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Results of Operations for financial year ended December 31 2021



EM SYSTEMS CO., LTD.

(TSE 1st Section: 4820)

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I. “Business Environment / Company Initiatives ”

- i. Business Environment
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Supporting Date Shared Information System Foundation

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.

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.

➤ Working Environments

Utilization of staggered working hours, telecommuting, online meetings and mobile working, as well as creation of office environments that avoid the three Cs.

Installation of sneeze guards at all seats, mask wearing, and thorough disinfection practices, etc.

Implementation of work style reforms that enable employees to work without coming to the office.

➤ Sale Activities

Sales activities via the Internet and telephones.

Clinics



- Revision of medical fees in April 2022
- Responses to the Post-Covid-19 Status
(Promotion of online medical care, medical consultations by appointment, transition toward cashless systems, etc.)
- Hybridization of exhibitions by academia and private companies, and transition toward holding such exhibitions online
- Transition toward electronic prescriptions, and construction of information viewing environments at medical institutions where Individual Number Cards are used as insurance certificates
(Individual unitization of insurance information, and improvement of patient convenience)

Initiatives



- Transition toward cloud-based systems, and provision of cashless services through our subsidiary ChoQi Co., Ltd.
- Application of online demonstrations and online business negotiation tools, and non-face-to-face sales, Exhibition at hybrid expo (Setting up an online booth)
- Participation in the government-promoted electronic medical record standardization verification project
- Provision of online qualification confirmation system
- Enhanced medical system proposal capabilities

Pharmacies



- Revision of medical fees in April 2022
- Responses to the Post-Covid-19 Status
(Optimization of operations within pharmacies, promotion of online medication guidance, delivery of medications, etc.)
- Reorganization, M&A and DX strategy development
- Strong performance in M&A drugstore industry
- Hybridization of exhibitions and transition toward holding such exhibitions online
- Transition toward electronic prescriptions, and construction of information viewing environments at medical institutions where Individual Number Cards are used as insurance certificates
(Individual unitization of insurance information, and improvement of patient convenience)

Initiatives



- Transition toward cloud-based systems, automation of systems, and Cooperation with other companies' dedicated software
Proposal for cashless promotion
- Launch sales of "MAPs Optional Prescription Reader"
- Application of online demonstrations and online business negotiation tools, and non-face-to-face sales
- Enhancement of chain store sales proposals, promotion of TOP coverage
- Provision of online qualification confirmation system
- Collaboration with Good Cycle System Co., Ltd and enhanced electronic medical history proposal capabilities

Long-term care/welfare



- Increase in the number of new facilities accompanying the aging of society, and increase in the number of large-scale chain long-term care facilities
- Responses to the Post-Covid-19 Status
(Provision of non-contact services, limitations on facility usage, strengthening infection countermeasures, etc.)
- Increase in the demand for digitization of long-term care records, and promotion of information utilizations
- Promotion of scientific long-term care by LIFE (Long-term care Information system For Evidence)

Initiatives



- Development and release(planned) of MAPs for NURSING CARE
- Strengthening of chain store sales proposal capabilities
Promotion of TOP coverage
- Application of online demonstrations and online business negotiation tools and online exhibitions, non-face-to-face sales
- Proposals to promote systemization, and examination of medical and long-term care information sharing
- Efficient support and data output for LIFE by Sukoyaka-san

Marketing Activities ,Sale Activities

Clinic	Pharmacy	Long-term care	contents
○	○	○	Strengthening Web Marketing : Implementation of SEO and SEM measures, Application of YouTube channel, Raise awareness, Enhancement of online seminars
○	○	○	Improving business partner and customer loyalty through the comprehensive portal site EM-AVALON
○	○		Application of electronic contracts, and estimates and configuration examinations conducted personally by customers through "MAPs DIRECT," an e-commerce site
○	○		Promotion of inside sales, mainly to existing customers
○			Promotion of sales of "MAPs for CLINIC with ORCA" through collaboration with associates of ORCA, Japan Medical Association standard receipt software
	○		Launch sales of "MAPs Optional Prescription Reader
	○		Business partnership with Good Cycle System Co., Ltd, Marketing, Online seminars, Linkage with medication history
	○		Linkage of a tool for online medication guidance and follow-ups during periods of administration
	○		Launch of "EM Analysis Support (free)" ,Release of "MAPs Option BunseQI (paid)"
	○		Sales promotion of MAPs for PHARMACY by YUYAMA Co., Ltd.
○	○	○	Medical and nursing care information sharing ,Ensure collaboration among hospitals, clinics, and pharmacies
○	○	○	Application of M&A

Development activities



EM Technology Laboratory Co., Ltd (Common name: EMTLab.)

- System development subsidiary funded entirely by EM Systems; Established in July 2020
- Consolidates state-of-the-art technologies and environments where cutting-edge innovations are made
- Creates globally-adaptable development professionals
- Secures promising human resources by being a company that is attractive to developers
- Clarifies and optimizes profitability as a development organization
 - Strengthening product competitiveness through expanding the functions of the already-released MAPs for CLINIC and MAPs for PHARMACY
 - Development of MAPs for NURSING CARE, a long-term care/welfare system, and preparations for release
 - Contribution to standardizing the industry and reducing costs through the OEM provision of a shared engine: Expansion to other companies in the same field

Social contribution activities

- Sponsor participation in the KIMIKO DATE x YONEX PROJECT



- Ai Love All Tennis Academy
Participation as a professional tennis player sponsor
EM Tennis Clinic Held

Ai Hasegawa joins the team.



EM Tennis Clinic
2 times in 2021

Social contribution activities

- Donations to course for the development of health care AI (Course head: Specially-appointed Assistant Professor Yoshimasa Kawazoe M.D., Ph.D.)

We agree with the purpose of the Artificial Intelligence in Healthcare course at the University of Tokyo, aimed at developing a base for new medical services focused on AI and ICT, and we have been supporting the course's activities through continuous donations since 2017.

- 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 NeXEHRs Consortium, established with the goal of constructing a next-generation electronic medical record sharing platform.

- Participation in a control experiment for medical information coordination (Representative: Professor Kazuhiko Ohe of the University of Tokyo)

We participate in the Platform for Health and Medical Information (PLAT) control experiment hosted by NeXEHRs Consortium and the NeXEHRs Research Group of Japan Association for Medical Informatics (JAMI) through MAPs for CLINIC , with the aim of implementing medical information coordination based on the Ministry of Health, Labour and Welfare data standards, etc.

- Support for polypharmacy measures (Representative: Professor Hirohisa Imai Ph.D. at the University of Tokyo)

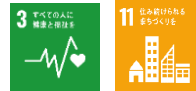
We agree with the purpose of the polypharmacy measures promoted by the Society for the Promotion of Proper Drug Usage, and we support its activities as a special member.

A watchword for SDGs/ESG promotion 「Another Step Toward a Better Tomorrow」

Formulation of four types of materiality (key issues) under the key concept of “Thanks” from “#TX”

Build infrastructure that leads to "Thanks"

- Development of systems required for reliable infrastructure
- Training of human resources that enable systems to operate continuously
- Create organization that ensures quality



Environmental measures that lead to "Thanks"

- Product development with lower environmental impact in mind
- Utilization of clean energy sources
- Risk management to tackle environmental impact and climate change



Build trust relationship that leads to "Thanks"

- Create organization that ensures quality
- Enhanced corporate governance
- Ensuring wellbeing



Value creation that leads to "Thanks"

- System development that helps form medical teams
- Development and proposals of services that help bring further happiness and health improvements to people
- Contribute to achieving DX and training of capable human resources that the government is aiming for



Formulation of an outline of efforts focused on materiality (key issues)

Materiality (key issues)	Overview of Initiatives	Examples of Initiatives
1. Build infrastructure that leads to "Thanks"	<ul style="list-style-type: none"> Development of systems required for reliable infrastructure Training of human resources that enable systems to operate continuously Create organization that ensures quality 	<ul style="list-style-type: none"> Development and dissemination of MAPs Series Development of services for linking medical information (EHR)
2. Build trust relationship that leads to "Thanks"	<ul style="list-style-type: none"> Advance security measures Enhanced corporate governance Ensuring wellbeing 	<ul style="list-style-type: none"> Promotion of health management Improvement of employee engagement Establishment of new communication methods with customers Sports promotion activities
3. Environmental measures that lead to "Thanks"	<ul style="list-style-type: none"> Product development with lower environmental impact in mind Utilization of clean energy sources Risk management to tackle environmental impact and climate change 	<ul style="list-style-type: none"> Calculation of energy consumption and formulation of reduction targets Consideration of response to TCFD recommendations
4. Value creation that leads to "Thanks"	<ul style="list-style-type: none"> System development that helps form medical teams Development and proposals of services that help bring further happiness and health improvements to people Contribute to achieving DX and training of capable human resources that the government is aiming for 	<ul style="list-style-type: none"> Human resource development program Support for advanced academic research in the medical field

- Press release dated February 9, 2022.
[Notification regarding formulation of materiality \(key issues\) and long-term goal setting](#)
- Disclosing the status of our initiatives on our sustainability website
[EM Systems Website > Sustainability](#)

Ⅱ . i . Financial Highlights for December 31 2021

consolidated results of December 31 2021

	December 31 2020	※December 31 2021 (estimated results)	※December 31 2021 (results)	Compared to previous year	Compared to estimated results
Sales	9,660 millions of yen	13,974 millions of yen	14,436 millions of yen	-	3.3%
Operating Profits	1,037 millions of yen	1,508 millions of yen	1,870 millions of yen	-	24.0%
Ordinary Profits	1,469 millions of yen	2,017 millions of yen	2,607 millions of yen	-	29.3%
Net Income	1,062 millions of yen	1,357 millions of yen	1,829 millions of yen	-	34.8%

※ These are the amounts which announced in the financial statement on February 10 2021.

※ We have changed the fiscal year ended from March 31 to December 31 starting from the 2020 fiscal year.

Topics for December 31 2021

- ☐ Existing system (dispensing/medical) sales volume exceeded expectations, contributing to higher sales
- ☐ Installation of the system accelerated in line with online eligibility verification becoming fully operational, contributing to the increase in sales
- ☐ Increase in the number of MAPs series customers also conducive to billing sales growth
- ☐ Ordinary income increased due to payment of dividends from accumulated income as a result of changes in the business content of our deconsolidated wholly owned subsidiary

Ⅱ . ii . Changes in consolidate results by fiscal year

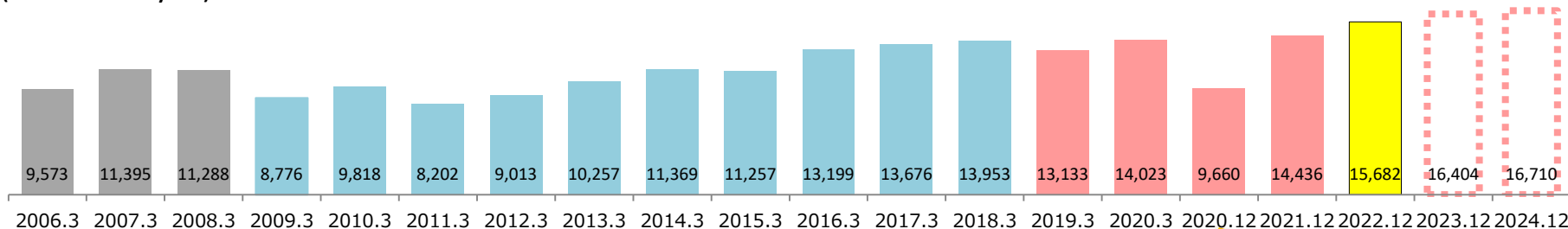
Flow-Based

Partially Stock-Based

Fully Stock-Based

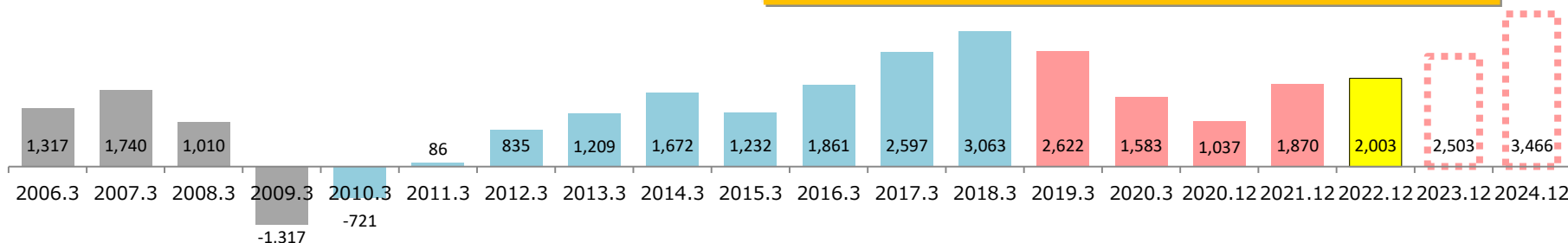
Sales

(Millions of yen)



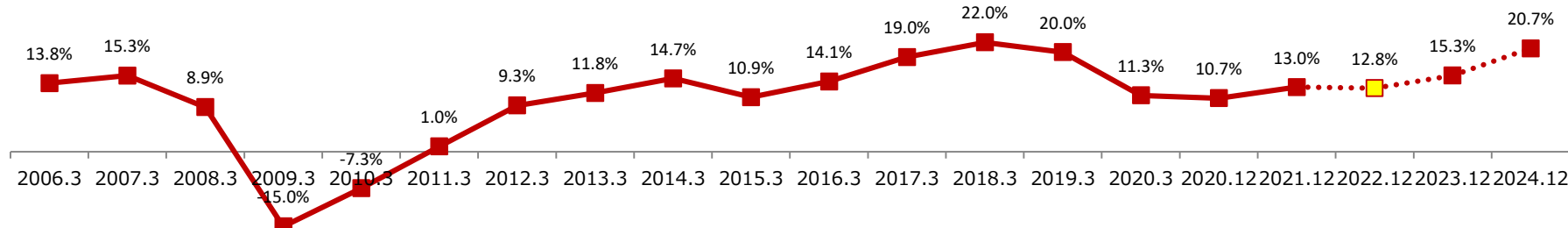
Operating Profits

(Millions of yen)



The 2020 fiscal year was a 9-month accounting period due to change in the fiscal year end

Profit Margin ratio



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

	December 31 2020	December 31 2021	YoY change	YoY % change	
Assets	23,096	24,809	1,712	7.4%	
Current assets	11,191	12,574	1,383	12.4%	←
Fixed assets	11,905	12,234	329	2.8%	
Tangible fixed assets	1,441	1,333	(108)	(7.5%)	
Intangible fixed assets	2,591	2,521	(70)	(2.7%)	
Investments and other assets	7,872	8,380	507	6.4%	←
Liabilities	5,362	5,983	620	11.6%	
Current liabilities	3,476	4,167	690	19.9%	←
Fixed liabilities	1,885	1,815	(69)	(3.7%)	
Net assets	17,734	18,826	1,091	6.2%	
Shareholder's equity	17,675	18,708	1,033	5.8%	←
Cumulative amount of other comprehensive	(19)	19	39	(200.4%)	
Stock acquisition rights	55	55	0	0.0%	
Non-controlling interests	23	42	18	81.0%	

Major YoY Changes

cash on hand and in banks	306	millions of yen
Notes and accounts receivable	551	millions of yen
Merchandise and products	439	millions of yen

Investment account securities	668	millions of yen
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Income tax payable	487	millions of yen
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retained earnings	899	millions of yen
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Ⅱ . iv . By Segment Sales/Operating Profits

(Millions of yen)

	Financial year ended December 31 2020		December 31 2021					
	Sales	Operating Profits	Sales			Operating Profits		
			Results	Increase/ decrease amounts	Increase/ decrease rates	Results	Increase/ decrease amounts	Increase/ decrease rates
IT Systems for Pharmacy	7,450	1,079	11,228	3,778	-	1,852	773	-
IT Systems for Clinic	1,296	(35)	1,957	660	-	22	58	-
IT Systems for long-term care/welfare	376	(14)	560	183	-	(12)	2	-
Other Business	576	(7)	720	144	-	(27)	(19)	-

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

※We have changed the fiscal year ended from March 31 to December 31 starting from the 2020 fiscal year.

- ✓IT Systems for Pharmacies・・・Contribution to increased sales through expansion of online qualification confirmation system installations initial sales and system usage fee sales increased as a result of an increase in the number of existing system sales volume exceeded expectations.
- ✓IT Systems for Clinics・・・・・・・In addition a full-scale introduction of online qualification confirmation systems, increase in sales as a result of an increase in the number of existing system sales, and a steady increase in billing sales.
- ✓IT Systems for long-term care/welfare・・・・・・・ In addition to the initial introduction of large-scale projects, billing sales remained strong Following the revision of the Long-term Care Act, we have invested in new system development personnel to respond to the revision, resulting in a temporary decrease in new development of "MAPs for NURSING CARE" and increased manufacturing costs.
- ✓Other Business・・・・・・・Due to changes in the management structure of rental conference rooms, rental conference room sales are no longer included in other business sales and operating income, and SG&A expenses increased due to the initial development of the cashless business for subsidiaries

Ⅱ . v . By Segment Sales Breakdown

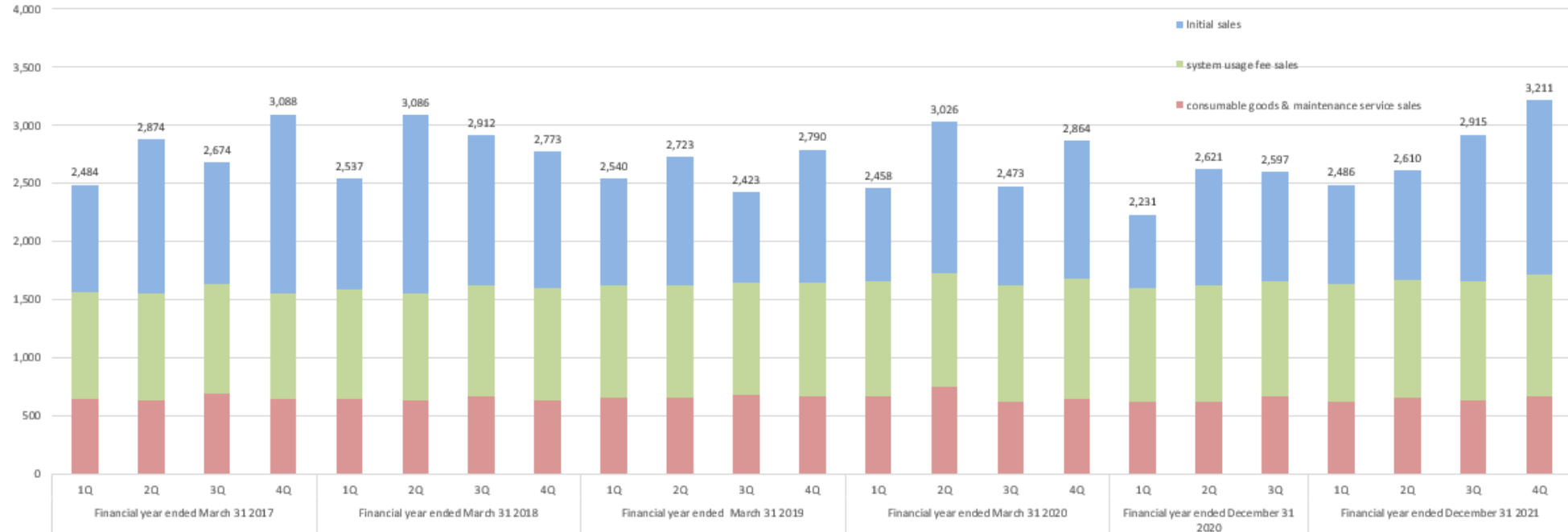
(Millions of yen)

	Financial year ended December 31 2020	December 31 2021	YoY change	YoY % change
Net sales	9,660	14,436	4,775	-
IT Systems for Pharmacies	7,450	11,228	3,778	-
(initial sales)	2,578	4,566	1,988	-
(system usage fee sales)	2,978	4,089	1,111	-
(consumable goods sales)	1,324	1,803	479	-
(maintenance service sales)	569	768	199	-
IT Systems for Clinics	1,296	1,957	660	-
(initial sales)	565	922	357	-
(system usage fee sales)	482	719	236	-
(consumable goods sales)	48	62	14	-
(maintenance service sales)	200	252	52	-
IT Systems for long-term care/welfare	376	560	183	-
(initial sales)	36	74	38	-
(system usage fee sales)	109	178	69	-
(consumable goods sales)	0	0	0	-
(maintenance service sales)	230	306	75	-
Other Businesses	576	720	144	-
Adjustments	(38)	(30)	7	-

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

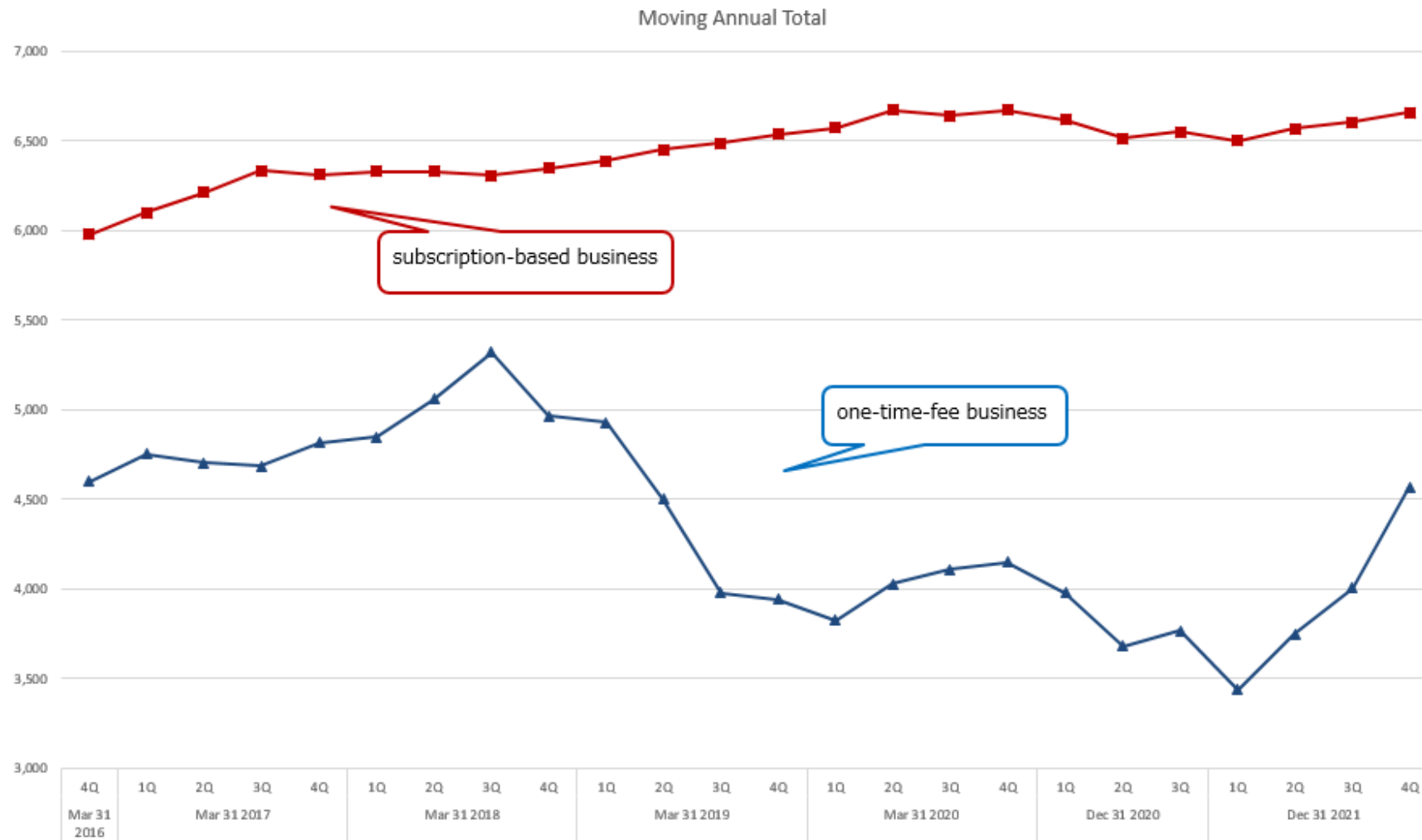
II . vi . IT Systems for Pharmacies

Quarterly Sales (Units: Millions of yen)

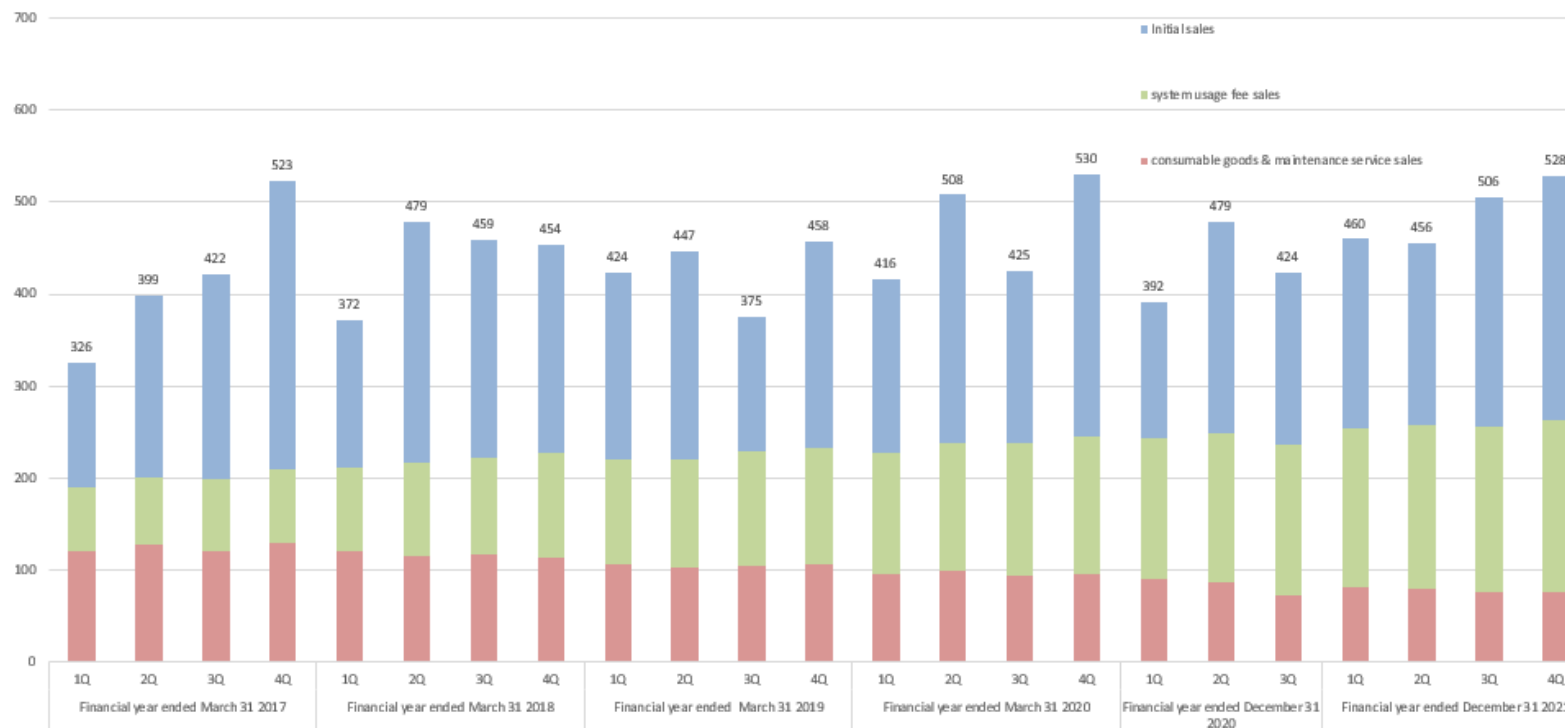


	Financial year ended March 31 2017				Financial year ended March 31 2018				Financial year ended March 31 2019				Financial year ended March 31 2020				Financial year ended December 31 2020			Financial year ended December 31 2021			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	1Q	2Q	3Q	4Q
Initial sales	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	629	1,006	942	860	938	1,265	1,502
system usage fee sales	928	925	951	910	946	920	948	964	969	964	972	987	989	981	995	1,039	988	994	996	1,004	1,022	1,019	1,042
consumable goods & maintenance service sales	636	630	686	642	638	634	667	630	652	657	675	659	668	741	620	639	614	621	659	622	650	631	667
Total	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	2,231	2,621	2,597	2,486	2,610	2,915	3,211

Moving Annual Total (Units: Millions of yen)



Quarterly Sales (Units: Millions of yen)



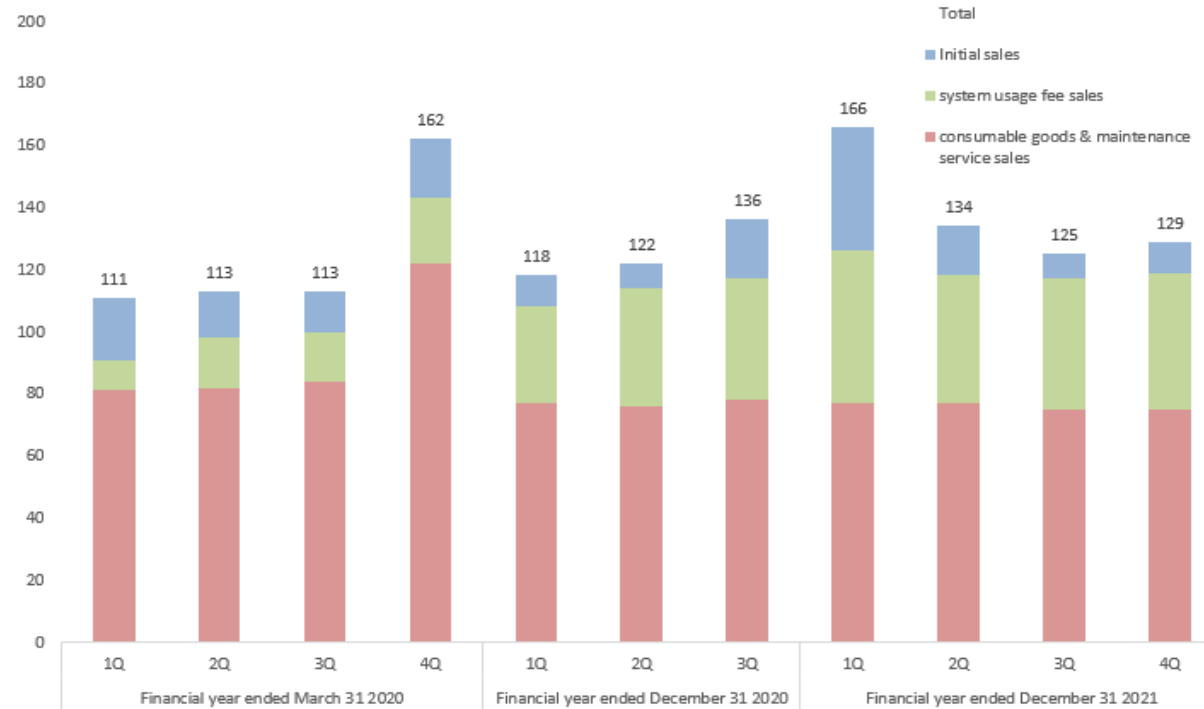
	Financial year ended March 31 2017				Financial year ended March 31 2018				Financial year ended March 31 2019				Financial year ended March 31 2020				Financial year ended December 31 2020			Financial year ended December 31 2021			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	1Q	2Q	3Q	4Q
Initial sales	136	198	223	313	161	262	237	227	203	227	145	225	189	269	186	285	148	230	187	206	199	250	265
system usage fee sales	70	73	78	80	91	101	104	113	115	118	126	127	132	139	145	149	154	163	165	172	177	180	187
consumable goods & maintenance service sales	120	128	121	130	120	116	118	114	106	102	104	106	95	100	94	96	90	86	72	82	80	76	76
Total	326	399	422	523	372	479	459	454	424	447	375	458	416	508	425	530	392	479	424	460	456	506	528

Moving Annual Total (Units: Millions of yen)



Ⅱ . viii. IT Systems for Long-term care/Welfare

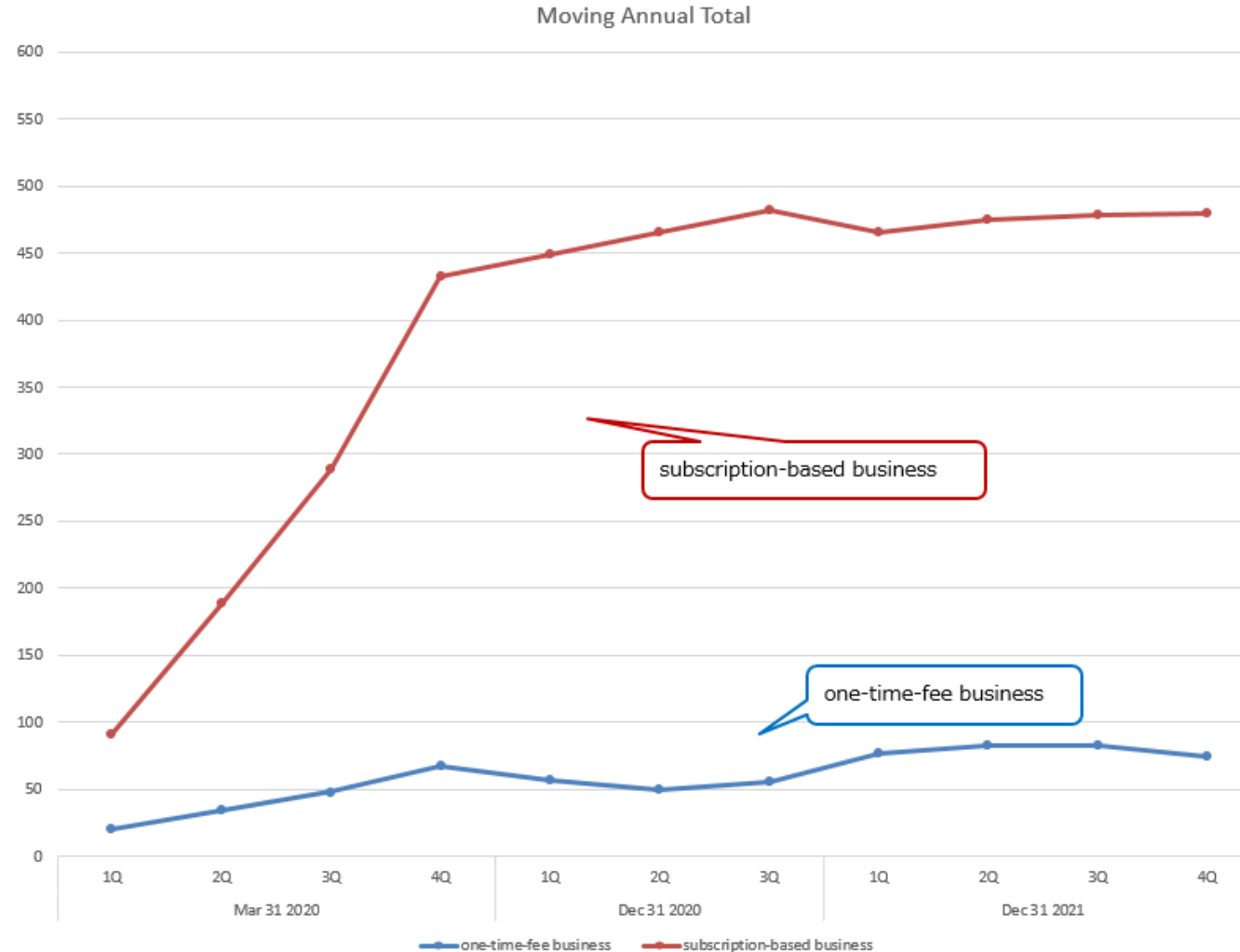
Quarterly Sales (Units: Millions of yen)



	Financial year ended March 31 2020				Financial year ended December 31 2020			Financial year ended December 31 2021			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	1Q	2Q	3Q	4Q
Initial sales	20	15	13	19	10	8	19	40	16	8	10
system usage fee sales	10	16	16	21	31	38	39	49	41	42	44
consumable goods & maintenance service sales	81	82	84	122	77	76	78	77	77	75	75
Total	111	113	113	162	118	122	136	166	134	125	129

Ⅱ . viii. IT Systems for Long-term care/Welfare

Moving Annual Total (Units: Millions of yen)



Ⅱ . ix . Forecast for the fiscal year ending December 31 2022

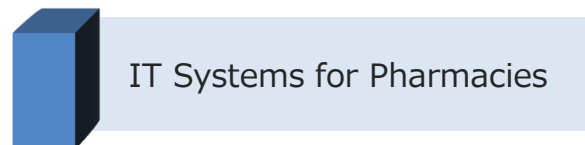
(Millions of yen)

	Fisical year ended December 31 2021 (actual)	Fisical year ended December 31 2022 (forecast)
Sales	14,436	15,682
Business for Pharmacy	11,228	11,024
Business for Clinic	1,957	3,274
Business for long-term care/welfare	560	654
Other Business	720	736
Adjustment	(30)	(8)
Operating Profits	1,870	2,003
Business for Pharmacy	1,852	2,101
Business for Clinic	22	154
Business for long-term care/welfare	(12)	(244)
Other Business	(27)	(42)
Adjustment	35	35
Ordinary Profits	2,607	2,635
Net Income	1,829	1,817

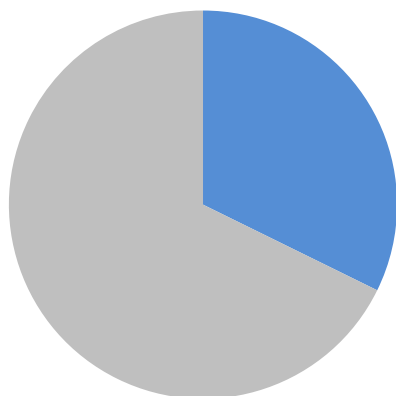
※Segmented sales and operating profits and losses are the amounts before elimination of internal transactions between segments.

※ The Company has changed the fiscal year end from March 31 to December 31 starting from the 2020 fiscal year.

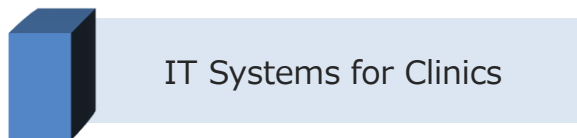
Ⅱ . x . Market Share and Number of Customers



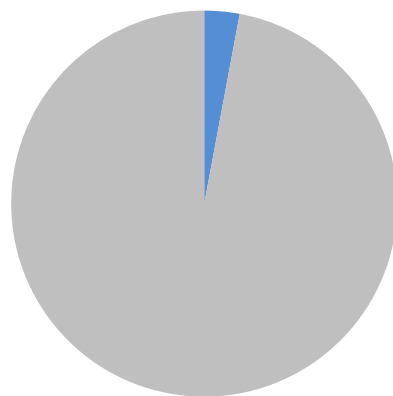
Market share 35.6%



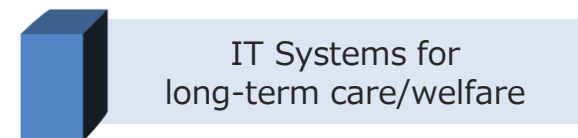
Number of customers : 17,781
Target population : 50,000
Mid-term goals : 25,000



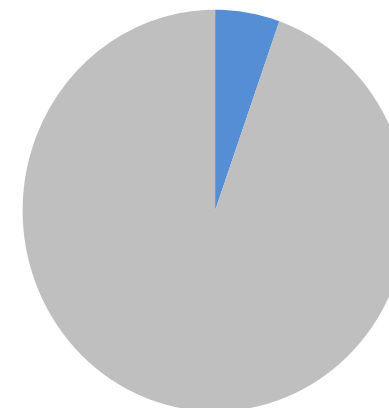
Market share 3.1%



Number of customers : 2,777
Target population : 90,000
Mid-term goals : 7,000



Market share 5.7%



Number of customers : 14,205
Target population : 250,000
Mid-term goals : 25,000

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

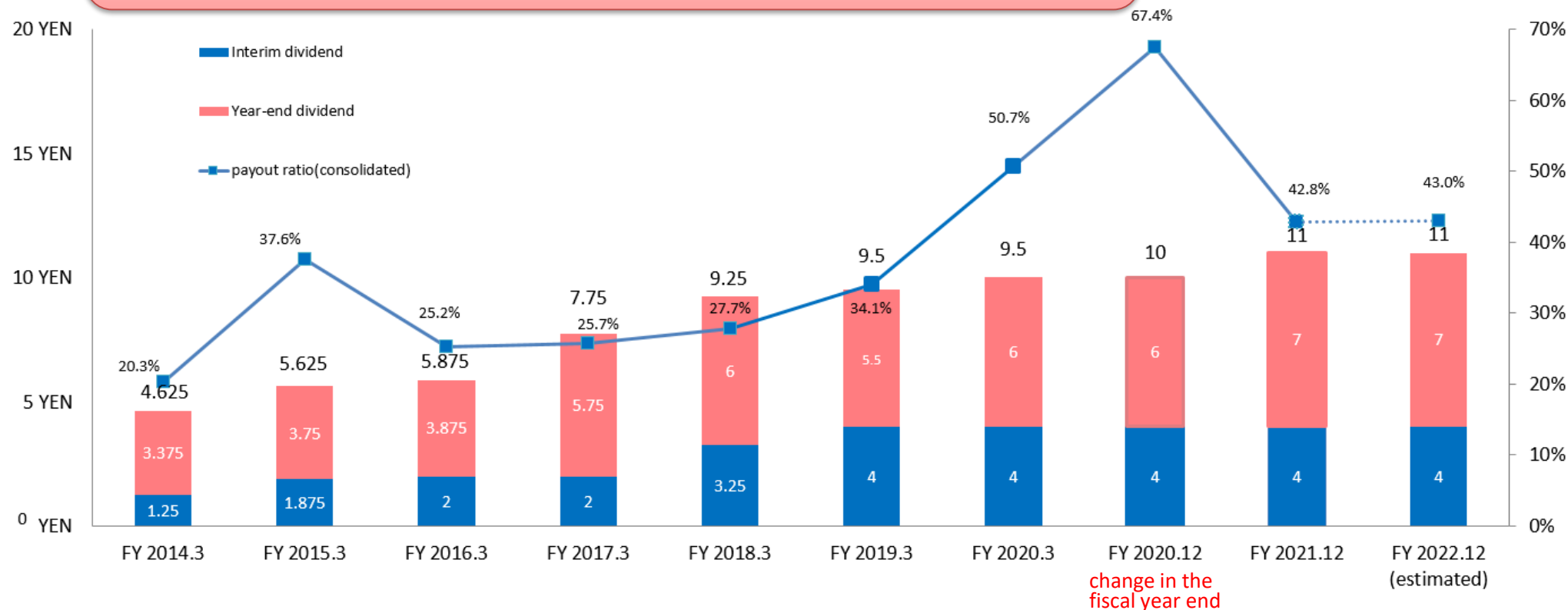
*2 The above target populations represent the number of pharmacies and clinics that we considered as our potential customers, and differ from the actual number of registered pharmacies and clinics.

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

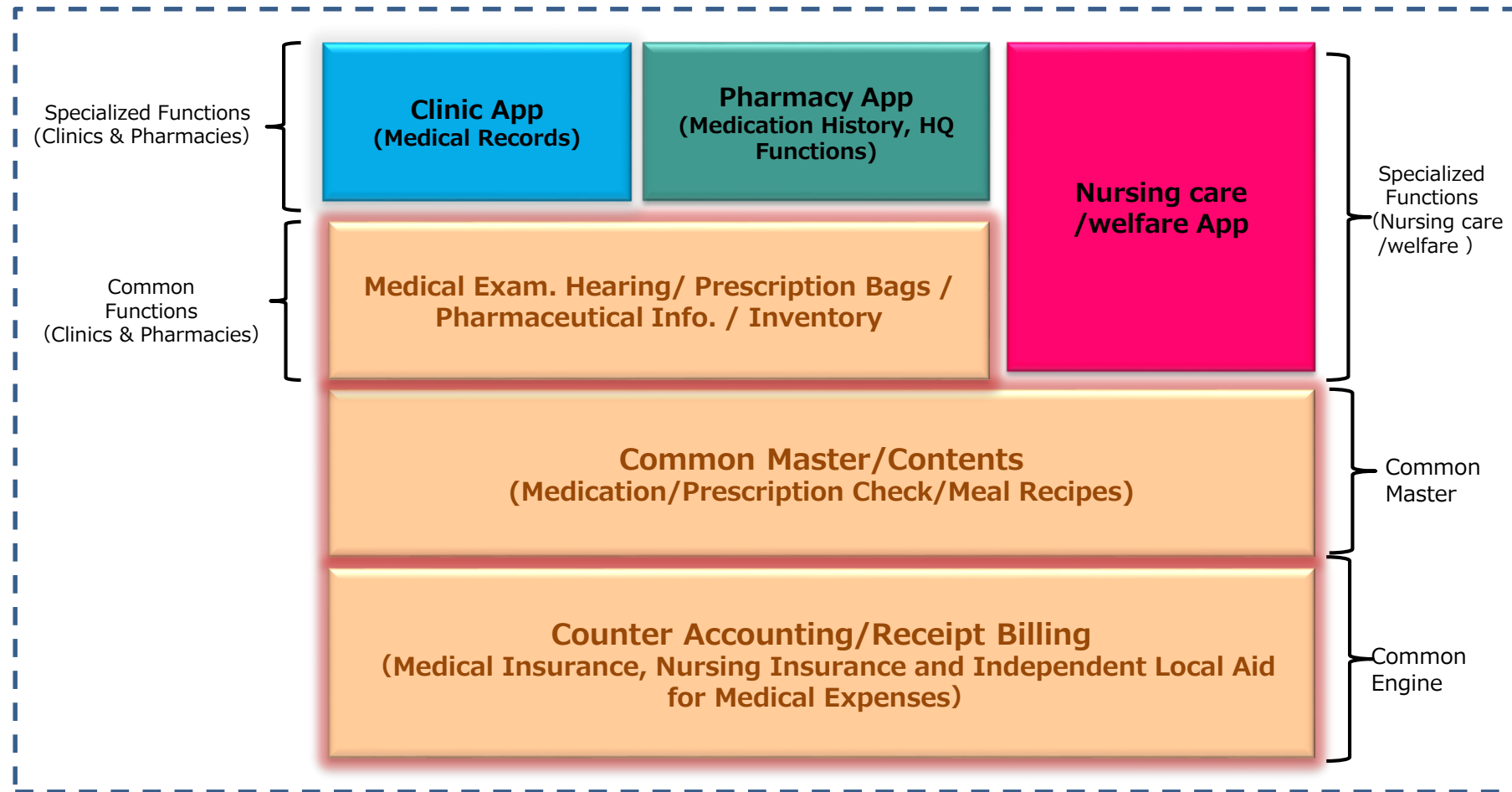
(as of December 31 , 2021)

II . xi. shareholder returns

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



*We conducted stock splits on April 1st, 2016 and March 1st, 2018 and January 1st, 2020 at a ratio of two shares per one ordinary share. The aforementioned information assumes that each stock split occurred at the beginning of March 2014.





医療・介護を「#ありがとう」に変えていく

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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.