

# EM SYSTEMS (4820)

Consolidated Fiscal Year (Million Yen)		Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
FY12/2021		14,436	1,870	2,607	1,829	25.72	11.00	263.12
FY12/2022		16,919	2,395	2,791	1,893	26.75	12.00	274.94
FY12/2023CoE		19,608	2,827	3,333	2,217	31.39	14.00	-
FY12/2022		YoY	17.2%	28.1%	7.0%	-	-	-
FY12/2023CoE		YoY	15.9%	18.0%	19.4%	-	-	-
Consolidated Half Year (Million Yen)		Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
Q1 to Q2 FY12/2022		8,164	1,360	1,603	1,089	-	-	-
Q3 to Q4 FY12/2022		8,755	1,035	1,188	804	-	-	-
Q1 to Q2 FY12/2023		9,818	1,144	1,394	789	-	-	-
Q3 to Q4 FY12/2023CoE		9,790	1,683	1,939	1,428	-	-	-
Q1 to Q2 FY12/2023		YoY	20.3%	(15.9%)	(13.0%)	(27.6%)	-	-
Q3 to Q4 FY12/2023CoE		YoY	11.8%	62.6%	63.2%	77.6%	-	-

Source: Company Data, WRJ Calculation

## 1.0 Results Update (22 August 2023)

### Acquisition of Business

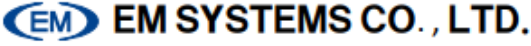
On 18 August 2023, EM SYSTEMS, the leading provider of IT systems in charge of counter accounting and receipt billing for pharmacies in Japan, held its briefing on the web for the Q1 to Q2 FY12/2023 results. It has been revealed that system usage fee sales are beginning to expand. On the IT Systems for Pharmacies side, the mainstay, the Company saw system usage fee sales of ¥2,552m (up 17.7% YoY). One of the reasons cited for this is that the Company has been seeing an add-on stemming from acquisition of a trade since the beginning of Q2. According to the Company, it will see a further add-on from that of another trade for H2. At the same time, the Company notes that its share has risen up to 42.9% in the market for IT systems for pharmacies after the two deals, while intending to further enhance its share for the future. From a long-term perspective, the Company is to see an increasing contribution from its measures to horizontally apply its own knowhows in the domains of clinics and long-term care/welfare. In a respect that the Company holds a limited market share for each at the moment, i.e., 3.3% and 5.7%, respectively, it has a large room for the market shares to rise in the future.

 Reference: [Results of Operations for December 2023, 1st Half](#)

 IR Representative: Hirokazu Tokuchi, General Manager / IR Section, General Affairs Department  
 ([tokuchi@emsystems.co.jp](mailto:tokuchi@emsystems.co.jp))

## 2.0 Company Profile

### Supporting Healthcare with the Power of IT

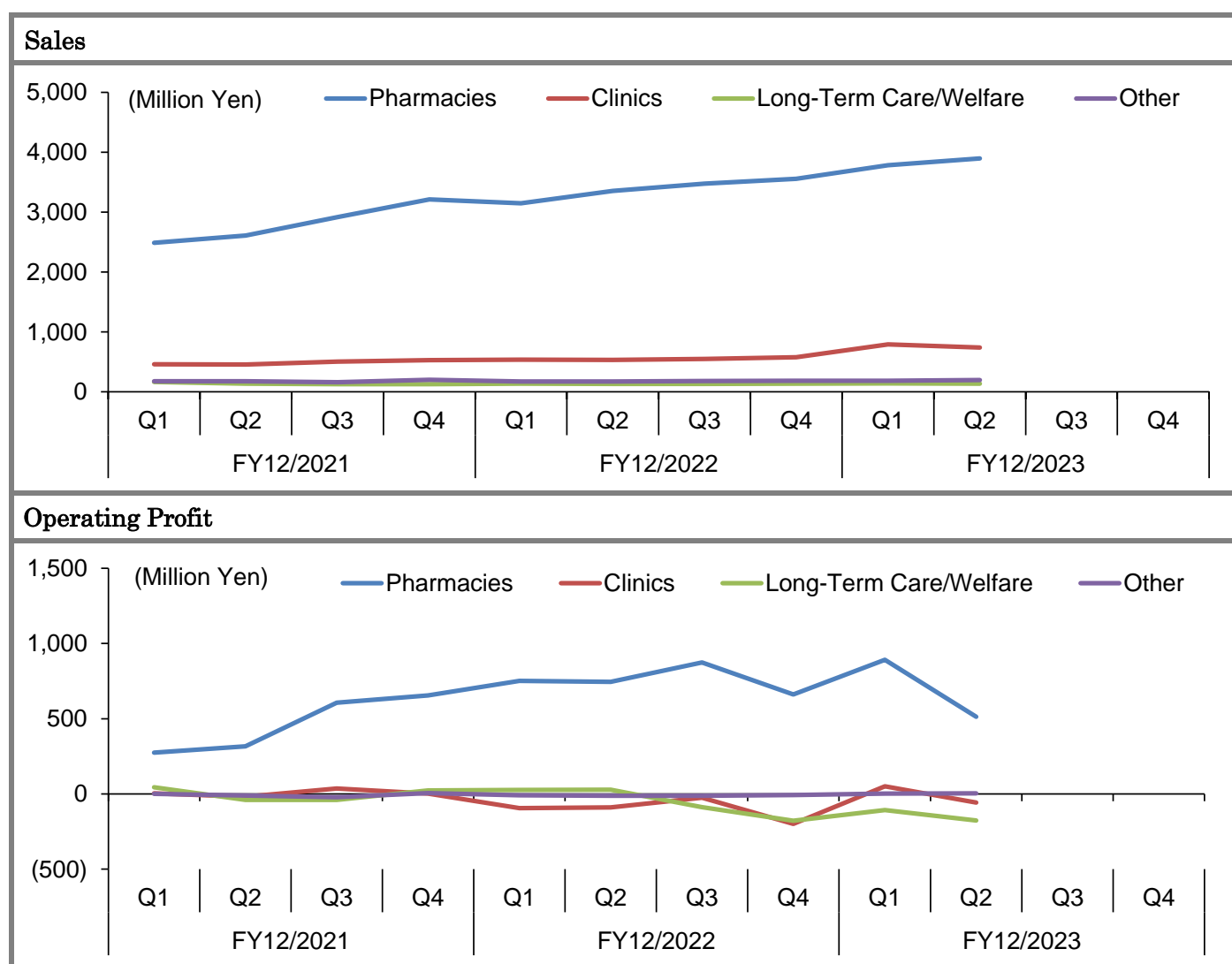
<b>Company Name</b>	EM SYSTEMS CO., LTD. <a href="#">Company HP</a> <a href="#">Financial Results</a> <a href="#">Share Price (Japanese)</a> 
<b>Established</b>	23 January 1980
<b>Listing</b>	4 April 2022: Tokyo Stock Exchange Prime Market (ticker: 4820) 13 November 2012: Tokyo Stock Exchange 1st Section 2 May 2003: Tokyo Stock Exchange 2nd Section 15 December 2000: JASDAQ
<b>Capital</b>	¥2,785m (as of the end of June 2023)
<b>No. of Shares</b>	74,514,800 shares, including 3,816,949 treasury shares (as of the end of June 2023)
<b>Main Features</b>	<ul style="list-style-type: none"> <li>● The leader of IT systems in charge of supporting operations for pharmacies in Japan (market share: 42.9%)</li> <li>● Horizontally expanding into clinics and long-term care/welfare, based on MAPs</li> <li>● MAPs (Medical Advance for People, System), representing the Company's common information system infrastructure</li> </ul>
<b>Segments</b>	I . IT Systems for Pharmacies II . IT Systems for Clinics III. IT Systems for Long-Term Care/Welfare IV. Other
<b>Representative</b>	Representative Director and President: Hiromasa Kunimitsu
<b>Shareholders</b>	Kokko Co., Ltd. 36.79%, MEDIPAL HLD 9.99%, The Master Trust Bank of Japan, T. 5.73%, Goldman Sachs International 4.79% (as of the end of June 2023, but for treasury shares)
<b>Head Office</b>	Yodogawa-ku, Osaka-city, Osaka-prefecture, JAPAN
<b>No. of Employees</b>	Consolidated: 592, Parent: 432 (as of the end of December 2022)

Source: Company Data

## 3.0 Recent Trading and Prospects

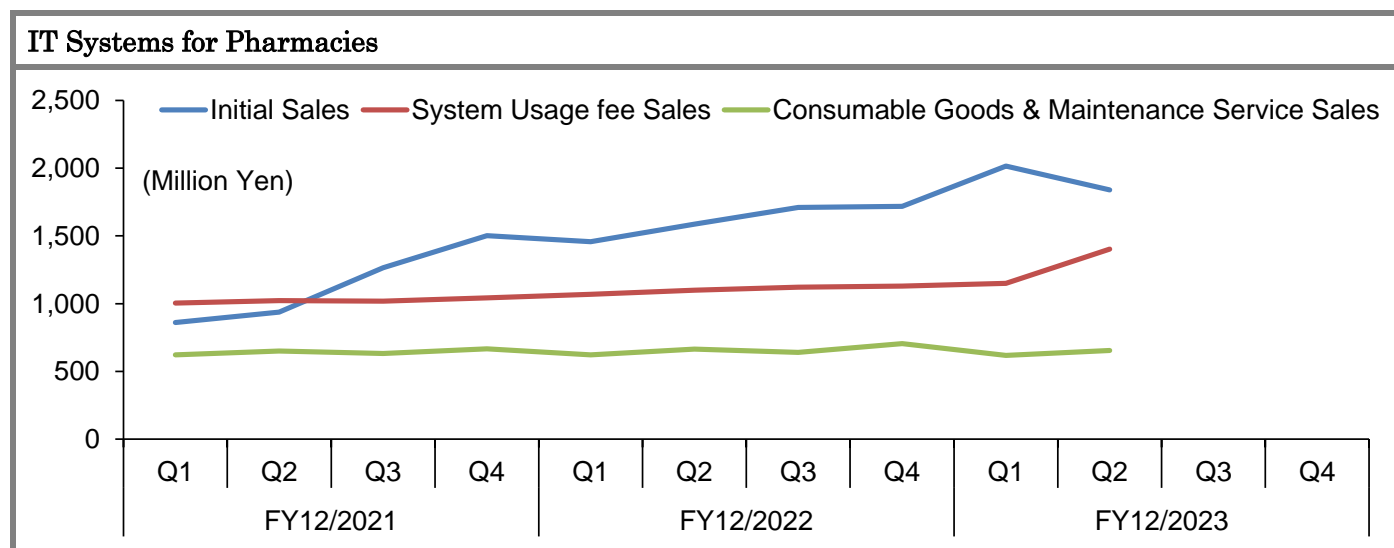
### Q1 to Q2 FY12/2023

For Q1 to Q2 FY12/2023, sales came in at ¥9,818m (up 20.3% YoY), operating profit ¥1,144m (down 15.9%), recurring profit ¥1,394m (down 13.0%) and profit attributable to owners of parent ¥789m (down 27.6%). Meanwhile, gross profit came in at ¥4,858m (up 18.1%) and SG&A expenses ¥3,713m (up 34.9%), implying gross profit margin of 49.5% (down 0.9 % points) and SG&A ratio of 37.8% (up 4.1 % points). As a result, operating profit margin came in at 11.7% (down 5.0% points). According to the Company, one of the reasons for surging SG&A expenses is that it has provided own employees with special compensations to reward their contributions to earnings for FY12/2022 and thereafter as well as encouraging them to pursue a further rise in the market shares. At the same time, the Company also incurred higher costs in connection with the launch of TV commercials, which is another factor.



Source: Company Data

By segment, sales came in at ¥7,681m (up 18.2%), operating profit ¥1,405m (down 6.1%) and operating profit margin 18.3% (down 4.7 % points) on the IT Systems for Pharmacies side. Meanwhile, sales increased and thus operating loss decreased on the IT Systems for Clinics side, but the Company has suffered from ongoing operating loss on the IT Systems for Long-Term Care/Welfare side. So far, the Company has failed to achieve initial expectations in sales, which resulted in a situation that sales have not been substantial enough to more than compensate for increased depreciation charges incurred by launch of a new service.



Source: Company Data

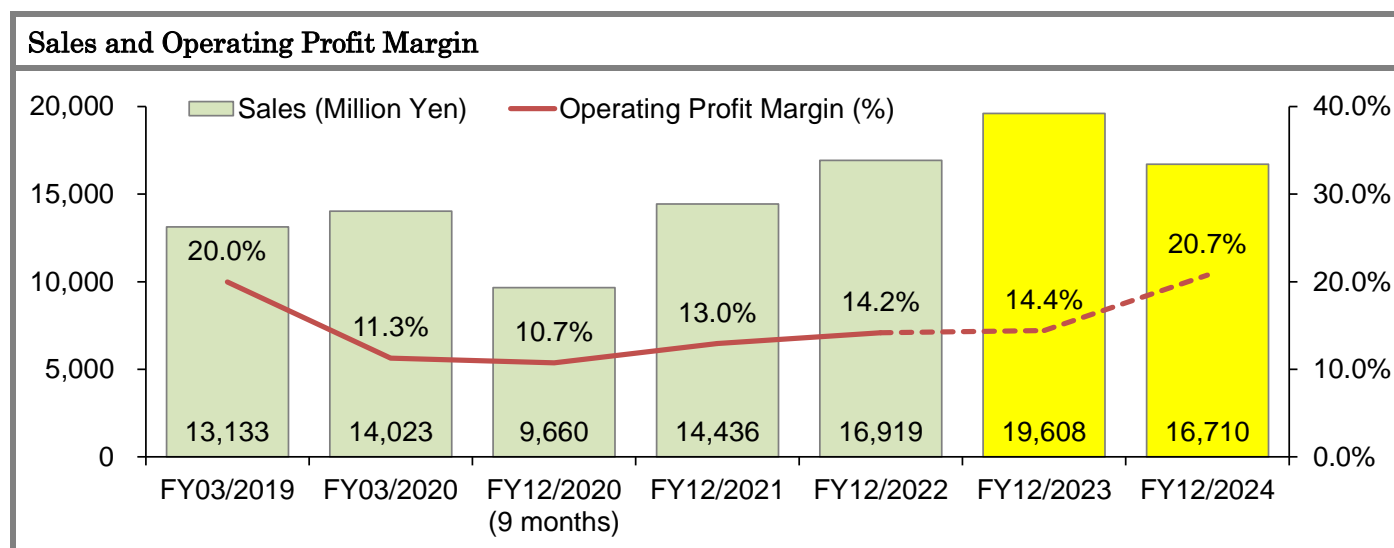
On the IT Systems for Pharmacies side, the mainstay, the Company has acquired a trade, Good Cycle System, Inc., which resulted in some net increases for system usage fee sales for Q2.

With respect to initial sales, the Company saw the maximum contribution for Q1 from the installation of systems to introduce online eligibility verification having become mandatory in principle in April 2023 (transitional measures in effect until September) by existing users. Meanwhile, with respect to IT systems in charge of counter accounting and receipt billing for pharmacies, the Company saw special demand for hardware replacement due to the end of extended support for previous versions of Windows, having resulted in the Company's performance rather better than expected. However, for profit attributable to owners of parent, the Company has failed to meet expectations due to a loss of ¥140m incurred in line with the step acquisition associated with the above-mentioned deal.

In addition, the Company has made Unike Software Research Co., Ltd. a consolidated subsidiary as of 30 June 2023. According to the Company, this means another acquisition of a trade being implemented, while the Company is keen on combining the two companies' knowledge in IT-based services for the sake of further strengthening own customer base and reinforcing support for the digital transformation of pharmacies. By the way, the Company is currently examining the details for the impact of all those factors for H2, which have not been assumed in Company forecasts. It appears that the details will become available, when the Company releases the Q1 to Q3 results.

### FY12/2023 Company Forecasts

FY12/2023 Company forecasts (announced on 14 February 2023) have remained unchanged, going for prospective sales of ¥19,608m (up 15.9% YoY), operating profit of ¥2,827m (up 18.0%), recurring profit of ¥3,333m (up 19.4%) and profit attributable to owners of parent of ¥2,217m (up 17.1%), while operating profit margin of 14.4% (up 0.3% points). Still, Company forecasts have been revised up for planned annual dividend on 9 August 2023, when the Company released the Q1 to Q2 results, from ¥12.00 per share to ¥14.00 per share, implying payout ratio 44.6%.



Source: Company Data, WRJ Calculation

By the way, for FY12/2024, the Company plans to achieve sales of ¥16,710m (down 14.8% YoY), operating profit of ¥3,466m (up 22.6%) and operating profit margin of 20.7% (up 6.3 %points). According to the Company, sales are to decline significantly due mainly to the impact of the introduction of online eligibility verification running its course, but it will be more than compensate for in terms of earnings by ongoing expansion of system usage fee sales carrying high marginal profit ratio.

## FY12/2023 Company Forecasts and Actual Results

Consolidated Fiscal Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
FY12/2023CoE	14-Feb-23	Q4 Results	19,608	2,827	3,333	2,217
FY12/2023CoE	11-May-23	Q1 Results	19,608	2,827	3,333	2,217
FY12/2023CoE	9-Aug-23	Q2 Results	19,608	2,827	3,333	2,217
		Amount of Gap	0	0	0	0
		Rate of Gap	0.0%	0.0%	0.0%	0.0%
FY12/2023CoE	14-Feb-23	Q4 Results	19,608	2,827	3,333	2,217
FY12/2023CoE	9-Aug-23	Q2 Results	19,608	2,827	3,333	2,217
		Amount of Gap	0	0	0	0
		Rate of Gap	0.0%	0.0%	0.0%	0.0%
Consolidated Half Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
Q1 to Q2 FY12/2023CoE	14-Feb-23	Q4 Results	9,342	1,033	1,290	827
Q1 to Q2 FY12/2023CoE	11-May-23	Q1 Results	9,342	1,033	1,290	827
Q1 to Q2 FY12/2023Act	9-Aug-23	Q2 Results	9,818	1,144	1,394	789
		Amount of Gap	476	111	104	(38)
		Rate of Gap	5.1%	10.8%	8.1%	(4.7%)
Q1 to Q2 FY12/2023CoE	14-Feb-23	Q4 Results	9,342	1,033	1,290	827
Q1 to Q2 FY12/2023Act	9-Aug-23	Q2 Results	9,818	1,144	1,394	789
		Amount of Gap	476	111	104	(38)
		Rate of Gap	5.1%	10.7%	8.1%	(4.6%)
Consolidated Half Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
Q3 to Q4 FY12/2023CoE	14-Feb-23	Q4 Results	10,266	1,794	2,043	1,390
Q3 to Q4 FY12/2023CoE	11-May-23	Q1 Results	10,266	1,794	2,043	1,390
Q3 to Q4 FY12/2023CoE	9-Aug-23	Q2 Results	9,790	1,683	1,939	1,428
		Amount of Gap	(476)	(111)	(104)	38
		Rate of Gap	(4.6%)	(6.2%)	(5.1%)	2.7%
Q3 to Q4 FY12/2023CoE	14-Feb-23	Q4 Results	10,266	1,794	2,043	1,390
Q3 to Q4 FY12/2023CoE	9-Aug-23	Q2 Results	9,790	1,683	1,939	1,428
		Amount of Gap	(476)	(111)	(104)	38
		Rate of Gap	(4.6%)	(6.2%)	(5.1%)	2.7%

Source: Company Data, WRJ Calculation

# 4.0 Financial Statements

## Income Statement (Cumulative / Quarterly)

Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4		Net Chg.
	12/2022	12/2022	12/2022	12/2022	12/2023	12/2023	12/2023	12/2023		
<b>Sales</b>	<b>3,985</b>	<b>8,164</b>	<b>12,491</b>	<b>16,919</b>	<b>4,877</b>	<b>9,818</b>	-	-	-	<b>+1,654</b>
Cost of Sales	1,930	4,051	6,230	8,644	2,232	4,960	-	-	-	+909
Gross Profit	2,054	4,113	6,260	8,275	2,645	4,858	-	-	-	+745
SG&A Expenses	1,375	2,753	4,147	5,879	1,793	3,713	-	-	-	+960
<b>Operating Profit</b>	<b>679</b>	<b>1,360</b>	<b>2,113</b>	<b>2,396</b>	<b>851</b>	<b>1,144</b>	-	-	-	<b>(216)</b>
Non Operating Balance	145	243	344	395	110	250	-	-	-	+7
<b>Recurring Profit</b>	<b>824</b>	<b>1,603</b>	<b>2,457</b>	<b>2,791</b>	<b>961</b>	<b>1,394</b>	-	-	-	<b>(209)</b>
Extraordinary Balance	-	-	-	(2)	(141)	(150)	-	-	-	(150)
Profit before Income Taxes	824	1,603	2,457	2,789	820	1,244	-	-	-	(359)
Total Income Taxes	265	522	828	914	310	459	-	-	-	(63)
Profit Attributable to Non-Controlling Interests	(4)	(8)	(14)	(18)	(1)	(4)	-	-	-	+4
<b>Profit Attributable to Owners of Parent</b>	<b>563</b>	<b>1,089</b>	<b>1,644</b>	<b>1,893</b>	<b>511</b>	<b>789</b>	-	-	-	<b>(300)</b>
Sales YoY	+21.0%	+22.4%	+20.3%	+17.2%	+22.4%	+20.3%	-	-	-	-
Operating Profit YoY	+110.3%	+133.4%	+80.3%	+28.1%	+25.4%	(15.9%)	-	-	-	-
Recurring Profit YoY	+83.5%	+56.7%	+39.5%	+7.0%	+16.6%	(13.0%)	-	-	-	-
Profit Attributable to Owners of Parent YoY	+88.2%	+58.4%	+31.4%	+3.5%	(9.3%)	(27.6%)	-	-	-	-
Gross Profit Margin	51.5%	50.4%	50.1%	48.9%	54.2%	49.5%	-	-	-	(0.9%)
SG&A Ratio	34.5%	33.7%	33.2%	34.7%	36.8%	37.8%	-	-	-	+4.1%
Operating Profit Margin	17.0%	16.7%	16.9%	14.2%	17.4%	11.7%	-	-	-	(5.0%)
Recurring Profit Margin	20.7%	19.6%	19.7%	16.5%	19.7%	14.2%	-	-	-	(5.4%)
Profit Attributable to Owners of Parent Margin	14.1%	13.3%	13.2%	11.2%	10.5%	8.0%	-	-	-	(5.3%)
Total Income Taxes / Profit before Income Taxes	32.2%	32.6%	33.7%	32.8%	37.8%	36.9%	-	-	-	+4.3%
Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		Net Chg.
	12/2022	12/2022	12/2022	12/2022	12/2023	12/2023	12/2023	12/2023		
<b>Sales</b>	<b>3,985</b>	<b>4,179</b>	<b>4,327</b>	<b>4,428</b>	<b>4,877</b>	<b>4,941</b>	-	-	-	<b>+762</b>
Cost of Sales	1,930	2,121	2,179	2,414	2,232	2,728	-	-	-	+607
Gross Profit	2,054	2,059	2,147	2,015	2,645	2,213	-	-	-	+154
SG&A Expenses	1,375	1,378	1,394	1,732	1,793	1,920	-	-	-	+542
<b>Operating Profit</b>	<b>679</b>	<b>681</b>	<b>753</b>	<b>283</b>	<b>851</b>	<b>293</b>	-	-	-	<b>(388)</b>
Non Operating Balance	145	98	101	51	110	140	-	-	-	+42
<b>Recurring Profit</b>	<b>824</b>	<b>779</b>	<b>854</b>	<b>334</b>	<b>961</b>	<b>433</b>	-	-	-	<b>(346)</b>
Extraordinary Balance	-	-	-	(2)	(141)	(9)	-	-	-	(9)
Profit before Income Taxes	824	779	854	332	820	424	-	-	-	(355)
Total Income Taxes	265	257	306	86	310	149	-	-	-	(108)
Profit Attributable to Non-Controlling Interests	(4)	(4)	(6)	(4)	(1)	(3)	-	-	-	+1
<b>Profit Attributable to Owners of Parent</b>	<b>563</b>	<b>526</b>	<b>555</b>	<b>249</b>	<b>511</b>	<b>278</b>	-	-	-	<b>(248)</b>
Sales YoY	+21.0%	+23.7%	+16.5%	+9.3%	+22.4%	+18.2%	-	-	-	-
Operating Profit YoY	+110.3%	+161.9%	+27.6%	(59.5%)	+25.4%	(57.0%)	-	-	-	-
Recurring Profit YoY	+83.5%	+35.7%	+15.6%	(60.5%)	+16.6%	(44.4%)	-	-	-	-
Profit Attributable to Owners of Parent YoY	+88.2%	+35.6%	(1.6%)	(56.9%)	(9.3%)	(47.1%)	-	-	-	-
Gross Profit Margin	51.5%	49.3%	49.6%	45.5%	54.2%	44.8%	-	-	-	(4.5%)
SG&A Ratio	34.5%	33.0%	32.2%	39.1%	36.8%	38.9%	-	-	-	+5.9%
Operating Profit Margin	17.0%	16.3%	17.4%	6.4%	17.4%	5.9%	-	-	-	(10.4%)
Recurring Profit Margin	20.7%	18.6%	19.7%	7.5%	19.7%	8.8%	-	-	-	(9.9%)
Profit Attributable to Owners of Parent Margin	14.1%	12.6%	12.8%	5.6%	10.5%	5.6%	-	-	-	(7.0%)
Total Income Taxes / Profit before Income Taxes	32.2%	33.0%	35.8%	25.9%	37.8%	35.1%	-	-	-	+2.2%

Source: Company Data, WRJ Calculation

## Segmented Information (Cumulative/Quarterly)

Segmented Information (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 12/2022	Q1 to Q2 12/2022	Q1 to Q3 12/2022	Q1 to Q4 12/2022	Q1 12/2023	Q1 to Q2 12/2023	Q1 to Q3 12/2023	Q1 to Q4 12/2023		
IT Systems for Pharmacies	3,148	6,500	9,975	13,530	3,783	7,681	-	-	+1,181	
IT Systems for Clinics	538	1,072	1,623	2,202	791	1,529	-	-	+457	
IT Systems fo Llong-Term Care/Welfare	136	268	401	539	140	278	-	-	+10	
Other	172	347	528	713	187	386	-	-	+39	
(Adjustments)	(9)	(23)	(36)	(65)	(24)	(56)	-	-	(33)	
<b>Sales</b>	<b>3,985</b>	<b>8,164</b>	<b>12,491</b>	<b>16,919</b>	<b>4,877</b>	<b>9,818</b>	-	-	<b>+1,654</b>	
IT Systems for Pharmacies	751	1,496	2,370	3,031	892	1,405	-	-	(91)	
IT Systems for Clinics	(95)	(184)	(210)	(409)	51	(7)	-	-	+177	
IT Systems fo Llong-Term Care/Welfare	27	55	(33)	(211)	(108)	(285)	-	-	(340)	
Other	(9)	(22)	(35)	(42)	2	5	-	-	+27	
<b>Segment Profit</b>	<b>674</b>	<b>1,345</b>	<b>2,092</b>	<b>2,369</b>	<b>837</b>	<b>1,118</b>	-	-	<b>(227)</b>	
(Adjustments)	5	15	21	27	14	26	-	-	+11	
<b>Operating Profit</b>	<b>679</b>	<b>1,360</b>	<b>2,113</b>	<b>2,396</b>	<b>851</b>	<b>1,144</b>	-	-	<b>(216)</b>	
IT Systems for Pharmacies	23.9%	23.0%	23.8%	22.4%	23.6%	18.3%	-	-	(4.7%)	
IT Systems for Clinics	(17.7%)	(17.2%)	(12.9%)	(18.6%)	6.4%	(0.5%)	-	-	+16.7%	
IT Systems fo Llong-Term Care/Welfare	19.9%	20.5%	(8.2%)	(39.1%)	(77.1%)	(102.5%)	-	-	(123.0%)	
Other	(5.2%)	(6.3%)	(6.6%)	(5.9%)	1.1%	1.3%	-	-	+7.6%	
(Adjustments)	0.1%	0.2%	0.2%	0.2%	0.3%	0.3%	-	-	+0.1%	
<b>Operating Profit Margin</b>	<b>17.0%</b>	<b>16.7%</b>	<b>16.9%</b>	<b>14.2%</b>	<b>17.4%</b>	<b>11.7%</b>	-	-	<b>(5.0%)</b>	

Segmented Information (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 12/2022	Q2 12/2022	Q3 12/2022	Q4 12/2022	Q1 12/2023	Q2 12/2023	Q3 12/2023	Q4 12/2023		
IT Systems for Pharmacies	3,148	3,352	3,475	3,555	3,783	3,898	-	-	+546	
IT Systems for Clinics	538	534	551	579	791	738	-	-	+204	
IT Systems fo Llong-Term Care/Welfare	136	132	133	138	140	138	-	-	+6	
Other	172	175	181	185	187	199	-	-	+24	
(Adjustments)	(9)	(14)	(13)	(29)	(24)	(32)	-	-	(18)	
<b>Sales</b>	<b>3,985</b>	<b>4,179</b>	<b>4,327</b>	<b>4,428</b>	<b>4,877</b>	<b>4,941</b>	-	-	<b>+762</b>	
IT Systems for Pharmacies	751	745	874	661	892	513	-	-	(232)	
IT Systems for Clinics	(95)	(89)	(26)	(199)	51	(58)	-	-	+31	
IT Systems fo Llong-Term Care/Welfare	27	28	(88)	(178)	(108)	(177)	-	-	(205)	
Other	(9)	(13)	(13)	(7)	2	3	-	-	+16	
<b>Segment Profit</b>	<b>674</b>	<b>671</b>	<b>747</b>	<b>277</b>	<b>837</b>	<b>281</b>	-	-	<b>(390)</b>	
(Adjustments)	5	10	6	6	14	12	-	-	+2	
<b>Operating Profit</b>	<b>679</b>	<b>681</b>	<b>753</b>	<b>283</b>	<b>851</b>	<b>293</b>	-	-	<b>(388)</b>	
IT Systems for Pharmacies	23.9%	22.2%	25.2%	18.6%	23.6%	13.2%	-	-	(9.1%)	
IT Systems for Clinics	(17.7%)	(16.7%)	(4.7%)	(34.4%)	6.4%	(7.9%)	-	-	+8.8%	
IT Systems fo Llong-Term Care/Welfare	19.9%	21.2%	(66.2%)	(129.0%)	(77.1%)	(128.3%)	-	-	(149.5%)	
Other	(5.2%)	(7.4%)	(7.2%)	(3.8%)	1.1%	1.5%	-	-	+8.9%	
(Adjustments)	0.1%	0.2%	0.1%	0.1%	0.3%	0.2%	-	-	+0.0%	
<b>Operating Profit Margin</b>	<b>17.0%</b>	<b>16.3%</b>	<b>17.4%</b>	<b>6.4%</b>	<b>17.4%</b>	<b>5.9%</b>	-	-	<b>(10.4%)</b>	

Source: Company Data, WRJ Calculation

## Cash Flow Statement (Cumulative)

Cash Flow Statement (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 12/2022	Q1 to Q2 12/2022	Q1 to Q3 12/2022	Q1 to Q4 12/2022	Q1 12/2023	Q1 to Q2 12/2023	Q1 to Q3 12/2023	Q1 to Q4 12/2023		
Operating Cash Flow	-	1,258	-	2,472	-	371	-	-	(887)	
Investing Cash Flow	-	(295)	-	(577)	-	(2,168)	-	-	(1,873)	
<b>Operating Cash Flow and Investing Cash Flow</b>	<b>-</b>	<b>963</b>	<b>-</b>	<b>1,895</b>	<b>-</b>	<b>(1,797)</b>	<b>-</b>	<b>-</b>	<b>(2,760)</b>	
Financing Cash Flow	-	(876)	-	(1,319)	-	(661)	-	-	+215	

Source: Company Data, WRJ Calculation



## Balance Sheet (Quarterly)

Balance Sheet	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		Net Chg.
	12/2022	12/2022	12/2022	12/2022	12/2023	12/2023	12/2023	12/2023		
Cash and Deposit	8,206	8,418	8,353	8,881	8,163	6,445	-	-		(1,973)
Accounts Receivables	2,421	2,314	2,501	2,761	3,494	3,250	-	-		+936
Inventory	725	634	674	1,084	1,744	1,555	-	-		+921
Other	602	996	988	1,123	549	1,051	-	-		+55
<b>Current Assets</b>	<b>11,954</b>	<b>12,362</b>	<b>12,516</b>	<b>13,849</b>	<b>13,950</b>	<b>12,301</b>	-	-		<b>(61)</b>
Tangible Assets	1,425	1,408	1,382	1,371	1,407	1,404	-	-		(4)
Intangible Assets	2,475	2,393	2,328	2,323	3,169	5,185	-	-		+2,792
Investments and Other Assets	8,717	8,623	8,816	8,805	8,157	8,278	-	-		(345)
<b>Fixed Assets</b>	<b>12,617</b>	<b>12,425</b>	<b>12,527</b>	<b>12,500</b>	<b>12,734</b>	<b>14,869</b>	-	-		<b>+2,444</b>
<b>Total Assets</b>	<b>24,572</b>	<b>24,787</b>	<b>25,044</b>	<b>26,349</b>	<b>26,684</b>	<b>27,170</b>	-	-		<b>+2,383</b>
Accounts Payables	809	744	900	1,398	1,691	1,238	-	-		+494
Short Term Debt	-	-	-	-	182	157	-	-		+157
Other	3,063	3,044	3,011	3,546	3,336	3,800	-	-		+756
<b>Current Liabilities</b>	<b>3,872</b>	<b>3,788</b>	<b>3,911</b>	<b>4,944</b>	<b>5,209</b>	<b>5,195</b>	-	-		<b>+1,407</b>
Long Term Debt	-	-	-	-	222	186	-	-		+186
Other	1,916	1,910	1,929	1,901	1,784	1,935	-	-		+25
<b>Fixed Liabilities</b>	<b>1,916</b>	<b>1,910</b>	<b>1,929</b>	<b>1,901</b>	<b>2,006</b>	<b>2,121</b>	-	-		<b>+211</b>
<b>Total Liabilities</b>	<b>5,789</b>	<b>5,699</b>	<b>5,840</b>	<b>6,846</b>	<b>7,216</b>	<b>7,317</b>	-	-		<b>+1,618</b>
<b>Shareholders' Equity</b>	<b>18,642</b>	<b>18,926</b>	<b>19,042</b>	<b>19,329</b>	<b>19,270</b>	<b>19,594</b>	-	-		<b>+668</b>
Other	140	162	161	174	198	258	-	-		+96
<b>Net Assets</b>	<b>18,782</b>	<b>19,088</b>	<b>19,203</b>	<b>19,503</b>	<b>19,468</b>	<b>19,852</b>	-	-		<b>+764</b>
<b>Total Liabilities &amp; Net Assets</b>	<b>24,572</b>	<b>24,787</b>	<b>25,044</b>	<b>26,349</b>	<b>26,684</b>	<b>27,170</b>	-	-		<b>+2,383</b>
Equity Capital	18,707	18,999	19,120	19,424	19,390	19,777	-	-		+778
Interest Bearing Debt	-	-	-	-	404	343	-	-		+343
Net Debt	(8,206)	(8,418)	(8,353)	(8,881)	(7,759)	(6,102)	-	-		+2,316
Equity Ratio	76.1%	76.6%	76.3%	73.7%	72.7%	72.8%	-	-		-
Net Debt Equity Ratio	(43.9%)	(44.3%)	(43.7%)	(45.7%)	(40.0%)	(30.9%)	-	-		-
ROE (12 months)	11.6%	12.1%	11.9%	9.9%	9.7%	8.2%	-	-		-
ROA (12 months)	12.5%	13.2%	13.6%	10.9%	11.4%	9.9%	-	-		-

Source: Company Data, WRJ Calculation

### Disclaimer

Information here is a summary of “IR Information” of the Company, compiled by Walden Research Japan, from a neutral and professional standing point, in the form of a report. “IR Information” of the Company comprises a) contents of our interview with the Company, b) contents of presentations for institutional investors, c) contents of timely disclosed information and d) contents of the homepage, etc.

Company name: Walden Research Japan Incorporated

Head office: Level 4 Ginza Ishii Building, 6-14-8 Ginza Chuo-ku Tokyo 104-0061, JAPAN

URL: <https://walden.co.jp/>

E-mail: [info@walden.co.jp](mailto:info@walden.co.jp)

Tel: 81-(0)3-3553-3769