



**The Fiscal Year Ended September 30, 2022**

# **Business and Financial Highlights**

Amvis Holdings, Inc.

November 14, 2022

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**1** **FY22 Financial Results Summary**

**2** **FY23 Forecast and Three-Year Plan**

**3** **Appendix**

**4** **Company Overview**

## Social Problem-Solving Business



Under the government's policy of shortening of hospital stays and returning home, Ishinkan has been actively accepting patients who are unsure of where to go after being discharged from medical facilities, including those in the terminal stages of cancer, those who need respiratory care (are on respirators, have had tracheostomies, etc.), and those with neurodegenerative diseases. Meanwhile, we have remained conscious of our role as an organization that supports the successful functioning of regional healthcare and have endeavored to fulfill this role by, in principle, ensuring that patients can continue to be seen by their existing primary physicians and care managers.

In order to satisfy our duty to support regional healthcare, we aim to further expand the Ishinkan business. Also, we plan to focus more on strengthening and revitalizing regional healthcare by providing various support for exhausted medical institutions and care providers, utilizing the know-how and human resources acquired through the Ishinkan business.

We hope our business will help to solve the medical problems of revitalizing regional healthcare, reducing the exhaustion of medical workers, and alleviating regional disparities in healthcare.

1

## **Ishinkan widely recognized and accepted as a place for receiving advanced medical care**

- ✓ While hospitals had to discharge in-patients to secure beds for COVID-19 patients, Ishinkan's core value of "accepting patients with high medical dependency" has become widely recognized in regional communities.
- ✓ Even as the pandemic gradually subsides, the perception change that people pass away either at home or in a facility is continuing, and Ishinkan is increasingly being seen as a platform for regional healthcare.

2

## **Established a robust nursing system and a headquarters-focused management system**

- ✓ We have built a robust nursing system to provide various medical procedures for patients with cancer or neurological intractable diseases, such as narcotics management, blood transfusion, respirator management. As a result, about 98% of patients pass away in the facility rather than being transferred to hospital.
- ✓ Instead of assigning head of facility, staff at headquarters, primarily nurses, manage all our facilities. This has enabled us to establish a robust management system that can support the accelerating facility openings.

3

## **Formulated the new three-year plan, "Amvis 2025," given high progress for the previous three-year plan**

- ✓ For the past two years, the number of facilities increased from 29 to 58. We are accelerating the pace of opening Ishinkan to bring up the number to 127 by September 30, 2025.
- ✓ Supported by our robust nursing system and the headquarters-focused management system, we will accelerate the pace of facility openings in the Tokyo metro area, primarily in Tokyo, and aggressively open facilities in Eastern Japan including in regional cities.

# Announced a New Three-Year Plan, Which Exceeds the Amvis 2023 Medium- to Long-Term Targets



## Amvis 2025 Targets

(FY25) Number of facilities /  
Bed capacity

**127 facilities / 6,328 beds**

*FYE22 (actual): 58 facilities / 2,802 beds*

(FY25) Net sales

**JPY 52.3bn**

*FY22 (actual): JPY 23.0bn*

(FY25) Operating profit

**JPY 12.2bn**

*FY22 (actual): JPY 6.1bn*

(FY22–FY25) Net profit (CAGR)

**25% or more**

*FY19–FY22 (actual): 92%*



# 1. FY22 Financial Results Summary

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# Maintained High Profitability through Data Management as well as Scale Expansion



- We maintained stable utilization rates at existing facilities, and the start of new facilities was fast, mainly in the Tokyo metro area.
- We maintained high profitability by implementing sales and cost management based on accumulated data. As an example, a dynamic recruitment model based on past utilization rates and the number of incoming / outgoing employees is operated to forecast the number of employees needed in the next few months.

## FY22 Results

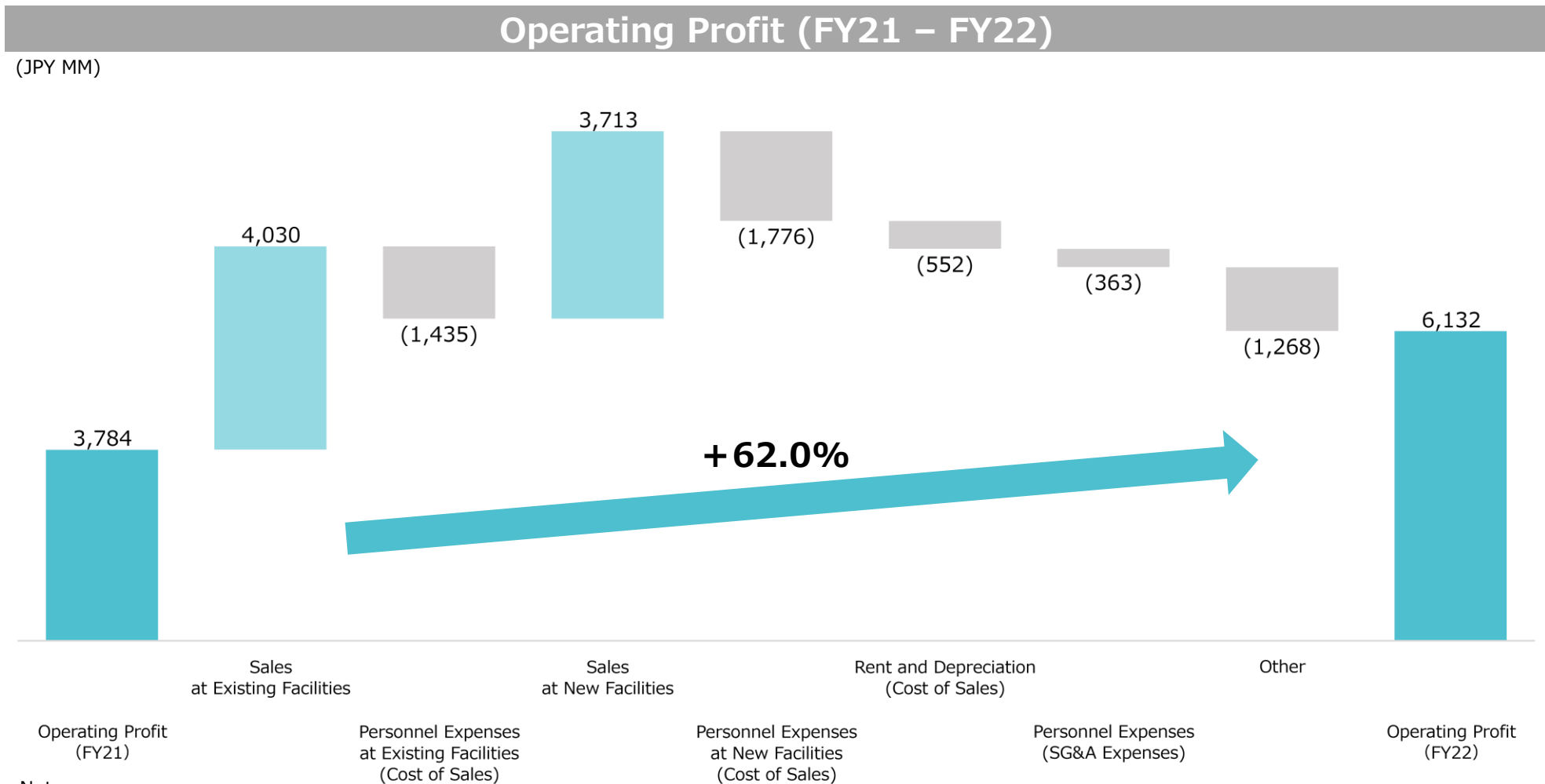
(JPY MM)	FY21	FY22	FY22	vs. FY21	vs. Revised Forecast
	Actual	Revised Forecast <sup>(1)</sup>	Actual		
Number of Facilities (Bed Capacity)	42 (1,977)	58 (2,802)	58 (2,802)	+16 (+825)	+0 (+0)
Net Sales	15,334	22,487	23,072	+50.5%	+2.6%
Operating Profit	3,784	5,800	6,132	+62.0%	+5.7%
Operating Margin (%)	24.7%	25.8%	26.6%	+1.9pt	+0.8pt
Net Profit	2,627	3,975	4,279	+62.9%	+7.7%
Net Margin (%)	17.1%	17.7%	18.5%	+1.4pt	+0.9pt

Note:

1. Revised forecast announced on July 25, 2022

# Maintained Stable Utilization Rates at Both Existing Facilities and New Facilities

- We maintained stable utilization rates at existing facilities (85.8%) and new facilities (60.8%).<sup>(1)</sup>
- Operating profit rose as the number of facilities and bed capacity increased (42 facilities as of September 30, 2021; 58 facilities as of September 30, 2022).



Note:  
1. New Facilities : Opened in FY22 (same applies on the following pages) / Utilization Rate : median

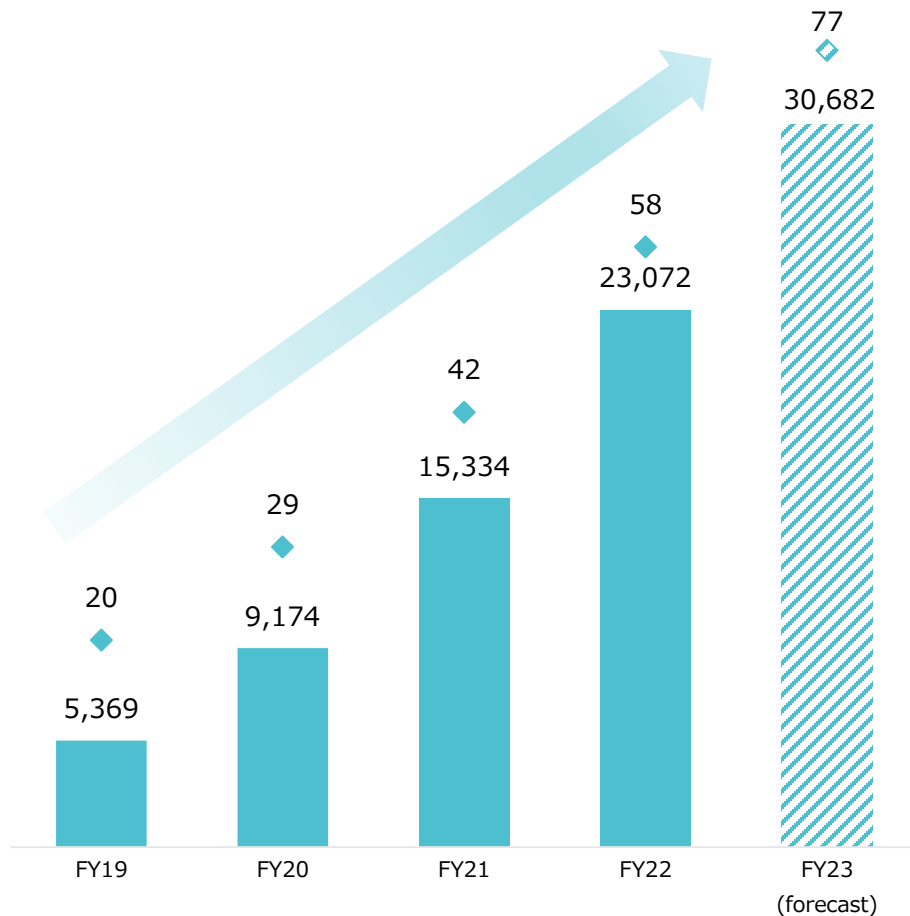


# Maintained High Growth Rates and High Profitability as the Number of Facilities Increased, Mainly in the Tokyo Metro Area

- We successfully improved operating margin as well as increased sales by taking advantage of economies of scale through increased bed capacity per facility.
- In FY23, we expect the operating margin to decline slightly, given the increase in the number of facilities in the Tokyo metro area and the inflation.

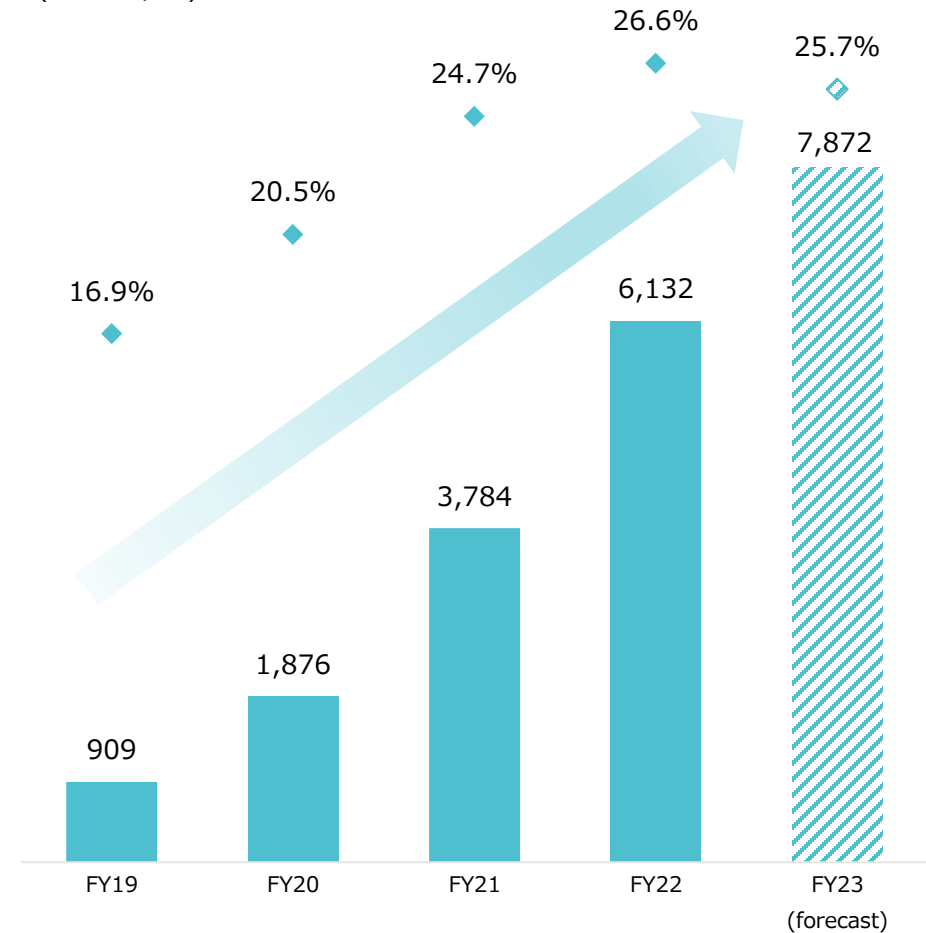
## Net Sales / Facilities

(JPY MM / Facilities)



## Operating Profit / Operating Margin

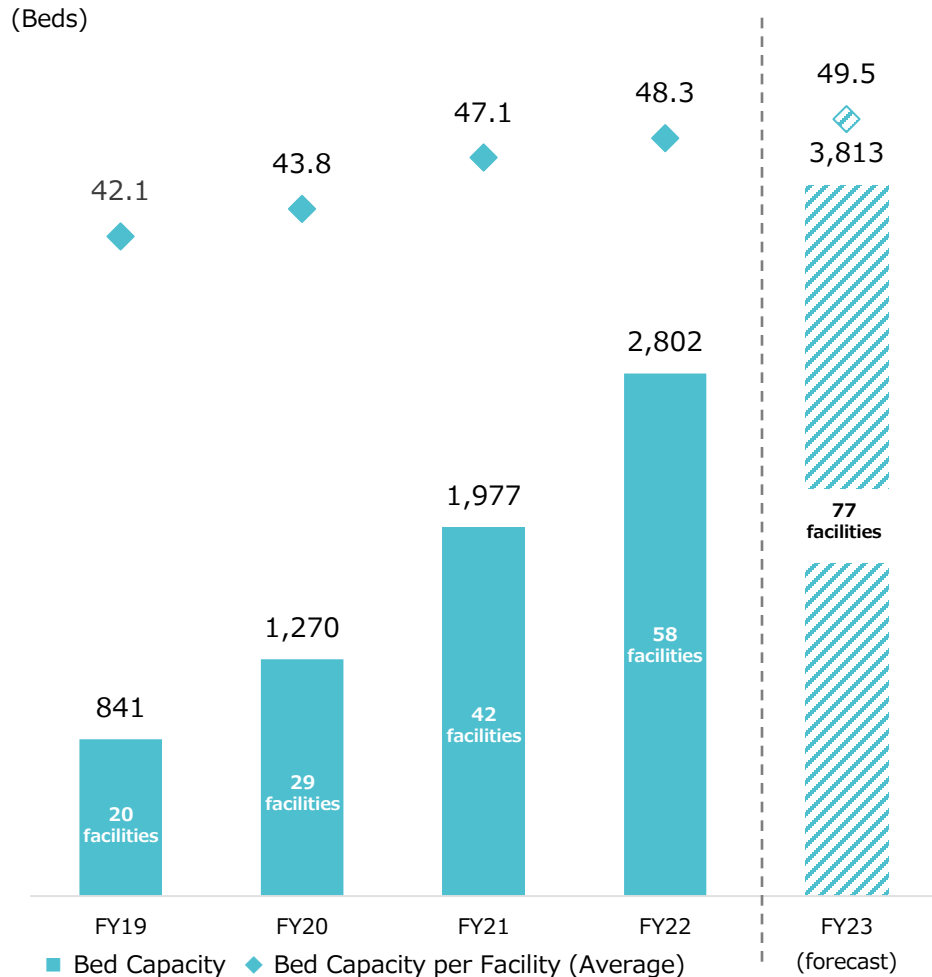
(JPY MM / %)



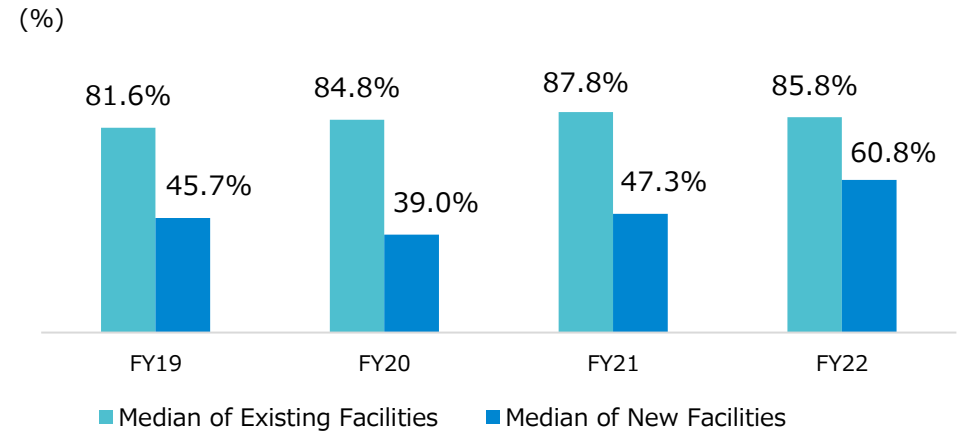
# Raise the Target Utilization Rate for Stable Operation Considering the Current Status

- We aim to open about 1-2 large facilities per year, but the average bed capacity per facility will be maintained at about 50 beds.
- We raised the target utilization rate for stable operation from 80-85% to 82-85% considering the current status.

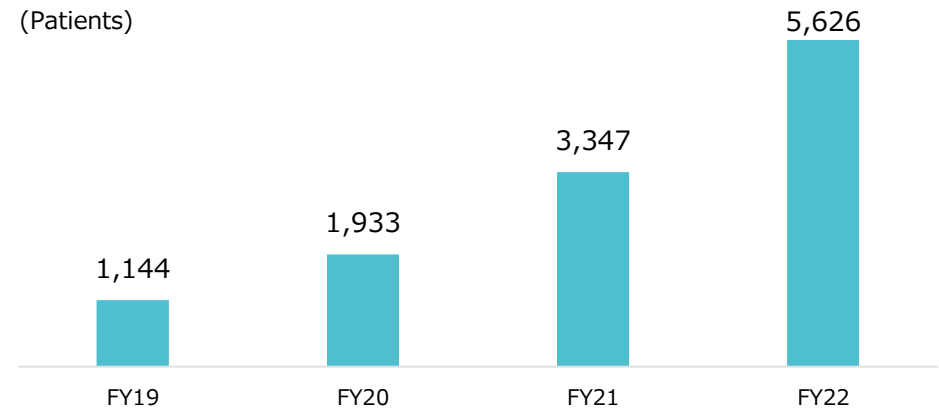
## Number of Facilities / Bed Capacity



## (Existing · New Facilities) Utilization Rate



## New Patients



# Shareholder Return Policy

## Emphasizing Total Shareholder Return



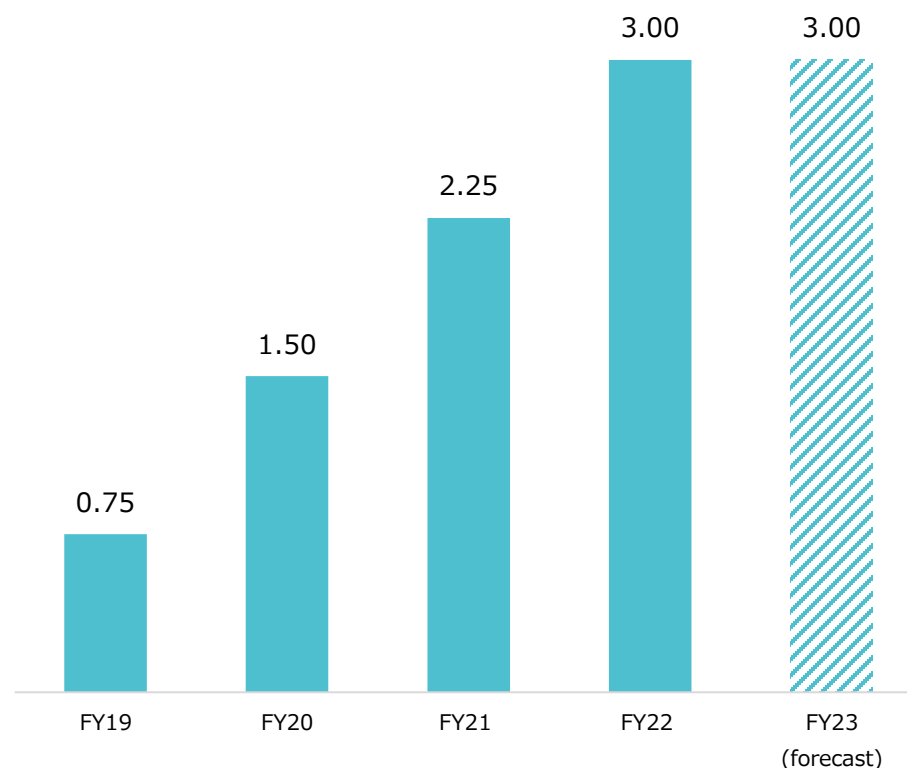
- In FY23, we expect to maintain dividends per share at the current level to prioritize the acceleration of growth.
- Over the medium to long term, we will focus on total shareholder return and plan to provide a stable yield, regardless of changes in growth stage.

### Basic Policy on Shareholder Return

- We consider the distribution of profits to shareholders to be a priority management issue. We aim to enhance our corporate value by returning profits to shareholders while securing internal reserves to expand the Ishinkan business as well as related businesses and to strengthen our management base.
  - Our basic policy is to distribute profits to shareholders through the stable payment of dividends paid once a year, by taking into account factors including the market environment, regulatory changes, and financial soundness.

### Dividends History and Forecast<sup>(1)</sup>

(JPY)



Note:

1. The Company has implemented a 2-for-1 stock split on April 1, 2020, a 2-for-1 stock split on January 1, 2022, and a 2-for-1 stock split on October 1, 2022. Therefore, the dividends per share are calculated on the assumption that the stock splits had taken place at the beginning of FY19.



## **2. FY23 Forecast and Three-Year Plan**

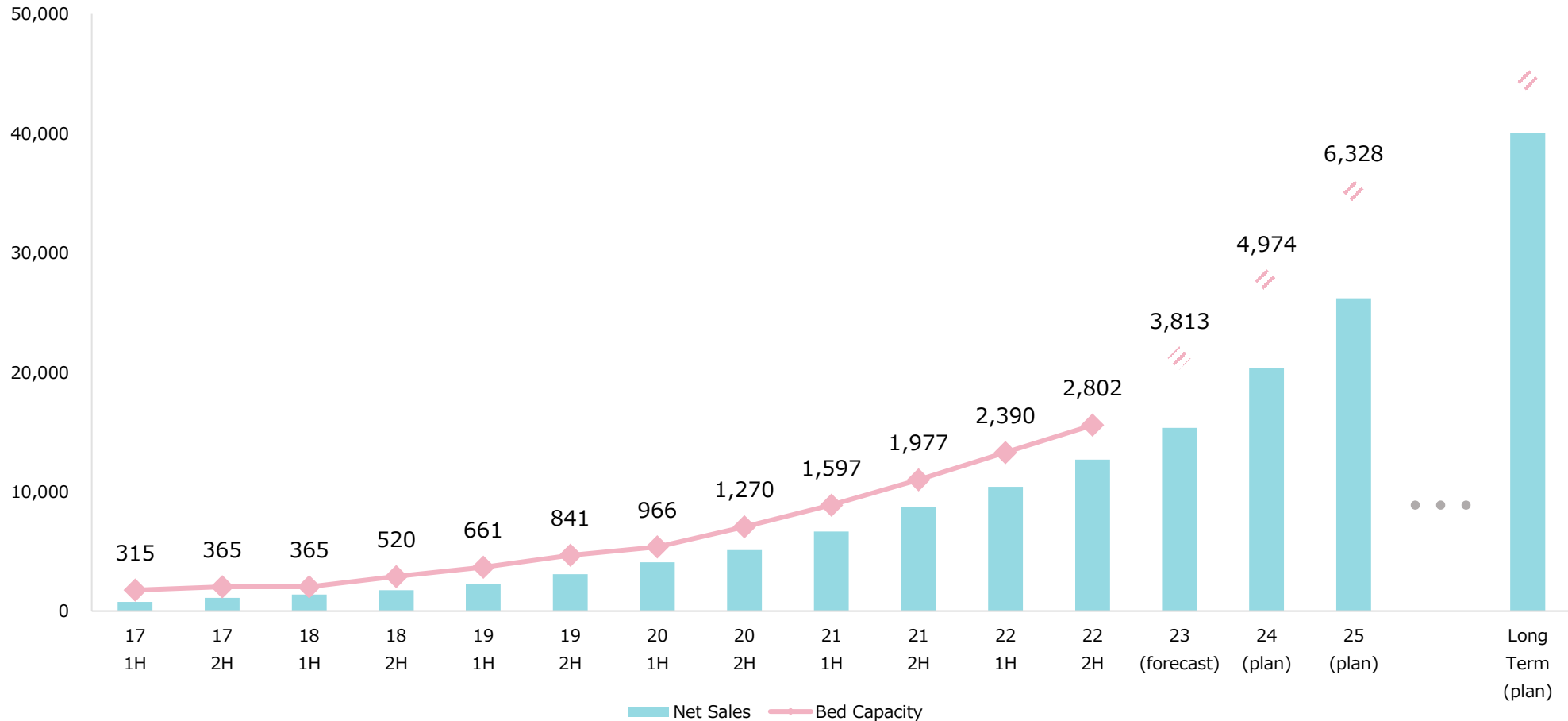
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# A Steady Rise in Bed Capacity and Net Sales Since Amvis Holdings' Establishment



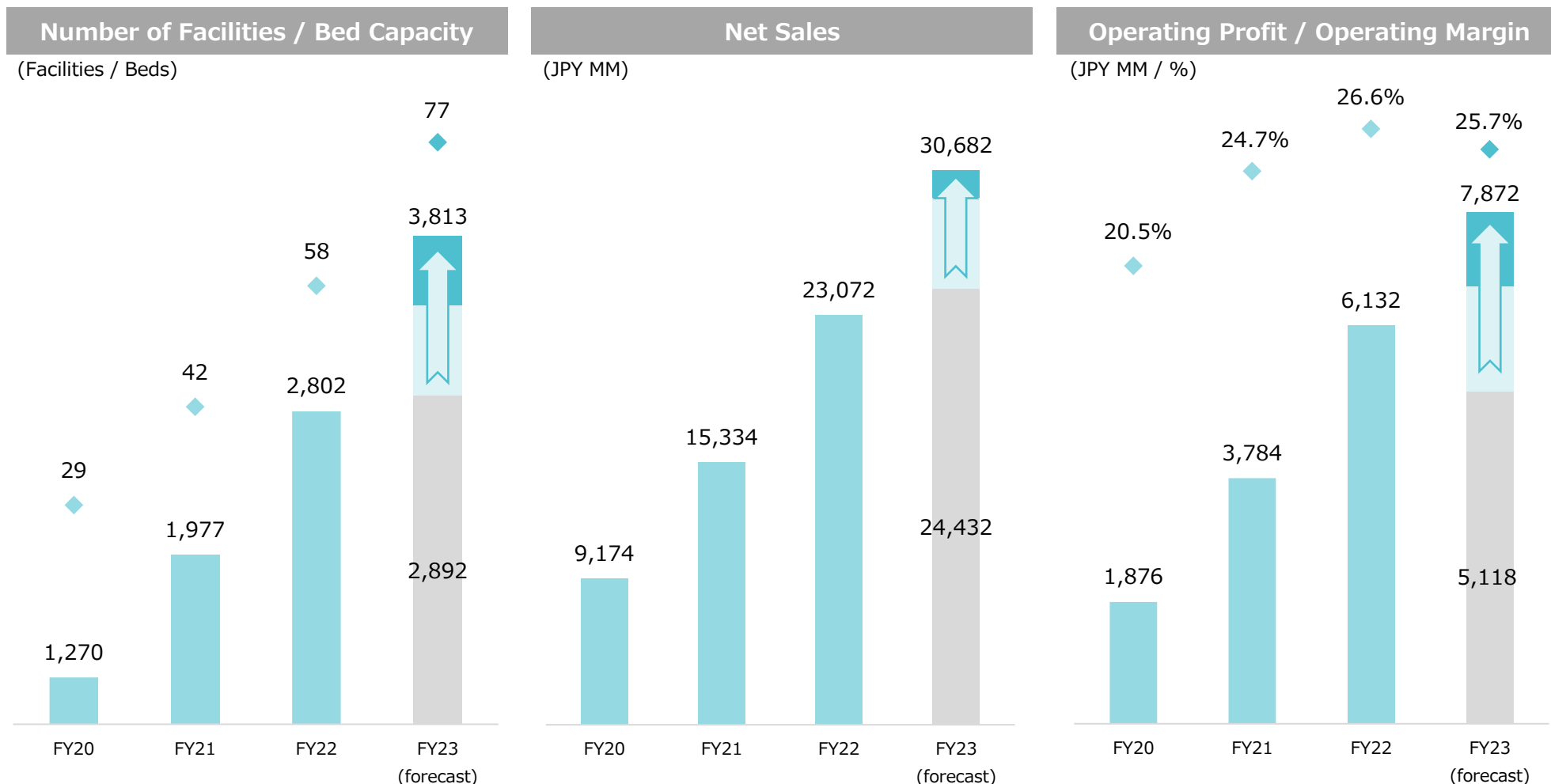
## Amvis Holdings' Growth Trajectory

(JPY MM / Beds)



# Targets of the Three-Year Plan “Amvis 2023” Expected to be Achieved Steadily

- We are growing significantly faster than initially expected, and progress is well above the target for FY23, announced in November 2020.
- We also improved profitability by thoroughly strengthening the operating structure, including recruiting capabilities, marketing capabilities, facility opening capabilities, and a headquarters-focused management system.

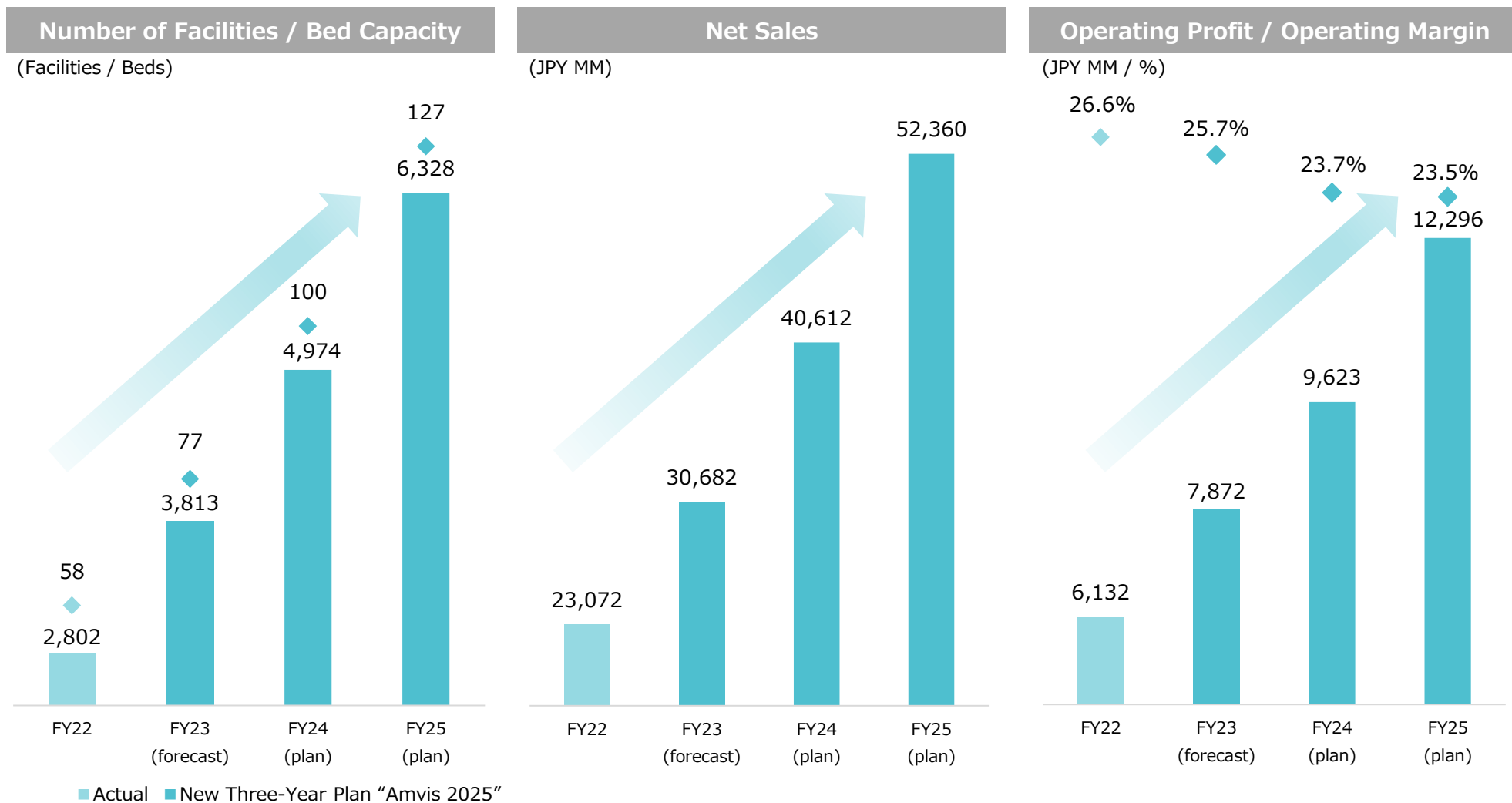


Note:

1. The target for FY23 was initially announced in November 2020 and revised upwardly twice, in November 2021 and in November 2022.

# Entering a New Growth Stage with a New Three-Year Plan, "Amvis 2025"

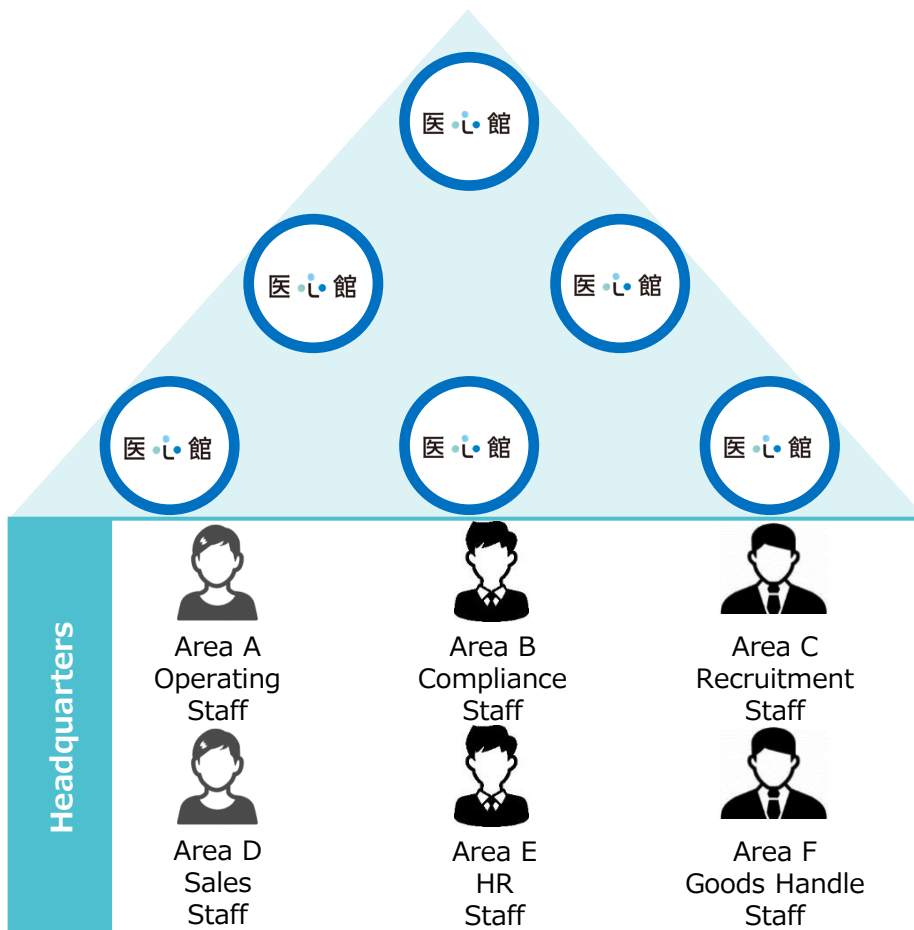
- We will proactively open facilities in Eastern Japan not only in the Tokyo metro area, but also in regional cities.
- On the other hand, we expect the operating margin to decline slightly, due to an increase in the number of facilities in the Tokyo metro area and the inflation.



# Establishment of a Headquarters-Focused Management System to Support Business Expansion

- Instead of assigning head of facility, we have established a robust management system that can support business expansion by having our headquarters staff, primarily nurses, centrally manage facilities in all areas of operation, including compliance and recruiting.
- We have set up a structure where nurses and caregivers at all facilities can focus on caring for patients.

## Headquarters-Focused Management System



### Headquarters staff, primarily Nurses, supporting the headquarters and facilities

1. Headquarters staff, primarily nurses, in the nursing and care department instruct and train nurses and caregivers working at each facility
2. Headquarters staff, primarily nurses, in the compliance department check facility operation, and patient records
3. Headquarters staff, primarily nurses, in the recruitment department recruit nurses and caregivers (including responding to over 1,000 job applicants per month)
4. For corporate functions such as marketing management, sales management, and goods management, headquarters staff in each department take charge of a region and closely support operations of each facility
5. With an eye to expanding the number of facilities going forward, we continue working to recruit personnel for each headquarters department to maintain a robust management system while sharing a unified policy across the organization



# Continued Carefully Selected Recruitment of Nurses and Caregivers

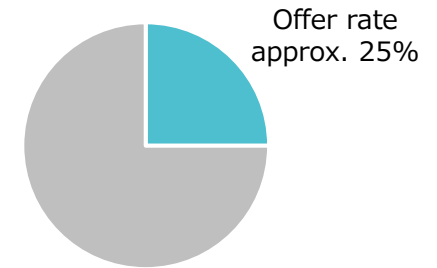
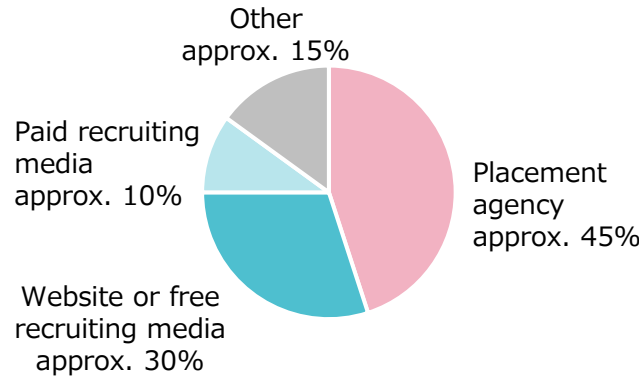
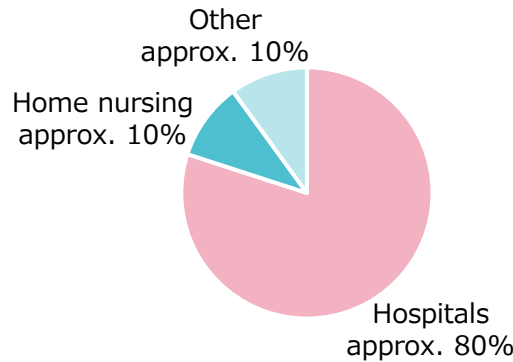
- We have been successful in recruiting talented and proactive people by offering some of the highest salaries in the industry and providing rewarding work experience that hospitals and other care facilities do not offer.
- We do not hire temporary nurses and caregivers. For caregivers, we do not use placement agencies.

Prior Workplaces by Job Type

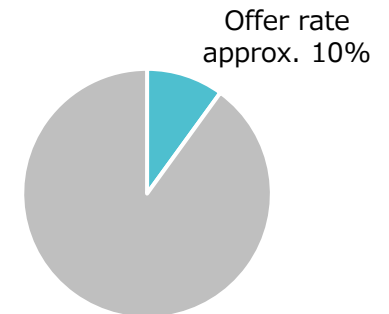
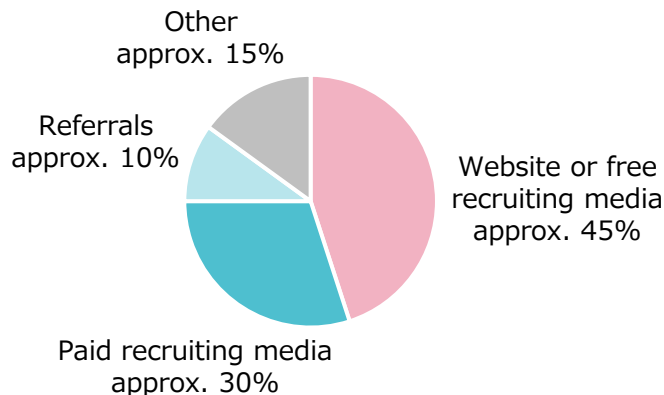
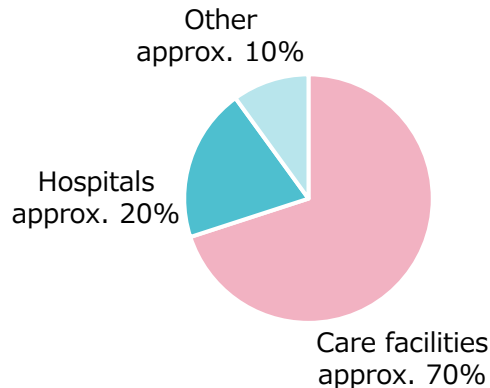
Hiring Routes by Job Type

Offer Rate by Job Type

Nurses



Care givers



Note:

1. As of the latest date / Offer rate indicates the percentage of job offers to all applicants.

# Examples of Patients Who Can be Accepted by Establishing a Robust Nursing System

- We provide services to patients with cancer and neurological intractable diseases, narcotic management, blood transfusions, respirator management, drain management, outpatient anticancer drug treatment, radiation therapy, and other services to meet the needs of patients, medical institutions, and primary physicians.

Patients Undergoing Medical Care (examples)		Patients Requiring Medical Procedures (examples)	
<p><b>Patient A</b> (anti-cancer therapy)</p>	<ol style="list-style-type: none"> <li>1. Disease: lung metastasis of renal cell carcinoma</li> <li>2. Pre-admission status: outpatient administration of immune checkpoint inhibitor drug</li> <li>3. Post-admission response: after admission, continuing with regular outpatient treatment of Opdivo as long as possible</li> </ol>	<p><b>Patient D</b> (blood transfusion)</p>	<ol style="list-style-type: none"> <li>1. Disease: multiple myeloma</li> <li>2. Pre-admission status: blood transfusion therapy</li> <li>3. Post-admission response: ongoing blood transfusion therapy</li> </ol>
<p><b>Patient B</b> (anti-cancer therapy)</p>	<ol style="list-style-type: none"> <li>1. Disease: pancreatic cancer</li> <li>2. Pre-admission status: anti-cancer drug therapy, narcotic medication</li> <li>3. Post-admission response: switch to continuous narcotic infusion and control while using rescue dose</li> </ol>	<p><b>Patient E</b> (artificial respirator)</p>	<ol style="list-style-type: none"> <li>1. Disease Name : lung cancer</li> <li>2. Pre-admission status: tracheostomy and ventilator management due to severe respiratory failure caused by COVID-19</li> <li>3. Post-admission response: home respirator, suction, post-tubectomy management</li> </ol>
<p><b>Patient C</b> (radiation)</p>	<ol style="list-style-type: none"> <li>1. Disease: bone metastasis of prostate cancer</li> <li>2. Pre-admission status: outpatient palliative radiation</li> <li>3. Post-admission response: continuation of outpatient palliative radiation</li> </ol>	<p><b>Patient F</b> (drain management)</p>	<ol style="list-style-type: none"> <li>1. Disease Name : colon cancer</li> <li>2. Pre-admission status: colostomy for perforation of tumor, drainage of abscess, antibiotics administered</li> <li>3. Post-admission response: drainage management, pain control with continuous narcotic administration</li> </ol>

# Complementary Role to the Shortage of Palliative Care Beds



- We mainly accept patients in the terminal stages of cancer, but are flexible about accepting patients with other diseases.
- Unlike palliative care beds, there are no restrictions on the length of stay, so we can flexibly respond to patients' wishes, such as active or palliative treatment, and provide responsible medical care without being transferring to the hospital.

## Concrete Examples (September 2022)

Name of Facilities (Opening Month/ Bed Capacity)	Ishinkan Kanazawabunko (April 2021/ 80 beds)	Ishinkan Hamamatsu (May 2021/ 51 beds)
Number of In and Out per Month (Number of Move-Ins + Number of Move- Outs/Pass-Aways)	43 (26+17)	24 (15+9)
Percentage of Cancer Patients	68%	76%
Percentage of Patients Who Have Passed Away in the Facilities <sup>(1)</sup>	100%	100%

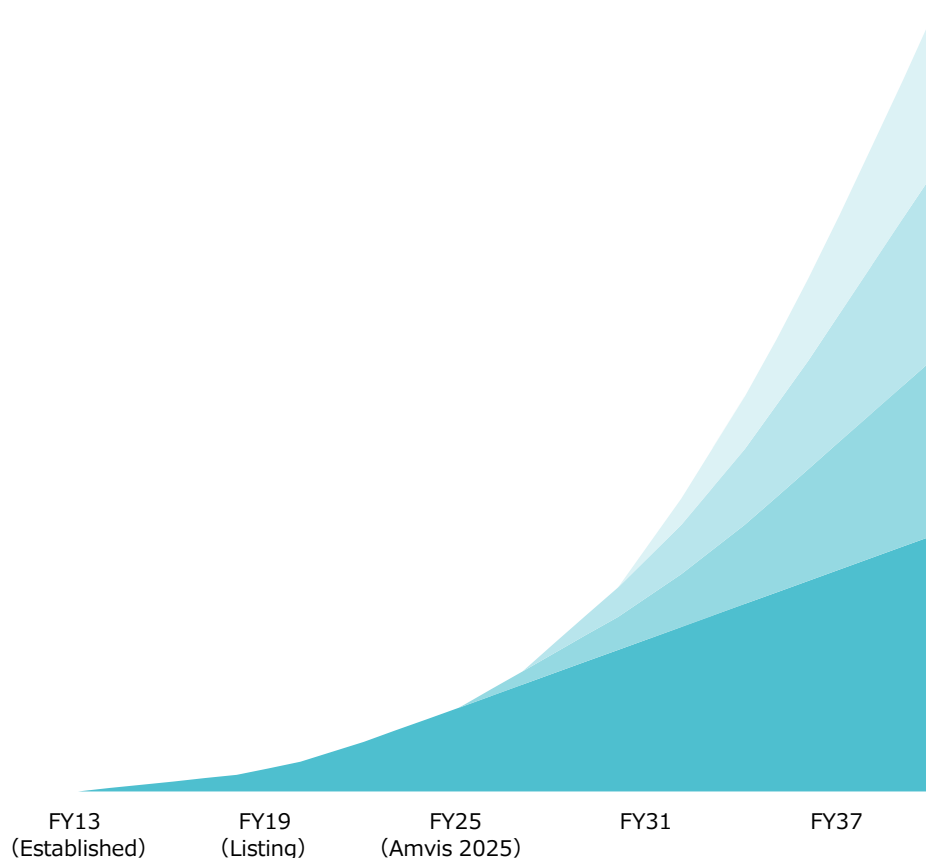
Note:  
1. Percentage of patients who reach the end of their life at Ishinkan without being transferred to the hospitals

# Beyond 2026: Ishinkan Business + Regional Healthcare Revitalization Project



- We plan to expand the scale of the Ishinkan business by expanding the deployment region and the base of patients.
- We aim to expand into related businesses, including comprehensive support for medical institutions, utilizing the know-how acquired through the operation of Ishinkan.

## Medium- to Long-Term Growth Strategy



**Building a Business  
Not Dependent on Insurance Fees**

**Development of the Regional Healthcare  
Revitalization Project**

**Expansion Deployment Region  
and the Base of Patients (Including M&A)**

**Expansion of Existing Ishinkan Business**

## FY22 Results / Three-Year Plan "Amvis 2025"

(JPY Bn)	FY21	FY22	FY23	FY24	FY25
	Full-Year	Full-Year	Forecast	Plan	Plan
<b>Net Sales</b>	15.3	23.0	30.6	40.6	52.3
<i>(Y/Y(%))</i>	+67.1%	+50.5%	+33.0%	+32.4%	+28.9%
<b>Operating Profit</b>	3.7	6.1	7.8	9.6	12.2
<i>(Operating Margin(%))</i>	24.7%	26.6%	25.7%	23.7%	23.5%
<b>Net Profit</b>	2.6	4.2	5.4	6.5	8.3
<i>(Y/Y(%))</i>	+112.0%	+62.9%	+26.2%	+20.8%	+27.8%

# Amvis 2025: Key Assumptions



- We expect the operating margin to decline slightly due to an increase in openings in the Tokyo metro area and the deterioration of the macro environment, such as the availability of wood and energy resources.
- In parallel with the acceleration of growth, we plan to keep strengthening our operation and compliance, led by nurses at the headquarters.

## Key Assumptions

### Number of Facilities, Bed Capacity, Utilization Rates

- Number of facilities (19–27 new facilities per year): Steadily accelerate facility openings
- Bed capacity (50 beds): Continue to open facilities with about 50 beds
- Utilization rates (82–85%): Raise lower limit of the utilization rate for stable operation from 80% to 82%

### Personnel at Facilities, Recruiting

- Personnel management: Based on accumulated data, establish an appropriate personnel structure depending on forecasts of utilization rates
- Recruiting nurses: Continue to aggressively capitalize to attract talented and proactive nurses (including nurse leaders)

### Headquarters Functions

- Personnel at headquarters: Continue to actively recruit headquarters personnel to maintain and strengthen the headquarters-focused management system
- Operating structure: Continue to actively recruit nurses at the headquarters, mainly at the nursing and care department, compliance department, and recruiting department in order to strengthen operation

### Other

- Expect operating margin to decline slightly due to higher personnel, construction, utility, and other costs caused by the increase of opening in the Tokyo metro area and the macro environment, such as the availability of wood and energy resources
- On the other hand, since the bed capacity per facility will be maintained, expect the positive impact of economies of scale on operating margin to be limited



## **3. Appendix**

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# A High-Growth, High-Profit Business Model in the Hospice Business, Where Barriers to Entry Are High



1

## **The Market Has Been Growing Supported by Social Issues**

- ✓ A chronic- and terminal-stage medical infrastructure originated from the private sector in an era of changes of medical care from hospital-based to community-based.
- ✓ A social problem-solving business that benefits all three parties of patients, local communities, and hospitals/clinics.

2

## **High Barriers to Entry and Accumulated Operational Know-how**

- ✓ With a novel paradigm of opening hospitals from which a physician's function is outsourced, we have established a management system of health care facilities that function as in-home hospital beds, mainly operated by nurses.
- ✓ In addition to the Tokyo metro area, where demand is high, we have successfully expanded regional cities, which have high barriers to entry.

3

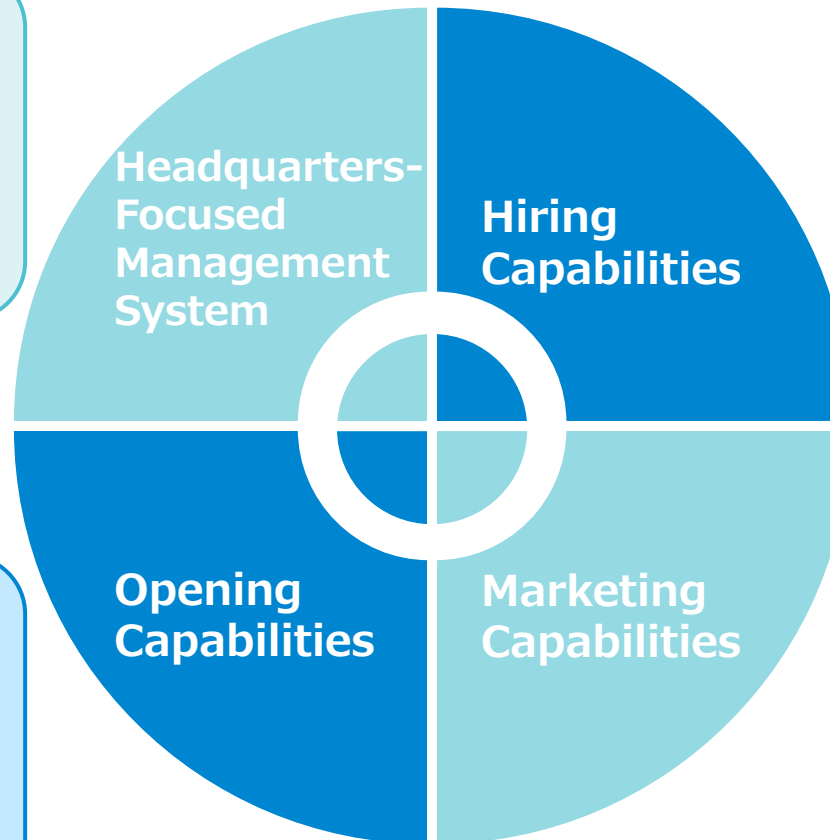
## **High-Growth, High-Profit Business Model Backed by Strong Cash Generation**

- ✓ Carefully-selected opening plans and high sales force enables early utilization rate increase and early realization of profit in the newly-opened facilities.
- ✓ Maintaining high utilization rates at existing facilities based on high hiring ability and operational ability and an appropriate personnel structure based on utilization rates.



## Thorough Efforts to Strengthen and Enhance the Operating Structure

- Establishment of a headquarters-focused management system without area managers and head of facility
- Concentration of primary corporate functions at headquarters (marketing, sales management, recruiting, human resources administration, consumables management)



- Not hiring temporary nurses and caregivers
- Caregivers hired directly, rather than through placement agencies

- Careful site selection two years prior to opening based on market survey and other factors
- Conduct surveys of demand, local hospitals, physicians and difficulties in recruiting

- Most patients referred by medical professionals, with only a few through referral agencies
- Despite COVID-19, maintained and improved high utilization rates

# Facility Opening and Operating Strategy: The Process From Project Cultivation to Stable Operation

- We begin conducting market and other surveys around two years prior to opening a new facility, making the decision to open after carefully reviewing the survey results.
- After opening, we manage personnel numbers based on utilization rates to achieve profitability on a monthly basis in 4–6 months and become profitable on a cumulative basis after 10–12 months.

## From Project Cultivation to Opening

### Up to 2 years before: Commence market survey in candidate regions

- Conduct surveys of hospice demand, taking medical areas, demographics, and medical resources into account.
- Build trust with hospitals and physicians around facilities.

### From 2 years to 1 year before: Conduct land and building surveys

- Make an overall decision on the project, taking into account such factors as location, site area, flow line, opening method, and investment amount.
- Decide opening location, considering occupancy and recruiting.

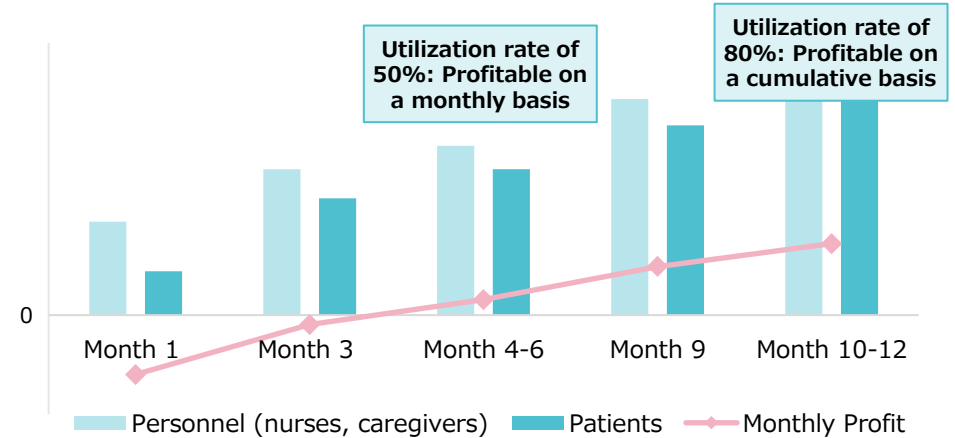
### From 1 year to 6 months before: Announce opening and begin construction

- Once decision to open is relatively certain, make announcement.
- Following the announcement, begin recruiting with an eye toward opening.

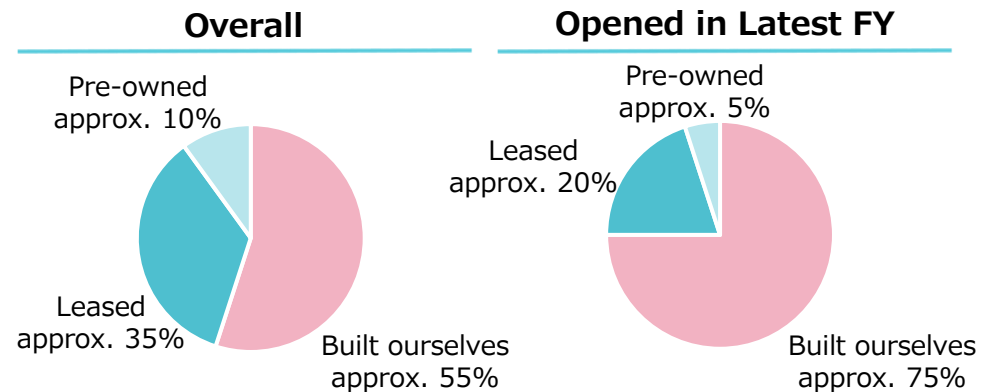
### 3 months before: Commence pre-launch sales activities

- Step up full-fledged marketing to hospitals, begin promoting occupancy.
- Prepare for opening, with collaboration from supporting staff from headquarters and other facilities.

## From Opening Stable Operation (Base Case)



## Facility Open Methods



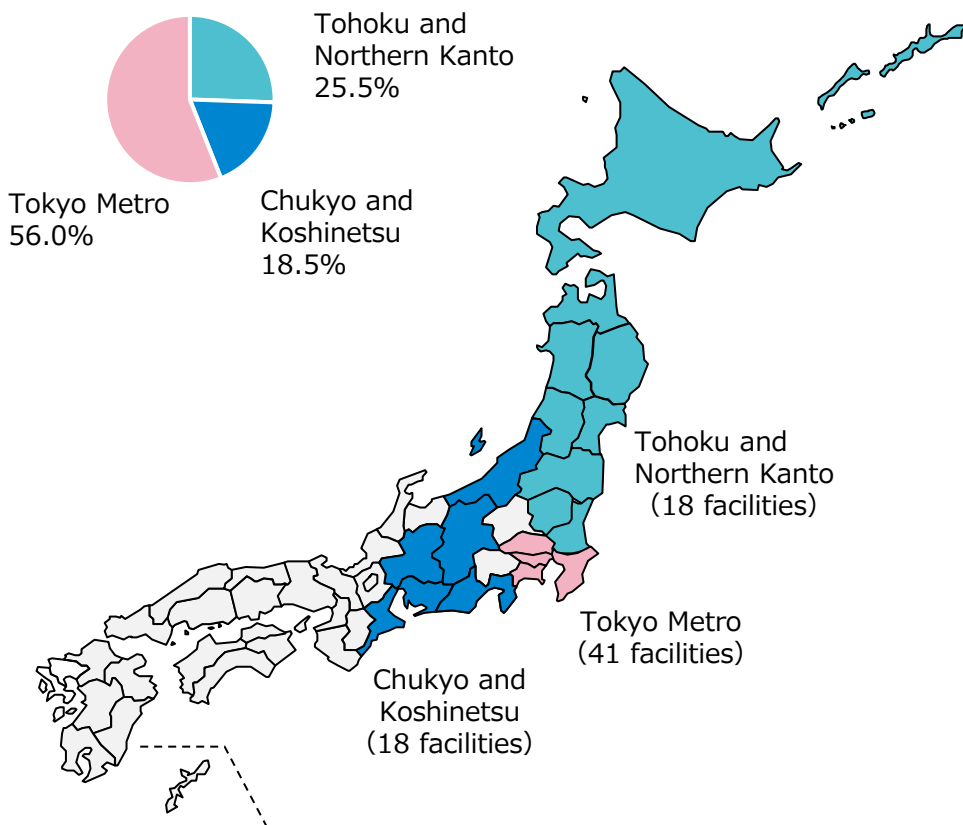
Opening

# Facility Opening Strategy: Accelerate Our Formation of Dominant Areas in the Tokyo Metro Area

- In FY23, we began operating in Hokkaido and will accelerate our dominance formation in the Tokyo metro area.
- Over the next three years, we plan to significantly increase the number of facilities in Eastern Japan while establishing a foothold to expand into Western Japan.

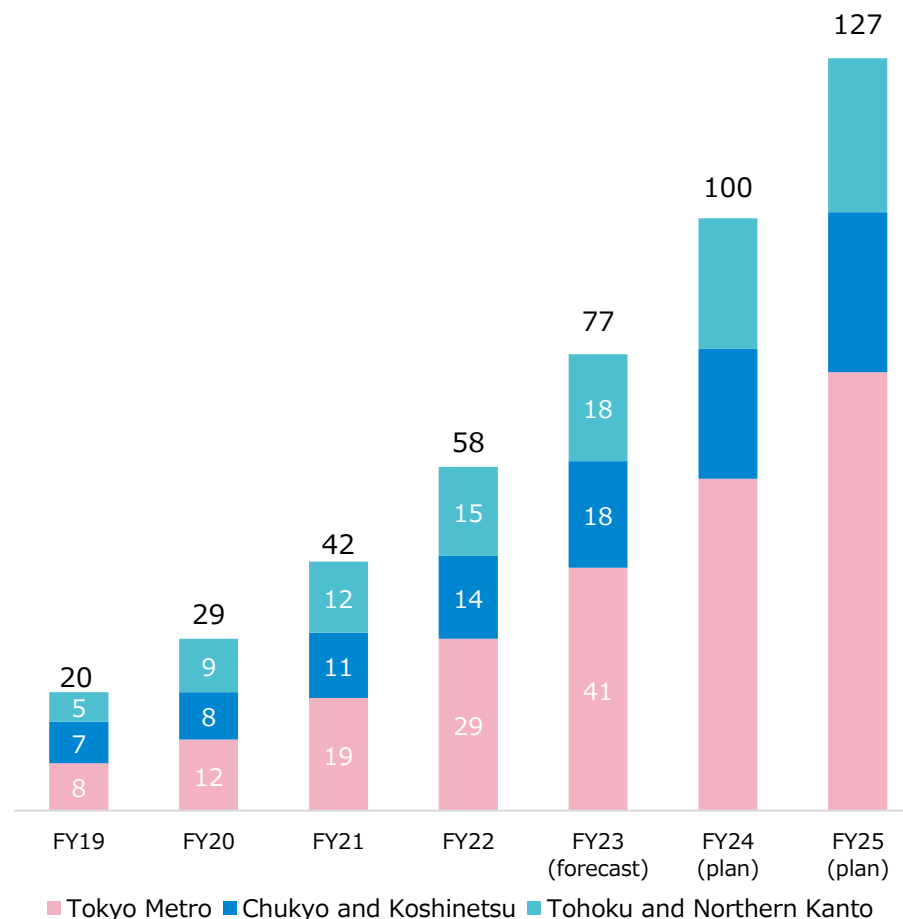
## Expand Deployment Region

Net Sales (FY22)



## Number of Facilities by Region

(Facilities)



Note:  
1. Number of facilities is as of September 30, 2023 (total: 77 facilities)

- We plan to open 19 facilities (1,011 beds) in FY23.
- Going forward, we will accelerate the formation of dominant areas in regions where we already have a presence mainly in the Tokyo metro area.

## Recent Topics

FY25 127 facilities set as Amvis 2025 target

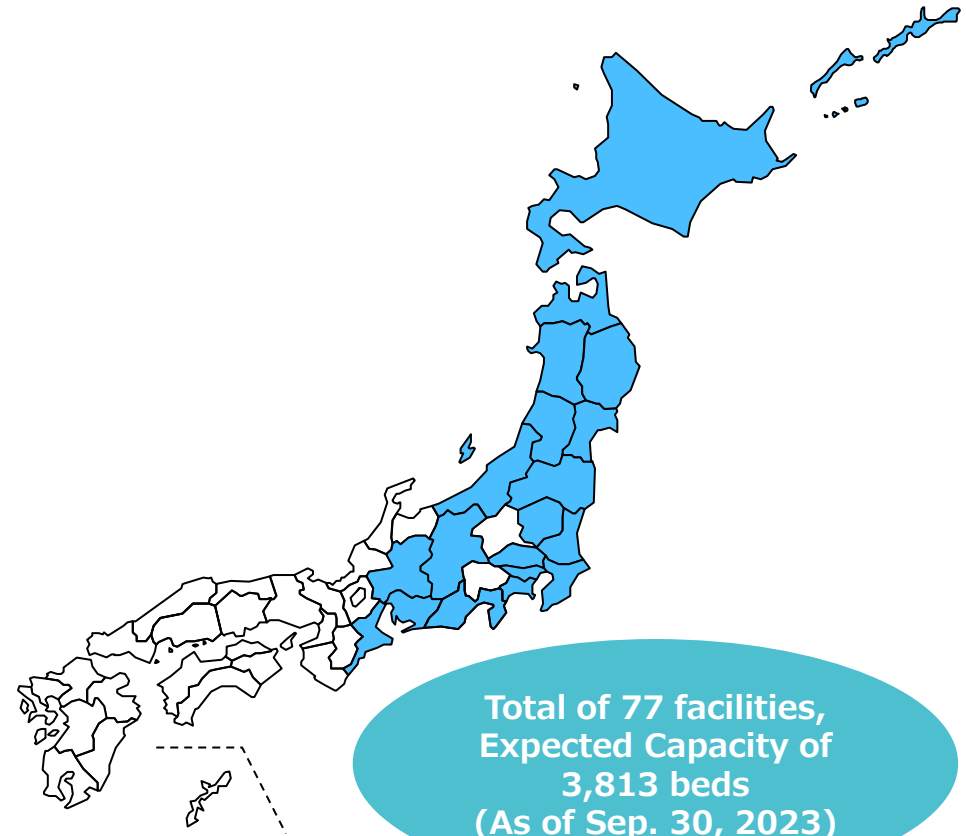
## Opening Plans from Jul. 2022 to Sep. 2023

Opening Date	Location	Total Beds <sup>(1)</sup>
Aug. 2022	Inage	50
Sep. 2022	Hirosaki	52
Oct. 2022	Chiba ekimae, Higashi Sapporo, Yokohama Nakayama	171
Nov. 2022	Sengawa, Fuji	99
Dec. 2022	Kasukabe, Numazu	104
Feb. 2023	Tsurugashima	45
Apr. 2023	Tsukuba II, Fujisawa, Yagoto Minamiyama	154
May 2023	Sakura	52
Jun. 2023	Kuki, Sagamihara	99
Aug. 2023	Omori, Nishi Funabashi	131
Sep. 2023	Shizuoka II, Sendai Yaotome, Hachioji	156

Note:

1. Total beds is the sum of the capacities of multiple facilities.

## Ishinkan Nationwide

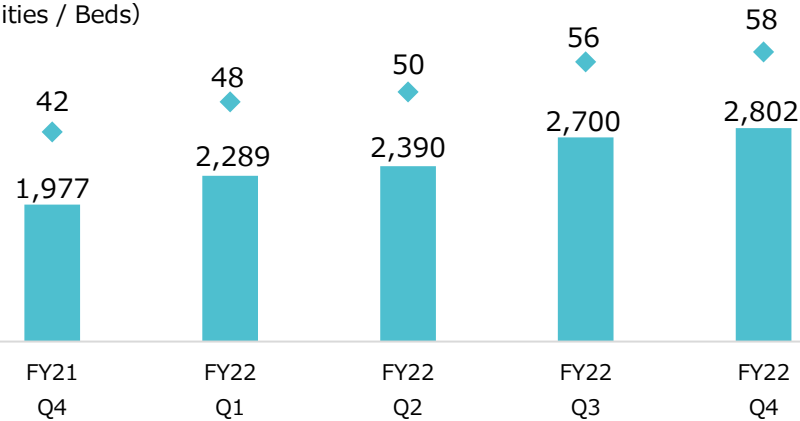


# Quarterly Performance: Key Financial Indicators

## Quarterly Performance

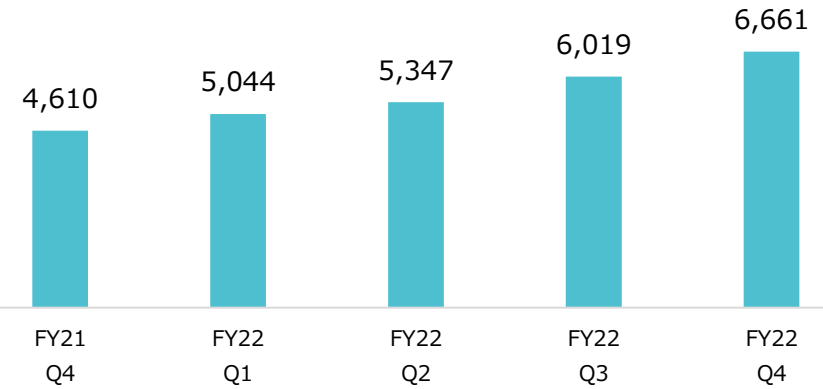
### Number of Facilities / Bed Capacity

(Facilities / Beds)

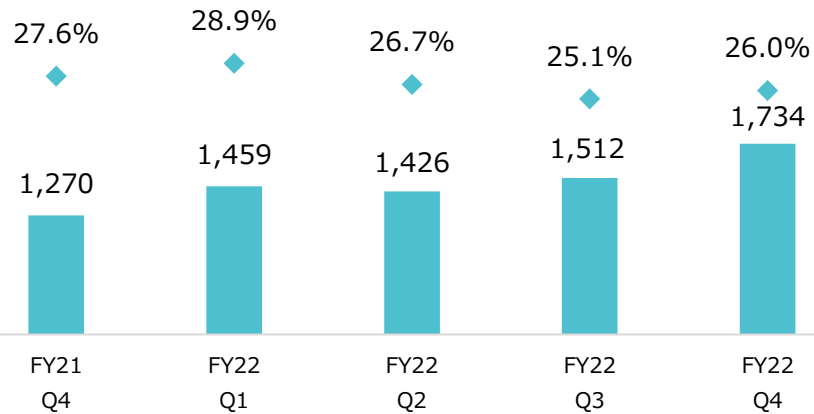


### Net Sales

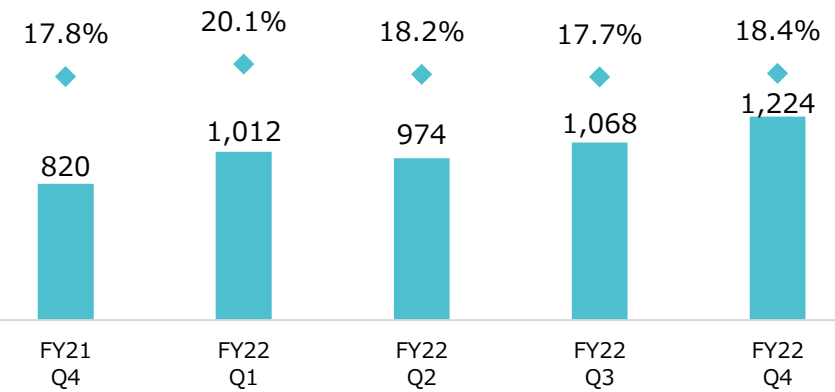
(JPY MM / %)



### Operating Profit



### Net Profit

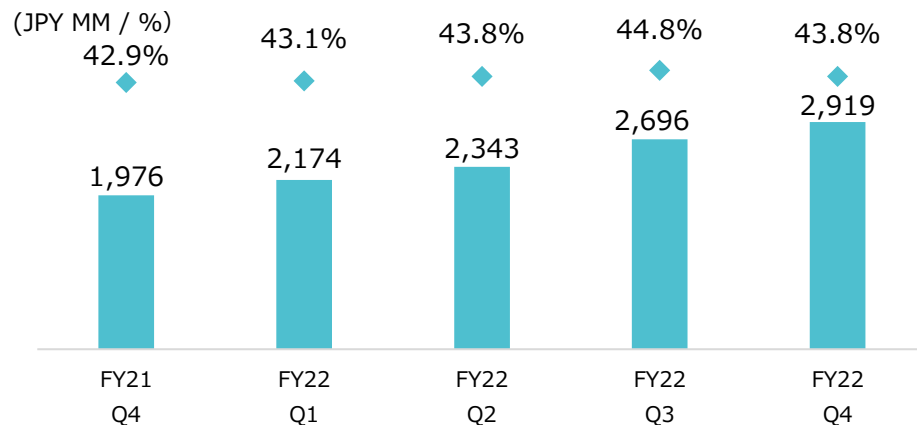


◆ : Percentage of Net Sales

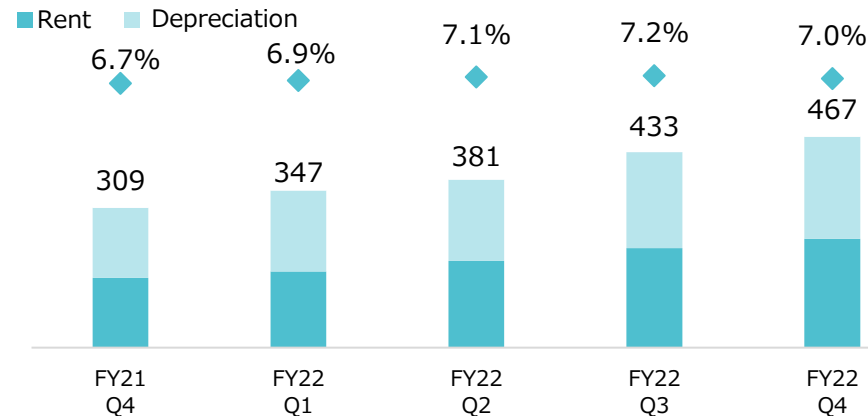
# Quarterly Performance: Major Costs of Sales, SG&A Expenses

## Quarterly Performance

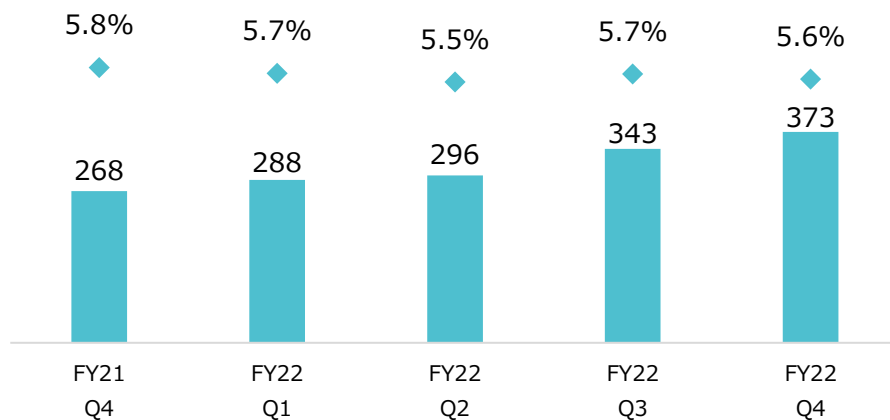
### Personnel Expenses (Cost of Sales)



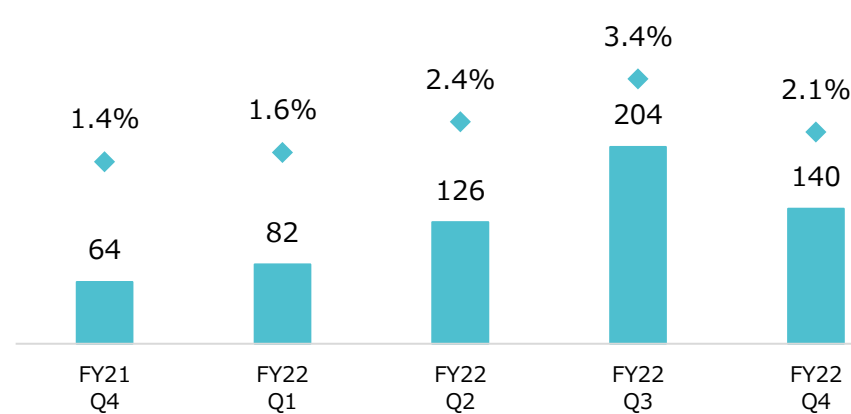
### Rent & Depreciation (Cost of Sales)



### Personnel Expenses (SG&A Expenses)



### Recruiting Expenses (SG&A Expenses)



◆ : Percentage of Net Sales

# Summary of Balance Sheet / Cash Flow



## Summary of Balance Sheet / Cash Flow

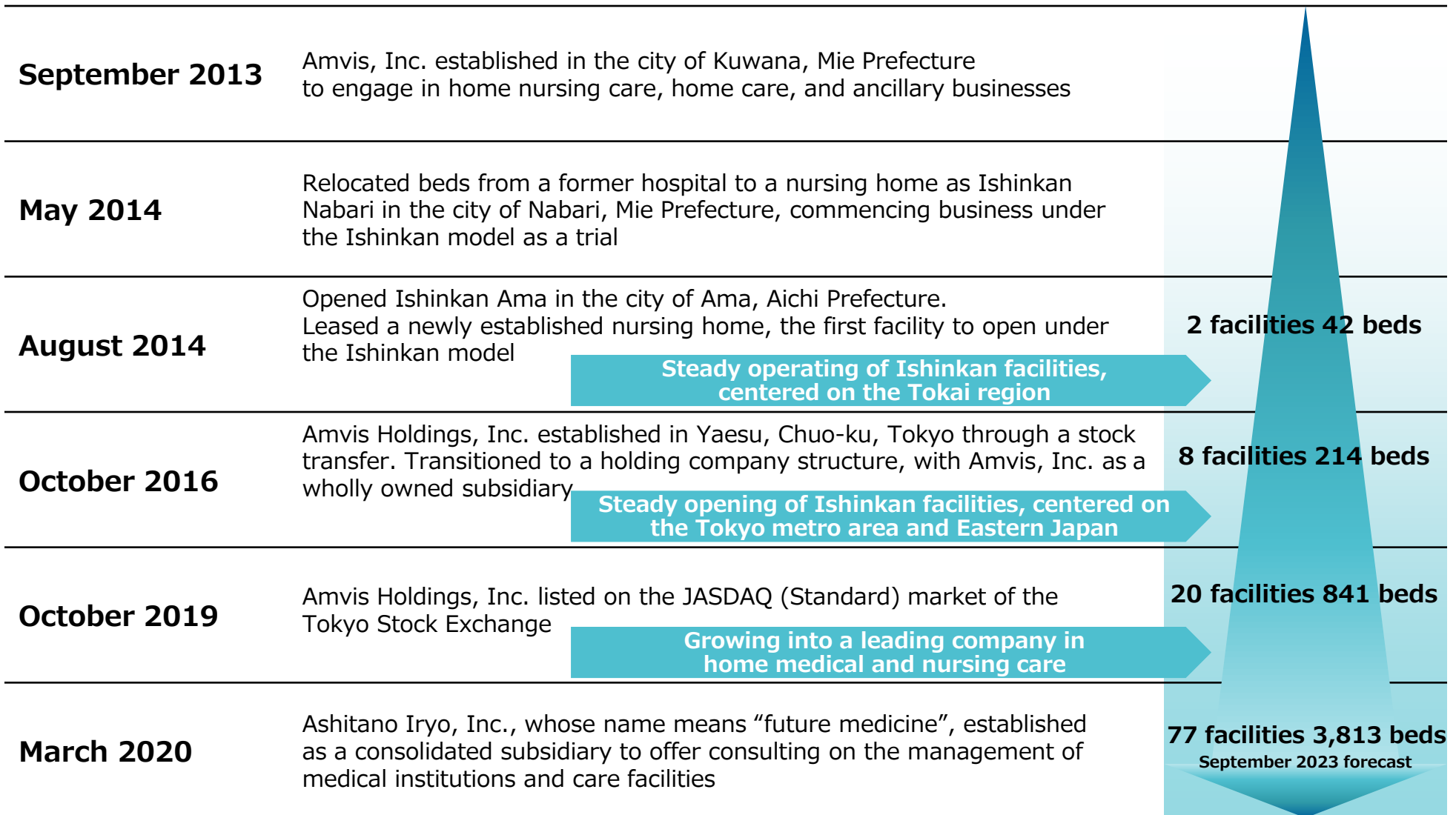
(JPY MM / %)	FY20	FY21	FY22	vs. FY21	(JPY MM)	FY20	FY21	FY22
<b>Assets</b>	16,519	31,922	41,767	+30.8%	<b>Cash flows from operating activities</b>	1,165	2,584	4,415
<b>Cash and Deposits</b>	3,335	11,192	11,342	+1.3%	<b>Cash flows from investing activities</b>	(5,304)	(5,780)	(7,751)
<b>Buildings and Structures, Net</b>	3,548	8,963	14,322	+59.8%	<b>Purchase of Property, Plant and Equipment</b>	(4,947)	(5,362)	(7,118)
<b>Liabilities</b>	11,264	15,580	21,308	+36.8%	<b>Cash flows from financing activities</b>	7,021	11,052	3,486
<b>Borrowings</b>	6,250	8,967	12,711	+41.7%	<b>Net increase (decrease) in Borrowings</b>	4,169	2,717	3,743
<b>Net Assets</b>	5,255	16,341	20,458	+25.2%	<b>Net increase (decrease) in Cash and Cash Equivalents</b>	2,882	7,856	150
<b>Equity Ratio</b>	31.8%	51.2%	49.0%	(2.2pt)	<b>Cash and Cash Equivalents at the end of period</b>	3,335	11,192	11,342



## 4. Company Overview

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## Management Mission

**Create a Vibrant, Happy Society through Medical and Health Care with an Ambitious Vision**

**Confront Social (Medical) Issues  
through Structural Innovation**



## Business Mission

**Strengthen and Revitalize Regional Healthcare**

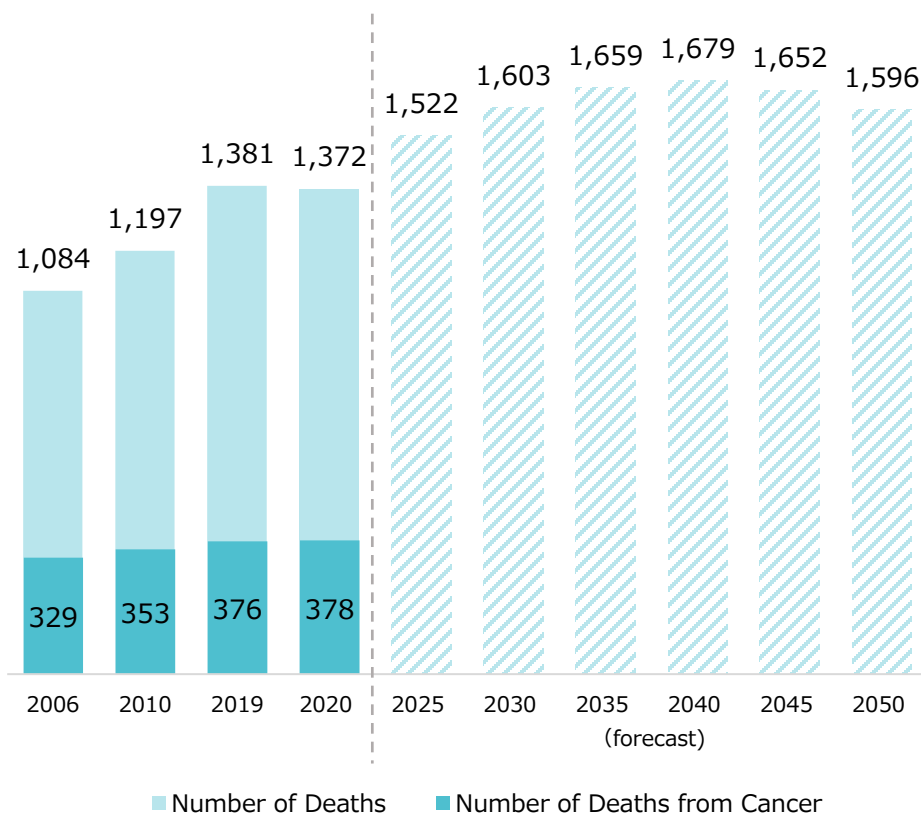
**Accept Patients with High Medical Dependency by Operating  
“Ishinkan” Hospices Specialized in Nursing and Care Services  
in Chronic and Terminal Stages**

# Environment Surrounding the Ishinkan Business

- Currently, 1.4 MM people pass away every year in Japan (with 400K people due to cancer) owing to the arrival of an aging and shrinking population.
- As a result of the government's policy shifts from hospital-based to community-based medical care, the number of hospital deaths peaked around 2005 and has been decreasing, with a gradual shift to deaths in nursing homes such as hospices.

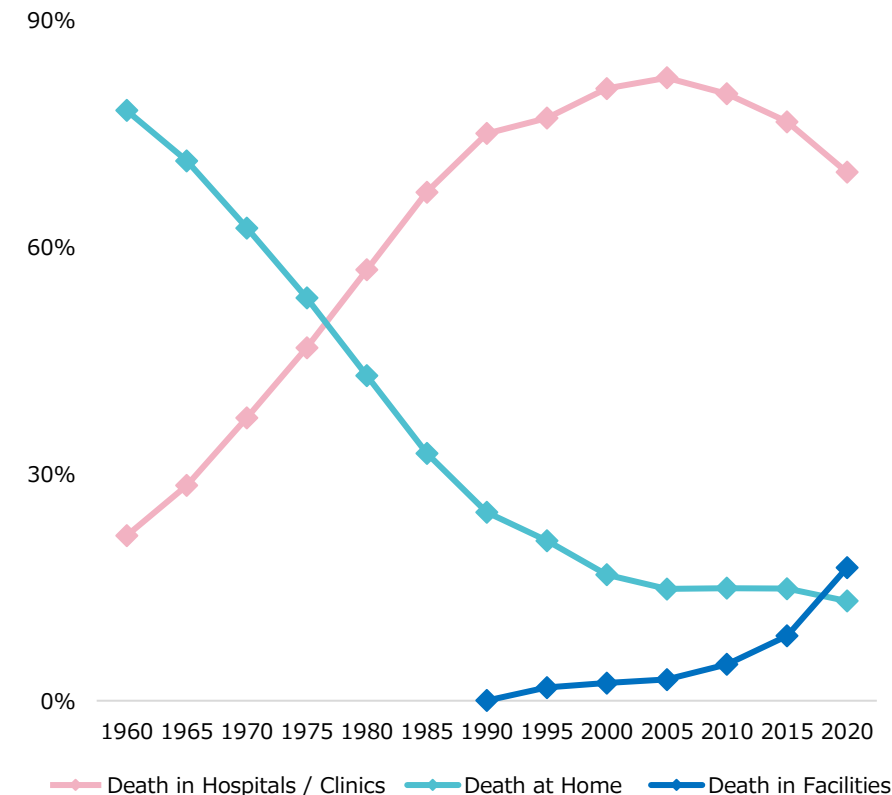
## Number of Deaths (Overall, Cancer)

('000)



## Place of Deaths (Composition)

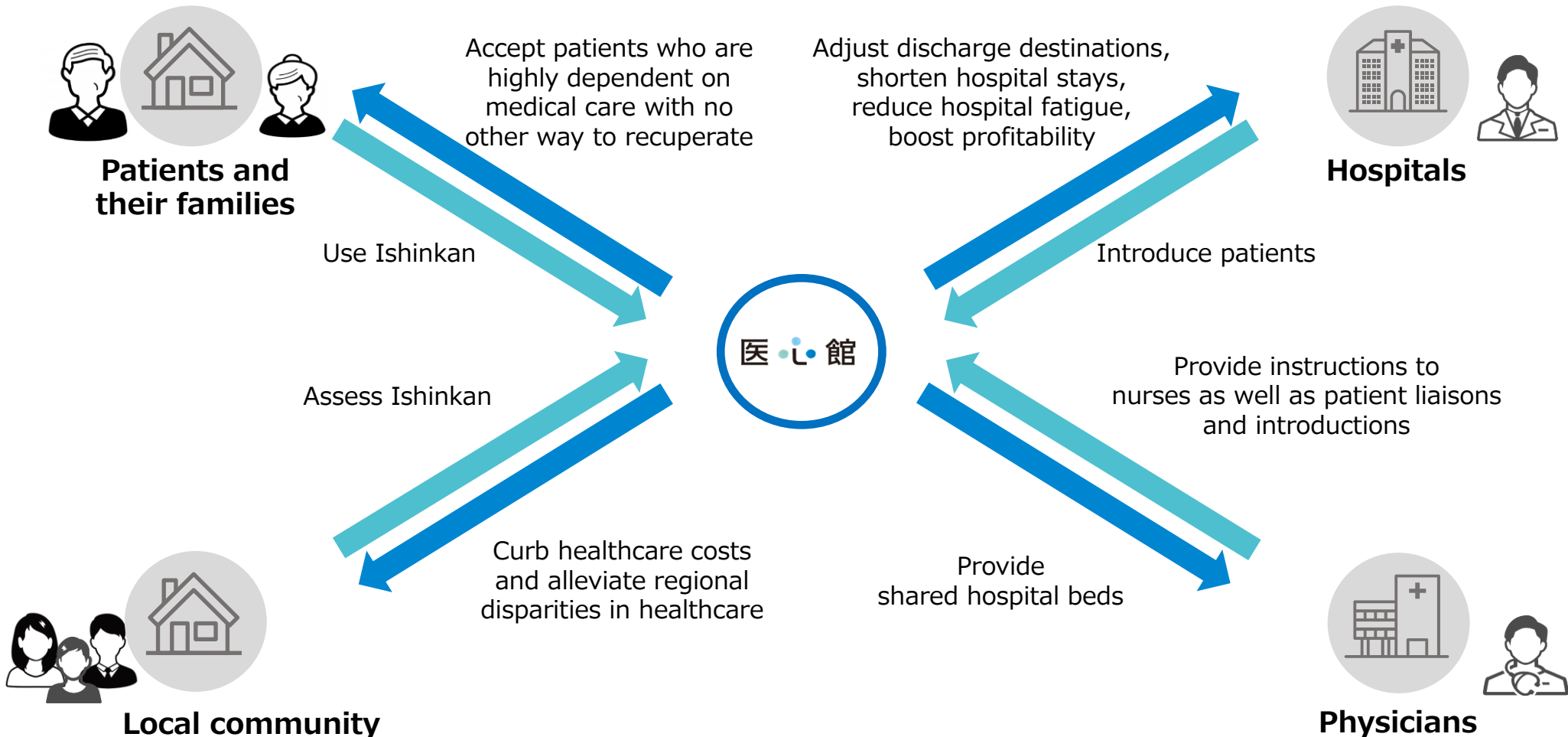
(%)



Source: Vital Statistics of the Ministry of Health, Labour and Welfare and projection results based on medium-fertility/medium-mortality assumptions (including overseas nationals in Japan) of "Population Projections for Japan" by the National Institute of Population and Social Security Research

- Ishinkan is a social problem-solving business that benefits all three parties of patients, local communities, and hospitals/clinics.
- We intend to become an indispensable platform that supports regional medical care by meeting the medical needs of each region.

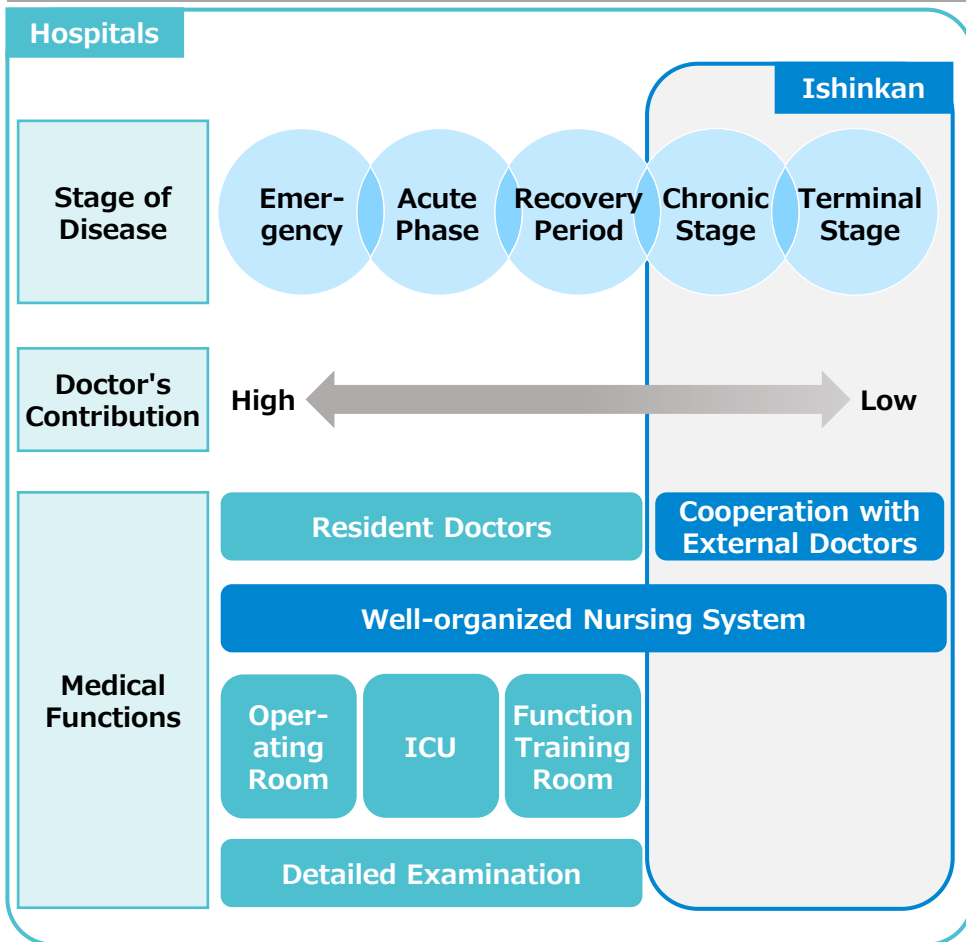
## Ishinkan as a Platform Supporting Regional Medical Care



# Ishinkan Business Overview: Concept / Characteristics and Profit Structure

- Ishinkan is an original health care facility that functions as in-home hospital beds to focus on advanced nursing care (in corporation), with an outsourced physician's function.
- Ishinkan is a business that uniquely combines existing systems (nursing home business, home medical and nursing care business, in-home care support business).

## Concept



## Characteristics

<b>Personnel structure</b>	<ul style="list-style-type: none"> <li>• Allocates nurses and caregivers commensurate with the number of patients</li> <li>• Outsources services provided by doctors</li> </ul>
<b>Target patients</b>	<ul style="list-style-type: none"> <li>• Patients in the chronic and terminal stages, including those who are in the terminal stage of cancer, on a respirator, have had a tracheostomy, or those with specified diseases</li> <li>• Patients who are repeatedly in and out of hospital or who require end-of-life nursing and caregiving</li> </ul>
<b>Trust-based and collaborative relationship with medical professionals</b>	<ul style="list-style-type: none"> <li>• Earn trust from multiple medical institutions by accepting patients with high medical dependency</li> <li>• Build cooperative relationships with physicians, without capital relationships (ensuring the transparency of medical and nursing care)</li> </ul>

## Profit Structure (Three-Tier Structure)

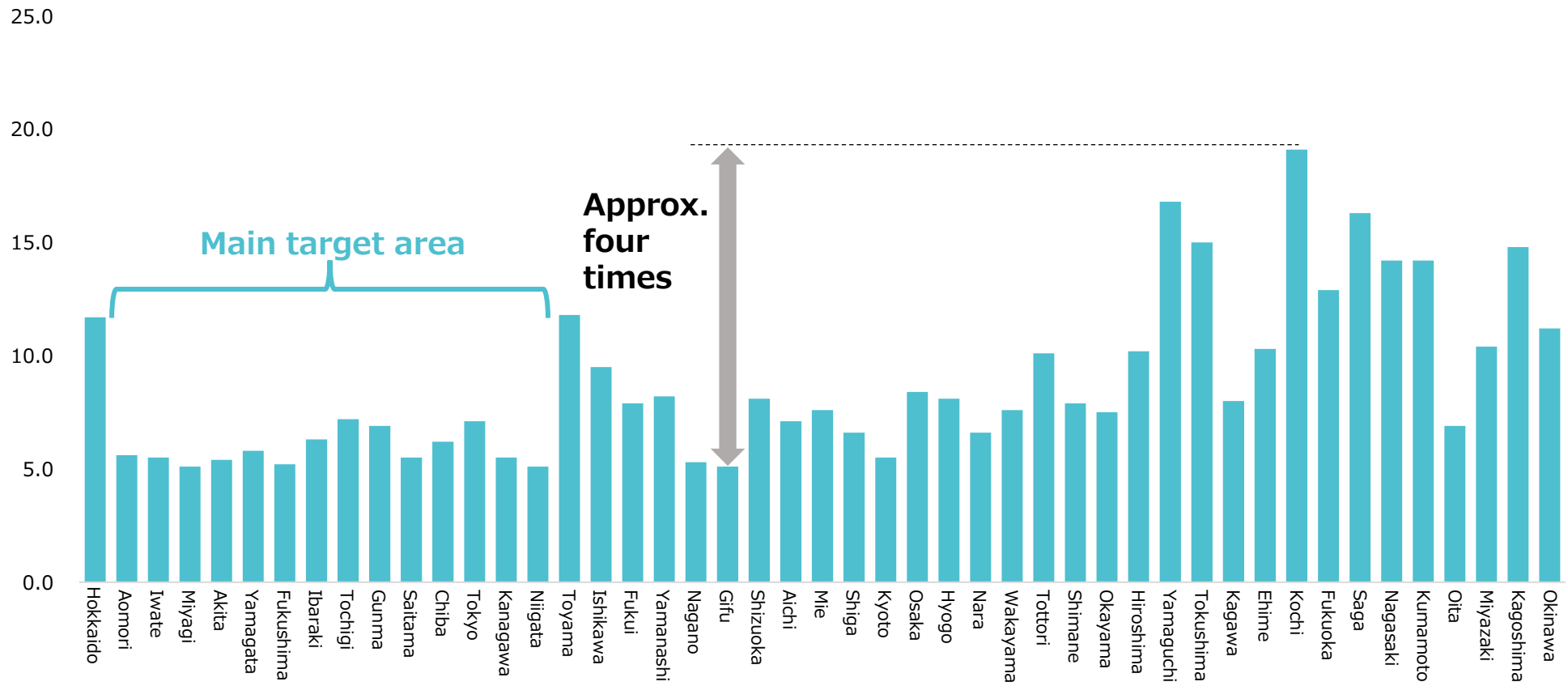
<b>Sales from medical insurance</b>	<ul style="list-style-type: none"> <li>• Home nursing care services provided by medical insurance</li> <li>• Copayment rate at 10% to 30% in principle</li> <li>• Accounts for around 60% of net sales</li> </ul>
<b>Sales from care insurance</b>	<ul style="list-style-type: none"> <li>• Units differentiated by degree of care required and regional category</li> <li>• Copayment rate at 10% to 30% in principle</li> <li>• Accounts for around 30% of net sales</li> </ul>
<b>Sales from rent, expenses billed at cost</b>	<ul style="list-style-type: none"> <li>• No lump-sum payments upon admission</li> <li>• 100% out of pocket</li> <li>• Items including food expenses and medical consumables</li> </ul>

# Difference in Number of Hospital Beds by Region

- As with the number of physicians and other hospital beds per population, the number of long-term care beds per elderly population tends to be low in Eastern Japan. Accordingly, we plan to open new facilities mainly in this region.
- We conduct an intensive market survey before starting business to identify the gaps in regional health care needs. Then, we open Ishinkan with distinct roles that match local needs.

## Distribution of Long-Term Care Beds by Region per Thousand People Aged 65 or Older

(Hospital beds per thousand people)



Source: "Population Estimate" by the Ministry of Internal Affairs and Communications, October 2021 and "Survey of Medical Institutions" by the Ministry of Health, Labour and Welfare, June 2021

## 1 Response to Social Issues / Environmental Preservation

### Contribution to society



### Contribution to regional healthcare



### Resource considerations



## 2 Human Resources

### Diversity



### Work-life balance



### Development of abilities

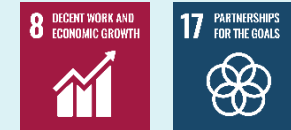


## 3 Compliance / Governance

### Compliance promotion structure



### Hotline system



### Others



# Sustainability Management: Response to Social Issues / Environmental Preservation



Category	Major Initiatives
<b>Contribution to society</b>	<ul style="list-style-type: none"><li>• Increase the number of new patients and expand the base of patients by promoting the Ishinkan business model.<ul style="list-style-type: none"><li>✓ Conduct individual tours of medical institutions, home care support offices, and community general support centers.</li></ul></li><li>• Create regional employment by opening about 20 new facilities each year.<ul style="list-style-type: none"><li>✓ Employees at each location are residents of that region.</li><li>✓ Rather than using temporary staffing agencies, we employ nurses and caregivers as full-time or part-time employees.</li></ul></li></ul>
<b>Contribution to regional healthcare</b>	<ul style="list-style-type: none"><li>• Help shorten stays at medical institutions and reduce the burden on regional healthcare.<ul style="list-style-type: none"><li>✓ Participate in study groups on regional care councils and the regional home healthcare system to understand and help resolve problems in each region.</li></ul></li><li>• Serve as a landing point for healthcare refugees.<ul style="list-style-type: none"><li>✓ By acting as a facility that provides medical care after discharge from the hospital, contribute to the realization of comprehensive community care.</li></ul></li></ul>
<b>Resource considerations</b>	<ul style="list-style-type: none"><li>• Transition away from paper.<ul style="list-style-type: none"><li>✓ Introduce cloud-based accounting system and electronic contracts system, and promote compliance with the Law Concerning Preservation of National Tax Records in Electronic Form.</li></ul></li><li>• Help reduce food losses.<ul style="list-style-type: none"><li>✓ Introduce a cook-chill system for meals provided at facilities.</li></ul></li><li>• Promote CO2 emission reductions along with visualization of emissions.</li></ul>



Category	Major Initiatives
<b>Diversity</b>	<ul style="list-style-type: none"><li>• We build an organizational structure where female can play an active role.<ul style="list-style-type: none"><li>✓ Percentage of female: ~85%/~80%/~40% (all employees/managers/management council)</li></ul></li><li>• We aim to create an environment where nurses of all ages can work and provide a workplace to a reserve for potential nurses.</li><li>• We are promoting the employment of people with disabilities and encouraging diversity.</li></ul>
<b>Work-life balance</b>	<ul style="list-style-type: none"><li>• Headquarters tracks the overtime hours of all employees, including those at facilities. When overtime hours are high, we periodically meet with these employees and their superiors to discuss countermeasures.</li><li>• (Only at headquarters) We have created remote working and flextime systems to facilitate flexible working during the COVID-19 pandemic.</li><li>• We strive to provide a comfortable and rewarding workplace by conducting orientations for new hires and prior to facility openings, interviewing employees (face to face and online), and conducting post-hiring and pre-resignation surveys.</li></ul>
<b>Development of abilities</b>	<ul style="list-style-type: none"><li>• We conduct new-employee and nursing leader training. We also subsidize tuition and exam fees to help employees acquire necessary certifications.<ul style="list-style-type: none"><li>✓ New employees: Orientation for new hires and at facility openings, on-site OJT, on-site training</li><li>✓ Nursing leaders: On-site training, leader education program, multidisciplinary education and training (compliance/infection), leader meetings, telephone/web follow-up systems</li></ul></li></ul>

Category	Major Initiatives
<b>Compliance promotion structure</b>	<ul style="list-style-type: none"><li>• Foster a thorough understanding of legal interpretations and insider-related content.<ul style="list-style-type: none"><li>✓ Training to ensure compliance with legal standards and improve the quality of work.</li><li>✓ Insider-related training is provided upon joining the company. Staff in charge of IR provides explanations directly during new facility openings.</li></ul></li></ul>
<b>Hotline system</b>	<ul style="list-style-type: none"><li>• Establish a system that facilitates consultations both inside and outside the company.<ul style="list-style-type: none"><li>✓ Internal: An internal hotline (consultation desk) has been set up within the nursing and care department at headquarters. Depending on the situation, this desk may provide guidance to sites, contact leaders, conduct interviews, or implement improvements.</li><li>✓ External: We have set up an internal reporting system that offers direct access to outside attorneys.</li></ul></li></ul>
<b>Others</b>	<ul style="list-style-type: none"><li>• Establish a system for the disclosure of personal information.</li><li>• Put in place a system to prevent transactions and immediately terminate contracts with antisocial forces.</li><li>• To ensure fair transactions, require approval for any gift or entertainment, regardless of monetary amount.</li><li>• Establish ESG Promotion Committee with CSR Officer.</li></ul>

This document contains forward-looking statements about Amvis Holdings, Inc. (“Amvis”) such as forecasts, outlooks, targets, and plans. These statements are based on forecasts made at the time of the preparation of this document using information currently available to Amvis.

In addition, certain assumptions are used for such statements. These statements or assumptions are subjective and may prove inaccurate in the future or may not be realized. There are many uncertainties and risks that could cause such a situation to arise.

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