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Consolidated Financial Results
for the Nine Months Ended September 30, 2024
[Under Japanese GAAP]

November 13, 2024

Company name:	**FINDEX Inc.**
Listing:	Tokyo Stock Exchange
Securities code:	3649
URL:	https://findex.co.jp/en/index.html
Representative:	Teruo Aibara, President & CEO
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Scheduled date to commence dividend payments:	N/A
Preparation of supplementary material on financial results:	Yes
Holding of financial results briefing:	No

1. Consolidated Financial Results for the Nine Months ended September 30, 2024 (From January 1, 2024, to September 30, 2024)

**Figures are rounded down to the nearest million yen, except share and per share data*

**"%" indicates year-on-year changes from the previous corresponding period*

(1) Consolidated Operating Results (Cumulative)

	Net sales		Operating profit		Recurring profit		Profit attributable to owners of parent	
Nine months ended	JPY MM	%	JPY MM	%	JPY MM	%	JPY MM	%
September 30, 2024	4,310	24.1	1,125	41.3	1,132	38.1	831	46.6
September 30, 2023	3,474	15.8	796	63.2	820	56.7	567	62.2

(Note) Comprehensive income: Q3 FY2024: 830 million yen [45.9%], Q3 FY2023: 569 million yen [62.2%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	JPY	JPY
September 30, 2024	32.41	-
September 30, 2023	22.13	-

(Note) No statement is indicated above for the number of diluted EPS for Q3 FY2023 and Q3 FY2024 because there were no issuable shares.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	JPY MM	JPY MM	%	JPY
September 30, 2024	6,144	5,283	85.9	205.65
December 31, 2023	5,934	4,845	81.5	188.67

(Ref.) Equity amount: Q3 FY2024: 5,278 million yen, Q4 FY2023: 4,838 million yen

2. Dividends

	Annual dividends per share				
	1st quarter	2nd quarter	3rd quarter	Year-end	Total
	JPY	JPY	JPY	JPY	JPY
Fiscal year ended December 31, 2023	—	4.00	—	9.00	13.00
Fiscal year ending December 31, 2024	—	7.00	—		
Fiscal year ending December 31, 2024 (Forecast)				8.00	15.00

(Note) Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated Financial Forecasts for the Fiscal Year ending December 31, 2024 (From January 1, 2024, to December 31, 2024)

** Figures are rounded down to the nearest million yen, except share and per share data*

** "%" indicates year-on-year changes from the previous corresponding period*

	Net sales		Operating profit		Recurring profit		Profit attributable to owners of parent		Basic earnings per share
	JPY MM	%	JPY MM	%	JPY MM	%	JPY MM	%	JPY
Fiscal year ending December 31, 2024	5,782	11.4	1,574	5.2	1,591	4.2	1,097	3.6	42.79

(Note) Revisions to the forecast since the latest announcement: None

*Notes:

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

Newly included companies: None, Newly excluded companies: None

(2) Adoption of accounting treatment specific to the preparation of the quarterly consolidated financial statements: None

(3) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (Common Shares)

	As of September 30, 2024	As of December 31, 2023
The number of issued shares at the end of the period (including treasury shares)	26,608,800	26,608,800
Number of treasury shares at the end of the period	940,433	962,288
	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)	25,658,614	25,634,123

(Note) The number of treasury shares at the end of the period includes our shares held by Custody Bank of Japan, Ltd. (Trust Account E) (143,400 shares for Q3 FY2024, 154,400 shares for FY2023). Our shares held by Custody Bank of Japan, Ltd. (Trust Account) are included in the treasury share deducted in the calculation of the average number of shares during the period (149,113 shares for Q3 FY2024, 157,986 shares for Q3 FY2023).

*Review of this quarterly financial results report by a certified public accountant or audit firm: N/A

* Proper use of earnings forecasts, and other special matters:

The performance forecast described in this report are based on information that is available to the Group, as well as certain assumptions and estimates that are deemed to be reasonable, and we make no assurance that such descriptions prove to be correct. Actual figures may significantly differ due to various factors.

Attached Material

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1. Qualitative Information on Quarterly Consolidated Financial Results

(1) Explanation on Operating Results

The Group is dedicated to realizing its corporate philosophy of "enriching society through technologies and creation" by developing and providing products and services centered around solutions that promote digitalization in medical software, medical equipment, and administrative organization. The Group is committed to fostering research and development that encourages "the joy of creation" based on "exploration of new ideas and technology" and providing products that "exceed customer expectations and contribute to the development of society" as its fundamental business policy.

The consolidated financial results for the nine months ended September 30, 2024 are as follows.

(JPY in thousands)

	Nine months ended September 30, 2023	Nine months ended September 30, 2024	Change (amount)	Change (%)	Progress rate (%)
Net sales	3,474,339	4,310,187	835,847	24.1%	74.5%
Operating profit	796,462	1,125,644	329,181	41.3%	71.5%
Recurring profit	820,017	1,132,845	312,827	38.1%	71.2%
Profit attributable to owners of the parent	567,203	831,621	264,417	46.6%	75.8%

In the first nine months of the fiscal year ending December 31, 2024 (January 1, 2024 to September 30, 2024), consolidated net sales were ¥4,310,187 thousand (+24.1% YoY), operating profit was ¥1,125,644 thousand (+41.3%), recurring profit was ¥1,132,845 thousand (+38.1%), and profit attributable to owners of the parent was ¥831,621 thousand (+46.6%). Medical Business and Public Sector Business performed exceptionally well, leading to record-high sales and profits in the first nine months. The progress rates against the full-year performance forecast is 74.5% for net sales, 71.5% for operating profit, 71.2% for recurring profit, and 75.8% for profit attributable to owners of the parent. The business environment has been generally favorable, and the Group's performance is progressing as planned towards achieving the full-year forecast.

Consolidated results by segment for the first nine months of the current fiscal year are as follows.

≪Medical Business≫

(JPY in thousands)

	Nine months ended September 30, 2023	Nine months ended September 30, 2024	Change (amount)	Change (%)
Net sales	3,321,180	4,086,900	765,720	23.1%
Operating profit	892,473	1,199,523	307,049	34.4%

Mainstay products in the Medical Business segment include the data management software *Claio*, the progress note system *C-Note*, and the document management software *DocuMaker*.

In the first nine months of the current fiscal year, 38 hospitals and 90 clinics newly installed, added on, or updated our systems. The maintenance and consulting service also performed well. As a result, consolidated net sales in this segment were ¥4,086,900 thousand (+23.1% YoY) and operating profit was ¥1,199,523 thousand (+34.4%). Although there was an increase in personnel expenses due to salary raises and staff additions, we were able to offset the cost increase through revenue growth driven by contributions from large-scale projects.

In addition to traditional on-premises products, there has been an expansion in the cloud-based services offerings, which has been leading to the acceleration of R&D.

Fitting Cloud Inc., a subsidiary specializing in cloud solutions and medical AI technology, aims to expand the sales of "*CocktailAI"*, a solution leveraging generative AI to streamline physician tasks. To achieve this, integration is being enhanced with other in-house products beyond *DocuMaker*, as well as with products from other companies.

≪Public Sector Business≫

(JPY in thousands)

	Nine months ended September 30, 2023	Nine months ended September 30, 2024	Change (amount)	Change (%)
Net sales	112,181	197,224	85,042	75.8%
Operating profit	9,417	59,100	49,682	527.5%

Mainstay product in the Public Sector Business segment is *DocuMaker Office*, an archive management and digital approval system, to support digitalization in public sector organizations.

In the first nine months of the current fiscal year, 12 packaged solution for local governments, and 4 packaged solutions for hospitals have newly been installed. As a result, net sales in this segment were ¥197,224 thousand (+75.8% YoY) and operating profit was ¥59,100 thousand (+527.5% YoY). With the increase in the number of users, monthly subscription revenue has remained stable, leading to higher sales and profits.

For the packaged solutions provided to local governments, the successful implementations at a prefectural office and other institutions were positive factors. These have led to the acquisition of 2 new direct projects and 8 new distributor-led projects during this period. Additionally, demand continues to rise for document management systems in medical institutions that adhere to public document standards. High-probability negotiations, similar to those for local governments, are in progress, supporting expectations for continued steady expansion. Since the service launch, a total of 39 packages for local governments and 9 for medical institutions have cumulatively been deployed.

The total number of users for this solution has reached approximately 34,000. Among them, the number of monthly subscription users increased by 34% compared to the end of fiscal year 2023, reaching 7,650. This growth trend is expected to continue, contributing to stable profit expansion. Additionally, the number of cancellations since the launch of the service remains at zero, and the establishment of a solid customer base has progressed steadily.

≪Health Tech Business≫

(JPY in thousands)

	Nine months ended September 30, 2023	Nine months ended September 30, 2024	Change (amount)	Change (%)
Net sales	40,977	26,062	(14,915)	(36.4%)
Operating loss	(105,428)	(132,979)	(27,550)	-

Mainstay products in the Health Tech Business segment are the gaze analyzing perimeter *GAP*[*1] and *GAP-screener*[*2].

GAP is an affordable, groundbreaking wearable device that enhances availability by measuring a patient's visual field with a completely different approach to that of conventional examination methods. It can also contribute to the early detection of retinal diseases, such as glaucoma and other conditions that lack obvious symptoms in the early stages. Unlike a conventional visual field examination, the product does not require the use of a dark room, thus shortening the examination time and alleviating the burden on the patient. Moreover, by promoting the use of *GAP* at facilities that conduct medical exams and health checkups, data of patients with early-stage retinal disease can be shared with R&D centers in Japan and overseas with the potential for it to contribute to the innovation of technology and solutions in numerous fields, including pharmaceuticals and life insurance.

In the first nine months of the current fiscal year, net sales in this segment were ¥26,062 thousand (-36.4% YoY) and operating loss was ¥132,979 thousand, versus the year-earlier operating loss of ¥105,428 thousand. Revenue and profit decreased year on year due to the reduction in the number of product shipments compared to the previous year and the increase in personnel expenses due to salary raises and staff additions.

In the first nine months, a total of 8 units were sold domestically. *GAP* is distributed to ophthalmologic hospitals and clinics nationwide through various medical equipment distributors, and they also facilitate the sale of *GAP-screener* to health check-up facilities.

The visibility of the product has increased due to the publication of a paper on its performance in a prestigious

academic journal in the U.S. and coverage in mass media in Japan. A steady stream of demonstration requests has been received from ophthalmology clinics, indicating positive reception.

(Note 1) Gaze Analyzing Perimeter, *GAP* (Notification No. of medical device manufacturing and sales 38B2X10003000002)
(Note 2) Gaze Analyzing Perimeter, *GAP-screener* (Notification No. of medical device manufacturing and sales 38B2X10003000003)

(2) Explanation on the Financial Position

Status of Assets, Liabilities, and Net assets

(JPY in thousands)

	As of December 31, 2023	As of September 30, 2024	Change in Amount
Assets	5,934,285	6,144,673	210,388
Liabilities	1,088,925	861,174	(227,751)
Net Assets	4,845,360	5,283,499	438,139

Total assets at the end of the third quarter amounted to ¥6,144,673 thousand, an increase of ¥210,388 thousand from the end of the previous fiscal year. This was mainly due to an increase of ¥214,418 thousand in current assets, primarily owing to an increase of ¥1,155,331 thousand in cash and deposits, offset by a decrease of ¥899,674 thousand in notes and accounts receivable–trade and contract assets, as well as a decrease of ¥37,543 thousand in merchandise and finished goods.

Liabilities amounted to ¥861,174 thousand, a decrease of ¥227,751 thousand from the end of the previous fiscal year. This was primarily attributable to a decrease of ¥179,324 thousand in current liabilities and a decrease of ¥48,426 thousand in non-current liabilities.

Net assets amounted to ¥5,283,499 thousand, an increase of ¥438,139 thousand from the end of the previous fiscal year. This was mainly due to an increase in shareholders' equity of ¥439,211 thousand by virtue of an increase in retained earnings.

(3) Explanation on Consolidated Financial Forecasts and Other Forward-looking Statements

Our consolidated results forecasts for the fiscal year ending December 31, 2024, remain unchanged from those announced in the full-year financial results on February 13, 2024.

2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly Consolidated Balance Sheet

(JPY in thousands)

	As of December 31, 2023	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	2,693,160	3,848,491
Notes and accounts receivable - trade, and contract assets	1,924,104	1,024,430
Merchandise and finished goods	216,844	179,300
Work in process	3,967	1,978
Raw materials and supplies	118,376	116,770
Other	50,502	50,402
Total current assets	5,006,955	5,221,374
Non-current assets		
Property, plant and equipment	89,255	85,840
Intangible assets		
Software	290,050	297,469
Other	344	344
Total intangible assets	290,394	297,813
Investments and other assets	547,680	539,645
Total non-current assets	927,330	923,299
Total assets	5,934,285	6,144,673
Liabilities		
Current liabilities		
Accounts payable - trade	39,379	45,408
Accounts payable - other	99,701	110,314
Income taxes payable	331,241	124,862
Other	302,524	312,936
Total current liabilities	772,846	593,522
Non-current liabilities		
Provision for share awards	233,125	227,488
Other	82,952	40,163
Total non-current liabilities	316,078	267,651
Total liabilities	1,088,925	861,174
Net assets		
Shareholders' equity		
Share capital	254,259	254,259
Capital surplus	224,259	227,222
Retained earnings	5,157,662	5,576,393
Treasury shares	(791,956)	(774,439)
Total shareholders' equity	4,844,223	5,283,435
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(5,386)	(4,698)
Total accumulated other comprehensive income	(5,386)	(4,698)
Non-controlling interests	6,522	4,762
Total net assets	4,845,360	5,283,499
Total liabilities and net assets	5,934,285	6,144,673

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

(Quarterly Consolidated Statement of Income, Cumulative)

(JPY in thousands)

	Nine months ended September 30, 2023	Nine months ended September 30, 2024
Net sales	3,474,339	4,310,187
Cost of sales	1,341,914	1,708,509
Gross profit	2,132,425	2,601,678
Selling, general and administrative expenses	1,335,962	1,476,033
Operating profit	796,462	1,125,644
Non-operating income		
Interest income	59	641
Foreign exchange gains	16,869	—
Subsidy income	4,466	4,688
Royalty income	1,660	1,660
Other	498	209
Total non-operating income	23,554	7,200
Recurring profit	820,017	1,132,845
Extraordinary income		
Insurance claim income	19,000	—
Total extraordinary income	19,000	—
Extraordinary losses		
Compensation for damage	22,000	—
Total extraordinary losses	22,000	—
Profit before income taxes	817,017	1,132,845
Income taxes - current	241,337	294,099
Income taxes - deferred	6,392	8,883
Total income taxes	247,729	302,983
Profit	569,287	829,861
Profit (loss) attributable to non-controlling interests	2,083	(1,760)
Profit attributable to owners of parent	567,203	831,621

(Quarterly Consolidated Statement of Comprehensive Income, Cumulative)

(JPY in thousands)

	Nine months ended September 30, 2023	Nine months ended September 30, 2024
Profit	569,287	829,861
Other comprehensive income		
Valuation difference on available-for-sale securities	—	688
Total other comprehensive income	—	688
Comprehensive income	569,287	830,549
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	567,203	832,309
Comprehensive income attributable to non-controlling interests	2,083	(1,760)

(3) Notes to the Quarterly Consolidated Financial Statements

(Notes on Segment Information etc)

[Segment Information]

Sales and Profit or Loss by Reportable Segment

Nine Months ended September 30, 2023 (From January 1, 2023, to September 30, 2023)

(JPY in thousands)

	Reportable segment				Reported amount for consolidated financial statements (Note)
	Medical Business	Public Sector Business	Health Tech Business	Sub total	
Net Sales					
Sales for external customers	3,321,180	112,181	40,977	3,474,339	3,474,339
Internal sales or transfers between segments	—	—	—	—	—
Total	3,321,180	112,181	40,977	3,474,339	3,474,339
Segment profit or loss	892,473	9,417	(105,428)	796,462	796,462

(Note) Aggregated segment profit or loss aligns with the operating profit amount reported in the quarterly consolidated financial statements.

Nine Months ended September 30, 2024 (From January 1, 2024, to September 30, 2024)

(JPY in thousands)

	Reportable segment				Reported amount for consolidated financial statements (Note)
	Medical Business	Public Sector Business	Health Tech Business	Sub total	
Net Sales					
Sales for external customers	4,086,900	197,224	26,062	4,310,187	4,310,187
Internal sales or transfers between segments	—	—	—	—	—
Total	4,086,900	197,224	26,062	4,310,187	4,310,187
Segment profit or loss	1,199,523	59,100	(132,979)	1,125,644	1,125,644

(Note) Aggregated segment profit or loss aligns with the operating profit amount reported in the quarterly consolidated financial statements.

(Notes on Significant Change in Equity Capital): N/A

(Note on Going Concern Assumption): N/A

(Notes on the Quarterly Consolidated Cash Flow Statement)

A quarterly consolidated cash flow statement covering the nine-month period has not been prepared. Depreciation and amortization expenses for this period, and amortization for software developed for marketable purposes, are as follows.

(JPY in thousands)

	Nine months ended September 30, 2023	Nine months ended September 30, 2024
Depreciation	33,138	29,780
Amortization of software	156,475	185,780

【Additional Information】

(Accounting Treatment for Employee Stock Ownership Plan, J-ESOP)

At the Board of Directors meeting held on October 29, 2015, the Company resolved to adopt an employee stock ownership plan (referred to as J-ESOP) as an incentive plan to grant Company shares purchased from the market to employees in order to more closely link the Company's share price and earnings with employee compensation and to boost the motivation and morale of employees to improve the share price and earnings by sharing the economic benefits with shareholders.

Accordingly, Trust & Custody Services Bank, Ltd. (trust account E) (now Custody Bank of Japan, Ltd. (trust account E)) acquired 194,200 shares of the Company's stock between November 13, 2015 and November 26, 2015.

Regarding accounting treatment for the J-ESOP, we have applied the gross method to record trust assets and liabilities as corporate assets and liabilities on the consolidated balance sheet in accordance with the Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts (PITF No. 30, March 26, 2015).

The treasury stock held by Custody Bank of Japan, Ltd. (trust account E) is shown as treasury shares in the net assets section of the quarterly consolidated balance sheet. The amount recorded at the end of the previous fiscal year was ¥119,108 thousand and the number of shares was 154,400. The amount recorded at the end of the third quarter of the current fiscal year was ¥110,623 thousand and the number of shares was 143,400.

3. Supplementary Information

(1) Transition of Significant Financial Key Performance Indicators

(JPY in thousands, except per share amounts)

	Nine months ended September 30, 2023	Nine months ended September 30, 2024	Fiscal year ended December 31, 2023
Net sales	3,474,339	4,310,187	5,191,735
Operating profit	796,462	1,125,644	1,496,570
Recurring profit	820,017	1,132,845	1,527,453
Profit	569,287	829,861	1,061,431
Profit attributable to owners of non-controlling interests or loss attributable to owners of non-controlling interests	2,083	(1,760)	2,291
Profit attributable to owners of parent	567,203	831,621	1,059,140
Comprehensive income	569,287	830,549	1,056,045
Net assets	4,358,601	5,283,499	4,845,360
Total assets	5,075,193	6,144,673	5,934,285
Net assets per share (yen)	169.70	205.65	188.67
Basic earnings per share (yen)	22.13	32.41	41.31

(2) Production, Order and Sales

1) Actual Result of Production for Q3 FY2024 (Cumulative Amount)

Business segment	Production (JPY in thousands)	YoY (%)
Medical Business	1,133,656	108.5
Public Sector Business	67,312	136.2
Health Tech Business	119,217	112.8
Total	1,320,186	110.1

(Note) Figures above is calculated by total manufacturing cost for the current quarter.

2) Order Status for Q3 FY2024 (Cumulative Amount)

Business segment	Order received (JPY in thousands)	YoY (%)	Order backlog (JPY in thousands)	YoY (%)
Medical Business	2,418,172	88.0	1,392,582	78.9
Public Sector Business	245,262	155.8	204,211	178.6
Health Tech Business	25,018	80.1	11,818	84.9
Total	2,688,453	91.5	1,608,611	84.9

3) Sales Result for Q3 FY2024 (Cumulative Amount by Segments, Solutions, and Channels)

Segment, solution, channel	Sales amount (JPY in thousands)	Ratio (%)	YoY (%)
Medical Business			
Software [of via distributors]	2,204,163 [517,060]	51.1	122.9
Hardware [of via distributors]	362,441 [6,385]	8.4	178.9
Support [of via distributors]	1,185,605 [362,744]	27.5	105.3
Other	334,691	7.8	168.0
Public Sector Business			
Software [of via distributors]	181,654 [12,539]	4.2	161.9
Hardware	7,668	0.2	-
Other	7,902	0.2	-
Health Tech Business	26,062	0.6	63.6
Total	4,310,187	100.0	124.1