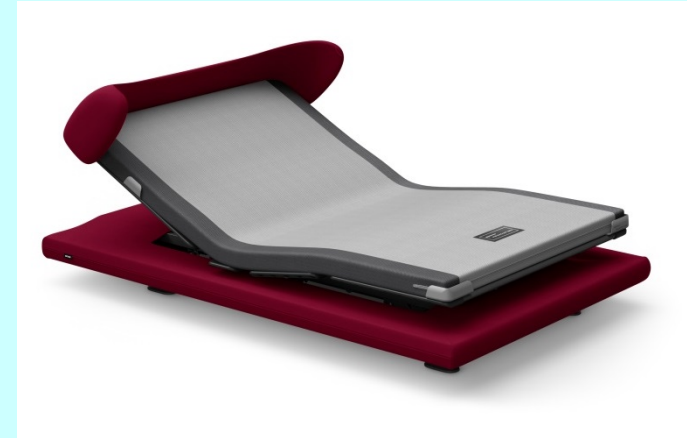


Illustration of INTIME2000i



Dedicated app allows day-to-day sleep state of family members living at a distance to be checked

New Product

**Treatment, examination, and recovery—
all in single unit**

**Examination and treatment table “Movis”
launches in April**

- Features gas spring-type reclining function.
Just by switching on the power, bodyweight is detected and firmness automatically adjusted.
Adjustments are made in real-time in response to body shape and posture changes.
- Design raises knees and lowers feet as the back is raised.
Help prevent slipping and increase comfort in near-sitting position.
- Height adjustment is electric. With battery, adjustments can be made in transit and in locations without power.
- On sale April 1, 2019
- Price: Open
- Sales target: 200 units annually



Examination and treatment
table “Movis”

Disclaimer:

Forecast figures on the Group's operating performance described in this material have been prepared based on the available information as of the release date of the material.

Therefore, actual results may be different from these forecast figures, due to variety of factors.

Fractions of the amount presented in the material are rounded.

% representation for the comparison against the budget/previous term uses the \pm symbols to indicate increase/decrease, with rounding of fractions.