

# Financial Results Briefing

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FINDEX Inc.

Fiscal Year Ending December 2021 Financial Results  
March, 2022



# FY2021 Financial Results

# FY2022 Financial Results (Summary/Consolidated)

Usually, many projects are scheduled in December, January (New Year's holidays), and March (end of the fiscal year) for large medical institutions.

Although our sales tend to be concentrated in the 1Q and 4Q, this fiscal year was an exception, with high sales recorded in the 2Q due to customers' convenience.

(Millions of yen)

	FY2021 Actual (consolidated)						
	1Q	2Q	1 <sup>st</sup> Half	3Q	4Q	2 <sup>nd</sup> Half	Full Year
Net sales	1,462	943	2,405	1,108	1,455	2,563	4,968
Operating income	451	37	488	215	217	432	920
Ordinary income	452	53	505	216	223	439	944
Profit attributable to shareholders of parent	314	26	340	145	151	296	636
Earning per share			¥13.30			-	¥24.84

# FY2020 YoY Comparison (Consolidated)

**Net sales : 124.0% YoY** due to steady growth in all business segments.

**Operating and ordinary income : Both achieved over 144% YoY**, although they were below budget due to delays in the GAP sales plan and the introduction of a system with a lot of procurements.

(Millions of yen)

	FY2020 Actual	FY2021 Actual	YoY ratio	Budget ratio (%)
Net sales	4,004	4,968	124.0 %	108.0%
Operating income	636	920	144.7 %	91.2%
Ordinary income	643	944	146.8 %	93.5%
Profit attributable to shareholders of parent	430	636	147.8 %	90.9%
Earning per share	¥16.81	¥24.84	—	—

# FY2021 Comparison of the Past 3 Years (Consolidated)

(Net Sales/Millions of yen)

(Operating Income/ Millions of yen)



# Segment Results (Consolidated)

(Millions of yen)

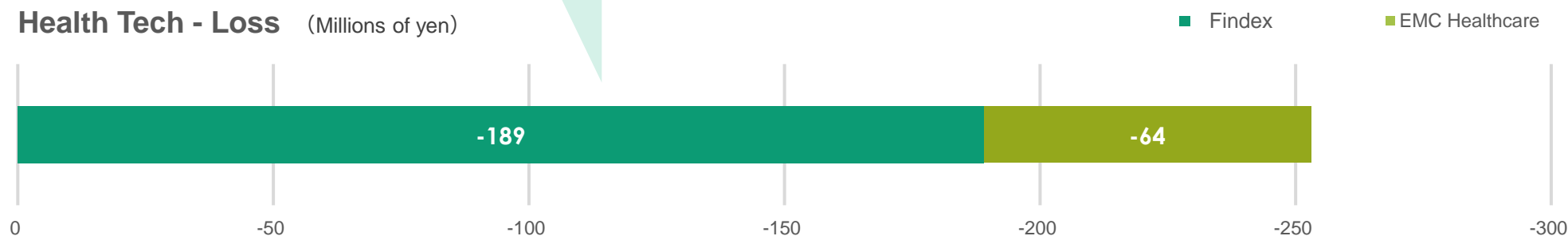
	Reportable Segment		Adjustments* <sup>1</sup>	Total* <sup>2</sup>
	System Development	Health-tech		
Sales to external customers	4,919	49	—	4,968
Intersegment sales and transfers	2	—	-2	—
Total sales	4,922	49	-2	4,968
Segment profit or loss	1,137	-217	—	920

\*1. Adjustment amount is due to elimination of intersegment sales.

\*2. Segment profit or loss is matched with operating income in the consolidated statement of income.

**Main Expenses:** Cost . . . Personnel:**35**/Depreciation:**55**/Outsourcing:**18**  
 SGA . . . Personnel:**37**/Depreciation:**11**/R&D:**14**

## Health Tech - Loss (Millions of yen)



# Profit Structure (Consolidated)

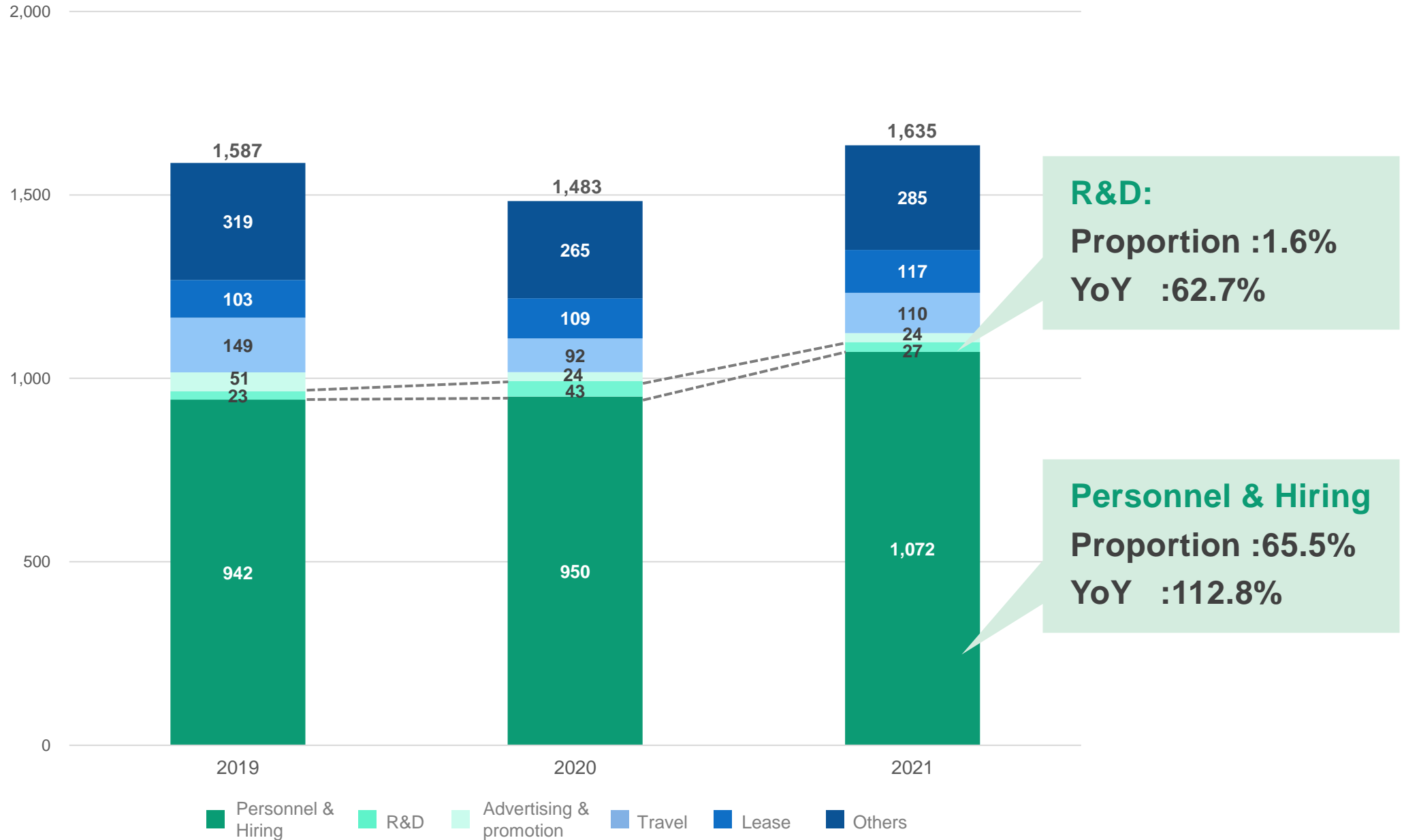
FY2021

(Millions of yen)



# SGA Trends (Consolidated)

(Millions of yen)





# Our Market Share



An Overwhelming Market Share of  
**72.7%**  
in National University Hospitals

Market share in large hospitals with more than 500 beds	➔	<b>46.8%</b>
Other hospitals and clinics	➔	<b>Over 1,600 facilities</b>

\*From this year one-time products are excluded from aggregation.

(As of December 2021)

# FY2021 Changes in the Number of Health System Users

(# of Facilities)

Classification	FY2020	FY2021	Changes*
Large hospitals (>500 beds)	187	188	1
Medium sized hospitals (100 to 499 beds)	369	388	19
Small hospitals (20 to 99 beds)	78	81	3
Clinics (<19 beds)	1,081	1,114	33
Other medial-related facilities	16	17	1
Non-medical facilities	6	10	4
Community-based comprehensive care	20	25	5
<b>Total</b>	<b>1,757</b>	<b>1,823</b>	<b>66</b>

**\*From this year one-time products are excluded from aggregation.**

\*The number of increase is the pure increase of new users (including reclassification), in addition to “system renewal”.

# FY2022 Outlook

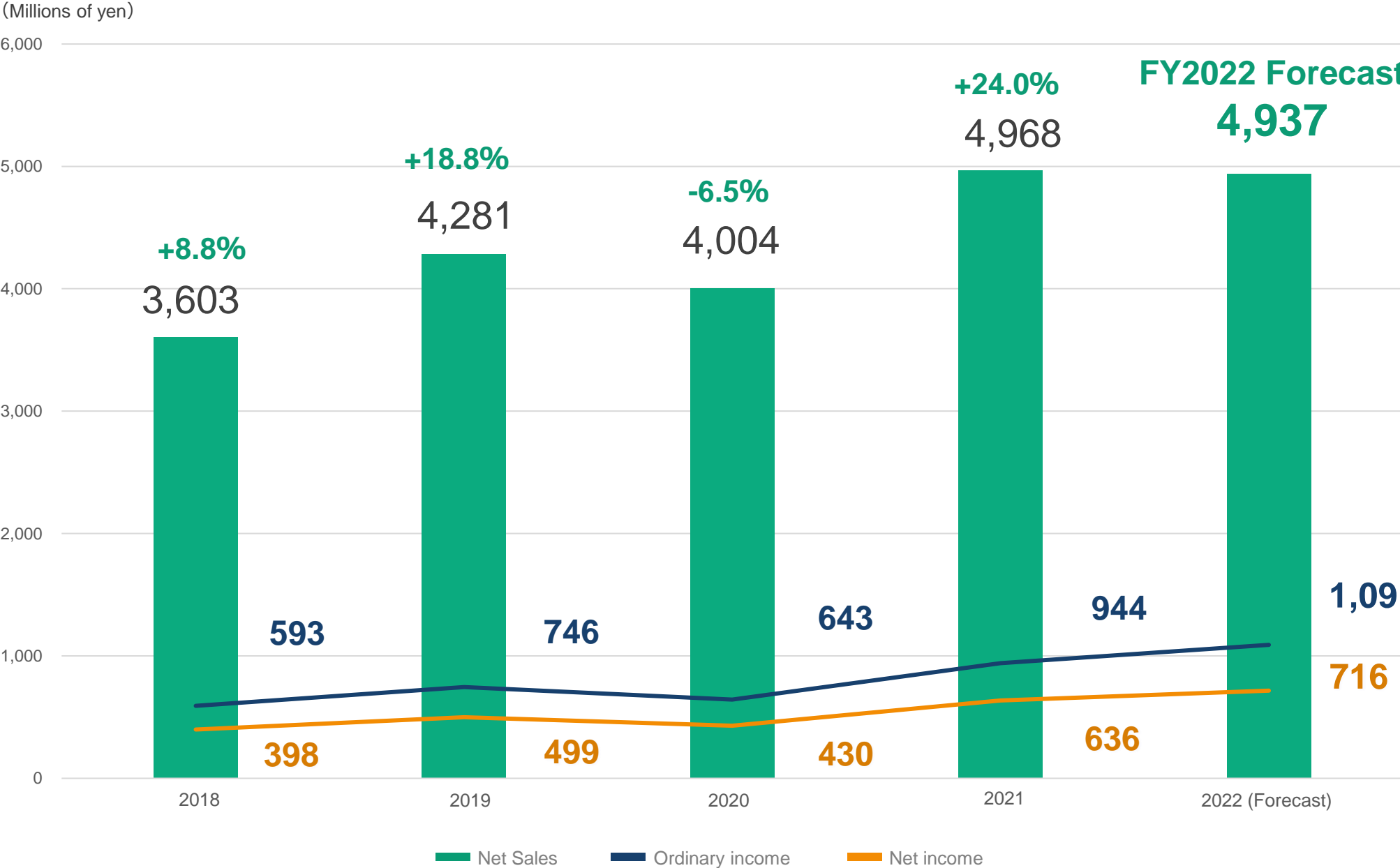
# FY2022 Forecast (Consolidated)

- Establish a high-margin, stable source of revenue by expanding the sales of packaged software and cloud-based services, despite the declining demands from medical institutions caused by covid-19.
- Start selling GAP overseas; with a sales target of 400 units (domestic & int'l).
- Costs associated with the relocation of HQ in 2Q are approx. 56 million JPY.

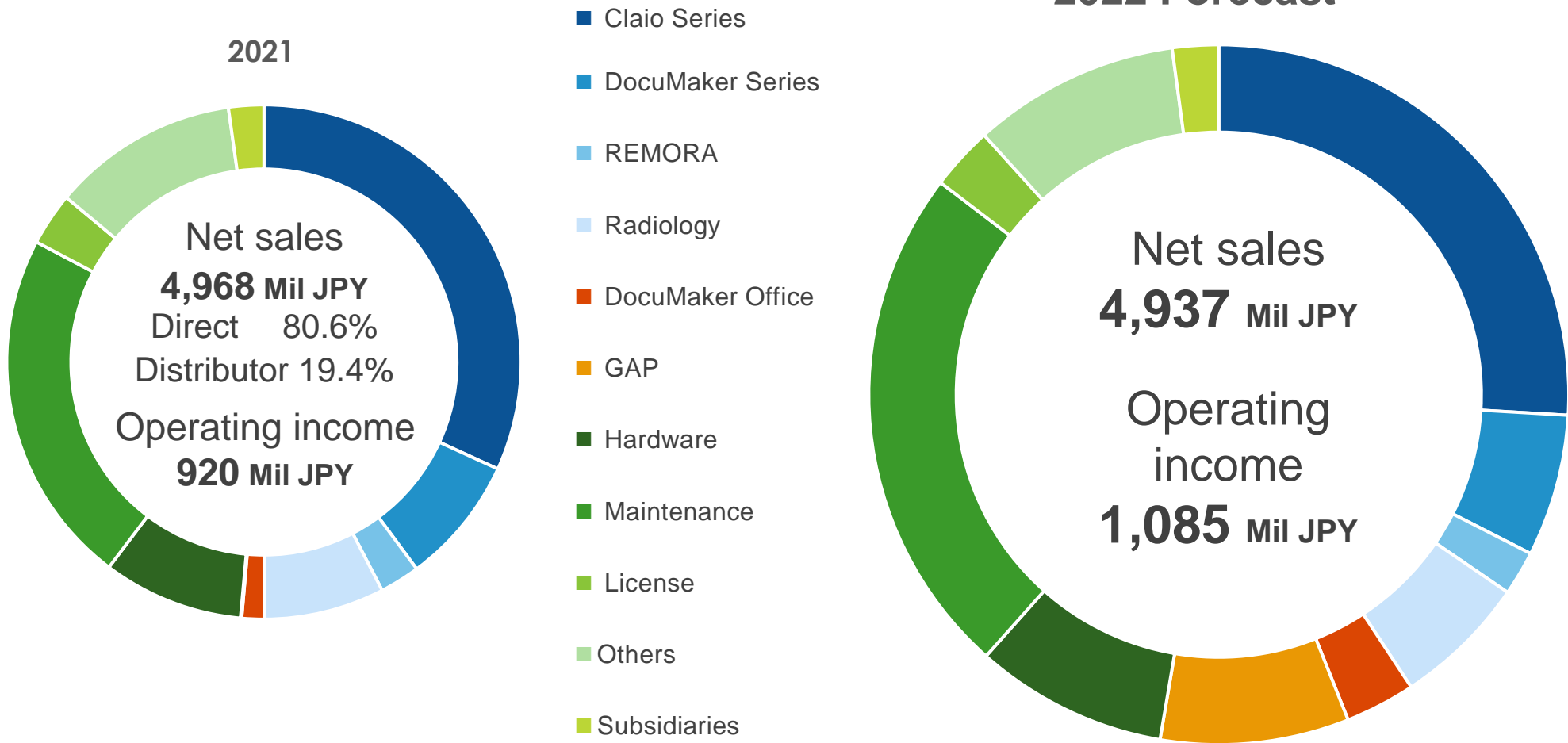
(Millions of yen)

	2021 Actual	2022 Forecast	
	Amount	Amount	YoY ratio
Net sales	<b>4,968</b>	<b>4,937</b>	<b>- 0.6 %</b>
Operating income	<b>920</b>	<b>1,085</b>	<b>+17.8 %</b>
Ordinary income	<b>944</b>	<b>1,091</b>	<b>+15.5 %</b>
Profit attributable to owners of parent	<b>636</b>	<b>716</b>	<b>+12.6 %</b>
Earning per share (yen)	<b>24.84</b>	<b>27.96</b>	<b>—</b>
Dividend per share (forecast)			
Interim dividend (yen)	<b>2.50</b>	<b>3.00</b>	<b>—</b>
Year-end dividend (yen)	<b>6.00</b>	<b>6.50</b>	<b>—</b>
Full year dividend (yen)	<b>8.50</b>	<b>9.50</b>	<b>—</b>

# Trends in Net Sales, Ordinary Income and Net Income



# FY2022 Forecast by Products (Consolidated)



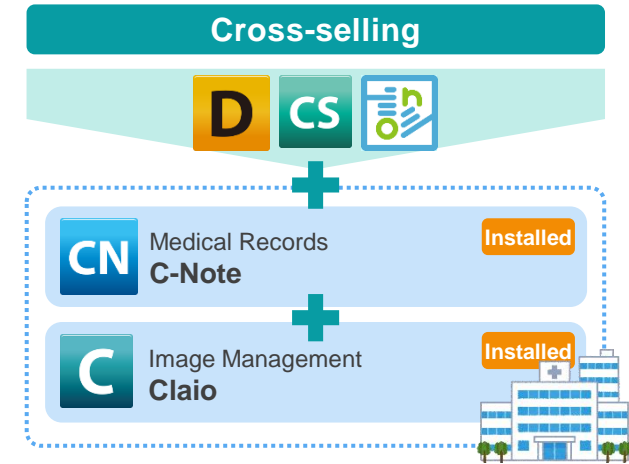
# Medical System Segment

## Market Trends

Growth slowing down due to widespread of covid-19

### Cross-sell to existing customers and strengthen sales of packaged software to new customers

- Increase the number of products used by existing customers, thereby enhancing opportunities for comprehensive service offerings including maintenance.
- Prioritize sales of existing packaged products with low installation costs to further improve profit margins.



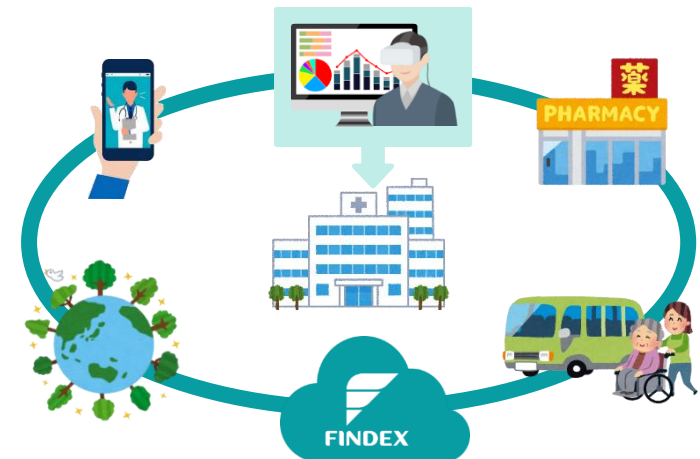
### Strengthen distributor sales and improve efficiency of direct sales

- Review the areas of responsibilities and services with the distributors to establish an efficient sales network.



### Prepare to build a new infrastructure for medical services

- Connect people, goods and services through cloud computing to realize a more convenient and efficient medical system and to create a regional healthcare community.



# Office System Segment

## Market Trends

Local governments focusing on digitalization to drive improvement

### Actively apply for bids

- Participate in bids from local governments and public organizations, addressing their needs based on the policies by Ministry of Internal Affairs and Communications.
- Directly manage large projects and outsource small to mid-sized projects to distributors.

### Expand sales to administrative departments within hospitals by leveraging our existing sales channels in medical market

- Aim to rapidly spread the adoption of our software, based on our huge success in delivering software to the majority of national university hospitals.

### Reorganize and enhance internal resources to handle large projects

- Multiple negotiations in progress with some orders scheduled for introduction after 2023.





# Health Tech Segment– Gaze Analyzing Perimeter

## Market Trends

The ophthalmology field is less susceptible to disease outbreaks and can expect stable sales

## Domestic



### Expand sales via distributors

**Total Sales = 12 units** (GAP-Screener/GAP)

- 1/3 of domestic ophthalmologists are our customers.  
⇒ Sales to existing customers a priority, multiple demos underway.
- Sales target for FY2022 : **100 units**

### Creating a market for medical checkup facilities through a pay-as-you-go system

**Realize multiple business meetings (GAP-Screener).**

- With the new partner, we adopt a pay-as-you-go system and establish a sales network specializing in medical checkups.
- Sales target for FY2022 : **100 units**

### Further researches underway with Kyoto Univ.

- Selected for **AMED** (Japan Agency for Medical Research and Development) project, obtained a total budget of **260 million JPY over 5 years.**
- Useful for detecting **MCI** (early-stage dementia) in addition to visual field abnormalities.
- Possibility of diversion to testing for other psychiatric and brain disorders.

## Overseas



### European MDR (Medical Device Regulation) pending

- MDR approval timing: expected in the spring of 2022.
- Contracted with exclusive distributors in Japan, and secured export routes and local sales network.
- Export routes and local sales networks are already secured.  
⇒ Number of local dealers:  
**EU: 33, Middle East & Africa: 23**
- Sales target for FY2022 : **200 units**

### Formulating sales strategies for other regions

- Collaborating with partners to build sales networks in each region.
- Sales in India and ASEAN region  
⇒ utilize credibility from Japan and EU.
- Sales in North and South America  
⇒ developing process for FDA approval.

## Improve Profitability of Medical Software Health Tech Contributes to Our Sales and Profits

### Medical System

#### Growth slowing down due to widespread of covid-19

- ⇒ Cross-sell to existing customers and strengthen sales of packaged software to new customers
- ⇒ Strengthen distributor sales and improve efficiency of direct sales
- ⇒ Prepare to build a new network/infrastructure for medical services

### Office System

#### Local governments focusing on digitalization to drive improvement

- ⇒ Actively apply for bids
- ⇒ Expand sales to administrative departments within hospitals by leveraging our existing sales channels in medical market
- ⇒ Reorganize and enhance internal resources to handle large projects

### Health Tech GAP

#### The ophthalmology field is less susceptible to disease outbreaks and can expect stable sales

- ⇒ Strengthen GAP business by developing multiple sales networks with partners
- ⇒ Accelerate sales and implementations to health checkup centers
- ⇒ Start sales in overseas (EU, Middle East and Africa)

# News Release

# News Release

- **New product launch 1: Software for telemedicine “On-Shin”**

- Realization of telemedicine for large medical institutions that have been difficult to construct in the past.
- Cloud-based telemedicine for more than 100 people simultaneously at a single facility.

- **New product launch 2 : Cross-search & big data construction system ”Universal Searcher”**

- Consolidates data from more than 30 systems, including EMR, accounting, logistics management, and HR management.
- Enables cross-sectional extractive search, improving the quality of medical care and the efficiency of hospital management.

- **New product launch 3: Task managing application ”Dodo”**

- An easy-to-use product without excessive functions. Dodo focuses on managing daily routine tasks and enhancing communication between parents and kids.
- Targeting mainly working parents.

- **Scheduled to be listed on Prime Market in Tokyo Stock Exchange (TSE)**

- Scheduled to move from the First Section of TSE to the Prime Market in April 2022.

- **Implementation of a regular Work From Home scheme**

- WFH scheme, which had been a provisional measure, is now a full-fledged system. We aim to improve work comfort, enhance recruiting capabilities, and correspond to the SDGs targets.

- **Relocation of Tokyo HQ**

- Relocating to Tokyo Sankei Building (1-7-2 Otemachi, Chiyoda-ku, Tokyo) in April 2022



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