

DISCLAIMER: These documents have been translated from Japanese originals for reference Purposes only.
In the event of any discrepancy between these translated documents and the Japanese originals, the originals shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translations.

Consolidated Financial Results for the Fiscal Year Ended December 31, 2024 (Under Japanese GAAP)

February 14, 2025

Listing: TSE

Company name: EM SYSTEMS CO., LTD

Securities code 4820 URL <https://emsystems.co.jp>

Representative: (Title) President&Representative Director (Name) Hiromasa Kunimitsu

Inquiries (Title) Senior Executive Officer, Chief of Business Strategy Headquarters (Name) Daigo Kobayashi TEL +81(0)6-6397-1888

Scheduled date of ordinary general meeting of shareholders: March 28, 2025 Scheduled date to commence dividend payments: March 31, 2025

Scheduled date to file annual securities report: March 28, 2025

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

Consolidated results of December 1,2024 period (January 1st, 2024 through December 31st, 2024)

(1) Consolidated operating results (% refers to rate of change over the previous term)

	Sales		Operating profits		Ordinary profits		Profit attributable to owners of parent Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year Ending December 31,2024	24,837	22.0	4,464	91.6	5,184	80.7	2,425	23.6
Year Ending December 31,2023	20,355	20.3	2,330	Δ2.7	2,869	2.8	1,962	3.6

(N.B.) Year Ending Comprehensive income December 31,2024 2,469Millions of yen (18.6%) Year Ending December 31,2023 2,081Millions of yen (6.8%)

	Net income per share Net income	Net income per share (diluted)	Ratio of net income to shareholders' equity	Ratio of Ordinary Income to Total Assets	Operating income to net sales
	Yen	Yen	%	%	%
Year Ending December 31,2024	34.54	34.43	11.8	17.0	18.0
Year Ending December 31,2023	27.76	27.68	9.8	10.3	11.4

(Refer to) Equity in earnings of affiliates Year Ending December 31,2024 -Millions of yen Year Ending December 31,2023 Δ35Millions of yen

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year Ending December 31,2024	31,669	20,619	64.8	297.04
Year Ending December 31,2023	29,387	20,566	69.6	289.47

(Refer to) Net capital Year Ending December 31,2024 20,534Millions of yen Year Ending December 31,2023 20,464Millions of yen

(3) Status of consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year Ending December 31,2024	5,756	66	Δ3,567	11,884
Year Ending December 31,2023	1,584	Δ2,038	993	9,441

2. State of dividends

	Annual dividends					Total dividends (Total)	Dividend payout ratio (Consolidated)	Dividends on net assets ratio (consolidated)
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	End of term	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year Ending December 31,2023	-	7.00	-	7.00	14.00	989	50.4	5.0
Year Ending December 31,2024	-	9.00	-	26.00	35.00	2,428	101.3	11.9
Year Ending December 31,2025 (estimate)	-	17.00	-	18.00	35.00		130.5	

3. Estimated consolidated results of December 3.2025 period (January 1st, 2025 through December 31st, 2025)

(% refers to the rate of change over the previous term for the full year, and over the same quarter in the previous year for the quarter)

	Sales		Operating profits		Ordinary profits		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
2nd quarter (cumulative)	10,870	△1.1	1,261	3.3	1,577	2.4	927	△6.0	13.41
Full year	21,740	△12.5	2,522	△43.5	3,154	△39.2	1,854	△23.5	26.82

* Addendums

(1) Significant changes in scope of consolidation during period: None

(2) Changes to accounting policy, changes to estimates in accounting, revised restatements

① Changes to accounting policies accompanying revision to accounting standards, etc. : None

② ① Changes to accounting policies other than those described above: None

③ Changes to estimates in accounting: None

④ Revised restatement: None

(3) Number of shares outstanding (ordinary stock)

① Number of shares outstanding at end of term (including treasury stock)	Year Ending December 31,2024	70,514,800shares	Year Ending December 31,2023	74,514,800shares
② Number of own shares at end of term	Year Ending December 31,2024	1,384,894shares	Year Ending December 31,2023	3,818,649shares
③ Average number of shares outstanding during term	Year Ending December 31,2024	70,206,024shares	Year Ending December 31,2023	70,680,919shares

(Refer to) Summary of Non-consolidated Financial Results

Non-consolidated results of December 1.2024 period (January 1st, 2024 through December 31st, 2024)

(1) Non-consolidated operating results

(% refers to rate of change over the previous term)

	Sales		Operating profits		Ordinary profits		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year Ending December 31,2024	19,937	15.3	3,668	110.3	4,483	88.2	1,969	15.6
Year Ending December 31,2023	17,288	7.6	1,744	△19.2	2,381	△16.1	1,704	△13.4

	Per share Net income	Diluted Net income per share
	Yen	Yen
Year Ending December 31,2024	28.06	27.97
Year Ending December 31,2023	24.12	24.04

(2) Non-consolidated financial position

	Total assets	Net assets	Capital adequacy	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year Ending December 31,2024	28,307	19,543	68.8	281.91
Year Ending December 31,2023	26,376	19,712	74.5	278.05

(Refer to) Net capital Year Ending December 31,2024 19,488Millions of yen Year Ending December 31,2023 19,657Millions of yen

※ The financial statement is not subject to audit by certified public accountants or auditors.

※ Explanation regarding appropriate use of forecasts of financial results and other special notes

(Caution regarding forward-looking statements, etc.)

The descriptions of the future such as estimated results contained in this document are based on information possessed by this company at the present time and certain assumptions this company deems reasonable, and they do not guarantee that they will be achieved. Actual results may differ significantly from these forecasts for a number of reasons. Please refer to “1. Business Results, (4) Outlook” on page 4 for the assumptions used in forecasting business results and precautions regarding the use of business results forecasts.

○ Table of contents of attached materials

1. Overview of Operating Results, etc.	5
(1) Overview of Operating Results for the Fiscal Year under Review	5
(2) Overview of financial position for this term	6
(3) Overview of cash flows for this term	6
(4) Future Outlook	8
2. Basic Policy on Selection of Accounting Standards	8
3. Consolidated financial statements and major explanatory notes	9
(1) Consolidated balance sheet	9
(2) Consolidated statements of income and consolidated statements of comprehensive income	11
Consolidated statements of income	11
Consolidated statements of comprehensive income	12
(3) Consolidated Statements of Changes in Net Assets	13
(4) Consolidated Statements of Cash Flows	15
(5) Addendums relating to consolidated financial statement	17
(Explanatory notes regarding prerequisites of going concern)	17
(Explanatory notes regarding segment information, etc.)	17
(Per Share Information)	22
(Significant Subsequent Events)	22

1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review

The Japanese economy during the current consolidated fiscal year continues to be affected by corporate profits due to exchange rate fluctuations and high energy and raw material prices.

In the medical industry, the Group's main customer base, the timing at which revisions to the various fees are to take effect have been dispersed throughout the year, with 2024 being the year of revisions to the fees simultaneously for medical, long-term care, and welfare services once every six years, and the frequency at which changes to the number of fee points and their method of calculation are occurring has increased. In addition, medical fees are to be raised under the revisions as a means of securing human resources and raising wages among medical and long-term care/welfare practitioners, while at the same time aiming to improve the stability and sustainability of the medical insurance system through greater efficiency and optimization by promoting digital transformation in the medical field.

In order to achieve high-quality medical care via the promotion of dx and innovation in the medical field, we have continued to incorporate the Online eligibility verification system, as the scope of coverage of Online eligibility verification systems is expected to expand and Electronic Prescriptions are expected to become more commonplace. We are also providing medical assistance services, a new operational target, as well as gradually increasing the number of Electronic Prescriptions installations, and the number of installations in the current consolidated fiscal year exceeded expectations.

In addition, in order to more efficiently generate projects in each segment of our group, we are also continuing to acquire potential projects through sales activities that enhance inside sales from conventional face-to-face-based sales through organizational restructuring in the previous fiscal year, as well as through improving our marketing mix, including website renewals, MA tool utilization, and digital content enhancements. In this consolidated fiscal year, sales and operating profits increased year on year due to the consolidation of Good Cycle System Inc. and UNIKE SOFTWARE RESEARCH CO., LTD. during the previous fiscal year, as well as to progress in responding to healthcare dx, including the incorporation of Electronic Prescriptions. On the other hand, in this consolidated fiscal year, one-time expenses such as special compensation payments are recorded, and in IT Systems for Clinics and IT Systems for Long-term care/welfare, impairments are recorded.

As a result, our operating results for this consolidated fiscal year was 24,837 million yen in sales (a 22.0% increase compared to the previous year), 4,464 million yen in operating profits (a 91.6% increase), 5,184 million yen in ordinary profits (an 80.7% increase), and 2,425 million yen in net income belonging to parent company shareholders (a 23.6% increase).

By segment operating results are as follows.

(IT Systems for Pharmacies)

In regard to IT Systems for Pharmacies, despite the end of intensive demand for Online eligibility verification systems, in this consolidated fiscal year, in addition to accelerated installations of Electronic Prescriptions and Online eligibility verification related optional software, mainly at chain pharmacies, in addition to Good Cycle System Inc. CO., LTD. and UNIKE SOFTWARE RESEARCH Co.,Ltd. CO., LTD being subject to consolidation, sales and operating profits in the segment increased, along with billing sales increasing due to an increase in the number of customers.

Consequently, IT Systems for Pharmacies for this consolidated fiscal year was 20,699 million yen in sales (a 28.1% increase compared to the previous year) and 5,255 million yen in operating profits (a 78.8% increase).

(IT Systems for Clinics)

In regard to IT Systems for Clinics, in addition to restructuring our organizational structure, we are taking a wide range of approaches utilizing digital marketing. In addition to the end of intensive demand for Online eligibility verification systems during the fiscal year under review, factors such as system failures under the MAPs for CLINIC and one-time expenses such as the payment of special compensation resulted in a drop in sales and increased operating losses.

Consequently, IT Systems for Clinics for this consolidated fiscal year was 2,564 million yen in sales (a 8.5% decrease compared to the previous year) and 423 million yen in operating losses (previous period: operating loss of 130 million yen).

(IT Systems for Long-term care/welfare)

In regard to IT Systems for Long-term care/welfare, although replacements for conventional products caused a drop in maintenance sales, initial sales increased due to the incorporation of "Sukoyaka Sun" in large-scale long-term care facilities, and billing sales also remained steady due to an increase in the number of "MAPs for NURSING CARE" licenses. In addition, operating losses narrowed slightly due to an improvement in the burden of fixed costs in the segment.

Consequently, IT Systems for Long-term care/welfare for this consolidated fiscal year was 570 million yen in sales (a 3.5% increase compared to the previous year) and 450 million yen in operating losses (previous period: operating loss of 540 million yen).

(Other businesses)

In other businesses, sales and operating profits increased due to growth in the cashless business of ChoQi Co., Ltd. and in the system business of PENSHIN SOFTWARE SYSTEMS DEVELOPMENT (NANJING) CO., LTD.

Consequently, other business for this consolidated fiscal year resulted in 1,174 million yen in sales (a 20.6% increase compared to the previous year) and 60 million yen in operating profits (a 24.8% increase).

(Sales and operating profits (losses) by segment above are the amounts before elimination of internal transactions between segments.)

(2) Overview of financial position for this term

(Assets)

Current assets at the end of this consolidated fiscal year were 18,349 million yen, an increase of 3,549 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 2,442 million yen in cash on hand and in banks and 1,211 million yen in notes and accounts receivable, respectively, resulting from steady business results. Fixed assets were 13,320 million yen, a decrease of 1,266 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 1,204 million yen in software, 125 million yen in buildings and structures, 209 million yen in goodwill, and 143 million yen in other intangible assets. This was mainly due to the recording of impairments in IT Systems for Clinics and IT Systems for Long-term care/welfare.

As a result, total assets were 31,669 million yen, an increase of 2,282 million yen from the end of the previous consolidated fiscal year.

(Liabilities)

Current liabilities at the end of this consolidated fiscal year were 9,072 million yen, an increase of 3,454 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 254 million yen in notes and accounts payable, an increase of 1,219 million yen in accounts payable, and a 1,342 million yen increase in income taxes payable, despite a 133 million yen decrease in the current portion of long-term loans payable. Fixed liabilities were 1,977 million yen, a decrease of 1,225 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 957 million yen in long-term loans payable and 202 million yen in long-term accounts payable.

As a result, total liabilities were 11,050 million yen, an increase of 2,228 million yen from the end of the previous consolidated fiscal year.

(Net assets)

Net assets at the end of this consolidated fiscal year were 20,619 million yen, an increase of 53 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 1,227 million yen in treasury stock due to the acquisition of treasury stock and partial retirement, despite a decrease of 890 million yen in capital surplus and 288 million yen in retained earnings.

As a result, equity ratio was 64.8% (compared to 69.6% at the end of the previous consolidated fiscal year).

(3) Overview of cash flows for this term

Cash and cash equivalents (hereinafter referred to as [funds]) in the current consolidated fiscal year increased by 2,442 million yen from the end of the previous consolidated fiscal year, to 11,884 million yen.

The status of each cash flow during the current consolidated fiscal year and its major factors are as follows.

(Cash Flows from Operating Activities)

Net cash provided by operating activities was 5,756 million yen. This was mainly due to 3,694 million yen in profit before adjustment for taxes, etc., 1,440 million yen in impairment losses, and 1,355 million yen in depreciation expenses, which were offset by 522 million yen in income taxes paid.

(Cash flows from investing activities)

Net cash used in investing activities was 194 million yen. This was mainly due to 397 million yen in payments for acquisition of tangible fixed assets related to system development and 358 million yen in payments for acquisition of intangible fixed assets, despite 1,072 million yen in rental income from investment real estate.

(Cash Flows from Financing Activities)

Net cash used in financing activities was 3,567 million yen. This was mainly due to 1,091 million yen in repayments of long-term loans payable, 999 million yen in purchases of treasury stock, and 1,123 million yen in dividends paid.

(4) Future Outlook

Looking ahead, reform of the medical and long-term care/welfare/welfare industries has become an urgent issue in a declining birthrate and aging society, and medical and long-term care/welfare practitioners, such as measures against infectious diseases and the utilization of digital transformation in the medical field, are expected to play an even more important role for local residents. The government has indicated a policy to promote dx in the medical field. Among them, the incorporation of Online eligibility verification systems and Electronic Prescriptions systems utilizing the My Number card is advancing, and further digitization of medical information is advancing, and it is expected that the utilization of ict will continue to increase the need for information collaboration in other occupations, including long-term care/welfare.

In addition, revisions to medical fees have also improved the treatment of medical practitioners and established incentives to respond to medical DXs, and pharmacies are shifting from objective-goods operations to interpersonal services. As a result, there is a need to respond to DXs in addition to the need for services that appeal to patients.

We, as a group, will further support medical and long-term care/welfare practitioners in terms of improving safety and operational efficiency through information sharing utilizing cloud systems in order to achieve our financial results plan in line with the "FY2025 - FY2027 Medium-term Management Plan" announced in 2024, and to realize our Group's vision of "being a company that supports the field of digital medical and long-term care/welfare in Japan" through the "MAP s series" of our "Shared Information System Foundation."

In this environment, regarding our consolidated results for the year ending December 2025, we are forecasting sales of 21,740 million yen (a 12.5% decrease compared to the previous year), operating profits of 2,522 million yen (a 43.5% decrease), ordinary profits of 3,154 million yen (a 39.2% decrease), and net income belonging to parent company shareholders of 1,854 million yen (a 23.5% decrease), based on the mid-term management plan announced on November 14, 2024.

The above forecasts are based on information available as of the date when this document is released, and actual results may differ from the forecasts due to a variety of factors in the future.

2. Basic Policy on Selection of Accounting Standards

In order to ensure comparability with other companies in the same industry in Japan, our group applies Japanese GAAP for accounting standards.

3. Consolidated financial statements and major explanatory notes

(1) Consolidated balance sheet

(Units: millions of yen)

	Previous consolidated fiscal year (December 31st, 2023)	Current consolidated fiscal year (December 31st, 2024)
Assets		
Current assets		
Cash on hand and in banks	9,441	11,884
Notes and accounts receivable	3,082	4,293
Merchandise and products	1,136	873
Other	1,139	1,299
Allowance for bad debts	(0)	△2
Total current assets	14,800	18,349
Fixed assets		
Tangible fixed assets		
Buildings and structures	1,368	1,243
Accumulated depreciation	△793	△793
Buildings and structures (net)	575	449
Land	474	348
Lease assets	137	119
Accumulated depreciation	△72	△97
Lease assets (net)	65	22
Other	1,144	1,455
Accumulated depreciation	△929	△1,035
Others (net)	214	419
Total tangible fixed assets	1,330	1,241
Intangible fixed assets		
Software	2,296	1,091
Software in progress	164	30
Goodwill	1,475	1,265
Other	1,250	1,107
Total intangible fixed assets	5,186	3,494
Investments and other assets		
Investment securities	962	906
Investment real estate	10,648	10,707
Accumulated depreciation	△4,254	△4,438
Investment real estate (net)	6,393	6,268
Lease and guarantee deposits	209	167
Deferred tax assets	412	1,006
Other	103	249
Allowance for bad debts	△11	△14
Total investments and other assets	8,070	8,584
Total fixed assets	14,587	13,320
Total assets	29,387	31,669

(Units: millions of yen)

	Previous consolidated fiscal year (December 31st, 2023)	Current consolidated fiscal year (December 31st, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable	1,121	1,376
Current portion of long-term loans payable	966	833
Accounts payable-other	997	2,217
Lease obligations	36	37
Income taxes payable, etc.	241	1,584
Consumption taxes payable, etc.	277	508
Provision for bonuses	348	555
Contract liability	877	840
Other	750	1,119
Total current liabilities	5,618	9,072
Non-current liabilities		
Long-term loans payable	1,527	569
Lease obligations	37	0
Deferred tax liabilities	329	286
Net defined benefit liability	135	137
Long-term accounts payable	396	193
Provision for product warranties	3	1
Long-term guarantee deposits	763	778
Other	10	9
Total fixed liabilities	3,202	1,977
Total liabilities	8,821	11,050
Net assets		
Shareholder's equity		
Capital stock	2,785	2,785
Capital surplus balance	3,376	2,486
Retained earnings	16,101	15,813
Treasury stock	△1,990	△763
Total shareholder's equity	20,272	20,320
Cumulative amount of other comprehensive income		
valuation difference on available-for-sale securities	85	45
Foreign currency translation adjustments	106	168
Total other cumulative comprehensive income	191	213
Subscription rights to shares	56	55
Non-Controlling Interest	45	29
Total net assets	20,566	20,619
Total liabilities and net assets	29,387	31,669

(2) Consolidated statements of income and consolidated statements of comprehensive income
(Consolidated Statements of Income)

(Units: millions of yen)

	Previous consolidated fiscal year (January 1st, 2023) To: December 31st, 2023)	Current consolidated fiscal year (January 1st, 2024) To: December 31st, 2024)
Sales	20,355	24,837
Cost of sales	10,433	11,275
Gross profit	9,921	13,561
Selling, general and administrative expenses		
Sales promotion expenses	33	86
Shipping and transportation expenses	32	32
Advertising expenses	564	233
Provision of allowance for bad debts	0	5
Provision for product warranties	△1	-
Directors' compensation	323	328
Salaries and allowances	3,152	3,497
Bonuses	387	620
Provision for bonuses	233	444
Share-based compensation expense	91	61
Net periodic benefit costs	34	27
Statutory welfare expenses	564	727
Travel and transportation expenses	201	216
Communication expenses	92	112
Depreciation	96	185
Amortization of goodwill	209	209
Land and house rent	253	270
Research and development expenses	8	13
Other	1,311	2,023
Total selling, general and administrative expenses	7,591	9,097
Operating profits	2,330	4,464
Non-operating profits		
Interest and dividends income	16	22
Real estate rental income	970	1,069
Miscellaneous income	25	57
Total non-operating profits	1,012	1,150
Non-operating expenses		
Interest expense	7	8
Real estate rental expenses	424	383
Equity Losses of Affiliated Companies	35	-
Miscellaneous losses	6	39
Total non-operating expenses	473	430
Ordinary profits	2,869	5,184

(Units: millions of yen)

	Previous consolidated fiscal year (January 1st, 2023) To: December 31st, 2023)	Current consolidated fiscal year (January 1st, 2024) To: December 31st, 2024)
Special profits		
Gain on termination of retirement benefit plan	33	-
Total special profits	33	-
Special losses		
Losses on sales of fixed assets	1	-
Losses on disposal of fixed assets	9	48
Impairment losses	-	1,440
Loss on step acquisitions	140	-
Total special losses	152	1,489
Profit before adjustment for taxes, etc.	2,750	3,694
Corporation tax, inhabitant tax, and enterprise tax	732	1,864
Income taxes-deferred	33	△618
Total income taxes	766	1,246
Net income	1,984	2,448
Profit attributable to non-controlling interests	21	22
Profit attributable to owners of parent	1,962	2,425

(Consolidated Statements of Comprehensive Income)

(Units: millions of yen)

	Previous consolidated fiscal year (January 1st, 2023) To: December 31st, 2023)	Current consolidated fiscal year (January 1st, 2024) To: December 31st, 2024)
Net income	1,984	2,448
Other comprehensive income		
valuation difference on available-for-sale securities	50	△40
Foreign currency translation adjustments	21	61
Remeasurements of defined benefit plans	26	-
Total other comprehensive income	97	21
Comprehensive income	2,081	2,469
(Breakdown)		
Comprehensive income concerning parent company shareholders	2,059	2,446
Comprehensive income concerning non-controlling shareholders	21	22

(3) Consolidated Statements of Changes in Net Assets

Previous fiscal year (From January 1st, 2023 to December 31st, 2023)

(Units: millions of yen)

	Shareholder's equity				
	Capital stock	Capital surplus balance	Retained earnings	Treasury stock	Total shareholder's equity
Balance at beginning of current period	2,785	3,362	15,199	△2,017	19,329
Changes of items during period					
Dividends of surplus			△1,060		△1,060
Profit attributable to owners of parent			1,962		1,962
Disposal of treasury stock		14		26	40
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	14	902	26	942
Balance at end of current period	2,785	3,376	16,101	△1,990	20,272

	Cumulative amount of other comprehensive income				Subscription rights to shares	Non-Controlling Interest	Total net assets
	valuation difference on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Cumulative amount of other comprehensive income Total			
Balance at beginning of current period	35	85	△26	94	55	23	19,503
Changes of items during period							
Dividends of surplus				-			△1,060
Profit attributable to owners of parent				-			1,962
Disposal of treasury stock				-			40
Net changes of items other than shareholders' equity	50	21	26	97	0	21	120
Total changes of items during period	50	21	26	97	0	21	1,062
Balance at end of current period	85	106	-	191	56	45	20,566

Current fiscal year (From January 1st, 2024 to December 31st, 2024)

(Units: millions of yen)

	Shareholder's equity				
	Capital stock	Capital surplus balance	Retained earnings	Treasury stock	Total shareholder's equity
Balance at beginning of current period	2,785	3,376	16,101	△1,990	20,272
Changes of items during period					
Dividends of surplus			△1,125		△1,125
Profit attributable to owners of parent			2,425		2,425
Purchase of treasury stock				△999	△999
Disposal of treasury stock		5		20	26
Retirement of treasury stock		△617	△1,588	2,205	-
Change in treasury shares of parent arising from transactions with non-controlling shareholders		△278			△278
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	△890	△288	1,227	48
Balance at end of current period	2,785	2,486	15,813	△763	20,320

	Cumulative amount of other comprehensive income			Subscription rights to shares	Non-Controlling Interest	Total net assets
	valuation difference on available-for-sale securities	Foreign currency translation adjustments	Cumulative amount of other comprehensive income Total			
Balance at beginning of current period	85	106	191	56	45	20,566
Changes of items during period						
Dividends of surplus			-			△1,125
Profit attributable to owners of parent			-			2,425
Purchase of treasury stock			-			△999
Disposal of treasury stock			-			26
Retirement of treasury stock			-			-
Change in treasury shares of parent arising from transactions with non-controlling shareholders			-			△278
Net changes of items other than shareholders' equity	△40	61	21	(0)	△15	5
Total changes of items during period	△40	61	21	(0)	△15	53
Balance at end of current period	45	168	213	55	29	20,619

(4) Consolidated Statements of Cash Flows

(Units: millions of yen)

	Previous consolidated fiscal year (January 1st, 2023) To: December 31st, 2023)	Current consolidated fiscal year (January 1st, 2024) To: December 31st, 2024)
Cash flows from operating activities		
Profit before adjustment for taxes, etc.	2,750	3,694
Depreciation	1,249	1,355
Amortization of goodwill	209	209
Impairment losses	-	1,440
Increase (decrease) in net defined benefit asset (Δ is an increase)	7	-
Increase (decrease) in net defined benefit liability (Δ refers to decrease)	Δ 1,074	2
Increase (decrease) in provision for warranties (decrease in Δ)	Δ 17	Δ 1
Increase (decrease) in provision for bonuses (decrease in Δ)	Δ 57	206
Increase/Decrease in Contract Liabilities (Decreased in Δ)	Δ 281	55
Increase (decrease) in allowance for doubtful accounts (decrease in Δ)	Δ 1	4
Interest and dividend income	Δ 16	Δ 22
Real estate rental income	Δ 970	Δ 1,069
Real estate rental expenses	212	184
Interest expense	7	8
Equity in earnings of affiliates (Δ is a gain)	35	-
Losses on sales of fixed assets. (Gains on Δ)	1	-
Losses on disposal of fixed assets	9	48
Gain (loss) on step acquisitions (Δ is a gain)	140	-
Gain on termination of retirement benefit plan	Δ 33	-
Share-based compensation expense	91	61
Decrease (increase) in notes and accounts receivable	269	Δ 1,211
Decrease (increase) in inventories (increase in Δ)	9	253
Decrease (increase) in other current assets. (Increase in Δ)	Δ 53	Δ 193
Increase (decrease) in notes and accounts payable (decrease in Δ)	Δ 520	254
Increase (decrease) in accrued consumption taxes (decrease in Δ)	17	230
Decrease (increase) in other current liabilities	203	905
Increase (decrease) in long-term accounts payable (decrease in Δ)	396	Δ 202
Other	43	50
Subtotal	2,627	6,263
Interest and dividends received	16	22
Interest paid	Δ 7	Δ 8
Income taxes paid	Δ 1,100	Δ 522
Income taxes refund	48	-
Cash flows from operating activities	1,584	5,756

(Units: millions of yen)

	Previous consolidated fiscal year (January 1st, 2023) To: December 31st, 2023)	Current consolidated fiscal year (January 1st, 2024) To: December 31st, 2024)
Cash flows from investing activities		
Purchases of tangible fixed assets	△170	△397
Purchases of intangible fixed assets	△586	△358
Purchases of investment securities	△14	△1
Purchase of shares of subsidiaries resulting in change in scope of consolidation	△2,007	-
Proceeds from rental of investment real estate	971	1,072
Payments for rental of investment real estate	△212	△184
Collection of loans receivable	9	1
Payments of loans receivable	-	△2
Proceeds from guarantee deposits	116	70
Repayments of guarantee deposits	△98	△55
Other	△47	50
Cash flows from investing activities	△2,038	194
Cash flows from financing activities		
Proceeds from long-term loans payable	2,500	-
Repayments of long-term loans payable	△410	△1,091
Repayments of lease obligations	△35	△36
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	△316
Purchase of treasury stock	-	△999
Dividends paid	△1,060	△1,123
Cash flows from financing activities	993	△3,567
Effect of exchange rate change on cash and cash equivalents	20	59
Increase (decrease) in cash and cash equivalents (decrease in △)	560	2,442
Cash and cash equivalents at beginning of term	8,881	9,441
Cash and cash equivalents at end of term	9,441	11,884

(5) Addendums relating to consolidated financial statement
(Explanatory notes regarding prerequisites of going concern)

There is no applicable information.

(Explanatory notes regarding segment information, etc.)

[Segment information]

1. Overview of Reportable Segments

A reportable segment of the Group is a component of the Group for which separate financial information is available, and which is subject to periodic review by the Board of Directors in order to determine the allocation of management resources and assess performance.

Our group consists of business divisions based on the products we provide, and each company's business is categorized into four reportable segments: "IT Systems for Pharmacies," "IT Systems for Clinics," "IT Systems for Long-term care/welfare," and "Other Businesses."

The major products belonging to each category are shown in the following table.

Reportable segment	Major products
IT Systems for Pharmacies	Development, sales, and maintenance of systems for pharmacies
IT Systems for Clinics	Development, sales, and maintenance of systems for clinics
IT Systems for Long-term care/welfare	Development and sales of systems for long-term care/welfare service providers; maintenance
Other Businesses	Management of pharmacies, cashless operations, development and operation of statistical information analysis services, and temporary staffing services

2. Methods of calculating sales, profits and losses, assets, liabilities, and other items by reportable segment

The accounting methods for reportable segments are generally the same as those described in the basic important matters for preparing the consolidated financial statements.

Profits of reportable segments are figures based on operating profits.

Inter-segment profits and transfers are based on prevailing market prices.

3. Information on amount of sales, profit or loss, assets, liabilities and other items by reportable segment and breakdown of income

Previous fiscal year (From January 1st, 2023 to December 31st, 2023)

(Units: millions of yen)

	Reportable segment					Adjustment (Note) 1.2.3	Amounts recorded in consolidated financial statements (N.B.) 4
	IT Systems for Pharmacies	IT Systems for Clinics	IT Systems for Long-term care/welfare	Other Businesses	Total		
Sales							
Initial sales	7,441	1,731	37	-	9,210	-	9,210
System usage fee sales	5,823	840	232	-	6,896	-	6,896
consumable goods sales	1,951	61	-	-	2,012	-	2,012
maintenance service sales	923	169	280	-	1,374	-	1,374
other businesses	-	-	-	860	860	-	860
Revenue from contracts with customers	16,140	2,802	550	860	20,355	-	20,355
External sales	16,140	2,802	550	860	20,355	-	20,355
Inter-segment sales and transfers	18	-	-	112	131	△131	-
Total	16,159	2,802	550	973	20,487	△131	20,355
Segmented income (loss) (△)	2,939	△130	△540	48	2,316	13	2,330
Segment assets	9,137	1,249	902	876	12,167	17,220	29,387
Other items							
Depreciation	687	203	153	4	1,048	200	1,249
Increase in tangible fixed assets and intangible fixed assets	3,158	83	175	0	3,417	△20	3,397

(N.B.) 1. Adjustments to segment income (loss) (△) include elimination of intersegment transactions, etc.

2. Adjustments to segment assets include companywide assets of 17,224 million yen and elimination of intersegment transactions of △4 million yen. Company-wide assets mainly consist of cash on hand and in banks, and investment real estate not belonging to any reportable segment.

3. Adjustments to depreciation under other items and adjustments to increases to tangible fixed assets and intangible fixed assets are related to corporate assets.

4. Segment profit or loss (△) is adjusted to be consistent with operating profit recorded in the consolidated financial statements.

Current fiscal year (From January 1st, 2024 to December 31st, 2024)

(Units: millions of yen)

	Reportable segment					Adjustment (Note) 1.2.3	Amounts recorded in consolidated financial statements (N.B.) 4
	IT Systems for Pharmacies	IT Systems for Clinics	IT Systems for Long-term care/welfare	Other Businesses	Total		
Sales							
Initial sales	10,814	1,592	101	-	12,507	-	12,507
System usage fee sales	6,943	805	237	-	7,986	-	7,986
consumable goods sales	2,067	54	0	-	2,121	-	2,121
maintenance service sales	855	112	231	-	1,199	-	1,199
other businesses	-	-	-	1,022	1,022	-	1,022
Revenue from contracts with customers	20,679	2,564	570	1,022	24,837	-	24,837
External sales	20,679	2,564	570	1,022	24,837	-	24,837
Inter-segment sales and transfers	19	-	-	152	171	△171	-
Total	20,699	2,564	570	1,174	25,008	△171	24,837
Segmented income (loss) (△)	5,255	△423	△450	60	4,441	22	4,464
Segment assets	9,858	797	141	1,032	11,830	19,838	31,669
Other items							
Depreciation	701	193	171	16	1,083	198	1,282
Increase in tangible fixed assets and intangible fixed assets	627	115	381	0	1,124	-	1,124

(N.B.) 1. Adjustments to segment income (loss) (△) include elimination of intersegment transactions, etc.

2. Adjustments to segment assets include corporate assets of 19,838 million yen. Corporate assets mainly consist of cash and deposits and real estate for investment that are not attributable to reportable segments.

3. Adjustments to depreciation under other items and adjustments to increases to tangible fixed assets and intangible fixed assets are related to corporate assets.

4. Segment profit or loss (△) is adjusted to be consistent with operating profit recorded in the consolidated financial statements.

[Related information]

Previous fiscal year (From January 1st, 2023 to December 31st, 2023)

1. Information by Product and Service

This information is omitted because the same information is disclosed in the segment information.

2. Information by Region

(1) Sales

This information is omitted because sales to external customers in Japan account for more than 90% of net sales in the consolidated statements of income.

(2) Tangible fixed assets

The description is omitted because the amount of tangible fixed assets located in Japan exceeds 90% of the amount of tangible fixed assets in the consolidated balance sheet.

3. Information by major customer

This information is omitted because there is no one whose sales to a specific customer account for 10% or more of sales in the consolidated statements of income.

Current fiscal year (From January 1st, 2024 to December 31st, 2024)

1. Information by Product and Service

This information is omitted because the same information is disclosed in the segment information.

2. Information by Region

(1) Sales

This information is omitted because sales to external customers in Japan account for more than 90% of net sales in the consolidated statements of income.

(2) Tangible fixed assets

The description is omitted because the amount of tangible fixed assets located in Japan exceeds 90% of the amount of tangible fixed assets in the consolidated balance sheet.

3. Information by major customer

This information is omitted because there is no one whose sales to a specific customer account for 10% or more of sales in the consolidated statements of income.

[Information on Impairment Loss on Fixed Assets by Reportable Segment]

Previous fiscal year (From January 1st, 2023 to December 31st, 2023)

There is no applicable information.

Current fiscal year (From January 1st, 2024 to December 31st, 2024)

(Units: millions of yen)

	IT Systems for Pharmacies	IT Systems for Clinics	IT Systems for Long-term care/welfare	Other Businesses	Total
Impairment losses	-	432	1,008	-	1,440

[Information on Amortization of Goodwill and Unamortized Balance by Reportable Segment]

Previous fiscal year (From January 1st, 2023 to December 31st, 2023)

(Units: millions of yen)

	IT Systems for Pharmacies	IT Systems for Clinics	IT Systems for Long-term care/welfare	Other Businesses	Total
Amortization during term	112	-	75	22	209
Balance at end of current period	1,384	-	15	74	1,475

Current fiscal year (From January 1st, 2024 to December 31st, 2024)

(Units: millions of yen)

	IT Systems for Pharmacies	IT Systems for Clinics	IT Systems for Long-term care/welfare	Other Businesses	Total
Amortization during term	170	-	15	22	209
Balance at end of current period	1,213	-	-	52	1,265

[Information on gain on negative goodwill by reportable segment]

Previous fiscal year (From January 1st, 2023 to December 31st, 2023)

There is no applicable information.

Current fiscal year (From January 1st, 2024 to December 31st, 2024)

There is no applicable information.

(Per Share Information)

Previous consolidated fiscal year (January 1st, 2023) To: December 31st, 2023)		Current consolidated fiscal year (January 1st, 2024) To: December 31st, 2024)	
Net assets per share	289.47 yen	Net assets per share	297.04 yen
Net income per share	27.76 yen	Net income per share	34.54 yen
Net income per share after potential stock adjustment	27.68 yen	Net income per share after potential stock adjustment	34.43 yen

(N.B.) The basis for calculating net income per share and diluted net income per share is as follows.

	Previous consolidated fiscal year (January 1st, 2023) To: December 31st, 2023)	Current consolidated fiscal year (January 1st, 2024) To: December 31st, 2024)
Net income per share		
Profit attributable to owners of parent (millions of yen)	1,962	2,425
Amount not belonging to ordinary shareholders	-	-
Profit attributable to owners of parent relating to common stock (millions of yen)	1,962	2,425
Average number of shares of common stock outstanding during term (shares)	70,680,919	70,206,024
Net income per share after potential stock adjustment		
Adjustment to profit attributable to owners of parent (millions of yen)	-	-
Increase in number of ordinary shares	222,918	222,854
Summary of potential shares not included in the calculation of diluted net income per share because they have no dilutive effect	-	-

(Significant Subsequent Events)

There is no applicable information.