



# Financial Results Briefing Material for Q3 FY2024

August 7, 2024

Securities Code : 9438

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- Maternal health record book app + Childcare DX services
- School DX business

# Financial Results Overview for Q3 FY2024

# Financial highlight

## 1 Q3 Results Flat net sales, substantial increase in profits

|   |                        | YoY            | Percentage change |
|---|------------------------|----------------|-------------------|
| Net sales :                               | <b>¥20,536 million</b> | +398 million   | +2.0%             |
| Operating income :                        | <b>¥1,752 million</b>  | +1,770 million | -%                |
| Profit attributable to owners of parent : | <b>¥2,243 million</b>  | +1,748 million | +353.0%           |

## 2 Revision of Full-year earning forecast upward

|   |                        | Change from the latest forecast |
|---|------------------------|---------------------------------|
| Net sales :                               | <b>¥27,500 million</b> | +500 million                    |
| Operating income :                        | <b>¥2,200 million</b>  | +400 million                    |
| Profit attributable to owners of parent : | <b>¥2,400 million</b>  | +650 million                    |

## 3 Approach and performance for Q3

- Healthcare business : Cloud drug record service is performing well (Record number of pharmacies that introduced the service )
- School DX business : The number of schools introduced in April 2024 led to not only an increase in sales but also a shift to profitability.

**Net sales: Flat**

**Operating income, ordinary income, profit : Substantial increased**

| ( Unit : Mil yen )                      | FY2023<br>Q3 | FY2024<br>Q3 | YoY     |            |   |
|---|--------------|--------------|---------|------------|---|
|   |              |              | Amount  | Percentage |   |
| Net sales                               | 20,138       | 20,536       | +398    | +2.0%      | The same period of previous year:<br>739million Yen: Posting of spot sales of<br>the video-streaming service  |
| Cost of sales                           | 6,495        | 5,443        | (1,051) | (16.2)%    |   |
| ratio                                   | 32.3%        | 26.5%        |         |            | <ul style="list-style-type: none"> <li>• Loss-making projects in the DX support business for companies have wound down</li> <li>• The same period of previous year:<br/>649million Yen :Posting of spot cost of sales of the video-streaming service</li> </ul> |
| Gross profit                            | 13,643       | 15,093       | +1,449  | +10.6%     |   |
| ratio                                   | 67.7%        | 73.5%        |         |            | Decrease in personnel and development costs   |
| SG&A                                    | 13,661       | 13,340       | (320)   | (2.3)%     |   |
| ratio                                   | 67.8%        | 65.0%        |         |            | Increase in equity method investment income (+537million yen)   |
| Operating income                        | (17)         | 1,752        | +1,770  | -%         |   |
| ratio                                   | (0.1)%       | 8.5%         |         |            |   |
| Ordinary income                         | 151          | 2,363        | +2,211  | -%         |   |
| ratio                                   | 0.8%         | 11.5%        |         |            |   |
| Profit attributable to owners of parent | 495          | 2,243        | +1,748  | +353.0%    |   |
| ratio                                   | 2.5%         | 10.9%        |         |            |   |

## Consolidated SG&A

**Advertising expenses: Increased**

**Personnel expenses: Exclusion of subsidiary from consolidation**

**Development costs: Improved development costs for the school DX business**

| ( Unit : Mil yen )   | FY2023<br>Q3 | FY2024<br>Q3  | YoY    |            |  |
|----------------------|--------------|---------------|--------|------------|--|
|                      |              |               | Amount | Percentage |  |
| SG&A                 | 13,661       | <b>13,340</b> | (320)  | (2.3)%     |  |
| Advertising expenses | 1,569        | <b>2,012</b>  | +442   | +28.2%     | • Increase in sales promotion costs for AdGuard  |
| Personnel expenses   | 5,904        | <b>5,409</b>  | (495)  | (8.4)%     | • Exclusion of subsidiaries from consolidation   |
| Commission fee       | 2,223        | <b>2,135</b>  | (87)   | (3.9)%     |  |
| Subcontract expenses | 1,513        | <b>1,319</b>  | (194)  | (12.8)%    | • Improve development costs (School DX business) |
| Depreciation         | 924          | <b>998</b>    | +89    | +9.9%      |  |
| Other                | 1,526        | <b>1,466</b>  | (60)   | (4.0)%     |  |

## Revision of earning forecast of FY2024

### All forecasts revised upward

| ( Unit : Mil yen )                         | FY2024<br>Full-Year<br>(latest forecast) | FY2024<br>Full-Year<br>(actual) | Difference    |        |
|--|--|---------------------------------|---------------|--------|
|  |  |                                 | (million yen) | (%)    |
| Net sales                                  | 27,000                                   | <b>27,500</b>                   | +500          | +1.9%  |
| Operating income                           | 1,800                                    | <b>2,200</b>                    | +400          | +22.2% |
| Ordinary income                            | 2,250                                    | <b>2,750</b>                    | +500          | +22.2% |
| Profit attributable to<br>owners of parent | 1,750                                    | <b>2,400</b>                    | +650          | +37.1% |

# Performance by segment

## Content Business

- Content service
  - Entertainment & Life
  - Security-related
- 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



CARADA 電子薬歴  
Solamichi

## School DX Business

- School DX service

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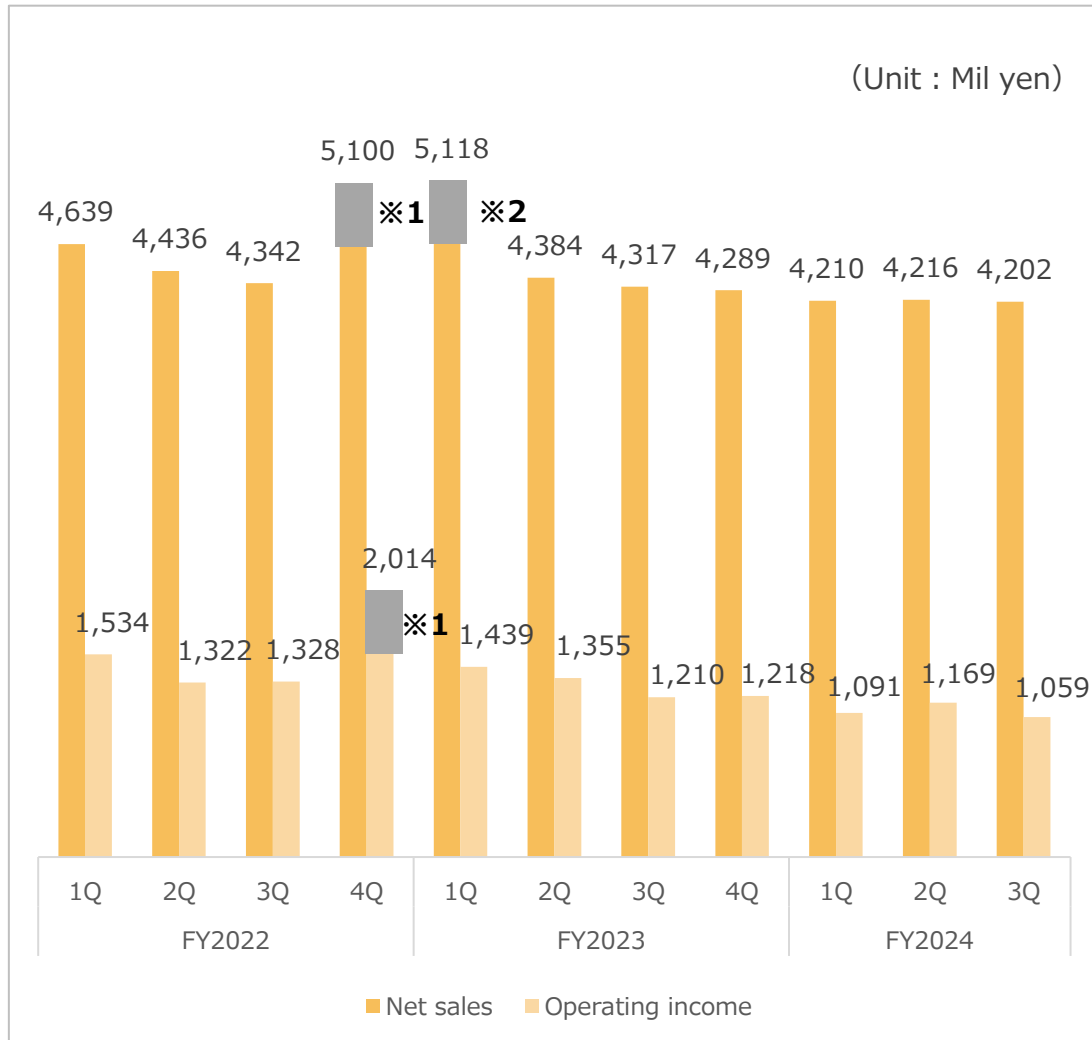
## Other Business

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





## Content business : Net sales and operating income



QoQ

### Net sales: Flat

The number of paying subscribers remained almost unchanged.

QoQ

### Operating income: Flat

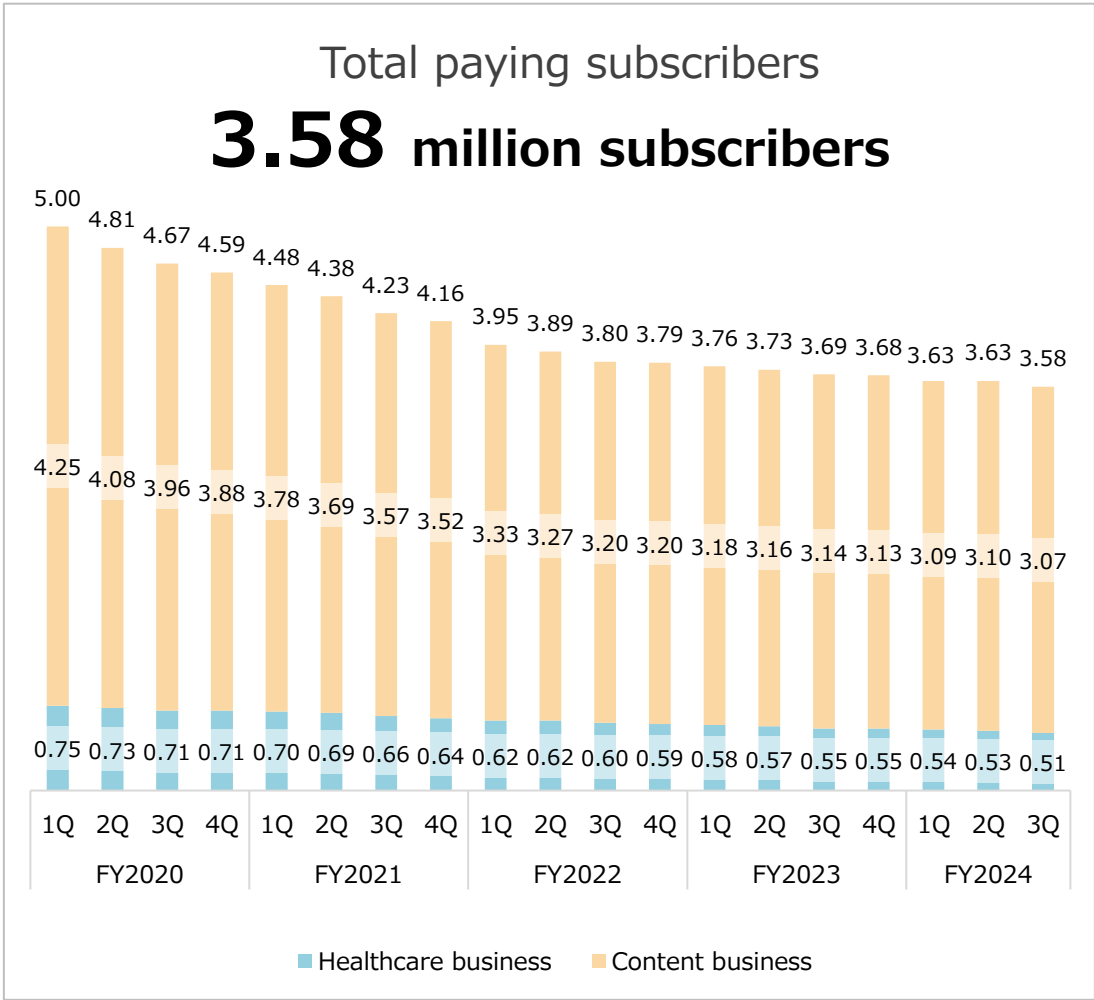
Increased in advertising expenses

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

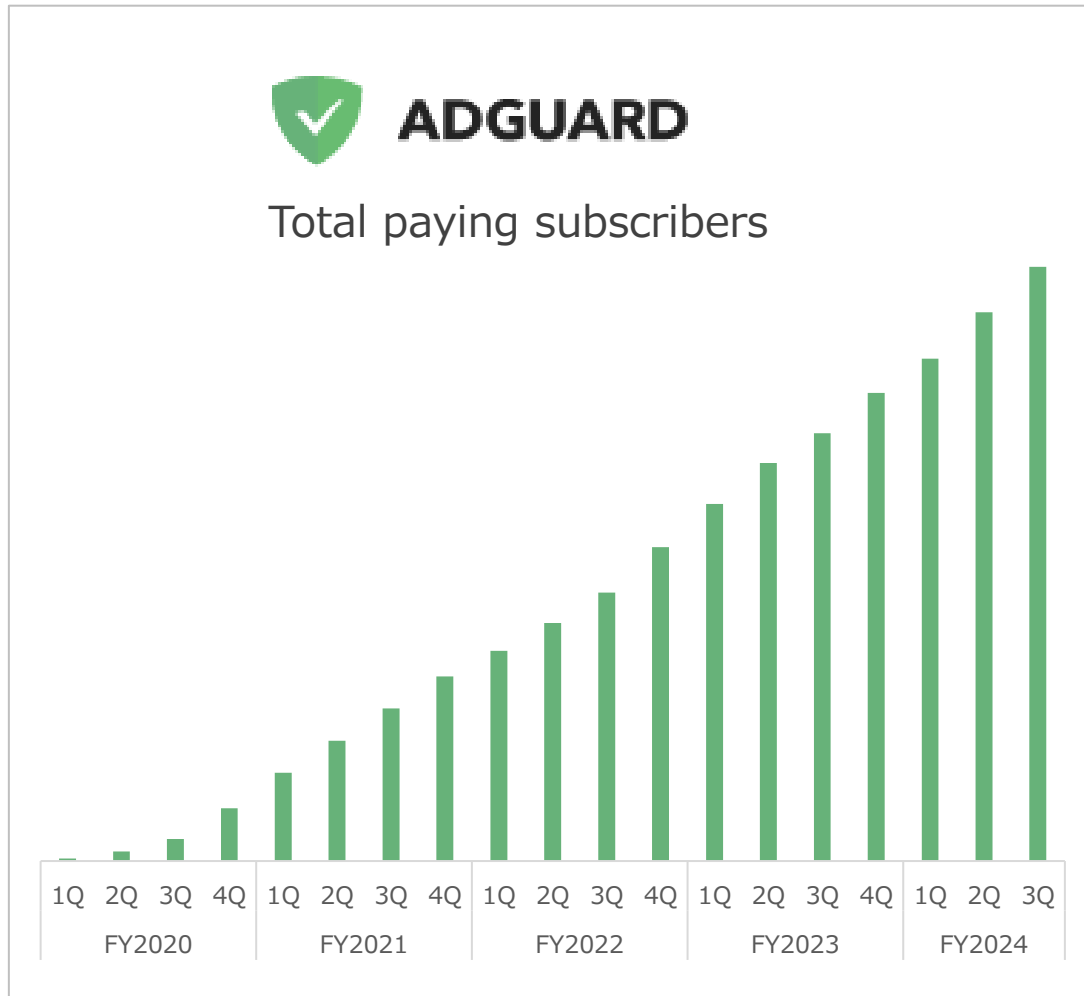


Total paying subscribers

**Flat**

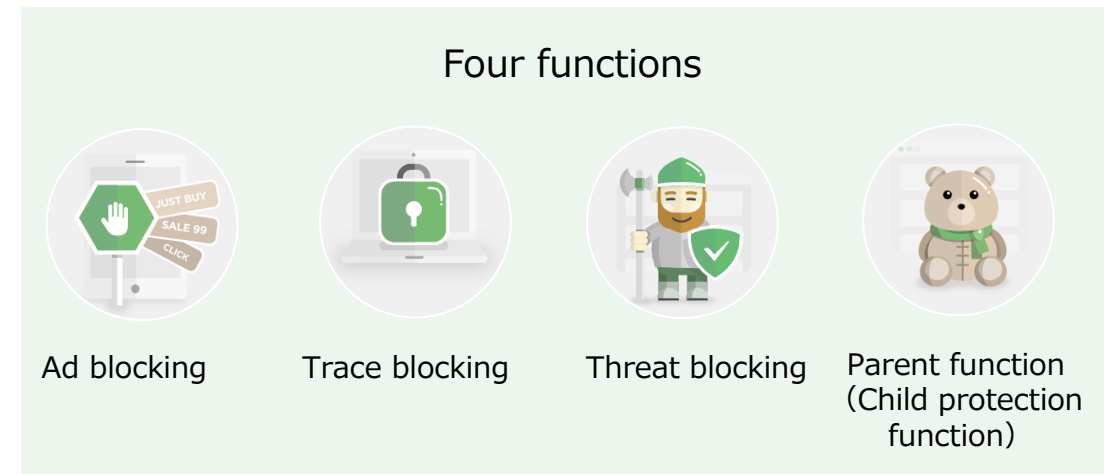
**Brisk Security-related app**

## Content business: Security-related app

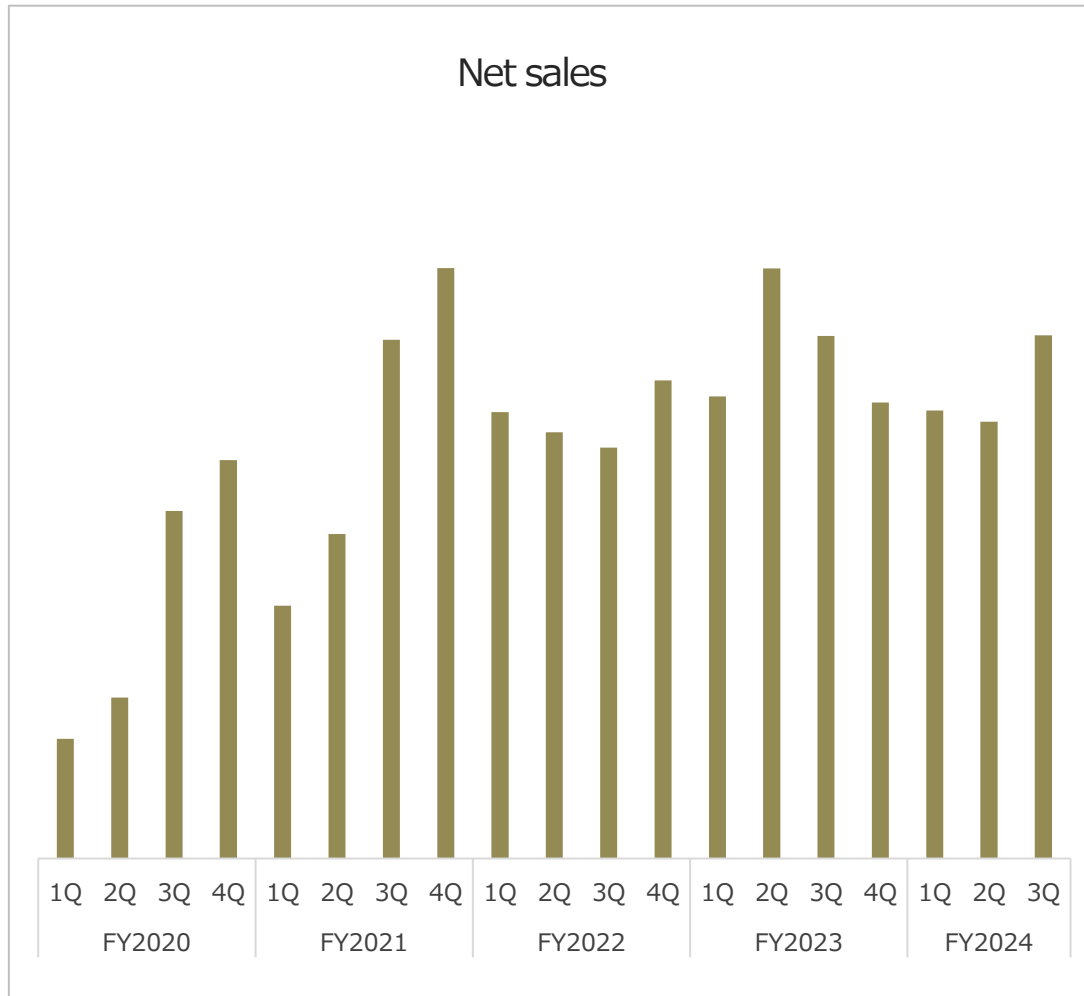


## The security-related app continues to perform well

Total paying subscribers  
**850 thousand subscribers**



## Content business: Original comics content business

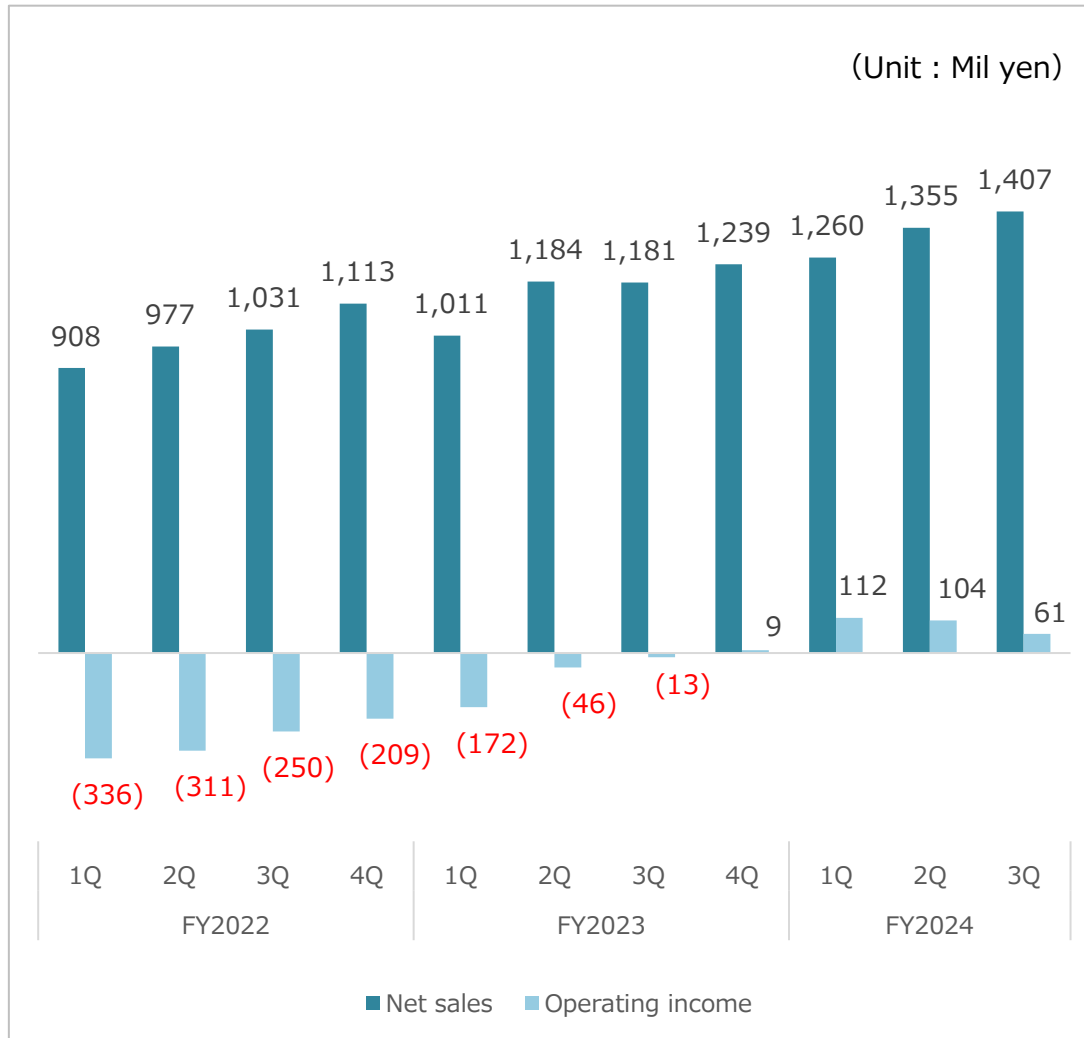


### Original comics content business

## Stable trend

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

## Healthcare business: Net sales and operating income



QoQ

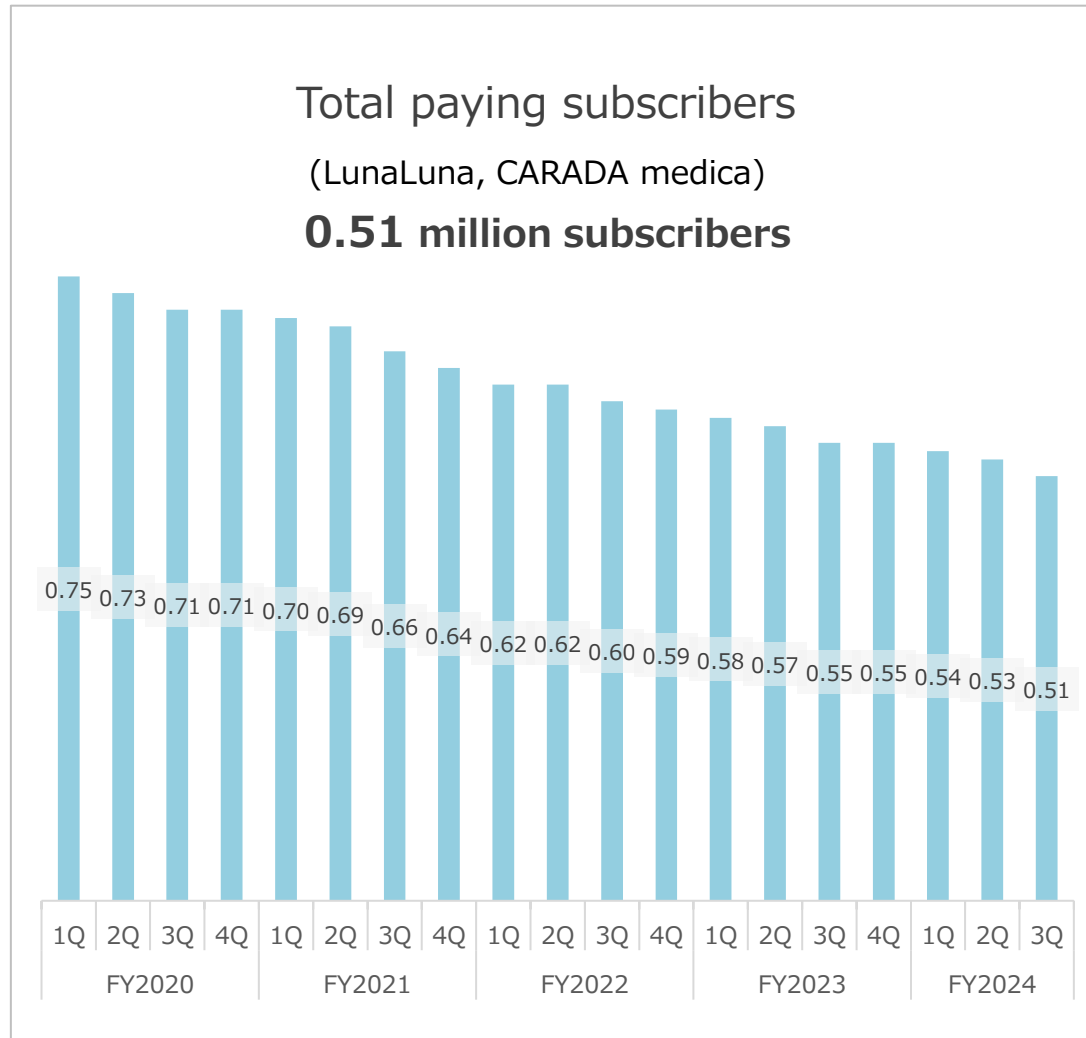
### Net sales: growth

QoQ

### Operating income: On a positive trend

- Brisk Cloud drug record service

## Healthcare business: Monthly content service

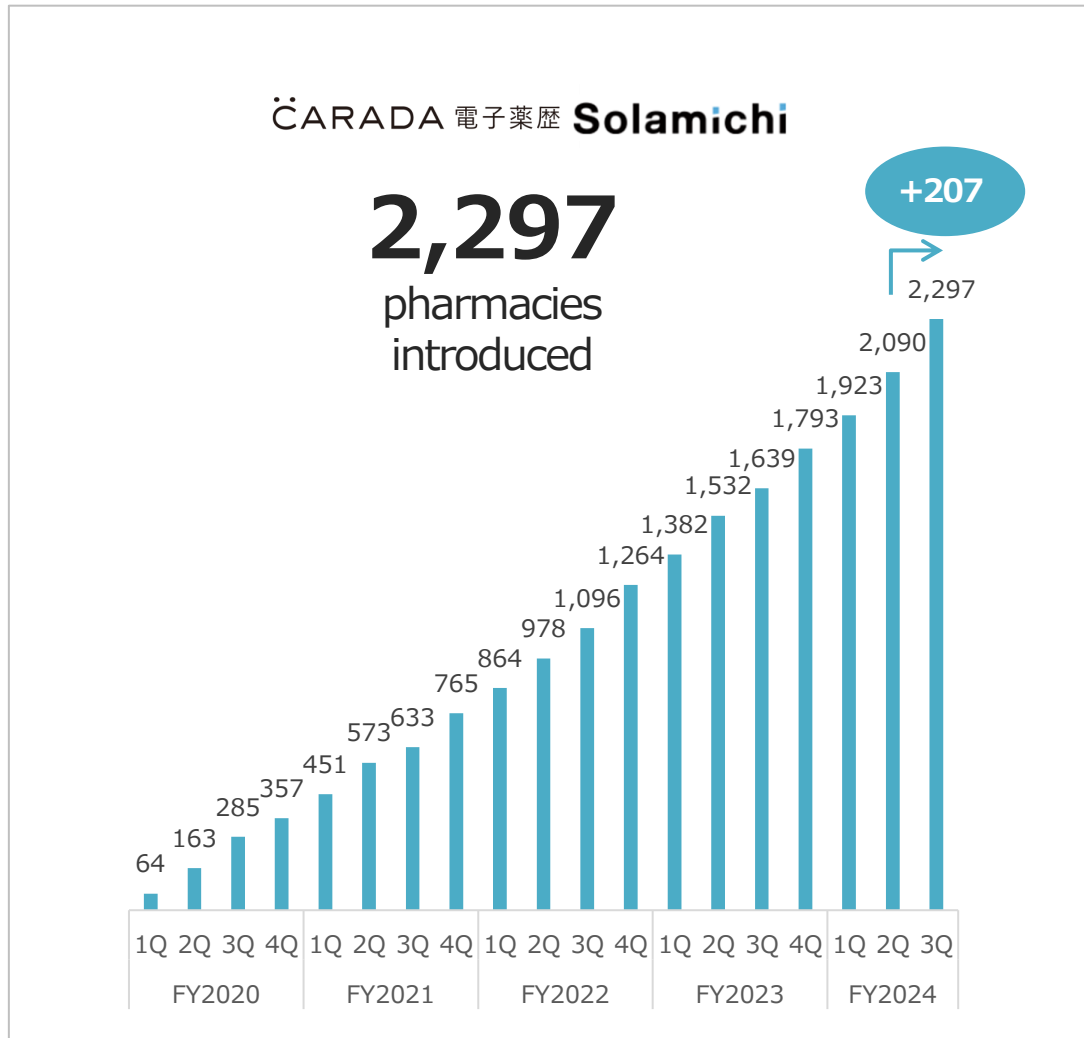


### Monthly subscription content service

Total paying subscribers

## Levelled off

## Healthcare business: Cloud drug record service



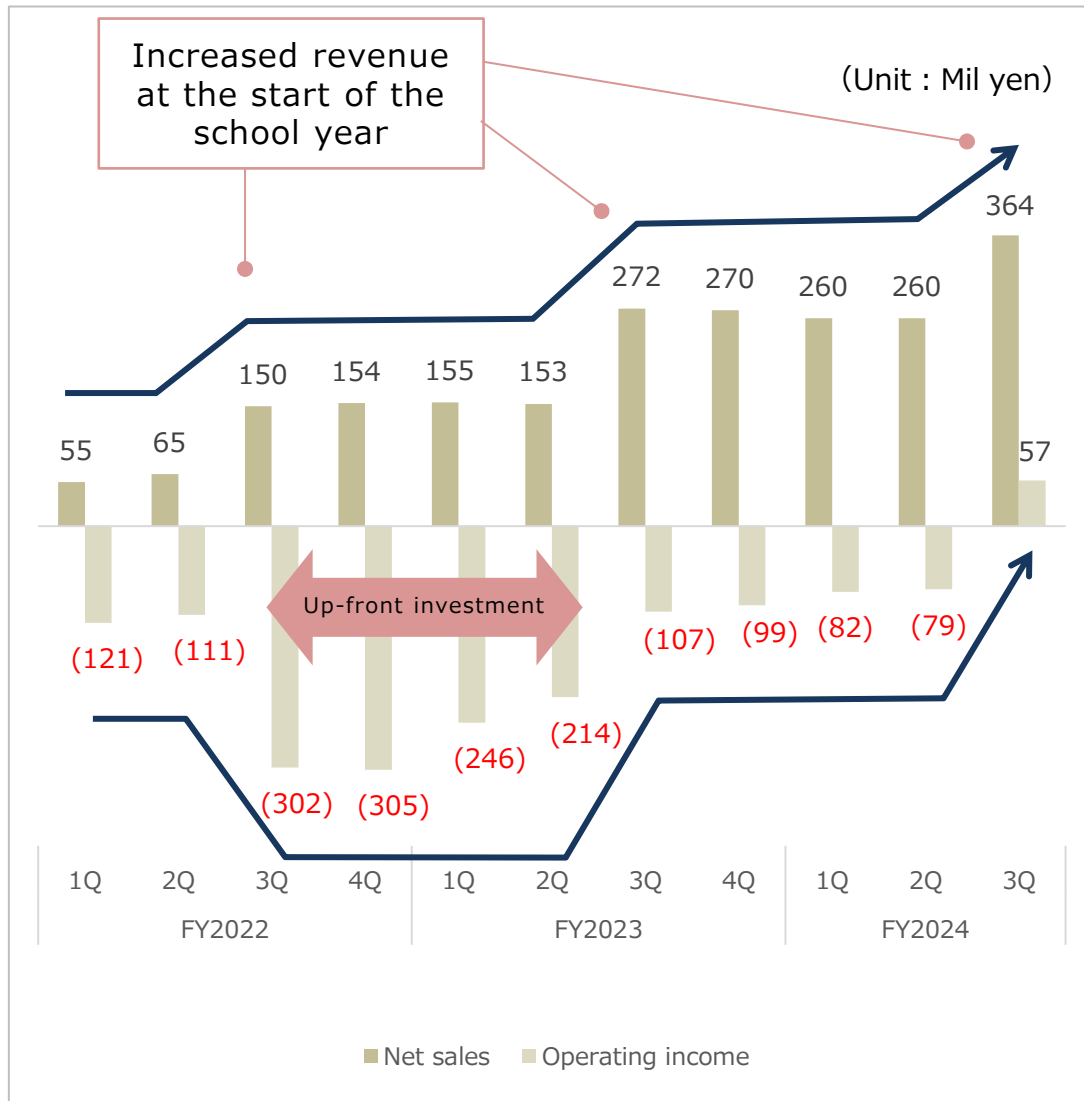
## Cloud drug record service

Total introduced pharmacies

## Steady expansion

Record high on a quarterly basis

## School DX business: Net sales and operating income



QoQ

### Net sales: Expansion

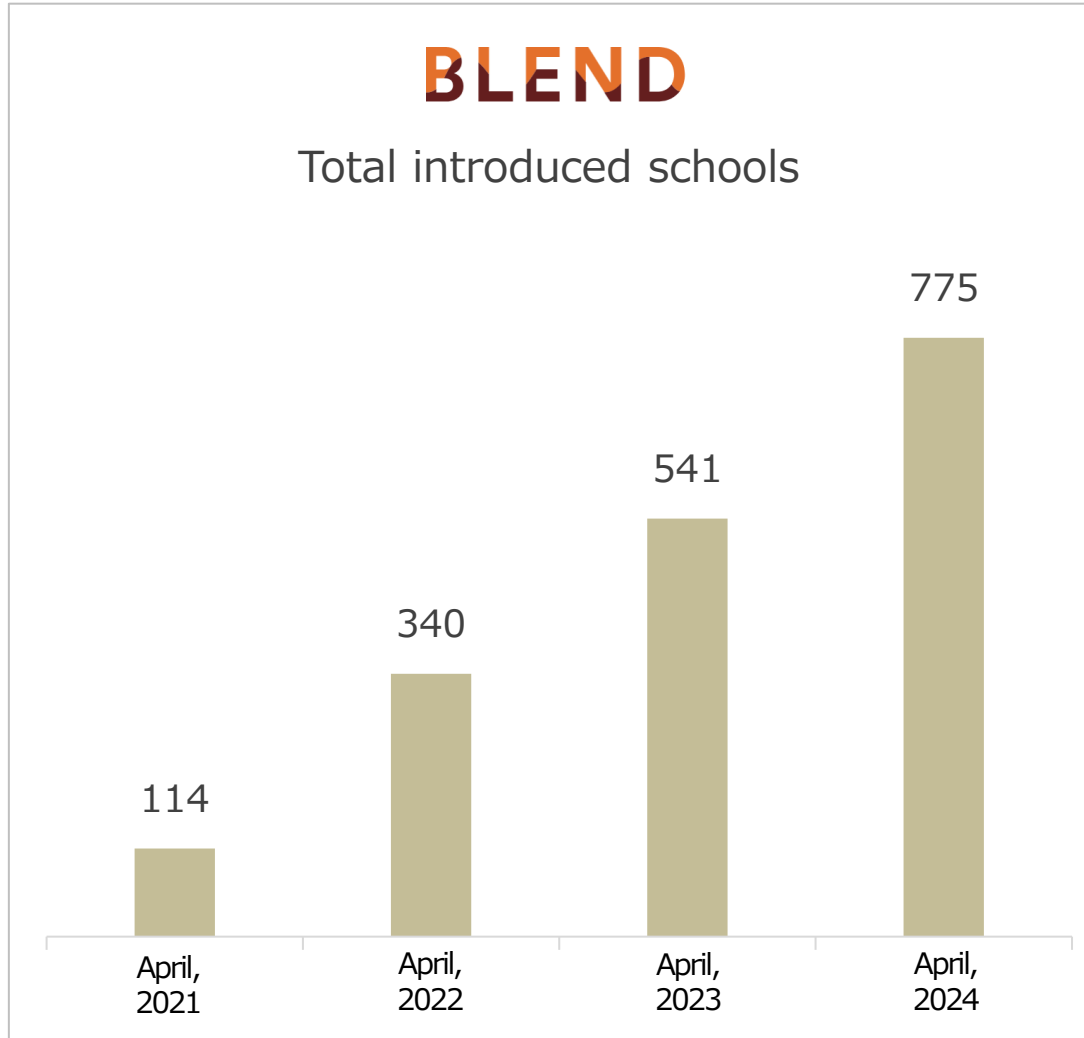
QoQ

### Operating income: Returning to profit

Significant reduction in losses compared to the same period last year



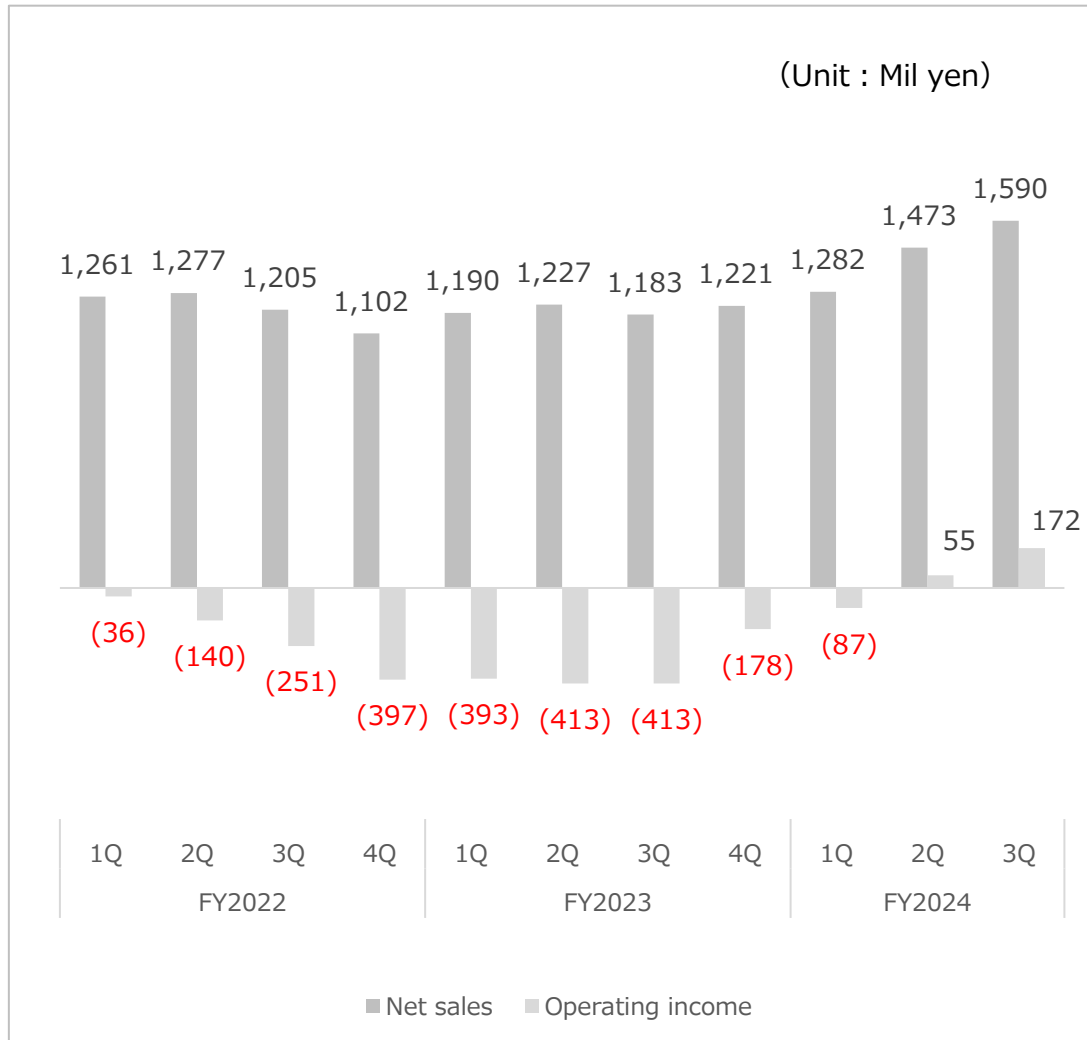
## School DX business: Cloud-based school affairs support system



**The number of schools introducing our services is progressing well**

**Private high school share expanded to 35%**

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



QoQ

### Net sales: Growth

Orders in the corporate DX support business increased

QoQ

### Operating income: On a positive trend

Orders in the corporate DX support business increased

# Future Approach

## 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: Future approach

Connecting pharmacies and patients

## Cloud drug record service

CARADA 電子薬歴 Solamichi



B2B service for pharmacy

Connecting parenting households  
and municipalities & hospital

Maternal and child health handbook app

+

Childcare DX services



B2BtoC service for municipalities

## New functional services the automatic summary function has been well received

To further improve operational efficiency

### Medication guidance navigation + AI automatic summarization feature

#### Other functions

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

### ● Continuing to strengthen cooperation in sales ●

Collaboration with a major prescription pharmaceutical wholesaler



Automatically extracts  
necessary items for  
the medical record



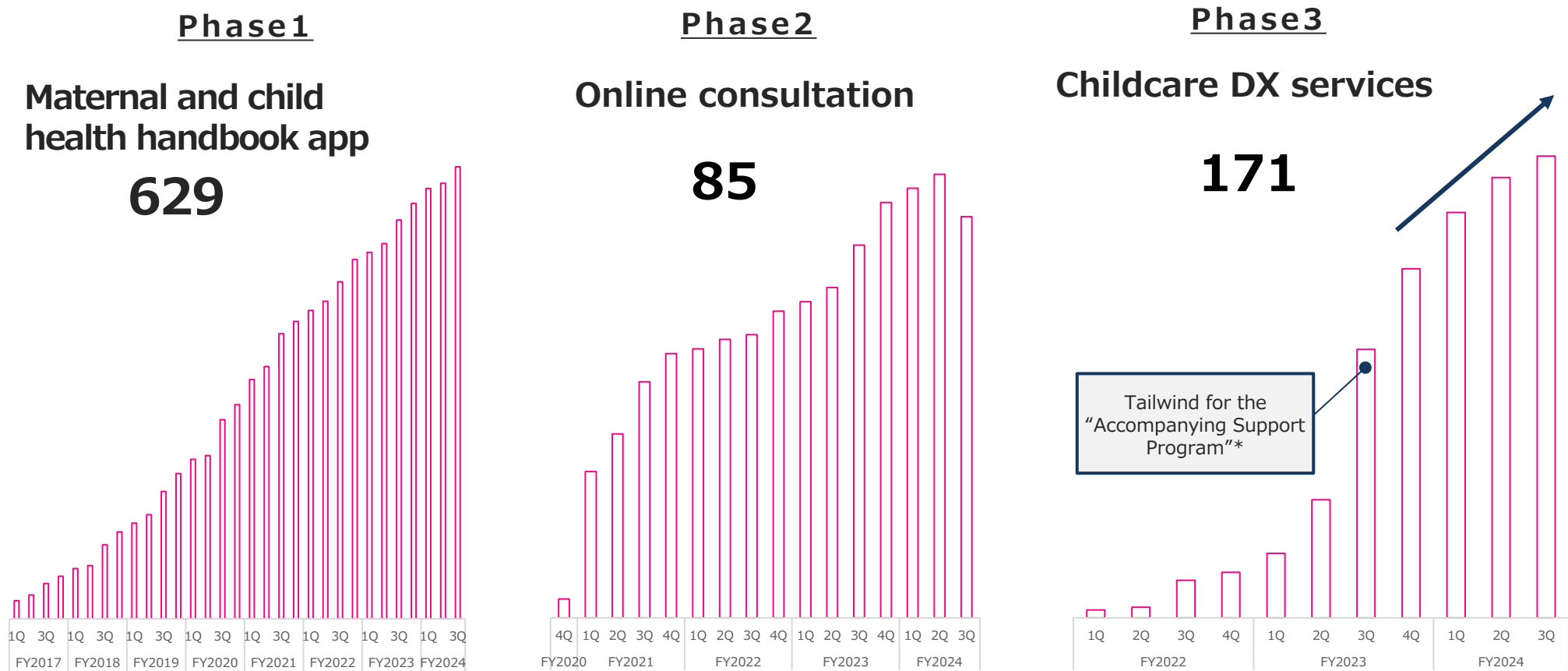
\* "corte" was jointly developed by our subsidiary Solamichi System Inc. and by corte Inc.

\* "Corte" is a registered trademark of Corte Inc.

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



**Introduction smoothly:**  
**the childcare DX services at municipalities using “Boshimo”**



\* Transferred to “Children and Families Agency” from April 1,2023 .

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



- Questionnaire and reservation form functionality
- Childhood immunizations (Digital preliminary examination slip , etc.)
- Infant health checkup
- Visits to all households with infants
- Pregnancy checkups and pregnancy notification

## Functions

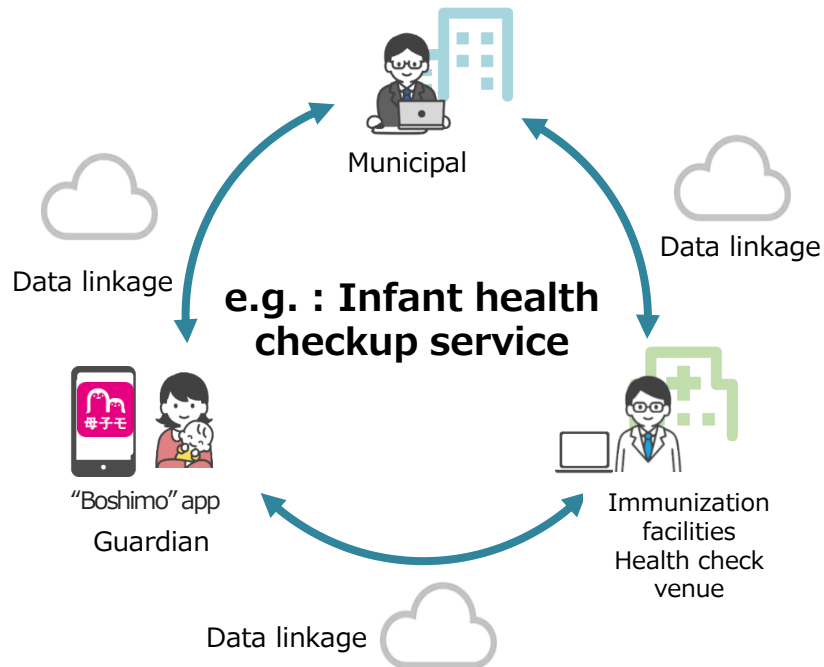
**Digitalization and cooperation of municipal services with medical institutions in the childcare field**

## Effects

**Reducing the burden on parents, municipalities, and medical institutions through data linkage**

## Values

**Promoting municipal childcare DX and improving the local childcare environment**





Connecting students and teachers

# Full-cloud school affairs support system

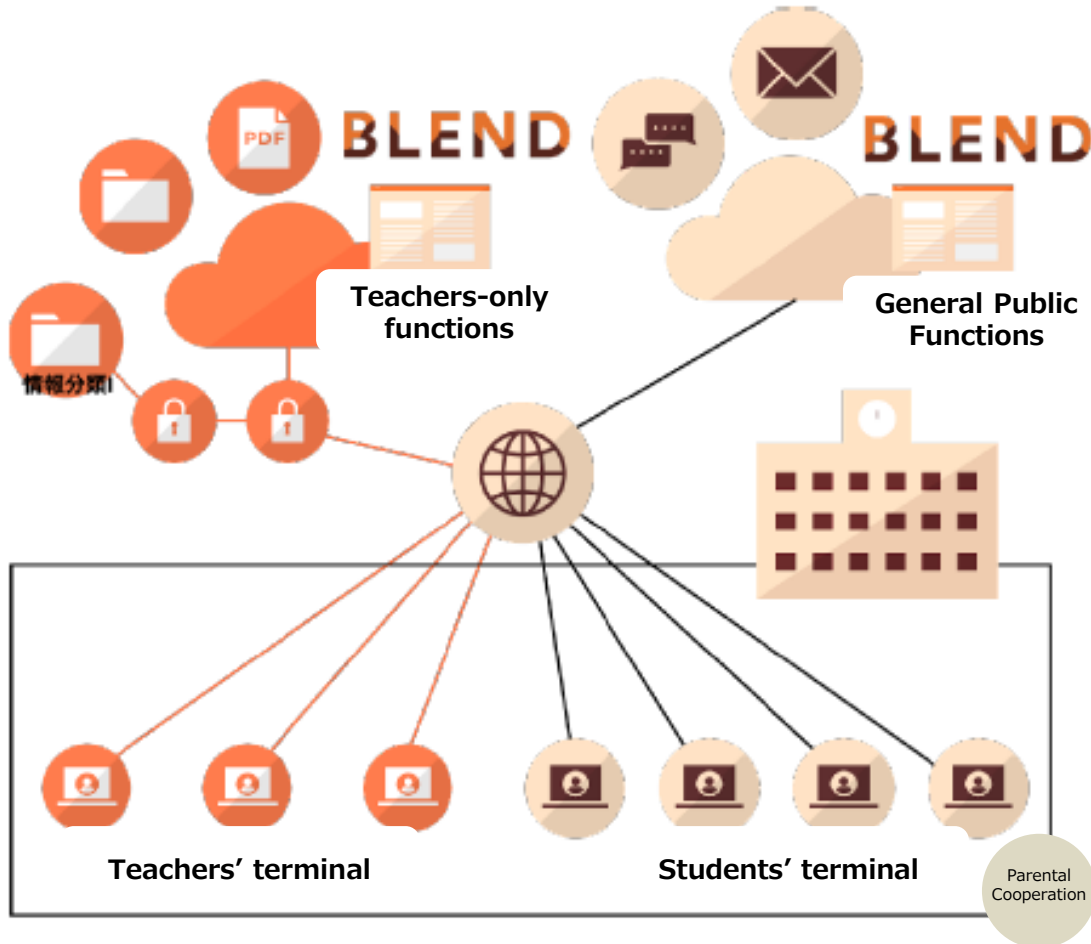
# BLEND



# School DX business : Full-cloud school affairs support system

A world with **BLEND**

## Eliminating all negatives



### Functions

- Fully cloud-based centralized management of data
- Data linkage without returning to the staff room
- Data linkage with parents and guardians

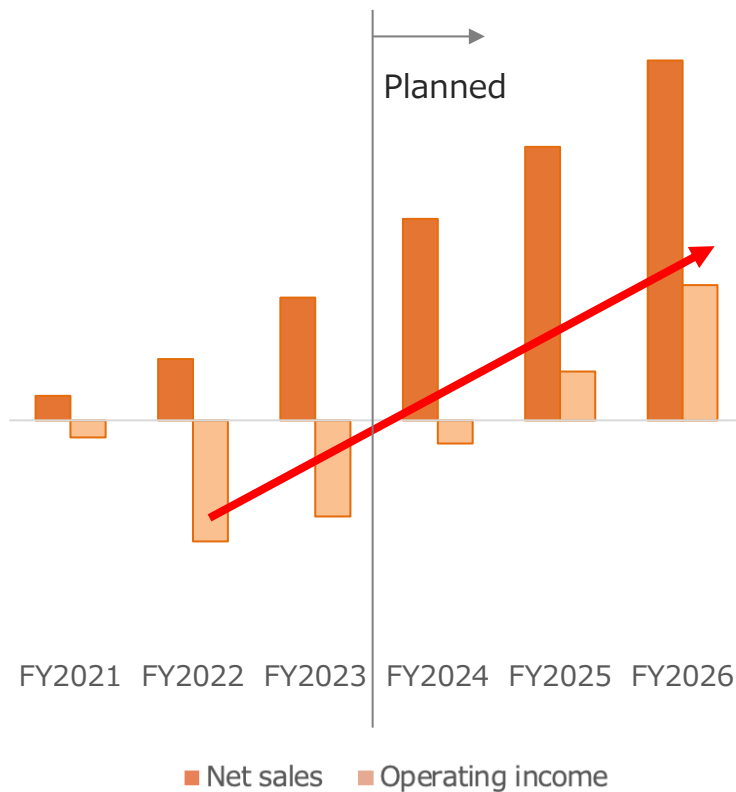
### Effects

- Reducing workload for school affairs
- Reducing system management costs

### Values

Create an environment that enables concentration on essential education through the provision of school DX services

### Image of medium-term profit



## Continuing increase in the number of schools introducing our service

Growth opportunities

- Accumulation of projects expected to be new introducing in April 2025
- Government driving DX for school affair unit by prefectural area

Differentiation

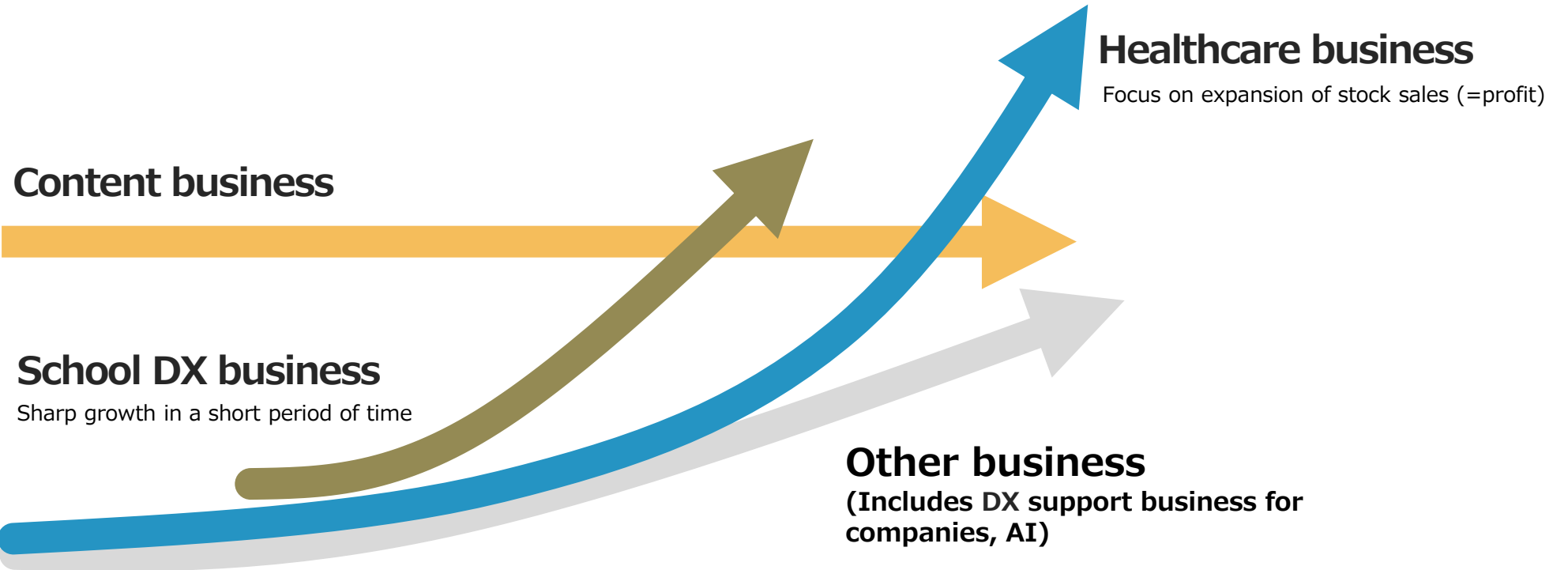
Cloud-based batch services

# Image of medium-term profit

## Image of medium-term profit

### Our Group

(by segment)



### Factors affecting profit

#### Healthcare business

Government promotion of digitalization / DX in mother and child health information  
(Improving the childcare environment is a pressing issue )

⇒ Accelerated introduction of digital maternal and child health handbook and childcare DX

#### School DX business

Government driving DX for school affair in prefectural areas  
(Improving efficiency in school administration is a pressing issue)

⇒ Accelerated introduction of full-cloud school affairs support systems



〈Contact us〉

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