

## The 12th Annual General Meeting of Shareholders Convocation notice

◆ Date and time

**10:00 a.m., June 25 (Wed), 2025**

(Reception starts at 9:30 a.m.)

◆ Venue

1-1-1 Shibakoen, Minato-ku, Tokyo

**Sumitomo Fudosan Onarimon Tower Bldg.  
Bellesalle Onarimon Tower,  
4th Floor Hall**

◆ Matters to be Resolved

**Agenda item No. 1:** Appropriation of Surplus

**Agenda item No. 2:** Appointment of Eight (8) Directors

**Agenda item No. 3:** Appointment of Two (2) Corporate Auditors

**Agenda item No. 4:** Revision of the performance-linked stock remuneration plan  
where shares are delivered after vesting for the Directors  
(excluding External Directors)

**Agenda item No. 5:** Revision of the stock remuneration plan where shares are  
delivered after vesting for the Directors

**Agenda item No. 6:** Provision of Retirement benefits to retiring  
Corporate Auditor

**PHC Holdings Corporation**

## ◆ To Our Shareholders

Securities code: 6523  
Date sent: June 10, 2025  
(Start date for electronic disclosure) June 4, 2025  
1-13-2 Yurakucho, Chiyoda-ku, Tokyo  
**PHC Holdings Corporation**  
President and CEO Kyoko Deguchi

### Notice of Convocation of the 12th Annual General Meeting of Shareholders

To Our Shareholders, We would like to begin by expressing our sincere gratitude for your continued support.

Notice is hereby given that the 12th Ordinary General Meeting of Shareholders will be held as follows.

In convening this General Meeting of Shareholders, the information contained in the Reference Documents for the General Meeting of Shareholders (information to be disclosed electronically) is disclosed electronically on the following Internet websites. Please access any one of these websites to confirm the information.

[PHC website] <a href="https://www.phchd.com/jp/ir/meeting">https://www.phchd.com/jp/ir/meeting</a>	
Listed Company Information Service (Tokyo Stock Exchange) <a href="https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show">https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show</a> (Enter and search for stock name (company name) or securities code, and click on [Basic information] > [Documents for public inspection/PR information].)	
[Shareholders Meeting Portal® (Sumitomo Mitsui Trust Bank)] <a href="https://www.soukai-portal.net">https://www.soukai-portal.net</a> (Scan the QR code on the voting form or access the URL above and enter your ID and initial password.)	

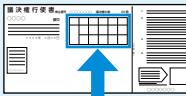
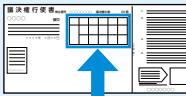
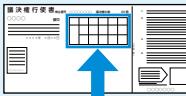
If you are unable to attend the meeting, you may exercise your voting rights in writing (by mail), via the Internet, and other methods, as described in [Exercise of Voting Rights] on the next page. Please review the reference documents for the General Meeting of Shareholders and exercise your voting rights by 5:30 p.m. on Tuesday, June 24, 2025 (Tokyo time).

#### Notice

<b>1 Date</b>	<b>June 25, 2025 (Wed), 10:00 a.m. (Reception begins at 9:30 a.m.)</b>
<b>2 Place</b>	1-1-1 Shibakoen, Minato-ku, Tokyo <b>Sumitomo Fudosan Onarimon Tower, Bldg. Bellesalle Onarimon Tower, 4th Floor Hall</b> (Please note that the meeting this year will take place in a different venue from last year. Please refer to the [Guide Map of the General Meeting of Shareholders Venue] at the end of this document.)
<b>3 Purposes of the General Meeting</b>	<b>Reports</b> 1. Business Report and Consolidated Financial Statements for the 12th Fiscal Year (from April 1, 2024 to March 31, 2025) and the Accounting Auditor's Report and the Audit & Supervisory Board's Report on the Consolidated Financial Statements 2. Report on the Non-consolidated Financial Statements for the 12th Fiscal year (from April 1, 2024 to March 31, 2025)
<b>Matters to be Resolved</b>	<b>Agenda item No. 1:</b> Appropriation of Surplus <b>Agenda item No. 2:</b> Appointment of Eight (8) Directors <b>Agenda item No. 3:</b> Appointment of Two (2) Corporate Auditors <b>Agenda item No. 4:</b> Revision of the performance-linked stock remuneration plan where shares are delivered after vesting for the Directors (excluding External Directors) <b>Agenda item No. 5:</b> Revision of the stock remuneration plan where shares are delivered after vesting for the Directors <b>Agenda item No. 6:</b> Provision of Retirement benefits to retiring Corporate Auditor

# ❖ Exercise of Voting Rights

Please exercise your voting rights by one of the following methods after reviewing the reference documents for the General Meeting of Shareholders:

When exercising voting rights by attending the General Meeting of Shareholders	When exercising voting rights in writing (postal mail)	When exercising voting rights by the Internet, etc.
<p> Please submit the voting rights exercise form at the reception desk.</p> <p><b>Date</b> June 25, 2025 (Wednesday) 10:00 a.m.</p> <p><b>Place</b> the General Meeting of Shareholders Venue</p>  <p></p> 	<p> Please indicate your approval or disapproval for each agenda item on the enclosed voting rights exercise form and return it.</p> <p><b>Exercise Deadline</b> 5:30 p.m. on June 24, 2025 (Tuesday)</p>  <p></p> <p></p> <p>Please indicate your approval or disapproval for the Agenda Item.</p>	<p> Please enter your approval or disapproval for each agenda item following the instructions on next page.</p> <p><b>Exercise Deadline</b> Input shall be completed by 5:30 p.m. on June 24, 2025 (Tuesday)</p>

- If a shareholder exercises their voting rights both in writing (postal mail) and via the Internet, etc., the voting rights exercised via the Internet, etc. shall be deemed as valid.
- If neither approval nor disapproval is indicated in the voting rights exercise form for an agenda item, then the agenda item shall be deemed as approved. Also, if a shareholder exercises their voting rights more than once via the Internet, etc., the last exercised voting right shall be deemed valid.

- For those attending the shareholder meeting in person, submit the Voting Rights Exercise Form at the reception desk.
- Should revisions occur to information that is disclosed electronically, the information prior to and post revisions are stated on the first page and uploaded to each website.
- The privacy notice regarding this General Meeting of Shareholders is posted at the following URL. Please agree to the contents of the URL below before participating on the day of the event.  
URL: [https://www.phchd.com/jp/~Media/phchd/privacy/Shareholders\\_Meeting.pdf](https://www.phchd.com/jp/~Media/phchd/privacy/Shareholders_Meeting.pdf)
- Shareholders who have requested the delivery of documents will also receive the documents mentioned in the electronically disclosed information, but such document will exclude the following matters in accordance with laws and ordinances and the Articles of Incorporation of PHC Holdings Corporation. The Corporate Auditors or the Accounting Auditor audit those documents that are subject to audits, including the following matters.
  - Main business activities, major offices and plants, employees, principal lenders, assets and profit and loss for the most recent three fiscal years, matters related to shares, matters related to share acquisition rights, matters related to external directors/auditors, status of accounting auditors, and system to ensure the appropriate performance of operations, which are included in the Business Report; consolidated statement of changes in shareholders equity and notes to the consolidated financial statements in the consolidated financial statements; statements of changes in equity and notes to non-consolidated financial statement in the non-consolidated financial statements; the Accounting Auditor's Report on the Consolidated Financial Statements; the Accounting Auditor's Report on the Non-consolidated Financial Statements; and the Audit Report by the Audit & Supervisory Board.
- The meeting will be streamed live via the Internet. See page 4 for more information on the live streaming.
- There will be no souvenirs for shareholders this year.
- Anyone requiring assistance should contact a staff member.
- If any significant change occurs regarding the scheduled operation of the meeting, we will announce it on the Company's website (<https://www.phchd.com/global/ir/meeting>).

## ◆ How to exercise your voting rights via the Internet, etc.

Exercise deadline via  
the Internet 5:30 p.m. on  
June 24, 2025 (Tuesday)

### How to exercise your voting rights using a smartphone

1 Scan the QR Code to fill out the voting rights exercise form



\* QR Code is a registered trademark of DENSO WAVE INC.

2 Tap the "exercise voting rights" button from the Shareholders Meeting Portal



3 The top page, Smart Exercise®, will be displayed. From this point forward, follow the guidance on the screen and input approval or disapproval for each proposal.



### How to exercise your voting rights from a personal computer or other device

Access the voting rights exercise form by entering the login ID and password for the voting rights exercise form using the URL below. After you login, in accordance with the guidance shown on the screen, select approval or disapproval for each proposal.

URL for the Shareholders Meeting Portal® ► <https://www.soukai-portal.net>

You can continue to use the website for exercising voting rights. ► <https://www.web54.net>

## ◆ Submission of questions in advance

Deadline for questions in advance: 5:00 p.m., June 18, 2025 (Wednesday)

(Begin accepting questions from Tuesday, June 10)

We will accept questions in advance from shareholder regarding the agenda items via the Shareholders Meeting Portal. Of the question received, those which likely have a high degree of interest among shareholders will be brought up at this General Meeting of Shareholders. As with the method for exercising voting rights stated above, access the Shareholders Meeting Portal and tap/click on "Advance Questions" at the top of the screen. A screen to "input questions in advance" will be displayed. Follow the on-screen instructions and input your question(s).  
\* Note that we will not individually answer the questions received.

### Notes: • • • • •

- Should you want to change your vote after exercising your voting right, you will need to enter the "code for exercising voting rights" and the "password" which are in the voting rights exercise form.
- In the event you exercise your voting rights both in writing (by mail) and by other means, such as via the Internet, the voting rights exercised via the latter method shall be deemed as valid. Also, should a shareholder exercise their voting rights more than once by the Internet or other means, the last voting rights that were exercised shall be deemed and treated as valid.

### Contact for inquiries

Sumitomo Mitsui Trust Bank, Limited  
Stock transfer agent website  
Dedicated phone number

**0120-652-031**

(Inquiries are taken from 9:00 to 21:00)



Make sure to check  
the Q&A.

## ◆ Information on live streaming via the Internet

Live streaming will be available for shareholders via the Internet.

### Live streaming

**Start time:** **June 25 (Wednesday), 2025 10:00 a.m.**

(The live stream site will be opened around 9:45 a.m.)

**How to watch:** Please access the live stream site from the following QR code or URL on your computer or smartphone, etc., and enter your ID and password.

After logging in, please press the join button.

**Live streaming site**

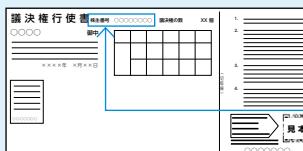
▶ <https://6523.ksoukai.jp>

◆ **ID:** 9-digit shareholder number written on the voting right exercise form

◆ **Password:** 7-digit postal code written on the voting right exercise form

The 9-digit number printed on the voting right exercise form is the shareholder number.

Shareholder number (9 digits) 



### Inquiries regarding live streaming

#### 1 About ID and Password

Sumitomo Mitsui Trust Bank, Limited (Telephone number) 0120-782-041

**Reception period:** June 10 (Tuesday) until the end of the General Meeting of Shareholders (9:00 a.m.-5:00 p.m., excluding weekends and holidays)

#### 2 About technical aspects

V-cube Co., Ltd. (Telephone number) 03-6833-6240

**Reception period:** June 25 (Wednesday), 9:00 a.m. to the end of the General meeting of Shareholders

### Precautions regarding acceptance via live streaming

- Live streaming does not constitute attendance under the Companies Act, and you cannot exercise your voting rights or ask questions. Please exercise your voting rights in advance after checking the "Instructions for exercising your voting rights" on pages 2 and 3 of the "Notice of Convocation of the General Meeting of Shareholders".
- We will take into account the privacy of our shareholders, etc., when filming the venue for the live stream, but there may be cases where shareholders attending the meeting are unavoidably included in the footage. Please be aware of that.
- Only the shareholder himself/herself will be able to view the live stream.
- Please note that there may be problems with the video or audio, or you may not be able to watch it, depending on the device you are using or your Internet connection environment.
- Expenses (communication equipment, Internet connection charges, communication charges, etc.) for viewing the live stream will be borne by the shareholder.
- Filming, recording, recording, saving, publishing, etc. of the live stream is strictly prohibited.
- If for some reason live streaming and pre-meeting questions are not possible, we will inform you on our website (<https://www.phchd.com/global/ir/meeting>).

## ❖ Reference documents for the General Meeting of Shareholders

### Agenda item No. 1 ❖ Appropriation of Surplus

We plan to distribute our surplus earnings as follows:

#### Matters related to fiscal year-end dividends

The PHC Group believes that conducting business operations with an emphasis on capital efficiency and investing in growth areas based on a stable financial base will lead to long-term improvements in corporate value. Based on this, the Group will strive to enhance shareholder returns based on dividends, taking into consideration consolidated business performance, cashflow status, and other factors. Based on this basic policy, we propose a year-end dividend of 21 yen per share for the fiscal year under review. Combined with the interim dividend of 21 yen already paid, the annual dividend for the fiscal year under review will be 42 yen per share.

Types of dividend assets	Money
<b>Matters related to and total amount concerning the allocation of dividend assets</b>	<b>21 yen</b> per common share Total dividend payout: <b>2,650,160,751 yen</b> Combined with the interim dividend of 21 yen already paid, the annual dividend for the current year will be 42 yen per share.
<b>Date the dividend (distribution of surplus) takes effect</b>	June 26, 2025

## Agenda Item No. 2

# Appointment of Eight (8) Directors

The terms of office of seven (7) directors will expire at the conclusion of this General Meeting of Shareholders. We therefore propose the election of all these eight (8) directors, including one (1) newly appointed director.

The candidates for director are as follows:

Candidate number	Name	Current position in the Company	
1	Kyoko Deguchi	President, Representative Director and CEO	Reappointment
2	Koichiro Sato	Senior Executive Vice President, Representative Director, COO and CSO	Reappointment
3	Kaiju Yamaguchi	Executive Corporate Officer Chief Financial Officer (CFO)	New appointment
4	Hirofumi Hirano	Director	Reappointment External
5	Eiji Yatagawa	Director	Reappointment External
6	Ivan Tornos	Director	Reappointment External Independent
7	David Sneider	Director	Reappointment External Independent
8	Misa Yamashita	Director	Reappointment External Independent

## <Reference> Nomination policy and procedures for Directors and Corporate Auditors

The Company has set up a voluntary Nomination and Compensation Committee as a function to support the Board of Directors. The Nomination and Compensation Committee decides the content of the recommendations after deliberation on matters related to the appointment and dismissal of Directors and Corporate Auditors and the nomination of Representative Directors to be submitted to the General Meeting of Shareholders.

The basic requirement for the appointment of Directors and Corporate Auditors is that they must have legal requirements, have excellent personality and insight, and be able to fulfill their responsibilities. For appointment, the policy of nomination is to comprehensively consider the degree of contribution to the management, achievements in each job, insight, ability, etc.

Regarding the candidate External Directors and Corporate Auditors, they are nominated in consideration of their high expertise and abundant experience in various fields such as business management and law.

The Nomination and Compensation Committee will consider the nomination of candidates for Directors and Corporate Auditors, and then the Board of Directors makes the decision.

The Nomination and Compensation Committee, which has been consulted by the Board of Directors, reports candidates, and after a resolution of recommendation by the Board of Directors based on the report, they are appointed by a resolution of the General Meeting of Shareholders.



#### ◆ Career summary, position and responsibility in the Company

April 1989	Bain & Company Japan Inc.	March 2013	General Manager, Senior Corporative Officer and President's Office, (concurrent assignment as) Head of Accounting and Finance Headquarters, BELLSYSTEM24, Inc.
February 1999	Senior Finance Director, Disney Store Japan Ltd. (Currently: The Walt Disney Company (Japan) Ltd.)		
March 2001	Director and CFO, GE Plastics Japan Ltd. (currently SABIC Japan G.K.)	March 2014	President, AbbVie GK
April 2004	Product Director, Janssen Pharmaceuticals Inc. (Currently: Ortho Neurologics Inc.) (USA)	February 2015	Chief Operating Officer, Shikoku Kai Medical Corporation
September 2005	General Manager, Gastroenterology, Pain and OTC Business Division, Janssen-Cilag Pty Ltd. (Australia)	June 2021	External Director, PHC Holdings Corporation
January 2007	Deputy General Manager, Marketing Headquarters, Janssen Pharmaceutical K.K.	September 2022	Vice Director, Doya Rehabilitation and Orthopedic Clinic
January 2012	President, Stryker Japan K.K.	April 2024	President/CEO and Representative Director of PHC Holdings Corporation (incumbent)

#### ◆ Status of important concurrent positions

Professor, Kenichi Ohmae Graduate School BBT University  
External Director, Heartseed Inc.

Number of shares of the Company held	11,400 shares
Board of Directors attendance record	19/19 times
Tenure	4 years

#### Reasons for being a candidate for director

Ms. Kyoko Deguchi has more than 20 years experience in the healthcare industry. At global healthcare companies, including Janssen Pharmaceuticals, Stryker, and AbbVie, she has served as a representative at Japanese corporations and executive officers, in finance and marketing. She also has extensive experience as an external director at multiple companies, abundant experience in the healthcare industry and possesses specialized knowledge in business operations. We have nominated her as a candidate for Director as we judge that she is expected to drive growth going forward at the PHC Holdings Group.



#### ◆ Career summary, position and responsibility in the Company

April 1997	MITSUI & Co., Ltd.	March 2017	External Director, PHC Holdings Corporation
February 2007	Vice President Planning, Secondment to Novus International, Inc. (in USA)	April 2018	DaVita Care Pte. Ltd, Director
June 2011	Assistant of Representative Corporate Officer, President, Die and Mold Business Company, MISUMI Corporation	April 2021	General Manager of Asia Business, Healthcare Business Division, MITSUI & CO., LTD.
May 2012	Director in charge of Die and Mold Business for India, MISUMI Corporation (in India)	June 2021	MBK HEALTHCARE MANAGEMENT PTE. LTD.
April 2014	Deputy General Manager, Die and Mold Business for China, MISUMI Corporation (in China)	July 2022	Hong Kong Branch Chief Executive Officer
April 2016	General Manager, Healthcare Business 1st Department, Healthcare Business Division, MITSUI & CO., LTD.	July 2024	Director, ALM Inc. (resigned in April 2025)
			Representative Director, Senior Executive Vice President, COO, PHC Holdings Corporation
			Representative Director, Senior Executive Vice President & COO/CSO, PHC Holdings Corporation (incumbent)

Number of shares of the Company held	8,000 shares
Board of Directors attendance record	19/19 times
Tenure	8 years

#### ◆ Status of important concurrent positions

Director, Senseonics Holdings, Inc.

#### Reasons for being a candidate for director

Mr. Koichiro Sato has held positions as General Manager of the Healthcare Business 1st Department, Healthcare Service Division, and General Manager of Asia Business at MITSUI & CO., LTD. and CEO of MBK HEALTHCARE MANAGEMENT PTE. LTD. (Hong Kong Branch) He has a wide range of knowledge and experience in the healthcare industry in general. In March 2017, as an External Director for the Company, he engaged in management of the Company. And in July 2022, after being appointed to Representative Director and Senior Executive Vice President of the Company, as COO he oversaw business operations overall. Therefore, we have nominated him as a candidate for Director as we judge that he will be able to contribute to the further business growth of the PHC Holdings Group by exerting strong leadership in the management and supervision of the Company.



#### ◆ Career summary, position and responsibility in the Company

April 2002	Sumitomo Mitsui Banking Corporation	June 2021	Executive Officer, General Manager, Corporate Planning Department, PHC Holdings Corporation
April 2004	Daiwa Securities SMBC Co., Ltd. (Seconded)		Senior Executive Officer and CSO, PHC Holdings Corporation
September 2007	Daiwa Securities SMBC Europe Ltd. (London)	June 2022	
February 2013	MITSUI & Co., Ltd.		Senior Executive Officer and CFO, PHC Holdings Corporation
April 2017	PHC Holdings Corporation (seconded)	June 2024	Senior Executive Officer and CFO, PHC Holdings Corporation (incumbent)

#### ◆ Status of important concurrent positions

None

#### Reasons for being a candidate for director

Mr. Kaiju Yamaguchi has worked at financial institutions and a general trading company in the areas of finance and M&A. He has served as CSO and CFO at PHC Holdings Corporation, and has worked on and contributed to planning and implementation of the Company's business portfolio strategy, IPO realization, IR and other strategy planning and execution, and management infrastructure restructuring. We have nominated Mr. Kaiju Yamaguchi as a candidate for Director as we judge that he is expected to show leadership in the management and supervision of the Company and contribute to the further growth of the Group's business and the strengthening of its management base.

Number of shares of the Company held	27,000 shares
Board of Directors attendance record	— times
Tenure	— years



#### ◆ Career summary, position and responsibility in the Company

April 1983	Nikko Securities Co., Ltd. (Currently: SMBC Nikko Securities Inc.)	June 2003	Member of Board, Nikko Cordial Corporation
October 1998	President, Nikko Europe PLC (Currently: Citigroup Capital Partners Japan Ltd.) (concurrent assignment as) General Manager of Asset Management Department, Nikko Cordial Corporation	October 2010	Head of Financial Services for Asia, AlixPartners Asia LLC
April 1999	CEO and Chairman, Nikko Principal Investments Ltd.	April 2013	Chief Executive Officer, KKR Japan Ltd. (incumbent)
		August 2013	External Director, Orion Investment Co., Ltd. (Currently: PHC Holdings Corporation) (incumbent)
		September 2019	CEO of KKR Japan and Co-Head of Private Equity for KKR Asia Pacific

#### ◆ Status of important concurrent positions

President and CEO, KKR Japan Co. Ltd.  
Director, Marelli Holdings Co., Ltd.  
External Director, Logistead Ltd.  
Director, KJRM Holdings

#### Reasons for being a candidate for external director and expected role

We have nominated Mr. Hirofumi Hirano as a candidate for External Director as we judge that he is expected to give appropriate advice and supervision to the management of the Company since he has been engaged in the management of many companies as the president of an investment fund and has a wide range of knowledge about corporate management.

Number of shares of the Company held	0 shares
Board of Directors attendance record	17/19 times
Tenure	11 years



#### ◆ Career summary, position and responsibility in the Company

April 2002	Goldman Sachs & Co.'s investment	June 2021	Resigned from the External Director of PHC Holdings Corporation
August 2006	KKR Japan Ltd. (incumbent)		External Director, PHC Holdings Corporation
August 2013	External Director, Orion Investment Co., Ltd. (Currently: PHC Holdings Corporation)	June 2022	(incumbent)

#### ◆ Status of important concurrent positions

Partner, KKR Japan KK  
 External Director, Koki Holdings Co., Ltd.  
 External Director, data X Co., Ltd.  
 External Director, Yayoi Co., Ltd.  
 External Director, Logisteed, Ltd.  
 Director, Seiyu Co., Ltd.

Number of shares of the Company held	0 shares
Board of Directors attendance record	18/19 times
Tenure	10 years

#### Reasons for being a candidate for external director and expected role

Mr. Eiji Yatagawa has engaged in the management of many companies as an external director as an investment fund partner, and has a wide range of knowledge about corporate management. Therefore we have nominated him as a candidate for External Director as we judge that he is expected to give appropriate advice and supervision to the management of the Company.



#### ◆ Career summary, position and responsibility in the Company

June 1995	CEO, Operating Partner, Audibest Bausch and Lomb Group Iberia (Currently: Bausch Health Companies Inc.)	February 2021	Chief Operating Officer, Zimmer Biomet Group
July 1997	Johnson & Johnson	September 2021	External Director, PHC Holdings Corporation (incumbent)
May 2008	Vice President, General Manager, Cordis, Johnson & Johnson	August 2023	Director, President and Chief Executive Officer, Zimmer Biomet Group
August 2008	Head Strategy & Business Development Renal/Life Sciences/Medication Delivery Businesses AMERICAS, Baxter International Inc.	February 2025	President, Chief Executive Officer, Director and Chairman-Elect of the Board of Directors, Zimmer Biomet Group (incumbent)
January 2017	Group President of Urology/Ischemic Tech/Critical Care/Medical Group, Becton Dickinson and Company		

#### ◆ Status of important concurrent positions

President, Chief Executive Officer, Director and Chairman-Elect of the Board of Directors, Zimmer Biomet Group

#### Reasons for being a candidate for external director and expected role

Mr. Ivan Tornos has experience as a group manager and regional manager for multiple global medical device companies, with extensive experience in the medical device industry, especially the Med Tech business, which combines medical and technology. We have nominated him as a candidate for Independent External Director as we judge that he is expected to give appropriate advice and supervision to the management of the Company by utilizing such knowledge and experience.



#### ◆ Career summary, position and responsibility in the Company

December 1984	Associate, Paul, Weiss, Rifkind, Wharton & Garrison	June 2022	External Director, PHC Holdings Corporation (incumbent)
July 1987	Director and Counsel, Legal Department, Salomon Brothers Inc.		
January 1994	Partner, Simpson Thacher & Bartlett LLP		

#### ◆ Status of important concurrent positions

External Director, Mitsubishi UFJ Financial Group, Inc.

#### Reasons for being a candidate for external director and expected role

As a lawyer, Mr. David Sneider is also familiar with global M&A and capital market transactions, including Japan, and has been advising Japanese and multinational companies for many years. We have nominated him as a candidate for Independent External Director as we judge that he is expected to give appropriate advice and supervision to the management of the Company by utilizing such knowledge and experience.

Number of shares of the Company held	0 shares
Board of Directors attendance record	18/19 times
Tenure	3 years



#### ◆ Career summary, position and responsibility in the Company

September 1990	Birdland Co., Ltd.	February 2016	DVP HR Coach Japan and Asia, COACH Japan
March 1993	Associate editor, Time Warner Inc.	March 2017	Executive officer and head of Human Resources, AXA Life Insurance Co., Ltd. (Name change to executive officer and head of Human Resources owing to change in governance system)
February 1994	Account director/account manager, Hill and Knowlton Japan		Global HR Advisor, JERA Co., Ltd.
September 1998	Account manager, PRAP Japan, Inc.		D&I Advisor, JERA Co., Ltd.
July 2001	General Manager and executive officer of Human Resources, GE Toshiba Silicones Co., Ltd. (Currently: Momentive Performance Materials Japan KK)	April 2021	External Director, PHC Holdings Corporation (incumbent)
April 2005	Director of Human Resources, General Electric Japan, Ltd.	April 2024	
June 2011	Executive officer and general manager of Human Resources, Director of Asia Pacific Human Resources, GE Yokogawa Medical Systems, Ltd. (Currently: GE HealthCare Japan)	June 2024	

#### ◆ Status of important concurrent positions

External Director, Business Coach, Inc.

#### Reasons for being a candidate for external director and expected role

Ms. Misa Yamashita has many years of experience managing human resources mainly at several global companies and medical device manufacturers. By providing business support from the perspective of human resources, organization and corporate culture, she has contributed to securing a competitive edge in markets at respective companies she worked for, and has abundant experience in the field of human resources. We have nominated her as a candidate for Independent External Director as we judge that she is expected to give appropriate advice and supervision to the management of the Company by utilizing such knowledge and experience.

Number of shares of the Company held	0 shares
Board of Directors attendance record	15/15 times
Tenure	1 year

(Notes)

1. There is no special interest between the candidates and the Company.
2. Mr. Hirofumi Hirano, Mr. Eiji Yatagawa, Mr. Ivan Tornos, Mr. David Sneider and Ms. Misa Yamashita are candidates for external directors.
3. Pursuant to Article 427, paragraph (1) of the Companies Act, the Company has entered into an agreement with each of all external directors and external corporate auditors to limit their liability for damages under Article 423, paragraph (1) of the same Act. If their appointment is approved, the Company will continue the said agreement with each of them. The limit of the liability for damage compensation under such contracts is the amount stipulated by law as long as the external director or external corporate auditor has performed the duties that caused such liability in good faith without gross negligence.
4. The Company enters into liability insurance policy for directors, etc. with an insurance company as stipulated in Article 430-3-1 of the Companies Act. The scope of the insured party under said insurance policy extends to employees in the position of director, executive officer, corporate auditor, corporate officer, accounting advisor, and manager/supervisor at all companies and subsidiaries as stipulated under the Companies Act, regardless of whether a direct or indirect investment exceeds 50%. The insured party is not responsible for insurance premiums. In the event of a claim for damages be filed against the insured party due to their conduct as a company director, the policy will provide coverage for damages of up to 3 billion yen. However, to ensure that the appropriateness of the insured party's execution of duties is not impaired, damage caused intentionally or due to gross negligence is not covered by the policy. In addition, said insurance policy is slated to contain the same content at the time of the next renewal.
5. The Company has registered Mr. Ivan Tornos, Mr. David Sneider and Ms. Misa Yamashita as independent directors as defined by the Tokyo Stock Exchange. If they are reappointed as external directors, the Company will continue to register them as independent directors.

# ◆ Appointment of Two (2) Corporate Auditors

The terms of office of Mr.Koichi Ikeuchi, Corporate Auditor and Ms. Shannon Hansen will expire at the conclusion of this General Meeting of Shareholders, and we therefore propose the election of two (2) auditors.

The Audit and Supervisory Board has given its consent to this Agenda.

The candidates for Corporate Auditor are as follows.

Candidate number

1

**Toru Yoshimitsu** (Date of birth: March 11, 1963)

New appointment



## ◆ Career summary, position in the Company

April 1987	Yamanouchi Pharmaceutical Co., Ltd. (Currently Astellas Pharma Inc.)	October 2019	Executive Officer, Head of Finance and General Manager, Corporate Financial Planning & Analysis Department, Yamanouchi Pharmaceutical Co., Ltd. (Currently Astellas Pharma Inc.)
June 2015	Executive Officer and General Manager, Product Strategy Department, Yamanouchi Pharmaceutical Co., Ltd. (Currently Astellas Pharma Inc.)	June 2020	Director and Member of the Audit & Supervisory Board (Chairman of the Board), Yamanouchi Pharmaceutical Co., Ltd. (Currently Astellas Pharma Inc.)
April 2017	Executive Officer and General Manager, Management Promotion Department, Yamanouchi Pharmaceutical Co., Ltd. (Currently Astellas Pharma Inc.)	November 2023	Vice Chairman, Public Relations Policy Promotion Council, Japan Audit & Supervisory Board Members Association

## ◆ Status of important concurrent positions

None

## Reasons for being a candidate for corporate auditor

Mr. Toru Yoshimitsu has a wealth of experience in a wide range of areas, having worked for a pharmaceutical manufacturer for many years, where he contributed to securing competitive advantage from the aspects of development, finance, and management. He has also served in important positions such as Director and Vice Chairman at Public Interested Incorporated Association, Japan Audit & Supervisory Board Members Association. We have nominated him as a candidate for Corporate Auditor because we believe that he will contribute to further strengthening the management foundation of the Group by utilizing his knowledge and experience as a corporate auditor of the Company.

Number of shares of the Company held	0 shares
Board of Directors attendance record	— times
Audit and Supervisory Board attendance record	— years



#### ◆ Career summary, position in the Company

December 2008	Registered as an attorney at law and belongs to a law firm in Tokyo
October 2010	Assistant Director to the Counselor of the Office for Information Disclosure Act Amendment, Cabinet Secretariat
January 2015	Participated as one of the founding partners of Waseda Legal Commons, LPC (incumbent)

#### ◆ Status of important concurrent positions

Participated as one of the founding partners of Waseda Legal Commons, LPC (incumbent)  
 External Director, MANI, INC.  
 Chairperson, Wako City Personal Information Protection Council

Number of shares of the Company held	0 shares
Board of Directors attendance record	— times
Audit and Supervisory Board attendance record	— years

#### Reasons for being a candidate for external corporate auditor

In addition to her expertise and extensive experience as an attorney-at-law, Ms. Yukiko Moriyama also has experience as an external director at other companies (audit committee member at company with nominating committee, etc.).

We have nominated her as a candidate for Independent External Corporate Auditor because we believe that she will utilize her knowledge and experience as a corporate auditor of the Company, although she has not been directly involved in corporate management other than serving as an external director in the past.

#### (Notes)

1. There is no special interest between the candidates and the Company.
2. Mr. Toru Yoshimitsu is a candidate for standing corporate auditor and Ms. Yukiko Moriyama is a candidate for external corporate auditor.
3. Pursuant to Article 427, paragraph (1) of the Companies Act, the Company has entered into an agreement with each of all external directors and external corporate auditors to limit their liability for damages under Article 423, paragraph (1) of the same Act. Should Ms. Yukiko Moriyama be appointed, the Company will enter into a contract with her. The limit of the liability for damage compensation under such contracts is the amount stipulated by law as long as the external director or external corporate auditor has performed the duties that caused such liability in good faith without gross negligence.
4. The Company enters into liability insurance policy for directors, etc. with an insurance company as stipulated in Article 430-3-1 of the Companies Act. The scope of the insured party's insurance policy coverage extends to all employees in the position of director, executive officer, corporate auditor, operating officer, accounting advisor, and manager/supervisor at the Company, all companies in which the Company has a direct or indirect investment of more than 50%, and subsidiaries as stipulated under the Companies Act. Subject to the approval and appointment of the candidates for Corporate Auditors as proposed, they will also be covered by the insurance. The insured party is not responsible for insurance premiums. In the event of a claim for damages be filed against the insured party due to their conduct as a corporate auditor, the policy will provide coverage for damages of up to 3 billion yen. However, to ensure that the appropriateness of the insured party's execution of duties is not impaired, damage caused intentionally or due to gross negligence is not covered by the policy. The Company intends to renew the said insurance policy on the same terms and conditions at the time of its next renewal.
5. In addition, Ms. Yukiko Moriyama fulfills the requirements of an independent auditor as defined by the Tokyo Stock Exchange. The Company is scheduled to register her as an independent auditor.

[Reference] Skill matrix for the Directors and Corporate Auditors after the appointment has been approved

Name	Position	Independence	Expertise and experience								
			Medical device industry	Life science industry	Pharmaceutical industry	Finance/ Accounting	M&A	Production/ SCM	R&D	Legal & Risk Management	Human Resources and Labor
Kyoko Deguchi	Director		○		○	○					
Koichiro Sato	Director			○			○	○			
Kaiju Yamaguchi	Director		○			○	○				
Hiroyumi Hirano	Director					○	○				
Eiji Yatagawa	Director					○	○		○		
Ivan Tornos	Director	○	○		○		○	○			
David Sneider	Director	○				○	○			○	
Misa Yamashita	Director	○	○	○							○
Toru Yoshimitsu	Corporate auditor				○	○			○		
Tetsuo Kitagawa	Corporate auditor	○				○	○				
Yukiko Moriyama	Corporate auditor	○	○							○	

## Revision of the performance-linked stock remuneration plan where shares are delivered after vesting for the Directors (excluding External Directors)

Based on the approval of the 11th Annual General Meeting of Shareholders (held on June 26, 2024), the Company has decided to introduce a performance-linked stock remuneration plan (performance share unit plan) (the "Plan") where shares are delivered after vesting for the Company's Directors (excluding External Directors). (the "Eligible Directors"). The total number of common shares of the Company issued or disposed of to the Eligible Directors and the total amount of monetary compensation claims to be granted shall be 66,000 shares or less per year and 165 million yen or less per year, respectively, and a total of 198,000 shares and 495 million yen or less for the number of years pertaining to the evaluation period determined by the Company may be paid at one time. We would like to ask for your approval of this Agenda item in order to revise the content.

Currently, the Company has decided to review a part of the stock remuneration plan where shares are delivered after vesting (Restricted Stock Unit Plan) (the "RSU Plan"), and to grant a portion of the remuneration granted under the Plan to the Eligible Directors under the RSU Plan, and also to review the possibility of continuously granting units to the Eligible Directors under the Plan every fiscal year, the impact of stock price fluctuations, the amount of monetary compensation claims to be paid to the Eligible Directors, the increase in the number of the Eligible Directors, for the purpose of providing incentives to motivate the sustainable enhancement of corporate value and to promote further value sharing between the directors and the shareholders. The total number of shares of the Company's common stock to be issued or disposed of and the total amount of monetary compensation claims, etc. to be paid to Eligible Directors under the Plan will be revised. Specifically, the Company's Board of Directors determines a period of time (the "Performance Period"). The initial Performance Period is the three-year period from the fiscal year ending March 2026 to the fiscal year ending March 2028.) In case the Agenda is approved as originally proposed and in the event that the Company provides payment at one time, the total number of the Company's common shares to be issued or disposed of to the Eligible Directors and the total amount of monetary compensation claims, etc. to be provided shall be no more than 229,000 shares per year and no more than 573 million yen per year. If this Agenda is approved as originally proposed, the performance share units will be granted to the Eligible Directors each year, newly setting a Performance Period going forward.

The Company's current number of the Eligible Directors is two, but if Agenda No. 2 is approved as originally proposed, the number of Eligible Directors will be three.

The specific timing and distribution of grant to each Eligible Director shall be determined by the Board of Directors within the following limits.

### [Outline of the Plan]

#### (1) Contents of the Plan

This Plan is the stock remuneration plan in which the Board of Directors sets numerical targets for the Performance Period in advance and delivers a number of shares of the Company calculated in accordance with the degree of achievement of these numerical targets to the Eligible Directors.

Accordingly, under the Plan, the eligible Directors will be delivered common shares of the Company in accordance with the degree of achievement of numerical performance targets, and at the time of the revision of the Plan, whether or not such common shares will be delivered to the Eligible Directors and the number of shares to be delivered have not been determined.

## (2) Structure of the Plan

The structure of the Plan is as follows:

- (i) The Company establishes the base amount applicable to each Eligible Director according to the importance of its roles and other factors. The Board of Directors determines the number of units to be granted to each Eligible Director based on such amount and grants such units to each Eligible Director.
- (ii) The Company determines the number of common shares of the Company to be delivered to each Eligible Director based on the number of granted units, in accordance with the percentage of achievement of numeric targets determined by the Board of Directors for the Performance Period (Note) and the length of service.

(Note) As for the evaluation method in the initial Performance Period, the Company compares (a) the growth rate of Total Shareholder Return at the end of March 2025 and the end of March 2028 of the Company and (b) the growth rate of Total Shareholder Return at the end of March 2025 and the end of March 2028 of companies of Tokyo Stock Price Index (TOPIX) and calculates the number of shares to be delivered within the range of 0% to 200% of the granted units. Specifically, the number of shares to be delivered will be calculated as 200% if (a) is equal to or greater than 125% of (b), 100% if (a) is equal to (b), and 0% if (a) is equal to or less than 75% of (b). The maximum number of shares to be delivered and the maximum amount of monetary compensation claims set forth in (4) below are based on the scenario where number of shares are delivered when (a) is equal to or greater than 125% of (b) (200% of the granted units).

(iii) In accordance with the number of common shares of the Company to be delivered to each of the Eligible Directors as determined in (ii) above, by means of either (a) the method of issuing or disposing of common shares of the Company without any payment of money or contribution in kind or (b) the method by which the Company grants the Eligible Directors a claim for monetary compensation to be provided for contribution in kind and each Eligible Director contributes the monetary compensation, the Company allots common shares of the Company to each Eligible Director.

In the case of the method described in (a) above, when the common shares are issued or disposed of by the Company, payment of money is not required. However, the Director's remuneration amount will be calculated by multiplying the number of shares issued or disposed of by the closing price of common shares of the Company on the Tokyo Stock Exchange on the business day prior to the resolution date of the Board of Directors pertaining to the issue or disposition of common shares of the Company (in the event that the transaction is not closed on the same day, the closing price on the immediately preceding trading day; the "Closing Price on the day prior to the Resolution Date"). In the case of method described in (b) above, the amount of the monetary compensation claim to be granted to the Eligible Directors shall be calculated by multiplying the number of shares determined and delivered by the Closing Price on the day prior to the Resolution Date.

## (3) Eligible Directors

Directors other than External Directors

## (4) The maximum number of shares to be delivered and the maximum amount of monetary compensation claims

The total number of common shares of the Company issued or disposed of to the Eligible Directors and the total amount of monetary compensation claims to be granted under the Plan shall be 229,000 shares or less per year and 573 million yen or less per year, respectively. However, the total number of common shares and amount of monetary compensation claims are based on the assumption that an amount equivalent to the compensation for the execution of duties over the Performance Period is paid to the Eligible Director at one time.

As for the number of shares above, after the date of the resolution of this Agenda item, in the event of a share split of common shares of the Company (including the gratuitous allotment of shares of common shares of the Company) or a share consolidation, or in the event of any other similar event that an adjustment is required to the total number of shares of common shares of the Company

to be allotted, the maximum number of shares of common shares of the Company to be delivered to the Eligible Directors may be reasonably adjusted.

(5) Handling upon early retirement

The vesting of the units shall, in principle, be subject to the condition that the Eligible Directors are Directors, Corporate Officers, employees, etc. of the Company or the Company's subsidiary at the time of the vesting of the units. However, even in the case where the Eligible Directors have lost their position prior to the vesting of the units, in the event of the loss of their position due to a reason predetermined by the Board of Directors, at the time reasonably set by the Board of Directors, a reasonably adjusted number of shares may be delivered or, in lieu of such delivery, an amount of cash reasonably calculated by the Board of Directors as an amount equivalent to such shares (provided, however, that the annual amount of such cash shall not exceed 573 million yen together with the total amount of common shares issued or disposed of) may be delivered, as necessary.

(6) Extinguishment of units, etc.

In the event that an Eligible Director is liable for any misconduct stipulated by the Board of Directors or falls under any of the circumstances stipulated by the Board of Directors, such Director shall lose all or part of the unvested units. Further, if it is later found that any such circumstance or any conduct that caused any such circumstance existed prior to the vesting of the vested units and the Board of Directors deems necessary, the Eligible Director shall return all or part of common shares of the Company delivered upon vesting of such units or cash equivalent to the value of such shares, in each case, without any compensation.

(7) Handling of units upon reorganization

If a proposal relating to a merger agreement in which the Company is to be dissolved, a share exchange agreement or a share transfer plan in which the Company becomes a wholly-owned subsidiary, or any other organizational restructuring has been approved at a general meeting of shareholders (or, if such organizational restructuring does not require the approval at a general meeting of shareholders, at the meeting of the Board of Directors) prior to the delivery of shares of common shares of the Company under the Plan, at the time set by the Board of Directors, the Company shall be entitled to deliver the number of shares reasonably adjusted, if necessary, or in lieu of such delivery, to pay the amount of cash reasonably calculated by the Board of Directors as the amount equivalent to the said shares (provided, however, that the total amount of common shares of the Company to be issued or disposed of shall be 573 million yen per annum or less) in lieu of such delivery.

The Company has established a policy for determining individual remuneration for the Directors. The overview of the policy is as described under “(2) Current status of the Company, (1) Company's directors and corporate auditors, (7) Director and corporate auditor compensation, i. Policy for determining the content of individual compensation, etc.” of the Business Report. However, when this Agenda item is approved, the Company plans to change the policy to be consistent with the contents also approved by the Board of Directors. In addition, the contents of this Agenda is necessary and reasonable in order to grant individual Directors compensation in accordance with the revised policy, and the maximum amount of compensation, the total number of shares of common stock to be issued or disposed of, and other conditions for granting shares to Directors under the Plan have been determined in consideration of the above objectives, the current situation of the Company and other relevant circumstances and through the consultation by the Nomination and Compensation Committee, and therefore, it is considered to be reasonable.

## Revision of the stock remuneration plan where shares are delivered after vesting for the Directors

Based on the approval of the 11th Annual General Meeting of Shareholders (held on June 26, 2024), the Company has introduced the stock remuneration plan where shares are delivered after vesting (Restricted Stock Unit Plan) (the "Plan") for Independent External Directors. The total number of common shares of the Company issued or disposed of to the Eligible Directors under the Plan and the total amount of monetary compensation claims to be granted shall be 22,000 shares or less per year and 53 million yen or less per year, respectively. We would like to ask for the approval of this Agenda item in order to revise the Plan.

Currently, the Company has decided to review a part of the Plan and the performance-linked stock remuneration plan (performance share unit plan) where shares are delivered after vesting (Performance Share Unit Plan) (the "PSU Plan"), and proposes to grant a portion of the compensation previously granted under the PSU Plan to the Company's Directors (excluding the External Directors) under the Plan. Therefore, we have changed the subject of the Plan from all Independent External Directors to all (i) Independent External Directors and (ii) Directors other than External Directors, and have considered the possibility of continuously granting units to the Eligible Directors of the Plan every fiscal year, fluctuations in the amount of claims due to changes in the conversion rate for the amount of monetary compensation claims to be paid to the Eligible Directors, and fluctuations in the stock price.

For the purpose of providing an incentive to continuously increase corporate value and to further promote value sharing between directors and shareholders, we would like to propose that the total number of shares of common stock of the Company to be issued or disposed of and the total amount of monetary compensation claims, etc. to be paid to the Eligible Directors under the plan shall be no more than 187,000 shares per year and no more than 468 million yen per year (including no more than 72,000 shares per year and no more than 180 million yen per year for the External Directors). However, such number of shares and monetary compensation claims are the maximum number and maximum amount of shares that would be delivered within one fiscal year as a result of the units granted in different fiscal years being vested at the same time, if units were granted to the Eligible Directors on ongoing basis each fiscal year.

Currently, the number of Independent External Directors is three, but if the Agenda item No. 2 is approved as originally proposed, the number of Eligible Directors will be six. (including three external directors).

The specific timing and distribution of grant to each Director shall be determined by the Board of Directors within the following limits.

### [Outline of the Plan]

#### (1) Contents of the Plan

This Plan is the stock remuneration plan in which the Company provides all (i) Independent External Directors (ii) Directors excluding External Directors (the "Eligible Directors") in advance with the units in a number corresponding to the period stipulated by the Board of Directors (in principle, the number corresponding to three years), and the units vested each year on a pro-rata basis until the expiration of such period (in principle, the number calculated by one-third for every one year) subject to continuous service by such Directors, and then the Company delivers common shares of the Company to such Directors in accordance with the vested units.

Therefore, the Plan is to grant shares of the Company's common stock on the condition of the Eligible Directors' continuous service, and at the time of the revision of the Plan, it has not been determined whether or not these shares will be delivered to each Eligible Director, nor has the number of shares to be granted been determined.

#### (2) Structure of the Plan

The structure of the Plan is as follows:

- (i) The Company establishes the base amount applicable to each Eligible Director according to the importance of its roles and other factors. The Board of Directors determines the number of units to be granted to each Eligible Director based on such amount and grants such units to each Eligible Director.
- (ii) This Plan is the stock remuneration plan in which the Company provides the Eligible Directors in advance with the units in a number corresponding to the period stipulated by the Board of Directors (in principle, the number corresponding to three years), and the units vest each year on a pro-rata basis until the expiration of such period (in principle, the number calculated by one-third for every one year) subject to continuous service by such Directors, and then the Company delivers common shares of the Company to such Directors in accordance with the vested units. The Company decides to deliver common shares of the Company (one share per unit) in proportion to the number of vested units.
- (iii) In accordance with the number of common shares of the Company to be delivered to each of the Eligible Directors as determined in (ii) above, by means of either (a) the method of issuing or disposing of common shares of the Company without any payment of money or contribution in kind or (b) the method by which the Company grants the Eligible Directors a claim for monetary compensation to be provided for contribution in kind and each Eligible Director contributes the monetary compensation, the Company allots common shares of the Company to each Eligible Director.

In the case of the method described in (a) above, when the common shares are issued or disposed of by the Company, payment of money is not required. However, the Director's remuneration amount will be calculated by multiplying the number of shares issued or disposed of by the closing price of common shares of the Company on the Tokyo Stock Exchange on the business day prior to the resolution date of the Board of Directors pertaining to the issue or disposition of common shares of the Company (in the event that the transaction is not closed on the same day, the closing price on the immediately preceding trading day; the "Closing Price on the day prior to the Resolution Date"). In the case of method described in (b) above, the amount of the monetary compensation claim to be granted to the Eligible Directors shall be calculated by multiplying the number of shares determined and delivered by the Closing Price on the day prior to the Resolution Date.

#### (3) Eligible Directors

All (i) Independent External Directors and (ii) Directors other than External Directors

#### (4) The maximum number of shares to be delivered and the maximum amount of monetary compensation claims

The total number of common shares of the Company issued or disposed of to the Eligible Directors subject to the Plan and the total amount of monetary compensation claims to be granted shall be 187,000 shares or less per year and 468 million yen or less per year, (including 72,000 shares or less per year and 180 million yen or less per year respectively for External Directors.) However, such number of shares and monetary compensation claims amount are the maximum number and maximum amount of shares that would be delivered within one fiscal year as a result of units granted to the Eligible Directors on an ongoing basis each fiscal year, with units granted in different fiscal years vested at the same time.

As for the number of shares above, after the date of the resolution of this Agenda item, in the event of a share split of common shares of the Company (including the gratuitous allotment of shares of common shares of the Company) or a share consolidation, or in the event of any other similar event that an adjustment is required to the total number of shares of common shares of the Company to be allotted, the maximum number of shares of common shares of the Company to be delivered to the Eligible Directors may be reasonably adjusted.

#### (5) Handling upon early retirement

The vesting of the units shall, in principle, be subject to the condition that the Eligible Directors are Directors, Corporate Officers, employees, etc. of the Company or the Company's subsidiary at the time of the vesting of the units. However, even in the case where the Eligible Directors have lost their position prior to the vesting of the units, in the event of the loss of their position due to a reason predetermined by the Board of Directors, a reasonably adjusted number of shares may be delivered or, in lieu of such delivery, an amount of cash reasonably calculated by the Board of Directors as equivalent to such shares (provided, however, that the annual amount of such

cash shall not exceed 468 million yen (including 180 million yen for the external directors) together with the total amount of common shares issued or disposed of) may be delivered, as necessary at the time reasonably set by the Board of Directors.

(6) Extinguishment of units, etc.

In the event that an Eligible Director is liable for any misconduct stipulated by the Board of Directors or falls under any of the circumstances stipulated by the Board of Directors, such Director shall lose all or part of the unvested units. Further, if it is later found that any such circumstance or any conduct that caused any such circumstance existed prior to the vesting of the vested units and the Board of Directors deems necessary, the Eligible Director shall return all or part of common shares of the Company delivered upon vesting of such units or cash equivalent to the value of such shares, in each case, without any compensation.

(7) Handling of units upon reorganization

If a proposal relating to a merger agreement in which the Company is to be dissolved, a share exchange agreement or a share transfer plan in which the Company becomes a wholly-owned subsidiary, or any other organizational restructuring has been approved at a general meeting of shareholders (or, if such organizational restructuring does not require the approval at a general meeting of shareholders, at the meeting of the Board of Directors) prior to the delivery of shares of common shares of the Company under the Plan, the Company shall be entitled to deliver the number of shares reasonably adjusted at the time set by the Board of Directors, or in lieu of such delivery, to pay the amount of cash reasonably calculated by the Board of Directors as equivalent to the such shares (provided, however, that the total amount of common shares of the Company to be issued or disposed of shall be 468 million yen (including 180 million yen for the external directors) per annum or less) in lieu of such delivery, if necessary.

The Company has established a policy for determining individual remuneration for the Directors. The overview of the policy is as described under "(2) Current status of the Company, (1) Company's directors and corporate auditors, (7) Director and corporate auditor compensation, i. Policy for determining the content of individual compensation, etc." of the Business Report. However, when this Agenda item is approved, the Company plans to change the policy to be consistent with the contents also approved by the Board of Directors. In addition, the contents of this Agenda is necessary and reasonable in order to grant individual Directors compensation in accordance with the revised policy, and the maximum amount of compensation, the total number of shares of common stock to be issued or disposed of, and other conditions for granting shares to Directors under the Plan have been determined in consideration of the above objectives, the current situation of the Company and other relevant circumstances and through the consultation by the Nomination and Compensation Committee, and therefore, it is considered to be reasonable.

## Agenda Item No. 6 Provision of Retirement benefits to retiring Corporate Auditor

Koichi Ikeuchi, who will retire from his position as corporate auditor at the conclusion of this General Meeting of Shareholders, in accordance with the Rules of Directors and Corporate Auditors prescribed by the Company, will be presented with a 12.6 million yen as a retirement benefit, rewarding him for his meritorious service during his tenure. We leave the decision on the timing and method of the presentation of this benefit up to the consultation of the Audit and Supervisory Board.

We ascertain that the content of this agenda item is appropriate given that the retirement benefit was calculated and will be provided in accordance with the Rules of Directors and Corporate Auditors and in light of his meritorious service during his aforementioned tenure.

The following is a brief work history of the retiring auditor.

Name	Brief work history
Koichi Ikeuchi	June 29, 2016: Appointment as Corporate Auditor (incumbent)

# ❖ Business Report (April 1, 2024- March 31, 2025)

## 1 Current Performance in the Corporate Group

### (1) Trends at businesses in this consolidated fiscal year under review

#### (1) Progress and results of business operations

The Company changed its internal organization and the composition of its segments in the fiscal year ending March 2025.

The IVD (in vitro diagnostics) business which was previously in Diabetes Management and Diagnostic Reagents & Instruments business which was previously a part of LSIM business in Healthcare Solutions are now transferred to Diagnostics and Life Sciences and classified as IVD business. In addition, Drug Development Support business, previously a part of LSIM business in Healthcare Solutions, is now classified as CRO business within Healthcare Solutions.

The following is described based on the new classification.

In the fiscal year ended March 31, 2025 (hereinafter, "the fiscal year under review"), the PHC Group posted revenue of JPY 361,593 million, up 2.2% year-on-year. Revenue in the Diabetes Management business decreased from the previous year, despite the favorable impact of foreign exchange rates. Healthcare Solutions posted an increase in revenue mainly due to the effect of the M&A executed in October 2023 and increased demand for electronic prescription management software. Revenue of Diagnostics and Life Sciences, while affected by stagnant market conditions, were at the level of the previous year mainly due to the favorable impact of foreign exchange rates.

Operating profit was JPY 22,580 million, an increase of 1341.9% year-on-year. Diabetes Management business posted a decrease in profits reflecting the impact of lower sales in the Blood Glucose Monitoring (BGM) system business, despite a decrease in one-time expenses and improved profits in the continuous glucose monitoring device (CGM) business. The Healthcare Solutions posted revenue increase due to the impact of improved revenue in the Healthcare IT Solutions business, improved profitability of the business acquired through the above-mentioned M&A, the absence of the impairment losses of JPY 12,737 million in the LSIM business in the third quarter of the previous fiscal year, cost reduction effects, etc. In addition, the Diagnostics and Life Sciences had an increase in revenue due to the impact of increased revenue and cost reductions in the pathology business, as well as absence of the impairment loss of JPY 1,246 million in the Diagnostic Reagents business in the third quarter of the previous fiscal year and a decrease in one-time expenses.

Adjusted EBITDA was JPY 50,095 million (an increase of 0.8% year-on-year). Major adjustment items include the posting of one-off income and expenses related to business structure reforms (addition of JPY 851 million, addition of JPY 7,195 million in the previous year) and one-off other income and expenses (subtraction of JPY 1,227 million and subtraction of JPY 1,716 million in the previous year).

Income before income taxes was JPY 18,823 million, compared with a loss of JPY 13,249 million in the previous year. This is mainly due to an improvement in foreign exchange gains and losses and decreased interest expense in addition to the increase of the Operating profit.

Profit attributable to owners of the parent was JPY 10,485 million, compared with a loss of JPY 12,893 million in the previous year.

The previously stated net income attributable to owners of the parent on a cash basis is not stated in the document from the fiscal year under review, in light of the change in the dividend policy, which used this indicator as the basis for the dividend payout ratio in the Mid-term Plan announced on November 13, 2024.

**Revenue**

361,593 million yen

**YoY**

Up 2.2% 

**Operating net profit**

22,580 million yen

**YoY**

Up 1,341.9% 

**Adjusted EBITDA**

50,095 million yen

**YoY**

Up 0.8% 

**Net income attributable to  
owners of the parent**

10,485 million yen

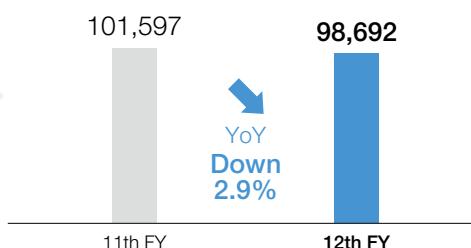
**YoY**

Up 23,378 million yen 

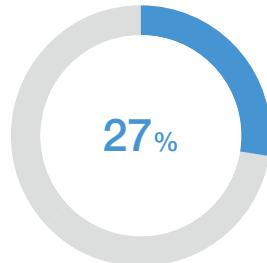
# Diabetes Management



Sales revenue (unit: million yen)



Sales revenue composition ratio



Revenue in the Diabetes Management business in the fiscal year under review amounted to JPY 98,692 million (a decrease of 2.9% year-on-year). In the BGM business, revenue decreased due to the market contraction in developed markets such as Europe and the United States, the shift to lower-priced channels, and a termination of a sales collaboration in the United States, despite the positive impact of foreign exchange rates. In European market, our market share has expanded, but this has not been enough to compensate for the impact of the market contraction. In the CGM business, revenue increased mainly due to the launch in the U.S. of Eversense® 365 that allows for one year of continuous use during the third quarter of the fiscal year under review.

Operating profit of Diabetes Management business in the fiscal year under review was JPY 13,888 million (decrease of 13.2% year-on-year). The decrease in profit margin due to the impact of lower sales in the BGM business, a decline in the profit margin due to changes in the sales channel composition and the ratio of sales in developed and emerging countries, and an increase in SG&A expenses due to change in foreign exchange rates, were offset by a decrease in business restructuring-related expenses and improved profit in the CGM business, which were recorded in the previous year, through the third quarter. However, this was not able to compensate for the decline in profit for the full year.

Adjusted EBITDA totaled JPY 20,444 million, a decrease of 21.2% year-on-year. Major adjustment items included one-off business restructuring-related income and expenses (addition of JPY 597 million for the fiscal year under review and addition of JPY 4,712 million for the previous fiscal year).

## Group Companies

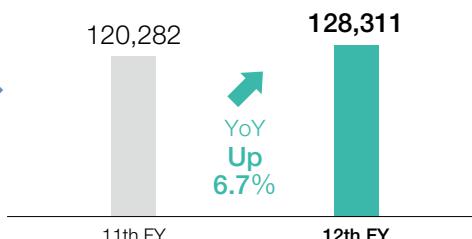


- Blood Glucose Monitoring Systems
- Continuous Glucose Monitoring Systems
- Digital Diabetes Management Solutions

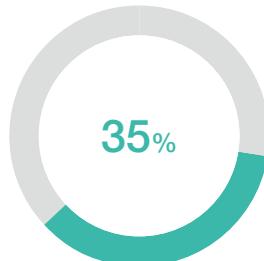
# Healthcare Solutions



Sales revenue (unit: million yen)



Sales revenue composition ratio



In Healthcare Solutions, revenue in the fiscal year under review was JPY 128,311 million (an increase of 6.7% year-on-year). This breaks down to revenue of JPY 65,576 million (an increase of 0.6% year-on-year) in the LSI Medience business and a revenue of JPY 52,072 million (an increase of 17.7% year-on-year) in the Healthcare IT Solutions business, and JPY 10,662 million (a decrease of 1.8% year-on-year) in the CRO business.

In LSI Medience business, revenue was at the level of the previous year due to an increase in general testing and an increase in revenue of testing in the genetic field, which is being undertaken as a growth measure, while revenue of special tests and COVID-19-related tests decreased.

In the Healthcare IT Solutions business, although there was a revenue reduction reflecting a decline in demand for the online eligibility verification system for which there was temporary demand in the previous fiscal year due to the impact of the mandatory introduction, revenue grew thanks to sales growth due to higher demand for electronic prescription management software as well as new posting of sales revenue owing to the completion of acquisition procedures for the electronic medical record and receipt-related systems acquired from FUJIFILM Healthcare Systems Corporation in October 2023.

In the CRO business, revenue declined slightly from the previous fiscal year due to lower sales in the clinical trial business, despite contributions from the acquisition of large projects in the non-clinical business.

Operating profit in Healthcare Solutions in the fiscal year under review was JPY 9,272 million (compared to a loss of JPY 9,446 million in the previous fiscal year). This is primarily because LSI Medience business had no impairment loss in the fiscal year under review, though it suffered JPY 12,737 million for the same in the third quarter of the previous year, and thanks to a significant increase in profit due to cost reductions, etc. While in Healthcare IT Solutions, although it continued to be impacted by lower demand for the online eligibility verification system and higher personnel costs, there was an increase in revenue due to impact of higher revenue from the acquisition of demand for electronic prescription management software, the effect of improved earnings from the businesses acquired in the previous fiscal year as mentioned above, and lower one-time expenses.

Adjusted EBITDA was JPY 19,251 million (an increase of 32.2% year-on-year). Major adjustment items include the posting of one-off income and expenses related to M&A (addition of JPY 74 million, addition of JPY 296 million for the previous fiscal year)

## Group Companies



• Clinical Testing



• Healthcare IT Solutions



• Supports research and development of pharmaceuticals, medical devices, and regenerative medicine

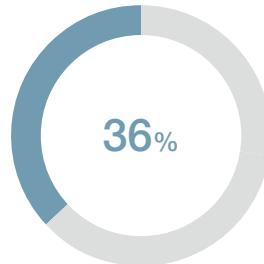
# Diagnostics and Life Sciences



Sales revenue (unit: million yen)



Sales revenue composition ratio



In Diagnostics and Life Sciences business, revenue in the fiscal year under review was JPY 130,920 million (an increase of 1.0% year-on-year). This breaks down to revenue of JPY 58,310 million (an increase of 8.3% year-on-year) in the Pathology business and revenue of JPY 52,747 million (a decrease of 4.4% year-on-year) in the Biomedical business and revenue of JPY 19,862 million (a decrease of 3.6% year-on-year) in the Diagnostic Reagents business.

In the Pathology business, strong sales of consumables in Europe and the Americas, the impact of price increases in the Americas, the contribution of a European sales subsidiary, and favorable foreign exchange effects offset a decrease in equipment sales due to weak market conditions and declining demand in China, resulting in higher revenue.

In the Biomedical business, revenue declined mainly due to a decrease in demand in Japan, the Americas, and China, despite the favorable impact of foreign exchange rates and a recovery in demand for consumables in part of Asia. In the research and medical support equipment field, the decline in revenue was largely attributable to a decrease in the number of large-scale projects from pharmaceutical companies, especially in Japan. In addition, revenue in the Americas region declined due to the impact of uncertainty over the situation caused by U.S. policies during the fourth quarter of the fiscal year under review. Revenue of dispensing support equipment and other sales increased in the first half of the fiscal year which benefited from a campaign for replacing former models with new ones for our customers in the US market, but declined in the full fiscal year as the replacements have almost completed.

In the Diagnostic Reagents business, revenue declined due to lower sales of motorized drug delivery devices and other factors, despite strong sales related to PATHFAST, a mobile chemiluminescent immunoassay analyzer and a posting of one-time revenues.

In Diagnostics and Life Sciences business, operating profit in the fiscal year under review was JPY 7,248 million (an increase of 28.4% year-on-year).

The Biomedical business posted a decrease in profit mainly due to lower sales in the research and medical support equipment field and the impact of accompanying production adjustments, while the pathology business posted an increase in profit due to the impact of higher sales, cost reduction measures such as lower transportation costs, and an improved profit margin due to the effects of organizational streamlining implemented in the past. In addition, the Diagnostic Reagents business that recorded an impairment loss of JPY 1,246 million in the same period of the previous year did not see such loss in the fiscal year under review, and the expense related to business structure reforms decreased, as well as one-off revenue led to profit increase.

Adjusted EBITDA was JPY 18,106 million (an increase of 1.9% year-on-year). Major adjustment items included one-off business structure reform related income and expenses (addition of JPY 138 million in the fiscal year under review, and addition of JPY 664 million in the same period of the previous year), and one-off other income and expenses (subtraction of JPY 631 million in the fiscal year under review and subtraction of JPY 44 million in the same period of the previous year).

## Group Companies



• Anatomical Pathology  
Solutions for Clinical  
Testing and Research  
Laboratories



• Research/  
Medical Support  
Equipment



- Diagnostic Reagents and Instruments
- Development and Manufacturing Contract Service
- Drug Delivery
- Digital Healthcare

## (2) Capital investment trends

Total capital investment at the PHC Group was JPY 11,610 million in the consolidated fiscal year under review. The following are details by domain.

Segment	Capital investment (JPY million)	Details and goals of capital investments
Diabetes Management	863	Increase in machinery and equipment
Healthcare Solutions	6,392	Software investment Newly installed and renovated testing facilities
Diagnostics and Life Sciences	3,194	Production facility investment
Headquarters, etc.	1,160	IT system investment
Total	11,610	

## (3) Fundraising trends

No relevant matters.

## (2) Status of significant subsidiaries

Company name	Share capital	Ratio of voting rights owned by PHC Holdings	Main business activities
PHC Corporation	JPY 7,907 million	100%	Development, manufacturing and sales of healthcare products
Ascensia Diabetes Care Holdings AG	CHF 100,000	100%	Diabetes management business
Ascensia Diabetes Care US Inc.	USD 1	100%	Diabetes management business
Ascensia Diabetes Care Deutschland GmbH	EUR 25,000	100%	Diabetes management business
Epredia Holdings Ltd.	USD 50,000	100%	Anatomical pathology solutions business
New Erie Scientific LLC	USD 100	100%	Anatomical pathology solutions business
LSI Medience Corporation	JPY 3,000 million	100%	Clinical testing
Wemex Corporation	JPY 50 million	100%	Healthcare IT solutions business
Mediford Corporation	JPY 80 million	100%	Drug-discovery support business

(Note) The status of specified wholly owned subsidiaries as of the end of the fiscal year under review is as follows.

Name of the specified wholly owned subsidiary	PHC Corporation
Address of the specified wholly owned subsidiary	2131-1, Minamikata, Touon city, Ehime prefecture
Book value of shares of the specified wholly owned subsidiaries in the Company and its wholly owned subsidiaries	JPY 88,565 million
Total assets of the Company	JPY 431,111 million

### **(3) Issues that should be addressed**

#### **(a) Management indicators being targeted**

The PHC Group aims to be one of the top global healthcare companies with the vision of “becoming a leader in pioneering the future of healthcare through precision technology”. Our policy to embody the attainment of these goals is to position sales revenue, operating profit, adjusted EBITDA and profit attributable to owners of the parent as important management indicators, analyze business progress and the status of achievement of each of these indicators, and address management issues.

#### **(b) Business and financial issues that should be addressed as a priority**

##### **(i) Build and strengthen an in-house system to support growth in the medium/long term on a global scale**

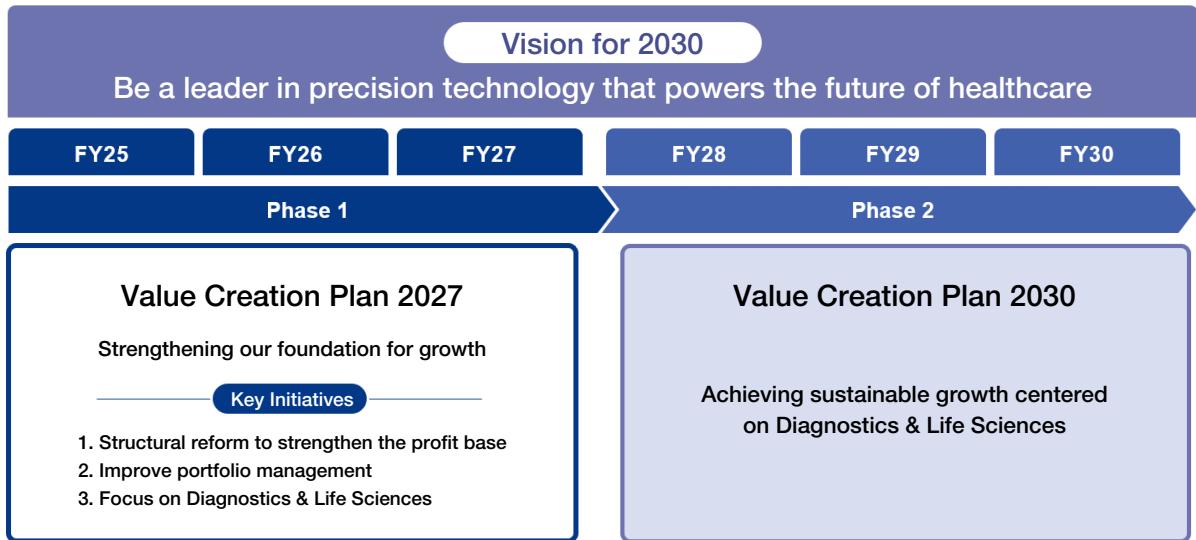
The PHC Group acquired the diabetes care business from Bayer AG in 2016. In 2019, the Company acquired the pathology business from Thermo Fisher Scientific, Inc., and acquired LSI Medience Corporation from Life Science Institute, Inc., and in 2023 acquired the electronic medical record and receipt systems related business from FUJIFILM Healthcare Systems Corporation. Consequently, we reinforced our business infrastructure and are pushing forward the expansion of our businesses. Meanwhile, given that we are increasing the number of overseas subsidiaries and employee headcount in tandem with a sharp growth, we are working to build and strengthen an internal system to improve our group governance globally, strengthen our system related to internal controls, and for the full-fledged compliance with laws and ordinances in each country.

##### **(ii) Expand business operations and the earnings base**

In November 2024, the PHC Group formulated its “Value Creation Plan 2027” and set forth a new vision of “Be a leader in precision technology that powers the future of healthcare” as the image the Group should aspire to by the year 2030. Based on this vision, we have divided the period up to 2030 into two phases, with Phase 1, “Value Creation Plan 2027,” positioned as follows. We will steadily implement this Value Creation Plan to enhance corporate value.

[Positioning of “Value Creation Plan 2027”]

- To realize our vision, we will work on “Strengthening our foundation for growth” as Phase 1 and “Achieving sustainable growth centered on Diagnostics & Life Sciences” as Phase 2.
- Under Phase 1 of Value Creation Plan 2027, we will implement three priority measures: “Structural reform to strengthen the profit base”, “Improve portfolio management,” and “Focus on Diagnostics & Life Sciences”.



(iii) Repayment of borrowings

Borrowings at PHC Holdings is at a level that accounts for a majority of total assets owing mainly to M&A deals conducted in the past. We believe it is a repayable level given the free cash flow we expect going forward. We will continue to make effective use of free cash flow generated from operations and depending on the cash flow situation, we will also use existing short-term lines of credit to fund our debt repayment, thereby improving the financial position and expanding the financial base.

(iv) Improving the recognition of the PHC Group

The PHC Group instigated a carve out of the Panasonic Group in 2014. In April 2018, we changed the name of our group corporate brand to “PHC.” Each of businesses has a long respective history. Clients have become familiar with our businesses and product brands over many years. We listed our shares on the first section of the Tokyo Stock Exchange (currently the Prime Market on the Tokyo Stock Exchange) in October 2021. We plan to use this as an opportunity to improve recognition of the PHC Group globally among various stakeholders, including investors, by strengthening our business/product brands and by conducting IR and PR activities through various media.

(c) Initiatives for sustainability

The Company is promoting a management philosophy of “We contribute to the health of society through our diligent efforts to create healthcare solutions that have a positive impact and improve the lives of people.” We are carrying out corporate activities daily based on this philosophy. We identified the major issues (materiality) to shape our management philosophy and established respective KPIs and goals. The Company plans to continue to speedily capture changes

in social development and the environment, and thereby contribute to the realization of a sustainable society and good medical practices by implementing sustainability management as a group as a whole.

In the PHC Group, we established a “Sustainability Committee,” with the representative director and president as the committee chair, and the corporate officers and general managers as members. In this committee, we identify important issues (materialities) in the PHC Group, establish respective KPIs and goals, evaluate results, conduct the monitoring of improvement indicators, etc., manage and discuss activities in general related to other sustainability, including new regulations and guidelines, and deliberation related to decisions. We plan to discuss and report to the executive committee and Board of Directors regarding the details of reports, discussion and deliberations at the Sustainability Committee.

Details on sustainability activities at the Company are available at the following integrated report and sustainability sites.

Integrated report: <https://www.phchd.com/global/sustainability/integratedreport2024>

Sustainability site: <https://www.phchd.com/global/sustainability>

#### **(4) Other important matters concerning the current status of the Group**

- (i) Effective April 1, 2024, the Company relocated its head office to 13-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo.
- (ii) The investigation by the external investigation committee into the inappropriate case related to quality control at the Central Laboratory of LSI Medience Corporation, a subsidiary of the Company, announced on December 8, 2023, has been completed with the receipt of the final investigation report from the external investigation committee on June 5, 2024. LSI Medience Corporation, which has been also instructed by the Tokyo Metropolitan Government and the Itabashi Ward Public Health Center to take corrective and recurrence prevention activities, reported to the Itabashi Ward Public Health Center on January 30, 2025, to the effect that such activities have been completed, which was accepted and therefore, the action on this matter has been completed.
- (iii) In relation to case (ii) above, on July 26, 2024, LSI Medience Corporation received a notice from an ISO accreditation organization to revoke its ISO 15189 accreditation, which expired on July 27, 2024. The Company and LSI Medience Corporation are making every effort to reacquire the certification.

## 2 Current status of the Company

### (1) Company's directors and corporate auditors

#### (1) Directors and corporate auditors (as of March 31, 2025)

Position in the Company	Name	Responsibilities and important concurrent positions
President, Representative Director and CEO	Kyoko Deguchi	Professor, Kenichi Ohmae Graduate School, BBT University External Director, Heartseed Inc.
Senior Executive Vice President, Representative Director, COO and CSO	Koichiro Sato	Director, Allm Inc. (retirement on April 1st, 2025) Director, Senseonics Holdings, Inc.
Director	Hiroyuki Hirano	President, KKR Japan KK Director, Marelli Holdings Co., Ltd. External Director, Logisteed Ltd. Director, KJRM Holdings
Director	Eiji Yatagawa	Partner, KKR Japan KK External Director, Koki Holdings Co., Ltd. External Director, dataX Inc. External Director, Yayoi Co., Ltd. External Director, Logisteed Ltd. Director, Seiyu Co., Ltd.
Director	Ivan Tornos	Zimmer Biomet Group, President, Chief Executive Officer, Director and Chairman-Elect of the Board of Directors
Director	David Sneider	External Director, Mitsubishi UFJ Financial Group, Inc.
Director	Misa Yamashita	External Director, Business Coach, Inc. D&I Advisor, JERA Co., Ltd.
Full-time corporate auditor	Koichi Ikeuchi	Commissaris, PT PHC Indonesia
Corporate auditor	Shannon Hansen	Tandem Diabetes Care, Inc. Executive Vice President, Chief Legal, Privacy & Compliance Officer and Secretary
Corporate auditor	Tetsuo Kitagawa	Representative of Tetsuo Kitagawa Certified Public Accountant Office

(Notes)

1. Directors Hirofumi Hirano, Eiji Yatagawa, Ivan Tornos, David Sneider and Misa Yamashita are external directors.
2. Corporate Auditors Shannon Hansen and Tetsuo Kitagawa are external corporate auditors.
3. Corporate Auditor Tetsuo Kitagawa is a certified public accountant and possesses a considerable degree of knowledge on finance and accounting.
4. Effective December 31, 2024, Mr. Sen Sakaguchi resigned as an external director. He is affiliated with MITSUI & Co., Ltd., a shareholder of the Company.
5. In accordance with provisions set by the Tokyo Stock Exchange, the Company has designated Directors, Ivan Tornos, David Sneider and Misa Yamashita, and Corporate Auditors Shannon Hansen and Tetsuo Kitagawa as independent directors/auditors and has accordingly submitted a notification to the TSE.
6. Regarding Kenichi Ohmae Graduate School, BBT University, where Director Kyoko Deguchi is a professor, the Company conducts business transactions with respect to a human resources development program with Aoba-BBT Corporation, the parent company of Kenichi Ohmae Graduate School, BBT University. However, the value of transactions accounts for less than 0.1% of "operating expense" or "sales." In addition, Ms. Deguchi is also an external director at Heartseed Inc. There is no special relationship between the Company and the companies where Ms. Deguchi hold a concurrent position.
7. Director Hirofumi Hirano also works at KKR Japan Ltd., the Japanese subsidiary of Kohlberg Kravis Roberts & Co. L.P. Kohlberg Kravis Roberts & Co. L.P. operates KKR PHC Investment L.P., a private equity fund, and the largest shareholder of the Company. There are no special relationships between the Company and other companies where Mr. Yatagawa also holds a concurrent position.
8. Director Eiji Yatagawa also works at KKR Japan Ltd., the Japanese subsidiary of Kohlberg Kravis Roberts & Co. L.P. that operates KKR PHC Investment L.P., a private equity fund. KKR PHC Investment L.P. is the largest shareholder of the Company. There are no special relationships between the Company and other companies where Mr. Yatagawa also holds a concurrent position.
9. There is no special relationship between the Company and the companies where Director Ivan Tornos holds a concurrent position.
10. There is no special relationship between the Company and the companies where Director David Sneider holds a concurrent position.
11. There is no special relationship between the Company and the companies where Director Misa Yamashita holds a concurrent position.
12. There is no special relationship between the Company and the companies where Corporate auditor Shannon Hansen holds a concurrent position.
13. There is no special relationship between the Company and the companies where Corporate auditor Tetsuo Kitagawa holds a concurrent position.

[Reference] Company criteria for evaluating the independence of external directors and corporate auditors

The Company assesses the independence of its external directors and corporate auditors, as stipulated in the Companies Act in cases where (1) - (6) below do not apply in compliance with the standards for assessing independence of the securities exchange the Company will be listed on.

- (1) A party that has the Company as a major business partner or its business executor
- (2) A major business partner of the Company or its business executor
- (3) Consultant, accounting and/or legal expert that receives large monetary sums or other assets from the Company aside from directors and corporate auditors compensation (in cases where the party receiving said assets is a corporation, union or some other type of organization, an individual belonging to said organization)
- (4) An individual who has fallen under the categories stipulated in (1), (2) and/or (3) until recently.
- (5) An individual that corresponded to one or all of the cases in (a) to (c) below, at any time within a 10-year period prior to assuming their position as external director
  - (a) An individual that executes business matters or a Director that is not an individual that executes business matters of the Company's parent company
  - (b) An auditor of the Company's parent company (limited to cases where the external corporate auditor is designated an independent corporate auditor)
  - (c) An individual that executes business at an affiliate of the Company
- (6) Close relatives of an individual mentioned in the (A) to (H) below (excluding irrelevant individuals).
  - (A) An individual mentioned in (1) to (5) above
  - (B) Accounting advisor of the Company (In the event the accounting advisor is a corporation, this includes employees that carry out duties for the advisor; the same shall apply hereafter) (Limited to cases where the external corporate auditor is designated as an independent corporate auditor.)
  - (C) An individual that execute business matters at a subsidiary of the Company
  - (D) Director that does not execute business matters or an accounting advisor at a subsidiary of the Company (Limited to cases where the external corporate auditor is designated as an independent corporate auditor.)
  - (E) An individual that executes business matters or a Director that is not an individual that executes business matters of the Company's parent company
  - (F) An auditor of the Company's parent company (limited to cases where the external corporate auditor is designated an independent corporate auditor)
  - (G) An individual that executes business at an affiliate of the Company
  - (H) Individuals that execute business at the Company or that recently corresponded to (B) to (D) above (in cases where the external corporate auditor is designated an independent corporate auditor, including directors that do not execute business.)

(Notes) 1. "A party that has the Company as a major business partner" refers to an individual that has received payment from the Company in recent fiscal years that is equivalent to 2% or more the Company's annual consolidated sales.

2. "A major business partner of the Company" refers an individual that made payment to the Company in recent fiscal years that is equivalent to 2% or more the Company's annual consolidated sales.

3. The "receiving of large monetary sums or other assets from the Company aside from director and corporate auditor compensation" refers to the receipt of monetary sums or assets from the Company aside from director and corporate auditor compensation in recent fiscal years that is worth 10 million yen or more.

## **(2) Transfer of Director and/or Corporate Auditors during the fiscal year under review**

### i. Appointment

No relevant matters.

### ii. Retirement

Effective December 31, 2024, Mr. Sen Sakaguchi resigned as an external director.

### iii. Change in position and assignment of Director and/or Corporate Auditors during the fiscal year under review

Effective July 1, 2024, the role of Senior Executive Vice President, Representative Director, Koichiro Sato was changed from COO to COO and CSO, Chief Operating Officer and Chief Strategy Officer.

## **(3) Transfer of Director and/or Corporate Auditors after the end of the fiscal year under review**

### i. Appointment

No relevant matters.

### ii. Retirement

No relevant matters.

### iii. Change in position and assignment of Director and/or Corporate Auditors after the end of the fiscal year under review

No relevant matters.

#### **(4) Summary of details of limited liability contracts**

Pursuant to Article 427, paragraph (1) of the Companies Act, the Company has entered into an agreement with each of all external directors and external corporate auditors to limit their liability for damages under Article 423, paragraph (1) of the same Act.

The limitation of liability in accordance with said policy is the amount stipulated by law only when an external director or external corporate auditor has performed duties that were the cause of said liabilities in good faith and without gross negligence, to ensure that the performance of duties by the insured party has not been compromised.

#### **(5) Summary of details concerning the indemnity contract**

No relevant matters.

#### **(6) Summary of details concerning liability insurance policy for directors, etc.**

The Company enters into liability insurance policy for directors, etc. with an insurance company as stipulated in Article 430-3-1 of the Companies Act. The scope of the insured party's insurance policy coverage extends to all employees in the position of director, corporate officer, corporate auditor, operating officer, accounting advisor, and manager/supervisor at the Company, all companies in which the Company has a direct or indirect investment of more than 50%, and subsidiaries as stipulated under the Companies Act. The insured party is not responsible for insurance premiums.

In the event of a claim for damages be filed against the insured party due to their conduct as a company director/corporate auditor, the policy will provide coverage for damages of up to 3 billion yen. However, to ensure that the appropriateness of the insured party's execution of duties is not impaired, damage caused intentionally or due to gross negligence is not covered by the policy.

#### **(7) Director and corporate auditor compensation**

##### **i. Policy for determining the content of individual compensation, etc.**

The Board of Directors resolves to determine the policy on the compensation for individual directors. Before this resolution, advice and recommendation are sought from the voluntary Nomination and Compensation Committee where half or more members are independent external directors.

Details for determining the content of individual director compensation, etc.

1. Basic stance on determining the content of compensation for directors (excluding external directors)
  - Suitable as consideration for management delegation. Linked to the growth and improvement of earnings at the Group
  - The system takes into consideration the correlation between company and individual performance
  - Ensures accountability towards stakeholders and transparency

2. Summary of director compensation, etc.

a. Policy on compensation standards

The level of director compensation should be competitive so as to facilitate the hiring and retaining of talented personnel.

After taking into consideration various factors, including objective external data, evaluation data, industry trends and management conditions, compensation is set at an adequate level according to each director's roles and responsibilities. Specifically, we evaluate compensation levels at global healthcare companies and compensation standards in the major countries and regions where we recruit directors as benchmarks and implement a relative comparison using these benchmarks to determine proper compensations for directors.

b. Compensation for directors (excluding external directors)

Director compensation consists of a monthly compensation, short-term, performance-linked compensation, stock remuneration and retirements benefits. Compensation is paid after a report from the Nomination and Compensation Committee is received and the Board of Directors passes a resolution.

(i) Monthly compensation

This is regular monthly compensation. It is determined based on roles and responsibilities and the results of a survey conducted by a third party.

(ii) Short-term performance linked compensation

- Short-term performance-linked remuneration is provided as a short-term incentive for the achievement of one year's performance.
- The evaluation indexes for short-term performance-linked remuneration are "return on invested capital (ROIC)" as an indicator to evaluate business efficiency, and "operating net profit" and "net income" as indicators to evaluate profitability, with the respective weights and evaluation factors as follows.

	Valuation indicator	Weight	Evaluation coefficient
1	Return on invested capital (ROIC)	25.0%	0%-200%
2	Operating net profit	25.0%	0%-200%
3	Net income	25.0%	0%-200%
4	Earnings goal by individual employees	25.0%	38%-200%

The degree of achievement of earnings targets on an individual basis shall be determined by having the Nomination and Compensation Committee examine individual evaluations in accordance with a director's individual achievement rate of earnings targets. That being said, individual earnings targets shall be determined by having directors set specific earnings goals, with the weight of score allocations set according to priority, and by having the voluntary Nomination and Compensation Committee examine the validity of proposed targets and decide on the targets.

(iii) Stock compensation

The Company has decided to introduce a performance-linked stock remuneration plan (performance share unit plan) where shares are delivered after vesting, aiming to promote further sharing of value between directors and shareholders.

The Company establishes the base amount applicable to each Eligible Director according to the importance of its roles and other factors. The Board of Directors determines the number of units to be granted to each Eligible Director based on such amount and grants such units to each Eligible Director.

The Company determines the number of common shares of the Company to be delivered to each Eligible Director based on the number of granted units, in accordance with the percentage of achievement of numeric targets determined by the Board of Directors for the Performance Period and the length of tenure.

(Note) As for the evaluation method in the initial Performance Period, the Company compares (a) the growth rate of Total Shareholder Return at the end of March 2024 and the end of March 2027 of the Company and (b) the growth rate of Total Shareholder Return at the end of March 2024 and the end of March 2027 of companies of Tokyo Stock Price Index (TOPIX) and calculates the number of shares to be delivered within the range of 0% to 200% of the granted units.

Specifically, the number of shares to be delivered will be calculated as 200% if (a) is equal to or greater than 125% of (b), 100% if (a) is equal to (b), and 0% if (a) is equal to or less than 75% of (b).

(iv) Retirement benefits

The retirement benefits' payment and amount are determined in accordance with the Rules for Directors and Corporate Auditors.

3. External director compensation

Compensation for independent external directors consists of monthly compensation and stock compensation. Those are paid based on recommendations from the voluntary Nomination and Compensation Committee upon the Board of Directors' resolution. External directors, excluding independent external directors, are not compensated.

(i) Monthly compensation

This is regular monthly compensation. It is determined based on roles and responsibilities and the results of a survey conducted by a third party.

(ii) Stock compensation

The Company had introduced a stock option plan for independent external directors based on the approval of the Ordinary General Meeting of Shareholders held on June 29, 2022, but with the approval of the Ordinary General Meeting of Shareholders held on June 26, 2024, the Company changed the plan to a performance-linked stock remuneration plan where shares are delivered after vesting, which is widely adopted globally, with the aim of further enhancing the incentive for raising stock prices and corporate values as well as the purpose of securing talented personnel with diversity in terms of nationality and experience.

Under the stock remuneration plan where shares are delivered after vesting, the Company's Board of Directors determines the number of units to be paid to each Eligible Director based on a base amount set according to the size of the role of each Eligible Director and other factors, and then pays such amount to each grantee.

In principle, the number of units granted (for three years) shall be vested by one-third each year, subject to the continuous service of the Eligible Directors. The Company decides to deliver common shares of the Company (one share per unit) in proportion to the number of vested units.

4. Compensation for corporate auditors (excluding external corporate auditors)

Compensation for corporate auditors is determined based on calculation criteria decided by the Audit & Supervisory Board and consists of monthly compensation and retirement benefits.

(i) Monthly compensation

Compensation paid monthly based on the decision of the Audit & Supervisory Board

(ii) Retirement benefits

The retirement benefits' payment and amount are determined in accordance with the Rules for Directors and Corporate Auditors.

5. Compensation for external corporate auditors

Compensation for external corporate auditors is determined based on calculation criteria decided by the Audit & Supervisory Board and consists of monthly compensation.

6. Total amount of director and corporate auditor compensation and total headcount in the fiscal year under review

In FY2024 (April 1, 2024 - March 31, 2025), the following is the total amount paid in compensation for directors and corporate auditors.

Category	Total compensation (Million yen)	Total amount by type of compensation (million yen)						Number of applicable directors, etc.
		Fixed compensation	Stock options (Note 1)	Performance linked compensation (Note 2)	Retirement benefits	Other	Non-monetary compensation, etc. out of the compensation shown on the left (Note 3)	
Director (excluding external directors)	263	136	2	67	35	21	23	3 (Note 4)
Corporate auditors (Excludes external corporate auditors)	23	21	—	—	1	—	—	1
External Directors	92	56	4	—	—	31	35	3 (Note 5)
External Corporate Auditor	30	30	—	—	—	—	—	2

(Notes) 1. The listed amount of stock options is the calculated price as of the end of March 2025 of the stock option granted before the fiscal year under review.

2. The following are the Company's operating results related to valuation indicators for short-term performance-linked compensation. Each indicator was consulted in the Nomination and Compensation Committee and approved by the Board of Directors, taking into consideration the balance and completeness of the growth potential, profitability and efficiency of the Company's business.

The operating profit below is adjusted operating profit excluding one-time cost etc.

	Valuation indicator	Weight	Targets for the fiscal year under review	Results	Achievement rate
1	Core sales	26.0%	360,047 million yen	348,572 million yen	97%
2	Operating net profit	30.0%	20,378 million yen	22,232 million yen	110%
3	Net income	19.0%	10,278 million yen	10,485 million yen	103%
4	Earnings goal by individual employees	25.0%	Set for each employee	Set for each employee	Set for each employee

3. Non-monetary compensation, etc. states the amount of long-term incentives that should be posted as expense in the fiscal year under review.

The amount of non-monetary remuneration for the Directors (excluding External Directors) includes stock options and the performance-linked stock remuneration plan where shares are delivered after vesting. The remuneration for the Directors (excluding External Directors) in the form of the performance-linked stock remuneration plan where shares are delivered after vesting is limited to 66,000 shares per year and 165 million yen per year (however, a cumulative total of 198,000 shares and 495 million yen for the number of years related to the evaluation period may be paid at one time) in accordance with the resolution at the annual meeting of shareholders held on June 26, 2024. (Number of directors at the time of the resolution: 2).

The amount of non-monetary remuneration for the External Directors) includes stock options and the performance-linked stock remuneration plan where shares are delivered after vesting. The compensation limit for stock options for independent external directors is set at 70 million yen per year (the number of independent external directors was three (3) at the time of resolution) by the resolution at the Annual General Meeting of Shareholders held on June 29, 2022. The remuneration for Independent External Directors in the form of the performance-linked stock remuneration plan where shares are delivered after vesting is limited to 22,000 and 53 million yen in accordance with the resolution at the annual meeting of shareholders held on June 26, 2024. (Number of Directors at the time of the resolution: 3).

4. The number of directors (excluding external directors) is indicated, including the number of directors who retired during the fiscal period.
5. The number of external directors is indicated, excluding the three (3) external directors who work for no remuneration (including who retired during the period).
6. The limit for director compensation was set at 1,500 million yen per year at an extraordinary shareholders meeting held on November 30, 2020 (there were 7 directors at the time this was approved).
7. The limit for corporate auditor compensation was set at 60 million yen per year at an extraordinary shareholders meeting held on August 13, 2021 (there were 3 corporate auditors at the time this was approved).

## **ii. Retirement benefits paid to director in the fiscal year under review**

Retirement benefits paid to a director who retired on June 26, 2024, pursuant to the resolution of the Annual General Meeting of Shareholders held on June 26, 2024, are as follows.

One director 92 million yen

## **iii. Total amount of director compensation, etc. received by external directors and corporate auditors from a subsidiary, etc.**

No relevant matters.

#### iv. Consolidated compensation for each director

Total consolidated compensation for individuals receiving a total consolidated compensation of 100 million yen or more (actual for the fiscal year ended March 31, 2025)

Name	Director Category	Company category	Total amount by type of compensation (million yen)					Total including consolidated compensation (million yen)
			Fixed compensation	Stock options (Note 1)	Performance linked compensation	Retirement benefits	Other (Note 2)	
Kyoko Deguchi	Director	PHC Holdings Corporation	69	2	42	22	14	150

(Notes) 1. The listed amount for stock options is the calculated price as of the end of March 2025.

2. The amount of "Other" includes Stock Options and the performance-linked stock remuneration plan where shares are delivered after vesting.

#### v. Reasons why the Board of Directors has determined that the content of individual remuneration, etc. for directors for the fiscal year under review is in line with the decision-making policy

Regarding the individual compensation, etc. of directors for the fiscal year under review, the Board of Directors has confirmed that the method of determining the content of remuneration, etc. and the content of the determined remuneration, etc. are consistent with the decision-making policy decided by the Board of Directors and the report from the Nomination and Compensation Committee is respected. The Board of Directors therefore deems that it is in line with the decision-making policy.

# ❖ Consolidated financial statements

## Consolidated Statement of Financial Position (as of March 31, 2025) (Unit: million yen)

Item	Amount	Item	Amount
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	39,592	Trade and other payables	65,665
Trade receivables	70,530	Borrowings	34,278
Inventories	51,694	Income taxes payable	4,207
Other financial assets	4,308	Provisions	7,725
Other current assets	6,665	Other financial liabilities	5,812
Total current assets	172,790	Other current liabilities	22,865
<b>Non-current assets</b>		Total current liabilities	140,555
Property, plant and equipment	48,374	<b>Non-current liabilities</b>	
Goodwill	206,500	Trade and other payables	597
Intangible assets	80,649	Borrowings	220,982
Investments accounted for using the equity method	1,821	Retirement benefit liability	5,544
Other financial assets	13,932	Provisions	4,575
Deferred tax assets	6,120	Other financial liabilities	8,358
Other noncurrent assets	2,293	Deferred tax liabilities	9,291
Total noncurrent assets	359,691	Other noncurrent liabilities	1,405
<b>Total assets</b>	<b>532,482</b>	Total noncurrent liabilities	250,755
<b>Liabilities</b>			
<b>Current liabilities</b>			
<b>Total liabilities</b>	<b>391,310</b>	<b>Equity</b>	
<b>Equity</b>			
Share capital	48,623		
Capital surplus	42,039		
Retained earnings	2,991		
Treasury shares	(568)		
Other components of equity	48,553		
Equity attributable to owners of the parent	141,639		
Non-controlling interests	(468)		
<b>Total equity</b>	<b>141,171</b>		
<b>Total liabilities and equity</b>	<b>532,482</b>		

## Consolidated statements of profit or loss (April 1, 2024 - March 31, 2025) (Unit: million yen)

Item	Amount
Revenue	361,593
Cost of sales	195,369
Gross profit	166,224
Selling, general and administrative expenses	144,249
Other income	1,761
Other expenses	784
Share of profit (loss) of investments accounted for using equity method	(371)
Operating net profit	22,580
Financial income	1,504
Financial costs	5,262
Profit before taxes	18,823
Income tax expense	8,458
Profit	10,364
Profit attributable to	
Owners of parent	10,485
Non-controlling interests	(120)
Earnings per share	
Basic earnings per share (Unit: JPY)	83.13
Diluted earnings per share (Unit: JPY)	82.58

# ❖ Non-Consolidated financial statements

## Balance sheets (as of March 31, 2025)

Item	Amount
<b>Assets</b>	
<b>Current assets</b>	<b>69,433</b>
Cash and deposits	10,167
Operating accounts receivable	2,521
Accounts receivable – other	2,362
Short-term loans receivable	53,881
Other	500
<b>Non-current assets</b>	<b>361,677</b>
<b>Property, plant and equipment</b>	<b>668</b>
Buildings	477
Machinery and equipment	37
Tools, fixtures and supplies	153
<b>Intangible assets</b>	<b>585</b>
Trademark rights	30
Software	225
Software in progress	330
<b>Investments and other assets</b>	<b>360,423</b>
Investment securities	8,405
Stocks of subsidiaries and affiliates	263,434
Investments in capital of subsidiaries and affiliates	533
Long-term loans receivable	87,305
Deferred tax assets	515
Long-term deposits paid	228
<b>Total assets</b>	<b>431,111</b>

Item	Amount	(Unit: million yen)
<b>Liabilities</b>		
<b>Current liabilities</b>	<b>107,312</b>	
Short- term loans payable	68,071	
Current portion of long-term loans payable	27,081	
Accounts payable- other	2,772	
Accrued expenses	83	
Income taxes payable	91	
Deposits received	8,190	
Provision for bonuses	254	
Provision for loss on contract	64	
Provision for share-based compensation	438	
Other	264	
<b>Non-current liabilities</b>	<b>225,052</b>	
Long-term loans payable	224,427	
Provision for officers' retirement benefit	51	
Provision for retirement benefits	108	
Provision for loss on contract	97	
Asset retirement obligation	230	
Provision for share-based compensation	136	
<b>Total liabilities</b>	<b>332,364</b>	
<b>Net assets</b>		
<b>Shareholders' equity</b>	<b>114,778</b>	
<b>Share capital</b>	<b>48,623</b>	
<b>Deposit for subscriptions to shares</b>	<b>0</b>	
<b>Capital surplus</b>	<b>38,809</b>	
Legal capital surplus	18,666	
Other capital surplus	20,142	
<b>Retained earnings</b>	<b>27,914</b>	
Other retained earnings	27,914	
Retained earnings brought forward	27,914	
<b>Treasury shares</b>	<b>(568)</b>	
<b>Valuation and translation adjustments, etc.</b>	<b>(16,495)</b>	
Valuation difference on available-for-sale securities	(188)	
Deferred gains or losses on hedges	(16,307)	
<b>Share acquisition rights</b>	<b>463</b>	
<b>Total net assets</b>	<b>98,747</b>	
<b>Total liabilities and net assets</b>	<b>431,111</b>	

## Statements of income (April 1, 2024 - March 31, 2025)

(Unit: million yen)

Item	Amount
<b>Operating revenue</b>	<b>16,202</b>
<b>Operating expenses</b>	<b>8,172</b>
<b>Operating net profit</b>	<b>8,029</b>
<b>Non-operating profit</b>	<b>9,407</b>
Interest income	7,741
Foreign exchange gain	1,652
Other	13
<b>Non-operating expenses</b>	<b>9,663</b>
Interest expense	9,400
Other	262
<b>Ordinary profit</b>	<b>7,774</b>
<b>Extraordinary profit</b>	<b>109</b>
Gain on reversal of share acquisition rights	109
<b>Extraordinary loss</b>	<b>30</b>
Loss on retirement of non-current assets	30
<b>Income before income taxes</b>	<b>7,853</b>
Income taxes - current	(405)
Income taxes - deferred	388
<b>Net profit</b>	<b>7,869</b>