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EMMA

# Results of Operations for December 2023, 3rd Quarter



**EM SYSTEMS CO., LTD.**

(TSE Prime Section: 4820)

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## 1 M&A Strategies and Their Effectiveness

- Past M&A performance and its effects, based on PMI strategy
- Impact and effects of M&As on business performance in the current fiscal year (Good Cycle System Inc. and Unike Software Research Co., Ltd.)

## 2 Medical Digital Transformation-related Business

- Status of introduction and impact of online eligibility verification system and electronic prescription system

## 3 Performance Forecast and Future Initiatives

- Revision of full-year consolidated performance forecast
- Full-scale operation of web marketing and digital marketing
- Toward expansion of market share

## I . “Results of Operations for December 2023, 3rd Quarter ”

- i. Financial Highlights
- ii. Sales / Operating Profits – Summary
- iii. Sales - Breakdown of Increases/Decrease
- iv. Operating Profits - Breakdown of Increases/Decreases
- v. Forecast for the fiscal year ending December 31 2023
- vi. M&A Strategy
- vii. Marketing Activities
- viii. Our Share and Our Approach to Expanding Our Share
- ix. Changes in consolidate results by fiscal year
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- iv. By Segment Sales Breakdown
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- viii. Shared Information System Foundation
- ix. How electronic prescriptions function

## consolidated results of December 31 2023, 3<sup>rd</sup> Quarter

	December 31 2022 3 <sup>rd</sup> Quarter	December 31 2023 3 <sup>rd</sup> Quarter	Compared to previous year
Sales	12,491 millions of yen	<b>15,198</b> millions of yen	21.7%
Operating Profits	2,113 millions of yen	<b>1,804</b> millions of yen	(14.6%)
Ordinary Profits	2,457 millions of yen	<b>2,199</b> millions of yen	(10.5%)
Net Income	1,644 millions of yen	<b>1,357</b> millions of yen	(17.4%)

## Topics for December 31 2023, 3<sup>rd</sup> Quarter

- Unike Software Research Co., Ltd. became a consolidated subsidiary, resulting in increases in initial and stock-based sales
- New sales expansion of MAPs series and replacement of in-house products resulted in an increase in initial system sales, including service provision
- Good Cycle System Inc. and Unike Software Research Co., Ltd. became consolidated subsidiaries, resulting in an increase in SG&A expenses
- SG&A expenses increased due to airing of TV commercials to improve recognition and special compensation paid to employees.
- Good Cycle System Inc. became a consolidated subsidiary, resulting in an increase in Group net sales, but a loss on step acquisitions was incurred.

# I . ii . Sales / Operating Profits-Summary (By Segment)

New

## Sales

Units : Millions of yen

	Previous performance 2022/09	Current performance 2023/09	YoY change	YoY % change
IT Systems for Pharmacies	9,975	11,953	+1,977	+19.8%
IT Systems for Clinics	1,623	2,249	+626	+38.6%
IT Systems for long-term care/welfare	401	416	+14	+3.7%
Other Businesses	528	671	+143	+27.1%

## Operating Profits

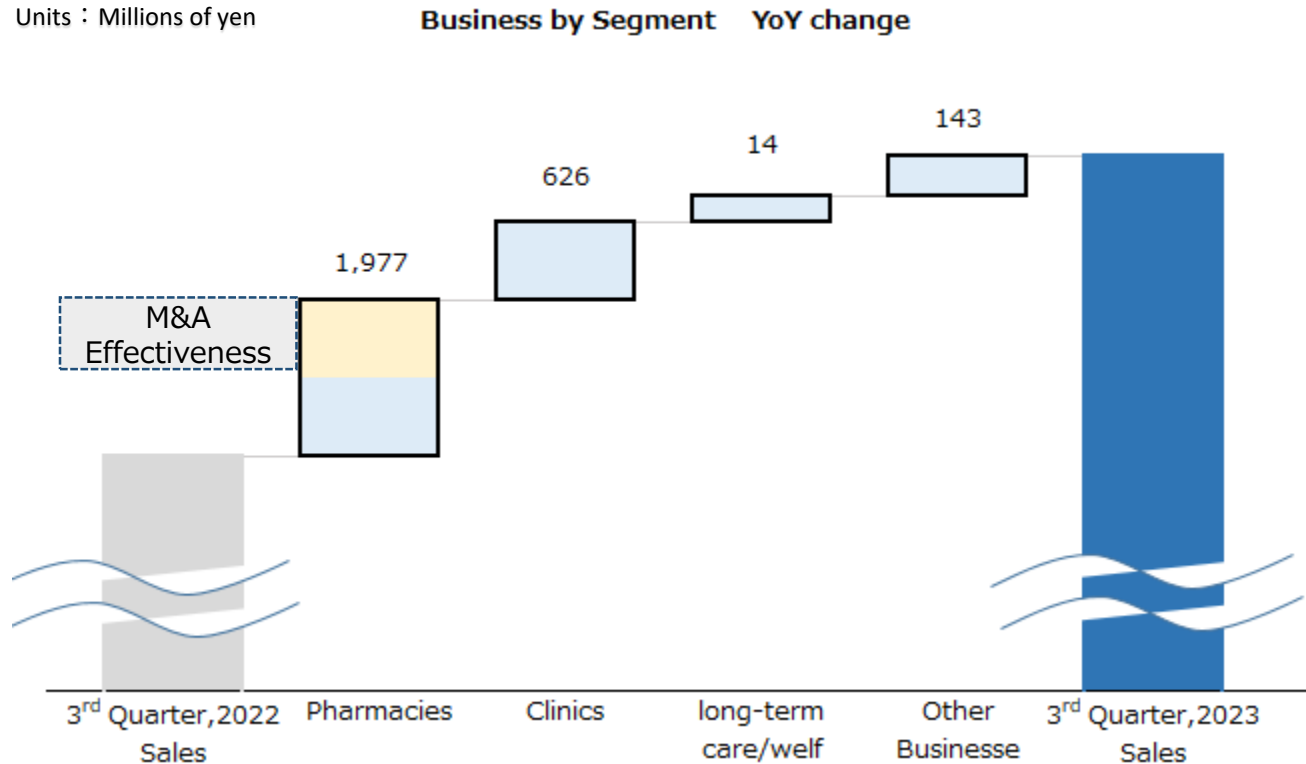
Units : Millions of yen

	Previous performance 2022/09	Current performance 2023/09	YoY change	YoY % change
IT Systems for Pharmacies	2,370	2,178	△191	△8.1%
IT Systems for Clinics	△210	△20	+189	—
IT Systems for long-term care/welfare	△33	△404	△371	—
Other Businesses	△35	25	+60	—

※Net sales and operating profits by segment are the amounts before elimination of inter-segment transactions.

# I . iii . Sales - Breakdown of Increases/Decreases (By Segment)

New



## IT Systems for Pharmacies

- In addition to sales expansion of “MAPs for PHARMACY DX” and replacement of hardware, initial sales increased to 977 million yen due to Good Cycle System Inc. and Unike Software Research Co., Ltd. becoming consolidated subsidiaries
- Billing sales increased to approx. 885 million yen as a result of an increase in the number of customers

## IT Systems for Clinics

- In addition to expanded installation of online eligibility verification systems, initial sales increased to approx. 621 million yen due to an increase in system sales
- Billing sales increased to approx. 37 million yen as a result of an increase in the number of customers

## IT Systems for long-term care/welfare

- Billing sales increased to approx. 24 million yen as a result of an increase in the number of licenses

## Other Businesses

- Unike Software Research Co., Ltd. becoming a consolidated subsidiary increased temporary staffing business sales to 69 million yen
- Subsidiary cashless business sales increased to approx. 79 million yen

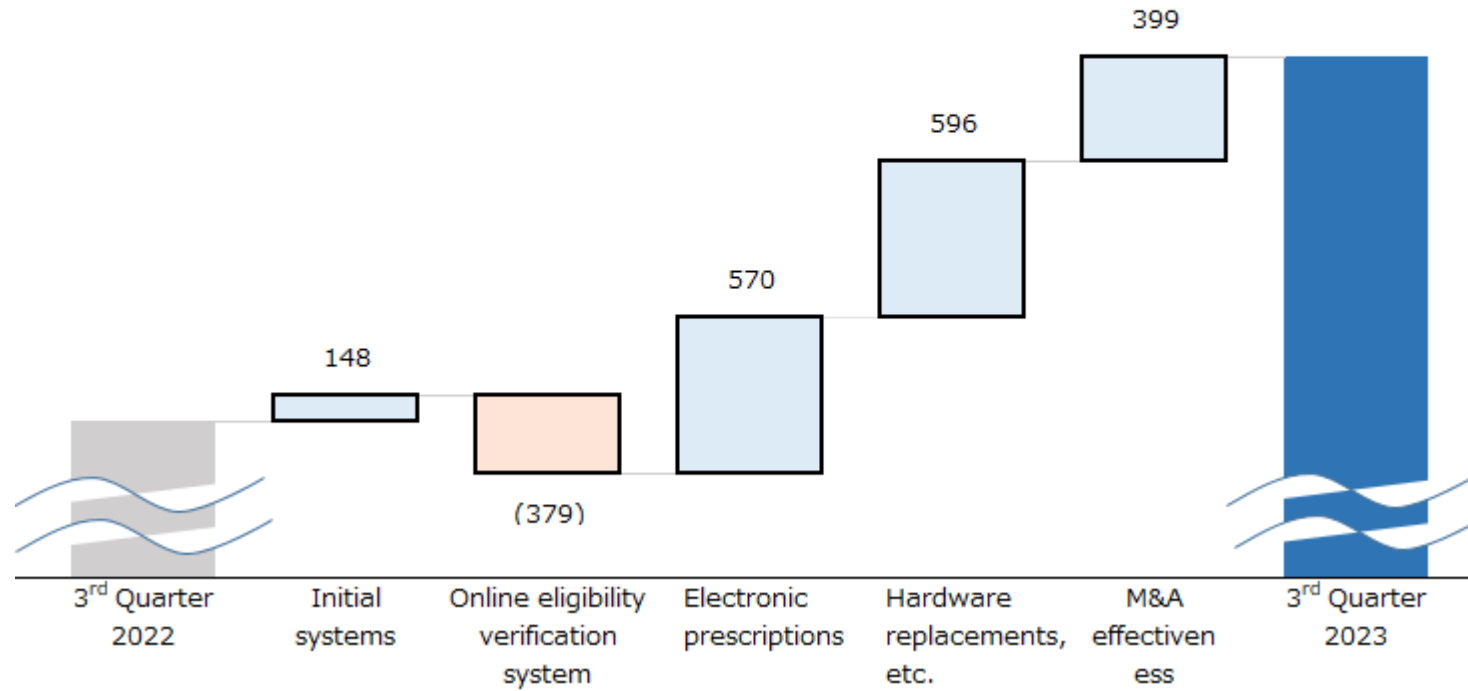
※Net sales and operating profits by segment are the amounts before elimination of inter-segment transactions.

# I . iii . Initial sales - Breakdown of Increases/Decreases (Pharmacies)

New

Units : Millions of yen

YoY change of Pharmacies

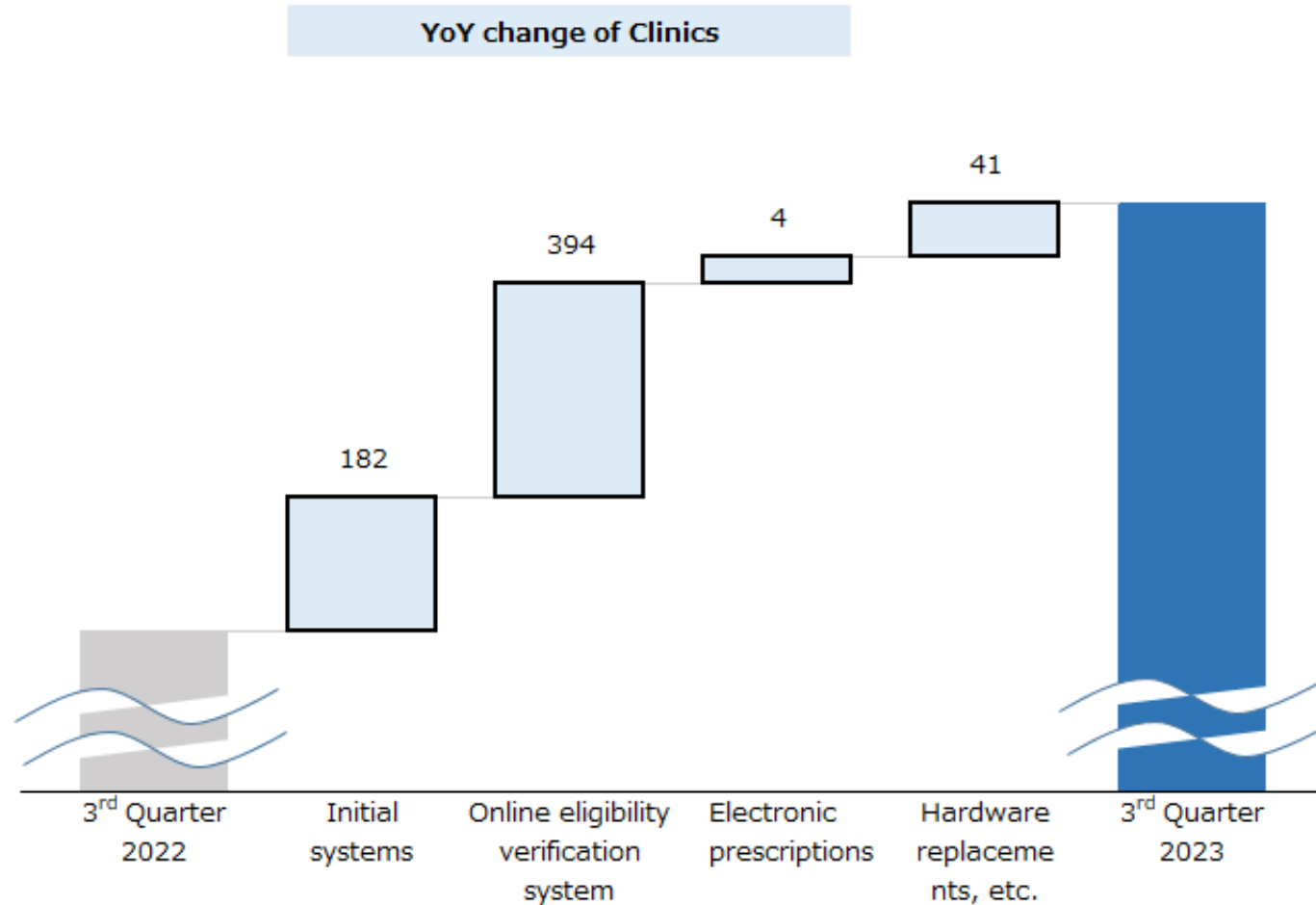


※ Categories of increases/decreases are the amounts before applying revenue recognition standards

# I . iii . Initial sales - Breakdown of Increases/Decreases (Clinics)

New

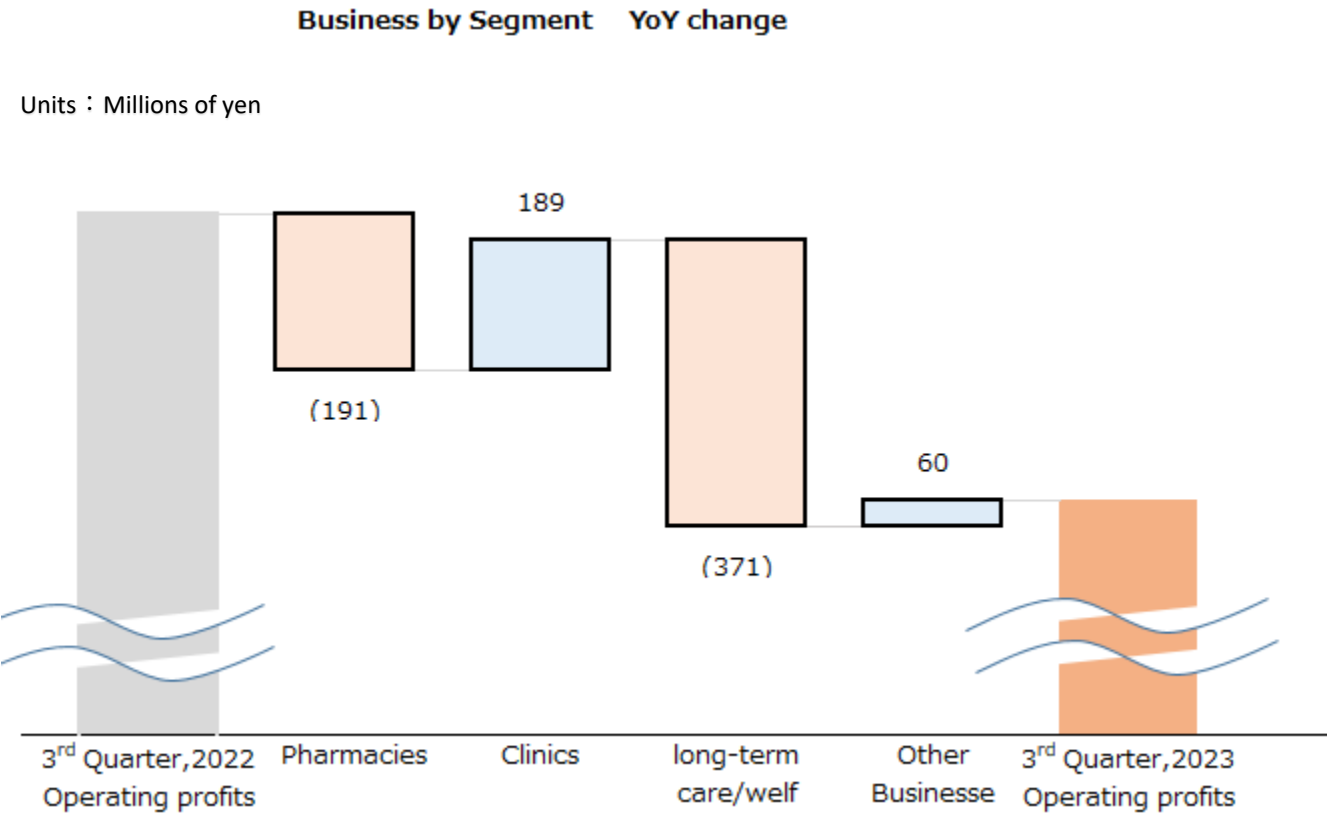
Units : Millions of yen





# I . iv. Operating Profits - Breakdown of Increases/Decreases (By Segment)

New



Shared results in all segments

■ SG&A expenses increased due to airing of TV commercials to expand market share and special compensation paid to employees

**IT Systems for Pharmacies**

- Good Cycle System Inc. and Unike Software Research Co., Ltd. became consolidated subsidiaries, resulting in an increase in SG&A expenses

**IT Systems for Clinics**

- Online eligibility verification system contributed to increasing profits
- Increase in gross profit due to growth in initial system sales and billing sales

**IT Systems for long-term care/welfare**

- An increase in depreciation associated with the release of "MAPs for NURSING CARE"

**Other Businesses**

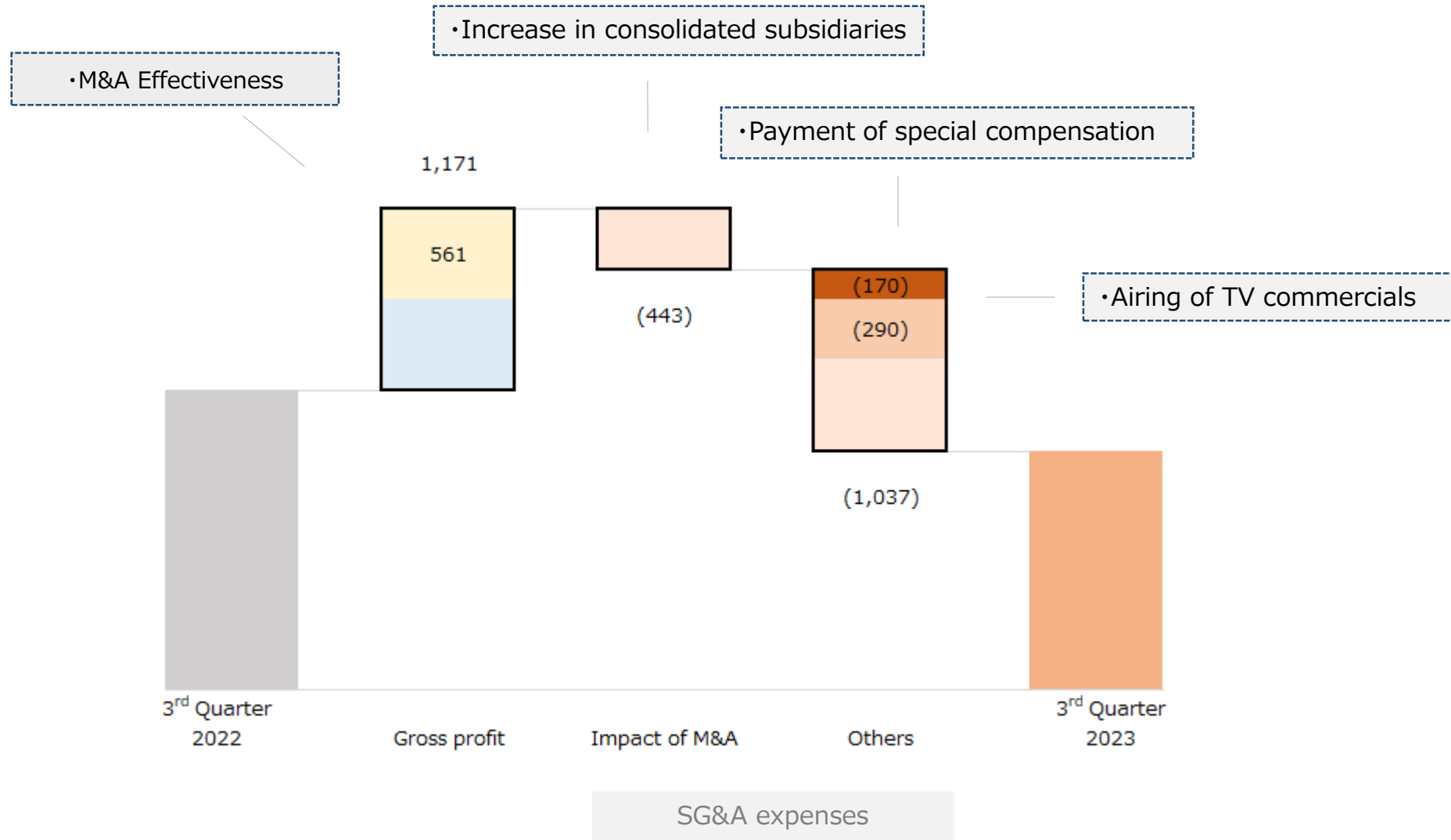
- Profit contributions from overseas subsidiaries led to an improvement in the operating income

※Net sales and operating profits by segment are the amounts before elimination of inter-segment transactions.

# I . iv . Operating Profits - Breakdown of Increases/Decreases

New

Units : Millions of yen



# I . v . Forecast for the fiscal year ending December 31 2023

(Millions of yen) (Reason for revision)

	Fiscal year ended December 31 2022 (actual)	Fiscal year ended December 31 2023 (Initial full-year forecast)	Fiscal year ended December 31 2023 (Revised full-year forecast)
<b>Sales</b>	<b>16,919</b>	<b>19,608</b>	<b>20,455</b>
Business for Pharmacy	13,530	15,201	16,160
Business for Clinic	2,202	2,890	2,913
Business for long-term care/welfare	539	744	550
Other Business	713	810	956
Adjustment	(66)	△ 38	(125)
<b>Operating Profits</b>	<b>2,395</b>	<b>2,827</b>	<b>2,256</b>
Business for Pharmacy	3,031	3,031	2,791
Business for Clinic	(409)	200	(66)
Business for long-term care/welfare	(211)	(413)	(554)
Other Business	(42)	(24)	44
Adjustment	28	32	42
<b>Ordinary Profits</b>	<b>2,791</b>	<b>3,333</b>	<b>2,805</b>
<b>Net Income</b>	<b>1,893</b>	<b>2,217</b>	<b>1,764</b>

※Segmented sales and operating profits and losses are the amounts before elimination of internal transactions between segments.

## ■ Sales

### Pharmacies

- Sales increased due to the consolidation of Good Cycle System Inc. and Unike Software Research Co., Ltd.

### Clinics

- Online eligibility verification system sales increased beyond expectations

### Long-term care/welfare

- System sales of existing products (Sukoyaka-san and Hibiki Symphony) were sluggish

### Others

- Unike Software Research Co., Ltd. becoming a consolidated subsidiary increased temporary staffing business sales

## ■ Operating Profits

### Pharmacies

- Gross profit decreased due to delay in in-house replacement of "MAPs for PHARMACY DX"

- SG&A expenses temporary increased due to special compensation for employees

### Clinics

- Gross profit decreased due to lower-than-planned initial system sales

- SG&A expenses temporary increased due to special compensation for employees

### Long-term care/welfare

- Gross profit decreased due to lower-than-planned initial system sales

- SG&A expenses temporary increased due to special compensation for employees

### Others

- Profit from temporary staffing business contributed

- Expansion of stock-based business base
- Implementation thorough cost reduction and pursuit of economy of scale

## Product Strategy

- Continue software updates and customer support for purchased companies
- Improve the added value of each company's systems by integrating solutions among Group companies
- Shift to a business model centered on billing sales by increasing the added value of each company's systems
- Reduce switches to competing products by providing thorough support (ensure that at least 95% of customers continue to use our products)

## Management Strategy

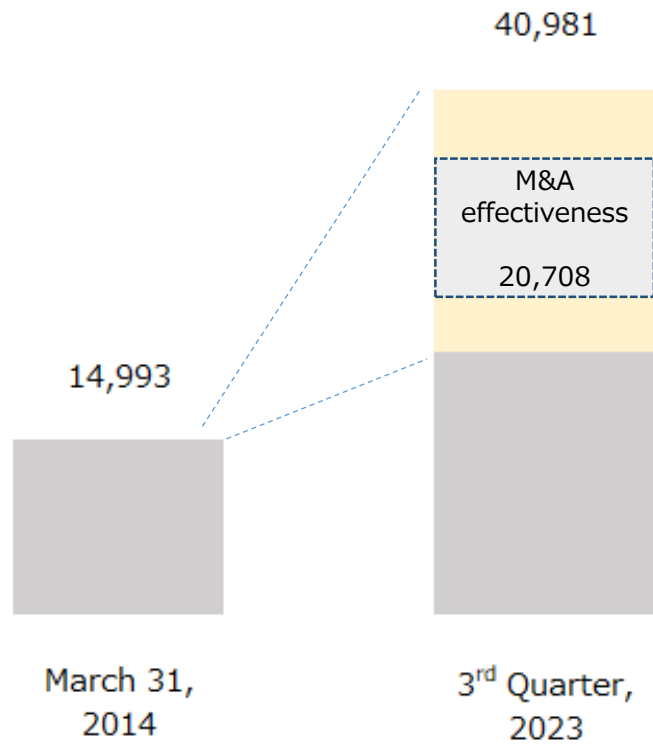
- Reduce the costs of replacing other companies' products with ours and mitigate price competition in competitive areas
- Promote measures to significantly reduce costs by integrating head office functions and reviewing real estate costs and other miscellaneous expenses
- Reduce procurement costs through joint purchasing
- Avoid duplicate software development among purchased companies and significantly reduce development costs
- Reallocate personnel within the Group without downsizing the staff

# I . vi. M&A Strategy (Track Record and Effectiveness)

New

Growth over 10 years

- Acquired seven companies in order to expand market share in the pharmacy market and acquire customers as the foundation for entering new markets
- The target companies have low profit margins due to insufficient scale, enabling acquisition at low valuations
- Our intention is to continue actively pursuing M&As due to the large number of mid-sized software companies in the market



Units : Millions of yen

	M&A Track Record		Number of Customers	Acquisition Amount	Goodwill	Goodwill Amortization(FY)
FY2013						
FY2014	Unicon Co., Ltd.	Clinics	1,590 locations	22	230	Amortized
FY2018	Cosmo systems Co., Ltd.	Pharmacies	2,492 locations	147	160	Amortized
FY2019	MW Soft Co., Ltd.	long-term care/welfare	6,800 license	69	391	58 ※Ending March 2024
	Janis Co., Ltd.	long-term care/welfare	4,312 license	125	83	16 ※Ending March 2024
FY2023	Pop・Creation Co., Ltd.	Clinics	119 locations	7	△4	—
	Good Cycle System Inc.	Pharmacies	2,949 locations※	903	532	106
	Unike Software Research Co., Ltd.	Pharmacies	2,446 locations※	1,343	2,099※	120※

(※Excluding overlap with EM) (※Number of intangible assets 1,190) (※Number of intangible assets 59)

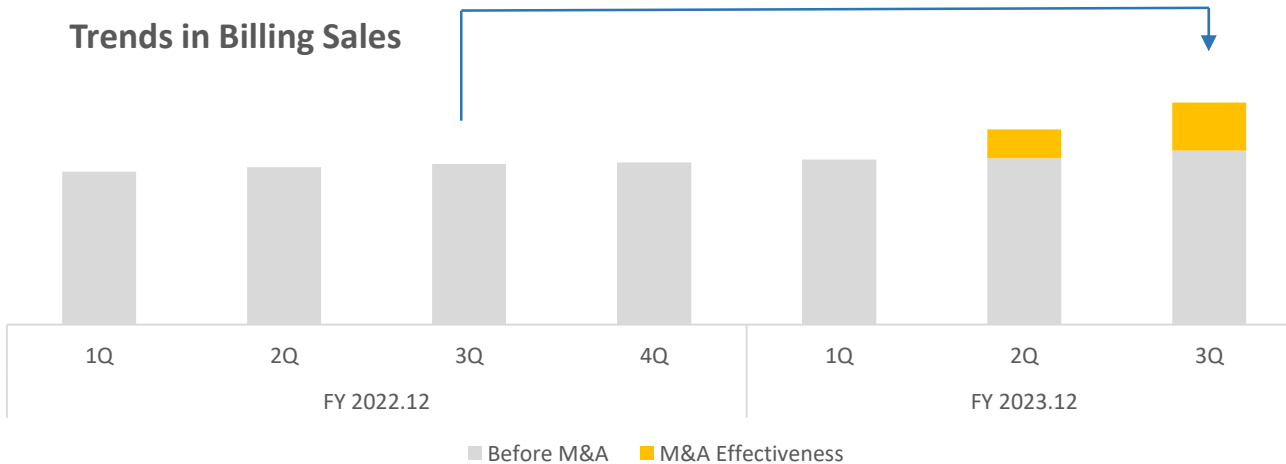
# I . vi . M&A Strategy (Billing Sales and Stock-based Sales)

New

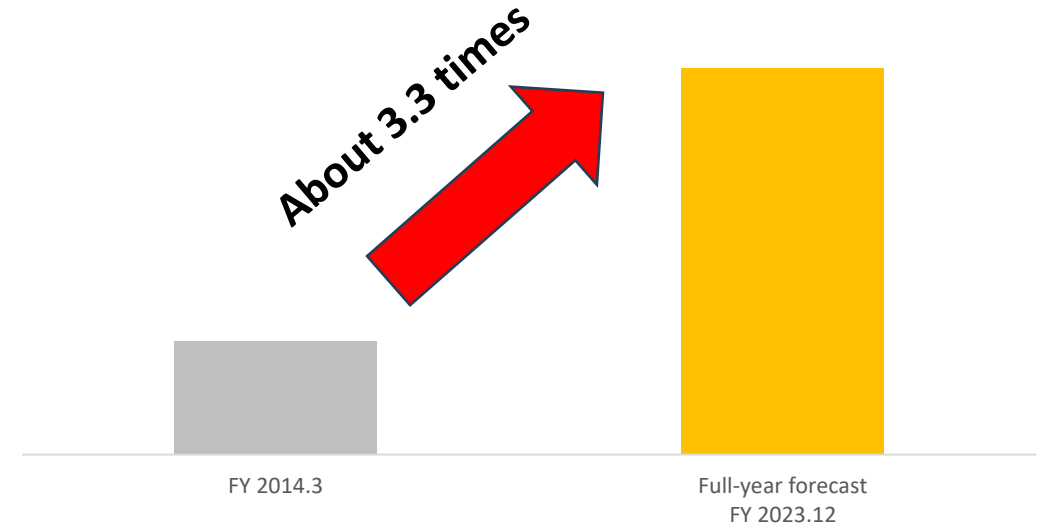
- M&As greatly contributed to expanding customer base and increasing billing and stock-based sales
- Two M&As this fiscal year also contributed to the growth of billing and stock-based sales from Q2 and Q3, respectively

**YoY Change 38.1% UP**

Trends in Billing Sales



Trends in Stock-based Sales





- Unike Software Research Co., Ltd. is a long-standing pharmacy system company
- Currently has approx. 2,500 customers and approx. 4% of the market share
- Major customers include leading pharmacy chains in the Kanto area
- Acquisition essential for us to achieve a 50% share of the pharmacy market

- Good Cycle System Inc. has achieved the top share of the New medication history software market
- Heavy investments in medication history software in recent years within its pharmacy-related operations
- Although we have our own medication history functions, we have lagged behind dedicated software companies in terms of ease of use, etc.
- Expected cross-selling business opportunities
  - ✓ Sales of Good Cycle System's medication history system to our existing customers
  - ✓ Sales of our receipt computers to Good Cycle System's existing customers

**Business development made possible by achieving 50% of the market share**

- Increase in pharmacy market share by pulling even farther ahead of the second and lower places
- Development of prescription data and expansion of data business in a way that other companies cannot imitate
- Provision of EHR infrastructure based on an overwhelmingly large share of the pharmacy market
- Enhanced competitiveness in the clinic and long-term care/welfare markets

※EHR…Electronic Health Record

New

## Good Cycle System Inc.

- Has accumulated a great deal of experience and technology in the electronic medication history system business and maintains excellent system development capabilities
- More than 5,000 customers for its electronic medication history system

Main Products

Smart Medication History “GooCo”  
“Followcare,” a follow-up support tool for medication and online medication guidance

Head office: Shibuya-ku, Tokyo Offices: 8 locations nationwide Number of employees: 89

## Unike Software Research Co., Ltd.

- A 40-year veteran manufacturer of receipt computers and electronic medication histories
- Provides systems to more than 2,500 pharmacies, and has a high market share, especially in Japan’s three major metropolitan areas

Main Products

“P-CUBE n,” an integrated electronic medication history receipt computer system, and  
“SOS”, a business management and inventory optimization service  
“SmartPOC,” a receipt computer-linked cash register system

Head office: Minato-ku, Tokyo Offices: 5 locations nationwide Number of employees: 121



Currently using both mass marketing and web marketing to take the lead

Broad approach with no specific target

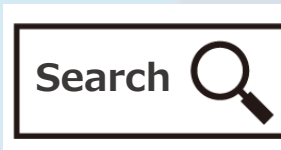
## Mass marketing

TV commercials  
→ Able to appeal to a **large number of unspecified people** with strong visual imagery



## Web marketing

Search websites  
→ Able to advertise to **search users and site viewers**



Advertising with clear targets

## Digital marketing

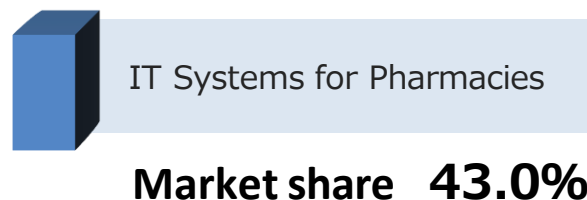
• Enables push advertisements targeting social media and other platform accounts (appeals based on **account attribute information**)



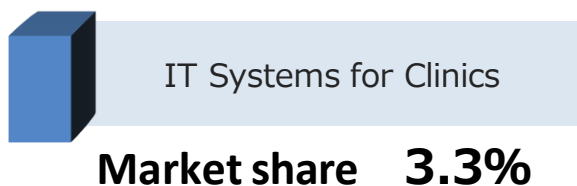
From 2024, the scope will expand to include **digital marketing**, with the aim of further increasing market share

# I . viii. Our Share and Our Approach to Expanding Our Share

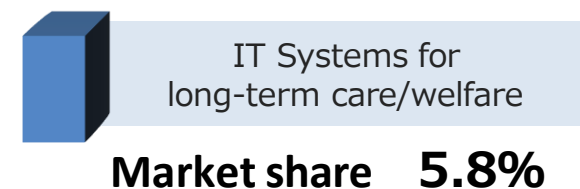
- While each market continues to consolidate around the top manufacturers, there are still many mid-sized vendors with several thousand customers
- Vendors with 10,000 or fewer customers bear a heavy burden when revising software accompanying system changes
- Our intention is to increase our share of each market by continuing to actively pursue M&As



Number of customers : 23,631  
Target population : 55,000  
Mid-term goals : 25,000



Number of customers : 2,973  
Target population : 90,000  
Mid-term goals : 7,000



Number of customers : 14,377  
Target population : 250,000  
Mid-term goals : 25,000

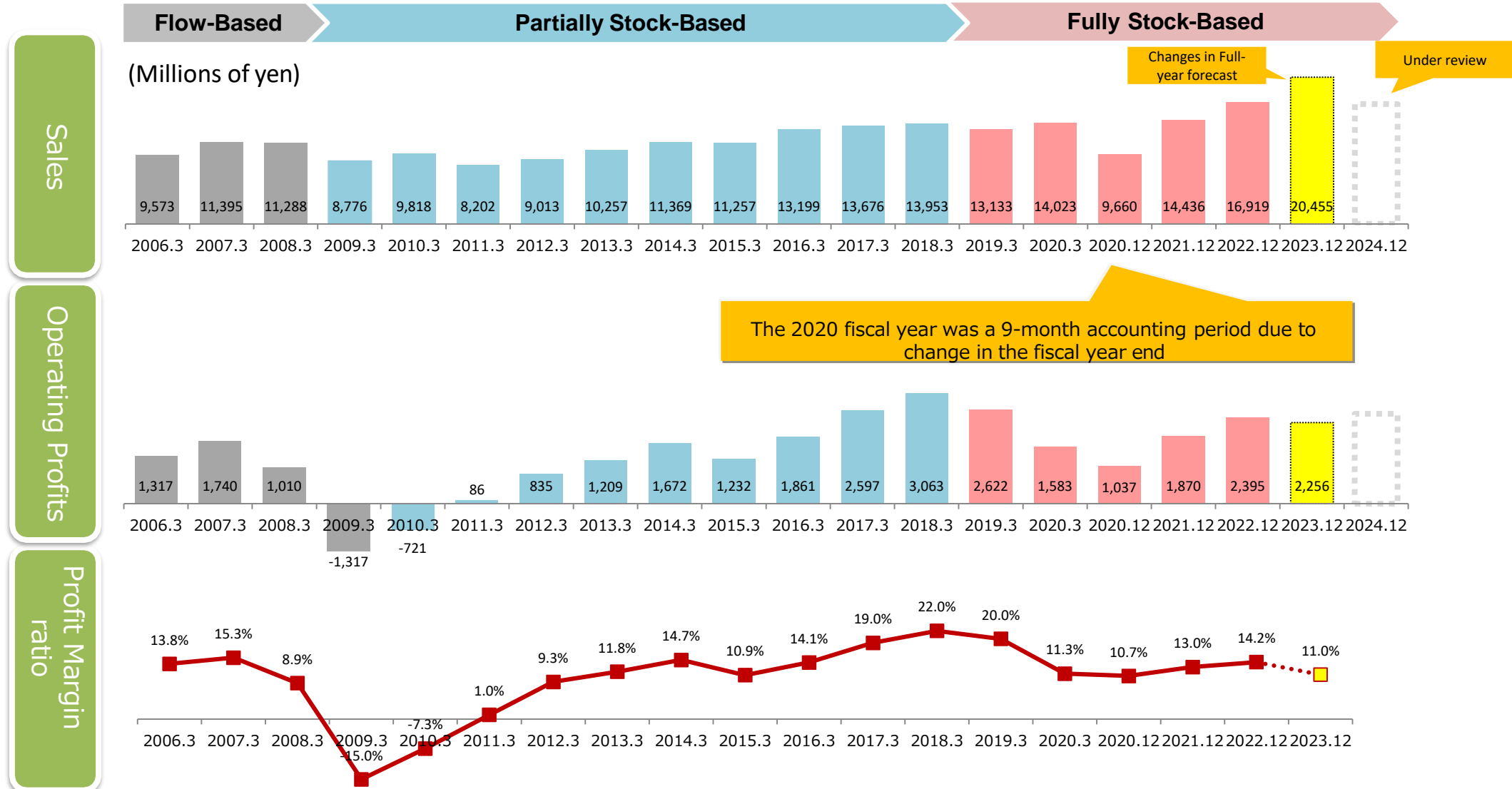
\*1 The number of customers indicates the number of pharmacies and clinics that purchased our system products.

\*2 The above target populations represent the number of pharmacies and clinics that we considered as our potential customers, and differ from the actual number of registered pharmacies and clinics.

\*3 Mid-term goals are as announced in February 2022

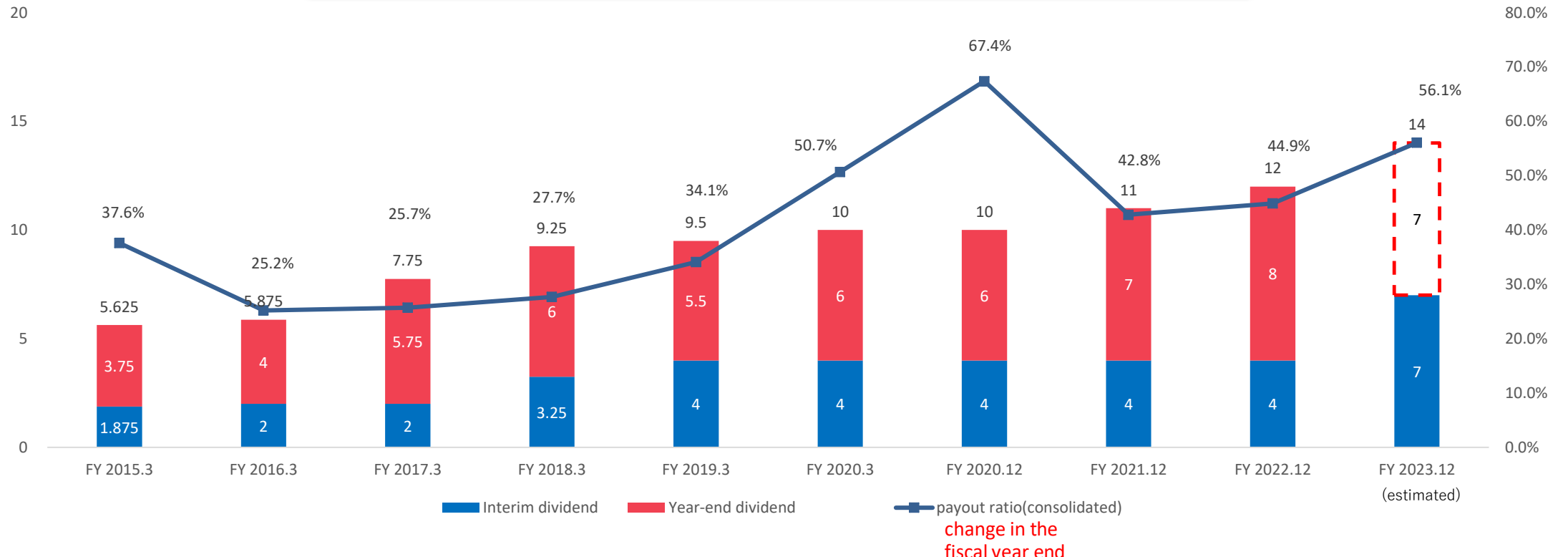
(as of September 30 , 2023)

# I . ix. Changes in consolidate results by fiscal year



# I . x . Shareholder returns

- Aim at a payout ratio of 30%
- Changing the fiscal year ended from March 31 to December 31 starting from the 2020 fiscal year



\*We conducted stock splits on April 1st, 2016 and March 1st, 2018 and January 1st, 2020 at a ratio of two shares per one ordinary share. The aforementioned information assumes that each stock split occurred at the beginning of March 2015.

# Appendix

### Clinics



- Responses to the Post-Covid-19 Status  
(Promotion of online medical care, medical consultations by appointment, Web-based medical interview, transition toward cashless systems, etc.)
- Hybridization of exhibitions by academia and private companies, and transition toward holding such exhibitions online
- Online eligibility verification (mandatory from April 2023/ transitional measures until September 2023), Electronic prescriptions (from January 26, 2023), Abolition of the insurance card (aiming for autumn 2024)
- Full-scale commencement of medical digital transformation (formation of a nationwide medical information platform, standardization of electronic medical record information, and digital transformation of medical fee revisions)
- Medication price revision and medical fee revision (medication price revision: April 1, 2024 / medical fee revision: June 1, 2024)
- Cybersecurity measures (mandatory from April 1, 2024)

### Initiatives



- Promotion of digital marketing (Digital advertising, website renewal, use of MA tools, enhancement of video/sample introductory content)
- Application of online business negotiation tools, and non-face-to-face sales, Exhibiting at Hybrid Exhibitions (Enhancement of online seminars)
- Operation of “EM-AVALON” (portal site for customers) and content enhancement
- Provision of online qualification verification system utilizing Online SHOP, Provision of electronic prescription starter<sup>3</sup> kit, hosting of seminars related to electronic prescriptions
- Participation in the government-promoted electronic medical record standardization verification project

### Pharmacies



- Responses to the Post-Covid-19 Status (Optimization of operations within pharmacies, promotion of online medication guidance, delivery of medications, etc.)
- Reorganization, M&A
- Pharmacy DX Strategy, Digital Shift, Strategies to connect with patients
- Online eligibility verification (mandatory from April 2023/transitional measures until September 2023), Electronic prescriptions (from January 26, 2023), Abolition of the insurance card (aiming for autumn 2024.)
- Full-scale commencement of medical digital transformation (formation of a nationwide medical information platform, standardization of electronic medical record information, and digital transformation of medical fee revisions)
- Medication price revision and medical fee revision (medication price revision: April 1, 2024 / medical fee revision: June 1, 2024)
- Cybersecurity measures (mandatory from April 1, 2024)

### Initiatives



- Promotion of digital marketing (website renewal, use of MA tools, enhancement of video/online seminars/sample introductory content)
- Collaboration with Good Cycle System, Inc., Electronic drug history related proposal-making capability, Enhancement of online seminars
- Operation of “EM-AVALON” (portal site for customers) and content enhancement
- Provision of online qualification verification system utilizing Online SHOP, provision of electronic prescription starter kit, hosting of seminars related to electronic prescriptions
- Sales promotion of “MAPs for PHARMACY DX”
- Unike Software Research Co., Ltd. became a consolidated subsidiary of the Company

### Long-term care/welfare



- Increase in the number of new facilities accompanying the aging of society, and increase in the number of large-scale chain long-term care facilities, Revision of Nursing Care Compensation
- Responses to the Post-Covid-19 Status  
(Provision of non-contact services, limitations on facility usage, strengthening infection countermeasures, etc.)
- Responses to the Care Plan Data Linkage System
- Trends toward revision of long-term care fees in 2024
- Improvement of data accuracy by LIFE support (Long-term care Information system For Evidence)
- Revision of fees for long-term and disability care (effective date: currently under discussion)

### Initiatives



- Sales promotion of “MAPs for NURSING CARE” (website renewal, enhancement of video/sample introductory content)
- Strengthening of chain store sales proposal capabilities , Promotion of TOP coverage
- Strengthening of digital marketing (website renewal, use of MA tools)
- Application of online business negotiation tools, non-face-to-face sale (enhancement of online seminars) , Exhibiting at trade shows and online exhibitions
- Efficient support and data output for LIFE by “Sukoyaka-san”



## Marketing Activities ,Sale Activities

Clinic	Pharmacy	Long-term care	Contents
○	○	○	Strengthening digital web marketing : Implementation of SEO and SEM measures, Application of YouTube channel, Raise awareness, Enhancement of online seminars Product website renewal, MA tools, enhancement of video/sample introductory content
○	○	○	Promotional activities using TV commercials (to be rolled out while verifying effectiveness)
○	○	○	Improving business partner and customer loyalty through the comprehensive portal site "EM-AVALON"
○	○		Provision of information and necessary materials related to cyber security measures through the comprehensive portal site "EM-AVALON" (scheduled for February 2024)
○			Provision of "Medical Dashboard" in the "MY AVALON" My Page
○	○		Application of electronic contracts, and estimates and configuration examinations conducted personally by customers through "MAPs DIRECT," an e-commerce site
	○		Business partnership with Good Cycle System Co., Ltd,:Marketing:Online seminars,Linkage with medication history
	○		Linkage of a tool for online medication guidance and follow-ups during periods of administration
	○		Launch of "EM Analysis Support (free)" ,Release of "MAPs Option   BunseQI (paid)"
○	○	○	Sales promotion of MAPs series.
○	○	○	Medical and long-term care information sharing ,Ensure collaboration among hospitals, clinics, and pharmacies, and Long-term care/welfare facilities ,EHR (Electronic Health Record)promotion
○	○		Promotion of online eligibility verification/electronic prescriptions
○	○	○	Operation of new organizational structure (EM MODEL) for full-scale development of SaaS business
○	○		Updates due to the end of Windows legacy OS support
○	○	○	Application of M&A

### Social contribution activities

- Support for tennis academies and professional tennis players
  - Support for the tennis academy "Ai Love All Tennis Academy"
  - Affiliation contract with professional tennis players
  - Provision of a "EM Tennis Clinic" in Fukuoka on September 3.
- Sponsor participation in the KIMIKO DATE x YONEX PROJECT



EM Tennis Clinic in Fukuoka  
Ai Love All Tennis Academy  
representative  
Aiko Nakamura joined the clinic.  
Goichi Motomura, a professional,  
also joined as a guest player!



### Player Information

#### Hiromi Abe wins doubles championship for the second week in a row

Hiromi Abe, a professional tennis player who is a member of EM Systems, won doubles championships at W25 Makinohara and W25 Hamamatsu!



From left to right, professional tennis players Anri Nagata (Shimadzu) and Hiromi Abe (EM Systems), who paired up at W25 Makinohara.



From left to right, professional tennis players Hiromi Abe (EM Systems) and Natsumi Kawaguchi (Machida Lawn Tennis Club), who pair up at W25 Hamamatsu.

### Social contribution activities

#### <Company-led support activities>

- Donations to Medical AI/Digital Twin Development Course (Course head: Specially-appointed Assistant Professor Yoshimasa Kawazoe M.D., Ph.D.)  
We endorse the activities of the University of Tokyo's Course on Artificial Intelligence in Healthcare, which aims to develop a foundation for new medical services based on AI and ICT, and we have been supporting R&D through continuous donations to the course since 2017.  
From fiscal 2023, we plan to continue contributing to the research and development of this course in support of the establishment of the "Medical AI/Digital Twin Development Course", which is an extension of this course.
- Participation in examination of next-generation electronic medical record base (Representative: Professor Kazuhiko Ohe, M.D., Ph.D. at the University of Tokyo)  
We participate in the activities of the NeXEHRs Consortium, established with the goal of constructing a next-generation electronic medical record sharing platform.
- Support for polypharmacy measures (Representative: Professor Hirohisa Imai Ph.D. at the University of Teikyo)  
We agree with the purpose of the polypharmacy measures promoted by the Society for the Promotion of Proper Drug Usage, and we support its activities as a special member.
- Participation in PHR proliferation activities (Representative: Professor Taku Iwami Ph.D. at Kyoto University)  
We participate in the activities of the PHR Council, which aims to promote the appropriate proliferation of Personal Health Records (PHR) and contribute to further improving health and safety, and we support the proliferation of a framework ensuring that data relating to medical care, long-term care, health, etc. is used at the discretion of the individual concerned.

### Social contribution activities

- **Participation in the Cross-ministerial Strategic Innovation Promotion Program (SIP) (Cabinet Office)**  
The Group plans to participate in the third phase of "Establishing an Integrated Health Care System" starting in 2023 as a cooperating organization in a program led by the Cabinet Office's Council for Science, Technology and Innovation to promote initiatives from basic research to practical application and commercialization.
- **Advance implementation of online eligibility verification and electronic prescriptions (Ministry of Health, Labour and Welfare)**  
Cooperation in the e-prescription model project aimed at launching e-prescription services in advance within four regions in Japan (Sakata, Yamagata Prefecture; Sugakawa, Fukushima Prefecture; Asahi, Chiba Prefecture; and Asa, Hiroshima Prefecture), in response to a request for cooperation from the Ministry of Health, Labour and Welfare.  
Continued project for advance implementation of new features for online eligibility verification and electronic prescription systems after November 2023

#### <Support activities based on co-creation of value with customers>

- **Commencement of acceptance of donations of EM Online Shop points (Japanese Red Cross Society and WFP)**  
Addition of a donation item to the conversion destination of points granted to customers based on the purchase amounts of supplies and consumables.  
10% of the donation amount added to the total by the Company following compilation of data.

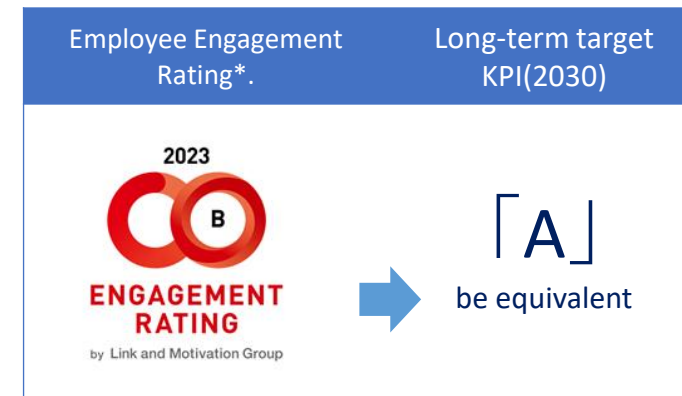
- Disclose non-financial indicators, achievement of long-term targets, and present summary of progress (2023 ESG Data)
- Disclose details on the sustainability website ([Link](#))

### [Human Capital-related Initiatives]

- Full-scale operation of human resource education and training system development
- Provision of opportunities to self-enhance skills (e-Learning)
- Introduction of employee engagement surveys
- Issues relating to organizational culture and human capital  
→ Proactive reorganization, dialog between managers and employees, and recruitment activities

### 【 Target 】

- Establishment of improving employee engagement scores as a long-term target KPI



\*Engagement ratings via Motivation Cloud by Link and Motivation Inc. Scores are calculated for a total of 11 levels  
Target companies (as of November 2023): EM Systems Co., Ltd., EM Technology Lab, Pop-Creation, ChoQi Co., Ltd., Brick Pharmacy

### External Evaluation

- Recognized as an Excellent Corporation for Health & Productivity Management
- 7th Nikkei Smart Work Management Survey 3.5 stars: one step up
- S&P/JPX Carbon Efficient Index: First selection : continued authorization
- FTSE Blossom Japan Sector Relative Index : continued authorization



## II. iii. Balance Sheet Summary (Units: Millions of yen)

	December 31 2022	December 31 2023 3 <sup>rd</sup> Half	YoY change	YoY % change
Assets	26,349	29,646	3,296	12.5%
Current assets	13,849	14,717	868	6.3%
Fixed assets	12,500	14,928	2,428	19.4%
Tangible fixed assets	1,371	1,372	1	0.1%
Intangible fixed assets	2,323	5,421	3,098	133.3%
Investments and other asset	8,805	8,134	(671)	(7.6%)
Liabilities	6,846	9,711	2,865	41.9%
Current liabilities	4,944	6,031	1,086	22.0%
Fixed liabilities	1,901	3,680	1,778	93.5%
Net assets	19,503	19,934	431	2.2%
Shareholder's equity	19,329	19,667	338	1.7%
Cumulative amount of other comprehensive	94	189	95	100.9%
Stock acquisition rights	55	56	0	1.4%
Non-controlling interests	23	21	(2)	(10.1%)

### Major YoY Changes

Goodwill	1,353 millions of yen
Intangible assets	1,168 millions of yen
Software	551 millions of yen
Current portion of long-term loans payable	987 millions of yen
Long-term loans payable	1,759 millions of yen

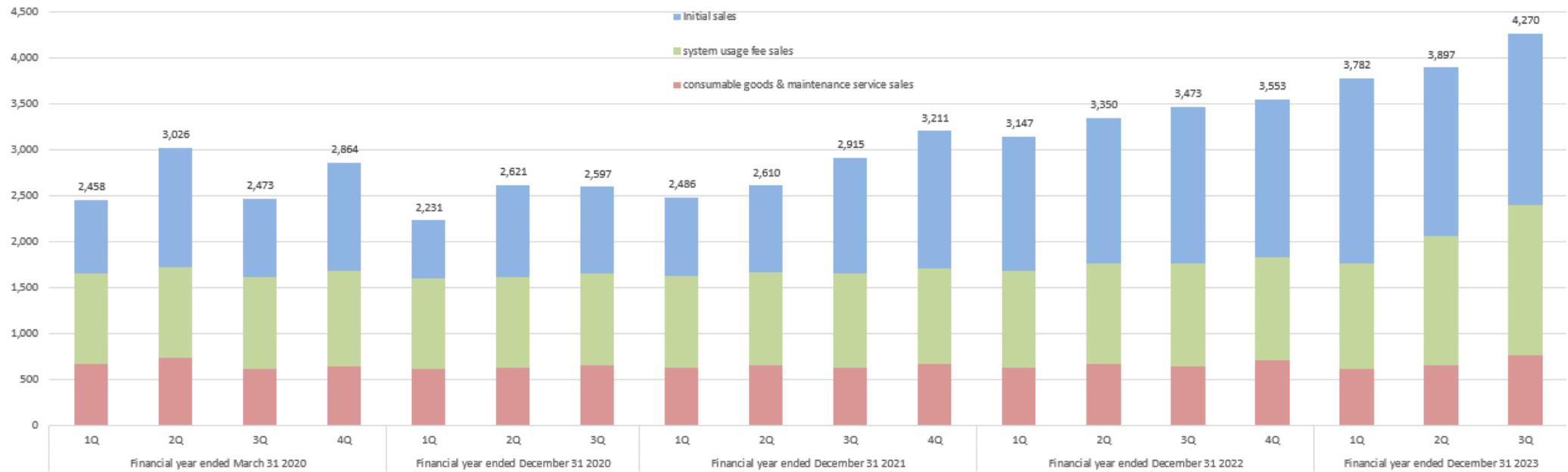
## II. iv. By Segment Sales Breakdown

	(Millions of yen)			
	Financial year ended December 31 2022,3 <sup>rd</sup> Half	Financial year ended December 31 2023,3 <sup>rd</sup> Half	YoY change	YoY % change
<b>Net sales</b>	<b>12,491</b>	<b>15,198</b>	<b>2,707</b>	<b>21.7%</b>
<b>IT Systems for Pharmacies</b>	<b>9,975</b>	<b>11,953</b>	<b>1,977</b>	<b>19.8%</b>
(initial sales)	4,756	5,734	977	20.6%
(system usage fee sales)	3,291	4,176	885	26.9%
(consumable goods sales)	1,349	1,386	36	2.7%
(maintenance service sales)	578	656	77	13.4%
<b>IT Systems for Clinics</b>	<b>1,623</b>	<b>2,249</b>	<b>626</b>	<b>38.6%</b>
(initial sales)	827	1,448	621	75.2%
(system usage fee sales)	588	625	37	6.4%
(consumable goods sales)	45	42	(2)	(5.9%)
(maintenance service sales)	162	132	(30)	(18.6%)
<b>IT Systems for long-term care/welfare</b>	<b>401</b>	<b>416</b>	<b>14</b>	<b>3.7%</b>
(initial sales)	28	30	2	7.9%
(system usage fee sales)	147	171	24	17.0%
(consumable goods sales)	0	0	0	—
(maintenance service sales)	226	213	(12)	(5.5%)
<b>Other Businesses</b>	<b>528</b>	<b>671</b>	<b>143</b>	<b>27.1%</b>
<b>Adjustments</b>	<b>(37)</b>	<b>(92)</b>	<b>(54)</b>	<b>-</b>

※Net sales by segment are the amounts before elimination of inter-segment transactions.

# II. v. Quarterly Sales (IT Systems for Pharmacies)

## Quarterly Sales (Units: Millions of yen)

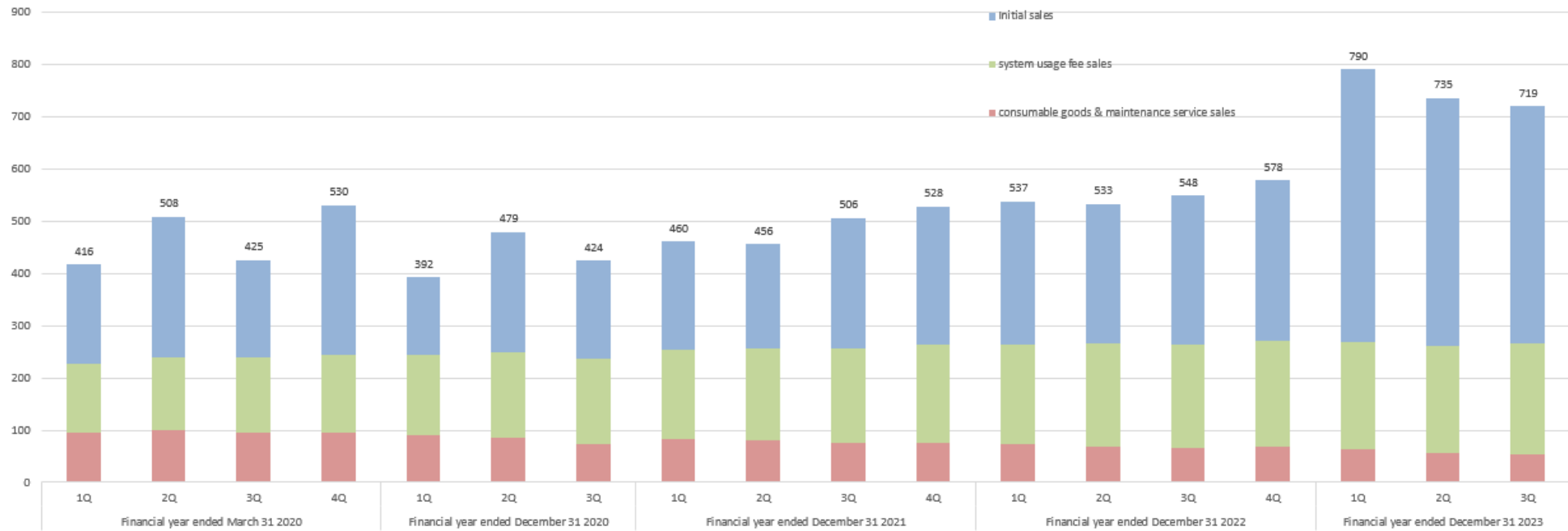


	Financial year ended March 31 2020				Financial year ended December 31 2020			Financial year ended December 31 2021				Financial year ended December 31 2022				Financial year ended December 31 2023		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Initial sales	801	1,304	858	1,186	629	1,006	942	860	938	1,265	1,502	1,458	1,586	1,711	1,719	2,016	1,840	1,877
system usage fee sales	989	981	995	1,039	988	994	996	1,004	1,022	1,019	1,042	1,068	1,100	1,122	1,130	1,149	1,403	1,624
consumable goods & maintenance service sales	668	741	620	639	614	621	659	622	650	631	667	621	664	640	704	617	654	769
Total	2,458	3,026	2,473	2,864	2,231	2,621	2,597	2,486	2,610	2,915	3,211	3,147	3,350	3,473	3,553	3,782	3,897	4,270



# II. v. Quarterly Sales (IT Systems for Clinics)

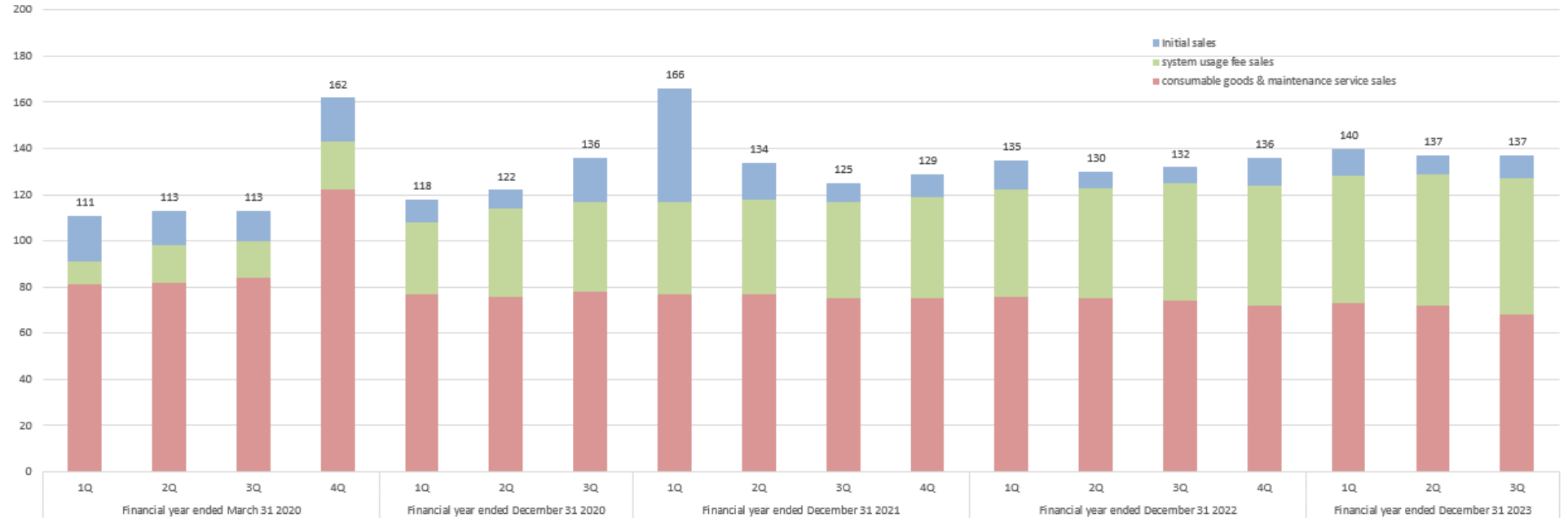
Quarterly Sales (Units: Millions of yen)



	Financial year ended March 31 2020				Financial year ended December 31 2020			Financial year ended December 31 2021				Financial year ended December 31 2022				Financial year ended December 31 2023		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Initial sales	189	269	186	285	148	230	187	206	199	250	265	274	267	285	307	521	473	453
system usage fee sales	132	139	145	149	154	163	165	172	177	180	187	191	197	198	203	205	206	213
consumable goods & maintenance service sales	95	100	94	96	90	86	72	82	80	76	76	72	69	65	68	64	56	53
Total	416	508	425	530	392	479	424	460	456	506	528	537	533	548	578	790	735	719

# II. v. Quarterly Sales (IT Systems for Long-term care/Welfare)

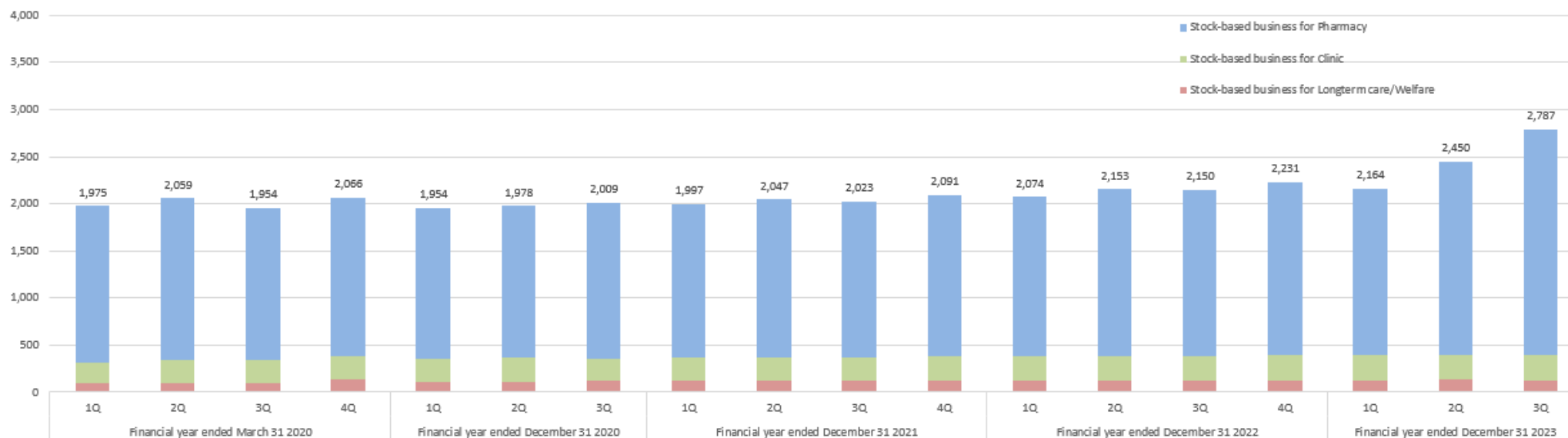
## Quarterly Sales (Units: Millions of yen)



	Financial year ended March 31 2020				Financial year ended December 31 2020			Financial year ended December 31 2021				Financial year ended December 31 2022				Financial year ended December 31 2023		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Initial sales	20	15	13	19	10	8	19	49	16	8	10	13	7	7	12	12	8	10
system usage fee sales	10	16	16	21	31	38	39	40	41	42	44	46	48	51	52	55	57	59
consumable goods & maintenance service sales	81	82	84	122	77	76	78	77	77	75	75	76	75	74	72	73	72	68
<b>Total</b>	<b>111</b>	<b>113</b>	<b>113</b>	<b>162</b>	<b>118</b>	<b>122</b>	<b>136</b>	<b>166</b>	<b>134</b>	<b>125</b>	<b>129</b>	<b>135</b>	<b>130</b>	<b>132</b>	<b>136</b>	<b>140</b>	<b>137</b>	<b>137</b>

## II. vi. By Segment Stock-based Business

### Quarterly Sales (Units: Millions of yen)

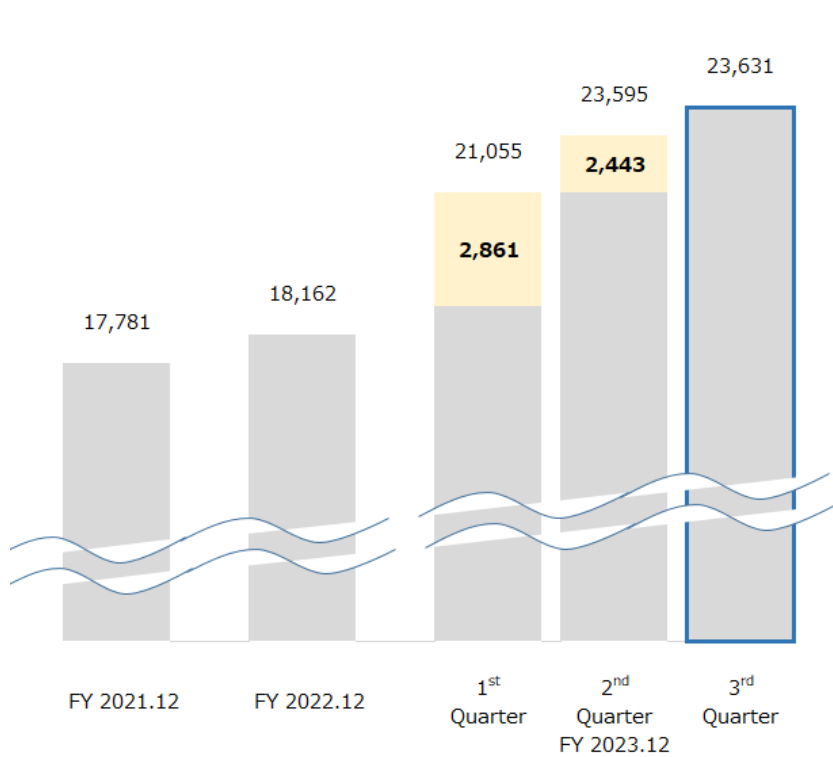


	Financial year ended March 31 2020				Financial year ended December 31 2020			Financial year ended December 31 2021				Financial year ended December 31 2022				Financial year ended December 31 2023		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Stock-based business for Pharmacy	1,657	1,722	1,615	1,678	1,602	1,615	1,655	1,626	1,672	1,650	1,709	1,689	1,764	1,762	1,835	1,766	2,057	2,394
Stock-based business for Clinic	227	239	239	245	244	249	237	254	257	256	263	263	266	263	271	270	263	266
Stock-based business for Longterm care/Welfare	91	98	100	143	108	114	117	117	118	117	119	122	123	125	125	128	130	127
Total	1,975	2,059	1,954	2,066	1,954	1,978	2,009	1,997	2,047	2,023	2,091	2,074	2,153	2,150	2,231	2,164	2,450	2,787

## II. vii. Recent Trends in Number of Customers

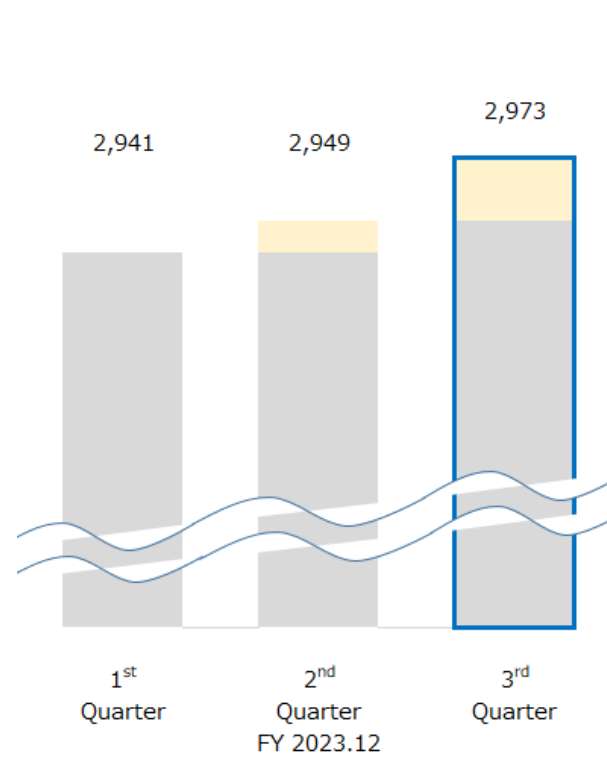
### IT Systems for Pharmacies

Market share **43.0%**



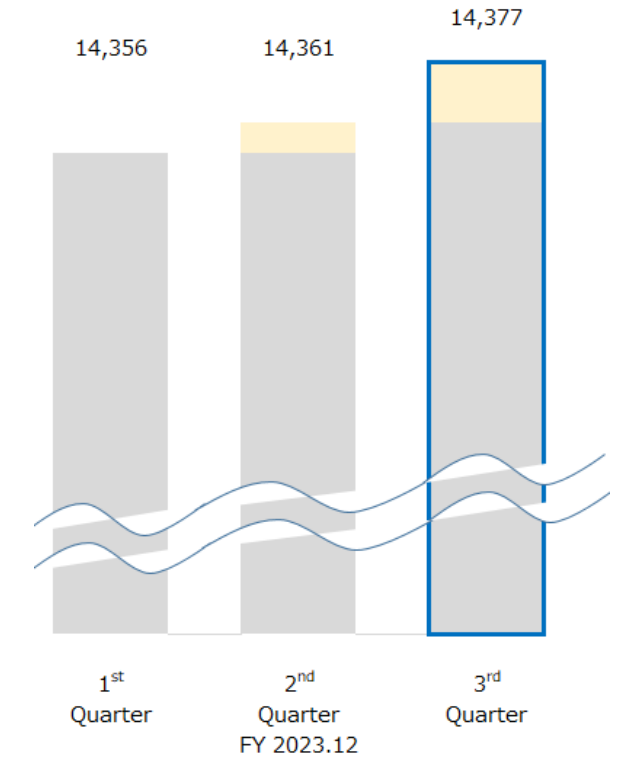
### IT Systems for Clinics

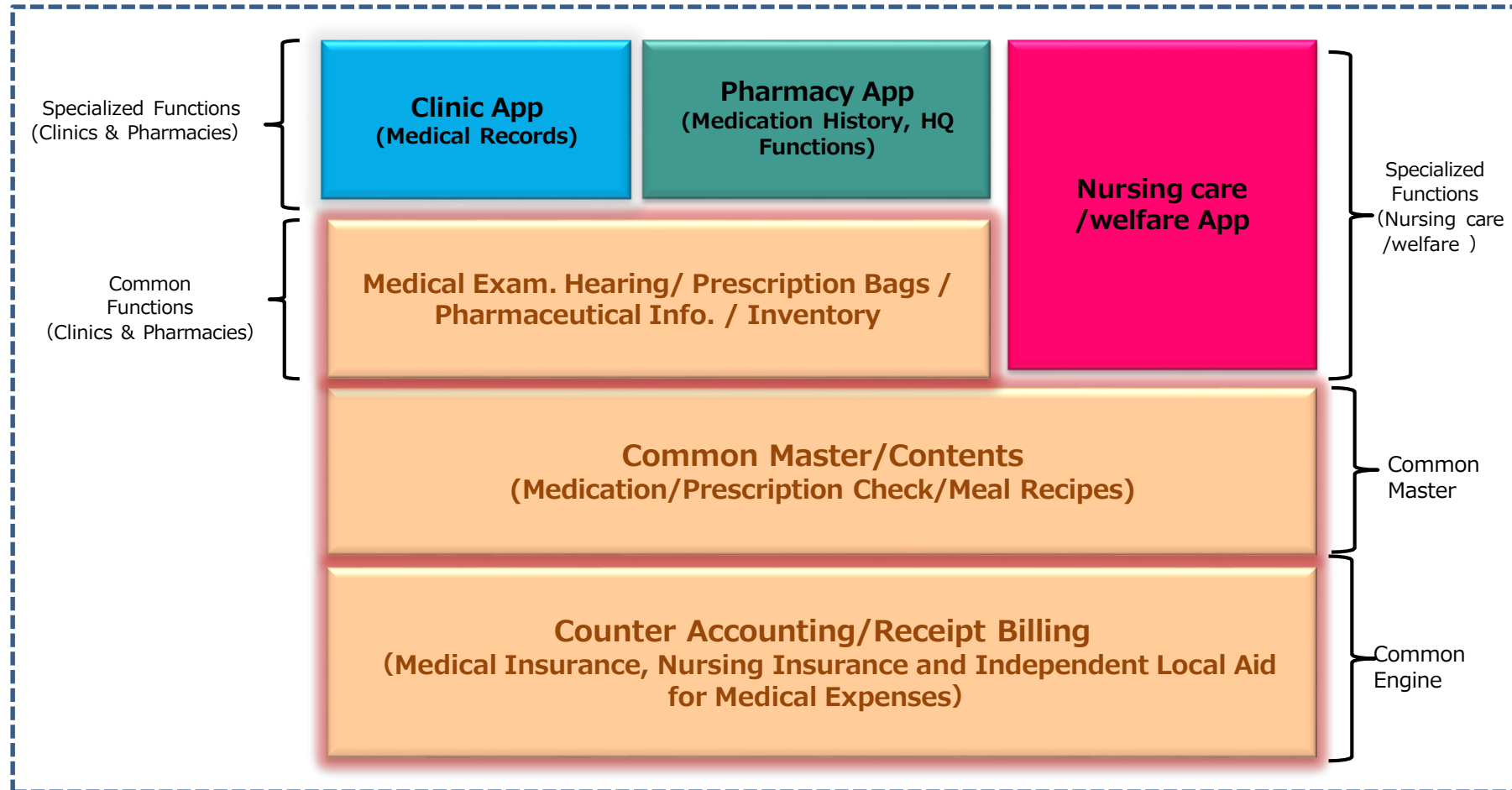
Market share **3.3%**



### IT Systems for long-term care/welfare

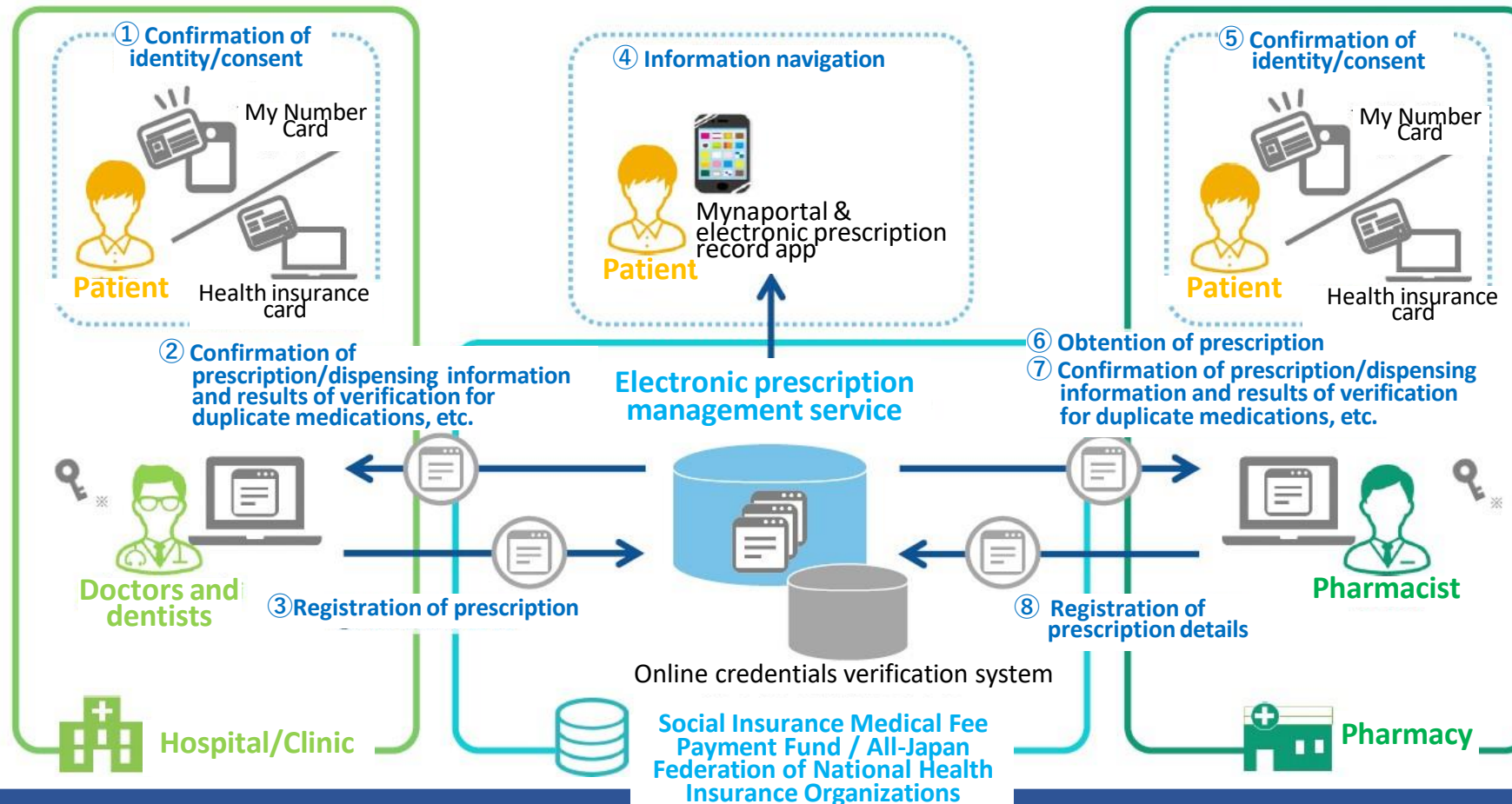
Market share **5.8%**





## II. ix. How electronic prescriptions function

Electronic prescriptions are **a mechanism for managing prescriptions electronically**, and it is now possible to refer to **information on the most recent prescriptions and dispensing at multiple medical institutions and pharmacies**, and to **check for duplicate medications**, etc.



Source: Ministry of Health, Labor and Welfare electronic prescription website

(<https://www.mhlw.go.jp/stf/denshishohousen.html>)



医療・介護を「#ありがとう」に変えていく

Contact:

EM SYSTEMS CO., LTD.

IR Section, General Affairs Department

Shin-Osaka Brick Bldg.

1-6-1 Miyahara, Yodogawa-ku,

Osaka 532-0003, Japan

<https://emsystems.co.jp/ir/mailform.html>

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As forecasts contained herein are based on assumptions of numerous uncertain factors, actual results may differ significantly from these forecasts for a number of reasons.