



Summary of Financial Statements
for Fiscal Year Ended March 31, 2023 [Japanese GAAP]
(Consolidated)

May 12, 2023

Name of listed company: SHIP HEALTHCARE HOLDINGS, INC.
 Shares listed on: Tokyo Stock Exchange
 Code: 3360 URL <https://www.shiphd.co.jp/en/>
 Representative: (Title) President (Name) Futoshi Ohashi
 Contact: (Title) Executive Director (Name) Hiroshi Yokoyama Tel.: +81-6-6369-0130
 Scheduled date for regular general meeting of shareholders: June 29, 2023
 Scheduled start date for dividend payments: June 30, 2023
 Scheduled date for filing securities report: June 29, 2023
 Supplementary briefing materials on results: Yes
 Briefing on results: Yes (for institutional investors and analysts)

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

1. Consolidated financial results for the fiscal year ended March 31, 2023
 (April 1, 2022 – March 31, 2023)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	(Million yen)	%	(Million yen)	%	(Million yen)	%	(Million yen)	%
FY ended March 2023	572,285	11.3	21,144	3.1	20,607	(3.2)	12,063	(0.9)
FY ended March 2022	514,353	—	20,505	(5.9)	21,287	(2.2)	12,172	(0.9)

Note: Comprehensive income: FY ended March 2023: ¥ 13,433 million (21.4 %); FY ended March 2022: ¥ 11,061 million ((23.4) %)

	Net income per share	Diluted net income per share	Return on equity	Return on assets	Operating margin
	(Yen)	(Yen)	%	%	%
FY ended March 2023	127.85	115.92	9.8	5.7	3.7
FY ended March 2022	129.01	117.01	10.6	6.4	4.0

Reference: Share of profit (loss) of entities accounted for using equity method: FY ended March 31, 2023: ¥ (5) million;
 FY ended March 31, 2022: ¥357 million

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

(2) Consolidated financial condition

	Total assets	Net assets	Equity capital ratio	Net assets per share
	(Million yen)	(Million yen)	%	(Yen)
FY ended March 2023	381,977	131,115	33.5	1,357.05
FY ended March 2022	335,074	122,318	35.3	1,253.73

Reference: Equity: FY ended March 2023: ¥128,037 million; FY ended March 2022: ¥118,289 million

(3) Consolidated cash flows

	Net cash from operating activities	Net cash from investing activities	Net cash from financing activities	Cash and cash equivalents at end of period
	(Million yen)	(Million yen)	(Million yen)	(Million yen)
FY ended March 2023	14,105	(6,774)	(1,022)	79,020
FY ended March 2022	12,428	(3,870)	(8,842)	72,804

2. Dividends

	Annual dividends					Total annual dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	End Q1	End Q2	End Q3	Year-end	Total			
FY ended March 2022	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)	(Million yen)	%	%
FY ended March 2022	—	0.00	—	41.00	41.00	3,868	31.8	3.4
FY ended March 2023	—	0.00	—	42.00	42.00	3,962	32.8	3.2
FY ending March 2024 (projected)	—	0.00	—	48.00	48.00		33.5	

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

Ordinary dividend ¥43.00 Commemorative dividend ¥5.00

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

(Percentages represent changes from previous year.)

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

Notes

- (1) Changes made in significant subsidiaries during this fiscal year under review
(Changes in specified subsidiaries resulting in change in scope of consolidation): None
- (2) Changes made in accounting policies, accounting estimates, and/or restatements:
- (i) Changes in accounting policies associated with changes in accounting standards, etc.: None
- (ii) Any changes in accounting policies other than those under (i) above: None
- (iii) Changes in accounting estimates: None
- (iv) Restatements: None

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

(i) Number of shares issued and outstanding at the end of the period (including treasury stock)	FY ended March 2023	101,669,400 shares	FY ended March 2022	101,669,400 shares
(ii) Number of treasury stock at the end of the period	FY ended March 2023	7,319,175 shares	FY ended March 2022	7,319,116 shares
(iii) Average number of shares during the period	FY ended March 2023	94,350,259 shares	FY ended March 2022	94,350,306 shares

Reference: Overview of non-consolidated financial results

1. Non-consolidated financial results for fiscal year ended March 31, 2023 (April 1, 2022–March 31, 2023)

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

	Net sales		Operating profit		Ordinary profit		Net income	
	(Million yen)	%	(Million yen)	%	(Million yen)	%	(Million yen)	%
FY ended March 2023	8,064	(0.1)	6,476	3.8	6,494	3.6	6,281	1.8
FY ended March 2022	8,075	5.5	6,237	(2.2)	6,270	0.9	6,173	0.6

	Net income per share	Diluted net income per share
	(Yen)	(Yen)
FY ended March 2023	66.58	60.29
FY ended March 2022	65.43	59.27

(2) Non-consolidated financial condition

	Total assets	Net assets	Equity capital ratio	Net assets per share
	(Million yen)	(Million yen)	%	(Yen)
FY ended March 2023	95,424	52,547	55.1	556.94
FY ended March 2022	83,219	48,634	58.4	515.46

Reference: Equity: FY ended March 31, 2023: ¥ 52,547 million; FY ended March 31, 2022: ¥ 48,634 million

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

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

- The number of outstanding shares (excluding treasury stock) as of March 31, 2023 is used for the average number of shares during the period, which is the basis for calculating net income per share in the consolidated financial forecast for the fiscal year ending March 31, 2024.
- The forecasts of financial results and other forward-looking statements provided herein are based on information available at the time this document was prepared and certain assumptions considered reasonable. Actual results may differ significantly from forecasts due to various factors. For assumptions underlying forecasts of financial results, notes on use of forecasts of financial results, and other related information, please refer to "Future outlook" on page 5 of the Annexed Materials.
- The Company is a holding company and the bulk of its revenue consists of dividends received from subsidiaries and revenues from their operating costs. Detailed information on non-consolidated financial forecasts is omitted since information is not important for investment information and business indicators.

○ Index of attached materials

1. Qualitative information on business results	2
(1) Description of business results	2
(2) Description of financial position	3
(3) Description of cash flows	4
(4) Future outlook	5
2. Basic approach in selecting accounting standards	5
3. Consolidated financial statements and notes thereto	6
(1) Consolidated balance sheet.....	6
(2) Consolidated statement of income and consolidated statement of comprehensive income	8
(3) Consolidated statement of changes in shareholders' equity	10
(4) Consolidated statement of cash flows.....	12
(5) Notes on consolidated financial statements	14
(Notes on the going concern assumption)	14
(Segment information, etc.)	14
(Per-share information)	19
(Important subsequent information)	19

1. Qualitative information on business results

(1) Description of business results

The Japanese economy during FY ended March 2023, as concerns about COVID-19 receded and movement restrictions were gradually eased, the movement toward normalization of economic activities accelerated. On the other hand, the outlook remains uncertain due to the soaring resource prices caused by the prolonged situation in Russia and Ukraine and the rapid depreciation of the yen due to the widening interest rate differential between Japan and the United States. Healthcare industry in which the Group operates, while it requires both continuing measures against COVID-19 and efficient and high-quality medical care system, there is also a continuing demand for the promotion of work style reforms for doctors and other medical professionals.

Under such conditions, while the Group's business was entirely affected by the soaring prices of energy and raw materials, the business performance generally progressed according to the plan due to the smooth progress of projects in Total Pack Produce business. Furthermore, the Group keep on promoting 4 core strategic measures set forth in the medium-term management plan, "Further high growth of core business", "Further expand value", "Functional organization enhancement strategy", and "Activities for sustainability".

For FY ended March 2023, the various factors noted above resulted in net sales of 572,285 million yen (up 11.3% YoY), operating profit of 21,144 million yen (up 3.1% YoY), ordinary profit of 20,607 million yen (down 3.2% YoY), and profit attributable to owners of the parent of 12,063 million yen (down 0.9% YoY).

Business results by segment are summarized below.

(i) Total Pack Produce business

In Total Pack Produce business, in addition to the completion and new contracts of projects have steadily recorded, the Company's business capabilities have been expanded thanks to the newly joined company, Kingrun Co., Ltd. Also, in Osaka heavy ion therapy center, increase of the number of new outpatients and treatment cases due to the expansion of treatment areas covered by national insurance from April 2022 led to the profitability in operating income.

On the other hand, business results fell short of the plan because the manufacturers were still affected by the difficulties in procuring electrical components and soaring raw material prices, also the progress of large-scale projects in Myanmar business was delayed because of the impact of foreign currency shortages due to the financial regulations such as compulsory conversion.

As a result, this segment recorded net sales of 121,868 million yen (up 22.4% YoY) and segment profit (operating profit) of 9,024 million yen (down 2.6% YoY).

(ii) Medical Supply business

In Medical Supply business, while the business was affected by soaring raw material prices and logistic costs, newly contracted SPD facilities steadily operated. Furthermore, the demand for medical materials recovered due to the increase in the number of surgeries.

As a result, this segment recorded net sales of 386,335 million yen (up 7.1% YoY) and segment profit (operating profit) of 6,666 million yen (up 7.4% YoY).

(iii) Lifecare business

In Lifecare business, while the sales in food service business increased due to the activities including new M&As, the business was greatly affected by the soaring food prices. The nursing care business continued to maintain high occupancy rate, however, it was also largely affected by soaring utility costs.

As a result, this segment recorded net sales of 33,581 million yen (up 33.0% YoY) and segment profit (operating profit) of 2,055 million yen (down 14.6% YoY).

(iv) Dispensing Pharmacy business

In Dispensing Pharmacy business, while the business was affected by the public drug price revision, the business performance was firmly progressed by new store openings and small-scale M&As, and improvement of management efficiency.

As a result, this segment recorded net sales of 30,499 million yen (up 5.4% YoY) and segment profit (operating profit) of 3,256 million yen (up 1.8% YoY)

(2) Description of financial position

(i) Current assets

The balance of current assets at the end of this consolidated fiscal year stood at 257,241 million yen (vs. a balance of 226,529 million yen at the end of the previous consolidated fiscal year), increase of 30,712 million yen since the end of the previous consolidated fiscal year.

Major reasons included increases of 17,684 million yen in “Accounts receivable – trade”, 7,030 million yen in “Cash and deposits”, and 2,611 million yen in “Merchandise and finished goods”, despite decrease of 532 million yen in “Lease investment assets”.

(ii) Non-current assets

The balance of non-current assets at the end of this consolidated fiscal year stood at 124,735 million yen (vs. a balance of 108,545 million yen at the end of the previous consolidated fiscal year), increase of 16,190 million yen since the end of the previous consolidated fiscal year.

Major reasons included increases of 3,983 million yen in “Goodwill”, 3,200 million yen in “Buildings and structures”, despite decreases of 5,987 million yen in “Construction in progress”, and 504 million yen in “Guarantee deposits”.

(iii) Current liabilities

The balance of current liabilities at the end of this consolidated fiscal year stood at 197,020 million yen (vs. a balance of 148,371 million yen at the end of the previous consolidated fiscal year), increase of 48,648 million yen since the end of the previous consolidated fiscal year.

Major reasons included increases of 25,016 million yen in “Current portion of bonds with share acquisition rights”, and 9,811 million yen in “Notes and accounts payable – trade”, despite decrease of 586 million yen in “Short-term loans payable”.

(iv) Non-current liabilities

The balance of non-current liabilities at the end of this consolidated fiscal year stood at 53,842 million yen (vs. a balance of 64,384 million yen at the end of the previous consolidated fiscal year), decrease of 10,542 million yen since the end of the previous consolidated fiscal year.

Major reasons included decrease of 25,041 million yen in “Bonds with share acquisition rights”, despite increase of 11,600 million yen in “Long-term loans payable”.

(v) Net assets

The balance of net assets at the end of this consolidated fiscal year stood at 131,115 million yen (vs. a balance of 122,318 million yen at the end of the previous consolidated fiscal year), an increase of 8,796 million yen since the end of the previous consolidated fiscal year.

Major reasons included increases of 12,063 million yen in “Retained earnings from profit attributable to owners of parent”, and 1,475 million yen in “Valuation differences on available-for-sale securities”, despite decrease of 3,868 million yen in “Retained earnings” due to payment of dividends.

(3) Description of cash flows

The balance of cash and cash equivalents at the end of this consolidated fiscal year stood at 79,020 million yen, increase 6,216 million yen from the balance of 72,804 million yen at the end of the previous consolidated fiscal year.

(i) Cash flow from operating activities

Cash flow proceeded from operating activities was 14,105 million yen (proceeds increased 1,677 million yen compared to the previous consolidated fiscal year). Major contributing factors included recording of 20,665 million yen in “Profit before income taxes”, and increase of 12,160 million yen in notes and accounts payable – trade, and recording of 5,213 million yen in “Depreciation and amortization”, despite increase of 15,161 million yen in notes and accounts receivable – trade, payments of 8,637 million yen in income taxes, and increase of 3,825 million yen in inventories.

(ii) Cash flow from investing activities

Cash flow expended in investing activities was 6,774 million yen (expenses increased 2,904 million yen compared to the previous consolidated fiscal year). Major contributing factors included expenditures of 3,477 million yen on “Purchase of property, plant, and equipment”, and 3,039 million yen on “Purchase of shares of subsidiaries resulting in change in scope of consolidation”.

(iii) Cash flow from financing activities

Cash flow expended in financing activities was 1,022 million yen (proceeds increased 7,819 million yen compared to the previous consolidated fiscal year). Major contributing factors included expenditures of 5,497 million yen on “Repayment of long-term loans payable” and 3,868 million yen on “Cash dividends paid”, despite proceeds of 10,254 million yen from “Long-term loans payable”.

Reference: Trends in cash flow indices

	FY ended March 2019	FY ended March 2020	FY ended March 2021	FY ended March 2022	FY ended March 2023
Equity capital ratio (%)	31.9	33.0	33.3	35.3	33.5
Mark-to-market equity capital ratio (%)	72.3	67.9	87.7	56.0	60.2
Years of debt redemption (years)	6.9	2.9	3.4	5.1	5.4
Interest coverage ratio (times)	40.9	89.4	61.1	43.7	33.1

* Equity capital ratio = equity capital/total assets

Mark-to-market equity capital ratio = total market capitalization/total assets

Years of debt redemption = interest-bearing debt/operating cash flows

Interest coverage ratio = operating cash flows/interest paid

Notes:

- All indices are calculated from consolidated-basis financial data.
- Total market capitalization is calculated by multiplying the closing stock price at the end of the fiscal year by total number of shares issued and outstanding (after subtracting treasury stock) as of the end of the fiscal year.
- Calculations of operating cash flows are based on cash flows from operating activities on the Consolidated Cash Flow Statement. Interest-bearing debt consists of all debt on the Consolidated Balance Sheet for which interest is paid. The amount of interest paid is based on interest paid as shown on the Consolidated Cash Flow Statement.

(4) Future outlook

As the baby boom generation ages and low birth rates continue, projections indicate Japan will continue to see restraints on remuneration for medical and nursing care costs, and reductions in their price. In addition, since the enactment of the Act for Securing Comprehensive Medical and Long-term Care in the Community, progress is being made to develop comprehensive community care systems through continuing reforms in the structure of providing medical care, with completion envisioned for 2025.

Given these conditions and drawing on advanced capabilities in providing comprehensive and optimal solutions in medical, healthcare, welfare, nursing care, and services, the Group will seek to contribute to society by meeting a wide range of needs based on the SHIP philosophy and Group mission to “Creating environments for medical professionals”.

The Group has formulated the medium-term management plan “SHIP VISION 2024” for the three-year period from the fiscal year ended March 31, 2023 to the fiscal year ending March 31, 2025.

As a corporate group aiming for consolidated net sales of 1 trillion yen, the Group plan to achieve record high net sales of 630 billion yen and operating income of 26 billion yen in the final year of the plan, the fiscal year ending March 31, 2025, through four key measures; “Further high growth of core business”, “Further expand value”, “Functional organization enhancement strategy”, and “Activities for sustainability”.

The business performance projected for the next fiscal year (FY ending March 2024) is summarized below.

<Projected consolidated results>

(Unit: Million yen, %)

	FY ending March 2024 (projected)			FY ended March 2023 (actual)	
		Profit margin	YoY change		Profit margin
Net sales	600,000	–	4.8	572,285	–
Operating profit	24,000	4.0	13.5	21,144	3.7
Ordinary profit	23,500	3.9	14.0	20,607	3.6
Profit attributable to owners of parent	13,500	2.3	11.9	12,063	2.1

The projected amount of (year-end) dividends per share in FY ending March 2024 is 48 yen.

(Ordinary dividend 43 yen, Commemorative dividend 5 yen)

2. Basic approach in selecting accounting standards

To facilitate comparisons from period to period and between entities, the Group for the time being will continue to prepare its consolidated financial statements based on J-GAAP.

The Group will duly address the application of International Financial Reporting Standards (IFRS) after taking into account various circumstances both in Japan and abroad.

3. Consolidated financial statements and notes thereto

(1) Consolidated balance sheet

(Unit: Million yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Assets		
Current assets		
Cash and deposits	73,808	80,839
Notes receivable - trade	2,163	2,083
Accounts receivable - trade	109,399	127,083
Electronically recorded monetary claims - operating	4,720	5,374
Lease investment assets	3,634	3,102
Merchandise and finished goods	18,778	21,389
Work in process	2,317	3,776
Raw materials and supplies	1,010	1,504
Short-term loans receivable	1,718	1,809
Other	9,872	11,380
Allowance for doubtful accounts	(895)	(1,101)
Total current assets	226,529	257,241
Non-current assets		
Property, plant, and equipment		
Buildings and structures	36,716	43,395
Accumulated depreciation	(16,470)	(19,949)
Buildings and structures, net	20,245	23,446
Machinery, equipment and vehicles	8,195	9,489
Accumulated depreciation	(3,448)	(5,005)
Machinery, equipment and vehicles, net	4,746	4,484
Land	16,293	18,209
Real estate for rent	14,895	15,072
Accumulated depreciation	(3,902)	(4,121)
Real estate for rent, net	10,993	10,951
Construction in progress	1,249	650
Other	14,560	21,755
Accumulated depreciation	(10,092)	(14,369)
Other, net	4,468	7,386
Total property, plant, and equipment	57,995	65,127
Intangible assets		
Goodwill	8,336	12,320
Other	1,017	3,828
Total intangible assets	9,354	16,149
Investments and other assets		
Investment securities	23,608	25,424
Long-term loans receivable	7,518	7,117
Net defined benefit asset	1,012	1,022
Deferred tax assets	3,184	4,345
Claims provable in bankruptcy, claims provable in rehabilitation and other	86	29
Guarantee deposits	6,260	5,756
Other	1,266	1,451
Allowance for doubtful accounts	(1,741)	(1,689)
Total investments and other assets	41,195	43,458
Total non-current assets	108,545	124,735
Total assets	335,074	381,977

(Unit: Million yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	100,071	109,883
Electronically recorded obligations - operating	22,173	28,622
Short-term loans payable	2,401	1,815
Current portion of bonds with share acquisition rights	—	25,016
Current portion of long-term loans payable	3,807	5,536
Income taxes payable	4,980	5,332
Provision for bonuses	2,461	2,908
Other	12,473	17,904
Total current liabilities	148,371	197,020
Non-current liabilities		
Bonds with share acquisition rights	25,041	—
Long-term loans payable	29,970	41,571
Net defined benefit liability	2,938	3,383
Deferred tax liabilities	1,397	2,347
Asset retirement obligations	873	1,156
Other	4,162	5,383
Total non-current liabilities	64,384	53,842
Total liabilities	212,756	250,862
Net assets		
Shareholders' equity		
Capital stock	15,553	15,553
Capital surplus	23,908	23,533
Retained earnings	91,964	100,158
Treasury stock	(15,526)	(15,526)
Total shareholders' equity	115,899	123,718
Accumulated other comprehensive income		
Valuation differences on available-for-sale securities	1,503	2,978
Deferred gains or losses on hedges	1	1
Foreign currency translation adjustments	842	1,305
Remeasurements of defined benefit plans	44	32
Total accumulated other comprehensive income	2,390	4,319
Non-controlling interests	4,028	3,077
Total net assets	122,318	131,115
Total liabilities and net assets	335,074	381,977

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

Consolidated statement of income

(Unit: Million yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	514,353	572,285
Cost of sales	460,709	511,667
Gross profit	53,643	60,617
Sales, general, and administrative expenses		
Directors' compensation	1,521	1,729
Salaries and allowances	11,223	13,309
Bonuses	1,325	1,504
Retirement benefit expenses	458	496
Provision for bonus	1,004	1,314
Other	17,605	21,117
Total sales, general, and administrative expenses	33,138	39,473
Operating profit	20,505	21,144
Non-operating profit		
Interest income	289	310
Dividend income	211	227
Equity gains of affiliated companies	357	—
Reversal of allowance for doubtful accounts	270	12
Other	344	553
Total non-operating profit	1,473	1,104
Non-operating expenses		
Interest expenses	283	424
Equity losses of affiliated companies	—	5
Foreign exchange loss	284	1,094
Provision for doubtful accounts	32	—
Commission paid	43	24
Other	46	92
Total non-operating expenses	691	1,641
Ordinary profit	21,287	20,607
Extraordinary profit		
Gains on sales of non-current assets	1	42
Subsidy income	—	45
Gains on sales of investment securities	1	2
Other	0	3
Total extraordinary profit	3	94
Extraordinary losses		
Losses on sales of non-current assets	1	3
Losses on retirement of non-current assets	243	27
Impairment loss	241	—
Other	0	4
Total extraordinary losses	486	35
Profit before income taxes	20,804	20,665
Income taxes - current	7,921	8,681
Income taxes - deferred	496	379
Total income taxes	8,418	9,061
Profit	12,385	11,604
Profit attributable to non-controlling interests	213	(458)
Profit attributable to owners of parent	12,172	12,063

Consolidated statement of comprehensive income

	(Unit: Million yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net income	12,385	11,604
Other comprehensive income		
Valuation differences on available-for-sale securities	(2,420)	1,475
Foreign currency translation adjustments	1,016	351
Remeasurements of defined benefit plans	84	(14)
Share of other comprehensive income of entities accounted for using equity method	(4)	16
Total other comprehensive income	(1,323)	1,829
Comprehensive income	11,061	13,433
(Breakdown)		
Comprehensive income attributable to owners of parent	10,605	13,991
Comprehensive income attributable to non-controlling interests	455	(558)

(3) Consolidated statement of changes in shareholders' equity

Previous consolidated fiscal year (April 1, 2021–March 31, 2022)

(Unit: Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	15,553	23,891	83,565	(15,526)	107,483
Changes of items during period					
Dividends of surplus			(3,774)		(3,774)
Profit attributable to owners of parent			12,172		12,172
Purchase of treasury stock				(0)	(0)
Capital increases by consolidated subsidiaries		17			17
Net changes of items other than shareholders' equity					
Total changes of items during period	—	17	8,398	(0)	8,415
Balance at end of current period	15,553	23,908	91,964	(15,526)	115,899

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Differed gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	3,923	0	68	(35)	3,957	3,663	115,103
Changes of items during period							
Dividends of surplus							(3,774)
Profit attributable to owners of parent							12,172
Purchase of treasury stock							(0)
Capital increases by consolidated subsidiaries							17
Net changes of items other than shareholders' equity	(2,420)	0	773	79	(1,566)	365	(1,200)
Total changes of items during period	(2,420)	0	773	79	(1,566)	365	7,214
Balance at end of current period	1,503	1	842	44	2,390	4,028	122,318

This consolidated fiscal year (April 1, 2022–March 31, 2023)

(Unit: Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	15,553	23,908	91,964	(15,526)	115,899
Changes of items during period					
Dividends of surplus			(3,868)		(3,868)
Profit attributable to owners of parent			12,063		12,063
Purchase of treasury stock				(0)	(0)
Capital increases by consolidated subsidiaries		(375)			(375)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(375)	8,194	(0)	7,819
Balance at end of current period	15,553	23,533	100,158	(15,526)	123,718

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Differed gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	1,503	1	842	44	2,390	4,028	122,318
Changes of items during period							
Dividends of surplus							(3,868)
Profit attributable to owners of parent							12,063
Purchase of treasury stock							(0)
Capital increases by consolidated subsidiaries							(375)
Net changes of items other than shareholders' equity	1,475	0	463	(11)	1,928	(951)	977
Total changes of items during period	1,475	0	463	(11)	1,928	(951)	8,796
Balance at end of current period	2,978	1	1,305	32	4,319	3,077	131,115

(4) Consolidated statement of cash flows

(Unit: Million yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Income before income taxes	20,804	20,665
Depreciation and amortization	3,609	5,213
Impairment loss	241	—
Amortization of goodwill	1,879	2,237
Share of loss (profit) of entities accounted for using equity method [() represents profit]	(357)	5
Increase (decrease) in provision for bonuses [() represents decrease]	(66)	(27)
Increase (decrease) in allowance for doubtful accounts [() represents decrease]	(159)	104
Increase (decrease) in lease investment assets [() represents increase]	(285)	532
Increase (decrease) in net defined benefit liability [() represents decrease]	117	66
Loss on retirement of property, plant, and equipment	243	27
Interest and dividend income	(500)	(538)
Interest expenses	283	424
Decrease (increase) in notes and accounts receivable – trade [() represents increase]	(97)	(15,161)
Decrease (increase) in inventories [() represents increase]	(3,325)	(3,825)
Increase (decrease) in notes and accounts payable – trade [() represents decrease]	(1,645)	12,160
Other	544	602
Subtotal	21,283	22,487
Interest and dividend income received	599	681
Interest expenses paid	(284)	(426)
Income taxes paid	(9,170)	(8,637)
Cash flows from operating activities	12,428	14,105

	(Unit: Million yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from investing activities		
Payments into time deposits	(185)	(496)
Proceeds from withdrawal of time deposits	146	590
Purchase of property, plant, and equipment	(3,124)	(3,469)
Proceeds from sales of property, plant, and equipment	70	203
Purchase of intangible assets	(346)	(439)
Payments of short-term loans receivable	(401)	(147)
Collection of short-term loans receivable	330	55
Payments of long-term loans receivable	(220)	(7)
Collection of long-term loans receivable	269	371
Purchase of investment securities	(15)	(321)
Proceeds from sales and redemption of investment securities	1	6
Purchase of shares of subsidiaries and associates	(121)	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(216)	(3,492)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	24	382
Other	(83)	(10)
Cash flows from investing activities	(3,870)	(6,774)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable [() represents decrease]	1,014	(788)
Proceeds from long-term loans payable	299	10,254
Repayments of long-term loans payable	(6,056)	(5,497)
Purchase of treasury stock	(0)	(0)
Cash dividends paid	(3,774)	(3,868)
Dividends paid to non-controlling shareholders	(16)	(22)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(48)	(851)
Repayments of lease obligations	(249)	(248)
Other	(11)	—
Cash flows from financing activities	(8,842)	(1,022)
Effect of exchange rate change on cash and cash equivalents	130	(91)
Increase (decrease) in cash and cash equivalents [() represents decrease]	(154)	6,216
Cash and cash equivalents at the beginning of the period	72,950	72,804
Cash and cash equivalents from newly consolidated subsidiaries	8	—
Cash and cash equivalents at the end of the period	72,804	79,020

(5) Notes on consolidated financial statements

(Notes on the going concern assumption)

Not applicable

(Segment information, etc.)

[Segment information]

1 Overview of reportable segments

The Company's reportable segments are Company components for which separate financial information is available and subject to periodic review by the Board of Directors in determining the allocation of management resources and evaluating business performance.

The Company classifies its business divisions by service. The Company formulates comprehensive strategies reflecting the nature of the activities of each business division and subsidiary and undertakes business activities based on these strategies. Accordingly, the Company organizes its segments based on its business divisions. Its four reportable segments are the Total Pack Produce business, the Medical Supply business, the Lifecare business, and the Dispensing Pharmacy business.

The Total Pack Produce segment engages in sales of medical devices and medical equipment based on bulk orders; consulting on topics including medicine, healthcare, welfare, and nursing care facilities; and leasing of real estate to medical facilities and other tenants. The Medical Supply segment engages in sales of medical examination and treatment materials and special treatment materials. The Lifecare segment operates homes for senior citizens, group homes and other facilities, and provide food service. The Dispensing Pharmacy segment operates dispensing pharmacies, among other business activities.

2 Methods for calculating net sales, profit (loss), assets, and other amounts by reportable segment

The accounting methods for reportable segments are same as those outlined under "Significant Matters that Serve as the Basis for Preparation of Consolidated Financial Statements."

Reportable segment profit figures are based on operating profit. Intersegment revenues and transfers are based on market prices.

3 Net sales, profit (loss), assets, and other amounts by reportable segment

Previous consolidated fiscal year (April 1, 2021–March 31, 2022)

(Unit: Million yen)

	Reportable segment					Adjustments*1	Amount recorded on consolidated financial statements*2
	Total Pack Produce business	Medical Supply business	Lifecare business	Dispensing Pharmacy business	Subtotal		
Net sales							
(1) Sales to outside customers	99,539	360,635	25,247	28,930	514,353	—	514,353
(2) Intersegment sales or transfers	2,176	1,256	188	101	3,724	(3,724)	—
Subtotal	101,716	361,892	25,436	29,032	518,077	(3,724)	514,353
Segment profit	9,265	6,209	2,407	3,200	21,082	(577)	20,505
Segment assets	121,743	144,820	34,755	27,629	328,947	6,127	335,074
Other items							
Depreciation	1,628	956	646	314	3,545	63	3,609
Amortization of goodwill	503	411	408	556	1,879	—	1,879
Impairment loss	—	241	—	—	241	—	241
Investment in entities accounted for using equity method	560	—	9,803	—	10,363	—	10,363
Increase in property, plant, and equipment, and intangible fixed assets	1,326	712	499	491	3,029	205	3,235

Notes:

1. The amounts of the various adjustments are described below.

- (1) The figure of (577) million yen in adjustments to segment profit includes (73) million yen for the cancellation of intersegment transactions and (509) million yen for companywide costs not allocated to an individual reportable segment. These companywide costs consist mainly of parent company operating expenses and sales, general, and administrative expenses not attributable to individual reportable segments.
- (2) The figure of 6,127 million yen in adjustments to segment assets includes (19,662) million yen for cancellation of intersegment transactions, and 26,538 million yen for companywide assets not allocated to an individual reportable segment. These companywide assets consist mainly of assets related to administrative sections not attributable to individual reportable segments.
- (3) The figure of 205 million yen in adjustments to increase in property, plant, and equipment, and intangible fixed assets consists mainly of capital investment related to administrative sections not attributable to individual reportable segments.

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

Consolidated fiscal year under review (April 1, 2022–March 31, 2023)

(Unit: Million yen)

	Reportable segment					Adjustments*1	Amount recorded on consolidated financial statements*2
	Total Pack Produce business	Medical Supply business	Lifecare business	Dispensing Pharmacy business	Subtotal		
Net sales							
(1) Sales to outside customers	121,868	386,335	33,581	30,499	572,285	—	572,285
(2) Intersegment sales or transfers	3,013	1,660	76	103	4,854	(4,854)	—
Subtotal	124,882	387,996	33,657	30,603	577,139	(4,854)	572,285
Segment profit	9,024	6,666	2,055	3,256	21,002	141	21,144
Segment assets	152,619	154,139	40,408	32,029	379,196	2,781	381,977
Other items							
Depreciation	3,111	869	826	349	5,157	55	5,213
Amortization of goodwill	1,018	395	476	346	2,237	—	2,237
Impairment loss	—	—	—	—	—	—	—
Investment in entities accounted for using equity method	570	—	9,622	—	10,192	—	10,192
Increase in property, plant, and equipment, and intangible fixed assets	2,021	552	736	359	3,670	364	4,034

Notes:

1. The amounts of the various adjustments are described below.

- (1) The figure of 141 million yen in adjustments to segment profit includes (107) million yen for the cancellation of intersegment transactions and 242 million yen for companywide costs not allocated to an individual reportable segment. These companywide costs consist mainly of parent company operating expenses and sales, general, and administrative expenses not attributable to individual reportable segments.
- (2) The figure of 3,105 million yen in adjustments to segment assets includes (23,643) million yen for cancellation of intersegment transactions, and 26,880 million yen for companywide assets not allocated to an individual reportable segment. These companywide assets consist mainly of assets related to administrative sections not attributable to individual reportable segments.
- (3) The figure of 364 million yen in adjustments to increase in property, plant, and equipment, and intangible fixed assets consists mainly of capital investment related to administrative sections not attributable to individual reportable segments.

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

[Related information]

Previous consolidated fiscal year (April 1, 2021–March 31, 2022)

1 Product and service-specific information

This information is reported under segment information and is therefore omitted here.

2 Region-specific information

(1) Net sales

This information is omitted because sales to external customers in Japan account for more than 90% of net sales on the Consolidated Statement of Income.

(2) Property, plant, and equipment

This information is omitted because property, plant, and equipment located in Japan account for more than 90% of property, plant, and equipment on the Consolidated Balance Sheet.

3 Information concerning key individual customers

Not applicable because sales to no single external customer account for 10% or more of net sales on the Consolidated Statement of Income.

This consolidated fiscal year (April 1, 2022–March 31, 2023)

1 Product and service-specific information

This information is reported under segment information and is therefore omitted here.

2 Region-specific information

(1) Net sales

This information is omitted because sales to external customers in Japan account for more than 90% of net sales on the Consolidated Statement of Income.

(2) Property, plant, and equipment

This information is omitted because property, plant, and equipment located in Japan account for more than 90% of property, plant, and equipment on the Consolidated Balance Sheet.

3 Information concerning key individual customers

Not applicable because sales to no single external customer account for 10% or more of net sales on the Consolidated Statement of Income.

[Information concerning impairment losses on fixed assets per reportable segment]

Previous consolidated fiscal year (April 1, 2021–March 31, 2022)

This information is reported under segment information and is therefore omitted here.

This consolidated fiscal year (April 1, 2022–March 31, 2023)

This information is reported under segment information and is therefore omitted here.

[Information concerning amounts of amortization of goodwill and remaining unamortized balances, per reportable segment]

Previous consolidated fiscal year (April 1, 2021–March 31, 2022)

(Unit: Million yen)

	Reportable segment					Companywide/ cancellation	Total
	Total Pack Produce business	Medical Supply business	Lifecare business	Dispensing Pharmacy business	Subtotal		
(Goodwill) Ending balance	3,991	1,424	1,946	974	8,336	—	8,336

Note: Amounts of amortization of goodwill is omitted because similar information is reported under segment information.

This consolidated fiscal year (April 1, 2022–March 31, 2023)

(Unit: Million yen)

	Reportable segment					Companywide/ cancellation	Total
	Total Pack Produce business	Medical Supply business	Lifecare business	Dispensing Pharmacy business	Subtotal		
(Goodwill) Ending balance	8,374	1,029	2,184	732	12,320	—	12,320

Note: Amounts of amortization of goodwill is omitted because similar information is reported under segment information.

[Information on gains on bargain purchases per reportable segment]

Previous consolidated fiscal year (April 1, 2021–March 31, 2022)

No important gains on bargain purchases occurred.

This consolidated fiscal year (April 1, 2022–March 31, 2023)

No important gains on bargain purchases occurred.

(Per-share information)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
	(Yen)	(Yen)
Net assets per share	1,253.73	1,357.05
Net income per share	129.01	127.85
Diluted net income per share	117.01	115.92

Notes: 1. “Net income per share” and “Diluted net income per share” are calculated based on the following information:

Account	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net income per share		
Profit attributable to owners of parent (million yen)	12,172	12,063
Amount not attributable to owners of common stock (million yen)	—	—
Profit attributable to owners of parent related to common stock (million yen)	12,172	12,063
Average shares of common stock during the period (shares)	94,350,306	94,350,259
Diluted net income per share		
Adjustment for profit attributable to owners of parent (million yen)	(16)	(16)
[Interest income (after tax equivalent deduction) (million yen)]	[(17)]	[(17)]
Increase in number of common stock (shares)	9,529,091	9,565,079
[Bonds with share acquisition rights included in above (shares)]	[9,529,091]	[9,565,079]
Description of potentially dilutive common shares not included in the computation of diluted earnings per share because of their anti-dilutive effect	—	—

2. Net assets per share were calculated based on the following information:

Account	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Total net assets (million yen)	122,318	131,115
Amount subtracted from total net assets (million yen)	4,028	3,077
[Non-controlling interests included in above (million yen)]	[4,028]	[3,077]
Ending balance of net assets related to common stock (million yen)	118,289	128,037
Ending number of shares of common stock used in calculation of net assets per share (shares)	94,350,284	94,350,225

(Important subsequent information)

Not applicable