as human, for human

PARAMOUNT BED HOLDINGS

Integrated Report 2023

Reporting Coverage

Paramount Bed Holdings Co., Ltd. and consolidated subsidiaries

Reporting Period

April 2022–March 2023

In order to provide up-to-date and important information, the report includes information before and after the above time period.

Guidelines Referenced

“International Integrated Reporting Framework” recommended by the International Integrated Reporting Council

“Guidance for Collaborative Value Creation” issued by the Ministry of Economy, Trade and Industry

Editorial Policy

This report has been compiled with the primary objective of emphasizing the improvement of corporate value through the value creation process and to promote understanding of the Paramount Bed Group’s business and initiatives, with our shareholders and investors as the primary audience.

The information on products and services (including those under development) described in this report is not intended as advertising or promotional purposes.

Cautionary Statement Regarding Forecasts

Descriptions regarding the future performance in this report, such as business forecasts, are based on our judgment in accordance with information available at the time of preparation of the report and involve potential risks, uncertainties, and other factors. Therefore, please be advised that actual results may materially differ from those forecasted due to changes in various factors.

Integrated Report 2023

CONTENTS

Prologue

Corporate Principles

We Create Comfortable Healthcare Environments through Cutting-edge Technology with a Human Touch

Statement

as human, for human

Paramount Vision 2030

Smiles for Everyone from Medical and Nursing Care to Health Field

Message from the CEO

We want to serve and support our customers for the entirety of their lives and make everyone smile with a wide range of diverse services that only the Paramount Bed Group can provide.

President and Chief Executive Officer
Tomohiko Kimura

CEO MESSAGE

Expressing gratitude for those involved in medical and nursing care work

I want to express the greatest respect for the medical and nursing care workers giving their all every day under harsh conditions, such as serious personnel shortages due to the increased demand for medical and nursing care and a shrinking labor force as COVID-19 continues to spread and populations grow older.

Since its foundation in 1947, the Paramount Bed Group has conducted business activities based on the idea of “social contribution through company business.” However, our power alone is insufficient to solve social problems.

We must reduce the burden on all of the people involved with medical and nursing care work. This is another mission that the Group takes to heart as we work each day.

Aspirations of the Paramount Bed Group

Our Group is currently operating three businesses: medical care, nursing care, and health promotion.
We expanded from our original core business of manufacturing and selling medical beds into the nursing care and health promotion fields, addressing customer needs and social problems.
As per the wording of our statement, "as human, for human," before taking a stance as a business, Paramount Bed Group has always considered what we can do first of all "as humans" and "for humans," and it is because of this that we are the company we are today.

In order to further embody the ideas that had been passed down over the years in our Group since its founding, when I became president in 2020, I upheld the future 10-year vision of "smiles for everyone from medical and nursing care to health field."
This is the Paramount Vision 2030.
About a year before I took office as president, I set up a project team to formulate and discuss the vision.
This vision has incorporated the many ideas expressed in "smiles for everyone." For example, many people are struggling due to increasing burdens placed on staff and patient families in medical and nursing care settings as a result of the shortages of workers. We not only want to ensure satisfaction for the users of our products, but also support the other people around them. Also, we fundamentally want people, regardless of gender or age, to continue living healthy lives without any need for medical or nursing care. Furthermore, we want to contribute to the lives of all people regardless of nationality, race, etc. We are constantly developing and improving our products and services in order to become a company that can provide "smiles for everyone."

Products and services developed to support as many people as possible

In our medical care business, in addition to product development, manufacture, sales, rental, and after-sales services, we also provide support services within medical facilities and patient satisfaction improvement support services. Our Group undertakes work that does not require nursing qualifications, such as preparing beds and managing equipment, and helps to support nurses so that they can focus on their important, essential work. We also provide environmental improvements to ensure greater satisfaction of patients using private rooms. A patient who ends up in a sparsely decorated, plain white room despite choosing to pay extra for a private room in addition to regular medical fees simply cannot feel good about their environment. Considering this, we aim to contribute to improving satisfaction by making improvements to the floor, wall, ceiling, furniture, and so on, to make the hospital room feel more like a hotel room. We can even provide a dedicated concierge to handle detailed needs and requests. Also, we provide schemes to minimize any additional burden on hospital management from the fees for these renovations and changes. The initial fees are not overly burdensome, the reputation of the hospital rooms improves, and more patients come to the hospital. That kind of positive growth cycle is created. Along with this, we also offer an integrated bedside care information system called the Smart Bed System™. It reduces the burden of record-keeping work such as checking body temperature or blood pressure, and uses a system that enables remote awareness of information—such as when patients are sleeping, awake, or out of the bed—to achieve improved staff's work efficiency, mistake prevention, and reduced burden.

In the nursing care business, we carry out product development, manufacture, sales, rental wholesale, etc., for nursing care facilities and assistive product providers. By having the Group take on the burden of shipping, collecting, disinfecting, maintaining, and storing, we reduce the burden on service providers, and we provide safe and reliable products in a timely fashion. In 2022, we opened two new large-scale maintenance centers. We are working to further improve our services. We are also making great efforts toward developing original products to suit on-site needs in order to ensure user satisfaction.

In the health promotion business, we are developing, manufacturing, and selling products for people who do not require medical or nursing care services. Sleep is important for recovering from daily fatigue and refreshing the body and mind. The improved performance after a night of higher quality sleep is something that anyone can appreciate. A student can study better and actively participate in school clubs. An employee can improve productivity and come up with good ideas. We aim to support improved performance for people all around the world.

Paramount's distinctive values and an assertive approach to reforms

In the fiscal year ended on March 31, 2023, although there were numerous uncertain factors in economic trends such as currency fluctuations, high costs for raw materials, energy and shipping, shortages in the supply of semiconductors and other components, and the situation in Ukraine, we set new record highs for both sales and operating income. These were our third new highs for a third consecutive year. This is proof that we can do even more to help and support our customers when they are faced with difficulties. I think that this is a result of being able to implement our Group strengths of our "one-stop solution system," "customer base," and "ability to turn a human touch into value." We are closely communicating with a large number of stakeholders and making use of

on-site voices in product development and services. I think that continuing it in a completely honest way is true to the Paramount Bed Group, and it is a merit that I want to continue to value going forward.
On the other hand, there are also things that we must change. By advocating the Paramount Vision 2030, we have substantially increased our Group stakeholders. It is no exaggeration to say that every person alive is a stakeholder. In order to more fundamentally personify “as human, for human,” our organization must evolve.
To do this, we will be putting special effort into “change in corporate culture.” We recognize the pivotal role of “change in corporate culture” in every aspect, including future issues and priority points such as transitioning from sellout-style sales to recurring revenue, putting full efforts into our health promotion business that is on the way, enhancing overall employee development, and more.
I have two key cultural ideals. The first is a “culture with thorough communication.” An outstanding organization must have and be built from mutual understanding and relationships of trust. When we have employees with diverse values, simply increasing conversation is not enough. I always work to convey that “the important thing is not how something was said but how the other party understood it.”
The other ideal is a “culture that encourages challenges.” While we are currently the No. 1 in domestic market share for medical and nursing care beds, in recent years an atmosphere of wanting simply to protect that position has sometimes been noticeable. In order for the Paramount Bed Group to grow in the future, I would like to have a corporate environment that says, “Please take on many challenges,” “Taking on new challenges often comes with failures. But nothing is truly a failure if you learned something,” “Even just taking on a new challenge is something great,” and applauds people for taking on challenges.
Also, corporate venture capital (CVC), cofounded with SBI Investment Co., Ltd., is an activity that leads to and supports taking on new challenges. By partnering with start-up companies holding innovative technology and outstanding services that will create the future of the healthcare field, the Group gains fresh new perspectives and energy. I hope that we will generate business synergy and create new value while mutually sharing information.

Growing while increasing our social contributions

The Paramount Bed Group has gradually transformed into a company that can more fundamentally achieve the idea of “social contribution through company business” that we have valued since our founding. Furthermore, we have declared our 10-year vision of “smiles for everyone from medical and nursing care to health field” as our Paramount Vision 2030. These convey the strong commitment that the Group will serve and support our customers for their entire lifespan as part of the social infrastructure. All employees are strongly aware of this significant responsibility, and will do everything possible to value our connection to all stakeholders.
I would like to sincerely ask all of our valued shareholders and investors for their unwavering, continuous support.

CONTENTS
Prologue
Value Creation
Growth Strategy
Capital Strategy
Corporate Governance
Corporate Data

About the Paramount Bed Group

Our Group, centered on Paramount Bed, which manufactures and sells medical and nursing care beds and other products, develops medical, nursing care, and health-related businesses in and outside of Japan, aiming to contribute to society through company business and sustainably increase corporate value.

Major Group Companies

PARAMOUNT BED HOLDINGS

[Holding company]
Paramount Bed Holdings Co., Ltd.

PARAMOUNT BED

Paramount Bed Co., Ltd.
Manufacture and sale of medical and nursing care beds, mattresses, hospital furniture, and medical equipment

PARAMOUNT BED ASIA PACIFIC

Paramount Bed Asia Pacific Pte. Ltd.
Regional HQ company

PARATECHNO

Paratechno Co., Ltd.
Provision of after-sales services for and maintenance leasing of the Group products, on-site services, and other services

PARAMOUNT CARE SERVICE

Paramount Care Service Co., Ltd.
Rental wholesale business that rents out a variety of assistive products to rental service providers

Three Businesses

Medical Care Business

Supporting patient care and hospital operations through products and services for medical institutions

No.1
domestic market share*
in bed sales

Nursing Care Business

Contributing to the improvement of the nursing care environment for users and operational efficiency of nursing care providers through sales and rentals of a wide range of assistive products for nursing care facilities and home care

No.1
domestic market share*
in bed sales and rentals and monitoring support systems

Health Promotion Business

Supporting healthier and more personalized lifestyles with products and services that help people get better sleep

Rapid growth
approx. **18%**
increase YoY

*Estimated by the Company based on annual sales results

About the Paramount Bed Group

Financial and Non-financial Highlights

Net sales

99,009 million yen

9.6% increase YoY

Operating income

13,452 million yen

9.0% increase YoY

Dividends

59 yen per share

3,436 million yen in total

7.4% increase YoY

Domestic locations

107 locations **2** factories

Paramount Bed (15 locations)
Paramount Care Service (79 locations)
Paratechno (13 locations)

Overseas locations

10 locations **4** factories

Southeast Asia, China, India,
Central and South America, etc.

Number of employees (consolidated)

3,946 名

CONTENTS
Prologue
Value Creation
Growth Strategy
Capital Strategy
Corporate Governance
Corporate Data

HISTORY of PARAMOUNT BED

We have always considered social issues and thought about people.
We have now expanded into three businesses of medical care, nursing care, and health promotion, and have continuously led the industry for many years.
We will continue providing reliable services to ensure that we remain a company needed by society in the future.

1940s-

Postwar recovery

Corporate culture of contributing to society through the business and a bottom-up approach to the management

1960s-

Hospital construction rush
Growing needs for medical beds

Establishment of a mass production system with integrated production
Establishment of a position as the top manufacturer in Japan

1950
1960
1970

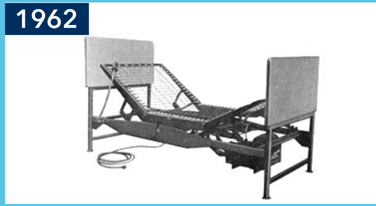
Medical Care Business

Globalization

1947

Kimura Shindai Seisakujo, Ltd. is founded

Manufactured beds which were in short supply at medical institutions after the war. Scrap metal from beds collected from hospitals as metal for the war effort was reused.



1962

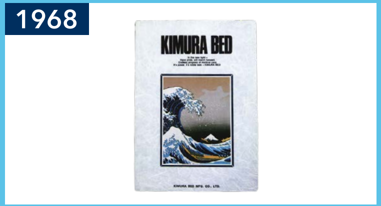
Japan's first electric bed is developed

With electric beds already being used for medical purposes in parts of the United States, foresaw the future need for them in Japan. Development was successful as a result of ongoing research from 1960.

1966

A new large-scale factory is built in Chiba

Foreseeing future increases in hospital and hospital bed numbers, took the initiative to build a factory for mass production. Purchased a 25,000 m2 site for a large-scale modern factory that was mechanized and streamlined, and responded to demand such as the rush to construct new university hospitals.



1968

Established the Trade Department and began our global business

Distributed catalogues in English around the world. Gradually saw results, expanding exports to more than 20 countries by around 1974.

1980s-

Facilities for elderly care are developed
Growing needs for home care

Expansion of the nursing care business to respond to the aging population
Establishment of product safety and quality improvement systems

2000s-

Shortage of nurses and caregivers
Growing health consciousness

Diversification of the business (strengthening of services and recurring revenue business)
Acceleration of globalization

1980
1990
2000
2010
2020
2023

Nursing Care Business

Health Promotion Business

1983

The industry's first electric bed for home care is developed

Driving the expansion of the home care bed market, and securing a position as the top manufacturer. "Aura Bed" becomes short-hand for beds for home care use.

2003

The "INTIME" brand for household use is developed

The new "INTIME" brand offering quality sleep and health is launched. Enters the health promotion field, a separate field from the medical and nursing care fields. Gains considerable attention with a full-page advertisement in the Nihon Keizai Shimbun newspaper.

2020

The ICT-equipped home care bed "Rakusho Plus" is developed

Successfully achieving a smoothly rising back, a new version of the Rakusho series—the popular, best-selling item since 1993—is introduced. It offers a feature for smartphone notification and can be operated by a smartphone application.

1987

As human, for human
PARAMOUNT BED

Corporate name change and stock offering

Changed its corporate name to Paramount Bed Co., Ltd. When shares are listed publicly, along with establishing a basic policy of secure and continuing dividends, the Company decides to proactively work on shareholder returns.

2011

PARAMOUNT BED HOLDINGS

The Company is transitioned to a holding company

The Company is transitioned to a holding company with the aim of further accelerating growth.

2016

The Smart Bed System™ is developed

An integrated bedside care information system that links various information devices and achieves continuous, real-time monitoring. Contributed to increasing work efficiency and reducing burdens for medical workers.

Value Creation

CONTENTS
Prologue
Value Creation
Growth Strategy
Capital Strategy
Corporate Governance
Corporate Data

as human, for human

The kind of medical care that enriches tomorrow’s lifestyles.
The kind of nursing care that helps people to live exactly how they like.
Maintaining health so that medical and nursing care won’t be needed to begin with.

This is the kind of society that we, the Paramount Bed Group, are aiming to achieve.

Through our medical care, nursing care, and health promotion businesses, we are working to keep people smiling throughout their entire lives.

Putting “as humans” before as a business.
We think about what must be done “for humans,” and we will continue helping our customers around the world.

Medical Care Business

Aiming for faster recoveries and better lifestyles for tomorrow's patients and medical workers

The global healthcare situation is experiencing increasing challenges year by year.
Lifestyle diseases are increasing as populations grow older, and new illnesses and infectious diseases are appearing.
Inequalities in access to healthcare in developing countries and increasing burdens on medical workers as medicine become more advanced, etc.

First, we must ensure that patients can spend their time comfortably.
Furthermore, we facilitate faster patient recovery by improving the environment of medical settings and ensuring that medical workers can work to their full potential.

We are aiming for this kind of medical care, and supporting patients, medical workers, and hospital operations.

Medical Care

Nursing Care

Nursing Care Business

Supporting ways of life unique to each individual to bring about more and more moments of joy

The worries and stress involved in nursing care are an issue affecting both care workers and patients.
The solutions to physical and mental fatigue, as well as financial concerns, are not simple.

Adding to this, the older population is rapidly increasing, but the younger generation and workers are shrinking.
It is crucial to do more to decrease the burden on nursing care workers.

Words of gratitude come naturally, with smiles all around.
We are working to bring more small moments of joy to care workers and patients alike.
We are supporting patients, their families, and everyone involved with nursing care.

Health Promotion Business

Aiming for a world where people lead healthy lives, where there is little need for medical or nursing care.

We think it would be ideal if there were no need to use our medical and nursing care products and services.

People must be aware of their own health and take preventative measures without panicking when treatment or care becomes necessary.
We also play a role in achieving ongoing and lasting health.

Sleep is important for recovering from daily fatigue and refreshing the body and mind.
Getting appropriate and fulfilling sleep is an important step toward health.
We are providing services that are only possible because we have been taking “sleep” seriously since our founding in 1947.

Health Promotion

The Cultivated Strengths of the Paramount Bed Group

We are pursuing true solutions to issues and continuing to expand our services.
Not stopping at bed development and sales, we are also involved in everything from the development and sales of various products necessary in the healthcare environment to hospital operations support.
We do this so that everyone—patients, medical workers, nursing care workers, and more—can live and work comfortably.
Furthermore, we are a one-stop service provider utilizing connections between Group companies, and we utilize voices in the field to achieve quality improvement.
These are strengths that only the Paramount Bed Group—having led the industry for many years—can offer.

01 One-stop solution system

Seamless connections acrossthe Group

We propose high-dimensional solutions addressing customer needs and issues, from planning, development, manufacturing, and sales and rentals of products and services necessary for healthcare environments, with beds as the mainstay, to after-sales quality control, maintenance, and general follow-up. We have established a system that can achieve one-stop provision.

02 Customer base

A completely unique industry network

We have developed strong relationships of trust over long years with medical institutions, medical equipment dealers, nursing care facilities, assistive products rental service providers and rental wholesalers, dealers in the medical care, nursing care, and health promotion businesses, and more. We share needs that we might not notice alone and ideas that we might not think of alone, and we work together to tackle social issues.

03 The ability to turn a human touch into value

Our sense of mission to contribute to society remains unchanged since our founding

The environment around our businesses is growing more diverse and complex with time. But by continuing to hold our unchanging principle of "social contribution through company business" for over 75 years, we have been able to adapt flexibly. And based on this idea, in the future we will continue to attend to each difficulty faced by medical settings and users in order to be a company that society needs.

Business Model

PARAMOUNT BED HOLDINGS
Paramount Bed Holdings Co., Ltd.

- PARAMOUNT BED — Paramount Bed Co., Ltd.
- PARAMOUNT BED ASIA PACIFIC — Paramount Bed Asia Pacific Pte. Ltd.
- PARATECHNO — Paratechno Co., Ltd.
- PARAMOUNT CARE SERVICE — Paramount Care Service Co., Ltd.

Providing solutions for healthcare environments with products and services with beds as the mainstay

- Medical Care Business
- Nursing Care Business
- Health Promotion Business

- Medical equipment dealers
- Assistive products dealers
  - Rental service providers
  - Rental wholesalers
- E-commerce sites of department stores and furniture stores

E-commerce site

- Medical institutions (Medical staff and patients)
- Nursing care facilities (Nursing care staff and residents)
- Home care (Nursing care staff and users)
- General users

On-site opinions and ideas

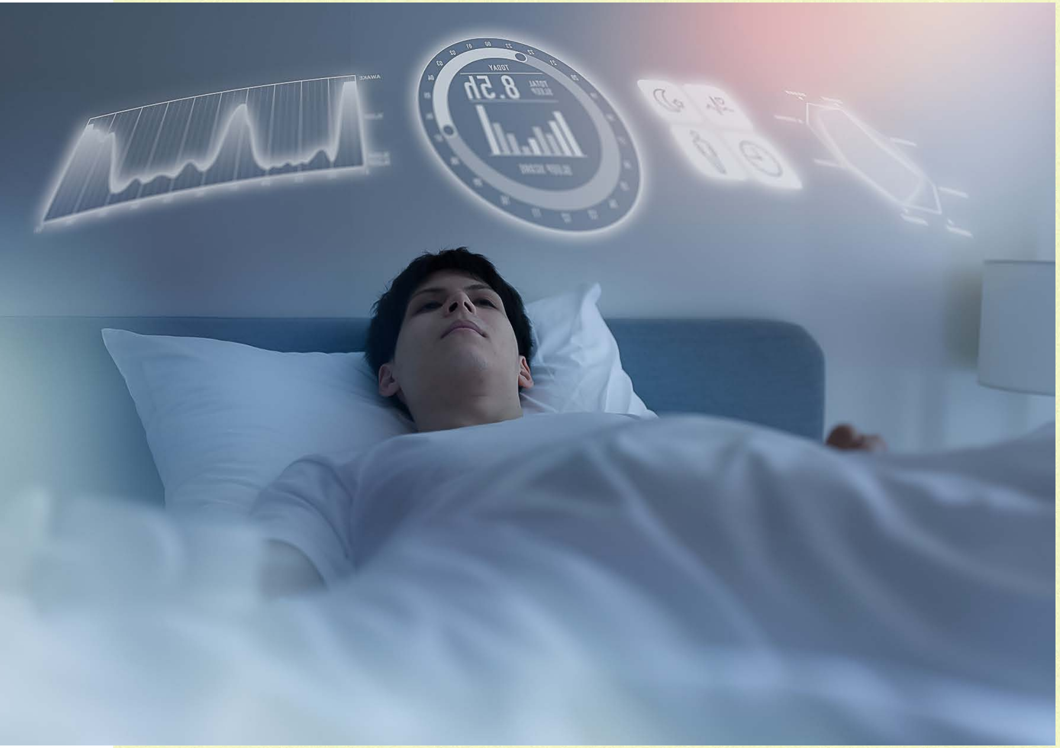
One-stop solution system

Planning and marketing skills › Cutting-edge technology › Ability to make proposals and sales ability to meet customers' needs › Production and logistics systems that ensure timely and appropriate supply › Maintenance and quality control › After-sales service

FEATURE

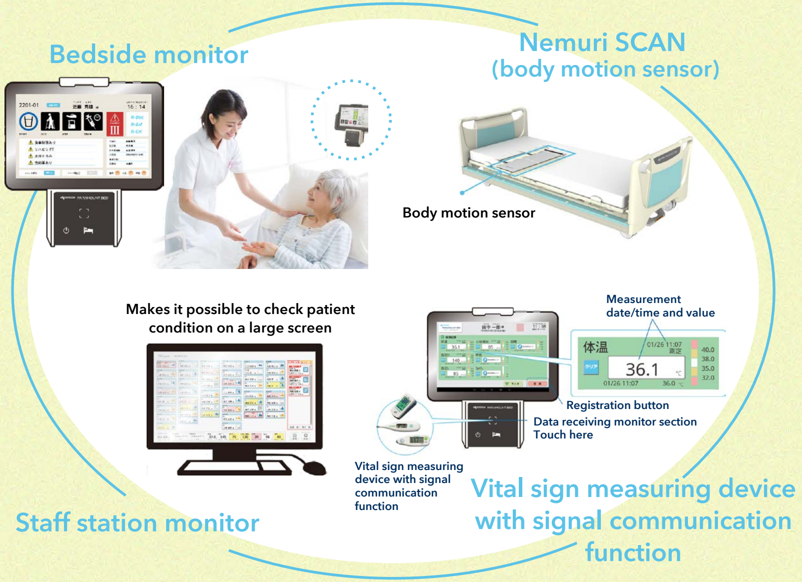
Smart Bed System

Solving Social Issues with the Smart Bed System™



Demand for medical and nursing care is increasing as the percentage of people aged 65 and over increases. Furthermore, the serious personnel shortage due to a shrinking working population is not an occurrence unique to the medical and nursing fields. A negative spiral is occurring in which the continuously increasing burden on staff is leading more employees to leave the work force due to harsh work environments. Japan is facing significant social issues such as these.

And especially in medical settings where large amounts of time are spent recording patients' vital signs, such as body temperature and blood pressure, this kind of work can sometimes comprise more than half of the overtime work hours. Also, data entry mistakes and omissions can occur when making entries on electronic charts while looking at notes about measured results and observations. There is an increasing demand for hospital operations that not only allow patients to relax and recover but also ensure that medical workers can work under reasonable conditions without extreme burdens.



Main functions of the Smart Bed System™

1. Automatically collects information on whether a patient is sleeping or awake as well as respiratory rate and heart rate, and notifies understood status and changes
2. Displays each patient's status (asleep/awake/out of bed, etc.) on the staff station monitor
3. Displays each patient's cautionary points, restrictions, and other information on the bedside monitor
4. Automatically inputs body temperature, blood pressure, etc., measured by the vital sign measuring device with signal communication function when simply held over the bedside monitor

The Group announced the Smart Bed System™ in 2016 in order to solve problems occurring in medical settings. This is an integrated bedside care information system aimed at watching over patients with care, supporting care workers, and creating new value through data utilization. The four main functions are explained on the left. This is an innovative integrated system unlike any other, that has been achieved thanks to our Group' unique systems actively making use of voices in the field as well as our broad industry network. We are able to offer plans optimally customized for each hospital thanks to solutions that combine multiple devices, including our beds with sensors to detect out-of-bed movement, body motion sensors, vital sign measuring devices with signal communication function, bedside monitors, station monitors, and more. We also offer complete support during implementing of our devices. We will help medical workers work more efficiently and more easily, and we support creating safe and reliable environments.

Implemented at a total of

32 hospitals

(As of March 2023)

FEATURE

CVC

Establishing Corporate Venture Capital (CVC) for the Future of the Healthcare Field

A corporate venture capital (CVC) fund was established on October 1, 2022 in collaboration with SBI Investment Co., Ltd., a company renowned for its strong investment record and expertise in the healthcare field. Over the 7.5 years following its establishment, the CVC fund is expected to invest 5 billion yen in promising start-up companies in Japan and overseas with strengths in the fields of medical care, nursing care, and health promotion.

The Paramount Vision 2030 of "smiles for everyone from medical and nursing care to health field" announced as a goal for 2030 will likely be difficult to achieve with only the knowledge of our Group alone. It is necessary to generate new synergy and accelerate growth by combining our technology, expertise and connections with those of other companies through this fund. Due to this, we encourage the growth of start-up companies offering innovative technologies and outstanding services that will shape the future of the health-care field.

パラマウントベッド Healthcare Fund

Official site

One major objective of our investments is "business synergy." We regularly and closely share information on topics such as the latest technological trends, while actively seeking startup companies capable of meaningful business relationships with Paramount Bed. Through these numerous encounters, we hope to collaboratively shape the future of the healthcare field.

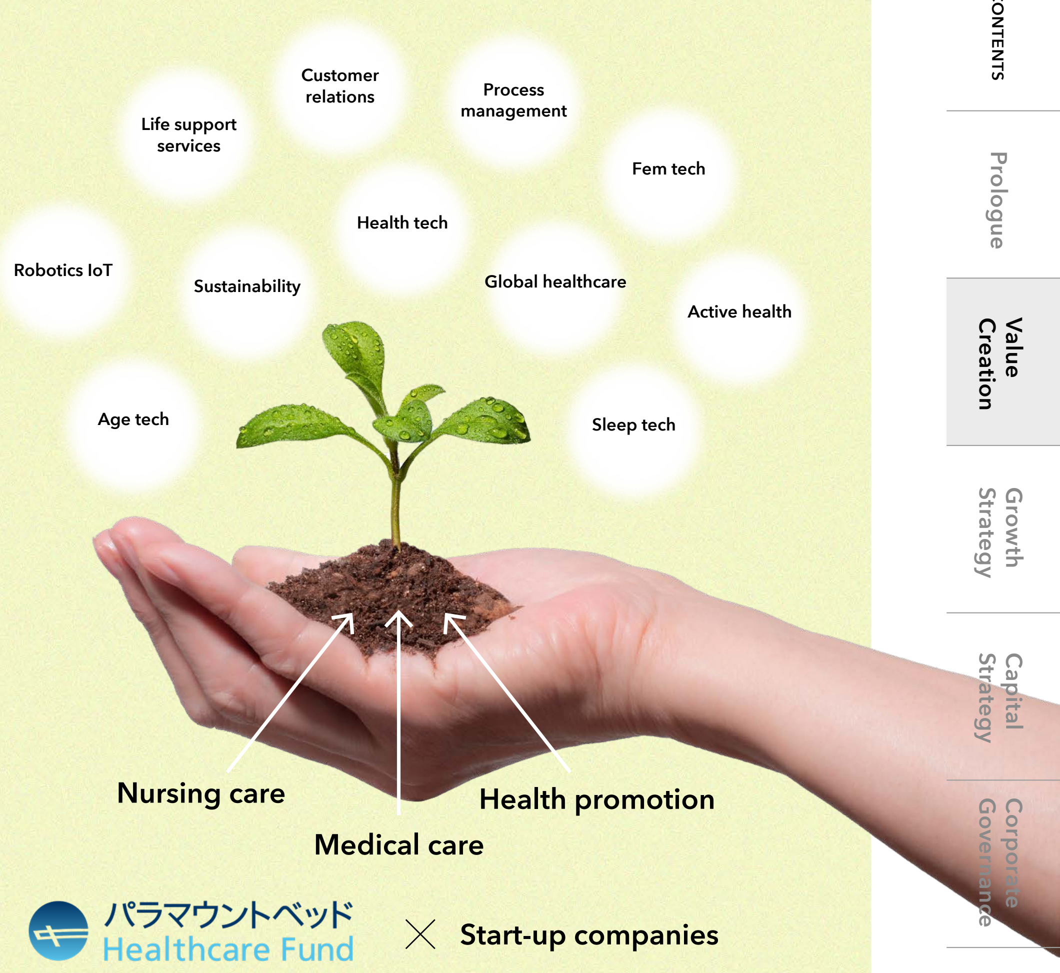
Our Group can acquire unique knowledge, that we do not currently have, from start-up companies we have invested in, and is inspired and energized. Going forward, we will improve the speed at which we link our businesses as we form deeper relationships—particularly with companies in our health promotion business that we especially want to develop into a new pillar, as well as in the medical care and nursing care fields.

The Paramount Bed Group is deeply passionate about driving the medical care, nursing care, and health promotion fields forward, and we will strengthen our partnerships in the future. Furthermore, we are aiming to achieve a better future by continuing to contribute to society through company business.

Investment record

*As of August 31, 2023

LinkJapan Inc.	Develops and provides IoT platforms for private homes
TENTIAL Inc.	Operates wellness-related businesses
Digireha, Inc.	Operates rehabilitation tool Digireha utilizing digital art and sensors
AMI Inc.	Works toward auscultation DX through stethoscope research and development
Frontier Field. Inc.	Develops and provides smartphone service Nichibyo Mobile for medical institutions
Better Place Co., Ltd.	Supports for implementation and design of retirement pension systems using the Fukushi Hagukumi Corporate Pension Fund



Value Creation Process

MATERIALITY
Priority issues to be addressed

P.25

Corporate Principles
We Create Comfortable Health-care Environments through Cutting-edge Technology with a Human Touch

Statement
as human, for human

Paramount Vision 2030
Smiles for Everyone from Medical and Nursing Care to Health Field

Social issues

INPUT
Management resources

P.41--P.51

Human capital	Intellectual capital	Manufacturing capital
Natural capital	Social capital	Financial capital

Strengthening Capital

Business Model
P.19

Medical care business


P.32

Nursing care business


P.34

Health promotion business


P.36

Strengths
P.18

- One-stop solution system
- Customer base
- The ability to turn a human touch into value

OUTPUT
Demonstrated results

Medium-term Management Plan
(achievements as of March 31, 2023)

P.27--P.31

Net sales
99,009 million yen

Operating income
13,452 million yen

Operating income margin
13.60%

Payout ratio
37.30%

Capital investment expenses
3,653 million yen

P.72--P.74

OUTCOME
Provided value

Business value
- Strong relationships of trust with customers
- Sound financial and non-financial indicators

Social value
- Improved management of hospitals and nursing care facilities, improved nursing care environment
- Reduced burden on nurses and caregivers
- Quick recovery of patients into society
- High quality of life for care receivers
- Active lifestyles, extended healthy life expectancy, improved sleep

Environmental value
- Reduced environmental impact in business activities
- Contributed to the realization of a recycling society

Business Environment

Demographic changes
- Aging and long-life population in Japan and around the world
- Declining population and worker shortage
- Growth in Asia

Changing values
- Diversity
- Work-life balance
- Work style reforms
- ESG and SDGs initiatives

Opportunities and Risks

Opportunities
- Increased demand for high-quality medical and nursing care
- Pursuit of health orientation and quality of life
- Healthcare consumerism
- Advancement of digital technology and promotion of data utilization

Risks
- Risk of institutional changes
- Parts and materials procurement risk
- Restriction of production functions due to natural disasters
- Risks from the spread of new infectious diseases
- Risks in the supply chain

Materiality

At the Paramount Bed Group, in order to grow sustainably together with society, we have formulated materialities (priority issues) that we should address on a priority basis. These include various social issues, such as those we have addressed since our founding and SDGs advocated by the United Nations. Based on these materialities, we will continue contributing to resolving social issues through our business activities.

Materialities	Priority items	SDGs	ESG category
1 Support for the establishment of a sustained medical and nursing care system	• Support for improvement of efficiency of medicine and nursing care and work style reform • Support for education of nurses and nursing care personnel • Relief supply system for emergencies	3, 4, 8, 11, 17	S
2 Creation of an environment where everyone can live healthily and happily	• Proposal of sleep environments with scientific basis • Support for the creation of a comfortable work environment for nurses and nursing care personnel • Support for the improvement of performance through the proposal of better sleep for athletes • Support for the development of the next generation of leaders	3, 4, 8, 9, 17	S
3 Pursuit of product safety	• Establishment of system for product safety • Enlightenment of safe usage • Active involvement in industry group initiatives	3, 4, 12, 17	S
4 Promotion of employee health, diversity and work style reform	• Employee health and labor safety initiatives • Promotion of diversity • Promotion of work style reforms	3, 5, 8	S
5 Environmentally conscious business activities	• Reduction of environmental impact in production processes • Reduction of environmental impact through the entire product life cycle • Contribution to the realization of a recycling society	11, 12, 13, 15, 17	E
6 Ensuring compliance	• Corporate ethics initiatives • Ensuring fair trade • Promotion of highly transparent governance	4, 16	G

Growth Strategy

CONTENTS
Prologue
Value Creation
Growth Strategy
Capital Strategy
Corporate Governance
Corporate Data

2030 Goals and Roadmap

Our Group is promoting "Paramount Vision 2030," which is to be realized by 2030, and the Medium-term Management Plan based on the vision. In the business domains of medical care, nursing care, and health promotion, which are highly contributable to society, we will transform our business model in response to changes in society and the times, while co-creating customer value as a partner of them and contributing to society in which all people can enjoy lifelong health.

Medium-term Management Plan

Medium- to long-term investment phase anticipating 10 years of growth

Phase I
April 2020 – March 2024

Focus points

1. Expansion of current businesses
2. Fully engaging in health promotion business
3. Establishing the foundations for change

Accelerate speed of expansion utilizing partnerships and CVC

Phase II
April 2024 – March 2027

Focus points

1. Expansion of recurring revenue businesses
2. Advancement of health promotion business
3. Leap forward in key areas of Asia

To be an indispensable company to society by creating new value

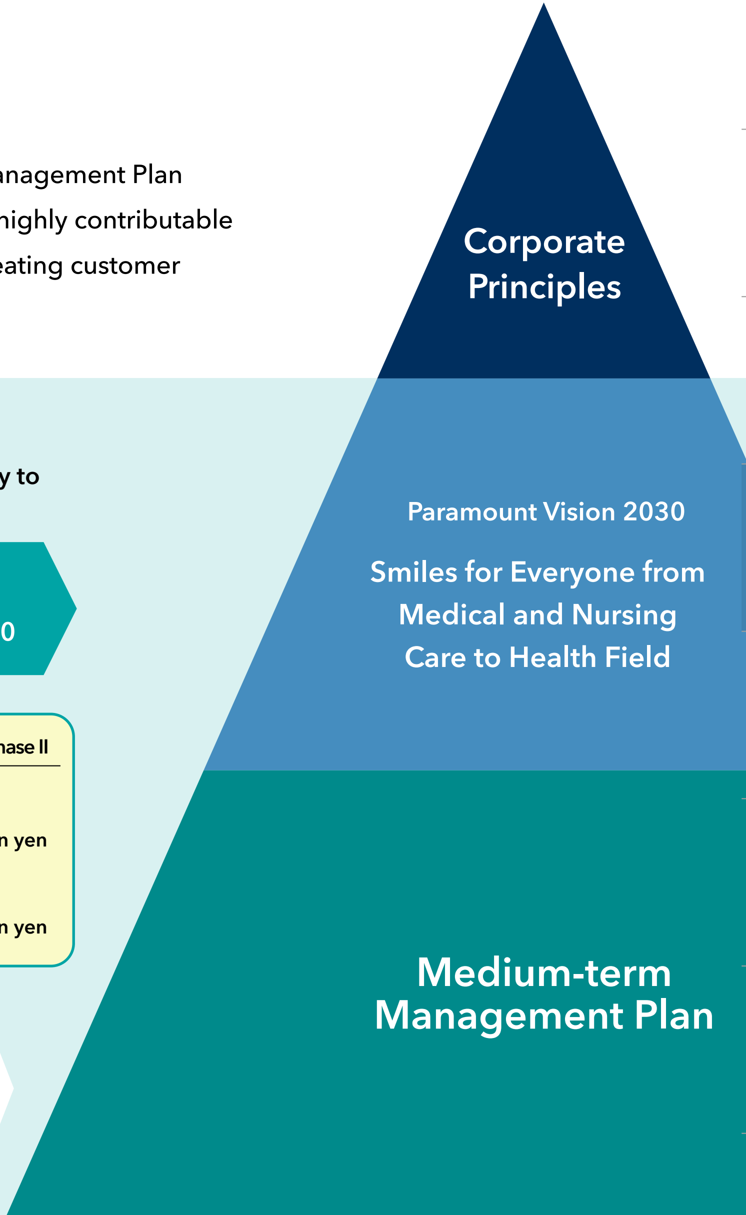
Phase III
April 2027 – March 2030

Target for the final year of Phase II

Net sales
120 billion yen

Operating income
17 billion yen

Address the SDGs and social contributions, as well as develop the human resource base and renew our core system



Progress in Phase I

1 Expansion of current businesses

Although there were numerous unclear factors such as COVID-19, high costs for materials and energy, shortages in the supply of semiconductors and other components, and the continuing situation in Ukraine, we set new record highs for both sales and operating income for the third fiscal year in a row. Recurring revenue business and “Nemuri SCAN” sales remaining steady contributed to this. We will also be aiming to further expand during the final year of Phase I.

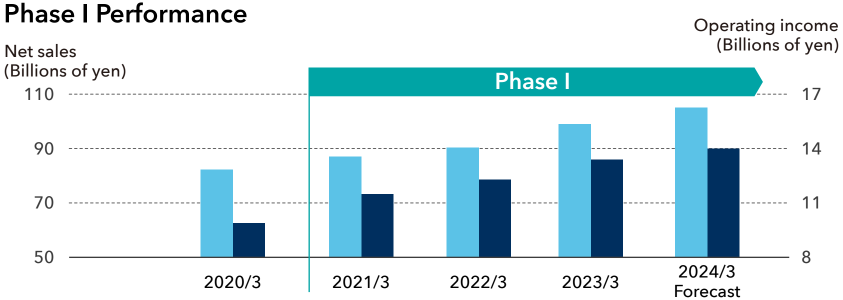
2 Fully engaging in health promotion business

We intend to strengthen our service in order to create a third pillar to join our medical care and nursing care businesses in the future, based primarily on our two brands of “INTIME”—an electric bed that can transform for nursing-care use—and “Active Sleep BED”—an automatic electric bed utilizing sleep sensors. Although sales increased by approximately 18% compared to the previous year, we feel that awareness is still low, and we will further strengthen its promotion.

3 Establishing the foundations for change

In order to reform our business model and to change our corporate culture, we are working to improve our foundation, including improving our in-house system offerings and workplace environment. We are gradually expanding and improving our employee training system and career building support system, as well as promoting diversity and work style reforms. This fiscal year, we will reorganize and revise our core work system in order to further expand operations.

Phase I Performance



	2020/3	2021/3	2022/3	2023/3	2024/3 Forecast
Net sales	82.3 billion yen	87.1 billion yen	90.3 billion yen	99 billion yen	105 billion yen
Operating income	9.9 billion yen	11.5 billion yen	12.3 billion yen	13.4 billion yen	14 billion yen
Operating income margin	12.0%	13.3%	13.7%	13.6%	13.3%

Net Sales by Business Segment

Unit: Millions of yen

	2022/3		2023/3		2024/3	
	Results	vs. previous year*	Results	vs. previous year*	Forecast	vs. previous year*
Medical care business	34,230	—	37,291	+8.9%	39,119	+4.9%
Nursing care business	52,317	—	57,521	+9.9%	60,669	+5.5%
Health promotion business	2,141	—	2,517	+17.5%	3,500	+39.0%
Others	1,662	—	1,678	+1.5%	1,710	+1.9%
Total	90,352	—	99,009	+9.6%	105,000	+6.1%

*Due to the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29) being applied from the beginning of the fiscal year ended March 31, 2022, year-on-year changes in net sales are not listed here.

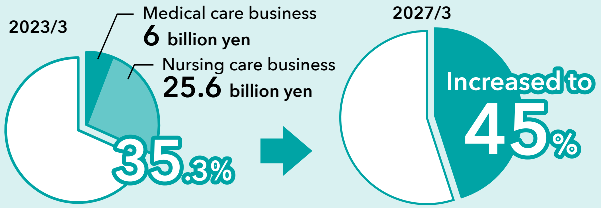
Direction and Focus Points for Phase II

1 Expansion of recurring revenue businesses

An assistive product rental wholesale business in our nursing care business, and packaged rentals of equipment and facilities, etc., and on-site services (equipment management, repair work, nursing assistant services, and concierge services) and other services in our medical care business, are our current recurring revenue businesses. In the future, we will develop more new offerings, and we plan to break away from the conventional sellout-style sales.

- **Accelerate expansion of current recurring revenue businesses**
- **Develop new recurring revenue business offerings utilizing sensing technology, AI, IoT, etc.**

The ratio of recurring revenue business to net sales in Japan

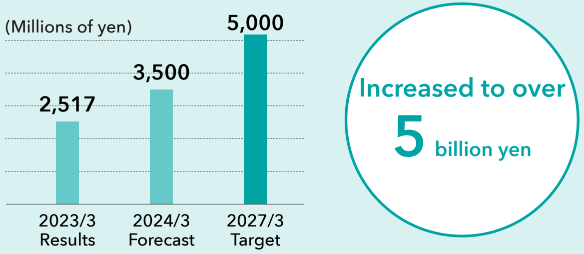


2 Advancement of health promotion business

We will work to strengthen products and services in our health promotion business, as the third pillar of our Group along with medical and nursing care. A gradually expanding sleep market. We will also utilize the knowledge obtained with corporate venture capital, and expand business that makes a high contribution to society with the aim of extending healthy life expectancy.

- **Expand sleep improvement products**
- **Products and services contributing to extending healthy life expectancy**
- **Expand services provided by partnering with other companies**

Health promotion business net sales

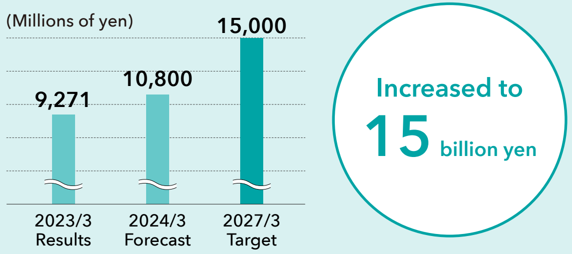


3 Leap forward in key areas of Asia

We are focusing on areas such as China, Indonesia, and India where the population is large, the number of hospital beds is expected to increase, and an increased demand for higher-functioning equipment is anticipated. In India, we are planning to begin operations of a new, large-scale factory in 2024. We will increase our presence in these areas, and we aim to be the top medical bed manufacturer in Asia.

- **No. 1 share of medical beds in the countries of operations**
- **Increase production capacity to support increase in number of beds sold**
- **Aim for CAGR 10% in sales**

Overseas net sales



Aiming for 120 billion yen in net sales and 17 billion yen in operating income in the final year of Phase II

Financial Strategy of the Medium-term Management Plan

Senior Managing Director and CFO

Yosuke Kimura

Setting new record highs in net sales and operating income for three consecutive years

Our business results for the fiscal year ended March 31, 2023 set new fiscal-year records in each of our medical care, nursing care, and health promotion businesses despite a persistently difficult environment with high material prices and logistics costs, along with shortages in the supply of semiconductors and other components. Net sales reached a high of 99,009 million yen (9.6% increase year on year), and after formulating the Medium-term Management Plan, achieved new record highs for three consecutive years. With regard to profits, operating income was 13,452 million yen (9.0% increase year on year), ordinary income was 14,139 million yen (4.4% increase year on year), and net income attributable to owners of the parent was 9,215 million yen (1.3% increase year on year), setting new records for each. We have seen rewarding results from our various measures, such as being able to respond to increased demand for promoting work style reforms for medical and nursing staff, as well as the price revisions we enacted in October.

The final year of Phase I of the Medium-term Management Plan

This fiscal year ending on March 31, 2024 is the final year of Phase I of the Medium-term Management Plan. We have advocated three focus points for Phase I: “expansion of current businesses,” “fully engaging in health promotion business,” and “establishing the foundations for change.” We have already achieved our performance targets for the fiscal year ended March 31, 2022, two years earlier than scheduled, and we will explain our progress in terms of the focus points here. In “expansion of current businesses,” sales of “Nemuri SCAN” and our “Smart Bed System™,” as well as our recurring revenue business in the nursing

Unit: Millions of yen	2021/3		2022/3		2023/3		2024/3	
	Results	vs. previous year	Results	vs. previous year*	Results	vs. previous year	Forecast	vs. previous year
Net sales	87,171	+5.8%	90,352	–	99,009	+9.6%	105,000	+6.1%
Operating income	11,582	+16.9%	12,340	+6.5%	13,452	+9.0%	14,000	+4.1%
Ordinary income	13,461	+32.7%	13,543	+0.6%	14,139	+4.4%	14,500	+2.6%
Net income attributable to owners of the parent	8,611	+22.3%	9,092	+5.6%	9,215	+1.3%	9,800	+6.3%

*Due to the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29) being applied from the beginning of the fiscal year ended March 31, 2022, year-on-year changes in net sales are not listed here.

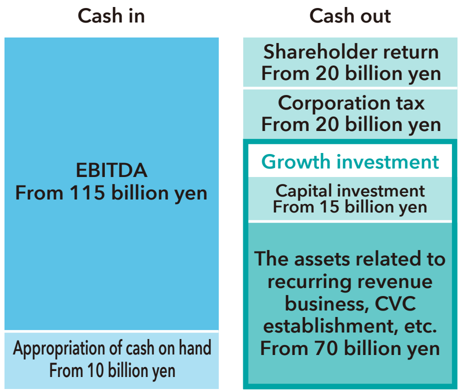
CONTENTS
Prologue
Value Creation
Growth Strategy
Capital Strategy
Corporate Governance
Corporate Data

care business remain steady. Because there is still room for growth in recurring revenue business in our medical care business, we will proactively plant the seeds. In “fully engaging in health promotion business,” our “INTIME 3000” launched in September 2021 contributes to sales throughout the year. However, low awareness is still an issue. In “establishing the foundations for change,” we are making efforts such as renewing our core system and strengthening both our personnel development and in-house systems. In particular, investment in our core system involves short-term pain due to the large scale, but looking at the medium- and long-term perspective, it is certain to improve overall efficiency. We will continue boldly and carefully building a foundation for the Group’s future growth.

Accelerate the speed of expansion into a new Paramount Bed Group

Next fiscal year we will begin Phase II. Based on the strengthened foundation we built during Phase I, we will utilize our partnerships with other companies and corporate venture capital (CVC) in order to accelerate our expansion speed. We have three focus points of “expansion of recurring revenue businesses,” “advancement of health promotion business,” and “leap forward in key areas of Asia.” We aim to increase our ratio of recurring revenue business to net sales in Japan to reach 45%. Because we are investing in the assets related to recurring revenue business, our balance sheet will expand temporarily, but this decision is expected to have significant benefits over the sellout-style sales when considering medium- and long-term profitability. In our health promotion business, along with creating new value by utilizing CVC, we will strengthen our promotion activities in order to increase awareness. Overseas, we are aiming to have the No. 1 market share of medical beds in our focus areas of India, China, and Indonesia. In India we are planning a new factory in order to respond to increasing demand.
Also, last year we disclosed our new cash distribution plan through the final year of Phase II (shown on the right). We plan to allocate cash to growth investments and shareholder returns for the five years through to the fiscal year ending March 31, 2027. The growth investment in this plan will be 85 billion yen or more. Constantly taking on new challenges is necessary for corporate growth, but the financial department is always on the lookout for risks and in some instances plays a major role in putting on the brakes and preventing fraud or other misconduct. We will conduct thorough monitoring and risk control in order to appropriately support timely decision making.
With shareholder returns at 20 billion yen or more, we believe that it would be ideal if we could increase dividends in a stable manner, targeting the dividend on equity ratio (DOE) of 2.7% and a dividend payout ratio of 30%. In order to ensure that all shareholders truly feel the growth of the Group, we intend to consider flexible additional returns from time to time while taking business trends and market environments into account.

● Cash Distribution Plan (Cumulative total for FY 2022-2026)



Medical Care Business

We support patients, medical workers, and hospital operations. This includes everything from general hospital wards, highly acute care facilities such as emergency and critical care centers and ICUs, perinatal, neonatal and pediatric care units, and rehabilitation facilities. Centered on the manufacture and sale of hospital beds, which is our core business, we are providing a wide range of products and services to meet the various on-site demands of medical settings in Japan and abroad.

Main Services

Product development, manufacture, sales, and rental

- Medical beds utilizing sensing technology
- A broad lineup of mattresses to suit diverse needs and bed peripherals such as handrails
- Medical equipment, ceiling supply units, furniture, and systems used in medical facilities, etc.

Repair work and after-sales service
(medical equipment manufactured by the Paramount Bed Group and other companies)

Support services within medical facilities as well as patient satisfaction improvement support services

We provide various services to suit on-site needs.

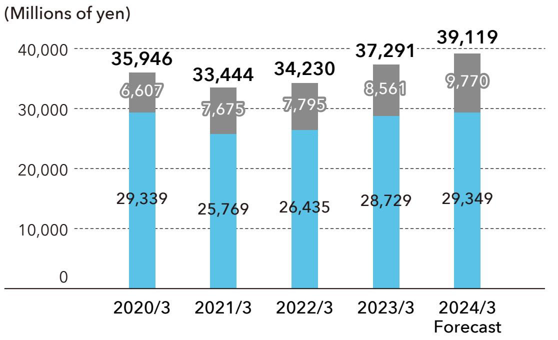
Service examples:)

Nursing assistant services	Bed cleaning, bed making, meal delivery and clearing, tea serving, and hospital equipment inspection, etc.
Maintenance of beds with stationed services	Bed and equipment maintenance, centralized inventory management, etc.
Concierge services	Guiding patients using special hospital rooms to their ward and room, helping with inpatient life, etc.
Medical equipment maintenance and management services	Medical equipment collection, cleaning, and inspection; entrusted call center services, repairs, regular inspection work, or other services for equipment made by medical equipment manufacturers in Japan and abroad

Medical Care Business Key Business Successes and Future Strategy

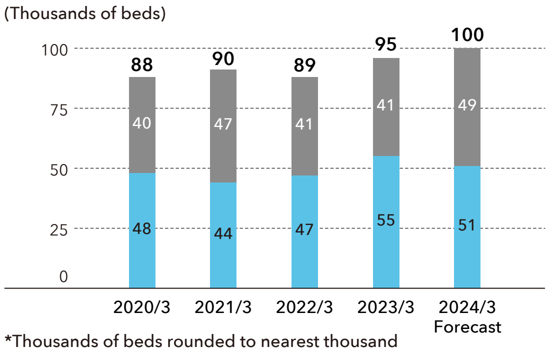
Net sales

Japan Overseas



Number of beds sold

Japan Overseas



*Thousands of beds rounded to nearest thousand

Key points from the fiscal year ended March 31, 2023

- ☑ The recurring revenue business remained strong.
- ☑ The Smart Bed System™ was introduced in greater numbers.
- ☑ New record high for overseas sales.

Demand increased as work style reforms for medical workers were promoted in Japan. The recurring revenue business remained strong, including equipment management, repair work, nursing assistant services, concierge services, and other on-site services as well as package rentals of equipment and facilities. Also, we offered proposals for increased work efficiency using the Smart Bed System™, thereby supporting the promotion of work style reforms. In the fiscal year ended March 31, 2023, the system was newly introduced at eight hospitals and is now in use at a total of 32 hospitals (as of March 2023). Overseas, results remained mostly steady when based on local currencies, but increased 10% year on year due to the effect of exchange rates. In Indonesia, the government procurement project did meet our expectations, but in China our high-functional beds did well. Overall, we set a new sales record.

Future business strategy

- ☑ Further expansion of recurring revenue businesses
- ☑ Promoting wider adoption of the Smart Bed System™
- ☑ Increasing number of beds sold in our focus markets overseas

In the fiscal year ending March 31, 2024, sales are expected to increase approximately 5% year on year to reach 39,119 million yen. The number of beds sold in Japan is planned to decrease by 6% year on year, falling to 51,000. In Japanese medical settings, increasing electricity and labor costs continue to put pressure on management. We would like to contribute toward improved operational conditions and promotion of work style reforms for medical workers with the Group's recurring revenue business, Smart Bed System™, and more. We will further improve and expand our proposal offerings, and strive to expand our businesses, along with solving issues facing medical settings.
Overseas, the number of beds sold is planned to increase 21% year on year to reach 49,000, primarily in large markets including China, Indonesia, and India. Along with improving and expanding our product and service offerings to suit the needs of various countries, we will also fundamentally revise our operating strategies for each area.

Nursing Care Business

We develop products and services for nursing care facilities and home care, and support both caregivers and care receivers. For nursing care facilities, we offer a total range of tools and equipment necessary for the operation of facilities, from beds, care lifts, and bathing facilities to furniture used in living rooms and dining rooms. For the home care, we provide assistive products, such as beds and mattresses, to companies that sell or rent them to users through sales and rental wholesale.

Main Services

Product development, manufacture, sales, and rental for nursing care facilities

- Beds for nursing care facilities
- Mattresses
- Care lifts
- Monitoring support systems
- Other tools, furniture, and systems used at nursing care facilities, etc.

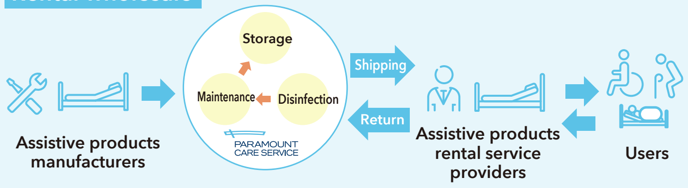
Product development, manufacture, sales, and rental wholesale for home care

- Beds used for home care
- Mattresses
- Walking aids
- Other assistive products used for home care, etc.

Sales

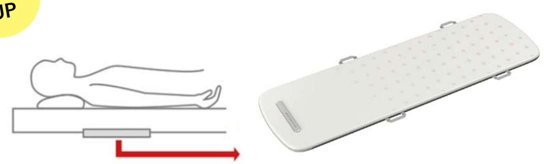
We provide facilities and users with products via assistive product providers

Rental wholesale



We provide products to assistive products rental service providers, with the Group also handling shipping, collection, disinfection, maintenance, and storage.

PICK UP



Monitoring support system “Nemuri SCAN”

A system that enables remote, real-time observation of residents at nursing care facilities. Just place it under the mattress, and you can check whether the user is asleep, awake, rising, or out of bed, as well as their respiratory rate, etc. It helps to improve the safety of older people in nursing care facilities and to reduce staff workload during nighttime patrols.

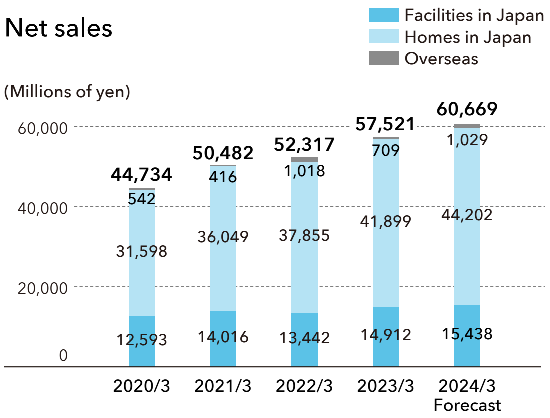
PICK UP

Home care bed “Rakusho Plus Series”

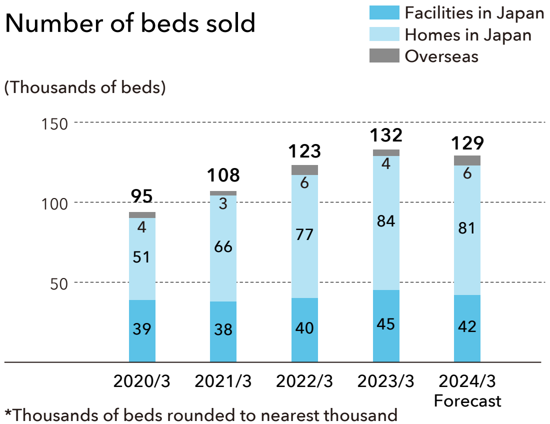
Its rising motion for sitting up combines multiple angles to match the body’s movements and helps the user to move more easily. The handheld switch can send a call that will be received via smartphone, and the bed can even be operated using a smartphone. It is also equipped with a self-inspection function for service providers.

Nursing Care Business Key Business Successes and Future Strategy

Net sales



Number of beds sold



*Thousands of beds rounded to nearest thousand

Key points from the fiscal year ended March 31, 2023

- ☑ Our mainstay beds were well received and demand increased for "Nemuri SCAN."
- ☑ The recurring revenue business (assistive products rental wholesale) remained strong.
- ☑ Opened two new large-scale maintenance centers.

For nursing care facilities, various subsidies were also effective and there was expanded demand for updating beds and the "Nemuri SCAN" monitoring system. The total sales figures for "Nemuri SCAN" exceeded 150,000 units. For home care, along with sales for our mainstay "Rakusho Plus Series" bed continuing to do well, our new product "Q-AURA ONE," launched in March 2022, also contributed to sales throughout the year. Our recurring revenue business of assistive products rental wholesale also demonstrated steady results, and the sales ratio increased. We also opened two new large-scale maintenance centers for assistive products rental wholesale. Along with promoting efficiency improvement and labor-saving, we also revised our shipping system, building a system that could quickly meet increasing demand.

Future business strategy

- ☑ Expanding sales for mattresses and other related peripherals
- ☑ Improving and expanding original Paramount Care Service products
- ☑ Focusing on market penetration of "Nemuri SCAN"

In the fiscal year ending March 31, 2024, sales are expected to increase 6% year on year to reach 60,669 million yen. Regarding bed sales, while there will be a pause in the increasing trend observed up until now due mainly to our mainstay model for home care penetrating the market, we intend to increase sales by expanding sales of mattresses and other related peripherals. In wholesale rental of assistive products, we will improve and expand our original product offerings. A revenue increase of approximately 7% is predicted. For nursing care facilities, we will continue focusing on market penetration of "Nemuri SCAN." "Nemuri SCAN" has received positive reviews for reducing the work burden on nursing care workers and effectively improving the safety of facility residents. We aim to promote wider adoption of "Nemuri SCAN" by improving the support offered following its implementation and deploying efforts that lead to increased customer satisfaction.

CONTENTS
Prologue
Value Creation
Growth Strategy
Capital Strategy
Corporate Governance
Corporate Data

Health Promotion Business

We provide products and services that improve daily sleep quality and let people live more healthy lives. We develop and sell products such as electric beds, mattresses, and pillows that utilize the research results of the Paramount Bed Research Institute. And going forward, we will expand our “sleep tech” services that use technology to solve sleep problems.

Main Services

Product development, manufacture, and sales for people who do not require medical or nursing care services

- Automatic electric beds that utilize sleep sensors
- Electric beds that can transform in the future for nursing-care use
- Membership service supporting comfortable daily life

PICK UP

Automatic electric bed “Active Sleep BED” that utilizes sleep sensors

The first bed in Japan that detects the status of sleep with sensors and operates automatically. Breathing becomes easier if you raise the back slightly when going to sleep. Next, when the sensors detect that the user is in a sound sleep, the bed slowly flattens to facilitate turning over. This automatic operation improves sleep quality. And when it is time to wake up, the sensors detect shallow sleep and raise the back at just the right time to help the user to awaken more comfortably. These movements can be operated and set using a smartphone, which also scores the quality of sleep.

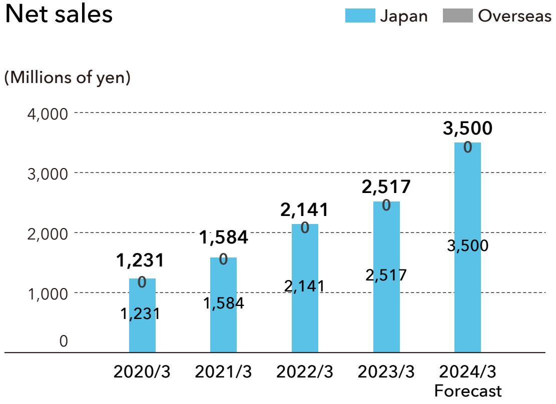
PICK UP

Electric bed “INTIME” that can transform in the future for nursing-care use

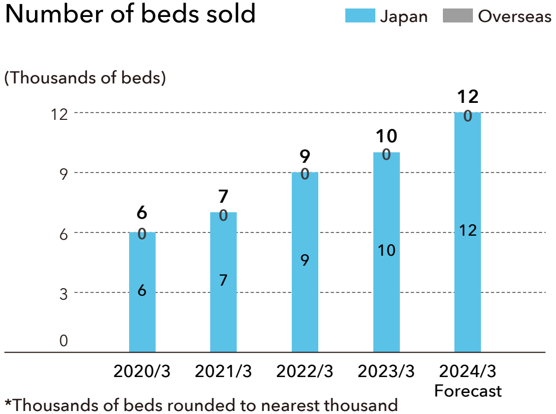
It is conceptualized as “an electric bed that helps throughout a person’s life.” While it can first be used as a comfortable electric bed, it can transform into a nursing-care bed in the future if nursing care becomes necessary. It is carefully designed to blend in with interior furnishings without looking like an electric bed. This year’s new, fully remodeled “INTIME 1000 Series” comes equipped with convenient functions such as LED lights that can be used for indirect lighting or supplemental lighting, and a USB port for charging a smartphone or tablet.

Health Promotion Business Key Business Successes and Future Strategy

Net sales



Number of beds sold



*Thousands of beds rounded to nearest thousand

Key points from the fiscal year ended March 31, 2023

- New products contributed to sales throughout the year.
- Sales promotion support for dealers.
- Strengthened various promotion activities.

Although this was a period when COVID-19 reduced the number of customers visiting stores, our "INTIME 3000," launched in September 2021, contributed to sales throughout the year. Despite being in the middle price range within the INTIME Series, it has numerous functions and an extensive selection of six types of mattresses (other types have two to four options), and it has become very popular. We also conducted sales promotion support for dealers with our "Meister System." Under this system, we provide training in order to help dealers gain knowledge and product functions that can be useful when engaging with customers. Furthermore, we also strengthened our promotion activities in order to increase awareness. As a result, sales increased 18% year on year.

Future business strategy

- Expanding sales with our fully remodeled mainstay model
- Sales promotion support for dealers
- Strengthening various promotion activities and improving user satisfaction

In the fiscal year ending March 31, 2024, sales are expected to increase 39% year on year to reach 3.5 billion yen, and beds sold are expected to increase 26% to reach 12,000 units. Our mainstay model "INTIME 1000" was fully remodeled in April 2023. It is carefully designed to blend in even better with interior furnishings without looking like an electric bed. It comes newly equipped with convenient functions such as LED lights that can be used for indirect lighting or supplemental lighting, and a USB port for charging a smartphone or tablet.
"Sleep tech" has been attracting more attention in recent years. Amidst this increasing awareness of sleep, we are working to provide sales promotion support for dealers and to strengthen various promotion activities, as well as to expand and improve services that enhance user satisfaction, thereby expanding our businesses.

Paramount's Overseas Expansion

We want to support the medical and nursing care industries, not only in Japan but around the world, as well as the health of people everywhere. Since the establishment of our trading department in 1968, we have been providing services customized to suit the needs of various countries. Our products have been delivered to 110 or more countries worldwide. Currently, aiming toward localization, we have locations in Southeast Asia, including Indonesia, China, India, and other countries. We have also established a regional HQ company Paramount Bed Asia Pacific Pte. Ltd. in Singapore, and are focusing on the Asian region as a promising market predicted to have particularly increasing needs in the future.

Overseas Group companies

10 overseas locations

4 factories

Production sites

Paramount Bed (China) Co., Ltd.

Shanghai Representative Office

PARAMOUNT BED USA Corporation.

Delivery record in

110

or more countries

Paramount Bed Mexico S.A. de C.V.

PARAMOUNT BED VIETNAM CO.,LTD.
PARAMOUNT BED VIETNAM TRADING CO.,LTD.

PARAMOUNT BED INDIA Private Limited.

PT. Paramount Bed Indonesia

PARAMOUNT BED ASIA PACIFIC PTE.LTD.

PARAMOUNT BED (THAILAND)CO.,LTD.

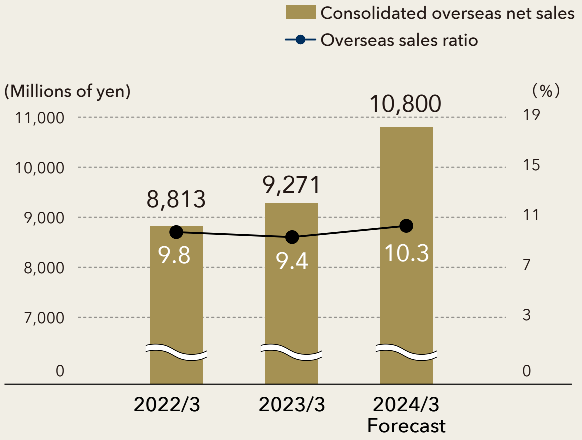
CONTENTS
Prologue
Value Creation
Growth Strategy
Capital Strategy
Corporate Governance
Corporate Data

Aiming to be the top medical bed manufacturer in Asia.

China, Indonesia, and India are countries where the population is large, the number of hospital beds is expected to increase, and an increased demand for high-functional beds such as electric beds is anticipated. We consider these countries as priority areas for overseas expansion, and we have been taking actions there for many years. As a result, we hold a top-class market share in electric beds there in particular. On the other hand, large numbers of manual beds are still currently used in China. We hope to steadily respond to a demand for updating the beds to electric beds there in the future. Also, over ten years have passed since we moved into India. In order to meet the expanding demand there, we will begin operating a new large-scale factory in India in FY 2024 and work to improve our production capability. We plan to further strengthen our initiatives for priority areas such as these, and aim to be the top medical bed manufacturer in Asia. Furthermore, we will gradually start working in other bed-related areas just as we have in Japan.

Medical electric bed for India, "Qualitas Nx Series"

Consolidated Overseas Net Sales



Consolidated Overseas Net Sales by Region

(Millions of yen)

	2022/3	2023/3	2024/3 Forecast
Asia	7,923	8,174	9,897
– Indonesia	2,772	2,874	3,657
– China	2,803	3,029	3,524
– Other Asian countries	2,346	2,269	2,715
Middle East	68	222	235
Central and South America	227	505	526
Other	595	369	140

CONTENTS
Prologue
Value Creation
Growth Strategy
Capital Strategy
Corporate Governance
Corporate Data

Capital Strategy

CONTENTS
Prologue
Value Creation
Growth Strategy
Capital Strategy
Corporate Governance
Corporate Data

6 Types of Capital

The knowledge and human resources we have cultivated over the years in the medical and nursing care fields give us a unique advantage. We will strengthen the various types of capital that serve as our foundation for creating new value, and increase our competitive advantage.

Human capital

People and organizations continuing to achieve social contribution through company business

Natural capital

Consideration to the environment from the production process to the entire product life cycle

Intellectual capital

Research and development that creates more useful results by utilizing on-site feedback

Financial capital

A strong financial base fostered through both offense and defense since our founding

Manufacturing capital

Production systems that earn top market share and achieve maintenance and improvement of quality

Social capital

A broad network built from relationships with diverse stakeholders

Human Capital

Overview of initiatives for strengthening capital

In order to continue achieving social contribution through company business, we will promote the development and strengthening of personnel who have a challenge-taking mindset and create the future of the Paramount Bed Group while valuing communication, as well as collaboration internally and externally. Furthermore, we intend to strengthen our organization by securing diverse human resources, and to foster our organizational and corporate culture through thorough awareness of legal compliance.

*When not indicated otherwise, "human capital" is calculated for Paramount Bed Co., Ltd.

Human resources development policy

We believe that it is crucial to strengthen our human resource base in order to make progress with our Medium-term Management Plan, with the pillar of our preferred personnel profile, that is, "personnel who can voluntarily take on new challenges, recognize the importance of communication, and create the future of Paramount Bed Group," especially from the perspective of engagement, development, skill/experience, leadership, succession plan, and hiring. To do this, with a focus on "creating a rewarding experience" and "supporting growth," we will implement various measures for two topics of "enhancing overall employee development" and "hiring and developing global human resources," and make efforts to develop human resources.

Policy on improving corporate environment

The products and services of the Group are used by a wide range of people. We think that it is important to make use of the feelings created by employees with diverse backgrounds of nationality, generation, and gender when creating our products and providing our services. In order to better utilize that diversity, we are cultivating a "culture with thorough communication," aimed at mutual understanding and building relationships of trust, and a "culture that encourages challenges" so that our employees will continue trying new fields by remaining committed to being the top in the industry. Furthermore, in our Group, we will work to improve our corporate environment from the perspective of diversity, mental health, physical health, and compliance/ethics.

CONTENTS
Prologue
Value Creation
Growth Strategy
Capital Strategy
Corporate Governance
Corporate Data

Human Resources Development

Enhancing overall employee development

In order to promote human resources development based on “creating a rewarding experience” and “supporting growth,” we are implementing measures emphasizing “learning” for voluntary employee learning, and “experience” for increasing skills through work. We will constantly promote employee growth and development through a cycle of accumulation of experience utilizing learning and learning new things through experience.

[Learning]

We have created comprehensive learning opportunity “Paramount Campus” as a voluntary learning system supporting employees’ motivation to learn and ability to act. We provide over 160 remote learning courses. Plus, by changing learning into points and incorporating it as a factor for getting promoted, we encourage employee growth and development. We also implement various learning support measures, such as sending employees to a business school or graduate school with the aim of developing highly specialized human resources, and establishing DX classes.

Number of students studying in remote learning class with Paramount Campus	
2021 876people	2022 845people

[Experience]

In order to clarify expected roles and behaviors, and to expand opportunities for employees to play an active role according to their characteristics, we have introduced a new human resources system that ties achievement of action items to evaluations more clearly. We also link applicable education measures for each employee. And in order to encourage employees who want to try new things, we have established our “Career Challenge System” recruiting for transfers between other companies within the Group. Furthermore, we are also making efforts toward identifying and developing executive personnel from a medium- and long-term perspective.

Hiring and developing global human resources

In order to improve our ability to respond to globalization, we proactively hire human resources with advanced linguistic abilities and those with a strong interest in working overseas. And aside from offering a range of educational opportunities for language education to support improving TOEIC® scores even after joining the Company, in 2020 we established our “Overseas Trainee System” as part of our Career Challenge System. This is an initiative allowing employees to experience working overseas for a limited time that we recruit for openly.

CONTENTS
Prologue
Value Creation
Growth Strategy
Capital Strategy
Corporate Governance
Corporate Data

Improving our Corporate Environment

Promoting diversity

We have established our system for supporting various key events in our employees' lives. To promote women's equality in the workplace, we have established and implemented an action plan that includes the development and improvement of various systems such as maternity leave before and after childbirth, childcare leave, child caregiver leave, and shortened work hours, and securing a 30% ratio of women among our new graduate hires. we are also making efforts to ensure that older human resources can display their skills to the fullest by establishing a post-retirement rehiring system under which retirees can work until 65 according to work tasks and difficulty level. Also, we encourage employees to acquire knowledge and new perspectives from other companies via our "Side Job/Concurrent Job System" for our current employees and our "Comeback System" for former employees who have left the Company, thereby increasing the diversity of our organization.

Ratio of childcare leave taken by female employees

2021	2022
66.7%	166.7%

Ratio of female employees among new graduate hires (compared to number of new hires)

2021	2022
30.0%	29.6%

Ratio of people using the post-retirement rehiring system

2021	2022
90.0%	100.0%

Employee health initiatives

We are partnering with our related companies and carrying out verification experiments aimed at offering services for sleep-based lifestyle improvements. We encourage employees to use sleep-status measuring applications, and these are useful for improving sleep. Also, we have incorporated understandings of depression and ways to handle it as part of our employee training program to prevent depression. We have introduced services to enable individual stress checks. We have established external consultation services, and we are expanding out consultation system to more closely cooperate with our industrial physicians. These initiatives have been evaluated and certified by the health insurance association's "Certification of Excellent Health Companies" and by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi as the "2023 Certified Health & Productivity Management Outstanding Organization."

2023
健康経営優良法人
Health and productivity

Percentage of employees taking the stress check

2021	2022
86.3%	85.9%

Promoting work style reforms

We are promoting work style reforms in order to establish work-life management customized to each individual's lifestyle. Specifically, in order to support balancing work and childcare or nursing care, we combine our various systems such as telework, area sales, limited work locations, and leave for accompanying a spouse due to job transfer.

Ensuring compliance

We provide compliance training whenever employees join us in order to further improve our corporate value. We have created the "Corporate Ethics Guidebook" and use it during training. We also regularly convey messages from the Corporate Ethics Office. Furthermore, in order to monitor compliance, we are monitoring the situation on various fronts by conducting employee awareness surveys and establishing reporting contacts.

Intellectual Capital

Overview of initiatives for strengthening capital

We position all the technology that we have developed and knowledge that we have accumulated thus far, as well as the intellectual property that accompanies the technology and knowledge, as factors that are important for continuously improving our corporate value through our management strategy. To appropriately protect and utilize the intellectual property held by the Company, aside from establishing appropriate management systems, we are also acquiring employees with specialized knowledge as well as continuously developing human resources.

“Back-raising” and “rising posture” research

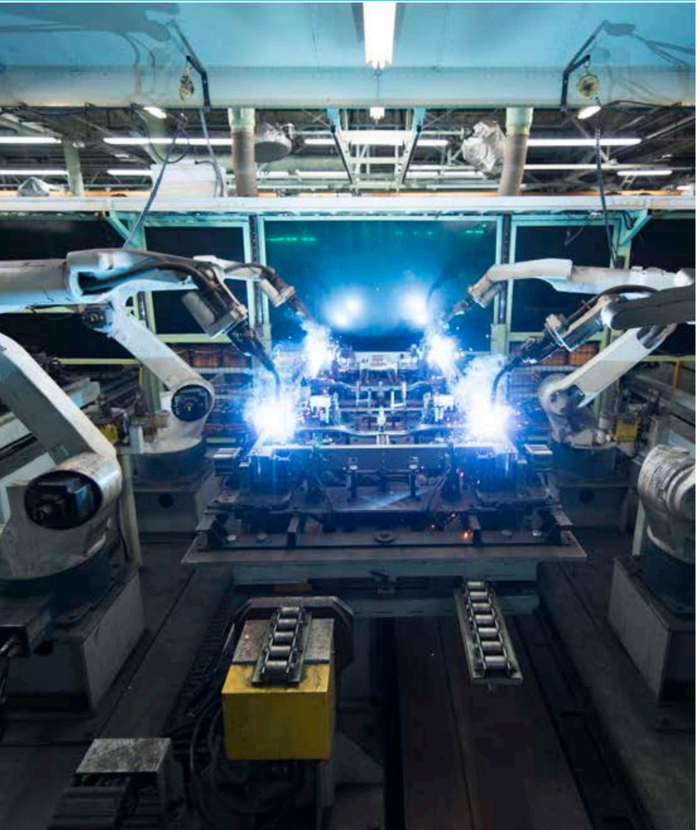
When raising the back of the bed, only raising the back section causes the body to slide down toward the legs, and generates unwanted friction and pressure. It is thought that this is one source of bedsores. We changed our way of raising the back and the foot, we tested over 6,500 motions, and repeatedly verified shifting volumes and feeling of pressure. Furthermore, we held hearings with hospitals and nursing care facilities, and continued searching for new methods. And finally in 2003, we developed our innovative back-raising mechanism “KIND motion.” We created a program for complexly combining raising and lowering the back and knee areas, and achieved this method for significant reduction in body misalignment. Our next focus was the “rising posture.” The posture for sitting after raising the back, called “long-sitting position,”* with both legs stretched out creates a significant burden, and sitting in this position for many hours can be painful. So what can be done to approach a more natural sitting position? The answer to this question is our “Relax Motion,” developed in 2013, that moves the entire bed into a sloping position. With a groundbreaking mechanism that inclines the bed toward the legs while simultaneously raising the back, it shifts to a posture where the knees bend slightly and the legs lower when the back is raised. This stabilizes the posture when getting up and makes moving easier. At the same time, the pressure on the sacral bone area—which is at high risk for bedsores—is redistributed to the buttocks and thighs, significantly contributing to a reduction in bedsores. Regarding improvements to this back-raising motion, along with acquiring a patent, we have protected our intellectual property on several fronts with design registration, trademark registration, etc., and continue to consider how to further improve it in the future.

*The body position when sitting with both legs outstretched. It is said that moving and keeping this posture stable for a long time is difficult due to stiff hamstring muscles on the back of the thighs.

A rising posture using Relax Motion in which the knees bend slightly and the legs lower

The conventional “long-sitting position” posture with both legs outstretched after raising the back

Manufacturing Capital



Overview of initiatives for strengthening capital

We have two functions: manufacturer (Paramount Bed) and rental wholesaler (Paramount Care Service). As a manufacturer, we have created structures combining all the accumulated expertise since our founding together with cutting-edge systems, and implement thorough quality control by tactile and visual inspections, foreign object inspections using metal detectors, and other various inspections. As a rental wholesaler, we have built a system that can deliver well-maintained assistive products immediately when needed. We also carry out disinfection and cleaning with the utmost care for sanitation.

Manufacturer

- ●Effective, integrated production system
- ●Thorough quality control
- ●Optimal global production site system through domestic and international collaboration

At our primary Chiba Factory, we have built an integrated production system with everything from raw materials to finished products, centered on bed production. We have established a pattern of making a number of bed units in one cycle. With this method of continuously conveying them between processes form welding to painting and assembly without interruption, we work to shorten manufacturing lead time and minimize in-process inventory, while simultaneously reducing electricity usage and waste generated. In addition, the Paramount Bed's headquarters and factories are certified with international standard ISO9001 (quality management systems) and ISO13485 (medical devices-quality management systems).

Rental wholesaler

- ●Nationwide store network that can respond quickly
- ●Maintenance system that provides clean, safe and reliable products

Along with building a system that ensures immediate delivery of well-maintained assistive products is possible when necessary, we conduct thorough quality control to ensure that these products are safe and reliable for users. We conduct ethanol-based spray cleaning and water cleansing using high-pressure cleaners. After cleaning, along with rinsing using environmentally-friendly, slightly acidic electrolyzed water that is also used for disinfecting foodstuffs, we carry out disinfection using ozone. The disinfected products are inspected for bacteria through regular sampling, and the effectiveness of the disinfection is verified.

Manufacturing Capital TOPICS

Enhancing productivity at our new mattress factory (Paramount Bed)

In October 2020 we built a new mattress factory on the Chiba Factory's premises, and in October 2021 we began full operations there. With previous facilities, there were issues such as a reduced ratio of in-house manufacturing due to increasingly complex mattress materials or construction, as well as material loss and increasing repair costs due to the aging of the facilities. The concept of the new factory is an efficient factory that can handle diverse mattress specifications, with an integrated production line connecting raw material molding and processing to packaging, and automated conveying of the products to the warehouse. Aside from greatly reducing material loss and repair costs, we have improved the supply system to enable us to handle more demand by increasing our ratio of in-house manufacturing and greatly enhancing productivity.

Location:
2078, Shirahata, Sammu-shi, Chiba 289-1306, Japan (on the Chiba Factory's premises)

Creating new, large-scale maintenance centers for expanding business (Paramount Care Service)

Along with expanding and moving our Kita-Osaka Maintenance Center to Takatsuki, Osaka in May 2022, we also opened our new Atsugi Maintenance Center in November of the same year in Atsugi, Kanagawa. Both are large-scale centers implementing the latest automated equipment such as cleaning machinery for beds and mattresses along with automated packaging machine, and we will make progress in improving maintenance productivity and labor-saving. The Kita-Osaka Maintenance Center was expanded to approximately eight times the size of the old center, and our storage and maintenance capability in the Kinki region has roughly doubled. The Atsugi Maintenance Center, along with the existing Chiba Ohira Maintenance Center (Sammu-shi, Chiba), has contributed to building a system that enables us to reach increasing demand in the Kanto area. We are working to further strengthen our recurring revenue business in the nursing care business.

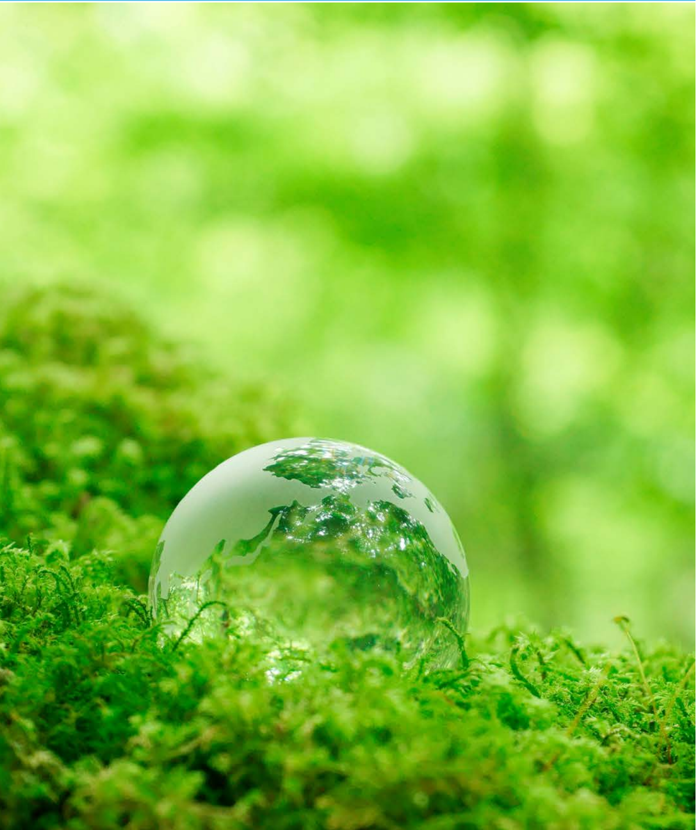
Kita-Osaka Maintenance Center

Location:
3-25-1, Zushi, Takatsuki-shi, Osaka 569-0036

Atsugi Maintenance Center

Location:
1569-1, Sanda, Atsugi-shi, Kanagawa 243-0211, Japan

Natural Capital



Overview of initiatives for strengthening capital

We aim to reduce the environmental impact throughout our product production process and the entire product life cycle. We review our raw materials and procure materials with low environmental impact. We promote reusing and recycling, as well as energy-saving activities at our production sites and business sites. We have established the “Factory Energy Saving Secretariat” in our Production Division, and we are always actively promoting these efforts.

Environmental targets based on our vision

Our Group advocates “5. Environmentally conscious business activities” as one of our priority issues (materialities) for promoting ESG management. And in order to create a sustainable society that exists in harmony with the Earth, we aim to reduce the environmental burden involved in our corporate activities and throughout the product life cycle. We have organized the impact of the risks and opportunities related to climate change on our Group business activities, revenue, and other factors, in line with the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD) (see the next page). Regarding GHG (CO_2) emissions, we aim to become carbon neutral by 2050, and we will work to achieve a target of 30% reduction (compared to 2013) by 2030.

Scope 1 / Scope 2 emissions volume

2013	2022	2030 (target)
6,813t CO_2	6,550t CO_2	30%reduction (vs. 2013)

*The indicators are the GHG emissions applicable to Scope 1 and Scope 2, and the calculations apply for Paramount Bed Holdings Co., Ltd. and Paramount Bed Co., Ltd.

Environmental initiatives through our production process

We are striving to make effective use of resources by reusing transportation jigs used for delivering products, reusing returnable containers for assembly parts, simplifying packaging materials, and recycling used products under the scheme of the National Permit System for industrial waste (certified in April 2012: Certification No. 217). We are also focusing on manufacturing that is friendly to the global environment. The integrated production line at our Chiba Factory has achieved a 60% reduction in industrial waste and a 30% reduction in electricity consumption of the painting facilities (compared to the conventional line at Paramount Bed) by completely stopping the use of solvent-based paints to eliminate volatile organic compounds (VOCs) and changing painting chemicals.

CONTENTS
Prologue
Value Creation
Growth Strategy
Capital Strategy
Corporate Governance
Corporate Data

CONTENTS
Prologue
Value Creation
Growth Strategy
Capital Strategy
Corporate Governance
Corporate Data

Task Force on Climate Related Financial Disclosures (TCFD)

Below 2°C scenario

A scenario in which measures are taken, such as strengthening regulations in order to minimize the increase in temperature and changing markets

Key:
▲ : Risk
● : Opportunity

Risk and opportunity	Business impact	Influence on the Company	Company measure
Introduction of a carbon tax ▲Increased costs for procurement, logistics, and operations due to carbon tax and emission permit transactions	★★★	Increased procurement costs for steel and other materials, increased company operation costs at factories, and increased logistics costs due to the introduction of the carbon tax are predicted, and are expected to have significant impact on the Company's businesses.	・Switch to low-carbon materials ・Reduce shipping volume by making shipping between locations more efficient, etc. ・Formulate a policy for reducing the Company's CO_2 emissions (Scope 1 / Scope 2)
Strengthened decarbonization measures ▲Increased renewable energy procurement costs ●Increased demand for environmental-ly-friendly technologies and services	★★	The strengthening of decarbonization measures requires switching all electricity to renewable energy sources, which will incur additional costs, but the impact on the Company is expected to be small. On the other hand, an increase in demand for the Company's environmentally-friendly technologies and services is predicted.	・Formulate a policy for reducing the Company's CO_2 emissions (Scope 1 / Scope 2) ・Quickly grasp changes in customers' environmental consciousness and develop and provide environmentally-friendly products required by those customers at those times
Changing stakeholder awareness ▲Insufficient response to climate change and lowered reputation ●Increased demand for rental and after-sales services due to customers' increasing environmental awareness	★★★	If we do not disclose information related to environmental measures appropriately or does not set targets for reducing GHG emissions, the risk of reputational damage from stakeholders may occur. However, due to continuing to have a policy of working toward appropriate disclosure in the future, we expect a certain level of impact. On the other hand, we expect significant impact on the Company's businesses, as customers will be more inclined to reduce disposal costs, leading to rising demand for rental services and after-sales services such as component replacement.	・Maintain and improve our reputation as a company that operates with consideration to the environment through appropriate disclosure of information related to climate change such as the TCFD. ・Maintain and improve our reputation as a company that takes environmental responsibility by supplying environmentally-friendly products as well as setting and achieving targets for reducing GHG emissions. ・Accelerate the expansion of our recurring revenue businesses as well as develop new recurring revenue business offerings utilizing sensing technology, AI, IoT, etc.

Task Force on Climate Related Financial Disclosures (TCFD)

4°C scenario

A scenario in which physical effects such as weather anomalies occur as a result of rising temperatures

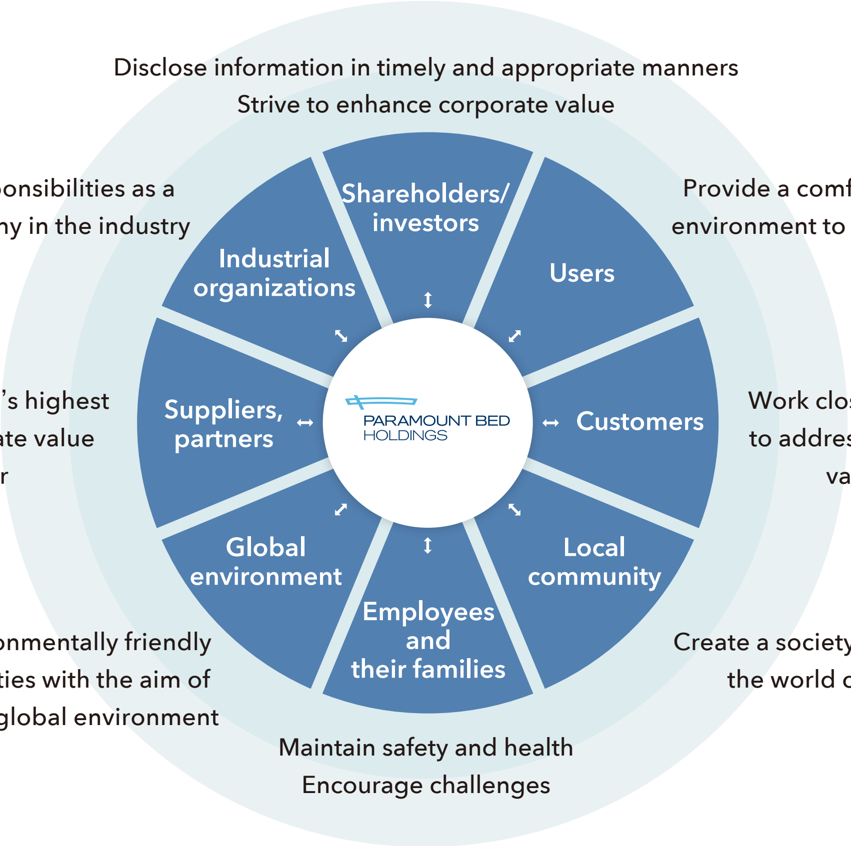
Key:
▲ : Risk
● : Opportunity

Risk and opportunity	Business impact	Influence on the Company	Company measure
Acute risk (intensification of wind and flood damage) ▲Risk of a disaster severely damaging a raw material supplier, causing suspension of operations ▲Risk of a disaster at a production site, causing suspension of operations ▲Logistics interruption due to localized torrential rain ●Increased demand for disaster prevention products and services ●Securing trust with quick and stable supply when wind and flood damage occurs	★★★	Suspension of operations and the resulting loss of profit may occur when suppliers with large transaction amounts, production sites, and logistics networks are damaged due to storms or floods. On the other hand, demand for disaster prevention products and services will grow due to intensified and frequent wind and flood damage. Also, it is thought that handling supply in a speedy and stable manner when a disaster occurs could be an opportunity for the Company to secure trust, and we expect significant impact on the Company's businesses.	• Promote multiple suppliers, multiple inventory locations, and adoption of general-purpose items • Secure safe inventory in order to ensure stable supply of products even during a disaster, as well as speedily respond to production by cooperating with other production sites • Establish a system for emergency shipping from other regions as an alternative to disaster-stricken logistics routes • Develop products and services that are effective during times of natural disaster, improve and expand the supply system, disseminate information externally, and conduct promotion activities
Chronic risk (increased temperatures, warming) ▲Increased costs to handle higher temperatures ●Increased demand for products and services to address reduced sleep quality from higher temperatures ●Increased demand for products and services to make medical care, clinical nursing, and nursing care work more efficient as temperatures increase	★★★	If temperatures rise, costs may occur due to responses to the increased temperatures, such as air-conditioning costs to maintain employee health. On the other hand, we expect significant impact on the Company's businesses as the demand is predicted for measures to mitigate decreased sleep quality from increased temperatures as well as for the Company's products (sleep tech products, the Smart Bed System, etc.) due to expanded demand for supporting medical care, clinical nursing, and nursing care work.	• Reduce air-conditioning costs by introducing high-efficiency air conditioning units, etc. • Develop and sell sleep tech products and the Smart Bed System, disseminate information externally, and conduct promotion activities

Social Capital

Overview of initiatives for strengthening capital

It is difficult for us alone to solve social issues, and we must cooperate and collaborate with various stakeholders. We will utilize information gained from a strong network with medical and nursing care workers to improve our products and services. Furthermore, we are making efforts to solve social problems as a unified industry by working on the industry to establish a system to strive for product safety, and supporting education and training for nurses, etc. We believe that we have that responsibility as a leading company.



Materiality Initiatives — 1 Support for the establishment of a sustained medical and nursing care system

Implementing field verification for sleep measurement sensors aimed at enhancing the comfort and safety of home-care patients

Intellectual capital × Social capital

By gathering home-care patients' life log data such as respiratory rate, heart rate, and state of consciousness (asleep or awake) with the Company's sleep measurement sensors, we conducted verification experiments to determine whether we can use this for remote examinations or observation. In Kariya, Aichi, we did this together with the Tokai Branch of Nippon Telegraph and Telephone West Corporation. Transforming conventional, qualitative sleep information into quantitative information has led to a better understanding of patient sleep cycles, which has proven to be a reassuring factor for patients and their families living in their homes. We expect that life log data will be utilized as a hub connecting patients, their families, and medical workers.

● Verification period

November 1, 2022 – January 31, 2023

● Location

TOYOTA-KAI Medical Corporation

(KARIYA TOYOTA General Hospital, Kariya Home-visit Nursing Care Station, Takahama Home-visit Nursing Care Station)

● Structure and role

Kariya City: Kariya Smart Wellness Project representative

TOYOTA-KAI: Data acquisition cooperation and provision of expertise in home medical care

NTT West Group: Data acquisition, analysis, and visualizing analysis results

Paramount Bed: Provision of initiative expertise utilizing sleep measurement sensors

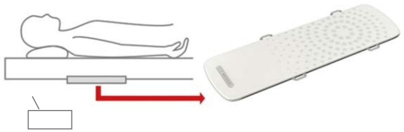
At the hospital

Real-time monitoring image*

Daily life log data image

*Real-time monitoring is updated every 20 to 30 minutes

At the patient's home



By placing the sensor under the mattress, it measures body movements (turning over during sleep, breathing, heart rate, etc.) and monitors sleep status.

CONTENTS
Prologue
Value Creation
Growth Strategy
Capital Strategy
Corporate Governance
Corporate Data

Materiality Initiatives — 2 Creation of an environment where everyone can live healthily and happily

Supporting the achievement of an inclusive society where anyone can live easily

Social capital

We have sponsored the “Para Support Project” initiated by Chiba Lotte Marines Co., Ltd. The “Para Support Project” is an initiative where Chiba Lotte Marines team members visit special needs schools in Chiba Prefecture, and share the fun and joy of exercise with children through baseball and dance. Also, aside from accommodation facilities in Chiba Prefecture, we provided electric beds at no charge to Suita, Osaka where Ukrainian refugees are living. We think that we should have a society where people in any circumstances can live easily.

Sponsorship with the “Para Support Project”


Free lending of electric beds to accommodation facilities in Chiba Prefecture


A letter of gratitude from Suita, Osaka

Using knowledge and technology to support enhancing athlete performance

Intellectual capital × Social capital

We support TOBIUO Japan swimmers, Japan swimming national team members, as well as para-canoe athlete Seryu Monika. Along with evaluation, analysis, and feedback from sleep measurement sensors, we also provide them with pillows and mattresses designed to support turning over easily and sleeping comfortably, which is important for sleep. Additionally, we have formed a sponsorship with the Saitama Seibu Lions in relation to sleep support. We support efforts to improve sleep by analyzing each athlete’s sleep and providing feedback once per month.

Materiality Initiatives — 2 Creation of an environment where everyone can live healthily and happily

Health promotion activities through sleep for junior and senior high school students

Intellectual capital × Social capital

Using smartphones and increasing time spent on club activities or studying worsens sleep conditions for junior high school students. With the aim of improving this, we developed an educational program for junior high school students across Japan to learn about the importance of sleep together with ARROWS Inc. And in collaboration with Kaiyo Secondary School, we carry out an initiative to support improving sleep for the students at this school with the aim of improving academic results and performance in school club activities.

Support for the development of the next generation of leaders

Social capital

We conduct extracurricular classes, hands-on classes, and other classes from time to time for local elementary and junior high schools. These are held with the aim of helping the students understand the importance of sleep and increase intellectual curiosity through hands-on experience of products such as “Nemuri SCAN” and “Active Sleep BED.” With the number of children in Japan declining, we hope to contribute to developing leaders for the next generation.

A hands-on electric bed experience for elementary school students

A class explaining the monitoring support system for junior high school students

Materiality Initiatives — 4 Promotion of employee health, diversity and work style reform

"Comeback System" for employees who have left the Company

Human capital

We think that having a former employee accumulate new experiences and rejoin the Company is a plus for both the rehired employee and the Company. This is because the employee can be appropriately placed based on past experience to hit the ground running and there is a high likelihood that the employee can play a more active role by utilizing skills and new perspectives acquired at other companies. Going forward, we will continue making use of this program, enabling employees to work in a lively fashion and aiming to enhance the growth of our organization.

"Comeback System" registration → Conducting matching → Decision about rejoining the Company

● User voices

Hiromi Yamamoto, Quality Assurance Department, Paramount Bed Co., Ltd.

I rejoined the Company in January 2023 through the Comeback System. I was nervous because about ten years had passed since I left the Company, but I was delighted to be greeted in-person and over e-mail with a warm "welcome home." In my previous job, I was engaged in pharmaceutical application work for medical equipment. And I was able to rediscover the great points of working in an environment close to the design and development department, the manufacturing department, and more, while communicating with them. I would like to make use of my roughly ten years of experience, and the acquired skills and perspective, and forge ahead with work so that I can contribute to not only medical equipment but businesses related to medical care, nursing care, and health promotion both in Japan and overseas.

Tomoko Inoue, Sleep Research Institute, Paramount Bed Co., Ltd.

I left the Company five years ago to accompany my husband on an overseas job assignment. After living in the UK, this year I returned to my work at the Sleep Research Institute to which I had belonged before retiring. While being involved with community volunteer work and joining school activities, etc., in the UK, I gained a renewed awareness of the high quality of Japanese products, and I noticed new things such as the high awareness of people with disabilities in British society. Because I received the opportunity to take on this challenge again after returning to Japan, I would like to forge ahead with work so that I can contribute to improved health through sleep for all people and that when it comes to sleep, people think of Paramount Bed, by making use of my experiences and perspectives gained outside Paramount.

Materiality Initiatives — 4 Promotion of employee health, diversity and work style reform

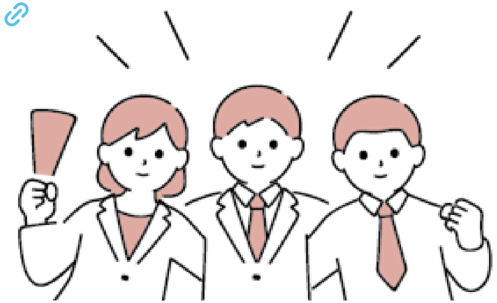
"NEMURI Supporters" supporting employee sleep

Human capital × Social capital

"NEMURI Supporters" is a service provided by NTT PARAVITA Co., Ltd., established in collaboration with Nippon Telegraph and Telephone West Corporation. Since June 2023, all Group employees have been able to use it. Through this service, employees can receive sleep-related classes, visualized sleep status, consultations via LINE*, advice on improvement, etc. In particular, the dedicated staff members handle the support on LINE, so it is possible to have as many consultations as wanted at any time without worry. As a "Certified Health & Productivity Management Outstanding Organization," we are working to further promote health.

*LINE is a registered trademark of LINE Corporation.

The "NEMURI Supporters" website
(Japanese only)



● Programs for eligible users

Sleep class

In four online classes each year, we foster sleep-related knowledge and do a sleep check during the seminars. This visualizes current sleep status and offers a general overview of it.

Sleep counseling room

We provide a sleep consultation service for employees. Sleep-related consultations are available via LINE. We offer consultations to address concerns while protecting employee privacy.

Sleep improvement program

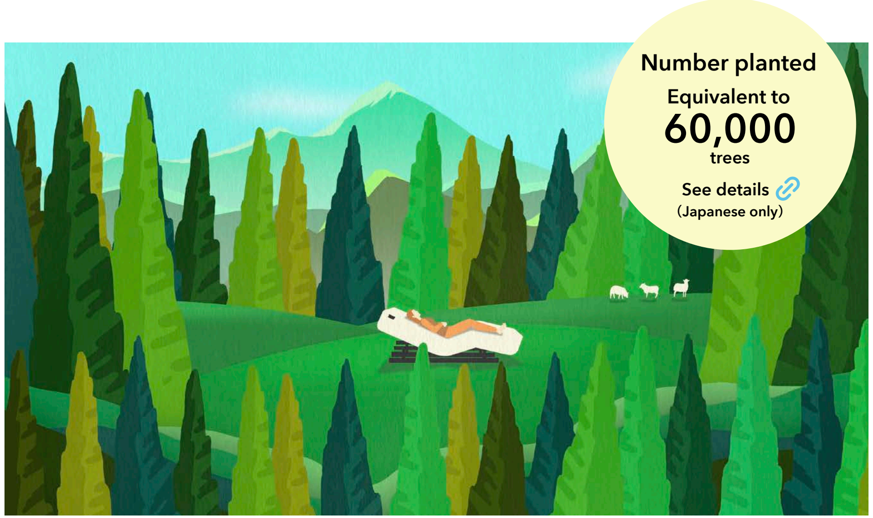
Our sleep improvement instructors who are registered dietitians, public health nurses, nurses, or other certified personnel look after employees who have concerns about sleep and offer close-following sleep-improvement advice.

Materiality Initiatives — 5 Environmentally conscious business activities

A planting activity using an application that transforms your sleep into a forest

Natural capital × Social capital

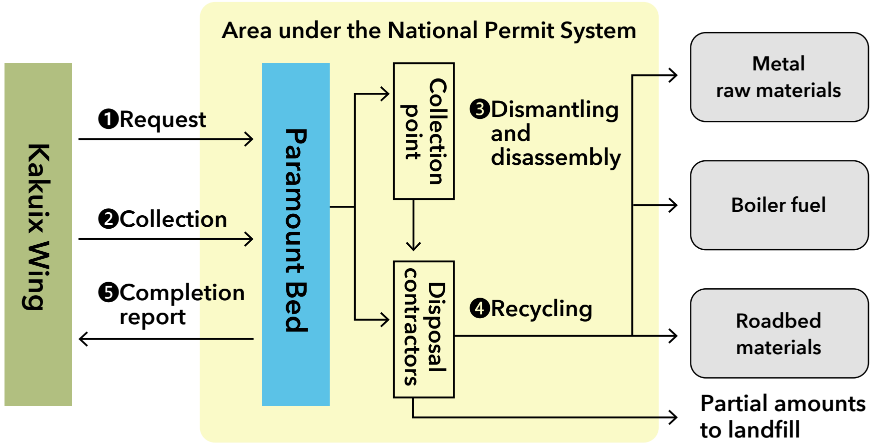
We are carrying out planting activities in Indonesia by utilizing “Sleep Points” under the motto of “healthy environment and healthy people.” The “Active Sleep App” is an application that analyzes heart rate, respiratory rate, and body movement during sleep, scores your sleep, and gives advice. It gives “Sleep Points” depending on your sleep survey responses and sleep score. We promote an initiative that contributes to activities growing forest through those points.



Promoting recycling of assistive products

Natural capital × Manufacturing Capital

In November 2022, we cooperated with Kakuix Wing Co., Ltd. to launch an initiative recycling used assistive products at Kakuix Wing. Currently, assistive products for rental use are reused after cleaning, repair, and disinfection, before their final disposal. And in Kakuix Wing’s assistive product rental business, the used assistive products made by Paramount Bed are collected, sorted, and disassembled at the Company. We are working to recycle 99% of them into metal, fuel, etc.



Corporate Governance

Corporate Governance

Fundamental approach

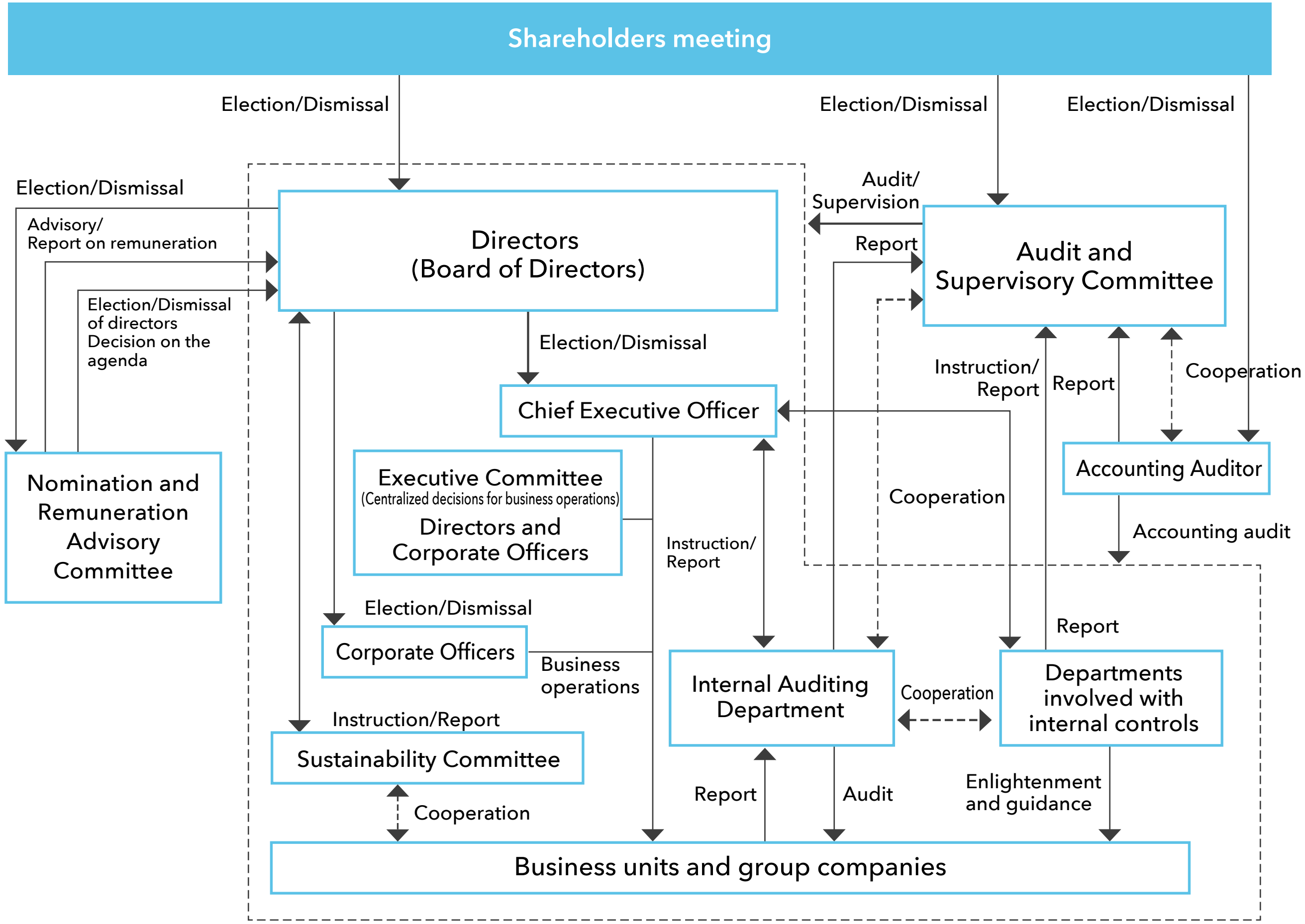
Maintaining a sound framework for corporate governance is required to increase corporate value and fulfill corporate citizenship obligations by managing operations properly and ensuring that all activities are transparent and in compliance with laws and regulations.

Paramount Bed Group will continue to position measures to strengthen corporate governance as one of its highest priorities and take actions as needed to improve governance according to the fundamental polices stated below.

1. Respect for the rights of shareholders and equality for all shareholders
2. Sustainable collaboration with shareholders and all other stakeholders to reflect their interests
3. Proper disclosure of corporate information to maintain transparency
4. Ensure the effectiveness of the Board of Directors' oversight of business operations by using independent external directors to receive objective advice and reflect the opinions of all stakeholders
5. Engage in constructive dialogue with shareholders who have investment policies that are consistent with the interests of shareholders over the medium and long term

Corporate Governance Report
(Japanese only)

Relationship chart of corporate organizations and internal control



Functions and roles of major organizational units

Organizational units	Members	Activities and roles
Board of Directors	Chairman: President and Chief Executive Officer Consists of six internal directors and three external directors"	In principle, the Board of Directors meeting is held once a month to discuss and make decisions promptly on matters required by law and of managerial importance.
Audit and Supervisory Committee	Consists of one internal director and three external directors	In principle, the Audit and Supervisory Committee meeting is held once a month to conduct on-site audits of business locations in accordance with the audit policy, work assignments, and annual plan determined by the Audit and Supervisory Committee, as well as to conduct rigorous audits by attending important meetings such as the Executive Committee, hearing business reports from directors, and examining important documents.
Executive Committee	Consists of directors, etc. of Paramount Bed Holdings	In principle, the Executive Committee meeting is held once a month to have active discussions of a wide range of managerial issues to optimize management activities.
Nomination and Remuneration Advisory Committee	Consists of one internal director and three external directors	It is established as a voluntary advisory body to the Board of Directors to further enhance corporate governance by strengthening the independence, objectivity and accountability of the Board of Directors' functions related to the appointment of director candidates and the remuneration of directors, excluding audit and supervisory committee members.
Internal Auditing Department	Department Manager and three members	In accordance with the Internal Audit Rules, the Department systematically conducts operational and accounting audits of all divisions, including the Company and its consolidated subsidiaries. In order to ensure the effectiveness of audits, audited divisions that have been identified for improvement are obligated to report the progress of improvement regularly.
Departments involved with internal controls	Mainly Corporate Ethics Office and Finance Department	The Corporate Ethics Office implements various policies to promote compliance in cooperation with various departments within the corporation. In addition, it distributes the "Corporate Ethics Guidebook," including the "Compliance Manual," which contains the corporation's basic stance on corporate ethics, to enlighten and guide employees. It also continuously raises awareness, provides guidance and monitors the legality of its operations. Meanwhile, the Finance Department continuously raises awareness, provides guidance, and monitors internal control over financial reporting.

Board of Directors, Audit and Supervisory Committee Members, Corporate Officers (As of June 29, 2023)

1 Chairperson
Kyosuke Kimura

2 President and Chief Executive Officer
Tomohiko Kimura

3 Senior Managing Director
Yosuke Kimura

4 Director
Toshiyuki Hatta

5 Director
Masaki Kobayashi

6 Director
(Full-time Audit and Supervisory Committee Member)
Kenji Ouchi

7 External Director
(Audit and Supervisory Committee Member)
Yukari Oka

8 External Director
(Audit and Supervisory Committee Member)
Yoshikazu Goto

9 External Director
(Audit and Supervisory Committee Member)
Kazuo Takahashi

Board of Directors, Audit and Supervisory Committee Members, Corporate Officers (As of June 29, 2023)

Chairperson

Kyosuke Kimura

Date of birth: September 20, 1950

Apr. 1979: Joined Paramount Bed Co., Ltd.
Aug. 1979: Member of the Board of Paramount Bed Co., Ltd.
Oct. 1982: Member of the Board of the Company
Sep. 1987: Senior Managing Director of Paramount Bed Co., Ltd.
Apr. 1991: Senior Executive Director of Paramount Bed Co., Ltd.
Apr. 1997: Executive Vice President of Paramount Bed Co., Ltd.
Apr. 2009: President and Chief Executive Officer of Paramount Bed Co., Ltd.
Feb. 2011: President and Chief Executive Officer of the Company
Apr. 2020: Chairperson of the Company (present)
Apr. 2020: Chairperson of Paramount Bed Co., Ltd. (present)
Jun. 2021: Outside Member of the Board of Yuasa Trading Co., Ltd. (present)

● Significant concurrent positions

Chairperson of Paramount Bed Co., Ltd.
Outside Member of the Board of
Yuasa Trading Co., Ltd.

President and Chief Executive Officer

Tomohiko Kimura

Date of birth: July 17, 1977

Apr. 2008: Joined Paramount Bed Co., Ltd.
Jun. 2010: Corporate Officer, Deputy Director of Business Strategy Planning Division of Paramount Bed Co., Ltd.
Apr. 2011: Corporate Officer, Director of Global Business Division of Paramount Bed Co., Ltd.
Oct. 2011: Corporate Officer of the Company
Jun. 2014: Senior Corporate Officer of the Company
Jun. 2015: Member of the Board of Paramount Bed Co., Ltd.
Apr. 2016: Senior Managing Director of Paramount Bed Co., Ltd.
Jun. 2018: Senior Managing Director of the Company
Jun. 2019: Senior Executive Director of the Company
Jun. 2019: Senior Executive Director of Paramount Bed Co., Ltd.
Apr. 2020: President and Chief Executive Officer of the Company (present)
Apr. 2020: President and Chief Executive Officer of Paramount bed Co., Ltd. (present)

● Significant concurrent positions

President and Chief Executive Officer of
Paramount Bed Co., Ltd.

Senior Managing Director

Yosuke Kimura

Date of birth: October 10, 1980

Apr. 2013: Joined Paramount Bed Co., Ltd.
Jun. 2015: Corporate Officer, Deputy Director of Technical Engineering Division of Paramount Bed Co., Ltd.
Apr. 2017: Corporate Officer, Director of Technical Engineering Division of Paramount Bed Co., Ltd.
Jun. 2017: Member of the Board, Director of Technical Engineering Division of Paramount Bed Co., Ltd.
Apr. 2018: Member of the Board, Executive Director of Finance and System Administration Division of Paramount Bed Co., Ltd.
Jun. 2019: Corporate Officer, General Manager of Finance Department and of Information System Department of the Company
Jun. 2020: Chief Financial Officer, Member of the Board, General Manager of Finance Department and Information System Department of the Company
Jun. 2023: Senior Managing Director of the Company (present)
Jun. 2023: Senior Managing Director, Executive Director of Finance and System Administration Division of Paramount Bed Co., Ltd. (present)

● Significant concurrent positions

Senior Managing Director,
Executive Director of Finance and System
Administration Division of Paramount Bed Co., Ltd.

Board of Directors, Audit and Supervisory Committee Members, Corporate Officers (As of June 29, 2023)

Director
Toshiyuki Hatta
Date of birth: December 21, 1961

Apr. 1984: Joined Paramount Bed Co., Ltd.
Jun. 2011: Corporate Officer, General Manager of Human Resource Department and Public and Investor Relations Department of Paramount Bed Co., Ltd.
Oct. 2011: Corporate Officer, General Manager of Human Resource Department and Public and Investor Relations Department of the Company
Jun. 2018: Corporate Officer, General Manager of General Affairs Department and Human Resource Department of the Company
Jun. 2018: Corporate Officer, Executive Director of Administration Division of Paramount Bed Co., Ltd.
Jun. 2019: Member of the Board, General Manager of General Affairs Department and Human Resource Department of the Company
Jun. 2019: Member of the Board, Executive Director of Administration Division of Paramount Bed Co., Ltd. (present)
Jul. 2022: Director of the Company (present)

● Significant concurrent positions

Member of the Board,
Executive Director of Administration
Division of Paramount Bed Co., Ltd.

Director
Masaki Kobayashi
Date of birth: August 4, 1972

Apr. 1995: Joined Paramount Bed Co., Ltd.
Dec. 2012: President of Paramount Bed (Thailand) Co., Ltd.
Apr. 2017: Member of the Board of Paramount Bed (China) Co., Ltd.
Jan. 2018: Member of the Board, Executive Sales Director of Shanghai Representative Office of Paramount Bed (China) Co., Ltd.
Jun. 2021: Corporate Officer, Deputy Executive Director of Corporate Planning Division of Paramount Bed Co., Ltd.
Jun. 2022: Member of the Board, Chief Strategy Officer of Paramount Bed Co., Ltd. (present)
Jun. 2023: Member of the Board of the Company (present)

● Significant concurrent positions

Member of the Board,
Chief Strategy Officer of Paramount Bed Co., Ltd.

Director
(Full-time Audit and Supervisory Committee Member)
Kenji Ouchi
Date of birth: January 12, 1959

Apr. 1982: Joined Paramount Bed Co., Ltd.
Apr. 2009: Corporate Officer, Executive Director of Finance and System Administration Division of Paramount Bed Co., Ltd.
Oct. 2011: Corporate Officer, General Manager of Finance Department of the Company
Jun. 2019: Corporate Advisor of the Company
Jun. 2022: Director of the Company (Full-time Audit and Supervisory Committee Member) (present)
Jun. 2022: Corporate Auditor of Paramount Bed Co., Ltd. (present)

● Significant concurrent positions

Corporate Auditor of Paramount Bed Co., Ltd.

CONTENTS
Prologue
Value Creation
Growth Strategy
Capital Strategy
Corporate Governance
Corporate Data

Board of Directors, Audit and Supervisory Committee Members, Corporate Officers (As of June 29, 2023)

External Director
(Audit and Supervisory Committee Member)

Yukari Oka

Date of birth: April 26, 1963

Mar. 1995: Completed The Legal Training and Research Institute of Japan
Apr. 1995: Registered as an attorney-at-law
Jun. 2007: External Corporate Auditor of Paramount Bed Co., Ltd
Apr. 2011: External Corporate Auditor of the Company
Jun. 2015: External Director of the Company
Jun. 2016: External Director of the Company (Audit and Supervisory Committee Member) (present)

External Director
(Audit and Supervisory Committee Member)

Yoshikazu Goto

Date of birth: October 30, 1955

Apr. 1980: Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)
Aug. 2003: Director, Standards Development and Planning Division, Industrial Science and Technology Policy and Environment Bureau, Ministry of Economy, Trade and Industry
Jun. 2004: Director, Small and Medium Enterprise Agency/Engineering Division, Ministry of Economy, Trade and Industry
Jul. 2008: Deputy Director-General, Manufacturing Industries Bureau, Ministry of Economy, Trade and Industry
Apr. 2010: Deputy Director-General, Manufacturing Industries Bureau, Ministry of Economy, Trade and Industry
Oct. 2012: Professor, Department of Materials Engineering, School of Engineering, The University of Tokyo
Jun. 2015: External Director of the Company
Oct. 2017: Vice-President, General Director of Technical Research Institute of Japan Society for the Promotion of Machine Industry (present)
Jun. 2018: External Director of the Company (Audit and Supervisory Committee Member) (present)
Mar. 2022: External Director of Sodick Co., Ltd. (present)
Jun. 2022: Representative Director of the Japanese Society for Wellbeing Science and Assistive Technology (present)

Significant concurrent positions

Vice-President, General Director of Technical Research Institute of Japan Society for the Promotion of Machine Industry
External Director of Sodick Co., Ltd.
Representative Director of the Japanese Society for Wellbeing Science and Assistive Technology

External Director
(Audit and Supervisory Committee Member)

Kazuo Takahashi

Date of birth: January 8, 1960

Apr. 1982: Joined Daiwa Securities Co. Ltd.
Apr. 2007: Senior Managing Director of Daiwa Securities SMBC Co., Ltd. (currently Daiwa Securities Co. Ltd.)
Apr. 2010: Executive Managing Director of Daiwa Securities Capital Markets Co., Ltd. (currently Daiwa Securities Co. Ltd.)
Apr. 2012: Member of the Board and Executive Managing Director of Daiwa Securities Co. Ltd.
Apr. 2013: Member of the Board and Senior Executive Managing Director of Daiwa Securities Co. Ltd.
Apr. 2017: Corporate Executive Officer and Deputy President of Daiwa Securities Group Inc.
Representative Director and Deputy President of Daiwa Securities Co. Ltd.
Jun. 2017: Member of the Board, Corporate Executive Officer and Deputy President of Daiwa Securities Group Inc.
Jun. 2020: Corporate Executive Officer and Deputy President of Daiwa Securities Group Inc.
Apr. 2022: Advisor of Daiwa Securities Co. Ltd.
Jun. 2023: External Director of the Company (Audit and Supervisory Committee Member) (present)

Board of Directors, Audit and Supervisory Committee Members, Corporate Officers (As of June 29, 2023)

Directors	Kyosuke Kimura	Tomohiko Kimura	Yosuke Kimura	Toshiyuki Hatta	Masaki Kobayashi	Kenji Ouchi	Yukari Oka	Yoshikazu Goto	Kazuo Takahashi
Date of appointment as director	October 1982	June 2018	June 2020	June 2019	June 2023	June 2022	June 2015	June 2015	June 2023
Number of shares held (shares)	1,812,987	1,762,865	747,123	9,351	1,096	12,821	22,104	—	—
Attendance at Board of Directors meetings*	9/9 times	9/9 times	9/9 times	9/9 times	—	7/7 times	9/9 times	9/9 times	—
Experience/skills possessed									
Corporate management and management strategy	●	●				●		●	●
Finance and accounting			●			●			
Production, technology and quality	●		●						
Legal and compliance				●			●		
Human resources, labor relations and human resource development		●		●	●				
Global	●	●			●				

*Attendance at Board of Directors meetings covers the period from April 2022 to March 2023.

Corporate Officers	Tatsunori Aiko	Kenji Miyajima
	General Manager, Investor Relations Dept.	—

External Director
(Audit and Supervisory Committee Member)

Kazuo Takahashi

Interview with the New External Director

Contributing by leveraging my financial and accounting knowledge gained from my experience at financial institutions as well as my management experience as a deputy president

Continuing to be a highly transparent company

I am pleased to report that I have assumed the position of external director of Paramount Bed Holdings at the ordinary general meeting of shareholders held in June 2023.

Since its founding, the Paramount Bed Group has developed various services, starting with manufacture and sales of medical beds.

The Group has built relationships of trust with numerous stakeholders in the medical care and nursing care industries, as well as in the health promotion industry in more recent years.

In particular, the Group currently holds the No. 1 spot in the domestic market share of medical and nursing care beds and has established an unrivaled position. So it is fair to say that the Paramount Bed Group is leading the industry.

In the current business climate where transparency in management is required, the Paramount Bed Group has earned high marks in this area.

I think that the lively exchanges of opinions at the Board of Directors meetings and the sincere approach the President, who chairs the meetings, demonstrates in asking what everyone thinks about proposals, are aspects that can be viewed positively from outside the Company as well.

This approach of listening opinions, considering them, and incorporating what should be incorporated feels noticeably proactive.

High transparency is also an important factor affecting the quality and quality control of products and services.
And in terms of corporate governance, the Paramount Bed Group creates a proactive impression by taking education seriously and actively engaging in communication with people in the field.

What is needed for future growth

I worked for 41 years from 1982 at Daiwa Securities and even experienced serving in the role of deputy president.
For the second 20 years of that time period, I was engaged in corporate work.
I was responsible for a wide variety of work, including corporate management strategy, governance, IR, and more, for approximately 300 to 400 companies.
And I would like to bring new perspectives to Paramount Bed Holdings' management decisions based on the knowledge and insight gained through this experience.
As outlined earlier, the governance system is outstanding.
On the other hand, I think that there are three managerial issues to be addressed: (1) advancing the health promotion business, (2) developing overseas businesses, and (3) encouraging women in the workplace.
I think there is a great deal of room to grow in the first point, advancing the health promotion business.
Compared to medical care and nursing care, the potential customer base for health promotion is significantly expanding.
What kinds of businesses should we develop, and on what specific schedules?
Especially because this field holds so much potential, it is necessary to make a particularly detailed and properly considered plan to materialize this.
And I think that the second issue, "developing overseas businesses," also still has room to expand and break new ground.
There are countries like Indonesia, where we are proud to already have a high market share in bed sales. So, thinking of future economic development, even greater expansion similar to Japan is surely possible.
However, each country also has points to be cautious of as well as its own risks.
It is necessary to boldly but carefully distinguish between when to accelerate and when to put on the brakes.
The third point, "encouraging women in the workplace," is also important.
Paramount Bed Group products and services are used by a wide range of people regardless of gender.
Due to this, adjusting the male-to-female balance for both directors and other officers and employees is certain to lead to enhanced quality.
Also, there may be many cases when women's feelings about design, fashion sense, etc., are better than those from men.
Especially in our B-to-C health promotion business, this is sure to be an important point going forward.
The Paramount Bed Group has always addressed social issues.
I will support the Group as it takes on these challenges in order to grow as a company that greatly contributes to society amidst a decreasing and aging population, and I will meet the expectations of shareholders and investors.

Risk Management

Fundamental approach

Aiming to strengthen the company-wide risk management system, the Company has established the basic rules for risk management and has designated a responsible department for each risk to manage it.Should a serious risk occur or potentially occur, an emergency task force headed by the President and Chief Executive Officer is immediately convened in accordance with the above rules.We have a system to strive to minimize damage by taking immediate action in addition to receiving guidance and advice from outside experts (corporate lawyer, tax accountants, etc.) as necessary, and to take measures to prevent recurrence.

Examples of business risks and mitigation measures

Major risks	Risk details	Mitigation measures
Revisions to systems and other items affecting the business climate	Although official rates (medical and nursing care fees) are not set for our main products, hospital and nursing care beds, revisions in systems related to the public-sector medical insurance system or long-term care insurance system, and the impact of periodic public-sector rate revisions could reduce capital investment by medical facilities, the end customers of the Group.	Reinforce efforts in the field of health promotion based on the technology and knowledge cultivated over the years in the medical and nursing care fields.
Growth of overseas operations	Risks that generally are not potential problems for operation in Japan, such as revisions to import and export regulations, inadequate technology and manufacturing infrastructures, and the difficulty of recruiting employees.	Gather daily information on political, economic, and social conditions and related regulations in the countries where our production and sales sites are located, and in the regions where we sell our products (in particular, stricter enforcement and changes in environmental regulations, product safety and quality regulations, and medical device registration regulations in each country), and implement necessary responses.

Examples of business risks and mitigation measures

Major risks	Risk details	Mitigation measures
Procurement of certain materials and other items	Risk of delayed procurement due to a delay or interruption in the supply of a vital material or product, resulting in shortage of such materials.	Expansion of potential suppliers, supplies, and alternative measures. Adoption of general-purpose parts.
Defective products and components	Risk that the Group's social trust may be reduced due to a defective product or other item that requires a large-scale recall with substantial expenses.	Development of a perfect system for product quality control, including manufacturing in accordance with international standards for quality systems and various in-house standards. Signing up for liability insurance.
Natural and other disasters	Risk of an earthquake or other natural disaster or a major fire or other accidents that may severely damage a factory of a group company or a supplier, causing suspension of operation, delays or reduction of production and shipment.	Formulation of a business continuity plan (BCP) in the event of a major earthquake, preparation of a safety confirmation system and emergency communication networks, and periodic training.
Information security	Risk of information system suspension and information leaks occurring due to large-scale disruptions to cloud services and networks, cyber-attacks, or other events beyond our reasonable expectations, resulting in reduced social trust for the Group.	Along with signing up for liability insurance, implementation of efforts such as enhancing employees' information security awareness.

Compliance

Fundamental approach

The Paramount Bed Group has established corporate principles and code of corporate conduct, and strives to fulfill its social responsibility and further enhance its corporate value by practicing social contribution through its business activities.

The Paramount Bed Group Code of corporate conduct

All of us in the Group are aware of our social mission as a company involved in medical and welfare services and our responsibility as a member of society, and act with integrity in accordance with the following principles.

- Paramount Bed Group contributes to the enhancement of medical care, clinical nursing, and nursing care environments by providing products and services that satisfy customers through their safety and high quality.
- Paramount Bed Group understands and observes the laws and regulations relevant to its business activities and the rules of a fair society.
- Paramount Bed Group appropriately manages corporate information and provides timely and appropriate information disclosures in order to build public appreciation and confidence in the Paramount Bed Group.
- Paramount Bed Group is committed to the preservation of the global environment and conducts environmentally conscious business activities.
- Paramount Bed Group respects human rights and rejects discrimination of any kind, whether on grounds of race, nationality, gender, age, body, or any other grounds.
- Paramount Bed Group respects countries' and regions' cultures and customs and contributes to the development and furtherance of society.
- The top management of the Paramount Bed Group conducts itself in an exemplary manner in conformity with this code of conduct. In the event of a breach of this code, the top management of the Paramount Bed Group at its responsibility takes measures to resolve the breach, identify the cause, and prevent recurrence.

Main initiatives

Corporate ethics initiatives

- Providing compliance training
- Making a Corporate Ethics Guidebook and utilizing it in training
- Regularly distributing messages from the Corporate Ethics Office

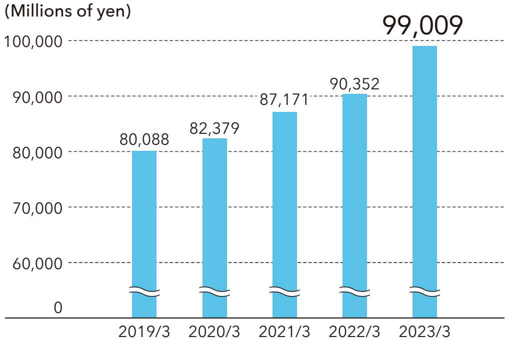
Promotion of highly transparent governance

- Conducting employee awareness surveys on a timely basis
- Establishing consultation and reporting contacts
- Monitoring compliance status from a multifaceted perspective

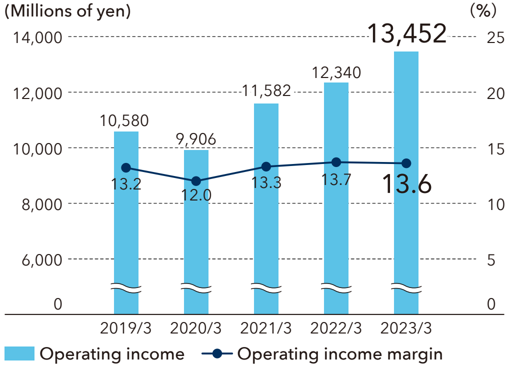
Corporate Data

Management’s Discussion and Analysis of Financial Condition and Results of Operation (MD&A)

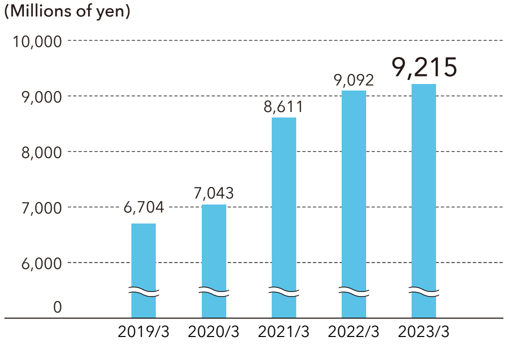
Net sales



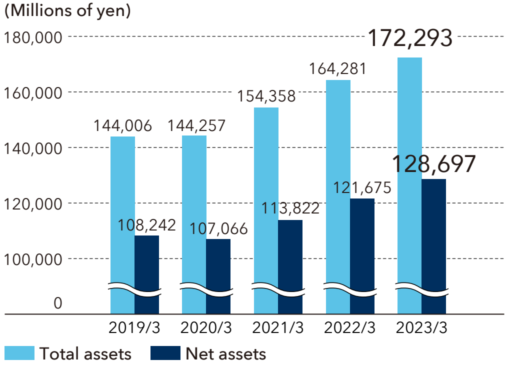
Operating income, operating income margin



Net income attributable to owners of the parent



Total assets, net assets



Financial overview

During the fiscal year ended March 31, 2023, the Japanese economy showed signs of gradual recovery after movement toward normalization of economic activities, but future conditions remained unclear due to increases to raw material prices, unstable exchange rates, the situation in Ukraine, and other factors.

While society moves into a new phase of “living with COVID-19,” medical and nursing care-related organizations, which are the Group’s main customers, have continued to experience various impacts.

Our Group hopes to contribute to the maintenance of the medical and nursing care systems by continuing to provide various services and services.

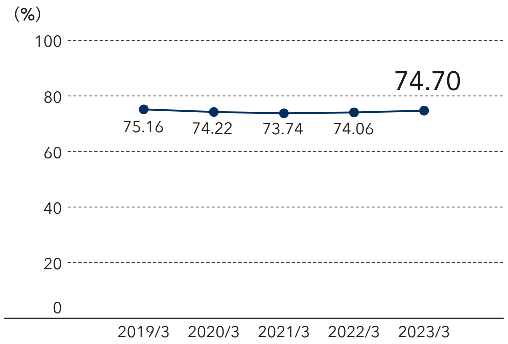
Under such an environment, the net sales for the fiscal year ended March 31, 2023 increased by 8,656 million yen (9.6% increase) compared to the previous period to total 990,09 million yen. Operating income increased by 1,112 million yen (9.0% increase) to 13,452 million yen compared to the previous period, ordinary income increased by 595 million yen (4.4% increase) to 14,139 million yen compared to the previous period, and net income attributable to owners of the parent increased by 122 million yen (1.3% increase) to 9,215 million yen.

Financial condition

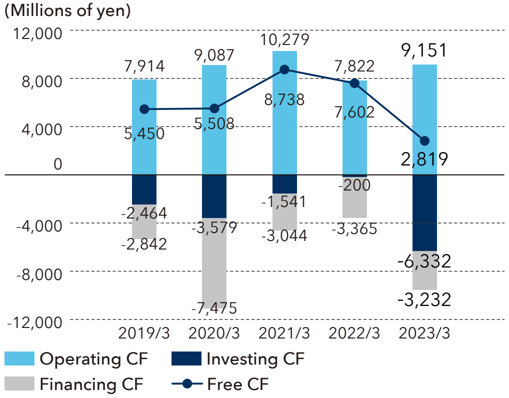
Total assets as of March 31, 2023 increased by 8,011 million yen from March 31, 2022 to 172,293 million yen.Total liabilities increased by 989 million yen to 43,596 million yen.Net assets increased by 7,022 million yen to 128,697 million yen.As a result, equity-to-asset ratio was 74.7% and net assets per share was 2,207.86 yen.

Management’s Discussion and Analysis of Financial Condition and Results of Operation (MD&A)

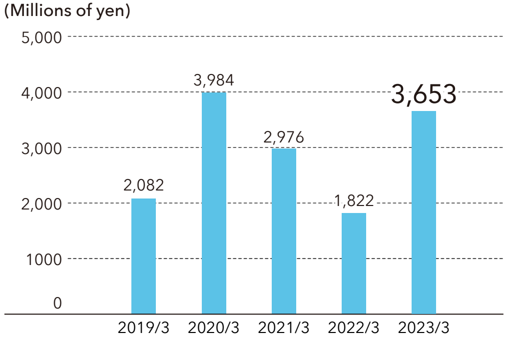
Equity-to-asset ratio



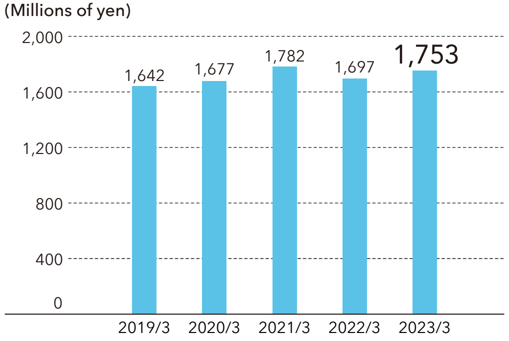
Operating CF, investing CF, financing CF, free CF



Capital investment expenses



Research and development expenses



Cash flow status

Cash and cash equivalents (hereinafter referred to as “cash”) as of March 31, 2023 totaled 45,663 million yen.The status of each cash flow and their factors are as follows.

■ Cash flows from operating activities

The cash increased as the result of operating activities amounted to 9,151 million yen.This was mainly due to increases in the profit before income taxes of 13,812 million yen and depreciation and amortization of 8,482 million yen, and decreases both in the increase in rental assets of 8,005 million yen and in income taxes paid of 4,685 million yen.

■ Cash flows from investing activities

The cash decreased as the result of investing activities amounted to 6,332 million yen.This was mainly due to a decrease of 2,898 million yen in purchase of investment securities and 1,988 million yen in purchase of intangible assets, and an increase of 1,994 million yen in proceeds from sale of securities.

■ Cash flows from financing activities

The cash decreased as the result of financing activities amounted to 3,232 million yen. This was mainly due to dividend payments of 3,321 million yen.

Capital investment status

Capital investment expenses for the fiscal year ended March 31, 2023 totaled 3,653 million yen.Major capital investments include 1,677 million yen related to the installation of our new core work system and 532 million yen for opening two Paramount Care Service Co., Ltd. maintenance centers. There were no material disposals or sales of facilities during this fiscal year.

Research and development status

Based on the corporate principles of “We Create Comfortable Healthcare Environments through Cutting-edge Technology with a Human Touch,” the Group’s research and development activities are handled by the Sleep Research Institute and a total of five departments under the Technology Development Division of the core subsidiary, Paramount Bed Co., Ltd.: R&D Department, Elemental Technology Department, Development Department, Design Department, IBS Solution Development Department. Research and development expenses for the fiscal year ended March 31, 2023 are 1,753 million yen.

CONTENTS
Prologue
Value Creation
Growth Strategy
Capital Strategy
Corporate Governance
Corporate Data

Financial and Non-financial Data

Unit: Millions of yen

	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3	2023/3
Net sales	72,794	75,270	74,089	73,198	77,220	80,088	82,379	87,171	90,352	**99,009**
Operating income	11,541	10,038	9,660	11,015	10,661	10,580	9,906	11,582	12,340	**13,452**
Operating income margin (%)	15.9	13.3	13.0	15.0	13.8	13.2	12.0	13.3	13.7	**13.6**
Ordinary income	12,357	11,553	9,830	11,788	12,161	10,923	10,145	13,461	13,543	**14,139**
Net income attributable to owners of the parent	7,384	7,264	6,387	9,034	8,366	6,704	7,043	8,611	9,092	**9,215**
Comprehensive income	7,884	8,251	5,039	8,533	8,257	7,064	6,212	9,664	10,809	**9,432**
Net assets	82,571	85,391	85,223	88,391	102,803	108,242	107,066	113,822	121,675	**128,697**
Total assets	122,302	125,508	126,279	128,962	139,176	144,006	144,257	154,358	164,281	**172,293**
Net assets per share (yen)	1,345.41	1,453.42	1,461.50	1,600.45	1,726.95	1,800.25	1,841.97	1,958.23	2,092.47	**2,207.86**
Net income per share (yen)	120.51	122.02	110.88	160.07	148.62	111.84	118.21	148.15	156.39	**158.37**
Annual dividend per share (yen)	25.0	30.0	35.0	45.0	45.0	50.0	50.0	51.5	55.0	**59.0**
Dividends on equity ratio (DOE) (%)	1.9	2.1	2.4	2.9	2.7	2.8	2.7	2.7	2.7	**2.7**
Dividend payout ratio (%)	20.8	24.6	31.6	28.1	30.3	44.7	42.3	34.8	35.2	**37.3**
Equity-to-asset ratio (%)	67.50	68.04	67.49	68.54	73.87	75.16	74.22	73.74	74.06	**74.70**
Return on equity (%)	9.30	8.65	7.49	10.41	8.75	6.35	6.54	7.80	7.72	**7.36**
Cash flows from operating activities	6,373	8,151	9,657	12,019	9,967	7,914	9,087	10,279	7,822	**9,151**
Cash flows from investing activities	-7,055	-3,615	-2,037	-936	-493	-2,464	-3,579	-1,541	-220	**-6,332**
Cash flows from financing activities	8,809	-5,375	-5,493	-5,641	-2,621	-2,842	-7,475	-3,044	-3,365	**-3,232**
Cash and cash equivalents	21,313	20,453	22,615	27,644	34,435	37,069	35,009	40,756	45,462	**45,663**
Price earnings ratio (PER) (times)	13.4	12.8	18.3	13.6	19.3	22.0	18.5	16.4	12.8	**14.9**
Price to book-value ratio (PBR) (times)	1.20	1.09	1.37	1.39	1.57	1.36	1.21	1.24	0.95	**1.07**
Research and development expenses	1,256	1,246	1,385	1,600	1,589	1,642	1,677	1,782	1,697	**1,753**
Number of employees (persons)	2,404	2,496	2,638	2,685	2,925	3,224	3,494	3,614	3,682	**3,946**

(Note) 1. The Company carried out a 1:2 stock split of common shares effective April 1, 2021.Net assets per share, net income per share, and annual dividend per share were calculated on the assumption that the share split had been conducted at the beginning of the fiscal year ended March 31, 2014.

2. The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) has been applied from the beginning of the fiscal year ended March 31, 2022, and the key management indicators for the fiscal year ended March 31, 2022 and beyond are the those after applying such accounting standard.

Corporate Information

Corporate name	Paramount Bed Holdings Co., Ltd.
English name	PARAMOUNT BED HOLDINGS CO., LTD.
Head office	14-5, Higashisuna 2-chome, Koto-ku, Tokyo 136-8671, Japan
Phone	+81-3-3648-1100 (operator)
Capital	4,207,430,300 yen (as of March 31, 2023)
Listing	Tokyo Stock Exchange, Prime Market (Securities Code: 7817)
Number of employees	Consolidated: 3,946 (as of March 31, 2023)
Business lines	Control or management through ownership of shares or interests in business companies engaged in the manufacture and sale of medical and nursing care beds, mattresses, hospital room furniture, medical equipment, and services such as inspection, repair, disinfection, and maintenance leasing of beds and mattresses, as well as the rental wholesale of assistive products

Main Group companies

●Domestic consolidated subsidiaries

Paramount Bed Co., Ltd.
Paratechno Co., Ltd.
Paramount Care Service Co., Ltd.
Sadashige Special Plywood Co., Ltd.

●Domestic non-consolidated subsidiaries

KP Service Co., Ltd.
PARAMOUNT BED Healthcare Fund

●Overseas consolidated subsidiaries

Paramount Bed Asia Pacific Pte. Ltd.
PT. Paramount Bed Indonesia
Paramount Bed (China) Co., Ltd.
Paramount Bed Vietnam Co., Ltd.

●Overseas non-consolidated subsidiaries

Paramount Bed (Thailand) Co., Ltd.
Paramount Bed India Pvt. Ltd.
Paramount Bed Mexico S.A. de C.V.
Paramount Bed USA Corporation

CONTENTS
Prologue
Value Creation
Growth Strategy
Capital Strategy
Corporate Governance
Corporate Data

Stock Information (as of March 31, 2023)

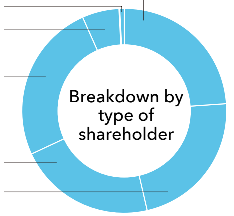
Total number of authorized shares	252,000,000
Total number of shares issued	61,754,974
Number of shareholders	10,577

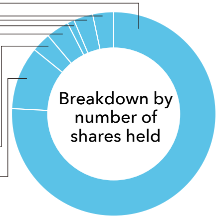
Major shareholders

Name of shareholders	Number of shares held	Shareholding ratio
The Master Trust Bank of Japan, Ltd. (Trust Account)	9,989 thousand shares	17.1 %
CTOC Co., LTD.	5,642	9.7
LLAGE WOOD Co.	4,146	7.1
Custody Bank of Japan, Ltd. (Trust Account)	2,030	3.5
Michihide Kimura	1,822	3.1
Kyosuke Kimura	1,812	3.1
Kenji Kimura	1,781	3.1
Tomohiko Kimura	1,762	3.0
THE BANK OF NEW YORK MELLON (INTERNATIONAL) LIMITED 131800	1,644	2.8
SION Co., LTD.	1,375	2.4
WISE LIGHT Co., LTD.	1,375	2.4

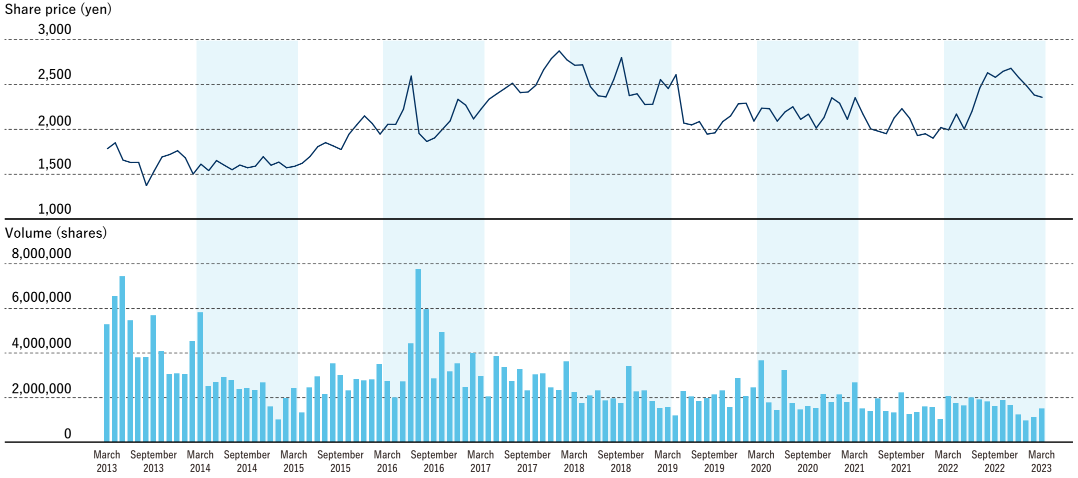
*The Company holds 3,464,828 shares of treasury stock.
The shareholding ratio above is calculated after deducting the shares of treasury stock.

Distribution of shares





10-year share price/volume trends



*The Company carried out a 1:2 stock split of common shares effective April 1, 2021.
Share prices prior to March 2021 are presented on the assumption that an equivalent stock split had taken place.

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PARAMOUNT BED HOLDINGS

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