The 13th Annual General Meeting of Shareholders

Convocation notice

- **Date and time**

  June 24 (Wednesday)**, 2026** at 10:00 a.m.

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

- **Venue**

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

  Sumitomo Fudosan Onarimon Tower Bldg. Bellesalle Onarimon, 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 One (1) Corporate Auditor
  Agenda item No. 4: Appointment of One (1) Substitute Corporate Auditor

About discontinuation of postal delivery of resolution notices

In consideration of the global environment and resource conservation, the results of the 13th Annual General Meeting of Shareholders will be posted on our website instead of being sent by mail in writing. We appreciate your kind understanding in advance.

PHC Holdings Corporation

Securities code: 6523

To Our Shareholders

Securities code: 6523
Date sent: June 9, 2026
(Start date for electronic disclosure) June 3, 2026
1-13-2 Yurakucho, Chiyoda-ku, Tokyo
PHC Holdings Corporation
President and CEO Kyoko Deguchi

Notice of Convocation of the 13th Annual General Meeting of Shareholders

We would like to begin by expressing our sincere gratitude for your continued support.

Notice is hereby given that the 13th Annual 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] https://www.phchd.com/global/ir/meeting
Listed Company Information Service (Tokyo Stock Exchange) https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show (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)] https://www.soukai-portal.net (Scan the QR code on the voting form or access the URL above and enter your ID and 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 23, 2026 (Tokyo time).

Respectfully yours;

Notice

1 Date

June 24 (Wed.), 2026 at 10:00 a.m. (Reception begins at 9:30 a.m.)

2 Place

1-1-1 Shibakoen, Minato-ku, Tokyo
Sumitomo Fudosan Onarimon Tower, Bldg. Bellesalle Onarimon Tower, 4th Floor Hall

3 Purposes of the General Meeting

Reports

1. Business Report and Consolidated Financial Statements for the 13th Fiscal Year (from April 1, 2025 to March 31, 2026) 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 13th Fiscal year (from April 1, 2025 to March 31, 2026)

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 One (1) Corporate Auditor
Agenda item No. 4: Appointment of One (1) Substitute Corporate Auditor

Exercise of Voting Rights

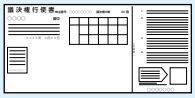
Please exercise your voting rights by one of the following methods after reviewing the reference documents for the General Meeting of Shareholders:

When exercising voting rights by attending the General Meeting of Shareholders

Please submit the voting rights exercise form at the reception desk.

Date and time 10:00 a.m. on Wednesday, June 24, 2026

Place The General Meeting of Shareholders Venue



When exercising voting rights in writing (postal mail)

Please indicate your approval or disapproval for each agenda item on the enclosed voting rights exercise form and return it.

Exercise Deadline 5:30 p.m. on Tuesday, June 23, 2026



Please indicate your approval or disapproval for the Agenda Item.

When exercising voting rights by the Internet, etc.

Please enter your approval or disapproval for each agenda item following the instructions on next page.

Exercise Deadline Input shall be completed by 5:30 p.m. on Tuesday, June 23, 2026

- 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, should 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
- Shareholders who have requested the delivery of documents will also receive the documents containing 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.

Deadline for exercising the Internet voting right: 5:30 p.m. on Tuesday, June 23, 2026

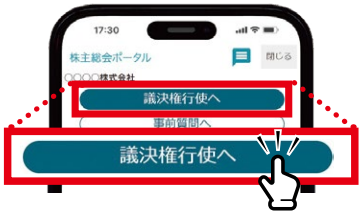
How to exercise your voting rights using a smartphone

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



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

2 Click on 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., Wednesday, June 17, 2026

(Begin accepting questions from Tuesday, June 9)

We will accept questions in advance from shareholders 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

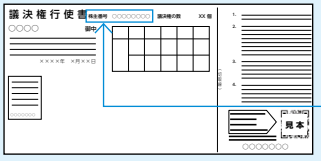
Start time: **June 24 (Wednesday), 2026 at 10:00 a.m.**
(The live stream site will be opened around 9:45 a.m.)

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 forms
- **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.

XXXXXXXXX

Shareholder number (9 digits)

Inquiries regarding live streaming and pre-meeting questions

1. **About ID and Password**
   Sumitomo Mitsui Trust Bank, Limited
   (Telephone number) 0120-782-041; **Reception period:** June 9 (Tuesday) until the end of the General Meeting of Shareholders (9:00 a.m.–5:00 p.m., excluding weekends and holidays)

2. **About connection environment, etc., and technical aspects**
   V-cube Co., Ltd. (Telephone number) 03-6833-6229; **Reception period:** June 24 (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, audio 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
Matters related to and total amount concerning the allocation of dividend assets	**21 yen** per common share Total dividend payout: **2,656,753,134 yen** 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.
Date the dividend (distribution of surplus) takes effect	June 25, 2026

Agenda Item No. 2 Appointment of Eight (8) Directors

The terms of office of eight (8) 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) new appointed director.

The candidates for director are as follows:

Candidate number	Name	Current position in the Company			
1	Kyoko Deguchi	Representative Director and CEO	Reappointment		
2	Koichiro Sato	Representative Director, Senior Executive Vice President COO and CSO	Reappointment		
3	Kaiju Yamaguchi	Director Senior Executive Corporate Officer and Chief Financial Officer (CFO)	Reappointment		
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	Shizuto Yukumoto	–	New appointment	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.

Candidate number 1 **Kyoko Deguchi** (Date of birth: December 12, 1965) **Reappointment**



Career summary, position and responsibility in the Company

April 1989	Bain & Company Japan 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.)
April 2004	Product Director, Janssen Pharmaceuticals Inc. (Currently Johnson & Johnson Innovative Medicine) (U.S.)
September 2005	General Manager, Gastroenterology, Pain and OTC Business Division, Janssen-Cilag Pty Ltd. (Australia)
January 2007	Deputy General Manager, Marketing Headquarters, Janssen Pharmaceutical K.K.
January 2012	President, Stryker Japan K.K.
March 2013	General Manager, Senior Corporative Officer and President's Office, (concurrent assignment as) Head of Accounting and Finance Headquarters, BELLSYSTEM24, Inc.
March 2014	President, AbbVie GK
February 2015	Chief Operating Officer, Shikikuukai Medical Corporation
June 2021	External Director, PHC Holdings Corporation
September 2022	Vice Director, Doya Rehabilitation and Orthopedic Clinic
April 2024	President/CEO and Representative Director of PHC Holdings Corporation (incumbent)

Number of shares of the Company held	11,400 shares
Board of Directors attendance record	16/16 times
Tenure	5 years

Status of important concurrent positions

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

Reasons for being a candidate for director

Ms. Kyoko Deguchi has more than 20 years of 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.

Candidate number 2 **Koichiro Sato** (Date of birth: May 25, 1973) **Reappointment**



Career summary, position and responsibility in the Company

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

Number of shares of the Company held	8,000 shares
Board of Directors attendance record	16/16 times
Tenure	9 years

Status of important concurrent positions

None

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. Since he became an External Director of the Company in March 2017, he has engaged in the Company's management. After being appointed Representative Director and Senior Executive Vice President of the Company in July 2022, he has been overseeing overall business operations as COO. 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.

Candidate number 3 **Kaiju Yamaguchi** (Date of birth: July 11, 1978) **Reappointment**



Number of shares of the Company held	27,000 shares
Board of Directors attendance record	13/13 times
Tenure	1 year

Career summary, position and responsibility in the Company

April 2002	Sumitomo Mitsui Banking Corporation
April 2004	Daiwa Securities SMBC Co., Ltd. (Seconded)
September 2007	Daiwa Securities SMBC Europe Ltd. (UK)
February 2013	MITSUI & Co., Ltd.
April 2017	PHC Holdings Corporation (seconded)
June 2021	Executive Officer, General Manager, Corporate Planning Department, PHC Holdings Corporation
June 2022	Executive Corporate Officer and CSO, PHC Holdings Corporation
June 2024	Executive Corporate Officer and CFO, PHC Holdings Corporation
June 2025	Senior Executive Corporate 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.

Candidate number 4 **Hirofumi Hirano** (Date of birth: March 14, 1961) **Reappointment** **External**



Number of shares of the Company held	0 shares
Board of Directors attendance record	14/16 times
Tenure	12 years

Career summary, position and responsibility in the Company

April 1983	Nikko Securities Co., Ltd. (Currently: SMBC Nikko Securities Inc.)
October 1998	President, Nikko Europe PLC (Currently: Citigroup Capital Partners Japan Ltd.) (concurrent assignment as) General Manager of Asset Management Department, Nikko Cordial Corporation
April 1999	CEO and Chairman, Nikko Principal Investments Ltd.
June 2003	Member of Board, Nikko Cordial Corporation
October 2010	Head of Financial Services for Asia, AlixPartners Asia LLC
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, KKR Japan KK
Director, Marelli Holdings Co., Ltd.
Director, KJRM Holdings
External Director, LOGISTEED Holdings, Ltd.

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.

Candidate number 5 **Eiji Yatagawa** (Date of birth: January 20, 1978)

Reappointment | External



Number of shares of the Company held	0 shares
Board of Directors attendance record	16/16 times
Tenure	11 years

Career summary, position and responsibility in the Company

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

Status of important concurrent positions

Partner, KKR Japan KK
External Director, Koki Holdings Co., Ltd.
External Director, dataX Inc.
External Director, Yayoi Co., Ltd.
External Director, LOGISTEED Holdings, Ltd.
External Director, FUJI SOFT INCORPORATED
External Director, TOPCON CORPORATION

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.

Candidate number 6 **Ivan Tornos** (Date of birth: July 29, 1975)

Reappointment | External | Independent



Number of shares of the Company held	2,430 shares
Board of Directors attendance record	14/16 times
Tenure	4 years

Career summary, position and responsibility in the Company

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

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.

Candidate number 7 **David Sneider** (Date of birth: July 25, 1957)

Reappointment | External | Independent



Number of shares of the Company held	3,069 shares
Board of Directors attendance record	15/16 times
Tenure	4 years

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.

Candidate number 8 **Shizuto Yukumoto** (Date of birth: December 25, 1961)

New appointment | External | Independent



Number of shares of the Company held	0 shares
Board of Directors attendance record	— times
Tenure	— years

Career summary, position and responsibility in the Company

April 1985	Tateisi Electric Manufacturing Co., (Currently: Omron Corporation)	April 2014	Managing Executive Officer, Omron Corporation
April 2009	President & CEO, Omron Europe B.V., Omron Corporation	February 2017	President, Electronic and Mechanical Components Business (EMC) (Currently: Omron Corporation Device & Module Solutions Company)
June 2010	Executive Officer, Omron Corporation	June 2023	Director, Omron Corporation (incumbent)

Status of important concurrent positions

Director, Omron Corporation
External Director, YAMABIKO CORPORATION
Director, Japan Indonesia Association, Inc.

Reasons for being a candidate for external director and expected role

Mr. Shizuto Yukumoto possesses expertise in global business, new business development, DX/IT, business management, investment decisions, and organizational reform. Furthermore, as he is well-versed in governance and developing successors, we judge that he is expected to give appropriate advice and supervision to the management of the Company by utilizing such knowledge and experience, therefore, we have nominated him as a candidate for Independent External Director.

(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 Mr. Shizuto Yukumoto 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. In the event of their appointment, the Company will continue with the agreement. Should Mr. Shizuto Yukumoto be appointed, the Company will enter into a contract with him. 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, operating 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%. When the candidate directors have been appointed and assume the position, they will be included in the insured parties. 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. The Company intends to renew the said insurance policy on the same terms and conditions at the time of its next renewal.
5. The Company has registered Mr. Ivan Tornos and Mr. David Sneider 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. In addition, Mr. Shizuto Yukumoto fulfills the requirements of an independent director as defined by the Tokyo Stock Exchange. In the event of his appointment, the Company is scheduled to register him as an independent director.
6. The Company has entered into an indemnification agreement with each of the candidates for director as provided for in Article 430-2, Paragraph 1 of the Companies Act. Under the terms of the said indemnification agreement, the Company will indemnify the expenses set forth in Item 1 of the same Paragraph to the extent permitted by laws and regulations. If the appointment of each candidate for director is approved, the Company will continue the said agreement with each of them. Should Mr. Shizuto Yukumoto be appointed, the Company will enter into a contract with him.

Agenda Item No. 3

Appointment of One (1) Corporate Auditor

The terms of office of Mr. Tetsuo Kitagawa, Corporate Auditor, will expire at the conclusion of this General Meeting of Shareholders. We therefore propose the election of one (1) new appointed Corporate Auditor. The Audit and Supervisory Board has given its consent to this Agenda.

The candidate Corporate Auditor is as follows.

Yoshikuni Noguchi (Date of birth: October 10, 1966)

New appointment | External | Independent



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

Career summary, position in the Company

October 1990	KPMG AZSA LLC	September 2023	Representative, Noguchi Accounting Office (incumbent)
April 1997	Registered as Certified Public Accountant		
June 2005	Appointment as partner of KPMG AZSA LLC		

Status of important concurrent positions

Representative, Noguchi Accounting Office
External Director, Audit & Supervisory Committee Member, Daio Paper Corporation
Audit & Supervisory Member (Outside), KANADEN CORPORATION

Reasons for being a candidate for external corporate auditor

In addition to his expertise as a certified public accountant, Mr. Yoshikuni Noguchi has experience as an external director and auditor at other companies, and is well-versed in finance, accounting, and governance. Based on his track record in M&A transactions and institutional design changes, as well as his experience in conducting independent audits within complex stakeholder environments, we have nominated him as a candidate for Independent External Corporate Auditor, believing that he will contribute to the formation of constructive discussions.

(Notes)

1. There is no special interest between the candidates and the Company.
2. Mr. Yoshikuni Noguchi 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 Mr. Yoshikuni Noguchi be appointed, the Company will enter into a contract with him. 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 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. 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, Mr. Yoshikuni Noguchi fulfills the requirements of an independent auditor as defined by the Tokyo Stock Exchange. The Company is scheduled to register him as an independent auditor.
6. The Company has entered into an indemnification agreement with each Corporate auditor as provided for in Article 430-2, Paragraph 1 of the Companies Act. Under the terms of the said indemnification agreement, the Company will indemnify the expenses set forth in Item 1 of the same Paragraph to the extent permitted by laws and regulations. Should Mr. Yoshikuni Noguchi be appointed, the Company will enter into an indemnification agreement with him.

[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		●			●	●				
Hirofumi Hirano	Director					●	●				
Eiji Yatagawa	Director					●	●		●		
Ivan Tornos	Director	●	●		●		●	●			
David Sneider	Director	●				●	●			●	
Shizuto Yukumoto	Director	●		●			●	●			●
Toru Yoshimitsu	Corporate auditor				●	●			●		
Yukiko Moriyama	Corporate auditor	●	●							●	
Yoshikuni Noguchi	Corporate auditor	●				●	●			●	

Agenda item No. 4

Appointment of One (1) Substitute Corporate Auditor

In preparation for cases where the number of Corporate Auditor falls below the number required by laws and regulations, we request the election of one (1) substitute Corporate Auditor.

The appointment of the candidate for substitute Corporate Auditor is subject to the condition that the number of Corporate Auditor falls below the number required by laws and regulations, and his/her term of office shall be until the expiration of the term of office of the retiring Corporate Auditor. The resolution regarding this election shall remain in effect until the commencement of the next Annual General Meeting of Shareholders.

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

The candidate for Substitute Corporate Auditor is as follows.

Tetsuo Kitagawa (Date of birth: August 17, 1961)

External Independent



Number of shares of the Company held	0 shares

Career summary, position in the Company

September 1985	Aoyama Audit Corporation
March 1989	Registered as Certified Public Accountant
July 2002	Representative employee, Chuo-Aoyama Audit Corporation
September 2006	Representative employee, Aarata Audit Corporation (currently: PricewaterhouseCoopers Japan LLC) Leader of Chemicals, Pharmaceuticals, and Industrial Materials Audit Division, Arata Audit Corporation
July 2013	Leader, Independence Management Group, Risk Management and Compliance Office, Aarata Audit Corporation
August 2014	Vice Chairman of the Ethics Committee, the Japanese Institute of Certified Public Accountants
July 2016	Representative of Tetsuo Kitagawa Certified Public Accountant Office (incumbent)
June 2017	External Corporate Auditor, T-Gaia Corporation
December 2017	Certified Public Accountant Examination Committee Member, Certified Public Accountants and Auditing Oversight Board, Financial Services Agency
June 2019	Outside Director, Daio Paper Corporation
June 2022	External Corporate Auditor, PHC Holdings Corporation (scheduled to retire in June 2026)

Status of important concurrent positions

Representative of Tetsuo Kitagawa Certified Public Accountant Office

Reasons for being a candidate for substitute external corporate auditor

Mr. Tetsuo Kitagawa has served at Aarata Audit Corporation (currently: PricewaterhouseCoopers Japan LLC) for many years, where he primarily specialized in accounting audits for the manufacturing industry. He possesses extensive experience in auditing a wide range of organizations, including large and small-to-medium-sized listed companies, family-owned businesses, foreign-affiliated limited liability companies, and joint ventures. He also has experience serving as an External Corporate Auditor and External Director for companies listed on the First Section of the Tokyo Stock Exchange and the Prime Market. As an external officer of these companies, he possesses high-level expertise and experience in enhancing corporate governance systems and internal controls, implementing management conscious of cost of capital, overseeing domestic and international M&A, and managing overseas operations. We have nominated him as a candidate for substitute External Corporate Auditor as we judge that he will be able to leverage his professional expertise and experience as a Certified Public Accountant.

(Notes)

1. There is no special interest between the candidates and the Company.
2. Mr. Tetsuo Kitagawa is a candidate for substitute External Corporate Auditor.
3. Mr. Tetuso Kitagawa is currently an External Corporate Auditor of the Company, but is scheduled to retire upon the conclusion of this general meeting of shareholders due to the expiration of his term. The duration of his term as an External Corporate Auditor of the Company will be four years as of the conclusion of this general meeting of shareholders.
4. Should Mr. Tetsuo Kitaqawa be appointed as Corporate Auditor, the Company will enter into an agreement with him, pursuant to Article 427, paragraph (1) of the Companies Act, to limit his liability for damages under Article 423, paragraph (1) of the same Act. The limit of the liability for damage compensation under the contract 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.
5. The Company has entered into an indemnification agreement with each Corporate Auditor as provided for in Article 430-2, Paragraph 1 of the Companies Act. Under the terms of the said indemnification agreement, the Company will indemnify the expenses set forth in Item 1 of the same Paragraph to the extent permitted by laws and regulations. Should Mr. Tetsuo Kitagawa be appointed, the Company will enter into an indemnification agreement with him.
6. The Company enters into a liability insurance policy for directors, etc. with an insurance company as stipulated in Article 430-3-1 of the Companies Act. Should Mr. Tetsuo Kitaqawa be appointed as Corporate Auditor, he will be included among the insured parties.
7. Mr. Tetsuo Kitagawa fulfills the requirements of an independent auditor as defined by the Tokyo Stock Exchange. Should he be appointed as Corporate Auditor, the Company will register him as an independent auditor.

Business Report (April 1, 2025–March 31, 2026)

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

In the fiscal year ended March 31, 2026 (hereinafter, “the fiscal year under review”), the PHC Group posted revenue of JPY 364,403 million, up 0.8% year-on-year. In the Diabetes Management Domain, revenue increased due to solid sales in the Blood Glucose Monitoring (BGM) business, which remained resilient despite the continued market contraction in developed countries, as well as the positive impact of foreign exchange rates. In the Healthcare Solution Domain, although revenue in the CRO business decreased, overall revenue remained at the same level as the previous year. This was supported by testing revenue in the genetic field of the LSI Medience business, as well as revenue related to electronic medical records and medical claim receipt systems in the Healthcare IT solutions business. In the Diagnostic and Life Sciences Domain, revenue decreased due to the impact of the market stagnation, primarily in the United States.

Operating profit was JPY 22,688 million, an increase of 0.5% year-on-year. In the Diabetes Management Domain, a significant increase in profit was recorded. This was primarily driven by solid sales in the BGM business in developed countries, the effects of cost reduction measures, and an improvement in profitability following the divestiture of the Continuous Glucose Monitoring (CGM) business. While the Healthcare Solutions Domain saw increased profits due to increased revenue and cost reductions in the LSI Medience business, profits decreased in the Healthcare IT Solutions business due to a decline in demand for high-margin electronic prescription management software and a decrease in revenue in the CRO business. Similarly, profits decreased in the Diagnostics and Life Sciences Domain due to decreased revenue, U.S. tariffs, and the impact of the restructuring of the Head Office functions described below.

Adjusted EBITDA was JPY 51,959 million (an increase of 3.7% year-on-year). Major adjustment items included one-off M&A related income and expenses (addition of JPY 615 million for the fiscal year under review, and addition of JPY 74 million for the previous fiscal year), one-off business structure reform related income and expenses (addition of JPY 1,385 million for the fiscal year under review, addition of JPY 851 million for the previous fiscal year).

Profit before taxes was JPY 6,390 million, a decrease of 66.1% year-on-year. The primary factor was that a foreign exchange gain of JPY 1,151 million in the previous fiscal year turned into a foreign exchange losses of JPY 10,472 million in the fiscal year under review.

Profit attributable to owners of the parent was JPY 492 million (a 95.3% decrease year-on-year). This was due to a decrease in profit before taxes, as well as the recording of tax expenses associated with the return of capital from subsidiaries and deferred tax liabilities related to dividend payments by subsidiaries.

Effective from the current fiscal year, we have reviewed our Head Office functions and transferred some of its roles to each business segment. While this review has no impact on consolidated financial results, it does affect the profit of each business segment. The impact on the financial results for the current period is described in the section for each segment.

Revenue

364,403 million yen

YoY

Up 0.8%

Operating net profit

22,688 million yen

YoY

Up 0.5%

Adjusted EBITDA

51,959 million yen

YoY

Up 3.7%

Net income attributable to owners of the parent

492 million yen

YoY

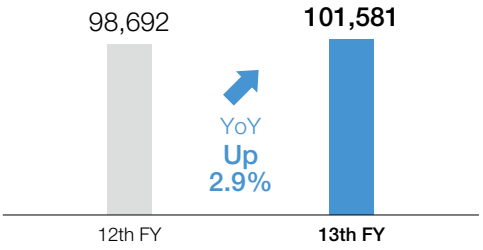
Down 95.3%



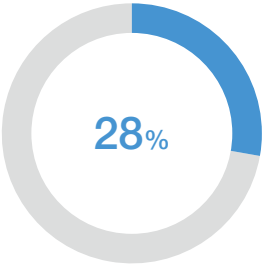


Diabetes Management

Sales revenue (unit: million yen)



Sales revenue composition ratio



Revenue in the Diabetes Management Domain in the fiscal year under review amounted to JPY 101,581 million (an increase of 2.9% year-on-year). While the BGM business continues to face market contraction and a shift toward low-price channels in developed countries, revenue increased overall. In the U.S., the impact of the termination of a sales partnership has almost dissipated, and measures implemented during the fiscal year under review to improve unit prices and increase sales volume proved successful. Revenue was also bolstered by steady sales in Europe, favorable foreign exchange rates, and progress in localization initiatives in Algeria. The CGM business recorded an increase in revenue driven by Eversense 365, a one-year continuous-use system launched in the U.S. during the third quarter of the previous fiscal year. Regarding the future of this business, we entered into an agreement to transfer the Eversense sales business to Senseonics Holdings, Inc., effective January 1, 2026. As of that same date, the transfer of the U.S. business has been completed. There will be no impact on revenue from the fourth quarter of the current fiscal year onward.

Operating profit of the Diabetes Management Domain in the fiscal year under review was JPY 20,085 million (an increase of 44.6% year-on-year). Despite an impact of -302 million yen from the aforementioned Head Office function review and the recording of expenses related to the CGM business transfer, profit increased significantly. This growth was driven by improved margins in the BGM business through steady sales and profit improvement in developed countries and unit price initiatives, alongside cost reductions from structural reforms, lower depreciation, and profitability improvements following the divestiture of the CGM business.

Adjusted EBITDA was JPY 25,577 million (an increase of 25.1% year-on-year). Major adjustment items included the recording of one-off M&A related income and expenses associated with the CGM business transfer (addition of JPY 481 million for the fiscal year under review) and one-off business structure reform related income and expenses (addition of JPY 333 million for the fiscal year under review, and addition of JPY 597 million for the previous fiscal year).

Group Companies

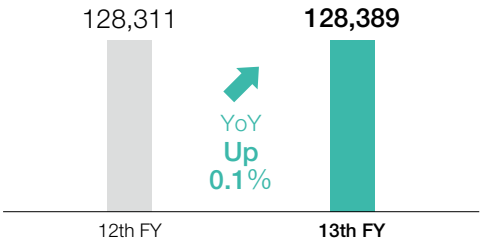
ASCENSIA Diabetes Care

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

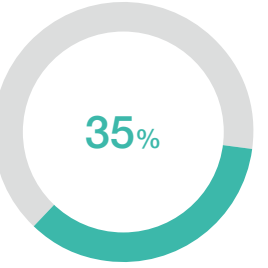


Healthcare Solution

Sales revenue (unit: million yen)



Sales revenue composition ratio



In the Healthcare Solution Domain, revenue in the fiscal year under review was JPY 128,389 million (an increase of 0.1% year-on-year). This breaks down to revenue of JPY 66,390 million (an increase of 1.2% year-on-year) in the LSI Medience business and a revenue of JPY 52,977 million (an increase of 1.7% year-on-year) in the Healthcare IT Solutions business, and JPY 9,022 million (a decrease of 15.4% year-on-year) in the CRO business.

The LSI Medience business recorded an increase in revenue. This was driven by our success in minimizing the impact of inappropriate incidents beyond our initial expectations, as well as growth in testing sales in the genetics field, which we have been focusing on as a strategic growth initiative.

The Healthcare IT solutions business recorded an increase in revenue, as the decline in demand for electronic prescription management software was offset by sales related to electronic medical records and medical claim receipt systems.

The CRO business recorded a decrease in revenue. This was due to a decline in clinical trial orders, partly reflecting the impact of the inappropriate incidents at LSIM, and the fact that the non-clinical business had completed a large-scale safety study in the previous fiscal year.

In the Healthcare Solution Domain, operating profit in the fiscal year under review was JPY 6,234 million (a decrease of 32.8% year-on-year). Profit in the LSI Medience business increased due to revenue growth and cost reductions. On the other hand, profit in the Healthcare IT solutions business decreased; although there was a positive impact from revenue growth in electronic medical records and medical claim receipt systems, this was outweighed by decreased demand for high-margin electronic prescription management software, higher depreciation related to new product launches, and rising procurement costs for IT equipment, in addition to the recording of structural reform expenses. Meanwhile, the CRO business also saw a decline in profit due to lower revenue. Note that the impact of the aforementioned review of Head Office functions was -80 million yen.

Adjusted EBITDA totaled JPY 17,173 million (a decrease of 10.8% year-on-year). Major adjustment items included one-off business structure reform related income and expenses (addition of JPY 434 million for the fiscal year under review).

Group Companies

LSI Medience • Clinical Testing

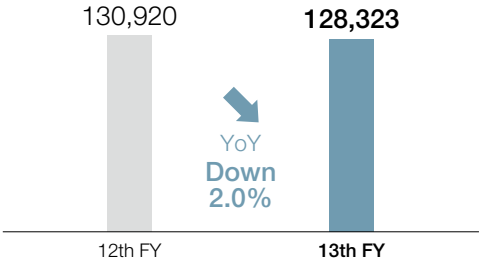
WEMEX • Healthcare IT Solutions

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

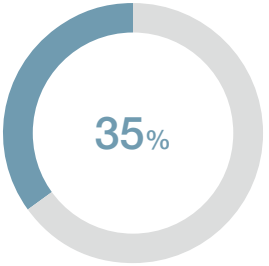


Diagnostics and Life Sciences

Sales revenue (unit: million yen)



Sales revenue composition ratio



In Diagnostics and Life Sciences Domain, revenue in the fiscal year under review was JPY 128,323 million (a decrease of 2.0% year-on-year). This breaks down to revenue of JPY 58,414 million (an increase of 0.2% year-on-year) in the Pathology business and revenue of JPY 51,550 million (a decrease of 2.3% year-on-year) in the Biomedical business and revenue of JPY 18,358 million (a decrease of 7.6% year-on-year) in the In Vitro Diagnostics business.

The Pathology business recorded a slight increase in revenue. Europe saw strong performance in consumables and instrument sales, bolstered by a large-scale project for digital pathology products and favorable foreign exchange rates. In the Asia-Pacific region, revenue increased due to the commencement of local production in China and growth in digital pathology products. This offset a decline in the Americas caused by a continued stagnation in instrument demand.

The Biomedical business recorded a decrease in revenue. Despite signs of market recovery in Europe, Japan, and other regions, performance was hindered by a decline in demand in the U.S. resulting from government policy. In the U.S. market, although there are emerging signs of a recovery in demand, including the securing of large-scale projects primarily for pharmaceutical and biopharmaceutical companies, demand from U.S. government agencies, universities, and research institutions continues to stagnate due to budget cuts and other factors. In the European region, revenue increased due to a rise in orders from pharmaceutical companies and strong performance in the academic and research segments in France. Furthermore, performance in other countries remained generally solid, and results were also bolstered by the positive impact of foreign exchange rates. In Japan, revenue increased slightly year-on-year, driven by projects such as the construction of new facilities for pharmaceutical companies, universities, and research institutions.

The In Vitro Diagnostics business recorded a decrease in revenue. This was due to lower sales of reagents for the Clinical Diagnostic Instruments (PATHFAST™) and automated analyzers, impacted by a decline in sales to Russia and fewer tests performed in China. Additionally, revenue was affected by decreased sales of electric drug injectors and the absence of one-time income that was recorded in the previous fiscal year.

In Diagnostics and Life Sciences Domain, operating profit in the fiscal year under review was JPY 3,893 million (a decrease of 46.3% year-on-year). Profit in the Pathology business increased, driven by pricing revisions, cost-saving effects from the optimization of production sites, the recording of other income following the reclassification of an affiliated company. On the other hand, the Biomedical and In Vitro Diagnostics businesses recorded a decrease in profit, as rationalization was insufficient to offset the negative impact of lower revenue. Factors contributing to this include the presence of one-time income in the In Vitro Diagnostics business during the previous fiscal year, a -1,207 million yen impact from the aforementioned review of the Head Office functions, and a customs duty impact of approximately 1 billion yen.

Adjusted EBITDA totaled JPY 15,323 million (a decrease of 15.4% year-on-year). Major adjustment items include the posting of one-off business structure reform related income and expenses (addition of JPY 254 million for the fiscal year under review, addition of JPY 138 million for the previous fiscal year), and one-off contract termination related income and expenses (subtraction of JPY 252 million for the fiscal year under review).

Group Companies

epredia
- Anatomical Pathology Solutions for Clinical Pathological Examination Solution

PHCbi
- Research/ Medical Support Equipment

PHC IVD
- Diagnostic Reagents and Instruments
- Development and Manufacturing Contract Service

(2) Capital investment trends

Total capital investment at the PHC Group was JPY 9,093 million in the consolidated fiscal year under review. The following are details by segment.

Segment	Capital investment (million yen)	Details and goals of capital investments
Diabetes Management	727	Increase in machinery and equipment
Healthcare Solution	4,955	Software investment Newly installed and renovated testing facilities
Diagnostic and Life Sciences	2,820	Production facility investment
Headquarters, etc.	589	IT system investment
Total	9,093	

(3) Fundraising trends

On March 19, 2026, the Company entered into a syndicated loan agreement (agreement for monetary loan for consumption) with a total of eight financial institutions. Under this agreement, the Company borrowed 174.4 billion yen and 310 million euros on March 31, 2026, and used the proceeds to repay existing borrowings.

(2) Status of significant subsidiaries

Company name	Share capital	Ratio of voting rights owned by PHC Holdings	Main business activities
PHC Corporation	7,907 million yen	100%	Development, manufacturing and sales of healthcare products
Ascensia Diabetes Care Holdings AG	100,000 CHF	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	3,000 million yen	100%	Clinical testing business
Wemex Corporation	50 million yen	100%	Healthcare IT solutions business
Mediford Corporation	80 million yen	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 420,875 million

(3) Issues that should be addressed

(1) Management indicators being targeted

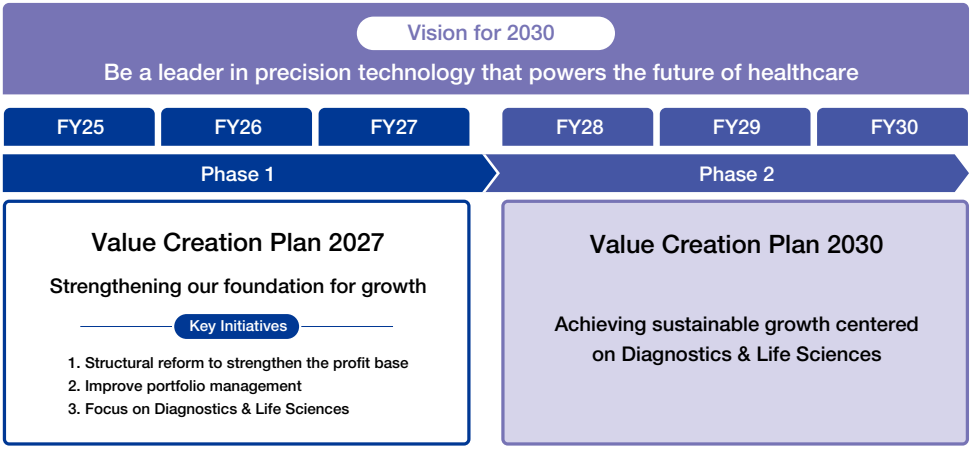
Guided by our Mission, “We contribute to the health of society through our diligent efforts to create healthcare solutions that have a positive impact and improve the lives of people,” the PHC Group strives to be a company that remains essential to people worldwide. We achieve this by leveraging our manufacturing expertise and utilizing our global distribution network to meet the needs of those seeking better health across the globe. To achieve this, we recognize that balancing the expansion of our business scale with the improvement of profitability is a key management priority. Based on this recognition, we designate revenue, operating profit, and profit attributable to owners of the parent as key performance indicators (KPIs). At the same time, by visualizing capital efficiency through the utilization of ROIC, we are working to enhance our business portfolio management by reflecting these insights in portfolio reviews and decisions regarding investment or divestiture. Our policy is to analyze business progress and performance against these indicators and proactively address management challenges.

(2) Business and financial issues that should be addressed as a priority

(i) Vision and medium-to-long term strategy

In our “Value Creation Plan 2027” disclosed in November 2024, the PHC Group set forth a new vision for 2030: “Be a leader in precision technology that powers the future of healthcare.” Under this vision, we classify the period through 2030 into two phases. Phase 1, “Value Creation Plan 2027,” is defined as “Strengthening our foundation for growth,” while Phase 2, “Value Creation Plan 2030,” is defined as “Achieving sustainable growth centered on the Diagnostics and Life Sciences Domain.” In Phase 1, our basic policy is to use the stable cash-generating capabilities of our existing businesses as the foundation of our management, and to reallocate the capital generated there to strategic investments in growth areas in Phase 2, thereby achieving both medium- to long-term growth and improved capital efficiency, and ultimately striving for sustainable enhancement of corporate value.

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 and Life Sciences Domain,” with the aim of enhancing corporate value.



(ii) Progress of Value Creation Plan 2027

In this fiscal year, we have steadily implemented various measures related to the three priority measures outlined in our "Value Creation Plan 2027," and overall, we are progressing smoothly in line with the plan. The status of our main initiatives is as follows:

1. Structural reform to strengthen the profit base
   - In addition to the promotion of cost reductions, organizational restructuring of the Head Office and business divisions were implemented.
   - We worked to improve working capital through improvements in accounts receivable and payable cycles, as well as inventory reduction, and to improve investment efficiency by prioritizing investments.
2. Improvement of portfolio management
   - We worked to promote the establishment of ROIC calculation and management methodologies within the Group and also worked to instill business portfolio management through internal training and other initiatives.
   - Regarding the sales business of the "Eversense®" continuous glucose monitoring (CGM) system, as part of a review of our business portfolio, we entered into an agreement on the transfer of the sales business.
3. Focus on Diagnostics & Life Sciences Domain.
   - We strengthened our business foundation by optimizing our production bases and streamlining our domestic and overseas sales organizations.
   - We established a new R&D function for the growth in the Life Sciences business.
   - As a new product related to the cell and gene therapy (CGT) field, we developed "LiCellGrow," our own automated cell culture system, which visualizes continuous metabolic changes in cells in real time and automatically controls cell culture based on measurement results. Sales began on March 2, 2026.
   - We obtained marketing approval for the "E1000 Dx Digital Pathology Solution" related to a digital pathology product, as a controlled medical device (Class II) in Japan. Sales began on April 16, 2026.

(iii) Strengthening our financial position

By refinancing existing debt and switching the portion corresponding to working capital into a commitment line at the end of March 2026, we are increasing financial flexibility and cash flow stability, while driving the strengthening of our financial position based on the Value Creation Plan 2027 announced in November 2024.

(3) Initiatives for sustainability

The PHC Group is promoting sustainability management based on the mission 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."

(i) Strengthening the implementation structure

The Board of Directors recognizes that addressing sustainability-related issues is a key management priority that directly leads not only to risk mitigation but also to the creation of medium- to long-term profit opportunities. Accordingly, we are pursuing the realization of a sustainable society through the resolution of social issues in the medical and research fields, as well as the enhancement of corporate value 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. The Committee is evolving its framework to holistically deliberate and

manage ESG-related issues and risks, such as climate change and human rights. This is in addition to its ongoing oversight of KPIs and targets established for our material issues. The deliberations of the Committee are submitted for discussion and reported to the PHC Group Executive Committee and the Board of Directors in accordance with internal regulations.

(ii) Progress of initiatives

We have established a dedicated ESG organization and are ramping up efforts to address ESG issues across the entire Group. The following initiatives were implemented by March 2026.

- Climate change action: Set greenhouse gas (GHG) emissions reduction targets and achieved Near-term SBT validation. Progress management and monitoring to achieve targets
- Human rights due diligence: Revision of the human rights policy, along with risk assessment and the formulation of response measures for the Group-wide value chain.
- Compliance with ESG regulations: Established a project team to address ESG-related regulations centered on Europe and is actively promoting these initiatives.
- Enhancing information disclosure: Expanding ESG disclosures and driving improvements in external ratings.

Information on the PHC Group's sustainability initiatives and achievements is available at the following link.

Integrated report: https://www.phchd.com/global/sustainability/integratedreport2025
Annual Securities Report: https://www.phchd.com/jp/ir/securities (Only Japanese version available)
Sustainability site: https://www.phchd.com/global/sustainability
External ratings: https://www.phchd.com/global/sustainability/evaluation

(iii) Recognition of future challenges

The PHC Group operates its medical device and related businesses globally. In light of tightening environmental and human rights regulations worldwide, increasing demands from customers for supplier assessments and ESG disclosures, and the growing impact of ESG ratings by investors on corporate value, we have positioned sustainability as a key management priority. 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.

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

(i) Our subsidiary, LSI Medience Corporation, reacquired ISO 15189 accreditation for its Central Laboratory on November 28, 2025. This accreditation had previously lapsed as of July 27, 2024, following its revocation.

(ii) Our subsidiary, Ascensia Diabetes Care Holdings AG, entered into a business transfer agreement to divest its sales business for the "Eversense" continuous glucose monitoring (CGM) system to Senseonics Holdings, Inc. as of January 1, 2026.

2 Current status of the Company

(1) Company's directors

(1) Directors and corporate auditors (as of March 31, 2026)

Position in the Company	Name	Responsibilities and important concurrent positions
Representative Director and CEO	Kyoko Deguchi	Professor, Graduate School, BBT University External Director, Heartseed Inc.
Senior Executive Vice President, Representative Director, COO and CSO	Koichiro Sato	—
Director Senior Executive Corporate Officer and Chief Financial Officer (CFO)	Kaiju Yamaguchi	—
Director	Hirofumi Hirano	President, KKR Japan KK Director, Marelli Holdings Co., Ltd. Director, KJRM Holdings External Director, Logisteed, Ltd.
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. External Director, FUJI SOFT INCORPORATED External Director, TOPCON CORPORATION
Director	Ivan Tornos	President, Chief Executive Officer, Director and Chairman-Elect of the Board of Directors, Zimmer Biomet Group
Director	David Sneider	External Director, Mitsubishi UFJ Financial Group, Inc.
Director	Misa Yamashita	External Director, Business Coach, Inc. External Director, Hakuten Corporation
Full-time Corporate Auditor	Toru Yoshimitsu	—
Corporate Auditor	Tetsuo Kitagawa	Representative of Tetsuo Kitagawa Certified Public Accountant Office
Corporate Auditor	Yukiko Moriyama	Participated as one of the founding partners of Waseda Legal Commons, LPC (incumbent) Chairperson, Wako City Personal Information Protection Council Committee Member, Prosecutorial Review Commission Information Disclosure and Personal Information Protection Review Standing committee member, Daini Tokyo Bar Association

(Notes) 1. Directors Hirofumi Hirano, Eiji Yatagawa, Ivan Tornos, David Sneider and Misa Yamashita are external directors.
2. Corporate Auditors Tetsuo Kitagawa and Yukiko Moriyama 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. 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 Tetsuo Kitagawa and Yukiko Moriyama as independent directors/auditors and has accordingly submitted a notification to the TSE.
5. 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.
6. 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. Hirano also holds a concurrent position.
7. 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.
8. There is no special relationship between the Company and the companies where Director Ivan Tornos holds a concurrent position.
9. There is no special relationship between the Company and the companies where Director David Sneider holds a concurrent position.
10. There is no special relationship between the Company and the companies where Director Misa Yamashita holds a concurrent position.
11. There is no special relationship between the Company and the companies where Corporate auditor Tetsuo Kitagawa holds a concurrent position.
12. There is no special relationship between the Company and the companies where Corporate auditor Yukiko Moriyama holds a concurrent position.

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

The Company adopts the "Independence Standards for Outside Officers" established by the Tokyo Stock Exchange when appointing outside directors or outside auditors. In addition, the Company has established the following definitions as its own independence standards.

- "A party that has the Company as a major business partner" refers to an individual that has received payment from the Company in the most recent fiscal year that is equivalent to 2% or more of that party's annual consolidated sales.
- "A major business partner of the Company" refers an individual that made payment to the Company in the most recent fiscal year that is equivalent to 2% or more of the Company's annual consolidated sales.

- The “receiving of large monetary sums or other assets from the Company aside from director compensation” refers to the receival of monetary sums or assets from the Company aside from director compensation in recent fiscal years that is worth 10 million yen or more.

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

i. Appointment

At the 12th Annual General Meeting of Shareholders held on June 25, 2025, Mr. Kaiju Yamaguchi was newly elected as a Director and subsequently assumed office.

At the 12th Annual General Meeting of Shareholders held on June 25, 2025, Mr. Toru Yoshimitsu and Ms. Yukiko Moriyama were newly elected as Corporate Auditors and subsequently assumed office. In addition, at the Audit & Supervisory Board meeting held after the conclusion of the same General Meeting of Shareholders, Mr. Toru Yoshimitsu was elected as a Full-time corporate auditor and subsequently assumed office.

ii. Retirement

Mr. Koichi Ikeuchi and Ms. Shannon Hansen retired from their positions as Corporate Auditors due to the expiration of their term of office at the conclusion of the 12th Annual General Meeting of Shareholders held on June 25, 2025.

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

On June 25, 2025, Director Kaiju Yamaguchi was appointed as Senior Executive Corporate Officer.

Mr. Koichiro Sato, Director, assumed the position of President of Ascensia Diabetes Care Holdings AG effective April 1, 2025, and stepped down from the post on March 31, 2026.

(3) Transfer of Directors 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 Directors 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, 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. 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.

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

1. Basic stance on determining the content of compensation for directors (excluding external directors)
   - The compensation should contribute to the securing and retention of talented global human resources who will lead the realization of the Group's vision.
   - The compensation system takes into consideration the correlation between company and individual performance.
   - In order to share a common interest with shareholders, the compensation should be linked to the sustainable enhancement of the Group's corporate value.
   - Ensure that transparency and objectivity are maintained.

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. Compensation is set at adequate level, commensurate with the role and responsibilities of a global healthcare company. Specifically, based on compensation data from external research organizations, we set benchmarks for compensation levels in the main recruitment markets such as countries and regions, and then make decisions based on relative comparisons each term.

The specific amount of individual compensation for each director is determined by President and CEO, Representative Director, Kyoko Deguchi, based on a delegation of authority from the Board of Directors. The reason for this delegation is that the Board judged it optimal for the President and CEO, Representative Director, by having a comprehensive overview of the Company's overall management situation and evaluating each director's assigned duties, to ensure the

appropriateness of individual compensation amounts. To ensure objectivity and transparency in the decision-making process, individual compensation amounts are deliberated by the voluntary Nomination and Compensation Committee. The President and CEO, Representative Director, determines the specific compensation amounts for each director based on the recommendations of the Nomination and Compensation Committee and in accordance with the individual compensation policy established by the Board of Directors.

b. Compensation for directors (excluding external directors)

Compensation for directors (excluding external directors) consists of monthly compensation as fixed compensation, short-term performance-linked compensation as variable compensation, stock compensation, and retirement benefits. Regarding stock compensation, the Company adopts a Performance Share Unit (PSU) plan and a Restricted Stock Unit (RSU) plan, both of which are post-delivery type schemes.

(i) Monthly compensation

It is regular monthly compensation determined based on compensation data from external research organizations according to roles and responsibilities.

(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 payment amount is calculated based on financial indicators, specifically "Return on invested capital (ROIC)," "Operating profit," and "Net income," as well as the degree of achievement of "individual goals" set by each director at the beginning of the fiscal year. Each evaluation indicator has been consulted with the Nomination and Compensation Committee and subsequently approved by the Board of Directors. The weights and evaluation coefficients for each valuation indicator are as follows.

	Valuation indicator	Weight	Evaluation coefficient
1	Return on invested capital (ROIC)	25.0%	0%–200%
2	Operating profit	25.0%	0%–200%
3	Net income	25.0%	0%–200%
4	Individual goals	25.0%	38%–200%

Regarding financial indicators, the Company has selected Return on invested capital (ROIC) as an indicator to evaluate business efficiency, and Operating profit and Net income as indicators to evaluate profitability.

The degree of achievement of individual goals is determined based on the extent to which the goals set by each director at the beginning of the fiscal year have been achieved at the end of the fiscal year. As for the specific evaluation process, an individual evaluation is first conducted by the relevant supervisor, after which the results are deliberated and finalized by the Nomination and Compensation Committee. In addition, to enhance objectivity and transparency, the evaluation of the President and Representative Director is directly deliberated and determined by the Nomination and Compensation Committee. Furthermore, for individual goals, each director establishes specific goals and assigns weight to each based on its priority. The proposed targets are submitted to the Nomination and

Compensation Committee and finalized following a deliberation on their appropriateness by the Committee.

(iii) Stock compensation

The Company has decided to introduce a Performance Share Unit (PSU) plan and a Restricted Stock Unit (RSU) plan, both of which are post-delivery type schemes, aiming to promote further sharing of value between directors and shareholders.

Under both schemes, the Board of Directors determines the number of units to be granted based on a reference amount set in accordance with the roles and responsibilities of each eligible participant.

1. Performance Share Unit (PSU) post-delivery plan

   The Board of Directors determines the number of shares to be issued based on the number of units granted, in accordance with the degree of achievement of numerical targets during the performance period and the length of the individual's tenure.

   As for the evaluation method, the Company compares (a) the growth rate of Total Shareholder Return and (b) the growth rate of Total Shareholder Return of Tokyo Stock Price Index (TOPIX) in the performance period and calculates the number of shares to be delivered within the range of 0% to 200% of the granted units.

2. Restricted Stock Unit (RSU) post-delivery plan

   Subject to continuous service during the relevant period, one-third of the granted units will successively vest each year, and the Company's common stock will be delivered accordingly.

(iv) Retirement benefits

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

c. External director compensation

Compensation for independent external directors consists of monthly compensation and stock compensation. External directors, excluding independent external directors, are not compensated.

(i) Monthly compensation

It is regular monthly compensation determined based on compensation data from external research organizations according to roles and responsibilities.

(ii) Stock compensation

With the aim of further expanding our global business and achieving growth, we have introduced a Restricted Stock Unit (RSU) post-delivery plan. This is intended to further increase incentives for share price appreciation and corporate value enhancement, while also securing human resources with diverse backgrounds in terms of nationality and experience.

Under both schemes, the Board of Directors determines the number of units to be granted, following consultation with the Nomination and Compensation Committee, based on a reference amount set in accordance with the roles and responsibilities of each eligible participant.

Subject to continuous service during the relevant period, one-third of the granted units will successively vest each year, and the Company's common stock will be delivered accordingly.

3. Summary of corporate auditor compensation, etc.

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

Compensation for corporate auditors is determined based on consultation and decision by corporate auditors and consists of monthly compensation and retirement benefits.

(i) Monthly compensation

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

(il) Retirement benefits

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

b. Compensation for external corporate auditors

Compensation for external corporate auditors is determined based on consultation and decision by corporate auditors and consists of monthly compensation only.

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

In FY2025 (April 1, 2025–March 31, 2026), the following is the total amount paid in compensation for directors and corporate auditors.

Director Category	Total compensation (Million yen)	Total amount by type of compensation (million yen)						Number of applicable directors
		Fixed compensation	Stock options	Performance linked compensation	Retirement benefits	Other	Non-monetary compensation, etc. out of the compensation shown on the left	
Director (excluding external directors)	404	145	—	104	41	113	113	3
Corporate auditor (Excludes external corporate auditors)	24	21	—	—	2	—	—	2
External directors	112	60	1	—	—	50	52	3
External Corporate Auditor	25	25	—	—	—	—	—	3

(Notes) 1. The listed amount of stock options is the calculated price as of the end of March 2026 of the stock option granted before the fiscal year under review.

2. The targets and actual results of the indicators for the performance-linked compensation for the consolidated fiscal year under review are as follows. Each indicator was selected in consideration of the balance and comprehensiveness of our business's growth, profitability, and efficiency, following consultation with the Nomination and Compensation Committee and approval by the Board of Directors. Note that the operating profit below is adjusted operating profit excluding one-time cost etc.

	Valuation indicator	Weight	Targets for the current fiscal year	Results	Achievement rate
1	Core sales	26.0%	360,047 million yen	348,572 million yen	97%
2	Operating 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 a Performance Share Unit (PSU) plan and a Restricted Stock Unit (RSU) plan, both of which are post-delivery type schemes. The maximum amount of stock compensation for directors (excluding external directors) was resolved at the Annual General Meeting of Shareholders held on June 25, 2025, as follows (The number of directors as of the resolution was three).
   - Performance Share Unit (PSU) post-delivery plan: No more than 229,000 shares per year and no more than 573 million yen per year.
   - Restricted Stock Unit (RSU) post-delivery plan: For directors as a whole, including external directors: No more than 187,000 shares per year and no more than 468 million yen per year.
4. The amount of non-monetary remuneration for external directors includes stock options and the Restricted Stock Unit (RSU) post-delivery plan. The compensation limit for stock options for independent external directors is set at within 70 million yen per year (the number of independent external directors was three (3) at the time of resolution at the Annual General Meeting of Shareholders held on June 29, 2022). The remuneration for independent external directors in the form of the Restricted Stock Unit (RSU) where shares are delivered after vesting is limited to 72,000 and 180 million yen in accordance with the resolution at the Annual General Meeting of Shareholders held on June 25, 2025; the number of directors at the time of the resolution: 3).
5. The number of corporate auditors and external corporate auditors includes those who retired during the fiscal year.
6. The number of external directors is indicated, excluding the two (2) external directors who work for no remuneration.
7. The maximum compensation limit for directors is 1,500 million yen per year (as resolved at the Extraordinary General Meeting of Shareholders on November 30, 2020, with seven directors at the time of the resolution).
8. The maximum compensation limit for corporate auditors is 60 million yen per year (resolved at the Extraordinary General Meeting of Shareholders on August 13, 2021, with 3 corporate auditors at the time of the resolution).

ii. Retirement benefits paid to directors and/or corporate auditors in the fiscal year under review

Retirement benefits paid to a Corporate auditor who retired on June 25, 2025, pursuant to the resolution of the Annual General Meeting of Shareholders held on June 25, 2025, are as follows.

One Corporate auditor: 12.6 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, 2026)

Name	Director Category	Company category	Total amount by type of compensation (million yen)					Total including consolidated compensation (million yen)
			Fixed compensation	Stock options	Performance linked compensation	Retirement benefits	Other	
Kyoko Deguchi	Director	PHC Holdings Corporation	69	—	50	22	59	203
Koichiro Sato	Director	PHC Holdings Corporation	36	—	29	10	29	106
		Ascensia Diabetes Care Holdings AG	19	—	—	—	6	25

(Notes) 1. The other amount includes stock options and a Performance Share Unit (PSU) plan and a Restricted Stock Unit (RSU) plan, both of which are post-delivery type schemes.

2. The other amounts paid to Mr. Koichiro Sato by Ascensia Diabetes Care Holdings AG (Swiss Confederation) includes the equivalent amount of local pension contributions and social insurance premium paid to Koichiro Sato by the company during the fiscal year under review.

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, 2026)

(Unit: million yen)

Item	Amount
Assets	
Current assets	
Cash and cash equivalents	39,820
Trade receivables	70,283
Inventories	53,095
Other financial assets	4,925
Other current assets	8,055
Total current assets	176,180
Non-current assets	
Property, plant and equipment	49,242
Goodwill	221,524
Intangible assets	74,371
Investments accounted for using the equity method	730
Other financial assets	10,988
Deferred tax assets	6,482
Other noncurrent assets	2,990
Total noncurrent assets	366,330
Total assets	**542,510**

Item	Amount
Liabilities	
Current liabilities	
Trade and other payables	72,379
Borrowings	78,254
Income taxes payable	2,588
Provisions	8,234
Other financial liabilities	5,709
Other current liabilities	22,467
Total current liabilities	189,634
Non-current liabilities	
Trade and other payables	537
Borrowings	156,303
Retirement benefit liability	5,962
Provisions	4,955
Other financial liabilities	11,278
Deferred tax liabilities	11,472
Other noncurrent liabilities	1,487
Total noncurrent liabilities	191,995
Total liabilities	**381,630**
Equity	
Share capital	48,785
Capital surplus	42,636
Retained earnings	(3,846)
Treasury shares	(568)
Other components of equity	74,662
Equity attributable to owners of the parent	161,668
Non-controlling interests	(788)
Total equity	**160,880**
Total liabilities and equity	**542,510**

Consolidated statements of profit or loss (April 1, 2025–March 31, 2026)

(Unit: million yen)

Item	Amount
Revenue	**364,403**
Cost of sales	**199,138**
Gross profit	**165,264**
Selling, general and administrative expenses	**144,664**
Other income	**2,818**
Other expenses	**810**
Share of profit (loss) of investments accounted for using equity method	**79**
Operating profit	**22,688**
Financial income	**341**
Financial costs	**16,640**
Profit before taxes	**6,390**
Income tax expense	**6,170**
Profit (loss)	**219**
Profit attributable to	
Owners of parent	492
Non-controlling interests	(273)
Earnings per share	
Basic earnings per share (Unit: JPY)	3.90
Diluted earnings per share (Unit: JPY)	3.87

Non-Consolidated financial statements

Balance sheets (as of March 31, 2026)

(Unit: million yen)

Item	Amount
Assets	
Current assets	**55,372**
Cash and deposits	12,297
Operating accounts receivable	1,708
Accounts receivable – other	4,507
Short-term loans receivable	36,413
Other	446
Non-current assets	**365,502**
Property, plant and equipment	**555**
Buildings	414
Machinery and equipment	1
Tools, fixtures and supplies	114
Construction in progress	24
Intangible assets	**541**
Trademark rights	20
Software	376
Software in progress	145
Investments and other assets	**364,405**
Investment securities	4,621
Stocks of subsidiaries and affiliates	271,304
Investments in capital of subsidiaries and affiliates	533
Long-term loans receivable	86,192
Deferred tax assets	1,524
Long-term deposits paid	228
Total assets	**420,875**

Item	Amount
Liabilities	
Current liabilities	**163,056**
Short-term loans payable	107,920
Current portion of long-term loans payable	22,392
Accounts payable-other	2,429
Accrued expenses	121
Income taxes payable	32
Deposits received	29,265
Provision for bonuses	232
Provision for loss on contract	32
Provision for share-based compensation	622
Other	6
Non-current liabilities	**161,122**
Long-term loans payable	159,993
Long-term accounts payable	15
Provision for officers' retirement benefit	120
Provision for retirement benefits	109
Provision for loss on contract	64
Asset retirement obligation	230
Provision for share-based compensation	588
Total liabilities	**324,178**
Net assets	
Shareholders' equity	**112,640**
Share capital	**48,785**
Deposit for subscriptions to shares	**0**
Capital surplus	**38,971**
Legal capital surplus	18,828
Other capital surplus	20,142
Retained earnings	**25,452**
Other retained earnings	25,452
Retained earnings brought forward	25,452
Treasury shares	**(568)**
Valuation and translation adjustments, etc.	**(16,312)**
Valuation difference on available-for-sale securities	(5)
Deferred gains or losses on hedges	(16,307)
Share acquisition rights	**368**
Total Net assets	**96,696**
Total liabilities and net assets	**420,875**

Statements of income (April 1, 2025–March 31, 2026)

(Unit: million yen)

Item	Amount
Operating revenue	**21,619**
Operating expenses	**8,757**
Operating profit	**12,861**
Non-operating profit	**6,097**
Interest income	6,097
Other	0
Non-operating expenses	**16,281**
Interest expense	6,754
Foreign exchange losses	7,410
Arrangement fees	2,081
Other	35
Ordinary profit	**2,677**
Extraordinary profit	**59**
Gain on reversal of share acquisition rights	57
Gain on sale of non-current assets	1
Extraordinary loss	**4,012**
Loss on retirement of non-current assets	6
Loss on valuation of investment securities	4,005
Loss before income taxes	**(1,275)**
Income taxes - current	(3,072)
Income taxes - deferred	(1,047)
Net Profit	**2,845**