



PARAMOUNT BED  
HOLDINGS

## **Financial Results Briefing for the Fiscal Year Ending March 2020 (FYE 3/2020)**

**April 1, 2019 ~ March 31, 2020**

May 25, 2020

Securities code: 7817

Paramount Bed Holdings Co., Ltd.

as human, for human

## Impact of COVID-19

Although there were some delays in production, the current impact is minor. In sales, there were requests for delayed delivery from medical facilities and nursing homes during the busy period at the end of the fiscal year. It will be necessary to continue monitoring the impact on sales and delivery activities in future. The announcement of this fiscal year's forecast has been delayed.

## Results for the Fiscal Year Ended March 31, 2020

Sales in each category were generally as budgeted for. Operating income decreased due to a change in the product mix and increases in personnel expenses and transportation expenses.

## Establishment of Paramount Vision 2030 and Medium-Term Management Plan

A long-term vision aimed at 2030 and a new Medium-Term Management Plan (3 Years) have been established. Focus is placed on expansion of current business, fully engaging in the health promotion business and establishing the foundations for change. The announcement of numerical targets has been delayed due to the impact of COVID-19.

## Impact on production

Although the Chinese plant temporarily suspended operations in February, approval was granted in the same month and it resumed operation in March. Although there were some delays obtaining supplies in the Japanese plants, the impact was not significant.

## Impact on sales

Since March, there have been requests for delayed delivery from medical facilities and elderly-care facilities.

There have also been delays in certification of long-term care need and care plans in home care.

There were requests and inquiries from local governments and related organizations in Japan and overseas. However, there was a negative trend overall.

## Aiming to contribute to maintaining medical and long-term care systems

With the greatest priority placed on preventing infection inside and outside the company and ensuring the safety of employees, we are quickly responding based on the guidelines of the national government and local governments.

# Table of Contents

- 1. Overview of Results for the Fiscal Year Ended March 31, 2020**
- 2. Overview by Operating Company**
- 3. Medium-Term Management Plan**

# 1. Overview of Results for the Fiscal Year Ended March 31, 2020

# 1-1. Overview of Results for the Fiscal Year Ended March 31, 2020

## Sales increased while income decreased

There were requests for delayed delivery at the end of the fiscal year. The product mix changed. Profit attributable to owners of Parent (Net Income) increased due to the absence of the extraordinary loss posted in the previous fiscal year.

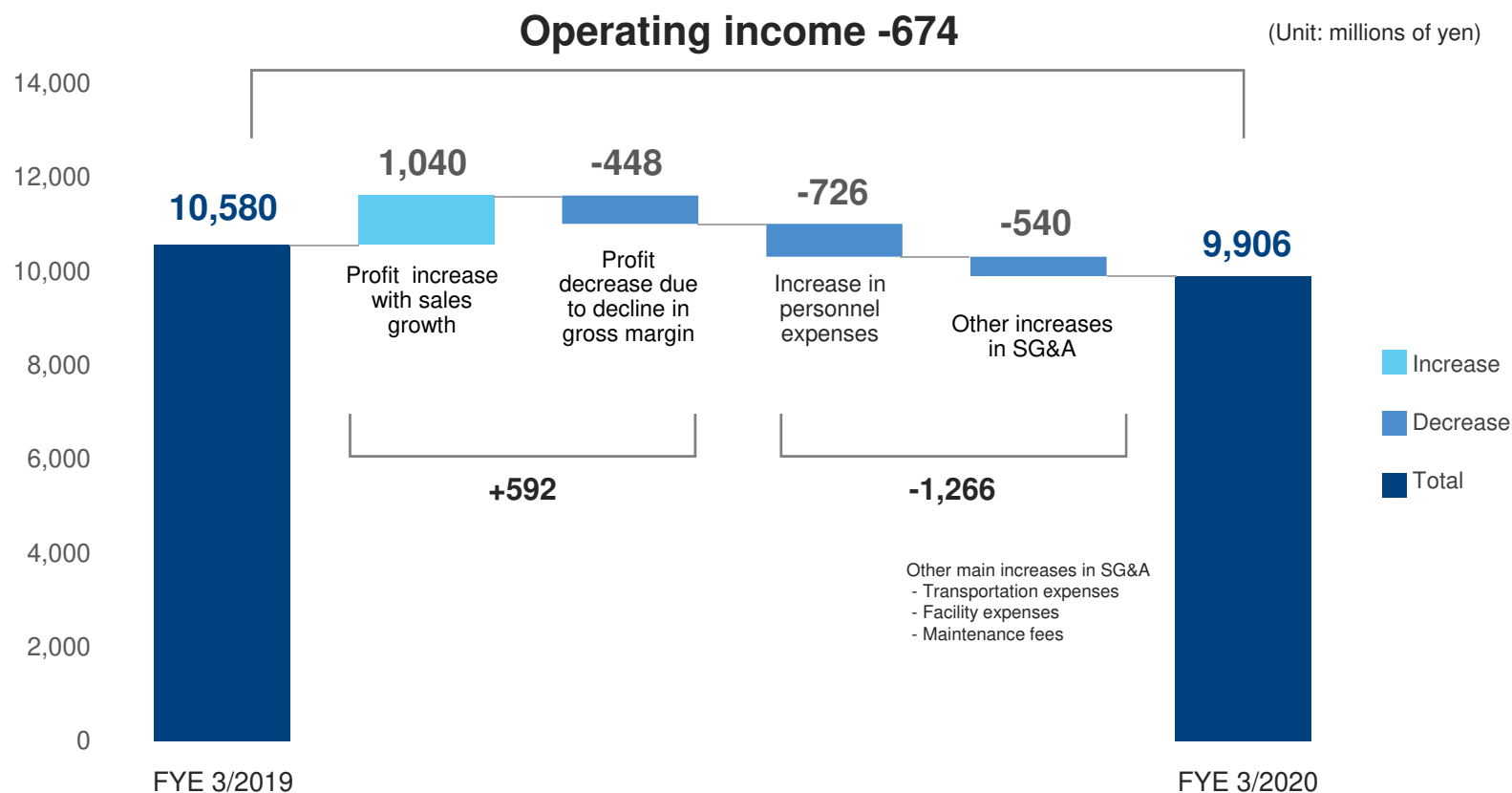
(Unit: millions of yen)

	FYE 3/2019	FYE 3/2020			
	Results	Budget	Results	% to Budget	YoY Change
<b>Net sales</b>	80,088	83,000	<b>82,379</b>	-0.7%	+2.9%
<b>Operating income (Operating margin)</b>	10,580 (13.2%)	11,000 (13.3%)	<b>9,906</b> <b>(12.0%)</b>	-10.0%	-6.4%
<b>Ordinary income (Ordinary margin)</b>	10,923 (13.6%)	11,400 (13.7%)	<b>10,145</b> <b>(12.3%)</b>	-11.0%	-7.1%
<b>Profit attributable to owners of Parent(Net Income) (Net margin)</b>	6,704 (8.4%)	7,800 (9.4%)	<b>7,043</b> <b>(8.5%)</b>	-9.7%	+5.1%
<b>Annual Dividend</b>	100 yen	-	<b>100 yen</b>	-	0%

# 1-2. Factors Causing Changes in Operating Income

Gross margin decreased due to a change in the product mix  
 SG&A increased due to personnel expenses and transportation expenses, etc.

The increase in personnel expenses was mainly in maintenance, rental wholesale and China.



## 1-3. Financial Status

### Current assets decreased due to the purchase of treasury shares

Non-current assets increased due to the relocation of sales branches, a new mattress plant and increased rental assets.

(Unit: millions of yen)

	March 31, 2019	March 31, 2020	Change	YoY Change
<b>Current assets</b>	81,212	<b>76,848</b>	-4,362	-5.3%
<b>Non-current assets</b>	62,794	<b>67,409</b>	+4,615	+7.3%
<b>Total assets</b>	144,006	<b>144,257</b>	+251	+0.2%
<b>Current liabilities</b>	21,209	<b>22,212</b>	+1,003	+4.7%
<b>Non-current liabilities</b>	14,554	<b>14,978</b>	+424	+2.9%
<b>Total liabilities</b>	35,764	<b>37,191</b>	+1,427	+4.0%
<b>Net assets</b>	108,242	<b>107,066</b>	-1,176	-1.1%
<b>Total liabilities and net assets</b>	144,006	<b>144,257</b>	+251	+0.2%



## 1-4. Capital expenditures, depreciation costs, and R&D expenses

### Depreciation continued to increase due to rental assets

The main capital expenditures were the new mattress plant, relocation of sales branches and updating system infrastructure.

(Unit: millions of yen)	FYE 3/2018	FYE 3/2019	FYE 3/2020	FYE 3/2021 Budget
<b>Capital Expenditures</b>	2,220	2,082	<b>3,984</b>	3,371
<b>Depreciation costs</b>	5,859	6,362	<b>6,895</b>	7,215
<b>R&amp;D expenses</b>	1,589	1,642	<b>1,677</b>	1,814
<b>Number of employees</b>	2,925	3,224	<b>3,494</b>	-

## 2. Overview by Operating Company

# 2-1. Paramount Bed

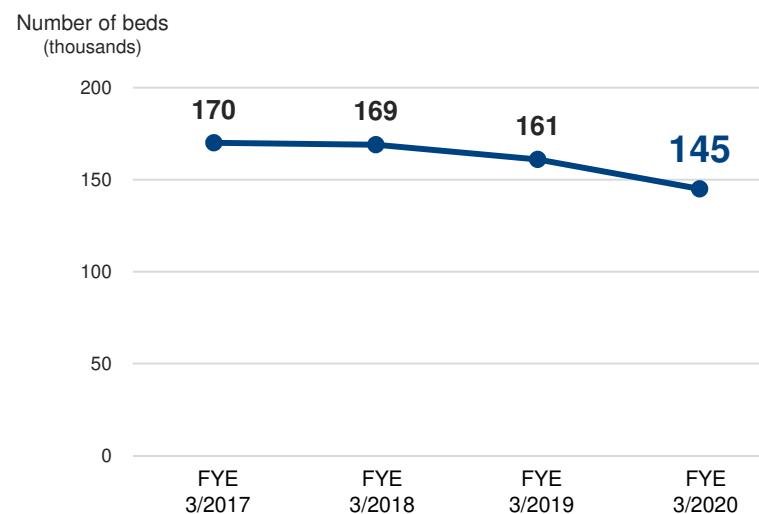
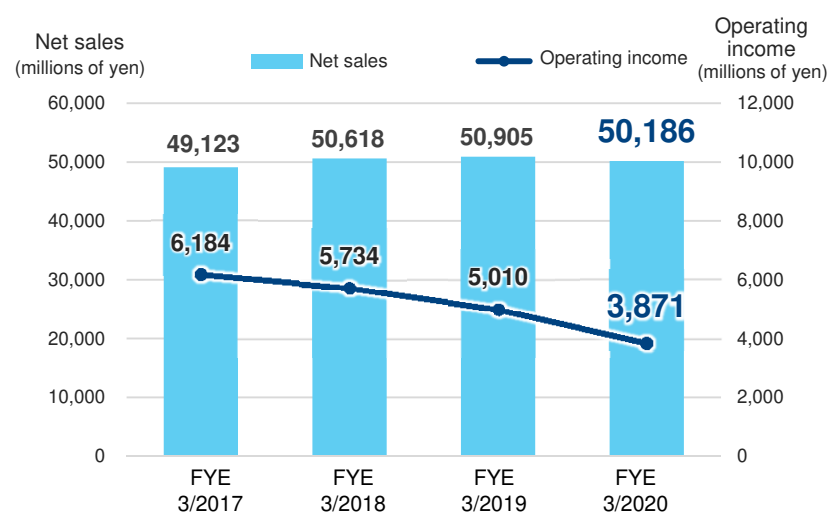
**Net sales** Almost the same level as the previous year

- There were requests for delayed delivery of products at the end of the fiscal year.

**Operating income** Decreased

- Gross margin decreased due to a change in the product mix.
- SG&A increased due to personnel changes within the Group.

(Unit: millions of yen)	FYE 3/2017	FYE 3/2018	FYE 3/2019	FYE 3/2020			
				Budget	Results	% to Budget	YoY Change
<b>Net sales</b>	49,123	50,618	50,905	52,112	<b>50,186</b>	-4%	-1%
<b>Operating income</b>	6,184	5,734	5,010	5,064	<b>3,871</b>	-24%	-23%
(Units: thousands)							
<b>Number of beds sold</b>	170	169	161	162	<b>145</b>	-10%	-10%



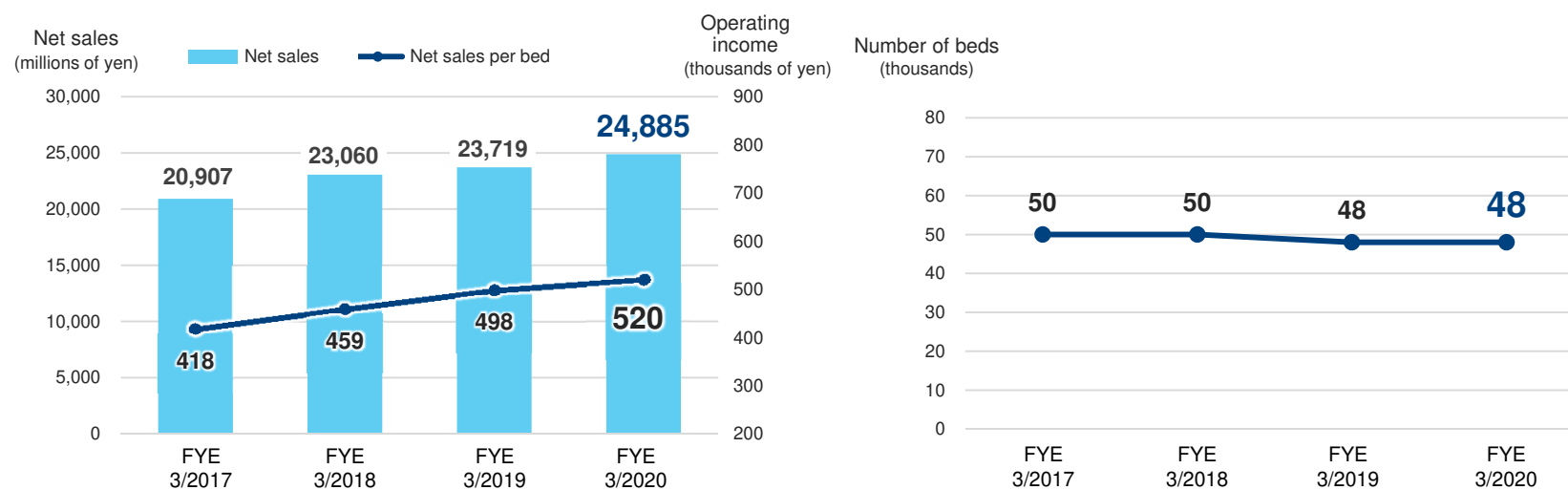
\* The above figures are prior to consolidation adjustments.

## 2-2. Paramount Bed - For Medical Facilities

### Hospital room renovation, and supplies for hospital wards and rooms increased

Smart Bed System projects scheduled for the end of the fiscal year was delayed.

(Unit: millions of yen)	FYE 3/2017	FYE 3/2018	FYE 3/2019	FYE 3/2020	YoY Change
<b>Net sales</b>	20,907	23,060	23,719	<b>24,885</b>	+5%
(Units: thousands)					
<b>Number of beds sold</b>	50	50	48	48	+0%
(Net sales ÷ Number of beds sold Units: thousands of yen)					
<b>Net sales per bed</b>	418	459	498	<b>520</b>	+4%



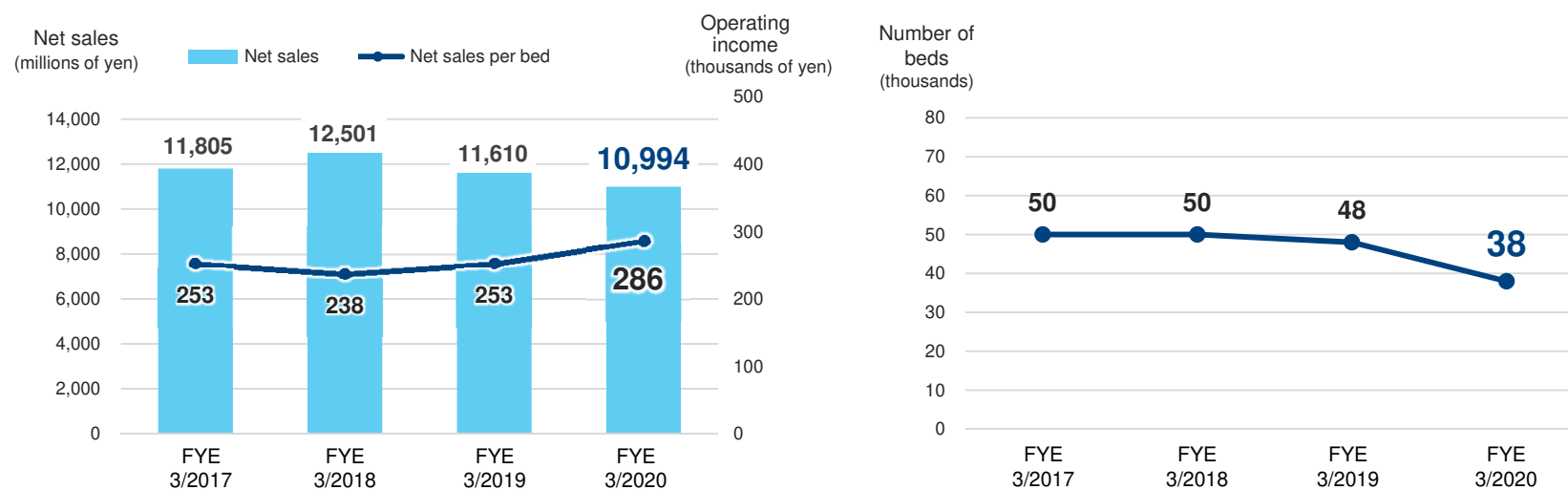
\* The above figures are prior to consolidation adjustments.

## 2-3. Paramount Bed - For Elderly-Care Facilities

### The number of new deals continued to decrease

There were requests for delayed delivery. Sales of “Nemuri SCAN” increased by approximately 40%.

(Unit: millions of yen)	FYE 3/2017	FYE 3/2018	FYE 3/2019	FYE 3/2020	YoY Change
<b>Net sales</b>	11,805	12,501	11,610	<b>10,994</b>	-5%
(Units: thousands)					
<b>Number of beds sold</b>	47	53	46	38	-16%
(Net sales ÷ Number of beds sold Units: thousands of yen)					
<b>Net sales per bed</b>	253	238	253	286	+13%



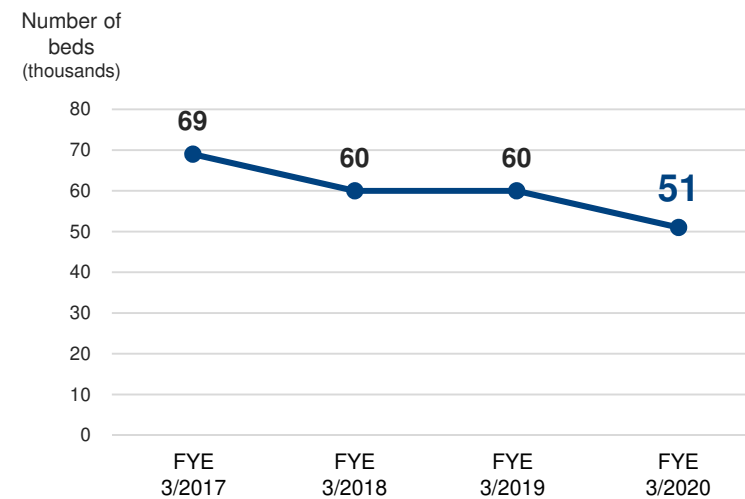
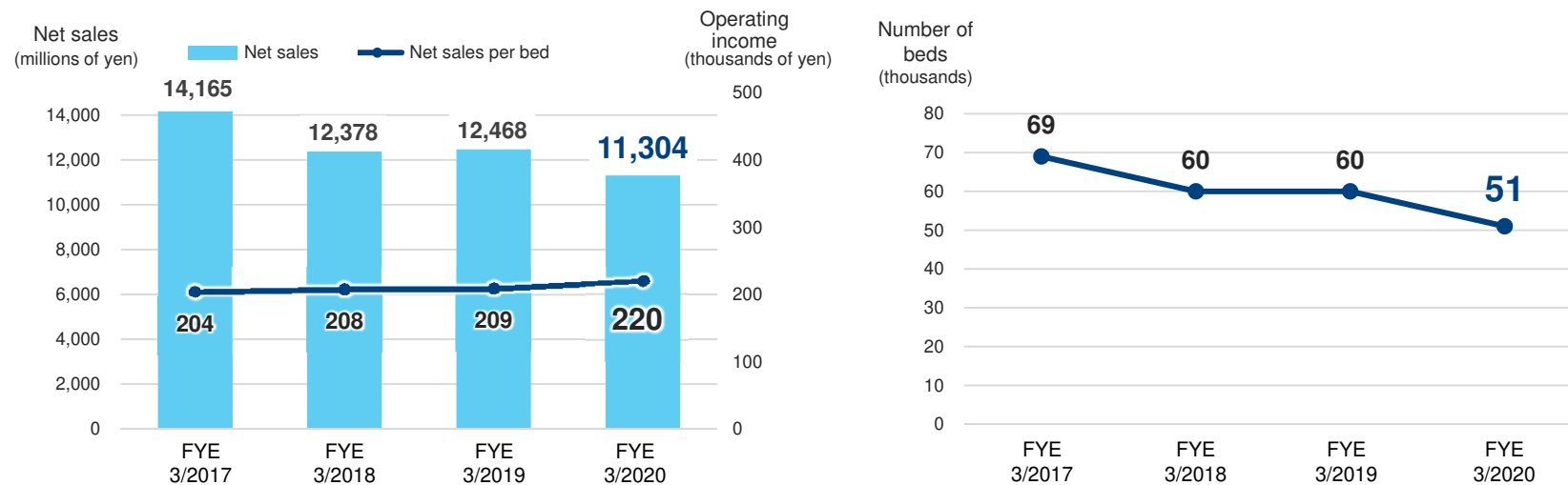
\* The above figures are prior to consolidation adjustments.

## 2-4. Paramount Bed - For Home Care

### Net sales and number of beds sold both decreased

The sales period of the main product model is getting longer.

(Unit: millions of yen)	FYE 3/2017	FYE 3/2018	FYE 3/2019	FYE 3/2020	YoY Change
<b>Net sales</b>	14,165	12,378	12,468	<b>11,304</b>	-9%
(Units: thousands)					
<b>Number of beds sold</b>	69	60	60	<b>51</b>	-14%
(Net sales ÷ Number of beds sold Units: thousands of yen)					
<b>Net sales per bed</b>	204	208	209	<b>220</b>	+5%



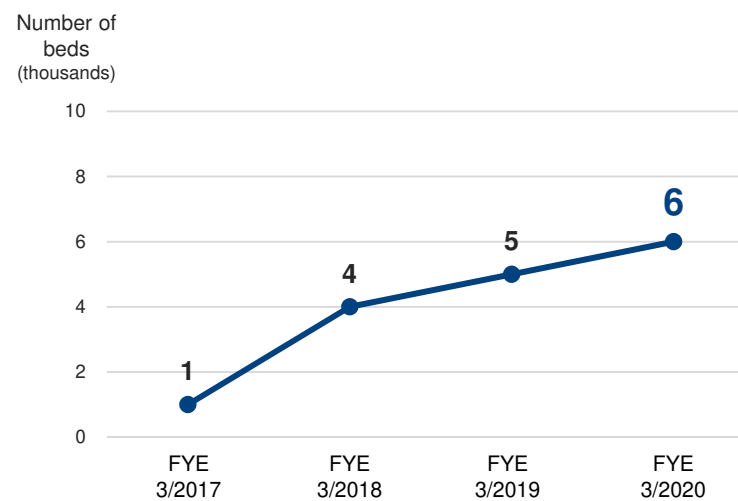
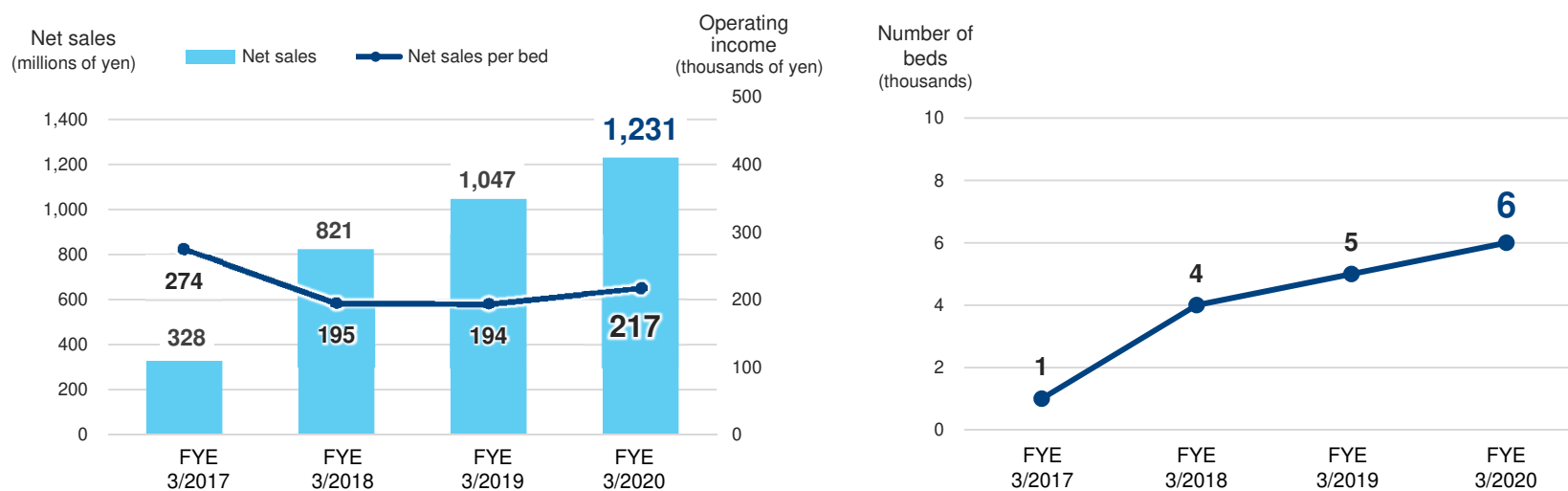
\* The above figures are prior to consolidation adjustments.

## 2-5. Paramount Bed - For Consumer

### Released the new “Active Sleep” brand

Although sales increased, unachieved the target.

(Unit: millions of yen)	FYE 3/2017	FYE 3/2018	FYE 3/2019	FYE 3/2020	YoY Change
<b>Net sales</b>	328	821	1,047	1,231	+18%
(Unit: thousands)					
<b>Number of beds sold</b>	1	4	5	6	+5%
(Net sales ÷ Number of beds sold Unit: thousands of yen)					
<b>Net sales per bed</b>	274	195	194	217	+12%



\* The above figures are prior to consolidation adjustments.

## 2-6. Paratechno

### Net sales

Significant increase year on year

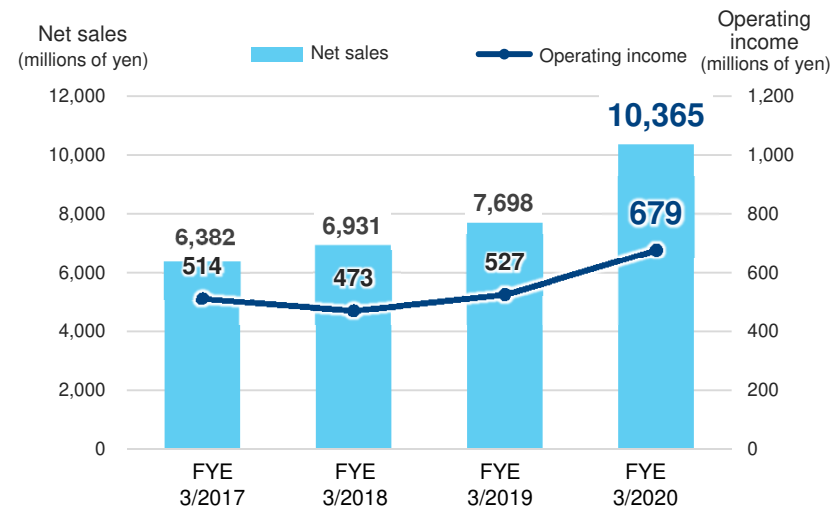
- In-hospital services and lease/rentals increased.
- Merged TV system operating subsidiary.

### Operating income

Increased by approximately 30% year on year

- SG&A such as personnel expenses increased.

(Unit: millions of yen)	FYE 3/2017	FYE 3/2018	FYE 3/2019	FYE M3/2020			
				Initial Budget	Results	% to Budget	YoY Change
<b>Net sales</b>	6,382	6,931	7,698	10,500	<b>10,365</b>	-1%	+35%
<b>Operating income</b>	514	473	527	805	<b>679</b>	-16%	+29%



\* Paratechno performed an absorption-type merger with its subsidiary that conducts video system business (net sales of 2,030 million yen and operating income of 239 million yen in the fiscal year ended March 31, 2019) on April 1, 2019.

\* The above figures are prior to consolidation adjustments.



# 2-7. Paramount Care Service

## Net sales Grew steadily

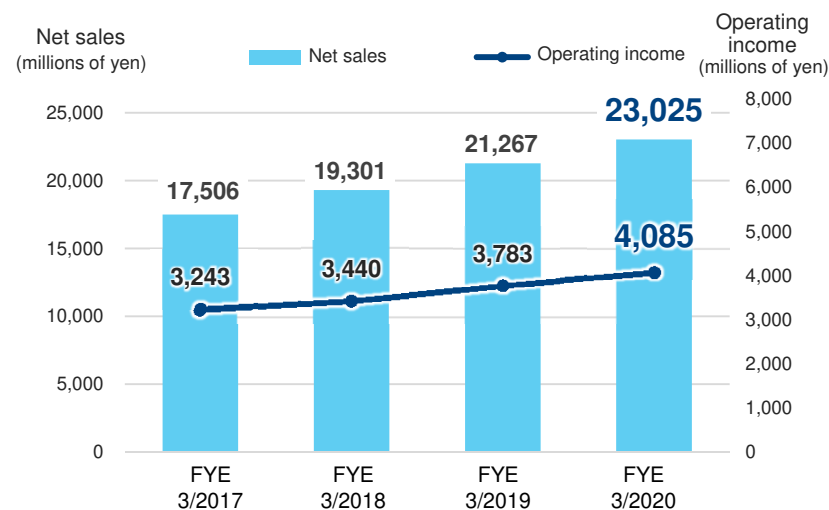
- Market share continued to grow.

## Operating income

## Maintained a trend of increasing income

- Increased personnel expenses and purchase of supplies before increase in tax rate.

(Unit: millions of yen)	FYE 3/2017	FYE 3/2018	FYE 3/2019	FYE 3/2020			
				Initial Budget	Results	% to Budget	YoY Change
<b>Net sales</b>	17,506	19,301	21,267	23,000	<b>23,025</b>	+0%	+8%
<b>Operating income</b>	3,243	3,440	3,783	3,965	<b>4,085</b>	+3%	+8%



\* The above figures are prior to consolidation adjustments.

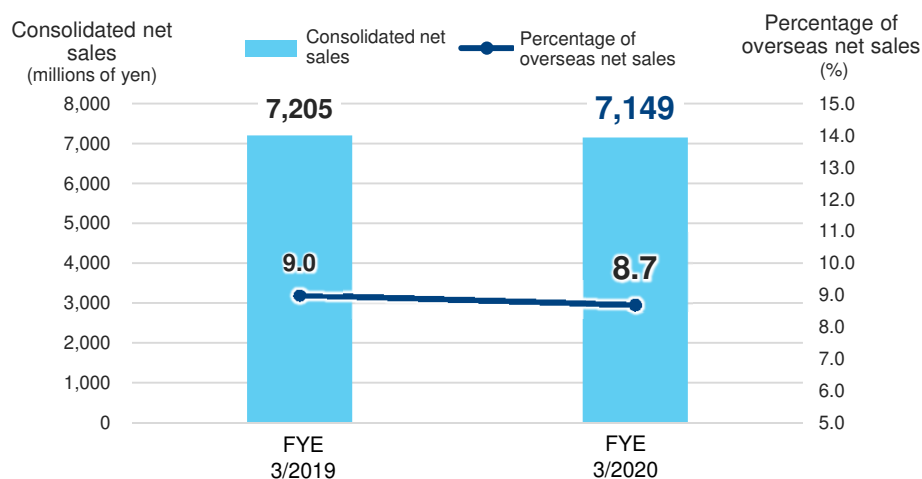
## 2-8. Overseas

Almost the same as the previous year in total, falling in line with budget

In other Asia, Thailand and India steadily performed.

(Unit: millions of yen)	FYE 3/2019	FYE 3/2020	YoY Change
Consolidated overseas net sales	7,205	7,149	-1%
Percentage of overseas net sales	9.0%	8.7%	-
Group overseas net sales	8,183	8,131	-0%

\* "Group overseas sales" includes figures for non-consolidated subsidiaries.



### Consolidated overseas sales by region

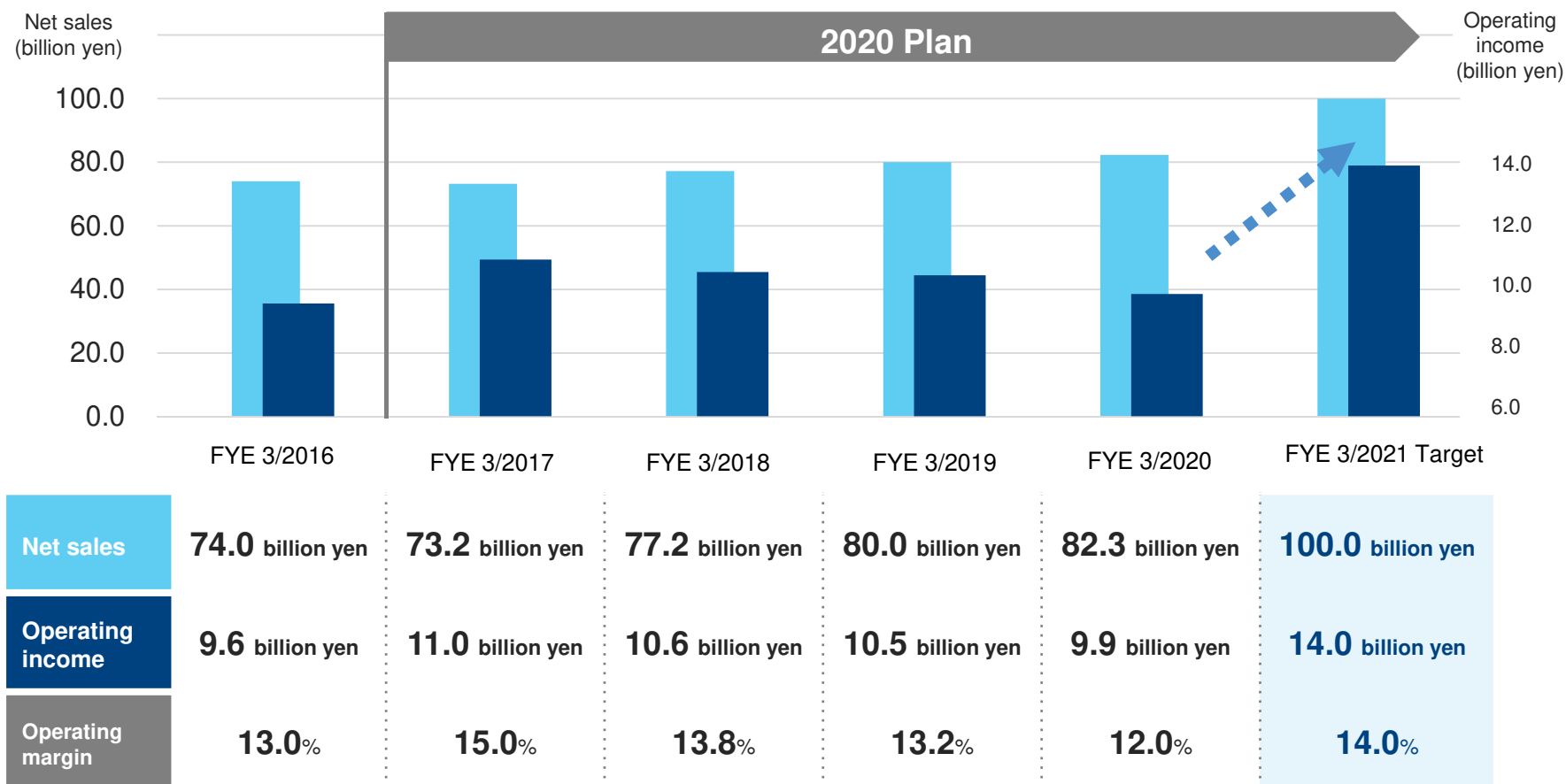
(Unit: millions of yen)	FYE 3/2019	FYE 3/2020	YoY Change
Asia	6,099	6,429	+5%
Indonesia	1,999	2,343	+17%
China	2,179	2,157	-1%
Other Asia	1,920	1,928	+0%
Middle East	339	150	-56%
Central and South America	723	418	-42%
Other	44	152	+245%

\* The above figures are after consolidation adjustments.

# 3. Medium-Term Management Plan

### 3-1. Previous Medium-Term Management Plan: “2020 Plan” (1)

## Difficult to achieve both net sales and income targets



## 3-2. Previous Medium-Term Management Plan: “2020 Plan” (2)

In existing business, although maintenance and rental performed well, bed manufacturing/sales decreased

Although some regions grew in overseas business, the target as a whole was optimistically high

We actively captured new business and the results are beginning to emerge

### Net sales by business

	FYE 3/2016	FYE 3/2020	FYE 3/2021 Target
<b>Existing Business</b>	66.9 billion yen	66.9 billion yen	70.0 billion yen
<b>Overseas Business</b>	7.2 billion yen	7.1 billion yen	20.0 billion yen
<b>New Business</b>	0 billion yen	8.2 billion yen	10.0 billion yen

### Reflections

- **Maintenance, in-hospital services and rental wholesale grew steadily**
    - Meanwhile, a maximum price was introduced for welfare equipment rental
  - **Medical and nursing care bed manufacturing/sales on a declining trend**
    - Capital investment in beds, etc. decreased due to deterioration of hospital finance as a result of factors such as the increase in consumption tax
    - New construction of elderly-care facilities slowed due to the rise in construction expenses and the shortage of care personnel
  - **India, Thailand:** Increased brand recognition due to delivery to leading hospitals
  - **Indonesia:** Although universal insurance started, insurance finances are under pressure
  - **China:** Disparity between cities and regional areas, looking forward to elderly-care business for the future
  - **Latin America:** Political instability
  - **France:** Withdrew due to economic stagnation
- 
- Delivered Smart Bed System to **14 hospitals**, cumulative sales of Nemuri SCAN reached **47,000 units**
  - **Launched Active Sleep brand**  
First step in a new era of using IoT for sleep
  - **M&A:** TV system, wooden furniture  
Expanded proposals aimed at providing a comfortable healthcare environment

# 3-3. Changes in the Business Environment

## Changes in demographics

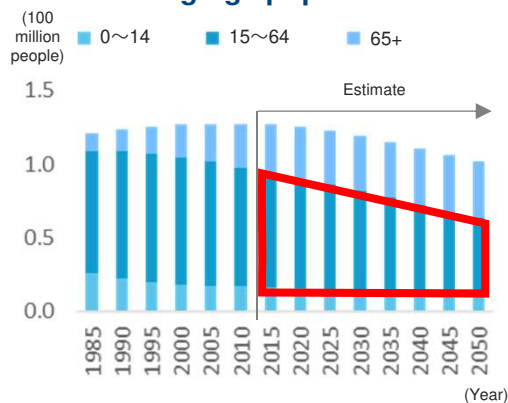
- Aging and longer lives in Japan and worldwide
- Decreasing population and labor shortage
- Asian growth

## Changes in values

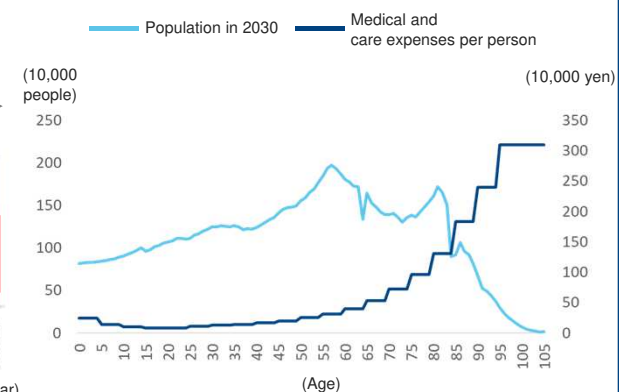
- Diversity
- Work-life balance
- Changes in work styles
- Initiatives to address ESG and SDGs

## Heightened health awareness

### Decrease in working-age population



### Increased importance of prevention and health promotion



(Source) Prepared using data from the Ministry of Internal Affairs and Communications' "Population Census" and the National Institute of Population and Social Security Research's "Population Projections for Japan"

(Source) Prepared using data the National Institute of Population and Social Security Research's "Population Projections for Japan" and Ministry of Health, Labour and Welfare's "Overview of National Medical Expenses" and "Survey of Long-term Care Benefit Expenditures"

## Advances in digital technology

- IoT, AI, 5G
- Platform type business
- Cross-industry collaboration

## World of medicine

- Pressure on medical insurance finances
- Cooperation between hospitals based on community health care vision
- Shortage of nursing staff
- Outcome evaluation

## World of elderly-care

- Pressure on nursing care insurance finances
- Increase in intermediary facilities between facilities and the home
- Shortage of care staff
- Care database

In future, **“medicine, nursing care and health data linkage”**

## 3-4. New Long-Term Vision and Medium-Term Management Plan (1)

### Corporate principles

#### Corporate principles

We create a comfortable healthcare environments through cutting-edge technology with a human touch

#### Statement

as human, for human

### Vision

#### Paramount Vision 2030

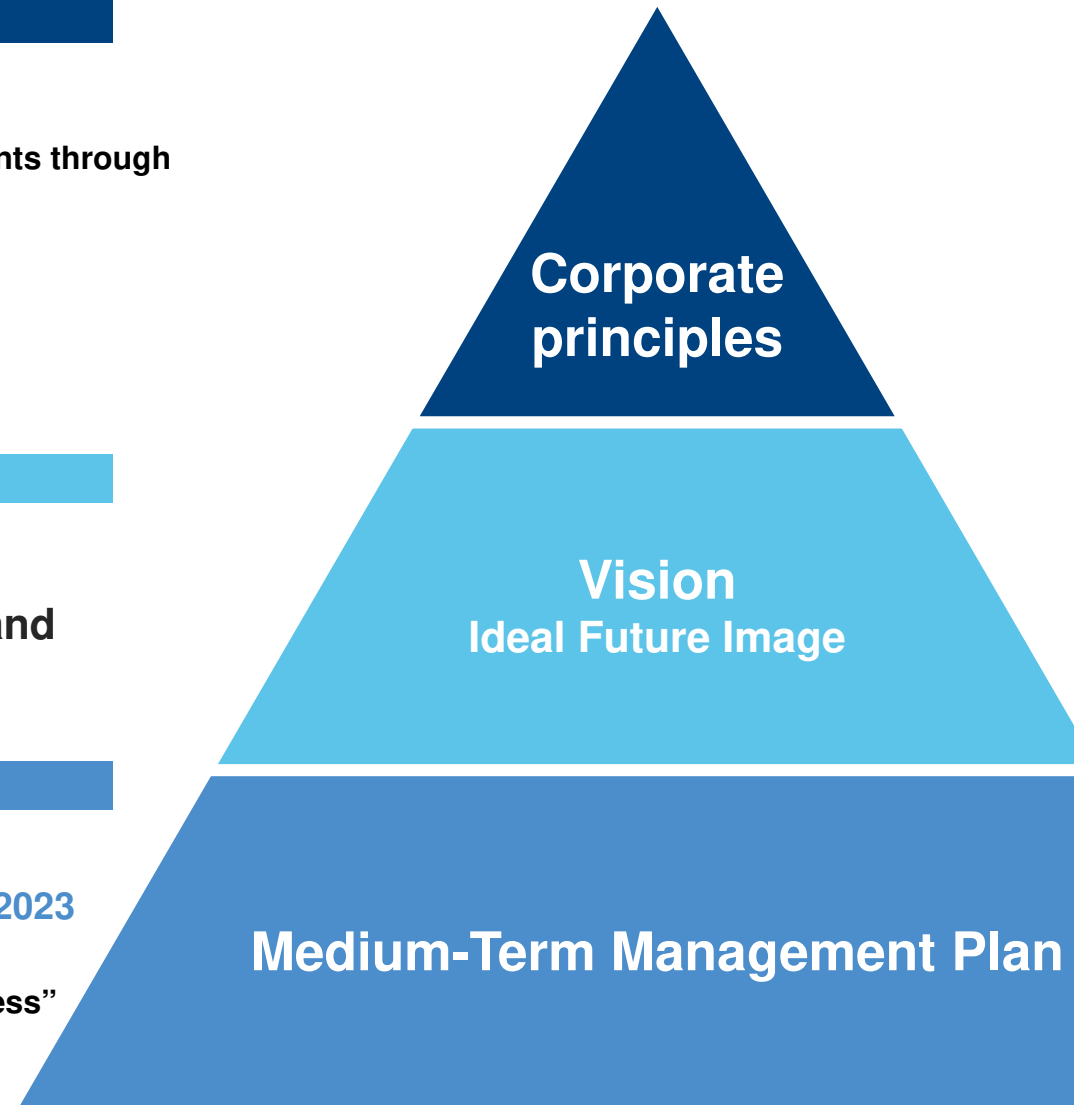
Smiles for everyone from medical and nursing care to health field

### Medium-Term Management Plan

#### Phase I

Plan to the fiscal year ending March 31, 2023

- “Expansion of current business”
- “Fully engaging in the health promotion business”
- “Establishing the foundations for change”



## 3-5. New Long-Term Vision and Medium-Term Management Plan (2)

### Paramount Vision 2030

Smiles for everyone from medical and nursing care to health field



**“Expansion of current business”**

**“Fully engaging in the health promotion business”**

**“Establishing the foundations for change”**

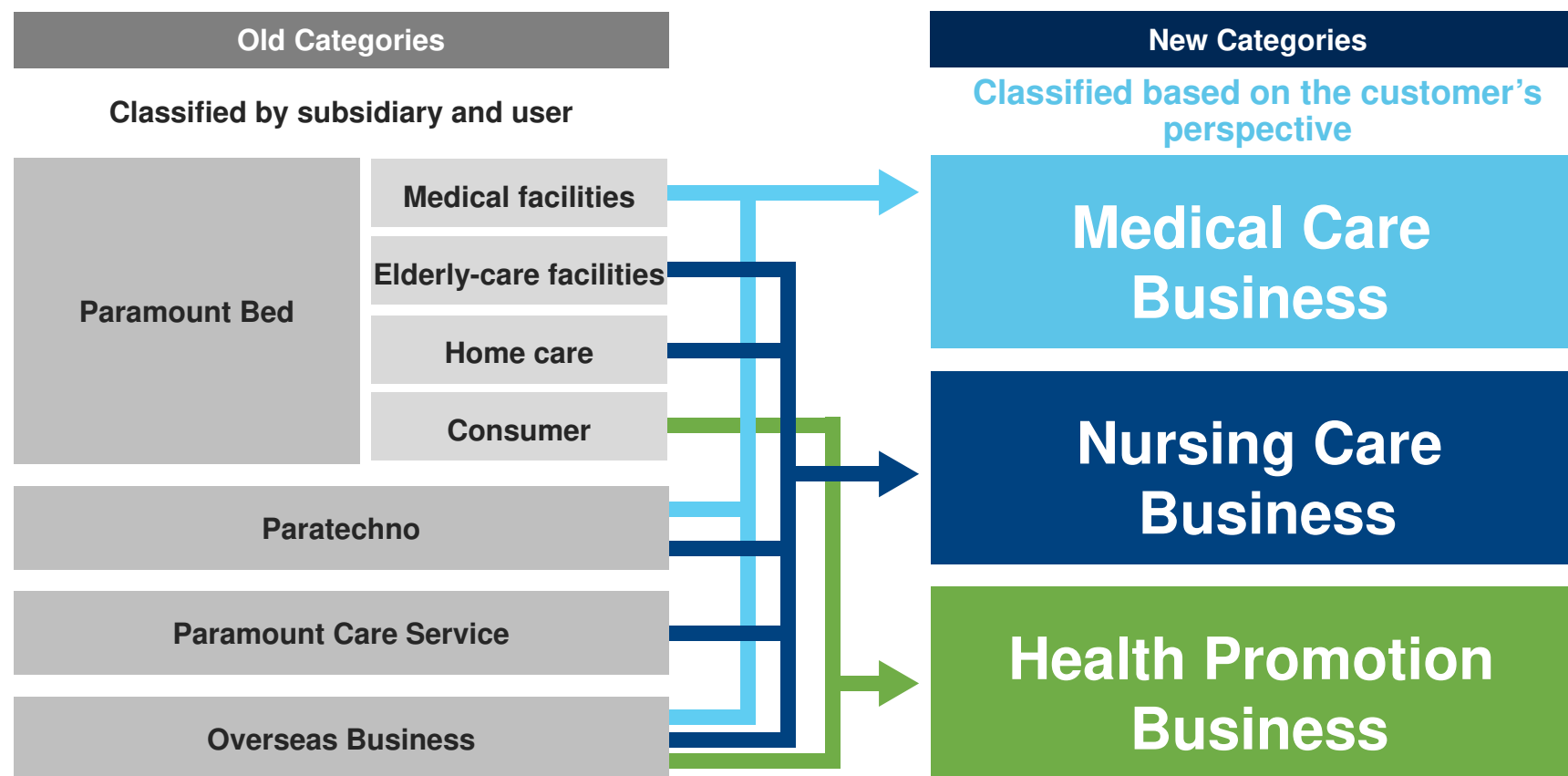
Initiatives to address SDGs and make social contributions, strengthening of human resource foundations, renewal of system infrastructure



## 3-6. Change in Segments in the New Medium-Term Plan

Business categories have been changed to match the customer's perspective

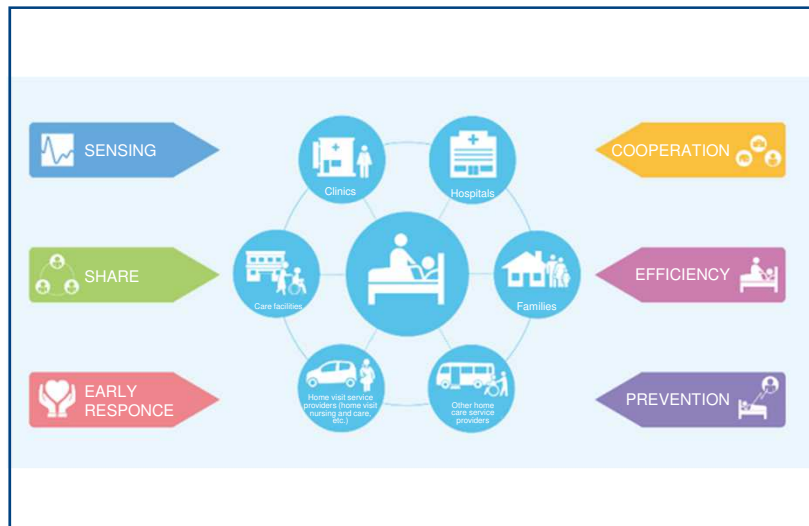
To the new categories of Medical Care Business, Nursing Care Business and Health Promotion Business



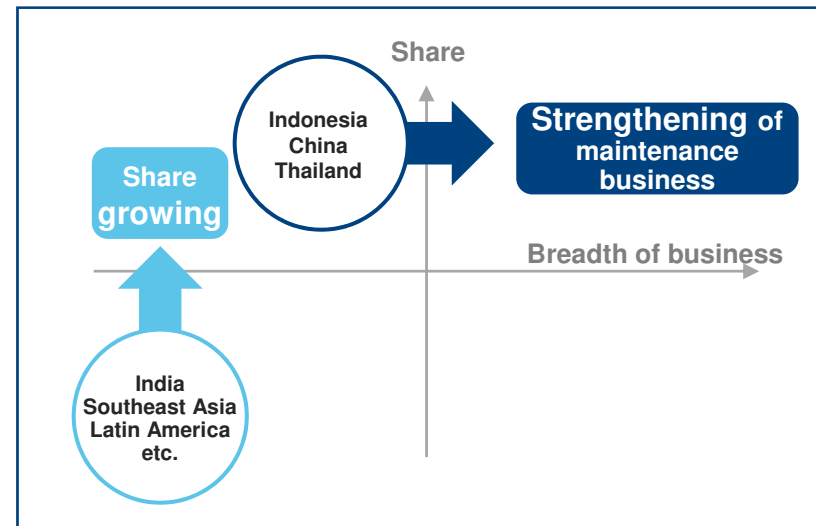
# 3-7. Main Initiatives in New Segment (1) Medical Care Business

## Working with medical personnels as a partner of medical institutions to quickly enable patients to return to their normal lives

**Acceleration of the introduction of Smart Bed System**  
 Safer and more reassuring, improvement of efficiency of operations



**Strengthening of maintenance business in countries where the market share has increased**



**Expansion of in-hospital products and services**  
 Response to detailed needs of hospitals to contribute to their management



# 3-8. Main Initiatives in New Segment (2) Nursing Care Business

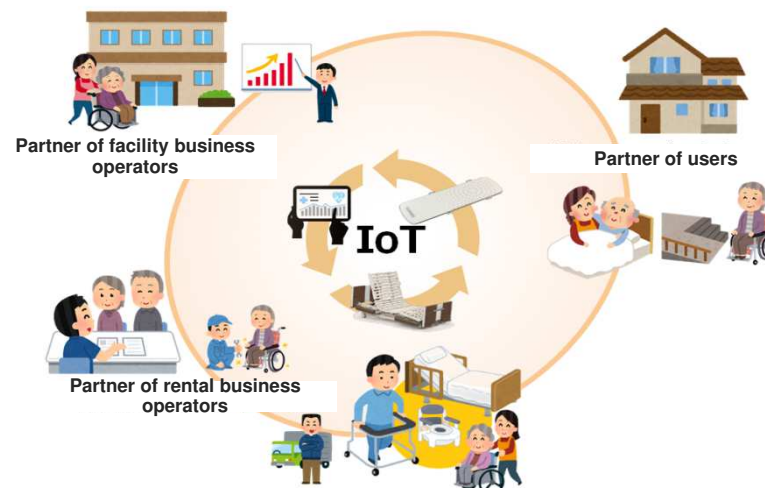
Working with everyone involved in nursing care as a partner of healthcare service providers to realize high QOL for everyone

Aiming to become a partner company for customers through solution businesses utilizing data

Facility business operators

Rental business operators

Users



## For care facilities

Toward a data business using Nemuri SCAN in business partnerships with nursing homes



## For home care

Strengthening development of assistive products other than beds



## 3-9. Main Initiatives in New Segment (3) Health Promotion Business

Realization of a vibrant life by providing an environment centered on sleep as everyone's partner

Visualization of the relationship between **sleep** and **daytime activity**



**Better health**



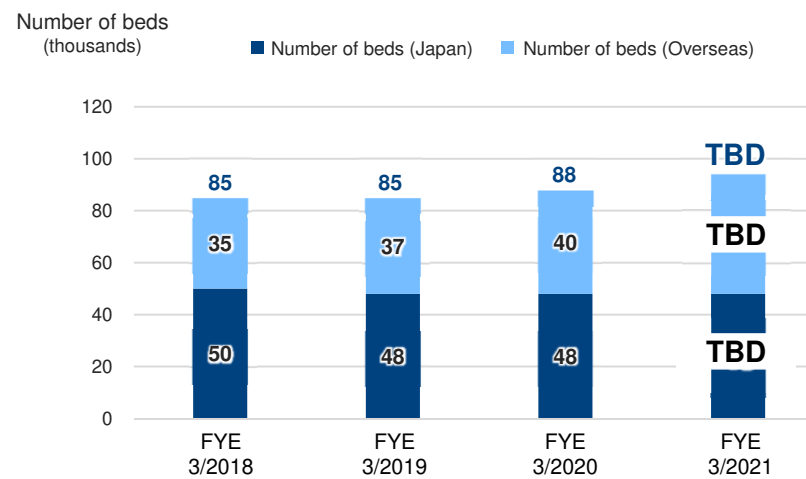
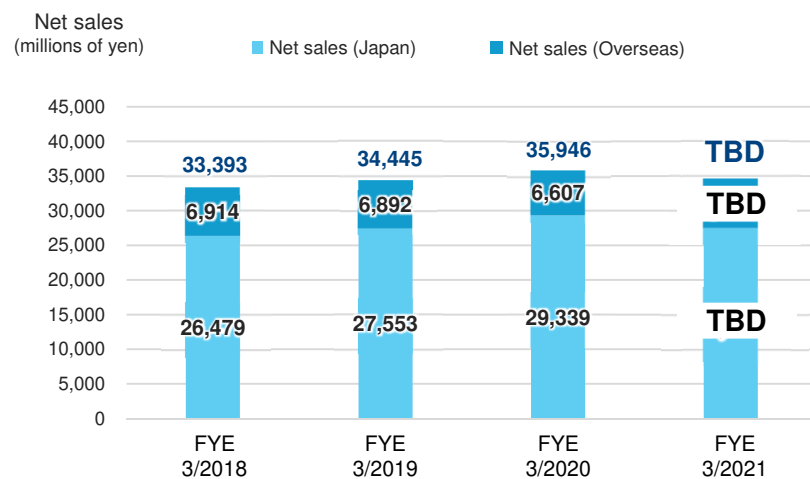
### Optimization of bedroom environment

From “provision of comfortable beds” to “linking other products and services” and “utilization of sleep data”



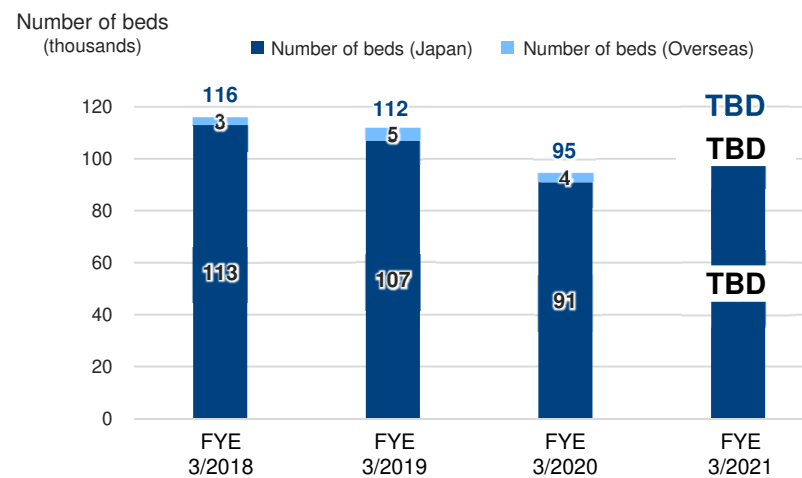
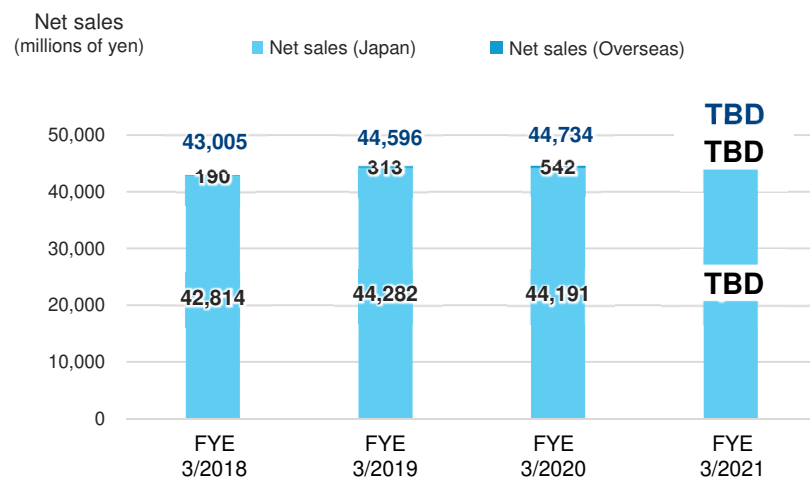
# 3-10. Performance in New Segment (1) Medical Care Business

	FYE 3/2018	FYE 3/2019	FYE 3/2020	FYE 3/2021	
				Forecast	YoY Change
<b>(Unit: millions of yen)</b>					
<b>Net sales</b>	33,393	34,445	35,946	-	-
<b>Japan</b>	26,479	27,553	29,339	-	-
<b>Overseas</b>	6,914	6,892	6,607	-	-
<b>(Units: thousands)</b>					
<b>Number of beds sold</b>	85	85	88	-	-
<b>Japan</b>	50	48	48	-	-
<b>Overseas</b>	35	37	40	-	-



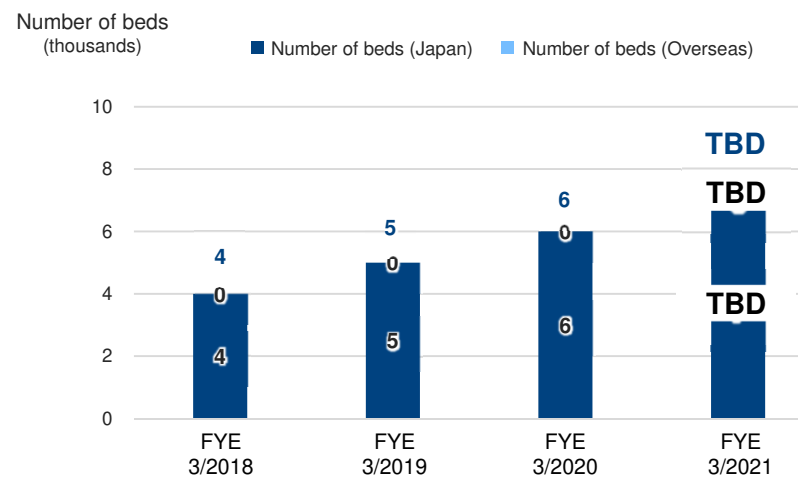
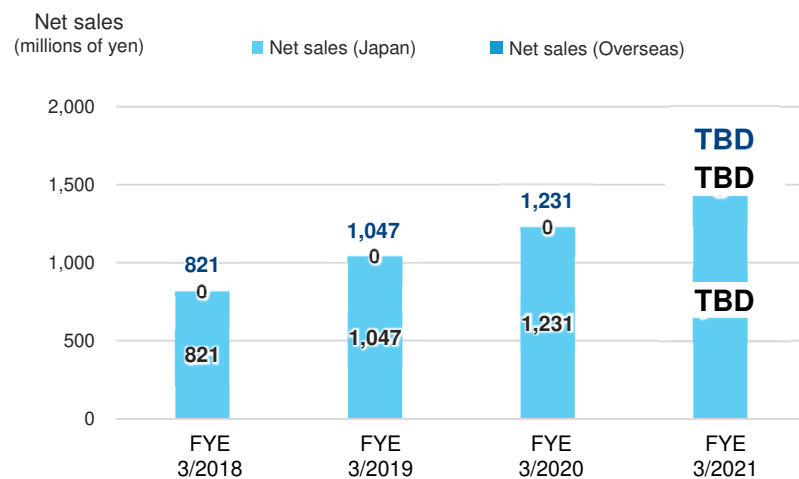
# 3-11. Performance in New Segment (2) Nursing Care Business

	FYE 3/2018	FYE 3/2019	FYE 3/2020	FYE 3/2021	
				Forecast	YoY Change
<b>(Unit: millions of yen)</b>					
<b>Net sales</b>	43,005	44,596	44,734	-	-
<b>Japan</b>	42,814	44,282	44,191	-	-
<b>Overseas</b>	190	313	542	-	-
<b>(Units: thousands)</b>					
<b>Number of beds sold</b>	116	112	95	-	-
<b>Japan</b>	113	107	91	-	-
<b>Overseas</b>	3	5	4	-	-



# 3-12. Performance in New Segment (3) Health Promotion Business

	FYE 3/2018	FYE 3/2019	FYE 3/2020	FYE 3/2021	
				Forecast	YoY Change
<b>(Unit: millions of yen)</b>					
<b>Net sales</b>	821	1,047	1,231	-	-
<b>Japan</b>	821	1,047	1,231	-	-
<b>Overseas</b>	0	0	0	-	-
<b>(Units: thousands)</b>					
<b>Number of beds sold</b>	4	5	6	-	-
<b>Japan</b>	4	5	6	-	-
<b>Overseas</b>	0	0	0	-	-



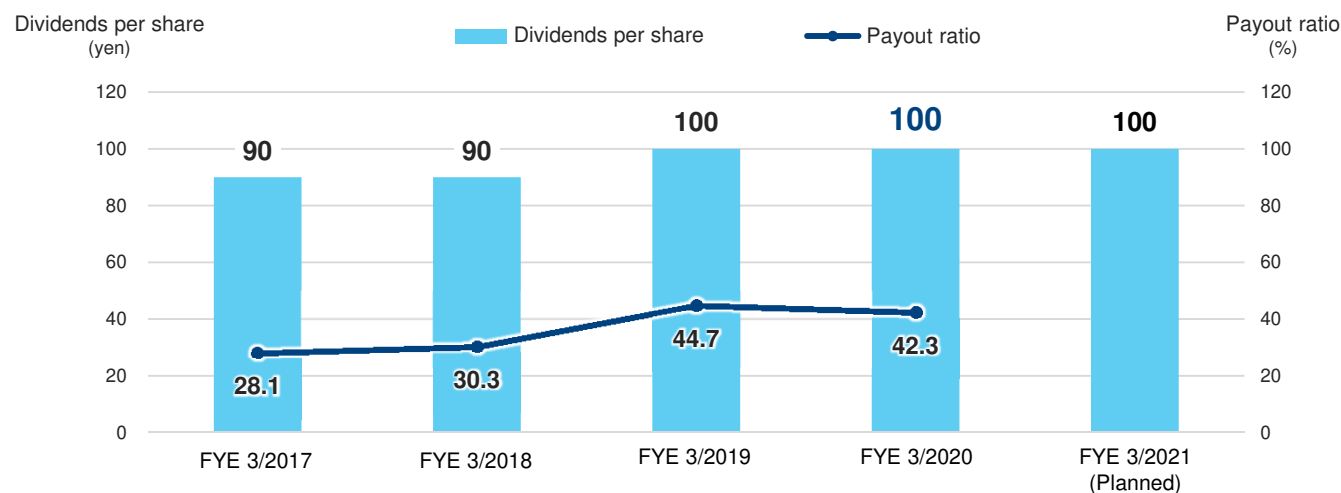
## 3-13. Shareholder Returns (Dividends and Purchase of Treasury Shares)

**Basic Policy: Stable dividends with 2.7% DOE and payout ratio of 30% as a guide**

100 yen in the fiscal year ended March 31, 2020, with 100 yen also planned for the fiscal year ended March 31, 2021

	FYE 3/2017	FYE 3/2018	FYE 3/2019	FYE 3/2020	FYE 3/2021 (Planned)
<b>Dividends per share</b>	90 yen <sup>*1</sup>	90 yen	100 yen	<b>100 yen</b>	100 yen
<b>Dividend on Equity (DOE)</b>	2.9%	2.7%	2.8%	<b>2.7%</b>	-
<b>Payout ratio</b>	28.1%	30.3%	44.7%	<b>42.3%</b>	-
<b>Value of share buybacks</b>	3,331 million yen	0 yen	0 yen	<b>4,382 million yen</b>	-

\*1 Including a 10 yen commemorative dividend.





**Notice**

The performance forecasts provided in this document have been prepared based on the information available as of the presentation date.

As such, actual performance may differ from the forecasts due to various factors.

Monetary amounts in this document have been rounded down.

The percentages shown in the % to Budget and YoY Change figures indicate change using + and - symbols, and are rounded to the nearest place.