



**Consolidated Financial Results [Japanese GAAP]
for the Nine Months Ended September 30, 2023**

November 13, 2023

Listed company:	FINDEX Inc.	
Stock Exchange Listing:	Tokyo Stock Exchange	
Stock code:	3649	
URL:	https://findex.co.jp/en/index.html	
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Scheduled date to submit statutory quarterly financial report:		November 13, 2023
Scheduled date to commence dividend payment:		N/A
Availability of supplementary materials on financial results:		Yes
Availability of quarterly results briefing:		No

**1. Consolidated Financial Results for the Nine Months ended September 30, 2023
(From January 1, 2023, to September 30, 2023)**

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

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

(1) Consolidated Operating Results (Cumulative)

	Net sales		Operating profit		Recurring profit		Profit attributable to owners of the parent	
	JPY MM	%	JPY MM	%	JPY MM	%	JPY MM	%
Nine months ended September 30, 2023	3,474	15.8	796	63.2	820	56.7	567	62.2
September 30, 2022	2,999	(14.6)	488	(30.6)	523	(27.4)	349	(27.9)

(Note) Comprehensive income: Q3 FY2023: 569 million yen [62.2%], Q3 FY2022: 351 million yen [(27.5%)]

	Basic earnings per share	Diluted earnings per share
Nine months ended	JPY	JPY
September 30, 2023	22.13	-
September 30, 2022	13.65	-

(Notes) 1. No statement is indicated above for the number of diluted earnings per share for Q3 FY2022 because there were no issuable shares with dilutive effects.

2. No statement is indicated above for the number of diluted earnings per share for Q3 FY2023 because there were no issuable shares.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	JPY MM	JPY MM	%	JPY
September 30, 2023	5,075	4,358	85.8	169.70
December 31, 2022	4,980	4,042	81.1	157.63

(Ref.) Equity amount: Q3 FY2023: 4,352 million yen, Q4 FY2022: 4,038 million yen

2. Dividends

	Annual dividends per share				
	1st quarter	2nd quarter	3rd quarter	Year-end	Total
	JPY	JPY	JPY	JPY	JPY
Year ended December 31, 2022	-	3.00	-	6.50	9.50
Year ending December 31, 2023	-	4.00	-		
Year ending December 31, 2023 (Forecast)				7.00	11.00

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

3. Consolidated Financial Forecasts for the Fiscal Year ending December 31, 2023 (From January 1, 2023, to December 31, 2023)

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

	Net sales		Operating profit		Recurring profit		Profit attributable to owners of the parent		Basic earnings per share
	JPY MM	%	JPY MM	%	JPY MM	%	JPY MM	%	
Fiscal year ending December 31, 2023	5,065	11.5	1,313	27.7	1,330	26.0	923	27.7	JPY 36.03

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

*Notes:

(1) Changes in Significant Subsidiaries during the Current Quarter

Changes in specified subsidiaries that caused a change in the scope of consolidation: None

Newly included companies: None, Newly excluded companies: None

(2) Application of Specific Accounting for Preparing the Quarterly Consolidated Financial Statements: None

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

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies other than (i) above: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(Note) For more detailed illustration, please refer to “2. Quarterly Consolidated Financial Statements and Significant Notes Thereto (3) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)” on page 10 of the attached document.

(4) Number of Shares Outstanding (Common Shares)

	As of September 30, 2023	As of December 31, 2022
Number of shares outstanding at the end of the period (treasury shares included)	26,608,800	26,608,800
Number of treasury shares at the end of the period	962,288	987,475
	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Average number of outstanding shares during the period	25,634,123	25,616,320

(Note) The number of treasury shares at the end of the period includes our shares held by Custody Bank of Japan, Ltd. (Trust Account E) (154,400 shares for Q3 FY2023, 161,100 shares for FY2022). Our shares held by Custody Bank of Japan, Ltd. (Trust Account) are included in the treasury stock deducted in the calculation of the average number of shares during the period (157,986 shares for Q3 FY2023, 166,105 shares for Q3 FY2022).

* This quarterly financial results report is out of scope of the quarterly review by a certified public accountant nor audit firm.

* Explanation on appropriate use of performance forecasts and other special notes:

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

Attached Material

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1. Qualitative Information on Quarterly Consolidated Financial Results

(1) Explanation on Operating Results

In the domestic medical industry, where the Group primarily operates, changes to the insurance systems for reimbursing medical treatment fees, nursing care fees, and disability welfare service fees are slated to take effect from April 2024 in what is known as the “triple” amendments. This has led to a growing focus on improving operational practices and re-evaluating information management in the medical field. Additionally, there are active discussions regarding the promotion of the “Medical DX (Digital Transformation) Reiwa Vision 2030” proposed by the government, including the “establishment of a national medical information platform”, “standardization of electronic medical records”, and “digitalization of medical fee revision”.

Furthermore, the business environment surrounding the Group had undergone significant changes due to the COVID-19 pandemic. Those changes had also influenced the approach to software investments in the healthcare industry. Among the large hospitals, there has been an increasing recognition that digitalization is essential not only for streamlining internal operations but also for enhancing accessibility and quality of healthcare services within the community, including collaborations with other hospitals, pharmacies, and caregiving institutions. Simultaneously, there is a growing willingness to invest in advanced solutions for supporting medical practices, which improve the working conditions of physicians and healthcare professionals, as well as platforms that enable direct electronic communications with patients.

In response to these industry trends and on-site needs, the Group is actively engaged in the sales expansion of existing products and the development and implementation of new services utilizing cloud-based technology.

Also, we are beefing up our sustainability initiatives. We actively participate in initiatives related to climate change, such as endorsing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), joining the Japan Climate Initiative (JCI), and responding to questionnaires from the Carbon Disclosure Project (CDP) regarding climate change initiatives both domestically and internationally. Additionally, to achieve an increase in the ratio of female managers, we have formulated an action plan in accordance with the Act on Promotion of Women's Participation and Advancement in the Workplace, and implemented various measures such as consulting on career plans and providing trainings. From April 2023, we have been implementing measures to improve the working environment, including reducing regular working hours and establishing a full remote work system for employees residing in distant domestic locations or overseas. These efforts aim to enhance the quality of work-life for our employees. Moreover, we have also publicly announced the "My Jinken Declaration," promoted by the Ministry of Justice, implementing various multi-faceted initiatives to promote sustainable management. We are committed to fulfilling our social responsibility as a company meeting the needs of society by providing innovative solutions, and supporting healthcare and the well-being of individuals, thus contributing to the development of new social infrastructure.

The consolidated financial results for the nine months ended September 30, 2023 are as follows.

(JPY in thousands)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023	Change (amount)	Change (%)	FY2023 achievement rate
Net sales	2,999,658	3,474,339	474,681	15.8%	68.6%
Operating profit	488,177	796,462	308,285	63.2%	60.7%
Recurring profit	523,386	820,017	296,630	56.7%	61.7%
Profit attributable to owners of the parent	349,751	567,203	217,452	62.2%	61.5%

In the first nine months of the fiscal year ending December 31, 2023, consolidated net sales were ¥3,474,339 thousand (+15.8% YoY), operating profit was ¥796,462 thousand (+63.2%), recurring profit was ¥820,017 thousand (+56.7%), and profit attributable to owners of the parent was ¥567,203 thousand (+62.2%).

Due in large part to the strong performance of our Medical Business segment, both sales and profits exceeded the performance of the same period last year. The achievement rates for the full-year financial forecast are 68.6% for net sales, 60.7% for operating profit, 61.7% for recurring profit, and 61.5% for profit attributable to owners of the parent, surpassing the achievement rates of the same period last year. We anticipated higher sales and increased profits from the beginning for the second half of the fiscal year ending in December 2023, and we believe that the progress is in line with our expectations.

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

From the first quarter of the current fiscal year, we reorganized our reportable segments into the following three segments: Medical Business, Public Sector Business, and the Health Tech Business. To enable year-on-year comparisons, results from the third quarter of the fiscal year ended December 31, 2022 have been restated under the new segments.

《Medical Business》

(JPY in thousands)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023	Change (amount)	Change (%)
Net sales	2,874,310	3,321,180	446,870	15.5%
Operating profit	704,511	892,473	187,962	26.7%

Mainstay products in the Medical Business segment include the image data management software *Claio*, the progress note system *C-Note*, and the document management system *DocuMaker*. These flagship products are rated highly in large hospitals that provide advanced healthcare services and therefore command a stable share of the market. As core hospital solutions, they play integral roles essential to the delivery of medical care.

In the first nine months of the current fiscal year, consolidated net sales in this segment were ¥3,321,180 thousand (+15.5% YoY) and operating profit was ¥892,473 thousand (+26.7%). Implementation projects for large hospitals are progressing well, and packaged products are also performing steadily. Additionally, it is noteworthy that our consulting department, newly established in January 2023, has been performing well.

During the current consolidated fiscal year, we have been focusing on sales of packaged products to both existing and new customers in Japan. As a result, 34 hospitals and 83 clinics newly installed, added on, or updated our solutions during this period. In September 2023, we launched a product brand primarily focused on cloud services called *PiCls*. In addition, we initiated the sale of new services such as the medical information transfer system *PiCls Referral* and the online appointment reservation service *PiCls Booking Assistant* to support the promotion of DX in large medical institutions. Regarding the sale of *Claio* in India, we have completed local test operations and are in detailed discussions with Toyota Tsusho Corporation (headquarters: Aichi Prefecture, hereinafter referred to as TTC) about the sales timing and pricing.

Fitting Cloud Inc., a subsidiary specializing in cloud-based solutions, has been expanding its cloud infrastructure offerings, including HPKI (Healthcare Public Key Infrastructure) Signature System for the electronic prescription. It has also developed a cloud backup solution tailored for clinics. In preparation for the exhibition of *PiCls Medical Avenue* at the 43rd Joint Conference on Medical Informatics in November 2023, the company collaborated with Findex Inc. to enhance its functionalities.

《Public Sector Business》

(JPY in thousands)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023	Change (amount)	Change (%)
Net sales	62,496	112,181	49,685	79.5%
Operating profit or loss	(53,637)	9,417	63,055	-

The Public Sector Business segment was established this fiscal year.

In this segment, we mainly sell *DocuMaker Office*, an archive management and e-approval solution, to mostly government ministries and agencies, local governments, public corporations and medical institution that can leverage its powerful features. The installation of e-approval and document management solution is accelerating on the back of the central government's push for DX, which in turn is leading to a rise in enquiries about, and negotiations for, the installation of packages for government offices and also medical institutions.

In the first nine months of the current fiscal year, consolidated net sales in this segment were ¥112,181 thousand (+79.5% YoY) and operating profit was ¥9,417 thousand (versus the year-earlier operating loss of ¥53,637 thousand).

Regarding packages sold to local governments, the cumulative number of package installations has reached 26

since the service launch. We have secured an additional four contracts in the third quarter of this year for projects scheduled to commence in 2023 and in spring 2024. In total, seven installations are in progress for prefectural government, incorporated administrative agencies and national university corporations, which are scheduled to be accepted in the first half of 2024. We are also currently focusing our sales activities on large projects and emphasizing project scale rather than simply increasing the number of projects, as a way to build a track record with a view to expanding sales up ahead. Furthermore, negotiations for projects in the second half of 2024 and onwards are in progress at multiple facilities. Considering that our high-level consulting skills and user-oriented, user-friendly solutions have a strong reputation, we hope to gain many more contracts going forward. Moreover, a subscription business model is adopted to this service. Profit growth generated by the buildup of monthly service fees is anticipated, as the number of existing users increases in the future.

As for the packages aimed at the administrative departments at medical facilities, we have been actively expanding sales since 2022, with a primary focus on large and medium-sized hospitals, which are our existing users. While the cumulative number of installations since the service launch is six, the number of new orders in the fiscal year 2023 remained at three. However, we have seen an increase in inquiries since the introduction of the Invoice System in October 2023 and the revision of the Electronic Bookkeeping Law in January 2024. In this way, our product is drawing attention not only for its traditional feature to support the Hospital Function Evaluation (Note1), but also for new applications, and an increase in order numbers is expected in the future.

«Health Tech Business»

(JPY in thousands)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023	Change (amount)	Change (%)
Net sales	64,336	40,977	(23,359)	(36.3) %
Operating loss	(162,696)	(105,428)	57,267	-

In the Health Tech Business segment, we focused our efforts on domestic sales and on preparations of overseas sales expansion of our gaze analyzing perimeter, or *GAP* (Note2) for short. *GAP* is an affordable, groundbreaking wearable device that enhances availability by measuring a patient's visual field with a completely different approach to that of conventional examination methods. It can also contribute to the early detection of retinal diseases, such as glaucoma and other conditions that lack obvious symptoms in the early stages. Unlike a conventional visual field examination, the product does not require the use of a dark room, thus shortening the examination time and alleviating the burden on the patient. Moreover, by promoting the use of *GAP* at facilities that conduct medical exams and health checkups, early-stage retinal disease patient data can be shared with R&D centers in Japan and overseas with the potential for it to contribute to the innovation of technology and solutions in numerous fields, including pharmaceuticals and life insurance.

In the first nine months of the current fiscal year, consolidated net sales in this segment were ¥40,977 thousand (-36.3% YoY). We recorded an operating loss of ¥105,428 thousand, versus the year-earlier operating loss of ¥162,696 thousand. Net sales decreased year on year due to the impact of EMC Healthcare Co., Ltd. (headquartered in Tokyo) being removed from the scope of consolidation. On the other side, our operating loss decreased for the same reason, resulting in a smaller loss.

During the current consolidated fiscal year, we have been conducting demonstrations and sales of the products at domestic medical facilities, and stepping up sales of *GAP-screener* (Note3) to nationwide health checkup facilities in collaboration with TTC. There were 13 domestic shipments of these products in the first nine months of the current fiscal year. Furthermore, we have prepared for the submission of a research paper on the gaze analysis technology applied to our product to an academic journal. Simultaneously, we had made arrangements for our participation in and co-hosting of a seminar at the "77th Annual Congress of Japan Clinical Ophthalmology" in October 2023.

We also continue to undertake initiatives with a view to expanding overseas. Through one of our sales distributors Rexam Co., Ltd. (headquartered in Osaka), we have started the mass-manufacturing process of the products to target shipments to the EU countries within 2023. We are also working to acquire pharmaceutical regulatory approval in India and Indonesia.

In addition, because the product can be used to detect not only visual field abnormality, but also MCI (Note4), it was adopted by the Japan Agency for Medical Research and Development (AMED) for the R&D of a screening program for slight cognitive dysfunctions, utilizing digital phenotyping of gaze point response and

eyeball movements, as part of its 2021 research project for medical-engineering collaboration and implementation of artificial intelligence. We continue to pursue R&D together with Kyoto University, as we expect new medical devices will be introduced to the medical frontline over the next few years.

- (Note1) Hospital Function Evaluation: A system used to assess and evaluate the functions and quality of medical services provided by hospitals in Japan. It helps in ensuring the standardization and quality of healthcare services across various medical institutions, including general hospitals and other healthcare facilities.
- (Note2) Gaze Analyzing Perimeter, *GAP* (Notification No. of medical device manufacturing and sales 38B2X10003000002)
- (Note3) Gaze Analyzing Perimeter, *GAP-screener* (Notification No. of medical device manufacturing and sales 38B2X10003000003)
- (Note4) Abbreviation for Mild Cognitive Impairment. A stage of symptoms between those of healthy individuals and those with dementia, which has not yet progressed to dementia.

(2) Explanation on the Financial Position
Status of Assets, Liabilities, and Net assets

(JPY in thousands)

	As of December 31, 2022	As of September 30, 2023	Change (amount)
Assets	4,980,780	5,075,193	94,413
Liabilities	937,842	716,591	(221,250)
Net assets	4,042,937	4,358,601	315,664

Total assets at the end of the third quarter amounted to ¥5,075,193 thousand, an increase of ¥94,413 thousand from the end of the previous fiscal year. This was mainly due to an increase of ¥76,613 thousand in current assets, primarily owing to increases of ¥289,110 thousand in cash and deposits, and ¥32,259 thousand in merchandise and finished goods, which outweighed a decrease of ¥258,882 thousand in notes and accounts receivable–trade, and contract assets.

Liabilities amounted to ¥716,591 thousand, a decrease of ¥221,250 thousand from the end of the previous fiscal year. This was primarily attributable to a decrease of ¥215,327 thousand in current liabilities, mainly due to decreases of ¥62,636 thousand in accounts payable - other and ¥166,010 thousand in income taxes payable.

Net assets amounted to ¥4,358,601 thousand, an increase of ¥315,664 thousand from the end of the previous fiscal year. This was mainly due to an increase in shareholders' equity of ¥313,581 thousand by virtue of an increase in retained earnings.

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

Our consolidated financial forecasts for the fiscal year ending December 31, 2023 remain unchanged (previously announced in FY2022 consolidated financial results on February 13, 2023).

Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly Consolidated Balance Sheet

(JPY in thousands)

	As of December 31, 2022	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	2,413,747	2,702,858
Notes and accounts receivable - trade, and contract assets	1,361,258	1,102,376
Merchandise and finished goods	165,417	197,676
Work in process	3,975	5,689
Raw materials and supplies	146,612	146,821
Other	37,291	49,492
Total current assets	4,128,302	4,204,915
Non-current assets		
Property, plant and equipment	103,287	92,135
Intangible assets		
Software	251,005	271,375
Other	344	344
Total intangible assets	251,349	271,719
Investments and other assets	497,839	506,423
Total non-current assets	852,477	870,277
Total assets	4,980,780	5,075,193
Liabilities		
Current liabilities		
Accounts payable - trade	81,209	33,470
Accounts payable - other	142,630	79,994
Income taxes payable	227,529	61,518
Other	202,633	263,691
Total current liabilities	654,002	438,675
Non-current liabilities		
Provision for share awards	186,787	183,081
Other	97,052	94,835
Total non-current liabilities	283,839	277,916
Total liabilities	937,842	716,591
Net assets		
Shareholders' equity		
Share capital	254,259	254,259
Capital surplus	224,259	224,259
Retained earnings	4,372,694	4,665,726
Treasury shares	(812,506)	(791,956)
Total shareholders' equity	4,038,706	4,352,287
Non-controlling interests	4,230	6,314
Total net assets	4,042,937	4,358,601
Total liabilities and net assets	4,980,780	5,075,193

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

(Quarterly Consolidated Statement of Income, Cumulative)

(JPY in thousands)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023
Net sales	2,999,658	3,474,339
Cost of sales	1,248,266	1,341,914
Gross profit	1,751,392	2,132,425
Selling, general and administrative expenses	1,263,215	1,335,962
Operating profit	488,177	796,462
Non-operating income		
Interest income	34	59
Foreign exchange gains	28,996	16,869
Subsidy income	3,643	4,466
Royalty income	1,390	1,660
Other	1,592	498
Total non-operating income	35,657	23,554
Non-operating expenses		
Interest expenses	448	-
Total non-operating expenses	448	-
Ordinary profit	523,386	820,017
Extraordinary income		
Insurance claim income	—	19,000
Total extraordinary income	—	19,000
Extraordinary losses		
Compensation for damage	—	22,000
Total extraordinary losses	—	22,000
Profit before income taxes	523,386	817,017
Income taxes - current	169,053	241,337
Income taxes - deferred	3,308	6,392
Total income taxes	172,361	247,729
Profit	351,025	569,287
Profit attributable to non-controlling interests	1,273	2,083
Profit attributable to owners of parent	349,751	567,203

(Quarterly Consolidated Statement of Comprehensive Income, Cumulative)

(JPY in thousands)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023
Profit	351,025	569,287
Comprehensive income	351,025	569,287
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	349,751	567,203
Comprehensive income attributable to non- controlling interests	1,273	2,083

(3) Notes to the Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption): N/A

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

(Changes in Accounting Policies)

(Application of Accounting Standard for Fair Value Measurement)

We have applied the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021; hereinafter “Fair Value Accounting Standard Guidance”) from the beginning of the first quarter of the fiscal year. In accordance with the transitional treatment prescribed in paragraph 27-2 of the Fair Value Accounting Standard Guidance, we have decided to apply the new accounting policies prescribed in the Fair Value Accounting Standard Guidance in the future. These changes have no impact on quarterly consolidated financial statements.

【Additional Information】

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

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

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

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

The treasury stock held by Custody Bank of Japan, Ltd. (trust account E) is shown as treasury shares in the net assets section of the quarterly consolidated balance sheet. The amount recorded at the end of the previous fiscal year was ¥124,277 thousand and the number of shares was 161,100. The amount recorded at the end of the third quarter of the current fiscal year was ¥119,108 thousand and the number of shares was 154,400.

【SEGMENT INFORMATION, etc.】

(Segment Information)

1. Sales and Income or Loss by Reportable Segment

Nine months ended September 30, 2022 (From January 1, 2022, to September 30, 2022)

(JPY in thousands)

	Reportable segment				Adjustments (Note1)	Amount in the quarterly consolidated financial statement (Note2)
	Medical Business	Public Sector Business	Health Tech Business	Subtotal		
Net sales						
Sales for external customers	2,872,824	62,496	64,336	2,999,658	—	2,999,658
Internal sales or transfers between segments	1,485	—	—	1,485	(1,485)	—
Total	2,874,310	62,496	64,336	3,001,143	(1,485)	2,999,658
Segment profit or loss	704,511	(53,637)	(162,696)	488,177	—	488,177

(Notes) 1. Adjustments are derived from elimination of intersegment transactions.

2. Aggregated amount of segment income or loss equals amount of recurring profit reported for consolidated financial statements.

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

(JPY in thousands)

	Reportable segment				Adjustments (Note1)	Amount in the quarterly consolidated financial statement (Note2)
	Medical Business	Public Sector Business	Health Tech Business	Subtotal		
Net sales						
Sales for external customers	3,321,180	112,181	40,977	3,474,339	—	3,474,339
Internal sales or transfers between segments	—	—	—	—	—	—
Total	3,321,180	112,181	40,977	3,474,339	—	3,474,339
Segment profit or loss	892,473	9,417	(105,428)	796,462	—	796,462

(Notes) 1. Adjustments are derived from elimination of intersegment transactions.

2. Aggregated amount of segment income or loss equals amount of recurring profit reported for consolidated financial statements.

2. Matters Regarding the Change in the Reporting Segments, etc.

From the first quarter of the current fiscal year, the Company has changed its form of reporting for the “Office System”, which was formerly included in the “System Development”, as a reportable segment considering its forthcoming quantitative and qualitative importance. The Company has changed the reportable segments from two divisions which were “System Development” and “Health Tech”, to three divisions which are “Medical Business”, “Public Sector Business”, and “Health Tech Business”.

The segment information for the third quarter of the previous consolidated fiscal year is disclosed based on the classification of reportable segments of the third quarter of the current consolidated fiscal year.

Supplementary Information

(1) Transition of Significant Financial Key Performance Indicators

(JPY in thousands, except for per share amounts)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023	Fiscal year ended December 31, 2022
Net sales	2,999,658	3,474,339	4,541,242
Operating profit	488,177	796,462	1,028,522
Recurring profit	523,386	820,017	1,055,708
Profit	351,025	569,287	724,240
Profit attributable to owners of the non-controlling interests	1,273	2,083	1,461
Profit attributable to owners of the parent	349,751	567,203	722,779
Comprehensive income	351,025	569,287	724,240
Net assets	3,673,539	4,358,601	4,042,937
Total assets	4,236,241	5,075,193	4,980,780
Net assets per share	143.04	169.70	157.63
Basic earnings per share	13.65	22.13	28.21

(2) Production, Order, Sales

1) Actual Result of Production for the Nine Months ended September 30, 2022

Business segment	Production (JPY in thousands)	YoY (%)
Medical Business	1,044,394	113.1
Public Sector Business	49,438	102.6
Health Tech Business	105,646	79.8
Total	1,199,479	108.6

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

2) Order Status for the Nine Months ended September 30, 2023

Business segment	Orders received (JPY in thousands)	YoY (%)	Order backlog (JPY in thousands)	YoY (%)
Medical Business	2,748,566	114.0	1,765,546	136.6
Public Sector Business	157,445	224.3	114,326	216.0
Health Tech Business	31,218	36.4	13,918	-
Total	2,937,230	114.4	1,893,791	140.7

3) Sales Result by Segments, Solutions, and Channels for the Nine Months ended September 30, 2023

Segment, solution, channel	Sales amount (JPY in thousands)	Ratio (%)	YoY (%)
Medical Business			
Software	1,792,966	51.6	114.1
[of via distributors]	[461,852]		
Hardware	202,597	5.8	138.2
[of via distributors]	[10,046]		
Support	1,126,425	32.4	108.5
[of via distributors]	[337,631]		
Others	199,190	5.8	167.5
Public Sector Business	112,181	3.2	179.5
Health Tech Business	40,977	1.2	63.7
Total	3,474,339	100.0	115.8