Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 [IFRS]

May 13, 2025

Company Name: PHC HOLDINGS CORPORATION
Stock Code: 6523 (URL: https://www.phchd.com/global/ir)
Stock Exchange Listing: Tokyo
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Scheduled date of Ordinary General Meeting of Shareholders: June 25, 2025
Scheduled date to commence dividend payments: June 26, 2025
Scheduled date to submit the Annual Securities Report: June 25, 2025
Availability of supplementary briefing material on annual results: Yes
Scheduled date of Annual Results Briefing Session: Yes

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (From April 1, 2024 to March 31, 2025)

(1) Consolidated Results of Operations

(% indicates changes from the previous corresponding term)

	Revenue		Operating profit		Profit before taxes		Profit		Profit attributable to owners of 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, 2025	361,593	2.2	22,580	－	18,823	－	10,364	－	10,485	－	6,283	(47.4)
Fiscal year ended March 31, 2024	353,900	(0.7)	1,566	(92.2)	(13,249)	－	(12,857)	－	(12,893)	－	11,940	6.9

	Basic earnings per share attributable to owners of parent	Diluted earnings per share attributable to owners of parent	Ratio of profit to equity attributable to owners of parent	Ratio of profit before income taxes to total assets	Ratio of operating profit to revenue
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2025	83.13	82.58	7.5	3.4	6.2
Fiscal year ended March 31, 2024	(102.48)	(102.48)	(9.3)	(2.4)	0.4

(Note) Share of profit (loss) of investments accounted for using equity method:
March 31, 2025… (371)million yen
March 31, 2024… (170)million yen

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
March 31, 2025	532,482	141,171	141,639	26.6	1,122.36
March 31, 2024	564,327	139,163	139,515	24.7	1,106.98

(3) Consolidated cash flow

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents
As of	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2025	41,941	(8,473)	(39,068)	39,592
March 31, 2024	41,304	(21,072)	(39,139)	47,044

2. Cash dividends

	Annual cash dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of parent (Consolidated)
	First quarter end	Second quarter end	Third quarter end	Fiscal year end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2024	-	36.00	-	18.00	54.00	6,801	-	4.9
March 31, 2025	-	21.00	-	21.00	42.00	5,297	50.5	3.8
Fiscal year ending March 31, 2026 (Forecast)	-	21.00	-	21.00	42.00		71.6	

3. Forecast of Consolidated Financial Results for the Year Ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

(% indicates year-on-year changes)

	Revenue		Operating profit		Profit before taxes		Profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2026	363,100	0.4	17,400	(22.9)	12,200	(35.2)	7,400	(28.6)	7,400	(29.4)	58.64

(Note) For the details of the forecasts of consolidated earnings, please refer to P.14 "1. Qualitative Information Regarding the Financial Performance, (4) Explanation regarding future prospects (ex. forecasted consolidated business results)" on the attached materials.

* Notes
(1) Significant changes in the scope of consolidation during the period: None
Newly included: -companies
Excluded: -companies

(2) Changes in accounting policies, changes in accounting estimates
1) Changes in accounting policies required by IFRS: Not applicable
2) Changes in accounting policies other than 1): Not applicable
3) Changes in accounting estimates: Not applicable

(3) Total number of issued shares (common stock):
1) Total number of issued shares at the end of the period (including treasury shares):

As of March 31, 2025	126,410,072 Shares
As of March 31, 2024	126,244,271 Shares

2) Total number of treasury shares at the end of the period:

As of March 31, 2025	211,941 Shares
As of March 31, 2024	211,941 Shares

3) Average number of outstanding shares during the period:

Fiscal year ended March 31, 2025	126,126,617 Shares
Fiscal year ended March 31, 2024	125,813,037 Shares

Note 1: This summary of financial results is exempted from the annual audit procedure by Certified Public Accountant or external auditors.

Note 2: Explanation regarding proper use of the projected financial results and other notes:
The forecasted statements shown in these materials are based on information currently available and certain assumptions that PHC Holdings Corporation regards as reasonable, and therefore the group's actual results may differ materially due to unknown several factors.

Contents of attached documents

1. Qualitative Information Regarding the Financial Performance

(1) Explanation regarding operation results

PHC Group changed its internal organization and the composition of its segments at the beginning of the fiscal year ended March 31, 2025. The IVD business, which was previously part of Diabetes Management, and Diagnostic Reagents & Instruments business, which was previously a part of LSIM business in Healthcare Solutions, were transferred to Diagnostics and Life Sciences and classified as IVD business.
In addition, Drug Development Support business, previously a part of LSIM business in Healthcare Solutions, was classified as CRO business within Healthcare Solutions.
The following is described based on the new classification.

During the fiscal year ended March 31, 2025 (hereafter “this period”), PHC Group generated revenue of JPY 361,593 million, up 2.2% compared to the same period of the previous year (hereafter “year on year”). In Diabetes Management, revenue decreased year on year, despite the positive impact of foreign exchange. Healthcare Solutions grew revenue mainly due to the effect of the M&A carried out in October 2023 and increased demand for electronic prescription software. In Diagnostics & Life Sciences, despite the impact of stagnant market conditions, revenue was on par year on year, partially supported by favorable foreign exchange rates.
Operating profit for this period was JPY 22,580 million, up 1,341.9% year on year. In Diabetes Management, despite lower one-time costs and improved profitability in Continuous Glucose Monitoring (hereafter “CGM”) business, operating profit decreased year on year mainly due to the impact of lower revenue in Blood Glucose Monitoring (hereafter “BGM”) business. In Healthcare Solutions, operating profit increased. This was driven by the impact of higher revenue and profit improvement in the acquired business in the Healthcare IT Solutions business, and the effects of cost reductions and the absence of the JPY 12,737 million impairment loss recorded during the third quarter of the previous fiscal year in LSIM business. In Diagnostics & Life Sciences, operating profit increased primarily due to higher revenue and cost reduction efforts in Pathology business, and the absence of the JPY 1,246 million impairment loss recorded during the third quarter of the previous fiscal year and the decrease in other one-time costs in In Vitro Diagnostics (hereafter “IVD”) business.
Adjusted EBITDA was JPY 50,095 million, up 0.8% year on year. Adjustment items include one-time income/expense relating to restructuring (additions of JPY 851 million in this period and JPY 7,195 million in the previous period) and other one-time income/expense (subtraction of JPY 1,227 million in this period and JPY 1,716 million in the previous period).
Profit before tax was JPY 18,823 million (Loss of JPY 13,249 million in the previous period). This was mainly due to the increase in operating profit, improvement in foreign exchange gains (losses), and decrease in interest expenses.
Profit attributable to owners of parent was JPY 10,485 million (Loss of JPY 12,893 million in the previous period).
Please note that the previously reported cash-based profit attributable to owners of parent and its calculation table are no longer included, effective from this period, following the change in the previous dividend policy, which used this indicator as the basis for the dividend payout ratio, as announced in the Values Creation Plan 2027 on November 13, 2024.

	Fiscal Year ended March 31, 2024 (million yen)	Fiscal Year ended March 31, 2025 (million yen)	Change
Revenue	353,900	361,593	2.2%
Operating profit	1,566	22,580	—
EBITDA	46,158	50,397	9.2%
Adjusted EBITDA	49,713	50,095	0.8%
Profit (loss) before tax	(13,249)	18,823	—
Profit (loss)	(12,857)	10,364	—
Profit (loss) attributable to owners of parent	(12,893)	10,485	—
Average exchange rate JPY/USD	JPY 144.49	JPY 152.48	JPY 7.99
Average exchange rate JPY/EUR	JPY 156.78	JPY 163.67	JPY 6.89

(Note) EBITDA and Adjusted EBITDA are not measures in accordance with IFRS. However, PHC Holdings Corporation believes that this disclosure may be useful information to investors.

【Calculation table of EBITDA and adjusted EBITDA】

	Fiscal Year ended March 31, 2024 (million yen)	Fiscal Year ended March 31, 2025 (million yen)	Change
Operating Profit	1,566	22,580	—
+ Depreciation	27,933	27,871	(0.2%)
+ Impairment loss (excluding marketable securities)	16,657	(54)	—
EBITDA	46,158	50,397	9.2%
(Adjustment amount)			
+ One-time income/expense relating to transformational M&A pre-acquisition and integration costs	629	74	(88.2%)
+ One-time income/expense relating to restructuring	7,195	851	(88.2%)
+ One-time income/expense relating to disposal/sales of asset	(2,553)	—	—
+ Other one-time income/expense	(1,716)	(1,227)	—
Adjusted EBITDA	49,713	50,095	0.8%

(Note) EBITDA and adjusted EBITDA are calculated with the following formulas:

EBITDA = Operating profit + depreciation + impairment loss (excluding marketable securities)

Adjusted EBITDA = EBITDA + one-time income and expenses

The business performance by segment is as follows:

Diabetes Management Segment

	Fiscal Year ended March 31, 2024 (million yen)	Fiscal Year ended March 31, 2025 (million yen)	Change
Revenue	101,597	98,692	(2.9%)
Operating Profit	16,007	13,888	(13.2%)
EBITDA	23,004	19,855	(13.7%)
Adjusted EBITDA	25,944	20,444	(21.2%)

(Calculation table of EBITDA and adjusted EBITDA)

	Fiscal Year ended March 31, 2024 (million yen)	Fiscal Year ended March 31, 2025 (million yen)	Change
Operating profit	16,007	13,888	(13.2%)
＋ Depreciation	6,812	6,027	(11.5%)
＋ Impairment loss (excluding marketable securities)	183	(60)	―
EBITDA	23,004	19,855	(13.7%)
(Adjustment amount)			
＋ One-time income/expense relating to transformational M&A pre-acquisition and integration costs	―	―	―
＋ One-time income/expense relating to restructuring	4,712	597	(87.3%)
＋ One-time income/expense relating to disposal/sales of asset	(9)	―	―
＋ Other one-time income/expense	(1,763)	(8)	―
Adjusted EBITDA	25,944	20,444	(21.2%)

(Note) 1. The In Vitro Diagnostics business, previously included in Diabetes Management, was transferred to Diagnostics & Life Sciences effective in the fiscal year ending March 31, 2025. Accordingly, the figures for the fiscal year ended March 31, 2024, have been restated.

2. EBITDA and adjusted EBITDA are calculated with the following formulas:
EBITDA = Operating profit + depreciation + impairment loss (excluding marketable securities)
Adjusted EBITDA = EBITDA + one-time income and expenses

<Revenue Situation>

Revenue of Diabetes Management for this period was JPY 98,692 million, down 2.9% year on year. In BGM business, revenue decreased due to the ongoing market shrink in developed countries such as Europe and the U.S., the shift to low-priced channels, and the continued impact of the termination of sales collaboration in the U.S., despite the positive impact of foreign exchange. In the European market, PHC Group’s market share expanded, but this was not enough to compensate for the impact of the ongoing market shrink. In CGM business, revenue increased due to the U.S. launch of the Eversense 365 system, which allows users one year of uninterrupted use, during the third quarter of this fiscal year.

<Operating Profit and Adjusted EBITDA Situation>

The operating profit of Diabetes Management for this period was JPY 13,888 million, down 13.2% year on year.

The negative impact of the revenue decline in BGM business, lower profit margins due to changes in the sales channel mix and sales ratios in developed and emerging countries, and higher SG&A expenses resulting from foreign exchange rates were offset by factors such as lower business restructuring costs compared to the same period of the previous fiscal year and improved profits in CGM business through the third quarter of this fiscal year. However, these improvements were insufficient to compensate for the impact over the full fiscal year. Adjusted EBITDA was JPY 20,444 million, down 21.2% year on year. Adjustment items included one-time income/expense relating to restructuring (additions of JPY 597 million in this period and JPY 4,712 million in the previous period, respectively).

Healthcare Solutions Segment

	Fiscal Year ended March 31, 2024 (million yen)	Fiscal Year ended March 31, 2025 (million yen)	Change
Revenue	120,282	128,311	6.7%
Operating Profit (Loss)	(9,446)	9,272	—
EBITDA	13,575	19,176	41.3%
Adjusted EBITDA	14,566	19,251	32.2%

(Calculation table of EBITDA and adjusted EBITDA)

	Fiscal Year ended March 31, 2024 (million yen)	Fiscal Year ended March 31, 2025 (million yen)	Change
Operating profit (loss)	(9,446)	9,272	—
＋ Depreciation	9,965	9,904	(0.6%)
＋ Impairment loss (excluding marketable securities)	13,056	—	—
EBITDA	13,575	19,176	41.3%
(Adjustment amount)			
＋ One-time income/expense relating to transformational M&A pre-acquisition and integration costs	296	74	(75.0%)
＋ One-time income/expense relating to restructuring	695	—	—
＋ One-time income/expense relating to disposal/sales of asset	—	—	—
＋ Other one-time income/expense	—	—	—
Adjusted EBITDA	14,566	19,251	32.2%

(Note) 1. The Diagnostic Reagents & Instrument business of LSI Medience, previously included in Healthcare Solutions, was transferred to Diagnostics & Life Sciences in the fiscal year ending March 31, 2025. Accordingly, the figures for the fiscal year ended March 31, 2024, have been restated. In addition, the Drug Development Support business, previously part of LSI Medience, is now classified as CRO business.

2. EBITDA and adjusted EBITDA are calculated with the following formulas:
EBITDA = Operating profit + depreciation + impairment loss (excluding marketable securities)
Adjusted EBITDA = EBITDA + one-time income and expenses

<Revenue Situation>

Revenue of Healthcare Solutions for this period was JPY 128,311 million, up 6.7% year on year. A breakdown includes LSIM business at JPY 65,576 million, up 0.6% year on year, Healthcare IT Solutions business at JPY 52,072 million, up 17.7% year on year, and CRO business at JPY 10,662 million, down 1.8% year on year.

In LSIM business, revenue was on par year on year as the volume of general testing and genetic testing, one of LSIM's growth initiatives increased, while the volume of esoteric and COVID-19-related testing decreased.

In Healthcare IT Solutions, revenue increased as higher demand for electronic prescription software offset the decrease in revenue for Online Eligibility Check System with special demand by mandatory requirements in the previous period, and also due to the contribution from the business acquired from FUJIFILM Healthcare Systems Corporation in October 2023.

In CRO business, revenue declined slightly year on year due to lower sales in the clinical trial business despite the contribution of large-scale projects in the non-clinical testing business.

<Operating Profit and Adjusted EBITDA Situation>

Operating profit in Healthcare Solutions for this period was JPY 9,272 million (Loss of JPY 9,446 million in the previous period). The primary factors include a significant increase in operating profit in LSIM business, driven by the absence of the JPY 12,737 million impairment loss recorded in the third quarter of the previous fiscal year and cost reduction efforts. Additionally, in Healthcare IT Solutions business, despite lower demand for the Online Eligibility Check System and increased personnel costs, factors such as increased revenue from capturing demand for electronic prescription software, improved profitability of the business acquired in the previous fiscal year as mentioned above, and a reduction in one-time expenses contributed to the results.

Adjusted EBITDA was JPY 19,251 million, up 32.2% year on year. Adjustment items include one-time income/expense relating to transformational M&A pre-acquisition and integration costs (additions of JPY 74 million in this period and JPY 296 million in the previous period, respectively).

Diagnostics and Life Sciences Segment

	Fiscal Year ended March 31, 2024 (million yen)	Fiscal Year ended March 31, 2025 (million yen)	Change
Revenue	129,653	130,920	1.0%
Operating Profit	5,645	7,248	28.4%
EBITDA	19,356	18,599	(3.9%)
Adjusted EBITDA	17,767	18,106	1.9%

(Calculation table of EBITDA and adjusted EBITDA)

	Fiscal Year ended March 31, 2024 (million yen)	Fiscal Year ended March 31, 2025 (million yen)	Change
Operating profit	5,645	7,248	28.4%
＋ Depreciation	10,293	11,312	9.9%
＋ Impairment loss (excluding marketable securities)	3,417	38	(98.9%)
EBITDA	19,356	18,599	(3.9%)
(Adjustment amount)			
＋ One-time income/expense relating to transformational M&A pre-acquisition and integration costs	333	－	－
＋ One-time income/expense relating to restructuring	664	138	(79.2%)
＋ One-time income/expense relating to disposal/sales of asset	(2,543)	－	－
＋ Other one-time income/expense	(44)	(631)	－
Adjusted EBITDA	17,767	18,106	1.9%

(Note) 1. The In Vitro Diagnostics business, previously included in Diabetes Management, and Diagnostic Reagents & Instrument business of LSIM business included in Healthcare Solutions, were transferred to Diagnostics & Life Sciences and classified as IVD business effective in the fiscal year ending March 31, 2025. Accordingly, the figures for the fiscal year ended March 31, 2024, have been restated.
2. EBITDA and adjusted EBITDA are calculated with the following formulas:
EBITDA = Operating profit + depreciation + impairment loss (excluding marketable securities)
Adjusted EBITDA = EBITDA + one-time income and expenses

<Revenue Situation>

Revenue of Diagnostics and Life Sciences for this period was JPY 130,920 million, up 1.0% year on year. This includes JPY 58,310 million in Pathology business, up 8.3% year on year, JPY 52,747 million in Biomedical (PHCbi) business, down 4.4% year on year, and JPY 19,862 million in IVD business, down 3.6% year on year.

The Pathology business showed overall revenue growth. Robust sales of consumables in Europe and the U.S., the positive impact of price increases in the Americas, contribution from European sales subsidiaries, and favorable foreign exchange effects offset decreased equipment sales due to stagnant market conditions, declining demand in China, and other factors.

In Biomedical (PHCbi) business, revenue decreased mainly due to a decline in demand in Japan, China, and the Americas, despite the favorable impact of foreign exchange effects and a recovery in demand for consumables and other products in some parts of Asia. In the laboratory and medical support equipment business, the revenue declined mainly due to the decreased number of large-scale projects from pharmaceutical companies in Japan. Additionally, revenue in the Americas declined due to the increasing uncertainty over the state of affairs caused by U.S. policies during the fourth quarter of this fiscal year. Revenue from sales of dispensing support equipment and others increased in the first half of this fiscal year, driven by the successful campaign to replace old models in the U.S. market. However, sales declined during this fiscal year as the renewal cycle for old models ended.

In IVD business, despite steady sales growth with PATHFAST™ Immunoanalyzer-related products and one-time income recorded, revenue declined due to lower sales of digital injectors and other factors.

<Operating Profit and Adjusted EBITDA Situation>

Operating Profit in Diagnostics and Life Sciences for this period was JPY 7,248 million, up 28.4% year on year. In Biomedical (PHCbi) business, operating profit decreased due to revenue decline in the laboratory and medical support equipment business with production volume reduction. However, overall operating profit in Diagnostics and Life Sciences increased. This was driven by higher revenue, cost reduction initiatives such as lower transportation costs, and improved profit margins from the effects of past organizational streamlining in Pathology business. Additionally, IVD business contributed to the profit increase due to the absence of JPY 1,246 million impairment loss recorded during the third quarter of the previous fiscal year, a decreased cost related to restructuring, and the recorded one-time income.

Adjusted EBITDA was JPY 18,106 million, up 1.9% year on year. Adjustment items include one-time income/expense relating to restructuring (additions of JPY 138 million in this period and JPY 664 million in the previous period, respectively) and other one-time income/expense (subtractions of JPY 631 million in this period and JPY 44 million in the previous period, respectively).

(2) Explanation regarding financial position

Assets

The balance of total assets in the fourth quarter of this consolidated fiscal year was JPY 532,482 million. The balance decreased by JPY 31,844 million compared to the previous consolidated fiscal year. The balance decrease primarily reflects intangible assets decreased by JPY 10,739 million mainly due to progress in depreciation derived from the previous acquisition of entities, and a cash and cash equivalents decreased by JPY 7,451 million mainly due to a loan repayment.

Liabilities

The balance of total liabilities in the fourth quarter of this consolidated fiscal year was JPY 391,310 million. The balance decreased by JPY 33,852 million compared to the previous consolidated fiscal year. The balance decrease primarily reflects a loan balance decreased by JPY 29,785 million mainly due to the repayment.

Equity

The balance of equity in the fourth quarter of this consolidated fiscal year was JPY 141,171 million. The balance increased by JPY 2,008 million compared to the previous consolidated fiscal year. Other components of equity decreased by JPY 4,081 million, mainly due to translation difference of foreign operations. Retained earnings increased by JPY 5,764 million mainly due to JPY 10,485 million of net profit and JPY (4,917) million of Dividends.
In addition, the ratio of equity attributable to owners of parent to total assets increased by 1.9 points from 24.7% at the end of the previous consolidated fiscal year to 26.6%.

(3) Explanation regarding cash flow

Cash and cash equivalents at the end of this period amounted to JPY 39,592 million, a decrease of JPY 7,451 million from March 31, 2024.

The status of each cash flows from each activity and its drivers during this period are as follows:

(Cash flows from operating activities)
Net cash provided by operating activities was JPY 41,941 million, which was an increase of JPY 637 million year on year.

(Cash flows from investing activities)
Net cash used in investing activities was JPY 8,473 million and consisted mainly of purchase of property, plant, and equipment, and intangible assets of JPY 11,610 million. The decrease in net cash used in investing activities of JPY 12,598 million year on year was mainly due to no payments for acquisition of subsidiaries resulting in change in scope of consolidation, of which JPY 11,500 million was recorded in 2023.

(Cash flows from financing activities)
Net cash used in financing activities of JPY 39,068 million was in line with last year and consisted mainly of repayments of long-term borrowings of JPY 27,003 million, repayments of lease liabilities of JPY 6,814 million and dividends paid to owners of parent of JPY 4,916 million.

(4) Explanation regarding future prospects (ex. forecasted consolidated business results)

Consolidated financial results forecasts for the Fiscal Year ending March 31, 2026 (From April 1, 2025 through March 31, 2026)

	Revenue (Million JPY)	Operating profit (Million JPY)	Profit before tax (Million JPY)	Profit (Million JPY)	Profit attributable to owners of parent (Million JPY)	Basic earnings per share attributable to owners of parent (JPY)	*Adjusted EBITDA (Million JPY)
Fiscal Year ended March 31, 2025 Actual (A)	361,593	22,580	18,823	10,364	10,485	83.13	50,095
Fiscal Year ending March 31, 2026 Forecast (B)	363,100	17,400	12,200	7,400	7,400	58.64	45,200
Change (B-A)	1,507	(5,180)	(6,623)	(2,964)	(3,085)	(24.49)	(4,895)
Change (%)	0.4	(22.9)	(35.2)	(28.6)	(29.4)	(29.46)	(9.8)

(Note) Adjusted EBITDA is calculated with the following formulas:
Adjusted EBITDA = EBITDA + one-time income and expenses
EBITDA = Operating profit + Depreciation + Impairment loss (excluding marketable securities)

*Adjusted EBITDA is not measures in accordance with IFRS. However, PHC Holdings Corporation believes that these disclosures may be useful information to investors.

The Company forecasts revenue of JPY 363,100 million, operating profit of JPY 17,400 million, Profit attributable to owners of parent of JPY 7,400 million, and adjusted EBITDA of JPY 45,200 million, in the fiscal year ending March 31, 2026 (hereinafter “the next period”). Foreign exchange rates for the forecasts are JPY 155 to the EUR and JPY 140 to the USD, which are regarded as a negative factor on the financial performance of the Company due to the appreciation of yen from the average foreign exchange rates of JPY 164 to EUR and JPY 152 to USD in the fiscal year ended March 31, 2025.

In Diabetes Management, revenue is anticipated to decrease year on year due to the decreased impact of favorable FX despite the reduced impact from continued market contraction in developed countries in BGM business, along with the expected significant growth in CGM business. On the other hand, operating profit is expected to increase due to cost reductions and the profit improvement effect of higher CGM revenue.
In Healthcare Solutions, despite the impact of inappropriate quality management to some extent, revenue is expected to increase in all businesses on par with the growth of the markets. However, operating profit is anticipated to decrease due to higher costs by inflation and the impact of a decrease in high-margin healthcare DX-related revenues.
In Diagnostics & Life Sciences, revenue is expected to increase, assuming a recovery from the sluggish demand for equipment due to stagnant market conditions that significantly affected the previous fiscal year performance. Operating profit, however, is forecasted to decrease slightly due to inflationary effects on costs, including personnel expenses, and an upward trend in SG&A expenses resulting from sales expansion.
In addition, as a result of factoring in restructuring costs and tariff effects in Head Office and Others, total operating profit is anticipated to decrease by JPY 5.2 billion year on year.
Regarding foreign exchange sensitivity, a fluctuation of 1 yen against each currency will have an annual impact of JPY 400 million on revenue, JPY 0 million on operating profit for the EUR, and JPY 550 million on revenue, JPY 35 million on operating profit for the USD. In both currencies, the depreciation of the yen has a positive impact, and the appreciation of the yen has a negative impact.

Forecasts of business performance by segment for the fiscal year ending March 31, 2026, are as follows:

(Million JPY)

Segments	Revenue		Operating profit		Adjusted EBITDA	
	Fiscal Year ended March 31, 2025 (Actual)	Fiscal Year ending March 31, 2026 (Forecast)	Fiscal Year ended March 31, 2025 (Actual)	Fiscal Year ending March 31, 2026 (Forecast)	Fiscal Year ended March 31, 2025 (Actual)	Fiscal Year ending March 31, 2026 (Forecast)
Diabetes Management	98,692	96,200	13,888	14,400	20,444	19,100
Healthcare Solutions	128,311	132,300	9,272	8,200	19,251	18,900
Diagnostics and Life Sciences	130,920	133,700	7,248	7,200	18,106	17,800
Head office and Others	3,669	1,000	(7,828)	(12,400)	(7,706)	(10,700)

[Dividend Policy]

In the VCP 2027 (Mid-term Plan) announced in the previous year, the Company changed its previous dividend policy based on the dividend payout ratio (intend maintain a consolidated dividend payout ratio of more than 30% in principle with a mid-term target of 40% of cash based profit attributable to owners of parent) and decided to adopt a new dividend policy to consider our consolidated performance, financial condition, and others comprehensively.

As for the dividend forecast for the fiscal year ending March 31, 2026, we presently maintain the same annual dividend of 42 yen per share (interim: 21 yen/share, year-end: 21 yen/share), unchanged from the previous year.

2. Basic Approach to the Selection of Accounting Standards

The Group has been applying International Financial Reporting Standards (“IFRS”) with the aim of improving the comparability of financial information with the global market, and increasing convenience.

3. Consolidated financial statement and significant notes

(1) Consolidated statement of financial position

(Unit: million yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and cash equivalents	47,044	39,592
Trade receivables	73,802	70,530
Inventories	52,651	51,694
Other financial assets	4,775	4,308
Other current assets	9,575	6,665
Total current assets	187,849	172,790
Non-current assets		
Property, plant and equipment	49,708	48,374
Goodwill	208,719	206,500
Intangible assets	91,388	80,649
Investments accounted for using equity method	2,188	1,821
Other financial assets	13,987	13,932
Deferred tax assets	7,058	6,120
Other non-current assets	3,426	2,293
Total non-current assets	376,477	359,691
Total assets	564,327	532,482

(Unit: million yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	69,881	65,665
Borrowings	36,922	34,278
Income taxes payable	2,311	4,207
Provisions	6,587	7,725
Other financial liabilities	6,251	5,812
Other current liabilities	25,445	22,865
Total current liabilities	147,400	140,555
Non-current liabilities		
Trade and other payables	847	597
Borrowings	248,123	220,982
Retirement benefit liability	5,709	5,544
Provisions	3,431	4,575
Other financial liabilities	9,200	8,358
Deferred tax liabilities	9,109	9,291
Other non-current liabilities	1,340	1,405
Total non-current liabilities	277,763	250,755
Total liabilities	425,163	391,310
Equity		
Share capital	48,423	48,623
Capital surplus	41,797	42,039
Retained earnings	(2,773)	2,991
Treasury shares	(568)	(568)
Other components of equity	52,635	48,553
Equity attributable to owners of parent	139,515	141,639
Non-controlling interests	(351)	(468)
Total equity	139,163	141,171
Total liabilities and equity	564,327	532,482

(2) Consolidated statement of profit or loss and consolidated statement of comprehensive income

(Consolidated statement of profit or loss)

(Unit: million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Revenue	353,900	361,593
Cost of Sales	195,925	195,369
Gross profit	157,975	166,224
Selling, general and administrative expenses	149,663	144,249
Other income	6,254	1,761
Other expenses	12,828	784
Share of profit (loss) of investments accounted for using equity method	(170)	(371)
Operating profit (loss)	1,566	22,580
Finance income	648	1,504
Finance costs	15,464	5,262
Profit (loss) before taxes	(13,249)	18,823
Income tax expense	(391)	8,458
Profit (loss)	(12,857)	10,364
Profit (loss) attributable to		
Owners of parent	(12,893)	10,485
Non-controlling interests	35	(120)
Earnings (loss) per share		
Basic earnings (loss) per share (Unit: JPY)	(102.48)	83.13
Diluted earnings (loss) per share (Unit: JPY)	(102.48)	82.58

(Consolidated statement of comprehensive income)

(Unit: million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit (loss)	(12,857)	10,364
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	1,853	(228)
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	(1,471)	1,102
Items that may be reclassified to profit or loss		
Effective portion of cash flow hedges	49	(14)
Exchange differences on translation of foreign operations	24,664	(4,929)
Share of other comprehensive income of investments accounted for using equity method	(297)	(11)
Other comprehensive income, net of taxes	24,798	(4,081)
Comprehensive income	11,940	6,283
Comprehensive income attributable to		
Owners of parent	11,878	6,400
Non-controlling interests	61	(116)
Comprehensive income	11,940	6,283

(3) Consolidated statement of changes in equity

(Unit: million yen)

	Equity attributable to owners of parent						
					Other components of equity		
	Share capital	Capital surplus	Retained earnings	Treasury shares	Remeasurements of defined benefit plans	Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	Effective portion of cash flow hedges
As of April 1, 2023	47,946	43,641	17,081	(568)	-	550	(52)
Comprehensive income							
Profit (loss)	-	-	(12,893)	-	-	-	-
Other comprehensive income	-	-	-	-	1,853	(1,471)	49
Total comprehensive income	-	-	(12,893)	-	1,853	(1,471)	49
Issuance of new shares	476	(249)	-	-	-	-	-
Dividends to owners of parent	-	-	(9,043)	-	-	-	-
Dividends to non-controlling interests	-	-	-	-	-	-	-
Forfeiture of share acquisition rights and Restricted Stock Unit	-	(34)	34	-	-	-	-
Share-based payment transactions	-	7	-	-	-	-	-
Changes in ownership interest in subsidiaries	-	(1,566)	-	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	2,043	-	(1,853)	(190)	-
Other	-	-	3	-	-	-	-
Transactions with owners	476	(1,843)	(6,961)	-	(1,853)	(190)	-
As of March 31, 2024	48,423	41,797	(2,773)	(568)	-	(1,110)	(3)

(Unit: million yen)

	Equity attributable to owners of parent					
	Other components of equity					
	Exchange differences on translation of foreign operations	Share of other comprehensive income of investments accounted for using equity method	Total	Total	Non-controlling interests	Total
As of April 1, 2023	28,742	666	29,906	138,008	819	138,827
Comprehensive income						
Profit (loss)	-	-	-	(12,893)	35	(12,857)
Other comprehensive income	24,638	(297)	24,772	24,772	25	24,798
Total comprehensive income	24,638	(297)	24,772	11,878	61	11,940
Issuance of new shares	-	-	-	227	-	227
Dividends to owners of parent	-	-	-	(9,043)	-	(9,043)
Dividends to non-controlling interests	-	-	-	-	(187)	(187)
Forfeiture of share acquisition rights and Restricted Stock Unit	-	-	-	(0)	-	(0)
Share-based payment transactions	-	-	-	7	-	7
Changes in ownership interest in subsidiaries	-	-	-	(1,566)	(1,044)	(2,611)
Transfer from other components of equity to retained earnings	-	-	(2,043)	-	-	-
Other	-	-	-	3	-	3
Transactions with owners	-	-	(2,043)	(10,372)	(1,232)	(11,604)
As of March 31, 2024	53,380	369	52,635	139,515	(351)	139,163

(Unit: million yen)

	Equity attributable to owners of parent						
					Other components of equity		
	Share capital	Capital surplus	Retained earnings	Treasury shares	Remeasurements of defined benefit plans	Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	Effective portion of cash flow hedges
As of April 1, 2024	48,423	41,797	(2,773)	(568)	-	(1,110)	(3)
Comprehensive income							
Profit (loss)	-	-	10,485	-	-	-	-
Other comprehensive income	-	-	-	-	(228)	1,102	(14)
Total comprehensive income	-	-	10,485	-	(228)	1,102	(14)
Issuance of new shares	200	(154)	-	-	-	-	-
Dividends to owners of parent	-	-	(4,917)	-	-	-	-
Dividends to non-controlling interests	-	-	-	-	-	-	-
Forfeiture of share acquisition rights and Restricted Stock Unit	-	(203)	199	-	-	-	-
Share-based payment transactions	-	600	-	-	-	-	-
Changes in ownership interest in subsidiaries	-	-	-	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	(3)	-	228	(225)	-
Other	-	-	-	-	-	-	-
Transactions with owners	200	242	(4,720)	-	228	(225)	-
As of March 31, 2025	48,623	42,039	2,991	(568)	-	(233)	(17)

(Unit: million yen)

	Equity attributable to owners of parent					
	Other components of equity					
	Exchange differences on translation of foreign operations	Share of other comprehensive income of investments accounted for using equity method	Total	Total	Non-controlling interests	Total
As of April 1, 2024	53,380	369	52,635	139,515	(351)	139,163
Comprehensive income						
Profit (loss)	-	-	-	10,485	(120)	10,364
Other comprehensive income	(4,933)	(11)	(4,085)	(4,085)	3	(4,081)
Total comprehensive income	(4,933)	(11)	(4,085)	6,400	(116)	6,283
Issuance of new shares	-	-	-	45	-	45
Dividends to owners of parent	-	-	-	(4,917)	-	(4,917)
Dividends to non-controlling interests	-	-	-	-	-	-
Forfeiture of share acquisition rights and Restricted Stock Unit	-	-	-	(3)	-	(3)
Share-based payment transactions	-	-	-	600	-	600
Changes in ownership interest in subsidiaries	-	-	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	3	-	-	-
Other	-	-	-	-	-	-
Transactions with owners	-	-	3	(4,275)	-	(4,275)
As of March 31, 2025	48,447	357	48,553	141,639	(468)	141,171

(4) Consolidated statement of cash flows

(Unit: million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit (loss) before taxes	(13,249)	18,823
Depreciation and amortization	27,933	27,871
Impairment losses (reversal of impairment losses)	16,657	(54)
Interest expenses	8,771	4,929
Decrease (increase) in trade receivables	3,062	3,061
Decrease (increase) in inventories	4,369	(193)
Increase (decrease) in trade payables	(1,476)	(2,602)
Other	647	(1,860)
Subtotal	46,715	49,974
Interest and dividends received	682	354
Interest paid	(5,939)	(6,568)
Income taxes paid	(6,849)	(3,977)
Income taxes refund	6,694	2,160
Net cash provided by operating activities	41,304	41,941
Cash flows from investing activities		
Purchase of property, plant and equipment, and intangible assets	(14,630)	(11,610)
Proceeds from sales of property, plant and equipment, and intangible assets	351	902
Payments for acquisition of subsidiaries resulting in change in scope of consolidation	(11,500)	-
Purchase of investments accounted for using equity method	(351)	-
Proceeds from sale of investments accounted for using equity method	3,821	307
Other	1,236	1,927
Net cash used in investing activities	(21,072)	(8,473)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	5,000	(2,329)
Proceeds from long-term borrowings	62,215	1,962
Repayments of long-term borrowings	(88,241)	(27,003)
Repayments of lease liabilities	(6,180)	(6,814)
Proceeds from issuance of shares	231	46
Payments for acquisition of interests in subsidiaries from non-controlling interests	(2,611)	-
Dividends paid to owners of parent	(9,040)	(4,916)
Other	(511)	(13)
Net cash used in financing activities	(39,139)	(39,068)
Effect of exchange rate changes on cash and cash equivalents	5,017	(1,851)
Net increase (decrease) in cash and cash equivalents	(13,889)	(7,451)
Beginning balance of cash and cash equivalents	60,933	47,044
Ending balance of cash and cash equivalents	47,044	39,592

(5) Notes for consolidated financial statements

Notes for going concern

Not applicable

Segment information

1) Reportable segments

Major business contents in each reportable segment are as follows:

Reportable segments	Major business contents
Diabetes Management	Development, manufacturing, and sales of blood glucose monitoring (BGM) systems, and sales of continuous glucose monitoring (CGM) systems
Healthcare Solutions	Development of clinical testing business, development and sales of medical IT products such as medical-receipt computers and electronic medical record systems, and development of drug discovery support business
Diagnostic & Life Sciences	Development, manufacturing, and sales of pathological diagnosis equipment, research and medical support equipment, diagnostic reagents and instruments, as well as motorized drug injection devices

(Note) PHC Holdings and its subsidiaries (hereinafter "the Group") has changed its internal organization and the composition of its operating segments and reportable segments. The IVD business which was previously in Diabetes Management and the Diagnostic Reagents & Instruments business which was previously a part of the LSIM business in Healthcare Solutions are now transferred to Diagnostics and Life Sciences. Accordingly, the Group has restated the previously reported segment information for the fiscal year ended March 31, 2024.

2) Segment revenues and operating results

Fiscal year ended March 31, 2024

(Unit: million yen)

	Diabetes Management	Healthcare Solutions	Diagnostic & Life Sciences	Subtotal	Others, adjustments and eliminations	Consolidated basis
Revenue						
Sale from external customers	101,597	120,282	129,653	351,533	2,366	353,900
Intersegment sales	-	-	-	-	-	-
Total	101,597	120,282	129,653	351,533	2,366	353,900
Operating profit (loss)	16,007	(9,446)	5,645	12,206	(10,639)	1,566
Finance income						648
Finance costs						15,464
Profit (loss) before taxes						(13,249)
Other items						
Depreciation and Amortization	6,812	9,965	10,293	27,071	861	27,933
Impairment losses (reversal of impairment losses)	183	13,056	3,417	16,657	-	16,657

(Notes) 1.“Others” of “Others, adjustments and eliminations” is an operating segment not included in reportable segments and “adjustments and eliminations” mainly includes eliminations of intersegment transactions and corporate expenses not allocated to each reportable segment.

2. PHC Group identified indications that the goodwill allocated to the anatomical pathology CGU may be impaired as a result of considering indications such as the difference between the actual performance of the anatomical pathology and its business plan although there have been some results in improving performance through measures such as price increases and cost reductions, and the increase in the risk free rate which is the basis for calculating the discount rate used in the impairment testing. After conducting impairment testing, it was determined that the carrying amount of the CGU exceeded its recoverable amount, resulting in a recognized impairment loss of 2,167 million yen. This loss was allocated to goodwill and included in 'other expense,' in the consolidated statement of profit or loss.

3. PHC Group identified indications that the goodwill allocated to the clinical testing CGU may be impaired as a result of considering indications such as the difference between the actual performance of the clinical testing CGU and its business plan which assumed that the number of tests would return to pre-contamination levels once the COVID-19 outbreak was under control. After conducting impairment testing, it was determined that the carrying amount of the CGU exceeded its recoverable amount, resulting in a recognized impairment loss of 12,737 million yen. This loss was allocated to goodwill and intangible assets and included in 'selling, general and administrative expenses' and 'other expense,' respectively, in the consolidated statement of profit or loss.

4. PHC Group identified indications that the goodwill allocated to the LSIM IVD CGU may be impaired. This was due to an increase in the discount rate used in the impairment testing, resulting from the difference between the actual performance of the clinical testing CGU and its business plan. After conducting impairment testing, it was determined that the carrying amount of the CGU exceeded its recoverable amount, resulting in a recognized impairment loss of 1,246 million yen. This loss was allocated to goodwill and intangible assets and included in 'selling, general and administrative expenses' and 'other expense,' respectively, in the consolidated statement of profit or loss.

Fiscal year ended March 31, 2025

(Unit: million yen)

	Diabetes Management	Healthcare Solutions	Diagnostic & Life Sciences	Subtotal	Others, adjustments and eliminations	Consolidated basis
Revenue						
Sale from external customers	98,692	128,311	130,920	357,924	3,669	361,593
Intersegment sales	-	-	-	-	-	-
Total	98,692	128,311	130,920	357,924	3,669	361,593
Operating profit (loss)	13,888	9,272	7,248	30,409	(7,828)	22,580
Finance income						1,504
Finance costs						5,262
Profit (loss) before taxes						18,823
Other items						
Depreciation and Amortization	6,027	9,904	11,312	27,244	626	27,871
Impairment losses (reversal of impairment losses)	(60)	-	38	(22)	(32)	(54)

(Notes) "Others" of "Others, adjustments and eliminations" is an operating segment not included in reportable segments and "adjustments and eliminations" mainly includes eliminations of intersegment transactions and corporate expenses not allocated to each reportable segment.

Revenue

Disaggregation of revenue

Revenue disaggregation by business segments and major regions is as follows.

The Group has changed its internal organization and the composition of its operating segments and reportable segments (please refer to “Segment information”).

Accordingly, the Group has restated revenue disaggregation by reportable segments and major regions previously reported for the fiscal year ended March 31, 2024.

Fiscal year ended March 31, 2024

(Unit: million yen)

	Diabetes Management	Healthcare Solutions	Diagnostic & Life Sciences	Other	Total
By region					
Japan	3,611	118,623	28,079	176	150,491
Europe	55,698	237	29,877	—	85,813
North America	22,368	17	53,000	—	75,386
Other	19,919	1,403	18,695	2,190	42,208
Total	101,597	120,282	129,653	2,366	353,900

Fiscal year ended March 31, 2025

(Unit: million yen)

	Diabetes Management	Healthcare Solutions	Diagnostic & Life Sciences	Other	Total
By region					
Japan	3,900	127,344	24,814	185	156,245
Europe	53,267	197	30,710	—	84,176
North America	22,077	133	56,799	—	79,011
Other	19,446	635	18,595	3,484	42,161
Total	98,692	128,311	130,920	3,669	361,593

Earnings per share

Basic and diluted earnings per share, and their bases for calculation are as follows:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit (loss) attributable to owners of parent (million yen)	(12,893)	10,485
Adjustment to profit (million yen)	-	-
Profit (loss) attributable to owners of parent after dilution (million yen)	(12,893)	10,485
Average number of ordinary shares during period (Thousands of shares)	125,813	126,126
Effect of dilutive potential ordinary shares		
Stock-based compensation (Thousands of shares)	-	841
Average number of diluted ordinary shares during period (Thousands of shares)	125,813	126,968
Basic earnings (loss) per share (Unit: JPY)	(102.48)	83.13
Diluted earnings (loss) per share (Unit: JPY)	(102.48)	82.58

(Note) Due to the antidilutive nature of the potential ordinary shares, the shares from stock-based compensation that were not included in the calculation of the diluted loss per share for the prior year amounted to 423 thousand shares.

Subsequent events

Not applicable