



**Consolidated Financial Results [Japanese GAAP]
for the Three Months Ended March 31, 2024**

May 14, 2024

Listed company: **FINDEX Inc.**
 Stock Exchange Listing: Tokyo Stock Exchange
 Stock code: 3649
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 Scheduled date to submit statutory quarterly financial report: May 14, 2024
 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 Three Months ended March 31, 2024
(From January 1, 2024, to March 31, 2024)**

*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 parent	
	JPY MM	%	JPY MM	%	JPY MM	%	JPY MM	%
Three months ended								
March 31, 2024	2,124	69.7	862	199.0	865	196.2	642	222.4
March 31, 2023	1,251	(1.0)	288	(22.2)	292	(23.4)	199	(22.9)

(Note) Comprehensive income: Q1 FY2024: 651 million yen [219.5%], Q1 FY2023: 203 million yen [(22.0%)]

	Basic earnings per share	Diluted earnings per share
	JPY	JPY
Three months ended		
March 31, 2024	25.07	-
March 31, 2023	7.78	-

(Note) No statement is indicated above for the number of diluted EPS for Q1 FY2023 and Q1 FY2024 because there were no issuable shares.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	JPY MM	JPY MM	%	JPY
As of				
March 31, 2024	6,538	5,266	80.4	204.98
December 31, 2023	5,934	4,845	81.5	188.67

(Ref.) Equity amount: Q1 FY2024: 5,257 million yen, Q4 FY2023: 4,838 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, 2023	-	4.00	-	9.00	13.00
Year ending December 31, 2024	-				
Year ending December 31, 2024 (Forecast)		7.00	-	8.00	15.00

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

3. Consolidated Financial Forecasts for the Fiscal Year ending December 31, 2024 (From January 1, 2024, to December 31, 2024)

* 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

	Net sales		Operating profit		Recurring profit		Profit attributable to owners of parent		Basic earnings per share
	JPY MM	%	JPY MM	%	JPY MM	%	JPY MM	%	JPY
Six months ending June 30, 2024	2,872	27.7	754	89.8	764	84.4	527	85.6	20.56
Fiscal year ending December 31, 2024	5,782	11.4	1,574	5.2	1,591	4.2	1,097	3.6	42.79

(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: None

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

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of Shares Outstanding (Common Shares)

	As of March 31, 2024	As of December 31, 2023
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	960,688	962,288
	Three months ended March 31, 2024	Three months ended March 31, 2023
Average number of outstanding shares during the period	25,647,691	25,622,619

(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) (152,800 shares for Q1 FY2024, 154,400 shares for FY2023). Our shares held by Custody Bank of Japan, Ltd. (Trust Account) are included in the treasury share deducted in the calculation of the average number of shares during the period (153,221 shares for Q1 FY2024, 159,806 shares for Q1 FY2023).

* This quarterly financial results report is out 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

The Group is dedicated to realizing its corporate philosophy of “enriching society through technologies and creation” by developing and providing products and services centered around solutions that promote digitalization in medical software, medical equipment, and administrative organization. The Group is committed to fostering research and development that encourages “the joy of creation” based on “exploration of new ideas and technology” and providing products that “exceed customer expectations and contribute to the development of society” as its fundamental business policy.

In major medical facilities, which are the key customers, adoption of digitalization is becoming inevitable to improve operational efficiency within hospitals and to enhance accessibility to healthcare and the quality of medical care through collaboration with other medical institutions, pharmacies, and care facilities in the community. Simultaneously, there is a growing willingness to invest in advanced medical support solutions that improve the way doctors and healthcare professionals work, as well as platforms that allow direct electronic communication with patients, enabling more sophisticated operations.

Among the large hospitals, the adoption rate of medical information systems, including electronic medical records (EMR), exceeds 90%. However, on-premises solutions still dominate information management. The Group actively engages in expanding the sales of existing on-premises products and developing and selling cloud-based services to support streamlining and digitalization in large hospitals, creating new treatment flows. Additionally, to promote digitalization in the public sector, the Group deploys document management solutions while also developing and selling medical equipment domestically and internationally.

The consolidated financial results for the three months ended March 31, 2024 are as follows.

(JPY in thousands)

	Three months ended March 31, 2023	Three months ended March 31, 2024	Change (amount)	Change (%)	Progress rate (%)
Net sales	1,251,802	2,124,578	872,776	69.7%	36.7%
Operating profit	288,325	862,145	573,820	199.0%	54.8%
Recurring profit	292,219	865,527	573,307	196.2%	54.4%
Profit attributable to owners of the parent	199,428	642,938	443,510	222.4%	58.6%

In the first three months of the fiscal year ending December 31, 2024 (January 1, 2024 to March 31, 2024), consolidated net sales were ¥2,124,578 thousand (+69.7% YoY), operating profit was ¥862,145 thousand (+199.0%), recurring profit was ¥865,527 thousand (+196.2%), and profit attributable to owners of the parent was ¥642,938 thousand (+222.4%). The progress rates against the full-year performance forecast are 36.7% for sales, 54.8% for operating profit, 54.4% for recurring profit, and 58.6% for profit attributable to owners of the parent. The business environment has been generally favorable, and the Group’s performance is progressing as planned towards achieving the full-year forecast. The Medical Business performed exceptionally well, leading to record-high sales and profits in the first quarter, which were already factored into the initial financial plans, and therefore, there are no revisions to the financial forecast.

Consolidated results by segment for the first three months of the current fiscal year are as follows.

《Medical Business》

(JPY in thousands)

	Three months ended March 31, 2023	Three months ended March 31, 2024	Change (amount)	Change (%)
Net sales	1,179,454	1,996,515	817,061	69.3%
Operating profit	297,732	839,437	541,704	181.9%

Mainstay products in the Medical Business segment include the data management software *Claiο*, the progress note system *C-Note*, and the document management software *DocuMaker*. In addition to traditional on-premises products, there has been an expansion in the cloud-based services offerings, including the patient guidance application *PiCls Medical Avenue* and electronic tracing report service *PiCls AADe-Report*, in recent years.

In the first three months of the current fiscal year, 24 hospitals and 19 clinics newly installed, added on, or updated our systems. The maintenance and consulting service also performed well. As a result, consolidated net sales in this segment for the first quarter were ¥1,996,515 thousand (+69.3% YoY) and operating profit was ¥839,437 thousand (+181.9%). The main factors contributing to the increase in revenue and profit were the consecutive installations of large-scale projects. No significant changes have been observed in the revenue and profit trends and consider them to be stable. Additionally, the segment's product retention rate remains high at 99.9%.

Fitting Cloud Inc., a subsidiary specializing in cloud solutions and medical AI technology, conducted joint research with Kyoto University Hospital on the streamlining of physician tasks using generated AI. Furthermore, in line with the physician workstyle reforms to be implemented from April 2024, the Company expanded its services by enhancing features such as connectivity to electronic medical records (EMRs) from outside hospitals, known as its service *Weberi*.

《Public Sector Business》

(JPY in thousands)

	Three months ended March 31, 2023	Three months ended March 31, 2024	Change (amount)	Change (%)
Net sales	35,616	106,044	70,428	197.7%
Operating profit	3,908	53,048	49,140	-

Mainstay product in the Public Sector Business segment is *DocuMaker Office*, an archive management and digital approval system, to support digitalization in public sector organizations.

In the first three months of the current fiscal year, 1 packaged solution for local governments, and 3 packaged solutions for hospitals have newly been installed. As a result, net sales in this segment were ¥106,044 thousand (+197.7% YoY) and operating profit was ¥53,048 thousand (¥3,908 thousand YoY). The main factor contributing to the increase in revenue and profit was the growing number of large-scale projects, such as the installation to a prefectural office, which absorbed the increase in personnel expenses due to the increase in revenue and resulted in a profitable outcome. Additionally, for the first quarter of this fiscal year, five installations have already been confirmed, and the preparation for implementation is progressing smoothly.

In this segment, an increase in profits is anticipated through the accumulation of monthly usage fees as the number of existing users continues to grow. The number of cancellations since the launch of the service remains at zero, and the establishment of a solid customer base has progressed steadily, following the positive trend from the previous year.

《Health Tech Business》

(JPY in thousands)

	Three months ended March 31, 2023	Three months ended March 31, 2024	Change (amount)	Change (%)
Net sales	36,731	22,018	(14,713)	(40.1%)
Operating loss	(13,315)	(30,340)	(17,025)	-

Mainstay products in the Health Tech Business segment are the gaze analyzing perimeter *GAP*^{*1} and *GAP-screener*^{*2}. *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 the *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 three months of the current fiscal year, net sales in this segment were ¥22,018 thousand (-40.1% YoY). We recorded an operating loss of ¥30,340 thousand, versus the year-earlier operating loss of ¥13,315 thousand. Revenue and profit decreased year on year due to the reduction in the number of product shipments compared to the previous year and the increase in personnel expenses due to additional hiring and salary raises.

In the first quarter, a total of 6 units of the product were sold domestically. *GAP* is distributed to ophthalmologic hospitals and clinics nationwide through various medical equipment distributors, and a collaboration with Toyota Tsusho Corporation Co., Ltd. (Headquarters: Aichi Prefecture) facilitates the sale of *GAP-screener* to health check-up facilities. Additionally, the manufacturing line operates smoothly, completing manufacturing for the planned shipments for the first quarter, including overseas shipments.

(Note 1) Gaze Analyzing Perimeter, *GAP* (Notification No. of medical device manufacturing and sales 38B2X10003000002)

(Note 2) Gaze Analyzing Perimeter, *GAP-screener* (Notification No. of medical device manufacturing and sales 38B2X10003000003)

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

(JPY in thousands)

	As of December 31, 2023	As of March 31, 2024	Change in Amount
Assets	5,934,285	6,538,244	603,959
Liabilities	1,088,925	1,272,216	183,290
Net Assets	4,845,360	5,266,028	420,668

Total assets at the end of the first quarter amounted to ¥6,538,244 thousand, an increase of ¥603,959 thousand from the end of the previous fiscal year. This was mainly due to an increase of ¥600,746 thousand in current assets, primarily owing to an increase of ¥202,775 thousand in cash and deposits, and an increase of ¥447,717 thousand in notes and accounts receivable—trade, and contract assets.

Liabilities amounted to ¥1,272,216 thousand, an increase of ¥183,290 thousand from the end of the previous fiscal year. This was primarily attributable to an increase of ¥171,887 thousand in current liabilities, mainly due to an increase of ¥116,276 thousand in accounts payable - trade and ¥57,935 thousand in accounts payable - other.

Net assets amounted to ¥5,266,028 thousand, an increase of ¥420,668 thousand from the end of the previous fiscal year. This was mainly due to an increase in shareholders' equity of ¥411,965 thousand by virtue of an increase in retained earnings.

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

Our consolidated results forecasts for the first six months of the fiscal year ending December 31, 2024, along with our full-year forecasts, remain unchanged (previously announced in FY2023 consolidated financial results on February 13, 2024).

2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly Consolidated Balance Sheet

(JPY in thousands)

	As of Dec. 31, 2023	As of Mar.31,2024
Assets		
Current assets		
Cash and deposits	2,693,160	2,895,936
Notes and accounts receivable - trade, and contract assets	1,924,104	2,371,821
Merchandise and finished goods	216,844	180,566
Work in process	3,967	3,612
Raw materials and supplies	118,376	116,865
Other	50,502	38,900
Total current assets	5,006,955	5,607,701
Non-current assets		
Property, plant and equipment	89,255	93,155
Intangible assets		
Software	290,050	295,485
Other	344	344
Total intangible assets	290,394	295,829
Investments and other assets	547,680	541,558
Total non-current assets	927,330	930,542
Total assets	5,934,285	6,538,244
Liabilities		
Current liabilities		
Accounts payable - trade	39,379	155,655
Accounts payable - other	99,701	157,636
Income taxes payable	331,241	270,255
Other	302,524	361,186
Total current liabilities	772,846	944,734
Non-current liabilities		
Provision for share awards	233,125	232,662
Other	82,952	94,819
Total non-current liabilities	316,078	327,481
Total liabilities	1,088,925	1,272,216
Net assets		
Shareholders' equity		
Share capital	254,259	254,259
Capital surplus	224,259	224,259
Retained earnings	5,157,662	5,568,392
Treasury shares	(791,956)	(790,722)
Total shareholders' equity	4,844,223	5,256,188
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(5,386)	1,216
Total accumulated other comprehensive income	(5,386)	1,216
Non-controlling interests	6,522	8,623
Total net assets	4,845,360	5,266,028
Total liabilities and net assets	5,934,285	6,538,244

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

(Quarterly Consolidated Statement of Income, Cumulative)

(JPY in thousands)

	Three months ended March 31, 2023	Three months ended March 31, 2024
Net sales	1,251,802	2,124,578
Cost of sales	537,011	782,744
Gross profit	714,790	1,341,833
Selling, general and administrative expenses	426,465	479,688
Operating profit	288,325	862,145
Non-operating income		
Interest income	22	25
Foreign exchange gains	830	-
Subsidy income	1,283	1,663
Royalty income	1,660	1,660
Other	97	32
Total non-operating income	3,894	3,382
Recurring profit	292,219	865,527
Profit before income taxes	292,219	865,527
Income taxes - current	79,159	211,412
Income taxes - deferred	9,112	9,075
Total income taxes	88,272	220,488
Profit	203,947	645,039
Profit attributable to non-controlling interests	4,518	2,100
Profit attributable to owners of parent	199,428	642,938

(Quarterly Consolidated Statement of Comprehensive Income, Cumulative)

(JPY in thousands)

	Three months ended March 31, 2023	Three months ended March 31, 2024
Profit	203,947	645,039
Other comprehensive income		
Valuation difference on available-for-sale securities	-	6,602
Total other comprehensive income	-	6,602
Comprehensive income	203,947	651,642
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	199,428	649,541
Comprehensive income attributable to non-controlling interests	4,518	2,100

(3) Notes to the Quarterly Consolidated Financial Statements

(Note on Going Concern Assumption): N/A

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

【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 ¥119,108 thousand and the number of shares was 154,400. The amount recorded at the end of the first quarter of the current fiscal year was ¥117,874 thousand and the number of shares was 152,800.

【SEGMENT INFORMATION, etc.】

(Segment Information)

Sales and Profit or Loss by Reportable Segment

Three Months ended March 31, 2023 (From January 1, 2023, to March 31, 2023)

(JPY in thousands)

	Reportable segment				Reported amount for consolidated financial statements (Note)
	Medical Business	Public Sector Business	Health Tech Business	Sub total	
Net sales					
Sales for external customers	1,179,454	35,616	36,731	1,251,802	1,251,802
Internal sales or transfers between segments	-	-	-	-	-
Total	1,179,454	35,616	36,731	1,251,802	1,251,802
Segment profit or loss	297,732	3,908	(13,315)	288,325	288,325

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

Three Months ended March 31, 2024 (From January 1, 2024, to March 31, 2024)

(JPY in thousands)

	Reportable segment				Reported amount for consolidated financial statements (Note)
	Medical Business	Public Sector Business	Health Tech Business	Sub total	
Net sales					
Sales for external customers	1,996,515	106,044	22,018	2,124,578	2,124,578
Internal sales or transfers between segments	-	-	-	-	-
Total	1,996,515	106,044	22,018	2,124,578	2,124,578
Segment profit or loss	839,437	53,048	(30,340)	862,145	862,145

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

(Significant subsequent events)

There are no significant subsequent events to be disclosed.

3. Supplementary Information

(1) Transition of Significant Financial Key Performance Indicators

(JPY in thousands, except per share amounts)

	Three months ended March 31, 2023	Three months ended March 31, 2024	Fiscal year ended December 31, 2023
Net sales	1,251,802	2,124,578	5,191,735
Operating profit	288,325	862,145	1,496,570
Recurring profit	292,219	865,527	1,527,453
Profit	203,947	645,039	1,061,431
Profit attributable to owners of non-controlling interests	4,518	2,100	2,291
Profit attributable to owners of parent	199,428	642,938	1,059,140
Comprehensive income	203,947	651,642	1,056,045
Net assets	4,080,764	5,266,028	4,845,360
Total assets	4,933,646	6,538,244	5,934,285
Net assets per share (yen)	158.92	204.98	188.67
Basic earnings per share (yen)	7.78	25.07	41.31

(2) Production, Order, Sales

1) Actual Result of Production for Q1 FY2024 (Cumulative Amount)

Business segment	Production (JPY in thousands)	YoY (%)
Medical Business	433,188	107.0
Public Sector Business	23,320	172.3
Health Tech Business	38,777	117.2
Total	495,286	109.7

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

2) Order Status for Q1 FY2024 (Cumulative Amount)

Business segment	Order received (JPY in thousands)	YoY (%)	Order backlog (JPY in thousands)	YoY (%)
Medical Business	698,405	89.3	843,670	82.0
Public Sector Business	19,742	569.6	17,152	139.6
Health Tech Business	10,200	77.9	2,100	-
Total	728,347	91.2	862,922	82.9

3) Sales Result for Q1 FY2024 (Cumulative Amount by Segments, Solutions, and Channels)

Segment, solution, channel	Sales amount (JPY in thousands)	Ratio (%)	YoY (%)
Medical Business			
Software	1,254,723	59.1	182.8
[of via distributors]	[211,167]		
Hardware	197,000	9.3	243.0
[of via distributors]	[2,962]		
Support	388,848	18.3	104.7
[of via distributors]	[118,317]		
Other	155,943	7.3	383.5
Public Sector Business			
Software	90,925	4.3	255.3
[of via distributors]	[2,413]		
Hardware	7,267	0.3	-
Other	7,852	0.4	-
Health Tech Business	22,018	1.0	59.9
Total	2,124,578	100.0	169.7