

医療・介護を「#ありがとう」に変えていく

Results of Operations for financial year ended December 31 2024

(M)株式会社 EMシステムズ

TSE Prime Section:4820

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Topics

FY2024. Topics for FY2025.12



FY2024.12

Introduction of welfare administration-related products greatly drove results

Options related to Electronic Prescriptions and Online eligibility verification increased significantly from those announced in Q3

Achieved all-time highs for all four major indicators (net sales, operating income, ordinary income, and net income)

The year-end dividend was 6 yen higher than at the time of the Q3 revision, Annual dividends increased 2.5 times year on year to 35 yen (record high)

Announced medium-term management plan in Q3 to achieve a dividend payout ratio of 100%

FY2025.12 Forecasts

Under the medium-term management plan announced in November 2024 Forecast of steady achievement Decrease in welfare administration-related sales in 2024

To ensure that the ROE targets in the medium-term management plan are achieved, we plan to pay an annual dividend of 35 yen, the same amount as in 2024

An increase of 6 yen from the announcement of 29 yen in the medium-term management plan Dividend payout ratio is 130.5% of the EPS forecast of 26.82 yen



Mid-term Management Plan FY2025-FY2027 https://emsystems.co.jp/english/pdf/mid-term management plan.pdf





Performance Overview FY2024.12



	FY2024	4.12 Cons	solidated	results			FY2024.12 Topics
				Units:Mil	lions of yen	Sales:	Achieved steady sales growth due to M&As of Good Cycle Systems Inc. and UNIKE SOFTWARE
	FY2023.12 Results	FY2024.12 Estimated results	FY2024.12 Results	Compared to previous year	Compared to estimated results		RESEARCH Co.,Ltd. Acceleration of establishment of welfare administration (Electronic Prescriptions and Online eligibility verification optional software)
Sales	20,355	23,739	24,837	22.0%	4.6%	EBITDA:	Significant growth due to the impact of accelerated installation of welfare administration (Electronic Prescriptions and Online eligibility verification optional software)
EBITDA	3,588	-	6,606	84.1%	-	Operating	Provision of special compensation to employees in line with the substantial increase in profits.
Operating profits	2,330	3,797	4,464	91.6%	17.6%	profits:	sales promotion expenses for 2025, and one-time expenses due to system failures in the dispensing and medical departments amounted
Ordinary profits	2,869	4,501	5,184	80.7%	15.2%	Net	to 958 million yen
Net income	e 1,962 1,978 2,425 23.6% 22.6%			22.6%	Net income:	Despite the full impairment of related assets in IT Systems for Clinics and IT Systems for Long-term care/welfare (1,440 million yen, 432 million yen for clinics, and 1,008 million yen for long-term care/welfare), net income increased year on year	

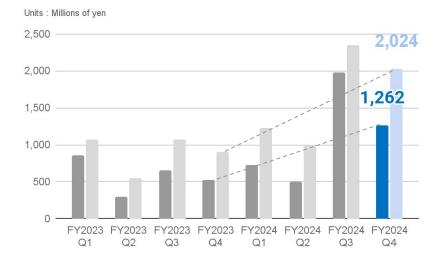
* EBITDA is calculated by adding back depreciation and amortization and one-time expenses such as special compensation for employees, sales promotion expenses, and system failures to operating income.

Sales / Operating Profits-Summary





Operating profit EBITDA



* EBITDA is calculated by adding back depreciation and amortization and one-time expenses such as special compensation for employees, sales promotion expenses, and system failures to operating income.

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Status by Segment FY2024.12

Sales / Operating Profits-Summary(By Segment)

In respect of welfare administration-related matters, including both the pharmacy and clinic segments, full-year results were approximately three times those of the initial forecast,

Compared to the revised forecast announced on November 14, the period from October to December increased by 1.5 times

IT Systems for Pharmacies

IT Systems for Clinics

IT Systems for Long-term care/welfare

Sales of recurring income grew 13.4% year on year to 9,886 million yen due to M&As and an increase in the number of customers Initial sales increased significantly overall despite the end of the previous year's intensive

demand for Online eligibility verification systems. This was due in part to a drop in sales related to Online eligibility verification mitigated by the acceleration of the installation of optional software (for a \triangle of 847 million yen), and to the effects of the m&a effects (an increase of 702 million yen) and an increase in sales of Electronic Prescriptions (an increase of 3,538 million yen) Initial sales declined year-on-year, as the effects of the end of intensive demand for Online eligibility verification (Δ : 386 million yen) were not offset by the increase (of 222 million yen) in Electronic Prescriptions sales Sales of recurring income decreased due to the temporary impact of in-house replacement of [Uni-Medical], for which support is scheduled to end, and system failures

Although the impact of system failures was temporary, this was particularly a factor behind the decrease in recurring income sales in Q4 (the impact on sales ceased) Initial sales increased due to the incorporation of [Sukoyaka Sun] in large-scale long-term care facilities While the number of "MAPs for NURSING CARE" licenses increased, billing sales remained stable due to strategic replacement of existing-products, but the number of users decreased slightly, resulting in a decrease in maintenance sales

Operati ng Profits

Sales

Despite the end of the intensive demand for Online eligibility verification systems., operating income increased significantly due to the accelerated installation of Electronic Prescriptions and Online eligibility verification optional software

Operating losses increased due to the end of intensive demand for Online eligibility verification systems as well as to the effects of system failures and extraordinary compensation

Operating losses narrowed slightly due to the effects of fixed cost improvements resulting from impairments implemented in Q3

* Net sales and operating income (loss) by segment are before intersegment eliminations.



Sales

Operating profits

			Units:Milli	ons of yen
	FY2023.12	FY2024.12	YoY change	YoY % change
Pharmacies	16,159	20,699	4,539	28.1%
Clinics	2,802	2,564	∆238	∆8.5%
long-term care/welfare	550	570	19	3.5%
Other	973	1,174	200	20.6%

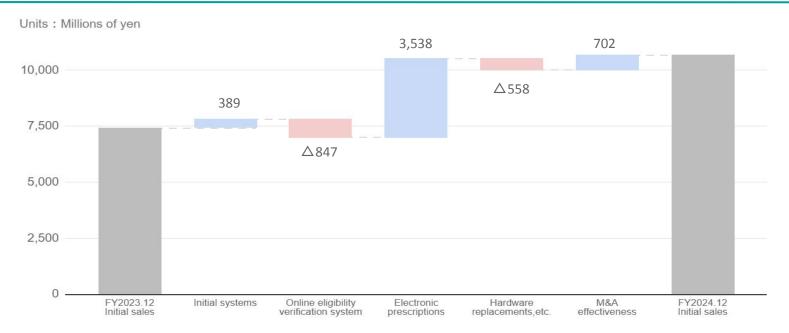
Units:Millions of yen

	FY2023.12	FY2024.12	YoY change	YoY % change
Pharmacies	2,939	5,255	2,316	78.8%
Clinics	∆130	∆423	∆293	-
long-term care/welfare	∆540	∆450	90	-
Other	48	60	11	24.8%

* Sales and operating profits by segment are the amounts before elimination of inter-segment transactions.



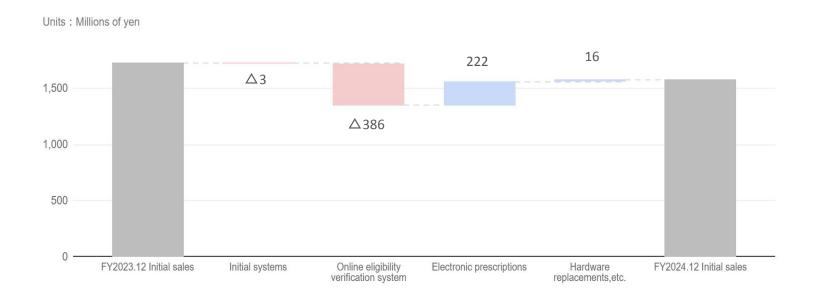
Increase/Decrease in Initial sales



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

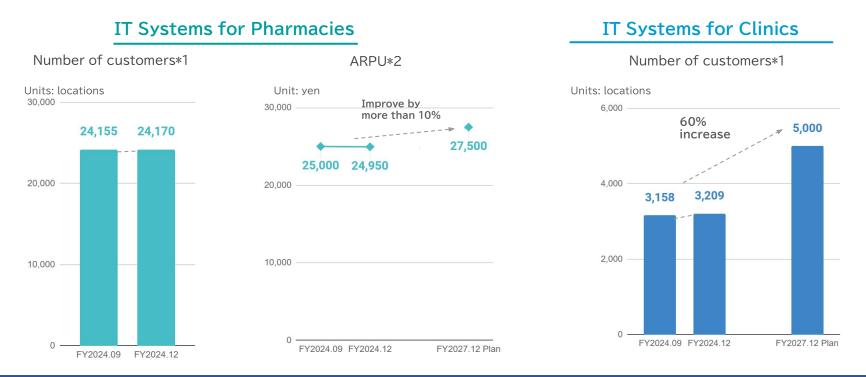


Increase/Decrease in Initial sales



Status of KPIs

In Q4, the number of customers for both pharmacies and clinics increased slightly, and ARPU remained stable. We aim to improve ARPU in our efforts in 2025.



*1 Number of consolidated customers

*2 ARPU(Average Revenue Per User) is calculated by [Individual (monthly billing sales + monthly maintenance sales)/Number of customers in the target period]¹³

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Company Initiatives

Market Environment / Company Initiatives



Market environment

While demand for medical and long-term care/welfare services will increase in line with the 2025 problem (Japan's falling birthrate and aging of the population), there is an urgent need to secure medical and long-term care/welfare practitioners and improve operational efficiency

An increase in cyberattacks on medical organizations making cybersecurity measures and responses mandatory*1

Increase in the number of large-scale chain long-term care facilities due to the aging of society

To response to [Care Plan Data Linkage System] and LIFE support*2 Improve data accuracy

Due to an industry-wide outbreak of drug mislabeling on electronic prescriptions, the Ministry of Health, Labor and Welfare requests simultaneous inspections of 44,000 medical institutions and pharmacies nationwide.

Initiatives

Development of unique solutions that leverage the characteristics of our business as an all-in-one services provider for pharmacies, clinics, and long-term care/welfare On the website EM-AVALON specializing in the medical and long-term care/welfare fields Enhanced content, provision of online seminars for medical practitioners, etc.

Development of solutions designed to resolve industry issues such as labor shortages and operational efficiency (Ex: prescription sharing systems, prescription readers, etc.)

Participation in the government-promoted electronic medical record standardization verification project

OEM provision of our infrastructure systems and applications to other companies

Clinics

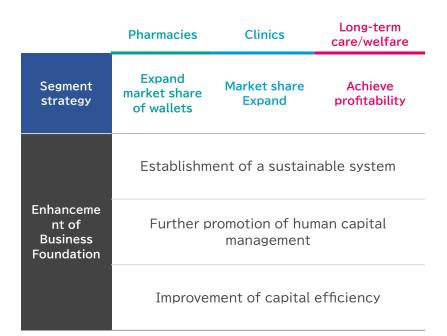
Pharmacies



Performance Targets



Business Strategy



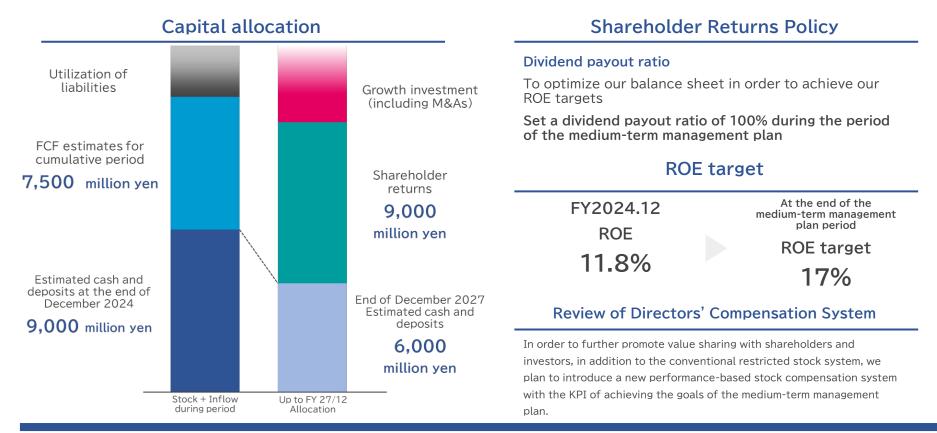
FY2025-FY2027 Medium-term Management Plan - 2



Dividends per share		35	35	38	47
Net income		2,425	1,854	2,517	3,064
Ordinary profits		5,184	3,154	3,939	4,634
Adjustment		22	29	29	29
Other		60	24	25	23
IT Systems for Lo	ong-term care / welfare	∆450	∆161	∆94	26
IT Systems for C	linics	∆423	∆431	∆196	8
IT Systems for P	harmacies	5,255	3,062	3,553	3,944
Year-on-year growth rate		91.6%	∆43.5%	31.5%	21.5%
Operating margin		18.0%	11.6%	14.6%	17.1%
Operating profits		4,464	2,522	3,316	4,031
EBITDA		6,606	3,436	4,361	5,023
Adjustment		∆171	∆178	∆178	∆178
Other		1,174	1,120	1,125	1,125
IT Systems for Lo	ong-term care / welfare	570	677	752	833
IT Systems for C	linics	2,564	2,321	2,403	2,656
IT Systems for P	harmacies	20,699	17,798	18,658	19,074
Year-on-year growth rate		22.0%	∆12.5%	4.7%	3.3%
Sales		24,837	21,740	22,762	23,511
(millions of yen)		FY2024.12 Results	FY2025.12 Plan	FY2026.12 Plan	FY2027.12 Plan

FY2025-FY2027 Medium-term Management Plan - 3





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Fiscal Year Forecast FY2025.12



Units: Millions of yen

Although sales of Online eligibility verification related options for fy 2024 exceeded expectations, we have not changed our earnings forecast from the mid-term management plan disclosed on November 14, 2024 due to the end of intensive demand in fy 2025.

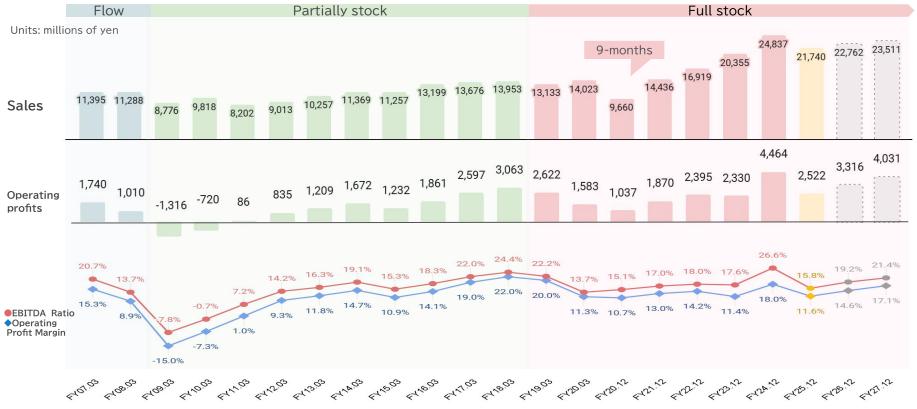
Accelerated introduction of Electronic Prescriptions is expected to range from subsidies to Q1 due to the impact of the addition of the system to promote dx in the medical field.

In addition, although there are also welfare administrative responses by Public Medical Hub:PMH, which connects local governments and medical institutions, it is assumed to be an additional factor, incorporating a minimum as a prerequisite for planning

	FY2024.12 Results	FY2025.12 Full Year Forecast
Sales	24,837	21,740
Pharmacies	20,699	17,798
Clinics	2,564	2,321
Long-term care/welfare	570	677
Others	1,174	1,120
Adjustment	△ 171	∆178
Operating Profits	4,464	2,522
Pharmacies	5,255	3,062
Clinics	∆ 423	∆431
Long-term care/welfare	△ 450	∆161
Others	60	24
Adjustment	22	29
Ordinary profits	5,184	3,154
Net income	2,425	1,854

Changes in Consolidate Results by Fiscal Year

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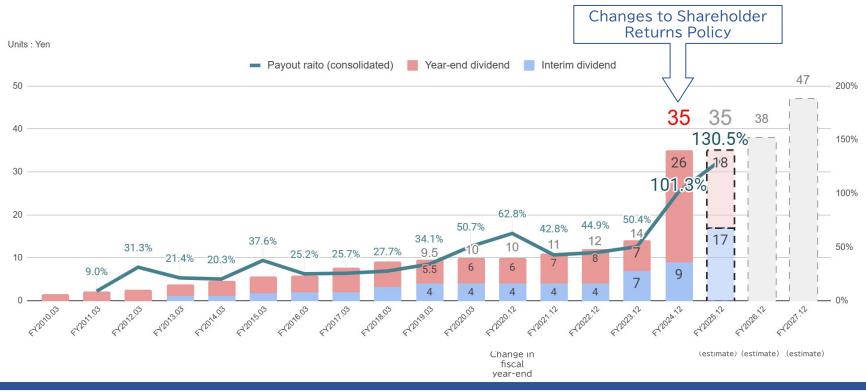


Shareholder Returns

Shareholder Returns (Dividends)



FY2024 dividend increased by 6 yen from the time of revision of the Q3 forecast to 26 yen FY2025 dividends will also be maintained at the FY2024 dividend level, leaving a full-year dividend of 35 yen.



*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 above figures are based on the assumption that the respective stock splits were conducted at the beginning of the fiscal year.

Acquisition and retirement of treasury stock

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We have been acquiring treasury stock as a strategic means of improving capital efficiency and enhancing shareholder returns. We will continue to consider shareholder returns, including acquisition of treasury stock, in order to continuously increase the corporate value of each share.

Acquisition period	Total acquisition value	Percentage of total shares issued
November 10, 2010 \sim	57 million yen	1.14%
February 09, 2011 \sim	69 million yen	1.18%
September 05, 2011 \sim	79 million yen	1.26%
November 11, 2011 \sim	77 million yen	1.08%
May 25, 2015 \sim	99 million yen	0.49%
June 18, 2018 \sim	500 million yen	1.19%
January 07, 2019 \sim	500 million yen	1.18%
June 11, 2020 ~	500 million yen	0.78%
February 10, 2022 \sim	500 million yen	0.80%
February 15, 2024 \sim	1 billion yen	2.31%

Retirement of treasury stock

Total number of shares cancelled: 4,000,000 shares

(Ratio in relation to the total number of shares issued before cancellation 5.37%)

Cancellation date: December 16, 2024

*1 Excluding treasury stock

*2 Rounded to the third decimal place

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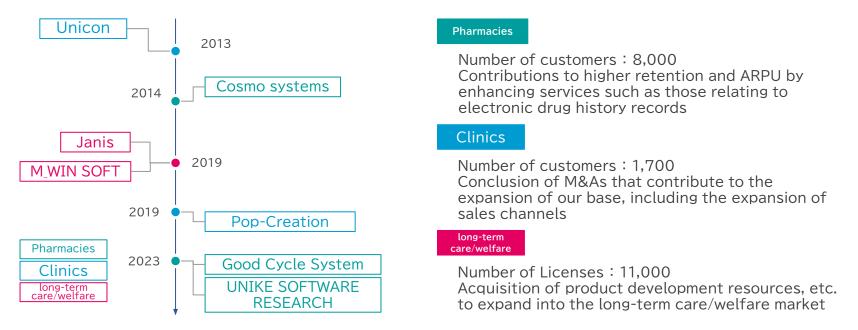
Appendix.

M&A Performance (Track Record and Effectiveness)



7 M&As since 2013 to increase market share in the dispensing market and to acquire customers as a

foundation for entering new markets We intend to continue identifying market changes and responding flexibly in order to expand our customer base in the pharmacy, clinic, and long-term care/welfare fields, and to improve our product lineup and quality





			Units: M	lillions of yen
	FY2023.12	FY2024.12	Change	Percentage Change
Assets	29,387	31,669	2,282	7.8%
Current assets	14,800	18,349	3,549	24.0%
Fixed assets	14,587	13,320	∆1,266	∆8.7%
Tangible fixed assets	1,330	1,241	$\triangle 88$	∆6.7%
Intangible fixed assets	5,186	3,494	∆1,691	∆32.6%
Investments and other assets	8,070	8,584	513	6.4%
Liabilities	8,821	11,050	2,228	25.3%
Current liabilities	5,618	9,072	3,454	61.5%
Fixed liabilities	3,202	1,977	∆1,225	∆38.3%
Net assets	20,566	20,619	53	0.3%
Shareholder's equity	20,272	20,320	48	0.2%
Cumulative amount of other comprehensive	191	213	21	11.2%
Stock acquisition rights	56	55	0	∆1.4%
Non-controlling interests	45	29	∆15	∆34.6%



Units : Millions of yen

	FY2023.12 Results	FY2024.12 Results	YoY change	YoY % change
Net Sales	20,355	24,837	4,481	22.0%
IT Systems for Pharmacies	16,159	20,699	4,539	28.1%
Initial	7,441	10,812	3,371	45.3%
System usage fee	5,840	6,961	1,120	19.2%
Consumable goods	1,954	2,069	115	5.9%
Maintenance service	923	855	∆68	△7.4%
IT Systems for Clinics	2,802	2,564	∆238	△8.5%
Initial	1,731	1,592	∆138	∆8.0%
System usage fee	840	805	∆35	∆4.2%
Consumable goods	61	54	riangle 7	∆11.7%
Maintenance service	169	112	∆57	∆33.6%
IT Systems for Long-term care/welfare	550	570	19	3.5%
Initial	37	101	63	170.2%
System usage fee	232	237	4	2.1%
Consumable goods	0	0	0	-
Maintenance service	280	231	∆49	∆17.6%
Other Businesses	973	1,174	200	20.6%
Adjustments	∆131	∆171	∆39	-

* Net sales by segment are the amounts before elimination of inter-segmenttransactions

Quarterly Sales (Pharmacies)

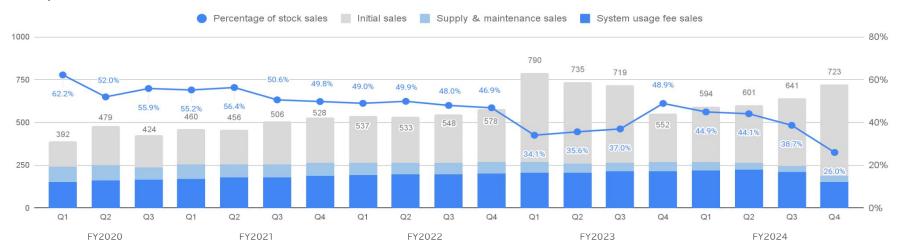




	F	Y2020		FY2021					FY2	022		FY2023				FY2024			
	Q1	Q2	Q3	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Initial sales	629	1,006	942	860	938	1,265	1,502	1,458	1,586	1,711	1,719	2,016	1,840	1,877	1,706	2,099	1,965	3,275	3,473
Supply & maintenance sales	614	621	659	622	650	631	667	621	664	640	704	617	654	769	835	754	756	703	710
System usage fee sales	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	1,663	1,714	1,723	1,741	1,782

Quarterly Sales(Clinics)





	F	Y2020			FY20	021			FY20)22			FY20)23		FY2024			
	Q1	Q2	Q3	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Initial sales	148	230	187	206	199	250	265	274	267	285	307	521	473	453	282	327	336	393	535
Supply & maintenance sales	90	86	72	82	80	76	76	72	69	65	68	64	56	53	55	48	42	39	36
System usage fee sales	154	163	165	172	177	180	187	191	197	198	203	205	206	213	215	219	223	209	152

Quarterly Sales (Long-term care/welfare)





	F	Y2020)	FY2021					FY2	022			FY2	023		FY2024			
	Q1	Q2	Q3	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Initial sales	10	8	19	49	16	8	10	13	7	7	12	12	8	10	6	11	26	47	16
Supply & maintenance sales	77	76	78	77	77	75	75	76	75	74	72	73	72	68	67	65	56	57	54
System usage fee sales	31	38	39	40	41	42	44	46	48	51	52	55	57	59	60	62	62	58	52

By Segment Recurring Income Business (Quarterly Sales)





	FY2020 FY2021							FY20)22			FY20)23		FY2024				
	Q1	Q2	Q3	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Recurring income business for Pharmacy	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	2,499	2,469	2,479	2,444	2,492
Recurring income business for Clinics	244	249	237	254	257	256	263	263	266	263	271	270	263	266	270	268	265	248	188
Recurring income business for Long-term care/welfare	108	114	117	117	118	117	119	122	123	125	125	128	130	127	127	127	118	116	106

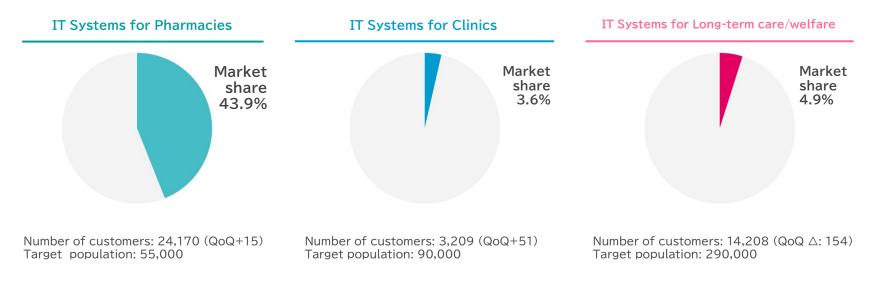
Our Share and Our Approach to Expanding Our Share



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 developing systems in response to revisions

Our intention is to increase our share of each market by continuing to actively pursue M&As



(As of December 31, 2024)

N.B.: The number of our customers is the number of customers of system products sold by us. The number of target customers for each product is set independently by us.

Trends in Number of Customers

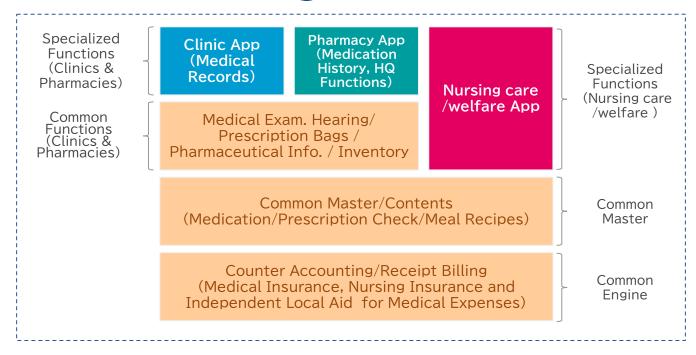
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IT Systems for Pharmacies	IT Systems for Clinics	IT Systems for Long-term care/welfare
Units: locations	Units: locations	Unit: licenses
25,000 24,059 2	704,000	- 13,840 14,205 14,385 14,353 14,208
20,000 17,781 18,162 16,164	3,209 3,000 2,929 2,777 2,848	
15,000	2,000	
5,000	1,000	
0 2020.12 2021.12 2022.12 2023.12 20	.12 0 2020.12 2021.12 2022.12 2023.12 2024.12	- 2020.12 2021.12 2022.12 2023.12 2024.12

MAPs series(Shared Information System Foundation)









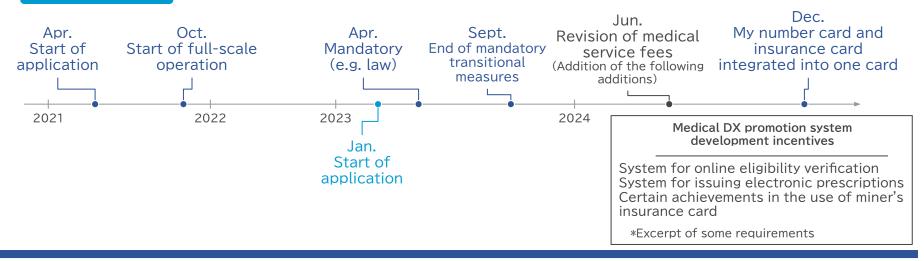
Online Eligibility Verification

Obligation

Application and installation largely complete

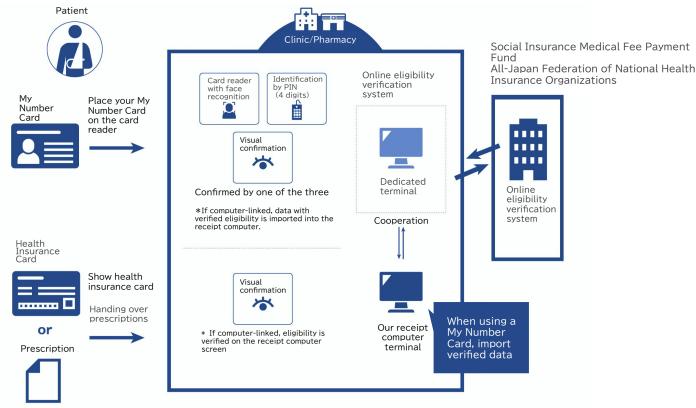
Electronic Prescriptions

Recommendation • Applications and installations are gradually being made



How the Online Eligibility Verification System Works

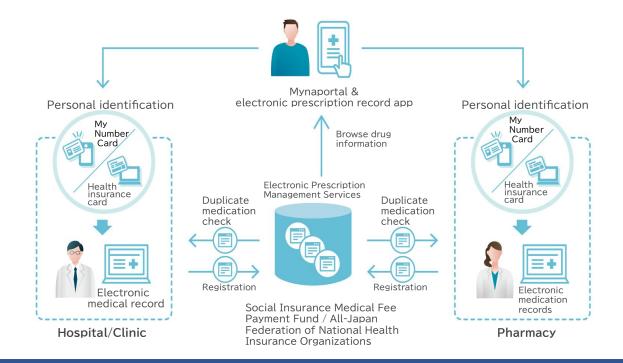




How Electronic Prescriptions Function



Electronic prescriptions are a system for managing prescriptions electronically. It enables users to refer to the latest prescription and dispensing information at multiple medical institutions and pharmacies, and to check for duplicate medications.



Enhancement of Sustainability Management



• Human Capital-related Initiatives

Expand recruitment activities Full-scale operation of human resource education and training system development Provision of opportunities to self-enhance skills (e-Learning)

• Set long-term goals (KPIs) based on materiality

Established 18 long-term goals through 2030, including "Improve Employee Engagement Score The Sustainability Committee will review the status of achievement and goals

Disclose details of initiatives and progress in achieving targets in annual reports and on sustainability website.(Link)



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 [EM Tennis Clinic] for medical practitioners (2024 in Fukuoka and Kanto)





2024 EM Tennis Clinic in Kanto By many medical practitioners You enjoyed participating!



Imamura Pro, EM Systems

2024 All-Japan Champion singles best 4 and doubles semi-winners

W15 Singles champion 2 times W15 Doubles champion W50 Doubles champion



Saki Imamura

Social Contribution Activities



• Donations to Medical AI/Digital Twin Development Course (Course head: Specially-appointed Assistant Professor Yoshimasa Kawazoe M.D., Ph.D.)

With the goal of developing a foundation for new medical services based on AI and ICT

[University of Tokyo's Course on Artificial Intelligence in Healthcare] endorses the purpose of its activities, and donations to the course were started in 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 [NeXEHRS], which was established with the goal of constructing a next-generation electronic medical record sharing platform.

Activities of the Next-Generation Common PF and the Working Group to Consider Cooperation with the IoT and AI

• 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)

With the aim of promoting the appropriate proliferation of Personal Health Records (PHR) and contributing to further improving health and safety

A system for participating in the activities of the [PHR Promotion Council], and for utilizing data relating to medical care,

long-term care, health, etc. at the discretion of the individual concerned

Support the proliferation

Thanks

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Transformation

Social Contribution Activities



Supporting Activities

- **Participation in the Cross-ministerial Strategic Innovation Promotion Program (SIP) (Cabinet Office)** With the [Council for Science, Technology and Innovation] of the Cabinet Office serving as the headquarters for initiatives from basic research to practical applications and commercialization As a cooperating organization in [the construction of an integrated healthcare system] in the third phase, which began from FY2023, of the program to be promoted (SIP) Participated in formulating specifications for the core functions of [cloud-based standardized electronic medical record]
- Advance implementation of online eligibility verification and electronic prescriptions (Ministry of Health, Labour and Welfare)

In response to a request for cooperation from the Ministry of Health, Labour and Welfare, in four regions in Japan (Sakata, Yamagata Prefecture; Sugakawa, Fukushima Prefecture; Asahi, Chiba Prefecture; and Asa, Hiroshima Prefecture) from October 2022 Participated in the Electronic Prescriptions Model Project, under which Electronic Prescriptions services are to be launched in advance Continued project for advance implementation of new features for online eligibility verification and electronic prescription systems after November 2023.

Donation activities

• 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.



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The contents in this presentation materials are based on assumptions judged to be valid and information available to the Company's management at the time they were prepared.

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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.

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