



Summary of Financial Statements
for First Quarter of Fiscal Year Ending March 31, 2024 [Japanese GAAP]
(Consolidated)

August 8, 2023

Name of listed company: SHIP HEALTHCARE HOLDINGS, INC.
Shares listed on: Tokyo Stock Exchange
Code: 3360 URL <https://www.shiphd.co.jp/en/>
Representative: (Title) President (Name) Futoshi Ohashi
Contact: (Title) Executive Director (Name) Hiroshi Yokoyama
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Scheduled date for filing quarterly report: August 10, 2023 Scheduled start date for dividend payments: -

Supplementary briefing materials on results: None

Briefing on quarterly results: None

(All figures are rounded down to the nearest million yen.)

1. Consolidated financial results for the first quarter of fiscal year ending March 31, 2024
(April 1, 2023 – June 30, 2023)

(1) Consolidated operating results (Percentages represent year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	(Million yen)	%	(Million yen)	%	(Million yen)	%	(Million yen)	%
Q1 FY ending March 2024	146,467	20.8	3,842	35.8	4,648	59.6	2,998	89.2
Q1 FY ended March 2023	121,214	6.1	2,830	(8.9)	2,913	(4.7)	1,585	(1.1)

Note: Comprehensive income: Q1 FY ending March 2024: ¥ 5,392 million (88.6 %)

Q1 FY ended March 2023: ¥ 2,859 million (88.5 %)

	Net income per share	Diluted net income per share
	(Yen)	(Yen)
Q1 FY ending March 2024	31.78	28.81
Q1 FY ended March 2023	16.80	15.22

(2) Consolidated financial condition

	Total assets	Net assets	Equity capital ratio
	(Million yen)	(Million yen)	%
Q1 FY ending March 2024	378,105	132,316	34.1
FY ended March 2023	381,977	131,115	33.5

Reference: Equity: Q1 FY ending March 2024: ¥129,067 million; FY ended March 2023: ¥128,037 million

2. Dividends

	Annual dividends				
	End Q1	End Q2	End Q3	Year-end	Total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
FY ended March 2023	–	0.00	–	42.00	42.00
FY ending March 2024	–	–	–	–	–
FY ending March 2024 (forecast)	–	0.00	–	48.00	48.00

Note: Revisions made in most recently announced dividend forecasts: None

Note: Dividend breakdown for the fiscal year ending March 31, 2024 (forecast)

Ordinary dividend 43.00 yen Commemorative dividend 5.00 yen

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2024
(April 1, 2023 – March 31, 2024)

(Percentages represent changes from previous year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	(Million yen)	%	(Million yen)	%	(Million yen)	%	(Million yen)	%	(Yen)
Cumulative through second quarter	270,000	2.5	8,000	0.4	7,800	4.0	4,200	1.4	44.51
Full-year	600,000	4.8	24,000	13.5	23,500	14.0	13,500	11.9	143.08

Note: Revisions made in most recently announced forecasts of business performance: None

Notes

- (1) Changes made in significant subsidiaries during consolidated cumulative quarter under review: None
- (2) Application of special accounting methods for preparation of quarterly consolidated financial statements: None
- (3) Changes made in accounting policies, accounting estimates, and/or restatements:
 - (i) Changes in accounting policies associated with changes in accounting standards, etc.: None
 - (ii) Any changes in accounting policies other than those under (i) above: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatements: None

(4) Number of shares issued and outstanding (common stocks)

(i) Number of shares issued and outstanding at the end of the period (including treasury stock)	Q1 FY ending March 2024	101,669,400 shares	FY ended March 2023	101,669,400 shares
(ii) Number of treasury stock at the end of the period	Q1 FY ending March 2024	7,319,175 shares	FY ended March 2023	7,319,175 shares
(iii) Average number of shares during the period (quarterly cumulative)	Q1 FY ending March 2024	94,350,225 shares	Q1 FY ended March 2023	94,350,273 shares

* This quarterly summary of financial results is not subject to quarterly review by a Certified Public Accountant or an audit firm.

* Information on appropriate use of financial forecasts and other special notes:

- The forecasts of financial results and other forward-looking statements provided herein are based on information available at the time this document was prepared, and certain assumptions considered reasonable. Actual results may differ significantly from forecasts due to various factors. For assumptions underlying forecasts of financial results, notes on use of forecasts of financial results, and other related information, please refer to “Information on consolidated financial forecasts and other forward-looking statements” on page 3 of the Annexed Materials.

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1. Qualitative information on business results

(1) Description of business results

The Japanese economy during the first quarter of the current consolidated cumulative period, showed signs of normalization in socioeconomic activities due to easing of restrictions on movement caused by the COVID-19.

On the other hand, the outlook remains uncertain due to the soaring food, energy, and raw material prices and concerns about further inflation with those price hikes caused by the situation in Russia and Ukraine and the prolonged situation of depreciation of the yen.

Healthcare industry in which the Group operates, due to the change in the position of COVID-19 under the Infectious Diseases Act, reviews of the bed securing fee for medical institutions and special treatment fees have been implemented. However, there is a continued demand to build an efficient and high-quality medical care system.

In the Group business under such conditions, the business performance largely progressed as planned due to smooth progress of the projects in the Total Pack Produce business, etc.. Furthermore, the Group keep on promoting 4 core strategic measures set forth in the medium-term management plan, “Further high growth of core business”, “Further expand value”, “Functional organization enhancement strategy”, and “Activities for sustainability”.

For the first quarter of the current consolidated cumulative period, the various factors noted above resulted in net sales of 146,467 million yen (up 20.8% YoY), operating profit of 3,842 million yen (up 35.8% YoY), ordinary profit of 4,648 million yen (up 59.6% YoY), and profit attributable to owners of the parent of 2,998 million yen (up 89.2% YoY).

Business results by segment are summarized below.

(i) Total Pack Produce business

In Total Pack Produce business, although the manufacturers were still affected by the long lead time in procuring electrical components and soaring raw material prices, the projects were steadily progressed. Also, the number of new outpatients and treatment cases in Osaka Heavy Ion Therapy Center increased due to the expansion of areas covered by insurance from April 2022. In addition, the business results of Kingrun Group, which joined in the Group in July last year, has contributed since the first quarter consolidated cumulative period for this fiscal year.

As a result, this segment recorded net sales of 27,876 million yen (up 66.9% YoY) and segment profit (operating profit) of 1,326 million yen (up 112.6% YoY).

(ii) Medical Supply business

In Medical Supply business, the business was affected by the souring prices of raw materials and logistic costs, however, demand for medical supplies recovered due to an increase in the number of surgical cases.

As a result, this segment recorded net sales of 101,771 million yen (up 12.5% YoY) and segment profit (operating profit) of 1,245 million yen (up 26.5% YoY).

(iii) Lifecare business

In Lifecare business, the nursing care homes maintained high occupancy rate, although it was affected by rising utility costs. Also, the sales increased in food supply due to the contribution of the performance of companies that joined the Group in the previous fiscal year.

As a result, this segment recorded net sales of 8,920 million yen (up 30.6% YoY) and segment profit (operating profit) of 564 million yen (up 6.2% YoY).

(iv) Dispensing Pharmacy business

In Dispensing Pharmacy business, the performance remained firm due to the new store openings and improvement in management efficiency.

As a result, this segment recorded net sales of 7,899 million yen (up 9.5% YoY) and segment profit (operating profit) of 737 million yen (up 15.0% YoY).

(2) Analysis of Financial Position

Assets at the end of the consolidated first quarter under review stood at 378,105 million yen, down 3,871 million yen from the end of the previous consolidated fiscal year. The primary reasons for this decline included decreases of 18,690 million yen in “notes, accounts receivable, and contract asset”, despite increases of 8,217 million yen in “cash and deposits”, 2,882 million yen in “investment securities”, 2,054 million yen in “merchandise and finished goods”.

Liabilities stood at 245,789 million yen, down 5,073 million yen from the end of the previous consolidated fiscal year. The primary reasons for this decline included decreases of 9,685 million yen in “notes and accounts payable – trade”, 3,264 million yen in “income taxes payable”, despite increases of 5,222 million yen in “electronically recorded obligations – operating”.

Net assets stood at 132,316 million yen, up 1,201 million yen from the end of the previous consolidated fiscal year. The primary reasons for this increase included decrease of 3,962 million yen in “retained earnings” due to payment of dividends, despite increase of 2,998 million yen in “retained earnings” from profit attributable to owners of parent, and 1,555 million yen in “valuation differences on available-for-sale securities”.

As a result of all these factors, equity capital ratio at the end of the consolidated first quarter under review stood at 34.1% (up 0.6% from the end of the previous consolidated fiscal year)

(3) Information on consolidated financial forecasts and other forward-looking statements

In general, business performance matched financial forecasts made at the start of the period. The consolidated financial forecasts for the fiscal year remain unchanged from the forecasts announced on May 12, 2023.

2. Quarterly consolidated financial statements and notes thereto

(1) Quarterly consolidated balance sheet

(Unit: Million yen)

	Fiscal year ended March 31, 2023	Q1 Fiscal year ending March 31, 2024 (June 30, 2023)
Assets		
Current assets		
Cash and deposits	80,839	89,056
Notes, accounts receivable, and contract asset	131,539	112,849
Electronically recorded monetary claims – operating	5,374	6,590
Lease investment assets	3,102	3,056
Merchandise and finished goods	21,389	23,443
Work in process	3,776	4,164
Raw materials and supplies	1,504	1,603
Other	10,817	12,129
Allowance for doubtful accounts	(1,101)	(1,189)
Total current assets	257,241	251,705
Non-current assets		
Property, plant, and equipment		
Buildings and structures, net	23,446	23,658
Land	18,209	18,045
Real estate for rent, net	10,951	11,077
Other, net	12,521	11,936
Total property, plant, and equipment	65,127	64,717
Intangible assets		
Goodwill	12,320	12,008
Other	3,828	3,703
Total intangible assets	16,149	15,711
Investments and other assets		
Investment securities	25,424	28,307
Long-term loans receivable	7,117	7,077
Other	12,605	12,283
Allowance for doubtful accounts	(1,689)	(1,696)
Total investments and other assets	43,458	45,972
Total non-current assets	124,735	126,400
Total assets	381,977	378,105

(Unit: Million yen)

	Fiscal year ended March 31, 2023	Q1 Fiscal year ending March 31, 2024 (June 30, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	109,883	100,197
Electronically recorded obligations - operating	28,622	33,845
Short-term loans payable	1,815	1,752
Income taxes payable	5,332	2,067
Provision for bonuses	2,908	2,992
Current portion of bonds with share acquisition rights	25,016	25,010
Other	23,441	26,528
Total current liabilities	197,020	192,395
Non-current liabilities		
Long-term loans payable	41,571	40,555
Net defined benefit liability	3,383	3,394
Asset retirement obligations	1,156	1,157
Other	7,730	8,286
Total non-current liabilities	53,842	53,394
Total liabilities	250,862	245,789
Net assets		
Shareholders' equity		
Capital stock	15,553	15,553
Capital surplus	23,533	23,447
Retained earnings	100,158	99,194
Treasury stock	(15,526)	(15,526)
Total shareholders' equity	123,718	122,668
Accumulated other comprehensive income		
Valuation differences on available-for-sale securities	2,978	4,534
Deferred gains or losses on hedges	1	2
Foreign currency translation adjustments	1,305	1,826
Remeasurements of defined benefit plans	32	35
Total accumulated other comprehensive income	4,319	6,398
Non-controlling interests	3,077	3,249
Total net assets	131,115	132,316
Total liabilities and net assets	381,977	378,105

(2) Quarterly consolidated statement of income and consolidated statement of comprehensive income

 Quarterly consolidated statement of income
 Consolidated cumulative first quarter

	(Unit: Million yen)	
	Three months ended June 30, 2022	Three months ended June 30, 2023
Net sales	121,214	146,467
Cost of sales	109,659	132,331
Gross profit	11,554	14,136
Sales, general, and administrative expenses	8,724	10,294
Operating profit	2,830	3,842
Non-operating profit		
Interest income	79	80
Dividend income	107	138
Equity gains of affiliated companies	—	530
Foreign exchange profit	—	82
Other	102	126
Total non-operating profit	288	959
Non-operating expenses		
Interest expenses	76	110
Equity losses of affiliated companies	3	—
Foreign exchange loss	113	—
Commission paid	8	9
Other	3	32
Total non-operating expenses	205	152
Ordinary profit	2,913	4,648
Extraordinary profit		
Gains on sales of non-current assets	1	43
Other	0	—
Total extraordinary profit	1	43
Extraordinary losses		
Losses on retirement of non-current assets	6	3
Losses on change in equity	2	—
Losses on sales of subsidiary	—	129
Other	2	0
Total extraordinary losses	11	133
Profit before income taxes	2,903	4,558
Income taxes - current	1,166	1,405
Income taxes - deferred	208	157
Total income taxes	1,375	1,563
Profit	1,527	2,995
Losses attributable to non-controlling interests	(57)	(3)
Profit attributable to owners of parent	1,585	2,998

Quarterly consolidated statement of comprehensive income
 Consolidated cumulative first quarter

(Unit: Million yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net income	1,527	2,995
Other comprehensive income		
Valuation differences on available-for-sale securities	303	1,555
Foreign currency translation adjustments	1,013	835
Remeasurements of defined benefit plans	(4)	1
Share of other comprehensive income of entities accounted for using equity method	19	4
Total other comprehensive income	1,332	2,397
Comprehensive income	2,859	5,392
(Breakdown)		
Comprehensive income attributable to owners of parent	2,741	5,280
Comprehensive income attributable to non-controlling interests	118	111

(3) Notes on consolidated quarterly financial statements

(Notes on the going concern assumption)

Not applicable

(Notes on marked changes to shareholders' equity)

Not applicable

(Segment information, etc.)

[Segment information]

I. Previous consolidated cumulative first quarter (April 1 – June 30, 2022)

1 Net sales and profit (loss) by reportable segments

(Unit: Million yen)

	Reportable segment					Adjustments*1	Amount recorded on consolidated financial statements*2
	Total Pack Produce business	Medical Supply business	Lifecare business	Dispensing Pharmacy business	Subtotal		
Net sales							
(1) Sales to outside customers	16,707	90,461	6,831	7,214	121,214	—	121,214
(2) Intersegment sales or transfers	564	371	18	23	978	(978)	—
Subtotal	17,271	90,832	6,849	7,238	122,192	(978)	121,214
Segment profit	624	984	531	641	2,781	48	2,830

Notes:

- The figure of 48 million yen in adjustments to segment profit includes (17) million yen for the cancellation of intersegment transactions and 66 million yen for companywide costs not allocated to an individual reportable segment. These companywide costs consist mainly of parent company operating expenses and sales, general, and administrative expenses not attributable to individual reportable segments.
 - Segment profit is adjusted against the operating profit reported on the consolidated statement of income.
- 2 Information on impairment loss and goodwill on fixed assets by reportable segments
- No material impairment losses, changes in the amount of goodwill, and material gains on negative goodwill on fixed assets was recognized in the first quarter of the consolidated fiscal year.

II. Consolidated cumulative first quarter under review (April 1 – June 30, 2023)

1 Net sales and profit (loss) by reportable segments

(Unit: Million yen)

	Reportable segment					Adjustments*1	Amount recorded on consolidated financial statements*2
	Total Pack Produce business	Medical Supply business	Lifecare business	Dispensing Pharmacy business	Subtotal		
Net sales							
(1) Sales to outside customers	27,876	101,771	8,920	7,899	146,467	—	146,467
(2) Intersegment sales or transfers	1,056	245	10	23	1,335	(1,335)	—
Subtotal	28,933	102,016	8,930	7,923	147,803	(1,335)	146,467
Segment profit	1,326	1,245	564	737	3,874	(32)	3,842

Notes:

- The figure of (32) million yen in adjustments to segment profit includes (29) million yen for the cancellation of intersegment transactions and (5) million yen for companywide costs not allocated to an individual reportable segment. These companywide costs consist mainly of parent company operating expenses and sales, general, and administrative expenses not attributable to individual reportable segments.
 - Segment profit is adjusted against the operating profit reported on the consolidated statement of income.
- 2 Information on impairment loss and goodwill on fixed assets by reportable segments
 No material impairment losses, changes in the amount of goodwill, and material gains on negative goodwill on fixed assets was recognized in the first quarter of the current consolidated fiscal year.