Company Explanatory Materials

2025

EM SYSTEMS CO., LTD.
(TSE Prime Section: 4820)

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Company Profile

Corporate Profile

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医療・介護を「#ありがとう」に変えていく

株式会社 EMシステムズ

Osaka Head Office	6-1, Miyahara 1-chome, Yodogawa-ku, Osaka
Tokyo Head Office	2-1 Shibaura 1-chome, Minato-ku, Tokyo
Main business	Sales of computer software for clinics, pharmacies, and Long-term care/welfare service providers, sales of computers and peripherals, sales of supplies, maintenance services, etc.
Established	1980
Common stock	2,785 million yen (as of December 31, 2024)
Number of employees	Consolidated 827 (as of December 31, 2024) Non-consolidated 497 (as of December 31, 2024)
Sales offices	33 sites nationwide

[Group Companies]
EM Technology Laboratory Co., Ltd.
Good Cycle System Inc.
Pop-Creation Co., Ltd.
UNIKE SOFTWARE RESEARCH CO., LTD.
ChoQi Co., Ltd.
Brick Pharmacy Inc.
EM TOWN Co., Ltd.[1]
Lasante Co., Ltd.[1]
Meisho System Co., Ltd.[2]
EM Software Systems Development(N.J.)Co., Ltd.
EM Software Systems Development(S.H.)Co., Ltd.

1.Non-consolidated subsidiaries
2.Affiliates not accounted for by the equity method

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A company that supports the field of medical and long-term care/welfare in Japan digitally

Empower Medical profession by good Systems

At EM SYSTEMS,
Supporting the infrastructure of the national medical and
long-term care/welfare system,
Utilize advanced technologies to contribute to improving
the health of the nation
We aim to be the only company.

Business Environment and Market Opportunities

Environment in Which We Operate

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Japanese medical and long-term care market is in a period of major transformation characterized by the world's leading aging population, unique systems, and the promotion of Healthcare DX, a national policy. These can be the cornerstones of our growth opportunities.

Major Environmental Changes and Issues Surrounding Medical Care in Japan

- Japan is one of the world's foremost longevity economies and has an excellent universal health insurance system (p.21).
- Growth potential of the market supported by the increase in demand for long-term care (p.23) accompanying the aging of the population and the long-term care insurance system that supports it.
- Increased burden on medical practitioners and concerns over sustainable medical care delivery systems.
- Social urgency to improve operational efficiency and the quality of medical care in the medical field.
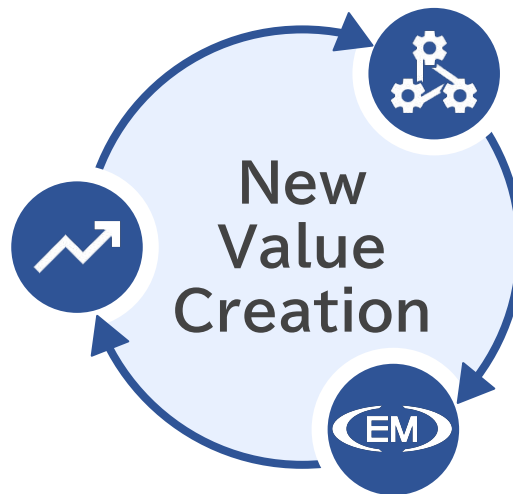
Policy Trends in Resolving Issues and Market Trends

- Full-scale promotion of Healthcare DX (p.24) as a national policy to address the above issues.
- Establish and improve the quality of a four-pronged system for separation of dispensing and prescribing drugs (p.22) to support the specialization and efficiency of the medical care provision system.
- Expectations regarding technology utilization and information utilization and market interest.
- Growth in related markets and creation of an environment conducive to innovation.

Key to Medical DX: Expectations and Opportunities for Core IT

- As a foundation for digital transformation in the medical field, demand for stable and highly functional IT systems for receipt computers and other products continues to expand.
- IT infrastructure providers that support the complex Japanese medical system always need advanced expertise and reliability.
- Businesses that contribute to improving the efficiency and quality of the medical field are promising markets in which both social contribution and sustainable growth can be achieved.

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*Click a word highlighted in blue to move to the description page.

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Reform of the Japanese medical and long-term care markets represents the greatest growth opportunity. Taking these business environments as a tailwind for growth, we will achieve sustainable value creation.

New Value Creation

Structural Reform Through Healthcare DX
Healthcare DX as a national policy **accelerates investment** in information collaboration and efficiency solutions.

Expanding Market Needs
Sustained growth in the medical and long-term care IT market, supported by aging population and institutional demand.

Our Position
Lead the transformation by linking many years of experience and three domains (Clinics, Pharmacies, and Long-term care/welfare).

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Our Business

Business Overview

Provision of the necessary calculations and billings, records, and other peripheral systems at the frontline for the three fields of clinics, pharmacies, and long-term care/welfare, which support the medical and long-term care/welfare system.
Leading company in the industry with a market share of over 40% in receipt computers for insurance pharmacies.

Clinics

Pharmacies

Long-Term Care/ Welfare

Example of our solution

Our Business Domains

Calculation and Billing

Receipt Computer

Records and Other

Electronic Medical Records	Electronic Drug History	Recording Software	Other Peripheral Systems

Business Structure

Outsourcing of Software Development | Sales and Maintenance

IT Systems for Pharmacies	EM Software Systems Development (N.J.)Co., Ltd.		UNIKE SOFTWARE RESEARCH CO., LTD.	Direct Sales	
		EM Technology Laboratory Co., Ltd.	Good Cycle System Inc.		
IT Systems for Clinics	EM Software Systems Development (S.H.)Co., Ltd.		EM SYSTEMS CO.,LTD.	Support Agent	Customers
				Pop-Creation Co., Ltd. Meisho System Co., Ltd.	
IT Systems for Long-Term Care/Welfare				Distributor	
Other Businesses			Choki Co., Ltd. / Brick Pharmacy Inc. LASANTE Co., Ltd. / EM TOWN Co., Ltd.		

IT Systems for Pharmacies Profile

Our IT Systems for Pharmacies

MAPS for PHARMACY   **MAPS for PHARMACY DX**   **Recepty NEXT**   **GooCo**   **P-CUBE+g**
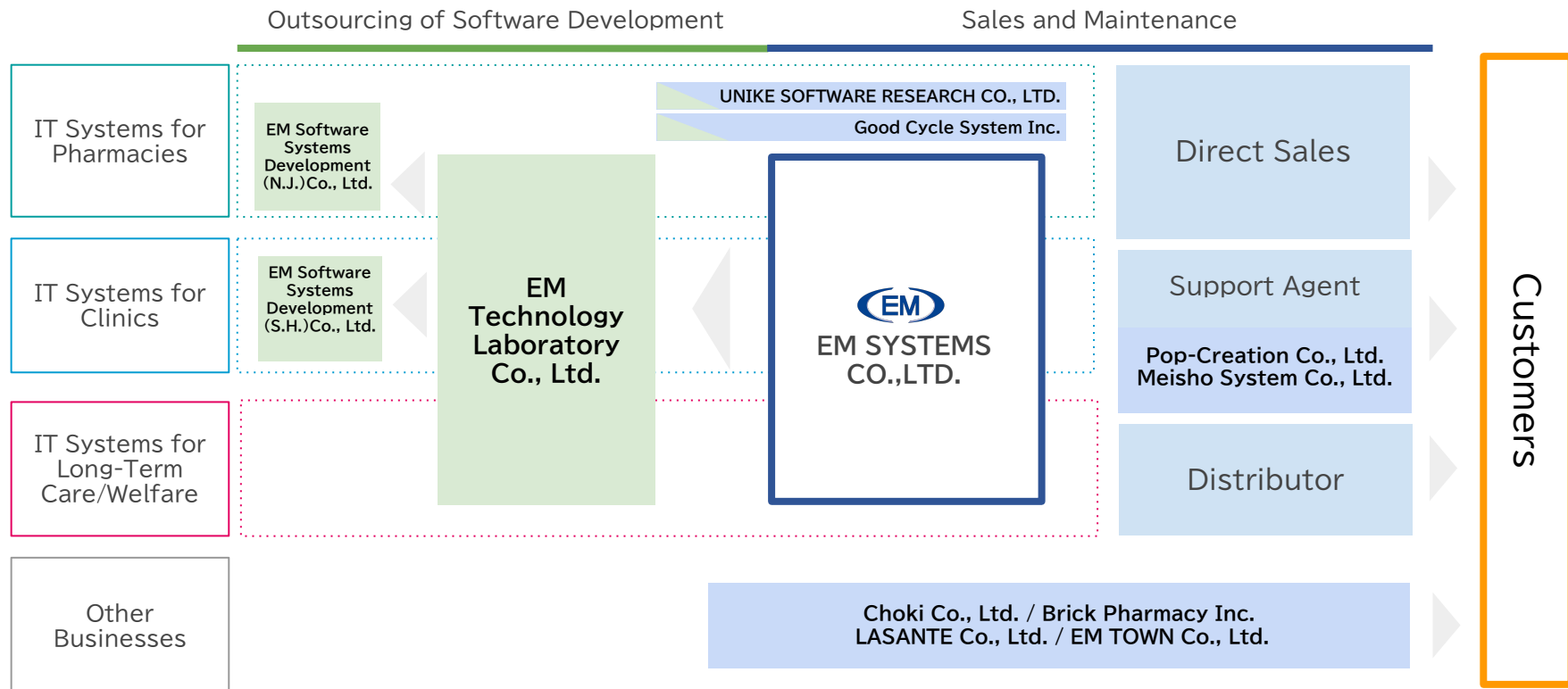
Customers and Market Size
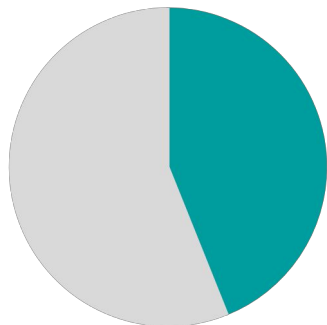
Target Market:
55,000 Pharmacies

Our Share:
24,170 Pharmacies
43.9%

Customers are insurance pharmacies (pharmacies that fill prescriptions).
Excluding pharmacies that only handle Over-the-Counter (OTC) pharmaceuticals.

Market itself is expected to remain stable in the future.

Market Environment and Market Characteristics

- Comprised of two main systems: a receipt system (for accounting) and an electronic drug history system (for recording).

- Revisions to pharmacy fees and drug prices occur at least every two years, sometimes more often, and the number of players is naturally declining due to the complexity of responding.

- We are number one in the industry, with a 43.9% share.

- High switching costs exist due to the difficulty of UI changes for users involved in daily operations.

- The market is mature, and M&As and other measures are required to expand market share.

Sales Methods, Product Features, etc.

- Direct sales, agency sales, support agency sales, referral sales, etc.

- Customers attach great importance to support, after-sales service, product functions, Business Continuity Plan responses, and other factors.

(as of December 31, 2024)

IT Systems for Clinics Profile

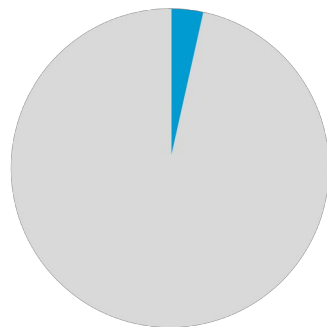## Our IT Systems for Clinics

MAPS for CLINIC **MAPS for CLINIC with ORCA** **MRN** **Ortia**

Customers and Market Size

Target Market:
90,000 Clinics

Our Share:
3,209 Clinics
3.6%

Customers are clinics without beds (clinics).

Demand is increasing due to the aging of the population, and there is also considerable demand for these clinics as regional contact points.

Market Environment and Market Characteristics

- Comprised of two main systems: receipt computers (for medical accounting) and electronic medical records (for recording).

- Electronic medical record penetration rate at clinics without beds (clinics) is around 50%.

- Revisions to medical service fees and drug prices occur at least every two years.
  The complexity of responding to these revisions contributes to a natural decline in the number of manufacturers.

### Sales Methods, Product Features, etc.

- Direct sales, agencies, support agencies, referral agencies, referral sales through opening consultants, etc.

- Electronic medical records offer a wide range of functions. These include features supporting examination speed, patient data analysis, and connectivity with specialized devices used in various medical fields.
  High support and responsiveness are critical success factors.

- In contrast to pharmacies, the concept of a chain store is not very common, and clinic directors themselves are often corporate managers.

(as of December 31, 2024)

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Our IT Systems for Long-Term Care/Welfare

Market Size
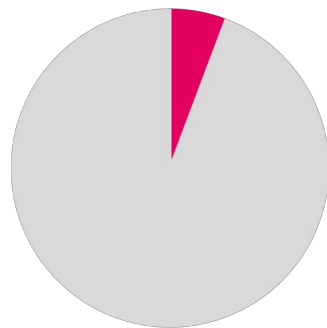
Target Market:
290,000 Properties

Our Share:
14,208 Properties
4.9%

Customers are typically facilities and providers operating under the Long-Term Care Insurance Law. Long-term care facilities engaged in businesses such as long-term care and disability/welfare.

An increase in the consolidation of long-term care/welfare providers is expected.

Market Environment and Market Characteristics

- As a result of the enactment of the Long-Term Care Insurance Law in April 2000, the market is younger than that of IT systems for clinics and for pharmacies.

- Revisions to long-term care fees occur once every three years.

- It is a highly fragmented market with intense local competition, and in addition to the long-term care billing and recording systems we handle, IT incorporating advanced technologies such as monitoring systems and long-term care robots are advancing.

- Although we have existing users in M&As and other areas, our products were launched later than those of competitors.

Sales Methods, Product Features, etc.

- There are few cases of buying a set of hardware.

- Unlike pharmacy and clinic systems, software for long-term care/welfare is typically licensed based on the number of distinct service types a corporation provides.
Example: For a hypothetical eight nursing care services provided by the corporation, purchase software licenses for eight services.

- Customers place emphasis on prices and products due to personnel shortages and an increase in market consolidation.
Users themselves also vary in their PC literacy, emphasizing ease of use and depth of user support.

- The required functionalities/features differ according to the scale of large-scale facilities, medium-scale facilities, etc.

（as of December 31, 2024）

Management of pharmacies
（Brick Pharmacy Inc.)

Cashless business
(ChoQi Co., Ltd.)

Development and operation of statistical
information analysis services
(ChoQi Co., Ltd.)

Temporary staffing business
（UNIKE SOFTWARE RESEARCH CO., LTD.）

Growth Track and Strengths

History and Growth

After switching to a two-time earnings model, we are now developing a recurring revenue model.
Despite a temporary drop in sales at the time of switching to a profit model, we continue to increase sales through expansion of market share and M&As.

Flow-type revenue model (~FY08/3)

Partially recurring income (~FY18/3)

Full stock type (~present)

1980
Established and commenced sales in Himeji City, Hyogo Prefecture
Initially exclusively for medical processing
For office computers

1991
Commencement of sales of Insurance Billing [Recepty] for Pharmacies under our development administrative Processing System

1998
Company name changed to EM SYSTEMS CO., LTD

2002
Commencement of ASPs-based pharmacy support system [Net Recepty]

2006
Full-scale entry into the clinic system market

2008
Commenced sales of [Recepty NEXT], a system for pharmacies as a recurring income business based on a billing system that assumes network connectivity

2009
For clinics as in-house manufactured products
Commencement of full-scale system development

2013
Unicon and Unicon West became subsidiaries

2014
Cosmo systems became a subsidiary

2019
Acquired IT systems for long-term care/welfare businesses from Janis
M_WIN SOFT and Pop-Creation became subsidiaries.
Commenced sales of MAPs for CLINIC, a cloud-based clinic system
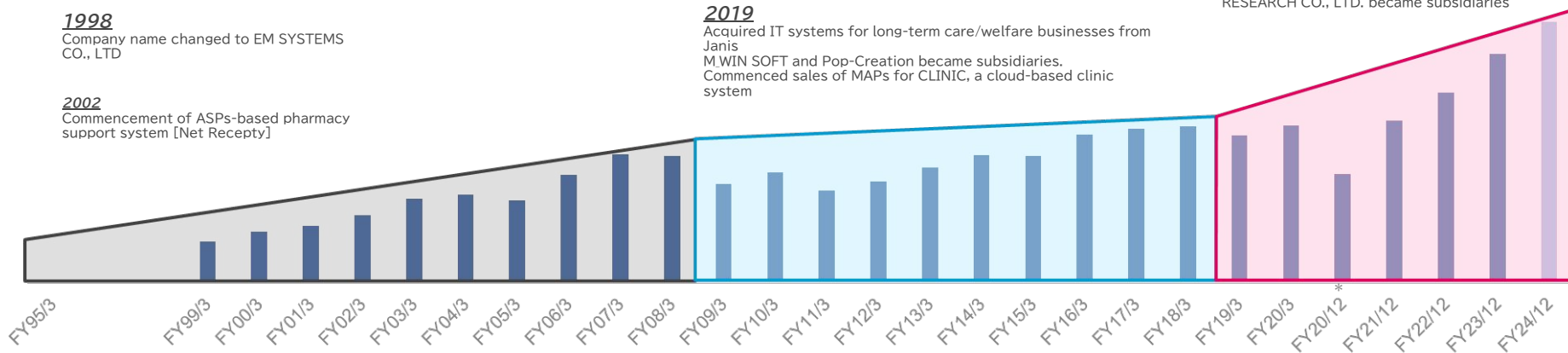
2020
Commenced sales of [MAPs for PHARMACY] for cloud-based pharmacies

2022
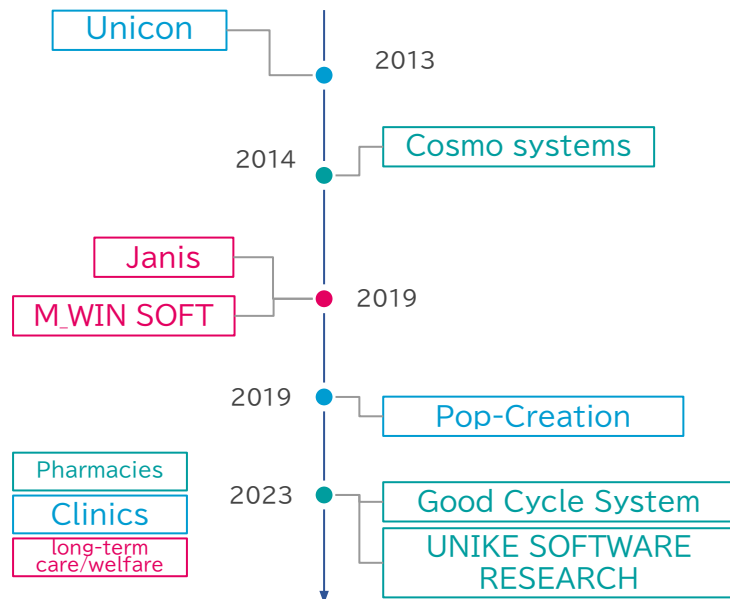Commenced sales of MAPs for NURSING CARE, a cloud-based IT system for long-term care/welfare offices

2023
Good Cycle System Inc. and UNIKE SOFTWARE RESEARCH CO., LTD. became subsidiaries

FY95/3 · FY99/3 · FY00/3 · FY01/3 · FY02/3 · FY03/3 · FY04/3 · FY05/3 · FY06/3 · FY07/3 · FY08/3 · FY09/3 · FY10/3 · FY11/3 · FY12/3 · FY13/3 · FY14/3 · FY15/3 · FY16/3 · FY17/3 · FY18/3 · FY19/3 · FY20/3 · FY20/12 · FY21/12 · FY22/12 · FY23/12 · FY24/12

M&A Performance (Track Record and Effectiveness)

7 M&As since 2013 to increase market share in the pharmacy 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.

Unicon
2013

Cosmo systems
2014

Janis
M_WIN SOFT
2019

2019
Pop-Creation

Pharmacies
Clinics
long-term care/welfare
2023
Good Cycle System
UNIKE SOFTWARE RESEARCH

Pharmacies

Number of Customers: 8,000
Contributions to higher retention and ARPU by enhancing services such as those relating to electronic drug history records.

Clinics

Number of Customers: 1,700
Completion of M&As that contribute to the expansion of our base, including the expansion of sales channels.

Long-Term Care/Welfare

Number of Licenses: 11,000
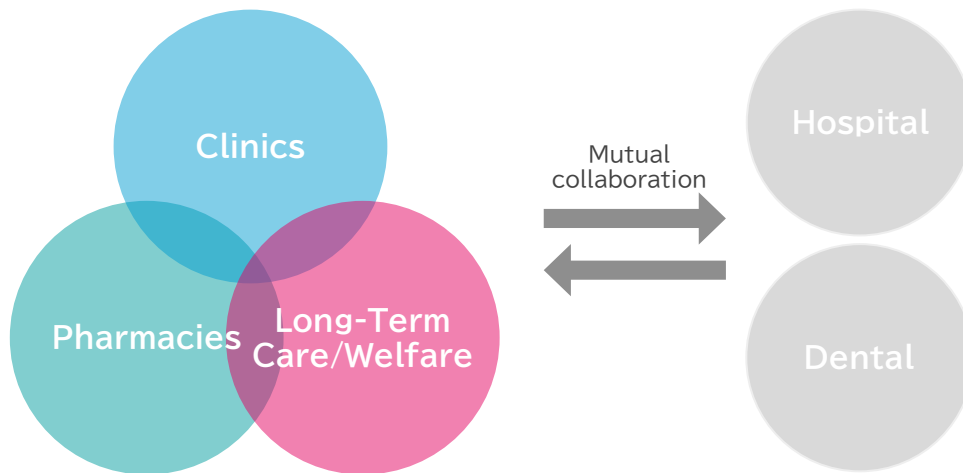Acquisition of product development resources, etc. to expand into the long-term care/welfare market.

Our Strengths

Utilization of over 40 years of medical DX expertise

Promotion of M&A and alliance strategies

Building a Solid Group Business Portfolio by Developing Businesses Across the Three Segments Related to Medical Care and Social Security

Clinics

Pharmacies

Long-Term Care/Welfare

Mutual collaboration

Hospital

Dental

EM SYSTEMS CO., LTD.

Appendix.

Japanese Medical Insurance System

Japanese Universal Health Insurance System: How It Works and Its Characteristics

- The Japanese system is a universal health insurance system in which all citizens participate in public medical insurance.
- Provision of medical services based on the detailed medical fee system defined by the government.
- Achieve high accessibility and uniformity of quality of medical care.

Complexity of the Medical Fee System and Issues in the Medical Field

- The medical fee system is extremely complex, with detailed points are determined for each medical practice.
- Medical institutions must submit accurate insurance claims (medical claim preparation) in accordance with this compensation structure.
- Preparation of complex medical claims is a major administrative burden on medical institutions.

Efficiency and Stability of System Operation Supported by IT Systems

- Receipt computer systems streamline a series of operations from reception to accounting and receipt preparation.
- Especially, our receipt computers handle complex medical fee structures and strongly support accurate insurance billing operations.
- Supporting the stable operation of medical institutions and playing an essential role in the smooth operation of the universal health insurance system for the nation.

Flow of Insurance Treatment (including receipt computers)
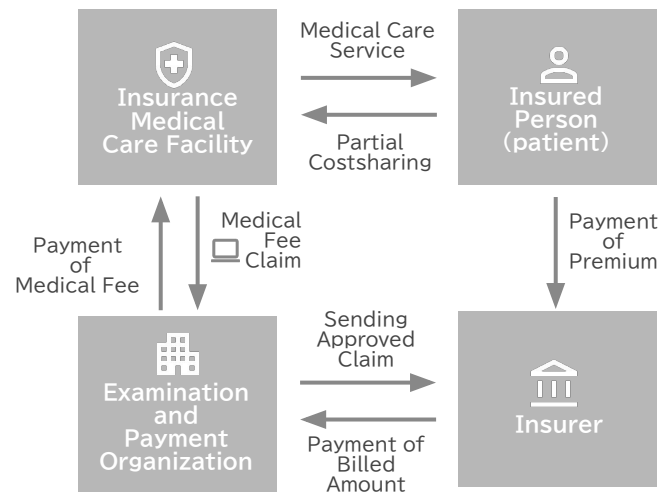
*The system is funded primarily by premiums paid by the insured and their employers.

*[Conceptual diagram of insured medical care]. (Ministry of Health, Labour and Welfare, adapted from https://www.mhlw.go.jp/english/wp/wp-hw3/dl/2-009.pdf)

Separation of Dispensing and Prescribing Drugs

It is a major feature of the Japanese healthcare delivery system, creating a significant market opportunity in our IT Systems for Pharmacies.

Improve Patient Benefits

- Careful information provided by pharmacists to help you better understand your own treatment and medications.
- Family pharmacies prevent duplicate medications and interactions, improving the safety of drug therapy.
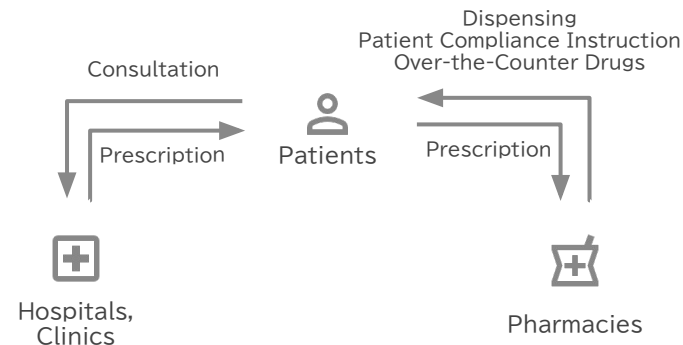
Improvements to the Quality of Medical care

- Clinics focus exclusively on diagnosis and prescriptions, while pharmacists, as specialists, concentrate on drug therapies. This division of roles pursues therapeutic effectiveness and safety through pharmaceutical management that utilizes the expertise of pharmacists.
- Pursuing Therapeutic Effectiveness and Safety through Pharmaceutical Management Utilizing the Expertise of Pharmacists.

Enhancement of the Functions of Medical Systems

- Division of roles between doctors and pharmacists to maximize expertise and improve operational efficiency.
- Contributions to the overall quality and sustainability of the medical system.

The System of Separation of Dispensing and Prescribing Drugs

Consultation

Dispensing
Patient Compliance Instruction
Over-the-Counter Drugs

Prescription — Patients — Prescription

Hospitals, Clinics

Pharmacies

*The diagram illustrates the flow of a prescription: issued by a hospital or clinic, it is then taken by the patient to a pharmacy to be filled.

＊[System for separation of prescriptions and medications]. (Ministry of Health, Labour and Welfare, adapted from https://www.mhlw.go.jp/english/wp/wp-hw3/dl/2-124.pdf)

Along with the rapid aging of Japan's population, the long-term care market is an important area where sustainable growth is expected. We will actively implement initiatives to capture future growth opportunities.

Aging Population and Growth Potential of the Long-Term Care Market

- Japan's population is aging at a rate unparalleled in the world, and demand for nursing care services is certain to increase.
- Public long-term care insurance system forms an important social infrastructure that supports long-term care throughout society.
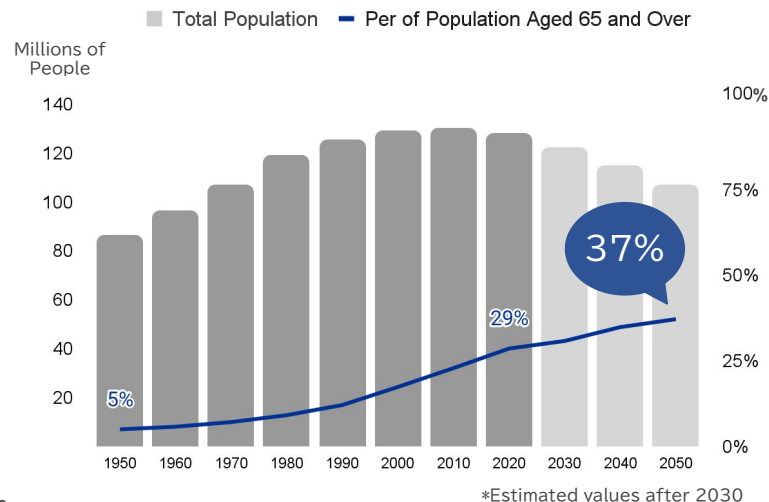
Our Growth Strategy and Solution

- Continue to make strategic investments to acquire growth opportunities in anticipation of long-term market expansion.
- Meeting the needs of a super-aging society by leveraging the technologies and expertise we have cultivated in the medical field.

Value Provided Through Medical and Long-Term Care Collaborations

- Integration of medical and long-term care information seamlessly through collaboration with mainstay IT systems for clinics and pharmacies.
- Contributions to the realization of a comprehensive community care system, providing new value to existing customers.

Total Population and Aging Rate in Japan

Legend: ▢ Total Population — Per of Population Aged 65 and Over
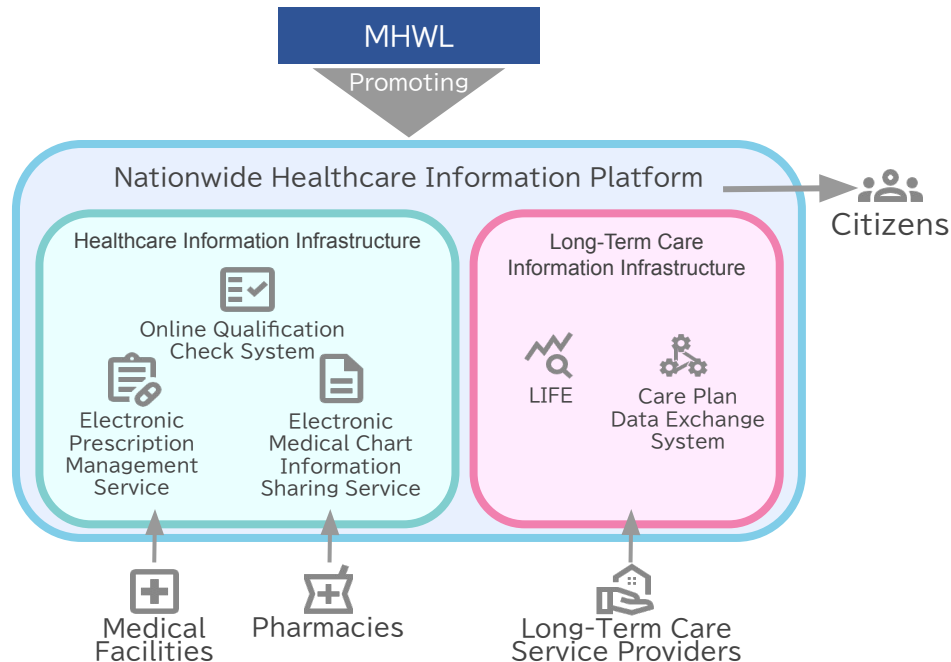
Millions of People

*Estimated values after 2030

* Source: Population up to 2020: Ministry of Internal Affairs and Communications, *Population Census*; Population projections after 2030: National Institute of Population and Social Security Research, *Future-Projected Population of Japan (2023 estimate)*.

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* To return to the original page, click here. (p.7)

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Healthcare DX

The Ministry of Health, Labour and Welfare (MHLW) aims to improve the efficiency and quality of services through digital transformation of the healthcare sector by proactively promoting the following five key objectives.

1. Further Health Promotion for the Public/ Population
2. Efficient Provision of Seamless, Higher Quality Medical Care
3. Improvement of Operational Efficiency of Medical Institutions, etc.
4. Effective Utilization of Human Resources Within the Healthcare System
5. Improvement of the Environment for Secondary Use of Medical Information

We will expand the areas where our technology and knowledge can contribute in this major transformation in the country.
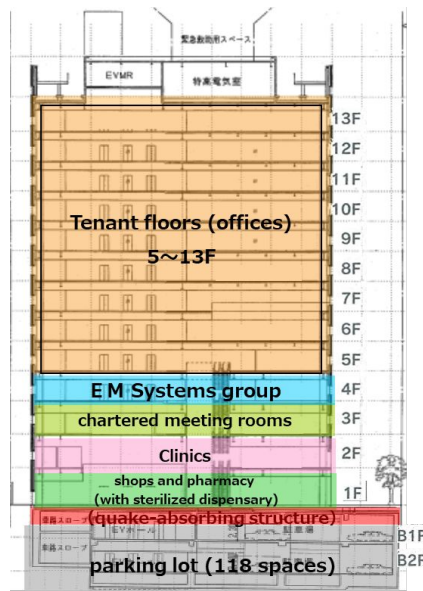
MHWL
Promoting

Nationwide Healthcare Information Platform

Citizens

Healthcare Information Infrastructure

Online Qualification Check System

Electronic Prescription Management Service

Electronic Medical Chart Information Sharing Service

Long-Term Care Information Infrastructure

LIFE

Care Plan Data Exchange System

Medical Facilities

Pharmacies

Long-Term Care Service Providers

∗ [Overview of Healthcare Information Platform]. (Ministry of Health, Labour and Welfare, adapted from https://www.mhlw.go.jp/english/policy/health-medical/healthcare-dx/dl/Nationwide-Healthcare-Information-Platform-Overview(Image).pdf)

- One of the larger floor spaces in Shin-Osaka.
- Strong support for business through comfortable office spaces incorporating highly functional intelligent buildings.
- Highly flexible office design that also supports ICT.

Tenant floors (offices) 5～13F

13F
12F
11F
10F
9F
8F
7F
6F
5F

E M Systems group 4F

chartered meeting rooms 3F

Clinics 2F

shops and pharmacy (with sterilized dispensary) 1F

(quake-absorbing structure)

B1F
B2F

parking lot (118 spaces)

Building tenant occupancy rate (as of December 2024)

100%

1 floor Large space with no pillars approx. 1,550㎡

Clinic malls covering multiple departments

- Internal Medicine and Diabetology
- Chinese Medicine / Psychosomatic Medicine
- Hair Thinning/Hair Regrowth/AGA
- Cosmetic Dermatology/Cosmetic Surgery
- Gynecology/Obstetrics
- Gastroenterology
- Insurance Dispensing Pharmacy (Brick Pharmacies)

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The Company assumes no obligation to update or revise any information, whether as a result of new information, future events or otherwise.
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.