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**PHC Holdings Corporation Announces
FY21 Full-Year Results and FY22 Forecast**

TOKYO, April 12, 2022 - PHC Holdings Corporation (hereafter PHC Group) [TSE 6523] today announced its financial results for fiscal year 2021 (period ended March 31, 2022) and shared its fiscal year 2022 forecast.

The following summary includes results excerpted from the official document “Consolidated Financial Results for the Fiscal Year Ended March 31, 2022” submitted to the Tokyo Stock Exchange on May 12, 2022.

**CONSOLIDATED FINANCIAL RESULTS FOR THE FISCAL YEAR ENDED MARCH 31, 2022
(EXCERPT)**

(% indicates changes from the previous corresponding term)

	Revenue		Operating profit		Profit before taxes		Profit		Profit attributable to owners of the parent		Comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2022	340,452	11.2	8,174	(53.6)	3,002	(86.8)	(8,300)	—	(8,460)	—	3,738	(85.7)
Fiscal year ended March 31, 2021	306,071	12.3	17,599	33.6	22,788	306.1	16,829	216.8	16,906	220.4	26,197	701.1

QUALITATIVE INFORMATION REGARDING THE FINANCIAL PERFORMANCE

- **PHC Group generated revenue of JPY 340,452 million, up 11.2% compared to the previous period** (hereinafter "year on year"). Revenue increased significantly year on year in Healthcare Solutions due to demand for PCR testing in Japan as well as the Online Eligibility Check System driven by the Japan Ministry of Health, Labour and Welfare, and in Diagnostics and Life Sciences from continued strong demand for ultra-low temperature freezers for vaccine storage and distribution development compared to the previous period when negative impacts from lockdowns, etc. were significant.
- **Operating profit was JPY 8,174 million, down 53.6% year on year** due to increased costs of direct materials and logistics as well as JPY 17,172 million goodwill impairment in Eprexia in addition to JPY 3,456 million expense for executing a restructuring program in Diabetes Management, despite increased revenue and favorable foreign exchange rates.

DIABETES MANAGEMENT SEGMENT

- **Revenue of Diabetes Management for this period was JPY 109,367 million, up 1.1% year on year.** In the Blood Glucose Monitoring (hereinafter "BGM") business, revenue increased significantly in emerging markets such as Russia, China, and India, while revenue in the U.S. decreased significantly due to the termination of a commercial partnership and shrinkage of the product category. Revenue in Germany also decreased in line with the product category shrinkage. Sales of Eversense, a product of Senseonics and the world's first implantable continuous glucose monitoring system, which was launched in the U.S. and eight European countries from April 2021, fell short of its annual plan due to slower sales in the fourth quarter as, following a delay in certification of the 180-day implantable product in the U.S., the Company needed to prepare for transition to launch the product in the first quarter of the fiscal year ending March 2023.
- **The operating profit of Diabetes Management for this period was JPY 23,260 million, down 2.9% year on year.** In terms of onetime income/expenses, there was a JPY 3,456 million expense for executing a restructuring program following a review of the BGM sales structure in this period, and in the previous period there were a JPY 4,237 million gain from the settlement of a sales partnership and a JPY 2,798 million expense related to restructuring.

HEALTHCARE SOLUTIONS SEGMENT

- **Revenue of Healthcare Solutions for this period was JPY 136,286 million, up 17.4% year on year.** Revenue of LSI Medience was JPY 103,318 million, up 19.1% year on year, and revenue of Medicom was JPY 32,968 million, up 12.5% year on year. LSI Medience revenue increased significantly because of a continued recovery trend in the volume of general testing in the fourth quarter of this period, and increased demand for PCR testing for COVID-19 as well as sales of COVID-19 related reagents. Medicom revenue increased significantly as requirements for a new Online Eligibility Check System promoted by Japanese Government started in October 2021, which accelerated the replacement of older models to the Medicom-HRf series, an Electronic Medical Records system for clinics.
- **Operating profit of Healthcare Solutions for this period was JPY 17,017 million, up 277.0% year on year.** This growth was driven mainly by the significant recovery in revenue.

DIAGNOSTICS & LIFE SCIENCES SEGMENT

- **Revenue for Diagnostics and Life Sciences for this period was JPY 92,224 million, up 15.5% year on year.** Revenue for EpreDia was JPY 39,030 million, up 9.4% year on year, and revenue of Biomedical (PHCbi) was JPY 53,194 million, up 20.3% year on year. EpreDia was in a recovery trend of general consultations at hospitals which had been reduced due to COVID-19 pandemic. Biomedical (PHCbi) growth reflected a trend of recovery in research activities especially in the Americas which were stagnant due to the COVID-19 pandemic, as well as continued demand in Europe for ultra-low temperature freezers for mRNA vaccine storage.
- **Operating loss in Diagnostics and Life Sciences for this period increased significantly to JPY 14,140 million (profit of JPY 508 million in the previous period).** The loss largely reflects inflation of raw material costs and increased sales-related expenses including logistics costs as well as a JPY 16,995 million impairment loss including JPY 17,172 million goodwill impairment in EpreDia. This is because the decrease in expected future cash flow due to cost increase

including inflation of raw materials costs and increased sales-related expenses such as logistics costs in EpreDia, resulted in the recoverable amount of this cash generating unit based on its present value falling below its book value.

FORECAST OF CONSOLIDATED FINANCIAL RESULTS FOR THE FISCAL YEAR ENDING MARCH 31, 2023 (EXCERPT)

(% indicates year-on-year changes)

	Net sales		Operating profit		Profit before taxes		Profit		Profit attributable to owners of the parent		Basic earnings per share attributable to owners of the parent
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2023	335,264	(1.5)	25,798	215.6	22,864	661.6	17,893	-	17,711	-	142.91

EXPLANATION REGARDING FUTURE PROSPECTS

- **The Company forecasts revenue of JPY 335.3 billion for the next period.** In terms of impacts from COVID-19 pandemic, the Company forecasts a positive impact on revenue of JPY 5.8 billion (positive impact of JPY 22.7 billion in the fiscal year 2021 period).
- In Diabetes Management, although the overall BGM market remains a declining market, the Company expects to expand sales in emerging markets, increase CGM sales, and develop new OEM products, continued from this period.
- As for Healthcare Solutions, the Company expects that demand for PCR testing will continue globally for the time being, despite reduced insurance points for reimbursement of PCR testing in Japan. In addition, the Company will accelerate gaining businesses of major pharmacy chains as well as sales of an Electronic Medical Records System for clinics by offering it with an Online Eligibility Check System.
- In Diagnostics and Life Sciences, although special demand for ultra-low temperature freezers has passed its peak, the Company expects to steadily capture the demand that remains in the next period. In addition, the Company will continue to carefully review the selling prices to absorb the rise in raw material prices for products and regions where possible.

About PHC Holdings Corporation (PHC Group)

PHC Holdings Corporation (TSE 6523) is a global healthcare company with a mission of contributing to the health of society through healthcare solutions that have a positive impact and improve the lives of people. Its subsidiaries include PHC Corporation, Ascensia Diabetes Care Holdings AG, EpreDia, and LSI Medience Corporation. Together, these companies develop, manufacture, sell and service solutions across diabetes management, healthcare solutions, life sciences and diagnostics. PHC Group's consolidated net sales in FY2021 were JPY 340 billion with global distribution of products and services in more than 125 countries.

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