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Consolidated Financial Results for the Six Months Ended September 30, 2026（Interim） (Japanese GAAP)

November 10, 2026

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, Director, Managing Executive Officer, and Head of Accounting and Finance Division
Tel: +81-11-613-7750

Scheduled date for interim report submission: November 12, 2026
Scheduled date for dividend payment: December 7, 2026
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 Six Months Ended September 30, 2026 (Interim) (April 1 to September 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	%
Six Months ended September 30, 2026	66,887	4.7	2,365	(21.0)	710	(44.7)	607	(50.0)	57	(87.2)
Six Months ended September 30, 2025	63,863	6.9	2,993	11.0	1,286	25.1	1,215	19.1	452	118.6

Note: Comprehensive income for the six months ended September 30, 2026 was 100 million yen (-78.3% YoY), and comprehensive income for the six months ended September 30, 2025 was 460 million yen (98.1% YoY)
Note: EBITDA = (operating profit + depreciation + goodwill amortization)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six Months ended September 30, 2026	1.98	—
Six Months ended September 30, 2025	15.48	—

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 September 30, 2026	76,457	17,335	22.5	588.14
As of March 31, 2026	80,100	17,413	21.6	591.38

Reference: Shareholders’ equity amounted to 17,190 million yen as of September 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	—	6.00			
Fiscal year ending March 31, 2027 (forecast)			—	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
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) Changes in significant subsidiaries during the Interim period under review: Yes
Newly added: Yes 1company (Grand Tree Co., Ltd.)
Excluded: Yes 2companies (Climber Co., Ltd. Grand Tree Co., Ltd.)

(2) Distinctive accounting methods applied when preparing interim 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 September 30, 2026	30,642,600	As of March 31, 2026	30,642,600
2. Treasury shares outstanding	As of September 30, 2026	1,414,124	As of March 31, 2026	1,414,124
3. Period-average shares outstanding (cumulative interim figures)	Six months ended September 30, 2026	29,228,476	Six months ended September 30, 2025	29,228,512

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 interim figures).

*The financial information in this interim report is not subject to review 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 is considered 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 Interim Financial Performance (3) Explanation of Consolidated Earnings Forecasts and Other Projections.”
2. In the interim 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 interim figures).

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1. Qualitative Information on Interim Financial Performance

(1) Explanation of Operating Results

In the first six months of the fiscal year ending March 31, 2027 (April 1–September 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.

During the six months ended September 30, 2026, the Group worked to expand the number of pharmacies utilizing the Group's services. However, results were affected by higher pharmaceutical procurement costs, higher personnel expenses, and higher system-related expenses associated with integrating customer information platforms and improving existing systems. As a result, net sales amounted to 66,887 million yen (+4.7% YoY), while operating profit declined to 710 million yen (-44.7% YoY), ordinary profit to 607 million yen (-50.0% YoY), and profit attributable to owners of parent to 57 million yen (-87.2% YoY).

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

Effective from the six months ended September 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. Interim Consolidated Financial Statements and Primary Notes, (4) Notes to Interim Consolidated Financial Statements, (Notes to segment information, etc.)."

1) Community Pharmacy Network Segment

This segment is the Group's core business and serves as the foundation of the three strategic fields 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 field, 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 six months ended September 30, 2026, the Group opened six community pharmacies, including four located in medical malls, and acquired one community pharmacy through M&A. Meanwhile, it closed or divested five pharmacies. As of September 30, 2026, the Group operated 474 community pharmacies, one In-Home care plan support center, and seven drugstores.

In the medical support field, 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 field, the Group worked to strengthen its pharmaceutical manufacturing, marketing, and distribution capabilities while expanding its customer base and product lineup. As of September 30, 2026, the Group manufactured and marketed 126 products covering 54 active ingredients (APIs). (of which shipments of 19 products covering 11 APIs were under adjustment)

As a result, segment sales for the six months ended September 30, 2026 were 64,930 million yen (+5.7% YoY), and operating profit was 2,205 million yen (-13.8% 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 1,539 million yen (+5.7% YoY) and operating profit to 45 million yen (+9.4% YoY), supported by solid equipment installation orders, which exceeded the level of the same period of the previous fiscal year.

As of September 30, 2026, the occupancy rate at the four serviced residences for the elderly was 89.0%.

3) Other Segment

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

Segment sales were 798 million yen (-40.0% YoY), and the operating loss was 46 million yen (compared with an operating loss of 19 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) Explanation of Financial Position

As of September 30, 2026, total assets were 76,457 million yen, a decrease of 3,642 million yen from March 31, 2026.

Current assets were 28,416 million yen, down 3,383 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 48,040 million yen, down 258 million yen from March 31, 2026, mainly reflecting a decrease in goodwill.

Total liabilities amounted to 59,122 million yen, a decrease of 3,563 million yen from March 31, 2026. Current liabilities were 33,105 million yen, down 1,487 million yen from March 31, 2026. This was mainly due to decreases in accounts payable–trade, borrowings, and income taxes payable. Non-current liabilities were 26,017 million yen, down 2,076 million yen from March 31, 2026, mainly reflecting a decrease in long-term borrowings.

Net assets totaled 17,335 million yen, a decrease of 78 million yen from March 31, 2026.

(Status of Cash flows)

Cash and cash equivalents on a consolidated basis as of September 30, 2026 amounted to 6,327 million yen, down 1,415 million yen from March 31, 2026. The status of cash flows during the six months ended September 30, 2026 is as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was 3,211 million yen (compared with 259 million yen in the six months ended September 30, 2025). This was mainly due to profit before income taxes of 525 million yen and a decrease in trade receivables of 2,548 million yen, resulting partly from the partial resumption of receivables securitization for insurance claims at community pharmacies, which had been suspended in the previous fiscal year.

(Cash flows from investing activities)

Net cash used in investing activities totaled 1,578 million yen (versus 2,486 million yen used in the six months ended September 30, 2025). This mainly reflected payments of 958 million yen for the purchase of property, plant and equipment, 298 million yen for the purchase of intangible assets, and 121 million yen for the purchase of shares of subsidiaries resulting in a change in the scope of consolidation.

(Cash flows from financing activities)

Net cash used in financing activities was 3,048 million yen (compared with net cash provided of 260 million yen in the same period of the previous fiscal year). This was mainly due to a decrease in borrowings of 2,613 million yen.

(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. Interim Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	Fiscal year ended March 31, 2026 (as of March 31, 2026)	Six months ended September 30, 2026 (as of September 30, 2026)
Assets		
Current assets		
Cash and deposits	7,743	6,327
Accounts receivable - trade	13,686	11,162
Unearned revenue from sale of accounts receivable	774	899
Purchased receivables - dispensing fees	489	508
Merchandise	7,378	7,999
Raw materials	17	8
Work in process	0	0
Supplies	72	100
Other	1,656	1,425
Allowance for doubtful accounts	(17)	(16)
Total current assets	31,800	28,416
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,787	12,588
Land	9,715	9,810
Construction in progress	60	288
Other, net	6,679	6,455
Total property, plant and equipment	29,242	29,142
Intangible assets		
Goodwill	8,507	8,230
Software	932	1,092
Other	56	51
Total intangible assets	9,496	9,374
Investments and other assets		
Investment securities	664	780
Guarantee deposits	4,541	4,477
Deferred tax assets	3,331	3,297
Other	1,043	989
Allowance for doubtful accounts	(20)	(20)
Total investments and other assets	9,560	9,524
Total non-current assets	48,299	48,040
Total assets	80,100	76,457

(Millions of yen)

	Fiscal year ended March 31, 2026 (as of March 31, 2026)	Six months ended September 30, 2026 (as of September 30, 2026)
Liabilities		
Current liabilities		
Accounts payable – trade	12,448	12,043
Short-term borrowings	9,761	9,460
Current portion of long-term borrowings	6,028	5,640
Income taxes payable	663	419
Provision for bonuses	1,611	1,603
Provision for bonuses for directors (and other officers)	24	8
Other	4,054	3,929
Total current liabilities	34,592	33,105
Non-current liabilities		
Long-term borrowings	16,150	14,226
Provision for retirement benefits for directors (and other officers)	551	561
Provision for share awards for directors (and other officers)	333	350
Retirement benefit liability	4,599	4,673
Other	6,459	6,205
Total non-current liabilities	28,093	26,017
Total liabilities	62,686	59,122
Net assets		
Shareholders' equity		
Share capital	2,128	2,128
Capital surplus	946	946
Retained earnings	14,714	14,593
Treasury shares	(891)	(891)
Total shareholders' equity	16,897	16,776
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	70	113
Deferred gains or losses on hedges	0	-
Remeasurements of defined benefit plans	316	300
Total accumulated other comprehensive income	387	413
Non-controlling interests	128	144
Total net assets	17,413	17,335
Total liabilities and net assets	80,100	76,457

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

Interim Consolidated Statement of Income

(Millions of yen)

	Six months ended September 30, 2025 (From April 1, 2025 to September 30, 2025)	Six months ended September 30, 2026 (From April 1, 2026 to September 30, 2026)
Net sales	63,863	66,887
Cost of sales	37,617	40,296
Gross profit	26,246	26,590
Selling, general and administrative expenses	24,959	25,880
Operating profit	1,286	710
Non-operating income		
Interest and dividend income	8	10
Outsourcing service income	32	34
Rental income from facilities	79	70
Subsidy income	34	85
Miscellaneous income	42	33
Total non-operating income	196	234
Non-operating expenses		
Loss on sale of receivables	67	54
Interest expenses	148	228
Share of loss of entities accounted for using equity method	43	44
Miscellaneous losses	8	9
Total non-operating expenses	267	337
Ordinary profit	1,215	607
Extraordinary income		
Gain on sale of non-current assets	12	0
Gain on sale of investment securities	-	7
Gain on sale of businesses	2	0
Total extraordinary income	14	8
Extraordinary losses		
Loss on sale of non-current assets	5	0
Loss on retirement of non-current assets	2	4
Impairment losses	142	60
Loss on store closings	12	14
Loss on sale of businesses	-	7
Other	1	3
Total extraordinary losses	164	90
Profit (loss) before income taxes	1,066	525
Income taxes - current	549	419
Income taxes - deferred	44	32
Total income taxes	593	452
Profit	472	73
Profit (loss) attributable to non-controlling interests	19	15
Profit (loss) attributable to owners of parent	452	57

Interim Consolidated Statement of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2025 (From April 1, 2025 to September 30, 2025)	Six months ended September 30, 2026 (From April 1, 2026 to September 30, 2026)
Profit	472	73
Other comprehensive income		
Valuation difference on available-for-sale securities	(12)	43
Deferred gains or losses on hedges	(2)	(0)
Remeasurements of defined benefit plans, net of tax	2	(15)
Total other comprehensive income	(11)	26
Comprehensive income	460	100
(Breakdown)		
Comprehensive income attributable to owners of parent	440	84
Comprehensive income attributable to non-controlling interests	19	15

(3) Interim Consolidated Statement of Cash Flows

(Millions of yen)

	Six months ended September 30, 2025 (From April 1, 2025 to September 30, 2025)	Six months ended September 30, 2026 (From April 1, 2026 to September 30, 2026)
Cash flows from operating activities		
Profit before income taxes	1,066	525
Depreciation	1,165	1,227
Impairment losses	142	60
Amortization of goodwill	541	426
Increase (decrease) in provision for bonuses	(246)	8
Increase (decrease) in provision for bonuses for directors (and other officers)	14	(16)
Increase (decrease) in allowance for doubtful accounts	0	(1)
Increase (decrease) in provision for share awards for directors (and other officers)	16	16
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(23)	10
Increase (decrease) in retirement benefit liability	210	107
Interest and dividend income	(8)	(10)
Interest expenses	148	228
Loss (gain) on sale of investment securities	-	(7)
Share of loss (profit) of entities accounted for using equity method	43	44
Loss (gain) on sale of non-current assets	(6)	(0)
Loss on retirement of non-current assets	2	4
Loss (gain) on sale of businesses	(2)	7
Decrease (increase) in trade receivables	(858)	2,548
Decrease (increase) in unearned revenue from sale of accounts receivable	18	(125)
Decrease (increase) in purchased receivables - dispensing fees	35	(19)
Decrease (increase) in inventories	(988)	(647)
Increase (decrease) in trade payables	(58)	(431)
Increase (decrease) in accrued consumption taxes	(42)	280
Other	38	(221)
Subtotal	1,208	4,015
Interest and dividends received	7	9
Interest paid	(150)	(231)
Income taxes paid	(806)	(581)
Net cash provided by (used in) operating activities	259	3,211

(Millions of yen)

	Six months ended September 30, 2025 (From April 1, 2025 to September 30, 2025)	Six months ended September 30, 2026 (From April 1, 2026 to September 30, 2026)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,397)	(958)
Proceeds from sale of property, plant and equipment	120	0
Purchase of intangible assets	(175)	(298)
Purchase of investment securities	-	(100)
Proceeds from sale of investment securities	7	10
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(139)	(121)
Payments for acquisition of businesses	(568)	-
Proceeds from sale of businesses	13	-
Payments for transfer of business	-	(45)
Loan advances	(335)	(50)
Proceeds from collection of loans receivable	201	0
Payments of guarantee deposits	(427)	(41)
Proceeds from refund of guarantee deposits	297	86
Other	(82)	(62)
Net cash provided by (used in) investing activities	(2,486)	(1,578)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,200	(301)
Proceeds from long-term borrowings	300	800
Repayments of long-term borrowings	(2,824)	(3,112)
Repayments of lease obligations	(237)	(257)
Purchase of treasury shares	(0)	-
Dividends paid	(178)	(178)
Net cash provided by (used in) financing activities	260	(3,048)
Net increase (decrease) in cash and cash equivalents	(1,966)	(1,415)
Cash and cash equivalents at beginning of period	8,431	7,743
Cash and cash equivalents at end of period	6,464	6,327

(4) Notes to Interim 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.

(Segment information)

I. Six months ended September 30, 2025 (from April 1, 2025 to September 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	61,387	1,146	1,329	63,863	—	63,863
Intersegment sales or transfers	20	311	0	331	(331)	—
Total	61,407	1,457	1,330	64,195	(331)	63,863
Segment profit (loss)	2,557	41	(19)	2,579	(1,292)	1,286

Notes: 1. The negative 1,292 million yen adjustment to segment profit (loss) includes 194 million yen in elimination of intersegment transactions and 1,487 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 interim consolidated statement of income.

II. Six months ended September 30, 2026 (from April 1, 2026 to September 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	64,902	1,187	797	66,887	—	66,887
Intersegment sales or transfers	28	352	0	381	(381)	—
Total	64,930	1,539	798	67,268	(381)	66,887
Segment profit (loss)	2,205	45	(46)	2,204	(1,493)	710

Notes: 1. The negative 1,493 million yen adjustment to segment profit (loss) includes 195 million yen in elimination of intersegment transactions and 1,689 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 interim 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 six months ended September 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 six months ended September 30, 2026 has also been prepared using the new segment classification.