



First Half Ended March 31, 2024

Business and Financial Highlights

Amvis Holdings, Inc.

May 13, 2024

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1 **FY24 1H Financial Results Summary**

2 **Achieving Our Medium- to Long-Term Growth**

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Social Problem-Solving Business



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

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

We hope our business will help to solve the medical problems of revitalizing regional healthcare, reducing the exhaustion of medical workers, and alleviating regional disparities in healthcare and to enhance the medical and care system, which is the goal of the government.

1

Continuing to operate Ishinkan, which mainly accepts patients in terminal stage of cancer, supported by our robust nursing system

- ✓ We mainly accept patients who are in the terminal stages of illness such as cancer or those with high medical dependency, and provide responsible care until the end of their lives. About 98% of patients pass away in the facility rather than being transferred to hospitals.
- ✓ We have built a robust nursing system to provide various medical procedures and to support patients and their family with decision-making. As a result, we can respond to high patient turnover and earn the trust of the local community as a platform for in-home healthcare.

2

Opening facilities at a fast pace throughout Japan, while maintaining and improving the quality of operation and care

- ✓ We have already decided to open 11 new facilities in Tokyo and 9 in Western Japan during FY24 and FY25 1H, accelerating the expansion of operating areas in response to high demand and achieving dominance in the Tokyo metro area.
- ✓ Due to the robust headquarters-focused management system, we are able to provide high-quality medical care and maintain high utilization rates and a comprehensive nursing and care system, while opening at a fast pace, at 28 new facilities per year.

3

Responding to a wide range of medical needs of community

- ✓ We strengthen our response to the diversifying needs of patients and community by promoting home-visit care in addition to providing care within Ishinkan facilities.
- ✓ We help to establish a community-based medical care delivery system by working to revitalize regional healthcare in a remote area whose healthcare system is at risk of collapsing, by providing super hands-on support to medical institutions with a team led by young doctors.

FY24 1H Operating Performance

1H Net Sales (Actual)

JPY 19.5bn

1H EBITDA⁽¹⁾ (Actual)

JPY 6.1bn
(EBITDA margin: 31.4%)

Full-Year Net Sales (Forecast)

JPY 42.6bn
(Progress toward full-year
forecast: 46.0%)

Full-Year EBITDA (Forecast)

JPY 12.3bn
(Progress toward full-year
forecast: 49.9%)

Note:

1. EBITDA = operating profit + depreciation + amortization of goodwill + share-based compensation expenses (same applies on the following pages)



1. FY24 1H Financial Results Summary

- The utilization rate at existing facilities was 87.2%, slightly surpassing our target for stable operations (82-85%). The start of new facilities was also solid. Also, we continued to control costs appropriately. As a result, 1H performance progressing steadily against full-year forecasts.
 - ✓ Net sales: JPY 19.5bn (Progress toward full-year forecast: 46.0%)
 - ✓ EBITDA: JPY 6.1bn (Progress toward full-year forecast: 49.9%)
 - ✓ Net profit: JPY 3.7bn (Progress toward full-year forecast : 52.3%)
- In 1H, we opened 11 new facilities and expanded 1 facility. As a result, we had 87 facilities (4,379 beds) as of March 31, 2024. In Q3, we plan to begin operating Ishinkan in Okayama and Wakayama, our first in Western Japan.
 - ✓ FY24: We plan to open 17 facilities in 2H, for a total of 28 facilities and expand 1 facility during FY24.
 - ✓ FY25: We have already announced plans to open 15 facilities. We plan to steadily release further information once launch plans have been clarified to achieve the targets of 28 facilities per year and 131 facilities (6,621 beds) by the end of FY25 set in the three-year plan.
- Under the trade name of “Igokoro,” we decided to provide home-visit services to patients outside Ishinkan facilities. Refer to the following page for details.
 - ✓ We expect synergies in various areas, such as sales, recruitment, and operation between Igokoro and nearby Ishinkan.
 - ✓ We aim to provide high-quality and effective care to address the diversifying needs of patients and community.

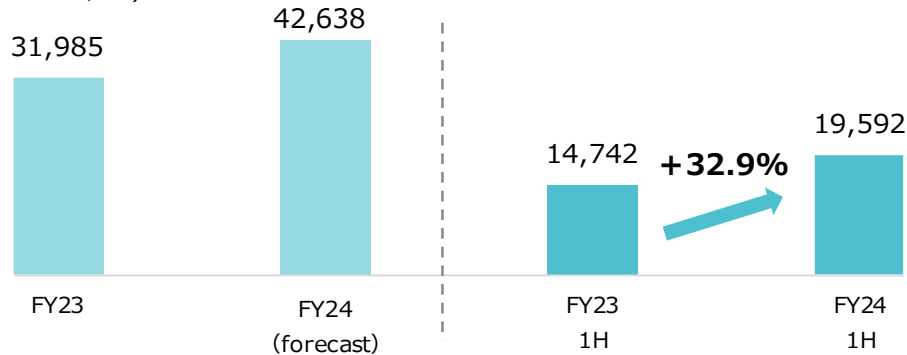
Net Sales and Profit Rose Steadily as the Number of Facilities and Bed Capacity Increase

- Net sales increased compared to 1H of FY23 as the number of facilities increased by 22 and the number of bed capacity increased by 37%.
- Progress toward full-year forecast was favorable on net sales (46.0%), EBITDA (49.9%), and net profit (52.3%).

1H Performance and Progress Toward FY24 Forecasts

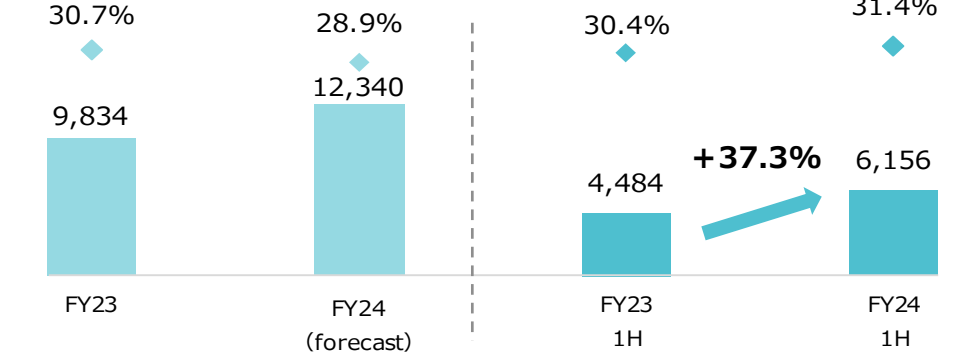
Net Sales

(JPY MM / %)

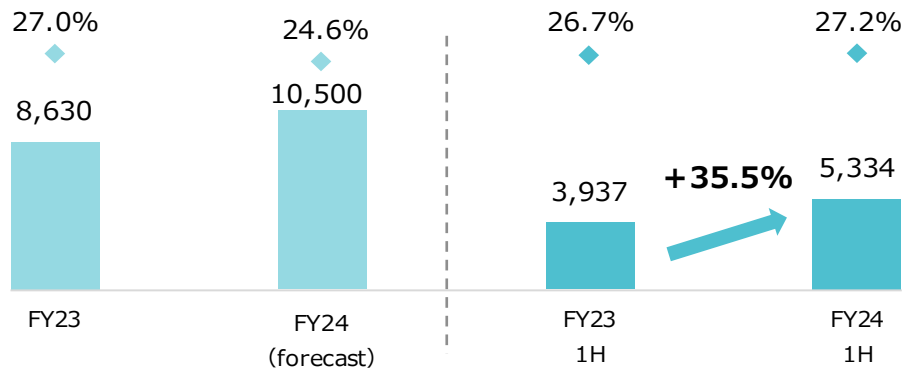


EBITDA

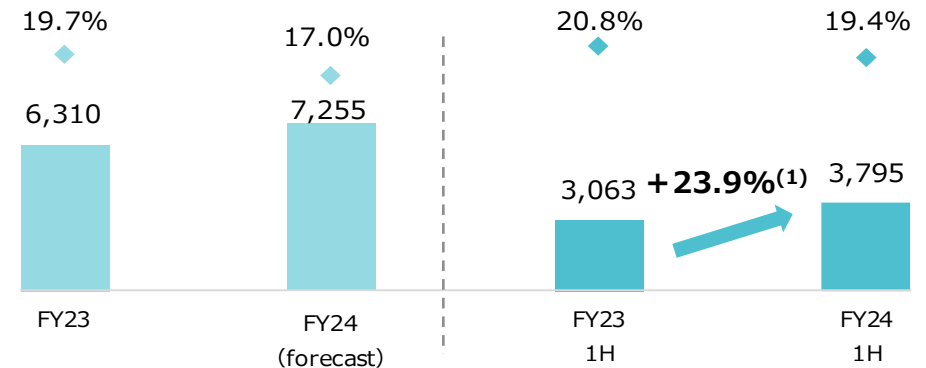
◆ : Percentage of Net Sales



Operating Profit



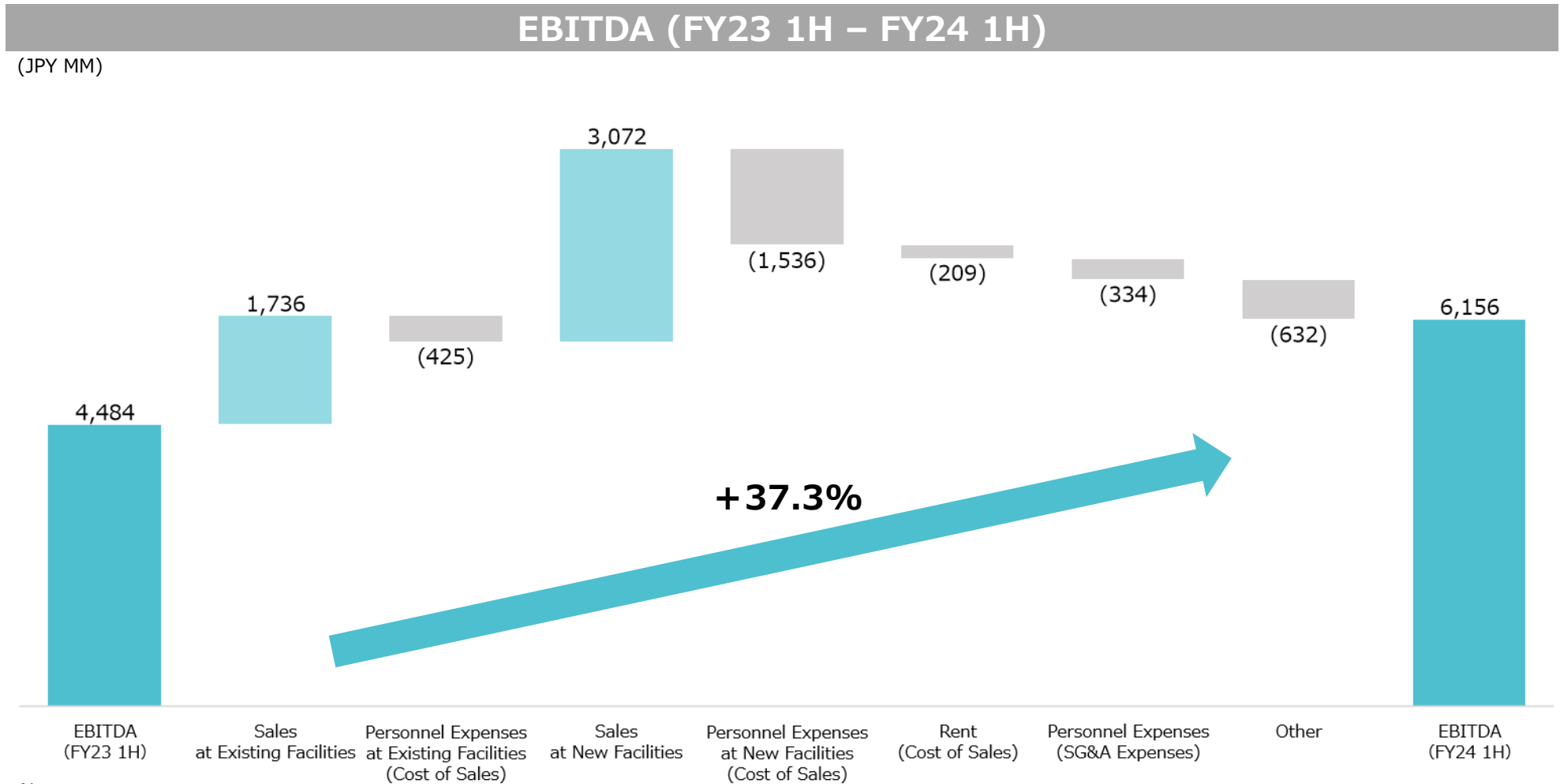
Net Profit



Note:
1. Excluding extraordinary income (profit from the transfer of Ishinkan Yokkaichi in FY23), the profits growth rate is +36.5%.

Maintained Stable Utilization Rates at Both Existing Facilities and New Facilities

- We maintained stable utilization rates at existing facilities (87.2%) and new facilities (50.7%).⁽¹⁾

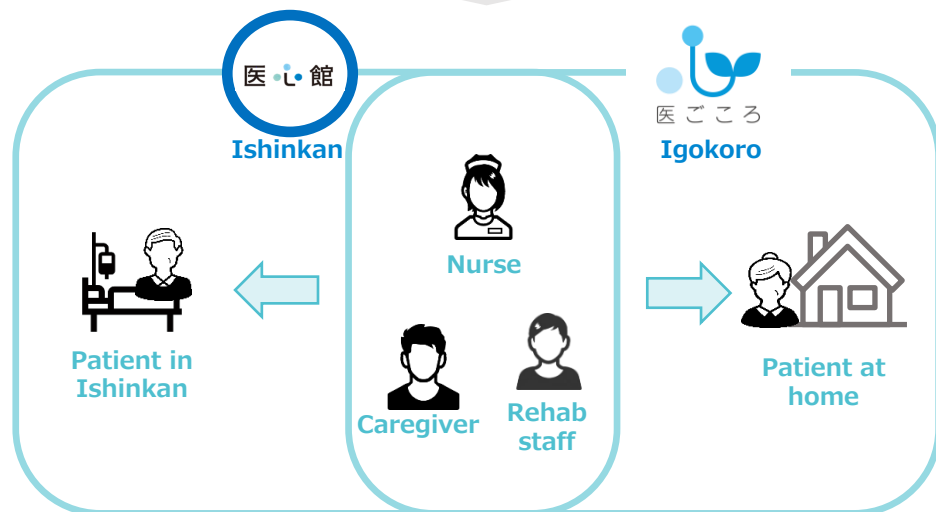
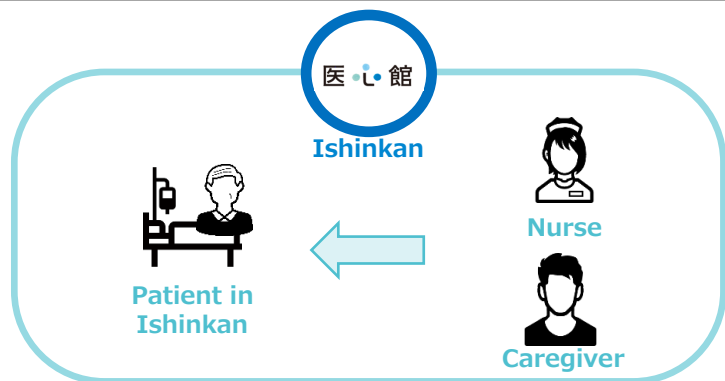


Note:

1. New Facilities: Opened after 1H of FY23 (same applies on the following pages) / Utilization Rate: median

- Under the trade name of “Igokoro,” we decided to provide home-visit services to patients in the Tokyo metro area.
- Utilizing the know-how and human resources acquired through the Ishinkan business, we plan to contribute to the community that extend beyond the facilities.

Overview



Rationale

- We can provide services to more local residents by promoting home visit, rather than providing services exclusively within the Ishinkan.
- We can better respond to the diverse medical and care needs including home rehabilitation.
- We expect synergies in various areas, such as sales, recruitment, and operation between the Igokoro and nearby Ishinkan.

Timeline

- FY24 Q3 : Start of operation in the Tokyo metro area
- FY24 Q4 : Start of operation in the Chukyo area
- FY25 or later : Expand in a wide range of areas



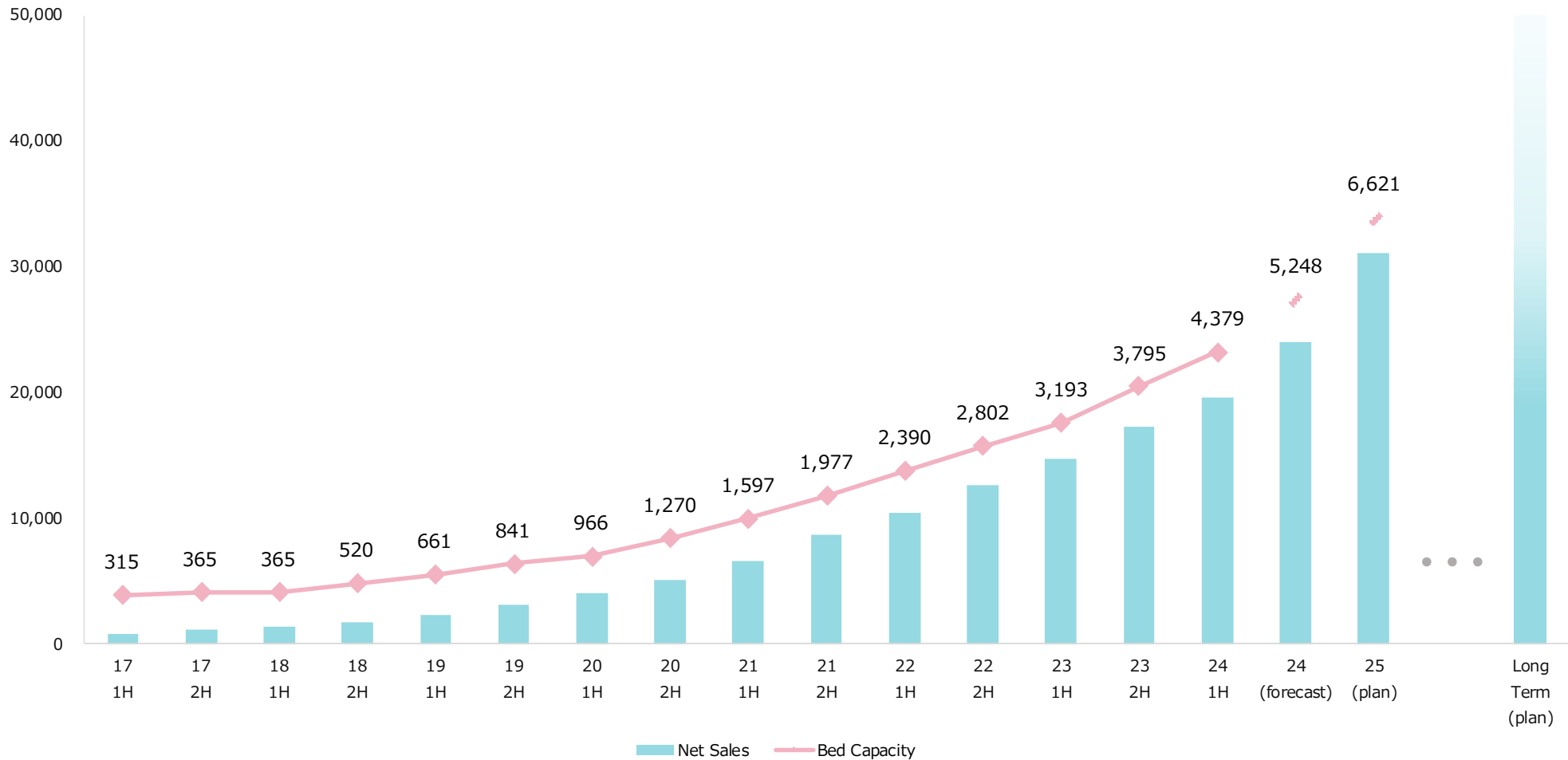
2. Achieving Our Medium- to Long-Term Growth

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



Amvis Holdings' Growth Trajectory

(JPY MM / Beds)



Amvis 2025 Targets

(FY25) Number of Facilities / Bed Capacity

131 facilities / 6,621 beds

FY24 (forecast): 104 facilities / 5,248 beds
FY23 (actual): 76 facilities / 3,795 beds
FY22 (actual): 58 facilities / 2,802 beds

(FY25) Net Sales

JPY 56.5bn

FY24 (forecast): JPY 42.6bn
FY23 (actual): JPY 31.9bn
FY22 (actual): JPY 23.0bn

(FY25) EBITDA

JPY 16.6bn

FY24 (forecast): JPY 12.3bn
FY23 (actual): JPY 9.8bn
FY22 (actual): JPY 6.9bn

(FY22-25) Net Profit (CAGR)

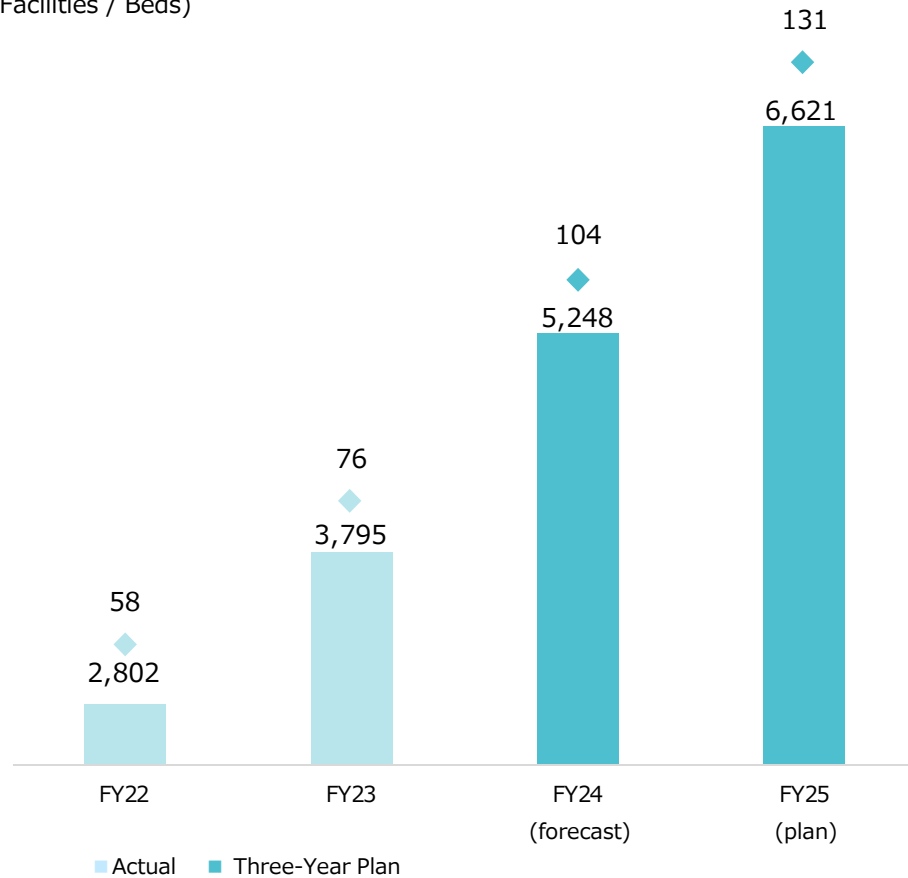
25% or more

FY20-FY23 (actual): 72%

Amvis 2025 Targets

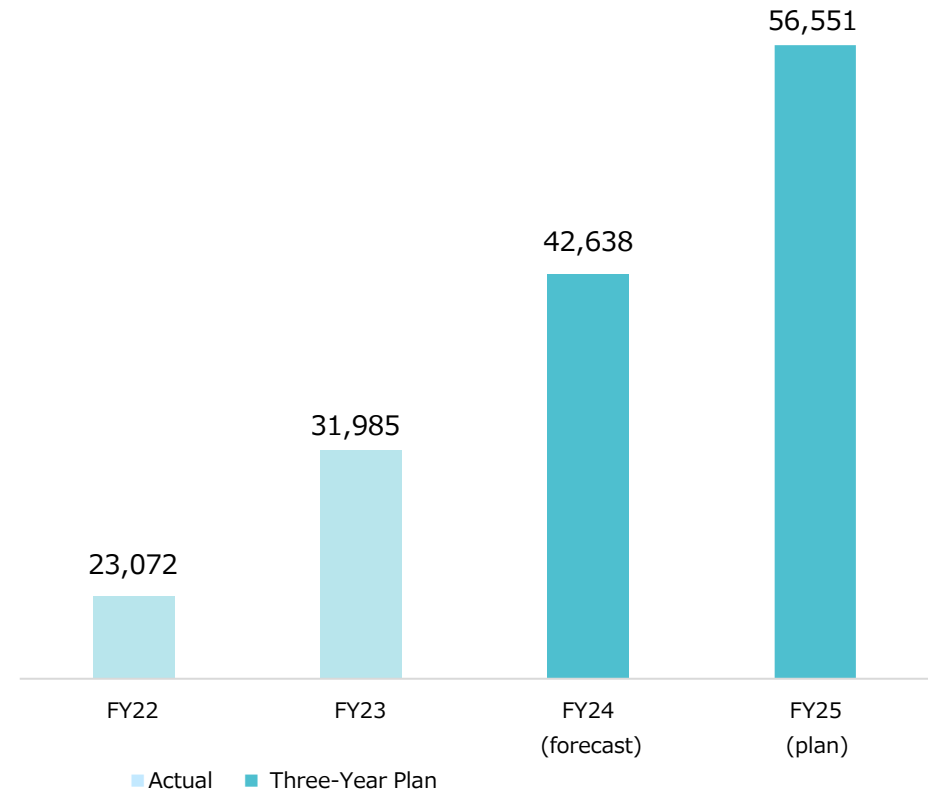
Number of Facilities / Beds

(Facilities / Beds)



Net Sales

(JPY MM)

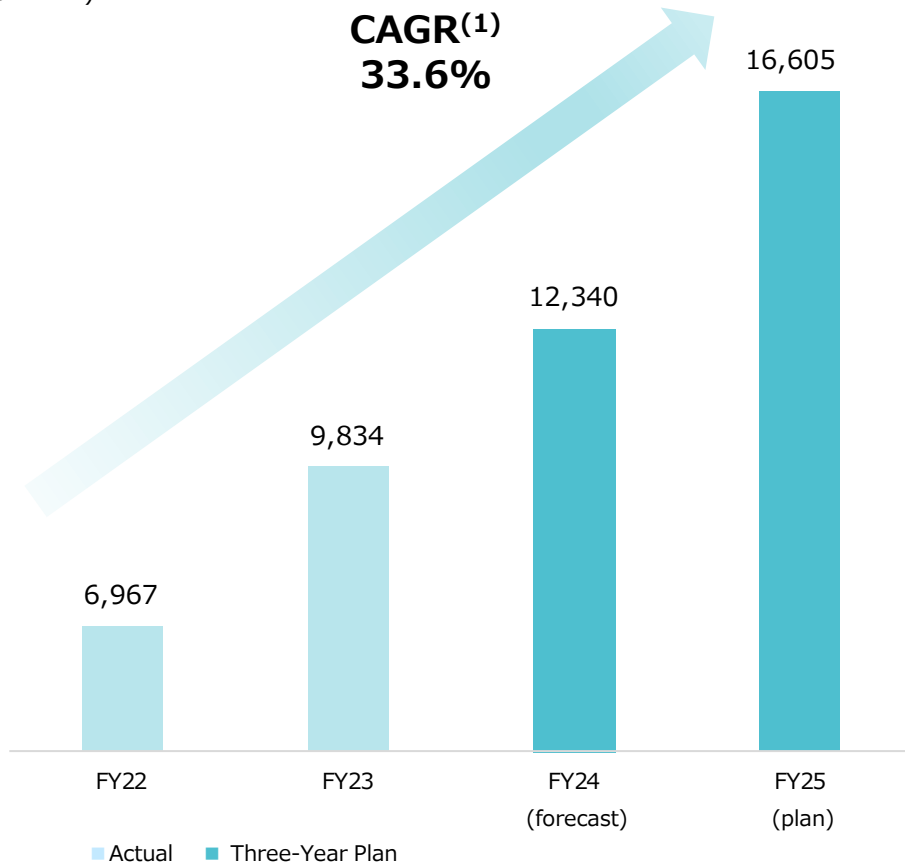


Amvis 2025 Targets

EBITDA

(JPY MM)

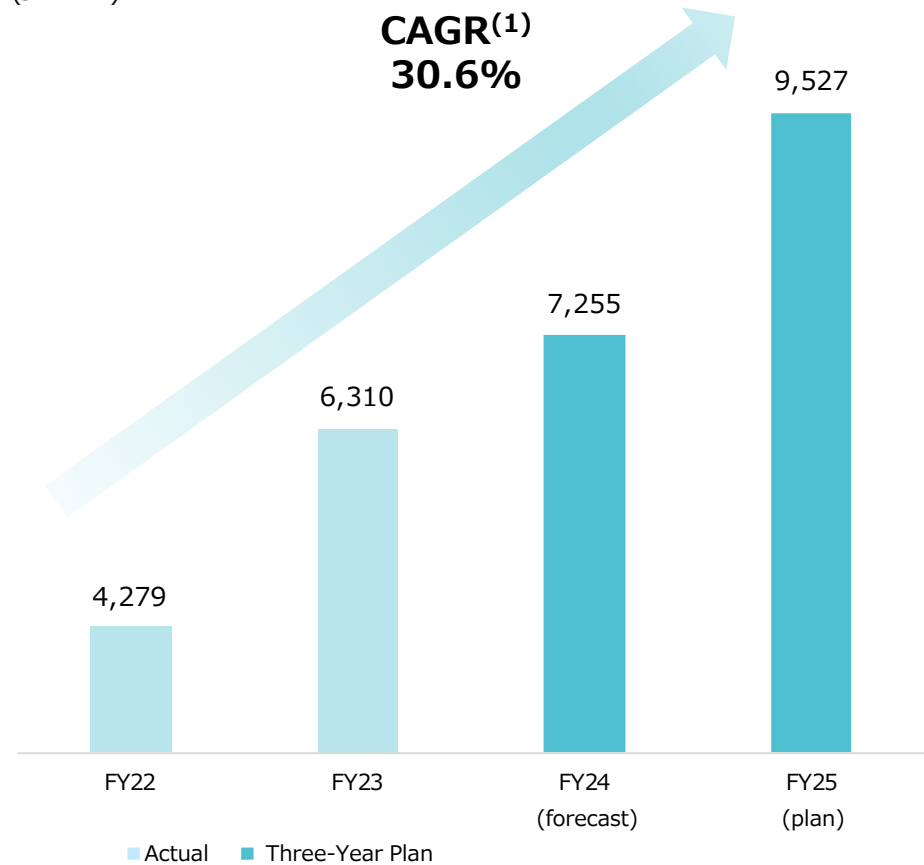
**CAGR⁽¹⁾
33.6%**



Net Profit

(JPY MM)

**CAGR⁽¹⁾
30.6%**



Note:

1. CAGR is for the three-year period from FY22 to FY25 (plan)

Three-Year Plan "Amvis 2025"

(JPY Bn)	FY21	FY22	FY23	FY24	FY25
	Full-Year	Full-Year	Full-Year	Forecast	Plan
Net Sales	15.3	23.0	31.9	42.6	56.5
(Y/Y(%))	+67.1%	+50.5%	+38.6%	+33.3%	+32.6%
EBITDA	4.3	6.9	9.8	12.3	16.6
(Y/Y(%))	+100.7%	+60.8%	+41.1%	+25.5%	+34.6%
Operating Profit	3.7	6.1	8.6	10.5	13.9
(Y/Y(%))	+101.7%	+62.0%	+40.7%	+21.7%	+32.9%
Net Profit	2.6	4.2	6.3	7.2	9.5
(Y/Y(%))	+112.0%	+62.9%	+47.5%	+15.0%	+31.3%

Note:

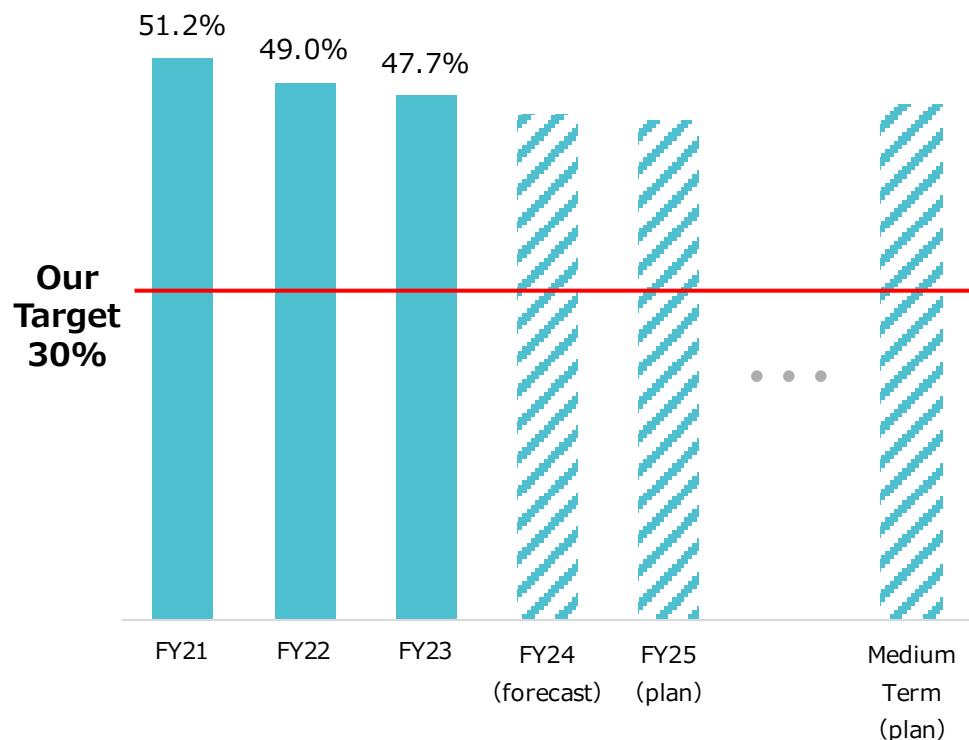
1. Excluding extraordinary income (profit from the transfer of Ishinkan Yokkaichi in FY23), the Y/Y of net profit is +40.8% (FY23) and +20.4% (FY24)

Maintaining a Robust Financial Base While Continuing to Invest Aggressively for Growth

- We will continue to finance the opening of new facilities with bank borrowings, but we expect to maintain equity ratio well above our target of 30%.
- Free cash flow (cash flows from operating activities - cash flows from investing activities) is expected to improve steadily toward profitability, despite a temporary increase in negative free cash flow due to the acceleration of new facilities openings.

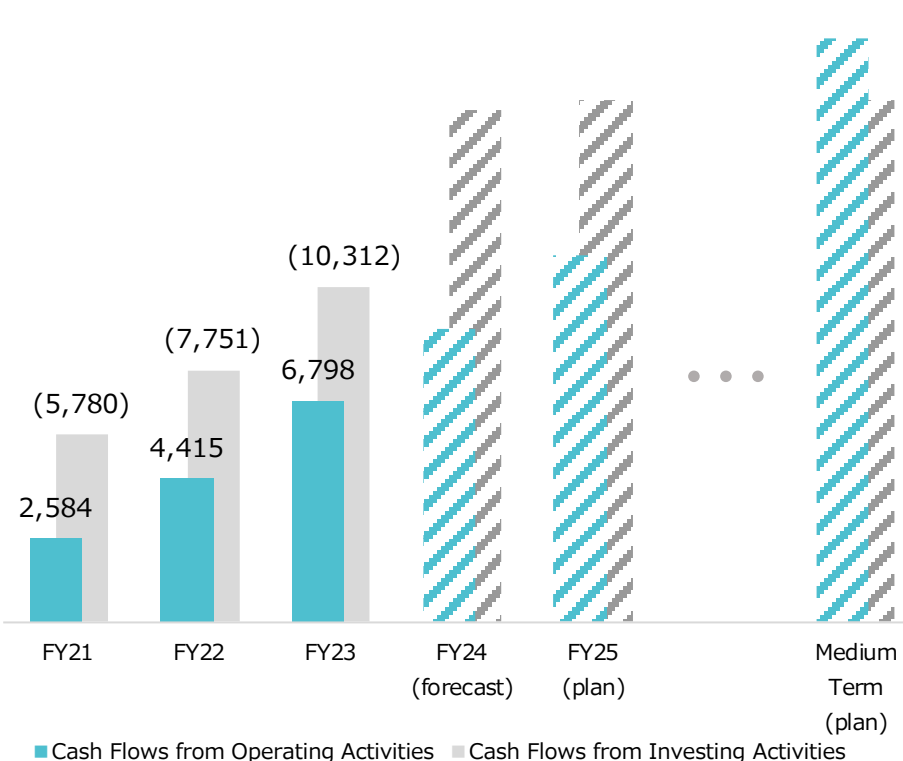
Equity Ratio

(%)



CF from Operating Activities / Investing Activities⁽¹⁾

(JPY MM)



Note:

1. Number of new openings is assumed to remain constant from FY25 onward.

Facility Opening Strategy: Accelerate Our Formation of Dominant Areas in the Tokyo Metro Area and Expansion in Western Japan

- We continue to form dominant areas in the Tokyo metro area and expect the Tokyo metro area to account for about 50–60% of our facilities at the end of FY25.
- We will continue expanding our areas of operation, including to Western Japan.

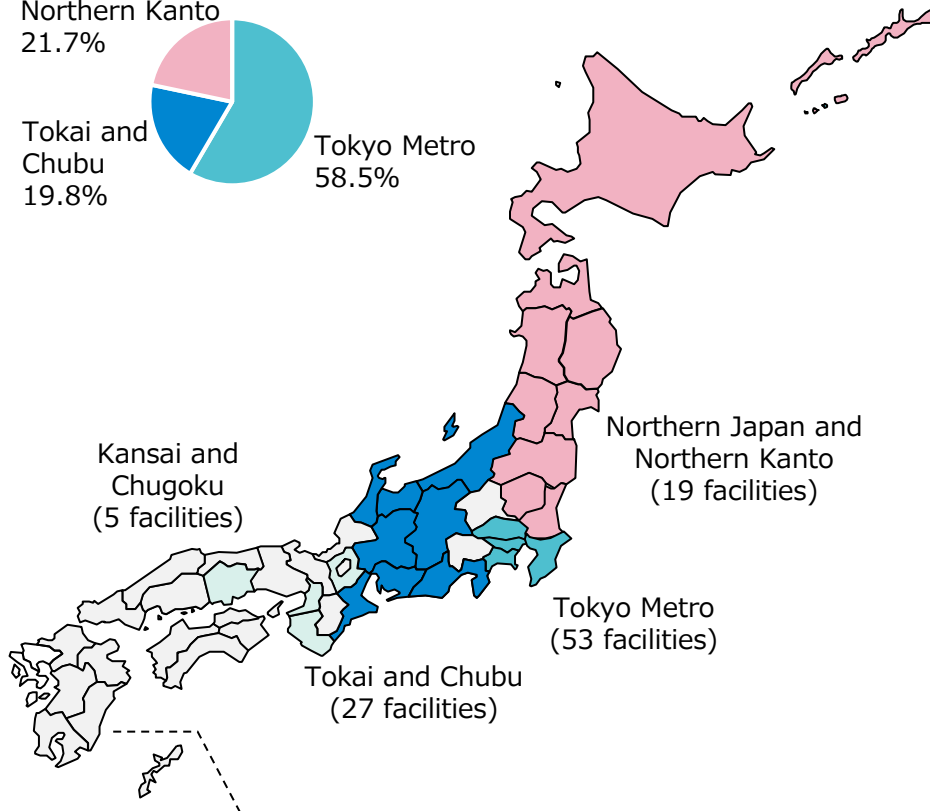
Expand Deployment Region

Net Sales (FY24 1H)

Northern Japan and Northern Kanto
21.7%

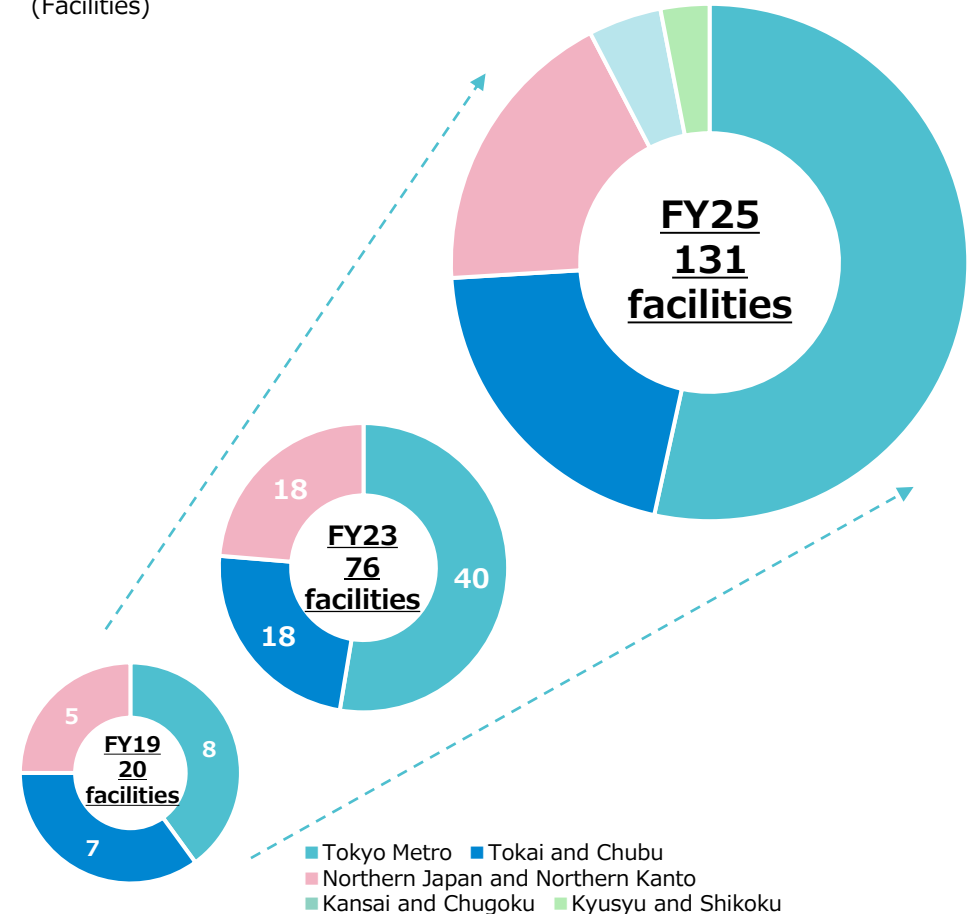
Tokai and Chubu
19.8%

Tokyo Metro
58.5%



Number of Facilities by Region

(Facilities)



Note:
1. Number of facilities is as of September 30, 2024 (total: 104 facilities)

Facility Opening Strategy: Characteristics in Tokyo, Metropolitan Area and Regional Cities

Reference Indicators	Market Size The average annual number of cancer deaths per prefecture ⁽²⁾	Development Costs / Rent Rent fee for our facilities per room ⁽³⁾	Nurse Recruitment The average number of employed nurses per prefecture ⁽⁴⁾	Number of Ishinkan Facilities As of September 30, 2022⇒ As of September 30, 2024 ⁽⁵⁾	Amvis 2025 (FY23-FY25)
Tokyo	34,799 people	JPY 124,279	106,911 people	5 facilities⇒14 facilities (+9 facilities)	Accelerate the pace of openings by prioritizing market share expansion (+15~20 facilities / 3 years)
Metropolitan Area ⁽¹⁾	19,419 people	JPY 83,326	55,436 people	26 facilities⇒48 facilities (+22 facilities)	Continue to open at the same pace as before (+55~60 facilities / 3 years)
Regional Cities ⁽¹⁾	5,515 people	JPY 54,991	21,039 people	27 facilities⇒42 facilities (+15 facilities)	

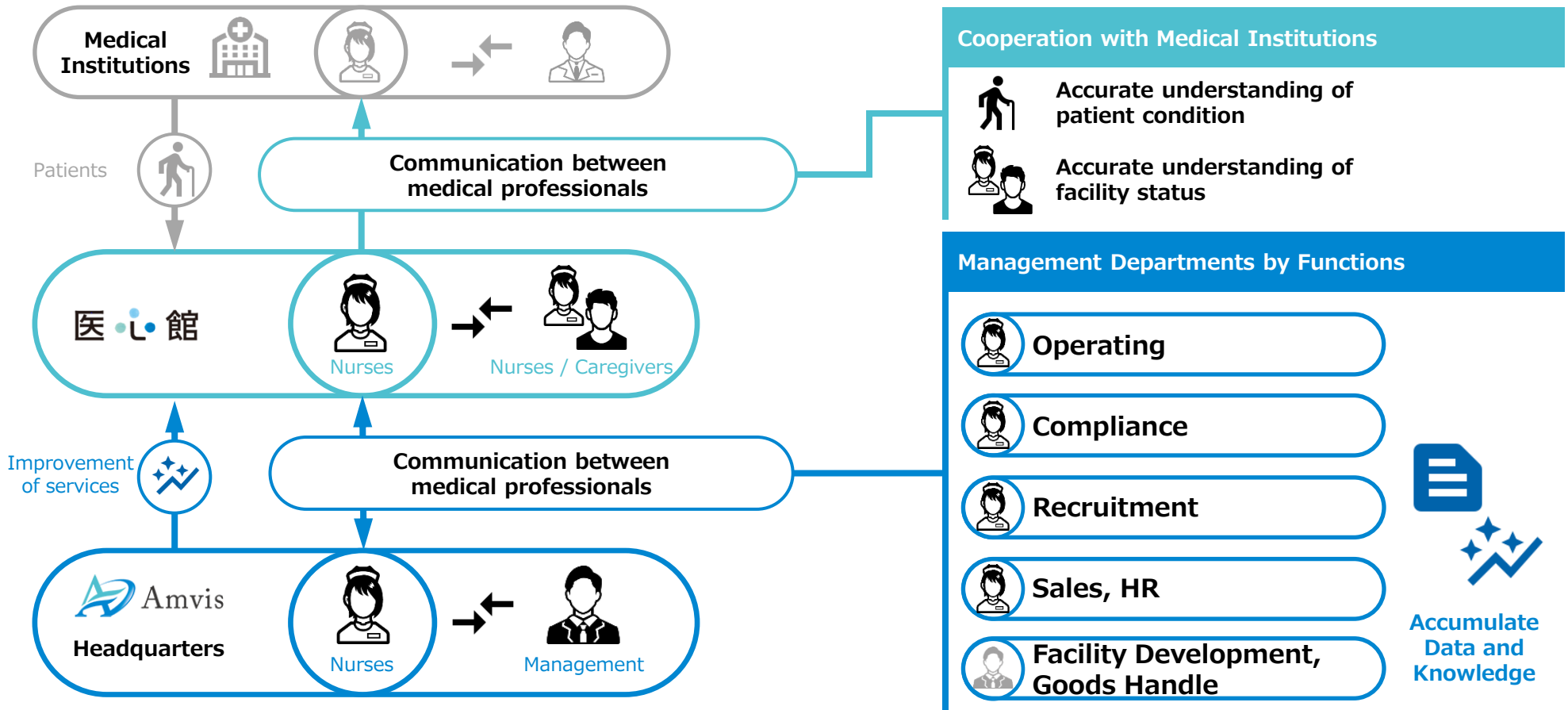
Note:

1. Metropolitan Area: Saitama, Chiba, Kanagawa, Aichi, Kyoto, Osaka, Hyogo / Regional Cities: Prefectures excluding Tokyo and Metropolitan Area
2. The sum of the number of cancer deaths in each area (Ministry of Health, Labour and Welfare "Vital Statistics (2022)") / The number of prefectures in each area
3. Average rent fee per room in each area disclosed on our website (as of April 1, 2024)
4. The total number of registered nurses and assistant nurses in each area (The Japanese Nursing Association "Nursing Statistics (2021)") / The number of prefectures in each area
5. The number of facilities as of September 30, 2024 is the number of facilities already announced to open as of May 13, 2024.

Operating Strategy: Headquarters-Focused Management System Providing Competitive Advantage

- We accelerate growth while ensuring the quality of services by establishing a headquarters-focused management system, which centers on nurses.

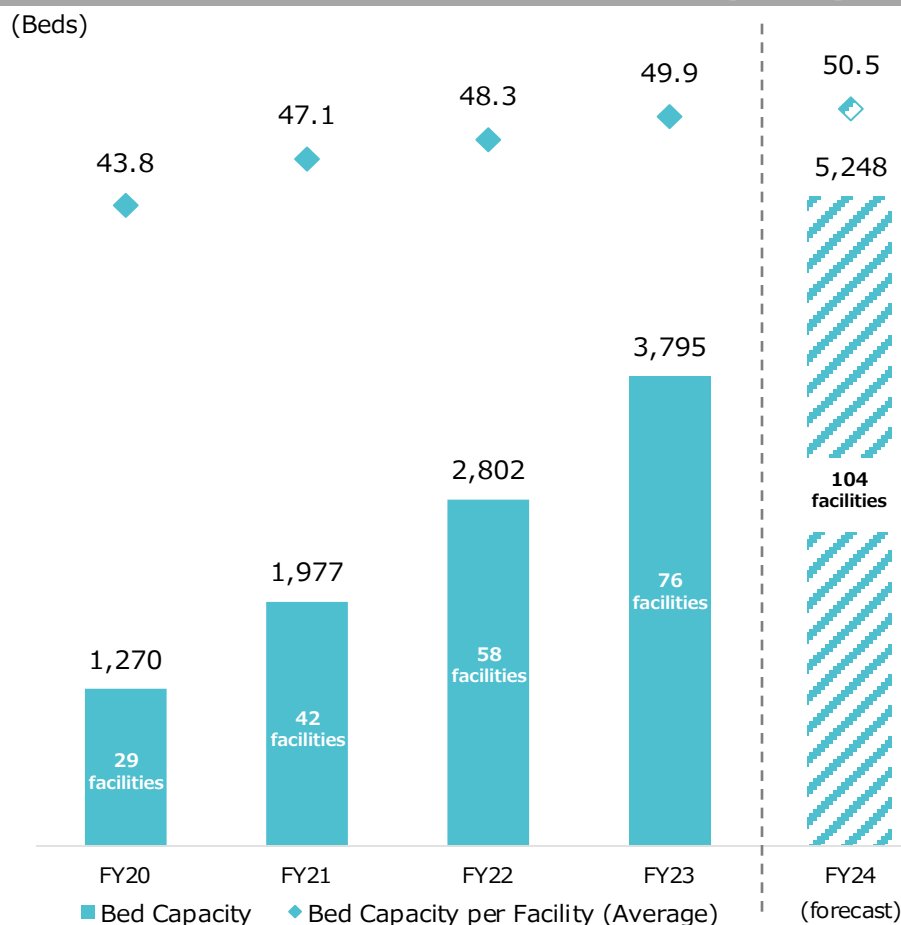
Headquarters-Focused Management System



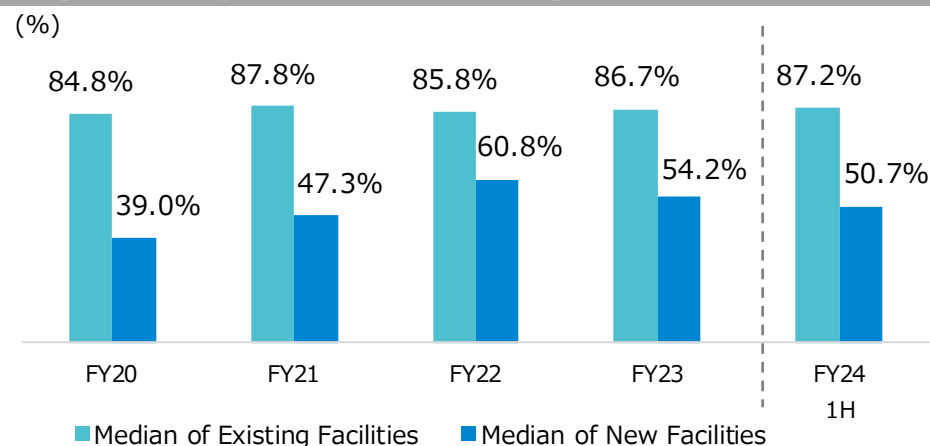
Facility Opening and Operating Strategy: High Utilization Rate through Strong Marketing and Operational Capabilities

- The average bed capacity per facility will be at about 50 beds, and we set the utilization rate for stable operation at 82–85%.
- Among about 400,000 annual cancer patients, Ishinkan accepts about 7,000 new patients per year.⁽¹⁾

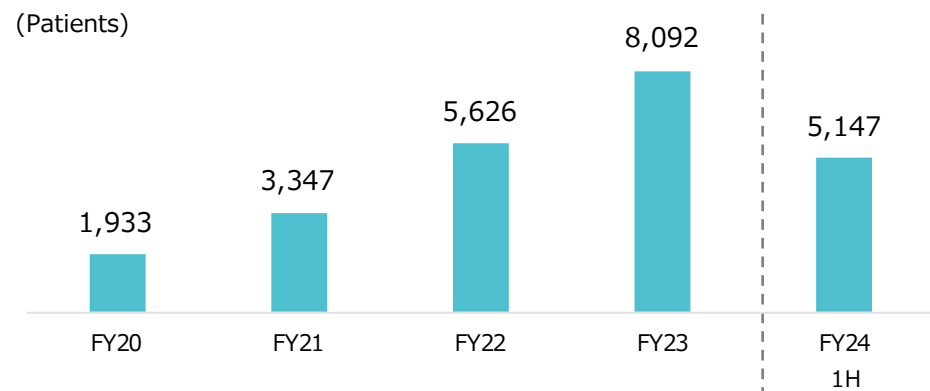
Number of Facilities / Bed Capacity



(Existing · New Facilities) Utilization Rate



New Patients



Note:
1. Calculated assuming the ratio of cancer patients among new patients to be 70% (same applies on the following pages)

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

- We begin conducting market and other surveys around 2 years prior to opening a new facility, making the decision to open after carefully reviewing the survey results.
- After opening, Ishinkan achieves profitability on a monthly basis in 4–6 months and becomes profitable on a cumulative basis after 10–12 months, with payback within 5 years.

From Project Cultivation to Opening

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

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

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

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

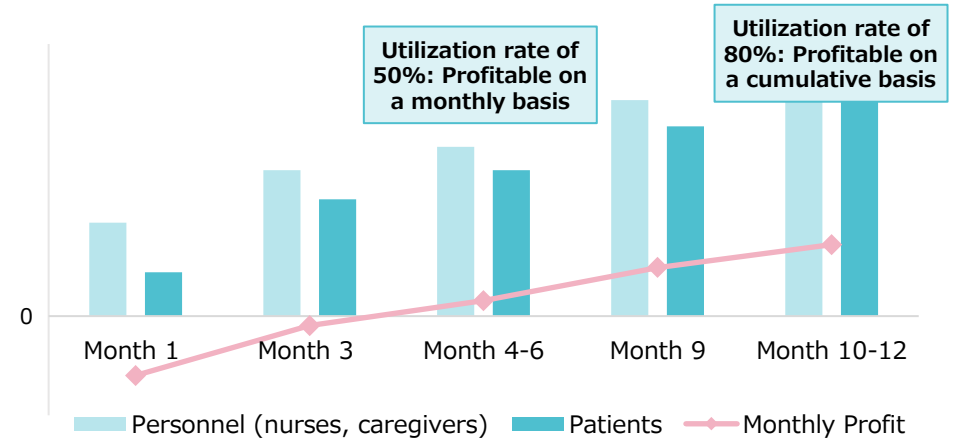
From 1 year to 6 months before: Announce opening and begin construction

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

3 months before: Commence pre-launch sales activities

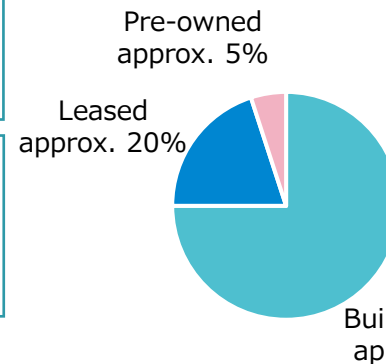
- Step up full-fledged marketing to hospitals, begin promoting occupancy.
- Prepare for opening, with collaboration from supporting staff from headquarters and other facilities.

From Opening Stable Operation (Base Case)

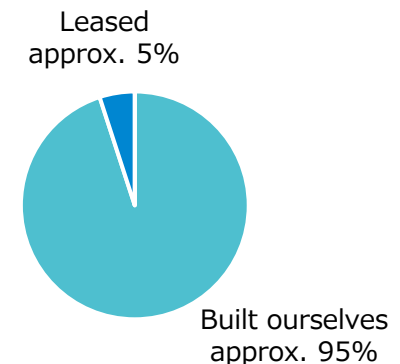


Facility Open Methods

Overall



Opened in FY24



Recruiting Strategy: Continued Carefully Selected Recruitment of Nurses and Caregivers

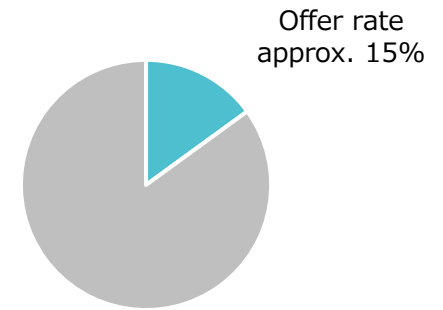
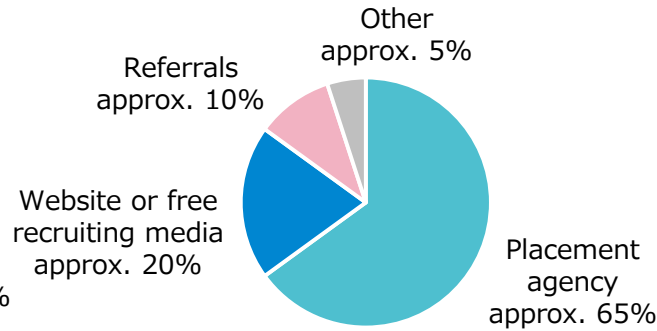
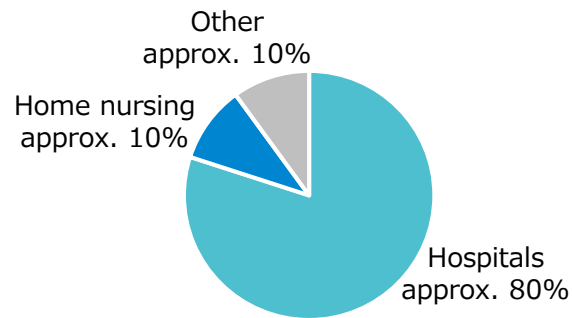
- We have been successful in recruiting talented and proactive people by offering some of the highest salaries in the industry and providing rewarding work experience that hospitals and other care facilities do not offer.
- We do not hire temporary nurses and caregivers. For caregivers, we do not use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

Prior Workplaces by Job Type

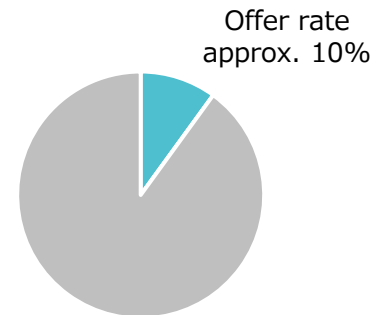
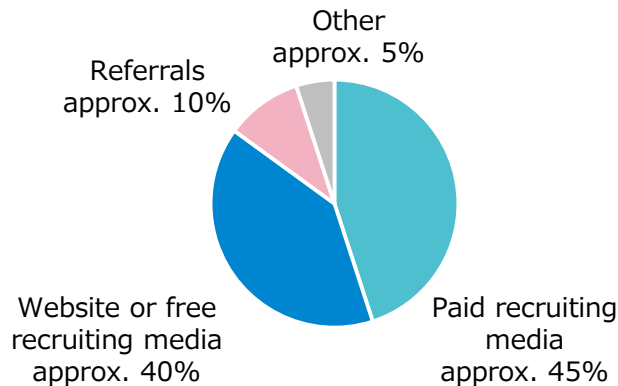
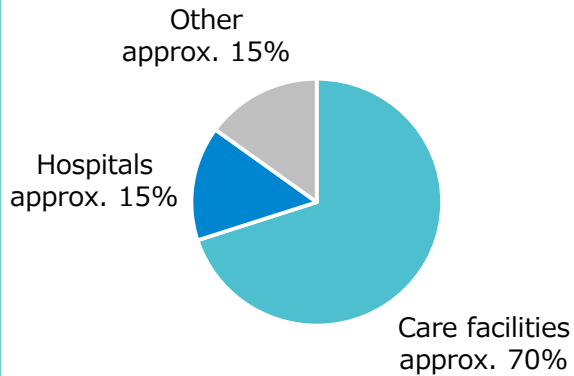
Hiring Routes by Job Type

Offer Rate by Job Type

Nurses



Care givers



Note:

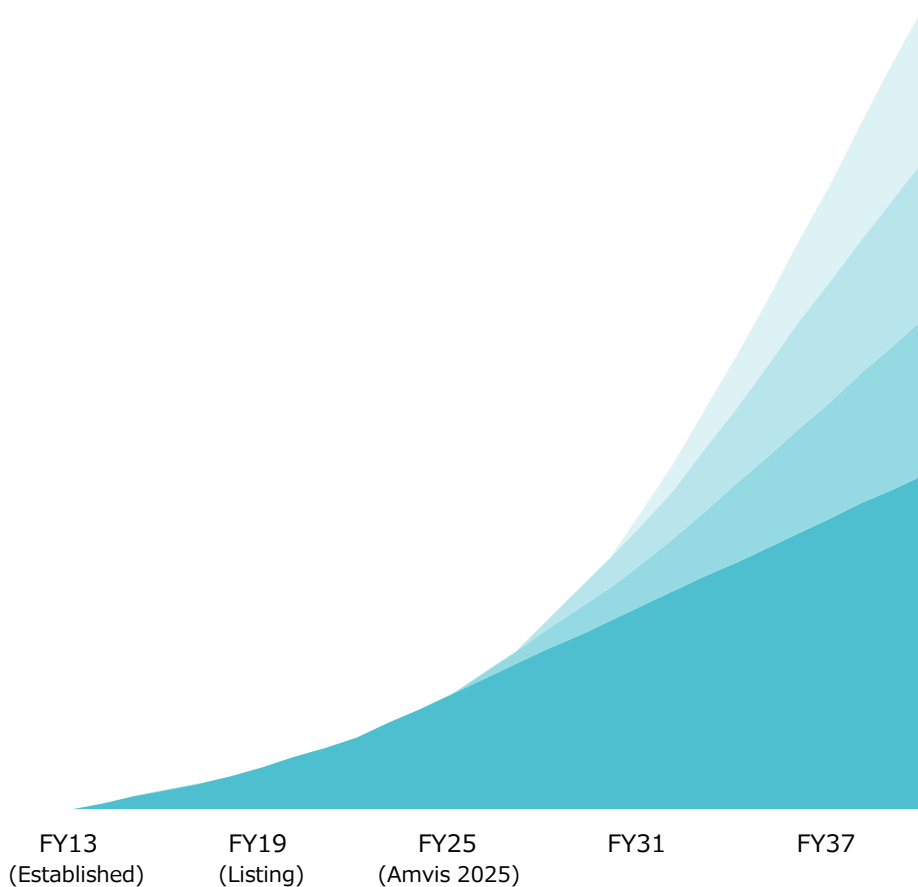
1. As of the latest date / Offer rate indicates the percentage of job offers to all applicants.

Beyond 2026: Ishinkan Business + Regional Healthcare Revitalization Project



- We aim to expand into related businesses, including comprehensive support for medical institutions in remote areas that are structurally difficult to manage, by utilizing the know-how acquired through the operation of Ishinkan.

Medium- to Long-Term Growth Strategy



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

**Development of the Regional Healthcare
Revitalization Project**

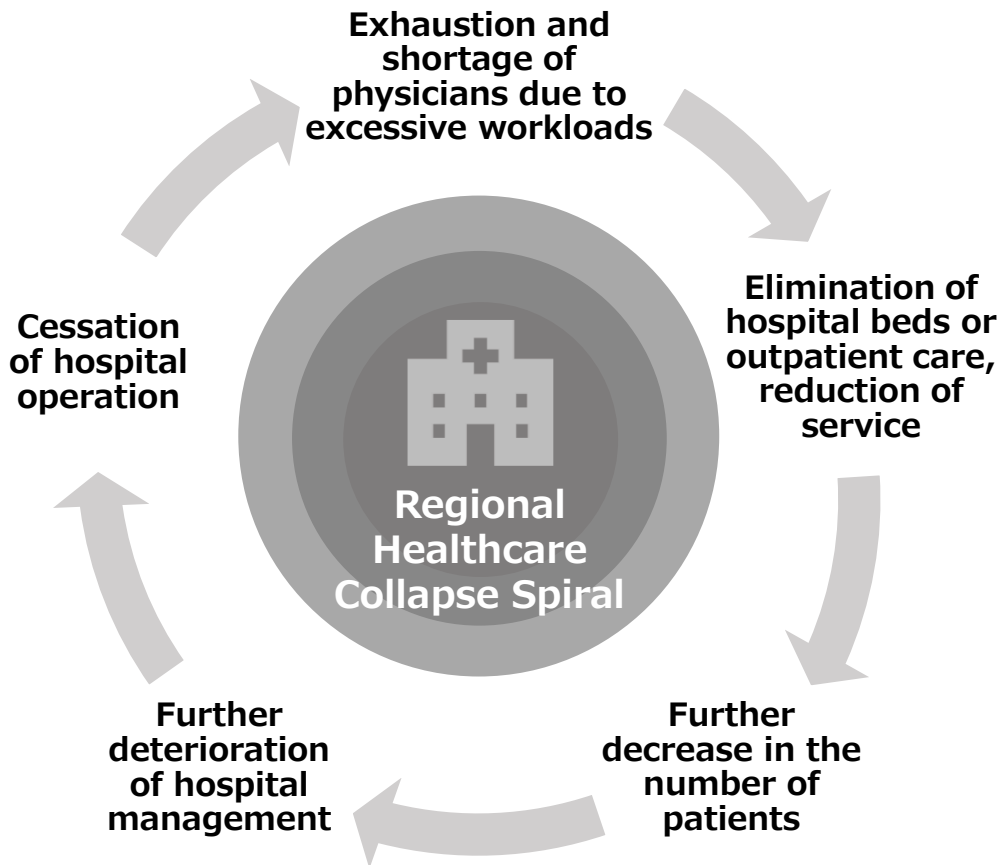
**Expansion Deployment Region
and the Base of Patients (Including M&A)**

Expansion of Existing Ishinkan Business

Ishinkan Approach to Avoid Exhaustion and Breakdown of Regional Healthcare

- In remote areas where hospital management is considered difficult, we plan to revitalize hospitals and make them profitable by utilizing the Ishinkan scheme.

Negative Spiral in Medical Remote Areas



Utilization of the Ishinkan Scheme

A chronic shortage of physicians, an uneven distribution of physicians and other medical resources, and other factors are causing many hospitals to fall into financial difficulty that could lead to the breakdown of regional healthcare.

The core hospitals will provide acute care. Some of the beds in other hospitals will be converted to hospices that focus on terminal nursing care by outsourcing physician's functions, and focus on home healthcare business at the same time.

We aim to support hospital management and revitalize regional healthcare by utilizing the know-how acquired through the operation of Ishinkan, such as attracting patients, collaborating with different professions, and cost management.

Main Support Offerings Such as Hospital Bed Conversion and Hospice Opening

- We provide tailor-made management support for each medical institution, utilizing know-how acquired through the operation of Ishinkan.
- We provide financial support, but basically we provide super hands-on operational support by dispatching physicians and nurses.

Main Support Offerings



**Conversion of
Hospital Beds**



**Opening of
Hospices**



**Attracting
Patients**



**Dispatching
Human Resources**



Cost Management



FP&A



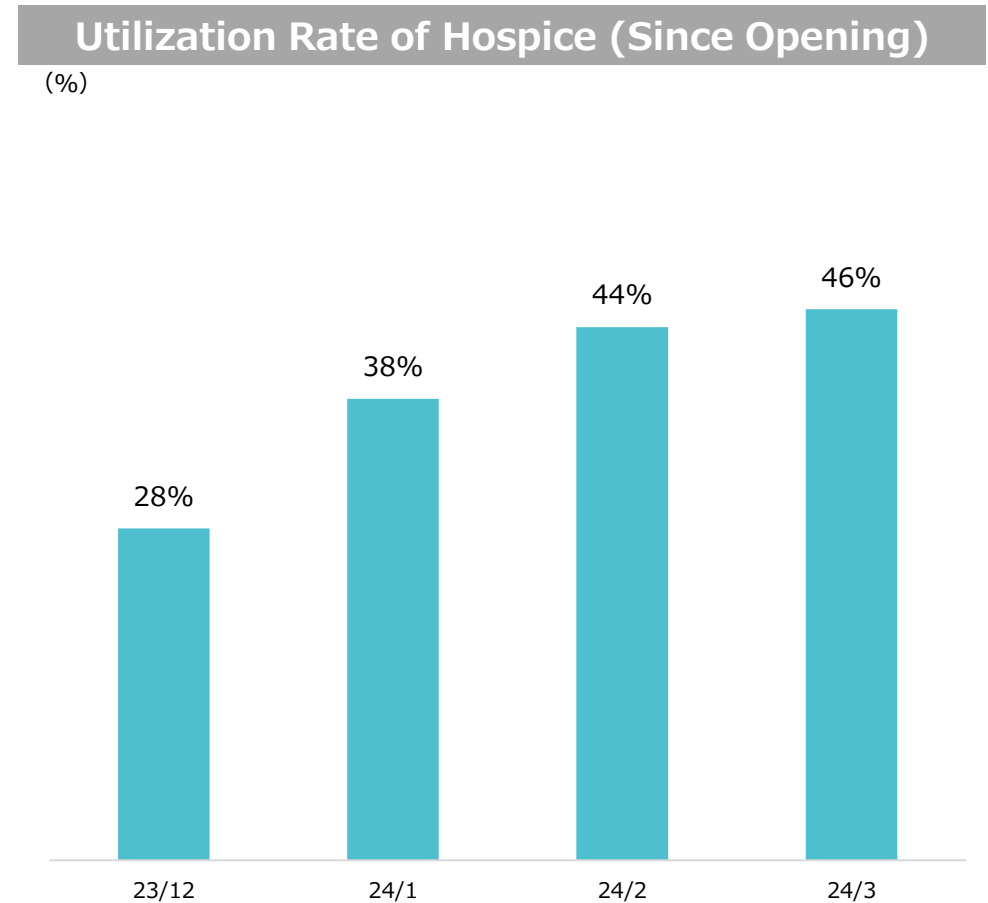
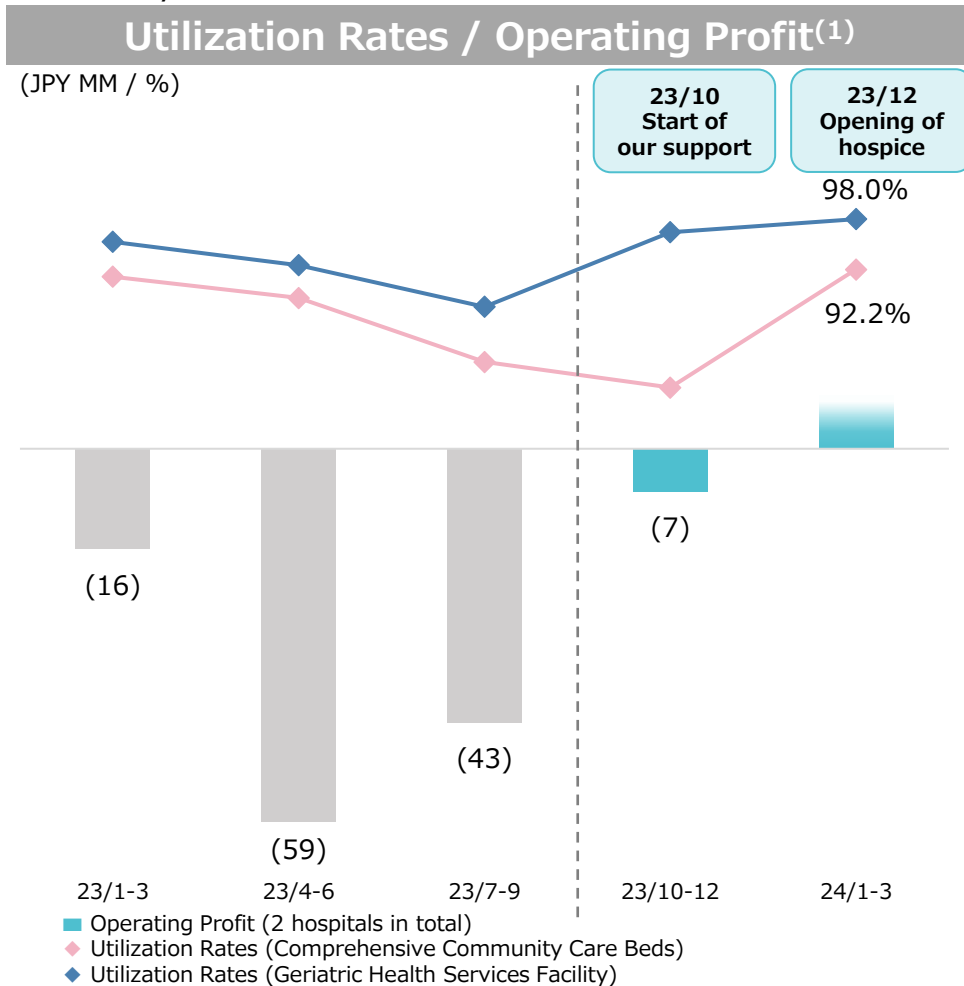
Mezzanine Loans



Factoring

Project Progress: Hospital Project in a Remote Area

- Through our management support that began in October 2023, 2 hospitals which had been suffering from significant deficits have improved their profitability.
- The hospice operated by one of the hospitals, which opened in December 2023 with our support, also got off to a steady start.



Note:

1. Calculated based on each hospital's monthly T/B, excluding one-time costs. Figures for March 2024 are before the finalization of financial results.



3. Appendix

1

The Market Has Been Growing Supported by Social Issues

- ✓ Ishinkan perform a complementary role for palliative care under the circumstances of the nationwide shortage of palliative care beds.
- ✓ A social problem-solving business that benefits all three parties of patients, local communities, and hospitals/clinics.

2

High Barriers to Entry and Accumulated Operational Know-how of Difficult Facilities

- ✓ We established an operational structure as platform of home healthcare with outsourcing physician's function, mainly operated by nurses.
- ✓ Well-managed operation of facilities in an extremely difficult situation where about 10-15 people pass away per facility in a month.

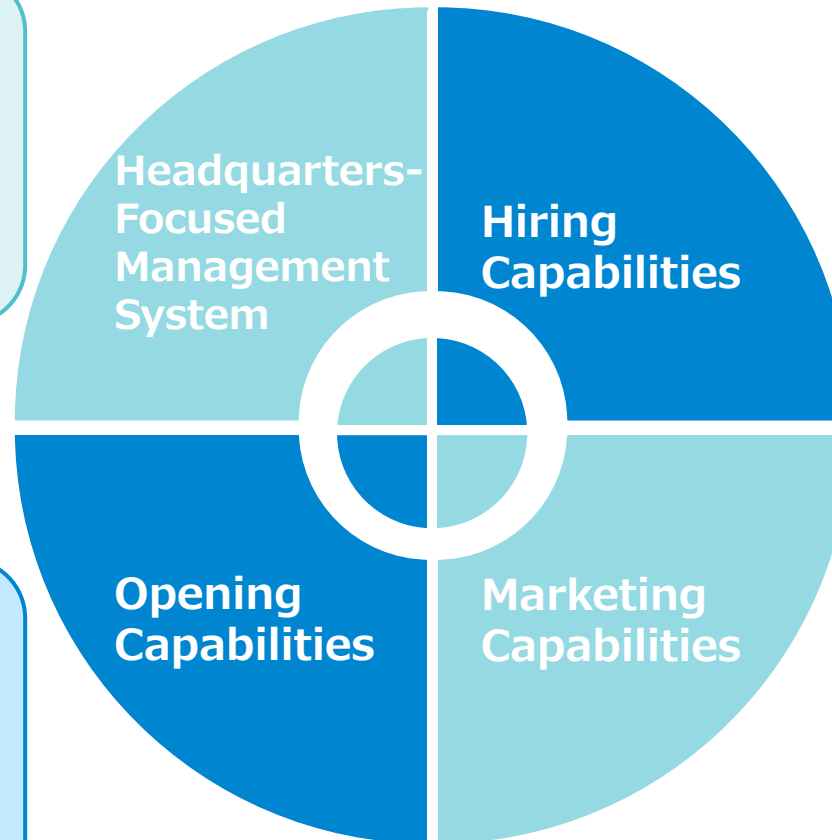
3

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

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

Thorough Efforts to Strengthen and Enhance the Operating Structure

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



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

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

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

- We plan to open 28 facilities and expand 1 facility (1,453 beds) in FY24.
- Going forward, we will accelerate the openings nationwide, including in Western Japan, focusing on the formation of dominant area in the Tokyo metro area.

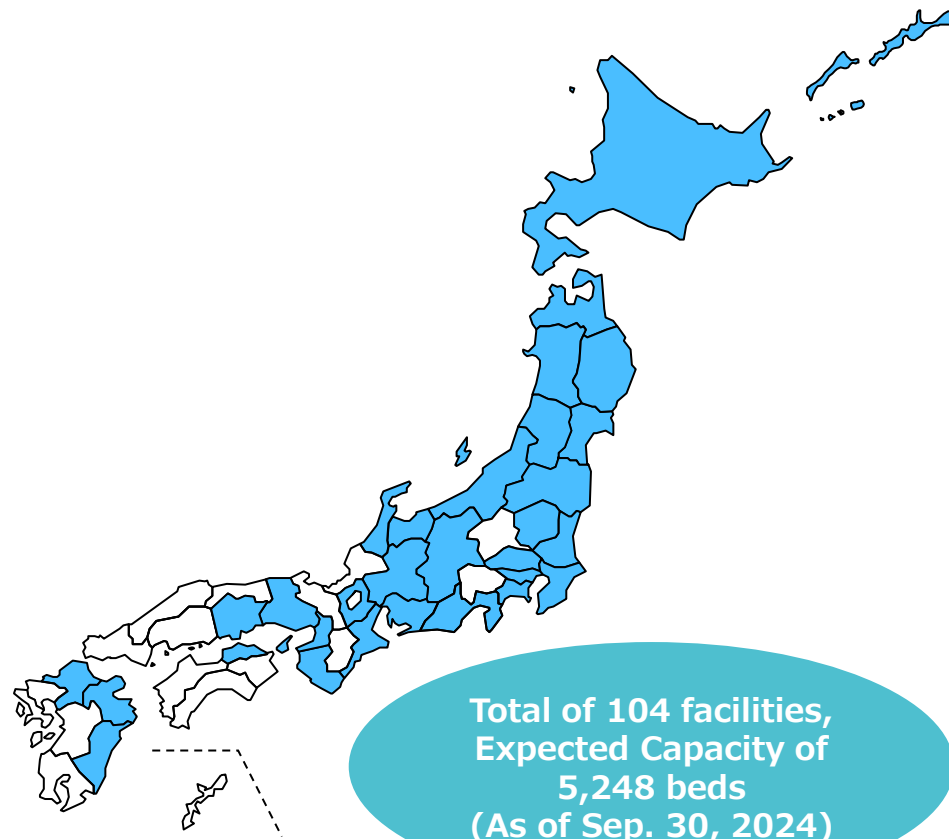
Opening Plans From Jan. 2024 to May 2025

Opening Date	Location	Total Beds ⁽¹⁾
Feb. 2024	Nishi Eifuku, Nishi Ogikubo, Minami Koshigaya, Mito (Expansion)	188
Mar. 2024	Sakura, Mejiro	93
Apr. 2024	Kumagaya, Kotesashi, Fujieda	151
May 2024	Ichihara, Ogaki	92
Jun. 2024	Ichinomiya, Okayama, Wakayama	148
Jul. 2024	Ebina, Toyonaka, Ryogoku	174
Aug. 2024	Takaoka, Chikusa, Hiyoshi	140
Sep. 2024	Kameido, Kurashiki, Minami Kusatsu	164
Oct. 2024	Takadanobaba, Miyazaki, Toyohashi	154
Nov. 2024	Oita, Soshigaya, Hiratsuka	161
Dec. 2024	Takamatsu, Tokorozawa, Toyama	167
Feb. 2025	Kami Itabashi, Ropponmatsu	108
Mar. 2025	Nakamurabashi, Higashi Koganei	97
Apr. 2025	Mishima	45
May 2025	Ojikoen	56

Note:

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

Ishinkan Nationwide

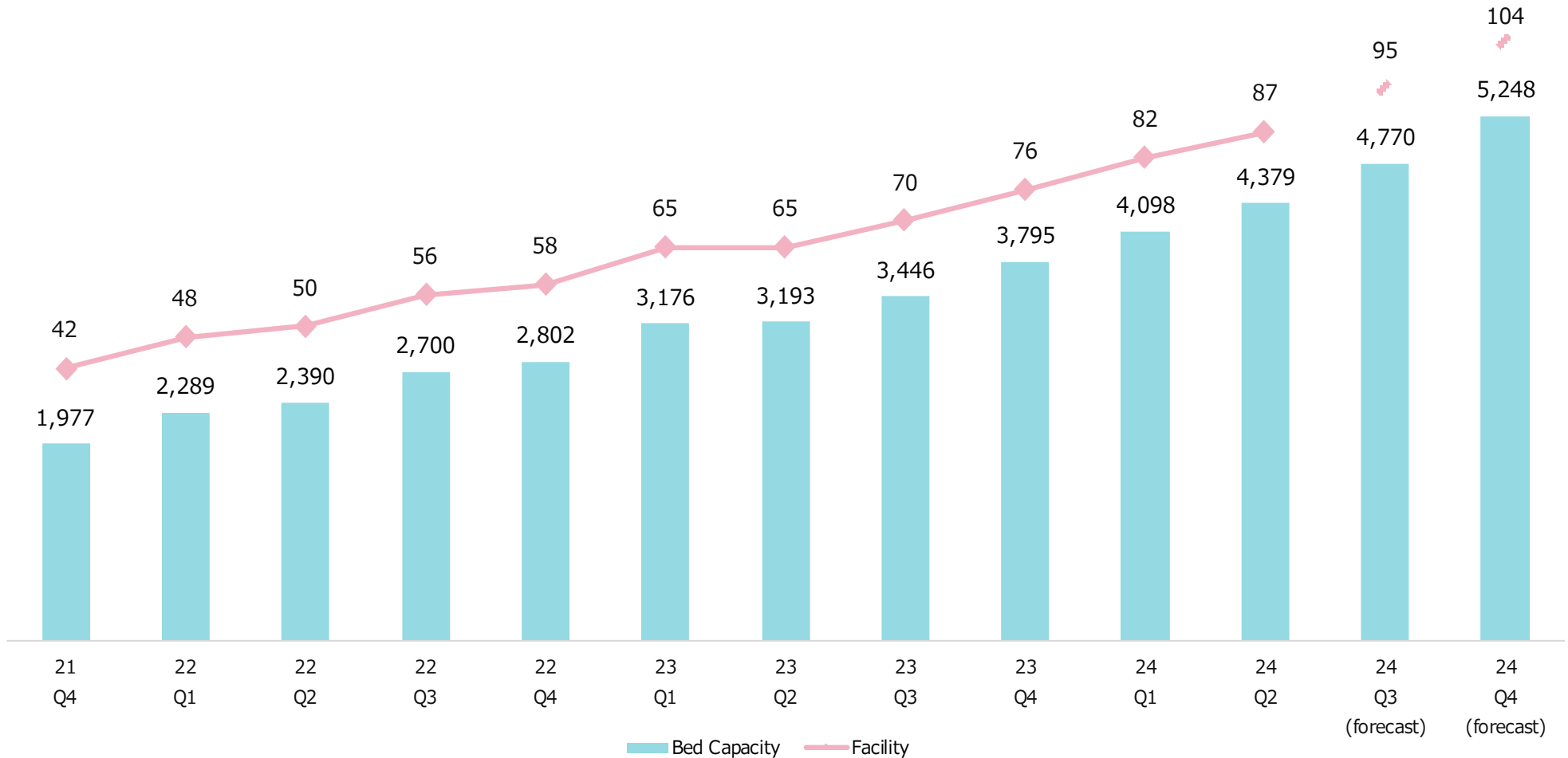


Quarterly Performance: Number of Facilities / Bed Capacity



Number of Facilities / Bed Capacity

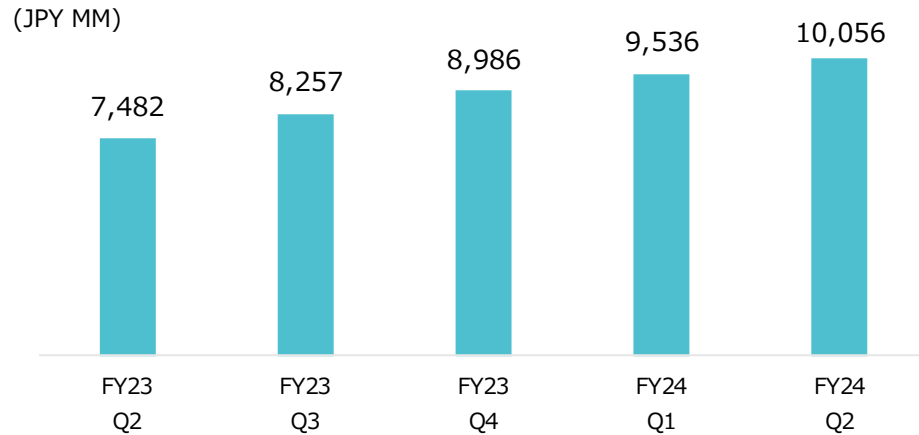
(Facilities / Beds)



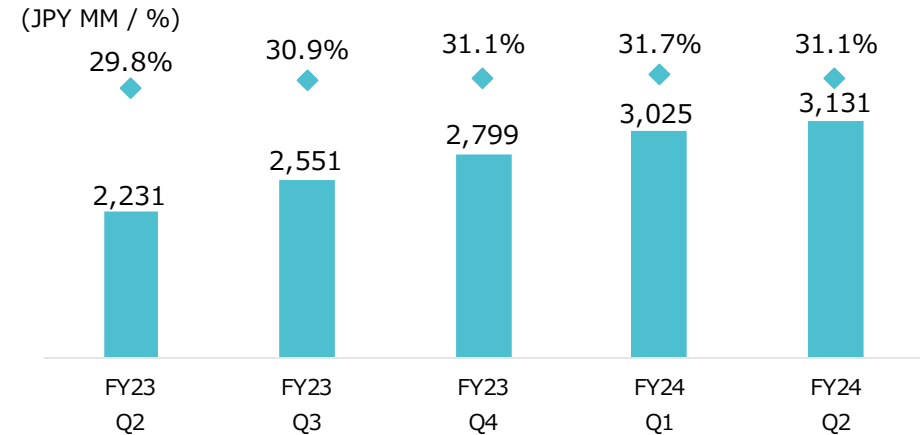
Quarterly Performance: Key Financial Indicators

Quarterly Performance

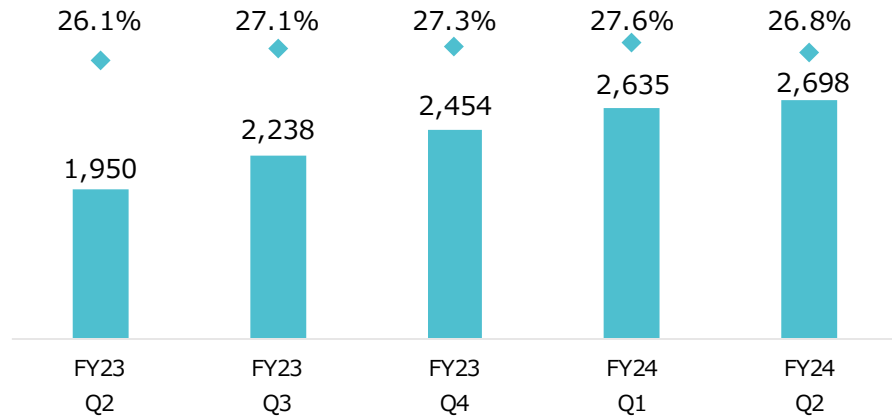
Net Sales



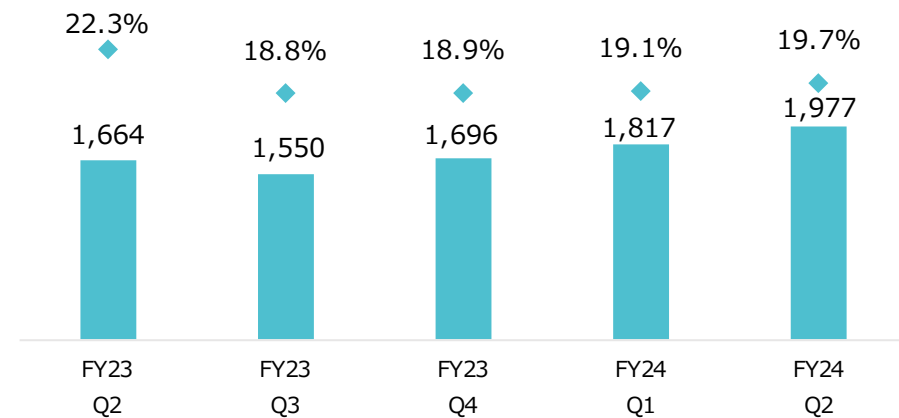
EBITDA



Operating Profit



Net Profit

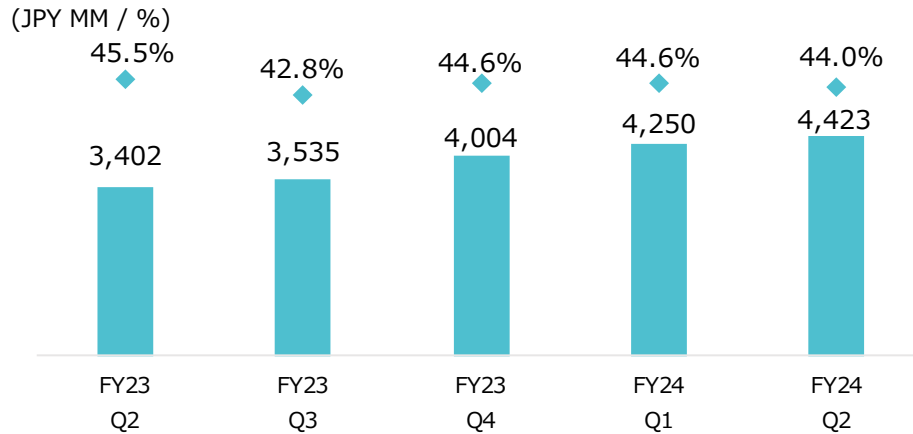


◆ : Percentage of Net Sales

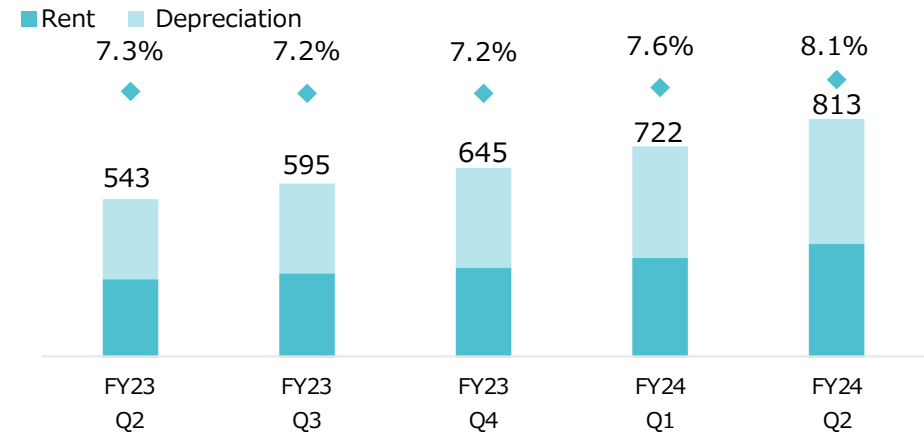
Quarterly Performance: Major Costs of Sales, SG&A Expenses

Quarterly Performance

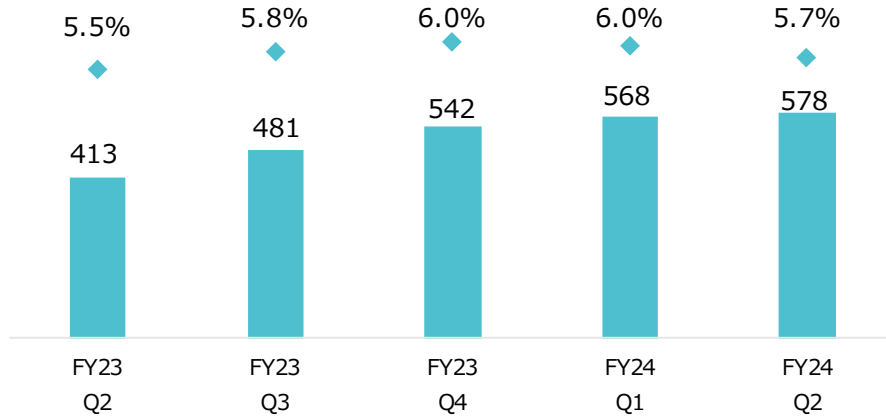
Personnel Expenses (Cost of Sales)



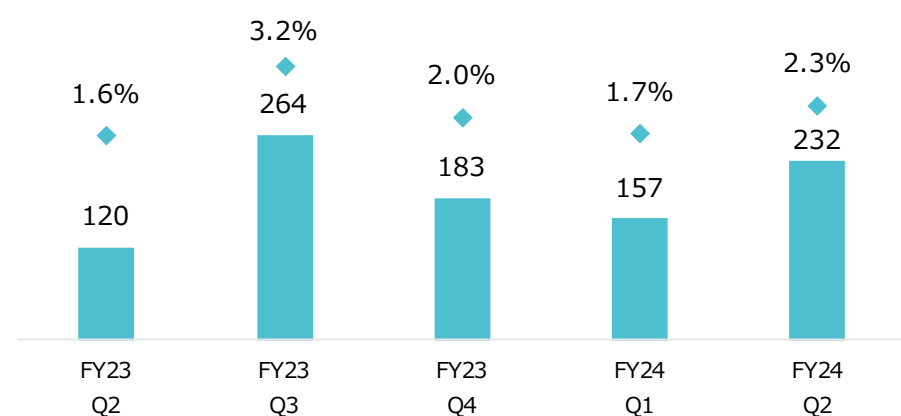
Rent & Depreciation (Cost of Sales)



Personnel Expenses (SG&A Expenses)



Recruiting Expenses (SG&A Expenses)



◆ : Percentage of Net Sales

Summary of Balance Sheet / Cash Flow

(JPY MM / %)	FY22	FY23	FY24 1H	vs. FY23	(JPY MM)	FY22	FY23	FY24 1H
Assets	41,767	55,559	64,952	+16.9%	Cash flows from operating activities	4,415	6,798	3,569
Cash and Deposits	11,342	12,128	10,905	(10.1%)	Cash flows from investing activities	(7,751)	(10,312)	(8,637)
Buildings and Structures, Net	14,322	21,151	26,966	+27.5%	Purchase of Property, Plant and Equipment	(7,118)	(9,837)	(8,153)
Liabilities	21,308	29,036	34,921	+20.3%	Cash flows from financing activities	3,486	4,300	3,845
Borrowings	12,711	17,394	21,596	+24.2%	Net increase (decrease) in Borrowings	3,743	4,682	4,202
Net Assets	20,458	26,523	30,030	+13.2%	Net increase (decrease) in Cash and Cash Equivalents	150	786	(1,223)
Equity Ratio	49.0%	47.7%	46.2%	(1.5pt)	Cash and Cash Equivalents at the end of period	11,342	12,128	10,905

Shareholder Return Policy

Emphasizing Total Shareholder Return

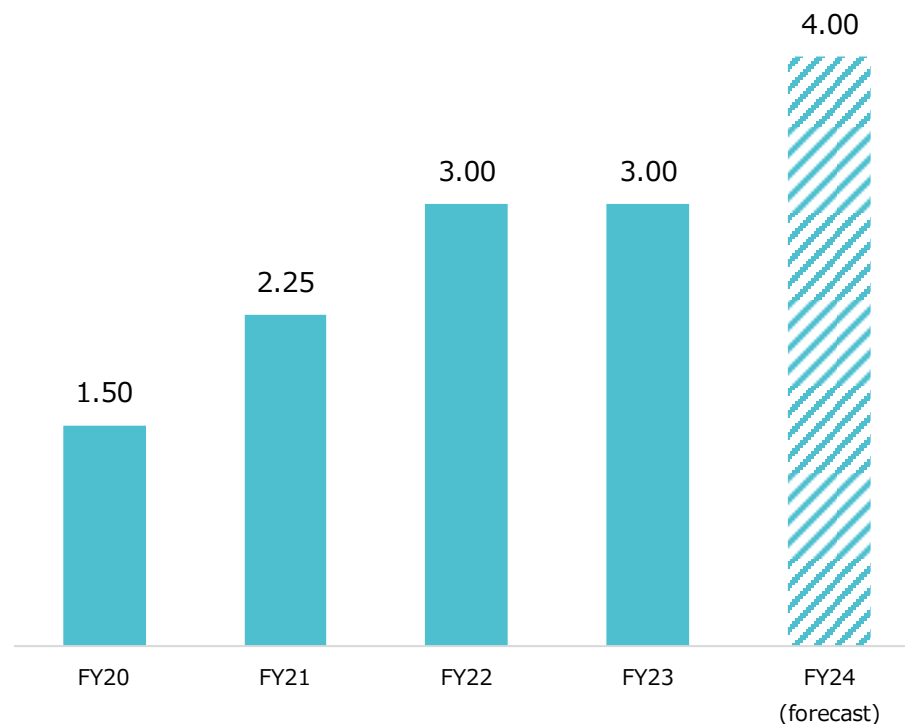
- In FY24, we expect to raise the dividend per share by JPY 1.00 from FY23 to JPY 4.00.
- Over the medium to long term, we will focus on total shareholder return and plan to provide a stable yield, regardless of changes in growth stage.

Basic Policy on Shareholder Return

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

Dividends History and Forecast⁽¹⁾

(JPY)

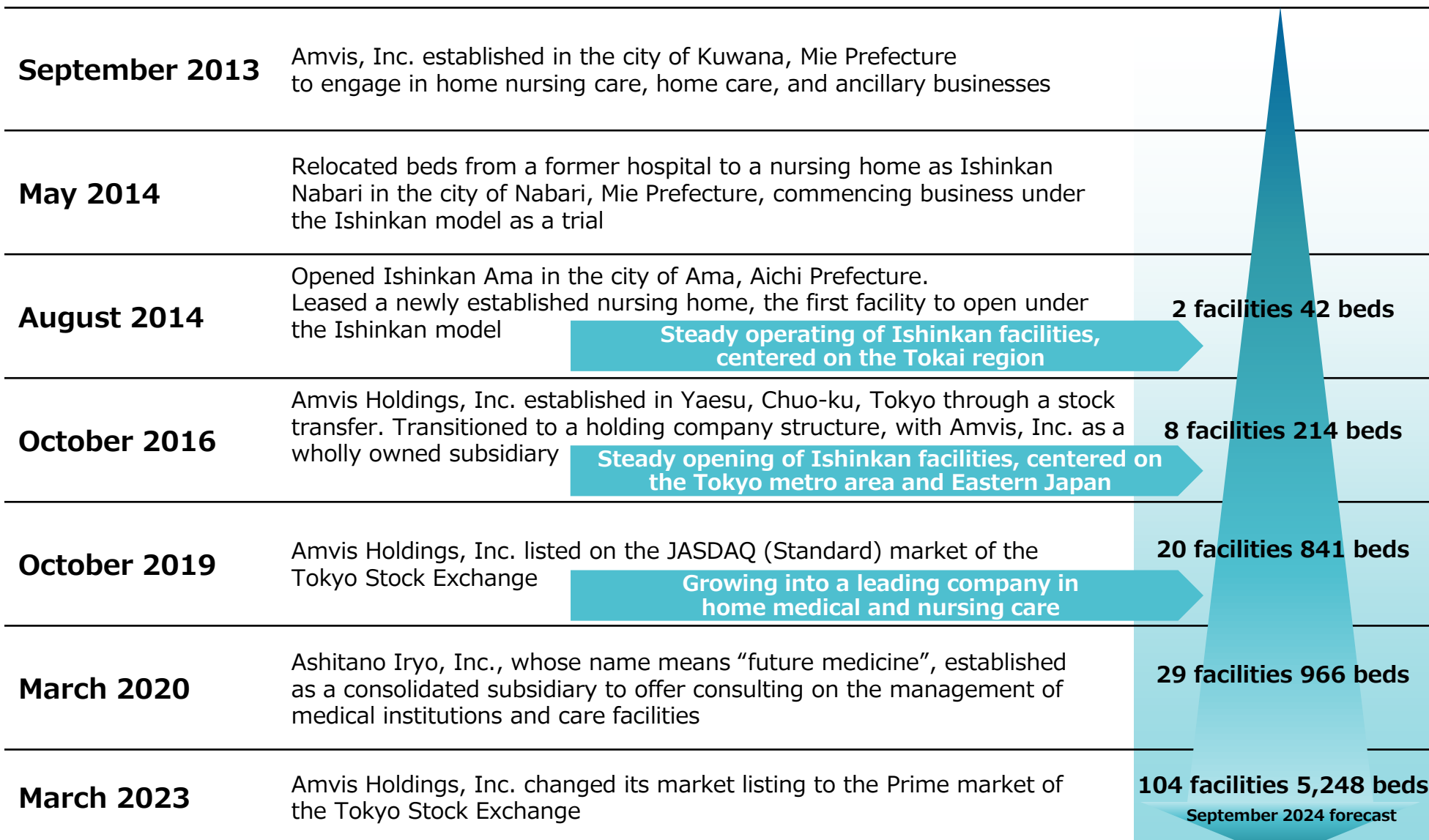


Note:

1. Figures of dividends per share take into account stock splits implemented on April 1, 2020, January 1, 2022, and October 1, 2022.



4. Company Overview



Management Mission

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

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



Business Mission

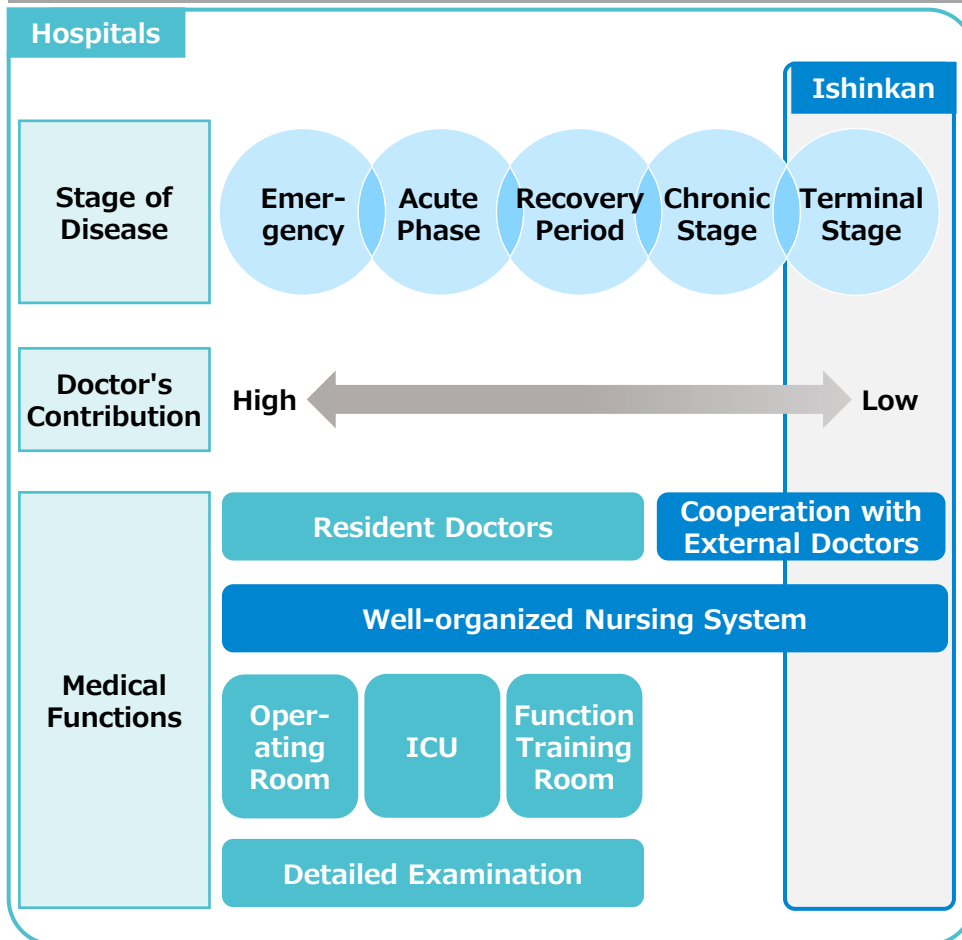
Strengthen and Revitalize Regional Healthcare

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

Ishinkan Business Overview: Concept / Characteristics and Profit Structure

- Ishinkan functions as a platform of home healthcare focusing on advanced nursing care, with physician's function outsourcing to outside primary care physicians.
- Ishinkan is a business that uniquely combines existing systems (nursing home business, home medical and nursing care business, in-home care support business).

Concept



Characteristics

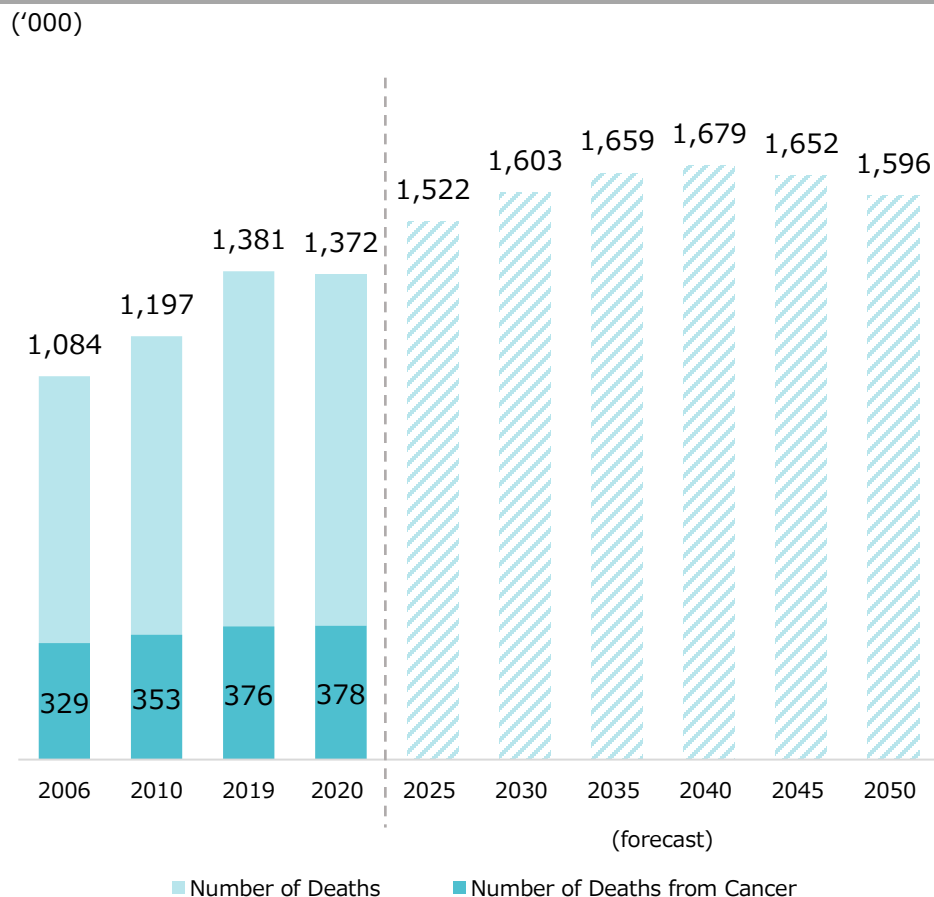
Personnel structure	<ul style="list-style-type: none"> • Allocates nurses and caregivers commensurate with the number of patients • Outsources services provided by doctors
Target patients	<ul style="list-style-type: none"> • Patients in the terminal stages, including those who are in the terminal stage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

Profit Structure (Three-Tier Structure)

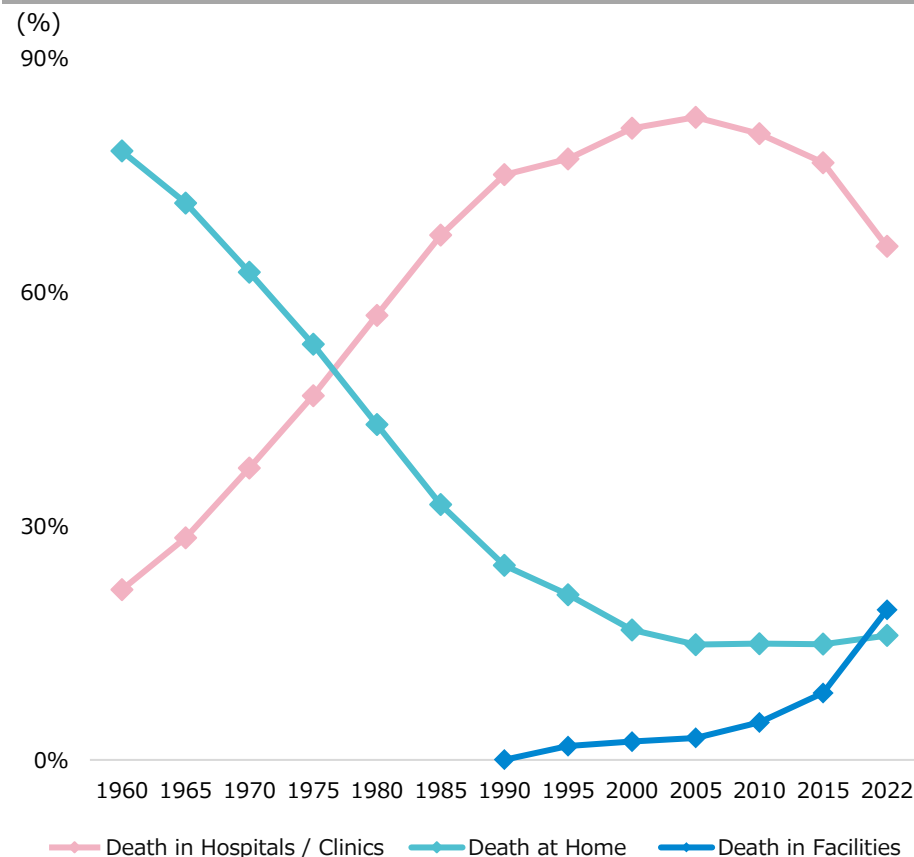
Sales from medical insurance	<ul style="list-style-type: none"> • Home nursing care services provided by medical insurance • Copayment rate at 10% to 30% in principle • Accounts for around 60% of net sales
Sales from care insurance	<ul style="list-style-type: none"> • Units differentiated by degree of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

- As a result of the government's policy shifts from hospital-based to community-based medical care, the number of hospital deaths peaked around 2005 and has been decreasing, with a gradual shift to deaths in nursing homes such as hospices, owing to the arrival of an aging and shrinking population.
- Ishinkan accepts about 7,000 cancer patients per year, only 1.8% in Japan, so there is room for further acceptance.

Number of Deaths (Overall, Cancer)



Place of Deaths (Composition)

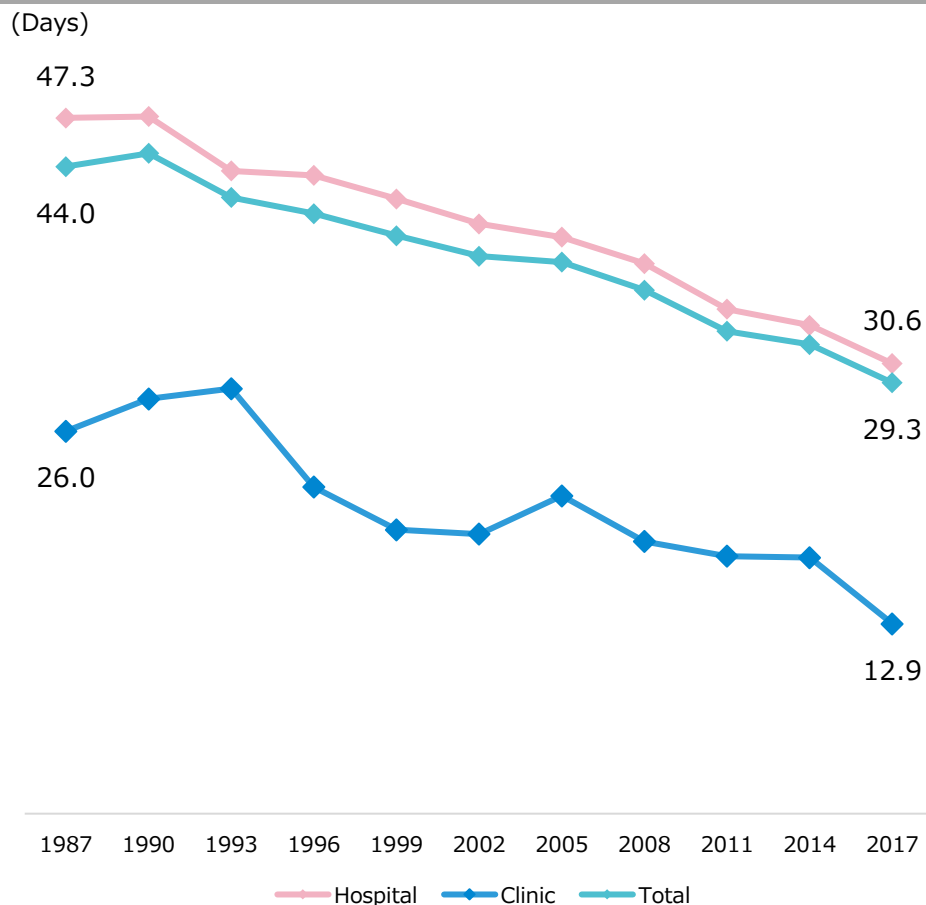


Source: Vital Statistics of the Ministry of Health, Labour and Welfare and projection results based on medium-fertility/medium-mortality assumptions (including overseas nationals in Japan) of "Population Projections for Japan" by the National Institute of Population and Social Security Research

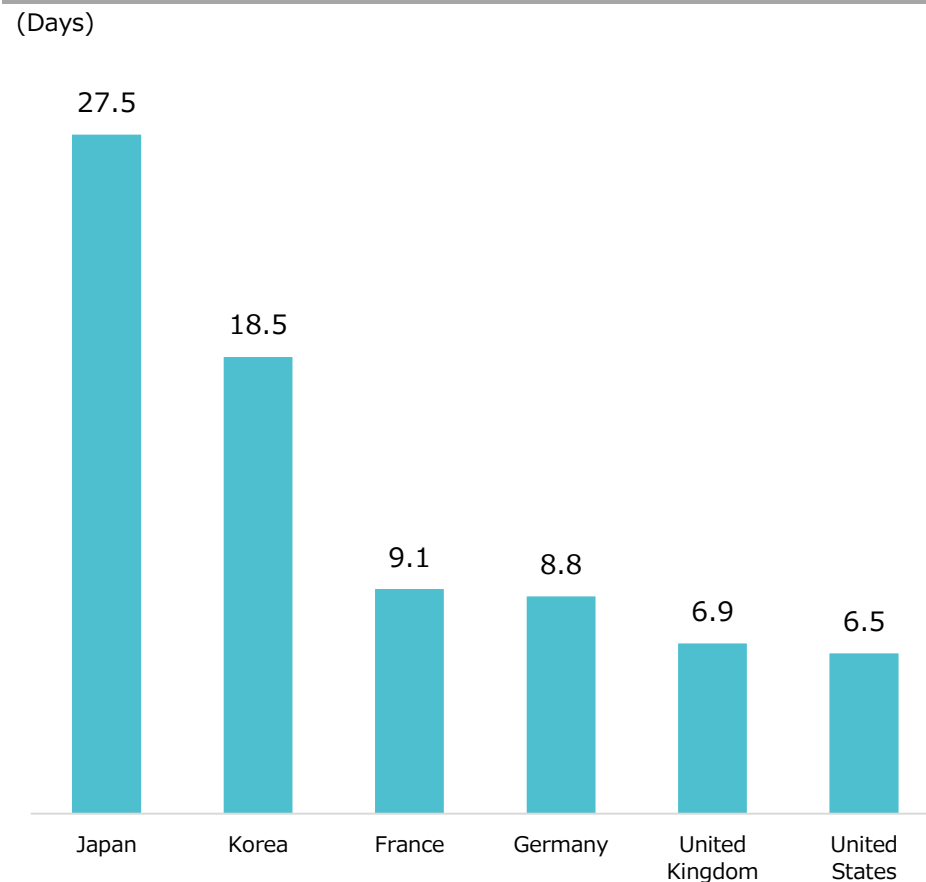
Shortening Average Length of Hospital Stay

- In acute general hospitalization charge 1, which has the highest score, the average length of hospital stay requirement was reduced from 18 days or less to 16 days or less.
- Although the average length of hospital stay is decreasing year by year, there is room for improvement compared to major other countries.

Average Length of Hospital Stay



Hospital Stays in Major Countries



Source: Patient Survey of Ministry of Health, Labour and Welfare and Inpatient care average length of stay, all hospitals of OECD Health Care Utilisation (2021)

Difference in Number of Palliative Care Beds by Region

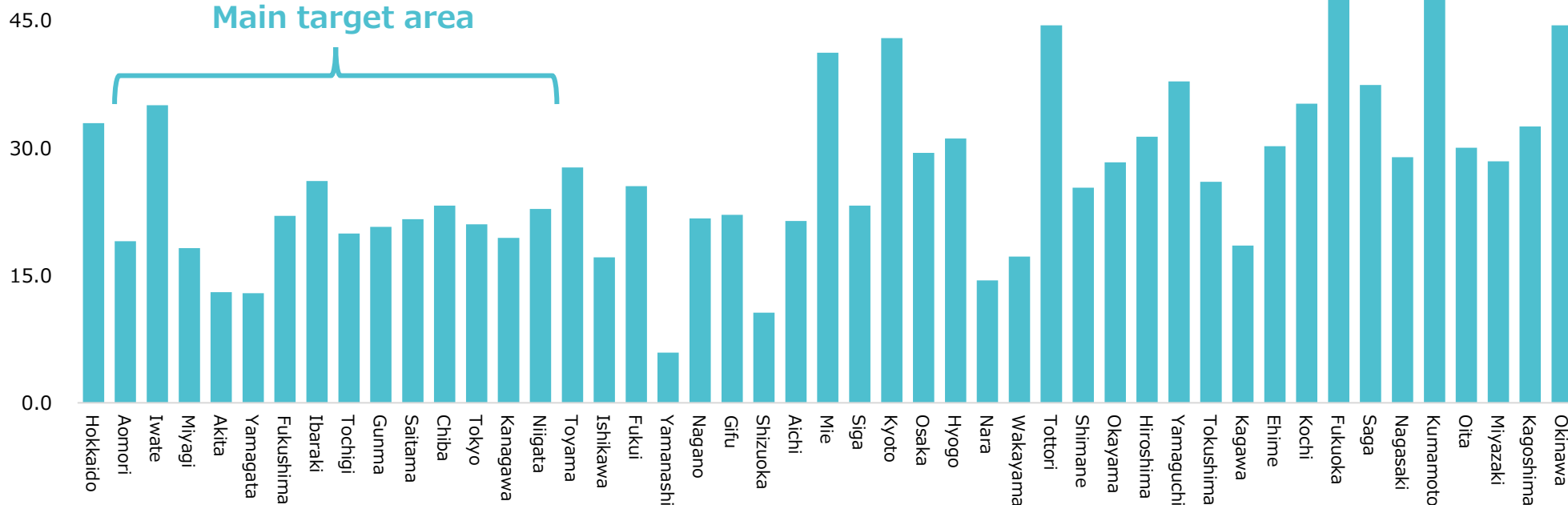
- There are regional differences in the number of palliative care beds, even by tertiary medical area.
- The average length of stay in palliative care beds is decreasing, as is the percentage of patients discharged for death, and even in Hokkaido, Iwate and Ibaraki where there are relatively many palliative care beds, we successfully operate Ishinkan which mainly accept cancer patients in terminal stage.

Distribution of Palliative Care Beds by Region per Hundred Thousand People Aged 65 or Older

(Palliative care beds per hundred thousand people)

60.0

Main target area



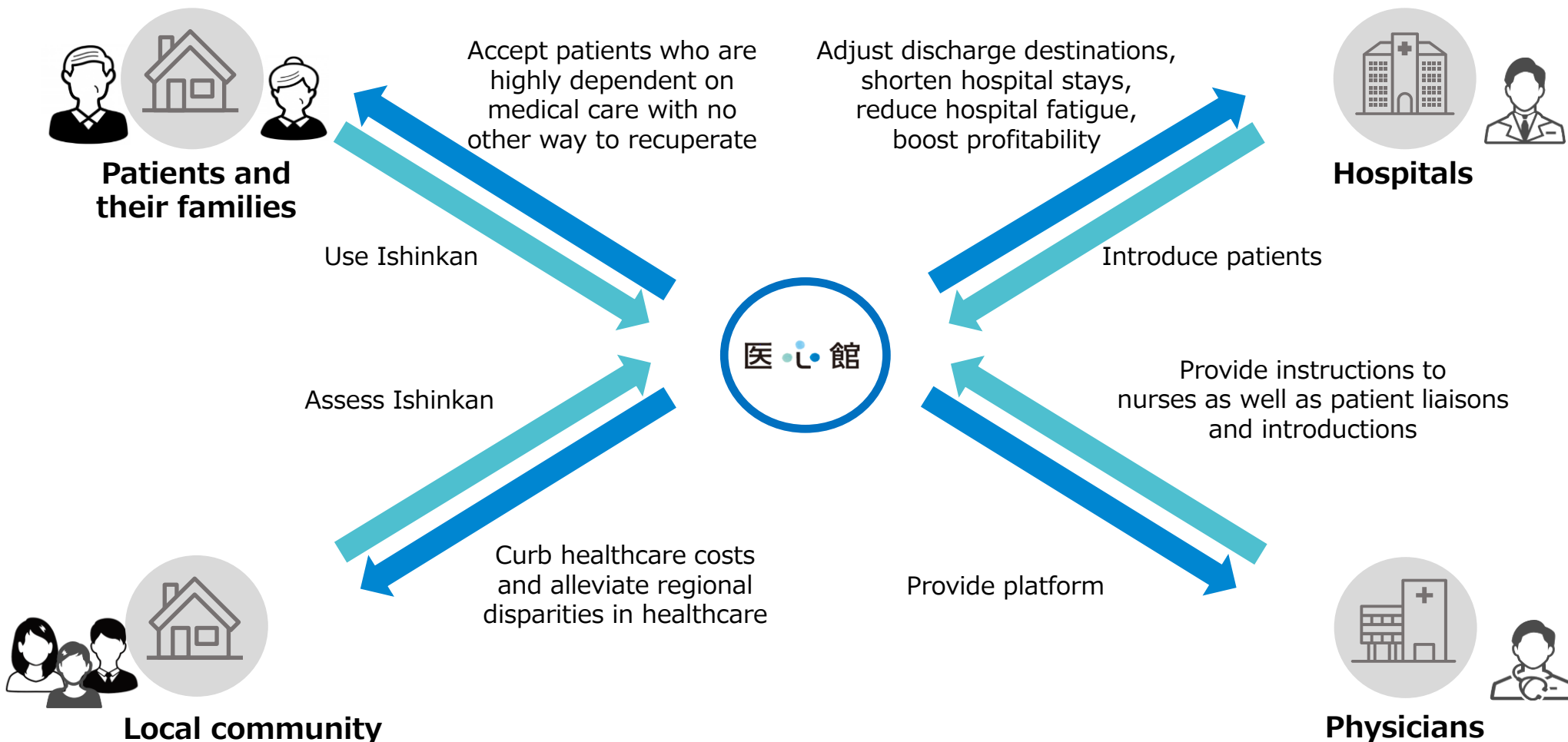
Source: Hospice Palliative Care Japan “The number of approved facilities and beds as palliative care wards inpatient division (as of June 1, 2023)”, Ministry of Internal Affairs and Communications “Population Estimate (as of October 1, 2022)”

Note:

1. Death discharges accounted for 76.0% of patients discharged from palliative care beds at member facilities of the Hospice Palliative Care Japan in FY20 (Hospice and Palliative Care White Paper 2022)

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

Ishinkan as a Platform Supporting Regional Medical Care



1 Response to Social Issues / Environmental Preservation

Contribution to society



Contribution to regional healthcare



Resource considerations



2 Human Resources

Diversity



Work-life balance



Development of abilities

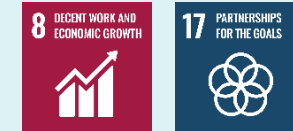


3 Compliance / Governance

Compliance promotion structure



Hotline system



Others



Category	Major Initiatives
Contribution to society	<ul style="list-style-type: none">• Increase the number of new patients and expand the base of patients by promoting the Ishinkan business model.<ul style="list-style-type: none">✓ Conduct individual tours of medical institutions, home care support offices, and community general support centers.• Create regional employment by opening 25~30 new facilities each year.<ul style="list-style-type: none">✓ Employees at each location are residents of that region.✓ Rather than using temporary staffing agencies, we employ nurses and caregivers as full-time or part-time employees.
Contribution to regional healthcare	<ul style="list-style-type: none">• Help shorten stays at medical institutions and reduce the burden on regional healthcare.<ul style="list-style-type: none">✓ Participate in study groups on regional care councils and the regional home healthcare system to understand and help resolve problems in each region.• Serve as a landing point for healthcare refugees.<ul style="list-style-type: none">✓ By acting as a facility that provides medical care after discharge from the hospital, contribute to the realization of comprehensive community care.
Resource considerations	<ul style="list-style-type: none">• Transition away from paper.<ul style="list-style-type: none">✓ Introduce cloud-based accounting system and electronic contracts system, and promote compliance with the Law Concerning Preservation of National Tax Records in Electronic Form.• Help reduce food losses.<ul style="list-style-type: none">✓ Introduce a cook-chill system for meals provided at facilities.• Promote CO2 emission reductions along with visualization of emissions.

Category	Major Initiatives
Diversity	<ul style="list-style-type: none">• We build an organizational structure where female can play an active role.<ul style="list-style-type: none">✓ Percentage of female: ~85%/~75%/~40% (all employees/managers/management council)• We aim to create an environment where nurses of all ages can work and provide a workplace to a reserve for potential nurses.• We are promoting the employment of people with disabilities and encouraging diversity.
Work-life balance	<ul style="list-style-type: none">• Headquarters tracks the overtime hours of all employees, including those at facilities. When overtime hours are high, we periodically meet with these employees and their superiors to discuss countermeasures.• (Only at headquarters) We have created remote working and flextime systems to facilitate flexible diverse working.• We strive to provide a comfortable and rewarding workplace by conducting orientations for new hires and prior to facility openings, interviewing employees (face to face and online), and conducting post-hiring and pre-resignation surveys.
Development of abilities	<ul style="list-style-type: none">• We conduct training for new employees / nursing leaders and subsidize tuition and exam fees to help employees acquire necessary certifications.<ul style="list-style-type: none">✓ New employees: Orientation for new hires and at facility openings, on-site OJT, on-site training✓ Nursing leaders: On-site training, leader education program, multidisciplinary education and training (compliance/infection), leader meetings, telephone/web follow-up systems

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

- We received an MSCI ESG Rating of A.
- We intend to maintain and improve our high third-party evaluation by strengthening ESG-related initiatives and disclosure in line with our materiality.

Materiality



**Realizing a Society without
Regional Disparities in Healthcare**



**Achieving Operations
in Harmony with Nature**



**Building a Workplace
That Invigorates All Workers**



**Earning Further Trust from Society
and Local Communities**

Third-Party ESG Evaluation

- MSCI ESG Ratings are regarded as a global benchmark for ESG investment that comprehensively assesses a company's ESG risk and risk management capabilities.

MSCI
ESG RATINGS



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