



**Summary of Financial Statements**  
for Third Quarter of Fiscal Year Ending March 31, 2021 [Japanese GAAP]  
(Consolidated)

February 5, 2021

Name of listed company: SHIP HEALTHCARE HOLDINGS, INC.  
Shares listed on: Tokyo Stock Exchange  
Code: 3360 URL <https://www.shiphd.co.jp/>  
Representative: (Title) Chairman and CEO (Name) Kunihisa Furukawa  
Contact: (Title) Executive Director (Name) Hiroshi Yokoyama  
Tel.: +81-6-6369-0130  
Scheduled date for filing quarterly report: February 10, 2021 Scheduled start date of 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 third quarter of the fiscal year ending March 31, 2021  
(April 1 – December 31, 2020)

(1) Consolidated operating results (cumulative)

(Percentages represent year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	(Millions yen)	%	(Millions yen)	%	(Millions yen)	%	(Millions yen)	%
Q3 FY ending March 2021	349,357	(2.4)	14,476	6.8	14,874	1.7	8,831	(0.6)
Q3 FY ended March 2020	358,001	12.9	13,549	29.1	14,630	33.1	8,884	34.5

Note: Comprehensive income: Q3 FY ending March 2021: ¥ 10,638 million (8.5 %)

Q3 FY ended March 2020: ¥9,807 million (72.6 %)

	Net income per share	Diluted net income per share
	(Yen)	(Yen)
Q3 FY ending March 2021	186.91	169.58
Q3 FY ended March 2020	186.56	169.43

(2) Consolidated financial condition

	Total assets	Net assets	Equity capital ratio
	(Millions yen)	(Millions yen)	%
Q3 FY ending March 2021	318,166	111,300	33.9
FY ended March 2020	308,873	104,681	33.0

Reference: Equity: Q3 FY ending March 2021: ¥107,881 millions yen; FY ended March 2020: ¥101,784 millions yen

2. Dividends

	Annual dividends				
	End Q1	End Q2	End Q3	Year-end	Total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
FY ended March 2020	–	0.00	–	75.00	75.00
FY ending March 2021	–	0.00	–		
FY ending March 2021 (forecast)				77.00	77.00

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

3. Forecast of consolidated financial results for fiscal year ending March 31, 2021  
(April 1, 2020 – March 31, 2021)

(Percentages represent changes from previous year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	(Millions yen)	%	(Millions yen)	%	(Millions yen)	%	(Millions yen)	%	(Yen)
Full-year	500,000	3.2	21,000	11.7	21,000	5.4	12,100	2.5	256.16

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) Special account processing applied in preparation of quarterly consolidated financial statements: None
- (3) Changes made in accounting policies, accounting estimates, and/or restatements: None
- (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 shares)

(i) Number of shares issued and outstanding at the end of the period (including treasury stock)	Q3 FY ending March 2021	50,834,700 shares	FY ended March 2020	50,834,700 shares
(ii) Number of treasury stock at the end of the period	Q3 FY ending March 2021	3,659,527 shares	FY ended March 2020	3,420,627 shares
(iii) Average number of shares during the period (quarterly cumulative total)	Q3 FY ending March 2021	47,253,273 shares	Q3 FY ended March 2020	47,624,076 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 average number of shares during the period, on which calculations of net income per share in the forecast of consolidated financial results for fiscal year ending March 31, 2021, are based, reflects the effects of purchase of treasury stock under a resolution passed by the board of directors in its meeting held on May 10, 2020.
- The forecasts of financial results and other forward-looking statements provided herein are based on information available to the Company and assumptions considered reasonable at the time this document was prepared. They are not guarantee that the Company will achieve such forecasts. Actual results may differ significantly from the forecasts for various reasons. For the assumptions on which financial forecasts are based, notes on using financial forecasts, and other 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 quarterly results

### (1) Description of business results

The Japanese economy during Q3 FY ending March 2021, has deteriorated rapidly due to the spread of COVID-19, which severely restricted economic and social activities, and reduced personal consumption and corporate profits. Although the momentum for recovery has increased once because the economic activities gradually resumed with economic promotion by the government such as Go To Campaign, the future condition still remain uncertain.

Due to the spread of COVID-19, healthcare industry in which the Group operates has been forced to significantly reduce outpatient and inpatient revenues due to the avoidance of medical consultations and a decrease in the number of operations, and social demands for dealing with the infectious disease are increasing. Though capital investment for new construction and reconstruction of specialty wards for COVID-19 etc. was implemented in order to respond to the demand, the situation is still extremely severe due to the shortage of healthcare experts and the continuous response to infection control.

Under such conditions, manufacturers in Total Pack Produce business performed steadily with an increase in backlog of orders, and the projects progressed almost as planned, centering on small and medium-sized projects, however, demand for equipment renewal was lower than usual due to the impact of reduced income of medical institutions. In Medical Supply business, the first automatic warehouse in Japanese industry, "Osaka Solution Center", which comprehensively manage the all consumable inventories with RFID, has been completed, and preparations are proceeding smoothly for full-scale operation in June 2021. Also, Lifecare business maintained a high occupancy rate and continued to perform favorably, while the Dispensing Pharmacy business also performed steadily by the improvement in management efficiency. Furthermore, due to the need for infectious disease control, demand for our private brand products such as made-in-Japan surgical mask "SHIP mask" and low-concentration ozone generator "Airness" series increased, and new sales channels were expanded.

For Q3 FY ending March 2021, the various factors noted above resulted in net sales of 349,357 million yen (down 2.4% YoY), operating profit of 14,476 million yen (up 6.8% YoY), ordinary profit of 14,874 million yen (up 1.7% YoY), and profit attributable to owners of the parent of 8,831 million yen (down 0.6% YoY).

Business results by segment are summarized below.

#### (i) Total Pack Produce business

In Total Pack Produce business, business performance of manufacturers remained strong, and the small and medium-sized projects also progressed as planned. Also, new initiatives such as the package offer for the temporary fever outpatient unit and specialty wards for COVID-19 were also successful. Moreover, the performance of the newly consolidated subsidiary, medical device distributors in Myanmar contributed. However, the business for the medical device renewal performed weak due to the decline in demand for the renewal by the spread of infectious diseases.

As a result, this segment recorded net sales of 60,332 million yen (down 18.5% YoY) and segment profit (operating profit) of 5,889 million yen (down 13.3% YoY).

#### (ii) Medical Supply business

In Medical Supply business, despite the decrease of demand due to the avoidance of medical consultations and the impact of the public redemption price revision, business performance remained steady by collaboration within the group, improvement in management efficiency, and development of infection control products.

As a result, this segment recorded net sales of 244,447 million yen (up 1.3% YoY) and segment profit (operating profit) of 4,553 million yen (up 28.4% YoY).

#### (iii) Lifecare business

In Lifecare business, the integrate national wide management was progressed, and high occupancy rate had been maintained thanks to strict infectious disease control.

As a result, this segment recorded net sales of 18,476 million yen (up 3.4% YoY) and segment profit (operating profit) of 1,703 million yen (up 28.5% YoY).

#### (iv) Dispensing Pharmacy business

In Dispensing Pharmacy business, business performance was progressed firmly since the avoidance of visit to medical institutions was eased compared to the beginning of the fiscal year, and also due to the improvement in management efficiency, although there was some influence due to the public drug price revision.

As a result, this segment recorded net sales of 20,167 million yen (down 0.6% YoY) and segment profit (operating profit) of 2,047 million yen (up 5.2% YoY)

#### (v) Other

In Other business, business performance progressed firmly as the performance of the integrated building management company newly contributed.

As a result, this segment recorded net sales of 5,933 million yen (up 32.1% YoY) and segment profit (operating profit) of 444 million yen (up 99.5% YoY).

## (2) Analysis of Financial Position

Assets on December 31, 2020 stood at 318,166 million yen, up 9,293 million yen from the end of the previous consolidated fiscal year. The primary reasons for this increase included increases of 12,055 million yen in investment securities and 5,333 million yen in merchandise and finished goods, and 2,345 million yen in notes and accounts receivable – trade, despite decrease of 10,687 million yen in cash and deposits and 4,983 million yen in securities. Liabilities stood at 206,866 million yen, up 2,674 million yen from the end of the previous consolidated fiscal year. The primary reasons for this increase included increase of 2,739 million yen in short-term loans payable and 2,626 million yen in electronically recorded obligations - operating, despite decreases of 3,433 million yen in long-term loans payable. Net assets stood at 111,300 million yen, up 6,618 million yen from the end of the previous consolidated fiscal year. The primary reasons for this increase included increases of 8,831 million yen in retained earnings from profit attributable to owners of parent and 2,199 million yen in valuation differences on available-for-sale securities, despite decrease of 3,556 million yen in retained earnings due to payment of dividends. Due to these factors, the equity capital ratio on December 31, 2020 stood at 33.9% (up 0.9 percentage points 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 full fiscal year remain unchanged from the forecasts announced on May 12, 2020.

## 2. Quarterly consolidated financial statements and notes thereto

## (1) Quarterly consolidated balance sheet

	(Unit: Millions yen)	
	March 31, 2020	December 31, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	78,717	68,030
Notes and accounts receivable - trade	95,623	97,968
Electronically recorded monetary claims - operating	3,611	4,536
Lease investment assets	3,500	3,393
Securities	5,101	118
Merchandise and finished goods	14,029	19,362
Work in process	1,511	2,252
Raw materials and supplies	845	873
Other	7,629	10,002
Allowance for doubtful accounts	(71)	(171)
Total current assets	210,499	206,366
Non-current assets		
Property, plant, and equipment		
Buildings and structures, net	18,534	19,689
Land	16,100	15,751
Real estate for rent, net	11,213	10,965
Other, net	11,166	10,631
Total property, plant, and equipment	57,014	57,038
Intangible assets		
Goodwill	8,548	10,052
Other	972	974
Total intangible assets	9,520	11,026
Investments and other assets		
Investment securities	14,535	26,590
Long-term loans	7,810	7,592
Other	11,209	11,303
Allowance for doubtful accounts	(1,716)	(1,752)
Total investments and other assets	31,838	43,734
Total non-current assets	98,373	111,799
Total assets	308,873	318,166

	(Unit: Millions yen)	
	March 31, 2020	December 31, 2020
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	90,121	89,824
Electronically recorded obligations - operating	19,598	22,224
Short-term loans payable	935	3,674
Income taxes payable	4,400	2,414
Provision for bonuses	2,194	1,024
Other	15,864	19,278
Total current liabilities	133,115	138,441
Non-current liabilities		
Bonds with share acquisition rights	25,091	25,072
Long-term loans payable	36,987	33,554
Net defined benefit liability	2,873	2,972
Asset retirement obligations	838	847
Other	5,284	5,977
Total non-current liabilities	71,076	68,424
Total liabilities	204,191	206,866
<b>Net assets</b>		
Shareholders' equity		
Capital stock	15,553	15,553
Capital surplus	23,895	23,891
Retained earnings	74,841	80,117
Treasury stock	(14,447)	(15,526)
Total shareholders' equity	99,841	104,034
Accumulated other comprehensive income		
Valuation differences on available-for-sale securities	2,019	4,219
Deferred gains or losses on hedges	—	(0)
Foreign currency translation adjustments	(152)	(446)
Remeasurements of defined benefit plans	75	73
Total accumulated other comprehensive income	1,942	3,846
Non-controlling interests	2,897	3,419
Total net assets	104,681	111,300
<b>Total liabilities and net assets</b>	<b>308,873</b>	<b>318,166</b>

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

## Quarterly consolidated statement of income

	(Unit: Millions yen)	
	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Net sales	358,001	349,357
Cost of sales	322,009	311,640
Gross profit	35,992	37,717
Sales, general, and administrative expenses	22,443	23,241
Operating profit	13,549	14,476
Non-operating profit		
Interest income	300	242
Dividend income	236	232
Amortization of negative goodwill	116	—
Share of profit of entities accounted for using equity method	33	—
Foreign exchange gains	26	110
Subsidy income	—	235
Reversal of allowance for doubtful accounts	364	1
Other	239	299
Total non-operating profit	1,317	1,122
Non-operating expenses		
Interest expenses	203	251
Share of loss of entities accounted for using equity method	—	17
Commission paid	—	212
Other	32	242
Total non-operating expenses	235	724
Ordinary profit	14,630	14,874
Extraordinary profit		
Gains on sales of non-current assets	194	4
Gains on sales of investment securities	—	27
Other	—	2
Total extraordinary profit	194	35
Extraordinary losses		
Losses on step acquisitions	—	92
Losses on sales of non-current assets	4	6
Impairment loss	—	61
Losses on retirement of non-current assets	—	20
Losses on sales of investment securities	—	19
Losses on valuation of investment securities	0	—
Other	1	22
Total extraordinary losses	6	223
Profit before income taxes	14,818	14,686
Income taxes - current	4,946	5,114
Income taxes - deferred	940	720
Total income taxes	5,886	5,834
Profit	8,932	8,851
Profit attributable to non-controlling interests	47	19
Profit attributable to owners of parent	8,884	8,831



Quarterly consolidated statement of comprehensive income  
 Consolidated cumulative third quarter

(Unit: Millions yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Net income	8,932	8,851
Other comprehensive income		
Valuation differences on available-for-sale securities	973	2,199
Foreign currency translation adjustments	(105)	(410)
Remeasurements of defined benefit plans	7	1
Share of other comprehensive income of entities accounted for using equity method	—	(3)
Total other comprehensive income	875	1,787
Comprehensive income	9,807	10,638
(Breakdown)		
Comprehensive income attributable to owners of parent	9,790	10,735
Comprehensive income attributable to non-controlling interests	17	(97)

## (3) Notes on quarterly 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 Nine months ended December 31, 2019 (April 1 – December 31, 2019)

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

(Unit: Millions yen)

	Reportable segment					Other *1	Total	Reconciliation *2	Amount recorded in quarterly consolidated income statement*3
	Total Pack Produce business	Medical Supply business	Lifecare business	Dispensing Pharmacy business	Subtotal				
Net sales									
(1) Sales to outside customers	73,988	241,359	17,876	20,285	353,510	4,491	358,001	—	358,001
(2) Intersegment sales or transfers	2,146	801	163	4,320	7,431	246	7,678	(7,678)	—
Subtotal	76,134	242,160	18,039	24,606	360,941	4,738	365,679	(7,678)	358,001
Segment profit	6,793	3,546	1,326	1,946	13,612	222	13,834	(285)	13,549

Notes:

- The "Other" category includes businesses that are not included in reportable segments, including the veterinary clinic business, sales of physical and chemical apparatus business, the security business, and integrated building management business.
- Reconciliation items for segment profit of ¥(285) million include intersegment elimination of ¥(61) million and corporate expenses not allocated to the reportable segments of ¥(224) million. Corporate expenses consist primarily of operating expenses of the Company's head office and selling, general, and administrative expenses that are not attributable to any reportable segments.
- Segment profit is reconciled to the operating profit reported in the quarterly consolidated statement of income.

## 2 Information on impairment loss on non-current assets and goodwill by each reporting segment

No significant impairment losses on non-current assets, significant changes in amounts of goodwill, or significant gains on bargain purchases were recognized during the nine months ended third quarter-end.

## II Nine months ended December 31, 2020 (April 1 – December 31, 2020)

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

(Unit: Millions yen)

	Reportable segment					Other *1	Total	Reconciliation *2	Amount recorded in quarterly consolidated income statement*3
	Total Pack Produce business	Medical Supply business	Lifecare business	Dispensing Pharmacy business	Subtotal				
Net sales									
(1) Sales to outside customers	60,332	244,447	18,476	20,167	343,424	5,933	349,357	—	349,357
(2) Intersegment sales or transfers	1,789	2,136	180	20,542	24,649	324	24,973	(24,973)	—
Subtotal	62,122	246,583	18,657	40,710	368,073	6,257	374,331	(24,973)	349,357
Segment profit	5,889	4,553	1,703	2,047	14,194	444	14,638	(162)	14,476

## Notes:

- The “Other” category includes businesses that are not included in reportable segments, including the veterinary clinic business, sales of physical and chemical apparatus business, the security business, and integrated building management business.
  - Reconciliation items for segment profit of ¥(162) million include intersegment elimination of ¥(59) million and corporate expenses not allocated to the reportable segments of ¥(92) million. Corporate expenses consist primarily of operating expenses of the Company’s head office and selling, general, and administrative expenses that are not attributable to any reportable segments.
  - Segment profit is reconciled to the operating profit reported in the quarterly consolidated statement of income.
- 2 Information on assets by each reporting segment
- During Q3 FY ending March 2021, the Company acquired the shares of STK Co., Ltd. and it is included in the scope of consolidation. The Company also acquired equity interests of Charm Care Corporation., and it is included in the scope the equity-method applied.
- Due to the above acquisition, assets in “Lifecare business” segment increased by 9,859 million yen from the end of the previous consolidated fiscal year.
- 3 Information on impairment loss on non-current assets and goodwill by each reporting segment
- (Significant impairment losses on non-current assets)  
Not applicable.
- (Significant changes in the amount of goodwill)  
During Q3 FY ending March 2021, the Company acquired the shares of Okkar Thiri Co., Ltd. and Snow Everest Co., Ltd., and they are included in the scope of consolidation.  
The increase in goodwill in “Total Pack Produce business” segment due to the above event is 3,013 million yen.
- (Significant gain on negative goodwill)  
Not applicable.