



Financial Results Briefing Material for Q1 FY2025

February 13, 2025

Securities Code : 9438

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School DX business

Financial Results Overview for Q1 FY2025

I would now like to give you an overview of the results for the first quarter of the fiscal year ended September 2025.

1 Q1 Results

YoY : Net sales growth and an increase in operating income.

		YoY	Progress against initial first-half earning forecast
Net sales :	¥7,271million	+¥646million +9.8%	51.9%
Operating income :	¥718million	+¥282million +65.0%	53.2%
Profit attributable to owners of parent :	¥589million	¥(41)million (6.6)%	80.7%

2 Upward revision of earnings forecast (net profit)

		First-Half earning forecast	Full-Year earning forecast
Net sales :	Maintained	¥14,000million	¥28,500million
Operating income :	Maintained	¥1,350million	¥3,000million
Profit attributable to owners of parent :	Upward revision for first-half and full-year	¥1,320million	¥2,190million

* The median value of the performance forecast range is presented.

3 Q1 Achievements and initiatives

- **Healthcare business :** Cloud-based medication history service is performing well (Record number of pharmacies that introduced the service)
- **School DX business :** The new contracts for the April 2025 implementation are progressing smoothly.

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Here are the financial highlights.

- In the first quarter, both net sales and profit increased year-on-year.
- Compared to the initial forecast for the first half, figures from net sales to ordinary income are progressing within the expected range.
- Net income is trending above the forecast.
- As announced on January 31, only the profit forecast for the first half and full year has been revised upward. Details will be explained later.

The achievements in the first quarter initiatives are as follows:

- In the healthcare business, the number of pharmacies implementing cloud-based medication records continues to grow steadily.
- In the school DX business, new acquisitions are progressing smoothly for implementation in April this year.
- The specific initiatives for each business will be explained later.

Net sales: Increased, operating income: increased

(Unit : Mil yen)	FY2024 Q1	FY2025 Q1	YoY		
			Amount	Percentage	
Net sales	6,625	7,271	+646	+9.8%	Strong performance in cloud-based medication history, school DX, and corporate DX support businesses.
Cost of sales	1,788	1,860	+72	+4.1%	
ratio	27.0%	25.6%			
Gross profit	4,836	5,410	+573	+11.9%	
ratio	73.0%	74.4%			
SG&A	4,401	4,692	+291	+6.6%	
ratio	66.4%	64.5%			
Operating income	435	718	+282	+65.0%	
ratio	6.6%	9.9%			
Ordinary income	792	783	(9)	(1.2)%	Decrease in equity method investment income ((365) million yen) → Extraordinary income recorded at Shobunsha Holdings, Inc.
ratio	12.0%	10.8%			
Profit attributable to owners of parent	630	589	(41)	(6.6)%	
ratio	9.5%	8.1%			

I would now like to explain the consolidated P/L.

Net sales:

Due to sales growth in the healthcare business, school DX business, and corporate DX support business, sales increased by 9.8% year-on-year to ¥27.271 billion.

Operating income:

Due to the impact of increased revenue, operating income reached ¥718 million.

Ordinary income:

Compared to the same period last year, ordinary income slightly declined to ¥783 million due to a decrease in the recorded amount of "equity in earnings of affiliates."

Profit attributable to owners of the parent:

Profit decreased by 6.6% year-on-year to ¥589 million.

Consolidated SG&A

Advertising expenses: Increased

(Unit : Mil yen)	FY2024 Q1	FY2025 Q1	YoY	
			Amount	Percentage
SG&A	4,401	4,692	+291	+6.6%
Advertising expenses	626	890	+263	+42.0%
Personnel expenses	1,818	1,814	(4)	(0.3)%
Commission fee	709	737	+28	+4.0%
Subcontract expenses	441	412	(29)	(6.7)%
Depreciation	318	336	+18	+5.7%
Other	486	501	+15	+3.2%

● Increase in sales promotion costs for AdGuard

Breakdown of SG&A expenses:

Total SG&A expenses increased by 6.6% year-on-year to ¥4,692 million.

This increase was mainly due to higher advertising expenses in the content business.

Other expenses remained at a similar level compared to the same period last year.

Revision of First-Half and Full-Year earning forecasts
Recording of consumption taxes refund:
Upward revision of profit for the first half and full-year.

(Unit : Mil yen)	FY2025 First-Half (initial forecast)	FY2025 First-Half (current forecast)	Difference
Net sales	14,000	14,000	-
Operating income	1,250~1,450	1,250~1,450	-
Ordinary income	1,300~1,500	1,300~1,500	-
Profit attributable to owners of parent	660~800	1,250~1,390	+590

	FY2025 First-Year (initial forecast)	FY2025 First-Year (current forecast)	Difference
Net sales	28,500	28,500	-
Operating income	2,800~3,200	2,800~3,200	-
Ordinary income	2,900~3,300	2,900~3,300	-
Profit attributable to owners of parent	1,460~1,740	2,050~2,330	+590

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I will explain the revisions to the interim and full-year performance forecasts.

As announced on January 31, we expect to record an extraordinary income of ¥800 million as “consumption tax refund” in the first-half. At the same time, we anticipate recording “income taxes-deferred” of ¥210 million.

These factors will lead to an upward adjustment of profit attributable to owners of parent, which will result in an upward revision of the profit attributable to owners of parent forecast for both the first-half and the full-year.

Performance by segment

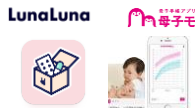
Content Business

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



Healthcare Business

- Healthcare service for women
- Childcare DX service
- Cloud-based medication history service
- Online consultation service, etc.



CARADA 電子薬歴
Solamichi

School DX Business

- School DX service

BLEND



Other Business

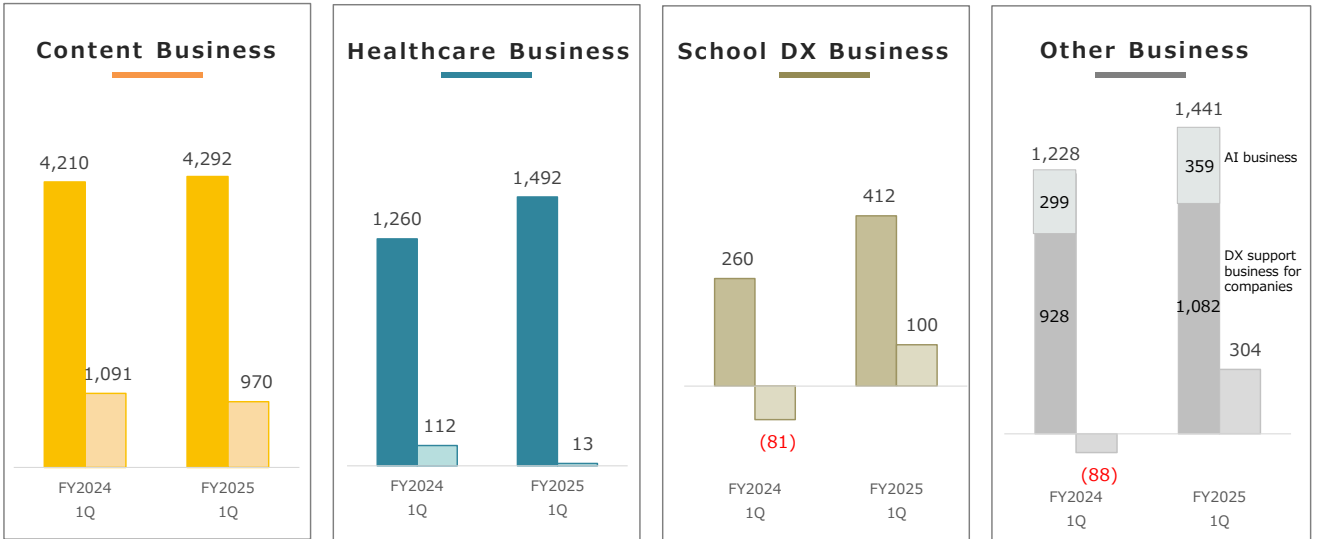
- AI business
- DX support business for companies
- Solution service for corporate



Next, I would like to explain the performance by segment.

Performance by segment (YoY)

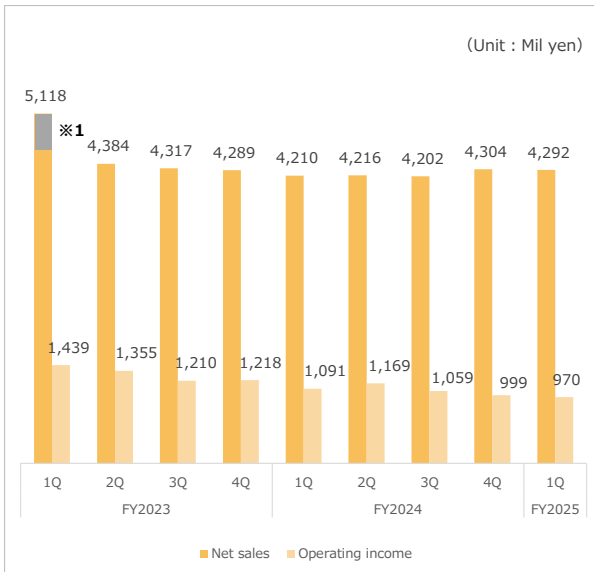
(Left axis :Net sales, Right axis : Operating income, Unit : Mil yen)



The performance by segment compared to the previous period is as shown.

- The content business and healthcare business saw increased revenue but decreased profit.
- The school DX business and other businesses achieved both revenue and profit growth.

Content business : Net sales and operating income



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QoQ

Net sales: Flat

The number of paying subscribers remained almost unchanged.

QoQ

Operating income: Flat

Increased in advertising expenses

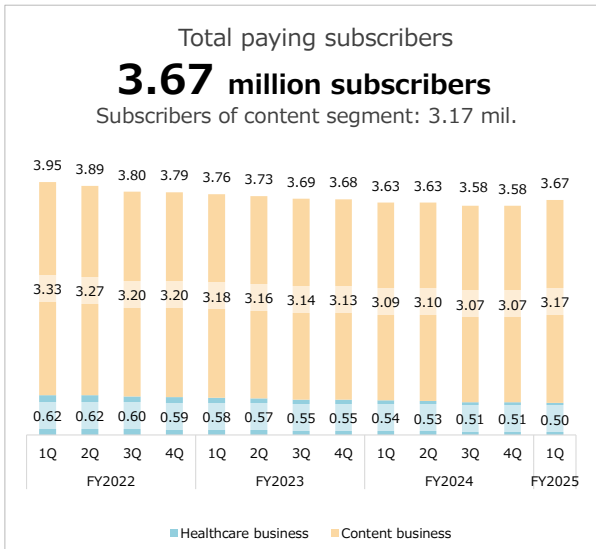
Special factors

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

This is the quarterly trend of the content business.

Both sales and operating income continue to show a flat trend. Sales amounted to ¥4.29 billion, and operating income was ¥907 million.

Content business : The number of paying subscribers

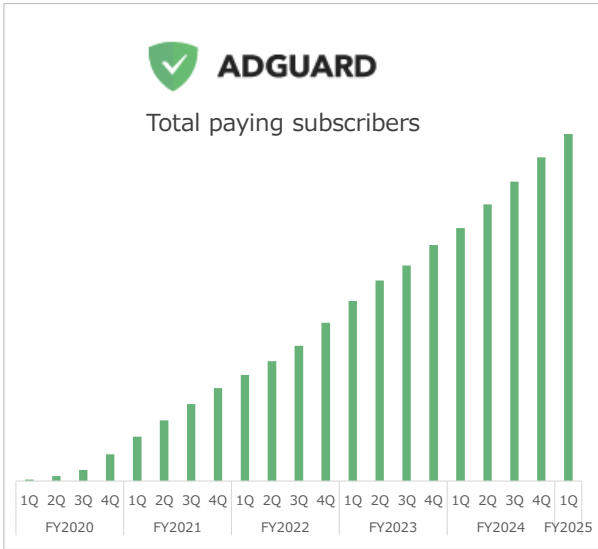


- Brisk Security-related app
- Acquisition of a subscription-based business

Regarding the number of paid members in the content business, due to the acquisition of a music distribution company, the number has reached 3.17 million.

When including the number of paid members in the healthcare business, the total number of paid members was 3.67 million as of the end of last December.

Content business: Security-related app



The security-related app continues to perform well

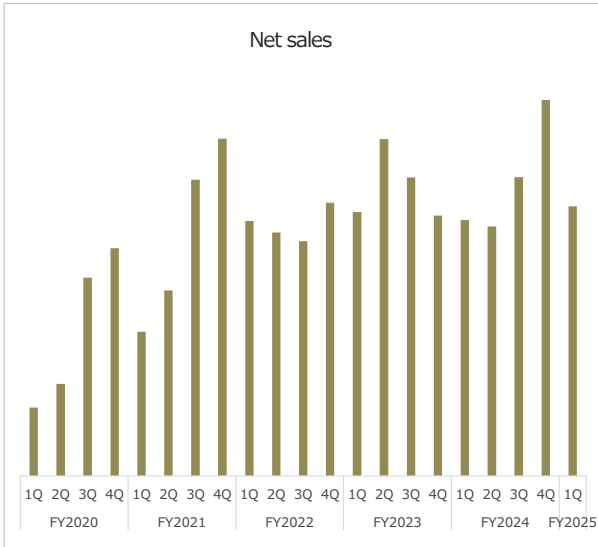
Total paying subscribers
990 thousand subscribers

Four functions

- Ad blocking
- Trace blocking
- Threat blocking
- Parent function (Child protection function)

The number of new subscribers for the security-related app *AdGuard* has been performing well, and the number of paid members reached 990,000 at the end of last December.

Content business: Original comics content business



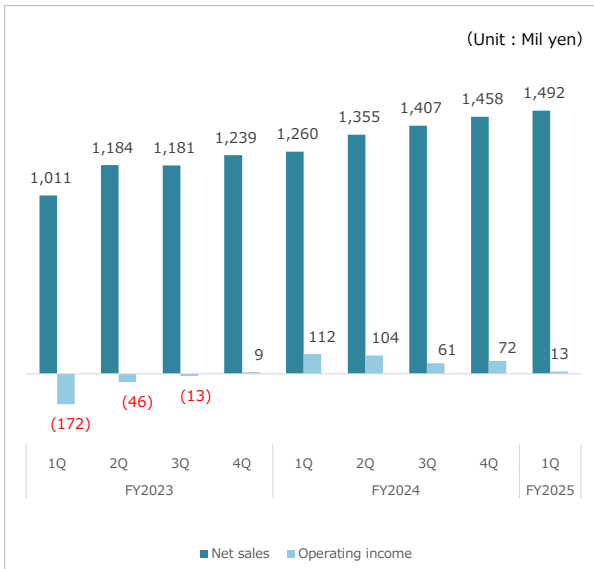
Original comics content business
Stable transition

- Keep in comic titles introduced

The original comic business generates sales based on the number of downloads of the distributed works.

While there are fluctuations due to the effects of TV drama adaptations, it has generally been showing a stable trend.

Healthcare business: Net sales and operating income



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QoQ

Net sales: Growth

- Brisk Cloud-based medication history service

QoQ

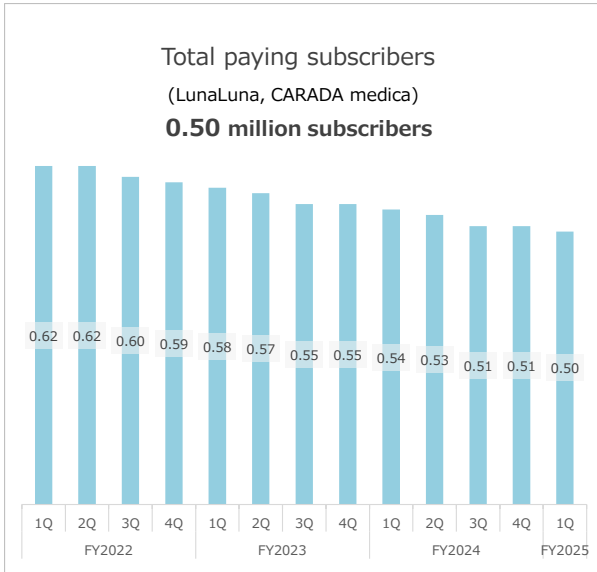
Operating income: Decreased

- DX System development for pharmacy

This is the quarterly trend of the healthcare business. Due to the continued expansion of the introduction of cloud-based medication history services, sales have steadily increased, reaching ¥1.492 billion.

As development continues for DX systems aimed at pharmacies, operating income amounted to ¥12 million.

Healthcare business: Monthly content service



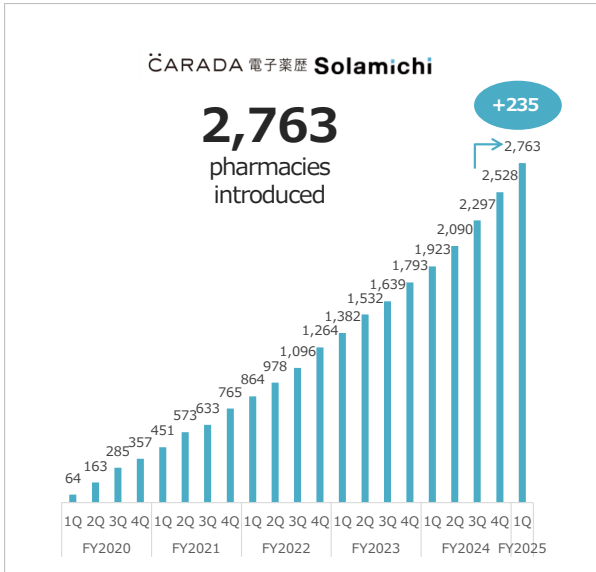
Monthly subscription content service

Total paying subscribers

QoQ: Levelled off

The number of paying subscribers in the healthcare business was mostly unchanged at 500,000.

Healthcare business: Cloud-based medication history service



Cloud-based medication history service

Total introduced pharmacies

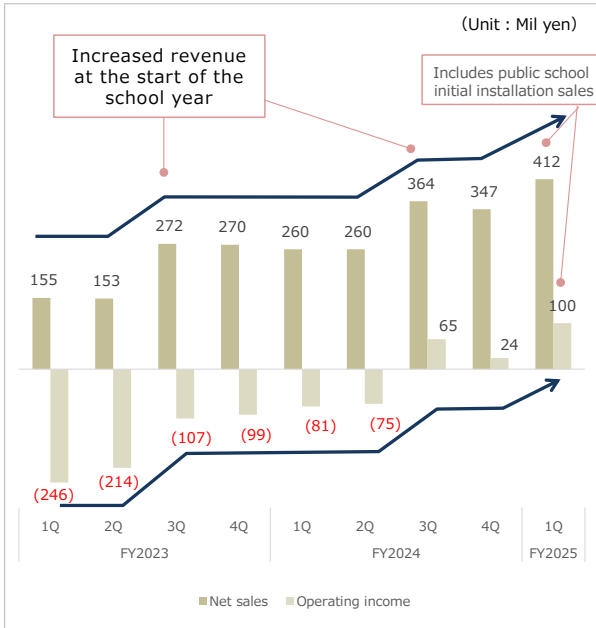
Record high for 3 consecutive quarters

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The number of pharmacies adopting the cloud-based medication history service has been progressing smoothly, reaching a total of 2,763 stores.

The number of new adoptions on a quarterly basis was 235 stores, marking the highest record for three consecutive quarters.

School DX business: Net sales and operating income



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QoQ

Net sales: Growth

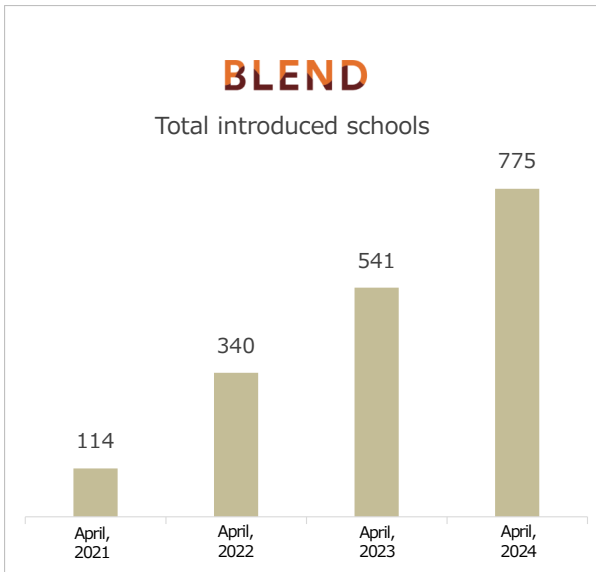
Initial implementation sales for public schools (one-time sales)

QoQ

Operating income: Increased

The sales of the school DX business were ¥412 million, and operating income was ¥100 million.

The increase in revenue and profit was due to the recognition of spot sales from the initial adoption by public schools.



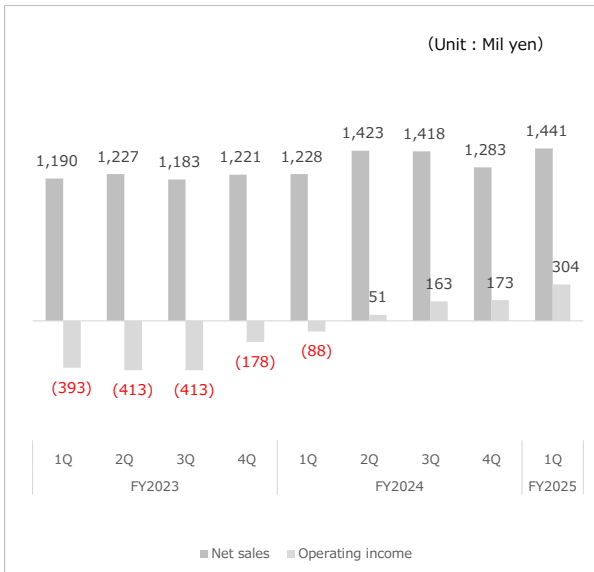
The number of schools introducing our services is progressing well

Private high school share 35%

- The acquisition of contracts for the April 2025 implementation is progressing smoothly

As of April 2024, the market share for private high schools is 35%. New contracts for the introduction in April 2025 are progressing smoothly.

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



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QoQ

Operating income: Increased

- Strong orders in the corporate DX support business

In other businesses, the DX support services for corporations are performing well.

Sales amounted to ¥1.441 billion, and operating income was ¥304 million.

That concludes the summary of the first quarter financial results.

Approach in Q2 and beyond

Next, I will explain the initiatives for the second quarter and beyond.

Healthcare business

Further sales and profit growth

- For Pharmacies:
Further expansion of the cloud-based medication history service
- For Municipalities:
Promotion of the platform strategy of the childcare DX

School DX business

Further sales and profit growth

- For private schools :
Further expansion of the number of introduced schools
- For Public Schools :
Expansion of business areas

Content business

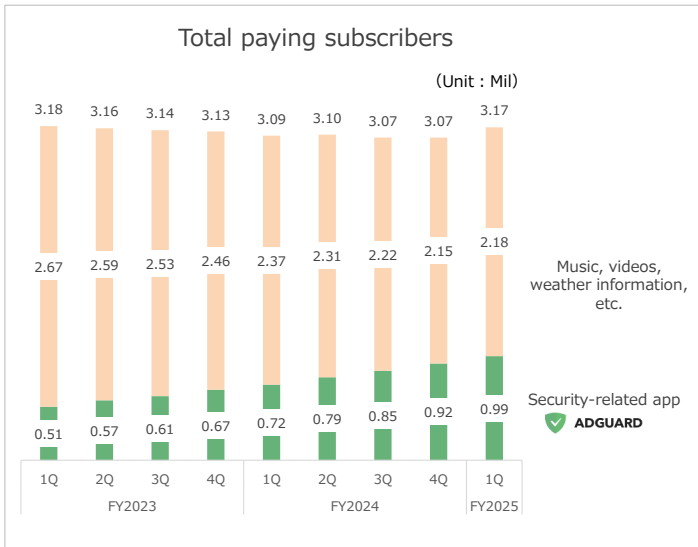
Securing profit

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

In each segment, we are addressing the key issues shown here, based on the respective fundamental policies.

- We aim for further revenue and profit growth, particularly in the healthcare business, which we are focusing on over the long term.
- In the cloud-based medication history, we will focus on expanding the number of pharmacies adopting the system and enhancing its features.
- In childcare DX, we will promote a platform strategy.
- In the school DX business, we also aim for further growth in both revenue and profit.
- We will focus on expanding the number of private schools adopting the system, as well as increasing implementation in public schools, thereby broadening our business reach.
- In the content business, the number of members remained flat, primarily driven by the growth of security-related apps and other factors.
We will continue to focus on securing profits.

Content business:



Investing in advertising and promotional expenses for areas with expected future growth

The number of paid subscribers in the content business has increased the proportion of security-related content, while the share of entertainment content, such as music, has decreased.

For content services expected to see future membership growth, we will continue to invest in advertising and promotional expenses.

Healthcare business: Cloud-based medication history service

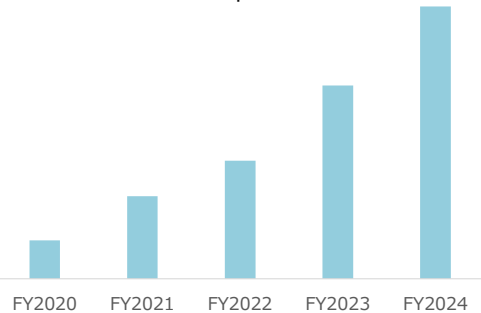
ĀARADA 電子薬歴 Solamichi



Further expansion of the number of implementations.

- Strong implementation for mid-sized pharmacies.
- Strengthening of function development.

Number of implementations



- Achieving a user-friendly UI/UX for pharmacists
- Equipped with AI automatic summarization function

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In the cloud-based medication history business, the demand from dispensing pharmacies remains strong.

Continuing from the previous term, the number of adoptions is not only strong among small pharmacies but also among medium-sized pharmacies. By strengthening the development of features, we will work towards further expanding the number of adoptions.

Healthcare business: Pharmacy DX

Subsidiary PHARUMO allocates new shares to a third party in order to promote collaboration.

- Subscriber to the capital increase: MEDICAL SYSTEM NETWORK Co., Ltd.
- Amount of capital increase: ¥500million

Our Subsidiaries

PHARUMO, Inc

PHARUMO

ICT solutions for pharmacies.
Electronic medication records,
cloud-based picking audit
systems, etc.

Subscriber to the capital increase

MEDICAL SYSTEM NETWORK Co., Ltd.

 **MEDICAL SYSTEM
NETWORK GROUP**

Community pharmacy business.
Pharmaceutical network business.
Pharmaceutical manufacturing and sales business, etc.

Number of community pharmacies: 455
Number of participants : 10,737

At our subsidiary, PHARUMO, we provide cloud systems for picking and medication record apps to dispensing pharmacies.

As announced on December 23 last year, PHARUMO conducted a third-party allotment of 500 million yen in new shares, with Medical System Network as the recipient.

The company is expanding its regional pharmacy business and pharmaceutical network business.

There are 455 regional pharmacies and a network of over 10,000 member stores.

Through collaboration with this company, we will contribute to the expansion of PHARUMO's business."

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

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



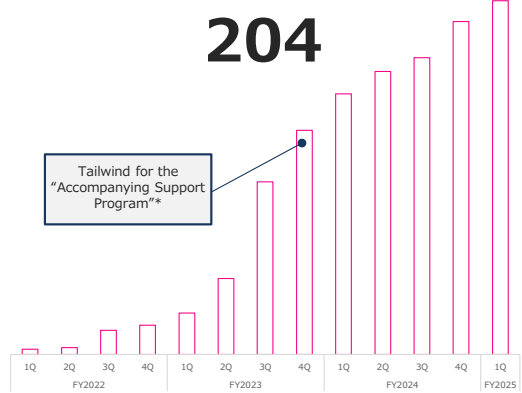
Maternal and child health handbook app

670



Childcare DX services
Number of municipalities (total)

204



Tailwind for the “Accompanying Support Program”*

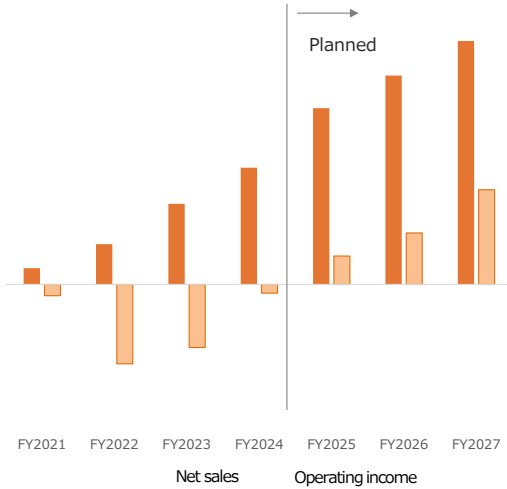
* Transferred to “Children and Families Agency” from April 1, 2023.

In the childcare business, the number of maternal and child health handbook apps introduced reached 670 as of the end of last December.

In the childcare DX services, the number has expanded to a total of 204.

BLEND

Image of medium-term profit



Continuing increase in the number of schools introducing our service

Growth opportunities

- The acquisition of contracts for the April 2025 implementation is progressing smoothly
- Government driving DX for school affair unit by prefectural area



Public High School:
Contracted with
Yamanashi Prefectural Government

Differentiation

Cloud-based batch services

In the school DX business, the enthusiasm for adopting the full cloud-based school affairs support system remains high.

For private schools, new contracts for the April implementation this year are steadily increasing.

For public schools, in line with the government's promotion of school affairs DX at the prefectural level, we have signed contracts for system implementation with the Yamanashi Prefectural Board of Education and public high schools by the end of last year.

We will aim to expand our business scope not only to private schools but also to public schools.



〈Contact us〉
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<https://ir.mti.co.jp/eng/>

This concludes the explanation.
Thank you for your time.