

[NOTICE: This Matters Disclosed on the Internet Concerning Notice of the 6th Ordinary General Meeting of Shareholders is a translation of the Japanese original for reference purposes only, and in the event of any discrepancy, the Japanese original shall prevail.]

## Matters Disclosed on the Internet Concerning Notice of the 6th Ordinary General Meeting of Shareholders

Notes Regarding Consolidated Financial Statements

Notes Regarding Non-Consolidated Financial Statements

(From October 1, 2021 to September 30, 2022)

Amvis Holdings, Inc.

The above matters are provided to shareholders by posting them on the website of Amvis Holdings, Inc. (hereinafter referred to as the "Company") (<https://www.amvis.com/en/>) in accordance with laws and regulations and Article 14 of the Articles of Incorporation.

## Notes Regarding Consolidated Financial Statements

### Notes Regarding Significant Basis for the Preparation of Consolidated Financial Statements

#### 1. Matters concerning the scope of consolidation

Number of consolidated subsidiaries and names of consolidated subsidiaries

Number of consolidated subsidiaries 2 companies

Name of consolidated subsidiaries Amvis, Inc.

Ashitano Iryo, Inc.

#### 2. Application of the equity method

Not applicable.

#### 3. Matters concerning accounting policies

##### (1) Depreciation method for important depreciable assets

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

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

The main useful lives are as follows:

Buildings and structures 2 to 47 years

Machinery, equipment and vehicles 2 to 3 years

Tools, furniture and fixtures 2 to 17 years

###### (b) Intangible assets (excluding leased assets)

The straight-line method is used.

The main useful lives are as follows:

Software (for internal use) 5 years (usable period within the Company and its subsidiaries (hereinafter referred to as the "Group"))

Other 6 to 15 years

###### (c) Leased assets

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

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

##### (2) Accounting standards for significant allowances and provisions

###### (a) Allowance for doubtful accounts

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

###### (b) Provision for bonuses

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

##### (3) Accounting for significant deferred assets

Share issuance cost

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

#### (4) Method of accounting for retirement benefits

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

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

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

##### Method of amortizing actuarial gains and losses

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

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

#### (5) Revenue and expense recognition standards

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

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

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

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

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

##### Accounting treatment of consumption taxes

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

##### Amortization method and period of goodwill

Goodwill is amortized in equal amounts over its effective period (five years).

##### Impairment loss on fixed assets

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

### **Notes Regarding Changes in Accounting Policies**

Application of Accounting Standard for Revenue Recognition and other related standards

The Group began applying the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020; hereinafter referred to as the “Revenue Recognition Accounting Standard”) and other related standards at the beginning of the current consolidated fiscal year. Accordingly, when control of any promised goods or services is transferred to customers, revenue is recognized in the amount expected to be received in exchange for said goods or services. The application of the Revenue Recognition Accounting Standard and other related standards is in accordance with the transitional treatment stipulated in the proviso of paragraph 84 of the Revenue Recognition Accounting Standard. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the current consolidated fiscal year, was added to or subtracted from the beginning balance of retained earnings of the current consolidated fiscal year, and thus the new accounting policy was applied, having started from the said beginning balance. The changes in accounting policies have no impact on the consolidated financial statements.

Application of Accounting Standard for Fair Value Measurement and other related standards

The Group began applying the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as the “Fair Value Measurement Accounting Standard”) and other related standards at the beginning of the current consolidated fiscal year. The Group has decided to apply the new accounting policies outlined in the Fair Value Measurement Accounting Standard and other related standards for the foreseeable future in accordance with the transitional treatments stipulated in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). The changes in accounting policies have no impact on the consolidated financial statements.

In addition, in the “Notes (Notes Regarding Financial Instruments),” the Group has decided to provide notes on items such as the breakdown of the fair value of financial instruments by level.

### **Notes Regarding Accounting Estimates**

Not applicable.

## Notes Regarding Consolidated Balance Sheets

### 1. Pledged assets and secured liabilities

#### (1) Assets pledged as collateral

Buildings and structures, net	11,098 million yen
Land	1,404 million yen
Total	<u>12,503 million yen</u>

#### (2) Secured liabilities

Long-term borrowings (Including current portion)	9,765 million yen
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### 2. Accumulated depreciation of property, plant and equipment

Buildings and structures	1,140 million yen
Machinery, equipment and vehicles	47 million yen
Tools, furniture and fixtures	184 million yen
Leased assets	482 million yen
Total	<u>1,854 million yen</u>

## Notes Regarding Consolidated Statements of Income

Revenue from contracts with customers

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

## Notes Regarding Consolidated Statements of Changes in Net Assets

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

Type of shares	Number of shares at the beginning of current fiscal year	Increase in number of shares	Decrease in number of shares	Number of shares at the end of current fiscal year
Shares issued				
Common shares (shares)	24,280,000	24,637,600	—	48,917,600
Treasury shares				
Common shares (shares)	228	228	—	456

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

Increase due to issuance of new shares upon exercise of stock acquisition rights: 357,600 shares

Increase due to stock split: 24,280,000 shares

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

Increase due to stock split: 228 shares

(Note 3) The Company has implemented a 2-for-1 stock split on October 1, 2022. The stock split is not taken into account about the number of common shares of shares issued and treasury shares.

2. Matters related to dividends

(1) Dividends paid

Resolution	Type of shares	Total dividends (million yen)	Dividends per share (yen)	Reference date	Effective date
Ordinary General Meeting of Shareholders on December 24, 2021	Common shares	218	9.00	September 30, 2021	December 27, 2021

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

To be resolved	Class of shares	Source of dividends	Total dividends (million yen)	Dividends per share (yen)	Reference date	Effective date
Ordinary General Meeting of Shareholders on December 23, 2022	Common shares	Retained earnings	293	6.00	September 30, 2022	December 26, 2022

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

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

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

Common shares 137,600 shares

(Note) The Company has implemented a 2-for-1 stock split on October 1, 2022. The stock split is not taken into account about the number of common shares.

## Notes Regarding Financial Instruments

### 1. Matters concerning the status of financial instruments

#### (1) Policy on financial instruments

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

#### (2) Description of financial instruments and their risks

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

Payables, such as accounts payable, accounts payable – other and accrued expenses, are generally due within one month. Borrowings and lease obligations related to finance leases are mainly for the purpose of establishing facilities, and their redemption dates are up to 32 years after the consolidated settlement date. Some of the borrowings are exposed to the risk of interest rate fluctuations.

#### (3) Risk management system for financial instruments

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

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

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

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

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

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

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

## 2. Matters concerning the fair value of financial instruments

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

	Carrying value (million yen)	Fair value (million yen)	Difference (million yen)
(1) Leasehold and guarantee deposits	1,623	1,598	(25)
Total assets	1,623	1,598	(25)
(1) Long-term borrowings (*2)	10,958	10,976	17
(2) Lease obligations (*2)	4,724	5,077	353
Total liabilities	15,682	16,053	371

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

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

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

	Within 1 year (million yen)	Over 1 to 5 years (million yen)	Over 5 to 10 years (million yen)	Over 10 years (million yen)
Cash and deposits	11,342	—	—	—
Accounts receivable	4,786	—	—	—
Leasehold and guarantee deposits	75	8	—	1,539
Total	16,204	8	—	1,539

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

	Within 1 year (million yen)	Over 1 to 2 years (million yen)	Over 2 to 3 years (million yen)	Over 3 to 4 years (million yen)	Over 4 to 5 years (million yen)	Over 5 years (million yen)
Short-term borrowings	1,753	—	—	—	—	—
Long-term borrowings	1,645	1,728	1,678	1,621	1,610	2,674
Lease obligations	101	105	108	111	115	4,181
Total	3,500	1,833	1,786	1,733	1,725	6,855



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

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

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

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

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

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

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

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

Category	Fair value (million yen)			
	Level1	Level2	Level3	Total
Leasehold and guarantee deposits	—	1,598	—	1,598
Total assets	—	1,598	—	1,598
Long-term borrowings (including current portion)	—	10,976	—	10,976
Lease obligations (including current portion)	—	5,077	—	5,077
Total liabilities	—	16,053	—	16,053

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

#### Leasehold and guarantee deposits

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

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

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

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

### Notes Regarding Revenue Recognition

#### 1. Information that disaggregates revenue arising from contracts with customers

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

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

## 2. Useful information in understanding revenue from contracts with customers

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

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

### (1) Balance of contract assets and contract liabilities

	Beginning of current fiscal year	End of current fiscal year
Receivables from contracts with customers	3,271 million yen	4,786 million yen
Contract assets	— million yen	— million yen
Contract liabilities	0 million yen	4 million yen

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

### (2) Transaction price allocated to remaining performance obligations

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

## Notes Regarding Per Share Information

	Fiscal year ended September 30, 2022
Net assets per share	209.12 yen
Earnings per share	44.03 yen

(Note) The Company has implemented 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 and earnings per share are calculated as if the stock split had been implemented at the beginning of the current fiscal year.

**Notes Regarding Significant Subsequent Events**

Common stock split

The Company has implemented a common stock split and partially amended the Articles of Incorporation on October 1, 2022 based on a resolution of the Board of Directors meeting held on August 10, 2022.

(1) Purpose of the Stock Split

The purpose of the stock split is to improve the liquidity of the Company’s stock and expand its investor base by reducing the stock price per investment unit.

(2) Method of the Stock Split

Each share of common stock owned by shareholders listed or recorded in the closing register of shareholders on the record date of September 30, 2022 has been split into two shares.

(3) Increase in Shares Due to the Stock Split

Total number of issued shares prior to the stock split:	48,917,600 shares
Increase in shares due to the stock split:	48,917,600 shares
Total number of issued shares following the stock split:	97,835,200 shares
Total number of authorized shares following the stock split:	320,000,000 shares

(4) Schedule of the Stock Split

Public notice of record date: September 8, 2022  
 Record date: September 30, 2022  
 Effective date: October 1, 2022

(5) Impact on Per Share Information

Per share information assuming that the stock split was implemented at the beginning of the current consolidated fiscal year is referred in the relevant section.

(6) Partial Amendment to the Articles of Incorporation Relating to the Stock Split

(a) Reason for the amendment

In conjunction with the stock split, pursuant to Article 184, Paragraph 2 of the Companies Act, by resolution of the Board of Directors on August 10, 2022, the Company has amended Article 6 (Total Number of Authorized Shares) of its Articles of Incorporation, effective October 1, 2022.

(b) Details of the amendment

The details of the amendment are as follows.

(Amendment is underlined)

Current Articles of Incorporation	Articles of Incorporation after Amendment
Article 6 (Total Number of Authorized Shares) The total number of shares authorized to be issued by the Company shall be <u>160,000,000</u> shares.	Article 6 (Total Number of Authorized Shares) The total number of shares authorized to be issued by the Company shall be <u>320,000,000</u> shares.

(c) Schedule of the amendment

Effective date: October 1, 2022

# Notes Regarding Non-Consolidated Financial Statements

## Notes Regarding Matters Concerning Significant Accounting Policies

### 1. Valuation standards and methods for assets

Valuation standards and methods for marketable securities

Subsidiary shares            Cost method based on the moving average method

### 2. Depreciation method for fixed assets

#### (a) Property, plant and equipment

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

The main useful lives are as follows:

Buildings and structures	2 to 47 years
Machinery, equipment and vehicles	2 years
Tools, furniture and fixtures	2 to 8 years

#### (b) Intangible assets

The straight-line method is used.

The main useful life is as follows:

Software (for internal use)	5 years (usable period within the Company)
Other	6 to 15 years

### 3. Accounting standards for provisions

#### Provision for bonuses

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

#### Provision for retirement benefits

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

### 4. Revenue and expense recognition standards

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

### 5. Method of accounting for deferred assets

#### Share issuance cost

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

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

### Accounting treatment of consumption taxes

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

### Impairment loss on fixed assets

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

## **Notes Regarding Changes in Accounting Policies**

### Application of Accounting Standard for Revenue Recognition and other related standards

The Company began applying the Revenue Recognition Accounting Standard and other related standards at the beginning of the current fiscal year. Accordingly, when control of any promised goods or services is transferred to customers, revenue is recognized in the amount expected to be received in exchange for said goods or services. The application of the Revenue Recognition Accounting Standard and other related standards is in accordance with the transitional treatment stipulated in the proviso of paragraph 84 of the Revenue Recognition Accounting Standard. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the current fiscal year, was added to or subtracted from the beginning balance of retained earnings of the current fiscal year, and thus the new accounting policy was applied, having started from the said beginning balance. The changes in accounting policies have no impact on the financial statements.

### Application of Accounting Standard for Fair Value Measurement and other related standards

The Company began applying the Fair Value Measurement Accounting Standard and other related standards at the beginning of the current fiscal year. The Company has decided to apply the new accounting policies outlined in the Fair Value Measurement Accounting Standard and other related standards for the foreseeable future in accordance with the transitional treatments stipulated in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments. The changes in accounting policies have no impact on the financial statements.

## **Notes Regarding Accounting Estimates**

Not applicable.

## Notes Regarding Non-Consolidated Balance Sheets

### 1. Pledged assets and secured liabilities

#### (1) Assets pledged as collateral

Buildings and structures, net	11,098 million yen
Land	1,404 million yen
Total	<u>12,503 million yen</u>

#### (2) Secured liabilities

Long-term borrowings (Including current portion)	9,765 million yen
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### 2. Accumulated depreciation of property, plant and equipment

Buildings and structures	1,093 million yen
Machinery, equipment and vehicles	1 million yen
Tools, furniture and fixtures	9 million yen
Total	<u>1,104 million yen</u>

## Notes Regarding Non-Consolidated Statements of Income

### Transactions with subsidiaries and affiliates

Operating transactions (income)	3,145 million yen
Operating transactions (expenditure)	21 million yen
Transactions other than operating transactions (income)	0 million yen

## Notes Regarding Non-Consolidated Statements of Changes in Net Assets

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

Common shares	456 shares
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(Note) The Company has implemented a 2-for-1 stock split on October 1, 2022. The stock split is not taken into account about the number of treasury shares.

## Notes Regarding Tax Effect Accounting

### Breakdown of deferred tax assets and deferred tax liabilities

#### Deferred tax assets

Unpaid enterprise tax	10 million yen
Provision for bonuses	3 million yen
Asset retirement obligations	76 million yen
Deferred consumption tax	7 million yen
Other	7 million yen
Subtotal of deferred tax assets	<u>105 million yen</u>
Valuation allowance	<u>– million yen</u>
Total deferred tax assets	<u>105 million yen</u>

#### Deferred tax liabilities

Removal costs corresponding to asset retirement obligations	(70) million yen
Effect of changes in accounting policies	(14) million yen
Total deferred tax liabilities	<u>(84) million yen</u>
Net deferred tax assets	<u>21 million yen</u>

## Notes Regarding Transactions with Related Parties

### Subsidiary

(Unit: million yen)

Type	Name of company	Percentage of voting rights held	Relationship with related parties	Description of transactions	Transaction amount (Note 6)	Account name	Ending balance (Note 6)	
Subsidiary	Amvis, Inc.	100.0%	Management guidance	Management guidance fees (Note 1)	1,022	Accounts receivable from subsidiaries and affiliates - other	231	
				Rent of real estate	Real estate rents (Note 2)			1,073
			Secondment of employees	Acceptance of seconded employees	Payment of personnel expenses for seconded employees (Note 3)	38	Accounts payable from subsidiaries and affiliates - other	122
				Receipt of dividends	Receipt of personnel expenses for seconded employees (Note 3)	16		
			Interlocking directorate	Receipt of guarantees about borrowings from banks	Dividends received	1,050	—	—
				Interlocking directorate	Guaranteed borrowings from banks (Note 4)	11,031		
				Interlocking directorate	Loan of funds (Note 5)	—		
			Subsidiary	Ashitano Iryo, Inc.	100.0%	Interlocking directorate	Interest received (Note 5)	0

Terms and conditions of transactions and their decisions

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

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

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

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

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

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

**Notes Regarding Revenue Recognition**

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

**Notes Regarding Per Share Information**

	Fiscal year ended September 30, 2022
Net assets per share	135.03 yen
Earnings per share	11.00 yen

(Note) The Company has implemented 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 and earnings per share are calculated as if the stock split had been implemented at the beginning of the current fiscal year.



**Notes Regarding Significant Subsequent Events**

Common stock split

The Company has implemented a common stock split and partially amended the Articles of Incorporation on October 1, 2022 based on a resolution of the Board of Directors meeting held on August 10, 2022.

(1) Purpose of the Stock Split

The purpose of the stock split is to improve the liquidity of the Company’s stock and expand its investor base by reducing the stock price per investment unit.

(2) Method of the Stock Split

Each share of common stock owned by shareholders listed or recorded in the closing register of shareholders on the record date of September 30, 2022 has been split into two shares.

(3) Increase in Shares Due to the Stock Split

Total number of issued shares prior to the stock split:	48,917,600 shares
Increase in shares due to the stock split:	48,917,600 shares
Total number of issued shares following the stock split:	97,835,200 shares
Total number of authorized shares following the stock split:	320,000,000 shares

(4) Schedule of the Stock Split

Public notice of record date: September 8, 2022  
 Record date: September 30, 2022  
 Effective date: October 1, 2022

(5) Impact on Per Share Information

Per share information assuming that the stock split was implemented at the beginning of the current fiscal year is referred in the relevant section.

(6) Partial Amendment to the Articles of Incorporation Relating to the Stock Split

(a) Reason for the amendment

In conjunction with the stock split, pursuant to Article 184, Paragraph 2 of the Companies Act, by resolution of the Board of Directors on August 10, 2022, the Company has amended Article 6 (Total Number of Authorized Shares) of its Articles of Incorporation, effective October 1, 2022.

(b) Details of the amendment

The details of the amendment are as follows.

(Amendment is underlined)

Current Articles of Incorporation	Articles of Incorporation after Amendment
Article 6 (Total Number of Authorized Shares) The total number of shares authorized to be issued by the Company shall be <u>160,000,000</u> shares.	Article 6 (Total Number of Authorized Shares) The total number of shares authorized to be issued by the Company shall be <u>320,000,000</u> shares.

(c) Schedule of the amendment

Effective date: October 1, 2022