Chapter 3

Corporate Strategy

Message From Our COO/CSO

Be a Leader in Precision Technology That Powers the Future of Healthcare and Maximize Stakeholders' Joyspan

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1. Review of the First Year of the Value Creation Plan 2027: Promising Progress Towards Sustainable Growth

In fiscal year 2025, the first year of the Value Creation Plan 2027, we made steady progress as planned on three key initiatives: implementing structural reforms to strengthen the profit base, improving portfolio management, and focusing on Diagnostics & Life Sciences.

To achieve our vision for 2030, we have established two phases: Phase 1, which will continue until fiscal year 2027, when we will build the foundations for growth, and Phase 2, which will end in fiscal year 2030, when we will achieve sustainable growth. We consider building a lean and agile organization that can compete as a system, rather than simply cutting costs, to be an achievement of this first year.

Key Initiative 1. Structural Reform to Strengthen the Profit Base

The first key initiative, structural reforms to strengthen the profit base, prioritizes optimization of costs, locations, and organizations across the Group and aims to improve profits by JPY 8 billion to JPY 12 billion over the three-year period ending in fiscal year 2027. In fiscal year 2025, profit improvement effects of JPY 3.1 billion were achieved, making steady progress.

This achievement is the result of progress in initiatives implemented in each domain. In the Diabetes Management domain, we achieved improvement effects of approximately JPY 900 million. We consolidated packaging operations that were previously distributed across multiple sites at a single location, brought packaging and other work that had been outsourced in-house, and negotiated prices for materials with suppliers. The integration of warehouses, optimization of transportation routes to customers, and adoption of common product platforms increased efficiency in design, manufacturing, and procurement, all contributing to reducing costs.

The Healthcare Solutions domain achieved improvements of approximately JPY 600 million. We made progress in optimizing procurement, including changing and consolidating suppliers for reagents and consumables used in LSI Medience's testing, conducting competitive bidding, and changing suppliers for Wemex's hardware devices. In addition, we reduced fixed costs and advanced structural reforms through the relocation and consolidation of business sites.

In the Diagnostics & Life Sciences domain, we achieved profit improvements of approximately JPY 1.6 billion. In the pathology business, we reduced manufacturing costs by bringing manufacturing in-house and improving processes. In the biomedical business (now the Life Sciences Business Unit), we changed suppliers for materials and switched to lower-cost materials. In addition, we lowered fixed costs by streamlining organizations, including integrating Japan sales organizations and standardizing global back-office operations.

What we kept in mind as we implemented these structural reforms is that we are not seeking to simply reduce costs, but to build competitive structures. We created the Smart Spend program to break down organizational silos and leverage the Group's global scale. The program initially focused on the procurement of indirect materials, with each business unit adopting standardized methods, and has already achieved meaningful cost reductions. Going forward, we plan to expand the scope to include the procurement of direct materials. In this way, we have created a framework that can maximize our strengths while making organizations leaner and stronger.

Key Initiative 2. Improve Portfolio Management

The second key initiative is improving portfolio management. PHC Group is clarifying the positioning of each business based on growth potential and return on invested capital (ROIC), and strategically pursuing a strategy of selection and concentration.

First, PHCbi (now part of the Life Sciences Business Unit) is a growth business that drives growth through continued investment, and we are investing in the cell and gene therapy (CGT) field and the life sciences field with a focus on building the foundations for growth over the medium to long term. We are making strategic investments to develop nurture businesses into growth businesses. We transferred the continuous glucose monitoring (CGM) business (discussed below), and improved the profitability of the manufacturing departments of Epredia while investing in digital pathology. We also integrated PHCbi and PHC IVD and unified Japanese sales organizations in the Life Sciences Business Unit and streamlined corporate organizations. This reorganization is helping to realize synergies including more effective use of resources.

The Diabetes Management segment, a foundational business that strengthens existing business foundations and maintains stable earnings, improved profitability by capturing market share in Europe, implementing unit price improvement measures in the U.S., and increasing operational efficiency. Wemex continues to launch cloud products and capture medical DX demand and is working to strengthen cash generating capability by integrating businesses and implementing structural reforms with Wemex

Healthcare Systems (WHS). Also, LSI Medience, a restructuring business for which we are exploring business reorganization including external partnerships and the use of outside capital, profitability has improved, ISO certification has been reacquired, and business restructuring is progressing steadily. This fiscal year, we are reviewing the business foundations of Mediford, including updating management structures.

Among these developments, the most significant was the transfer of the CGM business, which had been positioned as a nurture business. In last year's Integrated Report, we reported that we were strengthening CGM sales and that Eversense® 365, launched two years ago, was a highly differentiated product with growing user numbers, although not at the levels that we initially anticipated. As part of the portfolio management improvement process, we examined return on investment (ROI) and found that achieving growth would require further investment. A second issue is that while our Diabetes Management segment is a mass-market business that supplies hospitals and pharmacies, Eversense required an implantation procedure which in turn required highly specialized systems and infrastructure involving direct interaction with doctors and patients. This departed substantially from our core BGM business model, and therefore, after comprehensively considering the issue from these perspectives, we concluded that uniting the business within Senseonics, which has an integrated and specialized structure spanning development, manufacturing, and sales, would maximize the product value and would be the optimal course of action for the company from the perspective of investment efficiency. Based on this, we decided to transfer the business. The result was an improvement in overall consolidated profitability.

Key Initiative 3. Focus on Diagnostics & Life Sciences

The third key initiative is to focus on Diagnostics & Life Sciences and leverage the precision technologies that are the Group's strength. Our goals for 2030 and beyond are to be an innovator in cancer diagnostic solutions that enables more accurate, timely, and simpler diagnoses and to act as an accelerator and enabler of advanced cancer treatments, facilitating their early adoption.

To achieve this goal, we adopted an approach in the Value Creation Plan 2027 to strengthen business foundations in Phase 1 (through fiscal year 2027), create domain solutions in Phase 2 (through fiscal year 2030), and expand solutions through new businesses from fiscal year 2030 onward. In fiscal year 2025, we optimized our manufacturing sites as one aspect of strengthening business foundations. For example, we transferred the assembly work for some Epredia products, which had been performed in the UK, to PHC Indonesia, a manufacturing site with a 35-year history, improving both cost competitiveness and supply stability. We also transferred PHCbi CO_2 incubator production from Indonesia to our site in China as a strategic response to policies favoring domestic production in China, thereby establishing a structure that will contribute to expanding sales in the Chinese market.

We also strengthened R&D, which is responsible for producing next-generation technologies. In July 2025, we established Diagnostics & Life Sciences Domain R&D and in April 2026 expanded this initiative as Core Technology Laboratory (CoreTech Lab), which handles technology development for the entire Group. With a slogan of "Healthcare with Precision - Invent the Core, Create the Future," the lab is advancing technological innovation across PHC Group. CoreTech Lab will continue to focus on the Diagnostics & Life Sciences domain, while seeking to expand research areas over the long term in the Diabetes Management and Healthcare Solutions domains as well, ultimately building a corporate R&D organization that contributes to each business, building development sites from a global perspective and driving development across all business domains. Joint projects are already underway with the Institute of Science Tokyo, and we are accelerating the pace of development through external collaboration.

At the same time, we are navigating challenges in expanding our growth areas. While we are making steady progress on business foundations, expanding into new areas brings new challenges. In particular, we are strengthening our product lineup related to cell and gene therapy (CGT), and although there is some overlap with existing products in terms of customers, the specialized knowledge required is different. It is essential that we strengthen technical sales personnel who can converse on equal footing with experts in fields different from our existing products and who have the ability to leverage the specialized knowledge and technical capabilities of our existing products. While strengthening our so-called last-mile sales structure, which directly impacts customer purchasing intent, we also need to focus on how to strategically address the current U.S. market environment with reduced research-related demand due to lower government funding, until the U.S. once again becomes a tailwind.

2. As COO/CSO: Linking Strategy with Execution and Responding to Geopolitical Risks and the AI Era

I currently serve as both Chief Operating Officer (COO) and Chief Strategy Officer (CSO). I oversee management strategy, business development, and healthcare policy and am also responsible for PHC Group's product manufacturing, quality control, and procurement functions. What I particularly emphasize here is deepening collaboration between strategic and execution departments and improving execution precision so that the strategies we formulate can be brought to life. Our commitment to steadily carrying out our established strategies remains steadfast. Although fiscal year 2025, the first year of our Value Creation Plan 2027, was weighted slightly toward foundational elements, in fiscal year 2026, we will be allocating investment and resources to growth initiatives in each business and steadily making preparations to become more proactive under the next mid-term management plan.

Initiatives as COO: Responses to Geopolitical Risks and Strengthening Manufacturing

PHC Group, which conducts business globally, is affected by both geopolitics and geo-economics. Various risk factors have emerged in the past year, including rising costs due to tariff issues in the U.S. and the situation in the Strait of Hormuz as well as ripple effects from surging prices on plastics and urethane materials. In Japan, there was a situation where the heavy fuel oil essential for air conditioning at the CRO business's research facility in Kumamoto temporarily became unavailable. To resolve that situation, we reached out to various partners to secure necessary supplies, but this and other scenarios have led us to reevaluate how we build resilient supply chains. We must leverage the advantages of our global footprint and think strategically about our supply chain as a whole.

Initiatives as CSO: Strengthening DX and AI and Advancing Business

As CSO, I believe that we must stay informed and active in the era of generative AI. We introduced Microsoft Copilot as the standard AI tool throughout PHC Group to enable all employees to improve their individual productivity and contribute to overall operational efficiency. At the same time, engineers in the Business Development Department are serving as mentors for an internal program that uses AI to solve problems in individual business units. Last year, the first cohort of five employees obtained certification as AI engineers, and have begun playing active roles in operations. Our plan for the future is to continue strategic adoption of AI so that we can offer services that incorporate AI into the Group's product portfolio.

In the AI era, true competitiveness does not come from AI itself, but from having high-quality data to process and professionals who can accurately assess the results generated by AI. PHC Group benefits from both accumulated data and high levels of expertise, and I believe that by linking these strengths to AI, we can create new value and grow our business.

3. Preparing for Next Growth: Fiscal Year 2026 Business Targets and Transformation of the Business Architecture

In fiscal year 2026, we will continue to steadily carry out the Value Creation Plan 2027. In terms of business performance, the improvement effects of structural reforms and improved portfolio management are steadily emerging, and we expect profitability to improve significantly. At the same time, looking ahead to where we will generate growth under the next three-year mid-term management plan, our priority will be to build systems that can guide us to growth areas.

In the Diabetes Management segment, we will seek to maintain stable foundations in developed countries and sustain stable cash-generating capacity by streamlining organizations and improving operational efficiency in response to shrinking markets. As a result of the transfer of the CGM business, we are currently focusing on our core strength in BGM, but by leveraging the Group's market access and strengths, we will continue to search for new growth opportunities.

In the clinical diagnostics business, we will pursue further improvement of profitability through price increases and by strengthening genetics-related fields. Also, in the CRO business, we will seek to improve utilization rates by strengthening order-taking activities.

In the healthcare IT solutions business, in response to the shift toward cloud computing and current policy trends, we will seek to expand the sales of Medicom Cloud, our cloud-based EMR system launched in fiscal year 2025, and also develop a cloud-based system for dispensing pharmacies. Japan's current healthcare system is centered on treatment, but we can see that social interest is shifting toward preventive healthcare. Now that digital utilization makes it possible to achieve personalized preventive healthcare, we will seek to leverage this development as an opportunity and develop services that support health management into a new pillar of growth.

In the pathology business, we will prioritize the transformation of the existing model centered on consumables, such as glass slides and reagents, toward the digital pathology domain, where AI may be applied and scan data are archived. We will continue improvements targeting this growth market, including updating our sales and marketing organizations, launching new products, and optimizing production systems.

In the Life Sciences business, we will leverage our newly integrated organizational capabilities to expand sales in the cell and gene therapies field using our LiCellGrow™ automated cell expansion system and LiCellMo™ live cell

metabolic analyzer. We also plan to expand sales of in vitro diagnostic reagents and instruments.

What I see as a Group-wide issue as we implement these initiatives is reframing our business to meet evolving needs. Until now, we have been conducting business in an era where quality products can succeed on their merits, but added value in current markets is shifting to software and data. This means we need to transform our outstanding technologies into reliable profit and customer value. I believe that strengthening our organizational capability to build and deliver end-to-end businesses based on market value is an essential step toward our next phase of growth.

4. Outlook for 2030 and Message to Readers: Co-Creating Joyspan

Last year, I discussed the pursuit of both sustainability and innovation and valuing our base businesses while incorporating new technologies. This strategy remains today.

I have been paying close attention to the concept of "joyspan" advocated by U.S. gerontologist, Dr. Kerry Burnight. This is the idea of extending the period in which one feels richness from the small joys of daily life and connections with others. In other words, it refers to extending one's emotionally fulfilling and happy life span. I personally believe that true richness can be achieved only when the heart is fulfilled, not through physical health alone. Looking to the future, as a global healthcare group, I see a new potential goal of maximizing people's joyspans.

Burnight identifies four ways to extend one's joyspan: Grow, by stepping outside one's comfort zone and continuing to develop; Connect, by building relationships with society and other people; Adapt, by responding flexibly to changing environments; and Give, by contributing to others. These four points align closely with the four values set by PHC Group: Curiosity, Courage to Act, Respect and Collaboration, and Integrity.

Healthcare professionals, who are among our stakeholders, have worked diligently under demanding conditions including long working hours. To extend the joyspan of our stakeholders, including healthcare professionals and customers, we ourselves must have a deep understanding of its importance and approach it with a sense of openness. This means that each and every employee must go outside their comfort zones and achieve personal growth. It also means co-creation by teams and continuously returning value to customers while adapting to change. I am confident that it is this chain of action and the sense of fulfillment of employees in their work that will be the source from which our next innovations will be created.

PHC Group seeks to be an organization that first expands this circle, starting with its employees, and continuously provides to stakeholders the time to feel richness in their hearts— that is, joyspan. I request your continued support and guidance.

Value Creation Plan 2027 Progress Report

During the first year of Phase 1 of the Value Creation Plan, we advanced three key initiatives to build a foundation for growth.

FY25	FY26	FY27	FY28	FY29	FY30
Phase 1			Phase 2		

Vision for 2030

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

Value Creation Plan 2030

Achieving sustainable growth centered on Diagnostics & Life Sciences

Value Creation Plan 2027

Strengthening our foundation for growth

Key Initiatives

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

Management Objectives of Value Creation Plan 2027

		Financial	Non-Financial		
		FY27 Target *	Environment		
Profitability	Revenue growth rate (YoY, excluding FX)	4 - 5%	GHG Emissions From the Group's Energy Sources (Scope 1 and 2) 42% Reduction	GHG Emissions From Supply Chain (Scope 3) 25% Reduction	Waste Recycling Rate 90% Achievement
	Operating profit margin	8 - 10%			
	EPS	More than double the FY24 level	Governance	Human Capital	
Efficiency	ROE	10% -	Compliance Training Attendance Rate 100%	Engagement Survey Index 68 pt or more (Improvement of 1 pt or more compared to the previous year)	
	ROIC	8% -			

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

Key Initiative 1: Structural Reform to Strengthen the Profit Base

Key Initiative 1: Structural Reform to Strengthen the Profit Base aims to deliver improvements of JPY 8.0–12.0 billion over the three years from fiscal year 2025 through fiscal year 2027. We are implementing this initiative with a focus on cost optimization through process improvements and supply chain optimization as well as personnel optimization through consolidation of sites and organizations. In fiscal year 2025, we achieved benefits of JPY 3.1 billion and expect benefits of JPY 3.6 billion in fiscal year 2026, with both figures net of structural reform costs. The structural reform costs were JPY 1.0 billion in fiscal year 2025 and are expected to be JPY 0.4 billion in fiscal year 2026, with cost efficiency expected to improve progressively.

Assumptions in the Value Creation Plan			Progress	
		Impact of Measures* (Improvement Amount in FY27 Compared to FY24)	FY25 Result	FY26 Forecast
Cost Optimization	Cost Optimization Including Process Improvement and Supply Chain Optimization	**+8-12 billion** JPY	approx. JPY **3.1 billion**	approx. JPY **3.6 billion**
Optimization of Locations and Organizations	Optimization of Personnel Numbers Through the Consolidation of Bases and Organizations			

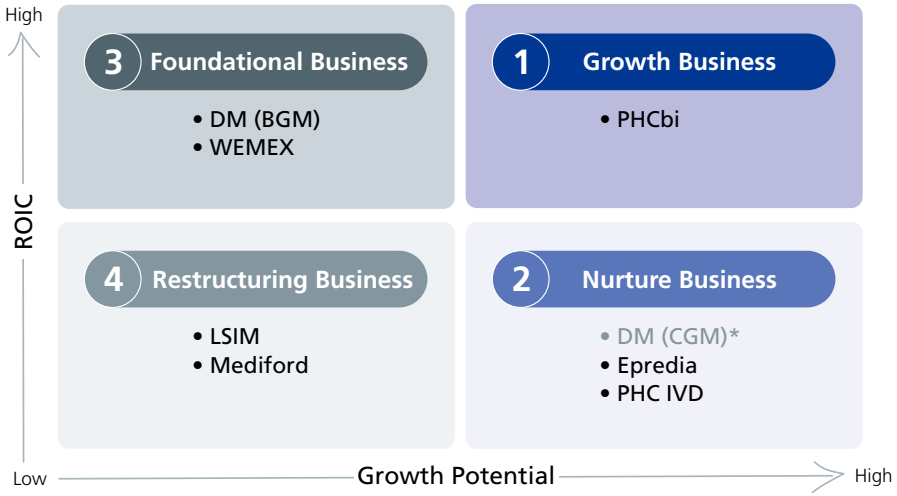
Breakdown by Segment

	Key Initiatives	FY25 Results	FY26 Forecasts
Diabetes Management	Optimization of Supply, Cost, and Operational Structures • Lower packaging and procurement costs through insourcing and consolidation of operations sites • Efficiency improvements through consolidation of logistics and warehouse networks • Improved efficiency and reduced costs through product and platform consolidation	approx. JPY **0.9 billion**	approx. JPY **1.3 billion**
Healthcare Solutions	Improvement of Procurement and Fixed Cost Structures • Reduction of material and outsourcing costs through supplier changes and consolidation • Reduction of fixed costs through site consolidation, relocation, and structural reforms	approx. JPY **0.6 billion**	approx. JPY **0.4 billion**
Diagnostics & Life Sciences	Optimization of Procurement and Production Structures • Reduction of procurement costs through supplier changes, consolidation, and increased local sourcing rates • Improvement of costs and productivity through insourcing and process enhancement • Rationalization of fixed costs and organizational structure	approx. JPY **1.6 billion**	approx. JPY **1.9 billion**
Others/Group-Wide	Reorganization of Corporate Functions Group-Wide Cost Reduction (Smart Spend Program)		

*Excluding the effects of inflation and FX rates, after deducting related costs

Key Initiative 2: Improve Portfolio Management

Key Initiative 2: Improve Portfolio Management involves assessing our entire business portfolio based on two factors: return on invested capital (ROIC) and growth potential. We then organized each business into four quadrants: growth, nurture, foundational, and restructuring. We are advancing the strategic allocation of management resources based on the positioning of each business. In fiscal year 2025, we enhanced business value across the portfolio by continuing to invest in PHCbi, a growth business; transferring the CGM business, a nurture business; strengthening the competitiveness of the foundational BGM and WEMEX businesses; and strengthening the business foundations of the restructuring businesses LSIM and Mediford. We also strengthened working capital management through the introduction of ROIC and will begin full-scale use of ROIC as an internal management metric at the business-unit level starting in fiscal year 2026.



* Divestiture of CGM was completed in FY26.

1	Lead as a Future Growth Driver	PHCbi	Continued investment in the CGT and life sciences areas to build a foundation for medium- to long-term growth through reorganization and enhanced R&D.
2	Shift to Growth Businesses With Strategic Investments	CGM	Divestiture
		Epredia	Improved profitability through structural reforms and optimized manufacturing footprints, and invested in digital pathology, a key growth area.
		IVD	Integrated with PHCbi to improve capability and efficiency, and reviewed profitability and growth potential by product.
3	Generate Stable Cash Flow	BGM	Enhanced cash generation through sales in Europe and the U.S., and achieved cost reductions through improved operational efficiencies.
		WEMEX	Integrated with WHS and restructured, captured demand in Healthcare DX, and launched new cloud-based products.
4	Prioritize Improving Profitability	LSIM	Regained ISO certification and implemented initiatives including pricing to improve profitability.
		Mediford	Enhanced bookings, increased pricing in focused areas, and strengthened high-value-added segments.

Initiatives for Introducing ROIC

FY2025

Established Internal Infrastructure for Operation

Developed calculation and management methodologies

Promoted internal understanding and established a collaborative framework across business units

FY2026

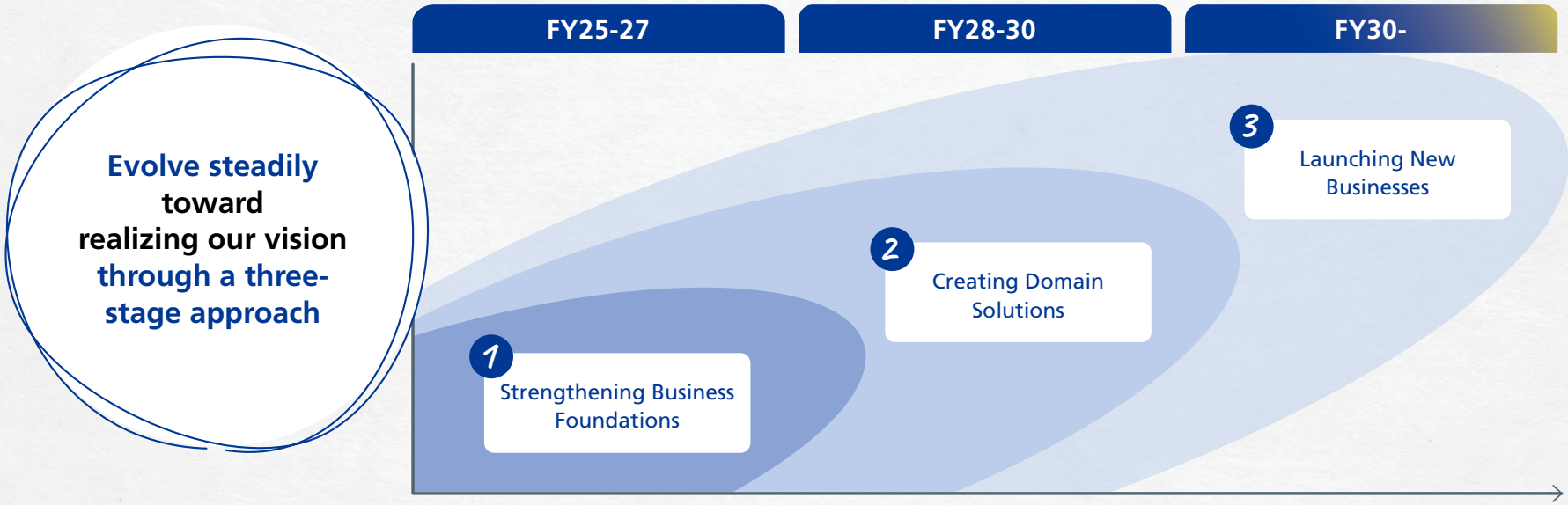
Started Operations to Ensure Adoption

Adjust management metrics to align more closely with business conditions

Conduct periodic monitoring

Key Initiative 3: Focus on Diagnostics & Life Sciences

In fiscal year 2025, with a primary focus on strengthening our business foundation, we enhanced operational efficiency and competitiveness by optimizing manufacturing sites, streamlining sales organizations, and reorganizing business units. At the same time, we began to strengthen R&D in preparation for the next phase of growth. We established the Core Technology Laboratory and developed and launched the LiCellGrow™ automated cell expansion system for the cell and gene therapy field, thereby building a technology foundation for creating future domain solutions and expanding into new businesses. From fiscal year 2026 onward, we will move into full-scale implementation of growth initiatives.



FY2025 Progress 1 2 3

Drove Synergy Across Domains in Manufacturing Operations	Reorganized Sales Operations in Japan	Reorganized Sales Organizations Outside Japan (Europe and China)	Integrated Biomedical and IVD Business Units	Strengthening R&D
• Optimized production sites through production transfers: From the UK to Indonesia • Responded to China's local product preference policy: Partially shifted CO_2 incubator production from Indonesia to China	• Integrated sales and customer support functions within the domain • Consolidated sales offices • Integrated CRM systems	• Improved efficiency in sales and customer support • Integrated back-office functions • Consolidated offices and product warehouses • Conducted joint marketing activities across the domain	• Formed the Life Sciences Business Unit (effective April 1, 2026)	• Launched the Core Technology Laboratory • Developed and launched the cell expansion system, LiCellGrow™ in Japan and other select countries

Message From Our CFO

Improving Profitability and Capital Efficiency to Build a Sustainable Growth Foundation that Earns Market Confidence

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

1. Review of Fiscal Year 2025: Record-High Revenue and Operating Profit Achieved While Making Progress Toward Stabilization

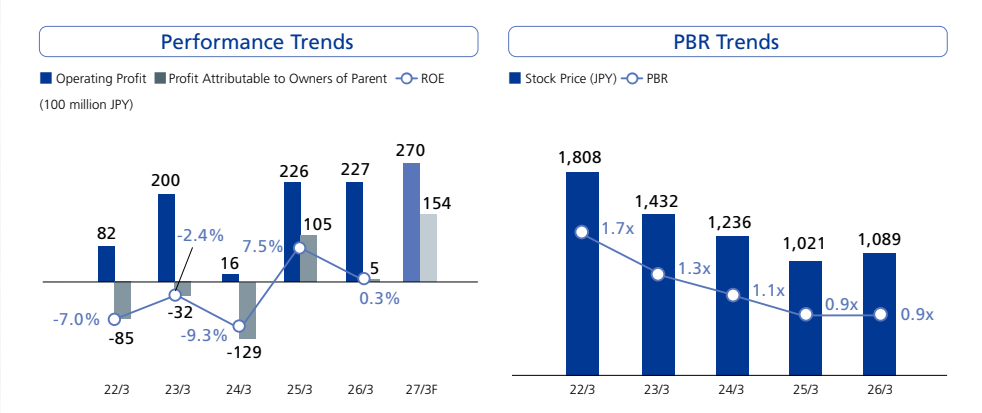
Fiscal year 2025, the first year of the Value Creation Plan 2027, was a year when we achieved solid results in terms of business performance. Revenue was JPY 364.4 billion and operating profit was JPY 22.7 billion, both record highs since the company's shares were publicly listed, and we achieved our targets. Operating profit was about JPY 5.0 billion more than our initial forecast of JPY 17.4 billion. We revised the initial forecast upward at the time of announcement of the second quarter results, but we surpassed even the revised plan figure of JPY 20.0 billion. However, due to recording approximately JPY 10.5 billion in foreign exchange valuation losses and other factors, profit attributable to owners of the parent was JPY 500 million, substantially below the initial forecast. I recognize that while business performance is progressing in line with or even better than expected, this performance has not been fully reflected in basic earnings per share (EPS).

Looking to performance in each segment, revenue in the Diabetes Management segment increased 2.9% year-on-year. A key initiative under the Value Creation Plan 2027 is to curtail the decline in BGM sales revenue from a CAGR of -7.5% between fiscal year 2021 and fiscal year 2025 to -2.4% from fiscal year 2025 to fiscal year 2027. Results for fiscal year 2025 included a year-on-year increase in revenue and exceeded the plan. Operating profit also rose 44.6% year-on-year. This partly reflects the benefits from improvements in the CGM business, but the key factors were the sales growth achieved in the U.S. market through the implementation of BGM measures and further market share gains in Europe, where we have strong business foundations.

In the Healthcare Solutions segment, revenue increased slightly, up 0.1% year-on-year. The market for the clinical testing business was stable, and our efforts to improve profitability produced results. In the Healthcare IT Solutions business, revenue was impacted by a decline in demand related to electronic prescriptions, but this was offset by increased sales of electronic medical record systems. However, the product mix deteriorated, which had an impact on profit margins. In the CRO business, both revenue and profit declined due to the revocation of LSI Medience's ISO certification. Since LSI Medience regained ISO certification in November last year, orders have been recovering, and improvement is expected in fiscal year 2026.

The Diagnostics & Life Sciences segment, which is positioned as a priority area under the Value Creation Plan 2027, reported a 2.0% year-on-year decrease in revenue and a 46.3% year-on-year decrease in operating profit. Operating profit included the impact of U.S. tariffs and the transfer of certain head office costs to the business, so underlying performance was not as weak as the figures suggest. Nevertheless, profit declined due to sluggish equipment demand in the U.S. Even so, performance in the second half was better than in the first half. In the U.S., demand from pharmaceutical manufacturers is showing signs of recovery, and revenue increased in the second half in regions outside the U.S. I see positive signs toward fiscal year 2026.

2. Management Conscious of the Cost of Capital and the Stock Price: A Path Toward Closing the Gap With Market Expectations



We take the current level of the company's share price, particularly the fact* that the price-to-book ratio (PBR) is below 1x, as a serious management issue. I believe that we need to thoroughly address the factors that are raising the cost of capital including past instability in performance, financial risks, and the complexity associated with having multiple businesses.

On the other hand, in fiscal year 2025, we reported profits for the second consecutive year and have forecast a further increase in profit in fiscal year 2026. I believe the market's assessment of the company is beginning to change compared with the period when the company reported losses for three consecutive fiscal years. We will improve profitability and stabilize performance by implementing the structural reform measures specified in the Value Creation Plan 2027. We will also emphasize cash flow and work to reduce working capital and improve capital efficiency. In addition, we will respond to issues including the volatility of net profit. It is our hope that as a result of these efforts, our share price valuation will be reassessed. Our performance is

* At the time of the interview (June 2026)

improving, so I believe that this is possible.

When speaking with investors and analysts, I get a real sense that assessments of the company are changing. The number of meetings is increasing, and the number of investors who have become shareholders is also growing. Regarding the details of these discussions, in the past, questions focused mainly on when performance would stabilize, but now, since performance has stabilized to a certain degree, we are receiving more questions about how we plan to grow in the future.

Through the profitability improvement initiatives and improved portfolio management outlined in the Value Creation Plan 2027, we aim to improve capital efficiency with a strong focus on cash flow and build a company capable of generating sustainable earnings. We will also work to stabilize BGM performance while driving growth through the Diagnostics & Life Sciences segment. It is equally important that we communicate these results clearly to investors through proactive IR activities.

3. Profitability Improvement: Steadily Improving Profitability and Strengthening Fundamental Earning Power Amid Inflation

We are making steady progress with structural reforms to strengthen the profit base. In the Value Creation Plan 2027, we set a target to improve profit by JPY 8.0 billion to JPY 12.0 billion compared to fiscal year 2024 by fiscal year 2027. In fiscal year 2025, the first year of the plan, we generated benefits of approximately JPY 3.1 billion and expect further improvement of JPY 3.6 billion in fiscal year 2026. Thus, we are making steady progress toward the target amount. However, the impact of inflation has been greater than when the plan was initially formulated, and this has partially offset the benefits of cost reductions. We plan to continue our efforts to improve profitability while taking inflation into account.

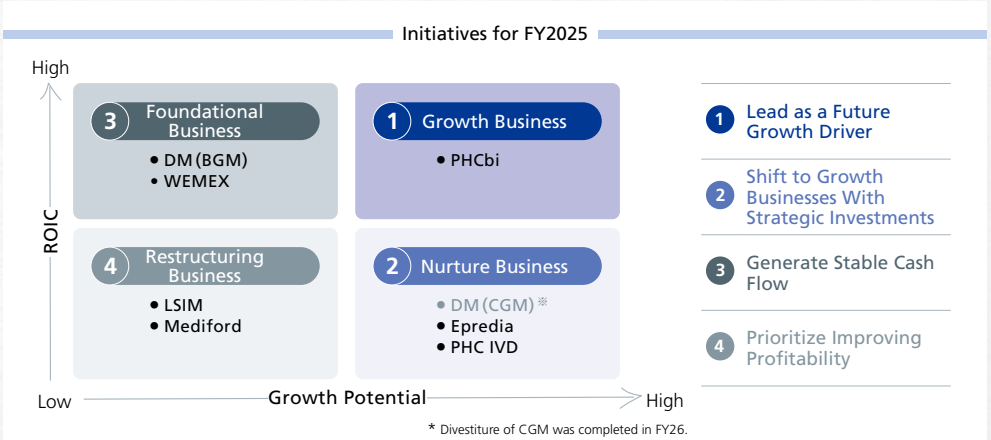
Going forward, we will continue our cost-cutting efforts, but I believe that there is still room for further improvement by optimizing which products are manufactured at each site and making use of highly competitive plants. In terms of sales, even if the price of a product is increased, for example, there are cases where it ends up being sold at a discount. We need to raise awareness, not just of sales revenue, but also of securing appropriate margins.

That said, awareness of focusing on profitability and cash flow is gradually taking root, and I feel that awareness has changed substantially, particularly among division heads and members across the CFO-led functions. Free cash flow has been included in the KPIs applicable to division heads, and division heads are now taking action, such as considering what needs to be done to improve ROIC and negotiating payment terms that are as favorable as possible in procurement in order to reduce working capital. I hope to improve profitability even further by raising awareness and implementing improvement measures throughout the Group.

Assumptions in the Value Creation Plan			Progress	
		Impact of Measures* (Improvement Amount in FY27 Compared to FY24)	FY25 Result	FY26 Forecast
Cost Optimization	Cost Optimization Including Process Improvement and Supply Chain Optimization	+8-12 billion JPY	approx. JPY 3.1 billion	approx. JPY 3.6 billion
Optimization of Locations and Organizations	Optimization of Personnel Numbers Through the Consolidation of Bases and Organizations			

*Excluding the effects of inflation and FX rates, after deducting related cost

4. Enhancing Capital Efficiency Through Improved Portfolio Management: Introduction of ROIC and Transfer of the CGM Business



* Divestiture of CGM was completed in FY26.

I have gained a renewed understanding of how important it is to clearly define the positioning of each business in order to improve portfolio management. For businesses designated as restructuring businesses, this makes it clear that their primary mission is to improve profitability. Likewise, for nurture businesses that receive strategic investment, the transfer of the CGM business demonstrated that withdrawal remains an option if adequate returns cannot be achieved. I believe that the decision itself to withdraw from a business that had previously been positioned as a growth area and received substantial investment has been viewed positively by the market.

Initiatives for Introducing ROIC

FY2025

Established Internal Infrastructure for Operation
- Developed calculation and management methodologies
- Promoted internal understanding and established a collaborative framework across business units

FY2026

Started Operations to Ensure Adoption
- Adjust management metrics to align with actual business conditions
- Conduct periodic monitoring

As we improve portfolio management, we are also making efforts to introduce ROIC as a performance KPI. PHC Group conducts monthly performance reviews and holds annual strategy and budget meetings, and we have started to use ROIC within this management cycle. We will establish a cycle of clarifying the expectations for each business, taking action, and monitoring. I believe that it is important to establish this type of cycle to guide the Group as a whole in a positive direction.

5. Strengthening Our Financial Structure: Instilling a Cash Flow-Oriented Approach and Optimizing Financing

During the current Value Creation Plan 2027 period, our policy is to prioritize strengthening the financial foundation to establish a system that allows for stable increases in shareholder returns along with business growth in the next Value Creation Plan.

— Expected cumulative amount for FY25 to FY27 —

130 to 140 Billion JPY
Improvement in profitability of each business (including restructuring), reduction in working capital, etc.

Operating CF

- **Capital Investment** — **35 to 40 Billion JPY**: Maintenance and renewal investment in equipment and strategic investments, etc.
- **Repayment** — **Approximately 90 Billion JPY**: Repayment of borrowings including lease payments
- **Shareholder Returns** — **5 to 15 Billion JPY**

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

Since becoming CFO, the message that I have focused on is the importance of cash flow. In fiscal year 2025, this policy began to show results. We were able to reduce working capital by JPY 9.1 billion from the end of the previous fiscal year. This improvement alone was enough to cover our capital expenditures for fiscal year 2025 (approximately JPY 9.0 billion). For fiscal year 2026, we project even further improvement as a result of the transfer of the CGM business, and I believe that we are making steady progress toward the Value Creation Plan's operating cash flow target of JPY 130 billion to JPY 140 billion.

Regarding interest-bearing debt, we executed refinancing in March 2026. Previously, all borrowings were long-term loans premised on scheduled repayment, but considering the actual circumstances of our business, we refinanced the portion corresponding to required working capital through a short-term committed revolving facility with no scheduled principal repayments. This improved our financial flexibility and created a framework for more dynamic business operation and greater cash flow stability.

Regarding shareholder returns, our fundamental policy of prioritizing the expansion of our capital base during the term of the Value Creation Plan 2027 remains unchanged, but we kept the dividend at the same level as in the previous fiscal year. Since cash-generating capability has been strengthened, I believe that the risk of a dividend reduction, which was anticipated when the Value Creation Plan was announced, has been substantially reduced, and we are in the process of building a framework for stable dividend payments.

Awareness of the importance of focusing on cash flow is increasing within the company, and I believe that we are making progress in line with the capital allocation policy set out in the Value Creation Plan 2027. Going forward, we plan to continuously generate cash flow while building a structure that will enable investment for growth in the next mid-term management plan.

6. Progress Toward the Value Creation Plan Targets, Financial Challenges, and Fiscal Year 2026 Targets and Actions

Having completed the first year of the Value Creation Plan 2027, my assessment is that we have made steady progress. In fiscal year 2025, the implementation of structural reforms resulted in a one-time increase in expenses, but even so, the operating profit margin was at roughly the same level as in the previous fiscal year. Although earnings per share (EPS) and return on equity (ROE) declined, mainly due to effects from foreign exchange valuation losses, both improved on a basis excluding those valuation losses.

The earnings forecast for fiscal year 2026 announced in May included a planned increase in operating profit, in part due to the transfer of the CGM business. Under the current Value Creation Plan, the operating

		FY24 Results	FY25 Results	FY26 Forecasts	FY27 Targets
Profitability	Revenue growth rate (YoY) (excluding FX)	**2.2% (-0.2%)**	**0.8% (-0.7%)**	**-1.3% (1.2%)**	**4-5%**
	Operating profit margin	**6.2%**	**6.2%**	**7.5%**	**8-10%**
	EPS	**83 JPY**	**4 JPY**	**122 JPY**	**Two times FY24 or higher**
Efficiency	ROE	**7.5%**	**0.3%**	**-**	**10% or higher**
	ROIC	**3.8%**	**3.9%**	**-**	**8% or higher**

profit margin target is 8% to 10% by fiscal year 2027, and if results in fiscal year 2026 are in line with plans, the operating profit margin will be 7.5%, a level where achieving the target by fiscal year 2027 is well within sight. If profit attributable to owners of the parent is also in line with projections, ROE and ROIC will also improve.

On the other hand, there is a gap regarding the sales growth rate—the target is 4% to 5%, but the forecast for fiscal year 2026 is just 1.2% after excluding the impact of foreign exchange. How we can raise this figure is an issue that we need to address, and looking toward the next mid-term management plan, which will emphasize growth, we need to build structures capable of achieving sales growth in the 4% to 5% range. We will continue implementing measures to improve profitability, but I believe that it will be necessary to manage our businesses in fiscal years 2026 and 2027 with an awareness of sales growth as well.

The EPS target is to achieve more than double the level of fiscal year 2024, which specifically comes to about JPY 166 per share. In fiscal year 2025, EPS was JPY 4 per share, but if foreign exchange valuation losses are excluded, there was a year-on-year improvement. The plan for fiscal year 2026 is EPS of approximately JPY 122 per share, and I believe that JPY 166 is within an attainable range. By achieving our earnings forecasts in this fiscal year, I hope to make steady progress toward the targets for fiscal year 2027 set out in the Value Creation Plan.

Regarding future finances, we will strengthen global cash management. PHC Group conducts business globally, but since loan repayments and dividend payments are made in Japan, we need to bring the cash generated overseas back to Japan. We have set a fundamental policy of centrally managing cash for the entire Group, but looking at the Group as a whole, there are still some areas where cash management is not yet efficient, so we will make improvements while using methods such as pooling. In parallel with central cash management, we also plan to optimize foreign-exchange hedging throughout the Group. We conducted refinancing in fiscal year 2025, clearing a major milestone, and accordingly, we will address global cash management in fiscal year 2026.

7. Message to Shareholders, Investors, and Other Stakeholders

In the past, the company's performance was at times volatile, including three consecutive years of net losses. As a result, the majority of our dialogue with investors tended to be defensive, with investors asking questions when losses would end and where the risks were. Since I became CFO, however, we have adopted a rigorous policy of focusing on cash flow, and we are strongly advancing measures under the Value Creation Plan 2027, leading to a stabilization and improvement of performance. As a result of the decisive implementation of key measures including improvement of working capital, group-wide structural reforms, and transfer of the CGM business, our earnings power, cash-generating capability, and financial position are steadily strengthening.

The company currently has a PBR below 1x,* and valuation remains low. On the other hand, we are making steady progress with the Value Creation Plan 2027, and our businesses have high market shares, strong competitiveness, and solid cash-generating capabilities. We want to start by eliminating the discount relative to competitors resulting from the instability of performance in the past and other factors and then raise valuation by advancing initiatives for future growth.

Our investor relations and public relations activities, including the publication of this Integrated Report, are one part of our efforts to clearly show the company's value, not only to investors but to a broad range of stakeholders. I believe that it is important for us to clearly convey what types of businesses the Group conducts, what kind of company we are, and what value we can create. Building this awareness ultimately contributes to business results and share price. I hope to reinforce these efforts in order to increase corporate value by raising awareness of PHC Group and increasing understanding of our business among investors, employees, customers, and the general public.

* At the time of the interview (June 2026)

Message From Our CHRO

The Path to Remaining an Employer of Choice

Ryuichi Hirashima
Senior Executive Corporate Officer,
Chief Administrative Officer (CAO),
Chief Human Resources Officer (CHRO),
and Chief Technology Officer (CTO),
PHC Holdings Corporation

1. Turn the Sum of Individual Growth into Growth for PHC Group

At the foundation of our HR strategy is a simple conviction: that the sum of the growth of each individual becomes the growth of the Group. Each employee at PHC Group has the opportunity to learn, take on challenges, and produce results. I believe that the accumulation of these efforts translates into the competitiveness of our business, creates value for customers, and ultimately leads to the sustainable growth of PHC Group.

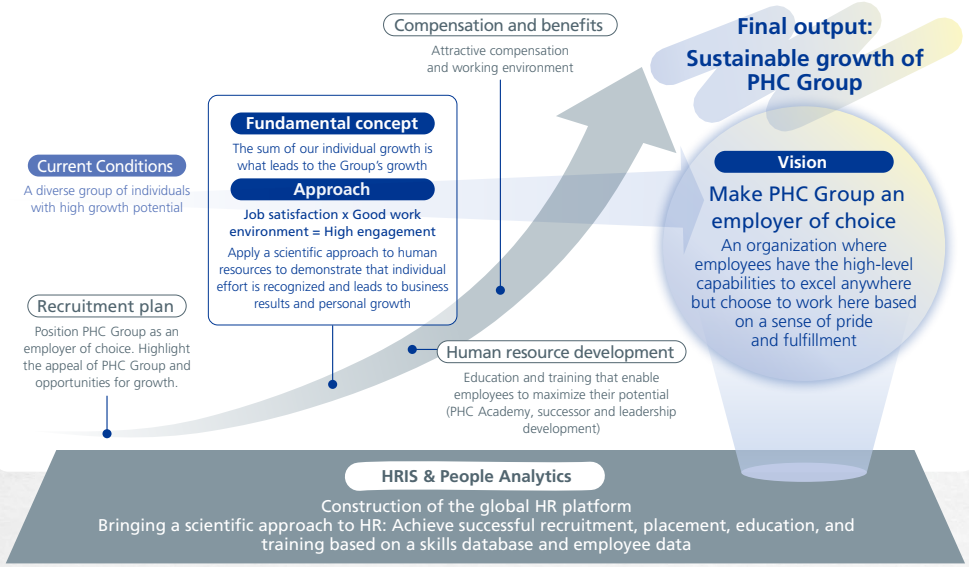
For this reason, we seek to nurture our people as the drivers of value creation, rather than viewing personnel management as a cost. This approach is the basis of our HR initiatives. The value we provide to customers, society, and shareholders can only be sustained when employees are able to grow, feel fulfilled in their work, and fully apply their abilities. Our HR strategy is not simply a support function for management strategy; it plays a central role in the creation of corporate value. We therefore seek to synchronize our human capital strategy with our management strategy and consider the direction of our business together with the development of both our people and our organization in an integrated manner.

PHC Group has a wide range of talented employees, including engineers in our pathology business, researchers in our life sciences businesses, managers who oversee regional and global teams, colleagues who transitioned from other industries, and recent graduates with a strong drive to grow. It is our responsibility to enable each individual to achieve their maximum growth potential within PHC Group. We are committed to ensuring that our employees are properly guided, fairly evaluated, and provided an environment in which they can feel a sense of fulfillment, so they can unlock their potential and turn their contributions into a force that can drive the business.

By addressing this challenge, identifying the talent requirements and resources that are still lacking, and creating an environment that connects each employee's growth to the growth of the Group, I believe I can fulfill my responsibility as CHRO.

Overview of PHC Group's Human Resource Strategies

Premise: Synchronization of management and HR strategies



2. Identifying Human Resource Needs for the Next Stage of Growth

PHC Group is currently addressing three priority measures to achieve the Value Creation Plan 2027: structural reforms to strengthen the profit base, improving portfolio management, and increasing focus on Diagnostics & Life Sciences. Ultimately, it is our people who will drive these initiatives. No matter how precisely a management strategy is described, it requires highly skilled people and organizational execution abilities to produce results.

To achieve the Value Creation Plan 2027 and future growth, we need specialists who will create new value in the Diagnostics & Life Sciences domain, personnel who can transform business and operations by leveraging IT and AI, and talent with management and leadership experience who can lead organizations in the midst of change.

To do this, we must build our capacity for specialized skills through training, recruiting, and M&A. I especially believe we must leverage the human resources, assets, and technologies that we already have to create the next stage of growth. What experience can employees build within PHC Group, what capabilities can they develop, and what challenges can they turn their attention to? Making these possibilities visible across the Group and linking them to human resource requirements in growth areas is an important role of our human capital strategy.

As a global collection of healthcare companies, what new products can PHC Group create by applying the technologies that we have already developed? How can we become more useful to society through new

products? What value can we deliver to patients, providers, and researchers? We need to deepen these types of discussions.

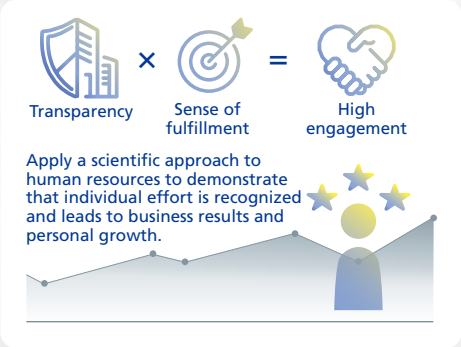
Group growth is not something that should be left to a select few. It is the sum of each individual's growth and a Group-wide effort that requires the full commitment of the entire organization. I believe that developing the mindset that everything starts with human resources will lead to us achieving the Value Creation Plan 2027 and to sustainable growth in the future.

3. Combining a Supportive Work Environment with a Sense of Fulfillment to Build a Highly Engaged Organization

In implementing our human capital strategy, we place great importance on both transparency and a sense of fulfillment for our employees. Ultimately, we seek to build an organization where employees have the high-level capabilities to excel anywhere, but choose to work at PHC Group because they feel a sense of pride and fulfillment working here. To achieve this goal, we must continuously create opportunities and develop an environment that will lead to employees' personal growth.

Transparency at work is a foundation that enables employees to build and demonstrate their abilities with peace of mind. A working environment with fair evaluations and freedom to express opinions with confidence allows employees to grow. However, transparency by itself is not sufficient. A sense of fulfillment also requires an environment that supports flexible ways of working and work that enables employees to take on challenges and feel that they are truly growing and personally contributing to the growth of the company. I hope that through the combination of this kind of transparency and a sense of fulfillment, we can drive high levels of employee engagement.

To measure our progress each year, PHC Group conducts an annual employee engagement survey. This survey is an important mirror that reflects the status of the organization from the perspective of employees. In fiscal year 2025, the survey included 10,793 employees and contractors, and the response rate was 87%. Our engagement score in fiscal year 2025 was 68 out of 100, an improvement of one point from the previous year.



In fiscal year 2025, we expanded the survey scope to include LSI Medience and Mediford, increasing the number of participants by 47% from the previous year. Our engagement score under the previous scope was 68 out of 100, an improvement of one point from the previous year, while the score under the expanded scope was 64 out of 100.

One topic where I am paying particular attention is the trend regarding "trust in supervisors." This is a topic where our score has continuously improved, from 67 in fiscal year 2022 to 78 in fiscal year 2025. I believe that this is one of the results of our efforts to improve manager skills through Group leadership training and other programs. Trust between employees and their supervisors is essential for an organization to succeed during periods of change such as structural reforms.

Our engagement survey has also revealed that there is further room for improvement with respect to freedom of expression, career paths, and taking action as a result of the survey. In particular, our employees seek confirmation that the company is taking action in response to employee feedback. This is one reason why we prioritize monthly CEO town halls and regular roundtable discussions, which in total are held about 90 times each year. These forums serve to convey management thinking directly to employees while also inviting employee opinions and taking action based on those opinions.

I believe that an attitude of examining the survey results with earnestness, listening closely to employee opinions, and using this dialogue to make improvements in the working environment will lead to sustained employee engagement.

4. Three Pillars Supporting Human Resource Growth

To achieve this vision of the future, we are implementing our human resource strategy centered on three areas: (1) recruitment, (2) talent development, and (3) compensation and benefits.

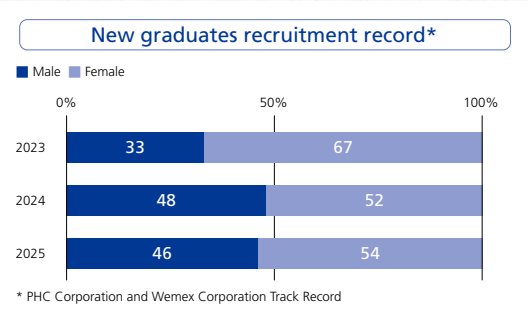
(1) Recruitment: Leveraging PHC Group's Impact to Become an Employer of Choice

When it comes to recruiting, I am keenly aware that it is not sufficient for a company to choose its people. We should instead be asking, what criteria do people use when selecting a company? What do they look for, and what do they expect? Unless we think carefully about these questions, we will not become an employer of choice for outstanding talent.

I believe that there are three main factors when a candidate selects a company. First, whether they can envision their own growth by working for the company. Second, whether they feel that the company is useful and necessary to society. And third, whether the company has created an environment where one can demonstrate their abilities. In our recruiting activities, we emphasize not just the conditions of employment but the significance of working for PHC Group and the growth opportunities that employees can expect here.

PHC Group received Gold Awards in two categories of the ONE CAREER Job Hunting Review Awards 2026: the "Science and Engineering Students' Choice" Special Category and the "Kanto Region Ranking" Regional Category. The awards are

presented by ONE CAREER Inc., a company that provides job-hunting and recruitment support services in Japan. Being selected from among approximately 50,000 Japanese companies is an indication that students are talking about the appeal of PHC Group. Even so, this is just one milestone. While we appreciate signs that we are an employer of choice, I believe there is still much to improve upon.



For instance, to recruit recent graduates in Japan, we are forming connections with students through initiatives such as guest lectures at universities in the Shikoku region, where our Matsuyama Factory (one of the Group's main manufacturing sites) is located, as well as local recruiting activities. In fiscal year 2025, we launched an alumni platform called "PHC Career Connect," creating a channel for past employees to learn about our ongoing impact and opportunities to return to PHC Group.

Recruiting is an entry point. Long-term, we seek to create an environment where employees experience a sense of growth and plan to grow their careers here. Based on this, in fiscal year 2025 we launched a training initiative called the New Career Growth Program for employees in their first to fifth years after joining PHC Group, in order to strengthen retention among newer employees. Specifically, we have prioritized employee retention between three to five years of tenure and are implementing measures that combine trainer training with input to management-level personnel.

(2) Human Resource Development: Fostering the Next Generation of Management Today

One of our top priority human resources initiatives is PHC Academy, a global training and enrichment program aimed at developing the next generation of management in two tiers: senior management (potential successor candidates), and the next generation. PHC Academy is designed to help participants build functional knowledge in areas such as strategy, finance, digital transformation, and marketing, as well as real-world learning, including English training and group educational opportunities in locations such as Australia and Singapore.

New Employee Entrance Ceremony at the Hibiya Office

Joint orientation for new hires at Narita Factory

PHC Group leaders must be able to make sound business decisions for today as well as imagine the kind of value they can create 10 or 20 years in the future. What type of impact may be possible if we think beyond existing frameworks? Through PHC Academy, we offer our future leaders not just the type of knowledge that could be gained by obtaining an MBA, but also liberal arts topics, participation in learning and awareness-raising events, dialogue with outside experts, and visits to other companies. Through PHC Academy, we seek to cultivate a balance of logical business thinking and broad social and cultural perspective.

We are also continuing PHC Group Leadership Training for managers in Japan. In fiscal year 2025, 549 managers participated in training with the objective of gaining the management skills to motivate and increase the efficacy of their direct reports. Behavioral changes among managers are extremely important for raising engagement throughout an organization. In addition, we have created a learning ecosystem for all employees that combines Udemy Business, language learning, and specialized training. We believe that creating a culture of self-initiated continuous learning leads to the growth of the organization as a whole.

Overview of PHC Academy	
Participants and results	Senior management tier FY2024: 19 participants (12 from Japan and 7 from outside Japan) Next-generation tier FY2025: 23 participants (15 from Japan and 8 from outside Japan)
Curriculum	• Functional knowledge: Strategy, finance, digital transformation, HR, marketing • Action learning: English training, training in Australia and Singapore
Educational philosophy	• Balance of business thinking with liberal arts social training • Educational and awareness-raising events such as lectures by outside experts and a visit to OMRON Corporation

Overview of Group Leadership Training	
Participants and results	All company managers and above in Japan FY2024: 620 participants, 92% satisfaction FY2025: 549 participants, 85% satisfaction
FY2024 training details	• Culture building: Creating open, inclusive, and respectful work environments • Management development: Enhancing labor management and compliance awareness among managers
FY2025 training details	• Training comprised a program for reinforcing PHC Group's MVV (mission, vision, values) and improving organizational capabilities with the objective of unifying employee mindsets and enhancing engagement to achieve growth • Training sought to impart management skills for motivating and increasing effectiveness of direct reports

(3) Compensation and Benefits: Building a Structure That Rewards Meaningful Contribution

At PHC Group, we consider compensation and benefits to be an important element in being an employer of choice. We have adopted a grade system based on the roles and responsibilities of each individual position, not just on seniority. Employees may in certain instances change job categories by taking on new challenges, and have an opportunity to increase their compensation by assuming greater roles. We seek to create systems that link individual growth to compensation to encourage employees to take on new challenges.

In fiscal year 2026, we increased the upper limit of the compensation range for managers at PHC Holdings Corporation based on benchmarking of other companies. This does not mean that everyone's compensation immediately increased. However, establishing a framework that enables us to offer market-competitive

compensation to outstanding talent is a necessary condition for remaining an employer of choice. We have also created mechanisms that enable employees to align PHC Group's growth with their own growth and achievements, including an Employee Stock Purchase Program (ESPP) and a long-term incentive (LTI) plan for eligible employees, which includes in certain instances both restricted stock units (RSUs), a type of post-delivery stock compensation, and performance share units (PSUs), which are performance-based stock compensation.

Regarding work transparency, we have also taken action to improve working conditions at our office environments. At our Tokyo headquarters, we have shifted to non-assigned seating and developed an office environment that facilitates spontaneous communication among departments. Additionally, Ascensia hosts an annual Global Learning Day for all PHC Group employees. This is a group-wide peer learning opportunity in which members of our group serve as instructors, offering more than 40 sessions annually to promote understanding of PHC Group's business and products and to enhance leadership and digital skills.

In addition, Ascensia's Poland site was ranked 14th in the medium-sized companies category in the "Best Workplaces™ Poland 2026" list in 2026, an annual recognition by Great Place to Work®, a global organization that certifies companies with outstanding workplace cultures. Of the approximately 200 companies evaluated, only the top 25 highest-ranking companies receive this certification.

In this way, we believe that fostering a culture in which each individual continues to learn autonomously not only drives the growth of the organization as a whole, but also enhances employee well-being, job satisfaction, and engagement.

5. Supporting Human Resource Growth Using Data and Dialogue

HR information systems (HRIS) & People Analytics are the foundation that supports our three human capital pillars of recruitment, human resource development, and compensation and benefits. At PHC Group, we have introduced a global HR platform (Workday) and are progressively rolling it out across our subsidiaries. It serves as a common platform across the Group, supporting employees throughout their journey from onboarding to separation.

Across PHC Group, we are pursuing HR management that relies not just on experience and intuition but on data and dialogue. By visualizing employees' skills, experience, and career aspirations, we will be able to have a common language for considering placement, development, and career formation.

People are much more than data. We seek to use data not to judge but to deepen dialogue between employees and supervisors, and to provide appropriate growth opportunities. By employing HRIS & People Analytics, we seek to increase transparency and fairness in HR and create a platform that can support the growth of each individual.

The ability to see a clear career path is an important issue for remaining an employer of choice. As PHC Group has acquired some of our businesses through M&A, we are always aware of the risk of individual businesses becoming siloed or fragmented. We seek to enable employees to communicate and interact, not just within the business where they work but also in other Group businesses globally. Sharing employees' skills, experience, and career aspirations and linking them to growth opportunities within the Group will be an important foundation for achieving growth.

6. Transforming Worldwide Diversity and Discipline into Forces for Value Creation

PHC Group currently conducts business in more than 125 countries and regions. This reach reflects a wide range of worldwide diversity within our organization in terms of businesses, regions, cultures, areas of expertise, and careers.

Worldwide diversity can be a source of innovation. Challenges discussed by people with different backgrounds, different experiences, and different ways of thinking may lead to new ideas and new solutions. When leaders with different areas of expertise and values collaborate and bring their perspectives together, new products, services, and markets emerge. As a global collection of healthcare companies, PHC Group has delivered value to customers around the world through our high-quality and precision manufacturing. In order to consistently produce high-quality products, a shared attitude and set of values regarding quality and discipline are essential. PHC Group's highly standardized and uniformly high-level manufacturing is a strength that derives from commitment and discipline.

An effective approach to human resources brings together a wide range of experiences and areas of expertise. At the same time, our people share a commitment to quality and dedication to providing value for customers, patients, and researchers. I believe that when we balance worldwide diversity and discipline, we create value distinctive to PHC Group.

It is our responsibility to develop an environment where motivated and talented human resources can grow regardless of background, country of origin, age, or gender.

7. Transforming Individual Growth into Our Collective Strength

My role as Chief Human Resources Officer is to ensure that PHC Group's human capital strategy is incorporated into concrete HR measures and our organizational culture. Through recruitment, talent development, compensation and benefits, HRIS and people analytics, and engagement improvement, we will create an organization where employees feel pride and fulfillment and which they view as an employer of choice.

To achieve this, we must continuously create working environments and opportunities that make employees feel that working for PHC Group leads to personal growth. We must also create mechanisms that connect individual effort to results and that link a willingness to take on challenges to future opportunities. Furthermore, it means creating the kind of growth opportunities that employees are looking for. I believe that the accumulation of these efforts will instill pride and affinity for PHC Group and build long-term trust between employees and the Group.

Message From Our CHRO

Companies have responsibilities to various stakeholders including customers, shareholders, and local communities. As CHRO, I believe that employees are the most important stakeholders.

If every person working for PHC Group feels a sense of fulfillment and is able to thrive, we will be able to deliver high-quality products and services and contribute to society in a sustainable way.

It is precisely for this reason that I believe that PHC Group employees should be able to pursue the path of their choosing, whether that means section manager or executive. Our employees can seek to work in a different department or seek a position that will shape the future of the company. What is important is for each employee to consider what kind of value they seek to create, and then have available opportunities to achieve it. I want PHC Group to be a place that supports employees when they take on new challenges, and that recognizes and commends employees when they try something new.

When employees choose to tackle new challenges, they open the door to company growth.

PHC Group is implementing structural reforms as we prepare for our next stage of growth. I am confident that our employees have the strength to navigate this change. Our ability to leverage their experiences, curiosity about new technologies, desire to contribute to society and healthcare, and the motivation for career development is precisely the greatest strengths of our human capital strategy.

The collective growth of all individual employees becomes the growth of PHC Group. I believe that this mindset is critical for our organizational culture. Linking each individual's growth and challenges to PHC Group's next stage of growth is my responsibility as CHRO, and that is what I will strive to achieve through our human capital strategy.