



Financial Results Briefing Material for Q1/2024

*The revisions to the consolidated forecast for the second quarter (cumulative) and full year, announced on February 9th, are reflected in these figures.

February 8, 2024

Securities Code : 9438

This report contains forward-looking statements on business performance based on the judgments, assumptions, and beliefs of management using the information available at the time. Actual results may differ materially due to changes in domestic or overseas economic conditions or changes in internal or external business environments or aspects of uncertainty contained in the forecasts, latent risks or various other factors. In addition, risk and uncertainty factors include unpredictable elements that could arise from future events.

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Cloud drug record service

Maternal health record book app + Childcare DX services

School DX business

Financial Results Overview for Q1 FY2024

Financial highlight

1 Q1 Results

YoY : Net sales decreased, profit increased.

		YoY	Progress rate against initial first-half earning forecast
Net sales :	¥6,625million	(465)million	+51.0%
Operating income :	¥435million	+496million	+217.7%
Profit attributable to owners of parent :	¥630million	+1,220million	+1,261.0%

2 Revised upward profit forecast

		First-Half earning forecast	Full-Year earning forecast
Net sales :	Maintained	13,000million	27,000million
Operating income :	Upward revision for 1H only	600million	1,000million
Profit attributable to owners of parent :	Upward revision for 1H and full year	1,240million*	1,340million*

*Profit attributable to owners of parent reflects the revisions announced on February 9th.

3 Q1 Achievements and initiatives

- **Healthcare business : Cloud drug record service and Childcare DX services performing well, returning to profitability.**
- **School DX business : Many potential projects for April 2024 introduction.**

Consolidated P/L

Net sales : Decreased

Operating income, ordinary income, profit : increased

(Unit : Mil yen)	FY2023 Q1	FY2024 Q1	YoY		
			Amount	Percentage	
Net sales	7,091	6,625	(465)	(6.6)%	The same period of previous year 739million Yen: Posting of spot sales of the video-streaming service
Cost of sales	2,538	1,788	(750)	(29.6)%	<ul style="list-style-type: none"> Loss-making projects in the DX support business for companies have wound down The same period of previous year 649million Yen :Posting of spot cost of sales of the video-streaming service
ratio	35.8%	27.0%			
Gross profit	4,552	4,836	+284	+6.2%	Decrease in personnel and development costs
ratio	64.2%	73.0%			
SG&A	4,613	4,401	(212)	(4.6)%	Increase in equity method investment income
ratio	65.1%	66.4%			
Operating income	(61)	435	+496	-0%	The same period of previous year: Posting of income taxes associated with the transfer of shares between Group companies
ratio	(0.9)%	6.6%			
Ordinary income	(88)	792	+881	-0%	
ratio	(1.3)%	12.0%			
Profit attributable to owners of parent	(590)	630	+1,220	-0%	
ratio	(8.3)%	9.5%			

Consolidated SG&A

Advertising expenses : increased**Development costs (Subcontract expenses+ Depreciation) : decreased**

(Unit : Mil yen)	FY2023 Q1	FY2024 Q1	YoY		
			Amount	Percentage	
SG&A	4,613	4,401	(2129)	(4.6)%	
Advertising expenses	479	626	+147	+30.8%	• Increase in sales promotion costs for AdGuard
Personnel expenses	1,989	1,818	(170)	(8.6)%	• Exclusion of subsidiaries from consolidation
Commission fee	746	709	(37)	(5.0)%	
Subcontract expenses	560	441	(118)	(21.1)%	• Improved development costs (School DX business)
Depreciation	289	318	+28	+10.0%	
Other	549	486	(62)	(11.4)%	

Revision of First-Half and Full-Year earning forecasts

[First-Half] Operating income, ordinary income, and profit have been revised upward.

(Unit : Mil yen)	FY2024 First-Half (initial forecast)	FY2024 First-Half (current forecast)	Difference
Net sales	13,000	13,000	-
Operating income	200	600	+400
Ordinary income	200	1,000	+800
Profit attributable to owners of parent	50	1,240*	+1,190*

*Profit attributable to owners of parent (current forecast) and the differences reflect the revisions made to the consolidated forecast for the second quarter (cumulative), announced on February 9th.

Revision of First-Half and Full-Year earning forecasts

[Full-Year] Operating income remains maintained, while ordinary income and profit for the period have been revised upward.

(Unit : Mil yen)	FY2024 First-Year (initial forecast)	FY2024 First-Year (current forecast)	Difference
Net sales	27,000	27,000	-
Operating income	1,000	1,000	-
Ordinary income	1,000	1,400	+400
Profit attributable to owners of parent	400	1,340*	+940*

*Profit attributable to owners of parent (current forecast) and the differences reflect the revisions made to the consolidated forecast for the full year, announced on February 9th.

Performance by segment

Content Business

- Content service (Entertainment & Life content)
- Original comics service



Healthcare Business

- Healthcare service for women
- Childcare DX service
- Cloud drug record service
- Online consultation service, etc.

LunaLuna

母子手帳アプリ 母子モ



CARADA 電子薬歴
Solamichi

School DX Business

- School DX service

BLEND

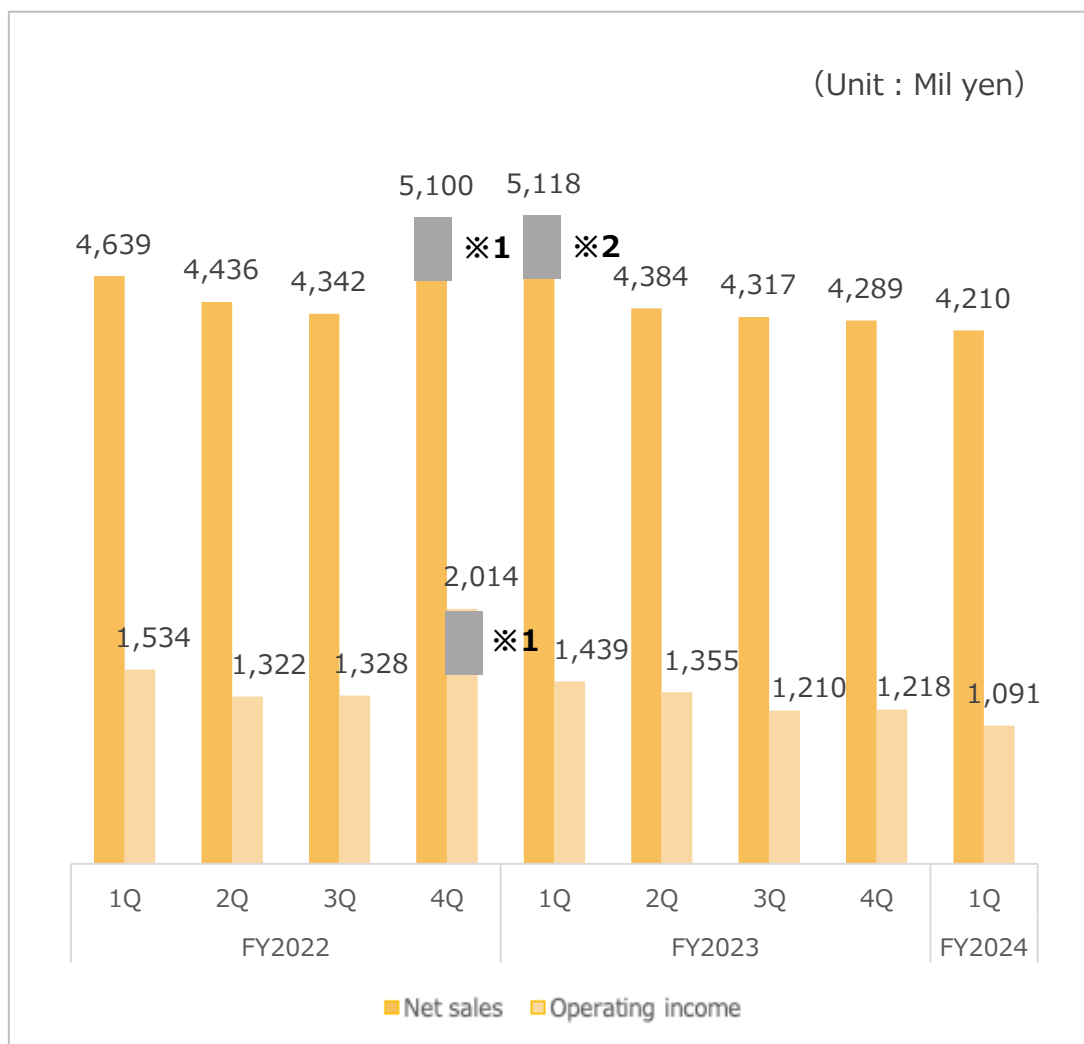


Other Business

- AI business
- DX support business for companies
- Solution service for corporate



Content business : Net sales and operating income



QoQ

Levelled off net sales

- The number of paying subscribers remained almost unchanged.

Operating income slightly decreased

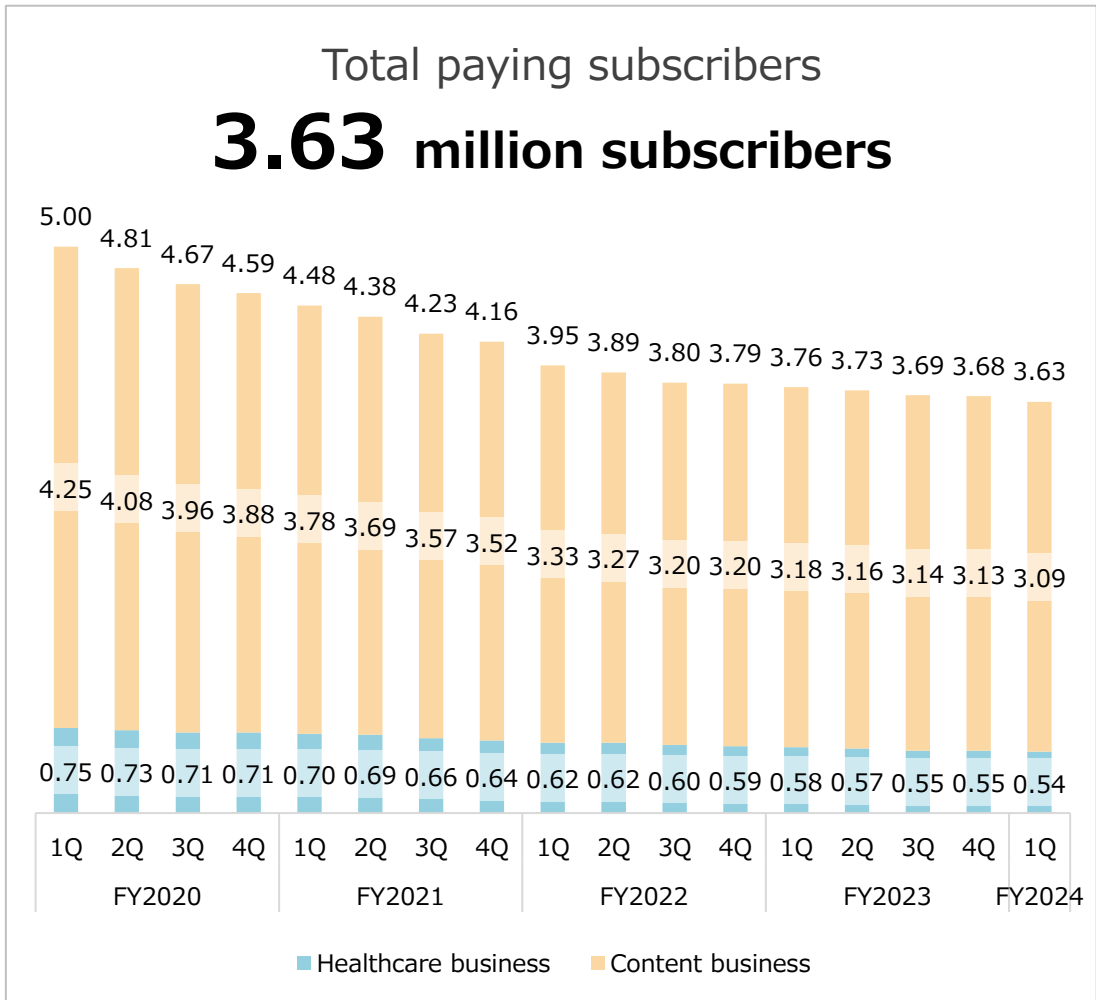
- Increase in advertising expenses

Special factors

*1 : Net sales & Operating income 717 million yen:
Change in treatment of consumption tax in monthly content services that award points.

*2 : Net sales 739 million yen:
Posting of spot sales of the video-streaming service.

Content business : The number of paying subscribers

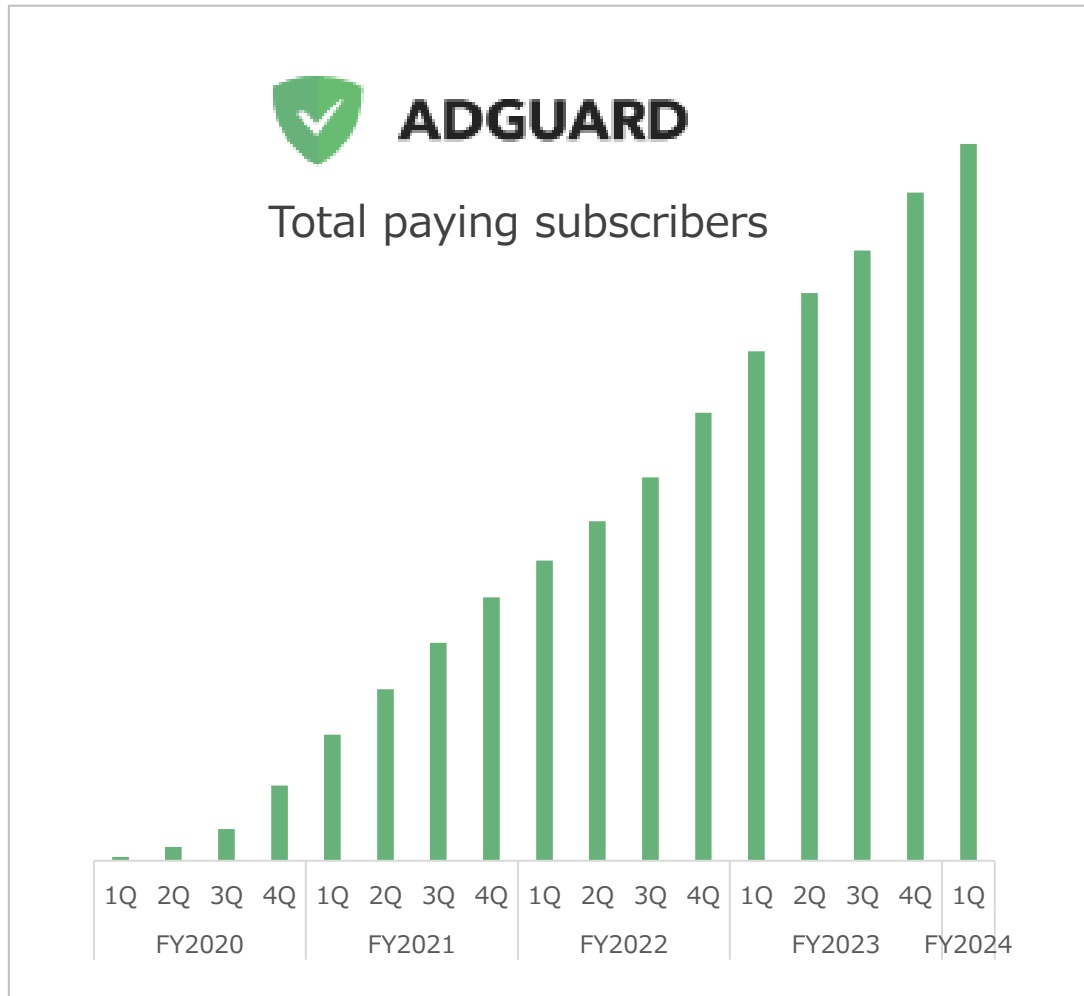


Total paying subscribers

Flat

- Brisk Security-related app

Content business: Security-related app



The security-related app continues to perform well

Total paying subscribers

720 thousand subscribers

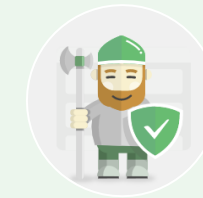
Four functions



Ad blocking



Trace blocking

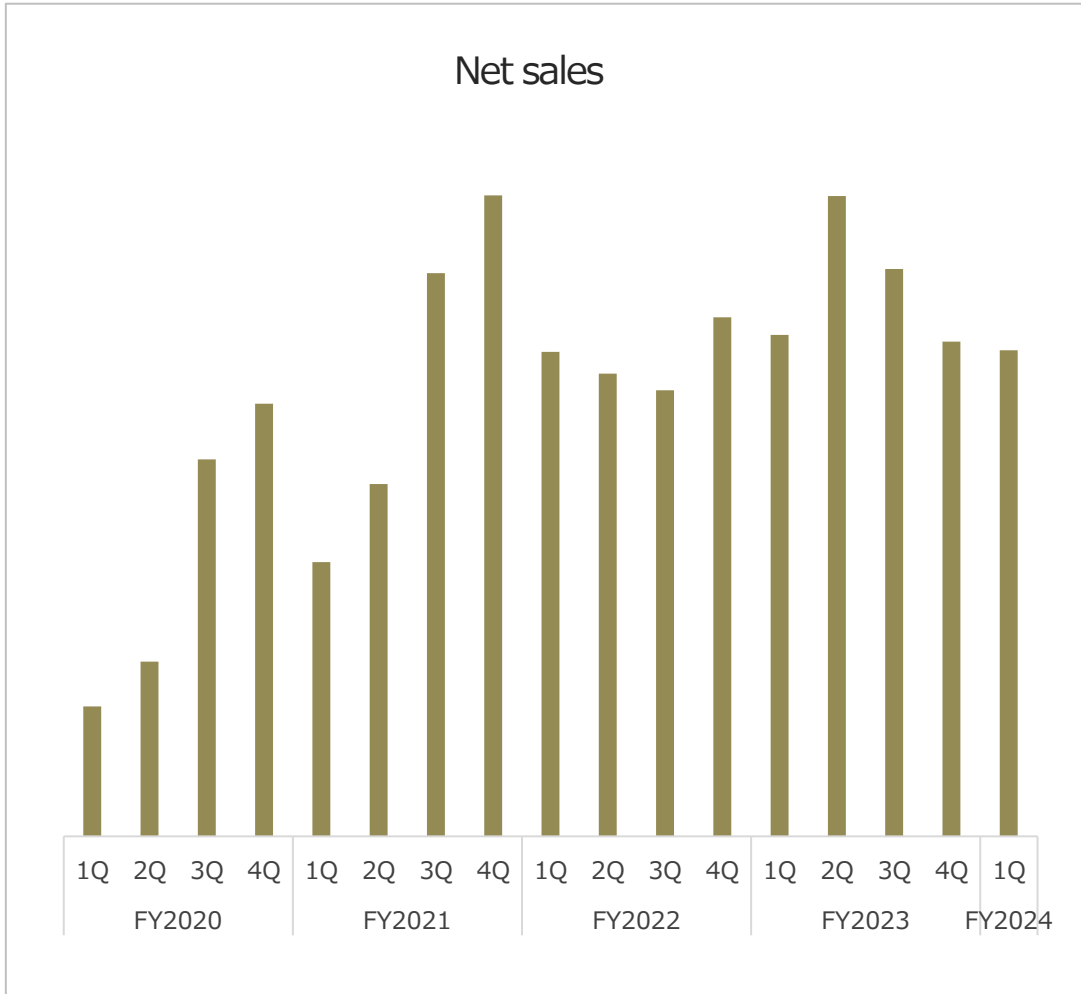


Threat blocking



Parent function
(Child protection
function)

Content business: Original comics content business

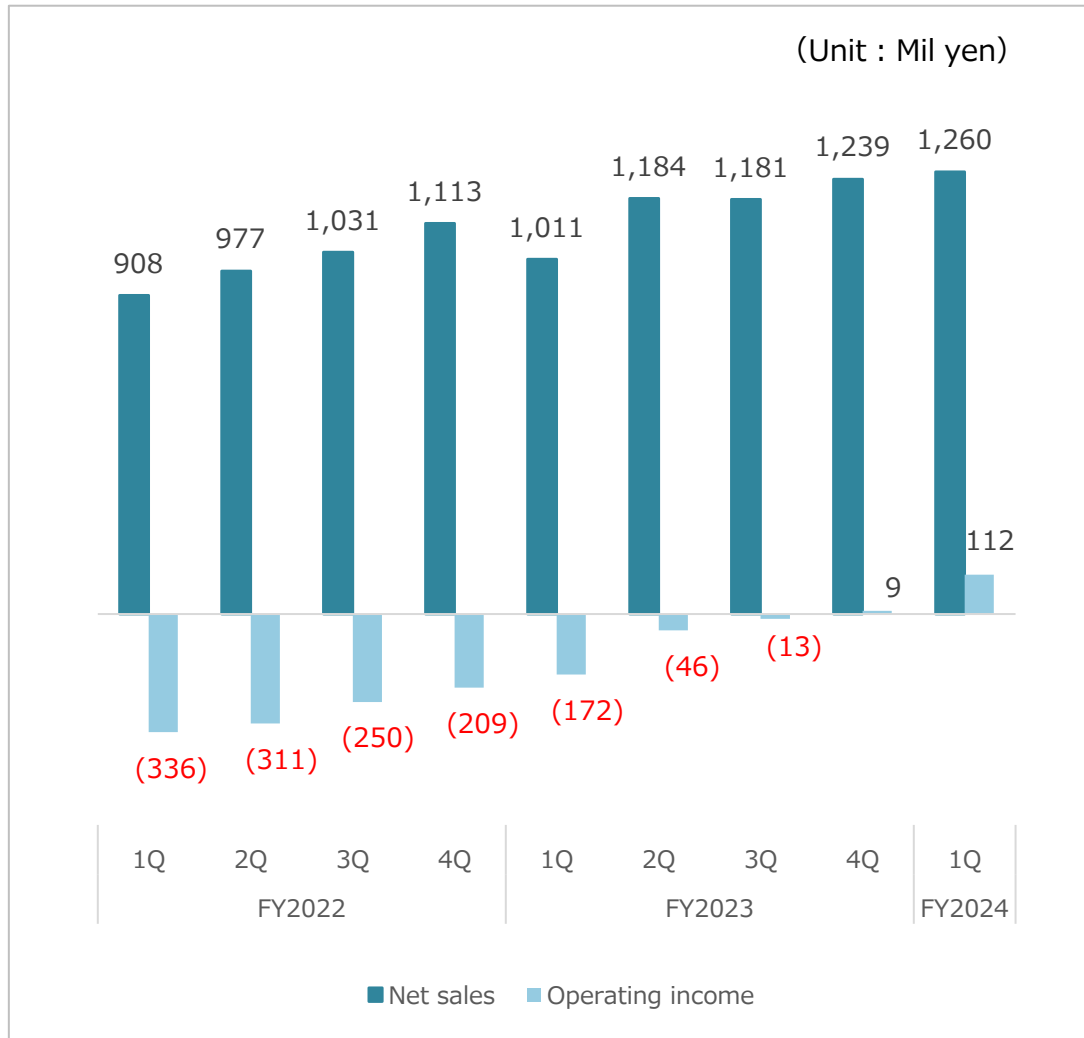


Original comics content business

Stable growth

- Keep in comic titles introduced
- Reactionary decline after TV dramatization

Healthcare business: Net sales and operating income



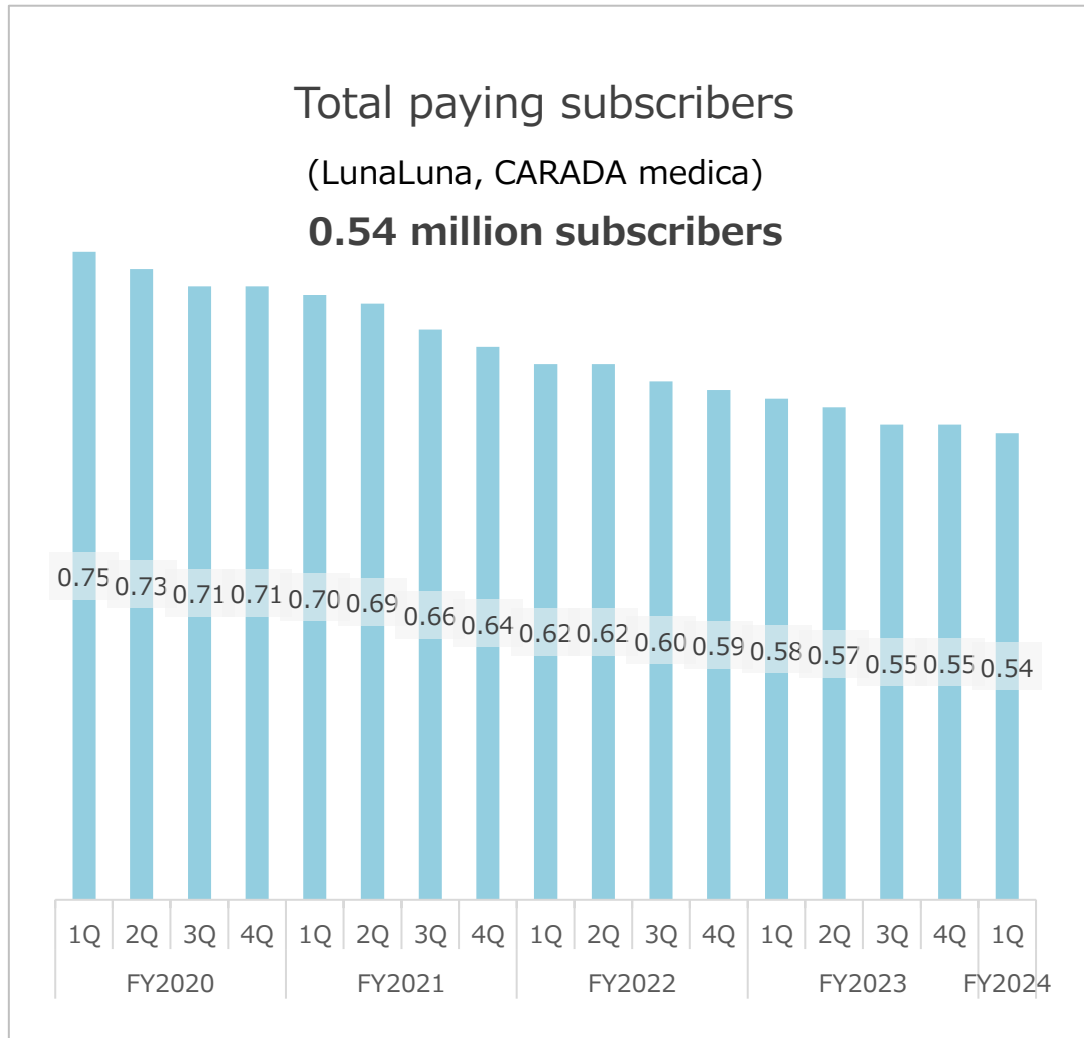
QoQ

Net sales flat

Profitability trend continues

- Brisk Cloud drug record service
- Brisk Childcare DX service

Healthcare business: Monthly content service

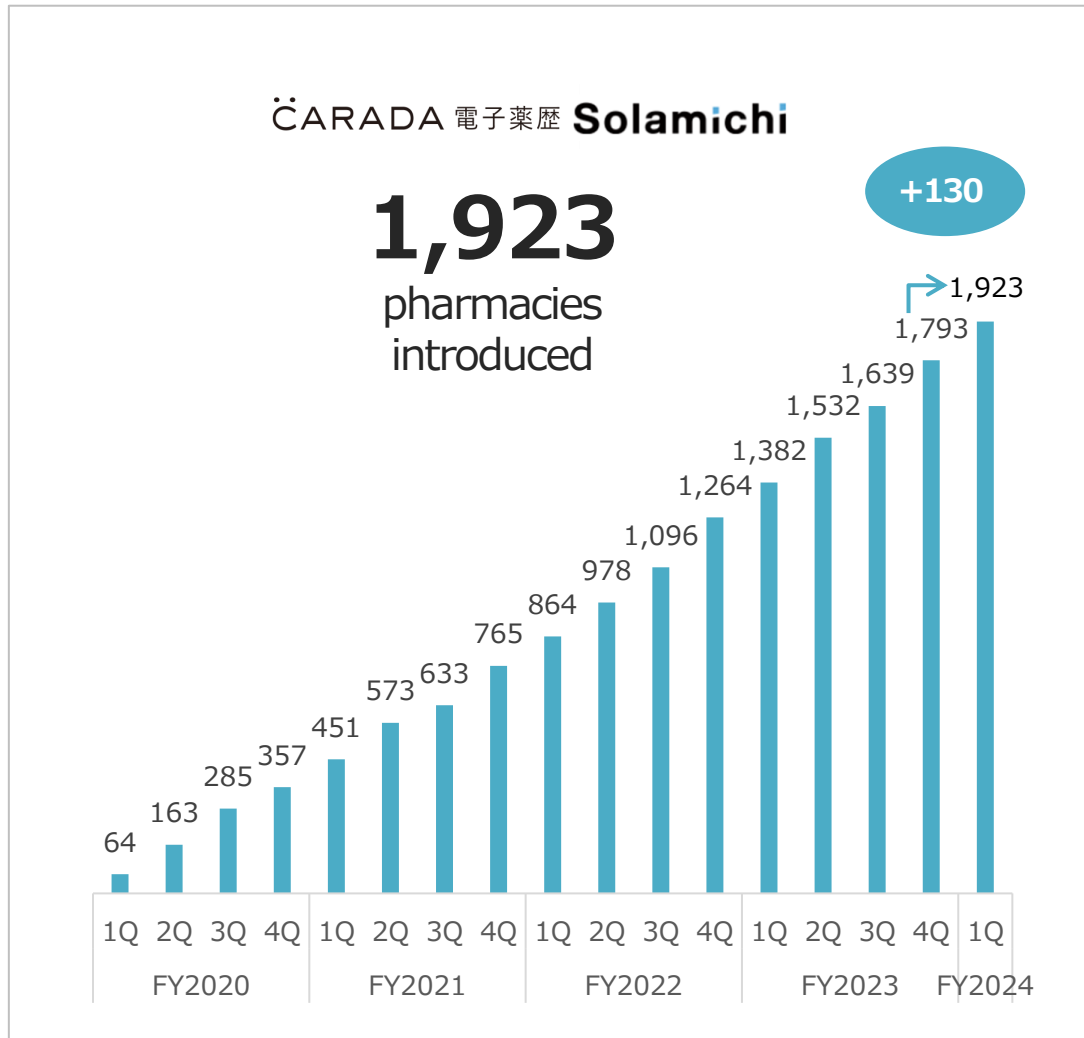


Monthly subscription content service

Total paying subscribers

Levelled off

Healthcare business: Cloud drug record service

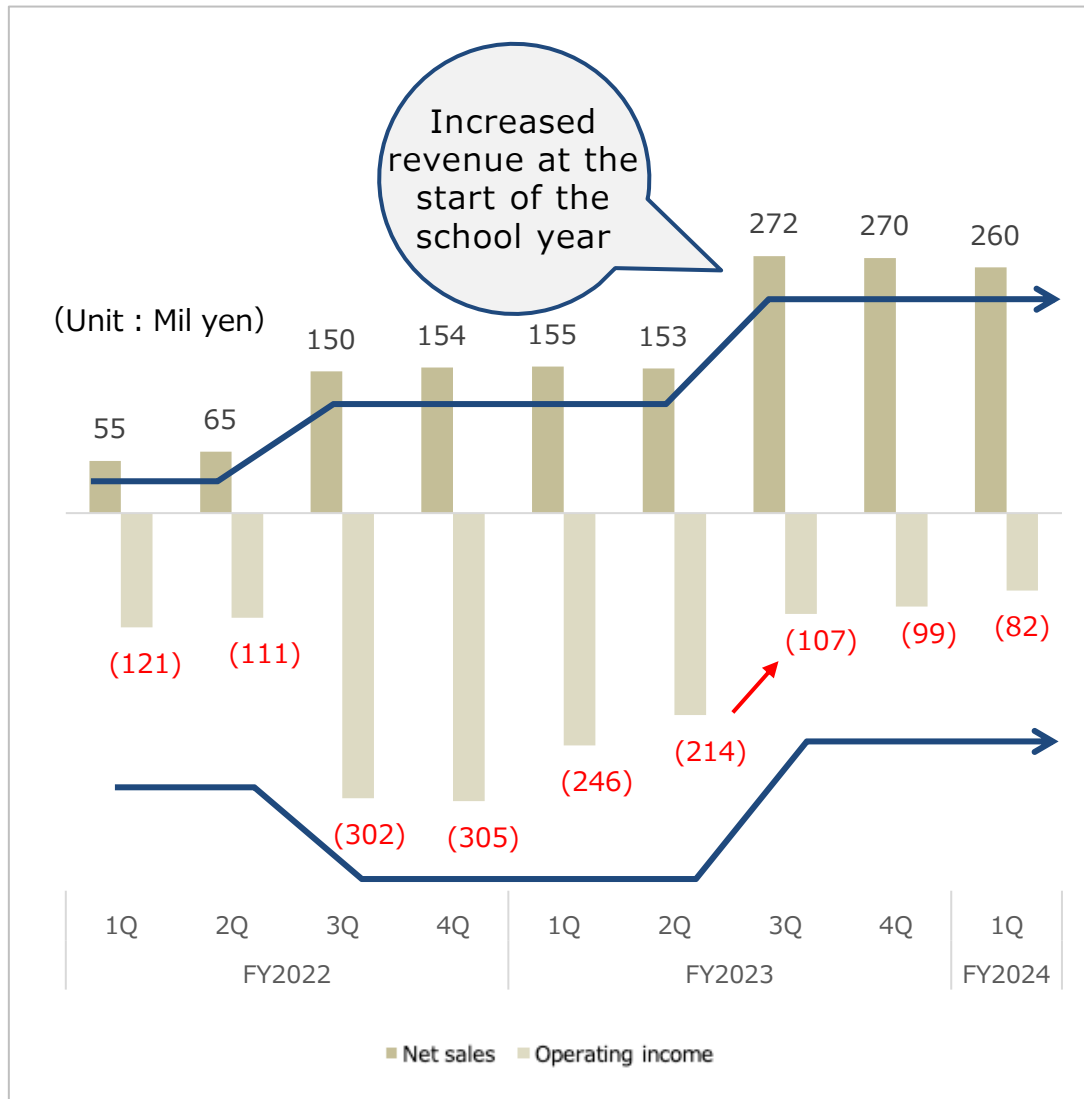


Cloud drug record service

Total introduced pharmacies

Steady expansion

School DX business: Net sales and operating income



QoQ

Levelled off net sales

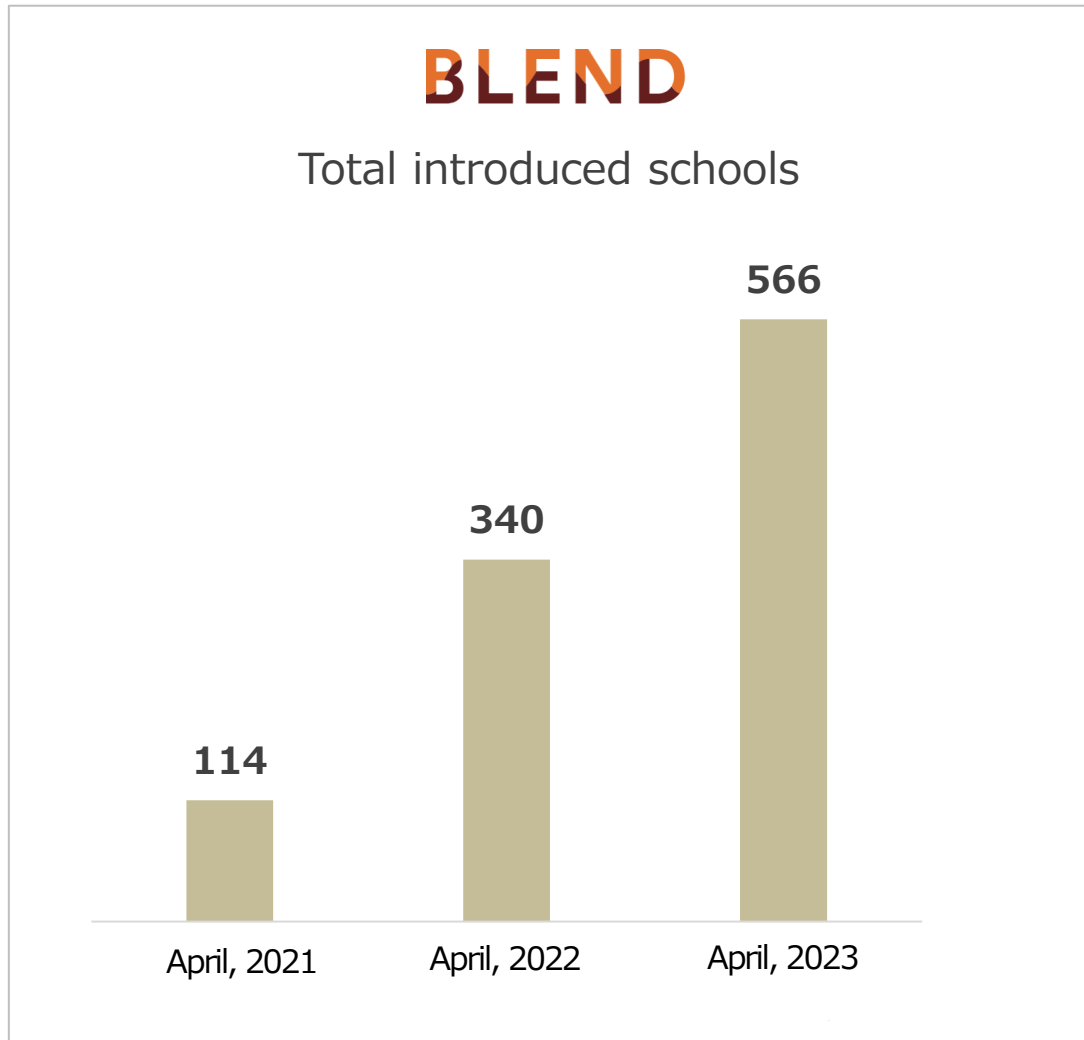
- Expansion in sales compared to the same period last year

QoQ

Operating deficit unchanged

- Significant reduction in losses compared to the same period last year

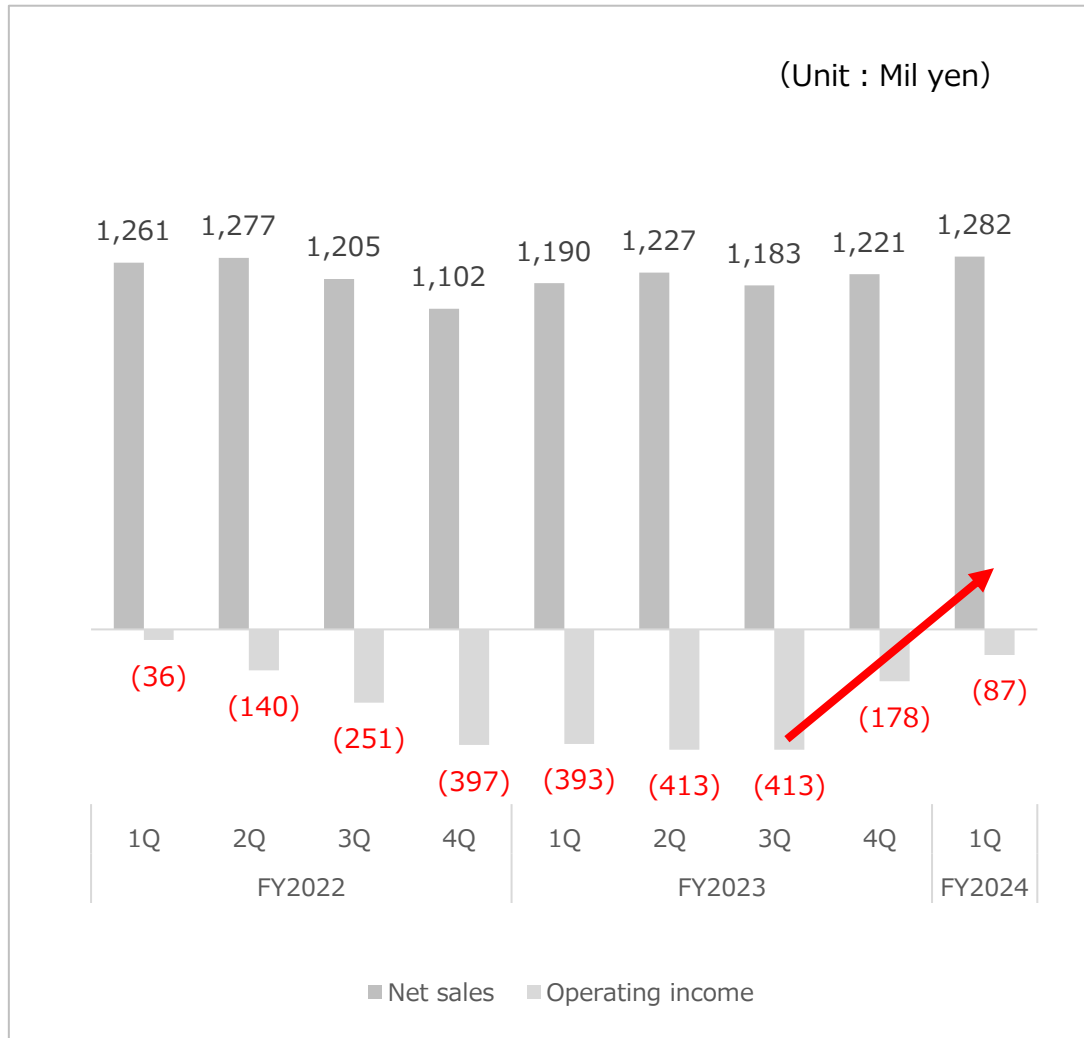
School DX business : Cloud-based school affairs support system



**Expansion of the number
of introduced schools**

Covers 25% of private schools

Other business (Includes DX support business for companies, AI): Net sales and operating income



QoQ

Operating deficit reduced

- Substantial reduction in losses compared to the same period last year
- Loss-making projects in the DX support business for companies have wound down

Approach in Q2 and beyond

Basic policies and priority issues for FY2024

1. Healthcare business

Further sales growth

- Further expansion of the Cloud drug record service
- Promotion of the platform strategy of the childcare DX, "Boshimo"

2. School DX business

Further sales growth

- Expansion of the number of introduced schools

3. Content business

Securing profit

- Original comics content business growth
- Security-related app growth

Healthcare business: Cloud drug record service

Connecting pharmacies and patients

Cloud drug record service

ĊARADA 電子薬歴 Solamichi



Healthcare business: Cloud drug record service

Continuing to strengthen cooperation in sales and to reinforce function development

1. Continuing to strengthen cooperation in sales

- Collaboration with a major prescription pharmaceutical wholesaler



MEDIPAL HOLDINGS CORPORATION

2. Continuing to strengthen function development for differentiation

- Connecting the drug histories possessed by different pharmacies
- Home care and nursing functions
- Additive Logic, Guidance Navigation
- Planning to add electronic prescriptions and other functions as needed

Healthcare business:
Maternal and child health handbook app + Childcare DX services

Connecting parenting households and municipalities & hospital

Maternal and child health handbook app + Childcare DX services





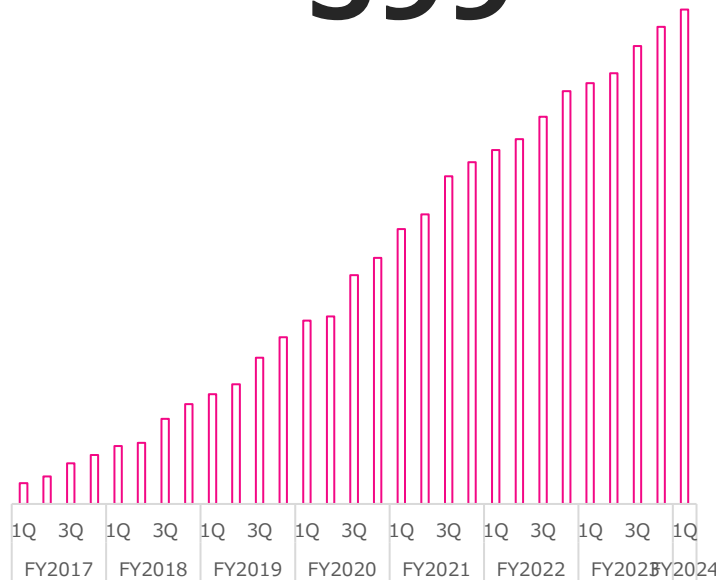
Healthcare business:
Maternal and child health handbook app + Childcare DX services

Accelerated introduction of childcare DX services at municipalities using “Boshimo”

Phase1

Maternal and child
health handbook app

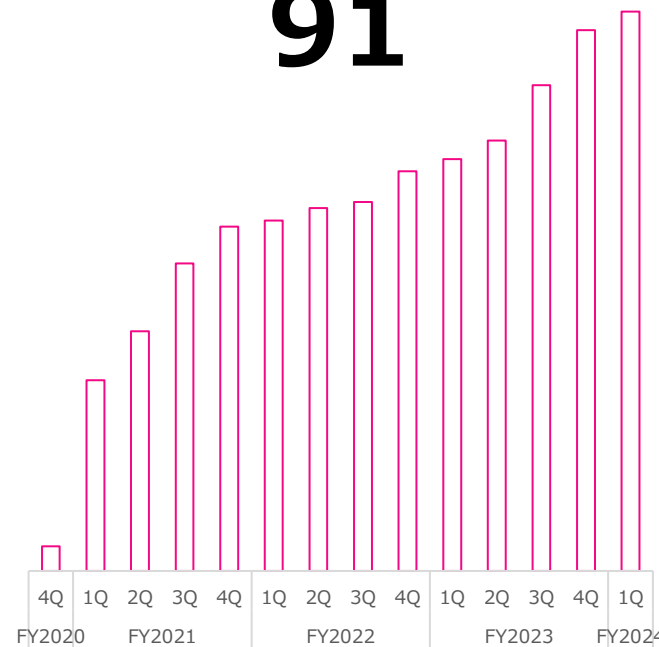
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Phase2

Online consultation

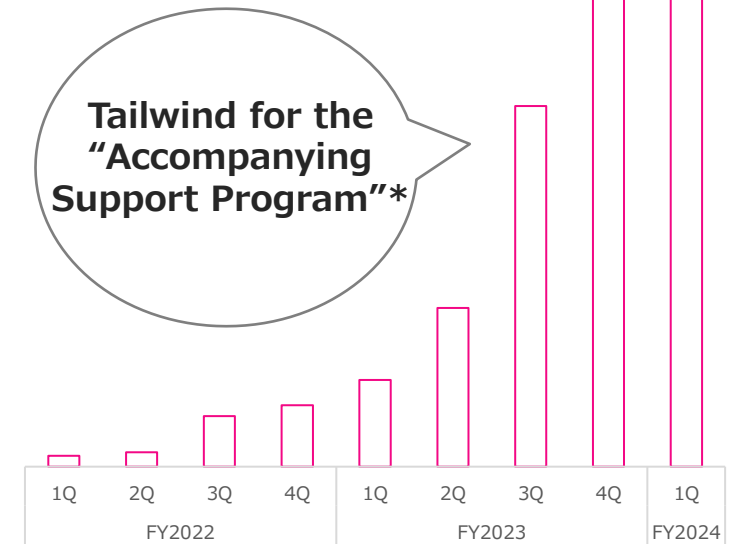
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Phase3

Childcare DX services

150



* Policy initiated by the Ministry of Health, Labour and Welfare in January 2023. Transferred to “Children and Families Agency” from April 1 .

School DX business

Connecting students and teachers

Cloud-based school affairs support system

BLEND



School DX business : Cloud-based school affairs support system

Improving efficiency in school administration and the quality of education

Cloud-based school affairs
support system

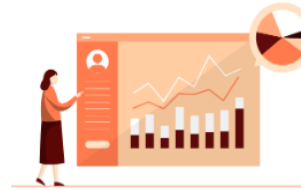
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BLEND



Attendance
management



Grade
management



Form
management



Learning
management



Student
information



Student
memo



Office
management



Health care



Entrance exam
management

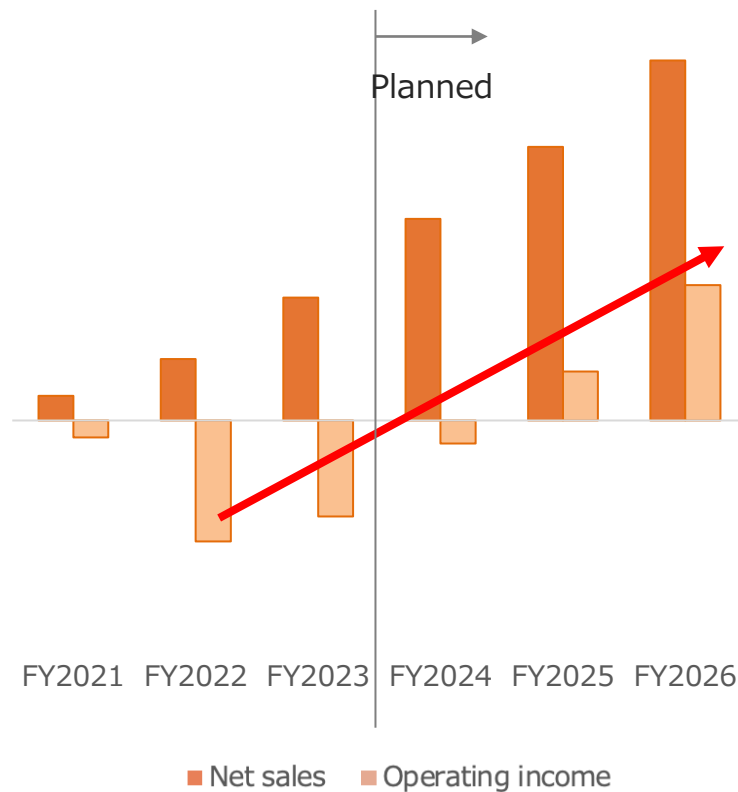


External
mock test



School DX business : Cloud-based school affairs support system

Image of medium-term profit



Aiming to expand the number of schools to be introduced

- Contract awards for introduction in April 2024 are on track

Image of medium-term profit

Image of medium-term profit (by segment)

Content business

Degree of decrease in the number of paying subscribers is reduced
Focus on highly in-demand contents

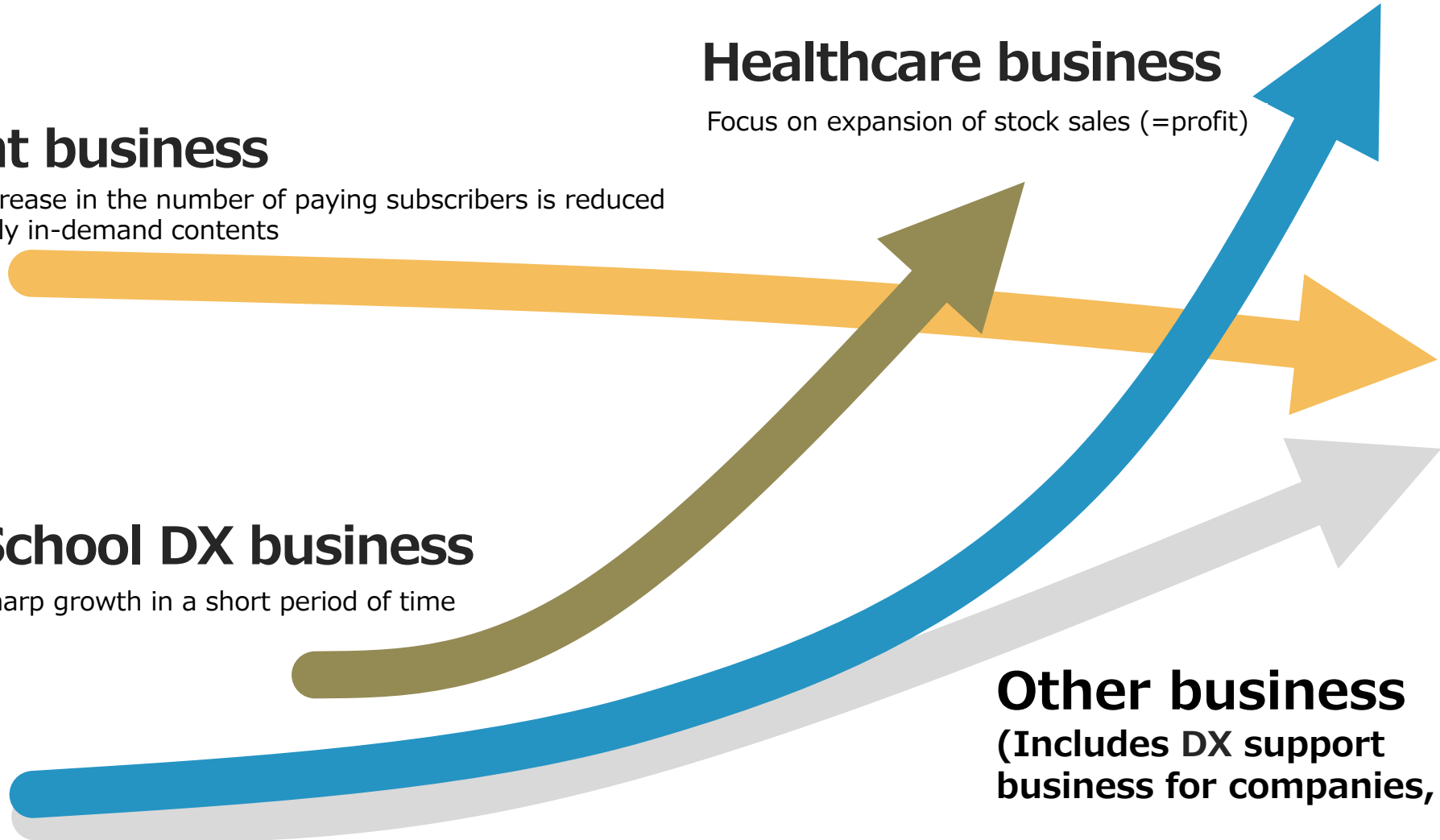
Healthcare business

Focus on expansion of stock sales (=profit)

School DX business

Sharp growth in a short period of time

Other business
(Includes DX support
business for companies, AI)





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Appendix

Consolidated B/S

MTI Ltd.

	FY2023	FY2024-Q1	Change		FY2023	FY2024-Q1	Change
(Unit : Mil yen)							
Current assets	18,940	17,375	(1,565)	Current liabilities	7,330	6,221	(1,109)
Cash and deposits	13,720	12,109	(1,611)	Account payable-trade	1,023	1,012	(10)
Notes and accounts receivable - trade, and contract assets	4,197	4,185	(11)	Current portion of long-term borrowings	747	744	(3)
Consumption taxes refund receivable	154	169	+15	Account payable-other	1,279	1,323	+43
Allowance for doubtful accounts	(33)	(34)	(0)	Income taxes payable	637	59	(577)
Other	902	945	+43	Contract liabilities	2,567	2,327	(240)
				Other	1,074	754	(320)
Non-current assets	10,215	10,562	+347	Non-current liabilities	4,240	4,094	(146)
Property, plant and equipment	213	203	(9)	Long-term borrowings	2,431	2,246	(184)
Intangible assets	2,856	2,740	(116)	Retirement benefit liability	1,786	1,814	+28
Software	1,894	1,917	+23	Other	23	32	+9
Goodwill	240	190	(49)	Total liabilities	11,571	10,315	(1,256)
Customer-related assets	491	386	(105)	Shareholders' equity	13,631	13,658	+27
Investments and other assets	7,145	7,618	+473	Share capital	5,232	5,232	-
Investment securities	4,081	4,444	+363	Capital surplus	6,485	6,322	(162)
Leasehold and guarantee deposits	305	297	(7)	Retained earning	5,143	5,333	+190
Deferred tax assets	2,658	2,833	+174	Treasury shares	△3,230	△3,230	-
				Accumulated other comprehensive income	322	278	(43)
Total assets	29,155	27,937	(1,218)	Subscription rights to shares	59	58	(0)
				Non-controlling interests	3,570	3,626	+55
				Total net assets	17,583	17,621	+37
				Total liabilities and net assets	29,155	27,937	(1,218)

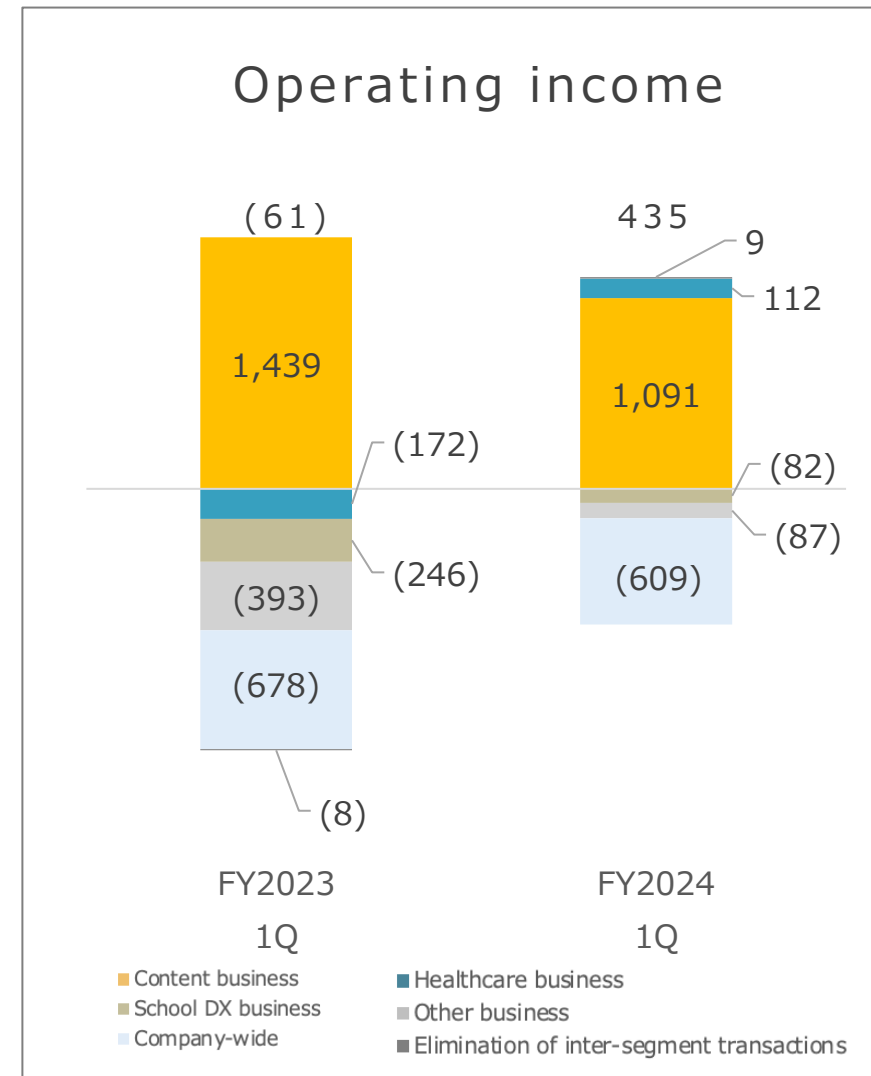
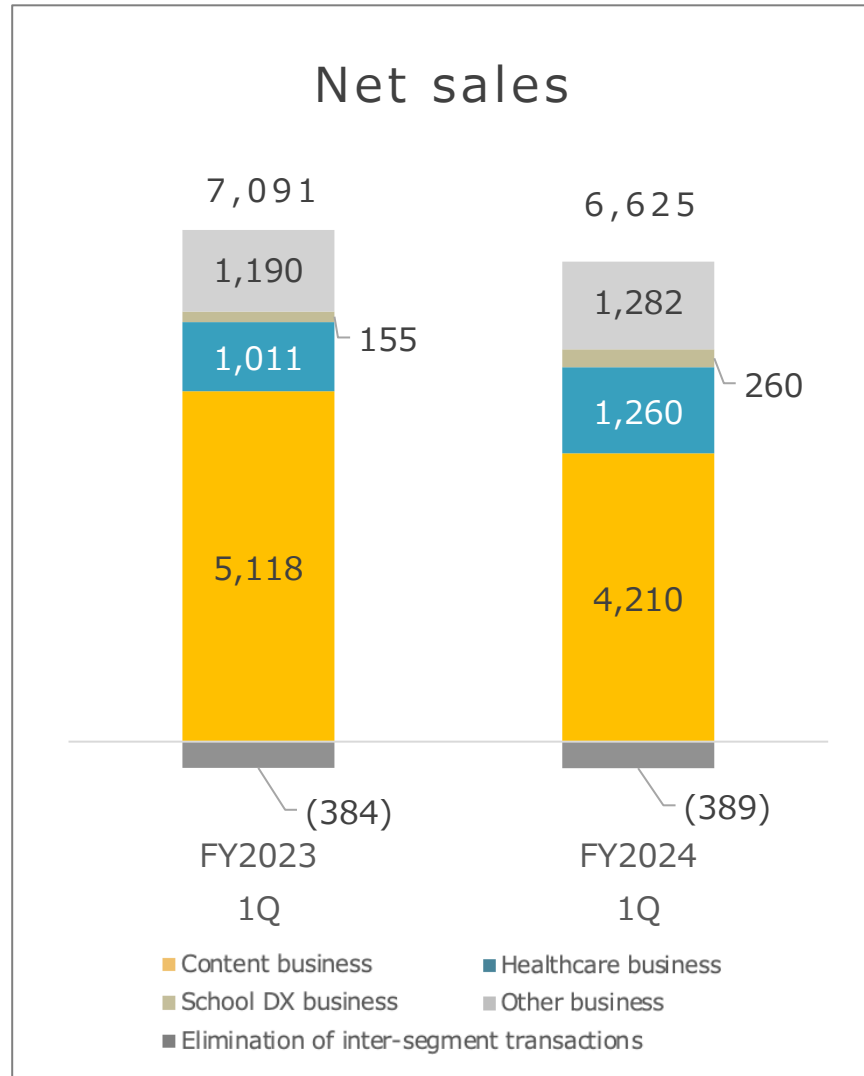
Trends in consolidated P/L

(Unit : Mil yen)	FY2022				FY2023				FY2024
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Net sales	6,551	6,424	6,378	7,125	7,091	6,540	6,507	6,660	6,625
Cost of sales	1,895	1,919	1,941	2,031	2,538	1,942	2,014	1,930	1,788
Gross profit	4,656	4,504	4,437	5,093	4,552	4,597	4,493	4,729	4,836
(Ratio)	71.1%	70.1%	69.6%	71.5%	64.2%	70.3%	69.0%	71.0%	73.0%
SG&A	4,204	4,356	4,613	4,645	4,613	4,554	4,492	4,413	4,401
Operating income	451	147	(176)	447	(61)	42	0	316	435
(Ratio)	6.9%	2.3%	(2.8)%	6.3%	(0.9)%	0.7%	+0.0%	4.7%	6.6%
Ordinary income	395	(102)	(204)	397	(88)	275	(35)	306	792
(Ratio)	6.0%	(1.6)%	(3.2)%	5.6%	(1.3)%	4.2%	(0.5)%	4.6%	12.0%
Profit attributable to owners of parent	252	(129)	(211)	(841)	(590)	264	821	257	630
(Ratio)	3.9%	(2.0)%	(3.3)%	(11.8)%	(8.3)%	4.0%	12.6%	3.9%	9.5%

Trends in consolidated SG&A

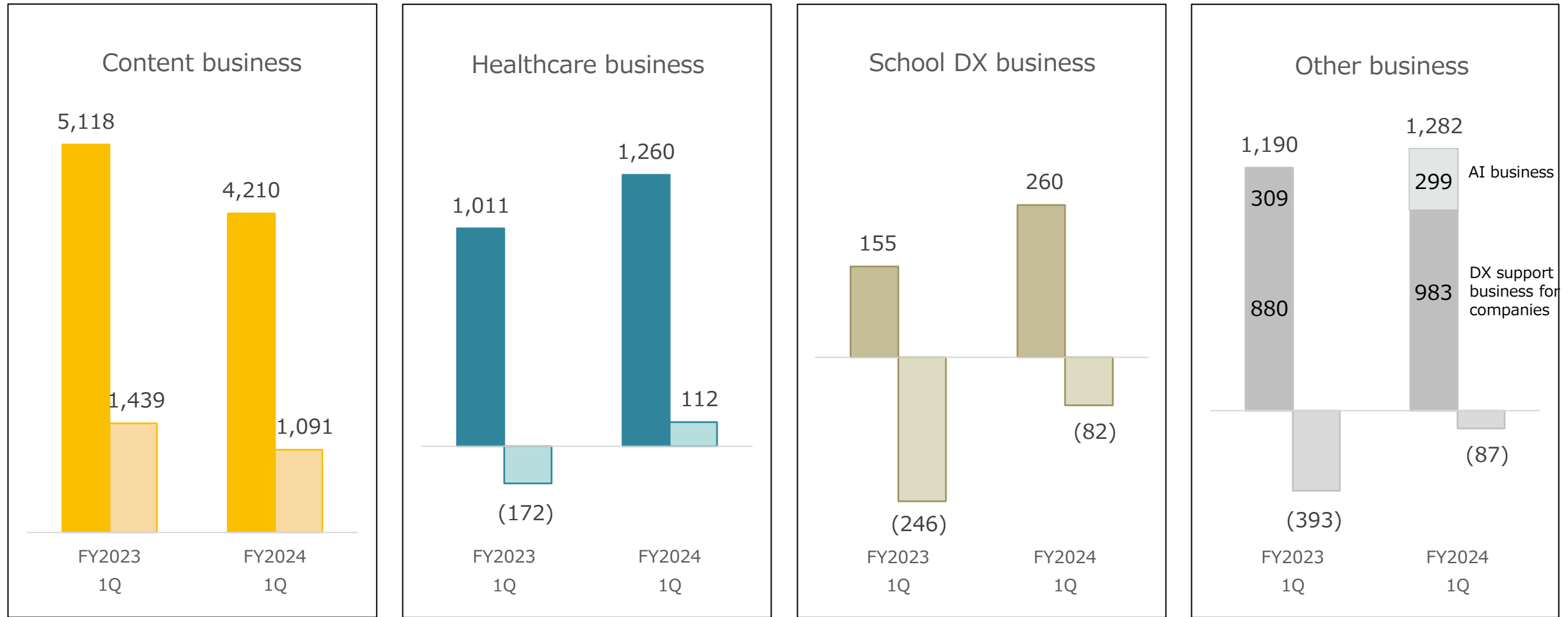
(Unit : Mil yen)	FY2022				FY2023				FY2024
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
SG&A	4,204	4,356	4,613	4,645	4,613	4,554	4,492	4,413	4,401
Advertising expense	360	397	379	442	479	537	553	566	626
Personnel expenses	1,912	1,923	1,950	1,932	1,989	1,958	1,956	1,810	1,818
Commission fee	753	785	777	778	746	745	731	731	709
Subcontract expenses	440	445	657	593	560	498	454	451	441
Depreciation	303	330	358	360	289	301	332	341	318
Other	435	473	490	537	549	513	464	511	486

Performance by segment (Q1)



Performance by segment (Q1)

(Left axis : Net sales, Right axis : Operating income, Unit : Mil yen)



Performance by segment (Quarterly trend)

Net sales

	FY2022				FY2023				FY2024
(Unit : Mil yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Consolidated	6,551	6,424	6,378	7,125	7,091	6,540	6,507	6,660	6,625
Content business	4,639	4,436	4,342	5,100	5,118	4,384	4,317	4,289	4,210
Healthcare business	908	977	1,031	1,113	1,011	1,184	1,181	1,239	1,260
School DX business	55	65	150	154	155	153	272	270	260
Other business	1,261	1,277	1,205	1,102	1,190	1,227	1,183	1,221	1,282
Company-wide	-	-	-	-	-	-	-	-	-
Elimination of inter-segment transactions	(313)	(332)	(350)	(345)	(384)	(408)	(447)	(360)	(389)

Performance by segment (Quarterly trend)

Operating income



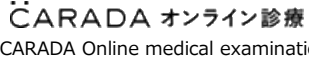

	FY2022				FY2023				FY2024
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
(Unit : Mil yen)									
Consolidated	451	147	(176)	447	(61)	42	0	316	435
Content business	1,534	1,322	1,328	2,014	1,439	1,355	1,210	1,218	1,091
Healthcare business	(336)	(311)	(250)	(209)	(172)	(46)	(13)	9	112
School DX business	(121)	(111)	(302)	(305)	(246)	(214)	(107)	(99)	(82)
Other business	(36)	(140)	(251)	(397)	(393)	(413)	(413)	(178)	(87)
Company-wide	(591)	(591)	(659)	(629)	(678)	(654)	(632)	(651)	(609)
Elimination of inter-segment transactions	2	(19)	(40)	(24)	(8)	17	(42)	17	9

Earnings forecast for FY2024

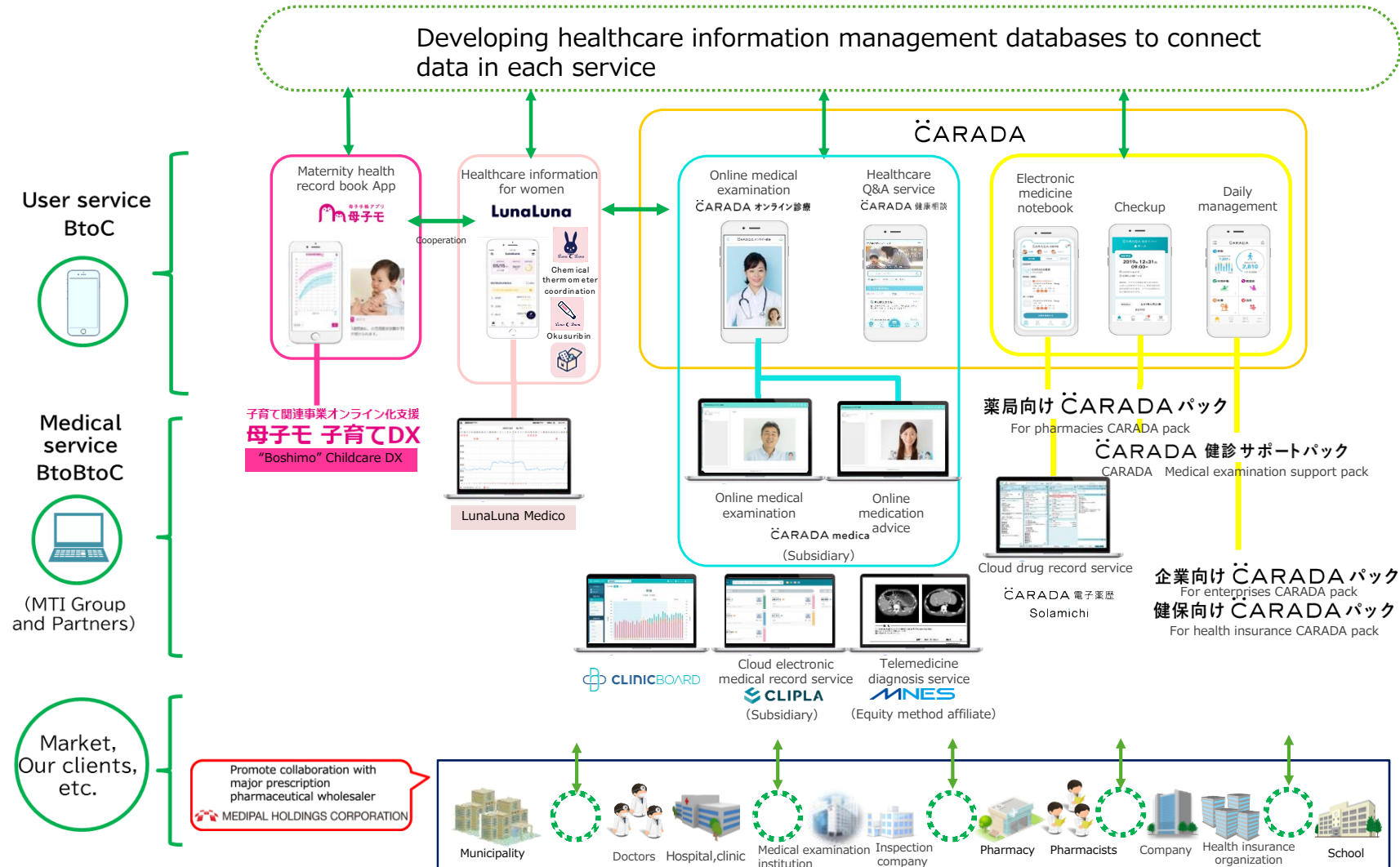
(Unit : Mil yen)	FY2023 (Actual)			FY2024 (Forecast)			YoY	
	Full year	H1	H2	Full year	H1	H2	Amount (full year)	Ratio (full year)
Net sales	26,798	13,631	13,167	27,000	13,000	14,000	+201	+0.8%
Cost of sales	8,425	4,481	3,944	7,600	3,600	4,000	(825)	(9.8)%
Gross profit	18,373	9,150	9,222	19,400	9,400	10,000	+1,026	+5.6%
SG&A	18,074	9,168	8,905	18,400	9,200	9,200	+325	+1.8%
Operating income	298	(18)	316	1,000	200	800	+701	+235.1%
(Ratio)	1.1%	(0.1)%	2.4%	3.7%	1.5%	5.7%		
Ordinary income	458	187	271	1,400	1,000	400	+941	+205.4%
(Ratio)	1.7%	1.4%	2.1%	5.2%	7.7%	2.9%		
Profit attributable to owners of parent	753	(326)	1,079	1,340	1,240	100	+586	+77.9%
(Ratio)	2.8%	(2.4)%	8.2%	5.0%	9.5%	0.7%		

The list of main healthcare services

Figures are the actual as of end of December 2023.

Name of service	Service of function	Business model
	Maternal and Child Health Handbook service app. Vaccine scheduling function, parenting curve and information provided by municipalities.	BtoBtoC. The app is provided at no additional charge for those of childbearing age including mothers. Collects monthly usage fees from contracted municipalities nationwide. The service has been introduced by 599 of 1,741 municipalities nationwide. Childcare DX service has been introduced by 150 municipalities.
LunaLuna	Healthcare info service for women. Forecasting menstrual day & ovulation day.	BtoC. Over 19 million DL cumulative.(Free APP) More than 500 thousand people have registered for "Pill mode". 300 yen fee or higher for fertility mode and other modes.
'Luna luna medico'	LunaLuna linkage function for gynecologists. Daily health information for female patients is shown on hospital computers. The service is for fertility treatment.	BtoBtoC. (The service is currently provided at no additional charge.)
LunaLuna online medical examination	Complete online service provided in a single system, from making reservations for gynecological examinations to delivery of drugs from pharmacies	BtoBtoC.
 (CARADA Health consultation)	Q&A service for doctors and people engaged in medical services. Helps eliminate daily health concerns.	BtoC. ¥400/month
 (CARADA Online medical examination)	the system offers full features that are necessary for online medical examination, from reservations to delivery of drugs and prescriptions .	BtoBtoC. Contracts with clinics and pharmacies.
CARADA	Service for medical examination institutions. Results of health checkups, including previous records, are sent to relevant smartphones as a graphic. The service, which enhances users' convenience, contributes to increasing the rate of checkups at health examination institutions.	BtoBtoC. Collects monthly usage fees from health examination institutions.
 Solamichi (CARADA Cloud drug history service)	Cloud drug administration record service for pharmacies The drug administration record navigation function is highly rated. Links with the CARADA medical history notebook app.	BtoB. Initial cost for introduction + monthly usage fee 1,923 orders have been received.

Healthcare business: Overview of Healthcare services

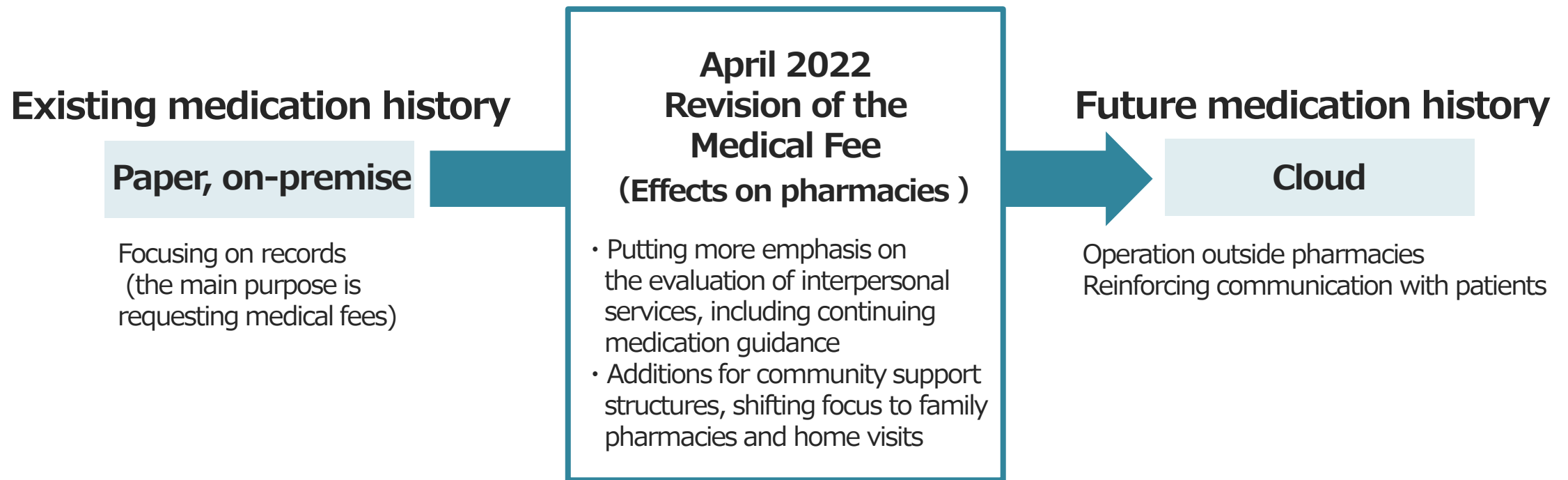


*Some images are under development and may differ from the actual ones.

*The services provided by the Group include some services that provide support for medical sites, but do not perform medical activities.

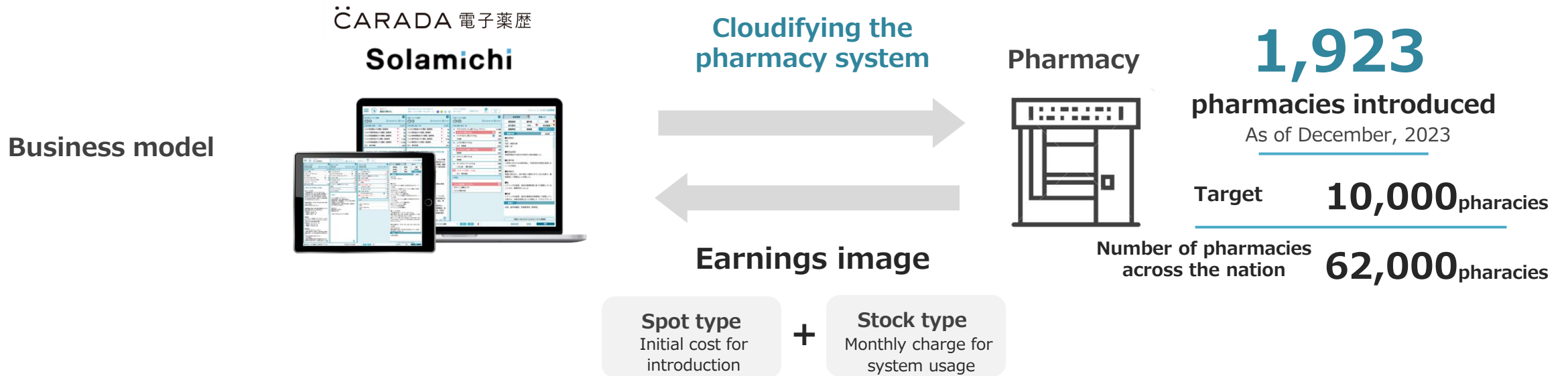
Healthcare business : Cloud drug record service

In response to the medical fee revision, the Company will promote a shift “from services handling materials to interpersonal services” at pharmacies and promote ICT at pharmacies as well.



Demand for cloud drug record that has a wealth of medication advice and medication follow-up functions will increase.

Healthcare business : Cloud drug record service

Market development with cloud technologies**What is 'medication history'?**

Patient's drug prescription records

Pharmacists at pharmacies dispense drugs based on doctor's prescriptions. After the drugs are administered, they monitor the effects and possible adverse effects through direct interaction with patients to prepare a drug administration history for each patient. With each revision of the revision of the Medical Fee System, interest in electronic drug histories, especially those featuring "cloud drug record" and "medication administration guidance functions," has increased, shifting from traditional paper or on-premise drug records to cloud-based systems.



Healthcare business : Maternal and child health handbook app

“Boshimo” is a parenting support app that provides seamless support from pregnancy, childbirth and childcare.

Maternal and
child health
handbook
app

母子手帳アプリ 母子モ

あなたへのお知らせがあります

はる そうた さくら

そうた
0歳7か月24日
出産時の情報
生まれてから239日

あなたへのお産立ちアドバイス NEW
ママからもらった免疫が切れる頃なので、発熱などの赤ちゃんの体調には、注意して。夜間や休日の...

予防接種管理 身体発育曲線
乳幼児健診 できたよ記念日

自分でお産りできた

HOME 地域の子育て情報 成長のまらく

Pregnancy・Birth

Pregnancy health records pregnancy Vaccination management Infant health Height and weight Growth records

Notice

『子育て世代包括支援センター』にご相談ください

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facility search

おぐら小児科

Local childcare events

子育て世代包括支援センター

Questionnaire

アンケート

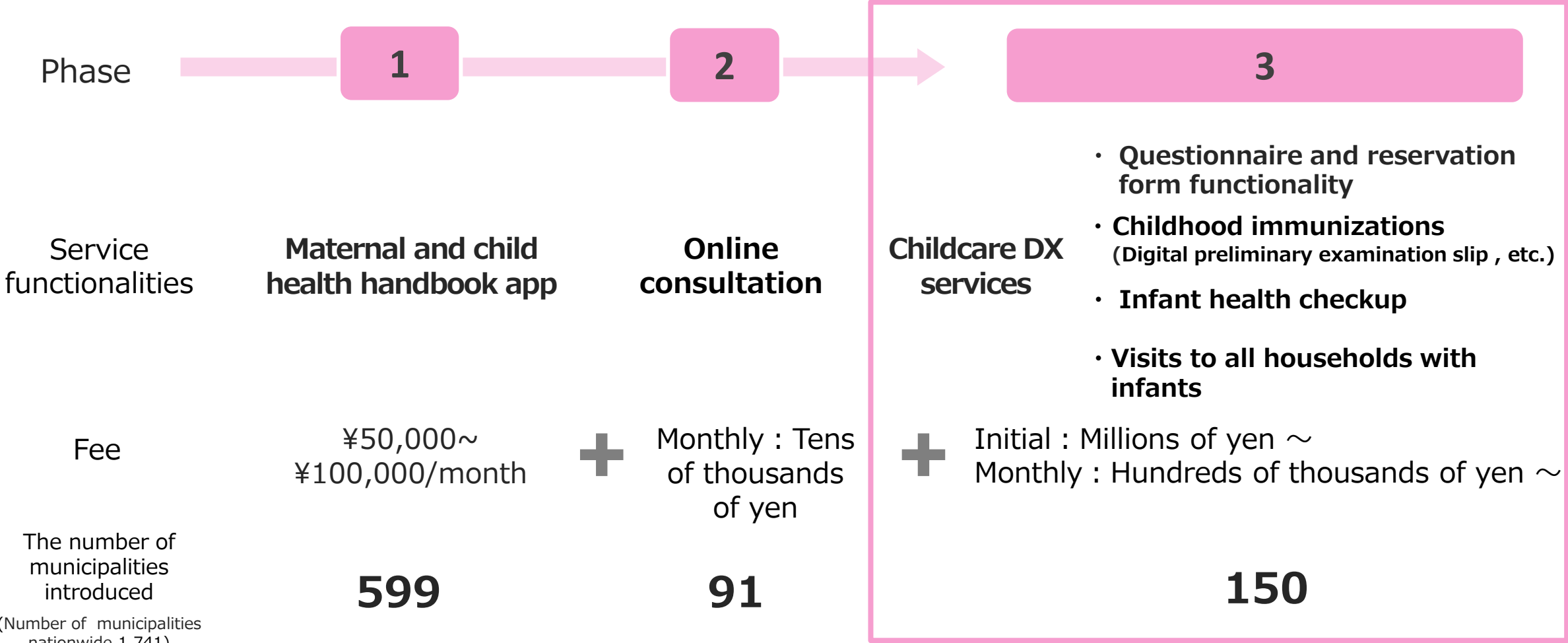
Schedule management

カレンダー



Healthcare business:
Maternal and child health handbook app + Childcare DX services

Development of the platform business starting with the maternal and child health handbook app "Boshimo"



(Number of municipalities nationwide 1,741)

*The fee structure is set by each municipality according to the number of births.

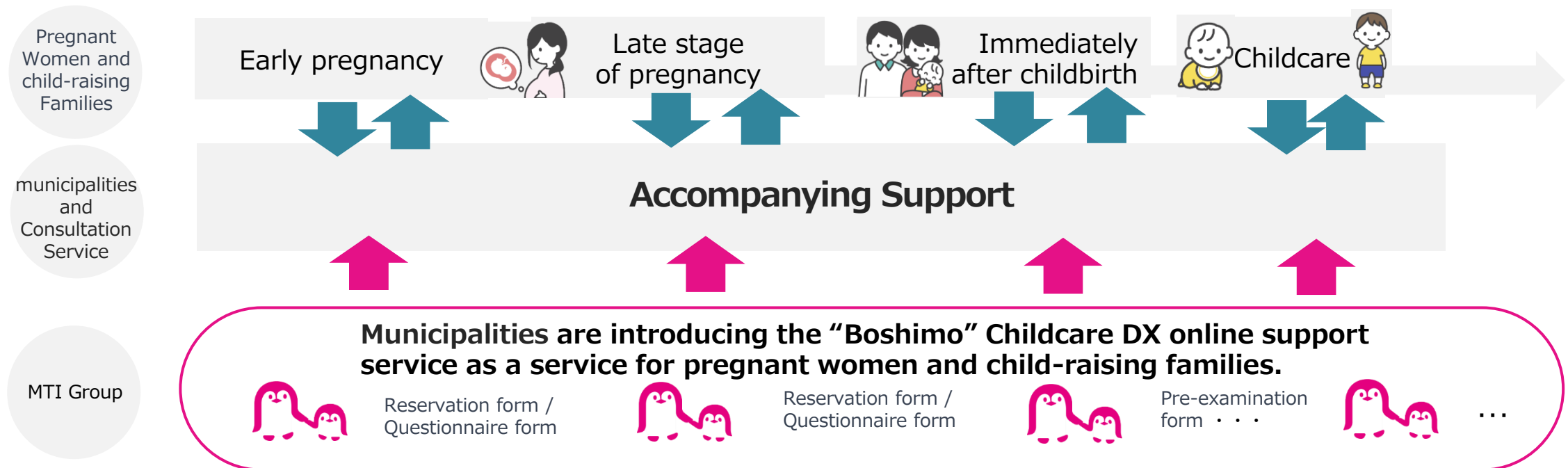


Healthcare business : Maternal and child health handbook app + Childcare DX services

Phase 3 : Childcare DX services

What is 'Accompanying Support Program'?

Government pregnancy and childcare support service launched in January 2023. Supports pregnant women and child-raising families with children below the age of 3 to plan for childbirth and raising children. Includes a total of three face-to-face meetings (upon registration of pregnancy and directly before and after birth) and a gift voucher of 100,000 yen. Parents are also put in contact with a local counselling organizations to give them peace of mind and provide a supportive environment for childbirth and parenting.

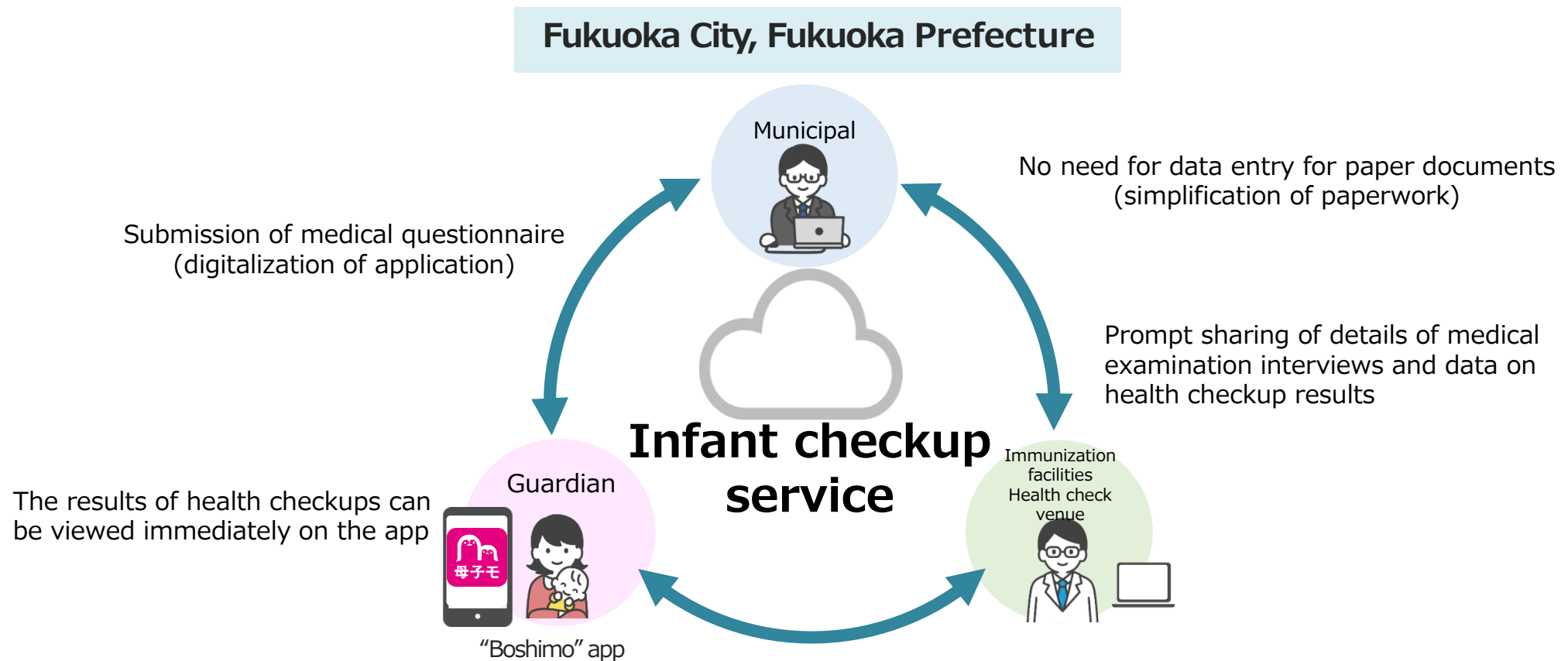




(Reference) Healthcare business :
Maternal and child health handbook app + Childcare DX services

Phase 3 : Childcare DX services

**Municipalities advance childcare DX with the introduction of infant health checkup services.
(Digitization of medical questionnaires and medical checkup results)**





(Reference) Healthcare business : Maternal and child health handbook app + Childcare DX services

Phase 3 : Childcare DX services

Municipalities which were quick off the mark with childcare measures are pushing ahead with DX through the introduction of MTI's services.

Kitakyushu City, Fukuoka Prefecture

Electronic filing of pregnancy notifications(APP)

- Prior applications for issuance of a maternal and child health handbook can be submitted via the app.
- Pregnancies registered via the app account for more than 93% of the total birth rate.



Ichihara City, Chiba Prefecture

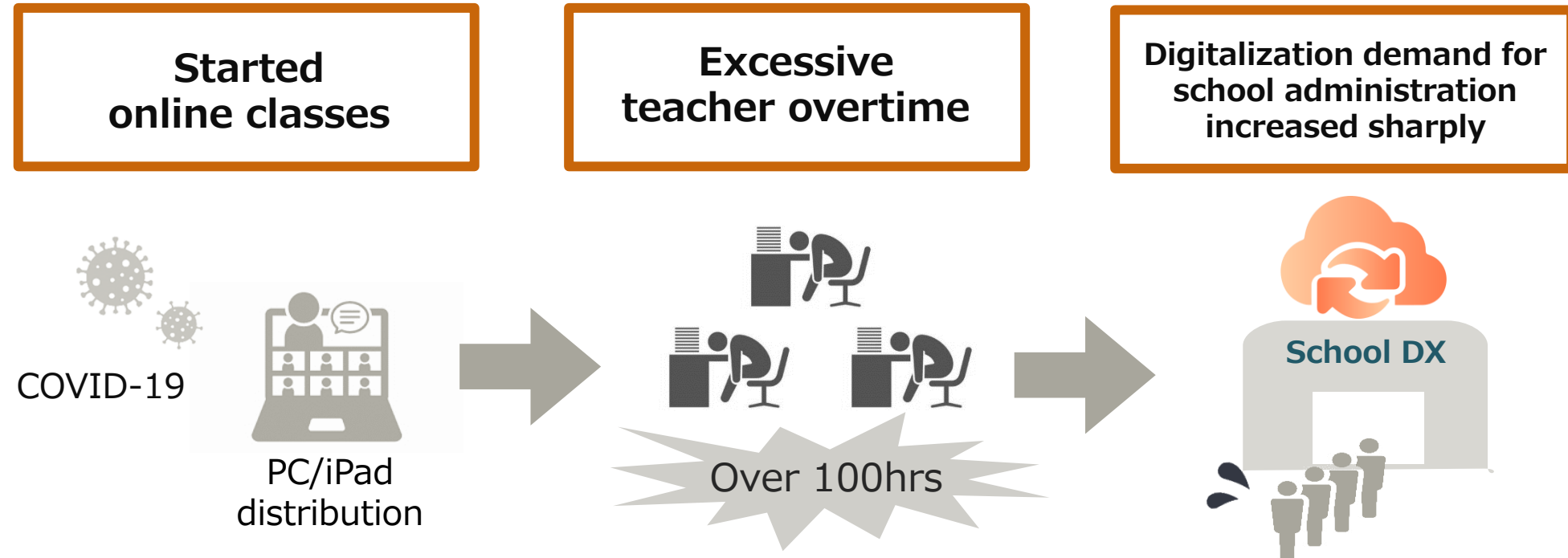
Digital pre-vaccination form for childhood immunizations

- Digital pre-vaccination forms are being used at medical institutions that have introduced the service.
- Time taken for verification between vaccinations has been shortened from 3 minutes to several seconds.



School DX business : Cloud-based school affairs support system

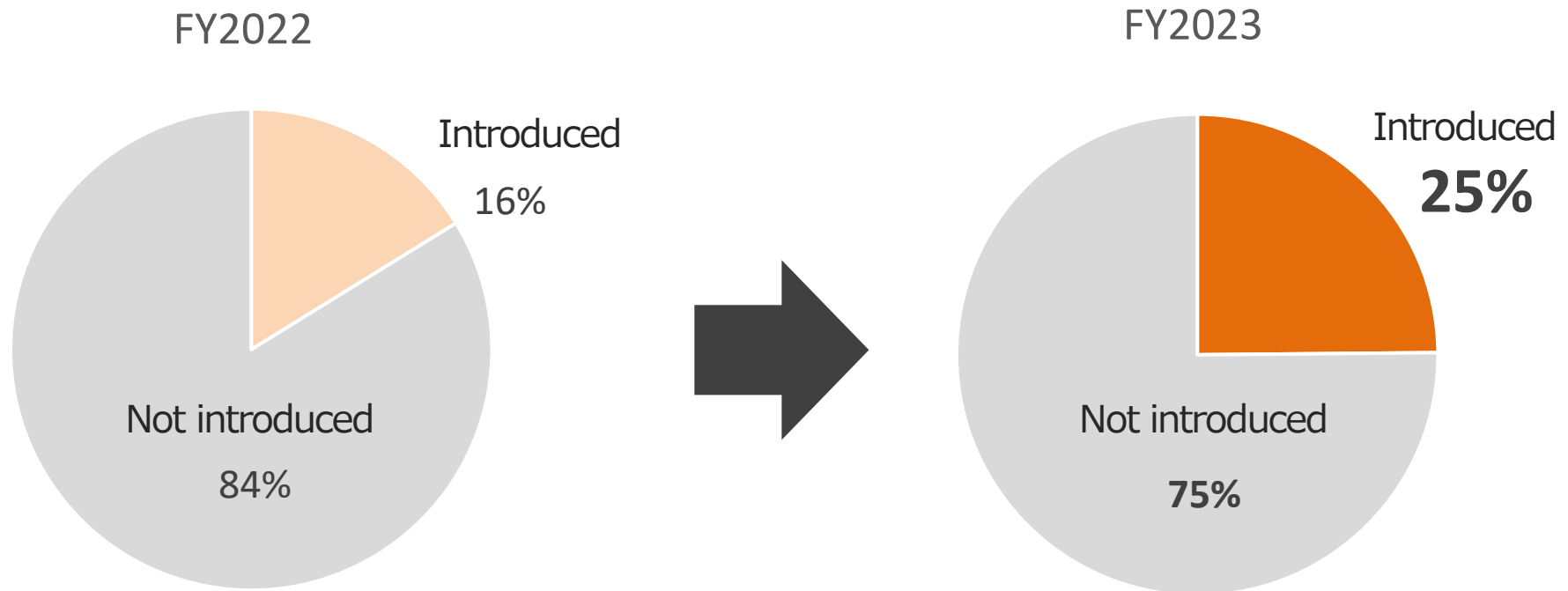
Following an online classes boom,
demand for the school DX business increased sharply



- Investment in cloud school administration (school DX) increased in response to a sharp increase in demand
- Digitalization is slow in this area, and the business is expected to grow

School DX business : Cloud-based school affairs support system

Share grew to 25% of all private high schools in Japan



*Includes some elementary and junior high schools

Document: Created by our company, sourced from the Ministry of Education, Culture, Sports, Science and Technology (MEXT) website.
(https://www.mext.go.jp/a_menu/koutou/shinkou/main5_a3_00003.htm#topic1)



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