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On December 15, 2020, Medical System Network Co., Ltd. announced the recording of an extraordinary profit (gains from the sale of shares in an affiliate) and revisions to its full-year consolidated earnings forecast.

At the Board of Directors meeting held the same day, the company announced its resolution to sell a portion of its shareholding (hereinafter referred to as the share transfer) in Genex Inc. (headquartered in Nagoya City, Aichi Prefecture; hereinafter, Genex), an affiliate not accounted for by the equity method. It expects to record gains from the sale of shares in the affiliate as extraordinary profit in Q3 FY03/21 parent and consolidated results.

Reason for the share transfer

Medical System Network invested in Genex in December 2015 with the aim to strengthen its purchasing power, build a distribution system and improve distribution efficiency in generic drugs. Under the terms of the investment, Genex supplied generic drugs to the group's dispensing pharmacies and pharmaceuticals network affiliates. Genex now wishes to accept the management participation of a fund run by private equity company, J-STAR Co., Ltd. (headquartered in Chiyoda Ward, Tokyo), in order to further raise its enterprise value and take measures towards listing on the stock exchange in the future. So that it can realize this, Genex asked Medical System Network whether it could purchase a portion of the Genex shares held by Medical System Network. The company agreed to the request after carefully considering the effects of Genex's management plan and capital policy and concluding that there would be no significant change in its business relationship with Genex and that the favorable collaborative relationship between the two companies would be maintained following the transfer.

As a result of the above share transfer, Genex will be excluded from the company's scope of an affiliate not accounted for by the equity method. Medical System Network will also record extraordinary profit from the transfer and has revised its forecast for full-year FY03/21 accordingly, as shown below.

Revisions to full-year FY03/21 consolidated earnings forecast

Sales:	JPY103.0bn (previously, JPY103.0bn)
Operating profit:	JPY2.5bn (JPY2.5bn)
Recurring profit:	JPY2.5bn (JPY2.5bn)
Net income*:	JPY1.4bn (JPY750mn)
EPS:	JPY45.50 (JPY24.73)

*Net income attributable to owners of the parent

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