

Reporting Session For Shareholders for FY2020

December 19, 2020



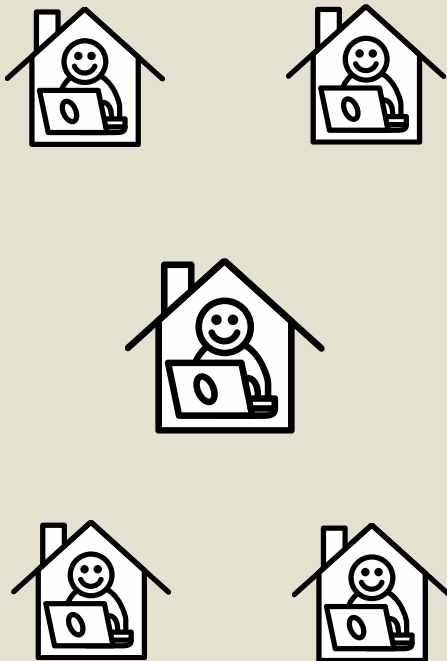
This report contains forward-looking statements on business performance based on the judgments, assumptions, and beliefs of management using the information available at the time. Actual results may differ materially due to changes in domestic or overseas economic conditions or changes in internal or 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.

Measures to prevent the spread of COVID-19



Measures to prevent the spread of COVID-19

Remote work started



- Introduction of Super Flextime System (no core time)
- Improvement of operation process for the optimization of teleworking
- Decrease in commuting expenses and travel expenses, among others
- Establishment of subsidy for communication expenses
- Reduction of office floor

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Financial Results Overview for FY2020

Financial highlight

1

FY2020 Results

- Net sales **¥26,082 million** (Down **¥1,030**million, Down **3.8%**, YoY)
(Achievement rate 100.3%)
- Operating income **¥2,507 million** (Down **¥451**million, Down **15.3%**, YoY)
(Achievement rate 100.3%)

2

FY2020 Achievements and initiatives

- Extensive introduction for online medical examination and Online medication advice
- Extensive introduction for cloud drug record service
- Brisk original comics content business

3

Earnings forecast for FY2021

- Net sales **¥25,500~ ¥26,500 million** (-2.2%~+1.6, YoY)
- Operating income **¥2,100~ ¥2,500 million** (-16.2~-0.3, YoY)

Consolidated P/L

Decreased sales and profit COVID-19 coronavirus impact limited

(Unit : Mil yen)

	FY2020 Cumulative total	FY2019 Cumulative total	YoY		
			Amount	Percentage	
Net sales	26,082	27,112	(1,030)	(3.8%)	Separation between telecommunication and smartphones (Tightening of regulations for mobile phone carries)
Cost of sales (ratio)	7,130 27.3%	7,157 26.4%	(26)	(0.4%)	
Gross profit (ratio)	18,951 72.7%	19,955 73.6%	(1,003)	(5.0%)	Reduction of advertising expenses
SG&A (ratio)	16,444 63.0%	16,996 62.7%	(551)	(3.2%)	
Operating income (ratio)	2,507 9.6%	2,959 10.9%	(451)	(15.3%)	Difference: (543) FY2020 Equity method investment loss 431 FY2019 Equity method return on investment 112
Ordinary income (ratio)	2,082 8.0%	3,134 11.6%	(1,051)	(33.5%)	
Profit attributable to owners of parent (ratio)	506 1.9%	1,508 5.6%	(1,001)	(66.4%)	

Consolidated SG&A :

Significant reduction of Advertising expenses

(Unit : Mil yen)

	FY2020 Q3 Cumulative total	FY2019 Cumulative total	YoY	
			Amount	Percentage
SG&A	16,444	16,996	(551)	(3.2%)
Advertising expenses	1,174	2,404	(1,230)	(51.2%)
Personnel expenses	6,395	6,147	+248	+4.0%
Commission fee	3,343	3,400	(57)	(1.7%)
Subcontract expenses	1,426	1,067	+358	+33.6%
Depreciation	1,620	1,326	+293	+22.1%
Other	2,483	2,648	(165)	(6.2%)

Separation between telecommunication and smartphones (Tightening of regulations for mobile phone carries)

Breakdown of extraordinary gains and losses

Extraordinary income (Unit : Mil yen)

Gain on sales of investment securities	428
Gain on step acquisitions	272
Total	809

Extraordinary losses

Impairment loss	1,416	}	Impairment of software, etc.	882
Loss on retirement of non-current assets	166		Impairment of goodwill	518
Loss on valuation of investment securities	93		(Cloud Cast)	
Total	1,678			

Achievement Ratio for Earnings Forecast

(Unit : Mil yen)

	FY2020 Actual	FY2020 Forecast	Achievement ratio
Net sales	26,082	26,000	100.3%
Operating income	2,507	2,500	100.3%
Ordinary income	2,082	2,400	86.8%
Profit attributable to owners of parent	506	1,700	29.8%

Performance by B/U

Content Business

BtoC/BtoB
Content distribution service



Healthcare Business

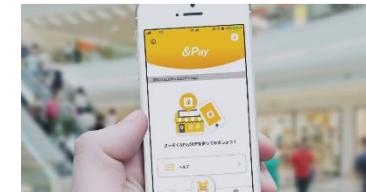
BtoC/BtoBtoC
Existing healthcare service
New healthcare service



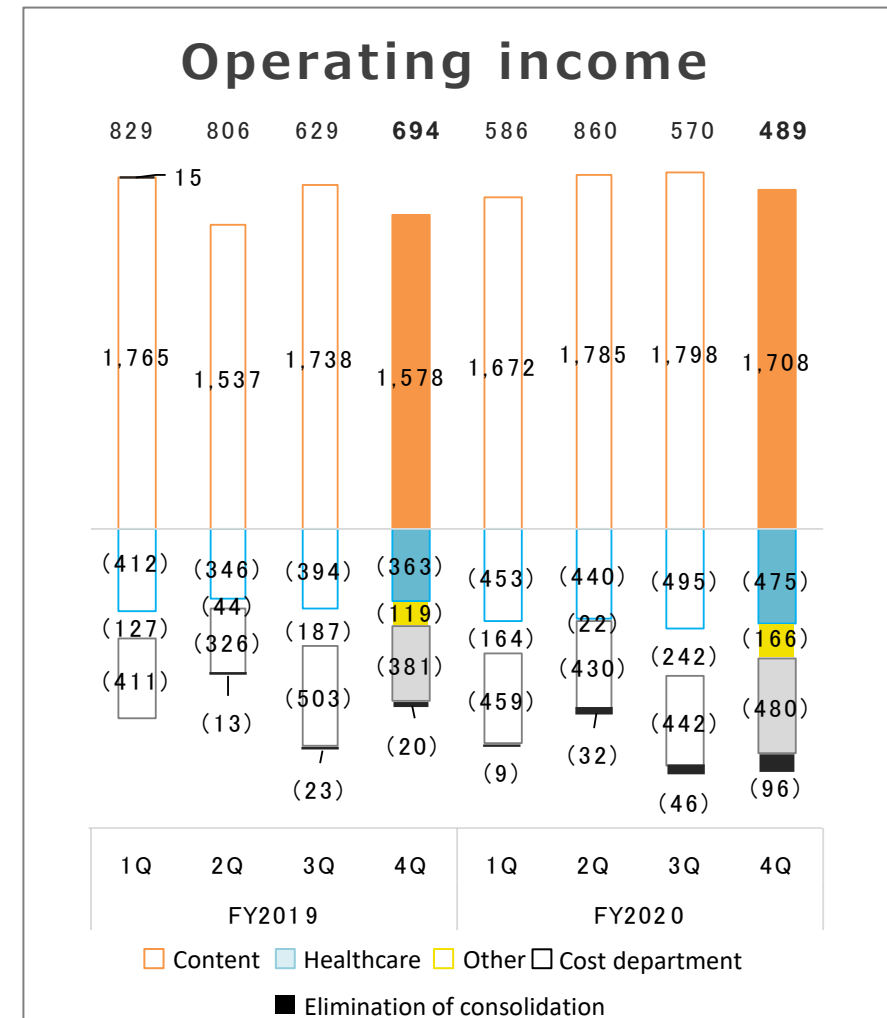
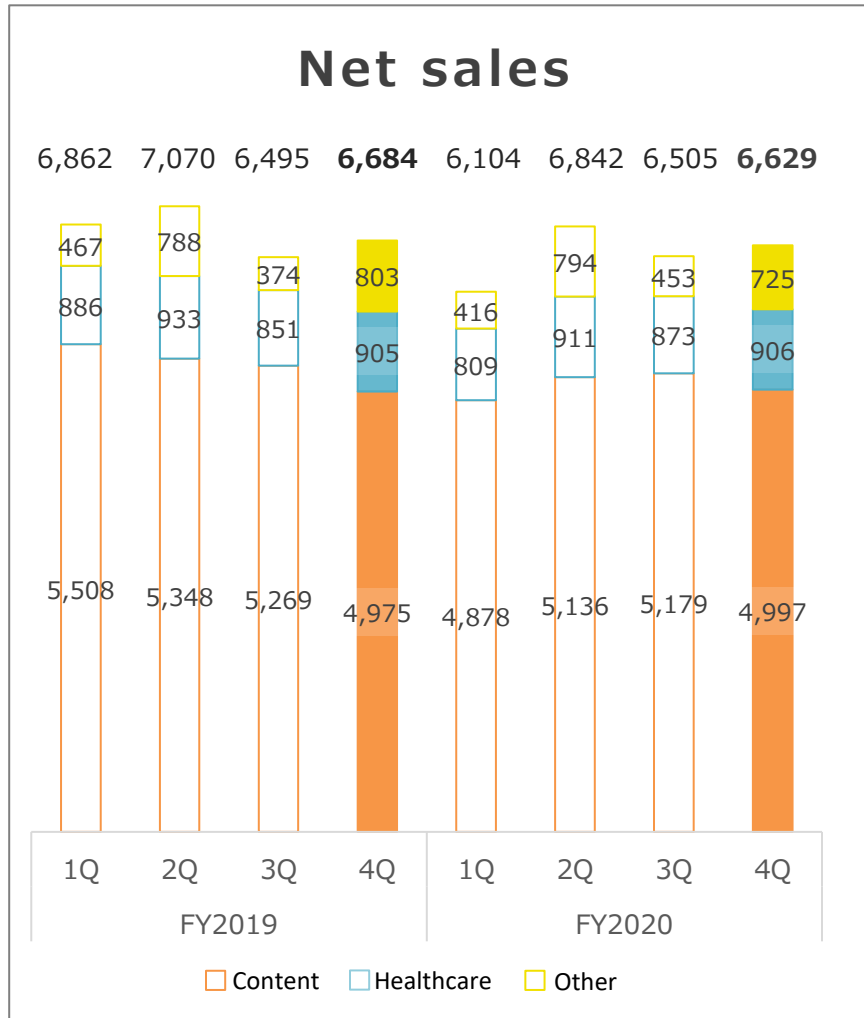
CARADA Solamichi CARADA オンライン診療

Other Business

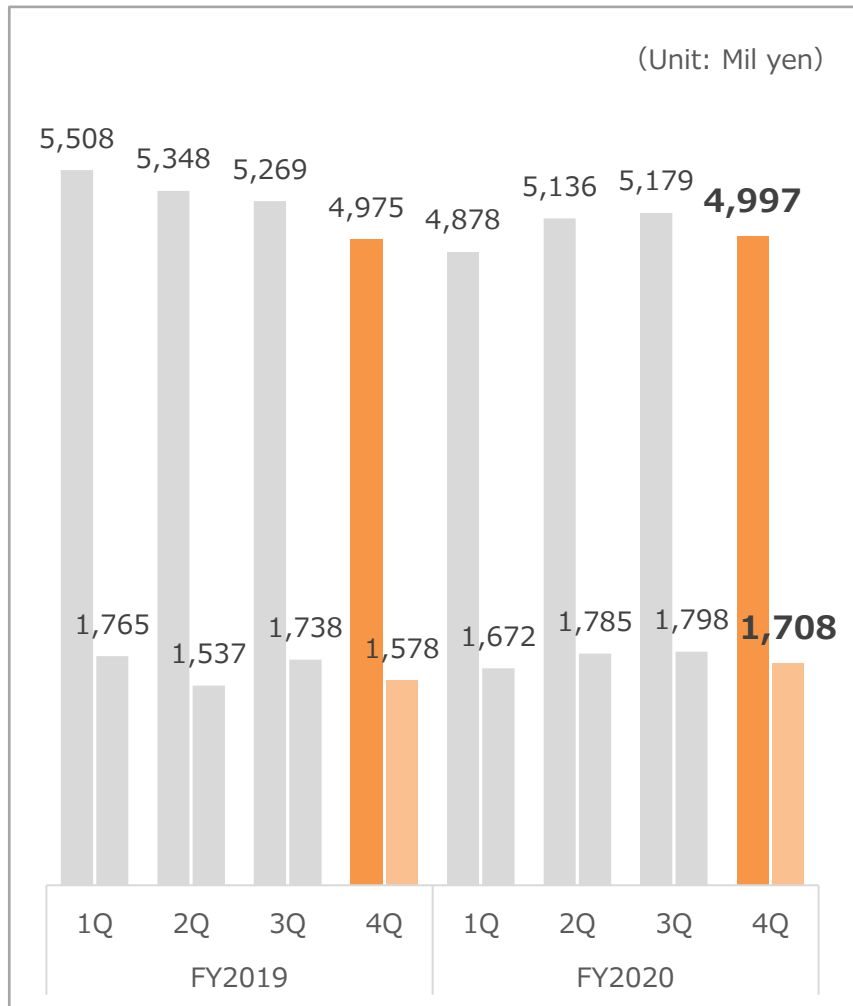
BtoB/BtoBtoC
Fintech service
AI service



Performance by B/U



Content business: Net sales and operating income



Net sales and operating income levelled off

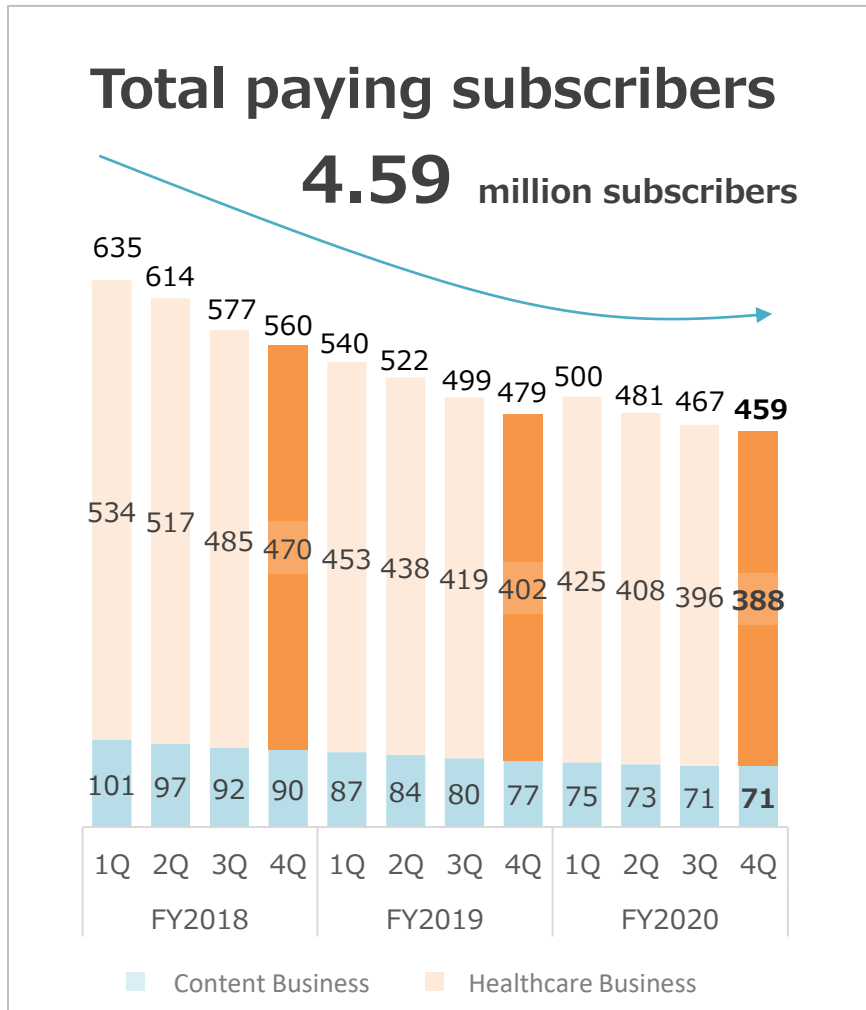
- Net sales

Brisk original comics content business
The effect of accepting the transfer of "musico"(Q1~)

- Operating income

Significant reduction of advertising expenses
The effect of accepting the transfer of "musico"(Q1~)

Content business: The number of paying subscribers



Degree of decrease is being reduced

Security-related apps are growing



ADGUARD

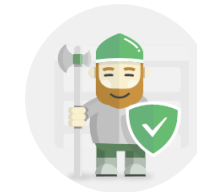
Four functions



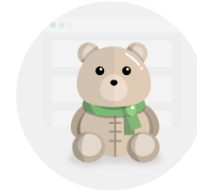
Ad blocking



Trace blocking



Threat blocking



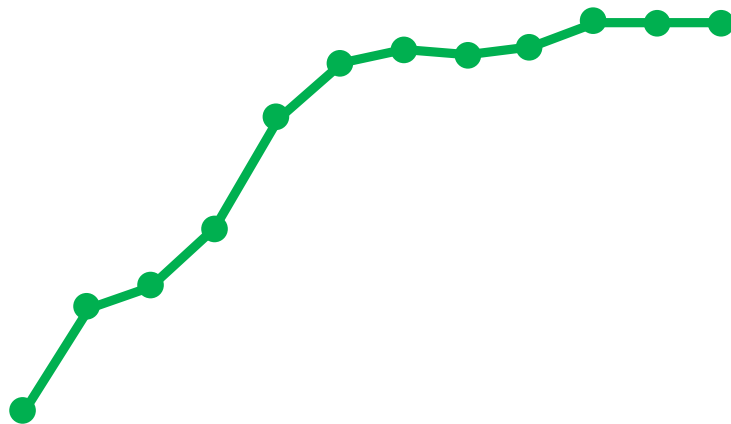
Parent function
(Child protection function)

* The number of paying subscribers are including healthcare business 'Luna-luna and 'Caradamedica' whose business model are monthly paid business above.

Content business: ARPU

ARPU of paying subscribers of smartphones contents

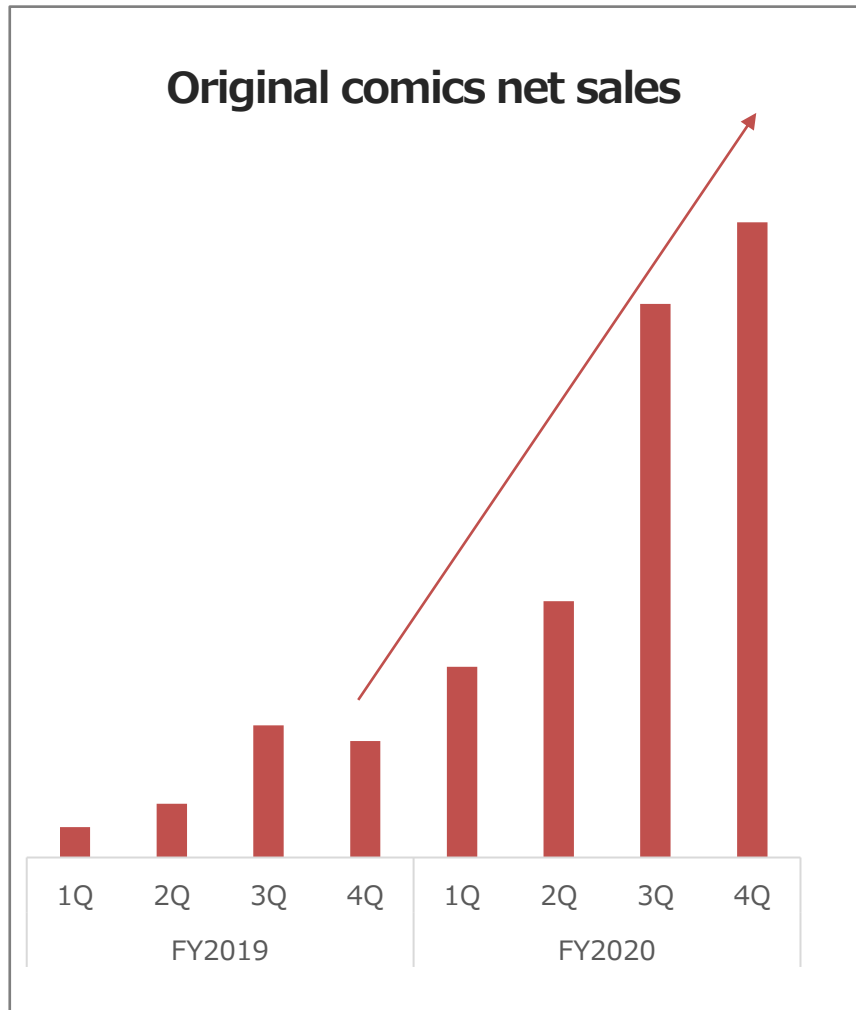
YoY +¥2.5



ARPU levelled off

Separation between telecommunication and smartphones (regulation implication)

Content business: Original comics content business

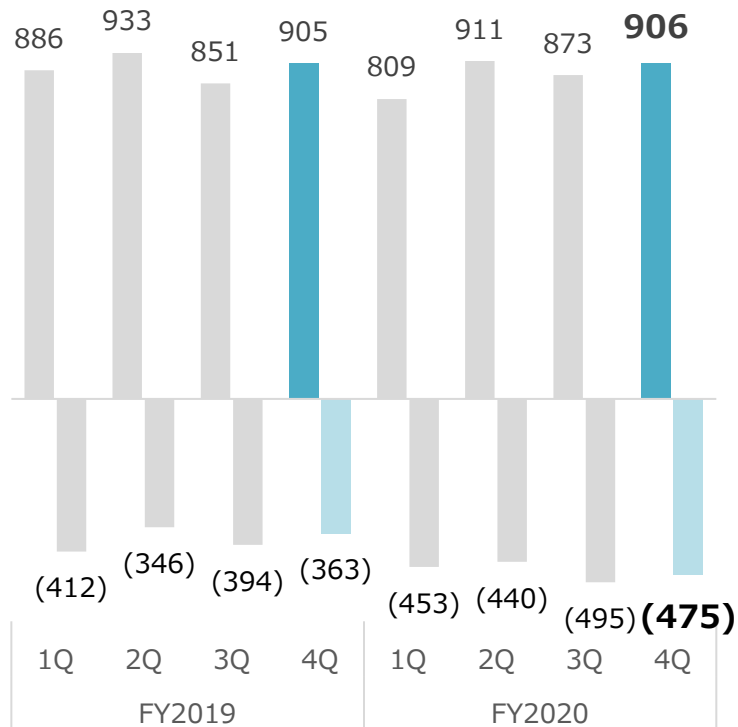


Sales continues to increase

Stay-at-home demand helped

Healthcare business: Net sales and operating income

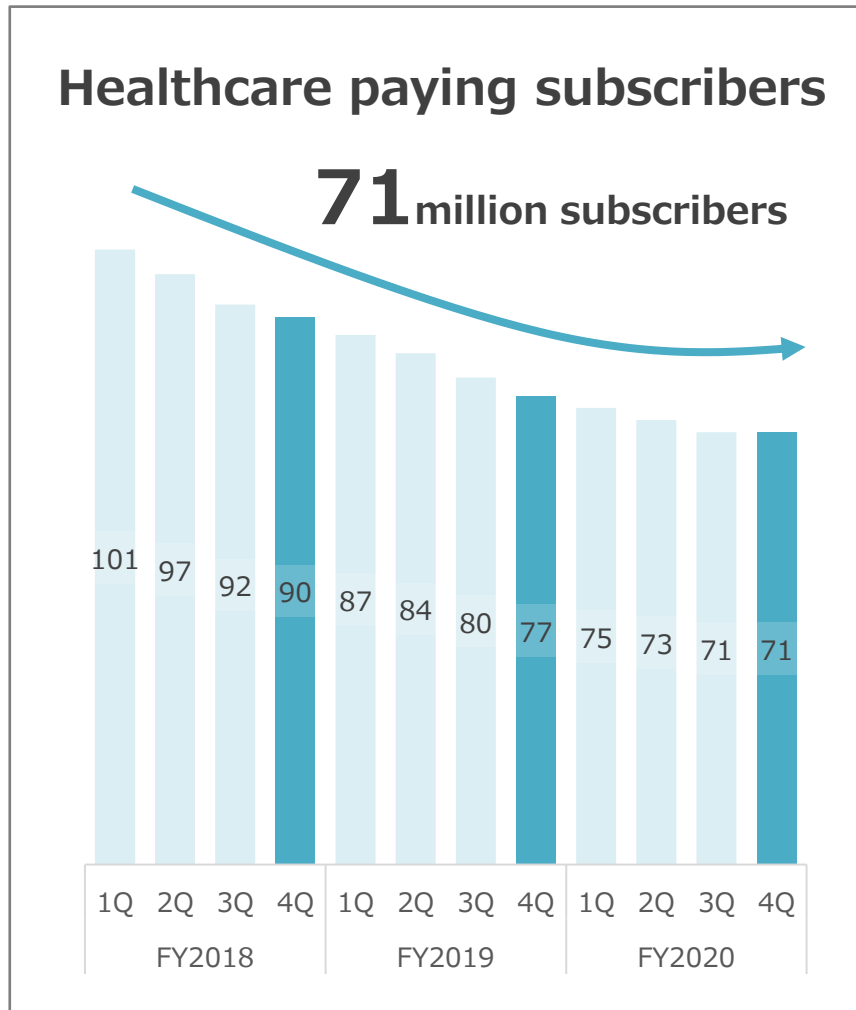
(Unit : Mil yen)



Net sales levelled off, but investment was maintained

Contribution to sales expanded for the initial introduction of cloud drug record service.

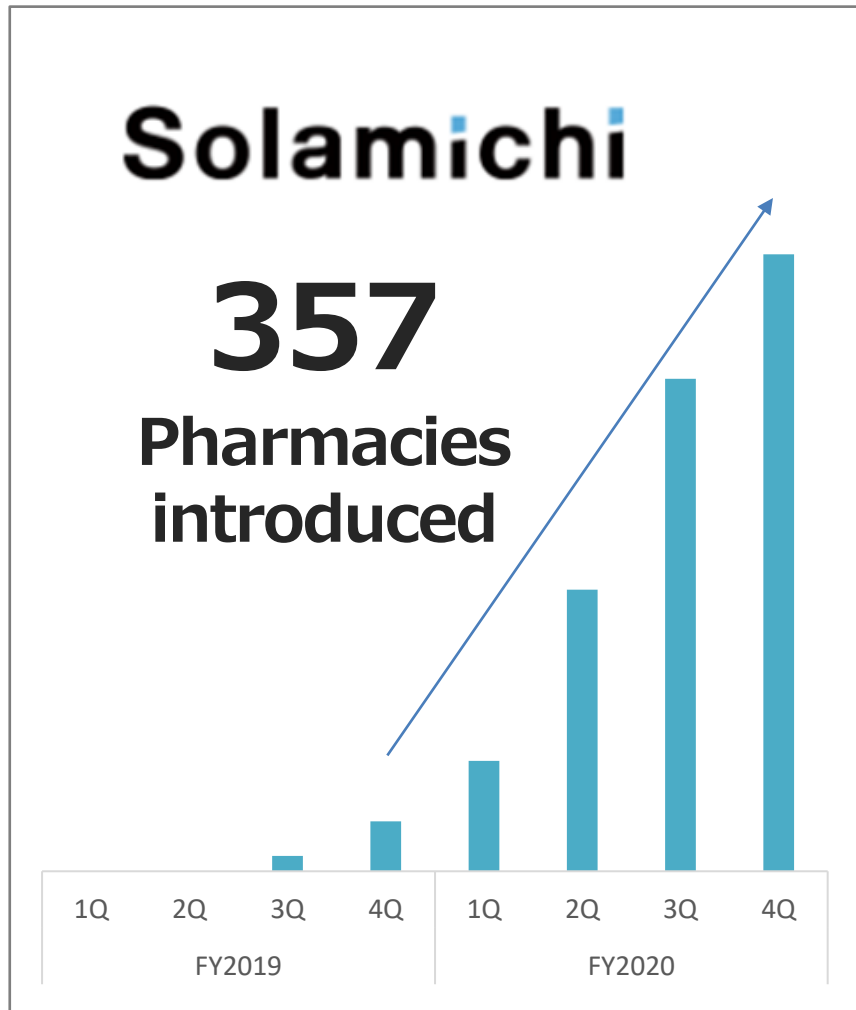
Healthcare business: The number of paying subscribers



Changed from a declining trend to a flat line

LunaLuna stopped falling

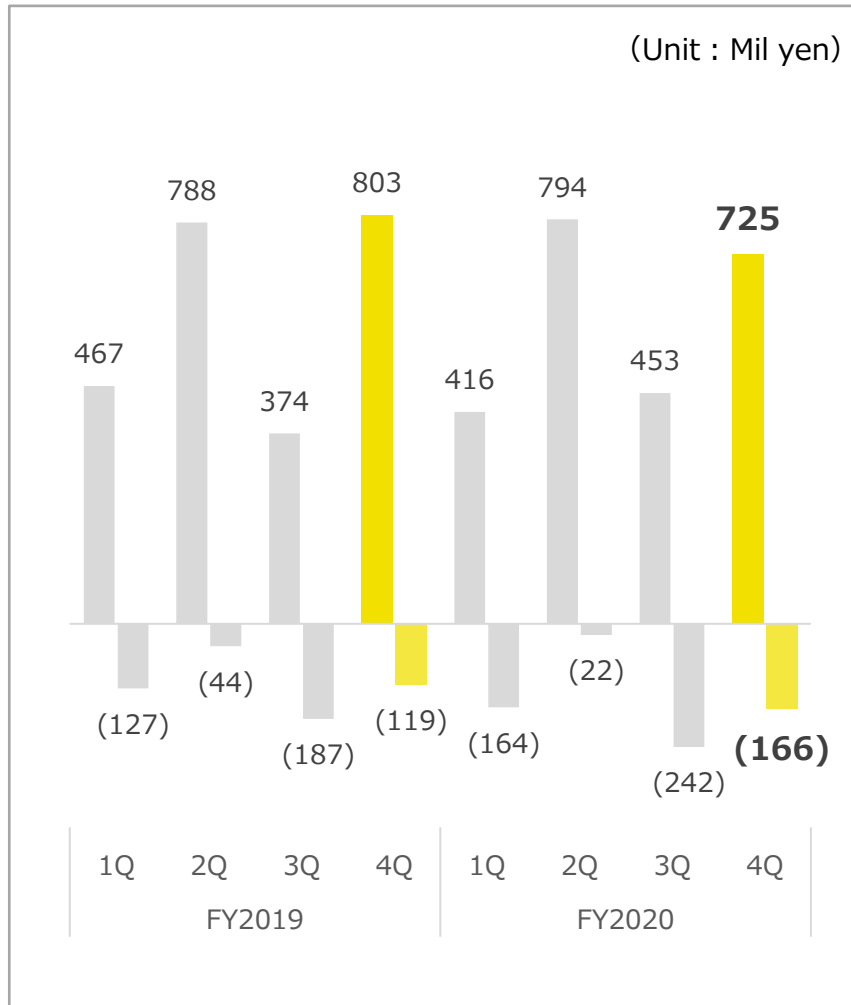
Healthcare business: Cloud drug record service



Extensive introduction

Actively promoting
online sales activities

Other business(AI business): Net sales and operating income



- Net sales
Seasonal factors in AI Business
- Operating loss
Q3 results reflect a loss at the subsidiary, Crowd Cast, Ltd.

Approach in FY2021

Basic policy in FY2021

1. Healthcare business

- Further increase in the number of stores introducing the Cloud drug record service
- Maintenance of the number of paying subscribers

2. Content business

- Original comics content business expansion
- Maintenance of the number of paying subscribers (Expansion of security-related apps)

Linking medical institutions and patients

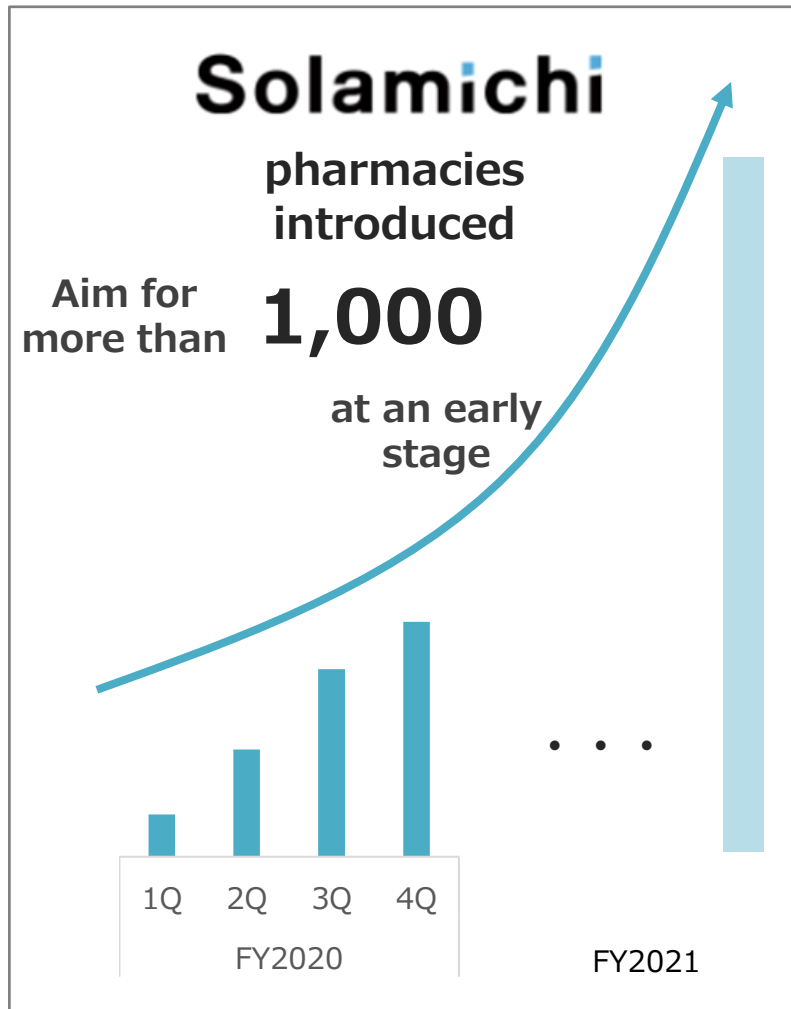


What is 'medication history'?

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.

Cloud drug record service①: Initiatives



Further increase in the number of pharmacies introducing the service

- Collaboration with Medipal Holdings Corporation, a major prescription pharmaceutical wholesaler
- Increase in the number of online seminars held

Cloud drug record service②: Operating environment

● Challenges in the healthcare industry

(primarily those closely related to pharmacies)

National health insurance budget: 42.6 trillion yen (2018)

Pharmacy errors (incorrect medication or prescription)

→ Stronger regulations underway for 60,000 pharmacies across the nation

● Revenue of dispensing pharmacies is declining

On a declining trend reflecting government revisions in drug prices and drug compounding fees



Remuneration (revenue) of dispensing pharmacies

*Evaluation of drug management service, medication advice, drug information and home medication services provided by pharmacists.

Management priority is to raise ③ revenue

● Challenges for pharmacies

Increasing workload for dispensing pharmacies and pharmacists

Given the large number of input items for medication histories, the burden for pharmacists after business hours is heavy. Certain drug medications may be considered fraudulent unless they are provided in accordance with administrative guidelines requiring accurate statement of medication history. It will be necessary to establish a system capable of facilitating efficient operations for pharmacists who will face further increases in their workload.



A system facilitating efficient operations for pharmacists in preparing medication histories

Solamichi solves the problem!

Cloud drug record service③: Service introduction

A system facilitating efficient operations for pharmacists in preparing medication histories

Solamichi



CHARADA

Data linkage with Drug record app

With medication instructions

A user-friendly operation screen

Accessible even outside pharmacies

Providing comprehensive support for new drug medication instruction services added to the medical payment system!

Well received by practicing pharmacists!

Effective with familiar pharmacies!

Cloud drug record service④: Market

Market development with cloud technologies

Solamichi

357 pharmacies introduced
September, 2020

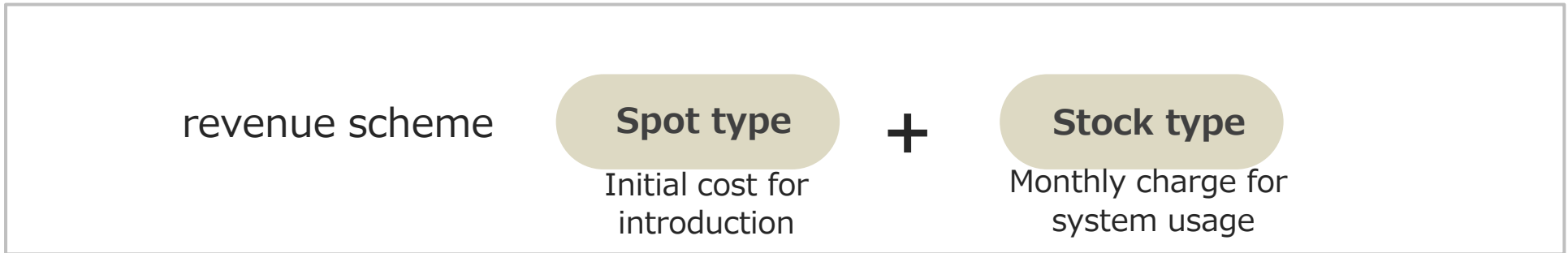
Aim for more than **1,000** at an Early stage



Number of pharmacies across the nation
60,000 pharmacies

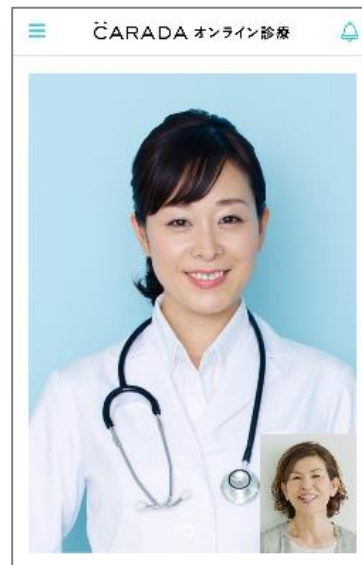
Estimated to be Interested in using cloud services
20%

Target
10,000 pharmacies

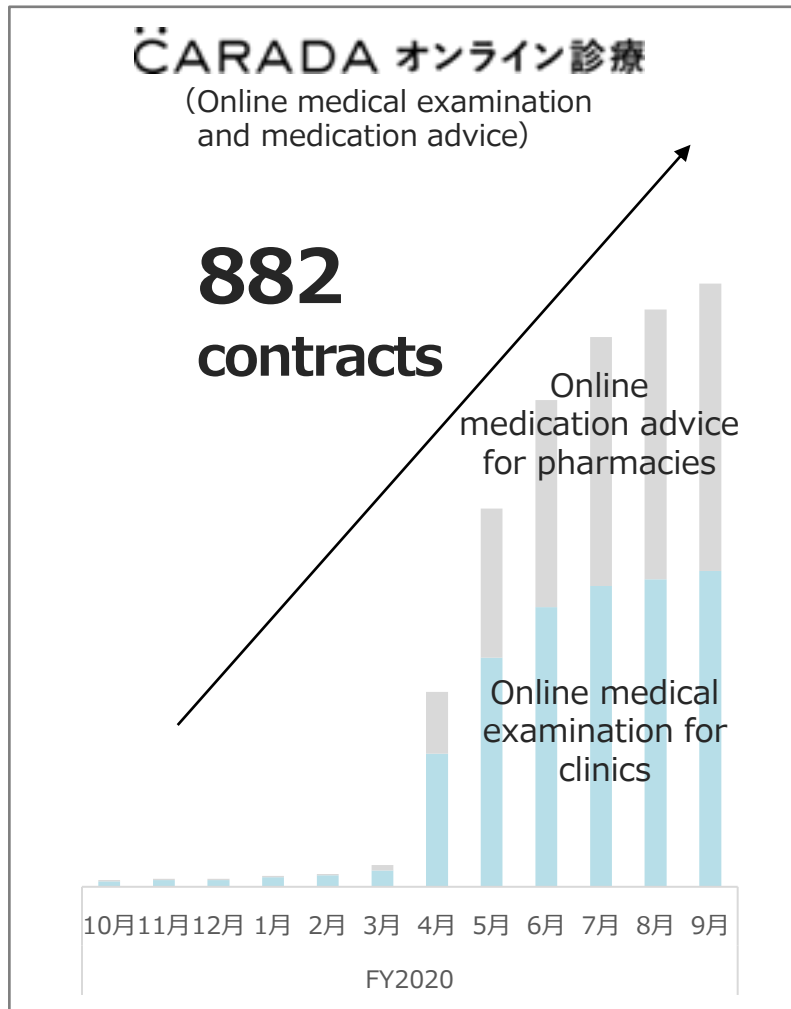


Linking medical institutions and patients

Online medical examination and Online medication advice



Online medical examination and online medication advice: Initiatives



Focus on shifting to paid services and raising usage rate

Collaboration with Medipal Holdings Corporation, a major prescription pharmaceutical wholesaler

Topics

Topics① : “Boshimo”

Connect parenting households and local governments

Maternal health record book app and online consultation service



(Reference) Description of "Boshimo", a maternal health record book app

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



Pregnancy health records

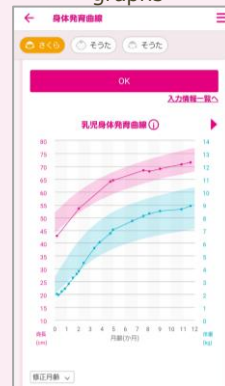
Weight graph during pregnancy

Vaccination management

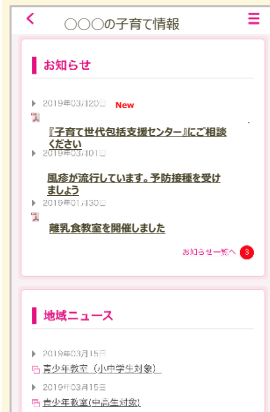
Infant health checkup records

Height and weight graphs

Growth records



Notice



Childcare support facility search



Local childcare events



Questionnaire



Schedule management



Topics① : "Boshimo"



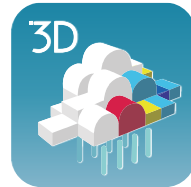
More than **300** local governments introduced the app

October, 2020



Online consultation started
Supports local government DX

Topics② : Received the GOOD DESIGN AWARD



3D雨雲ウォッチ



Creates excellent UI and UX

Received the GOOD DESIGN AWARD of 2020



Topics③ : Cooperation with NTT Communications



Expand DX with Crowd Cast(subsidiary) and NTT Communications and start providing products.



Earnings forecast for FY2021

Earnings forecast for FY2021

Focus on raising sales in the healthcare business(new)

Net sales	YoY levelled off ¥25,500~ ¥26,500 million
Operating income	YoY decrease in profit ~ levelled off ¥2,100~ ¥2,500 million
Profit attributable to owners of parent	YoY increased profit ¥1,300~ ¥1,700 million

Change factors in financial forecast range

- Speed of extensive introduction for Cloud drug record service
- Providing original comics, hit comics
- Speed of increase in the number of paying subscribers to ad blocker, AdGuard

Earnings forecast for FY2021

(Unit : Mil yen)

	FY2021(Forecast)			FY2020 (Actual)			YoY	
	Full year	H1	H2	Full year	H1	H2	Amount Full year	Ratio Full year
Net sales	26,000	13,000	13,000	26,082	12,946	13,135	(82)	(0.3%)
Cost of sales	7,200	3,600	3,600	7,130	3,531	3,598	+69	+1.0%
Gross profit	18,800	9,400	9,400	18,951	9,414	9,536	(151)	(0.8%)
SG&A	16,500	8,300	8,200	16,444	7,968	8,476	+55	(0.3%)
Operating income	2,300	1,100	1,200	2,507	1,446	1,060	(207)	(8.3%)
(Ratio)	8.8%	8.5%	9.2%	9.6%	11.2%	8.1%		
Ordinary income	2,300	1,100	1,200	2,082	1,310	772	+217	+10.4%
(Ratio)	8.8%	8.5%	9.2%	8.0%	10.1%	5.9%		
Profit attributable to owners of parent	1,500	750	750	506	1,246	(739)	+993	+195.9%
(Ratio)	5.8%	5.8%	5.8%	1.9%	9.6%	(5.6%)		

※For convenience, the middle points in the range of financial forecasts are shown for the fiscal year ending September 30, 2021.

Capital Policy

Capital Policy

We aim for continuous growth in sales and profit, and for harmonizing them with returns to shareholders.

	Interim dividend	Year-end dividend	Annual dividend
FY2020	¥8	¥8 (Scheduled)	¥16 (Scheduled)
FY2021 (Forecast)	¥8	¥8	¥16

※ A Dividend at the end of FY2020 are to be referred to the 25th general shareholders' meeting on December 19, 2020.

Appendix

Consolidated B/S

MTI Ltd.

(Unit : Mil yen)

	FY2020	FY2019	Change		FY2020	FY2019	Change
Current assets	19,743	18,469	+1,274	Current liabilities	4,766	4,315	+451
Cash and deposit	13,354	12,421	+932	Accounts payable-trade	1,101	1,308	(206)
Notes and accounts receivable-trade	4,840	4,667	+173	Current portion of long-term borrowings	451	14	+437
Other	1,585	1,427	+157	Account payable-other	1,333	1,150	+183
Allowance for doubtful accounts	(36)	(47)	+11	Income taxes payable	701	730	(29)
Non-current assets	10,803	9,010	+1,793	Allowance for coin usage	110	143	(32)
Property, plant and equipment	193	258	+64	Other	1,067	968	+99
Intangible fixed assets	3,764	2,062	+1,701	Non-current liabilities	4,270	1,370	+2,900
(Include) software	1,281	1,870	(589)	Long-term borrowings	2,881	52	+2,829
goodwill	692	153	+538	Retirement benefit liability	1,381	1,306	+75
Customer-related assets	1,755	-	+1,755	Other	6	11	(4)
Investments and other assets	6,845	6,689	+155	Total liabilities	9,036	5,685	+3,315
(Include) investment securities	4,536	4,977	(440)	Shareholders' equity	19,112	19,598	(485)
Leasehold and guarantee deposits	493	511	(18)	Capital stock	5,138	5,135	+2
Deferred tax assets	1,766	1,133	+633	Capital surplus	6,551	6,706	(155)
Total assets	30,547	27,479	+3,057	Retained earning	10,707	10,989	(281)
				Treasury shares	(3,283)	(3,233)	(50)
				Accumulated other comprehensive income	54	268	(214)
				Subscription rights to shares	345	343	+2
				Non-controlling interests	1,998	1,584	+414
				Total net assets	21,510	21,794	(283)
				Total liabilities and net assets	30,547	27,479	+3,067

Trends in consolidated P/L

(Unit : Mil yen)

	FY2018				FY2019				FY2020			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales	7,517	7,645	7,036	6,876	6,862	7,070	6,495	6,684	6,104	6,842	6,505	6,629
Cost of sales	1,590	1,734	1,499	1,580	1,632	1,883	1,652	1,989	1,627	1,904	1,783	1,814
Gross profit	5,926	5,910	5,537	5,295	5,229	5,186	4,843	4,695	4,477	4,937	4,722	4,814
(Ratio)	78.8%	77.3%	78.7%	77.0%	76.2%	73.4%	74.6%	70.2%	73.3%	72.2%	72.6%	72.6%
SG&A	5,265	5,200	4,444	4,542	4,400	4,380	4,213	4,001	3,891	4,076	4,151	4,325
Operating income	661	710	1,092	753	829	806	629	694	586	860	570	489
(ratio)	8.8%	9.3%	15.5%	11.0%	12.1%	11.4%	9.7%	10.4%	9.6%	12.6%	8.8%	7.4%
Ordinary income	619	706	1,085	705	868	709	1,373	183	404	905	651	121
(Ratio)	8.2%	9.2%	15.4%	10.3%	12.7%	10.0%	21.1%	2.7%	6.6%	13.2%	10.0%	1.8%
Profit attributable to owners of parent	801	352	740	(266)	543	317	1,285	(638)	231	1,014	534	(1,273)
(Ratio)	10.7%	4.6%	10.5%	–	7.9%	4.5%	19.8%	–	3.8%	14.8%	8.2%	–

Trends in consolidated SG&A

(Unit : Mil yen)

	FY2018				FY2019				FY2020			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
SG&A	5,265	5,200	4,444	4,542	4,400	4,380	4,213	4,001	3,891	4,076	4,151	4,325
Advertising expense	1,369	1,487	721	822	722	763	504	414	248	241	362	320
Personnel expenses	1,534	1,456	1,500	1,324	1,550	1,516	1,584	1,496	1,550	1,561	1,551	1,731
Commission fee	886	938	884	913	880	844	869	805	829	844	853	815
Subcontract expenses	282	240	240	361	216	248	274	328	278	345	396	406
Depreciation	430	422	412	373	343	332	326	323	307	450	425	437
Other	761	654	685	746	687	673	654	632	675	632	562	613

Trends in performance by business units (Net sales)

(Unit : Mil yen)

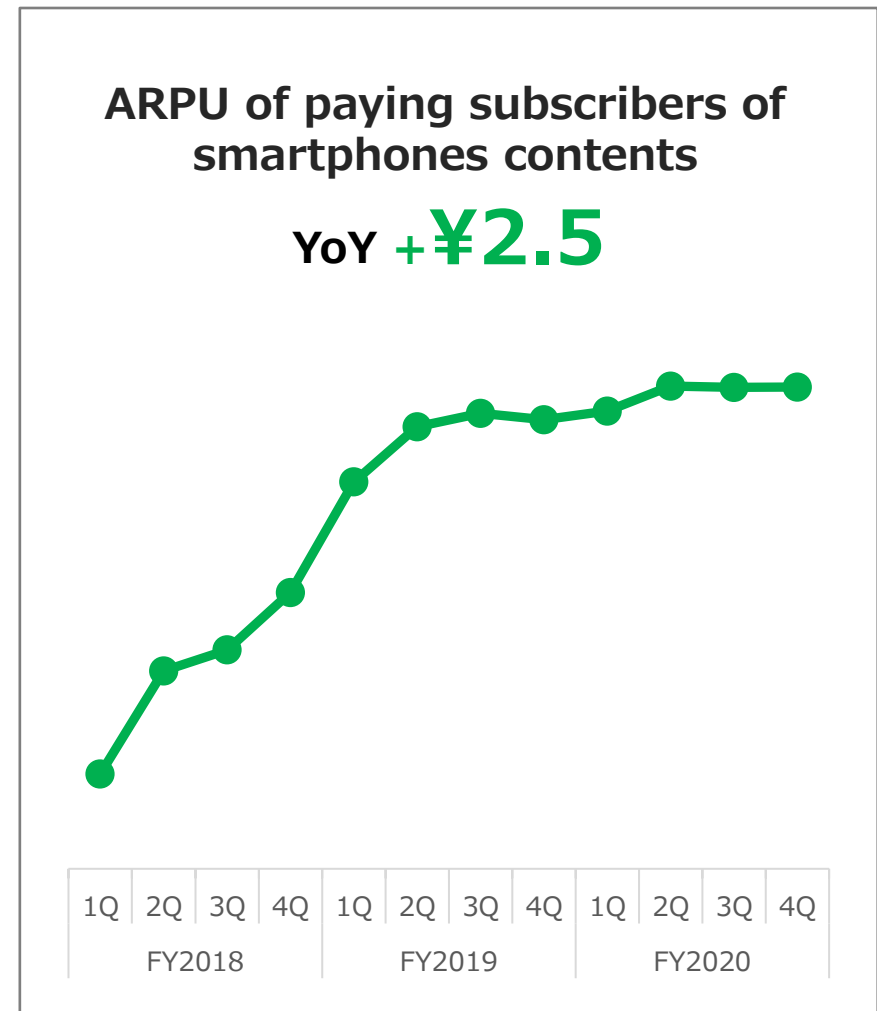
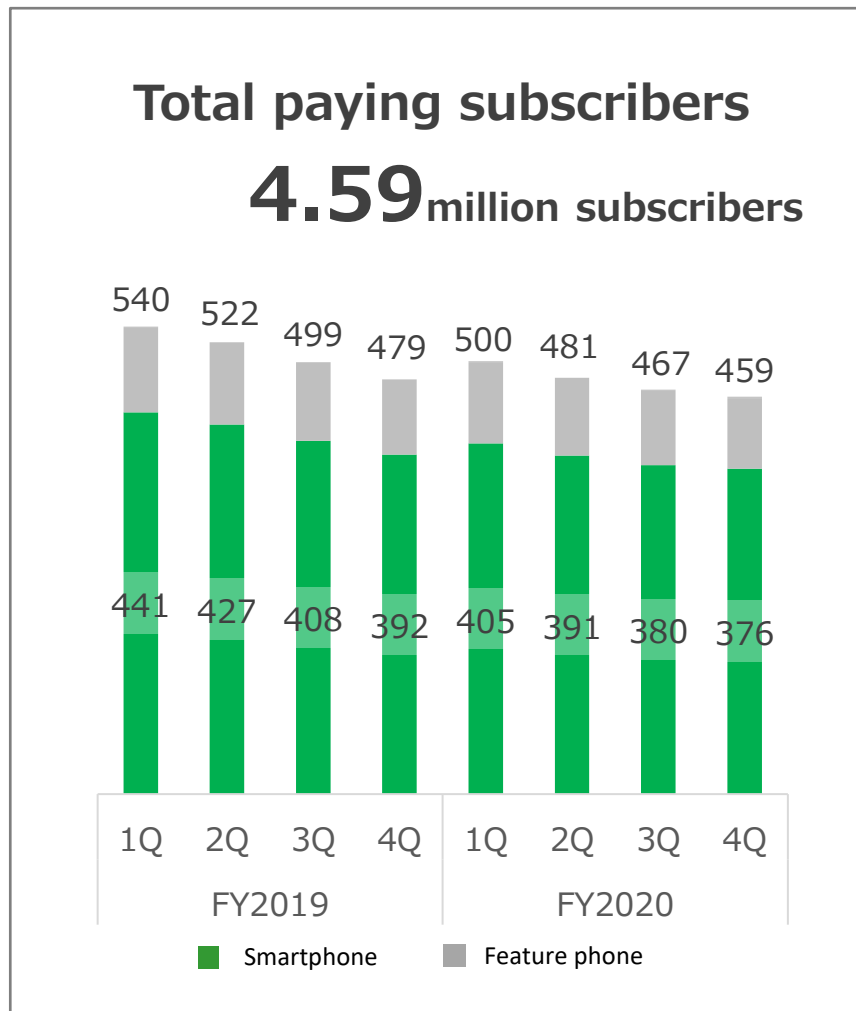
	FY2019				FY2020			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales	6,862	7,070	6,495	6,684	6,104	6,842	6,505	6,629
Content business	5,508	5,348	5,269	4,975	4,878	5,136	5,179	4,997
Healthcare business	886	933	851	905	809	911	873	906
Other business	467	788	374	803	416	794	453	725
Cost department	-	-	-	-	-	-	-	-
Elimination of consolidation	-	-	-	-	-	-	-	-

Trends in performance by business units (Operating income)

(Unit : Mil yen)

	FY2019				FY2020			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Operating income	829	806	629	694	586	860	570	489
Content business	1,765	1,537	1,738	1,578	1,672	1,785	1,798	1,708
Healthcare business	(412)	(346)	(394)	(363)	(453)	(440)	(495)	(475)
Other business	(127)	(44)	(187)	(119)	(164)	(22)	(242)	(166)
Cost department	(411)	(326)	(503)	(381)	(459)	(430)	(442)	(480)
Elimination of consolidation	15	(13)	(23)	(20)	(9)	(32)	(46)	(96)




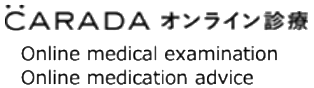


Content business: The number of paying subscribers



* The number of paying subscribers are including healthcare business 'Luna-luna and 'Caradamedica' whose business model are monthly paid business above.

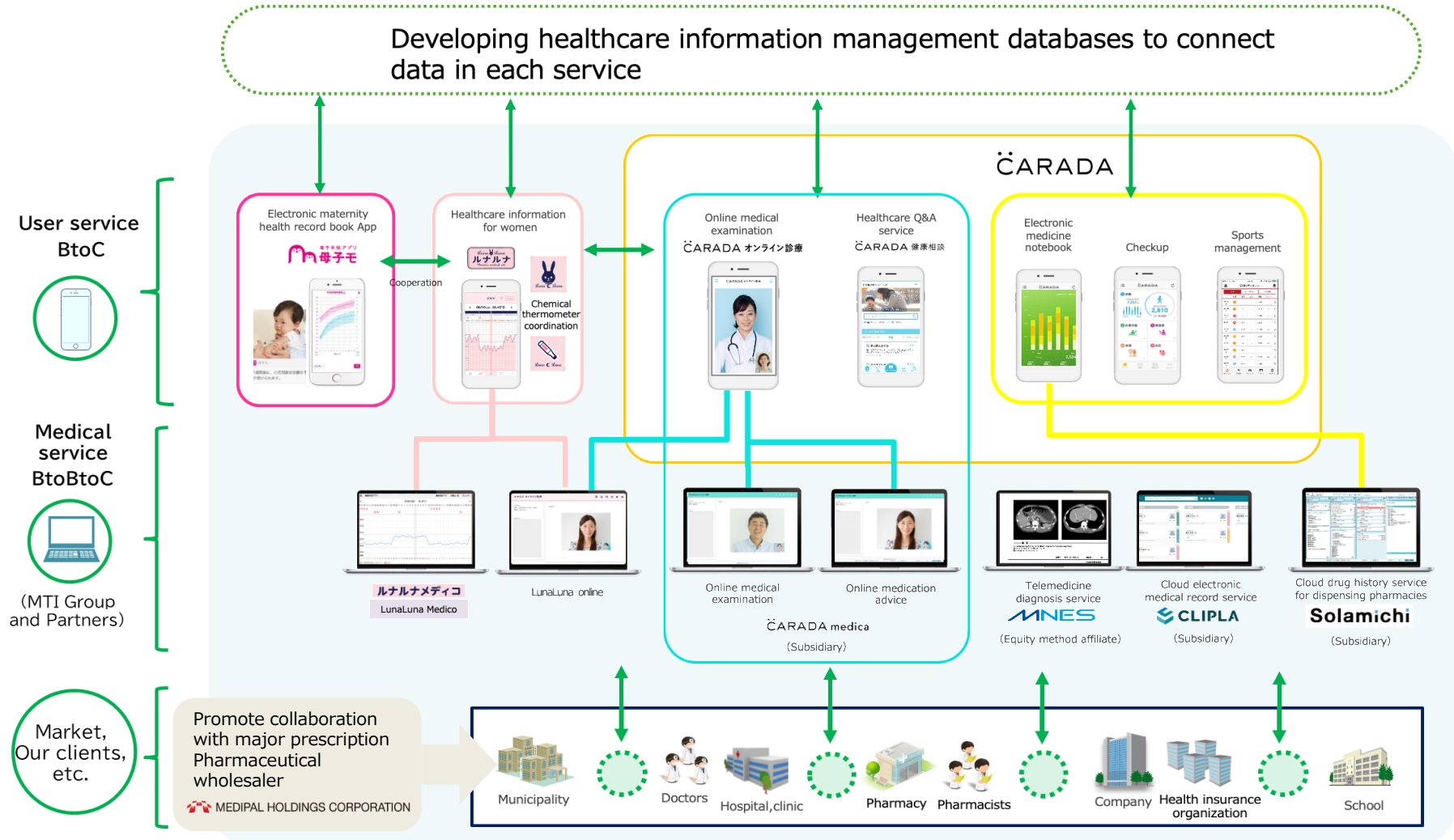
The list of main healthcare services

Figures are the actual as of end of September 2020.

Name of service	Service of function	Business model
	Maternal and Child Health Handbook service app. Vaccine scheduling function, parenting curve and information provided by local governments.	The app is provided at no additional charge for those of childbearing age including mothers. Collects monthly usage fees from contracted local governments nationwide. The service has been adopted by 285 of 1,741 local governments nationwide.
	Healthcare info service for women. Forecasting menstrual day & ovulation day.	Free app (Over 15 million DL cumulative) Three hundred 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.	The service is currently provided at no additional charge. The service has been adopted by 780 gynecologists. (Patients are LunaLuna users [free/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	As a measure to prevent the spread of COVID-19, The service will be provided free of charge until the end of September 2020.
	Q&A service for doctors and people engaged in medical services. Helps eliminate daily health concerns.	¥400/month
	the system offers full features that are necessary for online medical examination, from reservations to delivery of drugs and prescriptions .	Contracts with 724 clinics and pharmacies. As a measure to prevent the spread of COVID-19, The service will be provided free of charge until the end of September 2020.
	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.	Collects monthly usage fees from health examination institutions.
	Cloud drug administration record service for pharmacies The drug administration record navigation function is highly rated. Links with the CARADA medical history notebook app.	Initial cost for introduction + monthly usage fee 285 orders have been received. Full-scale deliveries started in December 2019.

*The schedules are subject to change due to future developments with COVID-19.

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.

Online medical examination and online medication advice①:

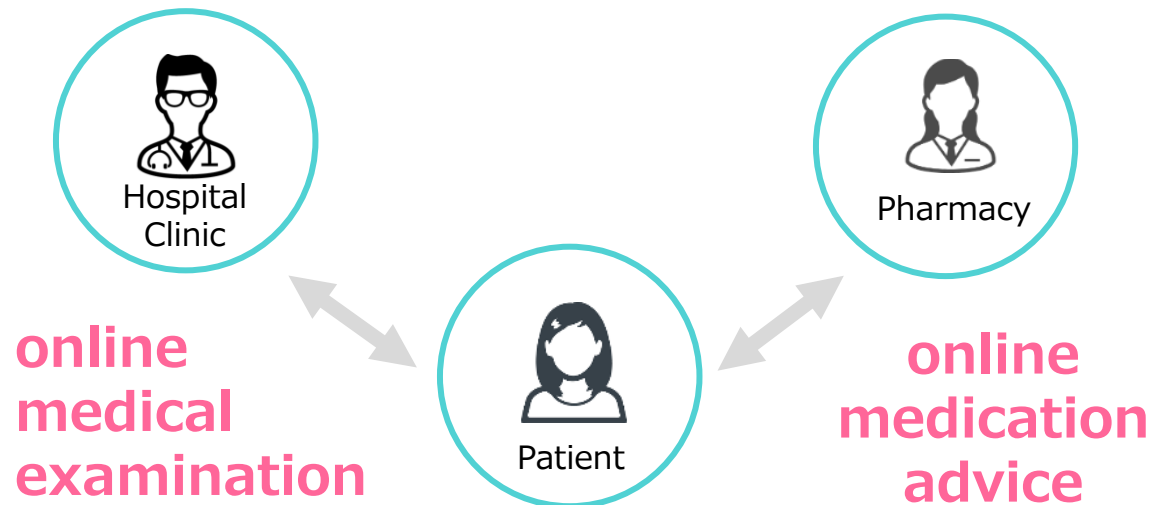
What is 'online medical examination'?

Internet-based medical services provided to non-hospitalized patients that are performed by healthcare professionals.

What is 'online medication advice'?

Internet-based medication advice for prescribed drugs usually performed by pharmacists. Patients receive drugs with internal prescription at home. They receive external prescriptions forwarded to their smartphones. This service replaces the process of drug purchases by patients at pharmacies with medication instructions.

CARADA オンライン診療



Online medical examination and online medication advice②: Operating environment

	Previously	Temporary measure After COVID-19 4/10~
First visit	<p>Online medical examination not appropriate</p> <p>Face-to-face medical examination required</p>	<p>Online medical examination allowed for new patients</p>
Target disease	<p>High blood pressure, diabetes, certain chronic diseases only</p>	<p>No limitation with doctor's discretion</p>





Deregulation underway for online medical examination and online medication advice

Online medical examination and online medication advice③: Service introduction

CARADA medica

A full spec online system that handles every step from reservation, to video call, settlement and drug delivery.

Full spec

Reservation	Video call	Settlement	Delivery of drugs and prescriptions
 <p>By allowing patients to make reservations for date and hour of medical examination in advance, wasted time can be avoided in medical practice.</p>	 <p>An online medical consultation and examination are conducted through a video call, easing the burden on healthcare professionals because they can speak to the patient while checking his/her facial expressions.</p>	 <p>Settlement is made automatically after online medical consultation and examination, using the credit card registered by the patient in advance.</p>	 <p>A delivery firm collects the drugs and prescriptions from medical institutions and delivers them to patients.</p>

Online medical examination and online medication advice④: Market

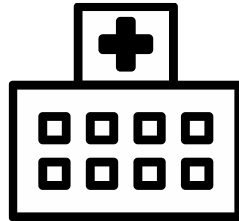
Rapid growth in demand in the wake of COVID-19

ĀARADA オンライン診療

(Online medical examination
and medication advice)

882
contracts

September 2020



Clinic



Pharmacy

Number of clinics across
the nation

100,000 clinics

Number of pharmacies
across the nation

60,000 pharmacies

Estimated to be
Interested in online services

20%

Future revenue scheme
(Currently provided for free)

Spot type

Initial cost for
introduction

+

Stock type

Monthly charge for
system usage



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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.