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Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (Japanese GAAP)

May 9, 2025

Company name: Medical System Network Co., Ltd.
Stock code: 4350

Listing: Tokyo Stock Exchange
URL: <https://www.msnw.co.jp/eng/>

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Scheduled date for Ordinary General Meeting of Shareholders: June 24, 2025
Scheduled date for dividend payment: June 25, 2025
Scheduled date for annual securities report submission: June 23, 2025
Preparation of supplemental explanatory materials: Yes
Results briefing to be held: Yes (for institutional investors and analysts)

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(1) Consolidated operating results

(Percentages indicate YoY change)

	Net sales		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2025	122,387	6.1	6,569	(6.1)	3,154	(17.7)	3,162	(17.3)	1,262	(32.2)
March 31, 2024	115,361	5.3	6,997	14.3	3,832	21.1	3,825	14.0	1,860	15.5

Note: Comprehensive income: Fiscal year ended March 31, 2025 1,488 million yen (-21.6% YoY)
Fiscal year ended March 31, 2024 1,898 million yen (18.7% YoY)

Note: EBITDA = (operating profit + depreciation + goodwill amortization)

	Earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit margin
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2025	43.20	—	8.0	4.6	2.6
March 31, 2024	61.89	—	12.6	5.7	3.3

Reference: Equity in earnings (losses) of affiliates: Fiscal year ended March 31, 2025 0 million yen
Fiscal year ended March 31, 2024 - million yen

Note: Please refer to "Appropriate use of earnings forecast and other special notes 2" for details of earnings per share and return on equity calculations.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2025	70,586	16,345	23.0	556.31
March 31, 2024	68,149	15,219	22.3	519.06

Reference: Shareholders' equity: As of March 31, 2025 16,260 million yen
As of March 31, 2024 15,171 million yen

Note: Please refer to "Appropriate use of earnings forecast and other special notes 2" for details of shareholders' equity, equity ratio, and net assets per share calculations.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2025	4,459	(3,726)	(544)	8,431
March 31, 2024	7,725	(3,649)	(3,944)	8,242

2. Dividends

	Dividends per share					Total dividends	Payout ratio (consolidated)	Dividend on equity ratio (consolidated)
	End of Q1	End of Q2	End of Q3	Year-end	Total			
Fiscal year ended/ending	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2024	—	6.00	—	6.00	12.00	361	19.4	2.4
March 31, 2025	—	6.00	—	6.00	12.00	357	27.8	2.2
March 31, 2026 (forecast)	—	6.00	—	6.00	12.00		27.0	

Note: Please refer to "Appropriate use of earnings forecast and other special notes 2" for details of payout ratio (consolidated) and dividend on equity ratio (consolidated) calculations.

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2026 (April 1, 2025 to March 31, 2026)

(Percentages indicate YoY change)

	Net sales		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	61,000	2.1	2,780	3.0	1,050	2.1	900	(11.8)	230	11.1	7.87
Full-year	125,500	2.5	6,890	4.9	3,400	7.8	3,200	1.2	1,300	3.0	44.48

Note: EBITDA = (operating profit + depreciation + goodwill amortization)

Notes

(1) Changes in significant subsidiaries during the period under review: Yes

(Transfers of specified subsidiaries associated with changes in the Company's scope of consolidation)

Newly added: 2 companies (MEDI LOGI NET Co., Ltd., Takeuchi Pharmacy Ltd.)

Excluded: 4 companies (Taiyo Co., Ltd., Takeuchi Pharmacy Ltd., Cosmos Pharmacy Co., Ltd., Yamagata Apotech Co., Ltd.)

(2) Changes in accounting policies, accounting estimates and retrospective restatements

1. Accounting policy changes due to accounting standard revisions, etc.: Yes

2. Other accounting policy changes: None

3. Changes in accounting estimates: None

4. Retrospective restatements: None

Note: For details, please refer to page 19 of the attached materials, "5. Consolidated Financial Statements and Primary Notes (5) Notes to Consolidated Financial Statements (Notes on changes in accounting policies)."

(3) Number of shares outstanding (common stock)

1. Shares outstanding (including treasury shares)	As of March 31, 2025	30,642,600	As of March 31, 2024	30,642,600
2. Treasury shares outstanding	As of March 31, 2025	1,414,055	As of March 31, 2024	1,414,055
3. Period-average shares outstanding	Fiscal year ended March 31, 2025	29,228,545	Fiscal year ended March 31, 2024	30,069,528

Note: Please refer to "Appropriate use of earnings forecast and other special notes 2" for details of calculation method regarding period-end treasury shares outstanding and period-average shares outstanding.

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(1) Non-consolidated operating results

(Percentages indicate YoY change)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2025	9,322	6.0	956	3.3	2,864	5.6	2,670	13.9
March 31, 2024	8,796	8.5	926	115.8	2,713	14.4	2,344	8.3

	Earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2025	91.37	—
March 31, 2024	77.98	—

Note: Please refer to "Appropriate use of earnings forecast and other special notes 2" for details of earnings per share calculations.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2025	54,522	22,067	40.5	775.01
March 31, 2024	54,081	19,738	36.5	675.33

Reference: Shareholders' equity: As of March 31, 2025 22,067 million yen
As of March 31, 2024 19,738 million yen

Note: Please refer to "Appropriate use of earnings forecast and other special notes 2" for details of shareholders' equity, equity ratio, and net assets per share calculations.

*The financial information in this report is not subject to audits by certified public accountants or auditing firms.

*Appropriate use of earnings forecast and other special notes

1. The earnings forecasts and other forward-looking statements contained in this document are based on information currently available to the Company, and certain assumptions it considers reasonable, but are not intended to be a promise that the Company will achieve. Actual results may vary from forecasts due to a variety of factors. For matters concerning earnings forecasts, please refer to page 5 of the attached materials "1. Overview of Operating Results (4) Future Outlook."

2. In both consolidated and non-consolidated balance sheets for the fiscal year ended March 31, 2025, the Company's shares held as trust assets of the Board Benefit Trust (BBT) are recorded as treasury shares. They are included in treasury shares in calculations of earnings per share, return on equity, equity ratio, net assets per share, shareholders' equity, dividend payout ratio (consolidated), dividend on equity ratio (consolidated), period-end treasury shares outstanding and period-average shares outstanding.

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1. Overview of Operating Results

(1) Overview of Operating Results for the Fiscal Year Under Review

In the fiscal year ended March 31, 2025, the Japanese economy was on a gradual recovery track, supported by improvements in employment and income conditions. However, the economic outlook remains uncertain, due to the impact of ongoing inflation, policy developments in the U.S., and fluctuations in the financial and capital markets.

In the fiscal year ending March 31, 2025, despite a steady increase in the number of new network affiliates in the Pharmaceutical Network Business, performance was impacted by a decline in the number of prescriptions at existing stores in the Community Pharmacy Business, rising pharmaceutical procurement costs, and wage hikes. As a result, net sales were 122,387 million yen (+6.1% YoY), operating profit was 3,154 million yen (-17.7% YoY), ordinary profit was 3,162 million yen (-17.3% YoY), and profit attributable to owners of parent was 1,262 million yen (-32.2% YoY).

Results by segment were as follows. Sales in each segment include intersegment sales.

1) Community Pharmacy Network Segment

In the Community Pharmacy Network Segment, we are committed to providing value throughout the entire pharmaceutical supply chain. To this end, we operate community pharmacies, support pharmacy management through our pharmaceutical networks, manufacture and market pharmaceuticals, and support pharmacies transition into family pharmacies using the Tsunagaru Pharmacy service.

In the Community Pharmacy Business, performance was bolstered by contributions from the opening of new stores and acquisition of stores in the previous fiscal year. Dispensing fees exceeded the levels of the same period of the previous fiscal year, supported by digitalization initiatives including the use of the official LINE account, Tsunagaru Pharmacy, to send and receive prescriptions, and enhanced post-dispensing patient follow-up. In the fiscal year ending March 31, 2025, we opened 21 community pharmacies, including 12 in medical malls, and acquired one community pharmacy through M&A. Meanwhile, we closed and transferred 15 stores. As a result, as of March 31, 2025, we had 457 community pharmacies, one In-Home care support center, and eight drug stores.

In the Pharmaceutical Network Business, new network affiliates steadily increased thanks to our efforts to expand services, including a service for sharing pharmaceutical inventory information on a regional basis and various training programs. As of March 31, 2025, pharmaceutical network affiliates totaled 11,003, up 1,247 from March 31, 2024, consisting of 457 Group pharmacies and 10,546 general affiliates.

In the Manufacture and Market Pharmaceutical Business, as of March 31, 2025, the Company's product lineup included 120 products spanning 52 active pharmaceutical ingredients~52 active pharmaceutical ingredients (APIs) (shipments of six products representing three APIs were under adjustment). While the Company stopped accepting orders for some products due to the impact of shipment adjustments, the number of new partner pharmacies steadily grew in the interim of the fiscal year under review, with the total number of partner pharmacies reaching 7,181 as of March 31, 2025, up 2,183 year-on-year.

In the Digital Shift Business, the number of pharmacies that have adopted the Group's services as of March 31, 2025 totaled 6,020 (up 1,338 compared with March 31, 2024)

Meanwhile, due to a rebound decrease in the number of prescriptions filled at existing stores in the Community Pharmacy Business following the outbreak of multiple respiratory infections in the previous fiscal year, an increase in pharmaceutical procurement costs, rising labor costs due to wage hikes, and the inclusion of preparatory expenses for the Distribution Business, which began operations this fiscal year, segment sales for the fiscal year ended March 31, 2025 were 116,968 million yen (+6.4% YoY) and operating profit was 5,626 million yen (-12.5% YoY).

2) Leasing and Facility-related Segment

In the Leasing and Facility-related Segment, sales amounted to 3,468 million yen (-3.9% YoY) and operating profit was 190 million yen (+20.3% YoY), reflecting an increase in orders for construction services and the revision of advertising expenses for the Wisteria serviced residence for the elderly.

As of March 31, 2025, the occupancy rate for Wisteria Minami-Ichijo, it was 79.3% (92 out of 116 units occupied). The overall occupancy rate at the four serviced residences for the elderly stood at 90.2%.

The Company recorded a 326 million yen gain on sale of non-current assets following the sale of Wisteria Senri-Chuo on October 1, 2024.

3) Meal Catering Segment

In the Meal Catering Segment, although sales were lower than a year earlier due to the withdrawal from loss-making facilities in the previous fiscal year, the gross profit margin improved as a result of a review of contract unit prices. As a result, net sales were 2,359 million yen (-0.0% YoY), while the segment posted an operating profit of 10 million yen (versus an operating loss of 43 million yen in the same period of the previous fiscal year).

4) Other Segment

In the Other segment, the Group provides home-visit nursing care. While the number of home visits rose, the Group incurred upfront expenditures due to increased headcount. As a result, sales came to 342 million yen (+9.0% YoY) and the operating loss was 29 million yen (versus an operating loss of 43 million yen in the same period of the previous year).

(2) Overview of Financial Position

As of March 31, 2025, total assets stood at 70,586 million yen, an increase of 2,437 million yen from March 31, 2024. Current assets were 22,627 million yen, up 1,853 million yen from March 31, 2024, primarily due to increases in accounts receivable—trade and merchandise.

Non-current assets were 47,959 million yen, up 583 million yen from March 31, 2024. This was mainly attributed to increases in leased assets (net), investment securities, and guarantee deposits, only partially offset by a decrease in goodwill.

Meanwhile, total liabilities amounted to 54,241 million yen, an increase of 1,310 million yen from March 31, 2024. Current liabilities were 24,377 million yen, up 1,163 million yen from March 31, 2024, primarily reflecting increases in accounts payable—trade and current portion of long-term borrowings. Non-current liabilities were 29,863 million yen, up 147 million yen from March 31, 2024. This was largely due to an increase in lease liabilities, despite a decline in long-term borrowings.

Net assets totaled 16,345 million yen, an increase of 1,126 million yen from March 31, 2024. This mainly reflected an increase in retained earnings.

(3) Overview of Cash Flows

(Status of cash flows)

As of March 31, 2025, the balance of cash and cash equivalents stood at 8,431 million yen, up 188 million yen compared with March 31, 2024. The status of cash flows for the fiscal year under review is detailed below.

(Cash flows from operating activities)

Net cash provided by operating activities was 4,459 million yen (versus 7,725 million yen provided in the previous fiscal year). This was primarily due to inflows of 2,724 million yen in profit before income taxes, 2,281 million yen in depreciation, and 1,133 million yen in amortization of goodwill, offsetting an outflow of 1,826 million yen in income tax paid.

(Cash flows from investing activities)

Net cash used in investing activities totaled 3,726 million yen (net cash used of 3,649 million yen in the previous fiscal year). This mainly reflected 2,708 million yen in purchase of property, plant and equipment, 500 million yen in purchase of shares of affiliated companies, and 1,215 million yen in payments of guarantee deposits, offsetting 1,428 million yen in gain on sale of businesses.

(Cash flows from financing activities)

Net cash used in financing activities was 544 million yen (net cash used of 3,944 million yen in the previous fiscal year). This primarily reflected 438 million yen in repayments of lease obligations and 355 million yen in dividends paid, offsetting a 249 million yen increase in borrowings.

Reference: Cash Flow Indicators

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Equity ratio (%)	17.3	21.1	21.8	22.3	23.0
Equity ratio based on market value (%)	33.3	26.2	18.2	28.5	16.3
Interest-bearing debt to cash flow ratio (years)	6.3	7.4	6.1	3.8	6.7
Interest coverage ratio (times)	24.4	21.9	18.0	29.3	15.9

Equity ratio: Shareholders' equity/total assets

Equity ratio based on market value: Market capitalization/total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt/cash flow

Interest coverage ratio: Cash flow/interest payment

Note:

1. Indicators are calculated based on consolidated figures.
2. Market capitalization is determined based on the number of shares outstanding excluding treasury shares.
3. Cash flow refers to cash flows from operating activities.
4. Interest-bearing debt refers to all liabilities on the consolidated balance sheet requiring the payment of interest.

(4) Outlook

In Japan, the official medical service fee is scheduled to be revised every two years, and pharmacies have been seeing a decline in remuneration for drug preparation and dispensing services. This has led to growing pressure to shift from product-based services to patient-facing, interpersonal care. Rising labor costs and a shortage of pharmacists have also contributed to a worsening operating environment.

Under these conditions, we expect continued demand from pharmacies for greater operational efficiency and management stability.

In the Community Pharmacy Business under the Community Pharmacy Network Segment, we will continue focusing on strengthening interpersonal operations by fostering a medical mindset and providing quality pharmacotherapy. We also plan to focus on opening new pharmacies, though we expect this to involve upfront expenditures in the short term.

In the Pharmaceutical Network Business, we plan to implement measures to acquire new network affiliates and develop new services. In the Manufacture and Market Pharmaceuticals Business, we intend to strengthen our systems to ensure stable supply of pharmaceuticals and work to expand our customer base. In the Digital Shift Business, we aim to increase the number of pharmacies using the Tsunagaru Pharmacy official LINE account and to expand new service offerings.

In light of the above, for the fiscal year ending March 31, 2026, we forecast net sales of 125,000 million yen (+2.5% YoY), EBITDA of 6,890 million yen (+4.9% YoY), operating profit of 3,400 million yen (+7.8% YoY), ordinary profit of 3,200 million yen (+1.2% YoY), and profit attributable to owners of parent of 1,300 million yen (+3.0% YoY).

The fiscal year ending March 31, 2026 marks the final year of the sixth Medium-Term Management Plan. However, we believe achieving the plan's targets will be difficult due to several factors: delays in the launch of new income-generating businesses, upfront expenditures for the development of new businesses and pharmacy openings, and changes in the business environment, including rising pharmaceutical procurement costs and higher labor costs due to wage hikes. Under these conditions, we have begun preparing to formulate a long-term vision aimed at ensuring the Group's sustainable growth and enhancing corporate value. We expect to release this long-term vision around fall 2025.

(5) Dividend Policy and Dividends for the Fiscal Year Ended March 2025 and the Fiscal Year Ending March 2026

Our basic policy is to continuously provide our shareholders with stable dividends commensurate with our business performance, while securing the internal reserves necessary to strengthen our financial position, expand the scale of our business, and develop our human resources.

For the fiscal year ended March 31, 2025, we plan to pay a year-end dividend of six yen per share. Annual dividends will be 12 yen per share, including an interim dividend of six yen per share previously paid on December 9, 2024.

For the fiscal year ending March 31, 2026, we plan to pay an interim dividend and a year-end dividend of six yen per share each (annual dividend of 12 yen per share). This amount was determined based on the consolidated earnings forecast for the fiscal year ending March 31, 2026.

2. Group Companies

As of March 31, 2025, our corporate group consists of Medical System Network Co., Ltd. (the Company) and 15 consolidated subsidiaries. Its business segments include the Community Pharmacy Network Segment, the Leasing and Facility-related Segment, the Meal Catering Segment, and the Other Segment. Included below is a summary of how these segments are arranged in accordance with our business activities.

The classifications indicated below correspond to the Company's business segments.

(1) Community Pharmacy Network Segment

1) Community Pharmacy Business

This business consists primarily of pharmacy management and operation conducted by nine of our consolidated subsidiaries. Additionally, consolidated subsidiary Hokkaido Institute for Pharmacy Benefit Co., Ltd. publishes technical books for pharmacists and other healthcare professionals while also analyzing pharmaceutical data.

2) Pharmaceutical Network Business

Within this business, we have adopted a business model focused on improving the efficiency of the pharmaceutical distribution process and providing comprehensive management support services to pharmacies by facilitating the purchase and sale of pharmaceuticals between pharmacies, hospitals and clinics, and pharmaceutical wholesalers. The Pharmaceutical Network Business comprises the following three specific operations.

a. Pharmaceutical network operations

These activities form the operational core of the Pharmaceutical Network Business. They involve negotiating prices in an appropriate manner (i.e., prices of individual items) with pharmaceutical wholesalers and making payments on behalf of pharmacies, hospitals, and clinics, while also proposing inventory management systems and providing slow moving inventory clearance services. Through these activities, we help improve the operational efficiency of these institutions while also facilitating the stabilization of their business operations.

b. Pharmaceutical system-related services

These activities focus on the development, sale, and maintenance of computer systems for preparing medical fee statements and associated peripherals for pharmacies. Through these operations, we also sell dispensing equipment, as well as fixtures and fittings, to pharmacies and other customers.

c. Receivable securitization support services

Through these services, we provide means of financing to corporate members of our pharmaceutical network affiliates. Specifically, we help member pharmacies, hospitals, and clinics that examine and fill prescriptions for patients with health insurance coverage raise funds by facilitating the securitization of insurance claims (dispensing, medical treatment, and nursing care fee receivables) issued by Health Insurance Claims Review & Reimbursement Services or the National Health Insurance Organization.

3) Manufacture and Market Pharmaceuticals Business

In this business, consolidated subsidiary Feldsenf Pharma Co., Ltd. manufactures and markets generic pharmaceuticals.

4) Pharmaceutical Logistics Business

Consolidated subsidiary MEDI LOGI NET Co., Ltd. operates the pharmaceutical distribution business.

5) Digital Shift Business

Through this business, consolidated subsidiary PharmaShift Co., Ltd. supports the transition of standard pharmacies

into family pharmacies with the goal of establishing a new pharmaceutical platform actualized through the implementation of digital technologies.

(2) Leasing and Facility-related Segment

In this business, the Company and its consolidated subsidiary Paltecno Co., Ltd. are engaged in site development for pharmacies, as well as the leasing and management of pharmacy buildings. We also provide consulting services for physicians opening their own practices and are involved in the development and operation of medical facilities that house multiple clinics across different specialties. Further, we operate serviced residences for the elderly, design, construct, and supervise medical facilities, and provide insurance services.

(3) Meal Catering Segment

Through this segment, consolidated subsidiaries Total Medical Service Co., Ltd. and SAKURAFOOD Co., Ltd. perform meal catering services for hospitals and welfare facilities.

(4) Other Segment

Through this business, we dispatch nurses and other personnel to the domiciles of the elderly and infirm, where they provide services such as nursing care and advisory counseling regarding medical treatment.

3. Management Policy

(1) Our Basic Management Policy

In accordance with our corporate philosophy, which calls for us to "facilitate healthy living as a beacon of light that safeguards members of communities throughout their lives while generating quality medical infrastructure," we focus on two core businesses: the Pharmaceutical Network Business, through which we radically streamline inefficient drug distribution processes between pharmaceutical wholesalers and dispensing pharmacies, and the Dispensing Pharmacy Business, through which we maintain close ties with local communities. At the same time, we maintain a basic management policy focused on ensuring healthy lives for local residents by laying groundwork for proper healthcare and robust livelihoods and by facilitating community development that allows these individuals to live safely and securely in their established places of residence throughout their lives.

(2) Medium to Long-Term Management Strategy and Targeted Management Benchmarks

The pharmaceuticals industry in which the Group operates is expected to see medium- to long-term market growth, driven by rising healthcare expenditures to meet the needs of Japan's aging population. At the same time, the industry faces growing pressure to pursue initiatives such as improving distribution systems to ensure the long-term stability of pharmaceutical supply, realizing patient-centric separation of prescribing and dispensing functions, and enhancing pharmacy management efficiency in response to healthcare cost reduction measures, including NHI drug price and dispensing fee revisions.

In response to these conditions, the Group formulated a four-year medium-term management plan—the sixth Medium-Term Management Plan—launched in April 2022. Under this plan, we have promoted the expansion of an integrated platform combining the Group's community pharmacies and pharmaceutical network affiliates; the delivery of quality medical care and services; the rationalization of the pharmaceutical distribution market; and the expansion of our pharmacy support business, including the Pharmaceutical Network Business, the Manufacture and Market Pharmaceuticals Business, and the Digital Shift Business. However, achieving the plan's targets has become difficult due to several factors: delays in launching new income-generating businesses, upfront expenditures for the development of new businesses and pharmacies, and changes in the business environment, such as rising pharmaceutical procurement costs and increased labor costs resulting from wage hikes. In light of these challenges, we have initiated the development of long-term vision aimed at achieving sustainable growth and enhancing corporate value. We plan to announce the long-term vision around fall 2025.

(3) Challenges for the Company to Address

Based on the current management environment and the 6th Medium-Term Management Plan, the Company will tackle the following issues.

In the Community Pharmacy Business of the Community Pharmacy Network Segment, we will strive to obtain community support system premiums by strengthening the family pharmacist function and home medical care, further enhance the interpersonal operations of pharmacists, provide quality drug therapy, and increase prescription acquisition using the official LINE account, Tsunagaru Pharmacy. In the Pharmaceutical Network Business, we aim to strengthen our sales structure, improve distribution, and expand services for affiliate pharmacies, with the goal of reaching 12,000 network affiliates (a net increase of 997) by the end of March 2026. In the Manufacture and Market Pharmaceuticals Business, we will strengthen our supply chain to ensure stable supply and expand our customer base, aiming to conduct business with 9,070 partner pharmacies by the end of March 2026. In the Digital Shift Business, we will work to expand the number of stores implementing the Tsunagaru Pharmacy service and enhance new service offerings. We aim to increase the number of stores using the service to 6,850 by the end of March 2026.

In the Leasing and Facility-related Segment, we aim to improve occupancy rates of serviced residences for the elderly. In the meal catering and home-visit nursing care businesses, we will seek to stabilize finances.

On the financial front, we will strive to improve our equity ratio by thoroughly controlling costs across the company and securing profits, thereby strengthening our financial foundation.

(4) Other Significant Matters Concerning Corporate Management

None to be reported.

4. Basic Policy on the Selection of Accounting Standards

The Group's operations are currently limited to Japan and it is not engaging in any overseas activities at this time. Therefore, for the foreseeable future, the Group will maintain a policy of preparing its consolidated financial statements in accordance with Japanese GAAP.

The Company will apply IFRS when it determines that such application would be appropriate based on considerations of various conditions in Japan and overseas.

5. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	Fiscal year ended March 31, 2024 (as of March 31, 2024)	Fiscal year ended March 31, 2025 (as of March 31, 2025)
Assets		
Current assets		
Cash and deposits	8,273	8,461
Accounts receivable - trade	4,239	5,053
Unearned revenue from sale of accounts receivable	1,078	1,054
Purchased receivables - dispensing fees	423	475
Merchandise	5,404	6,112
Raw materials	16	16
Work in process	38	24
Supplies	81	83
Other	1,231	1,363
Allowance for doubtful accounts	(14)	(18)
Total current assets	20,773	22,627
Non-current assets		
Property, plant and equipment		
Buildings and structures	24,164	24,017
Accumulated depreciation	(11,168)	(11,312)
Buildings and structures, net	12,996	12,705
Vehicles	105	107
Accumulated depreciation	(99)	(105)
Vehicles, net	6	2
Tools, furniture and fixtures	5,947	6,640
Accumulated depreciation	(4,414)	(4,846)
Tools, furniture and fixtures, net	1,532	1,793
Land	9,290	9,378
Leased assets	5,937	6,567
Accumulated depreciation	(1,753)	(2,064)
Leased assets, net	4,184	4,503
Construction in progress	325	89
Total property, plant and equipment	28,336	28,473
Intangible assets		
Goodwill	10,613	9,063
Software	594	778
Other	73	66
Total intangible assets	11,281	9,908
Investments and other assets		
Investment securities	184	702
Guarantee deposits	3,419	4,456
Deferred tax assets	3,339	3,432
Other	835	1,006
Allowance for doubtful accounts	(19)	(20)
Total investments and other assets	7,759	9,578
Total non-current assets	47,376	47,959
Total assets	68,149	70,586

	(Millions of yen)	
	Fiscal year ended March 31, 2024 (as of March 31, 2024)	Fiscal year ended March 31, 2025 (as of March 31, 2025)
Liabilities		
Current liabilities		
Accounts payable – trade	10,935	11,480
Short-term borrowings	588	588
Current portion of long-term borrowings	5,122	5,596
Lease obligations	406	453
Income taxes payable	999	864
Provision for bonuses	1,689	1,768
Provision for bonuses for directors (and other officers)	86	—
Other	3,384	3,625
Total current liabilities	23,213	24,377
Non-current liabilities		
Long-term borrowings	18,309	18,085
Lease obligations	4,754	5,067
Provision for retirement benefits for directors (and other officers)	691	557
Provision for share awards for directors (and other officers)	278	299
Retirement benefit liability	4,534	4,666
Other	1,148	1,187
Total non-current liabilities	29,716	29,863
Total liabilities	52,930	54,241
Net assets		
Shareholders' equity		
Share capital	2,128	2,128
Capital surplus	937	946
Retained earnings	13,100	14,001
Treasury shares	(882)	(891)
Total shareholders' equity	15,284	16,184
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	19	34
Deferred gains or losses on hedges	2	4
Remeasurements of defined benefit plans	(134)	37
Total accumulated other comprehensive income	(112)	75
Non-controlling interests	47	85
Total net assets	15,219	16,345
Total liabilities and net assets	68,149	70,586

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)
Net sales	115,361	122,387
Cost of sales	67,435	71,651
Gross profit	47,925	50,736
Selling, general and administrative expenses	44,093	47,582
Operating profit	3,832	3,154
Non-operating income		
Interest income	1	3
Dividend income	3	4
Outsourcing service income	52	48
Rental income from facilities	138	138
Subsidy income	75	166
Share of profit of entities accounted for using equity method	—	0
Miscellaneous income	112	85
Total non-operating income	384	446
Non-operating expenses		
Interest expenses	288	278
Loss on sale of receivables	61	103
Miscellaneous losses	42	56
Total non-operating expenses	392	438
Ordinary profit	3,825	3,162
Extraordinary income		
Gain on sale of non-current assets	13	332
Gain on sale of investment securities	0	—
Gain on negative goodwill	78	—
Gain on sale of businesses	27	36
Other	—	5
Total extraordinary income	119	374
Extraordinary losses		
Loss on retirement of non-current assets	19	15
Impairment losses	426	752
Loss on store closings	44	35
Other	3	8
Total extraordinary losses	493	811
Profit before income taxes	3,451	2,724
Income taxes – current	1,836	1,577
Income taxes – deferred	(256)	(153)
Total income taxes	1,579	1,424
Profit	1,871	1,300
Profit (loss) attributable to non-controlling interests	10	37
Profit (loss) attributable to owners of parent	1,860	1,262

Consolidated Statement Of Comprehensive Income

	(Millions of yen)	
	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)
Profit	1,871	1,300
Other comprehensive income		
Valuation difference on available-for-sale securities	21	14
Deferred gains or losses on hedges	(0)	1
Remeasurements of defined benefit plans, net of tax	5	171
Total other comprehensive income	26	188
Comprehensive income	1,898	1,488
(Breakdown)		
Comprehensive income attributable to owners of parent	1,887	1,450
Comprehensive income attributable to non-controlling interests	10	37

(3) Consolidated Statement of Changes in Shareholders' Equity

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,128	1,182	11,606	(326)	14,590
Changes during period					
Dividends of surplus			(366)		(366)
Profit attributable to owners of parent			1,860		1,860
Acquisition of treasury stock				(555)	(555)
Disposal of treasury shares					
Change in scope of consolidation					
Purchase Of Shares Of Consolidated Subsidiaries		(245)			(245)
Net changes of items other than shareholders' equity					
Total changes during period	—	(245)	1,493	(555)	693
Balance at end of period	2,128	937	13,100	(882)	15,284

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	(2)	2	(139)	(139)	37	14,488
Changes during period						
Dividends of surplus						(366)
Profit attributable to owners of parent						1,860
Acquisition of treasury stock						(555)
Disposal of treasury shares						—
Change in scope of consolidation						—
Purchase Of Shares Of Consolidated Subsidiaries						(245)
Net changes of items other than shareholders' equity	21	(0)	5	26	10	37
Total changes during period	21	(0)	5	26	10	730
Balance at end of period	19	2	(134)	(112)	47	15,219

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,128	937	13,100	(882)	15,284
Changes during period					
Dividends of surplus			(356)		(356)
Profit attributable to owners of parent			1,262		1,262
Acquisition of treasury stock				(113)	(113)
Disposal of treasury shares		9		104	113
Change in scope of consolidation			(5)		(5)
Purchase Of Shares Of Consolidated Subsidiaries					—
Net changes in items other than shareholders' equity					
Total changes during period	—	9	900	(9)	900
Balance at end of period	2,128	946	14,001	(891)	16,184

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	19	2	(134)	(112)	47	15,219
Changes during period						
Dividends of surplus						(356)
Profit attributable to owners of parent						1,262
Acquisition of treasury stock						(113)
Disposal of treasury shares						113
Change in scope of consolidation						(5)
Purchase Of Shares Of Consolidated Subsidiaries						—
Net changes of items other than shareholders' equity	14	1	171	188	37	226
Total changes during period	14	1	171	188	37	1,126
Balance at end of period	34	4	37	75	85	16,345

(4) Consolidated Statement of Cash Flows

	(Millions of yen)	
	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)
Cash flows from operating activities		
Profit before income taxes	3,451	2,724
Depreciation	2,031	2,281
Impairment losses	426	752
Gain on bargain purchase	(78)	—
Amortization of goodwill	1,132	1,133
Increase (decrease) in provision for bonuses	110	75
Increase (decrease) in provision for bonuses for directors (and other officers)	84	(86)
Increase (decrease) in allowance for doubtful accounts	3	5
Increase (decrease) in provision for share awards for directors (and other officers)	34	21
Increase (decrease) in provision for retirement benefits for directors (and other officers)	29	(134)
Increase (decrease) in retirement benefit liability	338	385
Interest and dividend income	(5)	(7)
Interest expenses	288	278
Loss (gain) on sale of investment securities	(0)	—
Loss (gain) on sale of non-current assets	(13)	(5)
Loss on retirement of non-current assets	19	15
Loss (gain) on sale of businesses	(27)	(36)
Decrease (increase) in trade receivables	(421)	(777)
Decrease (increase) in unearned revenue from sale of accounts receivable	(39)	23
Decrease (increase) in purchased receivables - dispensing fees	40	(51)
Decrease (increase) in inventories	(192)	(707)
Increase (decrease) in trade payables	735	512
Increase (decrease) in accrued consumption taxes	699	131
Share of loss (profit) of entities accounted for using equity method	—	(0)
Other	599	27
Subtotal	9,248	6,560
Interest and dividends received	4	6
Interest paid	(263)	(281)
Income taxes paid	(1,263)	(1,826)
Net cash provided by (used in) operating activities	7,725	4,459

	(Millions of yen)	
	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,862)	(2,708)
Proceeds from sale of property, plant and equipment	97	21
Purchase of intangible assets	(248)	(377)
Proceeds from sale of investment securities	6	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(728)	(14)
Payments for acquisition of businesses	(501)	—
Proceeds from sale of businesses	43	1,428
Loan advances	(47)	(171)
Proceeds from collection of loans receivable	4	1
Purchase of shares of subsidiaries and associates	—	(500)
Payments of guarantee deposits	(308)	(1,215)
Proceeds from refund of guarantee deposits	63	139
Other	(168)	(330)
Net cash provided by (used in) investing activities	(3,649)	(3,726)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(428)	—
Proceeds from long-term borrowings	3,500	6,772
Repayments of long-term borrowings	(5,446)	(6,522)
Repayments of lease obligations	(403)	(438)
Purchase of treasury shares	(555)	—
Dividends paid	(365)	(355)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(245)	—
Net cash provided by (used in) financing activities	(3,944)	(544)
Net increase (decrease) in cash and cash equivalents	131	188
Cash and cash equivalents at beginning of period	8,111	8,242
Cash and cash equivalents at end of period	8,242	8,431

(5) Notes to Consolidated Financial Statements

(Notes to going concern assumptions)

None to be reported.

(Changes in presentation of Consolidated Statement of Changes in Shareholders' Equity)

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

1. Issued Shares

Class of shares	Number of shares at beginning of period	Increase	Decrease	Number of shares at end of period
Common shares	30,642,600	—	—	30,642,600

2. Treasury Shares

Class of shares	Number of shares at beginning of period	Increase	Decrease	Number of shares at end of period
Common shares	464,055	950,000	—	1,414,055

Note: The number of treasury shares at the end of the fiscal year ended March 31, 2024 includes 401,000 shares in the Company held by Custody Bank of Japan, Ltd. (Trust account E) as trust assets of the Board Benefit Trust (BBT).

(Reasons for change)

Increase due to purchase of treasury shares by the resolution of the Board of Directors: 950,000 shares

3. Dividends

(1) Dividends Paid

Resolution	Class of shares	Total dividends (million yen)	Dividend per share (yen)	Record date	Effective date
June 21, 2023 Ordinary General Meeting of Shareholders	Common shares	183	6.00	March 31, 2023	June 22, 2023
November 7, 2023 Board of Directors meeting	Common shares	183	6.00	September 30, 2023	December 11, 2023

Notes:

1. Total dividends based on resolutions adopted during the Ordinary General Meeting of Shareholders held on June 21, 2023 include dividends of two million yen on the Company's shares held by Custody Bank of Japan, Ltd. (Trust account E) as trust assets of the Board Benefit Trust (BBT).

2. Total dividends based on resolutions adopted by the Board of Directors during a meeting held on November 7, 2023 include dividends of two million yen on the Company's common shares held by Custody Bank of Japan, Ltd. (Trust account E) as trust assets of the Board Benefit Trust (BBT).

(2) Dividends for which the record date fell in the fiscal year ended March 31, 2021, but the effective date fell in the following fiscal year

Resolution	Class of shares	Source of dividends	Total dividends (million yen)	Dividend per share (yen)	Record date	Effective date
June 20, 2024 Ordinary General Meeting of Shareholders	Common shares	Retained earnings	177	6.00	March 31, 2024	June 21, 2024

Note: Total dividends based on resolutions to be adopted during the Ordinary General Meeting of Shareholders to be held on June 20, 2024 include dividends of two million yen on the Company's common shares held by Custody Bank of Japan, Ltd. (Trust account E) as trust assets of the Board Benefit Trust (BBT).

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

1. Issued Shares

Class of shares	Number of shares at beginning of period	Increase	Decrease	Number of shares at end of period
Common shares	30,642,600	—	—	30,642,600

2. Treasury Shares

Class of shares	Number of shares at beginning of period	Increase	Decrease	Number of shares at end of period
Common shares	1,414,055	—	—	1,414,055

Note: The number of treasury shares at the end of the fiscal year ended March 31, 2024 includes 581,000 shares in the Company held by Custody Bank of Japan, Ltd. (Trust account E) as trust assets of the Board Benefit Trust (BBT).

3. Dividends

(1) Dividends Paid

Resolution	Class of shares	Total dividends (million yen)	Dividend per share (yen)	Record date	Effective date
June 20, 2024 Ordinary General Meeting of Shareholders	Common shares	177	6.00	March 31, 2024	June 21, 2024
November 8, 2024 Board of Directors meeting	Common shares	178	6.00	September 30, 2024	December 9, 2024

Notes:

1. Total dividends based on resolutions adopted during the Ordinary General Meeting of Shareholders held on June 20, 2024 include dividends of two million yen on the Company's shares held by Custody Bank of Japan, Ltd. (Trust account E) as trust assets of the Board Benefit Trust (BBT).

2. Total dividends based on resolutions adopted by the Board of Directors during a meeting held on November 8, 2024 include dividends of three million yen on the Company's common shares held by Custody Bank of Japan, Ltd. (Trust account E) as trust assets of the Board Benefit Trust (BBT).

(2) Dividends for which the record date fell in the fiscal year ended March 31, 2024, but the effective date falls in the following year

Resolution	Class of shares	Source of dividends	Total cash dividends (million yen)	Dividend per share (yen)	Record date	Effective date
June 24, 2025 Ordinary General Meeting of Shareholders	Common shares	Retained earnings	178	6.00	March 31, 2025	June 25, 2025

Note: Total dividends based on resolutions to be adopted during the Ordinary General Meeting of Shareholders to be held on June 24, 2025 include dividends of three million yen on the Company's common shares held by Custody Bank of Japan, Ltd. (Trust account E) as trust assets of the Board Benefit Trust (BBT).

(Notes on changes in accounting policies)

(Application of "Accounting Standard for Current Income Taxes")

From the consolidated fiscal year under review, the Company has applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter, the "2022 Revised Accounting Standard") and related guidance.

For revisions concerning the classification of corporate taxes (taxation on other comprehensive income), the Company has applied the transitional treatment specified in the proviso of Paragraph 20-3 of the 2022 Revised Accounting Standard, as well as the transitional treatment set forth in the proviso of Paragraph 65-2 (2) of the "Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter, the "2022 Revised Guidance"). This change in accounting policy has no impact on the consolidated financial statements.

Further, from the consolidated fiscal year under review, the Company has applied the 2022 Revised Guidance for revisions concerning the treatment in the consolidated financial statements of gains or losses arising from the sale of shares of subsidiaries within the consolidated group, where such gains or losses are deferred for tax purposes. This change in accounting policy has been applied retrospectively, with the consolidated financial statements for the previous fiscal year reflecting the retrospective application. The change in accounting policy has no impact on consolidated financial statements for the previous fiscal year.

(Segment information)

(Segment information, etc.)

1. Description of reporting segments

The Company's reporting segments represent components of its overall composition for which separate financial information is available and are regularly evaluated by the Board of Directors to determine how management resources will be allocated and to assess performance

In the Community Pharmacy Network Segment, the Company supports pharmacy management through its pharmaceutical networks, operates community pharmacies, manufactures, markets, and distributes pharmaceuticals, and assists pharmacies transition into family pharmacies using the Tsunagaru Pharmacy official LINE account.

In the Leasing and Facility-related Segment, we develop locations for dispensing pharmacies, provide building leasing services, operate serviced residences for the elderly, and engage in design and construction supervision of medical facilities. Through the Meal Catering Segment, we perform meal catering services for hospitals and welfare facilities. Our Other Segment focuses on the dispatch of nurses who provide at-home care.

2. Method of Calculating Net Sales, Profit (Loss), Assets, Liabilities, and Other Items by Reporting Segment

The accounting methods used for the reported segments are consistent with the accounting policies adopted for the preparation of the consolidated financial statements.

Individual segment profits indicate operating profit. Intersegment sales and transfers are based on market values.

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reporting segment					Adjustments (Note 1)	Amounts on consolidated financial statements (Note 2)
	Community Pharmacy Network	Leasing and Facility- related	Meal Catering	Other	Total		
Net sales							
Sales to external customers	109,854	2,833	2,359	314	115,361	—	115,361
Intersegment sales or transfers	49	778	0	—	828	(828)	—
Total	109,904	3,611	2,360	314	116,189	(828)	115,361
Segment profit (loss)	6,433	158	(43)	(43)	6,504	(2,671)	3,832
Segment assets	49,182	17,209	769	63	67,223	926	68,149
Other items							
Depreciation	1,171	672	1	1	1,847	183	2,031
Amortization of goodwill	1,132	—	—	—	1,132	—	1,132
Impairment loss	431	0	—	—	431	(4)	426
Increase in property, plant and equipment and intangible assets	3,496	81	—	3	3,580	237	3,818

Notes:

1. Adjustments are as follows:

(1) Adjustment of -2,671 million yen for segment profit (loss) includes 259 million yen in elimination of intersegment transactions and -2,931 million yen in companywide expenses not allocated to any reporting segment. Companywide expenses mainly refer to general expenses that do not belong to any reporting segment.

(2) Adjustment of 926 million yen for segment assets includes -8,000 million yen in elimination of intersegment receivables and payables and companywide assets of 8,926 million yen not allocated to any reporting segment. Companywide assets mainly refer to companywide non-current assets that do not belong to any reporting segment.

(3) Adjustment of 237 million yen for increase in property, plant and equipment and intangible assets mainly represents the acquisition of property, plant and equipment and intangible assets related to companywide assets.

2. Segment profit (loss) is adjusted with operating profit in the consolidated statement of income.

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Reporting segment					Adjustments (Note 1)	Amounts on consolidated financial statements (Note 2)
	Community Pharmacy Network	Leasing and Facility- related	Meal Catering	Other	Total		
Net sales							
Sales to external customers	116,918	2,767	2,359	342	122,387	—	122,387
Intersegment sales or transfers	49	701	0	—	751	(751)	—
Total	116,968	3,468	2,359	342	123,139	(751)	122,387
Segment profit (loss)	5,626	190	10	(29)	5,798	(2,644)	3,154
Segment assets	51,970	15,387	908	62	68,329	2,257	70,586
Other items							
Depreciation	1,427	629	1	2	2,060	220	2,281
Amortization of goodwill	1,133	—	—	—	1,133	—	1,133
Impairment loss	740	7	—	3	752	—	752
Increase in property, plant and equipment and intangible assets	3,760	71	0	2	3,834	109	3,944

Notes:

1. Adjustments are as follows:

(1) Adjustment of -2,644 million yen for segment profit (loss) includes 304 million yen in elimination of intersegment transactions and -2,949 million yen in companywide expenses not allocated to any reporting segment. Companywide expenses mainly refer to general expenses that do not belong to any reporting segment.

(2) Adjustment of 2,257 million yen for segment assets includes -7,956 million yen in elimination of intersegment receivables and payables and companywide assets of 10,213 million yen not allocated to any reporting segment. Companywide assets mainly refer to companywide non-current assets that do not belong to any reporting segment.

(3) Adjustment of 109 million yen for increase in property, plant and equipment and intangible assets mainly represents the acquisition of property, plant and equipment and intangible assets related to companywide assets.

2. Segment profit (loss) is adjusted with operating profit in the consolidated statement of income.

(Associated information)

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

1. Information for individual products or services

Descriptions have been omitted because similar information is disclosed in the segment information section.

2. Information for individual regions

(1) Net Sales

Not applicable since the Company generated no sales through external customers outside of Japan.

(2) Property, Plant and Equipment

Not applicable since the Company holds no property, plant or equipment outside of Japan.

3. Information for individual primary customers

Not applicable since the Company did not generate 10% or more of the net sales indicated by its consolidated statement of income through any individual customer.

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

1. Information for individual products or services

Descriptions have been omitted because similar information is disclosed in the segment information section.

2. Information for individual regions

(1) Net Sales

Not applicable since the Company generated no sales through external customers outside of Japan.

(2) Property, Plant and Equipment

Not applicable since the Company holds no property, plant or equipment outside of Japan.

3. Information for individual primary customers

Not applicable since the Company did not generate 10% or more of the net sales indicated by its consolidated statement of income through any individual customer.

(Disclosure of impairment losses on non-current assets for each reporting segment)

Fiscal year ended March 31, 2024(April 1, 2023 to March 31, 2024)

Descriptions have been omitted because similar information is disclosed in the segment information section.

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

Descriptions have been omitted because similar information is disclosed in the segment information section.

(Amortization and unamortized balance of goodwill for each reporting segment)

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reporting segment					Companywide and eliminations	Total
	Community Pharmacy Network	Leasing and Facility-related	Meal Catering	Other	Unadjusted Total		
Balance at end of period	10,613	—	—	—	10,613	—	10,613

Note: Information concerning amortization of goodwill has been omitted because similar information has been disclosed in the segment information section.

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Reporting segment					Companywide and eliminations	Total
	Community Pharmacy Network	Leasing and Facility-related	Meal Catering	Other	Unadjusted Total		
Balance at end of period	9,063	—	—	—	9,063	—	9,063

Note: Information concerning amortization of goodwill has been omitted because similar information has been disclosed in the segment information section.

(Information on gain on negative goodwill by reportable segment)

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

In the Community Pharmacy Network Segment, the Company made Cosmos Pharmaceutical Corporation a consolidated subsidiary, with March 31, 2024 as the deemed acquisition date. As a result, we recorded a gain on negative goodwill of 78 million yen in the fiscal year under review.

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

None to be reported.

(Per share information)

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)		Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	
Net assets per share (yen)	519.06	Net assets per share (yen)	556.31
Earnings per share (yen)	61.89	Earnings per share (yen)	43.20

Notes:

1. Information regarding diluted earnings per share has been omitted due to the absence of dilutive shares.
2. The basis for calculation of net assets per share is as follows:

Item	Fiscal year ended March 31, 2024 (as of March 31, 2024)	Fiscal year ended March 31, 2025 (as of March 31, 2025)
Total net assets (million yen)	15,219	16,345
Amount deducted from total net assets (million yen)	47	85
Of which, non-controlling interests (million yen)	(47)	(85)
Net assets associated with common shares in the Company (million yen)	15,171	16,260
Number of year-end common shares used in the calculation of net assets per share	29,228,545	29,228,545

Note: Shares in the Company held by Board Benefit Trust (BBT), which are recorded as treasury shares in shareholders' equity, are included in number of the treasury shares deducted from the total number of shares outstanding at the fiscal year-end for the purpose of calculating net assets per share. The number of such treasury shares deducted for the calculation of net assets per share was 401,000 shares for the fiscal year ended March 31, 2024 and 581,000 shares for the fiscal year ended March 31, 2025.

3. The basis for calculation of earnings per share is as follows.

Item	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Earnings per share		
Profit attributable to owners of parent (million yen)	1,860	1,262
Amount not attributed to common shareholders (million yen)	—	—
Net income attributable to owners of common shares in the parent company (million yen)	1,860	1,262
Average number of common shares during the period	30,069,528	29,228,545

Note: Shares in the Company held by Board Benefit Trust (BBT), which are recorded as treasury shares in shareholders' equity, are included in number of the treasury shares deducted from the period-average number of shares outstanding for the purpose of calculating earnings per share. The number of such treasury shares deducted for the calculation of earnings per share was 401,000 shares for the fiscal year ended March 31, 2024 and 552,397

shares for the fiscal year ended March 31, 2025.

(Significant subsequent events)

None to be reported.