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Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (Japanese GAAP)

May 9, 2023

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
Contact: Eiji Hirashima, Executive Officer, Director of Finance and Director
Tel: +81-11-613-7750

Scheduled date for Ordinary General Meeting of Shareholders: June 21, 2023
Scheduled date for dividend payment: June 22, 2023
Scheduled date for annual securities report submission: June 22, 2023
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, 2023 (April 1, 2022 to March 31, 2023)

(1) Consolidated operating results

(Percentages indicate YoY change)

Fiscal year ended	Net sales		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2023	109,551	2.7	6,122	(8.7)	3,163	(17.9)	3,355	(22.2)	1,610	(32.7)
March 31, 2022	106,685	2.3	6,708	4.4	3,852	12.3	4,313	24.0	2,394	8.9

Note: Comprehensive income: Fiscal year ended March 31, 2023 1,599 million yen (-33.0% YoY)
Fiscal year ended March 31, 2022 2,386 million yen (+8.9% YoY).

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

Fiscal year ended	Earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit margin
	Yen	Yen	%	%	%
March 31, 2023	53.38	—	11.6	5.2	2.9
March 31, 2022	79.35	—	19.6	6.8	3.6

Reference: Equity in earnings (losses) of affiliates: Fiscal year ended March 31, 2023 - million yen
Fiscal year ended March 31, 2022 - 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

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2023	66,223	14,488	21.8	478.86
March 31, 2022	62,941	13,286	21.1	439.67

Reference: Shareholders' equity: As of March 31, 2023 14,451 million yen
As of March 31, 2022 13,268 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

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
March 31, 2023	4,973	(2,114)	(2,918)	8,111
March 31, 2022	4,010	(2,511)	(3,415)	8,171

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, 2022	—	5.00	—	7.00	12.00	366	15.1	3.0
March 31, 2023	—	6.00	—	6.00	12.00	366	22.5	2.6
March 31, 2024 (forecast)	—	5.00	—	5.00	10.00		30.2	

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, 2024 (April 1, 2023 to March 31, 2024)

(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	54,670	2.5	2,250	(11.3)	800	(27.3)	750	(39.7)	250	(50.2)	8.28
Full-year	112,500	2.7	5,600	(8.5)	2,600	(17.8)	2,550	(24.0)	1,000	(37.9)	33.14

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

Notes

(1) Changes in significant subsidiaries during the period under review: None
(Transfers of specified subsidiaries associated with changes in the Company's scope of consolidation)

Newly added: None

Excluded: None

(2) 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

(3) Number of shares outstanding (common stock)

1. Shares outstanding (including treasury shares)	As of March 31, 2023	30,642,600	As of March 31, 2022	30,642,600
2. Treasury shares outstanding	As of March 31, 2023	464,055	As of March 31, 2022	464,055
3. Period-average shares outstanding	Fiscal year ended March 31, 2023	30,178,545	Fiscal year ended March 31, 2022	30,170,942

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, 2023 (April 1, 2022 to March 31, 2023)

(1) Non-consolidated operating results

(Percentages indicate YoY change)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2023	8,108	10.0	429	6.2	2,372	9.0	2,165	(1.5)
March 31, 2022	7,374	7.2	404	553.8	2,177	141.3	2,199	61.2

Fiscal year ended	Earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2023	71.75	—
March 31, 2022	72.89	—

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

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2023	53,091	18,301	34.5	606.46
March 31, 2022	53,863	16,528	30.7	547.69

Reference: Shareholders' equity: As of March 31, 2023 18,301 million yen
As of March 31, 2022 16,528 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 4 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, 2023, 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

During the fiscal year under review, the Japanese economy showed signs of gradual recovery as COVID-19-related restrictions eased, despite the ongoing impact of the pandemic. However, uncertainty remains due to rapidly rising energy and raw material prices and inflation caused by the weakening yen.

In the pharmaceutical industry, in which the Medical System Network Group operates, the environment remains challenging due to ongoing government measures to contain medical expenditures, such as the review of community support system premiums in the April 2022 revision of dispensing fees and the change from biennial to annual drug price revisions.

In our Community Pharmacy Business, prescription unit prices declined due to the April 2022 drug price and dispensing fee revisions, but the contribution from newly opened and acquired stores offset the impact. The Pharmaceutical Network Business saw record growth in the number of new network affiliates, as our efforts to improve distribution were supported by pharmaceutical wholesalers. As a result, the Group recorded net sales of 109,551 million yen (+2.7% YoY). On the profit side, the Community Pharmacy Business was affected by the revision of drug prices and dispensing fees, as well as increased labor costs due to the strengthening of interpersonal operations. The Group posted operating profit of 3,163 million yen (-17.9% YoY), ordinary profit of 3,355 million yen (-22.2% YoY), and profit attributable to owners of parent of 1,610 million yen (-32.7% YoY).

Segment results were as follows. Net sales for each segment include intersegment sales.

1) Community Pharmacy Network Segment

In the Community Pharmacy Network Segment, we aim to provide value across the pharmaceutical supply chain. Our businesses include community pharmacy operations, a pharmaceutical network to support pharmacy management, pharmaceutical manufacture and marketing, and support services to help general pharmacies transition into family pharmacies using the LINE communication app.

In the Community Pharmacy Business, despite declining prescription unit prices due to drug price and dispensing fee revisions, the number of prescriptions increased on the back of the contribution from newly opened and acquired stores. During the fiscal year under review, we opened eight new community pharmacies, including six inside medical malls. We also acquired one company (one store) by share purchase and one store by business transfer. As of March 31, 2023, the Company had 428 community pharmacies, one care plan center, and nine drug/cosmetic stores.

In the Pharmaceutical Network Business, we achieved a record number of new network affiliates as our distribution improvement efforts were supported by pharmaceutical wholesalers. As of March 31, 2023, the total number of pharmaceutical network affiliates was 8,912 (an increase of 1,511 from March 31, 2022), comprising 428 Group pharmacies and 8,484 general network affiliates.

In the Manufacture and Market Pharmaceuticals Business, we offered 93 products (45 ingredients) as of March 31, 2023. We supplied these to 2,161 general network affiliates (an increase of 463 from March 31, 2022) and 1,148 other partner pharmacies, in addition to Group pharmacies.

In the Digital Shift Business, the number of pharmacies using our service and those placing orders grew steadily, with the former reaching 3,391 as of March 31, 2023 (an increase of 2,480 from March 31, 2022) and the latter reaching 3,787 (an increase of 2,144 from March 31, 2022).

As a result, segment sales were 104,399 million yen (+2.9% YoY) and operating profit was 5,887 million yen (-3.8% YoY).

2) Leasing and Facility-related Segment

In the Leasing and Facility-related Segment, real estate rental income and management fees for managed properties were generally firm, and segment sales increased 5.1% YoY to 3,494 million yen. In terms of profit, the segment recorded an operating loss of 92 million yen (operating profit of 39 million yen in the same period of the previous fiscal year) due to factors such as higher labor costs resulting from an increase in the number of employees to strengthen sales, and higher utility costs stemming from rising energy prices.

As of March 31, 2023, Wisteria Senri-Chuo had an occupancy rate of 72.0% (59 out of 82 units occupied), and Wisteria Minami-Ichijo had an occupancy rate of 68.1% (79 out of 116 units occupied). The overall occupancy rate at the five serviced residences for the elderly stood at 80.4%. Going forward, we will continue to aggressively conduct sales activities.

3) Meal Catering Segment

In the Meal Catering Segment, the number of meals supplied declined due to the impact of COVID-19 and gross margins fell due to higher purchase prices. Segment sales were 2,289 million yen (-1.4% YoY) and operating loss was 65 million yen (operating profit of 1 million yen in the same period of the previous fiscal year).

4) Other Segment

The Other Segment provides home-visit nursing care. Segment sales were 304 million yen (-0.2% YoY) and operating loss was 22 million yen (operating loss of 12 million yen in the same period of the previous fiscal year).

(2) Overview of Financial Position for the Fiscal Year Under Review

As of March 31, 2023, total assets were 66,223 million yen, an increase of 3,282 million yen from March 31, 2022.

Current assets amounted to 20,265 million yen, an increase of 1,564 million yen from March 31, 2022. This mainly reflected increases in accounts receivable-trade and merchandise.

Non-current assets totaled 45,958 million yen, an increase of 1,718 million yen from March 31, 2022. This was mainly attributable to an increase in leased assets (net).

Total liabilities were 51,735 million yen, an increase of 2,080 million yen from March 31, 2022. Current liabilities totaled 21,349 million yen, an increase of 913 million yen from March 31, 2022. This was mainly due to increases in accounts payable-trade and the current portion of long-term borrowings. Non-current liabilities totaled 30,385 million yen, an increase of 1,166 million yen from March 31, 2022. The main factor here was an increase in lease obligations, despite a decrease in long-term borrowings.

Net assets were 14,488 million yen, an increase of 1,201 million yen from March 31, 2022. This was mainly due to an increase in retained earnings.

(3) Overview of Cash Flows for the Fiscal Year Under Review

(Status of cash flows)

As of March 31, 2023, cash and cash equivalents totaled 8,111 million yen, a decrease of 59 million yen compared to March 31, 2022. Cash flows during the fiscal year ended March 31, 2023 are detailed below.

(Cash flows from operating activities)

Net cash provided by operating activities was 4,973 million yen (versus 4,010 million yen provided in the previous fiscal year). This was primarily due to inflows of 3,019 million yen in profit before income taxes, 1,825 million yen in depreciation, and 1,132 million yen in amortization of goodwill, offsetting an outflow of 1,294 million yen in income tax paid.

(Cash flows from investing activities)

Net cash used in investing activities totaled 2,114 million yen (versus 2,511 million yen used in the previous fiscal year). The main factor was an outflow of 1,373 million yen in purchase of property, plant, and equipment.

(Cash flows from financing activities)

Net cash used in financing activities totaled 2,918 million yen (versus 3,415 million yen used in the previous fiscal year). This amount was primarily the result of a decrease of 2,269 million yen in borrowings.

Reference: Cash Flow Indicators

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Equity ratio (%)	15.6	14.2	17.3	21.1	21.8
Equity ratio based on market value (%)	23.2	19.7	33.3	26.2	18.2
Interest-bearing debt to cash flow ratio (years)	13.7	8.9	6.3	7.4	6.1
Interest coverage ratio (times)	11.8	17.5	24.4	21.9	18.0

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) Future Outlook

Beginning in April 2021, drug price revisions, which were previously implemented biennially, became annual. In addition, the transitional measures for community support system premiums, which were reviewed in the April 2022 dispensing fee revision, ended in March 2023. Under these circumstances, we believe that the need for improved operational efficiency and more stable management will continue to persist in the pharmacy industry, as organizations operating within this industry aim to intensify their focus on interpersonal services while responding to the deteriorating business environment.

In the Community Pharmacy Business of the Community Pharmacy Network Segment, we will strengthen interpersonal operations by fostering medical mindsets and facilitating high-quality pharmacotherapy while also targeting prescription acquisition through our official "Tsunagaru Pharmacy" LINE account. In addition, we will step up pharmacy development and expand our network by opening new stores, which will incur upfront expenditures in the short term. In the Pharmaceutical Network Business, we view these circumstances as an opportunity for expansion and will strive to acquire new network affiliates, provide comprehensive management support to pharmacies, and further improve the efficiency of pharmaceutical distribution. In the Manufacture and Market Pharmaceuticals Business, we will strengthen our supply chain to ensure stable supply and expand the customer base. In the Digital Shift Business, we aim to expand the number of stores using our official "Tsunagaru Pharmacy" LINE account and improve our new service offerings.

In the Leasing and Facility-related Segment, we aim to achieve an occupancy rate of 90% for all serviced residences for the elderly.

Having considered these circumstances, the Company forecasts net sales of 112,500 million yen (+2.7% YoY), EBITDA of 5,600 million yen (-8.5% YoY), operating profit of 2,600 million yen (-17.8% YoY), ordinary profit of 2,550 million yen (-24.0% YoY), and profit attributable to owners of parent of 1,000 million yen (-37.9% YoY) in the fiscal year ending March 31, 2024.

(5) Dividend Policy and Dividends for the Fiscal Year Ended March 2023 and the Fiscal Year Ending March 2024

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, 2023, 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 12, 2022.

For the fiscal year ending March 31, 2024, we plan to reduce the dividend by two yen per share compared to the current fiscal year, and to pay an interim dividend and a year-end dividend of five yen per share each (annual dividend of 10 yen per share). This amount was determined based on the consolidated earnings forecast for the fiscal year ending March 31, 2024.

2. Group Companies

As of March 31, 2023, our corporate group consists of Medical System Network Co., Ltd. (the Company) and 13 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 eight 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 setting economically rational 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) 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

Through this segment, we primarily develop locations for pharmacies and provide building leasing services. Additionally, we provide consulting services for physicians opening their own practices while also offering advisory counseling concerning medical malls (facilities that organize different medical departments on single floors) and medical buildings that house multiple clinics. Aside from these services, we also operate serviced residences for the elderly. Furthermore, consolidated subsidiary Paltecno Co., Ltd. is engaged in design and construction supervision of medical facilities and 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 Medical System Network Group operates within the pharmaceutical industry, where projections indicate medium to long-term market expansion stemming from growth in medical spending aimed at addressing Japan's aging population. At the same time, the industry is characterized by needs to stabilize and improve pharmaceutical distribution, patient-oriented separation of medical and dispensary practice, and more efficient pharmacy management to address healthcare cost reduction measures including revisions to NHI drug prices and dispensing fees.

In response to these circumstances, the Group has formulated its sixth Medium-Term Management Plan, which will function as the Company's medium to long-term management strategy for the four-year period beginning with April 2022. Under this Medium-Term Management Plan, we will further expand the platform integrating the Group's community pharmacies with our pharmaceutical network affiliates while focusing on providing quality medical care and services and facilitating improved efficiency within the pharmaceutical distribution market. Furthermore, we will leverage the strength of this platform to drive expansion in our pharmacy support businesses (Pharmaceutical Network Business, Manufacture and Market Pharmaceuticals Business, and Digital Shift Business).

We have established the following benchmarks for the fiscal year ending March 31, 2026, the final year of our sixth Medium-Term Management Plan. In particular, we aim to increase profits by more than 3 billion yen in the pharmacy support businesses.

• Consolidated net sales	140.0 billion yen
• Consolidated operating profit	6.5 billion yen
• Operating profit margin	4.6%
• Consolidated EBITDA	10.0 billion yen
• Number of pharmaceutical network affiliates	12,000
• Number of directly managed community pharmacies	550
• Equity ratio	30.0%

For more details regarding our sixth Medium-Term Management Plan, please refer to our website
URL: <https://www.msnw.co.jp/uploads/2022/05/06/earningsreport202203.pdf>

(3) Challenges to be Addressed by the Company

Based on the current business environment and the 6th Medium-Term Management Plan, we will work to address the following challenges.

In the Community Pharmacy Business of the Community Pharmacy Network Segment, we aim to obtain community support system premiums by improving the family pharmacy function and home medical care, strengthen pharmacists' interpersonal operations, provide high-quality drug therapy, and promote prescription acquisition using online tools such as the LINE app and electronic prescription transmission. In the Pharmaceutical Network Business, we will strengthen our sales structure with the goal of having 12,000 network affiliates, improve distribution, and expand services for affiliate pharmacies. We aim to have 10,400 network affiliates (a net increase of 1,488) by the end of March 2024. 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 5,000 partner pharmacies by the end of March 2024. In the Digital Shift Business, we will expand the number of stores using our official "Tsunagaru Pharmacy" LINE account and enhance new service offerings, aiming to have a total of 5,300 stores using "Tsunagaru Pharmacy" and one million registered users by the end of March 2024.

In the Leasing and Facility-related Segment, we target an occupancy rate of 90% for all serviced residences for the elderly. In the meal catering and home-visit nursing care businesses, we aim to stabilize the balance between income and expenses.

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, 2022 (as of March 31, 2022)	Fiscal year ended March 31, 2023 (as of March 31, 2023)
Assets		
Current assets		
Cash and deposits	8,201	8,141
Accounts receivable - trade	2,891	3,437
Unearned revenue from sale of accounts receivable	954	1,039
Purchased receivables - dispensing fees	443	463
Merchandise	4,765	5,160
Raw materials	14	17
Work in process	1	2
Supplies	76	74
Other	1,355	1,939
Allowance for doubtful accounts	(3)	(11)
Total current assets	18,701	20,265
Non-current assets		
Property, plant and equipment		
Buildings and structures	22,990	23,406
Accumulated depreciation	(9,582)	(10,242)
Buildings and structures, net	13,408	13,164
Vehicles	119	110
Accumulated depreciation	(110)	(107)
Vehicles, net	8	3
Tools, furniture and fixtures	4,810	5,286
Accumulated depreciation	(3,174)	(3,798)
Tools, furniture and fixtures, net	1,636	1,488
Land	8,847	8,916
Leased assets	1,284	3,879
Accumulated depreciation	(764)	(555)
Leased assets, net	520	3,323
Construction in progress	202	165
Total property, plant and equipment	24,624	27,060
Intangible assets		
Goodwill	12,254	11,183
Software	401	548
Other	111	74
Total intangible assets	12,767	11,807
Investments and other assets		
Investment securities	155	159
Guarantee deposits	3,052	3,222
Deferred tax assets	2,894	2,926
Other	764	802
Allowance for doubtful accounts	(19)	(19)
Total investments and other assets	6,848	7,090
Total non-current assets	44,239	45,958
Total assets	62,941	66,223

(Millions of yen)

	Fiscal year ended March 31, 2022 (as of March 31, 2022)	Fiscal year ended March 31, 2023 (as of March 31, 2023)
Liabilities		
Current liabilities		
Accounts payable – trade	9,680	9,937
Short-term borrowings	1,016	1,016
Current portion of long-term borrowings	4,756	5,152
Lease obligations	163	209
Income taxes payable	617	600
Provision for bonuses	1,528	1,569
Provision for bonuses for directors (and other officers)	38	2
Other	2,635	2,861
Total current liabilities	20,435	21,349
Non-current liabilities		
Long-term borrowings	22,891	20,226
Lease obligations	740	3,913
Provision for retirement benefits for directors (and other officers)	600	637
Provision for share awards for directors (and other officers)	210	243
Retirement benefit liability	3,752	4,157
Other	1,023	1,208
Total non-current liabilities	29,219	30,385
Total liabilities	49,654	51,735
Net assets		
Shareholders' equity		
Share capital	2,128	2,128
Capital surplus	1,182	1,182
Retained earnings	10,393	11,606
Treasury shares	(326)	(326)
Total shareholders' equity	13,377	14,590
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(7)	(2)
Deferred gains or losses on hedges	0	2
Remeasurements of defined benefit plans	(102)	(139)
Total accumulated other comprehensive income	(108)	(139)
Non-controlling interests	17	37
Total net assets	13,286	14,488
Total liabilities and net assets	62,941	66,223

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

Consolidated Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)
Net sales	106,685	109,551
Cost of sales	62,256	63,629
Gross profit	44,429	45,921
Selling, general and administrative expenses	40,576	42,758
Operating profit	3,852	3,163
Non-operating income		
Interest income	1	2
Dividend income	5	3
Outsourcing service income	66	62
Rental income from facilities	110	132
Subsidy income	427	255
Miscellaneous income	145	93
Total non-operating income	758	550
Non-operating expenses		
Interest expenses	183	277
Loss on sale of receivables	54	55
Miscellaneous losses	58	25
Total non-operating expenses	296	358
Ordinary profit	4,313	3,355
Extraordinary income		
Gain on sale of non-current assets	3	7
Gain on sale of investment securities	112	—
Gain on sale of businesses	31	—
Total extraordinary income	146	7
Extraordinary losses		
Loss on sale of non-current assets	12	0
Loss on retirement of non-current assets	19	57
Impairment losses	392	247
Loss on store closings	17	14
Other	5	23
Total extraordinary losses	447	343
Profit before income taxes	4,012	3,019
Income taxes – current	1,469	1,366
Income taxes – deferred	154	23
Total income taxes	1,624	1,389
Profit	2,388	1,630
Profit (loss) attributable to non-controlling interests	(5)	19
Profit (loss) attributable to owners of parent	2,394	1,610

Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)
Profit	2,388	1,630
Other comprehensive income		
Valuation difference on available-for-sale securities	17	4
Deferred gains or losses on hedges	4	1
Remeasurements of defined benefit plans, net of tax	(23)	(37)
Total other comprehensive income	(1)	(30)
Comprehensive income	2,386	1,599
(Breakdown)		
Comprehensive income attributable to owners of parent	2,392	1,580
Comprehensive income attributable to non-controlling interests	(5)	19

(3) Consolidated Statement of Changes in Shareholders' Equity

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(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	8,305	(344)	11,270
Changes during period					
Dividends of surplus			(305)		(305)
Profit attributable to owners of parent			2,394		2,394
Disposal of treasury shares				18	18
Net changes of items other than shareholders' equity					
Total changes during period	—	—	2,088	18	2,106
Balance at end of period	2,128	1,182	10,393	(326)	13,377

	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	(24)	(3)	(78)	(106)	23	11,187
Changes during period						
Dividends of surplus						(305)
Profit attributable to owners of parent						2,394
Disposal of treasury shares						18
Net changes of items other than shareholders' equity	17	4	(23)	(1)	(5)	(7)
Total changes during period	17	4	(23)	(1)	(5)	2,099
Balance at end of period	(7)	0	(102)	(108)	17	13,286

Fiscal year ended March 31, 2022 (April 1, 2022 to March 31, 2023)

(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	10,393	(326)	13,377
Changes during period					
Dividends of surplus			(397)		(397)
Profit attributable to owners of parent			1,610		1,610
Disposal of treasury shares					—
Net changes of items other than shareholders' equity					
Total changes during period	—	—	1,213	—	1,213
Balance at end of period	2,128	1,182	11,606	(326)	14,590

	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	(7)	0	(102)	(108)	17	13,286
Changes during period						
Dividends of surplus						(397)
Profit attributable to owners of parent						1,610
Disposal of treasury shares						—
Net changes of items other than shareholders' equity	4	1	(37)	(30)	19	(11)
Total changes during period	4	1	(37)	(30)	19	1,201
Balance at end of period	(2)	2	(139)	(139)	37	14,488

(4) Consolidated Statement of Cash Flows

	(Millions of yen)	
	Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)
Cash flows from operating activities		
Profit before income taxes	4,012	3,019
Depreciation	1,727	1,825
Impairment losses	392	247
Amortization of goodwill	1,128	1,132
Increase (decrease) in provision for bonuses	32	40
Increase (decrease) in provision for bonuses for directors (and other officers)	(45)	(36)
Increase (decrease) in allowance for doubtful accounts	(10)	8
Increase (decrease) in provision for point card certificates	(2)	—
Increase (decrease) in provision for share awards for directors (and other officers)	32	32
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(198)	36
Increase (decrease) in retirement benefit liability	370	351
Interest and dividend income	(7)	(5)
Interest expenses	183	277
Loss (gain) on sale of investment securities	(112)	—
Loss (gain) on sale of non-current assets	9	(7)
Loss on retirement of non-current assets	19	57
Loss (gain) on sale of businesses	(31)	—
Decrease (increase) in trade receivables	(214)	(505)
Decrease (increase) in unearned revenue from sale of accounts receivable	(218)	(84)
Decrease (increase) in purchased receivables - dispensing fees	(19)	(20)
Decrease (increase) in inventories	(406)	(377)
Increase (decrease) in trade payables	400	211
Increase (decrease) in accrued consumption taxes	125	(139)
Other	(115)	475
Subtotal	7,053	6,539
Interest and dividends received	6	4
Interest paid	(182)	(276)
Income taxes paid	(2,866)	(1,294)
Net cash provided by (used in) operating activities	4,010	4,973

(Millions of yen)

	Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)
Cash flows from investing activities		
Payments into time deposits	(0)	(0)
Purchase of property, plant and equipment	(1,934)	(1,373)
Proceeds from sale of property, plant and equipment	33	30
Purchase of intangible assets	(194)	(234)
Proceeds from sale of investment securities	379	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(209)	(54)
Payments for acquisition of businesses	(293)	(80)
Proceeds from sale of businesses	90	4
Loan advances	(2)	(130)
Proceeds from collection of loans receivable	9	6
Payments of guarantee deposits	(401)	(296)
Proceeds from refund of guarantee deposits	65	110
Other	(54)	(95)
Net cash provided by (used in) investing activities	(2,511)	(2,114)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,901)	—
Proceeds from long-term borrowings	6,100	3,200
Repayments of long-term borrowings	(6,067)	(5,469)
Repayments of lease obligations	(241)	(253)
Dividends paid	(304)	(395)
Net cash provided by (used in) financing activities	(3,415)	(2,918)
Net increase (decrease) in cash and cash equivalents	(1,916)	(59)
Cash and cash equivalents at beginning of period	10,088	8,171
Cash and cash equivalents at end of period	8,171	8,111

(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, 2021 (April 1, 2021 to March 31, 2022)

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	489,055	—	25,000	464,055

Note: The number of treasury shares at the end of the fiscal year ended March 31, 2022 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).

(Outline of reasons for changes)

Decrease due to the awarding of BBT benefits: 25,000 shares

3. Dividends

(1) Dividends Paid

Resolution	Class of shares	Total dividends (million yen)	Dividend per share (yen)	Record date	Effective date
June 24, 2021 Ordinary General Meeting of Shareholders	Common shares	152	5.00	March 31, 2021	June 25, 2021
November 5, 2021 Board of Directors meeting	Common shares	152	5.00	September 30, 2021	December 13, 2021

Notes:

1. Total dividends based on resolutions adopted during the Ordinary General Meeting of Shareholders held on June 24, 2021 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 5, 2021 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 22, 2022 Ordinary General Meeting of Shareholders	Common shares	Retained earnings	214	7.00	March 31, 2022	June 23, 2022

Note: Total dividends based on resolutions adopted during the Ordinary General Meeting of Shareholders held on June 22, 2022 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).

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

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	—	—	464,055

Note: The number of treasury shares at the end of the fiscal year ended March 31, 2023 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).

3. Dividends

(1) Dividends Paid

Resolution	Class of shares	Total dividends (million yen)	Dividend per share (yen)	Record date	Effective date
June 22, 2022 Ordinary General Meeting of Shareholders	Common shares	214	7.00	March 31, 2022	June 23, 2022
November 4, 2022 Board of Directors meeting	Common shares	183	6.00	September 30, 2022	December 12, 2022

Notes:

1. Total dividends based on resolutions adopted during the Ordinary General Meeting of Shareholders held on June 22, 2022 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 4, 2022 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, 2023, 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 21, 2023 Ordinary General Meeting of Shareholders	Common shares	Retained earnings	183	6.00	March 31, 2023	June 22, 2023

Note: Total dividends based on resolutions to be adopted during the Ordinary General Meeting of Shareholders to be held on June 21, 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).

(Segment information)

(Segment information)

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

Through our Community Pharmacy Network Segment, we provide management support for pharmacies and other medical facilities through our pharmaceutical network. The segment also involves operating dispensing pharmacies, manufacturing and selling pharmaceuticals, and supporting the transition of general pharmacies into family pharmacies through use of the LINE communication app. 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 we apply to our reporting segments are generally identical to those described in the "Significant Accounting Policies for Preparing Consolidated Financial Statements."

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

3. Information on net sales, profit (loss), assets, liabilities, and other items by reporting segment

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(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	101,457	2,599	2,322	305	106,685	—	106,685
Intersegment sales or transfers	0	726	—	—	727	(727)	—
Total	101,457	3,326	2,322	305	107,412	(727)	106,685
Segment profit (loss)	6,117	39	1	(12)	6,145	(2,293)	3,852
Segment assets	43,010	17,474	699	62	61,246	1,694	62,941
Other items							
Depreciation	994	598	0	0	1,594	133	1,727
Amortization of goodwill	1,127	—	—	—	1,127	1	1,128
Impairment loss	392	—	—	—	392	0	392
Increase in property, plant and equipment and intangible assets	2,229	181	—	3	2,414	205	2,620

Notes:

1. Adjustments are as follows:

(1) Adjustment of -2,293 million yen for segment profit (loss) includes 204 million yen in elimination of intersegment transactions and -2,498 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 1,694 million yen for segment assets includes -7,137 million yen in elimination of intersegment receivables and payables and companywide assets of 8,831 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 205 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, 2023 (April 1, 2022 to March 31, 2023)

(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	104,366	2,590	2,289	304	109,551	—	109,551
Intersegment sales or transfers	32	903	0	—	937	(937)	—
Total	104,399	3,494	2,289	304	110,488	(937)	109,551
Segment profit (loss)	5,887	(92)	(65)	(22)	5,706	(2,542)	3,163
Segment assets	46,082	16,839	720	63	63,705	2,518	66,223
Other items							
Depreciation	1,119	575	1	1	1,697	128	1,825
Amortization of goodwill	1,131	—	—	—	1,131	0	1,132
Impairment loss	239	6	1	—	247	—	247
Increase in property, plant and equipment and intangible assets	4,561	114	8	2	4,687	247	4,935

Notes:

1. Adjustments are as follows:

(1) Adjustment of -2,542 million yen for segment profit (loss) includes 243 million yen in elimination of intersegment transactions and -2,785 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 2,518 million yen for segment assets includes -6,006 million yen in elimination of intersegment receivables and payables and companywide assets of 8,525 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 247 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, 2022 (April 1, 2021 to March 31, 2022)

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, 2023 (April 1, 2022 to March 31, 2023)

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, 2022(April 1, 2021 to March 31, 2022)

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

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

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, 2022 (April 1, 2021 to March 31, 2022)

(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	12,254	—	—	—	12,254	0	12,254

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, 2023 (April 1, 2022 to March 31, 2023)

(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	11,183	—	—	—	11,183	—	11,183

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

(Information concerning gains on bargain purchase for each reporting segment)

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

The Company recorded no significant gains on bargain purchase.

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

The Company recorded no significant gains on bargain purchase.

(Per share information)

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)		Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	
Net assets per share (yen)	439.67	Net assets per share (yen)	478.86
Earnings per share (yen)	79.35	Earnings per share (yen)	53.38

Notes:

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

Item	Fiscal year ended March 31, 2022 (as of March 31, 2022)	Fiscal year ended March 31, 2023 (as of March 31, 2023)
Total net assets (million yen)	13,286	14,488
Amount deducted from total net assets (million yen)	17	37
Of which, non-controlling interests (million yen)	(17)	(37)
Net assets associated with common shares in the Company (million yen)	13,268	14,451
Number of year-end common shares used in the calculation of net assets per share	30,178,545	30,178,545

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, 2022 and 401,000 shares for the fiscal year ended March 31, 2023.

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

Item	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)
Earnings per share		
Profit attributable to owners of parent (million yen)	2,394	1,610
Amount not attributed to common shareholders (million yen)	—	—
Net income attributable to owners of common shares in the parent company (million yen)	2,394	1,610
Average number of common shares during the period	30,170,942	30,178,545

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 408,602 shares for the fiscal year ended March 31, 2022 and 401,000 shares for the fiscal year ended March 31, 2023.

(Significant subsequent events)

None to be reported.