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# MEDICAL SYSTEM NETWORK Co., Ltd.

Third Quarter of Fiscal Year Ending March 2023  
Prime Market of Tokyo Stock Exchange; Securities Code: 4350

## Data Book

( February 3, 2023 )



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- ※ 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.

# 1. Consolidated Statement of Income and Comprehensive Income

## (1) Consolidated Statement of Income

(million yen)

	FY3/2021 3rd Quarter 4/2020~12/2020	FY3/2022 3rd Quarter 4/2021~12/2021		FY3/2023 3rd Quarter 4/2022~12/2022	
				Change	Change
<b>Net sales</b>	<b>78,167</b>	<b>79,868</b>	1,701	<b>81,878</b>	2,009
(YoY)	(1.0%)	2.2%	—	2.5%	—
Community Pharmacy Network Segment	74,368	75,986	1,618	78,078	2,092
Leasing and Facility related Segment	2,194	2,461	266	2,448	(12)
Meal Catering Segment	1,874	1,752	(122)	1,701	(51)
Home Visit Nursing Segment	171	232	60	228	(3)
Adjustments	(442)	(563)	(121)	(579)	(15)
<b>Cost of sales</b>	<b>46,501</b>	<b>46,425</b>	(75)	<b>47,591</b>	1,165
(% of Net sales)	59.5%	58.1%	—	58.1%	—
<b>Gross profit</b>	<b>31,665</b>	<b>33,443</b>	1,777	<b>34,287</b>	843
(YoY)	4.8%	5.6%	—	2.5%	—
(% of Net sales)	40.5%	41.9%	—	41.9%	—
<b>SG&amp;A expenses</b>	<b>28,892</b>	<b>30,379</b>	1,487	<b>31,942</b>	1,563
(% of Net sales)	37.0%	38.0%	—	39.0%	—
Labor costs	16,687	17,457	769	18,349	892
Depreciation	808	807	(1)	901	94
Amortization of goodwill	854	845	(8)	847	2
<b>EBITDA</b>	<b>4,922</b>	<b>5,173</b>	251	<b>4,525</b>	(648)
<b>Operating profit</b>	<b>2,773</b>	<b>3,063</b>	289	<b>2,344</b>	(719)
(YoY)	125.7%	10.5%	—	(23.5%)	—
(% of Net sales)	3.5%	3.8%	—	2.9%	—
Community Pharmacy Network Segment	4,329	4,663	334	4,299	(364)
Leasing and Facility related Segment	34	53	19	(97)	(150)
Meal Catering Segment	(2)	7	10	(55)	(63)
Home Visit Nursing Segment	(17)	(10)	7	(14)	(3)
Adjustments	(1,569)	(1,650)	(80)	(1,787)	(136)
<b>Non-operating profit</b>	<b>237</b>	<b>647</b>	409	<b>423</b>	(223)
Interest income and Dividend income	8	6	(2)	5	(1)
Other	228	※ 641	412	418	(222)
<b>Non-operating expenses</b>	<b>240</b>	<b>225</b>	(14)	<b>268</b>	42
Interest expenses	164	140	(23)	206	66
Other	75	85	9	62	(23)
<b>Ordinary profit</b>	<b>2,770</b>	<b>3,485</b>	714	<b>2,499</b>	(985)
(YoY)	129.2%	25.8%	—	(28.3%)	—
(% of Net sales)	3.5%	4.4%	—	3.1%	—
Extraordinary income	914	131	(782)	7	(123)
Extraordinary losses	196	136	(59)	103	(32)
<b>Profit before income taxes</b>	<b>3,489</b>	<b>3,480</b>	(8)	<b>2,403</b>	(1,077)
Income taxes	1,478	1,353	(124)	1,194	(159)
Profit attributable to non-controlling interests	(2)	(18)	(15)	14	32
<b>Profit attributable to owners of parent</b>	<b>2,013</b>	<b>2,144</b>	130	<b>1,195</b>	(949)
(YoY)	516.6%	6.5%	—	(44.3%)	—
(% of Net sales)	2.6%	2.7%	—	1.5%	—

※ Includes subsidy income related with COVID-19 of 398 million yen

## (2) Consolidated Statement of Comprehensive Income

(million yen)

	FY3/2021 3rd Quarter 4/2020~12/2020	FY3/2022 3rd Quarter 4/2021~12/2021	FY3/2023 3rd Quarter 4/2022~12/2022	
			Change	Change
<b>Profit</b>	<b>2,010</b>	<b>2,126</b>	115	<b>1,209</b> (917)
<b>Other comprehensive income</b>	<b>(7)</b>	<b>29</b>	36	<b>26</b> (2)
Valuation difference on available-for-sale securities	(14)	14	28	5 (8)
Deferred gains or losses on hedges	(1)	2	4	6 3
Remeasurements of defined benefit plans, net of tax	8	11	3	14 2
<b>Comprehensive income</b>	<b>2,003</b>	<b>2,155</b>	152	<b>1,235</b> (919)
(YoY)	659.0%	7.6%	–	(42.7%) –
Comprehensive income attributable to owners of parent	2,005	2,173	167	1,221 (951)
Comprehensive income attributable to non-controlling interests	(2)	(18)	(15)	14 32

## 2. Consolidated Balance Sheet

(million yen)

	FY3/2022 3rd Quarter End of 12/2021	FY3/2022		FY3/2023	
		End of 3/2022	Change	End of 12/2022	Change
<b>Total current assets</b>	<b>21,145</b>	<b>18,701</b>	(2,444)	<b>22,893</b>	4,192
Cash and deposits	9,427	8,201	(1,225)	9,594	1,392
Accounts receivable - trade	3,329	2,891	(438)	3,866	974
Inventories	5,795	4,858	(936)	6,042	1,183
Other	2,593	2,750	156	3,391	641
<b>Total fixed assets</b>	<b>44,093</b>	<b>44,239</b>	146	<b>45,626</b>	1,386
<b>Total tangible fixed assets</b>	<b>24,861</b>	<b>24,624</b>	(237)	<b>26,838</b>	2,214
Buildings and structures	13,521	13,408	(113)	13,280	(127)
Land	9,075	8,847	(228)	8,929	81
Leased assets	493	520	27	2,938	2,417
Construction in progress	123	202	79	138	(64)
Other	1,647	1,645	(2)	1,552	(93)
<b>Total intangible fixed assets</b>	<b>12,952</b>	<b>12,767</b>	(184)	<b>12,151</b>	(616)
Goodwill	12,445	12,254	(190)	11,527	(726)
Other	507	513	5	623	110
<b>Investment and other assets</b>	<b>6,279</b>	<b>6,848</b>	568	<b>6,636</b>	(211)
Investment securities	151	155	4	164	8
Guarantee deposits	2,856	3,052	196	3,119	67
Deferred tax assets	2,453	2,894	441	2,566	(328)
Other	818	745	(72)	786	41
<b>Total assets</b>	<b>65,239</b>	<b>62,941</b>	(2,297)	<b>68,520</b>	5,579
<b>Total current liabilities</b>	<b>27,039</b>	<b>20,435</b>	(6,604)	<b>24,341</b>	3,905
Accounts payable - trade	11,776	9,680	(2,096)	12,300	2,620
Short-term loans payable	5,364	1,016	(4,348)	2,664	1,648
Current portion of long-term loans payable	5,516	4,756	(759)	4,871	114
Lease obligations	184	163	(20)	188	24
Income taxes payable	97	617	519	104	(513)
Other	4,100	4,201	100	4,212	11
<b>Total fixed liabilities</b>	<b>25,143</b>	<b>29,219</b>	4,075	<b>30,053</b>	834
Long-term loans payable	18,967	22,891	3,923	20,441	(2,449)
Lease obligations	722	740	17	3,514	2,774
Provision for retirement benefits for directors (and other officers)	590	600	9	630	30
Retirement benefit liability	3,637	3,752	115	3,998	246
Other	1,225	1,234	8	1,468	234
<b>Total liabilities</b>	<b>52,183</b>	<b>49,654</b>	(2,529)	<b>54,395</b>	4,740
<b>Shareholders' equity</b>	<b>13,127</b>	<b>13,377</b>	249	<b>14,174</b>	797
Capital stock	2,128	2,128	—	2,128	—
Capital surplus	1,182	1,182	—	1,182	—
Retained earnings	10,143	10,393	249	11,190	797
Treasury stock	(326)	(326)	—	(326)	—
<b>Accumulated other comprehensive income</b>	<b>(77)</b>	<b>(108)</b>	(30)	<b>(81)</b>	26
<b>Non-controlling interests</b>	<b>5</b>	<b>17</b>	12	<b>32</b>	14
<b>Total net assets</b>	<b>13,055</b>	<b>13,286</b>	231	<b>14,125</b>	838

### 3. Community Pharmacy Network Segment

#### (1) Community Pharmacy Business

##### ① No. of pharmacies

	FY3/2021				FY3/2022				FY3/2023 3rd Quarter			
	4/2020~3/2021				4/2021~3/2022				4/2022~12/2022			
	Openings	M & A	Closings Transfers	No. of outlets	Openings	M & A	Closings Transfers	No. of outlets	Openings	M & A	Closings Transfers	No. of outlets
<b>No. of pharmacies</b>	7	6	13	<b>416</b>	12	3	6	<b>425</b>	6	1	3	<b>429</b>
Hokkaido area	—	—	5	<b>120</b>	4	1	1	<b>124</b>	—	—	1	<b>123</b>
Tohoku area	1	—	—	<b>23</b>	1	—	—	<b>24</b>	—	—	—	<b>24</b>
Kanto/Koshinetsu area	2	6	4	<b>92</b>	3	2	1	<b>96</b>	3	1	—	<b>100</b>
Tokai/Hokuriku area	1	—	2	<b>45</b>	1	—	2	<b>44</b>	—	—	—	<b>44</b>
Kinki area	1	—	2	<b>55</b>	—	—	2	<b>53</b>	3	—	2	<b>54</b>
Chugoku/Shikoku area	—	—	—	<b>21</b>	—	—	—	<b>21</b>	—	—	—	<b>21</b>
Kyushu area	2	—	—	<b>60</b>	3	—	—	<b>63</b>	—	—	—	<b>63</b>
Care plan centers	—	—	—	<b>1</b>	—	—	—	<b>1</b>	—	—	—	<b>1</b>
Drug/cosmetic stores	—	—	—	<b>9</b>	—	—	—	<b>9</b>	—	—	—	<b>9</b>

##### ② Dispensing fee breakdown (No. of prescriptions / Unit price)

	FY3/2021	FY3/2022		FY3/2023	
	3rd Quarter	3rd Quarter		3rd Quarter	
	4/2020~12/2020	4/2021~12/2021		4/2022~12/2022	
		Change	Change(%)	Change	Change(%)
<b>No. of prescriptions(a)(1,000)</b>	<b>6,212</b>	<b>6,625</b>	412	<b>6,828</b>	203
<b>Unit price(b) (yen)</b>	<b>10,630</b>	<b>10,309</b>	(321)	<b>10,173</b>	(135)
Drug charge per prescription	8,262	7,882	(380)	7,733	(149)
Technical fee per prescription	2,368	2,426	59	2,440	14
<b>Dispensing fee(a)*(b)(million yen)</b>	<b>66,039</b>	<b>68,296</b>	2,257	<b>69,472</b>	1,175

##### ③ Dispensing fee breakdown by new openings and M&A period

(million yen)

	FY3/2022		FY3/2023		Change
	3rd Quarter		3rd Quarter		
	4/2021~12/2021		4/2022~12/2022		
		% of Net sales	% of Net sales		
<b>Dispensing fee</b>	<b>68,296</b>	100.0%	<b>69,472</b>	100.0%	1,175
Existing pharmacies (Openings~2021.3)	66,542	97.4%	66,570	95.8%	28
New openings (4/2021~3/2022)	125	0.2%	1,007	1.4%	882
M&A (4/2021~3/2022)	704	1.0%	965	1.4%	260
New openings (4/2022~12/2022)	—	—	875	1.3%	875
M&A (4/2022~12/2022)	—	—	—	—	—
Closings / Transfers	925	1.4%	55	0.1%	(870)

##### ④ Monthly dispensing fee (YoY)

(%)

All pharmacies (YoY)	4/2022	5/2022	6/2022	7/2022	8/2022	9/2022	FY3/2023 1st half total	10/2022	11/2022	12/2022
Dispensing fee	(1.7)	3.2	0.9	(1.1)	5.2	2.7	1.5	0.3	4.5	1.8
No. of prescriptions	(0.5)	5.6	1.4	2.1	8.0	4.4	3.4	1.7	2.7	2.8
Unit price	(1.2)	(2.3)	(0.5)	(3.1)	(2.6)	(1.7)	(1.9)	(1.4)	1.8	(1.0)

Existing pharmacies (YoY)	4/2022	5/2022	6/2022	7/2022	8/2022	9/2022	FY3/2023 1st half total	10/2022	11/2022	12/2022
Dispensing fee	(2.3)	1.9	(0.7)	(2.5)	3.3	0.9	0.0	(1.8)	2.4	(0.5)
No. of prescriptions	(1.7)	3.7	(0.8)	(0.4)	5.4	1.8	1.2	(0.9)	0.0	0.5
Unit price	(0.6)	(1.7)	0.1	(2.1)	(2.0)	(0.9)	(1.2)	(0.9)	2.4	(1.0)

※Existing pharmacies definition :Pharmacies that have been continuously open since April 1,2021 for the current FY

## (2) Pharmaceutical Network Business

## ①No. of Network affiliates

Attribute Area	FY3/2022 (End of 3/2022)			FY3/2023 (End of 12/2022)		
	MSNW community pharmacies	General network affiliates	Total	MSNW community pharmacies	General network affiliates	Total
Hokkaido	124	195	319	123	216	339
Tohoku	24	456	480	24	575	599
Kanto/Koshinetsu	96	2,210	2,306	100	2,554	2,654
Tokai/Hokuriku	44	1,287	1,331	44	1,395	1,439
Kinki	53	1,032	1,085	54	1,347	1,401
Chugoku/Shikoku	21	761	782	21	843	864
Kyushu/Okinawa	63	1,035	1,098	63	1,196	1,259
<b>Total</b>	<b>425</b>	<b>6,976</b>	<b>7,401</b>	<b>429</b>	<b>8,126</b>	<b>8,555</b>

## ②Ordering volume of pharmaceuticals

(million yen)

	FY3/2021 3rd Quarter 4/2020~12/2020	FY3/2022 3rd Quarter 4/2021~12/2021		FY3/2023 3rd Quarter 4/2022~12/2022			
		Change	Change(%)	Change	Change(%)		
<b>Ordering volume of pharmaceuticals</b>	<b>290,090</b>	<b>335,816</b>	45,725	15.8%	<b>391,477</b>	55,661	16.6%

4. Consolidated Earnings Forecast

(million yen)

	FY3/2022 4/2021~3/2022		FY3/2023 4/2022~3/2023		
	Results	% of Net sales	Forecast	% of Net sales	(YoY)
	<b>Net sales</b>	<b>106,685</b>	100.0%	<b>110,000</b>	100.0%
Community Pharmacy Network Segment	101,457	95.1%	104,701	95.2%	3.2%
Leasing and Facility related Segment	3,326	3.1%	3,508	3.2%	5.5%
Meal Catering Segment	2,322	2.2%	2,335	2.1%	0.6%
Home Visit Nursing Segment	305	0.3%	328	0.3%	7.7%
Adjustments	(727)	-	(874)	-	-
<b>Gross profit</b>	<b>44,429</b>	41.6%	<b>46,453</b>	42.2%	4.6%
SG&A expenses	40,576	38.0%	42,953	39.0%	5.9%
Labor costs	23,252	21.8%	24,417	22.2%	5.0%
Depreciation	1,116	1.0%	1,204	1.1%	7.8%
Amortization of goodwill	1,128	1.1%	1,130	1.0%	0.2%
<b>EBITDA</b>	<b>6,708</b>	6.3%	<b>6,200</b>	5.6%	(7.6%)
<b>Operating profit</b>	<b>3,852</b>	3.6%	<b>3,500</b>	3.2%	(9.1%)
Community Pharmacy Network Segment	6,117	※ 6.0%	6,026	※ 5.8%	(1.5%)
Leasing and Facility related Segment	39	※ 1.2%	38	※ 1.1%	(2.0%)
Meal Catering Segment	1	※ 0.0%	21	※ 0.9%	2,009.2%
Home Visit Nursing Segment	(12)	-	0	※ 0.2%	-
Adjustments	(2,293)	-	(2,588)	-	-
<b>Ordinary profit</b>	<b>4,313</b>	4.0%	<b>3,700</b>	3.4%	(14.2%)
<b>Profit attributable to owners of parent</b>	<b>2,394</b>	2.2%	<b>1,750</b>	1.6%	(26.9%)

※ % of Segment Net sales





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