[NOTICE: This Matters Disclosed on the Internet Concerning Notice of the 5th 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 5th Ordinary General Meeting of Shareholders

Notes Regarding Consolidated Financial Statements

Notes Regarding Non-Consolidated Financial Statements

(From October 1, 2020 to September 30, 2021)

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 34 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) Other important matters for the preparation of consolidated financial statements
Accounting treatment of consumption taxes
Consumption tax and local consumption tax are accounted for by the tax-exclusion method. However, 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).

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.

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.

Changes in presentation unit of monetary amounts
Figures in the consolidated financial statements and other items, which were previously indicated in units of thousands of yen, are indicated in units of millions of yen from the current consolidated fiscal year.

Notes Regarding Changes in Accounting Policies
Previously, the Group treated non-deductible consumption taxes on PP&E as expenses at the time of acquisition of the PP&E. However, such items are now included as part of the PP&E value, in order to record such items as expenses over the useful life of the PP&E in the interests of matching of cost and revenue.
This change in accounting policy has been applied retrospectively, and the cumulative effect was reflected in net assets at the beginning of the current consolidated fiscal year, resulting in an increase of 39 million yen in the beginning balance of retained earnings for the current consolidated fiscal year.

Notes Regarding Changes in Method of Presentation
Adoption of “Accounting Standard for Disclosure of Accounting Estimates”
Effective from the current consolidated fiscal year, the Group has adopted “Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31, March 31, 2020), and notes regarding accounting estimates are included in the consolidated financial statements.

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	6,541 million yen
Land	1,070 million yen
Total	7,612 million yen

(2) Secured liabilities

Long-term borrowings (Including current portion)	6,670 million yen

2. Accumulated depreciation of property, plant and equipment

Buildings and structures	530 million yen
Machinery, equipment and vehicles	32 million yen
Tools, furniture and fixtures	146 million yen
Leased assets	336 million yen
Total	1,046 million yen

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 period	Increase in number of shares	Decrease in number of shares	Number of shares at the end of current period
Shares issued				
Common shares (shares)	22,522,000	1,758,000	—	24,280,000
Treasury shares				
Common shares (shares)	120	108	—	228

(Note 1) The increase of common shares issued is due to the following reasons.
Increase due to capital increase by public offering: 1,500,000 shares
Increase due to issuance of new shares upon exercise of stock acquisition rights: 258,000 shares

(Note 2) The increase of common shares of treasury shares is due to the following reason.
Increase due to purchase of odd-lot shares: 108 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 25, 2020	Common shares	135	6.00	September 30, 2020	December 28, 2020

(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)	Reference date	Effective date
Ordinary General Meeting of Shareholders on December 24, 2021	Common shares	Retained earnings	218	9.00	September 30, 2021	December 27, 2021

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 2,000 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 in light of capital investment plans mainly for conducting the Ishinkan business. Surplus funds are managed by limiting short-term investments to deposits, etc. 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 33 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 sheet 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

The fair value of financial instruments includes value based on market prices, and in the absence of market prices, value calculated rationally. Since variable factors are incorporated in the calculation of such value, such value 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 sheet, fair value and the difference between the two are as follows. Items whose fair value is deemed to be extremely difficult to determine are not included in the following table (see Note 2).

	Carrying value (million yen)	Fair value (million yen)	Difference (million yen)
(1) Cash and deposits	11,192	11,192	—
(2) Accounts receivable	3,271		—
Allowance for doubtful accounts (*1)	(0)		—
	3,271	3,271	—
(3) Leasehold and guarantee deposits	72	72	—
Total assets	14,536	14,536	—
(1) Accounts payable	42	42	—
(2) Accounts payable - other and accrued expenses	979	979	—
(3) Short-term borrowings	1,373	1,373	—
(4) Long-term borrowings (*2)	7,594	7,597	2
(5) Lease obligations (*2)	3,782	3,130	(651)
Total liabilities	13,771	13,122	(649)

(*1) The general allowance for doubtful accounts corresponding to accounts receivable is deducted.
(*2) Current portion of long-term borrowings and lease obligations are included in the above figures.

(Note 1) Calculation method for the fair value of financial instruments

Assets

(1) Cash and Deposits, and (2) Accounts Receivable

Since all of these are settled in the short term, their fair value approximates their carrying value and is therefore stated at the carrying value.

(3) Leasehold and Guarantee Deposits

The fair value of leasehold and guarantee deposits for which the redemption date can be predicted is calculated based on the present value discounted by an interest rate based on an appropriate index, such as the yield of government bonds.

Liabilities

(1) Accounts Payable, (2) Accounts Payable - Other and Accrued Expenses, and (3) Short-Term Borrowings

Since all of these are settled in the short term, their fair value approximates their carrying value and is therefore stated at that carrying value.

(4) Long-Term Borrowings, and (5) Lease Obligations

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

(Note 2) Carrying value on the consolidated balance sheet of financial instruments for which it is extremely difficult to determine the fair value

(Unit: million yen)

Category	As of September 30, 2021
Leasehold and guarantee deposits (*1)	982
Total	982

(*1) Leasehold and guarantee deposits for which the redemption date cannot be predicted are not included in “(3) Leasehold and guarantee deposits” because it is considered extremely difficult to determine their fair value.

(Note 3) Scheduled redemption amounts of monetary claims 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	11,192	—	—	—
Accounts receivable	3,271	—	—	—
Leasehold and guarantee deposits	—	72	—	—
Total	14,463	72	—	—

(Note 4) 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	1,373	—	—	—	—	—
Long-term borrowings	998	1,007	1,050	1,000	944	2,592
Lease obligations	80	81	83	86	88	3,361
Total	2,452	1,088	1,134	1,087	1,032	5,953

Notes Regarding Per Share Information

	Fiscal year ended September 30, 2021
Net assets per share	673.04 yen
Earnings per share	112.31 yen

Notes Regarding Significant Subsequent Events

Common stock split

The Company has resolved at a Board of Directors meeting held on November 11, 2021, to implement a stock split and partially amend the Articles of Incorporation.

(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 December 31, 2021 will be split into two shares.

(3) Increase in Shares Due to the Stock Split

Total number of issued shares prior to the stock split:	24,280,000 shares
Increase in shares due to the stock split:	24,280,000 shares
Total number of issued shares following the stock split:	48,560,000 shares
Total number of authorized shares following the stock split:	160,000,000 shares

Note:

The above-indicated figures for the total number of issued shares and the increase in shares may rise due to the exercise of stock acquisition rights.

(4) Schedule of the Stock Split

Public notice of record date:	December 9, 2021
Record date:	December 31, 2021
Effective date:	January 1, 2022

(5) Impact on Per Share Information

Per share information assuming that the stock split was performed at the beginning of the current consolidated fiscal year is as follows respectively.

	Fiscal year ended September 30, 2021
Net assets per share	336.52 yen
Earnings per share	56.15 yen

(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 November 11, 2021, the Company will amend Article 6 (Total Number of Authorized Shares) of its Articles of Incorporation, effective January 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>80,000,000</u> shares.	Article 6 (Total Number of Authorized Shares) The total number of shares authorized to be issued by the Company shall be <u>160,000,000</u> shares.

(c) Schedule of the amendment

Effective date: January 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 34 years
Machinery, equipment and vehicles	2 years
Tools, furniture and fixtures	2 to 8 years

2) Intangible assets

The straight-line method is used.

The main useful life is as follows:

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

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.

4. Method of accounting for deferred assets

Share issuance cost

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

5. Other important matters for the preparation of financial statements

Accounting treatment of consumption taxes

Consumption tax and local consumption tax are accounted for by the tax-exclusion method. However, 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.

Changes in presentation unit of monetary amounts

Figures in the financial statements and other items, which were previously indicated in units of thousands of yen, are indicated in units of millions of yen from the current fiscal year.

Notes Regarding Changes in Accounting Policies

Previously, the Company treated non-deductible consumption taxes on PP&E as expenses at the time of acquisition of the PP&E. However, such items are now included as part of the PP&E value, in order to record such items as expenses over the useful life of the PP&E in the interests of matching of cost and revenue.

This change in accounting policy has been applied retrospectively, and the cumulative effect was reflected in net assets at the beginning of the current fiscal year, resulting in an increase of 36 million yen in the beginning balance of retained earnings for the current fiscal year.

Notes Regarding Changes in Method of Presentation

1. Adoption of “Accounting Standard for Disclosure of Accounting Estimates”

Effective from the current fiscal year, the Company has adopted “Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31, March 31, 2020), and notes regarding accounting estimates are included in the financial statements.

2. Non-consolidated balance sheets

In the “current assets” section, “short-term loans receivable from subsidiaries and affiliates,” which was included in “other” in the non-consolidated balance sheets in the previous fiscal year, is now presented separately. The amount of “short-term loans receivable from subsidiaries and affiliates” was 95 million yen in the previous fiscal year.

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	6,541 million yen
Land	1,070 million yen
Total	7,612 million yen

(2) Secured liabilities

Long-term borrowings (Including current portion)	6,670 million yen

2. Accumulated depreciation of property, plant and equipment

Buildings and structures	492 million yen
Machinery, equipment and vehicles	1 million yen
Tools, furniture and fixtures	5 million yen
Total	500 million yen

Notes Regarding Non-Consolidated Statements of Income

Transactions with subsidiaries and affiliates

Operating transactions (income)	1,878 million yen
Operating transactions (expenditure)	55 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	228 shares

Notes Regarding Tax Effect Accounting

Breakdown of deferred tax assets and deferred tax liabilities

Deferred tax assets	
Unpaid enterprise tax	16 million yen
Provision for bonuses	1 million yen
Asset retirement obligations	54 million yen
Deferred consumption tax	10 million yen
Other	2 million yen
Subtotal of deferred tax assets	86 million yen
Valuation allowance	— million yen
Total deferred tax assets	86 million yen
Deferred tax liabilities	
Removal costs corresponding to asset retirement obligations	(49) million yen
Effect of changes in accounting policies	(15) million yen
Total deferred tax liabilities	(65) million yen
Net deferred tax assets	21 million yen

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 Rent of real estate Acceptance of seconded employees Secondment of employees Receipt of dividends Receipt of guarantees about borrowings from banks Interlocking directorate	Management guidance fees (Note 1)	793	Accounts receivable from subsidiaries and affiliates - other	0
				Real estate rents (Note 2)	635		
				Payment of personnel expenses for seconded employees (Note 3)	64		
				Receipt of personnel expenses for seconded employees (Note 3)	8		
				Dividends received	450	—	—
				Guaranteed borrowings from banks (Note 4)	7,162		
Subsidiary	Ashitano Iryo, Inc.	100.0%	Support of funds Interlocking directorate	Loan of funds (Note 5)	—	Short-term loans receivable from subsidiaries and affiliates	95
				Interest received (Note 5)	0	Accounts receivable from subsidiaries and affiliates - other	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 Per Share Information

	Fiscal year ended September 30, 2021
Net assets per share	506.73 yen
Earnings per share	20.48 yen

Notes Regarding Significant Subsequent Events

Common stock split

The Company has resolved at a Board of Directors meeting held on November 11, 2021, to implement a stock split and partially amend the Articles of Incorporation.

(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 December 31, 2021 will be split into two shares.

(3) Increase in Shares Due to the Stock Split

Total number of issued shares prior to the stock split:	24,280,000 shares
Increase in shares due to the stock split:	24,280,000 shares
Total number of issued shares following the stock split:	48,560,000 shares
Total number of authorized shares following the stock split:	160,000,000 shares

Note:

The above-indicated figures for the total number of issued shares and the increase in shares may rise due to the exercise of stock acquisition rights.

(4) Schedule of the Stock Split

Public notice of record date:	December 9, 2021
Record date:	December 31, 2021
Effective date:	January 1, 2022

(5) Impact on Per Share Information

Per share information assuming that the stock split was performed at the beginning of the current fiscal year is as follows respectively.

	Fiscal year ended September 30, 2021
Net assets per share	253.37 yen
Earnings per share	10.24 yen

(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 November 11, 2021, the Company will amend Article 6 (Total Number of Authorized Shares) of its Articles of Incorporation, effective January 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>80,000,000</u> shares.	Article 6 (Total Number of Authorized Shares) The total number of shares authorized to be issued by the Company shall be <u>160,000,000</u> shares.

(c) Schedule of the amendment

Effective date: January 1, 2022