



Chapter 2

Our Value Creation

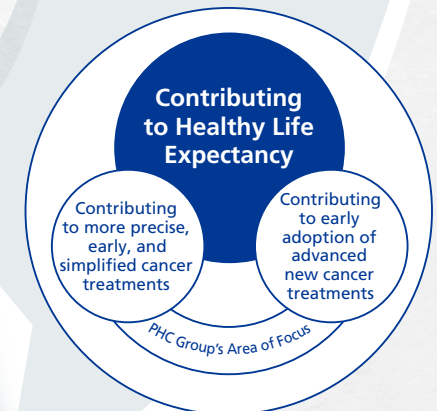
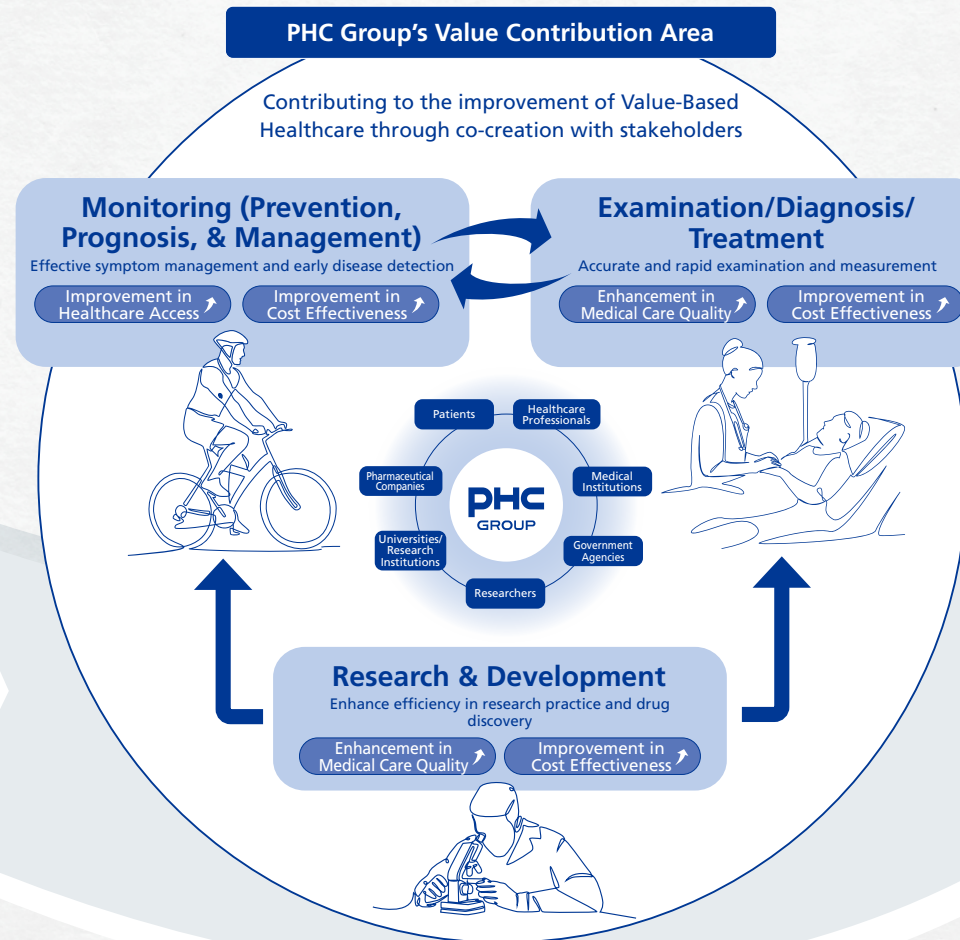
Value Creation Process

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.



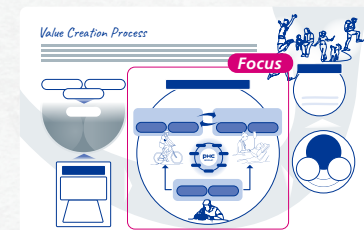
The Society We Seek to Create

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

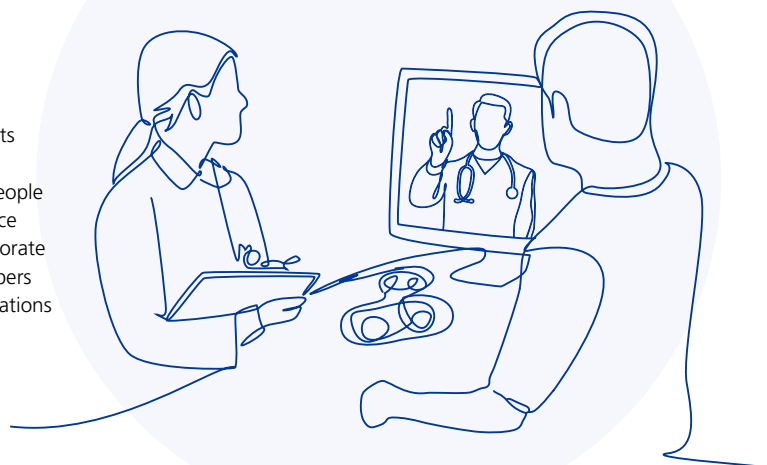
Supporting healthy habits
for approx. 210,000 people
annually

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.

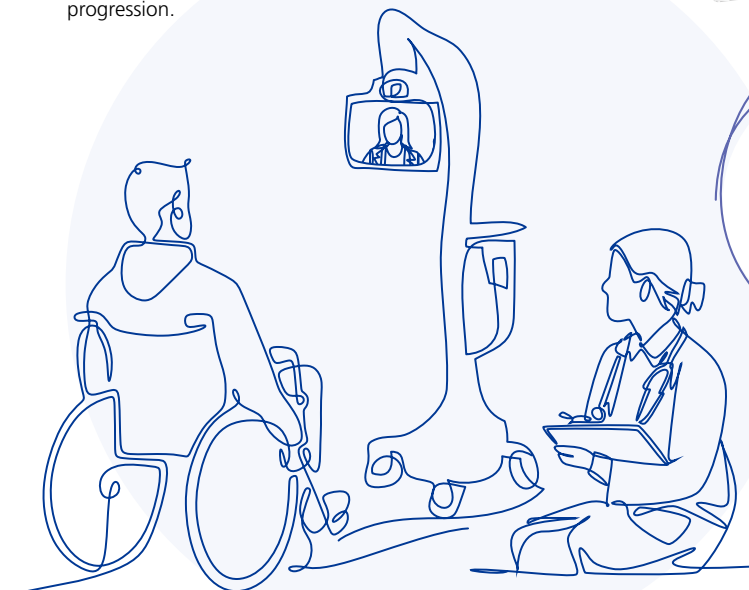


Real-time Telemedicine System



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.

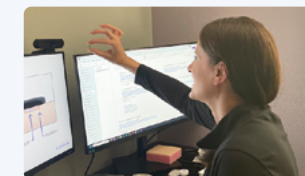


Michelle DeWindt
Clinical Specialist, Ascensia
Diabetes Care

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

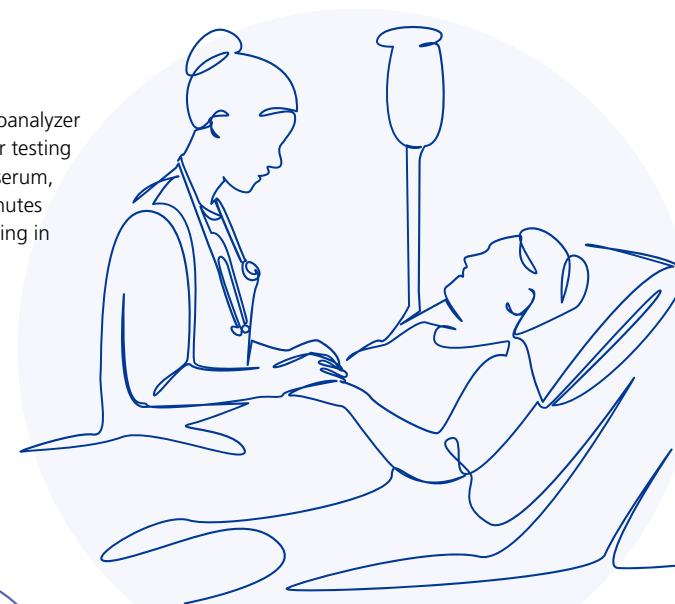
PATHFAST™ Immunoanalyzer

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

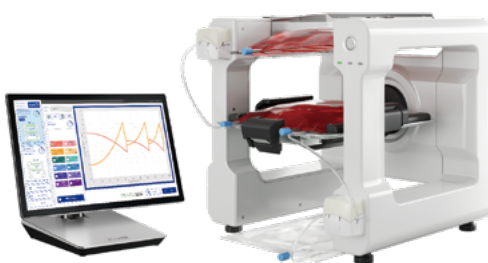
PHCbi's Live Cell Metabolic Analyzer* enables continuous measurement of cell metabolites, supporting research on advanced cancer therapies and stem cells.

* 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

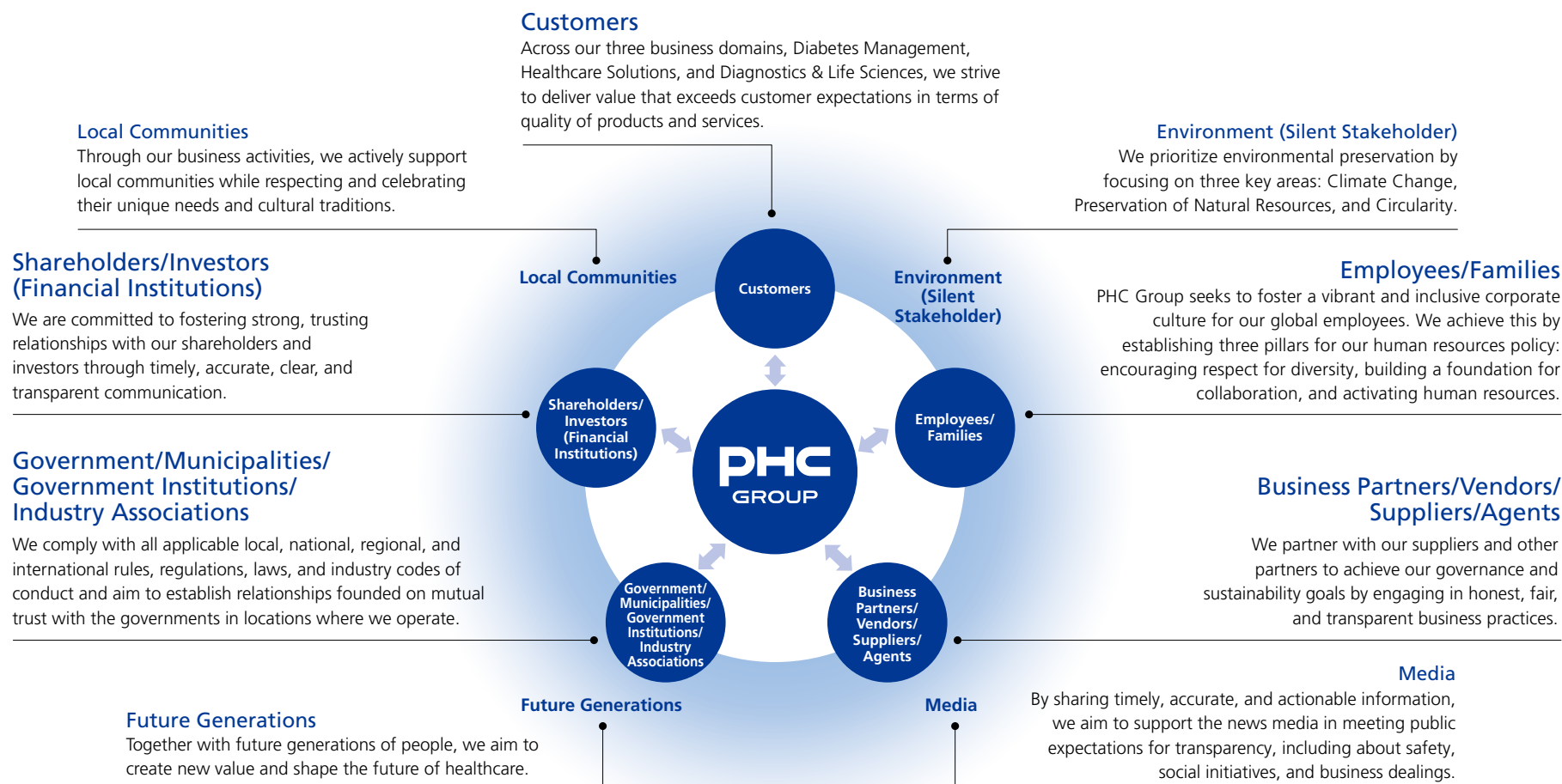


Research &
Development

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.