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EMMA

# Results of Operations for December 2022, 1st Quarter

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

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## I. “Business Environment / Company Initiatives ”

- i. Business Environment
- ii. Company Initiatives

## II. “Results of Operations for December 2022, 1<sup>st</sup> Quarter

- 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. IT Systems for Long-term care (Quarterly Sales /Moving Annual Total )
- ix. Forecast for the fiscal year ending December 2022
- x. Market Share and Number of Customers
- xi. Shareholder returns

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 (Medical fee scoring of refill prescriptions, of online eligibility verification etc.)
- 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 (Enhancement of online seminars)
- Participation in the government-promoted electronic medical record standardization verification project
- Provision of online eligibility verification system
- Enhanced medical system proposal capabilities, Strengthen sales proposals for medical systems and EHR (Electronic Health Record)

## Pharmacies



- Revision of medical fees in April 2022 (Medical fee scoring of refill prescriptions, of online eligibility verification etc.)
- 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, Proposals for utilization of IT introduction subsidies
- Sales promotion of "MAPs Optional Prescription Reader"
- Application of online demonstrations and online business negotiation tools, and non-face-to-face sales (Enhancement of online seminars)
- Enhancement of chain store sales proposals, promotion of TOP coverage, Enhancement of EHR proposal capabilities
- Provision of online eligibility verification 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)
- Movement toward mandatory BCP measures for long-term care facilities in 2024

## 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  
(Enhancement of online seminars)
- 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
	○		Sales promotion 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 long-term care information sharing ,Ensure collaboration among hospitals, clinics, and pharmacies, and Long-term care/welfare facilities ,EHR (Electronic Health Record)promotion
○	○	○	Application of M&A



Clinic : Clinic Segment

Pharmacy : Pharmacy Segment

Long-term care : Long-term care/Welfare Segment

## 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
  - Event participation in doubles tournament sponsored by Osaka Doctors Tennis Association



Family & Kids Tennis Clinic to be held in April 2022

## 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.

- 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.

- Participation in PHR proliferation activities (Representative: Professor Taku Iwami Ph.D. at Kyoto University)

We participate in the activities of the PHR Council, which aims to promote the appropriate proliferation of Personal Health Records (PHR) and contribute to further improving health and safety, and we support the proliferation of a framework ensuring that data relating to medical care, long-term care, health, etc. is used at the discretion of the individual concerned.

- We announced our long-term goals (KPIs) in February 2022, and moved our sustainability system from the development stage to implementation.
- We are promoting sustainability management under the slogan “Another Step Toward a Better Tomorrow.”

**2020**

## Policy/system formulation

- Strategic incorporation of the SDGs into our management
- Formulation of basic sustainability policy
- Establish internal promotion system

**2021**



## Materiality (key issues) formulation

- Formulation of our own materiality (key issues) from the perspective of the key issues facing both our business and our stakeholders

**2022**

## Formulation of long-term goals (KPI)

- Formulation of KPIs to solve social issues and promote sustainability management (~2030)
- Launch each activity to achieve KPIs

category	topics
Environment	<ul style="list-style-type: none"> <li>• Endorsement of recommendations from the Task Force on Climate-related Financial Disclosures (TCFD) in December 2021</li> <li>• Commencement of analyses of multiple climate change scenarios, and consideration of updating disclosed information</li> <li>• Visual representation of the reduction in greenhouse gas emissions achieved through digital transformation of our system group</li> </ul> 
Social	<ul style="list-style-type: none"> <li>• Review of human resource investments (skill improvement measures for each employee. internal personnel system, etc.)</li> <li>• In-house awareness raising by our SDGs Promotion Committee, comprised of in-house organizations</li> <li>• Certification by the 2022 Health &amp; Productivity Management Outstanding Organizations Recognition Program (large enterprise category) (March 2022)</li> </ul> 
Governance	<ul style="list-style-type: none"> <li>• Disclosure of information in compliance with the Corporate Governance Code, which was revised in June 2021</li> <li>• Establishment of a Sustainability Committee, comprised of executives (Committee Chairman: President &amp; CEO)</li> <li>• Enhancement of internal controls and compliance</li> <li>• Four independent outside directors out of a total of ten directors (including two female directors)</li> <li>• Disclosure of our Skill Matrix</li> </ul>

## II . i . Financial Highlights for December 31 2022, 1<sup>st</sup> Quarter

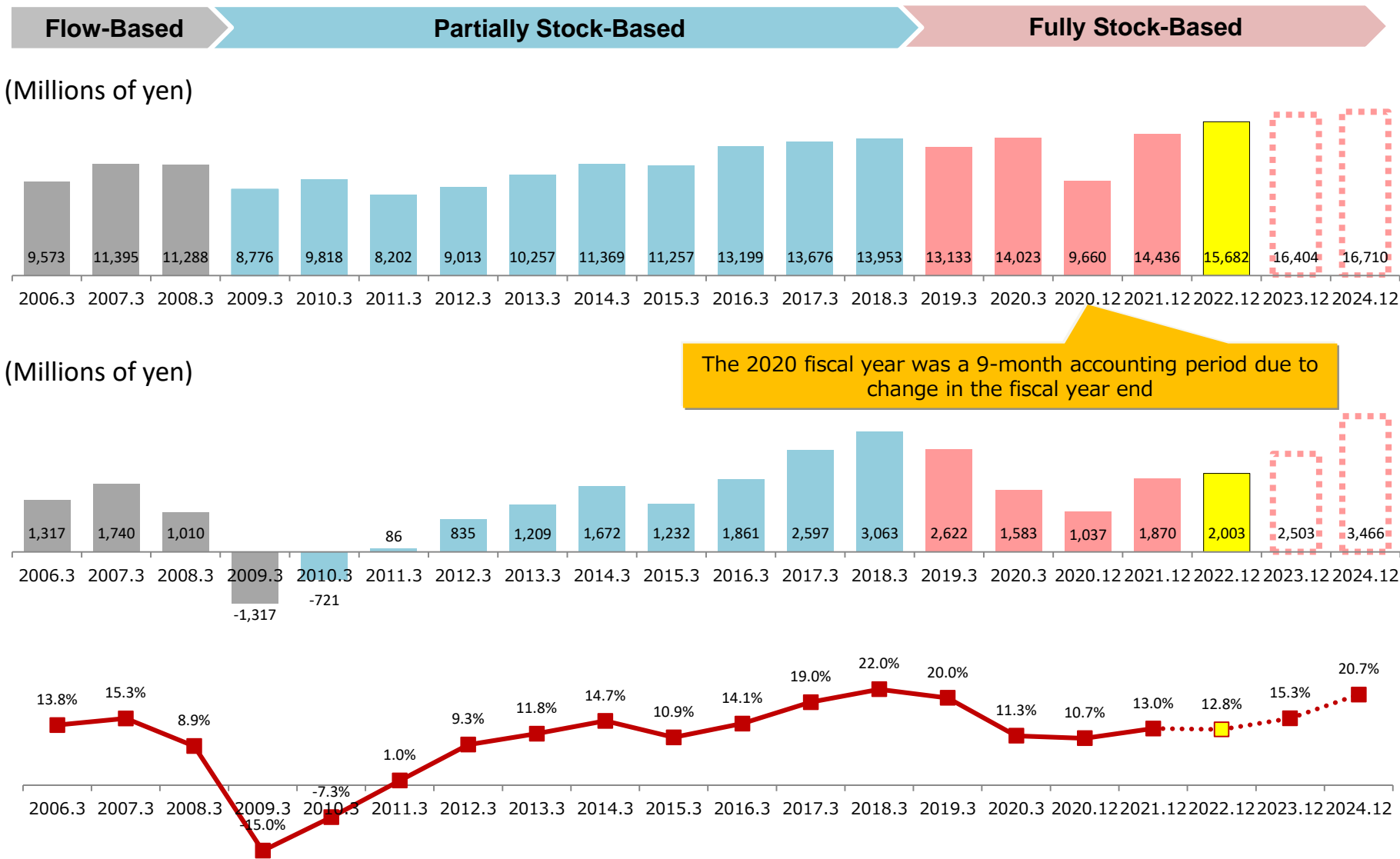
consolidated results of December 31 2022, 1<sup>st</sup> Quarter

	December 31 2022 1 <sup>st</sup> Quarter	December 31 2022 1 <sup>st</sup> Quarter (results)	Compared to previous year
Sales	3,294 millions of yen	<b>3,985 millions of yen</b>	21.0%
Operating Profits	322 millions of yen	<b>679 millions of yen</b>	110.3%
Ordinary Profits	449 millions of yen	<b>824 millions of yen</b>	83.5%
Net Income	299 millions of yen	<b>563 millions of yen</b>	88.2%

Topics for December 31 2022, 1<sup>st</sup> Quarter

- The volume of system sales (pharmacies and clinics) increased year-on-year, leading to an increase in net sales.
- The pace of system installation accelerated in conjunction with full-scale operation of online eligibility verification, which contributed to an increase in sales.
- Billing sales also made steady progress due to an increase in the number of MAPs series customers.

# II . ii . Changes in consolidate results by fiscal year





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

	December 31 2021	December 31 2022, 1 <sup>st</sup> Quarter	YoY change	YoY % change
Assets	24,809	24,572	(236)	(1.0%)
Current assets	12,574	11,954	(620)	(4.9%)
Fixed assets	12,234	12,617	383	3.1%
Tangible fixed assets	1,333	1,425	92	6.9%
Intangible fixed assets	2,521	2,475	(46)	(1.8%)
Investments and other assets	8,380	8,717	337	4.0%
Liabilities	5,983	5,789	(193)	(3.2%)
Current liabilities	4,167	3,872	(294)	(7.1%)
Fixed liabilities	1,815	1,916	100	5.5%
Net assets	18,826	18,782	(43)	(0.2%)
Shareholder's equity	18,708	18,642	(65)	(0.4%)
Cumulative amount of other comprehensive	19	46	27	139.3%
Stock acquisition rights	55	55	0	0.0%
Non-controlling interests	42	37	(4)	(10.5%)

### Major YoY Changes

←.....	Investment account securities	429	millions of yen
←.....	Income tax payable	(352)	millions of yen
	Bonus provision	138	millions of yen
←.....	Lease obligations	74	millions of yen
←.....	Treasury stock	(131)	millions of yen

## II . iv . By Segment Sales/Operating Profits

(Millions of yen)

	Financial year ended December 31, 2021, 1 <sup>st</sup> Quarter		December 31, 2022, 1 <sup>st</sup> Quarter					
	Sales	Operating Profits	Sales			Operating Profits		
			Results	Increase/ decrease amounts	Increase/ decrease rates	Results	Increase/ decrease amounts	Increase/ decrease rates
IT Systems for Pharmacy	2,487	274	3,148	661	26.6%	751	476	173.9%
IT Systems for Clinic	462	3	538	76	16.5%	(95)	(99)	-
IT Systems for long-term care/welfare	166	44	136	(30)	(18.2%)	27	(17)	(38.7%)
Other Business	179	0	172	(7)	(4.1%)	(9)	(9)	-

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

- ✓IT Systems for Pharmacies···Expanded installation of online eligibility verification systems contributed to an increase in sales.  
Initial sales and billing sales increased due to an increase in the volume of system sales.
- ✓IT Systems for Clinics·····Both initial sales and billing sales increased due to both full-scale installation of online eligibility verification systems and an increase in the volume of system sales.  
There was an increase in selling and administration expenses incurred in expanding market share in the field of clinics as well as manufacturing costs in response to revisions.
- ✓IT Systems for long-term care/welfare·····Billing sales remain steady.  
Initial sales decreased due to initialization of a large project during the same period in the previous year.
- ✓Other Business ·········Both sales and operating profits decreased in our pharmacy business due to the impact of the spread of COVID-19.



## Ⅱ . v . By Segment Sales Breakdown

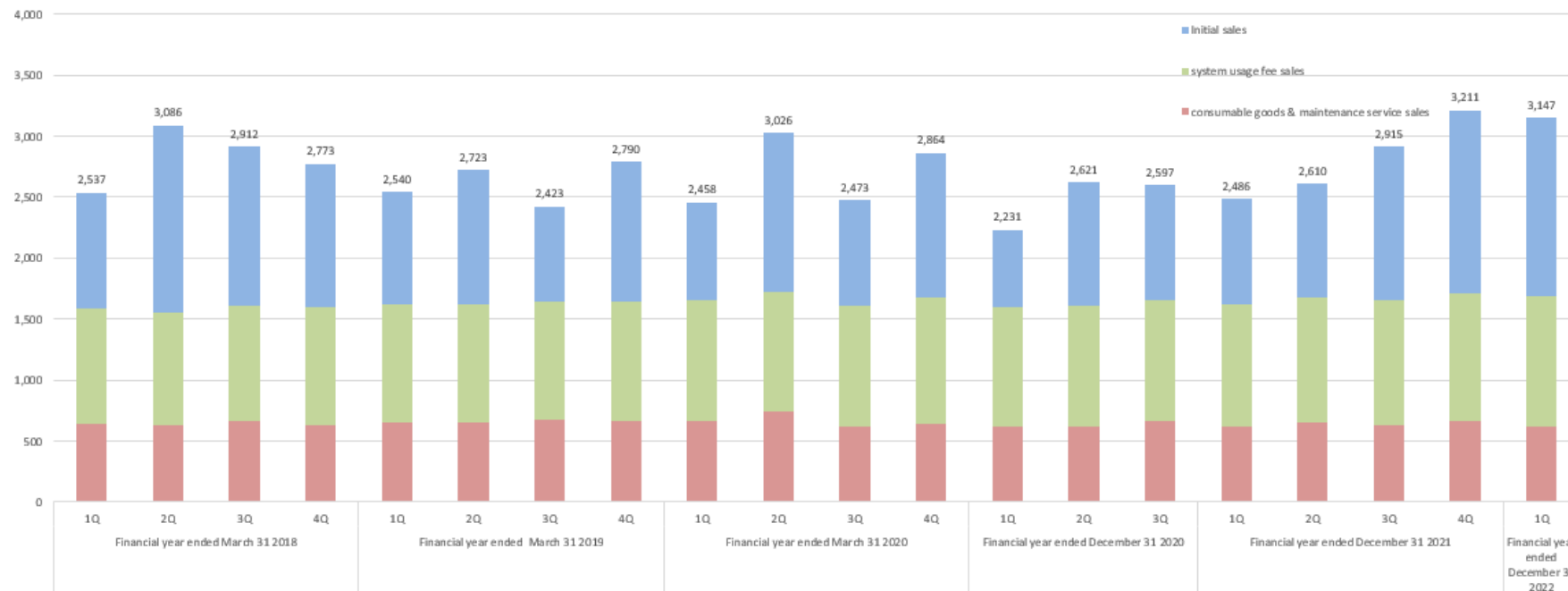
(Millions of yen)

	Financial year ended December 31 2021, 1 <sup>st</sup> Quarter	December 31 2022 1 <sup>st</sup> Quarter	YoY change	YoY % change
<b>Net sales</b>	<b>3,294</b>	<b>3,985</b>	<b>690</b>	<b>21.0%</b>
<b>IT Systems for Pharmacies</b>	<b>2,487</b>	<b>3,148</b>	<b>661</b>	<b>26.6%</b>
(initial sales)	860	1,458	598	69.6%
(system usage fee sales)	1,004	1,068	63	6.3%
(consumable goods sales)	430	429	(1)	(0.3%)
(maintenance service sales)	191	192	1	0.6%
<b>IT Systems for Clinics</b>	<b>462</b>	<b>538</b>	<b>76</b>	<b>16.5%</b>
(initial sales)	206	274	67	32.5%
(system usage fee sales)	172	191	18	10.9%
(consumable goods sales)	15	15	0	(4.2%)
(maintenance service sales)	66	57	(9)	(13.6%)
<b>IT Systems for long-term care/welfare</b>	<b>166</b>	<b>136</b>	<b>(30)</b>	<b>(18.2%)</b>
(initial sales)	49	13	(35)	(72.2%)
(system usage fee sales)	40	46	6	15.9%
(consumable goods sales)	0	0	0	-
(maintenance service sales)	77	76	0	(1.3%)
<b>Other Businesses</b>	<b>179</b>	<b>172</b>	<b>(7)</b>	<b>(4.1%)</b>
<b>Adjustments</b>	<b>0</b>	<b>(10)</b>	<b>(9)</b>	<b>-</b>

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

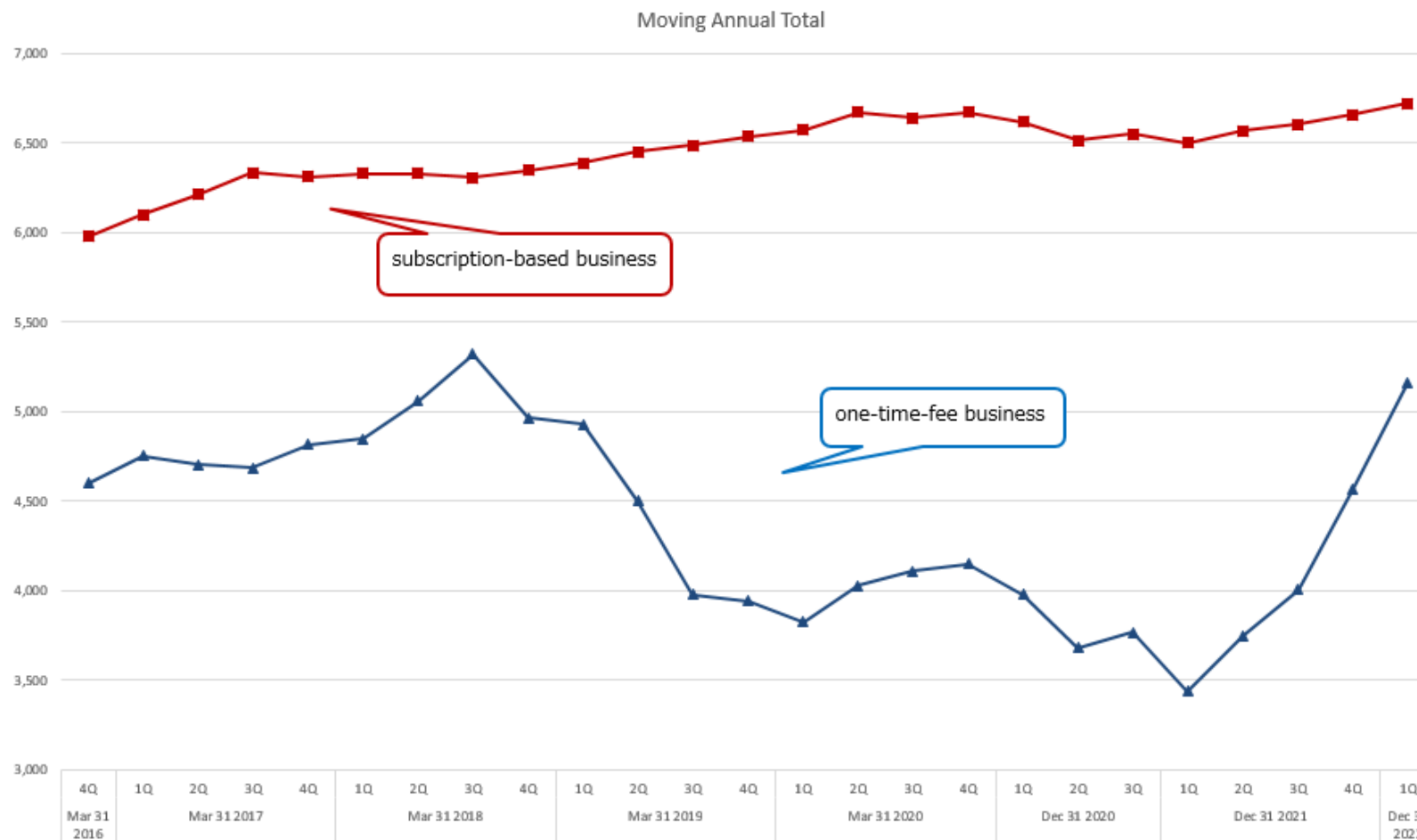
※Initial sales and billing sales in our long-term care/welfare systems business during the first quarter of the fiscal year ending in December 2021 equal the amount following revision of the breakdown.

## Quarterly Sales (Units: Millions of yen)

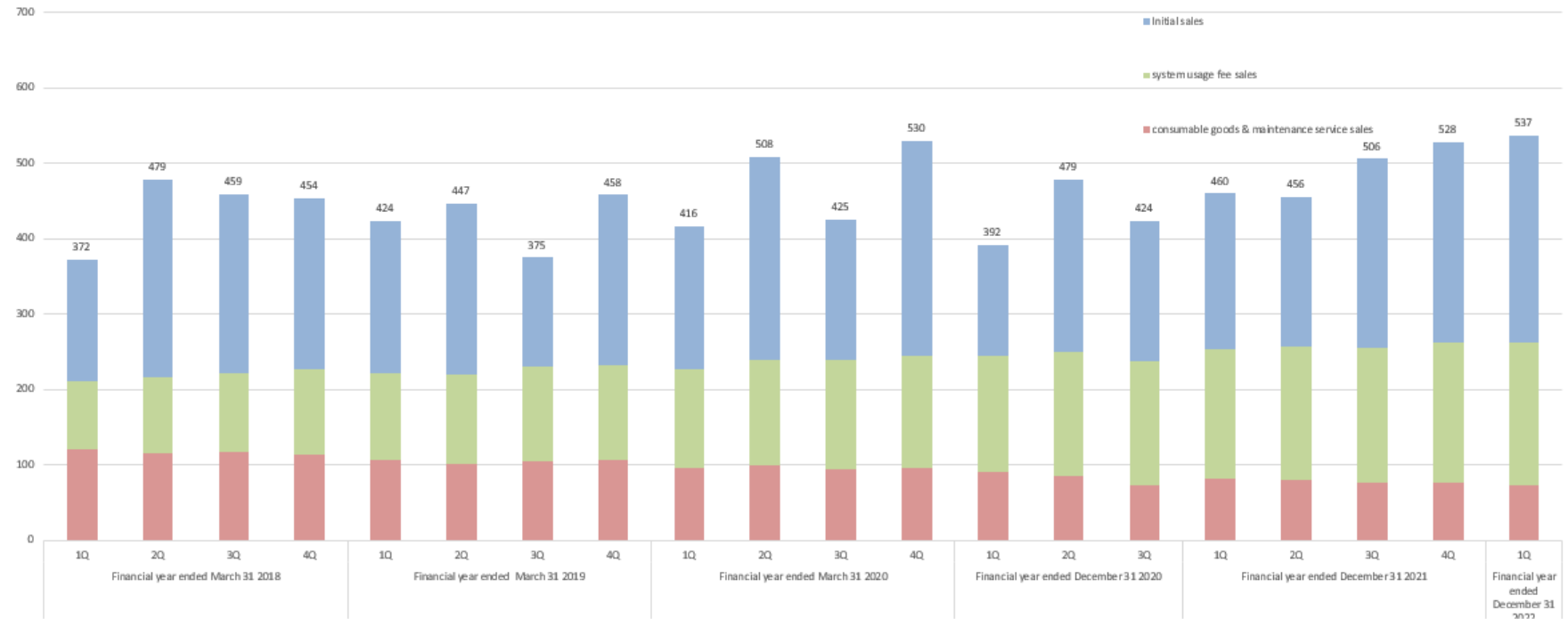


	Financial year ended March 31 2018				Financial year ended March 31 2019				Financial year ended March 31 2020				Financial year ended December 31 2020			Financial year ended December 31 2021				Financial year ended December 31 2022
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	1Q	2Q	3Q	4Q	1Q
Initial sales	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	1,458
system usage fee sales	946	920	948	964	969	964	972	987	989	981	995	1,039	988	994	996	1,004	1,022	1,019	1,042	1,068
consumable goods & maintenance service sales	638	634	667	630	652	657	675	659	668	741	620	639	614	621	659	622	650	631	667	621
<b>Total</b>	<b>2,537</b>	<b>3,086</b>	<b>2,912</b>	<b>2,773</b>	<b>2,540</b>	<b>2,723</b>	<b>2,423</b>	<b>2,790</b>	<b>2,458</b>	<b>3,026</b>	<b>2,473</b>	<b>2,864</b>	<b>2,231</b>	<b>2,621</b>	<b>2,597</b>	<b>2,486</b>	<b>2,610</b>	<b>2,915</b>	<b>3,211</b>	<b>3,147</b>

## Moving Annual Total (Units: Millions of yen)



## Quarterly Sales (Units: Millions of yen)



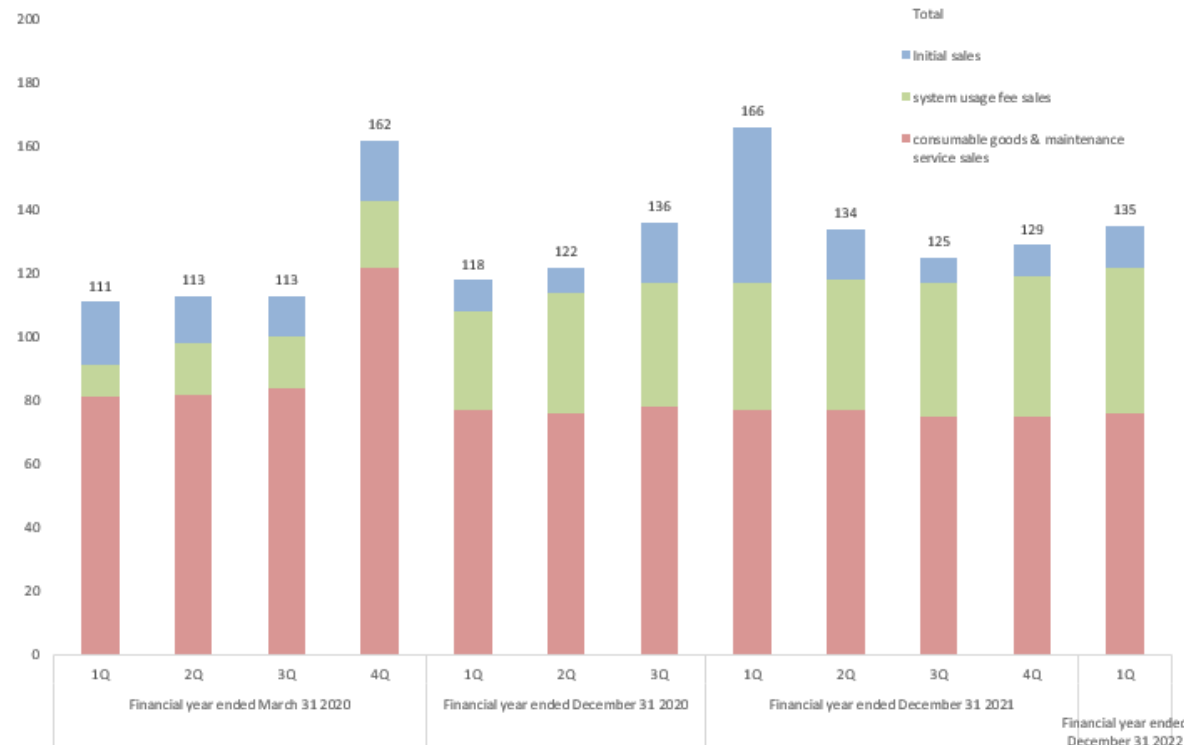
	Financial year ended March 31 2018				Financial year ended March 31 2019				Financial year ended March 31 2020				Financial year ended December 31 2020			Financial year ended December 31 2021				Financial year ended December 31 2022
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	1Q	2Q	3Q	4Q	1Q
Initial sales	161	262	237	227	203	227	145	225	189	269	186	285	148	230	187	206	199	250	265	274
system usage fee sales	91	101	104	113	115	118	126	127	132	139	145	149	154	163	165	172	177	180	187	191
consumable goods & maintenance service sales	120	116	118	114	106	102	104	106	95	100	94	96	90	86	72	82	80	76	76	72
Total	372	479	459	454	424	447	375	458	416	508	425	530	392	479	424	460	456	506	528	537

## Moving Annual Total (Units: Millions of yen)



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

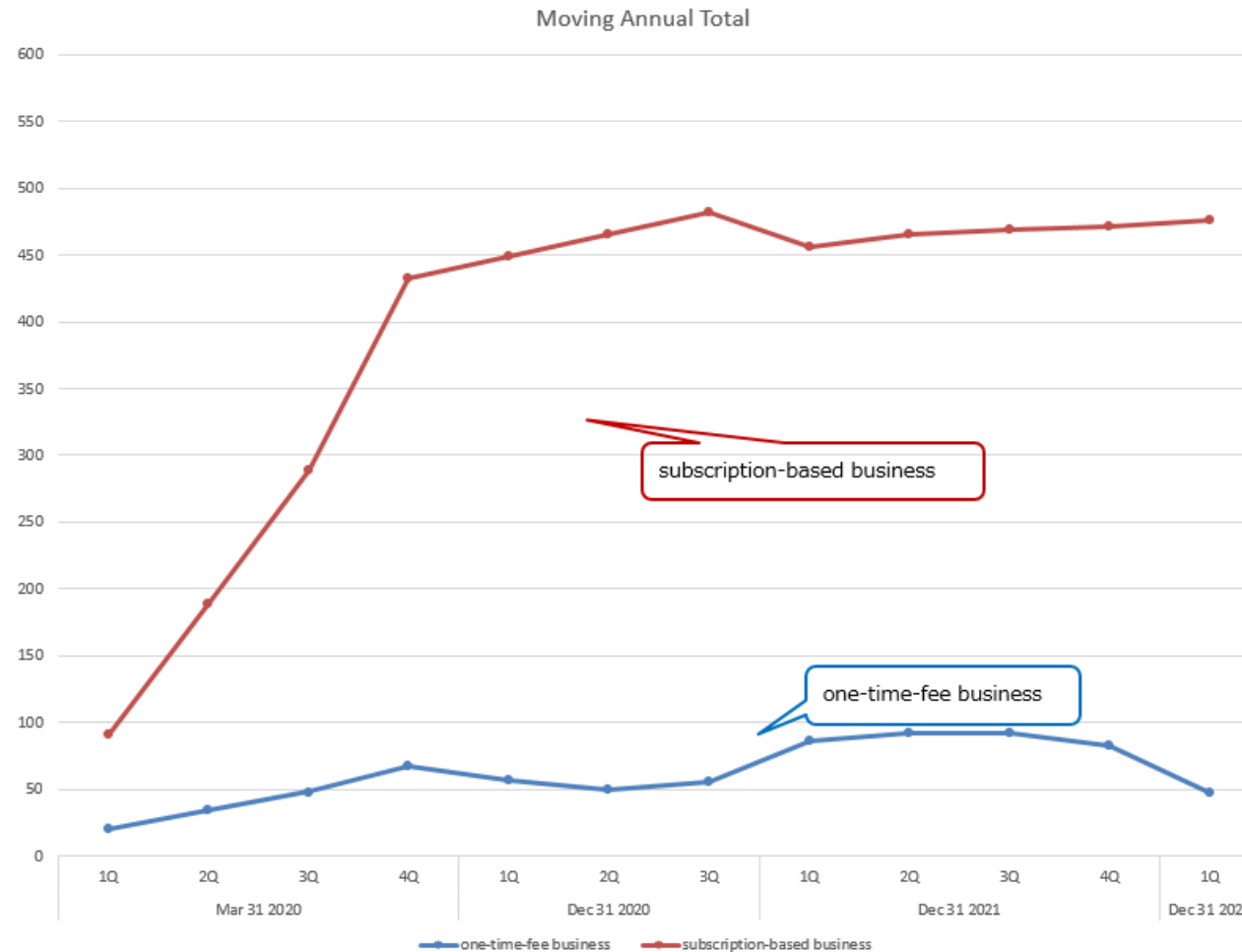
## Quarterly Sales (Units: Millions of yen)



	Financial year ended March 31 2020				Financial year ended December 31 2020			Financial year ended December 31 2021				Financial year ended December 31 2022
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	1Q	2Q	3Q	4Q	1Q
Initial sales	20	15	13	19	10	8	19	49	16	8	10	13
system usage fee sales	10	16	16	21	31	38	39	40	41	42	44	46
consumable goods & maintenance service sales	81	82	84	122	77	76	78	77	77	75	75	76
<b>Total</b>	<b>111</b>	<b>113</b>	<b>113</b>	<b>162</b>	<b>118</b>	<b>122</b>	<b>136</b>	<b>166</b>	<b>134</b>	<b>125</b>	<b>129</b>	<b>135</b>

## 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

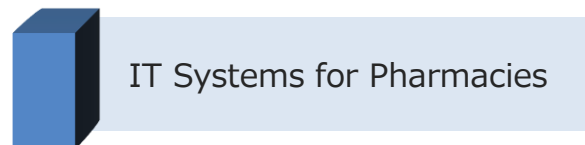
(Millions of yen)

	Fiscal year ended December 31 2021 (actual)	Fiscal year ended December 31 2022 (forecast)
<b>Sales</b>	<b>14,436</b>	<b>15,682</b>
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)
<b>Operating Profits</b>	<b>1,870</b>	<b>2,003</b>
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
<b>Ordinary Profits</b>	<b>2,607</b>	<b>2,635</b>
<b>Net Income</b>	<b>1,829</b>	<b>1,817</b>

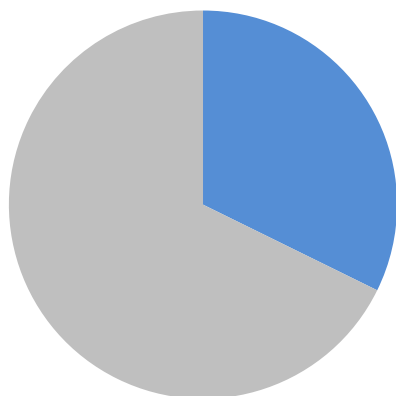
※Segmented sales and operating profits and losses are the amounts before elimination of internal transactions between segments.



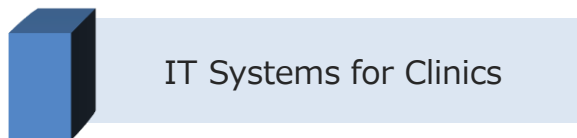
## Ⅱ . x . Market Share and Number of Customers



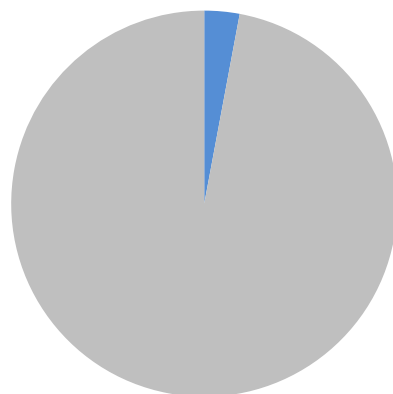
Market share **35.5%**



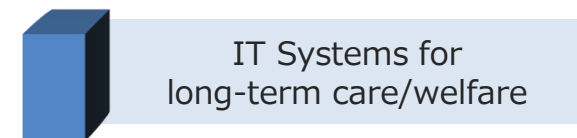
Number of customers : 17,771  
Target population : 50,000  
Mid-term goals : 25,000



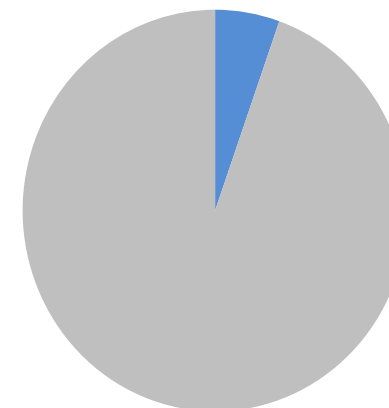
Market share **3.1%**



Number of customers : 2,783  
Target population : 90,000  
Mid-term goals : 7,000



Market share **5.7%**



Number of customers : 14,184  
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.

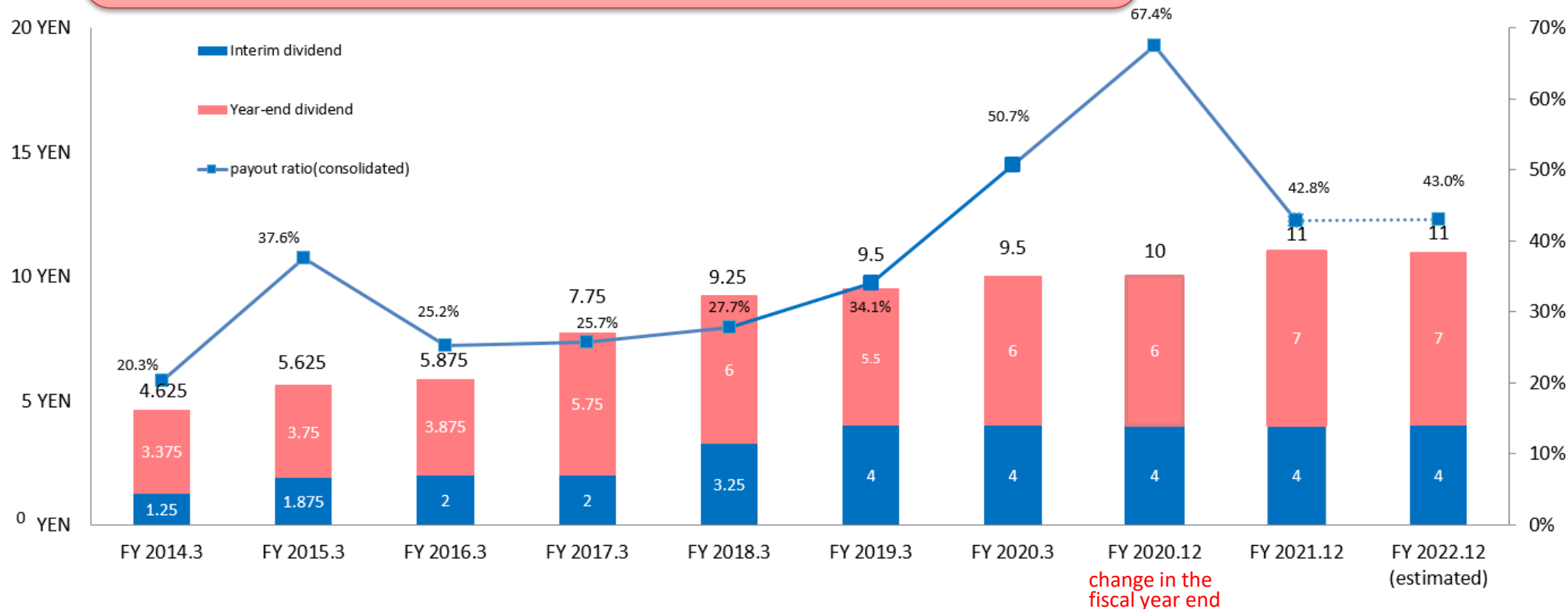
\*2 The above target populations represent the number of pharmacies and clinics that we considered as our potential customers, and differ from the actual number of registered pharmacies and clinics.

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

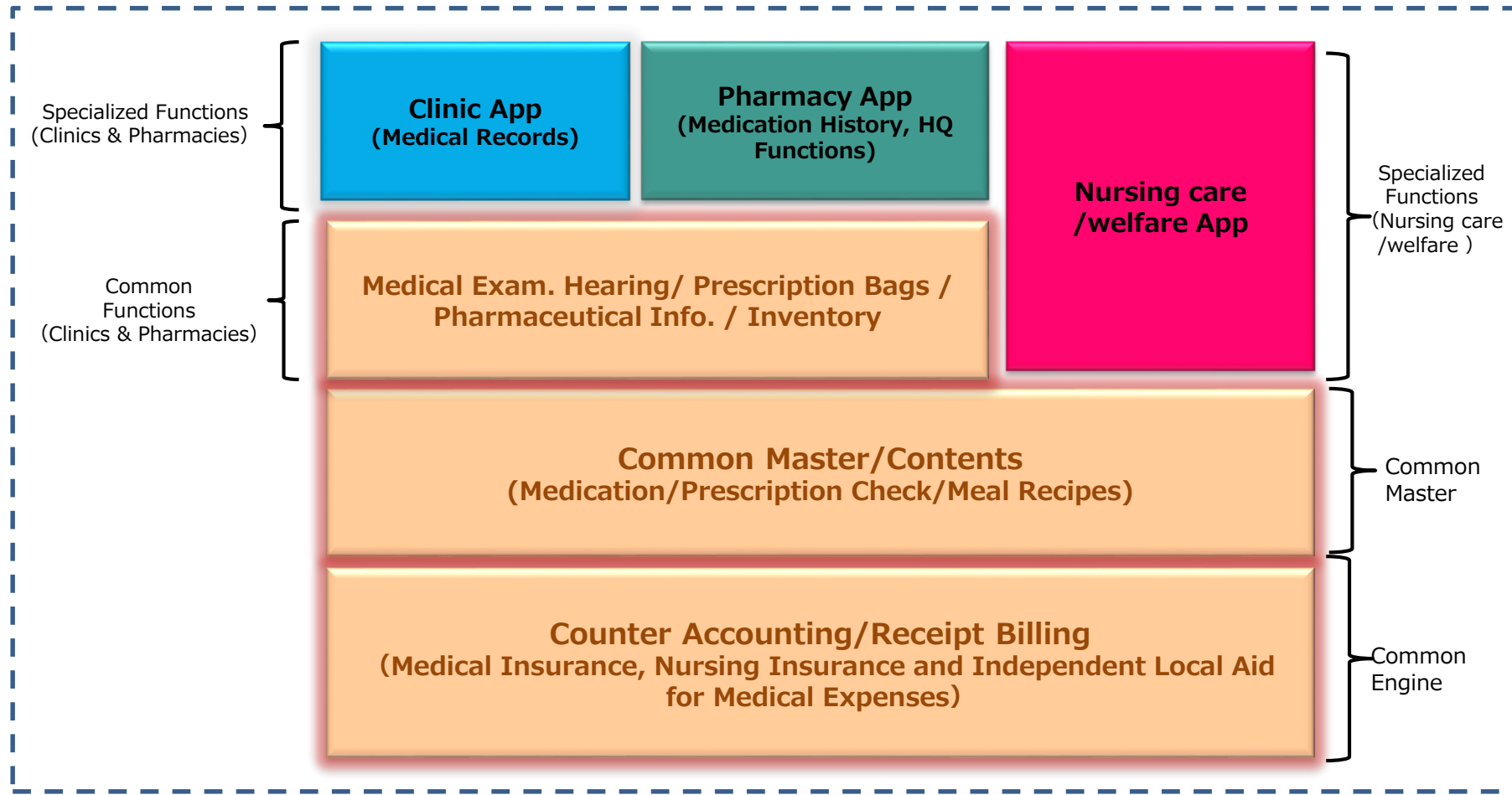
(as of March 31 , 2022)

## 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.