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## Consolidated Financial Statements for Fiscal Year Ended March 31, 2024 [Japanese GAAP]



May 10, 2024

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 27, 2024  
 Scheduled start date for dividend payments: June 28, 2024  
 Scheduled date for filing securities report: June 27, 2024  
 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, 2024

(April 1, 2023 – March 31, 2024)

#### (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 2024	630,988	10.3	24,535	16.0	25,215	22.4	13,789	14.3
FY ended March 2023	572,285	11.3	21,144	3.1	20,607	(3.2)	12,063	(0.9)

Note: Comprehensive income: FY ended March 2024: ¥ 15,363 million (14.4%); FY ended March 2023: ¥ 13,433 million (21.4%)

	Net income per share	Diluted net income per share	Return on equity	Return on assets	Operating margin
	(Yen)	(Yen)	%	%	%
FY ended March 2024	146.15	—	10.3	6.6	3.9
FY ended March 2023	127.85	115.92	9.8	5.7	3.7

Reference: Share of profit (loss) of entities accounted for using equity method: FY ended March 31, 2024: ¥ 725 million;  
 FY ended March 31, 2023: ¥ (5) million

Note: Diluted net income per share in FY ended March 2024 are not stated because there are no outstanding potential shares.

#### (2) Consolidated financial condition

	Total assets	Net assets	Equity capital ratio	Net assets per share
	(Million yen)	(Million yen)	%	(Yen)
FY ended March 2024	386,819	142,216	36.1	1,478.71
FY ended March 2023	381,977	131,115	33.5	1,357.05

Reference: Equity: FY ended March 2024: ¥139,516 million; FY ended March 2023: ¥128,037 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 2024	31,609	(7,202)	(20,482)	83,128
FY ended March 2023	14,105	(6,774)	(1,022)	79,020

## 2. Dividends

	Annual dividends					Total annual dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	End Q1	End Q2	End Q3	Year-end	Total			
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)	(Million yen)	%	%
FY ended March 2023	—	0.00	—	42.00	42.00	3,962	32.8	3.2
FY ended March 2024	—	0.00	—	50.00	50.00	4,717	34.2	3.5
FY ending March 2025 (projected)	—	0.00	—	53.00	53.00		33.3	

Note: Dividend breakdown for the fiscal year ended March 31, 2024:  
 Ordinary dividends ¥45.00 Commemorative dividends ¥5.00

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2025  
(April 1, 2024 – March 31, 2025)

(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	300,000	1.1	8,500	(8.0)	8,500	(16.0)	5,000	35.6	52.99
Full-year	640,000	1.4	26,000	6.0	26,000	3.1	15,000	8.8	158.98

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 2024	101,669,400 shares	FY ended March 2023	101,669,400 shares
(ii) Number of treasury stock at the end of the period	FY ended March 2024	7,319,175 shares	FY ended March 2023	7,319,175 shares
(iii) Average number of shares during the period	FY ended March 2024	94,350,225 shares	FY ended March 2023	94,350,259 shares

Reference: Overview of non-consolidated financial results

1. Non-consolidated financial results for fiscal year ended March 31, 2024 (April 1, 2023–March 31, 2024)

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

	Operating revenue		Operating profit		Ordinary profit		Net income	
	(Million yen)	%	(Million yen)	%	(Million yen)	%	(Million yen)	%
FY ended March 2024	8,913	10.5	7,228	11.6	7,197	10.8	6,822	8.6
FY ended March 2023	8,064	(0.1)	6,476	3.8	6,494	3.6	6,281	1.8

	Net income per share	Diluted net income per share
	(Yen)	(Yen)
FY ended March 2024	72.31	—
FY ended March 2023	66.58	60.29

Note: Diluted net income per share in FY ended March 2024 are not stated because there are no outstanding potential shares.

(2) Non-consolidated financial condition

	Total assets	Net assets	Equity capital ratio	Net assets per share
	(Million yen)	(Million yen)	%	(Yen)
FY ended March 2024	102,150	56,865	55.7	602.71
FY ended March 2023	95,424	52,547	55.1	556.94

Reference: Equity: FY ended March 31, 2024: ¥ 56,865 million; FY ended March 31, 2023: ¥ 52,547 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, 2024 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, 2025.
- 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 Attached Materials.
- The Company is a holding company and the bulk of its revenue consists of dividends received from subsidiaries and revenues from their operating income. Detailed information on non-consolidated financial forecasts is omitted since information is not important for investment information and business indicators.

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## 1. Qualitative information on business results

### (1) Description of business results

During this fiscal year, the Japanese economy saw a gradual easing of restrictions due to the impact of the COVID-19 pandemic, leading to a normalization of economic activities. However, uncertainties persisted due to unstable overseas situations in regions like Ukraine and the Middle East, along with concerns over Japanese yen depreciation leading to inflation in energy and raw material prices. Additionally, global financial tightening and uncertainties surrounding the future of the Chinese economy added to the prevailing uncertainty.

Healthcare industry in which the Group belongs, there have been revisions to medical facility bed reservation fees and special exceptions in medical fees due to changes in the legal status of COVID-19 under the Infectious Diseases Control Law. Additionally, in each prefecture, there are demands for responses to various challenges in regional healthcare that have become apparent due to the spread of COVID-19, as well as adjustments to changes in population structure, as part of the guidelines for the 8th National Medical Plan.

Under such conditions, the group experienced the impact of political unrest in Myanmar on the Total Pack Produce business. However, as a result, the performance of each segments generally progressed. Furthermore, during this period which marks the second phase of our Medium-term management plan, the group continued to advance the four key initiatives initially outlined: “Further high growth of core business”, “Further expand value”, “Functional enhancement strategy” and “Activities for sustainability”.

For FY ended March 2024, the various factors noted above resulted in net sales of 630,988 million yen (up 10.3% YoY), operating profit of 24,535 million yen (up 16.0% YoY), ordinary profit of 25,215 million yen (up 22.4% YoY), and profit attributable to owners of the parent of 13,789 million yen (up 14.3% YoY).

Business results by segment are summarized below.

#### (i) Total Pack Produce business

In Total Pack Produce business, although the revenue of projects tended to be concentrated in the fourth quarter in this period, it generally progressed according to the plan. While the prolonged lead times for electrical components in the manufacturing sector continued to impact operations, efforts toward normalization and improvement are underway.

Additionally, in Osaka heavy ion therapy center, the number of new outpatients and treatment cases increased due to the expansion of treatment areas covered by national insurance from April 2022. Furthermore, the performance of Kingrun Group which joined the group in July 2022, contributed positively from the beginning of the period.

On the other hand, in Myanmar business, affected by financial sanctions by the U.S and the Europe due to the military coup and compulsory conversion of foreign currency, an impairment loss equivalent to entire amount of goodwill, which is 2,635 million yen, was recognized as an impairment loss in the second quarter cumulative fiscal year.

Furthermore, in the cumulative period of the fourth quarter of the consolidated fiscal year, the group sold all shares of the subsidiary concerned.

As a result, this segment recorded net sales of 133,717 million yen (up 9.7% YoY) and segment profit (operating profit) of 11,805 million yen (up 30.8% YoY).

#### (ii) Medical Supply business

In Medical Supply business, the operation of new SPD facilities, which were contracted in second half of the previous consolidated fiscal year, steadily operated. Additionally, the range of commissioned services in existing SPD facilities has expanded. However, the business was affected by soaring raw material prices and labor costs.

Furthermore, temporary expenses were recorded for stock valuation losses of infection control products and acquisition costs related to new M&A activities.

As a result, this segment recorded net sales of 428,451 million yen (up 10.9% YoY) and segment profit (operating profit) of 6,513 million yen (down 2.3% YoY).

#### (iii) Lifecare business

In Lifecare business, efforts were made to mitigate the impact of rising utility costs by thoroughly managing energy expenses in nursing care business. Furthermore, despite the initial review of management expenses conducted at the beginning of the fiscal year, the group were able to maintain high occupancy rates. Additionally, In food service business, the group achieved increased revenue and profit despite the inflationary pressures on food prices, partly due to contributions from companies that joined the group in the previous fiscal year.

As a result, this segment recorded net sales of 36,099 million yen (up 7.5% YoY) and segment profit (operating profit) of 2,606 million yen (up 26.8% YoY).

#### (iv) Dispensing Pharmacy business

In Dispensing Pharmacy business, the business performance was firmly progressed by new store openings, small-scale M&As, etc.

As a result, this segment recorded net sales of 32,719 million yen (up 7.3% YoY) and segment profit (operating profit) of 3,530 million yen (up 8.4% YoY).

## (2) Description of financial position

### (i) Current assets

The balance of current assets at the end of this consolidated fiscal year stood at 260,023 million yen (vs. a balance of 257,241 million yen at the end of the previous consolidated fiscal year), increase of 2,781 million yen since the end of the previous consolidated fiscal year.

Major reasons included increases of 4,232 million yen in “Cash and deposits”, 966 million yen in “Short-term loans receivable”, and 855 million yen in “Electronically recorded monetary claims – operating”, despite decrease of 5,394 million yen in “Accounts receivable”.

### (ii) Non-current assets

The balance of non-current assets at the end of this consolidated fiscal year stood at 126,795 million yen (vs. a balance of 124,735 million yen at the end of the previous consolidated fiscal year), increase of 2,060 million yen since the end of the previous consolidated fiscal year.

Major reasons included increases of 3,989 million yen in “Investment securities”, 2,657 million yen in “Long-term loans receivable”, despite decreases of 1,747 million yen in “Goodwill”, and 629 million yen in “Construction in progress”.

### (iii) Current liabilities

The balance of current liabilities at the end of this consolidated fiscal year stood at 181,165 million yen (vs. a balance of 197,020 million yen at the end of the previous consolidated fiscal year), decrease of 15,855 million yen since the end of the previous consolidated fiscal year.

Major reasons included decreases of 25,016 million yen in “Current portion of bonds with share acquisition rights”, and 1,106 million yen in “Short-term loans payable”, despite increase of 9,337 million yen in “Electronically recorded obligations - operating”.

### (iv) Non-current liabilities

The balance of non-current liabilities at the end of this consolidated fiscal year stood at 63,438 million yen (vs. a balance of 53,842 million yen at the end of the previous consolidated fiscal year), decrease of 9,596 million yen since the end of the previous consolidated fiscal year.

Major reasons included increases of 8,887 million yen in “Long-term loans payable” and 873 million yen in “Deferred tax liabilities”.

### (v) Net assets

The balance of net assets at the end of this consolidated fiscal year stood at 142,216 million yen (vs. a balance of 131,115 million yen at the end of the previous consolidated fiscal year), an increase of 11,100 million yen since the end of the previous consolidated fiscal year.

Major reasons included increases of 13,789 million yen in “Retained earnings from profit attributable to owners of parent”, and 2,885 million yen in “Valuation differences on available-for-sale securities”, despite decrease of 3,962 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 83,128 million yen, increase 4,107 million yen from the balance of 79,020 million yen at the end of the previous consolidated fiscal year.

#### (i) Cash flow from operating activities

Cash flow proceeded from operating activities was 31,609 million yen (proceeds increased 17,503 million yen compared to the previous consolidated fiscal year). Major contributing factors included recording of 21,860 million yen in “Profit before income taxes”, increase of 7,958 million yen in accounts payable, and recording of 5,466 million yen in “Depreciation and amortization”, despite increase of 8,953 million yen in “Income taxes paid”, and increase of 1,801 million yen in “Inventory” inventories.

#### (ii) Cash flow from investing activities

Cash flow expended in investing activities was 7,202 million yen (expenses increased 428 million yen compared to the previous consolidated fiscal year). Major contributing factors included expenditures of 3,628 million yen on “Purchase of shares of subsidiaries resulting in change in scope of consolidation”, 3,193 million yen on “Purchases of property, plant and equipment”, and 1,911 million yen on “Payments for sales of shares of subsidiaries resulting in change in scope of consolidation”.

#### (iii) Cash flow from financing activities

Cash flow expended in financing activities was 20,482 million yen (proceeds increased 19,459 million yen compared to the previous consolidated fiscal year). Major contributing factors included expenditures of 25,000 million yen on “Repayment of bonds with subscription rights to shares”, 5,662 million yen on “Repayment of long-term loans payable” and 3,962 million yen on “Cash dividends paid”, despite proceeds of 15,510 million yen from “Long-term loans payable”.

#### Reference: Trends in cash flow indices

	FY ended March 2020	FY ended March 2021	FY ended March 2022	FY ended March 2023	FY ended March 2024
Equity capital ratio (%)	33.0	33.3	35.3	33.5	36.1
Mark-to-market equity capital ratio (%)	67.9	87.7	56.0	60.2	51.3
Years of debt redemption (years)	2.9	3.4	5.1	5.4	1.9
Interest coverage ratio (times)	89.4	61.1	43.7	33.1	70.8

\* 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 aging and low birth rates rapidly proceed, it is indicated that Japan Government will continue to save and reduce the unit price, and restraints on remuneration for medical and nursing care costs. 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 plans 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 2025) will exceed the targets set in the mid-term management plan, as follows.

<Projected consolidated results>

(Unit: Million yen, %)

	FY ending March 2025 (projected)			FY ended March 2024 (actual)	
		Profit margin	YoY change		Profit margin
Net sales	640,000	–	1.4	630,988	–
Operating profit	26,000	4.1	6.0	24,535	3.9
Ordinary profit	26,000	4.1	3.1	25,215	4.0
Profit attributable to owners of parent	15,000	2.3	8.8	13,789	2.2

The projected amount of (year-end) dividends per share in FY ending March 2025 is 53 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, 2023	Fiscal year ended March 31, 2024
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	80,839	85,072
Notes receivable - trade	2,083	1,893
Accounts receivable - trade	127,083	121,689
Electronically recorded monetary claims - operating	5,374	6,230
Lease investment assets	3,102	2,953
Merchandise and finished goods	21,389	21,032
Work in process	3,776	3,763
Raw materials and supplies	1,504	1,979
Short-term loans receivable	1,809	2,775
Other	11,380	12,683
Allowance for doubtful accounts	(1,101)	(49)
<b>Total current assets</b>	<b>257,241</b>	<b>260,023</b>
<b>Non-current assets</b>		
<b>Property, plant, and equipment</b>		
Buildings and structures	43,395	44,256
Accumulated depreciation	(19,949)	(21,272)
Buildings and structures, net	23,446	22,984
Machinery, equipment and vehicles	9,489	9,357
Accumulated depreciation	(5,005)	(5,476)
Machinery, equipment and vehicles, net	4,484	3,881
Land	18,209	18,163
Real estate for rent	15,072	15,240
Accumulated depreciation	(4,121)	(4,341)
Real estate for rent, net	10,951	10,899
Construction in progress	650	21
Other	21,755	22,246
Accumulated depreciation	(14,369)	(14,891)
Other, net	7,386	7,355
<b>Total property, plant, and equipment</b>	<b>65,127</b>	<b>63,305</b>
<b>Intangible assets</b>		
Goodwill	12,320	10,573
Other	3,828	3,515
<b>Total intangible assets</b>	<b>16,149</b>	<b>14,088</b>
<b>Investments and other assets</b>		
Investment securities	25,424	29,414
Long-term loans receivable	7,117	9,775
Net defined benefit asset	1,022	1,090
Deferred tax assets	4,345	4,387
Claims provable in bankruptcy, claims provable in rehabilitation and other	29	60
Guarantee deposits	5,756	5,141
Other	1,451	1,312
Allowance for doubtful accounts	(1,689)	(1,780)
<b>Total investments and other assets</b>	<b>43,458</b>	<b>49,402</b>
<b>Total non-current assets</b>	<b>124,735</b>	<b>126,795</b>
<b>Total assets</b>	<b>381,977</b>	<b>386,819</b>

(Unit: Million yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	109,883	109,144
Electronically recorded obligations - operating	28,622	37,959
Short-term loans payable	1,815	708
Current portion of bonds with share acquisition rights	25,016	—
Current portion of long-term loans payable	5,536	6,763
Income taxes payable	5,332	4,728
Provision for bonuses	2,908	2,990
Other	17,904	18,870
Total current liabilities	197,020	181,165
Non-current liabilities		
Long-term loans payable	41,571	50,459
Net defined benefit liability	3,383	3,462
Deferred tax liabilities	2,347	3,220
Asset retirement obligations	1,156	1,175
Other	5,383	5,120
Total non-current liabilities	53,842	63,438
Total liabilities	250,862	244,603
<b>Net assets</b>		
Shareholders' equity		
Capital stock	15,553	15,553
Capital surplus	23,533	23,585
Retained earnings	100,158	109,985
Treasury stock	(15,526)	(15,526)
Total shareholders' equity	123,718	133,597
Accumulated other comprehensive income		
Valuation differences on available-for-sale securities	2,978	5,863
Deferred gains or losses on hedges	1	2
Foreign currency translation adjustments	1,305	(42)
Remeasurements of defined benefit plans	32	95
Total accumulated other comprehensive income	4,319	5,919
Non-controlling interests	3,077	2,699
Total net assets	131,115	142,216
<b>Total liabilities and net assets</b>	<b>381,977</b>	<b>386,819</b>

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

## Consolidated statement of income

(Unit: Million yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	572,285	630,988
Cost of sales	511,667	565,380
Gross profit	60,617	65,607
Sales, general, and administrative expenses		
Directors' compensation	1,729	1,837
Salaries and allowances	13,309	13,734
Bonuses	1,504	1,823
Retirement benefit expenses	496	545
Provision for bonus	1,314	1,404
Other	21,117	21,726
Total sales, general, and administrative expenses	39,473	41,071
Operating profit	21,144	24,535
Non-operating profit		
Interest income	310	330
Dividend income	227	274
Equity gains of affiliated companies	—	725
Reversal of allowance for doubtful accounts	12	—
Other	553	507
Total non-operating profit	1,104	1,838
Non-operating expenses		
Interest expenses	424	449
Equity losses of affiliated companies	5	—
Foreign exchange loss	1,094	452
Provision for doubtful accounts	—	94
Commission paid	24	34
Other	92	126
Total non-operating expenses	1,641	1,158
Ordinary profit	20,607	25,215
Extraordinary profit		
Gains on sales of non-current assets	42	47
Subsidy income	45	—
Gains on sales of investment securities	2	783
Gains on negative goodwill	—	3
Other	3	0
Total extraordinary profit	94	833
Extraordinary losses		
Losses on sales of non-current assets	3	2
Losses on retirement of non-current assets	27	31
Impairment loss	—	2,689
Losses on sales of subsidiaries and affiliates' stocks	—	1,261
Other	4	204
Total extraordinary losses	35	4,189
Profit before income taxes	20,665	21,860
Income taxes - current	8,681	8,265
Income taxes - deferred	379	(141)
Total income taxes	9,061	8,123
Profit	11,604	13,736
Losses attributable to non-controlling interests	(458)	(52)
Profit attributable to owners of parent	12,063	13,789

Consolidated statement of comprehensive income

	(Unit: Million yen)	
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	11,604	13,736
Other comprehensive income		
Valuation differences on available-for-sale securities	1,475	2,885
Foreign currency translation adjustments	351	(1,308)
Remeasurements of defined benefit plans	(14)	58
Share of other comprehensive income of entities accounted for using equity method	16	(8)
Total other comprehensive income	1,829	(1,626)
Comprehensive income	13,433	15,363
(Breakdown)		
Comprehensive income attributable to owners of parent	13,991	15,389
Comprehensive income attributable to non-controlling interests	(558)	(25)

## (3) Consolidated statement of changes in shareholders' equity

Previous 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 current period					
Dividends of surplus			(3,868)		(3,868)
Profit attributable to owners of parent			12,063		12,063
Purchase of treasury stock				(0)	(0)
change in scope of consolidation					—
Capital increases (decrease) by consolidated subsidiaries		(375)			(375)
Interests increase (decrease) by capital increase of consolidated subsidiaries					—
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)
change in scope of consolidation							—
Capital increases(decrease) by consolidated subsidiaries							(375)
Interests increase (decrease) by capital increase of consolidated subsidiaries							—
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

This consolidated fiscal year (April 1, 2023–March 31, 2024)

(Unit: Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	15,553	23,533	100,158	(15,526)	123,718
Changes of items during period					
Dividends of surplus			(3,962)		(3,962)
Profit attributable to owners of parent			13,789		13,789
Purchase of treasury stock					—
change in scope of consolidation		137			137
Capital increases by consolidated subsidiaries					—
Capital increases by capital increase of consolidated subsidiaries		(85)			(85)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	52	9,826	—	9,878
Balance at end of current period	15,553	23,585	109,985	(15,526)	133,597

	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	2,978	1	1,305	32	4,319	3,077	131,115
Changes of items during period							
Dividends of surplus							(3,962)
Profit attributable to owners of parent							13,789
Purchase of treasury stock							—
change in scope of consolidation							137
Capital increases by consolidated subsidiaries							—
Capital increases by capital increase of consolidated subsidiaries							(85)
Net changes of items other than shareholders' equity	2,885	0	(1,348)	62	1,600	(378)	1,221
Total changes of items during period	2,885	0	(1,348)	62	1,600	(378)	11,100
Balance at end of current period	5,863	2	(42)	95	5,919	2,699	142,216

## (4) Consolidated statement of cash flows

(Unit: Million yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
<b>Cash flows from operating activities</b>		
Income before income taxes	20,665	21,860
Depreciation and amortization	5,213	5,466
Impairment loss	—	2,689
Amortization of goodwill	2,237	1,973
Share of loss (profit) of entities accounted for using equity method [( ) represents profit]	5	(725)
Increase (decrease) in provision for bonuses [( ) represents decrease]	(27)	64
Increase (decrease) in allowance for doubtful accounts [( ) represents decrease]	104	293
Increase (decrease) in lease investment assets [( ) represents increase]	532	148
Increase (decrease) in net defined benefit liability [( ) represents decrease]	66	105
Loss on retirement of property, plant, and equipment	27	30
Profit (Loss) on sales of subsidiaries and affiliates' stocks	—	1,261
Interest and dividend income	(538)	(605)
Interest expenses	424	449
Decrease (increase) in notes and accounts receivable – trade [( ) represents increase]	(15,161)	1,436
Decrease (increase) in inventories [( ) represents increase]	(3,825)	(1,801)
Increase (decrease) in notes and accounts payable – trade [( ) represents decrease]	12,160	7,958
Other	602	(404)
<b>Subtotal</b>	<b>22,487</b>	<b>40,201</b>
Interest and dividend income received	681	808
Interest expenses paid	(426)	(446)
Income taxes paid	(8,637)	(8,953)
<b>Cash flows from operating activities</b>	<b>14,105</b>	<b>31,609</b>

	(Unit: Million yen)	
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
<b>Cash flows from investing activities</b>		
Payments into time deposits	(496)	(499)
Proceeds from withdrawal of time deposits	590	459
Purchase of property, plant, and equipment	(3,469)	(3,193)
Proceeds from sales of property, plant, and equipment	203	463
Purchase of intangible assets	(439)	(323)
Payments of short-term loans receivable	(147)	(7)
Collection of short-term loans receivable	55	21
Payments of long-term loans receivable	(7)	(88)
Collection of long-term loans receivable	371	603
Purchase of investment securities	(321)	(221)
Proceeds from sales and redemption of investment securities	6	1,088
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(3,492)	(3,628)
Purchase of sales of shares of subsidiaries resulting in change in scope of consolidation	—	(1,911)
Other	372	34
<b>Cash flows from investing activities</b>	<b>(6,774)</b>	<b>(7,202)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable [( ) represents decrease]	(788)	(1,095)
Proceeds from long-term loans payable	10,254	15,510
Repayments of long-term loans payable	(5,497)	(5,662)
Payments for redemption of bonds with share acquisition rights	—	(25,000)
Purchase of treasury stock	(0)	—
Cash dividends paid	(3,868)	(3,962)
Dividends paid to non-controlling shareholders	(22)	(25)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(851)	—
Repayments of lease obligations	(248)	(249)
Other	—	4
<b>Cash flows from financing activities</b>	<b>(1,022)</b>	<b>(20,482)</b>
Effect of exchange rate change on cash and cash equivalents	(91)	182
Increase (decrease) in cash and cash equivalents [( ) represents decrease]	6,216	4,107
Cash and cash equivalents at the beginning of the period	72,804	79,020
Cash and cash equivalents at the end of the period	79,020	83,128

(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 each 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, 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 2,781 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.

Consolidated fiscal year under review (April 1, 2023–March 31, 2024)

(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	133,717	428,451	36,099	32,719	630,988	—	630,988
(2) Intersegment sales or transfers	3,007	2,096	53	112	5,269	(5,269)	—
Subtotal	136,725	430,548	36,152	32,831	636,257	(5,269)	630,988
Segment profit	11,805	6,513	2,606	3,530	24,456	78	24,535
Segment assets	138,698	165,967	41,544	34,607	380,819	6,000	386,819
Other items							
Depreciation	3,344	854	864	349	5,413	53	5,466
Amortization of goodwill	924	417	481	149	1,973	—	1,973
Impairment loss	2,635	53	—	—	2,689	—	2,689
Investment in entities accounted for using equity method	511	—	10,081	—	10,593	—	10,593
Increase in property, plant, and equipment, and intangible fixed assets	2,169	409	391	440	3,411	178	3,590

Notes:

- The amounts of the various adjustments are described below.
  - The figure of 78 million yen in adjustments to segment profit includes (114) million yen for the cancellation of intersegment transactions and 197 million yen for companywide costs not allocated to an individual reportable segment. These companywide costs consist mainly of income for parent company operating expenses, general, and administrative expenses not attributable to individual reportable segments.
  - The figure of 6,000 million yen in adjustments to segment assets includes (36,616) million yen for cancellation of intersegment transactions, and 42,531 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.
  - The figure of 178 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.
- Segment profit is adjusted against the operating profit reported on the consolidated statement of income.

[Related information]

Previous 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.

This consolidated fiscal year (April 1, 2023–March 31, 2024)

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, 2022–March 31, 2023)

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

This consolidated fiscal year (April 1, 2023–March 31, 2024)

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, 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.

This consolidated fiscal year (April 1, 2023–March 31, 2024)

(Unit: Million yen)

	Reportable segment					Companywide/ cancellation	Total
	Total Pack Produce business	Medical Supply business	Lifecare business	Dispensing Pharmacy business	Subtotal		
(Goodwill) Ending balance	5,044	2,884	1,702	941	10,573	—	10,573

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, 2022–March 31, 2023)

No important gains on bargain purchases occurred.

This consolidated fiscal year (April 1, 2023–March 31, 2024)

No important gains on bargain purchases occurred.

(Per-share information)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
	(Yen)	(Yen)
Net assets per share	1,357.05	1,478.71
Net income per share	127.85	146.15
Diluted net income per share	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, 2023	Fiscal year ended March 31, 2024
Net income per share		
Profit attributable to owners of parent (million yen)	12,063	13,789
Amount not attributable to owners of common stock (million yen)	-	-
Profit attributable to owners of parent related to common stock (million yen)	12,063	13,789
Average shares of common stock during the period (shares)	94,350,259	94,350,225
Diluted net income per share		
Adjustment for profit attributable to owners of parent (million yen)	(16)	-
[Interest income (after tax equivalent deduction) (million yen)]	[(17)]	[-]
Increase in number of common stock (shares)	9,565,079	-
[Bonds with share acquisition rights included in above (shares)]	[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	-	-

Note: Diluted net income per share for the current consolidated fiscal year is not stated because there are no potential shares due to the redemption of convertible bonds with stock acquisition rights on December 13, 2023.

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

Account	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Total net assets (million yen)	131,115	142,216
Amount subtracted from total net assets (million yen)	3,077	2,699
[Non-controlling interests included in above (million yen)]	[3,077]	[2,699]
Ending balance of net assets related to common stock (million yen)	128,037	139,516
Ending number of shares of common stock used in calculation of net assets per share (shares)	94,350,225	94,350,225

(Important subsequent information)

Not applicable