



First Quarter of the Fiscal Year Ending September 30, 2025

FAQ

Amvis Holdings, Inc.
February 6, 2025



Business Environment Surrounding Ishinkan



Facility Opening Strategy



Management Support Business for Medical Institutions



Our Growth Strategy



Recruiting



Sustainability



Number of Facilities / Bed Capacity



Promoting Occupancy



Shareholder Return



Utilization Rates



Headquarters-Focused System



IR Activities



EBITDA



Macro Environment



Photos of Ishinkan Facilities (Exterior / Interior)



Cash Flow



Wage Increase



Equity Ratio



Competition



Could you let us know the current business situation of the Ishinkan business, a palliative care-type hospice?



The Government policy has been encouraging shorter periods to stay in hospital and more patients to return home. Given this background, Ishinkan has been actively accepting people in the final stages of cancer who often have trouble finding discharge destinations to go after hospitals and those in need of intensive medical care such as neurological incurable disease.

Lately, the ratio of residents with terminal cancer has increased, and approximately 80% or more of the residents have terminal cancer. In addition, the number of residents who died in the facility reached nearly 9,400 in the fiscal year ending September 2024, and the rate of in-facility deaths⁽¹⁾ was 98.9%.

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1. The rate of in-facility end-of-life care is calculated by dividing the total number of deaths of residents in the facility by the total number of deaths of residents in the facility, excluding deaths outside the facility, and then dividing that total by the total number of deaths of residents in the facility, excluding deaths outside the facility. The above death rate is the average of the quarterly surveys conducted over the past year.



Could you let us know the current business situation of the Ishinkan business, a palliative care-type hospice?



For these reasons, the average length of stay for residents suffering terminal cancer is less than 30 days. We believe that our business is fulfilling a complementary function to the palliative care facilities that are often lacking in the local area, providing responsible care and a safety net for residents in the terminal stages of their illness.

As mentioned above, the social significance of Ishinkan's business is growing, and we will continue to play a major role and work to firm up this business.



Could you tell us about the issues at each of the facilities of the Ishinkan as a palliative care-type hospice?



As mentioned above, Ishinkan has accepted many residents in the final stages of their illness, mainly those with terminal cancer, and provides high-quality care with a commitment to meticulous care until the end of life.

In order to prevent even the smallest chance of medical accidents, the staff at Ishinkan are providing nursing and care with the utmost attention. Since all of the staff are carrying out their daily duties with a strong sense of responsibility, their workload is increasing day by day.

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Could you tell us about the issues at each of the facilities of the Ishinkan as a palliative care-type hospice?



In addition, as the ratio of residents in the final stages of their lives increases and the number of days until their death shortens, employees are suffering increased psychological burden caused by the passing of residents who they have gotten to know through palliative care, or those who passed away too soon.

In light of this situation, we have started the Shift change, which increases the number of staff at our facilities, and reinforces our training and education to create a comfortable working environment for our staff.



What are the features of the care provided at each facility of Ishinkan? And how are they evaluated by residents and their families?



At Ishinkan, nurses provide specialized care based on their expertise to residents with high medical dependency, delivering the kind of nursing care that only a nurse can offer. Another major feature is that we can respond flexibly to the symptoms and pain of residents at any time, 24 hours a day, 365 days a year.

For residents with terminal cancer, we respect each of them as an independent individual and help them decide how they want to live until the end, while also offering the same level of care during the night when pain and anxiety tend to increase, just as we do during the day.

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What are the features of the care provided at each facility of Ishinkan? And how are they evaluated by residents and their families?



Survey results show that we have received a very high rating of 8.80 out of 10 for customer satisfaction with our services⁽¹⁾. We will continue to pursue further improvements in customer satisfaction in the future.

1. The evaluation is the result of the survey conducted from January to December 2024, asking the family members of ex-residents of Ishinkan if they'd like to recommend Ishinkan to your relatives, friends, or those you can trust. (The sample size: 1138)



Considering the current changes in the social significance of Ishinkan, your aim to improve user evaluations and to reduce the increasing burden on employees, what measures do you have for the future?



To respond to the growing social significance of Ishinkan and to keep providing high-quality care in the future, it is essential to secure and maintain the proper number of employees. However, there is a shortage of nurses and caregivers at many workplaces throughout Japan, which is expected to worsen with the aging society.

To keep our business growing in this social context, it is essential to implement measures to reduce the increasing workload and psychological burden on employees, as explained before.

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Considering the current changes in the social significance of Ishinkan, your aim to improve user evaluations and to reduce the increasing burden on employees, what measures do you have for the future?



For this reason, we have decided to start Shift change, which increases the number of staff at each facility and develop our education and training.

With this approach, we aim to create a comfortable working environment for employees, reduce the burden on staff, provide better services, and further improve customer satisfaction, thereby contributing to the sustainable growth of the Ishinkan business.

We intend to continue working to and strengthen recruitment, mitigate the burden going forward.

Q

Please tell us more about the compliance initiatives at Ishinkan.

A

By contracting external physicians and care managers, we have built a system that ensures care is provided based on objective external judgments. We have implemented this system since our founding, aiming to promote a highly transparent business model in the hospice industry.

We assess each patient's condition and medical history to accept individuals with high medical dependency who truly require medical care. (We primarily admit patients with terminal cancer.)

In providing medical care to residents, we strive to foster a sense of understanding and agreement among physicians and stakeholders, aiming to operate in line with the principles of the social insurance system.



Please provide information about the social contributions of Ishinkan facilities.



We take pride in contributing to society through the Ishinkan business by leveraging our strong operational capabilities and expertise in medical care.

For example, we have operated Ishinkan facilities in areas with physician shortages, fulfilling one of end-of-life care to patients in these regions.

We also actively accept patients with diverse needs, including those with terminal cancer, non-cancer patients who needs palliative care and AIDS patients. By doing so, we function as a safety net, primarily for terminally ill patients.



The Financial Highlight materials refer to your future growth strategy. Please tell us more about this.



As stated in the previous answer, Ishinkan has succeeded in establishing a solid reputation as a hospice operator winning the trust of local communities in the hospice industry, and has also achieved nationwide expansion. Going forward, we will shift our focus to sustainability while maintaining our growth aspirations. Specifically, we will increase the number of employees at each facility, and strengthen training and education for higher customer satisfaction and lower employee burden.

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Furthermore, we will make full use of the know-how and human resources gained through the Ishinkan business to contribute to the reinforcement and revitalization of community healthcare. To achieve this goal, we will launch a full-scale medical support business.

In the medical support business, we will promote the revitalization of medical institutions and hospitals in medically underpopulated areas with the current business mission of “solving medical issues in medically underpopulated areas with the power of business.” In order to accomplish this mission, we will make efforts to create synergies and collaboration with the Ishinkan business as well as utilize the know-how accumulated in the business. (Continued on the following page)



Please describe the characteristics of your management support business for medical institutions and its medium-term outlook.



Through these efforts, we will focus on solving diverse medical issues by evolving into a comprehensive medical company in order to meet social needs and to achieve sustainable growth in the long term.

In the medical support business, we will provide tailor-made management support for individual medical institutions by using the know-how and resources acquired through the operation of Ishinkan management.

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Please describe the characteristics of your management support business for medical institutions and its medium-term outlook.



One of the features of our support for medical institutions is offering a completely hands-on type of operational support through the dispatch of medical staff such as doctors and nurses in addition to financial support and operational management assistance with the backup of head office functions.

We will also consider converting surplus hospital beds at medical institutions into Ishinkan's, using the know-how cultivated through the Ishinkan business.



Please tell us about the market environment and characteristics of the management support business for medical institutions.



This will enable medical institutions to coordinate discharge with ease, which can contribute to shortening the length of hospital stays, improving profitability, and reducing medical staff fatigue.

At present, the medical support business is mainly engaged in the revitalization of hospitals in secluded or regional areas. In the next three to five years, we would like to expand our efforts to include aid for home care support hospital and acute stage general hospitals.

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Please tell us about the market environment and characteristics of the management support business for medical institutions.



Certain areas have a lot of exhausted medical institutions, many of which are facing issues such as a lack of successors, aging representatives, and obligations to reimburse the Welfare and Medical Service Agency.

In these hospitals, doctors become exhausted due to excessive workload, resulting in a shortage of doctors. Therefore, these hospitals are forced to close hospital beds and outpatient departments as well as to reduce services. They eventually fall into a vicious cycle, suffering problems like a smaller number of patients.

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Please tell us about the market environment and characteristics of the management support business for medical institutions.



Our futuristic medical business could help these medical institutions achieve substantial and rapid operational improvements that other investment companies and funds cannot do through our outstanding hands-on management support for doctors and nurses.



How do you plan the number of facilities / bed capacity ?



We announced to open 29 new facilities and expand 1 facility (1,549 beds) in FY25, and we expect to exceed our Amvis 2025 target of 131 facilities (6,621 beds) to reach 133 facilities (6,797 beds).

We plan to sustain this pace of expansion in FY25 and beyond.

The basic capacity per facility is about 50 beds. We also aim to open about 1–2 large facilities with 70 beds per year.



What are your current utilization rates and forecast for FY24?



Until Q1, existing facilities operated slightly above stable utilization levels, and the 10 newly opened facilities started up as expected. As a result, the overall utilization rate remained near our target range for stable operation.

As forecast for FY25 and later, we continue to expect the utilization rate to be 82–85%, which is our target for stable operations.

Since Ishinkan mainly accepts patients in the terminal stages of cancer, about 10–15 patients per month are leaving or passing away at each facility, which makes it difficult by nature to maintain the utilization rates in the 90% range.



What are your views on EBITDA in FY25 Q1 result and outlook?



For FY23 and later, we decided to emphasize the use of EBITDA as a performance indicator, aiming to eliminate accounting effects and consider return on strategic investments.

In FY25 Q1, despite the increase in scale as the pace of new openings accelerated, Shift change from FY24 4Q led to a year-on-year decline in margins.



What is your perspective on the company's negative free cash flow (cash flows from operating activities - cash flows from investing activities)?



We are currently expanding business while maintaining our growth potential. Our aggressive facility development approach (mainly building our own facilities) has required significant investment.

We recently change the investment stance so that we focus on the FCF. We assume FCF positive in mid-term, due to streamlining of the investment discipline.



What is your target for the equity ratio?
What other indicators, if any, do you refer to as indicators of the stability of your financial base?



We have set a target equity ratio of 30%. As of the end of December 2024, we maintained a robust financial base, with the ratio of 45.9% surpassing the target.

In addition to the equity ratio, we also refer to the net debt/EBITDA ratio.

We continue to open facilities, mainly by building our own facilities, but based on the above indicators, we believe cash on hand and bank borrowings will provide sufficient funding.



What are your current status on facility opening and strategy for the future?



We receive about 300 referrals per month from construction companies, financial institutions, local real estate companies, and others, and then we carefully examine each project and proceed to open 2–3 projects per month.

Currently, we continue opening in areas where we already have a presence in Eastern Japan, such as formation of dominant areas in the Tokyo metro area and Chukyo area. We also plan to aggressively expand into Western Japan, such as the Kansai and Chugoku areas, where we started to operate in FY24, and the Kyushu and Shikoku areas, where we plan to open in FY25.

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What are your current status on facility opening and strategy for the future?



In the Tokyo metro area, new facilities start up quickly, while rents and personnel costs are higher than in regional cities, so the EBITDA margin tends to be 3-5% lower, but EBITDA tends to generally similar in amount.

We intend to continue opening new facilities in areas where demand is expected, including western Japan.

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What are your thoughts on the current situation and future prospects for recruiting?

A

We are currently receiving many applications, so we are able to exercise due care in selecting employees. Furthermore, we do not hire temporary nurses and caregivers, which we believe is proof of our high recruiting capability.

Therefore, we think we will be able to recruit regular nurses and caregivers to meet the increase in the number of facilities, even though while the overall industry faces a labor shortage.

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Q

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A

On the other hand, we think it is necessary to continue to strengthen the recruitment of nursing leaders (nursing managers), who require a wealth of experience.

We continue to strengthen our recruiting system so that we can increase the number of facilities and maintain high utilization rates.



How are you progressing with promoting occupancy?



We conduct marketing activities to accept patients by promoting the social significance, including our business model to hospitals, which are our main sources of patient referrals.

Most Ishinkan patients are referred by hospitals and other medical institutions, and only about 1 among about 1,000 new patients each month are referred by agencies. We believe these figures indicate that we are accurately identifying regional healthcare needs and practicing effective marketing activities.

We will continue to strengthen our marketing activities to maintain high utilization rates.



What are your thoughts on the current management system and policy for the future?



Under a headquarters-focused management system, staff in each department take charge of a region and closely support operations of each facility.

In addition to marketing, recruitment, HR, and goods management, we are working to improve quality and avoid serious accidents in terms of service quality management through various measures, including monitoring as well as incident management and analysis by headquarters staff, mainly nurses, implementation of various training, and promotion of participation in external training programs.

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What are your thoughts on the current management system and policy for the future?



We think the current structure is satisfactory for maintaining both quality and quantity, even assuming the development in Western Japan. The system should allow us to meet our targets of opening 29 new facilities and operating 133 facilities in FY25.

However, given our plan to increase the number of facilities by the end of September 2026 and later, we continue to strengthen our headquarters functions.



How is the Ishinkan business affected by the macro environment (such as the availability of wood, energy resources, and monetary policy)?



Recent volatile global situation present the possibility of prolonged supply shortages and price hikes on wood and energy resources.

Our facilities are made of heavy steel, reinforced concrete, and wood. The macro economic situation will affect the construction cost of facilities under construction or scheduled to open in the future.

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How is the Ishinkan business affected by the macro environment (such as the availability of wood, energy resources, and monetary policy)?



That said, the cost of buildings will be allocated as expenses through depreciation over their useful lives (20–47 years), so the impact on our financial performance is expected to be reduced.

In addition, based on inflation of wood, energy resources, and goods used at the facilities, we raised patient payments by about 7,000 yen per month in FY23, and by about 4,000 yen per month in October 2023.

We expect the impact of the Bank of Japan's monetary policy to be immaterial based on the current balance of borrowings (about JPY 25.5bn) and recent changes in the TIBOR rate.



What is the status on your efforts regarding wage increase for employees working at Ishinkan?



In FY25, as in FY24, we increased wages by utilizing additional incentives for improving treatment system and benefits for employees and medical fee points for raising base salaries. When doing so, we will meet the requirements for a tax credit for promoting wage increases.

This requires an increase of 3% or more in the number of wages for long-service employees compared to the previous fiscal year.

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What is the status on your efforts regarding wage increase for employees working at Ishinkan?



The increase in personnel expenses and the tax benefits associated with the wage increase have already been taken into account in FY25 forecast.

We plan to maintain some of the highest salaries in the industry in order to attract talented people.



Recently, new entrants into the hospice business seem to be on the rise. Unlike new entrants, how is it possible for Ishinkan to accept mainly patients in the terminal stages of cancer and operate large facilities and in regional cities?



Ishinkan functions as a platform of home healthcare equipped with a nursing system specializing in terminal care. More than 80% of patients are in the terminal stage of cancer. We also accept patients with high medical dependency, such as those with specified diseases, and those who are on respirators, those who have had tracheostomies and require respiratory management.

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In addition, 98.9% ⁽¹⁾ of patients pass away at Ishinkan without being transferred to a hospital, which is very high compared to other companies. It means that we provide responsible medical care until the end-of patients' lives.

As a result, about 10-15 patients per month leave or pass away at each facility, and as the capacity of the facility increases, this figure rises even more.

In this situation, we require talented nurses who can respond flexibly to the fast-changing patient population and need staff who are in charge of sales to continue to attract hospitals and patients.

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1. The rate of in-facility end-of-life care is calculated by dividing the total number of deaths of residents in the facility by the total number of deaths of residents in the facility, excluding deaths outside the facility, and then dividing that total by the total number of deaths of residents in the facility, excluding deaths outside the facility. The above death rate is the average of the quarterly surveys conducted over the past year.



Recently, new entrants into the hospice business seem to be on the rise. Unlike new entrants, how is it possible for Ishinkan to accept mainly patients in the terminal stages of cancer and operate large facilities and in regional cities?



For operations in regional cities, we require talented nurses and staff, including those in charge of sales, to carry out high-quality operations in order to solidify the trust of local communities and medical professionals. We believe we can operate that way because we have the human resources and operational know-how.



Provide information on your performance with respect to management support business for medical institutions.



With this project, most of these efforts will be handled by Ashitano Iryo, Inc., a subsidiary we established in 2020.

We began providing management support for 2 hospitals in the same regional city in October 2023. The hospice operated by the hospitals is operating smoothly, the financial condition of both hospitals is steadily improving, and a new hospice facility was established in September 2024.

Recently, we have expanded the geographical scope of management support for medical institutions, and we have observed significant progress in areas such as establishing financial advisory services.



What is the status on your efforts regarding sustainability?



In order to both enhance corporate value and contribute to creating a sustainable society, under our sustainability basic policy, we identify important issues that should be prioritized, and address them, led by our CSR officer and the ESG Promotion Committee.

We introduce specific environmental, social, and governance initiatives, with various ESG data and quantitative objectives, on our website.

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What is the status on your efforts regarding sustainability?



In June 2024, we received an MSCI ESG Rating of AA, up 1 grade from last year's A rating. We were also selected as a constituent of the FTSE Blossom Japan Sector Relative Index in July 2024. These show that our initiatives receive certain third-party evaluations.

We continue striving to build relationships of trust with our stakeholders, thereby increasing corporate value and helping to create a sustainable society.



What is your policy on the shareholder return?



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

In FY25, we expect dividend of 4 yen per share, the same amount as FY24, while prioritizing the acceleration of growth.



What IR activities are you undertaking?



For individual investors, we hold briefings at least twice a year. In the future, we would like to consider conducting face-to-face briefings.

For analysts and institutional investors, we participate in conferences. In addition, we hold about 100 individual meetings each quarter. Given overseas investors account for about half of these individual meetings, we conduct face-to-face overseas IR as appropriate.

We continue to strengthen dialogue with shareholders and investors.



Appendix

Appearance



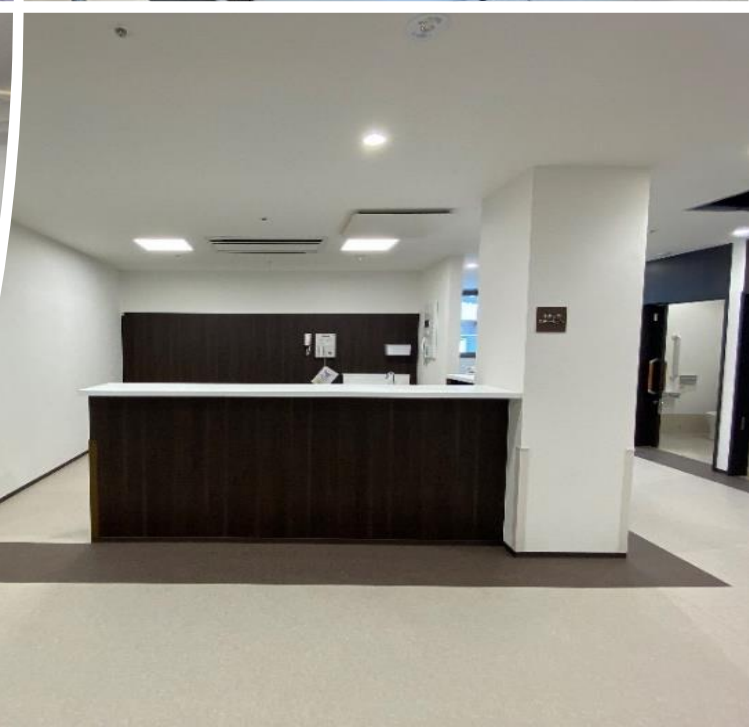
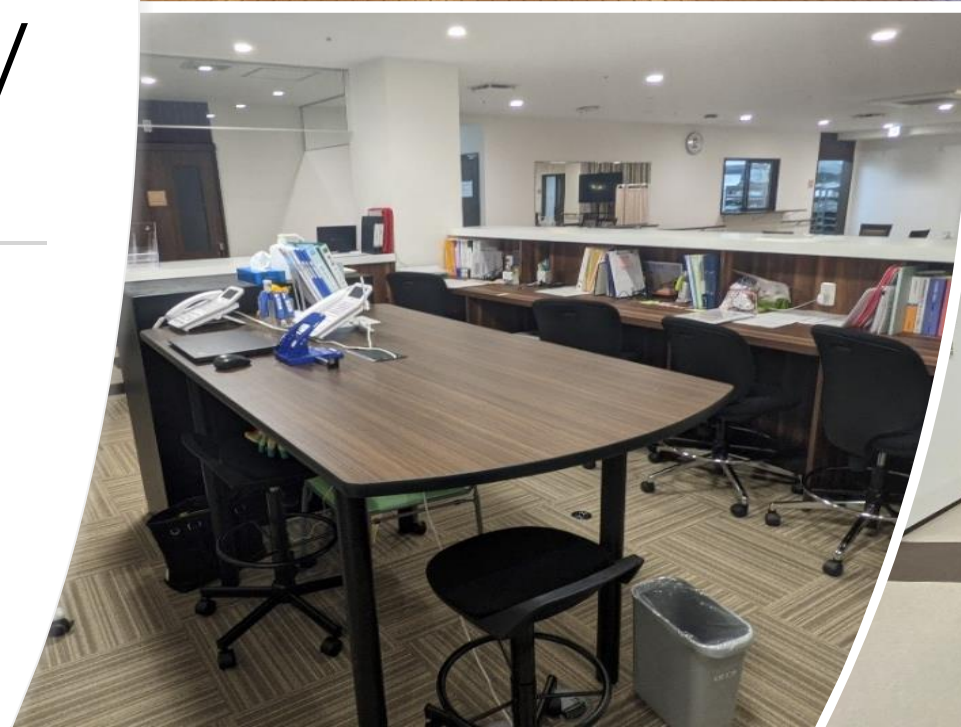
Entrance / Dining Hall



Kitchen / Private Room



Staff Station / Bathroom



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

In addition, certain assumptions are used for such statements. These statements or assumptions are subjective and may prove inaccurate in the future or may not be realized. There are many uncertainties and risks that could cause such a situation to arise. As stated above, the forward-looking information contained in this document is current as of the date of this document, and Amvis is under no obligation or policy to update such information from time to time.

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