

[NOTICE: This Notice of the 7th Ordinary General Meeting of Shareholders is a translation of the Japanese original for reference purposes only, and in the event of any discrepancy, the Japanese original shall prevail.]

(Securities Code: 7071)

December 6, 2023

(Start date of measures for electronic provision: November 29, 2023)

To All Shareholders

1-6-1 Kyobashi, Chuo-ku, Tokyo

Amvis Holdings, Inc.

Representative Director and CEO, Keiichi Shibahara

Notice of the 7th Ordinary General Meeting of Shareholders

We would like to express our sincere gratitude for your continued support.

We are pleased to inform you that the 7th Ordinary General Meeting of Shareholders of Amvis Holdings, Inc. (hereinafter referred to as the "Company") is scheduled to be held as described below.

During this General Meeting of Shareholders, the Company will take measures for electronic provision. The Company has posted items subject to measures for electronic provision as "Notice of the 7th Ordinary General Meeting of Shareholders" on the Company's website below.

The Company's website:

(<https://ir.amvis.com/en/ir/stock/meeting.html>)

If you are not attending the meeting in person, you may exercise your voting rights in writing or via the Internet. Please review the Reference Documents for the General Meeting of Shareholders in items subject to measures for electronic provision, indicate your approval or disapproval either by returning the enclosed form for exercise of voting rights or via electromagnetic means by accessing the website, which is in Japanese only (<https://evote.tr.mufg.jp/>). Votes must be received by 6:00 p.m. (JST) on Thursday, December 21, 2023.

Sincerely yours

Meeting Agenda

1. Date and Time

Friday, December 22, 2023, 11:00 a.m. (JST)

(Reception desk will open at 10:30 a.m. (JST))

2. Venue

Hall 22G, TKP Tokyo Station Otemachi Conference Center

22F KDDI Otemachi Building, 1-8-1 Otemachi, Chiyoda-ku, Tokyo

3. Objectives of Meeting

Matters to be Reported

(1) The Business Report, the Consolidated Financial Statements, and the Reports on the Audit of Consolidated Financial Statements by the Accounting Auditor and Audit & Supervisory Board for the 7th Term

(from October 1, 2022 to September 30, 2023)

(2) Non-Consolidated Financial Statements for the 7th Term

(from October 1, 2022 to September 30, 2023)

Matters to be Resolved

Proposal No. 1 Appropriation of Surplus

Proposal No. 2 Election of Five (5) Directors

Proposal No. 3 Revision of the Maximum Amount of Compensation for Directors

Proposal No. 4 Determination of Compensation for Directors for the Purpose of Granting Restricted Shares to Directors

[Notice Concerning Infectious Diseases]

In order to prevent the spread of infectious diseases, Amvis Holdings, Inc. and its consolidated subsidiaries (hereinafter referred to as the "Group") will hold the General Meeting of Shareholders with appropriate measures.

We will take your temperature near the entrance of the venue, and if you are found to have a fever or poor physical condition, we will ask you to refrain from entering the venue.

The operating staff of the General Meeting of Shareholders may be wearing masks. Thank you for your understanding and cooperation.

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- If you plan to attend the meeting, please submit the enclosed voting rights exercise form at the reception desk. Please note that even if you bring the voting rights exercise form with you, people other than shareholders who are entitled to exercise their voting rights, such as proxies or people accompanying shareholders who are not shareholders, will not be admitted to the meeting (however, people accompanying shareholders with disabilities, guide dogs, hearing dogs, service dogs, etc. will be admitted).
 - If any amendments are made to items subject to measures for electronic provision, the Company will announce such amendments on the Company's relevant website.
 - If major changes occur in the operation of the General Meeting of Shareholders due to future circumstances, the Company will announce them on the Company's website. (<https://www.amvis.com/en/>).

Reference Documents for the General Meeting of Shareholders

Agenda and Reference Items

Proposal 1: Appropriation of Surplus

The Company considers the distribution of profits to shareholders to be a priority management issue. The Company's basic policy is to distribute profits to shareholders through the stable payment of dividends paid once a year, taking into account a variety of factors. These include the market environment, regulatory changes, and financial soundness. The Company also considers the need to secure internal reserves to expand the Ishinkan business as well as related businesses and to strengthen its management base.

After careful consideration based on the above basic policy, the Company proposes to pay the year-end dividend for the current fiscal year as follows.

Over the medium to long term, the Company will focus on total shareholder return and plans to provide a stable yield, regardless of changes in growth stage.

Matters concerning year-end dividends

(1) Type of dividend property

Cash

(2) Matters concerning the allocation of dividend property to shareholders and the total amount

3 yen per share of common share of the Company

Total amount: 294,097,332 yen

(3) Effective date of the dividends from surplus

December 25, 2023

Proposal 2: Election of Five (5) Directors

As the terms of office of all five (5) directors will expire upon the conclusion of this General Meeting of Shareholders, the Company proposes the election of five (5) directors.

If this proposal is approved as originally proposed, the number of outside directors will be three (3) out of the five (5) directors of the Company.

The candidates for directors are as follows.

No.			Name	Current position and responsibilities	Number of Board of Directors meetings attended
1	Reappointment		Keiichi Shibahara	Representative Director and CEO	18 / 18
2	Reappointment		Shingo Yamaguchi	Director, General Manager of Administration Division	18 / 18
3	Reappointment	Outside	Nobutaka Ushigome	Director	18 / 18
4	Reappointment	Outside	Tsuyoshi Yamada	Director	18 / 18
5	New appointment	Outside	Norie Honda	-	-

No.

1

Keiichi Shibahara

Reappointment

Date of birth

October 9, 1964



Brief Biography, Position, Area(s) of Responsibility, and Significant Concurrent Position(s)

Aug. 2013 Established Social Welfare Corporation Kanshano Kokoro, President
 Sep. 2013 Succeeded to Medical Corporation Fukujikai, President
 Sep. 2013 Established Amvis, Inc., Representative Director (current position)
 Jun. 2015 Established Ishin, Inc., Representative Director
 Oct. 2016 Established the Company, Representative Director and CEO (current position)
 Mar. 2020 Established Ashitano iryo, Inc., Representative Director (current position)

Number of the Company's shares held

7,862,000 shares

Tenure as director

7 years and 2 months

Number of Board of Directors meetings attended

18/18 times (100%)

Reason for selection as a candidate for outside director and expected role

Mr. Keiichi Shibahara is the founder of the Company and has served as its representative director and CEO since its establishment, overseeing the management of the Group and driving the growth of the Group. He has extensive knowledge of the Ishinkan business, the Group's mainstay business, and plays an appropriate role in making decisions on important management matters and executing business operations. The Company believes that it can expect him to utilize his experience in managing and supervising the management of the Group, and has therefore nominated him as a candidate for director.

No.

2

Shingo Yamaguchi

Reappointment

Date of birth

December 7, 1972



Brief Biography, Position, Area(s) of Responsibility, and Significant Concurrent Position(s)

Jan. 2005	Joined ITJ Law Office
Dec. 2006	Joined CSK Securities Services Corporation (currently SCSK Corporation)
Dec. 2013	Joined General Co.
Jun. 2016	General Manager of Compliance Department of Miraisekai Corporation
Apr. 2018	Joined the Company, General Manager of Business Support Department
Nov. 2019	Executive Officer of the Company
Dec. 2019	Director, General Manager of Administration Division of the Company (current position)
Jul. 2020	Director of Ashitano Iryo, Inc. (current position)
Dec. 2021	Director of Amvis, Inc. (current position)

Number of the
Company's shares
held

160,000 shares

Tenure as director

4 years

Number of Board of
Directors meetings
attended

18/18 times (100%)

Reason for selection as a candidate for outside director and expected role

Mr. Shingo Yamaguchi has many years of experience in corporate legal affairs and has contributed to the development and operation of compliance and risk management systems through his work experience in the Administration Division. As a director of the Company, he has contributed to the enhancement of the corporate value of the Group by actively providing opinions and making proposals. Based on this track record, the Company believes that it can expect him to continue to utilize his experience in managing and supervising the management of the Group, and has therefore nominated him as a candidate for director.

No.

3

Nobutaka Ushigome

Reappointment

Outside

Date of birth

September 4, 1964



Brief Biography, Position, Area(s) of Responsibility, and Significant Concurrent Position(s)

	Jul. 1989	Joined the Ministry of Home Affairs (currently the Ministry of Internal Affairs and Communications)
	Jul. 1995	Professor, Local Autonomy College
	Apr. 1996	General Manager of Sales Development Division, TYK Corporation
	Jun. 1997	Director and General Manager, Sales Development Division, TYK Corporation
	Oct. 1998	Director and Deputy General Manager of Sales Division, TYK Corporation
	Jun. 2001	Managing Director and General Manager of Sales Division, TYK Corporation
	Jun. 2004	Senior Managing Director and General Manager of Sales Division, TYK Corporation
	Jun. 2005	Chairperson and Representative Director of TYK America, Inc. (current position)
	Jun. 2005	President and Representative Director of Akechi Ceramics Co., Ltd. (current position)
	Jun. 2005	President and Representative Director of U-Ceramic Co., Ltd. (current position)
	Jun. 2005	President and Representative Director of Mizuno Ceramics Co., Ltd. (current position)
	Jun. 2005	President and Representative Director of Houei Kogyo Co., Ltd. (current position)
	Jun. 2005	President and Representative Director of TYK Corporation (current position)
	Jan. 2019	Director (Outside) of the Company (current position)
	Jun. 2022	Director (Outside) of Chubu Steel Plate Co., Ltd. (current position)
Number of the Company's shares held		
0 shares		
Tenure as outside director		
4 years and 11 months		
Number of Board of Directors meetings attended		
18/18 times (100%)		

Reason for selection as a candidate for outside director and expected role

As representative director of TYK Corporation, a company listed on the Standard market of the Tokyo Stock Exchange, Mr. Nobutaka Ushigome has a wealth of experience and deep insight in all aspects of corporate management, and has actively provided opinions and recommendations on the management of the Group at Board of Directors meetings and other occasions. Based on this track record, the Company believes that it can expect him to continue to utilize his experience in supervising the management of the Company, and has therefore nominated him as a candidate for outside director.

No.

4

Tsuyoshi Yamada

Reappointment

Outside

Date of birth

July 6, 1988



Brief Biography, Position, Area(s) of Responsibility, and Significant Concurrent Position(s)

Dec. 2013 Director and General Manager of Technology Development Department, Link-U Inc.
 Oct. 2017 Director, CTO and General Manager of Technology Development Dept, Link-U Inc.
 Apr. 2018 Director, CTO and General Manager of the 1st Business Division, Link-U Inc.
 Jan. 2021 Director, CTO, General Manager of the Domestic Business Division and General Manager of the Business Promotion Department, Link-U Inc.
 Dec. 2021 Director (Outside) of the Company (current position)
 Feb. 2022 Director, CTO, General Manager of the 1st Business Division and General Manager of the Technical Research Office, Link-U Inc. (current position)

Number of the Company's shares held

0 shares

Tenure as outside director

2 years

Number of Board of Directors meetings attended

18/18 times (100%)

Reason for selection as a candidate for outside director and expected role

Mr. Tsuyoshi Yamada is one of the founders of Link-U Inc., a company listed on the Prime market of the Tokyo Stock Exchange, and as a director and CTO, he has a wealth of experience and deep insight in all aspects of corporate management, as well as experience in the management of IT companies. Therefore, the Company believes that it can expect him to utilize his experience in managing and supervising the management of the Group, and has therefore nominated him as a candidate for outside director.

No.

5

Norie Honda

New
appointment

Outside

Date of birth

September 2, 1963



Brief Biography, Position, Area(s) of Responsibility, and Significant Concurrent Position(s)

Apr. 1987	Joined the Ministry of Labour (currently Ministry of Health, Labour and Welfare) Planning Office, Human Resource Development Division, Human Resource Development Bureau, the Ministry of Labour
Jul. 2017	Councillor for General Policy and Evaluation, the Ministry of Health, Labour and Welfare
Jul. 2018	Councillor and Minister's Secretariat for Employment Environment and Equal Employment, Children and Families, the Ministry of Health, Labour and Welfare
Aug. 2020	Councillor for International Labour, the Ministry of Health, Labour and Welfare
Jul. 2021	Councillor and Minister's Secretariat for Social Welfare and War Victims' Relief and Humanitarian Survey, the Ministry of Health, Labour and Welfare
Jul. 2023	Retirement

Number of the
Company's shares
held

0 shares

Tenure as outside
director

-

Number of Board of
Directors meetings
attended

-

Reason for selection as a candidate for outside director and expected role

Ms. Norie Honda played an active role in the labor field at the Ministry of Health, Labour and Welfare and made significant achievements such as formulating policies that serve as the prototype for the current measures against power harassment and has extensive knowledge in all areas of labor, including the legal system. The group aims to develop further and play a part in the functions to be performed by the national government while maintaining management independence. Therefore, the Company believes that it can expect her to utilize her expert knowledge and personal connections in managing and supervising the management of the Group, and has therefore nominated her as a candidate for outside director. Although she has not been involved in management of a company except through her past experience as an outside director or Audit & Supervisory Board member, based on the above reasons the Company judges that she will be able to execute her duties as outside director appropriately.

(Notes)

1. Mr. Keiichi Shibahara is concurrently serving as representative director of Amvis, Inc. and Ashitano Iryo, Inc., which are subsidiaries of the Company.
2. Mr. Keiichi Shibahara is the Parent Company, etc. stipulated in Article 2, Paragraph 4-2 of the Companies Act.
3. Mr. Shingo Yamaguchi is concurrently serving as a director of Amvis, Inc. and Ashitano Iryo, Inc., which is a subsidiary of the Company.
4. There is no special interest between each candidate and the Company.
5. Messrs. Nobutaka Ushigome, Tsuyoshi Yamada and Norie Honda are candidates for outside directors.
6. The Company has entered into a liability limitation agreement with Messrs. Nobutaka Ushigome and Tsuyoshi Yamada to limit their liability for damages as provided for in Article 423, Paragraph 1 of the Companies Act, and the maximum amount of liability for damages under such agreement is the minimum liability amount provided for in laws and regulations. If their reappointments are approved, the Company plans to continue the above liability limitation agreement with them. In addition, if the appointment of Ms. Norie Honda is approved, the Company plans to enter into a similar liability limitation agreement with her.
7. The Company has entered into a liability insurance contract for directors and Audit & Supervisory Board members with an insurance company as provided for in Article 430-3, Paragraph 1 of the Companies Act of Japan, and an outline of the contents of such insurance contract is provided in “4. Matters Concerning Corporate Officers (3) Outline of Liability Insurance Policy for Officers” of the business report. In the event that each candidate is elected and assumes office as a director, he will become an insured person under the relevant insurance policy. In addition, the insurance contract is scheduled to be renewed with the same contents at the next renewal.
8. The Company has designated Messrs. Nobutaka Ushigome and Tsuyoshi Yamada as independent officers in accordance with the provisions of the Tokyo Stock Exchange, Inc. and has notified the Tokyo Stock Exchange, Inc. of such designation. The Company also plans to designate Ms. Norie Honda as an independent officer and notify the Tokyo Stock Exchange, Inc.
9. The tenure of office of Mr. Nobutaka Ushigome as an outside director of the Company will be 4 years and 11 months upon the conclusion of this General Meeting of Shareholders.
10. The tenure of office of Mr. Tsuyoshi Yamada as an outside director of the Company will be 2 years upon the conclusion of this General Meeting of Shareholders.

Skills matrix for the directors and the Audit & Supervisory Board members

If proposal 2 is approved as proposed, the skills matrix of the directors and Audit & Supervisory Board members will be as follows.

	Name	Management strategy	Finance and accounting	Human resources and labor affairs	Legal and compliance affairs	Sustainability and ESG	IT
Director	Keiichi Shibahara	●	●				
	Shingo Yamaguchi			●	●	●	
	Nobutaka Ushigome	●				●	
	Tsuyoshi Yamada	●					●
	Norie Honda			●	●	●	
Audit & Supervisory Board Member	Ryoji Arai		●	●	●	●	
	Shinkichi Matsuo	●	●				
	Takahiro Sugawara	●					●

(Note)

The above list represents the areas in which each individual has more specialized knowledge based on their experience, etc., and does not represent all the knowledge they possess.

Proposal 3: Revision of the Maximum Amount of Compensation for Directors

At present, the total amount of compensation for directors shall not exceed 100 million yen per year, as approved at the Ordinary General Meeting of Shareholders held on December 28, 2017. However, taking into consideration the fact that the business performance has been progressing steadily compared to the time of approval and various other circumstances, the Company proposes to revise the total amount of compensation for directors to 250 million yen (including up to 50 million yen for outside directors) per year, which includes bonuses. The specific time and allocation of payments to the Eligible Directors will be decided by the Board of Directors based on deliberations by the Nomination and Compensation Committee.

The amount of compensation for directors should not include the compensation paid as employees for directors who serve concurrently as employees, as before.

This proposal calls for revising the maximum amount of compensation for directors in consideration of the steady progress of the Company's performance, and other factors. At the Board of Directors meeting held on February 22, 2021, the Company established the "The Decision Policy regarding the Details of Compensation for Each Individual Director," and the outline of the policy is as described in the Business Report in "4. Matters Concerning Corporate Officers (4) Compensation for Directors and Audit & Supervisory Board Members." The Company has resolved at a Board of Directors meeting held on November 20, 2023, to revise the policy's details, subject to the approval of proposals 3 and 4. The outline of the revised decision policy regarding the details of compensation for each individual director is described as follows. Therefore, the Company believes that this proposal is appropriate.

If proposal 2 (Election of Five (5) Directors) is approved as proposed, the number of directors will be five (5) (including three (3) outside directors).

(Reference) Matters regarding the Policy on Determining Compensation for Directors
(When proposal 3 and 4 are approved)

At the Board of Directors meeting held on February 22, 2021, the Company established the "The Decision Policy regarding the Details of Compensation for Each Individual Director," and the outline of the policy is as described in the Business Report in "4. Matters Concerning Corporate Officers (4) Compensation for Directors and Audit & Supervisory Board Members." However, subject to the approval of this proposal and proposal 4, the Company will revise the policy as follows.

(A) Policy regarding determination of the amount of compensation for each individual director and the method of calculation

The compensation system for directors is designed to function sufficiently as an incentive for the sustainable enhancement of corporate value, and the basic policy for determining the compensation for individual directors is to set an appropriate level based on the responsibilities of each position.

In order to further clarify the Company's commitment to the sustainable enhancement of corporate value and increase of incentive for performance improvement, in addition to basic compensation as fixed compensation, the compensation system consists of performance-linked compensation and non-monetary compensation, so that it is linked to shareholder interests.

Outside directors, who are responsible for supervisory functions, are paid only basic compensation in consideration of their duties to avoid hindrances to supervisory functions due to the introduction of performance-linked compensation.

(B) Policy regarding determination of the following matters among the individual compensation for directors

(a) Policy on the amount and calculation method of compensation except for performance-linked compensation and non-monetary compensation by individual

Basic compensation is determined by a resolution of the Board of Directors after consulting with the Nomination and Compensation Committee, an advisory body, within the total amount resolved at the General Meeting of Shareholders, based on the amount determined by position and by responsibilities.

(b) Policy regarding determination of the details and amount or calculation method of performance-linked compensation

Performance-linked compensation, which is paid in 12 monthly installments in addition to basic compensation, is calculated using the following formula based on EBITDA as an indicator and points corresponding to each director's performance in the previous fiscal year. The points for new directors will be based on the expected performance of the current fiscal year.

In addition, in order to provide incentives for sustainability initiatives aimed at maximizing medium- to long-term corporate value as well as short-term performance, the Group's ESG initiatives will also be included in the evaluation.

Performance-linked compensation = EBITDA × 0.01% × Points for each director

(c) Policy regarding determination of the details and amount or calculation method of non-monetary compensation

As non-monetary compensation, restricted share compensation is established, and the method of determination of the amount and others of the compensation is as follows.

With regard to restricted share compensation, directors will receive common shares in accordance with the comprehensive evaluation results based on the basic compensation for each director with Transfer Restriction until retirement. For the delivery method of common shares of the Company, the Eligible Directors elect either a method in which the Company provides monetary compensation claims and the Eligible Directors receive common shares of the Company with Transfer Restriction until retirement in exchange for the monetary compensation claims, or a method in which Eligible Directors receive common shares of the Company with Transfer Restriction until retirement without consideration.

Specifically, the number of shares to be granted to directors will be the number of shares (up to 50,000 shares per year) obtained by dividing the standard amount of restricted share compensation calculated based on the amount of basic compensation by the amount determined by the Board of Directors to the extent not particularly favorable to the directors based on the closing price of common shares of the Company on the Tokyo Stock Exchange on the business day preceding the date of the resolution by the Board of Directors (if no transaction has been concluded on the day, the closing price on the immediately preceding trading day).

If there are special circumstances, the number of shares may be adjusted.

Transfer Restriction is imposed on the shares to be delivered until the time of retirement, and Transfer Restriction will be lifted upon resignation or retirement from the positions of directors and employees (Note 1).

If the directors resign or retire from their positions due to death or other reasons deemed justifiable by the Board of Directors by the day on which the contents of the financial statements pertaining to the relevant fiscal year are reported to the Ordinary General Meeting of Shareholders, the Company will pay the amount of money obtained by multiplying the number of shares obtained by multiplying the number of shares delivered to the director by the "Coefficient for the Term of Office" (Note 2) determined according to the term of office in the relevant fiscal year by the closing price of the common shares of the Company on Tokyo Stock Exchange on the day of retirement, or deliver the number of shares obtained by multiplying the number of shares delivered to the director by the "Coefficient for the Term of Office" (Note 2) will be delivered.

(Note 1) This refers to Directors, executive officers, Audit & Supervisory Board Members, employees, advisors, advisers and other equivalent positions of the Company or subsidiaries of the Company.

(Note 2) The Coefficient for the Term of Office will be the value corresponding to the period until the resignation or retirement from the positions of directors and employees.

(d) Percentages of (a), (b) and (c) above (Composition ratio)

The ratio of basic compensation, performance-linked compensation and restricted share compensation to individual compensation is 50 : 10 : 40 as a guideline.

(C) Policy regarding determination of time or conditions for granting compensation for directors

With respect to the process for determining the compensation for directors, a resolution is to be adopted at the Board of Directors each December during the fiscal year in question. For basic compensation, a fixed amount is paid monthly. Performance-linked compensation is calculated based on the details reported at the Ordinary General Meeting of Shareholders and paid as monthly compensation. Restricted share compensation is calculated based on the details reported at the Ordinary General Meeting of Shareholders and is to be paid after the Ordinary General Meeting of Shareholders.

(D) Matters regarding the delegation of the determination of the details of individual compensation for directors to directors and other third parties

(a) The name of the person to be delegated or their positions and responsibilities at the Company
Keiichi Shibahara, Representative Director and CEO

(b) Details of the authority to be delegated

(1) Determination of the individual amounts in (B) (a)

(2) Determination of the points for each director in (B) (b)

(3) Determination of the comprehensive evaluation of each director in (B) (c)

(c) Details of the measures, if any, for the appropriate exercise of authority

The Nomination and Compensation Committee, an advisory body composed of the representative director and outside directors, deliberates on the level of compensation and submits the results to the Board of Directors as a report. The amount of individual compensation for each director is delegated to the representative director on the condition that the report is respected after the discussion at the Board of Directors based on the report. After that, the amount is determined by the representative director after taking into account the contents of the report.

(E) Method regarding determination of the details of compensation (excluding the matters in (C))

Not applicable.

(F) Other important matters regarding the determination of the details of individual compensation

Not applicable.

Proposal 4: Determination of Compensation for the Purpose of Granting Restricted Shares to Directors
The total amount of compensation for directors shall not exceed 100 million yen (not including the compensation paid as employees for directors who serve concurrently as employees) per year as approved at the Ordinary General Meeting of Shareholders held on December 28, 2017. However, if proposal 3 (Revision of the Maximum Amount of Compensation for Directors) is approved as proposed, it shall not exceed 250 million yen (including up to 50 million yen for outside directors) (not including the compensation paid as employees for directors who serve concurrently as employees) per year. The Company proposes to grant restricted shares to directors (excluding outside directors, hereinafter, the “Eligible Directors”), separating from the above maximum amount of compensation to provide incentives to continuously enhance the corporate value and to further promote value sharing with shareholders to directors.

Under the proposal, the granting of the restricted shares will be conducted based on the resolution of the Board of Directors, by either of the following methods:

1. The Company issues or disposes of the common shares as compensation for the Eligible Directors without payment of money or assets contributed in-kind by the Eligible Directors; or
2. The Company issues or disposes of the common shares after the Company pays monetary compensation claims to the Eligible Directors as compensation, and the Eligible Directors contribute all of the monetary compensation claims as assets contributed in-kind (hereinafter, the “Delivery by Contribution in Kind”).

The total number of common shares of the Company to be issued or disposed of to the Eligible Directors under the proposal shall not exceed 50,000 shares per year and the total amount of such compensation shall not exceed 150 million yen per year as the amount considered reasonable in light of the above purpose. However, if the total shares outstanding of the Company increase or decrease due to consolidation of shares or stock split (including the allocation of common shares without contribution), the above maximum number of shares will be adjusted according to the ratio.

In the case of the Delivery by Contribution in Kind, the amount of payment per share will be decided by the Board of Directors based on the closing price of common shares of the Company on the Tokyo Stock Exchange on the business day immediately prior to the resolution of the Board of Directors pertaining (if no transaction has been concluded on the day, the closing price on the immediately preceding trading day), and the amount will not be particularly favorable to the Eligible Directors.

The specific time and allocation of payments to the Eligible Directors will be decided by the Board of Directors based on deliberations by the Nomination and Compensation Committee.

Although the current number of the Eligible Directors is three (3), if proposal 2 (Election of Five (5) Directors) is approved as proposed, the number of Eligible Directors will be two (2).

In granting of the restricted shares under the proposal, the Company will enter into a restricted share allocation agreement (hereinafter, the “Allocation Agreement”) with the Eligible Directors, which will include the following summary.

(1) The Eligible Directors will not transfer, create a security interest in, or otherwise dispose of common shares of the Company allocated in the Allocation Agreement (hereinafter, the “Allocated Shares”) during the period (hereinafter, the “Transfer Restriction Period”) from the date of delivery of the Allocated Shares to the date on which the Eligible Directors resign or retire from the position of director of the Company or any other position specified by the Board of Directors of the Company (if they resign or retire before the end of three months after the end of the fiscal year containing the date of delivery of the Allocated Shares, and there is a day within six months after the end of the fiscal year that is separately determined by the Board of Directors of the Company, then such day). The transfer restriction under this item is referred as the “Transfer Restriction.”

(2) If the Eligible Directors resign or retire from the above positions for reasons other than those deemed justifiable by the Board of Directors of the Company before the expiration of the period specified by the Board of Directors of the Company (hereinafter, the “Service Period”), the Company will acquire the Allocated Shares without consideration.

(3) The Company releases the Transfer Restriction on all of the Allocated Shares upon the expiration of the Transfer Restriction Period, if the Eligible Directors have continuously held the position specified in (1) above during the Service Period. However, if the Eligible Directors resign or retire from the position specified in (1) above before the expiration of the Service Period for reasons deemed justifiable by the Board of Directors of the Company as specified in (2) above, the number of Allocated Shares for which the Transfer Restriction is lifted will be adjusted within reason as necessary.

(4) The Company will acquire the Allocated Shares which the Transfer Restriction has not been lifted pursuant to the provisions of (3) above without consideration when the Transfer Restriction Period expires.

(5) If, during the Transfer Restriction Period, the Eligible Directors violate laws and regulations, internal rules or the Allocation Agreement, or otherwise fall under any of the grounds specified by the Board of Directors of the Company as being reasonable to acquire the Allocated Shares without consideration, the Company will acquire the Allocated Shares without consideration.

(6) Notwithstanding the provisions of (1) above, if, during the Transfer Restriction Period, a merger agreement in which the Company becomes a defunct company, a share exchange agreement or a share transfer plan in which the Company becomes a wholly owned subsidiary, or other matters related to reorganization and others are approved at the General Meeting of Shareholders of the Company (when the approval of the General Meeting of Shareholders of the Company is not required for such reorganization and others, the Board of Directors of the Company), the Transfer Restriction will be lifted on the Allocated Shares in a number reasonably determined prior to the effective date of such reorganization and others, by a resolution of the Board of Directors of the Company.

(7) In the case provided for in (6) above, the Company will acquire the Allocated Shares without consideration for which the Transfer Restriction has not been lifted as of the time immediately after the Transfer Restriction was lifted pursuant to the provisions of (6) above.

Reason why it is appropriate to grant the restricted shares

The proposal is to grant restricted shares to the Eligible Directors for the purpose of providing incentives to continuously enhance the corporate value and to further promote value sharing with shareholders.

The outline of the decision policy regarding the details of compensation for each individual director is as described in the Business Report "4. Matters Concerning Corporate Officers (4) Compensation for Directors and Audit & Supervisory Board Members." However, subject to the approval of this proposal and proposal 3, the Company has resolved to change the contents of the policy, at the Board of Directors meeting held on November 20, 2023. The outline of the decision policy regarding the details of compensation for each individual director in the Company after the change is as described in "(Reference) in proposal 3." In addition, the ratio of the maximum number of shares to be issued or disposed of per year based on this proposal to the total shares outstanding (as of the end of September 2023) is approximately 0.05%, and the dilution impact will be insignificant.

Therefore, the Company believes that this proposal is appropriate.

(Reference)

Subject to the approval of this proposal, the Company will grant restricted shares to directors of subsidiaries of the Company.

(Attached documents)

Business Report
(From October 1, 2022)
(To September 30, 2023)

1. Current Status of the Corporate Group

(1) Business Developments and Results of Operations

During the fiscal year ended September 30, 2023, the Japanese economy showed signs of economic recovery because of the easing of restrictions on economic activities following the lowering of COVID-19's status under the Infectious Disease Control Law to category 5. In the global economy, various restrictions due to infectious diseases have been lifted in many countries and economic activities have begun to recover. On the other hand, the prolonged unstable international situation because of the situation in Russia and Ukraine and price hikes continue to make the business environment challenging. In the medical and nursing care industry as well, the number of business closures and bankruptcies in 2023 is expected to surpass the previous record set in 2022, as a result of an increase in the number of providers struggling to manage their businesses due to inflation owing to price hikes on raw materials, resources, and energy.

In this environment, the Group continued to refine its operations despite price hikes, and the Group has provided palliative care for patients in the terminal stages, including terminal cancer patients, through the following measures.

(a) Acceleration of the development of Ishinkan, which mainly accepts patients in terminal stage of cancer
Ishinkan functions as a platform of home healthcare equipped with a nursing system specializing in terminal care. The majority of patients are in the terminal stage of cancer, and as a result of palliative care until the end of their lives, the ratio of patients who pass away at Ishinkan without being transferred to hospitals has reached a very high level. At the same time, the Group actively accepts non-cancer patients and young people (under 40 years old and not covered by care insurance) with post-accident or congenital anomalies who require high levels of medical care, aiming to become a safety backstop for home healthcare.

(b) Acceleration of the dominance formation in the Tokyo metro area

In promoting the opening and operation of Ishinkan, the Group's policy is to start with Eastern Japan, where various medical resources, such as the number of long-term care beds per elderly population, are scarce and the urgency is high.

At the same time, the Tokyo metro area is facing the problem of a rapid increase in the number of patients with high medical dependency who need to secure appropriate medical treatment facilities, along with an increase in the elderly population. In order to respond to this problem as quickly as possible, the Group accelerated the development of its dominance formation in the Tokyo metro area, opening 11 facilities in Tokyo, Chiba, Kanagawa and Saitama prefectures during the current fiscal year.

As a result, the Group opened 19 new facilities and expanded 1 existing facility, and many people used the Ishinkan. The number of Ishinkan reached 76 with capacity of 3,795 beds as of the end of September 2023.

(c) Appropriate and timely actions to inflation

Based on inflation of wood, energy resources, and goods used at the facilities, the Group raised patient payments. This enables the Group to continue to provide necessary care and reduce the impact on business performance to a certain extent, maintaining profitability.

As a result, the Group's operating results for the current fiscal year were as follows: net sales of 31,985 million yen (+ 38.6% from the previous fiscal year), EBITDA (operating profit + depreciation + amortization of goodwill + share-based compensation expenses) of 9,834 million yen (6,967 million yen in the previous fiscal year), operating profit of 8,630 million yen (+ 40.7% from the previous fiscal year), ordinary profit of 8,541 million yen (+ 40.9%), and profit attributable to owners of parent of 6,310 million yen (+ 47.5%). Segment information is omitted because the Group operates in a single business segment, the Ishinkan Business.

(2) Status of Capital Investment

The total amount of capital expenditures for the fiscal year ended September 30, 2023 was 8,068 million yen (based on the principal accounts received excluding construction in progress, including intangible assets, but excluding capitalized amounts of leased assets and removal costs corresponding to asset retirement obligations). This was mainly due to the purchase of buildings and land in conjunction with the opening of new facilities.

(3) Status of Fund Procurement

The Company raised funds through borrowings of 6,613 million yen for the purpose of capital investment.

(4) Issues to be Addressed

The Group's vision is to "become the world's most exciting medical and healthcare company," and its mission is to "create a vibrant, happy society through medical and health care with an ambitious vision." As a platform holder that strengthens and revitalizes medical care in areas where the care is scarce and other "regional" areas, and as a pioneer, the Group aims to achieve stable and sustainable growth and long-term profits through its competitive advantage and pioneer advantage in selecting various strategies to maintain and strengthen the virtuous cycle. To this end, the Company will further enhance its existing Ishinkan business, improve operational efficiency, and focus on recruiting and training human resources, among other proactive measures.

The Group believes that the issues to be addressed in order to achieve these goals are as follows.

(A) Implementation of Sustainability Management

The Group has identified the following materiality as important priorities in terms of its corporate activities and their impact on its stakeholders. The Group strives to contribute continuously to society and enhance its corporate value by addressing these issues. These efforts are led by the ESG Promotion Committee.

- (a) Realizing a society without regional disparities in healthcare
- (b) Achieving operations in harmony with nature
- (c) Building a workplace that invigorates all workers
- (d) Earning further trust from society and local communities

The Group's initiatives have received certain third-party evaluations, including an MSCI ESG Rating of A, which is regarded as a global benchmark for ESG investment that comprehensively assesses a company's ESG risk and risk management capabilities. The Group intends to maintain and improve its high third-party evaluation by strengthening ESG-related initiatives and disclosure in line with its materiality.

The status of the Group's sustainability initiatives is disclosed on its website.

<Sustainability>

<https://www.amvis.com/en/sustainability/>

(B) Expansion of the Ishinkan business

The Group will continue to aggressively develop the Ishinkan business and aim to earn and maintain greater trust in the regions where it operates. Under its medium- to long-term plan, "Amvis 2025," the Group plans to further expand the scale of the Ishinkan business by opening new facilities in wide range of area including Western Japan, in parallel in the Metropolitan Area, where demand is high, and in regional cities, where barriers to entry are high. As a result, the Group plans to expand the scale of the business at a level that exceeds the targets announced in 2022.

(C) Basic policy and review of business portfolio

The Group currently consists of a single business segment, the Ishinkan business, and the Group's performance is strongly influenced by this market environment. While seeking to generate synergies with the Ishinkan business, the Group is working to diversify its business portfolio at Ashitano Iryo, Inc., a consolidated subsidiary that offers consulting and other services related to the management of medical institutions and care facilities, and is focusing on measures to avoid being overly affected by the specific environment. The Group began providing management support to two hospitals in the same local city in October 2023. The Group supports the management of hospitals by utilizing its know-how, such as regional marketing, clarification of hospital and facility functions, cost management, organizational development, and multi-professional cooperation. By doing so, the Group believes that it can help to revitalize regional healthcare as a whole, including home healthcare, as well as driving a turnaround. The Group intends to diversify its business portfolio by actively supporting hospitals, utilizing its know-how.

(D) Ensuring financial soundness

In order for the Group to continue to operate and develop the Ishinkan business on a sustainable basis, it is essential to maintain financial soundness. Therefore, the Group will work to strengthen its financial base by steadily building up retained earnings, generating cash flow, and managing interest-bearing debt. The Group has set a target equity ratio of 30%. As of September 30, 2023, the Group maintained a robust financial base, with the ratio of 47.7% surpassing the target. In addition to the equity ratio, the Group also refers to the net debt/EBITDA ratio.

(5) Changes in the Status of Assets and Profit/Loss

(a) Status of assets and profit/loss of the corporate group

Category		4th Term Ended September 30, 2020	5th Term Ended September 30, 2021	6th Term Ended September 30, 2022	7th Term (Current) Ended September 30, 2023
Net sales	(million yen)	9,174	15,334	23,072	31,985
Ordinary profit	(million yen)	1,779	3,779	6,060	8,541
Profit attributable to owners of parent	(million yen)	1,239	2,627	4,279	6,310
Earnings per share	(yen)	13.83	28.08	44.03	64.44
Total assets	(million yen)	16,519	31,922	41,767	55,559
Net assets	(million yen)	5,255	16,341	20,458	26,523
Net assets per share	(yen)	58.34	168.26	209.12	270.56

(Notes)

1. Although the Company implemented a 2-for-1 stock split of common share on April 1, 2020, a 2-for-1 stock split of common share on January 1, 2022 and a 2-for-1 stock split of common share on October 1, 2022, earnings per share and net assets per share are calculated as if the stock splits had been implemented at the beginning of the 4th term.
2. Previously, the Company treated non-deductible consumption taxes on property, plant and equipment (PP&E) as expenses at the time of acquisition of the PP&E. However, from the 5th term, the Company has changed to a method of including them as part of the PP&E value. In addition, the 4th term has been presented after retrospective application.
3. The "Accounting Standard for Revenue Recognition" (The Accounting Standards Board of Japan Statement No. 29, March 31, 2020) and others have been applied from the beginning of the 6th term, and the figures for the 6th term and thereafter are presented after the application of the accounting standard.
4. Earnings per share and net assets per share are rounded to the third decimal place.

(b) Status of assets and profit and loss of the Company

Category	4th Term Ended September 30, 2020	5th Term Ended September 30, 2021	6th Term Ended September 30, 2022	7th Term (Current) Ended September 30, 2023
Operating revenue (million yen)	1,120	1,884	3,145	5,269
Ordinary profit (million yen)	323	446	1,081	2,232
Profit (million yen)	270	479	1,069	2,199
Earnings per share (yen)	3.02	5.12	11.00	22.47
Total assets (million yen)	9,400	21,610	26,489	33,179
Net assets (million yen)	3,365	12,303	13,210	15,164
Net assets per share (yen)	37.36	126.68	135.03	154.69

(Notes)

1. Please refer to the first note of (a) Status of assets and profit/loss of the corporate group.
2. Please refer to the second note of (a) Status of assets and profit/loss of the corporate group.
3. Please refer to the third note of (a) Status of assets and profit/loss of the corporate group.
4. Please refer to the fourth note of (a) Status of assets and profit/loss of the corporate group.

(6) Status of Important Subsidiaries

Name of company	Share capital	Investment ratio of the Company	Main business
Amvis, Inc.	10 million yen	100 %	In-home services, home nursing care, home care, and ancillary businesses
Ashitano Iryo, Inc.	90 million yen	100 %	Research, advice and consulting services on the management of medical institutions and care facilities

(7) Main Business Activities (as of September 30, 2023)

The core business of the Group is the hospice business. The Group provides various services, such as home nursing care service, home care service, in-home care support service and in-home care service for people with disabilities in nursing home Ishinkan facilities, and operates facilities to conduct the hospice business, which is called the Ishinkan business. It is currently the mainstay business of the Group.

(8) Main Business Facilities (as of September 30, 2023)

Headquarters: 1-6-1 Kyobashi, Chuo-ku, Tokyo, Japan

List of Facilities (Ishinkan)

Location	Facility name
Hokkaido	Higashi Sapporo
Aomori	Hachinohe, Aomori, Hirosaki
Iwate	Morioka I, II, Morioka III, Kitakami
Miyagi	Sendai Nagamachi, Sendai Yaotome
Akita	Akita
Yamagata	Yamagata, Yamagata II
Fukushima	Fukushima
Tokyo	Narimasu, Kyodo, Hongo, Mizue, Heiwadai, Sengawa, Omori, Hachioji
Kanagawa	Yokohama Tsuzuki, Yokohama Tateba, Higashi Totsuka, Shin-Yokohama, Kami-Ooka, Shonandai, Odawara, Kanazawabunko, Honatsugi, Yamato, Kikuna, Yokohama Nakayama, Fujisawa, Sagamihara
Chiba	Nagareyama Otakanomori, Soga, Kashiwa, Minami Nagareyama, Inage, Chiba ekimae, Nishi Funabashi
Saitama	Minami Urawa, Urawa Misono, Kita Urawa, Musashi Urawa, Kawagoe, Koshigaya, Ageo, Higashi Omiya, Kasukabe, Tsurugashima, Kuki
Ibaraki	Mito, Tsukuba, Tsukuba II
Tochigi	Utsunomiya, Utsunomiya II
Nagano	Nagano
Niigata	Niigata, Niigata II, Joetsu, Niigata III
Aichi	Ama, Honjin, Yagoto Minamiyama, Anjo
Shizuoka	Hamamatsu, Shizuoka, Fuji, Numazu, Shizuoka II
Mie	Nabari I, Nabari II, Yokkaichi II
Gifu	Gifu
Total	76 facilities

(9) Status of Employees (as of September 30, 2023)

(a) Employees of the corporate group

Number of employees	Change from the end of the previous consolidated fiscal year		
2,974 (499)	Increased by 790 people		(Increased by 83 people)

(Note)

The number of employees excludes those seconded from the Group to outside the Group and includes those seconded from outside the Group to the Group. The number of temporary employees (including part-timers and temporary employees, but excluding temporary employees dispatched from human resources companies) is the average number of people per year (converted to eight hours per day) and is shown in parentheses.

(b) Employees of the Company

Number of employees	Change from the end of the previous fiscal year		
98 (8)	Increased by 31 people		(Decreased by 6 people)

(Note)

The number of employees excludes employees seconded from the Company to outside parties and includes employees seconded from outside parties to the Company. The number of temporary employees (including part-timers and temporary employees, but excluding temporary employees dispatched from personnel agencies) is the average number of people per year (converted to eight hours per day) and is shown in parentheses.

(10) Status of Major Lenders (as of September 30, 2023)

Lender	Amount borrowed
MUFG Bank, Ltd.	4,873 million yen
Mizuho Bank, Ltd.	2,780 million yen
Sumitomo Mitsui Banking Corporation	2,624 million yen
Resona Bank, Limited.	1,574 million yen

(11) Other Important Matters Concerning the Current Status of the Corporate Group
Not applicable.

2. Status of Shares of the Company (as of September 30, 2023)

- (1) Total Number of Shares Authorized to be Issued 320,000,000 shares
- (2) Total Number of Shares Issued 98,033,400 shares
(Including 956 shares of treasury shares)
- (3) Number of Shareholders 7,785

(4) Major Shareholders

Shareholder name	Number of shares held (shares)	Shareholding ratio (%)
IDEA Capital	51,662,000	52.70
Keiichi Shibahara	7,862,000	8.02
SSBTC CLIENT OMNIBUS ACCOUNT	6,896,357	7.03
Custody Bank of Japan, Ltd. (Trust Account)	4,500,000	4.59
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,543,300	3.61
NORTHERN TRUST CO. (AVFC) RE IEDU UCITS CLIENTS NON LENDING 15 PCT TREATY ACCOUNT	1,840,000	1.88
Tetsuya Nakagawa	796,000	0.81
STATE STREET BANK AND TRUST COMPANY 505223	737,828	0.75
Sumitomo Life Insurance Company	619,600	0.63
MORGAN STANLEY & CO. LLC	542,348	0.55

(Notes)

1. The calculation of the shareholding ratio excludes treasury shares.
2. Although Capital Research and Management Company reported that it held 6,658,851 shares as of May 15, 2023 in a large shareholding report (change report) made available for public inspection on May 22, 2023, the Company is unable to confirm the number of shares actually held as of the end of the current fiscal year. Therefore, Capital Research and Management Company is not included in the above major shareholders.

- (5) Other Important Matters Concerning Shares of the Company
Not applicable.

3. Status of Stock Acquisition Rights of the Company

(1) Status of Stock Acquisition Rights Held by Officers and Employees of the Company as of September 30, 2023

1. Overview of details of stock acquisition rights

Name (Date of resolution to grant)	Number of stock acquisition rights	Type and number of shares subject to stock acquisition rights	Issuance price of stock acquisition rights	Exercise price (Per share)	Exercise period
Series 4 Stock Acquisition Rights (Resolved on July 3, 2018)	5 units	Common shares: 8,000 shares	0 yen	6 yen	From July 25, 2021 to June 30, 2028
Series 5 Stock Acquisition Rights (Resolved on June 17, 2019)	50 units	Common shares: 80,000 shares	0 yen	79 yen	From July 1, 2022 to May 31, 2029

(Notes)

1. The number of shares and exercise price (per share) of stock acquisition rights above are the figures after the 200-for-1 stock split of common share implemented on July 31, 2019, the 2-for-1 stock split of common share implemented on April 1, 2020, the 2-for-1 stock split of common share implemented on January 1, 2022 and the 2-for-1 stock split of common share implemented on October 1, 2022.
2. The terms and conditions for the exercise of the series 4 and series 5 stock acquisition rights are as follows.

Officers

- (a) A person who has received an allocation of stock acquisition rights (hereinafter referred to as a "holder of stock acquisition rights") must be a director, Audit & Supervisory Board member, employee or person in an equivalent position at the Company or its subsidiary at the time of exercising the rights. However, this shall not apply in cases where the Board of Directors specifically approves.
- (b) Holders of stock acquisition rights may exercise their rights within the exercise period only if the Company's shares are listed on a financial instruments exchange on or after the date of allocation.
- (c) Holders of stock acquisition rights may exercise all or part of the rights allocated to them in accordance with the following classifications. However, when exercising a part of the rights, the rights shall be exercised in units of an integral multiple of the allocated rights.
 - (1) Until the day on which one year has elapsed since the end of the month in which the Company's shares were listed on a financial instruments exchange, one half of the rights allocated may be exercised.
 - (2) On and after the date on which one year has elapsed from the end of the month in which the Company's shares are listed on a financial instruments exchange, all of the rights allocated may be exercised.
- (d) In the event of the death of the holder of the stock acquisition rights, the heir may exercise the rights only within ten months from the end of the month in which the Company becomes aware of the fact of death (provided, however, that such period shall be up to the last day of the exercise period).

Employee

- (a) Holders of stock acquisition rights must hold the position of director, Audit & Supervisory Board member, employee or equivalent of the Company or its subsidiaries at the time of exercising their rights. However, this shall not apply in cases where the Board of Directors specifically approves.
- (b) Holders of stock acquisition rights may exercise their rights within the exercise period only if the Company's shares are listed on a financial instruments exchange on or after the date of allocation.
- (c) In the event of the death of the holder of stock acquisition rights, the heir may exercise the stock acquisition rights.
- (d) Individual stock acquisition rights may not be exercised in part.

2. Shareholdings of the Company's officers as of the end of the current fiscal year

Category	Name	Number of stock acquisition rights	Number of holders
Audit & Supervisory Board member	Series 5 Stock Acquisition Rights	46 units	1 person

(2) Status of Stock Acquisition Rights Issued during the Current Fiscal Year
Not applicable.

(3) Other Important Matters Concerning Stock Acquisition Rights
Not applicable.

4. Matters Concerning Corporate Officers

(1) Names and Other Information of Directors and Audit & Supervisory Board Members (as of September 30, 2023)

Position	Name	Responsibilities and important concurrent positions
Representative Director and CEO	Keiichi Shibahara	Representative Director, Amvis, Inc. Representative Director, Ashitano Iryo, Inc.
Director and CFO	Tetsuya Nakagawa	General Manager, Accounting and Finance Division Director, Ashitano Iryo, Inc. Director, Amvis, Inc.
Director	Shingo Yamaguchi	General Manager, Administration Division Director, Ashitano Iryo, Inc. Director, Amvis, Inc.
Director	Nobutaka Ushigome	President and Representative Director, TYK Corporation Chairperson and Representative Director, TYK America, Inc. President and Representative Director, Akechi Ceramics Co., Ltd. President and Representative Director, U-Ceramic Co., Ltd. President and Representative Director, Mizuno Ceramics Co., Ltd. President and Representative Director, Houei Kogyo Co., Ltd. Outside Director, Chubu Steel Plate Co., Ltd.
Director	Tsuyoshi Yamada	Director, CTO, General Manager of the 1st Business Division and General Manager of the Technical Research Office, Link-U Inc.
Full-time Audit & Supervisory Board Member	Ryoji Arai	
Audit & Supervisory Board Member	Shinkichi Matsuo	Representative Director, NextLeap Co., Ltd. Outside Audit & Supervisory Board Member, Seikagaku Corporation Outside Audit & Supervisory Board Member, TAKARA & COMPANY LTD.
Audit & Supervisory Board Member	Takahiro Sugawara	Representative Director, Eltes Co., Ltd. Director, AIK Co., Ltd. Representative Director, Eltes Capital Co., Ltd. Outside Director, gooddays holdings, Inc. Representative Director, JAPANDX Co., Ltd.

(Notes)

- Messrs. Nobutaka Ushigome Tsuyoshi Yamada are outside directors.
- Messrs. Ryoji Arai, Shinkichi Matsuo and Takahiro Sugawara are outside Audit & Supervisory Board members.
- The Company has designated Messrs. Nobutaka Ushigome and Tsuyoshi Yamada, directors, as independent officers in accordance with the provisions of the Tokyo Stock Exchange and has notified the Tokyo Stock Exchange of such designation.
- The Company has designated Messrs. Ryoji Arai, Shinkichi Matsuo and Takahiro Sugawara, Audit & Supervisory Board members, as independent officers in accordance with the provisions of the Tokyo Stock Exchange and has notified the Tokyo Stock Exchange of such designation.
- Mr. Shinkichi Matsuo, an Audit & Supervisory Board member, is a certified public accountant and a certified tax accountant and has considerable knowledge of finance and accounting.

(2) Outline of Liability Limitation Agreement

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company and its directors (excluding those who are executive directors) and Audit & Supervisory Board members have entered into an agreement to limit their liability for damages as provided in Article 423, Paragraph 1 of the same act. The maximum amount of liability for damages under the agreement is the minimum liability amount stipulated in laws and regulations. Such limitation of liability is permitted only when the relevant director or Audit & Supervisory Board member performs his or her duties in good faith and without gross negligence in the performance of the duties that gave rise to the liability.

(3) Outline of Liability Insurance Policy for Officers

The Company has entered into a liability insurance contract with an insurance company for directors and Audit & Supervisory Board members as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The insurance is designed to cover legal damages, litigation expenses and other losses incurred by the insured. The insured under the liability insurance contract are the Company's directors, Audit & Supervisory Board members, and executive officers, as well as directors and executive officers of subsidiaries, and the insured does not bear any insurance premiums.

In addition, there are certain exemptions from liability under the insurance contract, such as cases of breach of trust, criminal acts, fraudulent acts, and acts committed with the knowledge that they violate laws and regulations.

(4) Compensation for Directors and Audit & Supervisory Board Members

Policy regarding determination of details of compensation for directors

At a Board of Directors meeting held on February 22, 2021, the Company resolved the decision policy regarding the details of compensation for each individual director. The Board of Directors has determined that the individual compensation for directors for the current fiscal year are consistent with the decision policy resolved at the Board of Directors meeting, as the method of determining the details of compensation and the details of compensation determined are consistent with the decision policy.

The following is a summary of the decision policy regarding the details of compensation for each individual director for the current fiscal year.

(A) Policy regarding determination of the amount of compensation for each individual director and the method of calculation

The compensation system for directors is designed to function sufficiently as an incentive for the sustainable enhancement of corporate value, and the basic policy for determining the compensation for individual directors is to set an appropriate level based on the responsibilities of each position.

Compensation for executive directors is limited to basic compensation as fixed compensation, and outside directors, who are responsible for supervisory functions, are paid only basic compensation in consideration of their duties. In the future, in order to further clarify the Company's commitment to the sustainable enhancement of corporate value, the Company aims to introduce share-based compensation and is also considering the performance-linked compensation for executive directors, so that the compensation system is linked to shareholder interests.

(B) Policy regarding determination of the following matters among the individual compensation for directors

(a) Policy on the amount and calculation method of compensation by individual

Basic compensation is determined by a resolution of the Board of Directors after consulting with the Nomination and Compensation Committee, an advisory body, and receiving a report within the total amount resolved at the General Meeting of Shareholders, based on the amount determined by position and by grade and title of director.

(b) Policy regarding determination of the details and amount or calculation method of performance-linked compensation and non-monetary compensation

The Company has not adopted performance-linked compensation or non-monetary compensation.

(c) Composition of compensation

Compensation for directors consists solely of basic compensation.

(C) Policy regarding determination of time or conditions for granting compensation for directors

Basic compensation is paid monthly as fixed monetary compensation during the term of office, and is determined promptly after the Ordinary General Meeting of Shareholders, taking into account the responsibilities of each position.

(D) Matters regarding the delegation of the determination of the details of individual compensation for directors to directors and other third parties

The amount of individual compensation for each director is delegated to Mr. Keiichi Shibahara, representative director and CEO, on the condition that the report of the Nomination and Compensation Committee is respected. The Nomination and Compensation Committee then deliberates on the level of compensation, and the representative director makes decisions on compensation after considering the contents of the report. The reason for delegating these authorities is that the representative director is the most suitable person to evaluate the responsibilities of each director while having a bird's-eye view of the Company's overall performance.

The Company has resolved at a Board of Directors meeting held on November 20, 2023, to revise the decision policy regarding the details of compensation for each individual director, subject to the approval of proposals 3 and 4 at the Company's Ordinary General Meeting of Shareholders to be held on December 22, 2023. The details of the revised policy are as described in the Reference Documents for the General Meeting of Shareholders.

(5) Amount of Compensation Paid to Directors and Audit & Supervisory Board Members for the Current Fiscal Year

Category	Number of people	Total amount of compensation
Directors	5	68 million yen
(Outside directors included in above)	(2)	(8) million yen
Audit & Supervisory Board members	3	14 million yen
(Outside Audit & Supervisory Board members included in above)	(3)	(14) million yen

(Notes) Provisions by resolution of the General Meeting of Shareholders, etc. are as follows.

At the Ordinary General Meeting of Shareholders held on December 28, 2017, it was resolved that the total amount of compensation for directors shall not exceed 100 million yen per year. The number of directors at the conclusion of the General Meeting of Shareholders was three (3).

At the Extraordinary General Meeting of Shareholders held on February 15, 2019, it was resolved that the total amount of compensation for Audit & Supervisory Board members shall not exceed 30 million yen per year. The number of Audit & Supervisory Board members at the conclusion of the General Meeting of Shareholders was three (3) (including three (3) outside Audit & Supervisory Board members).

(6) Matters Related to Outside Officers

(a) Significant concurrent positions held with other companies and relationship between the Company and other companies

- Mr. Nobutaka Ushigome, director, is president and representative director of TYK Corporation, Akechi Ceramics Co., Ltd., U-Ceramic Co., Ltd., Mizuno Ceramics Co., Ltd. and Houei Kogyo Co., Ltd., chairperson and representative director of TYK America, Inc., and an outside director of Chubu Steel Plate Co., Ltd.

The Company does not have any commercial relationships with these companies.

- Mr. Tsuyoshi Yamada, director, is CTO, general manager of the 1st business division and general manager of the technical research office at Link-U Inc.

The Company does not have any commercial relationships with the Company.

- Mr. Shinkichi Matsuo, Audit & Supervisory Board member, is representative director of NextLeap Co., Ltd., an outside Audit & Supervisory Board member of Seikagaku Corporation and TAKARA & COMPANY LTD. The Company has no commercial relationship with NextLeap Co. or Seikagaku Corporation, but the Company and the corporate group consisting of TAKARA & COMPANY LTD. and its subsidiaries have transactions related to the production of printed materials.

- Mr. Takahiro Sugawara, Audit & Supervisory Board member, is representative director of Eltes Co., Ltd., Eltes Capital Co., Ltd., JAPANDX Co., Ltd., a director of AIK Co., Ltd., and an outside director of gooddays holdings, Inc.

The Company does not have any commercial relationships with these companies.

(b) Major Activities during the Current Fiscal Year

Category	Name	Board of Directors attendance record	Audit & Supervisory Board attendance record	Main activities
Director	Nobutaka Ushigome	18/18 times (100%)	-	Mr. Nobutaka Ushigome has a wealth of experience and broad knowledge as a corporate manager of a company listed on the Standard market of the Tokyo Stock Exchange, and has made various statements on overall management from the perspective of business management and business strategy.
Director	Tsuyoshi Yamada	18/18 times (100%)	-	Mr. Tsuyoshi Yamada has a wealth of experience and deep insight in all aspects of corporate management as well as experience in management of IT companies as a director, CTO and one of the founders of a company listed on the Prime market of the Tokyo Stock Exchange, and has made various statements on overall management from the perspective of business management and business strategy.
Audit & Supervisory Board Member	Ryoji Arai	18/18 times (100%)	13/13 times (100%)	Mr. Ryoji Arai has a wealth of experience and knowledge in the financial industry, and has made statements to ensure the appropriateness and adequacy of decision-making from a professional perspective.
Audit & Supervisory Board Member	Shinkichi Matsuo	18/18 times (100%)	13/13 times (100%)	Mr. Shinkichi Matsuo has a wealth of experience and knowledge in finance and accounting as a certified public accountant, and has made statements to ensure the appropriateness and propriety of decision-making from a professional perspective.
Audit & Supervisory Board Member	Takahiro Sugawara	18/18 times (100%)	13/13 times (100%)	As founder of a company listed on the Growth market of the Tokyo Stock Exchange and a business executive of an IT company, Mr. Takahiro Sugawara has a wealth of experience and a wide range of knowledge. He makes statements to ensure the appropriateness and adequacy of decision-making from the perspective of business management and business strategy.

5. Status of Accounting Auditor

(1) Name of Accounting Auditor

PricewaterhouseCoopers Aarata LLC

(2) Outline of Liability Limitation Agreement

Article 42 of the Company's Articles of Incorporation provides that the Company and the accounting auditor may enter into an agreement to limit liability for damages as provided for in Article 423, Paragraph 1 of the Companies Act in accordance with the provisions of Article 427, Paragraph 1 of the same Act, but no agreement to limit liability has been entered into.

(3) Amount of Compensation Paid to the Accounting Auditor for the Current Fiscal Year

	Amount
Compensation as accounting auditor for the current fiscal year	44 million yen
Total amount of money and other financial benefits to be paid by the Company and its subsidiaries	46 million yen

(Notes)

1. In the audit contract between the Company and the accounting auditor, the amount of compensation for audits based on the Companies Act and the amount of compensation for audits based on the Financial Instruments and Exchange Act are not clearly separated, and cannot be separated practically, so the amount of compensation for the current fiscal year includes the sum of these amounts.
2. The Audit & Supervisory Board of the Company has confirmed the status of the audit plan and actual results for the past fiscal year through the regular exchange of opinions and information with the audit corporation, and has reviewed the appropriateness of the estimate of the amount of compensation presented by the accounting auditor, and as a result, the Audit & Supervisory Board has given its consent in accordance with Article 399, Paragraph 1 of the Companies Act.

(4) Details of Non-Audit Services

The Company paid compensation for the accounting auditor for the preparation of a comfort letter which is a service other than the services stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act (non-audit services).

(5) Policy on Dismissal or Non-Reappointment of Accounting Auditors

If the Audit & Supervisory Board determines that there is a hindrance to the execution of duties by the accounting auditor or otherwise that it is necessary to do so, the Audit & Supervisory Board shall decide on a proposal for the dismissal or non-reappointment of the accounting auditor, and the Board of Directors shall submit such proposal to the General Meeting of Shareholders based on such decision.

If the Audit & Supervisory Board finds that the accounting auditor falls under any of the items stipulated in Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Board will dismiss the accounting auditor with the unanimous consent of the Audit & Supervisory Board members. In this case, the Audit & Supervisory Board member selected by the Audit & Supervisory Board shall report the dismissal of the accounting auditor and the reasons for the dismissal at the first general meeting of shareholders to be convened after the dismissal.

6. Company Structure and Policies

(1) Systems to Ensure that the Execution of Duties by Directors Complies with Laws and Regulations and the Articles of Incorporation, and Other Systems to Ensure the Appropriateness of Business Operations, and an Overview of the Operation Status of Such Systems

1. System development

The Group has the following systems in place.

- (A) Systems to ensure that the execution of duties by directors and employees complies with laws and regulations and the Articles of Incorporation
- (a) The Company shall establish a code of conduct for employees and ensure that all employees are familiar with corporate ethics and legal compliance.
 - (b) Internal rules shall be maintained in a timely manner, taking into account the latest revisions to laws and regulations.
 - (c) The Company shall establish the Compliance Department as a department to supervise and guide the legal compliance system of the entire Group, and shall conduct research and studies on laws and regulations related to the Company's business and ensure thorough compliance.
 - (d) The Company shall establish an Internal Audit Office under the direct control of the president, which shall check all business processes from an independent standpoint, and shall appropriately cooperate with audit corporations and Audit & Supervisory Board members in the course of audits.
 - (e) In order to detect violations of laws and regulations at an early stage, the Company shall set up a contact point for reporting in accordance with the rules for the internal reporting system operation.
 - (f) Since relationships with antisocial forces lead to violations of laws and regulations, the Company shall block any and all relationships with such forces in accordance with the rules for measures against antisocial forces.
- (B) Systems for the storage and management of information related to the execution of duties by directors
- (a) Important records related to the execution of duties by directors, such as minutes of the Board of Directors meetings, approval documents, accounting books, etc., shall be stored and managed for a specified period in documents or electromagnetic media in accordance with laws and regulations and the rules for document management.
 - (b) Directors and Audit & Supervisory Board members shall have access to these documents at all times.
- (C) Rules and other systems for managing the risk of loss
- (a) In addition to efforts to enhance corporate value, the Company shall foresee all risks (compliance issues, quality issues, information security issues, etc.) that may threaten the sustainable development of the Company, assess them appropriately, prioritize them, and establish a risk management system.
 - (b) A risk management system shall be established by the general manager of the Administration Division, the Risk Management Committee, the Task Force and the Board of Directors in accordance with the rules for risk management, the rules for legal compliance management, the rules for information system management, the rules for managerial crisis management.
- (D) Systems to ensure the efficient execution of duties by directors
- (a) Regular Board of Directors meetings shall be held once a month, and extraordinary Board of Directors meetings shall be held for flexible decision-making.
 - (b) The Management Meeting shall be established under the Board of Directors to discuss matters to be discussed at Board of Directors meetings in advance and to improve decision-making efficiency.
 - (c) To expedite decision-making on business operations by delegating authority in accordance with the rules for administrative authority.
- (E) Systems to ensure the appropriateness of operations of the corporate group consisting of the Company and its subsidiaries
- (a) The Company shall share its management philosophy with the entire Group, enhance its corporate value, and ensure the appropriateness of its operations.
 - (b) Subsidiaries shall periodically report to headquarters on matters to be reported and approved as stipulated in the rules for group company management.
 - (c) Members of the Internal Audit Office of the Company shall visit the subsidiaries and report the audit results to the representative director.

- (F) Systems for employees to assist Audit & Supervisory Board members in their duties when requested to do so by Audit & Supervisory Board members
Employees who assist the duties of the Audit & Supervisory Board members shall be secured as necessary, and such employees shall not be subject to the direction and orders of directors.
- (G) System for directors and employees to report to Audit & Supervisory Board members and other systems for reporting to Audit & Supervisory Board members
Directors and general managers, etc. shall report and provide information on the status of execution of their duties, etc., in response to requests from each Audit & Supervisory Board member. Reports and provision of information shall be made on a regular basis, such as every quarter, or at any other time as requested by the Audit & Supervisory Board members.
- (H) Other systems to ensure that audits by Audit & Supervisory Board members are conducted effectively
- (a) The representative director and members of the Internal Audit Office shall exchange opinions with the Audit & Supervisory Board members on a regular basis.
 - (b) Audit & Supervisory Board members shall attend all important meetings, including Board of Directors meetings and the Management Meetings, and obtain necessary information.
 - (c) The Audit & Supervisory Board shall receive reports on audit results from the audit corporation on a regular basis to enhance the effectiveness of the audit.
- (I) Systems to ensure the reliability of financial reporting
In order to ensure the reliability of financial reporting, the Group shall establish various regulations based on the Financial Instruments and Exchange Act, and shall effectively and efficiently establish, operate, and evaluate internal controls over financial reporting. The development and operation of internal control is also carried out at each business site, and the Internal Audit Office is mainly responsible for evaluation.
2. Status of operation of the system to ensure the appropriateness of business
- (a) The Board of Directors held 18 meetings. In addition, internal rules and regulations are reviewed and updated as necessary, and their contents are made known to all employees so that they can be checked at any time.
 - (b) The Audit & Supervisory Board held 13 meetings, all of which consisted of outside Audit & Supervisory Board members.
The Audit & Supervisory Board members conduct audits based on the audit plan established by Audit & Supervisory Board and exchange opinions with directors and the Internal Audit Office.
 - (c) The Internal Audit Office conducts audits of each division of the Company in accordance with the internal audit plan and reports the results to the representative director.

(2) Policy Regarding Determination of Dividends from Surplus

The Company considers the distribution of profits to shareholders to be a priority management issue. The Company's basic policy is to distribute profits to shareholders through the stable payment of dividends paid once a year, taking into account a variety of factors. These include the market environment, regulatory changes, and financial soundness. The Company also considers the need to secure internal reserves to expand the Ishinkan business as well as related businesses and to strengthen its management base.

The Company stipulates in its Articles of Incorporation that the matters stipulated in each item of Article 459, Paragraph 1 of the Companies Act may be determined by a resolution of the Board of Directors, unless otherwise provided for in laws and regulations, but in principle, year-end dividends shall be determined by a resolution of the General Meeting of Shareholders. The Company's Articles of Incorporation stipulate that the record date for year-end dividends is the last day of each fiscal year and the record date for interim dividends is March 31 of each year, and that the Company may pay dividends from surplus on other record dates.

Based on these policies, the Company plans to pay a year-end dividend of 3 yen per share for the current fiscal year.

(Note)

Amounts and numbers of shares shown in this business report are truncated to the nearest unit unless otherwise noted.

Consolidated Balance Sheets

(As of September 30, 2023)

(Unit: million yen)

Account	Amount	Account	Amount
(Assets)		(Liabilities)	
Current Assets	19,535	Current Liabilities	10,506
Cash and Deposits	12,128	Accounts Payable	137
Accounts Receivable	6,484	Short-Term Borrowings	2,267
Inventories	14	Current Portion of Long-Term Borrowings	2,573
Other	960	Lease Obligations	119
Allowance for Doubtful Accounts	(53)	Accounts Payable - Other and Accrued Expenses	2,363
Non-Current Assets	36,017	Income Taxes Payable	1,856
Property, Plant and Equipment	32,370	Provision for Bonuses	753
Buildings and Structures, Net	21,151	Other	434
Machinery, Equipment and Vehicles, Net	0	Non-Current Liabilities	18,529
Tools, Furniture and Fixtures, Net	57	Long-Term Borrowings	12,554
Leased Assets, Net	5,387	Lease Obligations	5,540
Land	1,707	Asset Retirement Obligations	348
Construction in Progress	4,066	Net Defined Benefit Liability	18
Intangible Assets	57	Other	67
Other	57	Total Liabilities	29,036
Investments and Other Assets	3,589	(Net Assets)	
Leasehold and Guarantee Deposits	2,420	Shareholders' Equity	26,523
Deferred Tax Assets	591	Share Capital	57
Other	576	Capital Surplus	11,693
Deferred Assets	6	Retained Earnings	14,774
Share Issuance Cost	6	Treasury Shares	(1)
		Accumulated Other Comprehensive Income	(0)
		Remeasurements of Defined Benefit Plans	(0)
		Total Net Assets	26,523
Total Assets	55,559	Total Liabilities and Net Assets	55,559

Consolidated Statements of Income

(From October 1, 2022
To September 30, 2023)

(Unit: million yen)

Account	Amount	
Net Sales		31,985
Cost of Sales		18,714
Gross Profit		13,271
Selling, General and Administrative Expenses		4,640
Operating Profit		8,630
Non-Operating Income		
Subsidy Income	96	
Gain on Bad Debts Recovered	1	
Gain on Sale of Non-Current Assets	34	
Miscellaneous Income	28	161
Non-Operating Expenses		
Interest Expenses	230	
Amortization of Share Issuance Cost	15	
Miscellaneous Loss	4	250
Ordinary Profit		8,541
Extraordinary Income		
Gain on Sale of Businesses	400	400
Profit before Income Taxes		8,942
Income Taxes	2,816	
Income Taxes-Deferred	(184)	2,631
Profit		6,310
Profit Attributable to Non-Controlling Interests		—
Profit Attributable to Owners of Parent		6,310

Consolidated Statements of Changes in Net Assets

(From October 1, 2022
To September 30, 2023)

(Unit: million yen)

	Shareholder's Equity				
	Share Capital	Capital Surplus	Retained Earnings	Treasury Shares	Total Shareholders' Equity
Balance at the beginning of current period	5,866	5,836	8,757	(1)	20,459
Changes during the period					
Dividends from surplus			(293)		(293)
Issuance of new shares	24	24			48
Capital reduction	(5,833)	5,833			-
Profit attributable to owners of parent			6,310		6,310
Acquisition of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes during the period	(5,808)	5,857	6,016	(0)	6,064
Balance at the end of current period	57	11,693	14,774	(1)	26,523

	Accumulated Other Comprehensive Income		Total Net Assets
	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income	
Balance at the beginning of current period	(0)	(0)	20,458
Changes during the period			
Dividends from surplus			(293)
Issuance of new shares			48
Capital reduction			-
Profit attributable to owners of parent			6,310
Acquisition of treasury shares			(0)
Net changes of items other than shareholders' equity	(0)	(0)	(0)
Total changes during the period	(0)	(0)	6,064
Balance at the end of current period	(0)	(0)	26,523

Notes Regarding Consolidated Financial Statements

Notes Regarding Significant Basis for the Preparation of Consolidated Financial Statements

1. Matters concerning the scope of consolidation

Number of consolidated subsidiaries and names of consolidated subsidiaries

Number of consolidated subsidiaries 2 companies

Name of consolidated subsidiaries Amvis, Inc.

Ashitano Iryo, Inc.

2. Application of the equity method

Not applicable.

3. Matters concerning accounting policies

(1) Depreciation method for important depreciable assets

(a) Property, plant and equipment (excluding leased assets)

The declining-balance method is used. However, the straight-line method is used for buildings (excluding facilities attached to buildings) acquired on or after September 1, 2013, and for facilities attached to buildings and structures acquired on or after April 1, 2016.

The main useful lives are as follows:

Buildings and structures 2 to 47 years

Machinery, equipment and vehicles 2 to 3 years

Tools, furniture and fixtures 2 to 17 years

(b) Intangible assets (excluding leased assets)

The straight-line method is used.

The main useful lives are as follows:

Software (for internal use) 5 years (usable period within the Company
and its subsidiaries)

Other 6 to 15 years

(c) Leased assets

Leased assets related to finance lease transactions that do not transfer ownership

The straight-line method is used, where the lease period is deemed as the useful life and the residual value is set at zero.

(2) Accounting standards for significant allowances and provisions

(a) Allowance for doubtful accounts

To prepare for credit losses on receivables, an allowance for doubtful accounts is provided for the estimated uncollectible amount of receivables based on the historical write-off ratio for general receivables and on an individual assessment of the collectability of specific doubtful receivables.

(b) Provision for bonuses

To provide for the payment of bonuses to employees, the Group records the estimated amount of bonus payments to employees and the amount of legal welfare expenses attributable to the current consolidated fiscal year borne by the Group.

(3) Accounting for significant deferred assets

Share issuance cost

Amortized using the straight-line method over an effective period of up to three years.

(4) Method of accounting for retirement benefits

Method of attributing the estimated amount of retirement benefits to the period

In calculating the retirement benefit obligation, the Group uses the benefit calculation method for attributing the estimated amount of retirement benefits to the period up to the end of the current consolidated fiscal year.

The Company uses the simplified method, in which the amount to be paid at the end of the term for retirement benefits is regarded as the retirement benefit obligation.

Method of amortizing actuarial gains and losses

Actuarial gains and losses are amortized using the straight-line method over a certain period (four years) from the consolidated fiscal year following the consolidated fiscal year in which they arise, which is within the average remaining years of service of eligible employees when the actuarial gains and losses arise in a consolidated fiscal year.

Unrecognized actuarial gains and losses are recorded within the remeasurements of defined benefit plans under the accumulated other comprehensive income in the net assets section after adjustment for tax effects.

(5) Revenue and expense recognition standards

The Group operates in a single business segment, the Ishinkan business, which provides home nursing care, home care, and other services to patients with high medical dependency.

These services are performance obligations to be satisfied over a certain period based on contracts with customers, and the Group is entitled to receive from customers the amount of consideration that directly corresponds to the value to the customer of the portion of the obligations that have been satisfied to date. Therefore, in accordance with Paragraph 19 of the "Implementation Guidance on Accounting Standard for Revenue Recognition" (The Accounting Standards Board of Japan (hereinafter referred to as the "ASBJ") Guidance No. 30, March 26, 2021), the Group recognizes revenue mainly in the amount it is entitled to receive, such as the amount of medical service fees under medical insurance and care fees under care insurance.

As considerations for transactions are received within two months after satisfying performance obligations, significant financing components are not included.

Also, transaction prices are based on contract prices with customers, and there is no variable consideration or discounting.

(6) Other important matters for the preparation of consolidated financial statements

Accounting treatment of consumption taxes

Non-deductible consumption taxes are recorded in selling, general and administrative expenses as incurred, except for the portion related to property, plant and equipment (PP&E). Non-deductible consumption taxes related to PP&E are included as part of the PP&E value and depreciated over the useful life of the PP&E.

Impairment loss on fixed assets

For business assets, each facility is grouped as the smallest unit that generates independent cash flows, and the Company determines whether an indicator of impairment of fixed assets exists, recognizes and measures an impairment loss. There is no applicable information for idle assets.

Notes Regarding Accounting Estimates

Not applicable.

Notes Regarding Consolidated Balance Sheets

1. Pledged assets and secured liabilities

(1) Assets pledged as collateral

Buildings and structures, net	18,859 million yen
Land	1,404 million yen
Total	<u>20,264 million yen</u>

(2) Secured liabilities

Long-term borrowings (Including current portion)	13,256 million yen
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2. Accumulated depreciation of property, plant and equipment

Buildings and structures	2,136 million yen
Machinery, equipment and vehicles	1 million yen
Tools, furniture and fixtures	211 million yen
Leased assets	646 million yen
Total	<u>2,996 million yen</u>

Notes Regarding Consolidated Statements of Income

Revenue from contracts with customers

Net sales consist solely of revenues arising from contracts with customers. There are no other revenues.

Gain on Sale of Businesses

Gain on Sale of Businesses is due to the transfer of the business of Ishinkan Yokkaichi in Amvis, Inc., which is a consolidated subsidiary of the Company.

Notes Regarding Consolidated Statements of Changes in Net Assets

1. Matters concerning the type and total number of shares issued and the type and number of shares of treasury shares

Type of shares	Number of shares at the beginning of current fiscal year	Increase in number of shares	Decrease in number of shares	Number of shares at the end of current fiscal year
Shares issued				
Common shares (shares)	48,917,600	49,115,800	—	98,033,400
Treasury shares				
Common shares (shares)	456	500	—	956

(Note 1) The increase of common shares issued is due to the following reasons.

Increase due to issuance of new shares upon exercise of stock acquisition rights:	187,200 shares
Increase due to issuance of restricted shares:	11,000 shares
Increase due to stock split:	48,917,600 shares

(Note 2) The increase of common shares of treasury shares is due to the following reason.

Increase due to purchase of odd-lot shares:	44 shares
Increase due to stock split:	456 shares

2. Matters related to dividends

(1) Dividends paid

Resolution	Type of shares	Total dividends (million yen)	Dividends per share (yen)	Reference date	Effective date
Ordinary General Meeting of Shareholders on December 23, 2022	Common shares	293	6.00	September 30, 2022	December 26, 2022

(Note 1) The Company has implemented a 2-for-1 stock split on January 1, 2022.

(Note 2) The Company has implemented a 2-for-1 stock split on October 1, 2022. The stock split is not taken into account about dividends per share.

(2) Dividends for which the record date belongs to the current consolidated fiscal year but the effective date comes after the current consolidated fiscal year

To be resolved	Class of shares	Source of dividends	Total dividends (million yen)	Dividends per share (yen)	Reference date	Effective date
Ordinary General Meeting of Shareholders on December 22, 2023	Common shares	Retained earnings	294	3.00	September 30, 2023	December 25, 2023

3. Type and number of shares to be issued upon exercise of stock acquisition rights (excluding those for which the first day of the exercise period has not yet arrived) as of the end of the current consolidated fiscal year

Common shares 88,000 shares

Notes Regarding Financial Instruments

1. Matters concerning the status of financial instruments

(1) Policy on financial instruments

The Group procures necessary funds through bank loans based on capital investment plans mainly for conducting the Ishinkan business. Surplus funds are managed by limiting short-term investments to deposits, and so on, and long-term investments to highly secure financial assets. Investment decisions are based on safety (certainty of payment of principal and interest), liquidity (restrictions on or ease of redemption) and profitability (interest, dividends and other income). It is the Group's policy not to engage in credit transactions or derivative transactions.

(2) Description of financial instruments and their risks

The user portion of accounts receivable as operating receivables is exposed to the credit risk of the user. Leasehold and guarantee deposits are mainly pledged in connection with lease contracts related to the Ishinkan business, and are exposed to the credit risk of client companies.

Payables, such as accounts payable, accounts payable – other and accrued expenses, are generally due within one month. Borrowings and lease obligations related to finance leases are mainly for the purpose of establishing facilities, and their redemption dates are up to 31 years after the consolidated settlement date. Some of the borrowings are exposed to the risk of interest rate fluctuations.

(3) Risk management system for financial instruments

(a) Management of credit risk (risk related to non-performance of contract by counterparties, etc.)

The Group strives to reduce risks associated with operating receivables, leasehold and guarantee deposits by managing due dates and balances for each customer.

The maximum amount of credit risk as of the consolidated settlement date of the current financial year is represented by the balance sheets value of the financial assets exposed to credit risk.

(b) Management of liquidity risk related to fund procurement (risk of being unable to make payments on due dates)

The Group manages liquidity risk by having the Finance Department prepare and update cash flow plans in a timely manner based on reports from each department, and by maintaining liquidity on hand.

(4) Supplementary explanation of matters concerning the fair value of financial instruments

Since variable factors are incorporated in the calculation of fair values of financial instruments, such values may fluctuate due to the adoption of different assumptions and other factors.

2. Matters concerning the fair value of financial instruments

Carrying value on the consolidated balance sheets, fair value and the difference between the two are as follows.

	Carrying value (million yen)	Fair value (million yen)	Difference (million yen)
(1) Leasehold and guarantee deposits	2,420	2,375	(45)
Total assets	2,420	2,375	(45)
(1) Long-term borrowings (*2)	15,127	15,139	11
(2) Lease obligations (*2)	5,660	5,502	(157)
Total liabilities	20,787	20,641	(146)

(*1) Since cash and deposits, accounts receivable, accounts payable, accounts payable - other and accrued expenses, short-term borrowings and income taxes payable are cash or settled in the short term, their fair value approximates their carrying value and therefore notes regarding their fair value are omitted.

(*2) Current portion of long-term borrowings and lease obligations are included in the above figures.

(Note 1) Scheduled redemption amounts of monetary receivables after the consolidated settlement date

	Within 1 year (million yen)	Over 1 to 5 years (million yen)	Over 5 to 10 years (million yen)	Over 10 years (million yen)
Cash and deposits	12,128	—	—	—
Accounts receivable	6,484	—	—	—
Leasehold and guarantee deposits	2	8	—	2,409
Total	18,615	8	—	2,409

(Note 2) Scheduled repayment amounts of short-term borrowings, long-term borrowings and lease obligations after the consolidated settlement date

	Within 1 year (million yen)	Over 1 to 2 years (million yen)	Over 2 to 3 years (million yen)	Over 3 to 4 years (million yen)	Over 4 to 5 years (million yen)	Over 5 years (million yen)
Short-term borrowings	2,267	—	—	—	—	—
Long-term borrowings	2,573	2,566	2,509	2,498	2,199	2,781
Lease obligations	119	128	132	137	141	4,999
Total	4,960	2,695	2,642	2,635	2,340	7,780

3. Fair value information by level within the fair value hierarchy

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Level 1 fair value: Fair value measured using observable inputs, i.e., quoted prices in active markets for assets or liabilities that are the subject of the measurement.

Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs.

Level 3 fair value: Fair value measured using unobservable inputs.

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety at the lowest level input that is significant to the entire measurement.

(1) Financial assets and liabilities measured at fair value in the consolidated balance sheets
Not applicable.

(2) Financial assets and liabilities other than those measured at fair value in the consolidated balance sheets

Category	Fair value (million yen)			
	Level1	Level2	Level3	Total
Leasehold and guarantee deposits	—	2,375	—	2,375
Total assets	—	2,375	—	2,375
Long-term borrowings (including current portion)	—	15,139	—	15,139
Lease obligations (including current portion)	—	5,502	—	5,502
Total liabilities	—	20,641	—	20,641

(Note) A description of the valuation techniques and inputs used in the fair value measurements

Leasehold and guarantee deposits

The fair value is calculated based on the present value of future cash flows discounted by an appropriate index such as the yield of government bonds and is classified as Level 2 fair value.

The “carrying value” and “fair value” include the portion of the leasehold and guarantee deposits that is not expected to be collected in the future (unamortized balance of asset retirement obligations).

Long-term borrowings (including current portion) and lease obligations (including current portion)

The fair value is calculated based on the present value of the total principal and interest discounted at the interest rate that would be applied if similar borrowings or lease transactions were newly entered into and is classified as Level 2 fair value.

Notes Regarding Revenue Recognition

1. Information that disaggregates revenue arising from contracts with customers

The Group operates in a single business segment, the Ishinkan business, which provides home nursing care, home care, and other services to patients with high medical dependency. The revenue of the Ishinkan business is three-tier structure consists of medical service fees and care fees received through the provision of these services and other revenues such as rent, management fees, food expenses and others received from patients, which are mostly composed of insurance fee such as medical service fees and care fees.

As a result, the Group does not provide information that breaks down revenue from contracts with customers, as there are no factors that have a significant effect on the nature, amount, timing, or uncertainty of revenue and cash flows.

2. Useful information in understanding revenue from contracts with customers

Useful information in understanding revenue from contracts with customers is omitted because the same information is presented in “Notes (Notes Regarding Significant Basis for the Preparation of Consolidated Financial Statements), 3. Matters concerning accounting policies, (5) Revenue and expense recognition standards.”

3. Information about the relationship between the satisfaction of performance obligations under contracts with customers and cash flows from such contracts, and the amount and timing of revenue expected to be recognized from contracts with customers that existed at the end of the current consolidated fiscal year and are expected to be recognized in the following consolidated fiscal year or later

(1) Balance of contract assets and contract liabilities

	Beginning of current fiscal year	End of current fiscal year
Receivables from contracts with customers	4,786 million yen	6,484 million yen
Contract assets	— million yen	— million yen
Contract liabilities	4 million yen	8 million yen

(Note) The Group recognizes contract liabilities for advances received from customers, which are reclassified to revenue when the performance obligations under contracts are satisfied. Contract liabilities are primarily consideration received from customers prior to the satisfaction of performance obligations related to service provision transactions, such as home nursing care and home care services, and are included in “Other” under current liabilities in the consolidated balance sheets. The amount of revenue recognized in the current consolidated fiscal year from performance obligations satisfied in prior periods was not significant.

(2) Transaction price allocated to remaining performance obligations

The services provided by the Group are mainly based on contracts that bill based on the amount of medical service fees and care fees calculated based on the home nursing care and home care services provided, and there are no significant transactions with customers where the initially expected terms of the contracts with customers exceed one year. Therefore, the total amount allocated to the remaining performance obligations and the period over which revenue is expected to be recognized are omitted. There are no significant amounts of consideration from contracts with customers that are not included in the transaction price.

Notes Regarding Per Share Information

	Fiscal year ended September 30, 2023
Net assets per share	270.56 yen
Earnings per share	64.44 yen

Notes Regarding Significant Subsequent Events

Not applicable.

Non-Consolidated Balance Sheets

(As of September 30, 2023)

(Unit: million yen)

Account	Amount	Account	Amount
(Assets)		(Liabilities)	
Current Assets	4,073	Current Liabilities	5,116
Cash and Deposits	2,794	Short-Term Borrowings	2,267
Short-Term Loans		Current Portion of	
Receivable from	125	Long-Term Borrowings	2,573
Subsidiaries and Affiliates			
Accounts Receivable		Accounts Payable - Other	
from Subsidiaries	464	and Accrued Expenses	152
and Affiliates - Other			
Other	689	Accounts Payable	
		from Subsidiaries	12
Non-Current Assets	29,100	and Affiliates - Other	
Property, Plant and Equipment	26,817	Income Taxes Payable	6
Buildings and Structures,		Deposits Received	66
Net	21,033	Provision for Bonuses	17
Machinery, Equipment			
and Vehicles, Net	0	Other	21
Tools, Furniture			
and Fixtures, Net	10	Non-Current Liabilities	12,898
Land	1,707	Long-Term Borrowings	12,554
Construction		Asset Retirement	
in Progress	4,066	Obligations	343
Intangible Assets	54	Provision for	
Other	54	Retirement Benefits	0
Investments and		Total Liabilities	18,014
Other Assets	2,228	(Net Assets)	
Shares of Subsidiaries		Shareholders' Equity	15,164
and Affiliates	180	Share Capital	57
Leasehold and		Capital Surplus	11,693
Guarantee Deposits	1,942	Legal Capital Surplus	5,850
Deferred Tax Assets	13	Other Capital Surplus	5,843
Other	92	Retained Earnings	3,415
Deferred Assets	6	Other Retained Earnings	3,415
Share Issuance Cost	6	Retained Earnings	
		Brought Forward	3,415
		Treasury Shares	(1)
		Total Net Assets	15,164
Total Assets	33,179	Total Liabilities	
		and Net Assets	33,179

Non-Consolidated Statements of Income

(From October 1, 2022
To September 30, 2023)

(Unit: million yen)

Account	Amount	
Operating Revenue		5,269
Operating Costs		1,638
Operating Gross Profit		3,630
Selling, General and Administrative Expenses		1,351
Operating Profit		2,279
Non-Operating Income		
Interest Income	0	
Subsidy Income	22	
Penalty Income	10	
Miscellaneous Income	2	36
Non-Operating Expenses		
Interest Expenses	66	
Amortization of Share Issuance Cost	15	
Miscellaneous Loss	1	83
Ordinary Profit		2,232
Profit before Income Taxes		2,232
Income Taxes	25	
Income Taxes-Deferred	7	32
Profit		2,199

Non-Consolidated Statements of Changes in Net Assets

(From October 1, 2022
To September 30, 2023)

(Unit: million yen)

	Shareholders' Equity							Total Net Assets
	Share Capital	Capital Surplus			Retained Earnings	Treasury Shares	Total Shareholders' Equity	
		Legal Capital Surplus	Other Capital Surplus	Total Capital Surplus	Other Retained Earnings			
					Retained Earnings Brought Forward			
Balance at the beginning of current period	5,866	5,826	10	5,836	1,509	(1)	13,210	13,210
Changes during the period								
Dividends from surplus					(293)		(293)	(293)
Issuance of new shares	24	24		24			48	48
Capital reduction	(5,833)		5,833	5,833			—	—
Profit					2,199		2,199	2,199
Acquisition of treasury shares						(0)	(0)	(0)
Total changes during the period	(5,808)	24	5,833	5,857	1,906	(0)	1,954	1,954
Balance at the end of current period	57	5,850	5,843	11,693	3,415	(1)	15,164	15,164

Notes Regarding Non-Consolidated Financial Statements

Notes Regarding Matters Concerning Significant Accounting Policies

1. Valuation standards and methods for assets

Valuation standards and methods for marketable securities

Subsidiary shares Cost method based on the moving average method

2. Depreciation method for fixed assets

(a) Property, plant and equipment

The declining-balance method is used. However, the straight-line method is used for buildings and structures acquired on or after October 3, 2016.

The main useful lives are as follows:

Buildings and structures 2 to 47 years

Machinery, equipment and vehicles 2 years

Tools, furniture and fixtures 2 to 8 years

(b) Intangible assets

The straight-line method is used.

The main useful life is as follows:

Software (for internal use) 5 years (usable period within the Company)

Other 6 to 15 years

3. Accounting standards for provisions

Provision for bonuses

To provide for the payment of bonuses to employees, the Company records the estimated amount of bonus payments to employees and the amount of legal welfare expenses attributable to the current fiscal year borne by the Company.

Provision for retirement benefits

To provide for the payment of retirement benefits to employees, the Company has used the simplified method to calculate the provision for retirement benefits and retirement benefit expenses, which uses the amount required to be paid at the end of the term for retirement benefits as the retirement benefit obligation.

4. Revenue and expense recognition standards

As a holding company, the Company's revenues consist primarily of management guidance fees, real estate rents, and dividends received from consolidated subsidiaries. For management guidance fees, since the performance obligation is satisfied by providing management services, the Company recognizes revenue at that point in time over a fixed period in an amount stipulated in the contract. Real estate rents are recognized as revenues when the rent is incurred based on the lease contract. In addition, dividend income is recognized as revenue as of the effective date of the dividend.

5. Method of accounting for deferred assets

Share issuance cost

Amortized using the straight-line method over the period of effect up to three years.

6. Other important matters forming the basis for the preparation of financial statements

Accounting treatment of consumption taxes

Non-deductible consumption taxes are recorded in selling, general and administrative expenses as incurred, except for the portion related to property, plant and equipment (PP&E). Non-deductible consumption taxes related to PP&E are included as part of the PP&E value and depreciated over the useful life of the PP&E.

Impairment loss on fixed assets

For business assets, the entire company is grouped as the smallest unit that generates independent cash flows, and the Company determines whether an indicator of impairment of fixed assets exists, recognizes, and measures an impairment loss. There is no applicable information for idle assets.

Notes Regarding Accounting Estimates

Not applicable.

Notes Regarding Non-Consolidated Balance Sheets

1. Pledged assets and secured liabilities

(1) Assets pledged as collateral

Buildings and structures, net	18,859 million yen
Land	1,404 million yen
Total	<u>20,264 million yen</u>

(2) Secured liabilities

Long-term borrowings (Including current portion)	13,256 million yen
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2. Accumulated depreciation of property, plant and equipment

Buildings and structures	2,078 million yen
Machinery, equipment and vehicles	1 million yen
Tools, furniture and fixtures	13 million yen
Total	<u>2,094 million yen</u>

Notes Regarding Non-Consolidated Statements of Income

Transactions with subsidiaries and affiliates

Operating transactions (income)	5,269 million yen
Operating transactions (expenditure)	67 million yen
Transactions other than operating transactions (income)	0 million yen

Notes Regarding Non-Consolidated Statements of Changes in Net Assets

Type and number of treasury shares as of the end of the current fiscal year

Common shares	956 shares
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Notes Regarding Tax Effect Accounting

Breakdown of deferred tax assets and deferred tax liabilities

Deferred tax assets

Provision for bonuses	5 million yen
Asset retirement obligations	118 million yen
Deferred consumption tax	5 million yen
Other	15 million yen
Subtotal of deferred tax assets	<u>145 million yen</u>
Valuation allowance	<u>– million yen</u>
Total deferred tax assets	<u>145 million yen</u>

Deferred tax liabilities

Removal costs corresponding to asset retirement obligations	(107) million yen
Effect of changes in accounting policies	(15) million yen
Other	(9) million yen
Total deferred tax liabilities	<u>(132) million yen</u>
Net deferred tax assets	<u>13 million yen</u>

Notes Regarding Transactions with Related Parties

Subsidiary

(Unit: million yen)

Type	Name of company	Percentage of voting rights held	Relationship with related parties	Description of transactions	Transaction amount (Note 6)	Account name	Ending balance (Note 6)				
Subsidiary	Amvis, Inc.	100.0%	Management guidance	Management guidance fees (Note 1)	1,322	Accounts receivable from subsidiaries and affiliates - other	463				
				Rent of real estate	Real estate rents (Note 2)			1,797			
			Acceptance of seconded employees	Secondment of employees	Payment of personnel expenses for seconded employees (Note 3)		85	Accounts payable from subsidiaries and affiliates - other	12		
					Receipt of dividends		Receipt of personnel expenses for seconded employees (Note 3)			18	
			Receipt of guarantees about borrowings from banks	Dividends received	2,150		—	—			
			Interlocking directorate	Guaranteed borrowings from banks (Note 4)	12,217						
			Subsidiary	Ashitano Iryo, Inc.	100.0%		Support of funds	Loan of funds (Note 5)	30	Short-term loans receivable from subsidiaries and affiliates	125
								Interlocking directorate	Interest received (Note 5)	0	Accounts receivable from subsidiaries and affiliates - other

Terms and conditions of transactions and their decisions

(Note 1) Management guidance fees are determined based on the contracts.

(Note 2) Real estate rents are determined based on the contracts.

(Note 3) Payment and receipt of personnel expenses for seconded employees are determined based on the contracts.

(Note 4) The Company has received guarantees about borrowings from banks. The Company has not paid any guarantee fees.

(Note 5) The interest rate for the loan of funds is determined reasonably in consideration of the market interest rate.

(Note 6) Consumption tax is not included in the transaction amount. Consumption tax is included in the ending balance.

Notes Regarding Revenue Recognition

Useful information in understanding revenue from contracts with customers is omitted because the same information is presented in “Notes (Notes Regarding Matters Concerning Significant Accounting Policies, 4. Revenue and expense recognition standards.”

Notes Regarding Per Share Information

	Fiscal year ended September 30, 2023
Net assets per share	154.69 yen
Earnings per share	22.47 yen

Notes Regarding Significant Subsequent Events

Not applicable.

Independent Auditor's Report
(English Translation*)

November 17, 2023

To the Board of Directors of Amvis Holdings, Inc.

PricewaterhouseCoopers Aarata LLC
Tokyo office

Masaki Nitta, CPA
Designated limited liability Partner
Engagement Partner

Masanori Yagi, CPA
Designated limited liability Partner
Engagement Partner

Opinion

We have audited, pursuant to Article 444 (4) of the Companies Act of Japan, the accompanying consolidated financial statements, which comprise the consolidated balance sheets, consolidated statements of income, consolidated statements of changes in net assets and notes regarding consolidated financial statements of Amvis Holdings, Inc. for the fiscal year from October 1, 2022 to September 30, 2023.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Amvis Holdings and its subsidiaries (the Group) and its financial performance for the period covered by the consolidated financial statements in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the business report and the accompanying supplementary schedules. Management is responsible for the preparation and disclosure of the other information. In addition, those charged with governance are responsible for overseeing the Company's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal

control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the consolidated financial statement audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

* Notes to the Readers of Independent Auditor's Report

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

Independent Auditor's Report
(English Translation*)

November 17, 2023

To the Board of Directors of Amvis Holdings, Inc.

PricewaterhouseCoopers Aarata LLC
Tokyo office

Masaki Nitta, CPA
Designated limited liability Partner
Engagement Partner

Masanori Yagi, CPA
Designated limited liability Partner
Engagement Partner

Opinion

We have audited, pursuant to Article 436 (2) (i) of the Companies Act of Japan, the accompanying financial statements, which comprise the non-consolidated balance sheets, non-consolidated statements of income, non-consolidated statements of changes in net assets and notes regarding non-consolidated financial statements, and the supplementary schedules of Amvis Holdings, Inc. (hereinafter referred to as the "Company") for the 7th fiscal year from October 1, 2022 to September 30, 2023.

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and its financial performance for the period covered by the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and the Supplementary Schedules* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements and the supplementary schedules in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the business report and the accompanying supplementary schedules. Management is responsible for the preparation and disclosure of the other information. In addition, those charged with governance are responsible for overseeing the Company's reporting process of the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Financial Statements and the Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of the financial

statements and the supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements and the Supplementary Schedules

Our objectives are to obtain reasonable assurance about whether the financial statements and the supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the supplementary schedules.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statement audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the financial statements and the supplementary schedules are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the financial statements and the supplementary schedules, including the disclosures, and whether the financial statements and the supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Audit & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

** Notes to the Readers of Independent Auditor's Report*

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

Audit Report (English Translation)

The Audit & Supervisory Board has prepared this audit report, following deliberations, based on the audit reports prepared by each Audit & Supervisory Board Member regarding the execution of directors' duties for the 7th fiscal year from October 1, 2022 to September 30, 2023, and hereby reports as follows:

1. Auditing Methods Adopted by the Audit & Supervisory Board Members and the Audit & Supervisory Board and the Details
 - (1) The Audit & Supervisory Board determined audit policies, allocation of duties and the like, and received reports from each Audit & Supervisory Board Member on the status of the implementation of audits and results, as well as reports from the directors, other relevant personnel and the accounting auditor regarding the status of execution of their duties and sought explanations as necessary.
 - (2) Each Audit & Supervisory Board Member, adhering to the audit standards of Audit & Supervisory Board Members' audit standards established by the Audit & Supervisory Board, as well as the audit policies, the allocation of duties and the like, strove to develop the audit environment and collect information through mutual communications with the directors, the Internal Audit Office and other relevant employees while utilizing phones, internet and the like, and conducted audits by the following methods:
 - (a) Each Audit & Supervisory Board Member attended Board of Directors meetings and other important meetings, received reports from the directors, employees and other relevant personnel on the status of the execution of their duties, sought explanations as necessary, inspected material internal decision-making documents and the like, and examined the status of operations and assets at the headquarters and the principal business offices. Regarding subsidiaries, each Audit & Supervisory Board Member communicated and exchanged information with directors and other relevant personnel of the subsidiaries, and received reports on their business from them as necessary.
 - (b) Each Audit & Supervisory Board Member received reports regularly from directors, employees and other relevant personnel, sought explanations as necessary, and expressed opinions regarding the status of establishment and operations of a system developed based on the resolution of the Board of Directors and its contents concerning the development of a system (internal control system) to ensure that execution of directors' duties conforms to laws and the Articles of Incorporation and other systems needed to ensure appropriateness of operations of the Company and its consolidated subsidiaries, pursuant to Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act.
 - (c) Each Audit & Supervisory Board Member monitored and verified whether the accounting auditor maintained independence and conducted appropriate audits, and received reports from the accounting auditor on the status of execution of their duties, and sought explanations as necessary. Each Audit & Supervisory Board Member also received notification from the accounting auditor that the "system to ensure appropriate execution of duties" (matters set forth in each item of Article 131 of the Regulation for Corporate Accounting) has been prepared in accordance with the "Quality Management Standard for Audits" (Business Accounting Council, October 28, 2005) and sought explanations as necessary. Regarding key audit matters, each Audit & Supervisory Board Member discussed with the accounting auditor, received reports of the audit status from the accounting auditor and sought explanations as necessary.

Based on the methods above, the Audit & Supervisory Board Members have reviewed the business report and the accompanying supplementary schedules, the non-consolidated financial statements (non-consolidated balance sheets, non-consolidated statements of income, non-consolidated statements of changes in net assets and notes regarding non-consolidated financial statements) and the accompanying supplementary schedules as well as the consolidated financial statements (consolidated balance sheets, consolidated statements of income, consolidated statements of changes in net assets and notes regarding consolidated financial statements) related to the current fiscal year.

2. Audit Results

(1) Audit Results on the Business Report and Others

- (a) In our opinion, the business report and the accompanying supplementary schedules correctly present the status of the Company in accordance with applicable laws and regulations as well as the Articles of Incorporation of the Company.
- (b) We have found no evidence of misconduct or material acts in violation of the applicable laws and regulations, nor of any violation regarding the Articles of Incorporation of the Company, concerning the execution of directors' duties.
- (c) In our opinion, details of the resolution of the Board of Directors regarding the internal control system are appropriate. Furthermore, we have found no matters to remark upon regarding details of the internal control system described in the business report as well as the execution of directors' duties.

(2) Results of Audit of the Non-consolidated Financial Statements and the Accompanying Supplementary Schedules

In our opinion, the methods and results of the audit conducted by PricewaterhouseCoopers Aarata LLC, the accounting auditor, are appropriate.

(3) Results of Audit of the Consolidated Financial Statements

In our opinion, the methods and results of the audit conducted by PricewaterhouseCoopers Aarata LLC, the accounting auditor, are appropriate.

November 20, 2023

The Audit & Supervisory Board of Amvis Holdings, Inc.

Outside Audit & Supervisory Board Member (Full-time)	Ryoji Arai	(Seal)
Outside Audit & Supervisory Board Member	Shinkichi Matsuo	(Seal)
Outside Audit & Supervisory Board Member	Takahiro Sugawara	(Seal)