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Consolidated Financial Results for the Three Months Ended June 30, 2025 (Japanese GAAP)

August 8, 2025

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

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

Representative: Inao Tajiri, President and Representative Director
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Scheduled date for dividend payment: —
Preparation of supplemental explanatory materials: Yes
Results briefing to be held: None

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

1. Consolidated Financial Results for the Three Months Ended June 30, 2025 (April 1 to June 30, 2025)

(1) Consolidated operating results

(Percentages indicate YoY change)

	Net sales		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2025	31,100	5.7	1,281	0.2	439	(6.1)	404	(13.6)	78	(54.0)
Three months ended June 30, 2024	29,419	6.4	1,278	6.3	468	3.7	468	14.2	170	15.1

Note: Comprehensive income for the three months ended June 30, 2025 was 89 million yen (- 52.8% YoY), and comprehensive income for the three months ended June 30, 2024 was 189 million yen (16.5%YoY).

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

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2025	2.69	—
Three months ended June 30, 2024	5.85	—

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

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2025	71,775	16,256	22.5	552.83
As of March 31, 2024	70,586	16,345	23.0	556.31

Reference: Shareholders' equity amounted to 16,158 million yen as of June 30, 2025 and 16,260 million as of March 31, 2025.

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.

2. Dividends

	Dividends per share				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2025	—	6.00	—	6.00	12.00
Fiscal year ending March 31, 2026	—				
Fiscal year ending March 31, 2026 (forecast)		6.00	—	6.00	12.00

Note: Revisions to the Company's most recently announced dividend forecast: No

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: Revisions to the Company's most recently announced consolidated earnings forecast: No

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

***Notes**

(1) Significant changes in the scope of consolidation during the period: Yes

Newly added: 1 company (Medico Planning Ltd.)

Excluded: 3 companies

(Nagatomi Pharmacy Co., Ltd., Tsurumaru Pharmacy Co., Ltd., Hakujuji General Pharmacy Co., Ltd.)

(2) Distinctive accounting methods applied when preparing quarterly consolidated financial statements: None

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

1. Accounting policy changes due to accounting standard revisions, etc.: None

2. Other accounting policy changes: None

3. Changes in accounting estimates: None

4. Retrospective restatements: None

(4) Number of shares outstanding (common stock)

1. Shares outstanding
(including treasury
stock)

As of June 30, 2025	30,642,600	As of March 31, 2025	30,642,600
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2. Treasury shares
outstanding

As of June 30, 2025	1,414,103	As of March 31, 2025	1,414,055
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3. Period-average shares
outstanding (cumulative
quarterly figures)

Three months ended June 30, 2025	29,228,528	Three months ended June 30, 2024	29,228,545
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Note: Please refer to "Appropriate use of earnings forecast and other special notes 2" for details of calculation method regarding period-end treasury stock numbers and period-average shares outstanding (cumulative quarterly figures).

*Review by a certified public accountant or auditing firm of the attached quarterly consolidated financial statements: None

***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 materially from forecasts due to a variety of factors. For matters concerning earnings forecasts, please refer to page 3 of the attached materials "1. Qualitative Information on Quarterly Financial Performance (3) Explanation of Consolidated Earnings Forecasts and Other Projections."

2. In the quarterly consolidated balance sheets, the Company's shares held as trust assets of the Board Benefit Trust (BBT) are recorded as treasury stock. They are included in treasury stock in calculations of earnings per share, equity ratio, net assets per share, shareholders' equity, period-end treasury stock numbers, and period-average shares outstanding (cumulative quarterly figures).

Accompanying Materials – Contents

1. Qualitative Information on Quarterly Financial Performance	2
(1) Explanation of Operating Results	2
(2) Overview of Financial Position	3
(3) Explanation of Consolidated Earnings Forecasts and Other Projections	3
2. Quarterly Consolidated Financial Statements and Primary Notes	4
(1) Consolidated Balance Sheet	4
(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income	6
(3) Notes to Quarterly Consolidated Financial Statements	8
(Notes to going concern assumptions)	8
(Notes in the event of significant changes in shareholders' equity)	8
(Notes to segment information, etc.)	8
(Notes to the statement of cash flows)	8

1. Qualitative Information on Quarterly Financial Performance

(1) Explanation of Operating Results

In the first three months of the fiscal year ending March 31, 2026 (April 1–June 30, 2025), the Japanese economy showed signs of a gradual recovery supported by improvements in employment and income conditions. However, the outlook remains uncertain due to ongoing inflation, U.S. trade policy developments, and volatility in the financial and capital markets.

Under these economic conditions, the Group aims to contribute to the well-being of all by serving as a beacon of light in the community—building medical infrastructure that enables everyone to live safely, comfortably, and authentically throughout their lives.

In the first three months under review, performance benefited from contributions from pharmacies opened in the previous fiscal year in the Community Pharmacy Business, but higher salary levels weighed on earnings. As a result, net sales amounted to 31,100 million yen (+5.7% YoY), operating profit to 439 million yen (-6.1% YoY), ordinary profit to 404 million yen (-13.6% YoY), and profit attributable to owners of parent to 78 million yen (-54.0% YoY).

Results by segment were as follows. Net sales for individual segments include intersegment sales.

1) Community Pharmacy Network Segment

In the Community Pharmacy Network Segment, the Group is 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, market, and distribute pharmaceuticals, and support pharmacies transition into family pharmacies through the use of the LINE app.

In the Community Pharmacy Business, we continued to focus on opening new pharmacies. In the first three months under review, we opened six community pharmacies, including five located in medical malls, and acquired one additional community pharmacy, while closing or selling two pharmacies. As a result, as of June 30, 2025, we operated 462 community pharmacies, one In-Home care plan support center, and nine drug stores.

In the Pharmaceutical Network Business, new network affiliates steadily increased, thanks to our efforts to expand services, including a region-specific pharmaceutical inventory information sharing service and various training programs. As of June 30, 2025, pharmaceutical network affiliates totaled 11,264, up 261 from March 31, 2025, consisting of 462 Group pharmacies and 10,802 general affiliates.

In the Manufacture and Market Pharmaceutical Business, the number of partner pharmacies grew steadily, reaching 6,993 as of June 30, 2025—an increase of 1,822 from March 31, 2025—driven by efforts to cultivate new partnerships. As of the same date, the Group's product lineup comprised 120 products across 52 active pharmaceutical ingredients (APIs), with shipments of nine products covering four APIs currently being adjusted.

In the Pharmaceutical Logistics Business, the Group is working to expand its network of partner pharmacies. The number of partner pharmacies grew steadily, reaching 2,408 as of June 30, 2025, up 836 from March 31, 2025.

In the Digital Shift Business, the Group is working to expand its customer base by delivering successful experiences to both patients and pharmacies. As of June 30, 2025, the number of pharmacies that had adopted the Group's services totaled 6,226, an increase of 206 from March 31, 2025.

As a result of the above, in the first three months under review, segment sales totaled 29,850 million yen (+6.5% YoY) and operating profit 1,065 million yen (+0.3% YoY).

2) Leasing and Facility-related Segment

In the Leasing and Facility-related Segment, the Group is engaged in site development for pharmacies, as well as leasing and management of pharmacy buildings; support for clinic openings for physicians; the development, design and construction supervision, and operation of medical facilities; and the operation of serviced residences for the elderly.

Due to the absence of a large project that had boosted results in the same period last year, segment sales declined to 747 million yen (-20.7% YoY), and operating profit fell to 23 million yen (-58.5% YoY).

As of June 30, 2025, the occupancy rate for the four serviced residences for the elderly under management was 87.8%.

3) Meal Catering Segment

In the Meal Catering Segment, the Group is engaged in providing contracted meal services within hospitals and welfare facilities.

Although we introduced fully prepared food products to address the chronic labor shortage and worked to improve profitability through measures such as price revisions, these efforts were offset by rising material and personnel costs. As a result, segment sales declined to 581 million yen (-0.7% YoY), and the operating loss widened to 3 million yen.

(versus a loss of 2 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.

Supported by improved efficiency of sales activities, segment sales amounted to 85 million yen (+0.3%), and the operating loss narrowed to 3 million yen (from an operating loss of 7 million yen in the same period of the previous fiscal year).

(2) Overview of Financial Position

As of June 30, 2025, total assets stood at 71,775 million yen, an increase of 1,188 million yen from March 31, 2025.

Current assets were 23,985 million yen, up 1,358 million yen from March 31, 2025, primarily due to increases in cash and deposits and merchandise.

Non-current assets were 47,789 million yen, down 169 million yen from March 31, 2025. This was mainly attributed to decreases in goodwill and deferred tax assets, despite an increase in guarantee deposits.

Meanwhile, total liabilities amounted to 55,518 million, an increase of 1,277 million yen from March 31, 2025. Current liabilities were 26,896 million yen, up 2,519 million yen from March 31, 2025. This primarily reflected increases in accounts payable—trade and short-term borrowings, offsetting decreases in income taxes payable and provision for bonuses. Non-current liabilities were 28,622 million yen, down 1,241 million yen from March 31, 2025, mainly due to a decrease in long-term borrowings.

Net assets totaled 16,256 million yen, a decrease of 89 million yen from March 31, 2025. This was primarily due to a decrease in retained earnings as a result of year-end dividend payments.

(3) Explanation of Consolidated Earnings Forecasts and Other Projections

The Company has made no changes to its first half and full-year earnings forecasts for the financial year ending March 31, 2026, which were announced on May 9, 2025.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	Fiscal year ended March 31, 2025 (as of March 31, 2025)	Three months ended June 30, 2025 (as of June 30, 2025)
Assets		
Current assets		
Cash and deposits	8,461	8,742
Accounts receivable - trade	5,053	4,959
Unearned revenue from sale of accounts receivable	1,054	1,091
Purchased receivables - dispensing fees	475	442
Merchandise	6,112	7,245
Raw materials	16	16
Work in process	24	8
Supplies	83	88
Other	1,363	1,410
Allowance for doubtful accounts	(18)	(19)
Total current assets	22,627	23,985
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,705	12,747
Land	9,378	9,348
Construction in progress	89	200
Other	6,299	6,336
Total property, plant and equipment	28,473	28,632
Intangible assets		
Goodwill	9,063	8,860
Software	778	818
Other	66	64
Total intangible assets	9,908	9,742
Investments and other assets		
Investment securities	702	687
Guarantee deposits	4,456	4,570
Deferred tax assets	3,432	3,264
Other	1,006	912
Allowance for doubtful accounts	(20)	(21)
Total investments and other assets	9,578	9,414
Total non-current assets	47,959	47,789
Total assets	70,586	71,775

(Millions of yen)

	Fiscal year ended March 31, 2025 (as of March 31, 2025)	Three months ended June 30, 2025 (as of June 30, 2025)
Liabilities		
Current liabilities		
Accounts payable – trade	11,480	13,291
Short-term borrowings	588	2,747
Current portion of long-term borrowings	5,596	5,487
Income taxes payable	864	158
Provision for bonuses	1,768	771
Provision for bonuses for directors (and other officers)	-	7
Other	4,079	4,434
Total current liabilities	24,377	26,896
Non-current liabilities		
Long-term borrowings	18,085	16,777
Provision for retirement benefits for directors (and other officers)	557	523
Provision for share awards for directors (and other officers)	299	307
Retirement benefit liability	4,666	4,786
Other	6,255	6,226
Total non-current liabilities	29,863	28,622
Total liabilities	54,241	55,518
Net assets		
Shareholders' equity		
Share capital	2,128	2,128
Capital surplus	946	946
Retained earnings	14,001	13,901
Treasury shares	(891)	(891)
Total shareholders' equity	16,184	16,084
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	34	32
Deferred gains or losses on hedges	4	2
Remeasurements of defined benefit plans	37	38
Total accumulated other comprehensive income	75	74
Non-controlling interests	85	97
Total net assets	16,345	16,256
Total liabilities and net assets	70,586	71,775

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

Consolidated Statement of Income

	(Millions of yen)	
	Three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)	Three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)
Net sales	29,419	31,100
Cost of sales	17,145	18,147
Gross profit	12,274	12,953
Selling, general and administrative expenses	11,806	12,513
Operating profit	468	439
Non-operating income		
Interest and dividend income	3	3
Outsourcing service income	16	14
Rental income from facilities	32	36
Subsidy income	20	15
Miscellaneous income	20	19
Total non-operating income	93	89
Non-operating expenses		
Loss on sale of receivables	20	33
Interest expenses	65	72
Share of loss of entities accounted for using equity method	-	13
Miscellaneous losses	8	4
Total non-operating expenses	93	123
Ordinary profit	468	404
Extraordinary income		
Gain on sale of non-current assets	0	11
Gain on sale of businesses	31	1
Total extraordinary income	31	13
Extraordinary losses		
Loss on sale of non-current assets	0	5
Loss on retirement of non-current assets	4	1
Loss on store closings	3	6
Other	2	-
Total extraordinary losses	10	13
Profit before income taxes	488	405
Income taxes - current	107	143
Income taxes - deferred	204	170
Total income taxes	311	314
Profit	176	90
Profit (loss) attributable to non-controlling interests	6	12
Profit (loss) attributable to owners of parent	170	78

Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	Three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)	Three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)
Profit	176	90
Other comprehensive income		
Valuation difference on available-for-sale securities	4	(1)
Deferred gains or losses on hedges	0	(1)
Remeasurements of defined benefit plans, net of tax	6	1
Total other comprehensive income	12	(1)
Comprehensive income	189	89
(Breakdown)		
Comprehensive income attributable to owners of parent	183	77
Comprehensive income attributable to non-controlling interests	6	12

(3) Notes to Quarterly Consolidated Financial Statements

(Notes to going concern assumptions)

None to be reported.

(Notes in the event of significant changes in shareholders' equity)

None to be reported.

(Notes to segment information, etc.)

I. Three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

Information on sales and profit (loss) by reporting segment

(Millions of yen)

	Reporting segment					Adjustments (Note 1)	Amounts on consolidated statement of income (Note 2)
	Community Pharmacy Network	Leasing and Facility- related	Meal Catering	Other	Total		
Net sales							
Sales to external customers	28,017	731	585	85	29,419	—	29,419
Intersegment sales or transfers	12	211	0	—	224	(224)	—
Total	28,029	942	586	85	29,643	(224)	29,419
Segment profit (loss)	1,061	56	(2)	(7)	1,107	(639)	468

Notes: 1. The negative 639 million yen adjustment to segment profit (loss) includes 51 million yen in elimination of intersegment transactions and 690 million yen in companywide expenses not allocated to reporting segments. Companywide expenses mainly refer to general expenses that do not belong to reporting segments.

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

II. Three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

1. Information on sales and profit (loss) by reporting segment

(Millions of yen)

	Reporting segment					Adjustments (Note 1)	Amounts on consolidated statement of income (Note 2)
	Community Pharmacy Network	Leasing and Facility- related	Meal Catering	Other	Total		
Net sales							
Sales to external customers	29,840	592	581	85	31,100	—	31,100
Intersegment sales or transfers	10	154	0	—	165	(165)	—
Total	29,850	747	581	85	31,265	(165)	31,100
Segment profit (loss)	1,065	23	(3)	(3)	1,082	(642)	439

Notes: 1. The negative 642 million yen adjustment to segment profit (loss) includes 98 million yen in elimination of intersegment transactions and 741 million yen in companywide expenses not allocated to reporting segments. Companywide expenses mainly refer to general expenses that do not belong to reporting segments.

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

(Notes to the statement of cash flows)

We have not prepared a consolidated statement of cash flows for the three months ended June 30, 2024. Depreciation (including amortization of intangible assets excluding goodwill) and amortization of goodwill for the said period are as follows.

	Three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)	Three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)
Depreciation and amortization	523 Millions of yen	573 Millions of yen
Amortization of goodwill	286 Millions of yen	268 Millions of yen