



MEDICAL
SYSTEM
NETWORK
GROUP

MEDICAL SYSTEM NETWORK Co., Ltd.

Third 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
91,891 million yen	+ 6.6% (5,716 million yen)	75.3%

Operating Profit

	YoY change	Progress rate vs. FY
2,573 million yen	- 16.1% (-495 million yen)	85.8% *

* Percentage of progress toward the full-year forecast before revision announced on October 31, 2024

Net sales increased year-on-year and progressed well against the plan.

- Saw contributions from new openings and M&A of community pharmacies in the last period.
 - Number of prescriptions at all pharmacies: +4.2% YoY change
- The number of pharmaceutical network member pharmacies grew steadily, achieving 99.8% of the full-year target.

Operating profit declined due to sluggish growth in the number of existing pharmacy prescriptions, higher procurement prices, wage increases, etc.

- Although the influenza epidemic had an impact, the third quarter (October-December) saw sales slightly below plan.
 - Number of prescriptions at existing pharmacies: -0.5% compared to plan
 - Unit price of prescriptions at existing pharmacies: +0.5% compared to plan

Community Pharmacy Network Segment

- Community Pharmacy **455** pharmacies (+5)
- Prescription Unit price(All pharmacies) **10,231** yen(+161 yen)*
- No. of prescriptions (All pharmacies) **7,568** K(+4.2%)*
- No. of prescriptions (Existing pharmacies) **7,023** K(▲0.2%)*

~ Pharmacy Support Businesses ~

< Pharmaceutical Network Business >

- No. of affiliates **10,737** affiliates(+981)

< Manufacture and Market Pharmaceuticals Business >

- No. of ingredients **52** ingredients **
- No. of products **117** products(+14)
- No. of affiliates **6,562** affiliates(+2,148)*

< Digital Shift Business >

- No. User registrations **1.36MN**(+31 K)
- No. Installed pharmacies **5,823** pharmacies(+1,141)

Leasing and Facility related Segment

< Wisteria >

- Occupancy rate of all 4 facilities *** **89.0%**(+6.0%)

Indicate changes from the end of the previous FY in brackets

* YoY

** No comparison with previous year due to change in counting method

*** Transferred Wisteria Senri Chuo as of October 1, 2024

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Earnings Highlight

FY3/2025 3Q : Consolidated Results

	FY3/2024 3Q (Results)	FY3/2025 3Q (Results)	YoY		FY3/2025 ** Full year forecast	** Progress rate
			Change	Change (%)		
(Unit: million yen) The second line is profit margin						
Net Sales	86,175	91,891	+ 5,716	+ 6.6 %	122,000	75.3 %
EBITDA *	5,406 6.3 %	5,098 5.5 %	(307)	(5.7) %	6,440 5.3 %	79.2 %
Operating Profit	3,069 3.6 %	2,573 2.8 %	(495)	(16.1) %	3,000 2.5 %	85.8 %
Ordinary Profit	3,044 3.5 %	2,623 2.9 %	(421)	(13.8) %	3,000 2.5 %	87.4 %
Profit attributable to owners of parent	1,693 2.0 %	1,445 1.6 %	(248)	(14.7) %	1,250 1.0 %	115.6 %
Earnings per share (Yen)	56.11	49.44	(6.67)	—	42.77	—

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

** Percentage of achievement against the revised interim earnings forecast announced on October 31, 2024

FY3/2025 3Q : Results by Segment

■ Net Sales	(Unit: million yen)	FY3/2024 3Q (Results)	FY3/2025 3Q (Results)	Change	Change (%)
Net Sales		86,175	91,891	+ 5,716	+ 6.6 %
Community Pharmacy Network Segment *		82,105	87,815	+ 5,709	+ 7.0 %
Leasing and Facility Related Segment Meals Catering Segment Home Visit Nursing Segment		4,579	4,654	+ 75	+ 1.6 %
Adjustments		(510)	(578)	(68)	—

■ Operating Profit

(Unit: million yen) The second line is profit margin

Segment Profit		3,069 3.6 %	2,573 2.8 %	(495) (0.8) pt	(16.1) %
Community Pharmacy Network Segment *		4,965 6.0 %	4,420 5.0 %	(544) (1.0) pt	(11.0) %
Leasing and Facility Related Segment Meals Catering Segment Home Visit Nursing Segment		74 1.6 %	172 3.7 %	+ 98 2.1 pt	+ 132.7 %
Adjustments		(1,970) —	(2,019) —	(49)	—

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

FY3/2025 3Q : 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 *	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 ** 25.3 %)

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

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

■ End of FY3/2025 3Q

(Unit: million yen)

Assets	73,821	Liabilities	57,461
Current assets	26,278	Current liabilities	26,956
Cash and deposits	10,723	Short-term loans *	7,498
		Fixed liabilities	30,504
Fixed assets	47,542	Long-term loans	18,739
Tangible fixed assets	28,369	Net assets	16,359
Intangible fixed assets	10,489	Share capital	2,128
Goodwill	9,676	Capital surplus	946
Investments and other assets	8,683	Retained earnings	14,183
		Treasury shares	(891)
Total assets	73,821	Total liabilities and net assets	73,821
Equity ratio	22.1 %		

(Equity ratio with taking into account net cash ** 25.8 %)

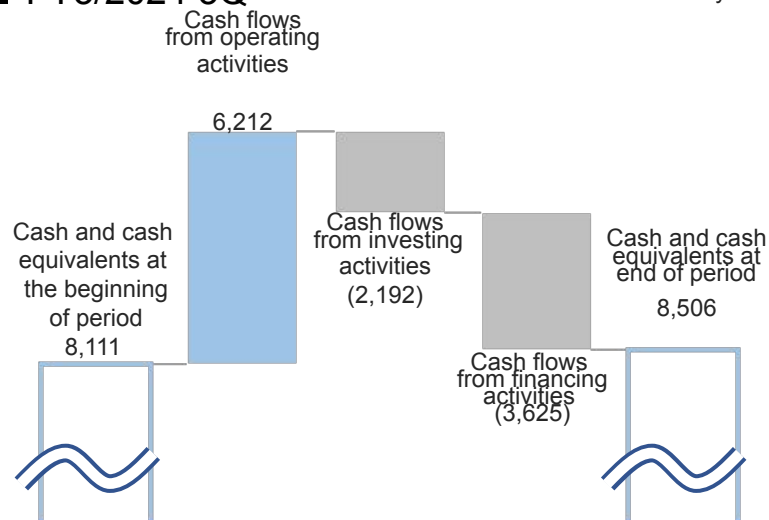
FY3/2025 3Q : Consolidated Cash Flows

Cashflows from operating activities	3,476 million yen	EBITDA *	5,098 million yen
		Payment of income taxes	(1,820) million yen
		Changes in working capital	153 million yen
Cashflows from investing activities	(2,580) million yen	Opening of new pharmacies	(2,312) million yen
		Existing pharmacies renovation costs, etc.	(653) million yen
		Acquired shares of PHARUMO, Inc.	(500) million yen
		Proceeds from transfer of business **	1,547 million yen
Cashflows from financing activities	1,554 million yen	Increase in loan amount	2,217 million yen
		Repayment of lease obligations	(325) million yen
		Payment of dividends	(336) million yen

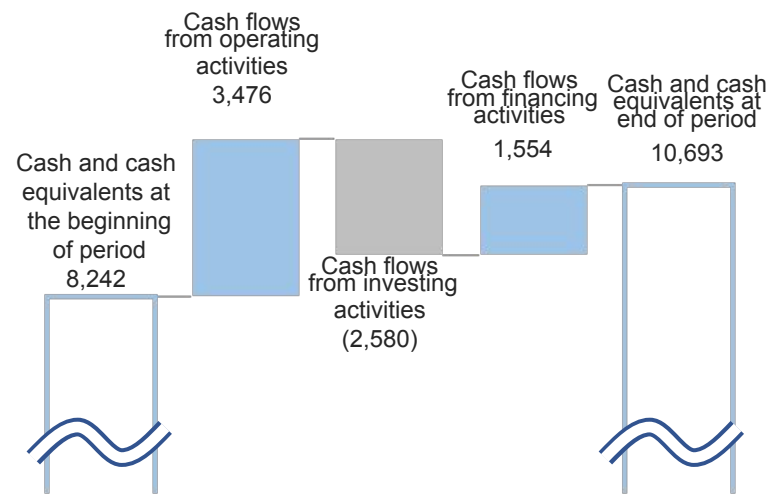
* Calculated by "operating profit + depreciation + amortization of goodwill"

** Transfer of Wisteria Senri-Chuo and 5 pharmacies

■ FY3/2024 3Q (Unit: million yen)



■ FY3/2025 3Q (Unit: million yen)





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Core
Strategies
·
Business
Summary

		Focused measures for the current period and Target value
Community Pharmacy Network Segment	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	
	Pharmaceuticals Network Business	<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"> ■ Expansion of pharmacies with official LINE account ; 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 90.8%* 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 MEDI LOGI NET is launched as a new business ■ Secure profit and build up capital through cost control

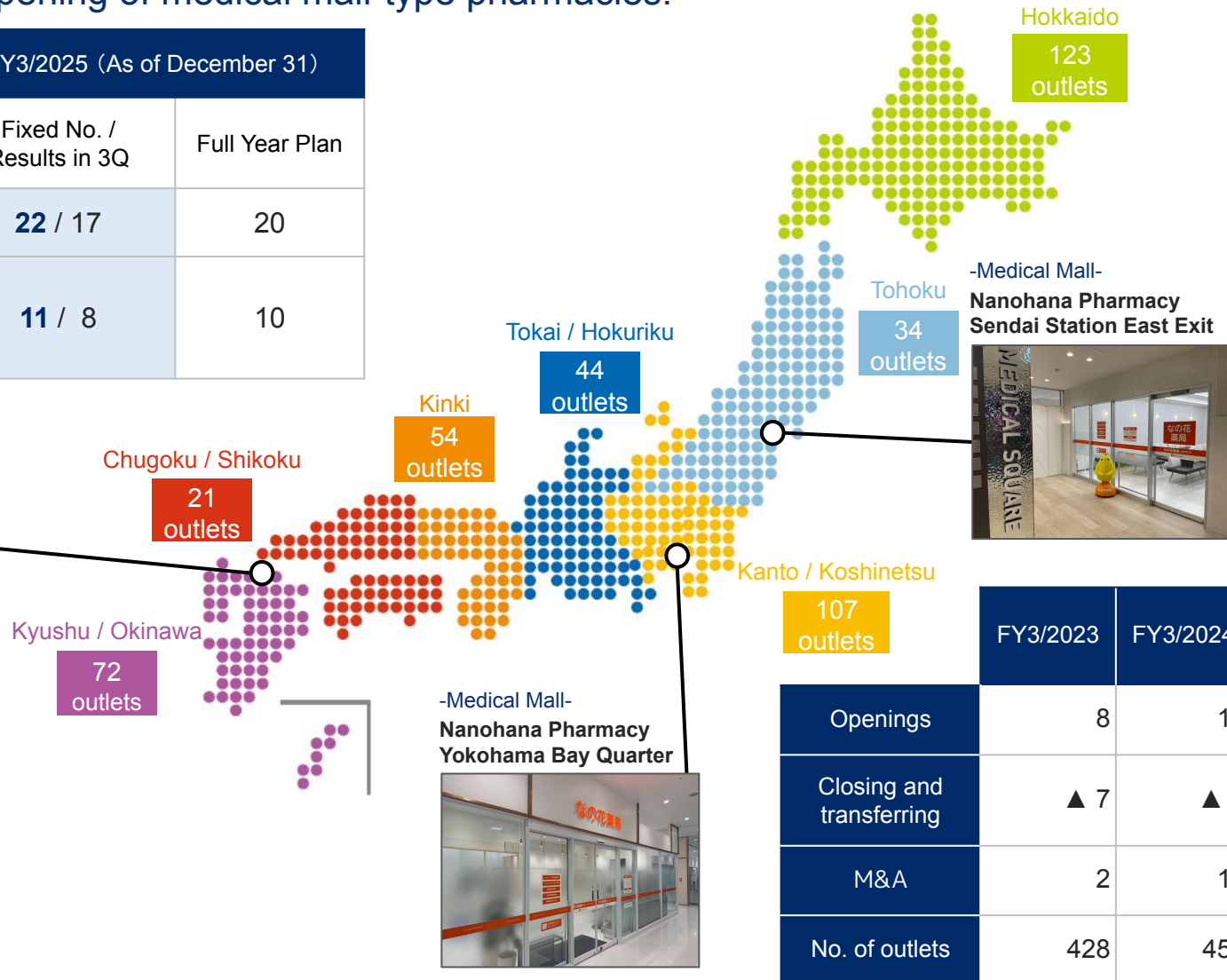
* Due to the transfer of Wisteria Senri Chuo, the target occupancy rate at the end of the fiscal year was changed from 87.8% to 90.8%.

Community Pharmacy Business : Trends in No. of Pharmacies

The number of new pharmacy openings is expected to reach a record high of 22, driven by the opening of medical mall-type pharmacies.

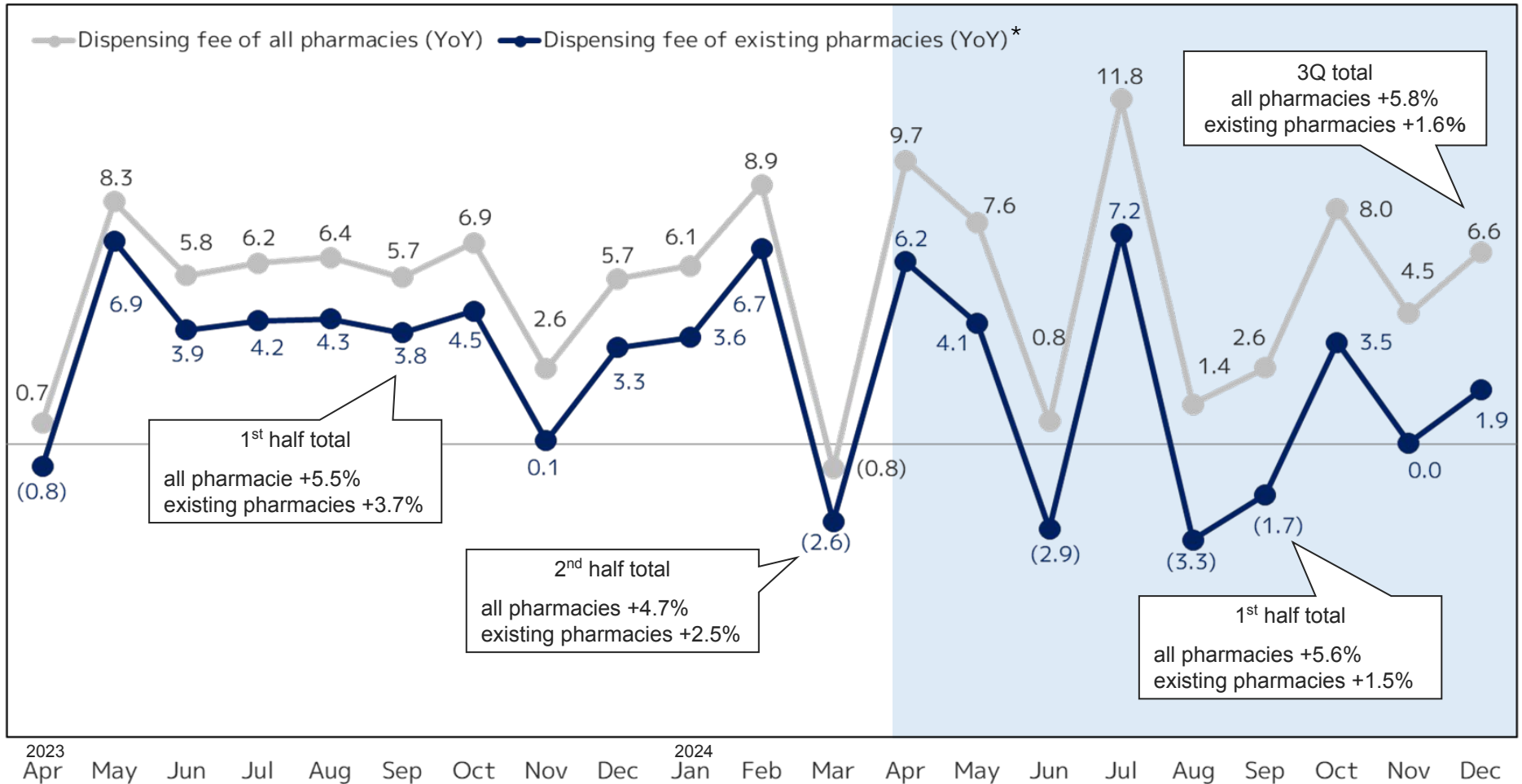
	FY3/2025 (As of December 31)	
	Fixed No. / Results in 3Q	Full Year Plan
No. of openings	22 / 17	20
No. of prospects connected to Medical Institutions	11 / 8	10

-In front of a hospital-
Sakura Pharmacy Sasaguri



	FY3/2023	FY3/2024	FY3/2025 3Q
Openings	8	13	17
Closing and transferring	▲ 7	▲ 9	▲ 13
M&A	2	18	1
No. of outlets	428	450	455

Community Pharmacy Business : Monthly Dispensing Fee (YoY)

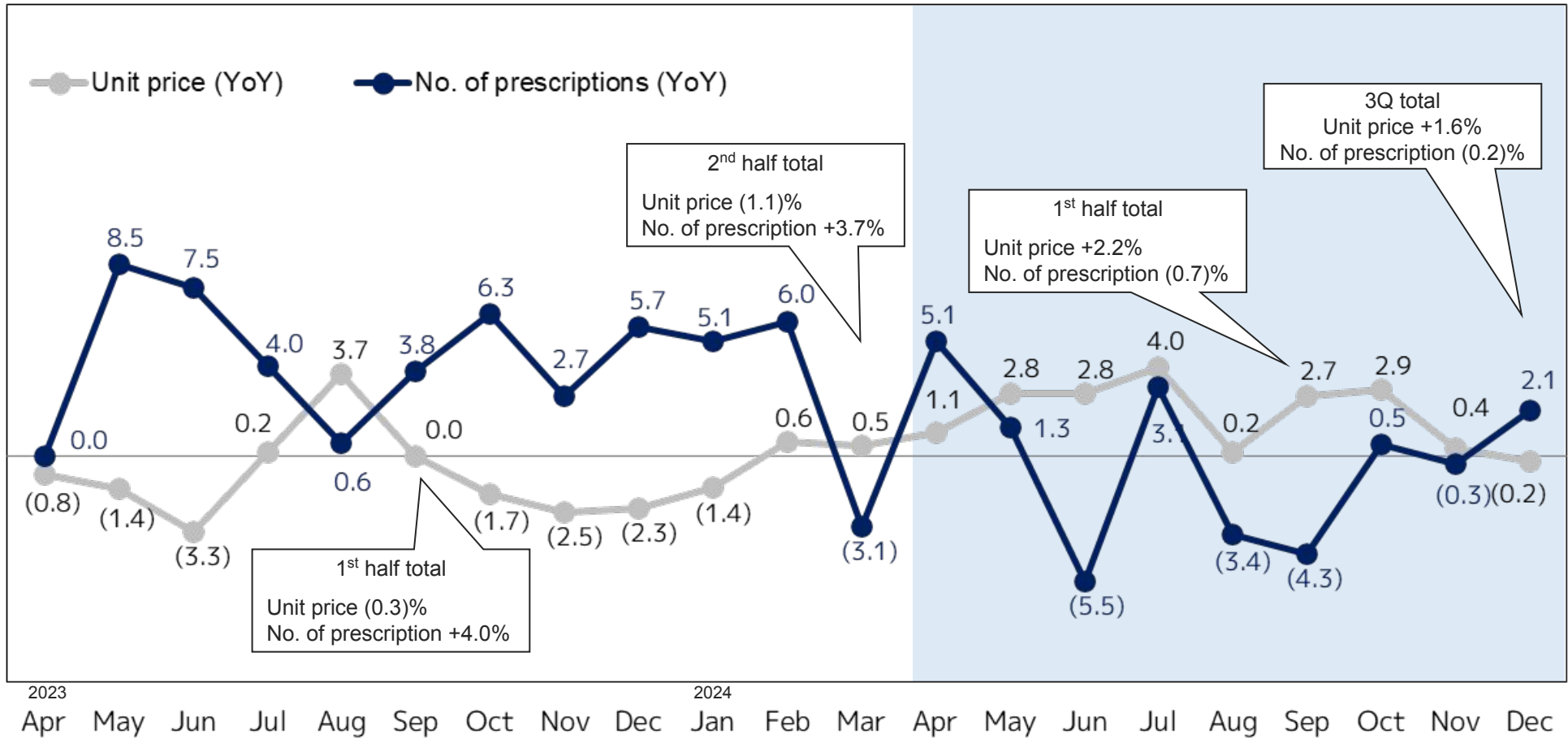


* Existing pharmacies: Pharmacies that have been continuously open since April 1, 2022 for the previous fiscal year and since April 1, 2023 for the current fiscal year.

Community Pharmacy Business :

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

In December, the impact of the influenza epidemic exceeded that of the same month the previous year. On the other hand, the first half of the year saw a decline in reaction to higher hurdles due to the epidemic of multiple respiratory infections. All in all, we saw a slight decline in the cumulative third quarter.



Community Pharmacy Business :

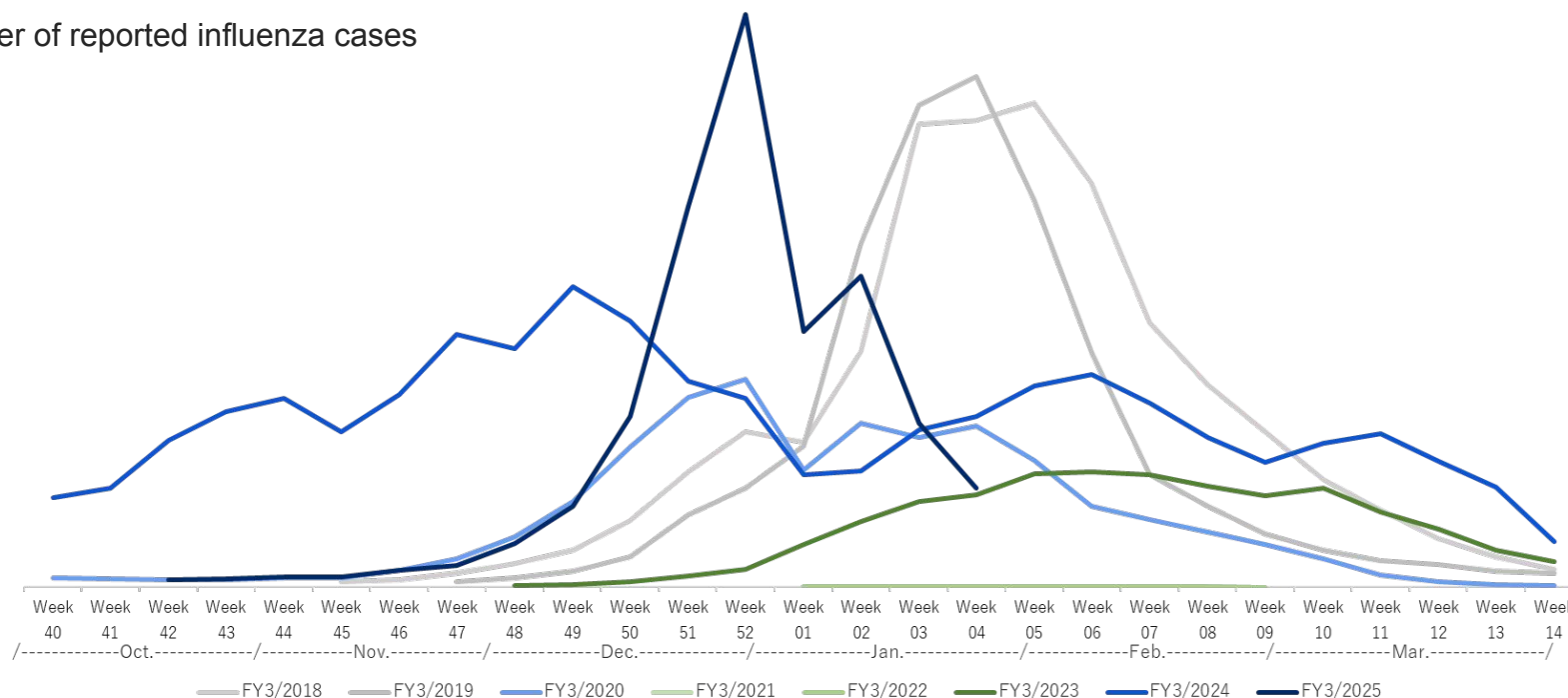
–Factors behind increases and decreases in prescription numbers

Prescription numbers in the 3Q exceeded the same period last year due to number of business days and influenza impact.

Existing pharmacies	October	November	December	January	February	March
FY2024/3 Average business days*	25.1 days	24.1 days	24.6 days	23.0 days	23.1 days	25.2 days
FY2025/3 Average business days*	26.0 days	24.1 days	24.2 days	24.4 days	22.0 days	25.0 days
Change in average number of business days	+0.9 days	+0.1 days	(0.4) days	+1.4 days	(1.1) days	(0.2) days
Prescription number (YoY)	+0.5 %	(0.3) %	+2.1 %			

* Calculated by "total number of business days of existing pharmacies divided by number of existing pharmacies"

Number of reported influenza cases



Source: 'Influenza Epidemic Level Map', National Institute of Infectious Diseases. (<https://www.niid.go.jp/niid/ja/flu-map.html>) Prepared by the Company based on data as of January 31, 2025.

Community Pharmacy Business : Dispensing Fee Breakdown

■ All pharmacies		FY3/2024 3Q	FY3/2025 3Q	Change	Change (%)
No. of prescriptions (1,000)		7,266	7,568	+ 302	+ 4.2 %
Unit price (yen)	Drug charge per prescription	7,709	7,813	+ 103	+ 1.3 %
	Technical fee per prescription	2,361	2,419	+ 58	+ 2.5 %
	Total	10,070	10,231	+ 161	+ 1.6 %
Dispensing fee (million yen) *		73,168	77,438	+ 4,270	+ 5.8 %

■ Existing pharmacies

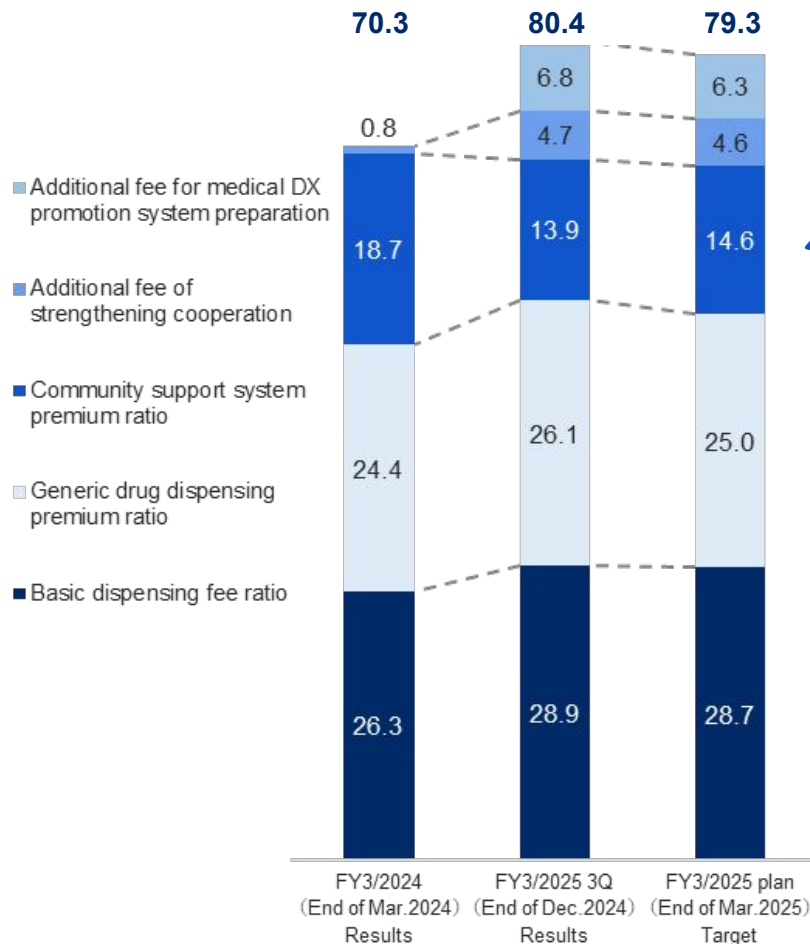
No. of prescriptions (1,000)		7,037	7,023	(13)	(0.2) %
Unit price (yen)	Drug charge per prescription	7,801	7,915	+ 115	+ 1.5 %
	Technical fee per prescription	2,368	2,439	+ 70	+ 3.0 %
	Total	10,169	10,354	+ 185	+ 1.8 %
Dispensing fee (million yen) *		71,563	72,725	+ 1,161	+ 1.6 %

* Dispensing fees: calculated by number of prescriptions x unit price of prescriptions

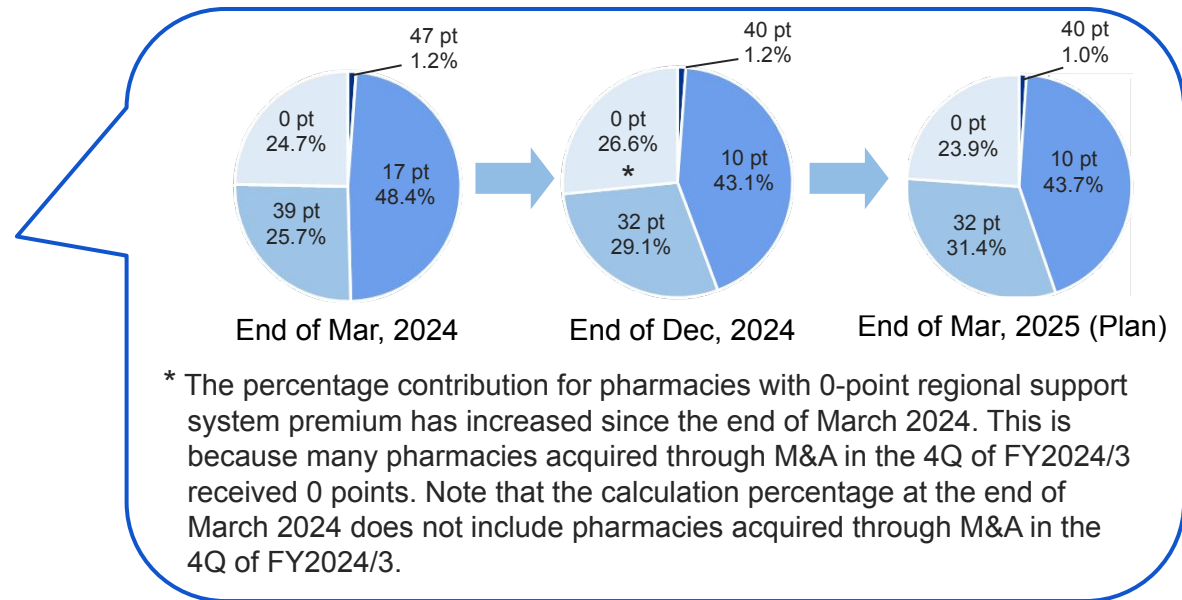
Community Pharmacy Business : Dispensing Fee Revision

Although the revision of dispensing fees in FY2024 resulted in a decrease in the additional points for the community support system, the weighted average points increased over the previous year due to enhanced personal services and the acquisition of the additional medical DX points.

■ Weighted average number of points (points)



■ Community support system premium ratio





■ Main contents of the FY2025 revision of dispensing fees

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

Pharmacy Support Businesses* : Performance Summary

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

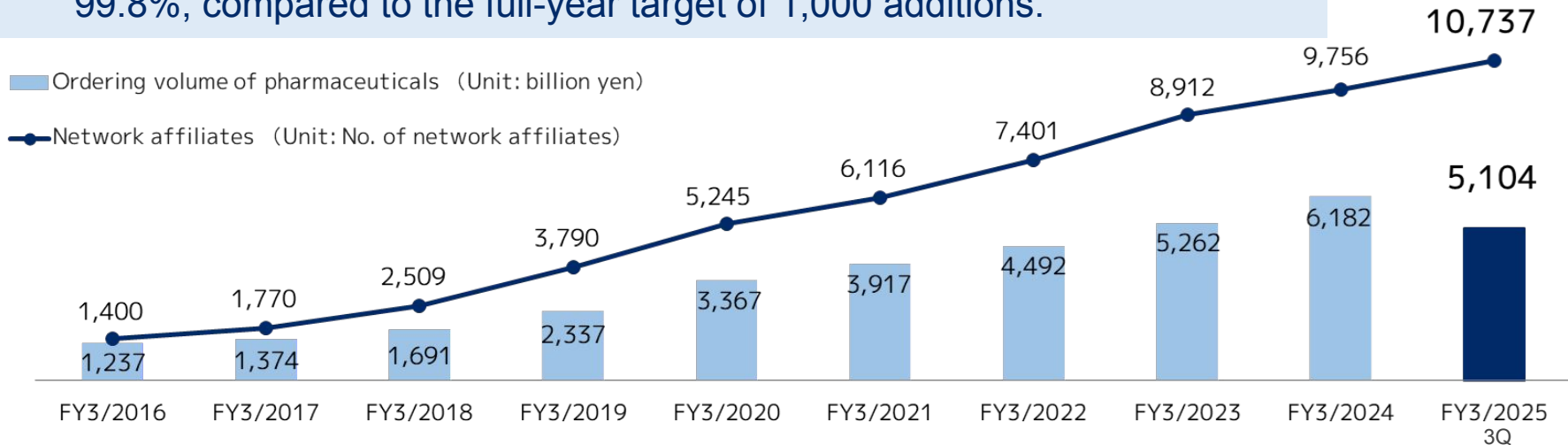
■ Progress against numerical targets for FY 2025/3

	FY 2025/3 Numerical targets	Progress (As of December 31)
Pharmaceutical Network Business	10,756 affiliates (+1,000 affiliates)	10,737 affiliates + 981 affiliates (From the end of the previous FY)  10,829 affiliates (As of January 31) Full-year target achieved
Manufacture and Market Pharmaceuticals Business	7,000 transacting pharmacies (+2,002 pharmacies)	6,562 transacting pharmacies + 2,148 pharmacies (YoY)
Digital Shift Business	5,700 installed pharmacies (+1,018 pharmacies) 1.4 million registered users (+350K users)	 5,823 installed pharmacies Full-year target achieved + 1,141 pharmacies (From the end of the previous FY) 1.36 million registered users + 310 K users (From the end of the previous FY)

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

Pharmaceuticals Network Business : Performance Summary

- Steady growth in new member pharmacies.
- The number of affiliates increased by 981 to 10,737 for a progress rate of 99.8%, compared to the full-year target of 1,000 additions.

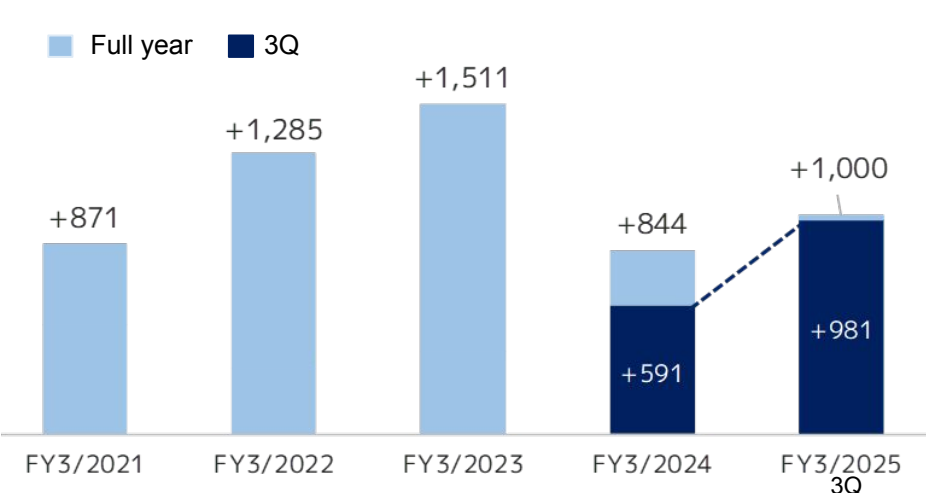


Network affiliates(Net Increase)

(Unit:No.of network affiliates)

FY3/2025 Breakdown of network affiliates

(Unit:No.of network affiliates)



	1Q	2Q	3Q
New	522	414	391
Withdrawal	(100)	(157)	(89)

(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 :

117 products / 52 ingredients (14 products were added from the end of the previous FY)



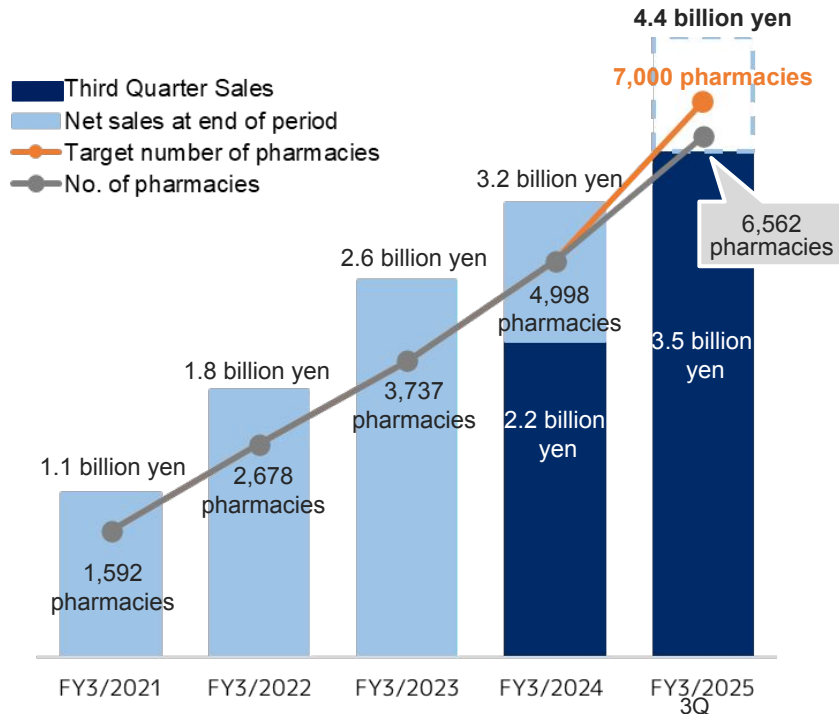
Steadily increased sales channels and increased business partners.

New transacting pharmacies +2,148 (vs. YoY)

* No. of products adjusted for shipment as of December 31: 6 products / 3 ingredients
(End of March 2024: 6 products / 3 ingredients)



■ Net Sales and No. of transacting pharmacies*



■ Products launched this term

When to launch	Product name	products / Ingredients
April - November 2024		4 products 10 ingredients
December 2024	Tafluprost ophthalmic suspension 0.0015% "Nitten"	3 products 4 ingredients
	Vildagliptin tablet 50mg "FELDSENF"	
	Riverloxaban OD Tablets 10mg / 15mg "TCK"	

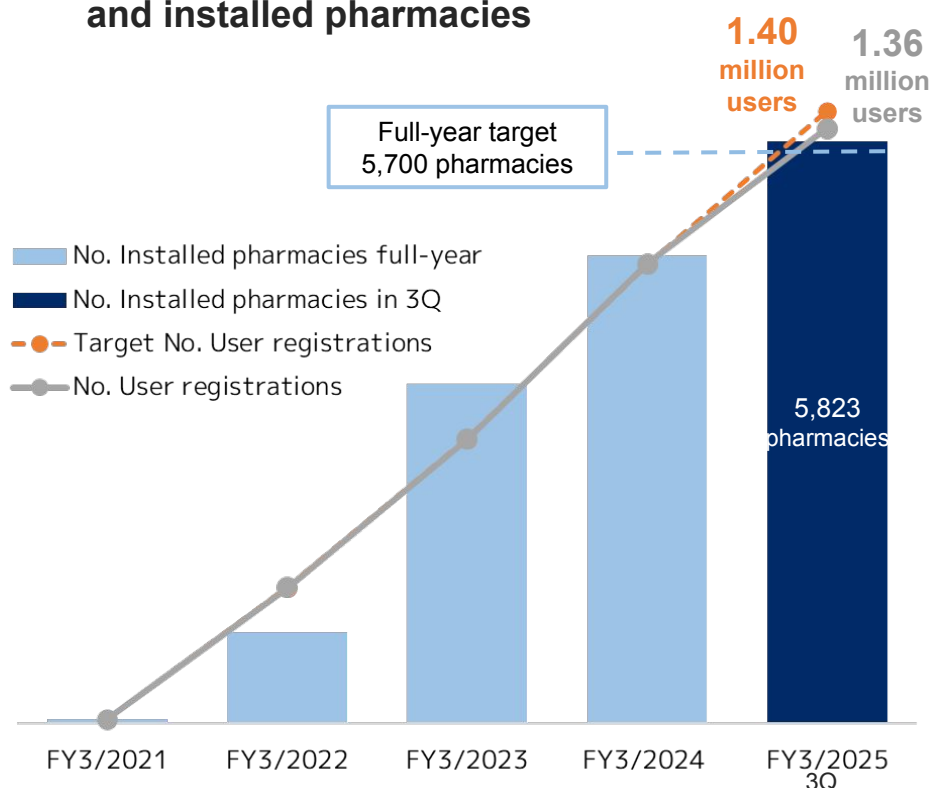
* No. of transacting pharmacies is total pharmacies that have actually transacted business since April of each year.

Pharmashift つながる薬局

Official LINE Account

- 1.36 million users have registered and 5,823 pharmacies have installed the service and it achieved full-year target 5,700 pharmacies.
- Focus on measures to promote use, such as linking to online medical services and launching a pharmacy search website.

■ No. of users registrations and installed pharmacies



■ Enhanced 'home support functions'

- In addition to the 'report creation and sending' function, the 'contract creation' and 'plan creation and sending' functions have been released.

■ Started collaboration with online medical care

- New collaboration with 'CLINIC FOR' for insurance medical service.
- Prescriptions are sent directly from the CLINIC FOR to the pharmacy, and patients receive medication instructions at the pharmacy and pick up their prescribed medication there.

つながる薬局 ×  CLINIC FOR

■ Two websites launched: patient columns and pharmacy search.

- Provide information on questions about medicines and the use of pharmacies, leading to increased use of pharmacies connected via the pharmacy search website.

Leasing and Facility related Segment

Net sales :

2,625 million yen (YoY +2.5%)

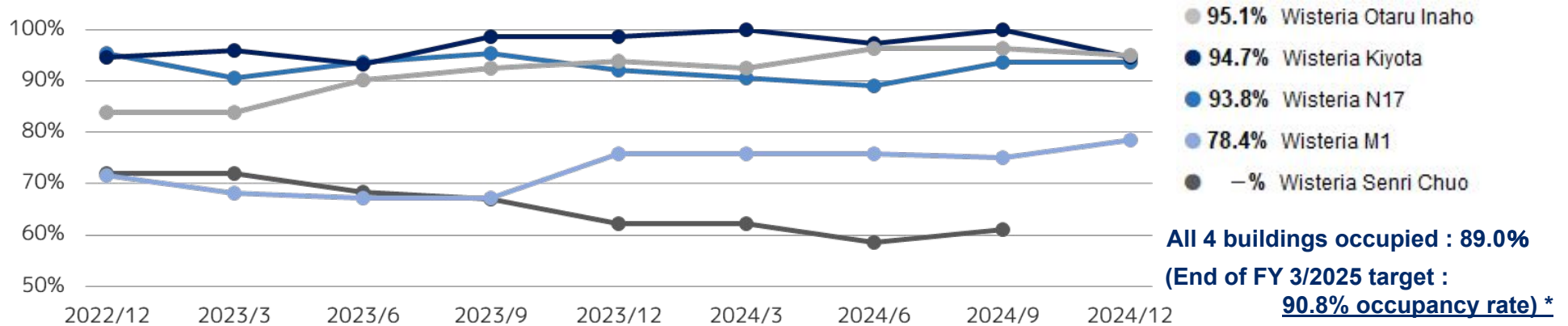
Operating profit :

188 million yen (YoY +46.1%)

- Increase in orders received for Construction work.
- Implement effective advertising through appropriate cost control.



Wisteria Occupancy Rate Trends



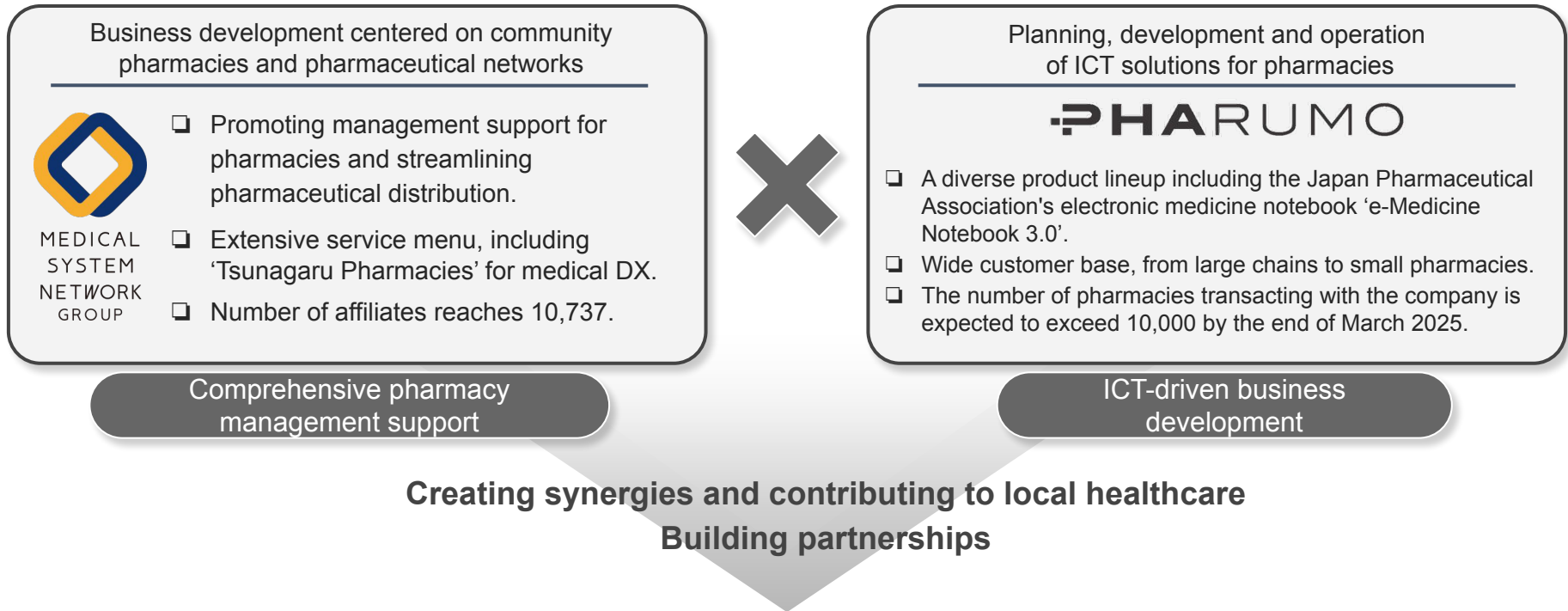
TOPIC

Transferred Wisteria Senri Chuo as of October 1, 2024 **

* Revised year-end occupancy rate target from 87.8% to 90.8% due to the transfer of Wisteria Senri Chuo.

** Extraordinary profit (gain on sale of fixed assets) of 326 million yen was recorded.

Partnership building enhancing each other's strengths and accelerating the growth of the digital shift sector.



< Expected benefits >

- **Strengthening services for merchants:** Introduction and development of new services in the DX field
- **Expansion of the customer base:** Acceleration of the development of the MSNW Group's services
- **Collaboration between platforms:** Complementing each other's services and contributing to community healthcare

Date: November 5, 2024

Diverse group of attendees, including network affiliates stores, wholesalers, pharmaceutical manufacturers, experts, and the media. Our efforts were highly evaluated as we continue to build a strong reputation.

■ Management support for member pharmacies Over 40 service menus



Data utilisation

- Purchase data analysis
- Stock information sharing service "Okusuri Mikke"
- "LINCLE regional version" dispensing results sharing service



Pharmaceutical purchasing support

- Consolidation of pharmaceutical payment
- Generic drug supply "FELDFENF PHARMA"
- Fixed inventory consumption service "Dead Stock Exchange"



Knowledge

- "Shaberiba" - a site for pharmacy managers to share information
- Distribution improvement seminars and management seminars
- Dispensing fee revision service 'Revision simulation'



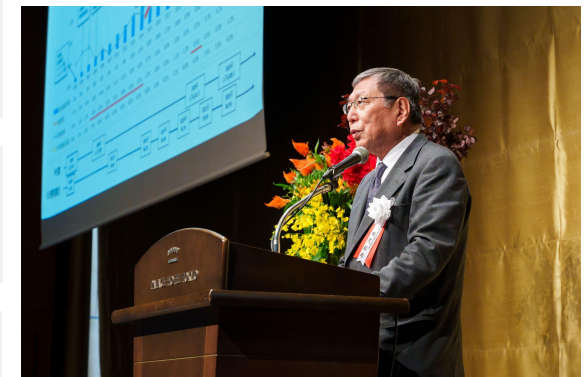
Education

- Training for new pharmacists
- Training in response to the revision of dispensing fees
- Pharmacist training website e-learning "Medical Knowledge"
- Pharmacist training ■ Hospitality training



Pharmacy support tools

- Prescription transmission using LINE "Tsunagaru Pharmacy"
- Inventory management system "LINCLE" - Dispensing audit system
- Health comprehensive website "Karada Plus"





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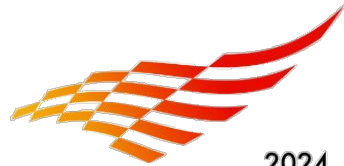
Earnings Forecast for FY3/2025

Forecast for the FY3/2025 : Consolidated Results

(Unit: million yen) The second line is profit margin	FY3/2024 (Results)	FY3/2025 (Revised forecast) *	Change (Revised forecast-Results of the previous year)	Change (%)
Net sales	115,361	122,000	6,638	5.8 %
EBITDA	6,997 6.1 %	6,440 5.3 %	(557) (0.8) pt	(8.0) %
Operating profit	3,832 3.3 %	3,000 2.5 %	(832) (0.9) pt	(21.7) %
Ordinary profit	3,825 3.3 %	3,000 2.5 %	(825) (0.9) pt	(21.6) %
Profit attributable to owners of parent	1,860 1.6 %	1,250 1.0 %	(610) (0.6) pt	(32.8) %
Earnings per share (Yen)	61.89	42.77	(19.12)	—

* Revise full-year earnings forecast for the fiscal year ending March 2025 on October 31, 2024.

Initiatives for Health and Productivity Management



2024

健康経営優良法人

Health and productivity

(Certified by the Ministry
of Economy, Trade and Industry)

As a company that supports the healthy lives of local people, we consider it of paramount importance that our employees and their families are healthy, both physically and mentally.

We are committed to raising health awareness throughout the Group, supporting health promotion and improving the working environment.

- ❑ Health promotion events held monthly to promote employee health and interaction.
- ❑ We operate an in-house club system throughout the group to promote interaction. (Many sports clubs are actively operating and growing in presence).
- ❑ Supporting local club teams, sponsoring sports tournaments, volunteering as sports instructors at elementary schools, etc.



Sports Yell Company

(Japan Sports Agency)

We have an official in-house club system to support employees in conducting various activities including sports.



Kurumin certification

(Ministry of Health, Labour and Welfare)

Creating a comfortable work environment for all employees that enables them to balance work with childbirth, childcare, nursing care, etc.





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Nanohana Pharmacy new commercial
now on view!



[Here is a link to
YouTube](#)

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