

Translation

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Consolidated Financial Results for the Six Months of the Fiscal Year Ending December 31, 2025 (Under Japanese GAAP)

August 8, 2025
Listing: TSE

Company name	EM SYSTEMS CO., LTD				
Securities code	4820	URL https://emsystems.co.jp			
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Inquiries	(Title)	Senior Executive Officer, Chief of Business Strategy Headquarters	(Name)	Daigo Kobayashi	Tel +81(0)6-6397-1888
Scheduled date to file semi-annual securities report:	August 8, 2025		Scheduled date to commence dividend payments:	September 3, 2025	
Preparation of supplementary material on financial results:	Yes				
Holding of financial results briefing:	Yes				

(Yen amounts are rounded down to millions, unless otherwise noted.)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Six Months of the Fiscal Year Ending December 31, 2025 (from January 01, 2025 to June 30, 2025)

(1) Consolidated operating results (Cumulative)

(Percentages indicate YoY changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2025	12,149	10.6	2,080	70.4	2,400	55.8	1,603	62.6
June 30, 2024	10,989	11.9	1,221	6.7	1,540	10.5	985	24.9

(Note) Comprehensive income For the six months ended December 31, 2025: 1,601 million yen (52.2%) For the six months ended December 31, 2024: 1,051 million yen (20.4%)

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
June 30, 2025	23.18	23.10
June 30, 2024	14.00	13.96

(2) Consolidated financial positions

	Total assets	Net assets	Capital adequacy	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2025	28,991	20,495	70.4	294.77
December 31, 2024	31,669	20,619	64.8	297.04

(Reference) Owner's equity As of the interim period of the fiscal year ending December 2025: 20,405 million yen As of the fiscal year ended December 2024: 20,534 million yen

2. Cash dividends

	Annual dividends per share				
	As of the end of the first quarter	End of the second quarter	At the end of the third quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2024	-	9.00	-	26.00	35.00
Fiscal year ending December 31, 2025	-	17.00			
Fiscal year ending December 31, 2025 (Forecast)			-	18.00	35.00

(Note) 1. Presence or absence of revisions from the most recently announced dividend forecast: None

3. Consolidated Earnings Forecasts for the Fiscal Year Ending December 31, 2025 (from January 01, 2025 to December 31, 2025)

(Percentages indicate YoY changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Per share Net income
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending December 31, 2025	21,740	(12.5)	2,522	(43.5)	3,154	(39.2)	1,854	(23.5)	26.82

(Note) 1. Correction of financial forecast from the most recent financial forecast: None

* Notes

(1) Significant changes in the scope of consolidation during the period: None

(2) Application of accounting procedures specific to the preparation of interim consolidated financial statements: Yes

(Note) For details, please refer to the attached document on page 8, "2. Consolidated Financial Statements for the Six Months and Main Notes (3) Notes on Consolidated Financial Statements for the Six Months (Application of Accounting Treatments Specific to the Preparation of Consolidated Financial Statements for the Six Months)."

(3) Changes in accounting policies, Changes in accounting estimates, Retrospective restatement

(i) Changes in accounting policies due to revisions of accounting standards : None

(ii) Changes in accounting policies other than (i): None

(iii) Changes in accounting estimates : None

(iv) Retrospective restatement : None

(4) Number of shares issued (common stock)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2025	70,514,800 shares
As of December 31, 2024	70,514,800 shares

(ii) Number of treasury shares at the end of the period

As of June 30, 2025	1,290,594 shares
As of December 31, 2024	1,384,894 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2025	69,161,339 shares
Six months ended June 30, 2024	70,405,644 shares

* The second quarter (interim) financial results report is not subject to review by certified public accountants or audit firms.

Note regarding appropriate use of forecasts and other special items

Forward-looking statements such as earnings forecasts contained in this document are based on information currently available to the Company and certain assumptions deemed reasonable. Actual results may differ significantly due to various factors.

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1. Qualitative information regarding the interim financial results

(1) Explanation of operating results

During the six months ended September 30, 2024, the Japanese economy was affected by increased global economic uncertainty due to fluctuations in exchange rates, persistently high energy and raw material prices, and changes in international trade policies. As a result, it is necessary to closely monitor the situation as these factors may impact corporate earnings.

In the medical industry, which is the main business partner of our group, efforts are being made to secure human resources and increase wages for medical and nursing care workers through the improvement of the stability and sustainability of the medical insurance system by promoting efficiency and optimization via medical DX based on initiatives such as the "Medical DX Reiwa Vision 2030," as well as through various revisions to medical service fees.

Our group has continued its efforts to realize high-quality medical care through the promotion of medical DX and innovation. In line with the expansion of the scope of the online eligibility verification system under the "Medical DX Reiwa Vision 2030" and the promotion and dissemination of electronic prescriptions, we have sequentially expanded the implementation of the online eligibility verification system to cover medical assistance and the installation of electronic prescription systems. As a result, the number of installations during the six months ended September 30, 2024 exceeded our expectations.

In addition, in each segment of our group's business, based on the "Medium-Term Management Plan FY2025–FY2027" formulated in 2024, we have continued to generate potential projects more efficiently by shifting from conventional face-to-face sales to strengthened inside sales activities, as well as through organizational restructuring aimed at enhancing finished goods capabilities and profitability, website renewal, utilization of MA tools, and improvements in the marketing mix such as strengthening digital content. During the six months ended September 30, 2024, accelerated progress in medical DX, including the adaptation of the online eligibility verification system for medical assistance and the introduction of electronic prescriptions, led to an increase in both net sales and operating profit.

As a result, the operating results for the six months ended September 30, 2024 were as follows: Net sales were 12,149 million yen (up 10.6% YoY), operating profit was 2,080 million yen (up 70.4% YoY), ordinary profit was 2,400 million yen (up 55.8% YoY), and profit attributable to owners of parent was 1,603 million yen (up 62.6% YoY).

The operating results by segment are as follows.

(Pharmacy Systems Business)

As for the Dispensing System Business, in addition to an increase in Net sales of initial systems due to changes in the organizational structure, the steady introduction of optional software related to the online eligibility verification system led to increases in both Net sales and Operating profit for the segment.

As a result, for the six months ended September 30, 2024, the Dispensing Systems Business recorded net sales of 9,885 million yen (up 9.7% YoY) and operating profit of 2,124 million yen (up 26.1% YoY).

(Medical System Business)

With regard to the Medical Systems Business, in addition to restructuring the organizational framework and implementing a wide range of approaches utilizing digital marketing, the significant progress in the installation of electronic prescriptions led to increases in both segment Net sales and Operating profit.

As a result, for the six months ended September 30, 2024, the Medical Systems Business recorded net sales of 1,497 million yen (up 25.0% YoY) and operating profit of 80 million yen (compared to an operating loss of 306 million yen in the same period of the previous year).

(Nursing care/Welfare System Business)

Regarding the nursing care/welfare system business, due to the impact of the 2025 nursing care fee revision, we have accelerated the replacement from "Hibiki Symphony" to "MAPs for NURSING CARE," resulting in a decrease in the number of some licenses and a decline in both Net sales and Sales of maintenance service. On the other hand, segment Depreciation decreased due to the impairment carried out last fiscal year, and operating loss slightly improved year on year as a result of cost reductions within the segment. In addition, Net sales from "MAPs for NURSING CARE" are steadily increasing.

As a result, in the Care/Welfare System Business for the six months ended September 30, 2024, net sales were 262 million yen (down 7.5% YoY), and operating loss was 169 million yen (compared to an operating loss of 229 million yen in the same period of the previous year).

(Other businesses)

As for other businesses, while Choki Co., Ltd. achieved strong performance, the completion of individual new feature development and paid legal compliance support for Yimeng Software System Development (Nanjing) Co., Ltd. in the previous fiscal year resulted in flat net sales, but operating profit decreased.

As a result, other businesses for the six months ended September 30, 2024 recorded net sales of 571 million yen (down 0.2% YoY) and operating profit of 23 million yen (down 42.7% YoY).

(The above segment Net sales and Operating profit (loss) are amounts before elimination of inter-segment transactions.)

(2) Explanation regarding financial positions

(Assets)

Current assets as of the end of the interim consolidated accounting period were 15,814 million yen, a decrease of 2,535 million yen compared to the end of the previous consolidated fiscal year. This was mainly due to a decrease of 1,203 million yen in cash and deposits and a decrease of 1,028 million yen in notes and accounts receivable - trade. Non-current assets were 13,177 million yen, a decrease of 142 million yen compared to the end of the previous consolidated fiscal year. This was mainly due to a decrease of 189 million yen in software and a decrease of 96 million yen in goodwill as a result of amortization, although investment property increased by 144 million yen.

As a result, total assets amounted to 28,991 million yen, a decrease of 2,677 million yen compared to the end of the previous consolidated fiscal year.

(Liabilities)

Current liabilities at the end of the interim consolidated accounting period were 6,986 million yen, a decrease of 2,085 million yen compared to the end of the previous consolidated fiscal year. This was mainly due to a decrease of 888 million yen in accounts payable and a decrease of 714 million yen in income taxes payable. Non-current liabilities were 1,509 million yen, a decrease of 468 million yen compared to the end of the previous consolidated fiscal year. This was mainly due to a decrease of 416 million yen in long-term borrowings.

As a result, total liabilities amounted to 8,496 million yen, a decrease of 2,554 million yen compared to the end of the previous consolidated fiscal year.

(Net assets)

Net assets at the end of the six months ended September 30, 2024 amounted to 20,495 million yen, a decrease of 123 million yen compared to the end of the previous fiscal year. This was mainly due to a decrease of 190 million yen in retained earnings and an increase of 52 million yen in treasury shares.

As a result, the equity to total assets ratio was 70.4% (64.8% at the end of the previous fiscal year).

(3) Explanation regarding forward-looking statements such as consolidated forecasts

There are no changes to the consolidated forecasts for the fiscal year ending December 2025 from those announced in the "Financial Results for the Fiscal Year Ended December 2024" released on February 14, 2025.

2. Interim Consolidated Financial Statements and Main Notes (1) Interim Consolidated Balance Sheet

(Unit: Million yen)

	Previous fiscal year (December 31, 2024)	For the six months ended (June 30, 2025)
Assets		
Current assets		
Cash and deposit	11,884	10,681
Notes and trade receivables	4,293	3,265
Inventories	889	561
Other	1,283	1,313
Allowance for doubtful accounts	(2)	(7)
Total current asset	18,349	15,814
Non-current assets		
Property, plant, and equipment		
Buildings and structures, net	449	478
Land	348	348
Leased assets, net	22	7
Other (net)	419	322
Total property, plant and equipment, net	1,241	1,158
Intangible assets		
Software	1,091	902
Software in progress	30	15
Goodwill	1,265	1,169
Other	1,107	1,077
Total intangible assets	3,494	3,164
Investment Other assets		
Investment securities	906	1,049
Investment property, net	6,268	6,412
Other	1,424	1,405
Allowance for doubtful accounts	(14)	(12)
Total investment and other assets	8,584	8,855
Total non-current assets	13,320	13,177
Total assets	31,669	28,991

(Unit: Million yen)

	Previous fiscal year (December 31, 2024)	For the six months ended (June 30, 2025)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,376	1,413
Accounts payable	2,217	1,329
Current portion of long-term borrowings	833	833
Lease liabilities	37	0
Income taxes payable	1,584	869
Provision for bonuses	555	429
Contract liabilities	840	891
Other	1,628	1,220
Total current liabilities	9,072	6,986
Non-current liabilities		
Long-term borrowings	569	152
Lease liabilities	0	0
Liabilities for retirement benefits	137	131
Provision for product warranties	1	1
Long-term accounts payable	193	193
Long-term guarantee deposits	778	777
Other	296	252
Total non-current liabilities	1,977	1,509
Total liabilities	11,050	8,496
Net assets		
Shareholders' equity		
Share capital	2,785	2,785
Capital surplus	2,486	2,502
Retained earnings	15,813	15,622
Treasury shares	(763)	(711)
Total shareholders' equity	20,320	20,199
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	45	98
Foreign currency translation adjustment	168	107
Total accumulated other comprehensive income	213	205
Share acquisition rights	55	55
Non-controlling interests	29	35
Total net assets	20,619	20,495
Total liabilities and net assets	31,669	28,991

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income for the interim period
(Interim Consolidated Statement of Income)

(Unit: Million yen)

	Previous six-month consolidated accounting period (From January 1, 2024 As of June 30, 2024	For the six months ended From January 1, 2025 until June 30, 2025
Net sales	10,989	12,149
Cost of sales	5,427	5,949
Gross profit	5,561	6,200
Selling, general and administrative expenses	4,340	4,119
Operating profit	1,221	2,080
Non-operating income		
Interest income	6	3
Real estate lease revenue	527	536
Other	20	5
Total non-operating income	553	545
Non-operating expenses		
Interest expense	5	3
Real estate lease expenses	196	221
Other	31	1
Total non-operating expenses	233	226
Ordinary profit	1,540	2,400
Extraordinary income		
Gain on sale of non-current assets	-	0
Total extraordinary income	-	0
Extraordinary losses		
Loss on retirement of fixed assets	47	7
Impairment losses	-	99
Total extraordinary losses	47	107
Net income before income taxes	1,492	2,293
Income taxes	489	684
Net income	1,003	1,608
Net income attributable to non-controlling interests	17	5
Profit attributable to owners of parent	985	1,603

(Interim Consolidated Statement of Comprehensive Income)

(Unit: Million yen)

	Previous six-month consolidated accounting period (From January 1, 2024 As of June 30, 2024	For the six months ended From January 1, 2025 until June 30, 2025
Net income	1,003	1,608
Other comprehensive income (loss), net of tax		
Valuation difference on available-for-sale securities	(24)	53
Foreign currency translation adjustment	73	(60)
Other comprehensive income, net of tax	48	(7)
Comprehensive income	1,051	1,601
Profit attributable to		
Interim comprehensive income attributable to owners of the parent	1,034	1,595
Comprehensive income attributable to non-controlling interests for the interim period	17	5

(3) Notes to the Consolidated Interim Financial Statements

(Notes regarding the assumption of a going concern)

There are no applicable matters.

(Notes in case of significant changes in the amount of shareholders' equity)

There are no applicable items.

(Notes on segment information, etc.)

[Segment Information]

For the six months ended June 30, 2024

1. Information on net sales and profit or loss by reportable segment, and breakdown of revenue

(Unit: Million yen)

	Reportable segment					Adjustment amount (Note) 1	Interim Consolidated Statement of income Recorded amount
	Pharmacy Systems Business	Medical System Business	Nursing care/Welfare System Business	Other businesses	Total		
Net sales							
Initial sales	4,065	664	37	-	4,766	-	4,766
Subscription sales	3,429	443	124	-	3,997	-	3,997
Supply sales	1,033	25	0	-	1,058	-	1,058
Maintenance sales	476	65	121	-	664	-	664
Other business revenue	-	-	-	502	502	-	502
From contracts with customers Revenue generated	9,004	1,198	283	502	10,989	-	10,989
Net sales to external customers	9,004	1,198	283	502	10,989	-	10,989
Internal net sales or transfers between segments	9	-	-	70	79	(79)	-
Total	9,013	1,198	283	572	11,069	(79)	10,989
Segment profit or loss (-) (Note) 2	1,684	(306)	(229)	40	1,188	32	1,221

(Note) 1. The adjustment amount for segment profit or loss is mainly due to the elimination of inter-segment transactions, etc.

2. Segment profit or loss is adjusted with operating profit in the interim consolidated statement of income.

2. Information on impairment losses of non-current assets or goodwill, etc. by reportable segment

(Significant impairment losses related to non-current assets)

There are no applicable items.

(Significant changes in the amount of goodwill)

There are no applicable matters.

(Significant gain on bargain purchase)

There are no applicable matters.

II For the six months ended June 30, 2025

1. Information on net sales and profit or loss by reportable segment, and breakdown of revenue

(Unit: Million yen)

	Reportable segment					Adjustment amount (Note) 1	Interim Consolidated Statement of income Recorded amount
	Pharmacy Systems Business	Medical System Business	Nursing care and welfare system business	Other businesses	Total		
Net sales							
Initial sales	4,961	965	43	-	5,971	-	5,971
Subscription revenue	3,572	472	115	-	4,160	-	4,160
Supply sales	1,034	28	-	-	1,063	-	1,063
Maintenance sales	307	31	103	-	442	-	442
Other business revenue	-	-	-	512	512	-	512
From contracts with customers Revenue generated	9,876	1,497	262	512	12,149	-	12,149
Net sales to external customers	9,876	1,497	262	512	12,149	-	12,149
Internal net sales or transfers between segments	9	-	-	59	68	(68)	-
Total	9,885	1,497	262	571	12,218	(68)	12,149
Segment profit or loss (-) (Note) 2	2,124	80	(169)	23	2,059	21	2,080

(Note) 1. The adjustment amount for segment profit or loss is mainly due to the elimination of inter-segment transactions, etc.

2. Segment profit or loss is adjusted with operating profit in the interim consolidated statement of income.

2. Information on impairment losses of non-current assets or goodwill, etc. by reportable segment

(Significant impairment losses related to non-current assets)

Impairment losses on non-current assets have been recorded in the "Medical System Business" and "Nursing Care/Welfare System Business" segments. The amount of impairment losses recorded during the six months ended September 30, 2024, was 19 million yen for the "Medical System Business" and 80 million yen for the "Nursing Care/Welfare System Business."

(Significant changes in the amount of goodwill)

There are no applicable items.

(Significant gain on bargain purchase)

There are no applicable items.

(Application of accounting procedures specific to the preparation of interim consolidated financial statements)

(Calculation of tax expenses)

With regard to income tax expenses, the effective tax rate after applying tax effect accounting, which is reasonably estimated for the pre-tax Net income of the consolidated fiscal year including the current interim consolidated accounting period, is applied to the pre-tax Net income to calculate the tax expenses.

(Changes in accounting policies)

There are no applicable items.