

June 26, 2023

Company name: PHC HOLDINGS CORPORATION

Name of representative: Shoji Miyazaki, President, Representative Director and CEO

(Securities code: 6523; PRIME Section of the Tokyo Stock Exchange)

Inquiries: Masashi Kimura, Executive General Manager of Corporate Administration Department

(Telephone: +81-3-5408-7280)

Notice Regarding the Restructure of PHC Group Businesses

Through Internal Integrations and Transfer of Shares

**Transfer of LSI Medience Diagnostic Reagents & Instruments Business to PHC,
Transfer of LSI Medience Clinical Trial Services Business to LSIM Safety Institute, and
Change of LSIM Safety Institute to Wholly Owned Subsidiary of PHC Holdings**

PHC Holdings Corporation (hereafter PHCHD) announces that its Board of Directors Meeting held on June 23, 2023 resolved the following internal restructures: 1) integrating the Diagnostic Reagents & Instruments business of LSI Medience Corporation (hereafter LSIM) under the In Vitro Diagnostics Division of PHC Corporation (hereafter PHC IVD) through an absorption-type split, 2) integrating the Clinical Trial business of LSIM under LSIM Safety Institute Corporation (hereafter LSSI) through an absorption-type split, and 3) transferring all shares of LSSI to PHCHD and making LSSI a wholly owned subsidiary of PHCHD. All of the above companies are wholly owned subsidiaries of PHCHD and the effective date of the restructure is scheduled for November 1, 2023.

1. Background and purpose

(1) Integration of LSIM's Diagnostic Reagents & Instruments business under PHC IVD through absorption-type split

Since developing Japan's first clinical diagnostic reagent in 1962, the Diagnostic Reagents & Instruments Division of LSIM has supported and advanced healthcare by providing globally-compliant, high-speed, and high-precision in vitro diagnostic testing instruments and reagents, including point of care testing (POCT) technology and latex reagents used in clinical laboratory testing and research.

PHC IVD launched the diagnostics industry's first blood glucose monitoring (BGM) system in 1991. In addition to the development and manufacturing of BGM products, PHC IVD provides various medical devices that support early detection and effective treatment of diseases, such as motorized drug delivery devices and POCT technology, by leveraging its strength in

manufacturing excellence.

PHCHD will integrate the diagnostics businesses of LSIM and PHC IVD, which have been collaborating since LSIM joined PHCHD in 2019, to ensure the further growth of diagnostics centered on POCT technology, which PHCHD has defined as one of the growth areas in its mid-term plan or “Value Creation Plan.” Through this integration, PHCHD will pursue the following initiatives to achieve business growth:

- Drive improvement in product quality and cost reduction by maximizing PHC IVD’s strengths in manufacturing excellence
- Develop devices and reagents that meet customers’ unmet needs
- Accelerate and expand sales outside of Japan
- Enhance offerings to key customers of both companies

(2) Integration of LSIM’s Clinical Trial business under LSSI through absorption-type split, and change of LSSI to a wholly owned subsidiary of PHCHD

The Clinical Trial business at LSIM supports drug development by providing bioanalysis services with advanced analytical technologies, such as biomarkers and drug concentration measurement in the clinical development stage. The business also advances drug development with its Central Laboratory Service providing a series of testing processes, from the preparation of kits for collecting samples to actual sample collection, measurement, and reporting of results.

LSSI, a subsidiary of LSIM since 2021, provides non-clinical testing services, including pharmacology, pharmacokinetics, and safety testing required mainly in the development and marketing of pharmaceuticals and products related to regenerative medicine, as well as in the areas of agrochemicals, chemicals, and cosmetics. The business offers testing facilities that comply with Good Laboratory Practice (GLP), a standard to ensure the reliability of test results, plus technical capabilities acquired through approximately 60,000 contract testing projects and expertise accumulated over 45 years of experience.

LSSI already collaborates with LSIM as part of the LSIM Drug Development Support business. Together, the Non-Clinical Testing business of LSSI and the Clinical Trial business of LSIM have growth opportunities in areas where PHCHD is focused, such as development of advanced therapeutic methods (new modalities) and global clinical trials. To capture these business opportunities and achieve further growth, PHCHD will acquire all shares of LSSI from LSIM, making LSSI a wholly owned subsidiary of PHCHD. This integration will drive the following initiatives:

- Advance analytical technology, especially for emerging therapeutic methods

- Enhance capabilities of the Japan-based clinical trial business to respond to needs of overseas pharmaceutical companies and analytical laboratories
- Enhance partnerships with pharmaceutical companies, venture companies and academia to provide advanced analysis

PHCHD expects the following effects from the integrations of (1) and (2) mentioned above:

- Accelerate strategic decision-making and execution as a group by integrating businesses with clear synergy opportunities
- Improve efficiency in resource allocation through intensive investment in priority areas and organizational restructuring efforts

2. Outline of the integration involving the In Vitro Diagnostics business

(1) Method: absorption-type split

LSIM is the origin company and PHC Corporation is the destination company. The rights and obligations of the Diagnostic Reagents & Instruments business of LSIM will be transitioned to PHC Corporation through the absorption-type split.

(2) Schedule

Approval at the Board of Directors Meeting	June 23, 2023
Approval of the absorption-type split agreement at the Board of Directors Meeting	Mid-August 2023 (TBD)
Approval of the absorption-type split at the Extraordinary Board of Directors Meeting	Mid-September 2023 (TBD)
Effective date of the absorption-type split	November 1, 2023 (TBD)

(3) Outline of the companies involved in the integration (as of March 31, 2023)

(i) The destination company in the absorption-type split

Company name	PHC Corporation
Business	Development, manufacturing and sales of healthcare products and services in Diabetes Management and Diagnostics & Life Sciences
Establishment	November 21, 1969
Headquarters	2131-1, Minamigata, Toon-shi, Ehime
Representative	President, Representative Director Nobuaki Nakamura

Accounting period	March
Capital	7,907 million JPY
Major shareholder and ratio	PHC Holdings Corporation 100%

(ii) The origin company in the absorption-type split

Company Name	LSI Medience Corporation
Business	Clinical testing, diagnostic reagents and instruments, drug development services, anti-doping testing, etc.
Establishment	April 15, 1975
Headquarters	1-2-3 Shibaura, Minato-ku, Tokyo
Representative	President and CEO, Representative Director, Haruo Watanabe
Accounting Period	March
Capital	3,000 million JPY
Major shareholder and ratio	PHC Holdings Corporation 100%

3. Outline of the integration involving the Clinical Trial business

(1) Method: subsidiarization and absorption-type split

- (i) PHCHD will acquire all shares of LSSI from LSIM through a share transfer.
- (ii) LSIM is the origin company and LSSI is the destination. The rights and obligations of LSIM with respect to the Clinical Trial business will be succeeded by LSSI in an absorption-type split.

(2) Schedule

Approval by the Board of Directors Meeting	June 23, 2023
Approval of the share transfer agreement/absorption-type split agreement at the Board of Directors Meeting	Mid-August 2023 (TBD)
Approval of the share transfer/ absorption-type split at the Extraordinary Board of Directors Meeting (excluding LSSI)	Mid-September 2023 (TBD)
Effective date of the share transfer/absorption-type split	November 1, 2023 (TBD)

(3) Outline of the companies involved in the integration (as of March 31, 2023)

(i) Share acquisition company

Company name	PHC Holdings Corporation
Business	Development, manufacturing and sales of healthcare products and services in Diabetes Management, Healthcare Solutions, and Diagnostics & Life Sciences
Establishment	August 2013
Headquarters	2-38-5 Nishishimbashi, Minato-ku, Tokyo
Representative	President, Representative Director and CEO Shoji Miyazaki
Accounting period	March
Capital	47,946 million JPY
Major shareholders and ratio*	KKR PHC Investment L.P. 38.30% MITSUI & CO., LTD. 17.45% Life Science Institute, Inc. 9.81% Panasonic Holdings Corporation 8.99% LCA 3 Moonshot LP 4.56%

*The ratio indicates the number of shares held as a percentage of the total number of shares issued (excluding treasury stock).

(ii) Share transferring company

Company name	LSI Medience Corporation
Business	Clinical testing, diagnostic reagents and instruments, drug development services, anti-doping testing, etc.
Establishment	April 15, 1975
Headquarters	1-2-3 Shibaura, Minato-ku, Tokyo
Representative	President and CEO, Representative Director, Haruo Watanabe
Accounting period	March
Capital	3,000 million JPY
Major shareholder and ratio	PHC Holdings Corporation 100%

(iii) Destination company (absorption-type split)

Company name	LSIM Safety Institute Corporation
--------------	-----------------------------------

	(Trade name to be changed)
Business	Non-clinical testing business for pharmaceuticals, products for regenerative treatments, medical devices, agricultural chemicals, chemical substances, cosmetics, etc.
Establishment	June 23, 2020
Headquarters	1-2-3 Shibaura, Minato-ku, Tokyo
Representative	President, Kaname Takahashi
Accounting period	March
Capital	10 million JPY
Major shareholder and ratio	LSI Medience Corporation 100%

(iv) Origin company (absorption-type split)

Company name	LSI Medience Corporation
Business	Clinical testing, diagnostic reagents and instruments, drug development services, anti-doping testing, etc.
Establishment	April 15, 1975
Headquarters	1-2-3 Shibaura, Minato-ku, Tokyo
Representative	President and CEO, Representative Director, Haruo Watanabe
Accounting period	March
Capital	3,000 million JPY
Major shareholder and ratio	PHC Holdings Corporation 100%

4. Others

This restructure will not impact the consolidated business performance since all of the companies that will succeed the businesses are wholly-owned-subidiaries of PHCHD. Temporary expenses are expected from this restructure, and PHCHD is currently reviewing the financial impact. If any event that needs to be disclosed arises, PHCHD will disclose such information accordingly.

End of document