



MEDICAL
SYSTEM
NETWORK
GROUP

MEDICAL SYSTEM NETWORK Co., Ltd.

First Quarter of Fiscal Year Ending March 2025

Earnings Report

Standard Market 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/>



Net Sales	YoY change	Progress rate vs. FY
29,419 million yen	+6.4% (+1,762 million yen)	24.1%
Operating Profit	YoY change	Progress rate vs. FY
468 million yen	+3.7% (+16 million yen)	11.7%

Both Sales and Profits at each level increased year-on-year.

- Contribution of new openings and M&A of community pharmacies in the last period.
 - Number of prescriptions at all pharmacies +4.3% YoY change
- The number of pharmaceutical network affiliates grew steadily, although the volume of pharmaceuticals handled fell short of the plan.

Failure to achieve the plan due to sluggish growth in the number of prescriptions, etc.

- Rebound from the outbreak of multiple respiratory tract infections in the previous year.
 - Number of prescriptions at existing pharmacies (2.1%) compared to plan
 - Unit price of prescriptions at existing pharmacies: +3.0% compared to plan
- Preparatory expenses for the launch of the logistics business

Figures in parentheses indicate changes from the end of the previous FY
* YoY

< Community Pharmacy Network Segment >

Community Pharmacy	451 pharmacies(+1)
Prescription Unit price(All pharmacies)	10,027 yen(+156 yen)*
No. of prescriptions (All pharmacies)	2,481K (+4.3%)*
No. of prescriptions (Existing pharmacies)	2,336K (-0.1%)*

~ Pharmacy Support Businesses ~

Pharmaceutical Network Business

- No. of affiliates **10,178** affiliates (+422)

Manufacture and Market Pharmaceuticals Business

- No. of ingredients **49** ingredients Due to change in counting method No comparison with previous year
- No. of products **113** products(+10)
- No. of affiliates **5,171** affiliates(+1,529)*

Digital Shift Business

- No. User registrations **1.15MN**(+100K)
- No. Installed pharmacies **5,217** pharmacies(+535)

< Leasing and Facility related Segment >

Wisteria

- Occupancy rate of all 5 facilities **82.3%**(-0.7%)

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Earnings Highlight

FY3/2025 1Q : Consolidated Results

(Unit: million yen)	FY3/2024 1Q (results)	FY3/2025 1Q (plan)	FY3/2025 1Q (results)	YoY		FY3/2025 vs. 1Q plan	FY3/2025 Full Year Forecast
				Change	Change (%)		
Net Sales	27,656	29,268	29,419	+ 1,762	+ 6.4%	+0.5%	122,000
EBITDA* Profit margin 4.3%	1,202 4.3%	—	1,278 4.3%	+ 75	+ 6.3%	—	7,450 6.1%
Operating Profit Profit margin 1.6%	451 1.6%	628 2.1%	468 1.6%	+ 16	+ 3.7%	(25.5%)	4,000 3.3%
Ordinary Profit Profit margin 1.5%	410 1.5%	623 2.1%	468 1.6%	+ 58	+ 14.2%	(24.9%)	3,950 3.2%
Profit attributable to owners of parent Profit margin 0.5%	148 0.5%	283 1.0%	170 0.6%	+ 22	+ 15.1%	(39.7%)	2,000 1.6%
Earnings per share (Yen)	4.92	—	5.85	+ 0.93	—	—	68.43

* Calculated as "Operating income + Depreciation and amortization + Amortization of goodwill"

FY3/2025 1Q : Results by Segment

■ Net Sales (Unit: million yen)		FY3/2024 1Q (results)	FY3/2025 1Q (results)	Change	Change(%)
Net Sales		27,656	29,419	+ 1,762	+ 6.4 %
	Community Pharmacy Network Segment *	26,356	28,029	+ 1,673	+ 6.3 %
	Leasing and Facility Related Segment Meals Catering Segment Home Visit Nursing Segment	1,468	1,614	+ 145	+9.9%
	Adjustments	(168)	(224)	(55)	—

■ Operating Profit (Unit: million yen) Profit margin in brackets

Segment Profit		451 1.6 %	468 1.6 %	+ 16 (0.0pt)	+ 3.7 %
	Community Pharmacy Network Segment *	1,077 4.1 %	1,061 3.8%	(16) (0.3pt)	(1.5)%
	Leasing and Facility Related Segment Meals Catering Segment Home Visit Nursing Segment	(0) —	46 2.9%	+ 46	—
	Adjustments	(626) —	(639) —	(13) —	—

* Community Pharmacy Business, Pharmaceutical Network Business, Manufacture and Market Pharmaceuticals Business, Digital Shift Business, and Pharmaceutical Logistics Business

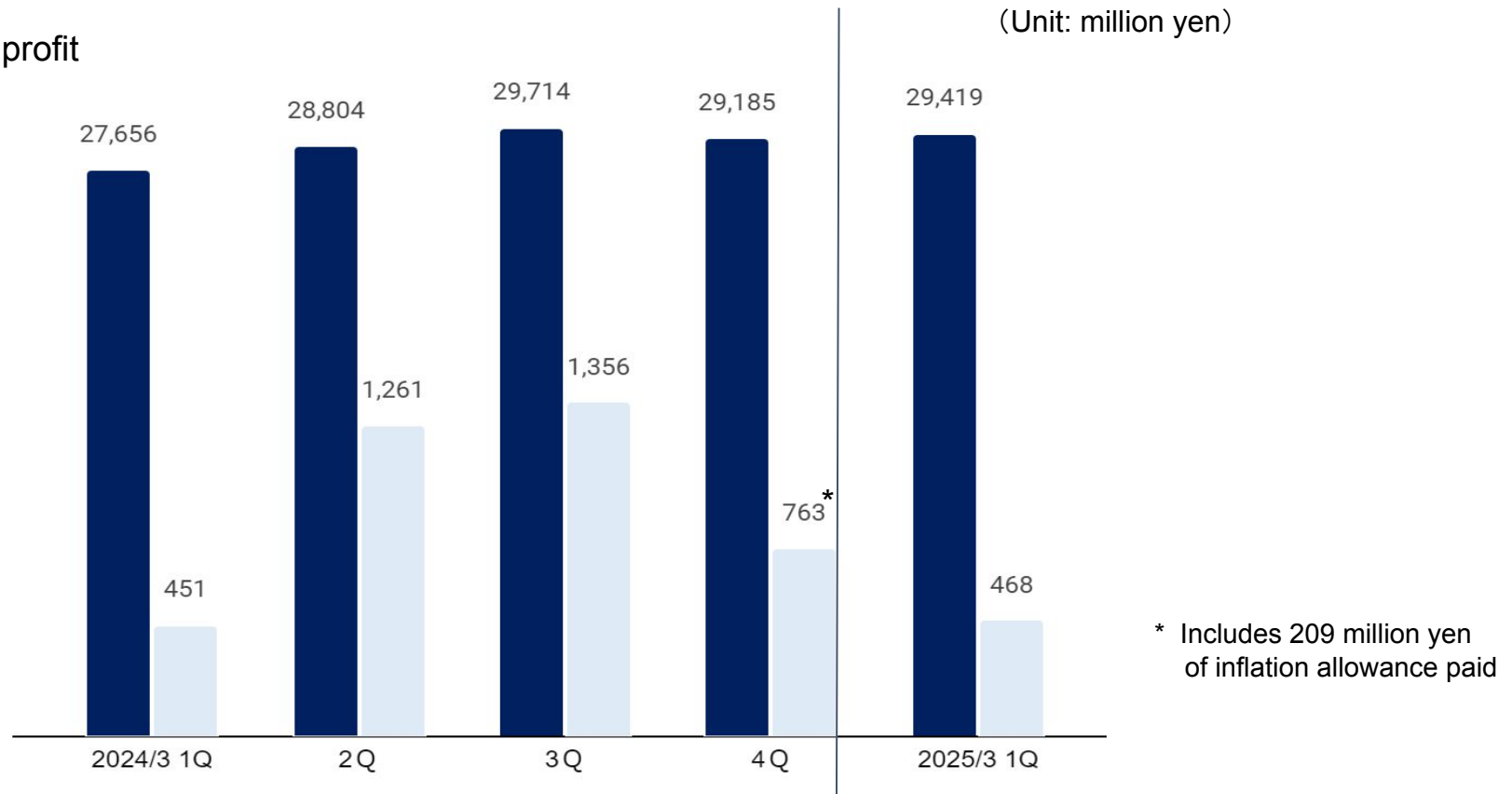
FY3/2025 1Q : Consolidated Financial Results - Quarterly Changes



■ Net sales · Operating profit (Quarterly Trends)

- Although there was a reaction to increased incidence of infection outbreaks in the previous fiscal year in the first quarter, new pharmacies opened in the previous fiscal year and M&A pharmacies contributed to the results, and the number of network affiliates grew steadily, resulting in an increase in both sales and profit.
- Operating Profit tends to be lower in 1Q due to the impact of the revision of medical service fees and seasonal factors.

■ Net sales
■ Operating profit



FY3/2025 1Q : Consolidated Balance Sheet

■End of FY3/2024

(Unit: million yen)

Assets	68,149	Liabilities	52,930
Current assets	20,773	Current liabilities	23,213
Cash and deposits	8,273	Short-term loans*1	5,710
		Fixed liabilities	29,716
Fixed assets	47,376	Long-term loans	18,309
Tangible fixed assets	28,336	Net assets	15,219
Intangible fixed assets	11,281	Share capital	2,128
Goodwill	10,613	Capital surplus	937
Investments and other assets	7,759	Retained earnings	13,100
		Treasury shares	(882)
Total assets	68,149	Total liabilities and net assets	68,149
Equity ratio	22.3%		

(Equity ratio with taking into account net cash*2

25.3%)

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

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

■End of FY3/2025 1Q

(Unit: million yen)

Assets	67,779	Liabilities	52,548
Current assets	20,016	Current liabilities	23,918
Cash and deposits	6,723	Short-term loans*1	6,277
		Fixed liabilities	28,630
Fixed assets	47,762	Long-term loans	17,189
Tangible fixed assets	28,751	Net assets	15,230
Intangible fixed assets	11,139	Share capital	2,128
Goodwill	10,463	Capital surplus	946
Investments and other assets	7,872	Retained earnings	13,094
		Treasury shares	(891)
Total assets	67,779	Total liabilities and net assets	67,779
Equity ratio	22.4%		

(Equity ratio with taking into account net cash*2

24.9%)

FY3/2025 1Q : Consolidated Cash Flows

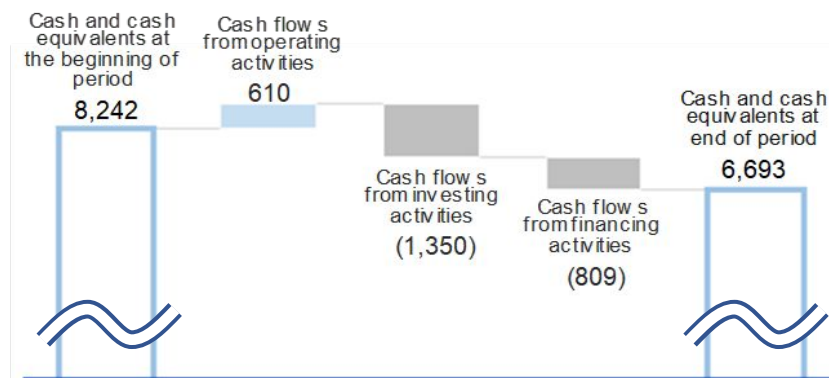
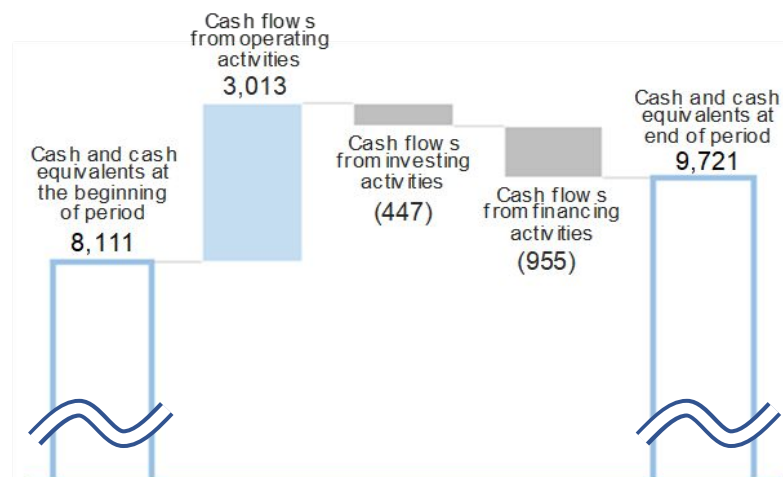
Cashflows from operating activities	610 million yen	EBITDA* Income taxes paid Changes in working capital * Calculated by "operating profit + depreciation + amortization of goodwill"	1,278 million yen (1,030) million yen 404 million yen
Cashflows from investing activities	(1,350) million yen	Opening of new pharmacies Existing pharmacies renovation costs, etc. M&A (share acquisition, business acquisition, business transfer)	(786) million yen (308) million yen (184) million yen
Cashflows from financing activities	(809) million yen	Loan amount reduced	(552) million yen

■FY3/2024 1Q

(Unit: million yen)

■FY3/2025 1Q

(Unit: million yen)



Operating CF increased in 1Q FY3/2024 due to one-time reasons such as tax refund. (Reference) FY Mar.2023 1Q Operating CF: 653 million yen



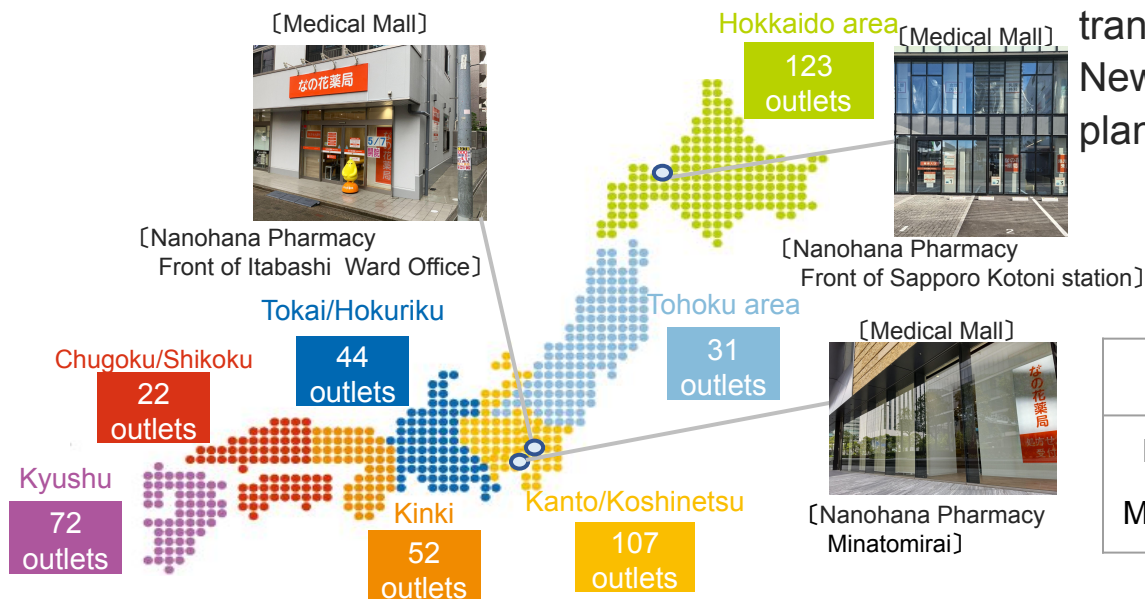
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Business Summary

Community Pharmacy Business:

Trends in No. of Pharmacies

6 new outlets since the end of the previous FY, Acquired 1 pharmacy through M&A, closed 6 pharmacies, or transferred business. As of the end 1Q, we expect New pharmacy openings to exceed the full year plan.



FY3/2025 (As of June 30)		
	Fixed No. / results in 1Q	Full Year Plan
No. of openings	22 / 6	20
No. of prospects connected to Medical Institutions	11 / 2	10

Record 22
new pharmacy openings expected

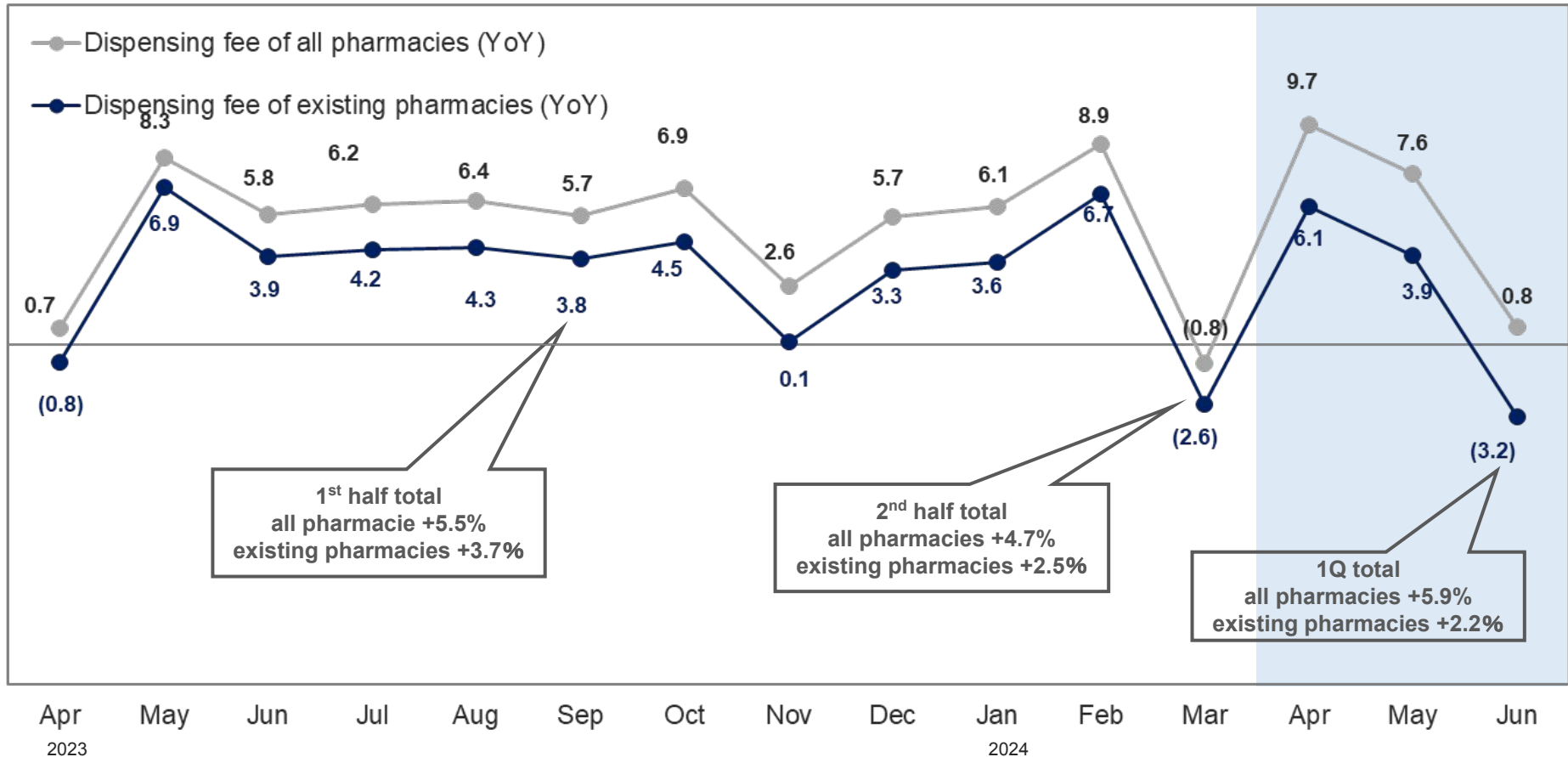
Community pharmacy outlet no. trends of the past 10 years

As of June 30, 2024

	FY3/2016	FY3/2017	FY3/2018	FY3/2019	FY3/2020	FY3/2021	FY3/2022	FY3/2023	FY3/2024	FY3/2025 1Q
Openings	9	8	8	5	8	7	12	8	13	6
Closing and transferring	(8)	(4)	(5)	(14)	(15)	(13)	(6)	(7)	(9)	(6)
M&A	7	20	19	30	3	6	3	2	18	1
No. of outlets	353	377	399	420	416	416	425	428	450	451

Community Pharmacy Business :

Monthly Dispensing Fee (YoY)

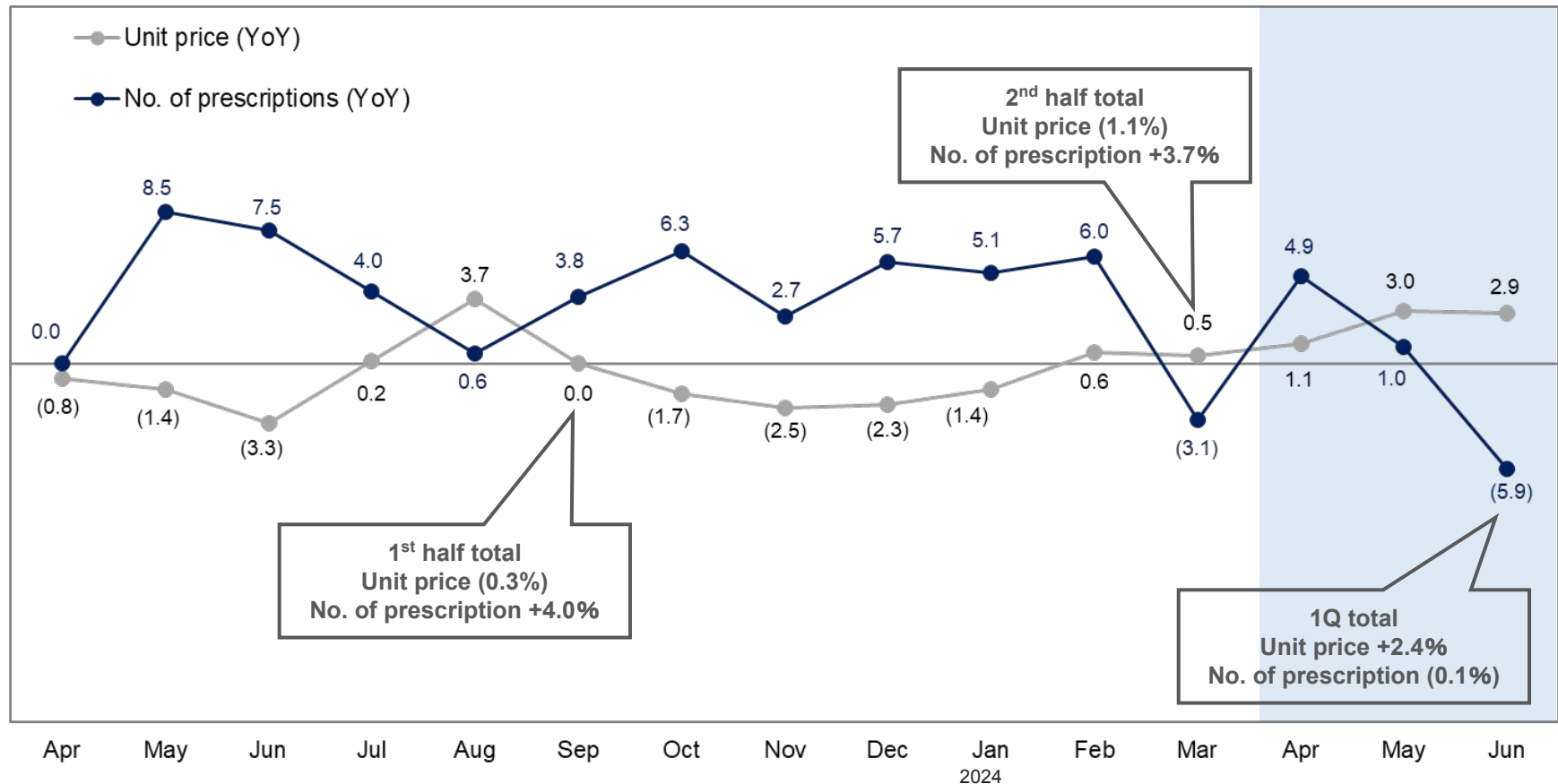


- Existing pharmacies definition: Pharmacies that have been continuously open since April 1, 2022 for the previous fiscal year and since April 1, 2023 for the current fiscal year

Community Pharmacy Business :

Monthly Prescription Volume and Unit Price of Existing Pharmacies (YoY)

Although the number of prescriptions filled decreased in reaction to the outbreak of multiple respiratory infections in the previous fiscal year and the impact of fewer business days than in the previous fiscal year, the unit price of prescriptions rose due to an increase in the unit price of drug charges.



Community Pharmacy Business : Dispensing Fee Breakdown

■ All pharmacies		FY3/2024 1Q	FY3/2025 1Q	Change	Change (%)
No. of prescriptions (1,000)		2,379	2,481	+ 102	+ 4.3%
Unit price (yen)	Drug charge per prescription	7,526	7,640	+ 114	+ 1.5%
	Technical fee per prescription	2,345	2,387	+ 42	+ 1.8%
	Total	9,871	10,027	+ 156	+ 1.6%
Dispensing fee (million yen)		23,484	24,878	+ 1,394	+ 5.9%

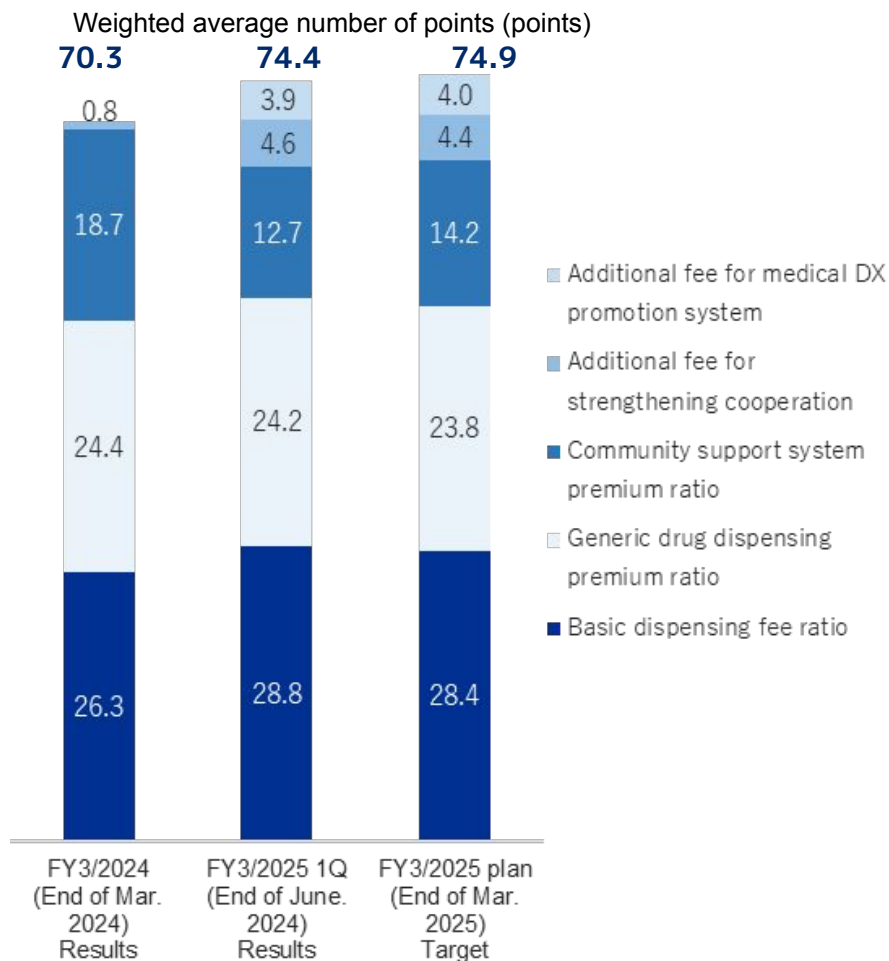
■ Existing pharmacies

No. of prescriptions (1,000)		2,339	2,336	(3)	(0.1%)
Unit price (yen)	Drug charge per prescription	7,586	7,765	+ 179	+ 2.4%
	Technical fee per prescription	2,350	2,406	+ 56	+ 2.4%
	Total	9,935	10,170	+ 235	+ 2.4%
Dispensing fee (million yen)		23,247	23,764	+ 517	+ 2.2%

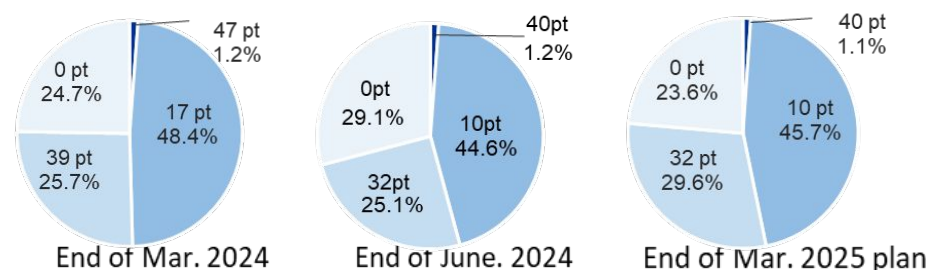
*Dispensing fees are calculated based on the number of prescriptions x unit price of prescriptions

Community Pharmacy Business : Dispensing Fee Revision

- Although the weighted average number of points decreased from the end of the previous fiscal year due to the end of the transitional measures for the Additional Allowance related to Community Support System, the acquisition of points exceeded our original plan.
- We continue to focus on interpersonal services.



Community support system premium ratio



*The percentage contribution for pharmacies with 0-point regional support system premium has increased since the end of March 2024. This is because many pharmacies acquired through M&A in the 4Q of FY2024/3 received 0 points.

Note that the calculation percentage at the end of March 2024 does not include pharmacies acquired through M&A in the 4Q of FY2024/3.

Main contents of the FY2024 revision of dispensing fees

- Basic dispensing fee : flat +3pt
- Community support system premium : flat -7pt
- Additional fee of strengthening cooperation : 2pt
⇒ 5pt (+3 pt)
- Additional fee for medical DX promotion system preparation : New 4pt

Pharmacy Support Businesses*¹:

Performance Summary



Supporting community pharmacies with Pharmaceutical Networks at the core, Manufacture and Market Pharmaceuticals, and our Digital Shift and Pharmaceutical Logistics Initiatives.

■ Progress against numerical targets for FY 2025/3

	FY 2025/3 Numerical targets	Progress (As of June 30)
Pharmaceutical Network Business	10,756 affiliates (+1,000 affiliates)	10,178 affiliates +422 affiliates (From the end of the previous FY) 10,324 affiliates (As of July 31)
Manufacture and Market Pharmaceuticals Business	7,000 transacting pharmacies (+2,002 pharmacies)	5,171 transacting pharmacies* ² +1,529 pharmacies (YoY) * ² No. of transacting pharmacies is total pharmacies that have actually transacted business since April of each year.
Digital Shift Business	5,700 installed pharmacies (+1,018 pharmacies) 1.4 million registered users (+350K users)	5,217 installed pharmacies +535 pharmacies (From the end of the previous FY) 1.15 million registered users +100K users (From the end of the previous FY)

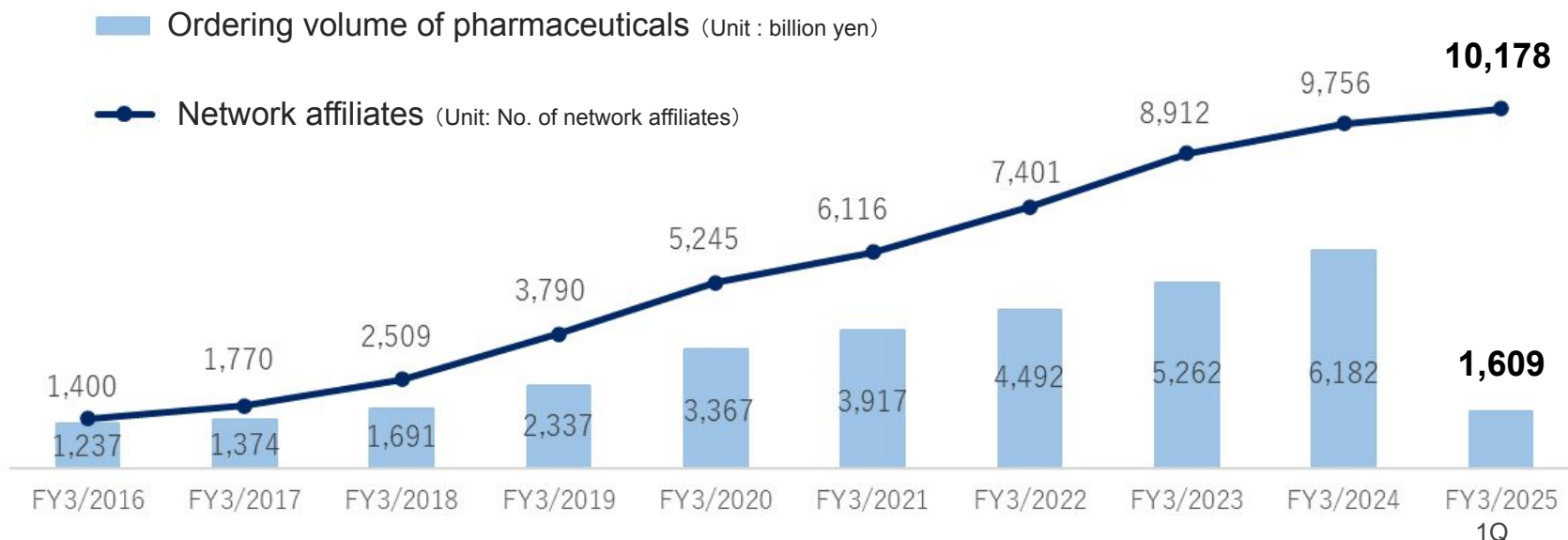
*¹ Pharmaceutical Network Business, Pharmaceutical Manufacturing and Distribution Business, Digital Shift Business, Pharmaceutical Logistics Business

Pharmaceuticals Network Business:

Performance Summary

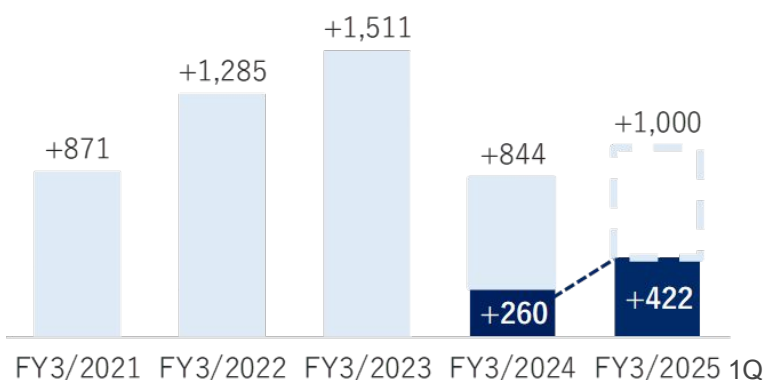


No. of new affiliates increased by 422 from the end of the previous FY to 10,178



Network affiliates (Net increase)

Full year 1Q (Unit: No. of network affiliates)



FY3/2025 Breakdown of network affiliates

	1Q
New	522
Withdrawal	(100)



New membership picked up versus last year when affiliates were more inclined to wait till remuneration system revisions became clear.

(Reference) FY3/2024

	1Q	2Q	3Q	4Q	Total
New	342	307	357	369	1,375
Withdrawal	(82)	(105)	(228)	(116)	(531)

Manufacture and Market Pharmaceuticals Business:

113 products / 49 ingredients (10 products were added in 1Q)

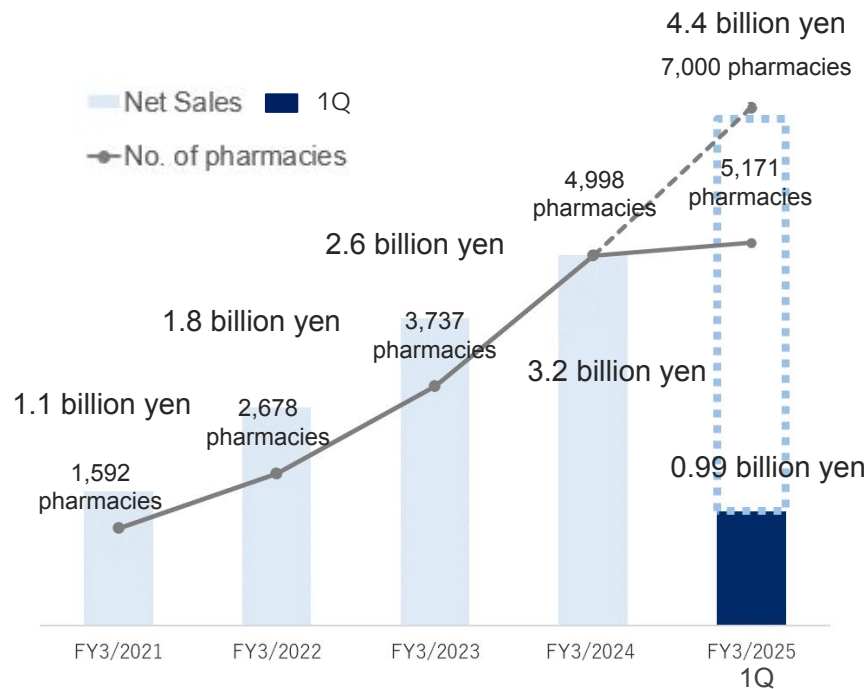


• The number of new transacting pharmacies, particularly pharmaceutical network affiliates, increased steadily.

✓ New transacting pharmacies +411

*No. of products adjusted for shipment as of June 30: 6 products / 3 ingredients (End of March 2024 : 6 products / 3 ingredients)

■ Net Sales and No. of transacting pharmacies



*No. of transacting pharmacies is total pharmacies that have actually transacted business since April of each year.

■ June 2024 New products.



Product name	Indications or Effects *partly omitted
Loratadine tablet / OD tablet 10mg "FELDSENF"	Allergic rhinitis, urticaria, etc.
Rosuvastatin OD tablets 2.5mg/5mg "FELDSENF"	hypercholesterolaemia Familial hypercholesterolaemia
Zonisamide OD tablets 25mg/50mg TRE "FELDSENF"	Parkinson's disease, etc.
Tolvaptan OD Tablets 7.5mg/15mg "Nipro"	Fluid retention in heart failure/cirrhosis where other diuretics such as loop diuretics are insufficiently effective
ILUAMIX Combination Tablets LD/HD "Daito"	hypertension



Pharmashift

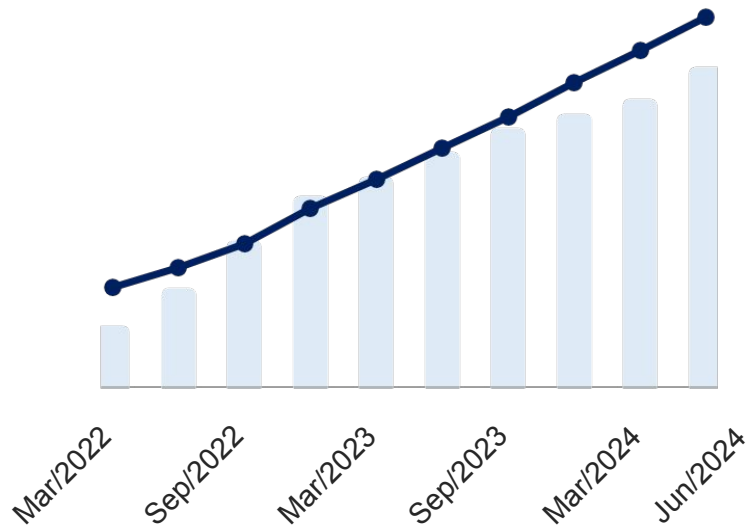
Official LINE Account

つながる薬局

- 1.15 million users have registered and 5,217 pharmacies have installed the service.
- Medical DX efforts are accelerating in light of dispensing fee revisions, and orders are strong

■ No. of users registrations and installed pharmacies

1.15M users
5,217
pharmacies



■ Response to revisions to dispensing fees

- ① Conforms to revised **electronic medication handbook** guidelines.
 - Published on the MHLW website portal as an electronic version of the Medication Handbook (compliant with the guidelines).
- ② Obtained international certification for **information security**
 - In addition to the Privacy Mark, we have acquired ISMS certification.
- ③ **"Home support function"** released
 - Main function



Efficient creation
of home reports

Patient interview
checklist

Faxing and emailing
home reports

→ Additional functions to be released in the future include the creation of contracts and plans, dashboard functions, etc.

Leasing and Facility related Segment

Leasing and Facility related Segment

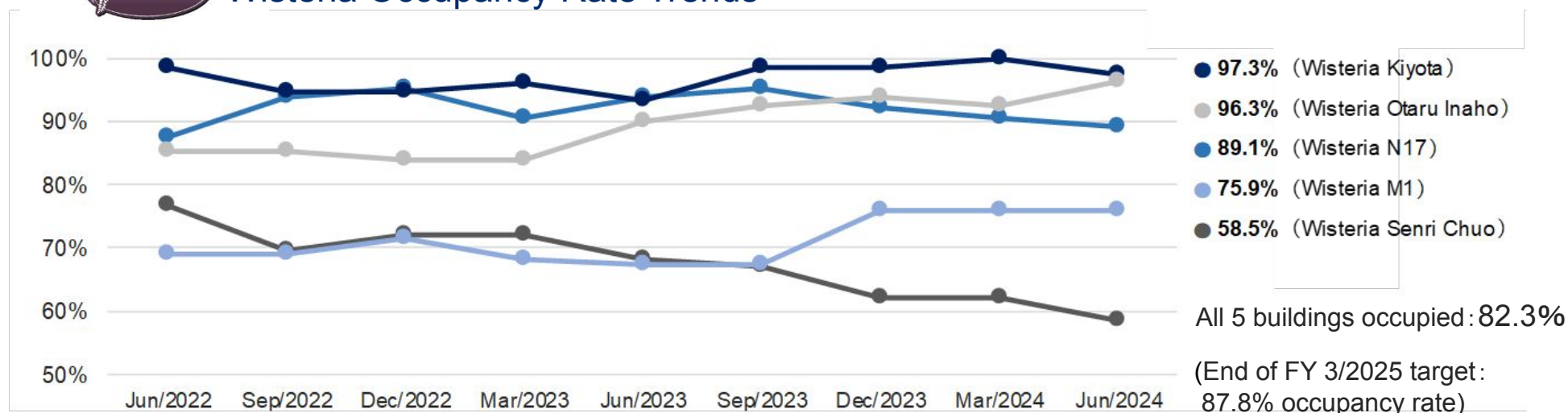
Net sales 942 million yen (YoY +17.8%)

Operating profit 56 million yen (YoY +145.5%)

- Increase in orders received for Construction work
- 11 new move-ins, 14 move-outs
- Occupancy rate in Wisteria improved by 1.7 pt year-on-year.
- Implement effective advertising through appropriate cost control



Wisteria Occupancy Rate Trends



A background image showing a business meeting. Several people in dark suits are gathered around a table. On the table are various documents, including a bar chart with five blue bars of increasing height, and two donut charts with segments in green, blue, orange, and yellow. One person's hand is visible, holding a blue pen and pointing at one of the donut charts. A green coffee cup is also on the table. The scene is brightly lit, likely from a window in the background.

3

Core strategies,
Earnings
Forecast for
FY3/2025
【Republish】

Focused measures for the current period and Target value	
Community Pharmacy Business	<ul style="list-style-type: none"> ■ Fostering a medical mindset and providing high-quality drug treatment ■ Steady response to medical DX Number of existing pharmacies YOY +1.8% ■ Development of new 20 pharmacies, mainly in medical malls ■ Increased productivity through appropriate cost controls
3 pharmacy support business	
Community Pharmacy Network Segment	<ul style="list-style-type: none"> ■ 10,756 affiliates at the end of March 2025 (+1,000) ■ Promote distribution improvement; Our pharmacies Deliver once a day on weekdays, no deliveries on Saturdays, and reduce urgent deliveries ■ Core system renovation and renewal ■ Expansion of services ; Establishment of an area network beyond the confines of the Member pharmacies
Manufacture and Market Pharmaceuticals Business	<ul style="list-style-type: none"> ■ Stable supply ■ No. of transaction pharmacies including network affiliates : 7,000 (+2,002)
Digital Shift Business	<ul style="list-style-type: none"> ■ No. of installed pharmacies : 5,700 (+1,018), 1.4 million user registrations (+350K) ■ Continued enhancements
Leasing and Facility related Segment	<ul style="list-style-type: none"> ■ Achieved 87.8% occupancy rate and stable operation in Wisteria ■ Appropriate cost control and Implementation of effective advertising
Meal Catering Segment, Home Visit Nursing Segment	<ul style="list-style-type: none"> ■ Countermeasures against price increases and addressing profitability
Investment and Financial Strategies	<ul style="list-style-type: none"> ■ Pharmaceutical logistics company Mediloginet is launched as a new business ■ Secure profit and build up capital through cost control

Earnings Forecast for FY3/2025: Consolidated Forecast

Despite the impact of wage hikes and the expected loss from the establishment of a new business (logistics company), Sales and Profits are expected to increase due to an increase in the number of pharmaceutical network affiliates, an increase in the number of prescriptions filled, and an improvement in the food service business.

(Unit: million yen)	FY3/24 (Results)	FY3/25 (Forecast)	Change	Change (%)
Net sales	115,361	122,000	+ 6,638	+ 5.8 %
EBITDA	6,997 6.1 %	7,450 6.1 %	+ 452 0.0 pt	+ 6.5 %
Operating profit Profit margin	3,832 3.3 %	4,000 3.3 %	+ 167 (0.0pt)	+ 4.4 %
Ordinary profit Profit margin	3,825 3.3 %	3,950 3.2%	+ 124 (0.1 pt)	+ 3.3 %
Profit attributable to owners of parent Profit margin	1,860 1.6 %	2,000 1.6 %	+ 139 0.0 pt	+ 7.5 %
Earnings per share (Yen)	61.89	68.43	+ 6.54	—

Earnings Forecast for FY3/2025: Forecast by Segment

■ Net sales

(Unit: million yen)

	FY3/24 (Results)	FY3/25 (Forecast)	Change	Change (%)
Net sales	115,361	122,000	+ 6,638	+ 5.8 %
Community Pharmacy Network Segment*	109,904	116,819	+ 6,915	+ 6.3 %
Leasing and Facility related Segment Meal Catering Segment Home Visit Nursing Segment	6,285	6,255	(30)	(0.5%)
Adjustments	(828)	(1,075)	(246)	—

■ Operating Profit

(Unit: million yen)
Profit percentage in brackets

Segment profit	3,832	(3.3 %)	4,000	(3.3 %)	+ 167	(0.0pt)	+ 4.4 %
Community Pharmacy Network Segment*	6,433	(5.9 %)	6,435	(5.5 %)	+1	(0.3pt)	+ 0.0 %
Leasing and Facility related Segment Meal Catering Segment Home Visit Nursing Segment	70	(1.1%)	228	(3.7 %)	+ 158	+2.5pt	+ 223.3 %
Adjustments	(2,671)	(—)	(2,664)	(—)	+ 7	—	—

* Community Pharmacy Business,3 Pharmacy Support Business(Pharmaceutical Network Division, Pharmaceutical Manufacturing and Sales Division, Digital Shift Division)



4

Reference
Materials

Sustainability Initiatives

As a company that supports the health of local residents, we support sporting events and activities in the medical and welfare fields.



■ Examples of Initiatives



Special co-sponsor of the 7-man rugby tournament "Japan Sevens 2024"

- July 15, 2024 at Chichibunomiya Rugby Stadium
- Finding Talent and Creating Opportunities to Compete for Olympic Medals
- Nanohana Pharmacy commercial aired at the venue

Sponsored UHB Hokkaido Bunka Broadcasting's medical program "Understanding Illness with Hiroko Matsumoto"

- Broadcasts on the fourth Sunday of every month at 6:15 a.m.
- Next scheduled broadcast: August 25

Organ Transplantation Series (5): Liver Transplantation



Quote (from Hokkaido Bunka Broadcasting Corporation's "Yuko Matsumoto's Disease" website)



Nanohana Pharmacy new commercial now on view!



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なの花薬局

New Commercial
YouTube QR Code



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