



Chapter 2

PHC Group Business Strategy

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Robert Schumm
Corporate Officer, PHC Holdings /
President and CEO, Ascensia Diabetes Care

As a global leader in diabetes technology, serving millions of people, we are committed to helping people with diabetes improve their health and quality of life through our industry-leading products and solutions.



Brian Hansen
President CGM, Ascensia Diabetes Care

Main Customers

- People with Diabetes
- Healthcare Professionals
- Dispensing Pharmacies

Rob's Message

Today, more than one in 10 adults in the world (540 million people) are living with diabetes.^{*1} At Ascensia, our mission is to make a positive difference for people living with the condition and we have been at the forefront of diabetes innovation for more than 80 years.

Our sole focus on diabetes means that we have a deep appreciation for the needs of people with diabetes, which enables us to develop, manufacture, and deliver innovative products that can help make life with diabetes more manageable. From our high-precision glucose monitoring systems to our digital diabetes management solutions, we provide tools to empower people to better manage their diabetes.

Brian's Message

Continuous glucose monitoring (CGM) is transforming diabetes care, significantly reducing the burden faced by people with the condition. We're proud to be at the forefront of this innovation.

Developed by Senseonics, our Eversense® E3 CGM System is the longest-lasting CGM available, offering six months of continuous glucose readings. This unique capability significantly reduces interruptions, ensuring that users receive the consistent data needed for optimal diabetes management.

We are dedicated to advancing CGM technology to provide solutions that offer reliability, flexibility and empowerment to individuals living with diabetes, helping them manage their condition more effectively and improve their quality of life.

Overview

In our Diabetes Management business, we offer high-quality blood glucose monitoring (BGM) systems, continuous glucose monitoring (CGM) systems, and digital diabetes management solutions that meet the diverse needs of people living with diabetes.

Our world-renowned CONTOUR® range of BGM systems is known for its remarkable accuracy and ease of use, enabling people with diabetes to easily get the data they need to make informed treatment or lifestyle decisions. Since launching the industry's first personal BGM in 1981, we have continuously evolved our BGM product offering through innovation and manufacturing excellence, and we are proud to offer the highest level of accuracy^{*2} in the industry, at a competitive cost.

Developed by our partner Senseonics, the Eversense® CGM System represents a groundbreaking advancement in diabetes technology, as the industry's first and only long-term CGM system with an implantable sensor. The system allows continuous measurement of glucose levels, with data automatically sent every five minutes to a mobile app on the user's smartphone.

Unlike any other CGMs on the market, the Eversense® sensor can be used continuously for up to six months. Sensors of other available CGM systems are short-term and need to be replaced every seven to 14 days.

Senseonics also has an exciting pipeline of further CGM innovations that we will bring to people with diabetes in the future, including a 365-day Eversense® sensor that has been submitted to the U.S. FDA for review. This further increase in sensor longevity would be a significant milestone for the diabetes industry.

This business has been committed to supporting people with diabetes for more than 80 years and has been responsible for many firsts in diabetes technology. Looking ahead, we will continue to push the boundaries in diabetes management solutions as we aim to simplify and improve life for millions of people.

*1 <https://diabetesatlas.org/> *2 Pleus S. et al. User Performance Evaluation and System Accuracy of Four Blood Glucose Monitoring System With Color Coding of Measurement Results. 2022

Strengths

● **Global business operations and expertise**

Our products are sold in more than 100 countries and are used by an estimated 10 million people. We respond to customer needs around the world through our experienced global sales network.

● **High-quality, high-precision, cost-competitive products**

Our BGM products are manufactured in facilities using state-of-the-art equipment. Optimized product technology and production processes enable us to achieve the industry's highest standards of precision and reliability, while maintaining low-cost manufacturing.

● **Innovative products/advanced technology**

We support more effective self-management of diabetes through innovative products and digital solutions. The Eversense® E3 CGM System provides users with unparalleled reliability and flexibility, the longest-lasting sensor available, and a removable transmitter^{*3} with on-body vibratory alerts, including for high and low glucose values. Our BGM products are considered among the most accurate available, enabling people to identify blood glucose fluctuations with precision, and empowering them to make confident treatment and lifestyle decisions.

Employee Voices

Our Commitment to the Diabetes Community

At Ascensia, we are passionate about diabetes. We're proud that our products make a difference for people with diabetes every day, but we take even more pride in being a trusted member of the diabetes community. By being truly connected with those who live with the condition, we can make the most impact as a business. Our strong company culture, lived daily by our purpose-driven colleagues, significantly influences why people choose to work for us. Treating our team members with utmost respect, being forward thinking, and trusting each other are core values we are proud of. Over the years, we've actively supported various community initiatives that are advocating, educating, and striving to make a better world for those living with diabetes. As part of our commitment to the diabetes community, we are proud to engage with various awareness campaigns and educational initiatives. One example is our work for World Diabetes Day, an annual global awareness initiative from the International Diabetes Federation. Our most recent campaign was a three-year art and photography competition that gave people living with the condition a platform to highlight the real-life struggles and successes of life with diabetes. We had more than 800 submissions from more than 40 countries, and were able to donate €32,000 to charities supporting the diabetes community. Each year, we have been blown away by the powerful stories and the artistic expression of this global community. These campaigns are important to our employees and demonstrate the passion there is at Ascensia for having a positive impact on the people we serve.



Head of Corporate Communications, Ascensia
Diabetes Care (Basel, Switzerland)

Lorraine Chandler



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

Main Products/Services

Our highly accurate glucose monitoring systems, designed for ease of use by people with diabetes, are used by an estimated 10 million people around the world. Through our integrated diabetes management technology platform, we provide solutions that help people use data to effectively manage diabetes.

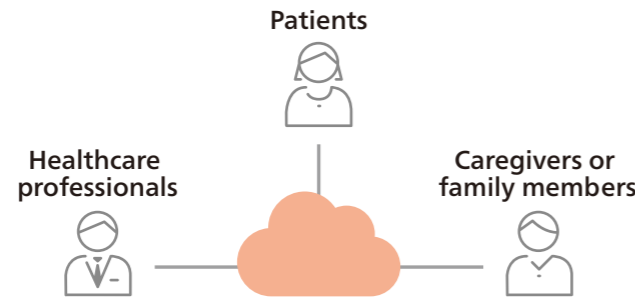
Blood Glucose Monitoring (BGM) Systems

People with diabetes can easily and accurately measure their blood glucose levels at home. Systems allow users to sync data with smartphones and other devices.



Digital Diabetes Management Solutions

Integrated diabetes management solutions that support more effective self-management and data sharing. GlucoContro.online⁴ offers a quick and easy way for people with diabetes to remotely share their blood glucose readings with their healthcare professionals.



Continuous Glucose Monitoring (CGM) Systems

Systems continuously measure glucose levels using the world's first fully implantable subcutaneous sensor that can be worn for up to six months. Able to notify users of rises and falls in glucose levels, with a removable transmitter³ and the ability to provide unique on-body vibratory alerts.



⁴ SdNcenter is the legal manufacturer and developer of GlucoContro.online and is partnering with Ascensia to market and deliver the tool to HCP and patient users

Ascensia (BGM/CGM Division)

Market

The glucose monitoring market for diabetes is expanding, but a shift from Blood Glucose Monitoring (BGM) to Continuous Glucose Monitoring (CGM) is in progress, particularly in Europe and the United States.

Strategy

While continuing to enhance focused segments within BGM, we are investing heavily in growth areas centered on CGM. Specifically, for BGM, we seek to maintain profitability by increasing sales in growth segments such as the over-the-counter drug sales channel in the United States, and by introducing low-priced products in some markets, while expanding our market share in mature markets.

We have defined CGM as one of our Growth Areas and are focused on strengthening this business. We will accelerate growth by increasing sales of the Senseonics Eversense[®] CGM System.

⁵ Senseonics Holdings, Inc. Reports First Quarter 2024 Financial Results – Senseonics

About CGM

The Eversense[®] CGM System, which we exclusively distribute, is the industry's first and only long-term CGM system with an implantable sensor and allows continuous measurement of glucose levels, with data automatically sent every five minutes to a mobile app on the user's smartphone. Unlike any other CGM on the market, the Eversense[®] E3 sensor can be used continuously for up to six months. Sensors of other available CGM systems are short-term and need to be replaced every seven to 14 days.

In addition, our partner Senseonics announced on May 13, 2024 that it has filed a submission with the U.S. FDA for clearance of the next-generation Eversense 365-day system for iCGM designation⁵. This potential advance would double the sensor lifetime of an already differentiated product proposition, representing a significant milestone for the diabetes industry.

What's New

Developed by Senseonics, the Eversense[®] CGM System is highly differentiated from other products as the longest-lasting CGM system available.

It's been a strong year of progress for Eversense. The Eversense[®] system recently received iCGM designation from the U.S. FDA, which means that it now has the potential to be integrated with insulin pumps as part of an automated insulin delivery system. Senseonics also recently filed a submission with U.S. regulators for review of our next-generation Eversense 365-day system, and we plan to submit it for regulatory review in Europe soon. Pending clearance, Eversense 365 will offer people with diabetes the possibility to have just one sensor replacement per year, compared to between 26 and 52 for other available CGM systems.

We are resolutely focused on ensuring that we can make Eversense available to as many people as possible. In the U.S., access to Eversense was recently expanded when Medicare policies were updated to include coverage for Eversense for all people with diabetes using insulin. Another important step was introducing the Eversense Remote Patient Monitoring program, which combines long-term implantable CGM technology with advanced analytics and personalized health services into a comprehensive diabetes solution. Leveraging

this new program, Ascensia and Senseonics have partnered with St. Louis-based Mercy Healthcare Organization, one of the largest healthcare systems in the U.S., on a first-of-its-kind program for diabetes population management. The future looks very bright for Eversense, and for people with diabetes. (As of May 2024)

#1 CGM in Sensor Survivability & Longevity ⁶⁻⁸

Most Accurate in Low Glucose Ranges ⁶⁻⁸

Most Dependable Detection Alerts ⁶⁻⁸

Almost No Skin Reactions from Adhesive ⁹

⁶ Senseonics. (2023) Eversense[®] E3 Continuous Glucose Monitoring System User Guide. LBL-6002-01-001_Rev C

⁷ Senseonics. (2022) Eversense[®] E3 Continuous Glucose Monitoring System User Guide. LBL-4002-01-001_Rev B

⁸ Abbott. (2022) FreeStyle Libre 3 Flash Glucose Monitoring System User Manual. ART43911-001 Rev. B 06/22

⁹ Deiss D., et al. Real-World Safety of an Implantable Continuous Glucose Sensor Over Multiple Cycles of Use: A Post-Market Registry Study. Diabetes Technol & Ther, 2020, 22(1):48-52. DOI: .1089/dia.2019.0159.



LSI Medience contributes to creating a healthy and safe society through medical science.



Kenichi Uchino

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

Main Customers

- Hospitals/clinics ● Food manufacturers

Message

LSI Medience's mission is "We are the Good Health Creator, contributing to the creation of a healthy and safe society through Medical Science (MEDical+sciENCE)." Through this mission, we seek to deliver accurate clinical test results to medical facilities promptly, based on the analytical technology we have cultivated for some 50 years of providing clinical testing services.

In addition to clinical tests for disease diagnosis and health checkups, we actively leverage new technologies and strive to provide even better services. We introduced cutting-edge, next-generation sequencers and begun offering cancer genome profiling tests, which are essential for new cancer treatments. We will contribute to advancing healthcare while ensuring high quality and speed of testing and utilizing new technologies.

Regarding the inappropriate quality management at our Central Laboratory, we deeply apologize for the inconvenience and concern caused by this matter. We are taking corrective actions and thoroughly reinforcing compliance awareness. Press release.

https://ssl4.eir-parts.net/doc/6523/ir_material3/219432/00.pdf

Overview

Established in 1975, LSI Medience has operated various clinical testing businesses.

We offer contract clinical testing services, in which patient samples are collected from clinics and hospitals and transferred to our clinical testing centers for a variety of tests. Our testing spans a wide range of categories, including hematology, biochemical, microbiological, and gene-related testing, and we reliably deliver accurate test results quickly.

In addition, we are one of 30 laboratories in the world that conduct doping testing, and the only sample analysis laboratory in Japan certified by the World Anti-Doping Agency (WADA).

We aim to create new solutions by leveraging our core analytical capabilities accumulated over time in these diverse testing fields and our expertise in analyzing test results.

Strengths

● **One of the top clinical testing platforms in Japan**

In the clinical testing business, we have a nationwide network in Japan, covering a wide variety of more than 4,000 types of tests. Additionally, we have built strong relationships and trust with our customers, including university hospitals, clinics, and administrative institutions, based on our many years of experience.

● **Thorough quality management**

We have obtained international certification and carry out thorough quality control in all business areas.

● **Advanced initiatives**

Over the years, we have advanced technological capabilities in genetic analysis and mass spectrometry in testing and have promoted a variety of advanced initiatives, including the first industry-academia collaboration in Japan.

What's New

Cancer genome profiling testing, which comprehensively assesses genetic abnormalities and guides treatment choices, currently offers five types of panel tests in Japan. These tests are only available at 264 facilities, primarily core medical centers for cancer genome medicine. Since introducing its health coverage for treatment, from June 2019 to April 2024, the number of individuals registered for the panel has reached 70,000, with approximately 2,000 new registrants per month. LSI Medience Corporation has collaborated with analysis companies to offer the OncoGuide™ NCC Oncopanel System since 2019 and the GenMineTOP® Cancer Genome Profiling System since 2023 to provide testing to healthcare organizations. As of May 2024, our service for the GenMineTOP® has penetrated 92% of core medical centers for cancer genome medicine, 88% of hospitals for cancer genome medicine, and 67% of the 264 medical institutions that perform the test, including the affiliated hospitals. (As of May 2024)

Employee Voices

LSI Medience has engaged in unique industry-academia collaboration initiatives and has developed social projects by leveraging advanced analytical technologies of academia. For example, we have established proprietary technology for comprehensive protein quantification, the iMPAQT Method, as a contracted analytical service in collaboration with Kyushu University to support researchers. Since 2023, we have expanded the range of applications for this service by introducing a new developmental technology, called iMPAQT2 (<https://doi.org/10.26508/lisa.202302498>). We are pleased to report positive feedback on our analysis, such as "Our paper was accepted, thanks to your analysis." In the future, we plan to further enhance our network of industry-academia partnerships across Japan and make it one of our strengths.

Business Development Department, Advanced Product Development Office



Kazuhiro Kunimi

Kyushu Pro Search Limited Liability Partnership (KPSL) Executive Officer, Research and Development Department Manager



Wataru Igami

Main Products/Services

We develop clinical tests such as cancer diagnosis and genetic testing based on innovative technology. Furthermore, we will promote global anti-doping activities and contribute to the healthy development of sports.

Clinical Testing Services

Respond to advanced and diverse clinical testing needs with laboratory automation systems. Third-largest provider in Japan based on market share*1

Market share in Japan



Doping Testing Services

Promoting global anti-doping activities as the only WADA*2 certified laboratory in Japan.



*1 In-house research *2 World Anti-Doping Agency



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

As a healthcare solutions company that seeks to help transform the medical industry, we address issues faced by healthcare professionals and contribute to the well-being of society.



Main Customers

- Hospitals/clinics
- Pharmacies ●Dental clinics
- Companies and health insurance associations

Message

The business root of Wemex Corporation dates back to 1972 when the company launched Japan's first medical-receipt computer, the Medicom MC-1. Since then, for more than 50 years, we have transformed operations related to the healthcare sector with the power of digital technology and led the way in responding to changes in society and policy. We have extended our sales offices across Japan to support the smooth operation of medical institutions and pharmacies through a support system with close relationships in local communities.

In addition, our telemedicine services help to alleviate the personnel shortage in remote areas and reduce the travel burden of medical specialists. We also promote corporate employee health management through our health management solutions.

While helping to solve the problems that medical institutions and healthcare professionals face, we will contribute to the well-being of consumers in the future. We continue to actively work on supporting the health of society based on the Purpose and Values that we stand for.

Overview

Through the restructuring of the Medicom Division of PHC Corporation and the merger with PHC Medicom Corporation, Wemex Corporation began operations in April 2023 with a new structure providing one-stop services from planning and development to sales. In addition to Medicom brand electronic medical record systems and medical computers, we offer pharmacy management support, specified health guidance support, and telemedicine systems.

Our purpose is to "Explore the mind and body and create a society where everyone can seek personal happiness." Furthermore, we are committed to creating values essential to a society based on our values of "Pioneering x Co-creation," "Challenge x Evolution," and "Sincerity x Passion."

Strengths

- Abundant knowledge and experience
We have introduced a variety of innovations since the launch of Japan's first medical-receipt computer. We have accumulated extensive knowledge and experience assessing what our customers need and reflecting it in our products and services.
- Robust customer base
We have the largest market share in Japan for electronic medical record systems for clinics and medical-receipt computers for clinics and hospitals*. In addition, we have partnered with more than 2,900 health checkup and medical institutions across Japan for health management solutions. While some policy-related demands in Japan are expected, such as electronic prescription support and the fourth phase of specified health checkups and specified health guidance by government, our robust customer base with deep relationships and trust is our major strength.
- Prompt support service
We provide customer support to medical institutions, pharmacies, and others through a network of 157 locations across Japan. We also carefully respond to medical fee and legal revisions. We lead the industry in customer support quality, as the first in the healthcare IT industry to receive KCS awards and HDI ratings.

* Source: 2020 Company Share and Volume Base Medical-Receipt Computer (PHC Results) in "2022 Current Status and Future Perspective of the Medical Collaboration and Medical Platform Related Market" by Fuji Keizai Group Co., Ltd.
* Source: 2022 Company Share and Value Base Electronic Medical Records Systems for Clinics (PHC Results) in "2023 Current Status and Future Perspective of the Medical and Healthcare DX Related Market" by Fuji Keizai Group Co., Ltd.

What's New

In October 2023, we acquired the electronic medical record and medical-receipt systems related business from FUJIFILM Healthcare Systems Corporation, and Wemex Healthcare Systems Corporation was established. In addition to expanding our existing product portfolio, we will accelerate the development of high-value-added product lineups to promote the Japanese government's "digital transformation in medical care" by combining the technologies and know-how that both companies have accumulated.

Since acquiring this business, we are also exploring new directions for our healthcare IT business that combine the knowledge of both companies and align with the government's healthcare policies, such as by reviewing our product portfolio, sharing activities among divisions (sales, quality, procurement, etc.), and studying ways to improve efficiency. (As of March 2024)

Employee Voices

At Wemex Corporation, we defined our company purpose and value to foster employee engagement and build human capital. During the first year, employee champions in each department began activities to promote awareness of the Purpose Value. The goal of these promotional activities was to ensure that every employee understood our values, and we divided the department into several teams to enable two-way dialogue. We also held meetings for the younger members who were newer to the company and less experienced, to help them deepen their understanding of our values.

For everyone to see the values as an integral part of their responsibility, we believe that we must take the lead as internal advocates and set an example for others to follow.



Healthcare IT Division, Sales Headquarters, Tokai
Sales Department, Aichi 1st Sales Office
Yukina Sakano

Main Products/Services

We develop solutions to promote the digital transformation of healthcare in Japan. We offer a variety of electronic medical record and electronic medication history systems and medical-receipt computers. We also enable integration with online eligibility verification systems and electronic prescriptions, as well as API linkage with various services provided by collaborative partners.

Healthcare IT Business Operation Support Systems

Medical-Receipt Computers

Market share for clinics/
hospitals in Japan:



medicom-HRf core

Equipped with six typing assist functions to create accurate medical receipts and prevent input errors, allowing for a smooth transition to an electronic medical record system.

Electronic Medical Record Systems

Market share for
clinics in Japan:



medicom-HRf Hybrid Cloud

Improve the operational efficiency of the medical frontline by reducing the workload required to input medical records.

Electronic Medication History Systems

PharnesX-MX

Support pharmacists' work with on-screen medication history lists and other functions.

Electronic Medical Record System for Dental Clinics

fine-SEED

Replicate the flexibility and usability of handwritten medical records. Reduce work stress.

Receipt Checking Support Service

べてらん君 collaboration Plus

High-speed digital processing makes billing operations more efficient. Equipped with easy-to-customize support functions, it assists in-hospital review of receipts.

Health Management Solution

Specified Health Guidance Support System

WellPort Step

Support both the instructor and recipient to promote specified health guidance. Communicate to promote continuous health development and disease prevention.

Digital Health Solutions

Real-Time Telemedicine System



Teladoc HEALTH, a virtual care device that supports team medical care.



Kei Shimizu
Mediford Corporation
Representative Director and President

Mediford supports all stages of its customers' research and development, contributing to the development of new therapies.



Main Customers

- Pharmaceutical companies ● Manufacturers
- Research institutions/universities
- Drug discovery venture companies

Message

Mediford Corporation seeks to present new possibilities for society. This new company is based on the combination of our advanced analytical skills and deep knowledge of disease states, our abundant experience in developing methods to accomplish our goals, the wide range of services we provide, and trusted relationships with our stakeholders. We believe that delivering new value and options to society will contribute to the evolution of medical care and drug discovery and lead to more diverse and flexible approaches to treatment. We envision a world where each person can choose for themselves how to achieve their mental and physical health, peace of mind, and fulfillment in life. This is what we are aiming for.

Overview

Mediford Corporation was established on November 1, 2023, through the integration of the clinical trial business of LSI Medience Corporation and LSIM Safety Institute Corporation, which was responsible for our non-clinical business.

In our clinical trial business, we provide clinical trial testing services required to develop new drugs and treatments for pharmaceutical companies and drug discovery ventures. In particular, we offer bioanalysis services with advanced analysis technology and a series of processes related to testing in clinical trials as central laboratory services.

In our non-clinical business, we provide contract services for non-clinical safety trials, such as safety and efficacy for candidate substances for pharmaceuticals and regenerative medicine products before they proceed to clinical trials. We conduct testing at contract testing facilities that comply with the Good Laboratory Practice (GLP) Standards, a sign of quality and reliable data.

Through the integration, Mediford Corporation has combined the knowledge and technology in pharmaceutical research and development that both businesses have accumulated, strengthening its analytical technology in both the non-clinical and clinical trial fields for diversifying new treatments and expanding its services to pharmaceutical companies and analytical laboratories within and outside Japan. We will seek to enhance our partnerships with pharmaceutical companies and academia in the field of advanced analysis, aiming for further growth.

Strengths

● High quality and reliable trial services

Each testing site is a GLP compliant facility and conducts high-quality and reliable trials. We also conduct animal trials and have obtained certification from the International Association for Assessment and Accreditation of Laboratory Animal Care (AAALAC International). This association is an international non-governmental organization promoting the humane treatment of animals in scientific research, and at Mediford we are committed to world-class standards in the care and use of animals.

● Cutting-edge analytical equipment and technology that also supports personalized medicine

We maintain and manage a patient-derived xenograft (PDX) library in which patient tumor tissues are transplanted into mice, allowing us to conduct cutting-edge tests such as anti-cancer drug screening tests using PDX. We also have the latest equipment such as imaging mass spectrometry. In addition, we are developing and examining technologies and devices useful for solving issues in drug development, such as 3D culture technologies, including organoids and Microphysiological Systems (MPS), as well as options for collaboration with other companies and introducing such technologies and devices into our services.

● Providing solutions that meet customer needs

For clinical trial testing, we design the tests required by our customers and provide optimized solutions. We also provide consulting services in the field of non-clinical trials, from planning to implementation of trial strategies, allowing us to provide custom solutions for each customer.

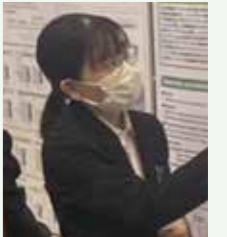
What's New

Today, we face an ever-increasing need to reduce the time required for drug development and to improve the probability of success, in response to the declining market share of Japanese drugs in the global market. We are actively collaborating with other companies to solve these issues. The study with the Central Institute for Experimental Medicine and Life Science (CIEM), a partnership that began in March 2024, aims to bring the results of basic medical research into the marketplace utilizing our proprietary drug development technology platform, and to popularize and share the results outside Japan in the future.

Additionally, the Shonan Drug Discovery Support Consortium, launched in March 2024 with four partner companies gathered at the Shonan Health Innovation Park (Fujisawa City, Kanagawa Prefecture), will support drug discovery and development by pharmaceutical companies, venture companies, and academia, and offer a level of assistance not possible through the efforts of a single company alone. (As of March 2024)

Employee Voices

Mediford Corporation presented a poster at the 97th Annual Meeting of the Japan Pharmacological Society in Kobe, Hyogo Prefecture, in December 2023. Preparing the experiments and presentations in parallel with daily work was challenging but rewarding. For preparation, we explored using a newly introduced device for an evaluation system. I learned to use the new device by referring to the paper and succeeded in establishing a new evaluation system. To perfect our presentation, I had repeated discussions with my managers about interpreting data and drawing conclusions to shape the research results. On the day of the poster presentation, we received questions from many visitors, and we exchanged opinions on the results interpretation and future potential issues. So many visitors expressed interest in our exhibit, I was pleased and felt our efforts had paid off. I will continue to pursue my research vigorously, present papers at conferences, and strive to grow as a researcher at Mediford Corporation.



Department of Pharmacology Pharmacology Group 2
Kumamoto Research Institute Non-Clinical Division
Business Management Division

Nahoko Matsuki

Main Products/Services

We provide research and development support services in a wide range of fields, from basic research including the discovery phase of drug development to clinical trials, by combining the reliability of tests cultivated through our clinical trials and non-clinical trials businesses with the high analytical capabilities gained from our years of experience.

Non-Clinical Contract Research Service

Utilizing facilities that meet state-of-the-art GLP standards, we conduct a wide variety of activities from tests for pharmaceutical approval applications to exploratory studies in the early stages of research and development and consulting.



Bioanalysis Service

Development of analytical methods for drugs, such as their metabolites and biomarkers, in biological samples, validation of analytical methods, and measurement of actual samples.



Central Laboratory Services

We support a series of processes from specimen collection to bulk testing for clinical research (clinical studies) conducted at medical institutions across Japan, responding to the globalization of drug development.



LSI Medience (LSIM Division)



The clinical testing market in Japan was driven by demand for COVID-19 related tests from 2020 to 2022.

Due to a significant drop in demand for COVID-related testing, the overall clinical testing market in Japan has shrunk. However, there are signs of a gradual recovery in general testing demand. The overall clinical testing market is expected to grow by 1-2% year-on-year, reflecting the recovering demand for general testing to pre-COVID levels and an expansion of new technologies and demand, such as genetic and genomic testing.

Samples are collected from clinics and hospitals and tested centrally, mainly at the Central Laboratory in Tokyo. A common issue in the industry is how to streamline these operations.

Our company, which is responsible for the clinical testing contract business of PHC Group and boasts one of the largest such businesses in Japan, covers a wide variety of more than 4,000 types of tests.

In addition, we promote a variety of large-scale industry-academia collaboration projects, including the Tsukuba i-Laboratory, which is the first such collaboration in Japan.

The three growth areas that LSI Medience is focusing on are cancer gene testing used at the start of anti-cancer drug treatment, cancer genome/genetic testing such as cancer panel testing that can examine multiple genes simultaneously, and medical treatment for healthy people. We aim to expand contracts for uninsured

testing, a new market that is not limited to medical care. In addition, we plan to promote strategic partnerships with regional hospitals and academic institutions, utilize the laboratory capabilities of our regional partners to reduce cost, and develop regional strategies to efficiently undertake clinical testing.

Wemex (Healthcare IT Solutions Division)



The healthcare IT market in Japan is expected to grow steadily at 2% annually. The usage rate of electronic medical records systems for clinics, our core product category, is about 50% of the over 100,000 clinics across Japan. Until recently, on-premises products have been the mainstream, but demand for cloud-based products and services is expected to increase in the future, especially among physicians considering opening new clinics.

Furthermore, with the implementation of the online eligibility verification system, which verifies the validity of insurance qualifications online through My Number Cards or health insurance cards, the cumulative installations of medical-receipt computer software linked to the system at medical institutions like hospitals, clinics, and pharmacies has exceeded 50,000* for Wemex Corporation and Wemex Healthcare Systems Corporation. In the future, we will seek to continue to expand the installation of management software linked to e-prescriptions, which convert paper prescriptions into digital form.

We offer a variety of products and services that contribute to operational efficiency and digitalization in clinics, hospitals, and

pharmacies in Japan, leveraging our strengths in responding quickly to policies and advancing related product development. We organize our business to align with medical policy trends in Japan, such as the introduction of the online eligibility verification system starting in 2021, the introduction of electronic prescriptions from 2023 onward, and efforts to achieve a 100% electronic medical record usage rate by 2030. Furthermore, Wemex Healthcare Systems Corporation, which launched as part of PHC Group in October 2023, operates in the the electronic medical record and medical-receipt systems related business and has established a significant market presence, particularly in receipt checking services. We will continue to accelerate business growth by developing and providing high-value-added products and expanding our customer base.

Our electronic medical record system for clinics employs the cloud integration system Medicom Connect API, which links with various other systems provided by partners, such as appointments, medical interviews, and accounting services. We will continue to seek to expand solutions to improve the management and business

operation efficiencies at medical institutions and pharmacies by connecting various cloud services with our medical-receipt computers, electronic medical records, and electronic medication history systems.

The market related to medical data, which has lately gained attention, is also expanding, with double-digit annual growth expected in both corporate management and data analysis areas. We will strive to solve a range of issues in the healthcare industry, such as optimizing healthcare costs, through analyzing data and other information that we hold. Furthermore, we will use the power of digital technology to create new value for the healthcare industry through an online telemedicine system that connects doctors with patients in remote locations.

* As of March 13, 2024

Mediford (CRO Division)



The non-clinical and clinical trial market in Japan is worth more than 200 billion yen, and is expected to grow by 4% annually due to increased government support for drug discovery ventures and academia, as well as an increase in international joint clinical trials.

By disease state, the focus has traditionally been on lifestyle-related diseases, but in the future there may be conditions such as dementia where the target molecules are not fully understood, and diseases such as cancer where the effects may vary between individuals even if the target is known. We expect the proportion of some diseases to increase. In drug development, due to changes in treatment methods, non-clinical and clinical trials of new drugs

and treatments are expected to increase, from small molecule drugs to antibody/nucleic acid drugs and cell- or gene-related drugs.

With the launch of Mediford Corporation on November 1, 2023, we aimed to work toward even greater growth by combining the knowledge and technology in pharmaceutical research and development that previously existed in our separate non-clinical and clinical trial businesses.

We will further advance our analysis technologies such as image mass spectrometry and anti-cancer drug testing using Patient-derived xenografts (PDX) models, and further

strengthen the analysis technologies required for new drugs and treatments such as cell and gene therapies.

In addition, by leveraging the advanced analysis technology mentioned above, we will pursue testing for clinical trials in Japan from pharmaceutical companies in other countries, as well as tests for international joint clinical trials from global contract research organizations (CROs) with which we are already collaborating.



Contributing to improved patient outcomes through groundbreaking technology to support cancer diagnostics

Steven Lynum

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

Main Customers

- Hospitals/clinics
- Research institutions/universities
- Pharmaceutical companies

Message

Epredia's name comes from our mission: to improve lives by "enhancing precision cancer diagnostics." We provide solutions for anatomical pathology testing related to cancer diagnostics. We have a strategic vision to be the best provider of end-to-end precision diagnostics solutions, and our work seeks to ultimately reduce the burden of disease and the environmental impact of medical care by improving the pathology laboratory workflow. We are committed to serving our customers, and ultimately the patients they serve, with the highest quality products and services in laboratories around the world.

Overview

Epredia is a global leader in the field of anatomical pathology, providing comprehensive solutions for precision cancer diagnostics with the goal of contributing to better outcomes for patients.

Anatomical pathology involves observing organs and tissues and diagnosing whether tissues are benign or malignant, and is essential for cancer diagnostics and treatment. A collected tissue specimen goes through many processing steps in a pathology lab before being placed on a glass slide for observation and diagnosis, and Epredia offers a wide range of products to make the laboratory workflow more efficient and effective. Known for product brands such as Shandon, Richard-Allan Scientific, Microm, and Menzel Glaser, the company has been providing solutions for precision cancer diagnostics since its founding in 1937.

Currently, 48 Epredia products are used every second in medical institutions and research facilities around the world. We will continue to drive innovation to help improve the lives of cancer patients worldwide.

Strengths

● **Comprehensive, state-of-the-art technology for laboratories**

Epredia provides high-quality instrumentation and consumables necessary for pathology laboratories working with tissue samples. Key products include glass microscope slides that are recognized for their excellent adhesion quality and exceptional clarity. Each piece of equipment is designed with pathologists' needs in mind such as ergonomics and ease of use, with the goal of contributing to efficient and accurate cancer diagnosis for the patient.

● **Innovative products powered by digital technology**

Typically, specimens prepared on glass slides are observed by pathologists using a microscope, but in recent years digital pathology technology has emerged in which tissue specimens can be scanned as digital images and viewed on a computer screen. Technology may soon be developed to use AI image recognition to analyze these digital images to support cancer diagnostics. Epredia is offering AI solutions to our customers through our partnership with companies Paige and Aiforia.

● **Strong customer base and high market share**

Epredia has trusted relationships with customers and a high market share that has been cultivated over the last 85 years. In particular, we are often viewed as the worldwide leader for microscope slides and tissue processors.

What's New

Epredia is a global leader in precision cancer diagnostics solutions. With a foundation built on high-quality and reliable instruments, reagents, and microscope slides, we strive to deliver new value in the clinical and research fields through digital imaging using digital scanners and supporting AI-driven diagnostics.

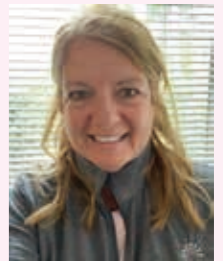
In FY2023, we introduced the award-winning SlideMate Laser printer, designed to improve tissue sample tracking and efficiency by enabling laboratories to embed more detailed information directly on the slides used in the cancer diagnostics workflow. Additionally, we launched the E1000 Dx™ Digital Pathology Solution designed to maximize laboratory productivity for diagnostic use in the United Kingdom.

On the manufacturing front, we commenced the production of equipment made specifically for the Chinese market at our 100,000 square-foot Shanghai facility. We are now working to optimize the efficiency of our production systems globally by deploying engineers from other PHC Group companies to share and implement best practices from our rich legacy in Japanese manufacturing.

As a frontrunner in anatomical pathology products designed to improve the laboratory workflow, we remain committed to providing cutting-edge value that enhances precision diagnostics. (As of March 2024)

Employee Voices

For the past twenty years, the Epredia Portsmouth team has been delivering innovative, quality OEM microscope slides used specifically for cervical cancer screening. This type of product must be free of any fungal contamination, which could result in a misdiagnosis or even worse, unnecessary treatment. Our team takes great pride in meticulously processing the slides to meet this critical healthcare need. The packing department, which is currently comprised of all women, can personally relate to how important this slide is as part of an annual gynecological visit. With that in mind, they have a deep understanding and appreciation of the quality criteria we must meet every day.



Deputy Site Leader
Lisa Julian

Main Products/Services

● **Slide Glass**

High-quality pathological diagnosis requires high-quality microscope slides. Our unique glass manufacturing technology enables smooth surfaces and uniform thickness, supporting high-quality specimen analysis and highly accurate diagnosis.

● **Pathology Reagents**

Cytology staining, which provides clear contrast between cytoplasm and nuclear chromatin, is an important component in cancer diagnostics. Epredia's staining equipment is designed to stain tissue samples with high transparency and sharpness, and can be used in combination with a variety of staining solutions.

● **Pathology Equipment**

Tissue processing is critical to obtaining reliable results in the histology laboratory. Laboratories are under pressure to speed up processes, reduce costs, and prevent operational errors. Epredia's tissue processing solutions are designed to efficiently produce high-quality paraffin blocks to enable pathologists to make an accurate diagnosis.

● **Labeling and Management Solutions**

To prevent operational errors in the histology laboratory, cassettes and microscope slides must be labeled, properly recorded, and tracked. Epredia's cassette printers and slide printers with laser technology and on-demand printing capabilities provide an automated way of labeling and tracking laboratory samples and slides, to increase accuracy while streamlining workflow.

Slide Glass

Achieve more accurate diagnosis with the highest level of optical clarity.



Global market share:



Pathology Reagents

Streamline microscopic observation of cytoplasm and chromatin with a highly transparent and cost-effective staining solution.



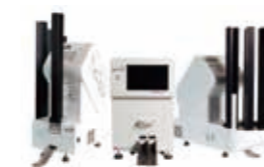
Pathology Equipment

Streamline the work of applying reagents to samples and reduce reagent costs.



Labeling Solutions

Automate printing of slides and cassettes to streamline workflow.



Digital Pathology

Contributing to the future of digital pathology solutions through partnership with 3DHISTECH.



* In-house research



We create new values in life science research and medical practice.



Chikara Takauo

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

Main Customers

- Pharmaceutical and biotech companies
- Hospitals/clinics ●Research institutions/universities
- Dispensing pharmacies

Message

The Biomedical Division of PHC Corporation entered the life science field in 1966 with the sale of medical refrigerators designed and developed for the purpose of storing pharmaceuticals.

By providing high-quality and highly reliable products and services, we are working to realize the division's mission of "creating new value in life sciences and medicine and contributing to the creation of a healthy and prosperous society."

For the 30 years since I joined Matsushita Kotobuki Electronics Co., Ltd. the predecessor of PHC Corporation, I have engaged primarily in technology and production engineering. I have always believed our company is "technology-driven" and would not grow without new products. The Biomedical Division is committed to developing attractive new products moving forward. We will also contribute to the therapeutic manufacturing process for cell and gene therapy (CGT) by developing and producing new products leveraging our sensor technology accumulated through the development of our blood glucose meters and other products.

Overview

The Biomedical Division primarily provides products and services to medical institutions, universities, and pharmaceutical companies, including solutions for sample storage, cell culture, maintaining a sterile research environment, and research and development for cell and gene therapy. We provide innovative equipment and services needed for scientific research around the world.

The predecessor of this business was Sanyo Electric's Biomedical Division, which joined PHC Group in 2012 when Sanyo Electric was integrated into Panasonic Corporation. The manufacturing strengths of both companies have since fused and become even stronger together.

Our products, which are based on sophisticated designs that pursue efficiency and ease of use, feature advanced technology, high quality and reliability, and excellent performance and energy efficiency.

We will continue to be a research partner in the life science field with our cutting-edge products and services.

Strengths

●Products with industry-leading quality and energy-saving performance

Ultra-low temperature freezers have the industry's highest level of temperature accuracy, and their energy efficiency is also world-class. Our CO₂ incubators feature a unique contamination prevention function, and their quality, energy savings, and ease of use are highly rated.

●Manufacturing power that supports high-quality products

In the welding process, which requires concentration and precision craftsmanship, we strive to maximize the performance of each welder. Our operations team has the deep knowledge necessary to support high-quality manufacturing, enhanced by an on-site training system within the factory that enables us to further build our expertise.

●High market share and customer reach

Our mainstay ultra-low temperature freezers and CO₂ incubators have the number-one market share in Japan and the number-two market share globally. Leveraging this position and the trusted relationships we have built with customers, we will continue to develop new products and services in new areas.

What's New

The Biomedical Division has been promoting a cross-functional team (CFT) improvement activity called the Achieving Biomedical's Cost Down (ABCD) Project since FY2022.

Over the past two years, we have implemented approximately 150 improvements by forming small teams across divisions to identify opportunities to improve.

An award system is in place for particularly significant improvements that contribute to our business unit, providing an incentive for employees to take on new challenges.

In addition, improvement activities often include themes such as appropriate use of raw materials, power savings for facilities, reduction of packaging materials, and streamlining logistics.

We renamed this initiative the ABCD+ESG Project in FY2024 to reflect its contribution to ESG strategy and re-launched it as a cross-divisional activity for sustainability, not just a profitable contribution to the company. (As of March 2024)



Deputy General Manager, Procurement Department, Biomedical Division, PHC Corporation
Masashi Desaki

Employee Voices

This fiscal year, we will enter the field of cell and gene therapy (CGT). We were proud to launch the Live Cell Metabolic Analyzer (LiCellMo) with the support of many people over the last six years. After global testing, many researchers have provided high praise for the instrument, which is capable of continuously monitoring changes in cell metabolism, without interrupting an experiment. Following the launch of LiCellMo, which can be used for basic CGT research and process development, we will seek to further contribute to the production of CGT drugs. CGT is a game-changing field that contributes to treating diseases previously hard to cure, such as cancer and rare diseases. We take great pride in contributing to society through this technology and will seek to grow our impact by mobilizing all of the Biomedical Division's strengths.



PHC North America CGT Team in Wood Dale, Illinois, USA.

Main Products/Services

●Ultra-Low Temperature Freezer

This product uses highly efficient refrigerant, heat exchangers, and insulation technology to achieve world-class energy-saving performance, and is equipped with two independent refrigeration circuits that maintain the temperature at minus 70°C. The ULT freezer provides safe and secure storage.

●CO₂ Incubator

Industry-leading products featuring hydrogen peroxide technology that significantly shortens decontamination time, copper alloy stainless steel that helps prevent contamination while culturing without interrupting customer research, and

UV sterilization technology.

●Pharmacy Solutions

Equipment, including an automatic tablet counting and packaging system, that meticulously supports operations from dispensing to administration in pharmacies and hospitals, using automation technology that enables high-speed, accurate, and stable operation and human error prevention.

●Food Catering Solution

The Delicart, which contributes to the proper temperature of meals at medical facilities, supports safe and efficient meal delivery with advanced functions such as power assist.

Ultra-Low Temperature Freezer

Long-term stable storage of specimens with highly accurate temperature control.



CO₂ Incubator

Provides an optimal culture environment to improve cell culture productivity.



Medicinal Cold Storage

Equipped with natural refrigerant and inverter-controlled compressor, providing significant energy savings.



Wireless Monitoring System

Stores internal temperature data on the cloud and centrally manages operating status in real time.



Automatic Tablet Packaging Machine

Automates the counting, dispensing, and packaging of prescription drugs. Contributes to improving pharmacist work efficiency and reducing dispensing errors.



Delicart

Heat and cold insulation function and power assist driving function. Reduces the burden of serving food.



* In-house research



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

The IVD Division contributes to the advancement of medical care by providing high-precision medical equipment and diagnostic reagents.



Main Customers

- Hospitals/clinics
- Medical device manufacturers
- Pharmaceutical companies

Message

The IVD Division of PHC Corporation developed Japan's first clinical diagnostic reagents in 1962 and the industry's first electrochemical blood glucose monitoring (BGM) system in 1991.

Currently, we offer various products such as BGM systems, Point Of Care Testing (POCT) devices, biochemical analyzers, diagnostic reagents, and motorized drug injection devices.

Based on the mission of PHC Group, we have defined the mission of our division as "We contribute to the advancement of medical care as one of the leading global healthcare companies by providing high-precision, highly reliable, high-value-added medical equipment and diagnostic reagents."

We will accelerate further growth of our IVD business centered on POCT.

Overview

The IVD Division was formerly the healthcare business of Matsushita Kotobuki Electronics, established in 1969.

Since launching the industry's first electrochemical BGM system in 1991, we have developed and manufactured a variety of healthcare products including motorized drug injection devices and POCT devices. Leveraging our strength in manufacturing excellence, we provide a variety of medical devices that support the early detection and effective treatment of disease.

Through a business restructuring within PHC Group, the IVD Division was integrated with the Diagnostic Reagents and Instrument Division of LSI Medience Corporation on November 1, 2023.

We will continue to maximize our manufacturing capabilities to promote further improvement of the quality and cost of our products while addressing the unmet needs of our customers in the development of diagnostic equipment and reagents.

Strengths

●Product design that reflects market needs

We carefully consider how to improve products and reflect the results in the product design. Through the study on how we can support accurate diagnosis and treatment and contribute to maximal efficacy, we offer high value-added products unique to our company.

●Efficient product development process

We seek to improve the efficiency of the product development process by adopting two concepts: concurrent engineering, in which multiple processes proceed simultaneously, and front-loading, in which items and processes normally evaluated at a later stage are brought forward as far as possible, so that any issues can be identified and addressed early.

●Our Japanese heritage of manufacturing excellence

Our manufacturing expertise and culture of continuous improvements, which have continued since the days of Matsushita Kotobuki Electronics, are the foundation of our high-quality, high-precision manufacturing technology. For instance, the disk rotation technology we developed when the company designed and manufactured optical disk drivers is now applied to centrifugation and measurement technology for specimens in our healthcare products.

What's New

In November 2023, the Diagnostic Reagents & Instruments Business of LSI Medience was integrated with PHC IVD through an absorption-type split. By combining the culture of manufacturing of BGM systems and other products, which is one of the strengths of the Diagnostics Division, with new technologies, knowledge, and know-how in the development and manufacture of in vitro diagnostics and medical devices, we have been able to provide high-performance, high-quality products to a wide range of customers both in Japan and internationally. In addition, we will further accelerate the development and manufacture of products to meet customers' unmet needs by creating synergy across PHC Group companies, through enhancing diagnostic reagents manufacturing plants, research facilities, and sales offices and promoting collaboration and talent exchanges. The IVD Division will continue to contribute to advancing healthcare by providing medicines and devices that support early detection and effective treatment of diseases. (As of Nov. 2023)



At the kick-off meeting of the new diagnostic reagents division

Employee Voice

Synergies and innovations emerge from the space where separate businesses coexist.

The Hokkaido office where I work is home to seven people from the Sapporo sales office of the Diagnostic Reagent Division and three people from the Hokkaido sales office of the Biomedical Division. The office has an open atmosphere, with shared desks, creating an interaction across divisions and opportunities to exchange information.

The product lineup and information network of the IVD Division specialize in clinical testing, and the Biomedical Division has a wide range of customers and information networks.

I feel that the synergy and innovation created through the interaction of businesses and employees, who otherwise may have had no opportunity to interact with each other, allowed us to accelerate our mutual strengths and allow personal growth. We will continue to share various information and strive to create new role models and business value together as "One PHC."



IVD Division,
Domestic Sales Department,
East Japan Sales Department
Sapporo Sales Office Manager
Nobuhiko Nishizawa

Main Products/Services

We develop diabetes care products centered on BGM systems, continuous glucose monitoring systems, reagents, equipment used for real-time testing in medical settings, and motorized drug injection devices.

Compact Immunoassay Analyzer (PATHFAST)



Automatic Blood Coagulation Analyzing System (CN10)

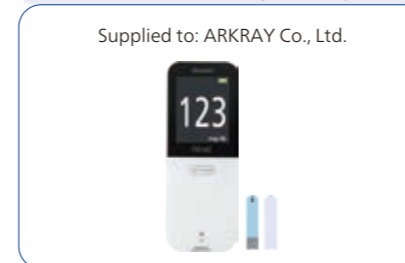


Reagents for General-Purpose Automated Analyzers



Blood Glucose Monitoring (BGM) Systems

Supplied to: ARKRAY Co., Ltd.



BGM Systems for Hospitals/Clinics

Supplied to: SANWA KAGAKU KENKYUSHO CO., LTD.



Blood Sampling Device/Dedicated Blood Sampling Needle

Supplied to: Sanwa Kagaku Kenkyusho Co., Ltd.



POC Biochemical Analyzer (measures HbA1c, lipids and CRP)

Supplied to: Roche Diagnostics



Motorized Drug Injection Devices

Supplied to: JCR Pharmaceuticals Co., Ltd.



Exhaled Nitric Oxide Measuring Devices*

Supplied to: NIOX Group PLC



*"Exhaled nitric oxide measuring device" has been approved by the U.S. FDA

Epredia (Pathology Division)



The number of cancer diagnoses is increasing worldwide, and as a result, cancer-related drug development activities are expanding, especially among pharmaceutical companies. In this environment, the market for pathology testing equipment and consumables is expected to grow at a mid-single-digit rate.

We are focusing on the areas of digital pathology and immunohistochemical staining. Digital pathology supports cancer diagnostics using digital images rather than a microscope. Additionally, when it is necessary to confirm what kinds of proteins are distributed in cells and tissues, a technique called immunohistochemical staining is used. These technologies are attracting attention for their potential to greatly improve the efficiency of cancer diagnostics and pharmaceutical research and development, and are expected to grow by double digits annually.

Pathology is an area where high quality and stability are especially critical, and we will continue to develop new high-quality products and seek to increase our market share.

Additionally, in the growing field of digital pathology, we offer digital pathology products including those made by our partner 3DHISTECH. As a partner in immunohistochemical staining with 3DHISTECH, we jointly operate a research and development

laboratory, the Pathology Innovation Incubator (Pi2), and we will invest heavily in the growth of digital pathology and immunohistochemical staining.

The E1000 Dx™ Digital Pathology Solution, developed from a practitioner's perspective and based on the experience and knowledge of physicians, is now available in the UK. The scanner can load up to 1,000 slides at once and automatically scan them in about half a day.

Scanning during the night and sharing the data among pathologists the next day, for example, enables high volume and rapid observation irrespective of the pathologist's location. This contributes to making the diagnostics process more efficient.



PHCbi (Biomedical Division)



The Biomedical Division seeks to improve profitability by enhancing product competitiveness in our Foundation Areas, where it provides life science equipment such as ultra-low temperature freezers and pharmaceutical refrigerators. Meanwhile, research and development of new therapies and cutting-edge technologies, such as cell and gene therapy (CGT), mRNA medicine, and nucleic acid medicine, are active and overall they seem to grow double-digit annually. The Biomedical Division defines CGT as a Growth Area and will accelerate research, development, and launch of products that contribute to improving manufacturing QCD.

[Foundation Areas]

For high-value-added products such as ULT freezers and CO₂ incubators, we will advance the development of new products to differentiate us from our competitors. As for other products, we will leverage our Indonesian manufacturing base to enhance price competitiveness through more efficient development, design, and manufacturing operations.

[Growth Areas]

We will focus on the field of CGT. In cell culture, cell metabolites are especially important indicators in determining the health of cells. Previously, it was difficult to constantly monitor the state of the cells due to manual, intermittent measurement of metabolites. Our new Live Cell Metabolic Analyzer (LiCellMo), which applies technology for quantifying biological compounds that we have cultivated through our blood glucose monitoring systems, can continuously measure cell metabolism and share data about the state of cells in real time. This technology allows us to gain a new level of knowledge unobtainable through conventional methods, and through this knowledge, we can contribute to the reliable and stable production of therapeutic cells.



PHC IVD (IVD Division)



The IVD Division is focusing on the POCT market. POCT is expected to grow in the mid- to high-single digit range due to factors such as the increasing demand for comprehensive medical care (or primary care), which provides consultation services for all kinds of medical needs, and demand for faster testing and diagnosis. By region, high growth rates are expected particularly in the United States and other markets outside Japan.

Currently, our primary focus is on motorized drug delivery devices, mobile immunoanalyzers, and diagnostic reagents.

Motorized drug injection devices are designed to automatically administer the correct amount of drug, allow users to check the

administration history, and support treatment at home. Since they are electronically operated, they can be used with high-viscosity formulations and have a wider range of applications than spring-type products.

The immunoanalyzer uses an all-in-one reagent cartridge, can examine multiple items in parallel, and has features such as a compact immunochemiluminescence system, contributing to rapid sample analyses in hospitals and clinics.

By combining the technology we have cultivated to date with the technologies of PHC and LSI Medience, the IVD Division strives to develop next-generation cardiac biomarker measurement devices as well as devices and reagents that meet unmet needs, and seeks to achieve significant growth in this field.



In pursuit of our mission to create healthcare solutions that improve lives, PHC Group is working to advance Value-Based Healthcare by addressing sustainability issues throughout the value chain in our

three business domains: Diabetes Management, Healthcare Solutions, and Diagnostics & Life Sciences.

Our Value Chain Initiatives

Research and Development



- Promote the development of products that reduce environmental impact, including environmentally conscious design combining energy-saving performance with high durability.
- Pursue improvements in healthcare quality, cost reduction, and efficient use of medical resources by engaging in new fields like digital health and cell and gene therapy.
- Combine expertise from specialists across business units to respond to customer feedback and market needs.
- Develop products that comply with global chemical regulations and product safety standards and meet cybersecurity requirements.



Procurement



- Build a robust supply chain based on sustainable procurement principles through communication with suppliers, including supplier surveys and guidelines.
- Promote sustainability initiatives throughout the supply chain, including streamlining logistics, selecting environmentally friendly materials, and reducing packaging materials.
- Enhance risk management in compliance with procurement-related regulations, such as Japan's Subcontract Act, by leveraging purchasing systems.



Manufacturing



- Promote efforts to reduce waste and increase recycling by more efficiently sorting recyclable materials.
- Develop and improve production technologies to reduce carbon dioxide emissions, water, and packaging material consumption.
- Reduce waste and lower costs by optimizing our manufacturing and operations footprint.
- Ensure that employees involved in manufacturing excellence can produce high-quality products by providing technical and safety training and upgrading and certifying their skills.



Sales



- Distribute a wide range of products and services in more than 125 countries and regions and promote further sales expansion in emerging and developing countries where medical care is needed.
- Expand Internet of Things (IoT) services to provide timely user support, collect customer feedback, and build strong partnerships.
- Reduce environmental impact by improving the efficiency of business travel, such as replacing air travel with train travel on specific routes in Japan.



Related Materiality*

Climate Change

Preservation of Natural Resources

Circularity

Healthcare Innovation

Product Excellence

Supply Chain

Expanded Access

People & Culture

Corporate Governance

Risk Management

Cybersecurity

Climate Change

Preservation of Natural Resources

Circularity

Product Excellence

Supply Chain

People & Culture

Risk Management

Climate Change

Preservation of Natural Resources

Circularity

Healthcare Innovation

Product Excellence

Expanded Access

People & Culture

Risk Management

Climate Change

Healthcare Innovation

Product Excellence

Expanded Access

* Excerpts only from materiality topics related to initiatives in our Value Chain.