

Integrated Report **2025**

Guidance for Integrated Report 2025


Theme for Integrated Report 2025

Precision Technology That Powers the Future of Healthcare

Thank you for your interest in PHC Group's Integrated Report 2025. Under the theme "precision technology that powers the future of healthcare," this integrated report introduces us as PHC Group—what kind of company we are, what our strengths are, and what value we provide to society—including our outlook for the future. The points below offer an overview of key themes in this report, and sections where you can learn more. Please feel free to start there, or simply read from the beginning.


Point.1

We possess precision technology cultivated over many years.

 PHC Group History
PHC Group History: A Journey of Precision Technology and Manufacturing Excellence

Point.2

Our products are indispensable in medical and research fields.

 A Close Look at PHC Group's Approach to Value Creation


Point.3

Our CxOs are passionate about the future paved by our strategies and actions.

 CxO Message

Point.4

Every employee plays a role in our vision for a better society.

 Chapter 5 Sustainability

About the Cover



The cover features line art depicting how PHC Group's businesses contribute to building a prosperous future for people. The background abstractly depicts the Earth, while the colors representing each business convey a sense of global reach and the company's multifaceted operations.

About the Page Theme



The image of a paper airplane soaring through the sky symbolizes our hopes and aspirations for the future and represents PHC Group's journey toward creating value.

Editorial Policy

This report seeks to provide stakeholders with a deeper understanding of the initiatives undertaken by PHC Group, a collection of global healthcare companies founded in Japan, to achieve our vision. In producing this report, departments in charge of reporting and management collaborated closely to ensure that the editorial process and published content were transparent and accurate.

Report Period

April 1, 2024 to March 31, 2025 (including some reports from after the report period)

Organizations Covered by the Report

PHC Holdings Corporation and our consolidated subsidiaries (collectively, PHC Group)

Guidelines Referenced

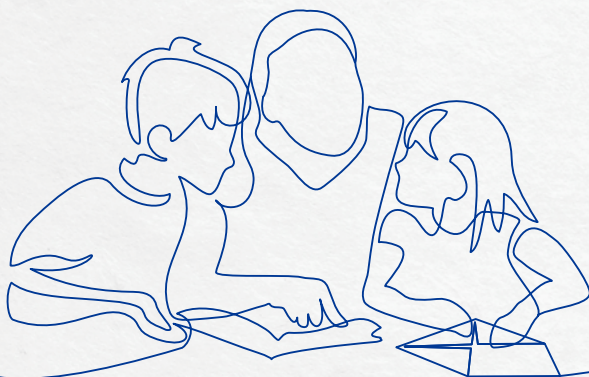
Integrated Reporting Framework, Guidance for Collaborative Value Creation

Publication Date

October 2025

Disclaimer

This report contains forward-looking statements regarding our plans, strategies, and performance forecasts. Unless otherwise stated, forward-looking statements include PHC Group's assumptions, future prospects, and estimates based on information available to PHC Group as of the date of publication, as well as PHC Group's plans and projections. There is no guarantee that the statements contained in this report will be achieved. Due to various factors, forward-looking statements may differ significantly from actual results. Therefore, investors are advised not to rely completely on these forward-looking statements. The information on products (including those under development) contained in this material is for the purpose of disclosing management information of the company and is not intended for advertising or promotional purposes.



Contents

Chapter 1

Executive Summary

Mission, Vision, and Values	5
CEO Letter	6
PHC Group History	10
PHC Group History: A Journey of Precision Technology and Manufacturing Excellence	11
At a Glance	12

Chapter 2

Our Value Creation

Value Creation Process	14
A Close Look at PHC Group's Approach to Value Creation	15
Stakeholder Engagement	22

Chapter 3

Corporate Strategy

Message from COO/CSO	25
Value Creation Plan 2027	28
Management Strategy (Value Creation Plan 2027)	30
Feature:	
The Potential of CAR-T Therapy in Cancer Treatment – A Discussion Between PHC and CCRM	32
Message from CFO	34
Message from CHRO	38
Sustainability Strategy (Value Creation Plan 2027)	42

Chapter 4

Business

Diabetes Management Domain	44
Healthcare Solutions Domain	47
Diagnostics & Life Sciences Domain	51

Chapter 5

Sustainability

Sustainability Management	56
Materiality Topics, KPIs, Targets and Progress	57
Environment	58
Case Studies of Initiatives to Address Climate Change	60
Circularity	60
Preservation of Natural Resources	61
Occupational Health and Safety Initiatives	62
Commitment to Product Safety, Quality and Compliance	63
Supply Chain Management	64
Human Rights	65
People & Culture	66
Voice of Customers (VOC) as a Catalyst for Action – MCT Activities	67
Expanded Access	68
Cost Optimization	69
Social Contribution Activities	69
Risk Management	70

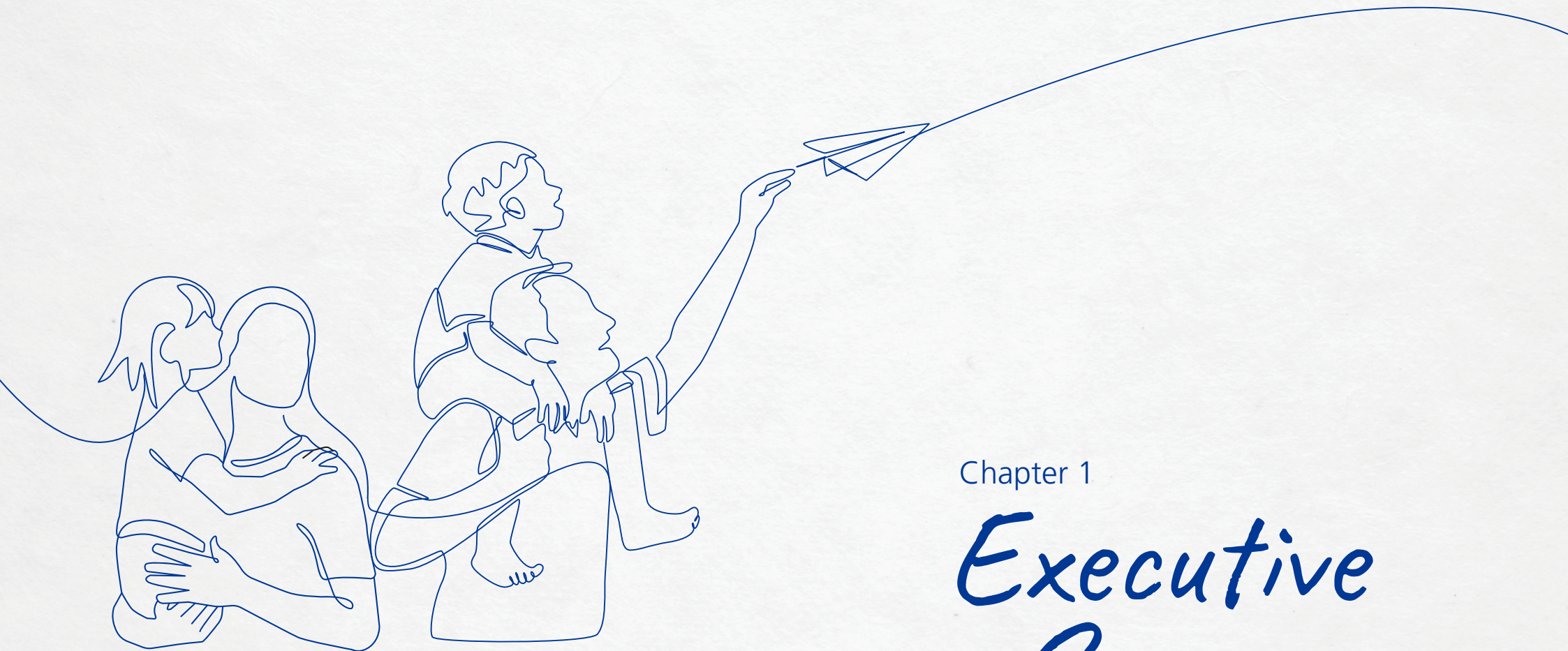
Cybersecurity	71
Compliance	71
Corporate Governance	72
List of Directors & Officers	76
Message from External Directors and Audit and Supervisory Board Members	78
PHC Executive Team (Corporate Officers/Division Heads)	80

Data Section

Financial Data	82
Trends in Key Financial Data	84
List of Main Companies	85

Appendix

PHC Group Overview	86
Editorial Note	88



Chapter 1

Executive Summary

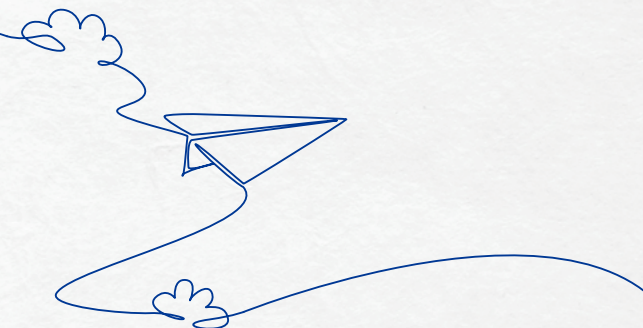
Mission, Vision, and Values

At PHC Group, we believe nothing is more important than health. From specialized medical equipment to healthcare IT solutions to research tools, our brands help people make better healthcare decisions and deliver higher-quality care.

Our goal is a future where high-quality healthcare is accessible to all.

We partner with scientists and medical professionals to provide precision healthcare technology where it is needed most.

Together, we are powering the future of healthcare.



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

VISION

Be a leader in precision technology that powers the future of healthcare

Formulating a New Vision and Values with the Announcement of the Value Creation Plan 2027

In November 2024, PHC Group announced a new vision—"Be a leader in precision technology that powers the future of healthcare"—to coincide with the launch of our Value Creation Plan 2027. We will harness our strength in precision technology to contribute to a future where high-quality healthcare is accessible to everyone. By working closely with healthcare professionals and researchers, we aim to shape the future of healthcare and improve lives. To achieve this vision, we also established a new set of values: Curiosity, Courage to Act, Respect & Collaboration, and Integrity. These values serve as the guiding principles for all PHC Group employees, forming the foundation for achieving our goals and driving our collective success.

VALUES



Curiosity

- We seek to expand our understanding of the world and welcome inspiration from all sources.
- We continually ask how we can better serve our customers.



Respect & Collaboration

- We thrive as a global team—One PHC—based on mutual respect.
- We exchange and embrace diverse perspectives across borders and disciplines.



Courage to Act

- We challenge ourselves to unlock our true potential.
- We encourage one another to take on new challenges.



Integrity

- We prioritize ethical behavior above all else.
- We hold ourselves to the highest standards of honesty, fairness, and transparency.

CEO Letter

「Creating synergies together as One PHC, striving to become a leader in the future of healthcare」

1. First Year of Transformation: Growth and Innovation in Fiscal Year 2024

Fiscal Year 2024 Breakthrough: Growth and Innovation Driven by a New Management Structure

Since the launch of our current management structure in April 2024, PHC Group has been focused on achieving quarterly plans as we worked to turn around three years without growth. As a result of our steady efforts, including rigorous cost reductions from the beginning of the year, we achieved revenue of JPY 361.6 billion in fiscal year 2024 (up 2.2% YoY), and operating profit surged to JPY 22.6 billion. These represent the highest revenue and profit levels since our public listing on the Tokyo Stock Exchange, and even exceeded the forecasts that we revised upward during fiscal year 2024.

Despite facing changes in market conditions and other difficult challenges, our performance in fiscal year 2024 marks a significant turning point for PHC Group, made possible by the united efforts of our employees around the world.

We also introduced innovative new products to the market. The PHCbi brand LiCellMo™ live cell metabolic analyzer, which enables real-time visualization of changes in cell metabolism in a culture medium for research purposes, is our first product launched to support the field of cell and gene therapy. This product also reflects cross-divisional technological synergy, as it resulted from joint research conducted by the development teams of both our In Vitro Diagnostics (IVD) business and Biomedical (PHCbi) business.

In addition, Eversense® 365, a continuous glucose monitoring (CGM) system developed by our partner Senseonics and distributed

by Ascensia, received U.S. FDA*1 clearance as the world's first CGM system capable of continuous use for up to one year*2.

Rising External Recognition and Momentum for the Future

PHC Group's portfolio of advanced products consistently earns strong recognition from third-party organizations each year. In fiscal year 2024, several of our products received industry awards, including the SlideMate laser printer from Epredia, which identifies and helps track tissue samples in the field of cancer diagnostics. The Eversense® 365 continuous glucose monitoring (CGM) system, distributed by Ascensia, was named the Best New Technology Solution in Diabetes Management at the 2025 MedTech Breakthrough Awards. Furthermore, Wemex's call center received the highest-level certification under the HDI Support Center International Certification Program*3, becoming the first organization in Japan's healthcare industry to receive recognition as an HDI Seven Star Certified Center. PHC Group as a whole was also recognized as one of the Top 100 Healthcare Technology Companies of 2024*4 by The Healthcare Technology Report*5, a research firm that evaluates businesses in the healthcare technology industry. This year of growing external recognition has provided significant momentum for our future.

*1 U.S. Food and Drug Administration

*2 On September 4, 2025, PHC Holdings Corporation and its subsidiary Ascensia Diabetes Care announced that Ascensia has signed a memorandum of understanding to transfer the commercial operations for Eversense® Continuous Glucose Monitoring (CGM) systems to Eversense maker Senseonics Holdings, Inc. The companies are targeting to unite Eversense R&D, manufacturing, and commercial activities within Senseonics beginning January 1, 2026, subject to a definitive agreement. <https://ssl4.eir-parts.net/doc/6523/tdnet/2684179/00.pdf>

*3 This program is based on the world's only publicly recognized international standard for evaluating and certifying the quality of support center, established in 2000 by the HDI International Standards Committee.

*4 <https://thehealthcaretechnologyreport.com/the-top-100-healthcare-technology-companies-of-2024/>

*5 <https://thehealthcaretechnologyreport.com/>



Kyoko Deguchi

President, Representative
Director, and CEO
PHC Holdings Corporation

K. Deguchi

Focus on ESG and Company-wide Transformation

In fiscal year 2024, we made significant progress in our promotion of sustainability management, strengthening our commitment to ESG initiatives. Building on the materiality topics we defined in 2023, we introduced a new system to comprehensively calculate Scope 1, 2, and 3 greenhouse gas (GHG) emissions across PHC Group. This enabled us to develop a global data collection platform for visualizing emissions throughout our supply chain. As a result of these efforts, we earned an EcoVadis Commitment Badge in our first year of application. We were also selected for inclusion in the MSCI Japan ESG Select Leaders Index, a key indicator for ESG investment, a strong external recognition of PHC Group's proactive approach to ESG. Additionally, we formulated science-based GHG emission reduction targets and received validation from the Science Based Targets initiative (SBTi) on June 16, 2025 for our near-term GHG targets.

Under our new management structure launched in fiscal year 2024, we have clarified the importance of sustainability management across PHC Group and positioned ESG initiatives as one of our highest company-wide priorities. One notable achievement during the year was that all business divisions integrated ESG activities into their own operations.

Leveraging Precision Technology to Formulate a Forward-looking Value Creation Plan

For PHC Group, 2024 was a pivotal year that clarified our direction as a company. We advanced major initiatives for the future by defining a new vision and values and by formulating our Value Creation Plan (VCP) 2027.

In developing our new vision, we re-examined PHC Group's core strengths, and what clearly emerged was our long-cultivated precision technology—a legacy inherited from our origins at Matsushita Kotobuki Electronics, and the source of future value creation in the healthcare sector. Through extensive discussions with headquarters and each business division, we adopted a new vision: "to be a leader in precision technology that powers the future of healthcare." To support this vision, we established four core values: Curiosity, Courage to Act, Respect & Collaboration, and Integrity. These business values reflect the fundamental attitudes* and behaviors needed from group employees to achieve our VCP, and form the very core of our corporate culture. Grounded in our new vision and values, fiscal year 2024 was the first year of a strong push toward achieving our VCP 2027.

* Employees are expected to follow PHC Group values in the work that they do for PHC Group, but are not required to adopt our values as their personal values.



Promoting "Co-Creation" to Realize Our New Vision

To steadily implement our VCP and realize our new vision, it is essential that our entire group is aligned toward a common direction. PHC Group is comprised of multiple business entities with different histories and cultures. It is vital that we maximize synergies across business operations while leveraging each of their unique strengths. The key to enhancing group-wide competitiveness and recognition while respecting this diversity is the spirit of "co-creation," encapsulated in our slogan "One PHC."

In fiscal year 2024, we launched several initiatives based on a core question: How can we present our future growth to the market? We began by formulating a vision that is clear and resonates across PHC Group with the aim of achieving progress in business performance and sustainable growth. We then built the supporting values and the VCP to turn that vision into reality. In our monthly PHC Group town hall meetings, each business division shares examples of workplace practices based on our shared values, fostering deeper mutual understanding. I have also personally visited our sites around the world to engage in direct dialogue with employees through roundtable discussions. Through these efforts, we are building an organization where every employee takes ownership of our business priorities and proactively contributes to value creation.

We are also advancing a shift within our operational and technical functions, from remaining focused within their own domains to collaborating actively with other areas of the business. For instance, the integration of some sales offices to strengthen coordination between business divisions, the sharing of service departments enabling the cross-selling maintenance services, and the Monozukuri Conference held each year in Japan to celebrate improvement projects from different businesses. Together, these initiatives reflect a growing culture of learning and sharing strengths between businesses. I am passionately committed to driving this transformation of our corporate culture. The evolving mindset of each individual employee will lead to the evolution of PHC Group. It is with this spirit of innovation that we are boldly stepping into the future—together.

2. Addressing Healthcare Challenges: PHC Group's Strategies

Healthcare Challenges in an Aging Society

In our modern society—especially in Japan and the United States—population aging is hastening the rise of various chronic conditions such as diabetes, cancer, cardiovascular diseases, Alzheimer's disease and other types of dementia. In addition, changes in dietary habits have contributed to the global spread of lifestyle-related diseases.

Amid these trends, the need for more advanced and personalized treatments continues to grow, yet regional disparities in access to medical care and infrastructure are widening. In sparsely populated areas in particular, the reality is that accessibility and quality of healthcare is declining, while medical

services increasingly concentrate in urban areas. In response to these multifaceted challenges, PHC Group remains committed to fulfilling its corporate responsibility and mission. We seek to advance value-based healthcare, an approach to care where success is measured by patient outcomes and where high-quality healthcare is accessible to more people at a more affordable cost. This concept serves as a vital foundation for achieving sustainable growth in the global healthcare market by maximizing the value of PHC Group's products and services and contributing to patient-centered healthcare.

PHC Group Solutions and Strategies

We aim to contribute to value-based healthcare with solutions attuned to the needs of patients in different healthcare settings, while addressing three essential challenges in healthcare: quality, access, and cost. PHC Group is leveraging our precision technology capabilities to develop products and services across three phases: monitoring (prevention, prognosis, and management), examination/diagnosis/treatment, and research and development.

We are also shifting our focus from conventional treatment after the onset of symptoms to upstream and downstream processes, including disease prevention and post-treatment prognosis management. In the future, we will increasingly concentrate on developing products and services that seek to help people maintain health and prevent the recurrence of illness. From health maintenance and early disease detection to treatment optimization and the creation of new healthcare technologies, we will continue to take on challenges that support value-based healthcare. Through our business operations spanning multiple domains, PHC Group is committed to enhancing our value as a company that enables social contribution on a global scale.

PHC Group's Position in an Increasingly Competitive Market

While the healthcare market continues to grow due to rising average life expectancy, competition is also growing increasingly intense. In response to this situation, our group's strategy is to select areas where we can leverage our strengths and secure leading market positions.

In fact, we have already secured strong market positions, including the top market share for electronic medical record (EMR) products for clinics in Japan and the second-highest global market share for ultra-low temperature (ULT) freezers. Looking ahead, we will continue to analyze the competitive landscape, identify markets in which we are competitive, and strive to gain a high market share in those selected domains to create sustainable corporate value.

3. Predominance of PHC Group, Built on Trust and History

PHC Group continues to contribute to improving healthcare, building on a foundation of advanced manufacturing capabilities and unwavering commitment to quality that we have cultivated over many years. Through our global supply capabilities and meticulous support systems, we deliver high-quality products and services worldwide. These strengths not only underpin the sustainable growth of PHC Group, but also serve as a driving force in advancing healthcare.

Strengths Backed by Proven Technology and Trust

Our greatest strengths lie in the precision technology capabilities inherited from our origins at Matsushita Kotobuki Electronics and in the manufacturing capabilities rooted in our unwavering commitment to absolute quality. The expertise behind our products has been passed down through generations, and our numerous awards in the development of medical devices serve as a testament to this reliability and technical expertise.

For instance, our LiCellMo™ live cell metabolic analyzer from PHCbi was launched in 2024 using core technologies cultivated during more than 30 years of blood glucose sensor development in PHC IVD. We received a 2024 Innovation Award from The Analytical Scientist magazine for LiCellMo™, symbolizing PHC Group's capabilities in driving and sharing technological innovation.

This technology is the result of joint research between the blood glucose sensor development team in the IVD business and the PHCbi business development team, both of which are located in Toon City, Ehime Prefecture, Japan. Its origins trace back to a blood glucose measurement system developed in the 1980s. In 1991, we introduced a portable blood glucose meter to the market. Weighing just 50 grams, it featured an automatic capillary mechanism using surface tension to allow high-precision measurement from a small blood sample. This innovation enabled diabetes patients to conveniently monitor their blood glucose levels at home, helping to improve quality of life and reduce economic burdens. We continued to refine this product through our collaboration with Bayer, from which we acquired a division that ultimately became Ascensia Diabetes Care.

In our PHCbi business, our ULT freezers and other core products are highly regarded by laboratories for handling valuable research specimens and cells. Another strength is our global supply capability spanning over 125 countries and regions. During the COVID-19 pandemic, our ULT freezers were used to store vaccines, and we maintained 24-hour operations despite challenging manufacturing conditions. This demonstrated the resilience of our global supply chain and facilitated the smooth distribution of large quantities of vaccines to countries and regions around the world.

PHC Group has also played a pioneering role in the digitalization of healthcare. Since releasing Japan's first medical-receipt computer in 1972, Wemex has been involved in the development of sophisticated medical fee calculation systems, contributing to the smooth operation of Japan's universal health insurance system. Recently, Wemex has taken on a central role in building the Japanese healthcare infrastructure, supporting the nationwide rollout of online eligibility verification and electronic prescriptions as part of the Japanese government's push for healthcare digital transformation.

4. Establishing Leadership in the Diagnostics & Life Sciences Domain

As announced in our VCP 2027, PHC Group will increase our focus on the Diagnostics & Life Sciences domain in the coming years. This strategic decision is based on a comprehensive assessment of our precision technology capabilities, global societal challenges such as aging populations and the rise of chronic diseases, as well as the strong market growth in this domain.

Going forward, we will primarily focus on the field of regenerative medicine in oncology. The cell and gene therapy market, in particular, is a promising area with an estimated market size of JPY 2.7 trillion and a projected annual growth rate of 16%. In this growth area, PHC Group will seek to deliver innovative solutions to support technologies and products that contribute to the diagnosis and treatment of cancer.

Specifically, our approach will focus on two key areas: improving the efficiency and accuracy of diagnoses, and reducing treatment and manufacturing costs.

- Improving the efficiency and accuracy of diagnoses: We will seek to leverage our reagent development technologies to provide biomarkers and monitoring reagents that support the advancement of personalized medicine. In addition, we will seek to leverage digital pathology solutions to make cancer diagnoses faster, more precise, and more efficient.
- Reducing treatment and manufacturing costs: Using our sensor and cell culture technologies, we will seek to support the entire cell gene therapy development process from research to mass production, including the provision of next-generation cell expansion system that facilitates the rapid optimization of cell culture conditions. In this manner, we will provide innovative solutions that enhance the efficiency and cost-effectiveness of cell cultures in cell gene therapy manufacturing.

PHC Group also aims to realize our vision of powering the future of healthcare with precision technology by focusing efforts on the development of technologies for devices that contribute to streamlining workflows in areas such as cell gene therapy and cancer diagnostics.

By 2030, we aim to further establish our solid position as a global leader in the Diagnostics & Life Sciences domain.

To achieve this, we will continue to foster a culture where every employee is empowered to take on challenges without fear. We are committed to creating corporate value that earns the trust and meets the expectations of all our stakeholders. What can we do to enrich society? As we reflect deeply on this question, PHC Group will fulfill its mission as a company that continuously contributes to the advancement of healthcare.

5. Furthering Our Position As a Global Japanese Leader in the Healthcare Industry

Driven by the precision technology capabilities we have inherited since the Matsushita Kotobuki Electronics era, we remain committed to our pursuit of innovation. As the needs of the medical field continue to become increasingly diverse and sophisticated, particularly in areas such as cell and gene therapy and cancer diagnostics, we will maximize synergies within PHC Group and contribute to solving social challenges by developing new products and services. While there remains significant room for efficiency improvements in the drug development process, we will focus not only on emerging fields but also on adjacent fields where our technological strengths can be leveraged.

As a global company based in Japan, we aim to elevate PHC Group's presence and impact around the world. Looking ahead, we will deliver value by achieving exceptional outcomes in our areas of expertise. Both as an innovator in precision cancer diagnostics solutions, enabling more accurate, timely, and convenient diagnoses, and as an accelerator and enabler for the early development of advanced cancer treatments, our goal is to accelerate the evolution of medical research and clinical practice.

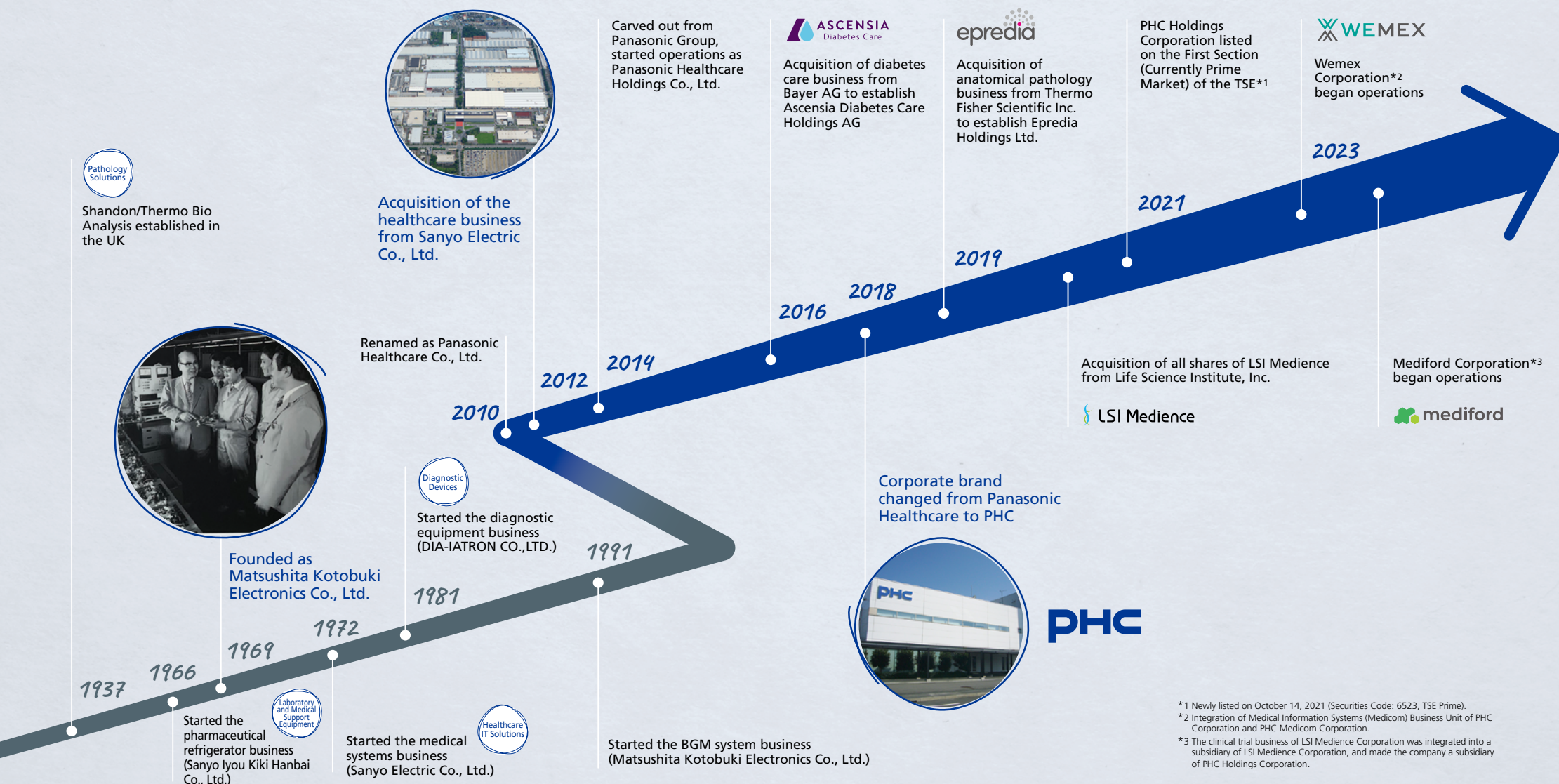
As we expand our business globally, we will also need to be agile in responding to unpredictable external factors such as geopolitical risks and inflation risks. To prepare for such risks, PHC Group is building a robust manufacturing and supply chain infrastructure so we can deliver solutions tailored to the diverse needs of communities around the world.

We are committed to creating a future where high-quality healthcare is accessible to all. Building on our foundation of precision technology, we will co-create the future of healthcare with medical professionals and researchers and pave the way for improving lives and the health of society. We invite you to join us in looking forward to what lies ahead.



PHC Group History

As a partner supporting healthcare professionals and researchers, PHC Group has contributed to the advancement of medical treatment and healthcare for many years. Integrating our heritage with manufacturing excellence, we consistently deliver high-quality and trusted products and services.



*1 Newly listed on October 14, 2021 (Securities Code: 6523, TSE Prime).

*2 Integration of Medical Information Systems (Medicom) Business Unit of PHC Corporation and PHC Medicom Corporation.

*3 The clinical trial business of LSI Medience Corporation was integrated into a subsidiary of LSI Medience Corporation, and made the company a subsidiary of PHC Holdings Corporation.

PHC Group History: A Journey of Precision Technology and Manufacturing Excellence

1960-

1990-

2020-Today

Blood Glucose Monitoring (BGM) Systems

1969

Launched the first-ever portable blood glucose monitoring device



The Industry's 1st

1991

Launched Electrochemical blood glucose monitoring (BGM) system



The World's 1st

2003

Introduced CONTOUR®, the first self-monitoring blood glucose meter with No Coding technology



Sold over 3 billion sensors annually, ranking third globally in market share



2024

Introduced LiCellMo™, enabling the visualization of cellular metabolism by leveraging blood glucose sensor technology



Laboratory and Medical Support Equipment

1966

Launched pharmaceutical refrigerators



Japan's 1st

1977

Launched the ultra-low temperature (ULT) freezers



1991

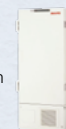
Introduced an ULT freezer achieving the industry's lowest temperature in Japan



Industry-lowest temperature

1998

Launched ULT freezers equipped with vacuum insulation panels (VIP)



2020

Our equipment was utilized globally for the storage of COVID-19 mRNA vaccines, contributing to their distribution

Continued innovations in energy efficiency and dual cooling systems, achieving the second-highest global market share and the top share in Japan



1984

Launched CO₂ incubators



2009

Launched a CO₂ incubator with H₂O₂ decontamination functionality



The Industry's 1st

2014

Launched a CO₂ incubator with an integrated inner chamber and shelf support



Pursued high-precision control, contamination prevention, and ease of use, achieving the second-highest global market share and the top share in Japan



1982

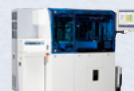
Launched latex agglutination chemiluminescent immunoassay analyzer (LPIA-1)



The Industry's 1st diagnostic technology

2007

Launched STACIA, fully automated clinical testing system, featuring six measurement methods



2019

Launched the STACIA CN10, a fully automated blood coagulation analyzer, offering simplified operation and four measurement techniques



Diagnostic Devices

2005

Introduced PATHFAST, a rapid and highly sensitive compact device employing the CLEIA method



2016

Introduced a lightweight version of PATHFAST designed for emergency care



Pathology Solutions

1988

Launched SuperFrost Plus microscope slide, which later became the industry benchmark



2021

Achieved a 33% improvement in surface flatness through continuous innovation



2023

Launched the eco-friendly SlideMate Laser PLUS microscope slide for laser printers, achieving the top global market share



Healthcare IT Solutions

1972

Began sales of medical-receipt computers



Japan's 1st

1980

Launched medical-receipt computers for pharmacies

1999

Launched electronic medical record (EMR) systems



2007

Launched EMR systems integrated with medical-receipt computer



2025

Launched fully cloud-based EMR systems



Contributed to the Japanese government's healthcare digital transformation by facilitating the adoption of the Online Eligibility Verification System and electronic prescription systems

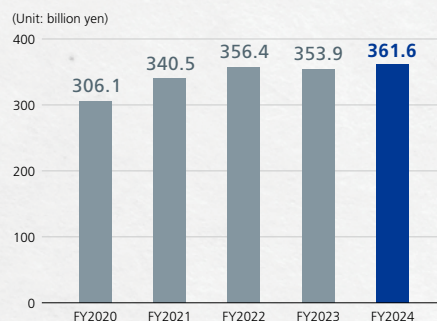
At a Glance

PHC Group is a global network of companies offering a range of products and services in precision technology for healthcare. Looking at key impact numbers is one way to understand PHC Group's characteristics and strengths.

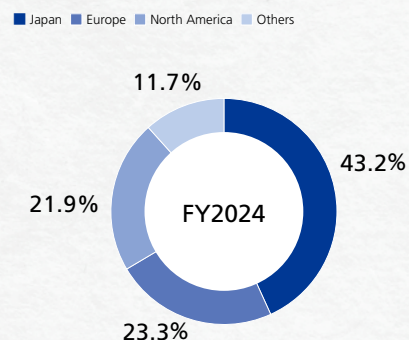
Financial

As of March 31, 2025

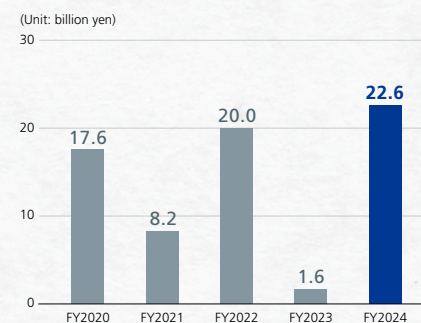
Consolidated revenue



Ratio of consolidated revenue



Consolidated operating profit



Dividend per share and dividend payout ratio

	FY2023	FY2024
Dividend per share (yen)	54	42
Dividend payout ratio* (%)	-	50.5

* Dividend payout ratio (%) = Annual dividend per share ÷ Basic earnings per share

Non-Financial

As of March 31, 2025

PHC
GROUP



Over **125** Countries and Regions

PHC Group's wide range of products and services are used in more than 125 countries and regions.

Percentage of managers who are female

24.3%



Percentage of members of management who are female*

30%

Percentage of members of management from outside Japan*

30%

* Directors and auditors





Chapter 2

Our Value Creation

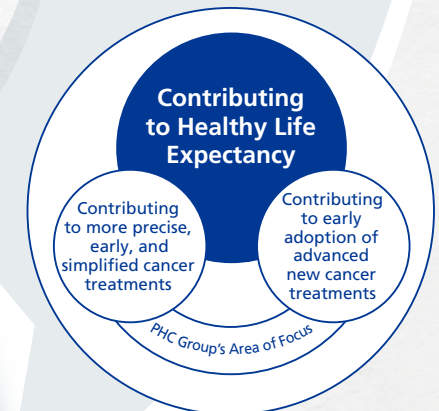
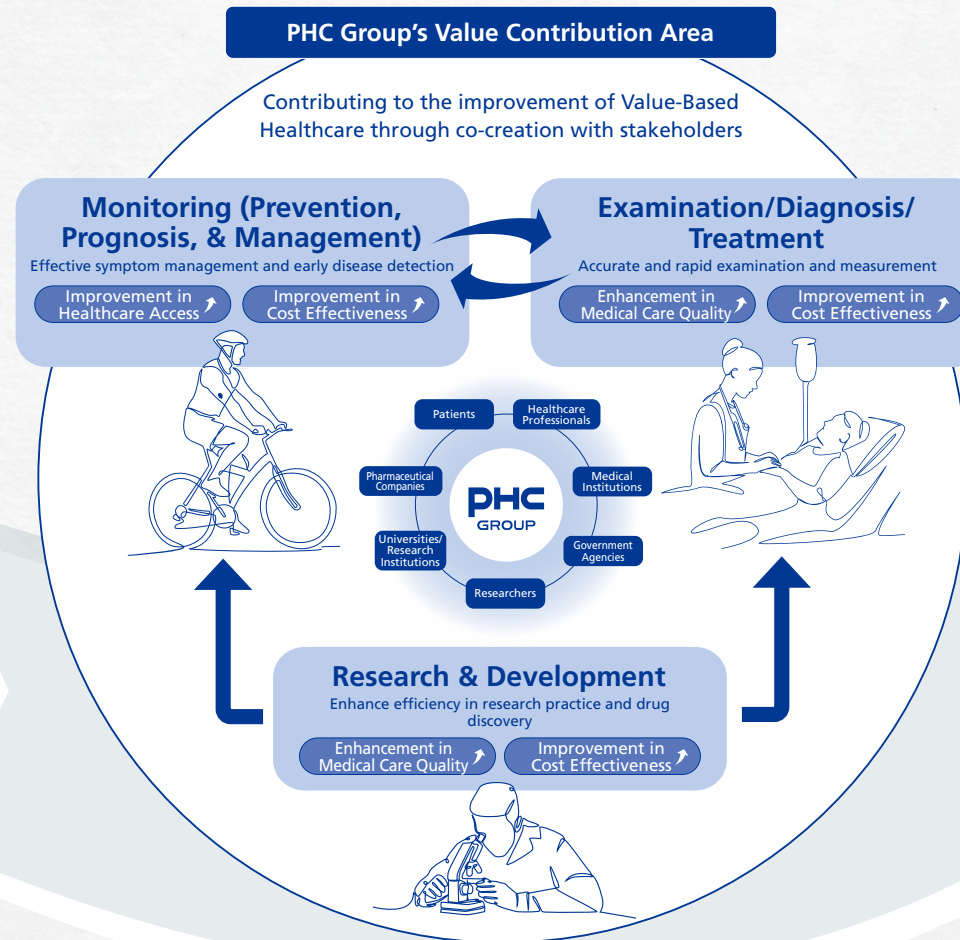
Value Creation Process

The world of healthcare faces a multitude of challenges. At PHC Group, we harness our strengths to develop products and services inspired by the principle of Value-Based Healthcare to address these challenges. By doing so, we seek to deliver meaningful value—enhancing the quality of medical care, expanding access to healthcare, and improving cost-effectiveness across diverse healthcare fields. Furthermore, we collaborate with our stakeholders to co-create products and services that further enhance this value. Through these efforts, PHC Group continues to increase the total value we provide, seeking to contribute to healthy life expectancy and working toward a future where high-quality, accessible healthcare is available to everyone.



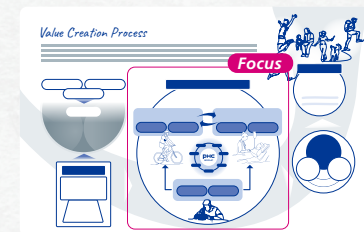
The Society We Seek to Create

Working toward a future where high-quality, accessible healthcare is available to everyone
= Achieving Value-Based Healthcare



A Close Look at PHC Group's Approach to Value Creation

PHC Group is committed to improving healthcare quality and accessibility while enhancing cost-effectiveness through three focus areas: Monitoring (Prevention, Prognosis, & Management), Examination/Diagnosis/Treatment, and Research & Development. We contribute to these areas by enabling appropriate condition management and early detection of disease, delivering accurate and rapid testing and measurement, and driving efficiencies in research practice and drug discovery. In the following explanatory pages, we explain the value we seek to create in each area, featuring the voices of our PHC Group employees.



Monitoring (Prevention, Prognosis, & Management)

Examination/Diagnosis/Treatment

Research & Development

By offering health checkup support services and telemedicine systems, we contribute to improving healthcare accessibility and cost-effectiveness. These solutions support appropriate disease management, early disease detection, and blood glucose management for people with diabetes.

Approximately
210,000
People/Year

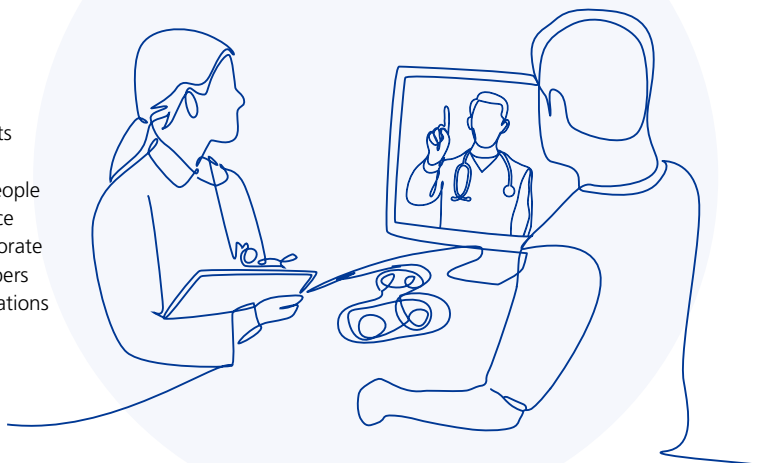
Supporting healthy habits
for approx. 210,000 people
annually

Wellness (Prevention/Pre-Symptomatic Care)



Wemex Health Guidance Solutions

Each year, Wemex supports lifestyle improvements for approximately 210,000 people by offering health guidance solutions tailored for corporate employees who are members of health insurance associations in Japan.

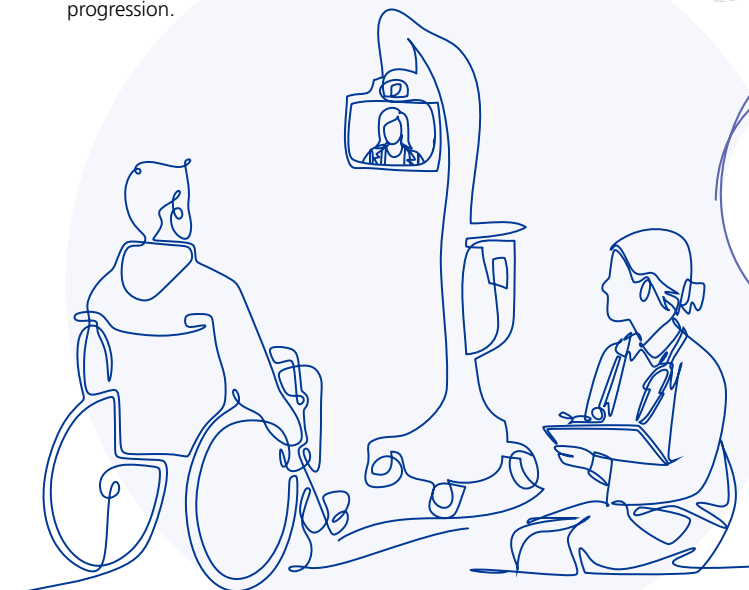


Real-time Telemedicine System



Virtual Care Device, Teladoc HEALTH

Teladoc HEALTH, a virtual care device for which Wemex is the exclusive distributor in Japan, seeks to enhance the accessibility of healthcare, encourage patients to seek timely consultation, and help healthcare providers intervene in potential disease progression.



29 Prefectures
Across Japan

Introduced in 29 prefectures
within three years of its launch
(as of February 28, 2025)

Monitoring (Prevention, Prognosis, & Management)



Blood Glucose Monitoring and Continuous Glucose Monitoring (BGM/CGM) Systems



Blood Glucose Monitoring (BGM) Systems

Continuous Glucose Monitoring (CGM) Systems



Over **3 Billion**
BGM Sensors/Year

Each year, Ascensia distributes over 3 billion BGM sensors.

BGM and CGM systems provided by Ascensia empower people with diabetes to manage their condition effectively, contributing to improved comfort and designed for improved quality of life.

Voices from the Frontlines



Delivering Precision Through Education and Innovation in Diabetes Care

Michelle DeWindt brings over a decade of experience in diabetes care to her role as Clinical Specialist at Ascensia Diabetes Care. With a background as a Physician Assistant and former Patient Care Educator, Michelle now leads customer education and onboarding for the Eversense® Continuous Glucose Monitoring (CGM) system—the world's only CGM that lasts for up to one year. Her work helps ensure patients and healthcare providers fully understand the system's distinct advantages, including its exceptional accuracy with almost no false compression lows*¹, the ability to remove and reapply the transmitter*² without wasting a sensor, and its gentleness on the skin.

At Ascensia, Michelle designs and delivers personalized training that explains how Eversense® works, what to expect from the insertion procedure, how to manage the system day-to-day, and how to interpret glucose data. She also collaborates with internal teams on training logistics, digital tools, and patient materials, always focused on making the onboarding process seamless and impactful.

Eversense® 365 is a precision technology that stands apart in a crowded field. As the only CGM that lasts for up to one year, it offers people a truly differentiated CGM experience, providing monitoring with minimal disruption, enabling confident decisions and long-term peace of mind. It offers real-time on-body vibration alerts, even without a phone nearby, helping users respond quickly to high or low*¹ glucose levels. With exceptional accuracy for up to one year*³, and virtually no compression lows*¹ due to its implantable design, the system delivers consistent, reliable data that people with diabetes and clinicians can trust.

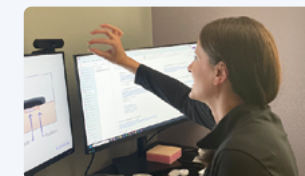


Michelle DeWindt
Clinical Specialist, Ascensia
Diabetes Care

Michelle also has the opportunity to share her clinical insights to influence product design. Drawing on patient feedback and her own healthcare experience, she advocates for enhancements that prioritize safety, ease of use, and alignment with clinical guidelines. Her perspective ensures that innovation is guided not only by technology, but by the lived experience of those managing diabetes daily.

From a clinical perspective, Michelle sees CGM as transformative. It helps patients make timely decisions, learn what impacts their glucose and avoid life-threatening events like severe hypoglycaemia. It also equips providers with actionable metrics, like Time in Range*¹ and pattern identification - that support better treatment adjustments.

Through her work, Michelle is advancing the future of personalized, precision diabetes care—where education, technology, and patient experience come together to drive better outcomes.



*¹ Christiansen, M. P., et al. (2018). A prospective multicenter evaluation of the accuracy of a novel implanted continuous glucose sensor: Precise II. *Diabetes Technology & Therapeutics*, 20(3), 197–206. <https://doi.org/10.1089/dia.2017.0142>.

*² There is no glucose data generated when the transmitter is removed.

*³ Senseonics. (2024) Eversense 365 CGM System User Guide. <https://www.eversensecg.com/safety-information/>



We contribute to improving the quality of healthcare and enhancing cost-effectiveness through accurate and rapid testing/measurement through clinical testing and diagnostic equipment. Additionally, we are promoting medical digital transformation (DX) initiatives, such as the adoption of electronic medical records.

Clinical Testing Services

LSI Medience

Clinical Testing Services

LSI Medience has partnered with 7,000 medical institutions across Japan, establishing a robust system capable of processing approximately 950,000 tests per day to support physicians in making accurate diagnoses.

120,000
Specimens/Day

LSI Medience accepts more than 120,000 specimens daily from hospitals and clinics across Japan.



Diagnostic Equipment

PHC IVD

PATHFAST™ Immunoanalyzer

PHC IVD's PATHFAST™ Immunoanalyzer provides rapid, multi-parameter testing for whole blood, plasma, and serum, producing results in just 17 minutes to support timely decision-making in medical practice.



6 Million
Cartridges/Year

If we were to stack all 6 million PATHFAST™ cartridges sold annually, they would reach 120 kilometers out into space.



Pathology Diagnostic Equipment

epredia

Digital Pathology

Epredia's digital pathology instruments deliver high-resolution scans of digital images, enabling precise observation of specimens on monitors. These instruments are also capable of integrating AI and enhancing workflow efficiency.



Examination/Diagnosis/
Treatment



Electronic Medical Record System/Medical-Receipt Computer/Pharmacy System



Medicom cloud-based EMR system

Medicom-HRF core

PharnesX-MX

Wemex Pharmacy Management Support

Wemex's suite of solutions—including electronic medical records, medical-receipt computers, and pharmacy systems—supports medical institutions and healthcare professionals in managing clinical records and streamlining administrative tasks.



Over **50,000**
Medical Institutions/
Pharmacies

Over 50,000 medical institutions and pharmacies nationwide use Wemex's medical-receipt computers. This means that one in five medical institutions and pharmacies in Japan chooses Wemex.

Voices from the Frontlines



As the Closest Point of Contact with Customers, We Strive to be Trusted Partners

I joined the predecessor of Wemex, the former Medicom Solution Co., Ltd., as a new graduate in 2011. Since then, I have worked as a coordinator at the Shonan Sales Office in Japan. This role involves a variety of responsibilities, including delivering products, providing operational instructions, offering after-sales service, and proposing new solutions to customers who have installed Wemex's electronic medical records and medical-receipt computers. This role places me in direct contact with our customers, making me feel like the closest link between them and Wemex. At the same time, I recognize that another crucial aspect of my work is to relay valuable feedback from customers to the company, contributing to improved services and quality.

The Shonan Sales Office, where I work, central and western areas of Kanagawa Prefecture, Japan, and Machida City, Tokyo. We have a total of 15 members, including 10 coordinators, 4 sales representatives, and 1 administrative staff. Together, we support approximately 600 customers. Despite managing such a large number of customers, we continuously pursue various initiatives to provide high-quality services and maintain excellent standards.

One such initiative is the launch of a "Q&A Website" which prioritizes displaying frequently asked questions from customers. Previously, coordinators would visit customers in person whenever questions or issues arise. However, with the introduction of this site, customers can now resolve issues quickly on their own. The time saved allows coordinators to focus on proactive activities that enhance customer satisfaction, such as conducting visits with more flexibility and dedicating more time to self-improvement.

Another initiative involves leveraging the employee website to share knowledge and the latest updates. By sharing customer feedback, on-site experience and learnings, response techniques, knowledge, and case studies on this website, we can now resolve issues and on-site problems more quickly and accurately without relying on specific personnel. Additionally, in 2024, as part of the Shonan Sales Office's initiatives, we introduced the "Area System*" for coordinators. This System helps avoid reliance on specific individual skills and expertise and allows the entire team to respond promptly to various customer requests by pooling the collective expertise and

knowledge.

* A system in which several members from our team are assigned to a specific area. The areas in charge are periodically changed and rotated.

We believe that the reasons our customers choose Wemex are the trust built by our predecessors over the company's long history and the sense of security we provide as an organization. We strive to thoroughly understand our customers' facilities, equipment configurations, treatment flows and processes, staff numbers, and patient demographics on a daily basis. We make proposals to improve operations and ensure that this information is passed on seamlessly to the next team. Whether through phone calls, in-person meetings, or emails, we approach every interaction with the mindset that we represent the Wemex brand, striving to provide courteous and professional service at all times.

As coordinators, we take pride in our roles as "trusted partners for our customers." The proposals we make regarding the operation of electronic medical records and medical-receipt computers, as well as for the configuration and installation of equipment, improve the work efficiency of healthcare professionals. This, in turn, enables patients to receive appropriate treatment and medical care, ultimately contributing to the maintenance and promotion of public health. Recognizing this, as coordinators, we are constantly reminded of the importance of continuing to be "trusted partners for our customers."

In an era where AI is increasingly taking on interpersonal services, we must continue to uphold our strengths of trust and peace of mind. By continuing to provide added value to healthcare professionals and patients as their trusted partners, we, as coordinators, hope to play a role in contributing to the health of society.



Natsumi Oi
Shonan Sales Office
Metropolitan Sales Department
Sales Division
Healthcare IT Business Unit



Examination/Diagnosis/
Treatment



Research & Development

We contribute to improving the quality of healthcare and enhancing cost-effectiveness by improving the efficiency of research sites and drug discovery through providing life science equipment and pathology consumables.

Non-Clinical Testing/Clinical Trial Services



Non-Clinical Contract Research Service

Mediford provides a variety of testing and analysis services in Japan to ensure the safety and efficacy of pharmaceutical products available on the market. Around 30% of medications approved in Japan undergo rigorous testing by Mediford.



Around **30%**

Around 30% of the drugs approved in Japan have passed rigorous testing by Mediford to ensure their safety and efficacy.



Life Science Equipment



Ultra-Low Temperature Freezers
CO₂ Incubators

PHCbi's ultra-low temperature freezers and CO₂ incubators hold the number-one market share in Japan and rank second globally. Their high-quality products play a vital role in creating a value chain for research and manufacturing.



All Top 20 Companies

PHCbi is the trusted partner of all the top 20 global pharmaceutical companies*, delivering unparalleled technology and products.

* Top 20 among the 50 largest revenue pharma companies in the world in 2022
<https://www.drugdiscoverytrends.com/2023-pharma-50-largest-companies/>



Pathology Consumables

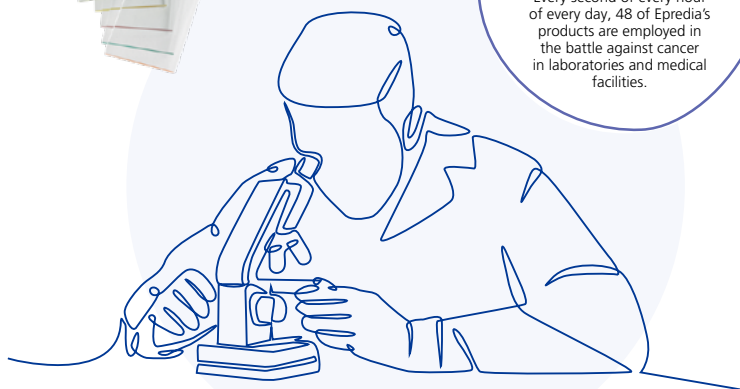


Epredia's microscope slides, designed to support an accurate diagnosis for pathologists, offer one of the highest levels of optical clarity.



Around **48**
Products/Second

Every second of every hour of every day, 48 of Epredia's products are employed in the battle against cancer in laboratories and medical facilities.



Voices from the Frontlines



Confident Staining Starts with Reliable Adhesion

My name is Philip Kyd, and I have been a part of the driving force for precision and innovation at Epredia for over eight years.

As the Director of Strategic Operations and Transformation and Deputy Site Director, I lead a global, multidisciplinary team dedicated to designing, developing, and scaling advanced consumables that enhance the pathology workflow. Our team's expertise spans mechanical engineering, chemistry, project management, verification and validation, enabling the delivery of solutions that align with clinical needs and elevate patient care.

One of our most exciting innovations is the SuperFrost PLUS adhesion slide—engineered with advanced adhesion properties to ensure tissue sections remain securely in place during even the most rigorous staining protocols, including H&E, special stains, and immunohistochemistry. This product exemplifies Epredia's relentless commitment to precision technology and positively consistent performance. The reliable adhesion slide enables healthcare professionals to streamline workflow and make confident diagnoses in clinical practices, while empowering researchers to pursue more complex experimentation and discovery, including applications in digital pathology, whole-slide imaging, and AI-powered image analysis. By elevating adhesion technology, we have not only enhanced the reliability of tissue handling but also encouraged clinicians and researchers to achieve more precise and meaningful results. Ultimately, we believe that our innovation through such precision technologies will not only support personalized medicine but also lead to the pursuit of new possibilities in healthcare and research.

I believe the success of this project is driven by the collaborative spirit that defines Epredia. Cross-functional

teamwork—spanning R&D, manufacturing, regulatory, quality, and clinical affairs—ensures that every product we deliver is not only innovative but also scalable and compliant. Clear communication, shared accountability, and mutual respect form the foundation of the process enables the team

to move forward with urgency and purpose. Looking ahead, breakthrough technologies like AI, real-time analytics, and automation present transformative opportunities to improve outcomes for healthcare professionals and patients. These advancements will shape a future that enhances the capabilities of both our colleagues and customers. At Epredia, we are steadfast in our commitment to driving innovation in precision technology, ensuring that every step forward brings us closer to a more personalized and connected model of care.



Philip Kyd
Director, Strategic Operations and Transformation & Deputy Site Director
Site Operations- Portsmouth





Life Science Equipment



Live Cell Metabolic Analyzer

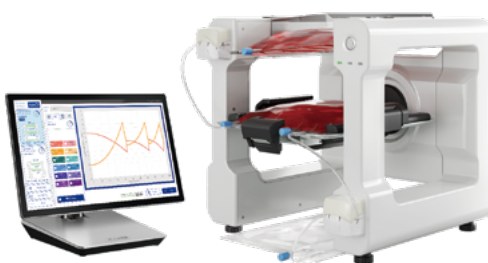
PHCbi's Live Cell Metabolic Analyzer* enables continuous measurement of cell metabolites, supporting research on advanced cancer therapies and stem cells.

* For Research Use Only



Cell Expansion System*

PHCbi's Cell Expansion System is being designed to automatically exchange culture media leveraging real-time data from an In-Line sensor that monitors metabolic changes. By constantly optimizing the cell culture environment, it will seek to enhance the quality, cost-efficiency, and delivery (QCD) of manufacturing processes.



* Product currently under development (scheduled for launch in fiscal year 2025)

Voices from the Frontlines



A Workplace Where Precision Technology Meets Innovation

I have been engaged in the development of blood glucose sensors in the In Vitro Diagnostics Division for many years. Currently, I am leveraging this expertise to lead the development of cell culture sensors in the Biosensor Development Department.

The Biosensor Development Department is committed to creating new value in the field of cell and gene therapy (CGT) by building on the advanced technology cultivated over more than 30 years of blood glucose sensor development. Blood glucose monitoring technology, which requires exceptional precision and reliability, is one of the core technologies that underpin PHC Group. Applying this technology, we have developed a high-precision "In-Line Monitoring Technology" that enables real-time, continuous measurement of metabolic data such as glucose consumption and lactate production during cell culture. This technology was incorporated into the Live Cell Metabolic Analyzer (LiCellMo™) launched by the Biomedical Division in September of last year.

The sensor in LiCellMo™ is designed to enable continuous measurement over a 10-day period, requiring the reaction reagent to maintain stable performance for an extended duration. To achieve this, the reagent is immobilized to prevent it from dissolving into the culture medium, and a protective film is applied. In addition, the sensor incorporates over 10 types of raw materials used on the electrode, each of which plays a critical and complementary role to ensure stable and high-performance measurement. To maintain the delicate balance of the entire reagent, it is

crucial to accurately identify and manage the variability of each raw material and its impact on the overall system during the design phase. These findings must then be incorporated into the manufacturing specifications. Sensor development requires a fully integrated approach with manufacturing, and this development philosophy has been inherited from blood glucose sensor development.

PHC Group's precision technological capabilities form a vital foundation for delivering new treatment options to patients. By further advancing these technologies, the Biosensor Development Department aims to deliver solutions to the challenges faced by pharmaceutical companies and researchers, while also bringing hope to patients with hard-to-treat diseases. We will continue to embrace new challenges and drive the development of innovative solutions that contribute to patients and society.



Eriko Yamanishi

Manager,
Biosensor Development
Department
Biomedical Division
PHC Corporation

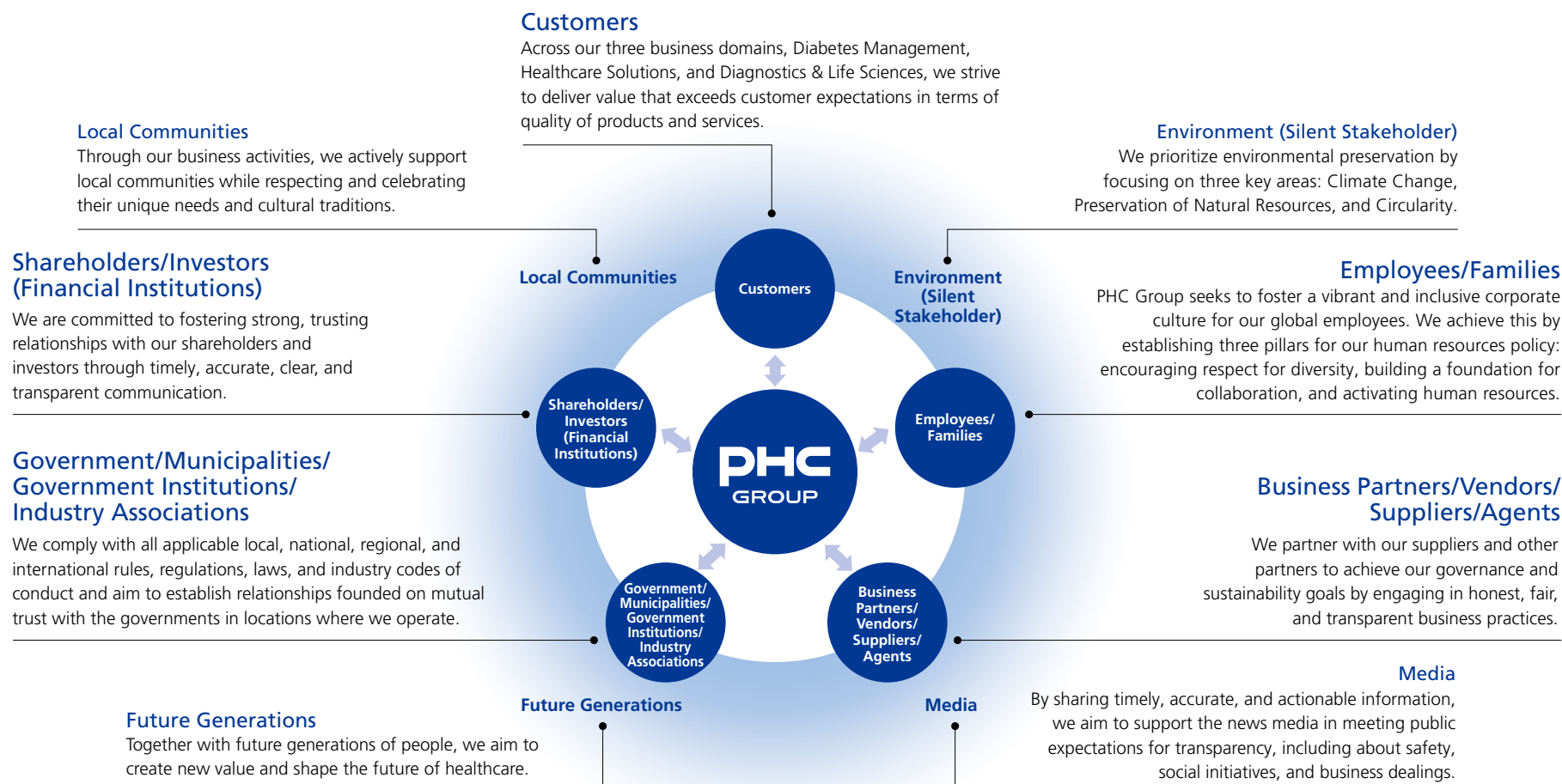


Research &
Development

Stakeholder Engagement

At PHC Group, we seek open and constructive dialogue with the wide variety of stakeholders who contribute to our business. We actively listen to the perspectives and expectations of these stakeholder groups, including customers, employees, business partners, shareholders, local communities, government agencies, and the media. By fostering two-way communication and ensuring timely and appropriate disclosure of information, we aim to build and maintain strong, trusting relationships.

When sharing information about our business activities and initiatives, we prioritize timeliness, transparency, and accuracy. Through ongoing dialogue with our stakeholders, we stay closely attuned to their needs and expectations and incorporate those insights into our business activities, with the goal of driving sustainable growth and creating long-term corporate value.





Specific Initiatives

1 Co-creation with Local Communities (Collaboration with Toon City, Ehime, Japan)

Since its founding as Matsushita Kotobuki Electronics Co., Ltd. in Toon City, Ehime Prefecture, in 1969, PHC Group has been strengthening our collaboration with the city. In 2018, PHC Corporation, a subsidiary of PHC Group, signed a partnership agreement for regional cooperative projects with Toon City. In 2023, Wemex Corporation, a member of PHC Group, joined the agreement, further advancing collaborative activities in the region. In 2024, as part of Toon City's "Toon Smart Healthcare Creation Project," Wemex introduced the real-time telemedicine system, Teladoc HEALTH, in Shikoku. By deploying a Mobility as a Service (MaaS) vehicle equipped with Teladoc HEALTH, the project addresses local challenges such as providing online health consultations for city residents and preventive healthcare support for the elderly. PHC Group will continue to promote collaboration and co-creation with local governments and communities.



Online health consultation with a Teladoc HEALTH-equipped MaaS vehicle



Media event on September 21, 2024, to celebrate the launch of the MaaS vehicle (Photo: Hideaki Takahashi, President of Wemex Corporation, on the far right)

2 Joint Development Toward Social Implementation of Regenerative Medicine

In March 2025, the Biomedical Division of PHC Corporation (PHCbi) participated in the 24th Congress of the Japanese Society for Regenerative Medicine.

During the congress, PHCbi and Cyfuse Biomedical K.K., a company with proprietary Bio 3D Printing technology, co-hosted an academic luncheon seminar on "The Evolution and Future of Regenerative Medicine." In the poster session, the companies presented new production technologies for the commercialization of 3D cell products, which are being jointly developed by PHCbi and Cyfuse.

PHCbi also exhibited some strategic products, including the LiCellGrow™ cell expansion system under development, as part of its efforts to enhance its presence in the cell and gene therapy (CGT) field. The PHCbi booth attracted significant attention from members of the media and representatives from industry associations.

Through these initiatives and others, PHC Group is contributing to the future of regenerative medicine and will continue to take on the challenge of advancing related healthcare in the years to come.



Kyoko Deguchi, President and CEO of PHC Holdings Corporation (center) and Shizuka Akieda, CEO of Cyfuse Biomedical K.K. (second from the right) at the 24th Congress of the Japanese Society for Regenerative Medicine.

Chapter 3

Corporate Strategy



Message from COO/CSO

Driving Growth Strategies to Power the Future of Healthcare

Koichiro Sato

Senior Executive Vice President,
Representative Director,
COO, CSO,
Head of Diabetes Management Domain,
Head of Healthcare Solutions Domain,
PHC Holdings Corporation



1. Formulating Value Creation Plan 2027 in Pursuit of Our Vision for 2030

In November 2024, we formulated our Value Creation Plan 2027 to guide us toward achieving our vision for 2030. This plan clearly defines our strategies for navigating a rapidly changing global environment and pursuing sustainable growth. Under our previous Value Creation Plan, we focused on driving growth across three business domains: Diabetes Management, Healthcare Solutions, and Diagnostics & Life Sciences. However, changes in the external environment presented several challenges, including a decline in cash generation in existing businesses, a deterioration in capital efficiency, and delays in monetizing our growth areas. Facing these challenges head-on, we determined that a review of our medium- to long-term strategies was essential to achieve sustainable growth in a competitive landscape. As a result, we established a new vision and values for what we aim to achieve by 2030. The first step toward realizing this vision was the development of new Value Creation Plan 2027, which places a strong focus on the Diagnostics & Life Sciences domain. This plan not only addresses external factors such as technological innovation and changes in the market environment, but also reflects our unwavering commitment to powering the future of healthcare by fully leveraging our technology and innovation.

2. Building a Stronger Foundation for Sustainable Growth through Three Key Initiatives

The new vision, formulated along with our Value Creation Plan 2027, represents what we aim to achieve by 2030, and will be realized through two phases. Phase 1 focuses on strengthening our foundation for growth, while Phase 2 leverages that foundation to achieve sustainable growth centered on our Diagnostics & Life Sciences domain.

In Value Creation Plan 2027, which corresponds to Phase 1, we aim to establish a solid foundation for growth by focusing on three key initiatives: structural reform to strengthen the profit base, improving portfolio management, and focusing on Diagnostics & Life Sciences.

Key Initiative 1. Structural Reform to Strengthen the Profit Base

The first key initiative of our Value Creation Plan 2027 is structural reform to strengthen the profit base. In addition to the business-specific reforms we have implemented to date, we will drive large-scale, group-wide reforms along two axes: improving profitability and enhancing capital efficiency. Our goal is to enhance our cash generation capabilities and build a more robust financial structure.

First, to improve profitability, we will focus on optimizing cost as well as locations and organizations. Regarding cost optimization, our operating profit margin has been somewhat lower than that of other medical device manufacturers. To improve this, we will conduct a thorough review of costs, examining both operational expenses and general and administrative expenses. For optimization of locations and organizations, we will consolidate functions, such as procurement, that were previously handled independently by group companies and business divisions. By integrating these functions across the entire group, we aim to eliminate inefficiencies and improve productivity through economies of scale. By consolidating these sites and centralizing functions, we will allocate group-wide resources more efficiently and enhance stronger collaboration between divisions. Furthermore, in global manufacturing, we will evaluate which sites in Asia, Europe, and the U.S. can most effectively manufacture and supply our products. Based on this evaluation, we will establish a flexible manufacturing system capable of responding swiftly to recent tariff issues in the U.S.

Next, to improve capital efficiency, we aim to enhance cash flow by prioritizing investments—primarily capital investments—based on their efficiency and by concentrating management resources on businesses and initiatives with significant impact. Simultaneously, we will move forward with the sale of unused assets that are not directly related to our business.

As a result of these reforms, we anticipate benefits by fiscal year 2027 of JPY 8 to 12 billion in improved profitability, and JPY 2 to 3 billion in improved capital efficiency, compared to fiscal year 2024.

Key Initiative 2. Improve Portfolio Management


The second key initiative is to improve our portfolio management. Let me begin by outlining the current status of our three business segments. In the Diabetes Management domain, as the market shifts toward continuous glucose monitoring (CGM) systems and the market for blood glucose monitoring (BGM) systems continues



to contract, we aim to maintain profitability in our BGM business by implementing further cost reductions and strengthening focus areas to mitigate the sales decline. As for our CGM business, we will boost sales of Eversense®365, the industry's only one-year CGM system launched in the U.S. in October 2024*1. In the Healthcare Solutions domain, while the market continues to grow steadily, structural changes driven by digital transformation of healthcare are underway. Here, our goal is to improve the profitability and efficiency of our clinical testing, healthcare IT, and drug development support businesses. Specific initiatives by group companies include Wemex, which provides healthcare IT solutions such as electronic medical record (EMR) systems and medical-receipt computers. Wemex will focus on creating synergies from businesses acquired in 2023 and on offering cloud-based solutions aligned with the Japanese government's push for digital transformation in healthcare. Additionally, we will advance the restructuring of LSI Medience, which operates our clinical testing business, and Mediford, which handles our drug development support business. In the Diagnostics & Life Sciences domain, we see high growth potential; consequently, we will focus our management resources on growth and development initiatives.

To ensure the steady execution of growth strategies across these business domains, we have introduced return on invested capital (ROIC) as a key indicator for evaluating and positioning each business. By combining ROIC with the growth potential of each business, we have clarified their respective positions within our portfolio. Businesses will be strategically selected for the concentrated allocation of resources. For instance, businesses with both high growth potential and high ROIC are designated as Growth Business, and we will prioritize resource allocation to them. Meanwhile, businesses with low ROIC but high market growth potential are specified as Nurture Business, and we will make investments with the goal of generating cash. Looking ahead, we will establish a management system and processes to drive continuous improvement by setting target ROIC values for each business division.

In parallel with our ROIC-based business operations, we are also working to instill a group-wide awareness of the challenges and goals specific to each business. Given the high level of internal interest in portfolio selection and concentration, the introduction of ROIC serves as a means to deepen internal understanding of what investors focus on, as well as the significance and necessity of aligning our business activities with market rules.

*1  On September 4, 2025, PHC Holdings Corporation and its subsidiary Ascensia Diabetes Care announced that Ascensia has signed a memorandum of understanding to transfer the commercial operations for Eversense® Continuous Glucose Monitoring (CGM) systems to Eversense maker Senseonics Holdings, Inc. The companies are targeting to unite Eversense R&D, manufacturing, and commercial activities within Senseonics beginning January 1, 2026, subject to a definitive agreement. <https://ssl4.eir-parts.net/doc/6523/tdnet/2684179/00.pdf>

Key Initiative 3. Focus on Diagnostics & Life Sciences

The third key initiative is to focus on Diagnostics & Life Sciences. To ensure our continued sustainable growth, it is vital not only to concentrate on growth areas with promising market growth, but also to identify fields where we can fully leverage our core strength—precision technologies. This approach aligns seamlessly with our mission and vision, reflecting our commitment to creating new value through precision technologies and shaping the future.

In today's society, as people live longer, extending healthy life expectancy has become a critical global challenge—not just in Japan but worldwide. As advancements in diagnostics and therapies continue to unfold, particular attention is now focused on treatments involving polymers, genes, and cells. Recognizing that our potential to maximize the impact of precision technologies can be fully leveraged in this field, we have decided

to prioritize the Diagnostics & Life Sciences domain.

Considering the social trends shaping this domain, the early detection of high-mortality diseases like cancer and the delivery of advanced, personalized treatments at a lower cost are becoming increasingly important. To address these needs, we aim to leverage our precision technologies to develop products and solutions that support more affordable diagnostics and advanced treatments. Furthermore, by utilizing our extensive sales network, which spans from research to clinical applications, our strong relationships of trust with customers, and our global manufacturing capabilities, we are committed to advancing healthcare solutions that reduce cancer-related mortality and improve treatment efficacy.

Our goal in this domain is twofold:

1. To be an innovator in cancer diagnostics solutions, enabling more accurate, timely, and simpler diagnoses,
2. To act as an accelerator and enabler of advanced cancer treatments, facilitating their early adoption.

To achieve these objectives, our initial focus during the current planning phase is to strengthen our business foundation. This includes integrating and streamlining our sales, manufacturing, and operations functions, which were previously conducted separately by each business unit. Building on this solid foundation, we aim to realize our vision for 2030 and beyond by expanding our business. This includes providing equipment for new drug development using cells and genes, and creating solutions such as the automation and acceleration of definitive disease diagnoses, as well as in vitro diagnostic (IVD) medical devices that make testing simpler.

3. Sustainability Strategy: Driving Sustainable Growth and Corporate Value

In our Value Creation Plan 2027, sustainability strategy stands as one of our top priorities. We consider it a shared responsibility across all employees to address climate change, respect human rights, and implement sustainable practices across our supply chain. Through these initiatives, we aim to contribute to a sustainable society while driving the growth of our group.

At present, we are focusing on reducing greenhouse gas emissions directly generated by our business activities (Scope 1) and those linked to electricity consumption (Scope 2). In addition, we are taking a phased approach to reducing emissions across our supply chain (Scope 3). This goes beyond compliance with environmental regulations; it is a key strategy for enhancing our group's competitiveness.

4. The Dual Role of COO and CSO: Driving Strategy with Practical Execution

As both Chief Operating Officer (COO) and Chief Strategy Officer (CSO), I oversee management strategy, business development, and healthcare policy, while also being responsible for the product manufacturing, quality control, and procurement functions. My primary role is to ensure seamless coordination between strategy formulation and execution. I prioritize close collaboration with frontline teams to ensure that our strategies are implemented effectively and do not remain theoretical plans. For example, by organizing joint meetings between strategy and execution teams, we enable smoother information sharing and strive to enhance the accuracy of our strategy implementation.



COO: Transforming R&D and Enhancing Global Manufacturing Excellence

As COO, I have driven transformation in three main areas. First, we initiated a substantial review of our R&D structure. We discontinued the existing framework and established a new structure that facilitates smoother collaboration with each business unit. To further accelerate development and create innovation, we are now working to launch a dedicated R&D organization specializing in our Diagnostics & Life Sciences domain.

Second, we have focused on strengthening our manufacturing excellence. To globally expand our core strength in precision technologies in Japan, we are dispatching personnel with expertise to our sites outside of Japan to enhance our technological capabilities and improve productivity.

Third, we are advancing our quality management and procurement functions on a global scale. This includes strengthening our organizational structures to ensure consistent quality across the group. In addition to cross-functional collaboration in procurement in and outside of Japan, we are implementing cross-regional quality improvement initiatives, such as the annual group-wide Monozukuri (Manufacturing) Conference and manufacturing site-specific quality improvement activities.

CSO: Enhancing Corporate Planning Functions and Fostering Deeper Customer Insights

After my appointment as CSO, I added three critical functions to the Corporate Planning Department to enhance its strategic capabilities. The first is risk management. In response to the rapidly changing external environment, the Corporate Planning Department is spearheading efforts to strengthen this function. By ensuring that the entire group remains aware of potential changes and risks they pose, we can respond swiftly and effectively to unforeseen circumstances.

The second is the establishment of a comprehensive framework for voice of customer (VOC) activities. Previously handled by a small team, customer feedback is now managed and utilized on a group-wide scale under the Corporate Planning Department. As customer needs continue to evolve, this function ensures that the opinions and requests we collect are promptly shared with each business unit and reflected in our products and services.

The third is AI integration. With AI rapidly being adopted across society, leveraging it in business operations has become an urgent priority. We have adopted an agile approach to raising AI awareness, improving operational efficiency through AI, and integrating AI into our own products and services.

A Partnership Strategy for Achieving Mutual Growth in the Healthcare Industry

In the healthcare industry, many people are involved in a wide range of processes; building strong partnerships is the key to business success. We have driven the development and market expansion of innovative products through collaborations with partners such as Senseonics and 3DHISTECH. Additionally, we have partnered with institutions such as Wake Forest University in the U.S. and the Centre for Commercialization of Regenerative Medicine (CCRM) in Canada to support R&D and promote the adoption of advanced technologies in the Diagnostics & Life Sciences domain.

Another key pillar of our strategy is strengthening industry-government-academia collaboration. Building on our legacy of supporting the smooth operation of Japan's universal health insurance system, we are deepening partnerships with government and academic institutions to contribute to advancing digital transformation (DX) in healthcare and regenerative medicine. For example, we are leading industry-wide

transformation through initiatives like policy proposals via the Forum for Innovative Regenerative Medicine (FIRM) and the Japan Association of Medical Equipment Industries (JAMEI). We are also supporting for the nationwide rollout of electronic prescriptions and online eligibility verification systems.

5. Strategy for 2027: A Solid Foundation and Foothold for the Future

The three-year period from fiscal year 2025 to 2027, as defined in our Value Creation Plan 2027, represents a pivotal phase for strengthening our business foundation and supporting growth for the future. During this period, we will focus on enhancing our earning base and preparing for sustainable growth, particularly in the Diagnostics & Life Sciences domain. Currently, our efforts are directed at improving profitability through structural reform and optimizing management resources by employing a strategy of selection and concentration. Simultaneously, recognizing that growth in the Diagnostics & Life Sciences domain requires a long-term perspective, we are advancing research and development to prepare for the future and support the launch of new products. For instance, to further enhance our earning base, we are accelerating the development of next-generation pipeline products such as the cell expansion system under development, LiCellGrow™, which builds on the success of our live cell metabolic analyzer, LiCellMo™.

In addition, we aim to create new value through initiatives such as promoting personalized medicine and expanding digital pathology solutions to enhance the efficiency of cancer diagnoses. These efforts will enable us to build a solid foundation for further growth beyond 2030.

While prioritizing structural reform, it is equally critical to maintain a proactive approach to ensure the group retains its vitality and drive for growth. By balancing growth strategies with efforts to strengthen our foundation, we will pursue flexible and steady management with a long-term vision.

6. Fusing Sustainability and Innovation to Power the Future of Healthcare

What I envision for PHC Group is to continue addressing societal challenges in healthcare by achieving a harmonious balance between sustainability and innovation. In the healthcare industry, where products and services are often used over extended periods, the sustainability of the company itself is crucial. At the same time, continuous innovation is indispensable to meet the demands of extending healthy life expectancies and addressing increasingly personalized and diverse healthcare needs.

At PHC Group, we are adapting flexibly to the changing times by actively incorporating cutting-edge technologies, such as digital technology and AI, while preserving the essential value of the products and services we have cultivated over the years. Through this approach, we aim to create new value that responds to the evolving needs of healthcare and our customers.

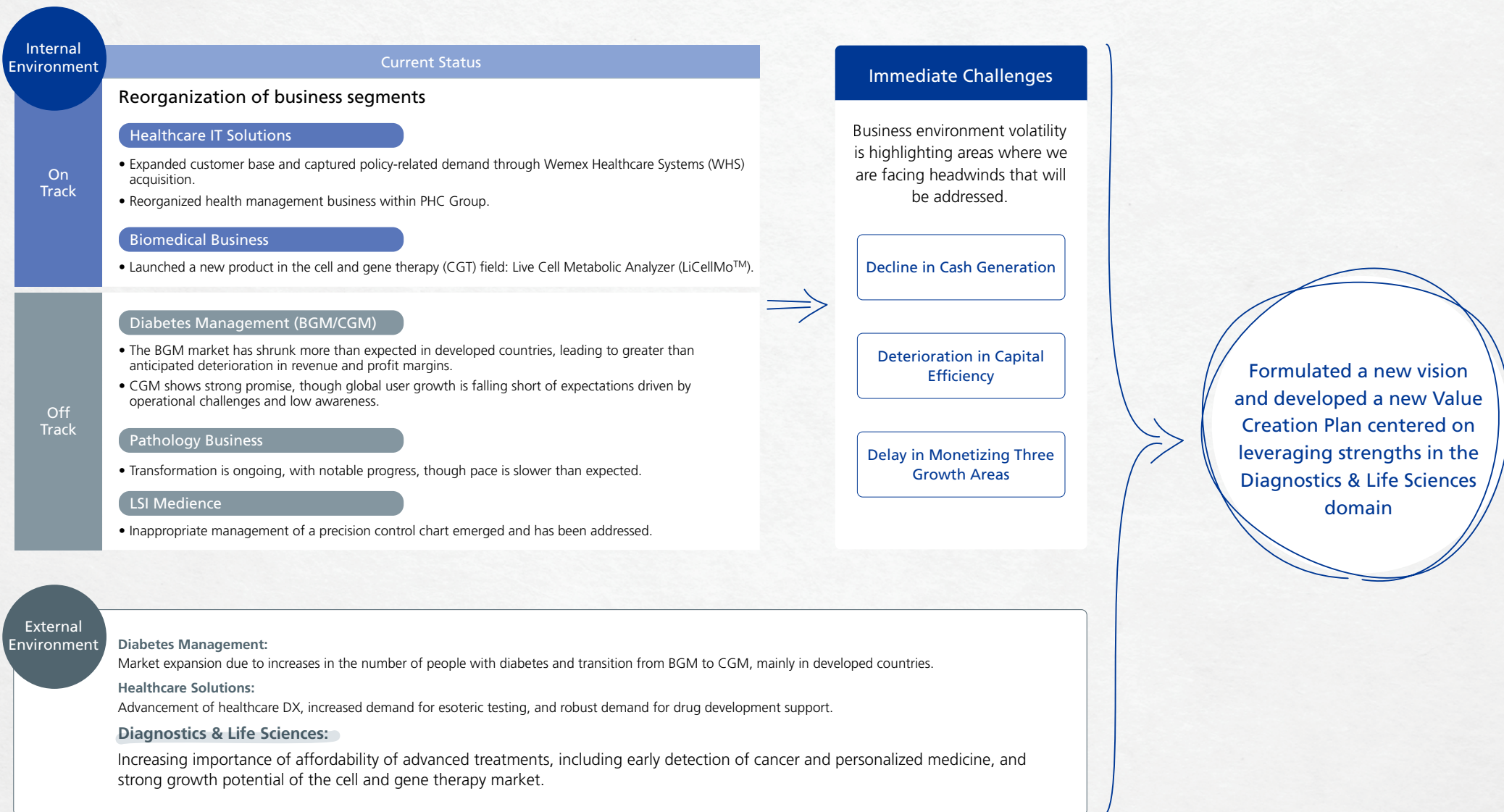
We aspire to be a leader that powers the future of healthcare and contributes to the health of society.





Value Creation Plan 2027

Since announcing our previous Mid-term Plan in 2022, a number of challenges have arisen due to changes in the external business environment. To address these challenges, we formulated our Value Creation Plan 2027 with a focus on the area of Diagnostics & Life Sciences.



Formulated a new vision and developed a new Value Creation Plan centered on leveraging strengths in the Diagnostics & Life Sciences domain

Phase 1 Fiscal Years 2025-2027

Phase 2 Fiscal Years 2028-2030

Vision for 2030

Value Creation Plan 2027

Strengthening our foundation for growth

Key Initiatives

1. Structural reform to strengthen the profit base
2. Improve portfolio management
3. Focus on Diagnostics & Life Sciences

Value Creation Plan 2030

Achieving sustainable growth centered on Diagnostics & Life Sciences

We have created a new vision for PHC Group, which we plan to achieve by 2030 in two phases. In Phase 1, we will strengthen our foundation for growth. In Phase 2, we will accelerate initiatives to achieve growth centered on Diagnostics & Life Sciences. As part of Value Creation Plan 2027, which aligns with Phase 1, we will implement three key initiatives: Implement structural reform to strengthen the profit base; Improve portfolio management; and Focus on Diagnostics & Life Sciences.

Be a leader in precision technology that powers the future of healthcare

Management Objectives of Value Creation Plan 2027

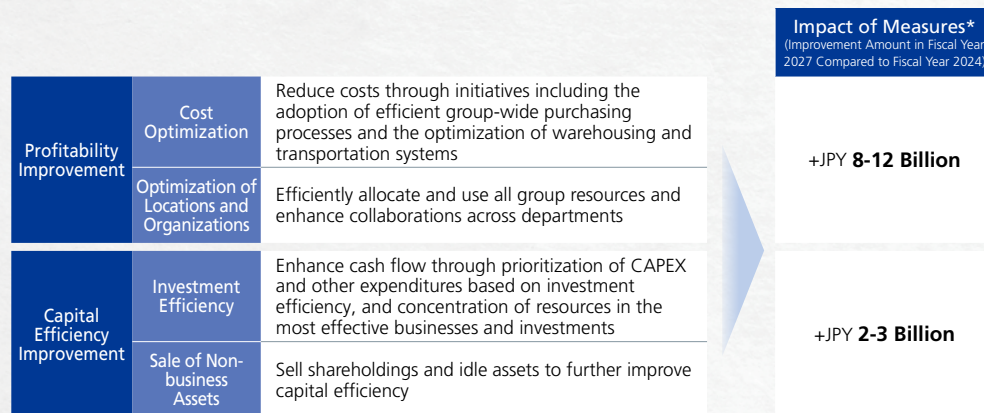
		Finance		Non-Financial		
		Fiscal Year 2024 Results	Fiscal Year 2027 Targets*	Environment		
Profitability	Revenue growth rate (YoY)	2.2%	4 - 5%	GHG Emissions from Company Energy Sources (Scope 1 and 2) 42% Reduction	GHG Emissions from Supply Chain (Scope 3) 25% Reduction	Waste Recycling Rate 90% Achievement
	Operating profit margin	6.2%	8 - 10%			
	EPS	83 JPY	Two times fiscal year 2024 or higher	Governance		
Efficiency	ROE	7.5%	10% or higher	Compliance Training Attendance Rate 100%	Human Capital	
	ROIC	3.8%	8% or higher		Engagement Survey Index 68 pt or more <small>(Improvement of 1 pt or more compared to the previous year)</small>	Percentage of Management Positions Held by Women 30% or more

* The assumed exchange rates are 1 USD = 140 JPY and 1 EUR = 155 JPY.

Management Strategy (Value Creation Plan 2027)

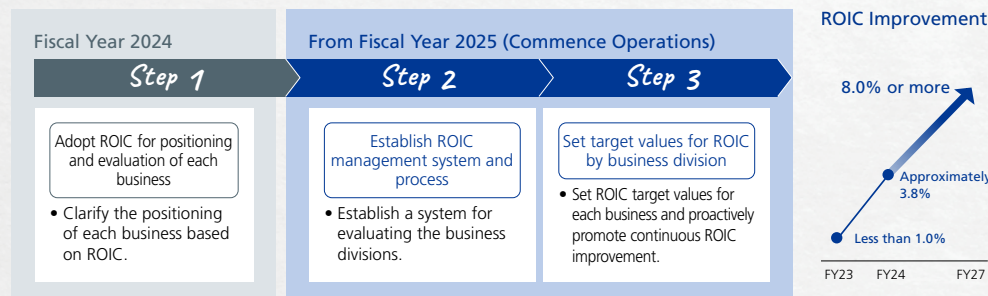
Key Initiative 1: Structural Reform to Strengthen the Profit Base

PHC Group is undertaking group-wide structural reforms aimed at enhancing cash generation capabilities and strengthening our financial structure. By focusing on improving profitability and capital efficiency as core pillars of these reforms, we expect to achieve an increase of approximately JPY 8-12 billion in profitability and approximately JPY 2-3 billion in capital efficiency by the end of fiscal year 2027, compared to fiscal year 2024.



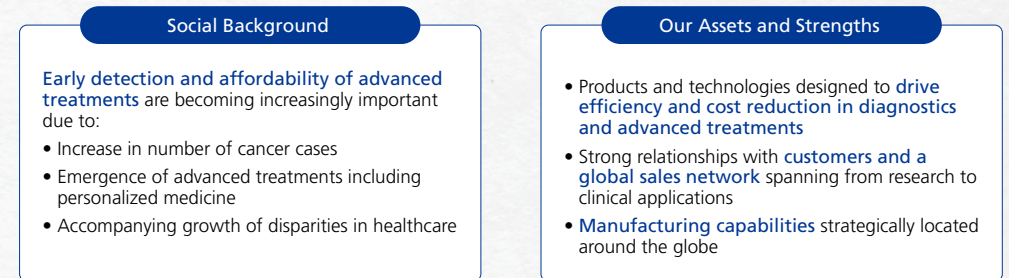
Key Initiative 2: Improve Portfolio Management

By introducing return on invested capital (ROIC) as a metric, we will evaluate and improve the capital efficiency of each business to achieve profitability exceeding capital costs, aiming for the sustainable enhancement of corporate value.

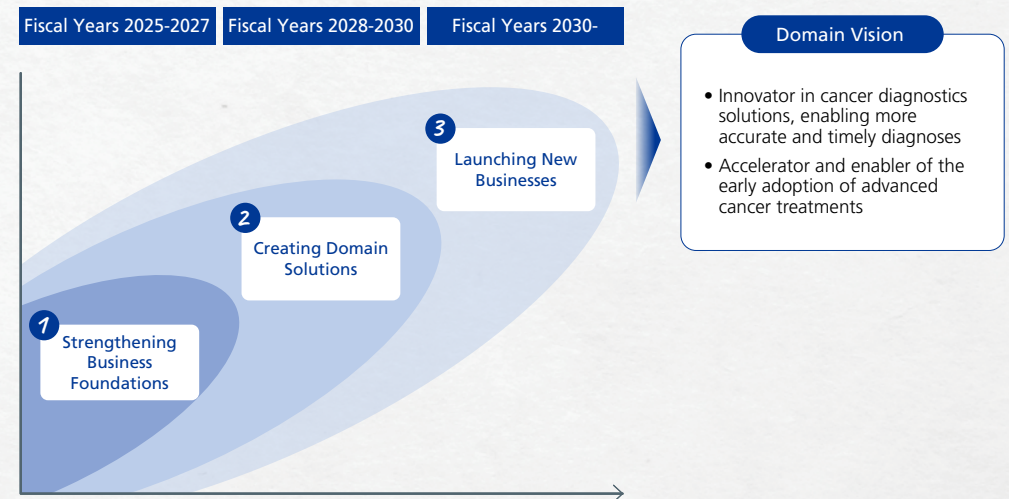


Key Initiative 3: Focus on Diagnostics & Life Sciences

For cancers with a high mortality rate, early detection and affordability of advanced treatments, including personalized medicine, are becoming increasingly important. PHC Group will leverage the assets and strengths we have developed over many years to contribute to healthcare that reduces cancer mortality rates and enhances treatment outcomes. In this domain, we aim to become an innovator in cancer diagnostics solutions, enabling more accurate and timely diagnoses, and an accelerator and enabler of the early adoption of advanced cancer treatments.



Realizing Our Vision Through a Three-Stage Approach





Key Initiative 3: Focus on Diagnostics & Life Sciences

1 Strengthening Business Foundations

We will enhance the efficiency and effectiveness of sales, manufacturing, and operations by transitioning from activities conducted on an individual business unit basis to an integrated domain-wide approach.

In sales, we will leverage our global sales network, spanning over 125 countries and regions, to provide one-stop domain solutions and drive business expansion. Additionally, we will optimize our sales structure and customer service to deliver enhanced value to our customers.

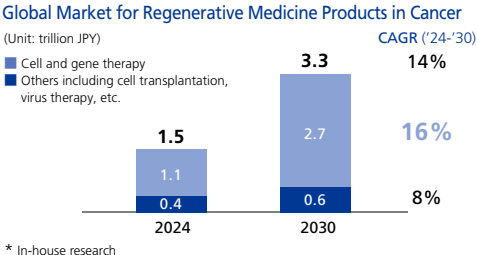
In manufacturing, we will strengthen our manufacturing excellence by optimizing manufacturing locations based on regional characteristics, such as access to key markets and compliance with local regulations. Furthermore, we will achieve advanced standardization by horizontally deploying best practices in production technology and quality management across the organization.

In operations, we will improve productivity through the standardization of indirect functions, including logistics and back-office operations.



2 Creating Domain Solutions

Going forward, we will focus mainly on efforts in regenerative medicine therapy in cancer. The global market for cell and gene therapy in particular, currently valued at JPY 2.7 trillion a year, is forecast to grow at an annual rate of 16%. In this promising growth area, we will leverage our core technologies and products to provide solutions that contribute to advancements in cancer diagnosis and treatment.



Domain Solutions for Cancer Diagnosis and Treatment

Improve efficiency and accuracy of diagnoses

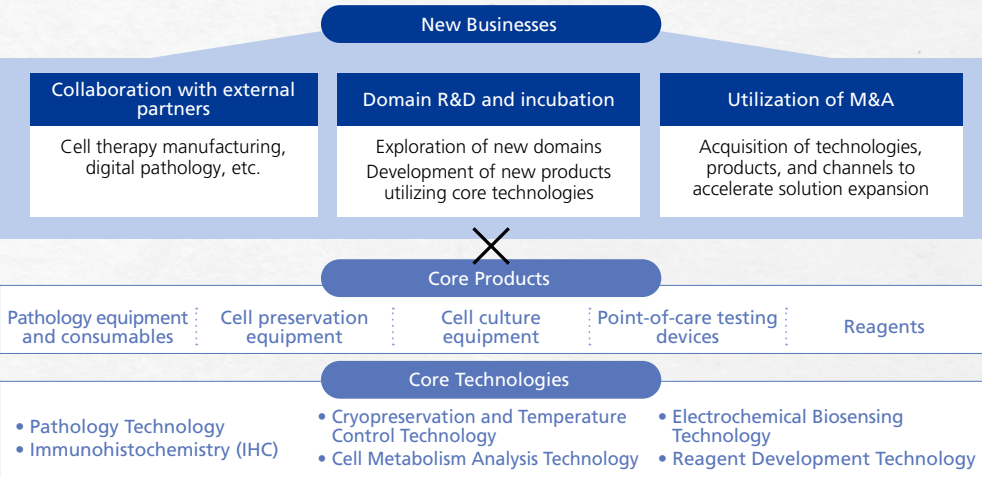
- Leveraging our reagent development technology to provide reagents for biomarkers and patient monitoring to promote personalized medicine
- Providing next-generation digital pathology solutions that enhance cancer diagnostic efficiency through AI-powered technology.

Improve quality, reduce cost and delivery time in cell medicine manufacturing

- Provide next-generation cell expansion system that establishes optimal cell culture environment utilizing sensors and real-time predictive analytics
- Offer new solutions that enhance the efficiency and cost-effectiveness of cell cultures in cell and gene therapy manufacturing

3 Expanding Solutions by Launching New Businesses

Building on our core technologies and core products, we will create new businesses by driving domain R&D and incubation, collaborating with external partners and leveraging M&A opportunities. First, to advance domain R&D and incubation, we will further enhance development of products and solutions that leverage our core technologies, including in new business areas. Next, through collaboration with external partners, we will accelerate the development of solutions for ongoing projects. They include a collaboration with the Centre for Commercialization of Regenerative Medicine (CCRM) in Canada in the area of regenerative medicine, and a collaboration with Wake Forest University in the U.S. in the area of digital pathology. Finally, by utilizing M&A, we will explore future acquisitions of complementary technologies, products, and sales channels to accelerate non-organic growth of our solutions.



The Potential of CAR-T Therapy in Cancer Treatment

A Discussion Between PHC and CCRM

On June 20, 2025, PHC Group hosted an online roundtable discussion on the potential, challenges, and future outlook of CAR-T therapy in cancer treatment. This discussion featured Michael May, PhD, President & CEO of the Centre for Commercialization of Regenerative Medicine (CCRM), with two of our corporate officers.



Michael May

PhD (President & CEO, CCRM)



Nobuaki Nakamura

(Executive Corporate Officer, PHC Group)



Chikara Takauo

(Corporate Officer, PHC Group)

1. The Current State of CAR-T Therapy: Overcoming Barriers to Adoption and Driving Technological Innovations



Nakamura: Regenerative medicine including cell and gene therapy (CGT) is gaining significant attention as an innovative approach to treating diseases that have been difficult to treat, including cancer. CAR-T therapy, in particular, has been advancing rapidly. Michael, could you start by telling us about CCRM and your initiatives in the CGT and regenerative medicine fields?



May: The Centre for Commercialization of Regenerative Medicine (CCRM) was established in Ontario, Canada, in 2011 with funding from the Government of Canada, the Province of Ontario, and leading academic and industry partners. Our mission is to bridge the gap between foundational research in regenerative medicine and its practical applications.

For regenerative medicine to become popularized, it's essential to establish scalable and adaptable manufacturing processes. At CCRM, we oversee everything from process development to managing clinical-stage products. Our focus is on improving manufacturing efficiency and reducing costs.



Nakamura: The popularization of regenerative medicine is indeed a global challenge. In Japan, innovative therapies in the CGT field, such as treatments employing iPS cells and the approval of CAR-T cell therapies like Kymriah®, have already been in practical use. We expect the adoption of cell-based therapies to expand through technological innovation and cost reduction.



May: Japan excels in regenerative medicine, particularly in research on treatments with iPS cells. Additionally, Japan's industrial sector plays a significant role in the global commercialization of medical products, positioning the country at the forefront of regenerative medicine. At the same time, the U.S. continues to lead the way in the commercialization of these therapies, playing a key role in driving the industry forward. A prime example of the effectiveness of these therapies is in cancer treatment, especially CAR-T therapy. In the U.S., CAR-T therapy has achieved virtually curative results in some targeted blood cancers, which has served as a major proof point of its efficacy. The abundance of clinical data has fueled the rapid growth of the field, and these clinical results are a driving force behind the advancement of the industry.



Nakamura: In Japan, CAR-T therapy still faces several challenges, such as the enormous manufacturing costs leading to high treatment expenses, the need to optimize manufacturing processes, and the challenge of ensuring access to treatment. What are your thoughts on these issues?



May: Currently, CAR-T therapy is primarily focused on blood cancers, but further research and development are required for it to be effective against solid tumors, which make up the majority of cancers. Even for blood cancers, only a small percentage of patients in North America who need this treatment can receive it. One major reason is the extremely high cost of treatment even in the U.S. While CAR-T therapy may sometimes be covered by insurance in the U.S., it has not yet achieved adequate accessibility and adoption. The process itself, which involves extracting a patient's cells, manufacturing the therapy, and reintroducing it into the patient's body, is highly complex. To establish it as a standard treatment, specialized facilities are necessary. This means that, in addition to improving manufacturing processes, we need to develop facilities, infrastructure, and reimbursement systems that take into account the entire treatment journey for patients.

In Canada, CAR-T therapy has been approved under the public healthcare system, but like in the U.S., its adoption rate remains low. If, in the future, CAR-T therapy could be applied to all types of cancer and cure a large number of patients, it would undoubtedly have a profound impact on global healthcare. However, we need to fundamentally address the challenges of scalability and cost to achieve that vision.



Takauo: In our industry, "scalability" is a key term, isn't it? What kind of technological innovations do you think are necessary to address these challenges in the manufacturing field? Also, how do you think collaboration and partnerships with our company can help solve these issues?



May: Even if scalability is achieved through automation, we still need to address challenges such as parallel processing of large volumes of patient samples and optimization of culture media. It is especially critical for autologous cell therapies, which employ a patient's own cells and have unique characteristics for each individual. For these therapies, it is essential to evaluate product characteristics and automate and optimize the entire process to produce release through potency testing*. It also



Feature: The Potential of CAR-T Therapy in Cancer Treatment

A Discussion Between PHC and CCRM

requires efficient processing in compact, clean environments while tackling additional challenges like reducing reagent and labor costs. At CCRM, we aim to address these issues and reduce costs by integrating characterization and process equipment.

* Potency testing: A test to measure and evaluate the efficacy and effectiveness of a pharmaceutical or therapeutic product. In the cell and gene therapy, it is conducted to confirm whether the product functions appropriately for its intended therapeutic purpose.

A fundamental element needed to promote the scalability of therapy is a combination of hardware-related technology and manufacturing capabilities, as well as expertise in regenerative medicine. In this regard, PHC is highly capable of providing everything from hardware design and manufacturing to logistics. Meanwhile, CCRM has the expertise to understand and utilize the biology of cell types, and conduct optimization studies to improve the conditions required by devices and cells in culture, growth, and purification. By working together, both companies can align and optimize workflows and processes, reduce costs, and elevate this complementary partnership to an industrial level. This collaboration is essential for advancing scalability.



Nakamura: In February 2025, our company and CCRM signed a Master Collaboration Agreement to develop an expansion culture process for primary T cells. Through this collaboration, we aim to analyze various culture conditions using LiCellGrow™, PHC's cell expansion system currently under development, and establish an optimized culture process for primary T cells. By combining the technologies and expertise of both of our organizations, we believe we can further advance manufacturing processes for cell-based therapeutics and cell culture technologies, contributing to the practical application of CGT.



May: Absolutely. The technical collaboration between our companies is incredibly valuable. Incorporating advanced biosensors, such as in-line monitoring technology, into standard automated culture devices is extremely effective. Since autologous therapies use a patient's own cells, which vary in characteristics from one patient to another, precise adjustments are essential for manufacturing.

2. Unlocking the Potential of Automated Culturing Technology Through In-Line Monitoring



Takauo: Autologous CAR-T therapy is challenging for researchers when it comes to ensuring stability in quality and reproducibility. Moreover, the complexity of the manufacturing process, along with the significant time and cost involved, has led to soaring drug prices. To address these issues, we need technologies to monitor cell conditions in real time and optimize the culture environment. Automation of the cell culture process is also indispensable. PHC aims to standardize and enhance manufacturing efficiency by commercializing automated culture technology driven by monitoring data. PHC's in-line monitoring technology, building on over 30 years of experience in blood glucose sensor development, enables monitoring of cell conditions in real time during the culture process. This technology supports the optimization of culture environments and helps ensure the production of high-quality cell products.



May: We highly appreciate the potential value of PHC's LiCellGrow™, incorporates essential features such as scalability and a cell expansion system furnished with in-line monitoring technology.



Takauo: In the future, we believe that integrating in-line monitoring technology with AI will enable us to optimize the entire manufacturing process. This has the potential to further enhance the precision of cell growth forecasting, ultimately achieving greater stability and reproducibility in manufacturing.

3. Co-Creating the Future of Healthcare: A Collaborative Partnership Between CCRM and PHC



Nakamura: As outlined in our Value Creation Plan 2027, Diagnostics & Life Sciences is a key strategic priority for PHC Group, with a strong emphasis on cancer diagnostics and treatments. Our collaboration with CCRM plays a vital role in achieving the objectives of this plan. Together, we are committed to advancing healthcare and discovering solutions to create a better future.



May: Our partnership with PHC is an essential initiative to accelerate technological innovation in regenerative medicine. I am confident that our collaboration will enable us to deliver safe and effective treatments to more patients.



Takauo: PHC's precision technologies are indispensable in ensuring manufacturing reliability and quality in advanced cancer treatments, including CAR-T therapy. Moving forward, we will pursue the development of technologies relevant to various therapeutic approaches. Through collaborative research with CCRM, we aspire to make significant advancements in CGT and contribute to helping address challenges in cancer treatment.

About CCRM



Visit CCRM at
<https://www.ccrm.ca/>

CCRM is a global, public-private partnership headquartered in Canada. It has received funding from the Government of Canada, the Province of Ontario, and leading academic and industry partners. CCRM supports the development of regenerative medicines and associated enabling technologies, with a specific focus on cell and gene therapy. A network of researchers, leading companies, investors, and entrepreneurs, CCRM accelerates the translation of scientific discovery into new companies and marketable products for patients with specialized teams, dedicated funding, and unique infrastructure. In 2022, CCRM established OmniaBio Inc., a commercial-stage CDMO for manufacturing cell and gene therapies. CCRM is hosted by the University of Toronto.

Message from CFO

Enhancing
Profitability, Capital
Efficiency, and
Financial Stability to
Build a Foundation for
Growth

Kaiju Yamaguchi

Director,
Senior Executive Corporate Officer,
Chief Financial Officer (CFO),
PHC Holdings Corporation



1. Review of Fiscal Year 2024

Reflecting on fiscal year 2024, PHC Group's most notable achievement was recording the highest revenue and profit since our listing on the Tokyo Stock Exchange. Revenue increased by 2.2% year-on-year to JPY 361.6 billion, operating profit rose substantially to JPY 22.6 billion, and profit attributable to owners of parent reached JPY 10.5 billion. This marked the first time the company achieved net profit since our listing and represented a pivotal moment of strong financial results for PHC Group. Looking at each segment, starting with Diabetes Management, the BGM business remains our primary profit driver, though it continues to experience declines in revenue and profit due to ongoing market shrinkage and the termination of a sales collaboration in the U.S. as previously reported. In our Value Creation Plan 2027 (VCP), we have outlined measures to narrow the revenue decline. Encouragingly, the revenue decline in fiscal year 2024 lessened compared to the previous year, setting us off on a strong start in achieving our goals outlined in the VCP. In the CGM business, in the third quarter we launched a new product, Eversense® 365, the industry's only one-year CGM device. This product has driven higher sales compared to its predecessor. While overall segment revenue declined by 2.9% year-on-year to JPY 98.7 billion, there are encouraging signs of progress.

In Healthcare Solutions, the healthcare IT solutions business in particular benefited in fiscal year 2024 from Japanese government-led medical digital transformation (DX) policies, which boosted demand for electronic prescription software. Furthermore, the effects of M&A activity carried out in fiscal year 2023 positively impacted the business. The overall segment recorded a 6.7% year-on-year increase in revenue, reaching JPY 128.3 billion.

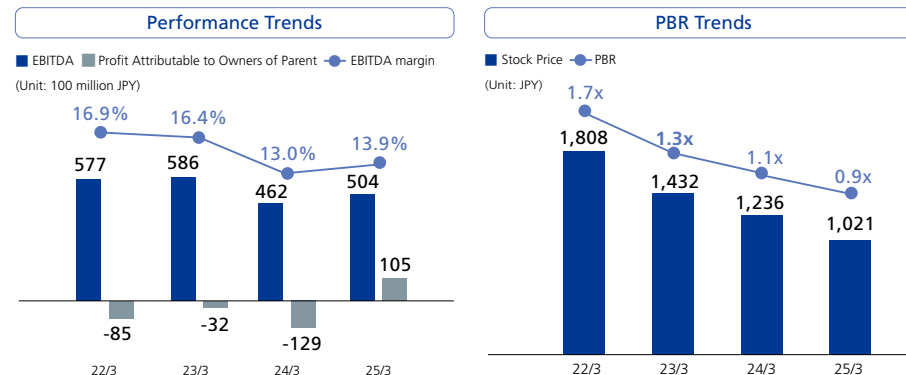
As for Diagnostics & Life Sciences, which we identified as a key focus domain in the VCP, revenue grew by 1.0% year-on-year to JPY 130.9 billion. Despite weaker demand for equipment in fiscal year 2024, sales of consumables in the pathology business were robust.

In terms of profit, operating profit grew significantly, and we ended fiscal year 2024 with a positive net profit. Over the previous three years, impairment losses had significantly affected our profitability, however

fiscal year 2024 was free of impairment losses, allowing us to achieve profitability through earnings generated by our business operations. We view the fiscal year 2024 results as a solid start toward achieving the goals of the VCP, particularly in stabilizing our performance and building a foundation for consistent profit generation.

At the same time, we recognize that PHC Group has not yet achieved sufficient recognition from shareholders and investors as an organization with stable performance and steady growth potential for the future. In fiscal year 2025, it will remain crucial to demonstrate quarterly progress that aligns with our forecasts and build a solid track record of achievements to gain the trust of the capital markets. As a publicly listed company, we must strive to become a preferred choice over other listed companies, deliver returns, and achieve sustainable growth. I also consider it one of my key responsibilities to ensure that all of us within our organization fully recognize these expectations for a listed company.

2. Current Assessment of Our Stock Price



Our stock price remains below a price-to-book ratio (PBR) of 1. We believe that past underperformance against earnings forecasts and net losses have affected investor trust in our earnings forecast or expectations for growth. Consequently, the cost of equity capital and expected returns reflected in the market are assumed to be higher than the theoretical values derived from the Capital Asset Pricing Model (CAPM). We believe this disparity contributes to our lower valuation multiples compared to other companies. To close the gap between theoretical values and expected returns, we will continue striving to achieve our forecasts in fiscal year 2025 while focusing during this VCP period on improving profitability, capital efficiency, and financial stability. By doing so, we aim to build trust in our forecasts and establish a solid foundation for growth.

In previous VCPs, the emphasis was on making investments for growth. However, growth is only possible if those investments generate returns that exceed the cost of capital. In the current VCP, we see it as crucial



Message from CFO

to enhance our business foundation by reviewing past investments and improving profitability and capital efficiency. This approach will enable us to establish a structure capable of consistently generating returns above the cost of capital. Through Phase 1 of the current VCP, we intend to build a solid business foundation. This will enable us to drive growth through strategic investments in Phase 2, beginning in 2028.

3. Profitability Improvement

Implement a group-wide structural reform to strengthen the profit base, aiming to further enhance cash generation capabilities and strengthen the financial structure.			
			Impact of Measures* (Improvement Amount in Fiscal Year 2027 Compared to Fiscal Year 2024)
Profitability Improvement	Cost Optimization	Cost Optimization Including Process Improvement and Supply Chain Optimization	+JPY 8-12 Billion
	Optimization of Locations and Organizations	Optimization of Personnel Numbers Through the Consolidation of Bases and Organizations	
Capital Efficiency Improvement	Investment Efficiency	Prioritization Based on Investment Efficiency	+JPY 2-3 Billion
	Sale of Non-business Assets	Sale of Non-strategic Minority Shareholdings and Idle Assets	

* The assumed exchange rates are 1 USD = 140 JPY and 1 EUR = 155 JPY.

I would like to elaborate on the measures outlined in the VCP to close the gap between theoretical values and expected returns, as well as our efforts to improve profitability, capital efficiency, and financial stability.

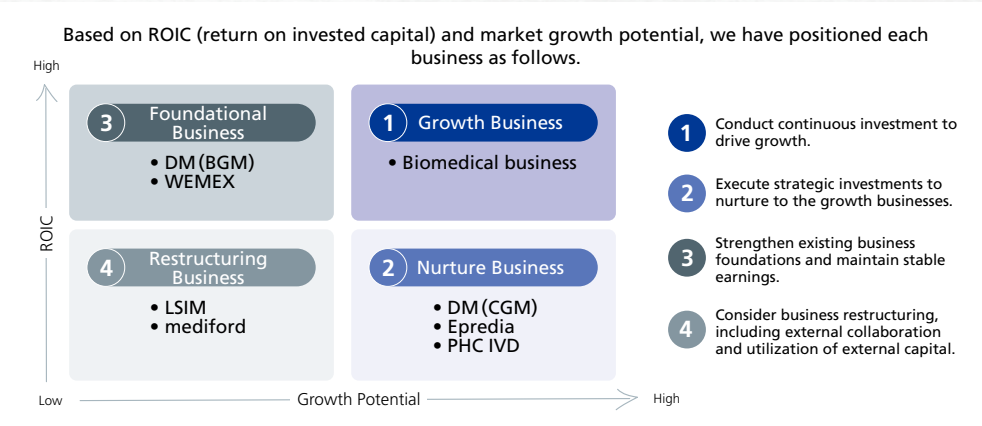
To improve profitability, we are advancing initiatives focusing on cost optimization and optimization of locations and organizations. Investors often ask how this approach differs from past structural reforms. The key distinction lies in adopting a cross-group, horizontal approach to reform. Historically, due to our background in acquiring multiple businesses, individual business units have tended to operate with their own locations and organizational structures, executing initiatives independently. We aim to standardize these operations across all group companies to improve efficiency and reduce costs.

One specific example is our procurement function. Previously, each business unit managed its own procurement activities. However, we are now establishing a new global organization that operates across PHC Group to improve cost efficiency by leveraging economies of scale in procurement. Additionally, we are reassessing the organizations and locations within each business from a cross-domain perspective. For instance, in April 2025, we integrated the sales organizations in the Diagnostics & Life Sciences domain in Japan. This

integration is designed to lower costs by sharing infrastructure while boosting sales efficiency through cross-selling. We will continue optimizing our organizations and locations in the future.

As part of the standardization and optimization process, we have adjusted reporting lines and established a unified global organization to address challenges as a group-wide project. We believe that this approach will continue to enhance collaboration within PHC Group. Furthermore, by clearly communicating internally that we are working on improvement efforts across all group companies, we believe many employees will view these initiatives positively. Our goal is to implement these initiatives throughout PHC Group while fostering a strong sense of positive engagement among our employees.

4. Capital Efficiency Improvement



To improve capital efficiency, we have been advancing the sale of non-operating assets since fiscal year 2024. This includes the sale of land previously used for manufacturing sites and the divestment of other companies' securities. Going forward, we will continue to sell non-operating assets and allocate the proceeds toward investments or enhancing our financial foundation.

In addition, starting with the current VCP, we are introducing group-wide ROIC management. While we have previously focused on profit and loss metrics such as operating profit and EBITDA, we will now also emphasize cash flow. By incorporating Balance Sheet perspectives—such as reducing inventory to decrease working capital and utilizing fixed assets more effectively—we aim to enhance capital efficiency. In terms of business portfolio management, we have also refined the positioning of each business by evaluating it based on ROIC and growth potential.



Message from CFO

The “Growth Business,” indicated as (1) in the diagram, represents the segments driving PHC Group’s growth. As for the Biomedical business (PHCbi), we anticipate stable market growth within its existing regions. This business offers high-quality products globally, including ultra-low temperature freezers with industry-leading energy efficiency powered by precise temperature control technology. We expect its steady growth to continue in the future. We also foresee significant growth and substantial market potential in the field of cell therapy. In fiscal year 2024, we introduced the LiCellMo™ Live Cell Metabolic Analyzer, which analyzes cell culture conditions in laboratory research through real-time measurement of cell metabolism. Additionally, in fiscal year 2025 we plan to launch another innovative product, the cell expansion system LiCellGrow™, which is currently under development. With this product, we will seek to enable efficient cell culture while maintaining optimal culture conditions. As these new and in-development cell therapy products also involve consumables sales, we anticipate an increase in recurring revenue, further improving business stability and profitability.

The “Nurture Business,” marked as (2) in the diagram, is positioned as a business with currently modest ROIC but a growing market. Our strategy is to increase sales while gradually improving profit margins. In the Diabetes Management CGM business last year, we launched Eversense® 365, the industry’s only one-year CGM device, and we are focusing on expanding its sales this fiscal year*1.

In the Pathology business (Epredia), we introduced a new product targeting the growing digital pathology market in Spring 2025. The pathology market is expanding at a mid-single-digit rate, and we plan to drive overall sales by boosting existing product sales while launching new products in higher-growth areas. Furthermore, we operate four global manufacturing sites and are working to enhance their productivity by leveraging expertise from other business units. Through these efforts, we aim to improve profitability. The In Vitro Diagnostics (IVD) business underwent a group-wide reorganization in 2023. The Diagnostic Reagents & Instruments business, previously operated under LSI Medience, was merged with PHC Corporation’s OEM-focused IVD business. We aim to maximize the synergies from this integration. Additionally, we have entered into a distribution agreement in the U.S. for the portable immunoanalyzer PATHFAST and are actively working to expand its sales.


The “Foundational Business,” shown as (3) in the diagram, is characterized by its strong cash generation capabilities. While the Diabetes Management BGM business has faced a shrinking market, our sales have declined more than the overall market, partly due to the termination of a sales collaboration in the U.S. as previously reported. A key focus of ours during the VCP period is to reduce the scale of this revenue decline. Stabilizing the North American market is critical to achieving this, and we saw encouraging signs in fiscal year 2024. In fiscal year 2025, we will continue implementing measures to stabilize the North American market. As this is a highly profitable business, narrowing the revenue decline will allow it to continue contributing to PHC Group as a stable cash-generating business.

Our Healthcare IT Solutions business provides electronic medical record (EMR) systems and medical-receipt computers in Japan, generating recurring revenue by providing updates in response to changes in insurance regulations and offering comprehensive support services. Additionally, under the Japanese government’s promotion policy for digital transformation in healthcare, the adoption of systems such as the Online Eligibility Check System and electronic prescriptions has been accelerating. The Japanese government has also set a target of achieving 100% EMR adoption by 2030. This creates substantial business opportunities, and we are committed to capturing this momentum. Building on our core products, which were on-premises systems,

we launched a new cloud-based EMR system in April 2025 and expect it to become a flagship product. By expanding sales of this product and establishing a leading position in the cloud market, we believe the business can further enhance its cash generation capabilities.

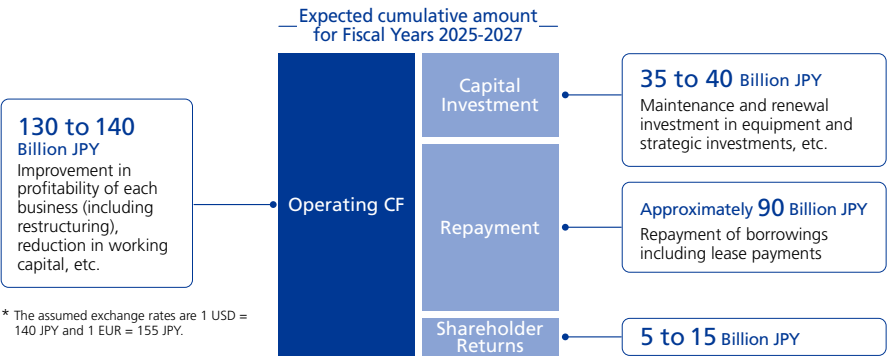
The “Restructuring Business,” labeled as (4) in the diagram, includes the clinical testing business of LSI Medience and the contract research organization (CRO) business. These two businesses have relatively high fixed cost structures. While considering a wide range of options, including external collaborations and leveraging capital, we are taking proactive steps to improve profitability. This involves reviewing all aspects of both businesses, including cost reductions and price negotiations, as well as efforts to restructure our sales processes. Through these improvement initiatives, we aim to enhance profit margins and contribute to the overall profitability of PHC Group.

Regarding ROIC, we are progressing with its rollout across PHC Group, including the development of management frameworks and processes. While internal responses to its adoption have varied, the introduction of ROIC sets a clear standard to heighten awareness of capital costs, establish a common standard across PHC Group, and assess and improve investment efficiency. Even businesses currently classified as “Nurture Businesses” may be reclassified as “Restructuring Business” if they do not achieve sufficient growth relative to market expansion or if their investment efficiency does not increase quickly enough. Conversely, if a business grows and its investment efficiency exceeds expectations, it may receive additional investment. This system is being implemented across PHC Group. Additionally, focus on working capital has been growing as part of efforts to enhance ROIC. By prioritizing cash flow, increasing focus on the balance sheet, and improving ROIC, we will continue to advance and refine these initiatives within each business.

*1  On September 4, 2025, PHC Holdings Corporation and its subsidiary Ascensia Diabetes Care announced that Ascensia has signed a memorandum of understanding to transfer the commercial operations for Eversense® Continuous Glucose Monitoring (CGM) systems to Eversense maker Senseonics Holdings, Inc. The companies are targeting to unite Eversense R&D, manufacturing, and commercial activities within Senseonics beginning January 1, 2026, subject to a definitive agreement. <https://ssl4.eir-parts.net/doc/6523/tdnet/2684179/00.pdf>

5. Improving Financial Stability

During the current VCP period, our policy is to prioritize strengthening PHC Group’s financial foundation to establish a system that allows for stable increases in shareholder returns along with business growth in the next VCP.



This figure presents capital allocations during the period of the Value Creation Plan 2027, where we are prioritizing the strengthening of our financial structure.

With a high ratio of interest-bearing debt repayments to operating cash flow, and high leverage, we believe we have incorporated financial risk into the cost of capital. To improve this, we will prioritize these repayments during the current VCP period, reduce the cost of capital by stabilizing our financial foundation, build a flexible investment structure, and use that structure to achieve growth in the next VCP.

In terms of shareholder returns, our dividend forecast for the current fiscal year is that same as for last fiscal year. While we aim to keep dividends stable as much as possible, our final decision is based on our basic policy of prioritizing the strength of our financial foundation.

6. Financial Targets

		Fiscal Year 2027 Targets
Profitability	Revenue growth rate (YoY)	4 - 5%
	Operating profit margin	8 - 10%
	EPS	Two times fiscal year 2024 or higher
Efficiency	ROE	10% or more
	ROIC	8% or more

After announcing our financial targets in the current VCP, some investors and analysts commented that the numbers seemed aggressive. This may have been due to the fact that we announced the VCP in November 2024, and the targets might have seemed aggressive compared to fiscal year 2023. However, our operating profit margin of 6.2% in fiscal year 2024 meant that the gap between existing and target numbers was smaller than fiscal year 2023. While we have work to do to achieve our target ROIC of 3.8%, we took the cost of capital into account when setting this target. Despite some challenges, we believe this target is achievable if we properly implement the VCP measures explained above.

7. Conclusion

When I was appointed as CFO in July 2024, I explained my policy of focusing on cash flows. The reason is that focusing on cash flows leads to more attention and improvements in areas like terms of payment, inventory levels, and production. I believe that focusing on cash flows and ROIC will create discipline that leads to increased levels of cash and enhanced corporate value.

Before becoming CFO, I led investor relations for PHC Group, and during my meetings with investors I observed a high sensitivity to risk and uncertainty. From the perspective of those investors, any uncertainty or lack of clarity in a business can lead to an increased cost of capital. Without clarifying important business points, providing easy-to-understand communication around business stability and market growth potential, and increasing trust, investors may lose interest. We have addressed this need for information in our VCP. For instance, we present our business portfolio in four quadrants based on ROIC, and our forecast for a sales decline in the BGM business.

I consider my role as ensuring that everyone in the company knows how the capital market rates us, to set challenges and lead efforts to address them, and to explain progress of those improvements to investors in an easy-to-understand way. I hope to create a virtuous cycle of improvement leading to better business performance, and better business performance leading to higher stock prices.

From our listing on the Tokyo Stock Exchange in 2021 through fiscal year 2023, we experienced losses that have not produced the results we seek for shareholders and investors.

However, after a change of management structure including a new CEO in fiscal year 2024 and the announcement of our VCP last November, we were able to end the year in profit. We will strive to enhance our corporate value going forward by continuing this positive momentum and steadily implementing the measures established in the current VCP. We will do our best to meet and exceed the expectations of our shareholders. Thank you as always for your continued support.



Message from CHRO

Building an Organization That Encourages Personal Growth and Empowering Talent for the Future of Healthcare

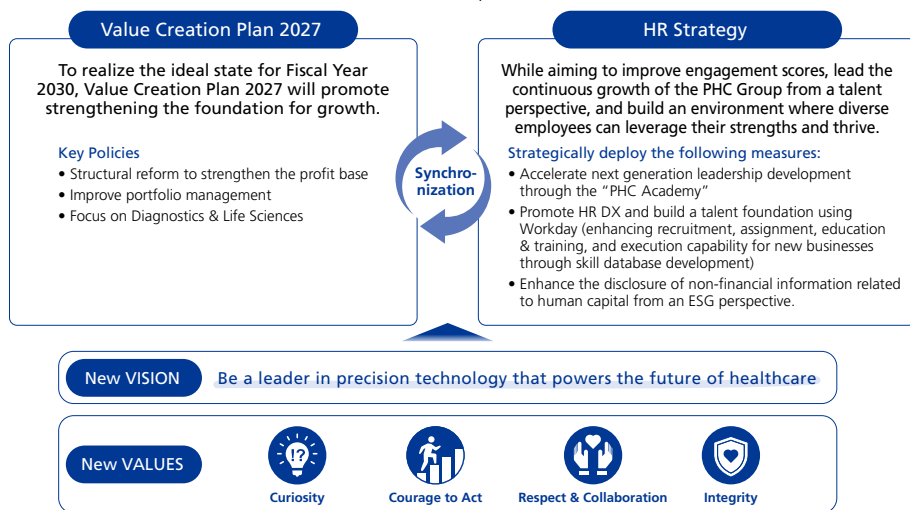
Ryuichi Hirashima

Senior Executive Corporate Officer,
Chief Administrative Officer (CAO),
Chief Human Resources Officer (CHRO),
Chief Transformation Officer (CTO),
PHC Holdings Corporation



1. Human Capital Strategy: A Growth Strategy Aligning Management and HR

Based on the new vision and values, we will synchronize business and HR strategies to promote initiatives that enhance corporate value.



The growth of every employee is vital for the growth of PHC Group. With our Value Creation Plan (VCP) 2027 and newly defined Vision and Values as our foundation, PHC Group is aligning our human resource (HR) strategy with our management strategy. By leveraging the synergy between these two strategies, we seek to achieve our business objectives, enhance employee engagement, and increase our corporate value. As part of the VCP, our HR strategy focuses on fostering an environment that unlocks the full potential of our employees’ many talents.

2. Specific Initiatives Driving Our Human Resources Strategy

As part of our HR strategy, PHC Group is committed to driving sustainable growth through a focus on improving employee engagement. The primary objective of this strategy is to create a workplace where employees can harness their unique strengths and perform at their best. To accomplish this, we have prioritized three key initiatives: 1) Developing opportunities for employees to enhance their skills and capabilities; 2) Advancing HR digital transformation (HRDX) to optimize HR operations; and 3) Inspiring a stronger sense of connection to PHC Group and our future success. Through these HR initiatives, we are striving to achieve further growth.

Opportunities for Development

PHC Group focuses on nurturing the next generation of leaders who will shape the future of our company, while fostering a corporate culture where all employees proactively engage in continuous learning. This dual approach—supporting both personal growth and organizational development—aims to strengthen our company’s capabilities and enable every employee to feel fulfilled and empowered.

• PHC Academy: Developing Next-Generation Leaders

PHC Academy, launched in 2024, is dedicated to developing current employees into leaders who will take on key management roles within PHC Group. This initiative offers comprehensive training programs across two tiers: “Potential Successor Candidates” for senior management and “Next Generation” for future leaders. In the first class of participants, 20 nominees from around the world embarked on a year-and-a-half journey of continuous executive development opportunities designed to promote sustainable organizational management. Designed to align with the VCP and new Vision and Values, the program not only helps participants acquire knowledge but also develop their leadership mindset and capacity to drive transformation, while creating a peer network of leaders across PHC Group.

This summer, PHC Academy participants visited OMRON Corporation to receive a lecture on that company’s management philosophy from Mr. Kiichiro Miyata, OMRON’s Representative Director, Executive Vice President, and CTO. Additionally, the group heard a presentation from Ms. Ayumi Okada, President and CEO of OMRON Healthcare Co., Ltd., on the journey and future vision of the company.

This initiative seeks to go beyond internal discussions, engaging in proactive learning from peer



Message from CHRO

companies on topics including embedding corporate vision, launching new businesses, and developing growth strategies. In addition to traditional MBA-style courses that support critical and analytical thinking, the curriculum emphasizes liberal arts subjects, including art, culture, and history, to inspire creativity and insight. Through lectures by external experts such as consultant Shu Yamaguchi, participants are encouraged to deepen their understanding of many fields, sharpening their wisdom and vision as future business leaders.



• Group-wide Training: Building an Organization Committed to Continuous Learning

At PHC Group, our group-wide training program ensures that all employees, regardless of level or location, have opportunities to enhance their skills. Building a corporate culture where employees take initiative to learn beyond their current roles and acquire new skills is vital for driving future growth. Fostering a culture of autonomous learning and personal growth helps our organization to grow stronger and more resilient.

Specific initiatives include “Leadership Training” for managers and leaders across PHC Group. In this training, employees learn to improve their management skills, coach team members, conduct evaluations, and understand labor affairs to ensure they can apply these skills in practice. Additionally, a unified global HR platform helps to provide employees with essential knowledge and skills, while an external learning platform enables self-paced, personalized learning tailored to individual needs.

Advancing HR Digital Transformation to Ensure Equal Opportunities

PHC Group is committed to a corporate culture that provides fair opportunities for all employees. Our global HR system allows us to consolidate and manage information on employee skills and work experiences. This system includes a database of employee-provided information, which we refer to along with other performance data when making decisions on transfers, placements, and promotions. It helps ensure that personnel decisions are backed by diverse data sources. This global HR system is one way that PHC Group strengthens our culture of equitable HR practices and respect for individual

contributions.

In our HRDX initiatives, we focus on leveraging technology for practical results. For example, we conduct online employee engagement surveys throughout the year, and data about responses and trends are managed centrally. Practical online training programs empower employees to use digital systems for their career development. Improving usability and functionality remains a key priority to ensure that all employees can access and benefit from the system.

Improvement of Employee Engagement

• Creating Conditions for Job Satisfaction

Creating a workplace where employees feel secure and motivated to take on challenges is a key priority for PHC Group. We are committed to fostering an environment where employees feel safe sharing ideas and challenges with their peers, teams, and leaders. One way we support this culture of sharing is by creating opportunities for direct communication between employees and leadership.

Our PHC Group President/CEO Kyoko Deguchi regularly engages with employees around the world through monthly town hall meetings and more than 50 in-person roundtable discussion sessions annually. Employees have expressed appreciation for these opportunities to have direct conversations with the CEO, saying, “It was very beneficial to talk directly with the CEO and hear her thoughts in person,” and “I felt glad to be encouraged directly by the CEO,” highlighting the value of open, direct dialogue.

The results of the 2024 Engagement Survey revealed that employees have found it challenging to feel a sense of personal growth over the past few years. This was influenced, in part, by circumstances such as the temporary stagnation of our business performance and delays in the release of new products. Since the growth of the company and individual growth are often seen as interconnected, this has naturally affected employee engagement. However, the most recent Engagement Survey showed an improvement in scores, highlighting how the recovery in business performance has significantly contributed to enhancing employees’ sense of security and engagement. Achieving tangible business results not only helps to alleviate employees’ concerns but also fosters an environment where they can approach their work with greater confidence. We firmly believe that by continuously strengthening our business, we can further enhance employee engagement and drive the growth of both individuals and the organization as a whole.

At the PHC Group Hibiya Office in Tokyo, which houses the corporate functions of PHC Holdings Corporation and some of PHC Corporation, we are focused on initiatives to improve employee engagement and collaboration. Through simple policies like not assigning desks, employees naturally interact more with colleagues from other departments, fostering casual communication in a shared space. Since moving to this office in April 2024, collaboration across departments has significantly improved. We prioritized building a physical workspace that encourages collaboration while also facilitating pause and reflection, where even the beautiful view of Hibiya Park in Tokyo can spark inspiration.

- **Advancing the Disclosure of Non-Financial HR Information**

As a company listed on the Prime Market of the Tokyo Stock Exchange (TSE), PHC Group is committed to fulfilling the TSE's call for enhanced disclosure practices. While financial information has traditionally been the focus, there is increasing demand from the TSE, shareholders, and investors for greater transparency in non-financial information. This Integrated Report exemplifies that trend, and PHC Group places particular importance on disclosing non-financial organizational insights, including HR initiatives to build company culture. These efforts reflect our commitment to greater transparency and accountability about our overall business practices.

- **Driving Both Unity and Respect for Diversity as “One PHC”**

Under the leadership of President/CEO Kyoko Deguchi, the “One PHC” mindset has guided our efforts to enhance group-wide unity. This concept reminds all PHC Group employees that no matter where we live or which company we are part of, we all belong to a global team with a shared mission and common goals. Supporting this mindset by building open, collaborative work relationships is an expectation that starts with our senior leaders.

Initiatives such as PHC Academy are an example of this unity. For example, in December 2024, academy participants from each business unit gathered in Australia—away from our primary business hubs like Japan, the United States, and Switzerland—for lively discussions with colleagues with whom they rarely interact. Many participants found these exchanges with team members from diverse backgrounds highly beneficial, and the initiative significantly contributed to fostering the “One PHC” mindset.

At the same time, we appreciate that regional, cultural, and individual diversity adds value to all levels of our business. Consequently, our view is not to be overly concerned with standardizing all aspects of HR management for every business, but to offer opportunities for employees to share both what unites them and makes them unique.

The journey of becoming “One PHC” begins with managers deeply understanding the concept and collaborating with each other. As this mindset takes root, I believe it lays the foundation for a unified, cohesive, and stronger PHC Group.

3. Future Outlook

Building a Corporate Culture of Individual Respect and Equal Opportunities

Over the years, our group has expanded its business through multiple acquisitions. Throughout this process, we have fostered a corporate culture that prioritizes respect for individuals and equal opportunities, regardless of whether employees come from the acquiring or acquired side of the business.

Regardless of their origins—whether from Matsushita Kotobuki Electronics, the foundation of our company, or from acquired businesses—talented and motivated individuals have taken on leadership roles across our group. For example, the head of the Ascensia business, acquired from Bayer AG in Germany, was previously appointed as our CEO.

This example clearly demonstrates our belief that opportunities for growth are open to everyone, regardless of their company of origin, nationality, age, or gender, as long as they possess ability and drive. While not every employee aspires to become CEO, we take great pride in cultivating an environment where no one is limited, and every individual can maximize their potential.

A Culture of Co-Creation Fostered by Independence

Our decision to carve out from the Panasonic Group in 2014 and establish ourselves as an independent healthcare-focused company was rooted in our own vision for growth. In the healthcare industry, where markets are often highly specialized and segmented, achieving stable revenue through domestic operations alone can be challenging. This has driven both Japanese and international companies to prioritize global business expansion as a key strategy for long-term success.

For our company, thriving globally means fostering a culture that values diversity, collaboration, and adaptability. We are committed to breaking down silos and encouraging employees to work across departments and regions, leveraging their unique perspectives to co-create solutions. By actively engaging with colleagues, supporting one another, and sharing insights, we believe we can maximize organizational performance and maintain a competitive edge. As a group that has grown through M&A, we also recognize the importance of staying attuned to industry trends and evolving to meet global market demands. We believe that maintaining a broad perspective and evolving as an organization capable of adapting to change are essential to thriving as a global company.





Message from CHRO

Advancing Equal Opportunities

At PHC Group, we seek to create a society where individuals can fully realize their potential regardless of gender. In our global ESG strategy, we have defined specific KPIs for key social topics including gender diversity and are committed to reporting on our progress with transparency. Increasing the representation of female managers is recognized as a key management priority. Currently, the average percentage of female managers across PHC Group is near 20%, with the intention to raise this figure to approximately 30% in the future.

Globally, some PHC Group companies outside Japan have already achieved a percentage of female managers of around 40%, with women representing nearly half of management roles. However, achieving this target across PHC Group remains a priority.

We believe that an ideal society is one in which people can maximize their capabilities regardless of gender.

We recognize that a variety of perspectives are essential in our business operations, from product development to customer service.

Looking Ahead

The growth of each employee fuels the growth of our entire company, and investing in human resources is essential to organizational growth. PHC Group is dedicated to cultivating a corporate culture where employees at any level or in any field can take on new challenges and unlock their true potential. By creating an environment of mutual respect, support, and collaborative growth, PHC Group aims to provide workplaces where employees feel proud of their work and thrive with energy and purpose.

Guided by our unwavering mission statement—"We contribute to the health of society through our diligent efforts to create healthcare solutions that have a positive impact and improve the lives of people"—we will continue to take on challenges and strive for progress in precision technology for healthcare. We look forward to building a healthier society together.

4. Striving to Be a Group of Company That Inspires Employee Growth and Pride

Enhancing Talent and Organizational Capabilities to Drive Sustainable Growth

My vision for our company is to be a group of companies where employees are not only competitive professionals who can excel anywhere, but also individuals who choose to work with us because they find pride and purpose in what they do. I seek to create an environment where talented individuals, capable of thriving in any organization, feel a strong sense of fulfillment and motivation to continue contributing to PHC Group.

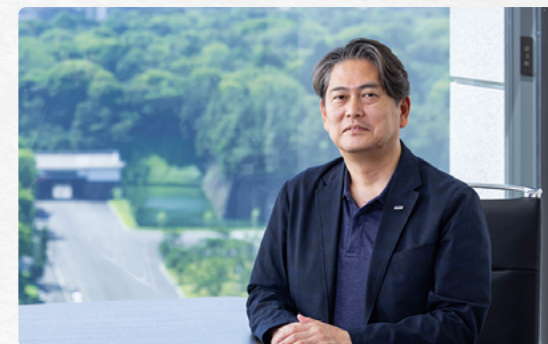
To achieve this, we aim to create an environment where employees are encouraged to embrace meaningful challenges and put in effort, while also incorporating "science into HR" to ensure their hard work translates into tangible results and a strong sense of accomplishment. We are confident that by fostering a

workplace where a supportive work environment and a sense of purpose coexist, we can enhance employee engagement and ultimately improve the overall performance of our group.

Final Thoughts

We envision PHC Group as a company where every employee feels proud to be part of the team—a workplace filled with curiosity and courage, where employees look forward to each new day with anticipation. We also aspire for PHC Group to be known as a fair, transparent, and ethical organization that employees are proud to share with their families and friends.

Creating an environment where employees can experience personal growth is a top priority for us. From the moment they join, employees are encouraged to take on unfamiliar tasks, overcome obstacles, and develop new skills that expand their potential along the way. Our ultimate goal is to align personal growth with PHC Group's growth, creating a mutually supportive and beneficial relationship. We strongly believe that when employees see their own potential for growth, their motivation and contributions grow in parallel, propelling the organization toward greater success and a brighter future.






Sustainability Strategy (Value Creation Plan 2027)

PHC Group aims to achieve sustainable growth and enhance corporate value over the long term by comprehensively advancing its management strategy, human capital strategy, and ESG strategy. Based on PHC Group's ESG materiality topics, we have established key performance indicators (KPIs) and other indicators toward fiscal year 2030, and implemented concrete initiatives, including reduction of greenhouse gas (GHG) emissions and achievement of Science Based Targets (SBT) initiative validation.

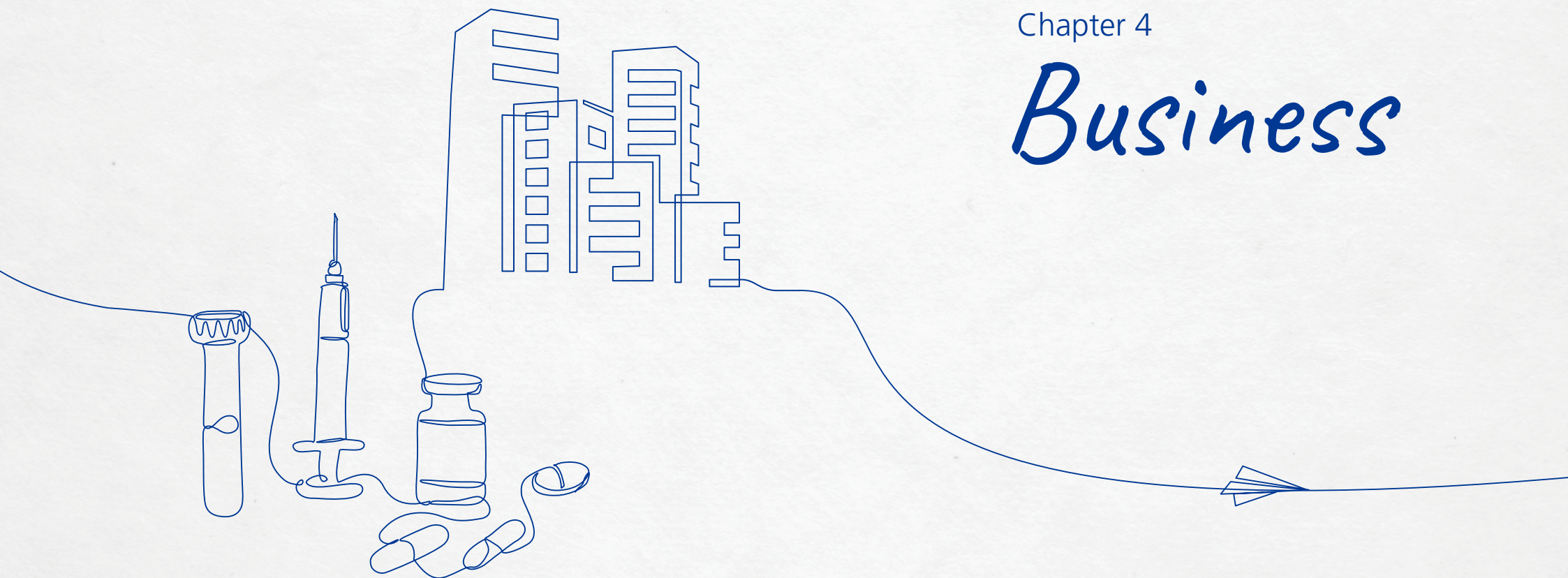
In the Value Creation Plan 2027 period, we are focused on building foundations in the ESG field, such as the development of a system for collection and disclosure of ESG data and the reinforcement of risk controls, while steadily addressing social issues including climate change risks and advancing initiatives for human rights due diligence. Through these initiatives, we seek to reduce business risks and enhance our competitiveness in an effort to support a sustainable future and create corporate value.

 Materiality Topics, KPIs, Targets and Progress

- Fiscal Year 2024		Fiscal Years 2025-2027	Vision
Governance		ESG Compliance Management and Strategic Promotion <ul style="list-style-type: none"> • CSRD compliance (comprehensive response and disclosure on environment, society, and governance) • Establish a system for collecting non-financial information and developing assurance processes 	
Environment		Foundation Building and Execution Toward Achieving SBT Near-term Targets <ul style="list-style-type: none"> • Reduction of Scope 1, 2, and 3 emissions • Preparation for addressing biodiversity (TNFD) 	
Social	Human Rights	Implementation of Human Rights Due Diligence <ul style="list-style-type: none"> • Human rights risk assessment and countermeasures 	
	Supply Chain	Building a Sustainable Supply Chain <ul style="list-style-type: none"> • Strengthening supply chain engagement 	

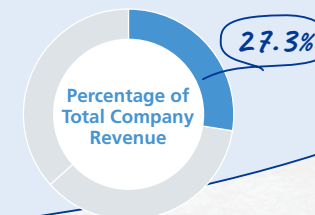
Chapter 4

Business



Diabetes Management Domain

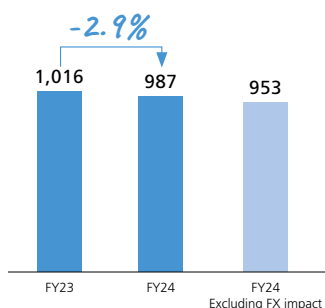
In the Diabetes Management Domain, we support people with diabetes around the world, through innovative glucose monitoring solutions designed to help simplify and improve quality of life. We develop, manufacture and sell blood glucose monitoring (BGM) systems that enable patients to measure their blood glucose levels with convenience and accuracy. In addition, we distribute the world's first and only one-year continuous glucose monitoring (CGM) system.



Fiscal Year 2024 Results

Revenue

(Unit: 100 million yen)

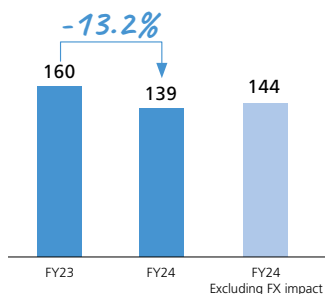


Revenue decreased year-on-year, despite higher revenue from the new CGM product launch and favorable FX. This decrease was due to the termination of a BGM sales collaboration in the U.S. (with the impact now reduced) and market contraction in Europe.

- + Favorable FX
- + Share gains in developed markets
- + Increased sales of CGM
- Market contraction in developed countries
- Termination of sales collaboration in the U.S.
- Market shifts to low-price channel

Operating Profit

(Unit: 100 million yen)



Operating profit decreased YoY, despite lower restructuring costs recorded in fiscal year 2023 and improved profit in the CGM business. This decrease was driven by lower revenue in the BGM business and higher costs, including FX impacts.

- + Decrease in one-time restructuring costs
- + Decrease in amortization of some intangible assets
- + Profit improvement in CGM
- Increase in expenses due to FX impact and higher inflation
- Declined margin of BGM sensors from sales channel mix change

Operating profit margin: 14.1%

Domain Strategy

We meet the diverse needs of people with diabetes by providing BGM and CGM systems

Diabetes is one of today's most pressing global health challenges. It is estimated that one in nine adults in the world, or approximately 589 million people, are living with diabetes*1. In the Diabetes Management Domain, we have more than 80 years of history helping people monitor and manage their condition. Since the launch of Ascensia Diabetes Care in 2016, we have continued this legacy, and today our products are used in more than 100 countries and regions around the world.

We are also one of the few companies globally to offer both blood glucose monitoring (BGM) systems and continuous glucose monitoring (CGM) systems*2, the two primary methods of self-monitoring for people with diabetes.

In developed markets, demand for CGM systems is growing rapidly. CGM is a relatively new technology for continuous blood glucose monitoring, enabling patients to effortlessly track changes in their blood glucose levels over time. PHC Group company Ascensia Diabetes Care offers Eversense® 365 CGM, the world's first and only subcutaneous implantable sensor, developed by our partner Senseonics. Unlike conventional CGM systems that require sensor replacement within 7-15 days, Eversense® 365 enables continuous use for up to one year. Through this cutting-edge innovation, we are pioneering new possibilities in diabetes care technology.

BGM systems, by contrast, provide people with diabetes with a simple, accurate and affordable way to measure their blood glucose levels. In emerging markets, BGM systems are still in strong demand among patients who require less frequent monitoring or prioritize affordability. In addition, the American Diabetes Association recommends that patients using a CGM also have access to a BGM system*3. Ascensia's CONTOUR® Series is a globally recognized product line known for its accuracy and user-friendliness, empowering patients to manage their diabetes independently.

Through our dual offerings in BGM and CGM systems, we have aimed to meet the diverse needs of people with diabetes, empowering them to manage their diabetes independently, while enhancing partnerships with healthcare providers to ensure the delivery of high-quality diabetes care*4. Moving forward, as a leading company in the diabetes management business, we will continue to dedicate ourselves to improving lives of people living with diabetes.

*1 According to Facts & figures of the International Diabetes Federation (IDF) <https://idf.org/about-diabetes/diabetes-facts-figures/>

*2 On September 4, 2025, PHC Holdings Corporation and its subsidiary Ascensia Diabetes Care announced that Ascensia has signed a memorandum of understanding to transfer the commercial operations for Eversense® Continuous Glucose Monitoring (CGM) systems to Eversense maker Senseonics Holdings, Inc. The companies are targeting to unite Eversense R&D, manufacturing, and commercial activities within Senseonics beginning January 1, 2026, subject to a definitive agreement. <https://ssl4.eir-parts.net/doc/6523/tdnet/2684179/00.pdf>

*3 American Diabetes Association. 7. Diabetes Technology: Standards of Medical Care in Diabetes. Diabetes Care – 2022. 2022;45(Suppl. 1):S97–S112.

*4 Long-Term Safety and People Reported Outcomes of a Long-Duration Implantable CGM System in the US Post Approval Setting <https://crimsonpublishers.com/>



Koichiro Sato

Senior Executive Vice President,
Representative Director,
COO, CSO,
Head of Diabetes Management Domain,
Head of Healthcare Solutions Domain,
PHC Holdings Corporation

Maintain and Improve Profitability

BGM: Strengthen focus segments and improve profitability through cost optimization

CGM: Strengthen sales of 365-day system

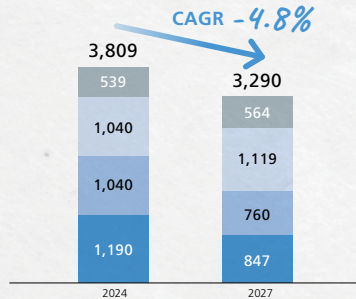
Operating profit margin improvement: **2.5% (Fiscal Years 2024-2027)**

Market Environment & Outlook

BGM Market Trends

■ EU ■ NA ■ APAC ■ EMEA/LATAM

(Unit: Million Euros)



Source: In-house research

Market Environment

- Patients with high testing frequency are transitioning from BGM to CGM, primarily in mature markets.
- In emerging markets, BGM, which is more cost-effective than CGM, is also expected to grow.

Outlook

- While CGM adoption will continue, we expect more moderated BGM declines.
- We expect overall pricing to erode as 1) high-price markets decline and low-price markets grow, and 2) inflation in healthcare costs puts pressure on pricing.

Products & Services

CONTOUR®

CONTOUR® products enable highly accurate, easy-to-use blood glucose monitoring for people with diabetes. Sold in more than 100 countries, CONTOUR® solutions are used by an estimated 10 million people worldwide.



Global market share:



Source: In-house research

Strategy & Target

Strategy

- Prioritize allocation of resources to profitable segments to drive market share growth.
- Invest in selected commercial initiatives that have strong ROI.
- Change go to market approach in low-margin markets to improve profitability.
- Ongoing optimization of support functions to reduce structural costs and other operating expenses.

Target (Fiscal Years 2024-2027)

Revenue CAGR: -3.0%

Main drivers for trend improvement:

- U.S.: End of headwinds from partnership sun-setting and ability to pursue new opportunities
- Algeria: Localization realized in fiscal year 2025

Business Strategy

The blood glucose monitoring (BGM) business is pursuing a focused strategy to sustain profitability and respond to shifting market environments. In developed regions, where continuous glucose monitoring (CGM) is gradually replacing frequent BGM use, efforts are concentrated on higher-return market segments by focusing investments to drive market share improvements. In lower-margin countries, the go-to-market approach is being reshaped to drive efficiency and secure a sustainable presence. In contrast, emerging markets continue to offer growth potential, where BGM remains a cost-effective, highly accurate and accessible solution.

While the overall BGM market is still expected to decline, the pace of decline is projected to be moderate*. In addition, our outlook is strengthened by the growth trend of the over-the-counter business in the U.S., as well as our re-entry into Algeria via localized manufacturing in fiscal year 2025. Investment is being directed toward commercial initiatives with strong ROI, while structural costs are being carefully managed. Despite pricing pressure from inflation and shifting payer priorities, the business aims to maintain a solid foundation, outpacing the market, and targets a -3.0% revenue CAGR fiscal years 2024-2027.

* Source: in-house analysis



Koichiro Sato

Senior Executive Vice President,
Representative Director,
COO, CSO,
Head of Diabetes
Management Domain,
Head of Healthcare
Solutions Domain,
PHC Holdings Corporation

Helping People with Diabetes Feel Supported and Confident

Frontline & Customer Voices

At the Concentrix customer support center in Bogotá, Colombia, Mayra Ojeda leads a team that provides compassionate and practical support to people living with diabetes in the U.S., Canada, Mexico, Colombia, and Brazil. Her 28-person team handles questions and concerns through phone, email, chat and social media, supporting users of Ascensia's CONTOUR® blood glucose monitoring systems.

Many of the people they support are older adults or people newly diagnosed with diabetes who feel overwhelmed by the technology and unsure where to start. "There's a lot of patience and tenderness required," says Mayra. "We explain things step by step. How to connect their meter, how to send an email, even how to test for the first time."

She describes how people with diabetes often feel unsure whether they have the skills to manage the technology, and how the team's support helps them gain confidence. "They didn't think they could do it," she says. "And after a few minutes on the phone, they're relieved to know they can."

The accuracy, simplicity and reliability of CONTOUR® blood glucose monitoring systems are critical to that experience. "There's a sense of trust in the product," Mayra says. "They rely on it, especially when other tools aren't working."

Whether someone is adjusting to a new diagnosis or transitioning from another brand, Mayra's team ensures they are accompanied on the journey. That human connection makes a lasting difference.

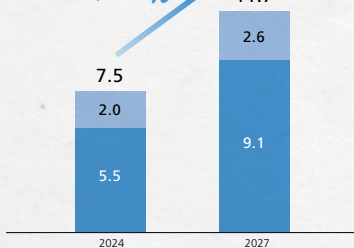
Market Environment & Outlook

CGM Market Trends

■ U.S. ■ Non-U.S.

(Unit: Billion Euros)

CAGR +16.0%



Source: In-house research.

Market Environment

- The market is on an expansion trend due to the increase in the number of people with diabetes.
- The transition from BGM to CGM is increasing, particularly in developed countries such as those in Europe and the United States.

Outlook

- With the expansion of insurance reimbursement systems in various countries, patient burden is expected to decrease, leading to further demand growth.

Products & Services

Eversense®

Eversense® 365 is the world's first and only one-year CGM system. This award-winning CGM offers a truly differentiated CGM experience for people with diabetes, with up to one year of use per sensor. The implanted sensor measures glucose levels with its patented fluorescent technology, sending data to the removeable smart transmitter. The removable smart transmitter, which does not penetrate the skin, sticks to the upper arm via a gentle, daily-use, double-sided silicone-based adhesive.



Strategy & Target

Strategy

- Leverage the characteristics of Eversense® 365 to drive patient awareness, prescriber adoption, and health system integration.

Target (Fiscal Years 2024-2027)

Revenue CAGR: 112%

*¹ On September 4, 2025, PHC Holdings Corporation and its subsidiary Ascensia Diabetes Care announced that Ascensia has signed a memorandum of understanding to transfer the commercial operations for Eversense® Continuous Glucose Monitoring (CGM) systems to Eversense maker Senseonics Holdings, Inc. The companies are targeting to unite Eversense R&D, manufacturing, and commercial activities within Senseonics beginning January 1, 2026, subject to a definitive agreement. <https://ssi4.eir-parts.net/doc/6523/tdnet/2684179/00.pdf>

Business Strategy

The CGM business is focused on driving high growth while aiming for Eversense®, the world's first and only long-term wearable CGM system, to become a more preferred product for diabetes blood glucose management. The strategy builds on key differentiators of the Eversense® CGM developed by Senseonics and marketed by Ascensia, including 365-day wear time and a removable transmitter*², to stand out in a competitive market. Efforts are directed toward expanding reimbursement, raising patient awareness, and encouraging more physicians to prescribe Eversense® through targeted promotional activities.

In parallel, the business is strengthening its presence within healthcare systems by enabling providers to integrate CGM data into clinical care, using remote monitoring to support patients at risk. Senseonics has also signed a commercial development agreement to connect Eversense® 365 with an automated insulin delivery system.

As the longest-lasting CGM*³ currently available, the system offers significant convenience and fewer CGM changes for users. With a growing demand for connected diabetes care, the business is targeting a 112% revenue CAGR through fiscal year 2027.

*² There is no glucose data generated when the transmitter is removed.

*³ CL-001994-> Eversense 365 (2024) CGMS User Guide (LBL-7702-01- - 3 (cont) - 001 Rev B) (v0.2) - Sensor Survival/ Duration Rate = 90% (p.226) Dexcom G7 User Guide (2024) _ AW00078-10 Rev 003 MT-00078-10 (v0.2) - Table 7-A. Sensor survival rate by wear day (adults; n=315) (p.170) FreeStyle Libre 3 User Guide (2024) _ART49385-001 Rev. A 04/24 (v0.3) - Table 7: Sensor Survival Rate Over Wear Duration (n=101) (p.230)



Brian Hansen
President CGM, Ascensia
Diabetes Care

Frontline & Customer Voices

Jacob*'s Story: Supporting the Next Generation with Confidence

As the founder of a camp for children living with Type 1 diabetes, Jacob understands that consistency and ease in diabetes management are essential – not just for himself, but as a role model for the young adults he mentors.

For Jacob, Eversense® 365 provides a reliable and innovative solution. Its year-long sensor duration means fewer insertions, and the removable transmitter* offers comfort and flexibility, especially during physical activities at camp. These features help reduce the daily burden of diabetes care, giving him more time and headspace to focus on building a supportive and empowering environment for others.

"Eversense® 365 has simplified how I manage my diabetes," Jacob shares. "It's allowed me to lead with more energy, more focus, and more freedom."

By helping people like Jacob take control of their health, Eversense® 365 is not only improving individual lives but also enabling positive impact in the broader diabetes community.



* Jacob is a Paid Ambassador and Employee of Ascensia Diabetes Care.

Healthcare Solutions Domain

The Healthcare Solutions Domain provides products and services that support the frontlines of healthcare and drug discovery, mainly in Japan. This domain comprises LSI Medience (an LSIM business operating clinical testing services for medical institutions, including hematological, biochemical, microbiological, and gene-related testing), Wemex (a healthcare IT solutions business conducting development and sales of healthcare IT products mainly for medical institutions, including medical-receipt computers and electronic medical records), and Mediford (a CRO business operating research and development support services mainly for pharmaceutical companies, including non-clinical testing and clinical trials).

Percentage of Total Company Revenue

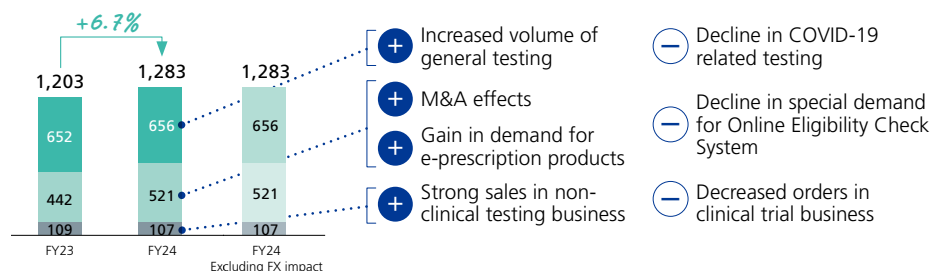
35.5%

Fiscal Year 2024 Results

Revenue

LSIM Healthcare IT Solutions CRO

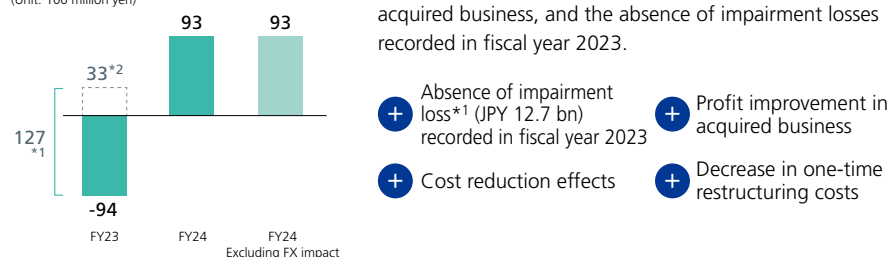
(Unit: 100 million yen)



Revenue increased as strong demand for e-prescription products offset a decline in special demand from the Online Eligibility Check System in Japan in the previous year. M&A effects also contributed to the revenue growth.

Operating Profit

(Unit: 100 million yen)



Operating profit increased significantly due to increased revenue, cost reductions, improved profitability of a recently acquired business, and the absence of impairment losses recorded in fiscal year 2023.

Operating profit margin: 7.2%

*2 Adjusted for impairment loss

Domain Strategy

Providing Solutions to Support Healthcare in Japan, Where Challenges Are Emerging

Medical facilities in Japan have encountered a number of challenges lately, including an aging population and declining birthrate, uneven distribution of healthcare professionals, problematic work styles, increasing lifestyle-related diseases, and the high cost of advanced healthcare.

In the Healthcare Solutions domain, we are providing solutions to support the healthcare frontlines in Japan, while also helping to improve operational efficiency for medical institutions and healthcare professionals.

LSI Medience provides clinical testing services based on advanced testing and analysis technologies cultivated over many years. Alongside a diverse range of testing in areas such as biochemistry, hematology, immunology, and microbiology, LSIM has an additional focus on cancer and gene-related testing. In this way, it is helping to prevent, quickly and accurately diagnose, and effectively treat diseases.

Wemex launched Japan's first medical-receipt computer in 1972. The company is helping to improve the operational efficiency of medical facilities by also providing electronic medical record and electronic medication history systems. In recent years, it has also increased sales of online eligibility check systems and electronic prescription systems, which are being adopted in line with the government's promotion of healthcare DX policies. Aiming to achieve a 100% adoption rate of electronic medical records by 2030, Wemex is steadily capturing healthcare DX-related demand, which we anticipate will continue to increase going forward, through rapid policy response capabilities, robust customer base, and nationwide sales and support systems cultivated as a pioneer in the industry.

Mediford has developed an end-to-end support structure from drug discovery exploration to clinical trials, while enhancing services for new drug and healthcare development, including adoption of new technologies in both non-clinical and clinical fields. The company is helping to develop new and increasingly diverse treatments (modalities) through analysis technologies for each stage of research and development, and services for Japanese and global pharmaceutical companies and analytical laboratories.

We believe that medical facilities in Japan will need to further improve cost effectiveness going forward, while maintaining the quality of and access to healthcare. As an essential presence on the frontlines of healthcare, we will therefore continue to value feedback from our customers and to contribute to sustainable healthcare.



Koichiro Sato

Senior Executive Vice President,
Representative Director,
COO, CSO,
Head of Diabetes Management Domain,
Head of Healthcare Solutions Domain,
PHC Holdings Corporation

Improving Profitability and Efficiency

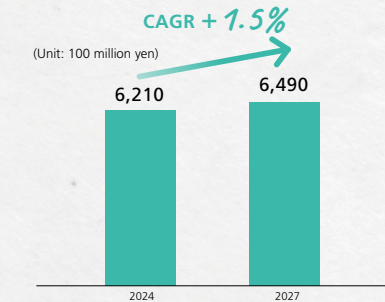
WEMEX: Creation of synergies with the acquired business and deployment/launch of cloud-based solutions

LSIM, Mediford: Restructuring business

Operating profit margin improvement: 2.0% (Fiscal Years 2024-2027)

Market Environment & Outlook

Japanese Contract Clinical Testing Market Trends



Source: In-house research

Market Environment

- In contract testing, general and esoteric testing have shown signs of recovery, while the special demand for COVID-19 testing has declined.
- The number of facilities implementing FMS*1/branches*2 is increasing from the perspective of cost reduction and converting fixed costs to variable costs.

*1 FMS (FMS method): A service that supplies testing equipment, systems, reagents, consumables, etc. to hospital testing departments and provides testing laboratory management know-how.

*2 Branch (branch lab method): A method of conducting specimen testing within medical institutions. A service that introduces the necessary equipment, such as testing technicians, testing equipment, and testing systems, and operates testing laboratories.

Outlook

- While growth is expected in genetic testing and uninsured tests in the area of contract testing, price competition may intensify due to reductions in medical reimbursements.
- Demand for FMS/branches remains stable.

Products & Services

Clinical Testing Services

As part of our clinical testing services, we offer a diverse range of tests in biochemistry, hematology, immunology, microbiology, genetics, and other fields.

We meet the need for greater accuracy and speed in advanced clinical testing through our laboratory automation systems.

Additionally, we operate a sales network across Japan through which we deal with customers, including all medical institutions from university hospitals to clinics and administrative institutions, based on our many years of experience.



Japan market share:



Source: In-house research

Strategy & Target

Strategy

- Expansion of business areas in the genetic and uninsured sectors
- Optimization of business locations
- Improvement of testing operations and strengthening of quality management systems using IT systems

Target (Fiscal Years 2024-2027)

Revenue CAGR: 2.1%

Business Strategy

During fiscal year 2024, the clinical testing market in which LSI Medience operates experienced a major decline in demand for COVID-19-related testing, while at the same time demand for general clinical testing including biochemical testing has been recovering. We expect the compound annual growth rate (CAGR) of the clinical testing market in Japan to be around 1.5% by fiscal year 2027.

In our Value Creation Plan 2027, we recognize the pressing issue of improving profitability and efficiency. We seek to accelerate selection and concentration of growth by advancing regional strategies, including optimization of business locations and collaborations with local medical institutions and regional testing centers. We also seek to maximize the operating efficiency and enhance cost competitiveness of our Central Laboratory, which is our largest testing location. In the growing area of uninsured genetic testing, we will promote in vitro diagnostics (IVD), as part of companion diagnostics (CDx) in collaboration with partner companies and launch unique tests in collaboration with academic institutions. We will also expand our business scope by conducting risk testing targeting cancers and lifestyle-related diseases, with the aim of achieving revenue by CAGR of 2.1% by fiscal year 2027.



Kenichi Uchino
Corporate Officer,
PHC Holdings Corporation/
President and Representative
Director,
LSI Medience Corporation

Frontline & Customer Voices

Inappropriate Quality Management: Efforts to Prevent Recurrence

In response to previously reported inappropriate quality management at our Central Laboratory in fiscal year 2024, we are taking corrective action and implementing measures to prevent recurrence. As part of those efforts, we have launched a project to regain the trust of customers and society and develop a culture of taking on future challenges. Under the title "PROJECT REBORN," we are reviewing the ways we conduct business including incorporating external perspectives. We are also encouraging a future-oriented mindset to focus on actions we may take to regain the trust of our customers and society. Rather than implementing actions in a top-down manner, project members act as facilitators to collaborate with employees. We aim to be a company that continuously improves without disrupting successful practices, and with a clear commitment to adapt and improve in the future.



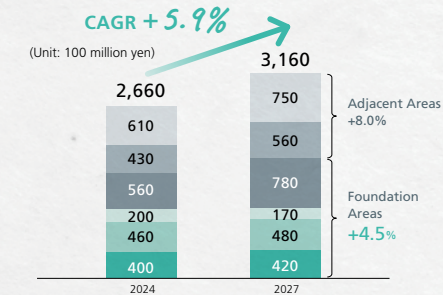
Healthcare IT Solutions Business



Market Environment & Outlook

Healthcare Information Systems Market Trends

EMR (for Clinics) EMR (for Pharmacies)
 Receipt Computer Health Management Related
 Big Data Analysis Other Adjacent Areas



Source: In-house research

Market Environment

- In line with the promotion of healthcare DX in Japan, adoption of e-prescriptions is being promoted and full implementation of electronic medical record sharing services has started.
- Low-cost cloud-based EMRs are becoming predominant in newly established medical institutions.

Outlook

- Government policy in Japan aims to achieve a 100% adoption rate of electronic medical records by 2030, and with more than 40,000 medical institutions across Japan currently still using paper-based medical records, we expect continued growth going forward.
- With the backing of Japanese government policy and systems, and continued adoption by small- and medium-sized companies, we expect continued significant growth of the health management field going forward.

Products & Services

Systems for Clinics

Integration of medical-receipt computers and electronic medical records. Reduced data input workload, and data that can be viewed anywhere.



Systems for Pharmacies

Standard inclusion of medication checking functions. Electronic medication history to prevent prescription errors and support pharmacy management.



Cloud-based EMRs

Cloud-based electronic medical record systems with simple user interfaces and improved ease of use of on-premises systems.



Strategy & Target

Strategy

- Business development through the promotion of healthcare policies and highly innovative and leading solutions aimed at healthcare DX.
- Accelerate integration with WHS acquired in fiscal year 2023 and maximize synergies.
- Strengthen the customer base and expand market share through the enhancement of cloud products.
- Strengthen health management-related products and solutions.

Target (Fiscal Years 2024-2027)

Revenue CAGR: **5.4%**

Business Strategy

To further expand our customer base, we integrated the operations of Wemex Healthcare Systems (WHS), previously a fully-owned subsidiary, into Wemex starting October 1, 2025. With this integration, we will strengthen our position as the market leader in healthcare IT in Japan and improve the value we offer by leveraging the solutions developed by our two companies. We will also capture opportunities and maximize revenue-generating opportunities presented by expanded demand driven by government-promoted healthcare DX.

Specifically, for clinics, we launched a cloud-based electronic medical record system in April 2024. By adding cloud-based options to our existing core product range, we will meet the diverse needs of customers and help drive digital transformation for a range of medical institutions. For pharmacies, in addition to electronic medication histories, we will implement solutions to support pharmacy management and increase the amount of time that pharmacists are able to spend with patients, by improving the operational efficiency of major pharmacy chains and drugstores. In the area of prevention and pre-symptomatic diseases, we are providing preventive medicine solutions that improve operational efficiencies for companies, health insurance associations, and others. In terms of telemedicine systems, we are supporting the creation of remote area healthcare and organ donation systems in Japan, while helping to reduce the workload of healthcare professionals and improve medical access for patients in Japan.



Hideaki Takahashi

Corporate Officer,
PHC Holdings Corporation/
President and Representative
Director,
Wemex Corporation

Frontline & Customer Voices

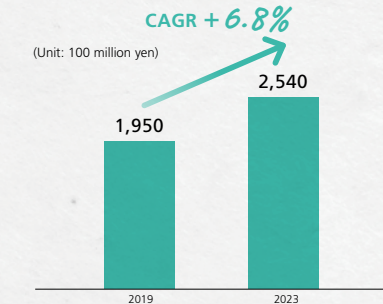
Cloud-Based Electronic Medical Records: Thoughts of the Project Manager

When designing Medicom Cloud, which we launched in April 2025, we gave the highest priority to ease of use while incorporating the results of interviews with more than 30 private medical practitioners and over 200 questionnaires. We were delighted to hear customers talk about how appealing it was to also be able to use Wemex's medical-receipt computer functionality in the cloud. Specifically, two functions that improved the efficiency of accounting operations were the automatic extraction and AI-based estimates of billable items from medical record data and the automatic issuing of receipts and other forms at accounting time. We also received feedback that using the mechanism for launching and saving medical documents directly from a web browser made it convenient to complete everything within the medical record rather than having to save documents locally. In addition to this support, the ability to select or ignore optional support services was also rated highly for enabling low-cost adoption. With the launch of Medicom Cloud, we can now offer electronic medical records in an on-premises format, hybrid format, and cloud-based format in a structure that can meet more diverse needs. Going forward, we will continue to promote healthcare DX and help to expand the use of electronic medical records while leveraging the unique evolution possible in the cloud to create products that grow alongside the frontlines of healthcare.

Kinya Matsunaga "Medicom Cloud" Project Manager

Market Environment & Outlook

Japanese CRO Market Trends



Source: In-house research

Market Environment

- Several trends are leading to an expansion trend in both non-clinical and clinical trial markets in Japan, including the increasing trend in R&D expenses of Japanese and global pharmaceutical companies, the expansion of domestic clinical trials market due to efforts to eliminate drug loss/lag, and Japanese government measures to strengthen the market centered on domestic academia and bio-ventures.

Outlook

- The narrowing and deepening of target areas by pharmaceutical companies and the continued increasing trend in the number of pharmaceutical developments with new modalities are leading to a rising demand for CROs testing technology and responsiveness.

Products & Services

Non-Clinical Contract Research Service

Utilizing facilities that comply with GLP standards and state-of-the-art equipment, we conduct a wide variety of activities including tests for pharmaceutical approval applications, exploratory studies in the early stages of research and development, and consulting for private sector companies such as pharmaceutical and food companies, government and public offices, and academia.



Bioanalysis Service

We conduct development of analytical methods for drugs, such as metabolites and biomarkers, in biological samples, validation of analytical methods, and measurement of actual samples. We employ a range of methods to provide analytical services according to the applicable phase of research and development of new modalities.



Strategy & Target

Strategy

- Strengthening competitiveness and business expansion by leveraging testing technology capabilities and lineup.
- Strengthening the approach to academia and venture fields by leveraging networks with AMED and other companies.
- Acquisition of international clinical trials using the Asia lab network.

Target (Fiscal Years 2024-2027)

Revenue CAGR: 4.5%

Business Strategy

Mediford is a leading contract research organization (CRO) in Japan, with an end-to-end support structure covering everything from non-clinical and clinical fields to post-marketing support. In recent years, drug development utilizing various basic technologies has extended past small molecule drugs to also include a range of other molecules from medium to large, including nucleic acid, antibody, and gene therapy drugs. At the same time, the industry in Japan is facing serious challenges of “drug loss” and “drug lag,” so the government is working to relax regulations and review its pharmaceutical structures. Looking globally, the increasing cost of drug development and long development timelines for approvals have been issues for many years. In the U.S. and Europe, the FDA and EMA have begun to strongly promote development and use of new approach methodologies (NAMs).

To address these trends in Japan and globally, we are leveraging our strengths in technological capabilities and state-of-the-art equipment to develop structures able to respond to increasingly diverse modalities and the expected growth of the clinical trial market. We are also strengthening our approach to academia and bio-ventures, while actively adopting new technologies to respond to NAMs. In this way, we will accurately capture market trends and quickly implement forward-looking initiatives to achieve our revenue targets.



Kei Shimizu
Representative Director
and President,
Mediford Corporation

Frontline & Customer Voices

Initiative to Share Pathology Knowledge with the Industry

For half a century, Mediford and its predecessors have provided safety, efficacy, and pharmacology testing of drugs and chemicals as contracted services. Cultivating knowledge and insight of histology testing over this time, we now have many pathology experts on staff. Since May 2024, we have presented six live-streamed pathology webinars, with more than 200 participants each time, to share this non-clinical pathology knowledge with the drug discovery industry.

In Q&A sessions after each seminar, our pathology experts and others responded to questions, and we received feedback including that being able to share perspectives and challenges with other companies was extremely important for participants. We provided additional time after each webinar to listen to and respond to participant concerns. This initiative has led to concrete improvements, including technical guidance related to histology testing. Going forward, we will strive to contribute to drug discovery by continuing to share our knowledge and creating opportunities for interaction with experts in our field.

Diagnostics & Life Sciences Domain

The Diagnostics & Life Sciences Domain provides global support for accurate and rapid diagnostics on the frontlines of medical care and life sciences research. This domain is comprised of three businesses: 1) EpreDia (our pathology business providing anatomical pathology testing equipment, reagents, and consumables used for cancer diagnosis), 2) PHCbi (our biomedical business offering storage and culture equipment for research laboratories with broad support for the life sciences), and 3) PHC IVD (our in vitro diagnostics business providing in vitro diagnostics and equipment for medical institutions). This domain engages in development, manufacturing, and sales across each of these three businesses.

36.2%

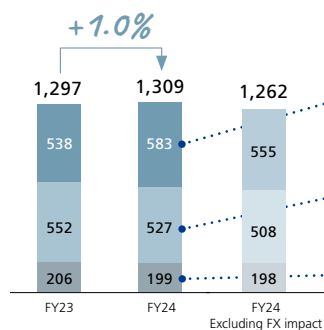
Percentage of Total Company Revenue

Fiscal Year 2024 Results

Revenue

■ Pathology ■ Biomedical ■ IVD

(Unit: 100 million yen)

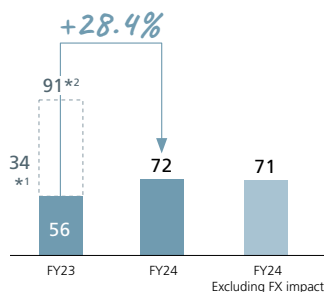


Revenue increased YoY due to continued growth in consumables sales in the Pathology business and the favorable FX, despite continued decline in equipment sales due to lower CAPEX demand.

- + Favorable FX
- + Strong sales of consumables
- + Favorable FX
- + One-time income
- + Price increase
- Market conditions in China
- Impact of softness of CAPEX
- Impact of uncertainty in market conditions due to U.S. policies
- Decreased sales in digital injectors

Operating Profit

(Unit: 100 million yen)



Operating profit increased YoY due to improved profitability in the Pathology business, coupled with the absence of impairment losses and declined restructuring costs recorded in fiscal year 2023.

- + Absence of impairment loss*1 (JPY 3.4 bn) recorded in fiscal year 2023
- + Margin improvement in Pathology business
- + Decrease in one-time restructuring costs
- + One-time income in IVD business
- Profit on sales of affiliates recorded in fiscal year 2023
- Impact of adjusting production in line with reduced sales of flagship equipment

Operating profit margin: 5.5%

*2 Adjusted for impairment loss

Domain Strategy

Leveraging the Strengths of Each Business to Drive Integration and Expand Into New Fields

The Diagnostics & Life Sciences domain seeks to improve the accuracy and efficiency of medical and life sciences research, and improve quality of life for patients, through its pathology, biomedical, and in vitro diagnostics businesses. Each of our businesses has specific expertise that we connect through the shared goal of pursuing outstanding quality. Leveraging the ability of our pathology business to make comprehensive proposals in the pathology field, with the cryopreservation and culture control technologies of our biomedical business and the precision micro-design capabilities, sensing technologies, and reagent development experience and know-how of our In Vitro Diagnostics Division, we are committed to growth and transformation in our quest to become a solutions provider focused on the field of oncology.

Fiscal year 2024 was a memorable year for this domain. We launched a key digital pathology product and effected a full-scale entry into the field of cell and gene therapy (CGT), and acquired our first U.S. Food and Drug Administration (FDA) 510(k) clearance in the field of digital pathology.

In fiscal year 2025, we will continue to strengthen our manufacturing, sales, and R&D pillars to drive even greater growth. We will also leverage the strengths of our manufacturing bases in Europe, the U.S., and Asia while optimizing manufacturing through high-level standardization of precision manufacturing excellence. In terms of sales, we are working initially to integrate the sales and service organizations of our three divisions in Japan to create unity across the divisions. In R&D, in addition to collaborating with U.S. research institutes in the pathology field, we are looking for new business opportunities by collaborating and cooperating with CCRM and other research institutes driving practical application of regenerative medicine and cell and gene therapy in particular. From this fiscal year as well, we will launch our Domain R&D organization to create core technologies for our medium- to long-term strategy centered on the field of oncology.

We aim for the Diagnostics & Life Sciences domain to become an innovator in cancer diagnostics solutions, enabling more accurate and timely diagnoses, and an accelerator and enabler for the early adoption of advanced cancer treatments. Healthcare costs are growing around the world, but cancer-related medical costs in particular are increasing rapidly, which is placing a serious burden on healthcare systems. Addressing this issue presents an important challenge directly linked to advances in treatment.

The main challenges facing the cancer treatment market include delays in diagnosis, limits to the accuracy of treatments, increases in side effects, high costs of treatment, and unequal access to healthcare. Essential to addressing these challenges are early diagnosis, personalized medicine, and new modalities such as cell and gene therapy with the potential to achieve radical cures. Going forward, we will aim to contribute to the global expansion of PHC Group diagnostics solutions and support for new treatments.



Nobuaki Nakamura

Executive Corporate Officer,
Head of Diagnostics & Life
Science Domain,
PHC Holding Corporation/
President, Representative
Director,
PHC Corporation

Concentration
of Management
Resources on
Growth and
New Business
Development

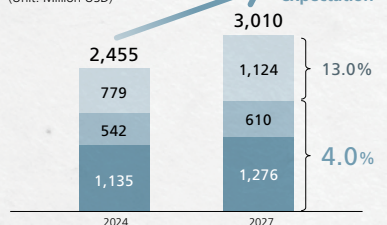
Operating profit
margin improvement:
**7.1% (Fiscal Years
2024-2027)**

Market Environment & Outlook

Consumables and Pathology Testing Equipment Market Trends

■ Consumables ■ Digital Pathology Equipment
■ Diagnostic Equipment

(Unit: Million USD)



Source: In-house research

Market Environment

- The market for pathology testing solutions is expanding due to the increasing number of cancer patients.
- The rising demand for digital pathology is driving the integration of pathology testing equipment with digital technology.

Outlook

- The market is expected to continue expanding due to the increasing number of cancer patients and the growing demand for complex pathology testing.
- In addition, due to the demand for workflow efficiency improvements associated with the above, an overall pre-analytical market growth of 4% is expected for equipment and reagents.
- Price competition is intensifying due to the rise of low-cost manufacturers.

Products & Services

Pathology Consumables

We have 85 years of history supplying one of the broadest core consumable portfolios focused on quality and precision for the clinical laboratory.



Pathology Equipment

We provide a full offering of high-quality precision-built instruments used around the world to support every step in the pathology workflow.



Digital Pathology

With the broadest offering of digital pathology solutions for clinical and research purposes, we lead the way in the modern-day pathology lab, which requires efficiency, accuracy, and high throughput.



Strategy & Target

Strategy

- Tissue processing, digital pathology, and environmentally friendly laser marking equipment
- Improve quality and strengthen cost competitiveness
- Continuous improvement of the recurring revenue ratio

Target (Fiscal Years 2024-2027)

Revenue CAGR: 4.8%

Continue to exceed pre-analytical market growth rate, where we remain the global leader, and begin share expansion in strategic growth areas.

Business Strategy

As a pre-analytical leader in pathology testing, Epredia provides products and solutions that support cancer diagnostics. With the increasing number of cancer diagnoses, the market for pathology testing instruments and consumables continues to expand. In particular, there is rapidly growing demand for digital pathology, which enables specimens to be scanned into digital images for review by pathologists. This technology plays a critical role in improving the efficiency of pathology workflows and contributes to operational efficiencies in pathology labs.

Product quality is of utmost importance in pathology diagnostics, and we are committed to continuously improving the quality of our offerings. We have identified tissue processing, digital pathology, and environmentally responsible laser printing equipment as key growth areas and are strengthening our investments in these fields. These products help promote the efficiency of pathology workflows in hospitals and laboratories while contributing to improved diagnostic accuracy and turnaround times.

Additionally, we aim to establish a stable revenue base by increasing the proportion of pathology laboratory consumables sales. Through these initiatives, we strive to solidify our position as a comprehensive solution provider in the field of pathology and achieve sustainable growth.



Steven Lynum

Corporate Officer, PHC Holdings Corporation
President, Epredia Holdings Ltd.

Voice of Business Partner

Collaborating with 3DHISTECH, a Pioneer in the Digital Pathology Field

Epredia and 3DHISTECH have been partners since 2017, beginning with a commercial agreement in the United States. Together, we have delivered more than 500 digital pathology systems to customers worldwide. Under this partnership, 3DHISTECH led product development and quality assurance, while Epredia was responsible for commercialization and field technical services.

In fiscal year 2024, Epredia started manufacturing the award winning Epredia E1000 Dx Digital Pathology Solution, which builds on the revolutionary technology of 3DHISTECH, to better support customer needs in the clinical market.

Dr. Bela Molnar, CEO of 3DHISTECH, commented, "In today's rapidly evolving world, flexibility and innovation are essential. Together with Epredia, 3DHISTECH is prepared to tackle global challenges and seize opportunities, paving the way for a successful partnership."

Looking ahead, PHC Group will continue to deliver value to pathology customers by combining in-house technology with a global commercial platform, thereby reaching a broader customer base together.



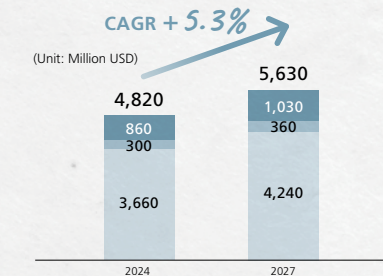
Dr. Béla Molnár

Founder and CEO
3DHISTECH Ltd.

Market Environment & Outlook

Life Sciences Equipment Market Trends

■ Ultra-Low Temperature Freezers
■ CO₂ Incubator ■ Other Equipment



Source: In-house research

Market Environment

- Prolonged restraint in capital investment by customers, due to economic slowdowns and restrained investment in each region.
- In the pharmaceutical companies and CDMOs, demand for capital investment and replacement with energy-saving equipment is emerging, and recovery from the restrained investment is expected.

Outlook

- Continued focused investment in advanced therapy technology development and manufacturing processes, including CGT, with high market growth.
- Driven by the growth of life sciences research focused on cells, the markets for ultra-low temperature freezers and CO₂ incubators are projected to maintain steady growth.

Products & Services

Ultra-Low Temperature Freezers

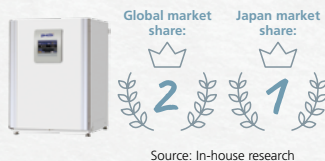
Research support through excellent temperature stability, energy saving performance, and ease of use essential for specimen storage.



Source: In-house research

CO₂ Incubators

Improved cell culture efficiency and reproducibility through outstanding control technologies and unique contamination prevention functions.



Source: In-house research

Live-Cell Metabolic Analyzer

Visualization of continuous cellular metabolic changes. Support for cancer research, stem cell research, and other research.



Strategy & Target

Strategy

- Expansion and sales growth of a product lineup with differentiated technologies, such as energy-saving and environmentally conscious products and value creation through IoT.
- Development and sales of CGT field products, including LiCellMo™ live cell metabolic analyzer and LiCellGrow™* cell expansion system.

* Product in development

Target (Fiscal Years 2024-2027)

Revenue CAGR: **5.6%**

Business Strategy

As major pillars of the Biomedical Division, ultra-low temperature freezers, CO₂ incubators, and other equipment are fundamental products that support research and development in the life sciences market. As such, we expect continued growth in this field going forward. With a product lineup offering stable quality and the performance that customers need, we will seek to continue providing products that offer peace of mind to researchers.

Among cancer treatments, cell and gene therapy (CGT), is forecasted to grow significantly; however, there are QCD issues in the manufacturing process. To address these issues, PHC Group is making inroads into the markets for metabolic analyzers and cell expansion system that can utilize our core technologies. We will also collaborate with partner companies to accelerate the expansion of our product lineup and develop structures able to meet increasingly diverse needs.

Furthermore, through implementation of our Value Creation Plan 2027, we will seek to contribute toward the evolution of treatment modalities and create an environment where more people can access advanced treatments.

Supported by the stable growth of our existing businesses, and through expanding solutions in new fields, we will provide customers with new value by leveraging IoT technologies to lead further expansion in the life sciences market.

**Chikara Takauo**

Corporate Officer, PHC
Holdings Corporation
Director of Biomedical
Division, PHC Corporation

Distributor Voices: Yamato Scientific

As a manufacturer and provider of scientific instruments and research facility products, and as a trading company handling analysis, measurement, examination, and testing equipment, Yamato Scientific provides its customers with solutions for advanced fields such as research and development and production technology.

PHC Group mainly offers Yamato Scientific products from the Biomedical Division. At the same time, we are forging a global alliance together as manufacturers in a truly mutually beneficial partnership. Having toured PHC Group's Gunma factory to study the manufacturing processes for ultra-low temperature freezers and other products, the company witnessed PHC's commitment to high quality, including daily checks of test pieces on the freezer units in particular. This reaffirmed our motivation to sell PHC Group products.

Yamato Scientific also focuses on equipment for biopharmaceutical companies, so we are actively marketing LiCellMo™ live cell metabolic analyzer technology, which provides new insights into cell culture processes. In this way, Yamato Scientific and PHC Group fulfill their roles in this partnership and achieve business growth together.

Frontline & Customer Voices

**Yuichi Shimohira**

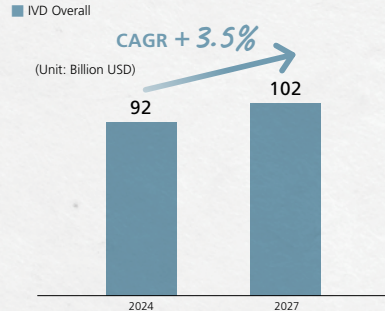
Director, Head of Tokyo
Block I
Tokyo Branch Manager
Yamato Scientific Co., Ltd.

In Vitro Diagnostics Business



Market Environment & Outlook

In Vitro Diagnostics (IVD) Market Trends



Source: In-house research

Market Environment

- **IVD**
The market is expanding with the increasing prevalence and incidence of chronic diseases and infectious diseases.
- **Injectors**
The market is growing due to the spread of biopharmaceuticals.

Outlook

- **IVD**
Further market expansion is expected, especially in developing countries, as they contribute to early disease detection even in environments with limited medical resources.
- **Injectors**
The market for injectors, especially electric injectors, is expected to grow due to the simplification of injections.

Products & Services

Diagnostic Reagents

Extensive development of in vitro drugs (diagnostic reagents) for measuring blood composition, including blood coagulation and fibrinolysis.



Diagnostic Equipment

The mobile immunoassay analyzer delivers highly accurate and rapid measurements. Additionally, systems like the fully automated blood coagulation testing system are designed to meet the needs of large medical institutions.



Strategy & Target

Strategy

- Strengthening and accelerating the reagent business.
- Leveraging strengths in the coagulation and fibrinolysis areas to promote IVD in the cardiovascular field, which includes thromboembolisms, a high-risk complication in cancer and various other diseases.

Target (Fiscal Years 2024-2027)

Revenue CAGR: 5.9%

Business Strategy

The In Vitro Diagnostics Division is committed to enhancing the reagent business to accelerate growth. We are particularly focused on selling PATHFAST compact immunoassay analyzers in markets outside Japan, and we have also acquired special 510(k) clearance from the U.S. FDA in March 2024, for our high-sensitivity troponin reagents. We started shipping to the U.S. in May 2024 and, while maximizing sales in the U.S. market, we are working to expand sales to other countries and regions as well.

We will leverage our strengths in the coagulation and fibrinolysis areas to drive business in the cardiovascular field, which includes thromboembolisms, a high-risk complication in cancer and various other diseases. As part of these efforts, we launched sCLEC-2 measurement kits in March 2025 as research-oriented reagents designed to measure C-type lectin-like receptor-2 (sCLEC-2), a soluble receptor that shows an increase in blood concentration with platelet activation.

As a platelet activation marker, sCLEC-2 is expected to be used as a biomarker for cerebral infarctions, myocardial infarctions, and other arterial thrombotic events. We hope to gather more valuable information from clinical settings in the future to obtain approval as a drug for in vitro diagnostics.

Going forward, PHC Group will work to create new value based on our core products, including reagent development technology, biosensing technology, reagents, and point-of-care testing devices.



Hiroyuki Tokunaga
Director and Member of Board,
Director of In Vitro Diagnostics Division,
PHC Corporation

Frontline & Customer Voices

Customer Voices: Adopting STACIA CN10, an In Vitro Diagnostics Division Product

In 2022, Kiryu Kosei General Hospital, in Kiryu City, Gunma Prefecture, Japan, installed two STACIA CN10 fully automated blood coagulation systems.

Once charged with reagents, STACIA CN10 systems provide stable operation for extended periods, which greatly reduces the burden of preparing and managing reagents and improves operational efficiency.

Because our hospital is a designated regional maternity and perinatal care center, we receive emergency patients from the wider area. These systems allow us to always respond promptly when tests are needed, such as blood coagulation analysis of mothers, and they contribute greatly to medical care. Furthermore, by installing two systems, we can continue providing coagulation testing when administering fresh frozen plasma during emergency surgery even if one system is undergoing maintenance or repairs. They are also rated highly by our doctors because they can provide additional testing with small specimen volumes even when blood collection is limited, such as with pediatric patients. The STACIA CN10 systems and reagents are helping to enhance the quality of healthcare and emergency response capabilities in our local area. They are also contributing enormously to addressing challenges that we face on the frontlines of medical care.





Chapter 5

Sustainability

Sustainability Management

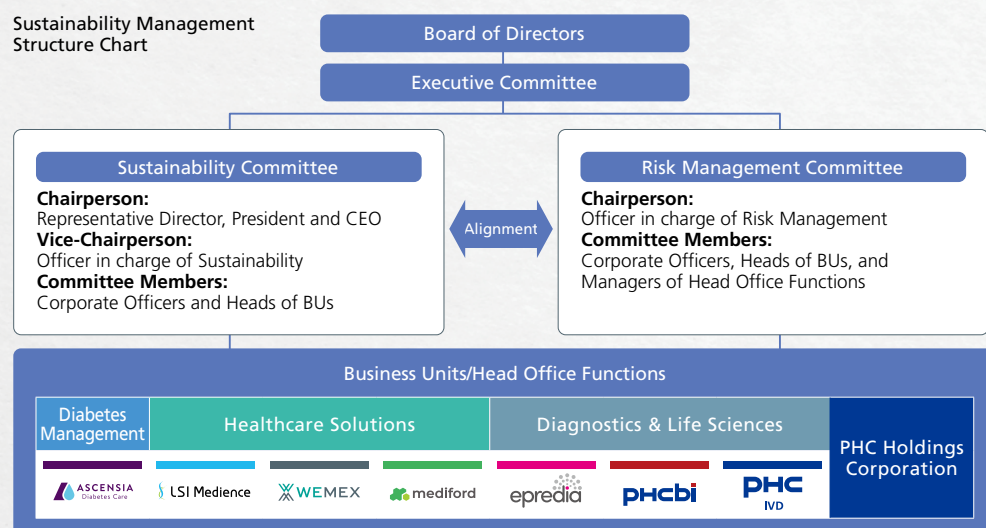
PHC Group's vision for 2030 is to be a leader in precision technology that powers the future of healthcare. To realize this vision, we are advancing our Value Creation Plan 2027, which includes a focus on building a foundation for Environmental, Social, and Governance (ESG) sustainability. We have identified materiality topics especially relevant to our mission of contributing to the health of society through our diligent efforts to create healthcare solutions that have a positive impact and improve the lives of people. For each of these ESG materiality topics, we have set key performance indicators (KPIs) and targets. Across PHC Group, we are united in driving our sustainability strategy forward.

Sustainability Management Structure

Under the supervision of our Board of Directors, PHC Group has established a Sustainability Committee. Chaired by the Representative Director, President and CEO, the Committee includes Corporate Officers and Heads of Business Units. This committee is responsible for identifying the PHC Group's materiality topics, determining the related indicators (KPIs) and targets, evaluating performance, providing improvement instructions, and monitoring. Additionally, it oversees and discusses management and decision-making regarding overall sustainability initiatives, including compliance with new regulations and guidelines. Decisions made by the Committee are directed to the Sustainability Team, which includes representatives from each business unit and corporate function across PHC Group. This team oversees the implementation of initiatives to achieve sustainability targets and advances other sustainability-related activities, forming a group-wide framework for sustainability management. Matters reported, discussed, and deliberated in the Sustainability Committee are submitted and reported to the Executive Committee and the Board of Directors in accordance with internal regulations.

The Sustainability Committee meets, in principle, four times a year, with reports submitted to the Board of Directors at least twice a year. The Board of Directors manages and supervises the appropriateness, effectiveness, and risks of all PHC Group sustainability activities.

Sustainability Management Structure Chart



Overview of Fiscal Year 2024 Sustainability Committee Meetings (4 Meetings in Total)

Date	Agenda	Outcome
April 25, 2024	[Items deliberated] <ul style="list-style-type: none"> ESG initiatives to be prioritized across PHC Group Plan for fiscal year 2024 [Items reported] <ul style="list-style-type: none"> Fiscal year 2023 progress report on materiality topics, KPIs and targets 	Proposal approved as presented
July 9, 2024	[Items reported] <ul style="list-style-type: none"> Progress report on Corporate Sustainability Reporting Directive (CSRD) compliance Progress report on the project for calculating supply chain greenhouse gas (GHG) emissions Progress report on key ESG assessment scores 	-
October 31, 2024	[Items deliberated] <ul style="list-style-type: none"> Regular implementation of global ESG training Review of ESG priorities for PHC Group Preparation for carbon footprint (CFP) calculation [Items reported] <ul style="list-style-type: none"> Progress report on CSRD compliance, etc. 	Proposal approved as presented
January 30, 2025	[Items deliberated] <ul style="list-style-type: none"> Calculation of supply chain GHG emissions, acquisition report and disclosure of third-party assurance statement [Items reported] <ul style="list-style-type: none"> Progress report on CSRD compliance, etc. 	Proposal approved as presented

Sustainability Risk Management

Sustainability-related risks are assessed through close collaboration between sustainability and risk management departments, taking into account changes in both internal and external environments. Identified risks and corresponding countermeasures are evaluated by the Sustainability Committee and managed in coordination with the Risk Management Committee.

Materiality Topics, KPIs, Targets and Progress

PHC Group has identified 11 materiality topics to engage in globally and assigned KPIs and targets to each in order to promote sustainable management from a long-term perspective. We will advance these targets as part of the Value Creation Plan 2027.

Classification	Materiality	KPI	Targets*1	Fiscal Year 2023 Actual, Progress	Fiscal Year 2024 Actual, Progress*2
Environment	Climate Change*3	Scope 1 & 2 CO ₂ emission reduction	Carbon neutral by 2040 42% reduction (vs. 2023) by 2030	Scope 1: 15,861 tCO ₂ e (standard value) Scope 2: 35,304 tCO ₂ (standard value)	Statistics being compiled Second half disclosure planned. The same applies hereafter
		Scope 3 CO ₂ emission reduction	25% reduction (vs. 2023) by 2030	Scope 3: 793,687 tCO ₂ (standard value)	Statistics being compiled
	Preservation of Natural Resources	Percentage of reduction of water withdrawal at production sites/labs on a per revenue basis	15% reduction (vs. 2023) by 2030	1.2 m ³ /mm JPY (standard value)	Statistics being compiled
		Percentage of reduction of packaging material on a per revenue basis	10% reduction (vs. 2023) by 2030	12.8 kg/mm JPY (standard value)	Statistics being compiled
		Percentage of reduction of waste generated at production sites/labs on a per revenue basis	20% reduction (vs. 2023) by 2030	13.0 kg/mm JPY (standard value)	Statistics being compiled
	Circularity	Percentage of total waste recycled at production sites/labs (excluding thermal recycling)	90% by 2030	46%	Statistics being compiled
		Percentage of recycled content in plastic packaging materials	10% by 2030	0%	Statistics being compiled
Social	Creating Healthcare Innovation that Supports Business Development	Number of new PHC Group patent applications (including design and utility models)	-	155	164
		Number of new PHC Group registered patents (including design and utility models)	-	4,306	4,160
		Number of new products and services launched	-	93	55
		Sales in growth fields	86.0 bn JPY by 2025	41.0 bn JPY	39.4 bn JPY
	Product Excellence	Number of warning letters issued (e.g., FDA warning letter)	0	0 (achieved✔)	0 (achieved✔)
		Number of recalls issued	-	2	3
	Enhancement of Supply Chain Management	Percentage of response rate to PHC Group supplier survey*4	95%	95% (achieved✔)	95% (achieved✔)
	Expanded Access	Consolidated sales in emerging and developing markets	-	49.3 bn JPY	56.2 bn JPY
		Ratio of gender diversity at manager level or above	Female ratio: 30% or higher by 2030	-*6	24.3%
	People & Culture	Employee Engagement Score: increase from the previous year	1 point+ improvement YoY	62 YoY -1pt	67 YoY +5pt (achieved✔)
		Enhanced employee learning and skill development	-	PHC Academy Skill Database	PHC Academy (Next Generation) Skill Database
Governance	Strengthening Corporate Governance	Percentage of nationality diversity of the Board of Directors	-	25%	30.0%
		Board effectiveness assessment	1/year	1 (achieved✔)	1 (achieved✔)
		Number of meetings with institutional investors and securities analysts	-	95	106
	Risk Management	Number of Enterprise Risk Management Committee meetings	2/year	Kick-off held	4 (achieved✔)
		Percentage of employees taking compliance training (e.g., code of conduct, insider trading)	100%	100% (achieved✔)	100% (achieved✔)
	Cybersecurity	Percentage of employees who participate in information security and data protection training	100%	100% (achieved✔)	100% (achieved✔)
		Biannual vendor security reviews - percentage of critical vendors reviewed*5	100%	100% (achieved✔)	100% (achieved✔)
		Number of PHC Group Cybersecurity Committee meetings	4+/year	4 (achieved✔)	4 (achieved✔)

*1 KPIs for which it is difficult to set appropriate targets are displayed as "-". Targets for items under discussion will be disclosed as soon as they are set.

*2 Actual values for the materiality topics of Climate Change, Preservation of Natural Resources, and Circularity for fiscal year 2024 are currently under calculation. We plan to disclose this information on our website in the second half of the year.

*3 Greenhouse gas (GHG) emissions categories are based on the GHG Protocol as outlined below:

Scope 1: Direct emissions from the company through the combustion of fuel, etc.

Scope 2: Indirect emissions as a byproduct of energy generation such as the above or purchased electricity

Scope 3: Indirect emissions other than under Scope 2 (purchased products or services, transportation, disposal of sold products, etc.)

*4 This covers the major suppliers for materials procurement in each business unit.

*5 From the viewpoint of information security, the scope applicable to ISMS certification within Japan became included in fiscal year 2023. In fiscal year 2024, it has been expanded to cover the entire PHC Group.

*6 The ratio of female managers (on a consolidated basis) for fiscal year 2023 has not yet been compiled, so it is omitted from this chart.


PHC Group's global sustainability strategy addresses environmental, social, and governance (ESG) issues. In terms of the environment, we are focused on three materiality topics—Climate Change, Circularity, and Preservation of Natural Resources—and we are working on these on a group-wide basis.

Climate Change

PHC Group takes the impact of climate change on our business activities and society seriously, and we position achieving a carbon-free society as a key management issue. We have set a carbon neutral goal of achieving greenhouse gas (GHG) emissions reductions in Scope 1 and Scope 2 by 2040, and are actively working on this goal.

In our Value Creation Plan 2027, we have set a goal of reducing Scope 1 and Scope 2 GHG emissions by 42% and Scope 3 GHG emissions by 25% by fiscal year 2030. In June 2025, we obtained Near-Term Science-Based Targets certification for the 1.5°C Standard from the Science Based Targets initiative (SBTi) for this index.

This certification is a recognition of the validity of our reduction plan, which is backed by scientific evidence and is based on the Paris Agreement's goal of limiting the rise in global temperature to below 1.5°C above pre-industrial levels.

	Scope 1 (direct emissions)	42% reduction (vs. fiscal year 2023) by fiscal year 2030
	Scope 2 (indirect emissions)	
	Scope 3 (indirect emissions not covered by Scope 1 or 2)	25% reduction (vs. fiscal year 2023) by fiscal year 2030 Categories subject to reduction: Category 1: Purchased products and services Category 4: Upstream transportation and distribution Category 6: Business trips Category 11: Use of sold products Category 12: Disposal of sold products

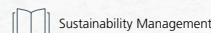
Basic Approach

To ensure business sustainability and contribute to the realization of a sustainable society, and to appropriately grasp the impact of climate change on our business activities and society, PHC Group is conducting scenario analysis based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and identifying and assessing risks and opportunities. We are currently working on the four core elements recommended in the TCFD recommendations: governance, strategy, risk management, and metrics and targets, as described below.

Governance and Risk Management

PHC Group has set up a department dedicated to sustainability in order to appropriately manage risks and opportunities related to climate change, and promote sustainable management. This department does its work under the Sustainability Committee, and is responsible for formulating sustainability strategies and promoting them group-wide, for assessing risks and opportunities, and for monitoring. The Sustainability Committee

reports regularly to the Board of Directors, and oversees the progress status of climate change initiatives. See Chapter 5, the Sustainability Management (page 56) for our sustainability promotion system.



Strategy

PHC Group aims to achieve sustainable growth and increase long-term enterprise value through an integrated promotion of management strategies, HR strategies, and ESG strategies. We position climate change measures as a key management issue and have set KPIs for them. We treat climate change from the twin aspects of risk and opportunity, and believe that we can create new business opportunities through environmentally-conscious products and services, in addition to complying with laws and regulations as well as requests from our business partners.

In scenario analysis, we use the following two scenarios that assume different ways that climate change may progress, and comprehensively identify risks and opportunities due to climate change.

Scenario	Name	Overview
1.5°C Scenario	SSP1-1.9	In this scenario, climate measures to keep the temperature rise to within 1.5°C are introduced to achieve carbon neutrality by 2050 on a foundation of sustainable development.
	NZE (Net Zero Emissions by 2050 Scenario)	This scenario aims at achieving energy-related sustainable development goals while keeping the temperature rise to within 1.5°C.
4°C Scenario	SSP5-8.5	In this scenario, fossil fuel-dependent economic development continues, no climate measures are introduced, and the temperature rises at least 4°C by 2100.
	STEPS (Stated Policies Scenario)	In this scenario, while there is some decline in emissions from energy thanks to current policy agreements, industrial-based emissions remain at their current level.

We are working to provide qualitative assessments and assess the financial impact of the physical risk, migration risks, and opportunities identified through analyses using these scenarios from time axes covering the short term (1 year), medium-term (2-5 years), and long-term (6 years or more). The results of these analyses are scheduled to be disclosed in the appropriate form once they are completed.

PHC Group seeks to manage risks and opportunities related to climate change and ensure the sustainability of our businesses over the medium- to long-term. We also promote initiatives towards the realization of a sustainable society. We shall continue to emphasize transparency, and disclose information related to our analysis process and results.

Metrics and Targets

PHC Group has set the following targets so that we can contribute to global initiatives to keep global temperature rise to within 1.5°C.

Fiscal year 2040 GHG emissions Scope 1+2: Carbon neutral

Fiscal year 2030 GHG emissions Scope 1+2: 42% reduction (1.5°C target/Fiscal year 2023 baseline)
Scope 3: 25% reduction (1.5°C target/Fiscal year 2023 baseline)

Supply Chain GHG Reduction Initiatives

PHC Group has set the construction of a business platform and the achievement of sustainable growth as part of our Value Creation Plan 2027. Under this plan, we will promote growth based around the Diagnostics & Life Sciences field, while accelerating energy conservation activities and the introduction of renewable energy, strengthening our efforts to realize a decarbonized society.

PHC Group's greenhouse gas (GHG) emissions in fiscal year 2023 were 844,000 tCO₂, of which Scope

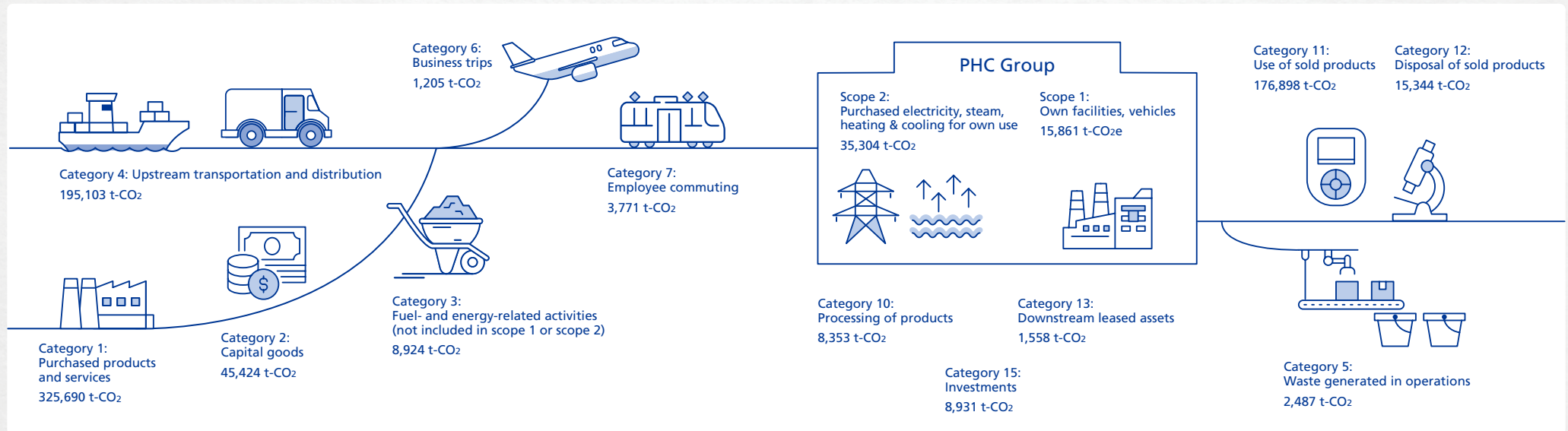
1 and Scope 2 (market-based) emissions account for 7% of the total. To achieve our near-term target, PHC Group is promoting measures to introduce renewable energy and reduce the use of gasoline and other fuels, in addition to our normal energy-saving activities, with the goal of reducing Scope 1+2 GHG emissions by 42% by 2030.

At the same time, Scope 3 emissions account for the majority of the GHG emissions of the entire group, with "Category 1: Purchased products and services," "Category 4: Upstream transportation and distribution," and "Category 11: Use of sold products" being major sources of emissions. In addition to focusing on reducing emissions in these categories, we will also work to reduce emissions related to company business travel and "Category 12: Disposal of sold products," which is related to contributing to a circular society, with the aim of achieving a 25% reduction by 2030.

Moreover, we are working on strengthening ties with our suppliers and business partners to encourage the reduction of GHG emissions across the entire supply chain.

Through these initiatives, PHC Group will contribute to minimizing the effects of our business activities on the environment and achieving a sustainable society.

PHC Group Supply Chain GHG Emission



Case Studies of Initiatives to Address Climate Change

Solar Panel Installation — Epredia Shanghai

As part of its ESG initiatives, Epredia Shanghai has implemented a solar power project to promote the use of renewable energy. Initiated by a local industry park effort in 2024, the solar power system began operations in November of the same year. The expected annual power generation is 520,000 kWh. The project is expected to result in the reduction of coal consumption, CO₂ and SO_x emissions. Through this initiative, Epredia Shanghai aims to contribute to the carbon neutrality goals of both the PHC Group and the local community. By advancing renewable energy adoption, Epredia Shanghai continues to balance environmental sustainability with economic benefits, fostering a more sustainable future.



Employee Voices

We are working diligently to support the group's ESG program by leveraging external resources and cutting-edge technologies, thereby accelerating its overall impact.

Steed Li APAC Chief Manufacturing Officer, Epredia



previously have been targeted for disposal. Moreover, small day-to-day efforts, like sorting paper cups or reusing product waste plastic, help us improve our recycling rate.

Initiatives such as these allowed us to achieve an impressive 99.82% recycling rate in fiscal year 2024. In fiscal year 2025, we aim to contribute to the 98.00% target of PHC Group as a whole, so we will continue to work on maintaining and improving our high recycling rate.

Through these initiatives, we not only lower costs connected with waste disposal but also contribute to reducing our environmental impact. In addition, these activities are aligned with all employees in the Gunma Site (including full-time, dispatched, and business partners), and we also work closely with environmental education through fostering environmental awareness and sharing knowledge. Changing awareness leads to improved environmental response capabilities throughout the entire workplace.

These initiatives to turn waste from what we don't want to valuable resources embody the stance of PHC Gunma Site towards walking hand in hand in our local community, and contribute significantly to achieving PHC Group's ESG goals.

We shall continue to work towards achieving a sustainable future while further deepening our collaboration with our local communities, aiming to balance environmental conservation with corporate growth.



Circularity

Initiatives for Waste Reduction (Biomedical Division)

In the PHC Gunma Site, where our Biomedical (PHCbi) business is operated, we are carrying out initiatives to contribute to the realization of a sustainable society through improving our recycling rate and reducing our waste through ties with the local community.

By ensuring careful selection of vendors and sorting of waste, we have discovered new value in materials that we used to process as waste, and have built a system to reuse these as resources. For example, by appropriately sorting cardboard or electrical products' cables, we have been able to reuse parts that would

Employee Voices

In environmental initiatives, it's important to take note of the small things. Day-to-day waste sorting and recycling ends up helping improve our corporate value and protect the global environment. I am confident that we can build a better future through having each and every employee act in ways that consider the environment. We shall continue to tackle the issue from these near-at-hand challenges.

Hiroshi Okada Biomedical Division, PHC Corporation



Preservation of Natural Resources

Reducing Packaging Materials: PHC Indonesia

PHC Indonesia incorporated the Environment, Social, Governance (ESG) framework and Sustainable Development Goals (SDGs) into its business policies starting in fiscal year 2024, and has been actively driving sustainable initiatives ever since. As part of these efforts, we launched a Kanban project, which is a streamlined production system, for our Biomedical division products. In this project, teams organized all necessary parts and materials into complete kits on the supplier side, and these kits were delivered to the warehouse using special carts made by PHC Indonesia. This kitting approach significantly reduced the use of plastic packaging materials and wooden pallets traditionally required during transportation, thereby minimizing environmental impacts. As of mid-July 2025, this project has successfully reduced roughly 12 kilograms of plastic waste. Additionally, by improving operational efficiency, it is expected to save around USD 500,000 annually.

The key to the success of this project was close collaboration with suppliers. By sharing challenges and working together to find solutions, PHC Indonesia and its partner companies developed a mutually beneficial mechanism. This initiative marks a significant step toward realizing our vision of growing together with suppliers.

PHC Indonesia is now considering extending the Kanban project to other product lines to further enhance efficiencies and reduce environmental impacts.

Going forward, PHC Group will continue working with suppliers and employees to achieve a more sustainable future.



Employee Voices

Through the Kanban project above, we developed strong ties between suppliers and our internal team, enabling us to reduce environmental impacts while improving operational efficiency. This initiative represents a major step toward achieving our ESG and SDG goals. We also consider that growing together with stakeholders in this way is essential for realizing a sustainable society. Together with employees and partners, we aim to continue making responsible choices for a better future.

As the saying goes, "Small hinges swing big doors," meaning that small actions and seemingly trivial efforts can lead to significant outcomes.

Ika Puspa Dewi MC Logistics Department, PHC Indonesia



Water Resource Initiatives: PHC Indonesia

PHC Group is committed to the efficient use and protection of water resources, balancing business activities and environmental conservation.

At our main production sites, we conduct water quality testing and implement other measures to properly manage wastewater while continuing efforts to minimize environmental impacts. Through these activities, we aim to coexist with local communities and contribute to a more sustainable society.

As one of our main production sites, PHC Indonesia seeks to conserve water resources in its daily operations.

Specific examples of initiatives at this site include:

1. Management of Water Consumption with Utility Meters

We have installed utility meters in specific areas of the site to record detailed water consumption. By using this data, we are working to reduce water waste and promote more efficient usage.

2. Recording of Daily Water Consumption

We have adopted a system of manually recording our daily water consumption to gain a detailed understanding of usage patterns. This allows us to respond quickly to any abnormalities that may arise.

3. Regular Inspection of Water Pipes

We regularly conduct inspections of water pipes within the site to prevent leaks and damage. This enables the early detection and repair of leaks, helping to prevent the waste of water resources.

4. Installation of Rainwater Infiltration Devices

We have installed water seepage pits and biopore holes to allow the natural infiltration of rainwater into soil. This initiative contributes to groundwater recharge and helps maintain the health of local water cycles.

These initiatives are being implemented as part of our daily operations. Through such consistent efforts, PHC Group will continue to conserve water resources and utilize them responsibly.



Employee Voices

At PHC Indonesia, water usage is limited to non-industrial purposes, and our current focus is on preventing unnecessary waste. We are taking steady steps, such as raising employees awareness of water conservation needs and conducting daily pipe checks to prevent leaks. Going forward, we are considering initiatives such as utilizing rainwater and other ideas to manage our water resources more sustainably.

Idvan Badrun Human Resources Department, PHC Indonesia





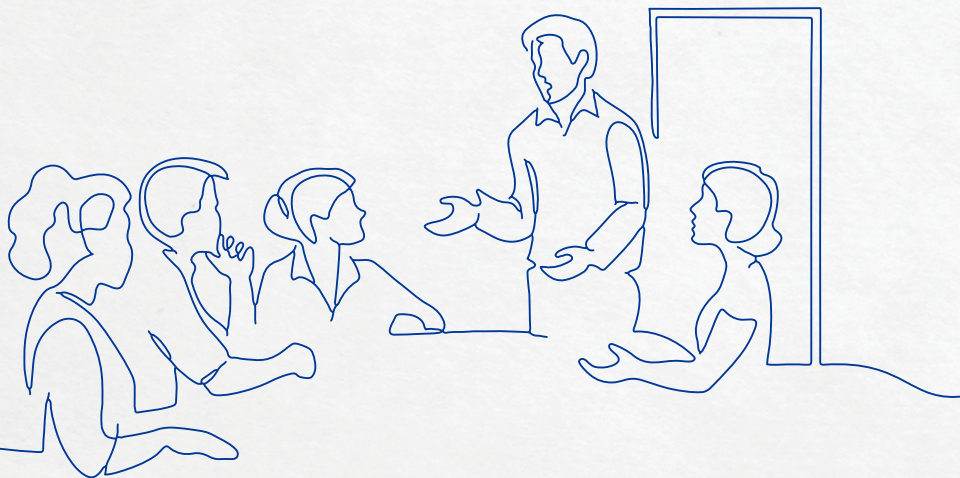
Occupational Health and Safety Initiatives

PHC Group is committed to ensuring that all our employees have a safe and healthy work environment that enables them to perform at their best. We view occupational health and safety as both a corporate social responsibility and a foundation of sustainable management, and we are dedicated to maintaining rigorous health and safety management practices. Particularly at our production sites and laboratories, we regularly conduct health and safety risk assessments for employees at all locations and take appropriate actions based on the findings. Additionally, we carry out regular safety inspections of workplace environments and safety audits or inspections of workplace equipment. These efforts enable us to detect any risks early and implement effective countermeasures.

Initiatives in Japan

PHC Group prioritizes the health and safety of our employees and is committed to creating a workplace environment where everyone can work with peace of mind. At our company locations in Japan, we regularly conduct health and safety risk assessments for employees and formulate action plans to prepare for potential emergencies. We also provide all employees with education and training on potential health and safety risks as well as proper work practices. Additionally, we have established grievance procedures to allow employees to report any potential occupational health or safety concerns.

Furthermore, we conduct safety inspections of workplace equipment and offer periodic health checkups for employees. We are also advancing a wide range of initiatives to prevent potential repetitive strain injuries, address stress and mental health, and control exposure to potentially hazardous substances and noise. We have also implemented measures to ensure the health and safety of non-regular employees and contract workers working on our premises. Through these initiatives, PHC Group seeks to provide a healthy and safe working environment for all employees.



Initiatives of PHC Corporation

PHC Corporation, based in Japan, conducts annual risk assessments for possible workplace hazards. In the previous year, the company identified 13,194 risk items across the organization, leading to proactive improvements for potentially hazardous operations. The Company also verifies compliance with occupational health and safety laws and regulations twice a year, strengthening both legal compliance and management systems. Internal audits are conducted once a year to review the operation of the health and safety management system and on-site disaster countermeasures. Furthermore, at company-wide and regional health and safety committee meetings, employees and management exchange opinions and discuss stress checks and results of the Outstanding Organizations of KENKO Investment for Health certification. These efforts help to ensure that employee feedback is incorporated into company initiatives. PHC Corporation strives to further enhance safety awareness among all employees through daily workplace exercises, regular workplace inspections by occupational health physicians and health supervisors, activities to improve hazard awareness, and safety education. In fiscal year 2024, the occupational accident rate at PHC Corporation decreased by 15% compared to the previous year, and the lost time injury frequency rate remained below the industry average. Additionally, 100% of interested employees received health checkups, and the utilization rate of employee mental health consultations increased.

In recognition of its efforts to provide a healthy and safe workplace environment, PHC Corporation has been certified as an Outstanding Organization of KENKO Investment for Health (White 500).



Commitment to Product Safety, Quality and Compliance

At PHC Group, we prioritize protecting the safety and health of people above all else. Our concept of “quality” encompasses the passion and effort of everyone involved in developing and delivering our precision healthcare solutions, culminating in products and services that are safe, reliable, and trusted by our customers. We believe that this embodiment of quality is what sustains our corporate trust and growth. Based on this principle, we have built a rigorous system of safety and quality management aligned with global standards. Our approach to quality assurance spans the entire product lifecycle—from product risk management in the planning phase to regulatory compliance and supplier management. We continuously implement company-wide, cross-divisional quality assurance activities and operate a company-wide quality management system (QMS) designed to ensure ongoing quality control. We are focused on the following three priority areas to fulfill our social responsibility through quality and to enhance trust across PHC Group.



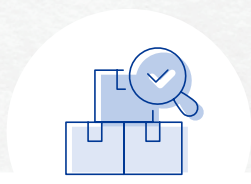
Creating Customer-Oriented Products and Services

At PHC Group, guided by the belief that quality should exceed customer expectations, we implement ongoing customer-centric improvement activities, from the planning and design of products and services to sales and support. We have established a company-wide system for sharing and applying feedback gathered from the voice of customers (VOC), ensuring that this feedback is reflected in our products and services. We will continue this approach of advancing quality together with our customers, seeking to achieve an even higher level of trust and social responsibility as a company.



Safety-First Mindset and Action

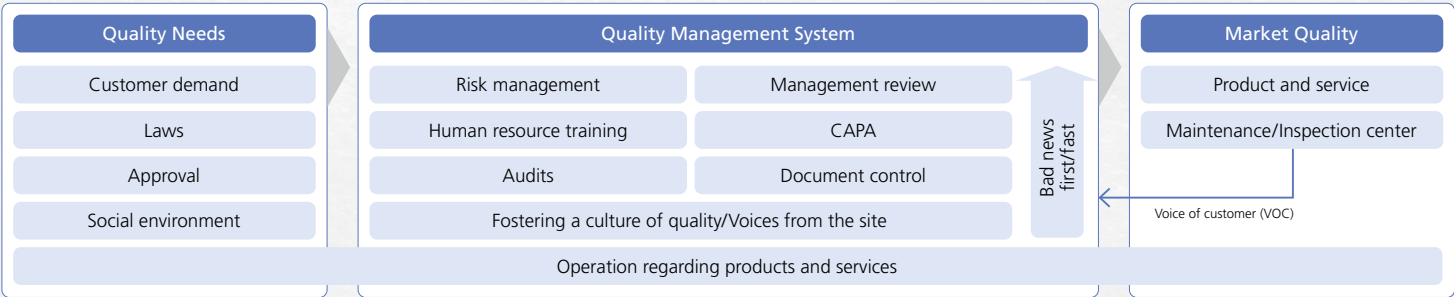
At PHC Group, “safety first” is the foundational approach to all our quality-related activities. We are committed to fostering a corporate culture in which every employee thinks and acts with safety as their starting point. Through quality review meetings and education programs, we work to entrench awareness and behavior, and from the early stages of product development, we implement rigorous risk management to prevent safety risks from manifesting and to ensure quality is built in at the design stage. In the event of any serious safety incident, we are prepared to respond by sharing information quickly and taking corrective actions. We also focus on analyzing root causes of any potential safety issues and preventing recurrence by applying corrective and preventive action (CAPA). Through these activities, we have established a culture of quality where we continually seek to earn the trust of society and our customers.



Promoting Quality Management Systems

At PHC Group, we apply quality management systems (QMS) based on international standards such as ISO 9001 and ISO 13485 in each of our businesses. In addition to complying with legal regulations and country-specific certification requirements, we have established frameworks for continuous quality improvement and enhanced customer satisfaction. Through mechanisms such as internal audits, corrective and preventive action (CAPA), education and training, and competency management, we ensure the reliable execution of business processes and the implementation of improvement cycles. Looking ahead, we will continue to strengthen our quality assurance systems with a focus on trust and transparency, guided by a shared company-wide focus on quality.

Management Process that Bridges Societal Needs and Market Quality



Supply Chain Management

Vision

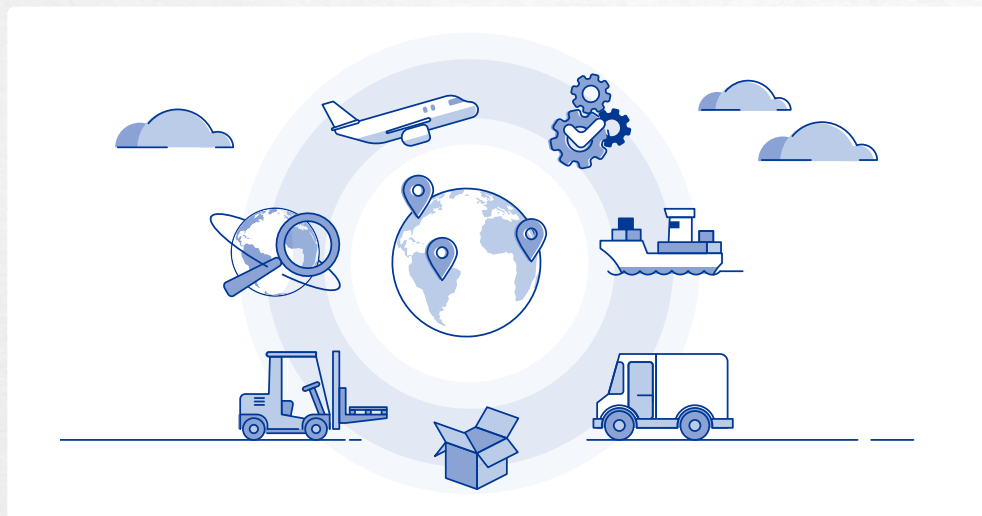
PHC Group aims to support corporate social responsibility (CSR) in our supply chain by working with our suppliers to advance our policy of being a “partner in creating products and services that deliver value to our customers.”

Initiatives

CSR Procurement Guidelines

Reflecting the demands of the international community, PHC Group's procurement guidelines include CSR indicators such as human rights and labor, health and safety, the environment, corporate ethics and compliance, information security, quality and safety, social contribution, and management systems, and we have posted these guidelines on our website as our “CSR Procurement Guidelines.” By working with our suppliers to promote business activities that comply with these CSR priorities, we are working to advance human rights, environmental protection, and fair trade. These guidelines aim to promote best practices in sustainability across PHC Group, and are aligned with our ESG goals through collaboration with our suppliers.

PHC Group CSR Procurement Guideline
https://www.phchd.com/global/~/Media/phchd_g/sustainability/pdf/PHC_CSR_Procurement_Guideline.pdf



Supply Chain Management

PHC Group conducted a supplier survey (self-assessment questionnaire based on CSR Procurement Guidelines) with our major business partners, and achieved a response rate of over 95%. The contents of the survey are reviewed every year and updated as appropriate. Additionally, as part of our environmental audits, our technical and quality management departments collaborated to formulate a supplier checklist for auditing management systems for chemical substances contained in products. Based on this, PHC Group checks supplier responses for the parts each supplier provides, informs suppliers about any relevant social and environmental issues regarding those parts, and monitors supplier changes. Additionally, we are implementing internal procurement initiatives to seek cost optimization and reduction of environmental impact, as part of our efforts to be a sustainable business.

Initiatives to Increase Transparency and Efficiency of the Procurement Process

PHC Group prioritizes the transparency and efficiency of our procurement process, increasing groupwide understanding of our overall supply chain. Specifically, we promote transparency of expenditures by category and lead workshops that bring together the procurement departments of business divisions to maximize synergistic effects in the procurement of direct and indirect materials across PHC Group. Through these efforts, we seek to reduce supply risks while working to optimize costs and promote sustainable procurement activities.

Moreover, we are constantly aware of the effects on procurement demanded by ESG management and compliance with the laws and regulations of each country, and we engage in strengthening the resilience of procurement activities in PHC Group with the goal of increasing the sophistication of our procurement organization.

We will continue to develop our sustainable supply chains through collaboration with suppliers and standardization of procurement processes. These activities will contribute to the stability of business overall in PHC Group and improving our business competitiveness.


Human Rights


PHC Group provides products and services in precision technology for healthcare, guided by our mission of “contributing to the health of society through our diligent efforts to create healthcare solutions that have a positive impact and improve the lives of people.” As a corporate group, we consider it a vital responsibility to respect the human rights of all stakeholders involved in our business activities. We are committed to contributing to a more sustainable and equitable society.

Basic Approach

PHC Group supports the intent of the United Nations Guiding Principles on Business and Human Rights and International Bill of Human Rights, and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. We respect the human rights of all individuals involved in our business activities, including employees, business partners, and local communities. Additionally, we do not tolerate any discrimination, harassment, forced labor, or exploitation of child labor.

To further advance human rights, we are currently updating the PHC Group Human Rights Policy and seek to identify any new potential human rights risks. We seek to prevent any potential negative impact of our business activities on human rights, contribute to the well-being of people, and help realize a more sustainable society.

 **Human Rights Policy**
<https://www.phchd.com/global/sustainability/social/humanrights>

 **PHC Group Code of Conduct**
<https://www.phchd.com/global/sustainability/governance/code-of-conduct>

Human Rights Due Diligence

PHC Group conducts due diligence to identify and prevent any potential human rights risk across our business and within our value chain. In fiscal year 2025, we launched a global project led by the Legal, Patents and Compliance, Sustainability Promotion, Human Resources, and Procurement departments within PHC Group to advance the following initiatives:

<Initiatives planned for fiscal year 2025>

- Conducting human rights training for members of the Board of Directors (completed in June)
- Updating the Human Rights Policy
- Employee training (for all global employees) on the updated Human Rights Policy
- Identifying potential human rights risks across the entire value chain
- Updating CSR Procurement Guidelines
- Developing a roadmap for initiatives from 2026 onward

PDCA (Plan-Do-Check-Act) for Human Rights Due Diligence



Remediation and Redress

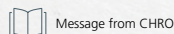
PHC Group has established the PHC Group Helpline as a channel for all stakeholders, including employees and business partners, to seek advice or report potential violations of laws, regulations, or internal company rules. Reports made through the helplines can be submitted anonymously, and internal company regulations stipulate that individuals using the helpline will not face any retaliation. PHC Group is committed to protecting employees and business partners who raise questions or concerns in good faith. Information received through the helplines are addressed promptly and corrective action is taken when necessary.

<Channels for reporting and consultation>

- Immediate supervisor
- Nearby workplace manager
- Human Resources department
- Legal, Patents and Compliance department
- PHC Group CEO or Corporate Officers
- PHC Group Audit and Supervisory Board members
- Helplines  <https://www.phchd.com/global/sustainability/governance/helpline>

Vision

We believe that the growth of individual employees is the driving force behind the development of PHC Group. For more details about the PHC Group Human Capital Strategy, please refer to Chapter 3, Corporate Strategy, Message from CHRO (page 38).



Message from CHRO

Initiative

Ensuring Broad-Based and Equitable Recruitment

PHC Group is committed to broad-based and equitable recruitment to help create an environment where people succeed on merit and diverse perspectives are welcomed. In fiscal year 2024, the gender ratio for new graduate recruitment in Japan was balanced (48% men, 52% women). And we maintained a 50:50 ratio between new graduates and mid-career hires to help ensure a well-balanced mix of experiences and backgrounds. Through our efforts, we are building an organization with diverse perspectives to support growth.

PHC Corporation Recruitment (Japan)

Type	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Permanent employee recruitment	105	157	76
Number of mid-career hires in the above	88	142	45
Percentage of mid-career hires in the above	83.8%	90.4%	59.2%

Employee Engagement Surveys

Every year, PHC Group conducts an engagement survey for all employees. In fiscal year 2024, approximately 7,200 employees were invited to participate in the survey, with a response rate of 88%. Our engagement score was 6.7 out of 10.0, representing an improvement of +0.5 points year-on-year.

PHC Group Engagement Survey Results

	Fiscal Year 2023	Fiscal Year 2024
Participants	9,908	6,335
Response rate	89%	88%
Overall group score	6.2	6.7 (+0.5 points)
Engagement (How much would you recommend your company to someone outside the company?)	5.9	6.5 (+0.6 points)
Satisfaction (How satisfied overall are you with working at your company?)	6.5	7.3 (+0.8 points)

Facilitating Flexible Work Styles and Working Environments

PHC Group has adopted flextime and work-from-home systems to support flexibility in work styles for relevant roles. These initiatives have created a working environment where corporate employees can achieve wellbeing and healthy work-life balance. By valuing work-life balance, we aim to create a workplace environment where every employee can realize their full potential.

Global Training

As a global healthcare company engaged in a wide range of businesses around the world, PHC Group conducts continuous education and training programs to ensure that all employees understand and practice our shared Values and Standards of Conduct. In recent years, we have introduced several e-learning programs globally, including the following initiatives:

- Social Media Policy Training
- Data Protection and Privacy Training
- ESG and Sustainability Basic Training

Through these training programs, we aim to improve the understanding and behavior of our employees globally. Furthermore, we strive to achieve sustainable growth and enhance trust in PHC Group.

PHC Associates Corporation

PHC Associates Corporation was established in 2015 as a special subsidiary of PHC Group. The company currently employs 75 workers, including 65 with intellectual or developmental disabilities. The company operates across three locations in Japan: Matsuyama, Wakimachi, and Gifu. PHC Associates is committed to creating a work environment where all employees can work with peace of mind, guided by its philosophy to seek happy lives for its employees, support them in society as truly independent participants, and strive to become a company where all employees take pleasure in their work.

Since its founding, PHC Associates has played a central role in promoting the employment of people with disabilities across PHC Group. It contributes to achieving the statutory 2.5% employment rate while remaining focused on its social responsibility. The company values the growth and job satisfaction of each employee and prioritizes communication through regular interviews with psychologists and the use of employee reflection notebooks. To support skill development among employees, PHC Associates encourages participation in social skills training and skills competitions, and fosters an environment where employees can experience personal growth.

PHC Associates collaborates with external institutions in Japan, such as special needs schools and employment support centers, to build a foundation for safe working environments while strengthening ties with local communities. By expanding its current work offerings and implementing new initiatives, PHC Associates continues to promote the creation of workplaces where all employees can unlock their potential and find fulfillment in their work.



Voice of Customers (VOC) as a Catalyst for Action – MCT Activities

PHC Group is focused intently on utilizing the voice of the customer (VOC) to respond to the needs of society. Rather than regarding VOC merely as a “request for improvement,” we see it as a source of corporate value improvement that generates awareness, trust, improvement, and growth. To this end, we are promoting VOC activities in three areas, which we call *Miraidane* (Collection), *Cotodama* (Analysis and Visualization), and *Tsunagaru* (Utilization).

1. *Miraidane* Activities: Preserving Customer Feedback—Collection and Accumulation

We collect and accumulate VOC from a variety of touchpoints, including sales, maintenance services, business meetings with domestic and global partners, and social media. Information gathered through these activities is centrally registered in a database, ensuring that primary customer feedback is fully captured and can be quickly utilized.

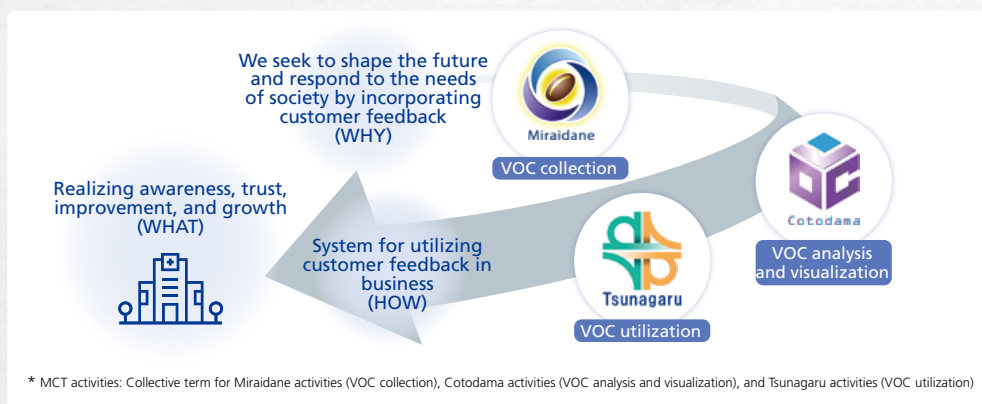
2. *Cotodama* Activities: Visualizing Customer Feedback—Analysis and Sharing

We analyze accumulated VOC data using tools such as text mining and AI. Through both quantitative and qualitative evaluations, we visualize trends in customer needs and identify issues. These results are then shared internally via dashboards and departmental reports, contributing to faster and higher-quality decision-making.

3. *Tsunagaru* Activities: Utilizing Customer Feedback—Integration into Business Activities

Analyzed VOC is immediately fed back into the development of new products and services, as well as the improvement of existing businesses. We also constantly work to entrench a customer-centric mindset as part of our organizational culture. This includes conducting employee training on VOC and enhancing FAQs at customer service touchpoints.

Through this cycle of collection, analysis, and utilization of VOC, PHC Group maximizes our use of VOC as intellectual capital, leveraging it to drive sustainable value creation.



An All-in-One Approach: From Collection to Analysis and Visualization to Utilization

To efficiently collect and utilize customer feedback, we have introduced survey cards as part of our *Miraidane* (Collection) activities. Printed with a 2D barcode, the survey cards are provided directly to customers, allowing us to gather their perspectives directly. Responses are aggregated online, then analyzed and visualized through *Cotodama* (Analysis and Visualization) activities, before being transformed through *Tsunagaru* (Utilization) activities into improvement actions that connect front-line operations with management.

Accumulated VOC information circulates throughout the entire organization, like capillaries delivering oxygen to every part of an organism. This cyclical operation of collection, analysis and visualization, and utilization boosts frontline motivation, improves service quality, deepens trust with customers, and drives sustainable corporate value creation.

Employee Voices

Every day, I am impressed by how important VOC activities are for creating a better future for our customers. Through active collaboration across PHC Group, we are striving to ensure that our products and services deliver an even higher value experience to our customers. Above all, we are dedicated to contributing to a better future for healthcare through our VOC activities.

Kenshiro Yamamoto Global VOC Promotion Section, Corporate Planning Department



Transforming Customer Feedback into Future Value Creation:

Messages from the Head and Deputy Head of the Diagnostics & Life Sciences Domain



Nobuaki Nakamura
Head of Diagnostics & Life Sciences Domain

VOC activities are the engine driving PHC Group's business forward. These activities are a vital input to maintaining kaizen (continuous improvement) activities with fresh enthusiasm every day, seeking to never become complacent. We believe that taking concerns and suggestions seriously—not only about quality and usability, but also about products, services, customer support, ESG, and sustainability—and giving them diligent consideration leads us toward fulfilling our corporate Mission and Vision. Looking ahead, we aim to expand the focus of our VOC activities from Japan to our global customers, broadening their scope to encompass customer feedback on all PHC Group products and services.



Steven Lynum
Deputy Head of Diagnostics & Life Sciences Domain

At Epredia, we take pride in offering a seamless portfolio of precision cancer diagnostics solutions that supports the entire pathology workflow. Our extensive range of products means that every second of every hour, 48 of our products are employed in the battle against cancer. With more than 1.5 billion interactions annually with researchers and clinicians, respecting the voices of our customers is essential. By systematically collecting VOC information, we transform these interactions into innovations for future products and services. The voice of the customer remains our most critical input in the evolution of our solutions that support precise cancer diagnostics.

"Check for Me" Wemex System for Sharing Medication History

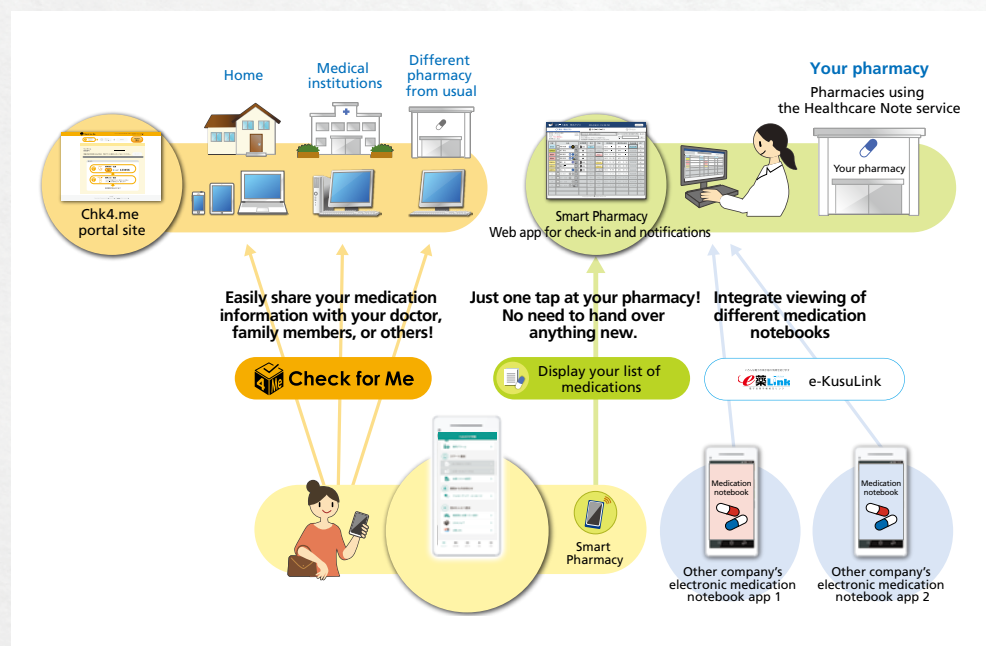
With medication histories in Japan currently fragmented across different pharmacies and medical institutions, patient medication information is not being accurately shared and there remains a risk of medication errors or duplicate prescriptions. To address this issue, Wemex developed "Check for Me," a patented function for sharing medication histories among patients, family members, and healthcare professionals. This function allows real-time access to medication histories, enabling all stakeholders to easily check the same information.

In March 2023, the Japanese Ministry of Health, Labour and Welfare (MHLW) issued its Guidelines for Electronic Medication Notebooks, which outlined essential, desirable, and future-desirable features for electronic medication notebooks from a healthcare digital transformation (DX) perspective. "Check for Me" fulfills one of the "desirable" features—enabling even pharmacies and medical institutions that do not use electronic medication notebooks to easily view information that is registered in a user's electronic medication notebook (prescription data, etc.)—meaning that "Check for Me" can be a powerful enabler, helping

electronic medication notebooks contribute to healthcare DX.

Wemex anticipates that this function will also be implemented in electronic medication notebook apps provided by other companies. In November 2024, Wemex expanded the availability of this function—which was previously exclusive to its own "Healthcare Note" app—for the first time by providing it to Nihon Chouzai's "Okusuri Techo Plus" app. This has enabled users of Okusuri Techo Plus to easily share not only prescription medication details but also information on over-the-counter drugs and supplements with healthcare providers, potentially enhancing the quality of medical care they receive.

Wemex will continue to support the contribution of electronic medication notebook apps to healthcare DX and work with other companies to build an environment where anyone can easily share medication information with medical institutions and family members.



Employee Voices

At Wemex, we are responsible for protecting patient data provided through our widely adopted medical-receipt computers and medication history systems. By enabling secure analysis and accurate medication guidance using this data at pharmacies, we aim to optimize healthcare for each individual patient, in collaboration with professionals across various healthcare settings, including medical institutions, pharmacies, and occupational health organizations.

"Check for Me" is a function designed to deliver a more optimized healthcare experience through consented sharing patient data, rather than that data being confined within Wemex. Going forward, we will seek to securely use medical data and generative AI to provide patients with services that are even more accessible and user-friendly, supporting their daily health.

Yusuke Arai Pharmacy Business Solutions Section, Product Management Department, Wemex Corporation



Cost Optimization

Smart Spend Program: Cultivating a Company-Wide Culture of Wise Spending for Sustainable Growth

As a key measure of our Value Creation Plan 2027, PHC Group has launched the internal Smart Spend Program (SSP). This program is not merely about cutting costs, but about enhancing our corporate value sustainably by instilling a company-wide mindset of wise spending to maximize the use of resources.

Through cross-departmental workshops, teams collaborate to consider improvement measures for each expense category, from travel expenses to office supplies. Starting in fiscal year 2025, a Corporate Officer is responsible for the program, with representatives from each business unit bringing their knowledge and expertise to consider ideas and swiftly translate them into proposed measures.

Resources generated through these efforts will be reallocated for new growth investments and business improvements, leading to a better working environment for employees and greater value delivered to our customers. This optimization of resources also helps reduce our environmental impact, playing a crucial role from a sustainability perspective.

By bringing together the collective wisdom of our entire organization, PHC Group will continue to foster a more sustainable corporate culture, creating new synergies through collaboration across departments and regions.



SSP workshop

Social Contribution Activities

Ascensia Diabetes Care's Activity to Support the Diabetes Community

For Ascensia, World Diabetes Day is an important opportunity to celebrate our ongoing commitment to supporting people with diabetes through awareness and education.

In 2024, we launched our "This is Diabetes, This is Wellbeing" campaign, inviting people around the world to submit wellness-related questions to expert panels via an online Wellness Zone. This dialogue highlighted the need for holistic care that includes mental and emotional well-being.

In 2025, we relaunched our popular photo and art competition, this time with the theme of "Diabetes and Anxiety." This theme reflects the growing challenge of anxiety for those living with diabetes. Winning entries will be shared as printable coloring pages to celebrate creativity, expression, and the lived experiences of people affected by diabetes.

Through these creative and collaborative campaigns, we seek to deepen our connection with the communities we support.



Risk Management

PHC Group recognizes the importance of appropriately identifying and assessing the various risks inherent in our business activities and preventing or mitigating them in order to achieve sustainable growth and maximize our corporate value. To that end, we have prepared a risk management system based on our Basic Risk Management Regulations, which stipulate the basic policies, systems, and initiatives for PHC Group regarding risk management. We have processes in place to identify key risks, including management risks, financial risks, legal risks, natural disaster risks, and geopolitical risks, and promote company-wide management and responses.

Risk Management System

PHC Group has established a Risk Management Committee with the purpose of comprehensively managing risk and strengthening our risk management system. The Risk Management Committee is chaired by the COO (Chief Operating Officer), and its members include corporate officers, global business managers, and heads of headquarters departments. The Committee meets four times a year, or more as needed. Together, its members formulate measures to prevent risks from occurring and minimize their impact if they do occur, checks the status of response implementation, evaluates and reviews ongoing risk, and reports to the independent Board of Directors to ensure sustainable business operations.



Specific Processes for Business Risks

At PHC Group, we regularly identify and evaluate potential risks that may impact on our business continuity from external uncertainties such as economic trends, regional conflicts, and pandemics to internal risks related to supply chain, production, procurement, and information security. Each business unit and headquarters department constantly assesses and analyzes the significance of potential risks based on potential impact and likelihood of occurrence. For risks deemed to have a high level of importance, we develop response strategies and specific countermeasures, report them to senior management, and promote company-wide initiatives to address them. We also continuously monitor the implementation status of these measures and make adjustments as needed to align with the evolving business environment. In cases where a risk materializes, we respond promptly to minimize damage and implement measures to prevent recurrence.

Among the risks that may impact PHC Group's business performance or financial condition, we identify and disclose those that may significantly influence investors' decision-making. These risks may include competition, market fluctuations, corporate reputation, and natural disasters, among others. However, these are not the only risks we disclose. We also actively provide information on other matters that we consider important for investors' decision-making, based on our commitment to proactive and transparent communication.

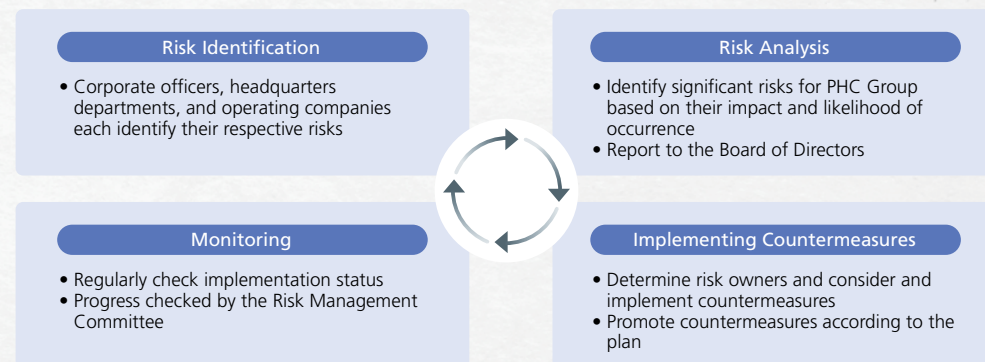
For further details on business-related and other risks, please refer to the following webpage.

Business risks details
<https://www.phcnd.com/global/ir/risk>

Employee Voices

At PHC Group, Risk management is not just about crisis response, it is a broader framework. In today's rapidly changing society, we ensure business continuity and safeguard corporate value by anticipating and preparing for uncertainties and responding promptly and effectively. Operating globally, we face a wide range of risks, including natural disasters, geopolitical tensions, cybersecurity threats, and technological inheritance. Recognizing that risks to business continuity can take many forms, each employee is encouraged to view risk management as a personal responsibility and to enhance their awareness. By embedding this mindset into our corporate culture, we aim to build an organization that inspires trust and confidence among our customers.

Kazuto Ikeda Risk Control Section, Sales Planning Department, PHC Holdings



Cybersecurity

Company-Wide Policy

PHC Group has prepared information security management standards for group companies based on the framework of the international information security standard ISO 27001. We operate and manage these standards on a global basis through a unified system and set of rules.

Cybersecurity Committee

PHC Group convenes a Cybersecurity Committee to discuss the group's cybersecurity policy, key performance indicator (KPI) reviews, incident reports, and response plans for any potential security risks. These meetings are attended by all PHC Group Corporate Officers, including the President and CEO. At the meetings, members discuss any cybersecurity concerns and responses related to our business and determine and implement necessary measures.

Training and Education

As part of cybersecurity training in fiscal year 2024, PHC Group conducted two e-learning training sessions for employees in Japan: (1) Information security training (general education) and (2) Targeted email attack countermeasures training. The completion rate was 100% for both trainings for all eligible employees.

We also provided training on data protection to employees globally across PHC Group and the completion rate for eligible employees was 100%.

The attendance rate of training and education related to cybersecurity and data protection has increased due to active engagement by employees. Our cybersecurity efforts are widely disseminated among employees, and we continue to work together to build a secure digital environment.

Information Security Reviews for Vendors

PHC Group is actively working to reduce potential cybersecurity risk by conducting annual information security reviews for high-risk vendors. Specifically, we investigate the status of ISO 27001 and Privacy Mark certifications for outsourced vendors, as applicable. If vendors are not certified, we use a cybersecurity standard checklist and require that they have a score of 90 out of 100 or higher, or that they have security standards that are equivalent to or higher than those of PHC Group. If compliance standards are not met, we consult with the outsourced vendors and take measures to avoid and reduce risks.


To ensure comprehensive coverage, in fiscal year 2024, we extended these efforts to all vendors across PHC Group, achieving a 100% implementation rate. In particular, we identified high-risk vendors based on three criteria: the level of confidential information they handle, their degree of access to critical systems and networks involved, and the business processes involved. By implementing necessary countermeasures, we successfully mitigated risks.

As the business environment and emerging technologies continue to rapidly evolve, PHC Group will continue to take a consistent and continuous approach to vendor and supply chain risk, focusing on information security and the criteria mentioned above.

Compliance

Code of Conduct

PHC Group's Code of Conduct applies to all countries and employees. It is organized by each of our values: Curiosity, Courage to Act, Respect & Collaboration, and Integrity. We focus on potential risks to our business and key principles for acting ethically and in compliance with company policies. We also comply with all applicable local, national, regional, and international laws, rules, regulations, and legal doctrines. If any conflict arises between our policies, standards, Code of Conduct, and applicable laws and regulations, we follow the most stringent applicable regulation.

 PHC Group Code of Conduct
<https://www.phcjd.com/global/sustainability/governance/code-of-conduct>

Training and Education

Continuous training and education activities are essential for promoting compliance with company policies. In fiscal year 2024, we conducted training on the critical topic of preventing insider trading for all employees of PHC Group. The completion rate for the training was 100% (excluding employees who were unable to attend due to leave of absence, maternity leave, childcare leave, etc.). We will continue to provide necessary training to ensure compliance on this essential topic.

Internal Control Systems

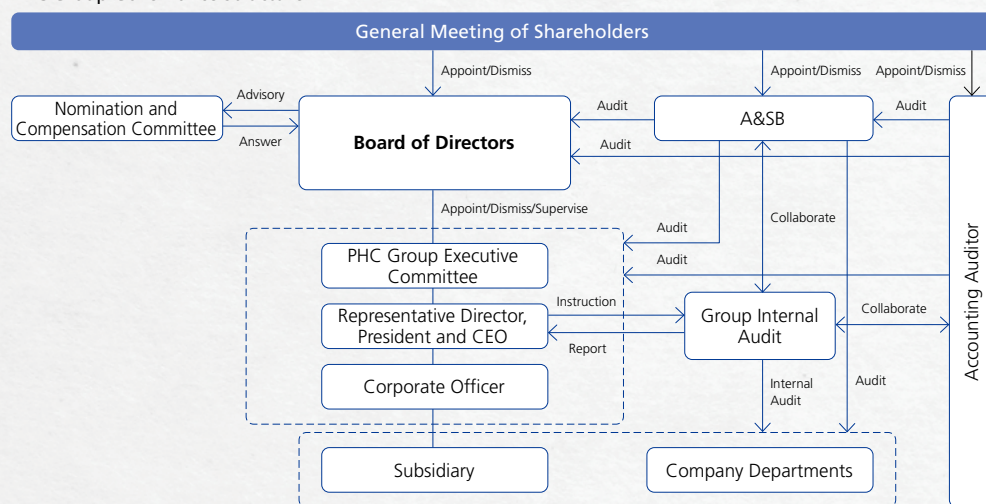
PHC Group offers compliance helplines for use by employees. Potential compliance issues, such as suspected fraudulent activity or legal violations, can be reported. Helplines can be used anonymously. In various regions, third-party reporting points such as law firms are available, to help create an environment that facilitates consultation and reporting by employees globally. Each business unit is responsible for investigating and responding to any reported cases of noncompliance, and PHC Group has an escalation policy in place to handle any serious cases.

Corporate Governance

Basic Philosophy for Corporate Governance

Our basic approach to corporate governance is rooted in our corporate 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.” To put this philosophy into practice, we strive to build a governance framework that enables the management team to efficiently oversee compliance with laws, the Articles of Incorporation, and internal policies and regulations. From the perspective of ensuring soundness, efficiency, and transparency in management, as well as sustainably enhancing corporate value, PHC Group is committed to building and implementing appropriate governance practices.

PHC Group Governance Structure



Board of Directors

The Board of Directors is composed of eight directors, including five external directors. When appointing external directors and external auditors, we created a skill matrix to ensure a balance of knowledge, experience, abilities, and perspectives of each director and auditor, as well as policies and procedures regarding appointment. Currently, the Nomination and Compensation Committee deliberates on any selection and dismissal involving management, considering the business environment and characteristics, and the results are submitted to the Board of Directors, where they are deliberated and then resolved. The three independent external directors have management experiences in other companies/organizations, therefore we believe they have special capabilities to contribute to our sustainable growth and mid/long-term corporate value improvement.

Activities of the Board of Directors

A total of 19 meetings were held during fiscal year 2024, and the main deliberations and reports were as follows:

- Monthly performance reports and approval of quarterly, half-yearly and full-year financial statements

- Formulating mid-term and annual business plans
- Matters related to financial activities
- Matters related to medium- to long-term strategies such as investments
- Compliance matters and the status of pending litigation cases
- Measures for major risks and response activities status
- Audit policies, audit plans, and audit results of the Audit and Supervisory Board and the Internal Audit Department
- Matters related to the appointment and compensation of directors and executives
- Evaluation of the Effectiveness of the Board of Directors

Criteria and Qualities for Evaluating the Independence of Independent External Directors

When appointing external directors and external auditors, the Company determines independence based on the independence standards set by the Tokyo Stock Exchange. The Company appoints individuals who are capable of making appropriate contributions to its management from an objective perspective based on their extensive knowledge and experience. When appointing external directors and external auditors, the Nomination and Compensation Committee shall deliberate on compatibility with independence standards and policies, and the results shall be escalated to the Board of Directors, which will deliberate upon those results and make a decision.

Support System for External Directors (External Auditors)

For external directors and external auditors, the Legal, Patents and Compliance Department provides support such as advance explanations of proposals for meetings of the Board of Directors and information to enable sufficient discussion at those meetings. For external auditors, information and other support is provided by members of the Audit and Supervisory Board and by the Auditing Office, which is comprised of full-time staff and functions as the secretariat for the Audit and Supervisory Board.

Audit and Supervisory Board

The Audit and Supervisory Board is composed of three members, including two external auditors. In addition to regular meetings, the Audit and Supervisory Board holds extraordinary meetings as necessary to discuss the state of governance and to hold audits of daily management activities related to the status of execution of duties by directors and the status of assets. Based on our management philosophy, we fully consider the positions of various stakeholders, including not only shareholders but also employees, customers, business partners, creditors, and local communities, and ensure appropriate collaboration with those stakeholders. At the same time, we strive to fulfill our fiduciary responsibilities to our shareholders, enhance the shared interests of the company and its shareholders, and strive for sustainable growth and the creation of medium- to long-term value.

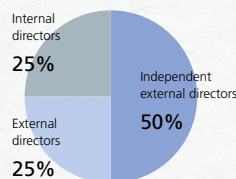
If deemed necessary by members of the Audit and Supervisory Board, they will have the opportunity to interview directors or employees of the company and PHC Group. Members of the Audit and Supervisory Board hold regular meetings to collaborate with accounting auditors and the corporate auditors of important subsidiaries, and attend important meetings.

Fiscal year 2024
14 meetings held



Nomination and Compensation Committee

To support the Board of Directors, PHC Group has established a voluntary Nomination and Compensation Committee, whose main members are independent external directors. The Nomination and Compensation Committee deliberates and makes recommendations on matters related to the appointment and dismissal of directors, succession plans for representative directors and executive officers, and matters related to compensation of directors and executive officers to be submitted to the general meeting of shareholders. Regarding the position of Representative Director and President (CEO), the Nomination and Compensation Committee is responsible for selecting a person who demonstrates leadership in realizing our corporate mission and management philosophy and achieving sustainable growth of the company. The Nomination and Compensation Committee consists of four members: two independent external directors, one external director, and one internal director, and is chaired by an independent external director.



Activities of the Nomination and Compensation Committee

Meeting	Discussions and report content
1st Meeting	Appointment and compensation of officers
2nd Meeting	Individual evaluation of officers for fiscal year 2023, amounts of performance-linked compensation, performance evaluation indicators for performance-linked compensation
3rd Meeting	Target setting, status of internal training programs
4th Meeting	Content and target participants of internal training programs
5th Meeting	Appointment and compensation of officers
6th Meeting	Mid-year evaluation for officers, update of skill matrix
7th Meeting	Compensation of officers

Fiscal year 2024
7 meetings held

Executive Committee

The Company has established an Executive Committee for the purpose of streamlining management-related decision making and clarifying decision-making procedures. Meetings of the committee are held monthly. The Executive Committee is an executive meeting body that decides on important matters related to the management of PHC Group (including all capital subordinate companies) and manages the objectives and progress of plans for the entire group.

The current composition of the Executive Committee is listed below.

Members: Kyoko Deguchi (Chairperson/CEO), Koichiro Sato (Chief Operating Officer), Kaiju Yamaguchi (Chief Financial Officer), Ryuichi Hirashima (Senior Executive Corporate Officer), Toru Yoshimitsu (Observer/Audit and Supervisory Board Member)

Appointment of Officers, BOD Members (incl. Audit and Supervisory)

When appointing Directors and Audit and Supervisory Board Members, the Company carefully considers candidates' expertise, experience, abilities, and the balance of diversity. To ensure objectivity and transparency in the selection policy and process, we utilize a proprietary skills matrix.

For the appointment of External Directors and External Audit and Supervisory Board Members, our basic policy is to assess the skills and expertise of our full-time Directors, Audit and Supervisory Board Members, and Corporate Officers, and then select individuals who possess the skills and experience to supplement the company's needs. Additionally, the company confirms candidates' independence based on the Tokyo Stock Exchange's independence criteria and selects individuals with extensive knowledge and experience who can contribute appropriately to management from an objective standpoint.

The appointment and dismissal of Directors and Audit and Supervisory Board Members are reviewed by the Nomination and Compensation Committee, approved by the Board of Directors, and submitted to the General Meeting of Shareholders as a proposal for resolution.

Status of Internal Audits

The Company has established the Group Internal Audit Department as an organization under the direct control of the Representative Director, President and CEO. A total of 14 members, including the Group Internal Audit Manager, conduct internal audits (operational audits and internal control audits) of the company and its subsidiaries. Audit results are reported in writing (audit report) by the Group Internal Audit Department Manager to the Representative Director, President and CEO, and related officers.

The Group Internal Audit Department Manager reports monthly to the Representative Director, President and CEO on the internal audit activities status. The Manager also reports on a monthly basis to the company's auditors about the status of audits and exchanges information and opinions with the auditors. Other directors and auditors receive internal audit reports through the Board of Directors and the Audit and Supervisory Board, and improve the usefulness of the audit by providing their opinions. In addition, the Group Internal Audit Department maintains appropriate links with auditors, directors, and outside auditors of subsidiaries and affiliates as necessary, and strives to carry out efficient internal auditing.

Regarding Executive Compensation

The compensation for directors is determined by the basic policy outlined below.

- Compensation is appropriate, and is linked to the growth and improvement of performance by PHC Group.
- Compensation takes into account the link between company performance and individual performance.
- Details are available to stakeholders to ensure transparency.

Compensation Standards Policy

Compensation levels for directors are set at a competitive level that enables us to secure and retain top-class personnel, taking into consideration, among other factors, objective external data, evaluation data, industry trends, and business conditions, commensurate with employees' roles and responsibilities. Specifically, benchmarks such as the compensation levels of global healthcare companies and compensation levels in major recruiting markets are used, and where necessary relative comparisons are done to determine compensation levels.

Compensation Structure

Compensation for Directors (excluding external directors)

Director compensation consists of monthly compensation, short-term performance-linked compensation, stock compensation, and retirement benefits. These are paid out following a resolution by the Board of Directors after a report from the Nomination and Compensation Committee.

Structure	Outline		
Monthly Compensation	Regular monthly compensation commensurate with roles and responsibilities		
Short-term Performance-linked Compensation	Short-term incentives for achieving business performance goals over the year		
	Performance Indicators and Weights for Short-term Performance-linked Compensation in Fiscal Year 2025	Return on Invested Capital (ROIC)	25%
		Operating Profit	25%
		Net Profit	25%
		Individual Performance Goals	25%
Stock Compensation*	Medium- to long-term incentives designed to enhance value sharing between Directors and shareholders		
Retirement Benefits	In accordance with the stipulations in the Rules for Directors and Corporate Auditors		

* We have introduced a post-delivery performance-based stock compensation plan (Performance Share Units), and, pursuant to the resolution of the Annual General Meeting of Shareholders held on June 25, 2025, a post-delivery stock compensation plan (Restricted Stock Units).

Compensation for Audit and Supervisory Board Members (excluding external auditors)

Compensation for auditors is calculated based on a decision by the Audit and Supervisory Board, and is paid in the form of both monthly compensation and retirement benefits.

Compensation for External Directors

Compensation for independent external directors is based on monthly compensation and stock compensation. Payments are made following a voluntary report from the Nomination and Compensation Committee and a resolution by the Board of Directors. Note that independent external directors are the only external directors to receive compensation.

Stock compensation for independent external directors was begun using a stock options system based on approval at the ordinary general meeting of shareholders on June 29, 2022. However, following approval at the ordinary general meeting of shareholders on June 26, 2024, this was changed to a post-delivery stock compensation plan, a type widely used globally, with the aim of both ensuring the retention of a diverse range of personnel in terms of nationality, experience, etc., and also further increasing incentives to increase stock prices and improve corporate value towards additional global business expansion and growth.

Compensation for External Auditors

Compensation for external auditors is calculated based on a decision by the Audit and Supervisory Board, and is paid only in the form of monthly compensation.

Total Amount of Compensation, etc., by Officer Classification (Actual for the fiscal year ended March 31, 2025)

Officer classification	Total amount of compensation, etc. (million yen)	Total amount of compensation by type (million yen)						Number of eligible officers (persons)
		Fixed compensation	Stock options*1	Performance-linked compensation*2	Retirement benefits	Others	Of the columns listed on the left, non-monetary compensation, etc.	
Directors (excluding external directors)	263	136	2	67	35	21	23*3	3*5
Audit and Supervisory Board Members (excluding external auditors)	23	21	-	-	1	-	-	1
External Directors	92	56	4	-	-	31	35*4	3*6
External Auditors	30	30	-	-	-	-	-	2

*1 The stated amount of stock options is the calculated price as of the end of March 2025.

*2 The targets and results of indicators related to performance-linked compensation for the current consolidated fiscal year are as follows. Each index was reviewed by the Nomination and Compensation Committee and approved by the Board of Directors, taking into consideration the balance and comprehensiveness of the company's business growth potential, profitability, and efficiency. The operating profit below is the adjusted operating profit excluding one-time expenses.

*3 Non-monetary compensation, etc. is the amount of long-term incentives to be recorded as expenses for the current fiscal year. The amount of non-monetary compensation for directors (excluding external directors) includes stock options and a post-delivery performance-based stock compensation plan. The compensation limits for a post-delivery performance-based stock compensation plan for directors (excluding external directors) are set at 66,000 shares per year and 165 million yen per year, as resolved at the ordinary general meeting of shareholders held on June 26, 2024 (however, a cumulative total of 198,000 shares and 495 million yen for the number of years related to the evaluation period may be paid in a lump sum) (for the two directors at the time of the resolution).

*4 The amount of non-monetary compensation for external directors includes stock options and a post-delivery stock compensation plan. The limit for stock option compensation for independent external directors will be 70 million yen or less per year (the number of independent external directors at the time of the resolution is three), as determined by a resolution at the ordinary general meeting of shareholders held on June 29, 2022. The compensation limit for the post-delivery stock compensation plan for independent external directors is set at 22,000 shares per year and 53 million yen or less per year (for the three directors at the time of the resolution) as resolved at the ordinary general meeting of shareholders held on June 26, 2024.

*5 The number of directors (excluding external directors) is shown including the number of directors who ended their terms during the fiscal year.

*6 The number of external directors is shown excluding the three non-compensated external directors (including external directors who resigned during the fiscal year).

Short-Term Performance-Linked Compensation in Fiscal Year 2024

Evaluation index	Weight	Target for the fiscal year ended March 2024	Achievements	Level of achievement
Core sales	26%	360,047 million yen	348,572 million yen	97%
Operating profit	30%	20,378 million yen	22,232 million yen	110%
Net profit	19%	10,278 million yen	10,485 million yen	103%
Individual performance goals	25%	Set for each person	Set for each person	Set for each person

Evaluation of the Effectiveness of the Board of Directors

In February and March 2025, the Company conducted a questionnaire regarding the effectiveness of the Board of Directors as a whole among all directors (seven people) and members of the Audit and Supervisory Board (three people) at the time. The questionnaire covered the topics listed below.

- (1) Composition of the Board of Directors
- (2) Matters related to the operation of the Board of Directors
- (3) Effectiveness of the Board of Directors as a whole
- (4) System related to support and cooperation with external directors
- (5) Audit function
- (6) Nomination and Compensation Committee
- (7) Relationship with shareholders and investors
- (8) Others (Status of responses to issues pointed out in the previous effectiveness evaluation, etc.)

In order to ensure objectivity, we received support from a third-party organization in setting the survey content and analyzing and assessing evaluation results. Based on the results of the analysis by the third-party organization, the Board of Directors assessed the current situation and issues.

Evaluation Results

We believe that the Board of Directors as a whole is functioning appropriately and effectively. In addition, with regard to the “Analysis of achievement of mid-term plan/Revision and formulation based on it” and “Reports on investments, etc. /Discussion at Board meetings” which were identified as the main issues in the previous effectiveness evaluation, significant improvements were observed by establishing opportunities to share information and discuss important topics, in addition to regular Board meetings. However, to further improve effectiveness, we recognize the following points as the main priorities going forward.

Key Future Issues

- Monitoring of the status of ESG initiatives
- Discussions of crucial sustainability-related issues
- Acceleration of timing of distributing materials to the Board of Directors
- Clear sharing of concerns based on audits with the Board of Directors

Future
Actions

While working to improve the issues identified this time, we will continue to implement an effectiveness evaluation every year and continue efforts to increase the effectiveness of the entire Board of Directors.

Officer Training Policy

The Company provides a range of training opportunities not only for directors and members of the Audit and Supervisory Board, but also for all employees to acquire and appropriately update the knowledge necessary for their responsibilities and work. When new external directors and members of the Audit and Supervisory Board are appointed, in addition to their legal roles and responsibilities, the company also provides information necessary for those officers to contribute to effective supervision of the company's management from the perspective of transparency and fairness (for example, industry information, company history, business overview, financial information, strategy, organization, etc.). In addition, for active deliberations of the Board of Directors, we provide opportunities to acquire and update the knowledge necessary for management supervision, and the Company bears the cost of seminars/networking events, etc., in which each officer voluntarily participates according to his or her needs.

Cross-Shareholdings

In principle, the company has a policy of not holding cross-shareholdings. However, if cross-shareholdings are held from the perspective of business strategy, the significance of the holdings must be confirmed by the Board of Directors at the time of acquisition. In addition, the Finance Department regularly conducts an inventory to determine the significance of cross-shareholdings, and if it is determined that holding the shares is not meaningful, the company will consider selling the stock. The results of the review are reported to the Board of Directors every year. In regard to exercising voting rights, we do not set uniform standards, but rather respect the management policies and strategies of investee companies, and exercise voting rights after making a comprehensive judgment of whether doing so will contribute to improving the company's corporate value over the medium- to long-term.

Policy Regarding Constructive Dialogue with Shareholders

In building a relationship of trust with our shareholders and other stakeholders, we believe that it is important to understand shareholder expectations and reflect them appropriately in management, and we will proactively respond to IR/SR activities. (i) At the company, the CFO also serves as SVP in charge of IR and oversees the Group's IR activities. In addition, the Investor Relations & Corporate Communications Department actively accepts IR interviews by investors, including telephone inquiries and small meetings, while at the same time holding financial results briefing sessions in which briefings are given by the President & CEO and the CFO. Dialogues (interviews) with shareholders are conducted by the President & CEO and the CFO, with the support of the Investor Relations & Corporate Communications Department. (ii) As a support system for dialogues, the IR & Corporate Communications Department collaborates with each business department and management department on a regular basis. (iii) For shareholders and investors, the company holds financial results briefing sessions and business briefing sessions as well as participates in domestic and international conferences run by securities companies, etc., and the company also holds a succession of small meetings with investors. (iv) Feedback from IR/SR activities is periodically reported by the CFO in charge of IR to the Board of Directors. (v) When communicating with investors, whether at financial results briefings or small meetings, we manage insider information by focusing on matters related to the company's sustainable growth and increasing corporate value over the medium- to long-term.

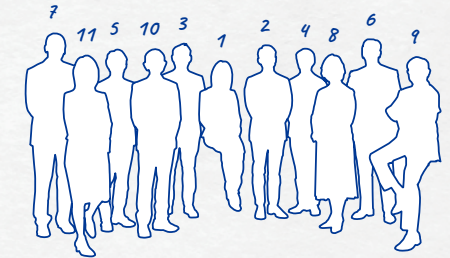
Employee Stock Purchase Program

PHC Group offers an employee stock purchase program for eligible employees in 14 countries, including Japan. Due to regulations in various countries, it can be challenging for individuals outside Japan to invest in companies listed on the Tokyo Stock Exchange, so this plan provides eligible employees an opportunity to become shareholders in PHC Holdings Corporation. The purpose of the plan is to create a culture of shared ownership in the Company's business management, to create demand for the Company's shares, to improve liquidity in the stock market, and to enhance employee benefits by providing incentive payments for participation.



Cover (left) and inside pages (right) of the English booklet. The booklet is available in various languages.

List of Directors & Officers (as of June 25, 2025)



Directors

Kyoko Deguchi 1

Representative Director, President and CEO

No. of PHC Group shares held	11,400 shares
Years in current position	4 years

Koichiro Sato 2

Representative Director, Senior Executive Vice President, COO/CSO

No. of PHC Group shares held	8,000 shares
Years in current position	8 years

Kaiju Yamaguchi 3

Director, CFO

No. of PHC Group shares held	27,000 shares
Years in current position	-

External Directors

Hirofumi Hirano 4

External Director

No. of PHC Group shares held	0 shares
Years in current position	11 years

Independent David Sneider 7

External Director

No. of PHC Group shares held	0 shares
Years in current position	3 years

Eiji Yatagawa 5

External Director

No. of PHC Group shares held	0 shares
Years in current position	10 years

Independent Misa Yamashita 8

External Director

No. of PHC Group shares held	0 shares
Years in current position	1 year

Independent Ivan Tornos 6

External Director

No. of PHC Group shares held	0 shares
Years in current position	3 years

Audit and Supervisory Board Member

Toru Yoshimitsu

9

Audit and Supervisory Board Member

No. of PHC Group shares held	0 shares
Years in current position	-

Independent External Audit and Supervisory Board Members

Tetsuo Kitagawa

10

Audit and Supervisory Board Member (Independent External Audit and Supervisory Board Member)

No. of PHC Group shares held	0 shares
Years in current position	3 years












Yukiko Moriyama

11

Audit and Supervisory Board Member (Independent External Audit and Supervisory Board Member)

No. of PHC Group shares held	0 shares
Years in current position	-

Skill Matrix

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	○				○	○			○	
Misa Yamashita		Director	○	○	○							○
Toru Yoshimitsu		Corporate Auditor				○	○			○		
Tetsuo Kitagawa		Corporate Auditor	○				○	○				
Yukiko Moriyama		Corporate Auditor	○	○							○	

Message from External Directors and Audit and Supervisory Board Members

The Company's independent external directors and auditors possess a wealth of experience and knowledge from numerous companies based in Japan and globally, and fulfill an important role in achieving sustainable growth for PHC Group. Below are messages from our three independent external directors and three auditors on topics including our company's strengths and possibilities, and how personal skills and experience can be utilized in management.

Driving Growth through Diagnostics & Life Sciences



Ivan Tornos

Director (Independent External Director)

As outlined in the Value Creation Plan 2027, PHC Group will focus on its Diagnostics & Life Sciences business to achieve sustainable growth. Through this business strategy, we will contribute to improving patients' healthcare outcomes by leveraging our unique precision technologies and our global business foundation. As an External Independent Director, I advise PHC Group from three perspectives: (1)

introducing best practices of global markets, (2) improving capital efficiency of business portfolio management, and (3) setting KPIs to manage the progress of initiatives. I also oversee a balanced framework that ensures effective resource allocation and strong governance. Actively incorporating diverse employee feedback, we are committed to fostering a culture that constantly generates innovative ideas.

In collaboration with our stakeholders, our efforts will remain focused on achieving sustainable growth and creating new value. At the same time, while driving various initiatives outlined in the Value Creation Plan 2027 sustainability strategy, we will enhance our quantitative monitoring progress on an annual basis and further elevate transparency.

Creating Sustainable Value through Board Leadership and Improved Portfolio Management



David Sneider

Director (Independent External Director)

At PHC Group, the Board of Directors seeks to ensure an optimal balance between oversight and guidance for management by fostering open and constructive discussions that leverage diverse expertise. Every year, an evaluation of the effectiveness of the Board of Directors is conducted, during which the transparency of proceedings and the decision-making process are examined using quantitative indicators.

At the same time, we continuously strive for improvement by incorporating advanced governance practices from both domestic and international examples. In fiscal year 2025, we have focused on improving business portfolio management, prioritizing capital allocation and growth investment based on ROIC. Additionally, we engaged external experts to review board materials, improving their quality and submission timing to allow for more in-depth discussions. During board meetings, we revisited sustainability challenges and risk tolerance, while closely monitoring the creation of group synergies and integration processes following mergers and acquisitions. We will continue to work closely with our CEO to enhance PHC Group's corporate value and achieve sustainable growth by providing innovative products and services. We sincerely appreciate your continued support.

Contributing to Enhancing Corporate Value by Empowering People and Organizations, and Fostering a Corporate Culture



Misa Yamashita

Director (Independent External Director)

Since its establishment as Matsushita Kotobuki Electronics in 1969, our company has built on a legacy of precision manufacturing excellence, which remains one of our key strengths. Over the years, we have integrated diverse global businesses and now deliver innovative products and services to a wide range of stakeholders in the healthcare field. As "One PHC," we are driving synergies, particularly in the

Diagnostics & Life Sciences domain, to contribute to the health of society. The Board of Directors continuously evaluates key governance aspects, including succession planning and the balance of our skill matrices, to reinforce an agile and responsive governance framework. As Chairperson of the Nomination and Compensation Committee, I monitor the progress of our human capital strategies outlined in the Value Creation Plan 2027, with a focus on diverse perspectives to enhance organizational vitality. Additionally, we are promoting innovation by expanding cross-functional collaboration and working closely with the management team to emphasize the importance of cultivating a corporate culture that values and rewards new challenges. Moving forward, we will leverage our legacy of precision technologies and the synergies created by our talented employees to build a solid foundation for the growth of PHC Group and its employees, further enhancing corporate value.

As an Audit and Supervisory Board Member— Preserving Trust in the Company and Contributing to its Sustained Growth PHC



Toru Yoshimitsu
Audit and Supervisory Board Member

Since becoming a full-time PHC Group Audit and Supervisory Board Member, I have felt the strong desire from company leadership to quickly implement the growth strategies outlined in the Value Creation Plan 2027.

I previously served as a director, audit and supervisory committee member at a pharmaceutical company, and before that, I worked in clinical development for new

drugs, strategy for the research field, R&D projects, valuation of corporate acquisition deals, and long-term (10-year) portfolio strategies, while having the experience of creating medium-term and annual plans. Through this experience, I recognize that the concerted efforts of management and business frontlines are the key to realizing growth strategies.

To continue to build trust in PHC Group, I will conduct preventive audits as an Audit and Supervisory Board Member so that potential issues can be addressed before they actually occur. At the same time, I will closely monitor for any discrepancies between the company's management policy and frontline operations, and will delve into root causes, and present possible corrective measures. Through these actions, I will contribute to the company achieving sustainable growth.

Striving to Be a Leader in Precision Technology that Powers the Future of Healthcare—Our Continued Commitment to Bold Challenges



Tetsuo Kitagawa
Audit and Supervisory Board Member
(Independent External Audit and
Supervisory Board Member)

The three business domains of PHC Group are facing rapid changes driven by technological innovations, evolving regulations, and dynamic market trends. While a gradual approach could be considered, we are committed to accelerating progress toward our goals to improve profitability and efficiency as outlined in our Value Creation Plan 2027 by taking on the challenge of agile investments,

including M&A. As an independent external auditor, I focus on monitoring ROIC and cash flow while overseeing initiatives aimed at debt reduction and improving capital efficiency from a shareholder perspective. In response to the expansion of non-financial disclosures, we are strengthening communication with our stakeholders, including customers, shareholders, investors, and employees. By improving the quality of investments and disclosures, and continuously accumulating knowledge, I am confident that we can foster a virtuous cycle that accelerates compounding value creation. Moving forward, I will continue to contribute from an independent standpoint by providing constructive and objective recommendations, striving to help the company move closer to becoming a “leader in precision technology that powers the future of healthcare.” We look forward to your continued support as we take on these challenges.

Sound and Sustainable Corporate Management Supported from a Legal Perspective



Yukiko Moriyama
Audit and Supervisory Board Member
(Independent External Audit and
Supervisory Board Member)

Following the Annual General Meeting of Shareholders held in June 2025, I was appointed as an Independent External Audit and Supervisory Board Member.

PHC Group, guided by its vision of “be a leader in precision technology that powers the future of healthcare,” has consistently demonstrated swift and precise decision-making in management. Furthermore, I believe

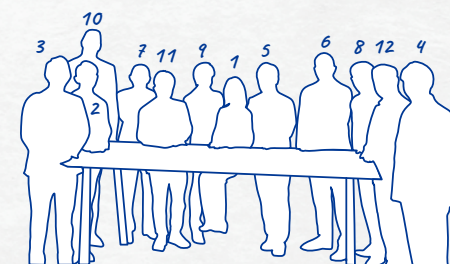
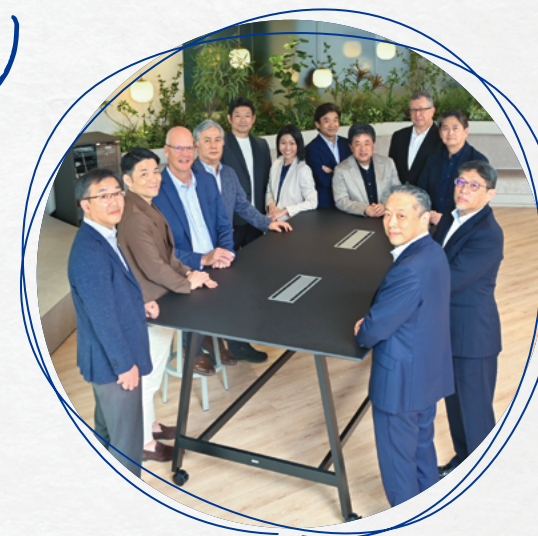
that the group's governance framework is supported by the diverse perspectives and expertise of its officers, who provide valuable advice and supervision, thereby promoting management practices that are both transparent and sound.

As a lawyer, I have worked extensively in corporate legal affairs, establishing compliance frameworks, addressing harassment issues, and managing crises. Additionally, as an external director (Audit Committee Member of a company with a nomination committee, etc.) for other organizations, I have contributed to management oversight and the enhancement of governance. Leveraging the expertise and experience I have gained thus far, I am committed to enhancing the auditing functions and further strengthening the governance structure of PHC Group.

I will fulfill my responsibilities as an Audit & Supervisory Board Member to ensure that PHC Group achieves sustainable growth as a trusted company in society, grounded in compliance with laws and regulations and a strong sense of ethics.

PHC Executive Team (Corporate Officers/Division Heads)

We have formed the PHC Executive Team (PET), comprising Group CxOs and Corporate Officers or Division Heads responsible for overseeing domains and businesses. Under the slogan “One PHC,” PET respects the diverse perspectives of various stakeholders, promptly addresses increasingly complex management challenges, and drives group-wide management.



Kyoko Deguchi 1
Chief Executive Officer (CEO)

Koichiro Sato 2
Chief Operating Officer (COO)
Chief Strategy Officer (CSO)
Head of Diabetes Management Domain
Head of Healthcare Solutions Domain

Kaiju Yamaguchi 3
Senior Executive Corporate Officer
Chief Financial Officer (CFO)

Ryuichi Hirashima 4
Senior Executive Corporate Officer
Chief Administrative Officer (CAO)
Chief Human Resources Officer (CHRO)
Chief Transformation Officer (CTO)

Nobuaki Nakamura 5
Executive Corporate Officer
Head of Diagnostics & Life Sciences Domain

Steven Lynum 6
Corporate Officer
President Pathology BU

Kenichi Uchino 7
Corporate Officer
President LSIM BU

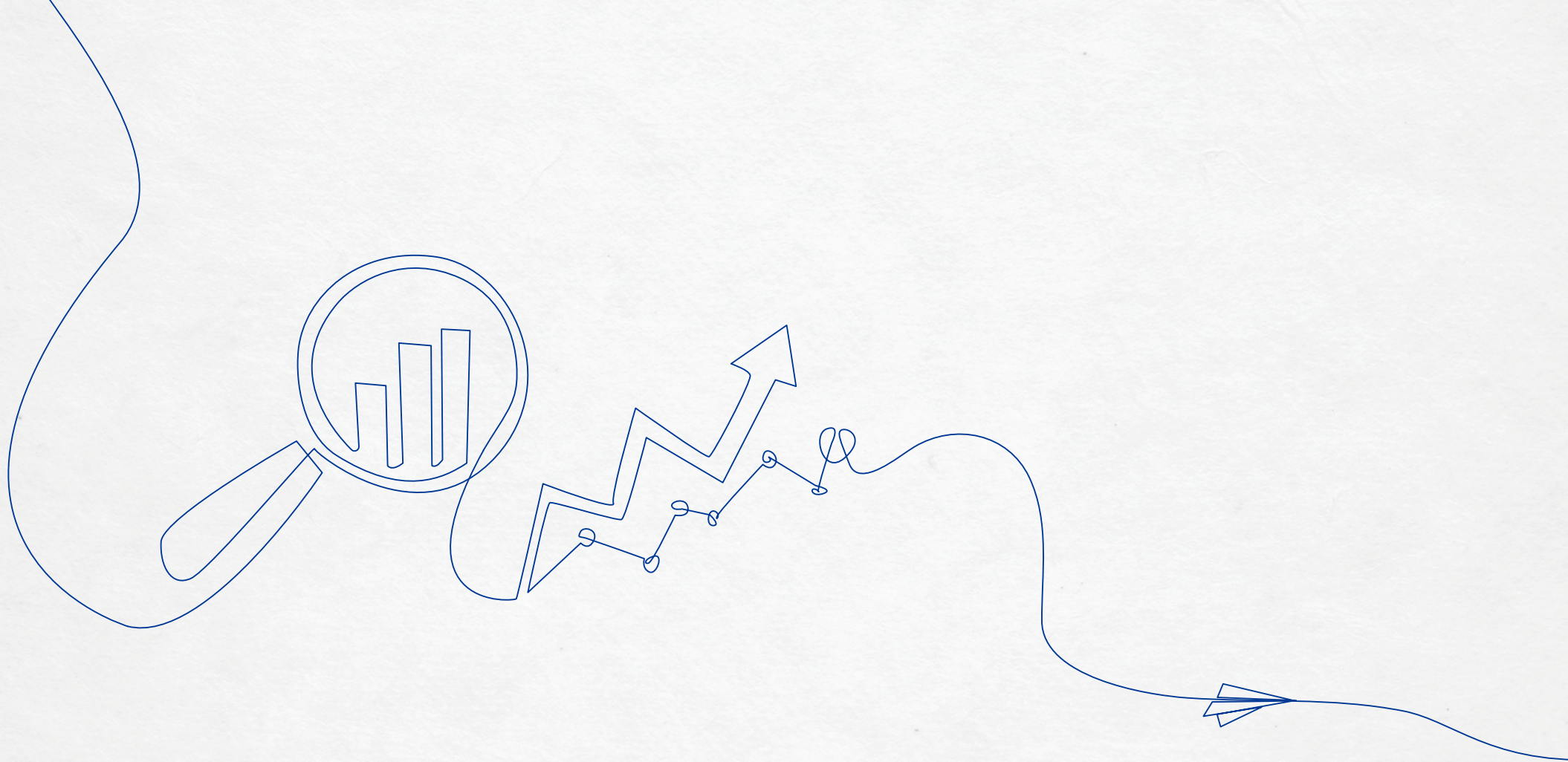
Chikara Takauo 8
Corporate Officer
President Biomedical BU

Hideaki Takahashi 9
Corporate Officer
President Healthcare IT Solutions BU

Brian Hansen 10
President CGM

Kei Shimizu 11
President CRO BU

Hiroyuki Tokunaga 12
President IVD BU



Data Section

Financial Data

Consolidated statement of financial position

(Unit: million yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and cash equivalents	47,044	39,592
Trade receivables	73,802	70,530
Inventories	52,651	51,694
Other financial assets	4,775	4,308
Other current assets	9,575	6,665
Total current assets	187,849	172,790
Non-current assets		
Property, plant and equipment	49,708	48,374
Goodwill	208,719	206,500
Intangible assets	91,388	80,649
Investments accounted for using equity method	2,188	1,821
Other financial assets	13,987	13,932
Deferred tax assets	7,058	6,120
Other non-current assets	3,426	2,293
Total non-current assets	376,477	359,691
Total assets	564,327	532,482
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	69,881	65,665
Borrowings	36,922	34,278
Income taxes payable	2,311	4,207
Provisions	6,587	7,725
Other financial liabilities	6,251	5,812
Other current liabilities	25,445	22,865
Total current liabilities	147,400	140,555
Non-current liabilities		
Trade and other payables	847	597
Borrowings	248,123	220,982
Retirement benefit liability	5,709	5,544
Provisions	3,431	4,575
Other financial liabilities	9,200	8,358
Deferred tax liabilities	9,109	9,291
Other non-current liabilities	1,340	1,405
Total non-current liabilities	277,763	250,755
Total liabilities	425,163	391,310
Equity		
Share capital	48,423	48,623
Capital surplus	41,797	42,039
Retained earnings	(2,773)	2,991
Treasury shares	(568)	(568)
Other components of equity	52,635	48,553
Equity attributable to owners of parent	139,515	141,639
Non-controlling interests	(351)	(468)
Total equity	139,163	141,171
Total liabilities and equity	564,327	532,482

Consolidated statement of profit or loss

(Unit: million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Revenue	353,900	361,593
Cost of sales	195,925	195,369
Gross profit	157,975	166,224
Selling, general and administrative expenses	149,663	144,249
Other income	6,254	1,761
Other expenses	12,828	784
Share of profit (loss) of investments accounted for using equity method	(170)	(371)
Operating profit	1,566	22,580
Finance income	648	1,504
Finance costs	15,464	5,262
Profit (loss) before taxes	(13,249)	18,823
Income tax expense	(391)	8,458
Profit (loss)	(12,857)	10,364
Profit (loss) attributable to		
Owners of parent	(12,893)	10,485
Non-controlling interests	35	(120)
Earnings (loss) per share		
Basic earnings (loss) per share (Unit: JPY)	(102.48)	83.13
Diluted earnings (loss) per share (Unit: JPY)	(102.48)	82.58

Consolidated statement of comprehensive income

(Unit: million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit (loss)	(12,857)	10,364
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Re-measurements of defined benefit plans	1,853	(228)
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	(1,471)	1,102
Items that may be reclassified to profit or loss		
Effective portion of cash flow hedges	49	(14)
Exchange differences on translation of foreign operations	24,664	(4,929)
Share of other comprehensive income of investments accounted for using equity method	(297)	(11)
Other comprehensive income, net of taxes	24,798	(4,081)
Comprehensive income	11,940	6,283
Comprehensive income attributable to		
Owners of parent	11,878	6,400
Non-controlling interests	61	(116)
Comprehensive income	11,940	6,283

Consolidated statement of changes in equity

(Unit: million yen)

	Equity attributable to owners of parent						
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity		
					Remeasurements of defined benefit plans	Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	Effective portion of cash flow hedges
As of April 1, 2023	47,946	43,641	17,081	(568)	-	550	(52)
Comprehensive income							
Profit (loss)	-	-	(12,893)	-	-	-	-
Other comprehensive income	-	-	-	-	1,853	(1,471)	49
Total comprehensive income	-	-	(12,893)	-	1,853	(1,471)	49
Issuance of new shares	476	(249)	-	-	-	-	-
Dividends to owners of parent	-	-	(9,043)	-	-	-	-
Dividends to non-controlling interests	-	-	-	-	-	-	-
Forfeiture of share acquisition rights and Restricted Stock Unit	-	(34)	34	-	-	-	-
Share-based payment transactions	-	7	-	-	-	-	-
Changes in ownership interest in subsidiaries	-	(1,566)	-	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	2,043	-	(1,853)	(190)	-
Other	-	-	3	-	-	-	-
Transactions with owners	476	(1,843)	(6,961)	-	(1,853)	(190)	-
As of March 31, 2024	48,423	41,797	(2,773)	(568)	-	(1,110)	(3)
	Equity attributable to owners of parent				Non-controlling interests	Total	
	Other components of equity			Total			
	Exchange differences on translation of foreign operations	Share of other comprehensive income of investments accounted for using equity method	Total				
As of April 1, 2023	28,742	666	29,906	138,008	819	138,827	
Comprehensive income							
Profit (loss)	-	-	-	(12,893)	35	(12,857)	
Other comprehensive income	24,638	(297)	24,772	24,772	25	24,798	
Total comprehensive income	24,638	(297)	24,772	11,878	61	11,940	
Issuance of new shares	-	-	-	227	-	227	
Dividends to owners of parent	-	-	-	(9,043)	-	(9,043)	
Dividends to non-controlling interests	-	-	-	-	(187)	(187)	
Forfeiture of share acquisition rights and Restricted Stock Unit	-	-	-	(0)	-	(0)	
Share-based payment transactions	-	-	-	7	-	7	
Changes in ownership interest in subsidiaries	-	-	-	(1,566)	(1,044)	(2,611)	
Transfer from other components of equity to retained earnings	-	-	(2,043)	-	-	-	
Other	-	-	-	3	-	3	
Transactions with owners	-	-	(2,043)	(10,372)	(1,232)	(11,604)	
As of March 31, 2024	53,380	369	52,635	139,515	(351)	139,163	

(Unit: million yen)

	Equity attributable to owners of parent						
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity		
					Remeasurements of defined benefit plans	Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	Effective portion of cash flow hedges
As of March 31, 2024	48,423	41,797	(2,773)	(568)	-	(1,110)	(3)
Comprehensive income							
Profit (loss)	-	-	10,485	-	-	-	-
Other comprehensive income	-	-	-	-	(228)	1,102	(14)
Total comprehensive income	-	-	10,485	-	(228)	1,102	(14)
Issuance of new shares	200	(154)	-	-	-	-	-
Dividends to owners of parent	-	-	(4,917)	-	-	-	-
Dividends to non-controlling interests	-	-	-	-	-	-	-
Forfeiture of share acquisition rights and Restricted Stock Unit	-	(203)	199	-	-	-	-
Share-based payment transactions	-	600	-	-	-	-	-
Changes in ownership interest in subsidiaries	-	-	-	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	(3)	-	228	(225)	-
Other	-	-	-	-	-	-	-
Transactions with owners	200	242	(4,720)	-	228	(225)	-
As of March 31, 2025	48,623	42,039	2,991	(568)	-	(233)	(17)
	Equity attributable to owners of parent				Non-controlling interests	Total	
	Other components of equity			Total			
	Exchange differences on translation of foreign operations	Share of other comprehensive income of investments accounted for using equity method	Total				
As of March 31, 2024	53,380	369	52,635	139,515	(351)	139,163	
Comprehensive income							
Profit (loss)	-	-	-	10,485	(120)	10,364	
Other comprehensive income	(4,933)	(11)	(4,085)	(4,085)	3	(4,081)	
Total comprehensive income	(4,933)	(11)	(4,085)	6,400	(116)	6,283	
Issuance of new shares	-	-	-	45	-	45	
Dividends to owners of parent	-	-	-	(4,917)	-	(4,917)	
Dividends to non-controlling interests	-	-	-	-	-	-	
Forfeiture of share acquisition rights and Restricted Stock Unit	-	-	-	(3)	-	(3)	
Share-based payment transactions	-	-	-	600	-	600	
Changes in ownership interest in subsidiaries	-	-	-	-	-	-	
Transfer from other components of equity to retained earnings	-	-	3	-	-	-	
Other	-	-	-	-	-	-	
Transactions with owners	-	-	3	(4,275)	-	(4,275)	
As of March 31, 2025	48,447	357	48,553	141,639	(468)	141,171	

Consolidated statement of cash flows

(Unit: million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit (loss) before taxes	(13,249)	18,823
Depreciation and amortization	27,933	27,871
Impairment losses (reversal of impairment losses)	16,657	(54)
Interest expenses	8,771	4,929
Decrease (increase) in trade receivables	3,062	3,061
Decrease (increase) in inventories	4,369	(193)
Increase (decrease) in trade payables	(1,476)	(2,602)
Other	647	(1,860)
Subtotal	46,715	49,974
Interest and dividends received	682	354
Interest paid	(5,939)	(6,568)
Income taxes paid	(6,849)	(3,977)
Income taxes refund	6,694	2,160
Net cash provided by operating activities	41,304	41,941
Cash flows from investing activities		
Purchase of property, plant and equipment, and intangible assets	(14,630)	(11,610)
Proceeds from sales of property, plant and equipment, and intangible assets	351	902
Payments for acquisition of subsidiaries resulting in change in scope of consolidation	(11,500)	-
Purchase of investments accounted for using equity method	(351)	-
Proceeds from sale of investments accounted for using equity method	3,821	307
Other	1,236	1,927
Net cash used in investing activities	(21,072)	(8,473)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	5,000	(2,329)
Proceeds from long-term borrowings	62,215	1,962
Repayments of long-term borrowings	(88,241)	(27,003)
Repayments of lease liabilities	(6,180)	(6,814)
Proceeds from issuance of shares	231	46
Payments for acquisition of interests in subsidiaries from non-controlling interests	(2,611)	-
Dividends paid to owners of parent	(9,040)	(4,916)
Other	(511)	(13)
Net cash used in financing activities	(39,139)	(39,068)
Effect of exchange rate changes on cash and cash equivalents	5,017	(1,851)
Net increase (decrease) in cash and cash equivalents	(13,889)	(7,451)
Beginning balance of cash and cash equivalents	60,933	47,044
Ending balance of cash and cash equivalents	47,044	39,592

Trends in Key Financial Data

(Unit: million yen)

	Ended march, 2021	Ended march, 2022	Ended march, 2023	Ended march, 2024	Ended march, 2025
Results of operations					
Revenue	306,071	340,452	356,434	353,900	361,593
Operating profit	17,599	8,174	20,000	1,566	22,580
Finance income	16,319	2,348	411	648	1,504
Finance costs	11,130	7,520	20,231	15,464	5,262
Profit attributable to owners of parent	16,906	(8,460)	(3,222)	(12,893)	10,485
R&D expenses	15,710	10,262	9,931	11,971	10,727
CAPEX	12,154	11,736	11,516	14,630	11,610
Depreciation	30,371	31,077	29,015	27,933	27,871
Impairment loss	6,168	18,405	9,568	16,657	(54)
EBITDA	54,138	57,656	58,583	46,158	50,397
Adjusted EBITDA	64,053	71,872	64,882	49,713	50,095
Financial position					
Total assets	569,347	591,320	561,567	564,327	532,482
Total equity	107,561	136,065	138,827	139,163	141,171
Cash and cash equivalents	60,762	95,232	60,933	47,044	39,592
Goodwill	205,162	197,754	199,707	208,719	206,500
Gross debt	321,553	307,936	292,615	285,045	255,260
Net debt	260,791	212,704	231,682	238,001	215,668
Net debt/Adjusted EBITDA	4.1x	3.0x	3.6x	4.8x	4.3x
Cash flow					
Cash flows from operating activities	47,850	51,053	21,376	41,304	41,941
Cash flows from investing activities	(16,314)	(12,521)	(17,520)	(21,072)	(8,473)
Cash flows from financing activities	(20,395)	(7,015)	(40,832)	(39,139)	(39,068)
Per share data					
Basic earnings per share attributable to owners of parent	149.07	(70.78)	(25.84)	(102.48)	83.13
Equity attributable to owners of parent per share	921.04	1,092.33	1,101.33	1,106.98	1,122.36
Dividend per share	0.00	38.00	72.00	54.00	42.00
Others					
Operating profit margin	5.8%	2.4%	5.6%	0.4%	6.2%
ROE	19.1%	(7.0%)	(2.4%)	(9.3%)	7.5%
ROIC	-	-	-	0.3%	3.8%

List of Main Companies (As of March 31, 2025)

* Production facilities

Region	Country	English name	Participating interest	Main business content
Japan	Japan	PHC Corporation	100%	Development, manufacturing, and sales of healthcare products and services * Gunma, Chiba, Tokushima, Ehime
	Japan	LSI Medience Corporation	100%	Clinical testing business * Tokyo
	Japan	Wemex Corporation	100%	Healthcare IT Solutions business
	Japan	Mediford Corporation	100%	Drug discovery support business * Ibaraki, Kumamoto
	Japan	Wemex Healthcare Systems Corporation	100%	Healthcare IT Solutions business
North America	Canada	Ascensia Diabetes Care Canada Inc.	100%	Sales of diabetes care products and provision of services
	USA	Ascensia Diabetes Care US Inc.	100%	Sales of diabetes care products and provision of services
	USA	New Erie Scientific LLC	100%	Development, manufacturing, and sales of slide glass for the Pathology business * Portsmouth
	USA	Richard-Allan Scientific LLC	100%	Global development and manufacturing base for the Pathology business's pathology and diagnosis products * Kalamazoo
	USA	PHC Corporation of North America	100%	Sales and maintenance services for PHCbi products in North America
EMEA	Switzerland	Ascensia Diabetes Care Holdings AG	100%	Sales of diabetes care products and provision of services
	Germany	Ascensia Diabetes Care Deutschland GmbH	100%	Sales of diabetes care products and provision of services
	Italy	Ascensia Diabetes Care Italy S.R.L.	100%	Sales of diabetes care products and provision of services
	U.K.	Shandon Diagnostics Limited	100%	Manufacturing and sales of pathology equipment * Runcorn
	Netherlands	PHC Europe B.V.	100%	Sales and maintenance services for PHCbi products in Europe
APAC	Australia	Ascensia Diabetes Care Australia Pty Limited	100%	Sales of diabetes care products and provision of services
	China	Ascensia Diabetes Care Shanghai Co., Ltd.	100%	Sales of diabetes care products and provision of services
	China	Epredia Laboratory Products Manufacturing (Shanghai) Co., Ltd.	100%	Overseas development and manufacturing base for the Pathology business's pathology and diagnosis products * Shanghai
	Indonesia	PT PHC Indonesia	95%	Manufacturing of diabetes care and life science products * Bekasi
	Singapore	SciMed (Asia) Pte Ltd	100%	Sales and maintenance services for life science products, including PHCbi products, in areas such as Southeast Asia, the Middle East, and Central Asia

PHC Group Overview (As of March 31, 2025)

PHC Group Overview

Company Name	PHC Holdings Corporation
Business Address/Head Office	15F DAI-ICHI LIFE HIBIYA FIRST 1-13-2 Yurakucho, Chiyoda-ku, Tokyo 100-8403, Japan
Founded	1969 (Founded as Matsushita Kotobuki Electronics Co., Ltd.)
Representative	President, Representative Director and CEO Kyoko Deguchi
Share Capital	48,623 million yen
Listed Market	Tokyo Stock Exchange Prime Market (TSE 6523)
Main Businesses	<ul style="list-style-type: none"> • Diabetes Management • Healthcare Solutions • Diagnostics & Life Sciences

For more information related to this report, see the links below.

Investor Relations



<https://www.phchd.com/global/ir>



Products & Services



<https://www.phchd.com/global/products>



Sustainability



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

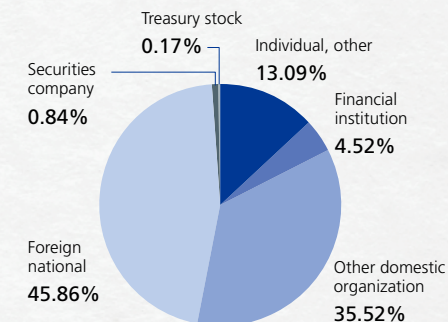


Stock Information

Shares

Total number of authorized shares	460,000,000 shares
Total number of shares outstanding	126,410,072 shares
Number of shareholders	27,265

Stock Share Distribution Status by Owner



Major Shareholders

Shareholder names	Shareholding (thousand shares)	Shareholding ratio (%)
KKR PHC Investment L.P.	47,994	38.03
Mitsui & Co., Ltd.	21,870	17.33
Life Science Institute, Inc.	12,297	9.74
Panasonic Holdings Corporation	9,766	7.74
LCA 3 Moonshot LP	5,714	4.53
The Master Trust Bank of Japan, Ltd. (Investment account)	4,710	3.73
Hidetomo Oka	907	0.72
PHC Holdings Employee Stock Ownership Plan	851	0.67
Custody Bank of Japan, Ltd. (Investment account)	756	0.60
BNYM AS AGT/CLTS NON TREATY JASDEC	578	0.46

* The shareholding ratio is calculated after deducting treasury shares (211,941 shares)

Participation in Initiatives

Received near-term science-based target validation by the Science Based Targets Initiative,*¹ an international climate change initiative



Made environmental disclosures through CDP*²



*¹ The Science Based Targets initiative (SBTi) is an international initiative that scientifically assesses and certifies the validity of greenhouse (GHG) emission reduction targets set by companies to meet the Paris Agreement goal of limiting the rise in global temperature to 1.5 degrees Celsius above pre-industrial levels.

 <https://sciencebasedtargets.org/>

*² CDP is a non-government organization (NGO) managed by a charitable organization in the UK. Since its founding in 2000, it has operated a global disclosure system for investors, companies, countries, regions, and cities to manage their environmental impacts.

 <https://www.cdp.net/en>

External Evaluations

Received Commitment Badge in EcoVadis Sustainability Assessment*³



Selected as a constituent of the MSCI Nihonkabu ESG Select Leaders Index*⁴
Received an “AA” rating in the latest MSCI ESG rating

2024 CONSTITUENT MSCI NIHONKABU
ESG SELECT LEADERS INDEX



*³ The EcoVadis Sustainability Assessment covers four categories—Environment, Labor & Human Rights, Ethics, and Sustainable Procurement—based on thousands of external sources, such as NGOs, labor unions, international organizations, local governments, and audit institutions. EcoVadis is an independent and highly trusted collaborative platform that has evaluated more than 130,000 companies and organizations in 180 countries.

 <https://ecovadis.com/>

*⁴ The MSCI Nihonkabu ESG Select Leaders Index is an ESG investment index provided by Morgan Stanley Capital International (MSCI) in the U.S. This index is comprised of companies that excel in ESG evaluation among the constituents of the parent index (MSCI Nihonkabu IMI Index), with 517 companies having been selected as of January 2024.

 <https://www.msci.com/indexes/index/713538>

* THE INCLUSION OF PHC HOLDINGS CORPORATION IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF PHC HOLDINGS CORPORATION BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

Editorial Note

On the Publication of the Integrated Report 2025

We would like to express our heartfelt gratitude to everyone, both inside and outside PHC Group, who contributed to the creation of the “Integrated Report 2025,” as well as to all our stakeholders who continue to support us.

At PHC Group, we pursue our vision to “be a leader in precision technology that powers the future of healthcare.” Through our efforts in research, development, manufacturing, and service, we are proud to see our products and services recognized as “indispensable” elements in the medical and healthcare sectors, and we embrace the responsibility that comes with this distinction.

In this report, we have particularly emphasized presenting the unique value of our group, which spans three business domains, in a clear and comprehensive way. We have sought to creatively illustrate how our global businesses collaborate with one another and create value with one another and with other stakeholders, while contributing to the future of healthcare and pursuing sustainable growth.

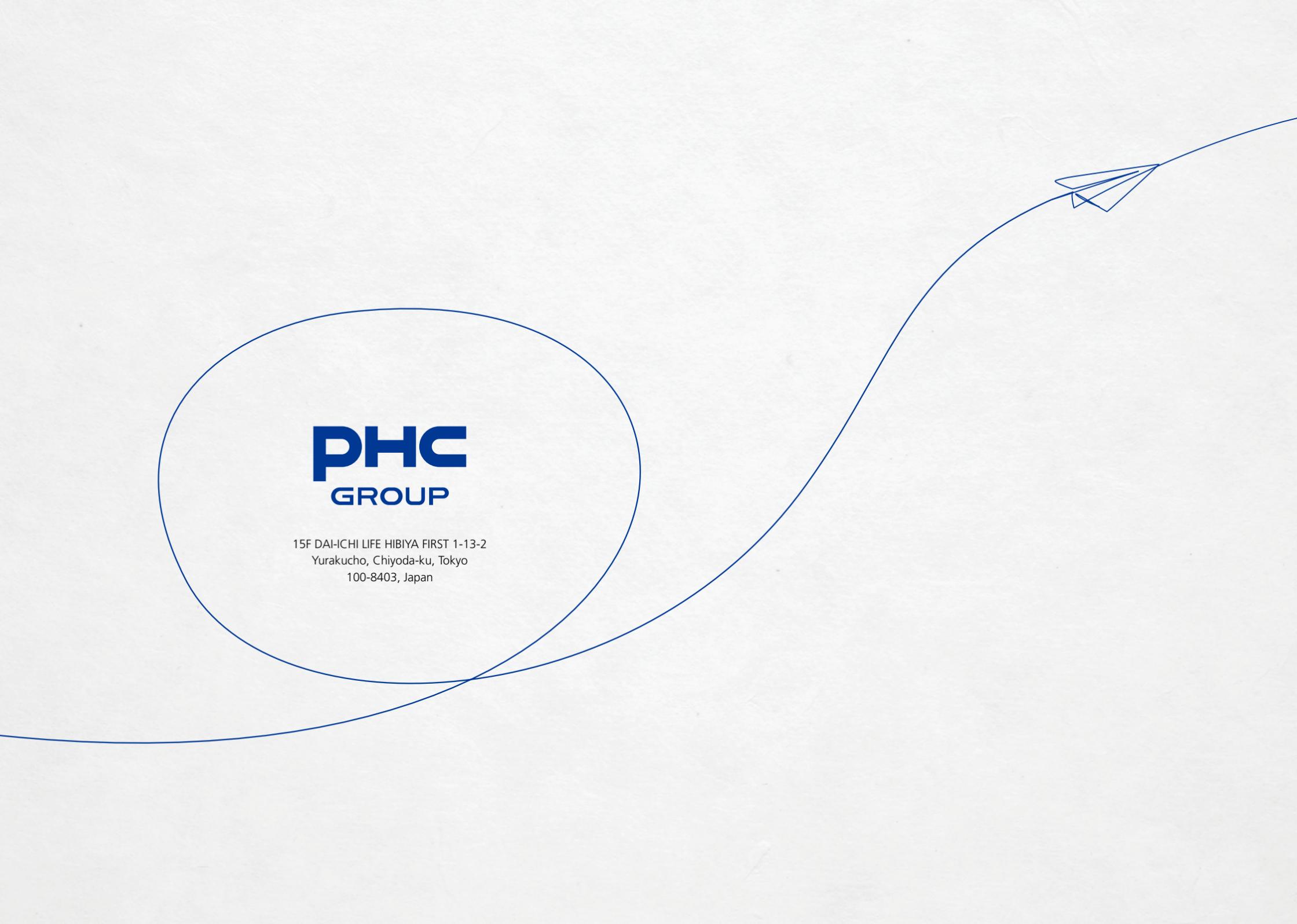
During the editing process, we witnessed the passion and determination of our employees, as well as the challenges they have overcome—stories that cannot be fully captured in numbers alone. We also felt the collective strength of our organization, united as “One PHC,” in striving to realize our vision. It is our hope that these sentiments are conveyed, even in some small way, to all our readers.

Moving forward, we will continue to prioritize open dialogue with all of our stakeholders and ensure transparent disclosure of information about our business. Through these efforts, we aim to contribute to advancing value-based healthcare and the health of society. We hope that this Integrated Report will serve as a helpful resource in deepening your understanding of and engagement with PHC Group.



Main Production Members of the Integrated Report 2025

One PHC

A decorative blue line starts from the bottom left, curves around the PHC Group logo, and then extends towards the top right, ending with a paper airplane icon.

PHC
GROUP

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