

Financial Results Briefing

FINDEX Inc.

Fiscal Year Ended December 31, 2022, Financial Results
February 14, 2023



- FY2022 Financial Results
- FY2023 Outlook
- Medium-term Business Plan
- Appendix

FY2022 Financial Results

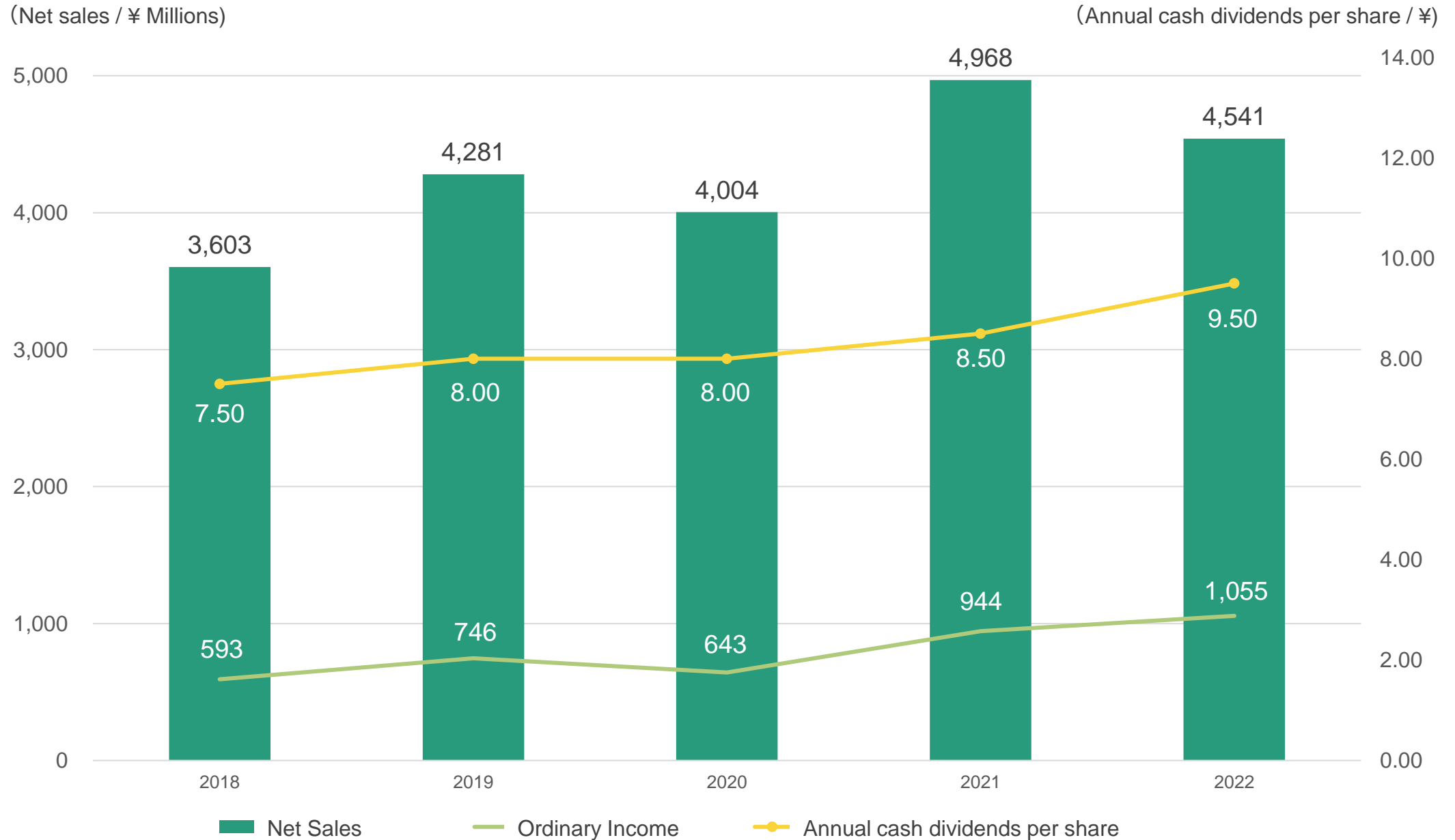
FY2022 - Year on Year / Against the Budget (Consolidated)

Sales of medical software remained steady and office solutions project gained several new customers. Meanwhile GAP sales are 1.5 to 2 years behind plan.

(¥ Millions)

	FY2021	FY2022	Year-on-year [Changes %]	Against the budget [Changes %]
Net sales	4,968	4,541	(8.6%)	(8.0%)
Cost of sales	2,412	1,818	(24.6%)	
Selling, general and administrative expenses	1,635	1,694	3.6%	
Operating income	920	1,028	11.7%	(5.2%)
Ordinary income	944	1,055	11.8%	(3.2%)
Net income attributable to owners of the parent	636	722	13.5%	(0.9%)
Earning per Share (Yen)	24.84	28.21	-	-

FY2022 - Changes over the Past 5 Years (Consolidated)

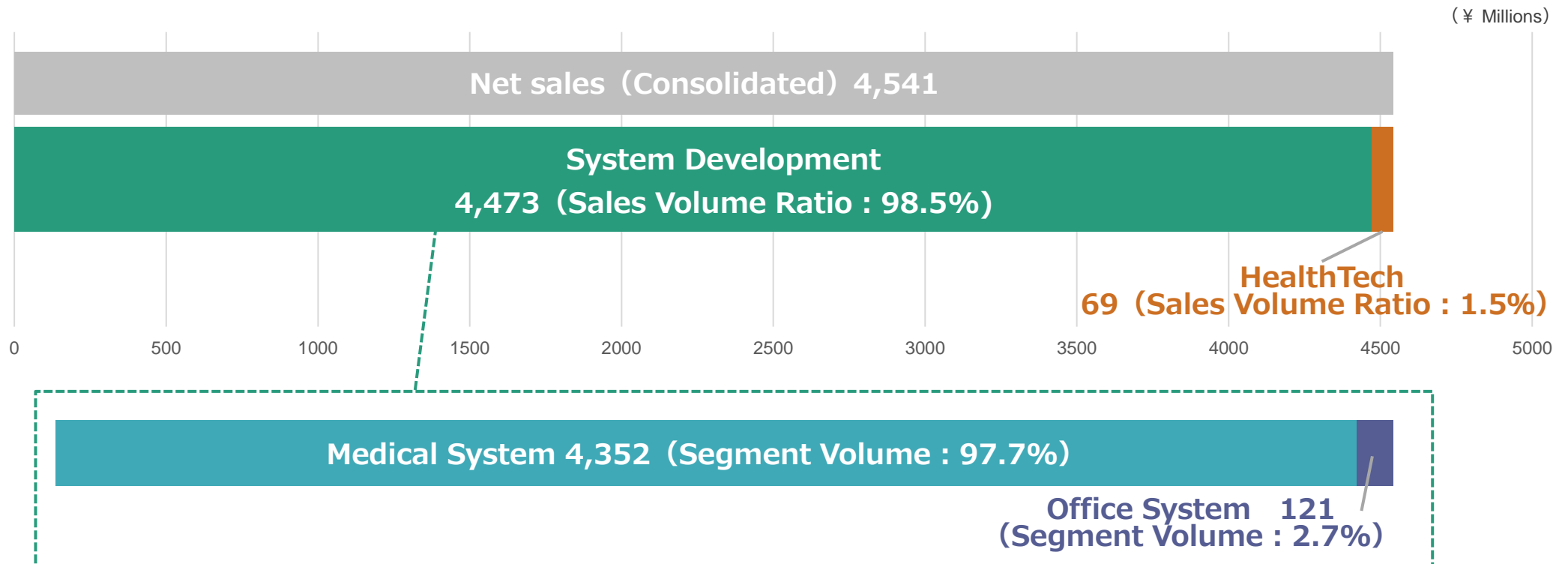


FY2022 - Reportable Segments / Sales Composition (Consolidated)

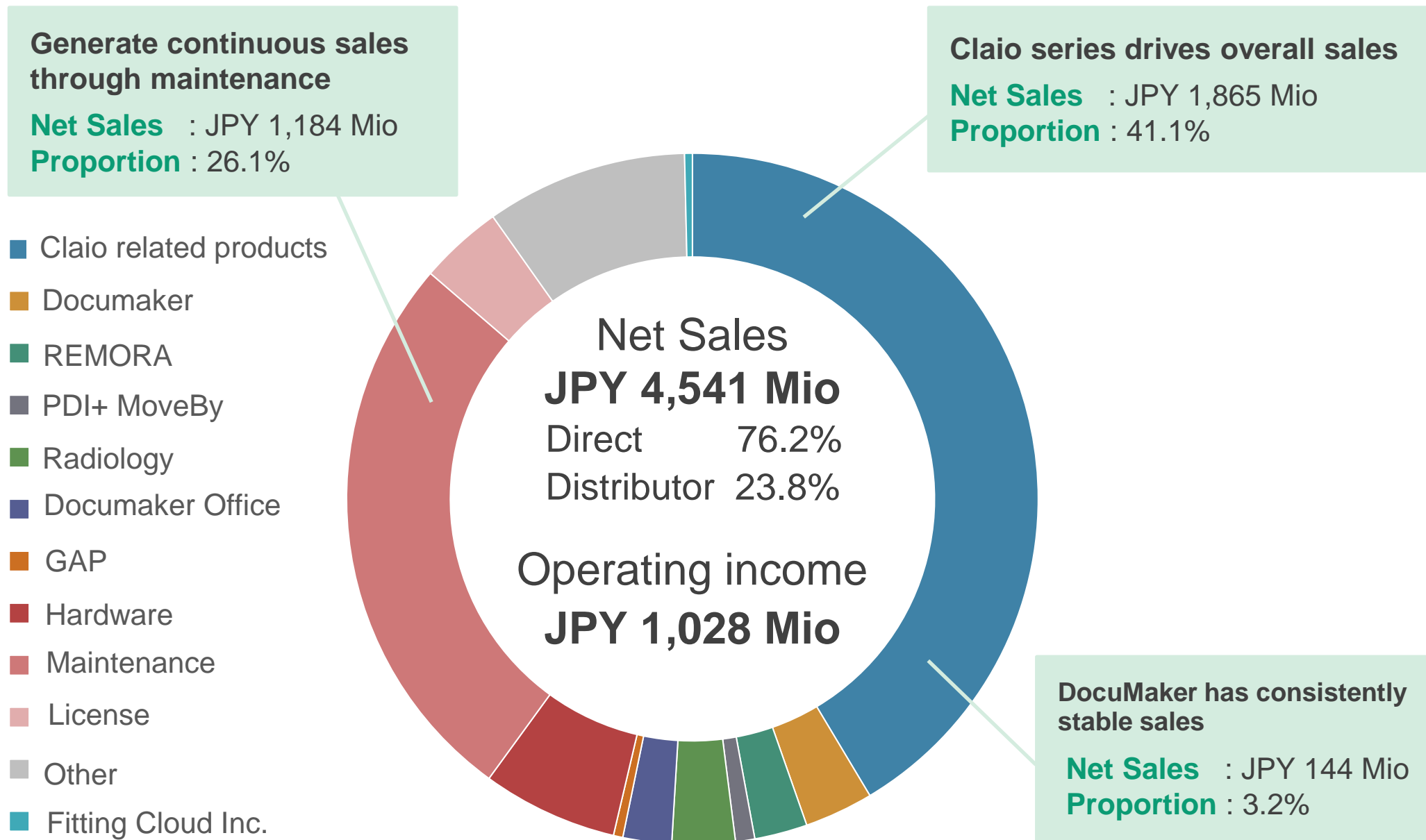
System development	Reportable Segment : Medical System / Office System
	Net Sales: JPY 4,473 Mio Changes: (9.1%)
	Operating income: JPY 1,233 Mio Changes: 8.4%

Health Tech	Reportable Segment : Gaze Analyzing Perimeter GAP / EMCH products*
	Net Sales: JPY 69 Mio Changes: 40.7%
	Operating income: JPY (205) Mio Changes: -

* Changes from consolidated subsidiary to equity method affiliate effective July 2022



FY2022 - Results by Product



FY2022 - Updates and Highlights

Establishment of new departments "Consulting Department" and "Public Solutions Department"

- Launched consulting services for medical institutions.
- Established a department specializing in R&D and sales of DocuMaker Office.

Change in Reporting Segments

- System development, Health Tech (Two segments) *Until FY2022.
➔ Medical Business, Public Business, Health Tech Business (Three segments) *From FY2023.

Revision of the Medium-term business plan "Vision for 2025"

- Revised some of our numerical and non-financial targets regarding the changes in external circumstances as well as the progress of our projects .

Released "Medical Avenue" a cloud-based application for patients

- Completed app to make the complex flow of hospital visit at large hospitals more seamless.
- Under operation at Kyoto University Hospital since January 2023.

Subsidiary Fitting Cloud Inc. released new products

- Launched three products after approximately two years of R&D since establishment.

Released "MIEr for Claio" an image clarifying function

- "MIEr" by Senju Pharmaceutical Co.,Ltd (Senju) has been added to our flagship software Claio, launching to the market as "MIEr for Claio" by Senju.

Declared support for TCFD initiatives and participated in the TCFD Consortium

- Decided to disclose the information for the response to climate change in accordance with the guidelines.

FY2023 Outlook

FY2023 - Forecast by Reportable Segments (Consolidated)

Reporting Segments will change from FY2023

Two segments ⇒ **Three** segments

System development
(Medical System, Office System)

Health Tech

Until
FY2022



From
2023
onward

Medical Business
(formerly : Medical System)

Establish a Consulting Department to launch a new business model, providing consulting services for medical institutions.

◆ Full-Year Forecast
Net Sales : **JPY 4,705 Mio**
Operating income :
JPY 1.298 Mio

Public Business
(formerly : Office System)

Roll out a new business from the project to accelerate sales of "DocuMaker Office", targeting municipalities and public organizations.

◆ Full-Year Forecast
Net Sales : **JPY 160 Mio**
Operating income :
JPY 13 Mio

Health Tech Business

Continue to cooperate with sales partners to catch up domestic /overseas sales of GAP, aiming to install 260 units in and outside Japan.

◆ Full-Year Forecast
Net Sales : **JPY 200 Mio**
Operating income :
JPY 2 Mio

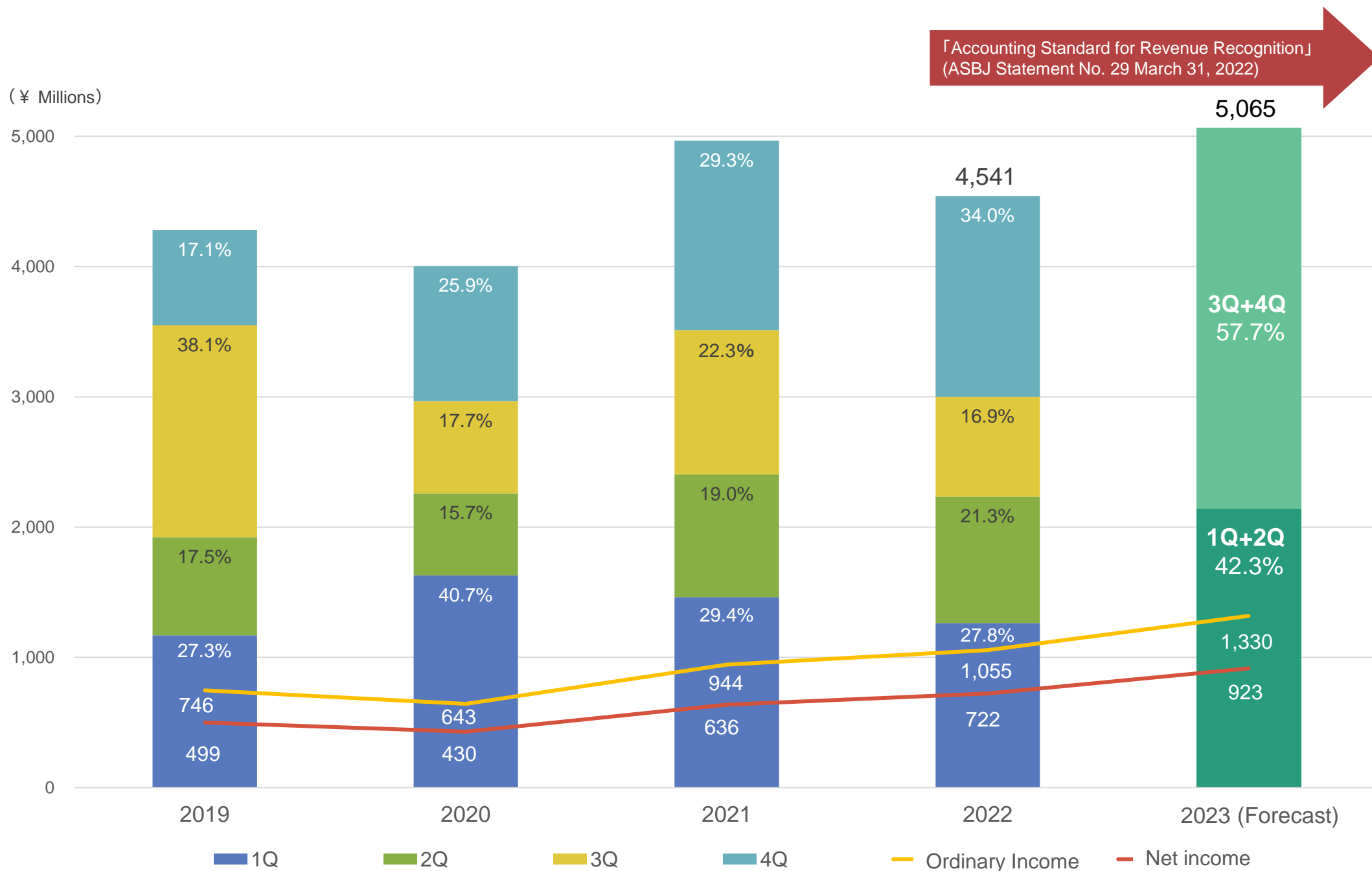
FY2023 - Forecast (Consolidated)

- Expand our business in three segments : Medical Business, Office Business, Health Tech Business.
- Continue to develop a profitable business and improve each profit margin.

(¥ Millions)

	FY2022 (Consolidated)	FY2023 (Consolidated)	
	Amount	Amount	Year-on-year [Changes %]
Net Sales	4,541	5,065	11.5%
Operating income	1,028	1,313	27.7%
Ordinary income	1,055	1,330	26.0%
Net income attributable to owners of the parent	722	923	27.7%
Earnings per share (Yen)		36.03	-
Dividend per share			
Interim dividend (Yen)	3.00	4.00	-
Year-end dividend (Yen)	6.50	7.00	-
Full year dividend (Yen)	9.50	11.00	-

FY2023 - Quarterly / Net Sales, Ordinary Income , Net Income (Consolidated)



Medium-term Business Plan

Vision for 2025 - Overview of the Revisions and its Background

Overview

Management Targets (Consolidated, M&A excluded)

(¥ Millions)

	Original		Revised	
	Sales	Profit	Sales	Profit
FY2021	4,600	1,010	4,843*	944*
FY2022	5,600	1,600	4,541*	1,055*
FY2023	7,000	2,300	5,065	1,330
FY2024	8,500	3,400	6,331	1,710
FY2025	10,800	4,900	7,019	2,101

*Actual results

Background

● Impact of covid-19 on software sales

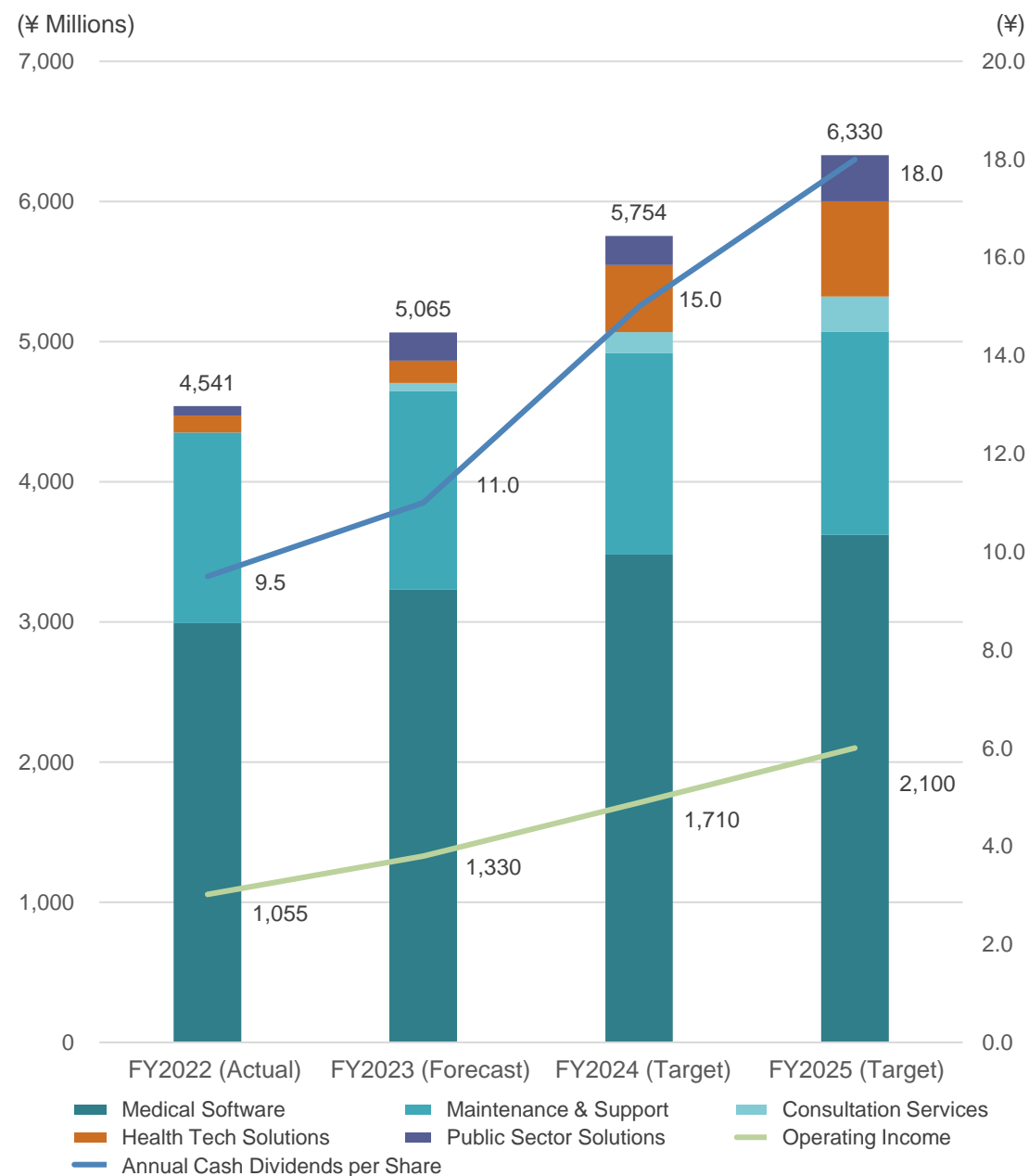
1. Decrease in sales due to partial restrictions on sales activities for medical institutions
2. More investments were made on covid-19 preventions than the operation optimization solutions by the hospitals and clinics

● Medical device project (GAP) slowed down

1. Required more time than expected to build a sales framework for domestic medical facilities
2. A significant delay in the process of conforming the device to the latest EU-MDR
3. Required time to develop additional analytics to apply the device to foreigners

Numerical Targets (Consolidated)

(¥ Millions)	FY2022 (Actual)	FY2025 (Target)
Net Sales	4,541	6,330
Ordinary Income	1,055	2,100
Ordinary Profit Margin	23.2%	33.2%
Payout Ratio	33.7%	31.2%
Annual Cash Dividends per Share	JPY 9.50	JPY 18.00



Restructuring and optimization of our business portfolio

Challenging future for innovation, leveraging our strengths and specialties

Medical Business

- Proactively cross-sell software solutions, to more than 1,900 existing customers (as of December 2022) mainly the large hospitals
- Extensive sales of packaged solutions via distributors to achieve higher profit margin
- Promptly penetrate the market with self-developed data infrastructure which support medical digitalization

Public Business

- Set our legally* compliant “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

*Law Concerning Management of Public Records, Law No. 66 of 2009, enacted on July 1, 2009.

Health Tech Business

- Overseas: Establish sales structures not only in the EU countries but also in India, ASEAN countries, and the U.S. to boost sales of GAP, a perimeter equipped with eye tracking technologies
- Domestic: Establish a consulting sales system at medical equipment dealers by training and assigning sales professionals capable of explaining the technical aspects of GAP

“Enriching Society with Technologies and Creation”

Fulfilling our responsibilities as an organization supporting the mental and physical wellbeing of people, through Concentration of Management Resources, Acceleration of R&D and Human Capital Investment

1	Concentration of Management Resources	<ul style="list-style-type: none">• Restructure medical solutions business to sustain growth• Prioritize M&A as a key growth strategy• Strengthen partner sales
2	Acceleration of Advanced R&D	<ul style="list-style-type: none">• Reconceptualize our presence as a R&D-oriented company• Improve internal training system and enable dynamic staffing including management levels• Acquire and retain the right talent
3	Addressing Key Sustainability Challenges	<ul style="list-style-type: none">• Support and engage in international initiatives for climate change (E)• Contribute to reducing disparities in health care and improving wellbeing of people (S)• Ensure good corporate governance and foster a diverse and inclusive workplace culture (G)

Appendix

- FY2022
- FY2023 Initiatives in Each Reportable Segment

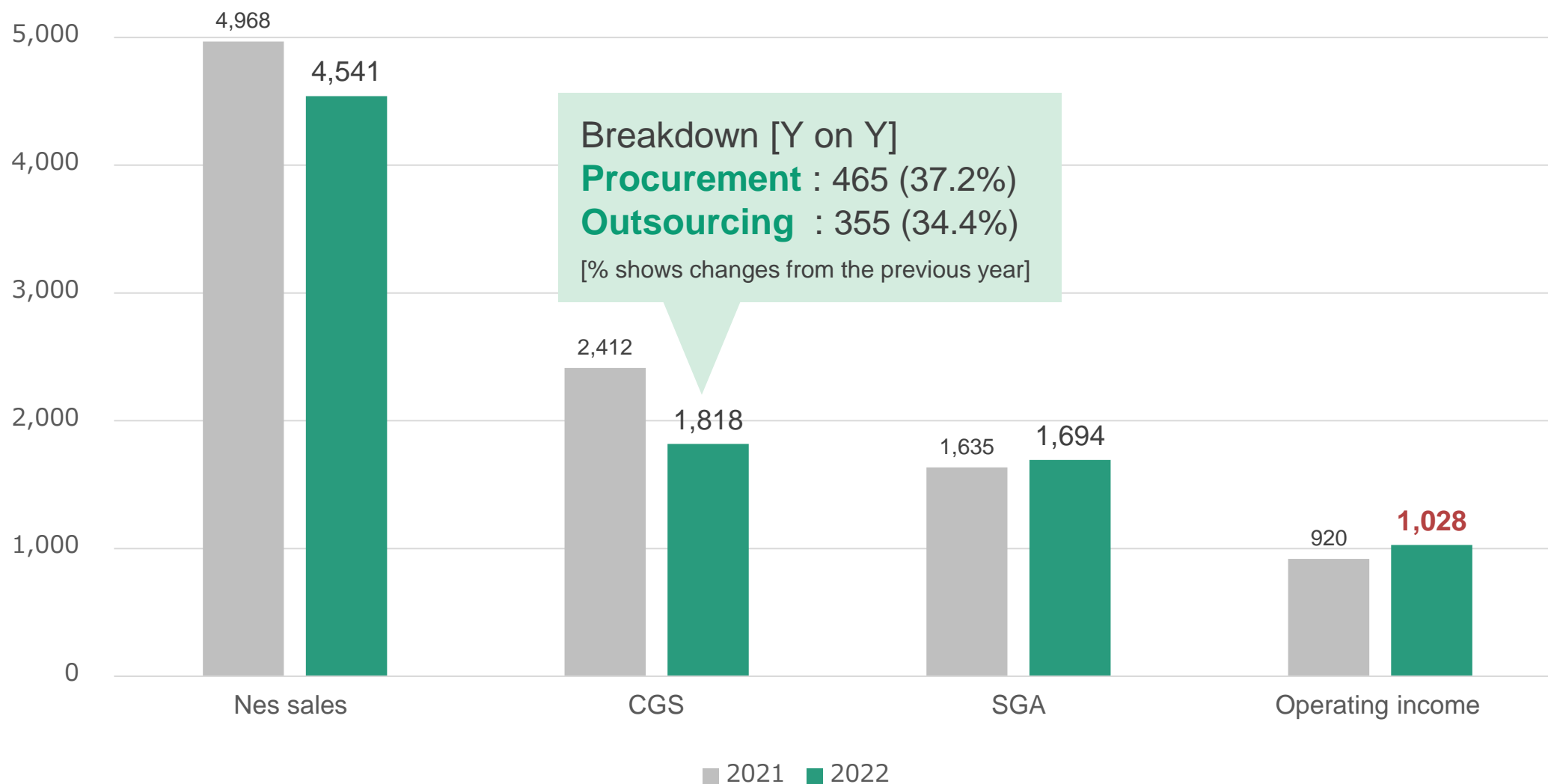
FY2022

Appendix - Profit Structure (Consolidated)

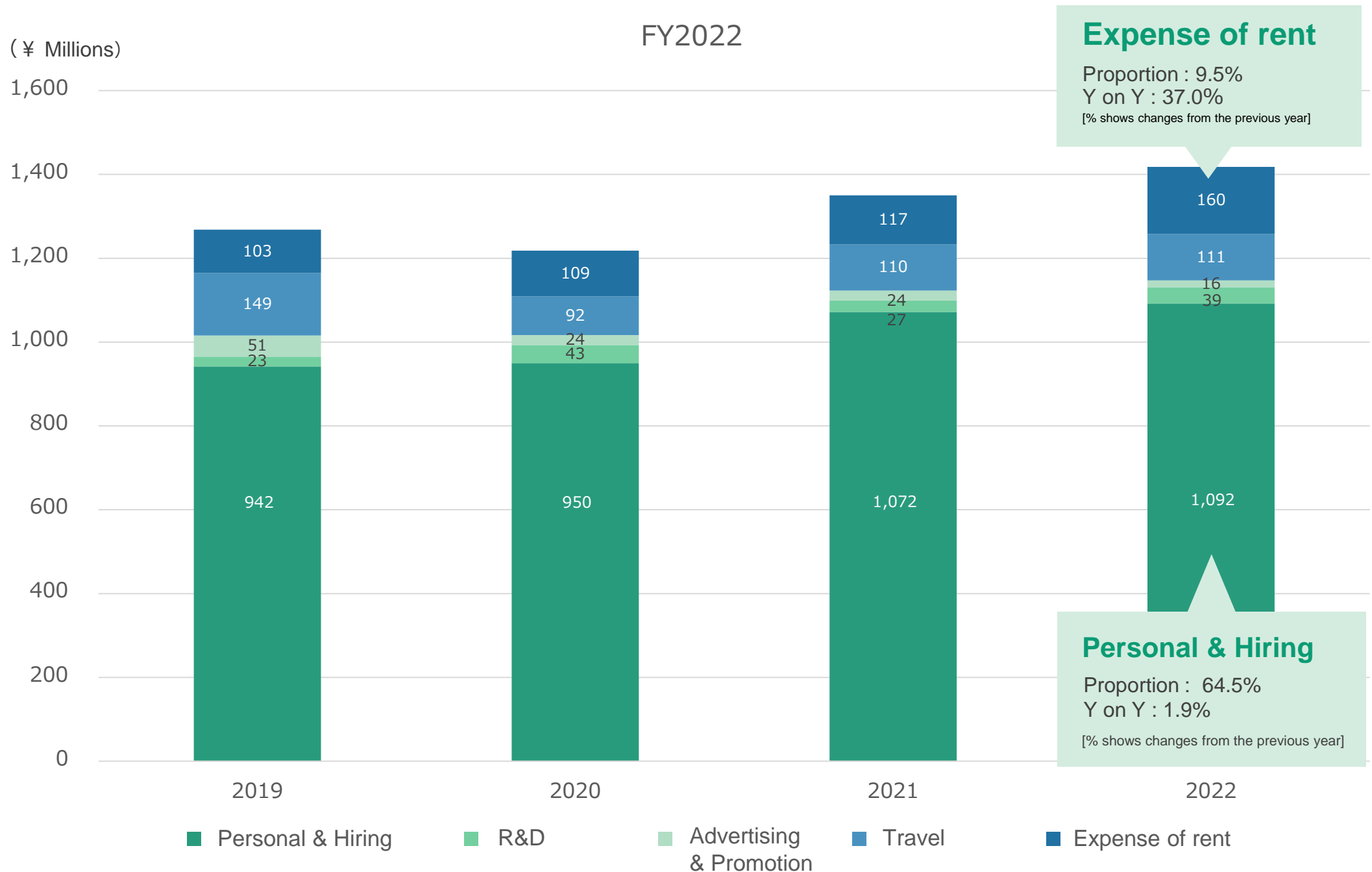
Profit increased approx. 100 million yen (Y on Y)

⇒ Reduced cost of sales by 24.8%, focusing on sales of profitable packaged products

(¥ Millions)



Appendix - Selling, general and administrative expenses Partial breakdown (Consolidated)





An Overwhelming Market Share of

75.0%

in National University Hospitals

**Market share in large hospitals
with more than 500 beds**



48.3%

Other hospitals and clinics



**Over 1,600
facilities**

*From 2021, one-time products are excluded from aggregation.

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

(As of December 2022)

Appendix - Changes in the Number of Medical System Users

(# of Facilities)

Classification	FY2021	FY2022	Changes*
Large hospitals (>500 beds)	188	189	1
Medium sized hospitals (100 to 499 beds)	388	408	20
Small hospitals (20 to 99 beds)	81	84	3
Clinics (<19 beds)	1,114	1,176	62
Other medial-related facilities	17	19	2
Non-medical facilities	10	10	0
Community-based comprehensive care	25	25	0
Total	1,823	1,911	88

*Hospital size criteria is scheduled to be changed in this document from FY2023 in association with lower the requirement for large hospitals from 500 to 400 beds in the 2018 revision of the medical fee.

*From 2021 one-time products are excluded from aggregation.

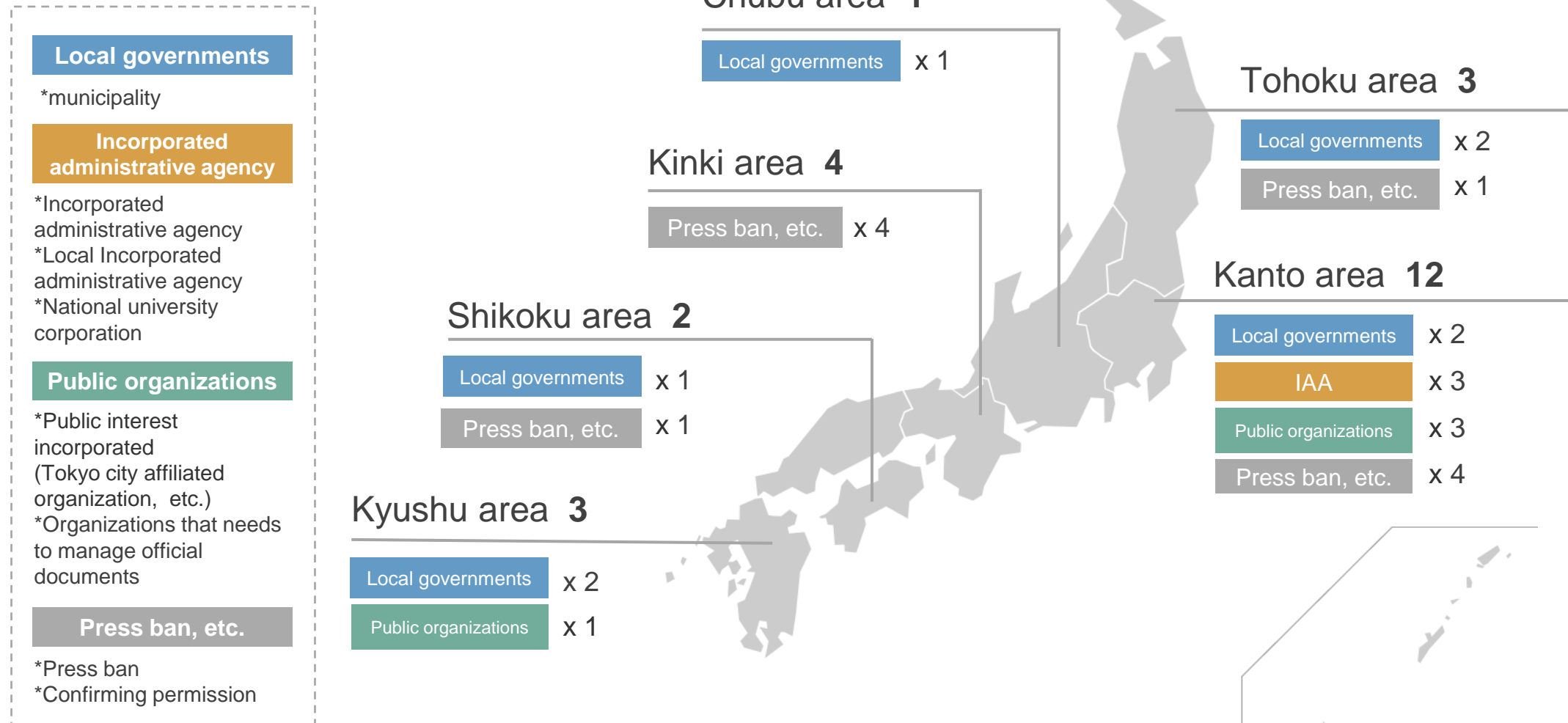
* #of increase is the pure increase of new users (including reclassification), in addition to “system renewal”.

(As of December 2022)

Appendix - Public Business / Number of users with product introduced

Net Sales of Office system : JPY 121 Mio (FY2022)

Steadily increase achievements, targeting the Local Governments and Public Corporations



*Only users who have given permission to be listed after introduction will be listed.

(As of December 2022)

Initiatives in Each Reportable Segment

Appendix - Medical Business

Market Trends

Medical digitalization shifts to the Cloud, market polarized by performance and price

From university hospitals and national centers to clinics, launched comprehensive consulting services for medical institutions

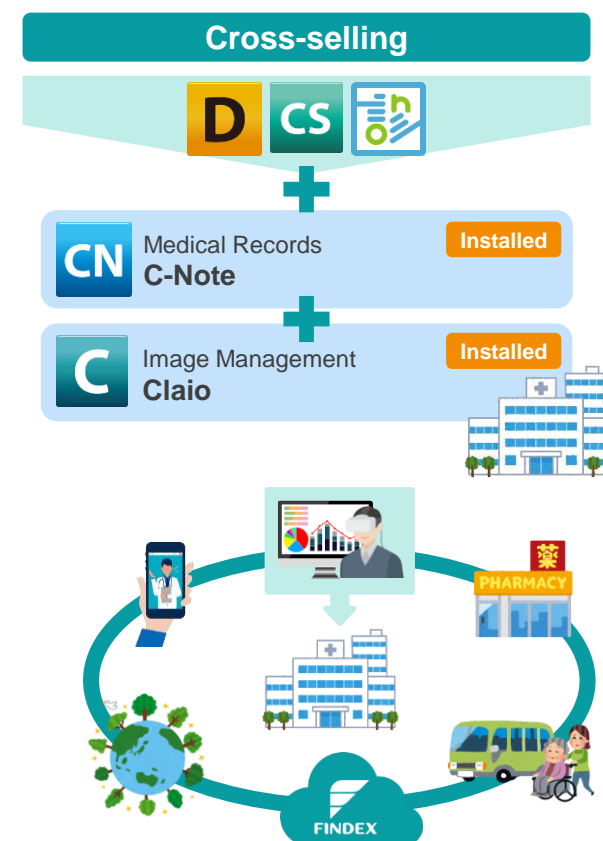
- Consulting services, which used to be a part of system sales, will be monetized from FY2023.
- Providing advanced and extensive consulting on how medical institutions can use the system to solve latent problems in their hospitals.

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.

Starting with the implementation of Medical Avenue to Kyoto University, plan to build infrastructure services for medical community.

- To build a more convenient and efficient medical system, we will connect people, goods, and services related to medical examinations and aim to create a local medical community



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 implementation after 2024.
- Assignment of personnel precisely to expand the scale of business, prepare appropriately for the increasing number of large projects in the future



Market Trends

Increasing number of academic conferences and exhibitions are held in both domestic and overseas markets.

Domestic



Expand sales via distributors

- Target Sales : GAP-Screener/GAP
- 1/3 of domestic ophthalmologists are our customers.
⇒ Sales to existing customers a priority, multiple demos underway.
- Sales target for FY2022 : **20 units**

Creating a market for medical checkup facilities through a pay-per-use system

- Target Sales : GAP-Screener
- Installations started in several facilities.
- Aligning with Toyota Tsusho Corporation, establish a sales network specializing in medical checkups through the pay-per-use system.
- Sales target for FY2022 : **40 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



Launching in EU soon

- **Declaration of Conformity to EU-MDR completed.**
- Starting sales via distributor Rexam Co., Ltd.
- Product Name: Eye-Tracking Perimeter FieldNavigator (OEM)
- Export routes and local sales networks are already secured.
⇒ Number of local dealers:
EU: 33, Middle East & Africa: 23
- Sales target for FY2023 : **200 units**

Formulating sales strategies for other regions

- Collaborating with partners to build sales networks in each region.
- Starting with a preparation for regulatory approval to sales India and ASEAN area via Toyota Tsusho Corp.

Progressive Software Creators

Always have, Always will.

