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JPX PRIME

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FY2024 Financial Results Presentation

FINDEX Inc.

Feb 13, 2025

FINDEX

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KEY TAKEAWAYS

FY2024 Results in Line with Initial Plan

FY2024 Performance

Net Sales: **+12.5**% YoY

vs. Initial Plan **101.0**%

Operating Profit: +1.9% YoY

vs. Initial Plan **96.9**%

FY2025 Growth Investments Expected to Keep Earnings Flat

FY2025 Plan

Net Sales: **+3.1**% YoY

Operating Profit: **-4.0%** YoY

- Higher fixed costs, including talent acquisition
- Continued focus on M&A as part of the growth strategy

Order Backlog Remains at a High Level

Order Backlog at the End of FY2024:

Remains at a high level of ¥**1,427**mn

At the End of FY2023: ¥1,789mn

Public Sector Business Growing as a Key Revenue Driver

Performance of Public Sector Business :

Net Sales: ¥**290**mn

(+54.5% YoY)

Operating profit: ¥**101**mn

(**2.45x** increase YoY)

FY2025 Dividend Increase Planned for the 5th Consecutive Year

FY2025 target payout ratio to reach about **40**%

FY2024 annual dividend: ¥15.00 per share (+¥**2.00** per share YoY)

FY2025 annual dividend: ¥**17.00** per share (planned)

Assessment of Several Investment Outcomes

- Steady increase in *PiCls* sales discussions
- Launched cloud-based solutions
- Progress in MCI joint research

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FY2024 Financial Summary

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FY2024 Financial Summary

- Net sales and profits landed within the range of the initial plan
- The Medical Business expanded steadily, while the Public Sector Business performed strongly, exceeding internal plans
- The Medical Business faces challenges such as worsening hospital management and a tough market environment. However, interest in medical DX continues, particularly among large hospitals. Our strategic product line *PiCls* has started gaining traction
- The Public Sector Business has established itself as a key revenue driver. Efforts to secure large-scale projects have laid the foundation for medium-term revenue growth
- Strategic personnel enhancements progressed well. The consolidated number of employees increased to 311, achieving the initial plan's target of +20
  On the other hand, personnel expenses rose due to salary increases aimed at securing talented personnel

(¥ Millions)	FY2023	FY2024	YoY	Initial Plan (as of Feb 2024)	Plan Achievement Rate
Net sales	5,192	**5,841**	12.5%	5,782	101.0%
Medical Business	4,936	**5,495**	11.3%	–	
Public Sector Business	187	**290**	54.5%	–	
Health Tech Business	68	**57**	(16.8%)	–	
Gross profit	3,329	**3,553**	6.7%	–	
SG&A	1,833	**2,028**	10.6%	–	
Operating profit	1,497	**1,525**	1.9%	1,574	96.9%
Medical Business	1,626	**1,653**	1.7%	–	
Public Sector Business	41	**101**	144.7%	–	
Health Tech Business	(170)	**(229)**		–	
Recurring profit	1,527	**1,544**	1.1%	1,591	97.1%
Profit attributable to owners of parent	1,059	**1,162**	9.7%	1,097	106.0%

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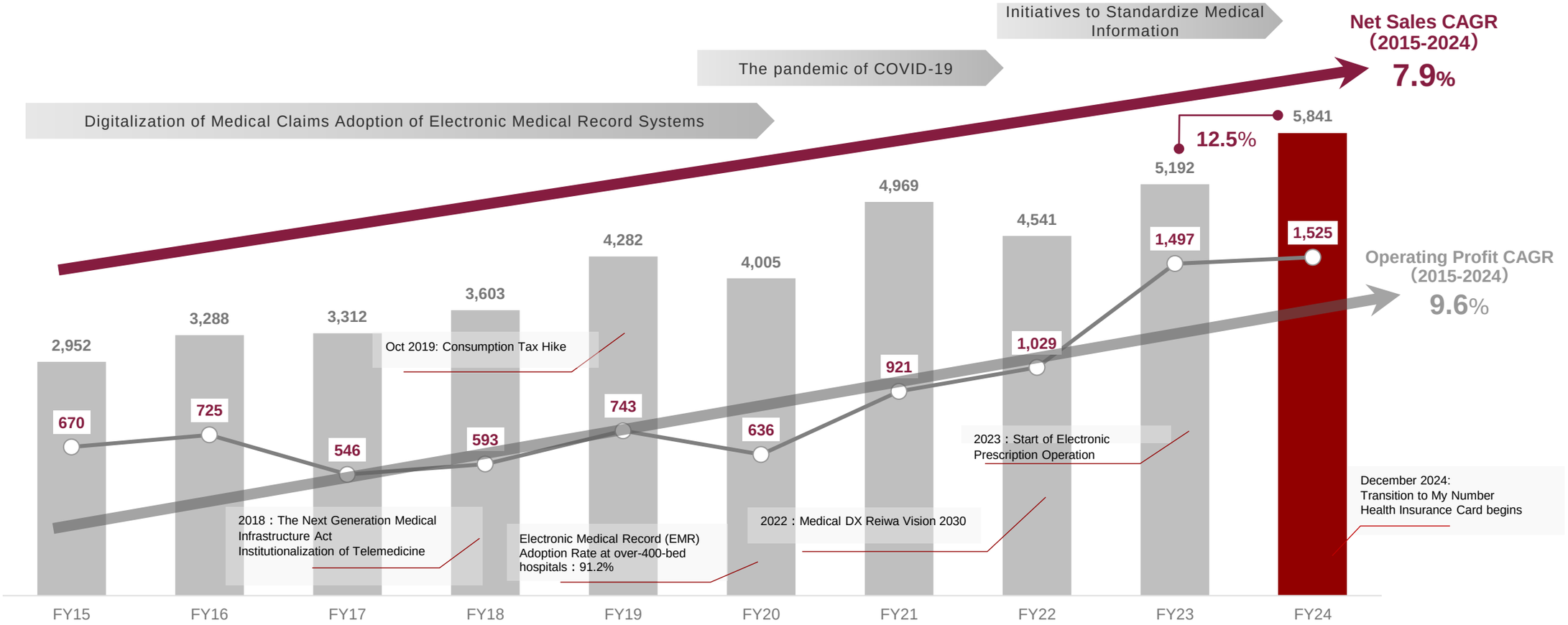
Net Sales and Operating Profit Trends

- Revenue growth continued in 2024, with a sales growth rate of 12.5% for FY2024, exceeding the 10-year average CAGR of 7.9%
- Revenue declined only in 2020 and 2022. In 2020, this was due to a reactionary decline following a surge in demand before the consumption tax hike, while in 2022, the COVID-19 pandemic impacted business operations
- The operating profit margin for FY2024 was 26.1%, lower than the previous year but higher than the 10-year average of 21%



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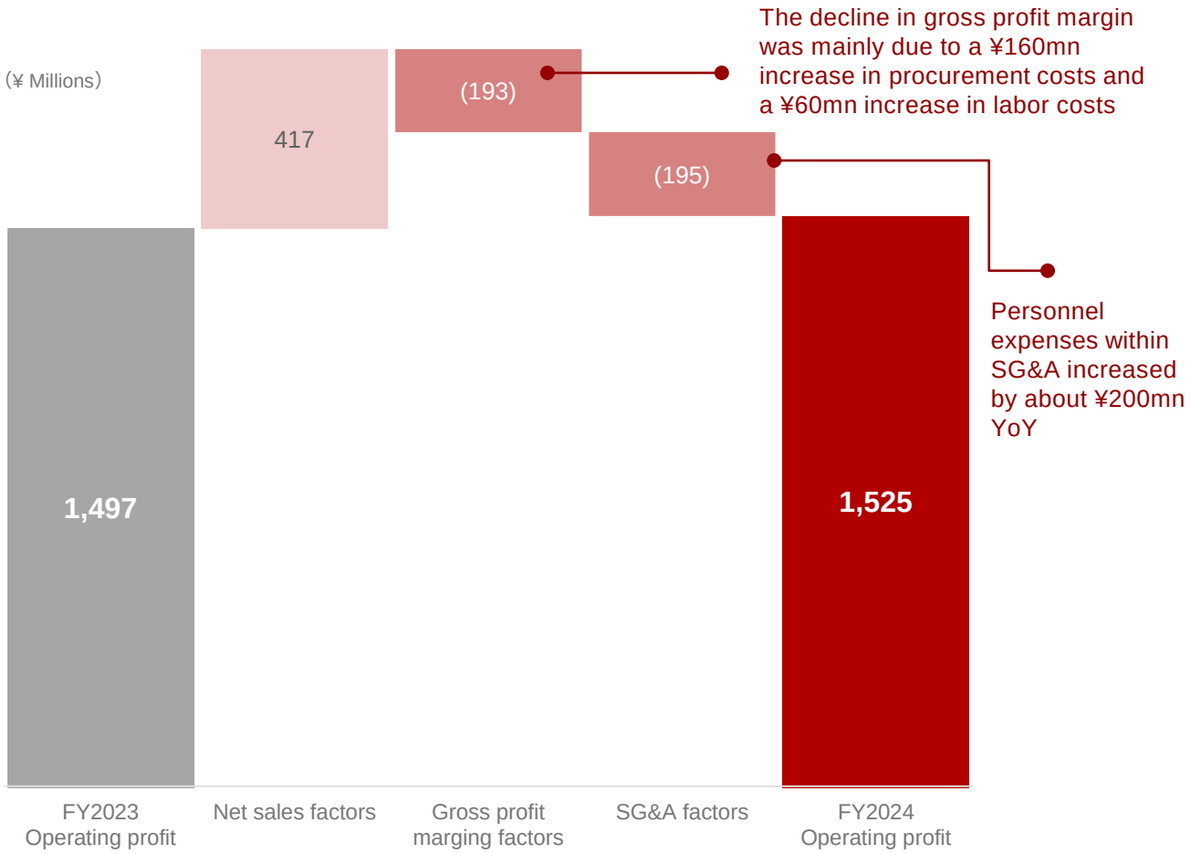
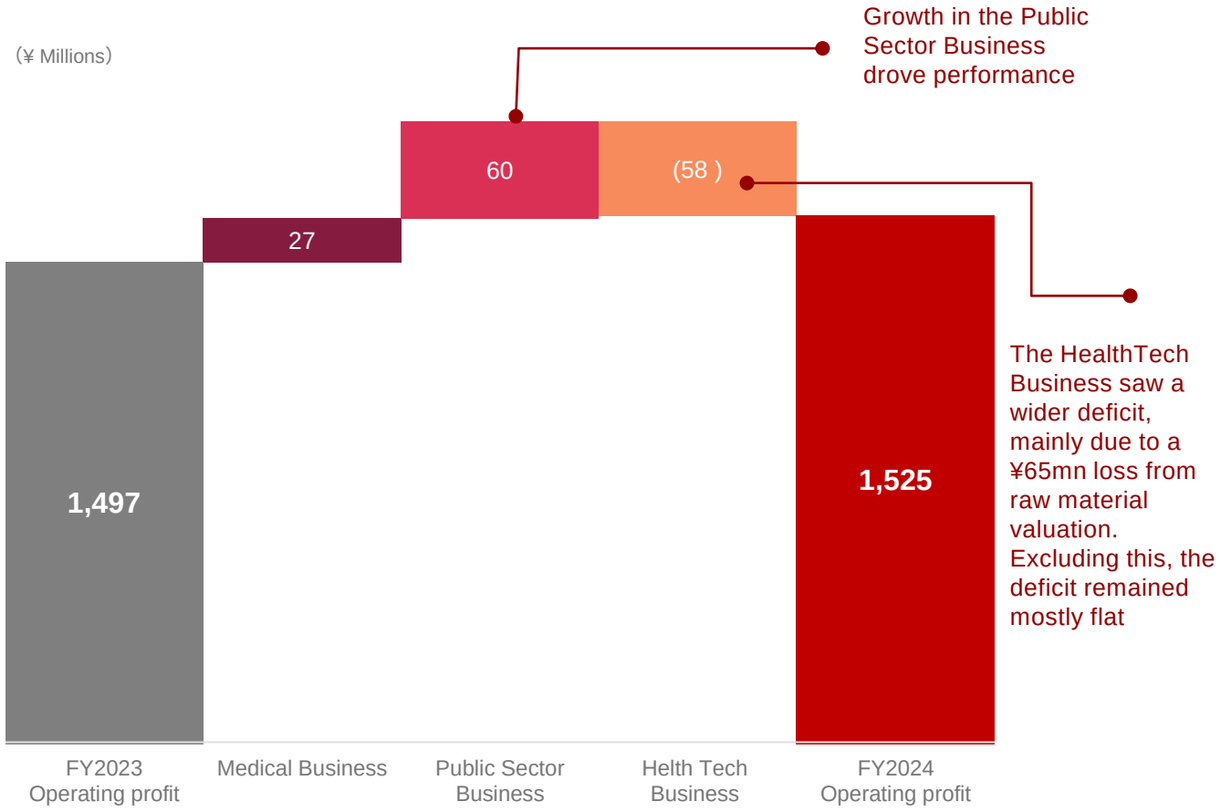
FY2024 Factors Contributing to Changes in Operating Profit

- Operating profit offset the decline in gross profit margin and the increase in SG&A expenses due to higher sales
- Gross profit margin for FY2024 declined to 60.8% from 64.1% in the previous year, driven by higher procurement and labor costs
- Personnel-related expenses within SG&A rose by approximately ¥200 million, accounting for most of the increase
- Profit growth was mainly driven by the Public Sector Business, while the Health Tech segment's deficit, including a ¥65 million impairment loss, expanded

Factors affecting operating profit changes



Factors affecting segment profit changes



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Balance Sheet and Cash Flow Statement

- Financial soundness remains stable, with an equity ratio of 83.8%
- A portion of cash and deposits is being invested, approx. ¥2bn in perpetual subordinated bonds of leading Japanese commercial banks, recognized as highly secure and liquid bonds
- Investment income will be allocated to future updates of internal software
- Invested assets, cash, and deposits will be utilized for growth investment opportunities, such as M&A, and for enhancing shareholder value, when necessary

	FY2023	FY2024	Changes
Cash and deposits	2,693	**1,734**	(959)
Notes and accounts receivable and contract assets	1,924	**1,550**	(374)
Merchandise and finished goods, work in progress	221	**190**	(31)
Raw materials and supplies	118	**50**	(68)
Other	50	**58**	8
TOTAL CURRENT ASSETS	5,006	**3,582**	(1,424)
Property, plant and equipment	89	**80**	(9)
Intangible assets	290	**311**	20
Software	290	**311**	20
Investments and other assets	547	**2,711**	2,163
Investment in securities	199	**2,315**	2,116
TOTAL ASSETS	5,934	**6,684**	750
TOTAL CURRENT LIABILITIES	773	**774**	1
Non-current LIABILITIES	316	**303**	(13)
(long-term and short-term interest-bearing liabilities	0	**0**	0
TOTAL LIABILITIES	1,089	**1,076**	(12)
NET ASSETS	4,845	**5,607**	761
TOTAL LIABILITIES and NET ASSETS	5,934	**6,684**	750

Cash flows（¥ Million）	FY2023	FY2024	Changes
Cash flows from operating activities	843	**1,899**	1,056
Cash flows from investing activities	(297)	**(2,435)**	(2,138)
Cash flows from financing activities	(270)	**(413)**	(142)
Free Cash flow	546	**(536)**	(1,082)

Initiated efficient fund management

Invested in perpetual subordinated bonds of leading banks with high liquidity and security

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Management Strategy and Evaluation for FY2024

- The number of employees increased by 21 YoY, progressed as initially planned. The effectiveness of a dedicated team for recruitment was evident
- On the other hand, personnel expenses exceeded the budget due to salary increases and prioritizing headcount growth
- A 20% price increase was applied to all products and services, but its impact remained limited during FY2024
- The efforts related to cloud-based solutions have gradually begun to show results

FY2024 Initial Management Strategy		Specific Measures, Effects/Assessment		Challenges & Targets
Improving Productivity	• Enhance employee engagement	• Active recruitment of talents	✓	Significant increase in number of new graduate recruit for 2025
	• Optimize workforce allocation	• Review of HR regulations • (e.g., reduction in prescribed working hours)	-	Continued shortage of talents in newly growing businesses
	• Upgrading the work environment through promoting internal DX with in-house software development	• Replacement of internal software planned for 2025	✓	
Strengthening Sales Capability	• Strengthen relationships with distributors and sales partners	• Business transfer to distributors and organizational restructuring	-	✓ for Medical Business Ongoing discussions on developing new distributors and sales partners
	• Enhance integration with other companies' software in the Public Sector Business	• Continued discussions on strengthening integration with other companies' software	-	
	• Active recruitment and retention of employees	• Newly added 21 employees, retention rate improved	✓	Employee training and development
	• Address rising personnel expenses	• Increased products and services prices by 20% in April, but effects will be visible gradually	-	
Achieving Stable Profit Growth	• Accelerate deployment of cloud-based solutions to large hospitals	• Number of negotiations with large hospitals beginning to increase	✓	
	• Reflect increased personnel expenses in products and services prices (average of 20% increase)	• Although the 20% price increase was implemented, its effects will take time to materialize	-	
	• Reinforce and expand existing businesses through M&A	• Increased number of M&A opportunities under consideration, but no results achieved	X	Need to reconsider investment criteria
	• Expand overseas sales of *Claio*	• Some negotiations halted due to partner circumstances, while others continue	X	
	• Develop medical information consulting services for other industries	• Highly evaluated for consulting with large hospitals	✓	

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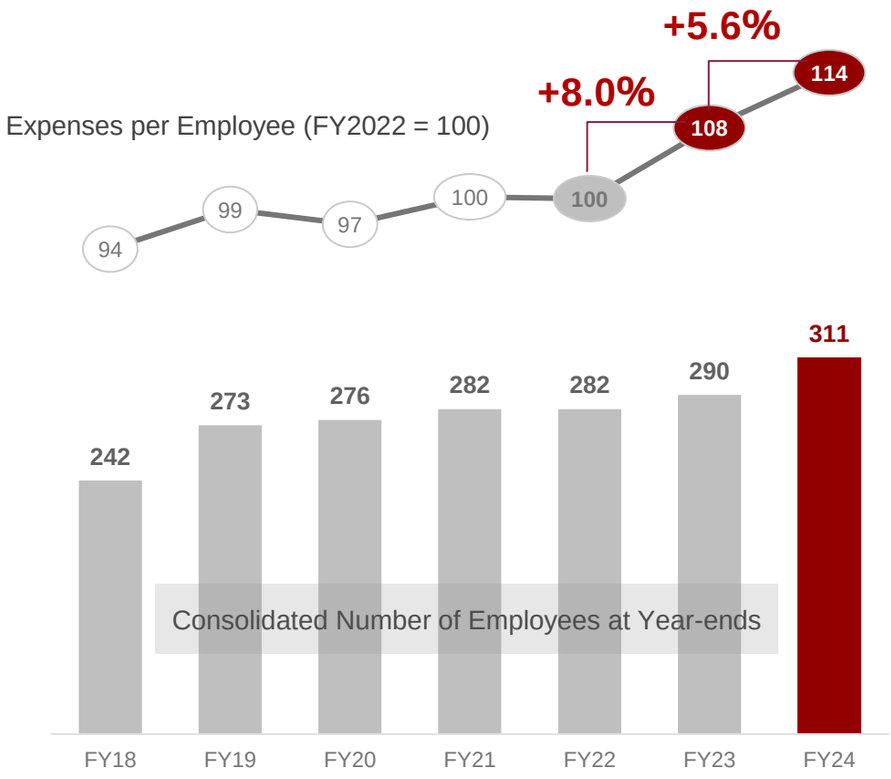
Personnel Expenses

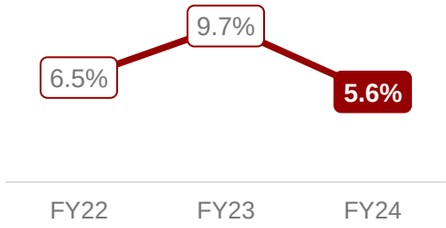
- Strategic investment in HR progressed as planned. Consolidated number of employees at the end of FY2024: 311 (+21), non-consolidated: 305 (+20)
- Recruitment was successful, and turnover rate declined, supported by salary increases and workstyle reforms such as reduced working hours
- That said, securing talented personnel led to higher personnel expenses, impacting profitability
- The tight labor market remains unchanged, necessitating further workforce expansion for business growth
- Sales-per-employee increased steadily in 2024, but further productivity, profitability, and value enhancement through training and development are essential

Trends on the number of Consolidated Employee and Expenses-per-Employee

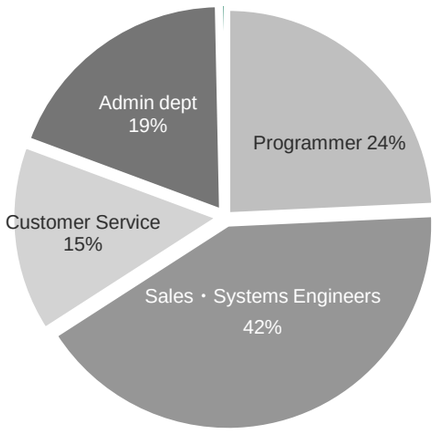


*Calculated based on the number of permanent employees
*Executives, part-time employees, and temporary staffs are excluded

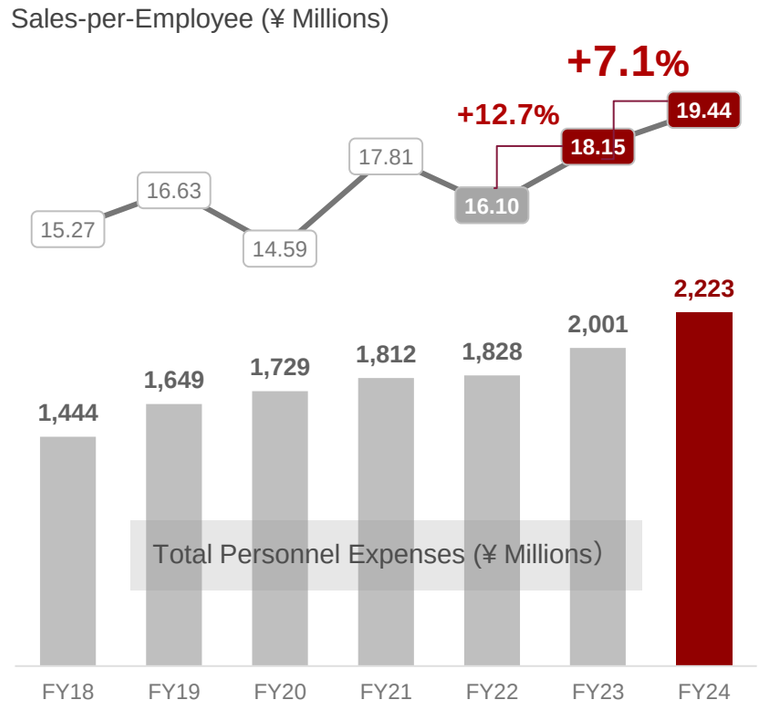
Turnover Rate Trends



Employee Composition (End of 2024)



Total Personnel Expenses and Sales-per-Employee



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FY2024 Segment Performance

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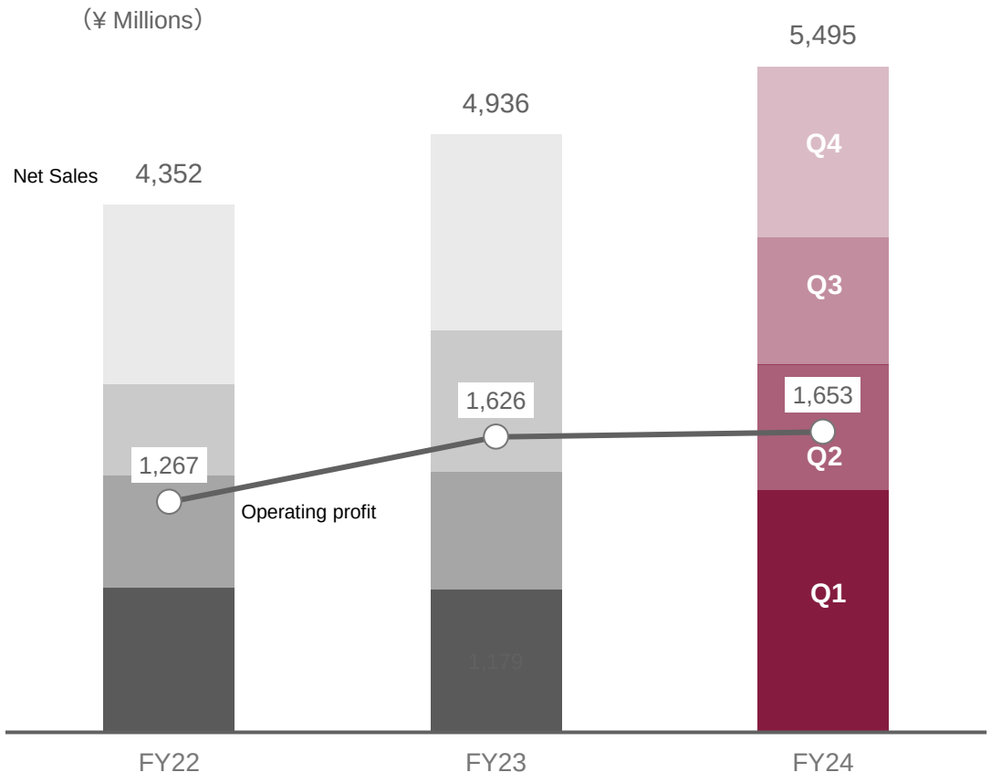
Medical Business 1/3

- Net sales for FY2024 grew by 11.3% YoY, showing steady expansion. Quarterly trends followed a pattern with a strong weight in Q1
- Growth was driven by a successful cross-selling strategy, an increase in average number of software implementations, and the smooth launch of the consulting dept.
- Some hospitals faced financial difficulties post COVID-19, reflecting market challenges. However, interest in medical DX for operational efficiency remains high
- Operating profit for FY2024 increased only by 1.7%, mainly due to higher personnel expenses

Net Sales and Operating Profit



Key Events in 2024

- Mar: Medical Software Users exceeded 2,000
- May: Released the cloud-based medical documentation service *DocuMaker Cloud*
- June: Subsidiary Fitting Cloud Inc. released *CocktailAI*
- Nov: *CocktailAI* won Excellence Award at the 2nd AI Generative AI Innovation Awards hosted by Google Cloud
- Dec: Introduced patient information integration features to *DocuMaker Cloud*
- Dec: Launched *Hospital Assort Service* for DX in hospital front-office operations
- Jan 2025: Released the cloud-based electronic medical record *REMORA Cloud*
- Jan 2025: Received an operations contract for the infrastructure of electronic prescriptions and dispensing records

Key Initiatives

- Transforming our business model toward packaging and SaaS
- Developing products to enhance user convenience and efficiency with expanded utilization of AI
- Providing solutions in line with the governmental measures and policies
- Strengthening distributor channels, regional focus, and customer management through sales structure reform
- Enhancing cross-selling and new client acquisition with cloud-based solutions

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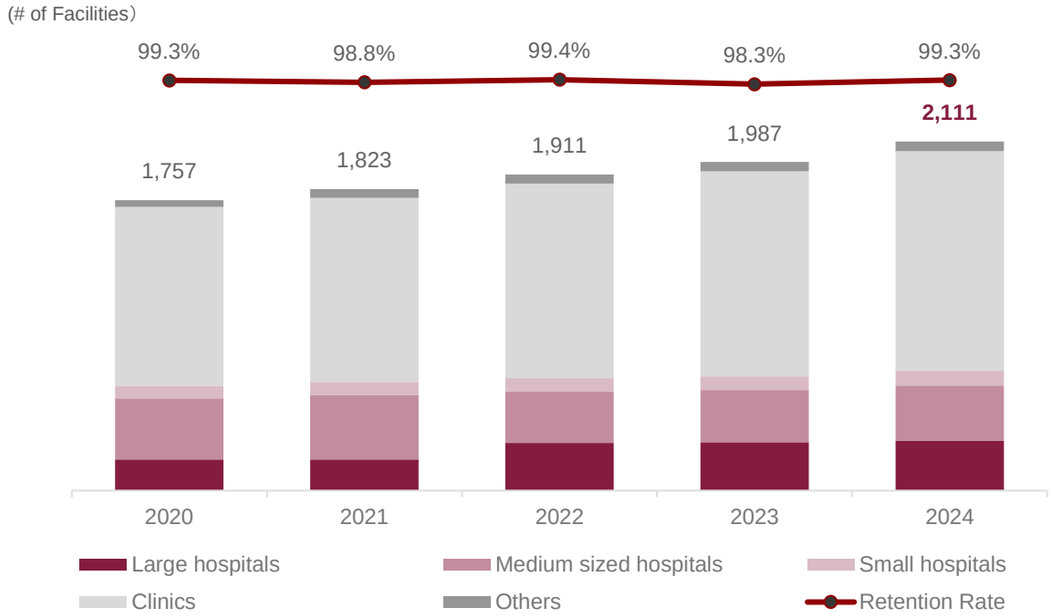
Medical Business 2/3

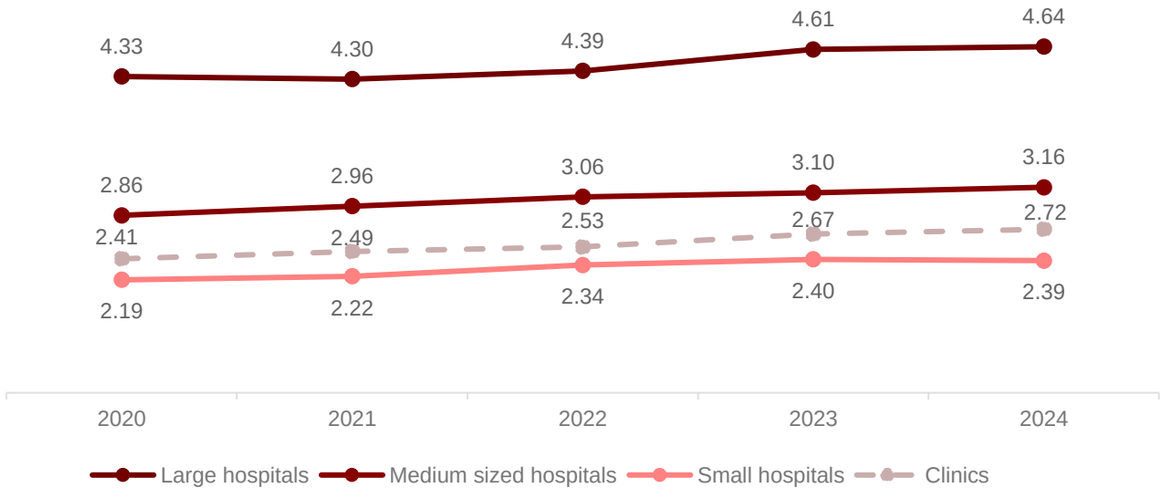
Changes in the Number of Medical Solutions Users



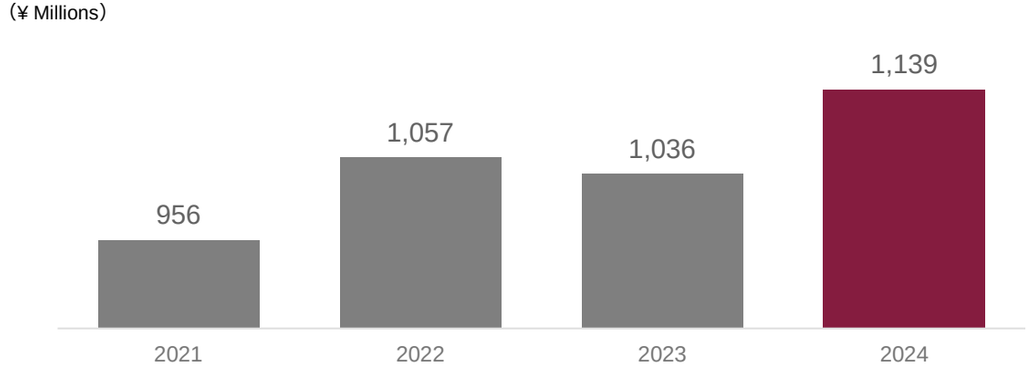
*Calculation changed as categorization of large hospitals revised from 500 or more beds to 400 or more beds following the revision of medical service fees in 2018

*Consumers of one-time products are excluded

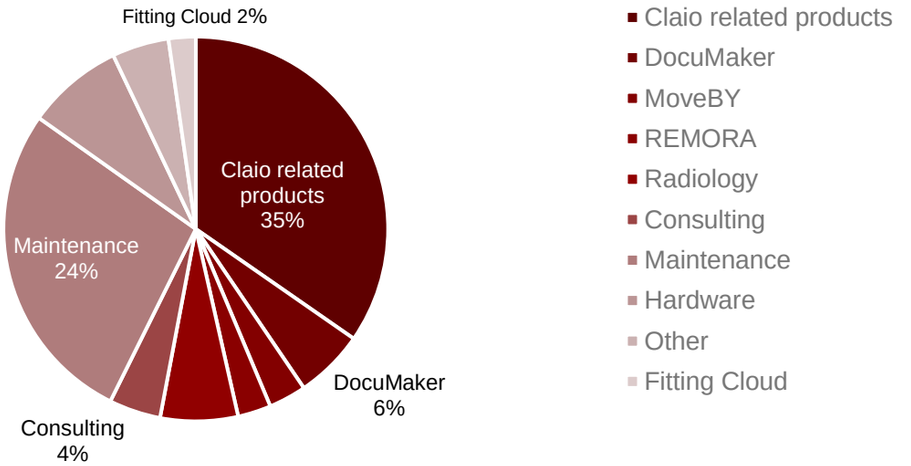
Average Numbers of Solutions Installed per Medical Facility



Trends in distributors sales



Medical Business - Composition of Sales by Products



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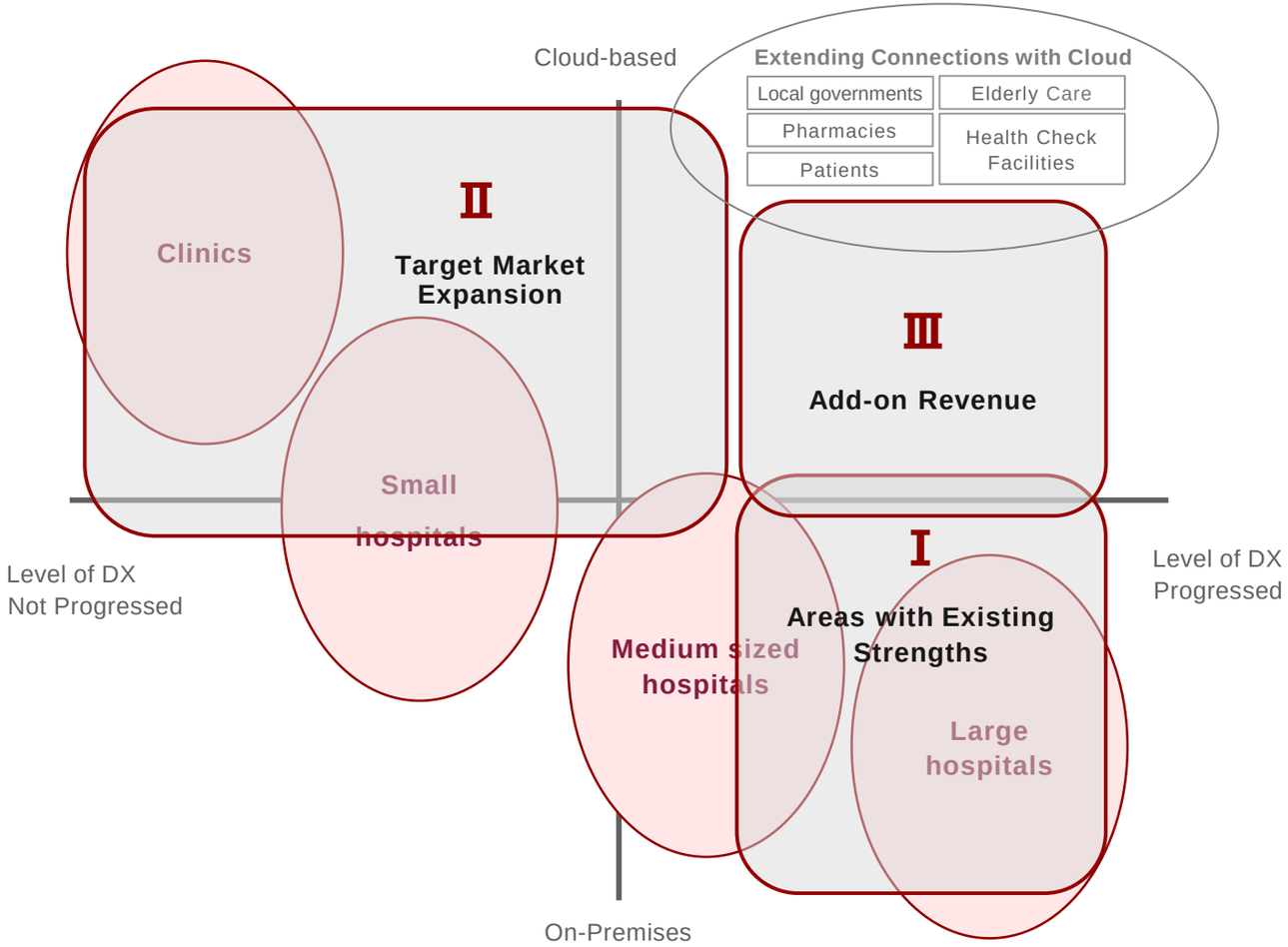
Medical Business 3/3 ：Strategy

- Continue expanding sales of flagship products to large hospitals, leveraging our strengths. At the same time, develop and sell the cloud-based solutions *PiCIs*, enhancing data exchange convenience. As *PiCIs* does not replace our existing products, it contributes to revenue growth as an add-on revenue
- Cloud-based solutions such as *DocuMaker Cloud* and *REMORA Cloud* utilize the expertise we have cultivated through our on-premise technologies to provide solutions for clinics and small hospitals

Outline of Medical DX



Ⅰ Areas with Existing Strengths

Continue expanding sales of flagship products and cross-selling

Claio　C-Note　DocuMaker

Ⅱ Target Market Expansion

Convert on-premise products to cloud-based solutions and actively expand our target market into small and mid-sized hospitals and clinics

Despite strong competitions, high recognition of our products enables efficient monetization by migrating existing products to the cloud-based services with minimal efforts

DocuMaker Cloud　Cloud Backup Service *REMORA Cloud*　Fitting Cloud Bricks CocktailAI Weberi Valloon

Ⅲ Add on Revenue

Build a platform for secure data sharing & management, and with *PiCIs*, our cloud-based solutions, we will connect medical facilities and professionals

PiCIs　Fitting Cloud

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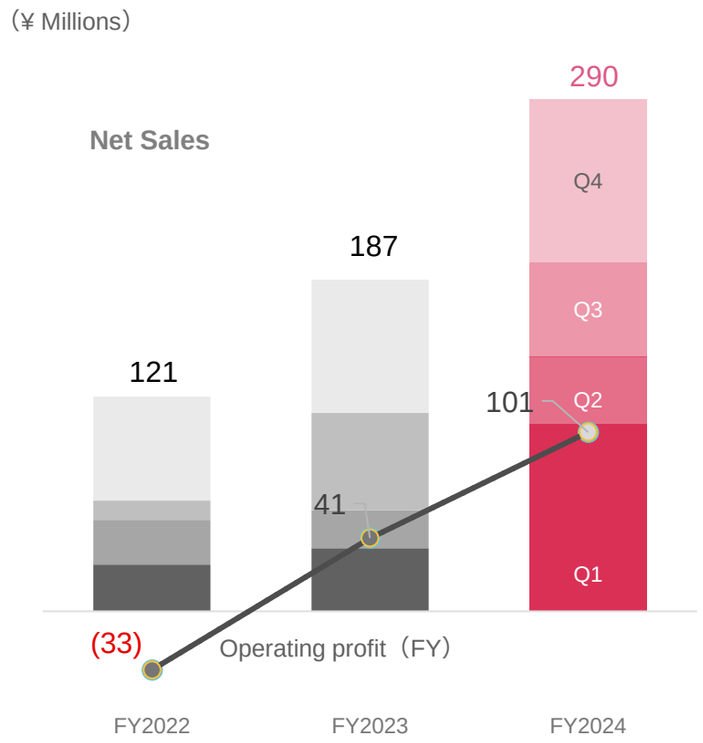
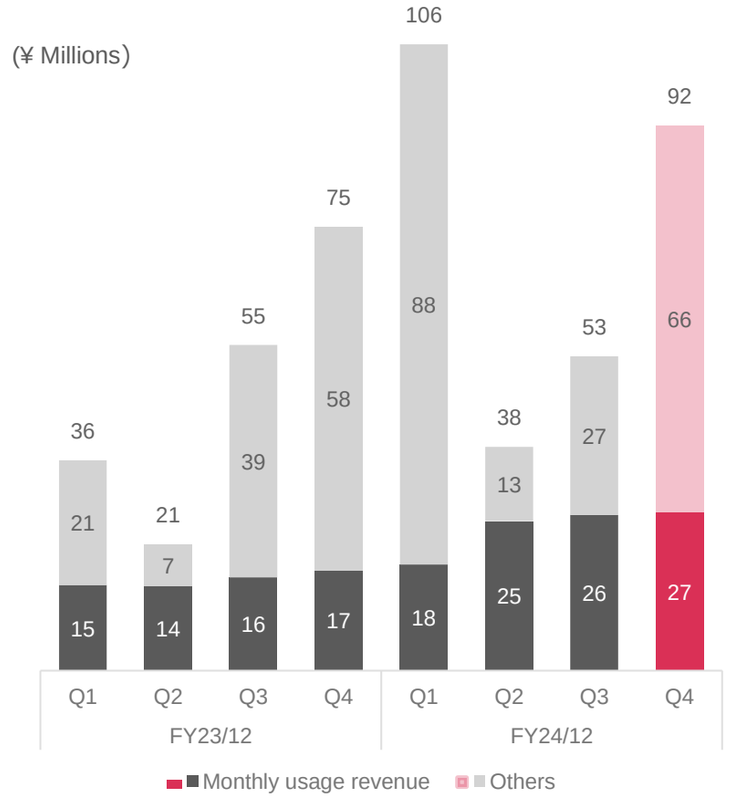
Public Sector Business 1/1

- FY2024 segment sales grew by 54.5% YoY to ¥290mn, showing strong performance. New operations began at 12 municipalities and 4 medical facilities
- Total number of users exceeded 34,000, including 7,650 monthly subscribers (+34% YoY) driving stable revenue growth
- Operating profit surged 2.4x YoY to ¥101mn, absorbing increased personal expenses from HR investments
- Large-scale implementations in prefectural government offices strengthened brand recognition and reliability, sustaining a positive cycle of lead customer acquisition

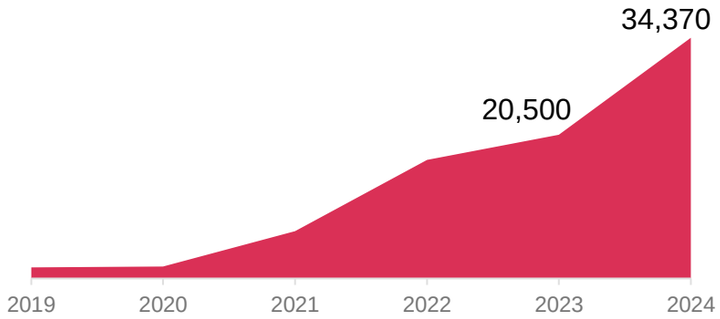
Net Sales and Operating Profit



Breakdown of Net Sales



Cumulative Number of Users



Key Initiatives

- Strengthening the sales structure through workforce reinforcement
- Establishing efficient sales channels by expanding distributors relationships and integrating with other companies' software
- Enhancing product marketing through more case studies
- Developing new features such as accounting integration

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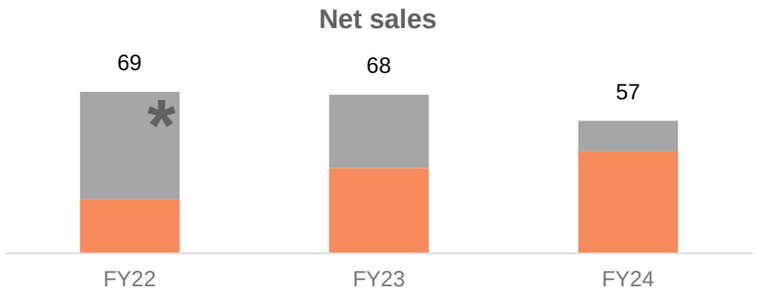
Health Tech Business 1/1

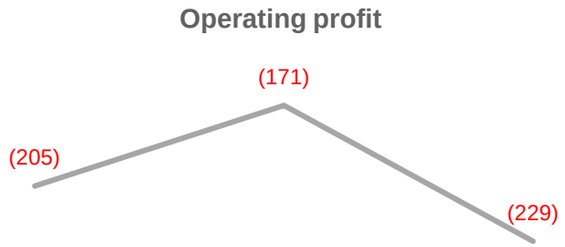
- FY2024 net sales declined 16.8% YoY to ¥57mn
- Units sold in FY2024 remained flat YoY at 60, including overseas shipments. Revenue declined because there was no contracted research project this year
- Operating loss widened to ¥229mn YoY, mainly due to material valuation losses and increased personal expenses
- Exposures to academic publications, conference seminars, and TV coverages contributed to increased recognition and product reliability

Net Sales and Operating Profit



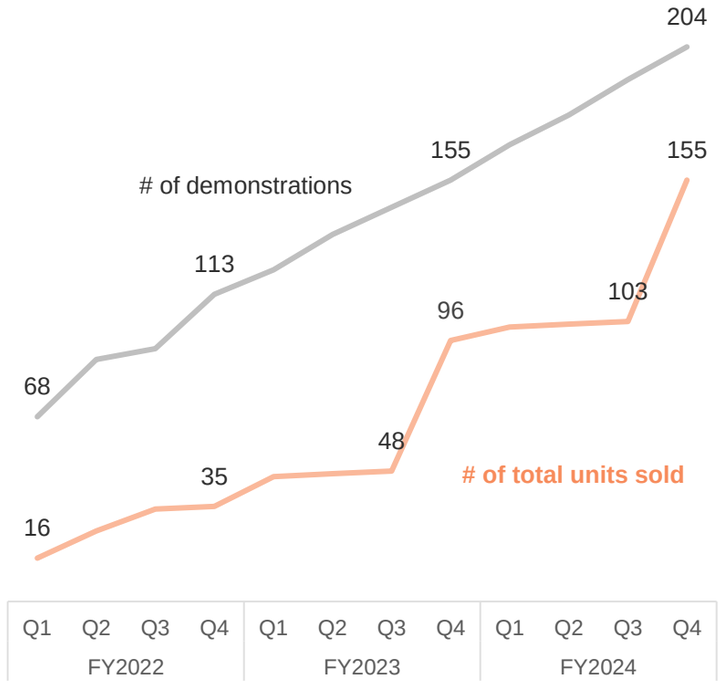
Sales of GAP

Sales of R&D and related projects
(incl. contracted research)



*Sales of our former subsidiary EMC Healthcare is included for FY2022

Cumulative Numbers of Sales and Domestic Demonstrations



Key Events in 2024

- May: The research paper was published in the academic journal *"Ophthalmology Glaucoma"*
- June: Featured in "*Afternoon LIVE Newsoon*" on NHK TV (Japan Broadcasting Corporation)
- Aug: Visual-field-testing using GAP was featured in Nippon TV's "*Learning with KAZLASER*"
- Nov: Co-hosted a luncheon seminar at the 78th Annual Congress of Japan Clinical Ophthalmology

Key Initiatives

Domestic

- Continuing to strengthen product marketing
- R&D for contrast sensitivity as a cataract diagnostic device
- Joint R&D for MCI (mild cognitive impairment) progressing smoothly

Overseas

- Implement trainings for distributors responsible for Europe
- Extend market research in ASEAN and other regions
- Obtain regulatory approval in countries where not yet approved

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FY2025 Earnings Forecast

FY2025 Earnings Forecast

- Profit is expected to decline due to a focus on growth investments
- Net sales is projected to grow modestly by 3.1% YoY. While Public Sector Business and Health Tech Business expand, the Medical Business faces temporary stagnation and impact on product price increase is expected to be minimal
- Number of employees to increase by15 to 326, including 6 new graduates
- FY2025 dividend forecast: ¥17.00 per share, increasing by ¥2.00 YoY

（¥ Millions）	FY2024	FY2025	YoY
Net sales	**5,841**	**6,022**	3.1%
Medical Business	5,495	**5,550**	1.0%
Public Sector Business	290	**372**	28.5%
Health Tech Business	57	**100**	75.8%
Operating profit	**1,525**	**1,465**	(4.0)
Recurring profit	**1,544**	**1,515**	(1.9)
Profit attributable to owner of parent	**1,162**	**1,108**	(4.7)
Earning per share (Yen)	**45.30**	**43.18**	
Dividend per share（Full-year）	**¥15.00**	**¥17.00**	+¥2.00
Interim dividend	**¥7.00**	**¥8.00**	+¥1.00
Year-end dividend	**¥8.00**	**¥9.00**	+¥1.00
Dividend payout ratio	**33.1%**	**39.4%**	+6.3%

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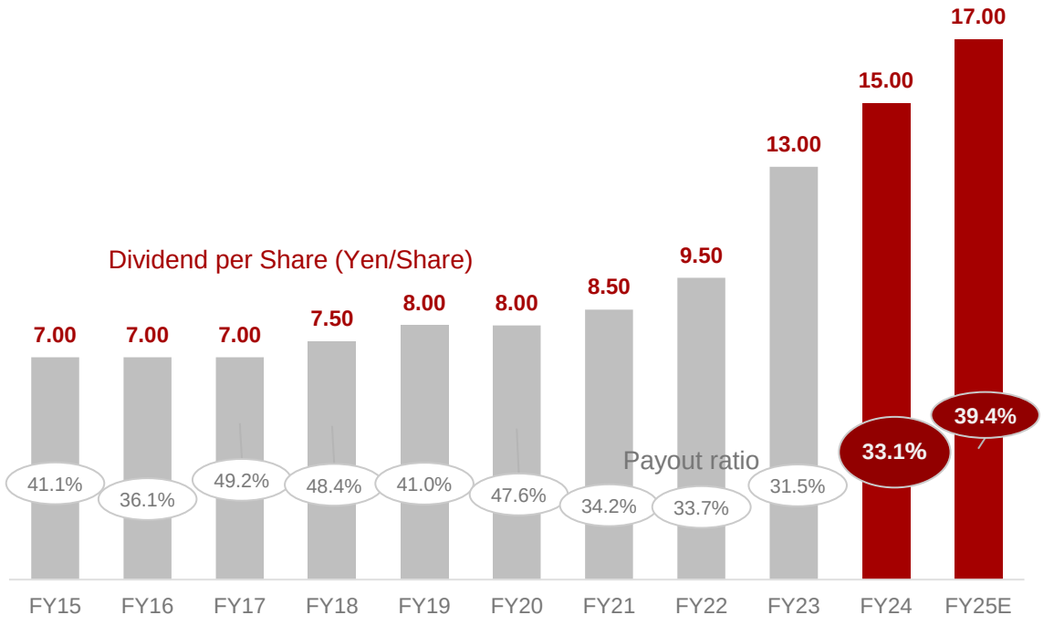
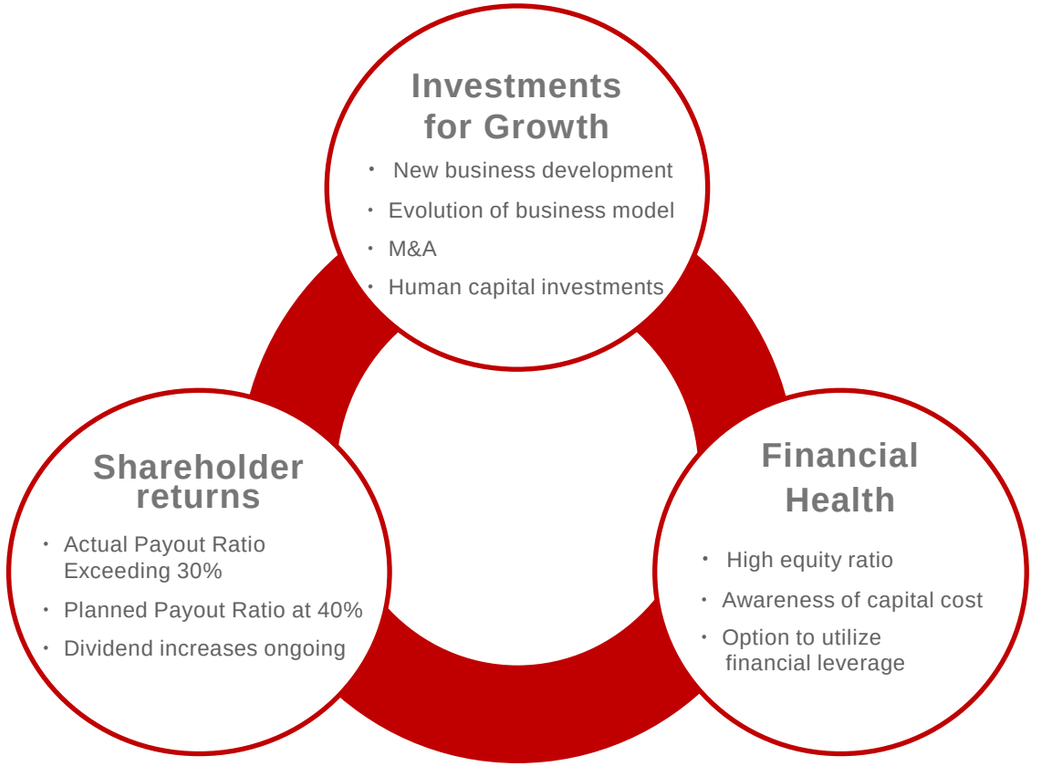
Dividend Further Raised

- Annual dividend for FY2024 is set at ¥15.00, with the payout ratio increasing to 33.1%
- The projected annual dividend for FY2025 is ¥17.00, an increase of ¥2.00 with an estimated payout ratio of 39.4%. The target payout ratio was set at 30% until FY2024
- Setting a plan for five consecutive years of dividend increases
- While continuing growth investments, we aim to enhance shareholder returns (dividends) and increase corporate value

Dividends and Payout Ratio



Enhancing Corporate Value



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Reasons for Non-Disclosure of Standalone and Interim Performance Plans from FY2025

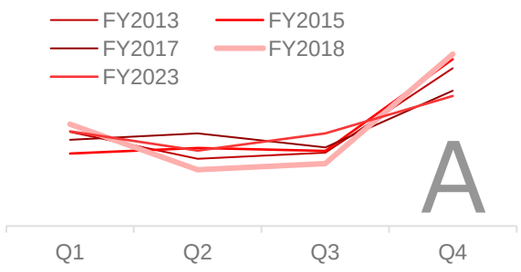
- Starting FY2025, previously disclosed “Standalone Performance Plans” and “Consolidated Interim Performance Plans” will no longer be disclosed
- While consolidated interim performance plans will not be disclosed, the quarterly net sales trend for FY2025 is expected to follow **Pattern B**

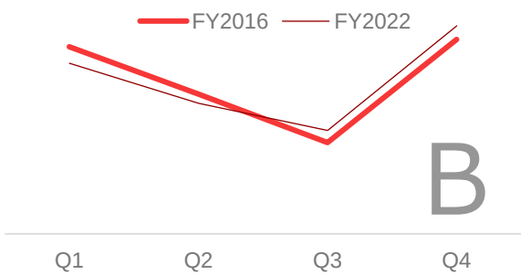
1 Reasons for Non-Disclosure of Standalone Performance Plans

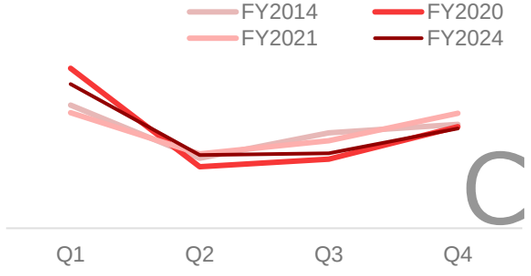
- Investors are believed to prioritize consolidated financial information when making investment decisions
- The impact of our consolidated subsidiary, Fitting Cloud Inc. is expected to grow further
  *Fitting Cloud Inc. has begun developing and marketing new products such as *CocktailAI* and *Weberi*, along with enhancing its workforce

2 Reasons for Non-Disclosure of Consolidated Interim Performance Plans

- The decision to withhold consolidated interim performance plans aims to avoid information on our quarterly performance potentially being misleading, which differs from our annual financial trends
- As reported in the Q3FY2024 financial results, the sales of our Medical Business has seasonality. However, this seasonality varies annually due to factors such as the hospital investment environment and overlapping holidays affecting software inspections. As a result, comparing quarterly results on YoY basis or relying on short-term progress rates (e.g., Q1 results vs. H1 plans) may lead to misjudgments about our performance trends
- Historical quarterly sales patterns can be categorized into three types: (A) Flat sales from Q1 to Q3, followed by an increase in Q4, (B) Sales expand in Q1 and Q4, with Q3 being the bottom, and (C) Sales peak in Q1 and gradually increase from Q2 and onwards
- Based on the current order outlook, **the trend for FY2025 is expected to align closely with Pattern B**







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2025 Business Strategy: Continued Investment for Our Future

- Following FY2024, we will continue investing in human capital in FY2025. Labor shortage is a factor limiting growth speed, and we aim to enhance regular hiring
- In 2024, a key challenge identified was the difficulty in improving individual skills. There is a need to further strengthen initiatives for talent development and capability enhancement
- DX in Japanese medical industry has fallen behind the initial schedule in certain aspects. At the same time, progress is being made in identifying issues, generating opportunities for us to contribute to the market through digitalization initiatives
- leveraging the unique features of cloud-based solutions for clients, we aim to enhance added value

	Management Strategy for FY2025	Specific Measures
Human capital	• Planned hiring of 15 employees in 2025 • Development of employee motivations & corporate culture • Employee training • Strategic allocation of employees to newly growing business	• Strengthening corporate branding • Improvement of internal HR regulations • Optimizing product pricing: Adjusting prices based on user cost performance • Accelerating the early contribution of new employees • Creating opportunities for employee reskilling & development programs • 20% price increase of our products and services
Technology Investment	• AI, cybersecurity, image processing technologies • Application & expansion of proprietary technologies • Medical devices	• Active use of AI & security technologies in systems • Development & expansion of *PiCls* series • Proposals for hospital management efficiency • Development and sales of cloud-based solutions connecting hospitals with patients, pharmacies & municipalities • R&D to add Contrast Sensitivity Testing to medical device to detect cataract • MCI (Mild Cognitive Impairment) Development Near Completion
Business Development	• Talent acquisition through M&A • Business model transformation • Enhancing cloud-based solutions • Establishing fair pricing and appropriate value proposition	• Developing opportunities in non-medical industries by leveraging our strengths • Product packaging, utilizing distributors, and developing SaaS business • Expanding market reach to clinics and small to mid-sized hospitals • Exploring medical-related business opportunities beyond hospitals • Expanding user base with cloud-based solutions • Leveraging business experience with large hospitals at the core of regional healthcare to strengthen collaboration

Planting Nurturing Pre-harvesting Harvesting

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FY2025 Sales Outlook and Strategy by Segment

- Forecast for Medical Business planned conservatively, factoring in hospitals' cautious capital investment, with expected negative growth
- New businesses launched by the consulting division are not expected to contribute significantly to revenue
- Public Sector Business expected to continue steady growth; workforce reinforcement to minimize lost opportunities
- GAP sales showing strong momentum; overseas sales projected to exceed last year. Contrast sensitivity testing and MCI-related sales not included in forecasts

	FY2025 Sales Plan	FY2025 Business Strategy
Medical Business	¥5,550 mn +1.0% YoY	・Transforming the business model toward packaging and SaaS ・Developing products to enhance user convenience and efficiency with further AI utilization ・Providing solutions in line with the governmental policies, such as promoting medical DX ・Strengthening relationship with distributors, regional focus, and customer management through sales structure reform ・Enhancing cross-selling and new client acquisition using cloud-based solutions
Public Sector Business	¥372 mn +28.5% YoY	・Strengthening the sales structure through workforce reinforcement ・Establishing efficient sales channels by contracting new distributors and integrating with other companies' solutions ・Enhancing marketing through more case studies ・Developing new features to add on existing services such as accounting integration
Health Tech Business	¥100 mn +75.8% YoY	・Continuing domestic marketing for GAP/GAP-screener ・Obtaining regulatory approval in countries where not yet approved ・Providing sales training for overseas distributors ・Accelerate R&D on contrast sensitivity testing device for detection of cataract ・Continuing joint research on detection of MCI (mild cognitive impairment)

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Review of “Vision for 2025”

- FY2025 marks the final year of our revised mid-term plan "Vision for 2025" (announced in February 2023)
- The latest forecast falls short of the mid-term targets in both sales and profit
- The Health Tech Business is the main factor for the shortfall, while the Medical Business and Public Sector Business have exceeded expectations
- Delays in overseas product launches and the time needed to build recognition and reliability within the domestic market had impacted the Health Tech Business
- On the profit side, securing talents has been a major challenge due to the worsening labor shortage, leading to unavoidable labor cost increases
  To drive future growth, we have accelerated talent investment from FY2024

(¥ Millions)	Current Plan FY2025	Vision for 2025" (Revised) FY2025	
Net Sales	6,022	6,330	
Medical Business	5,550	5,320	Slightly above the plan
Public Sector Business	372	330	
Health Tech Business	100	680	Large gap from mid-term plan
Operating profit	1,465	-	
Recurring profit	1,515	2,100	Sales shortfall and rising labor costs
Profit attributable to owner of parent	1,108	1,460	
Dividend per share (Yen, Full-year)	17.00	18.00	Dividends below the plan, payout ratio raised to ~40%
Dividend payout ratio (%)	39.4	31.2	

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Announcement Regarding the Contracted Operations for the Electronic Prescription System Infrastructure

HPKI Second Electronic Certificate

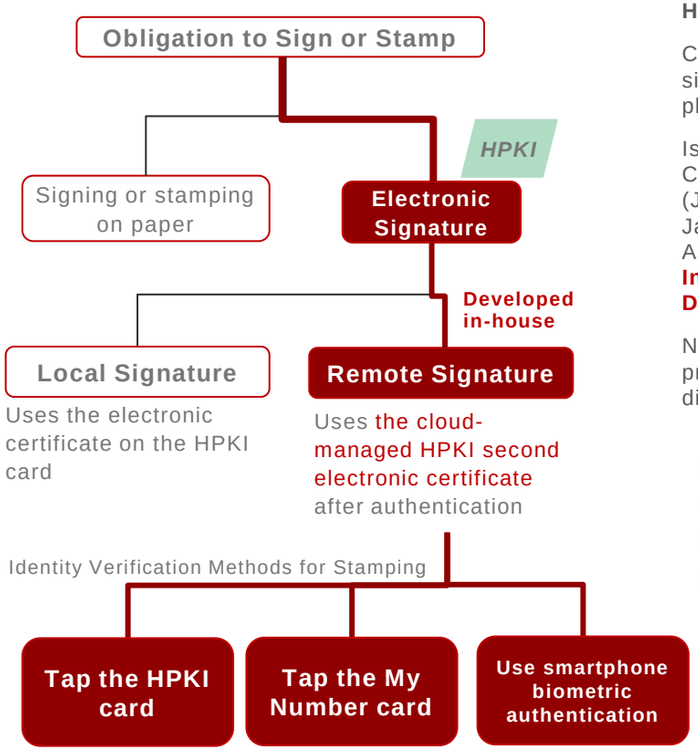
Physicians are required to affix their name and stamp or provide a signature when issuing prescriptions to patients

（Regulations for Enforcement of the Medical Practitioners Act, Article 21)

This requirement also applies to electronic prescriptions, and using an HPKI card for electronic signing serves as proof that the physician has created the prescription

Once signed, the prescription cannot be modified, preventing tampering or fraud

Pharmacists must record that the prescribed medication has been dispensed (Pharmacists Act)



HPKI card

Card required for electronic signatures by physicians and pharmacists

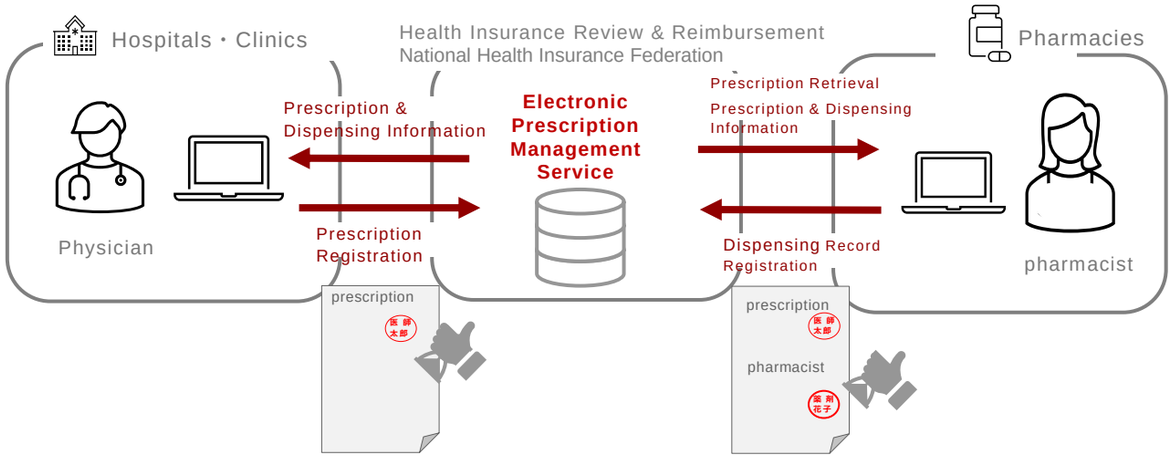
Issued by the HPKI Certification Authorities (Japan Medical Association, Japan Pharmaceutical Association, **and Medical Information System Development Center**)

Needed for issuing electronic prescriptions and recording dispensed medications

Stores an electronic stamp in the cloud for digital stamping

Electronic Prescription

- Digitizes prescription management, replacing paper-based processes. Expands the online verification system, enabling patients to view recent prescriptions, check for duplicate medications, and receive contraindication alerts
- Launched in January 2023
- Expected adoption: 80% of pharmacies by March 2025, full implementation by summer 2025 (Ministry of Health, Labour and Welfare)
- As of January 2025, adoption among medical institutions remains below 10% (Ministry of Health, Labour and Welfare)



Operations Contracted to Our Company by the Medical Information System Development Center (MEDIS)

- On January 20, 2025, MEDIS announced the introduction of a paid service for electronic signatures on electronic prescriptions and electronic dispensing records using HPKI second certificates. The paid service is expected to begin in April 2025
- We had developed the remote electronic signature service for this system and has been operating it since January 2023
- With the introduction of the paid service, our operations will now include payment collection services

Our press release URL：https://findex.co.jp/ir/pdf/2025_01/2025_0120.pdf

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04

Appendix

01 / FY2024 Financial Summary

02 / FY2024 Segment Performance

03 / FY2025 Earnings Forecast

04 / Appendix

〈Topics on Sustainability for FY2024〉

- CDP questionnaire submitted
- Submitted responses for Corporate Sustainability Assessment (CSA) conducted by S&P Global

Environment（E）

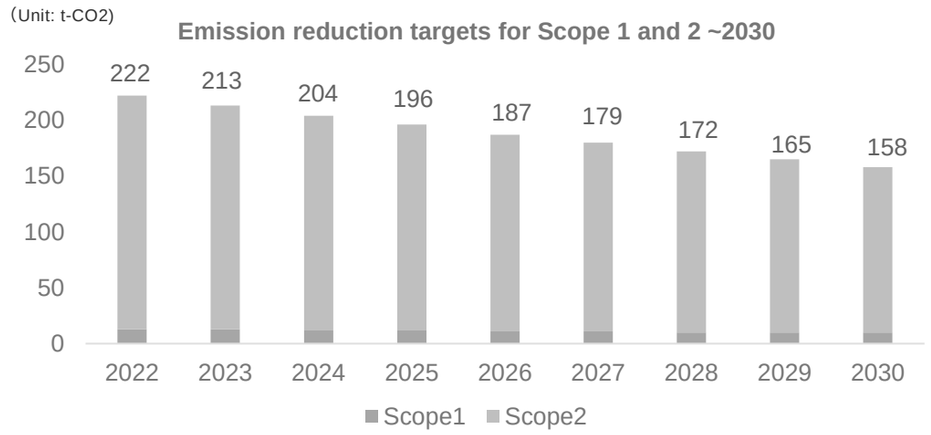
Support and engage in international initiatives for a climate change

〈Emission Calculations for FY2023 and Future Reduction Goals〉

Scopes 1 and 2

In accordance with the SBT 1.5℃ target, we will annually reduce GHG emissions by 4.2% compared to the previous years

GHG Emissions (t-CO2)	FY2022	FY2023	FY2030 (Target)
Scope 1	13	13	10 t-CO2
Scope 2	209	177	148 t-CO2



Scope 3

The aim is to achieve a 50% reduction in emissions by 2030, using a sales-based unit target (Emissions/Sales)

GHG Emissions (t-CO2)		FY2022	FY2023
Scope 3	Category 1	2,447	2,182
	Category 2	164	51
	Category 3	36	30
	Category 4	4	3
	Category 5	10	5
	Category 6	289	361
	Category 7	148	85
	Category 9	5	4
	Category 11	965	1,216
	Category 12	27	25

*There are no emission source for Scope 3, Categories 8/10/13/14/15

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Social（S）

Contribute to reducing disparities in health care and improving well-being of people

【Internal】

- Increase access to early detection of glaucoma and other eye diseases by promoting the use of *GAP*, an in-house developed perimeter
  - ▶ Visual field tests were conducted using the gaze analyzing perimeter *GAP/GAP-screener* at a group health screening venue organized by a local government
- Realize a framework that allows any person to receive smooth and efficient medical care at large hospitals, introducing telemedicine and utilizing location information

【External】

- Create and maintain a healthy work environment with high levels of employee engagement
  - ▶ Annual stress check survey was conducted for all employees
  - ▶ Introduced a fully remote work option for employees based in distant areas and overseas
- establishment of an internal framework for obtaining various third-party certifications
  - ▶ In 2024, obtain the "Kurumin" certification as a family-friendly company

Our initiatives used as key indicators	FY2023 (Actual)	FY2024 (Actual)	FY2025 (Target)
# of visual field tests in municipal screenings (Total)	9,563	9,769	10,000
# *of GAP* units sold (Total)	95	155	1,550
# of Medical Avenue installations (Total)	1	1	5
Employee survey response rate	96%	94%	96%
Stress check survey response rate	86%	92%	100%

Governance (G)

Enhancement of Governance and Promotion of DE&I

- Strengthen information security
  - ▶ All employees are required to participate in an annual information security seminar and to respond to a security checklist monthly
- Ensure compliance
  - ▶ Commitment is made to eradicate harassment, strengthen the protection of personal information, promote work styles that are in compliance with the Labor Standards Act, and enhance mental health support for full-time employees, contract workers, and part-time staff
  - ▶ Annual participation in compliance-related e-learning is mandatory for all employees
- Promote diversity-conscious recruitment and talent development to foster an organizational culture resilient to external changes
- Supporting employees in developing their talents in line with their career goals through internal programs, making necessary adjustments for promotions
  - ▶ Increase the proportion of women in managerial positions to 18% by.

Our initiatives used as key indicators	FY2023 (Actual)	FY2024 (Actual)	FY2025 (Target)
# of incidents related to information security	0	0	0
Security checklist response rate	100%	100%	100%
e-learning participation rate	100%	100%	100%
% of foreign employees	0.98%	1.5%	1.5%
% of female managers	8.6%	15.4%	9.0%
% of independent outside Directors	37.5%	37.5%	44.4%

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Our Market Share and Changes in the Number of Customers (As of Dec 31,2024)

Appendix

An Overwhelming Penetration Rate of

approx. 75%



in National University Hospitals Market

approx. 40 %

*Consumers of one-time products are excluded from 2021

*Reference: Ministry of Health, Labor and Welfare 2021 Survey of Medical Facilities (static and dynamic) and Summary of Hospital Reports

(# of Facilities)

Medical Solutions –By Type of Medical Facility	Q3FY2024	Q4FY2024	QoQ
Large hospitals (400 beds and more)	295	301	+6
Medium sized hospitals (100-399 beds)	332	333	+1
Small hospitals (20-99 beds)	89	90	+1
Clinics (19 beds and less)	1,306	1,330	+24
Other	56	57	+1
Total	**2,078**	**2,111**	**+33**

(# of Facilities)

Solutions for Public Sector –By Product	Q3FY2024	Q4FY2024	QoQ
Solutions for Public Sector	39	39	+0
Solutions for Medical Facilities	9	9	+0
Total	**48**	**48**	**+0**

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Enriching Society with Technologies and Creation

Equal Access to Medical Services | **Digitally Connecting Medical Communities** | **Developing New Technologies for Healthy Livings**

FINDEX

- Driving digitalization in and outside medical facilities, offering solutions that revolutionize the business models in the healthcare sector
- Proficient in processing and handling a variety of patient data owned by large hospitals
- Providing consulting as software specialists and applying in-house technology to products for the public sector and medical devices

Domestic

Community-Based Integrated Healthcare

Cloud-based Medical Software

Connecting medical facilities and individuals through cloud-based services

Building a platform for securely managing and exchanging data

Promotion of integrated regional care and collaboration in regional healthcare

Local gov'ts | Elderly care | Home care | Check-up facilities | Patient | Pharmacy

PiCIs

Utilization of collaborative data × Enhancement of functions through AI-generated features

Fitting Cloud — Implementation of cloud-based management analysis &information linkage for medical data / provision of medical AI information technology

Hospital-Centric Healthcare

On-premises Medical Software

Further expansion of flagship product sales

Claio | C-Note | REMORA | DocuMaker

Hospital

Consultation Service

- Cyber security
- E-prescription
- Utilization of medical treatment data
- My Number health insurance card

Public Document Management System

DocuMaker Office | RPA tool DigiWorker

- Expansion of the document management system in line with national policies
- Establishment and consolidation of the stock business

Gaze Analyzing Perimeter

Utilization of in-house owned visual field data

GAP | GAP-screener

Overseas

Cloud-based/ On-premises Medical Software

- Expanding domestic and overseas sales
- Establishing a new standard for visual field testing
- Implementation of contrast sensitivity testing
- R&D and market launch as a diagnostic device for MCI

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Trends and Topics in the Medical Software Industry 2024-2025

「Medical DX Reiwa Vision 2030」

Establishment of a National Medical Information Platform

Medical AI・Big Data

- Generally, all medical institutions and pharmacies are connected to the Online Certification System for Healthcare
  →Laying the Groundwork for Data Utilization
- The implementation of the Next Generation Medical Infrastructure Act will expand the collection and utilization of diverse real-world data
- In addition to the Health Insurance Claims Data currently being traded in the market, it will be possible to handle more accurate medical data such as medical records in the future

Advantages for hospitals and healthcare industry:

- Support for diagnosis, treatment, and surgery
- Applications for disease and nursing care prevention and reduction of medical costs
- Development of new markets via data accumulation

Electronic Prescriptions

- The Japanese gov't targets all hospitals and pharmacies to implement e-Prescriptions by the end of March 2025, but the extension of transitional measures has postponed it until around this summer (As of Jan 2025, the adoption rate is approx. 22%)
- Medical facilities need to install Online Certification System for Healthcare and issue HPKI cards prior to the utilization of e-Prescriptions

Advantages for hospitals and healthcare industry:

- Optimization of dispensing and counseling tasks
- Prevention of duplicated prescriptions by centralizing management of prescribing information
- Contribution to telemedicine and home care services

Standardization of EMR Information (Promotion across all medical institutions)

Cloud-Based Services

- Cloud-based operations with high security levels are now possible without compromising the "three principles of electronic storage
- In small and medium-sized hospitals and clinics, the use of cloud-based products is expanding, while in large hospitals, on-premises system operation is still common
  →The widespread adoption of cloud storage will likely accelerate as its market prices decrease
- Utilizing the cloud for the development of a Regional Collaboration Network

Advantages for hospitals and healthcare industry:

- Efficient information sharing enables smart coordination with other facilities
- No need for extensive capital investment, server room allocation, or regular system updates

Myna Insurance Card

- The Japanese is phasing out health insurance cards and integrate them into the national My Number identification system (conventional health insurance card has already been abolished in Dec 2024)
- About 80% of medical institutions and pharmacies nationwide have started using online qualification verification system

Advantages for hospitals and healthcare industry:

- Enhanced healthcare through centralized medical history management
- Reduction of administrative costs

Digitalization of Medical Treatment Fee Amendment

Telemedicine

- The 2022 revision of medical fees has led to an increase in the insurance points for initial consultation fees to 87% of in-person medical care, resulting in a rapid increase in facilities that have introduced telemedicine
- Meanwhile, there is a limited number of medical facilities that offer telemedicine services, and large hospitals are hesitant to fully implement them
  →The applications are limited, primarily in second opinion outpatient settings
- Emergence of teleoperated surgical robots

Advantages for hospitals and healthcare industry:

- Expanding the choice of medical facilities, improving healthcare systems in remote areas and to address medical service disparities
- The reduction of congestion and infection risk due to a drop in patient visits

Better Working Environments

- Started in April 2024, overtime work for employed physicians is now limited to no more than 960 hours per year
  →Proper management of working hours is necessary
- Digitalization has also been accelerated for improvement of efficiency in medical practices

Advantages for hospitals and healthcare industry:

- Improvement in long working hours of physicians
- Sales opportunities for attendance management solutions

Domestic Market Size of Medical Software : approx. 500 billion yen*

*excerpted from NIKKEI COMPASS October 3, 2023

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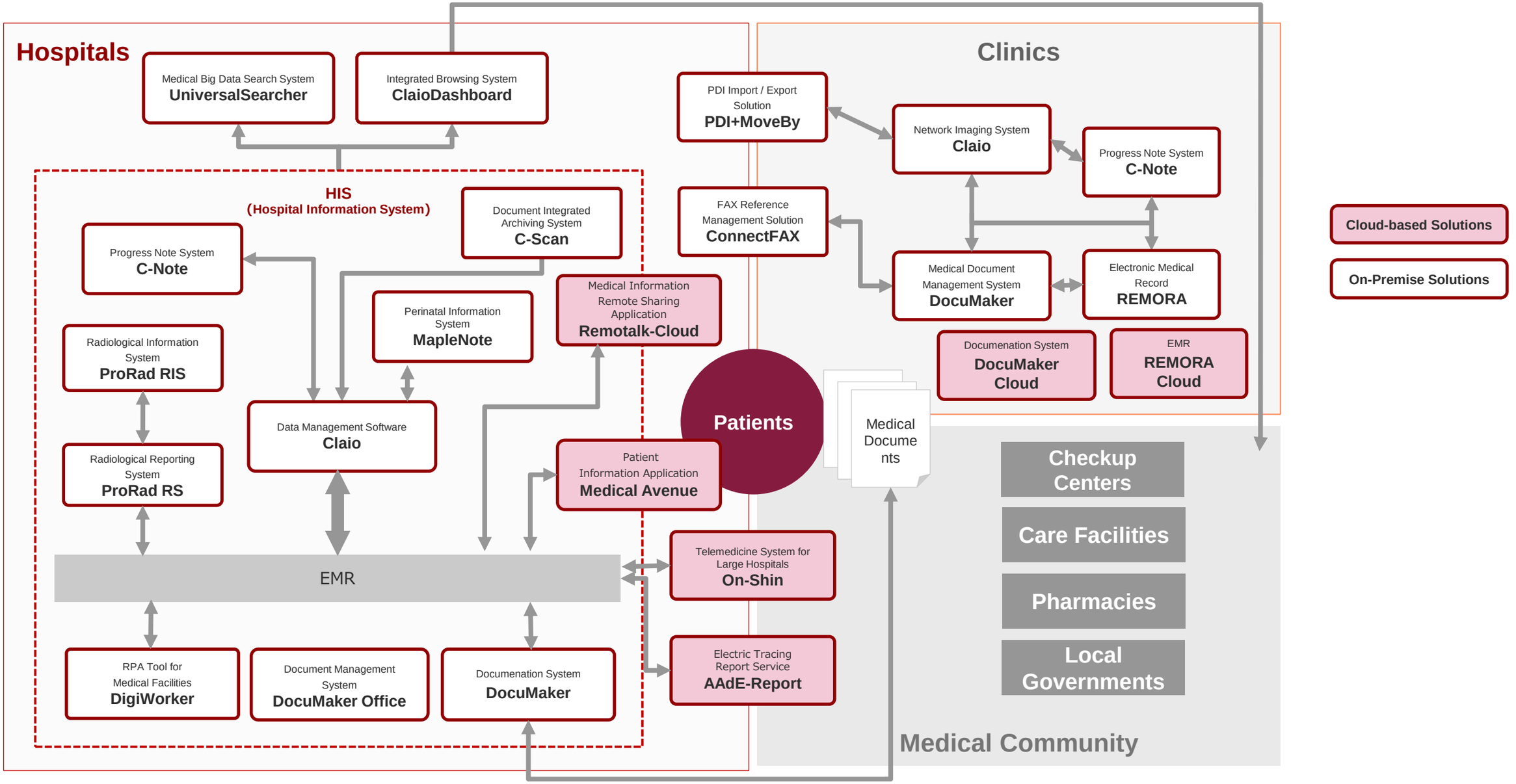
Medical Business - Our Flagship Solutions

Appendix



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Shareholders Information

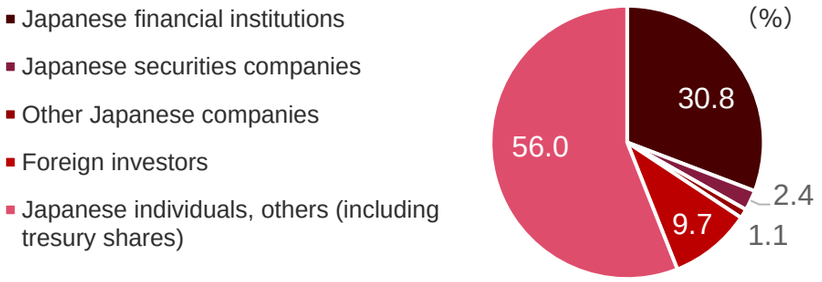
Appendix

Number of shares and shareholders

Total number of authorized shares	78,336,000
Total number of issued shares	26,608,800
Number of shareholders	4,409

Breakdown of shares by type of shareholder

Type	# of shares	# of shareholders	% of total shares in issue
Japanese financial institutions	8,193,700	13	30.8
Japanese securities companies	649,125	26	2.4
Other Japanese companies	282,532	31	1.1
Foreign investors	2,594,220	75	9.7
Japanese individuals, others (Including treasury shares)	14,889,223	4,264	56.0
Total	26,608,800	4,409	100.0



Principal shareholders

Name	# of shares	% of total shares in issue
Teruo Aibara	7,707,600	29.9
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,293,400	12.8
Mizuho Trust & Banking Co., Ltd. Securities Custody Trust 0700068	1,440,000	5.6
Mizuho Trust & Banking Co., Ltd. Securities Custody Trust 0700067	1,440,000	5.6
CACEIS BANK/QUINTET LUXEMBOURG SUB AC / UCITS CUSTOMERS ACCOUNT (Standing proxy: The Hongkong & Shanghai Banking Corporation Limited, Tokyo Branch)	1,058,900	4.1
Ehime Bank, Ltd.	967,200	3.7
Keiji Takemura	963,000	3.7
Custody Bank of Japan, Ltd. (Trust Account)	798,000	3.1
THE BANK OF NEW YORK MELLON 140040 (Standing proxy: Settlement Sales Division, Mizuho Bank, Ltd.)	716,946	2.8
SCBHK AC LIECHTENSTEINISCHE LANDESBANK AG (Standing proxy: MUFG Bank, Ltd.)	275,000	1.1

(As of 31 December 2024)

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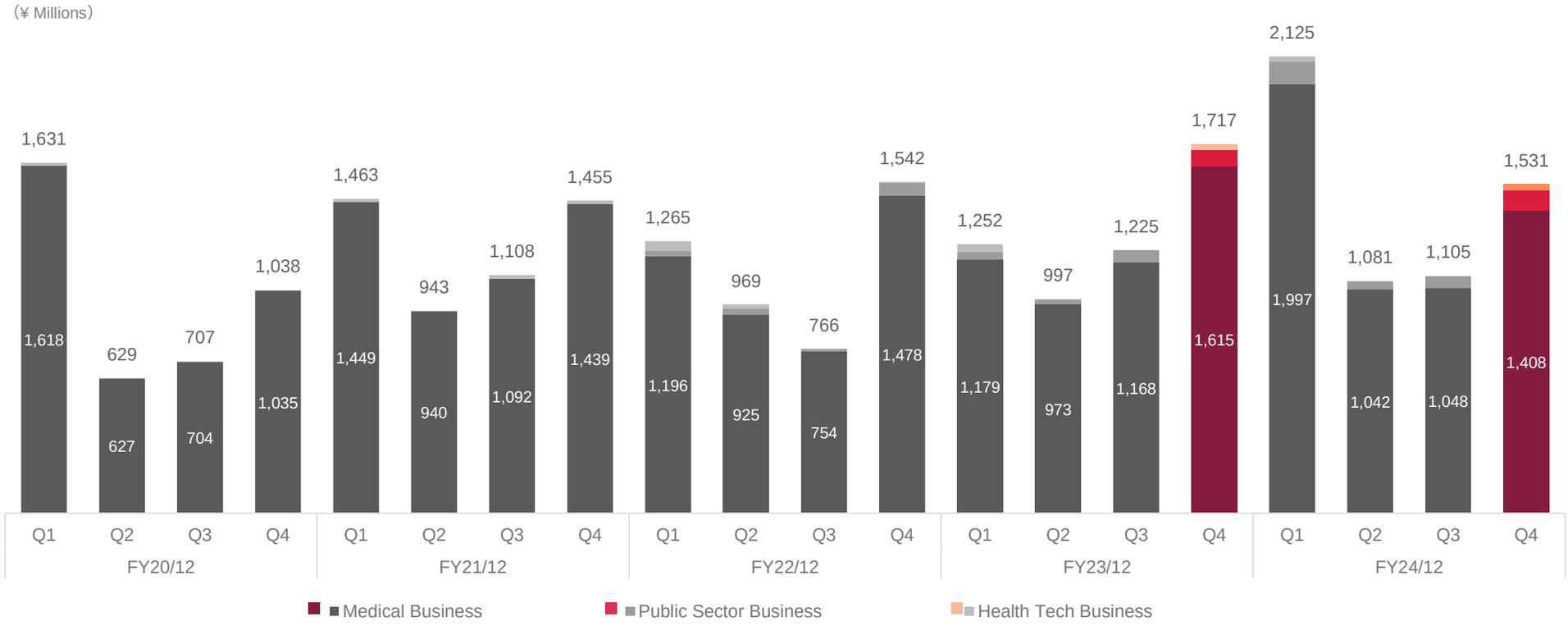
Quarterly Net Sales

Appendix



- Q4 saw a 10.8% decline in total net sales due to the high comparison base from Q4FY2023
- Net sales in the Public Sector Business increased by 22.7% YoY in Q4
- Although the implementation of the revised medical fee system in June 2024 caused some delays in orders, business returned to a normal pace after August
  There remains strong investment interest in medical treatment assistant solutions, aimed at improving physicians working conditions and enhancing hospital operational efficiency
- The "Accounting Standard for Revenue Recognition“ has been applied from FY2022
- * Business segments changed from FY2023. As for FY2022 figures are reallocated based on the change made Until FY2022 Public Business was included in Medical Business. Figures above are unaudited

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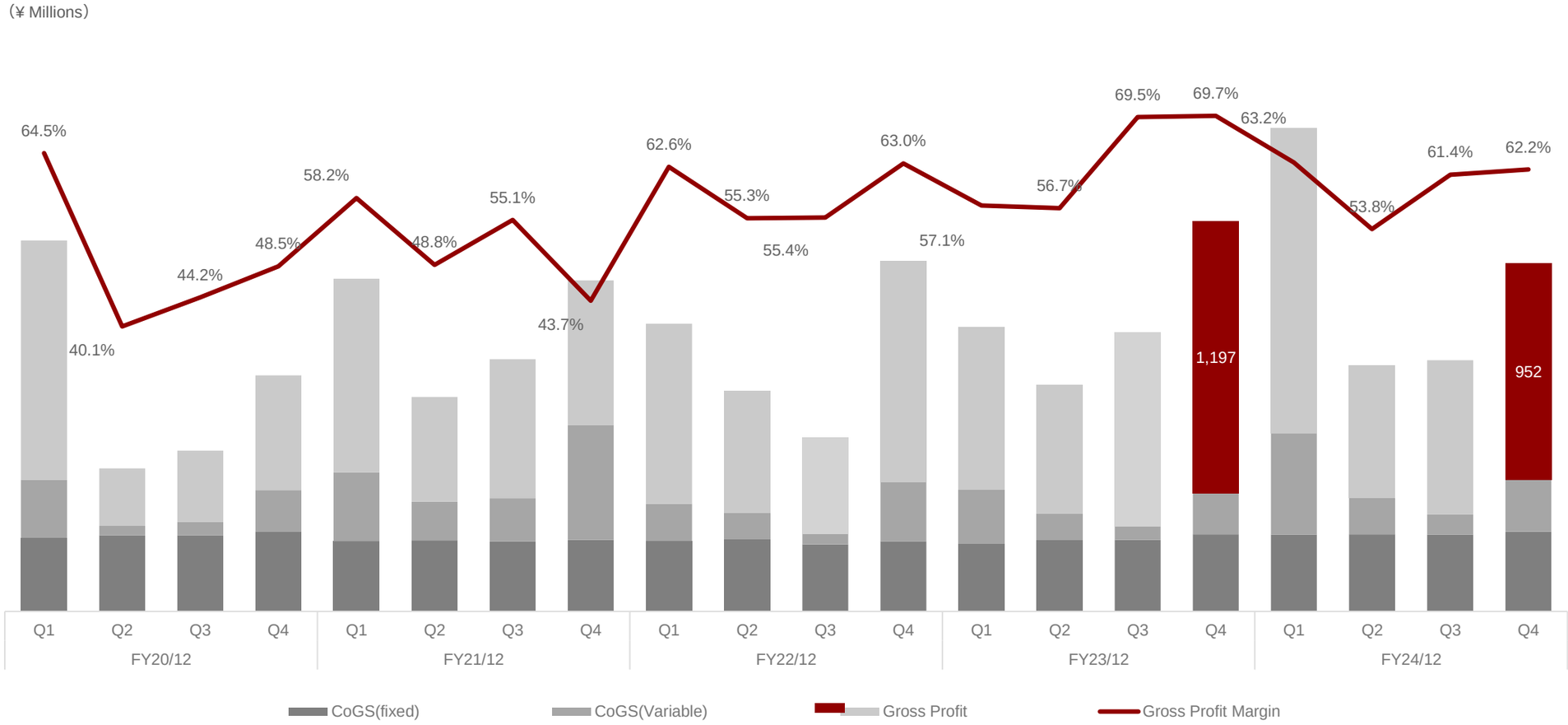
Gross Profit Margin and CoGS (Fixed/Variable)

Appendix



- In Q4, a decline in sales, along with increased procurement costs and personnel expenses, resulted in a decrease in gross profit
- In the Medical Business, high-margin cross-selling, consulting services, and strong performance in package sales continued to drive growth

*The "Accounting Standard for Revenue Recognition“ has been applied from FY2022

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Quarterly Results on SG&A

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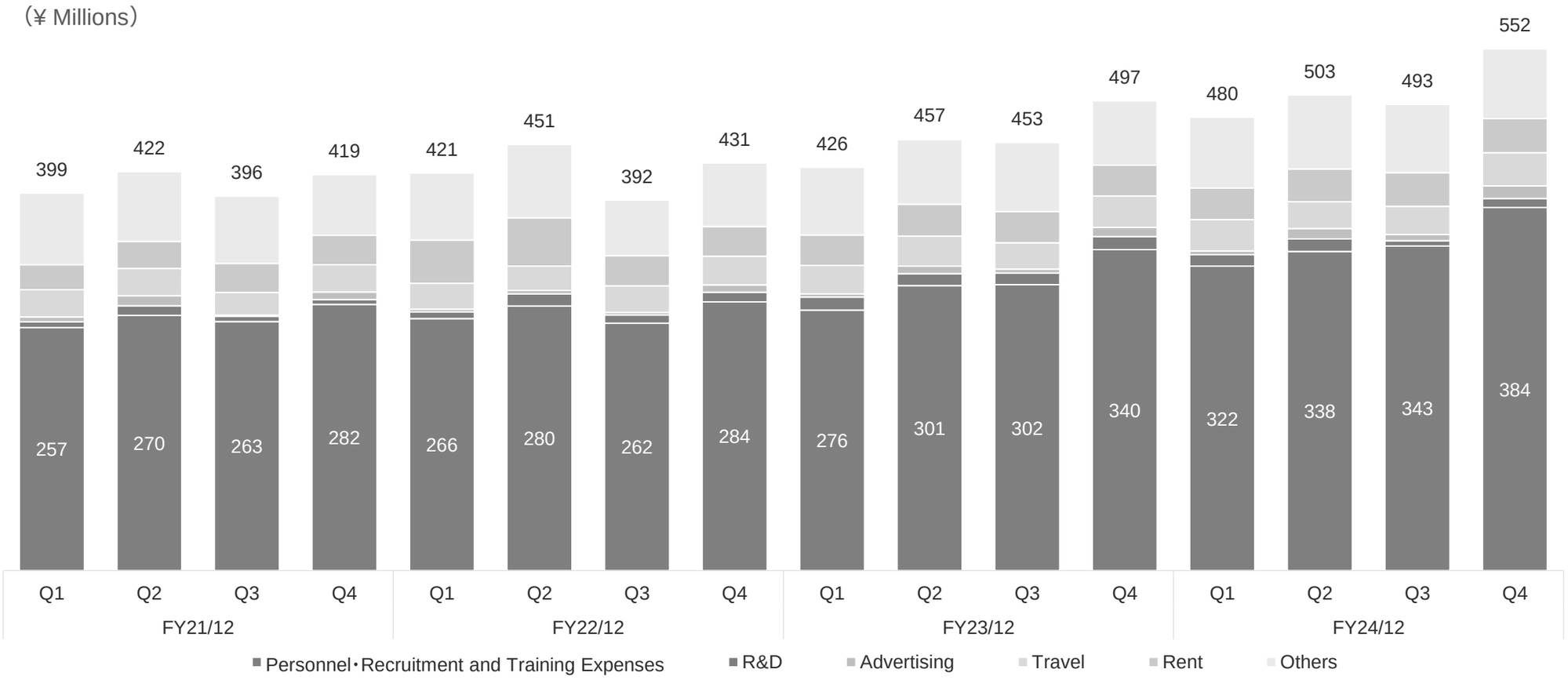

- Personnel and recruitment costs increased due to enhanced hiring efforts but remained within the planned range
- Personnel and training expenses rose by 12.9% YoY in Q4
- The number of consolidated employees at the end of FY2024 stands at 311

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Quarterly Performance on Operating Profit

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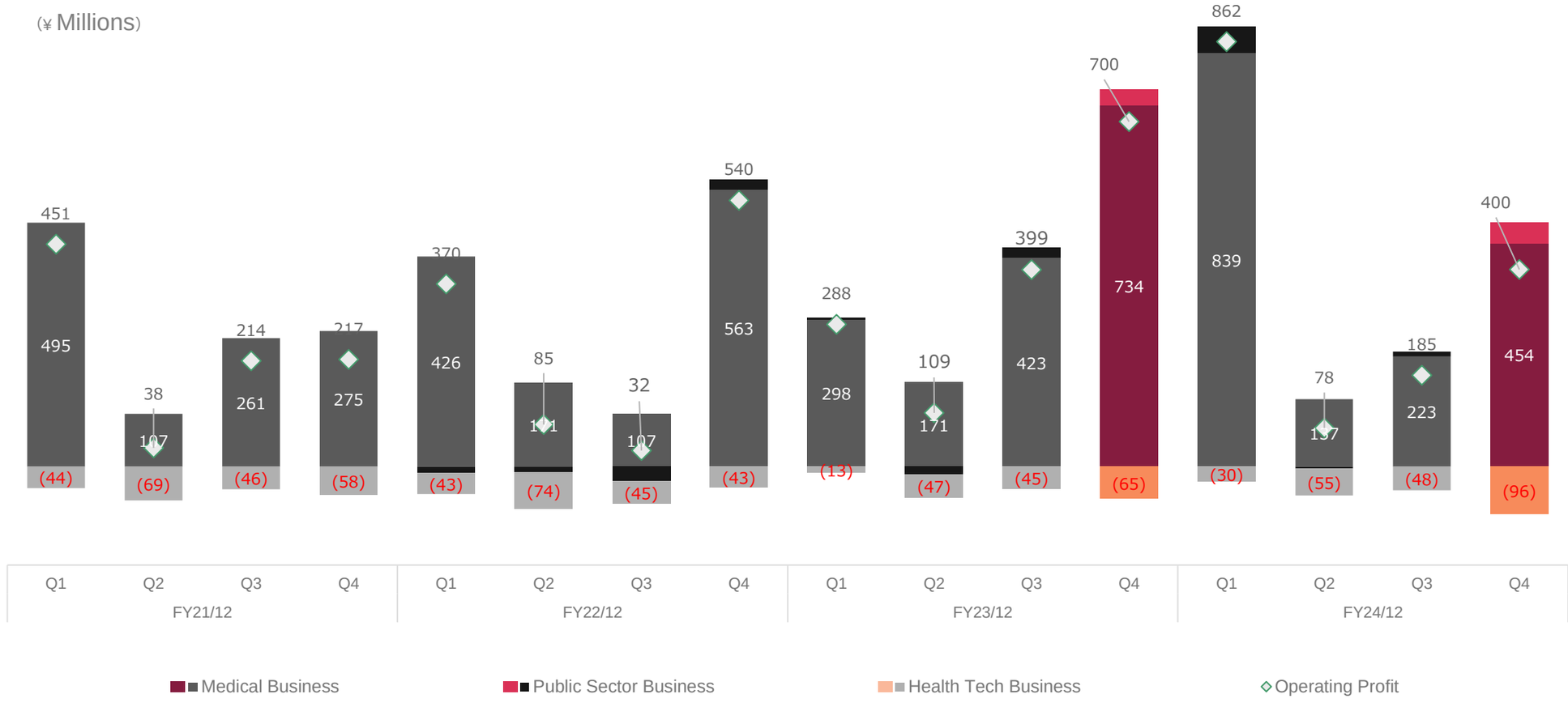

- The "Accounting Standard for Revenue Recognition“ has been applied from FY2022
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Orders and Backlog

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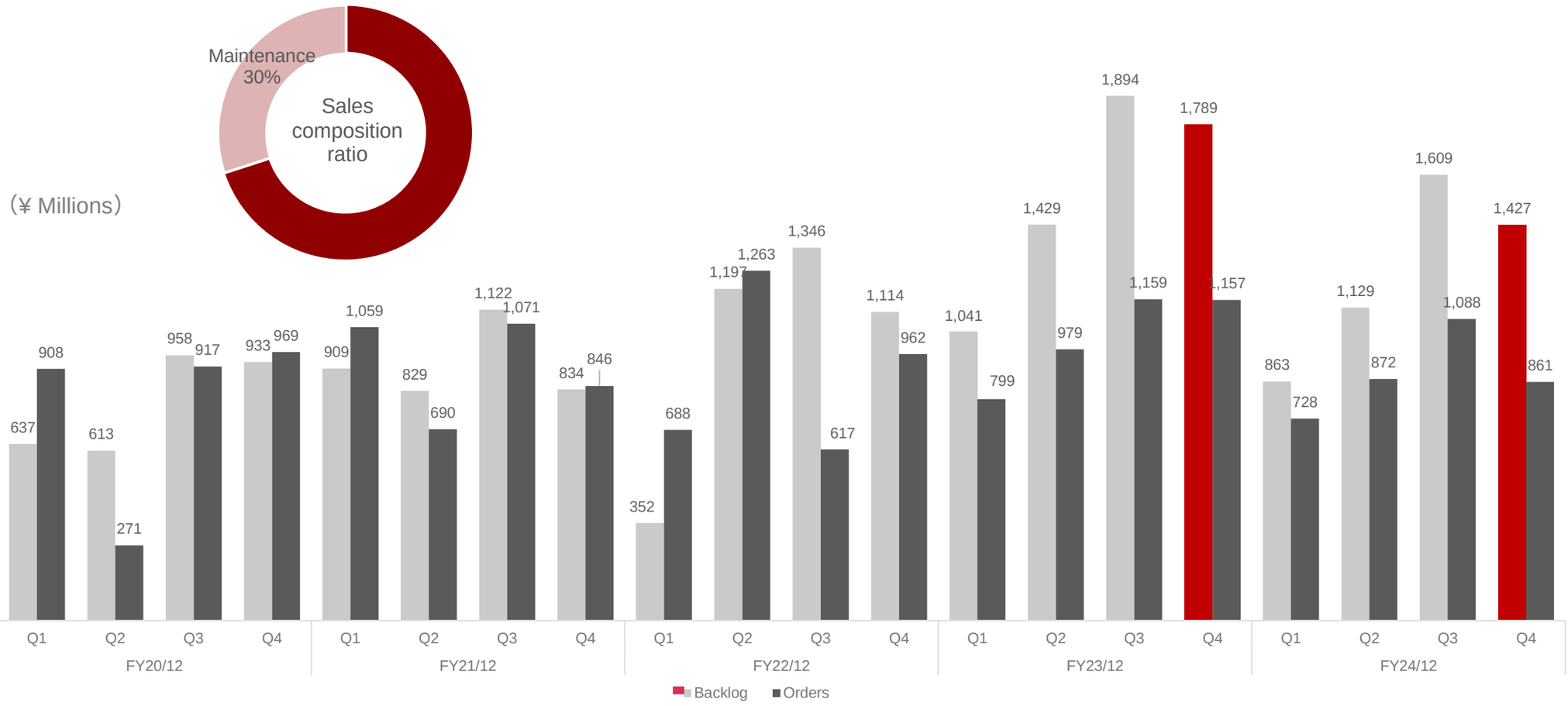

- The order backlog decreased by 20.2% year-on-year but remains high at ¥1,427 million
- In FY2024, system investment decisions by medical facilities were delayed, likely due to the workstyle reforms for physicians and revisions to medical fees. However, orders increased after the revisions were implemented in the summer

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Net Sales FY2011-2023

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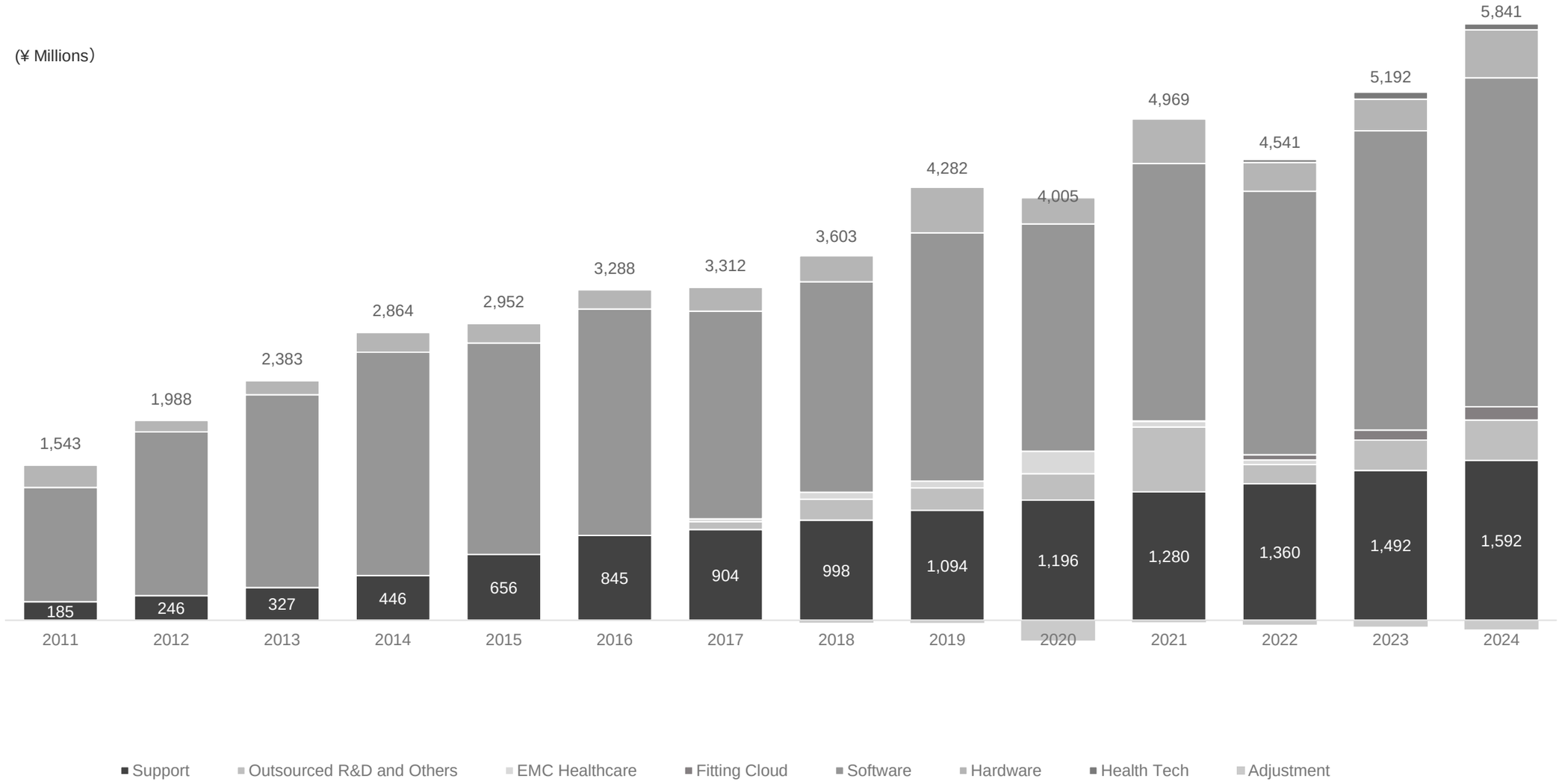

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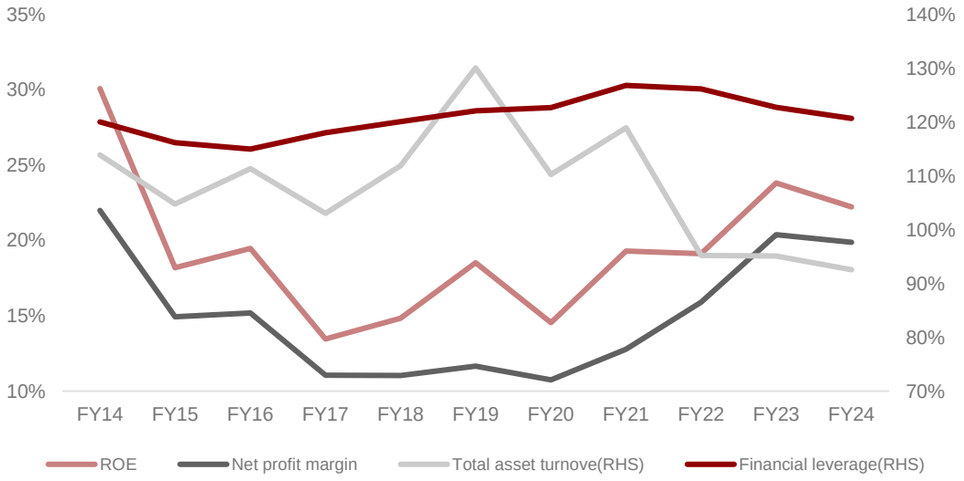
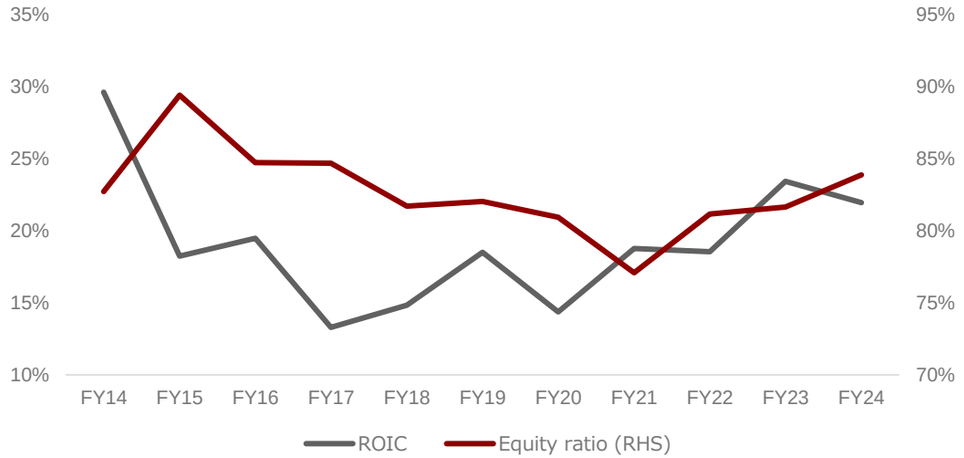
Financial Indicators

Appendix

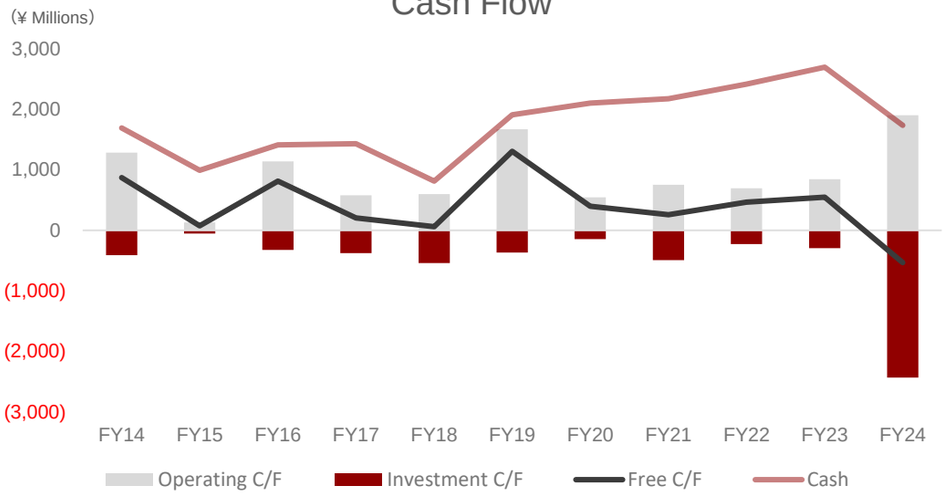
ROE and DuPon Analysis



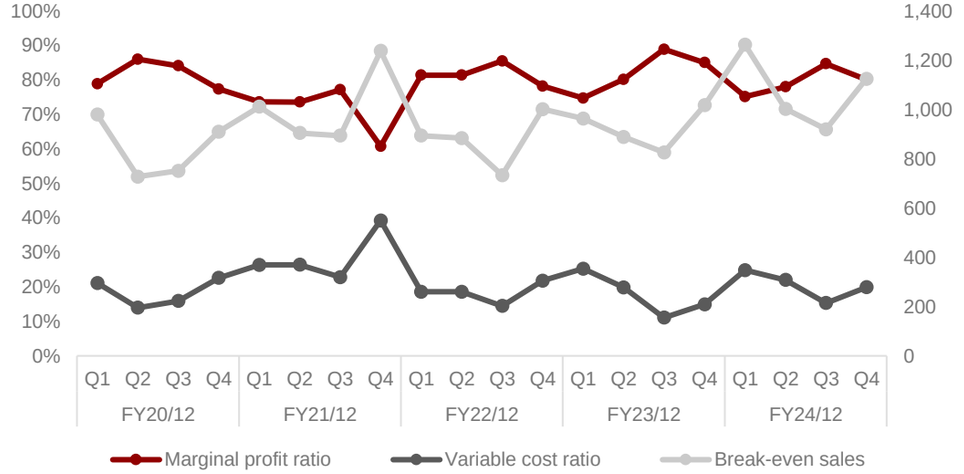
ROIC and Equity Ratio



Cash Flow



Marginal profit Ratio



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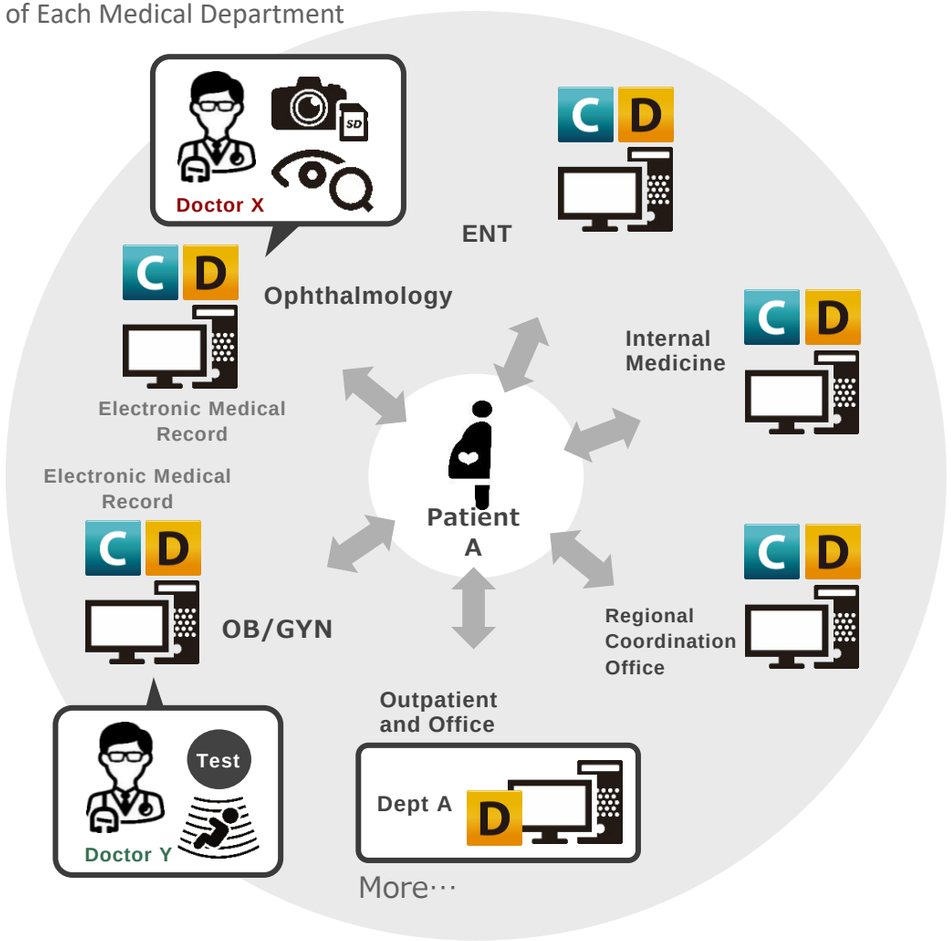
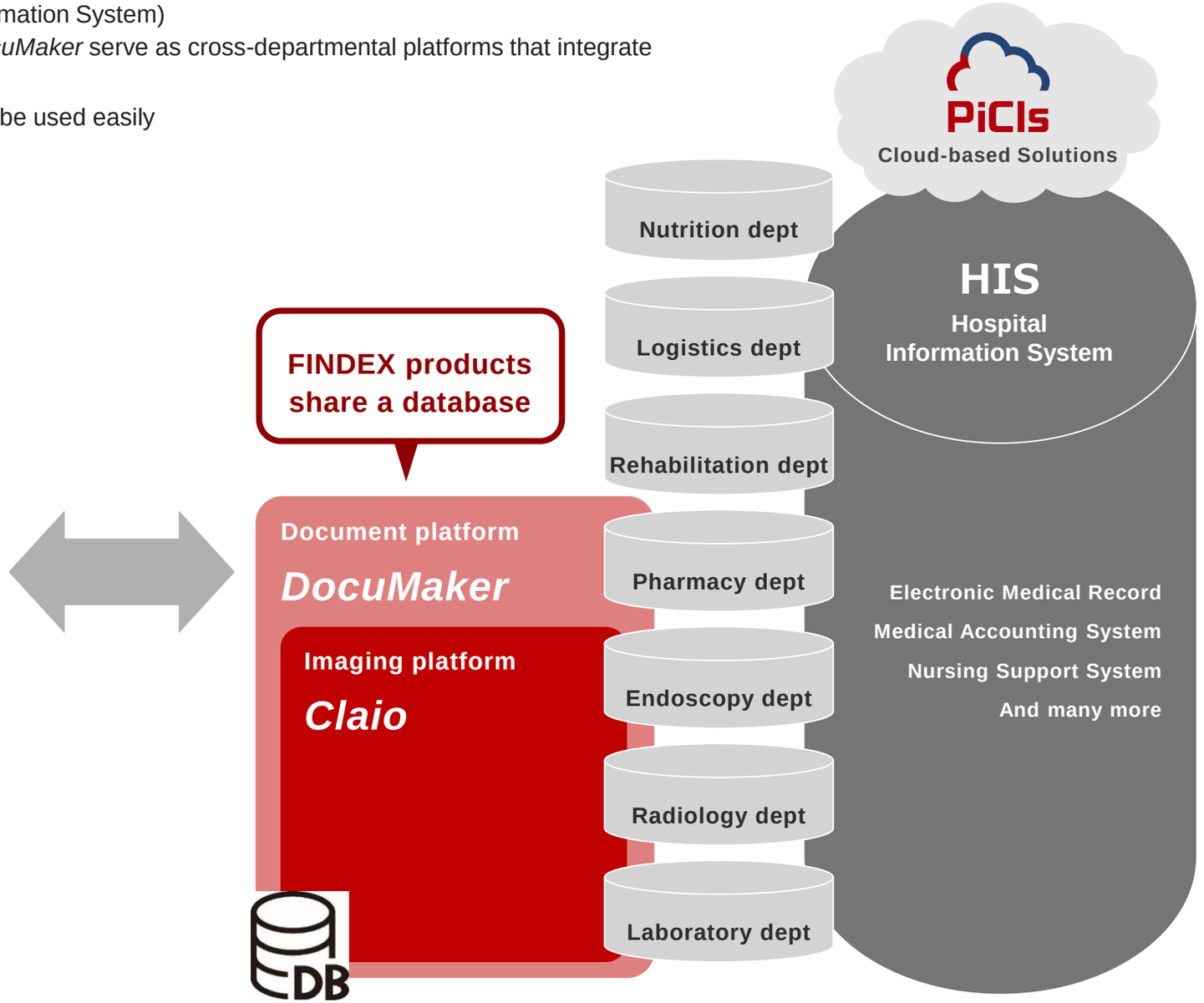
Overview of In-Hospital Solutions: *Claio* and *DocuMaker* as Platforms

- Patient data is connected to departmental systems via the HIS (Hospital Information System)
- While each departmental system has its own unique database, *Claio* and *DocuMaker* serve as cross-departmental platforms that integrate and manage all systems
- Providing department-specific templates allows each departmental system to be used easily

Map of Each Medical Department





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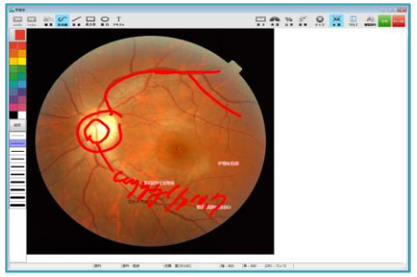
Claio is a medical data management system designed to efficiently manage images and data that are often overlooked during the transition from paper-based to paperless records. It is equipped with features that enable the valuable utilization of these resources.

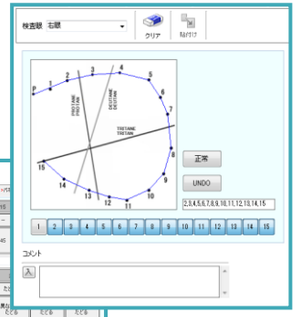
Provide dedicated input templates suitable for each medical department
Connecting to medical imaging equipment in each department enables direct acquisition of numerical and image data, eliminating redundant input

As an informed consent tool, it enables high-quality medical care
Being able to draw directly on images allows for clear visual communication with patients

Ophthalmology-Specific Templates
Supports test results in graphical formats

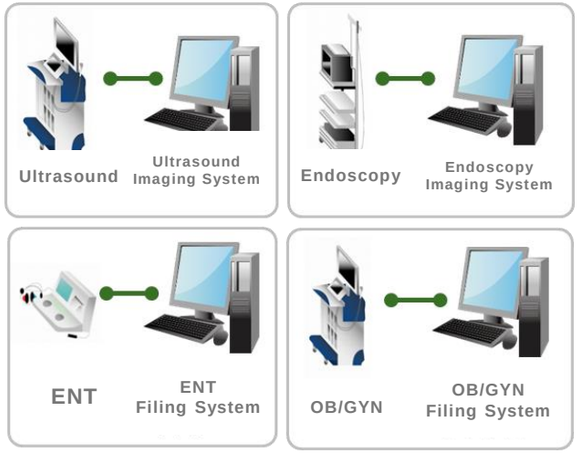






Before *Claio* was introduced to the market:

All medical devices were operated independently by each department



More…

After *Claio was* introduced :

Centralized management and operation of all medical devices and data within the hospital became possible

***Claio* demonstrates its true value in large-scale and acute care hospitals, where a high number of devices, departments, and physicians result in increasingly complex workflows**

***Claio* in Operation :**

An indispensable solution for hospitals, functioning both as an imaging platform and a departmental system

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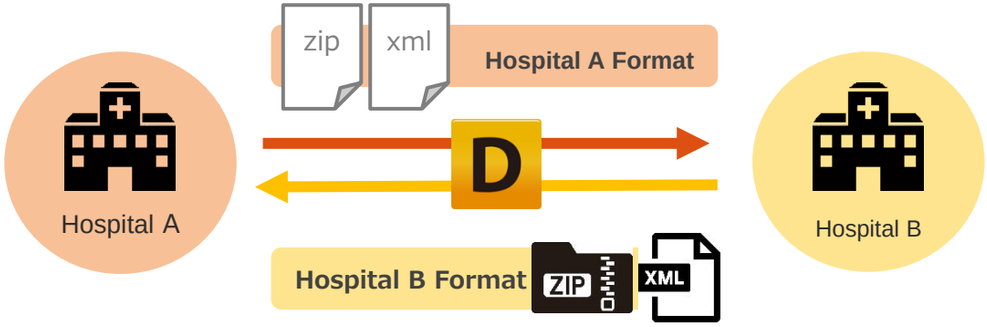
DocuMaker is a document creation and database software that digitizes handwritten medical documents easily without specialized knowledge. DocuMaker supports preparing hospital-specific formats and serves as a tool for document management, data entry, and data management.

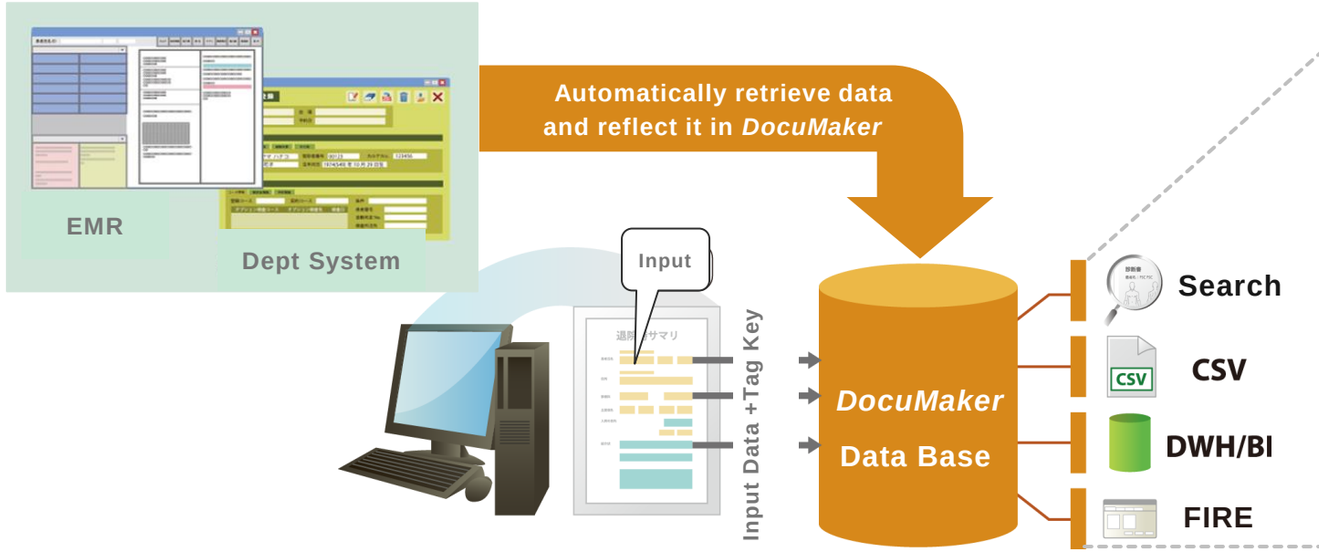
Cross-functional and team-wide use:
Customizable formats allow easy preparation of hospital-specific documents, enabling centralized management across teams and professions

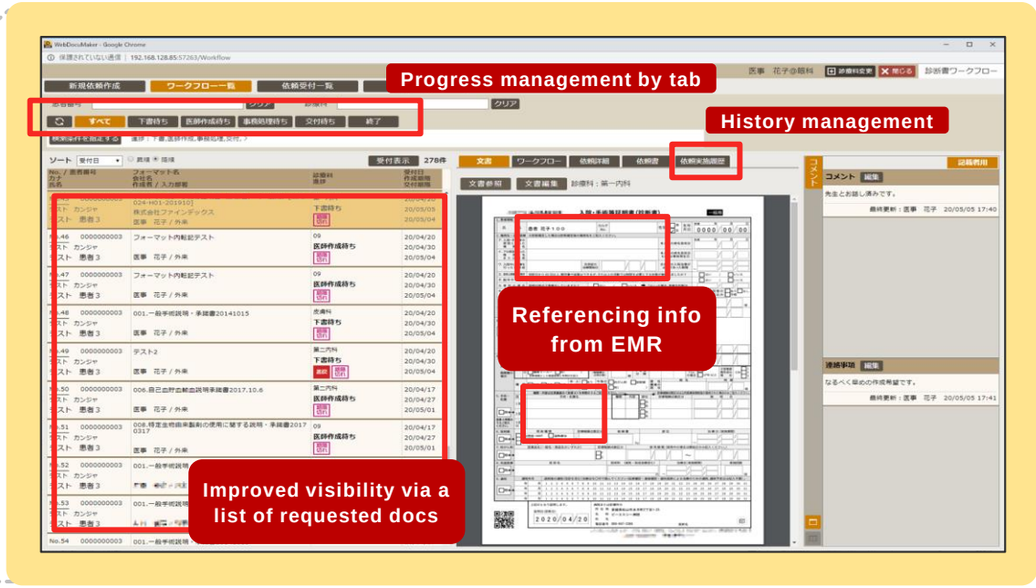
Database integration and secondary use:
Stores report data for hospital management and medical care, supporting analysis and operations from daily practice to management

Certified by the Life Insurance Association of Japan



DocuMaker has been effectively utilized for regional collaborations among medical institutions





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Progressive Software Creators

Always have, Always will.



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