



MEDICAL SYSTEM  
NETWORK GROUP

MEDICAL SYSTEM NETWORK Co., Ltd.

Fiscal Year Ending March 2021

## Earnings Report

First Section of Tokyo Stock Exchange; Securities Code: 4350

## About contents covered

- ※ The contents of this report pertaining future earnings described are based on information the company has held, and on certain assumptions supervising rational judgement, and are not what the company promises to achieve. There are numerous factors that may cause actual earnings to differ. Caution is given to the accuracy of information, and we do not take responsibility for loss etc., as a result of misinformed information.
- ※ Furthermore, this report is not prepared for the purposes of investment solicitation. Readers are responsible for their own judgement in any decision regarding investments.

Please see the following link for our English information.

<https://www.msnw.co.jp/eng/>



# FY3/2021 : MSNW's earnings and business overview



- Number of pharmaceutical network affiliates exceeded 6,000 in March 2021
  - ✓ Achieved over 10% market share
- Net sales decrease due to the outbreak of COVID-19
  - ✓ As people refrain from taking medical examinations, the number of prescriptions written decreased
  - ✓ An increase in long-term prescriptions is prompting a rise in prescription unit price
- Profit increase from shifting to high margin generic drugs and controlling costs
- Establishment of Pharmashift Co., Ltd. in October 2020
  - ✓ New digital transformation business for pharmacies
- Partial sale of shares in December 2020 of investment in group affiliate
  - ✓ Recorded 907 million yen extraordinary income

# Table of Contents

Earnings Highlight	• • •	5
Business Summary	• • •	12
Core strategies, Earnings Forecast for FY3/2022 and Dividends	• • •	24
Reference Materials	• • •	31

# Earnings Highlight

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# FY3/2021 : Consolidated results



(Unit: million yen)	FY3/2020 (result)	FY3/2021 (revised <sup>*1</sup> forecast)	FY3/2021 (result)	Year-on-year		Progress rate <sup>*1</sup>	
				Change	Change (%)	Difference	Difference (%)
Net sales	105,241	103,000	104,257	(983)	(0.9%)	+1,257	101.2%
EBITDA	4,645	—	6,426	1,781	+ 38.3%	—	—
Profit margin	4.4%		6.2%				
Operating profit	1,615	3,400	3,429	1,814	+ 112.3%	+29	100.9%
Profit margin	1.5%	3.3%	3.3%				
Ordinary profit	1,560	3,400	3,479	1,919	+ 123.0%	+79	102.3%
Profit margin	1.5%	3.3%	3.3%				
Profit attributable to owners of parent	(895)	2,000	2,198	3,093	—	+198	109.9%
Profit margin	—		2.1%				
Earnings per share (Yen)	(29.50)	65.94	72.51	102.01	—	6.57	—

\*1 Revised full-year consolidated earnings forecast announced on February 5, 2021

\*2 EBITDA is the calculated value of "operating profit + depreciation + amortization of goodwill"

# FY3/2021: Results in each segment - Part 1

## ■ Summary of Business Results by Segment



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Segment		Earnings summary
Community Pharmacy Network Segment	Pharmaceutical Network Business	<ul style="list-style-type: none"> <li>Despite the withdrawal of some large affiliates, the acquisition of new affiliates was generally steady.</li> <li>→ Expanded to 6,116 affiliates (+871 compared to the previous term), achieving market share of over 10%</li> </ul>
	Dispensing Pharmacy Business	<ul style="list-style-type: none"> <li>Decrease due to the impact of the outbreak of COVID-19</li> <li>→ As people refrain from taking medical examinations, the number of prescriptions filled at existing outlets declined 9.4% YoY.</li> <li>→ Existing outlet prescription unit price +7.7% YoY</li> <li>Profitability improved by promoting the switch to more economical generic drugs</li> <li>Cost reduction through greater operational efficiency and improvements in personnel allocation</li> </ul>
	Manufacture and Market Pharmaceuticals Business	<ul style="list-style-type: none"> <li>Number handled: 51 products (23 components) at the end of March 2020</li> <li>→ to 68 products (34 components) at the end of March 2021</li> <li>Number of affiliates handling these products : 369 (as of the end of March 2020) → to 1,116 (as of the end of March 2021)</li> </ul>
	Digital Shift Business	<ul style="list-style-type: none"> <li>Launch of official LINE account "Your Family Pharmacy" service in March 2021</li> <li>→ Number of registered LINE friends: More than 30,000 users in May 2021</li> <li>→ Number of pharmacies installed : 168 (as of the end of April 2021)</li> </ul>
Leasing and Facility related Segment		<ul style="list-style-type: none"> <li>Sluggish occupancy growth due to the impact of COVID-19</li> <li>Postponement of orders received for construction work</li> </ul>
Meal Catering Segment		<ul style="list-style-type: none"> <li>Reduced operating loss by withdrawing from unprofitable facilities</li> <li>→ Operating loss: (43) million yen in the previous FY → (21) million yen in the current FY</li> </ul>
Home Visit Nursing Segment		<ul style="list-style-type: none"> <li>Operating loss: (71) million yen in the previous FY → (31) million yen in the current FY</li> </ul>

# FY3/2021 : Results in each segment part 2

## ■ Net Sales

(Unit: million yen)

	FY3/2020 (result)	FY3/2021 * <sup>1</sup> (revised forecast)	FY3/2021 (result)	Year-on-year		Progress rate * <sup>1</sup>	
				Change	Change(%)	Difference	Difference(%)
Segment profit	105,241	103,000	104,257	(983)	(0.9%)	+1,257	101.2%
Community Pharmacy Network Segment * <sup>2</sup>	99,617	97,908	99,214	(402)	(0.4%)	+1,305	101.3%
Other 3 Segments * <sup>3</sup>	6,389	5,681	5,644	(744)	(11.7%)	(37)	99.3%
Adjustments	(764)	(590)	(601)	+163	—	(10)	—

## ■ Operating profit

(Unit: million yen)  
Profit margin in brackets

	FY3/2020 (result)	FY3/2021 * <sup>1</sup> (revised forecast)	FY3/2021 (result)	Year-on-year		Progress rate * <sup>1</sup>	
				Change	Change(%)	Difference	Difference(%)
Segment profit	1,615 1.5%	3,400 3.3%	+3,429 3.3%	+1,814 + 1.8 pt	+112.3%	+29 (0.0 pt)	100.9%
Community Pharmacy Network Segment * <sup>2</sup>	3,743 3.8%	5,489 5.6%	5,703 5.7%	+1,959 + 1.9 pt	+52.4%	+213 + 0.1 pt	103.9%
Other 3 Segments * <sup>3</sup>	(70) —	36 0.6%	(20) —	+ 49 —	—	(57) —	—
Adjustments	(2,057) —	(2,042) —	(2,253) —	(195) —	—	(126) —	—

\*1 Revised full-year consolidated earnings forecast announced on February 5, 2021

\*2 Pharmaceutical Network Business, Dispensing Pharmacy Business, Manufacture and Market Pharmaceuticals Business, Digital Shift Business

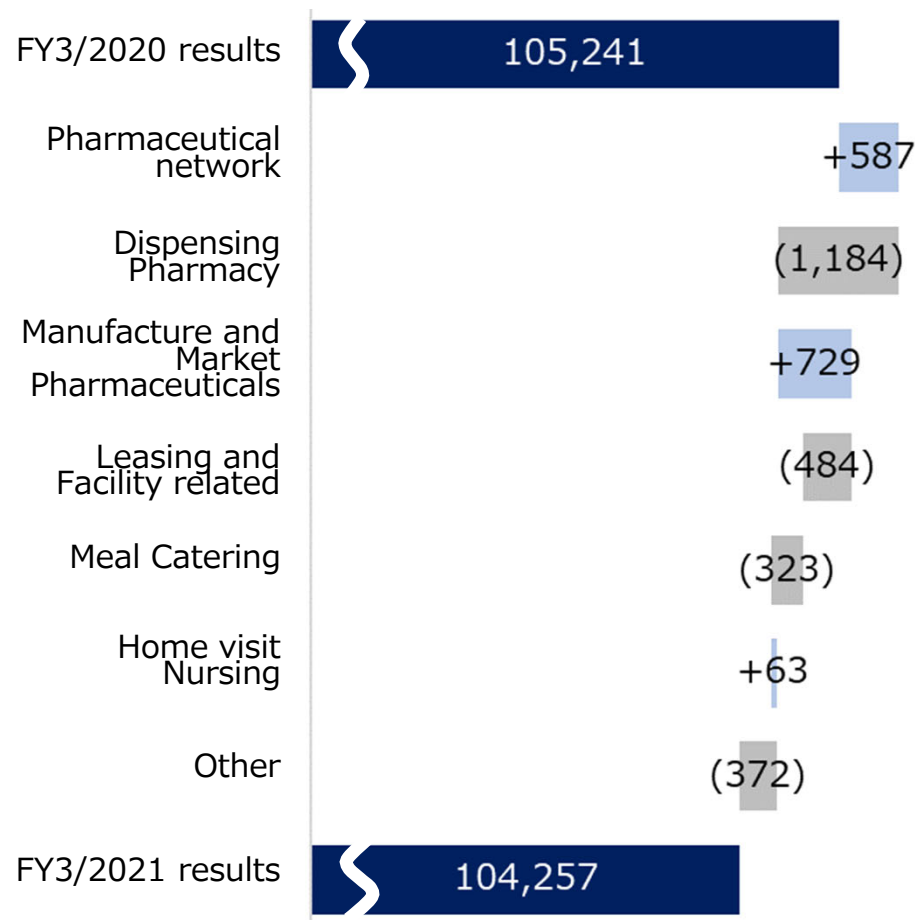
\*3 Leasing and Facility related Segment, Meal Catering Segment, Home Visit Nursing Segment



# FY3/2021 : Comparison to previous term

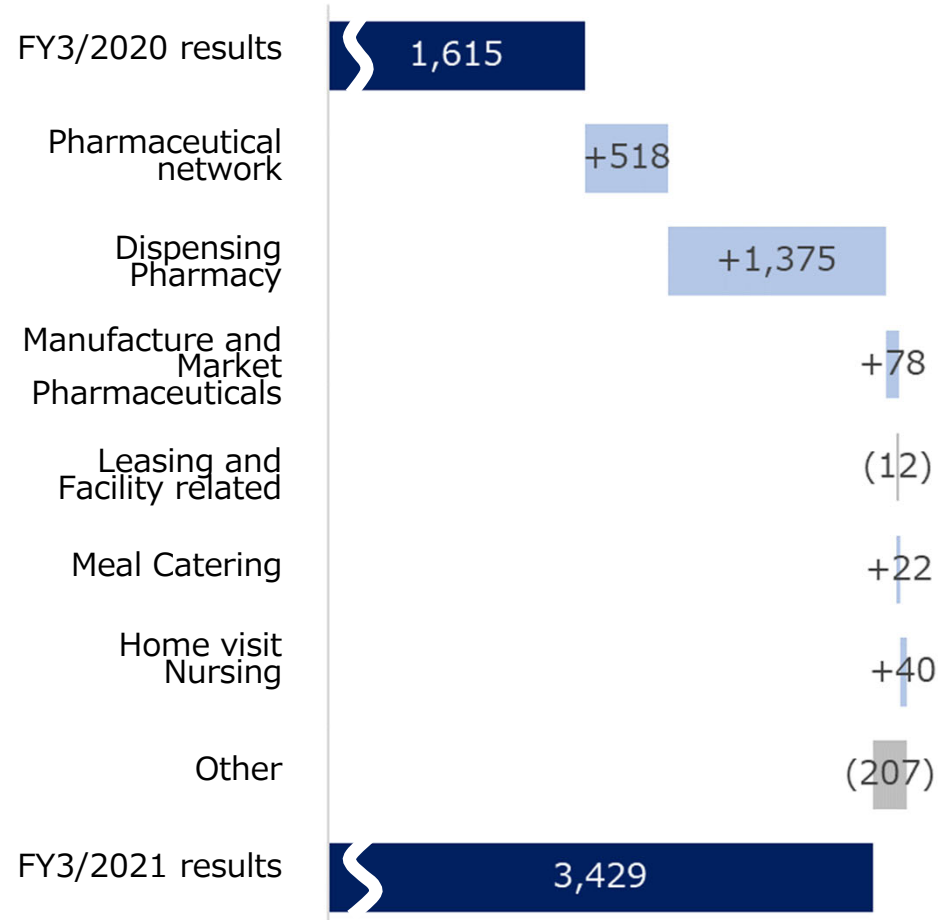
## ■ Net sales

(Unit: million yen)



## ■ Operating profit

(Unit: million yen)



# FY3/2021 : Consolidated balance sheet

## Point

Assets: Decrease in cash and cash deposits, and goodwill  
Liabilities and Net Assets: Decrease in long-term loans

### ■ End of FY3/2020

(Unit: million yen)

<b>Assets</b>	<b>66,464</b>	<b>Liabilities</b>	<b>57,045</b>
<b>Current assets</b>	<b>20,578</b>	<b>Current liabilities</b>	<b>23,296</b>
Cash and deposits	11,722	Short-term loans <sup>*1</sup>	8,550
		<b>Fixed liabilities</b>	<b>33,749</b>
<b>Fixed assets</b>	<b>45,885</b>	Long-term loans	27,601
Tangible fixed assets	25,126	<b>Net assets</b>	<b>9,418</b>
Intangible fixed assets	14,615	Capital stock	2,128
Goodwill	14,179	Capital surplus	1,183
Investments and other assets	6,143	Retained earnings	6,414
		Treasury stock	(206)
<b>Total assets</b>	<b>66,464</b>	<b>Total liabilities and net assets</b>	<b>66,464</b>

**Equity ratio** 14.2%

(Equity ratio with taking into account net cash<sup>\*2</sup> 17.2%)

\*1 Includes long-term loans that will be repaid within the year

\*2 Own capital/(Total assets – Cash and deposits)

### ■ End of FY3/2021

(Unit: million yen)

<b>Assets</b>	<b>64,448</b>	<b>Liabilities</b>	<b>53,260</b>
<b>Current assets</b>	<b>19,313</b>	<b>Current liabilities</b>	<b>25,418</b>
Cash and deposits	10,118	Short-term loans <sup>*1</sup>	9,961
		<b>Fixed liabilities</b>	<b>27,841</b>
<b>Fixed assets</b>	<b>45,134</b>	Long-term loans	21,556
Tangible fixed assets	24,634	<b>Net assets</b>	<b>11,187</b>
Intangible fixed assets	13,572	Capital stock	2,128
Goodwill	13,145	Capital surplus	1,182
Investments and other assets	6,926	Retained earnings	8,305
		Treasury stock	(344)
<b>Total assets</b>	<b>64,448</b>	<b>Total liabilities and net assets</b>	<b>64,448</b>

**Equity ratio** 17.3%

(Equity ratio with taking into account net cash<sup>\*2</sup> 20.5%)

# FY3/2021 : Consolidated cash flows

Cash flows from  
operating activities

5,205  
million yen

EBITDA\*  
Income taxes paid

6,426 million yen  
(987) million yen

\* Calculated by "operating profit + depreciation + amortization of goodwill"

Cash flows from  
investing activities

(1,485)  
million yen

Acquisition and sales of buildings, etc.  
M&A(acquisition of shares, transfer of  
business and acquisition of business)

(1,317) million yen  
(169) million yen

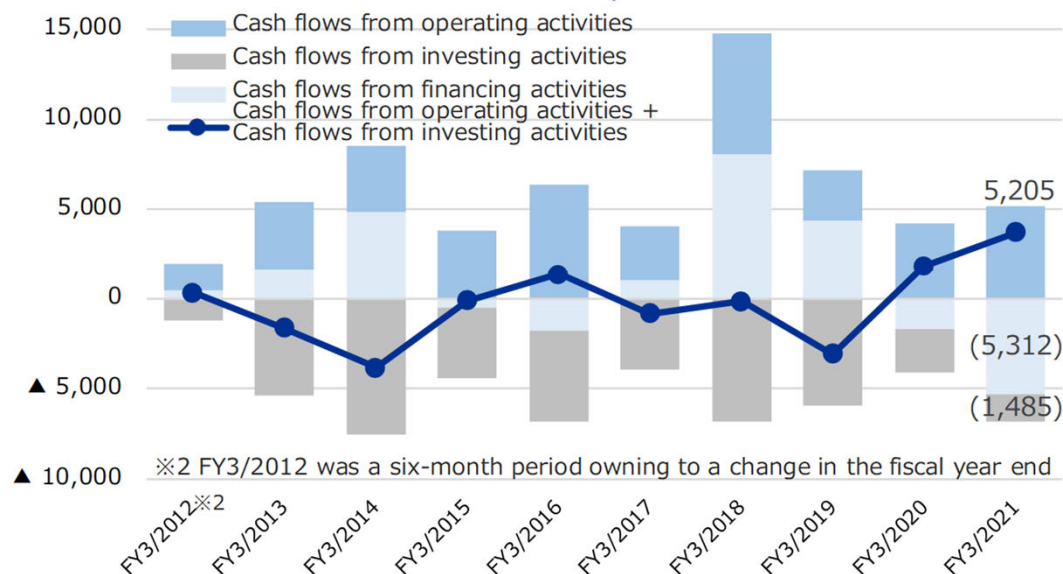
Cash flows from  
financing activities

(5,312)  
million yen

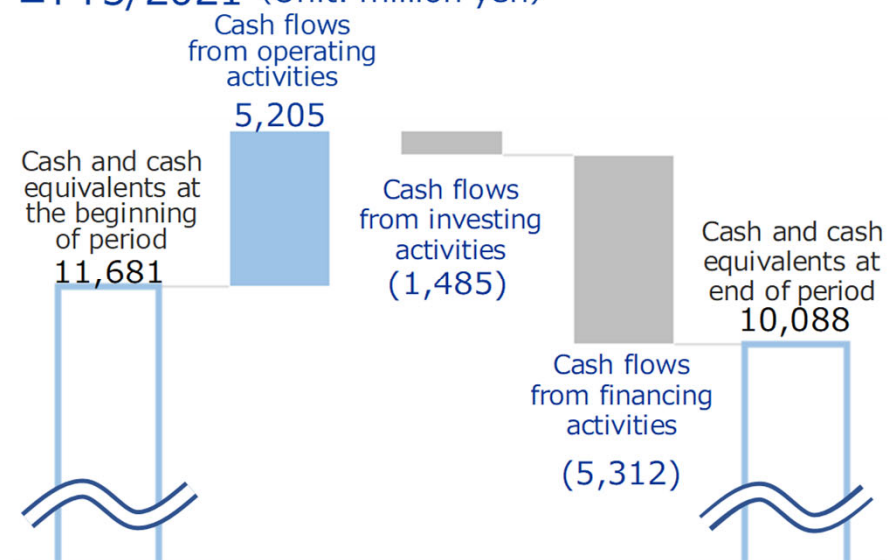
Loan amount reduced  
Repayments of lease obligations

(4,634) million yen  
(368) million yen

## ■ Cash flow trends (Unit: million yen)



## ■ FY3/2021 (Unit: million yen)



# Business Summary

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# Pharmaceuticals Network Business: Earnings summary

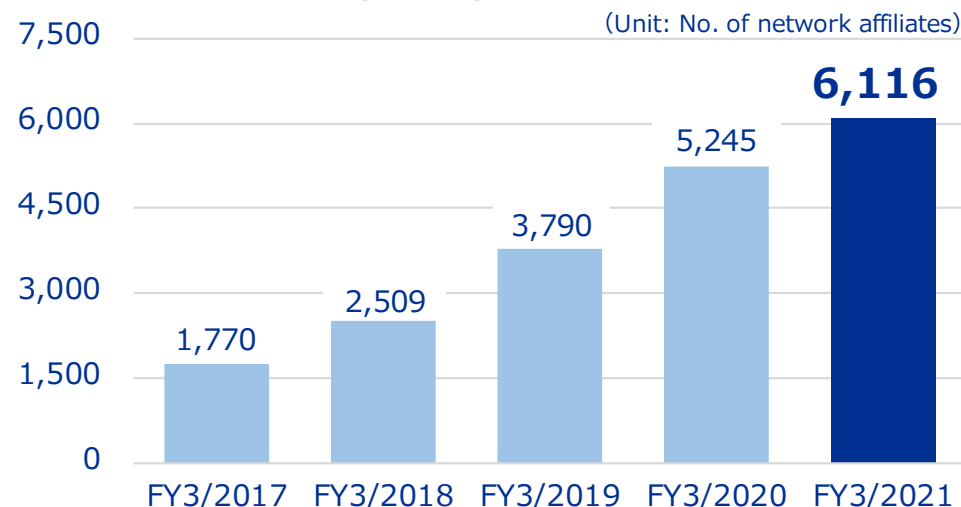
(as of March 31, 2021)

Although the pace of net increase temporarily slowed down due to the withdrawal of large affiliates, the number of new affiliates was generally steady.

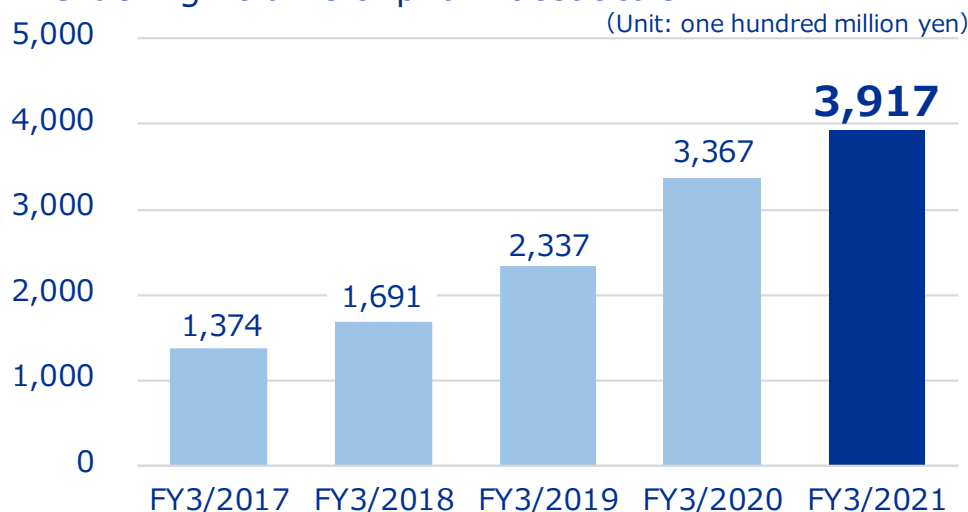
Affiliates increased by 871 from the end of the previous fiscal year to 6,116 → Now sitting at 10+% of market share



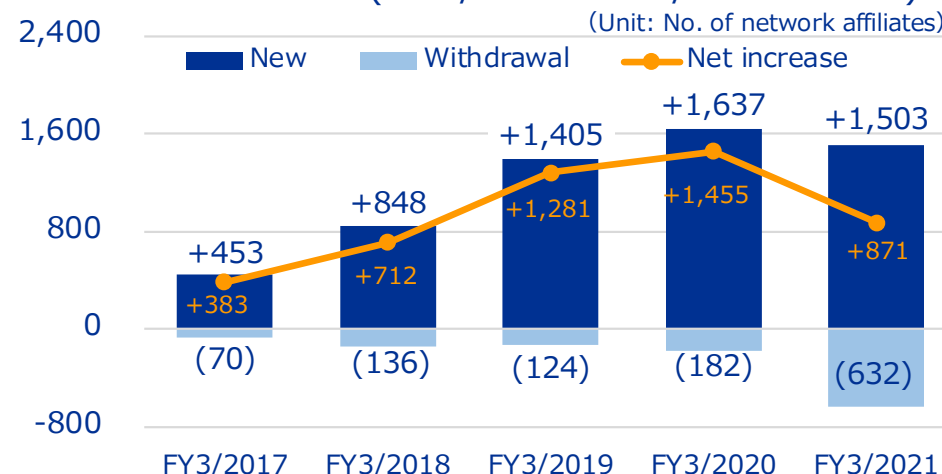
## ■ Network affiliates (actual)



## ■ Ordering volume of pharmaceuticals



## ■ Network affiliates (New/Withdrawal/Net increase)



## ■ Breakdown of network affiliates (New/Withdrawal)

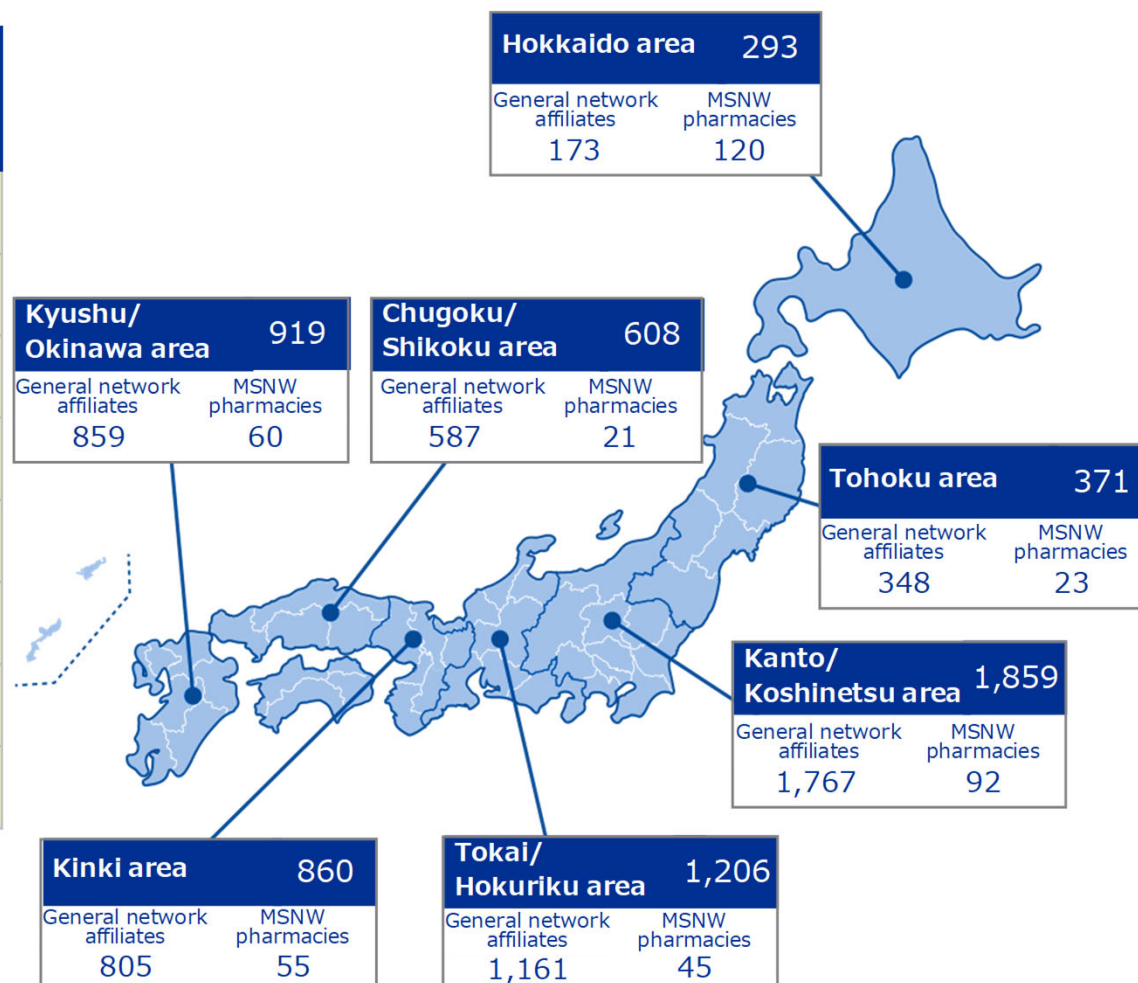
	1Q	2Q	3Q	4Q	Sum
New	440	353	244	466	1,503
Withdrawal	(68)	(334)	(135)	(95)	(632)

- Withdrawals, which were high in the first half, subsequently slowing down in the second half
- Withdrawals also contributed to by larger number of industry-wide pharmacies closures (Impact of COVID-19)

# Pharmaceuticals Network Business: Network affiliates distribution map (as of March 31, 2021)

## 【 Breakdown of network affiliates 】

(Unit: No. of network affiliates )	General network affiliates	MSNW dispensing pharmacies	Total
Hokkaido	173	120	293
Tohoku	348	23	371
Kanto/Koshinetsu	1,767	92	1,859
Tokai/Hokuriku	1,161	45	1,206
Kinki	805	55	860
Chugoku/Shikoku	587	21	608
Kyushu/Okinawa	859	60	919
Total	5,700	416	6,116



6,244 network affiliates  
as of April 30, 2021

# Pharmaceuticals Network Business: Streamline Distribution and Pharmacy Management Support

- Continued study sessions with pharmaceutical wholesalers leading to further penetration of streamlined distribution systems

## Contents of the study session

- Our Philosophy
- Overview of our services
- Implementation of streamline distribution
- Cost reduction for pharmaceutical wholesalers



## Sharing our philosophy: Creating a high-quality medical infrastructure

- Initiatives aimed at optimizing the entire supply chain
- Create a business that is transparent, stable, rational, and sustainable.

## Benefits to pharmaceutical wholesalers from streamline distribution

- Reduce costs incurred by pharmaceutical wholesalers by improving the EOS ordering rate by affiliates and reducing returns and urgent deliveries
- Improvement of cash flow by shortening payment period (from 3 months to 2 months)

## ■ Expansion of pharmacy management support tools



Introduction of BI tools to visualize the business situation

- Visualizing the operational status of merchants with BI tools
- Distribution improvement progress rate, advice to pharmacy managers on generic drug purchasing
- Promote purchase price reduction through price search and switching simulation functions for pharmaceuticals
- Supporting pharmacy management through enhanced content
- Improved convenience of portal site through introduction of AI concierge



By supporting small and medium-sized pharmacies we aim to build infrastructure that will support community healthcare



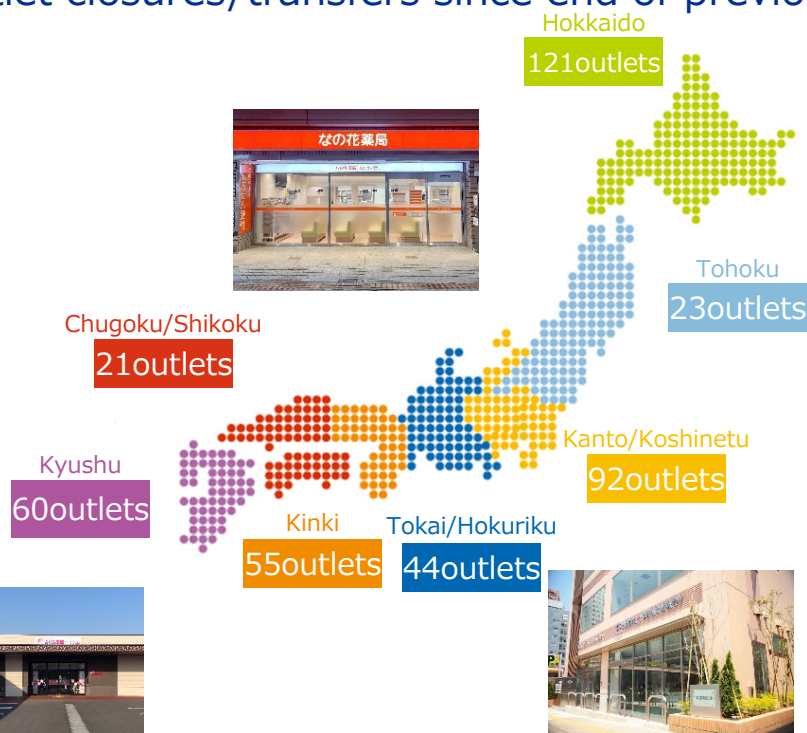
# Dispensing Pharmacy Business: Trends in number of pharmacies



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SYSTEM  
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7 new outlets (6 from acquisition) and 13 outlet closures/transfers since end of previous term

	Outlets at end of FY3/2020	Outlets at end of FY3/2021	Outlets as of April 30
Outlets at end of previous term	420	416	416
Openings	8	7	—
Closings and transferring businesses	(15)	(13)	(1)
M&A	3	6	1
Total	416	416	416



As of April 30

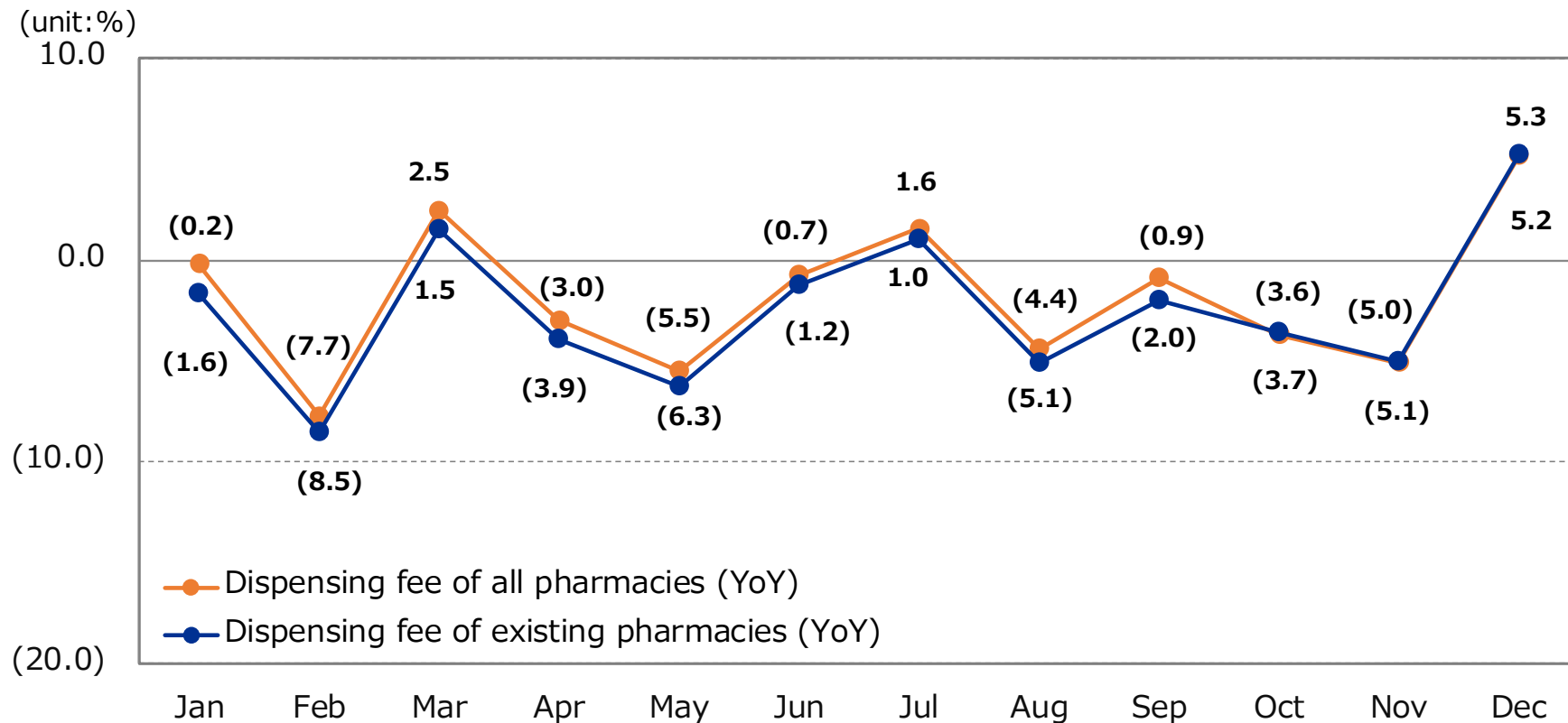
## Dispensing pharmacy outlet number trends of the past 10 years

	FY3/2012*	FY3/2013	FY3/2014	FY3/2015	FY3/2016	FY3/2017	FY3/2018	FY3/2019	FY3/2020	FY3/2021
Openings	6	21	14	10	9	8	8	5	8	7
Closings and transferring of businesses	(3)	(8)	(7)	(13)	(8)	(4)	(5)	(14)	(15)	(13)
M&A	6	33	45	27	7	20	19	30	3	6
Number of outlets	223	269	321	345	353	377	399	420	416	416

\*FY3/2012 was a six-month period owing to a change in the fiscal year end



# Dispensing Pharmacy Business: Monthly dispensing fee (YoY)



(unit:%)	FY3/2021												Full-year total
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Dispensing fee of all pharmacies (YoY)	(0.2)	(7.7)	2.5	(3.0)	(5.5)	(0.7)	1.6	(4.4)	(0.9)	(3.7)	(5.1)	5.2	(1.8)
Dispensing fee of existing pharmacies (YoY)	(1.6)	(8.5)	1.5	(3.9)	(6.3)	(1.2)	1.0	(5.1)	(2.0)	(3.6)	(5.0)	5.3	(2.4)

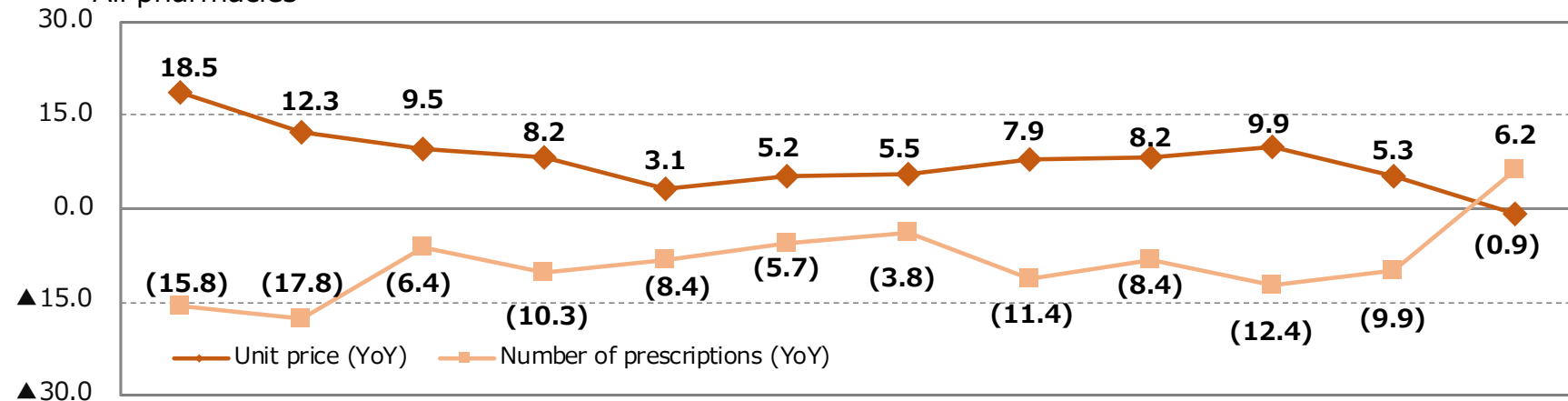
※ “Existing pharmacies” refer to pharmacies that continue to be in business on or after April 1, 2018 and April 1, 2019.

# Dispensing Pharmacy Business: Comparison of monthly prescription volume and unit price (YoY)

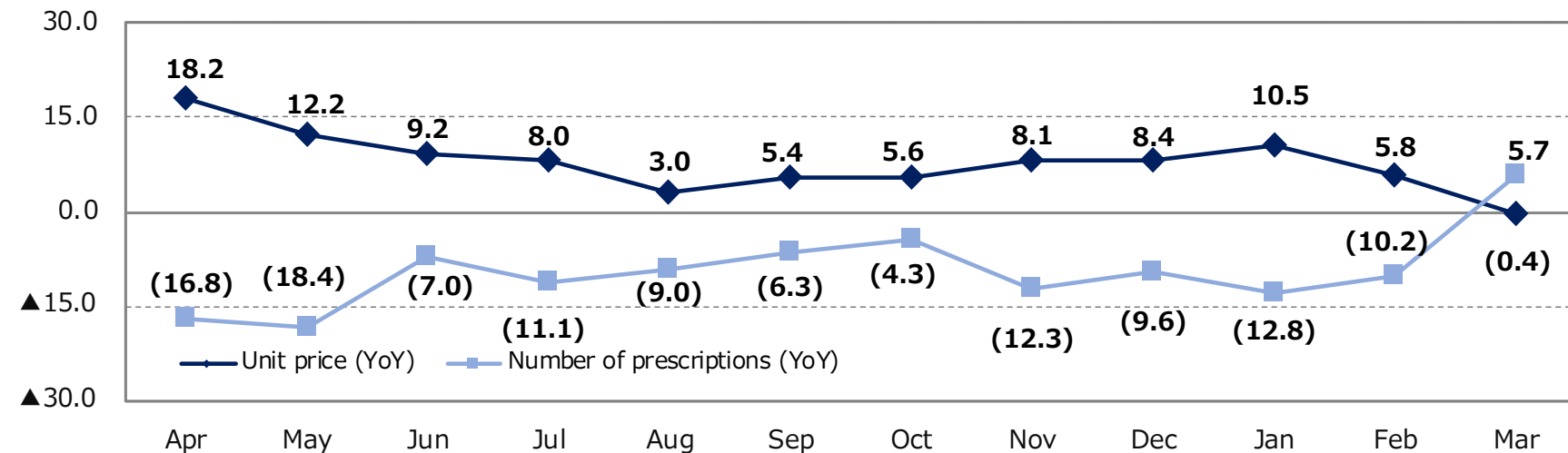
## Point

- Increase in unit price due to higher volume of long-term prescriptions
- Drop in number of prescriptions

(Unit:%) All pharmacies



Existing pharmacies



# Dispensing Pharmacy Business: Dispensing fee breakdown

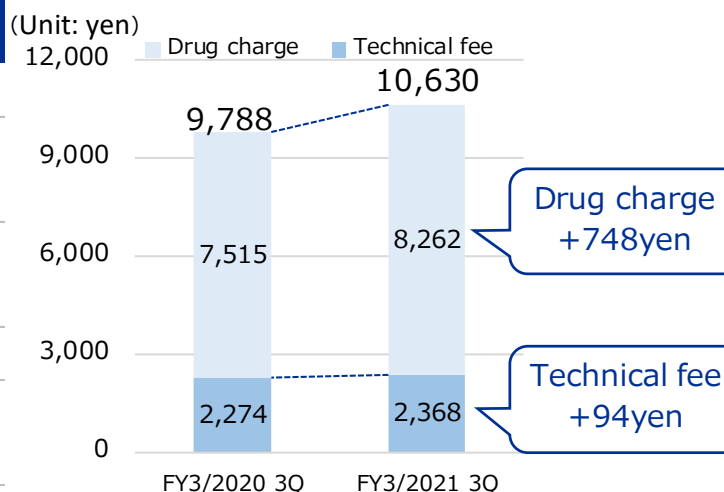
## Point

- Decrease in number of prescriptions as a result of COVID-19
- Rise in unit price due to increase in long-term prescriptions

### All pharmacies

		FY3/2020 3Q	FY3/2021 3Q	Change	Change (%)
No. of prescriptions (1000) a		6,885	6,212	(673)	(9.8%)
Unit price (yen)	Drug charge per prescription	7,515	8,262	+748	+9.9%
	Technical fee per prescription	2,274	2,368	+94	+4.1%
Total b		9,788	10,630	+842	+8.6%
Dispensing fee (million yen) c = a x b		67,397	66,039	(1,357)	(2.0%)

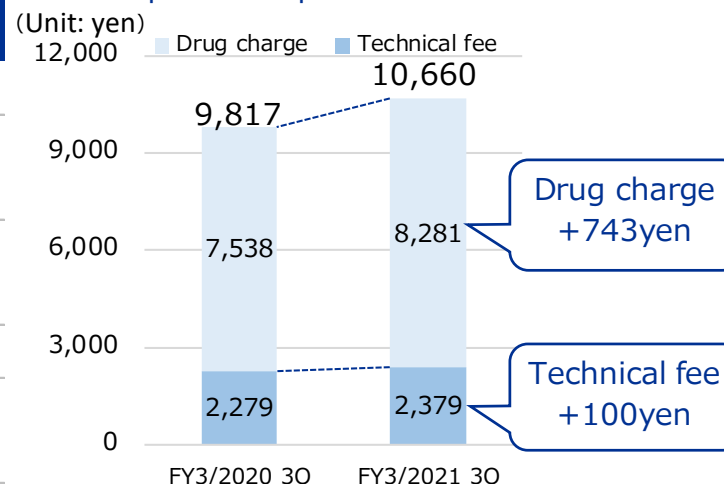
### 【Prescription unit price trends】



### Existing pharmacies

		FY3/2020 3Q	FY3/2021 3Q	Change	Change (%)
No. of prescriptions (1000) a		6,697	5,988	(708)	(10.6%)
Unit price (yen)	Drug charge per prescription	7,538	8,281	+743	+9.9%
	Technical fee per prescription	2,279	2,379	+100	+4.4%
Total b		9,817	10,660	+843	+8.6%
Dispensing fee (million yen) c = a x b		65,745	63,840	(1,904)	(2.9%)

### 【Prescription unit price trends】

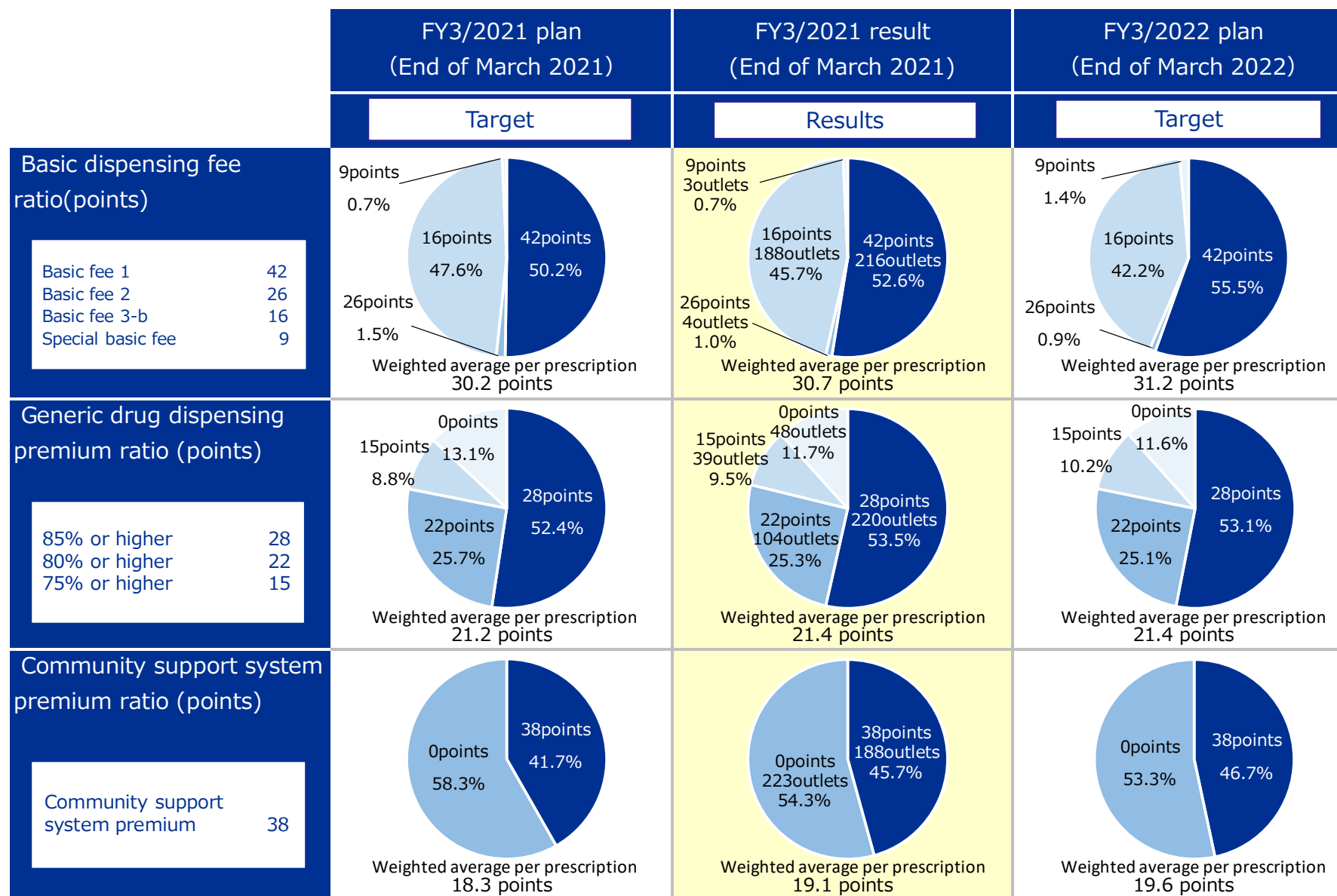


# Dispensing Pharmacy Business: Dispensing fee revision

Acquisition of dispensing fee progressing mostly as planned



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\* Excluding pharmacies that are suspended and not consolidated

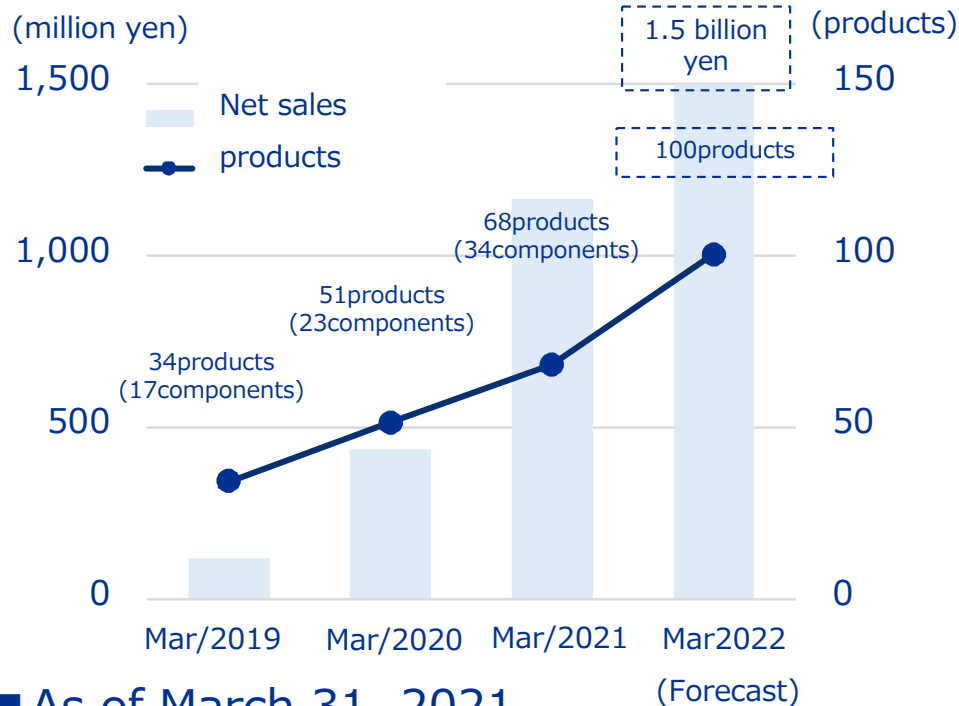
# Manufacture and Market Pharmaceuticals Business: New generic drugs of 17 products (11 components) for sale



## Point

- Full-year sales exceeded 1 billion yen.
- Expanded lineup of in-house products and products sold in partnership
- Strengthened cooperation with contract manufacturers to ensure stable supply coupled with continued robust quality control

## ■ Net sales and number of items sold



## ■ As of March 31, 2021

Available components & products

68 products (34 components)

Number of available locations 1,116 affiliates

## ■ Upcoming releases of 8 products (4 components)

(As of March 31, 2021)

Products scheduled for inclusion in the NHI drug price standard in June

- Duloxetine Capsules 20mg/30mg 「feldsenf」
- eszopiclone Tablets 1mg/2mg/3mg 「NPI」
- Epinastine Hydrochloride Ophthalmic Solution 0.05% 「NITTEN」
- ZiMlo LD/HD 「TCK」

The lineup will be expanded to a total of 76 products (38 components)



## ■ End of FY 3/2022 target:

Net sales : 1.5 billion yen

Products : 100 products

Number of available locations : 1,700 affiliates

# Digital Shift Business — Achieved over 30,000 user registrations



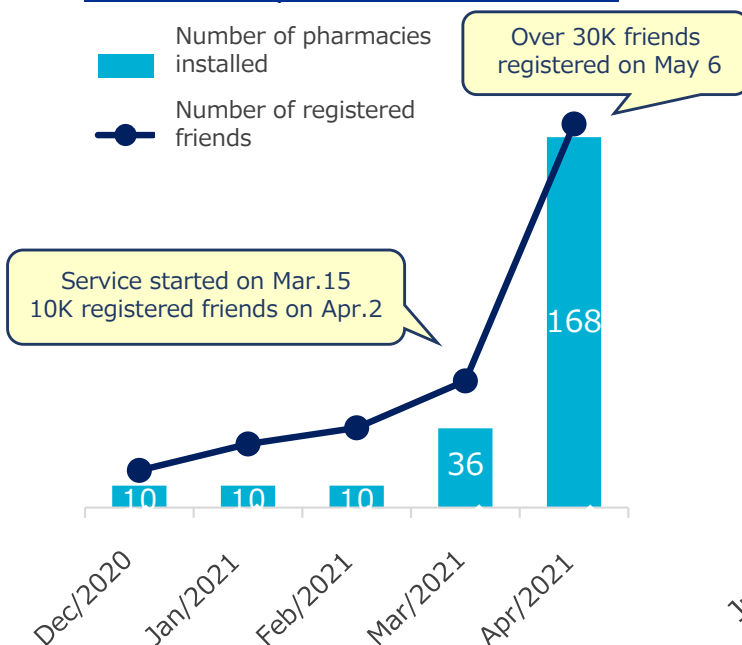
**Pharmashift**

LINE Official Account "Your personal pharmacy"

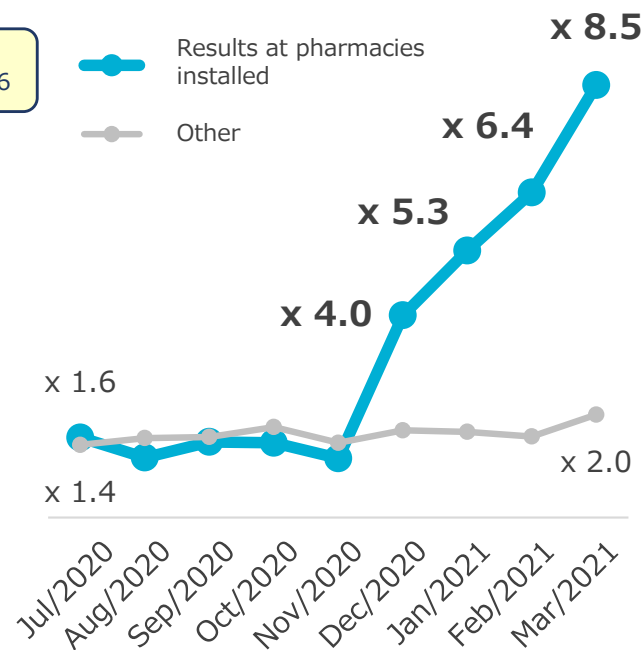
## Point

- The number of registered LINE friends exceeded 30,000, and the number of pharmacies adapting the service increased steadily.
- Have seen notable growth in the number of prescriptions sent to pharmacies where the system was installed.
- Users' personal information is managed in a security system that has acquired ISMS international certification

### Number of friends registered Number of pharmacies installed



### Number of prescriptions sent



### Strong personal information management system



THANK YOU!

友誼登録ありがとうございます。  
処方箋事前送信やお薬情報の自動登録  
など便利な機能はメニューからご確認ください

処方箋送信はこちら！  
処方箋を送りたい薬局を選んで送信  
お薬が足りなくなったらすぐに連絡

お薬履歴 健康・お薬相談 ヘルプ・その他

テスト患者\_14745...

お薬を安全に服用いただくため  
以下を入力ください

住所 (郵便番号はハイフンなし)  
〒1050001 郵便番号検索  
都道府県・市区町村・番地  
東京都港区虎ノ門1-1-18  
建物名・号室  
電話番号 (ハイフンなし)  
0123456789  
どのような症状で受診されましたか?  
今までお薬を服用して、副作用がでたことはありませんか?  
ある  
ない

- No personal information on the chat screen.
- Provide services through external web apps.
- Data management on highly secure domestic servers.

Aim to introduce the service to 3,300 pharmacies at the end of March 2022 and 15,000 pharmacies at the end of 2023

# Leasing and Facility related Business: Building a community where medical care and nursing are one

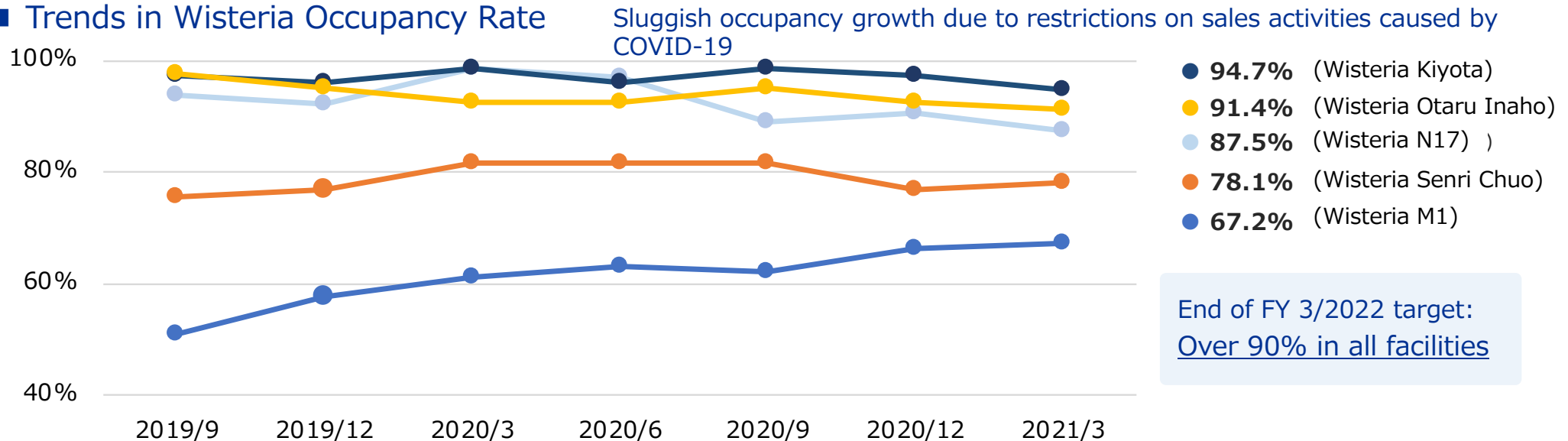


## "Wisteria" Series

Serviced residence for the elderly + dispensing pharmacies, clinics, care offices, nurseries



### ■ Trends in Wisteria Occupancy Rate



### ■ Wisteria Initiatives under the COVID-19



Installation of temperature detectors and acrylic panels



Set up a Facebook page

#### Infection control measures

- Installation of acrylic panels, thermometers, and hand sanitizers
- Conducting previews with transportation limited to one group per day

#### Proactive use of the web-based solutions

- Set up a Facebook page
- Operation of search engine-linked advertising
- Conducting online previews

To increase the number of residents by providing a safe living environment for residents and their families



# Core strategies, Earnings Forecast for FY3/2022 and Dividends



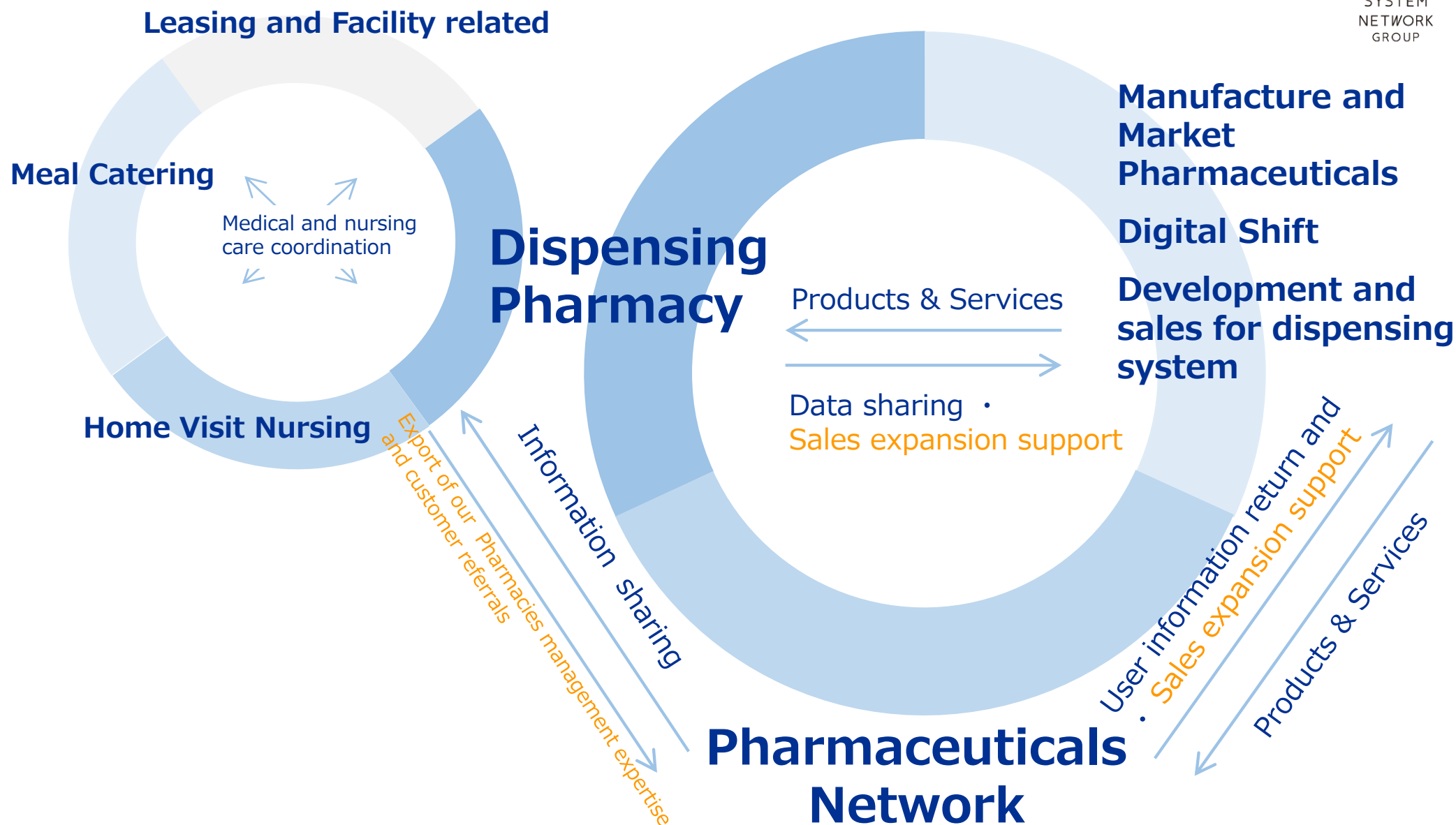


# FY3/2022: Core strategies

- Establish a pharmacy management model for COVID-19 and maintaining earnings through synergies from inter-business collaboration

		Summary: first 3 years	Core strategies and numerical targets for the current fiscal year
Community Pharmacy Network Segment	Pharmaceuticals Network Business	<ul style="list-style-type: none"> <li>• 5,000 affiliates expansion achieved 2 years earlier than anticipated</li> <li>• Single unit price negotiation for all ethical drugs</li> </ul>	<ul style="list-style-type: none"> <li>■ 7,300 affiliates at the end of March 2022 ( +1,184 YoY)</li> <li>■ Building a system to reach 10,000 affiliates longer term</li> <li>■ Further promotion of streamlined distribution</li> </ul>
	Dispensing Pharmacy Business	<ul style="list-style-type: none"> <li>• Improving the efficiency of pharmacy operations (tablet medication history, automatic ordering system)</li> <li>• Promote enhancement of pharmacy functions (health support functions)</li> <li>• Commencement of improved personnel allocation</li> </ul>	<ul style="list-style-type: none"> <li>■ Strengthening interpersonal work and introducing a new education system</li> <li>■ Acquisition of prescriptions using on-line (LINE, prescription transmission) tools</li> <li>■ Develop outlets mainly in medical malls</li> </ul>
	Manufacture and Market Pharmaceuticals Business	<ul style="list-style-type: none"> <li>• Expansion of product lineup by also utilizing products developed by other companies</li> <li>• Became profitable in fiscal year ending March 31, 2021</li> </ul>	<ul style="list-style-type: none"> <li>■ Expand sales to pharmaceutical network affiliates → Target 1,700 at the end of March 2022</li> </ul>
	Digital Shift Business	<ul style="list-style-type: none"> <li>• Service started in March 2021</li> </ul>	<ul style="list-style-type: none"> <li>■ Expansion of pharmacies with official LINE accounts → Target 3,300 at the end of March 2022</li> </ul>
Leasing and facility related Segment		<ul style="list-style-type: none"> <li>• Improved occupancy rates for Wisteria Senri Chuo and M1</li> </ul>	<ul style="list-style-type: none"> <li>■ Achieve 90% occupancy in all facilities; steady operation</li> </ul>
Meal Catering Segment, Home Visit Nursing Segment		<ul style="list-style-type: none"> <li>• Base relocation and cost revisions</li> </ul>	<ul style="list-style-type: none"> <li>■ Safety-first operation</li> <li>■ Steady balance of payments</li> </ul>
Finance		<ul style="list-style-type: none"> <li>• Careful selection of investments</li> </ul>	<ul style="list-style-type: none"> <li>■ Securing profits through cost control</li> </ul>
ESG/Health management		<ul style="list-style-type: none"> <li>• Recognized as 2020 Certified Health &amp; Productivity Management Outstanding Organization in the “large organization” category</li> </ul>	<ul style="list-style-type: none"> <li>■ Projects according to SDGs; promote CSR activities</li> </ul>

# Image of group inter-business collaboration



# Earnings forecast for FY3/2022: Consolidated forecasts

## Point

- Sales and profits are expected to increase slightly this fiscal year. Although the number of affiliates in the pharmaceutical network and the number of prescriptions are expected to increase, these will be offset somewhat by the impact of the NHI price revision and increase in expenses
- Net income expected to decrease due to the absence of one-time extraordinary gains recorded in the previous fiscal year.

(Unit: million yen)	FY3/21 (results)	FY3/22 (forecast)	Change	Change (%)
Net sales	104,257	105,700	+ 1,442	+ 1.4 %
EBITDA <sup>*1</sup>	6,426 6.2 %	6,500 6.1 %	+ 73 (0.1 pt)	+ 1.2 %
Operating profit Profit margin	3,429 3.3 %	3,500 3.3 %	+ 70 —	+ 2.0 %
Ordinary profit Profit margin	3,479 3.3 %	4,000 3.8 %	+ 520 + 0.5 pt	+ 15.0 %
Profit attributable to owners of parent Profit margin	2,198 <sup>*2</sup> 2.1 %	1,800 1.7 %	(398) (0.4 pt)	(18.1 %)
Earnings per share (Yen)	72.51	59.69	(12.82)	—

\*1 EBITDA is the calculated value of "operating profit + depreciation + amortization of goodwill"

\*2 Of this amount, ¥630 million was due to the recording of extraordinary income from partial share sales of a group affiliate .

# Earnings forecast for FY3/2022: Forecast in each segment

## ■ Net sales

(Unit: million yen)		FY3/21 (results)	FY3/22 (forecast)	Change	Change (%)
Net sales		104,257	105,700	+ 1,442	+ 1.4 %
	Community Pharmacy Network Segment* <sup>1</sup>	99,214	100,146	+ 932	+ 0.9 %
	Other 3 Segments* <sup>2</sup>	5,644	6,166	+ 521	+ 9.2%
	Adjustments	(601)	(612)	(11)	—

## ■ Operating Profit

(Unit: million yen)		FY3/21 (results)		FY3/22 (forecast)		Change	Change (%)
Profit percentage in brackets							
Segment profit		3,429	3.3 %	3,500	3.3 %	+ 70	+ 2.0 %
	Community Pharmacy Network Segment* <sup>1</sup>	5,703	5.7 %	5,733	5.7 %	+ 29	+ 0.5 %
	Other 3 Segments* <sup>2</sup>	(20)	—	167	2.7 %	+ 188	—
	Adjustments	(2,253)	—	(2,400)	—	(147)	—

\*1 Pharmaceutical Network Business, Dispensing Pharmacy Business, Manufacture and Market Pharmaceuticals Business , Digital Shift Business

\*2 Leasing and Facility related Segment, Meal Catering Segment, Home Visit Nursing Segment

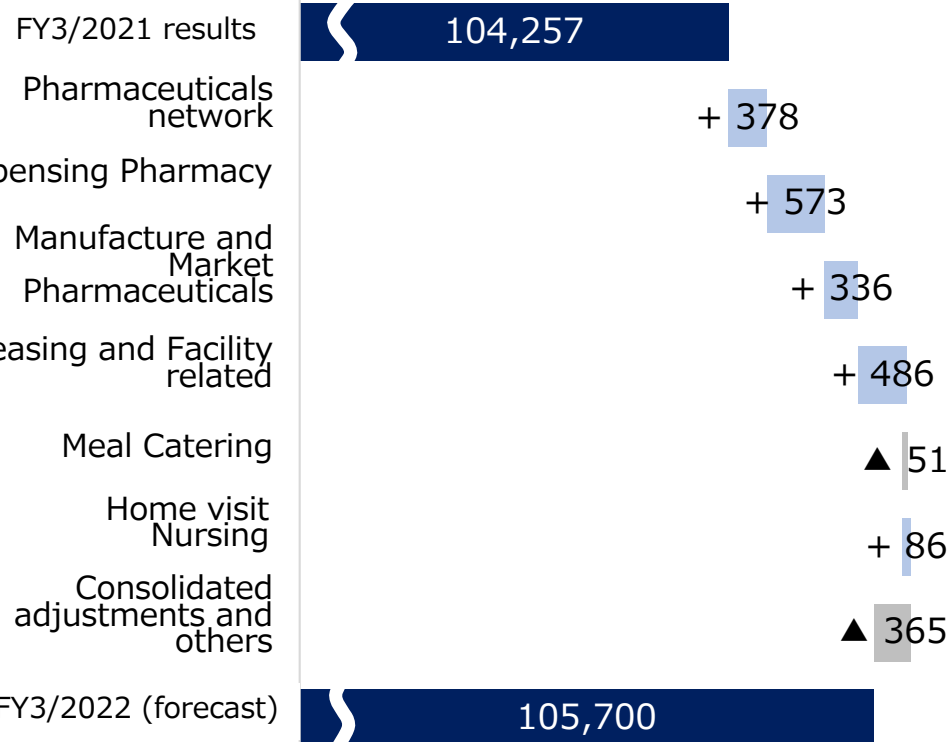
# FY3/2022: Earnings forecast (comparison to previous term)



MEDICAL  
SYSTEM  
NETWORK  
GROUP

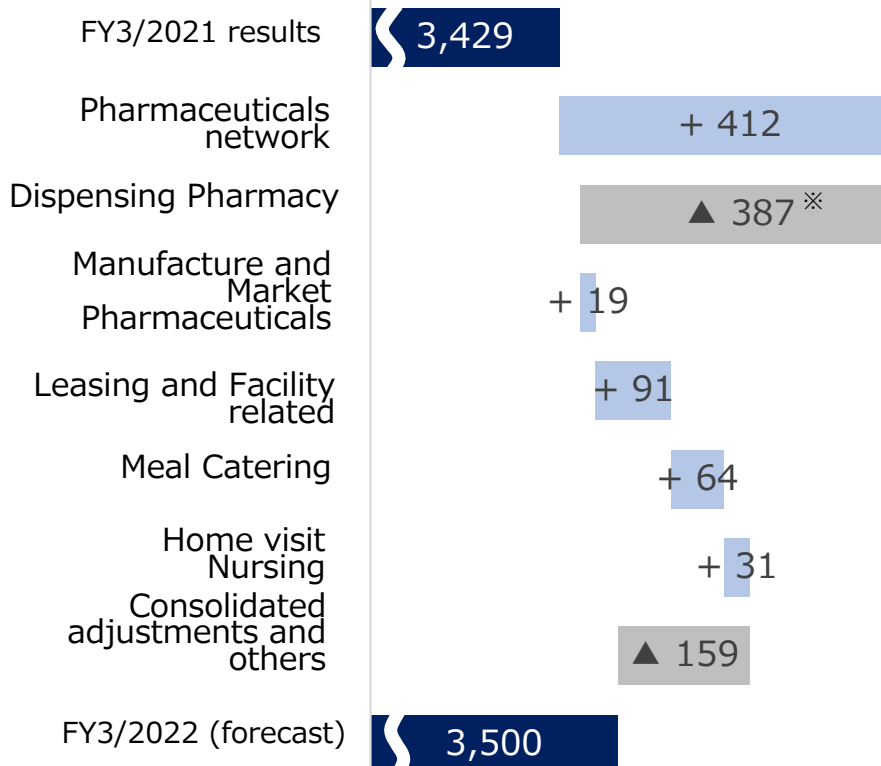
## ■ Sales

(Unit: million yen)



## ■ Operating profit

(Unit: million yen)



[Reference]

(compared to previous year)	FY3/2021 results	FY3/2022 forecast
Number of prescriptions at existing pharmacies	▲9.4%	+4.3%
Prescription unit price at existing pharmacies	+7.7%	▲4.8%

※ Of this amount, ▲325 million yen is due to impact of the NHI price revision at existing pharmacies.

※ "Existing pharmacies" refer to pharmacies that continue to be in business on or after April 1, 2020.

# FY3/2022 : Prospective dividends

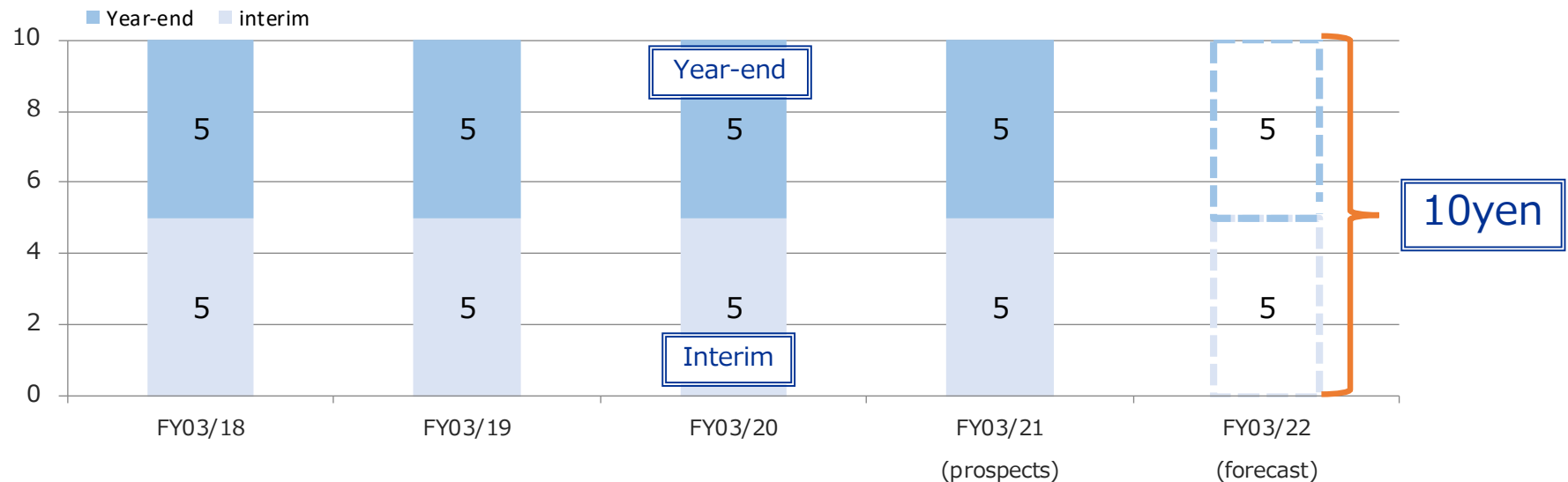
The forecast dividend for FY3/2022 is 10.00 yen per share  
(interim and year-end dividend of 5.00 yen each per share)

## 【 Shareholder Return Indicators 】

	■ FY3/2021 (prospects)	■ FY3/2022 (forecast)
Annual dividend per share	10yen	10yen
Dividend payout ratio	13.8%	16.8%

## 【 Annual dividend per share trend 】

(Unit: yen)



# Reference Materials

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# ESG Initiatives

As a company that supports the health of local residents, we contribute to the development of a sustainable society through ESG initiatives

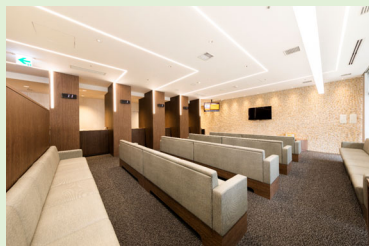
## E=Environment

( Environmental Initiatives )



【 Approaches to environmental risk management 】

- Reduction of pharmaceutical waste
- Reduction of environmental impact
- Proper disposal of industrial waste, etc



Introduction of LED lighting

【 Environmental conservation efforts 】

- Energy conservation measures for buildings, etc.

## S = Society

( Contribution to society and local communities )



Contributing to society through sports



Support for the promotion and education of organ transplantation medicine



Employment of people with disabilities to support initiatives in Chinese Medicine development

## G = Governance

( Efforts to improve governance )

- Ensuring compliance
- Establishing a risk management system
- Financial structure improvement



Enhancement of corporate governance



Accountability to Stakeholders

Our Web site for CSR (<https://www.msnw.co.jp/csr/>)



## **MEDICAL SYSTEM NETWORK Co., Ltd.**

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