



mascot character
EMMA

Results of Operations for financial year ended March 31 2020

 **EM SYSTEMS CO., LTD.**
(TSE 1st Section: 4820)

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.

Company Initiatives regarding the Novel Coronavirus

We would like to express our heartfelt sympathies to all of you who are dealing first-hand with novel coronavirus infections (Covid-19). We pray that the pandemic comes to an end as soon as possible and we pray for your health. We would also like to express our deep respect for all of the medical-related personnel who have been doing their best working day-and-night to prevent and treat infections.

Our company, which continues to support the healthcare (clinics and pharmacies) and long-term care/welfare industries through our systems, is implementing the following initiatives throughout the entire EM Systems Group in order to minimize the effects on the health and safety of our customers and employees, as well as on our business, and to continuously provide the stable system access and service even during the officially declared State of Emergency.

➤ Changes to Work Structure

Working from home, as a general rule.

Utilization of online meetings and telecommuting.

➤ Sale Activities

Refraining from visiting customers in person unless responding to an emergency.

Sales activities via the Internet and telephones.

➤ Support Activities

Closure of main telephone: Responses to inquiries via the Internet.

Shortening of Information Center hours.

Efficient responses from those working at home.

I. “Business Environment / Company Initiatives ”

- i. Business Environment
- ii. Effects of the Novel Coronavirus and Initiatives
- iii. Operations for financial year ended March 31 2020

II. “Results of Operations for Financial year ended March 31 2020”

- i. Highlights of Financial results
- ii. Changes in consolidate results by fiscal year
- iii. Balance Sheet Summary
- iv. By Segment Sales/Operating Profits
- v. By Segment Sales Breakdown
- vi. IT Systems for Pharmacies (Quarterly Sales /Moving Annual Total)
- vii. IT Systems for Clinics (Quarterly Sales /Moving Annual Total)
- viii. Forecast for the fiscal year ending December 2020
- ix. Market Share and Number of Customers
- x. Shareholder returns

III. New Administrative System

Supporting Date Shared Information System Foundation

Pharmacies

- There has been a reduction in the number of pharmacy visits and a reduction in the number of prescription slips due to prescriptions issued for longer periods of time as a result of the novel coronavirus.
- There has been an increase in medication deliveries and in remote provision of medication administration guidance in response to the novel coronavirus.
- We are focusing on streamlining tasks within pharmacies. We are streamlining the acts of inputting medication records and prescriptions.
- Influence of the April 2020 revision to medical fees: Pharmacies with a high concentration of prescriptions from specific medical institutions, such as on-site pharmacies, pharmacies that handle a large number of prescriptions and chain pharmacies were affected.
- Due to changes in the pharmacy business environment, various companies are rapidly conducting organizational restructuring through M&A, etc.
- It is possible for non-pharmacists to conduct picking and packaging operations (based on pharmacist instructions).
(The General Affairs Division of the Pharmaceutical Safety and Environmental Health Bureau within the Ministry of Health, Labour and Welfare issued a notification to all administrative divisions dated April 2, 2019.)
Investments in automatization accompanying introduction of robotics and AI technology are proceeded.

Clinics

- Some clinics have been facing that patients refrain from consulting due to the novel coronavirus pandemic.
- Some clinics are applying online medical care systems beginning from initial diagnosis (an exceptional measure) due to the novel coronavirus pandemic.
- Rate of proliferation of electronic medical records at clinics: Just over 40%
⇒Most newly opened businesses adopt an electronic medical record system, and a cloud-based electronic medical record system is also under consideration.

Long-term care/welfare

- The market is growing due to a decrease in the number of hospital beds and an increase in the number of new facilities accompanying the aging of the population.
⇒Introduction of lucrative mechanisms: Investment in robotics and systems
- There has been a short-term increase in the number of temporary closings of visiting care facilities and short-term-stay facilities due to the spread of the novel coronavirus.
- Increase in large-scale chain welfare facilities
- There is an increase in demand for long-term care recording.

【Assumed negative effects of the novel coronavirus】

- A reduction in face-to-face business activities even though most client business are not subject to the government request for business closure.
- the review of equipment installations and the timing of the commencement of business operations at businesses scheduled to open for the first time.
- A reduction in the number of face-to-face PR opportunities for each product due to postponements of academic conferences, exhibitions, and business meetings.



Further
strengthening

【 Initiatives for the further growth 】

- We are reorganizing toward a business style that is unaffected by activity environment.
- We are engaging in online customer-targeted experience plans and marketing activities that can make up for the decrease in PR opportunities.
- We provide customer-targeted tools for use in configuring systems as well as for use in comparison and evaluation.

Marketing

- We have been conducting marketing activities that make use of “Medpeer,” a community site for physicians.
- We conduct online marketing that utilizes “Care Management Online,” a dedicated site for care managers.
- We conduct non-face-to-face sales activities that utilize online demonstrations, downloads of trial versions, online meetings, etc.
- We enable customers to personally conduct estimates and configuration examinations through “MAPs DIRECT,” a B-to-B e-commerce site.

オンラインデモンストレーション



MAPS ダイレクト



お客様のお手元にあるオンライン環境のPCから
簡単にデモンストレーションを体験していただけます。

無料お試し版を申し込む



お見積りを作成する



お客様ご自身がオンラインで概算のお見積りを作成いただけます。

※オンラインお見積りは、パソコン版の表示になります。

スマートフォンでは正常に表示されない場合があります。

Operating

- We built a sales structure exclusively for nursing care chains, and we have been actively expanding our business to include chain offices in the nursing care/ welfare market by making use of M-Win Soft Co., Ltd. assets.
- Sales promotion of new headquarters systems. Compatibility with the systems of other companies.
- We expanded sales channels in our OEM and agency businesses.
- Application of M&A
- We have been conducting activities in collaboration with CSI Co., Ltd. aimed at enabling cooperation between hospitals and pharmacies.
- Organizational restructuring – Enhancement of non-face-to-face business
- We are expanding our partnership with Biznet Corporation accompanying breakaway from direct hardware sales.

Development activities

- We are strengthening product competitiveness through expanding the functions of the already-released MAPs for CLINIC and MAPs for PHARMACY.
- We are developing and commence shipping MAPs for NURSING CARE, a nursing care/welfare system.
- We are contributing to standardizing the industry and reducing costs through the OEM provision of shared engine: Expanding to other companies in the same field
- We are enabling coordination with the MAPs series as well as with the systems of other companies, in addition to existing systems, using new headquarters systems for pharmacies.

Social contribution activities

- Sponsor participation in the Kimiko Date x YONEX PROJECT
- We contribution to the “Artificial Intelligence in Healthcare” course at the University of Tokyo.
- We cooperated with Ueda Pharmacist Association in “Creation of mechanisms to improve guidance based on information sharing and pharmaceutical knowledge from pharmacists,” a model business under consideration by the Ministry of Health, Labour and Welfare.



II . i . Financial Highlights for March 31 2020

consolidated results of March 31 2020

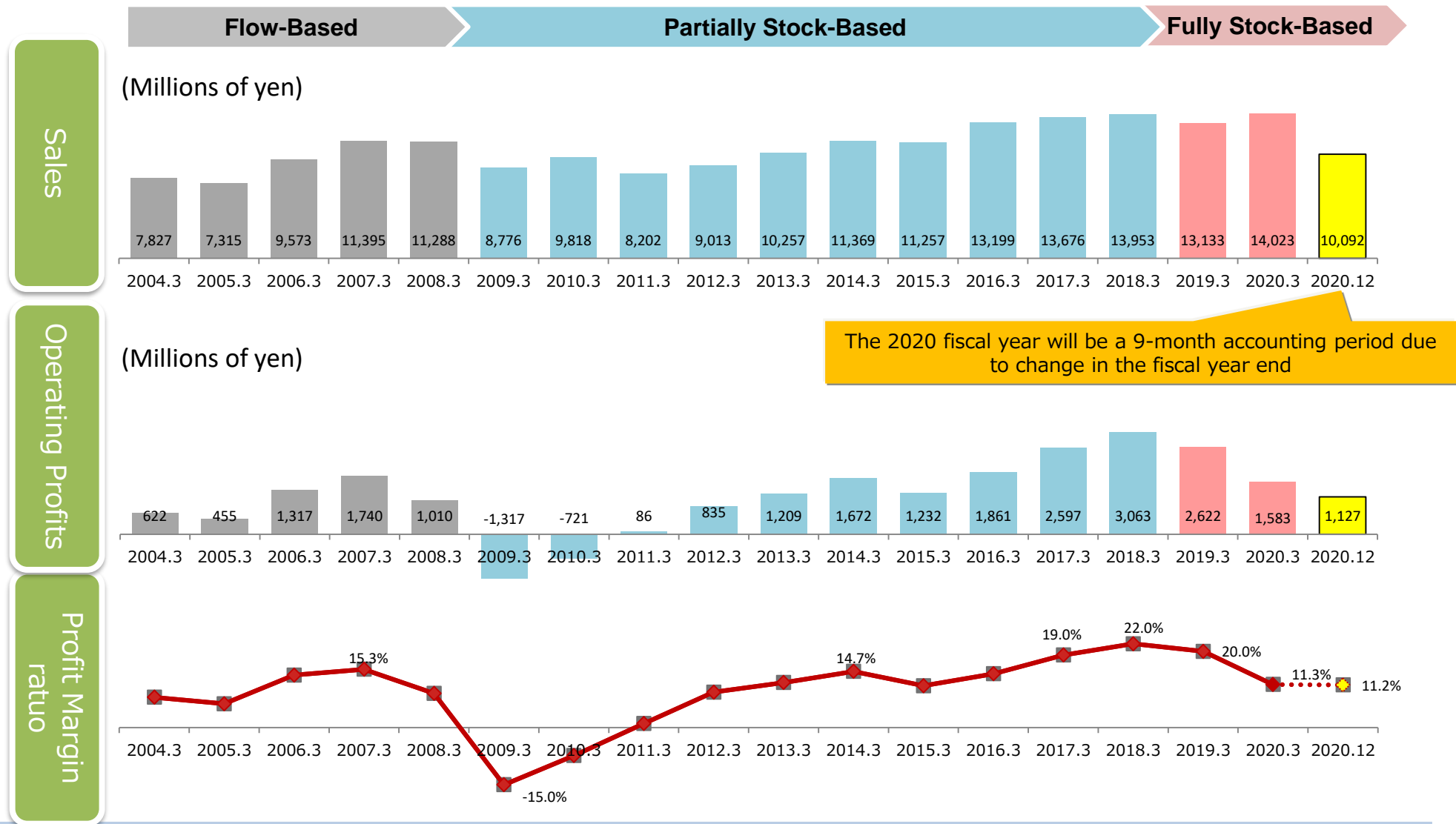
	Financial year ended March 31 2019	※Financial year ended March 31 2020 (estimated results)	※Financial year ended March 31 2020 (results)	Compared to previous year	Compared to estimated results
Sales	13,133 millions of yen	13,174 millions of yen	14,023 millions of yen	6.8%	6.4%
Operating Profits	2,622 millions of yen	1,358 millions of yen	1,583 millions of yen	(39.6%)	16.5%
Ordinary Profits	3,248 millions of yen	1,980 millions of yen	2,179 millions of yen	(32.9%)	10.1%
Net Income	1,971 millions of yen	1,307 millions of yen	1,393 millions of yen	(29.3%)	6.6%

※ These are the amounts which announced in the financial statement on May 8 2019.

Topics for March 31 2020

- ☐ Sales and administration expenses increased accompanying expansion of our system businesses targeting nursing care service providers.
- ☐ This contributed to sales due to a last-minute surge in demand for hardware replacement accompanying the termination of support for Windows 7.
- ☐ Subscription-based sales have increased bullishly. (Pharmacy and clinics, Long-term care/welfare segments)
- ☐ A reduction in gross profit due to an increase in base costs accompanying the transfer of hardware maintenance responsibilities to manufacturers.
- ☐ We commenced shipping 【MAPs for CLINIC】 in October 2019, 【MAPs for PHARMACY】 in February 2020, from Osaka and Tokyo and we are in turn expanding operations into other administrative districts.
- ☐ We commenced depreciation accompanying MAPs shipment.

Ⅱ. ii. Changes in consolidate results by fiscal year



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

	March 31 2019	March 31 2020	YoY change	YoY % change
Assets	22,396	23,445	1,049	4.7%
Current assets	10,930	11,556	626	5.7%
Fixed assets	11,465	11,888	423	3.7%
Tangible fixed assets	1,676	1,747	71	4.2%
Intangible fixed assets	1,974	2,532	557	28.2%
Investments and other assets	7,814	7,609	(205)	(2.6%)
Liabilities	5,777	5,754	(23)	(0.4%)
Current liabilities	3,665	3,816	150	4.1%
Fixed liabilities	2,112	1,937	(174)	(8.3%)
Net assets	16,618	17,691	1,072	6.5%
Shareholder's equity	16,536	17,625	1,088	6.6%
Cumulative amount of other comprehensive	(46)	(26)	20	(44.3%)
Stock acquisition rights	128	91	(36)	(28.7%)

Major YoY Changes

Cash on hand and in banks	1,283	millions of yen
notes receivables and accounts receivable	(336)	millions of yen

Software	1,562	millions of yen
Software in progress	(868)	millions of yen
Goodwill	(113)	millions of yen

deferred income	482	millions of yen
Provision for product warranties	(75)	millions of yen

II . iv . By Segment Sales/Operating Profits

(Millions of yen)

	Financial year ended March 31 2019		Financial year ended March 31 2020					
	Sales	Operating Profits	Sales			Operating Profits		
			Results	Increase/ decrease amounts	Increase/ decrease rates	Results	Increase/ decrease amounts	Increase/ decrease rates
IT Systems for Pharmacy	10,476	2,389	10,823	347	3.3%	1,667	(722)	(30.2%)
IT Systems for Clinic	1,704	239	1,881	177	10.4%	161	(78)	(32.7%)
IT Systems for long-term care/welfare	85	(129)	497	411	482.1%	(348)	(218)	168.3%
Other Business	977	130	934	(42)	(4.4%)	127	(3)	(2.8%)

※In our nursing care system business, we acquired the former Janis Corporation from February 2019, and we are turning M-Win Soft Co., Ltd. into a subsidiary.

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

- ✓IT Systems for Pharmacies.....Income and profits have fallen due to decreases in initial sales and gross profits increased in base costs accompanying the transfer of hardware maintenance responsibilities to manufacturers.
- ✓IT Systems for Clinics.....The number of MRN customers has steadily increased. Accompanying this, system usage fee sales have also smoothly increased.
- ✓IT Systems for long-term care/welfare.....Sales have greatly increased accompanying expansion of our system Businesses targeting nursing care service providers.

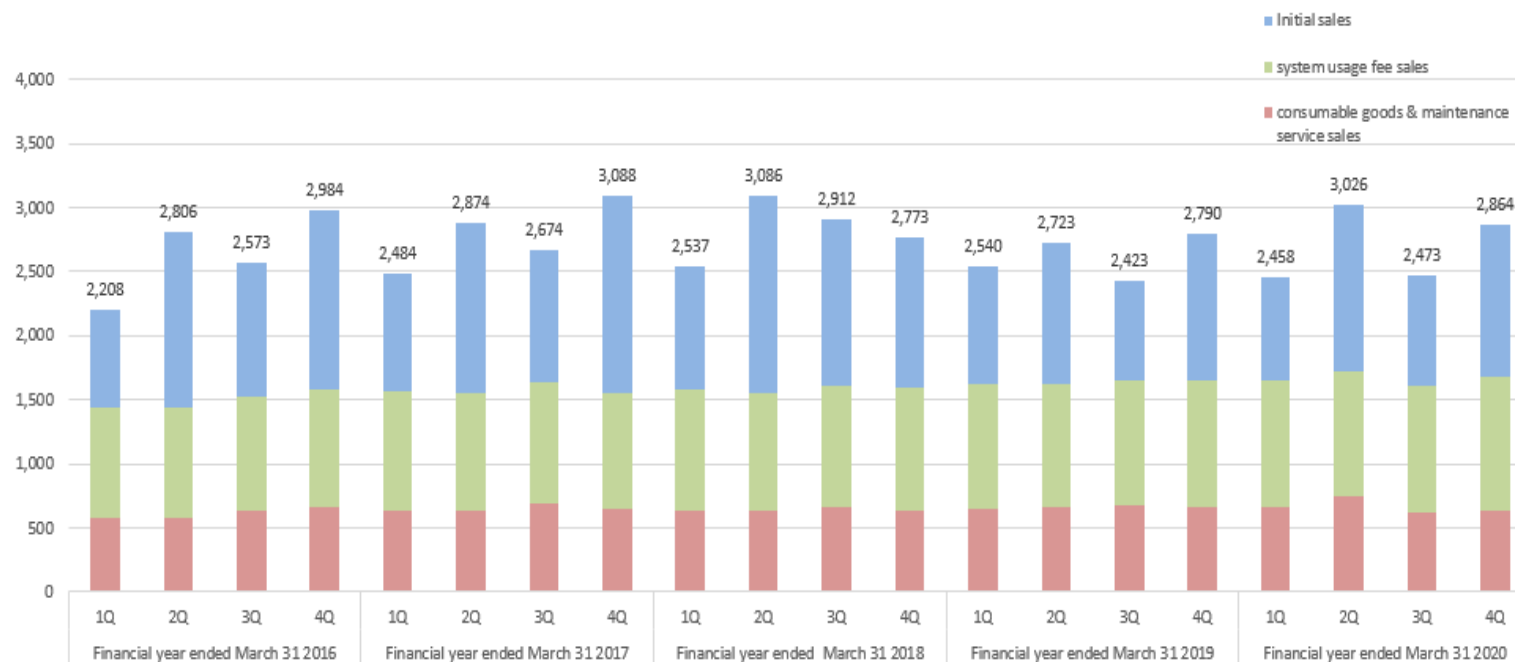
Ⅱ . v . By Segment Sales Breakdown

	(Millions of yen)			
	Financial year ended March 31 2019	Financial year ended March 31 2020	YoY change	YoY % change
Net sales	13,133	14,023	889	6.8%
IT Systems for Pharmacies	10,476	10,823	347	3.3%
(initial sales)	3,940	4,149	208	5.3%
(system usage fee sales)	3,891	4,004	113	2.9%
(consumable goods sales)	2,058	1,985	(72)	(3.5%)
(maintenance service sales)	585	683	98	16.8%
IT Systems for Clinics	1,704	1,881	177	10.4%
(initial sales)	800	929	129	16.2%
(system usage fee sales)	485	565	80	16.5%
(consumable goods sales)	97	93	(4)	(4.4%)
(maintenance service sales)	320	292	(28)	(8.7%)
IT Systems for long-term care/welfare	85	497	334	482.1%
(initial sales)	25	65	39	153.3%
(system usage fee sales)	25	62	36	144.6%
(consumable goods sales)	0	0	0	—
(maintenance service sales)	33	368	334	989.4%
Other Businesses	977	934	(42)	(4.4%)
Adjustments	(109)	(114)	(4)	4.0%

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

II . vi . IT Systems for Pharmacies

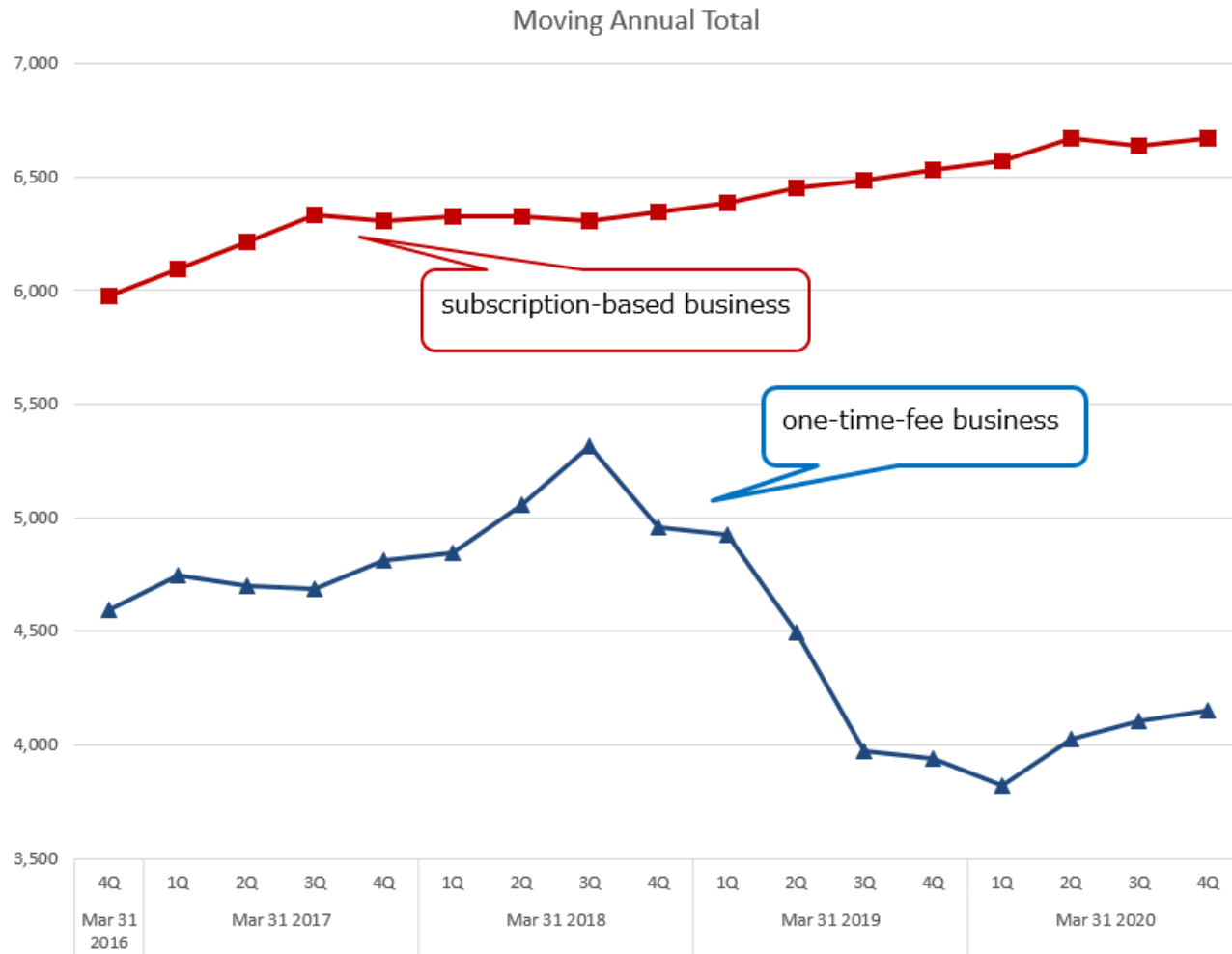
Quarterly Sales (Units: Millions of yen)



	Financial year ended March 31 2016				Financial year ended March 31 2017				Financial year ended March 31 2018				Financial year ended March 31 2019				Financial year ended March 31 2020			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Initial sales	768	1,365	1,055	1,409	920	1,319	1,037	1,536	953	1,532	1,297	1,179	919	1,102	776	1,144	801	1,304	858	1,186
system usage fee sales	862	866	884	907	928	925	951	910	946	920	948	964	969	964	972	987	989	981	995	1,039
consumable goods & maintenance service sales	578	575	634	668	636	630	686	642	638	634	667	630	652	657	675	659	668	741	620	639
Total	2,208	2,806	2,573	2,984	2,484	2,874	2,674	3,088	2,537	3,086	2,912	2,773	2,540	2,723	2,423	2,790	2,458	3,026	2,473	2,864

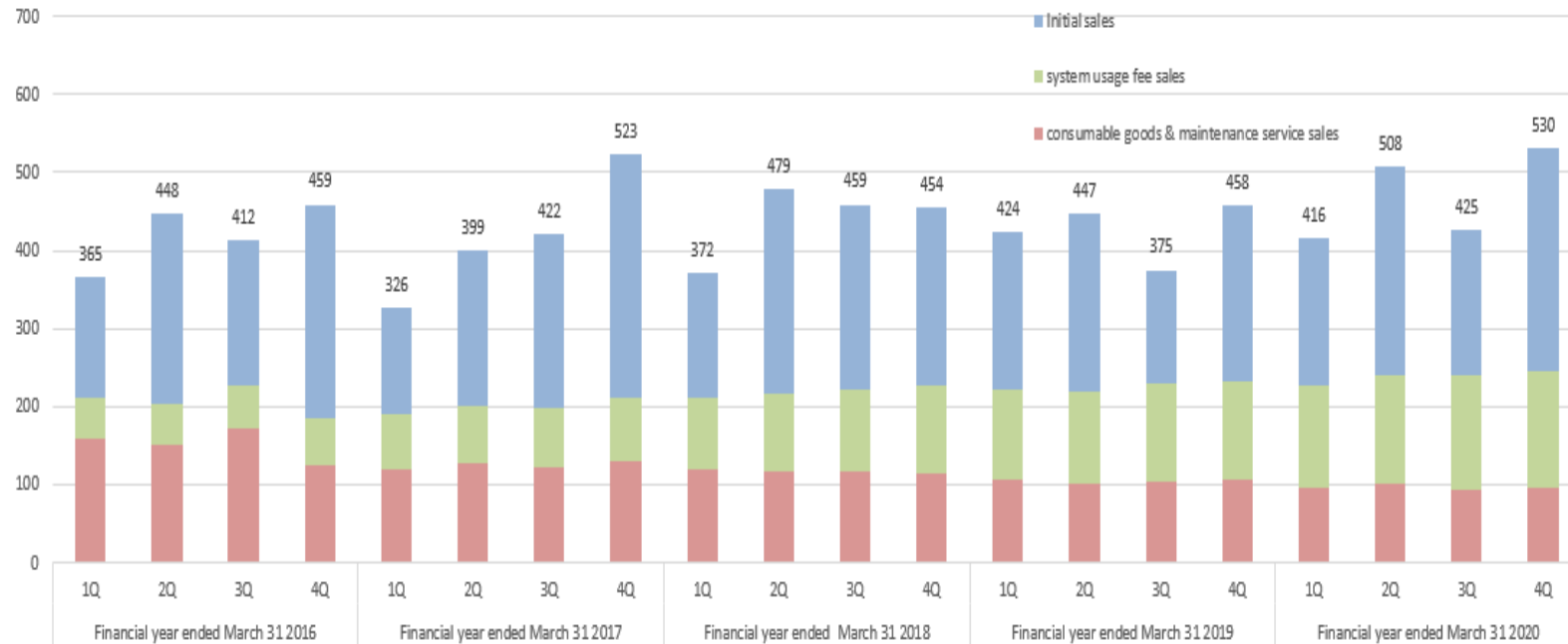
II . vi . IT Systems for Pharmacies

Moving Annual Total (Units: Millions of yen)



II . vii. IT Systems for Clinics

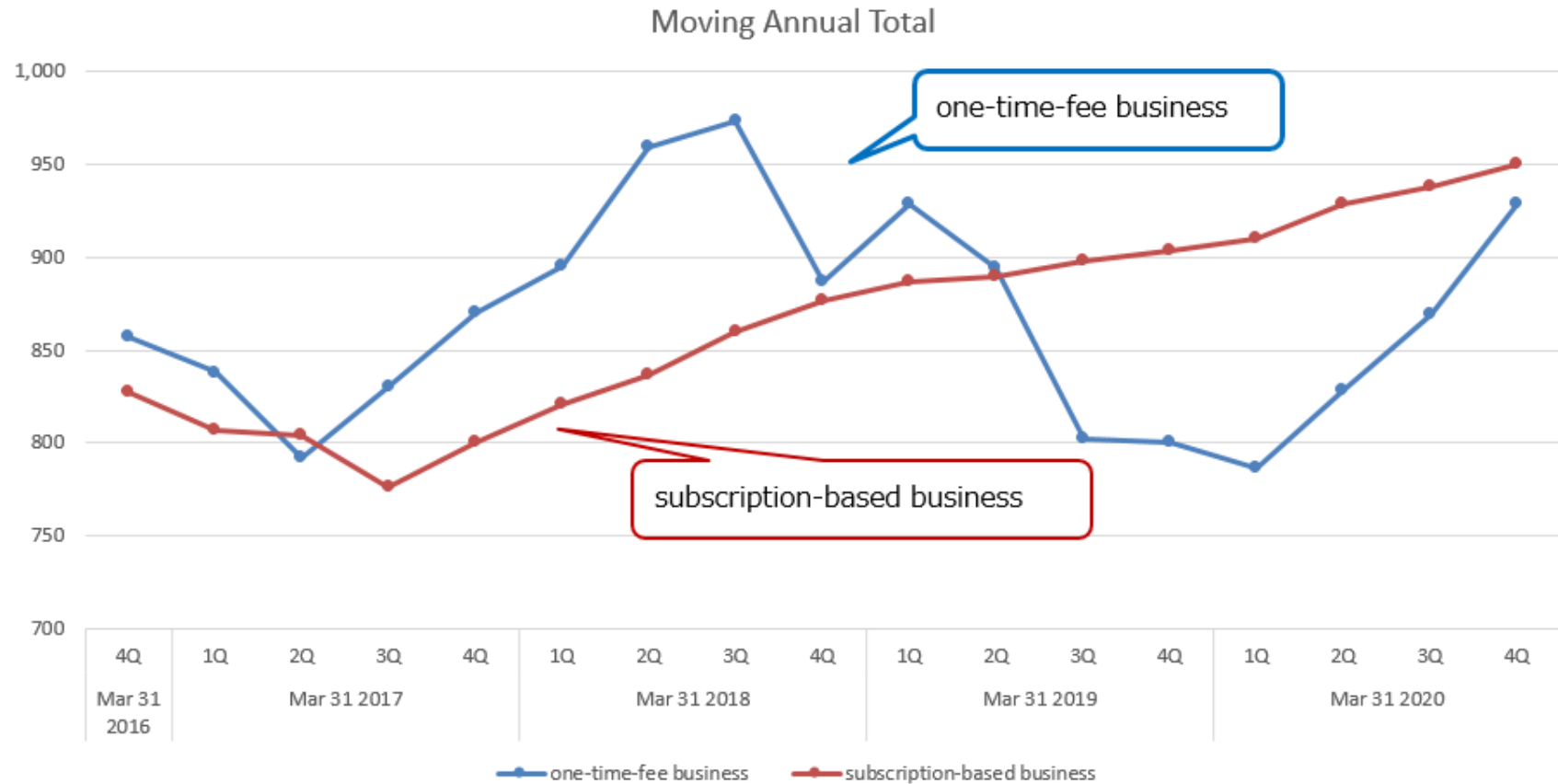
Quarterly Sales (Units: Millions of yen)



	Financial year ended March 31 2016				Financial year ended March 31 2017				Financial year ended March 31 2018				Financial year ended March 31 2019				Financial year ended March 31 2020			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Initial sales	155	244	185	273	136	198	223	313	161	262	237	227	203	227	145	225	189	269	186	285
system usage fee sales	51	53	56	61	70	73	78	80	91	101	104	113	115	118	126	127	132	139	145	149
consumable goods & maintenance service sales	159	151	171	125	120	128	121	130	120	116	118	114	106	102	104	106	95	100	94	96
Total	365	448	412	459	326	399	422	523	372	479	459	454	424	447	375	458	416	508	425	530

II . vii. IT Systems for Clinics

Moving Annual Total (Units: Millions of yen)



Ⅱ . viii. Forecast for the fiscal year ending December 2020

(Millions of yen)

	Fisical year ended March 31 2019 (actual)	Fisical year ended December 31 2020 (forecast)
Sales	14,023	10,092
Business for Pharmacy	10,823	7,378
Business for Clinic	1,881	1,802
Business for long-term care/welfare	497	332
Other Business	934	656
Adjustment	(114)	(77)
Operating Profits	1,583	1,127
Business for Pharmacy	1,667	1,009
Business for Clinic	161	413
Business for long-term care/welfare	(348)	(330)
Other Business	127	68
Adjustment	(24)	(33)
Ordinary Profits	2,179	1,556
Net Income	1,393	1,082

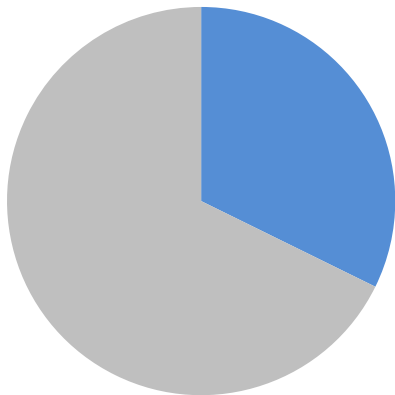
※Segmented sales and operating profits and losses are the amounts before elimination of internal transactions between segments.

※ The Company plans to change the fiscal year end from March 31 to December 31 starting from the 2020 fiscal year.

Ⅱ . iX. Market Share and Number of Customers

IT Systems for Pharmacies

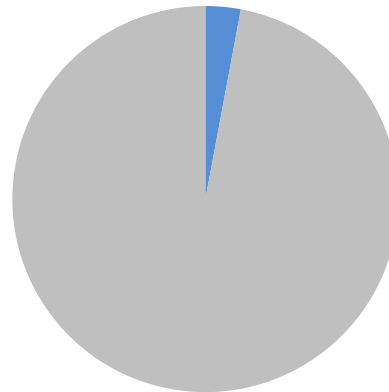
Market share 32.5%



Number of customers : 16,233
Target population : 50,000
Mid-term goals : 25,000

IT Systems for Clinics

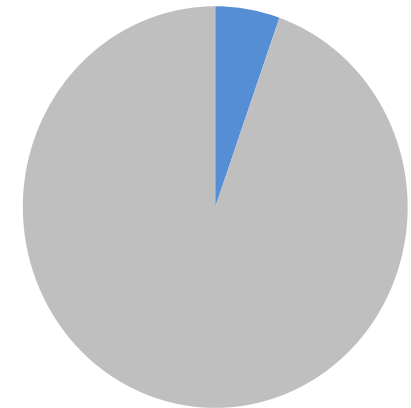
Market share 3.1%



Number of customers : 2,810
Target population : 90,000
Mid-term goals : 10,000

IT Systems for long-term care/welfare

Market share 5.5%



Number of customers : 13,752
Target population : 250,000
Mid-term goals : 10,000

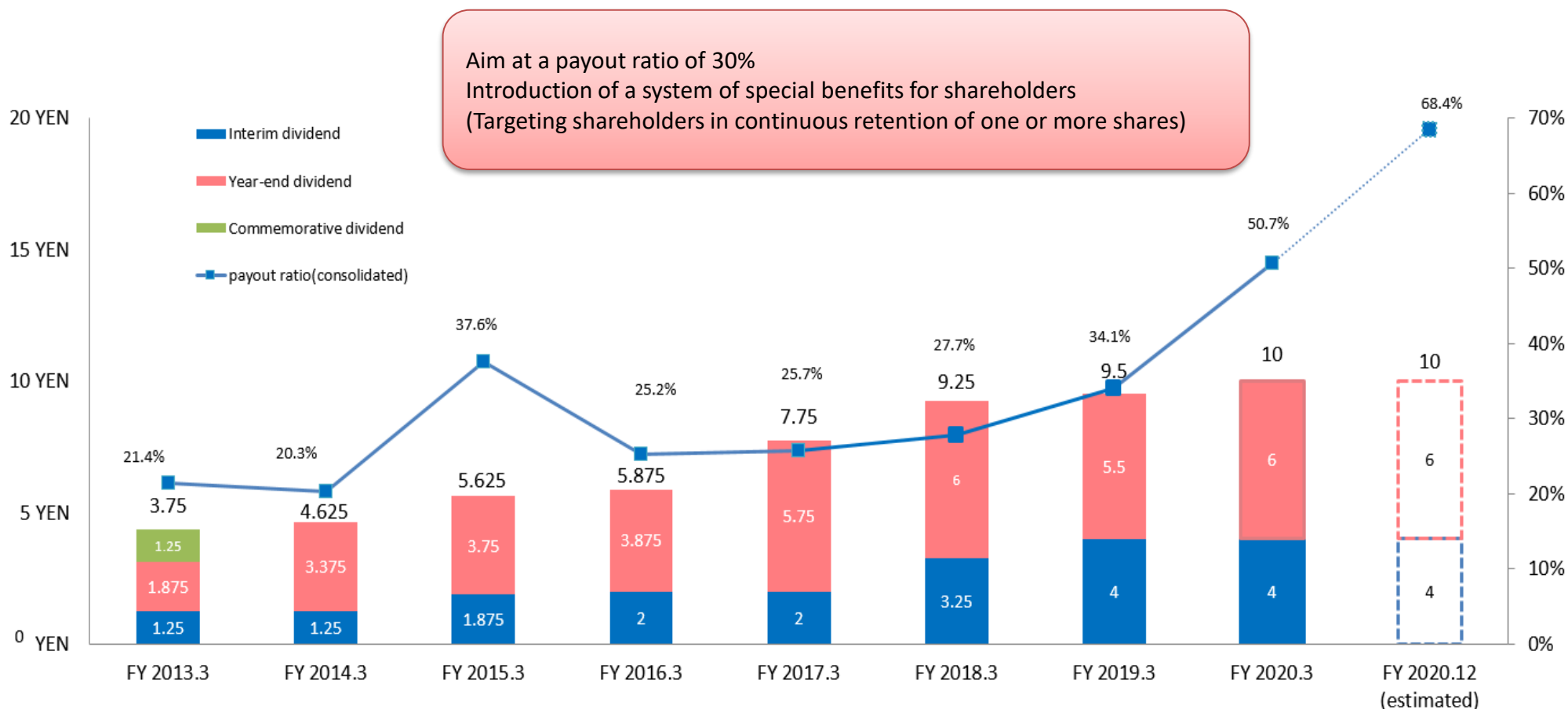
*1 The number of customers indicates the number of pharmacies and clinics that purchased our system products.

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

*3 Mid-term goals are as announced in May 2018.

(as of March 31 , 2020)

Ⅱ . X. shareholder returns



*We conducted stock splits on April 1st, 2016 and March 1st, 2018 and January 1st, 2020 at a ratio of two shares per one ordinary share. The aforementioned information assumes that each stock split occurred at the beginning of March 2013.

Ⅲ. New Administrative System (Transfer of Representative Director)

Seizing the Company's 40th anniversary as an opportunity, we are transferring our representative and reforming our administrative system in order to challenge ourselves to become even more monolithic in providing solutions that contribute to the health of the nation's citizens.

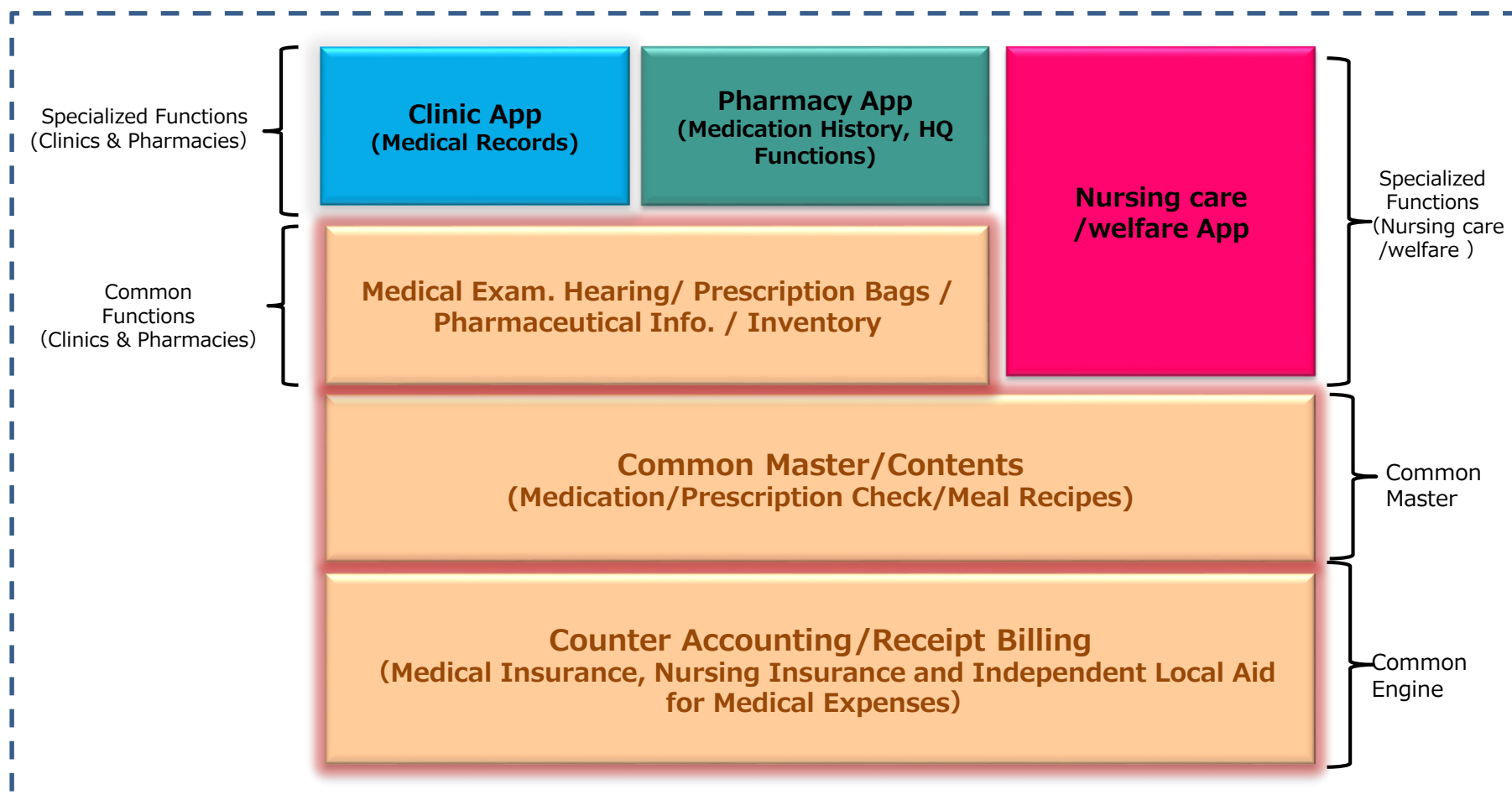
Moving forward, under the leadership of Hiromasa Kunimitsu, we aim to further increase our corporate value by challenging ourselves into a new stage in order to realize the Company vision of "contributing to improving the level of health among the nation's citizens" while continuing to uphold the principles of our founder. Kozo Kunimitsu will continue to serve as director and supreme advisor, and Kenji Oishi will serve as director and chairman.

【Company Policy】

Our company, which is vital to the world, contributes to improving the level of health among the nation's citizens through application of advanced technologies.
We aim to be a company that is capable of providing happiness through work.

Appointment scheduled for June 16, 2020
President&Representative Director
Hiromasa Kunimitsu





Contact:

EM SYSTEMS CO., LTD.
IR Section, Corporate Planning Department

Shin-Osaka Brick Bldg.
1-6-1 Miyahara, Yodogawa-ku,
Osaka 532-0003, Japan

Due to the spread of novel coronavirus infections,
employees are to work from home as a general rule until the end of May.

We apologize for the inconvenience, but we are responding to
inquiries by having employees working at home get back in touch with.
Thank you in advance for your cooperation.



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. 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.