

# H1 2023 Financial Results Presentation

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FINDEX Inc.

10 August 2023



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In the graphs and tables of this document, some of the figures are rounded up or truncated for the purpose of adjusting fractional values.

- Despite the typical slowdown in Q2, Medical Business showed strong performance, resulting in one of the highest sales and profit levels to date
- The better-than-expected H1 results offset the profit decline in Q1

## Sales revenue turned into positive growth in H1

H1 Net Sales

YoY: **+0.7** %

(Q1 Net Sales YoY: **-1.0** %)

**Achieved one of the highest net sales and operating profit levels in Q2 alone**

Q2 Net Sales: JPY **997** mn YoY **+2.9** %

Q2 Operating Profit: JPY **108** mn YoY **+27.8** %

- The core Medical Business led sales growth
- Other contributing factors: Change in the accounting standards and a decrease of losses in the Health Tech Business

## Strong performance against the initial guidance

H1 Achievement Rate on Net Sales:

**104.9** %

H1 Achievement Rate on Operating Profit:

**123.4** %

- Better-than-expected performance due to strong distributor sales, with investment appetite exceeding expectations, especially in clinics
- With the success of the smooth sales of our solutions, our maintenance revenue was also strong
- Our high marginal profit ratio is evident in the profit performance

# H1 FY2023 Financial Performance Highlights

- Achieved sales and profit growth in Q2 due to strong demand in Medical Business and reduced Health Tech Business losses
- Gross margin rate remains high as strengthening the packaged solution sales, resulting in the highest net sales and recurring profit in Q2 alone

• H1 cumulative revenue up 0.7% YoY, but operating profit down 12.8% YoY. Results significantly affected by Q1 which financial results were greatly influenced by the change of accounting standards

(¥ Millions)	H1 FY2021	H1 FY2022	H1 FY2023	YoY	Q2 FY2022	Q2 FY2023	YoY
Net Sales	2,405	2,233	2,249	↑ 0.7%	969	997	↑ 2.9%
Gross Profit	1,310	1,326	1,280	(3.5%)	535	565	5.5%
Gross Profit Margin	54.5%	59.4%	56.9%	-	55.3%	56.7%	-
Operating Profit	488	455	397	(12.8%)	85	108	↑ 27.8%
Operating Profit Margin	20.3%	20.4%	17.7%	-	8.8%	10.9%	-
Recurring Profit	505	481	414	(13.9%)	99	122	22.2%
Profit Attributable to Owners of the Parent	340	319	283	(11.3%)	61	84	37.8%

- In Q2 alone YoY revenue up 2.9%, operating profit increased by 27.8%
- The gross profit margin remained high at 56.7% in Q2
- Achieved record-high revenue in Q2 alone. Both recurring profit and net profit also reached their highest levels. Operating profit also reached a record-high level

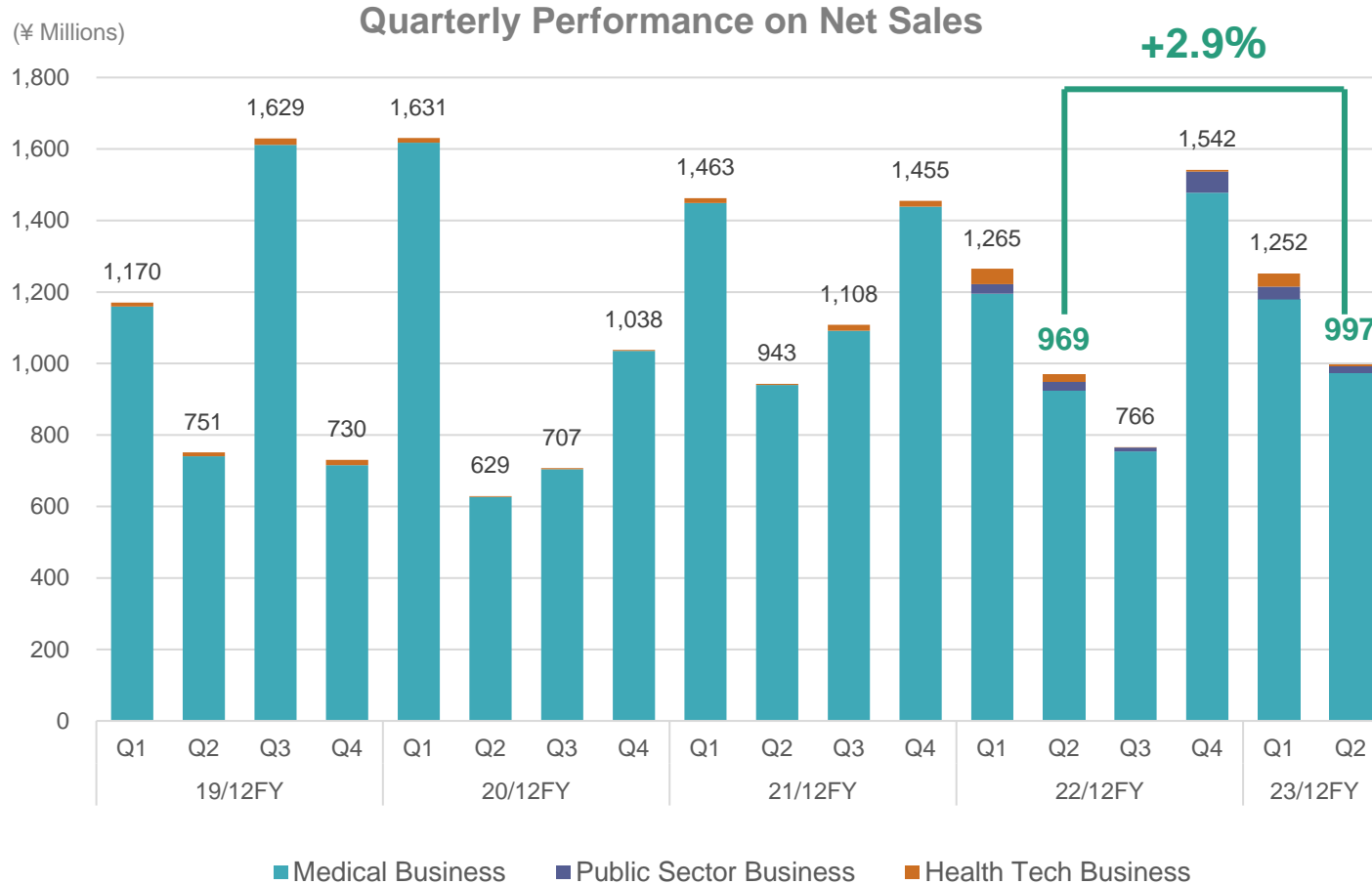
- No significant changes in the balance sheet
- Equity ratio remains at a high level of 84.8%

	(¥ Millions)	Q4 FY2022	Q2 FY2023		Mainly caused by
		Amount	Amount	Changes	
<b>B/S</b>					
Cash and deposits		2,414	2,942	528	Accumulation in profit / Decrease in accounts receivable Decrease in accounts receivable and contract assets
Notes, accounts receivable - trade and contract assets		1,361	756	(605)	
Merchandise and finished goods, work in progress		169	167	(3)	
Raw materials and supplies		147	147	0	
Other		37	52	15	
<b>TOTAL CURRENT ASSETS</b>		4,128	4,063	(65)	
Tangible assets		103	101	(3)	
Intangible assets		251	256	5	
Software		251	256	4	
Investments and other assets		498	506	8	
<b>TOTAL ASSETS</b>		4,981	4,926	(55)	
<b>TOTAL CURRENT LIABILITIES</b>		654	473	(181)	Decrease in income taxes payable
<b>LONG-TERM LIABILITIES</b>		284	275	(9)	
(long-term and short-term interest-bearing liabilities)		0	0	0	
<b>TOTAL LIABILITIES</b>		938	748	(190)	
<b>NET ASSETS</b>		4,043	4,177	134	Accumulation in profit
Shareholders' equity		4,039	4,170	131	
<b>TOTAL LIABILITIES and NET ASSETS</b>		4,981	4,926	(55)	

- Deposits and cash increased to JPY 2.9bn with the cumulative profits from the past
- Strategizing on effective uses of capital including M&A

	(¥ Millions)	H1 FY2022	H1 FY2023		Mainly caused by
		Amount	Amount	Changes	
<b>C/F</b>					
Cash flows from operating activities		934	828	(106)	Decrease in accounts receivable
Cash flows from investing activities		(177)	(133)	44	Short-term borrowings
Cash flows from financing activities		(64)	(167)	(103)	
Free cash flow		757	695	(62)	

- Q2 net sales at record high due to strong Medical Business growth
- Progressing above the initial H1 plan



- Net sales increased by 2.9% YoY
- Sales trends recovering compared to the COVID-19 pandemic period
- Investments increasing in advanced medical support solutions to improve working conditions for physicians and healthcare professionals, and to streamline hospital operations
- Achieved record-high revenue for Q2 alone, led by Medical Business
- Strong performance of Q2 offsets the significant impact of accounting standard changes in Q1, leading to a revenue growth turnaround for H1.

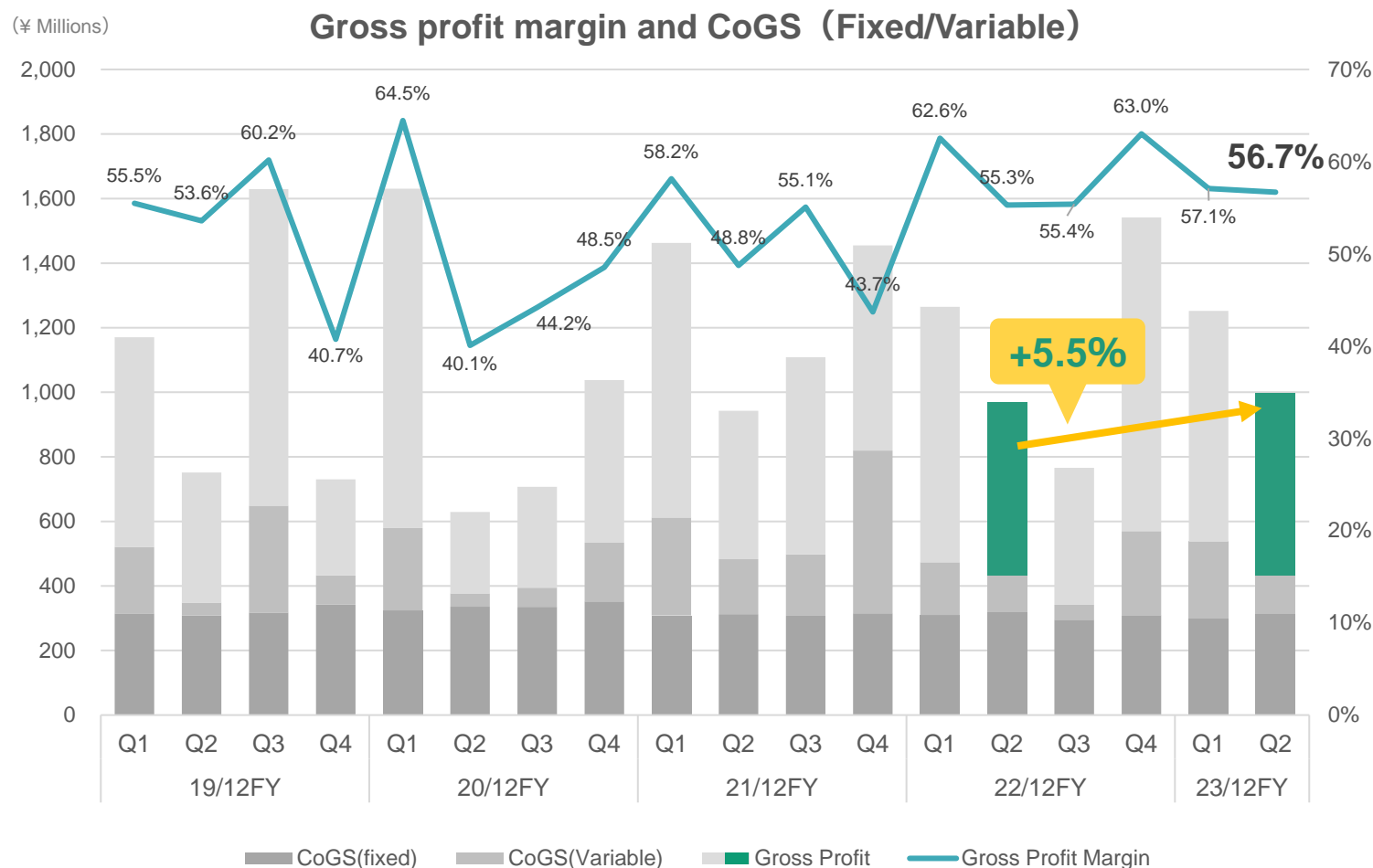
\* The "Accounting Standard for Revenue Recognition" has been applied from FY2022.

\* Business segments changed from FY2023. As for FY2022 figures are reallocated based on the change made.

Public Sector Business was included in formerly-called System Development (currently referred as Medical Business) until FY2022. Figures above are unaudited.

# Gross Profit Margin and CoGS

- Gross profit margin remains at high level, sales of packaged solutions by distributors and cross selling contributed
- Increase in R&D and outsourcing expenses was offset by revenue growth



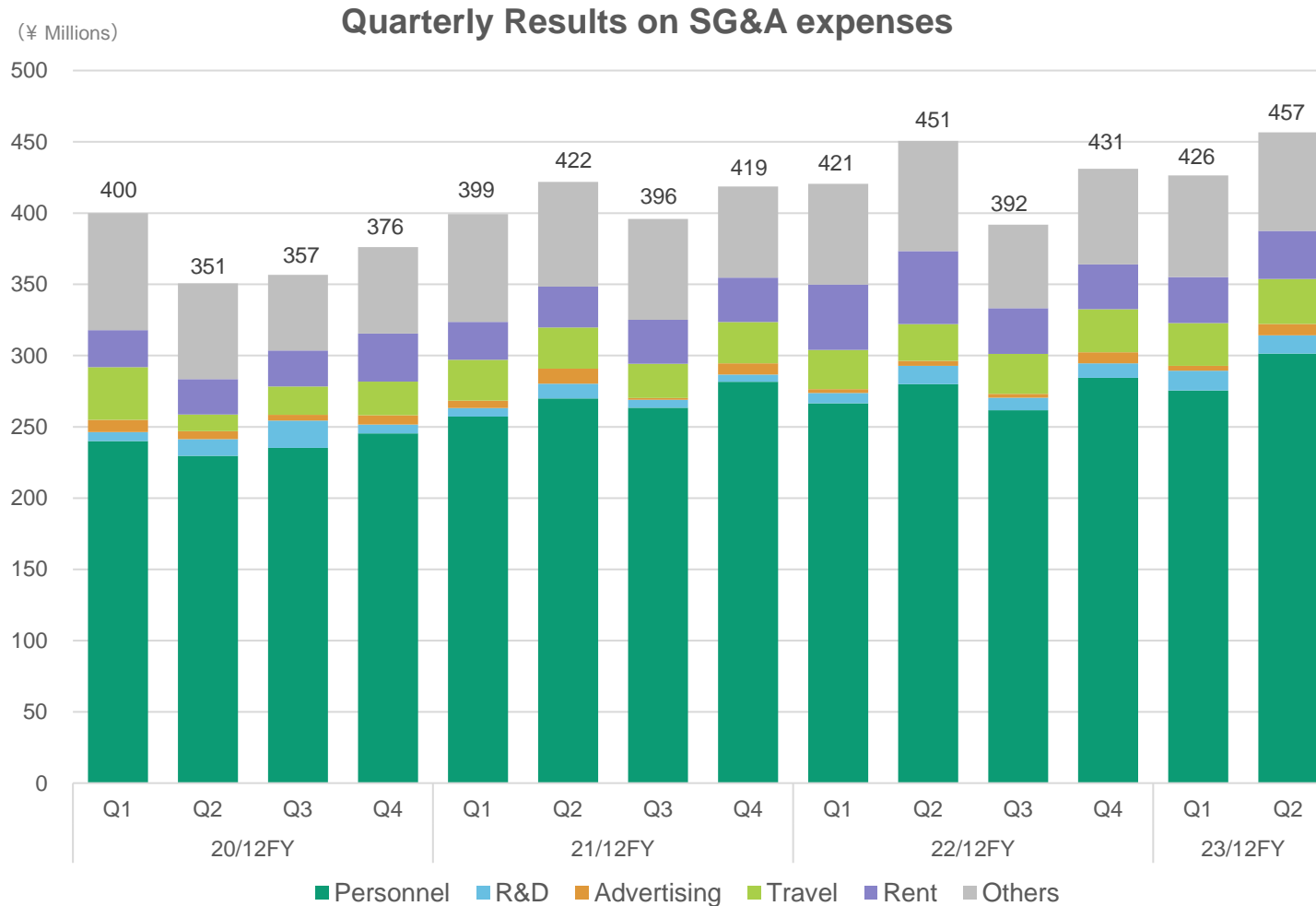
- Gross profit margin remains at a high level of 56.7%, profit margin improves by 1.4% points YoY
- Sales of profitable packaged solutions by distributors and expanding of cross selling contributed to Medical Business
- No major changes in fixed costs
- Gross profit margin steadily increased by 5.5% YoY, led by an increase in sales

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- **SG&A expenses remained flat YoY. SG&A to sales ratio decreased YoY due to increased revenue**
- **Variable costs within SG&A have shown a slight increase due to the normalization of business activities**

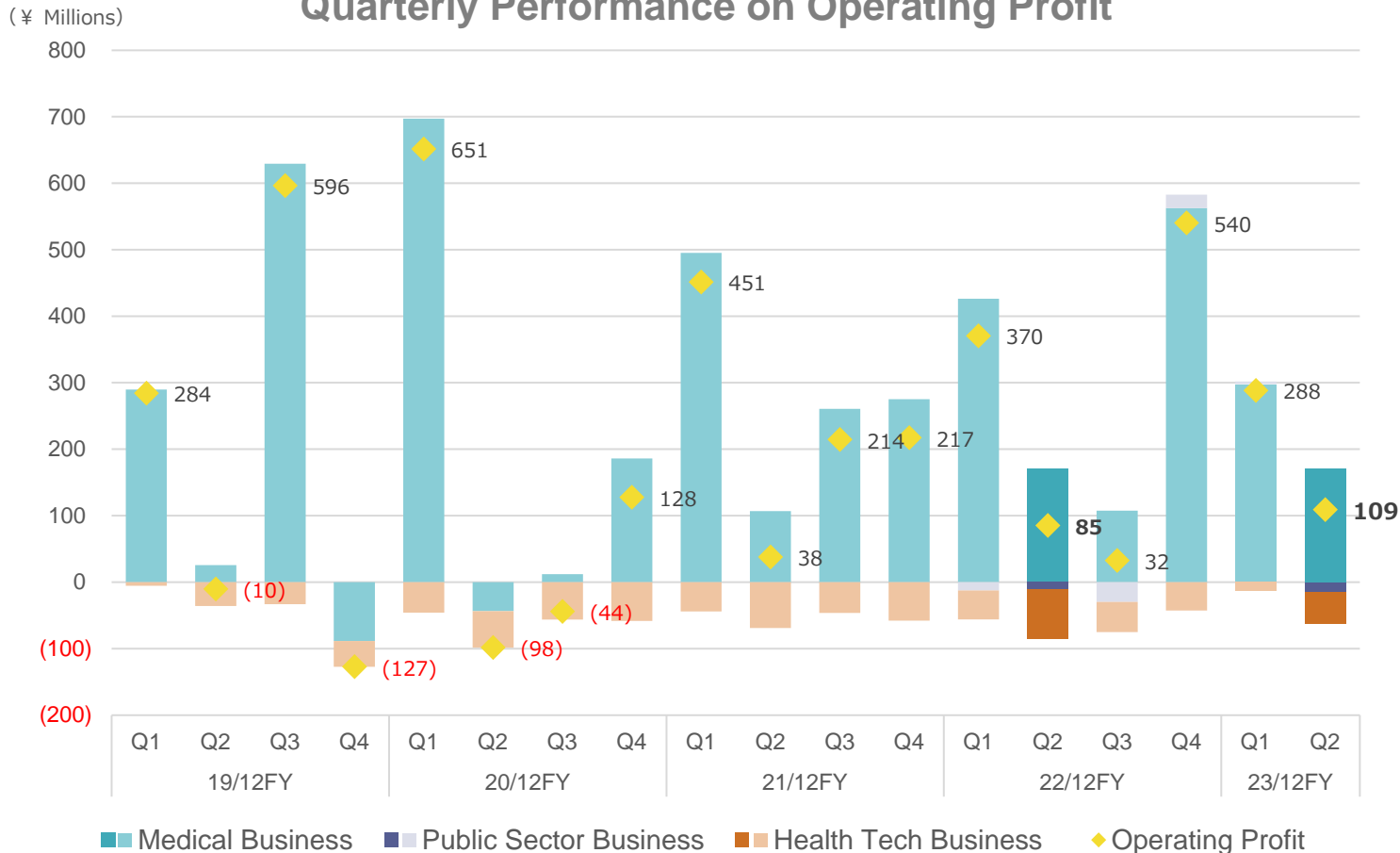


- Personnel cost slightly increased YoY as number of employees increased
- Advertising and travelling costs increased as academic congress and exhibitions has returned to the conditions before the COVID-19 pandemic period
- Applied new HR regulation from April. Reduced the scheduled working hours of 8.0hrs to 7.5hrs per day, implementing substantial base-up



- Q2 Profit landed close to a record-high level
- Strong Medical Business performance and reduced Health Tech Business losses contributed

## Quarterly Performance on Operating Profit



- Achieved a Q2 operating profit close to a record high despite being a traditionally slow quarter
- Secured an increase in profit YoY by sales growth and improving gross profit margin
- Medical Business, which accounts for a significant portion of our profits, steadily showed growth in Q2
- Public Sector Business turned to an operating deficit in Q2 due to the timing of orders received
- Investing in R&D continues in Health Tech Business, widening the deficit amount QoQ. But the same has been narrowing YoY as EMC Healthcare Co., Ltd. became an equity method affiliate in July 2022

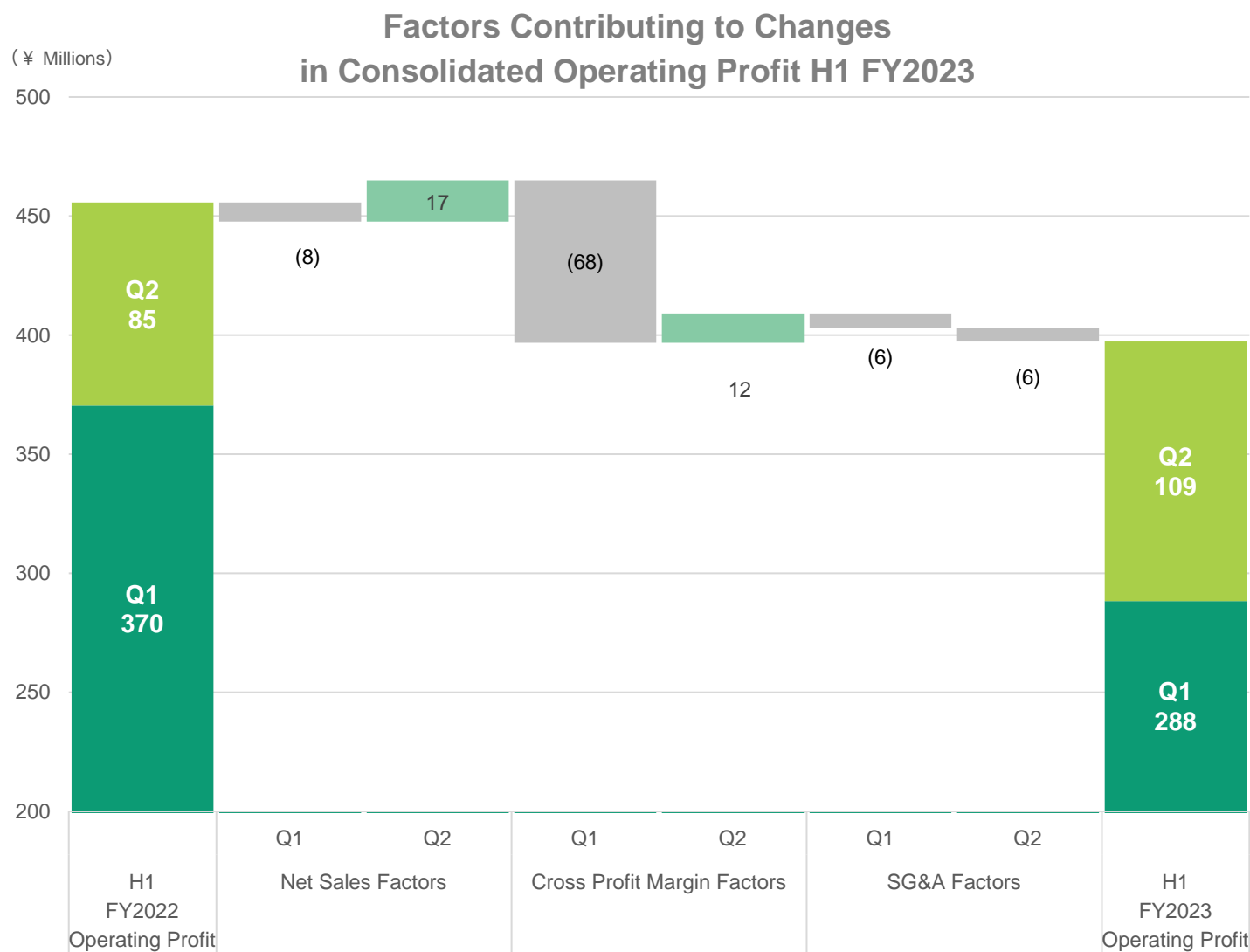
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# H1 Factors Contributing to Changes in Operating Profit

- Reversed the decline in Q2 with YoY profit growth
- Outsourcing cost temporarily increased in Q1



- Operating profit expanded in Q2 but it was not enough to offset the decline in Q1
- Marked growth in both sales and profit margin, with the successful sales performance of packaged solutions by distributors being a significant contributing factor
- Gross profit margin decreased in Q1 as outsourcing costs increased, in relation to data migration
- SG&A expenses are under control

# H1 FY2023 Trends per Business Segments

- Medical Business showed steady growth
- Deficit in the Health Tech Business widened QoQ but narrowed YoY

(¥ Millions)	H1 FY2022	H1 FY2023	YoY	Q2 FY2022	Q2 FY2023	YoY
<b>Net Sales</b>	2,233	<b>2,249</b>	0.7%	969	<b>997</b>	2.9%
<b>Medical Business</b>	2,120	<b>2,152</b>	1.5%	924	<b>973</b>	5.3%
<b>Public Sector Business</b>	51	<b>57</b>	10.4%	25	<b>21</b>	(15.3%)
<b>Health Tech Business</b>	63	<b>39</b>	(37.6%)	19	<b>2</b>	(86.3%)
<b>Operating Profit</b>	455	<b>397</b>	(12.8%)	85	<b>108</b>	27.8%
<b>Medical Business</b>	597	<b>469</b>	(21.4%)	170	<b>171</b>	0.4%
<b>Public Sector Business</b>	(23)	<b>(11)</b>	-	(11)	<b>(15)</b>	-
<b>Health Tech Business</b>	(117)	<b>(60)</b>	-	(73)	<b>(47)</b>	-

## Medical Business

- The sales expanded steadily in Q2 and turned into growth in H1. Q1 results were greatly affected by the change of accounting standards
- Maintenance revenue raised as the number of customers increased
- Operating profit remained flat due to increased personnel costs, among other things
- Number of installations and add-ons during H1: 32 for hospitals and 59 for clinics

## Public Sector Business

- Q2 saw decline in revenue and operating deficit
- Bidding for local gov'ts and other public entities performing well
- The cumulative numbers of installations since the service launch: 25 for public sector organizations and 6 for hospitals

## Health Tech Business

- Increasing R&D investment, ongoing deficits
- Domestic sales of *GAP/GAP-screener* during H1: 12 units

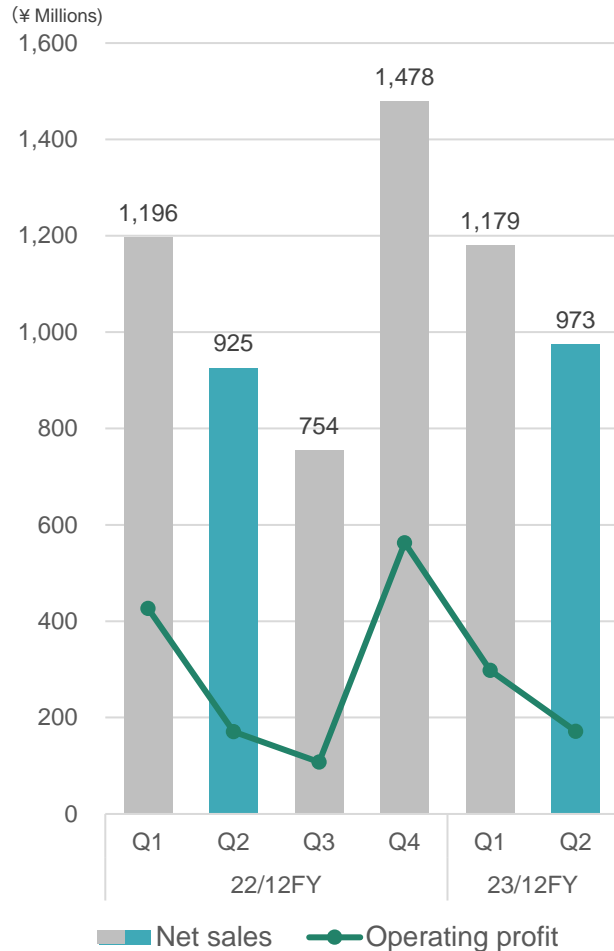
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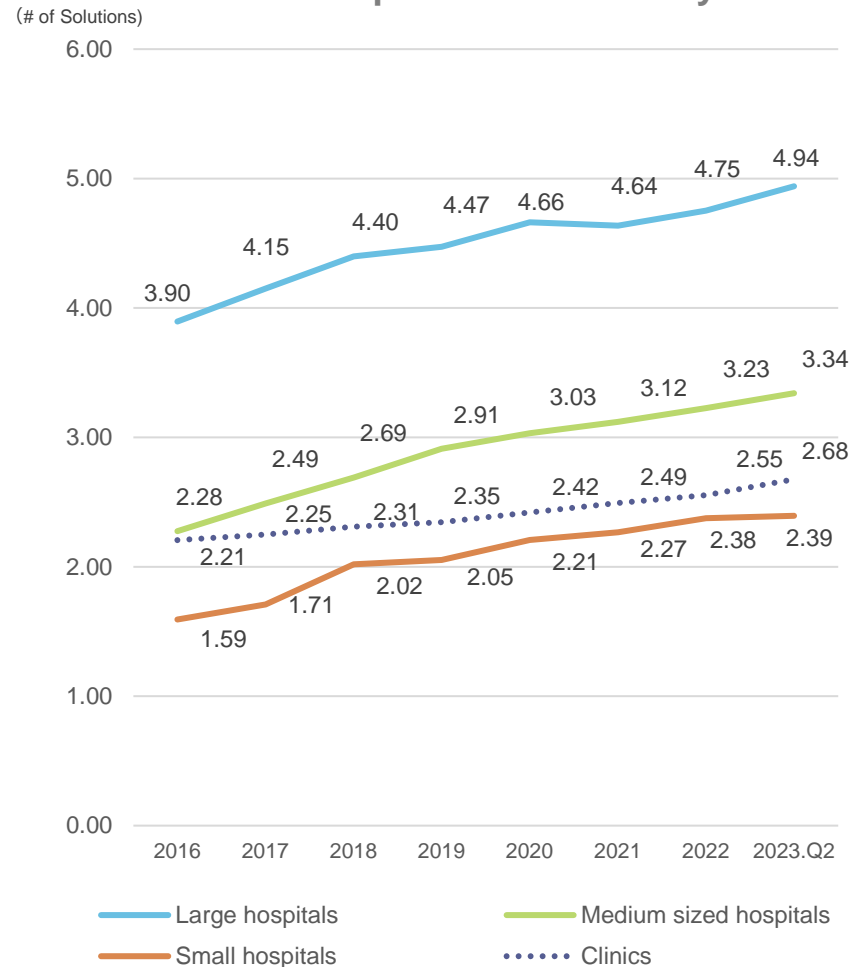
Public Sector Business was included in formerly-called System Development (currently referred as Medical Business) until FY2022. Figures above are unaudited.

- Demand is strong, driven by momentum of work-style reforms in healthcare institutions
- Providing cloud-based solutions to large hospitals

### Net Sales and Operating Profit



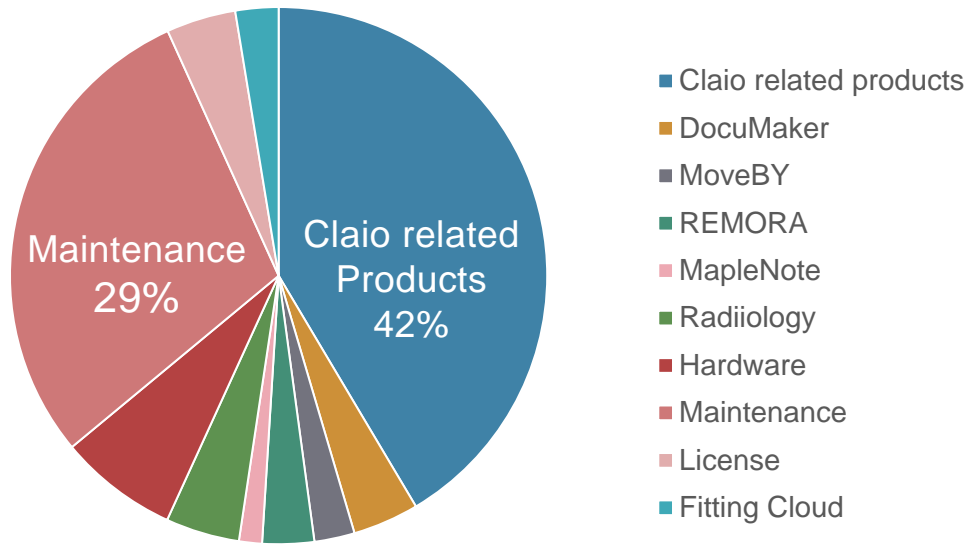
### Average Numbers of Solutions Installed per Medical Facility



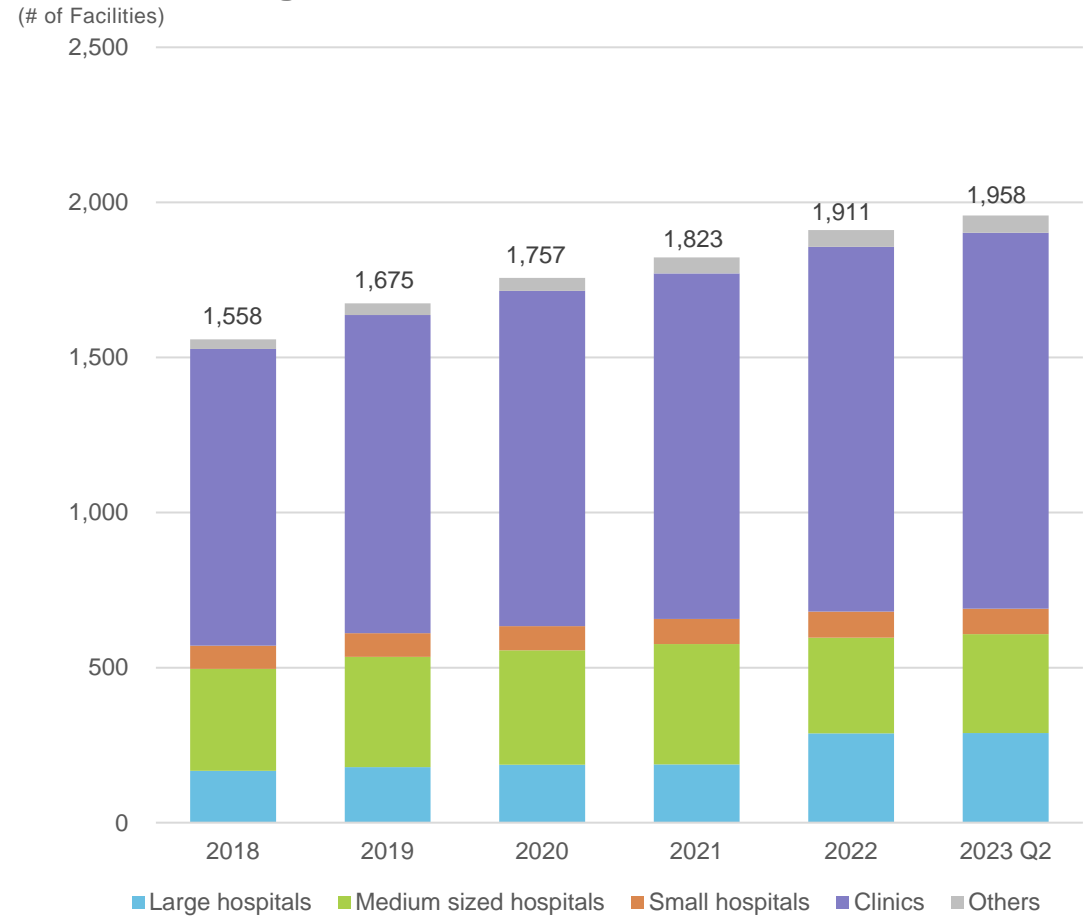
- With a lead from the newly established consulting department, we developed products such as *Medical Avenue*, contributing for a better medical operations and collaborations
- Cross-selling of solutions is thriving, primarily targeting large hospitals. Deliveries of comprehensive services, including support and maintenance, are growing
- Prioritizing the sales of existing packaged solutions with low implementation costs to realize further improvement of profit margin
- 2024 is the deadline year for the application of the Healthcare Worker Workstyle Reform conducted by the government. The law includes regulations on working hour limits and raising overtime pay rates, among other measures

- Proportion of distributor sales in Q2 steadily increasing
- Number of medical solutions users steadily increasing, accumulating maintenance fees

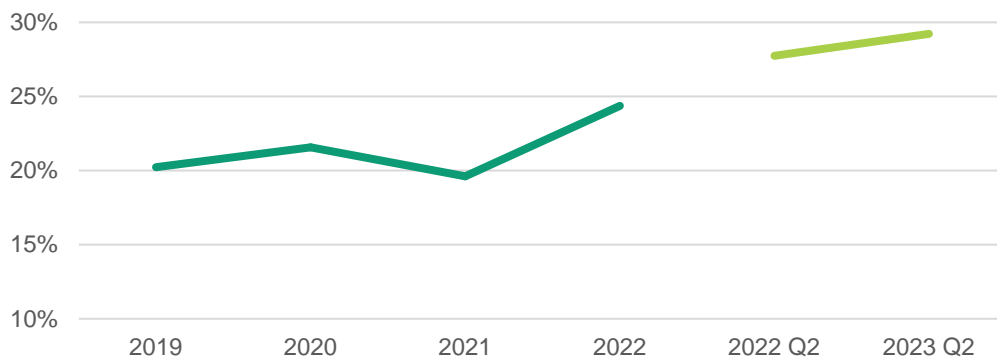
Medical Business - Composition of Sales by Products



Changes in the Number of Medical Solutions Users



Distributor Sales Composition Ratio

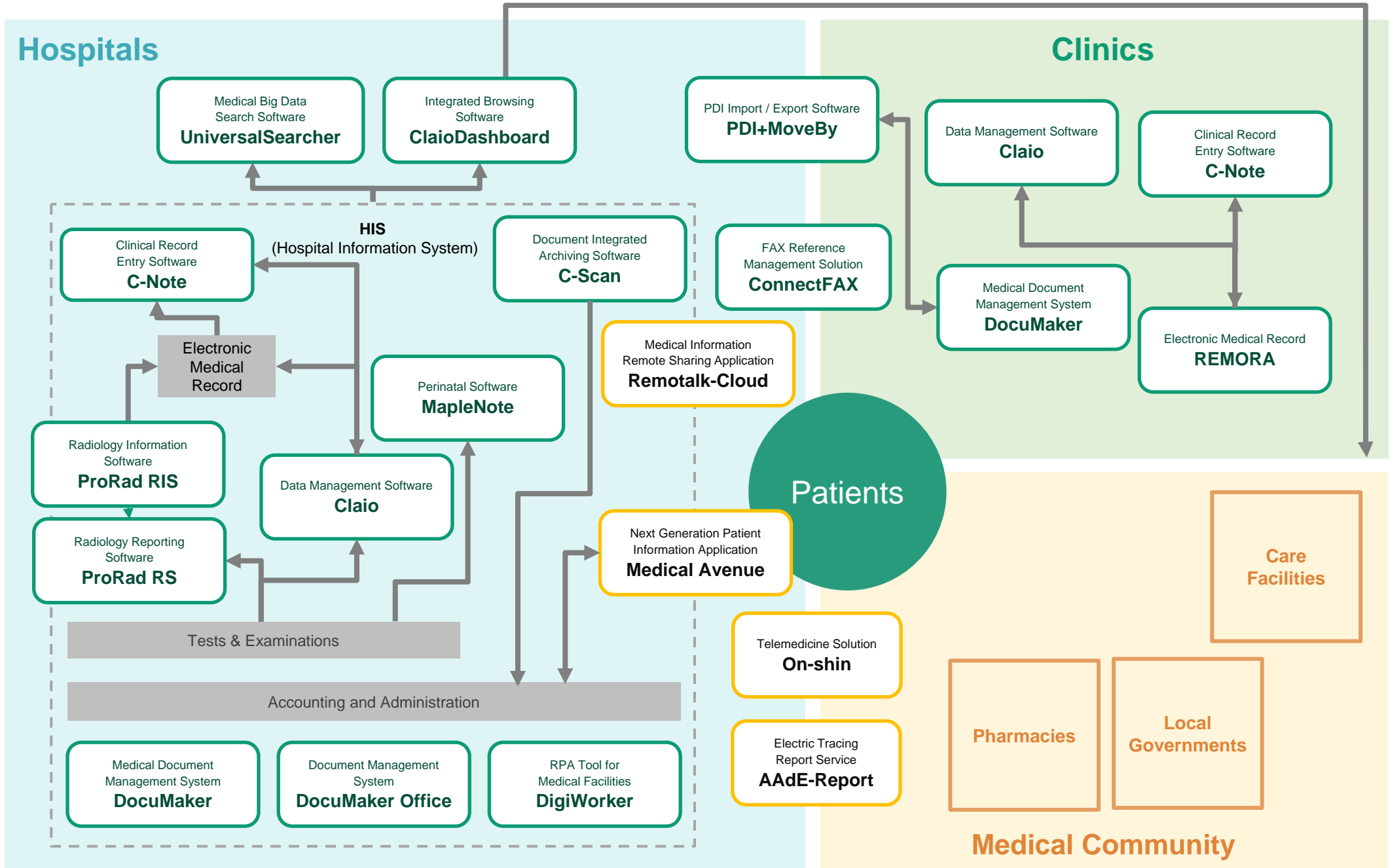


\*Calculation changed as categorization of large hospitals revised from 500 or more beds to 400 or more beds following the revision of medical service fees in 2018.  
 \*Consumers of one-time products are excluded. Non-continuous data was cited for 2018 and 2019.

# Medical Business - Our Flagship Solutions

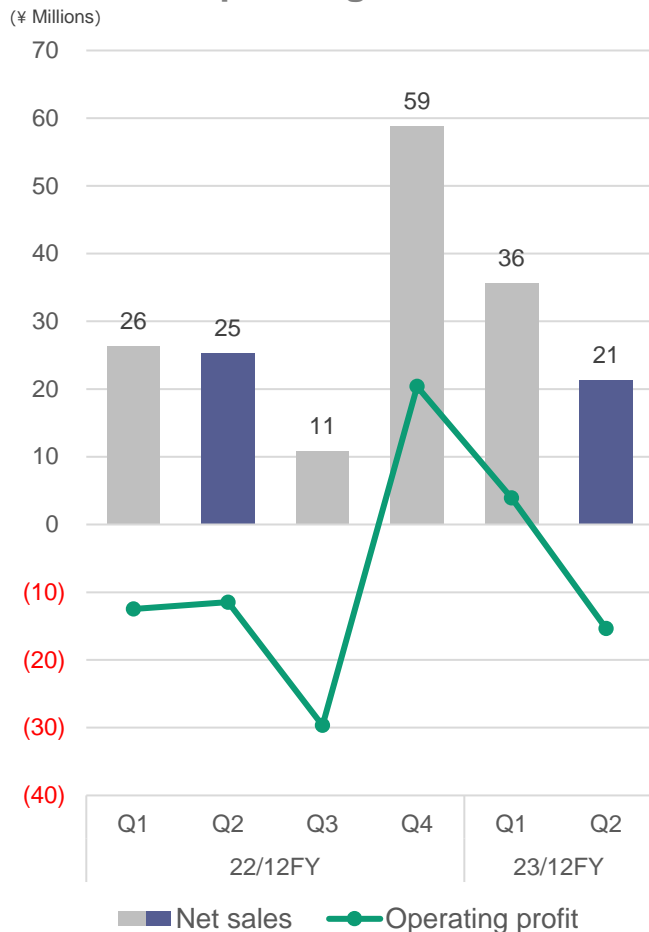
On-Premise Solution

Cloud Solution

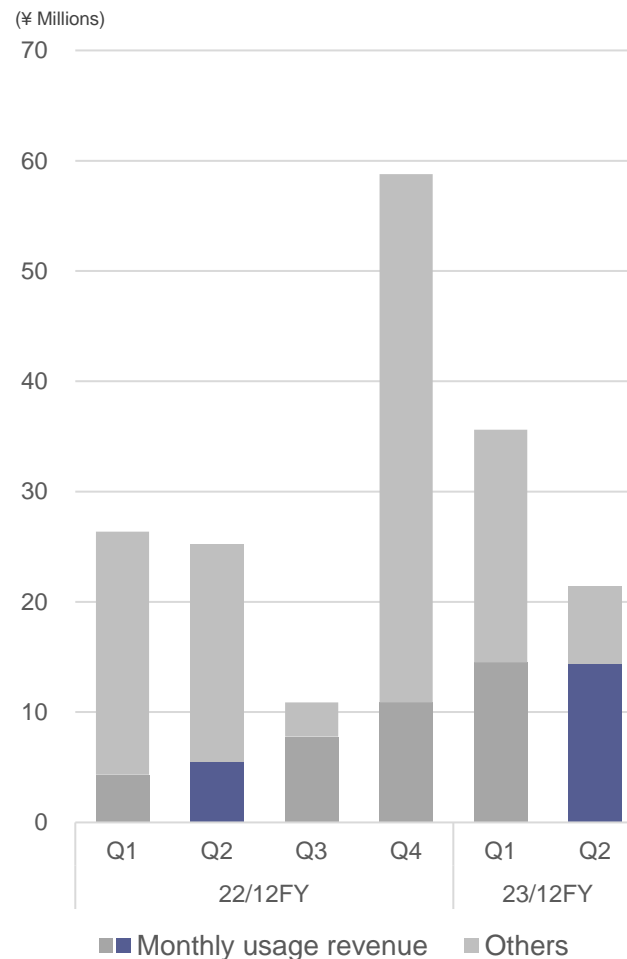


- Saw a decline in profit due to fewer ongoing projects, but monthly usage revenue is steadily increasing
- Successfully secured multiple projects for 2023 and 2024, negotiations are currently in progress

### Net Sales and Operating Profit



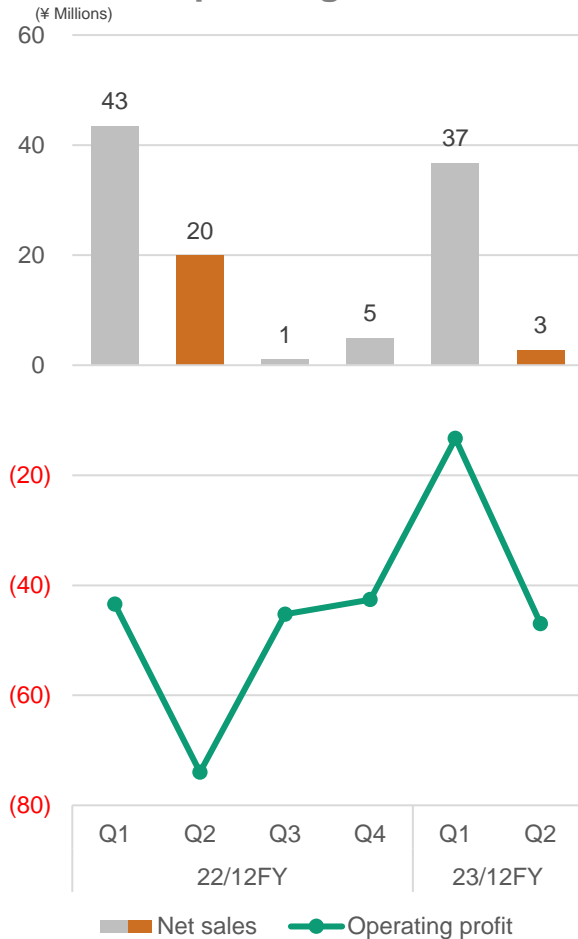
### Breakdown of Net Sales



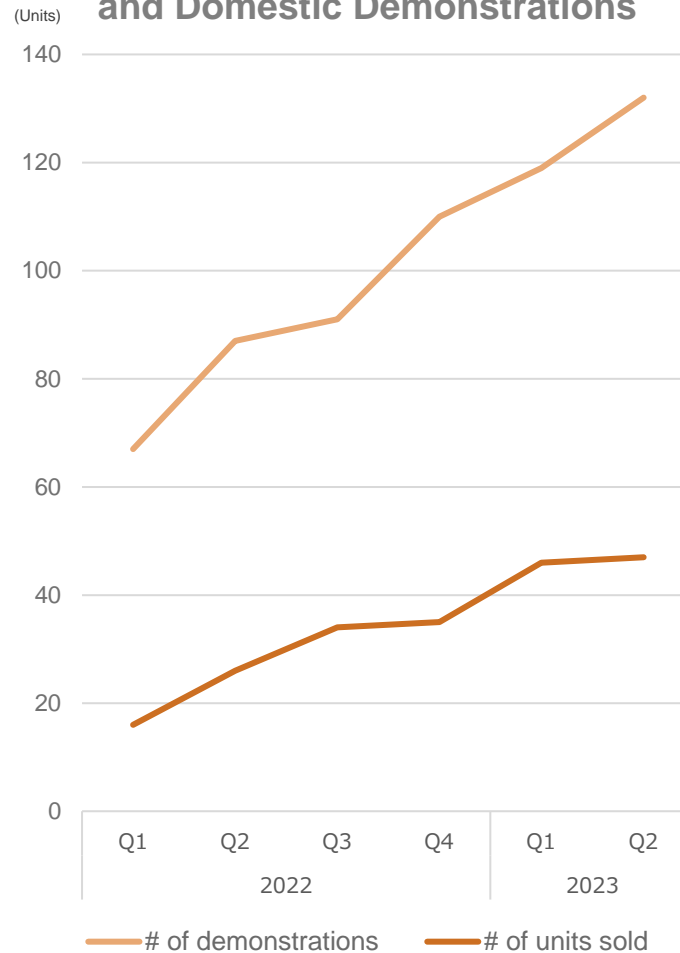
- Proactively participating in bidding for projects on municipalities and public organizations
- Received 2 orders from large municipalities and 1 order from national university during Q2, starting implementations. **Other negotiations are currently in progress**
- Mid to small sized projects are handled by the distributors, large projects by FINDEX
- Accelerate sales for administration offices in hospitals, leveraging our existing sales channel in medical industry
- Rearranged the organization and expanded internal resources for anticipated large scale projects. Properly preparing for upcoming large projects
- Demand is increasing as digitalization of municipalities has been promoted by the Ministry of Internal Affairs and Communications

- **GAP** domestic demonstrations are ongoing. Continuing to strengthen the sales structure while conducting product marketing cautiously
- Final adjustments to the product being carried out for **GAP** sales in Europe in H2

### Net Sales and Operating Profit



### GAP/GAP-screener Cumulative Numbers of Sales and Domestic Demonstrations



\* Only the numbers of demonstrations by Finindex are aggregated

#### Domestic

- Continuing to expand sales to hospitals, eye clinics and checkup facilities
- Undergoing organizational development to achieve the sales targets of 20 units to the hospitals and 40 units to the checkup facilities in FY2023
- Creating a new market among checkup facilities together with Toyota Tsusho Corporation, focusing on the early detections of eye diseases.
- Sales to the hospitals and eye clinics are conducted either by the distributors or by FINDEX
- Conducting additional studies with Kyoto University

#### Overseas

- Making final adjustments together with Rexam to start sales in the EU during H2 FY2023
- Continuing the preparations for medical approvals in India and ASEAN countries to start sales

#### Other topics

- Selected for a project by AMED (Japan Agency for Medical Research and Development)
- **GAP** can be used to detect not only visual field abnormality, but also MCI. Possibility of applying it to tests for other mental disorders and brain diseases



- Achievement rate against the guidance: 30.3% for operating profit
- The better-than-expected results in H1

- Factors contributing to the overachievement in H1: Strong sales performance of Medical Business and conservative cost estimates
- Profit structure is biased towards H2 as planned




(Reference)

FY2022			(¥ Millions)	FY2023				
H1 (Actual)	FY (Actual)	H1 Achievement rate		H1 (Actual)	H1 (Plan)	Achievement rate	FY (Plan)	Achievement rate
2,233	4,541	49.2%	<b>Net sales</b>	2,249	2,145	104.9%	5,065	44.4%
2,120	4,352	48.7%	<b>Medical Business</b>	2,152	-	-	4,705	45.8%
51	121	42.6%	<b>Public Sector Business</b>	57	-	-	160	35.6%
63	69	91.4%	<b>Health Tech Business</b>	39	-	-	200	19.7%
455	1,028	44.3%	<b>Operating profit</b>	397	322	123.4%	1,313	30.3%
573	1,267	45.2%	<b>Medical Business</b>	469	-	-	1,298	36.1%
(23)	(33)	-	<b>Public Sector Business</b>	(11)	-	-	13	-
(117)	(205)	-	<b>Health Tech Business</b>	(60)	-	-	2	-
481	1,055	45.6%	<b>Recurring profit</b>	414	329	125.9%	1,330	31.2%
319	722	44.3%	<b>Profit attributable to owners of the parent</b>	283	228	124.5%	923	30.8%

- There is no change to the financial guidance announced at the beginning of the current fiscal year
- Expand our business in three segments: Medical Business, Public Sector Business, Health Tech Business
- Continue to develop profitable business and further increase profit margins

	FY2022 Actual	FY2023	
	(¥ Millions) Amount	Amount	YoY(%)
Net sales	4,541	5,065	+11.5%
Operating profit	1,028	1,313	+27.7%
Recurring profit	1,055	1,330	+26.1%
Profit attributable to owners of the parent	722	923	+27.8%
Earnings per share (Yen)	28.21	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 Steps to Achieve Our Goals – Current Status and Strategies

	FY2023 Objectives	H1 Evaluation	Details on Evaluation	Market Environments and Our Perceptions	Our Strategies for H2 and Beyond
<b>Medical Business</b>	Establish a Consulting Department to launch a new business model, providing consulting services for medical facilities		<ul style="list-style-type: none"> <li>The newly established consulting department has started contributing to the profit</li> <li>Cross-selling progressing favorably primarily to large hospitals</li> <li>Delivery of comprehensive services including maintenance increasing</li> <li>Improved profit margin by prioritizing sales of existing packaged solutions with low implementation costs</li> </ul>	<ul style="list-style-type: none"> <li>Investment in improvement of workstyle for medical professionals continues</li> <li>Discussions for digitalization in medical industry seem to be gaining momentum</li> <li>Collaboration needs are rising among hospitals and neighboring areas</li> <li>Time required until medical treatment data can be utilized outside of medical facilities</li> </ul>	<ul style="list-style-type: none"> <li>Continue to deliver consulting services, proposing effective problem-solving</li> <li>Explore business in real medical data, leveraging the advantage of having many acute care hospitals as our customers</li> <li>Aim to expand cloud-based solutions to stimulate collaborations</li> <li>Secure and train software developers</li> <li>Branding of cloud-based solutions</li> </ul>
<b>Public Sector Business</b>	Roll out a new business from the project to accelerate sales of <i>DocuMaker Office</i> , targeting municipalities and public organizations		<ul style="list-style-type: none"> <li>Bidding for municipality projects progressing as participating actively</li> <li>Revenue from the monthly usage increasing</li> <li>Product recognition improving as number of implementations increasing</li> </ul>	<ul style="list-style-type: none"> <li>Ministry of Internal Affairs and Communications promoting digitalization</li> <li>Demand for official documents management software remains strong</li> <li>Digitalization of back-office is lagging behind</li> </ul>	<ul style="list-style-type: none"> <li>Focus on large projects</li> <li>Product improvement with new functions</li> <li>Strengthen marketing, leveraging brand recognition</li> <li>Secure necessary personnel to accommodate business growth</li> </ul>
<b>Health Tech Business</b>	Continue to cooperate with sales partners to catch up domestic /overseas sales of <i>GAP</i> , aiming to install 260 units in and outside Japan		<ul style="list-style-type: none"> <li><i>GAP</i> project behind the planned schedule (Currently finalizing export process with the distributor)</li> <li>Continuing R&amp;D to maximize utilization of <i>GAP</i></li> </ul>	<ul style="list-style-type: none"> <li>Exhibitions and demonstrations well received, confirming market needs</li> <li>No change in aging trends and recognition for eye diseases rising</li> </ul>	<ul style="list-style-type: none"> <li>Product launch in the EU</li> <li>Preparations for the medical approval in India</li> <li>Promotion activities to raise awareness and strengthen distributor sales</li> <li>Create a market focusing on the early detections of eye diseases</li> <li>Advance research with domestic and international research institutions and publish academic papers</li> </ul>

## “Enriching Society with Technologies and Creation”

	FY2022	FY2023	FY2024	FY2025	CAGR FY2025/FY2022
( ¥ Millions)	Actual	Medium-Term Business Plan			
<b>Net Sales</b>	4,541	5,065	5,754	6,330	11.7%
Medical Business	4,352	4,705	5,066	5,320	6.9%
Public Business	121	160	207	330	39.7%
Health Tech Business	69	200	480	680	114.4%
<b>Ordinary Profit</b>	1,055	1,330	1,710	2,100	25.8%
Ordinary Profit Margin	23.2%	26.3%	29.7%	33.2%	
<b>Annual Cash Dividends Per Share</b>	9.50	11.00	15.00	18.00	23.7%
<b>Payout Ratio</b>	33.7%			31.2%	

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

### Business Strategy 2023-2025

#### Medical Business

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

#### Public Sector 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

#### 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*

## 〈Topics on Sustainability for Q2 FY2023〉

- Conducted Assessment of GHG Emissions and Established Reduction Targets
- Completed the CDP (Carbon Disclosure Project) Questionnaire Response
- Revamped “Sustainability” Webpage on Our Company Website <https://findex.co.jp/en/sustainability/index.html>

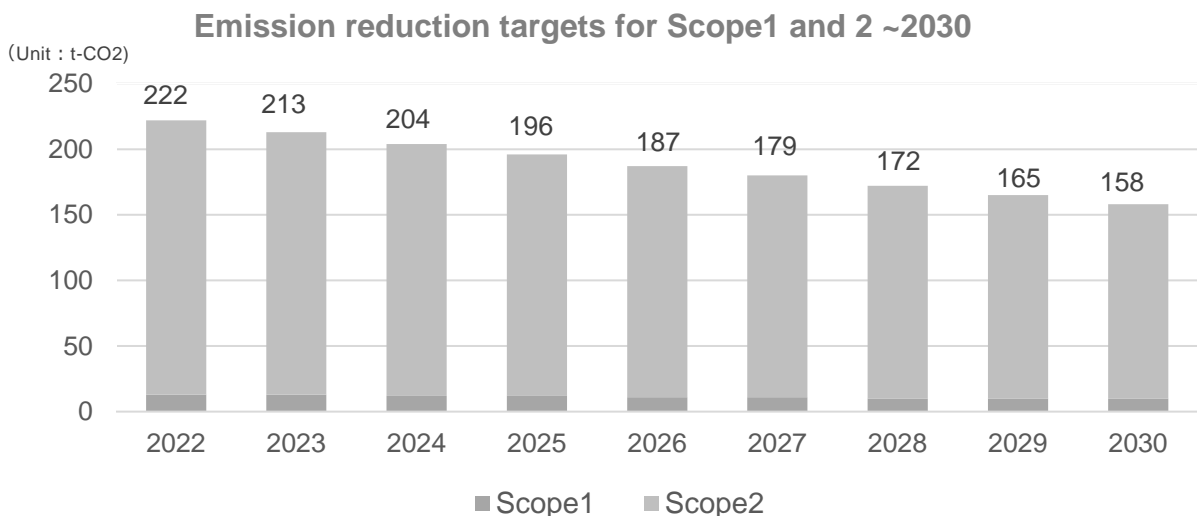
### Environment (E) Support and engage in international initiatives for climate change

#### 〈Emission Calculations for FY 2022 and Future Reduction Goals〉

##### Scope1,2 (Consolidated)

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

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



##### Scope3 (Consolidated)

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

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

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

## Social (S)

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

### External

- Increase access to early detection of glaucoma and other eye diseases by promoting the use of *GAP*, an in-house developed perimeter
  - ▶ Visual field tests using the *GAP/GAP-screener* gaze analysis type of perimeter are being performed at health screening sites sponsored by the city of Iyo in Ehime Prefecture, as well as other local governments
- Realize a framework that allows any person to receive smooth and efficient medical care at large hospitals, introducing telemedicine and utilizing location information

### Internal

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

Our benchmark initiatives	FY2022 (Actual)	As of June 30, 2023	FY2025 (Target)
Total number of visual field tests performed with <i>GAP</i> at checkups organized by local governments	7,070	8,657	10,000
Total number of <i>GAP</i> units sold	35	47	1,550
Total number of facilities implemented <i>Medical Avenue</i>	1	1	5
Employee Survey Response Rate	96%	—	96%
Stress Check Survey Response Rate	88%	—	100%

## Governance (G)

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

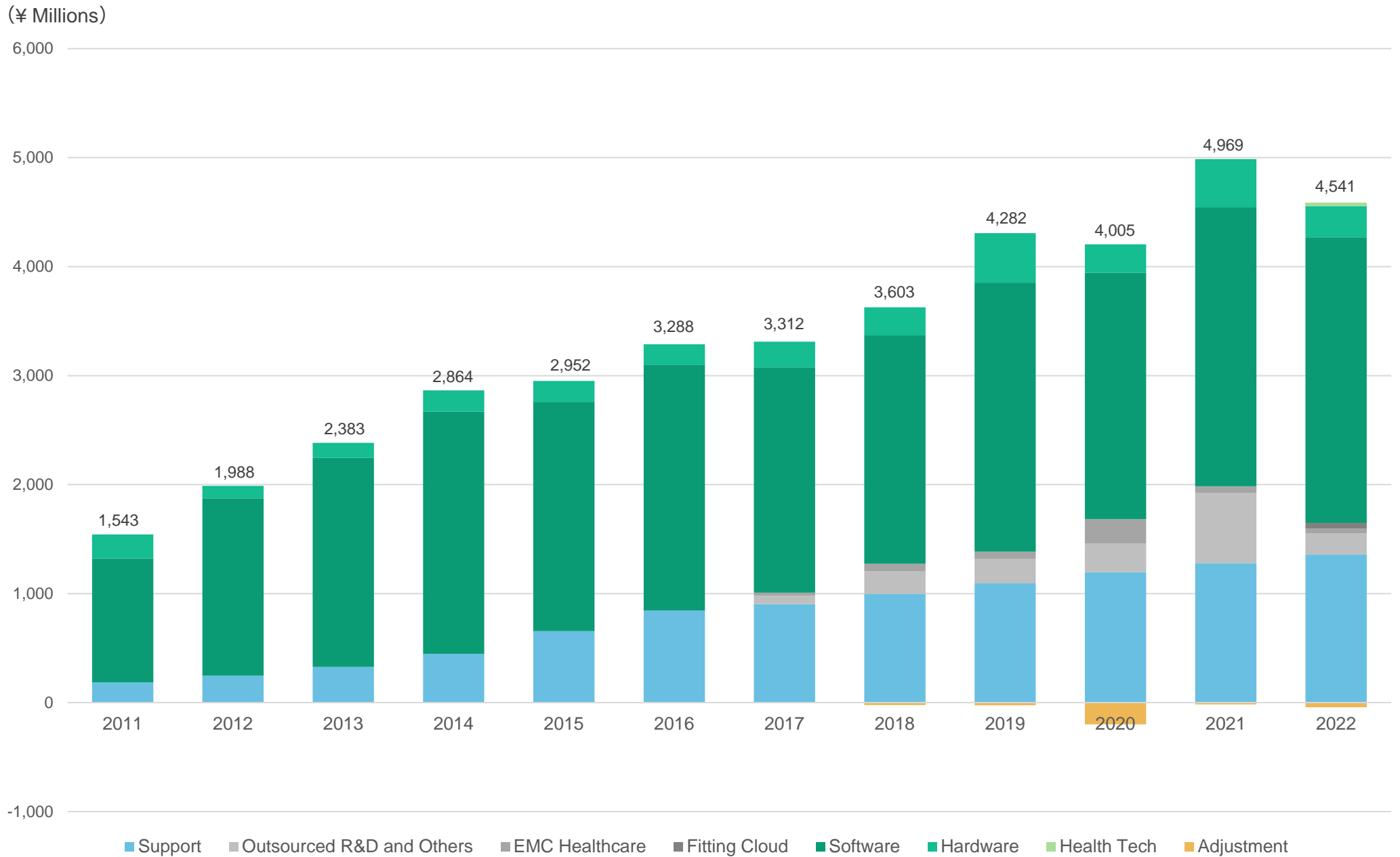
- Strengthen information security
  - ▶ All employees are required to participate in an annual information security seminar and to respond to a security checklist on a monthly basis
- Ensure compliance
  - ▶ Commitment is made to eradicate harassment, strengthen the protection of personal information, promote work styles that are in compliance with the Labor Standards Act, and enhance mental health support for full-time employees, contract workers, and part-time staff
  - ▶ Annual participation in compliance-related e-learning is mandatory for all employees
- Foster an organizational culture that can withstand changes in the external environment by facilitating diversity in hiring and promotion
- Supporting employees in developing their talents in line with their career goals through internal programs, making necessary adjustments for promotions
  - ▶ Increase the proportion of women in managerial positions to 9% by 2026 and raise it to 18% by 2030

Our benchmark initiatives	FY2022 (Actual)	As of June 30, 2023	FY2025 (Target)
# of incidents related to information security	1	0	0
Security Checklist Response Rate	100%	100%	100%
e-learning participation rate	100%	—	100%
% of employees with disabilities	1.0%	1.0%	2.0%
% of foreign employees	0.3%	0.7%	1.5%
% of female managers	3.8%	3.8%	8.0%
% of independent outside Directors	33.3%	33.3%	44.4%

# Appendix

Jan	<b>Changes made in reporting business segments</b>	Changed to three segments: “Medical Business,” “Public Business” and “Health Tech Business”
	<b>A subsidiary Fitting Cloud Inc. released three new solutions</b>	<ul style="list-style-type: none"> <li>• Weberi : Internet Browsing Virtualization Service</li> <li>• Bricks : Cloud-based general-purpose EDC/Questionnaire system</li> <li>• Valloon : Closed-cloud data storage</li> </ul>
	<b>Changes made in organizational structure</b>	<ul style="list-style-type: none"> <li>• System Development Department divided into “Software Package Development” and “Product Planning &amp; Development”</li> <li>• Established “Consulting Department” “Public Solution Department” “Customer Support”</li> </ul>
Feb	<b>Revision of Medium-Term Business Plan</b>	The targets were revised due to changes in the business environment and delays in the schedule for obtaining European Medical Device Regulation
Mar	<b>Introduced a Restricted Stock Compensation Plan</b>	Strengthen the link between board of directors' compensation and stock value to further promote value sharing with shareholders
	<b>Released a new product “AAde-Report”</b>	An electronic tracing report service to digitally connect hospitals and pharmacies with patient information
Apr	<b>HR regulations partially revised</b>	<ul style="list-style-type: none"> <li>• Working hours reduced from 8 hrs to 7.5 hrs per day</li> <li>• Introduced a fully remote work option for employees based in distant areas and overseas</li> </ul>
	<b>Released a new product “Remotalk-Cloud”</b>	Application for Sharing Medical Examination Information Remotely
Jun	<b>Perimeter “GAP” presented at 10th World Glaucoma Congress®</b>	Perimeter "GAP" presented as "FieldNavigator" under Rexxam's OEM brand in a congress held in Italy
	<b>Established the M&amp;A section</b>	Founded with the objective of enhancing business capacity through the efficient utilization of capital
Jul	<b>Revamped “Sustainability” webpage</b>	Enhancement of disclosure content in accordance with various guidelines







An Overwhelming Market Share of

approx. **75%**

in National University Hospitals

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

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

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

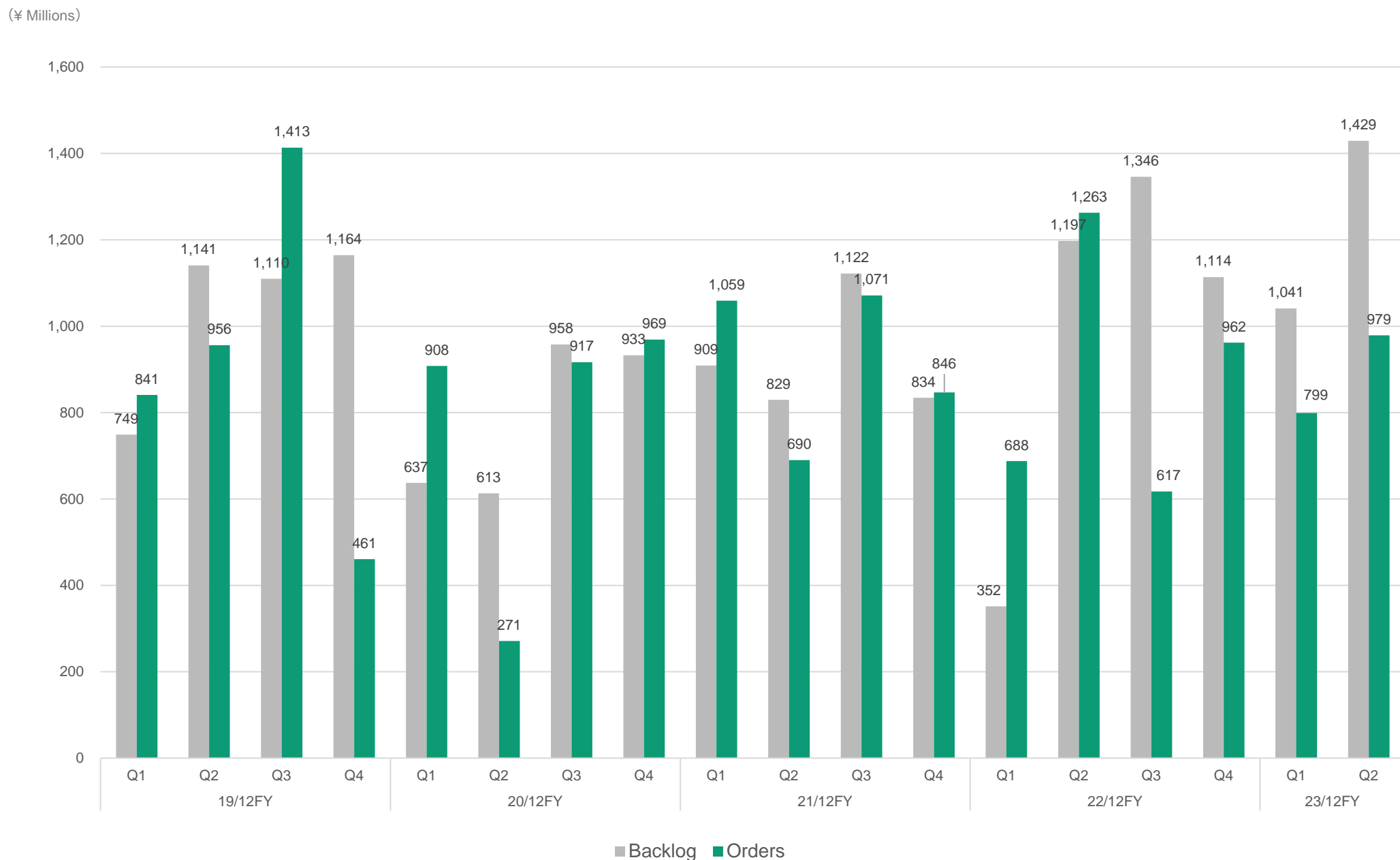
\*Consumers of one-time products are excluded from 2021

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

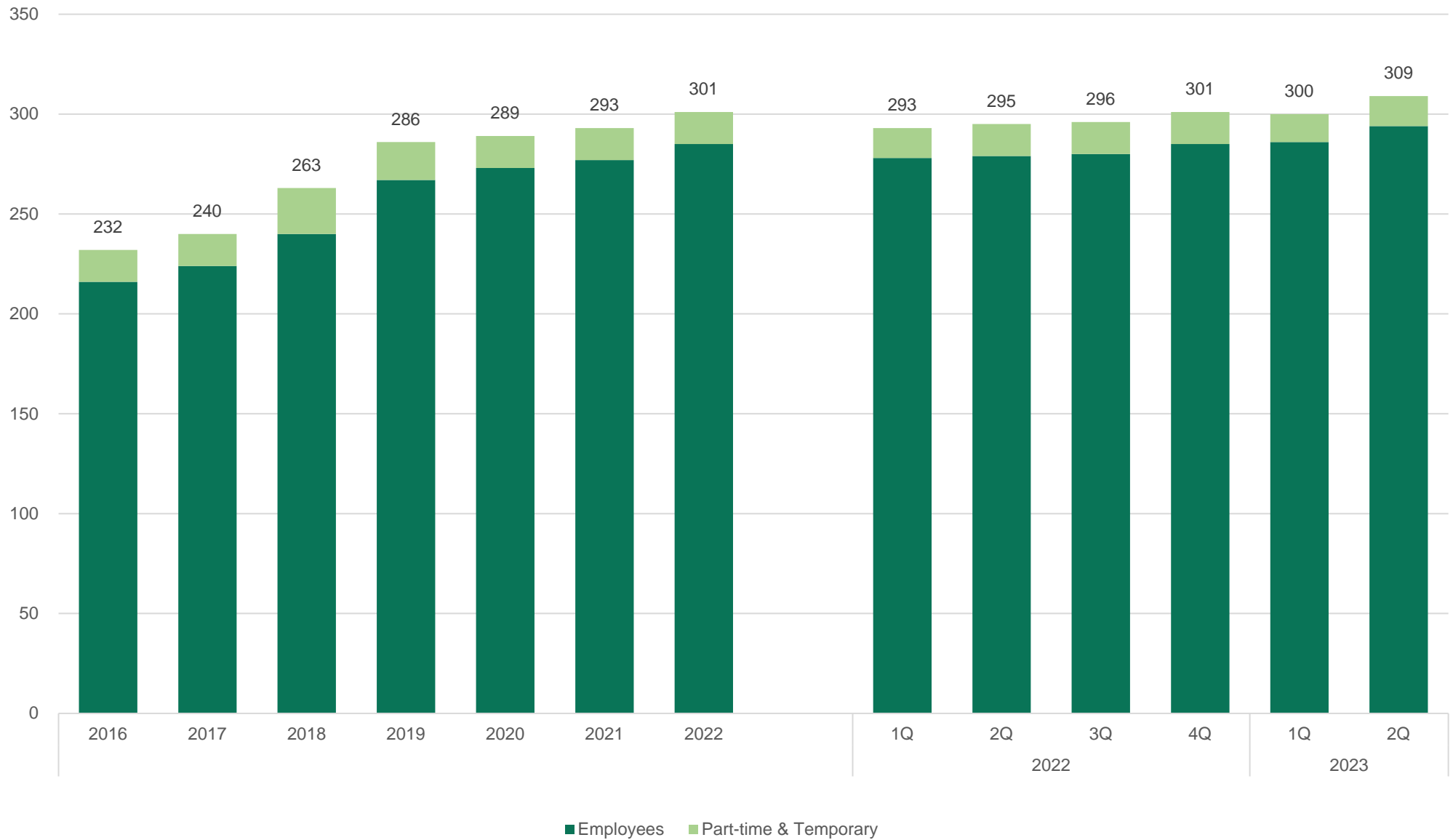
(As of June 30, 2023)

Categories	(# of Facilities)		
	Q1 FY2023	Q2 FY2023	Changes*
Large hospitals (>400 beds)	290	289	(1)
Medium sized hospitals (100 to 399 beds)	314	319	+5
Small hospitals (20 to 99 beds)	82	82	0
Clinics (<19 beds)	1,188	1,212	+24
Other medial-related facilities	19	20	+1
Non-medical facilities	10	10	0
Community-based comprehensive care	26	26	0
<b>Total</b>	<b>1,929</b>	<b>1,958</b>	<b>+29</b>

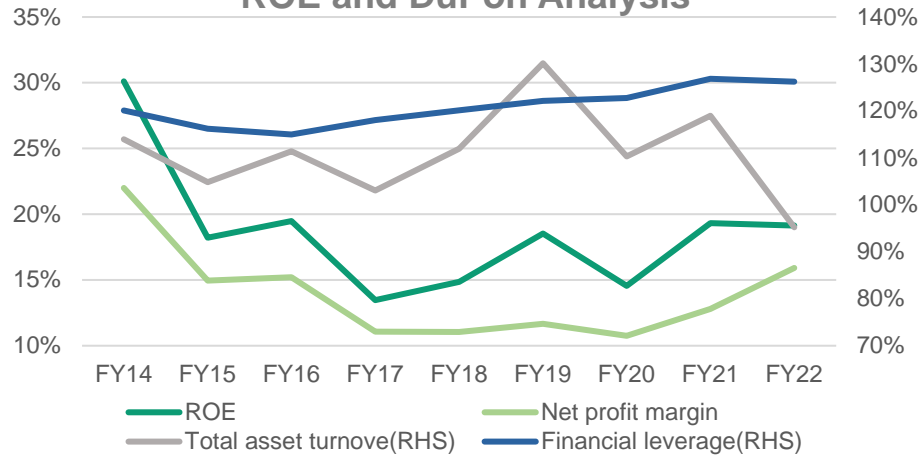
※Calculation changed as categorization of large hospitals revised from 500 or more beds to 400 or more beds following the revision of medical service fees in 2018.



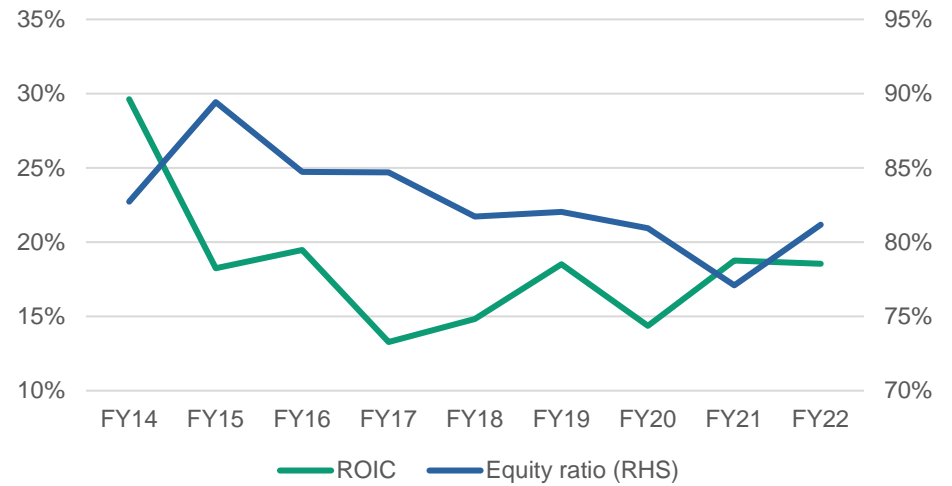
(# of Employees)



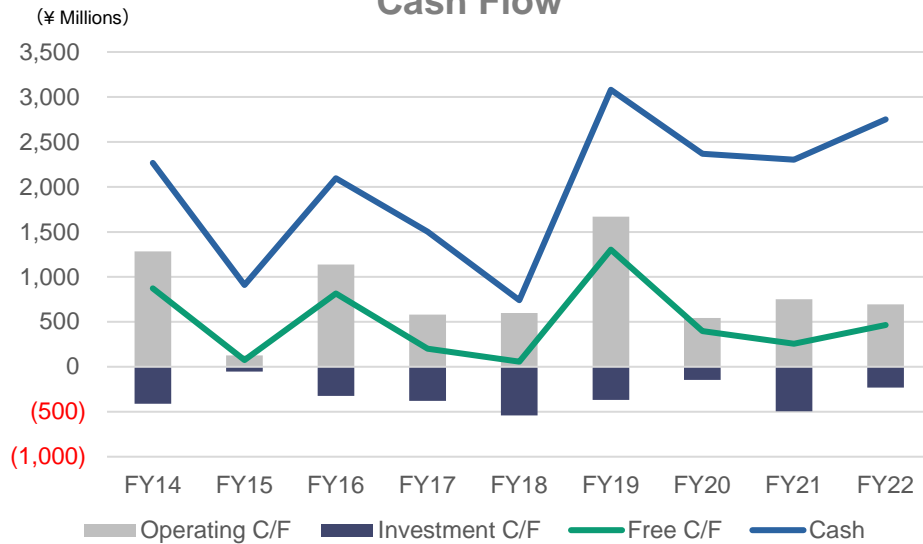
### ROE and DuPont Analysis



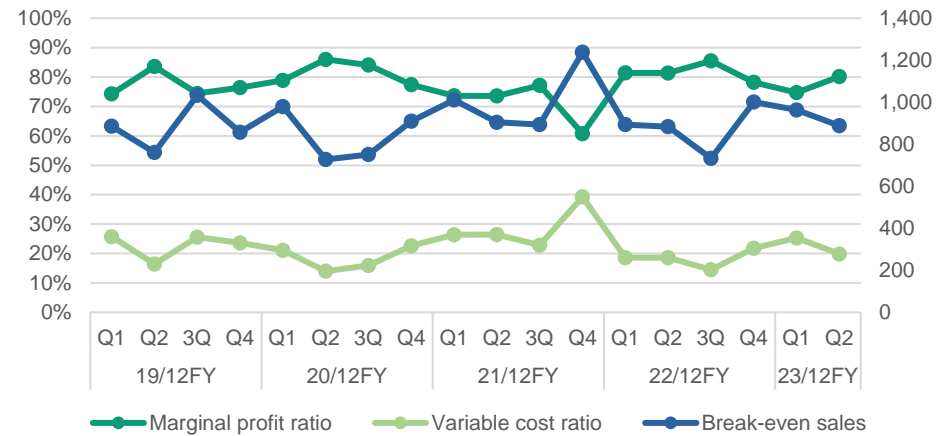
### ROIC and Equity Ratio



### Cash Flow



### Marginal profit Ratio



# Progressive Software Creators

Always have, Always will.

