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PARAMOUNT BED
HOLDINGS

38th

Business Report

From April 1, 2019 to March 31, 2020

Securities code: 7817

PARAMOUNT BED HOLDINGS CO., LTD.

Top Message

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 38th term (from April 1, 2019 to March 31, 2020).

President and Chief Executive Officer
Tomohiko Kimura

Announcement Regarding Change of President and Chief Executive Officer

Effective April 1, 2020, former President and Chief Executive Officer Kyosuke Kimura became Chairperson of the Company, and Senior Executive Director Tomohiko Kimura assumed office as President and Chief Executive Officer. With this new management structure, the Company is aiming for further business growth and enhancement of corporate value. Going forward, we humbly ask for your continued support.

Business Results for the Fiscal Year under Review

With regard to consolidated business results for the fiscal year under review, net sales came to ¥82,379 million (up 2.9% year on year). This was the result of performances being generally in line with estimates for the product sales, maintenance, rental wholesale, and overseas businesses, despite an increase in requests to delay product deliveries at the end of the year from medical facilities, nursing facilities, etc. taking measures to prevent the spread of the novel coronavirus disease (COVID-19).

In terms of profits, operating income came to ¥9,906 million (down 6.4% year on year) due to increases in personnel and transportation expenses, etc., as well as delayed deliveries, etc. caused by the impact of COVID-19. Ordinary income came to ¥10,145 million (down 7.1% year on year), while net income came to ¥7,043 million (up 5.1% year on year) due to a decrease in extraordinary losses, etc.

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 a distribution of profits of ¥100 per share for the next fiscal year.

Future Business Development

Regarding the future outlook, there are concerns that these extremely challenging conditions due to the effects of COVID-19 will continue. Workers in the medical and nursing-care fields are working tirelessly around the clock due to the impact of the pandemic. We will support the front-line workers and contribute to maintaining the medical and nursing-care systems by continuing to provide products and services. Furthermore, the Company places the highest priority on preventing infections inside and outside the Company and ensuring the safety of employees, and is swiftly taking appropriate measures based on government and municipal policies.

Based on the new management structure, we formulated “Paramount Vision 2030,” which describes the type of company we aim to be in ten years in 2030, and a new medium-term business plan as the first phase for the three years up to FY2022 based on that vision. The Vision is expressed as “Smiles for everyone from medical and nursing care to health field,” which indicates the Company’s new target of making a contribution in everyone’s lives, including in the health field going forward, based on our skills and knowledge cultivated over many years in the medical and nursing-care fields. In addition, we will further enhance our approaches, such as ESGs, for environmental issues and social contributions.

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

Topics

2019

Apr.

■ Paratechno implemented an absorption-type merger of subsidiary CS Amenity Support

May

Jun.

■ Launch of new product "Active Sleep BED"

■ Launch of "Trotto" video system for rehabilitation use

Jul.

■ Launch of new product "INTIME2000i"

Aug.

Sep.

■ Exhibited at H.C.R. 2019 (International Home Care & Rehabilitation Exhibition 2019)

Oct.

Nov.

■ Exhibited at CEATEC international IT and electronics exhibition

Dec.

2020

Jan.

■ Relocation of Head Office of Paramount Care Service

Feb.

Mar.

■ Launch of "Nemuri SCAN" rental service

Launch of new product "Moovis"

A single unit of this wheeled examination and treatment table can be used as an examination table, stretcher and chair. By eliminating the necessity of moving patients on and off of different tables for treatments and examinations such as endoscopic examinations, this unit contributes to lowering the risk of the patient falling and reducing the burden on staff.

"Moovis" (KC-240)

Making Sadashige Special Plywood a subsidiary

The Company made Sadashige Special Plywood Co., Ltd. (Head Office: Fuchu City, Hiroshima), which manufactures and sells household equipment, furniture materials, etc., a subsidiary. This company's strengths lie in its high design skills and processing technologies that bring out the benefits of natural wood. By creating a synergistic effect in the wooden furniture field, the Company aims to expand the sales of wood products to medical facilities, facilities for the elderly, etc.

Launch of "Arius Series" acute care bed

This electric bed is equipped with features such as side rails that rise together when raising the back section of the bed and high-accuracy digital scales which are much in demand at ICUs and general acute care wards. In addition to a minimum height of 30 cm, which makes it easier to practice getting out of bed and perform other types of bedside rehabilitation that are being emphasized recently, the bed is equipped with a grip to use as a support when standing up. The Company sought to achieve usability and safety in acute care wards.

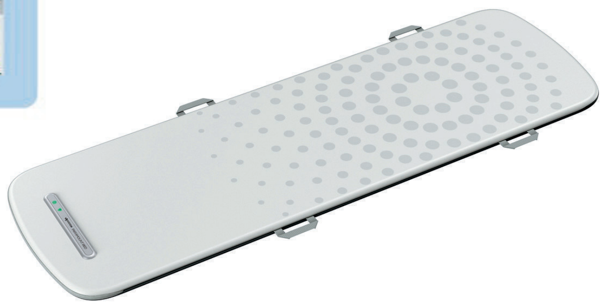
"Arius Series" (KA-H7410B)

Special Feature

Promoting Business Utilizing Data Through “Nemuri SCAN”

The Company is promoting business utilizing data through the use of “Nemuri SCAN,” a sleep monitoring sensor for medical facilities, facilities for the elderly, etc. In March 2020, the Company concluded a business cooperation agreement with Sompo Holdings, Inc., a major insurance company that also operates in nursing care and healthcare businesses. The Company will introduce “Nemuri SCAN” for 18,000 beds at Sompo’s care facilities. In addition to collecting information such as biological information, sleep information and movements on the beds, the Company will collect information that is closely related to people’s life, such as the meals, medicine and daily activities of each person, to build a large database, and will jointly examine and analyze the physiological effects of meals, medicine, exercise, etc. In the future, the Company aims to utilize this information base and analysis results to develop products and services that solve various social issues. “Nemuri SCAN” has been receiving attention from the standpoint of reducing workload in nursing care, preventing infections, etc., and sales in the fiscal year ended March 31, 2020 has seen a year-on-year increase of approximately 40%. The Company launched a rental program in December 2019, and in May 2020 also started to offer a camera system that allows visual monitoring. We are also promoting environmental improvements to support further growth in the future.

The condition of residents can be checked remotely using a computer or smartphone.



“Nemuri SCAN” (NN-1520)

Financial Review

Consolidated Financial Statements

Consolidated Balance Sheet (Summary)

(Millions of Yen)

	Previous Fiscal Year (As of March 31, 2019)	Current Fiscal Year (As of March 31, 2020)
Item	Amount	Amount
Total current assets	81,212	76,848
Total non-current assets	62,794	67,409
Total assets	144,006	144,257
Total liabilities	35,764	37,191
Total net assets	108,242	107,066
Total liabilities and net assets	144,006	144,257

Consolidated Statement of Income (Summary)

(Millions of Yen)

	Previous Fiscal Year (From April 1, 2018 to March 31, 2019)	Current Fiscal Year (From April 1, 2019 to March 31, 2020)
Item	Amount	Amount
Net sales	80,088	82,379
Operating income	10,580	9,906
Ordinary income	10,923	10,145
Net income	6,704	7,043

Consolidated Statement of Cash Flows (Summary)

(Millions of Yen)

	Previous Fiscal Year (From April 1, 2018 to March 31, 2019)	Current Fiscal Year (From April 1, 2019 to March 31, 2020)
Item	Amount	Amount
Cash and cash equivalents at beginning of year	34,435	37,069
Cash flows from operating activities	7,914	9,087
Cash flows from investing activities	(2,464)	(3,579)
Cash flows from financing activities	(2,842)	(7,475)
Effect of exchange rate change on cash and cash equivalents	26	(90)
Increase (decrease) in cash and cash equivalents	2,633	(2,059)
Cash and cash equivalents at end of year	37,069	35,009

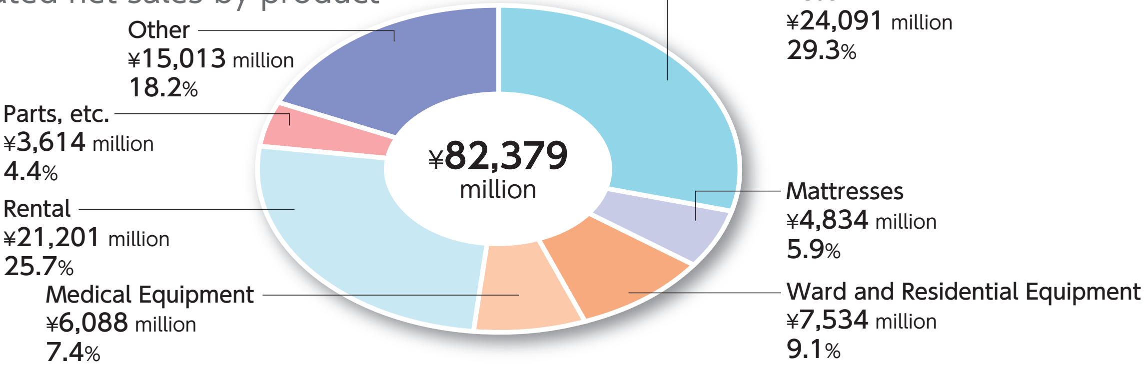
Website Information

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

Network

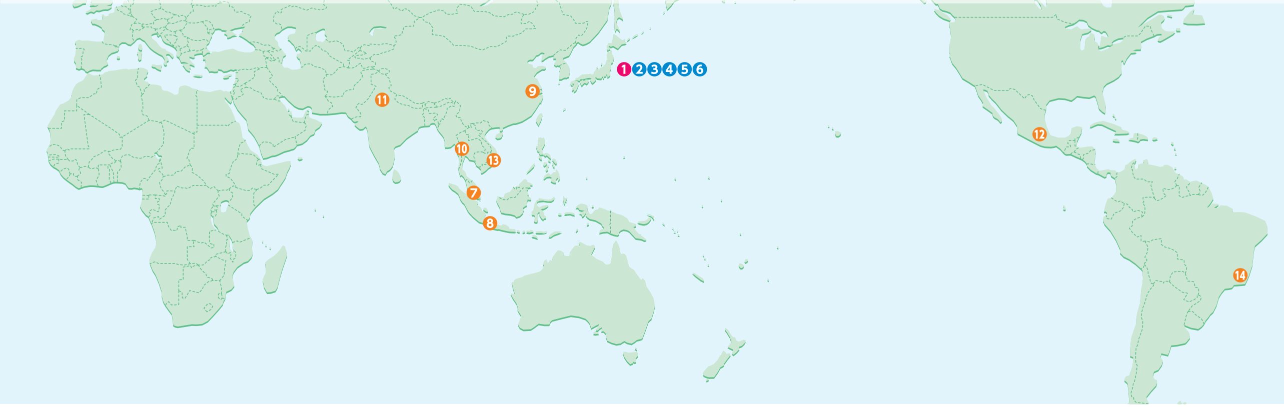
1 PARAMOUNT BED HOLDINGS CO., LTD.

Consolidated subsidiaries in Japan
2 Paramount Bed Co., Ltd.
3 Paratechno Co., Ltd.
4 Paramount Care Service Co., Ltd.
5 Sadashige Special Plywood Co., Ltd.

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

Consolidated subsidiaries overseas
7 Paramount Bed Asia Pacific Pte. Ltd.
8 PT. Paramount Bed Indonesia
9 Paramount Bed (China) Co., Ltd.

Non-consolidated subsidiaries overseas
10 Paramount Bed (Thailand) Co., Ltd.
11 Paramount Bed India Pvt. Ltd.
12 Paramount Bed Mexico S.A. de C.V.
13 Paramount Bed Vietnam Co., Ltd.
14 Paramount Bed do Brasil Ltda.

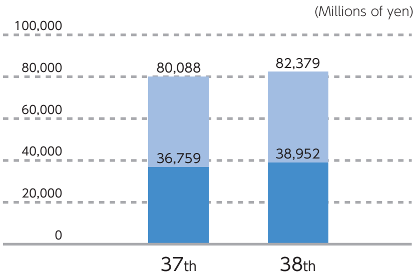


Financial Highlight (Consolidated)

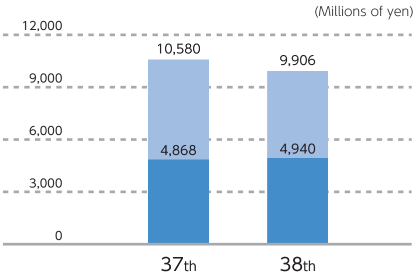
Key Points for the Fiscal Year under Review

- Net sales increased 2.9% year on year due to solid performance in the rental wholesale business for assistive products, and the sales and maintenance business for domestic medical facilities
- Operating income fell 6.4% year on year due to increases in personnel and transportation expenses, etc., as well as delayed deliveries, etc. caused by the impact of the novel coronavirus disease (COVID-19)

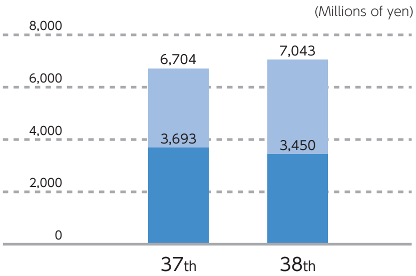
Net sales
¥82,379 million



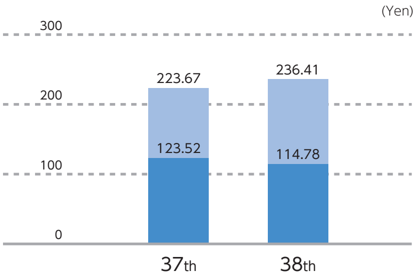
Operating income
¥9,906 million



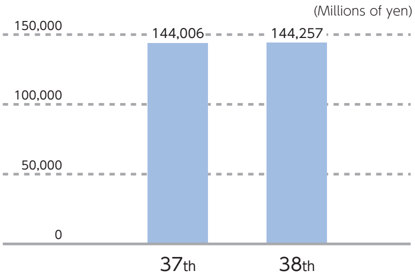
Net income
¥7,043 million



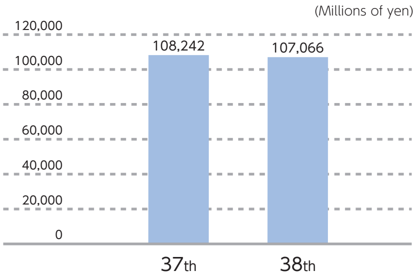
Basic earnings per share
¥236.41



Total assets
¥144,257 million



Net assets
¥107,066 million



Full year Half year

Share Information (As of March 31, 2020)

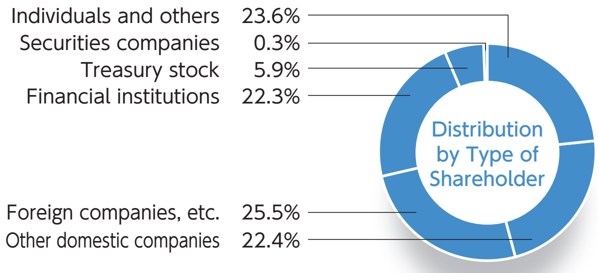
Stock Info

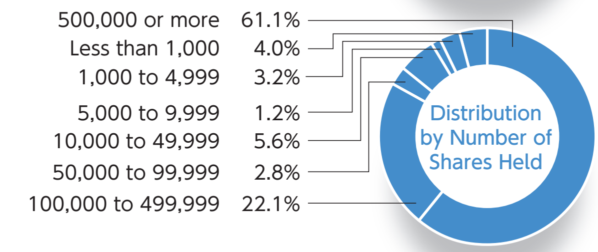
- Number of Shares Authorized: 126,000,000
- Number of Shares Issued: 30,877,487
- Number of Shareholders: 8,172
- Principal Shareholders

Name of shareholders	Shareholders' investment in the Company	
	Number of shares held	Shareholding ratio
	(Thousands of shares)	(%)
CTOK Co., LTD.	2,821	9.7
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,343	8.1
LLAGE WOOD Co.	2,073	7.1
NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS	1,879	6.5
NIU VALLEY CAPITAL LLC	1,379	4.7
Japan Trustee Services Bank, Ltd. (Trust Account 9)	1,077	3.7
Michihide Kimura	911	3.1
Kenji Kimura	907	3.1
Kyosuke Kimura	907	3.1
Tomohiko Kimura	873	3.0

* Although the Company holds 1,814,533 shares of treasure stock, the shareholding ratio is calculated after deducting the shares of treasury stock.

- Distribution of Shares





Company Information (As of March 31, 2020)

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
3,494 (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: +81-3-36480 (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.