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3360

Ship Healthcare Holdings

Company Name
Ship Healthcare Holdings, Inc.

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Tokyo Stock Exchange, Prime Market

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Research Coverage Report by Shared Research Inc.

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Executive summary

Business overview

Ship Healthcare Holdings, Inc. (TSE Prime: 3360) is a corporate group that provides hospitals and other medical institutions with comprehensive support solutions across the fields of medical care, wellness, welfare, and long-term care. To improve the efficiency of its management resources, the company has been streamlining and integrating operations across the group, reducing consolidated subsidiaries from 65 (as of April 1, 2024) to 52 (as of April 30, 2026). The group offers one-stop healthcare-related services to operators of medical and long-term care facilities—ranging from the planning and procurement of medical equipment for capital investment projects to post-opening logistics management of equipment and medical supplies, as well as outsourced facility operations.

Ship is headquartered in Suita, Osaka Prefecture, and has built a relatively strong track record in the Kansai region. However, it operates across Japan, including Tokyo. Overseas, the company is involved in hospital operations mainly in Asia. With healthcare positioned as its core business domain, Ship aims to provide one-stop services in this area. Since its establishment in 1992, the group has increased the number of its companies through M&A and other initiatives, and it has continued to broaden the range of services it can offer.

The company has a recurring revenue business model that centers on further enhancing relationships with medical institutions. Its services encompass a wide range of offerings, including initial planning and consultations for facility construction, relocation, and expansions, as well as logistics, long-term care services, and the provision of pharmaceuticals once operations have commenced. The company regards medical institutions as not just customers but important business partners, so maintaining relationships with medical institutions provides opportunities to expand business by receiving orders for subsequent projects and providing operational support and outsourced management services. In addition to expanding these relationships nationwide, the company is also seeking to cultivate relationships with overseas local medical institutions and governments, expanding the business to include contract management of medical institutions.

The company has the following four business segments: Total Pack Produce (TPP), Medical Supply (MSP), Life Care (LC), and Dispensing Pharmacy (PH). In FY03/26, TPP accounted for 19% of sales, MSP for 71%, LC for 5%, and PH for 5%. Meanwhile, TPP accounted for 44% of operating profit before adjustments, MSP for 31%, LC for 9%, and PH for 16%. Over the past 10 years, OPMs have ranged from 7.4% to 10.4% for TPP, 1.3% to 2.0% for MSP, 3.0% to 9.5% for LC, and 8.6% to 11.6% for PH (based on FY03/26 results).

Among the four segments, TPP is the largest contributor to profit. The segment can be broadly divided into trading and manufacturing businesses. In the trading business, hospital construction and relocation projects contribute to profit, but margins tend to fluctuate because project size and scope vary year to year. The manufacturing business centers on three subsidiaries that manufacture medical and long-term care equipment.

In the MSP segment, the largest contributor to sales, Ship provides logistics services for medical equipment and instruments within hospitals. Although new contracts involve substantial startup costs, margins are stable. The company is working to improve profitability by increasing transaction volumes and streamlining product management.

In the LC segment, the company operates nursing homes, group homes, and other facilities for the elderly, and also provides meal services and rehabilitation support. Margins at Ship-operated nursing homes, group homes, and other facilities remain high, supported by consistently high occupancy rates. However, while the meal service business is expanding, rising ingredient costs and other factors are weighing on profitability.

In the PH segment, the company operates dispensing pharmacies covered by National Health Insurance (NHI) and maintains margins above those of major industry peers by leveraging collaboration with other segments, such as MSP and LC, as well as M&A and the consolidation and closure of pharmacies.

Trends and outlook

In FY03/26, Ship reported sales of JPY718.2bn (+5.9% YoY), operating profit of JPY24.5bn (-1.2% YoY), recurring profit of JPY26.3bn (+1.2% YoY), and net income attributable to owners of the parent of JPY13.4bn (-11.5% YoY). Sales exceeded the company's initial targets in all four businesses, but operating profit fell short of the initial target and declined 1.2% YoY.

The main factor was lower profit in the Total Pack Produce segment, where the company recorded various one-time expenses. These expenses included delays in deliveries of materials for energy-saving work in facility upgrade projects, higher parts prices and production delays at manufacturing subsidiaries, and M&A fees. In the Medical Supply segment, earnings grew YoY, but equipment deliveries were delayed due to challenging conditions at hospitals, causing segment earnings to fall short of the company's target.

For FY03/27, the company forecasts sales of JPY740.0bn (+3.0% YoY), operating profit of JPY26.0bn (+6.2% YoY), recurring profit of JPY26.5bn (+0.6% YoY), and net income attributable to owners of the parent of JPY16.0bn (+19.5% YoY). As of the Q1 results announcement on August 7, 2026, the company maintained its forecast. By business segment, the company expects higher sales and profit in both the Total Pack Produce and Medical Supply businesses. Ship remains committed to driving continuous groupwide growth and strengthening its capacity to provide comprehensive solutions in healthcare, wellness, welfare, long-term care, and services.

On May 13, 2025, Ship unveiled its new medium-term management plan, Ship Vision 2030, following the previous Ship Vision 2024 plan (FY03/23–FY03/25). The new plan covers the five-year period from FY03/26 to FY03/30. The company set quantitative targets of a five-year sales CAGR of 5%, and an OPM of 4% and ROE of 12% in FY03/30. It aims to generate JPY100–120bn in cash during the five-year period and plans to allocate JPY60–80bn of that amount to strategic investments for future growth. The company also plans to maintain a progressive dividend policy with a target payout ratio of at least 30%. Depending on the progress of investments, it aims to flexibly conduct share buybacks and cancellations.

Key financial data

Income statement	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25	FY03/26	FY03/27
(JPYmn)	**Cons.**	**Cons.**	**Cons.**	**Cons.**	**Cons.**	**Cons.**	**Cons.**	**Cons.**	**Cons.**	**Cons.**	**Consolidated forecast**
Sales	**408,487**	**425,566**	**444,048**	**484,395**	**497,156**	**514,353**	**572,285**	**630,988**	**678,229**	**718,163**	**740,000**
YoY	33.1%	4.2%	4.3%	9.1%	2.6%	3.5%	11.3%	10.3%	7.5%	5.9%	3.0%
Operating profit	**16,055**	**18,259**	**17,952**	**18,794**	**21,800**	**20,505**	**21,144**	**24,539**	**24,779**	**24,482**	**26,000**
YoY	14.3%	13.7%	-1.7%	4.7%	16.0%	-5.9%	3.1%	16.1%	1.0%	-1.2%	6.2%
Operating profit margin	3.9%	4.3%	4.0%	3.9%	4.4%	4.0%	3.7%	3.9%	3.7%	3.4%	3.5%
Recurring profit	**16,478**	**18,935**	**18,532**	**19,931**	**21,761**	**21,287**	**20,607**	**25,219**	**26,023**	**26,331**	**26,500**
YoY	11.8%	14.9%	-2.1%	7.5%	9.2%	-2.2%	-3.2%	22.4%	3.2%	1.2%	0.6%
Net income	**9,410**	**10,350**	**11,236**	**11,803**	**12,280**	**12,172**	**12,063**	**13,799**	**15,128**	**13,394**	**16,000**
YoY	6.4%	10.0%	8.6%	5.0%	4.0%	-0.9%	-0.9%	14.4%	9.6%	-11.5%	19.5%
Per-share data (split-adjusted; JPY)											
EPS	186.3	204.6	227.8	247.7	247.7	129.0	127.9	146.2	160.3	144.2	175.0
Book value per share	1,806.1	1,974.0	2,003.4	1,073.4	1,181.1	1,253.7	1,357.1	1,478.8	1,580.1	1,641.7	
Dividend per share	60.0	64.0	70.0	75.0	80.0	41.0	42.0	50.0	58.0	60.0	65.0
Dividend payout ratio	32.2%	31.3%	30.7%	30.2%	30.8%	31.8%	32.8%	34.2%	36.2%	41.6%	
Balance sheet (JPYmn)											
Cash and cash equivalents	49,444	59,644	72,393	78,717	73,907	73,808	80,839	85,072	77,502	80,566	
Tangible fixed assets	53,483	55,770	54,652	57,014	57,941	57,995	65,127	63,305	58,960	56,663	
Investments and other assets	23,402	24,398	32,654	31,838	44,085	41,195	43,458	49,377	50,553	46,125	
Intangible assets	12,208	11,780	10,333	9,520	10,581	9,354	16,149	14,855	12,731	11,720	
Total fixed assets	**89,093**	**91,949**	**97,640**	**98,373**	**112,607**	**108,545**	**124,735**	**127,538**	**122,245**	**114,510**	
Total assets	**263,540**	**285,438**	**299,212**	**308,873**	**334,498**	**335,074**	**381,977**	**387,562**	**381,702**	**385,109**	
Accounts payable	86,307	88,716	106,143	109,719	123,690	122,244	138,505	147,073	157,137	164,639	
Short-term debt	6,770	7,646	5,998	5,490	7,174	6,208	32,367	7,471	6,720	4,762	
Total current liabilities	126,377	137,928	128,176	133,115	151,942	148,371	197,020	181,165	188,013	195,914	
Long-term debt	36,146	36,765	64,866	62,078	57,787	55,011	41,571	50,459	30,620	25,606	
Total non-current liabilities	**43,530**	**45,154**	**73,300**	**71,076**	**67,451**	**64,384**	**53,842**	**64,170**	**43,408**	**36,767**	
Total liabilities	**169,908**	**183,083**	**201,477**	**204,191**	**219,394**	**212,756**	**250,862**	**245,335**	**231,421**	**232,681**	
Total net assets	**93,632**	**102,354**	**97,734**	**104,681**	**115,103**	**122,318**	**131,115**	**142,216**	**150,280**	**152,428**	
Total liabilities and net assets	**263,540**	**285,438**	**299,212**	**308,873**	**334,498**	**335,074**	**381,977**	**387,562**	**381,702**	**385,109**	
Total interest-bearing debt	42,916	44,411	70,864	67,568	64,961	61,219	73,938	57,930	37,340	30,368	
Financial ratios											
ROA (RP-based)	6.8%	6.9%	6.3%	6.6%	6.8%	6.4%	5.7%	6.6%	6.8%	6.9%	
ROE	10.9%	10.8%	11.5%	12.0%	11.5%	10.6%	9.8%	10.3%	10.5%	8.9%	
Equity ratio	34.7%	35.0%	31.9%	33.0%	33.3%	35.3%	33.5%	36.0%	39.1%	39.2%	

Source: Shared Research based on company materials
Note: Figures may differ from company materials due to differences in rounding methods.

Earnings trends

Quarterly trends and results

Cumulative	FY03/25				FY03/26				FY03/27	FY03/27			
(JPYmn)	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1	% of forecast	1H forecast	% of forecast	FY forecast
Sales	155,219	310,032	492,272	678,229	163,310	333,385	522,415	718,163	176,361	51.1%	345,000	23.8%	740,000
YoY	6.0%	4.5%	8.7%	7.5%	5.2%	7.5%	6.1%	5.9%	8.0%		3.5%		3.0%
Gross profit	13,689	28,007	46,185	66,743	13,733	29,318	46,102	66,703	13,643				
YoY	-3.2%	-5.2%	1.3%	1.7%	0.3%	4.7%	-0.2%	-0.1%	-0.7%				
Gross profit margin	8.8%	9.0%	9.4%	9.8%	8.4%	8.8%	8.8%	9.3%	7.7%				
SG&A expenses	10,186	20,263	31,064	41,964	10,779	21,139	31,651	42,221	10,859				
YoY	-1.0%	-0.2%	2.0%	2.2%	5.8%	4.3%	1.9%	0.6%	0.7%				
SG&A ratio	6.6%	6.5%	6.3%	6.2%	6.6%	6.3%	6.1%	5.9%	6.2%				
Operating profit	3,502	7,743	15,121	24,779	2,953	8,179	14,450	24,482	2,784	32.8%	8,500	10.7%	26,000
YoY	-8.8%	-16.2%	-0.1%	1.0%	-15.7%	5.6%	-4.4%	-1.2%	-5.7%		3.9%		6.2%
Operating profit margin	2.3%	2.5%	3.1%	3.7%	1.8%	2.5%	2.8%	3.4%	1.6%		2.5%		3.5%
Recurring profit	4,491	8,414	16,545	26,023	3,099	8,722	15,462	26,331	3,383	39.8%	8,500	12.8%	26,500
YoY	-3.4%	-16.8%	4.8%	3.2%	-31.0%	3.7%	-6.5%	1.2%	9.2%		-2.5%		0.6%
Recurring profit margin	2.9%	2.7%	3.4%	3.8%	1.9%	2.6%	3.0%	3.7%	1.9%		2.5%		3.6%
Net income	3,081	5,539	10,517	15,128	2,030	5,432	9,381	13,394	2,090	38.0%	5,500	13.1%	16,000
YoY	2.8%	50.3%	45.6%	9.6%	-34.1%	-1.9%	-10.8%	-11.5%	3.0%		1.3%		19.5%
Net margin	2.0%	1.8%	2.1%	2.2%	1.2%	1.6%	1.8%	1.9%	1.2%		1.6%		2.2%
Quarterly	FY03/25				FY03/26				FY03/27				
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1				
Sales	155,219	154,813	182,240	185,957	163,310	170,075	189,030	195,748	176,361				
YoY	6.0%	3.0%	16.6%	4.5%	5.2%	9.9%	3.7%	5.3%	8.0%				
Gross profit	13,689	14,318	18,178	20,558	13,733	15,585	16,784	20,601	13,643				
YoY	-3.2%	-7.0%	13.4%	2.6%	0.3%	8.8%	-7.7%	0.2%	-0.7%				
Gross profit margin	8.8%	9.2%	10.0%	11.1%	8.4%	9.2%	8.9%	10.5%	7.7%				
SG&A expenses	10,186	10,077	10,801	10,900	10,779	10,360	10,512	10,570	10,859				
YoY	-1.0%	0.7%	6.5%	2.6%	5.8%	2.8%	-2.7%	-3.0%	0.7%				
SG&A ratio	6.6%	6.5%	5.9%	5.9%	6.6%	6.1%	5.6%	5.4%	6.2%				
Operating profit	3,502	4,241	7,378	9,658	2,953	5,226	6,271	10,032	2,784				
YoY	-8.8%	-21.4%	25.2%	2.6%	-15.7%	23.2%	-15.0%	3.9%	-5.7%				
Operating profit margin	2.3%	2.7%	4.0%	5.2%	1.8%	3.1%	3.3%	5.1%	1.6%				
Recurring profit	4,491	3,923	8,131	9,478	3,099	5,623	6,740	10,869	3,383				
YoY	-3.4%	-28.3%	43.4%	0.5%	-31.0%	43.3%	-17.1%	14.7%	9.2%				
Recurring profit margin	2.9%	2.5%	4.5%	5.1%	1.9%	3.3%	3.6%	5.6%	1.9%				
Net income	3,081	2,458	4,978	4,611	2,030	3,402	3,949	4,013	2,090				
YoY	2.8%	257.3%	40.7%	-29.9%	-34.1%	38.4%	-20.7%	-13.0%	3.0%				
Net margin	2.0%	1.6%	2.7%	2.5%	1.2%	2.0%	2.1%	2.1%	1.2%				

Source: Shared Research based on company materials
Note: Figures may differ from company materials due to differences in rounding methods.

Q1 FY03/27 results (out August 7, 2026)

Q1 FY03/27 results (April–June 2026)

- Sales: JPY176.4bn (+8.0% YoY)
- Operating profit: JPY2.8bn (-5.7% YoY)
- Recurring profit: JPY3.4bn (+9.2% YoY)
- Net income attributable to owners of the parent: JPY2.1bn (+3.0% YoY)

Business environment

In Japan, the economy continued to recover gradually, supported by improvements in employment and income levels and the effects of various government policies. However, uncertainty over the economic outlook persisted due to concerns about geopolitical risks amid heightened tensions in the Middle East, trends in energy and raw material prices, and fluctuations in financial and capital markets.

In the healthcare industry, medical institutions continued to face a challenging business environment due to rising prices, higher personnel and logistics expenses, and labor shortages. Under these conditions, medical institutions needed to promote healthcare digital transformation (DX), improve operational efficiency, and establish a sustainable healthcare delivery system. Meanwhile, the FY2026 medical service fee revision included substantial measures to support acute care hospitals, while discussions intensified over compensation for consumption tax paid on equipment purchases and subsidies for rebuilding aging hospitals, indicating signs of a recovery in capital investment. In addition, under the new community healthcare vision looking ahead to 2040, medical institutions need to reorganize and consolidate healthcare functions in line with regional conditions and establish a sustainable and efficient healthcare delivery system.

Against this backdrop, FY03/27 marked the second year of the medium-term management plan, Ship Vision 2030. The company pursued portfolio-based management, centered on optimizing groupwide management resources, while proactively advancing three priority initiatives: creating new businesses, restructuring and integration, and expanding into growth areas.

Results overview

Q1 sales increased 8.0% YoY. In the Total Pack Produce business, large projects progressed as scheduled, while a specialized trading company handling healthcare-related official development assistance (ODA) projects, which joined the group in FY03/26, also contributed to sales growth. In the Medical Supply business, newly contracted SPD facilities began operations, and the scope of services provided at existing facilities expanded.

Gross profit was JPY13.6bn (-0.7% YoY), and GPM declined 0.7pp YoY to 7.7%. The deterioration mainly reflected a decrease in medical equipment projects in the manufacturing business within the Total Pack Produce segment, the postponement of some price negotiations with manufacturers in the Medical Supply business until Q2 or later, and a decline in the number of patients with seasonal illnesses in the Dispensing Pharmacy business. SG&A expenses remained roughly flat YoY at JPY10.9bn (+0.7%), despite additional expenses resulting from the consolidation of the specialized trading company handling healthcare-related ODA projects. As a result, operating profit declined 5.7% YoY, and OPM fell 0.2pp YoY to 1.6%.

Recurring profit rose 9.2% YoY, mainly reflecting a shift from foreign exchange losses of JPY219mn in Q1 FY03/26 to foreign exchange gains of JPY70mn, as well as equity-method investment income of JPY299mn (+107.6% YoY), supported by strong performance at Charm Care Corporation (TSE Prime: 6062), an equity-method affiliate.

In Q1, progress toward the company's 1H FY03/27 forecast was 51.1% for sales, 32.8% for operating profit, 39.8% for recurring profit, and 38.0% for net income attributable to owners of the parent.

Results by segment

Total Pack Produce segment

Segment performance

Total Pack Produce	FY03/25				FY03/26				FY03/27
(JPYmn)	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1
Sales	25,307	48,083	87,245	133,167	23,834	51,156	89,898	136,604	26,659
YoY	-9.2%	-15.1%	3.2%	-0.4%	-5.8%	6.4%	3.0%	2.6%	11.9%
Operating profit	1,098	2,498	6,580	12,017	466	2,417	4,984	10,812	467
YoY	-17.2%	-27.4%	14.7%	1.8%	-57.6%	-3.2%	-24.3%	-10.0%	0.2%
Operating profit margin	4.3%	5.2%	7.5%	9.0%	2.0%	4.7%	5.5%	7.9%	1.8%
Number of projects		9		-		-		-	
Quarterly	FY03/25				FY03/26				FY03/27
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Sales	25,307	22,776	39,162	45,922	23,834	27,322	38,742	46,706	26,659
YoY	-9.2%	-20.9%	40.3%	-6.6%	-5.8%	20.0%	-1.1%	1.7%	11.9%
Operating profit	1,098	1,400	4,082	5,437	466	1,951	2,567	5,828	467
YoY	-17.2%	-33.9%	77.9%	-10.4%	-57.6%	39.4%	-37.1%	7.2%	0.2%
Operating profit margin	4.3%	6.1%	10.4%	11.8%	2.0%	7.1%	6.6%	12.5%	1.8%

Source: Shared Research based on company data

- Segment sales (external; all references to segment sales are external sales): JPY26.7bn (+11.9% YoY)
- Segment profit: JPY467mn (+0.2% YoY), with a segment profit margin of 1.8% (-0.2pp YoY)

Segment sales increased 11.9% YoY. Ship recorded sales from large projects as scheduled, contributing significantly to the increase. Sales from project and routine operations totaled JPY14.0bn (+55.5% YoY). Tec International Inc., a specialized trading company handling healthcare-related ODA projects that joined the group in FY03/26, was also newly included in the consolidated results.

Segment profit edged up 0.2% YoY, while the segment profit margin declined 0.2pp YoY. In the relatively profitable manufacturing business, the number of medical equipment projects decreased, particularly at Central Uni Co., Ltd. The business also faced uncertainty over supplies of petroleum-derived components and rising costs amid heightened tensions in the Middle East. Consequently, manufacturing business sales declined to JPY5.1bn (-27.9% YoY), resulting in a less favorable sales mix. In addition, sales in the high-value-added medical information solutions business operated by AINET Systems Inc. normalized from the elevated level recorded in Q1 FY03/26, further weighing on the segment profit margin.

Medical Supply segment

Segment performance

Medical Supply	FY03/25				FY03/26				FY03/27
(JPYmn)	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1
Sales	112,613	227,091	352,223	474,919	121,896	246,756	378,475	509,569	131,991
YoY	10.7%	10.3%	11.2%	10.8%	8.2%	8.7%	7.5%	7.3%	8.3%
Operating profit	963	2,536	4,206	6,970	1,178	2,835	4,758	7,484	1,088
YoY	-22.7%	-9.4%	-8.7%	7.0%	22.3%	11.8%	13.1%	7.4%	-7.6%
Operating profit margin	0.9%	1.1%	1.2%	1.5%	1.0%	1.1%	1.3%	1.5%	0.8%
Quarterly	FY03/25				FY03/26				FY03/27
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Sales	112,613	114,478	125,132	122,696	121,896	124,860	131,719	131,094	131,991
YoY	10.7%	9.9%	12.8%	9.9%	8.2%	9.1%	5.3%	6.8%	8.3%
Operating profit	963	1,573	1,670	2,764	1,178	1,657	1,923	2,726	1,088
YoY	-22.7%	1.2%	-7.7%	45.2%	22.3%	5.3%	15.1%	-1.4%	-7.6%
Operating profit margin	0.9%	1.4%	1.3%	2.3%	1.0%	1.3%	1.5%	2.1%	0.8%

Source: Shared Research based on company data

- Segment sales: JPY132.0bn (+8.3% YoY)
- Segment profit: JPY1.1bn (-7.6% YoY), with a segment profit margin of 0.8% (-0.2pp YoY)

Summary

Segment sales grew 8.3% YoY, benefiting from the start of operations at newly contracted SPD facilities and an expansion in the scope of services provided at existing facilities. Interest in the SPD platform utilizing the Minami-Funabashi logistics base in Chiba Prefecture increased, resulting in more visits to the base and inquiries from hospitals and manufacturers. As of June 30, 2026, Ship had 277 SPD contracts in Japan, an increase of three YoY.

Segment profit declined 7.6% YoY, and the segment profit margin fell 0.2pp. As was the case in the manufacturing business within the Total Pack Produce segment, demand for equipment replacement declined YoY, while some price negotiations with manufacturers were postponed until Q2 or later. Shared Research believes the decline in equipment demand in Q1 also reflected customers holding off on purchases while assessing the impact of the medical service fee revision that took effect in June 2026.

Life Care segment

Segment performance

Life Care	FY03/25				FY03/26				FY03/27
(JPYmn)	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1
Sales	9,135	18,268	27,621	36,674	9,234	18,542	28,158	37,322	9,103
YoY	2.4%	1.4%	1.4%	1.6%	1.1%	1.5%	1.9%	1.8%	-1.4%
Operating profit	620	1,155	1,746	2,189	415	1,017	1,707	2,216	463
YoY	9.9%	-10.7%	-15.2%	-16.0%	-33.1%	-11.9%	-2.2%	1.2%	11.6%
Operating profit margin	6.8%	6.3%	6.3%	6.0%	4.5%	5.5%	6.1%	5.9%	5.1%
Nursing care occupancy	-	96.4%	-	98.9%	-	96.5%	-	-	-
Number of facilities		76		76		76		77	
Capacity		4,876		4,874		4,874		4,853	
Residents		4,700		4,698		4,702		4,698	
Quarterly	FY03/25				FY03/26				FY03/27
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Sales	9,135	9,133	9,353	9,053	9,234	9,308	9,616	9,164	9,103
YoY	2.4%	0.5%	1.4%	2.1%	1.1%	1.9%	2.8%	1.2%	-1.4%
Operating profit	620	535	591	443	415	602	690	509	463
YoY	9.9%	-26.6%	-22.9%	-18.9%	-33.1%	12.5%	16.8%	14.9%	11.6%
Operating profit margin	6.8%	5.9%	6.3%	4.9%	4.5%	6.5%	7.2%	5.6%	5.1%

Source: Shared Research based on company data

- Segment sales: JPY9.1bn (-1.4% YoY)
- Segment profit: JPY463mn (+11.6% YoY), with a segment profit margin of 5.1% (+0.6pp YoY)

Summary

Sales in the life care business (long-term care services) were JPY6.2bn (+1.0% YoY). The occupancy rate at the new Nakaikegami facility in Tokyo, where the slow pace of improvement in occupancy had previously been a concern, exceeded 90%. The company also began trialing a monitoring system using millimeter-wave technology to reduce the workload of care staff and provide residents with greater peace of mind. Meanwhile, operating costs increased due to rising prices and higher expenses associated with maintaining service quality.

Sales in the food business (meal services) were JPY2.9bn (-6.1% YoY), reflecting the termination of contracts for unprofitable facilities. Meanwhile, adoption of fully prepared meals (Dream Kitchen) by customer facilities remained solid, in line with the company's focus on expanding this business.

Segment profit increased 11.6% YoY, and the segment profit margin rose 0.6pp YoY. According to the company, both the life care and food businesses contributed to profit growth. The higher occupancy rate at the new facility in the life care business and the termination of contracts for unprofitable facilities in the food business contributed to the improvement in the segment profit margin.

Dispensing Pharmacy segment

Segment performance

Dispensing Pharmacy	FY03/25				FY03/26				FY03/27
(JPYmn)	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1
Sales	8,162	16,589	25,182	33,468	8,346	16,929	25,883	34,666	8,607
YoY	3.3%	2.6%	3.2%	2.3%	2.3%	2.0%	2.8%	3.6%	3.1%
Operating profit	793	1,546	2,545	3,426	928	1,976	3,078	4,004	850
YoY	7.6%	-7.8%	-4.7%	-2.9%	17.0%	27.8%	20.9%	16.9%	-8.4%
Operating profit margin	9.7%	9.3%	10.1%	10.2%	11.1%	11.7%	11.9%	11.6%	9.9%
Number of pharmacies		132		130		127		130	
Quarterly	FY03/25				FY03/26				FY03/27
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Sales	8,162	8,427	8,593	8,286	8,346	8,583	8,954	8,783	8,607
YoY	3.3%	1.8%	4.4%	-0.4%	2.3%	1.9%	4.2%	6.0%	3.1%
Operating profit	793	753	999	881	928	1,048	1,102	926	850
YoY	7.6%	-19.8%	0.5%	2.4%	17.0%	39.2%	10.3%	5.1%	-8.4%
Operating profit margin	9.7%	8.9%	11.6%	10.6%	11.1%	12.2%	12.3%	10.5%	9.9%

Source: Shared Research based on company data

- Segment sales: JPY8.6bn (+3.1% YoY)

- Segment profit: JPY850mn (-8.4% YoY), with a segment profit margin of 9.9% (-1.2pp YoY)

Summary

Segment sales rose 3.1% YoY, partly reflecting the addition of three pharmacies through M&A. As of June 30, 2026, Ship operated 134 pharmacies, an increase of seven YoY.

Segment profit declined 8.4% YoY, and the segment profit margin fell 1.2pp YoY. The deterioration mainly reflected lower prescription volume, which directly affects dispensing fee income, due to fewer cases of infectious diseases, including COVID-19 and influenza, as well as higher SG&A expenses associated with securing pharmacists.

Company forecast for FY03/27

	FY03/25			FY03/26			FY03/27		
(JPYmn)	1H results	2H results	FY results	1H results	2H results	FY results	1H forecast	2H forecast	FY forecast
Sales	**310,032**	**368,197**	**678,229**	**333,385**	**384,778**	**718,163**	**345,000**	**395,000**	**740,000**
YoY	4.5%	10.2%	7.5%	7.5%	4.5%	5.9%	3.5%	2.7%	3.0%
Operating profit	**7,743**	**17,036**	**24,779**	**8,179**	**16,303**	**24,482**	**8,500**	**17,500**	**26,000**
YoY	-16.2%	11.3%	1.0%	5.6%	-4.3%	-1.2%	3.9%	7.3%	6.2%
Operating profit margin	2.5%	4.6%	3.7%	2.5%	4.2%	3.4%	2.5%	4.4%	3.5%
Recurring profit	**8,414**	**17,609**	**26,023**	**8,722**	**17,609**	**26,331**	**8,500**	**18,000**	**26,500**
YoY	-16.8%	16.6%	3.2%	3.7%	-	1.2%	-2.5%	2.2%	0.6%
Recurring profit margin	2.7%	4.8%	3.8%	2.6%	4.6%	3.7%	2.5%	4.6%	3.6%
Net income	**5,539**	**9,589**	**15,128**	**5,432**	**7,962**	**13,394**	**5,500**	**10,500**	**16,000**
YoY	50.3%	-5.2%	9.6%	-1.9%	-17.0%	-11.5%	1.3%	31.9%	19.5%
Net margin	1.8%	2.6%	2.2%	1.6%	2.1%	1.9%	1.6%	2.7%	2.2%

Source: Shared Research based on company materials
Notes: Figures may differ from company materials due to differences in rounding methods.
Operating profit margin is calculated from unadjusted segment profit.

FY03/27 forecast

At its Q1 results announcement on August 7, 2026, Ship maintained its full-year FY03/27 earnings forecast announced on May 12, 2026. Q1 progress toward the full-year forecast was 23.8% for sales, 10.7% for operating profit, 12.8% for recurring profit, and 13.1% for net income attributable to owners of the parent.

- Sales: JPY740.0bn (+3.0% YoY)
- Operating profit: JPY26.0bn (+6.2% YoY)
- Recurring profit: JPY26.5bn (+0.6% YoY)
- Net income attributable to owners of the parent: JPY16.0bn (+19.5% YoY)
- EPS: JPY174.99 (JPY144.19 in FY03/26)

In Japan, the aging of the baby boomer generation (those born between 1947 and 1949 during Japan's first postwar baby boom) and the declining birthrate are progressing rapidly. Ship therefore forecasts that the government will continue seeking to curb healthcare and long-term care expenditures and reduce reimbursement rates over the long term.

Against this social backdrop, the Japanese government continues to discuss healthcare policy initiatives, including reforms to improve doctors' working conditions and comprehensive reform of the healthcare delivery system with a view to 2040. Since the Takaichi administration took office, the government has also begun discussing support for medical institutions, including revisions to medical service fees, initiatives to address aging hospital infrastructure, and subsidies for facilities and medical equipment.

Ship aims to achieve sustained growth across the group and plans to strengthen its framework for providing integrated, optimal solutions in the fields of medical care, healthcare, welfare, long-term care, and services. On May 13, 2025, the company announced its new medium-term management plan, Ship Vision 2030.

Full-year outlook by segment

At the time of the Q1 results announcement, the outlook by segment also remained unchanged from the initially announced projections. Details are outlined below.

- Total Pack Produce segment

Ship forecasts sales of JPY141.0bn (+3.2% YoY), operating profit of JPY11.5bn (+6.4% YoY), and a profit margin of 8.2% (+0.3pp YoY). The company plans to capture demand in growth areas, including a recovery in replacement demand, facility upgrade projects, IT solutions, and ODA projects.

- Medical Supply segment

The company forecasts sales of JPY528.0bn (+3.6% YoY), operating profit of JPY8.2bn (+9.6% YoY), and a profit margin of 1.6% (+0.1pp YoY). It plans to strengthen efforts to secure new SPD contracts.

- Life Care segment

The company forecasts sales of JPY35.0bn (-6.2% YoY), operating profit of JPY2.2bn (-0.7% YoY), and a profit margin of 6.3% (+0.4pp YoY). The company anticipates improved facility occupancy rates and higher demand for fully prepared meals.

- Dispensing Pharmacy segment

The company forecasts sales of JPY36.0bn (+3.8% YoY), operating profit of JPY4.1bn (+2.4% YoY), and a profit margin of 11.4% (-0.2pp YoY). The company plans to improve management efficiency and pursue new M&A opportunities.

Historical forecasts versus results

Initial forecast vs. results (JPYmn)	FY03/17 Cons.	FY03/18 Cons.	FY03/19 Cons.	FY03/20 Cons.	FY03/21 Cons.	FY03/22 Cons.	FY03/23 Cons.	FY03/24 Cons.	FY03/25 Cons.	FY03/26 Cons.
Sales (initial forecast)	418,000	425,000	440,000	466,000	500,000	530,000	560,000	600,000	640,000	700,000
Sales (results)	408,487	425,566	444,048	484,395	497,156	514,353	572,285	630,988	678,229	718,163
Initial forecast vs. results	**-2.3%**	**0.1%**	**0.9%**	**3.9%**	**-0.6%**	**-3.0%**	**2.2%**	**5.2%**	**6.0%**	**2.6%**
Operating profit (initial forecast)	15,800	16,900	17,500	18,500	21,000	22,500	21,000	24,000	26,000	26,000
Operating profit (results)	16,055	18,259	17,952	18,794	21,800	20,505	21,144	24,539	24,779	24,482
Initial forecast vs. results	**1.6%**	**8.0%**	**2.6%**	**1.6%**	**3.8%**	**-8.9%**	**0.7%**	**2.2%**	**-4.7%**	**-5.8%**
Recurring profit (initial forecast)	16,100	17,100	17,101	19,300	21,000	22,500	21,000	23,500	26,000	26,500
Recurring profit (results)	16,478	18,935	18,532	19,931	21,761	21,287	20,607	25,219	26,023	26,331
Initial forecast vs. results	**2.3%**	**10.7%**	**8.4%**	**3.3%**	**3.6%**	**-5.4%**	**-1.9%**	**7.3%**	**0.1%**	**-0.6%**
Net income (initial forecast)	9,400	10,000	10,001	11,800	12,100	12,500	12,500	13,500	15,000	15,500
Net income (results)	9,410	10,350	11,236	11,803	12,280	12,172	12,063	13,799	15,128	13,394
Initial forecast vs. results	**0.1%**	**3.5%**	**12.3%**	**0.0%**	**1.5%**	**-2.6%**	**-3.5%**	**2.2%**	**0.9%**	**-13.6%**

Source: Shared Research based on company materials
Note: Figures may differ from company materials due to differences in rounding methods.

Medium-term management plan

Medium-term management plan, Ship Vision 2030 (FY03/26–FY03/30)

On May 13, 2025, Ship unveiled its new medium-term management plan, Ship Vision 2030, following the previous Ship Vision 2024 plan (FY03/23–FY03/25). The new plan covers the five-year period from FY03/26 to FY03/30, during which the company aims to pursue portfolio-based management by optimizing group management resources.

In FY03/26, the first year of the medium-term management plan, sales increased 5.9% YoY, OPM was 3.4%, and ROA based on recurring profit was 6.9%. During FY03/26, the company prepared its second and third senior condominium projects, entered the overseas official development assistance (ODA) business, and expanded its medical information solutions business. It also advanced restructuring and integration across the group, mainly in the Dispensing Pharmacy and meal service businesses, including the Kingrun group.

The details of the Ship Vision 2030 medium-term management plan are outlined below.

Quantitative targets

The company has set quantitative targets of a 5% CAGR in sales over the five-year period of the plan (FY03/26–FY03/30), an OPM of 4% in the final year (FY03/30), and ROE of 12%. In addition to growth in existing businesses, the company also anticipates business expansion through M&A.

Quantitative targets of the medium-term management plan

Metric	Period	Target
Sales CAGR	Five years (FY03/26–FY03/30)	5%
Operating profit margin	FY03/30	4%
ROE	FY03/30	12%

Source: Shared Research based on company materials

Ship plans to generate JPY100–120bn in cash over the five-year period of the plan, allocating approximately JPY60–80bn to strategic investments for future growth. For shareholder returns, the company aims to maintain a progressive dividend policy with a payout ratio of 30% or higher and intends to repurchase and retire its own shares flexibly, based on the progress of investments and other factors.

To advance its sustainability efforts, the company positions itself as a partner to stakeholders, committed to creating new value by addressing societal challenges. These efforts are guided by its group philosophy—SHIP, which stands for sincerity, humanity, innovation, and partnership—and its mission of "creating an environment for the people who protect lives." Under the current medium-term management plan, the company aims to promote well-being by building environments for those who protect lives and by protecting nature—for example, through facility management contracts for parks and schools.

Basic policy

Under this medium-term management plan, Ship aims to implement portfolio-based management by optimizing the use of group management resources. The plan focuses on accelerating the growth of existing businesses and strengthening core operations through cross-business integration. In investment and financial management, the company seeks appropriate capital allocation and operational efficiency, with a strong awareness of the cost of capital. In human capital development, Ship aims to build the talent and organizational structure needed to support sales of over JPY1tn, while further embedding the SHIP philosophy. To strengthen corporate governance and ensure compliance, the company remains committed to protecting lives and nature.

Ship's view on the medical environment in Japan

Ship is confident the community health care vision for 2040 will shift from the traditional approach of coordination, reorganization, and integration to a new framework of elimination, reorganization, and integration. This perspective reflects the company's view that, between 2026 and 2040, rebuilding the social security system will be essential to address a society facing a rapidly declining birthrate, a sharp population decrease, and an increasingly super-aged demographic.

Traditionally, medical facilities have focused on differentiating hospital bed functions and ensuring coordination—for example, by aligning the number of standard beds with actual demand. Looking ahead, Ship believes it will become increasingly important to address challenges across the entire medical care delivery system—not only inpatient care, but also outpatient services, home-based care, and long-term care—through a comprehensive community health care framework. Key issues include the promotion of medical digital transformation (DX), expansion of online medical consultations, measures aiming to address the uneven distribution of physicians, and response to the growing field of aesthetic medicine. The company intends to closely follow healthcare policy developments and align its business operations accordingly.

Policy for existing business areas

Ship has identified the creation of new businesses, restructuring and integration, and expansion into growth areas as key strategic priorities.

Although the company does not disclose annual sales or operating profit forecasts by segment in its current medium-term management plan, it has defined operational policies for each business segment based on changes in its business environment, its basic policy, and these strategic priorities.

- Total Pack Produce business

In the Total Pack Produce business, the composition of operations is evolving, with growth expanding beyond traditional construction and routine projects. While continuing to focus on conventional medical facility reconstruction projects as a core foundation, the company is allocating management resources to growth areas such as facility upgrade projects and network infrastructure initiatives. In the manufacturing business, Central Uni—a group subsidiary—is working to improve operational efficiency by enhancing surgical productivity through the use of digital tools. Meanwhile, Sakai Medical is strengthening its proposal capabilities for renovation projects involving bath equipment and rehabilitation devices, while also seeking to expand into East and Southeast Asia by leveraging its accumulated expertise.

- Medical Supply business

In the Medical Supply business, Ship aims to operate efficiently while adapting to changes in the medical equipment and supply distribution industry. The company notes hospital management is becoming increasingly challenging, driving demand for operational optimization and more efficient capital investment in reconstruction and renovation. Industry-wide, consolidation is accelerating; the number of distributors is declining, while the scale of surviving players continues to grow. In response, Ship is aiming to expand its market share by shifting from one-on-one contracts with individual medical facilities to integrated contracts covering multiple facilities.

Amid growing calls for more streamlined hospital operations, demand is rising for network infrastructure projects—particularly following the establishment of the Headquarters for Medical Digital Transformation Promotion, a government body under the Cabinet Secretariat of Japan. Leveraging its extensive track record in hospital network construction, the company provides optimal solutions tailored to client needs. For each client, the company is redefining the value its group can deliver and expanding into related business areas within other segments, using this segment as a strategic launchpad.

Logistics also play a critical role in the Medical Supply business. Following the Osaka Solution Center, Ship plans to open a new, state-of-the-art logistics center in the Tokyo metropolitan area. Rather than serving merely as a medical equipment warehouse, the new facility will be positioned as a next-generation logistics hub selected by hospitals.

Medical equipment and supplies: End-market size and Ship’s share

End-market size for medical equipment and supplies		
	(JPYbn)	
Ship's sales		562.2
	Ship's share (%)	14.8%
Market size		3,794.0

Note: The company’s market share is the combined total of its Total Pack Produce and Medical Supply businesses.

Number of medical equipment distributors

Number of medical equipment distributors	1999	2004	2008	2014	2019	2022
Distributors with sales of JPY20bn or more	10	Approx. 20	Approx. 25	Approx. 35	Approx. 40	43
Total distributors	1,776	1,692	1,446	1,241	1,119	1,030

Source: Shared Research based on company materials prepared using the 2024 edition of the Medical Equipment and Supplies Yearbook (R&D)

- Life Care business

The Life Care business consists of long-term care and meal services. In long-term care, Ship operates a wide range of facilities—from large-scale centers with over 300 beds to small multifunctional facilities—drawing on expertise gained through its hospital development experience. In January 2025, the company integrated two subsidiaries providing these services to further enhance the value-added nature of its facility operations. Specific initiatives include the introduction of long-term care record systems, sensors, and assistive robots in anticipation of future revisions to long-term care reimbursement, with the aim of reducing labor burdens and promoting medical DX. In collaboration with other group businesses, Ship is also working with the Total Pack Produce segment to expand its participation in community development projects and senior condominium initiatives. In addition, it is developing maintenance strategies that account for the break-even point of each facility.

In the meal service business, Ship provides meals to medical institutions and long-term care facilities. The market environment is becoming increasingly competitive due to the entry of new players, expanded service offerings, and rising costs for materials and labor, combined with pricing pressure from clients. Within the group, the company uses a centralized kitchen model for production. At the same time, it is seeking to grow the business by expanding distribution channels for its Dream Kitchen fully prepared meal service, for which demand is increasing in the broader market.

- Dispensing Pharmacy business

The Dispensing Pharmacy business is characterized by its efficient operation of NHI-registered pharmacies in prime locations, achieved through collaboration with the Total Pack Produce business. As a result, the segment maintains an OPM above 10%, outperforming industry peers whose OPMs typically range from 4% to 8%. The business environment for NHI-registered pharmacies remains challenging due to several factors, including increasing competition from tech companies, broader adoption of online medication guidance, complex drug price negotiations with distributors, implementation of the family pharmacy system, and a nationwide shortage of pharmacists.

In response, Ship consolidated its five group dispensing pharmacy subsidiaries into a single entity in April 2025 to improve operational efficiency by centralizing back-office functions and optimizing the use of shared resources. Going forward, the company will continue leveraging group synergies to open new pharmacies and clinic malls, while also strengthening partnerships with home-visit medical institutions and increasing prescription volume through collaboration with equity-method affiliate Charm Care Corporation (TSE Prime: 6062).

Developing the healthcare service business

The elimination of losses at the Osaka Heavy Ion Therapy Center is in sight. During the medium-term plan period, the company launched operations at both planned overseas businesses: the Bangladesh hospital business and the Myanmar business, although it ended the Myanmar business in FY03/24. The PFI business remained stable.

Strategic M&A and shareholder returns

Ship has aggressively invested in M&A since its founding, with a focus on the Total Pack Produce and Dispensing Pharmacy segments during the medium-term plan period. As for shareholder returns, the company allocated more than JPY16.0bn, the target amount under the medium-term plan, to dividends and share buybacks.

Review of the Ship Vision 2024 medium-term management plan (FY03/23–FY03/25)

Ship announced its medium-term management plan covering FY03/23 to FY03/25 on May 16, 2022, shortly after releasing its FY03/22 financial results, which covered a period during which the impact of the COVID-19 pandemic had largely subsided.

As a basic policy, the company positioned itself as a key player in supporting regional healthcare in Japan, aiming to help address challenges facing the healthcare industry—such as rising social security costs and growing pressures on medical institutions—while also pursuing long-term business growth toward its JPY1tn sales target. Ship Vision 2024 was positioned as a preliminary step toward this goal, setting forth business initiatives and numerical targets to be achieved by the final year, FY03/25.

Numerical targets and actual results

The group-level earnings and segment-level sales and profit targets set at the time of the Ship Vision 2024 medium-term management plan announcement, along with the actual results during the plan period, are shown below.

Performance targets and results during the Ship Vision 2024 medium-term management plan period

(JPYmn)	FY03/22	FY03/23		FY03/24		FY03/25	
	Results	Targets	Results	Targets	Results	Targets	Results
Sales	514,353	560,000	572,285	600,000	630,988	630,000	678,229
Operating profit	20,505	21,000	21,144	24,000	24,539	26,000	24,779
Operating profit margin	4.0%	3.8%	3.7%	4.0%	3.9%	4.1%	3.7%
Total Pack Produce							
Sales	99,539	129,000	121,868	152,000	133,717	163,000	133,167
Segment profit	9,265	9,700	9,024	12,150	11,805	13,450	12,017
Segment OPM	9.3%	7.5%	7.4%	8.0%	8.8%	8.3%	9.0%
Medical Supply							
Sales	360,635	374,000	386,335	390,000	428,451	407,000	474,919
Segment profit	6,209	6,600	6,666	6,800	6,513	7,260	6,970
Segment OPM	1.7%	1.8%	1.7%	1.7%	1.5%	1.8%	1.5%
Life Care							
Sales	25,247	28,000	33,581	29,000	36,099	29,500	36,674
Segment profit	2,407	2,430	2,055	2,500	2,606	2,600	2,189
Segment OPM	9.5%	8.7%	6.1%	8.6%	7.2%	8.8%	6.0%
Dispensing Pharmacy							
Sales	28,930	29,000	30,499	29,000	32,719	30,500	33,468
Segment profit	3,200	2,830	3,256	3,100	3,530	3,200	3,426
Segment OPM	11.1%	9.8%	10.7%	10.7%	10.8%	10.5%	10.2%

Source: Shared Research based on company materials

In the healthcare service business (hospital management), Ship has developed three core business pillars. The Osaka Heavy Ion Therapy Center, which generated sales of JPY1.1bn and an operating loss of JPY266mn with 697 treatment cases in FY03/22, had, by FY03/25, reached a level where sales had grown and operating profit had turned consistently positive. The Bangladesh business faced delays in its grand opening due to unanticipated responses to the COVID-19 pandemic, but as of FY03/25, the company had established a clear path toward eliminating losses. Meanwhile, in FY03/24, the company was forced to exit from its Myanmar business, which generated sales of JPY14.5bn and operating profit of JPY1.4bn in FY03/22. The decision followed a sharp deterioration in the business environment, including international criticism and foreign exchange restrictions under the country's military regime.

Strategic policies

To achieve the above numerical targets, Ship outlined four key initiatives.

Further expansion of core businesses

The company aims to further bolster its consulting and production (i.e., planning) capabilities—core sources of its competitiveness—to sustain the growth of existing businesses through enhanced value-added offerings and greater group synergies. It also seeks to establish a system that can respond swiftly to changes in the medical industry environment and capitalize on new business opportunities.

Aggressive expansion of value

Through aggressive and strategic M&A and strengthened PMI functions, the company aims to not only increase existing businesses and profitability, but to also create value through new businesses that utilize M&A and leverage synergies from both Japan and overseas operations.

Strategic enhancement of functions

The company will promote projects aimed at bolstering the following five functions: management, marketing, accounting and finance, human resources development/personnel, and compliance. Meanwhile, the cash flow policy will focus on strengthening growth investment and shareholder returns (maintain a dividend payout ratio of 30% or higher) while ensuring sufficient liquidity on hand.

Sustainability initiatives

While further strengthening the business model used since its founding, the group will aggressively pursue ESG and SDGs initiatives aimed at achieving both sustainable growth for the group and sustainability of society. The group believes the SHIP philosophy and spirit of sincerity, which have been a cornerstone since the group's founding, are in line with the basic concept of the 17 goals advocated by the SDGs. The objective is to realize a sustainable society by sharing these ideas with all employees and continuing to "create an environment for the people who protect lives."

Dividends, ROE, and other indicators

	FY03/16	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25
(JPYmn)	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.
Total dividends	2,717	3,035	3,238	3,334	3,556	3,774	3,868	3,962	4,717	5,472
Total value of share buybacks	0	-	-	12,999	1,000	1,078	-	-	-	-
Total returns to shareholders	2,717	3,035	3,238	16,333	4,556	4,852	3,868	3,962	4,717	5,472
Net income attributable to parent company shareholders	8,847	9,410	10,350	11,236	11,803	12,280	12,172	12,063	13,799	15,128
Dividend payout ratio	30.7%	32.3%	31.3%	29.7%	30.1%	30.7%	31.8%	32.8%	34.2%	36.2%
Total shareholder return ratio	30.7%	32.3%	31.3%	145.4%	38.6%	39.5%	31.8%	32.8%	34.2%	36.2%
Net assets available to common shareholders (year-end)	80,994	91,385	99,880	95,420	101,784	111,440	118,289	128,037	139,527	149,077
Average of beginning and end of year	78,152	86,190	95,633	97,650	98,602	106,612	114,865	123,163	133,782	144,302
EPS	179.1	186.3	204.6	227.8	247.7	247.7	129.0	127.9	146.3	160.3
Dividend per share	55.0	60.0	64.0	70.0	75.0	80.0	41.0	42.0	50.0	58.0
DOE	3.5%	3.5%	3.4%	3.5%	3.6%	3.5%	3.4%	3.2%	3.5%	3.8%

Source: Shared Research based on company data

Business

Summary

The Ship group consists of a holding company, along with 52 consolidated subsidiaries and three equity-method affiliates, most of which it has acquired through M&A.

All companies within the group operate across five domains: medical care, wellness, long-term care, welfare, and services. The company reports consolidated results in four business segments. In FY03/26, the Total Pack Produce (TPP) business accounted for 19% of sales, the Medical Supply (MSP) business 71%, the Life Care (LC) business 5%, and the Dispensing Pharmacy (PH) business 5%. Meanwhile, TPP accounted for 44% of operating profit before adjustments, MSP 31%, LC 9%, and PH 16%. The TPP business contributes the most to operating profit. It is also the company's core business and includes construction projects that focus on consulting services for medical institutions.

Business model

Ship has built a structure that enables it to centrally provide hospitals and other medical institutions with the medical equipment, instruments, and services they require. The company earns compensation by contributing to the creation of operating environments for medical institutions. This business model is supported by the TPP and MSP businesses.

TPP business

This business has consulting and trading company functions, with involvement from the early planning stages of projects for medical institutions, such as new construction and relocation. Specifically, it formulates construction and relocation plans for hospitals and other facilities, supports design and construction, procures medical equipment, and provides IT-related support. In addition, some subsidiaries in this segment handle medical equipment and long-term care equipment, giving the segment manufacturing capabilities as well.

MSP business

This business provides logistics functions, including the sale of medical materials and consumables. For specific medical institutions, it also provides in-hospital logistics systems known as supply, processing, and distribution (SPD), which centrally manage the purchase and inventory of pharmaceuticals and medical materials, as well as their distribution to hospital departments. It also provides in-hospital services.

Customer base

Japan has 7,000 to 8,000 hospitals that are potential major clients for Ship. The company contributes to the early-stage planning of between 200 and 300 projects relating to new hospitals or hospital expansion at any given time. Annually, it records sales for 40 to 50 of those projects once the acceptance inspection has been completed. The current client base also includes large general contractors, construction companies, and architecture firms that take on medical facility construction projects, as well as partners such as regional medical supply distributors.

Key suppliers and procured items

Ship has a diverse range of suppliers and supply items. Its universal supply coverage allows it to offer the best medical equipment and medical supplies to suit the needs of its clients. The company's main suppliers and supply items are listed below.

- Fuji Film Medical Co., Ltd.: Imaging diagnostic machines, biochemical testing machines
- Canon Medical Systems Corp. (formerly Toshiba Medical Systems Corporation): MRI, CT scan, X-ray equipment
- GE Healthcare Japan Corp.: MRI, CT scan, X-ray equipment
- Philips Electronics Japan, Ltd.: MRI, CT scan, X-ray equipment
- Siemens Japan K.K.: MRI, CT scan, X-ray equipment
- Shimadzu Corp. (TSE Prime: 7701): MRI, CT scan, X-ray equipment
- Hitachi, Ltd. (TSE Prime: 6501) (formerly Hitachi Medico): MRI, CT scan, X-ray equipment
- Nipro Corp. (TSE Prime: 8086): Medical equipment, materials used in medical examination
- Terumo Corp. (TSE Prime: 4543): Medical equipment, materials used in medical examinations

- Sysmex Corp. (TSE Prime: 6869): Blood-testing equipment
- Paramount Bed Holdings Co., Ltd. (TSE Prime: 7817): Hospital and nursing home beds, furniture for hospital rooms
- Nihon Kohden Corp. (TSE Prime: 6849): Electrocardiographs, physical data monitors
- Fukuda Denshi Co., Ltd. (TSE Standard: 6960): Electrocardiographs, physical data monitors
- Central Uni Co., Ltd. (wholly owned subsidiary): Medical gas (oxygen, anesthetics) delivery pipe equipment
- Air Water Inc. (TSE Prime: 4088): Medical gas (oxygen, anesthetics) delivery pipe equipment

The company also has a business model targeting long-term care users and patients, which complements its business model targeting medical institutions. In the LC business, the company operates long-term care facilities (assisted living facilities for the elderly) and provides meal services to medical and long-term care facilities. In the PH business, it operates dispensing pharmacies covered by National Health Insurance (NHI).

Both the LC and PH businesses are closely related to the TPP and MSP businesses, and the Ship group has built a structure that enables it to provide most services related to the healthcare field.

Examples of facilities handled by Ship

Osaka Heavy Ion Therapy Center

Bangladesh business

Example of a complex building that houses a hospital and an assisted living facility for the elderly

A "monzen" pharmacy

Source: Company website

Segment information

Total Pack Produce (TPP) segment

Total Pack Produce		FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25	FY03/26
(JPYmn)		Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.
Sales		95,245	98,064	99,441	100,688	104,355	99,539	121,868	133,717	133,167	136,604
	YoY	-6.8%	3.0%	1.4%	1.3%	3.6%	-4.6%	22.4%	9.7%	-0.4%	2.6%
Operating profit		9,889	10,150	9,794	9,620	9,781	9,265	9,024	11,805	12,017	10,812
	YoY	2.1%	2.6%	-3.5%	-1.8%	1.7%	-5.3%	-2.6%	30.8%	1.8%	-10.0%
	Operating profit margin	10.4%	10.4%	9.8%	9.6%	9.4%	9.3%	7.4%	8.8%	9.0%	7.9%
Number of projects		44	45	45	42	33	35	42	39	-	-
Sales per project		909	866	955	1,062	793	-	-	-	-	-
% of consolidated	Sales	23.3%	23.0%	22.4%	20.8%	21.0%	19.4%	21.3%	21.2%	19.6%	19.0%
	Operating profit	61.6%	55.6%	54.6%	51.2%	44.9%	45.2%	42.7%	48.1%	48.5%	44.2%

Source: Shared Research based on company materials

TPP segment business structure: New projects form the basis for replacement demand

The TPP business can be broadly divided into four types of operations. Construction projects, centered on new construction and relocation projects for medical facilities, and routine business, which represents replacement demand from existing customers, together account for roughly 50% of segment sales. The manufacturing business, mainly equipment sales, accounts for about 20%. The Kingrun group, which was consolidated in FY03/23, accounts for slightly more than 20%, while overseas and other operations together account for about 10%. The overseas business has contracted significantly since the company withdrew from the Myanmar business in FY03/24.

The TPP business has a structure in which Ship secures new project orders, such as hospital construction and relocation projects, and after the facilities open three to five years later, the various medical operations and equipment replacement demand generated by those projects become part of the company's recurring business base.

Sales breakdown within the TPP business

Sales	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25	FY03/26
(JPYmn)	Results	Results	Results	Results	Results	Results
Construction and routine projects	52,172	44,851	57,563	60,924	62,117	65,790
YoY	-25.3%	-14.0%	28.3%	5.8%	2.0%	5.9%
Manufacturing business	31,523	29,398	30,562	33,131	33,581	33,061
YoY	12.9%	-6.7%	4.0%	8.4%	1.4%	-1.5%
Overseas	12,567	14,922	4,125	5,097	361	617
YoY	-	18.7%	-72.4%	23.6%	-92.9%	70.9%
Kingrun	-	-	19,763	24,658	26,314	25,409
YoY	-	-	-	24.8%	6.7%	-3.4%
Other	8,093	10,368	9,853	9,906	10,792	11,725
YoY	20.0%	28.1%	-5.0%	0.5%	8.9%	8.6%
Segment total	104,355	99,539	121,868	133,717	133,167	136,604
YoY	3.6%	-4.6%	22.4%	9.7%	-0.4%	2.6%

Source: Shared Research based on company materials

Projects (construction projects)

A project refers to a business that offers comprehensive services to customers who wish to establish, relocate, expand, or renovate hospitals and other medical institutions, and purchase medical equipment. The company receives orders for these services on a lump-sum basis, which include planning and operation, consulting on medical equipment, and the construction, sale, and leasing of medical equipment and facilities.

The company provides comprehensive services to medical institutions in need of establishment, relocation, expansion, or renovation of their facilities. Its main operations can be categorized into the following four areas, which are offered as a comprehensive package:

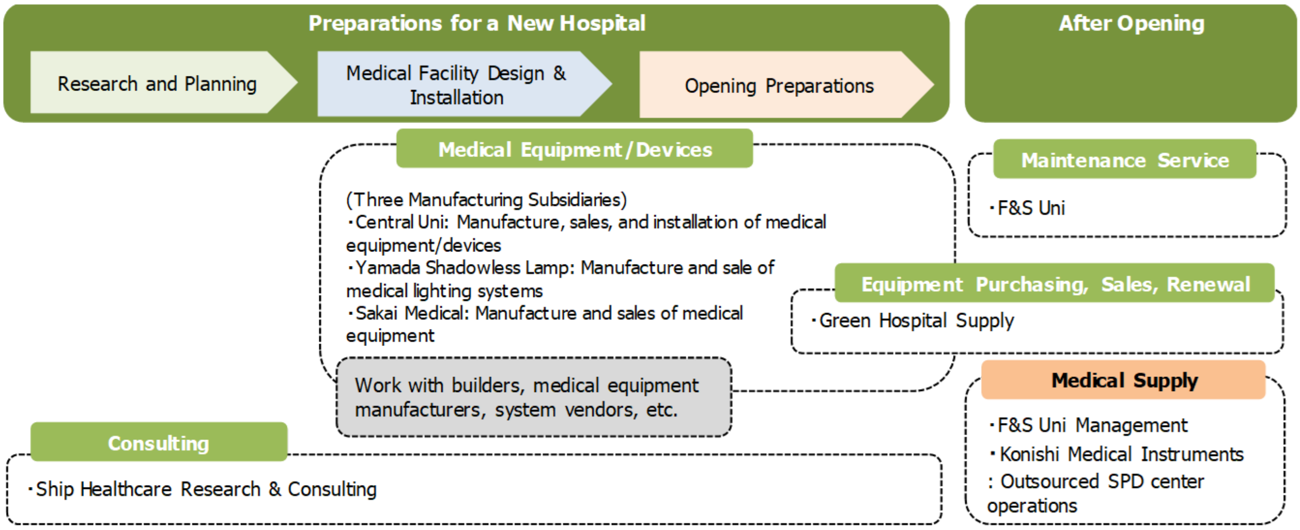
1. Planning and operation, and consultation on medical equipment
2. Manufacturing and sale of medical instruments and facilities
3. Facility construction, real estate leasing, and other related services
4. Development and sale of systems for medical institutions

A typical example is a relocation and rebuilding project for a general hospital with around 500 beds. The company's involvement typically includes the following:

1. Ship provides consulting services three to five years before the new facility opens.
2. Ship supplies medical equipment and devices worth about JPY3.0–4.0bn.
3. After opening, Ship supplies consumables such as injection needles and surgical gowns and delivers additional equipment, typically JPY100–200mn per month.
4. Ship operates a "monzen" dispensing pharmacy (a pharmacy located adjacent to a hospital).

In construction projects, the company plays a role similar to that of engineering companies such as Chiyoda Corp. (TSE Prime: 6366) and JGC Holdings Corporation (TSE Prime: 1963) in the oil services industry. It typically manages about 200–300 hospital construction projects simultaneously. The sales per project range from about JPY500mn to JPY5bn, and the lead time varies from three to five years, depending on the scale of the project and other conditions, from initial consultation to the opening of the new medical facility.

Project flow



Source: Shared Research based on company material

Ship provides comprehensive, one-stop support services for its general-hospital clients. The group also develops and operates assisted-living facilities for the elderly adjacent to hospitals, either within the same building or connected via a corridor.

Facility upgrade projects and IT solutions

As hospital management conditions remain challenging, facility upgrade projects, such as equipment installation work for operating rooms and ICUs and partial renovations of medical facilities, are gaining renewed attention as alternatives to larger projects such as hospital rebuilding and new construction. Ship plans to continue capturing this demand and use these projects to secure hospital remodeling projects going forward.

The company is building a structure to address these projects. In 2024, Green Hospital Supply Co., Ltd., the Ship group's core company, launched the Medical Facility (MF) Green Association, an association of construction partner companies (31 partner companies as of FY03/26). The association aims to strengthen relationships with partner companies in preparation for an increase in facility upgrade projects.

In addition, demand is increasing for projects to develop core network infrastructure, supported by initiatives such as the establishment of the Headquarters for Medical Digital Transformation Promotion. Based on its extensive track record in building hospital networks, the company is developing a structure to provide total solutions to medical institutions. In this area, subsidiary AINET Systems Inc. plays a central role.

Research and planning

Medical facility design and installation

Opening preparations

Opening and operations

Source: Company data

Routine projects

Ship refers to upgrade-related business for existing medical facility customers as routine projects. In contrast to facility construction projects, where the company generally stays involved over several years, routine projects typically last for only one year. A specific example would be proposing optimal upgrades or replacements for hospital equipment to administrators. Although various types of specialists handle hospital design and construction, the Ship Healthcare group leverages its expertise in installing special-purpose equipment. Routine projects also include IT development and rental operations for retirement homes and hospitals owned by the group's real estate management company.

According to the company, higher sales from construction projects are resulting in more additional orders and peripheral work. At the same time, it is becoming increasingly difficult to distinguish between construction projects and routine projects. Ship believes that it is becoming less meaningful to separate these projects.

Manufacturing business

In its manufacturing business, the company produces and sells medical equipment and devices. The group's three main subsidiaries in this business are Central Uni Co., Ltd. (made a subsidiary in November 2006), Yamada Shadowless Lamp Co., Ltd. (made a subsidiary in April 2008), and Sakai Medical Co., Ltd. (made a subsidiary in October 2009).

The three subsidiaries in the manufacturing business hold a significant market share for their core products and services. Based on company estimates, in 2012, Central Uni had the leading share of the domestic market for medical gas equipment and the domestic market for operating room interior design; Yamada Shadowless Lamp also held the top spot in of the domestic market for shadowless lamps. Yamada Shadowless Lamp and Central Uni's combined market share in the domestic shadowless lamp market make them the largest player in the segment at 50.0% of the market. Sakai Medical is the leader in the domestic market for specialized bath equipment and is vying for the top market share with two competitors in the domestic rehabilitation device market.

Central Uni Co., Ltd.

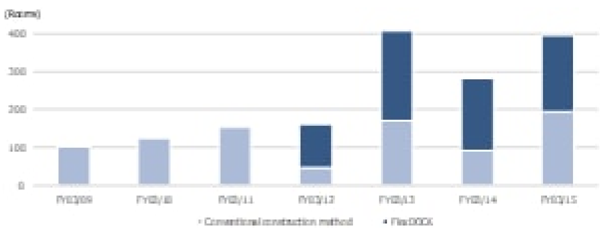
Central Uni is primarily engaged in the manufacture and sale of medical gas supply equipment, as well as the design and construction of operating rooms. Through its subsidiary, F&S Uni Management, the company also provides SPD-related services for the Medical Supply business. Sales recorded in the manufacturing business within the TPP segment are attributed to the manufacture and construction of medical equipment.

Central Uni has a showroom in Yushima, Bunkyo-ku (Tokyo) called Mashup Studio. Mashup Studio is more than a simple showroom—it provides a simulated medical treatment facility. Since it opened in FY03/11, the facility has welcomed hundreds of visitors ever year.

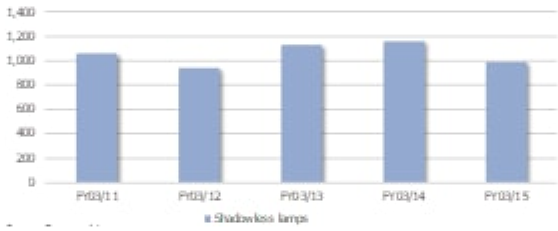
Yamada Shadowless Lamp Co., Ltd.

Founded in 1927, Yamada Shadowless Lamp is a manufacturer of medical lighting equipment. It manufactures and sells shadowless lamps (surgical lighting fixtures that use multiple light sources to provide high-intensity illumination without casting shadows on the surgical area) and other medical examination lights. Its product brand is SKYLUX. Yamada Shadowless Lamp operates under the motto "to illuminate objects more accurately and to deliver gentler light to medical professionals." Its key feature is the use of ultra-high color rendering LEDs that enhance the visibility and differentiation of blood, organs, and body tissues during surgery, ensuring high-precision operations. This subsidiary has a showroom, Medical Lighting Lab, located in Bunkyo-ku, Tokyo.

Number of Central Uni operating rooms



Number of Yamada Shadowless Lamp's shadowless lamps



Source: Shared Research based on company materials

Sakai Medical Co., Ltd.

Founded in 1881, Sakai Medical joined the Ship Healthcare group in 2006. This subsidiary manufactures and sells medical equipment, including care bathtubs and rehabilitation devices.

Ship has commented that with the addition of these three equipment manufacturing companies to its group, it can now offer products and services that enhance the value of client hospitals, in addition to the products and services it offers through its trading business. The company is able to provide engineering and consulting services when a hospital expands or renovates existing facilities, for example, but it is also able to provide assistance in choosing medical devices, creating layout diagrams for machinery, and building and installing such machinery.

Kingrun

The Kingrun group comprises Kingrun Co., Ltd. and its subsidiaries, which Ship consolidated in FY03/23. The group had operated nine businesses, including the curtain business, which rents partition curtains used in hospitals; the MICCS business, which provides total coordination of fixtures, furniture, and equipment; and medical meal services. After exploring synergies with its existing businesses, Ship decided to manage the Kingrun group's operations by broadly dividing them into operations related to the TPP business and those related to the LC business.

In the TPP business, operations related to hospital management, such as the curtain business, MICCS business, renovation business, and medical equipment-related business, are aggregated under Kingrun and contribute to sales in the TPP business.

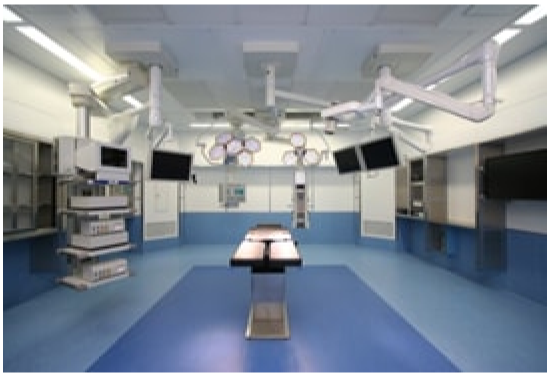
In FY05/21, immediately before its consolidation, Kingrun recorded consolidated sales of JPY26.2bn (+21.0% YoY), operating profit of JPY859mn (+27.4% YoY), recurring profit of JPY1.0bn (+47.3% YoY), net income of JPY656mn (+60.0% YoY), total assets of JPY21.4bn (+33.0% YoY), and net assets of JPY5.8bn (+12.5% YoY).

Restructuring of the manufacturing business (FY03/15–FY03/17)

Earnings at subsidiaries in the manufacturing business have consistently grown, benefiting from favorable factors such as increased capital investment at medical institutions, growth in the number of long-term care facilities, and subsidies for nursing care equipment. However, performance turned sluggish from FY03/15 owing to a harsh management environment for hospitals following the consumption tax hike and other factors. Against this backdrop, the company began structural reforms of its manufacturing subsidiaries in FY03/17.

For instance, since Sakai Medical became a subsidiary in 2009, Ship has streamlined the subsidiary's business structure by reducing assets and consolidating production bases at the Chiba Shirai Factory. When Sakai Medical's performance stagnated in FY03/15, Ship reshuffled the subsidiary's management, implemented organizational reforms to turn around the business, and promoted efficiency through cost reduction and consolidation of business bases.

Mashup Studio of Central Uni



Showroom of Sakai Medical

Source: Company materials

Business expansion through acquisitions

Ship has continued its M&A activities both directly and through its subsidiaries. Recent acquisitions include Tom-Medic Inc. (unlisted), a medical equipment sales company based in Aomori, Aomori Prefecture, and its subsidiaries in February 2022; hana Co., Ltd. (unlisted), a veterinary hospital operator based in Kishiwada, Osaka Prefecture, in March 2022; and Chuoh Co., Ltd. (unlisted), a meal service business operator based in Takamatsu, Kagawa Prefecture, in April 2022. In July 2022, the group also acquired Kingrun Co., Ltd. (unlisted), which operates curtain leasing and other businesses for medical and long-term care facilities and is based in Chiyoda-ku, Tokyo, together with its group companies. Ship began consolidating the Kingrun group in FY03/23. See the Kingrun section for details.

In May 2025, Ship brought Tec International Inc., a specialized trading company focused on healthcare-related official development assistance (ODA) projects, into the group. Tec International was established in 1990, drawing on the experience its founders gained while working on official development assistance (ODA) projects as experts for the Japan International Cooperation Agency (JICA). Since then, it has built a track record in international contributions across countries worldwide. Shared Research views this consolidation as an opportunity for the overseas expansion of Ship’s existing businesses.

Approach to healthcare service business

The company is advancing its healthcare service business, including the operation of medical facilities, to ensure sustained earnings growth—even if construction project volumes decline as a result of government policy driving the consolidation of medical institutions.

In October 2014, Ship announced it would sell shares to designated buyers and the public to raise JPY21.6bn (7mn new shares, 1mn treasury shares, and 1.2mn shares through over-allotment). The company will use JPY14.8bn to build a facility in Osaka for heavy-ion radiotherapy (JPY11.8bn for the facility and JPY3bn for a new subsidiary to operate the facility) and JPY3.6bn for overseas projects (JPY3.4bn in Bangladesh and JPY215mn in Myanmar). The company effectively exited the Myanmar business in FY03/24.

The company aims to build a healthcare service business in both Japan and overseas, expanding business opportunities across all of its facilities. As of FY03/26, the healthcare service business is included in the Total Pack Produce segment.

Specific examples in Japan include the operation of the heavy-ion radiotherapy center (heavy-ion radiotherapy business) and the International Legal Affairs Center in Akishima, Tokyo (PFI business). Overseas, the company operates a hospital business in Bangladesh. It aims to leverage the expertise and industry relationships gained from managing these medical facilities to expand business opportunities.

Heavy-ion radiotherapy business

The National Institute of Radiological Sciences is a global pioneer in heavy-ion radiotherapy for cancer patients. The Ministry of Economy, Trade and Industry seeks to promote the technology developed by the institute to fight hard-to-treat cancers and reduce national healthcare spending. The ministry also wants to make the technology a global standard for cancer treatment. Ship has won a contract to provide consultation for the opening of SAGA Heavy Ion Medical Accelerator in Tosu (SAGA HIMAT), a heavy-ion radiotherapy center in Kyushu, southwestern Japan. The company has also taken part in a project to build a heavy-ion radiotherapy facility accompanying the reconstruction of the Osaka Medical Center for Cancer and Cardiovascular Diseases. The project—the first of its kind undertaken by the private sector—carried substantial investment risk. Ship therefore manages the facility through Osaka Heavy Ion Administration Company.

Expanding utilization of heavy-ion radiotherapy is a national policy, and the company's entry into this field began when it was commissioned to provide consulting for the opening of SAGA HIMAT. The total investment was JPY13.5bn, including JPY4.5bn in capital for Osaka Heavy Ion Therapy Center Facility Management, a newly established wholly owned company. Ship initially planned to recover the investment over 12 years, by FY03/30. Construction of the facility began in August 2015 and was completed in March 2018. Depreciation expenses started at slightly under JPY400mn in FY03/18, peaked at about JPY750mn in FY03/19, and have declined at a rate of around 8% per year since.

Initially, the company assumed the Osaka Heavy Ion Therapy Center would provide 120 treatment sessions in the first year, 600 in the second year, and 800 in the third year, with a maximum of 1,000–1,200 sessions per year. It also assumed fees of JPY2.4mn for treatment of patients with certain tumors covered by insurance (bone and soft tissue tumors not indicated for surgery; 30% copayment and the remainder covered by health insurance), and a copayment of JPY3.14mn for advanced treatment of other tumors.

The Osaka Heavy Ion Therapy Center business operated at a loss until FY03/22. However, in FY03/23, the scope of insurance coverage for heavy-ion therapy expanded from mainly prostate cancer to include liver cancer, pancreatic cancer, and other indications, leading to a significant increase in the number of treatments beyond initial expectations. As a result, sales in FY03/23 increased to JPY1.4bn (+26.3% YoY), and the business turned profitable with operating profit of JPY46mn (compared with an operating loss of JPY266mn in FY03/22). According to the company, the business has remained consistently profitable through FY03/26.

At its facilities, Ship has installed three heavy-ion radiotherapy systems. In addition, two systems were installed at a facility in Kyushu where the company participated as a consultant. Through these efforts, the company has built a treatment track record. Given the population difference between the Kyushu and Kinki regions, the company initially anticipated higher utilization at the Osaka facility. However, in March 2019, health insurance coverage for heavy-ion radiotherapy expanded to include prostate cancer, and the company faced a larger-than-anticipated increase in patients seeking treatment. In addition, the expansion of insurance coverage led to a sharp decline in assumed unit prices. As a result, facility utilization increased at lower unit prices than initially assumed, and the company came to expect profitability to take longer than planned.

Ship will use the so-called high-speed scanning irradiation technology at the heavy-ion radiotherapy facility in Osaka, instead of the conventional method known as external beam therapy, which is used at the four existing facilities in Japan.

Compared with conventional therapy, the high-speed scanning irradiation method poses fewer risks to the patient's organs that are not subject to treatment. The technology also allows for three-dimensional irradiation, which provides a uniform radiation dose throughout the target tumor. In addition, the technology does not require a collimator, a device that regulates the direction of heavy particle beams and becomes radioactive waste. Thus, this technology may be more widely used in the future. In fact, SAGA HIMAT adopted this technology when building its third treatment facility, and the Kanagawa Cancer Center has followed suit.

Ship purchased equipment from Hitachi Ltd. (TSE Prime: 6501), which has experience in high-speed scanning irradiation technology for proton therapy facilities. Kanagawa Cancer Center and SAGA HIMAT purchased similar equipment from Toshiba Corporation (unlisted) and Mitsubishi Electric Corporation (TSE Prime: 6503), respectively.

Treatment performance at Osaka Heavy Ion Therapy Center

Treatment cases	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25	FY03/26
Number of patients treated	145	515	541	700	1,090	1,207	1,130	1,043
Cumulative patients treated	145	660	1,201	1,901	2,991	4,198	5,328	6,371

Source: Shared Research based on company materials

Heavy-ion radiotherapy centers in Japan

Heavy-ion radiotherapy centers in Japan	Established	Facility details	Technology employed	Total patients treated	
National Institute of Radiological Sciences	1994	3 rooms, 4 ports	Extended-field irradiation (wobbler method)	16,813	(As of end-Mar. 2025)
Hyogo Ion Beam Medical Center	2006	5 rooms, 6 ports	Extended-field irradiation (wobbler method)	10,775	(As of end-Mar. 2025)
Gunma University Heavy Ion Medical Center	2010	3 rooms, 4 ports	Extended-field irradiation (wobbler method)	8,641	(As of end-Dec. 2025)
SAGA Heavy Ion Medical Accelerator in Tosu	2013	2 rooms, 4 ports	Extended-field irradiation (wobbler method)	11,925	(As of end-Mar. 2026)
Kanagawa Cancer Center	Dec. 2015	4 rooms, 6 ports	High-speed scanning irradiation	4,335	(As of end-Mar. 2025)
Osaka Heavy Ion Therapy Center	Mar. 2018	3 rooms, 6 ports	High-speed scanning irradiation	5,328	(As of end-Mar. 2025)

Source: Shared Research based on company materials and various other materials
Note: "Room" refers to the rooms where treatment is offered. "Port" refers to the number of heavy-ion ports. For example, three-room, six-port facilities have X-axis and Y-axis heavy-ion ports in each room.

Overseas hospital business (Bangladesh)

Overseas, Ship operates a Japanese-style medical facility development business in Dhaka, Bangladesh.

The hospital business in Bangladesh is operated by subsidiary Ship Aichi Medical Service, Ltd. Initially, the plan was to have a grand opening with all facilities fully operational. However, at the request of the Bangladeshi government, the hospital started accepting COVID-19 patients (including Japanese residents in Bangladesh) in completed facilities before the official opening.

The hospital commenced operations in June 2022 with 200 beds, and plans to eventually expand to a full capacity of 600 beds. Initial investments focused on specialized areas with high local demand such as vascular diseases (including cardiovascular and cerebrovascular diseases), perinatal care, and acute trauma. In February 2023, a Japanese cardiologist was assigned to the hospital, and cardiovascular surgical procedures commenced in March. The company also opened an aorta center in October of the same year. Although the hospital had its grand opening in a format different from the original plan, the company stated it had nearly eliminated losses by FY03/25.

Withdrawal from the Myanmar business

The Myanmar business involved facility consulting and the sale and maintenance of medical equipment and facilities. The official agreement was signed in February 2016, but the project faced delays due to terrorism-related disruptions in the country followed by the spread of COVID-19.

This business was mainly operated by Okkar Thiri Co., Ltd. and Snow Everset Co., Ltd., both of which turned a profit in FY03/21 and steadily expanded their operations. However, economic sanctions imposed by the international community on the military regime established after the coup significantly altered the business environment beyond the company's expectations. In FY03/23, the foreign currency (especially US dollars) shortage caused by financial regulations, such as forced foreign currency conversion by the Central Bank of Myanmar, resulted in substantial delays in the import and sale of foreign-made medical equipment, leading to almost no profit contribution. In FY03/24, financial sanctions were further tightened, making it even more difficult to collect and procure foreign currency, increasing the uncertainty of business operations. Consequently, Ship concluded that it would not be able to realize the previously anticipated excess earnings and recorded an impairment loss of JPY2.6bn, equivalent to the full amount of goodwill, as an extraordinary loss.

Reference: FY03/21 results of the Myanmar business (two companies)

	Okkar Thiri Co., Ltd.	Snow Everest Co., Ltd.
Established	1998	2011
Number of employees (as of end-April 2020)	193	85
Sales (FY03/21)	8,477	3,921
Operating profit (FY03/21)	1,083	368

Source: Shared Research based on company materials

PFI business

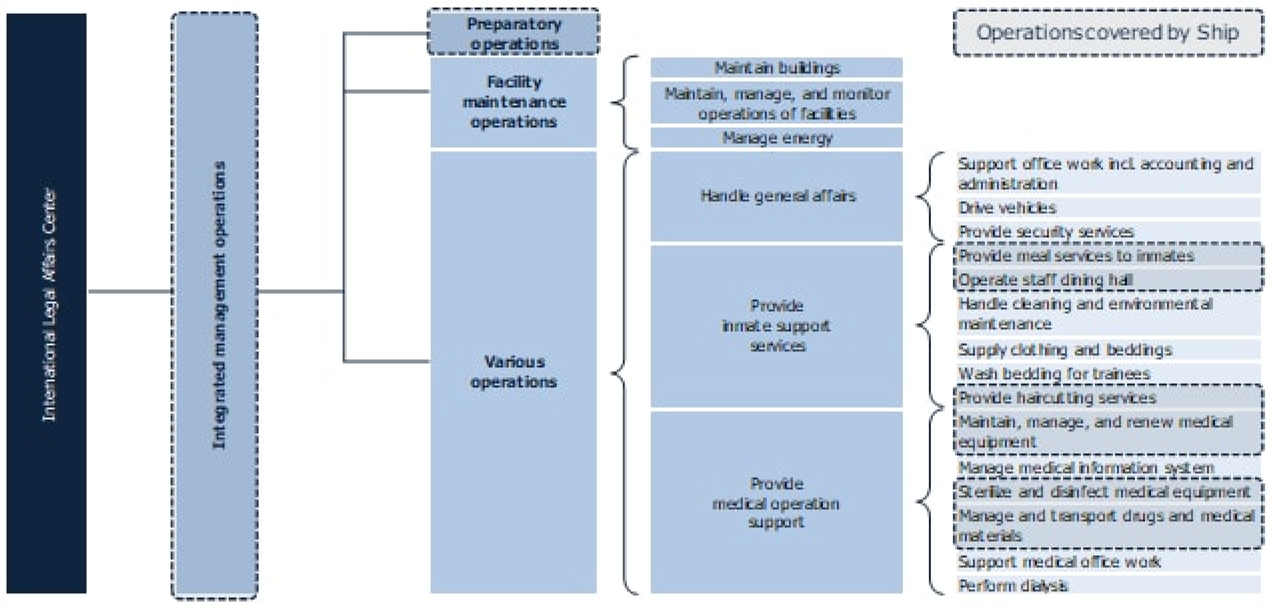
In the PFI business, Ship secured a project from the Ministry of Justice in October 2016 to maintain, manage, and operate the International Legal Affairs Center on a private finance initiative (PFI) basis. The project was one of several initiatives the company pursued alongside the construction of the heavy-ion radiotherapy facility, overseas operations in Bangladesh and Myanmar, and healthcare REITs.

The International Legal Affairs Center is a complex in Akishima, Tokyo, built by the Ministry of Justice and comprising a training institute for correctional personnel and a prison medical facility. The facility began operations in September 2017. When the ministry decided to outsource its maintenance, management, and operation to the private sector on a PFI basis, the Ship Healthcare group participated in the bidding through an SPC led by a subsidiary as the largest shareholder and successfully secured the JPY23.8bn project. The project is scheduled to run from September 2017 through March 2027. The company is responsible for the maintenance and transportation of drugs and materials, the sterilization and disinfection of medical equipment, barber and meal services, operation of the staff canteen, and the provision, maintenance, and upgrade of medical instruments.

While the entire JPY23.8bn will not be recorded as the company's revenue, the costs of purchasing and upgrading medical equipment are already included. The company therefore expected the project to contribute significantly to earnings in FY03/18 and again when the contract was extended in FY03/24, while providing a stable source of earnings each year. In addition, the project may generate extra revenue outside its scope because the government covers purchases of drugs, diagnostic materials, and supplies. Subsidiary Showa International Legal PFI Co., Ltd. maintains and operates the business.

In March 2026, the bidding results for the private-sector operator of the International Legal Affairs Center maintenance, management, and operation project were announced, and the Ship group once again won the contract, with a winning bid of JPY31.2bn.

International Legal Affairs Center: maintenance, management, and operation



Source: Shared Research based on Ministry of Justice and company material

Medical Supply segment

Medical Supply		FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25	FY03/26
(JPYmn)		Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.
Sales		263,528	274,058	290,363	325,664	341,157	360,635	386,335	428,451	474,919	509,569
	YoY	66.6%	4.0%	5.9%	12.2%	4.8%	5.7%	7.1%	10.9%	10.8%	7.3%
Operating profit		3,318	4,161	4,191	5,035	6,958	6,209	6,666	6,513	6,970	7,484
	YoY	44.3%	25.4%	0.7%	20.1%	38.2%	-10.8%	7.4%	-2.3%	7.0%	7.4%
	Operating profit margin	1.3%	1.5%	1.4%	1.5%	2.0%	1.7%	1.7%	1.5%	1.5%	1.5%
% of consolidated	Sales	64.5%	64.4%	65.4%	67.2%	68.6%	70.1%	67.5%	67.9%	70.0%	71.0%
	Operating profit	20.7%	22.8%	23.3%	26.8%	31.9%	30.3%	31.5%	26.5%	28.1%	30.6%

Source: Shared Research based on company materials

In the Medical Supply segment, the company sells materials used in medical examinations and associated consumables. Since FY03/17, the company's business scale has expanded significantly, following the merger with Konishi Kyowa Holding Corporation (merged with Konishi Medical Instruments Co., Ltd. in October 2020; "Konishi Kyowa HD"). This segment involves the logistics management business for hospitals referred to as supply, processing, and distribution (SPD). When limited to a particular region or specialist field, the business is also referred to as local medical supply distribution business or specialized medical supply distribution business.

Out-of-hospital SPD

According to the company, out-of-hospital SPD is similar to the Toyama Drug Sales business model. The company has warehouses next to its headquarters in Osaka and can therefore quickly supply small-lot orders of medical materials, medical consumables, and other items according to the needs of medical institutions. The company uses this system for medical institutions within a two-hour drive from the warehouse. As a result, this business is concentrated mainly in the Osaka/Kansai area. Other areas use in-hospital SPD.

In-hospital SPD

In-hospital SPD refers to the provision of personnel to medical institutions to perform outsourced tasks. These tasks include inventory management of medical supplies and pharmaceuticals, cleaning and sterilization services, and sales support services for medical supplies and pharmaceuticals. None of these tasks requires physician or nurse qualifications. Following the merger with Konishi Kyowa HD, the business expanded 66.6% YoY. At the time of the merger, Konishi Kyowa HD operated its SPD business at around 50 hospitals with a total of about 20,000 beds, or an average of 400 beds per hospital, most of which were large hospitals. According to the company, Konishi Kyowa HD had greater expertise in in-hospital SPD than Ship did at the time.

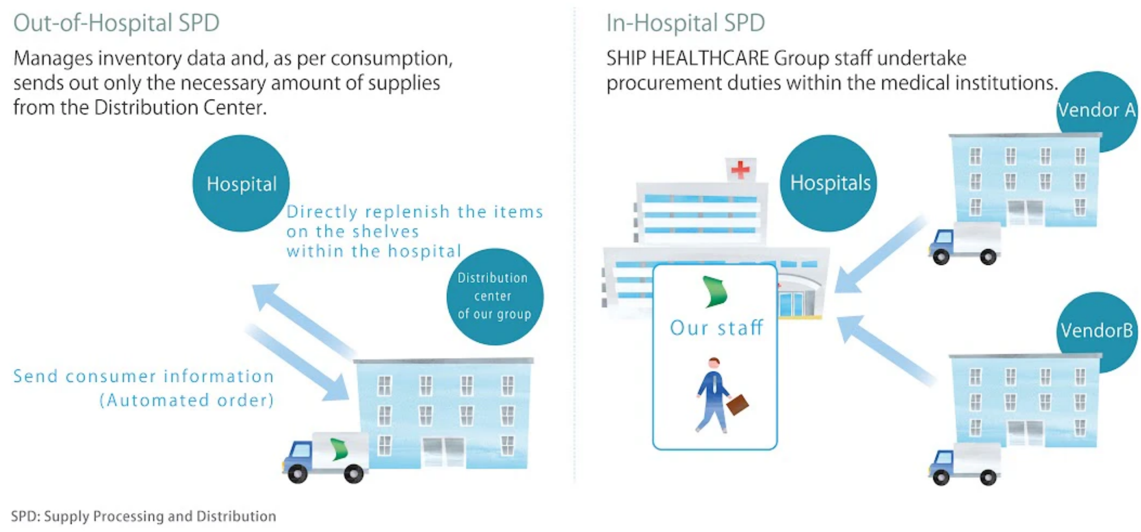
Reference: Konishi Kyowa HD performance summary (before merger)

	FY08/13	FY08/14	FY08/15		FY08/13	FY08/14	FY08/15			
Consolidated sales	75,821	81,296	83,589	Consolidated net assets	13,804	14,830	15,879	Total shares issued		765,500 shares
YoY		7.2%	2.8%	Consolidated total assets	32,450	34,357	35,404			
Consolidated operating profit	1,525	1,539	1,358					Top shareholders	Employees	23.7%
YoY		0.9%	-11.8%	EPS	1,587	1,650	1,397		Treasury stock	21.7%
Operating profit margin	2.0%	1.9%	1.6%	Book value per share	22,990	24,699	26,443		Kenzo Konishi	16.7%
Consolidated recurring profit	1,658	1,588	1,448	Dividend per share	45	50	50			
Net income	951	989	837					Consolidated employees		599

Source: Shared Research based on company materials

Sales of both major subsidiaries under the Medical Supply business exceeded 10% of the company's consolidated sales in FY03/25. F&S Uni Management Co., Ltd. recorded sales of JPY197.7bn (+16.4% YoY) and recurring profit of JPY2.2bn (+6.3% YoY), while Konishi Medical Instruments Co., Ltd. posted sales of JPY142.6bn (+8.0% YoY) and recurring profit of JPY2.0bn (+2.4% YoY).

Out-of-hospital and in-hospital SPD



Source: Company material

Other businesses

Other businesses include normal route sales other than those related to out-of-hospital and in-hospital SPD. A strategy for business expansion through acquisitions is underway. Lighttec Corp., Heart Life Corp., Sun Life Corp., SMC Co., Ltd., and other subsidiaries that sell specialty medical supplies used in cardiology are included in this category. Specialty medical supplies include pacemakers, cardiac catheters, and other items that require a license to handle.

Logistics bases

Merger with well-established medical equipment trading company Konishi Kyowa HD

In April 2016, Ship merged with Konishi Kyowa HD. Through this merger, Ship aimed to leverage Konishi Kyowa HD's long operating history, dating back to 1946, and its strong relationships with major medical equipment manufacturers in Japan and overseas. It also sought to benefit from Konishi Kyowa HD's extensive track record in handling high-value-added products, such as operating room equipment; its customer base, which included companies that had not yet been approached by representatives from Ship's TPP and other businesses; and economies of scale from the roughly 50% increase in sales resulting from the merger. The company expected these economies of scale to benefit negotiations with manufacturers, as well as logistics and organizational management.

Regarding the earnings impact of the merger with Konishi Kyowa HD, although Konishi Kyowa HD was consolidated in FY03/17, it contributed about JPY90.0bn to sales and JPY700mn to operating profit in the first year, after adjusting for JPY310mn in advisory fees and JPY110mn in goodwill amortization. Full-scale earnings contributions began in FY03/18.

Ship anticipates a higher-than-expected contribution to profits from this business integration, including synergistic effects. In FY03/21, the company completed the Osaka Solution Center, which incorporates state-of-the-art logistics technology and in which Konishi Medical Instruments (formerly Konishi Kyowa HD) played a major role. Full-scale operations began in FY03/22. The center serves as a next-generation logistics hub in the Kansai region. According to the company, facility tours are in high demand, as the center has drawn significant attention from medical professionals for its streamlined medical supplies processes.

Metropolitan area logistics base: SHIP GRANBASE Tokyo

The company's group company F&S Uni Management consolidated medical materials logistics bases that had been dispersed across the metropolitan area and opened SHIP GRANBASE Tokyo in Funabashi, Chiba Prefecture, following the Osaka Solution Center. The facility has a total floor area of 14,129sqm and handles around 70,800 items. It began operations in February 2026. The facility serves about 60 institutions, including university hospitals in the metropolitan area and core regional hospitals with 100–500 beds, covering about 26,000 beds.

For medical materials, proper inventory management and traceability to ensure safety are essential for stable supply. The facility holds sufficient inventory in preparation for disasters, has high earthquake resistance in line with business continuity planning (BCP), and uses an automated warehouse system. It is designed as a next-generation logistics base that leverages advanced technologies such as AI, robotics, and radio frequency identification (RFID), a system that manages multiple tags using radio waves. To establish traceability, the company has also built a joint scheme with Nippon Express Co., Ltd. (a core company of NIPPON EXPRESS Holdings, Inc.; TSE Prime: 9147) for logistics digital transformation.

By advancing these logistics rationalization initiatives, Ship aims to increase the Medical Supply segment's OPM from the current level of around 1–2% to 3% in the future.

Nishino Medical Instruments (a distributor specializing in the orthopedics field) and a distributor specializing in cardiovascular equipment

In September 2015, Ship acquired Nishino Medical Instruments Co., Ltd. (unlisted; a distributor specializing in the orthopedics field, and made it a wholly owned subsidiary. Ship expected Nishino Medical Instruments to contribute about JPY8.5bn to annual sales and JPY350mn to operating profit (JPY100mn after goodwill amortization). According to the company, it consolidated the new subsidiary's seven-month results in FY03/16, which were about JPY5bn in sales and JPY100–200mn in operating profit (after goodwill amortization). Since FY03/17, Nishino Medical Instruments has contributed to sales of about JPY9bn and operating profit of JPY200–300mn (after goodwill amortization) for the full year.

Ship expects the synergies through Nishino Medical Instruments to come from three areas. First, as Nishino Medical Instruments is Ship's first distributor specializing in orthopedics, the company believes it will contribute to the group's operations in the TPP and other segments. Second, the subsidiary can begin to develop its business outside the orthopedics field. Third, the Ship Healthcare group expects to benefit from the information that Nishino Medical Instruments possesses.

At a new group distributor that specialize in cardiovascular equipment, profitability has been falling as catheter prices were lowered due to the medical service fee revision. Ship plans to review management of the distributor along with other group distributors of cardiovascular equipment from scratch and aims to convert its structure to one that can expand its performance by obtaining new orders.

Life Care segment

Life Care		FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25	FY03/26
(JPYmn)		Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.
Sales		21,167	22,724	23,500	23,929	24,571	25,247	33,581	36,099	36,674	37,322
	YoY	5.9%	7.4%	3.4%	1.8%	2.7%	2.8%	33.0%	7.5%	1.6%	1.8%
Operating profit		634	955	1,625	1,770	2,237	2,407	2,055	2,606	2,189	2,216
	YoY	319.9%	50.6%	70.2%	8.9%	26.4%	7.6%	-14.6%	26.8%	-16.0%	1.2%
	Operating profit margin	3.0%	4.2%	6.9%	7.4%	9.1%	9.5%	6.1%	7.2%	6.0%	5.9%
Number of facilities		68	68	68	68	67	70	75	75	-	-
Capacity		4,392	4,373	4,373	4,373	4,352	4,431	4,762	4,753	4,753	-
Number of residents		4,068	4,212	4,316	4,323	4,305	4,406	4,716	4,703	4,703	-
	Occupancy rate	92.6%	96.3%	98.7%	98.9%	98.9%	99.4%	99.0%	98.9%	-	-
% of consolidated	Sales	5.2%	5.3%	5.3%	4.9%	4.9%	4.9%	5.9%	5.7%	5.4%	5.2%
	Operating profit	3.9%	5.2%	9.1%	9.4%	10.3%	11.7%	9.7%	10.6%	8.8%	9.1%

Source: Shared Research based on company materials

In the Life Care segment, the company primarily offers long-term care services through assisted living facilities for the elderly (long-term care business), as well as meal services for medical institutions and welfare facilities (meal service business).

Sales by service type

Sales	FY03/22	FY03/23	FY03/24	FY03/25	FY03/26
(JPYmn)	Results	Results	Results	Results	Results
Long-term care services	22,141	23,440	24,111	24,415	24,741
YoY	-	5.9%	2.9%	1.3%	1.3%
Meal service	3,105	10,140	11,987	12,259	12,581
YoY	-	226.6%	18.2%	2.3%	2.6%
Segment total	25,247	33,581	36,099	36,674	37,322
YoY	2.8%	33.0%	7.5%	1.6%	1.8%

Source: Shared Research based on company materials

Long-term care business

After acquiring the AntCare group, which operates small and medium-sized community-based long-term care facilities, and making it a subsidiary in FY03/12, long-term care became the main business for this segment. The facility management business incurs high fixed costs, making it crucial to maintain high occupancy rates. The company's facilities have maintained occupancy rates of over 80% for the past decade. In particular, the occupancy rate rose to the high-90% range in FY03/18 and subsequently remained at nearly 99% through FY03/24.

Primarily in the Kanto region, the AntCare group operated 53 facilities nationwide—including assisted living facilities, group homes, and other nursing homes for the elderly—with a total of 2,311 residents (as of July 30, 2011).

In FY03/19, the company implemented successful initiatives to improve occupancy rates, including leveraging the Hello Kitty characters owned by Sanrio Co., Ltd. (TSE Prime: 8136) to create a family-friendly environment that encourages visits from grandchildren and other family members. Additionally, by promoting the advantage of being adjacent to medical facilities as a COVID-19 risk countermeasure, the occupancy rate remained at a high level of 99% in FY03/24, continuing from FY03/19. This high occupancy rate is well above the industry average.

Thanks to consistently high occupancy rates, the OPM of this segment trended upward from FY03/17 to FY03/22. However, OPM declined more than 3pp YoY in FY03/23 and improved only about 1pp YoY in FY03/24. These declines were due to investments aimed at strengthening the meal service business, including the consolidation of Kingrun, which operates meal services among other businesses, and investments in companies running the central kitchen business. In FY03/25, the profit margin declined again due to upfront spending associated with a business developed through collaboration with Charm Care Corporation (TSE Prime: 6062), as detailed below.

In May 2020, Ship entered into a business partnership with Charm Care, which primarily focuses on the long-term care business, and made it an equity-method affiliate by acquiring approximately 30% of its shares through its wholly owned subsidiary, STK Co., Ltd. Ship operates assisted living facilities for the elderly through its group companies, Green Life Co., Ltd. and Green Life East Japan Co., Ltd. (absorbed into Green Life in January 2025). The company believes the alliance with Charm Care will generate synergies, as Ship primarily focuses on the mid- to lower-priced markets, while Charm Care targets the mid to higher-priced markets. Since the number of Ship's assisted living facilities for the elderly has remained relatively stable in recent years, Shared Research believes the collaboration with Charm Care has the potential to expand the scale of the long-term care business.

Expectations for Healthcare and Medical Investment Corporation

Healthcare and Medical Investment Corporation (TSE REIT: 3455; "HCM Corp."), an investment company specializing in healthcare facilities, was listed on the TSE REIT market in March 2015, with Ship as the main sponsor. The main sponsors of HCM Corp.'s asset management company are Ship, NEC Capital Solutions Ltd. (TSE Prime: 8793), and Sumitomo Mitsui Banking Corporation (a group company of Sumitomo Mitsui Financial Group, Inc. [TSE Prime: 8316]). HCM Corp. leverages the functions and expertise of each sponsor company in long-term care and medical care, fund management, and finance. Ship holds 1.11% (4,000 units as of FY01/24) of HCM Corp.'s outstanding investment units and is a major shareholder (33.3% ownership) of Healthcare Asset Management Co., Ltd., HCM Corp.'s asset management subsidiary.

Three major sponsors of HCM Corp.

Main sponsors	Function	Support details	Number of directors and their responsibilities
Ship Healthcare Holdings	Long-term and medical care	Provides specialty expertise	2
		Advises on due diligence for healthcare facility business	Head of asset management
		Provides personnel	Outside director
NEC Capital Solutions	Fund management	Offers expertise in fund management	2
		Provides warehouses	Head of investment
		Provides personnel	Outside director
Sumitomo Mitsui Banking Corporation	Finance	Advises on finance	2
		Introduces customers with healthcare facility liquidity needs	Head of internal audit
		Provides personnel	Head of financial affairs

Source: Shared Research based on company materials

Portfolio policy: 80% or more investment in healthcare facilities

HCM Corp. follows a portfolio policy that allocates 80% or more (based on acquisition prices) of its investments to healthcare facilities such as senior residences and medical facilities, and 20% or less to other facilities. In terms of geographical distribution, 80% or more of investments are targeted at the three major metropolitan areas (Tokyo, Kinki, and Chubu) and key population centers, with the remaining 20% or less allocated to other regions. HCM Corp. generally invests only in properties valued at JPY500mn or more.

HCM Corp. portfolio

Operator	Acquisition price (JPYmn)	Total space for lease (sqm)	Number of facilities
Green Life Co., Ltd.	11,350	28,041	5
Kyowakai Medical Corporation*	12,920	24,814	1
Green Life East Japan Co., Ltd.	2,253	3,871	2
Benesse Style Care Co., Ltd.	7,865	23,159	10
As Partners Co., Ltd.	2,815	6,136	3
Sompo Care Inc.	13,358	33,196	11
Sawayaka Club Co., Ltd.	3,290	12,740	3
Japan Life Design Inc.	1,740	3,400	1
Medical Corporation Aikokai	2,830	17,788	4
Proud Life Inc.	5,512	14,841	6
Verde Co., Ltd.	2,948	17,451	2
Kawashima Corporation	5,376	12,167	3
Nichii Carepalace Company	3,048	10,701	4
Senior Life Support	1,260	3,484	1
Noah Konzer Co., Ltd.	6,150	20,182	8
Meisho	2,000	3,886	1
SUNWELS Co., Ltd.	693	1,793	1
Tsukui Corporation	1,150	2,768	1
Total	86,558	240,416	67

Source: Shared Research based on HCM Corp. website
Notes: The name of the property marked with an asterisk (*) is Ship Senri Building, which is operated by Kyowakai Medical Corporation and Ship's subsidiary, Green Life Co., Ltd.

Expected synergies with Ship

In Shared Research's view, potential synergies with HCM Corp. include the following.

Main sponsor

As previously mentioned, Ship is HCM Corp.'s main sponsor, contributing to the asset management company's capital, and providing expertise in nursing and medical care.

Exit strategy

Shared Research believes that Ship has established an exit strategy for long-term care facility management within the healthcare service business, with one of its properties already in the HCM Corp. portfolio. Based on its portfolio, it appears that HCM Corp. is focused on acquiring relatively large-scale properties. For Ship, achieving high occupancy rates is critical to increasing the value of these properties when they are sold.

An option for medical institutions in the TPP segment

In the TPP segment, Ship provides comprehensive consulting services to customers who wish to establish, relocate, expand, or renovate hospitals and other medical facilities. The company receives orders for these services on a lump-sum basis, which include planning through facility opening. During the consultation process, options such as REITs, including HCM Corp., are presented as potential funding options for medical institutions.

When proposing projects with high land prices and heavy investment burdens, such as medical facilities adjacent to the nearest station and also offering assisted living facilities for the elderly, suggesting REITs as one of the financing options to medical institutions can be beneficial. A complex building that houses a hospital and an assisted living facility for the elderly allows medical institutions to stabilize their management. On the other hand, for REITs, properties with a low risk of declining land prices, such as those adjacent to stations, are attractive, creating demand for such proposals. Shared Research believes the synergy between the long-term care business and the core TPP business are effective in terms of expanding profits.

Healthcare service as the fifth pillar of earnings

Shared Research believes that providing solutions using the aforementioned REIT could become a key pillar of the company's healthcare service business, which it has been aiming to develop as its fifth source of earnings. For example, the company could develop large-scale long-term care facilities and, after several years of enhancing their value by achieving high occupancy rates, sell them to the REIT. Such high-quality projects have the potential to generate billions of yen in profit.

Meal service business

Ship entered into the meal service business in October 2016 when its group company, Ship Healthcare Food, Inc., began operations. In the same month, the company was awarded the PFI-based International Legal Affairs Center project, which commenced operations in November 2017. In this project, the company was responsible for meal services and staff cafeteria operations. Ship has experience in providing meal services to large medical institutions and long-term care facilities. The company also has a track record in business development, including the launch of a low-sodium bento box delivery service in collaboration with the National Cerebral and Cardiovascular Center.

In FY03/23, Ship conducted several M&A activities related to this business domain, intensifying its efforts in Dream Kitchen, a meal service for senior care facilities operated by Ship Healthcare Food. In nursing care facilities, rising material and labor costs have made controlling meal service expenses a pressing issue. Dream Kitchen offers fully prepared meals that help improve cost efficiency. As a result, the company is considering expanding sales of these meals beyond its own facilities to external facilities as well.

Chuoh Co., Ltd. (unlisted), which has joined the Ship Healthcare group, operates a "central kitchen" in Kagawa Prefecture. A central kitchen is a facility that prepares food in large quantities for multiple clients, such as hospitals, schools, and welfare facilities, allowing for cost reduction and increased efficiency in kitchen operations. Additionally, the company acquired the Kingrun group, which includes Grandic Inc. and Grand-gourmet Co., Ltd. Grandic operates commissioned medical meal services, while Grand-gourmet operates a central kitchen in Tama, Tokyo, specializing in Japanese cuisine such as sushi and *kaiseki* (traditional multi-course Japanese meal).

With the enhanced business operations in meal services following the M&A activities in FY03/23, the company aims to encourage manufacturing consignment and shared use of facilities within the group to improve operational efficiency and quality. Furthermore, the company seeks to expand its business scale by developing sales channels not only for facilities operated by its group companies but also for external customers.

Facilities served by Ship's Dream Kitchen fully prepared meal service

	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25	FY03/26
Facilities served by the Dream Kitchen service	334	376	582	641	770	872

Source: Shared Research based on company materials

Dispensing Pharmacy segment

Dispensing Pharmacy		FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25	FY03/26
(JPYmn)		Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.
Sales		24,134	25,789	25,585	27,050	27,070	28,930	30,499	32,719	33,468	34,666
	YoY	-1.8%	6.9%	-0.8%	5.7%	0.1%	6.9%	5.4%	7.3%	2.3%	3.6%
Operating profit		2,284	2,826	2,193	2,661	2,884	3,200	3,256	3,530	3,426	4,004
	YoY	0.4%	23.7%	-22.4%	21.3%	8.4%	11.0%	1.8%	8.4%	-2.9%	16.9%
	Operating profit margin	9.5%	11.0%	8.6%	9.8%	10.7%	11.1%	10.7%	10.8%	10.2%	11.6%
Number of pharmacies		90	100	105	109	115	119	123	129	130	130
% of consolidated	Sales	5.9%	6.1%	5.8%	5.6%	5.4%	5.6%	5.3%	5.2%	4.9%	4.8%
	Operating profit	14.2%	15.5%	12.2%	14.2%	13.2%	15.6%	15.4%	14.4%	13.8%	16.4%

Source: Shared Research based on company materials

In the Dispensing Pharmacy segment, the company operates a group of NHI dispensing pharmacies that sell pharmaceutical drugs prescribed to patients by medical institutions and provide drug counseling to patients. Many of them are “monzen (Japanese meaning “in front of the gate”) pharmacies adjacent to or in hospitals with which the company has conducted consulting business. In a broad sense, this segment is one of the company’s medical services. The company’s annual procurement value is large, which secures volume discounts from suppliers and allows the company to maintain a certain level of margins (the difference between the actual price of the drugs and their delivery costs from the wholesaler to pharmacy, a major revenue source for dispensing pharmacies).

Subsidiaries operating in the Dispensing Pharmacy segment are Nisseichozai, Inc, which operates mainly in Shimane Prefecture; Green Pharmacy Co., Ltd., which operates in the Kansai region and parts of the Chugoku and Shikoku regions; and Ship Healthcare Pharmacy East Co., Ltd., which operates in Hokkaido, Tohoku, Kanto, Chubu, and Kyushu (partial). The number of group pharmacies totaled 130 in FY03/26, unchanged YoY.

The Ministry of Health, Labour and Welfare mandate the establishment of ceilings on wholesale NHI drug prices based on the results of market price surveys. Once price ceilings are set for a particular drug, suppliers engage in intense price competition. However, once prices reach equilibrium, the ceilings are lowered in the subsequent drug price review. This cycle has been repeated in the past. Previously, NHI drug price revisions occurred every two years, and the company's performance went through a cycle of improvement in one year, followed by deterioration in the next. Since FY2021, NHI drug prices have been revised annually, creating a challenging business environment for pharmaceutical sales.

In the Dispensing Pharmacy segment, the company aims to pursue quality acquisitions, achieve economies of scale, and support stable growth, as it has successfully done in the Medical Supply segment.

Loans receivable

Ship extends loans to certain hospitals. Many of its customers (such as hospitals) have limited access to capital markets for financing, especially for initial construction and during renovation periods. Accordingly, the company provides loans to some customers as part of a package of solutions. According to the company, although these loans involve credit risk, its assessment capabilities keep the risk low. Typically, these loans are less speculative and function as bridge loans because hospitals that are restructuring tend to develop track records to secure financing from traditional financial institutions.

Loans receivable

(JPYmn)	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25	FY03/26
	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.
Total loans receivable	12,203	11,963	11,602	9,600	10,061	9,236	8,926	12,550	12,045	12,362
Short-term loans receivable	1,684	1,788	1,770	1,790	2,604	1,718	1,809	2,775	1,694	1,608
Current portion of long-term loans receivable	347	305	301	-	-	-	-	-	-	-
Long-term loans receivable	10,172	9,870	9,531	7,810	7,655	7,518	7,117	9,775	10,351	10,754

Source: Shared Research based on company data

Market and value chain

Business conditions

The Japanese healthcare and long-term care industries are undergoing major changes because of demographic trends and other factors. These include a change in the population pyramid, such as the “2025 problem” of baby boomers turning 75 and an increase in senior citizens living in major cities leading to a decline in healthcare demand in regional areas. The Japanese government is aggressively adapting healthcare policy through measures such as healthcare quality regulations taking hold under the community health care vision in the context of the seventh Medical Care Act revision of 2015, eighth Medical Care Act revision and partial revision of the Long-Term Care Insurance Act to strengthen community-based integrated care systems in 2017, and a change in financial management of national health insurance in 2018.

Aging demographic

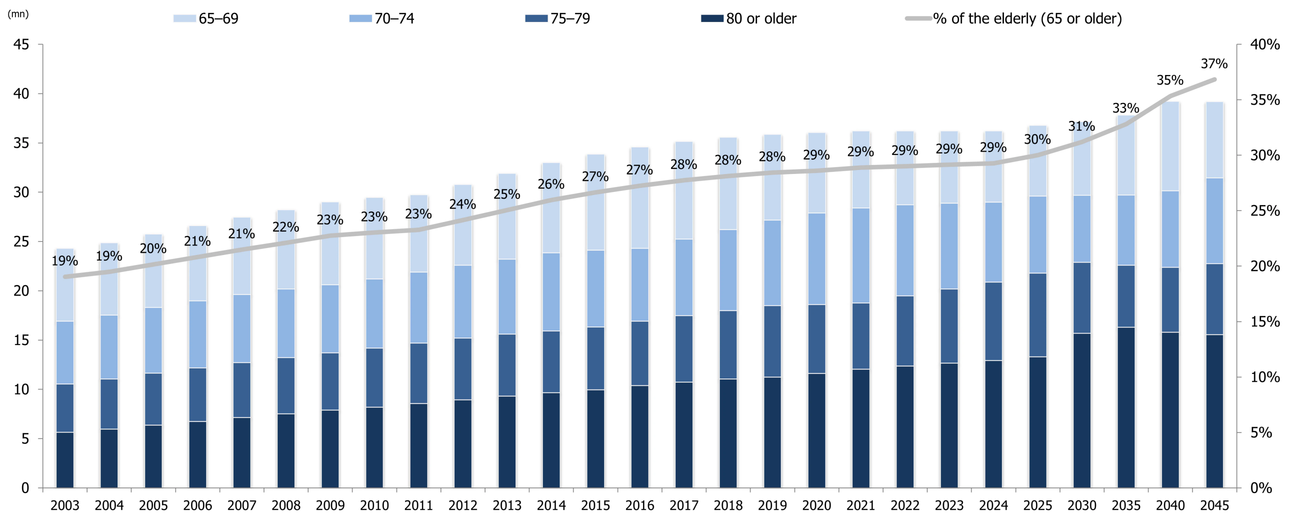
According to the National Institute of Population and Social Security Research, Japan’s population topped 100mn in 1967, climbing from 5.5mn in the early Heian period (800 AD) to 8.18mn in 1338 (start of the Muromachi regime), 12.3mn in 1603 (start of the Tokugawa regime), 31mn in 1716–1745 (Kyoho reforms), 33.3mn in 1868 (Meiji Restoration), 72mn in 1945 (end of the Second World War), and peaking at 128mn in 2008. The population is forecast to drop below 90mn in 2060, when the percentage of those aged 65 or over will be close to 40%. According to the Ministry of Internal Affairs and Communications, a survey conducted in September 2024 showed seniors aged 65 and over accounted for 29.3% of Japan’s total population.

2025 problem

Japan’s population pyramid has two peaks: one for baby boomers (born 1947–1949) and another for their children (born 1971–1974). By 2015, all baby boomers had entered the early elderly stage (age 65 and over), and 10 years later, they had reached the late elderly stage (age 75 and over). As population aging advances rapidly, Japan’s social structure and systems are changing significantly, including a worsening labor shortage. This shift has raised concerns about a sharp increase in demand for medical and long-term care services and in social security costs, including long-term care expenses.

From the standpoint of hospital management, the operating environment for medical institutions has become more severe due to the separation of hospital functions, the strengthening of these functions and cooperation between hospitals, revisions to medical fees aimed at strengthening home-based medical care, the consumption tax hike, and higher electricity rates. Meanwhile, the company is winning more hospital upgrade projects due to factors such as the weighted allocation of medical fees for advanced medical treatment and progress in the functional differentiation of regional hospitals.

Population of elderly in Japan



Source: Shared Research based on Population Estimates from the Ministry of Internal Affairs and Communications
Note: Values from 2025 onward are projections.

Estimated increase in the elderly population by city population size

	2020	2025	2030	2035	2040	2045	2050
Nationwide	100	101.4	102.6	104.7	109.0	109.5	107.9
Large cities (Tokyo wards and ordinance-designated cities)	100	102.0	105.8	111.7	119.8	123.2	124.3
Cities with populations of 300,000 or more (excluding large cities)	100	102.3	104.7	108.5	114.9	116.5	115.7
Cities with populations of 100,000 to less than 300,000	100	101.8	103.2	105.4	109.9	110.4	108.6
Cities with populations of 50,000 to less than 100,000	100	101.4	101.6	102.1	105.0	104.3	101.8
Cities with populations of less than 50,000	100	99.3	96.7	93.4	91.9	88.3	83.5

Source: Shared Research, based on White Paper on the Aging Society 2025, Cabinet Office
Note: Indexed to 2020 = 100

Government healthcare policy

In response to the progression of population aging, the Japanese government has repeatedly revised its healthcare policies. The first revision of the Medical Care Act in 1985 limited the total number of hospital beds and the number of beds per medical administration area. The third revision in 1997 assigned specific functions to medical institutions, and the fourth revision in 2000 introduced hospital bed categories, broadly dividing them into general beds and long-term care beds to optimize inpatient care. The fifth revision in 2007 revamped the medical corporation system. The sixth revision in 2014 included the establishment of the regional medical care cooperation corporation system, among other changes. The seventh revision in 2016 strengthened the governance of medical corporations and introduced the system for community-based healthcare coordination corporations.

Currently, under the 8th Medical Care Plan, discussions are underway on comprehensive reforms to the medical care delivery system toward around 2040, in addition to the community healthcare vision. These discussions cover not only inpatient care but also outpatient and home care, as well as coordination with long-term care services. Specific initiatives under consideration include the promotion of medical digital transformation (DX), expansion of online medical consultations, measures to address the uneven distribution of physicians, and responses to the growing field of aesthetic medicine. In July 2025, the Ministry of Health, Labour and Welfare established the Study Group on Regional Medical Visions and Medical Plans and began discussions toward the formulation of the 9th Medical Care Plan.

Ship believes Japan's healthcare policy has undergone major shifts roughly every 15 years, with 1985 (the first revision), 2000 (the fourth revision), and 2014 (the sixth revision) as key milestones. The first revision slowed growth in hospital beds; the fourth revision, alongside the launch of the Long-Term Care Insurance (LTCI) system, led to broad legal changes and reshaped the healthcare market; and the sixth revision marked a shift in policy emphasis from quantitative controls to qualitative controls through the community healthcare vision. The seventh revision further advanced reforms aimed at realizing a community-based integrated care system.

Hospital management

As the Japanese government pushed forward with its healthcare policies, the number of hospitals peaked at 10,096 in 1990 and continued to decline, reaching 8,205 in 2021. The majority of the hospitals that closed likely exited the market due to succession issues. Hospital management has also faced pressure from repeated NHI medical fee cuts, with particularly severe reductions between 2000 and 2005 posing significant challenges. Business conditions worsened further starting in 2019, when the timing of NHI medical fee revisions changed from once every two years to once a year. Additional challenges included the consumption tax hike from 8% to 10% in October 2019, as well as the burden on the healthcare system from pandemic response measures and physician workstyle reforms since 2020. This challenging environment has persisted.

Progressing consolidation of public hospitals

In 2024, Japan had 844 public hospitals with a total of 198,549 beds. Reforms have been underway since new guidelines were released in 2015, updating the previous guidelines issued in December 2007 in response to challenging business conditions. As of March 2017, 93% of hospitals, or 800 hospitals, had formulated reform plans and begun implementing them. Public hospitals account for a larger share of all hospitals in rural areas, making reform an urgent priority.

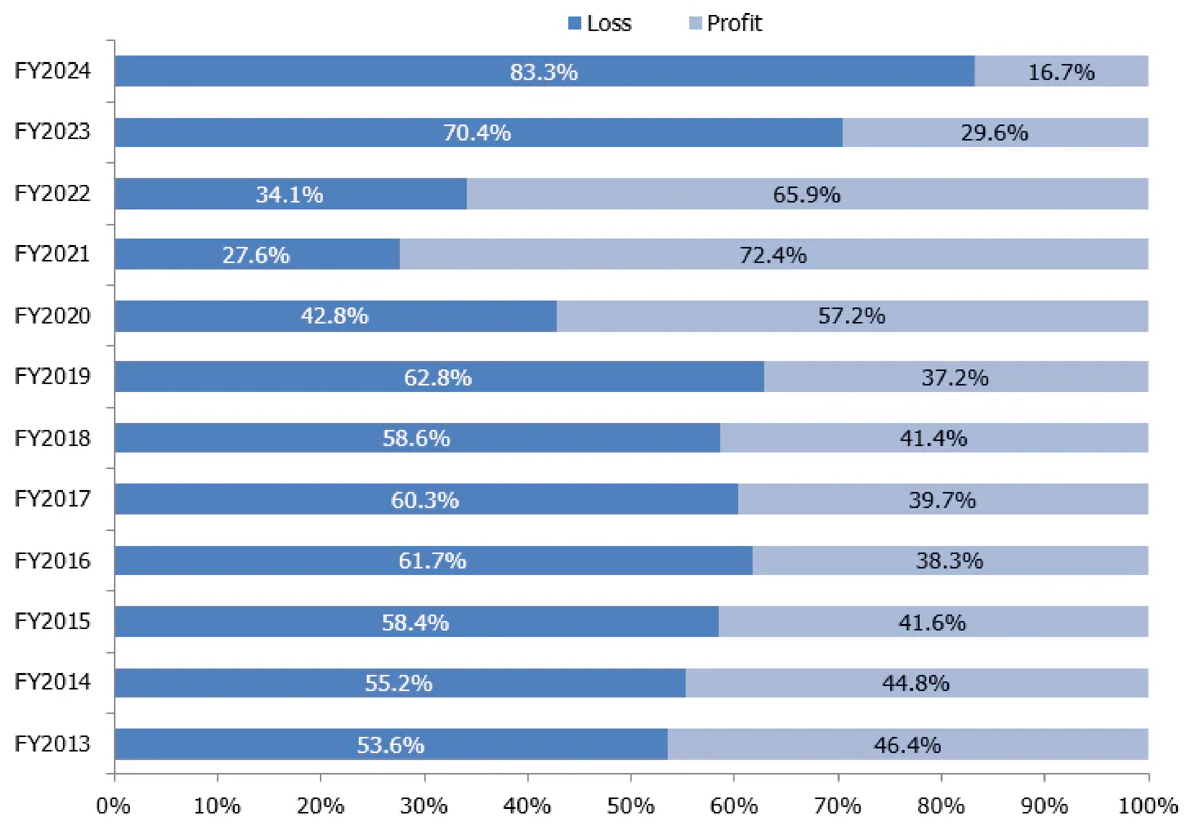
Public hospitals: Hospitals run by municipal enterprises, public universities, or local incorporated administrative agencies. This category does not include national hospitals and quasi-public hospitals such as Japanese Red Cross Society and JA Kouseiren hospitals.

Number of public hospitals and beds

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public hospitals	983	975	961	943	931	917	908	897	892	881
Beds	235,510	233,784	230,923	228,280	224,615	221,866	219,474	217,392	216,374	213,556
	2015	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Public hospitals	886	873	867	865	857	853	849	853	854	844
Beds	212,606	210,023	209,298	207,228	205,259	203,882	201,893	202,765	201,916	198,549

Source: Shared Research based on materials concerning initiatives for public hospital reforms published by the Local Public Finance Bureau of the Ministry of Internal Affairs and Communications

Trends in percentage of all hospitals that recorded recurring profit/loss



Source: Shared Research based on Ministry of Internal Affairs and Communications Local Public Finance Bureau, "Current status of public hospitals and public hospital reform"

Looking at the percentage of hospitals that recorded recurring profits or losses, roughly 60% of hospitals operated at a loss through FY2018. However, financial conditions improved sharply in FY2021 and remained relatively stable in FY2022, with fewer hospitals in the red. Conditions deteriorated sharply again in FY2023 and worsened further in FY2024. Shared Research attributes the earlier improvement primarily to financial support provided by national and local governments for COVID-19 countermeasures, and the subsequent decline to the phasing out of these measures. The table below shows that smaller facilities tended to have weaker management performance.

The new guidelines are pushing for reforms to improve management efficiency, promote consolidation and networking, and review management structures. Public hospitals have received various forms of financial assistance funded by the Local Allocation Tax. However, the new guidelines change the basis for calculating tax funding from the total number of beds to the number of operating beds, with interim measures to ease the transition. Previously, the basic allowance was JPY755,000 per bed, with allowances of JPY1.3mn or JPY842,000 per bed in unprofitable areas and JPY396,000 per bed for rehabilitation hospitals. This change could lead to a sharp decline in revenue for some regional public hospitals that have idle beds due to shortages of doctors and nurses. As a result, these hospitals are being forced to integrate or reorganize. In this way, government policy is setting the stage for consolidation in the healthcare industry, including the use of hospital construction bonds.

Hospital construction bonds: For example, if building a 300-bed hospital at a cost of JPY10bn, when the bonds are issued by a single entity, 50% (JPY5bn) is repaid from hospital revenue and the other 50% from the municipal government's general account, with half of that portion (25%) covered by Local Allocation Tax. If two or more hospitals are integrated/reorganized, 34% (JPY3.4bn) is repaid from hospital revenue and the remaining 66% from the municipal government's general account, with 40% of the total covered by Local Allocation Tax. Thus, the framework creates a clear financial incentive to integrate hospitals.

Business conditions of public general hospitals by size

(JPYbn)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
500 beds or more	19.3	6.0	-2.9	2.6	-0.2	-17.1	58.4	124.6	60.9	-58.4	-121.5
400–499 beds	1.6	-3.3	-11.3	-13.8	-12.4	-9.0	35.5	62.0	35.5	-34.4	-70.4
300–399 beds	-8.9	-18.8	-17.6	-24.0	-27.1	-21.9	22.0	73.4	50.5	-47.9	-82.7
200–299 beds	-8.7	-9.9	-15.2	-19.9	-15.3	-13.4	6.8	28.0	16.5	-35.3	-55.0
100–199 beds	-18.6	-15.7	-9.3	-17.7	-18.6	-16.7	2.0	28.5	23.0	-24.9	-45.6
1–99 beds	-4.7	-4.2	-5.4	-4.6	-5.9	-7.2	0.1	9.1	4.6	-9.0	-19.9

Source: Shared Research based on data from the Ministry of Health, Labour and Welfare

Rebuilding demand

Rebuilding demand is also emerging for hospitals built before hospital bed restrictions came into effect, many of which are now over 50 years old. Ship estimates that, of 1,867 advanced acute-care hospitals as of 2013, 13% (239) are targets for rebuilding (either 40 years old or more, or currently being rebuilt), while 29% (548) are potential candidates (20–39 years old). Ship expects the number of such hospitals to rise toward the 2030s, when patient numbers are projected to peak, supporting steady demand for hospital rebuilding alongside demand for beds.

Hospital management and consulting

In the 1990s, Japan had over 10,000 hospitals with 20 or more beds, but the number had declined to 8,327 by 2019. Hospital management has become more challenging amid an aging population, hospital bed shortages, hospital management reforms, and deterioration of older facilities. In Japan, with its universal care system, hospitals earn more by increasing patient stay as much as possible. However, this practice has become so widespread that it has strained the national budget. Consequently, the Japanese government is implementing a policy to limit the number of days a patient can stay in the hospital and increase patient turnover.

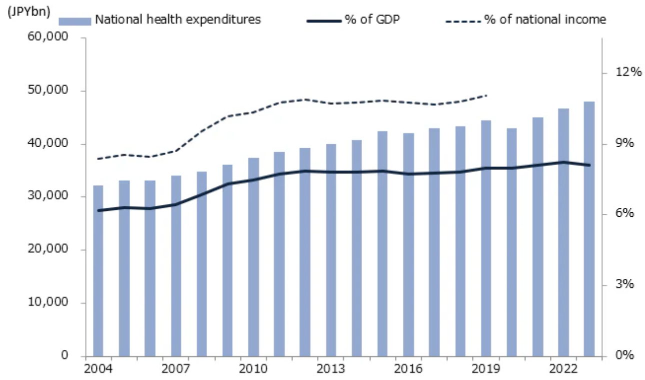
According to an OECD study, Japan has significantly longer average hospital stays for acute care compared to other countries. These conditions are likely to generate demand for the company's medical consulting services. Another factor contributing to the growth of medical consulting services is the heightened need for more specialist hospitals. The company can apply the knowledge and expertise acquired in its consulting and one-stop-solution facility services for building general hospitals to specialist hospitals as well.

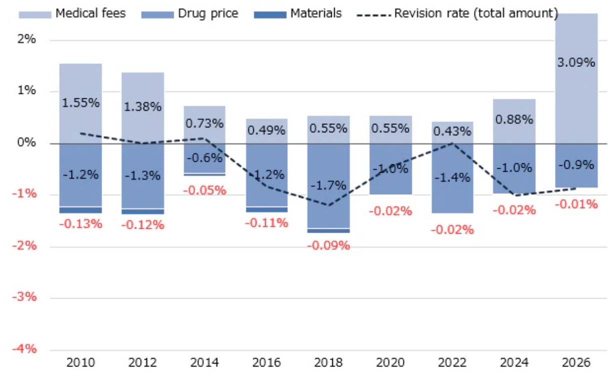
Medical equipment demand

While medical costs are on the rise, with aggregate costs surpassing JPY40tn per year, the Ministry of Health, Labour and Welfare conducts a revision of medical fees, drug prices, and medical reimbursements every other year to reduce medical costs (every year since FY2020). These revisions have had a significant impact on the industry, as evidenced by the substantial price reductions between 2001 and 2006 that triggered major restructuring within the pharmaceutical and drug wholesaling industries.

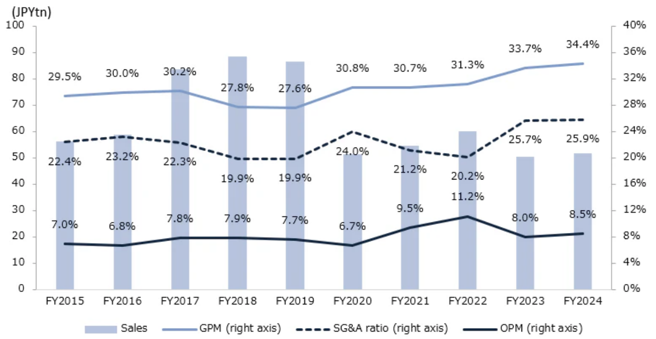
While the medical equipment wholesaling industry has been subject to the same pressure, its realignment has not been spearheaded by manufacturers, as in the drug wholesaling industry, because the range of equipment types and prices is diverse and the market has strong regional characteristics, whereas the drug wholesaling business typically handles products with fixed prices that are shipped on a regular basis. In addition, the medical equipment wholesaling industry includes numerous distributors that specialize in cardiovascular and other equipment. Shared Research believes that sales per company are rising as industry realignment progresses, but it will take time to see improvements in profitability, such as OPM, due to the ongoing challenging business environment.

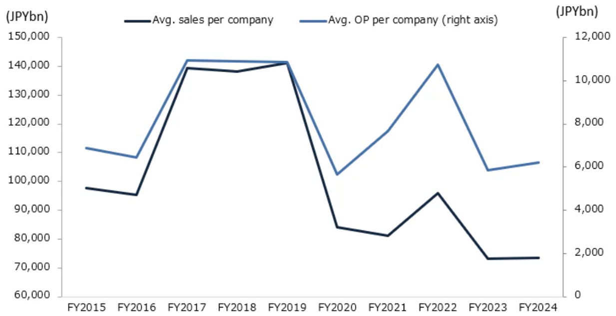
National health expenditures and revision of medical fees, prices of drugs, and reimbursements (materials)





Medical equipment market





Source: Shared Research based on "Statistics on Pharmaceutical and Medical Device Industry" from Ministry of Health, Labour and Welfare

Barriers to entry

Shared Research believes the biggest barrier to entry in the development of medical consultants is the time required. Since its establishment in 1992, Ship has hired about 15 new graduates each year, increasing to 25 new graduates annually since 2011. However, after gaining 10 years of experience, only about three to five of them can become independent project leaders. In medical consulting, no patented technologies or methods exist, and Shared Research understands that differentiation is achieved through the accumulated expertise of each consultant.

From this perspective, Shared Research views the company's medical consulting personnel as a significant barrier to entry for other companies. Additionally, in the medical field, technical teams related to medical devices are also necessary, and Ship has sufficient personnel in this area as well. While the medical field is regulated by laws such as the Medical Care Act and the Pharmaceutical Affairs Law, which could be considered formal barriers to entry, Shared Research believes the authorization system itself is unlikely to be a substantial barrier. Therefore, it is possible for new entrants to establish a medical consulting system.

In fact, a medical supply distributor—which has been invested in by general trading company Mitsubishi Corporation (TSE Prime: 8058) and other companies—has entered the market. However, it will take a significant amount of time for such new entrants to train consultants and for them to gain sufficient experience to provide a comparable level of quality consulting. Accordingly, Shared Research believes that it will be difficult for new entrants to surpass Ship. The company also notes that personal relationships are important for the hospital consulting business, and it is not easy for new entrants to build relationships similar to those enjoyed by Ship employees. From these perspectives, Shared Research believes the barriers to entry in the medical consulting field are formidable.

Competition

Restructuring of medical supply distributors

Amid accelerated industry restructuring, Ship is taking a proactive stance toward acquisitions in the Medical Supply and Dispensing Pharmacy segments to facilitate future growth. Although the company's M&A efforts were hindered by its public stock offering in October 2014, it subsequently accelerated its pace with acquisitions in various fields. In March 2015, it acquired a distributor specializing in cardiovascular products with annual sales of JPY5.0bn at the time of acquisition. In August 2015, it acquired Nishino Ikakikai Co., Ltd., a distributor specializing in the orthopedics field with annual sales of JPY9.0bn. In April 2016, it acquired Konishi Kyowa Holdings, which plays an important role in the Medical Supply business. In FY03/23, Ship consolidated Kingrun and its group companies, which have annual sales of JPY26.2bn. Additionally, the company has selected and acquired profitable mid-tier dispensing pharmacies in the Dispensing Pharmacy segment.

Ship believes acquisitions are being driven by declining medical fees for catheters and other treatment materials, as well as growing scrutiny of distribution costs from the Ministry of Health, Labour and Welfare. The company expects alliances and industry restructuring among regional specialty distributors to accelerate and plans to participate in acquisitions. The company aims to address the increasing shortage of pharmacists in the Dispensing Pharmacy segment, where restructuring is already underway.

Major medical supply distributors (FY03/26)

	Sales	Core companies	Location
Ship Healthcare Group	JPY96.4bn	Green Hospital Supply	Osaka
Medius Group	JPY288.7bn	Medius Holdings (TSE Prime: 3154)	Shizuoka
MC Healthcare, Inc.	Approx. JPY119bn	MC Healthcare (unlisted)	Tokyo
Yagami Group	Approx. JPY166bn	Yagami (unlisted)	Aichi
Mutoh Group	Approx. JPY179bn	Mutoh (unlisted)	Hokkaido
Miyano Group	Approx. JPY135bn	Miyano Medical Instruments (unlisted)	Hyogo
Olba Group	JPY122.7bn	Olba Healthcare (TSE Standard: 2689)	Okayama

Source: Shared Research based on company materials

In the medical consulting field, MC Healthcare Holdings (a Mitsubishi Corporation group company) is a direct competitor, but compared with others in the industry, Ship provides more complete and continuous consulting. Ship suggests that if the market forces weaker peers to exit, competitive pressure should ease.

Further, Ship has exposure to the medical equipment distribution business; it also sells materials for medical examinations and medical-use consumables. In the distribution businesses, direct listed competitors include Yamashita Health Care Holdings, Inc. (TSE Standard: 9265), Medius Holdings Co. (TSE Prime: 3154), and WIN-Partners Co., Ltd. (TSE Prime: 3183), along with many unlisted companies. Some of the larger unlisted competitors are Mutoh Co., Ltd., Yagami Co., Ltd., and Miyano Medical Instruments Co., Ltd.

Ranking of medical supply distributors

Company	Fiscal year-end	Revenue (JPYmn)
Ship Healthcare Holdings, Inc.	FY03/26	718,163
MC Healthcare, Inc.	FY03/25	119,292
Mutoh Co., Ltd.	FY06/25	179,300
Yagami Co., Ltd.	FY12/25	165,800
Miyano Medical Instruments Co., Ltd.	FY04/25	134,766
Kuribara Medical Instruments Co., Ltd.	FY06/24	98,100
MM Corp.	FY03/26	66,036
Kyowa Medical Corp.	FY06/25	97,270
ITI K.K.	FY06/25	119,314

Source: Shared Research based on company materials
Notes: MC Healthcare is a consolidated subsidiary of Mitsubishi Corporation, which owns an 80% equity stake. Kuribara Medical Instruments is a wholly owned subsidiary of Medius Holdings.
Sales figures are based on the latest results shown on each company's website and other materials.

Strategy

Ship focuses on leveraging its expertise, cultivated from years of experience in hospital facility engineering consulting, particularly through its Total Pack Produce business. Its aim is to evolve into a company that provides comprehensive services, including engineering, products, and medical materials, to hospitals across Japan.

The company has been shifting its business focus from simply increasing earnings—which leaves it vulnerable to pricing pressures—to stronger cost control. The group restructuring that began in FY03/25 is part of this transition. This shift reflects a change in management emphasis from individual transactions to broader, long-term relationships and contracts with customers. Ship is currently developing a system that enables it to offer comprehensive solutions while building an earnings structure that maintains stable profitability. Shared Research believes the company can effectively retain customers by leveraging the experience of its subsidiaries in building integrated information management systems (both in-hospital and external SPD) and its medical engineering consulting expertise.

The company's manufacturing functions, which have been enhanced in recent years, have become one of the pillars of its future competitive strategy. By linking manufacturing functions with project consulting, the company's business is not limited to consulting for one-off projects but also includes the provision of continuous services, such as supply services to hospital facilities, even after project completion. This allows the company to build long-term relationships with customers. Going forward, the company is exploring entry into overseas markets such as Vietnam and Turkey, laying the groundwork to grow into a global niche specialist company.

Historical performance and financial statements

Income statement

Income statement (JPYmn)	FY03/17 Cons.	FY03/18 Cons.	FY03/19 Cons.	FY03/20 Cons.	FY03/21 Cons.	FY03/22 Cons.	FY03/23 Cons.	FY03/24 Cons.	FY03/25 Cons.	FY03/26 Cons.
Sales	**408,487**	**425,566**	**444,048**	**484,395**	**497,156**	**514,353**	**572,285**	**630,988**	**678,229**	**718,163**
Total Pack Produce	95,245	98,064	99,441	100,688	104,355	99,539	121,868	133,717	133,167	136,604
Medical Supply	263,528	274,058	290,363	325,664	341,157	360,635	386,335	428,451	474,919	509,569
Life Care	21,167	22,724	23,500	23,929	24,571	25,247	33,581	36,099	36,674	37,322
Dispensing Pharmacy	24,134	25,789	25,585	27,050	27,070	28,930	30,499	32,719	33,468	34,666
YoY	33.1%	4.2%	4.3%	9.1%	2.6%	3.5%	11.3%	10.3%	7.5%	5.9%
Total Pack Produce	-6.8%	3.0%	1.4%	1.3%	3.6%	-4.6%	22.4%	9.7%	-0.4%	2.6%
Medical Supply	66.6%	4.0%	5.9%	12.2%	4.8%	5.7%	7.1%	10.9%	10.8%	7.3%
Life Care	5.9%	7.4%	3.4%	1.8%	2.7%	2.8%	33.0%	7.5%	1.6%	1.8%
Dispensing Pharmacy	-1.8%	6.9%	-0.8%	5.7%	0.1%	6.9%	5.4%	7.3%	2.3%	3.6%
Cost of sales	363,993	378,484	397,396	434,768	442,670	460,709	511,667	565,380	611,486	651,459
Gross profit	**44,494**	**47,082**	**46,652**	**49,627**	**54,486**	**53,643**	**60,617**	**65,607**	**66,743**	**66,703**
Gross profit margin	10.9%	11.1%	10.5%	10.2%	11.0%	10.4%	10.6%	10.4%	9.8%	9.3%
SG&A expenses	28,438	28,822	28,699	30,832	32,685	33,138	39,473	41,068	41,964	42,221
SG&A ratio	7.0%	6.8%	6.5%	6.4%	6.6%	6.4%	6.9%	6.5%	6.2%	5.9%
Operating profit	**16,055**	**18,259**	**17,952**	**18,794**	**21,800**	**20,505**	**21,144**	**24,539**	**24,779**	**24,482**
Total Pack Produce	9,889	10,150	9,794	9,620	9,781	9,265	9,024	11,805	12,017	10,812
Medical Supply	3,318	4,161	4,191	5,035	6,958	6,209	6,666	6,513	6,970	7,484
Life Care	634	955	1,625	1,770	2,237	2,407	2,055	2,606	2,189	2,216
Dispensing Pharmacy	2,284	2,826	2,193	2,661	2,884	3,200	3,256	3,530	3,426	4,004
Eliminations, company-wide	-148	-137	-273	-742	-61	-577	141	78	175	-35
YoY	14.3%	13.7%	-1.7%	4.7%	16.0%	-5.9%	3.1%	16.1%	1.0%	-1.2%
Total Pack Produce	2.1%	2.6%	-3.5%	-1.8%	1.7%	-5.3%	-2.6%	30.8%	1.8%	-10.0%
Medical Supply	44.3%	25.4%	0.7%	20.1%	38.2%	-10.8%	7.4%	-2.3%	7.0%	7.4%
Life Care	319.9%	50.6%	70.2%	8.9%	26.4%	7.6%	-14.6%	26.8%	-16.0%	1.2%
Dispensing Pharmacy	0.4%	23.7%	-22.4%	21.3%	8.4%	11.0%	1.8%	8.4%	-2.9%	16.9%
Operating profit margin	3.9%	4.3%	4.0%	3.9%	4.4%	4.0%	3.7%	3.9%	3.7%	3.4%
Total Pack Produce	10.4%	10.4%	9.8%	9.6%	9.4%	9.3%	7.4%	8.8%	9.0%	7.9%
Medical Supply	1.3%	1.5%	1.4%	1.5%	2.0%	1.7%	1.7%	1.5%	1.5%	1.5%
Life Care	3.0%	4.2%	6.9%	7.4%	9.1%	9.5%	6.1%	7.2%	6.0%	5.9%
Dispensing Pharmacy	9.5%	11.0%	8.6%	9.8%	10.7%	11.1%	10.7%	10.8%	10.2%	11.6%
Non-operating income	1,115	1,098	1,112	1,502	1,430	1,473	1,104	1,838	2,131	2,625
Non-operating expenses	692	422	532	365	1,468	691	1,641	1,158	887	775
Recurring profit	**16,478**	**18,935**	**18,532**	**19,931**	**21,761**	**21,287**	**20,607**	**25,219**	**26,023**	**26,331**
YoY	11.8%	14.9%	-2.1%	7.5%	9.2%	-2.2%	-3.2%	22.4%	3.2%	1.2%
Recurring profit margin	4.0%	4.4%	4.2%	4.1%	4.4%	4.1%	3.6%	4.0%	3.8%	3.7%
Extraordinary gains	794	82	61	194	35	3	94	833	2,079	107
Extraordinary losses	1,193	1,604	102	255	561	486	35	4,189	3,775	3,332
Income taxes	6,535	6,924	7,407	8,041	8,873	8,418	9,061	8,116	9,353	9,597
Net income attributable to non-controlling interests	132	138	-152	25	82	213	-458	-52	-153	115
Net income	**9,410**	**10,350**	**11,236**	**11,803**	**12,280**	**12,172**	**12,063**	**13,799**	**15,128**	**13,394**
YoY	6.4%	10.0%	8.6%	5.0%	4.0%	-0.9%	-0.9%	14.4%	9.6%	-11.5%
Net margin	2.3%	2.4%	2.5%	2.4%	2.5%	2.4%	2.1%	2.2%	2.2%	1.9%

Source: Shared Research based on company materials
Note: Figures may differ from company materials due to differences in rounding methods.

Balance sheet

Balance sheet	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25	FY03/26
(JPYmn)	**Cons.**	**Cons.**	**Cons.**	**Cons.**	**Cons.**	**Cons.**	**Cons.**	**Cons.**	**Cons.**	**Cons.**
Cash and deposit	49,444	59,644	72,393	78,717	73,907	73,808	80,839	85,072	77,502	80,566
Accounts receivable	95,657	99,090	101,207	99,234	117,800	109,399	127,083	121,689	132,758	137,363
Inventories	13,837	14,950	16,153	16,385	18,723	22,105	26,669	26,774	28,858	30,457
Other	15,492	19,804	11,818	16,163	11,460	21,217	22,650	26,488	20,339	22,213
Current assets	**174,430**	**193,488**	**201,571**	**210,499**	**221,890**	**226,529**	**257,241**	**260,023**	**259,457**	**270,599**
Tangible fixed assets	53,483	55,770	54,652	57,014	57,941	57,995	65,127	63,305	58,960	56,663
Intangible assets	12,208	11,780	10,333	9,520	10,581	9,354	16,149	14,855	12,731	11,720
Investments and other assets	23,402	24,398	32,654	31,838	44,085	41,195	43,458	49,377	50,553	46,125
Total fixed assets	**89,093**	**91,949**	**97,640**	**98,373**	**112,607**	**108,545**	**124,735**	**127,538**	**122,245**	**114,510**
Total assets	**263,540**	**285,438**	**299,212**	**308,873**	**334,498**	**335,074**	**381,977**	**387,562**	**381,702**	**385,109**
Accounts payable	86,307	88,716	106,143	109,719	123,690	122,244	138,505	147,073	157,137	164,639
Short-term debt	6,770	7,646	5,998	5,490	7,174	6,208	32,367	7,471	6,720	4,762
Other	33,300	41,566	16,035	17,906	21,078	19,919	26,148	26,621	24,156	26,513
Current liabilities	**126,377**	**137,928**	**128,176**	**133,115**	**151,942**	**148,371**	**197,020**	**181,165**	**188,013**	**195,914**
Long-term debt	36,146	36,765	64,866	62,078	57,787	55,011	41,571	50,459	30,620	25,606
Other	7,384	8,389	8,434	8,998	9,664	9,373	12,271	13,711	12,788	11,161
Non-current liabilities	**43,530**	**45,154**	**73,300**	**71,076**	**67,451**	**64,384**	**53,842**	**64,170**	**43,408**	**36,767**
Total liabilities	**169,908**	**183,083**	**201,477**	**204,191**	**219,394**	**212,756**	**250,862**	**245,335**	**231,421**	**232,681**
Shareholders' equity	89,881	97,428	92,399	99,841	107,483	115,899	123,718	133,597	144,008	146,679
Valuation and translation adjustments	1,503	2,451	3,079	2,019	3,923	1,503	2,978	5,863	5,182	4,468
Non-controlling interests	2,247	2,474	2,314	2,897	3,663	4,028	3,077	2,699	1,203	1,357
Net assets	**93,632**	**102,354**	**97,734**	**104,681**	**115,103**	**122,318**	**131,115**	**142,216**	**150,280**	**152,428**
Total liabilities and net assets	**263,540**	**285,438**	**299,212**	**308,873**	**334,498**	**335,074**	**381,977**	**387,562**	**381,702**	**385,109**
Working capital	23,187	25,324	11,217	5,900	12,833	9,260	15,247	1,390	4,479	3,181
Interest-bearing debt	42,916	44,411	70,864	67,568	64,961	61,219	73,938	57,930	37,340	30,368
Net debt	-6,528	-15,233	-1,529	-11,149	-8,946	-12,589	-6,901	-27,142	-40,162	-50,198
ROA (RP-based)	6.8%	6.9%	6.3%	6.6%	6.8%	6.4%	5.7%	6.6%	6.8%	6.9%
ROE	10.9%	10.8%	11.5%	12.0%	11.5%	10.6%	9.8%	10.3%	10.5%	8.9%
Total asset turnover	1.6	1.5	1.5	1.6	1.5	1.5	1.5	1.6	1.8	1.9
Inventory turnover	26.3	25.3	24.6	26.5	23.6	20.8	19.2	21.1	21.2	21.4
Days in inventory	13.9	14.4	14.8	13.8	15.4	17.5	19.0	17.3	17.2	17.1
Quick ratio	114.8%	115.1%	135.4%	133.7%	126.2%	123.5%	105.5%	114.1%	111.8%	111.2%
Current ratio	138.0%	140.3%	157.3%	158.1%	146.0%	152.7%	130.6%	143.5%	138.0%	138.1%
Equity ratio	34.7%	35.0%	31.9%	33.0%	33.3%	35.3%	33.5%	36.0%	39.1%	39.2%
Net debt / Equity	-7.1%	-15.3%	-1.6%	-11.0%	-8.0%	-10.6%	-5.4%	-19.5%	-26.9%	-33.2%

Source: Shared Research based on company materials
Note: Figures may differ from company materials due to differences in rounding methods.

Cash flow statement

Statement of cash flows	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25	FY03/26
(JPYmn)	**Cons.**	**Cons.**	**Cons.**	**Cons.**	**Cons.**	**Cons.**	**Cons.**	**Cons.**	**Cons.**	**Cons.**
Cash flows from operating activities (1)	15,311	20,204	10,534	24,010	19,772	12,428	14,105	31,609	20,384	22,078
Cash flows from investing activities (2)	-5,709	-6,640	-7,678	-4,264	-19,289	-3,870	-6,774	-7,202	-4,025	-2,075
FCF (1+2)	**9,602**	**13,564**	**2,856**	**19,746**	**483**	**8,558**	**7,331**	**24,407**	**16,359**	**20,003**
Cash flows from financing activities	3,543	-3,347	9,828	-8,416	-10,465	-8,842	-1,022	-20,482	-24,622	-16,334
Depreciation and goodwill amortization (A)	4,669	4,185	4,503	4,853	5,127	5,488	7,450	7,435	7,369	7,241
Capital expenditures (B)	-5,920	-5,885	-3,019	-3,812	-5,010	-3,470	-3,908	-3,516	-4,182	-4,715
Change in working capital (C)	5,140	2,137	-14,107	-5,317	6,933	-3,573	5,987	-13,857	3,089	-1,298
Simple free cash flow (NI + A +B -C)	**3,019**	**6,513**	**26,827**	**18,161**	**5,464**	**17,763**	**9,618**	**31,575**	**15,226**	**17,218**

Source: Shared Research based on company materials
Note: Figures may differ from company materials due to differences in rounding methods.

Historical financial statements

Full-year FY03/26 results (out May 12, 2026)

Full-year FY03/26 results (April 2025–March 2026)

- Sales: JPY718.2bn (+5.9% YoY)

- Operating profit: JPY24.5bn (-1.2% YoY)
- Recurring profit: JPY26.3bn (+1.2% YoY)
- Net income attributable to owners of the parent: JPY13.4bn (-11.5% YoY)

Business environment

In Japan, employment and income levels continued to improve. However, uncertainty over the economic outlook remained due to persistently high energy prices, rising commodity prices, and the impact of trade policies in various countries.

In the healthcare industry, medical institutions continued to face a challenging business environment due to rising prices, higher personnel expenses, and labor shortages. In this environment, medical institutions needed to promote healthcare digital transformation (DX), improve operational efficiency, and establish a sustainable healthcare delivery system. Against this backdrop, FY03/26 marked the first year of the medium-term management plan, Ship Vision 2030. The company pursued portfolio-based management, with optimization of groupwide management resources as its core policy, while proactively advancing three priority initiatives: creating new businesses, restructuring and integration, and expansion into growth areas.

Results overview

Full-year sales increased 5.9% YoY. Sales exceeded initial targets and increased YoY in all segments.

Gross profit declined 0.1% YoY, and GPM was 9.3% (-0.5pp YoY), affected by a deterioration in the sales mix due to lower sales in the Total Pack Produce segment. SG&A expenses rose 0.6% YoY to JPY42.2bn. As a result, operating profit declined 1.2% YoY, and OPM was 3.4% (-0.3pp YoY).

Sales reached 102.6% of the full-year target, operating profit 94.2%, recurring profit 99.4%, and net income 86.4%. Sales exceeded the company's targets in all segments, but profit was weighed down by the absence of earnings from the completion and sale of highly profitable senior condominium units in the Total Pack Produce segment, higher parts prices in the manufacturing business, and higher expenses in the Life Care segment, including increased utility and labor costs. Recurring profit increased YoY due to foreign exchange gains and other factors.

Results by segment

Total Pack Produce segment

Segment performance

Total Pack Produce	FY03/24				FY03/25				FY03/26			
(JPYmn)	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1	Q1–Q2	Q1–Q3	Q1–Q4
Sales	27,876	56,665	84,574	133,717	25,307	48,083	87,245	133,167	23,834	51,156	89,898	136,604
YoY	66.9%	16.5%	8.6%	9.7%	-9.2%	-15.1%	3.2%	-0.4%	-5.8%	6.4%	3.0%	2.6%
Operating profit	1,326	3,443	5,738	11,805	1,098	2,498	6,580	12,017	466	2,417	4,984	10,812
YoY	112.5%	28.3%	17.1%	30.8%	-17.2%	-27.4%	14.7%	1.8%	-57.6%	-3.2%	-24.3%	-10.0%
Operating profit margin	4.8%	6.1%	6.8%	8.8%	4.3%	5.2%	7.5%	9.0%	2.0%	4.7%	5.5%	7.9%
Number of projects		15		39		9		-		-		-
Quarterly	FY03/24				FY03/25				FY03/26			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	27,876	28,789	27,909	49,143	25,307	22,776	39,162	45,922	23,834	27,322	38,742	46,706
YoY	66.9%	-9.9%	-4.6%	11.8%	-9.2%	-20.9%	40.3%	-6.6%	-5.8%	20.0%	-1.1%	1.7%
Operating profit	1,326	2,117	2,295	6,067	1,098	1,400	4,082	5,437	466	1,951	2,567	5,828
YoY	112.5%	2.8%	3.6%	47.1%	-17.2%	-33.9%	77.9%	-10.4%	-57.6%	39.4%	-37.1%	7.2%
Operating profit margin	4.8%	7.4%	8.2%	12.3%	4.3%	6.1%	10.4%	11.8%	2.0%	7.1%	6.6%	12.5%

Source: Shared Research based on company data

- Segment sales (external; all references to segment sales are external sales): JPY136.6bn (+2.6% YoY)
- Segment profit: JPY10.8bn (-10.0% YoY)

Summary

In the Total Pack Produce segment, sales increased while profit declined YoY. Project schedules in FY03/26 were more heavily weighted toward 2H than in recent years. In addition, the company booked one-time expenses in 1H, including M&A fees, which also weighed on profitability.

Segment sales increased 2.6% YoY. Sales from construction projects rose, but the segment also saw delays in deliveries of materials for facility upgrade projects, as well as higher parts prices and production delays in the manufacturing business. Segment profit declined 10.0% YoY, and the segment profit margin was 7.9% (-1.1pp YoY). Segment sales fell short of the initial target, while profit was affected by one-time expenses such as M&A fees, as well as the absence of earnings from the completion and sale of a large senior condominium project recognized in FY03/25.

Medical Supply segment

Segment performance

Medical Supply	FY03/24				FY03/25				FY03/26			
(JPYmn)	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1	Q1–Q2	Q1–Q3	Q1–Q4
Sales	101,771	205,922	316,849	428,451	112,613	227,091	352,223	474,919	121,896	246,756	378,475	509,569
YoY	12.5%	11.5%	12.3%	10.9%	10.7%	10.3%	11.2%	10.8%	8.2%	8.7%	7.5%	7.3%
Operating profit	1,245	2,800	4,609	6,513	963	2,536	4,206	6,970	1,178	2,835	4,758	7,484
YoY	26.5%	4.2%	5.4%	-2.3%	-22.7%	-9.4%	-8.7%	7.0%	22.3%	11.8%	13.1%	7.4%
Operating profit margin	1.2%	1.4%	1.5%	1.5%	0.9%	1.1%	1.2%	1.5%	1.0%	1.1%	1.3%	1.5%
Quarterly	FY03/24				FY03/25				FY03/26			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	101,771	104,151	110,927	111,602	112,613	114,478	125,132	122,696	121,896	124,860	131,719	131,094
YoY	12.5%	10.5%	13.7%	7.2%	10.7%	9.9%	12.8%	9.9%	8.2%	9.1%	5.3%	6.8%
Operating profit	1,245	1,555	1,809	1,904	963	1,573	1,670	2,764	1,178	1,657	1,923	2,726
YoY	26.5%	-8.7%	7.4%	-17.0%	-22.7%	1.2%	-7.7%	45.2%	22.3%	5.3%	15.1%	-1.4%
Operating profit margin	1.2%	1.5%	1.6%	1.7%	0.9%	1.4%	1.3%	2.3%	1.0%	1.3%	1.5%	2.1%

Source: Shared Research based on company data

- Segment sales: JPY509.6bn (+7.3% YoY)
- Segment profit: JPY7.5bn (+7.4% YoY)

Summary

Segment sales rose 7.3% YoY. The 24 SPD facilities that began operations in FY03/25 performed steadily. In addition, five newly contracted SPD facilities began operations, and the company also launched bundled SPD projects involving package contracts covering multiple hospitals operated by different entities. However, some hospitals postponed equipment purchases amid continued challenging management conditions. Segment profit increased 7.4% YoY in line with sales growth, and the segment profit margin was 1.5% (unchanged YoY).

Life Care segment

Segment performance

Life Care	FY03/24				FY03/25				FY03/26			
(JPYmn)	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1	Q1–Q2	Q1–Q3	Q1–Q4
Sales	8,920	18,010	27,233	36,099	9,135	18,268	27,621	36,674	9,234	18,542	28,158	37,322
YoY	30.6%	16.4%	11.9%	7.5%	2.4%	1.4%	1.4%	1.6%	1.1%	1.5%	1.9%	1.8%
Operating profit	564	1,293	2,060	2,606	620	1,155	1,746	2,189	415	1,017	1,707	2,216
YoY	6.2%	16.4%	20.5%	26.8%	9.9%	-10.7%	-15.2%	-16.0%	-33.1%	-11.9%	-2.2%	1.2%
Operating profit margin	6.3%	7.2%	7.6%	7.2%	6.8%	6.3%	6.3%	6.0%	4.5%	5.5%	6.1%	5.9%
Nursing care occupancy	-	98.9%	-	98.9%	-	96.4%	-	98.9%	-	96.5%	-	-
Number of facilities		75		75		76		76		76		-
Capacity		4,762		4,753		4,876		4,874		4,874		-
Residents		4,710		4,703		4,700		4,698		4,702		-
Quarterly	FY03/24				FY03/25				FY03/26			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	8,920	9,090	9,223	8,866	9,135	9,133	9,353	9,053	9,234	9,308	9,616	9,164
YoY	30.6%	5.2%	4.1%	-4.2%	2.4%	0.5%	1.4%	2.1%	1.1%	1.9%	2.8%	1.2%
Operating profit	564	729	767	546	620	535	591	443	415	602	690	509
YoY	6.2%	25.7%	28.3%	57.8%	9.9%	-26.6%	-22.9%	-18.9%	-33.1%	12.5%	16.8%	14.9%
Operating profit margin	6.3%	8.0%	8.3%	6.2%	6.8%	5.9%	6.3%	4.9%	4.5%	6.5%	7.2%	5.6%

Source: Shared Research based on company data

- Segment sales: JPY37.3bn (+1.8% YoY)
- Segment profit: JPY2.2bn (+1.2% YoY)

Summary

Segment sales increased 1.8% YoY. In the Life Care segment, the company's long-term care facilities maintained high occupancy rates. In the food business, the number of facilities under contract with Dream Kitchen, a meal service for senior care facilities, increased.

Segment profit rose 1.2% YoY, and the segment profit margin was 5.9% (-0.1pp YoY). Although the company revised facility management fees in the life care business, operating costs increased due to higher utility and labor costs. In addition, the food business was affected by higher ingredient costs.

Dispensing Pharmacy segment

Segment performance

Dispensing Pharmacy	FY03/24				FY03/25				FY03/26			
(JPYmn)	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1	Q1–Q2	Q1–Q3	Q1–Q4
Sales	7,899	16,173	24,401	32,719	8,162	16,589	25,182	33,468	8,346	16,929	25,883	34,666
YoY	9.5%	9.9%	7.6%	7.3%	3.3%	2.6%	3.2%	2.3%	2.3%	2.0%	2.8%	3.6%
Operating profit	737	1,676	2,670	3,530	793	1,546	2,545	3,426	928	1,976	3,078	4,004
YoY	15.0%	18.1%	15.0%	8.4%	7.6%	-7.8%	-4.7%	-2.9%	17.0%	27.8%	20.9%	16.9%
Operating profit margin	9.3%	10.4%	10.9%	10.8%	9.7%	9.3%	10.1%	10.2%	11.1%	11.7%	11.9%	11.6%
Number of pharmacies		126		129		132		130		127		130
Quarterly	FY03/24				FY03/25				FY03/26			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	7,899	8,274	8,228	8,318	8,162	8,427	8,593	8,286	8,346	8,583	8,954	8,783
YoY	9.5%	10.3%	3.3%	6.4%	3.3%	1.8%	4.4%	-0.4%	2.3%	1.9%	4.2%	6.0%
Operating profit	737	939	994	860	793	753	999	881	928	1,048	1,102	926
YoY	15.0%	20.7%	10.1%	-7.9%	7.6%	-19.8%	0.5%	2.4%	17.0%	39.2%	10.3%	5.1%
Operating profit margin	9.3%	11.3%	12.1%	10.3%	9.7%	8.9%	11.6%	10.6%	11.1%	12.2%	12.3%	10.5%

Source: Shared Research based on company data

- Segment sales: JPY34.7bn (+3.6% YoY)
- Segment profit: JPY4.0bn (+16.9% YoY)

Summary

Segment sales rose 3.6% YoY. The group added four pharmacies through M&A and other initiatives.

Segment profit grew 16.9% YoY, and the segment profit margin was 11.6% (+1.4pp YoY). Profit growth was supported by efficiency initiatives, including reduced recruiting and business development expenses following the integration of four subsidiaries in April 2025, as well as the closure of five unprofitable pharmacies and the addition of five new pharmacies to the group.

Cumulative Q3 FY03/26 results (out February 6, 2026)

Cumulative Q3 FY03/26 results (April–December 2025)

- Sales: JPY522.4bn (+6.1% YoY)
- Operating profit: JPY14.5bn (-4.4% YoY)
- Recurring profit: JPY15.5bn (-6.5% YoY)
- Net income attributable to owners of the parent: JPY9.4bn (-10.8% YoY)

Business environment

In Japan, employment and income levels continue to improve. However, the economic outlook remains uncertain, as elevated energy prices, rising inflation, and the yen's continued depreciation still weigh heavily on households and corporate activity.

In the healthcare industry, while on-site cost inflation and labor shortages remain severe, the new Takaichi administration announced a supplementary budget and a support package for healthcare and long-term care, along with a favorable revision to medical fees, gradually brightening the outlook. Against this backdrop, FY03/26 marked the first year of the medium-term management plan, Ship Vision 2030, and the company pursued portfolio-based management—optimizing the use of group management resources as its core policy—while proactively advancing three priority initiatives: the creation of new businesses, restructuring and integration, and expansion into growth areas.

Results overview

Sales in cumulative Q3 increased 6.1% YoY, with all four business segments—Total Pack Produce, Medical Supply, Life Care, and Dispensing Pharmacy—posting YoY growth.

Gross profit came to JPY46.1bn (-0.2% YoY), and GPM fell to 8.8% (-0.6pp YoY). These declines mainly reflected the absence of condominium sales for seniors recorded in the Total Pack Produce segment in cumulative Q3 FY03/25, as well as higher facility operating costs in the Life Care segment due to inflation. SG&A expenses totaled JPY31.7bn (+1.9% YoY) and stayed under control despite costs related to the acquisition of Tec International Inc., supported by integration synergies among subsidiaries. As a result, operating profit declined 4.4% YoY and OPM fell to 2.8% (-0.3pp YoY), as continued profit growth in the Medical Supply and Dispensing Pharmacy segments was offset by profit declines in the Total Pack Produce and Life Care segments.

Against the full-year earnings forecast, progress through Q3 reached 74.6% for sales, 55.6% for operating profit, 58.3% for recurring profit, and 60.5% for net income. Overall, the company indicated results were in line with its initial projections, which assumed earnings would be weighted toward 2H.

Results by segment

Total Pack Produce segment

Segment performance

Total Pack Produce	FY03/24				FY03/25				FY03/26		
(JPYmn)	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1	Q1–Q2	Q1–Q3
Sales	27,876	56,665	84,574	133,717	25,307	48,083	87,245	133,167	23,834	51,156	89,898
YoY	66.9%	16.5%	8.6%	9.7%	-9.2%	-15.1%	3.2%	-0.4%	-5.8%	6.4%	3.0%
Operating profit	1,326	3,443	5,738	11,805	1,098	2,498	6,580	12,017	466	2,417	4,984
YoY	112.5%	28.3%	17.1%	30.8%	-17.2%	-27.4%	14.7%	1.8%	-57.6%	-3.2%	-24.3%
Operating profit margin	4.8%	6.1%	6.8%	8.8%	4.3%	5.2%	7.5%	9.0%	2.0%	4.7%	5.5%
Number of projects		15		39		9		-		-	
Quarterly	FY03/24				FY03/25				FY03/26		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Sales	27,876	28,789	27,909	49,143	25,307	22,776	39,162	45,922	23,834	27,322	38,742
YoY	66.9%	-9.9%	-4.6%	11.8%	-9.2%	-20.9%	40.3%	-6.6%	-5.8%	20.0%	-1.1%
Operating profit	1,326	2,117	2,295	6,067	1,098	1,400	4,082	5,437	466	1,951	2,567
YoY	112.5%	2.8%	3.6%	47.1%	-17.2%	-33.9%	77.9%	-10.4%	-57.6%	39.4%	-37.1%
Operating profit margin	4.8%	7.4%	8.2%	12.3%	4.3%	6.1%	10.4%	11.8%	2.0%	7.1%	6.6%

Source: Shared Research based on company data

- Segment sales (external; all references to segment sales are external sales): JPY89.9bn (+3.0% YoY)
- Segment profit: JPY5.0bn (-24.3% YoY)

Summary

In the Total Pack Produce segment, sales increased while profit declined YoY. For FY03/26, the company's forecast assumes project orders will be weighted even more heavily toward 2H than in the past. In cumulative Q3, progress toward the company's targets was on track. The company also recorded one-off expenses in 1H, including M&A advisory fees related to the acquisition of shares in Tec International Inc., a trading company specializing in official development assistance (ODA) projects.

Segment sales rose 3.0% YoY. In cumulative Q3 FY03/25, Ship recorded sales from its Chuurakubou series of condominiums for seniors, but it had no comparable sales in cumulative Q3 FY03/26. In addition, the completion of some facility upgrade projects was delayed due to procurement delays for materials. Nevertheless, segment sales increased as large projects, including university hospital projects, were recorded as planned, and the medical information solutions business also expanded, led by AINET Systems Inc., which designs, develops, and maintains medical information systems.

Sales by sub-segment were JPY41.3bn (+4.1% YoY) for construction and routine projects, JPY22.0bn (+0.6% YoY) for the manufacturing business, JPY456mn (+72.7% YoY) for the overseas business, JPY17.4bn (-0.0% YoY) for the Kingrun group, and JPY8.7bn (+9.0% YoY) for other businesses.

Segment profit declined 24.3% YoY. While construction and routine projects progressed in line with the company's targets, segment profit fell sharply YoY due to one-off expenses such as M&A advisory fees, as well as the absence of the completion and sale of a large-scale condominium for seniors in cumulative Q3.

Medical Supply segment

Segment performance

Medical Supply	FY03/24				FY03/25				FY03/26		
(JPYmn)	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1	Q1–Q2	Q1–Q3
Sales	101,771	205,922	316,849	428,451	112,613	227,091	352,223	474,919	121,896	246,756	378,475
YoY	12.5%	11.5%	12.3%	10.9%	10.7%	10.3%	11.2%	10.8%	8.2%	8.7%	7.5%
Operating profit	1,245	2,800	4,609	6,513	963	2,536	4,206	6,970	1,178	2,835	4,758
YoY	26.5%	4.2%	5.4%	-2.3%	-22.7%	-9.4%	-8.7%	7.0%	22.3%	11.8%	13.1%
Operating profit margin	1.2%	1.4%	1.5%	1.5%	0.9%	1.1%	1.2%	1.5%	1.0%	1.1%	1.3%
Quarterly	FY03/24				FY03/25				FY03/26		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Sales	101,771	104,151	110,927	111,602	112,613	114,478	125,132	122,696	121,896	124,860	131,719
YoY	12.5%	10.5%	13.7%	7.2%	10.7%	9.9%	12.8%	9.9%	8.2%	9.1%	5.3%
Operating profit	1,245	1,555	1,809	1,904	963	1,573	1,670	2,764	1,178	1,657	1,923
YoY	26.5%	-8.7%	7.4%	-17.0%	-22.7%	1.2%	-7.7%	45.2%	22.3%	5.3%	15.1%
Operating profit margin	1.2%	1.5%	1.6%	1.7%	0.9%	1.4%	1.3%	2.3%	1.0%	1.3%	1.5%

Source: Shared Research based on company data

- Segment sales: JPY378.5bn (+7.5% YoY)
- Segment profit: JPY4.8bn (+13.1% YoY)

Summary

Segment sales increased 7.5% YoY, supported by steady performance at new SPD facilities that began operations in FY03/25 and the launch of a bundled SPD contract covering multiple hospitals operated by different entities.

Segment profit grew 13.1% YoY, and the segment profit margin rose to 1.3% (+0.1pp YoY), as sales growth at newly opened SPD facilities helped absorb initial costs and narrowed operating losses.

Life Care segment

Segment performance

Life Care	FY03/24				FY03/25				FY03/26		
(JPYmn)	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1	Q1–Q2	Q1–Q3
Sales	8,920	18,010	27,233	36,099	9,135	18,268	27,621	36,674	9,234	18,542	28,158
YoY	30.6%	16.4%	11.9%	7.5%	2.4%	1.4%	1.4%	1.6%	1.1%	1.5%	1.9%
Operating profit	564	1,293	2,060	2,606	620	1,155	1,746	2,189	415	1,017	1,707
YoY	6.2%	16.4%	20.5%	26.8%	9.9%	-10.7%	-15.2%	-16.0%	-33.1%	-11.9%	-2.2%
Operating profit margin	6.3%	7.2%	7.6%	7.2%	6.8%	6.3%	6.3%	6.0%	4.5%	5.5%	6.1%
Nursing care occupancy	-	98.9%	-	98.9%	-	96.4%	-	98.9%	-	96.5%	-
Number of facilities		75		75		76		76		76	
Capacity		4,762		4,753		4,876		4,874		4,874	
Residents		4,710		4,703		4,700		4,698		4,702	
Quarterly	FY03/24				FY03/25				FY03/26		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Sales	8,920	9,090	9,223	8,866	9,135	9,133	9,353	9,053	9,234	9,308	9,616
YoY	30.6%	5.2%	4.1%	-4.2%	2.4%	0.5%	1.4%	2.1%	1.1%	1.9%	2.8%
Operating profit	564	729	767	546	620	535	591	443	415	602	690
YoY	6.2%	25.7%	28.3%	57.8%	9.9%	-26.6%	-22.9%	-18.9%	-33.1%	12.5%	16.8%
Operating profit margin	6.3%	8.0%	8.3%	6.2%	6.8%	5.9%	6.3%	4.9%	4.5%	6.5%	7.2%

Source: Shared Research based on company data

- Segment sales: JPY28.2bn (+1.9% YoY)
- Segment profit: JPY1.7bn (-2.2% YoY)

Summary

Segment sales increased 1.9% YoY. In the life care business, which provides long-term care services, the company's long-term care facilities maintained high occupancy rates. In the food business, which provides meal services, the number of facilities using Dream Kitchen, a meal service for senior care facilities, increased.

Sales by sub-segment were JPY18.6bn (+1.3% YoY) for the life care business and JPY9.5bn (+3.2% YoY) for the food business.

Segment profit declined 2.2% YoY, and the segment profit margin fell to 6.1% (-0.2pp YoY). Higher costs in both the life care and food businesses weighed on profit. In the life care business, Ship revised facility management fees, but operating costs rose due to inflation and ongoing efforts to maintain service quality. In the food business, rising ingredient costs, including higher rice prices, also weighed on profit.

Dispensing Pharmacy segment

Segment performance

Dispensing Pharmacy	FY03/24				FY03/25				FY03/26		
(JPYmn)	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1	Q1–Q2	Q1–Q3
Sales	7,899	16,173	24,401	32,719	8,162	16,589	25,182	33,468	8,346	16,929	25,883
YoY	9.5%	9.9%	7.6%	7.3%	3.3%	2.6%	3.2%	2.3%	2.3%	2.0%	2.8%
Operating profit	737	1,676	2,670	3,530	793	1,546	2,545	3,426	928	1,976	3,078
YoY	15.0%	18.1%	15.0%	8.4%	7.6%	-7.8%	-4.7%	-2.9%	17.0%	27.8%	20.9%
Operating profit margin	9.3%	10.4%	10.9%	10.8%	9.7%	9.3%	10.1%	10.2%	11.1%	11.7%	11.9%
Number of pharmacies		126		129		132		130		127	129
Quarterly	FY03/24				FY03/25				FY03/26		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Sales	7,899	8,274	8,228	8,318	8,162	8,427	8,593	8,286	8,346	8,583	8,954
YoY	9.5%	10.3%	3.3%	6.4%	3.3%	1.8%	4.4%	-0.4%	2.3%	1.9%	4.2%
Operating profit	737	939	994	860	793	753	999	881	928	1,048	1,102
YoY	15.0%	20.7%	10.1%	-7.9%	7.6%	-19.8%	0.5%	2.4%	17.0%	39.2%	10.3%
Operating profit margin	9.3%	11.3%	12.1%	10.3%	9.7%	8.9%	11.6%	10.6%	11.1%	12.2%	12.3%

Source: Shared Research based on company data

- Segment sales: JPY25.9bn (+2.8% YoY)

- Segment profit: JPY3.1bn (+20.9% YoY)

Summary

Segment sales increased 2.8% YoY. The company closed five pharmacies—mainly unprofitable locations—while adding four through small-scale M&A and other initiatives, bringing the total number of pharmacies to 129 as of end-Q3.

Segment profit rose 20.9% YoY, and the segment profit margin increased to 11.9% (+1.8pp YoY). The integration of four subsidiaries in April 2025 improved operating efficiency, including lower recruiting and business development costs, while the closure of unprofitable pharmacies also supported profitability.

1H FY03/26 results (out November 11, 2025)

1H FY03/26 results (April–September 2025)

- Sales: JPY333.4bn (+7.5% YoY)
- Operating profit: JPY8.2bn (+5.6% YoY)
- Recurring profit: JPY8.7bn (+3.7% YoY)
- Net income attributable to owners of the parent: JPY5.4bn (-1.9% YoY)

Business environment

The Japanese economy continued to improve steadily, supported by higher employment and income levels as well as the effects of various policies. However, persistently high energy prices, prolonged yen depreciation, and the ongoing impact of rising prices keep the economic outlook uncertain.

In the healthcare industry, alongside the FY2024 launch of initiatives such as the 8th Medical Care Plan, the 4th Medical Cost Optimization Plan, and reforms to improve working conditions for doctors, revisions to the incentive program for establishing frameworks to promote medical digital transformation (DX) are fueling the need to accelerate digitalization in healthcare settings. The industry continues to face the challenge of building an efficient, effective, and high-quality healthcare delivery system.

Results overview

Sales in 1H rose 7.5% YoY, with growth across all segments.

Gross profit was JPY29.3bn (+4.7% YoY), with a GPM of 8.8% (-0.2pp YoY). The margin declined because construction of medical facilities in the Total Pack Produce segment is concentrated in 2H, while sluggish sales of long-term care facilities in the Life Care segment put pressure on profitability. SG&A expenses rose 4.3% YoY to JPY21.1bn, reflecting investments in logistics facilities in the Tokyo metropolitan area and M&A-related expenses for Tec International Inc., a trading company specializing in official development assistance (ODA). As a result, operating profit increased 5.6% YoY, with an OPM of 2.5% (flat YoY). Sales reached 105.8% of the 1H target, operating profit 102.2%, recurring profit 102.6%, and net income 98.8%. Although profit declined in the Total Pack Produce and Life Care segments, higher profit in the Medical Supply and Dispensing Pharmacy segments kept 1H results roughly in line with projections.

Results by segment

Total Pack Produce segment

Segment performance

Total Pack Produce	FY03/24				FY03/25				FY03/26	
(JPYmn)	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1	Q1–Q2
Sales	27,876	56,665	84,574	133,717	25,307	48,083	87,245	133,167	23,834	51,156
YoY	66.9%	16.5%	8.6%	9.7%	-9.2%	-15.1%	3.2%	-0.4%	-5.8%	6.4%
Operating profit	1,326	3,443	5,738	11,805	1,098	2,498	6,580	12,017	466	2,417
YoY	112.5%	28.3%	17.1%	30.8%	-17.2%	-27.4%	14.7%	1.8%	-57.6%	-3.2%
Operating profit margin	4.8%	6.1%	6.8%	8.8%	4.3%	5.2%	7.5%	9.0%	2.0%	4.7%
Number of projects		15		39		9		-		
Quarterly	FY03/24				FY03/25				FY03/26	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Sales	27,876	28,789	27,909	49,143	25,307	22,776	39,162	45,922	23,834	27,322
YoY	66.9%	-9.9%	-4.6%	11.8%	-9.2%	-20.9%	40.3%	-6.6%	-5.8%	20.0%
Operating profit	1,326	2,117	2,295	6,067	1,098	1,400	4,082	5,437	466	1,951
YoY	112.5%	2.8%	3.6%	47.1%	-17.2%	-33.9%	77.9%	-10.4%	-57.6%	39.4%
Operating profit margin	4.8%	7.4%	8.2%	12.3%	4.3%	6.1%	10.4%	11.8%	2.0%	7.1%

Source: Shared Research based on company data

- Segment sales (external; all references to segment sales are external sales): JPY51.2bn (+6.4% YoY)
- Segment profit: JPY2.4bn (-3.2% YoY)

Summary

In 1H, segment sales increased 6.4% YoY. By business category, medical facility construction and routine projects generated JPY18.3bn (+3.5% YoY), the manufacturing business JPY15.5bn (+15.2% YoY), the Kingrun group JPY11.4bn (-1.4% YoY), the overseas business JPY263mn (+73.8% YoY), and other businesses (such as security services, building management, and veterinary hospital operations) JPY5.7bn (+8.6% YoY). Although Ship expects facility construction sales to be concentrated in 2H, construction and routine projects delivered solid results, mainly in Q2 (July–September 2025).

Segment operating profit fell 3.2% YoY, with a profit margin of 4.7% (-0.5pp YoY). The main reason for the profit decline was one-time expenses related to the acquisition of Tec International Inc., a trading company specializing in ODA projects.

Medical Supply segment

Segment performance

Medical Supply	FY03/24				FY03/25				FY03/26	
(JPYmn)	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1	Q1–Q2
Sales	101,771	205,922	316,849	428,451	112,613	227,091	352,223	474,919	121,896	246,756
YoY	12.5%	11.5%	12.3%	10.9%	10.7%	10.3%	11.2%	10.8%	8.2%	8.7%
Operating profit	1,245	2,800	4,609	6,513	963	2,536	4,206	6,970	1,178	2,835
YoY	26.5%	4.2%	5.4%	-2.3%	-22.7%	-9.4%	-8.7%	7.0%	22.3%	11.8%
Operating profit margin	1.2%	1.4%	1.5%	1.5%	0.9%	1.1%	1.2%	1.5%	1.0%	1.1%
Quarterly	FY03/24				FY03/25				FY03/26	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Sales	101,771	104,151	110,927	111,602	112,613	114,478	125,132	122,696	121,896	124,860
YoY	12.5%	10.5%	13.7%	7.2%	10.7%	9.9%	12.8%	9.9%	8.2%	9.1%
Operating profit	1,245	1,555	1,809	1,904	963	1,573	1,670	2,764	1,178	1,657
YoY	26.5%	-8.7%	7.4%	-17.0%	-22.7%	1.2%	-7.7%	45.2%	22.3%	5.3%
Operating profit margin	1.2%	1.5%	1.6%	1.7%	0.9%	1.4%	1.3%	2.3%	1.0%	1.3%

Source: Shared Research based on company data

- Segment sales: JPY246.8bn (+8.7% YoY)
- Segment profit: JPY2.8bn (+11.8% YoY)

Summary

In 1H, segment sales rose 8.7% YoY. During the period, three newly contracted supply, processing, and distribution (SPD) facilities with about 950 beds began operations, and Ship also secured a bundled SPD contract that covers multiple hospitals run by different operators. As of September 30, 2025, the company had 274 SPD contracts (about 101,000 beds), up 4.6% YoY.

Segment operating profit grew 11.8% YoY, with a profit margin of 1.1% (flat YoY). Despite higher procurement costs, rising minimum wages, and pricing pressure on some medical materials due to tighter control over reimbursement prices, segment profit increased as the company grew sales and realized efficiency gains from the integration of five subsidiaries in 2H FY03/25.

Life Care segment

Segment performance

Life Care	FY03/24				FY03/25				FY03/26	
(JPYmn)	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1	Q1–Q2
Sales	8,920	18,010	27,233	36,099	9,135	18,268	27,621	36,674	9,234	18,542
YoY	30.6%	16.4%	11.9%	7.5%	2.4%	1.4%	1.4%	1.6%	1.1%	1.5%
Operating profit	564	1,293	2,060	2,606	620	1,155	1,746	2,189	415	1,017
YoY	6.2%	16.4%	20.5%	26.8%	9.9%	-10.7%	-15.2%	-16.0%	-33.1%	-11.9%
Operating profit margin	6.3%	7.2%	7.6%	7.2%	6.8%	6.3%	6.3%	6.0%	4.5%	5.5%
Nursing care occupancy	-	98.9%	-	98.9%	-	96.4%	-	98.9%	-	96.5%
Number of facilities		75		75		76		76		76
Capacity		4,762		4,753		4,876		4,874		4,874
Residents		4,710		4,703		4,700		4,698		4,702
Quarterly	FY03/24				FY03/25				FY03/26	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Sales	8,920	9,090	9,223	8,866	9,135	9,133	9,353	9,053	9,234	9,308
YoY	30.6%	5.2%	4.1%	-4.2%	2.4%	0.5%	1.4%	2.1%	1.1%	1.9%
Operating profit	564	729	767	546	620	535	591	443	415	602
YoY	6.2%	25.7%	28.3%	57.8%	9.9%	-26.6%	-22.9%	-18.9%	-33.1%	12.5%
Operating profit margin	6.3%	8.0%	8.3%	6.2%	6.8%	5.9%	6.3%	4.9%	4.5%	6.5%

Source: Shared Research based on company data

- Segment sales: JPY18.5bn (+1.5% YoY)
- Segment profit: JPY1.0bn (-11.9% YoY)

Summary

In 1H, segment sales increased 1.5% YoY. Sales in the life (long-term care) business came to JPY12.4bn (+1.2% YoY) as the company's facilities maintained high occupancy rates. The food (meal service) business generated JPY6.2bn (+2.0% YoY), supported in part by growth in the number of facilities under contract with Dream Kitchen, a meal service for senior care facilities.

Segment operating profit declined 11.9% YoY, with a profit margin of 5.5% (-0.8pp YoY). Profit decreased as Ship prioritized maintaining service quality amid rising prices, which pushed up operating costs such as personnel dispatch and outsourcing expenses in the face of labor shortages.

In the life business, the company pursued efficiency gains through the management integration of two subsidiaries effective January 1, 2025. However, record summer heat drove up utility costs, and some facilities faced competition from nearby properties, limiting growth in occupancy rates. In the food business, while the company continued to withdraw kitchen operations from unprofitable facilities, it was affected by surging prices for rice and other food ingredients.

Dispensing Pharmacy segment

Segment performance

Dispensing Pharmacy	FY03/24				FY03/25				FY03/26	
(JPYmn)	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1	Q1–Q2
Sales	7,899	16,173	24,401	32,719	8,162	16,589	25,182	33,468	8,346	16,929
YoY	9.5%	9.9%	7.6%	7.3%	3.3%	2.6%	3.2%	2.3%	2.3%	2.0%
Operating profit	737	1,676	2,670	3,530	793	1,546	2,545	3,426	928	1,976
YoY	15.0%	18.1%	15.0%	8.4%	7.6%	-7.8%	-4.7%	-2.9%	17.0%	27.8%
Operating profit margin	9.3%	10.4%	10.9%	10.8%	9.7%	9.3%	10.1%	10.2%	11.1%	11.7%
Number of pharmacies		126		129		132		130		127
Quarterly	**FY03/24**				**FY03/25**				**FY03/26**	
	Q1	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**
Sales	7,899	8,274	8,228	8,318	8,162	8,427	8,593	8,286	8,346	8,583
YoY	9.5%	10.3%	3.3%	6.4%	3.3%	1.8%	4.4%	-0.4%	2.3%	1.9%
Operating profit	737	939	994	860	793	753	999	881	928	1,048
YoY	15.0%	20.7%	10.1%	-7.9%	7.6%	-19.8%	0.5%	2.4%	17.0%	39.2%
Operating profit margin	9.3%	11.3%	12.1%	10.3%	9.7%	8.9%	11.6%	10.6%	11.1%	12.2%

Source: Shared Research based on company data

- Segment sales: JPY16.9bn (+2.0% YoY)
- Segment profit: JPY2.0bn (+27.8% YoY)

Summary

In 1H, segment sales rose 2.0% YoY. As of September 2025, the group operated 127 dispensing pharmacies covered by National Health Insurance (NHI), down three from end-FY03/25.

Segment profit climbed 27.8% YoY, with a profit margin of 11.7% (+2.4pp YoY). Profit and margin improved as the company advanced efficiency measures, including the integration of four subsidiaries in April 2025 and the consolidation of five NHI-registered dispensing pharmacies to improve profitability.

Q1 FY03/26 results (out August 8, 2025)

Q1 FY03/26 results (April–June 2025)

- Sales: JPY163.3bn (+5.2% YoY)
- Operating profit: JPY3.0bn (-15.7% YoY)
- Recurring profit: JPY3.1bn (-31.0% YoY)
- Net income attributable to owners of the parent: JPY2.0bn (-34.1% YoY)

Business environment

The Japanese economy continued to improve steadily, supported by higher employment and income levels as well as the effects of various policies. However, persistently high energy prices, prolonged yen depreciation, and the ongoing impact of rising prices keep the economic outlook uncertain.

In the healthcare industry, alongside the FY2024 launch of initiatives such as the 8th Medical Care Plan, the 4th Medical Cost Optimization Plan, and reforms to improve working conditions for doctors, revisions to the incentive program for establishing frameworks to promote medical digital transformation (DX) are fueling the need to accelerate digitalization in healthcare settings. The industry continues to face the challenge of building an efficient, effective, and high-quality healthcare delivery system.

Results overview

Sales increased 5.2% YoY. The Total Pack Produce (TPP) segment had a slow start in Q1, in line with the initial outlook of sales being weighted toward 2H. In the Medical Supply (MSP) segment, sales growth benefited from the launch of newly contracted SPD facilities in FY03/26 and additional bundled SPD contracts with multiple hospitals.

Gross profit was JPY13.7bn (+0.3% YoY), with a GPM of 8.4% (-0.4pp YoY), reflecting sluggish sales mainly in the TPP segment. SG&A expenses rose 5.8% YoY to JPY10.8bn due to higher costs tied to capital investment plans. As a result, operating profit fell 15.7% YoY, as profit growth in the MSP segment was offset by a sharp decline in the TPP segment. OPM was 1.8% (-0.5pp YoY).

Results by segment

Total Pack Produce segment

Segment performance

Total Pack Produce	FY03/24				FY03/25				FY03/26
(JPYmn)	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1
Sales	27,876	56,665	84,574	133,717	25,307	48,083	87,245	133,167	23,834
YoY	66.9%	16.5%	8.6%	9.7%	-9.2%	-15.1%	3.2%	-0.4%	-5.8%
Operating profit	1,326	3,443	5,738	11,805	1,098	2,498	6,580	12,017	466
YoY	112.5%	28.3%	17.1%	30.8%	-17.2%	-27.4%	14.7%	1.8%	-57.6%
Operating profit margin	4.8%	6.1%	6.8%	8.8%	4.3%	5.2%	7.5%	9.0%	2.0%
Number of projects		15		39		9		-	
Quarterly	FY03/24				FY03/25				FY03/26
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Sales	27,876	28,789	27,909	49,143	25,307	22,776	39,162	45,922	23,834
YoY	66.9%	-9.9%	-4.6%	11.8%	-9.2%	-20.9%	40.3%	-6.6%	-5.8%
Operating profit	1,326	2,117	2,295	6,067	1,098	1,400	4,082	5,437	466
YoY	112.5%	2.8%	3.6%	47.1%	-17.2%	-33.9%	77.9%	-10.4%	-57.6%
Operating profit margin	4.8%	7.4%	8.2%	12.3%	4.3%	6.1%	10.4%	11.8%	2.0%

Source: Shared Research based on company data

- Segment sales (external; all references to segment sales are external sales): JPY23.8bn (-5.8% YoY)
- Segment profit: JPY466mn (-57.6% YoY)

Summary

Segment sales decreased 5.8% YoY. Although earnings from the medical information solutions business increased and ODA-related company Tec International Inc. joined the group, the FY03/26 forecast assumes a heavier concentration of projects in 2H than in recent years, and Q1 performance was largely in line with expectations. In addition, sales recognition from renovation projects was deferred to Q2.

By major category, sales from the manufacturing business rose to JPY7.1bn (+28.5% YoY), while sales from construction and routine projects fell to JPY9.0bn (-20.2% YoY) as orders are weighted toward 2H. Sales at the Kingrun group also declined to JPY4.8bn (-17.4% YoY), partly because renovation projects were deferred to Q2.

Segment operating profit dropped 57.6% YoY, with a profit margin of 2.0% (-2.3pp YoY). In Q1, sales declined as anticipated, while costs were booked ahead of schedule, leading to a sharp profit decline.

Medical Supply segment

Segment performance

Medical Supply	FY03/24				FY03/25				FY03/26
(JPYmn)	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1
Sales	101,771	205,922	316,849	428,451	112,613	227,091	352,223	474,919	121,896
YoY	12.5%	11.5%	12.3%	10.9%	10.7%	10.3%	11.2%	10.8%	8.2%
Operating profit	1,245	2,800	4,609	6,513	963	2,536	4,206	6,970	1,178
YoY	26.5%	4.2%	5.4%	-2.3%	-22.7%	-9.4%	-8.7%	7.0%	22.3%
Operating profit margin	1.2%	1.4%	1.5%	1.5%	0.9%	1.1%	1.2%	1.5%	1.0%
Quarterly	FY03/24				FY03/25				FY03/26
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Sales	101,771	104,151	110,927	111,602	112,613	114,478	125,132	122,696	121,896
YoY	12.5%	10.5%	13.7%	7.2%	10.7%	9.9%	12.8%	9.9%	8.2%
Operating profit	1,245	1,555	1,809	1,904	963	1,573	1,670	2,764	1,178
YoY	26.5%	-8.7%	7.4%	-17.0%	-22.7%	1.2%	-7.7%	45.2%	22.3%
Operating profit margin	1.2%	1.5%	1.6%	1.7%	0.9%	1.4%	1.3%	2.3%	1.0%

Source: Shared Research based on company data

- Segment sales: JPY121.9bn (+8.2% YoY)
- Segment profit: JPY1.2bn (+22.3% YoY)

Summary

Segment sales increased 8.2% YoY, supported by bundled SPD contracts with multiple hospitals under different management bodies and the full-scale launch of two new SPD facilities. At end-Q1, Ship had 274 SPD contracts nationwide (covering about 100,400 beds), up two from end-FY03/25.

Segment operating profit grew 22.3% YoY, with a profit margin of 1.0% (+0.1pp YoY). Although the company faced higher procurement costs and rising personnel and outsourcing expenses from the minimum wage hike, efficiency gains from the integration of five subsidiaries in October 2024 contributed to profit growth.

Life Care segment

Segment performance

Life Care	FY03/24				FY03/25				FY03/26
(JPYmn)	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1
Sales	8,920	18,010	27,233	36,099	9,135	18,268	27,621	36,674	9,234
YoY	30.6%	16.4%	11.9%	7.5%	2.4%	1.4%	1.4%	1.6%	1.1%
Operating profit	564	1,293	2,060	2,606	620	1,155	1,746	2,189	415
YoY	6.2%	16.4%	20.5%	26.8%	9.9%	-10.7%	-15.2%	-16.0%	-33.1%
Operating profit margin	6.3%	7.2%	7.6%	7.2%	6.8%	6.3%	6.3%	6.0%	4.5%
Nursing care occupancy	-	98.9%	-	98.9%	-	96.4%	-	98.9%	-
Number of facilities		75		75		76		76	
Capacity		4,762		4,753		4,876		4,874	
Residents		4,710		4,703		4,700		4,698	
Quarterly	FY03/24				FY03/25				FY03/26
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Sales	8,920	9,090	9,223	8,866	9,135	9,133	9,353	9,053	9,234
YoY	30.6%	5.2%	4.1%	-4.2%	2.4%	0.5%	1.4%	2.1%	1.1%
Operating profit	564	729	767	546	620	535	591	443	415
YoY	6.2%	25.7%	28.3%	57.8%	9.9%	-26.6%	-22.9%	-18.9%	-33.1%
Operating profit margin	6.3%	8.0%	8.3%	6.2%	6.8%	5.9%	6.3%	4.9%	4.5%

Source: Shared Research based on company data

- Segment sales: JPY9.2bn (+1.1% YoY)
- Segment profit: JPY415mn (-33.1% YoY)

Summary

Segment sales increased 1.1% YoY. In the meal service business, sales reached JPY3.1bn (+0.8% YoY), driven by growth in contracted facilities for the Dream Kitchen fully prepared meal service. In the long-term care business, sales rose to JPY6.1bn (+1.2% YoY).

Segment operating profit dropped 33.1% YoY, with a profit margin of 4.5% (-2.3pp YoY). While the company worked to improve efficiency through the integration of two subsidiaries in the long-term care business, the meal service business was impacted by soaring prices of key ingredients such as rice, which are difficult to substitute. In the long-term care business, higher utility costs and upfront expenses for new facilities also weighed on earnings. In addition, labor shortages across all segments drove up staffing and outsourcing costs, further increasing expenses.

Dispensing Pharmacy segment

Segment performance

Dispensing Pharmacy	FY03/24				FY03/25				FY03/26
(JPYmn)	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1
Sales	7,899	16,173	24,401	32,719	8,162	16,589	25,182	33,468	8,346
YoY	9.5%	9.9%	7.6%	7.3%	3.3%	2.6%	3.2%	2.3%	2.3%
Operating profit	737	1,676	2,670	3,530	793	1,546	2,545	3,426	928
YoY	15.0%	18.1%	15.0%	8.4%	7.6%	-7.8%	-4.7%	-2.9%	17.0%
Operating profit margin	9.3%	10.4%	10.9%	10.8%	9.7%	9.3%	10.1%	10.2%	11.1%
Number of pharmacies		126		129		132		130	
Quarterly	FY03/24				FY03/25				FY03/26
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Sales	7,899	8,274	8,228	8,318	8,162	8,427	8,593	8,286	8,346
YoY	9.5%	10.3%	3.3%	6.4%	3.3%	1.8%	4.4%	-0.4%	2.3%
Operating profit	737	939	994	860	793	753	999	881	928
YoY	15.0%	20.7%	10.1%	-7.9%	7.6%	-19.8%	0.5%	2.4%	17.0%
Operating profit margin	9.3%	11.3%	12.1%	10.3%	9.7%	8.9%	11.6%	10.6%	11.1%

Source: Shared Research based on company data

- Segment sales: JPY8.3bn (+2.3% YoY)
- Segment profit: JPY928mn (+17.0% YoY)

Summary

Segment sales rose 2.3% YoY. The number of pharmacies decreased to 127, down three from end-FY03/25 as part of efficiency initiatives, but sales grew as more pharmacies qualified for additional dispensing fees under the generic drug prescription system.

Segment operating profit climbed 17.0% YoY, with a profit margin of 11.1% (+1.4pp YoY), supported by efficiency gains from the integration of four subsidiaries in April 2025, which reduced recruitment and other expenses.

Other information

History

Date	Overview
Aug 1992	Ship Corporation Limited was established in Suita, Osaka, to provide consulting services to medical, wellness, and welfare institutions. Started with seven employees
Nov 1992	Green Hospital Supply Co., Ltd. (acquired by Ship) was established in Suita, Osaka, with the objective of selling X-ray films and automatic developing machines made by Fuji Film (4901), as well as medical equipment
Oct 1999	The former Green Hospital Supply Co., Ltd. divested its Medical Imaging Division operations to West Japan Fuji Film Medical Imaging Co., Ltd.
Feb 2005	The company was listed on the Second Section of the Tokyo Stock Exchange (TSE)
Nov 2006	Central Uni Co., Ltd. and its five subsidiaries became subsidiaries
Mar 2007	The company's listing designation was changed to the First Section of the TSE
Apr 2008	Yamada Shadowless Lamp Co., Ltd. became a subsidiary
Oct 2009	Central Uni became a 100%-owned subsidiary through a share swap; the company's name changed to Ship Healthcare Holdings, Inc.
Oct 2009	Sakai Medical Co., Ltd. and one subsidiary became subsidiaries
Oct 2010	Sapporo Medical Corporation and its three subsidiaries became subsidiaries
Dec 2011	AntCare Holdings Co., Ltd. (subsequently merged with Green Life Holdings) and its four subsidiaries became subsidiaries
Dec 2012	The Institute of Medical Services Co., Ltd. became a subsidiary
Nov 2013	Nakajima Medical Supply Co., Ltd. became a subsidiary
Feb 2014	Tik Inc. became a subsidiary
Mar 2014	Agora-Japan became a subsidiary
Mar 2015	Aurum Medical Co., Ltd. and its subsidiary became subsidiaries
Aug 2015	Nishino Ikakikai Co., Ltd. became a subsidiary
Apr 2016	Konishi Kyowa Holding Corporation and its four subsidiaries became subsidiaries
Aug 2016	Japan Pana-Use Co., Ltd. and one subsidiary became subsidiaries
Apr 2017	Euro Meditech Co., Ltd. and Karin Chozai Co., Ltd became subsidiaries
Oct 2019	Japan Network Service Co., Ltd. and its subsidiary became subsidiaries
Apr 2020	Okkar Thiri Co., Ltd. and its subsidiary became subsidiaries
	Snow Everest Co., Ltd. and its subsidiary became subsidiaries
May 2020	STK Co., Ltd. (Suita, Osaka) became a subsidiary
Apr 2021	Masters Hospitality Co., Ltd. (Chuo-ku, Osaka) became a subsidiary
Feb 2022	TOM-MEDIC Co., Ltd. (Aomori, Aomori Prefecture) and its subsidiary became subsidiaries
Apr 2022	Chuoh Co., Ltd. (Takamatsu, Kagawa Prefecture) became a subsidiary
Jul 2022	Kingrun Co., Ltd. and its 11 subsidiaries (Chiyoda-ku, Tokyo) became subsidiaries
Aug 2022	Nano Hana Pharmacy Co., Ltd. (Chuo-ku, Tokyo) became a subsidiary
Oct 2022	All Care Co., Ltd. (Hofu, Yamaguchi) became a subsidiary
Aug 2023	C.M.J, Ltd. (Chuo-ku, Tokyo) and Friends, Ltd. (Izumi-ku, Sendai) became subsidiaries
Dec 2023	NJ Medical Co., Ltd. (Chuo-ku, Sapporo) became a subsidiary
Jan 2024	Starship, Ltd. (Suita, Osaka) became a subsidiary
Feb 2024	MIC Co., Ltd. (Kanazawa-ku, Yokohama) became a subsidiary; established Master Season Co., Ltd. (Chuo-ku, Osaka)
Sep 2024	MONAKA Co., Ltd. (Chuo-ku, Tokyo) became a subsidiary
May 2025	Tec International Inc. became a subsidiary
Feb 2026	Opened SHIP GRANBASE Tokyo, a metropolitan-area medical materials logistics base

Corporate governance

Form of organization and capital structure	
Form of organization	Company with Audit & Supervisory Board
Controlling shareholder	None
Directors and Audit & Supervisory Board members	
Number of directors under Articles of Incorporation	15
Number of directors	11
Directors' term of office under Articles of Incorporation	1 year
Chairperson of the Board of Directors	Chairman (unless also serving as president)
Number of outside directors	4
Number of independent outside directors	4
Number of Audit & Supervisory Board members under Articles of Incorporation	5
Number of Audit & Supervisory Board members	4
Number of outside Audit & Supervisory Board members	3
Number of independent outside Audit & Supervisory Board members	3
Other	
Participation in electronic voting platform	Yes
Providing convocation notice in English	Yes
Implementation of measures regarding director incentives	No
Disclosure of directors' compensation	No disclosure of individual compensation
Policy to determine amount and calculation method of remuneration	In place
Corporate takeover defenses	Not in place

Source: Shared Research based on company materials (as of February 6, 2026)

Top management

Kunihisa Furukawa (born 1945) is Ship's chairman, CEO, and founder. Mr. Furukawa joined Nishimoto Sangyo Co., Ltd. (now CANON MEDTECH Supply Corporation; unlisted) in April 1964. He established Ship Corporation in August 1992 to build a company specializing in consulting services for medical care, wellness, and welfare institutions. He was appointed chairman and CEO in June 2021.

Vice chairman and COO Hirotaka Ogawa (born 1958) founded the company alongside Mr. Furukawa, as shown by his employee ID number, 2. He was instrumental in the establishment of the company's consulting business—the predecessor to the current Total Pack Produce segment. He has a range of experience across the company's businesses; in 2004, he moved to the Corporate Planning Office as the company looked to go public, before moving to lead the Business Management Office in 2008. He was appointed vice chairman and COO in June 2021.

Former vice president Futoshi Ohashi (born 1964) was appointed president and CEO after the Annual General Meeting of Shareholders in June 2021. Ohashi joined F&S Uni Management in 1987 and became president and CEO of the company in 2006. He became a director of Central Uni in 2007 and director of Ship in 2009.

Employees

(Number of employees)	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25	FY03/26
Total Pack Produce	968	981	988	1,396	1,699	2,151	2,734	2,398	2,401	2,433
Temporary workers	440	426	365	356	353	1,657	2,255	2,423	2,436	2,263
Medical Supply	2,149	2,211	2,181	2,216	2,289	2,426	2,475	2,562	2,620	2,600
Temporary workers	1,608	1,725	1,731	1,811	1,890	1,978	2,047	2,171	2,243	2,077
Life Care	1,699	1,725	1,716	1,716	1,695	1,697	2,092	2,059	2,006	1,961
Temporary workers	1,698	1,860	1,984	2,082	2,140	2,228	3,564	3,925	3,876	3,388
Dispensing Pharmacy	462	489	498	540	581	604	682	716	731	789
Temporary workers	417	437	449	487	472	471	455	452	405	375
Other	322	322	317	391	391	-	-	-	-	-
Temporary workers	613	492	501	1,375	1,287	-	-	-	-	-
Company-wide	74	74	79	109	114	65	63	58	47	36
Temporary workers	37	32	39	41	46	74	28	24	22	10
Total	5,674	5,802	5,779	6,368	6,769	6,943	8,046	7,793	7,805	7,819
Temporary workers	4,813	4,972	5,069	6,152	6,188	6,408	8,349	8,995	8,982	8,113

Source: Shared Research based on company materials

Major shareholders

Top 10 shareholders	Shares held ('000)	Shareholding ratio
The Master Trust Bank of Japan, Ltd. (Trust account)	10,393	11.29%
Kokko Co., Ltd.	7,977	8.67%
State Street Bank and Trust Company	7,196	7.82%
Custody Bank of Japan, Ltd. (Trust account)	5,074	5.51%
Kasuga Kousan G.K.	2,800	3.04%
JP MORGAN CHASE BANK 380055	2,779	3.02%
Koichiro Furukawa	2,460	2.67%
NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS	2,409	2.62%
The Nomura Trust and Banking Co., Ltd. (Investment trust account)	2,083	2.26%
Kunihisa Furukawa	1,973	2.14%
Total	45,144	49.04%

Source: Shared Research based on company data (current as of March 31, 2026)

Dividends and shareholder returns

Ship's dividend policy places greater emphasis on the payout ratio than on the dividend amount. While the initial target payout ratio was 20%, the company raised its medium-term target to 30% following the announcement of its medium-term management plan on April 30, 2008. Under the current medium-term management plan, Ship Vision 2030, the company remains committed to maintaining a consolidated payout ratio of at least 30% and has stated its intention to carry out flexible share buybacks in line with the progress of its investments.

Dividend history

		FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25	FY03/26
Dividend per share	Ordinary dividend	28	32	35	37.5	40	41	42	45	58	60
	Commemorative dividend	2	-	-	-	-	-	-	5	-	-
	Total	30	32	35	37.5	40	41	42	50	58	60
Total dividends		3,035	3,238	3,334	3,556	3,774	3,868	3,962	4,717	5,472	5,521
Consolidated payout ratio		32.2	31.3	30.7	30.2	30.8	31.8	32.8	34.2	36.2	41.6

Source: Shared Research based on company data
Note: On April 1, 2021, the company conducted a 2-for-1 stock split of its common shares. Figures for FY03/21 and earlier have been adjusted retroactively to reflect this stock split.

About Shared Research Inc.

We offer corporate clients comprehensive report coverage, a service that allows them to better inform investors and other stakeholders by presenting a continuously updated third-party view of business fundamentals, independent of investment biases. Shared Research can be found on the web at https://sharedresearch.jp.

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