as human, for human

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PARAMOUNT BED
HOLDINGS

39th

Business Report

From April 1, 2020 to March 31, 2021

Securities code: 7817

PARAMOUNT BED HOLDINGS CO., LTD.

Top Message

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

President and Chief Executive Officer

Tomohiko Kimura

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 39th term (from April 1, 2020 to March 31, 2021).

Business Results for the Fiscal Year under Review

With regard to consolidated business results for the fiscal year under review, net sales came to ¥87,171 million (up 5.8% year on year). This was the result of factors such as favorable sales of products such as the "Rakusho Plus Series," which is a core bed product for home care that was launched in August 2020, and "cococia Riraku flow," which is an air mattress released in October 2020 that carries out bedsore prevention, such as weight settings and posture changes, in a completely automatic manner, in addition to Paramount Care Service's solid performance in the rental wholesale business for assistive products and projects for the emergency preparation of hospital bed in some overseas areas, despite various impacts in Japan and overseas, such as restrictions on sales activities due to the spread of the novel coronavirus disease (COVID-19).
In terms of profits, operating income came to ¥11,582 million (up 16.9% year on year) due to the sales of new products contributing to the improvement of the gross profit margin. Ordinary income came to ¥13,461 million (up 32.7% year on year), while net income came to ¥8,611 million (up 22.3% year on year).
The Company paid a year-end dividend of ¥53 per share, which is an increase of ¥3 over initial forecasts, for the fiscal year under review. As a result, in combination with the interim dividend of ¥50 per share, the annual dividend came to ¥103 per share.
Furthermore, the Company conducted a share split at a ratio of 2 shares per common share with April 1, 2021 as the effective date, aiming to expand its range of investors by increasing the liquidity of its shares. From the perspective of stable and sustained returns to shareholders, the Company intends to pay interim and year-end dividends of ¥26 and ¥27 per share, respectively, resulting in an annual dividend of ¥53 per share for the next fiscal year.

Future Business Development

Regarding the medium-term business plan, which would last until FY2022, the Company extended the term by one year until FY2023 in light of the impact of COVID-19, and announced numerical targets in April 2021. In addition, we uphold a basic policy of the "expansion of current business," "building of a foundation for reform" and "formalization of the health promotion business," and will further enhance our approaches, such as ESGs, for environmental issues and social contributions. We will aim for net sales of ¥89,000 million and operating income of ¥12,000 million in FY2023 by positioning the strategic investment period for medium- to long-term growth, and increasing system-related investment, new business investment and capital investment.
Furthermore, the Company will apply the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29) from FY2021. As a result, sales related to items that were purchased and sold will decrease in comparison to the previous figures. We will aim for net sales of ¥81,000 million and operating income of ¥10,600 million in the current fiscal year after applying this accounting standard, etc.
Going forward, we humbly ask our shareholders for their continued understanding and support.

Topics

2020

Apr.

- Establishment of Sendai Maintenance Center of Paramount Care Service
- Launch of new product “Nemuri SCAN eye”
- Relocation of Shonan Branch of Paramount Care Service

May

- Development of “Prep-palette” for pediatric care

Jun.

- Launch of the infrared sensor version of the new product “Mimamori SENSE α”

Jul.

- Launch of the “Rakusho Plus” series for home care

Aug.

- Paramount Care Service began rental of “Let’s Walk,” Paramount Bed’s new product

Sep.

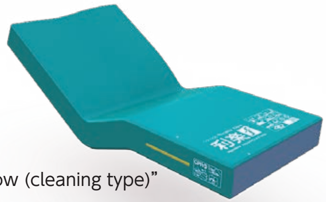
- Relocation of Paramount Bed Saitama branch

Oct.

- “ALiUS Series ICU Bed” wins Good Design Award

Launch of new product “cococia Riraku flow”

The “cococia Riraku flow” is an air mattress that prevents bedsores by using AI functions to assume weight and physique and automatically adjust pressure. It is loaded with functions that carry out posture changes in a completely automatic manner and functions for retaining posture, and possesses the Company’s highest-class capability to disperse body pressure.



“cococia Riraku flow (cleaning type)”

Nov.

New mattress factory at Chiba Factory began operation

It is a dedicated mattress factory which has a total floor area of approximately 3,900m². The Company improved production efficiency by approximately 30% through its integrated production system that connects the three processing areas with one line.

External view of new mattress factory

Dec.

Launched system that connects “Nemuri SCAN” and intercoms

This system can give vocal notifications via headsets about information detected with “Nemuri SCAN.” This will lead to increased operational efficiency for all nursing staff as they will be able to understand detected information without checking terminals.

“Nemuri SCAN” system　　“Clear Talk Com” system

2021

Jan.

Feb.

Mar.

- Establishment of Nagaoka Branch of Paramount Care Service
- Added functions to detect snoring and give a “sleep point system” to the Active Sleep app

Special Feature

Started to Air New Commercial

~Advertisement of Superiorly Designed Electric Bed That Can Also Be a Nursing Bed~

In March, the Company updated the TV commercial for the “INTIME Series” electric bed for general household use, which is superiorly designed and it can also become a nursing bed when necessary. With the key phrase, “Closer to life, beds become like this,” the Company introduces a function that can monitor the bed user via the dedicated app and a feature where the bed can be turned into a nursing bed by showing couples and families trying beds in showrooms and sales floors. The Company will aim to further expand the health promotion business by increasing recognition together with the “Active Sleep BED” commercial.

Programs currently broadcasting the Company’s commercials are as follows:

TV TOKYO	“Monday Premiere 8”	(every Monday from 8:00 p.m.)
TBS	“N Sta”	(every Wednesday from 5:50 p.m.)
TV TOKYO	“Naze Soko?”	(every Thursday from 9:00 p.m.)
TV TOKYO	“Tokoro-san no Gakko dewa Osietekurenai Sokontokoro!”	(every Friday from 9:00 p.m.)
TBS	“Hodo Tokushu”	(every Saturday from 5:30 p.m.)
Nippon Television	“Shinso Hodo Bankisha!”	(every Sunday from 6:00 p.m.)

Started to Air Radio Commercial

In March, the Company began advertising on TBS Radio’s “Imoto Ayako’s Suppinshan” (every Wednesday from 9:30 p.m.). There are two versions, the “Sleep/Wake/Live version” (40 seconds) and the “Lullaby version” (20 seconds), which express the Company’s corporate stance of contributing to society through the development of various beds, from those for the medical and nursing care businesses to those for the health promotion business.

Financial Review

Consolidated Financial Statements

Consolidated Balance Sheet (Summary)

(Millions of Yen)

	Previous Fiscal Year (As of March 31, 2020)	Current Fiscal Year (As of March 31, 2021)
Item	Amount	Amount
Total current assets	76,848	86,144
Total non-current assets	67,409	68,213
Total assets	144,257	154,358
Total liabilities	37,191	40,535
Total net assets	107,066	113,822
Total liabilities and net assets	144,257	154,358

Consolidated Statement of Income (Summary)

(Millions of Yen)

	Previous Fiscal Year (From April 1, 2019 to March 31, 2020)	Current Fiscal Year (From April 1, 2020 to March 31, 2021)
Item	Amount	Amount
Net sales	82,379	87,171
Operating income	9,906	11,582
Ordinary income	10,145	13,461
Net income	7,043	8,611

Consolidated Statement of Cash Flows (Summary)

(Millions of Yen)

	Previous Fiscal Year (From April 1, 2019 to March 31, 2020)	Current Fiscal Year (From April 1, 2020 to March 31, 2021)
Item	Amount	Amount
Cash and cash equivalents at beginning of year	37,069	35,009
Cash flows from operating activities	9,087	10,279
Cash flows from investing activities	(3,579)	(1,541)
Cash flows from financing activities	(7,475)	(3,044)
Effect of exchange rate change on cash and cash equivalents	(90)	52
Increase (decrease) in cash and cash equivalents	(2,059)	5,746
Cash and cash equivalents at end of year	35,009	40,756

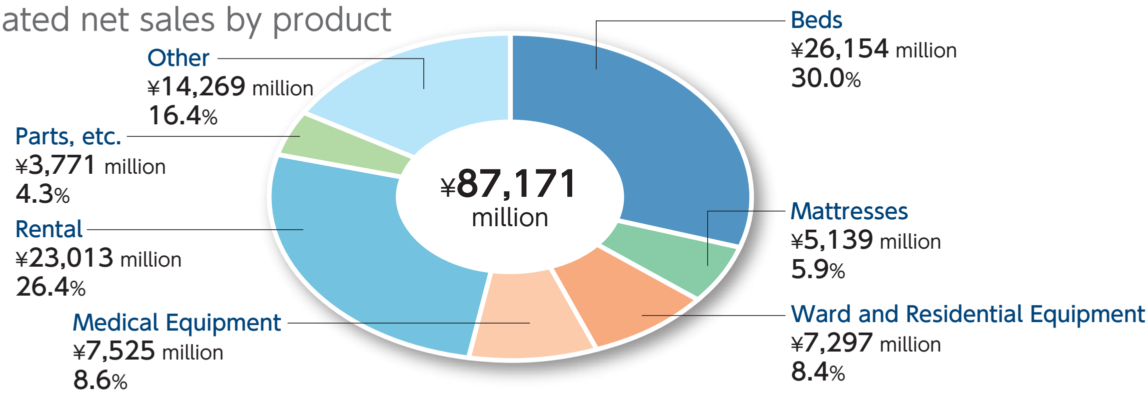
Website Information

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

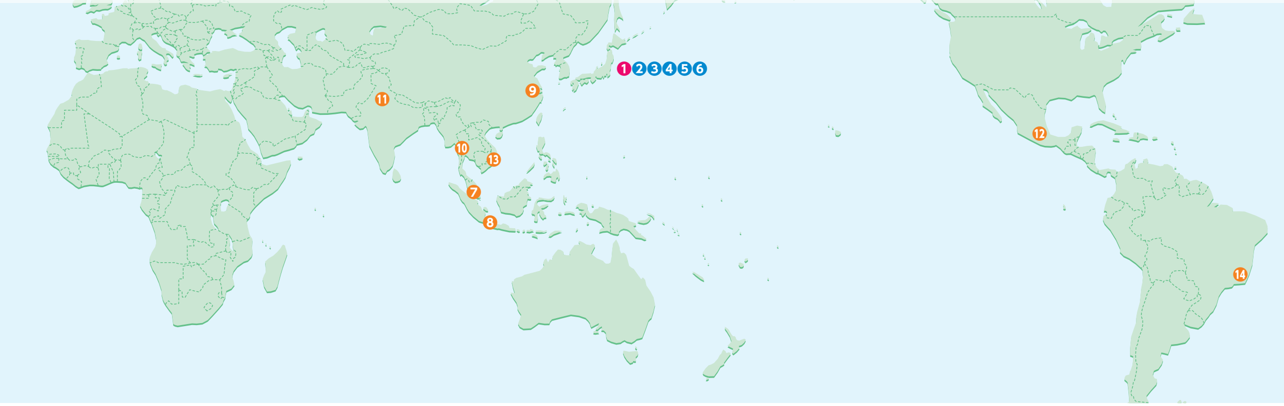
❶PARAMOUNT BED HOLDINGS CO., LTD.

Consolidated subsidiaries in Japan
❷Paramount Bed Co., Ltd.
❸Paratechno Co., Ltd.
❹Paramount Care Service Co., Ltd.
❺Sadashige Special Plywood 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.

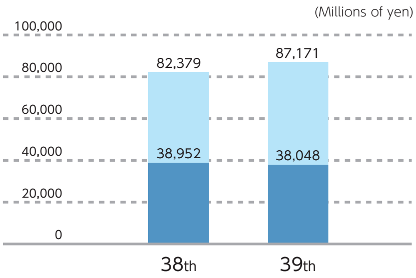
Non-consolidated subsidiaries overseas
❿Paramount Bed (Thailand) Co., Ltd.
⓫Paramount Bed India Pvt. Ltd.
⓬Paramount Bed Mexico S.A. de C.V.
⓭Paramount Bed Vietnam Co., Ltd.
⓮Paramount Bed do Brasil Ltda.



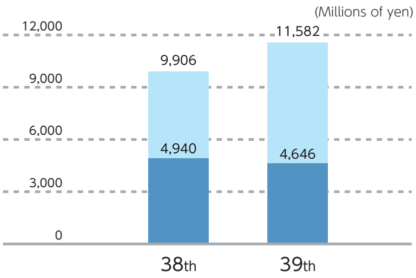
Key Points for the Fiscal Year under Review

- Net sales increased 5.8% year on year as a result of putting a new bed for home care on the market, and solid performance in the rental wholesale business for assistive products despite a decrease in sales of beds for domestic medical facilities
- Operating income increased 16.9% year on year as a result of an increase in sales of new products, etc. despite increases in personnel and transportation expenses, etc. due to the expansion of operations, and the strengthening of strategic investments for the medium to long term

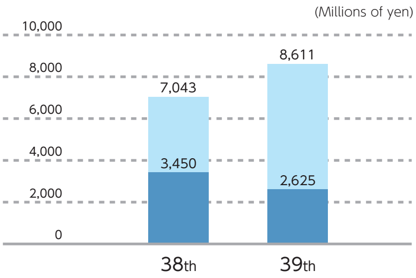
Net sales
¥87,171 million



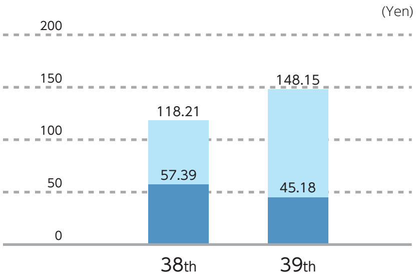
Operating income
¥11,582 million



Net income
¥8,611 million

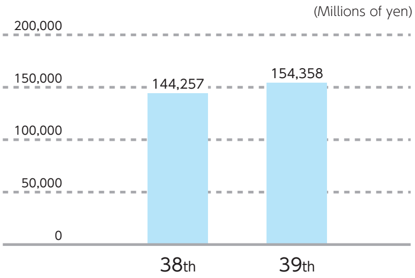


Earnings per share
¥148.15

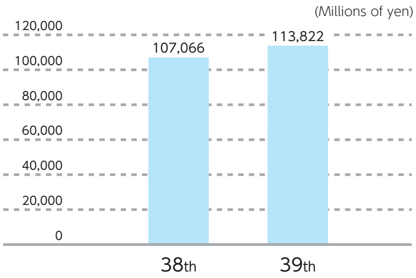


*The Company conducted a share split at a ratio of 2 shares per common share with April 1, 2021 as the effective date. "Earnings per share" were calculated as though the share split had been conducted at the beginning of the previous fiscal year.

Total assets
¥154,358 million



Net assets
¥113,822 million



Full year　Half year

Share Information

(As of March 31, 2021)

Stock Info

- **Number of Shares Authorized** 126,000,000
- **Number of Shares Issued** 30,877,487

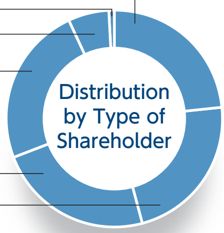
*The Company conducted a share split at a ratio of 2 shares per common share with April 1, 2021 as the effective date.
As a result, the number of shares authorized increased to 252,000,000, and the number of shares issued increased to 61,754,974.

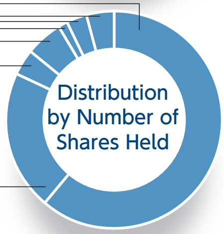
- **Number of Shareholders** 8,071
- **Principal Shareholders**

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)	2,816	9.7
LLAGE WOOD Co.	2,073	7.1
NIU VALLEY CAPITAL LLC	1,379	4.7
NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS	1,237	4.3
Custody Bank of Japan, Ltd. (Trust Account 9)	1,047	3.6
Michihide Kimura	911	3.1
Kyosuke Kimura	907	3.1
Kenji Kimura	903	3.1
Tomohiko Kimura	873	3.0

*Although the Company holds 1,814,890 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, 2021)

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	¥4,207 million
Number of Employees	3,614 (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
101-0054
3-11 Kandanishiki-cho, Chiyoda-ku, Tokyo (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.