[NOTICE: This Annual Securities Report is a translation of the Japanese original for reference purposes only, and in the event of any discrepancy, the Japanese original shall prevail.]

Annual Securities Report

(The eighth term)
From October 1, 2023 to September 30, 2024

Amvis Holdings, Inc.

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Documents submitted	Annual Securities Report (“Yukashoken Hokokusho”)
Based on	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act
Submitted to	Director-General of the Kanto Local Finance Bureau
Submission date	December 25, 2024
Fiscal year	Eighth Term (From October 1, 2023 to September 30, 2024)
Company name	Kabushiki-Kaisha Amvis Holdings
English name	Amvis Holdings, Inc.
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Part I: Corporate Information

A: Corporate Overview

1. Principal Business Performance Indicators
   (1) Consolidated business performance indicators

Fiscal term		4th term	5th term	6th term	7th term	8th term
Year ended		September 30, 2020	September 30, 2021	September 30, 2022	September 30, 2023	September 30, 2024
Net sales	(million yen)	9,174	15,334	23,072	31,985	42,475
Ordinary profit	(million yen)	1,779	3,779	6,060	8,541	10,551
Profit attributable to owners of parent	(million yen)	1,239	2,627	4,279	6,310	7,438
Comprehensive income	(million yen)	1,239	2,627	4,279	6,309	7,438
Net assets	(million yen)	5,255	16,341	20,458	26,523	33,212
Total assets	(million yen)	16,519	31,922	41,767	55,559	71,799
Net assets per share	(yen)	58.34	168.26	209.12	270.56	339.39
Earnings per share	(yen)	13.83	28.08	44.03	64.44	75.86
Diluted earnings per share	(yen)	13.46	27.51	43.63	64.32	75.81
Shareholders' equity ratio	(%)	31.8	51.2	49.0	47.7	46.3
Return on equity	(%)	39.2	24.3	23.3	26.9	24.9
Price earnings ratio	(times)	53.73	71.68	55.42	40.39	25.39
Net cash provided by (used in) operating activities	(million yen)	1,165	2,584	4,415	6,798	7,484
Net cash provided by (used in) investing activities	(million yen)	(5,304)	(5,780)	(7,751)	(10,312)	△16,828
Net cash provided by (used in) financing activities	(million yen)	7,021	11,052	3,486	4,300	6,083
Cash and cash equivalents at the end of period	(million yen)	3,335	11,192	11,342	12,128	8,868
Number of employees (Separately, the average number of temporary employees)	(people)	972 (217)	1,446 (301)	2,184 (416)	2,974 (499)	4,046 (589)

(Notes)

1. The Company implemented a 2-for-1 stock split on April 1, 2020, a 2-for-1 stock split on January 1, 2022, and a 2-for-1 stock split on October 1, 2022. Therefore, net assets per share, earnings per share and diluted earnings per share are calculated as if the stock splits had been implemented at the beginning of the fourth term.
2. The number of employees excludes those seconded from the Company and its consolidated subsidiaries (hereinafter referred to as the "Group") to outside parties and includes employees seconded from outside parties to the Group. The number of temporary employees (including part-time 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) shown in parentheses.
3. In the fifth term, the Group changed its accounting policy regarding non-deductible consumption taxes on property, plant,

and equipment (PP&E) from recording them as expenses at the time of acquisition of the PP&E to including them as part of the PP&E. Therefore, the figures for the fourth term have been retrospectively adjusted to reflect this change in accounting policy. The cumulative effects before the third term were reflected in net assets at the beginning of the fourth term.

4. The "Accounting Standard for Revenue Recognition" (The Accounting Standards Board of Japan Statement No. 29, March 31, 2020) and others were applied from the beginning of the sixth term, and the figures after the sixth term are presented after the application of the accounting standard.

(2) Non-consolidated business performance indicators

Fiscal term		4th term	5th term	6th term	7th term	8th term
Year ended		September 30, 2020	September 30, 2021	September 30, 2022	September 30, 2023	September 30, 2024
Operating revenue	(million yen)	1,120	1,884	3,145	5,269	9,403
Ordinary profit	(million yen)	323	446	1,081	2,232	5,173
Profit	(million yen)	270	479	1,069	2,199	5,125
Share capital	(million yen)	1,540	5,838	5,866	57	65
Total number of shares issued	(shares)	22,522,000	24,280,000	48,917,600	98,033,400	98,112,000
Net assets	(million yen)	3,365	12,303	13,210	15,164	19,540
Total assets	(million yen)	9,400	21,610	26,489	33,179	49,324
Net assets per share	(yen)	37.36	126.68	135.03	154.69	199.68
Dividend per share (Interim dividend per share)	(yen)	6.0 (-)	9.0 (-)	6.0 (-)	3.0 (-)	4.0 (－)
Earnings per share	(yen)	3.02	5.12	11.00	22.47	52.27
Diluted earnings per share	(yen)	2.94	5.02	10.90	22.42	52.24
Shareholders' equity ratio	(%)	35.8	56.9	49.9	45.7	39.6
Return on equity	(%)	15.4	6.1	8.4	15.5	29.5
Price earnings ratio	(times)	245.74	393.09	221.80	115.87	36.85
Dividend payout ratio	(%)	49.59	43.95	27.27	13.35	7.65
Number of employees (Separately, the average number of temporary employees)	(people)	43 (1)	40 (6)	67 (14)	98 (8)	114 (9)
Total shareholder return (Index for comparison: TOPIX including dividends)	(%) (%)	- (-)	271.1 (127.5)	329.0 (118.4)	351.3 (153.7)	260.8 (179.2)
Highest share price	(yen)	3,875 (8,710)	8,330	2,502 (12,500) (Note) 7 (5,670) (Note) 8	3,840	3,295
Lowest share price	(yen)	2,366 (3,775)	2,816	2,378 (7,380) (Note) 7 (3,015) (Note) 8	2,202	1, 723

(Notes)

1. The Company implemented a 2-for-1 stock split on April 1, 2020, a 2-for-1 stock split on January 1, 2022, and a 2-for-1 stock split on October 1, 2022. Therefore, net assets per share, earnings per share and diluted earnings per share are calculated as if the stock splits had been implemented at the beginning of the fourth term. The dividends per share is the actual amount before the stock splits.

2. Total shareholder return and index for comparison for the fourth term are not shown because the Company was listed on the JASDAQ (Standard) of the Tokyo Stock Exchange on October 9, 2019.
3. The highest share prices and lowest share prices are those on the JASDAQ (Standard) of the Tokyo Stock Exchange before April 3, 2022, on the Standard market of the Tokyo Stock Exchange form April 4, 2022 to March 13, 2023, and on the Prime market of the Tokyo Stock Exchange after March 14, 2023.
4. The highest and lowest share prices for the fourth term are the amounts after ex-rights due to the stock split implemented on April 1, 2020, and the amounts before the stock split are shown in parentheses.
5. The highest and lowest share prices for the sixth term are the amounts after ex-rights due to the stock split implemented on October 1, 2022, and the amounts before the stock split implemented on January 1, 2022 are shown in parentheses.
6. The highest and lowest share prices for the sixth term are the amounts after ex-rights due to the stock split implemented on October 1, 2022, and the amounts before the stock split implemented on October 1, 2022 are shown in parentheses.
7. 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-time and temporary employees, but excluding temporary employees dispatched from human resources companies) is the average number of employees (converted to eight hours per day) per year and is shown in parentheses.
8. In the fifth term, the Company changed its accounting policy regarding non-deductible consumption taxes on PP&E from recording them as expenses at the time of acquisition of the PP&E to including them as part of the PP&E. Therefore, the figures for the fourth term have been retrospectively adjusted to reflect this change in accounting policy. The cumulative effects before the third term were reflected in net assets at the beginning of the fourth term.
9. The “Accounting Standard for Revenue Recognition” (The Accounting Standards Board of Japan Statement No. 29, March 31, 2020) and others were applied from the beginning of the sixth term, and the figures after the sixth term are presented after the application of the accounting standard.

2. History

The Company was established in Kuwana, Mie Prefecture, in September 2013 to engage in home nursing care, home care, and ancillary businesses based on the Long-Term Care Insurance Law, the Health Insurance Law, and the Law for Comprehensive Support of Daily Life and Social Life of People with Disabilities (hereinafter referred to as the “Law for Comprehensive Support of People with Disabilities”). The founder, Keiichi Shibahara, is a physician and researcher in the field of life sciences with a career spanning approximately 20 years. After retiring from the forefront of research, he engaged in activities related to the revitalization of regional healthcare in “areas where the care is scarce,” where an adequate supply of medical resources was not available, as well as disaster recovery support activities following the Great East Japan Earthquake. Later, he established the Company with the following aspirations: “I want to solve the medical issues faced by the super-aging society by proposing and implementing new structures,” “I want to help sublimate the closed medical industry into a growth industry where the principle of healthy competition works,” and “I want to optimize limited medical resources and deliver the benefits of coming innovative medical care to as many people as possible.” Amvis Holdings was established in Yaesu, Chuo-ku, Tokyo, through a share transfer in October 2016, and has since transitioned to a holding company structure with Amvis, Inc. as a wholly owned consolidated subsidiary. In March 2020, a consolidated subsidiary, Ashitano Iryo, Inc., was established to offer consulting and other services related to the management of medical institutions and care facilities.

The history of the Group since the establishment of Amvis, Inc. is shown in Table 1.

Table 1: Background of the Group

As of the submission date of this Annual Securities Report

Date	Outline
September 2013	Amvis, Inc. established in Kuwana, Mie Prefecture to engage in home nursing care, home care, and ancillary businesses
May 2014	Relocated beds from a former hospital to a nursing home as Ishinkan Nabari in Nabari, Mie Prefecture, commencing the business of “in-home hospital beds” model as a trial
August 2014	Opened Ishinkan Ama in Ama, Aichi Prefecture Leased a newly established nursing home, the first facility to open under the Ishinkan model
October 2016	Amvis Holdings, Inc. established in Yaesu, Chuo-ku, Tokyo through a stock transfer Transitioned to a holding company structure, with Amvis, Inc. as a wholly owned subsidiary
October 2019	Amvis Holdings, Inc. listed on the JASDAQ (Standard) of the Tokyo Stock Exchange
March 2020	Ashitano Iryo, Inc., whose name means “future medicine,” established as a consolidated subsidiary to offer consulting on the management of medical institutions and care facilities
April 2022	With the Tokyo Stock Exchange's market restructuring, Amvis Holdings, Inc. transitioned to the Standard market
March 2023	Changed market listing to the Prime market of the Tokyo Stock Exchange

3. Description of Business

The Group consists of three companies, the Company and two consolidated subsidiaries, and the Company is the holding company. The Company's consolidated subsidiaries include Amvis, Inc. (hereinafter referred to as "Amvis") and Ashitano Iryo, Inc. (hereinafter referred to as "Ashitano Iryo"). In addition, the Company falls under the category of specified listed companies, etc., as stipulated in Article 49, Paragraph 2 of the Cabinet Office Ordinance on Regulation of Securities Transactions, etc., and as a result, the insider trading regulations' criteria for material facts to be insignificant are based on consolidated figures.

The Company's core business is consulting to Amvis on the operation and management of nursing homes* and leasing land and buildings for use as nursing homes.

The core business of Amvis is the hospice business. Amvis 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 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. By working together as a group, we actively accept patients with high medical dependency, such as those in the terminal stages of cancer and those on artificial respirators, and provide specialized nursing care in the terminal stages. Specifically, Amvis provides these services and operates the facilities, while the Company supports in planning strategies for opening Ishinkan facilities, acquiring partner medical institutions, developing customer business partners, analyzing and improving the status of customer attraction and service provision, ensuring proper operation, billing for medical and care fees, managing receivables, and procuring supplies. The Group has established a comprehensive business model for strengthening and revitalizing regional healthcare and nursing (hereinafter collectively referred to as the "Ishinkan business").

The Group's only segment is the Ishinkan business.

* The term "nursing home" in this document includes residences for elderly people with service.

Nursing homes are residences for the elderly established through procedures stipulated in the Elderly Housing Act, and are under the jurisdiction of the Ministry of Health, Labour and Welfare.

Residences for the elderly with service are rental housing established through the procedures stipulated in the Act on Housing for the Elderly, and are under the jurisdiction of the Ministry of Land, Infrastructure, Transport and Tourism.

<u>Ishinkan Business</u>

The Ishinkan business, mainly operated by Amvis, combines home-based services such as home nursing care, home care, and in-home care support services, and nursing home services as facility-based services. As a result, the Group operates 82 "Ishinkan" facilities in Tokyo, Hokkaido and 18 prefectures as of the date of submission of this annual securities report, responding to a wide range of needs of patients with high medical dependency and their families who are concerned about the places that accept patients after discharge. In addition, Ishinkan facilities accept people with disabilities and provides services under the Law for Comprehensive Support of People with Disabilities. In particular, by strengthening its nursing personnel structure, the facility is characterized by its ability to provide substantial nursing care in the terminal stages of treatment for patients with high medical dependency. In addition, in principle, we outsource physicians. ("Outsourcing of physicians" does not mean outsourcing of work, but it means collaboration and cooperation based on empathy among medical and nursing care professionals.) By doing so, we aim to ensure the transparency and fairness of our business, and to be recognized by the community as an entity that plays a role in the Community-based Integrated Care System, including home treatment, and provides a platform for "regional healthcare." From our perspective, there is little need for physicians to be stationed at the facility to provide medical care in the terminal stages of treatment, and it is possible to outsource medical care to a non-resident based on cooperation and collaboration. This results in extra capacity to invest in nursing and care staff. Meanwhile, regional practitioners and other clinics without beds can take advantage of beds at Ishinkan facilities, if they need to see patients who require hospital beds, which improve their ability to respond to patients by making them practically like having hospital beds. This approach reduces the burden of managing patients' conditions and hospital beds after hours (We call this approach "sharing hospital beds"). In addition, we believe that this service will improve the turnover of hospital beds at hospitals and lead to stable management. We believe that these are some of the reasons for the strong relationships of trust that have been established between Ishinkan (the Group) and medical institutions.

Explanations of terminology related to business details are provided at the end of this chapter in the "Glossary of Terms" section.

The details of services provided through the Ishinkan business are as follows. Amvis's revenues have a three-tier structure that primarily consists of medical service fees and care fees received from the provision of these services from the Social Insurance Medical Fee Payment Fund and the National Health Insurance Federation (hereinafter referred to as the "National Health Insurance Federation, etc."), and other revenues (rent, management fees, food expenses and others) from patients, which are not covered by insurance.

(1) Home Nursing Care/Home Nursing Care for Preventive Long-Term Care

- We provide home nursing care services to users and record the fee (medical service fee in the case of the medical insurance system and care fee in the case of the care insurance system, respectively) obtained from the National Health Insurance Federation, etc. as sales.
- In general, 10% to 30% of the service fee is billed to the user, and the remaining 70% to 90% is billed to the National Health Insurance Federation, etc.
- Home nursing care is that when a person with a disease or disability wishes to receive medical treatment at home, the business provides medical care and medical assistance based on the home nursing care instructions issued by the attending physician.
- Home nursing care can be provided to home care patients of all ages, including children with intractable diseases and children with disabilities.
- Home nursing care is provided by nurses, licensed practical nurses, public health nurses, physical therapists, occupational therapists, and others who have a national license or a prefectural governor’s license. In addition, various types of corporations provide services, such as medical corporations, social welfare corporations, special corporations, profit-oriented organizations such as stock companies, and non-profit organizations.
- The medical care that can be provided by home nursing refers to rehabilitation, toileting, and assistance with personal hygiene. Medical assistance includes managing indwelling catheters and drains, implementing intravenous drips, injections, management of home oxygen and ventilators, treating bedsores, and a wide range of other services.
- Amvis has home nursing care offices within Ishinkan facilities, and provides both home nursing care and home care services to patients.

(2) Home Care/Preventive Long-Term Care and Comprehensive Livelihood Support Project

- As in case (1), the fee received from the National Health Insurance Federation, etc. is mainly recorded as sales.
- In general, as in case (1), 10% to 30% of the service fee is billed to the user, and the remaining 70% to 90% is billed to the National Health Insurance Federation, etc.
- Home helpers (home-visit caregivers) and care workers visit the homes of people who need care, and provide care such as bathing, toileting, eating, and dressing (physical care), as well as consultation and advice on household chores such as cooking, laundry, and cleaning (daily life assistance).
- Amvis has home nursing care offices within Ishinkan facilities, and provides home care and home nursing care services to patients. The content of the service is based on the care plan prepared by the care manager.
- After explaining the various services to the users, Amvis concludes contracts and provides services per the care plan. Since most of the patients at Ishinkan facilities require a high level of nursing care, we mainly provide physical care services.

(3) In-Home Care Support

- This service involves preparing an in-home service plan (care plan) for the type and content of services to be used, upon request from the service user, considering the users' physical and mental condition, the environment they live in, and the wishes of users and their family.
- In addition to preparing in-home service plans, we liaise and coordinate with service providers and facilities to ensure that services are provided appropriately based on the plan.
- Amvis has in-home care support offices within some Ishinkan facilities. However, patients can receive services from external in-home care support offices, and they are free to choose.
- When the Group’s care managers prepare care plans or otherwise support the use of nursing care insurance services by persons who require nursing care, Amvis bills the nursing care insurance for the fee and records this as sales. The fee is set according to the level of care required by the service user, and for in-home care support services, there is no cost to the user; the full amount is paid by the long-term care insurance.

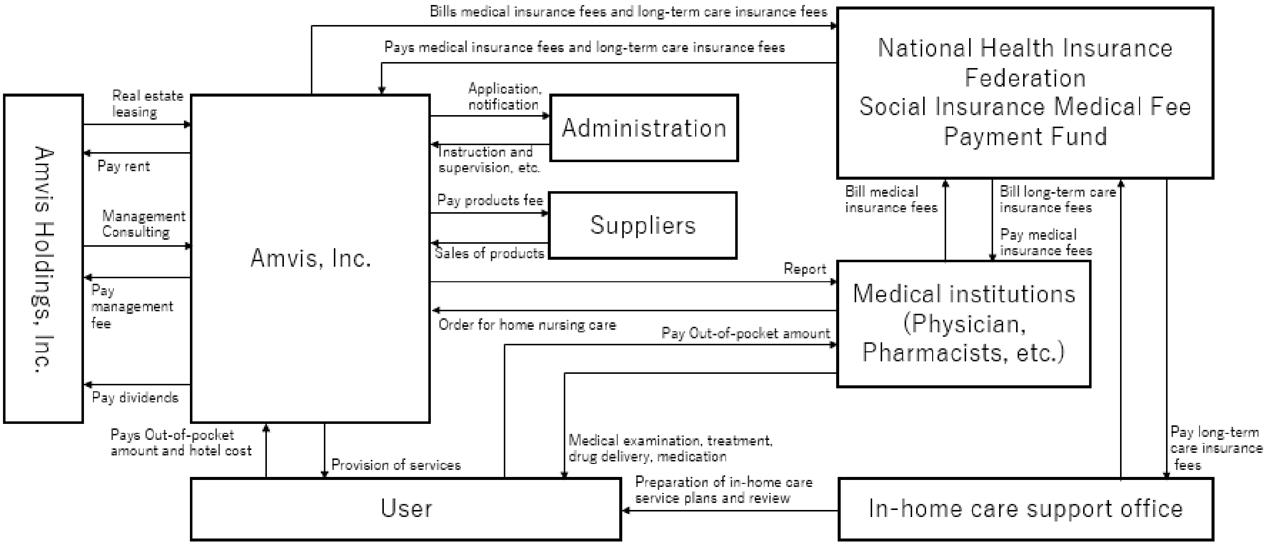
(4) In-Home Care/Intensive Home Care

- Based on the Act on the Law for Comprehensive Support of People with Disabilities, this service provides in-home care services and severe home care services to provide comprehensive support for daily life and social life for people with disabilities to live in their familiar communities.
- In-home care involves assisting bathing, toileting, and meals at home.
- Intensive home care is a comprehensive service that provides care for bathing, excretion, meals at home, and transportation support when going out, etc., to people with severe physical disabilities who need constant care (from April 2014, this service has been expanded to include people with severe intellectual and mental disabilities).
- These services are provided on a case-by-case basis, based on the level of disability and other factors such as social activities, caregivers, living conditions that should be considered. Amvis records fees based on the provision of these services as sales.

[Business Structure]

Figure 1 shows a structure of the Group's business.

Figure 1: Business Structure



[Background and Opportunities for Commercialization]

The background to the commercialization of the Ishinkan business and business opportunities are as follows.

(1) Exhaustion and Collapse of Regional healthcare

Hospitals in areas where the care is scarce face common problems: a chronic shortage of physicians and operating losses, and are thus on the verge of closing or discontinuing the offering of hospital beds. One reason for the challenge in securing physicians is the excessive workloads that result from providing daily outpatient care and ward management, and highly urgent services such as emergency and perinatal care, with a small number of staff. Although hospitals attempt to improve the working environment by hiring more physicians, it should be very difficult to do. Raising salaries causes personnel expenses to rise, further worsening the management situation. The number of patients decreases further due to the closure of hospital beds and outpatient clinics, and the decrease of quality and quantity of services. This worsens the management situation further and as a result the hospital closes due to further management deterioration. This is a structural problem (the spiral of the collapse of regional healthcare).

(2) Refugees from Medical Care

Japan is a super-aged society (a society in which the percentage of the population aged 65 and over generally exceeds 20% of the total population), characterized by increasing demand for medical and nursing care. Japan also has a “society of numerous deaths.” The number of home care patients who require a high level of medical and nursing care is rapidly increasing, and the current situation is inadequate in terms of quantity and quality of the development of appropriate care and systems.

The total number of chronic-phase hospital beds, including long-term care beds, which has accepted such patients, is to be reduced (stricter evaluation of hospital bed functions). Regarding the community-based integrated care beds established in 2014, as is evident from the fact that a higher fee is set for increasing the percentage of patients who return home (return to home), rather than transferring patients within and between hospitals, the government is strongly promoting the trend for hospitals to return patients to their homes, as in the case with “occasional hospitalization and mostly at home.” The Group believes that this stricter evaluation of hospital bed functions aims to promote the differentiation of hospital bed functions and the overall reduction in the number of hospital beds, especially the reorganization of medical treatment beds.

In order to achieve the “Regional healthcare Concept,” the government aims to reduce the number of chronic-phase hospital beds from 308,000 as of 2022 to 284,000 by 2025, and the destination of the reduction will be covered by the use of care facilities and home medical care. In addition, in order to meet the increasing demand associated with the development of a “super-aged” and “numerous deaths” society, it is envisioned that related organizations and professions will work together in the community to support patients (Community-based Integrated Care System) (Source: Ministry of Health, Labour and Welfare website, “About Policy / Community-based Integrated Care System” etc.). However, there are large regional disparities in the state of development of such systems, and medical resources and functional coordination are insufficient to meet demand. Beyond the reduction of medical treatment beds, it is expected that the number of “places for medical treatment” that can replace medical treatment beds would become increasingly scarce over time throughout society, especially in areas where the care is scarce.

Under these circumstances, there is a problem of “refugees from medical care,” which is a problem concerning the destination of patients with high medical dependency after discharge, such as not being able to transfer to family hospitals after discharge due to the shortage of hospital beds, not being able to transfer to care facilities due to the lack of medical care, and not being able to return even to their own homes due to the increased burden on their families.

Characteristics of the Ishinkan Business

The characteristics of the business conducted by the Group are as follows.

(1) Outline of the Ishinkan Business

The Ishinkan business is a hospice business, which consists of the operation of nursing homes called “Ishinkan” and the operation of home nursing care offices and home care offices within Ishinkan facilities. At nursing homes, staff watch over and manage the health of patients 24 hours a day, 365 days a year, while staff at home nursing and home care facilities provide daily care to patients and respond to illnesses in accordance with physicians’ orders for home nursing care or care managers’ care plans. In these respects, there is no difference in the management method from that of the nursing homes operated by other companies, and there are no major features in the structure and facilities of the building; however, in order to develop and operate the business stably and sustainably, “Ishinkan” has the following features.

(2) Characteristics of the Ishinkan Business

1) Characteristics of the Ishinkan Business from Patients' Perspective

The Group is developing the Ishinkan business to provide a place where patients with high medical dependency can live with peace of mind and dignity. These include people who are in the terminal stages of cancer, those with specific and other intractable diseases, those who require respiratory management through the use of artificial respirators or tracheotomies, those who must be repeatedly admitted to and discharged from hospitals, those who require end-of-life nursing and caregiving, and those who have severe disabilities that make daily life at home difficult. For patients with high medical dependency who find it challenging to receive adequate nursing and care at home, the Group provides a place (destination after discharge) that adds the function of "recuperation" in the terminal stages to "home," with nursing staff acting as the main care providers until the end.

Since the sufficiency of medical resources (medical personnel and assistants, medical facilities and equipment, and others) and the resulting medical care provision situation vary greatly from region to region, the Ishinkan locations flexibly adjusts their acceptance targets according to the needs of the region while considering the separation of medical institutions.

The Group is always working with multiple physicians to provide the necessary medical care to its patients. If a patient's medical condition changes, and it is challenging for the attending physician to provide the necessary medical care, or if a patient needs medical care from physicians with different specialties, the patient is introduced to physicians through a nurse at an Ishinkan facility. This can be said to be a system in which vital medical care is provided to patients through the smooth cooperation of local medical workers and others. This system aims to improve the quality of home medical care and the efficient use of medical resources at Ishinkan and in the area.

2) Characteristics of the Ishinkan Business from the Perspective of the Profit Structure

The revenue in the Ishinkan business is structured into three tiers: medical service fees obtained from the National Health Insurance Federation, etc. + care fees obtained from the National Health Insurance Federation, etc. + other revenues (rent, management fees, food expenses and others) received from patients which are not covered by insurance.

Unlike special nursing homes, geriatric health care facilities, and other long-term care facilities (nursing homes, etc.), Ishinkan specializes in patients with high medical dependency. Therefore, in the "tailwind" environment of policies promoting the shift from hospitals to homes, Ishinkan earns revenues from both care insurance fees and medical insurance fees. As a result the most important feature of the Group's business is its stability.

3) Characteristics of the Ishinkan Business from the Perspective of the Personnel Structure

a. A Large Number of Nurses

In order to meet the medical needs of patients with high medical dependency, the number of experienced nursing staff such as those who have worked at general hospitals for a certain period (the number of staff placed in Ishinkan facilities and home nursing care offices within Ishinkan facilities) is the same as that of the facility standard of the basic hospitalization fee for general wards. (The ratio of patients to nursing staff who provide nursing care each day is 10:1 to 13:1.) In addition, the total number of nursing and care staff almost equals the number of patients.

b. Training of Human Resources Involved in Home Care

When considering how to respond to a future of a society characterized by "numerous deaths," the Group believe it is necessary to develop human resources to support end-of-life care. At Ishinkan facilities, the Group provided end-of-life care to 26,030 patients from May 2014 to September 2024. From October 2023 to September 2024, the Group provided end-of-life care to 9,426 patients, which is more than the total number of staff at Amvis. Many members of staff have gained experience in end-of-life medical care and nursing care at Ishinkan facilities and are sharing this experience with the next end-of-life care as individuals and as an organization (e.g., by holding death conferences). This shows that the Ishinkan business is developing human resources involved in home treatment and meet the needs of society.

4) Characteristics of the Ishinkan Business from the Perspective of Outside Collaborators

In principle, the Ishinkan business ensures transparency and fairness by outsourcing physicians. At the same time, the Group collaborates with the physicians based on empathy for the care of patients with high medical dependency. Accordingly, the Ishinkan business is characterized by the fact that it is assembling a platform for Community-based Integrated Care Systems and "regional healthcare," including home care. The Group, including Amvis, is not affiliated with any hospital or other organization and operates its business without comprehensive capital ties with any particular physician.

As of the submission date of this Annual Securities Report, the number of Ishinkan facilities operated by Amvis has increased to 104 facilities with a capacity of 5,248 people. Cumulatively, 44,185 people had used these facilities as of the end of September 2024.

Glossary of Terms

Home treatment	The term "home treatment" refers to medical treatment and nursing care provided to people with illnesses at home or in facilities. With the second revision of the Medical Service Act in 1992, "in-home care, etc." came to have a legal basis as a place where medical care is provided, and its scope was defined in the medical service fee in 2008. In addition to homes, social welfare facilities, and facilities for the disabled, residential facilities such as special nursing homes, nursing homes, group homes, and small-scale multifunctional in-home care facilities are included. Two types of medical service fees can be billed for home treatment: those that evaluate medical care provided by visiting medical professionals, such as house calls, home medical care, and home nursing, and those that evaluate home medical care provided by patients, such as home self-injection and home oxygen therapy. The government is promoting the trend from hospital to home in the reform of the medical care delivery system, and home here includes discharge to home and the residential facilities mentioned above.
Home nursing care	Based on the Public Health Nurses, Midwives, and Nurses Act, nurses with a national license or licensed practical nurses and public health nurses with a prefectural governor's license visit the home of people with illnesses or injuries under the direction of a physician (attending physician) and provide medical care or necessary medical assistance at home (observation of physical and mental conditions, measurement of body temperature, pulse, blood pressure, blood oxygen saturation, assistance with elimination and changing diapers, suctioning of sputum, oral care, assistance with meals, and administration of fluids, artificial nutrition, and medicines through gastrostomy). This differs from home care in that medical treatment is provided.
Home care	Home-visit care workers visit a person's home to provide care for daily living activities such as eating, toileting, changing diapers, changing clothes, changing bedding, transferring to a wheelchair, going to the hospital, going out, etc., and daily housework such as cooking, washing, drying laundry, taking in laundry, storing laundry, cleaning, and shopping.
In-home care support business	In order for people who need nursing care to use appropriate services, care plans are prepared and reviewed following the requests of the person and their family, as well as liaison and coordination with service providers and facilities. At in-home care support offices, care support specialists (care managers) perform the following tasks: Acceptance of applications for certification of the need for nursing care and submission of application forms Conducting nursing care certification surveys Referrals to designated in-home care service providers and long-term care health facilities, and liaison and coordination with these providers Preparation of in-home care service plans and review of services to be received by people requiring care at meetings of people in charge of services Management of service provision based on the service plan Re-evaluation of services and refinement of service plans
In-home care (home help)	This type of care involves welfare service for people with disabilities, and people whose disability level classification is Category 1, or higher (or equivalent physical and mental conditions for children with disabilities) receive nursing care for bathing, excretion, and meals, housework such as cooking, washing, and cleaning, consultation and advice concerning daily life, and other general assistance at home.
Intensive home care	This welfare service for people with disabilities involves the comprehensive provision of care for bathing, excretion, and meals, housework such as cooking, washing, and cleaning, consultation and advice concerning daily life, and other general assistance, and care during transportation when going out, to people with severe physical disabilities who need constant care at home. Since April 2014, this program has been expanded to include people with severe intellectual and mental disabilities.
Residential type nursing home	These facilities for the elderly are provided as a necessary measure to maintain their physical and mental health and to stabilize their lives in order to promote the welfare of the elderly per the provisions of Article 29, paragraph 1 of the Elderly Welfare Act. There is no limitation on the organization (mainly for-profit corporations). The target population is the elderly; however, since there is no definition of the elderly in the law on which the law is based, it depends on the interpretation of socially accepted ideas. It is defined as a facility that provides one of the following services to residents: (1) care for bathing, excretion, or meals, (2) provision of meals, (3) housekeeping such as laundry and cleaning, and (4) health care.

Residences for the elderly with service	Barrier-free housing that is registered per the standards of Article 5 of the Act on Securing Stable Housing for the Elderly (Elderly Housing Act) and provides services that support the peace of mind of the elderly in cooperation with nursing and medical care. There is no category under the Long-Term Care Insurance Law, and outside services are used. There is no limit to the type of entity that can set up a home (mainly for-profit corporations). Eligibility is limited to single or couple households, those aged 60 or over, and those under 60 who have been certified as requiring nursing care or support. It is defined as a residence that provides welfare services such as monitoring residents' conditions and lifestyle consultation services.
Care insurance facility	A facility that can provide services to insured users by long-term care insurance. In addition to geriatric health care facilities, there are geriatric welfare facilities for the elderly and geriatric medical care facilities, each of which has different establishment standards.
Community-based Integrated Care System	A comprehensive support and service delivery system in the community that serves as a base for promoting home medical care, with the aim of maintaining the dignity of the elderly and supporting independent living. The background is that Japan's medical care delivery system is characterized by many hospital beds per population and long hospital stays compared to other countries in the world, and while demand for medical and nursing care services for the elderly is increasing, the government believes that it is necessary to improve the efficiency of medical and nursing care and to provide the necessary medical and nursing care to those who need it in light of the country's financial situation. The FY2018 revision of medical service fees also includes tightening the evaluation of hospital bed functions and achieving comprehensive medical and nursing care coordination based on local residences through a Community-based Integrated Care System in order to further promote the flow from hospitalization to home.
Medical dependency	Medical dependency is the degree to which survival is difficult without medical care, such as ventilator management, oxygen therapy, and tube feeding. It is one condition that determines whether or not a patient can receive home treatment or whether or not a patient can be accepted by a care facility after discharge. To deal with patients with high medical dependency, it is necessary for nurses who have experience working in hospital wards to be familiar with daily care methods, to have knowledge of medical aspects such as not overlooking signs of sudden changes or abnormalities and correct responses in an emergency, and to learn how to protect privacy.

4. Status of Subsidiaries and Affiliates

Name	Location	Share capital (million yen)	Main businesses	Ownership of voting rights (%)	Details of relationship
(Consolidated subsidiaries) Amvis, Inc. (Notes) 1, 3	Chuo-ku, Tokyo, Japan	10	In-home services, home nursing care, home care, and ancillary businesses	100	Management guidance Rent of real estate Acceptance of seconded employees Secondment of employees Receipt of dividends Receipt of guarantees about borrowings from banks Interlocking directorate
Ashitano Iryo, Inc. (Notes) 1	Chuo-ku, Tokyo, Japan	90	Research, advice and consulting services on the management of medical institutions and care facilities	100	Support of funds Interlocking directorate

(Notes) 1. Amvis, Inc. is a specified subsidiary.
2. None of these companies has submitted a security registration statement or annual security report.
3. For Amvis, Inc., the ratio of net sales (excluding intercompany sales between consolidated companies) to consolidated net sales exceeds 10%.
Principle Information on Profit and Loss, and others:

1) Net sales	42,271 million yen
2) Ordinary profit	10,231 million yen
3) Profit	7,218 million yen
4) Net assets	13,667 million yen
5) Total assets	27,211 million yen

5. Status of Employees
(1) Status of the Group

As of September 30, 2024

Segment	Number of employees (people)
Ishinkan business	4,046 (589)

(Notes) 1. The number of employees excludes those seconded from the Group to outside parties and includes those seconded from outside parties to the Group. 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 (on an eight-hour per day basis) and is shown in parentheses.
2. Segment information is omitted because the Group operates in a single business segment, the Ishinkan business

(2) Status of the Submitting Company

As of September 30, 2024

Number of employees (people)	Average age (years)	Average years of service (years)	Average annual salary (thousand yen)
114 (9)	38.0	2.2	6,033

(Notes) 1. The number of employees excludes those seconded from the Company to outside parties and includes those 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) shown in parentheses.
2. The average annual salary includes bonuses and non-standard wages.
3. Segment information is omitted because the Group operates in a single business segment, the Ishinkan business.

(3) Status of the Labor Union
No labor unions have been formed at the Company and its consolidated subsidiary, Ashitano Iryo, Inc. Labor unions have been formed at Amvis, inc., a consolidated subsidiary of the Company.
Labor–management relations are favorable and there is no matter to report.

(4) Percentage of Female Workers in Management Positions, Percentage of Male Workers Taking Childcare Leave, and Gap in Wages of Male and Female Workers

1) Submitting Company
This information about the submitting company is omitted because the submitting company is not obligated to disclose the information pursuant to the provisions of the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015) and the “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No. 76 of 1991).

2) Consolidated Subsidiaries

Current fiscal year					
Name	Percentage of female workers in management positions (%) (Note) 1	Percentage of male workers taking childcare leave (%) (Note) 2	Gap in wages of male and female workers (%) (Note) 1		
			Total workers	Regular workers	Non-regular workers
Amvis, Inc.	83.7	8.7	99.0	101.0	123.4

(Notes) 1. Calculated based on the provisions of the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015).

2. The rate of taking childcare leave in Article 71-4 item 1 of the “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Ordinance of the Ministry of Labor No. 25 of 1991) is calculated based on the “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No. 76 of 1991).

3. This information about one consolidated subsidiary other than Amvis, Inc. is omitted because the one consolidated subsidiary other than Amvis, Inc. is not obligated to disclose the information pursuant to the provisions of the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015) and the “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No. 76 of 1991).

B: Status of Business

1. Management Policy, Management Environment, and Issues to Be Addressed

Matters concerning the future in the text are based on the judgment of the Group as of the date of submission of the annual securities report.

(1) Basic Management Policy of the Group

Our company name, Amvis, is coined from the words “ambitious vision.” The Group aims to contribute to the advancement of medicine and healthcare, and to the realization of a society in which as many people as possible can enjoy the benefits. The Group also aims to solve social problems and make profits by innovating structures, not by science or technology. As a first step, the Group proposed and implemented a unique business called “Ishinkan,” a hospice based on the concepts of outsourcing the functions of physician from terminal care beds, and expanded it widely from urban areas to depopulated areas. By demonstrating the possibility of providing a lifestyle where people can receive medical care (recuperation) until the end of their lives, the Group has established the business field of “hospice” in the medical care industry.

Japan has had a structure where medical resources are concentrated in hospitals. Now that the transition from the conventional “hospital-based” system for acute patients to the “community-based” social security system (Community-based Integrated Care System) for maintaining and improving the functions of the elderly and patients with chronic diseases is about to be reformed, the rigidity of the system due to this structure has become a barrier to reform. The home medical care promoted to break through this situation is expected to introduce a paradigm shift in medical care by returning medical care to people's lives and bringing hospitals and communities close together.

Since its establishment in 2013, the Group has continued to propose the Ishinkan business and work on it honestly in order to meet the needs of the elderly and others who have trouble obtaining home treatment in their familiar areas. As a result, we believe that the Ishinkan business has been accepted as a platform for the Community-based Integrated Care System and “regional healthcare,” including home treatment, in the areas where we operate. In the future, as the Ishinkan business expands and develops, the role expected of the Group and its businesses is expected to become increasingly significant.

The Group's vision is to “become the world's most exciting medical and healthcare company,” and it will create the second and third businesses following the hospice “Ishinkan” business and aims to prosper for a century or more.

Our current business mission is to "solve medical issues in underserved areas through the power of business," and we have begun full-scale medical support business by promoting the revitalization of medical institutions and hospitals in underserved areas. In the next 3-5 years, we aim to transform into a full-fledged comprehensive medical company.

(2) Target Performance Indicators

In addition to EBITDA, which indicate the results of corporate business activities, the Group uses the EBITDA margin as an indicator of profitability, and the Group uses the shareholders' equity ratio and the net debt / EBITDA ratio as indicators of financial stability. The Group is conscious of improving these indicators and aims to enhance corporate value in a balanced and sustainable manner. The Group decided to emphasize the use of EBITDA rather than operating income as before, aiming to eliminate accounting effects and consider return on strategic investments. In addition, as indicators for measuring corporate value, the Group emphasizes growth in sales, growth potential based on year-on-year increases in EBITDA , EBITDA margins.

(3) Medium- to Long-Term Management Strategy of the Group

The Group's medium- to long-term vision is based on the following.

1) Establish the hospice business (Ishinkan business) as a base of stable, long-term earnings
2) Evolving into a comprehensive medical company, including providing management support to struggling medical institutions and medical corporations through our medical support business
3) Become the world's most exciting medical and healthcare company that will prosper for 100 years and make people happy

Based on this vision, the Group has established the following medium- to long-term strategies.

a) Expand the Ishinkan Business and Building a sustainable business foundation

The Group will continue to develop the Ishinkan business aggressively.

In the regions where we operate, we aim to gain and maintain both greater trust (quality) and a higher market share (volume).

The Group's specific action policies are as follows.

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, and 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 opening in a wide range of areas ranging from Western Japan to Eastern Japan

In promoting the opening and operation of Ishinkan, the Group's policy has been to open mainly in Eastern Japan, where various medical resources, such as the number of long-term care beds per elderly population, tend to be low 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 aging population. In order to address this problem as quickly as possible, the Group has accelerated the development of its dominance formation in the Tokyo metro area. The Group plans to continue to establish new bases in areas where there is demand, including western Japan.

c. Increased loyalty from patients and employees

The Group has already achieved a high level of customer satisfaction, but we will continue to work to provide even higher quality care and further improve customer satisfaction. In addition, in order to achieve high-quality care, we will also work to reduce employee turnover, and we will implement training and education, operate with a sense of spaciousness, and expand our personnel structure.

b) Medical support business initiatives

As mentioned above, many hospitals in areas where the care is scarce face a chronic shortage of physicians, as well as operating losses, and are on the verge of closing beds or hospitals. Physicians working at these hospitals are forced to perform everything from ward management to lifesaving care with minimal staff, resulting in excessive workloads. The essence of the Ishinkan business is to boldly carve out the functions of hospitals, outsource physicians, establish a satisfactory nursing system in facilities and specialize in care for patients in terminal stages. This is a way to save physicians from excessive workloads and the existence of hospitals (hospital beds) in the region from the crisis. When Keiichi Shibahara, the founder and representative director of the Group, transitioned from a researcher to an entrepreneur, he envisioned this "essence" as one of the approaches to revitalizing regional healthcare and initially turned this directly into a business purpose. It is a system to support regional healthcare through cooperation utilizing the expertise and roles of regional medical institutions and medical personnel, and it is expected to promote further strengthening of functions by having each specialize in their roles and see medical resources used effectively and efficiently in the region.

In March 2020, the Company established Ashitano Iryo, Inc. as a consolidated subsidiary to consult on the management of medical institutions and care facilities, as a step toward resolving issues such as the operating losses and chronic shortages of physicians faced by regional healthcare, and to further focus on the regional healthcare revitalization project while creating synergies with the existing Ishinkan business. Ashitano Iryo provides comprehensive support for the management of medical institutions and care facilities. Ashitano Iryo advises on measures necessary for improving hospital management, such as the formation of a regional healthcare platform, conversion of wards, and organization of medical personnel, through a network of medical institutions and other organizations cultivated over many years in the Ishinkan business. In addition, we support the effective coordination of hospital admission and discharge through cooperation with Ishinkan. As an example, the Group began providing management support to 2 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 converting surplus hospital beds into hospice care, we have been able to significantly improve profitability. A distinctive feature of our management support is that it is extremely hands-on, through the dispatch of doctors and nurses. In addition, our group can also provide support in terms of operational management and finances, as part of its back-office function support.

Believe that by supporting the management of medical corporations, not only help them rebuild their businesses, but also contribute to the revitalization of local medical care as a whole, including home medical care. In the future, we will not limit our support to rural and depopulated areas, but will also provide management support to a wide range of medical institutions, including general hospitals and rear support hospitals.

(4) Priority Issues to be Addressed by the Group

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 Company 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, we will further deepen our existing Ishinkan business, improve operational efficiency, and focus on recruiting and training human resources, among other proactive measures. We believe that the issues to be addressed by the Group to achieve these goals are as follows.

(A) Implementation of sustainability management

The Group strives to contribute continuously to society and enhance its corporate value by addressing materiality as important priorities. For details, please refer to “2. Basic Views and Initiatives Related to 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. For details, please refer to “(3) Medium-to Long-Term Management Strategy of the Group, b) Initiatives for the Regional Healthcare Revitalization project.”

(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, 2024, the Group maintained a robust financial base, with the ratio of 46.3% surpassing the target. In addition to the equity ratio, the Group also refers to the net debt/EBITDA ratio.

2. Basic Views and Initiatives Related to Sustainability

Matters concerning the future in the text are based on the judgment of the Group as of the date of submission of the annual securities report.

(1) Basic Views Related to Sustainability

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 enhances its corporate value by addressing these issues. These efforts are led by a CSR officer and the ESG Promotion Committee.

The Group's initiatives have received certain third-party evaluations, including an MSCI ESG Rating of A, which are 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.

(a) Realizing a society without regional disparities in healthcare

Ishinkan is a new-concept facility, where local physicians and others gather, based on the concepts of "outsourcing physician functions" and "sharing hospital beds." Ishinkan is also a remarkably low-cost model due to the reduction of various hospital functions. Ishinkan responds flexibly to the unique medical needs of each region, including depopulated rural areas. When opening a new facility, the Group carefully interviews local medical workers and caregivers to understand the problems in each region and works to resolve them.

In addition, because the Group outsources the physician function, establishing Ishinkan does not disperse the deployment of physicians. This is an important factor for the local medical infrastructure.

By opening and operating Ishinkan, the Group intends to help correct the disparity in medical care between regions and shorten the length of hospital stays, making Ishinkan an indispensable platform for regional healthcare.

(b) Achieving operations in harmony with nature

As part of the Group's resource conservation activities, it promotes paperless operations and use cloud-based systems for accounting and electronic contracts. The Group is also working to comply with the Electronic Bookkeeping Law.

The Group keeps working to reduce food waste. For example, the Group has introduced a cook-chill system for meals served at our facilities, which makes it easier to prepare meals in just the amounts needed.

To address climate change, the Group is working toward carbon neutrality. The Group is making its CO_2 emissions visual as part of its aim to achieve zero emissions by 2050. To reduce CO_2 emissions, the Group switches off lights frequently and manages air conditioning in each area.

(c) Building a workplace that invigorates all workers

To maximize the strength of the organization, the Group respects individuals with diverse backgrounds. For example, the Group directly employs people with disabilities. In addition, the Group aims to maximize women's abilities by increasing the percentage of women members of the Management Meeting to 50%. The percentage of women among employees already accounts for approximately 83%, and they play an active role. Through these initiatives, the Group provides equal opportunities for compensation, education, and promotion without regard to gender, nationality, disability, or other factors.

The Group provides a workplace that serves as a reserve for potential nurses by providing an environment where nurses of all ages can work according to their life stage, and making nurses play active roles outside of Ishinkan facilities such as the nursing and care department at the headquarters, the regional liaison department, the compliance department, and the recruitment department.

Furthermore, as part of its efforts to create a comfortable workplace the Group fosters a work-life balance by utilizing remote working and flextime systems, develops the follow-up systems such as surveys and interviews to listen to its employees and implements initiatives for skill development such as subsidizing tuition and exam fees to help employees acquire necessary certifications.

(d) Earning further trust from society and local communities

To maintain the trust of society and local communities, the Group works to enhance its corporate ethics and ensures compliance with laws and regulations. Specifically, the Nomination and Compensation Committee and the Special Committee have been established separately from the Board of Directors, the Audit & Supervisory Board, and the Management Meeting. The Nomination and Compensation Committee is an advisory body to the Board of Directors to enhance corporate governance by strengthening the fairness, transparency, and objectivity of procedures related to the nomination and compensation of directors. The Special Committee is a body to ensure the fairness and reasonableness regarding the appropriateness of the terms and conditions of transactions occurring with the controlling shareholders, and to protect the interests of the minority shareholders.

In terms of compliance, the Group conducts training to ensure compliance with legal standards and training to improve the quality of work, as well as insider-related training provided upon joining the Group. In addition, the Group strives to create an organization where employees feel free to discuss problems and concerns by establishing a hotline system. Also the Group has established the "basic policy against antisocial forces" to eliminate any relationship with antisocial forces, and is acting company-wide in accordance with this policy.

(2) Governance

The Company places a high priority on sustainability to support the long-term growth of the Group. The Group strives to contribute continuously to society and enhances its corporate value by addressing identified materiality. These efforts are led by a CSR officer and the ESG Promotion Committee, which is composed of directors.

(3) Strategy

(a) Climate change

With regard to addressing climate change, the Group keeps working to reduce CO2 emissions in addition to promoting paperless operations and reducing food waste as part of the Group's resource conservation activities.

(b) Human capital and diversity

The Company believes that its greatest asset is its human resources and that consideration for human rights in accordance with international standards is the foundation of its management. To maximize the strength of the organization, the Company respects individuals with diverse backgrounds and creates a diverse workplace where all employees can work comfortably and are rewarded for their efforts.

The Group implements the following initiatives to improve the capabilities of its employees.

1) All officers and employees of the Group (including part-timers and contractors): Training and study groups to maintain and improve the quality of care, various education and training (food hygiene manager training, hygiene promoter training, and others) according to the duties and job level in charge, and subsidizing tuition and exam fees to help employees acquire necessary certifications
2) New employees: Orientation for new hires and at facility openings, on-site OJT, and on-site training
3) Nursing leaders: On-site training, leader education program, multidisciplinary education and training (compliance/infection), leader meetings, telephone/web follow-up systems

(4) Risk Management

The Company has created an ESG Promotion Committee to promote risk management and compliance throughout the entire Group. The committee, composed of directors, formulates management strategies and policies regarding sustainability such as information security, anti-corruption and corrupt practices, BCP and others. The Information Security Management Committee, the Internal Audit Office and others confirm individual risks in normal times.

(5) Indicators and Targets

(a) Climate change

To address climate change, the Group is working toward carbon neutrality. The Group is making its CO2 emissions visual as part of its aim to achieve zero emissions by 2050.

	Fiscal year ended September 30, 2024	Quantitative objectives (2050)
CO2 emissions intensity	0.23	0

(Notes) 1. CO2 emissions intensity is calculated as CO2 emissions (t-CO2) divided by net sales (million yen).
2. CO2 emissions are calculated based on the sum of SCOPE 1 and 2.

(b) Human capital and diversity

As mentioned above, the Company believes that its greatest asset is its human resources, and they are the source of its competitiveness for continuing to achieve higher growth.

The Group aims to maximize women’s abilities by increasing the percentage of female members of the Management Meeting to 50%, enabling women to play an active role in an organization where women already account for approximately 83% of employees.

For the percentage of female workers in management positions, the percentage of male workers taking childcare leave and the gap in wages of male and female workers, please refer to “A: Corporate Overview, 5. Status of Employees, (4) Percentage of female workers in management positions, percentage of male workers taking childcare leave, and gap in wages of male and female workers.”

3. Business and Other Risks

The following is a list of the main items regarding the “Status of Business” and “Status of Accounting” in this document that are considered potential risk factors in developing the Group’s business. In addition, matters that do not necessarily fall under the category of business risks, but are considered important for making investment decisions or for understanding the Group’s business activities, are described from the perspective of proactively disclosing information to investors.

The Group is aware of the possibility of the occurrence of these risks and has a policy of working to avoid or reduce these risks and to take action in the event that they do occur and believes that investment decisions regarding the Company’s shares and others should be made after careful consideration of the contents of this section and other sections.

Forward-looking statements in the text are based on the judgment of the Group as of the date of submission of the annual securities report, but the following statements do not cover all the risks associated with the Group’s business and other activities and investment in its shares. In addition, due to the inherent uncertainties, actual results may differ.

(1) Risks Related to the Opening of New Facilities

When the Group selects an area to open an Ishinkan facility, it takes sufficient time to conduct multifaceted market research. In addition, in order to prevent our staff from proceeding with a project at their own discretion, in principle, we have multiple staff in various positions, from general employees to management. In real estate development, demand is prioritized in good locations, not only in the medical and nursing care industries. Hence, there are times when we are unable to secure in a good location due to competition with other companies in the same or other industries, times when we are unable to open due to various regulations by local governments, and times when various factors occur, such as force majeure events like typhoons or heavy snowfall during the construction period, unpredictable factors such as changes in business sentiment or various market conditions, or changes in supply and demand. These are uncertainties about the feasibility of opening plans. In the event of a delay in opening a new facility or a significant deviation from the business plan for any reason, including the uncertainties described here, the Group may lose profit opportunities, which may affect the Group’s performance, profit plan and financial position.

(2) Risks Related to the Securing, Training and Management of Human Resources

In order for the Group to stably and sustainably develop the scale, scope, and content of its business, it is necessary to secure and develop human resources that are appropriate for the business. In particular, the Ishinkan business is strong in its number (structure) of nursing staff, and the securing and training of appropriately qualified personnel is the foundation of the business. In addition, it is necessary to manage these personnel as management resources in order to use them effectively and efficiently. The more the Ishinkan is developed, the more advantageous it becomes to secure human resources. However, the chronic shortage of human resources in the medical and nursing care industries and the subsequent intensification of competition for job openings is a negative environmental factor. The Group uses recruiting websites and media (as do other companies), but we do not use them continuously and carelessly. We are constantly examining their effectiveness and actively recruiting to reduce the risk that we will not secure the quality of personnel we need. However, in the unlikely event that such a risk should arise, it could have the effect of reducing the scale of service provision at existing facilities or postponing the opening of new facilities, which could impact the Group’s business results and financial position.

(3) Risks Related to Dependence on a Specific Person

Representative Director Keiichi Shibahara, the founder and a major shareholder of the Group, has been deeply involved in the Group’s business since its establishment and has played an important role in establishing and implementing the Group’s management strategy. He also holds 60.10% (including the shares held by IDEA Capital of which he holds all shares) of the total number of issued shares of the Company (excluding treasury shares).

The Group is working to establish a management structure that does not rely excessively on a specific person, but if for some reason it becomes challenging for Mr. Shibahara to perform his duties for the Group, the Group’s business performance and financial position could be affected.

(4) Risks Related to Liquidity of the Company’s Shares

As of the end of September 2024, the ratio of tradable shares of the Company as defined by the Tokyo Stock Exchange, Inc. was 37.7%. The Company intends to improve the liquidity of the Company’s shares by asking major shareholders and business corporations to sell a portion of their shares. However, if liquidity declines for some reason, trading of the Company’s shares in the market may stagnate, which may have an adverse effect on the supply-demand relationship of the Company’s shares.

(5) Risks Related to Natural Disaster, Mass Infections and Accidents

The Group is taking measures to develop a crisis management system to prepare for emergencies. However, the Group faces risk from natural disasters such as typhoons, earthquakes, and tsunamis, as well as mass infections and food poisoning that are unique to complexes that house elderly and disabled patients with high medical dependency. The Group also faces the risk of fire and other potentially life-threatening accidents. At the Group's Ishinkan facilities, the handling of flammable materials is prohibited in principle. Meals are pre-cooked (chilled meals) and served hot to reduce the risk of fire. In addition, based on the health management of users and employees, we encourage hand washing and hand disinfection daily, hold regular in-house training sessions to learn about the prevention, spread, and response to infectious diseases, and maintain manuals to reduce the risk of food poisoning and mass infections. In addition to these measures, we pay close attention to the safety management of users by preparing for earthquakes, windstorms and floods, and creating a security environment. However, in the event of a natural disaster, mass infection, or accident of a larger-than-expected scale that causes long-term difficulties in the operation of such facilities, the Group may be held accountable for its management, which may affect the facilities concerned and the Group's business results and financial position.

(6) Risks Related to Price Hikes

Based on inflation of wood, energy resources and goods used at the facilities, the Group raised patient payments in the fiscal year ended September 30, 2023 and in October 2023. However, further inflation may increase procurement costs for new facilities such as rent and building costs, in addition to the above costs, which may affect the Group's business results and financial position.

(7) Risks Related to Legal Restrictions on Business

The Group's Ishinkan business mainly provides medical and nursing care services based on the Act on Social Welfare for the Elderly, the Elderly Housing Act, the Health Insurance Law, the Long-Term Care Insurance Law, the Law for Comprehensive Support of Persons with Disabilities, and other laws, and is subject to regulation under these laws and related regulations. The Group's revenue structure is dependent on insurance income, which accounts for approximately 90% of net sales.

The health insurance system and the long-term care insurance system are subject to biennial and triennial reviews of the overall system and reconfiguration of fee, and the direction of the social security system and medical and long-term care welfare policies is set at the time of the simultaneous revisions every six years. Therefore, in this business, where the ratio of medical insurance income and long-term care insurance income is high, there are revisions to laws and regulations, systems, and fee, etc., and if there is anything adverse to management, it could affect the Group's business results and financial position.

(8) Risks Related to Designation, Required for Business

The "Ishinkan business" conducted by the Group is a business that receives various designations, (Table 2) from prefectural governors or mayors of ordinance-designated cities for each facility. In particular, the home nursing care business (medical insurance fees and nursing care insurance fees) and the home care business (nursing care insurance fees) account for 90% of total sales of the Group, thus the Group's business performance and financial position could be severely affected for the reasons described below in the event of the cancellation of designations and other permits.

The grounds for revocation of licenses and approvals are outlined in the applicable laws, and the main details are as follows.

Fraudulent billing:	Billing for services that are not provided, billing for additional services that are not provided
Violation of personnel standards:	Operation by insufficient personnel, provision of services by unqualified personnel, and recording by non-existent staff Creation, the falsehood of working hours
Violation of operating standards:	Failure to maintain records, failure to prepare plans, failure to explain important matters and plans
False reports:	Submission of documents or answers that are not true in notifications or reports to local authorities or response to on-site guidance

If a particular facility of the Group receives a revocation of its license or approval, it will no longer claim care fees for that facility and will be prohibited from opening a new office at that facility for five years. Furthermore, if it is judged that the entire corporation is involved (systematically) in the revocation case, the new designation or renewal of the license of the corporation concerned may be denied. If a license or approval is revoked for even a single business site, the corporation (the Group) will be judged to have committed a fraudulent or extremely unfair act and will not be able to receive a new designation or renewal of designation for five years. Since businesses based on the Long-Term Care Insurance Law and other laws require that designation be renewed every six years, the revocation of a license or approval for even a single business location will result in the suspension of new facility development and the withdrawal of most existing facilities without renewal, forcing the Group to withdraw from the Ishinkan business.

Table 2. Names of Services Provided in the Ishinkan business and the Laws on Which They are Based

a. Home-based services

Service name	Basic legal foundation	Main reasons for revocation of licenses and approvals
Home nursing care Home nursing care for preventive long-term care	Nursing Care Insurance Law (Ministry of Health, Labour and Welfare) The designation is valid for six years and must be renewed every six years thereafter. Prefectures, ordinance-designated cities, and core cities have the right to designate projects. Health Insurance Law (Ministry of Health, Labour and Welfare) When a business is designated under the Long-Term Care Insurance Law, it is deemed to have been designated under the Health Insurance Law, and therefore the validity period is the same as the validity period of the designation under the Long-Term Care Insurance Law. The local health and welfare bureau is the designation authority for the project.	Home nursing care Article 77 of the Long-Term Care Insurance Law (Cancellation of Designation, etc.) Home nursing care for preventive long-term care Article 115-9 of the Long-Term Care Insurance Law (Cancellation of designation, etc.)
Home care In-home care support	Nursing Care Insurance Law (Ministry of Health, Labour and Welfare) The designation is valid for six years and must be renewed every six years thereafter. Prefectures, ordinance-designated cities, and core cities are the designating authorities of the businesses. Regarding in-home care support, the designating authority is the municipality from April 2018.	Home care Article 77 of the Long-Term Care Insurance Law (Cancellation of designation, etc.) In-home care support Article 84 of the Long-Term Care Insurance Law (Cancellation of designation, etc.)
Preventive long-term care and comprehensive livelihood support project	Nursing Care Insurance Law (Ministry of Health, Labour and Welfare) The designation is valid for six years and must be renewed every six years thereafter. The municipality has the right to designate the service.	Article 115-45-9 of the Long-Term Care Insurance Act (Cancellation of Designation of Designated Business Operator, etc.)
In-home care Intensive home care	Law for Comprehensive Support of People with Disabilities (Ministry of Health, Labour and Welfare) The designation is valid for six years and must be renewed every six years thereafter. Prefectures, ordinance-designated cities, and core cities have the right to designate projects.	Article 50 of the Law for Comprehensive Support of People with Disabilities (Cancellation of Designation, etc.)

b. Facility-based services

Service name	Basic legal foundation	Main reasons for revocation of licenses and approvals
Residential type nursing home	Welfare Act for the Elderly (Ministry of Health, Labour and Welfare) This is a notification system, and there is no set validity period after notification. Prefectures, ordinance-designated cities, and core cities are the reporting entities.	Article 29, Paragraph 14 of the Elderly Welfare Act (Notification, etc.) There is a provision regarding the restriction or suspension of business.
Residences for the elderly with service	The Elderly Housing Act (Ministry of Land, Infrastructure, Transport and Tourism) The registration is valid for five years and must be renewed every five years thereafter. Prefectures, ordinance-designated cities, and core cities are eligible for registration.	Article 26 of the Elderly Housing Act (Cancellation of registration)

When opening a new facility, the Group fully explains the business it will conduct in prior consultations and discussions with the local government of the planned site. If the local government guides standards for facilities and personnel, the Group responds to that guidance before beginning preparations for the opening. Even after opening a facility, the Group operates the facility in compliance with laws, regulations, standards, and guidance.

As of the date of submission of the annual securities report, there has been no revocation of designation or suspension of business at any offices. However, if these designations are revoked, or operations are suspended for some reason in the future, the Group's business and earnings could be affected.

(9) Risks Related to Information Management

The Ishinkan business is characterized by the fact that it handles information on many users, including information that requires even stricter management, such as medical history and treatment conditions. In addition, the Group's administrative divisions hold various internal information, including management information. The Group is working to reduce the risk of information leaks by educating employees on information management, requiring employees (including retired employees) to submit written oaths of confidentiality, classifying the areas where such information is handled, and restricting access to servers and disks. However, in the unlikely event of an information leak, the Group could lose the public's trust or incur costs related to the payment of compensation for damages, the development of systems, and system upgrades, which could affect the Group's business results and financial position.

(10) Risk Related to Long-Term Lease Contracts

In the Ishinkan business, land or buildings, or both, are leased from their respective owners to be used as facilities. Although investment risk is controlled by the lease, restrictions on withdrawal are imposed for a certain period, and if this is violated, penalties such as those resulting from mid-term termination are paid. Due partly to guidance from local governments regarding the establishment of nursing homes, it is common to conclude long-term lease contracts of 20 to 30 years. In addition, it is possible that the corporation or individual that owns the land or building may go bankrupt or fall into other circumstances, making it difficult to continue using the property or to collect the deposit. The Group strives to mitigate this risk by setting terms and conditions in contracts and by maintaining close communication with owners after the opening of facilities to detect signs of changes in the situation at an early stage. The aforementioned situation could have an impact on the Group's performance and financial position.

(11) Risks Related to the Impairment of Fixed Assets (Land, Buildings and Structures, and Leased Assets)

Due to the nature of its business of providing medical and nursing care services, the Group is required to secure destinations for patients after withdrawal and maintain relationships with medical institutions and government agencies. Immediate withdrawal may be challenging when business profitability declines, and the Group may have to continue to operate at low levels of profitability. Hence, the Group thoroughly manages the profitability of each facility to avoid impairment losses, and takes proactive measures if any facility is not profitable. As of the end of the current consolidated fiscal year and the end of the fiscal year, the Group and the Company respectively have not recognized any indications of impairment. However, in the unlikely event of an increase in unprofitable facilities or closures, a large amount of impairment loss could be incurred, which could affect the Group's performance and financial position.

(12) Risks Related to M&A

The Group believes that it is possible to complement and strengthen its business by conducting M&A (acquisition of subsidiaries, business acquisitions, etc.) of other companies in the same or other industries. Thus, we strive to reduce risk as much as possible by taking sufficient time to collect, analyze, scrutinize, and review the information necessary for decision-making, including the status of the target company and target business, as well as financial, tax, legal, operational, and other due diligence. However, the Group's business performance and financial position could be affected if matters that the Group was not aware of in advance are uncovered, or problems are revealed after an M&A transaction is implemented, or if, for some reason, the management or development of the acquired company or business does not proceed as planned.

(13) Compliance-Related Risks

The Group considers compliance with laws and regulations and acting with integrity based on ethics to be one of its most important management issues in operating Ishinkan business. This is because the trust and reputation of the people involved in the Ishinkan business, including patients, their families, neighboring residents, local medical institutions, home healthcare physicians, pharmacists, care managers, and various business partners, significantly impacts the business. In addition to the laws and regulations directly related to the conduct of business, all officers and employees of the Group (which strives to act as a socially responsible company) work to ensure awareness of and compliance with all laws and regulations, so that they do not deviate from laws and ethics. Additionally, the Group has established and operated an internal reporting system to deter internal improprieties.

In addition, in recent years, there have been several cases in which unethical and inappropriate behavior on social networking services (SNSs) by employees of other companies has resulted in a loss of public trust in the company, the filing of lawsuits, and disciplinary action by regulatory authorities. Accordingly, the Group seeks to raise awareness by providing education and training when employees join the Group and periodically thereafter.

In the unlikely event that the Group faces a compliance problem, the Group’s business performance and financial position could be affected. The Group could experience legal or regulatory punishment, become the target of a lawsuit, or lose public trust.

(14) Risks Related to Deteriorating business conditions of business partners

In the "Medical Support Business," we provide management support and financial support to each medical corporation. However, there is a possibility that the financial condition of a business partner may deteriorate due to changes in the local environment or specific circumstances of the business partner.

As a result, if a business partner's credit standing deteriorates or if management support is not effective, the Group may experience delays in collecting fees it should receive or funds it has provided, or it may incur bad debts.

(15) Other Risks

In addition to the above, there is the risk that the Group may incur direct or indirect costs, or both, due to criminal acts by outside parties, inadequate administrative procedures, or other factors, which may hinder the proper operation of facilities or the development of business, or result in the suspension of business due to administrative sanctions. In addition, there is the risk that the Group may lose public trust. The Group’s business performance and financial position may be affected in such cases.

4. Management’s Discussion and Analysis of Financial Position, Operating Results, and Cash Flows

(1) Summary of Business Results

The following is a summary of the recognition, analysis, and discussion of the status of the Group’s financial position, operating results, and cash flows (hereinafter referred to collectively as “operating results”) from the perspective of management. Forward-looking statements in this document are based on judgments made as of the date of submission of the annual securities report.

1) Financial position

Assets, Liabilities, and Net Assets

(Assets)

Total assets as of September 30, 2024 were 71,799 million yen, an increase of 16,240 million yen from September 30, 2023. This is attributable mainly to increases of 1,967 million yen in accounts receivable due to the increase in revenue, and 16,373 million yen in property, plant and equipment and 800 million yen in leasehold and guarantee deposits in line with opening new facilities despite a decrease of 3,259 million yen in cash and deposits due to investments in new facilities.

(Liabilities)

Total liabilities as of September 30, 2024 were 38,586 million yen, an increase of 9,550 million yen from September 30, 2023. This is attributable mainly to increases of 6,985 million yen in borrowings and 1,709 million yen in lease obligations in line with opening new facilities, 345 million yen in accounts payable - other and accrued expenses due to the business expansion.

(Net assets)

Net assets as of September 30, 2024 were 33,212 million yen, an increase of 6,689 million yen from September 30, 2023. This is attributable mainly to increases of 7,438 million yen in retained earnings reflecting profit attributable to owners of parent despite a decrease of 294 million yen in retained earnings due to the payment of dividends and 470 million yen treasury stock due to the acquisition of treasury stock.

2) Operating Results

With the vision of “become the world's most exciting medical and healthcare company”, our group aims to create a second and third business following the Ishinkan business, and to become a company that will last for 100 years. From October 2023 we have started providing management support to two medical corporations in the same regional city, and we are planning 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 we have acquired through the operation of Ishinkan and other activities. And, with our ambitious vision for the future in mind, we will continue to be hungry challengers who question common sense and seek innovative solutions in order to create important and essential value.

During the consolidated fiscal year under review, the Ishinkan business opened 28 new facilities (1 in Hokkaido, 3 in Saitama Prefecture, 2 in Chiba Prefecture, 6 in Tokyo, 2 in Kanagawa Prefecture, 1 in Toyama Prefecture, 1 in Ishikawa Prefecture, 2 in Gifu Prefecture, 1 in Shizuoka Prefecture, 4 in Aichi Prefecture, 1 in Shiga Prefecture, 1 in Osaka Prefecture, 1 in Wakayama Prefecture, and 2 in Okayama Prefecture), and increased the floor space of 1 facility (in Ibaraki Prefecture) to provide services. In the future, we will continue to actively open new facilities based on detailed marketing and opening strategies, and at the same time, we will carry out vigorous sales activities targeting medical institutions and others, in order to achieve long-term, sustainable growth.

As a result, the Group's operating results for the current fiscal year were as follows: net sales of 42,475 million yen (+ 32.8% from the previous fiscal year), EBITDA of 12,480 million yen (+26.9%), operating profit of 10,612 million yen (+ 23.0%), ordinary profit of 10,551 million yen (+ 23.5%), and profit attributable to owners of parent of 7,438 million yen (+ 17.9%).

Segment information is omitted because the Group operates in a single business segment, the Ishinkan business.

(Unit: million yen)

	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024	Change	Percentage change
Net sales	31,985	42,475	10,489	32.8%
EBITDA (EBITDA margin)	9,834 (30.7%)	12,480 (29.4%)	2,645	26.9%
Operating profit (Operating margin)	8,630 (27.0%)	10,612 (25.0%)	1,981	23.0%
Ordinary profit (Ordinary margin)	8,541 (26.7%)	10,551 (24.8%)	2,009	23.5%
Profit attributable to owners of parent (Net margin)	6,310 (19.7%)	7,438 (17.5%)	1,127	17.9%

(Note) EBITDA = operating profit + depreciation + amortization of goodwill + share-based compensation expenses

(Net sales)

Net sales for the current consolidated fiscal year were 42,475 million yen, an increase of 10,489 million yen from the previous consolidated fiscal year. This increase was mainly due to the opening of 28 new Ishinkan facilities and the expansion of 1 existing facility and the start of service provision, which generated medical insurance income and care insurance income.

(Cost of sales, Gross profit)

Cost of sales for the current consolidated fiscal year was 25,415 million yen, an increase of 6,701 million yen from the previous consolidated fiscal year. This was mainly due to salary allowances for facility employees hired in conjunction with opening new Ishinkan facilities. As a result, gross profit amounted to 17,059 million yen.

(Selling, general and administrative expenses, EBITDA, Operating income)

Selling, general and administrative expenses for the current consolidated fiscal year were 6,447 million yen, an increase of 1,806 million yen from the previous consolidated fiscal year. This was mainly due to an increase in the cost of hiring facility employees as a result of the opening of new Ishinkan facilities and the cost of hiring and salary allowances for facility clerks, regional collaboration department employees, and head office employees hired in conjunction with the expansion of the scale of operations. As a result, EBITDA totaled 12,480 million yen and operating income totaled 10,612 million yen.

(Non-operating income, Non-operating expenses, Ordinary profit)

Non-operating income for the current consolidated fiscal year totaled 324 million yen, an increase of 163 million yen from the previous consolidated fiscal year. This was mainly due to an increase in subsidy revenue from the subsidy for the promotion of self-defense fuel stockpiles for important social infrastructure in preparation for disasters. Non-operating expenses for the current consolidated fiscal year were 385 million yen, an increase of 135 million yen from the previous consolidated fiscal year. This was mainly due to an increase in interest expenses related to borrowings and lease obligations resulting from the opening of new Ishinkan facilities. As a result, ordinary profit totaled 10,551 million yen.

(Profit attributable to owners of parent)

Total income taxes for the current consolidated fiscal year were 3,112 million yen, and as a result, profit attributable to owners of parent was 7,438 million yen.

3) Cash Flows

Cash and cash equivalents (hereinafter, “cash”) on a consolidated basis as of September 30, 2024 stood at 8,868 million yen, a decrease of 3,259 million yen from September 30, 2023. Cash flows for the period and the factors contributing to increases or decreases in cash flows are described below.

(Cash flows from operating activities)

Net cash provided by operating activities for the fiscal year ended September 30, 2024 was 7,484 million yen, versus 6,798 million yen for the fiscal year ended September 30, 2023. This is attributable mainly to profit before income taxes of 10,551 million yen, depreciation of 1,841 million yen, despite income taxes paid of 2,798 million yen, an increase in accounts receivable of 1,697 million yen.

(Cash flows from investing activities)

Net cash used in investing activities for the fiscal year ended September 30, 2024 was 16,828 million yen, versus 10,312 million yen for the fiscal year ended September 30, 2023. This reflected mainly purchase of property, plant and equipment of 15,982 million yen and payments of leasehold and guarantee deposits of 849 million yen in conjunction with the opening of new facilities.

(Cash flows from financing activities)

Net cash provided by financing activities for the fiscal year ended September 30, 2024 was 6,083 million yen, versus 4,300 million yen for the fiscal year ended September 30, 2023. This is attributable mainly to proceeds from long-term borrowings of 9,174 million yen in conjunction with the opening of new facilities and net increase in short-term borrowings of 1,066 million yen, despite repayments of long-term borrowings of 3,254 million yen.

4) Production, Orders, and Sales Results

The Group’s segment is a single segment consisting solely of the Ishinkan business.

a. Production results

Since the Group does not engage in production activities, there is no applicable information.

b. Orders received

Since the Group does not manufacture products on a build-to-order basis, there is no applicable information.

c. Sales performance

Sales in the current consolidated fiscal year totaled 42,475 million yen (excluding consumption tax, etc.). Segment information is omitted because the Group operates in a single business segment, the Ishinkan business. Sales performance by major customers and its percentage are as follows.

Customer	Fiscal year ended September 30, 2023		Fiscal year ended September 30, 2024	
	Sales (million yen)	Percentage of total sales (%)	Sales (million yen)	Percentage of total sales (%)
Kanagawa National Health Insurance Federation	5,673	17.7	6,447	15.2
Saitama National Health Insurance Federation	3,329	10.4	4,403	10.4
Social Insurance Medical Fee Payment Fund	3,393	10.6	4,154	9.8

5) Sources of Capital and Liquidity of funds

The main capital needs of the Group are funds for the establishment of new facilities (acquisition of land and buildings, etc.) and working capital. Working capital mainly consists of personnel expenses for employees of the facilities, which are recorded as cost of sales, and others. Funds for opening new facilities are borrowed from financial institutions and procured from the market, and working capital is basically its own funds. As for borrowings, we conclude overdraft agreements with the financial institutions we do business with to secure liquidity, set appropriate levels of cash in hand, and maintain a balance between long-term and short-term funds in order to maintain financial soundness. In general, the Group’s basic policy is to stably secure the liquidity and sources of funds necessary for business operations. The balance of cash and cash equivalents at the end of the current consolidated fiscal year was 8,868 million yen, and the Group recognizes that it has secured the necessary liquidity for business operations.

6) Management's Awareness of Issues and Future Policies

For details on management's awareness of the issues and future policies, please refer to "1. Management Policy, Management Environment, and Issues to Be Addressed."

7) Significant Accounting Estimates and Assumptions Used in Making Such Estimates

The consolidated financial statements of the Group have been prepared in accordance with accounting principles generally accepted in Japan. Significant accounting policies are described in "E: Status of Accounting, 1. Consolidated Financial Statements, (1) Consolidated Financial Statements, Notes (Significant Basis for the Preparation of Consolidated Financial Statements)." In preparing the consolidated financial statements, certain estimates are made by management within the scope of certain accounting standards and are reflected in the reported amounts of assets and liabilities and revenues and expenses. These estimates are evaluated on an ongoing basis and reviewed as necessary. However, because estimates are subject to uncertainty, actual results may differ from these estimates.

5. Important Management Contracts

Not applicable.

6. Research and Development Activities

Not applicable.

C: Status of Facilities

1. Summary of Capital Expenditures

The total amount of capital expenditures for the fiscal year ended September 30, 2024 was 15,940 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 mainly resulted from the purchase of buildings and land in conjunction with opening new 28 facilities. There were no significant disposals or sales of facilities, except for disposals for the renewal of recurring facilities.

Segment information is omitted because the Group operates in a single business segment, the Ishinkan business.

2 Status of Major Facilities

(1) Submitting Company

As of September 30, 2024

Office name (Location)	Details of equipment	Book value (million yen)				Number of employees (people)
		Buildings and structures	Land (m^2)	Others	Total	
Ishinkan Mito (Taihaku-ku, Sendai, Miyagi Prefecture)	Ishinkan land, buildings and others	553	―	0	553	61(8)
Ishinkan Sendai Nagamachi (Taihaku-ku, Sendai, Miyagi Prefecture)	Ishinkan land, buildings and others	213	479 (2,024)	―	692	37(6)
Ishinkan Shonandai (Fujisawa, Kanagawa Prefecture)	Ishinkan buildings and others	531	―	1	532	44(8)
Ishinkan Nagareyama Otakanomori (Minami Nagareyama, Chiba Prefecture)	Ishinkan buildings and others	553	―	0	553	35(7)
Ishinkan Kanazawabunko (Kanazawa-ku, Yokohama, Kanagawa Prefecture)	Ishinkan buildings and others	779	―	2	781	63(11)
Ishinkan Kashiwa (Kashiwa, Chiba Prefecture)	Ishinkan buildings and others	549	―	1	550	40(6)
Ishinkan Inage (Inage-ku, Chiba, Chiba Prefecture)	Ishinkan buildings and others	509	―	2	512	46(5)
Ishinkan Higashi Sapporo (Shiroishi-ku, Sapporo, Hokkaido Prefecture)	Ishinkan buildings and others	514	―	0	514	37(5)
Ishinkan Yokohama Nakayama (Midori-ku, Yokohama, Kanagawa Prefecture)	Ishinkan buildings and others	543	―	1	544	39(6)
Ishinkan Chiba ekimae (Chuo-ku, Chiba, Chiba Prefecture)	Ishinkan buildings and others	725	―	3	728	54(3)
Ishinkan Sengawa (Chofu, Tokyo)	Ishinkan buildings and others	527	―	0	527	42(4)
Ishinkan Yagotominamiyama (Showa-ku Nagoya, Aichi Prefecture)	Ishinkan buildings and others	996	―	0	996	33(3)

Ishinkan Sakura(Sakura, Chiba Prefecutre)	Ishinkan buildings and others	510	—	1	511	36(2)
Ishinkan Fujisawa (Fujisawa, Kanagawa Prefecture)	Ishinkan buildings and others	575	—	1	576	40(6)
Ishinkan Sagamihara (Chuo-ku Sagamihara, Kanagawa Prefecuture)	Ishinkan buildings and others	509	—	1	510	37(6)
Ishinkan Nishifunabashi(Funabashi Chiba Prefecutture)	Ishinkan buildings and others	592	—	6	599	44(2)
Ishinkan Hachioji (Hachioji, Tokyo)	Ishinkan buildings and others	562	—	0	562	41(3)
Ishinakan Shizuoka Ⅱ (Aoi-ku Shizuoka, Shizuoka Prefecuture)	Ishinkan buildings and others	511	—	0	511	30(4)
Ishinkan Sendaiyaotome (Izumi-ku, Sendai, Miyagi Prefecture)	Ishinkan land, buildings and others	502	302 (1,258)	1	807	34(4)
Ishinakn Ozone (Kita-ku, Naogoya, Aichi Prefecture)	Ishinkan buildings and others	532	—	0	532	38(2)
Ishinakan Kotoni (Nishi Sapporo Hokkaido Prefecuture)	Ishinkan buildings and others	612	—	0	612	32(3)
Ishinkan Nishiogikubo (Suginami-ku, Tokyo)	Ishinkan buildings and others	557	—	0	557	36(2)
Ishinkan Mejiro (Shinjuku-ku Tokyo)	Ishinkan buildings and others	618	—	0	618	34(1)

Office name (Location)	Details of equipment	Book value (million yen)				Number of employees (people)
		Buildings and structures	Land (m^2)	Others	Total	
Ishinkan Toyonaka (Toyonaka, Nagoya, Aichi Prefecture)	Ishinkan buildings and others	693	—	0	693	34(1)
Ishinkan Kotesashi (Tokorozawa, Saitama Prefecture)	Ishinkan buildings and others	572	—	0	572	37(1)
Ishinkan Ryogoku (Sumida-ku, Tokyo)	Ishinkan buildings and others	641	—	0	641	34(1)
Ishinkan Ebina (Ebina, Kanagawa Prefecture)	Ishinkan buildings and others	541	—	0	541	35(1)
Ishinkan Hiyoshi (Kohoku-ku, Yokohama, Kanagawa Prefecture)	Ishinkan buildings and others	566	—	0	566	30(1)
Ishinkan Chigusa (Higashi-ku, Nagoya, Aichi Prefecture)	Ishinkan land, buildings and others	621	—	0	621	20(0)
Ishinkan Kameido (Koto-ku, Tokyo)	Ishinkan buildings and others	778	—	0	778	24(0)
Ishinkan Takadanobaba (Shinjuku-ku, Tokyo)	Ishinkan buildings and others	670	—	0	670	12(0)

(Notes) 1. There are no major facilities that are currently idle.

2. Except for non-deductible consumption taxes on PP&E that are included as part of the PP&E value, consumption taxes are not included in the above amounts.
3. “Land” includes only land owned by the Company.
4. “Others” includes “tools, furniture and fixtures” and “intangible assets”.
5. The land, buildings and others of the above offices are owned by the submitting company, but the employees of consolidated subsidiary Amvis, Inc. work there, and the number of employees working there is as shown above. The average number of temporary employees (including part-timers and temporary employees, excluding temporary employees dispatched from personnel agencies) for the year (converted to eight hours per day) is shown in parentheses.
6. In addition to the above, the Company leases some buildings and land from parties other than consolidated companies, and the annual rent is 1,304 million yen.

(2) Domestic Subsidiaries

As of September 30, 2024

Company name	Office name (Location)	Details of equipment	Book value (million yen)				Number of employees (people)
			Buildings and structures	Leased assets	Others	Total	
Amvis, Inc.	Ishinkan Higashi Totsuka (Totsuka-ku, Yokohama, Kanagawa Prefecture)	Ishinkan buildings and others	12	508	1	522	45(9)
Amvis, Inc.	Ishinkan Omori (Ota-ku, Tokyo)	Ishinkan buildings and others	8	991	0	1,000	51(2)
Amvis, Inc.	Ishinkan Ooimachi (Shinagawa-ku, Tokyo)	Ishinkan buildings and others	5	881	0	887	45(0)
Amvis, Inc.	Ishinkan Nishieifuku (Shinagawa-ku, Tokyo)	Ishinkan buildings and others	5	842	0	848	43(1)

(Notes) 1. There are no major facilities that are currently idle.

2. Except for non-deductible consumption taxes on PP&E that are included as part of the PP&E value, consumption taxes are not included in the above amounts.
3. “Others” includes “machinery, equipment and vehicles,” “tools, furniture and fixtures” and “intangible assets”.
4. The average number of temporary employees (including part-timers and temporary employees, but excluding temporary employees dispatched from personnel agencies) for the year (converted to eight hours per day) is shown in parentheses.
5. In addition to the above, Amvis leases some buildings and land from parties other than consolidated companies, and the annual rent is 719 million yen.

3. Plans for the Installation and Disposal of Facilities

(1) New installation of major facilities

Company name	Office name (Location)	Facilities	Planned investment		Funding method	Starting date	Scheduled start of operation	Resulting capacity increase
			Total amount (million yen)	Amount already paid (million yen)				
Amvis Holdings Inc.	Ishinkan Toyohashi (Toyohashi, Aichi Prefecture)	Ishinkan buildings and others	315	315	Own funds and borrowings	February 2024	October 2024	48 beds
Amvis Holdings Inc.	Ishinkan Miyazaki (Miyazaki, Miyazaki Prefecture)	Ishinkan buildings and others	331	331	Own funds and borrowings	February 2024	October 2024	53 beds
Amvis Inc.	Ishinkan Seki Chuo (Seki, Gifu Prefecture)	Ishinkan buildings and others	3	3	Lease	September 2024	October 2024	38 beds
Amvis Holdings Inc.	Ishinkan Oita (Oita, Oita Prefecture)	Ishinkan buildings and others	499	321	Own funds and borrowings	April 2024	November 2024	52 beds
Amvis Inc.	Ishinkan Soshigaya (Setagaya-ku, Tokyo)	Ishinkan buildings and others	-	-	Lease	August 2023	November 2024	56 beds
Amvis Holdings Inc.	Ishinkan Takamatsu (Takamatsu, Kagawa Prefecture)	Ishinkan buildings and others	384	270	Own funds and borrowings	December 2023	December 2024	52 beds
Amvis Holdings Inc.	Ishinkan Tokorozawa (Tokorozawa, Saitama Prefecture)	Ishinkan buildings and others	610	427	Own funds and borrowings	July 2023	December 2024	62 beds
Amvis Holdings Inc.	Ishinkan Toyama (Toyama, Toyama Prefecture)	Ishinkan buildings and others	357	220	Own funds and borrowings	November 2023	December 2024	53 beds
Amvis Holdings Inc.	Ishinkan Kakogawa (Kakogawa, Hyogo Prefecture)	Ishinkan buildings and others	334	128	Own funds and borrowings	June 2024	February 2025	53 beds
Amvis Holdings Inc.	Ishinkan Kami Itabashi (Itabashi-ku, Tokyo)	Ishinkan buildings and others	562	167	Own funds and borrowings	January 2024	February 2025	52 beds
Amvis Holdings Inc.	Ishinkan Ropponmatsu (Chuo-ku, Fukuoka, Fukuoka Prefecture)	Ishinkan buildings and others	520	344	Own funds and borrowings	February 2024	February 2025	56 beds
Amvis Inc.	Ishinkan Nakamurabashi (Nerima-ku, Tokyo)	Ishinkan buildings and others	-	-	Lease	December 2023	March 2025	50 beds
Amvis Holdings Inc.	Ishinkan Higashi Koganei (Koganei, Tokyo)	Ishinkan buildings and others	568	383	Own funds and borrowings	February 2024	March 2025	47 beds
Amvis Holdings Inc.	Ishinkan Kisarazu (Kisarazu, Chiba Prefecture)	Ishinkan buildings and others	497	333	Own funds and borrowings	May 2024	April 2025	52 beds
Amvis Holdings Inc.	Ishinkan Hiroshimayokokawa (Nishi-ku, Hiroshima, Hiroshima Prefecture)	Ishinkan buildings and others	550	163	Own funds and borrowings	August 2024	April 2025	51 beds
Amvis Holdings Inc.	Ishinkan Mishima (Sunto-gun, Shizuoka Prefecture)	Ishinkan buildings and others	366	186	Own funds and borrowings	February 2024	April 2025	45 beds

Company name	Office name (Location)	Facilities	Planned investment		Funding method	Starting date	Scheduled start of operation	Resulting capacity increase
			Total amount (million yen)	Amount already paid (million yen)				
Amvis Holdings Inc.	Ishinkan Ojikouen (Nada-ku, Kobe Hyogo Prefecture)	Ishinkan buildings and others	852	582	Own funds and borrowings	October 2023	May 2025	56 beds
Amvis Holdings Inc.	Ishinkan Kanazawa Ⅱ (Kanazawa, Ishikawa Prefecture)	Ishinkan buildings and others	300	-	Own funds and borrowings	October 2024	May 2025	45 beds
Amvis Holdings Inc.	Ishinkan Okazaki (Okazaki, Aichi Prefecture)	Ishinkan buildings and others	314	-	Own funds and borrowings	November 2024	June 2025	45 beds
Amvis Holdings Inc.	Ishinkan Himeji (Himeji, Hyogo Prefecture)	Ishinkan buildings and others	366	-	Own funds and borrowings	January 2025	June 2025	48 beds
Amvis Holdings Inc.	Ishinkan Yonago (Yonago, Tottori Prefecture)	Ishinkan buildings and others	319	16	Own funds and borrowings	August 2024	June 2025	45 beds
Amvis Holdings Inc.	Ishinkan Joetsu Ⅱ (Joetsu, Niigata)	Ishinkan buildings and others	336	16	Own funds and borrowings	August 2024	July 2025	52 beds
Amvis Holdings Inc.	Ishinkan Hitachinaka (Hitachinaka, Ibaraki Prefecture)	Ishinkan buildings and others	309	61	Own funds and borrowings	June 2024	July 2025	46 beds
Amvis Holdings Inc.	Ishinkan Hiratsuka (Hiratsuka, Kanagawa Prefecture)	Ishinkan buildings and others	813	574	Own funds and borrowings	November 2023	August 2025	53 beds
Amvis Holdings Inc.	Ishinkan Konosu (Konosu, Saitama Prefecture)	Ishinkan buildings and others	325	24	Own funds and borrowings	September 2024	August 2025	53 beds
Amvis Holdings Inc.	Ishinkan Matsuyama (Matsuyama, Ehime Prefecture)	Ishinkan buildings and others	338	-	Own funds and borrowings	February 2025	August 2025	52 beds
Amvis Holdings Inc.	Ishinkan Fuchu (Fuchu, Tokyo)	Ishinkan buildings and others	606	147	Own funds and borrowings	March 2024	September 2025	60 beds

(Notes) 1. The above amounts do not include consumption taxes.
2. Segment names are omitted because the Group operates in a single business segment, the Ishinkan business.
3. “Ishinkan Toyohashi” , “Ishinkan Miyazaki” and “Ishinkan Seki Chuo” were completed and delivered in September 2024, and started operation in October.
4. “Ishinkan Oita” was completed and delivered in October 2024, and started operation in November.
5. “Ishinkan Takamatsu” , “Ishinkan Tokorozawa” and “Ishinkan Toyama” were completed and delivered in November 2024, and started operation in December.
6. “Ishinkan Takamatsu” changes the bed capacity from 45 beds to 48 beds.
7. “Ishinkan Hiratsuka” changes the planned opening date from April 2024 to August 2025.

(2) Retirement of major facilities

There are no plans for the retirement of important facilities, except for retirement for the renewal of ordinary facilities.

D: Status of the Submitting Company

1. Status of Shares

(1) Total Number of Shares

1) Total Number of Shares

Type	Total number of shares authorized to be issued (shares)
Common share	320,000,000
Total	320,000,000

2) Number of Shares Outstanding

Type	Shares issued as of the end of the fiscal year (September 30, 2024)	Shares issued as of the date of submission (December 25, 2024)	Name of listed financial instruments exchange or registered and licensed financial instruments business association	Remarks
Common share	98,112,000	98,112,000	Tokyo Stock Exchange, Inc. (Prime)	"Common share" is the standard type of shares issued by the Company without limitations on the shareholders' rights. The number of shares constituting one unit is 100 shares.
Total	98,112,000	98,112,000	-	-

(Note) The number of shares issued as of the date of submission does not include the number of shares issued upon the exercise of stock acquisition rights from December 1, 2024 to the filing date of this Annual Securities Report.

(2) Status of Stock Acquisition Rights

1) Details of the Stock Option Plan

a. Series 4 Stock Acquisition Rights

Date of resolution	July 3, 2018
Classification and number of people to be granted (people)	Company directors: 2 Audit & Supervisory Board members of the Company: 1 Company employees: 13 (Note) 1
Number of stock acquisition rights*	5 [5] (Note) 2
Type, description and number of shares to be issued upon exercise of the stock acquisition rights (shares) *	Common share: 8,000 [8,000] (Notes) 2, 6
Amount to be paid in upon exercise of the stock acquisition rights (yen)*	6 (Notes) 3, 6
Exercise period of the stock acquisition rights	From July 25, 2021 to June 30, 2028
Issue price and amount paid into capital when shares are issued upon exercise of stock acquisition rights (yen)	Issue price: 6 (Note) 6 Paid-in capital: 3
Terms and conditions for the exercise of stock acquisition rights	(Note) 4
Matters concerning the transfer of stock acquisition rights to shares	Transfer of the stock acquisition rights shall be subject to the approval of the Board of Directors.
Matters concerning the issuance of stock acquisition rights in connection with acts of reorganization *	(Note) 5

* Indicated content is as of the end of the current fiscal year (September 30, 2024). Matters that changed after the end of the fiscal year and before the end of the month prior to the submission date (November 30, 2024) are shown in [ ], and other matters remain unchanged from the end of the current fiscal year.

(Notes) 1. Due to the forfeiture of rights due to retirement and other reasons, the classification and number of grantees as of the end of the month preceding the date of submission of the annual securities report (November 30, 2023) was 1 employee of the Company.

2. The number of shares to be issued upon exercise of each stock acquisition right is 1,600 shares as of the end of the current fiscal year.
If the Company conducts a stock split (including gratis allotment of shares) or a reverse stock split, the number of shares to be acquired shall be adjusted in accordance with the following formula. Such adjustments will be made to the number of shares to be issued upon exercise of stock acquisition rights that have not been exercised at the time of the adjustment, and any fraction of a share resulting from the adjustment will be rounded down.

$$\text{Number of shares after adjustment} = \text{Number of shares before adjustment} \times \text{Ratio of split and consolidation}$$

In the event that the Company implements an absorption-type merger, incorporation-type merger, absorption-type demerger, incorporation-type demerger, share exchange or share transfer, or if any other unavoidable event occurs, the number of shares to be issued upon exercise of the stock acquisition rights shall be adjusted within reason by a resolution of the Board of Directors.

3. If the Company implements a stock split (including gratis allotment of shares) or a reverse stock split after the allotment date of stock acquisition rights, the exercise price shall be adjusted according to the following formula, and any fraction of less than one yen resulting from the adjustment shall be rounded up to the nearest yen.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{1}{\text{Ratio of split and consolidation}}$$

If, after the allotment date of the stock acquisition rights, the Company issues shares for subscription or disposes of treasury shares at a price lower than the exercise price (excluding the issuance or disposal of shares based on the exercise of stock acquisition rights), the exercise price shall be adjusted according to the following formula, and any fraction of less than one yen resulting from the adjustment shall be rounded up.

$$\text{Exercise price after adjustment} = \frac{\text{Number of shares already issued} \times \text{Exercise price before adjustment} + \text{Number of newly issued shares} \times \text{Amount to be paid in per share}}{\text{Number of shares already issued} + \text{Number of shares newly issued}}$$

In the above formula, the “number of shares already issued” is the number obtained after deducting the number of treasury shares held by the Company from the total number of shares issued by the Company. In the case of disposal of treasury shares, “new issue” means “disposal of treasury shares,” and “paid-in amount per share” means “disposal amount per share”.
In addition to the above, if the Company implements an absorption-type merger, incorporation-type merger, absorption-type split, incorporation-type split, share exchange or share transfer, or if any other unavoidable event occurs, the exercise price shall be adjusted, within reason, by a resolution of the Board of Directors.

4. Conditions for the exercise of stock acquisition rights
“Officer”
1) A person who has received an allotment of stock acquisition rights (hereinafter referred to as a “holder of stock acquisition rights”) must be a director, Audit & Supervisory Board member, employee, or a 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 provides special approval to a person.
2) 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 allotment.

3) 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 allotted rights.
   (a) 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 allotted may be exercised.
   (b) 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 allotted may be exercised.
4) In the event of the death of the holder of the stock acquisition rights, the heir may exercise the rights only within ten (10) months from the end of the month in which the Company becomes aware of the death (provided, however, that such period shall be up to the last day of the exercise period).

"Employee"

1) 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 provides special approval to a person.
2) 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 allotment.
3) In the event of the death of the holder of stock acquisition rights, the heir may exercise the stock acquisition rights.
4) Individual stock acquisition rights may not be exercised in part.

5. Provisions for delivery of stock acquisition rights in the event that the Company implements reorganization and handling of such stock acquisition rights

   In the event that the Company implements an act of reorganization, the stock acquisition rights of the reorganized company shall be delivered to the holders of the remaining stock acquisition rights on the effective date of the act of reorganization, in each case under the following conditions. In this case, the remaining stock acquisition rights shall be extinguished and the reorganized company shall issue new stock acquisition rights. However, this shall be limited to cases where it is stipulated in an absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement, or share transfer plan that the stock acquisition rights to shares of the reorganized company shall be delivered in accordance with the following conditions.

   (a) Number of stock acquisition rights of the restructured company to be delivered
   The number of stock acquisition rights shall be the same as the number of stock acquisition rights held by the holders of the offered stock acquisition rights remaining at the time of the effective date of the reorganization.
   (b) Class of shares of the reorganized company to be issued upon exercise of stock acquisition rights to common shares of the reorganized company.
   (c) Number of shares of the reorganized company to be issued upon exercise of stock acquisition rights
   The number of shares of the reorganized company to be issued upon exercise of stock acquisition rights shall be determined in accordance with Note 2, taking into consideration the terms and conditions of the reorganization.
   (d) Value of assets to be contributed upon exercise of each stock acquisition rights
   The value of assets to be contributed upon the exercise of each stock acquisition right to be delivered shall be the amount to be paid in after the restructuring, which is obtained by adjusting the exercise price set out in Note 3, after taking into consideration the conditions and other factors of the act of reorganization, multiplied by the number of shares of the reorganized company to be issued upon the exercise of the stock acquisition rights, which is determined in accordance with (c) above.
   (e) Period during which stock acquisition rights may be exercised
   From the later of the commencement date of the period during which stock acquisition rights may be exercised as outlined in "Exercise Period of Stock Acquisition Rights" and the effective date of the act of reorganization, to the expiration date of the period during which stock acquisition rights may be exercised as outlined in "Exercise Period of Stock Acquisition Rights."
   (f) Terms and conditions for the exercise of stock acquisition rights
   To be determined in accordance with Note 4.
   (g) Matters concerning share capital and legal capital surplus to be increased
   To be determined in accordance with the provisions of "Issue price and amount paid into capital when shares are issued upon exercise of stock acquisition rights."

(h) Restriction on acquisition of stock acquisition rights to shares by transfer

Acquisition of stock acquisition rights to shares by transfer shall require the approval of the reorganized company.

(i) Reason for the acquisition of stock acquisition rights

To be determined in accordance with the following:

- If, prior to the exercise of stock acquisition rights by the holders of stock acquisition rights, a proposal for approval of a merger agreement in which the Company becomes an extinct company or a proposal for approval of a share exchange agreement or a share transfer plan in which the Company becomes a wholly owned subsidiary is approved at a general meeting of shareholders (or, if a resolution of a general meeting of shareholders is not required, a resolution of the Board of Directors of the Company is adopted), the Company may acquire the stock acquisition rights without compensation on a date separately determined by the Board of Directors of the Company.
- In the event that a stock acquisition right holder ceases to meet the conditions for exercising the rights in accordance with the conditions stipulated in “Conditions for the exercise of stock acquisition rights” before exercising the rights, and in the event that a stock acquisition right holder waives the stock acquisition rights held by him/her, the Company may acquire the stock acquisition rights without compensation on a date separately determined by the Board of Directors of the Company.

6. The Company implemented a 200-for-1 stock split of common shares on July 31, 2019, a 2-for-1 stock split of common shares on April 1, 2020, a 2-for-1 stock split of common shares on January 1, 2022 and a 2-for-1 stock split of common shares on October 1, 2022. As a result, the above “Type, nature and number of shares to be issued upon exercise of stock acquisition rights,” “Amount to be paid upon exercise of stock acquisition rights,” and “Issue price and amount paid into capital when shares are issued upon exercise of stock acquisition rights” have been adjusted.

b. Series 5 Stock Acquisition Rights

Date of resolution	June 17, 2019
Classification and number of people to be granted (people)	Audit & Supervisory Board member of the Company: 1 Company employees: 82 (Note) 1
Number of stock acquisition rights*	4 [4] (Note) 2
Type, description and number of shares to be issued upon exercise of the stock acquisition rights (shares) *	Common share: 6,400 [6,400] (Notes) 2, 6
Amount to be paid in upon exercise of the stock acquisition rights (yen)*	79 (Notes) 3, 6
Exercise period of the stock acquisition rights	From July 1, 2022 to May 31, 2029
Issue price and amount paid into capital when shares are issued upon exercise of stock acquisition rights (yen)	Issue price: 79 (Note) 6 Paid-in capital: 39.5
Terms and conditions for the exercise of stock acquisition rights	(Note) 4
Matters concerning the transfer of stock acquisition rights to shares	Transfer of the stock acquisition rights shall be subject to the approval of the Board of Directors.
Matters concerning the issuance of stock acquisition rights in connection with acts of reorganization *	(Note) 5

* Indicated content is as of the end of the current fiscal year (September 30, 2023). Matters that changed after the end of the fiscal year and before the end of the month prior to the submission date (November 30, 2023) are shown in [ ], and other matters remain unchanged from the end of the current fiscal year.

(Notes) 1. Due to the forfeiture of rights due to retirement and other reasons, the classification and number of grantees as of the end of the month prior to the date of submission of the annual securities report (November 30, 2023) was 1 Audit & Supervisory Board member of the Company and 2 employees of the Company.

2. The number of shares to be issued upon exercise of each stock acquisition right is 1,600 shares as of the end of the current fiscal year.
If the Company conducts a stock split (including gratis allotment of shares) or a reverse stock split, the number of shares to be acquired shall be adjusted in accordance with the following formula. Such adjustments will be made to the number of shares to be issued upon exercise of stock acquisition rights that have not been exercised at the time of the adjustment, and any fraction of a share resulting from the adjustment will be rounded down.

$$\text{Number of shares after adjustment} = \text{Number of shares before adjustment} \times \text{Ratio of split and consolidation}$$

In the event that the Company implements an absorption-type merger, incorporation-type merger, absorption-type demerger, incorporation-type demerger, share exchange or share transfer, or if any other unavoidable event occurs, the number of shares to be issued upon exercise of the stock acquisition rights shall be adjusted within reason by a resolution of the Board of Directors.

3. If the Company implements a stock split (including gratis allotment of shares) or a reverse stock split after the allotment date of stock acquisition rights, the exercise price shall be adjusted according to the following formula, and any fraction of less than one yen resulting from the adjustment shall be rounded up to the nearest yen.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{1}{\text{Ratio of split and consolidation}}$$

If, after the allotment date of the stock acquisition rights, the Company issues shares for subscription or disposes of treasury shares at a price lower than the exercise price (excluding the issuance or disposal of shares based on the exercise of stock acquisition rights), the exercise price shall be adjusted according to the following formula, and any fraction of less than one yen resulting from the adjustment shall be rounded up.

$$\text{Exercise price after adjustment} = \frac{\text{Number of shares already issued} \times \text{Exercise price before adjustment} + \text{Number of newly issued shares} \times \text{Amount to be paid in per share}}{\text{Number of shares already issued} + \text{Number of shares newly issued}}$$

In the above formula, the “number of shares already issued” is the number obtained after deducting the number of treasury shares held by the Company from the total number of shares issued by the Company. In the case of disposal of treasury shares, “new issue” means “disposal of treasury shares,” and “paid-in amount per share” means “disposal amount per share”.
In addition to the above, if the Company implements an absorption-type merger, incorporation-type merger, absorption-type split, incorporation-type split, share exchange or share transfer, or if any other unavoidable event occurs, the exercise price shall be adjusted, within reason, by a resolution of the Board of Directors.

4. Conditions for the exercise of stock acquisition rights

“Officer”

1) A person who has received an allotment of stock acquisition rights (hereinafter referred to as a “holder of stock acquisition rights”) must be a director, Audit & Supervisory Board member, employee, or a 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 provides special approval to a person.
2) 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 allotment.
3) 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 allotted rights.
   (a) 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 allotted may be exercised.
   (b) 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 allotted may be exercised.
4) In the event of the death of the holder of the stock acquisition rights, the heir may exercise the rights only within ten (10) months from the end of the month in which the Company becomes aware of the death (provided, however, that such period shall be up to the last day of the exercise period).

“Employee”

1) 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 provides special approval to a person.
2) 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 allotment.
3) In the event of the death of the holder of stock acquisition rights, the heir may exercise the stock acquisition rights.
4) Individual stock acquisition rights may not be exercised in part.

5. Provisions for delivery of stock acquisition rights in the event that the Company implements an act of reorganization and handling of such stock acquisition rights

   In the event that the Company implements an act of reorganization, the stock acquisition rights of the reorganized company shall be delivered to the holders of the remaining stock acquisition rights on the effective date of the act of reorganization, in each case under the following conditions. In this case, the remaining stock acquisition rights shall be extinguished and the reorganized company shall issue new stock acquisition rights. However, this shall be limited to cases where it is stipulated in an absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement, or share transfer plan that the stock acquisition rights to shares of the reorganized company shall be delivered in accordance with the following conditions.

   (a) Number of stock acquisition rights of the restructured company to be delivered
   The number of stock acquisition rights shall be the same as the number of stock acquisition rights held by the holders of the offered stock acquisition rights remaining at the time of the effective date of the reorganization.

   (b) Class of shares of the reorganized company to be issued upon exercise of stock acquisition rights to common share of the reorganized company.

   (c) Number of shares of the reorganized company to be issued upon exercise of stock acquisition rights
   The number of shares of the reorganized company to be issued upon exercise of stock acquisition rights shall be determined in accordance with Note 2, taking into consideration the terms and conditions of the reorganization.

   (d) Value of assets to be contributed upon exercise of each stock acquisition rights
   The value of assets to be contributed upon the exercise of each stock acquisition right to be delivered shall be the amount to be paid in after the restructuring, which is obtained by adjusting the exercise price set out in Note 3, after taking into consideration the conditions and other factors of the act of reorganization, multiplied by the number of shares of the reorganized company to be issued upon the exercise of the stock acquisition rights, which is determined in accordance with (c) above.

   (e) Period during which stock acquisition rights may be exercised
   From the later of the commencement date of the period during which stock acquisition rights may be exercised as outlined in "Exercise Period of Stock Acquisition Rights" and the effective date of the act of reorganization, to the expiration date of the period during which stock acquisition rights may be exercised as outlined in "Exercise Period of Stock Acquisition Rights."

   (f) Terms and conditions for the exercise of stock acquisition rights
   To be determined in accordance with Note 4.

   (g) Matters concerning share capital and legal capital surplus to be increased
   To be determined in accordance with the provisions of "Issue price and amount paid into capital when shares are issued upon exercise of stock acquisition rights."

   (h) Restriction on acquisition of stock acquisition rights to shares by transfer
   Acquisition of stock acquisition rights to shares by transfer shall require the approval of the reorganized company.

   (i) Reason for the acquisition of stock acquisition rights
   To be determined in accordance with the following:
   - If, prior to the exercise of stock acquisition rights by the holders of stock acquisition rights, a proposal for approval of a merger agreement in which the Company becomes an extinct company or a proposal for approval of a share exchange agreement or a share transfer plan in which the Company becomes a wholly owned subsidiary is approved at a general meeting of shareholders (or, if a resolution of a general meeting of shareholders is not required, a resolution of the Board of Directors of the Company is adopted), the Company may acquire the stock acquisition rights without compensation on a date separately determined by the Board of Directors of the Company.
   - In the event that a stock acquisition right holder ceases to meet the conditions for exercising the rights in accordance with the conditions stipulated in "Conditions for the exercise of stock acquisition rights" before exercising the rights, and in the event that a stock acquisition right holder waives the stock acquisition rights held by him/her, the Company may acquire the stock acquisition rights without compensation on a date separately determined by the Board of Directors of the Company.

6. The Company implemented a 200-for-1 stock split of common shares on July 31, 2019, a 2-for-1 stock split of common shares on April 1, 2020, a 2-for-1 stock split of common shares on January 1, 2022 and a 2-for-1 stock split of common shares on October 1, 2022. As a result, the above “Type, nature and number of shares to be issued upon exercise of stock acquisition rights,” “Amount to be paid upon exercise of stock acquisition rights,” and “Issue price and amount paid into capital when shares are issued upon exercise of stock acquisition rights” have been adjusted.

2) Details of rights plans:
Not applicable.

3) Status of other stock acquisition rights:
Not applicable.

(3) Status of Exercise of Bonds with Stock Acquisition Rights Subject to Exercise Price Revision:
Not applicable.

(4) Total Number of Shares Issued, Share capital

Date	Increase in the total number of shares issued (shares)	Total number of shares issued (shares)	Increase (decrease) in share capital (million yen)	Balance of Share capital (million yen)	Increase in legal capital surplus (million yen)	Balance of legal capital surplus (million yen)
October 8, 2019 (Note) 1	1,000,000	11,000,000	1,288	1,328	1,288	1,288
November 6, 2019 (Note) 2	165,000	11,165,000	212	1,540	212	1,500
November 30, 2019 - March 31, 2020 (Note) 3	96,000	11,261,000	0	1,540	0	1,500
April 1, 2020 (Note) 4	11,261,000	22,522,000	—	1,540	—	1,500
March 9, 2021 (Note) 5	1,500,000	24,022,000	4,294	5,834	4,294	5,794
July 31, 2021 - September 30, 2021 (Note) 3	258,000	24,280,000	3	5,838	3	5,798
January 1, 2022 (Note) 4	24,280,000	48,560,000	—	5,838	—	5,798
July 31, 2022 - September 30, 2022 (Note) 3	357,600	48,917,600	28	5,866	28	5,826
October 1, 2022 (Note) 4	48,917,600	97,835,200	—	5,866	—	5,826
October 31, 2022 - January 31, 2023 (Note) 3	60,800	97,896,000	2	5,868	2	5,828
January 31, 2023 (Note) 6	—	97,896,000	△5,816	52	—	5,828
February 28, 2023 - March 31, 2023 (Note) 3	43,200	97,939,200	1	54	1	5,830
Jun 30, 2023 (Note) 7	11,000	97,950,200	16	70	16	5,847
Jun 30, 2023 (Note) 8	—	97,950,200	△16	54	—	5,847
July 31, 2023 - September 30, 2023 (Note) 3	83,200	98,033,400	3	57	3	5,850
October 1, 2023 - December 31, 2023	32,000	98,065,400	1	58	1	5,851

(Note) 3						
February 22, 2024 (Note) 9	5,000	98,070,400	―	58	―	5,851
June 1, 2024 - September 30, 2024 (Note) 3	41,600	98,112,000	1	60	1	5,853
September 30, 2024 (Note) 10	―	98,112,000	4	65	4	5,858

(Notes) 1. The increase was due to the public offering (offering by book building method) in connection with the listing on the JASDAQ (Standard) of the Tokyo Stock Exchange.
Issue price: 2,800 yen
Underwriting price: 2,576 yen
Amount incorporated in capital: 1,288 yen
2. The increase was due to the third-party allotment in connection with the secondary offering by way of over-allotment in connection with the listing on the JASDAQ (Standard) of the Tokyo Stock Exchange.
Issue price: 2,576 yen
Amount incorporated in capital: 1,288 yen
Allottee: Nomura Securities Co.
3. The increases were due to the exercise of stock acquisition rights.
4. The increases were due to a 2-for-1 stock split of common shares.
5. The increase was due to the public offering.
Issue price: 6,004 yen
Underwriting price: 5,725.45 yen
Amount incorporated in capital: 2,862.725 yen
6. In accordance with the provisions of Article 447, Paragraph 1 of the Companies Act, the Company has reduced the amount of share capital by 5,816 million yen and transferred the entire amount of reduced share capital to other capital surplus. The ratio of capital reduction was 99.1%.
7. The increase was due to the issuance of new restricted shares.
Issue price: 3,030 yen
Amount incorporated in capital: 1,515 yen
Allottee: 11 employees of the Company and 1 employee of its subsidiary
8. In accordance with the provisions of Article 447, Paragraph 3 of the Companies Act, the Company has reduced the amount of share capital by 16 million yen and transferred the entire amount of reduced share capital to other capital surplus. The ratio of capital reduction was 23.5%.
9. This is due to the issuance of new shares as stock-based compensation with restrictions on transfer.
Issue price: 2,630 yen
Amount incorporated in capital: 1,315 yen
Allottee: 2 directors of the Company
10. This is an increase due to the provision of services in relation to the transfer-restricted stock compensation that was provided free of charge as remuneration to directors.

(5) Status by Owner

As of September 30, 2024

	Status of Shares (One share unit: 100 shares)								Odd lot shares (less than one share unit) (shares)
	National and regional government organizations	Financial institutions	Financial instruments firms	Other corporations	Foreign corporations, etc.		Individuals and others	Total	
					Not individuals	Individuals			
Number of shareholders (people)	-	17	31	117	233	32	8,878	9,308	―
Shares held (share units)	-	124,293	4,311	524,203	189,438	81	138,612	980,938	18,200
Percentage holdings (%)	-	12.67	0.44	53.44	19.31	0.01	14.13	100.00	―

(Note) 252,856 shares of treasury stock are included in “individuals and others” (2,528 units) and “odd-lot shares” (56 shares).

(6) Status of Major Shareholders

As of September 30, 2024

Name	Address	Number of shares held (shares)	Shareholding ratio (%)
IDEA Capital	2-2-1 Kyobashi, Chuo-ku, Tokyo, Japan	51,662,000	52.79
Keiichi Shibahara	Minato-ku, Tokyo, Japan	7,142,500	7.30
The Master Trust Bank of Japan, Ltd (Trust Account)	Akasaka Intercity AIR, 1-8-1 Akasaka, Minato-ku, Tokyo	5,470,600	5.59
Custody Bank of Japan, Ltd (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	5,102,200	5.21
NORTHERN TRUST CO. (AVFC) RE IEDU UCITS CLIENTS NON LENDING 15 PCT TREATY ACCOUNT(Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	50 BANK STREET CANARY WHARF LONDON E14 5NT, UK (11-1 Nihonbashi 3-chome, Chuo-ku, Tokyo)	3,479,974	3.56
CEPLUX- THE INDEPENDENT UCITS PLATFORM 2 (Standing proxy: Citibank, N.A., Tokyo Branch)	31, Z.A. BOURMICHT, L-8070, BERTRANGE, LUXEMBOURG (6-27-30 Shinjuku, Shinjuku-ku, Tokyo)	1,900,000	1.94
BBH(LUX) FOR AB SICAV I - INTERNATIONAL HEALTH CARE PORTFOLIO (Standing proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	2-4 RUE EUGENE RUPPERT LUXEMBOURG, LUXEMBOURG L-2453 (1-4-5 Marunouchi, Chiyoda-ku, Tokyo)	1,033,000	1.06
BBH CO FOR GRANDEUR PEAK INTERNATIONAL STALWARTS FUND(Standing proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	225 PICTORIA DRIVE, SUITE 450, CINCINNATI, OH, 45246 U.S.A. (1-4-5 Marunouchi, Chiyoda-ku, Tokyo)	922,383	0.94
HSBC BANK PLC A/C CLIENTS, AIFMD 1 (Permanent Agent: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	8 Canada Square, London E14 5HQ (11-1 Nihonbashi 3-chome, Chuo-ku, Tokyo)	622,125	0.64
Daido Life Insurance Company (Standing proxy: Japan Custody Bank Co., Ltd.)	1-2-1 Edobori, Nishi-ku, Osaka-shi, Osaka (8-12 Harumi 1-chome, Chuo-ku, Tokyo)	594,700	0.61
Total	-	77,929,482	79.63

(Notes) 1. IDEA Capital is the asset management company of Keiichi Shibahara, the company's CEO.

2. In the substantial shareholding report (change report) made available for public inspection on March 7, 2024, it is reported that Capital Research and Management Company owns the following shares as of February 29, 2024, but as the Company has not been able to confirm the actual number of shares owned as of the end of the current consolidated fiscal year, it is not included in the status of major shareholders above. The contents of the substantial shareholding report (change report) are as follows.

Name	Address	Number of shares held (shares)	Shareholding ratio (%)
Capital Research and Management Company	333 South Hope Street, Los Angeles, CA 90071, U.S.A.	4,563,851	4.65

3. In the substantial shareholding report made available for public inspection on June 5, 2024, it is reported that Polar Capital LLP owns the following shares as of May 29, 2024, but as the Company has not been able to confirm the actual number of shares owned as of the end of the current consolidated fiscal year, it is not included in the status of major shareholders above. The contents of the substantial shareholding report are as follows.

Name	Address	Number of shares held (shares)	Shareholding ratio (%)
Polar Capital LLP	16 Palace Street, London SW1E 5JD	4,962,603	5.06

(7) Status of Voting Rights

1) Number of Shares Outstanding

As of September 30, 2024

	Shares (shares)		Voting rights (units)	Details
Non-voting stock	-		-	-
Shares with restricted voting rights (treasury shares, etc.)	-		-	-
Shares with restricted voting rights (other)	-		-	-
Shares with full voting rights (treasury shares, etc.)	Common share	252,800	-	-
Shares with full voting rights (other)	Common share	97,841,000	978,410	The shares are Company's standard shares without any limitation in terms of rights. The number of shares per unit is 100 shares.
Odd-lot shares	Common share	14,700	-	-
Total number of shares issued		98,112,000	-	-
Voting rights of all shareholders	-		978,410	-

(Note) “Shares constituting less than one unit” include 56 shares of treasury share owned by the Company.

2) Treasury share

As of September 30, 2024

Owner	Address	Shares held in own names (shares)	Shares held in other names (shares)	Total shares held (shares)	Holdings as a percentage of the total (%)
Amvis Holdings Inc.	1-6-1 Kyobahsi, Chuo-ku, Tokyo, Japan	252,800	—	252,800	0.26
Total	-	252,800	—	252,800	0.26

2. Status of Acquisition of Treasury Shares

Type of shares　Acquisition of common shares falling under Article 155, Item 3 of the Companies Act, Article 155, Item 7 of the Companies Act and Article 155, Item 13 of the Companies Act

1) Status of acquisition by resolution of the General Meeting of Shareholders:

Not applicable.

2) Status of acquisition by resolution of the Board of Directors:

Acquisition based on the provisions of the Articles of Incorporation pursuant to Article 459, Paragraph 1 of the Companies Act

Category	Number of shares (shares)	Total amount (millions of yen)
Resolution at the Board of Directors Meeting (September 17, 2024) (Acquisition period: September 18, 2024 to October 31, 2024)	250,000	470
Treasury stock acquired before the current fiscal year	—	—
Treasury stock acquired during the fiscal year	250,000	470
Total number and total value of residual voting shares	—	—
Percentage of unexercised stock at the end of the fiscal year (%)	—	—
Treasury stock acquired during the period	—	—
Percentage of unexercised options as of the date of submission (%)	—	—

(Note) The acquisition period and the number of shares acquired are stated on a contract basis.

Category	Number of shares (shares)	Total amount (millions of yen)
Resolution status at the Board of Directors meeting (November 12, 2024) (Acquisition period: November 14, 2024 - January 31, 2025)	400,000	389
Treasury stock acquired before the current fiscal year	—	—
Treasury stock acquired during the fiscal year	—	—
Total number and total value of residual voting shares	—	—
Percentage of unexercised stock at the end of the fiscal year (%)	—	—
Treasury stock acquired during the period	400,000	389
Percentage of unexercised options as of the date of submission (%)	—	—

(Note) The acquisition period and the number of shares acquired are stated on a contract basis.

3) Details of items not based on resolutions of the General Meeting of Shareholders or the Board of Directors

	Number of shares (shares)	Total value (million yen)
Treasury shares acquired during the current fiscal year	1,900	0
Treasury shares acquired during the period	-	-

(Note) The number of treasury shares acquired during the period does not include the number of shares resulting from the purchase of odd-lot shares from December 1, 2023, to the date of submission of the annual securities report.

4) Status of disposal and holding of acquired treasury share

	Current fiscal year		During the period	
	Number of shares (shares)	Total disposal value (million yen)	Number of shares (shares)	Total disposal value (million yen)
Acquired treasury share for which subscribers were solicited	-	-	-	-
Acquired treasury share disposed of for retirement	-	-	-	-
Acquired treasury share transferred in connection with a merger, share exchange, or corporate split	-	-	-	-
Others	-	-	-	-
Shares of treasury share held	252,856	—	652,856	-

(Note) The number of treasury shares held during the period does not include the number of shares resulting from the purchase of odd-lot shares from December 1, 2024, to the date of submission of the annual securities report.

3. Dividend Policy

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. However, 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 4 yen per share for the current fiscal year.

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.

Dividends from surplus for the current fiscal year are as follows.

Date of resolution	Total amount of dividends (million yen)	Dividend per share (yen)
Resolution at the Ordinary General Meeting of Shareholders on December 20, 2024	391	4.00

4. Status of Corporate Governance

(1) Outline of Corporate Governance

1) Basic Views of Corporate Governance

In line with our vision to “become the world’s most exciting medical and healthcare company,” based on the Group’s mission to “create a vibrant, happy society through medical and health care with an ambitious vision,” the Group aims to contribute to its sustainable growth and development and the happiness of society as a whole through honest and fair business activities. The Group also places value on the interests and trust of all our stakeholders, including shareholders, investors, service users, medical institutions, government agencies, local communities and residents, employees, and business partners. In order to achieve this, the Group believes that it is necessary to emphasize the rights of its shareholders and to live up to society's trust, and it considers establishing and strengthening corporate governance to be its most important management issue.

2) Outline of the Corporate Governance System and Reasons for its Adoption

The Company has adopted a company's organizational structure with an Audit & Supervisory Board under the Companies Act. In addition, the Company has established the Management Meeting and the Nomination and Compensation Committee as voluntary organizations and has adopted the executive officer system. In addition, the Company has invited outside directors to strengthen its management system and governance. We believe that this corporate governance system enables us to conduct management with a sense of speed through quick decision-making and to execute business flexibly by obtaining opinions from both inside and outside the Company. The following describes the situation as of the date of submission of the Annual Securities Report.

(Board of Directors)

The Board of Directors consists of five directors (including three outside directors), which is an appropriate number of members. The Board of Directors makes decisions on critical business operations promptly and flexibly, as well as on matters stipulated by laws and regulations and the Articles of Incorporation, management policies, business strategies, annual business plans, and other important management matters by ensuring diversity in terms of experience, knowledge, and expertise. In addition, the Board of Directors meets once a month in principle, with all Audit & Supervisory Board members in attendance to monitor the status of business execution by directors. Extraordinary Board of Directors meetings are held as necessary to ensure proper and efficient business execution.

The Company held the Board of Directors 19 times during the current fiscal year, and the attendance status of each Board of Directors member is as follows.

Position	Name	Attendance
Representative Director and CEO	Keiichi Shibahara	19/19 times
Director	Shingo Yamaguchi	19/19 times
Outside Director	Nobutaka Ushigome	19/19 times
Outside Director	Tsuyoshi Yamada	19/19 times
Outside Director	Norie Honda	14/15 times
Full-time outside Audit & Supervisory Board member	Ryoji Arai	19/19 times
Outside Audit & Supervisory Board member	Shinkichi Matsuo	19/19 times
Outside Audit & Supervisory Board member	Takahiro Sugawara	19/19 times

(Note) Outside Audit & Supervisory Board member Shinkichi Matsuo retired from the position of Outside Audit & Supervisory Board member at the conclusion of the Ordinary General Meeting of Shareholders on December 20, 2024, and Shinichiro Abe was newly appointed as an Outside Audit & Supervisory Board member as of the same date.

(Audit & Supervisory Board)

The Audit & Supervisory Board consists of three members (all of whom are outside members and one of whom is a full-time member) and meets once a month in principle to ensure the effectiveness and efficiency of audits and to exchange opinions among members. In addition, extraordinary meetings are held as necessary. The Audit & Supervisory Board prepares the “Regulations of the Audit & Supervisory Board members” and auditing standards, formulates audit plans, and shares the status of audit implementation and audit results among the

Audit & Supervisory Board members. In addition, the Audit & Supervisory Board members attend important meetings such as the Board of Directors' meetings and monitor the execution of duties by directors by expressing their opinions as necessary. They also collaborate with the Internal Audit Office and accounting auditors to improve the effectiveness and efficiency of audits.

(Management Meeting)

The Management Meeting consists of Directors, Audit & Supervisory Board members, Executive Officers, and the heads of each department. In principle, the Management Meeting is held regularly every week and on an ad-hoc basis as necessary. Critical matters are brought up for discussion at Board of Directors meetings after thorough deliberation at the Management Meeting, thereby ensuring enhanced deliberation and appropriate decision-making at Board of Directors meetings.

(Nomination and Compensation Committee)

The Nomination and Compensation Committee has been established as an advisory body to the Board of Directors to enhance corporate governance by strengthening the fairness, transparency, and objectivity of procedures related to the nomination and compensation of directors. The Nomination and Compensation Committee, consisting of one representative director and three outside directors, periodically confirms and provides appropriate advice to the Board of Directors on matters of particular importance, such as the nomination and compensation of officers. In addition, one full-time Audit & Supervisory Board member attends the meetings and monitors the committee by providing opinions as appropriate. The Nomination and Compensation Committee was held three times during the current fiscal year. The Nomination and Compensation Committee deliberated on advisory matters for the Board of Directors, such as proposals for the election of officers to be submitted to the Ordinary General Meeting of Shareholders held in December 2022, individual compensation for directors, collection of information on director candidates, and revisions on the decision policy regarding the details of compensation for directors to be submitted to the Ordinary General Meeting of Shareholders held in December 2023, and reported to the Board of Directors.

(Special Committee)

The Special Committee has a basic policy of ensuring that transactions occurring with the Company's controlling shareholder are subject to the same appropriate terms and conditions as general transactions and deliberates as necessary to ensure the fairness and reasonableness of the content and appropriateness of the terms and conditions of transactions, and to protect the interests of the minority shareholders. The Special Committee consists of three outside directors and three outside Audit & Supervisory Board members, and the committee members select the chairperson. The Special Committee met twice during the current fiscal year. The Special Committee deliberated on whether there were any issues regarding the independence of decision-making and business activities from the controlling shareholder, as well as the reasonableness of individual conflict-of-interest transactions with the controlling shareholder and the legality of the terms and conditions of such transactions, and reported to the Board of Directors.

The members of each organization of the Company are as follows.

Position	Name	Board of Directors	Audit & Supervisory Board	Management Meeting	Nomination and Compensation Committee	Special Committee
Representative Director and CEO	Keiichi Shibahara	◎		◎	◎	
Director	Shingo Yamaguchi	○		○		
Outside Director	Nobutaka Ushigome	○			○	○
Outside Director	Tsuyoshi Yamada	○			○	○
Outside Director	Norie Honda	○			○	○
Full-time outside Audit & Supervisory Board member	Ryoji Arai	△	◎		△	○
Outside Audit & Supervisory Board member	Shinkichi Matsuo	△	○			○
Outside Audit & Supervisory Board member	Takahiro Sugawara	△	○			○
Executive Officers and the heads of each department				○		

(Note) ◎Chairperson ○Member △Attendee

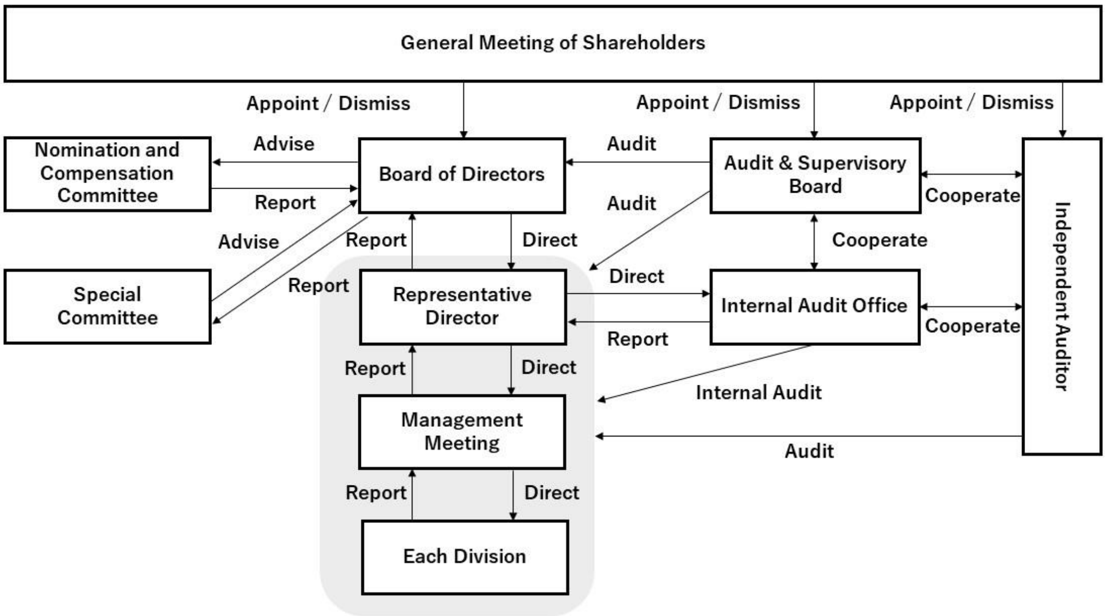
The skill matrix of each officer of the Company is as follows

Position	Name	Management strategy	Finance and accounting	Human resources and labor affairs	Legal and compliance affairs	Sustainability and ESG	IT
Representative Director and CEO	Keiichi Shibahara	●	●				
Director	Shingo Yamaguchi			●	●	●	
Outside Director	Nobutaka Ushigome	●				●	
Outside Director	Tsuyoshi Yamada	●					●
Outside Director	Norie Honda			●	●	●	
Full-time outside Audit & Supervisory Board member	Ryoji Arai		●	●	●	●	
Outside Audit & Supervisory Board member	Shinkichi Matsuo	●	●				
Outside Audit & Supervisory Board member	Takahiro Sugawara	●					●

(Note) The above list presents the fields in which each has more specialized knowledge based on their experience and does not represent all the knowledge they possess.

Figure 2 shows the structure of the Company's corporate governance system.

Figure 2: Corporate governance structure



The Company has adopted the corporate governance structure described above in order to improve transparency and soundness and to speed up decision-making in response to changes in the business environment. The Company also believes that it is important to have an objective and neutral management monitoring function from outside. In addition, it has appointed outside directors and outside Audit & Supervisory Board members who have a wealth of experience in various fields, a high level of expertise, and a wide range of insights.

3) Status of Internal Control Systems

The Company has established the “Basic Policy for Internal Control” as a system to ensure the appropriateness of business operations by resolution of the Board of Directors, and is developing and operating the internal control system as follows based on this policy.

(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 an external 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, among others, 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, among others, shall report and provide information on the status of execution of their duties 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 are also carried out at each business site, and the Internal Audit Office is mainly responsible for evaluation.

4) Status of systems to ensure the appropriateness of operations of subsidiaries

In accordance with its “rules for group company management,” the Company strives to optimize its business and ensure the appropriateness of its operations through collaboration as a Group, such as by periodically reporting on the management status of subsidiaries and holding prior discussions among related departments on important matters. The aforementioned “Basic Policy for Internal Control” is intended for the entire Group.

In addition, at weekly management meetings, the Company receives reports on important management matters, the management control system, and the status of business execution as appropriate, and provides appropriate advice and guidance.

In addition, the Company’s Audit & Supervisory Board members and the Internal Audit Office conduct audits on a regular and ad hoc basis to ensure that systems are in place to ensure the proper operation of subsidiaries.

5) Status of Risk Management System

The Company has established the “rules for risk management” and has made the necessary arrangements for their operation to prevent risks and minimize losses. The nursing and care department and the Compliance Department are responsible for risks specific to the Group’s business, while the Administration Division is responsible for risks not specific to the business (incidents, accidents, and disasters). For example, regarding the nursing and care department and the Compliance Department, we have compiled various risks such as accidents caused by various types of care associated with physical assistance, the spread of infectious diseases in facilities, and outbreaks of food poisoning in the provision of meals, as well as our response to these risks, in the form of the Ishinkan Manual. On a daily basis, education and training are provided to leaders and employees of each facility based on this manual. In addition, the Administration Division appoints safety and health promoters and fire managers, conducts education and training (including drills) for employees and prepares necessary goods and equipment. Regardless of whether it is the former or the latter, it has become a well-established and customary practice for problems to be raised and issues to be resolved at weekly management meetings. In addition, the Company has concluded advisory or outsourcing contracts with lawyers, certified public accountants, certified tax accountants, labor and social insurance attorneys, and other outside specialists and has established a system for receiving appropriate advice and guidance as needed.

In addition, the Company has established the rules for measures against antisocial forces and has taken measures to counter violence by antisocial forces. The Company has also established rules for operation of the internal reporting system operation and has set up and is operating an external contact point for misconduct.

6) Exemption from Liability of Directors and Audit & Supervisory Board members

Pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, for the purpose of establishing an environment in which directors (including former directors) and Audit & Supervisory Board members (including former Audit & Supervisory Board members) can fully demonstrate their abilities and fulfill their expected roles in the performance of their duties, the Articles of Incorporation stipulate that the Company may, by a resolution of the Board of Directors, exempt directors (including former directors) and Audit & Supervisory Board members (including former Audit & Supervisory Board members) from the liability for damages provided for in Article 423, Paragraph 1 of the Companies Act, up to the amount obtained by deducting the minimum liability amount provided for in laws and regulations from the amount of liability for damages if the requirements provided for in laws and regulations are met.

7) 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 outside 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.

8) 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.

9) Fixed number of directors and Audit & Supervisory Board members

The Company’s Articles of Incorporation stipulate that the Company shall have no more than ten directors and shall have no more than five Audit & Supervisory Board members.

10) Requirements for resolutions on the election of directors and Audit & Supervisory Board members

The Company’s Articles of Incorporation stipulate that resolutions for the election of directors and Audit & Supervisory Board members shall be adopted by a majority of the voting rights of shareholders present at the meeting where shareholders holding one-third or more of the voting rights of shareholders who are entitled to exercise their voting rights are present. The Company’s Articles of Incorporation also stipulate that resolutions for the election of directors shall not be made by cumulative voting.

11) Requirements for special resolutions at general meetings of shareholders

The Company stipulates in its Articles of Incorporation that, with respect to the requirements for special resolutions of the General Meeting of Shareholders stipulated in Article 309, Paragraph 2 of the Companies Act, special resolutions shall be adopted by two-thirds or more of the voting rights of the shareholders present at the meeting where the shareholders holding one-third or more of the voting rights of the shareholders who are entitled to exercise their voting rights are present. This provision aims to facilitate the smooth operation of the General Meeting of Shareholders by relaxing the quorum for special resolutions at the General Meeting of Shareholders.

12) Decision-making body for dividends of surplus

For a flexible capital policy, the Company stipulates in its Articles of Incorporation that the Company may determine the matters stipulated in each item of Article 459, Paragraph 1 of the Companies Act, such as dividends from surplus, by a resolution of the Board of Directors, unless otherwise provided for in laws and regulations.

13) Interim dividend

For a flexible capital policy, the Company’s Articles of Incorporation stipulate that the Company may, by resolution of the Board of Directors, pay interim dividends with a record date of March 31 of each year in accordance with the provisions of Article 459, Paragraph 1 of the Companies Act. The Company’s Articles of Incorporation also stipulate that the Company may pay dividends from surplus by setting a record date.

14) Decision-making body for the acquisition of treasury shares

The Company stipulates in its Articles of Incorporation that it may acquire its own shares by a resolution of the Board of Directors in accordance with the provisions of Article 459, Paragraph 1 of the Companies Act. The purpose of this provision is to allow the Company to acquire its own shares through market transactions in order to enable the execution of a flexible capital policy in response to changes in the business environment.

15) Policy on measures to protect minority shareholders in conducting transactions with controlling shareholders

Keiichi Shibahara, the Representative Director and the founder of the Group, owns 60.72% of the voting rights of all shareholders of the Company (including those held by IDEA Capital of which he holds all shares), and is, therefore, the controlling shareholder. It is the Company's basic policy that in the event of a transaction with the controlling shareholder, the terms and conditions of the transaction shall be as appropriate as general terms and conditions. The Company has established a special committee as an advisory body to the Board of Directors to ensure the fairness and reasonableness of the terms and conditions of transactions and to protect the interests of minority shareholders of the Company. Accordingly, the committee deliberates as necessary.

(2) Status of Officers

1. Officers

Male: 7; Female: 1 (percentage of female officers: 12.5%)

Position	Name	Date of birth	Career history		Term of office	Shares held (shares)
Representative Director, CEO	Keiichi Shibahara	October 9, 1964	Aug. 2013	Established Social Welfare Corporation Kanshano Kokoro, President	(Note) 2	58,804,500 (Note) 5
			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)		
Director	Shingo Yamaguchi	December 7, 1972	Jan. 2005	Joined ITJ Law Office	(Note) 2	444,500
			Dec. 2006	Joined CSK Securities Services Corporation (currently SCSK Corporation)		
			Dec. 2013	Joined General Co.		
			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)		
Director	Nobutaka Ushigome	September 4, 1964	Jul. 1989	Joined the Ministry of Home Affairs (currently the Ministry of Internal Affairs and Communications)	(Note) 2	-
			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)		

Position	Name	Date of birth	Career history		Term of office	Shares held (shares)
			Jun. 2005 Jan. 2019 Jun. 2022	President and Representative Director of TYK Corporation (current position) Director (Outside) of the Company (current position) Director (Outside) of Chubu Steel Plate Co., Ltd. (current position)		
Director	Tsuyoshi Yamada	July 6, 1988	Dec. 2013 Oct. 2017 Apr. 2018 Jan. 2021 Dec. 2021 Feb. 2022 Dec. 2023 Mar. 2024 Mar. 2024 Aug. 2024	Director and General Manager of Technology Development Department, Link-U Inc. Director, CTO, and General Manager of Technology Development Dept, Link-U Inc. Director, CTO, and General Manager of the 1st Business Division, Link-U Inc. Director, CTO, General Manager of the Domestic Business Division and General Manager of the Business Promotion Department, Link-U Inc. Director (Outside) of the Company (current position) Director, CTO, General Manager of the 1st Business Division and General Manager of the Technical Research Office, Link-U Inc. (current position) Representative Director and CEO, Link-U Technologies Co. Director, Link-U Group Co. Business Manager, Link-U Technologies Co. Director and CTO (current position)	(Note) 2	-

Position	Name	Date of birth	Career history		Term of office	Shares held
Director	Norie Honda	September 2, 1963	Apr. 1987 Jul. 2017 Jul. 2018 Aug. 2020 Jul. 2021 Jul. 2023 Dec. 2023	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 Councillor for General Policy and Evaluation, the Ministry of Health, Labour and Welfare Councillor and Minister's Secretariat for Employment Environment and Equal Employment, Children and Families, the Ministry of Health, Labour and Welfare Councillor for International Labour, the Ministry of Health, Labour and Welfare Councillor and Minister's Secretariat for Social Welfare and War Victims' Relief and Humanitarian Survey, the Ministry of Health, Labour and Welfare Retired from the Ministry of Health, Labor and Welfare Director (external) of our company (current position)	(Note) 2	-
Full-time Audit & Supervisory Board Member	Ryoji Arai	April 20, 1954	Apr. 1979 Jun. 2000 Jun. 2002 Jun. 2005 Apr. 2008 Apr. 2010 Mar. 2013 Sep. 2016 Jan. 2017 Feb. 2019	Joined The Norinchukin Bank Seconded to Kyodo Leasing Co., Ltd. (currently JA Mitsui Leasing, Ltd.) General Manager of Finance Division Returned to The Norinchukin Bank General Manager, Asset Audit Division, Operational Audit Division General Manager of Operating Planning and Management Division, The Norinchukin Bank Transferred to Nochu Information System Co., Ltd.Executive Officer and General Manager of Compliance Management Division Executive Officer and General Manager of General Affairs Division, Nochu Information System Co., Ltd. Full-time Audit & Supervisory Board Member, Ant Capital Partners Co., Ltd. Joined i-concept Inc. Joined AGS Consulting Co., Ltd., IPO Business Division Full-time Audit & Supervisory Board Member (Outside) of the Company (current position)	(Note) 3	35,200
Part-time Audit & Supervisory Board Member	Takahiro Sugawara	December 23, 1979	Apr. 2004 Apr. 2012 Aug. 2017 May. 2018 Jun. 2020	Representative Director of the former Eltes Co., Ltd. Established Eltes Co., Ltd. Representative Director (current position) Director, Eltes Security Intelligence Co., Ltd. (currently AIK Co., Ltd.) (current position) Representative Director, Eltes Capital Co., Ltd. (current position) Outside Director, gooddays holdings, Inc.	(Note) 3	

Position	Name	Date of birth	Career history		Term of office	Shares held
				(current position)		
			Dec. 2020	Representative Director, JAPANDX Co., Ltd. (current position)		
			Dec. 2020	Part-time Audit & Supervisory Board Member of the Company (current position		
Part-time Audit & Supervisory Board Member	Shinichiro Abe	February 17, 1964	Apr. 1994	Registered as a lawyer Joined Tokiwa Sogo Law Office (now Nishimura & Asahi)	(Note) 4	–
			Aug. 2001	Worked at Debevoise & Plimpton (New York)		
			Mar. 2002	Vice President in charge of international legal affairs at Prudential Insurance Company (US headquarters)		
			Sep. 2002	Returned to Tokiwa Sogo Law Office		
			Mar. 2006	Joined Asahi Koma Law Office (now Nishimura & Asahi) as a partner		
			Apr. 2007	Joined Baker & McKenzie (Gaikokuho Joint Enterprise) as a partner		
			Apr. 2009	Appointed as a special professor at Chuo Law School		
			Jan. 2016	Established Kasumigaseki International Law Office		
			Apr. 2016	Appointed Visiting Professor at Chuo Law School (current position)		
			Apr. 2018	Appointed Visiting Professor at Kokushikan University Graduate School of Law (current position)		
Total						59,298,000

(Notes)

1. Messrs. Nobutaka Ushigome, Tsuyoshi Yamada and Norie Honda are outside directors; Messrs. Ryoji Arai, Takahiro Sugawara and Shinichiro Abe are outside Audit & Supervisory Board members.
2. Until the conclusion of the Ordinary General Meeting of Shareholders relating to the last fiscal year ending within one (1) year from the conclusion of the General Meeting of Shareholders held on December 20, 2024.
3. Until the conclusion of the Ordinary General Meeting of Shareholders relating to the last fiscal year ending within four (4) years from the conclusion of the General Meeting of Shareholders held on December 22, 2022.
4. As this appointment was made following the resignation of the previous director, it will last until the end of the term of office of the previous director, in accordance with the provisions of the Company's Articles of Incorporation. The term of office of the previous director will end at the conclusion of the Ordinary General Meeting of Shareholders relating to the last fiscal year ending within four years of the conclusion of the General Meeting of Shareholders held on December 23, 2022.
5. The number of shares held by Mr. Keiichi Shibahara, representative director, and CEO, includes the number of shares held by his asset management company, IDEA Capital.

2. Outside Directors and Outside Audit & Supervisory Board members

The Company has appointed three outside directors and three outside Audit & Supervisory Board members.

Nobutaka Ushigome, an outside director of the Company, has a wealth of experience and broad knowledge as a representative director of a company listed on the Standard market of the Tokyo Stock Exchange in an industry different from that of the Company, and the Company believes that he is suitable to serve as an outside director of the Company. In addition, the Company has designated him as an independent officer in accordance with the provisions of the Tokyo Stock Exchange, Inc. and has notified the Tokyo Stock Exchange, Inc. of his designation. He has no personal, capital, or business relationships or other interests with the Company or its subsidiaries or with directors of the Company or its subsidiaries.

Tsuyoshi Yamada, an outside director of the Company, has a wealth of experience and broad knowledge as a director, CTO, and one of the founders of a company listed on the Prime market of the Tokyo Stock Exchange in an industry different from that of the Company, and the Company believes that he is suitable to serve as an outside director of the Company. In addition, the Company has designated him as an independent officer in accordance with the provisions of the Tokyo Stock Exchange, Inc. and has notified the Tokyo Stock Exchange, Inc. of his designation. He has no personal, capital, or business relationships or other interests with the Company or its subsidiaries or with directors of the Company or its subsidiaries.

Norie Honda, an outside director of the Company, played an active role at the Ministry of Health, Labour and Welfare and has expert knowledge and personal connections that are required by the Group, which aims to play a part in the functions to be performed by the national government, and the Company believes that she is suitable to serve as an outside director of the Company. In addition, the Company has designated her as an independent officer in accordance with the provisions of the Tokyo Stock Exchange, Inc. and has notified the Tokyo Stock Exchange, Inc. of her designation. She has no personal, capital, or business relationships or other interests with the Company or its subsidiaries or with directors of the Company or its subsidiaries.

Ryoji Arai, an outside Audit & Supervisory Board member, has been in the financial industry for a long time and has a wealth of experience and a wide range of insight in the finance field, and the Company believes that he is suitable to serve as an outside Audit & Supervisory Board member of the Company. In addition, the Company has designated him as an independent officer in accordance with the provisions of the Tokyo Stock Exchange, Inc. and has notified the Tokyo Stock Exchange, Inc. of his designation. He holds 46 stock acquisition rights (73,600 shares) of the Company, but other than that, he has no personal, capital, or business relationships or other interests with the Company or its subsidiaries or with directors of the Company or its subsidiaries.

Takahiro Sugawara, an outside Audit & Supervisory Board member, has a wealth of experience and broad insight as a business executive and founder of a company listed on the Growth market of the Tokyo Stock Exchange in the digital risk market, an industry different from that of the Company, and the Company believes that he is suitable to serve as an outside Audit & Supervisory Board member of the Company. In addition, the Company has designated him as an independent officer in accordance with the provisions of the Tokyo Stock Exchange, Inc. and has notified the Tokyo Stock Exchange, Inc. of his designation. He has no personal, capital, or business relationships or other interests with the Company or its subsidiaries or with directors of the Company or its subsidiaries.

Shinichiro Abe, an outside Audit & Supervisory Board member, is a lawyer and one of the leading experts in the fields of domestic and international corporate reorganization and business revitalization (including the reorganization of medical corporations, etc.) and dispute resolution (particularly arbitration) in Japan. He is also a well-known advisor and he is also a visiting professor at Chuo Law School and Kokushikan University Graduate School of Law, and we believe that he is well-qualified to serve as an outside corporate auditor for our company due to his extensive experience and broad insight in corporate legal affairs, both in practice and in academia. He has also been designated as an independent director in accordance with the rules of the Tokyo Stock Exchange and registered as such with the exchange. He has no personal, capital, business or other vested interests in the Company or its subsidiaries, or in the directors of the Company or its subsidiaries.

The Company has established a system under which outside directors and outside Audit & Supervisory Board members can be expected to monitor the Company’s management with their insight as managers of listed companies and experts in their respective fields, to discourage unfair or improper acts from an outside perspective, and to anticipate the demands of the times with an eye to the future.

The Company's outside directors and outside Audit & Supervisory Board members work together with the Internal Audit Office to audit compliance with laws, regulations, the Articles of Incorporation, and internal rules in each department. The Company believes that it is necessary for these positions to be as independent as possible so that problems can be highlighted, and improvement measures can be proposed during the audit. At present, the Company has not established any standards or policies regarding the independence of outside directors and outside Audit & Supervisory Board members. However, when appointing outside directors and outside Audit & Supervisory Board members, in addition to the requirements for outside directors and outside Audit & Supervisory Board members under the Companies Act, the Company considers their careers and relationships with the Company, establishing that there is no risk of a conflict of interest with general shareholders and that they can perform their duties independently of the Company’s management.

(3) Status of Audits

1) Status of Audits by Audit & Supervisory Board members

The Company has 3 outside Audit & Supervisory Board members, 1 of whom is full-time.

The Audit & Supervisory Board members attend all Board of Directors meetings to monitor the execution of duties by directors and strive to understand the appropriateness of audits by establishing opportunities for regular exchanges of opinions with the accounting auditor. The Audit & Supervisory Board meets monthly, and full-time Audit & Supervisory Board members report the results of on-site inspections and the agenda of management meetings to ensure that internal information is shared appropriately.

Mr. Shinkichi Matsuo, Audit & Supervisory Board member, is a certified public accountant and has considerable knowledge of finance and accounting.

The Company held the Audit & Supervisory Board 12 times during the current fiscal year, and the attendance status of each Audit & Supervisory Board member is as follows.

Name	Attendance
Ryoji Arai	12/12 times
Shinkichi Matsuo	12/12 times
Takahiro Sugawara	12/12 times

The Audit & Supervisory Board members mainly examine whether there are any wrongful acts or material facts that violate laws and regulations or the Articles of Incorporation in relation to the execution of duties by directors and employees and check the efficiency of various operations.

In addition, as an activity of a full-time Audit & Supervisory Board member, the full-time Audit & Supervisory Board member visits each department in the company to communicate with directors and employees, collects information, and verifies the above matters for consideration.

2) Status of Internal Audits

The Company has established the Internal Audit Office, consisting of two full-time employees, as a department directly under the control of the representative director to conduct internal audits of each department at the head office, offices nationwide, and subsidiaries to improve operational efficiency and prevent improprieties. The results of these audits are reported to the Representative Director, Board of Directors and Audit & Supervisory Board in an effort to establish a system that contributes to the improvement of operations. In addition, the Company has established a cooperative relationship by exchanging information with Audit & Supervisory Board members and the accounting auditor.

3) Status of Accounting Audits

a. Name of the audit corporation

PricewaterhouseCoopers Japan LLC

b. Continuing audit period

8 years

c. Certified public accountants who performed the services

Designated limited liability Partner, Engagement Partner: Mr. Masaki Nitta

Designated limited liability Partner, Engagement Partner: Mr. Masanori Yagi

d. Composition of assistants for audit work

The assistants for audit work include 8 certified public accountants and 9 others including those who have passed the certified public accountant exam.

e. Selection policy and reasons for the audit corporation

The Company selects audit corporations based on their business execution and quality control systems, the appropriateness of their audit execution, and the level of their audit fees.

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.

After consideration in accordance with the above policy, the Audit & Supervisory Board has reappointed PricewaterhouseCoopers Japan LLC.

f. Evaluation of the audit corporation by the Audit & Supervisory Board and its members

The Company's Audit & Supervisory Board members and the Audit & Supervisory Board evaluate the audit corporation. This evaluation is based on a comprehensive assessment, considering compliance with the Companies Act and other related regulations, the business execution system and quality control system of the audit corporation, the appropriateness of the execution of audit work, and the level of audit fees.

(4) Details of Audit Compensation

a. Compensation to certified public accountants and others engaged in the accounting audit

Classification	Previous consolidated fiscal year		Current consolidated fiscal year	
	Compensation for audit certification services (million yen)	Compensation for non-audit services (million yen)	Compensation for audit certification services (million yen)	Compensation for non-audit services (million yen)
Submitting company	44	2	41	—
Consolidated subsidiary	—	—	—	—
Total	44	2	41	—

(Note) The Company's non-audit services for the previous consolidated fiscal year consisted of the preparation of a comfort letter.

b. Compensation for certified public accountants and others who belong to the same network firm as the accounting auditor (excluding a.)

Not applicable.

c. Details of compensation for other important audit attestation services

Not applicable.

d. Policy for determining audit compensation

The Company's policy for determining audit fees paid to certified public accountants is to consider the audit plan, audit details, and the number of days of audit presented by the audit corporation, and to obtain the consent of the Audit & Supervisory Board.

e. Reasons for the Board of Audit & Supervisory Board members' consent to the compensation of the accounting auditor

We received an explanation of the audit plan from the accounting auditor and judged the contents, person-hours, among others, to be appropriate.

(4) Compensation of Directors and Audit & Supervisory Board members

1. Total Amount of Compensation by Category of Officers of the Submitting Company, Total Amount of Compensation by Type, and Number of Officers Covered

Officer category	Total amount of compensation (million yen)	Total compensation, by type (million yen)					Number of officers (people)
		Base compensation	Stock options	Restricted Stock Compensation	Bonuses	Retirement benefits	
Directors (excluding outside directors)	46	37	-	9	-	-	3
Outside directors	19	19	-		-	-	3
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	-	-	-		-	-	-
Outside Audit & Supervisory Board members	14	14	-		-	-	3

(Notes)

1. The number of directors and remuneration, etc. above includes one person who retired at the end of his term of office at the 7th Ordinary General Meeting of Shareholders held on December 22, 2023.
2. Total amount of compensation for each director of the submitting company
   Individual compensation is not disclosed because no directors received total compensation of 100 million yen or more.
3. Details of the policy regarding the determination of the amount of compensation of officers and the method of calculation thereof, and the method of determination thereof
   (Directors)
   At a Board of Directors meeting held on January 22, 2024, In addition, the Board of Directors has determined that the individual remuneration of directors for the current fiscal year is in line with the relevant decision policy, as the method for determining the content of remuneration and the content of the remuneration determined are consistent with the decision policy resolved by the Board of Directors.
   Regarding total compensation for directors, the Company resolved that the total amount of compensation for directors should 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 except for the portion of restricted share compensation as non-monetary compensation at the Ordinary General Meeting of Shareholders held on December 22, 2023. With respect to the restricted share compensation as non-monetary compensation, the Company has resolved that the total number of common shares to be issued or disposed of to eligible directors shall not exceed 50,000 shares per year and the total amount of such compensation shall not exceed 150 million yen per year.
   The following is a summary of the decision policy concerning the details of compensation for each director.

   (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 the 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

With regard to performance-linked compensation, etc., the amount is calculated using the following formula based on points allocated according to the performance of each director in the previous fiscal year, using EBITDA, which is one of the management indicators, as the index. The amount is divided into 12 parts and paid in addition to the basic compensation every month. However, for newly appointed directors, the points will be based on the expected performance for the current fiscal year. In addition, in order to provide an incentive for sustainability initiatives aimed at maximizing corporate value over the medium to long term, rather than just short-term performance, "Group ESG Initiatives" will also be included in the evaluation. The actual EBITDA for the previous consolidated fiscal year was 9,834 million yen.

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 resignment or retirement from the positions of directors and employees (Note 1).

If 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 resignment or retirement from the positions of directors and employees.

(d) Composition of compensation

While the basic remuneration, performance-linked remuneration and remuneration in the form of shares with restrictions on transfer are intended to be in the ratio of 50:10:40 in terms of the amount of remuneration, etc. for each individual, the appropriate ratio will be determined by taking into account the position, responsibilities, performance and degree of target achievement, etc. in order to increase the incentive to improve performance.

(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
Determination of the individual amounts in (B) (a)
Determination of the points for each director in (B) (b)
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, which is an advisory body consisting of the representative director and outside directors, deliberates on matters such as compensation levels, and submits the results of these deliberations to the Board of Directors as a report. The Board of Directors then discusses the report and, on the condition that it respects the report, delegates the authority to the representative director. After that, the representative director makes a decision on the amount, taking into account the content of the report. The reason for delegating this authority to the representative director is that we judged that the representative director was the most suitable person to decide on the content of individual director remuneration, given that he is in a position to oversee the overall performance of the company.

(Audit & Supervisory Board members)
The compensation for the Company's Audit & Supervisory Board members was resolved at the Extraordinary General Meeting of Shareholders held on February 15, 2019, not to exceed 30 million yen per year. The compensation for each Audit & Supervisory Board member is determined by the Audit & Supervisory Board and consists of fixed compensation.

In addition, apart from the above compensation, the Company grants stock options to directors and Audit & Supervisory Board members by resolution of the General Meeting of Shareholders. For details, please refer to "D: Status of the Submitting Company, 1. Status of Shares, (2) Status of Stock Acquisition Rights."

(5) Status of Shareholdings

1. Criteria and approaches for classification of investment shares
   Not applicable.

2. Investment shares held for purposes other than pure investment
   Not applicable.

3. Investment shares held for pure investment purposes
   Not applicable.

E: Status of Accounting

1. Method of Preparation of Consolidated and Non-Consolidated Financial Statements

(1) The consolidated financial statements of the Company are prepared in accordance with the “Regulations Concerning the Terminology, Forms and Preparation Methods of Consolidated Financial Statements” (Ministry of Finance Ordinance No. 28 of 1976, hereinafter referred to as the “Regulations for Consolidated Financial Statements”).

(2) The non-consolidated financial statements of the Company are prepared in accordance with the “Regulations Concerning the Terminology, Forms and Preparation Methods of Financial Statements” (Ministry of Finance Ordinance No. 59 of 1963, hereinafter referred to as the “Regulations for Financial Statements.”).
In addition, the Company falls under the category of a company submitting special financial statements and prepares financial statements in accordance with the provisions of Article 127 of the Regulations for Financial Statements.

2. About Audit Certification

The Company’s consolidated and non-consolidated financial statements for the fiscal year from October 1, 2023 to September 30, 2024 have been audited by PricewaterhouseCoopers Japan LLC in accordance with the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

3. Special Measures to Ensure the Appropriateness of Consolidated Financial Statements

The Company is taking special measures to ensure the appropriateness of its consolidated financial statements. Specifically, the Company subscribes to financial and accounting journals and actively participates in seminars sponsored by organizations that provide specialized information in order to develop a system that enables the Company to properly grasp the content of accounting standards and other relevant standards and to respond appropriately to changes in accounting standards and other relevant standards.

1. Consolidated Financial Statements

(1) Consolidated Financial Statements

1) Consolidated Balance Sheets

(Unit: million yen)

	As of September 30, 2023	As of September 30, 2024
Assets		
Current Assets		
Cash and Deposits	12,128	8,868
Accounts Receivable	6,484	8,452
Inventories	14	23
Other	960	1,168
Allowance for Doubtful Accounts	(53)	(62)
Total Current Assets	19,535	18,451
Non-Current Assets		
Property, Plant and Equipment		
Buildings and Structures, Net	*1,2 21,151	*1,2 35,009
Machinery, Equipment and Vehicles, Net	*1 0	*1 3
Tools, Furniture and Fixtures, Net	*1 57	*1 43
Leased Assets, Net	*1 5,387	*1 6,976
Land	*2 1,707	*2 2,382
Construction in Progress	4,066	4,328
Total Property, Plant and Equipment	32,370	48,743
Intangible Assets		
Other	57	73
Total Intangible Assets	57	73
Investments and Other Assets		
Leasehold and Guarantee Deposits	2,420	3,220
Deferred Tax Assets	591	759
Other	576	550
Total Investments and Other Assets	3,589	4,531
Total Non-Current Assets	36,017	53,348
Deferred Assets		
Share Issuance Cost	6	-
Total Deferred Assets	6	-
Total Assets	55,559	71,799

(Unit: million yen)

	As of September 30, 2023	As of September 30, 2024
Liabilities		
Current Liabilities		
Accounts Payable	137	122
Short-Term Borrowings	*3 2,267	*3 3,333
Current Portion of Long-Term Borrowings	*2 2,573	*2 4,150
Lease Obligations	119	176
Accounts Payable - Other and Accrued Expenses	2,363	2,709
Income Taxes Payable	1,856	1,884
Provision for Bonuses	753	1,022
Other	*4 434	*4 406
Total Current Liabilities	10,506	13,805
Non-Current Liabilities		
Long-Term Borrowings	*2 12,554	*2 16,896
Lease Obligations	5,540	7,193
Asset Retirement Obligations	348	548
Net Defined Benefit Liability	18	29
Other	67	113
Total Non-Current Liabilities	18,529	24,781
Total Liabilities	29,036	38,586
Net Assets		
Shareholders’ Equity		
Share Capital	57	65
Capital Surplus	11,693	11,701
Retained Earnings	14,774	21,918
Treasury Shares	(1)	(472)
Total Shareholders’ Equity	26,523	33,212
Accumulated Other Comprehensive Income		
Remeasurements of Defined Benefit Plans	(0)	(0)
Total Accumulated Other Comprehensive Income	(0)	(0)
Total Net Assets	26,523	33,212
Total Liabilities and Net Assets	55,559	71,799

2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Unit: million yen)

	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Net Sales	*1 31,985	*1 42,475
Cost of Sales	18,714	25,415
Gross Profit	13,271	17,059
Selling, General and Administrative Expenses	*2 4,640	*2 6,447
Operating Profit	8,630	10,612
Non-Operating Income		
Subsidy Income	96	239
Gain on Bad Debts Recovered	1	1
Gain on Sale of Non-Current Assets	34	0
Received Compensation	-	37
Miscellaneous Income	28	45
Total Non-Operating Income	161	324
Non-Operating Expenses		
Interest Expenses	230	359
Amortization of Share Issuance Cost	15	6
Miscellaneous Loss	4	19
Total Non-Operating Expenses	250	385
Ordinary Profit	6,060	10,551
Extraordinary Income		
Gain on Sale of Businesses	*3 400	-
Total Extraordinary Income	400	-
Profit before Income Taxes	8,942	10,551
Income Taxes	2,816	3,281
Income Taxes-Deferred	(184)	(168)
Total Income Taxes	2,631	3,112
Profit	6,310	7,438
Profit Attributable to Non-Controlling Interests	—	—
Profit Attributable to Owners of Parent	6,310	7,438

Consolidated Statements of Comprehensive Income

(Unit: million yen)

	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Profit	6,310	7,438
Other Comprehensive Income		
Remeasurements of Defined Benefit Plans	(0)	0
Total Other Comprehensive Income	*1 (0)	*1 0
Comprehensive Income	6,309	7,438
(Details)		
Attributable to Owners of Parent	6,309	7,438
Attributable to Non-Controlling Interests	-	-

3) Consolidated Statements of Changes in Net Assets
Fiscal year ended 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

Fiscal year ended September 30, 2024

(Unit: million yen)

	Shareholder's Equity				
	Share Capital	Capital Surplus	Retained Earnings	Treasury Shares	Total Shareholders' Equity
Balance at the beginning of current period	57	11,693	14,774	(1)	26,523
Changes during the period					
Dividends from surplus			(294)		(294)
Issuance of new shares	7	7			15
Profit attributable to owners of parent			7,438		7,438
Acquisition of treasury shares				(470)	(470)
Net changes of items other than shareholders' equity					
Total changes during the period	7	7	7,144	(470)	6,688
Balance at the end of current period	65	11,701	21,918	(472)	33,212

	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)	26,523
Changes during the period			
Dividends from surplus			(294)
Issuance of new shares			15
Profit attributable to owners of parent			7,438
Acquisition of treasury shares			(470)
Net changes of items other than shareholders' equity	0	0	0
Total changes during the period	0	0	6,689
Balance at the end of current period	(0)	(0)	33,212

4) Consolidated Statements of Cash Flows

(Unit: million yen)

	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Cash flows from operating activities		
Profit before Income Taxes	8,942	10,551
Depreciation	1,201	1,848
Amortization of Goodwill	203	268
Increase (decrease) in Provision for Bonuses	15	8
Increase (decrease) in Allowance for Doubtful Accounts	(1)	(2)
Interest Income	230	359
Interest Expenses	(96)	(239)
Subsidy Income	—	(37)
Loss (gain) on Sale of Businesses	(400)	—
Decrease (increase) in Accounts Receivable	(1,698)	(1,967)
Decrease (increase) in Inventories	(3)	(8)
Decrease (increase) in Other Assets	(180)	(559)
Increase (decrease) in Accounts Payable	71	(15)
Increase (decrease) in Accounts Payable - Other and Accrued Expenses	932	148
Increase (decrease) in Other Liabilities	141	(16)
Other, Net	(18)	8
Subtotal	9,338	10,346
Interest and Dividends received	0	0
Interest paid	(223)	(340)
Proceeds from Subsidy	96	239
Proceeds from Compensation	-	37
Income Taxes paid	(2,412)	(2,798)
Net cash provided by (used in) operating activities	6,798	7,484
Cash flows from investing activities		
Purchase of Property, Plant and Equipment	(9,837)	(15,982)
Purchase of Intangible Assets	(20)	(23)
Proceeds from Sale of Businesses	400	-
Payments of Leasehold and Guarantee Deposits	(902)	(849)
Proceeds from Refund of Leasehold and Guarantee Deposits	83	12
Other, Net	(35)	(14)
Net cash provided by (used in) investing activities	(10,312)	(16,828)
Cash flows from financing activities		
Net increase (decrease) in Short-Term Borrowings	514	1,066
Proceeds from Long-Term Borrowings	6,099	9,174
Repayments of Long-Term Borrowings	(1,930)	(3,254)
Repayments of Lease Obligations	(101)	(150)
Proceeds from Issuance of Shares	13	15
Dividends paid	(293)	(294)
Other, Net	(0)	(473)
Net cash provided by (used in) financing activities	4,300	6,083
Net increase (decrease) in Cash and Cash Equivalents	786	(3,259)
Cash and Cash Equivalents at the beginning of period	11,342	12,128
Cash and Cash Equivalents at the end of period	*1 12,128	*1 8,868

(Notes)

(Significant Basis for the Preparation of Consolidated Financial Statements)

1. Matters concerning the scope of consolidation

All subsidiaries are consolidated.

Number of consolidated subsidiaries:

Two

Name of consolidated subsidiaries:

Amvis, Inc.

Ashitano Iryo, Inc.

2. Matters concerning accounting periods of consolidated subsidiaries

The settlement date of consolidated subsidiaries matches the consolidated settlement date.

3. Matters concerning accounting policies

(1) Depreciation method for important depreciable assets

1) 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 5 years
Tools, furniture and fixtures	2 to 17 years

2) 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 Group)
Other	6 to 15 years

3) 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 for significant deferred assets

Share issuance cost

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

(3) Accounting standards for significant allowances and provisions

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.

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.

(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) Significant 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) Scope of cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents consist of cash on hand, bank deposits that can be withdrawn at any time, items that can be easily converted into cash and bear only a minor risk of fluctuation in value, and short-term investments with a maturity of three months or less from the date of acquisition.

(7) 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 Group determines whether an indicator of impairment of fixed assets exists, recognizes and measures an impairment loss. There is no applicable information for idle assets.

(Significant Accounting Estimates)

Not applicable.

(Unapplied accounting standards)

・ "Accounting Standard for Corporate Income Taxes, Local Taxes and Enterprise Taxes, etc." (ASBJ Statement No. 27, October 28, 2022)

・"Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, October 28, 2022)

・"Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022)

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

In February 2018, the Accounting Standards Board of Japan (ASBJ) published ASBJ Statement No. 28, "Partial Amendments to Accounting Standard for Tax Effect Accounting" (the "ASBJ Statement No. 28"), and the transfer of the Japanese Institute of Certified Public Accountants' (JICPA) practical guidelines on tax effect accounting to the ASBJ was completed. However, during the deliberation process, the following two issues, which were to be re-examined after the publication of the ASBJ Statement No. 28, were deliberated and published.

・Classification of tax expenses (taxation on other comprehensive income)
・Tax effects on the sale of subsidiary shares, etc. (subsidiary shares or affiliate shares) when the group corporation tax system is applied

(2) Other important matters for the preparation of consolidated financial statements
Scheduled to be applied from the beginning of the fiscal year ending September 2025.

(3) Impact of the application of the relevant accounting standards, etc.
The impact of the application of the “Accounting Standards for Corporate, Resident and Business Taxes, etc.” on the consolidated financial statements is currently being assessed.

・“Accounting Standards for Leases” (Corporate Accounting Standard No. 34, September 13, 2024, Accounting Standards Board of Japan)
・“Implementation Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No. 33, September 13, 2024, Accounting Standards Board of Japan) etc.

(1) Overview
As part of its efforts to make Japanese accounting standards more internationally consistent, the Accounting Standards Board of Japan (ASBJ) has been studying the development of an accounting standard for leases that would require lessees to recognize assets and liabilities for all leases, based on international accounting standards. The basic policy is to adopt the single accounting model in IFRS 16 as a basis , rather than incorporating all of the provisions of IFRS 16, only the main provisions are incorporated, with the aim of creating a simple, convenient accounting standard for leases that does not require any fundamental modifications even when the provisions of IFRS 16 are used for individual financial statements. As for the accounting treatment for lessees, the same as IFRS 16, a single accounting model will be applied to all leases, regardless of whether they are finance leases or operating leases, in which depreciation expenses related to the right-of-use assets and interest expenses related to the lease liabilities are recorded.

(2）Scheduled date of application
The accounting standards are scheduled to be applied from the beginning of the fiscal year ending September 2028.

(3）Impact of the application of the accounting standards, etc.
The impact of the application of the “Accounting Standards for Lease Transactions” on the consolidated financial statements is currently being assessed.

(Consolidated Balance Sheets)

*1. Accumulated depreciation of property, plant and equipment

(Unit: million yen)

	As of September 30, 2023	As of September 30, 2024
Buildings and structures	2,136	3,699
Machinery, equipment and vehicles	1	1
Tools, furniture and fixtures	211	239
Leased assets	646	897
Total	2,996	4,834

*2. Pledged assets and secured liabilities

Assets pledged as collateral and secured liabilities are as follows:

(Unit: million yen)

	As of September 30, 2023	As of September 30, 2024
Buildings and structures	18,859	29,004
Land	1,404	1,707
Total	20,264	30,711

(Unit: million yen)

	As of September 30, 2023	As of September 30, 2024
Long-term borrowings (including current portion)	13,256	19,028

*3. Overdraft agreements and unused lines of credit

The Company and its consolidated subsidiary (Amvis, Inc.) have overdraft agreements with 9 banks (12 banks in the previous consolidated fiscal year) to efficiently procure capital and operating funds. The balance of unused lines of credit is as follows.

(Unit: million yen)

	As of September 30, 2023	As of September 30, 2024
Overdraft limit	4,531	4,746
Borrowing balance	1,667	3,289
Balance	2,864	1,457

*4. Contract liabilities

Contract liabilities, which are included in “other” of the current liabilities, are presented in “Notes (Revenue Recognition), 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.”

(Consolidated Statements of Income)

*1. Revenue from contracts with customers

Net sales consist solely of revenues arising from contracts with customers. The amount of revenue arising from contracts with customers is stated in “Notes to Consolidated Financial Statements (Revenue Recognition) 1. Information on Revenue Arising from Contracts with Customers” in the consolidated financial statements.

*2. Major items and amounts of selling, general and administrative expenses are as follows.

(Unit: million yen)

	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Personnel expenses	1,851	2,544
(Of which, provision for bonuses)	146	203
Recruiting expenses	672	1,143
Supplies expenses	435	664
Non-deductible consumption taxes	437	594
Provision of allowance for doubtful accounts	24	23

*3. Gain on sale of businesses

Fiscal year ended September 30, 2023

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.

Fiscal year ended September 30, 2024

Not applicable.

(Consolidated Statements of Comprehensive Income)
*1. Reclassification adjustments and tax effect related to other comprehensive income

(Unit: million yen)

	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Remeasurements of defined benefit plans		
Gain or loss in the current period	(0)	0
Reclassification adjustment	0	0
Before tax effect adjustment	(0)	0
Tax effect	0	(0)
Remeasurements of defined benefit plans	(0)	0
Total other comprehensive income or loss	(0)	0

(Consolidated Statements of Changes in Net Assets)
Fiscal year ended September 30, 2023
1. Matters concerning the type and total number of shares issued and the type and number of shares of treasury shares

Type of shares	As of October 1, 2022	Increase	Decrease	As of September 30, 2023
Shares issued Common share (shares)	48,917,600	49,115,800	–	98,033,400
Treasury shares Common share (shares)	456	500	–	956

(Notes) 1. The Company has implemented a 2-for-1 stock split on October 1, 2022.
2. 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 the issuance of shares with transfer restrictions: 11,000 shares
Increase due to stock split: 48,917,600 shares
3. The increase of common shares of treasury shares is due to the following reason.
Increase due to the purchase of shares less than one unit: 44 shares
Increase due to stock split: 456 shares

2. Matters concerning dividends
(1) Dividends paid

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

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

Fiscal year ended September 30, 2024

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

Type of shares	As of October 1, 2023	Increase	Decrease	As of September 30, 2024
Shares issued				
Common share (shares)	98,033,400	78,600	–	98,112,000
Treasury shares				
Common share (shares)	956	251,900	–	252,856

(Notes) 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: 73,600 shares
Increase due to issuance of restricted shares: 5,000 shares
2. The increase of common shares of treasury shares is due to the following reason.
Increase due to purchase of odd-lot shares: 100 shares
Increase due to acquisition of restricted shares without contribution: 1,800 shares
Increase due to acquisition of treasury stock based on a resolution of the Board of Directors:250,000 shares

2. Matters concerning dividends

(1) Dividends paid

Resolution	Type of shares	Total dividends (million yen)	Dividends per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on December 22 2023	Common share	294	3.00	September 30, 2023	December 25, 2023

(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	Type of shares	Source of dividends	Total dividends (million yen)	Dividends per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on December 20, 2024	Common share	Retained earnings	391	4.00	September 30, 2024	December 23, 2024

(Consolidated Statements of Cash Flows)

*1. Cash and cash equivalents at the end of the fiscal year are reconciled to the accounts reported in the consolidated balance sheets as follows:

(Unit: million yen)

	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Cash and deposits	12,128	8,868
Cash and cash equivalents	12,128	8,868

2. Details of significant non-cash transactions

(Unit: million yen)

	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Assets and liabilities related to finance lease transactions	1,031	1,828
Recorded amount of asset retirement obligations	93	200

(Lease Transactions)

1. Finance lease transactions

(Lessee's side)

Finance lease transactions that do not transfer ownership

1) Details of leased assets

Property, plant and equipment

Mainly consist of buildings and facilities for nursing homes in the Ishinkan business.

2) Depreciation method for leased assets

Depreciation method for leased assets is referred in “Notes (Significant Basis for the Preparation of Consolidated Financial Statements), 3. Matters concerning accounting policies, (1) Depreciation method for important depreciable assets.”

2. Operating lease transactions

(Lessee’s side)

Future minimum lease payments related to non-cancellable operating leases

	As of September 30, 2023	As of September 30, 2024
Within one year	589 million yen	727 million yen
Over one year	6,274 million yen	7,062 million yen
Total amount	6,863 million yen	7,790 million yen

(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 contracts 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 fiscal 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.

As of September 30, 2023

	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.

As of September 30, 2024

	Carrying value (million yen)	Fair value (million yen)	Difference (million yen)
(1) Leasehold and guarantee deposits	3,220	3,154	(66)
Total assets	3,220	3,154	(66)
(1) Long-term borrowings (*2)	21,047	21,052	5
(2) Lease obligations (*2)	7,369	7,649	280
Total liabilities	28,417	28,702	285

(*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.

(Notes)

1. Scheduled redemption amounts of monetary receivables after the consolidated settlement date

As of September 30, 2023

	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

As of September 30, 2024

	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	8,868	—	—	—
Accounts receivable	8,452	—	—	—
Leasehold and guarantee deposits	16	2	—	3,201
Total	17,337	2	—	3,201

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

As of September 30, 2023

	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

As of September 30, 2024

	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	3,333	—	—	—	—	—
Long-term borrowings	4,150	3,811	3,800	3,496	2,930	2,857
Lease obligations	176	181	187	193	191	6,437
Total	7,660	3,993	3,987	3,689	3,122	9,295

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 instruments measured at fair value in the consolidated balance sheets

Not applicable.

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

As of September 30, 2023

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

As of September 30, 2024

Category	Fair value (million yen)			
	Level1	Level2	Level3	Total
Leasehold and guarantee deposits	-	3,154	—	3,154
Total assets	-	3,154	—	3,154
Long-term borrowings (including current portion)	-	21,052	—	21,052
Lease obligations (including current portion)	-	7,649	—	7,649
Total liabilities	-	28,702	—	28,702

(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.

(Retirement Benefits)
1. Outline of the retirement benefit plan adopted by the Group
The Company and its consolidated subsidiaries have a lump-sum retirement benefit plan based on the length of service as an unfunded defined benefit plan.

2. Defined benefit plans (other than those that use the simplified method)
1) Adjustment of the beginning and ending balances of the retirement benefit obligation

(Unit: million yen)

	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Beginning balance of retirement benefit obligation	10	18
Service cost	7	11
Interest cost	0	0
Actuarial gain and loss	0	(0)
Payment of retirement benefits	(0)	(0)
Ending balance of retirement benefit obligation	18	29

2) Adjustment of ending balance of retirement benefit obligation and net defined benefit liability on the consolidated balance sheets

(Unit: million yen)

	As of September 30, 2023	As of September 30, 2024
Retirement benefit obligation for unfunded plans	18	29
Net obligation and assets posted on the consolidated balance sheets	18	29
Net defined benefit liability	18	29
Net liability and assets recorded on the consolidated balance sheets	18	29

3) Retirement benefit expenses

(Unit: million yen)

	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Service cost	7	11
Interest cost	0	0
Amortization of actuarial gain and loss	0	(0)
Retirement benefit expenses for defined benefit pension plan	8	11

4) Remeasurements of defined benefit plans (prior to tax effect deduction)

(Unit: million yen)

	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Actuarial gain and loss	(0)	0

5) Cumulative remeasurements of defined benefit plans (prior to tax effect deduction)

(Unit: million yen)

	As of September 30, 2023	As of September 30, 2024
Unrecognized actuarial gain and loss	(1)	(0)

6) Matters concerning basic items for calculating actuarial differences
Major basis of calculating actuarial differences

	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Discount rate	0.94 %	0.97 %

(Stock Options)

1. Amount and account of expenses for stock options

   Not applicable.

2. Description, scale and changes in stock options

   1) Description of stock options

	Series 4 Stock Acquisition Rights
Company	Submitting company
Date of resolution	July 3, 2018
Classification and number of people to be granted	Two directors of the Company One Audit & Supervisory Board member of the Company 13 employees of the Company
Type and number of shares granted (Note)	Common share, 576,000 shares
Date of grant	September 25, 2018
Vesting conditions	The Company's shares must be listed on one of the financial instruments exchanges, and the person must hold one of the following positions on the date of exercise: director, executive officer, Audit & Supervisory Board member, advisor or employee of the Company, or director, executive officer, Audit & Supervisory Board member, advisor or employee of a consolidated subsidiary of the Company, or outside collaborator. However, this shall not apply if the Board of Directors approves.
Service period	No service period is specified.
Exercise period	From July 25, 2021 to June 30, 2028

	Series 5 Stock Acquisition Rights
Company	Submitting company
Date of resolution	June 17, 2019
Classification and number of people to be granted	One Audit & Supervisory Board member of the Company 82 employees of the Company
Type and number of shares granted (Note)	Common share, 1,182,400 shares
Date of grant	June 28, 2019
Vesting conditions	The Company's shares must be listed on one of the financial instruments exchanges, and the person must hold one of the following positions on the date of exercise: director, executive officer, Audit & Supervisory Board member, advisor or employee of the Company, or director, executive officer, Audit & Supervisory Board member, advisor or employee of a consolidated subsidiary of the Company, or outside collaborator. However, this shall not apply if the Board of Directors approves.
Service period	No service period is specified.
Exercise period	From July 1, 2022 to May 31, 2029

(Note) The Company implemented a 200-for-1 stock split of common share on July 31, 2019, 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. Figures are calculated based on the number of shares after the stock splits.

2) Scale of stock options and changes in the scale

Stock options that existed during the current consolidated fiscal year are covered, and the number of stock options is converted into the number of shares.

(a) Number of stock options

	Series 4 Stock Acquisition Rights	Series 5 Stock Acquisition Rights
Company	Submitting company	Submitting company
Date of resolution	July 3, 2018	June 17, 2019
Before vesting rights (shares)		
Previous consolidated fiscal year end	-	-
Granted	-	-
Lapsed	-	-
Vesting	-	-
Pending unsettled balance	-	-
After vesting of rights (shares)		
Previous consolidated fiscal year end	8,000	80,000
Vesting	-	-
Exercise of a right	-	73,600
Lapses	-	-
Outstanding (shares)	8,000	6,400

(Note) The Company implemented a 200-for-1 stock split of common share on July 31, 2019, 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. Figures are calculated based on the number of shares after the stock splits.

(b) Unit price information

	Series 4 Stock Acquisition Rights	Series 5 Stock Acquisition Rights
Company	Submitting company	Submitting company
Date of resolution	July 3, 2018	June 17, 2019
Exercise price (yen) (Note)	6	79
Average share price at the time of exercise (yen)	-	2,410
Fair valuation unit price at grant date (shares)	-	-

(Note) The Company implemented a 200-for-1 stock split of common share on July 31, 2019, 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. Figures are calculated based on the number of shares after the stock splits.

3. Estimation method of fair valuation unit price for stock options

As the Company was unlisted at the time the stock options were granted, the fair valuation unit price of the stock options was estimated based on an estimate of the intrinsic value per unit, which was calculated using a combination of the net asset value method and the comparable industry method.

4. Estimation method for the number of stock options vested

Since it is difficult to make a reasonable estimate of the number of lapses in the future, the Group adopts a method that reflects only the actual number of lapses.

5. Total intrinsic value as of the end of the current consolidated fiscal year in the case where the calculation is based on the intrinsic value per unit of stock options and the total of intrinsic value as of the date of exercise of stock options exercised as of the end of the current consolidated fiscal year.
   1) Total intrinsic value at the end of the current consolidated fiscal year
      27 million yen
   2) Total intrinsic value of stock options exercised during the current consolidated fiscal year as of the date of exercise
      177 million yen

6 Details, scale and changes in the number of shares delivered in advance as part of transactions to deliver shares without compensation to directors as part of their remuneration, etc.

(1) Details of the advance issuance type

	2024 Advance Payment Type
Classification and number of persons granted	Two directors of the Company
Number of shares granted by type of stock	Common stock: 5,000 shares
Grant date	February 22, 2024
Restriction on transfer period	The subject directors may not transfer, create a security interest in, or otherwise dispose of the Company's common shares allocated to them under the allotment agreement (hereinafter referred to as “allotted shares”) from February 22, 2024 (the allotment date) until the date on which they resign or retire from the position of director or employee of the Company or its subsidiary (if they resign or retire within three months of the end of the fiscal year in which the allotment date falls (excluding cases where such resignation or retirement is due to death or other reasons deemed justifiable by the Company's board of directors), until January 6, 2025).), the Target Director shall not transfer, create a security interest in, or otherwise dispose of the Company's common shares allocated to him/her under the Allotment Agreement (the “Allotted Shares”).
Cancellation Conditions	The Target Director shall be subject to the following conditions: (i) the Target Director shall have continuously held the position of director or employee of the Company or its subsidiary from the day of the Company's ordinary general meeting of shareholders immediately preceding the Allotment Date to the day of the Company's ordinary general meeting of shareholders to be held in the following year (the “Service Provision Period”) , the transfer restriction on all of the Allotted Shares will be lifted at the end of the Transfer Restriction Period, provided that the Target Director continuously held the position of director or employee of the Company or its subsidiary during the Service Provision Period (defined below). However, if the Target Director retires or resigns from the position of director or employee of the Company or its subsidiary during the Service Provision Period due to death or other reasons that the Board of Directors of the Company deems to be justifiable, the transfer restriction on all of the Allotted Shares will be lifted at the end of the Transfer Restriction Period the number of months from the month following the start date of the service period to the month including the date of resignation or retirement, divided by 12, multiplied by the number of Allotted Shares (however, if the calculation results in a fraction of less than one share, it will be rounded down).
Vesting conditions	There are no vesting conditions.
Subject service period	There is no subject service period.

(2) Size of the pre-issuance type and its fluctuation status

Amount of expenses posted for restricted stock compensation and name of account

(Unit: millions of yen)

	Previous consolidated fiscal year (From October 1, 2022 to September 30, 2023)	Current consolidated fiscal year (From October 1, 2023 to September 30, 2024)
Selling, general and administrative expenses	—	9

Number of shares

	2024 Pre-delivery type
Number of shares at the end of the previous consolidated fiscal year (shares)	—
Number of shares granted (shares)	5,000
Number of shares forfeited (shares)	—
Number of shares vested (shares)	—
Number of shares not yet vested (shares)	5,000

Unit price information

	2024 Pre-delivery type
Fair value of the stock option on the date of grant (yen)	2,630

(3) Method for estimating the fair valuation unit price

This is the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day prior to the date of the Board of Directors' resolution.

(4) Method for estimating the number of vested shares

For the advance delivery type, it is basically difficult to make a reasonable estimate of the number of forfeitures in the future, so a method that reflects only the actual number of forfeitures is used.

(Tax Effect Accounting)

1. Breakdown of deferred tax assets and deferred tax liabilities

(Unit: million yen)

	As of September 30, 2023	As of September 30, 2024
Deferred tax assets		
Unpaid enterprise tax	192	195
Provision for bonuses	260	353
Asset retirement obligations	120	189
Allowance for doubtful accounts	17	21
Accounts payable – other and accrued expenses	5	12
Accrued expenses for specific treatment improvement	112	141
Deferred consumption tax	5	1
Others	27	51
Subtotal of deferred tax assets	742	967
Valuation allowance for total future deductible temporary differences	(16)	(20)
Subtotal of valuation allowance	(16)	(20)
Total deferred tax assets	726	947
Deferred tax liabilities		
Removal costs corresponding to asset retirement obligations	(108)	(172)
Effect of changes in accounting policies	(16)	(15)
Others	(9)	-
Total deferred tax liabilities	(134)	(187)
Net deferred tax assets	591	759

2. Breakdown by major item of the difference between the statutory effective tax rate and the effective income tax rate after the application of tax effect accounting, when there is a significant difference between the two rates.

(Unit: %)

	As of September 30, 2023	As of September 30, 2024
Statutory effective tax rate	34.6	34.6
(Adjustment)		
Equal division of municipal tax	0.1	0.1
Tax credits through the tax system for promotion of wage increases	(5.0)	(4.8)
Increase or decrease in valuation allowance	0.1	0.0
Difference in tax rate applied to subsidiaries	0.0	-
Others	(0.4)	(0.5)
Effective income tax rate after the application of tax effect accounting	29.4	29.5

(Asset Retirement Obligations)

Asset retirement obligations recorded on the consolidated balance sheets

1) Outline of the asset retirement obligations

These expenses mainly consist of restoration costs associated with the real estate lease contract for the Ishinkan business.

2) Calculation method for the amount of the relevant asset retirement obligations

The expected usage period is estimated to be 22–47 years, which is the useful life of the acquired assets, and the amount of asset retirement obligations is calculated using discount rates of 0.443–2.349%, which are estimated based on government bond interest rates.

3) Increase or decrease in the total of the asset retirement obligations

(Unit: million yen)

	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Beginning balance	255	348
Increase due to acquisition of Property, plant, and equipment	90	195
Adjustment due to passage of time	2	4
Ending balance	348	548

For contracts in which the estimated cost of restoring a vacated property to its original state does not exceed the amount of leasehold and guarantee deposits, the amount of the estimated cost of restoring the property to its original state that is attributable to the current consolidated fiscal year is directly deducted from the leasehold and guarantee deposits and recorded as an expense instead of recording a liability for asset retirement obligations.

The amount that is attributable to the previous consolidated fiscal year is 23 million yen, and the amount of leasehold and guarantee deposits for which recovery is not expected at the end of the previous consolidated fiscal year is 755 million yen.

The amount that is attributable to the current consolidated fiscal year is 37 million yen, and the amount of leasehold and guarantee deposits for which recovery is not expected at the end of the current consolidated fiscal year is 1,345 million yen.

(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 in the Ishinkan business has a three-tier structure that primarily 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.

The Group's sales include revenue arising from contracts with customers (42,436 million yen in the current consolidated fiscal year).

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 (Significant Basis for the Preparation of Consolidated Financial Statements), 3. Matters concerning accounting policies, (5) Significant 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

	Previous consolidated fiscal year	Current consolidated fiscal year
Receivables from contracts with customers (beginning balance)	4,786 million yen	6,484 million yen
Receivables from contracts with customers (ending balance)	6,484 million yen	8,452 million yen
Contract assets (beginning balance)	- million yen	- million yen
Contract assets (ending balance)	- million yen	- million yen
Contract liabilities (beginning balance)	4 million yen	8 million yen
Contract liabilities (ending balance)	8 million yen	15 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 previous and 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.

(Segment Information)

Segment information is omitted because the Group operates in a single business segment, the Ishinkan business.

Related Information

Fiscal year ended September 30, 2023

1. Information by product and service

This information is omitted because sales to external customers in a single product/service category account for more than 90% of net sales in the statement of income.

2. Information by region

1) Net sales

This information is omitted because the Group has no sales to external customers outside Japan.

2) Property, plant and equipment

This information is omitted because the Group has no property, plant and equipment located outside Japan.

3. Information by major customer

(Unit: million yen)

Name	Net sales
Kanagawa National Health Insurance Federation	5,673
Saitama National Health Insurance Federation	3,393
Social Insurance Medical Fee Payment Fund	3,329

(Note) Segment information is omitted because the Group operates in a single business segment, the Ishinkan business.

Fiscal year ended September 30, 2024

1. Information by product and service

This information is omitted because sales to external customers in a single product/service category account for more than 90% of net sales in the statement of income.

2. Information by region

1) Net sales

This information is omitted because the Group has no sales to external customers outside Japan.

2) Property, plant and equipment

This information is omitted because the Group has no property, plant and equipment located outside Japan.

3. Information by major customer

(Unit: million yen)

Customer	Net sales
Kanagawa National Health Insurance Federation	6,447
Social Insurance Medical Fee Payment Fund	4,403
Saitama National Health Insurance Federation	4,154

(Note) Segment information is omitted because the Group operates in a single business segment, the Ishinkan business.

Information about impairment loss on fixed assets by segment

Not applicable.

Information on amortization and unamortized balance of goodwill by segment

Segment information is omitted because the Group operates in a single business segment, the Ishinkan business.

Information on the gain on negative goodwill by segment

Not applicable.

(Related Party Information)

1. Transactions with related parties

Not applicable.

2. Notes on parent company or important affiliates

Not applicable.

(Per Share Information)

(Unit: yen)

	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Net assets per share	270.56	339.39
Earnings per share	64.44	75.86
Diluted earnings per share	64.32	75.81

(Notes) 1. The basis for calculating earnings per share and diluted earnings per share are as follows.

Item	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Earnings per share		
Profit attributable to owners of parent (million yen)	6,310	7,438
Profit not attributable to common shareholders (million yen)	-	-
Profit attributable to owners of parent attributable to common shareholders (million yen)	6,310	7,438
Average number of common shares outstanding during the period (shares)	97,921,380	98,055,417
Diluted earnings per share		
Adjustment to profit attributable to owners of parent (million yen)	-	-
Increase in number of common shares (shares)	186,113	57,415
(Number of stock acquisition rights included in the increase) (shares)	(186,113)	(57,415)
Outline of latent shares not included in the calculation of diluted earnings per share due to the absence of dilutive effect	-	-

3. The basis for calculating net assets per share is as follows.

Item	As of September 30, 2023	As of September 30, 2024
Total net assets (million yen)	26,523	33,212
Amount to be deducted from total net assets (million yen)	-	-
Net assets pertaining to common stock at the end of the period (million yen)	26,523	33,212
Number of shares of common stock used for the calculation of net assets per share at the end of the period (shares)	98,032,444	97,859,144

(Significant Subsequent Events)

Not applicable.

5) Consolidated supplementary schedules

(Schedule of Bonds)
Not applicable.

(Schedule of Borrowings, etc.)

	Balance as of October 1, 2023 (million yen)	Balance as of September 30, 2024 (million yen)	Average interest rate (%)	Repayment term
Short-term borrowings	2,267	3,333	0.68	-
Current portion of long-term borrowings	2,573	4,150	0.72	-
Current portion of lease obligations	119	176	3.11	-
Long-term borrowings (excluding current portion)	12,554	16,896	0.71	From October 2024 to October 2031
Lease obligations (excluding current portion)	5,540	7,193	3.49	From October 2025 to March 2055
Total	23,054	31,750	-	-

(Notes) 1. “Average interest rate” is the weighted average interest rate on the balance of borrowings, etc., at the end of the fiscal year.
2. Total amount of long-term borrowings and lease obligations (excluding current portion) per year within five years after the consolidated settlement date

	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)
Long-term borrowings	3,811	3,800	3,496	2,930
Lease obligations	181	187	193	191

(Schedule of Asset Retirement Obligations)
As the matters to be stated in this schedule are included in the notes stipulated in Article 15-23 of the Regulations for Consolidated Financial Statements, the description of the schedule of asset retirement obligations has been omitted.

(2) Others
Quarterly information for the current fiscal year

(YTD)		First quarter	Second quarter	Third quarter	Full year
Net sales	(million yen)	9,536	19,592	30,711	42,475
Profit before income taxes	(million yen)	2,577	5,381	8,146	10,551
Profit attributable to owners of parent	(million yen)	1,817	3,795	5,741	7,438
Earnings per share	(yen)	18.54	38.71	58.56	75.86

(QTD)		First quarter	Second quarter	Third quarter	Fourth quarter
Earnings per share	(yen)	18.54	20.17	19.84	17.30

2. Non-Consolidated Financial Statements

(1) Non-Consolidated Financial Statements

1) Non-Consolidated Balance Sheets

(Unit: million yen)

	As of September 30, 2023	As of September 30, 2024
Assets		
Current Assets		
Cash and Deposits	2,794	2,890
Accounts Receivable from Subsidiaries and Affiliates - Other	464	492
Short-Term Loans Receivable from Subsidiaries and Affiliates	125	1,000
Other	689	246
Total Current Assets	4,073	4,630
Non-Current Assets		
Property, Plant and Equipment		
Buildings and Structures, Net	*1 21,033	*1 34,884
Machinery, Equipment and Vehicles, Net	0	3
Tools, Furniture and Fixtures, Net	10	10
Leased assets	-	9
Land	*1 1,707	*1 2,382
Construction in Progress	4,066	4,328
Total Property, Plant and Equipment	26,817	41,619
Intangible Assets		
Software	5	4
Other	48	66
Total Intangible Assets	54	70
Investments and Other Assets		
Shares of Subsidiaries and Affiliates	180	180
Leasehold and Guarantee Deposits	1,942	2,675
Deferred Tax Assets	13	54
Other	92	94
Total Investments and Other Assets	2,228	3,004
Total Non-Current Assets	29,100	44,694
Deferred Assets		
Share Issuance Cost	6	-
Total Deferred Assets	6	-
Total Assets	33,179	49,324

(Unit: million yen)

	As of September 30, 2023	As of September 30, 2024
Liabilities		
Current Liabilities		
Short-Term Borrowings	*2 2,267	*2 3,333
Current Portion of Long-Term Borrowings	*1 2,573	*1 4,150
Short-term loans to affiliated companies	-	4,300
Accounts Payable - Other and Accrued Expenses	152	351
Accounts Payable from Subsidiaries and Affiliates - Other	12	18
Income Taxes Payable	6	88
Deposits Received	66	41
Provision for Bonuses	17	20
Other	21	11
Total Current Liabilities	5,116	12,317
Non-Current Liabilities		
Long-Term Borrowings	*1 12,554	*1 16,896
Asset Retirement Obligations	343	543
Provision for Retirement Benefits	0	0
Other	-	25
Total Non-Current Liabilities	12,898	17,466
Total Liabilities	18,014	29,783
Net Assets		
Shareholders' Equity		
Share Capital	57	65
Capital Surplus		
Legal Capital Surplus	5,850	5,858
Other Capital Surplus	5,843	5,843
Total Capital Surplus	11,693	11,701
Retained Earnings		
Other Retained Earnings		
Retained Earnings Brought Forward	3,415	8,246
Total Retained Earnings	3,415	8,246
Treasury Shares	(1)	(472)
Total Shareholders' Equity	15,164	19,540
Total Net Assets	15,164	19,540
Total Liabilities and Net Assets	33,179	49,324

2) Non-Consolidated Statements of Income

(Unit: million yen)

	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Operating Revenue	*1 5,269	*1 9,403
Operating Costs	1,638	2,611
Operating Gross Profit	3,630	6,791
Selling, General and Administrative Expenses	*1,2 1,351	*1,2 1,654
Operating Profit	2,279	5,137
Non-Operating Income		
Subsidy Income	22	125
Interest Income	*1 0	*1 4
Penalty Income	10	-
Miscellaneous Income	2	7
Received Compensation	-	37
Total Non-Operating Income	36	176
Non-Operating Expenses		
Interest Expenses	66	118
Amortization of Share Issuance Cost	15	6
Miscellaneous Loss	1	15
Total Non-Operating Expenses	83	140
Ordinary Profit	2,232	5,173
Profit before Income Taxes	2,232	5,173
Income Taxes	25	88
Income Taxes-Deferred	7	(40)
Total Income Taxes	32	48
Profit	2,199	5,125

Statements of Operating Costs

	Fiscal year ended September 30, 2023		Fiscal year ended September 30, 2024	
	Amount (million yen)	% of total (%)	Amount (million yen)	% of total (%)
I Expenses				
Rent	602	36.8	985	37.7
Depreciation	991	60.5	1,559	59.7
Others	44	2.7	67	2.6
Total expenses	1,638	100.0	2,611	100.0
Total operating costs	1,013	1,638	2,611	100.0

3) Non-Consolidated Statements of Changes in Net Assets

Fiscal year ended September 30, 2023

(Unit: million yen)

	Shareholders' Equity							Total Net Assets
		Capital Surplus			Retained Earnings			
					Other Retained Earnings			
	Share Capital	Legal Capital Surplus	Other Capital Surplus	Total Capital Surplus	Retained Earnings Brought Forward	Treasury Shares	Total Shareholders' Equity	
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

Fiscal year ended September 30, 2024

(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	57	5,850	5,843	11,693	3,415	(1)	15,164	15,164
Changes during the period								
Dividends from surplus					(294)		(294)	(294)
Issuance of new shares	7	7		7			15	15
Profit					5,125		5,125	5,125
Acquisition of treasury shares						(470)	(470)	(470)
Total changes during the period	7	7	—	7	4,831	(470)	4,375	4,375
Balance at the end of current period	65	5,858	5,843	11,701	8,246	(472)	19,540	19,540

(Notes)

(Significant Accounting Policies)

1. Valuation standard and method for marketable securities

Subsidiary shares

Cost method based on the moving average method is used.

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 to 5 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. Method of accounting for deferred assets

Share issuance cost

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

4. 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

In order 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.

5. 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.

6. Other important matters for the preparation of non-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, the entire company with the exception of certain fixed assets 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.

(Significant Accounting Estimates)

Not applicable.

(Changes in Method of Presentation)
Not applicable.

(Non-Consolidated Balance Sheets)
*1. Pledged assets and secured liabilities
Assets pledged as collateral and secured liabilities are as follows:

(Unit: million yen)

	As of September 30, 2023	As of September 30, 2024
Buildings and structures	18,859	29,004
Land	1,404	1,707
Total	20,264	30,711

	As of September 30, 2023	As of September 30, 2024
Long-term borrowings (including current portion)	13,256	19,028

*2. Overdraft agreements and unused lines of credit
The Company has executed an overdraft agreement with 9 correspondent banks (7 banks in the previous fiscal year) to efficiently procure capital and operating funds. The balance of unused lines of credit is as follows.

(Unit: million yen)

	As of September 30, 2023	As of September 30, 2024
Overdraft limit	3,631	4,746
Borrowing balance	1,667	3,289
Balance	1,964	1,457

(Non-Consolidated Statements of Income)
*1. Transactions with subsidiaries and affiliates

(Unit: million yen)

	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Operating transactions		
Operating revenue	5,269	9,400
Selling, general and administrative expenses	67	82
Transactions other than operating transactions		
Interest income	0	4
Interest expense	-	7

*2. Major items and amounts of selling, general and administrative expenses, and approximate percentages are as follows.

	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Personnel expenses	602 million yen	753 million yen
(Of which, provision for bonuses)	35 million yen	44 million yen
Outsourcing fees	85 million yen	81 million yen
Approximate percentage		
Selling expenses	1.1%	0.6%
General and administrative expenses	98.9%	99.4%

(Securities)

Shares of subsidiaries

As of September 30, 2023

The carrying value of shares with no readily determinable market value is as follows.

(Unit: million yen)

	As of September 30, 2023
Subsidiary shares	180

As of September 30, 2024

The carrying value of shares with no readily determinable market value is as follows.

(Unit: million yen)

	As of September 30, 2024
Subsidiary shares	180

(Tax Effect Accounting)

3. Breakdown of deferred tax assets and deferred tax liabilities

(Unit: million yen)

	As of September 30, 2023	As of September 30, 2024
Deferred tax assets		
Unpaid enterprise tax	-	9
Provision for bonuses	5	6
Asset retirement obligations	118	188
Deferred consumption tax	5	1
Other	15	34
Subtotal of deferred tax assets	145	240
Valuation allowance for total future deductible temporary differences	-	(0)
Subtotal of valuation allowance	-	(0)
Total deferred tax assets	145	239
Deferred tax liabilities		
Removal costs corresponding to asset retirement obligations	(107)	(171)
Effect of changes in accounting policies	(15)	(13)
Other	(9)	-
Total deferred tax liabilities	(132)	(185)
Net deferred tax assets	13	54

2. Breakdown by major item of the difference between the statutory effective tax rate and the effective income tax rate after the application of tax effect accounting, when there is a significant difference between the two rates.

(Unit: %)

	As of September 30, 2023	As of September 30, 2024
Statutory effective tax rate	34.6	34.6
(Adjustment)		
Equal residential tax rate	0.2	0.1
Tax credits through the tax system for promotion of wage increases	(0.2)	(0.3)
Dividend income and other items excluded from gross revenue	(33.3)	(33.4)
Increase or decrease in valuation allowance	-	0.0
Others	0.2	0.0
Effective income tax rate after the application of tax effect accounting	1.5	0.9

(Revenue Recognition)

Useful information in understanding revenue from contracts with customers is omitted because the same information is presented in “Notes (Significant Accounting Policies), 5. Revenue and expense recognition standards.”

(Significant Subsequent Events)

Not applicable.

4) Non-Consolidated supplementary schedules

(Schedule of property, plant and equipment and intangible assets)

(Unit: million yen)

Type of assets	Balance as of October 1, 2023	Increases during the period	Decreases during the period	Depreciation during the period	Balance as of September 30, 2024	Cumulative depreciation	Acquisition cost as of September 30, 2024
Property, plant and equipment							
Buildings and structures	21,033	15,403	—	1,552	34,884	3,630	38,515
Machinery, equipment and vehicles	0	5	0	1	3	1	5
Tools, furniture and fixtures	10	5	—	5	10	19	29
Leased Assets	—	11	0	1	9	1	10
Land	1,707	674	—	—	2,382	—	2,382
Construction in progress	4,066	16,174	15,912	—	4,328	—	4,328
Total property, plant and equipment	26,817	32,275	15,913	1,560	41,619	3,653	45,272
Intangible Assets							
Software	5	0	—	1	4	—	—
Others	48	22	—	4	66	—	—
Total intangible assets	54	23	—	6	70	—	—

(Note) The main items of the increase in the current period are as follows.

Buildings and structures	Ishinkan Kameido	Ishinkan building and facilities	782 million yen
	Ishinkan Takadanobaba	Ishinkan building and facilities	670 million yen
	Ishinkan Ryogoku	Ishinkan building and facilities	648 million yen
	Ishinkan Toyonaka	Ishinkan building and facilities	644 million yen
	Ishinkan Kotoni	Ishinkan building and facilities	637 million yen
	Ishinkan Chikusa	Ishinkan building and facilities	626 million yen
	Ishinkan Mejiro	Ishinkan building and facilities	598 million yen
	Ishinkan Kotesashi	Ishinkan building and facilities	587 million yen
	Ishinkan Nishiogikubo	Ishinkan building and facilities	577 million yen
	Ishinkan Hiyoshi	Ishinkan building and facilities	571 million yen
	Ishinkan Ozone	Ishinkan building and facilities	559 million yen
	Ishinkan Ebina	Ishinkan building and facilities	547 million yen
	Ishinkan Sakura	Land for business use	528 million yen
Land	Ishinkan Hiratsuka	Land for business use	466 million yen
	Ishinkan Kisarazu	Land for business use	182 million yen
	Ishinkan Takamatsu	Land for business use	25 million yen

(Schedule of Reserves)

(Unit: million yen)

	Balance as of October 1, 2023	Increase during the period	Decrease during the period	Balance as of September 30, 2024
Provision for bonuses	17	50	47	20
Provision for retirement benefits	0	0	0	0

2) Details of major assets and liabilities

This information is omitted because the Company prepares consolidated financial statements.

3) Others

Not applicable.

F: Outline of the Submitting Company's Share Administration

Fiscal year	From October 1 of each year to the end of September of the following year
Ordinary general meeting of shareholders	Within three months after the end of each fiscal year
Record date	End of each fiscal year
Record dates for dividends from surplus	March 31 End of each fiscal year
Number of shares per unit	100 shares
Purchase of odd-lot shares	
Share-handling location	4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan Securities Agent Department, Mitsubishi UFJ Trust and Banking Corporation
Shareholder register administrator	4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan Mitsubishi UFJ Trust and Banking Corporation
Agency	-
Commission for purchase	free
Method of public notice	Public notices shall be made electronically. However, in the event that electronic public notices are not possible due to unavoidable circumstances, public notices shall be made by publication in the Nihon Keizai Shimbun. URL of public notice: https: //www.amvis.com/en/
Shareholder privileges	Not applicable.

(Notes) The Company's Articles of Incorporation stipulate that shareholders of the Company may not exercise any rights other than the following rights with respect to shares constituting less than one unit held by them.

1) The rights listed in each item of Article 189, Paragraph 2 of the Companies Act
2) Right to request the acquisition of shares with put options
3) Rights to receive an allotment of offered shares or offered stock acquisition rights

G: Reference Information for the Submitting Company

1. Information on the Submitting Company's Parent Company

As defined in Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Act, the parent company of the Company is IDEA Capital.

2. Other Reference Information

The following documents were submitted from the start of the current fiscal year to the date of submission of the Annual Securities Report.

1) Annual Securities Report and its attached documents and confirmation

Sixth fiscal term (from October 1, 2022 to September 30, 2023) Submitted to the Director-General of the Kanto Local Finance Bureau on December 28, 2023

2) Internal Control Report with supplementary documents

Sixth fiscal term (from October 1, 2022 to September 30, 2023) Submitted to the Director-General of the Kanto Local Finance Bureau on December 28, 2023

3) Quarterly Reports and Written Confirmation

First quarter of the seventh fiscal term (from October 1, 2023 to December 31, 2023) Submitted to the Director-General of the Kanto Local Finance Bureau on February 8, 2023

Second quarter of the seventh fiscal term (from January 1, 2024 to March 31, 2024) Submitted to the Director-General of the Kanto Local Finance Bureau on May 9, 2024

4) Extraordinary Report

Submitted to the Director-General of the Kanto Local Finance Bureau on December 28, 2023

This extraordinary report is based on Article 19, Paragraph 2, Item 9-2 (Results of Exercise of Voting Rights at General Meeting of Shareholders) of the Cabinet Office Ordinance on Disclosure of Corporate Information.

Part II: Information on the Submitting Company’s Guarantor Company

Not applicable.