



mascot character
EMMA

Results of Operations for financial year ended December 31 2022



EM SYSTEMS CO., LTD.

(TSE Prime 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.

I. “Business Environment / Company Initiatives ”

- i. Business Environment
- ii. Company Initiatives

II. “Results of Operations for Financial year ended December 31 2022

- 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)
- vii. IT Systems for Clinics (Quarterly Sales)
- viii. IT Systems for Long-term care (Quarterly Sales)
- ix. By Segment Stock-based business (Quarterly Sales)
- x. Forecast for the fiscal year ending December 2022
- xi. Market Share and Number of Customers
- xii. Shareholder returns

Supporting Date Shared Information System Foundation

Reference How electronic prescriptions work

Clinics



- Responses to the Post-Covid-19 Status
(Promotion of online medical care, medical consultations by appointment, Web-based medical interview, transition toward cashless systems, etc.)
- Hybridization of exhibitions by academia and private companies, and transition toward holding such exhibitions online
- Online eligibility verification (mandatory from April 2023/ transitional measures until September 2023), Electronic prescriptions (from January 2023), Abolition of the insurance card (aiming for autumn 2024)
- Standardization of electronic medical record information

Initiatives



- Promotion of digital marketing (website renewal, use of MA tools, enhancement of video/sample introductory content)
- Application of online business negotiation tools, and non-face-to-face sales, Exhibiting at Hybrid Exhibitions
(Enhancement of online seminars)
- Operation of “EM-AVALON” (portal site for customers) and linkage between our system
- Provision of online eligibility verification system, plans to commercialize/release electronic prescriptions, hosting of seminars related to electronic prescriptions
- Participation in the government-promoted electronic medical record standardization verification project

Pharmacies



- Responses to the Post-Covid-19 Status
(Optimization of operations within pharmacies, promotion of online medication guidance, delivery of medications, etc.)
- Reorganization, M&A
- Pharmacy DX Strategy, Digital Shift, Strategies to connect with patients
- Revision of medical payment system (April 2023)
- Online eligibility verification (mandatory from April 2023/transitional measures until September 2023), Electronic prescriptions (from January 2023), Abolition of the insurance card (aiming for autumn 2024.)

Initiatives



- Promotion of digital marketing (website renewal, use of MA tools, enhancement of video/sample introductory content)
- Proposals for utilization of IT introduction subsidies
- Collaboration with Good Cycle System Co., Ltd and enhanced electronic medical history proposal capabilities
- Operation of “EM-AVALON” (portal site for customers) and linkage between our system
- Provision of online eligibility verification system, plans to commercialize/release electronic prescriptions, hosting of seminars related to electronic prescriptions
- Sales promotion of “MAPs for PHARMACY DX”

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, Revision of Nursing Care Compensation
- Responses to the Post-Covid-19 Status
(Provision of non-contact services, limitations on facility usage, strengthening infection countermeasures, etc.)
- Trends toward revision of long-term care fees in 2024
- Improvement of data accuracy by LIFE support (Long-term care Information system For Evidence)

Initiatives



- Sales promotion of “MAPs for NURSING CARE” (website renewal, enhancement of video/sample introductory content)
- Strengthening of chain store sales proposal capabilities , Promotion of TOP coverage
- Strengthening of digital marketing (website renewal, use of MA tools)
- Application of online business negotiation tools, non-face-to-face sale (enhancement of online seminars) , Exhibiting at trade shows and online exhibitions
- Efficient support and data output for LIFE by “Sukoyaka-san”

Marketing Activities ,Sale Activities

Clinic	Pharmacy	Long-term	contents
○	○	○	Strengthening Web marketing : Implementation of SEO and SEM measures, Application of YouTube channel, Raise awareness, Enhancement of online seminars Product website renewal, MA tools, enhancement of video/sample introductory content
○	○	○	Promotional activities using TV commercials (to be rolled out while verifying effectiveness)
○	○	○	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
	○		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 DX"
		○	Sales promotion of "MAPs for NURSING CARE"
○	○	○	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
○	○		Promotion of online eligibility verification/electronic prescriptions
○	○	○	Operation of new organizational structure (EM MODEL) for full-scale development of SaaS business
○	○		Updates due to the end of Windows legacy OS support
○	○	○	Application of M&A

Social contribution activities

- Support for tennis academies and professional tennis players
 - Support for the tennis academy "Ai Love All Tennis Academy"
 - Affiliation contract with professional tennis players
 - "EM Tennis Clinic in Mie Prefecture courtesy of Doctor Tennis Association" was held November, 2022
- Sponsor participation in the KIMIKO DATE x YONEX PROJECT



January 2023 Concluded an affiliation contract with Hiromi Abe and Taiyo Yamanaka



Hiromi Abe Player

Career highlights

2022 W15 Sharm ElSheikh Singles & Doubles Winner
2022 SBC Dream Tennis Tour 2nd Round Winner,
All Japan Student Tennis Championships Singles and Doubles Winner etc.



Taiyo Yamanaka Player

Career highlights

All Japan Student Indoor Tennis Championships Singles and Doubles Winner
All Japan Tennis Championship Main Tournament
All Japan Junior Championship U16 Men's Single Winner
World Super Junior Men's Doubles Runner-up

Social contribution activities

<Company-led support 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.

From fiscal 2023, we plan to continue contributing to the research and development of this course in support of the establishment of the "Medical AI/Digital Twin Development Course", which is an extension of this course.

- Participation in examination of next-generation electronic medical record base (Representative: Professor Kazuhiko Ohe, M.D., Ph.D. at the University of Tokyo)

We participate in 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 Teikyo)

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

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

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.

Social contribution activities

- **Participation in the Cross-ministerial Strategic Innovation Promotion Program (SIP) (Cabinet Office)**
Scheduled participation from 2023 in the third phase of the program, spearheaded by the Cabinet Office's Council for Science, Technology and Innovation (CSTI), aimed at promoting initiatives along the entire path from basic research to effective exit strategies (practical application/commercialization)
- **Cooperation in the electronic prescription model project (Ministry of Health, Labour and Welfare)**
Cooperation in the e-prescription model project aimed at launching e-prescription services in advance within four regions in Japan (Sakata, Yamagata Prefecture; Sugakawa, Fukushima Prefecture; Asahi, Chiba Prefecture; and Asa, Hiroshima Prefecture), in response to a request for cooperation from the Ministry of Health, Labour and Welfare

<Support activities based on co-creation of value with customers>

- **Commencement of acceptance of donations of EM Online Shop points (Japanese Red Cross Society and WFP)**
Addition of a donation item to the conversion destination of points granted to customers based on the purchase amounts of supplies and consumables
10% of the donation amount added to the total by the Company following compilation of data

- 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"> • Endorsement of recommendations from the TCFD , Update disclosure based on recommendations • Visual representation of the reduction in greenhouse gas emissions achieved through digital transformation of our system group 
Social	<ul style="list-style-type: none"> • Review of human resource investments (skill improvement measures for employee, internal personnel system, etc.) • In-house awareness raising by our SDGs Promotion Committee, comprised of in-house organizations • Promotion of health management
Governance	<ul style="list-style-type: none"> • Disclosure of information in compliance with the Corporate Governance Code • Establishment of a Sustainability Committee, comprised of executives (Committee Chairman: President & CEO) • Enhancement of internal controls and compliance
External Evaluation	<ul style="list-style-type: none"> • Recognized as an Excellent Corporation for Health & Productivity Management 2022 (large enterprise category) • S&P/JPX Carbon Efficient Index: First selection • FTSE Blossom Japan Sector Relative Index: First selection 

consolidated results of December 31 2022

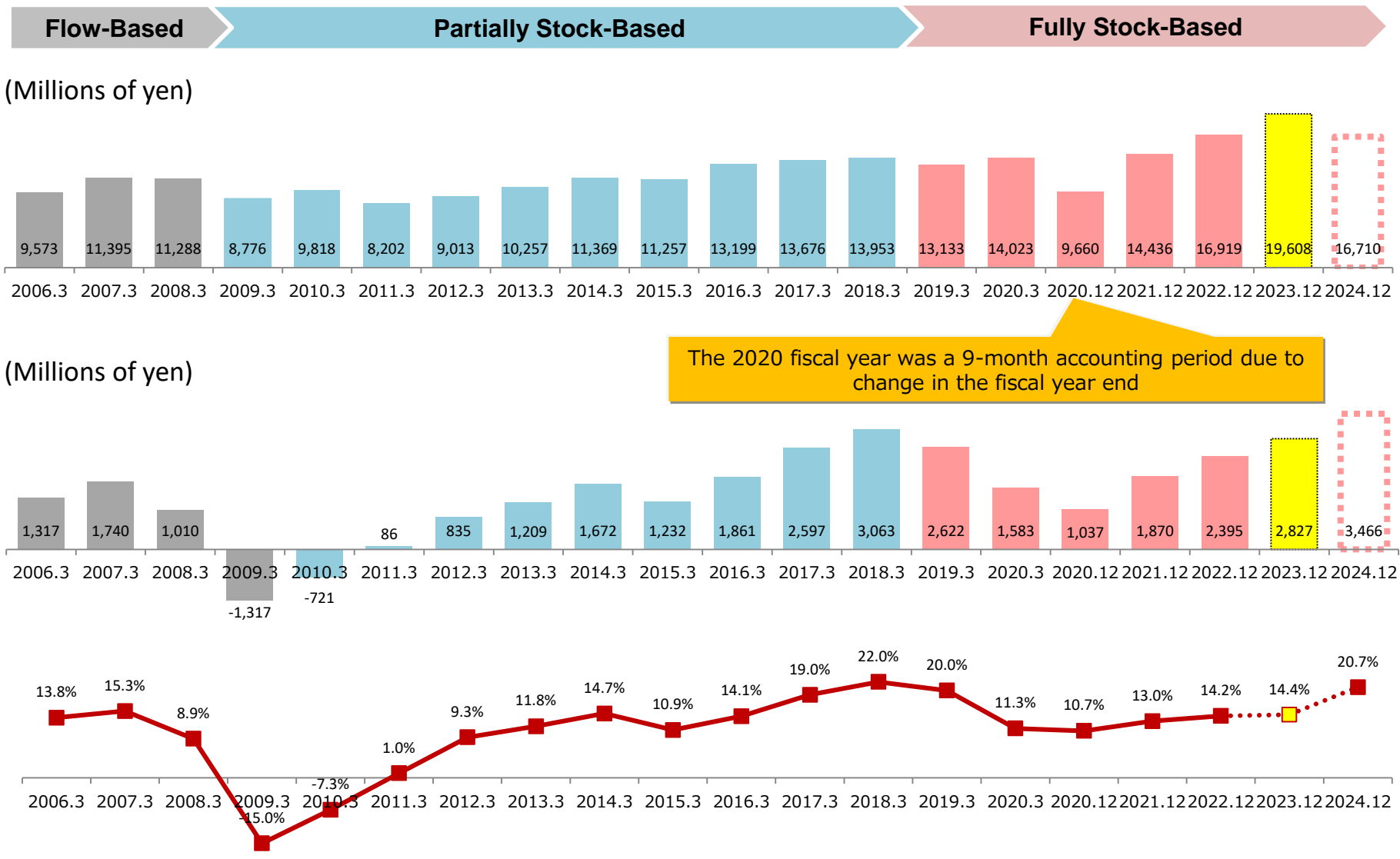
	December 31 2021	※December 31 2022 (estimated results)	※December 31 2022 (results)	Compared to previous year	Compared to estimated results
Sales	14,436 millions of yen	16,436 millions of yen	16,919 millions of yen	17.2%	2.9%
Operating Profits	1,870 millions of yen	2,431 millions of yen	2,395 millions of yen	28.1%	(1.5%)
Ordinary Profits	2,607 millions of yen	2,977 millions of yen	2,791 millions of yen	7.0%	(6.2%)
Net Income	1,829 millions of yen	2,063 millions of yen	1,893 millions of yen	3.5%	(8.2%)

※ Full-year figures after revisions to the consolidated earnings forecasts in the financial results announced on August 9, 2022

Topics for December 31 2022

- Contribution to sales growth by accelerating installation of systems in preparation for the introduction of online eligibility verification, mandatory in principle (from April 2023)
- SG&A expenses increased due to commissioning of TV commercials designed to increase company name recognition and expand sales of the MAPs series.
- Increase in non-operating expenses due to amortization of goodwill of affiliated companies via application of the equity method.

II . ii . Changes in consolidate results by fiscal year



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

	December 31 2021	December 31 2022	YoY change	YoY % change
Assets	24,809	26,349	1,540	6.2%
Current assets	12,574	13,849	1,274	10.1%
Fixed assets	12,234	12,500	265	2.2%
Tangible fixed assets	1,333	1,371	37	2.8%
Intangible fixed assets	2,521	2,323	(197)	(7.8%)
Investments and other assets	8,380	8,805	425	5.1%
Liabilities	5,983	6,846	863	14.4%
Current liabilities	4,167	4,944	777	18.7%
Fixed liabilities	1,815	1,901	85	4.7%
Net assets	18,826	19,503	677	3.6%
Shareholder's equity	18,708	19,329	621	3.3%
Cumulative amount of other comprehensive	19	94	74	381.7%
Stock acquisition rights	55	55	0	0.0%
Non-controlling interests	42	23	(18)	(44.2%)

Major YoY Changes

Merchandise and products	396	millions of yen
Software in progress	(270)	millions of yen
Goodwill	(97)	millions of yen
Software	180	millions of yen
Investment account securities	585	millions of yen
notes payable and accounts payable	546	millions of yen
Accounts payable	491	millions of yen
retained earnings	1,083	millions of yen
Treasury stock	(477)	millions of yen

II . iv . By Segment Sales/Operating Profits

(Millions of yen)

	Financial year ended December 31 2021		December 31 2022					
	Sales	Operating Profits	Sales			Operating Profits		
			Results	Increase/ decrease amounts	Increase/ decrease rates	Results	Increase/ decrease amounts	Increase/ decrease rates
IT Systems for Pharmacy	11,228	1,852	13,530	2,302	20.5%	3,031	1,178	63.6%
IT Systems for Clinic	1,957	22	2,202	244	12.5%	(409)	(432)	-
IT Systems for long-term care/welfare	560	(12)	539	(20)	(3.6%)	(211)	(198)	-
Other Business	720	(27)	713	(7)	(1.1%)	(42)	(15)	-

※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 initial sales.
Billing sales increased due to an increase in the number of customers.
- ✓IT Systems for Clinics・Both initial sales and billing sales increased due to both installation expansion 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・Decrease in initial sales due to the initialization of a large project in the same period of the previous year
Commencement of depreciation associated with the release of “MAPs for NURSING CARE”, and an increase in sales and administration expenses for the purpose of market share expansion
- Other Business ・Sales have increased due to the expansion of our subsidiary cashless 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

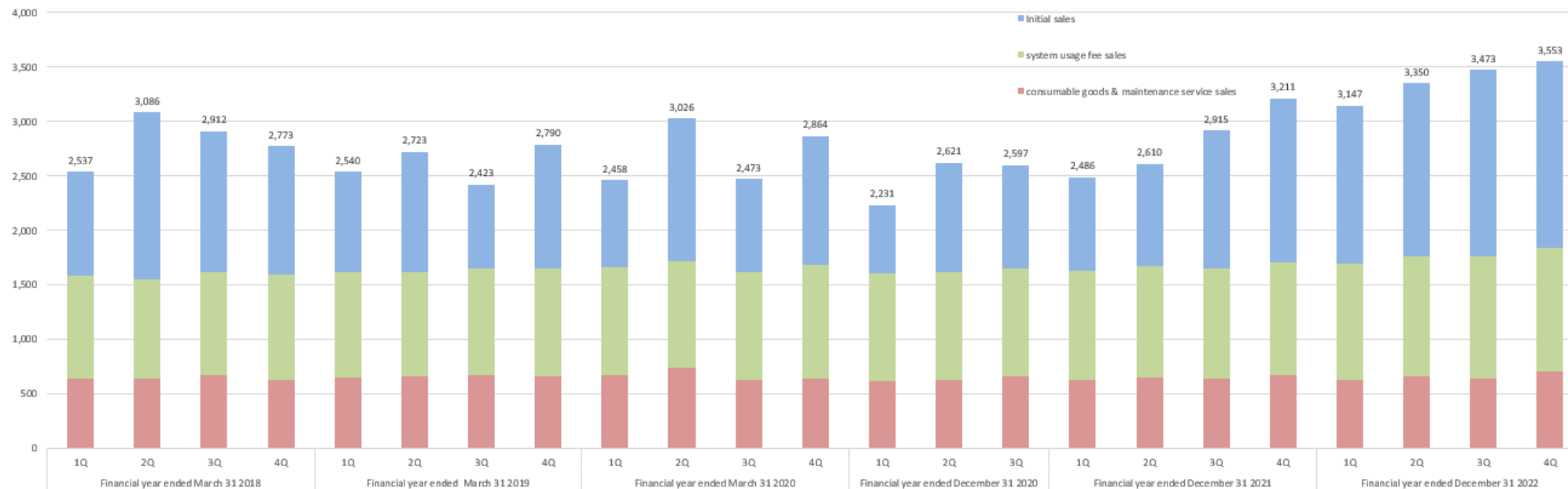
(Millions of yen)

	Financial year ended December 31 2021	Financial year ended December 31 2022	YoY change	YoY % change
Net sales	14,436	16,919	2,483	17.2%
IT Systems for Pharmacies	11,228	13,530	2,302	20.5%
(initial sales)	4,566	6,476	1,910	41.8%
(system usage fee sales)	4,089	4,422	333	8.1%
(consumable goods sales)	1,803	1,865	62	3.4%
(maintenance service sales)	768	765	(2)	(0.4%)
IT Systems for Clinics	1,957	2,202	244	12.5%
(initial sales)	922	1,135	212	23.0%
(system usage fee sales)	719	791	71	10.0%
(consumable goods sales)	62	61	0	(1.5%)
(maintenance service sales)	252	214	(38)	(15.2%)
IT Systems for long-term care/welfare	560	539	(20)	(3.6%)
(initial sales)	84	40	(43)	(51.4%)
(system usage fee sales)	169	199	30	18.2%
(consumable goods sales)	0	0	0	-
(maintenance service sales)	306	299	(7)	(2.6%)
Other Businesses	720	713	(7)	(1.1%)
Adjustments	(30)	(66)	(35)	-

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

II . vi . IT Systems for Pharmacies

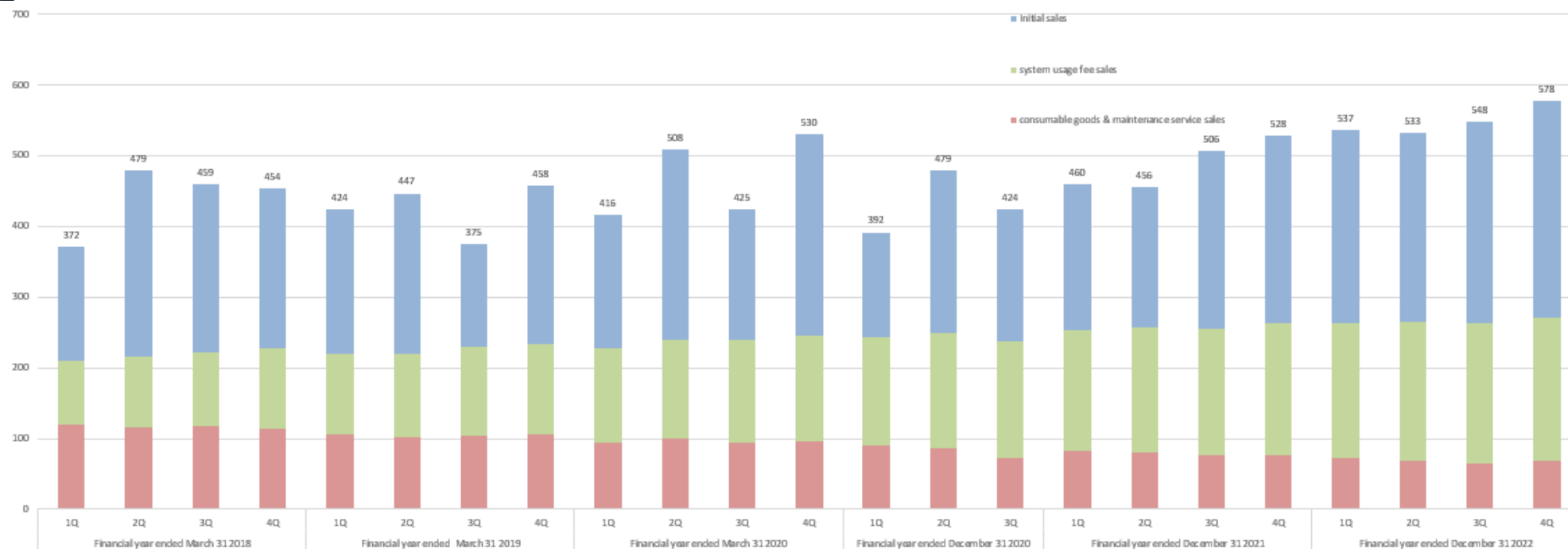
Quarterly Sales (Units: Millions of yen)



	Financial year ended March 31 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	2Q	3Q	4Q
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	1,586	1,711	1,719
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	1,100	1,122	1,130
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	664	640	704
Total	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	3,147	3,350	3,473	3,553

II . vii . IT Systems for Clinics

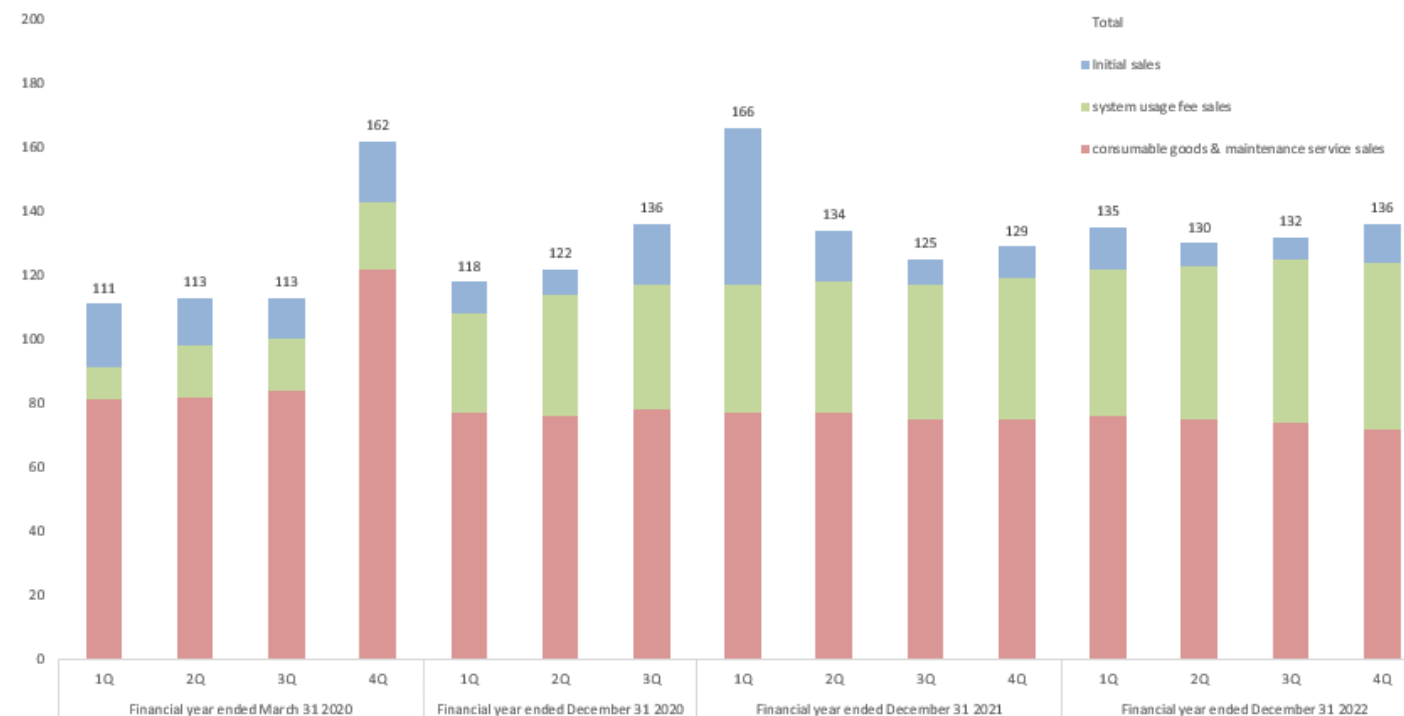
Quarterly Sales (Units: Millions of yen)



	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	2Q	3Q	4Q
Initial sales	161	262	237	227	203	227	145	225	189	269	186	285	148	230	187	206	199	250	265	274	267	285	307
system usage fee sales	91	101	104	113	115	118	126	127	132	139	145	149	154	163	165	172	177	180	187	191	197	198	203
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	69	65	68
Total	372	479	459	454	424	447	375	458	416	508	425	530	392	479	424	460	456	506	528	537	533	548	578

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

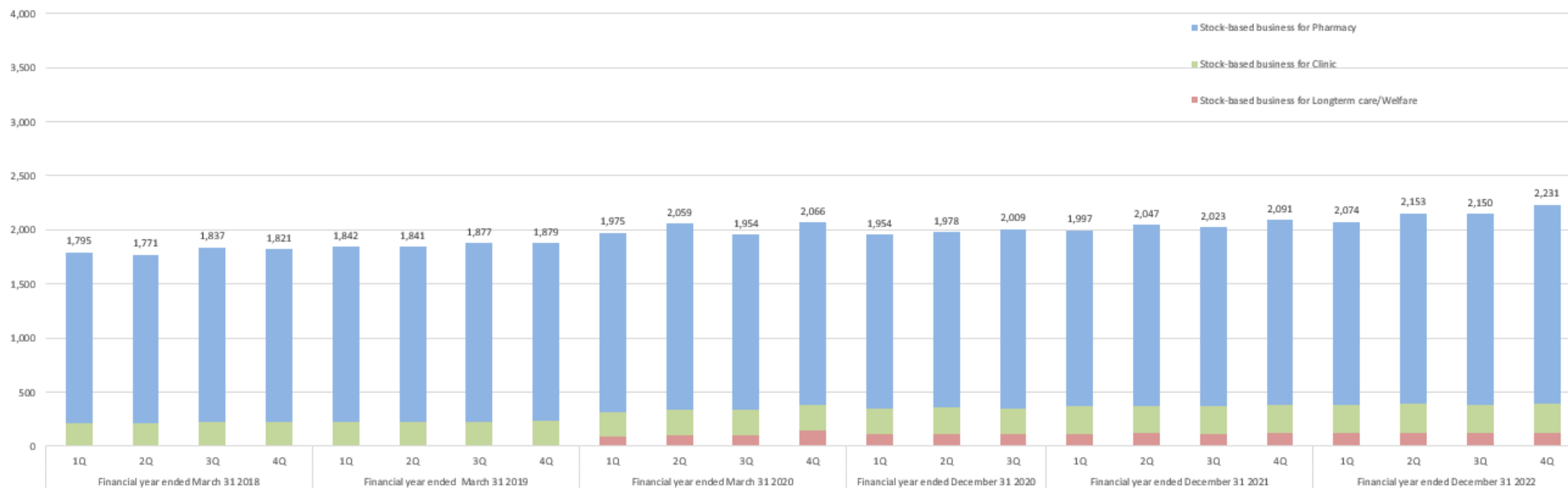
Quarterly Sales (Units: Millions of yen)



	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	2Q	3Q	4Q
Initial sales	20	15	13	19	10	8	19	49	16	8	10	13	7	7	12
system usage fee sales	10	16	16	21	31	38	39	40	41	42	44	46	48	51	52
consumable goods & maintenance service sales	81	82	84	122	77	76	78	77	77	75	75	76	75	74	72
Total	111	113	113	162	118	122	136	166	134	125	129	135	130	132	136

II . ix . By Segment Stock-based Business

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	2Q	3Q	4Q
Stock-based business for Pharmacy	1,584	1,554	1,615	1,594	1,621	1,621	1,647	1,646	1,657	1,722	1,615	1,678	1,602	1,615	1,655	1,626	1,672	1,650	1,709	1,689	1,764	1,762	1,835
Stock-based business for Clinic	211	217	222	227	221	220	230	233	227	239	239	245	244	249	237	254	257	256	263	263	266	263	271
Stock-based business for Longterm care/Welfare	0	0	0	0	0	0	0	0	91	98	100	143	108	114	117	117	118	117	119	122	123	125	125
Total	1,795	1,771	1,837	1,821	1,842	1,841	1,877	1,879	1,975	2,059	1,954	2,066	1,954	1,978	2,009	1,997	2,047	2,023	2,091	2,074	2,153	2,150	2,231

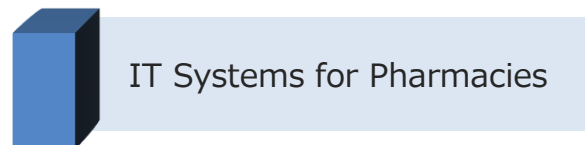
Ⅱ . X . Forecast for the fiscal year ending December 31 2023

(Millions of yen)

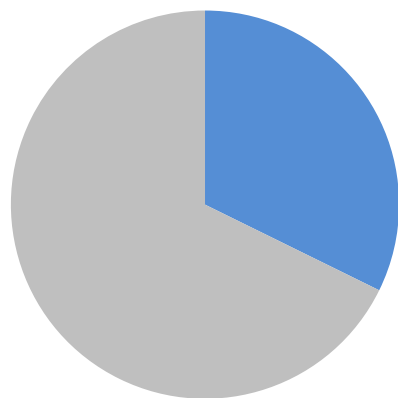
	Fiscal year ended December 31 2022 (actual)	Fiscal year ended December 31 2023 (forecast)
Sales	16,919	19,608
Business for Pharmacy	13,530	15,201
Business for Clinic	2,202	2,890
Business for long-term care/welfare	539	744
Other Business	713	810
Adjustment	(66)	(38)
Operating Profits	2,395	2,827
Business for Pharmacy	3,031	3,031
Business for Clinic	(409)	200
Business for long-term care/welfare	(211)	(413)
Other Business	(42)	(24)
Adjustment	28	32
Ordinary Profits	2,791	3,333
Net Income	1,893	2,217

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

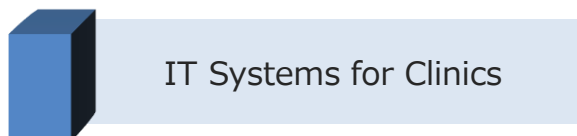
II . xi. Market Share and Number of Customers



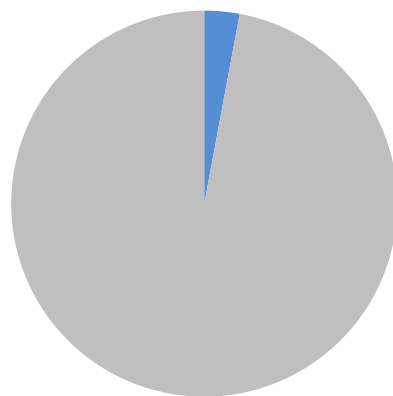
Market share **36.3%**



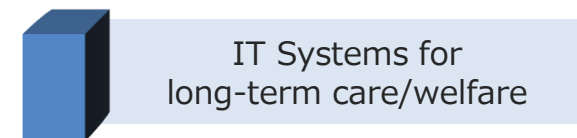
Number of customers : 18,162
Target population : 50,000
Mid-term goals : 25,000



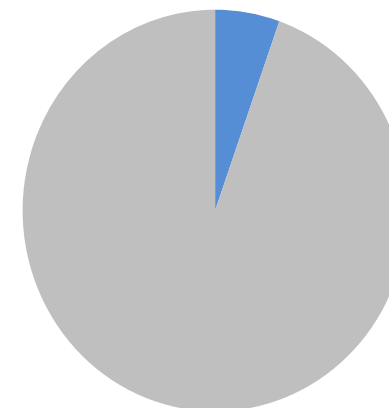
Market share **3.2%**



Number of customers : 2,848
Target population : 90,000
Mid-term goals : 7,000



Market share **5.8%**



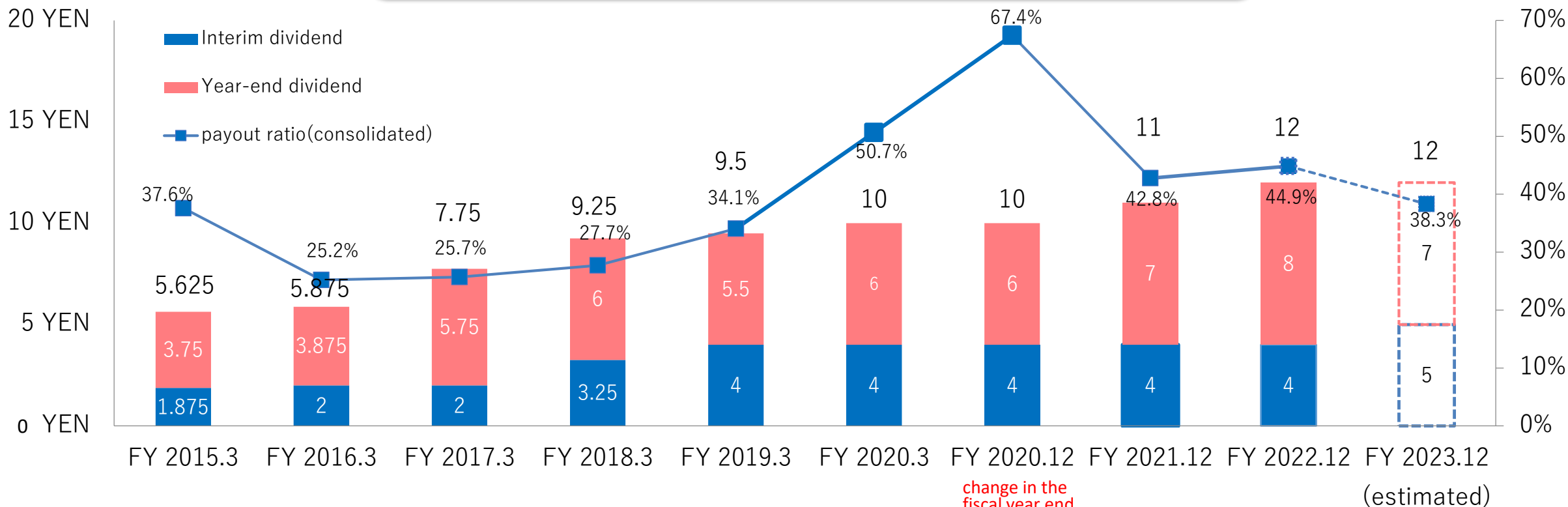
Number of customers : 14,385
Target population : 250,000
Mid-term goals : 25,000

- *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.

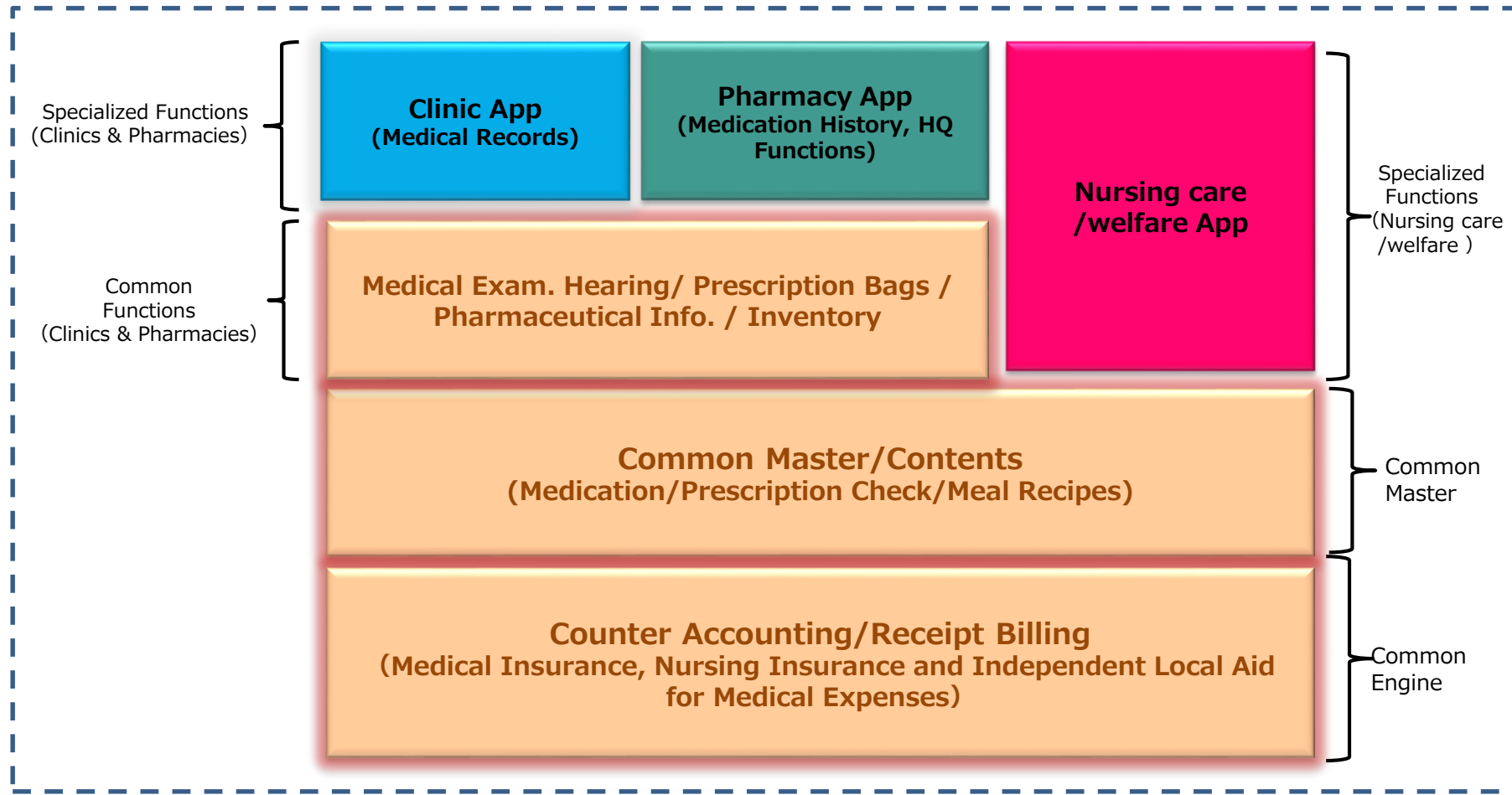
(as of December 31 , 2022)

II . xii. 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

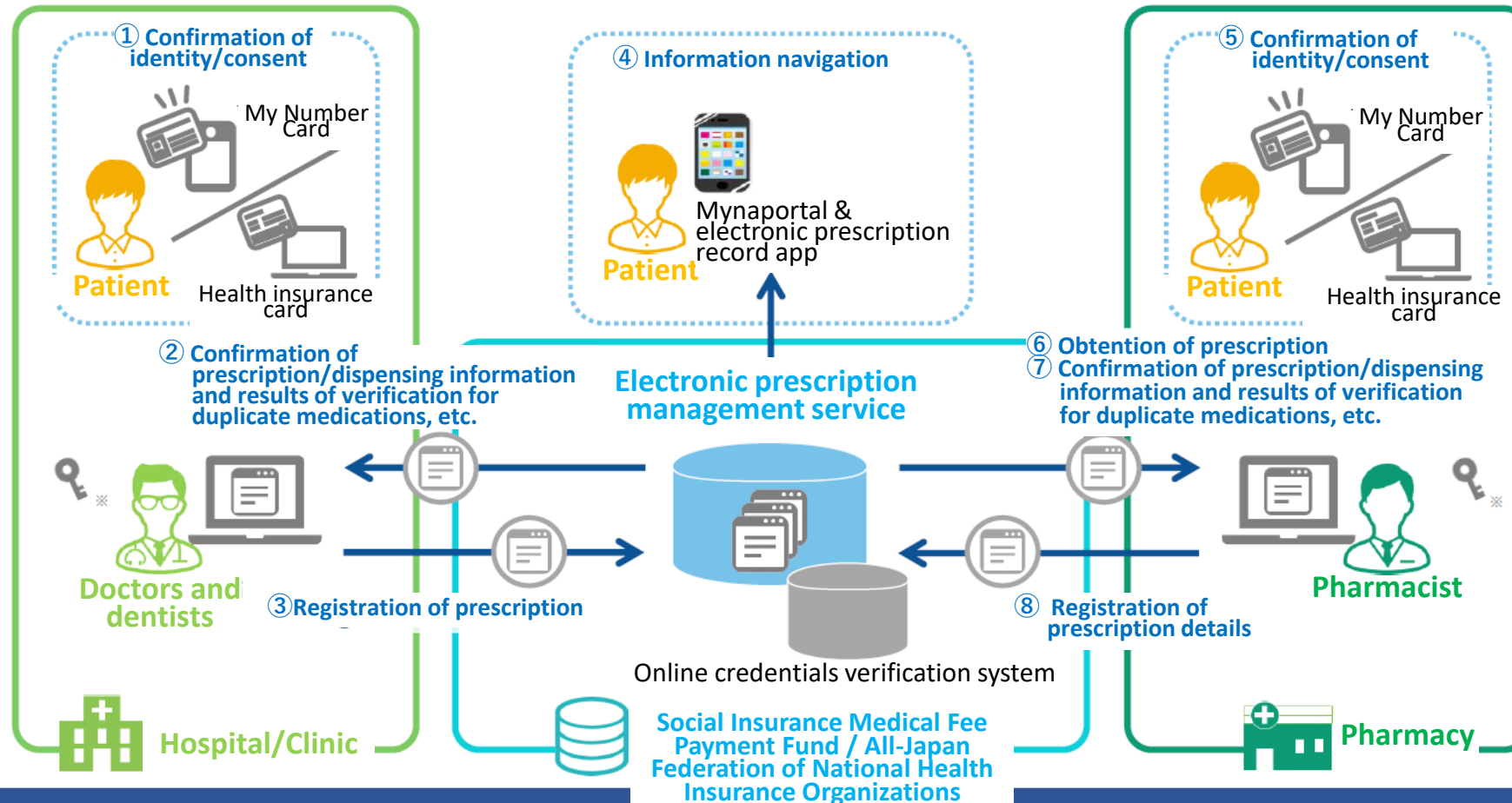


*We conducted stock splits on April 1st, 2016 and March 1st, 2018 and January 1st, 2020 at a ratio of two shares per one ordinary share. The aforementioned information assumes that each stock split occurred at the beginning of March 2015.



Reference: How electronic prescriptions function

Electronic prescriptions are **a mechanism for managing prescriptions electronically**, and it is now possible to refer to **information on the most recent prescriptions and dispensing at multiple medical institutions and pharmacies**, and to **check for duplicate medications, etc.**



Source: Ministry of Health, Labor and Welfare electronic prescription website

(<https://www.mhlw.go.jp/stf/denshishohusen.html>)



医療・介護を「#ありがとう」に変えていく

Contact:

EM SYSTEMS CO., LTD.

IR Section, General Affairs Department

Shin-Osaka Brick Bldg.

1-6-1 Miyahara, Yodogawa-ku,

Osaka 532-0003, Japan

<https://emsystems.co.jp/ir/mailform.html>

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.