



**Summary of Financial Statements**  
for Second Quarter of Fiscal Year Ending March 31, 2023 [Japanese GAAP]  
(Consolidated)

November 8, 2022

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: November 11, 2022 Scheduled start date of dividend payments: –

Supplementary briefing materials on results: No

Briefing on quarterly results: Yes (for institutional investors and analysts)

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

1. Consolidated financial results for the second quarter of fiscal year ending March 31, 2023  
(April 1, 2022 – September 30, 2022)

(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)	%
Q2 FY ending March 2023	263,520	12.3	7,971	5.0	7,498	1.6	4,143	0.6
Q2 FY ended March 2022	234,663	–	7,593	(3.1)	7,378	(10.8)	4,118	(12.6)

Note: Comprehensive income: Q2 FY ending March 2023: ¥6,774 million (84.6%)

Q2 FY ended March 2022: ¥3,670 million ((42.2)%)

	Net income per share	Diluted net income per share
	(Yen)	(Yen)
Q2 FY ending March 2023	43.92	39.80
Q2 FY ended March 2022	43.65	39.57

Note: As the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations have been applied from the beginning of previous first quarter of consolidated fiscal year, the figures for the second quarter of fiscal year ended March 31, 2022 are those after retrospectively applying the accounting standard and relevant revised ASBJ regulations. Due to the above reason, YoY rate of change in net sales for the fiscal year ended March 31, 2022 are not shown.

(2) Consolidated financial condition

	Total assets	Net assets	Equity capital ratio
	(Million yen)	(Million yen)	%
Q2 FY ending March 2023	360,355	125,267	33.6
FY ended March 2022	335,074	122,318	35.3

Reference: Equity: Q2 FY ending March 2023: ¥121,212 million; FY ended March 2022: ¥118,289 million

2. Dividends

	Annual dividends				
	End Q1	End Q2	End Q3	Year-end	Total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
FY ended March 2022	–	0.00	–	41.00	41.00
FY ending March 2023	–	0.00			
FY ending March 2023 (forecast)			–	42.00	42.00

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

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2023  
(April 1, 2022 – March 31, 2023)

(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)
Full-year	560,000	8.9	21,000	2.4	21,000	(1.4)	12,500	2.7	132.49

Notes: 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) Special account processing applied in 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)	Q2 FY ending March 2023	101,669,400 shares	FY ended March 2022	101,669,400 shares
(ii) Number of treasury stock at the end of the period	Q2 FY ending March 2023	7,319,138 shares	FY ended March 2022	7,319,116 shares
(iii) Average number of shares during the period (quarterly cumulative)	Q2 FY ending March 2023	94,350,268 shares	Q2 FY ended March 2022	94,350,320 shares

\* This 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 [attached materials].

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## 1. Qualitative information on business results

### (1) Description of business results

The Japanese economy during the second quarter of the current consolidated cumulative period, the future outlook remains uncertain due to the soaring resource prices caused by the protracted situation in Russia and Ukraine, inflation, and sharp depreciation of the yen, though the economy is expected to be recovered as the number of infected cases decrease while the impact of COVID-19 has been protracted.

There is a need to build an efficient, effective, and high-quality medical care system that can respond to emergency based on the experience during the COVID-19 "7th wave" that the difficulty of providing medical services temporarily caused by tightness of fever outpatients and the shortage of human resources by the spread of the infection among medical workers.

Under these circumstances, projects in the Total Pack Produce business has been progressing smoothly, and Kingrun Co., Ltd. has newly joined the Group. However, the entire business in the Group was affected by soaring prices of energy and raw materials.

For the second quarter of the current consolidated cumulative period, the various factors noted above resulted in net sales of 263,520 million yen (up 12.3% YoY), operating profit of 7,971 million yen (up 5.0% YoY), ordinary profit of 7,498 million yen (up 1.6% YoY), and profit attributable to owners of the parent of 4,143 million yen (up 0.6% YoY).

Business results by segment are summarized below.

#### (i) Total Pack Produce business

In Total Pack Produce business, manufacturers were affected by difficulties in procuring electrical components and soaring raw material prices, on the other hand, the projects completion and new orders were steadily recorded. Also, in heavy ion therapy center, the number of new outpatients and treatment cases increased due to the expansion of areas covered by insurance from April 2022.

As a result, this segment recorded net sales of 48,651 million yen (up 40.2% YoY) and segment profit (operating profit) of 2,684 million yen (up 20.7% YoY).

#### (ii) Medical Supply business

In Medical Supply business, although the number of projects with the subsidy budget for infection control measures decreased, newly contracted SPD facilities steadily operated. Furthermore, the demand for medical materials recovered thanks to the increase in the number of surgical cases.

As a result, this segment recorded net sales of 184,681 million yen (up 6.5% YoY) and segment profit (operating profit) of 2,687 million yen (up 1.6% YoY).

#### (iii) Lifecare business

In Lifecare business, the food service business was affected by the soaring ingredient prices, and new M&A-related expenses were recorded. The nursing care business continued to maintain high occupancy rate and made progress in improvement management efficiency.

As a result, this segment recorded net sales of 15,472 million yen (up 23.7% YoY) and segment profit (operating profit) of 1,111 million yen (down 10.4% YoY).

#### (iv) Dispensing Pharmacy business

In Dispensing Pharmacy business, despite the implementation of small-scale M&As and the efforts in improving management efficiency, the business performance remained weak due to the impact of drug price revisions and recording upfront costs for new store openings.

As a result, this segment recorded net sales of 14,715 million yen (up 4.5% YoY) and segment profit (operating profit) of 1,419 million yen (down 8.2% YoY)

### (2) Analysis of Financial Position

#### (i) Assets, liabilities, and net assets

Assets at the end of the consolidated second quarter under review stood at 360,355 million yen, up 25,280 million yen from the end of the previous consolidated fiscal year. The primary reasons for this increase included increases of 7,115 million yen in goodwill, 5,549 million yen in cash and deposits, 3,152 million yen in buildings and structures, 2,715 million yen in merchandise and finished goods, despite decrease of 3,928 million yen in notes, accounts receivable, and contract asset.

Liabilities stood at 235,087 million yen, up 22,331 million yen from the end of the previous consolidated fiscal year. The primary reasons for this increase included increases of 9,302 million yen in short-term loans payable, 5,142 million yen in long-term loans payable, 1,466 million yen in electronically recorded obligations - operating, despite decrease of 1,449 million yen in notes and accounts payable - trade.

Net assets stood at 125,267 million yen, up 2,949 million yen from the end of the previous consolidated fiscal year. The primary reasons for this increase included increases of 4,143 million yen in retained earnings from profit attributable to owners of parent, 1,357 million yen in valuation differences on available-for-sale securities, despite decrease of 3,868 million yen in retained earnings due to cash dividends paid.

As a result of all these factors, equity capital ratio at the end of the consolidated second quarter under review stood at 33.6%. (down 1.7% from the end of the previous consolidated fiscal year)

(ii) Cash flow

Net cash provided by operating activities during the consolidated cumulative second quarter under review totaled 7,046 million yen (proceeds up 4,515 million yen from the same period in the previous consolidated fiscal year). Major contributing factors include decrease of 7,582 million yen in notes and accounts receivable - trade, 7,543 million yen in profit before income taxes, despite the payment of 4,648 million yen for income taxes, and decrease of 4,078 million yen in notes and accounts payable - trade.

Net cash used in investing activities totaled 5,021 million yen (expenses up 2,833 million yen from the same period in the previous consolidated fiscal year). Major contributing factors include expense of 2,998 million yen for purchase of shares subsidiaries resulting in change in scope of consolidation, expense of 1,395 million yen for purchase of property, plant, and equipment, despite proceeds of 382 million yen from shares of subsidiaries resulting in change in scope of consolidation.

Net cash used in financing activities totaled 2,514 million yen (proceeds up 7,825 million yen from the same period in the previous consolidated fiscal year). Major contributing factors include increase of 8,830 million yen in short-term loans – net, despite payment of 3,868 million yen for cash dividends paid, and expense of 2,763 million yen for repayments of long-term loans payable.

As the result of the above factors, the balance of cash and cash equivalents at the end of the consolidated cumulative second quarter under review stood at 77,484 million yen, up 4,680 million yen 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 10, 2022.

## 2. Quarterly consolidated financial statements and notes thereto

## (1) Quarterly consolidated balance sheet

(Unit: Million yen)

	Fiscal year ended March 31, 2022	Q2 Fiscal year ending March 31, 2023 (Sep. 30, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	73,808	79,357
Notes, accounts receivable, and contract asset	113,429	109,501
Electronically recorded monetary claims – operating	4,720	4,605
Lease investment assets	3,634	3,536
Merchandise and finished goods	18,778	21,493
Work in process	2,317	3,207
Raw materials and supplies	1,010	1,344
Other	9,724	10,972
Allowance for doubtful accounts	(895)	(1,112)
Total current assets	226,529	232,907
Non-current assets		
Property, plant, and equipment		
Buildings and structures, net	20,245	23,397
Land	16,293	18,123
Real estate for rent, net	10,993	11,061
Other, net	10,464	13,556
Total property, plant, and equipment	57,995	66,139
Intangible assets		
Goodwill	8,336	15,452
Other	1,017	1,261
Total intangible assets	9,354	16,713
Investments and other assets		
Investment securities	23,608	25,198
Long-term loans receivable	7,518	7,386
Other	11,810	13,793
Allowance for doubtful accounts	(1,741)	(1,784)
Total investments and other assets	41,195	44,595
Total non-current assets	108,545	127,447
Total assets	335,074	360,355

(Unit: Million yen)

	Fiscal year ended March 31, 2022	Q2 Fiscal year ending March 31, 2023 (Sep 30, 2022)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	100,071	98,622
Electronically recorded obligations - operating	22,173	23,640
Short-term loans payable	2,401	11,704
Income taxes payable	4,980	4,131
Provision for bonuses	2,461	2,453
Other	16,281	22,702
<b>Total current liabilities</b>	<b>148,371</b>	<b>163,254</b>
Non-current liabilities		
Bonds with share acquisition rights	25,041	25,029
Long-term loans payable	29,970	35,113
Net defined benefit liability	2,938	3,362
Asset retirement obligations	873	1,099
Other	5,560	7,227
<b>Total non-current liabilities</b>	<b>64,384</b>	<b>71,832</b>
<b>Total liabilities</b>	<b>212,756</b>	<b>235,087</b>
Net assets		
Shareholders' equity		
Capital stock	15,553	15,553
Capital surplus	23,908	23,908
Retained earnings	91,964	92,239
Treasury stock	(15,526)	(15,526)
<b>Total shareholders' equity</b>	<b>115,899</b>	<b>116,174</b>
Accumulated other comprehensive income		
Valuation differences on available-for-sale securities	1,503	2,860
Deferred gains or losses on hedges	1	1
Foreign currency translation adjustments	842	2,135
Remeasurements of defined benefit plans	44	41
<b>Total accumulated other comprehensive income</b>	<b>2,390</b>	<b>5,038</b>
<b>Non-controlling interests</b>	<b>4,028</b>	<b>4,054</b>
<b>Total net assets</b>	<b>122,318</b>	<b>125,267</b>
<b>Total liabilities and net assets</b>	<b>335,074</b>	<b>360,355</b>

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

Quarterly consolidated statement of income

Consolidated cumulative second quarter

(Unit: Million yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	234,663	263,520
Cost of sales	211,039	236,793
Gross profit	23,623	26,726
Sales, general, and administrative expenses	16,030	18,755
Operating profit	7,593	7,971
Non-operating profit		
Interest income	142	158
Dividend income	103	115
Equity gains of affiliated companies	90	-
Reversal of allowance for doubtful accounts	7	6
Other	155	219
Total non-operating profit	498	498
Non-operating expenses		
Interest expenses	142	190
Equity losses of affiliated companies	-	10
Foreign exchange loss	511	743
Commission paid	29	13
Other	30	14
Total non-operating expenses	714	971
Ordinary profit	7,378	7,498
Extraordinary profit		
Gains on sales of non-current assets	1	17
Gains on sales of investment securities	1	-
Subsidy income	-	45
Other	-	0
Total extraordinary profit	2	64
Extraordinary losses		
Losses on sales of non-current assets	1	2
Losses on retirement of non-current assets	2	13
Other	-	3
Total extraordinary losses	3	18
Profit before income taxes	7,376	7,543
Income taxes - current	2,777	3,378
Income taxes - deferred	606	304
Total income taxes	3,383	3,683
Profit	3,993	3,860
Losses attributable to non-controlling interests	(124)	(283)
Profit attributable to owners of parent	4,118	4,143



Quarterly consolidated statement of comprehensive income  
 Consolidated cumulative second quarter

(Unit: Million yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net income	3,993	3,860
Other comprehensive income		
Valuation differences on available-for-sale securities	(369)	1,357
Foreign currency translation adjustments	41	1,541
Remeasurements of defined benefit plans	10	(4)
Share of other comprehensive income of entities accounted for using equity method	(5)	20
Total other comprehensive income	(323)	2,914
Comprehensive income	3,670	6,774
(Breakdown)		
Comprehensive income attributable to owners of parent	3,788	6,791
Comprehensive income attributable to non-controlling interests	(118)	(16)

## (3) Consolidated statement of cash flows

	(Unit: Million yen)	
	Six months ended September 30, 2021	Six months ended September 30, 2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	7,376	7,543
Depreciation and amortization	1,738	2,189
Amortization of goodwill	934	1,176
Share of loss (profit) of entities accounted for using equity method	(90)	10
Increase (decrease) in provision for bonuses	(232)	(465)
Increase (decrease) in allowance for doubtful accounts	50	201
Increase (decrease) in net defined benefit liability	58	40
Interest and dividend income	(245)	(273)
Interest expenses	142	190
Decrease (increase) in notes and accounts receivable – trade	21,917	7,582
Decrease (increase) in inventories	(2,446)	(3,202)
Increase (decrease) in notes and accounts payable – trade	(19,547)	(4,078)
Decrease (increase) in lease investment assets	82	98
Other	(1,321)	440
Subtotal	8,417	11,453
Interest and dividend income received	356	432
Interest expenses paid	(144)	(190)
Income taxes paid	(6,098)	(4,648)
Net cash provided by operating activities	2,531	7,046
<b>Cash flows from investing activities</b>		
Payments into time deposits	(92)	(185)
Proceeds from withdrawal of time deposits	86	240
Purchase of property, plant, and equipment	(1,660)	(1,395)
Proceeds from sales of property, plant, and equipment	22	114
Purchase of intangible assets	(158)	(307)
Payments of short-term loans receivable	(200)	(107)
Collection of long-term loans receivable	136	198
Purchase of investment securities	(7)	(116)
Purchase of shares of subsidiaries and associates	(121)	-
Proceeds from shares of subsidiaries resulting in change in scope of consolidation	24	382
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(117)	(2,998)
Other	(99)	(846)
Net cash used in investing activities	(2,187)	(5,021)

(Unit: Million yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
<b>Cash flows from financing activities</b>		
Increase (decrease) in short-term loans-net	627	8,830
Proceeds from long-term loans payable	262	471
Repayments of long-term loans payable	(2,235)	(2,763)
Purchase of treasury stock	(0)	(0)
Cash dividends paid	(3,774)	(3,868)
Cash dividends paid to non-controlling interests	(16)	(22)
Repayments of lease obligations	(125)	(132)
Other	(48)	-
Net cash used in financing activities	(5,310)	2,514
Effect of exchange rate change on cash and cash equivalents	(41)	139
Net increase (decrease) in cash and cash equivalents	(5,009)	4,680
Cash and cash equivalents at the beginning of the period	72,950	72,804
Increase in cash and cash equivalents from newly consolidated subsidiary	8	-
Cash and cash equivalents at the end of the period	67,949	77,484

## (4) Notes on consolidated 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 second quarter (April 1, 2021 – September 30, 2021)

## 1 Net sales and profit (loss) by reportable segments

(Unit: Million yen)

	Reportable segments					Adjustments*1	Amount recorded on consolidated financial statements*2
	Total Pack Produce business	Medical Supply business	Lifecare business	Dispensing Pharmacy business	Total		
Net sales							
(1) Sales to outside customers	34,705	173,368	12,504	14,084	234,663	—	234,663
(2) Intersegment sales or transfers	864	696	90	45	1,696	(1,696)	—
Subtotal	35,570	174,064	12,594	14,129	236,359	(1,696)	234,663
Segment profit	2,224	2,646	1,240	1,547	7,658	(64)	7,593

Notes: 1 The figure of (64) million yen in adjustments to segment profit includes (36) million yen in cancellation of intersegment transactions and (21) million yen in companywide costs not allocated among reportable segments. These companywide costs consist mainly of parent company's operating expenses and sales, general, and administrative expenses not attributable to individual reportable segments.

2 Segment profit is adjusted against the operating profit reported on the quarterly consolidated statement of income.

## 2 Notes on changes in reportable segments, etc.

From the first quarter of this consolidated fiscal year, due to the change in management accounting categories, the Company has changed the classification of reportable segments, such as including businesses that were previously included in "Other" into "Total Pack Produce business".

## 3 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 second quarter of the consolidated fiscal year.

## II. Consolidated cumulative second quarter under review (April 1, 2022 – September 30, 2022)

## 1 Net sales and profit (loss) by reportable segments

(Unit: Million yen)

	Reportable segments					Adjustments*1	Amount recorded on consolidated financial statements*2
	Total Pack Produce business	Medical Supply business	Lifecare business	Dispensing Pharmacy business	Total		
Net sales							
(1) Sales to outside customers	48,651	184,681	15,472	14,715	263,520	—	263,520
(2) Intersegment sales or transfers	1,341	722	28	49	2,141	(2,141)	—
Subtotal	49,992	185,404	15,501	14,764	265,661	(2,141)	263,520
Segment profit	2,684	2,687	1,111	1,419	7,903	67	7,971

Notes: 1 The figure of 67 million yen in adjustments to segment profit includes (29) million yen in cancellation of intersegment transactions and 98 million yen in companywide costs not allocated among reportable segments. These companywide costs consist mainly of parent company's operating expenses and sales, general, and administrative expenses not attributable to individual reportable segments.

2 Segment profit is adjusted against the operating profit reported on the quarterly consolidated statement of income.

## 2 Notes on changes in reportable segments, etc.

During the second quarter consolidated cumulative period, we acquired shares of Kingrun Co., Ltd. and added it to the scope of consolidation.

As a result of this event, assets in "Total Pack Produce Business" segment increased by 26,202 million yen compared to the end of the previous consolidated fiscal year.

## 3 Information on impairment loss on non-current assets or goodwill, per reportable segments

(significant impairment loss on non-current assets)

Not applicable

(significant fluctuations in the amount of goodwill)

During the second quarter consolidated cumulative period, we acquired shares of Kingrun Co., Ltd. and added it to the scope of consolidation.

The increase in goodwill in the "Total Pack Produce Business" segment due to the event is 7,101 million yen in the second quarter of the current consolidated cumulative period.

The amount of goodwill is a tentatively calculated amount as the allocation of the acquisition cost has not been completed as of the end of the second quarter consolidated fiscal year.

(significant gain on negative goodwill)

Not applicable