



Consolidated Financial Results
for the Six Months Ended June 30, 2024
[Under Japanese GAAP]

August 13, 2024

Company name:	FINDEX Inc.	
Listing:	Tokyo Stock Exchange	
Securities code:	3649	
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Scheduled date to file semi-annual securities report:		August 13, 2024
Scheduled date to commence dividend payments:		September 12, 2024
Preparation of supplementary material on financial results:		Yes
Holding of financial results briefing:		Yes for Analysts

1. Consolidated Financial Results for the Six Months ended June 30, 2024
(From January 1, 2024, to June 30, 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	%
Six months ended June 30, 2024	3,205	42.5	940	136.7	945	128.1	701	147.0
June 30, 2023	2,249	0.7	397	(12.8)	414	(13.9)	283	(11.3)

(Note) Comprehensive income: For the six months ended June 30, 2024: 714 million yen [148.8%]
For the six months ended June 30, 2023: 287 million yen [(10.8%)]

	Basic earnings per share	Diluted earnings per share
Six months ended	JPY	JPY
June 30, 2024	27.34	-
June 30, 2023	11.08	-

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

(2) Consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	JPY MM	JPY MM	%	JPY
June 30, 2024	6,414	5,345	83.2	208.03
December 31, 2023	5,934	4,845	81.5	188.67

(Ref.) Equity amount: As of June 30, 2024: 5,339 million yen
As of December 31, 2023: 4,838 million yen

2. Cash Dividends

	Annual dividends per share				
	1st quarter	2nd quarter	3rd quarter	Year-end	Total
	JPY	JPY	JPY	JPY	JPY
Fiscal year ended December 31, 2023	-	4.00	-	9.00	13.00
Fiscal year ending December 31, 2024	-	7.00	-	-	-
Fiscal year ending December 31, 2024 (Forecast)	-	-	-	8.00	15.00

(Note) Revisions to the forecast of cash dividends most recently announced: 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
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 financial forecasts most recently announced: None

*Notes:

(1) Significant changes in the scope of consolidation during the period: None

Newly included companies: None, Newly excluded companies: None

(2) Adoption of accounting treatment specific to the preparation of semi-annual 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 due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (Common Shares)

	As of June 30, 2024	As of December 31, 2023
Total number of issued shares at the end of the period (including treasury shares)	26,608,800	26,608,800
Number of treasury shares at the end of the period	943,933	962,288
	Six months ended June 30, 2024	Six months ended June 30, 2023
Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)	25,654,807	25,628,570

(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) (146,900 shares for H1FY2024, 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 (150,877 shares for H1FY2024, 159,065 shares for H1FY2023).

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters:

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

Index

1. Qualitative Information on Interim Consolidated Financial Results.....	2
(1) Explanation on Operating Results.....	2
(2) Explanation on the Financial Position	4
(3) Explanation on Consolidated Financial Forecasts and Other Forward-looking Statements.....	4
2. Interim Consolidated Financial Statements and Significant Notes Thereto.....	5
(1) Interim Consolidated Balance Sheet	5
(2) Interim Consolidated Statements of Income and Comprehensive Income	6
Interim Consolidated Statement of Income, Cumulative.....	6
Interim Consolidated Statement of Comprehensive Income, Cumulative	7
(3) Interim Consolidated Statement of Cash Flows.....	8
(4) Notes to the Interim Consolidated Financial Statements.....	9
Notes on Segment Information etc	9
Notes on Significant Change in Equity Capital	9
Notes on Going Concern Assumption.....	9
Additional Information.....	9
3. Supplementary Information	10

1. Qualitative Information on Interim 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 “new ideas and technology exploration” and providing products that “exceed customer expectations and contribute to the development of society” as its fundamental business policy.

The consolidated financial results for the six months ended June 30, 2024 are as follows.

(JPY in thousands)

	Six months ended June 30, 2023	Six months ended June 30, 2024	Change (amount)	Change (%)	Progress rate (%)
Net sales	2,249,242	3,205,521	956,279	42.5%	55.4%
Operating profit	397,300	940,372	543,072	136.7%	59.7%
Recurring profit	414,372	945,376	531,004	128.1%	59.4%
Profit attributable to owners of the parent	283,881	701,324	417,443	147.0%	63.9%

In the first six months of the fiscal year ending December 31, 2024 (January 1, 2024 to June 30, 2024), consolidated net sales were ¥3,205,521 thousand (+42.5% YoY), operating profit was ¥940,372 thousand (+136.7%), recurring profit was ¥945,376 thousand (+128.1%), and profit attributable to owners of the parent was ¥701,324 thousand (+147.0%). The progress rate against the full-year performance forecast is 55.4% for net sales, 59.7% for operating profit, 59.4% for recurring profit, and 63.9% 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 six months of the current fiscal year.

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

《Medical Business》

(JPY in thousands)

	Six months ended June 30, 2023	Six months ended June 30, 2024	Change (amount)	Change (%)
Net sales	2,152,769	3,038,515	885,746	41.1%
Operating profit	469,075	976,309	507,233	108.1%

Mainstay products in the Medical Business segment include the data management software *Clai*o, the progress note system *C-Note*, and the document management software *DocuMaker*. In addition to traditional on-premise products, there has been an expansion in the cloud-based services. In May 2024, we launched *DocuMaker Cloud*, a cloud-based document management, targeting small medical institutions and clinics.

Fitting Cloud Inc., a subsidiary specializing in cloud solutions and medical AI technology, released a solution named “*CocktailAI*” aimed at streamlining physician tasks using generated AI. Additionally, the product was showcased at the Japan Association for Medical Informatics Spring Conference, receiving high praise from numerous medical institutions.

In the first six months of the current fiscal year, 30 hospitals and 64 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 six months were ¥3,038,515 thousand (+41.1% YoY) and operating profit was ¥976,309 thousand (+108.1%). Despite the rise in personnel expenses due to salary increases and an increase in staff, we were able to absorb the increased costs through the sales growth effects contributed by large-scale projects.

《Public Sector Business》

(JPY in thousands)

	Six months ended June 30, 2023	Six months ended June 30, 2024	Change (amount)	Change (%)
Net sales	57,018	143,967	86,948	152.5%
Operating profit or loss	(11,458)	48,942	60,400	-

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 six months of the current fiscal year, 11 packaged solutions for local governments, and 4 packaged solutions for hospitals have been installed. As a result, net sales in this segment were ¥143,967 thousand (+152.5% YoY) and operating profit was ¥48,942 thousand (versus the year-earlier operating loss of ¥11,458 thousand). With the increase in the number of users, monthly usage fees has remained stable, resulting in increased sales and profit. For the packaged solutions provided to local governments, the successful implementations at a prefectural office and other institutions have been favorable. There have led to the acquisition of one new project and an additional implementation for large-scale local governments during this period. Additionally, for the packaged solutions specialized in back-office operations for medical institutions, we are expanding our sales efforts targeting large and medium-sized hospitals that are currently using our medical solutions.

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.

《Health Tech Business》

(JPY in thousands)

	Six months ended June 30, 2023	Six months ended June 30, 2024	Change (amount)	Change (%)
Net sales	39,453	23,038	(16,415)	(41.6%)
Operating loss	(60,316)	(84,879)	(24,562)	-

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 six months of the current fiscal year, net sales in this segment were ¥23,038 thousand (-41.6% YoY). We recorded an operating loss of ¥84,879 thousand, versus the year-earlier operating loss of ¥60,316 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 rise in personnel expenses due to additional hiring and salary increases.

In the first six months of the current fiscal year, a total of 7 units of the product were sold domestically. *GAP* is distributed to ophthalmologic hospitals and clinics nationwide through various medical equipment distributors, and the *GAP-screener* is sold to health check-up facilities through our distributors. In May 2024, a paper on the performance of this product was published in the scientific journal "Ophthalmology Glaucoma" by the American Academy of Ophthalmology, reaffirming its usefulness and accuracy as a perimeter.

(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 June 30, 2024	Change in Amount
Assets	5,934,285	6,414,161	479,876
Liabilities	1,088,925	1,068,854	(20,070)
Net Assets	4,845,360	5,345,307	499,946

Total assets at the end of the first six months of the current fiscal year amounted to ¥6,414,161 thousand, an increase of ¥479,876 thousand from the end of the previous fiscal year. This was mainly due to an increase of ¥461,735 thousand in current assets, primarily owing to an increase of ¥1,742,297 thousand in cash and deposits, offset by a decrease of ¥1,188,681 thousand in notes and accounts receivable–trade, and contract assets.

Liabilities amounted to ¥1,068,854 thousand, a decrease of ¥20,070 thousand from the end of the previous fiscal year. This was primarily attributable to a decrease of ¥45,109 thousand in non-current liabilities, offset by an increase of ¥25,038 thousand in current liabilities.

Net assets amounted to ¥5,345,307 thousand, an increase of ¥499,946 thousand from the end of the previous fiscal year. This was mainly due to an increase in shareholders' equity of ¥486,896 thousand by virtue of an increase in retained earnings.

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

We have revised upward our consolidated earnings forecast for the first six months of the fiscal year ending December 31, 2024 (January 1, 2024, to June 30, 2024), based on the performance progress during this period. For more details, please refer to the "Notice Regarding the Revision of the Financial Forecast for the Second Quarter of the Fiscal Year Ending December 31, 2024" announced on July 26, 2024. Please note that the full-year consolidated earnings forecast remains unchanged from the beginning of the fiscal year.

2. Interim Consolidated Financial Statements and Significant Notes Thereto

(1) Interim Consolidated Balance Sheet

(JPY in thousands)

	As of December 31, 2023	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	2,693,160	4,435,457
Notes and accounts receivable - trade, and contract assets	1,924,104	735,423
Merchandise and finished goods	216,844	123,877
Work in process	3,967	1,751
Raw materials and supplies	118,376	116,589
Other	50,502	55,590
Total current assets	5,006,955	5,468,690
Non-current assets		
Property, plant and equipment	89,255	89,423
Intangible assets		
Software	290,050	295,691
Other	344	344
Total intangible assets	290,394	296,035
Investments and other assets	547,680	560,011
Total non-current assets	927,330	945,471
Total assets	5,934,285	6,414,161
Liabilities		
Current liabilities		
Accounts payable - trade	39,379	11,038
Accounts payable - other	99,701	90,896
Income taxes payable	331,241	306,810
Other	302,524	389,140
Total current liabilities	772,846	797,885
Non-current liabilities		
Provision for share awards	233,125	229,219
Other	82,952	41,749
Total non-current liabilities	316,078	270,968
Total liabilities	1,088,925	1,068,854
Net assets		
Shareholders' equity		
Share capital	254,259	254,259
Capital surplus	224,259	227,222
Retained earnings	5,157,662	5,626,778
Treasury shares	(791,956)	(777,139)
Total shareholders' equity	4,844,223	5,331,120
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(5,386)	7,957
Total accumulated other comprehensive income	(5,386)	7,957
Non-controlling interests	6,522	6,228
Total net assets	4,845,360	5,345,307
Total liabilities and net assets	5,934,285	6,414,161

(2) Interim Consolidated Statements of Income and Comprehensive Income

(Interim Consolidated Statement of Income, Cumulative)

(JPY in Thousands)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Net sales	2,249,242	3,205,521
Cost of sales	968,830	1,282,344
Gross profit	1,280,411	1,923,176
Selling, general and administrative expenses	883,111	982,804
Operating profit	397,300	940,372
Non-operating income		
Interest income	34	39
Foreign exchange gains	12,280	—
Subsidy income	2,814	3,114
Royalty income	1,660	1,660
Other	281	189
Total non-operating income	17,071	5,003
Recurring profit	414,372	945,376
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	411,372	945,376
Income taxes - current	118,263	240,237
Income taxes - deferred	6,016	4,108
Total income taxes	124,279	244,345
Profit	287,092	701,030
Profit (loss) attributable to non-controlling interests	3,210	(293)
Profit attributable to owners of parent	283,881	701,324

(Interim Consolidated Statement of Comprehensive Income, Cumulative)

(JPY in Thousands)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Profit	287,092	701,030
Other comprehensive income		
Valuation difference on available-for-sale securities	—	13,344
Total other comprehensive income	—	13,344
Comprehensive income	287,092	714,374
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	283,881	714,668
Comprehensive income attributable to non-controlling interests	3,210	(293)

(3) Interim Consolidated Statement of Cash Flows

(JPY in Thousands)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Cash flows from operating activities		
Profit before income taxes	411,372	945,376
Depreciation	22,157	19,382
Amortization of software	103,359	122,349
Share-based payment expenses	631	2,817
Increase (decrease) in provision for share awards	958	1,879
Interest and dividend income	(34)	(39)
Foreign exchange losses (gains)	(12,280)	—
Subsidy income	(2,814)	(3,114)
Insurance claim income	(19,000)	—
Loss on compensation for damage	22,000	—
Decrease (increase) in trade receivables	605,489	1,188,681
Decrease (increase) in inventories	2,585	96,969
Decrease (increase) in prepaid expenses	(7,239)	(12,824)
Decrease (increase) in accounts receivable - other	7,850	6,032
Increase (decrease) in trade payables	(62,569)	(28,341)
Increase (decrease) in accounts payable - other	(49,140)	(6,335)
Increase (decrease) in accrued expenses	(6,899)	9,425
Increase (decrease) in accrued consumption taxes	(3,454)	(17,584)
Other, net	29,908	64,963
Subtotal	1,042,879	2,389,638
Interest and dividends received	12	16
Proceeds from insurance income	19,000	—
Compensation paid for damage	(22,000)	—
Income taxes paid	(211,581)	(263,987)
Net cash provided by (used in) operating activities	828,310	2,125,667
Cash flows from investing activities		
Payments into time deposits	(78,000)	(90,000)
Proceeds from withdrawal of time deposits	78,000	90,000
Purchase of property, plant and equipment	(23,715)	(19,088)
Purchase of intangible assets	(109,348)	(128,887)
Payments of leasehold deposits	(17)	(2,654)
Proceeds from refund of leasehold deposits	9	91
Other, net	(17)	(936)
Net cash provided by (used in) investing activities	(133,089)	(151,476)
Cash flows from financing activities		
Dividends paid	(167,153)	(231,893)
Net cash provided by (used in) financing activities	(167,153)	(231,893)
Net increase (decrease) in cash and cash equivalents	528,067	1,742,297
Cash and cash equivalents at beginning of period	2,287,747	2,563,160
Cash and cash equivalents at end of period	2,815,814	4,305,457

(4) Notes to the Interim Consolidated Financial Statements

(Notes on Segment Information etc)

[Segment Information]

Sales and Profit or Loss by Reportable Segment

Six Months ended June 30, 2023 (From January 1, 2023, to June 30, 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	2,152,769	57,018	39,453	2,249,242	2,249,242
Internal sales or transfers between segments	-	-	-	-	-
Total	2,152,769	57,018	39,453	2,249,242	2,249,242
Segment profit or loss	469,075	(11,458)	(60,316)	397,300	397,300

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

Six Months ended June 30, 2024 (From January 1, 2024, to June 30, 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	3,038,515	143,967	23,038	3,205,521	3,205,521
Internal sales or transfers between segments	-	-	-	-	-
Total	3,038,515	143,967	23,038	3,205,521	3,205,521
Segment profit or loss	976,309	48,942	(84,879)	940,372	940,372

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

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

(Note on Going Concern Assumption): 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 interim 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 six months of the current fiscal year was ¥113,323 thousand and the number of shares was 146,900.

3. Supplementary Information

(1) Transition of Significant Financial Key Performance Indicators

(JPY in thousands, except per share amounts)

	Six months ended June 30, 2023	Six months ended June 30, 2024	Fiscal year ended December 31, 2023
Net sales	2,249,242	3,205,521	5,191,735
Operating profit	397,300	940,372	1,496,570
Recurring profit	414,372	945,376	1,527,453
Profit	287,092	701,030	1,061,431
Profit (loss) attributable to owners of non-controlling interests	3,210	(293)	2,291
Profit attributable to owners of parent	283,881	701,324	1,059,140
Comprehensive income	287,092	714,374	1,056,045
Net assets	4,177,296	5,345,307	4,845,360
Total assets	4,925,523	6,414,161	5,934,285
Net assets per share (yen)	162.61	208.03	188.67
Basic earnings per share (yen)	11.08	27.34	41.31

(2) Production, Order, Sales

1) Actual Result of Production for H1FY2024 (Cumulative Amount)

Business segment	Production (JPY in thousands)	YoY (%)
Medical Business	780,398	106.2
Public Sector Business	45,517	148.4
Health Tech Business	80,204	114.5
Total	906,120	108.5

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

2) Order Status for H1FY2024 (Cumulative Amount)

Business segment	Order received (JPY in thousands)	YoY (%)	Order backlog (JPY in thousands)	YoY (%)
Medical Business	1,467,293	90.7	1,020,893	79.5
Public Sector Business	119,730	83.0	105,556	72.7
Health Tech Business	13,200	81.4	3,000	714.3
Total	1,600,223	90.0	1,129,449	79.0

3) Sales Result for H1FY2024 (Cumulative Amount by Segments, Solutions, and Channels)

Segment, solution, channel	Sales amount (JPY in thousands)	Ratio (%)	YoY (%)
Medical Business			
Software	1,698,014	53.0	141.2
[of via distributors]	[344,433]		
Hardware	328,046	10.2	211.6
[of via distributors]	[4,693]		
Support	779,482	24.3	104.9
[of via distributors]	[239,221]		
Other	232,972	7.3	444.8
Public Sector Business			
Software	128,396	4.0	225.2
[of via distributors]	[4,542]		
Hardware	7,668	0.2	-
Other	7,902	0.3	-
Health Tech Business	23,038	0.7	58.4
Total	3,205,521	100.0	142.5