as human, for human

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PARAMOUNT BED
HOLDINGS

37th
Business Report

From April 1, 2018 to March 31, 2019

Securities code: 7817
PARAMOUNT BED HOLDINGS CO., LTD.

Top Message

We create comfortable, healthy environments through cutting-edge technology with a human touch.

We extend our heartfelt thanks to our shareholders for their ongoing support. The Company hereby provides reports in relation to the overview of business and the financial results for the 37th term (from April 1, 2018 to March 31, 2019).

President and Chief Executive Officer

Kyosuke Kimura

Business Results for the Fiscal Year under Review

With regard to consolidated business results for the fiscal year under review, net sales came to ¥80,088 million (up 3.7% year on year). This was the result of solid performance in the rental wholesale business, where there had been concern about the impact of the setting of upper limits on prices for assistive products rental, as well as in the domestic sales and maintenance business for medical facilities, etc.

In terms of profits, in addition to upfront investments in new businesses, there was also increase in personnel and advertising expenses, etc., resulting in an operating income falling to ¥10,580 million (down 0.8% year on year). At the ordinary income level, the gain on investments in investment partnership was not as large as it had been in the previous fiscal year, leading to ordinary income of ¥10,923 million (down 10.2% year on year). Net income came to ¥6,704 million (down 19.9% year on year), due to the recording of an extraordinary loss associated with a loss on valuation of shares of subsidiaries.

The Company paid a year-end dividend of ¥50 per share for the fiscal year under review. As a result, in combination with the interim dividend of ¥50 per share, the annual dividend came to ¥100 per share.

From the perspective of stable and sustained returns to shareholders, the Company intends to pay interim and year-end dividends of ¥50 per share each, resulting in an annual dividend of ¥100 per share for the next fiscal year.

Future Business Development

The Paramount Bed Group previously announced a medium-term business plan (“2020 Plan”) for the five years leading up to FY2020 (the fiscal year ending March 31, 2021), for which the final-year targets are ¥100.0 billion in consolidated net sales and ¥14.0 billion in consolidated operating income. The key policies of the “2020 Plan” are “Maintaining and expanding existing businesses,” “Accelerating the expansion of overseas businesses,” and “Strengthening R&D and create business models serving as “buds” of new growth,” which were set with the goals of achieving sustainable development and increasing corporate value.

In terms of new businesses, we launched a new “Active Sleep” brand for the areas of sleep and health. The “Active Sleep Bed,” which is Japan’s first such product to implement an “automated sleep system,” went on sale on June 1, 2019. By equipping the bed with sensors, the angle can be changed automatically to adapt to sleep conditions, making it easier to get to sleep and facilitating a pleasant awakening. In addition, we will focus on expanding a range of products and services, including the “Smart Bed System” and “Nemuri SCAN,” which are attracting attention as a means of dealing with labor shortages in medical and care facilities.

Going forward, we humbly ask our shareholders for their continued understanding and support.

Topics

2018

Apr.

- ANA adopted “Handiwalk” walking aid for use in airports

May

- Relocation of Paramount Bed Sendai branch

Jun.

- Launch of “Everfit C3” medical and nursing-care mattress

Jul.

- Launch of “rento Series” of beds for in-home nursing care

Aug.

- Launch of semi-double size “INTIME 1000 Series” electric bed for general household use

Sep.

- Established Signtle Inc., a joint venture with Professor Someya of the University of Tokyo

Oct.

Nov.

- Henn-na Hotel Huis Ten Bosch introduced mattresses made by Paramount Bed

Dec.

2019

Jan.

- Relocation of East-Tokyo Branch of Paramount Care Service

Feb.

Mar.

- Announcement of new “Active Sleep” brand

“Espacia Series” bed for hospitals and care facilities wins Good Design Award

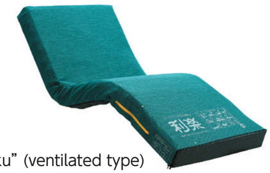
The “Espacia Series” of super-low-height electric beds, incorporating improved connections to monitoring support systems, won a Good Design Award in 2018. One of the areas considered particularly advanced was the ability to integrate monitoring for falls from the bed with the monitoring of sleep conditions using body motion sensors.

GOOD DESIGN AWARD 2018

“Espacia Series”

Launch of “cococia Riraku” medical and nursing-care air mattress

The “cococia Riraku” mattress incorporates a completely automatic bedsore-prevention system, whereby the weight and condition of the user is detected by switching it on, and the firmness is adjusted automatically. By using the optional cable, an electric power supply can be taken from the electric bed itself. By making the power cord unnecessary, the area around the bed can be kept clear.



“cococia Riraku” (ventilated type)

Launch of “Waltwin” sole of the foot pressure sensor for rehabilitation use

This product, which can display and record in real time the pressure exerted on the sole of the foot while walking, enables more efficient walking practice (rehabilitation) for those whose ability to walk has been affected by strokes or orthopedic issues, or conditions such as Parkinson’s. The visualization of the walking process facilitates simpler sharing of information between different medical roles, such as doctors and nursing staff, and is expected to provide support in such areas as the selection of assistive products, and the creation of nursing care plans.

Conceptual illustration of “Waltwin” in use

Special Feature

[New Product] "Automated Sleep System" Bed - Full-scale entry into the sleep tech market -

On June 1, 2019, we launched the "Active Sleep Bed," an electric bed for general household use. By equipping the bed with body motion sensors, the angle can be changed automatically to adapt to sleep conditions, making this Japan's first "automated sleep system." This product automatically changes the angle of the bed to adapt to sleep conditions, such as when going to sleep, when deeply asleep or when waking up. For example, as the preset wakeup time draws near, the bed determines a point at which sleep has become shallow and automatically raises the upper part of the bed at the optimal time in order to facilitate a pleasant awakening. Moreover, using a special smartphone app, the position of the lower back and legs can be moved easily for greater comfort, and sleep quality can be graded.

The "Active Sleep Mattress," which went on sale at the same time as the "Active Sleep Bed," incorporates internal air cells whose pressure can be adjusted by area, allowing the user to choose their preferred level of firmness from a million different combinations.

Conceptual illustration of "Active Sleep Bed" in use.
By raising the angle of the upper part of the bed slightly, respiration also becomes easier, making it easier to fall asleep.

Using a special app, sleep quality can be graded, and bed operations and settings can be performed.

Pricing for the "automated sleep system" bed begins at ¥240,000 (excluding tax / price is for "Active Sleep Bed" and "Active Sleep Analyzer" body motion sensors bundle / separate mattress required). Pricing for the "Active Sleep Mattress" begins at ¥190,000 (excluding tax). In addition to stores directly operated by Paramount Bed, these products can be purchased at participating department stores and furniture stores.

Financial Review

Consolidated Financial Statements

Consolidated Balance Sheet (Summary)

(Millions of Yen)

Item	Previous Fiscal Year (As of March 31, 2018) Amount	Current Fiscal Year (As of March 31, 2019) Amount
Total current assets	78,651	81,212
Total non-current assets	60,524	62,794
Total assets	139,176	144,006
Total liabilities	36,373	35,764
Total net assets	102,803	108,242
Total liabilities and net assets	139,176	144,006

Consolidated Statement of Income (Summary)

(Millions of Yen)

Item	Previous Fiscal Year (From April 1, 2017 to March 31, 2018) Amount	Current Fiscal Year (From April 1, 2018 to March 31, 2019) Amount
Net sales	77,220	80,088
Operating income	10,661	10,580
Ordinary income	12,161	10,923
Net income	8,366	6,704

Consolidated Statement of Cash Flows (Summary)

(Millions of Yen)

Item	Previous Fiscal Year (From April 1, 2017 to March 31, 2018) Amount	Current Fiscal Year (From April 1, 2018 to March 31, 2019) Amount
Cash and cash equivalents at beginning of year	27,644	34,435
Cash flows from operating activities	9,967	7,914
Cash flows from investing activities	(493)	(2,464)
Cash flows from financing activities	(2,621)	(2,842)
Effect of exchange rate change on cash and cash equivalents	(60)	26
Increase in cash and cash equivalents	6,791	2,633
Cash and cash equivalents at end of year	34,435	37,069

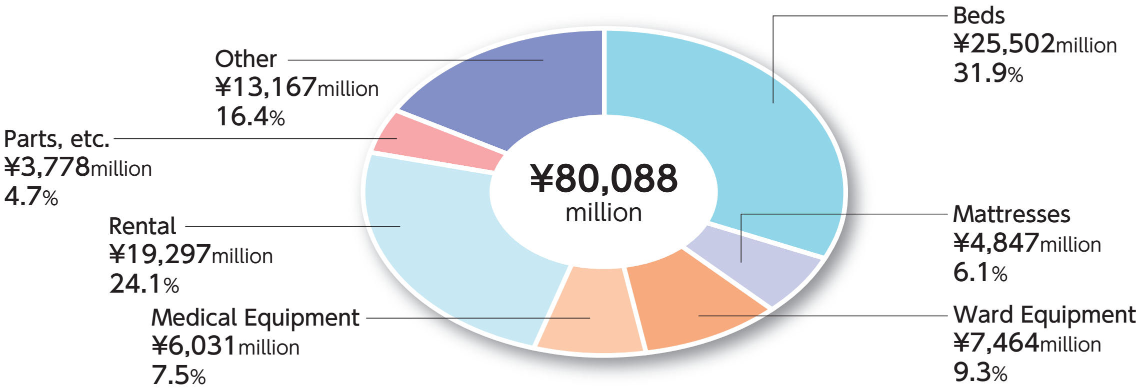
Website Information

PARAMOUNT BED HOLDINGS IR Search

For more detailed financial information, please refer to the various materials made available on the Company website.

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

Consolidated net sales by product



Main Companies of the Paramount Bed Holdings Group

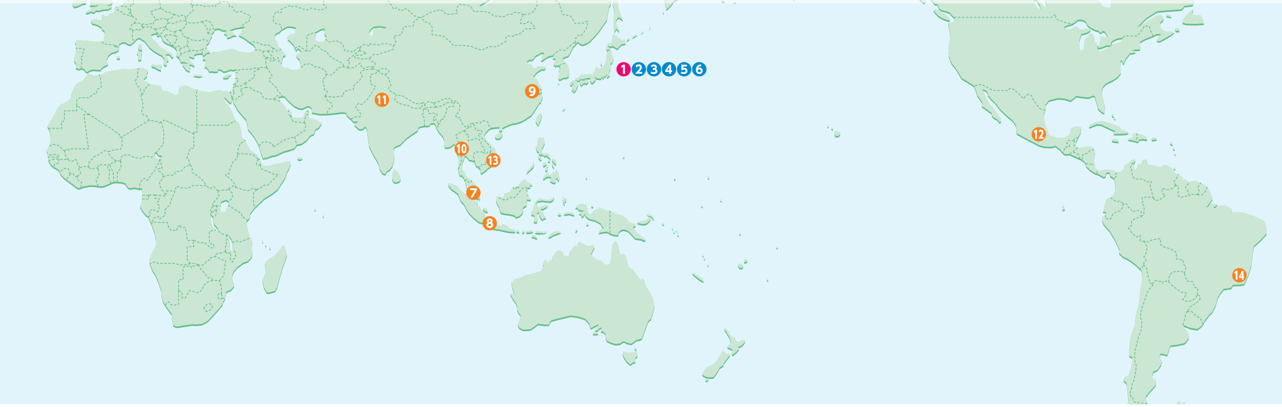
❶PARAMOUNT BED HOLDINGS CO., LTD.

Consolidated subsidiaries in Japan
❷Paramount Bed Co., Ltd.
❸Paratechno Co., Ltd.
❹Paramount Care Service Co., Ltd.
❺CS Amenity Support Co., Ltd.

Non-consolidated subsidiaries in Japan
❻KP Service Co., Ltd.

Consolidated subsidiaries overseas
❼Paramount Bed Asia Pacific Pte. Ltd.
❽PT. Paramount Bed Indonesia
❾Paramount Bed (China) Co., Ltd.

Non-consolidated subsidiaries overseas
❿Paramount Bed (Thailand) Co., Ltd.
⓫Paramount Bed India Pvt. Ltd.
⓬Paramount Bed Mexico S.A. de C.V.
⓭Paramount Bed Vietnam Co., Ltd.
⓮Paramount Bed do Brasil Ltda.



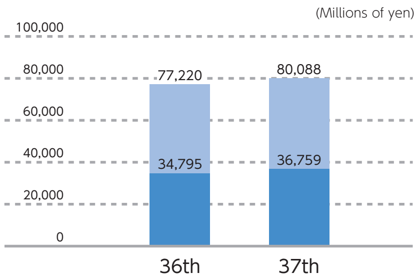
*On April 1, 2019, Paratechno Co., Ltd. implemented an absorption-type merger of CS Amenity Support Co., Ltd.

Financial Highlight (Consolidated)

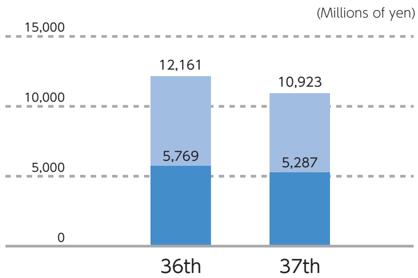
Key Points for the Fiscal Year under Review

- Solid performance in the rental wholesale business for assistive products, and the sales and maintenance business for domestic medical facilities
- Recording of expenses associated with new "Active Sleep" brand, increases in personnel expenses and declines in gain on investments resulted in lower ordinary income

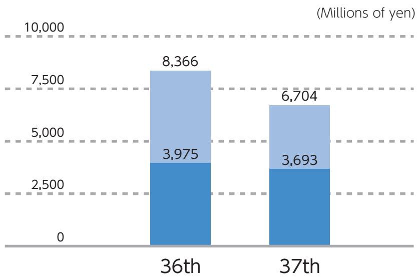
Net sales
¥80,088 million



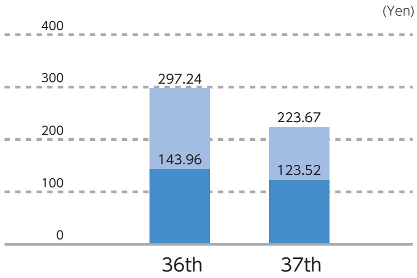
Ordinary income
¥10,923 million



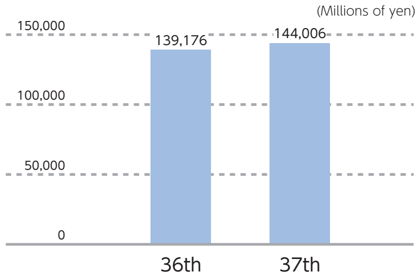
Net income
¥6,704 million



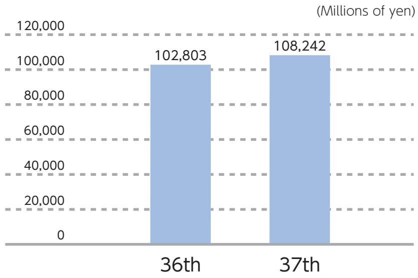
Basic earnings per share
¥223.67



Total assets
¥144,006 million



Net assets
¥108,242 million



Full year　Half year

Share Information (As of March 31, 2019)

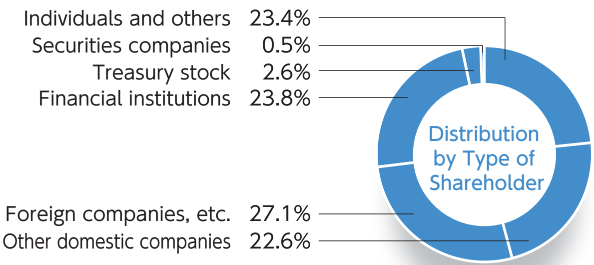
Stock Info

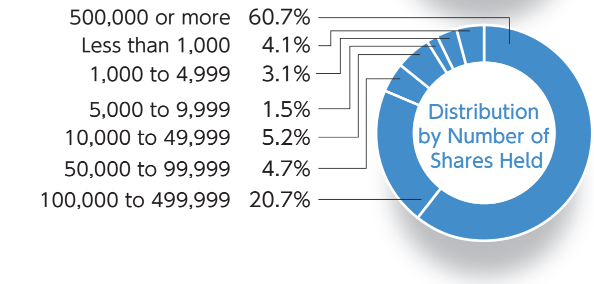
- Number of Shares Authorized: 126,000,000
- Number of Shares Issued: 30,877,487
- Number of Shareholders: 8,290
- Principal Shareholders

Name of shareholders	Shareholders' investment in the Company	
	Number of shares held	Shareholding ratio
	(Thousands of shares)	(%)
CTOK Co., LTD.	2,821	9.4
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,231	7.4
LLAGE WOOD Co.	2,073	6.9
NIU VALLEY CAPITAL LLC	1,379	4.6
SSBTC CLIENT OMNIBUS ACCOUNT	1,262	4.2
Japan Trustee Services Bank, Ltd. (Trust Account 9)	957	3.2
Kenji Kimura	912	3.0
Kyosuke Kimura	911	3.0
Michihide Kimura	911	3.0
Japan Trustee Services Bank, Ltd. (Trust Account)	864	2.9

* The shareholding ratio is calculated after deducting the shares of treasury stock.

- Distribution of Shares





Company Information (As of March 31, 2019)

Company Info

Company Name
PARAMOUNT BED HOLDINGS CO., LTD.

Head Office
2-14-5 Higashisuna, Koto-ku, Tokyo 136-8671, Japan

Established
October 1982

Capital
￥4,274 million

Number of Employees
3,224 (Consolidated)

Business Lines
Control or management of operating companies involved in the manufacture and sale of beds and mattresses, hospital furniture, medical equipment, etc. for medical and nursing care environments; services such as the inspection, maintenance, disinfection, and maintenance leases for beds and mattresses; the rental wholesale business for assistive products; etc. through the ownership of shares or through an equity interest.

Shareholder Memo

Business year
From April 1 of each year to March 31 of the following year

Ordinary general meeting of shareholders
June of each year

Record date of the above
March 31 of each year
When necessary, other record dates will be determined on an extraordinary basis of the prior notification.

Final date for shareholders to receive dividend

Year-end dividend March 31 of each year

Interim dividend September 30 of each year

Method of public notice
Electronic public notice will be made. However, if it is impossible to publish public notices electronically because of unavoidable circumstances, the public notices shall be made by publication in "The Nikkei" newspaper.
The Company's URL for public notice
https://www.paramountbed-hd.co.jp

Shareholder register administrator
3-11 Kandanishiki-cho, Chiyoda-ku, Tokyo (NMF Takebashi Building 6F)
Tokyo Securities Transfer Agent Co., Ltd.

Handling office
3-11 Kandanishiki-cho, Chiyoda-ku, Tokyo 101-0054 (NMF Takebashi Building 6F)
Head Office, Tokyo Securities Transfer Agent Co., Ltd.
(Contact) 0120-49-7009
Handling operation is conducted in main branch and all domestic branches of Sumitomo Mitsui Trust Bank, Limited.

Mailing address (Contact address)
2-8-4 Izumi, Suginami-ku, Tokyo 168-8522
Operations Center, Tokyo Securities Transfer Agent Co., Ltd.
(Contact) 0120-49-7009

[Procedures Related to Shares]

- **Applications for change of address or for purchase demands of shares less than one unit.**
  Please send such notifications or applications to the securities company where your account is held. However, for procedures related to shares registered to a special account, please apply to Tokyo Securities Transfer Agent Co., Ltd., which is the administrative organization for special accounts.

- **Applications for payment of dividends payable**
  These are handled by Tokyo Securities Transfer Agent Co., Ltd., which is the shareholder register administrator for shares of the Company.

- Contact TEL: +81-3-3648-1100 (Main) FAX: +81-3-3648-5781
  Business Hours: Monday to Friday, 9:00 a.m. to 5:20 p.m.
  * Excludes national holidays, summer holidays, and new year holidays.