

FY2023 Financial Results Presentation

FINDEX Inc.

16th February 2024



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- **FY2023: Achieved over 40% increase in profit driven by Medical and Public Business**
- **FY2024: Accelerating investments in human resources, still expecting sales & profit growth**

【FY2023 Actual】

Achieved increased sales and profit

Net sales: YoY **+14.3** %

Operating profit: YoY **+45.5** %

Outperformed the original guidance

vs. guidance Net sales: **+2.5** %

Operating profit: **+14.0** %

Increased the year-end dividend by 2 yen,
bringing it to JPY**13.0** for the entire year

【FY2024 Guidance】

Anticipating growth both in sales and profit

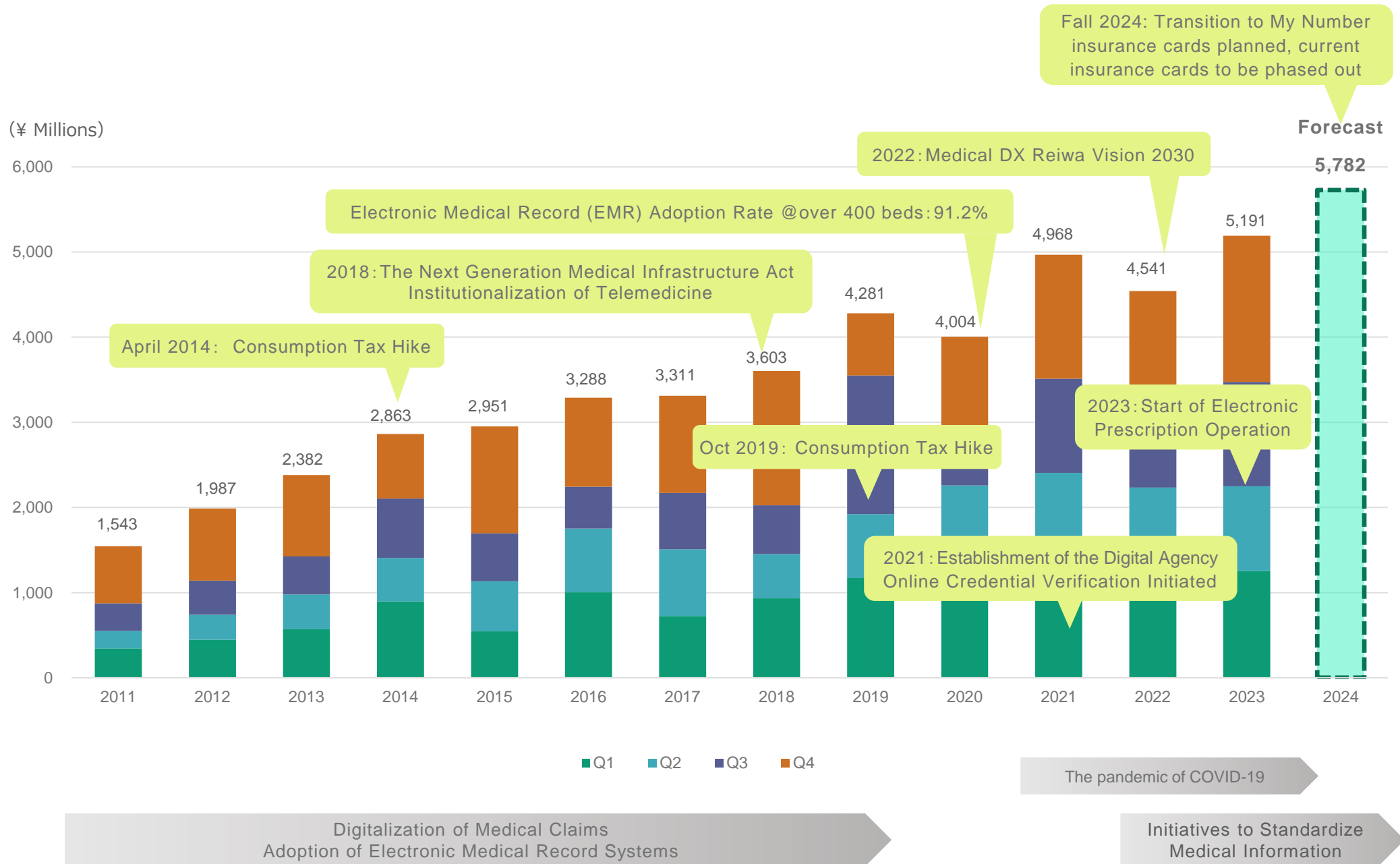
Net sales: YoY **+11.4** %

Operating profit: YoY **+ 5.2** %

- Achieving stable profit growth through increased productivity and strengthened sales capabilities
- Investment in talent for long-term corporate value enhancement and growth is a key focus
- Initiating considerations for mergers and acquisitions (M&A) and implementing various measures to expand our business capabilities

The original plan for the dividend
JPY**15.0**/yr remains unchanged

Trends of Our Sales



FY2023 Financial Performance Highlights

- Significant increase in net sales and operating profit, mainly due to strong demand in Medical Business
- In Q4 alone a high level of profit was registered compared to the robust FY2022 on YoY basis

(¥ Millions)	FY2021	FY2022	FY2023	YoY	FY2022 Q4	FY2023 Q4	YoY
Net Sales	4,968	4,541	5,191	14.3%	1,541	1,717	11.4%
Gross Profit	2,556	2,722	3,329	22.3%	971	1,197	23.2%
Gross Profit Margin	51.5%	60.0%	64.1%	-	63.0%	69.7%	-
Operating Profit	920	1,028	1,496	45.5%	540	700	29.6%
Operating Profit Margin	18.5%	22.6%	28.8%	-	35.1%	40.8%	-
Recurring Profit	944	1,055	1,527	44.7%	532	707	32.9%
Profit Attributable to Owners of the Parent	636	722	1,059	46.5%	373	492	31.9%

- In Q4 alone net sales increased by 11.4%, while operating profit increased by 29.6% compared to the previous year
- The gross profit margin remained high at 69.7% in Q4
- As for FY2023, the revenue recognition impact of Q1FY2024 sales projects was significant
- Public Sector Business showed a strong performance, maintaining its profitability.

- No significant changes in the balance sheet
- Equity ratio and ROE remain at high levels of 81.5% and 23.8% respectively

	FY2022 Amount	FY2023		Mainly caused by
		Amount	Changes	
B/S				
Cash and deposits	2,413	2,693	279	Accumulation in profit
Notes, accounts receivable - trade and contract assets	1,361	1,924	563	
Merchandise and finished goods, work in progress	169	221	51	
Raw materials and supplies	146	118	-28	
Other	37	50	13	
TOTAL CURRENT ASSETS	4,128	5,006	878	
Tangible assets	103	89	(14)	
Intangible assets	251	290	39	
Software	251	290	39	
Investments and other assets	497	547	50	
TOTAL ASSETS	4,980	5,934	954	
TOTAL CURRENT LIABILITIES	654	772	118	
LONG-TERM LIABILITIES	283	316	32	
(long-term and short-term interest-bearing liabilities)	0	0	0	
TOTAL LIABILITIES	937	1,088	151	
NET ASSETS	4,042	4,845	802	
Shareholders' equity	4,038	4,844	806	Accumulation in profit
TOTAL LIABILITIES and NET ASSETS	4,980	5,934	954	

- Deposits and cash increased to JPY 2.7bn with the cumulative profits from the past
- Strategizing on effective uses of capital including M&A

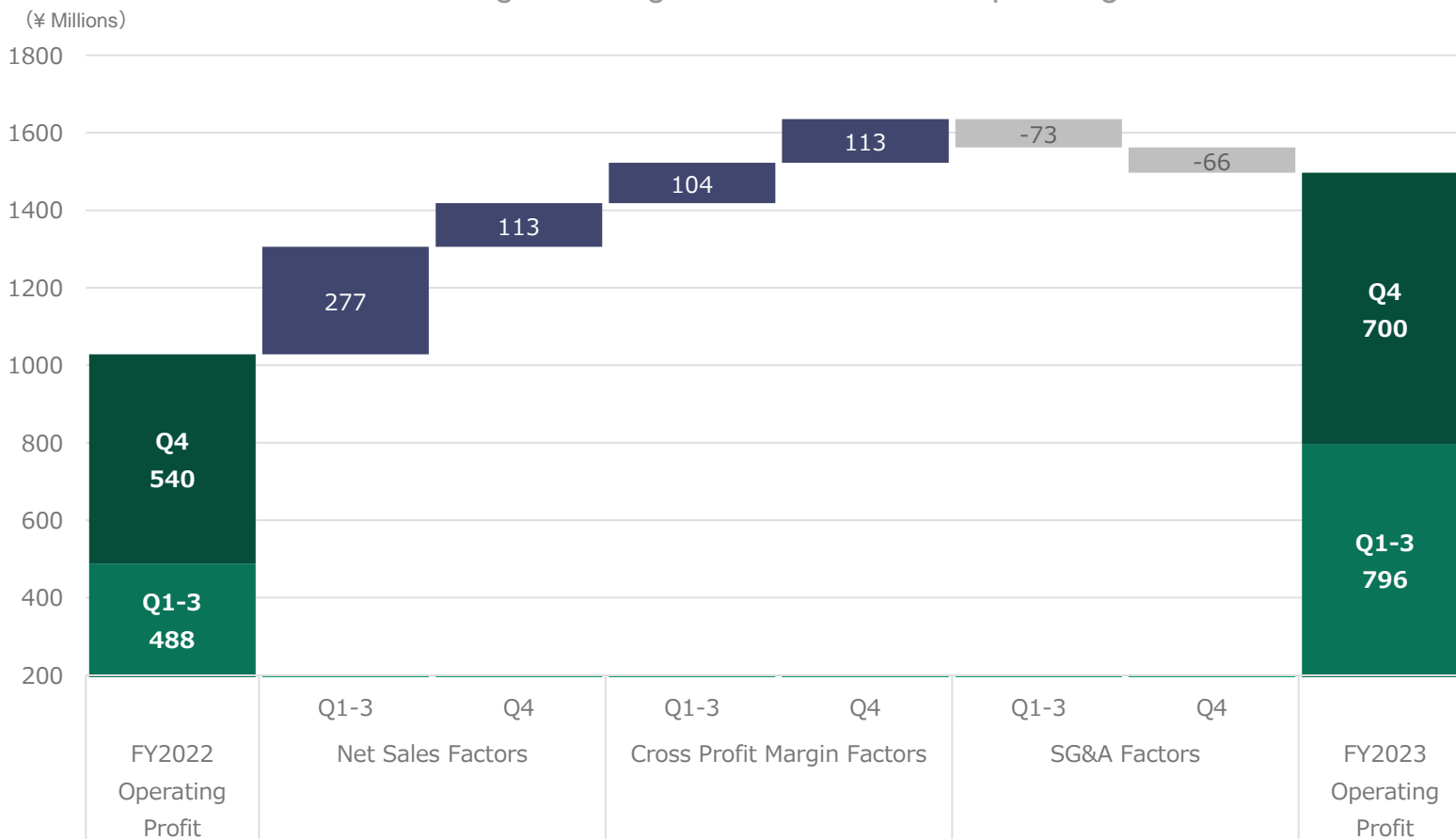
	FY2022 Amount	FY2023		Mainly caused by
		Amount	Changes	
C/F				
Cash flows from operating activities	693	842	149	Increase in profit
Cash flows from investing activities	(230)	(296)	(66)	
Cash flows from financing activities	(142)	(270)	(128)	Shareholder Dividend (substantial Increase/Decrease:(28))
Free cash flow	463	546	83	

- In 2022, after accounting for the impact of a 100 mio loan taken out by a consolidated subsidiary at that time (EMC Healthcare Co., Ltd.) and dividends of 232 mio, the cash flows from financing activities amounted to 142 mio

FY2023 Factors Contributing to Changes in Operating Profit

- By concentrating on packaged products that require minimal implementation effort, both the number of sales and the profit margin have increased
- High volume of sales from software acceptances scheduled in Q1FY2024 was registered due to the revenue recognition under the new accounting standards

Factors Contributing to Changes in Consolidated Operating Profit FY2023



- Q4 showed strong performance, resulting in an increase in operating profit
- Both the increase in sales and the improvement in profit margins made positive contributions
- There were low outsourcing costs associated with system migration in FY2023, and overall costs (including expenses for large-scale product development and collaboration with other companies) were minimal
- SG&A expenses are under control

FY2023 Trends in Each Business Segment

- Sales in Medical Business remained strong and Public Sector Business turned profitable. Achieved the targets from the mid-term business plan
- The reduced Health Tech Business losses contributed to improve financial performance

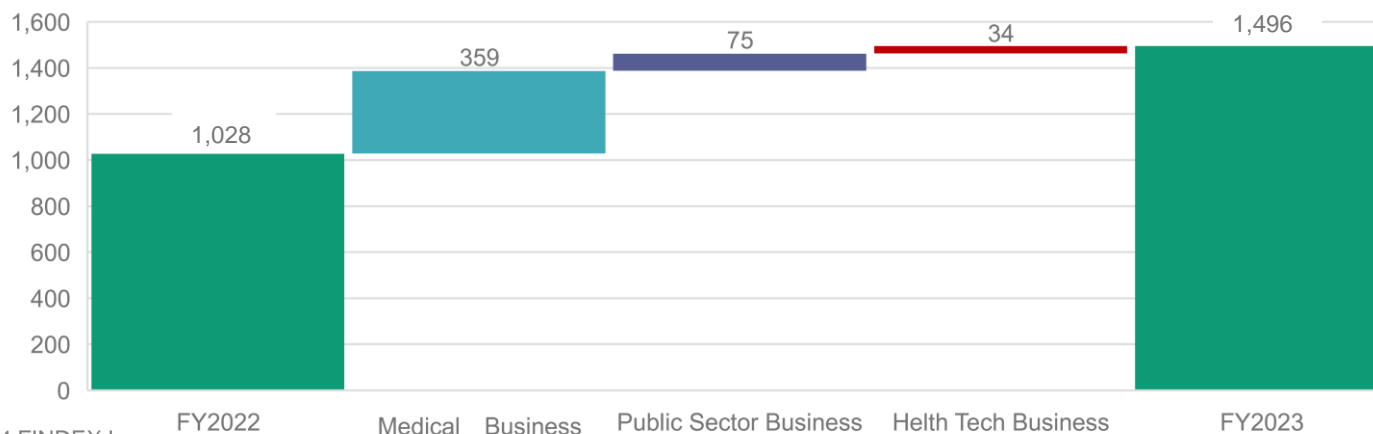
(¥ Millions)	FY2022	FY2023	YoY	FY2022 Q4	FY2023 Q4	YoY
Net Sales	4,541	5,191	+14.3%	1,541	1,717	+11.4%
Medical Business	4,352	4,935	+13.4%	1,477	1,614	+9.3%
Public Sector Business	121	187	+54.5%	58	75	+28.0%
Health Tech Business	69	68	-1.2%	4	27	+449.6%
Operating Profit	1,028	1,496	+45.5%	540	700	+29.6%
Medical Business	1,267	1,625	+28.3%	562	733	+30.4%
Public Sector Business	-33	41	-	20	31	+56.8%
Health Tech Business	-205	-170	-	-42	-65	-

* 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

Segment-wise Operating Profit Variance Analysis



Medical Business

- Sales expanded steadily, leading to a 13.4% YoY increase in net sales
- Profit was boosted by maintenance revenue from new customers, revenue from consulting, and the progression of packaged product sales
- Profit growth offset the increase of personnel costs, resulting in a high level of operating profit margin
- Number of installations and add-ons during FY2023 : 45 for hospitals and 109 for clinics

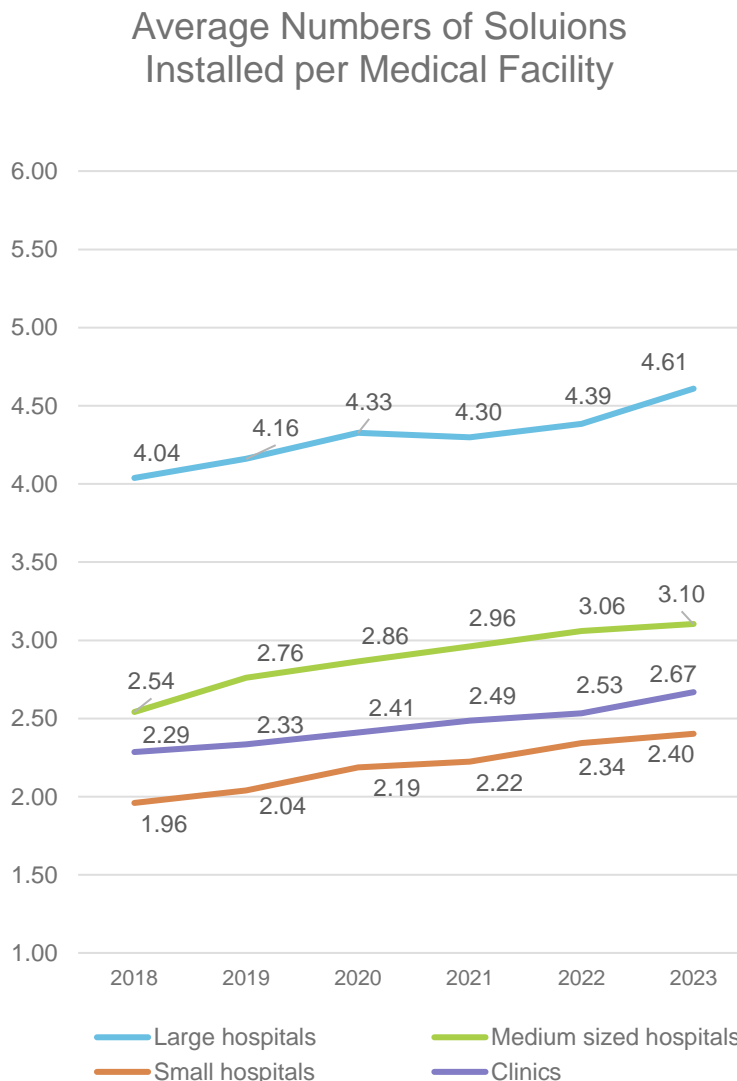
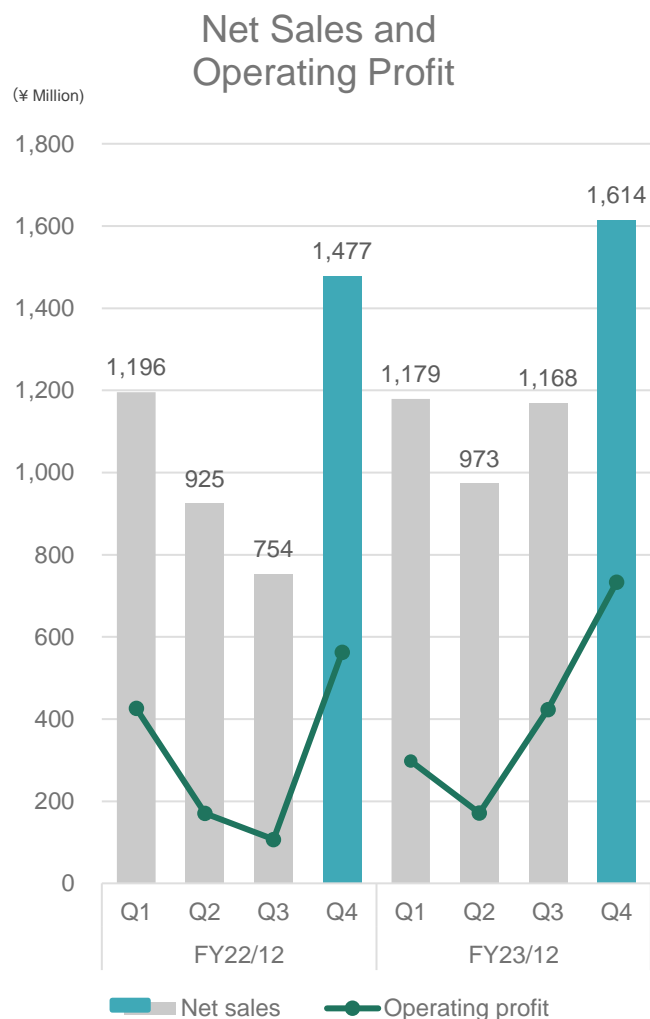
Public Sector Business

- Operating profit has been in the black
- Bidding for local governments and other public entities performed well
- The cumulative numbers of installations since the service launch: 26 for public sector organizations and 6 for hospitals

Health Tech Business

- Shipping of GAP to the EU started
- Revisiting our sales strategy despite high interest from hospitals and clinics
- GAP/GAP-screener sold in FY2023: Domestic:14 units, Overseas: 46 units
- Registered JPY25 mio valuation loss on components in Q4
- EMCH shifting to equity method affiliate narrowed the deficit

- Efficient implementation achieved through the promotion of packaged sales, resulting in an increase in the number of sales
- There is growing interest in cloud services tailored for large-scale hospitals

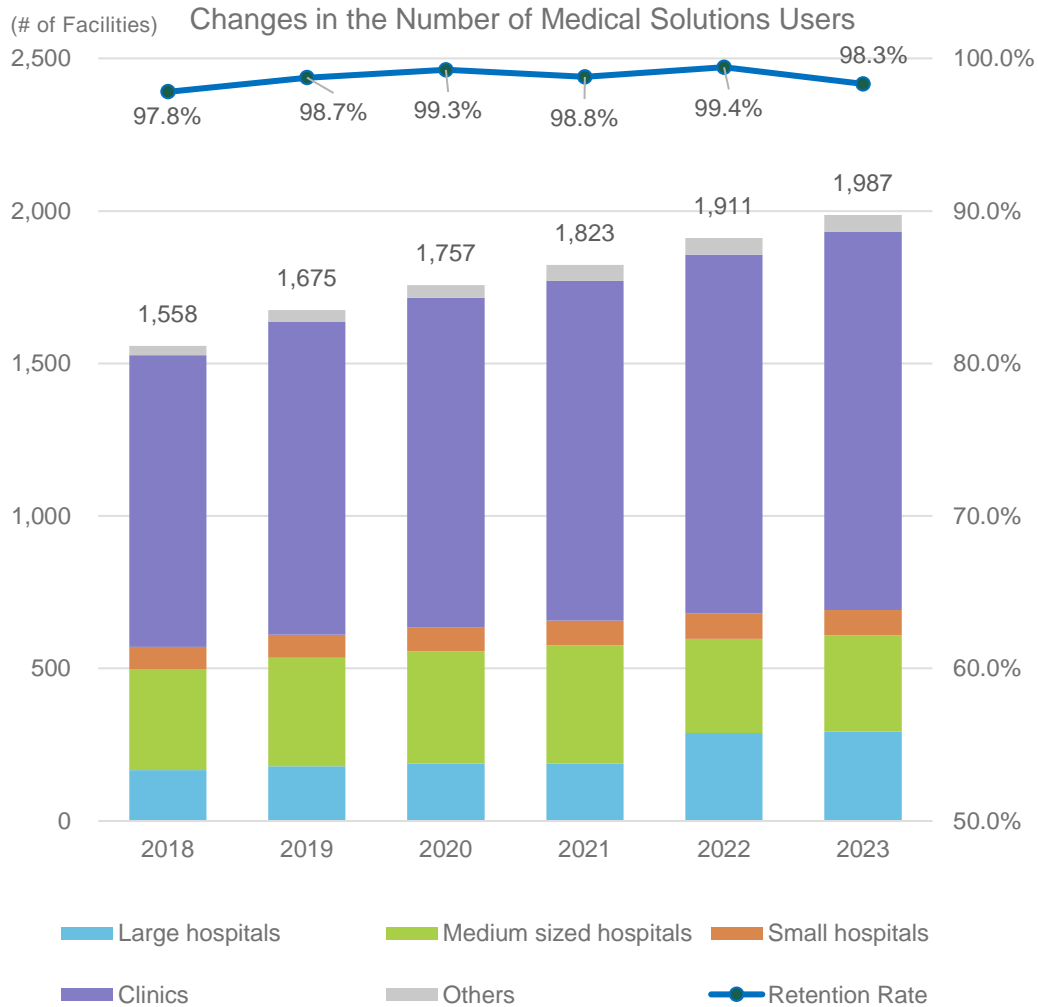


- Software was selling well and newly established consulting department received continuous orders. Large scale projects proceeded smoothly (resulting in an increase of revenue recognitions under the new accounting standards)
- The number of inquiries for our in-house brand, “PiCIs”, which offers unique cloud solutions to support collaborations among medical facilities, has increased
- Cross-selling to existing customers continues to perform well, particularly in large hospitals
- Our subsidiary Fitting Cloud Inc. started a joint R&D with Kyoto University utilizing generative AI to upgrade our medical documentation software
- Number of our flagship product “Claio” users reached 1,500. The total number of our customers is about to reach 2,000

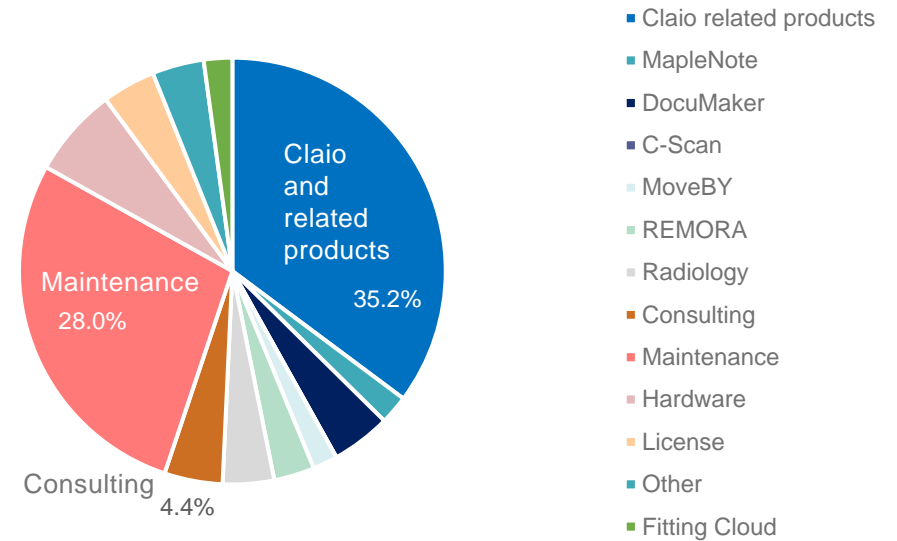
Key Initiatives

- Expanding cloud-based services
- Utilization of generative AI and preparation for data business
- Regarding the sales of medical software in India, ongoing discussions with Toyota Tsusho Corporation are focused on the product’s sales timing and pricing
- Adjusting the product prices upward to address increased costs

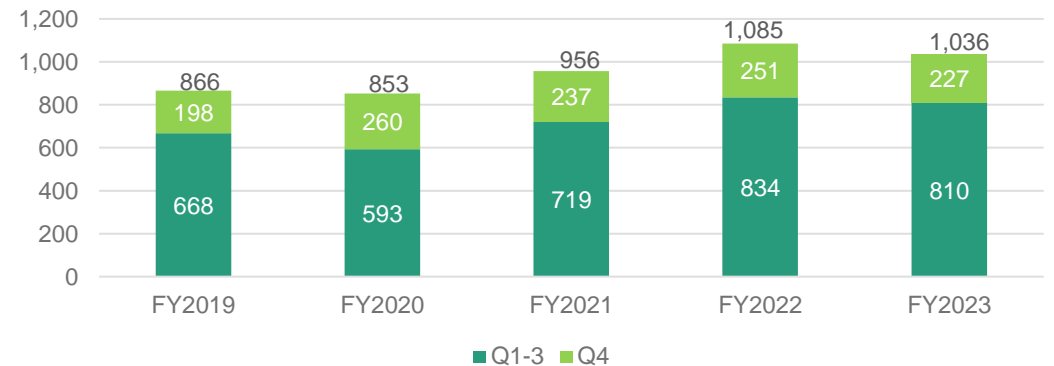
- Number of medical solutions users steadily growing, reaching 2,000 soon
- Number of our flagship product *Claio* users reached 1,500 in November 2023



FY2023 Medical Business Composition of Sales by Products



Trends in Distributor Sales



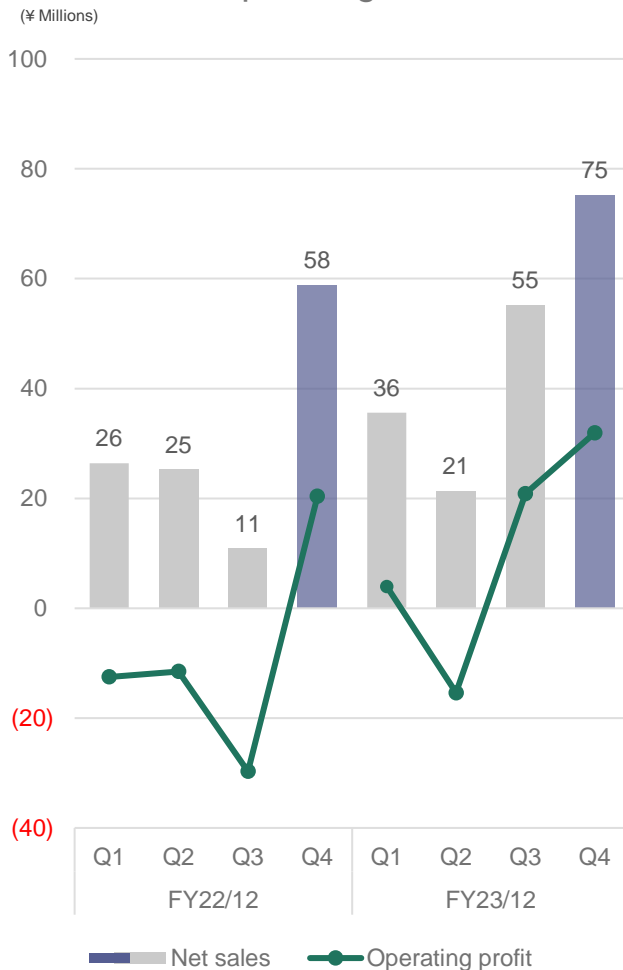
*Calculation changed as categorization of large hospitals revised from 500 or more beds to 400 or more beds following the revision of medical service fees in 2018.

*Consumers of one-time products are excluded. Definitions are unified due to the presence of mixed definitions in some of the previously disclosed data

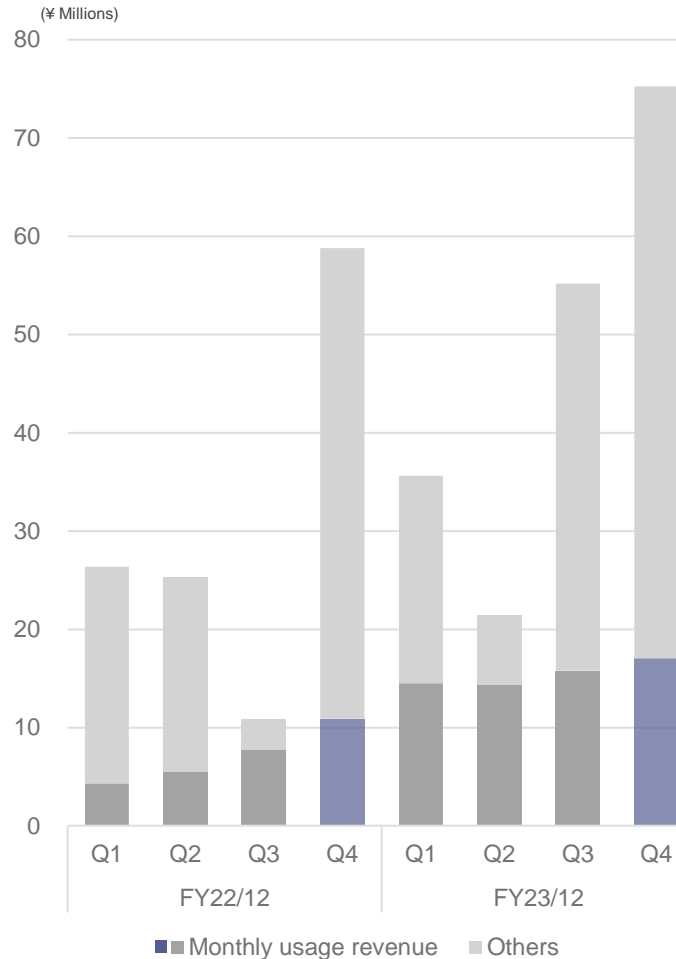
*Figures for the now-removed Public Sector Business is included up to FY2022

- FY2023: Both sales and profit significantly increased as large-scale projects progressed well
- FY2024: Focus on expanding internal resources and acquiring new sales partners

Net Sales and Operating Profit



Breakdown of Net Sales

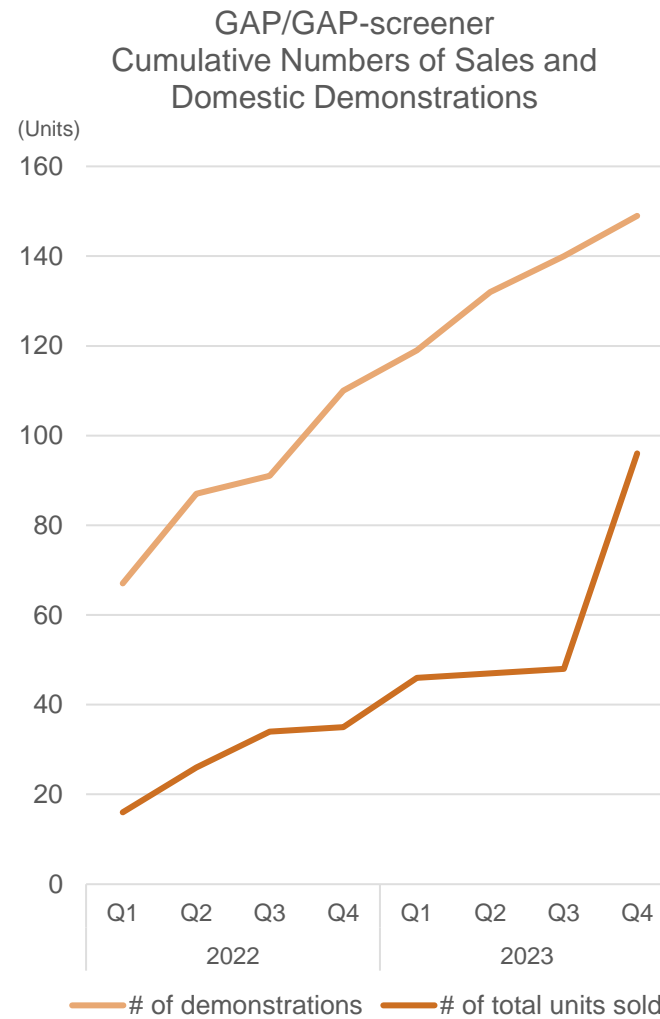
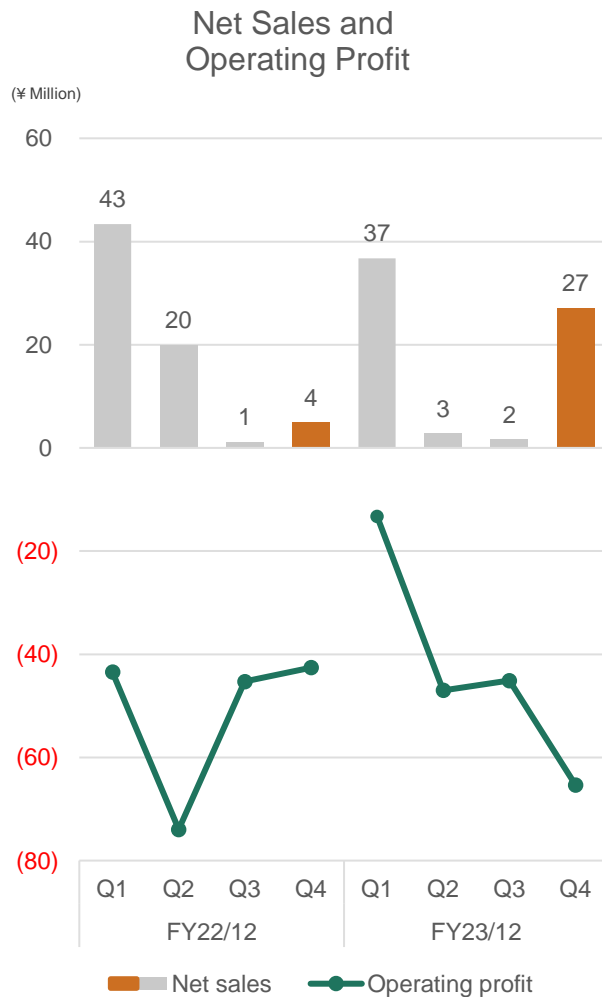


- Focusing on the stable operation of Q1FY2024 projects. Emphasizing user satisfaction through robust post-implementation support
- There are five ongoing projects under implementation. Multiple negotiations for H2FY2024 and FY2025 are also in progress
- Mid to small sized projects are handled by the distributors, large projects by FINDEX
- Accelerate sales for administration offices in hospitals, leveraging our existing sales channel in medical industry
- “DocuMaker Office” for medical facilities met the requirements of the Electronic Bookkeeping Law and has obtained JIIMA certification. Aiming to expand sales, combining it with hospital function evaluation support

Key Initiatives

- Strengthen recruitment and training efforts to enhance our internal resources for further business expansion
- Accelerate collaboration with other company’s solutions to enhance product value

- Restructuring the sales structure for *GAP* as struggled for domestic sales
- Started the first shipping of OEM product of *GAP* to the EU, Middle East and North Africa



Domestic Sales

- Facing challenges in market penetration due to new technology. Restructuring our sales and marketing strategies
- *GAP/GAP-screener* number of units sold in FY2023: 14
- Currently training *GAP* specialists at the distributors
- Creating a new market among checkup facilities together with Toyota Tsusho Corporation, focusing on the early detections of eye diseases
- Conducting additional studies with Kyoto University. Posted an academic paper to a journal (currently in review)

Overseas Sales

- Made an initial shipping of *GAP* - 46 units to the EU, Middle East and North African countries, as OEM product of our sales partner Rexam, under the name *FieldNavigator*
- Continuing the preparations for medical approvals in India and Indonesia to start sales

Key Initiatives

- Inquiries from users are increasing. To maintain this momentum, we are continuing our research aimed at adding various ophthalmic examination functions
- *GAP* has been selected for a project by AMED (Japan Agency for Medical Research and Development), as it can be used to detect not only visual field abnormality, but also MCI. Possibility of applying it to tests for other mental disorders and brain diseases

*Only the numbers of demonstrations by Findex are aggregated

	FY2023 Objectives	Evaluation	Details on Evaluation	Our Challenges for FY2024
Medical Business	<p>Establish a Consulting Department to launch a new business model, providing consulting services for medical facilities</p> <p>In addition to promoting package sales, establish a new business model</p>	✓	<ul style="list-style-type: none"> • The newly established consulting department largely contributed to the profit • Cross-selling progressing favorably primarily to large hospitals • Delivery of comprehensive services including maintenance increasing • Improved profit margin by prioritizing sales of existing packaged solutions with low implementation costs 	<ul style="list-style-type: none"> • Overcome an increase in personnel costs • Proactive recruiting and retention • Acceleration of sales for cloud-based solutions to large hospitals • Appropriate price revision
Public Sector Business	<p>Roll out a new business from the project to accelerate sales of <i>DocuMaker Office</i>, targeting municipalities and public organizations</p>	✓	<ul style="list-style-type: none"> • Achieved profitability for the full year, surpassing expectations with a faster-than-anticipated startup • Bidding for municipality projects progressing as participating actively • Revenue from the monthly usage increasing • Product recognition improving as number of implementations increasing • Secured human resources to support business expansion 	<ul style="list-style-type: none"> • Hiring the right talents for further business expansion • Establishing relationships with distributors and sales partners to explore markets for mid-sized projects • Enhancing collaboration and integration with solutions from other companies
Health Tech Business	<p>Continue to cooperate with sales partners to catch up domestic /overseas sales of <i>GAP</i>, aiming to install 260 units in and outside Japan</p>	✗	<ul style="list-style-type: none"> • Overseas shipping of <i>GAP</i> started but the project is still behind the planned schedule • The measures to enhance recognition and awareness did not progress as anticipated • Continuing R&D to maximize utilization of <i>GAP</i> • Total number of units sold within FY2023: 60 units 	<ul style="list-style-type: none"> • Improve awareness and product understanding from the market • Rebuilding of sales structure, including the trainings of distributors and sales partners • Initiatives for sales in India and ASEAN region • Publishing papers in academic journals

- Anticipate steady business expansion compared to the previous year
- Focusing on proactive investment in human resources and increasing capital to support business growth
- Intend to increase investments but the dividend increase policy remains unchanged

	FY2023 Actual	FY2024 Guidance	
	(¥ Millions) Amount	Amount	YoY(%)
Net sales	5,191	5,782	+11.4%
Operating profit	1,496	1,574	+5.2%
Recurring profit	1,527	1,591	+4.2%
Profit attributable to owners of the parent	1,059	1,097	+3.6%
Earning per share (Yen)	41.31	42.79	—
Dividend per share			
Interim dividend (Yen)	4.00	7.00	—
Year-end dividend (Yen)	9.00	8.00	—
Full-year dividend (Yen)	13.00	15.00	—

- Achieve stable profit growth through improved productivity and strengthened sales capabilities
- Focus on investing in talent for long-term value enhancement and growth
- Explore M&A opportunities and implementing various strategies for business expansion.

Improvement of Productivity

- **Enhance employee engagements**
- **Appropriate workforce allocation**
- Promotion of internal digitalization through in-house software for an upgraded work environment

Strengthening Sales Capabilities

- Strengthen relationships with agents and sales partners
- Enhance collaboration with other companies' systems in Public Sector Business
- Actively **recruit and maintain employment**
- Address **the rise in personnel costs**

Stable Profit Growth

- Accelerate the deployment of cloud products in large hospitals
- Reflect the **increase in personnel costs** in product prices (aiming for an average of 20% up)
- Reinforce and expand existing business through M&A
- Expand overseas sales of *Claio*
- Expanding medical information consulting into other industries

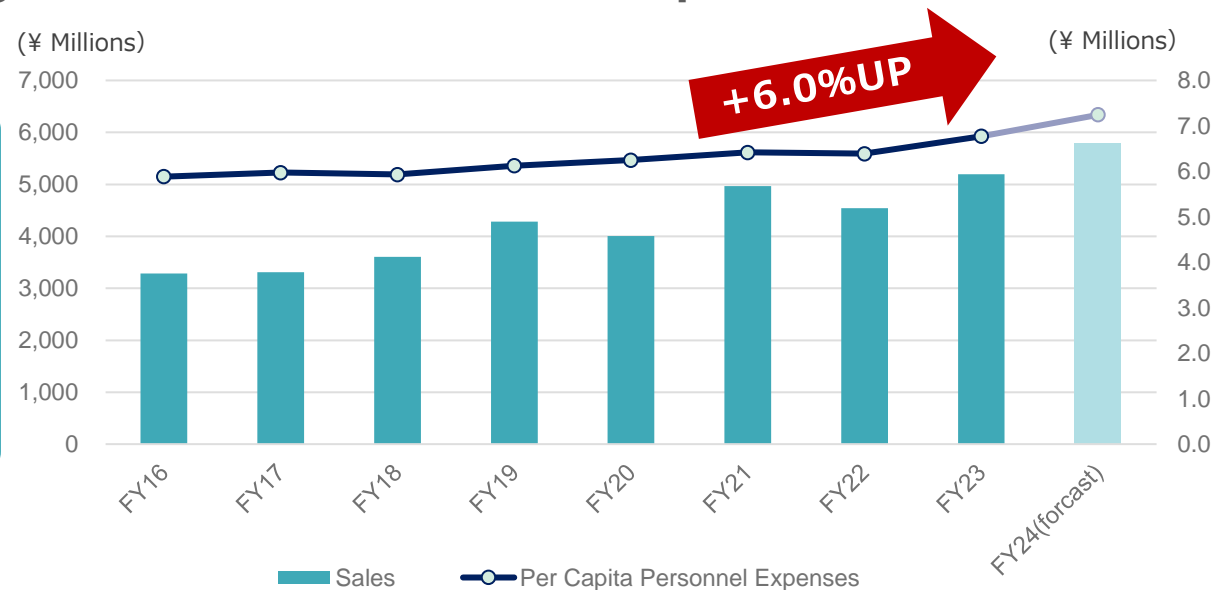
【Challenges】 Struggling to secure
 ⇒ Proactive Investments in HR for long-Term growth is essential

- 【Plans】**
- Designing to hire 20 new employees within FY2024
 - Promoting diverse workstyles
 - Improving employee engagement to reduce turnover:

Enhancing retention through initiatives such as support for parental leave
 Encouraging vacation usage through initiatives like refresh vacations and sabbatical leave
 Promoting reskilling and expanding the scope of certification incentive programs

- 【Strategies】**
- Utilization of WFH scheme for offshore and remote employees
 - Shorten working hours to 7.5 hours with additional base pay increases
 - Actively promoting recruitment outside metropolitan areas

Total Per Capita Personnel Expenses:
 Anticipating a consecutive increase of around **6.0%** for two years
 Aiming for business expansion



「 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

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 Construction 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

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

Electronic Prescriptions

- The Japanese gov't targets all hospitals and pharmacies to implement e-Prescriptions by the end of 2024 (Current implementation rate is 1%)
- 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

Myna Insurance Card

- The Japanese gov't plans to phase out health insurance cards in fall 2024 and integrate them into the national My Number identification system
- 80% of the hospitals and pharmacies in Japan had already started the new operation utilizing Online Certification System for Healthcare

Advantages for hospitals and healthcare industry:

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

Better Working Environments

- Starting next April, overtime work for employed physicians will be 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*

Enriching Society with Technologies and Creation

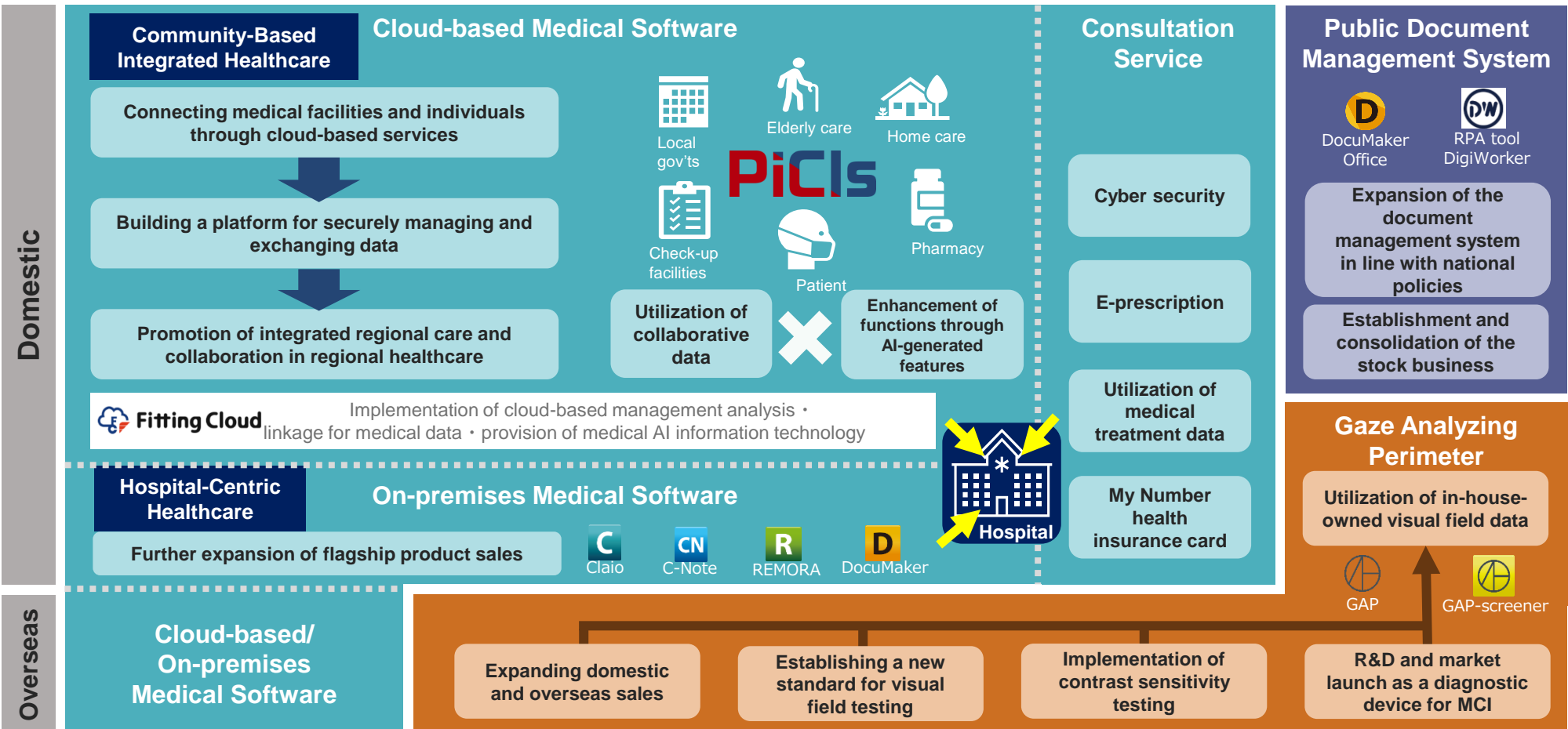
Equal Access to Medical Services

Digitally Connecting Medical Communities

Developing New Technologies for Healthy Livings



- 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



- **ROE (Return on Equity) for FY2023: 23.8%**

We conservatively assume a capital cost of around 10%

(considering factors such as significant stock price volatility in the past, resulting in a high stock beta)

→As a result, the ROE for 2023 exceeds the capital cost, and the equity spread remains positive

- **Aiming to maintain and enhance ROE, efforts are directed towards improving profit margins and asset efficiency**

- Creation of new business through the utilization of research and development achievements

- Increase in profit margins through investment in talent development to enhance added value

- Effective utilization of capital and capital policy through investments and M&A

- In case effective investments cannot be executed, consider the stock price situation and implement shareholder returns

$$\text{ROE} = 23.8\% = \text{Net Profit Margin } 20.4\% * \text{Total Asset Turnover } 0.95x * \text{Financial Leverage } 1.23x$$

Improving Gross Profit Margin

- Enhancement of value-added services
- Expansion of packaged sales
- Utilization of distributors
- Business model modification

Reduction in Sales and Administrative Expense Ratio

Expanding Net Sales

- Expansion of customer base
- Creation of new businesses
- Utilization of M&A

Improving Turnover Rate

- Accounts receivable
- Fixed asset turnover ratio

Expanding Financial Leverage

- Effective use of loans with an eye on M&A (Mergers and Acquisitions)

Optimizing Shareholder's Equity

- Share buybacks
- Increase in dividends

$$\text{Cost of Equity} = 6.4\sim 7.9\% = \text{Risk-Free Rate of Return } 1.0\sim 0.6\% + \text{Beta } 1.2\sim 0.96 * \text{Equity Risk Premium } 5.7\sim 6.1\%$$

- Towards the achievement of the mid-term business plan, the Medical Business is progressing smoothly
- The Public Sector Business is exceeding expectations, while the Health Tech Business is lagging behind

“Enriching Society with Technologies and Creation”

Under Consideration

Expansion of business scale through M&A

Reconceptualize our presence as an R&D-oriented company

Acquire and retain the right talent

	FY2022		FY2023		FY2024	FY2025	CAGR FY2025/FY2022
	Actual (vs. plan)				Mid-Term Business Plan		
(¥ Millions)							
Net sales	4,541	(108.7%)	5,191	(102.5%)	5,754	6,330	11.7%
Medical Business	4,352	-	4,935	(104.9%)	5,066	5,320	6.9%
Public Sector Business	121	-	187	(116.9%)	207	330	39.7%
Health Tech Business	69	-	68	(34.0%)	480	680	114.4%
Recurring profit	1,091	(103.4%)	1,527	(114.8%)	1,710	2,100	24.4%
Recurring profit margin	23.2%	-	29.4%	-	29.7%	33.2%	-
Annual cash dividends/yr (yen)	9.50	-	13.00	-	15.00	18.00	23.7%
Payout ratio	33.7%	-	31.5	-		31.2%	-

Medical Business

Public Sector Business

Health Tech Business

Strategy

- Proactively cross-selling software to existing customers
- Extensively install packaged solutions via distributors to achieve higher profit margin
- Promptly penetrate the market with self-developed data infrastructure which support medical digitalization

- Set our “DocuMaker Office” the public records management solution as the core product
- Focusing the target on municipalities, public companies, and external organizations of ministries and agencies

- Overseas: Promotion in the EU, Middle East, and North African countries
- Domestic: Establish a consulting sales system at medical equipment dealers

Progress

- The effect of cross-selling: The average number of package introductions per facility has increased from 4.30 to 4.61 in large medical institutions
- Developed and introduced the cloud service "PiCis" product targeting large medical institutions, with expectations of increasing adoption in the future

- Combining direct and distributor sales, increased bid wins, elevated customer satisfaction, and exceeded the FY2023 plan with a 116.9% achievement rate
- DocuMaker Office for medical facilities met the requirements of the Electronic Bookkeeping Law and has obtained JIIMA certification

- FY2023 achievement rate is 34.0% due to sluggish sales (FY2023 domestic: 14units, overseas: 46units)
- R&D of features to further enhance the usability of the equipment, considering contrast sensitivity tests for cataract examinations and similar applications

⇒Restructure of business to sustain continued growth

⇒Strengthen partner sales & securing personnel

⇒Striving for early profitability, restructure the business model, including sales structure and medical approval schedule

〈Topics on Sustainability for FY2023〉

- CDP questionnaire submitted
- TCFD initiatives: Identifying key risks and opportunities; assessing business impacts
- Submitted responses for Corporate Sustainability Assessment (CSA) conducted by S&P Global
- Updated our Sustainability webpages (<https://findex.co.jp/en/sustainability/index.html>)

Environment (E) Support and engage in international initiatives for climate change

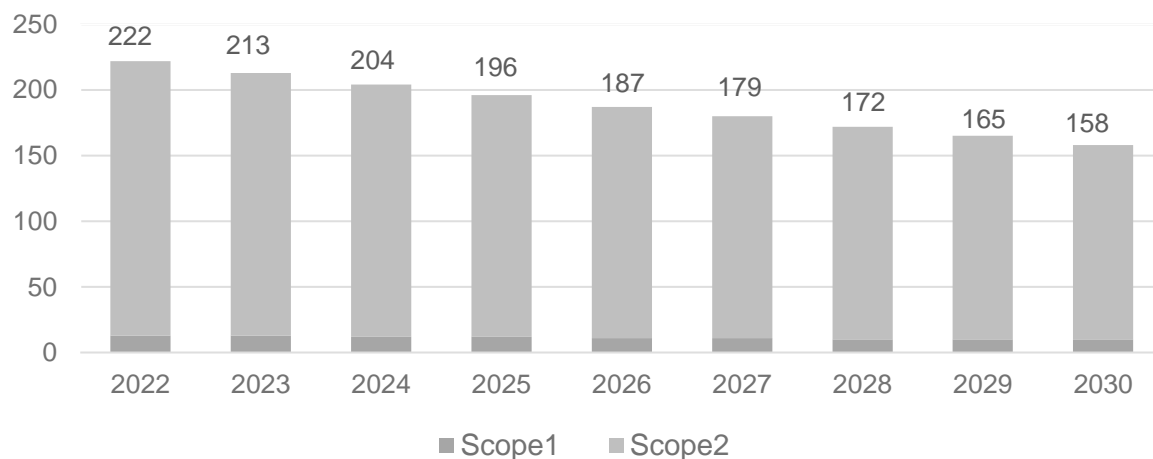
〈Emission Calculations for FY 2022 and Future Reduction Goals〉

Scope1,2

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

GHG Emissions	FY2022 (Actual)	FY2030 (Target)
Scope1	13 t-CO2	10 t-CO2
Scope2	209 t-CO2	148 t-CO2

(Unit : t-CO2) **Emission reduction targets for Scope1 and 2 ~2030**



Scope3

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

GHG Emissions	FY2022 (Actual)
Category 1	2447 t-CO2
Category 2	164 t-CO2
Category 3	36 t-CO2
Category 4	4 t-CO2
Category 5	10 t-CO2
Category 6	289 t-CO2
Category 7	148 t-CO2
Category 9	5 t-CO2
Category 11	965 t-CO2
Category 12	27 t-CO2

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

Social (S)

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

External

- 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 using the *GAP/GAP-screener* gaze analysis type of perimeter are being performed at health screening sites sponsored by local governments
- Realize a framework that allows any person to receive smooth and efficient medical care at large hospitals, introducing telemedicine and utilizing location information

Internal

- Create and maintain a healthy work environment with high levels of employee engagement
 - ▶ Annual stress checks are conducted for all employees
 - ▶ Introduced a fully remote work option for employees based in distant areas and overseas

Our benchmark initiatives	FY2022 (Actual)	FY2023 (Actual)	FY2025 (Target)
Total number of visual field tests performed with <i>GAP</i> at checkups organized by local governments	7,070	8,676	10,000
Total number of <i>GAP</i> units sold	35	95	1,550
Total number of facilities implemented <i>Medical Avenue</i>	1	1	5
Employee Survey Response Rate	96%	96%	96%
Stress Check Survey Response Rate	88%	86%	100%

Governance (G)

Ensure good corporate governance and foster a diverse and inclusive workplace culture

- Strengthen information security
 - ▶ All employees are required to participate in an annual information security seminar and to respond to a security checklist on a monthly basis
- 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
- Foster an organizational culture that can withstand changes in the external environment by facilitating diversity in hiring and promotion
- 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 9% by 2026 and raise it to 18% by 2030

Our benchmark initiatives	FY2022 (Actual)	FY2023 (Actual)	FY2025 (Target)
# of incidents related to information security	1	0	0
Security Checklist Response Rate	100%	100%	100%
e-learning participation rate	100%	100%	100%
% of foreign employees	0.3%	0.98%	1.5%
% of female managers	3.8%	8.6%	8.0%
% of independent outside Directors	33.3%	37.5%	44.4%

- As of the end of December 2023, compliant with all listing maintenance criteria
- The average stock price in the past three months has remained stable in the 900 yen range, meeting the criteria for market capitalization of circulating shares*

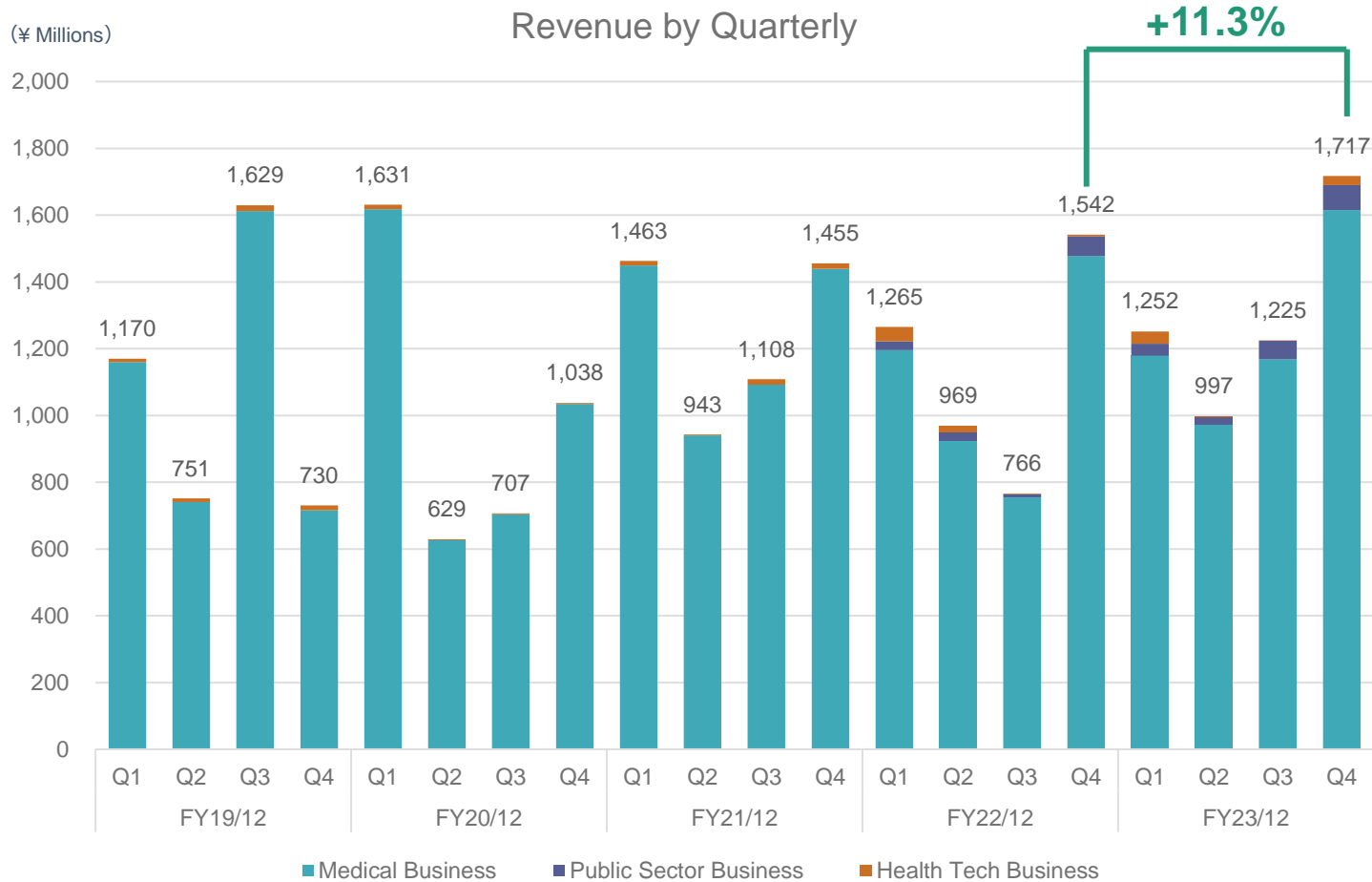


	Number of shareholders	Number of tradable shares (units)	Tradable share market capitalization (¥ Billions)	Tradable share ratio (%)	Daily average trading value (¥ Millions)
Continued listing criteria	800	20,000	100	35	20
Status of the Company as of December 31, 2022	5,738	138,094	77.6	51.8	70
Eligibility as of December 31, 2022	✓	✓	✗	✓	✓
Status of the Company as of December 31, 2023	4,290	139,288	125.6	52.3	80
Eligibility as of December 31, 2023	✓	✓	✓	✓	✓

*Determined using our proprietary calculation

Appendix

- Medical Business and Public Sector Business showed steady growth, net sales hits the highest on record
- Significant net sales increase YoY, within initial plan range



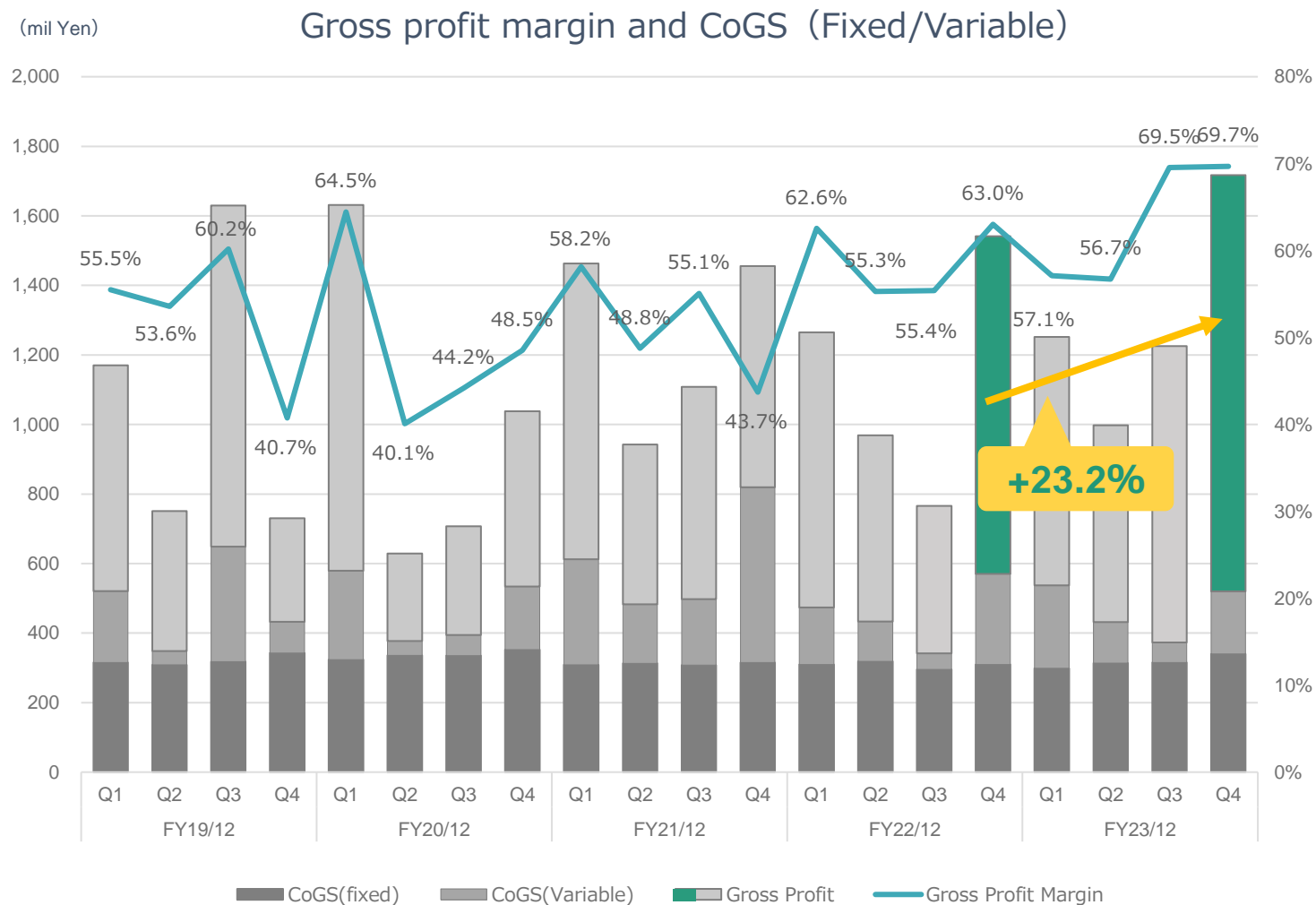
- Net sales increased by 11.3% YoY
- Medical Business led this financial performance
- Continued recovery trend from the COVID-19 restriction period
- Investment interest in solutions to support medical practices for improving working environment and hospital operational efficiency shows continued recovery

* 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

- Significant revenue growth and high gross profit margin
- Sales of packaged solutions and cross selling in Medical Business contributed



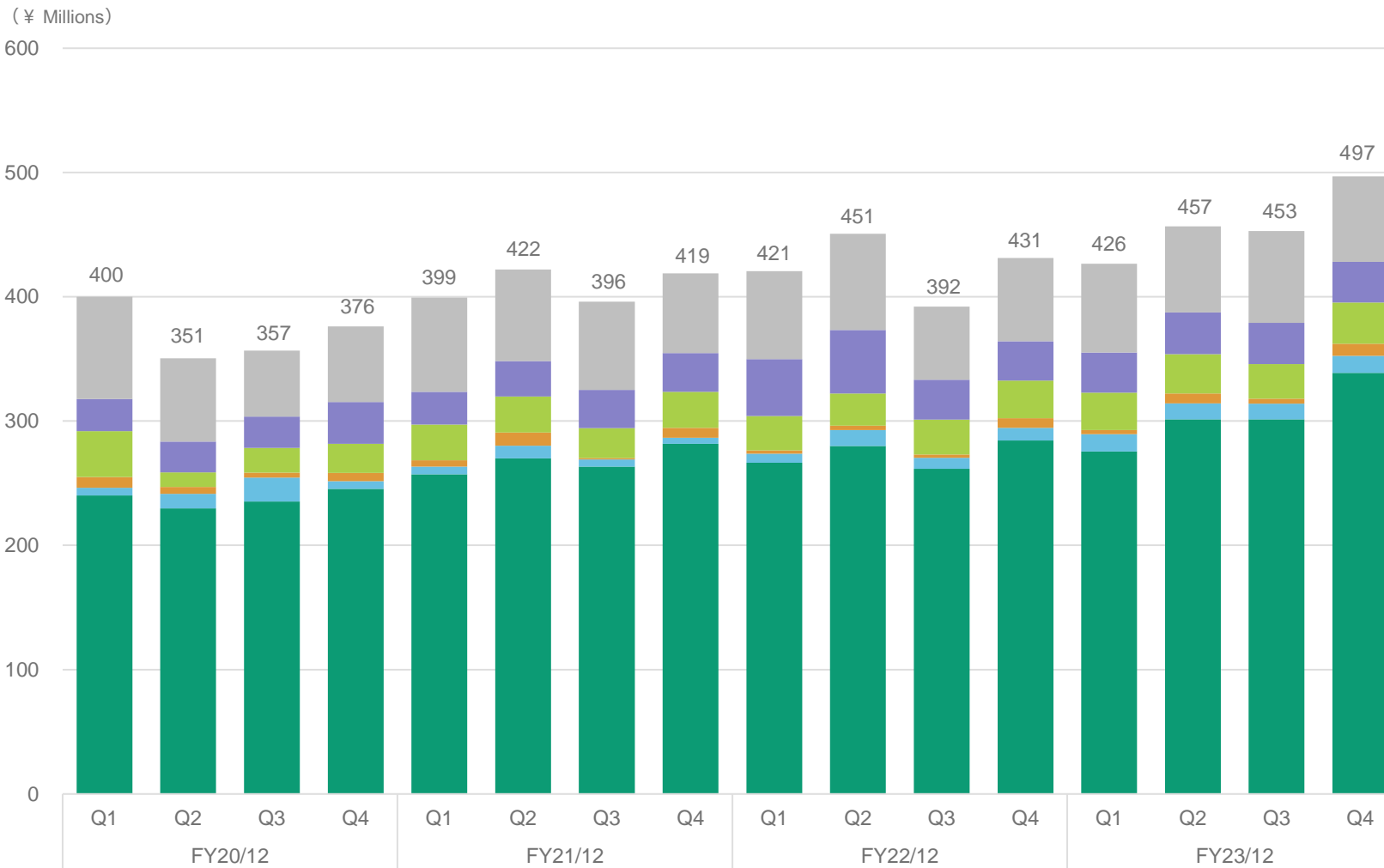
- Significant improvement in gross profit margin to 69.7% in Q4
- No major changes in fixed costs. Variable costs such as outsourcing fees remained marginally increased
- Expanding high profit cross selling and consulting services contributed to Medical Business

+23.2%

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

- Increased in SG&A expenses driven by rising personnel costs, yet within control
- Personnel and advertising expenses increased by normalized sales operation

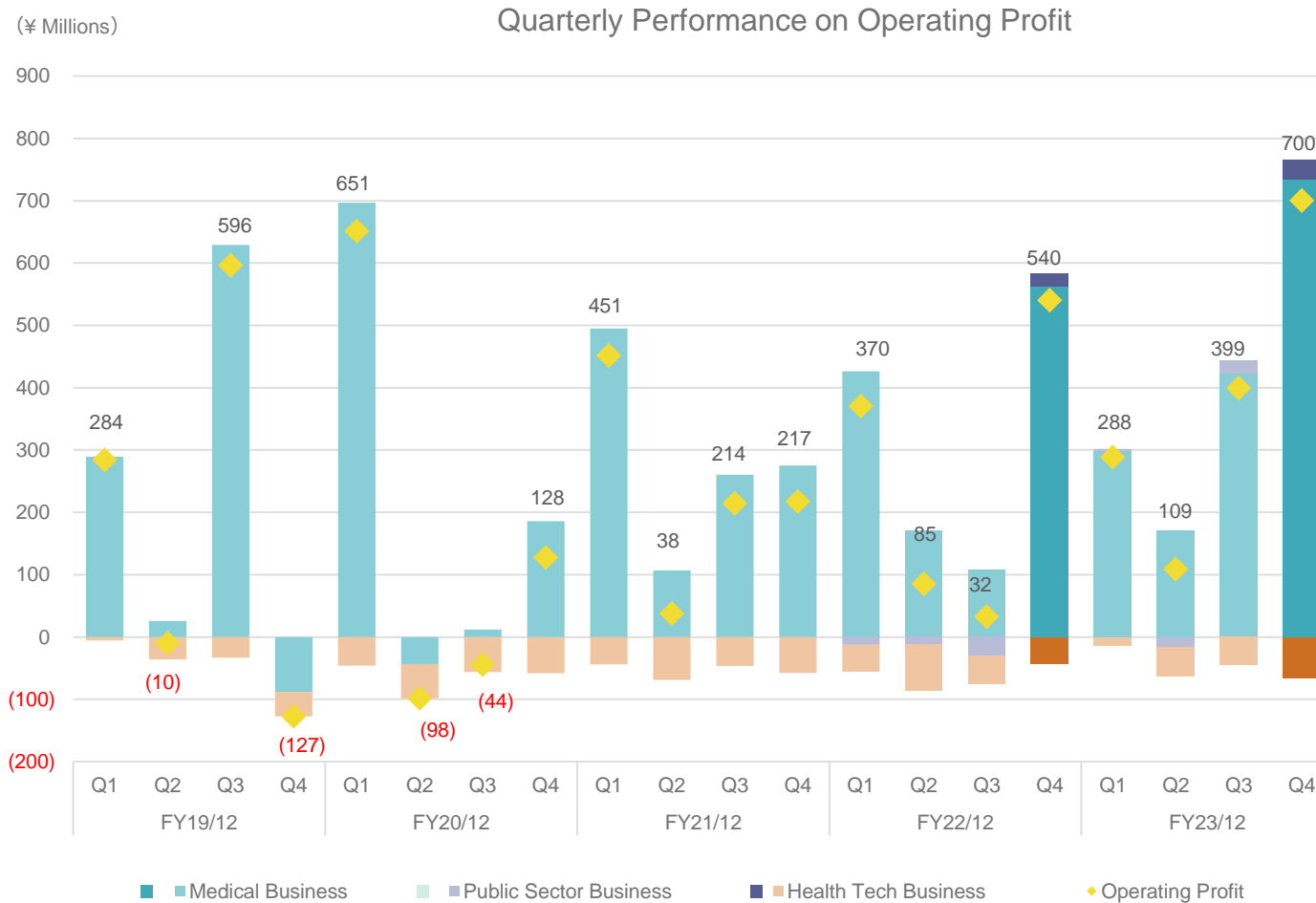
Quarterly Results on SG&A expenses



- Personnel costs increased due to the strengthening of hiring
- The number of employees at the end of Q4 is 303
- Advertising costs increased as academic congresses and exhibitions have returned to the conditions before the COVID-19 pandemic period, resulting in an increase in advertising and travel

■ Personnel ■ R&D ■ Advertising ■ Travel ■ Rent ■ Others

- Q4 operating profit landed at one of the highest levels
- Medical Business drove earnings. Public Sector Business maintained profitability, and the loss has been diminished in Health Tech Business



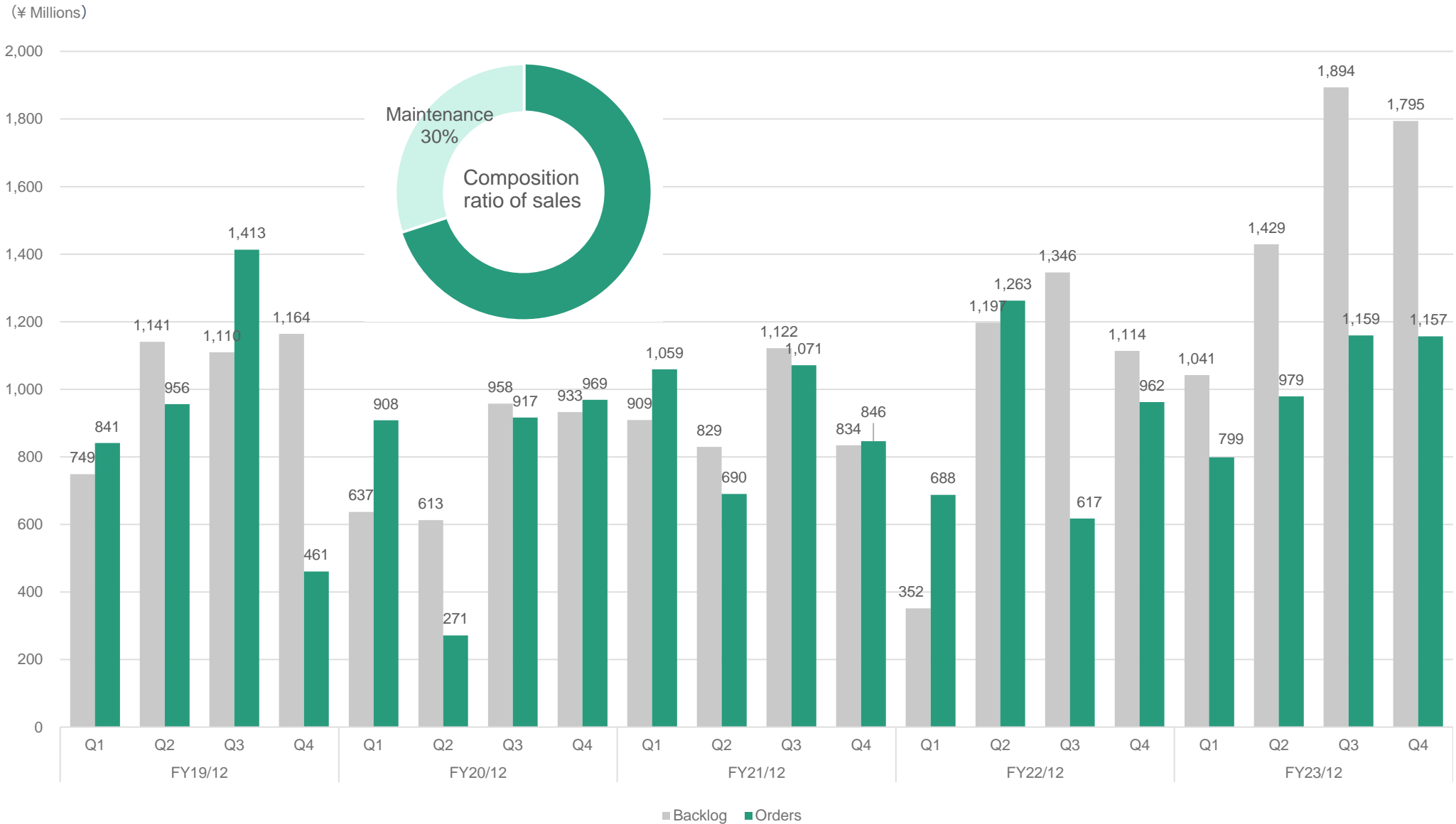
- Significant increase in Q4 operating profit achieved by increased revenues and improved gross profit margin
- Medical Business, which accounts for the majority of profit, saw a significant increase in profit in Q4
- Public Sector Business achieved operating profit in the full fiscal year
- There was a delay in sales in Health Tech Business, widening the deficit amount. But the same has been narrowing YoY as EMC Healthcare Co., Ltd. became an equity method affiliate in July 2022

* 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

Backlog and Orders (Excluding Maintenance)

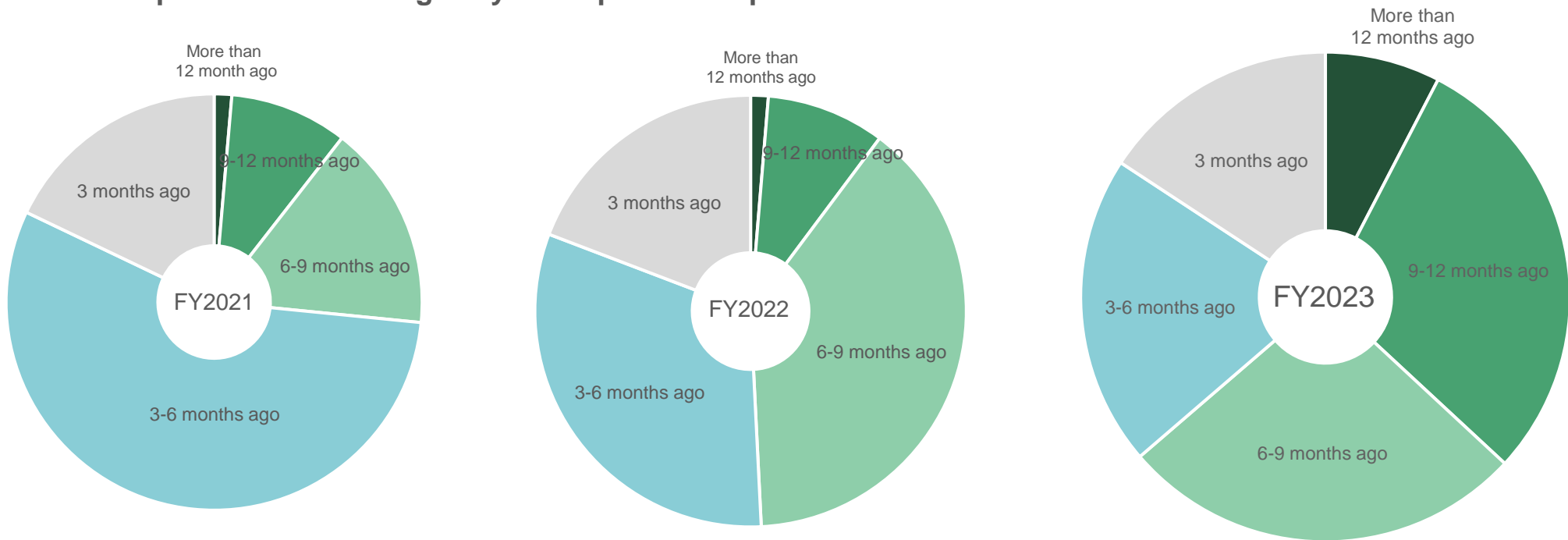
- Amount of backlog is at one of the highest levels
- Besides the strong order demand, the expedited timing of orders is a significant factor



Order-to-Acceptance Timeline

- The adoption of new revenue recognition standards has led to longer order-to-acceptance periods
- The increase in orders and the second-half emphasis in the initial guidance are partially due to this change in practice
- From the outset, FY2023 was projected to have higher earnings in the second half of the year
- Order placement timings have shifted to be earlier due to changes in commercial practices
- Some of the sales from large-scale projects in Q1FY2024 will be recognized in Q4FY2023 due to the adoption of the new accounting standard

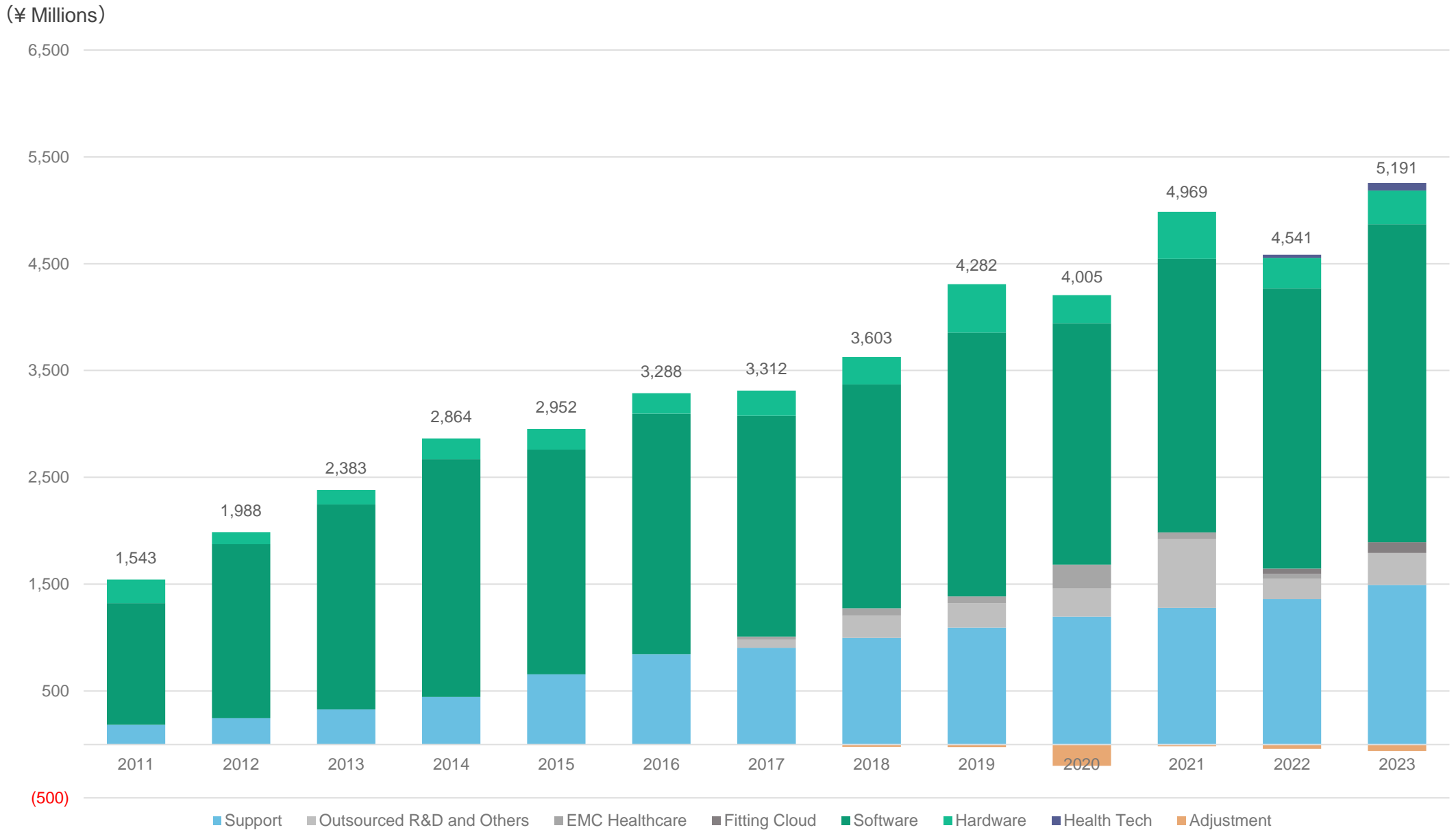
Revenue composition ratio changes by order placement period



*Sales by distributors, small orders, support and maintenance are excluded

*Net sales are not adjusted to the "Accounting Standard for Revenue Recognition". Ratios above are calculated based on the total amount of acceptance

• Support sales are steadily increasing along with the growth in the number of users.



Jan	Changes made in reporting business segments	Changed to three segments: “Medical Business,” “Public Business” and “Health Tech Business”
	A subsidiary Fitting Cloud Inc. released three new solutions	<ul style="list-style-type: none"> • <i>Weberi</i>: Internet Browsing Virtualization Service • <i>Bricks</i>: Cloud-based general-purpose EDC/Questionnaire system • <i>Valloon</i>: Closed-cloud data storage
	Changes made in organizational structure	<ul style="list-style-type: none"> • System Development Department divided into “Software Package Development” and “Product Planning & Development” • Established “Consulting Department” “Public Solution Department” “Customer Support”
Feb	Revision of Medium-Term Business Plan	The targets were revised due to changes in the business environment and delays in the schedule for obtaining European Medical Device Regulation
Mar	Introduced a Restricted Stock Compensation Plan	Strengthen the link between board of directors' compensation and stock value to further promote value sharing with shareholders
	Released a new product <i>AAdE-Report</i>	An electronic tracing report service to digitally connect hospitals and pharmacies with patient information
Apr	Released a new product <i>Remotalk-Cloud</i>	Application for Sharing Medical Examination Information Remotely
Jun	<i>GAP</i> presented at 10th World Glaucoma Congress®	Perimeter <i>GAP</i> presented as <i>FIELDNavigator</i> under Rexam's OEM brand in a congress held in Italy
Sep	Launched a new brand 'PiCIs'	A brand specializing in cloud-based services Our product lineup includes:
		<ul style="list-style-type: none"> • <i>AAdE-Report</i> An Electronic Tracing Report Service • <i>On-Shin</i> Online Medical Consultation Support System • <i>Medical Avenue</i> Next Generation Patient Guidance Application • <i>Booking Assistant</i> Online Appointment Reservation Service • <i>Referral</i> Medical Information Transfer System
Oct	Co-hosted a Luncheon Seminar on 6th October 2023 at the 77th Annual Congress of Japan Clinical Ophthalmology	Dr. Masahiro Miyake from the Department of Ophthalmology at Kyoto University Graduate School of Medicine, Kyoto University Hospital, chaired our seminar titled “Cutting-edge Practice and Insights: Eye-tracking Perimeter and Data Preservation of Electronic Medical Records (EMR).”
	A subsidiary Fitting Cloud Inc. joint research using generative AI has commenced	The joint research has commenced for reducing the workload of document creation tasks in the clinical setting by utilizing generative AI with Kyoto University Hospital
Nov	Started overseas shipping of <i>GAP</i>	Shipping of <i>GAP</i> to the EU, Middle East and North Africa started as <i>FIELDNavigator</i> under Rexam's OEM brand
Dec	Launched <i>Cloud Backup Service</i>	<i>Cloud Backup Service</i> enables small hospitals and clinics to securely store and manage their medical data, as well as documents that need to be kept in facilities, in a cloud storage system



An Overwhelming Market Share of

approx. **75%**

in National University Hospitals

Market share in large hospitals with more than 400 beds = approx. **40%**

Other hospitals and clinics ► **Over 1,500 facilities**

*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 from 2021

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

(As of December 31, 2023)

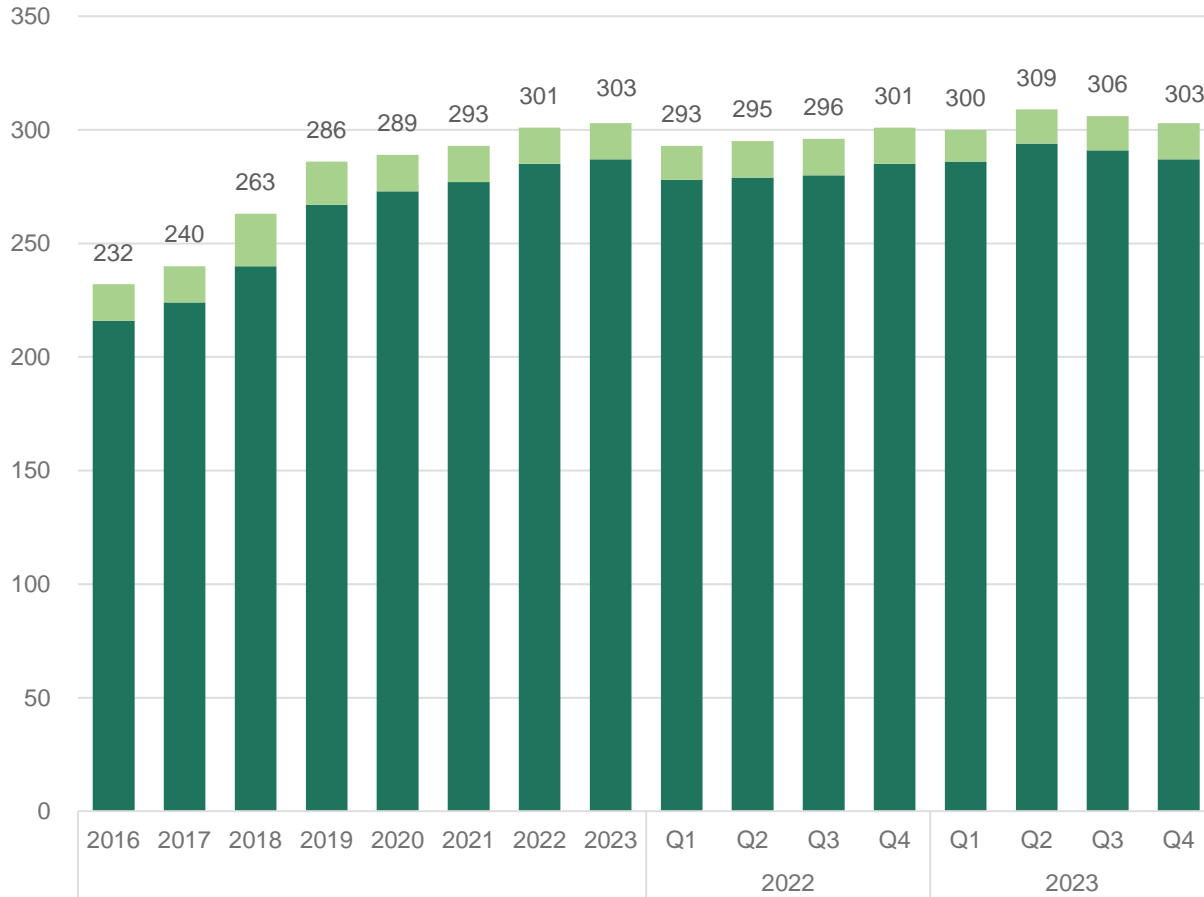
(# of Facilities)

Categories	Q4 FY2022	Q3 FY2023	Q4 FY2023	QoQ
Large hospitals (>400 beds)	288	290	292	+2
Medium sized hospitals (100 to 399 beds)	309	317	316	-1
Small hospitals (20 to 99 beds)	84	82	83	+1
Clinics (<19 beds)	1,176	1,227	1,241	+14
Other medial-related facilities	54	57	55	-2
Total	1,911	1,973	1,987	+14

(As of December 31, 2023)

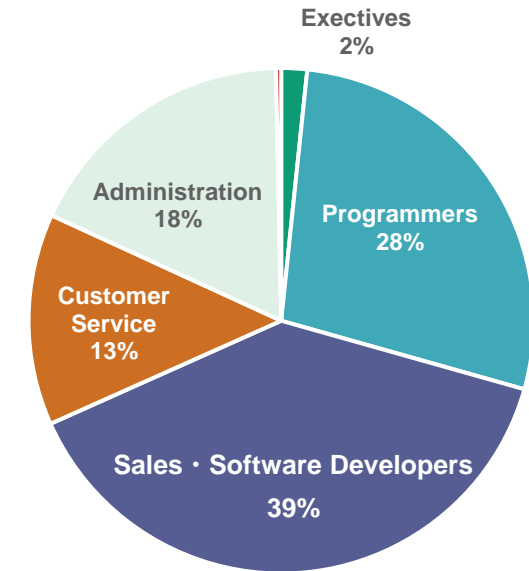
Changes in Numbers of Employees

(# of Employees)



■ Employees ■ Part-time & Temporary

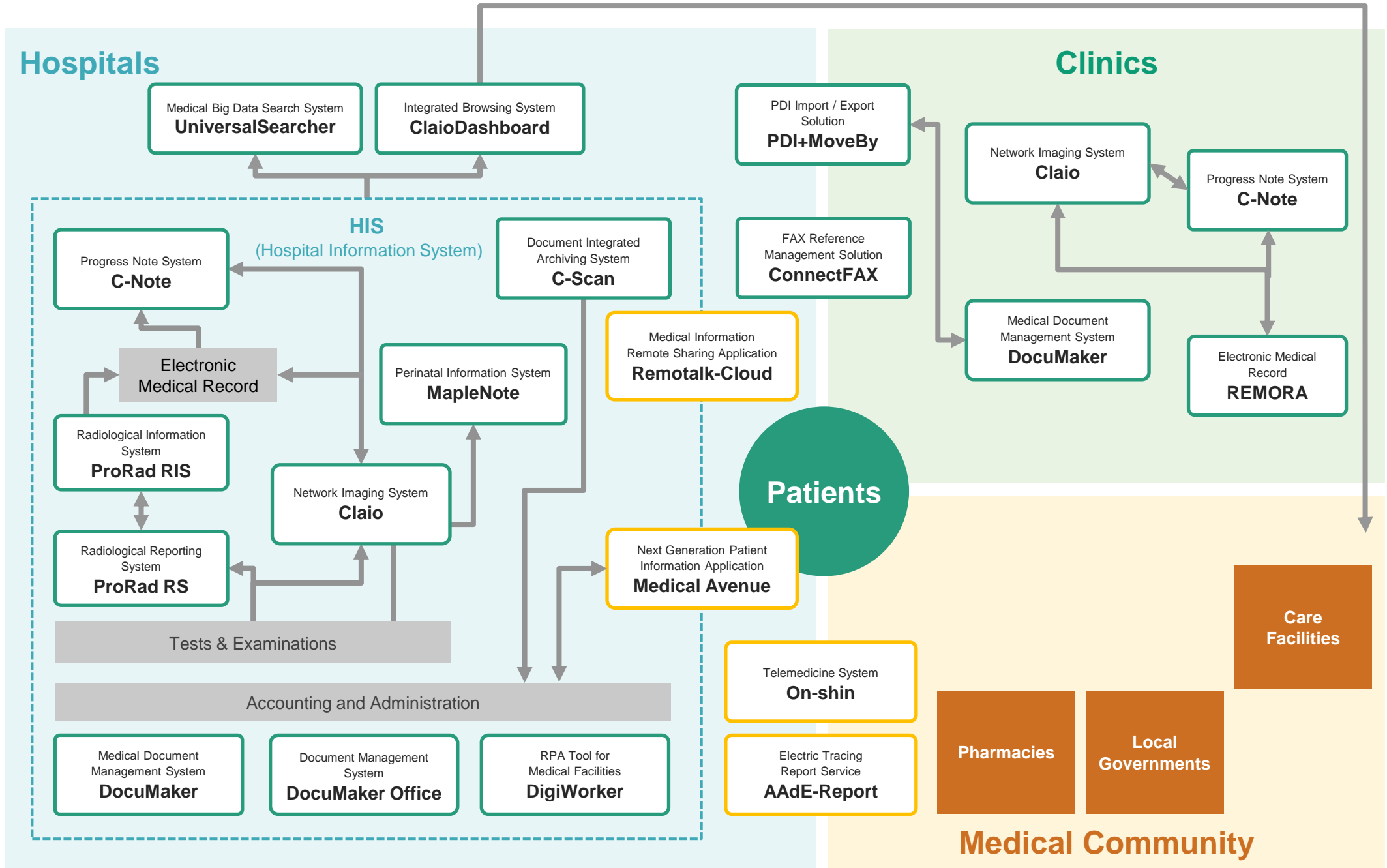
Employees Composition Ratio



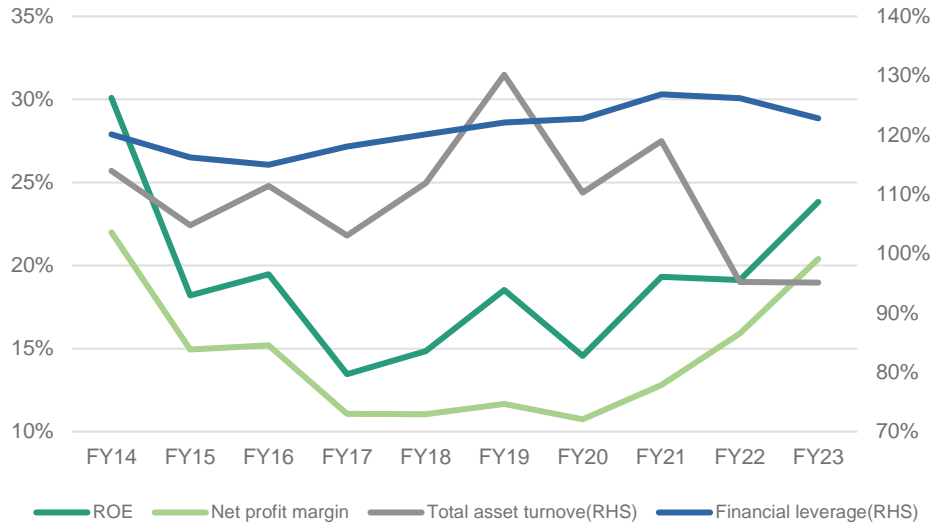
■ Executives ■ Programmers
 ■ Sales · Software Developers ■ Customer Service
 ■ Administration ■ Internal Audit

Note: This includes 16 part-time/temporary staff

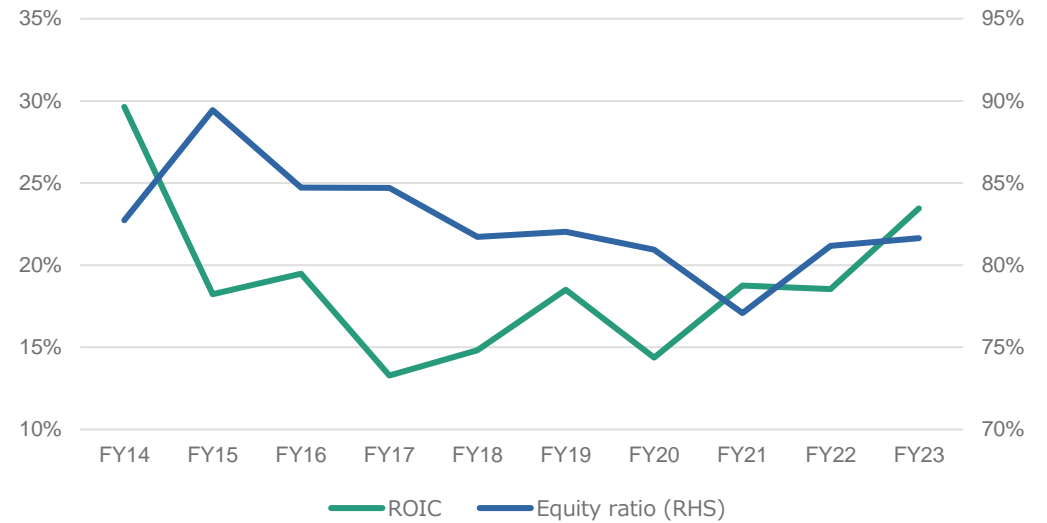
(As of December 31, 2023)



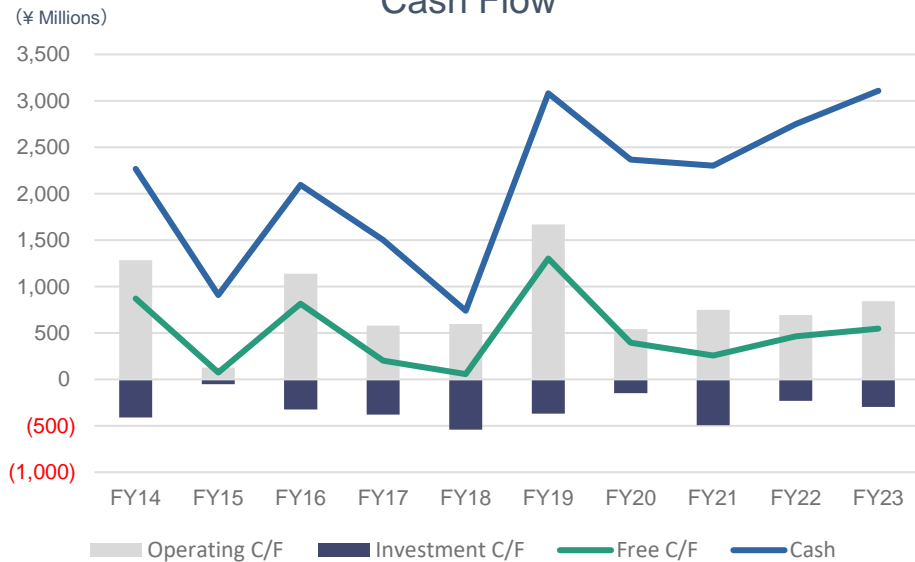
ROE and DuPon Analysis



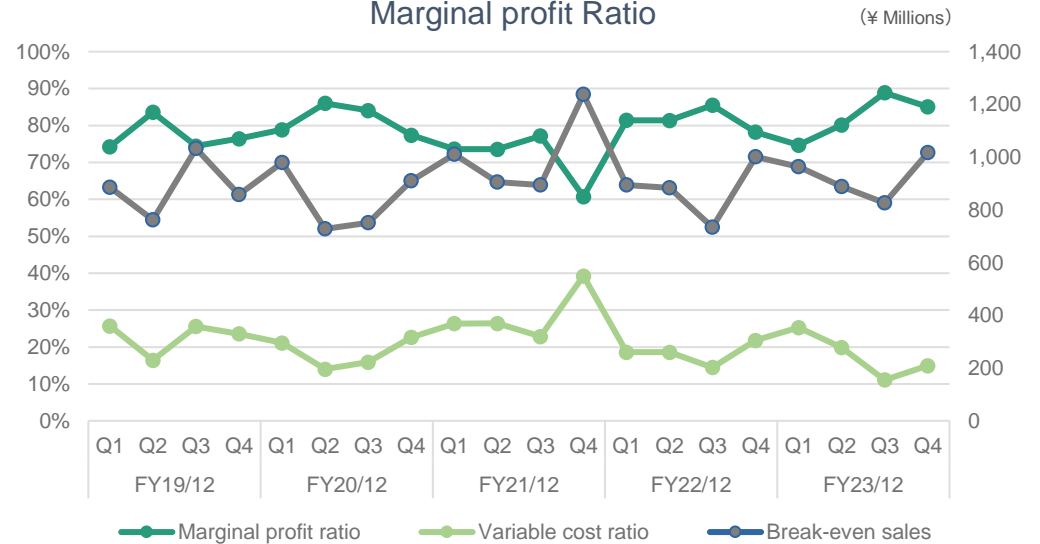
ROIC and Equity Ratio



Cash Flow



Marginal profit Ratio



Progressive Software Creators

Always have, Always will.

