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Consolidated Financial Results for the Three Months Ended June 30, 2026 (Japanese GAAP)

August 7, 2026

Company name: Medical System Network Co., Ltd. Listing: Tokyo Stock Exchange
Stock code: 4350 URL: https://www.msnw.co.jp/eng/

Representative: Inao Tajiri, President and Representative Director
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Tel: +81-11-613-7750
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, 2026 (April 1 to June 30, 2026)

(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, 2026	33,147	6.6	936	(26.9)	125	(71.5)	84	(79.1)	(124)	—
Three months ended June 30, 2025	31,100	5.7	1,281	0.2	439	(6.1)	404	(13.6)	78	(54.0)

Note: Comprehensive income for the three months ended June 30, 2026 was -98 million yen (—% YoY), and comprehensive income for the three months ended June 30, 2025 was 89 million yen (-52.8 %YoY).
Note: EBITDA = (operating profit + depreciation + goodwill amortization)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2026	(4.27)	—
Three months ended June 30, 2025	2.69	—

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, 2026	79,294	17,136	21.4	581.58
As of March 31, 2026	80,100	17,413	21.6	591.38

Reference: Shareholders’ equity amounted to 16,998 million yen as of June 30, 2026 and 17,285 million as of March 31, 2026.
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, 2026	—	6.00	—	6.00	12.00
Fiscal year ending March 31, 2027	—				
Fiscal year ending March 31, 2027 (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, 2027 (April 1, 2026 to March 31, 2027)

(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	65,800	3.0	2,352	(21.4)	700	(45.6)	570	(53.1)	—	—	—
Full-year	136,000	2.9	6,420	(4.6)	3,000	(9.4)	2,700	(15.4)	1,000	(6.6)	34.21

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: 1company (Grand Tree Co., Ltd.)
Excluded: 1company (Climber 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, 2026	30,642,600	As of March 31, 2026	30,642,600
2. Treasury shares outstanding	As of June 30, 2026	1,414,124	As of March 31, 2026	1,414,124
3. Period-average shares outstanding (cumulative quarterly figures)	Three months ended June 30, 2026	29,228,476	Three months ended June 30, 2025	29,228,528

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

(1) Explanation of Operating Results

In the first three months of the fiscal year ending March 31, 2027 (April 1–June 30, 2026), the Japanese economy continued to recover gradually, supported by improvements in employment and income conditions. However, the outlook remains uncertain, due to ongoing inflation, geopolitical risks in the Middle East, and volatility in the financial and capital markets.

In the pharmaceutical and dispensing pharmacy industry, where the Group operates, institutional reforms aimed at optimizing healthcare expenditures continued. Against this backdrop, demand increased for more advanced pharmacy functions that support regional healthcare, a stable supply of pharmaceuticals, and stronger healthcare collaboration through the use of digital technologies. Meanwhile, the operating environment remained challenging due to NHI drug price revisions, rising personnel and other costs driven by inflation, and the need to respond to changes in the pharmaceutical supply environment.

In this business environment, the Group established its long-term vision, *Machino Akari Vision 2035*, in October 2025 and announced the Seventh Medium-Term Management Plan to realize that vision in May 2026. The Group aims to contribute to the well-being of all by serving as *Machino Akari*—a beacon of light in the community—that supports people throughout their lives, while building healthcare infrastructure that enables everyone to live safely, comfortably, and authentically.

To lead efforts to address challenges facing regional healthcare, the Group established three strategic business domains under *Machino Akari Vision 2035* that differ from its reporting segments: medical, medical support, and medical supply. Under its Seventh Medium-Term Management Plan, the Group is pursuing strategies tailored to the role of each domain while working to enhance its services and strengthen collaboration across its businesses.

During the three months ended June 30, 2026, the Group worked to expand the number of pharmacies utilizing the Group's services. However, results were affected by higher system-related expenses associated with integrating customer information platforms and improving existing systems, as well as higher personnel expenses. As a result, net sales amounted to 33,147 million yen (+6.6% YoY), while operating profit declined to 125 million yen (-71.5% YoY) and ordinary profit to 84 million yen (-79.1% YoY). The Group recorded a loss attributable to owners of parent of 124 million yen (compared with profit of 78 million yen in the same period of the previous fiscal year).

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

Effective from the three-month accounting period ended June 30, 2026, the Group has changed its reporting segment classifications. Accordingly, year-on-year comparisons below are based on figures for the corresponding period of the previous fiscal year reclassified to reflect the new segment classifications. For details of the changes, please refer to "2. Quarterly Consolidated Financial Statements and Primary Notes, (3) Notes to Quarterly Consolidated Financial Statements, (Segment information)."

1) Community Pharmacy Network Segment

This segment is the Group's core business and serves as the foundation of the three strategic domains set out in the Seventh Medium-Term Management Plan—medical, medical support, and medical supply. To deliver value across the entire pharmaceutical supply chain supporting regional healthcare, the Group operates community pharmacies, provides pharmacy management support services, and engages in the manufacturing, marketing, and distribution of pharmaceuticals.

In the medical domain, the Group opened new community pharmacies and pursued M&A while working to enhance healthcare services tailored to the needs of individual patients. During the three months ended June 30, 2026, the Group opened two community pharmacies, including one located in a medical mall, and acquired one community pharmacy through M&A. Meanwhile, it closed one pharmacy. As of June 30, 2026, the Group operated 474 community pharmacies, one In-Home care plan support center, and seven drugstores.

In the medical support domain, the Group expanded its customer base while enhancing services that support pharmacy operations and strengthen pharmacy functions. These included region-based pharmaceutical inventory information-sharing services, various training programs and seminars, support for the transition to family pharmacies through the use of the LINE platform, assistance with introducing home healthcare services, and support for claiming the community support and pharmaceutical supply system premium.

In the medical supply domain, the Group worked to strengthen its pharmaceutical manufacturing, marketing, and distribution capabilities while expanding its customer base and product lineup. As of June 30, 2026, the Group manufactured and marketed 130 products covering 56 active ingredients (APIs).

As a result of the above, in the first three months under review, segment sales totaled 32,183 million yen (+7.8% YoY) and operating profit 857 million yen (-19.5% YoY).

2) Leasing and Facility-related Segment

In this segment, the Group engages in pharmacy site development; leasing and management of pharmacy buildings; support for clinic openings for physicians; the development, design, construction supervision, and operation of medical facilities; and the operation of serviced residences for the elderly.

Segment sales amounted to 773 million yen (+3.4% YoY) and operating profit to 31 million yen (+34.5% YoY), supported by an increase in the number of equipment installation orders compared with the same period of the previous fiscal year.

As of June 30, 2026, the occupancy rate at the four serviced residences for the elderly was 87.2%.

3) Other Segment

In this segment, the Group operates the contracted meal services and home-visit nursing care businesses.

Segment sales were 389 million yen (-41.7% YoY), and the operating loss was 34 million yen (compared with an operating loss of 6 million yen in the same period of the previous fiscal year), reflecting the transfer of some of the Group's contracted meal services for elderly care facilities and hospitals in April 2026.

(2) Overview of Financial Position

As of June 30, 2026, total assets were 79,294 million yen, a decrease of 805 million yen from March 31, 2026.

Current assets were 30,992 million yen, down 808 million yen from March 31, 2026. This was primarily due to decreases in cash and deposits and accounts receivable-trade, despite an increase in merchandise. Non-current assets were 48,302 million yen, up 2 million yen from March 31, 2026.

Total liabilities amounted to 62,158 million yen, a decrease of 527 million yen from March 31, 2026. Current liabilities were 35,441 million yen, up 849 million yen from March 31, 2026. This was mainly due to an increase in accounts payable - trade despite a decrease in provision for bonuses. Non-current liabilities were 26,716 million yen, down 1,376 million yen from March 31, 2026, mainly reflecting a decrease in long-term borrowings.

Net assets totaled 17,136 million yen, a decrease of 277 million yen from March 31, 2026. 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, 2027, which were announced on May 8, 2026.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	Fiscal year ended March 31, 2026 (as of March 31, 2026)	Three months ended June 30, 2026 (as of June 30, 2026)
Assets		
Current assets		
Cash and deposits	7,743	7,281
Accounts receivable - trade	13,686	12,502
Unearned revenue from sale of accounts receivable	774	803
Purchased receivables - dispensing fees	489	442
Merchandise	7,378	8,251
Raw materials	17	7
Work in process	0	0
Supplies	72	87
Other	1,656	1,629
Allowance for doubtful accounts	(17)	(14)
Total current assets	31,800	30,992
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,787	12,683
Land	9,715	9,810
Construction in progress	60	162
Other	6,679	6,552
Total property, plant and equipment	29,242	29,209
Intangible assets		
Goodwill	8,507	8,444
Software	932	1,032
Other	56	53
Total intangible assets	9,496	9,531
Investments and other assets		
Investment securities	664	780
Guarantee deposits	4,541	4,487
Deferred tax assets	3,331	3,295
Other	1,043	1,018
Allowance for doubtful accounts	(20)	(20)
Total investments and other assets	9,560	9,561
Total non-current assets	48,299	48,302
Total assets	80,100	79,294

(Millions of yen)

	Fiscal year ended March 31, 2026 (as of March 31, 2026)	Three months ended June 30, 2026 (as of June 30, 2026)
Liabilities		
Current liabilities		
Accounts payable – trade	12,448	14,215
Short-term borrowings	9,761	9,842
Current portion of long-term borrowings	6,028	5,779
Income taxes payable	663	132
Provision for bonuses	1,611	828
Provision for bonuses for directors (and other officers)	24	28
Other	4,054	4,614
Total current liabilities	34,592	35,441
Non-current liabilities		
Long-term borrowings	16,150	14,887
Provision for retirement benefits for directors (and other officers)	551	550
Provision for share awards for directors (and other officers)	333	341
Retirement benefit liability	4,599	4,589
Other	6,459	6,347
Total non-current liabilities	28,093	26,716
Total liabilities	62,686	62,158
Net assets		
Shareholders' equity		
Share capital	2,128	2,128
Capital surplus	946	946
Retained earnings	14,714	14,410
Treasury shares	(891)	(891)
Total shareholders' equity	16,897	16,594
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	70	96
Deferred gains or losses on hedges	0	-
Remeasurements of defined benefit plans	316	308
Total accumulated other comprehensive income	387	404
Non-controlling interests	128	137
Total net assets	17,413	17,136
Total liabilities and net assets	80,100	79,294

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

Consolidated Statement of Income

(Millions of yen)

	Three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)	Three months ended June 30, 2026 (from April 1, 2026 to June 30, 2026)
Net sales	31,100	33,147
Cost of sales	18,147	19,912
Gross profit	12,953	13,235
Selling, general and administrative expenses	12,513	13,110
Operating profit	439	125
Non-operating income		
Interest and dividend income	3	3
Outsourcing service income	14	18
Rental income from facilities	36	31
Subsidy income	15	47
Miscellaneous income	19	18
Total non-operating income	89	119
Non-operating expenses		
Loss on sale of receivables	33	24
Interest expenses	72	109
Share of loss of entities accounted for using equity method	13	22
Miscellaneous losses	4	4
Total non-operating expenses	123	160
Ordinary profit	404	84
Extraordinary income		
Gain on sale of non-current assets	11	0
Gain on sale of businesses	1	-
Total extraordinary income	13	0
Extraordinary losses		
Loss on sale of non-current assets	5	-
Loss on retirement of non-current assets	1	2
Loss on store closings	6	4
Loss on sale of businesses	-	7
Other	-	0
Total extraordinary losses	13	15
Profit before income taxes	405	69
Income taxes - current	143	147
Income taxes - deferred	170	38
Total income taxes	314	185
Profit (loss)	90	(115)
Profit (loss) attributable to non-controlling interests	12	8
Profit (loss) attributable to owners of parent	78	(124)

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)	Three months ended June 30, 2026 (from April 1, 2026 to June 30, 2026)
Profit (loss)	90	(115)
Other comprehensive income		
Valuation difference on available-for-sale securities	(1)	26
Deferred gains or losses on hedges	(1)	(0)
Remeasurements of defined benefit plans, net of tax	1	(7)
Total other comprehensive income	(1)	17
Comprehensive income	89	(98)
(Breakdown)		
Comprehensive income attributable to owners of parent	77	(107)
Comprehensive income attributable to non-controlling interests	12	8

(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, 2025 (from April 1, 2025 to June 30, 2025)

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	Other	Total		
Net sales						
Sales to external customers	29,840	592	667	31,100	―	31,100
Intersegment sales or transfers	10	154	0	165	(165)	―
Total	29,850	747	667	31,265	(165)	31,100
Segment profit (loss)	1,065	23	(6)	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.

II. Three months ended June 30, 2026 (from April 1, 2026 to June 30, 2026)

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	Other	Total		
Net sales						
Sales to external customers	32,169	590	388	33,147	―	33,147
Intersegment sales or transfers	14	183	0	197	(197)	―
Total	32,183	773	389	33,345	(197)	33,147
Segment profit (loss)	857	31	(34)	854	(729)	125

Notes: 1. The negative 729 million yen adjustment to segment profit (loss) includes 95 million yen in elimination of intersegment transactions and −824 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.

2. Changes to Reporting Segments

In April 2026, consolidated subsidiary Nanohana Kyusyu Co., Ltd. transferred part of its contracted meal service business for elderly care facilities and hospitals. As a result, effective from the three months ended June 30, 2026, the former Meal Catering reporting segment has been reclassified as part of the Other segment because it is no longer quantitatively material.

Segment information for the three months ended June 30, 2025 has also been prepared using the new segment classification.

(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, 2025 (from April 1, 2025 to June 30, 2025)	Three months ended June 30, 2026 (from April 1, 2026 to June 30, 2026)
Depreciation and amortization	573 Millions of yen	598 Millions of yen
Amortization of goodwill	268 Millions of yen	212 Millions of yen