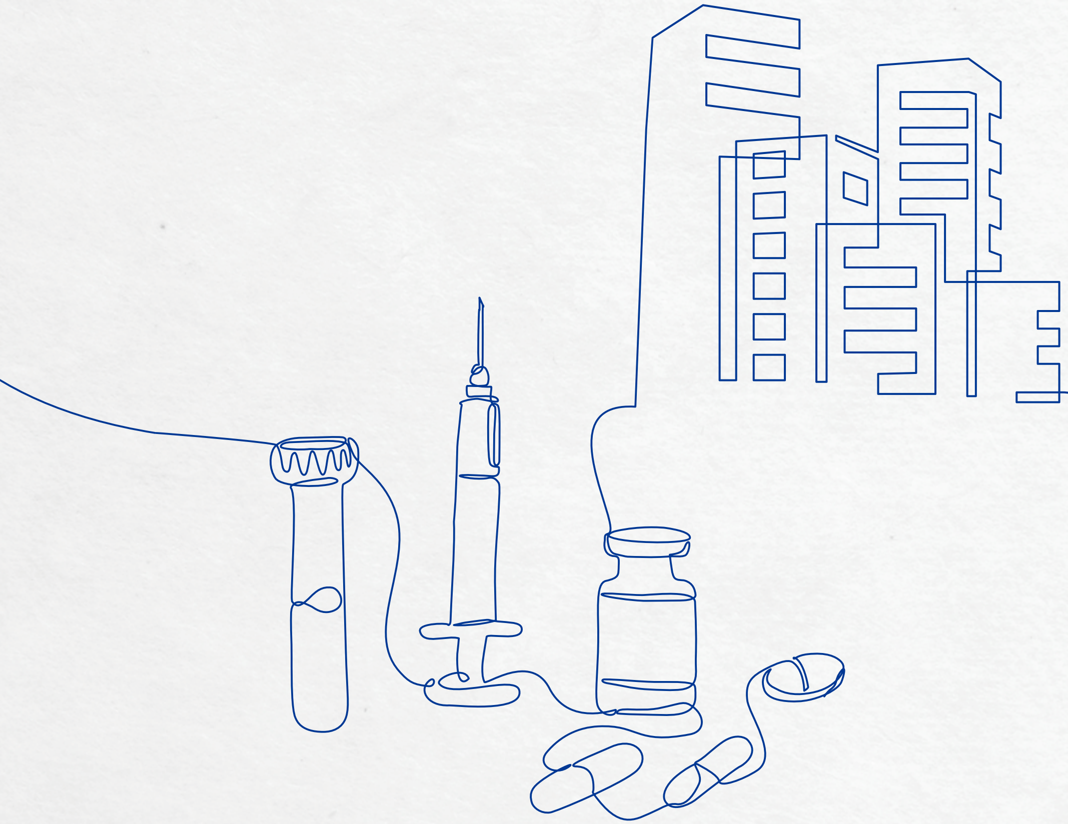
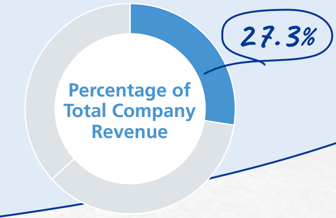


Chapter 4

Business

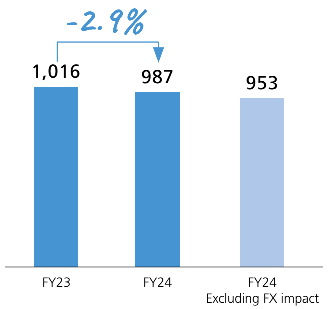
Diabetes Management Domain

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

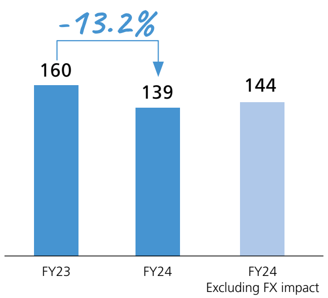
Revenue



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

Operating Profit



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

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.

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)**

*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.

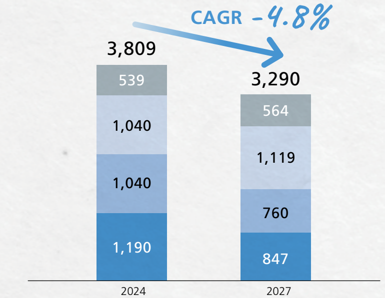
*4 Long-Term Safety and People Reported Outcomes of a Long-Duration Implantable CGM System in the US Post Approval Setting https://crimsonpublishers.com/

BGM Business

ASCENSIA Diabetes Care

Market Environment & Outlook

BGM Market Trends



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:

3

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

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

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

Frontline & Customer Voices

Helping People with Diabetes Feel Supported and Confident

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."

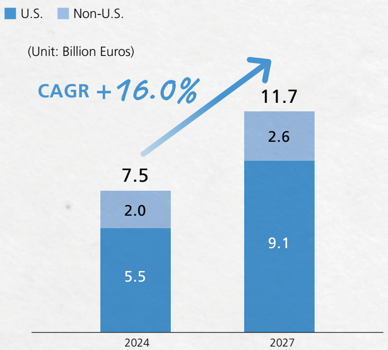
The accuracy, simplicity and reliability of CONTOUR® blood glucose monitoring systems are critical to that experience. "There's a sense of trust in the product," Mayra says. "They rely on it, especially when other tools aren't working."

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.

CGM Business*1

Market Environment & Outlook

CGM Market Trends



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://ssl4.eir-parts.net/doc/6523/tdnet/2684179/00.pdf

Business Strategy

Brian Hansen
President CGM, Ascensia Diabetes Care

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)

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.

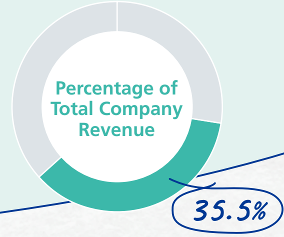
"Eversense® 365 has simplified how I manage my diabetes," Jacob shares. "It's allowed me to lead with more energy, more focus, and more freedom."

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.

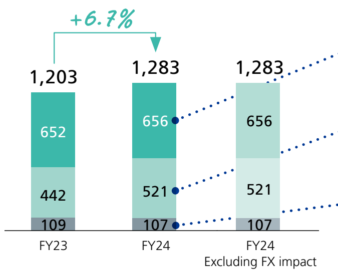
Healthcare Solutions Domain

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).



Fiscal Year 2024 Results

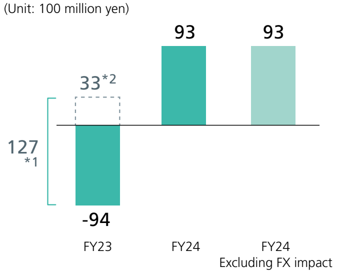
Revenue



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.

- \+ Increased volume of general testing
- \+ M&A effects
- \+ Gain in demand for e-prescription products
- \+ Strong sales in non-clinical testing business
- − Decline in COVID-19 related testing
- − Decline in special demand for Online Eligibility Check System
- − Decreased orders in clinical trial business

Operating Profit



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.

- \+ Absence of impairment loss*1 (JPY 12.7 bn) recorded in fiscal year 2023
- \+ Cost reduction effects
- \+ Profit improvement in acquired business
- \+ Decrease in one-time restructuring costs

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**

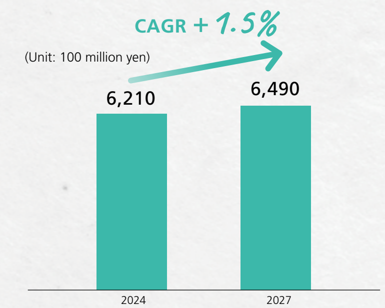
Operating profit margin improvement: **2.0% (Fiscal Years 2024-2027)**

LSIM Business

LSI Medience

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.

Business Strategy

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

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.

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: 3

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%

Frontline & Customer Voices

Inappropriate Quality Management: Efforts to Prevent Recurrence

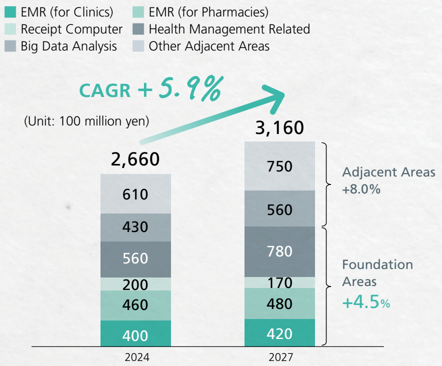
In response to previously reported inappropriate quality management at our Central Laboratory in fiscal year 2024, we are taking corrective action and implementing measures to prevent recurrence. As part of those efforts, we have launched a project to regain the trust of customers and society and develop a culture of taking on future challenges. Under the title “PROJECT RE∞BORN,” 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

WEMEX

Market Environment & Outlook

Healthcare Information Systems Market Trends



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.

Japan market share:

Source: In-house research

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

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

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.

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.

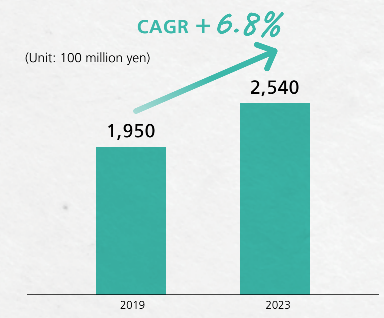
Kinya Matsunaga "Medicom Cloud" Project Manager

CRO Business

mediford

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

Kei Shimizu
Representative Director and President, Mediford Corporation

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.

Frontline & Customer Voices

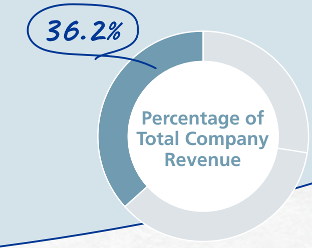
“Initiative to Share Pathology Knowledge with the Industry”

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.

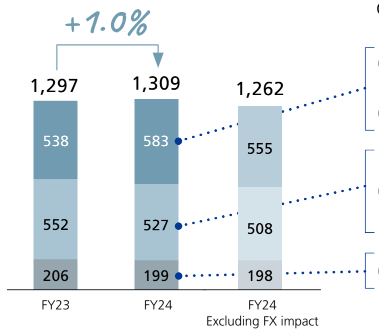
In Q&A sessions after each seminar, our pathology experts and others responded to questions, and we received feedback including that being able to share perspectives and challenges with other companies was extremely important for participants. We provided additional time after each webinar to listen 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.

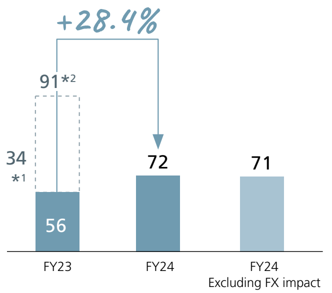


Fiscal Year 2024 Results



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



*2 Adjusted for impairment loss

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%

Domain Strategy

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

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

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.

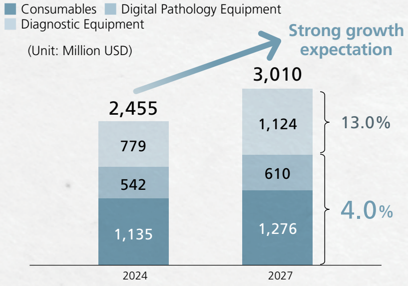
Concentration of Management Resources on Growth and New Business Development

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

Pathology Business

Market Environment & Outlook

Consumables and Pathology Testing Equipment Market Trends



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

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

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.

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.

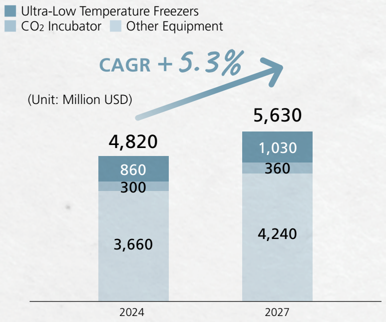
Dr. Béla Molnár
Founder and CEO
3DHISTECH Ltd.

Biomedical Business

PHCbi

Market Environment & Outlook

Life Sciences Equipment Market Trends



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.

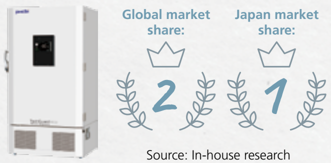
Outlook

- 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 CO_2 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

CO_2 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, CO_2 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

Frontline & Customer Voices

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.

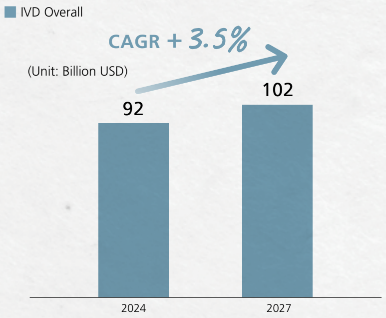
Yuichi Shimohira
Director, Head of Tokyo Block I
Tokyo Branch Manager
Yamato Scientific Co., Ltd.

In Vitro Diagnostics Business

PHC IVD

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

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

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.

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.