



The Fiscal Year Ended September 30, 2023

Business and Financial Highlights

Amvis Holdings, Inc.
November 13, 2023

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- 1** **FY23 Financial Results Summary**
- 2** **FY24 Forecast and Three-Year Plan Progress**
- 3** **Appendix**
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Social Problem-Solving Business



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

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

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

1

Accelerating the development of Ishinkan, which mainly accepts patients in terminal stage of cancer

- ✓ We provide palliative care for patients in the terminal stages, including terminal cancer patients. Especially in regional areas, we help to find home visit physicians and change the flow of patients around the main hospitals.
- ✓ We actively accept non-cancer patients (not covered in Appendix 7 of the MHLW) 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.
- ✓ In the medium to long term, through our business we plan to revitalize healthcare in remote areas where management are structurally difficult.

2

Accelerating the opening in a wide range of areas ranging from Western Japan to Eastern Japan

- ✓ We will open 10 new facilities in Tokyo during FY23 and FY24, accelerating the formation of dominant areas in the Tokyo metro area. We will also open 4 new facilities in Western Japan in FY24, developing Ishinkan nationwide.
- ✓ In FY24, we have announced plans to open 27 new facilities and expand 1 facility, exceeding the target of 23 new facilities set in the previous three-year plan.

3

Mitigating the impact of an unstable macro environment by taking appropriate and timely actions

- ✓ Based on inflation of wood, energy resources and goods used at the facilities, we raised patient payments by about 7,000 yen per month in FY23, and by about 4,000 yen per month in October 2023.
- ✓ These raises enable us to continue to provide necessary care and reduce the impact on business performance to a certain extent, maintaining profitability.

Upward Revisions to Amvis 2025 Targets

(FY25) Number of facilities /
Bed capacity

(FY25) Net sales

131 facilities / 6,621 beds

JPY 56.5bn

FY24 (forecast): 103 facilities / 5,206 beds
FY23 (actual): 76 facilities / 3,795 beds
FY22 (actual): 58 facilities / 2,802 beds

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

(FY25) EBITDA⁽¹⁾

(FY22-25) Net profit (CAGR)

JPY 16.6bn

25% or more

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

FY20–FY23 (actual): 72%

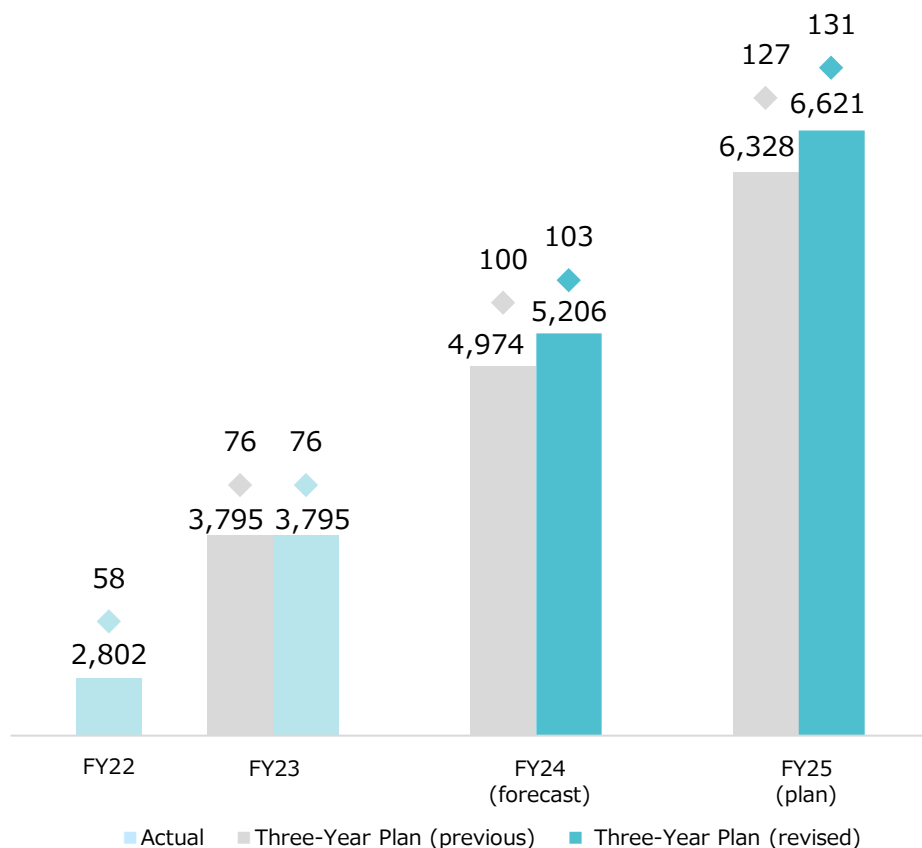
Note :

1. Changed one of key financial indicators from operating profit to EBITDA (operating profit + depreciation + amortization of goodwill + share-based compensation expenses) (same applies on the following pages)

Upward Revisions to Amvis 2025 Targets

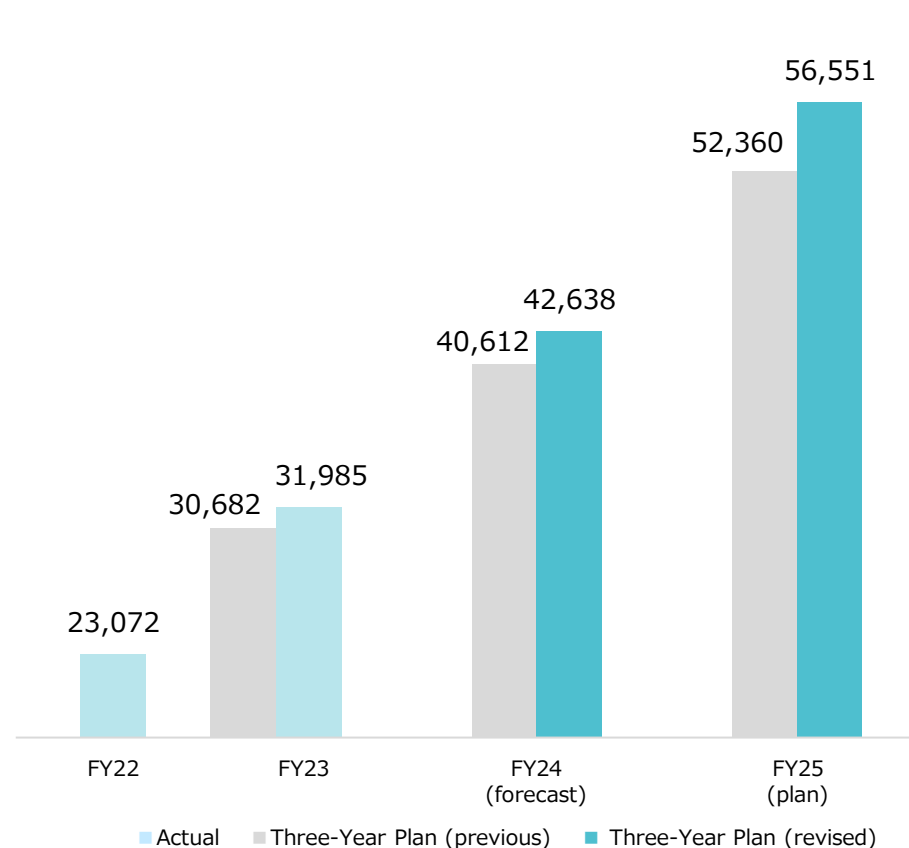
Number of facilities / Beds

(Facilities / Beds)



Net Sales

(JPY MM)



Note :

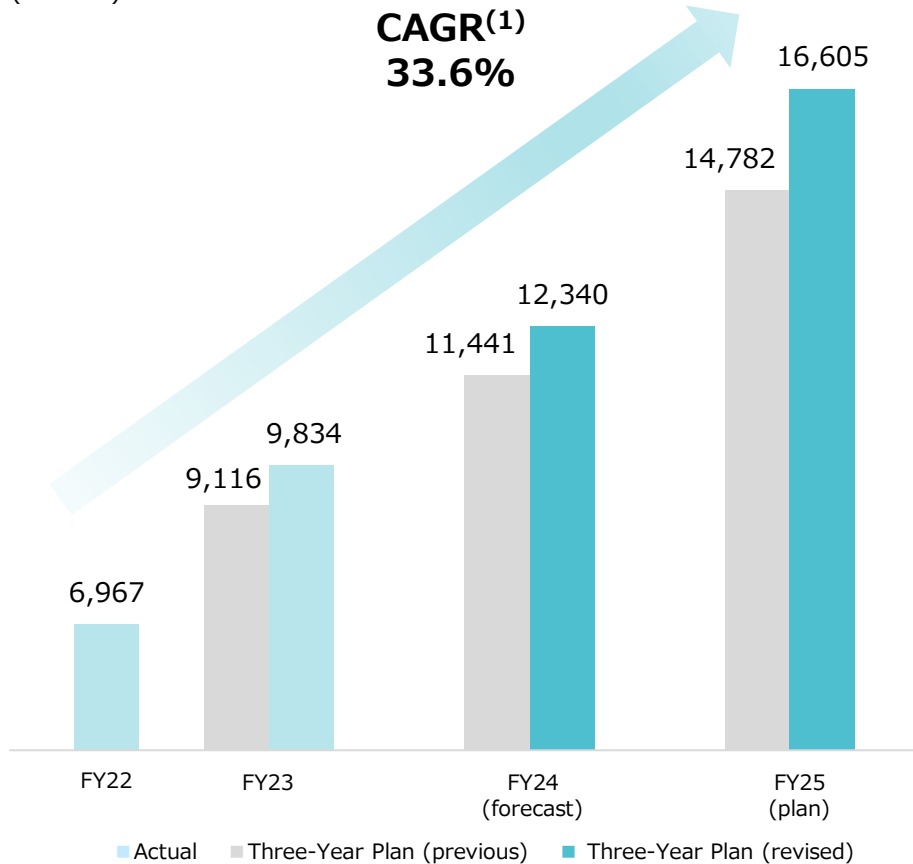
- The number of facilities and capacity for FY23 in the previous three-year plan reflect such factors as the transfer of Ishinkan Yokkaichi (capacity: 28 beds) to another care provider in March 2023 (same applies on the following pages)

Upward Revisions to Amvis 2025 Targets

EBITDA

(JPY MM)

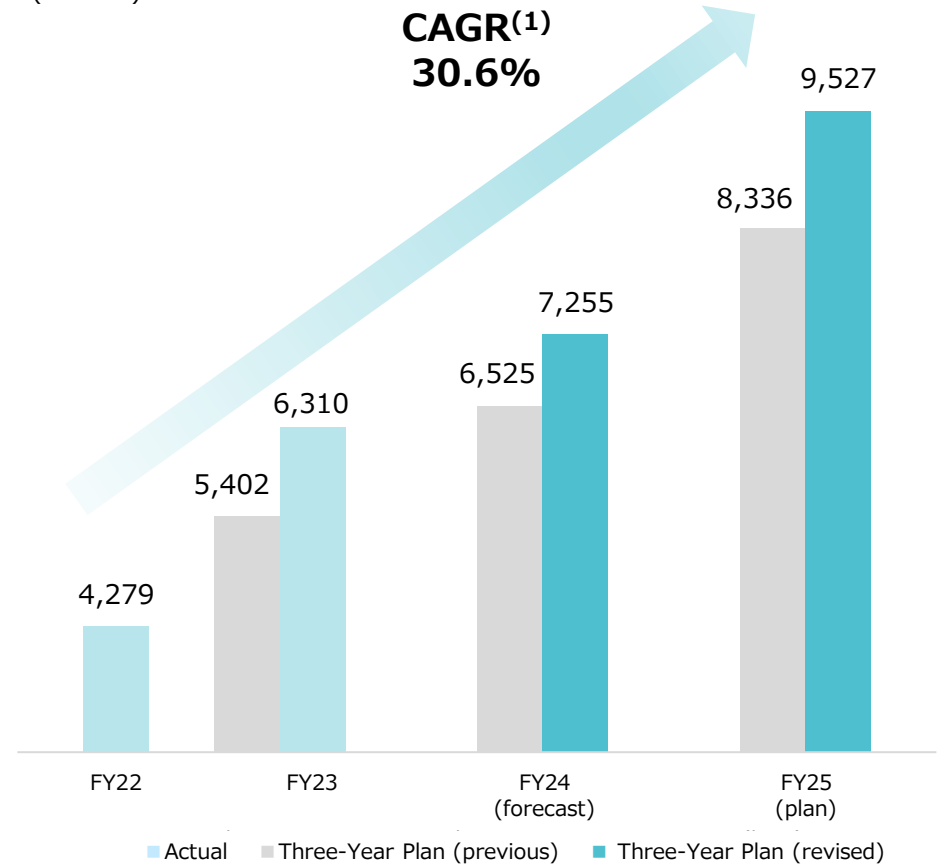
**CAGR⁽¹⁾
33.6%**



Net profit

(JPY MM)

**CAGR⁽¹⁾
30.6%**



Note :

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



1. FY23 Financial Results Summary

Expanding Scale in Response to High Demand for Terminal Care

- We maintained stable utilization rates at existing facilities, and the start of new facilities was fast, mainly in the Tokyo metro area.
- Despite the inflation, we maintained high profitability by thoroughly controlling costs and raising patient payments as necessary.

FY23 Results

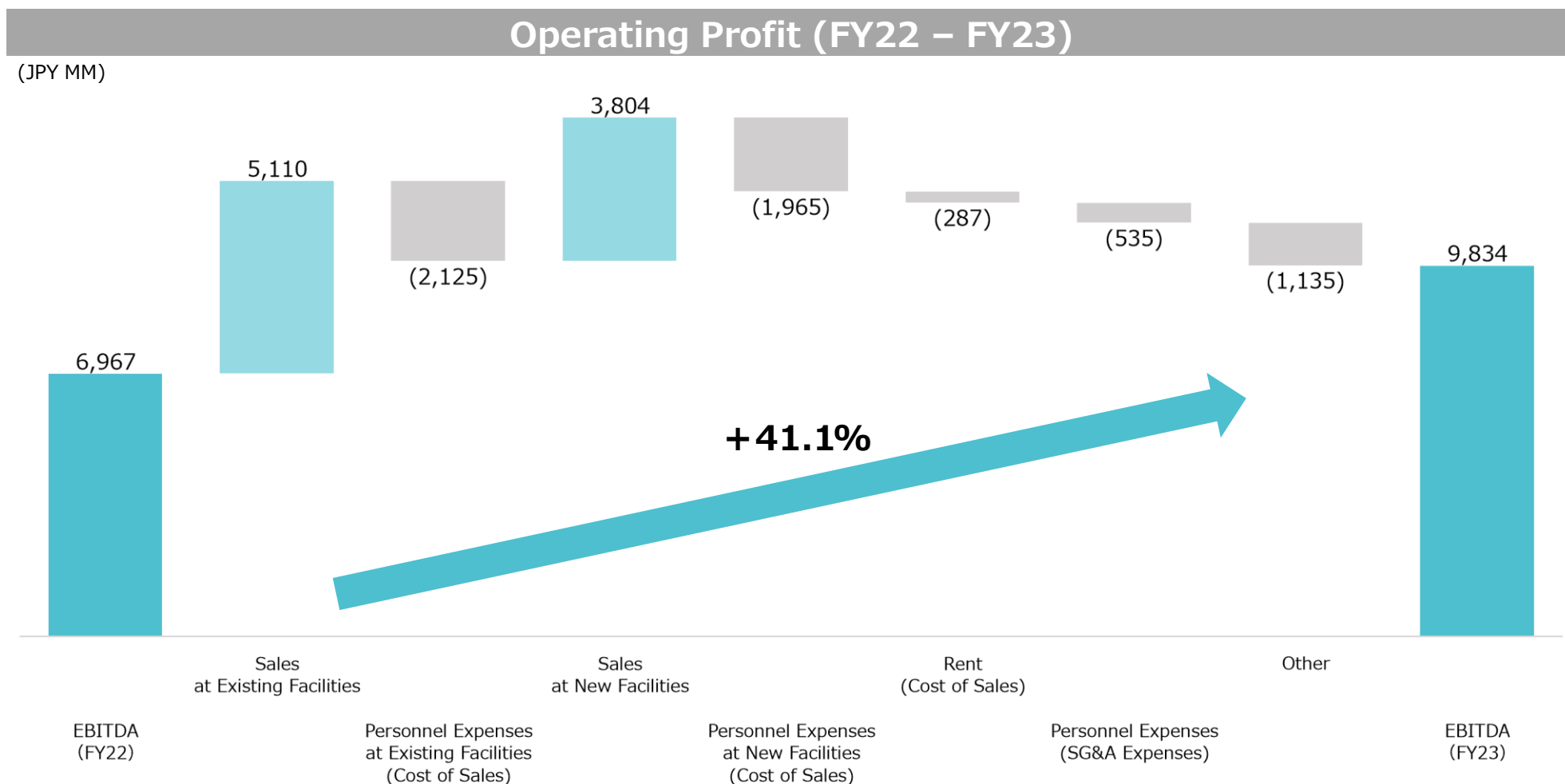
(JPY MM)	FY22	FY23	FY23	vs. FY22	vs. Forecast
	Actual	Forecast	Actual		
Net Sales	23,072	30,682	31,985	+38.6%	+4.2%
EBITDA	6,967	9,116	9,834	+41.1%	+7.9%
<i>EBITDA Margin (%)</i>	30.2%	29.7%	30.7%	+0.5pt	+1.0pt
Operating Profit	6,132	7,872	8,630	+40.7%	+9.6%
<i>Operating Margin (%)</i>	26.6%	25.7%	27.0%	+0.4pt	+1.3pt
Net Profit	4,279	5,402	6,310	+47.5%	+16.8%
<i>Net Margin (%)</i>	18.5%	17.6%	19.7%	+1.2pt	+2.1pt

Note:

1. Excluding extraordinary income (profit from the transfer of Ishinkan Yokkaichi), the change of net profit vs. FY22 is +40.8%.

Maintained Stable Utilization Rates at Both Existing Facilities and New Facilities

- We maintained stable utilization rates at existing facilities (86.7%) and new facilities (54.2%).⁽¹⁾



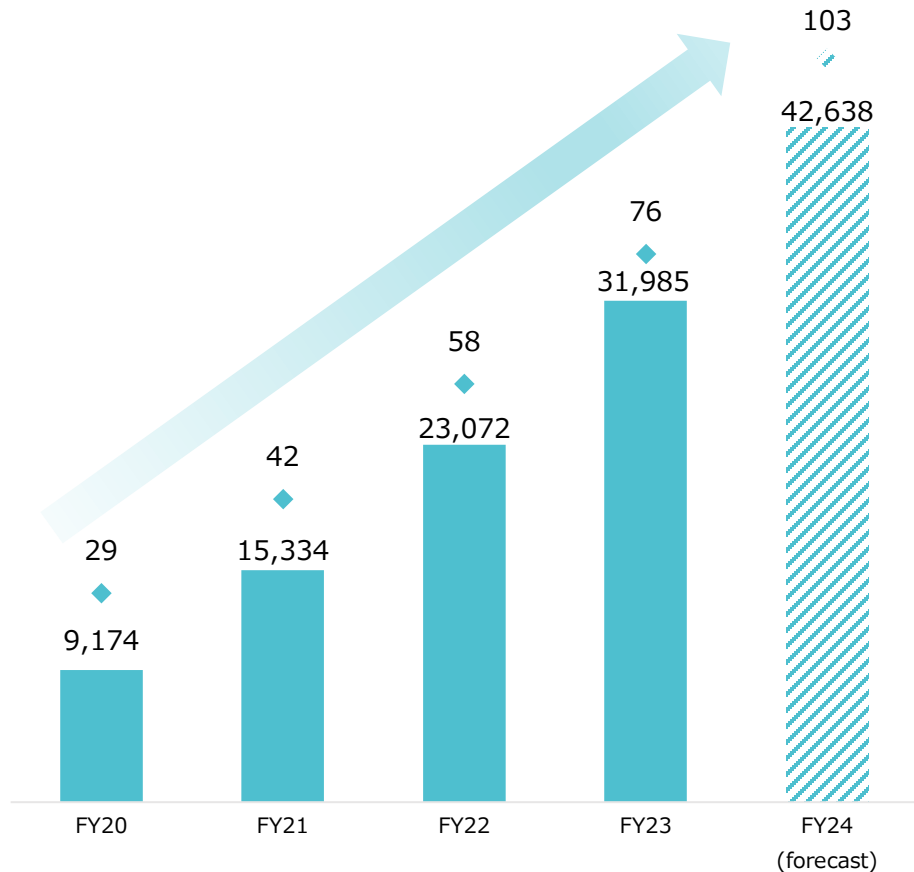
Note:
1. New Facilities: Opened in FY23 (same applies on the following pages) / Utilization Rate: median

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

- We successfully improved margins as well as increased sales by taking advantage of economies of scale through increased bed capacity per facility.
- In FY24, we expect margins to decline slightly, given the increase in the number of facilities in the Tokyo metro area and the inflation.

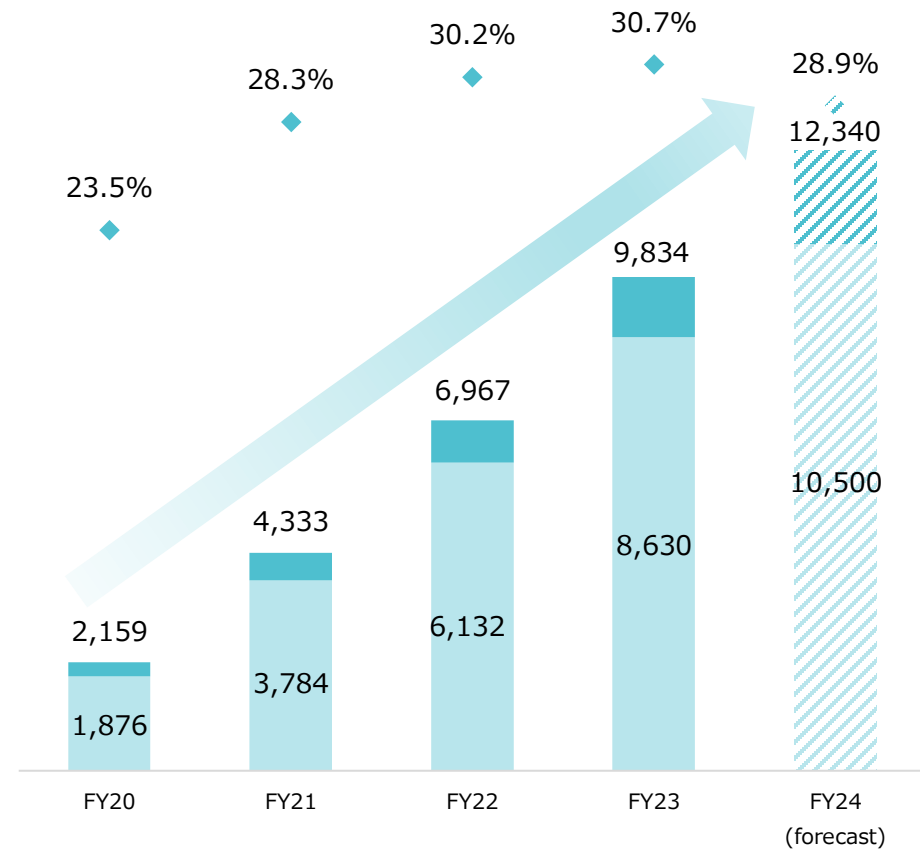
Net Sales / Number of Facilities

(JPY MM)



EBITDA / EBITDA Margin

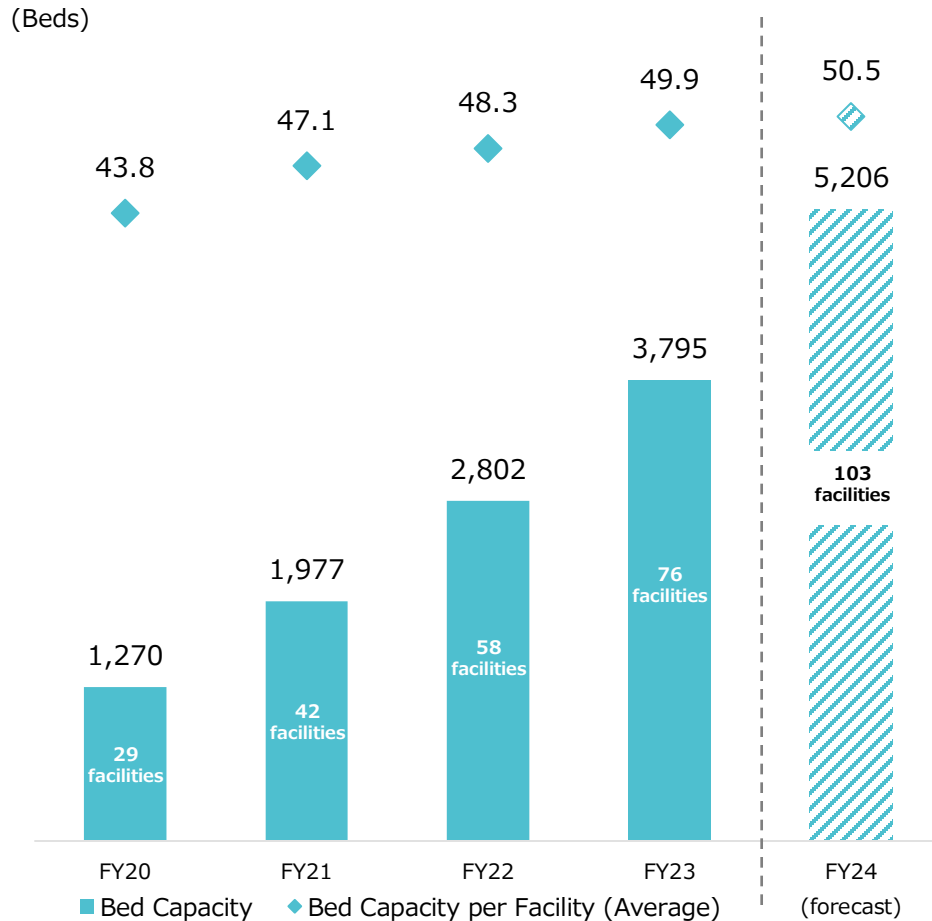
(JPY MM) ■ Operating profit



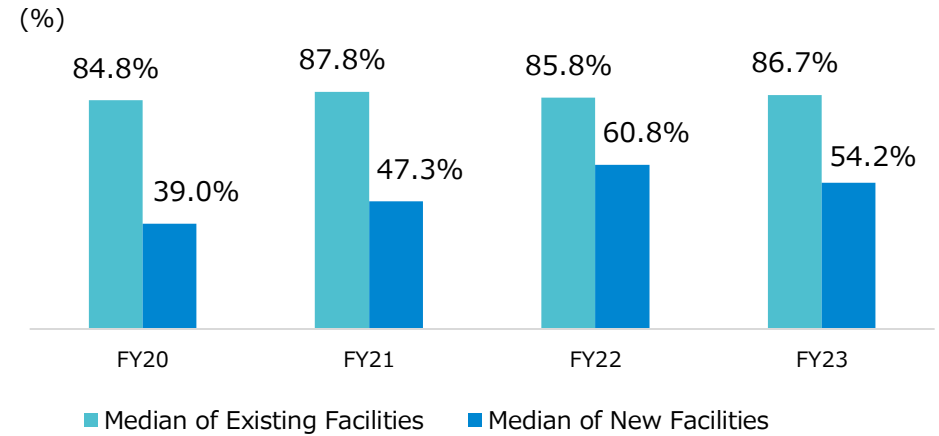
High Utilization Rates through Strong Marketing and Operational Capabilities

- The average bed capacity per facility will be at about 50 beds, and we set the utilization rate for stable operation at 82–85%.
- Among about 400,000 annual cancer patients, Ishinkan accepts about 5,600 new patients per year.⁽¹⁾

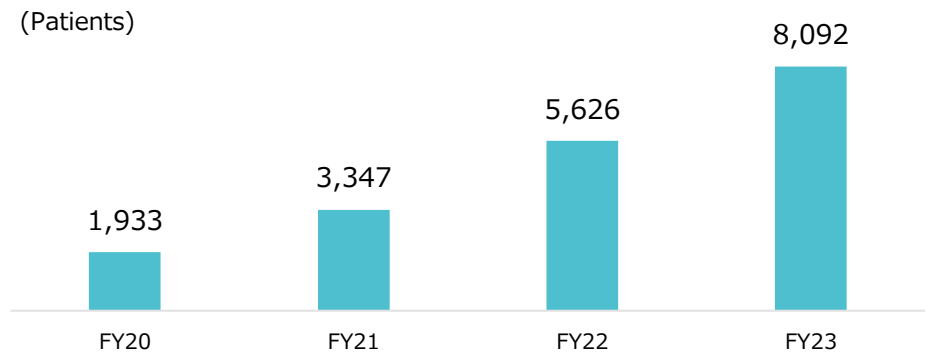
Number of Facilities / Bed Capacity



(Existing · New Facilities) Utilization Rate



New Patients



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

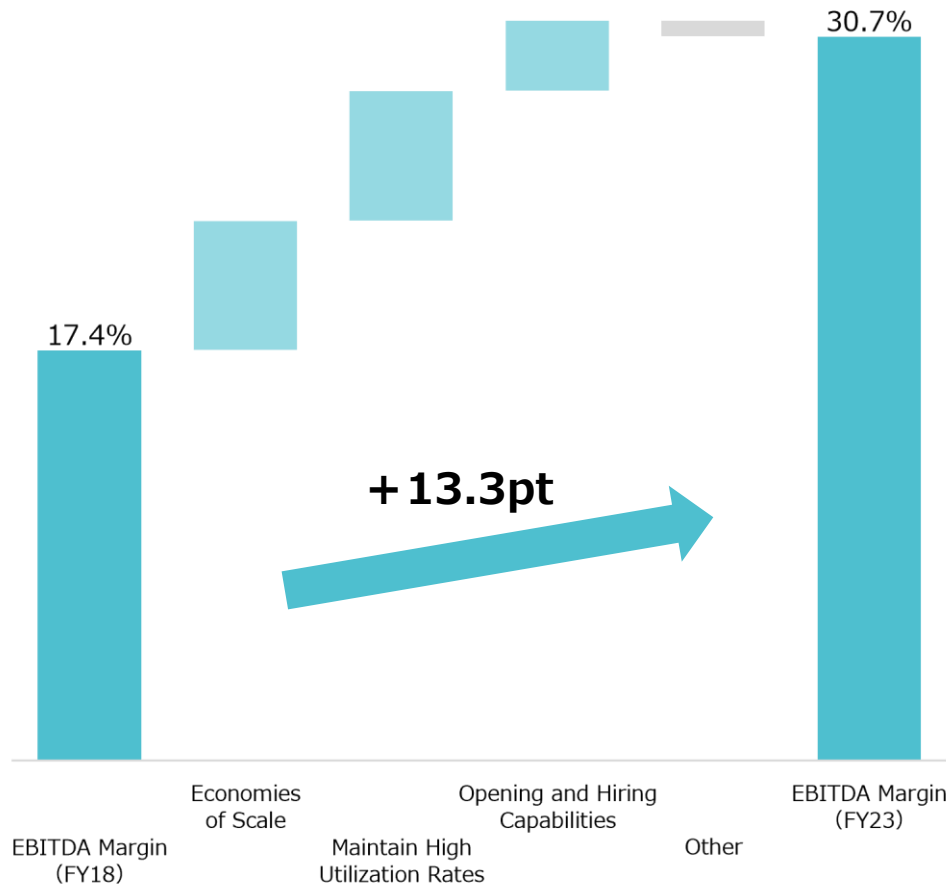
Improving Profitability through Establishing the Operational Structure as well as Scale Expansion



- We successfully improved margin by taking advantage of economies of scale under the headquarters-focused management system.
- We established efficient operations in occupancy promotion, project selection, recruitment, and other.

EBITDA Margin (FY18 - FY23)

(%)



Strengthening and Enhancing Operations

Headquarters-Focused Management System

Centralized management of non-care operations at headquarters

Focusing on nursing and care for patients at the facilities

Marketing Capabilities

Maintaining high utilization rates despite many move-ins and move-outs

Few patients are referred by agencies (about 2 patients/month)

Opening Capabilities

Receive about 350 referrals per month

Obtain favorable location projects for self-construction at reasonable prices

Hiring Capabilities

Do not hire temporary nurses and caregivers

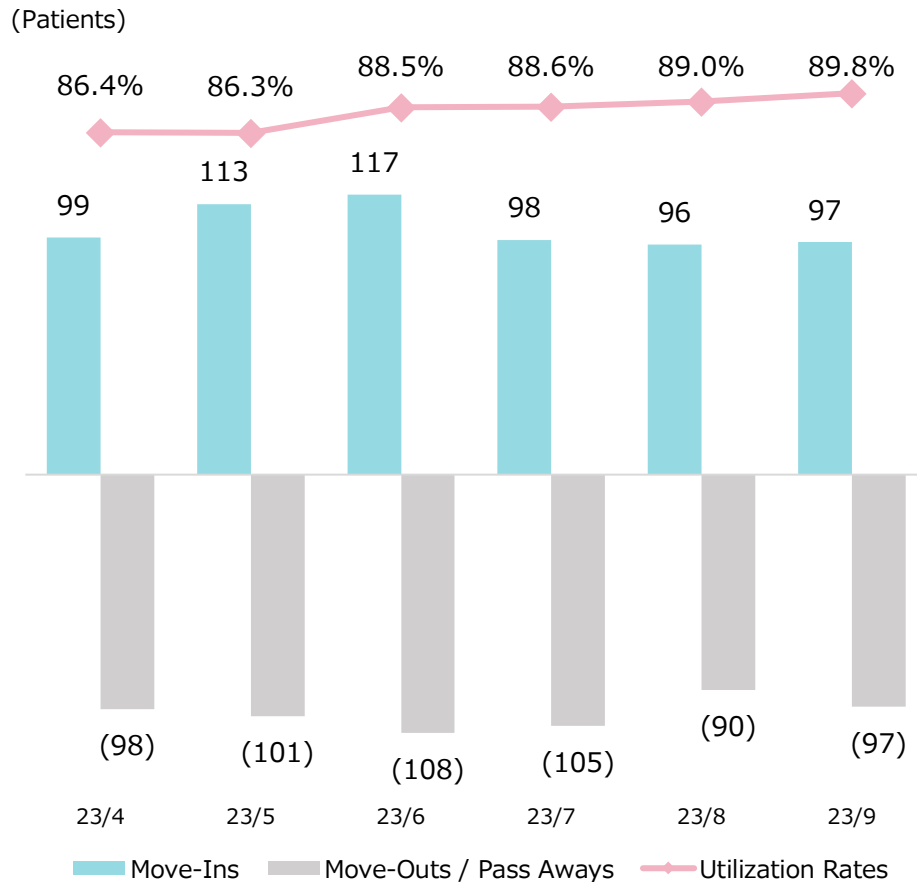
Do not use placement agencies for caregivers

Yokohama Area: Established as a Platform to Support Patients in the Terminal Stages of Cancer



- In Yokohama, Ishinkan is widely recognized as a platform for home healthcare and expanded the medical network.
- Nursing and marketing systems that can respond flexibly to the fast-changing patient population and the trust with medical institutions, home-visit clinics, outside pharmacies, and outside care managers are essential, and they serve as barriers to entry in the extremely difficult operation of the facilities.

Move-Ins and -Outs (8 Ishinkan in Yokohama)



Key Figures

Number of Referring Medical Institutions

~190

Number of Outside Care Managers

~200

Number of Home-Visit Clinics

~60

Percentage of Patients Pass Away in Facilities

100%

Note :

1. Key figures are figures of latest month
2. Percentage of patients pass away in facilities is the percentage of patients passed away without being transferred to hospitals in the last week of their lives

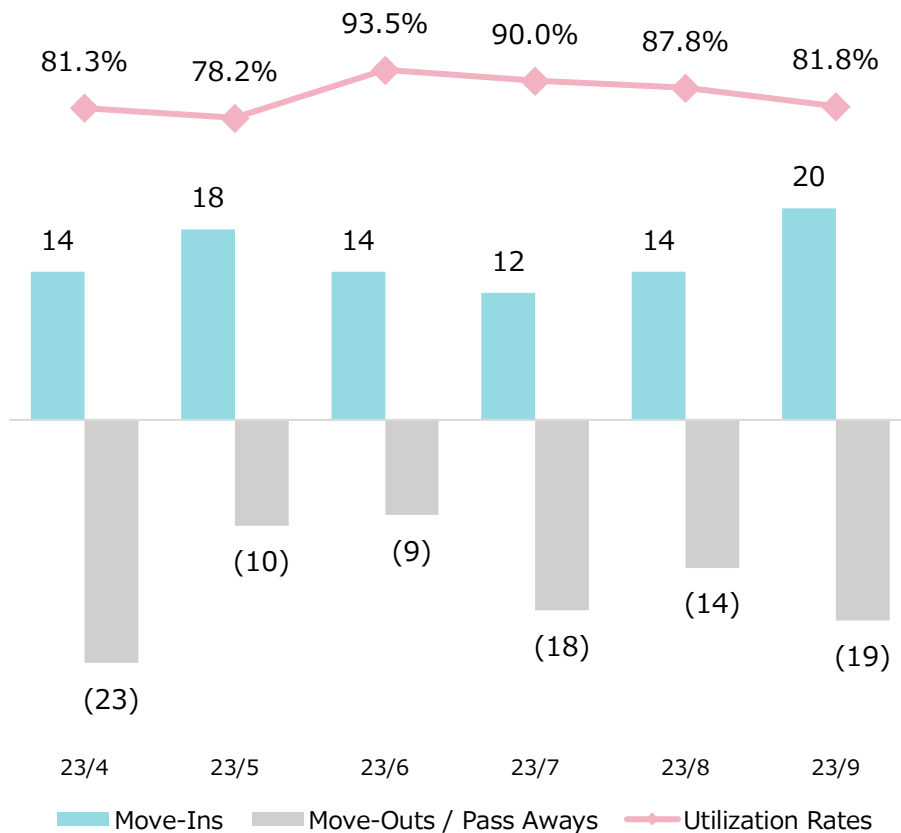
Joetsu: Contributed to the Foundation of Home Healthcare



- We provide palliative care in the city of Joetsu, where the number of hospital beds per population is low and there is a significant shortage of physicians.
- We have been recognized by medical institutions and medical professionals for having changed the face of terminal care in the region.

Move-Ins and -Outs (Ishinkan Joetsu)

(Patients)



Key Figures

Number of Referring Medical Institutions

~20

Number of Outside Care Managers

~30

Number of Home-Visit Clinics

~5

Percentage of Patients Pass Away in Facilities

100%

Note :

1. Key figures are figures of latest month
2. Percentage of patients pass away in facilities is the percentage of patients passed away without being transferred to hospitals in the last week of their lives

Actively Accepting Non-Cancer Patients for Palliative Care Purposes and Severely Ill Young Patients



- We actively accept non-cancer patients (not covered in Appendix 7 of the MHLW) and young people (under 40 years old and not covered by care insurance) with post-accident or congenital anomalies who require high levels of care, aiming to become a safety backstop for home healthcare.

Non-Cancer Patients for Palliative Care Objective		Patients Under 40 / Not Covered by Care Insurance	
Patient A (interstitial lung disease)	<ol style="list-style-type: none"> Disease: idiopathic interstitial pneumonias (GAP stage III) Pre-admission status: treatment with the introduction of HOT and administration of antifibrotic drugs Post-admission response: morphine administration for palliative purposes 	Patient A (oropharyngeal cancer)	<ol style="list-style-type: none"> Disease: terminal stage of pharyngeal carcinoma / 37 years old Pre-admission status: chemo-, radiation- and immuno-CHP therapy, tracheostomy Post-admission response: outpatient immunotherapy, narcotic support
Patient B (cardiac amyloidosis)	<ol style="list-style-type: none"> Disease: heart failure due to cardiac amyloidosis, AMI Pre-admission status: after AMI, cardiopulmonary resuscitation, coronary artery bypass grafting, etc. Post-admission response: morphine administration for palliative purposes 	Patient B (glioblastoma multiforme)	<ol style="list-style-type: none"> Disease: glioblastoma multiforme / 37 years old Pre-admission status: chemotherapy Post-admission response: continued chemotherapy by attending the hospital
Patient C (asbestosis)	<ol style="list-style-type: none"> Disease: asbestosis and pulmonary fibrosis Pre-admission status: introduction of NPPV Post-admission response: morphine administration for palliative purposes 	Patient C (drowning)	<ol style="list-style-type: none"> Disease: drowning into the sea / 14 years old Pre-admission status: ventilator after cardiopulmonary arrest resuscitation, CV Post-admission response: ventilator management

Shareholder Return Policy

Emphasizing Total Shareholder Return

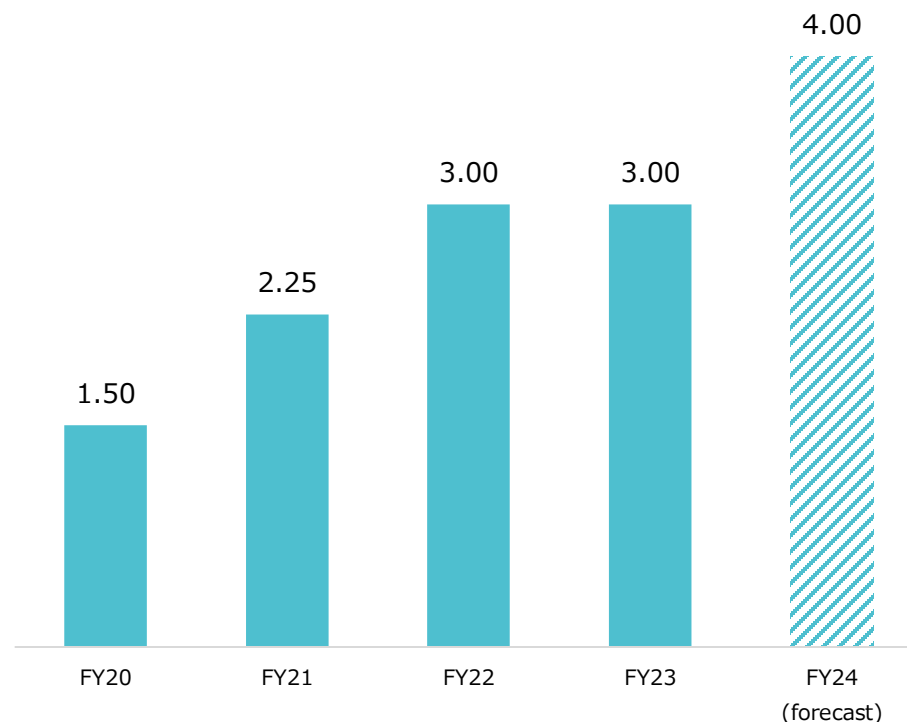
- In FY24, we expect to raise the dividend per share by JPY 1.00 from FY23 to JPY 4.00.
- Over the medium to long term, we will focus on total shareholder return and plan to provide a stable yield, regardless of changes in growth stage.

Basic Policy on Shareholder Return

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

Dividends History and Forecast⁽¹⁾

(JPY)



Note:

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



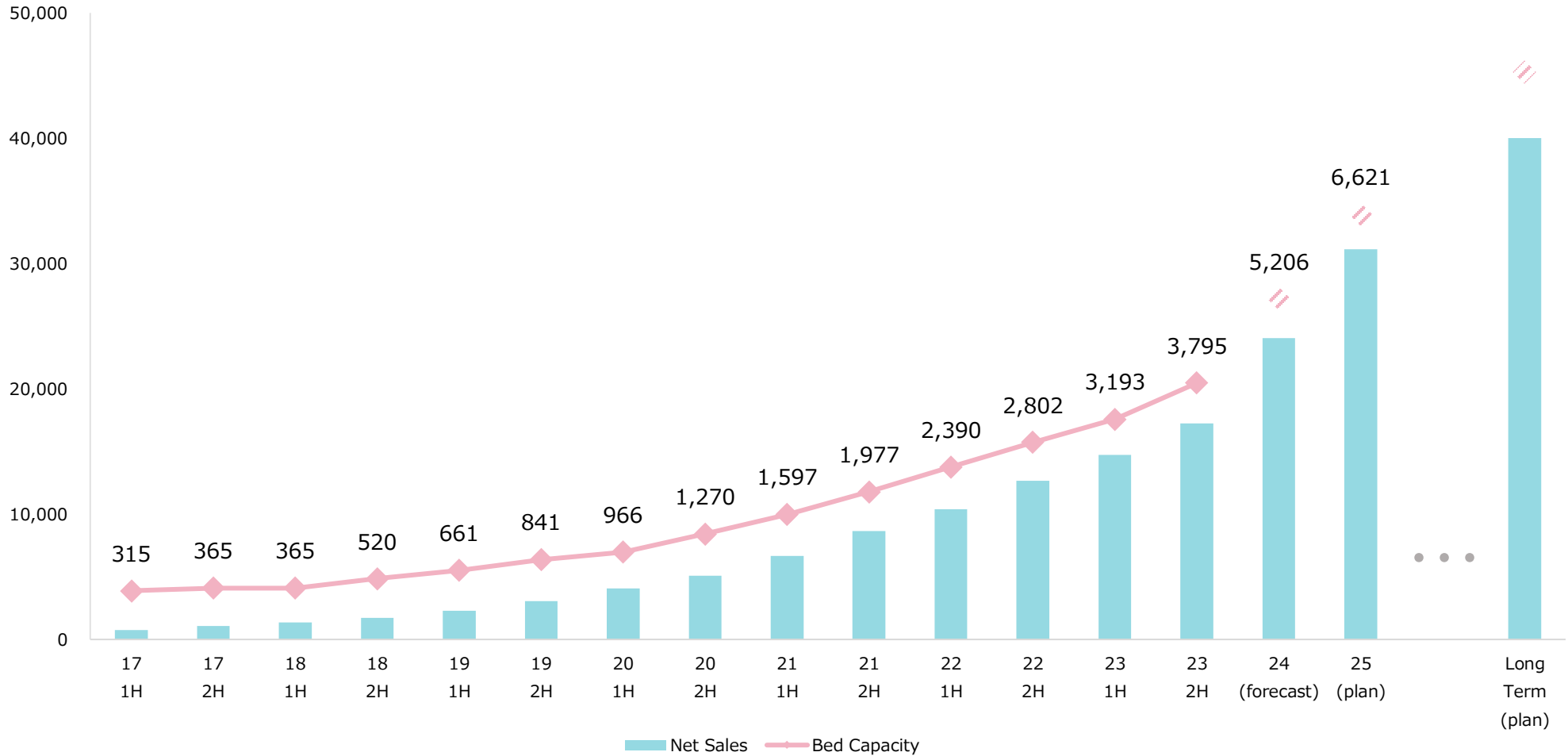
2. FY24 Forecast and Three-Year Plan Progress

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



Amvis Holdings' Growth Trajectory

(JPY MM / Beds)





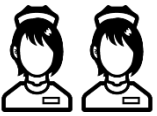









Three-Year Plan "Amvis 2025"

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

Note:

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

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

Reference Indicators	Market Size The average annual number of cancer deaths per prefecture ⁽²⁾	Development Costs / Rent Rent fee for our facilities per room ⁽³⁾	Nurse Recruitment The average number of employed nurses per prefecture ⁽⁴⁾	Number of Ishinkan Facilities As of September 30, 2022⇒ As of September 30, 2024 ⁽⁵⁾	Amvis 2025 (FY23-FY25)
Tokyo	 34,341 people	 JPY 120,544	 106,911 people	 5 facilities⇒15 facilities (+10 facilities)	Accelerate the pace of openings by prioritizing market share expansion (+~15 facilities / 3 years)
Metropolitan Area ⁽¹⁾	 19,208 people	 JPY 85,536	 55,436 people	 26 facilities⇒48 facilities (+22 facilities)	Continue to open at the same pace as before (+~60 facilities / 3 years)
Regional Cities ⁽¹⁾	 5,454 people	 JPY 54,602	 21,039 people	 27 facilities⇒40 facilities (+13 facilities)	Continue to open at the same pace as before (+~60 facilities / 3 years)

Note:

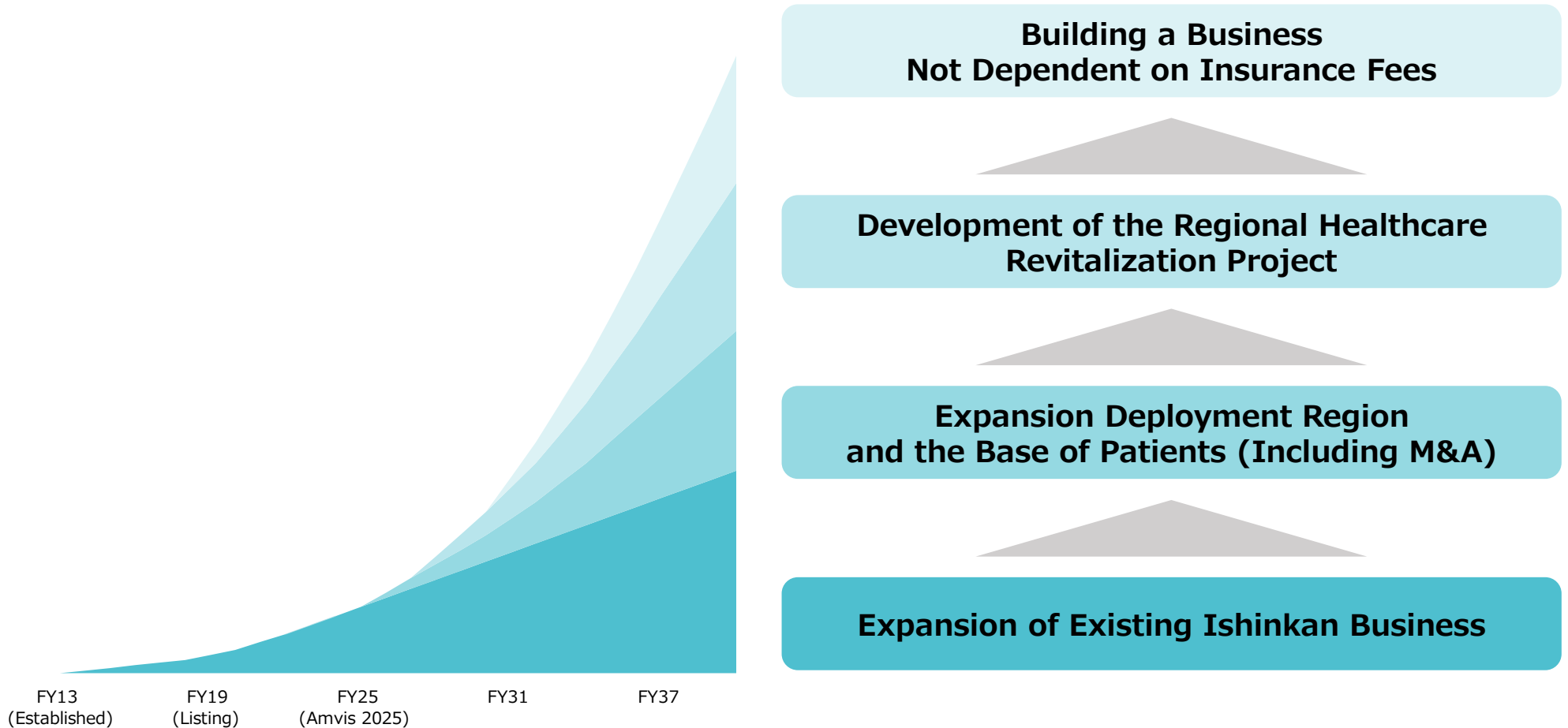
1. Metropolitan Area: Saitama, Chiba, Kanagawa, Aichi, Kyoto, Osaka, Hyogo / Regional Cities: Prefectures excluding Tokyo and Metropolitan Area
2. The sum of the number of cancer deaths in each area (Ministry of Health, Labour and Welfare "Vital Statistics (2021)") / The number of prefectures in each area
3. Average rent fee per room in each area disclosed on our website (as of October 1, 2023)
4. The total number of registered nurses and assistant nurses in each area (The Japanese Nursing Association "Nursing Statistics (2021)") / The number of prefectures in each area
5. The number of facilities as of September 30, 2024 is the number of facilities already announced to open as of November 13, 2023.

Beyond 2026: Ishinkan Business + Regional Healthcare Revitalization Project



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

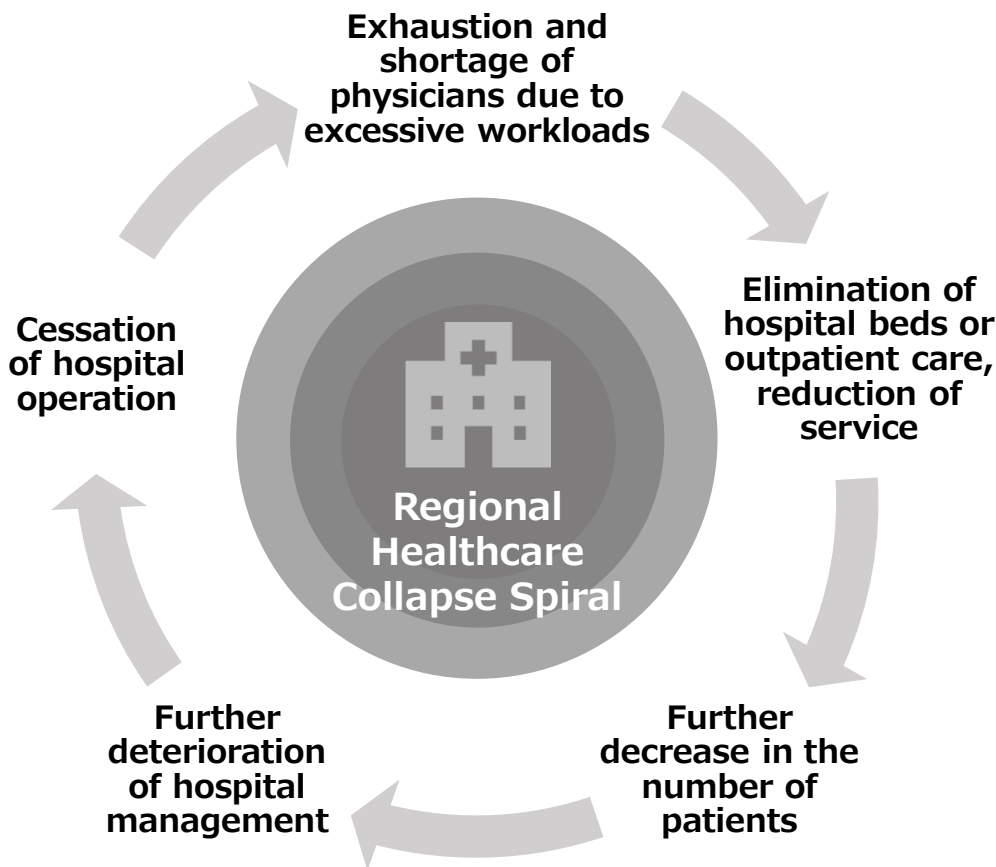
Medium- to Long-Term Growth Strategy



Ishinkan Approach to Avoid Exhaustion and Breakdown of Regional Healthcare

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

Negative Spiral in Medical Remote Areas



Utilization of the Ishinkan Scheme

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

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

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

Main Support Offerings

Such as Hospital Bed Conversion and Hospice Opening

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

Main Support Offerings



**Conversion of
Hospital Beds**



**Opening of
Hospices**



**Attracting
Patients**



**Dispatching
Human Resources**



Cost Management



FP&A



Mezzanine Loans

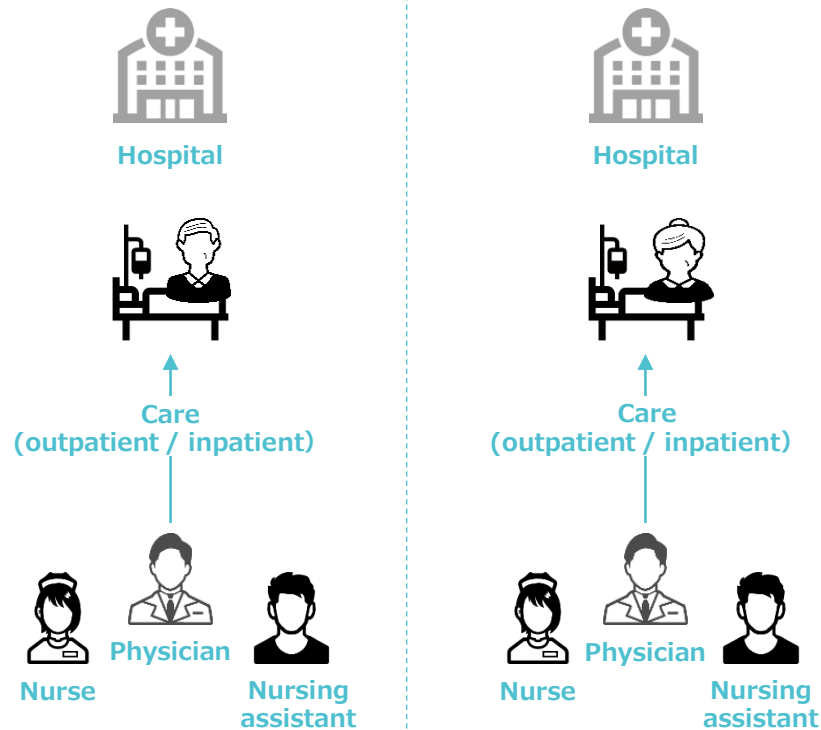


Factoring

Project Introduction: Hospital Project in a Remote Area

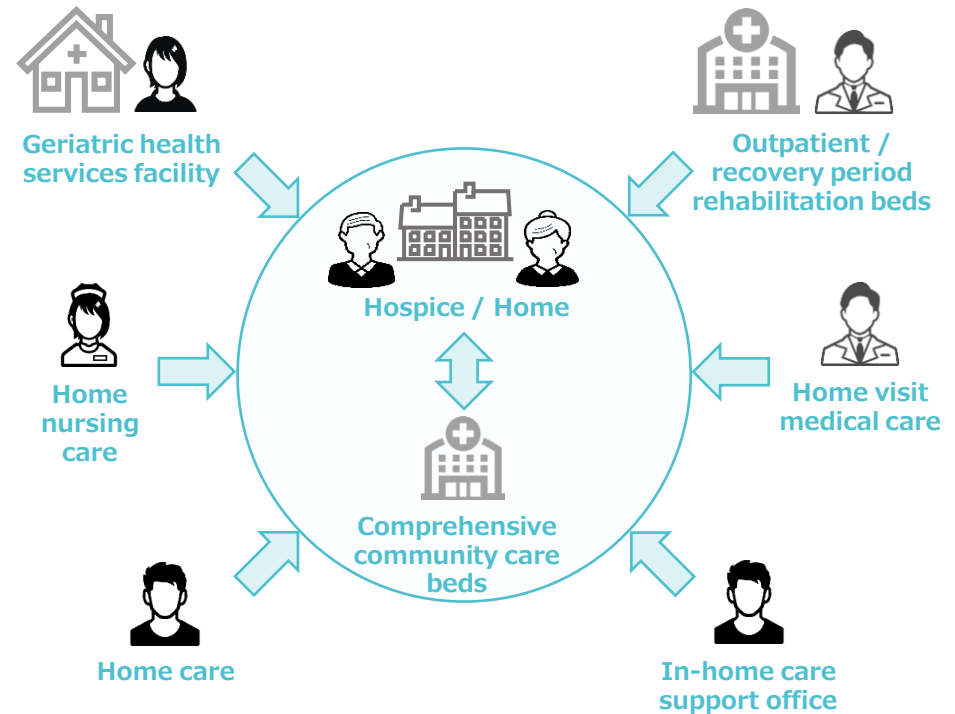
- We helped to establish a community-based medical care delivery system by reallocating management resources through integrated operation of 2 hospitals.
- We plan to increase the overall revenue of the business, including hospitals and other businesses, by differentiating the functions of hospitals.

Before Support (Hospital-Based)



- 2 hospitals with overlapping functions (about 300 beds in total) that provide conventional hospital-based medical care are located about 500 meters apart, but their functions were not efficiently allocated, and the hospitals, which play a key role in regional healthcare, were exhausted due to a shortage of physicians and an aging population.

After Support (Community-Based)



- We reviewed the allocation of medical resources, converted some hospital beds to hospice, and enhanced home healthcare services (home-visit medical care, home-visit nursing care, and home care). This will reduce the exhaustion of medical personnel, including physicians, and build a community-based medical care delivery system.



3. Appendix

1

The Market Has Been Growing Supported by Social Issues

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

2

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

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

3

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

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

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

- We begin conducting market and other surveys around 2 years prior to opening a new facility, making the decision to open after carefully reviewing the survey results.
- After opening, we manage personnel numbers based on utilization rates to achieve profitability on a monthly basis in 4–6 months and become profitable on a cumulative basis after 10–12 months, with payback within 5 years.

From Project Cultivation to Opening

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

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

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

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

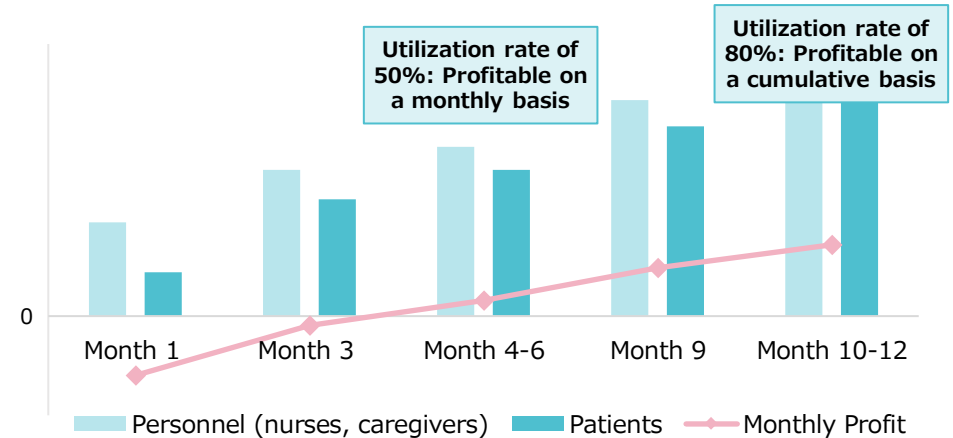
From 1 year to 6 months before: Announce opening and begin construction

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

3 months before: Commence pre-launch sales activities

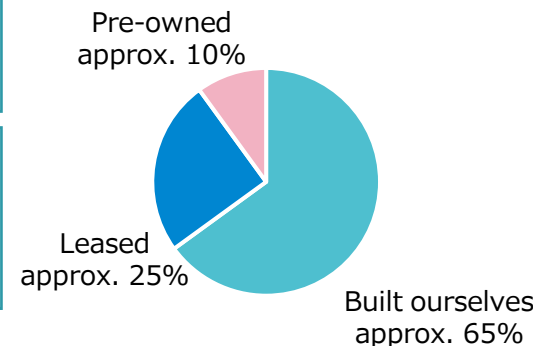
- Step up full-fledged marketing to hospitals, begin promoting occupancy.
- Prepare for opening, with collaboration from supporting staff from headquarters and other facilities.

From Opening Stable Operation (Base Case)

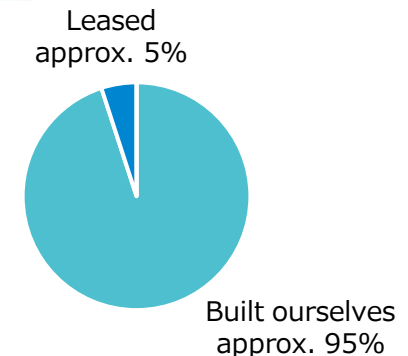


Facility Open Methods

Overall



Opened in FY23

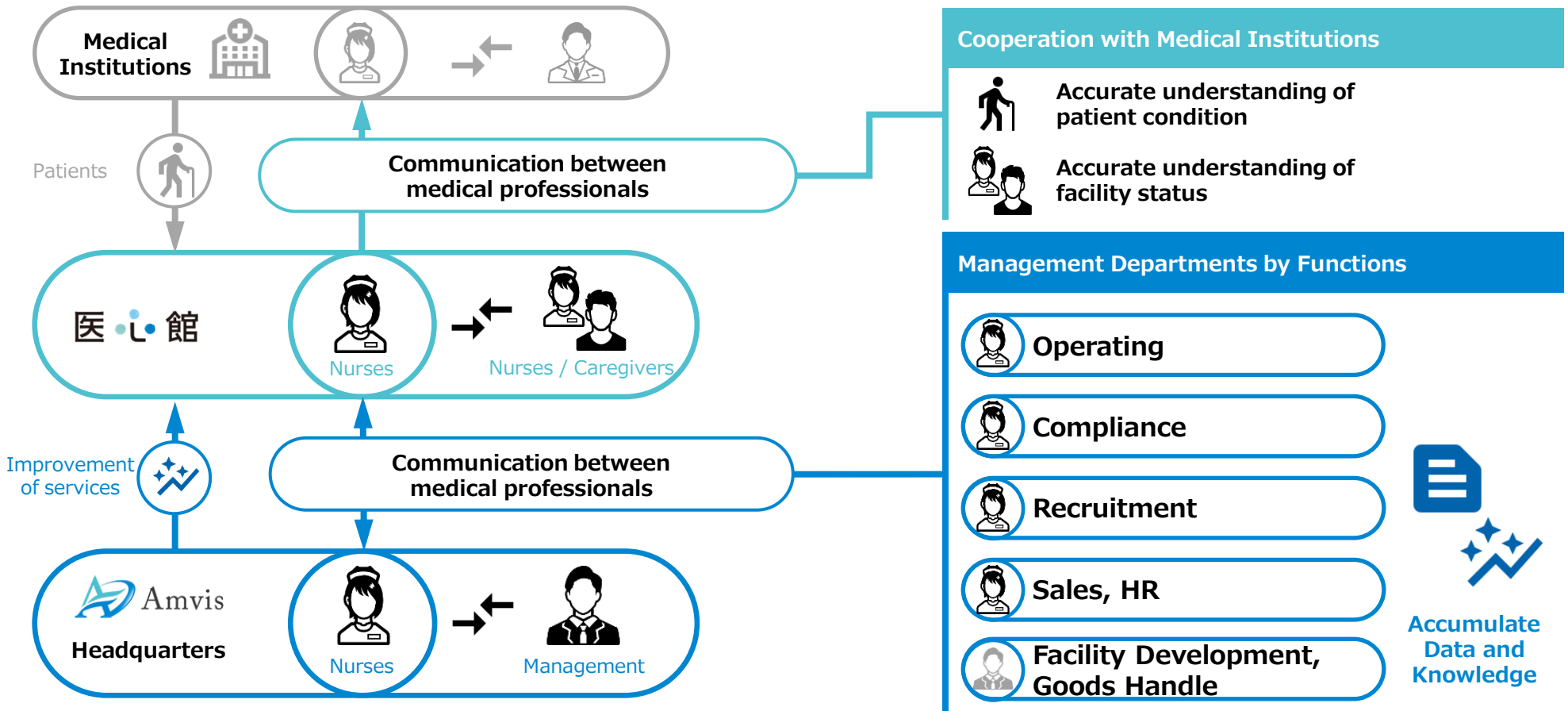


Opening

Operating Strategy: Headquarters-Focused Management System Providing Competitive Advantage

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

Headquarters-Focused Management System



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

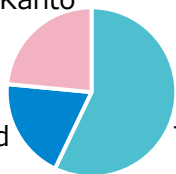
- We continue to form dominant areas in the Tokyo metro area and expect the Tokyo metro area to account for about 50–60% of our facilities at the end of FY25.

Expand Deployment Region

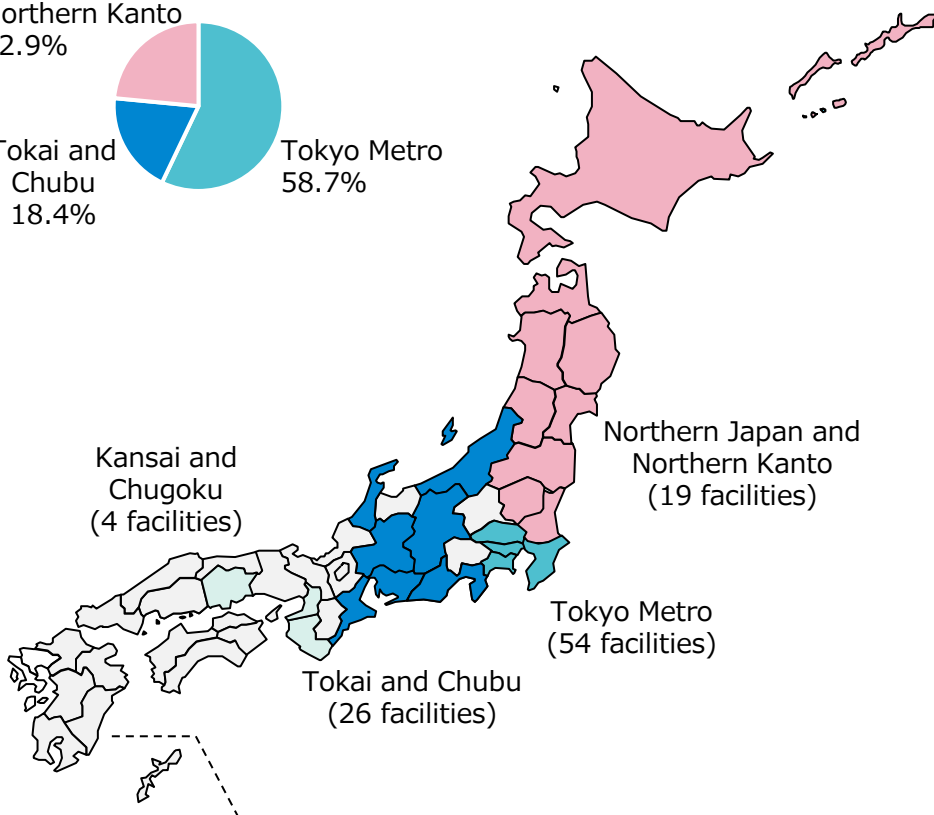
Net Sales (FY23)

Northern Japan and Northern Kanto
22.9%

Tokai and Chubu
18.4%

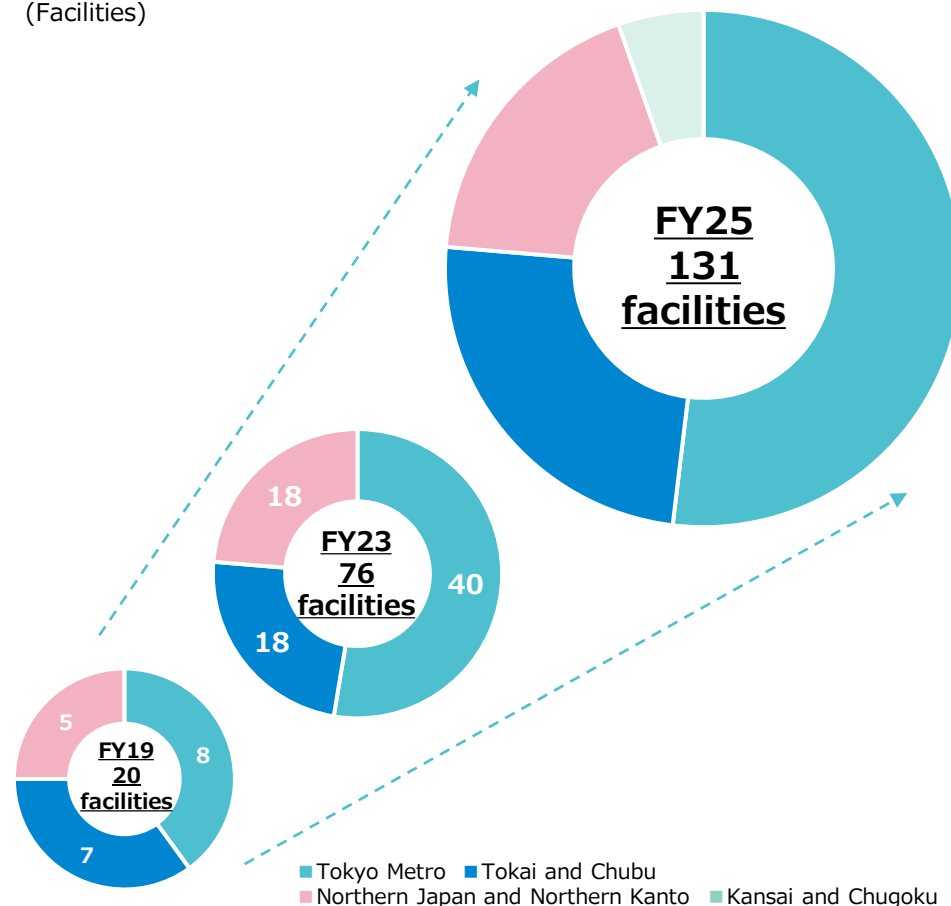


Tokyo Metro
58.7%



Number of Facilities by Region

(Facilities)



Note:
1. Number of facilities is as of September 30, 2024 (total: 103 facilities)

- We plan to open 27 facilities and expand 1 facility (1,411 beds) in FY24.
- Going forward, we will accelerate the openings nationwide, including in Western Japan, focusing on the formation of dominant area in the Tokyo metro area.

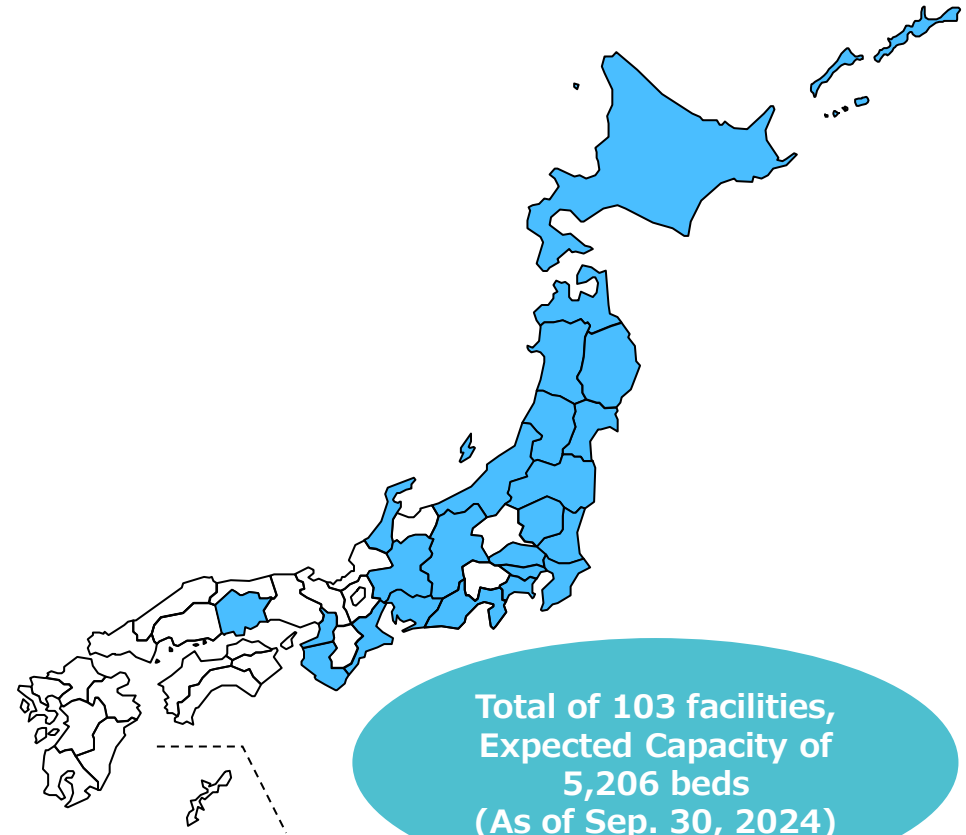
Opening Plans from Jul. 2023 to Sep. 2024

Opening Date	Location	Total Beds ⁽¹⁾
Aug. 2023	Omori, Nishi Funabashi, Hachinohe (Expansion)	147
Sep. 2023	Shizuoka II, Sendai Yaotome, Hachioji, Anjo	202
Oct. 2023	Oimachi	59
Nov. 2023	Ozone, Kanazawa, Toyota	143
Dec. 2023	Kotoni, Tajimi	101
Feb. 2024	Nishi Eifuku, Nishi Ogikubo, Minami Koshigaya, Mito (Expansion)	188
Mar. 2024	Sakura, Mejiro	93
Apr. 2024	Kumagaya, Kotesashi, Fujieda	152
May 2024	Ichihara, Ogaki	92
Jun. 2024	Ichinomiya, Okayama, Wakayama	148
Jul. 2024	Ebina, Toyonaka, Ryogoku	174
Aug. 2024	Soshigaya, Chikusa, Hiyoshi	150
Sep. 2024	Kameido, Kurashiki	111

Note:

1. Total beds is the sum of the capacities of multiple facilities
2. The month of expansion of Mito has been changed to Feb. 2024 from Dec. 2023
3. The month of opening of Ryogoku has been changed to Jul. 2024 from May 2024
4. The month of opening of Ichihara has been changed to May 2024 from Jun. 2024

Ishinkan Nationwide



Recruiting Strategy: Continued Carefully Selected Recruitment of Nurses and Caregivers



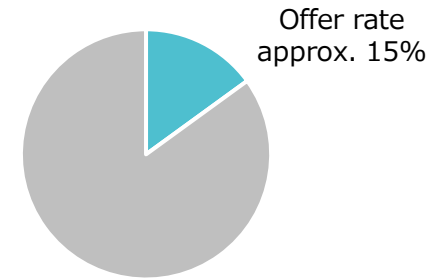
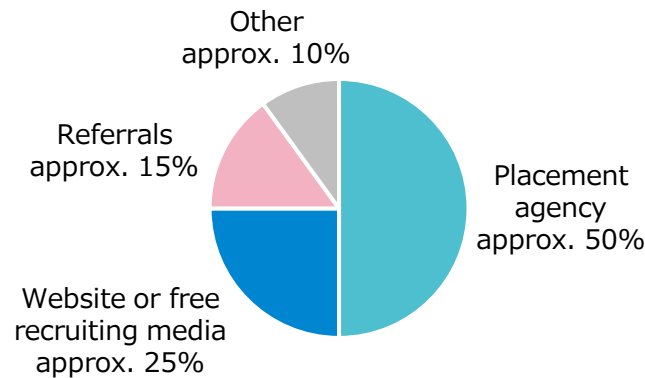
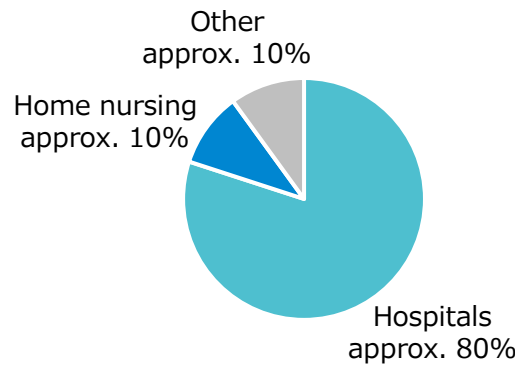
- We have been successful in recruiting talented and proactive people by offering some of the highest salaries in the industry and providing rewarding work experience that hospitals and other care facilities do not offer.
- We do not hire temporary nurses and caregivers. For caregivers, we do not use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

Prior Workplaces by Job Type

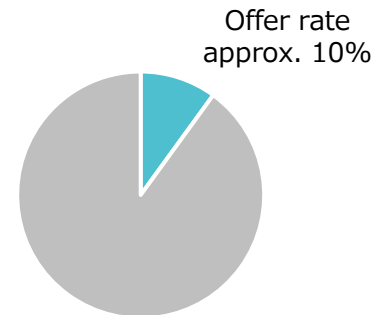
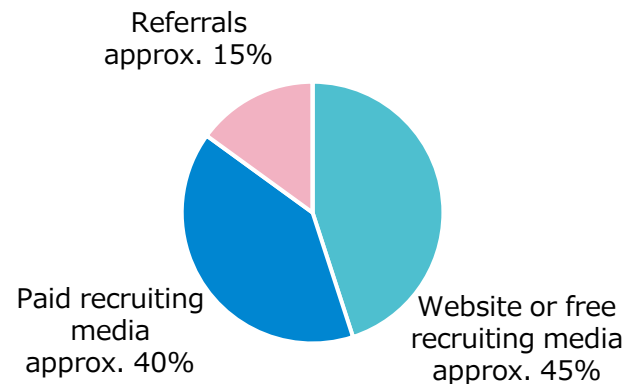
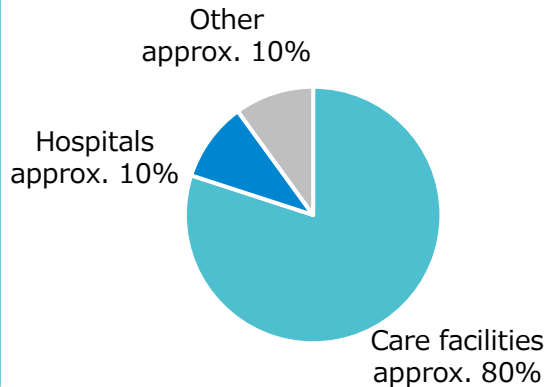
Hiring Routes by Job Type

Offer Rate by Job Type

Nurses



Care givers



Note:

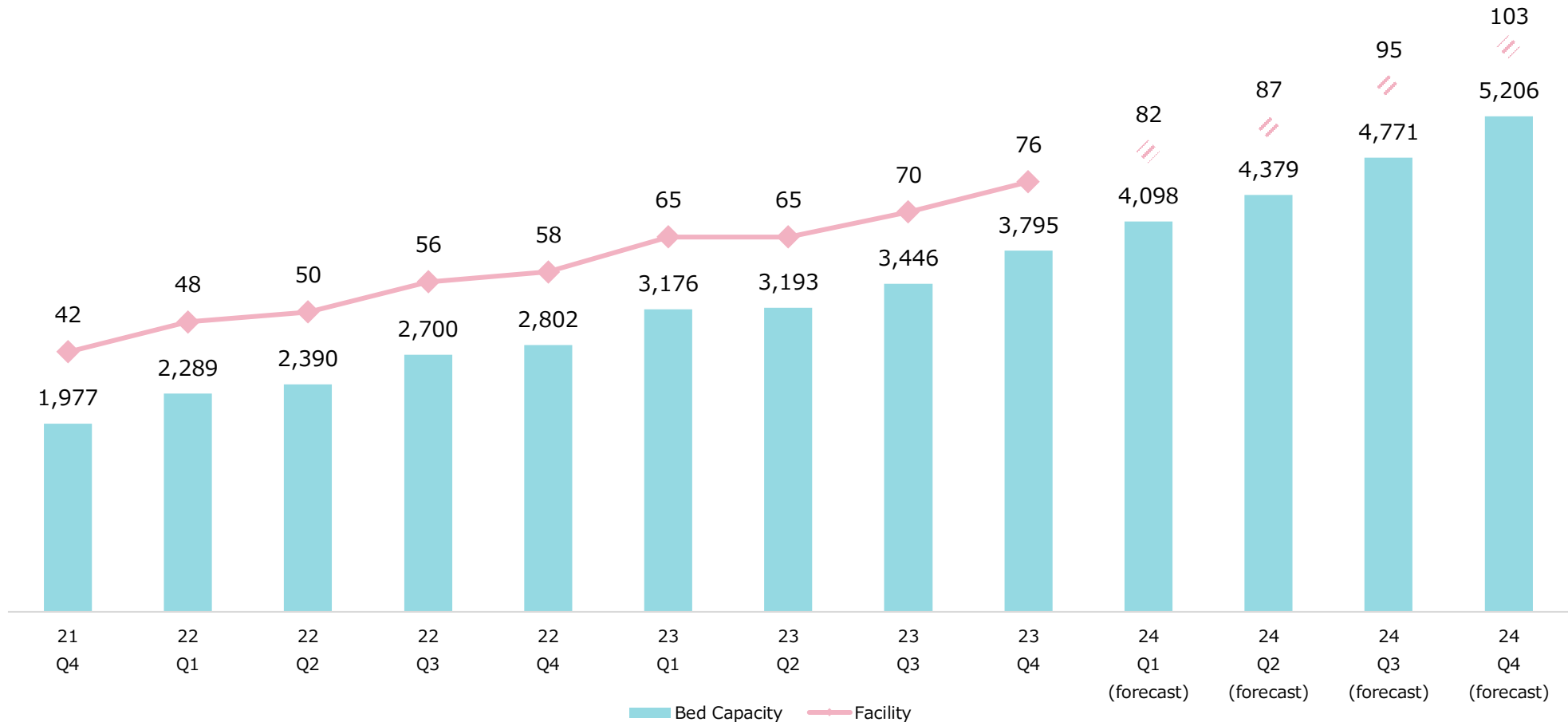
1. As of the latest date / Offer rate indicates the percentage of job offers to all applicants.

Quarterly Performance: Number of Facilities / Bed Capacity



Number of Facilities / Bed Capacity

(Facilities / Beds)

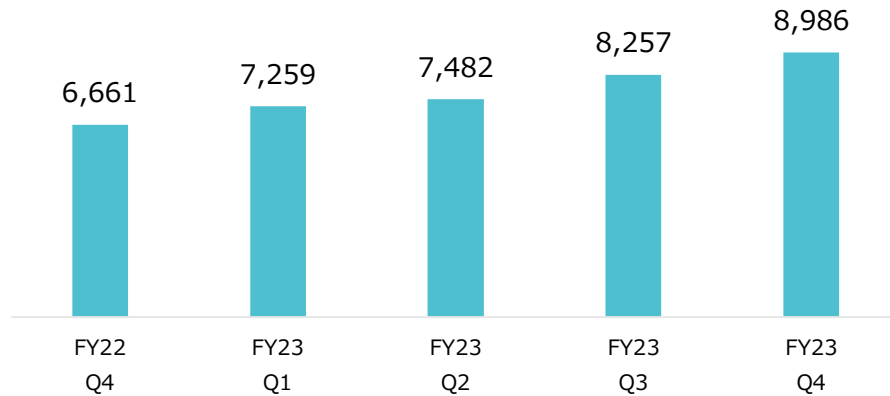


Quarterly Performance: Key Financial Indicators

Quarterly Performance

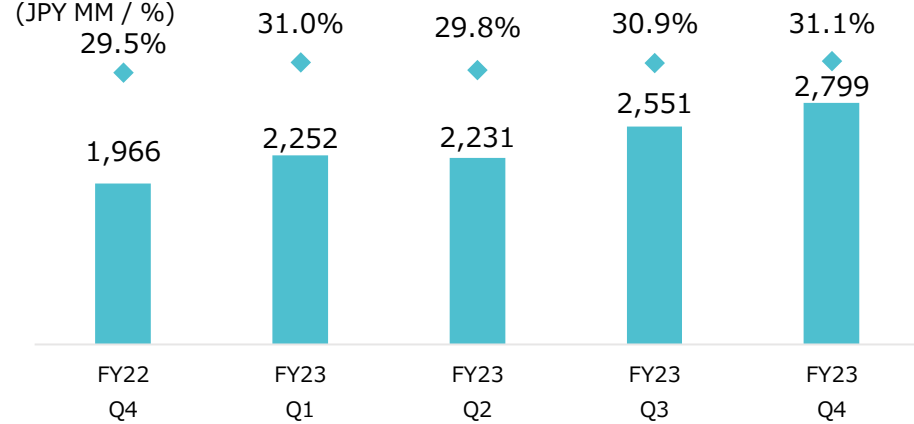
Net Sales

(JPY MM)

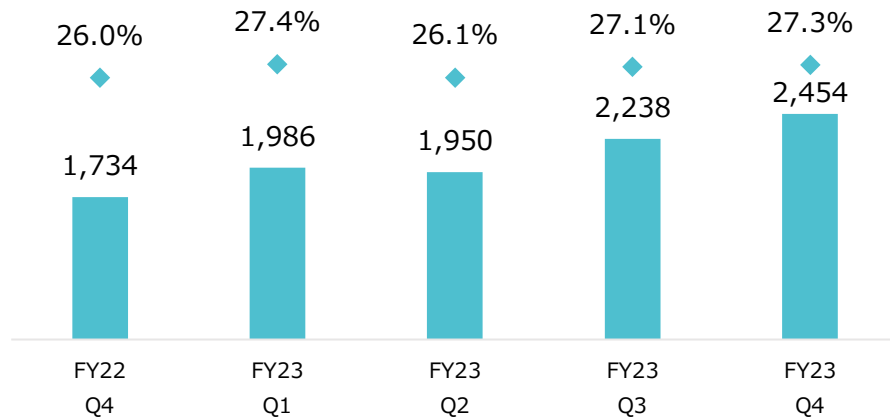


EBITDA

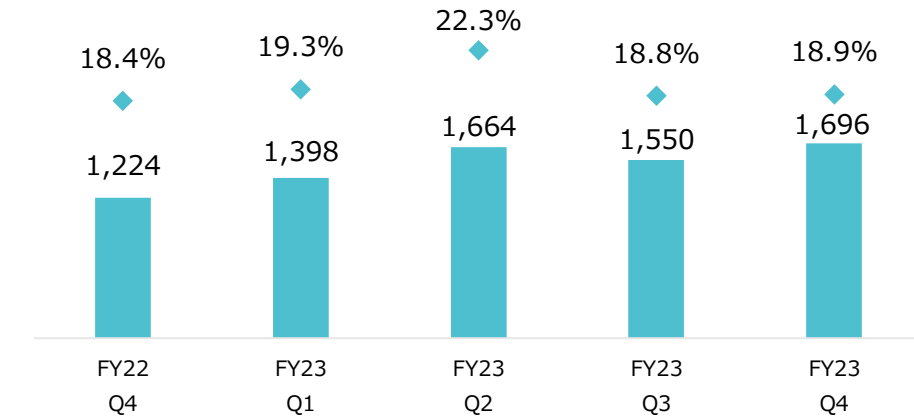
(JPY MM / %)



Operating Profit



Net Profit

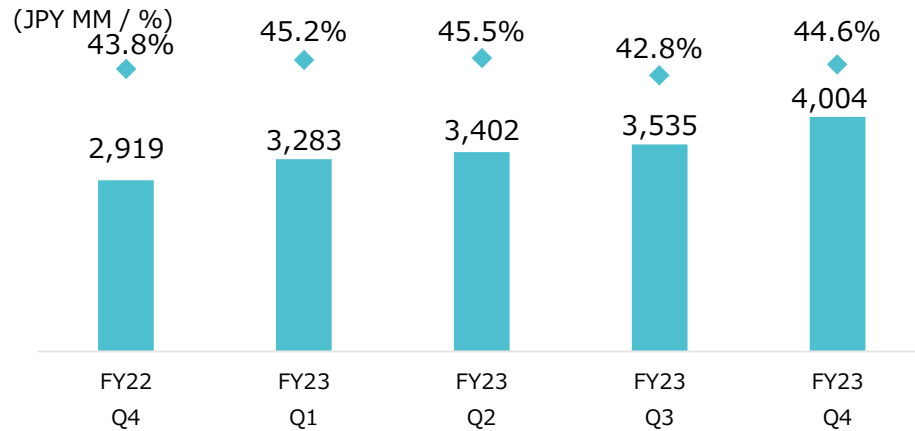


◆ : Percentage of Net Sales

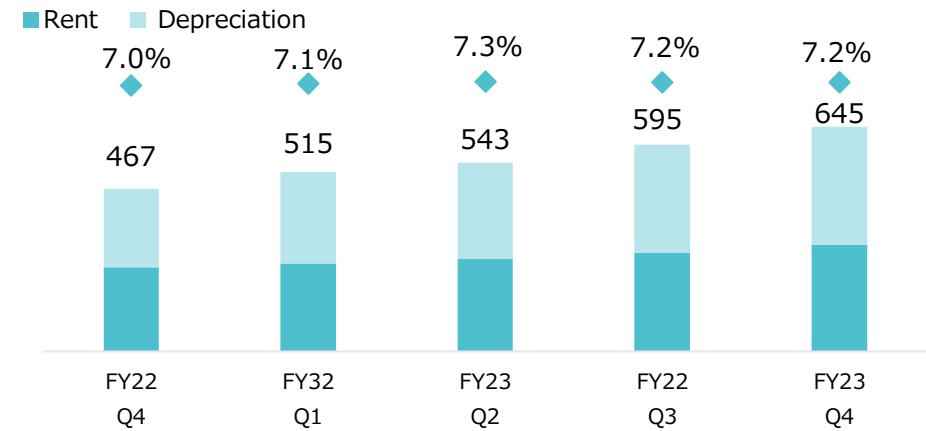
Quarterly Performance: Major Costs of Sales, SG&A Expenses

Quarterly Performance

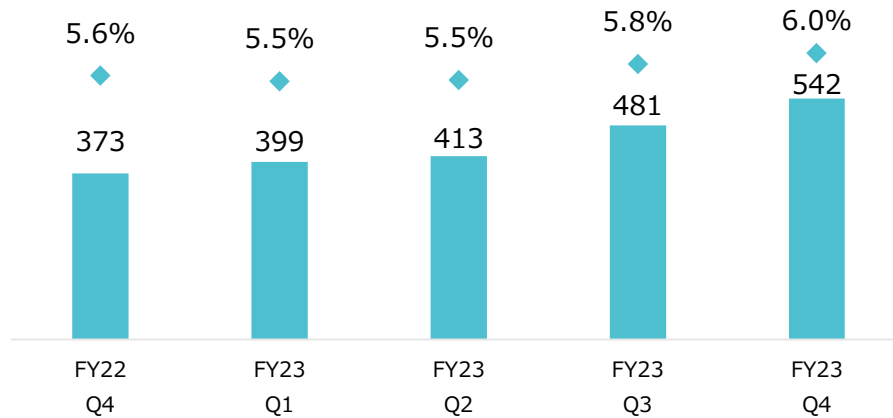
Personnel Expenses (Cost of Sales)



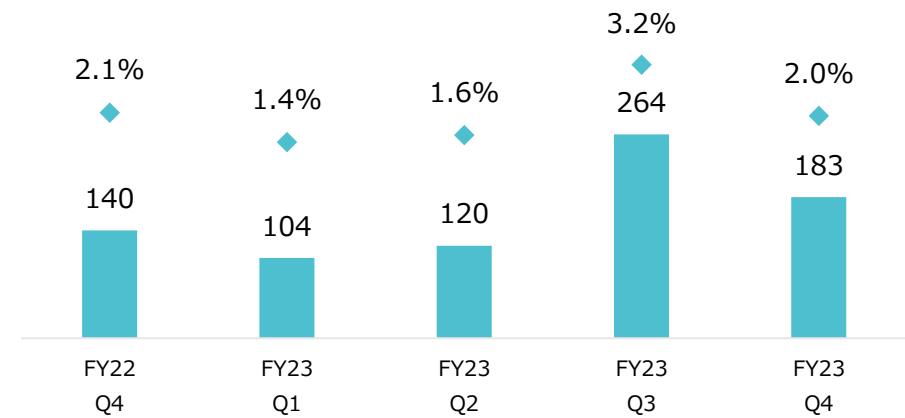
Rent & Depreciation (Cost of Sales)



Personnel Expenses (SG&A Expenses)



Recruiting Expenses (SG&A Expenses)



◆ : Percentage of Net Sales

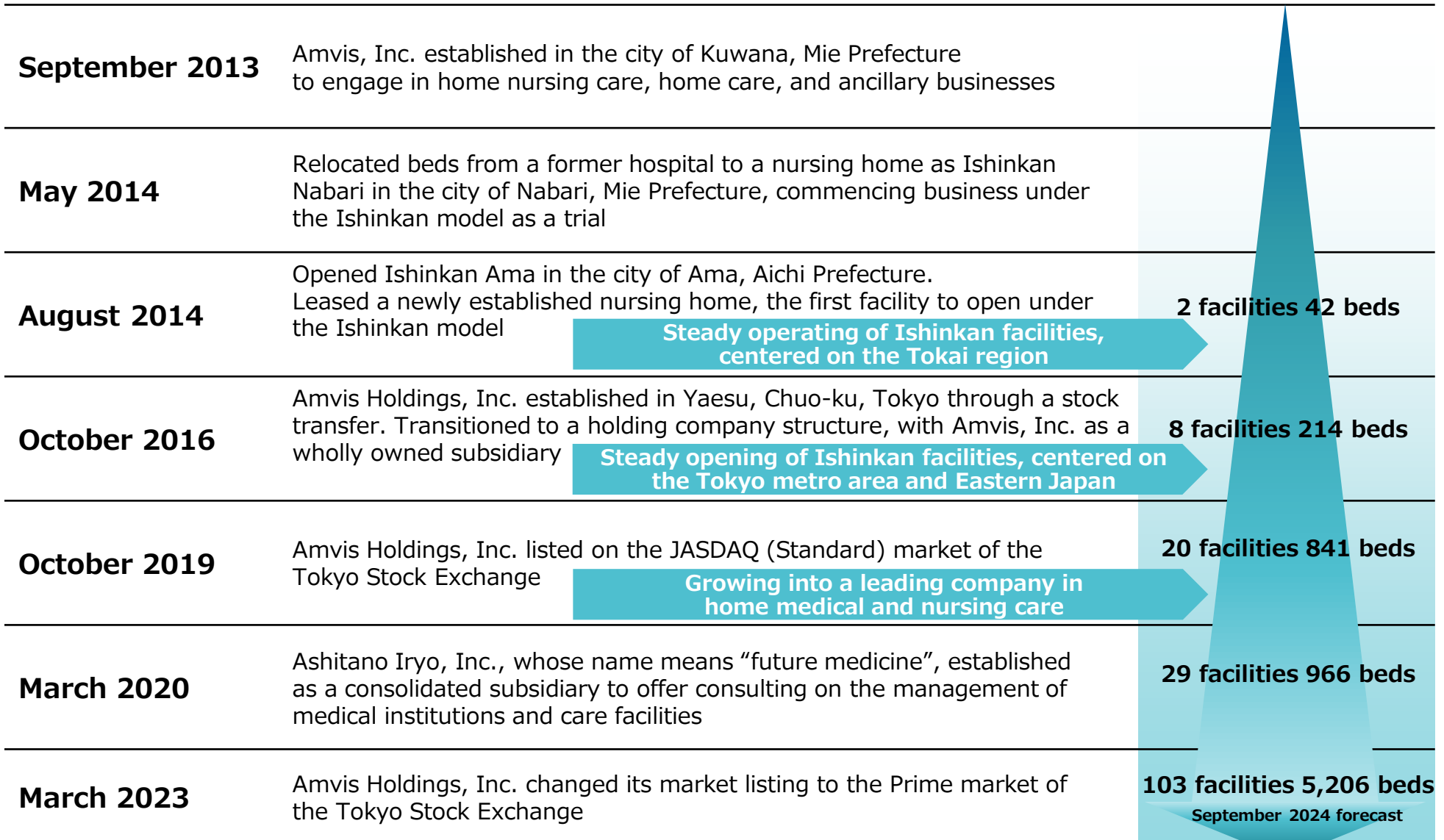
Summary of Balance Sheet / Cash Flow

Summary of Balance Sheet / Cash Flow

(JPY MM / %)	FY21	FY22	FY23	vs. FY22	(JPY MM)	FY20	FY21	FY23
Assets	31,922	41,767	55,559	+33.0%	Cash flows from operating activities	2,584	4,415	6,798
Cash and Deposits	11,192	11,342	12,128	+6.9%	Cash flows from investing activities	(5,780)	(7,751)	(10,312)
Buildings and Structures, Net	8,963	14,322	21,151	+47.7%	Purchase of Property, Plant and Equipment	(5,362)	(7,118)	(9,837)
Liabilities	15,580	21,308	29,036	+36.3%	Cash flows from financing activities	11,052	3,486	4,300
Borrowings	8,967	12,711	17,394	+36.8%	Net increase (decrease) in Borrowings	2,717	3,743	4,682
Net Assets	16,341	20,458	26,523	+29.6%	Net increase (decrease) in Cash and Cash Equivalents	7,856	150	786
Equity Ratio	51.2%	49.0%	47.7%	(1.2pt)	Cash and Cash Equivalents at the end of period	11,192	11,342	12,128



4. Company Overview



Management Mission

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

Confront Social (Medical) Issues
through Structural Innovation



Business Mission

Strengthen and Revitalize Regional Healthcare

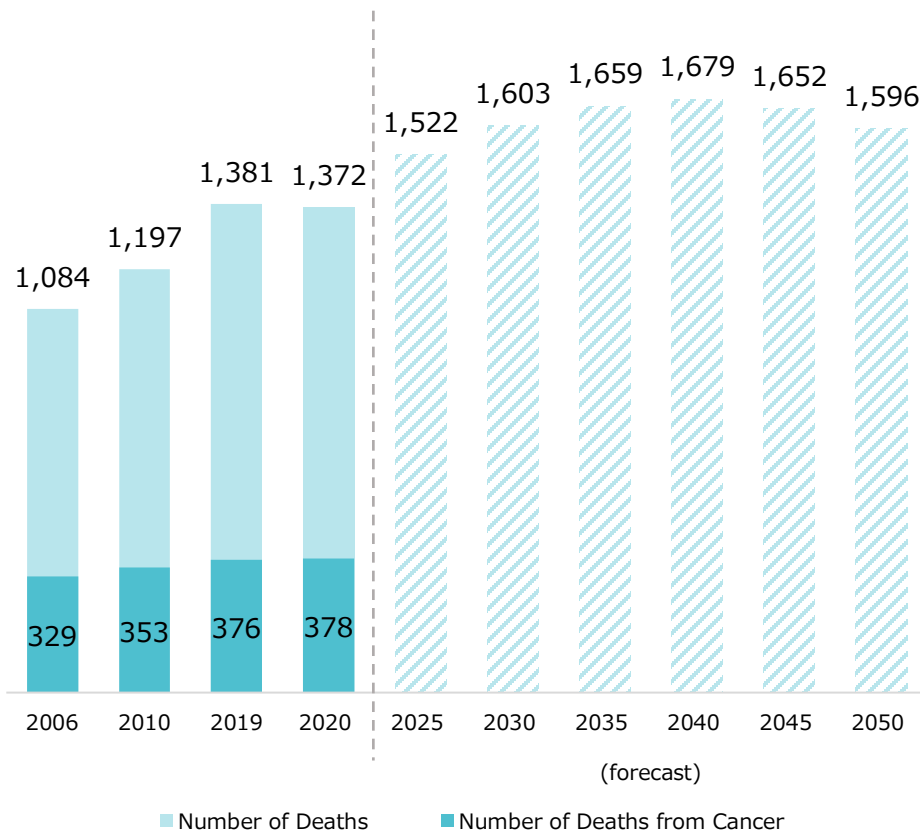
Accept Patients with High Medical Dependency by Operating
“Ishinkan” Hospices Specialized in Nursing and Care Services
in Terminal Stages

Environment Surrounding the Ishinkan Business

- As a result of the government's policy shifts from hospital-based to community-based medical care, the number of hospital deaths peaked around 2005 and has been decreasing, with a gradual shift to deaths in nursing homes such as hospices, owing to the arrival of an aging and shrinking population.
- Ishinkan accepts about 5,600 cancer patients per year, only 1.4% in Japan, so there is room for further acceptance.

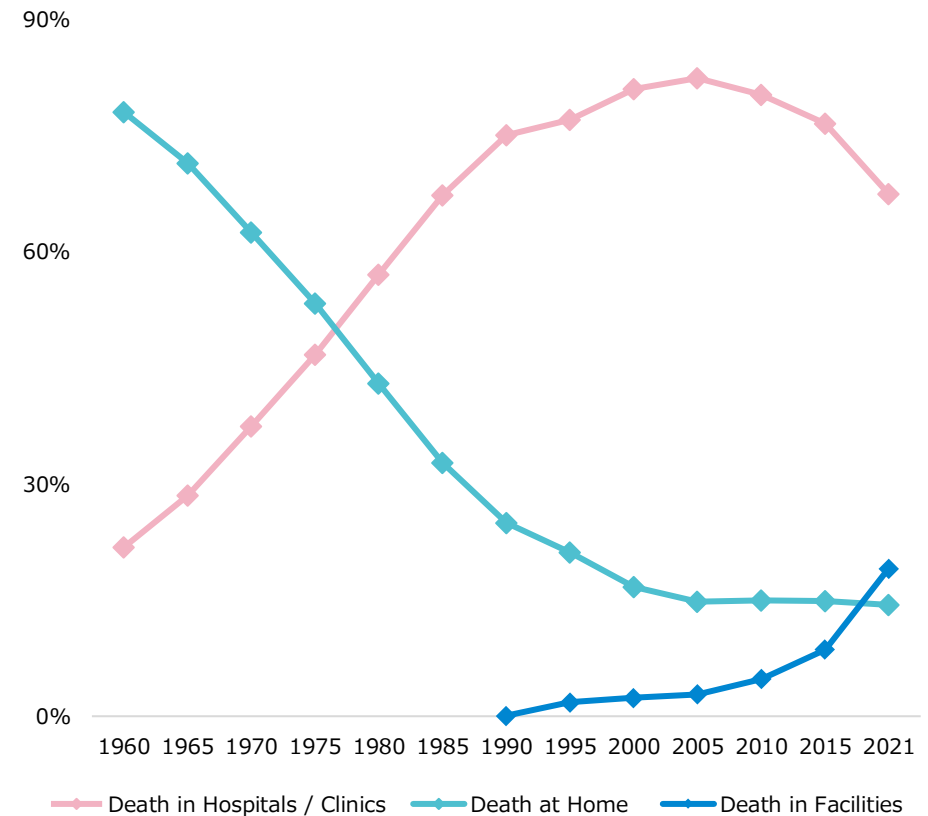
Number of Deaths (Overall, Cancer)

('000)



Place of Deaths (Composition)

(%)

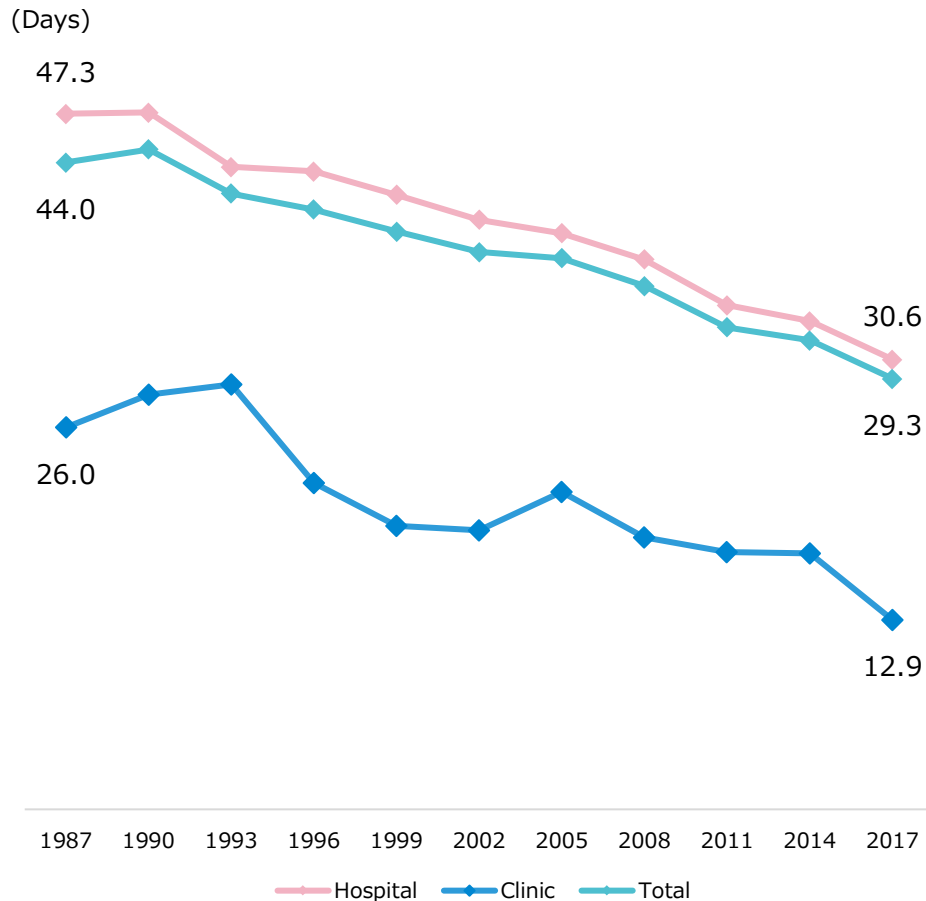


Source: Vital Statistics of the Ministry of Health, Labour and Welfare and projection results based on medium-fertility/medium-mortality assumptions (including overseas nationals in Japan) of "Population Projections for Japan" by the National Institute of Population and Social Security Research

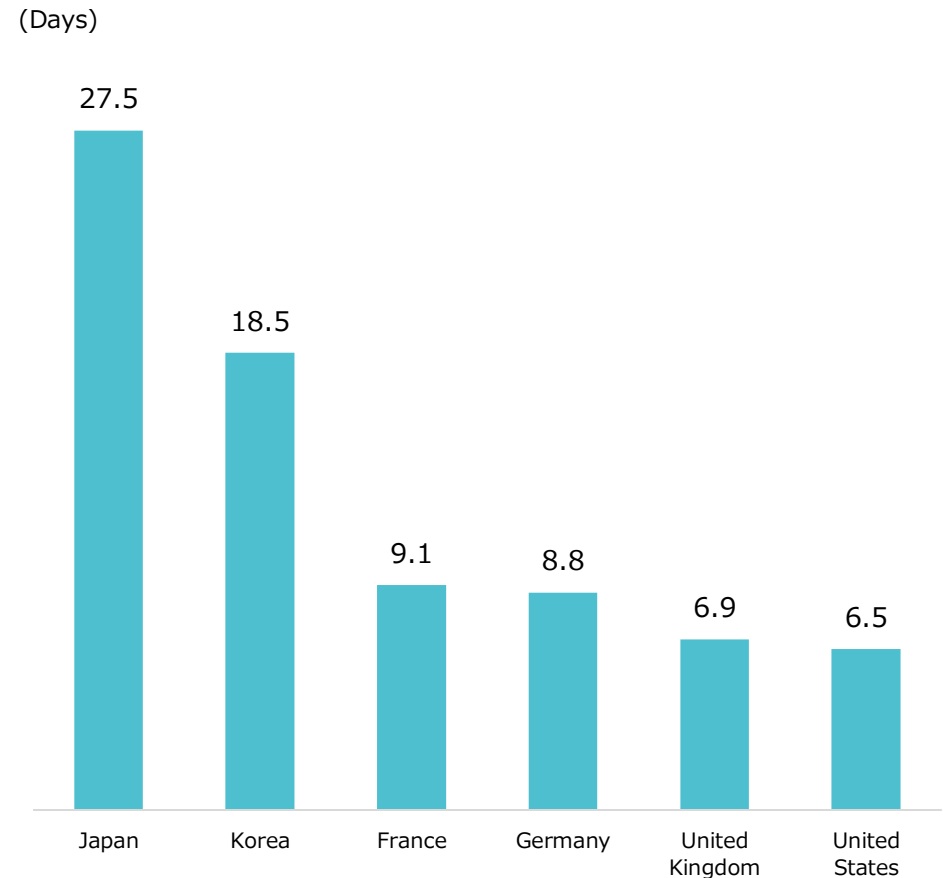
Shortening Average Length of Hospital Stay

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

Average Length of Hospital Stay



Hospital Stays in Major Countries



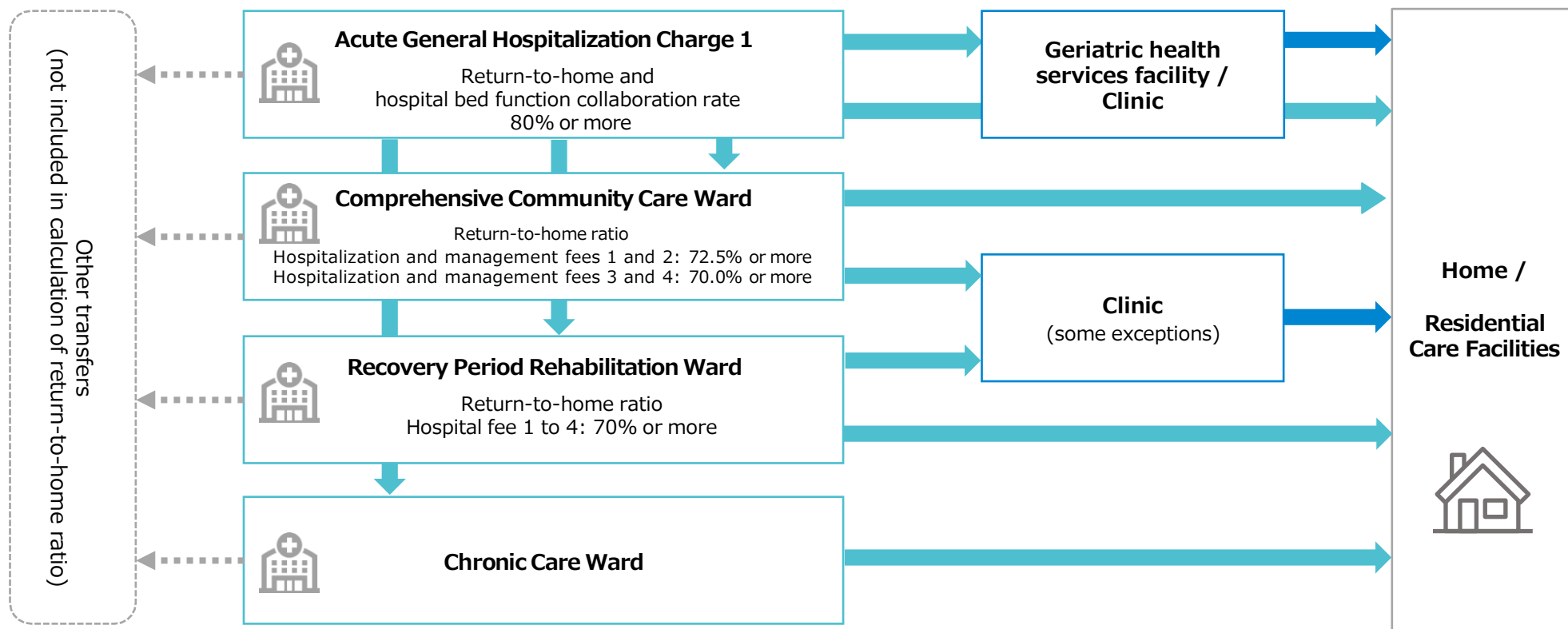
Source: Patient Survey of Ministry of Health, Labour and Welfare and Inpatient care average length of stay, all hospitals of OECD Health Care Utilisation (2021)

Establishment of Return-to-Home Ratio

- Clearly defined return-to-home ratios based on medical institutions have accelerated the flow of patients to their homes or facilities.

Establishment of Return-to-Home Ratio

➔ Discharges and transfers that are counted as returns to home in calculating the return-to-home ratio for each ward

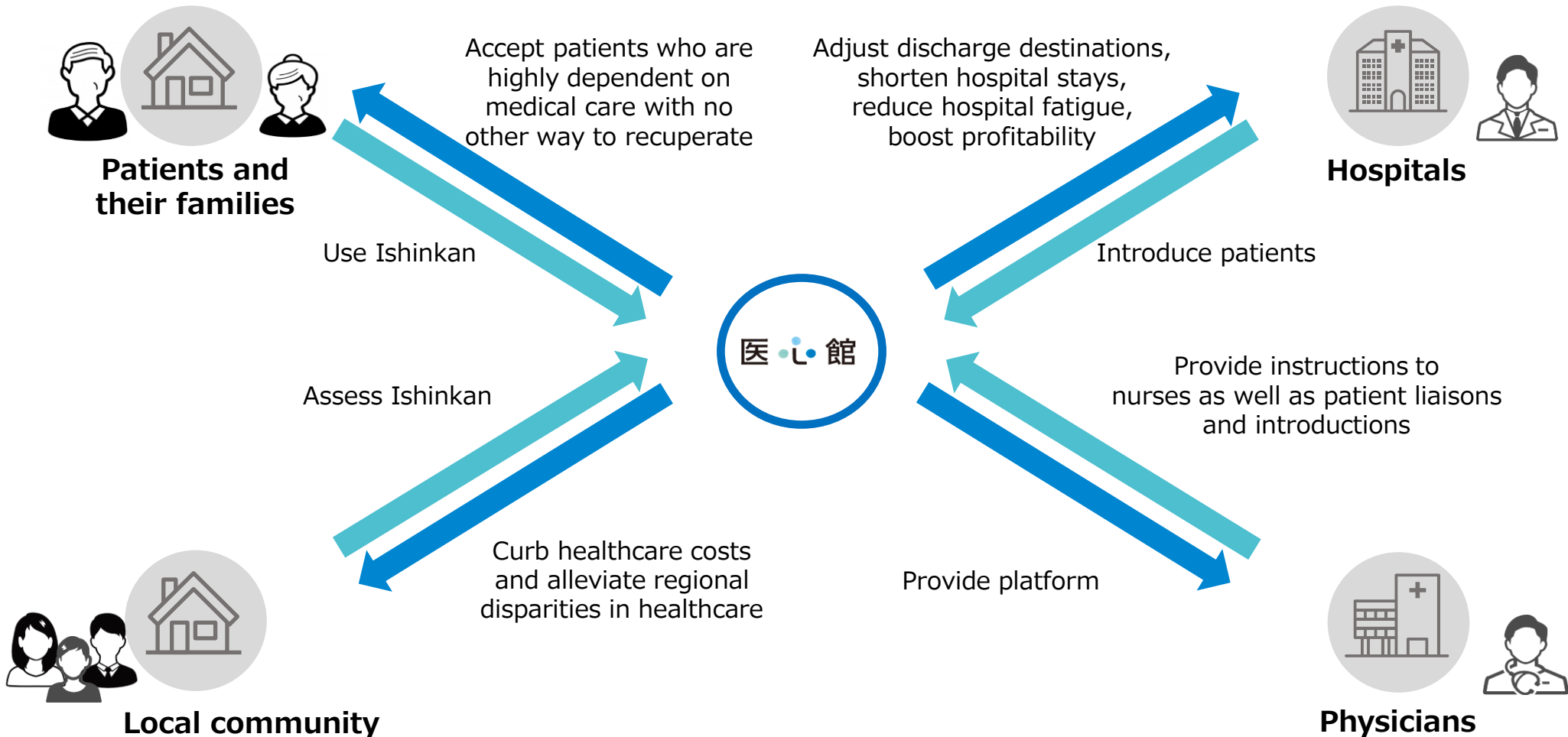


Source: Explanatory Material for FY22 Revision of Medical Service Compensation of Ministry of Health, Labour and Welfare
Note:

- Excluding transfers within own hospital
- The description related to the additional fee for reinforcing functions for return-to-home is omitted

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

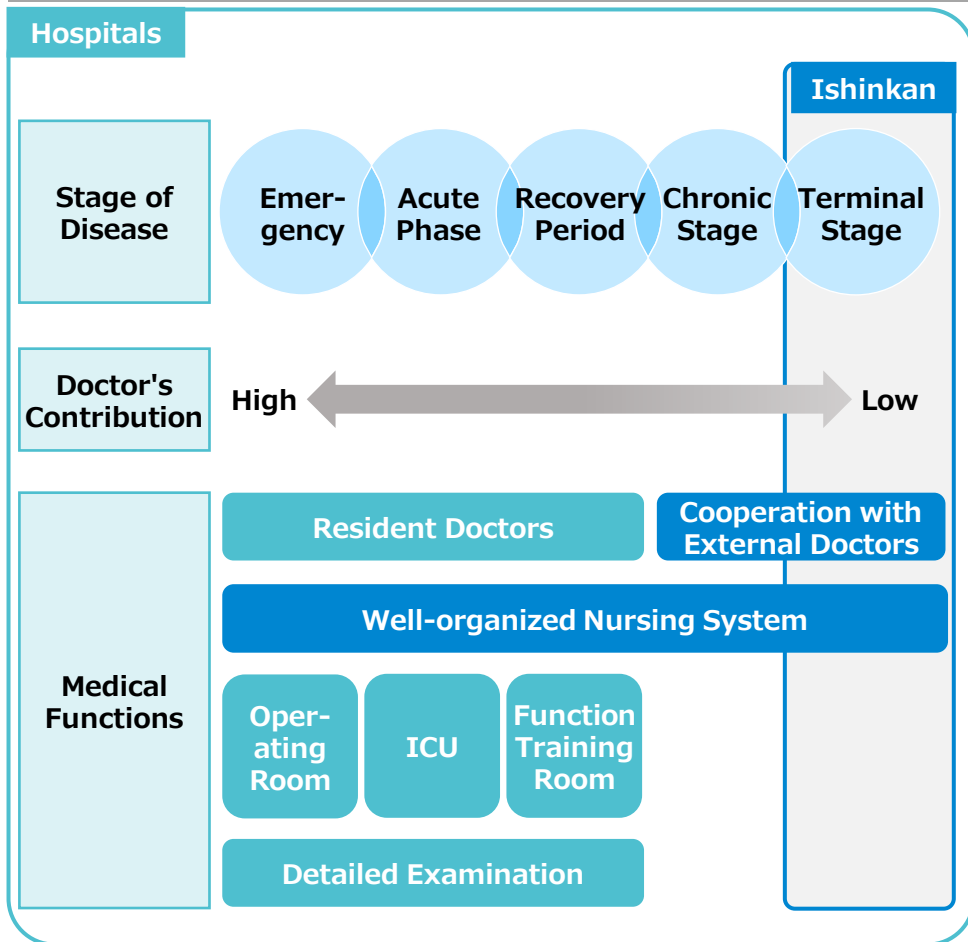
Ishinkan as a Platform Supporting Regional Medical Care



Ishinkan Business Overview: Concept / Characteristics and Profit Structure

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

Concept



Characteristics

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

Profit Structure (Three-Tier Structure)

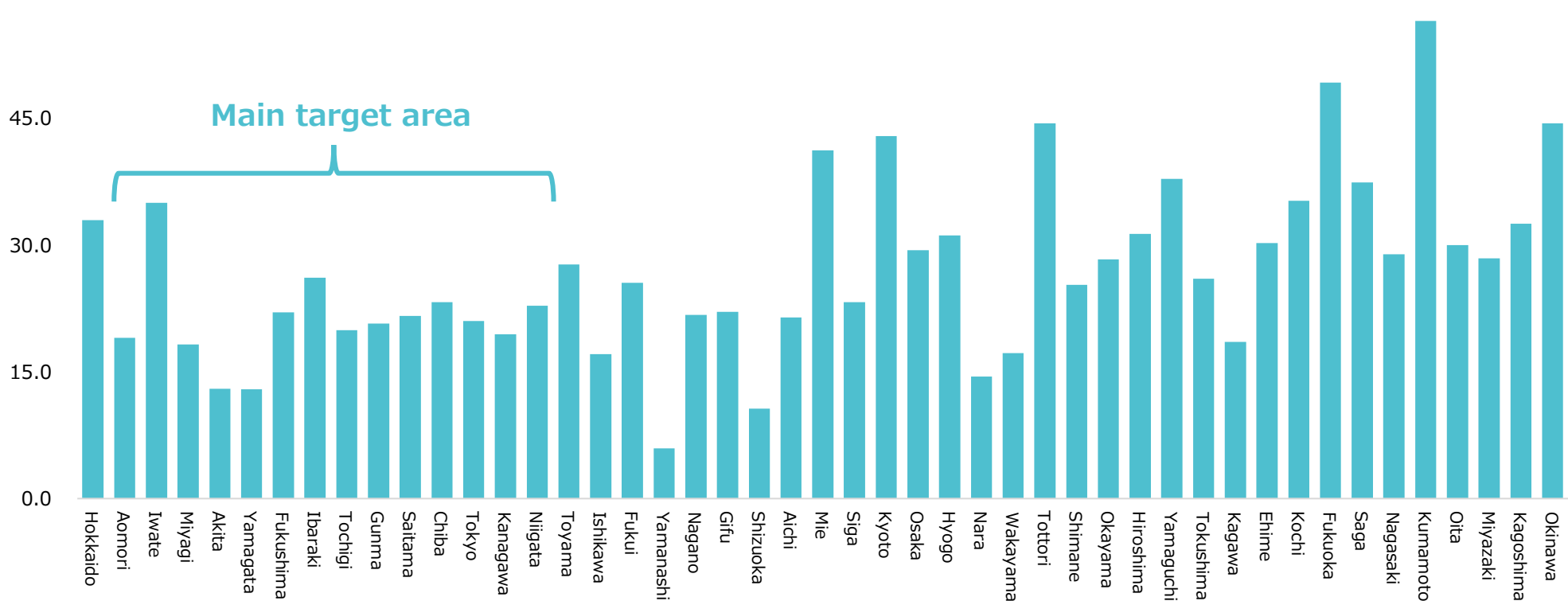
Sales from medical insurance	<ul style="list-style-type: none"> • Home nursing care services provided by medical insurance • Copayment rate at 10% to 30% in principle • Accounts for around 60% of net sales
Sales from care insurance	<ul style="list-style-type: none"> • Units differentiated by degree of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

Difference in Number of Palliative Care Beds by Region

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

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

(Palliative care beds per hundred thousand people)
60.0



Source: Hospice Palliative Care Japan “The number of approved facilities and beds as palliative care wards inpatient division (as of June 15, 2022)”, Ministry of Internal Affairs and Communications “Population Estimate (as of October 1, 2022)”

Note:

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

1 Response to Social Issues / Environmental Preservation

Contribution to society



Contribution to regional healthcare



Resource considerations



2 Human Resources

Diversity



Work-life balance



Development of abilities

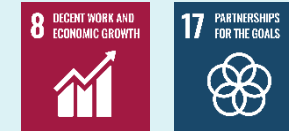


3 Compliance / Governance

Compliance promotion structure



Hotline system



Others



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

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

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

Sustainability Management: ESG Rating

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

Materiality



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



**Achieving Operations
in Harmony with Nature**



**Building a Workplace
That Invigorates All Workers**



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

Third-Party ESG Evaluation

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

MSCI
ESG RATINGS



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