



MEDICAL
SYSTEM
NETWORK
GROUP

MEDICAL SYSTEM NETWORK Co., Ltd.

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

122.3 billion yen YoY change **+ 6.1%** Achievement rate vs. FY
+7.0 billion yen **100.3%**

Operating Profit

3.1 billion yen YoY change **- 17.7%** Achievement rate vs. FY
-0.6 billion yen **105.1%** *

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

Net sales increased from the previous year and achieved our forecast.

- Saw contributions from new openings and M&A of community pharmacies in the last period.
 - Number of prescriptions at all pharmacies: +3.9% YoY change
- The number of pharmaceutical network member pharmacies is steadily increasing.
 - Growth target achieved: 124%

Operating income decreased as the company was unable to offset the sluggish growth in the number of prescriptions, higher purchase prices, and wage hikes.

- Acute disease prescriptions declined more than expected and the number of prescriptions did not reach our original forecast.
 - Number of prescriptions at existing pharmacies: -1.0% compared to forecast
 - Unit price of prescriptions at existing pharmacies: +0.6% compared to forecast

Community Pharmacy Network Segment

- Community Pharmacy **457** pharmacies(+7)
- Prescription Unit price(All pharmacies) **10,283** yen(+142 yen)
- No. of prescriptions (All pharmacies) **10,018** K(+3.9%)
- No. of prescriptions (Existing pharmacies) **9,241** K(-0.6%)

~ Pharmacy Support Businesses ~

< Pharmaceutical Network Business >

- No. of affiliates **11,003** affiliates(+1,247)

< Manufacture and Market Pharmaceuticals Business >

- No. of ingredients **52** ingredients *
- No. of products **120** products(+17)
- No. of affiliates **7,181** affiliates(+2,183)

< Digital Shift Business >

- No. User registrations **1.46** MN(+410K)
- No. Installed pharmacies **6,020** pharmacies(+1,338)

Leasing and Facility related Segment

< Wisteria >

- Occupancy rate of all 4 facilities ** **90.2** %(+7.2%)

Indicates changes from the end of the previous FY in brackets

* 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 : Consolidated Results

	FY3/2024 (Results)	FY3/2025 ^{**} (Forecast)	FY3/2025 (Results)	YoY		Full Year Forecast	
				Change	Change (%)	Difference	Difference (%)
(Unit: million yen) The second line is profit margin							
Net Sales	115,361	122,000	122,387	+ 7,026	+ 6.1%	+ 387	100.3%
EBITDA *	6,997 6.1%	6,440 5.3%	6,569 5.4%	(427)	(6.1%)	+ 129	102.0%
Operating Profit	3,832 3.3%	3,000 2.5%	3,154 2.6%	(678)	(17.7%)	+ 154	105.1%
Ordinary Profit	3,825 3.3%	3,000 2.5%	3,162 2.6%	(663)	(17.3%)	+ 162	105.4%
Profit attributable to owners of parent	1,860 1.6%	1,250 1.0%	1,262 1.0%	(598)	(32.2%)	+ 12	101.0%
Earnings per share (Yen)	61.89	42.77	43.20	(18.69)	—	+ 0.43	—

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

** Revised full-year consolidated forecasts on October 31, 2024

Segments		Core Strategies and Numerical Targets	Results	Evaluation
Community Pharmacy Network Segment	Community Pharmacy Business	<ul style="list-style-type: none"> ■ Foster a stronger medical mindset and providing quality drug treatment ■ Steady response to healthcare DX No. of existing pharmacies prescriptions : +1.8% (YoY) ■ Development of new 20 pharmacies, mainly in medical malls ■ Increased productivity through appropriate cost controls 	<ul style="list-style-type: none"> ■ Number of prescriptions Existing pharmacies YoY - 0.6% All pharmacies YoY +3.9% ■ Additional fee for healthcare DX promotion system preparation pharmacy 98.5% ■ 21 new pharmacies opened 	△
	- Pharmacy Support Businesses -			
	Pharmaceuticals Network Business	<ul style="list-style-type: none"> ■ End of FY3/2025 Target 10,756 affiliates (+1,000 affiliates) ■ Promote distribution improvement; Our pharmacies deliver once a day on weekdays, no deliveries on Saturdays, and reduce urgent deliveries ■ Core system renovation and renewal ■ Expanding services by building an area network that transcends the boundaries of affiliates 	<ul style="list-style-type: none"> ■ 11,003 affiliates (+1,247 affiliates) ■ Promote distribution improvement efforts with one delivery per day and no Saturday deliveries ■ Establishment of area network centered on pharmacists' associations 	◎
	Manufacture and Market Pharmaceuticals Business	<ul style="list-style-type: none"> ■ Maintaining stable supply ■ Increasing the No. of transacting pharmacies End of FY3/2025 Target 7,000 pharmacies (+2,002 pharmacies) 	<ul style="list-style-type: none"> ■ Net sales increased significantly YoY 156.5% ■ No. of transacting pharmacies 7,181 pharmacies (+2,183 pharmacies) 	◎
	Digital Shift Business	<ul style="list-style-type: none"> ■ Expansion of pharmacies with official LINE accounts End of FY3/2025 Target 5,700 pharmacies (+1,018 pharmacies) End of FY3/2025 Target 1.4 million users registered (+350k) ■ Continued functional enhancements 	<ul style="list-style-type: none"> ■ Installed pharmacies 6,020 (+1,338 pharmacies) 1.46 million users registered (+410K) ■ New features released 	◎

Segments	Core Strategies and Numerical Targets	Results	Evaluation
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 	<ul style="list-style-type: none"> ■ Occupancy rate of all 4 buildings: 90.2% ■ “Wisteria Senri Chuo” is transferred ■ Achieved profit increase through cost control 	○
Meal Catering Segment, Home Visit Nursing Segment	<ul style="list-style-type: none"> ■ Measures to cope with rising prices and raise the income / expense line 	<ul style="list-style-type: none"> ■ Higher costs were absorbed and income increased 	○
Finance, ESG and Health Management	<ul style="list-style-type: none"> ■ Establishment of a new business, MEDI LOGI NET, a pharmaceutical logistics company ■ Secure profit through cost control and accumulate capital 	<ul style="list-style-type: none"> ■ Steady and successful business start-up ■ Capital accumulation is inadequate 	△

* 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%.

FY3/2025 : Results by Segment

■ Net Sales

	FY3/2024 (Results)	FY3/2025 ^{**} (Forecast)	FY3/2025 (Results)	YoY		Full Year Forecast	
				Change	Change (%)	Difference	Difference (%)
(Unit: million yen)							
Net Sales	115,361	122,000	122,387	+ 7,026	+ 6.1%	+ 387	100.3%
Community Pharmacy [*] Network Segment	109,904	116,352	116,968	+ 7,064	+ 6.4%	+ 615	100.5%
Leasing and Facility related Segment, Meal Catering Segment, Home Visit Nursing Segment	6,285	6,195	6,171	(114)	(1.8%)	(24)	99.6%
Adjustments	(828)	(548)	(751)	+ 76	—	(203)	—

■ Operating Profit

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

Segment Profit	3,832 3.3%	3,000 2.5%	3,154 2.6%	(678) (0.8pt)	(17.7%)	+ 154	105.1%
Community Pharmacy [*] Network Segment	6,433 5.9%	5,531 4.8%	5,626 4.8%	(807) (1.0pt)	(12.5%)	+ 94	101.7%
Leasing and Facility related Segment, Meal Catering Segment, Home Visit Nursing Segment	70 1.1%	200 3.2%	171 2.8%	+ 100 + 1.7pt	+ 142.4%	(28)	85.6%
Adjustments	(2,671) —	(2,732) —	(2,644) —	+27 —	—	+ 88	—

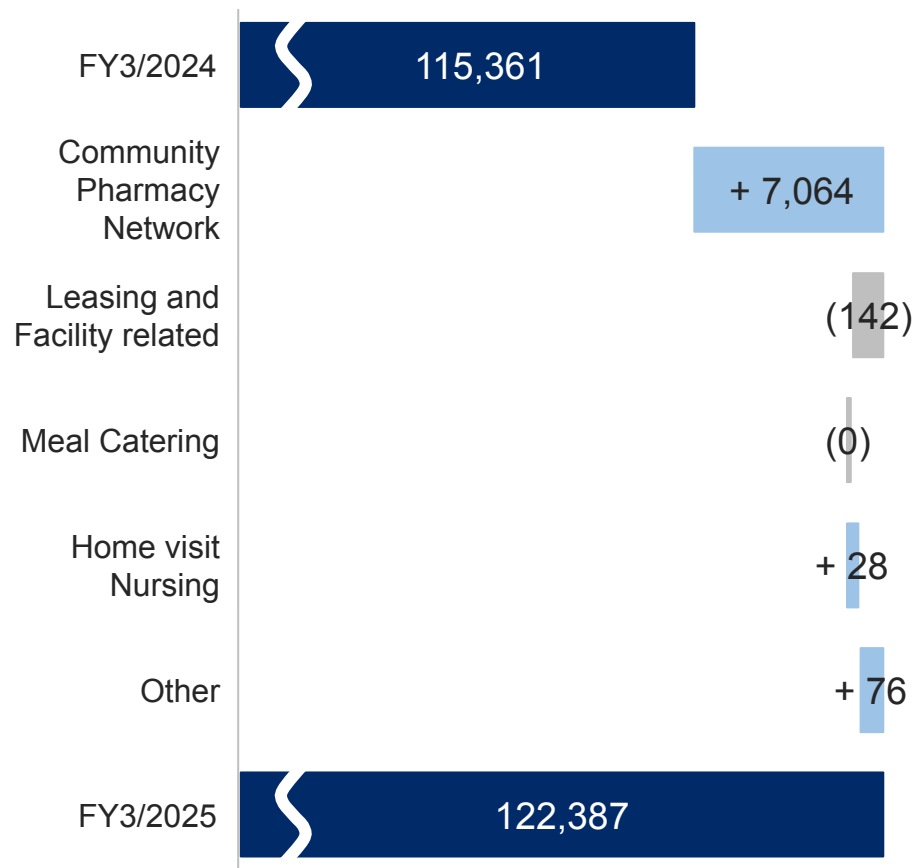
* Community Pharmacy Business, Pharmaceutical Network Business, Manufacture and Market Pharmaceuticals Business, Pharmaceutical Logistics Business and Digital Shift Business

** Revised full-year consolidated forecasts on October 31, 2024

FY3/2025 : Comparison to previous FY

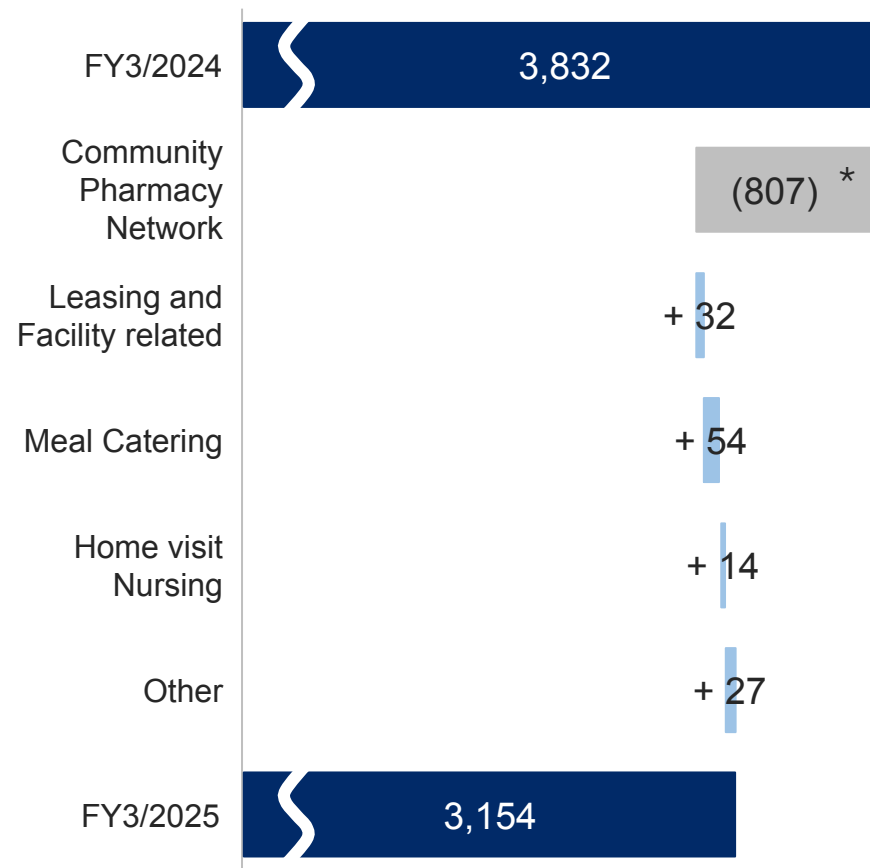
■ Net sales

(Unit: million yen)



■ Operating profit

(Unit: million yen)

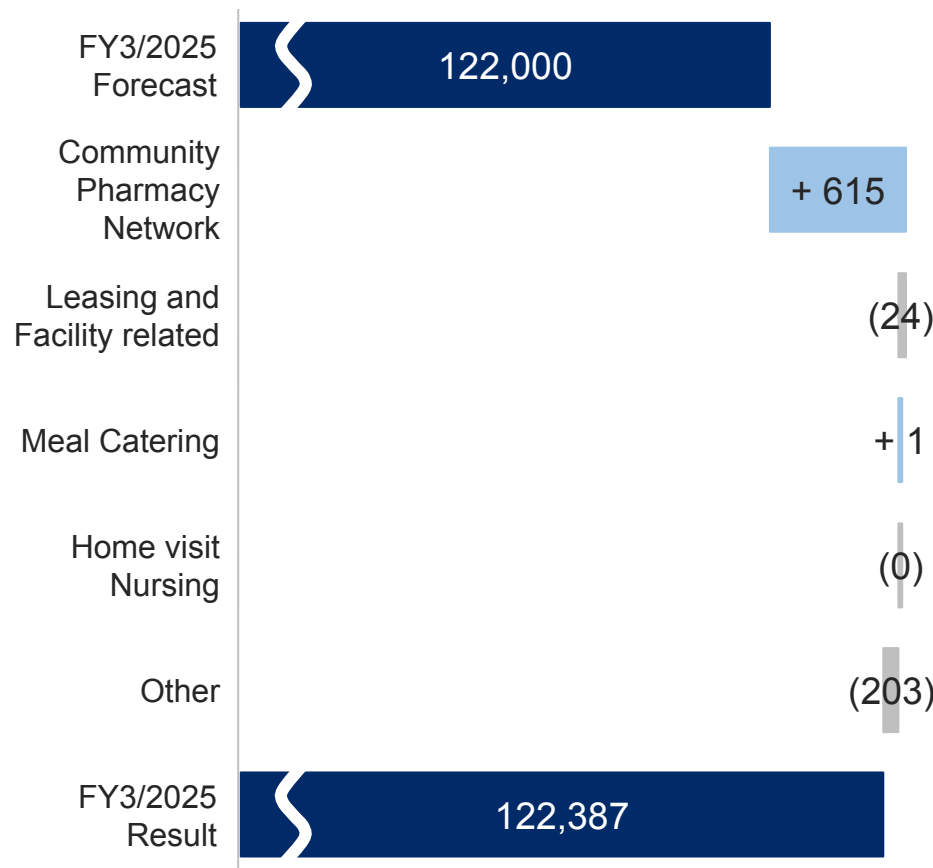


* Existing pharmacies: Prescriptions (0.6%), Unit price +1.6% YoY
 New pharmacies opened this term: (583 million yen)
 In addition to the above, rising procurement costs and wage increases also had an impact.

FY3/2025 : Comparison to Forecast *

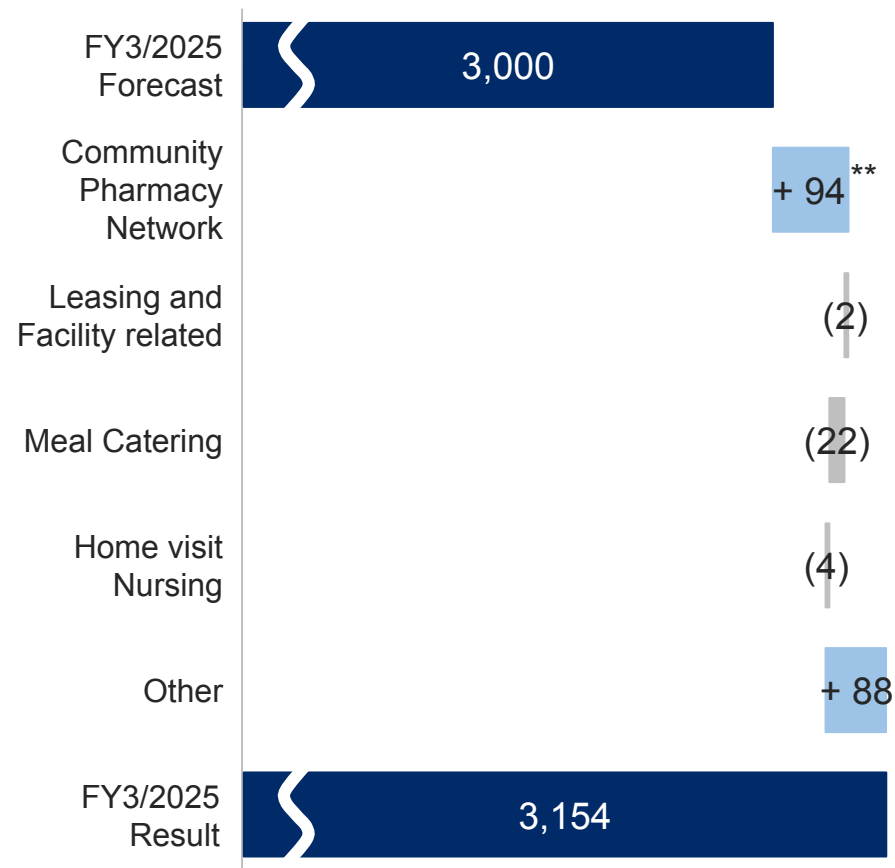
■ Net sales

(Unit: million yen)



■ Operating profit

(Unit: million yen)



* Revised full-year consolidated earnings forecast on October 31, 2024

** The number of affiliates in the Pharmaceutical Network Business, the number of partner pharmacies in the Manufacture and Market Pharmaceuticals Business, and the number of pharmacies implementing the Digital Shift Business all exceeded the forecast and showed strong growth.

FY3/2025 : 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	Capital stock	2,128
Goodwill	10,613	Capital surplus	937
Investments and other assets	7,759	Retained earnings	13,100
		Treasury stock	(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

(Unit: million yen)

Assets	70,586	Liabilities	54,241
Current assets	22,627	Current liabilities	24,377
Cash and deposits	8,461	Short-term loans *	6,184
		Fixed liabilities	29,863
Fixed assets	47,959	Long-term loans	18,085
Tangible fixed assets	28,473	Net assets	16,345
Intangible fixed assets	9,908	Capital stock	2,128
Goodwill	9,063	Capital surplus	946
Investments and other assets	9,578	Retained earnings	14,001
		Treasury stock	(891)
Total assets	70,586	Total liabilities and net assets	70,586
Equity ratio			23.0%

(Equity ratio with taking into account net cash ** 26.2%)

FY3/2025 : Consolidated Cash Flows

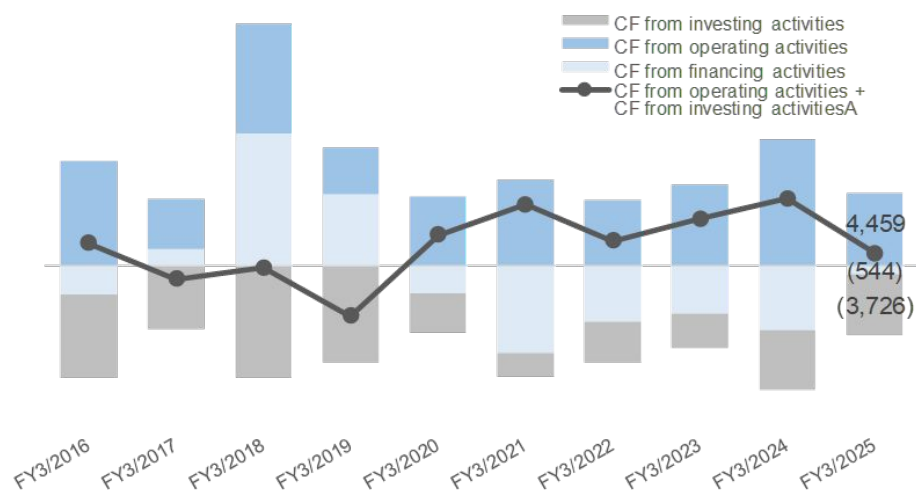
Cashflows from operating activities	4,459 million yen	EBITDA *	6,569 million yen
		Payment of income taxes	(1,826 million yen)
		Changes in working capital	(972 million yen)
Cashflows from investing activities	(3,726 million yen)	Opening of new pharmacies and M&A costs	(3,193 million yen)
		Existing pharmacies renovation costs, etc.	(798 million yen)
		Acquisition of shares in PHARUMO, Inc.	(500 million yen)
		Proceeds from transfer of business **	1,428 million yen
Cashflows from financing activities	(544 million yen)	Increase in loan amount	249 million yen
		Repayment of lease obligations	(438 million yen)
		Payment of dividends	(336 million yen)

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

** Transfer of Wisteria Senri-Chuo and 5 pharmacies

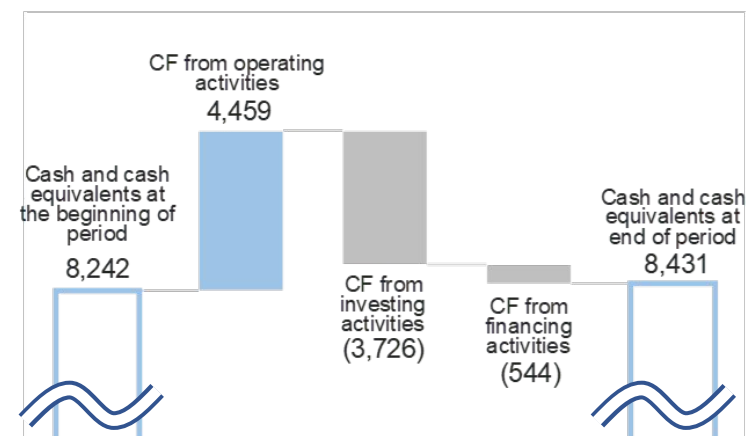
■ Cash flow trends

(Unit: million yen)



■ FY3/2025

(Unit: million yen)





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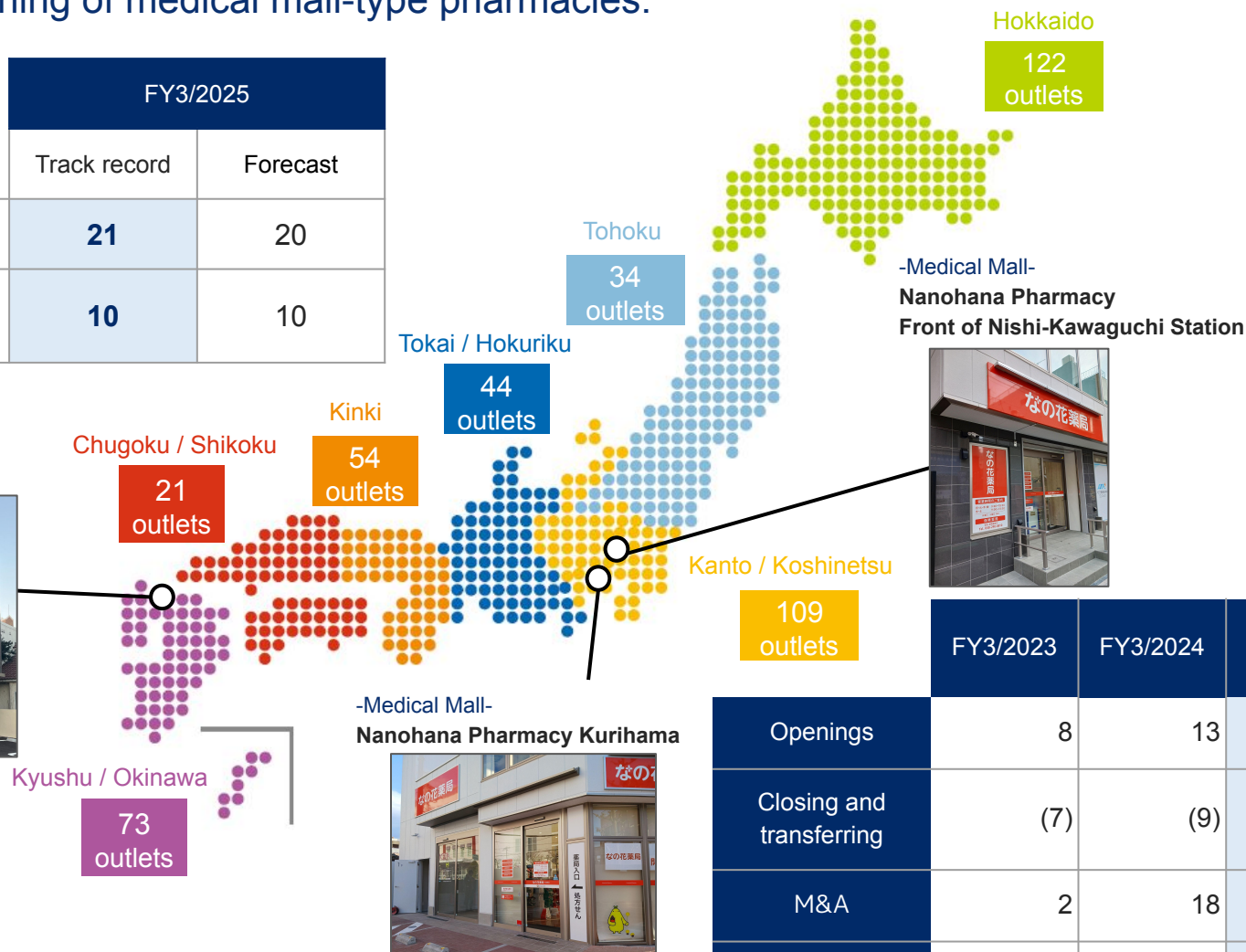
Business Summary

Community Pharmacy Business : Trends in No. of Pharmacies

The number of new pharmacy openings tied our record for highest ever at 21 openings, driven by the opening of medical mall-type pharmacies.

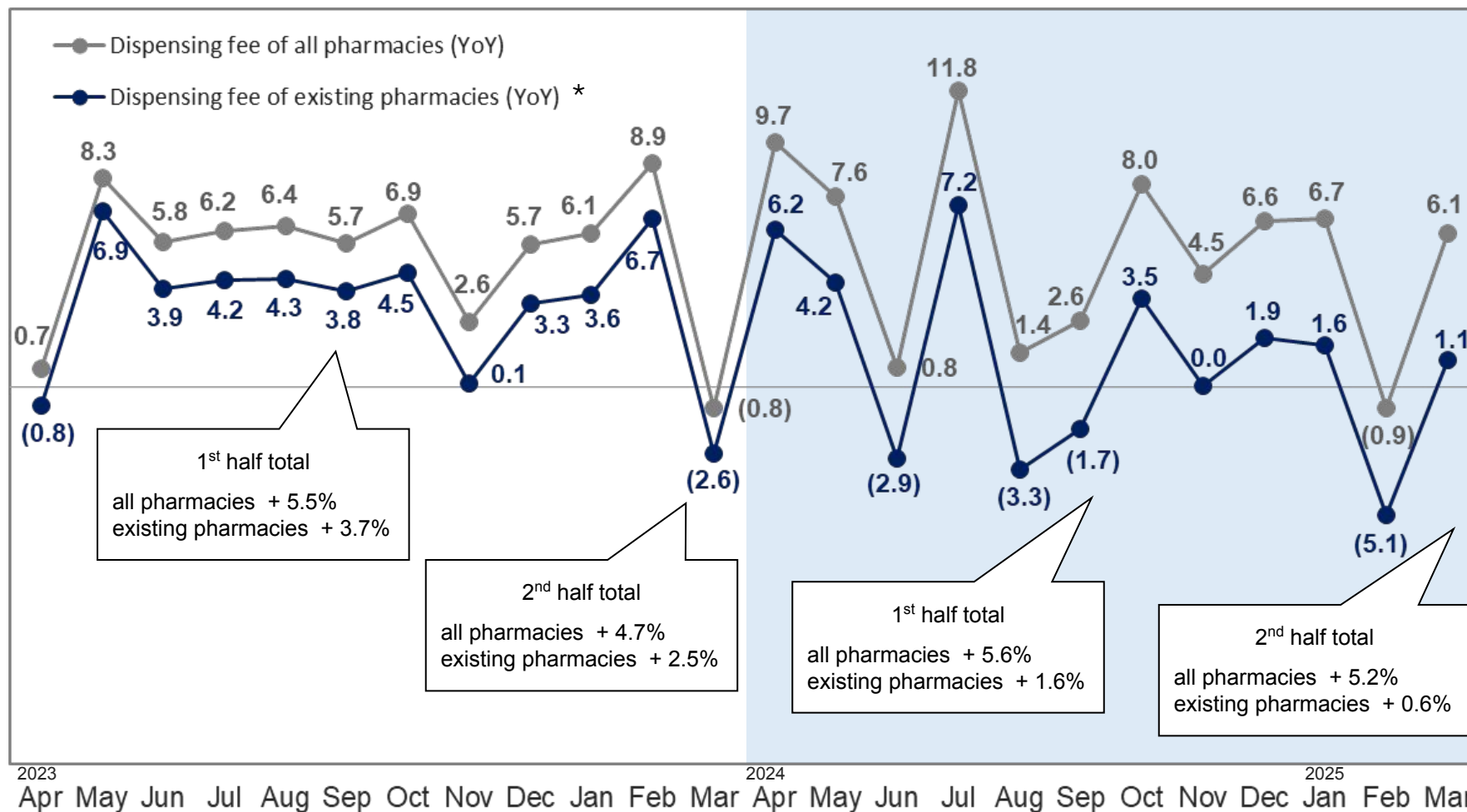
	FY3/2025	
	Track record	Forecast
No. of openings	21	20
No. of medical institutions attracted	10	10

-Medical Mall-
Sakura Pharmacy
Yoshizuka 2000nendori



	FY3/2023	FY3/2024	FY3/2025
Openings	8	13	21
Closing and transferring	(7)	(9)	(15)
M&A	2	18	1
No. of outlets	428	450	457

Community Pharmacy Business : Monthly Dispensing Fee (YoY)

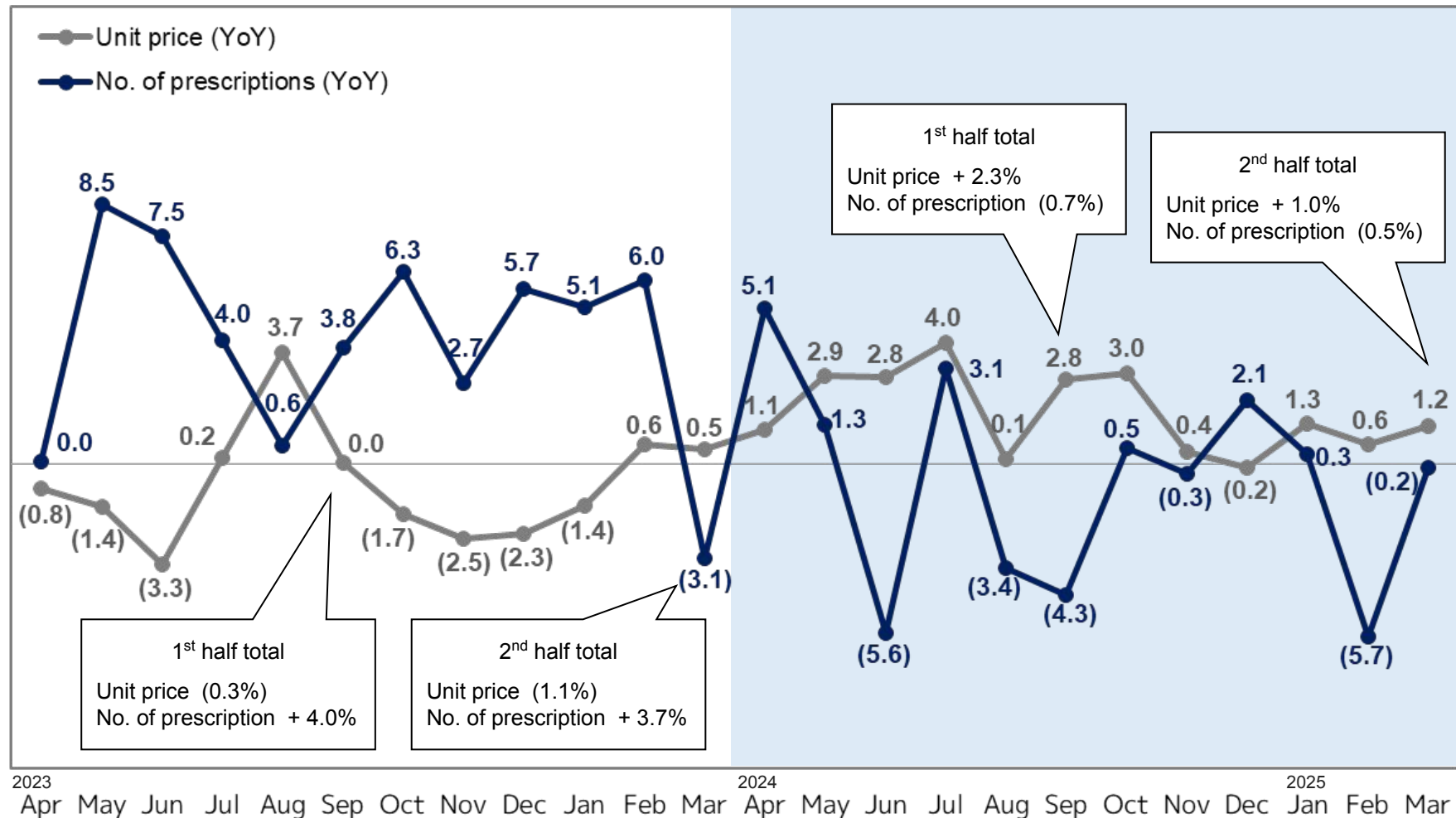


* Existing pharmacies: Pharmacies that have been continuously open since April 1, 2022 for the previous fiscal year and since April 1, 2023 for the current fiscal year.

Community Pharmacy Business :

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

- The number of prescriptions filled remained sluggish due to the lack of respiratory infection outbreaks as were seen in the previous period.
- Increase in the unit price of prescriptions due to an rise in the unit cost of drugs.



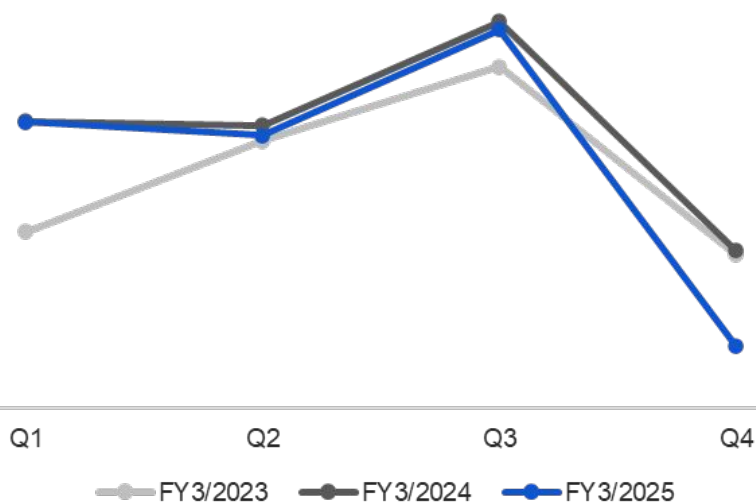
Community Pharmacy Business :

Trends in the number of prescriptions



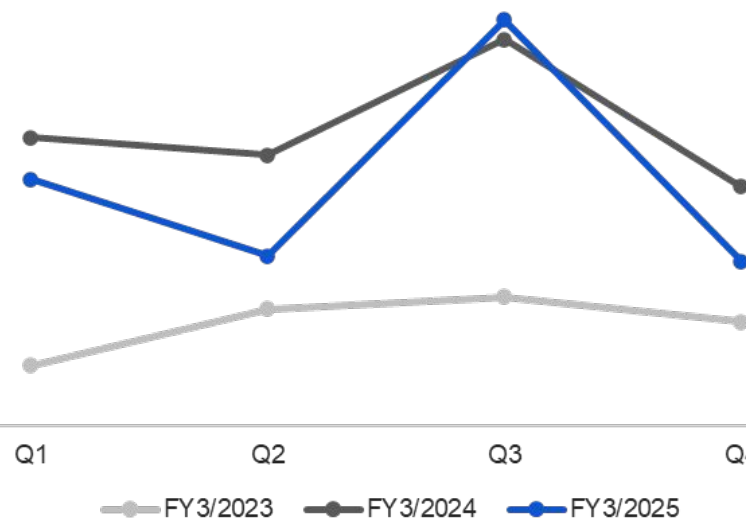
- Changes in the number of prescriptions are largely influenced by acute conditions such as colds and influenza.
- Prescriptions for chronic conditions have shown little change since COVID-19 was downgraded to status of “Class 5”.

■ Quarterly Trends in Prescriptions for Chronic Conditions



- In FY3/2023, prescriptions decreased due to the COVID-19 pandemic.
- No significant difference in chronic condition prescriptions between FY3/2024 and FY3/2025 after COVID-19 downgrade.
- FY3/2025 Q4 shows a decrease due to 2 fewer business days compared to FY3/2023 and FY3/2024.

■ Quarterly Trends in Prescriptions for Acute Conditions



- Prescriptions decreased in FY3/2023 due to the COVID-19 pandemic.
- Acute condition prescriptions significantly increased in FY3/2024 due to multiple respiratory infections.
- FY3/2025 was lower than FY3/2024, except for a spike in Q3 due to a flu outbreak.

Community Pharmacy Business : Dispensing Fee Breakdown

■ All pharmacies

		FY3/2024	FY3/2025	Change	Change (%)
No. of prescriptions (1,000)		9,640	10,018	+ 377	+ 3.9%
Unit price (yen)	Drug charge per prescription	7,773	7,849	+ 75	+ 1.0%
	Technical fee per prescription	2,368	2,434	+ 67	+ 2.8%
	Total	10,141	10,283	+ 142	+ 1.4%
Dispensing fee (million yen)		97,765	103,018	+ 5,253	+ 5.4%

■ Existing pharmacies

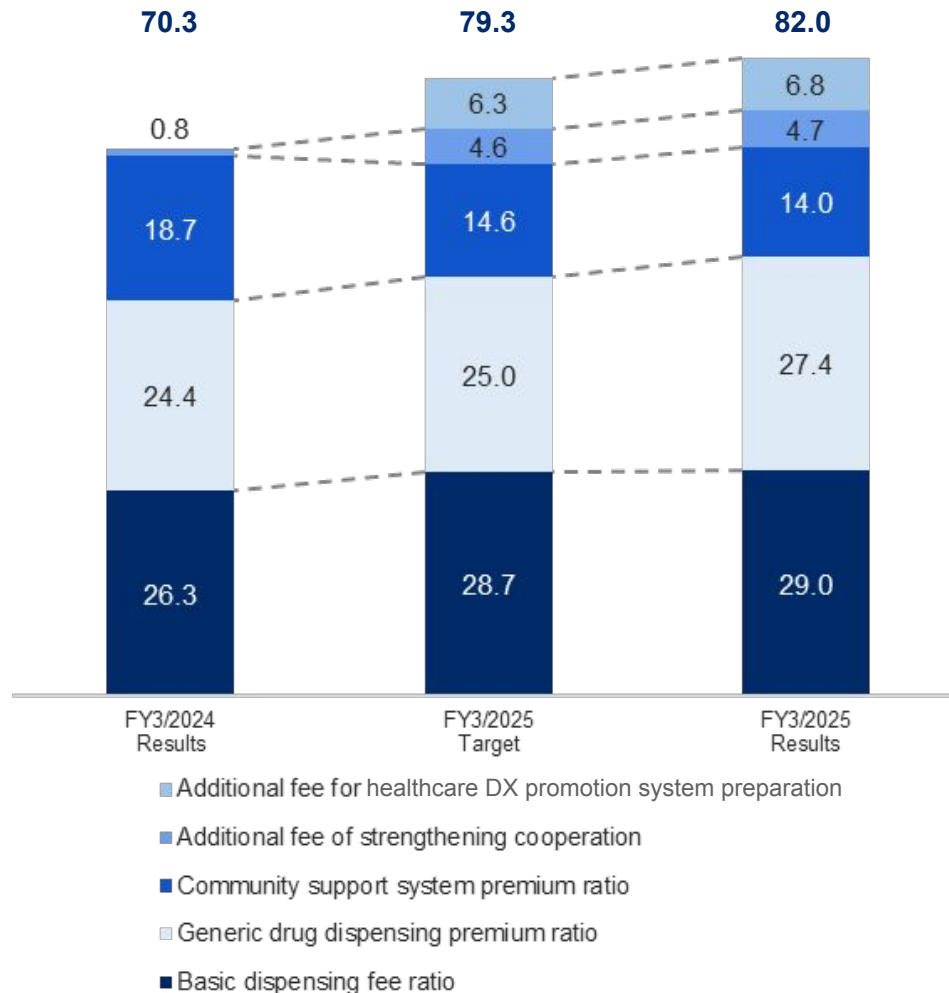
No. of prescriptions (1,000)		9,295	9,241	(54)	(0.6%)
Unit price (yen)	Drug charge per prescription	7,866	7,955	+ 89	+ 1.1%
	Technical fee per prescription	2,377	2,456	+ 79	+ 3.3%
	Total	10,243	10,411	+ 168	+ 1.6%
Dispensing fee (million yen)		95,214	96,211	+ 997	+ 1.0%

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

Community Pharmacy Business : Dispensing Fee Revision

Although the Community support system premium ratio did not reach the target, the overall score exceeded our target.

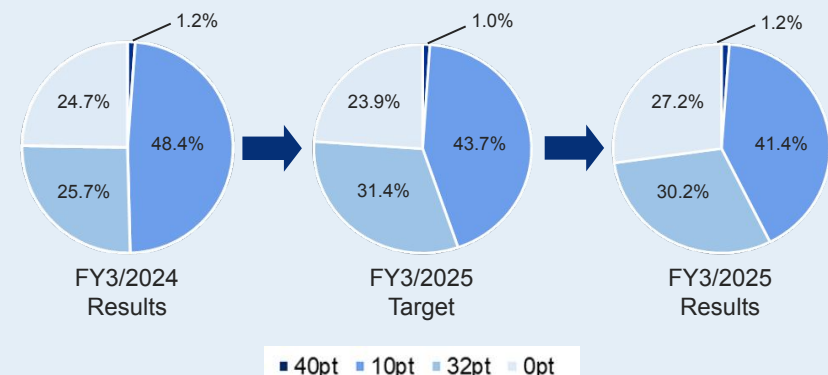
■ Weighted average number of points (points)



Additional fee for healthcare DX promotion system preparation

My Number health insurance card usage rate	From October 2024	From January 2025	From April 2025
45% or more	7pt	7pt	10pt
30% to less than 45%		6pt	8pt
20% to less than 30%			6pt
15% to less than 20%		4pt	
10% to less than 15%	6pt	Not applicable	Not applicable
5% to less than 10%	4pt		
0 to less than 5%	Not applicable		

Community support system premium ratio

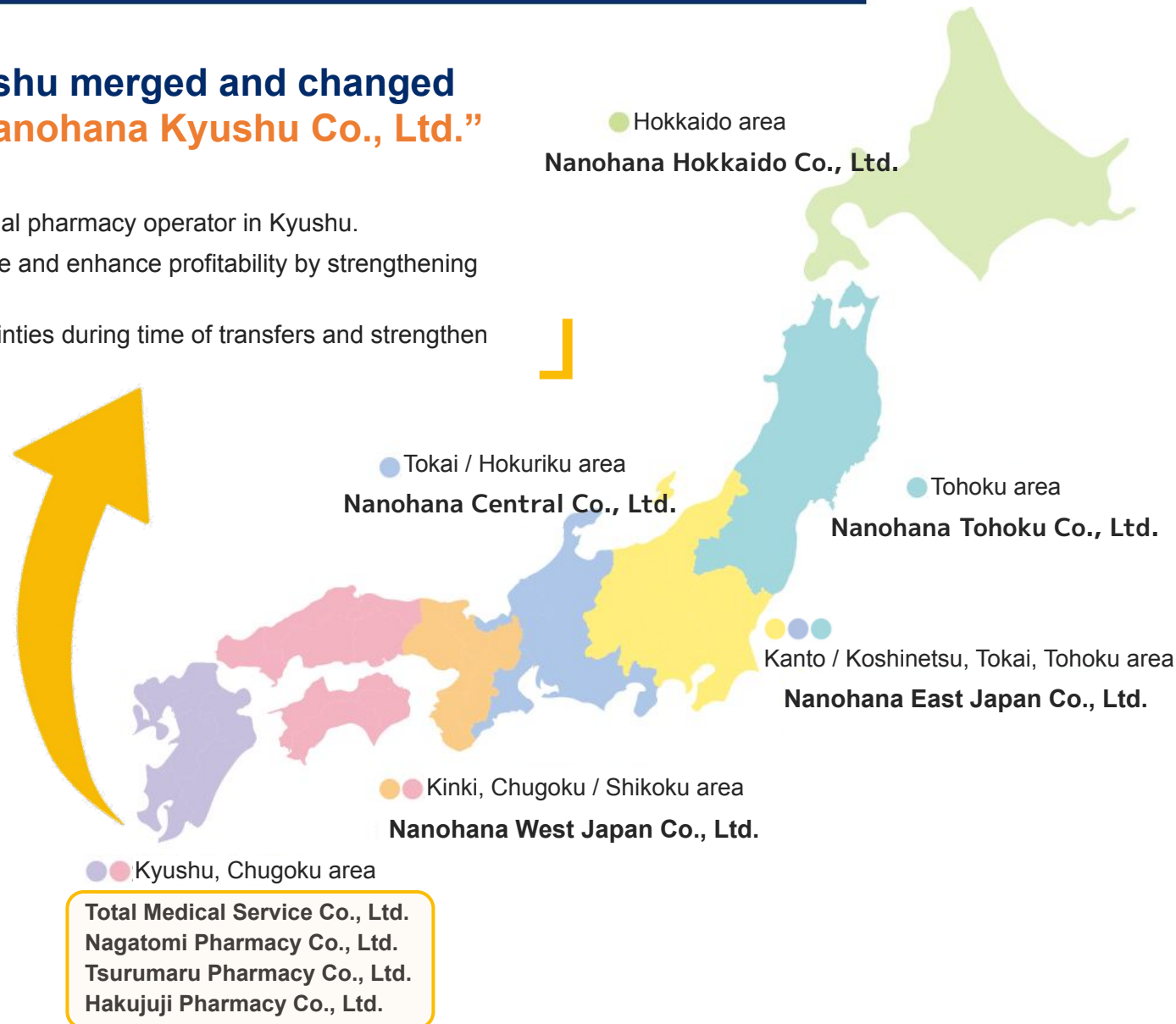
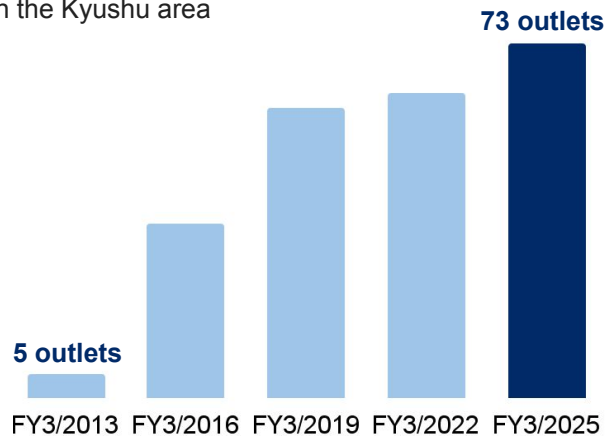


Four companies in Kyushu merged and changed the company name to “**Nanohana Kyushu Co., Ltd.**”

Merger benefits:

- Clarify the Group's position as a regional pharmacy operator in Kyushu.
- Build an efficient management structure and enhance profitability by strengthening governance and reducing costs.
- Unified brand image to reduce uncertainties during time of transfers and strengthen recruiting power.

■ Changes in the number of pharmacies in the Kyushu area



What is a "PREAVOID" ?

A term coined from the phrase "**PRE**vent and **AVOID** adverse drug events".

⇒ **The Group has been collecting "PREAVOID" reports since 2010 and conducts an annual contest**

* The 15th PREAVOID Contest (2023/10 - 2024/9): 2,620 eligible cases

< PREAVOID Cases >

- Patient -

The patient visited our pharmacy after a visit to the clinic.
He had been experiencing persistent unsteadiness, and in the past few days, his speech had also become slurred.
He also had discomfort in his fingertips, but he forgot to tell his doctor.

- Pharmacist -

The pharmacist asked about the patient's unsteadiness to check the effect of the previously prescribed medication.
Based on the patient's response, "I feel discomfort in my fingertips and cannot speak clearly," the pharmacist suspected signs of cerebral infarction (ischemic stroke).
She referred the suspicion to the clinic and urged the patient to return to the clinic.

- Patient -

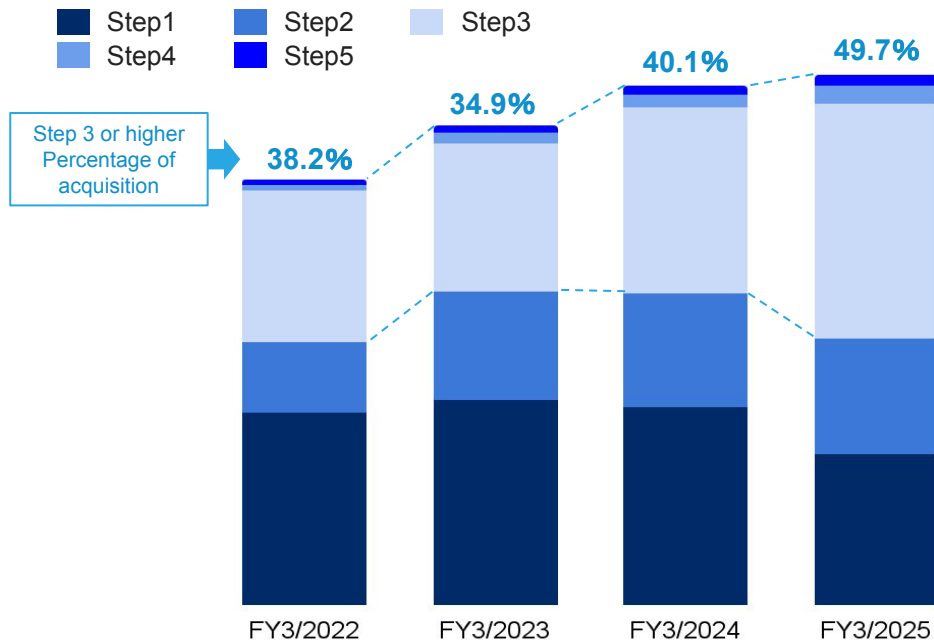
The patient returned to the clinic the same day and went to the neurosurgery department with a referral letter.
He was admitted to the hospital that same day.
He was discharged two and a half months later. His speech had recovered and his speech was natural.

As a community pharmacy, we will continue to actively provide support for resident's health maintenance and prevention, and strive to develop trusted relationships with our patients.

CP Step System (Community Pharmacist Step System)

An educational program introduced in FY2021 to nurture pharmacists who will support community healthcare as “a beacon in the town”. The system is designed to step up from “Step 1” by accumulating four types of achievements: clinical, training, research, and certification. In addition, we support the acquisition and renewal of external qualifications to develop human resources who can make the most of their expertise and play an active role.

< Changes in the number of people in each step >



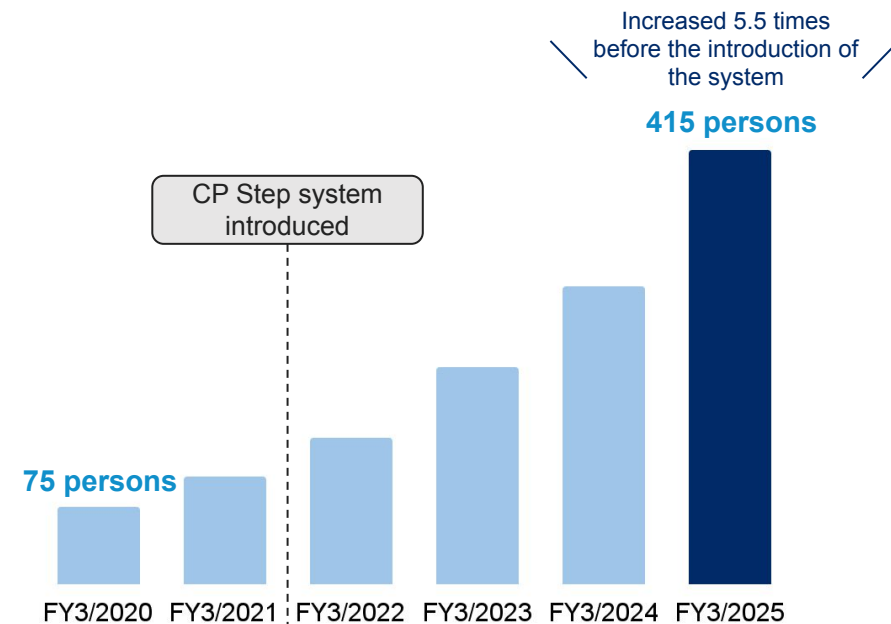
Criteria for Step 3:

Pharmacists who can incorporate new information on a daily basis and practice quality pharmacy care not only in the clinical setting but also in the community.

Objective:

With Step 3 as the “Nanohana Standard”, the number of pharmacists who are Step 3 or above should be 50% of the total number of pharmacists. **Almost achieved in 2025/3 !**

< Changes in the number of pharmacists with professional certification (total) >







Particular increase in the number of **Certified heart failure educator**, **Board-certified pharmacist of ambulatory cancer chemotherapy**, and **Board-certified primary care pharmacist**.

Pharmacy Support Businesses* : Performance Summary

Targets were achieved in all divisions of the Pharmaceutical Network Business, Manufacture and Market Pharmaceuticals Business, and Digital Shift Business.

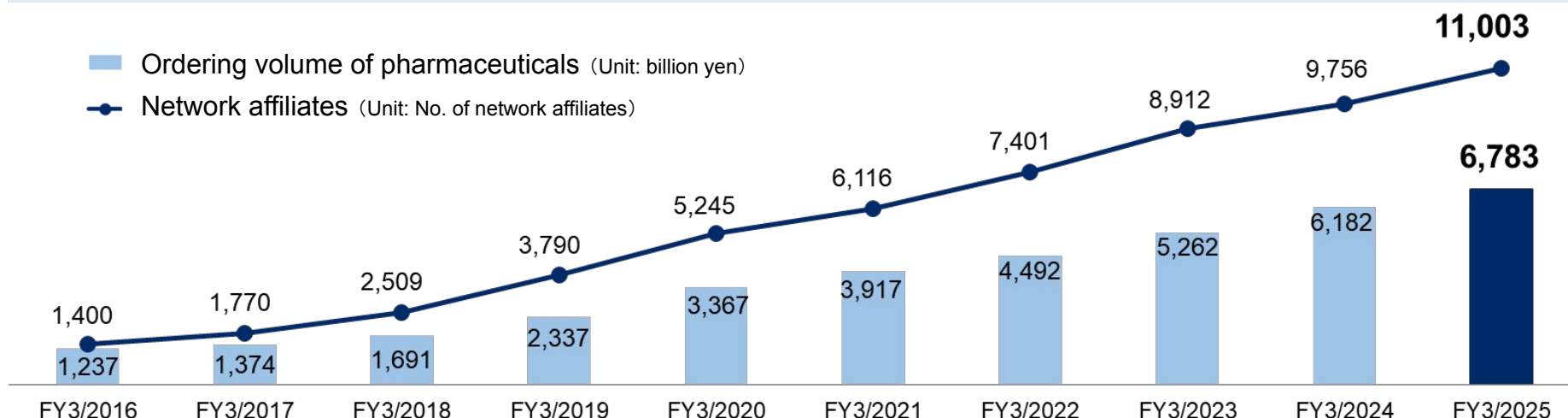
■ Results against numerical targets for FY2025/3

	Numerical Targets for the Current Term	Result
Pharmaceutical Network Business	10,756 network affiliates : +1,000 pharmacies	 11,003 network affiliates +1,247 affiliates (From the end of the previous FY) 11,145 network affiliates (As of April 30, 2025)
Manufacture and Market Pharmaceuticals Business	7,000 transacting pharmacies : +2,002 pharmacies	 7,181 transacting pharmacies +2,183 pharmacies (YoY)
Digital Shift Business	5,700 installed pharmacies : +1,018 pharmacies 1.4 million registered users : +350K users	 6,020 installed pharmacies +1,338 pharmacies (From the end of the previous FY)  1.46 million registered users +410K users (From the end of the previous FY)

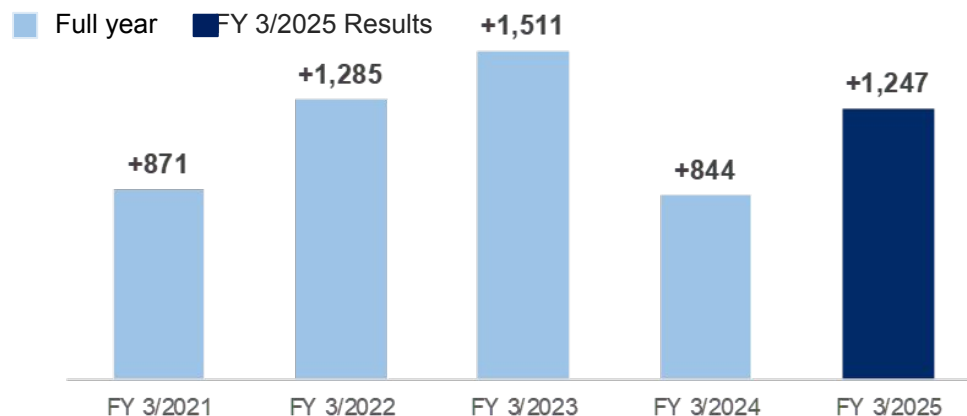
* Pharmaceutical Network Business, Pharmaceutical Manufacturing and Distribution Business, Pharmaceutical Logistics Business, Digital Shift Business

Pharmaceuticals Network Business : 11,003 member pharmacies

- Steady increased in new network affiliates.
- The full-year target was an increase of 1,000 and we exceeded the target with an increase of 1,247 to a total number of 11,003.



Network affiliates (Net Increase) (Unit: No. of network affiliates)



FY3/2025 Breakdown of network affiliates

	1 Q	2 Q	3 Q	4 Q	Total
New	522	414	391	361	1,688
Withdrawal	(100)	(157)	(89)	(95)	(441)

(Reference) FY3/2024

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



- Difficult to organize training sessions
- Difficult to support member pharmacies
- Want to revitalize the pharmacists' association

Training staff for community pharmacy association



- Difficult to provide training to respond to revisions
- Want to improve the level of medical care and obtain additional fees
- Want to obtain additional fees and have stable management

Member pharmacy managers and management pharmacists



MEDICAL SYSTEM NETWORK

< Training for Revision of the Dispensing Fee >

- Conducted live streaming for pharmacy associations
- Provided training participants with various BCPs and other information necessary for pharmacies

Strengthen relationships with pharmacy associations and connect them to other services to build area networks.

On-demand delivery for network affiliates that received the training developed for pharmacy associations on how to respond to compensation revisions conducted

Viewing: 1,311 corporations ... 2,843 pharmacies

Revision of the Dispensing Fee training for pharmacy associations

Participation: **17 pharmacy associations** from all over the country

3,673 participants in total during 6 sessions from July-December

Through training, we are supporting the creation of pharmacies that practice high-quality pharmacy care.

➡ Contributing to society by promoting initiatives aimed at establishing comprehensive community care.

LINCLE Regional Version ... In-house developed dispensing performance sharing system

Establishment of an area network to share information on dispensing performance for groups such as pharmacists' associations. Smoothly facilitates inter-pharmacy coordination to ensure a stable supply of pharmaceuticals and reduce the number of urgent deliveries.

- Uneven distribution of pharmaceutical inventories
- Difficulty in obtaining pharmaceuticals due to shipment adjustments and supply shortages

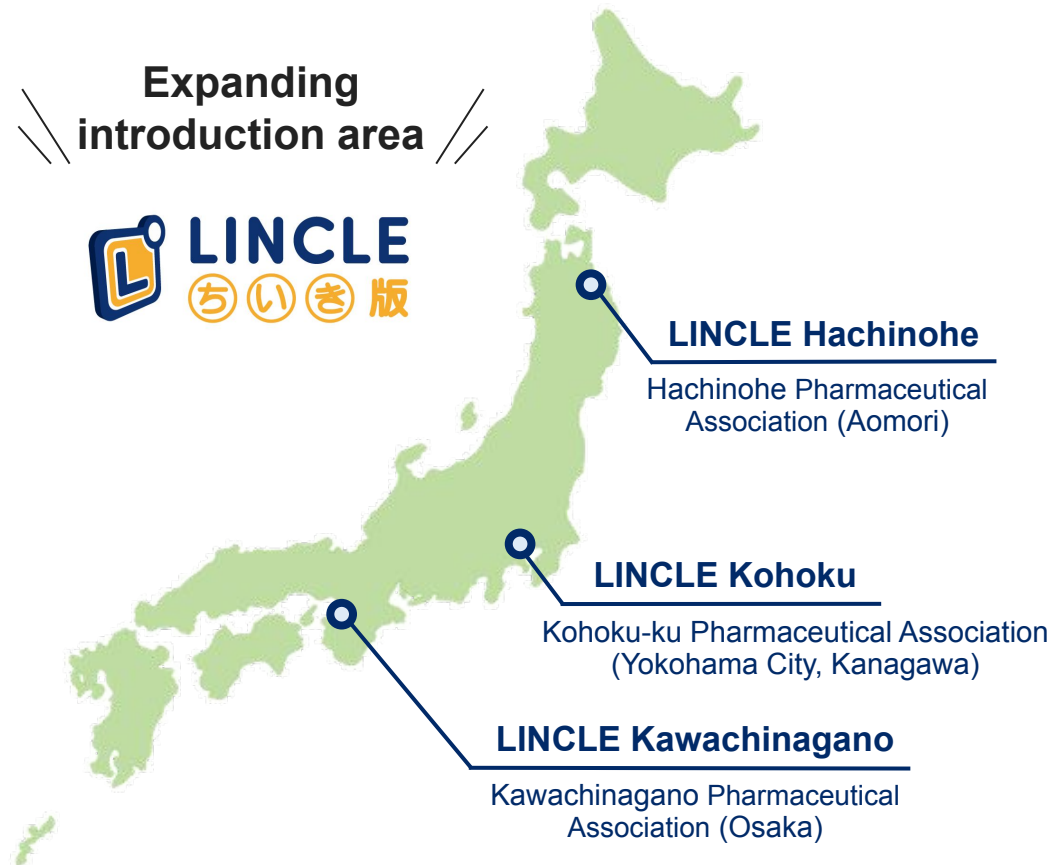
With “LINCLE Regional Version”, you can immediately see the dispensing results of neighboring pharmacies.

You can easily find a pharmacy that will share your medications

Handing over pharmaceutical without keeping patients waiting

Reduces pharmaceutical shortages and waste

Expanding
introduction area //



Manufacture and Market Pharmaceuticals Business :

120 products / 52 ingredients



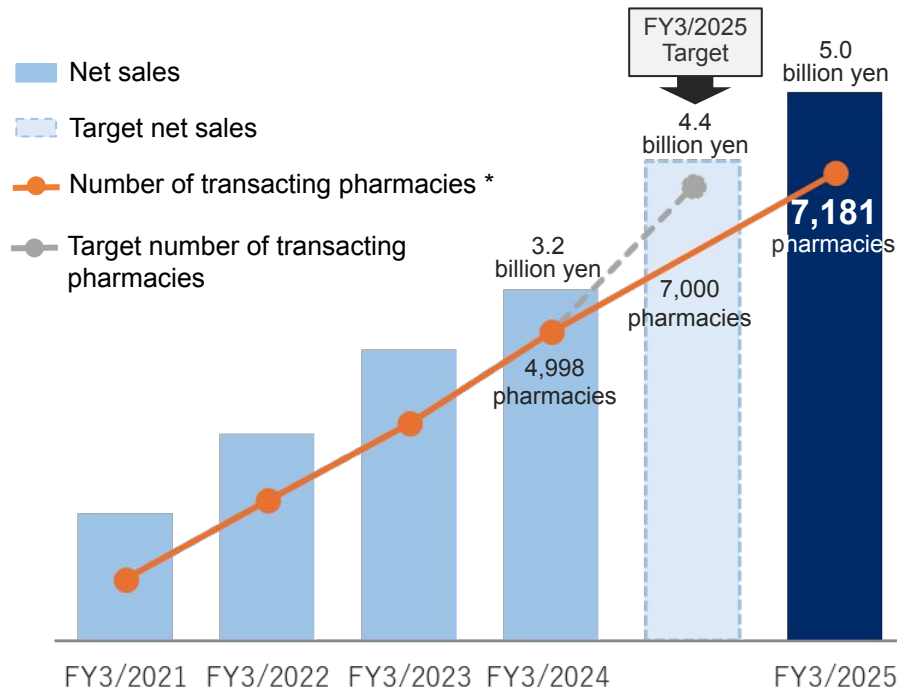
Steady expansion of sales channels and a significant increase in the number of transacting pharmacies.

Number of pharmacies: **7,181** YoY **+2,183**

No. of products adjusted for shipment as of March 31: 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.

■ Products released in this term

When to launch	Product name	products / Ingredients
April 2024 - December 2024 (Product names omitted)		14 product 7 ingredients
March 2025	AZILSARTAN Tablets 10mg / 20mg / 40mg "TCK"	3 products ** 0 ingredients

** Azilsartan tablets: No ingredient counted at this time because it is the same ingredient as the one already on the market.

Digital Shift Business : 1.46 million users registered



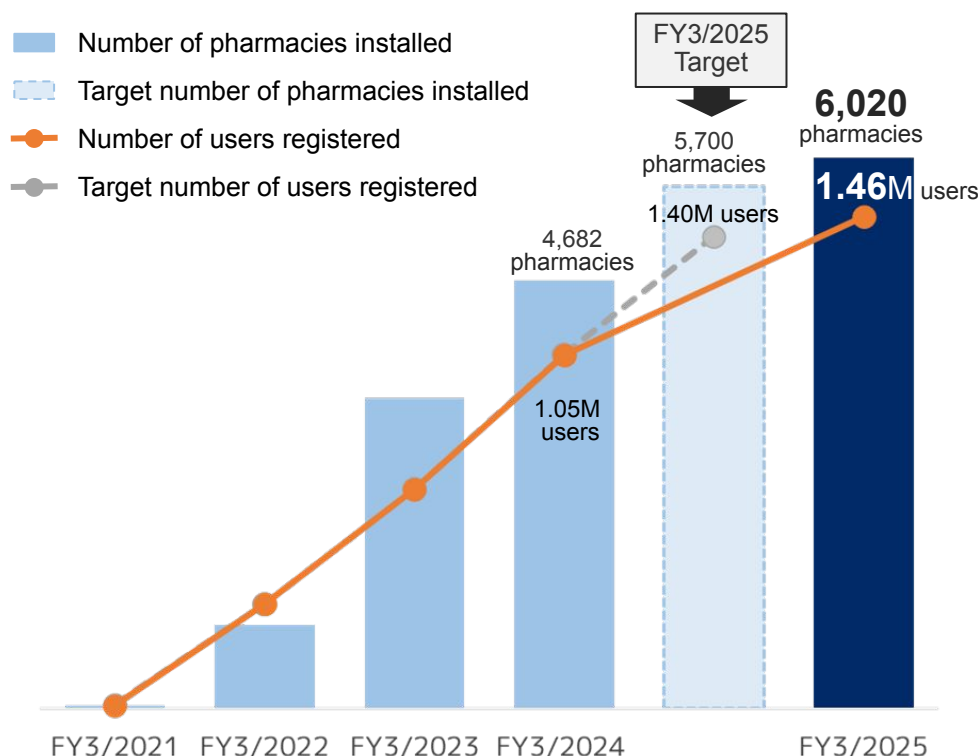
Pharmashift

Official LINE Account - Tsunagaru Pharmacy -

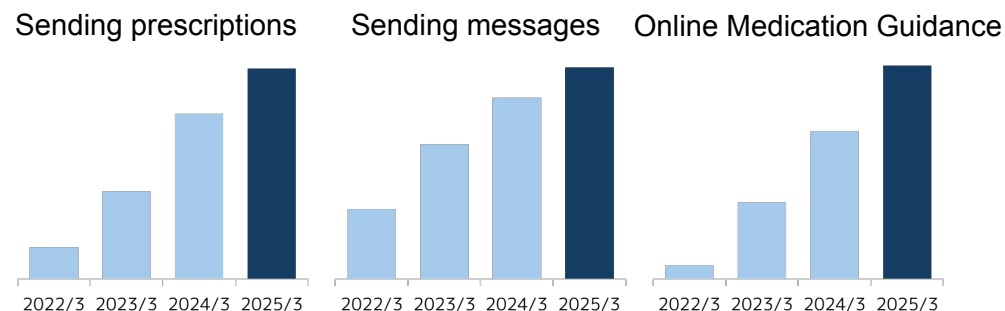
つながる薬局

- 1.46 million users and 6,020 pharmacies installed, exceeding the full-year target of 5,700 pharmacies.
- With strong usage results, focus on measures to raise user awareness to further promote utilization.

■ No. of users registrations and installed pharmacies

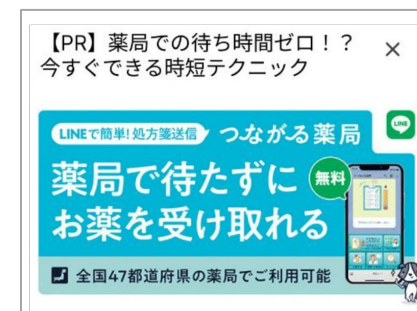


■ Increased use of each function



■ Mission ads delivered to "d-Healthcare"

Mission ads encouraging users to register and send prescriptions for "Tsunagaru Pharmacy" to NTT DOCOMO, Inc.'s "d-Healthcare" health management application.



Leasing and Facility related Segment

Net sales:

3,468 million yen YoY (3.9%)

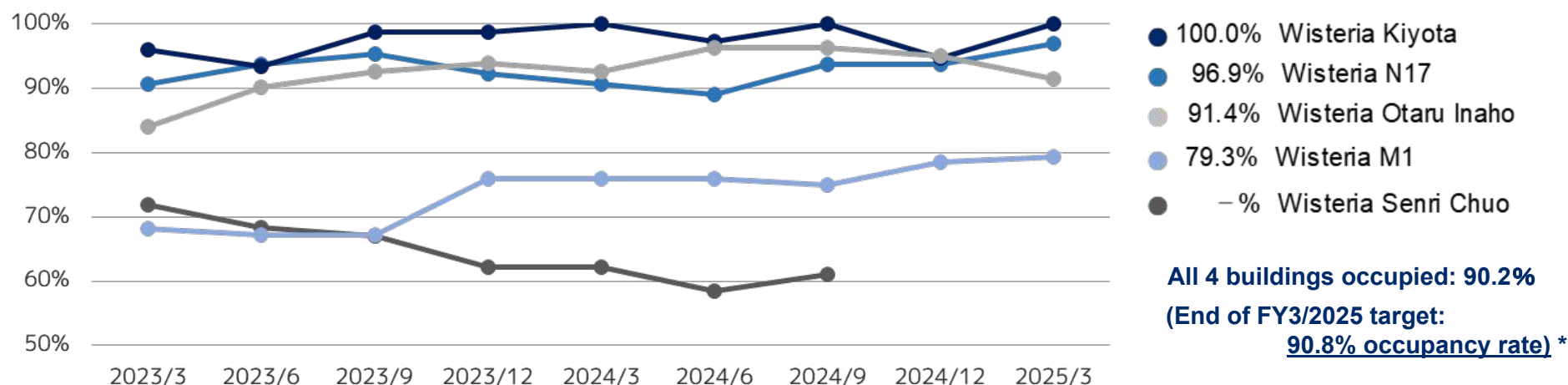
Operating profit:

190 million yen YoY +20.3%

- Profitability improved with the sale transfer of Wisteria Senri Chuo.
- Achieved profit increase through cost control such as effective advertising.



Wisteria Occupancy Rate Trends



TOPICS

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

* Target occupancy rate at end of period changed from 87.8% to 90.8% due to the transfer of Wisteria Senri Chuo

** 326 million yen in extraordinary income (gain on sales of fixed assets)

A background image showing a business meeting. Several people in 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 is holding a blue pen and pointing at a donut chart. A green coffee cup is also visible on the table.

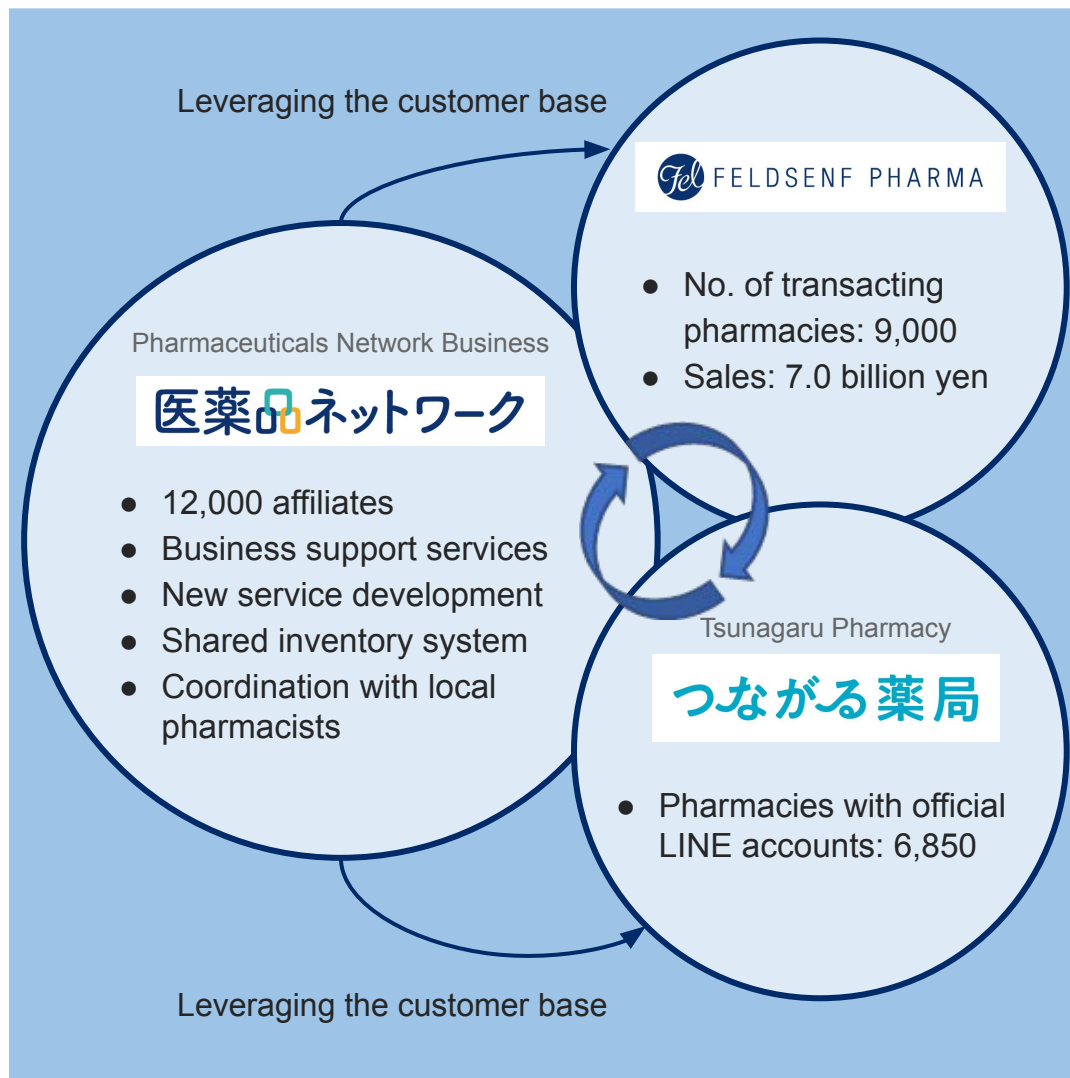
3

Core Strategies

▪

Earnings
Forecast for
FY3/2026

Sixth Medium-Term Management Plan (FY3/2023-FY3/2026) Final fiscal year



Nanohana Pharmacy

なの花薬局

**Enhancing pharmacy roles as
“a beacon in the town”**

- Foster a stronger medical mindset
- Become the pharmacy of choice for patients
- Strengthen interpersonal operations
- Continued strategic store openings

**Leasing and Facility related Segment
Meal Catering Segment
Home Visit Nursing Segment**

Measures to cope with rising prices and review of unprofitable sectors

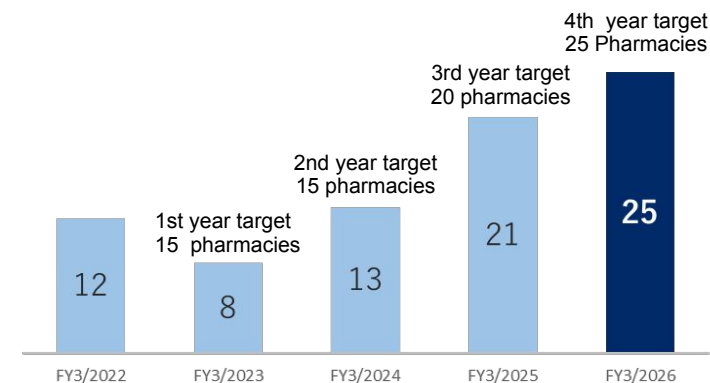
Investment and Financial Strategies

Cost control and accumulate capital

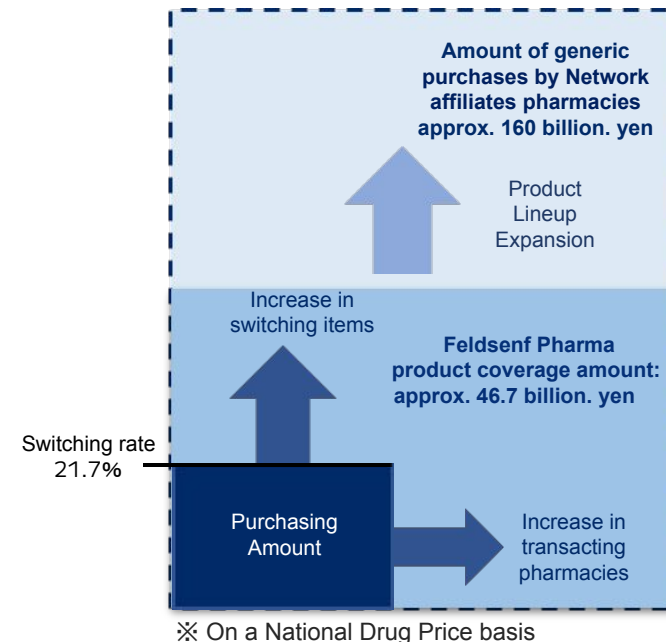
Core Strategies for the FY3/2026

Segments		Core Strategies and Numerical Targets	
Community Pharmacy Network Segment	Community Pharmacy Business	<ul style="list-style-type: none">■ Foster a stronger medical mindset and provide high-quality drug treatment■ Existing store prescription volume +2.4% YoY■ 25 pharmacy openings, mainly in med malls, 10 doctor invitations■ Increased productivity through appropriate cost controls	
	- Pharmacy Support Businesses -		
	Pharmaceuticals Network Business	<ul style="list-style-type: none">■ 12,000 affiliates at the end of March 2026 (+997)■ Promote distribution improvement (deliver once a day on weekdays, no deliveries on Saturdays, and reduce urgent deliveries)■ Expansion of services (training & new service dev.)■ Building area networks (shared inventory system)	
	Manufacture and Market Pharmaceuticals Business	<ul style="list-style-type: none">■ Maintaining stable supply■ Increasing the No. of transacting pharmacies end of fiscal year: 9,000 (+1,819)	At the
	Pharmaceutical Logistics	<ul style="list-style-type: none">■ Maintaining stable supply■ Increasing the No. of transacting pharmacies end of fiscal year: 3,700 (+2,128)	At the
	Digital Shift Business	<ul style="list-style-type: none">■ Onboarded pharmacies 6,850 by the end of March 2026 (+830)■ Continued enhancement of functionality	
Leasing and Facility related Segment		<ul style="list-style-type: none">■ Achieved 91.8% (+1.6pt) occupancy rate and stable operation in Wisteria■ Profitability improvement (measures against rising rents, management costs, and inflation)	
Meal Catering Segment, Home Visit Nursing Segment		<ul style="list-style-type: none">■ Measures against inflation and raising the breakeven point■ Review of unprofitable divisions	
Finance, ESG and Health Management		<ul style="list-style-type: none">■ Company-wide implementation of cost control■ Ensure profitability and strengthen capital base	

【Pharmacies openings and target number of pharmacies】



【Generic drug purchases by network affiliates】



Earnings Forecast for the FY3/2026 : Consolidated Forecast

Although wage increases will be implemented in the fiscal year ending March 31, 2026, we forecast an increase in both sales and profit due to an increase in the number of pharmaceutical network members, an increase in the number of prescriptions filled, and sales expansion of generics.

(Unit: million yen)	FY3/2025 Results	FY3/2026 Forecast	Change	Change (%)
Net sales	122,387	125,500	+ 3,112	+ 2.5%
EBITDA Profit margin	6,569 5.4%	6,890 5.5%	+ 320 0.1pt	+ 4.9%
Operating profit Profit margin	3,154 2.6%	3,400 2.7%	+ 245 0.1pt	+ 7.8%
Ordinary profit Profit margin	3,162 2.6%	3,200 2.5%	+ 37 (0.0pt)	+ 1.2%
Profit attributable to owners of parent Profit margin	1,262 1.0%	1,300 1.0%	+ 37 (0.0pt)	+ 3.0%
Earnings per share (Yen)	43.20	44.48	+ 1.28	—

Earnings Forecast for the FY3/2026 : Forecast by Segment

■ Net Sales

(Unit: million yen)

	FY3/2025 Results	FY3/2026 Forecast	Change	Change (%)
Net Sales	122,387	125,500	+ 3,112	+ 2.5%
Community Pharmacy Network Segment *	116,968	120,099	+ 3,131	+ 2.7%
Leasing and Facility Related Segment Meals Catering Segment Home Visit Nursing Segment	6,171	6,226	+ 55	+ 0.9%
Adjustments	(751)	(826)	(74)	—

■ Operating Profit

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

Segment Profit	3,154 2.6%	3,400 2.7%	+ 245 0.1pt	+ 7.8%
Community Pharmacy Network Segment *	5,626 4.8%	5,973 5.0%	+ 346 0.2pt	+ 6.2%
Leasing and Facility Related Segment Meals Catering Segment Home Visit Nursing Segment	171 2.8%	217 3.5%	+ 46 0.7pt	+ 27.0%
Adjustments	(2,644) —	(2,791) —	(146) —	—

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

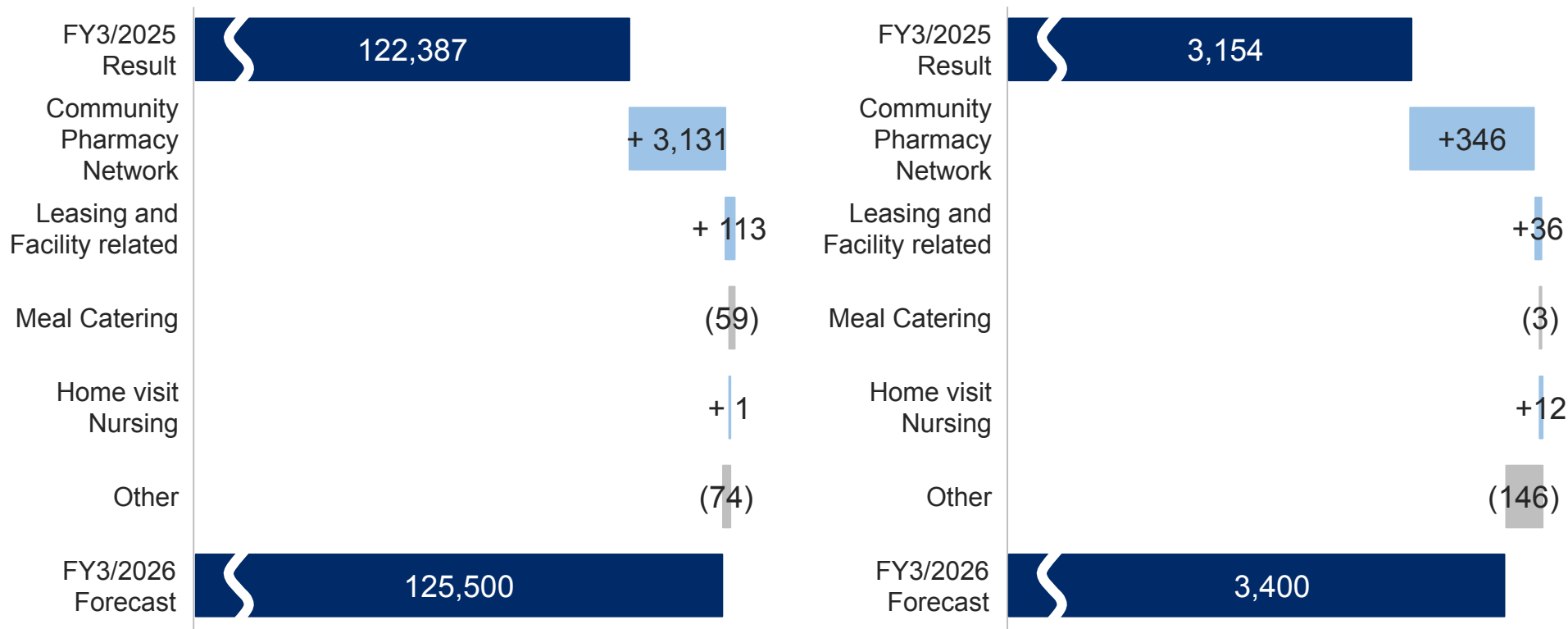
Earnings Forecast for the FY3/2026 : Comparison to Previous Term MEDICAL SYSTEM NETWORK GROUP

■ Net sales

(Unit: million yen)

■ Operating profit

(Unit: million yen)



YoY	FY3/2025 Results	FY3/2026 Forecast
No.of prescriptions at existing pharmacies	(0.6%)	+2.4%
Prescription unit price at existing pharmacies	+1.6%	(1.3%)

Existing pharmacies are pharmacies that have been continuously open since April 1, 2023 for the fiscal year ending March 31, 2025, and since April 1, 2024 for the fiscal year ending March 31, 2026.

Growth Strategy :

Started to Study the Development of a Long-Term Vision

The business environment surrounding the group is changing at an ever increasing pace, and in order to grasp the changes in the environment and make appropriate decisions, we have begun to consider the formulation of a long-term vision.



Beginning to study the development of a long-term vision

To be announced in the fall of 2025

- Reexamination of the functions required of pharmacies and pharmacists in the future and their ideal form.
- Identify and clarify opportunities and risks related to strategic business decisions.
- Timely and appropriate disclosure of information for capital market evaluation.

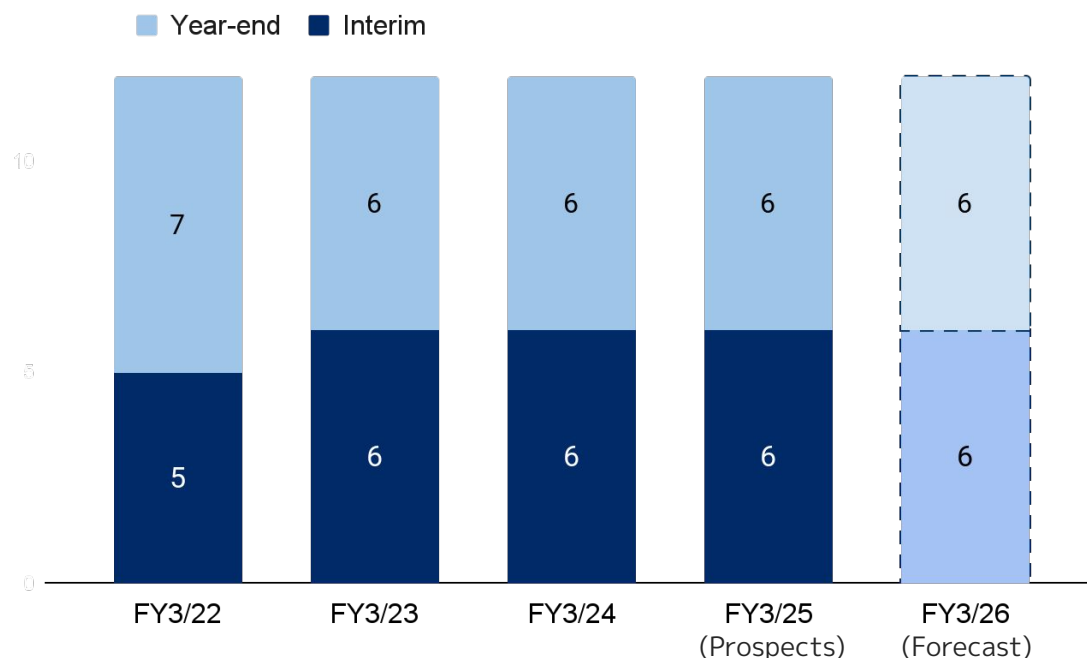
◆ Basic policy

Maintain the necessary retained earnings to strengthen our financial position, expand the scale of our business, and develop our human resources, while at the same time paying stable dividends to our shareholders in a manner commensurate with our business performance.

◆ Dividend forecast for the FY ending March, 2026

We plan to pay interim and year-end dividends of 6 yen per share, for an annual dividend of 12 yen per share, based on the consolidated forecast.

【 Annual dividend per share trend 】



【 Shareholder Return Indicators 】

FY3/2025 (Prospects)

Annual dividend per share 12 yen
Dividend payout ratio 27.8%



FY3/2026 (Forecast)

Annual dividend per share 12 yen
Dividend payout ratio 27.0%



4

Reference
Materials

Continued to receive “KENKO Investment for Health 2025 (Large Sector)” and “SPORTS YELL COMPANY 2025” certifications.



Our employee Nduka Jennifer was selected for the 2025 Japan women's 15-player national team squad. Players for the World Cup will be selected primarily from the 36 members of the squad.



Our employee Saegusa Chiaki participated in the “HSBC SVNS 2025 Perth” as a member of the Japanese women's sevens team (Sakura Sevens).



Special sponsorship of the “Japan Sevens 2024”, a 7 men rugby tournament.
A commercial for Nanohana Pharmacy was aired at the venue.



Sponsored the 43rd Hokkaido Elementary School Badminton Tournament “Nanohana Pharmacy Cup”.



Participated in volunteer activities for the Hokkaido Marathon 2024. Activities were held at the 30.2km water point.



Ongoing volunteer work teaching elementary school students about “tag rugby”, which was developed for children and beginners.



MEDICAL
SYSTEM
NETWORK
GROUP

Nanohana Pharmacy new commercial
now on view!



[Here is a link to
YouTube](#)

Click →



MEDICAL SYSTEM NETWORK Co., Ltd.

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