



Reporting Session For Shareholders for 2023

December 23, 2023

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

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Consolidated B/S

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Business of segment

The list of main healthcare services

Overview of healthcare services

Cloud drug record service

Maternal health record book app

School DX business

Financial Results Overview for FY2023

Financial highlight

1 FY2023 Results

YoY : Operating income decreased, profit for the period significantly increased.

Compared to forecast : Profit Overperformance

		YoY	Compared to forecast
Net sales :	¥26,798million	+319million	(1)million
Operating income :	¥298million	(572)million	+98million
Profit attributable to owners of parent :	¥753million	+1,683million	+293million

2 FY2023 Achievements and initiatives

- **Healthcare business** : Take up of the Cloud drug record service and Childcare DX services expanded, and losses contracted significantly.
- **School DX business** : Expansion in the number of introduced schools, reduction in losses.
- **Other business** : Loss-making projects in the DX support business for companies have wound down.

3 Earnings forecast for FY2024

		YoY
Net sales :	¥27,000million	+0.8%
Operating income :	¥1,000million	+235.1%

Consolidated P/L

Net sales : Levelling off**Operating income : decreased, profit : significantly increased**

(Unit : Mil yen)	FY2022	FY2023	YoY	
			Amount	Percentage
Net sales	26,479	26,798	+319	+1.2%
Cost of sales	7,787	8,425	+638	+8.2%
ratio	29.4%	31.4%		
Gross profit	18,691	18,373	(318)	(1.7)%
ratio	70.6%	68.6%		
SG&A	17,820	18,074	+253	+1.4%
ratio	67.3%	67.4%		
Operating income	870	298	(572)	(65.7)%
ratio	3.3%	1.1%		
Ordinary income	485	458	(27)	(5.7)%
ratio	1.8%	1.7%		
Profit attributable to owners of parent	(930)	753	+1,683	-%
ratio	(3.5)%	2.8%		

Increase in advertising expenses (AdGuard)

Q3: Recording of extraordinary income for consumption tax refund, etc., of 873 million yen

Consolidated SG&A

Advertising expenses : increased

Development costs (Subcontract expenses+ Depreciation) : decreased

(Unit : Mil yen)	FY2022	FY2023	YoY		
			Amount	Percentage	
SG&A	17,820	18,074	+253	+1.4%	
Advertising expenses	1,580	2,136	+555	+35.2%	Increase in sales promotion costs for AdGuard
Personnel expenses	7,718	7,714	(4)	(0.1)%	
Commission fee	3,094	2,954	(139)	(4.5)%	
Subcontract expenses	2,136	1,965	(171)	(8.0)%	Improved development costs (Healthcare business)
Depreciation	1,352	1,265	(86)	(6.4)%	
Other	1,937	2,038	+100	+5.2%	

Achievement Ratio for Earnings Forecast

Landing on the upside

(Unit : Mil yen)	FY2023 Forecast (revised on May 24)	FY2023 Actual	Difference	Achievement rate
Net sales	26,800	26,798	(1)	100.0%
Operating income	200	298	+98	149.2%
Ordinary income	400	458	+58	114.6%
Profit attributable to owners of parent	460	753	+293	163.7%

*Revised forecast on Nov 6. Operating income, ordinary income and profit attributable to owners of the parent are the same as the Nov 6 revised forecast.

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

母子モ



CARADA 電子薬歴
Solamichi

School DX Business

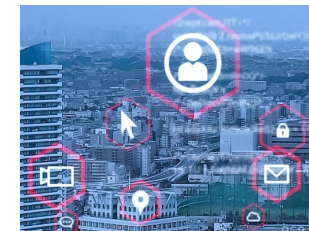
- School DX service

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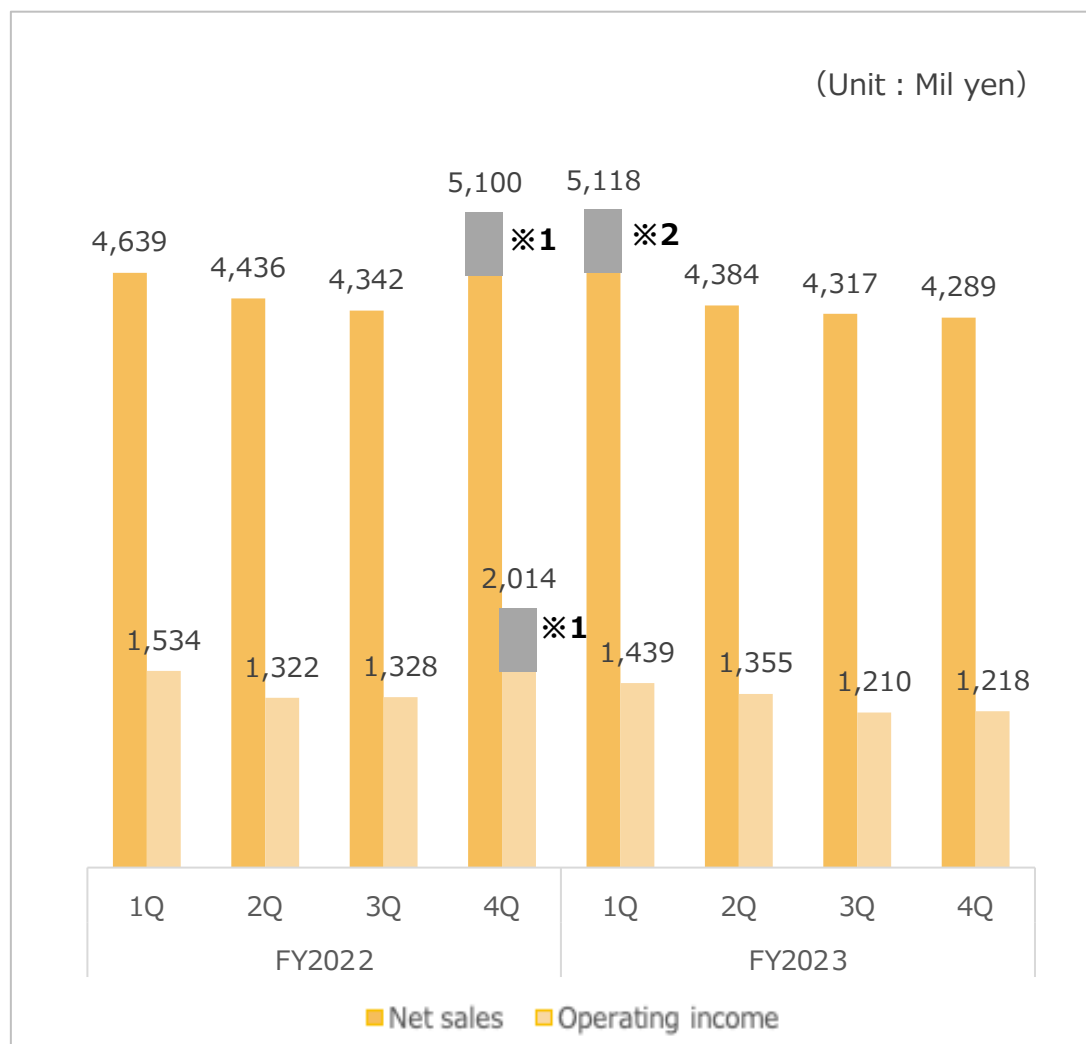


Other Business

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



Content business : Net sales and operating income



QoQ

Levelled off net sales

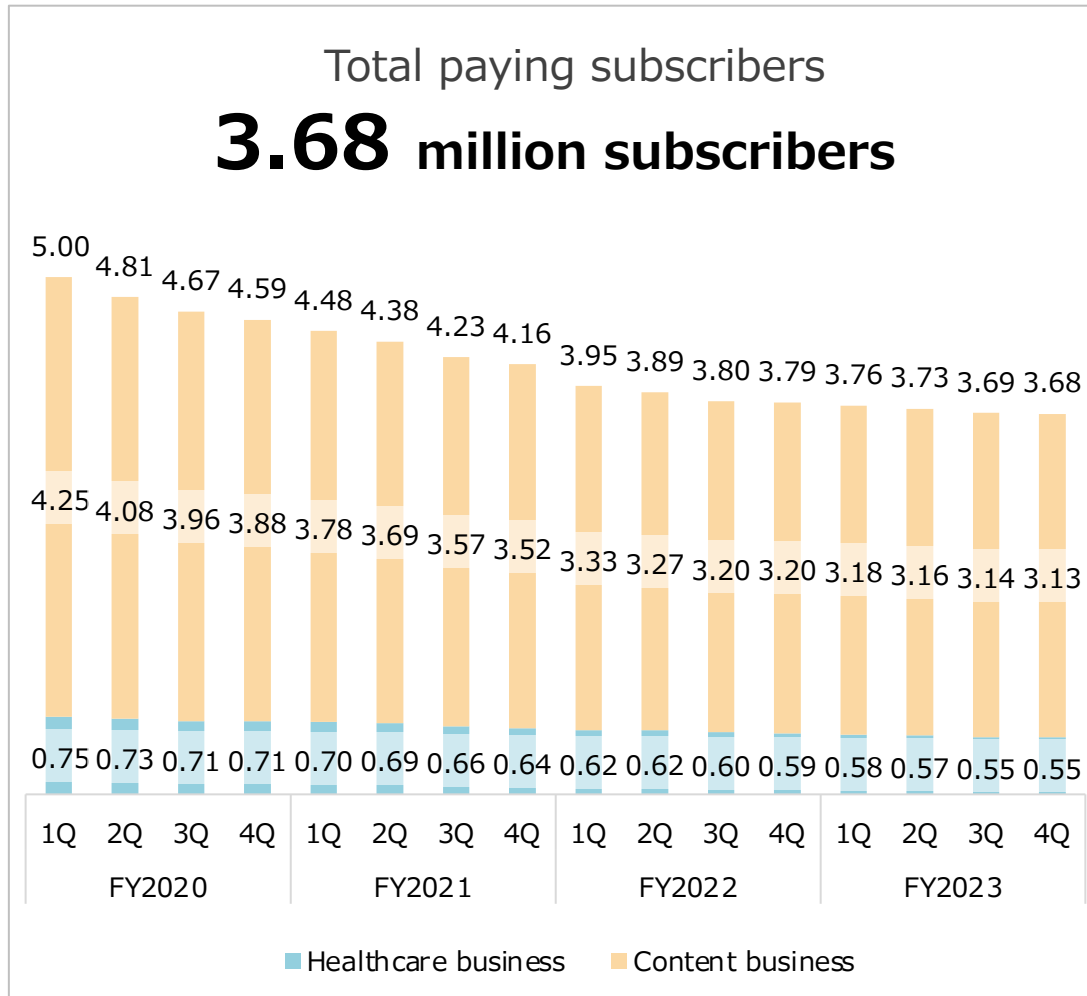
- The number of paying subscribers remained almost unchanged.

Levelled off operating income

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

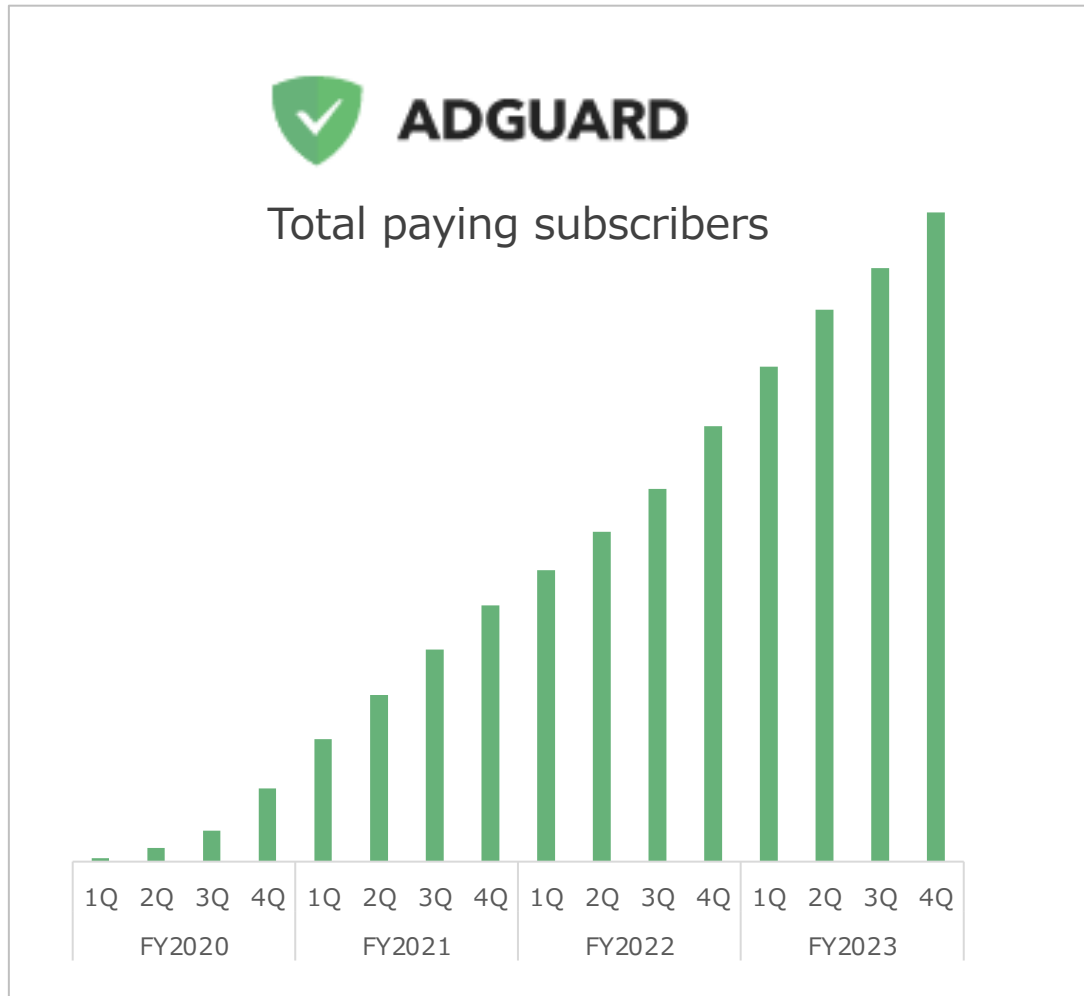


Total paying subscribers

Degree of decrease is being reduced

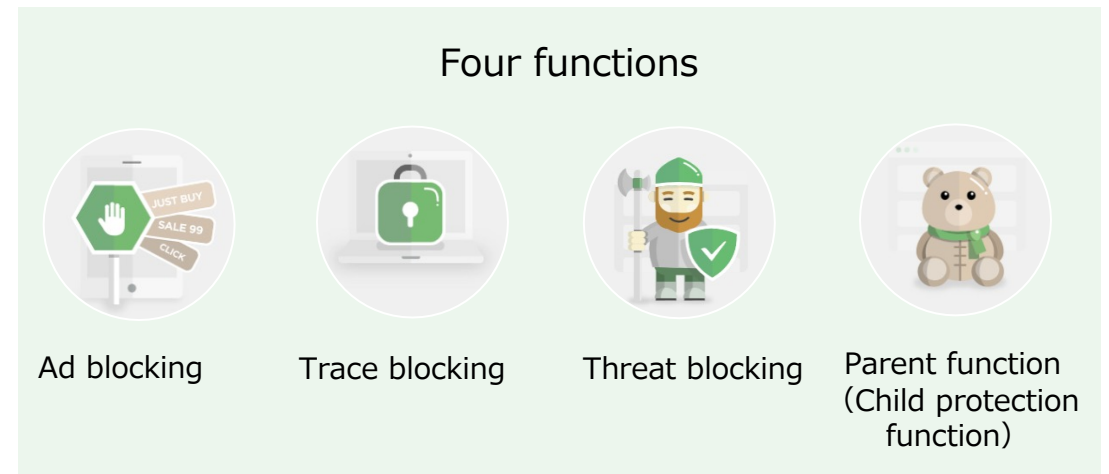
- Brisk Security-related apps
- Mostly unchanged from the previous quarter

Content business: Security-related app

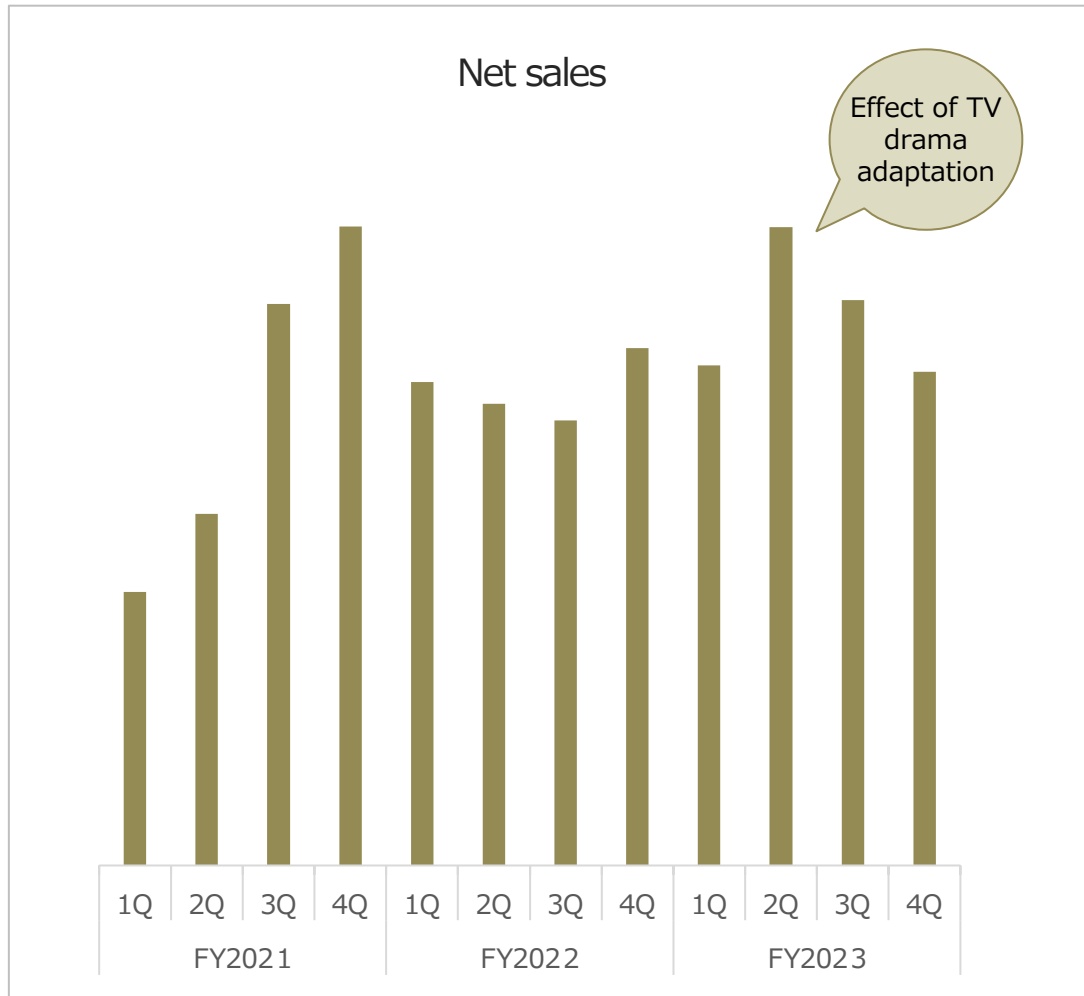


Security-related apps are growing

Over 670 thousand people



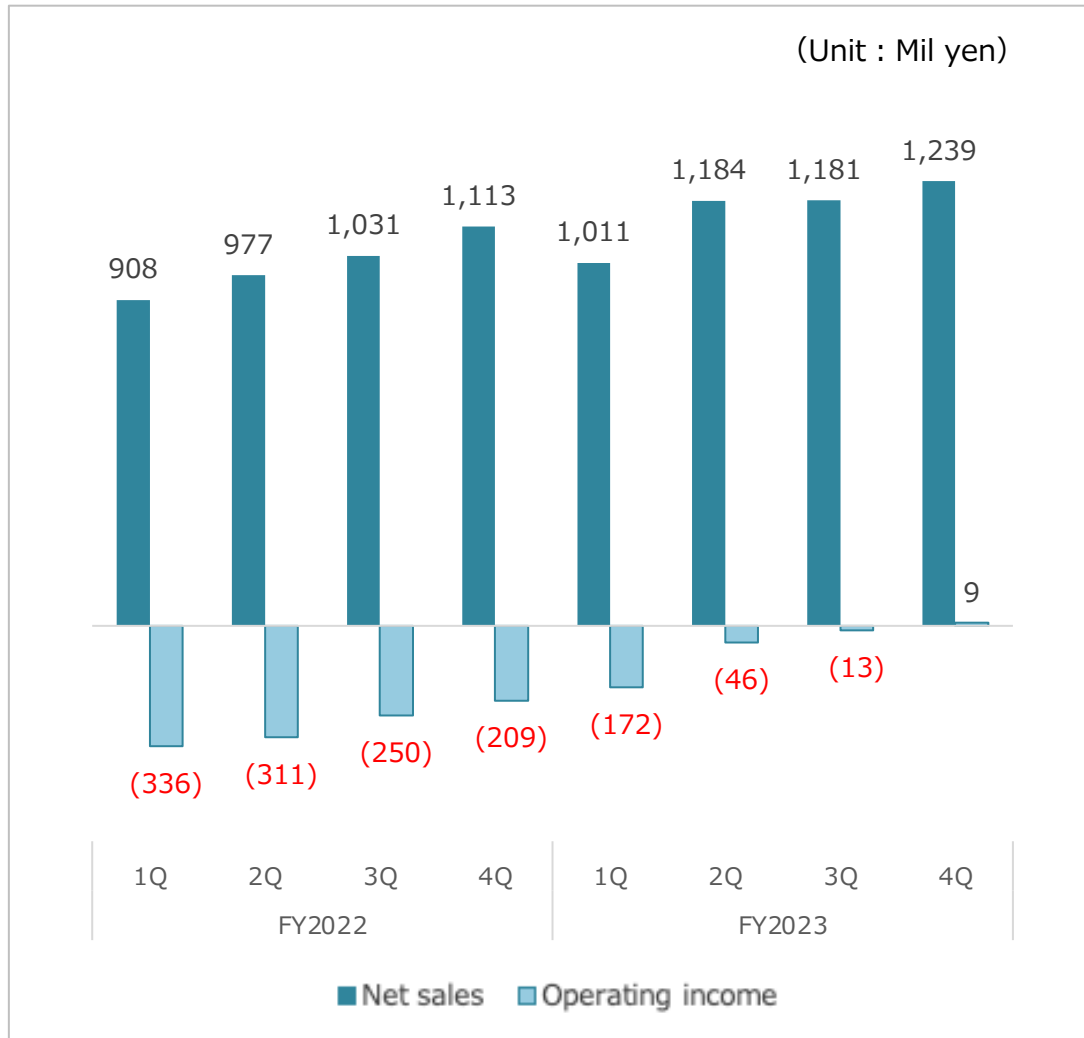
Content business: Original comics content business



Stable growth

- Reactionary decline after TV dramatization
- The serialization of hit titles contributed
- Keep in comic titles introduced

Healthcare business: Net sales and operating income



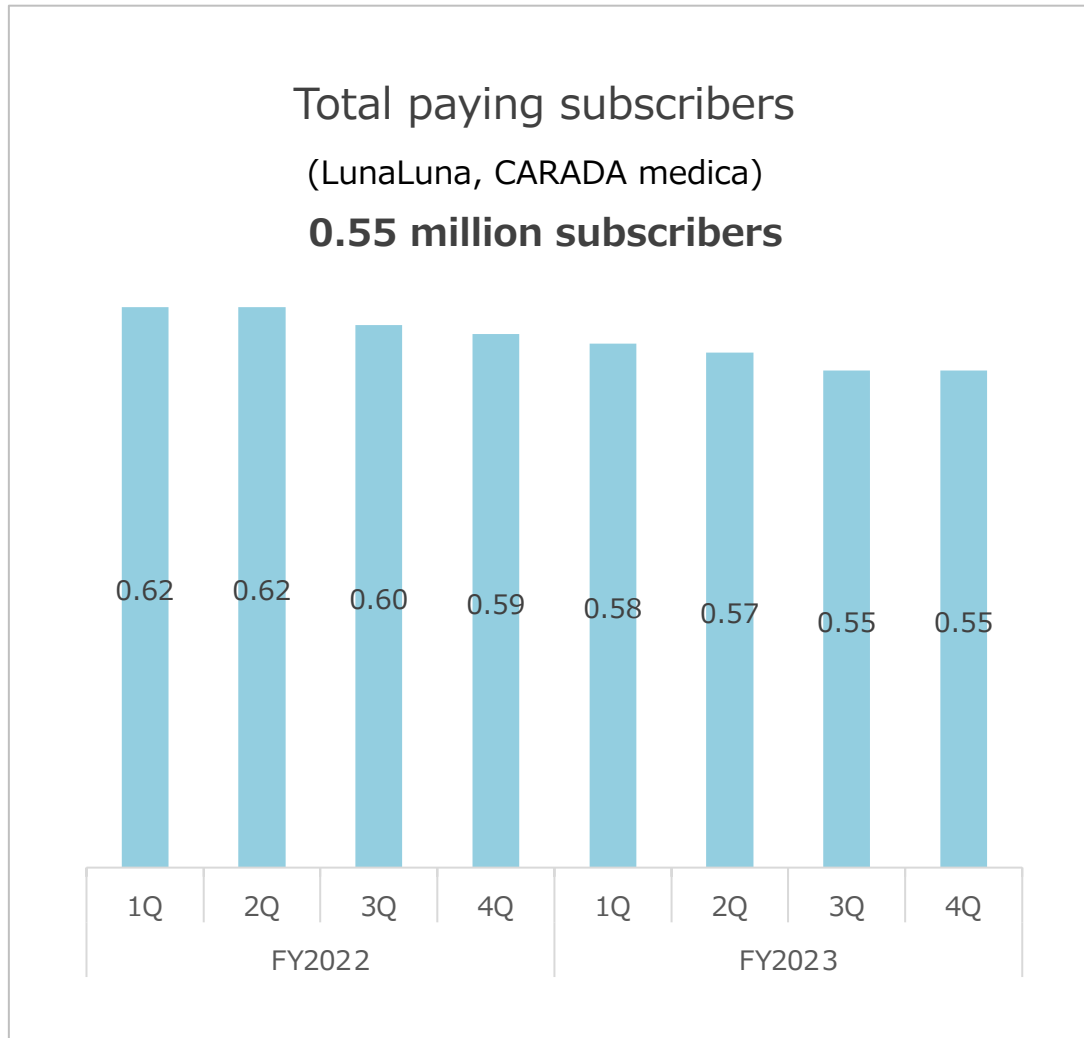
QoQ

Net sales growth

- Cloud drug record service
(Decrease in spot sales)

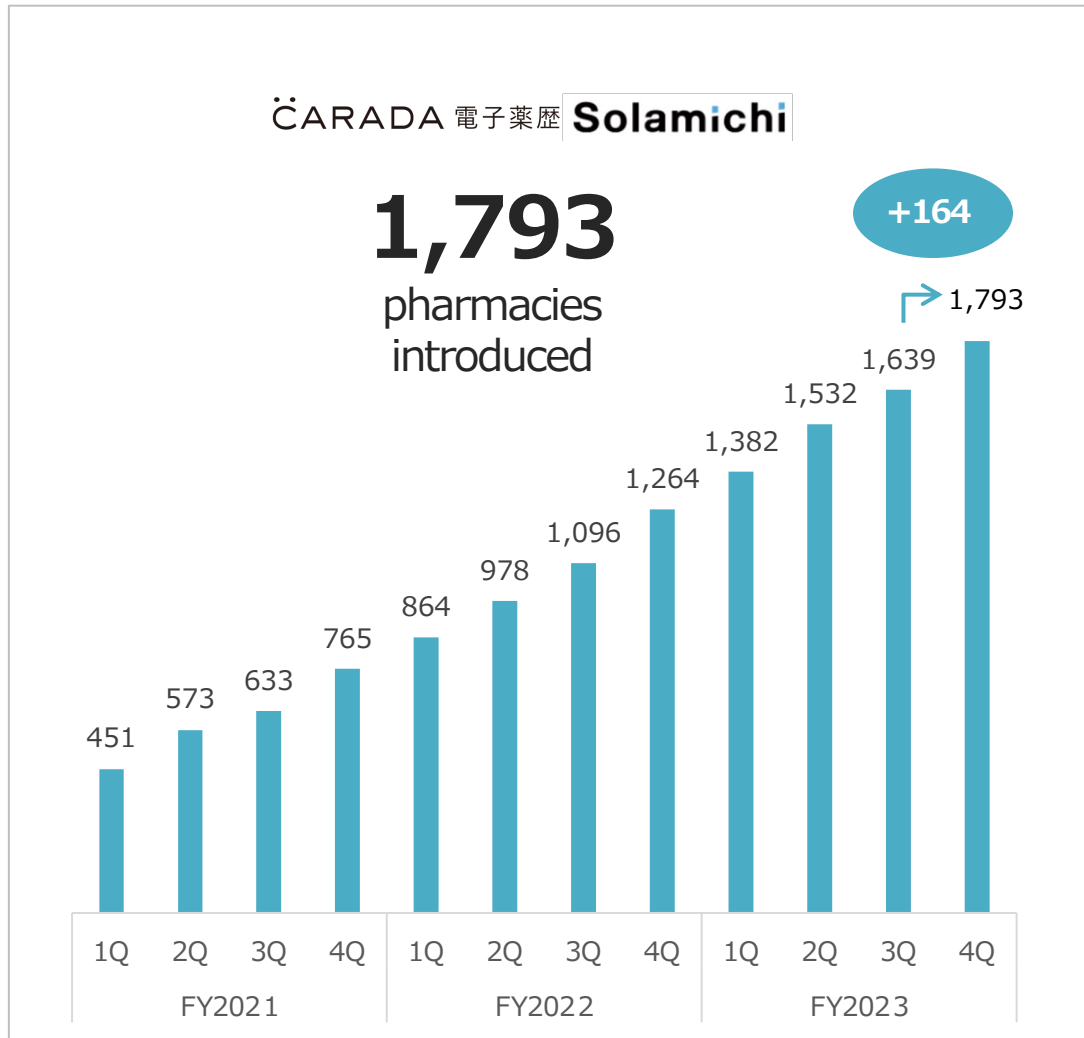
Securing a profit

Healthcare business: Monthly content service



Total paying subscribers
Levelled off

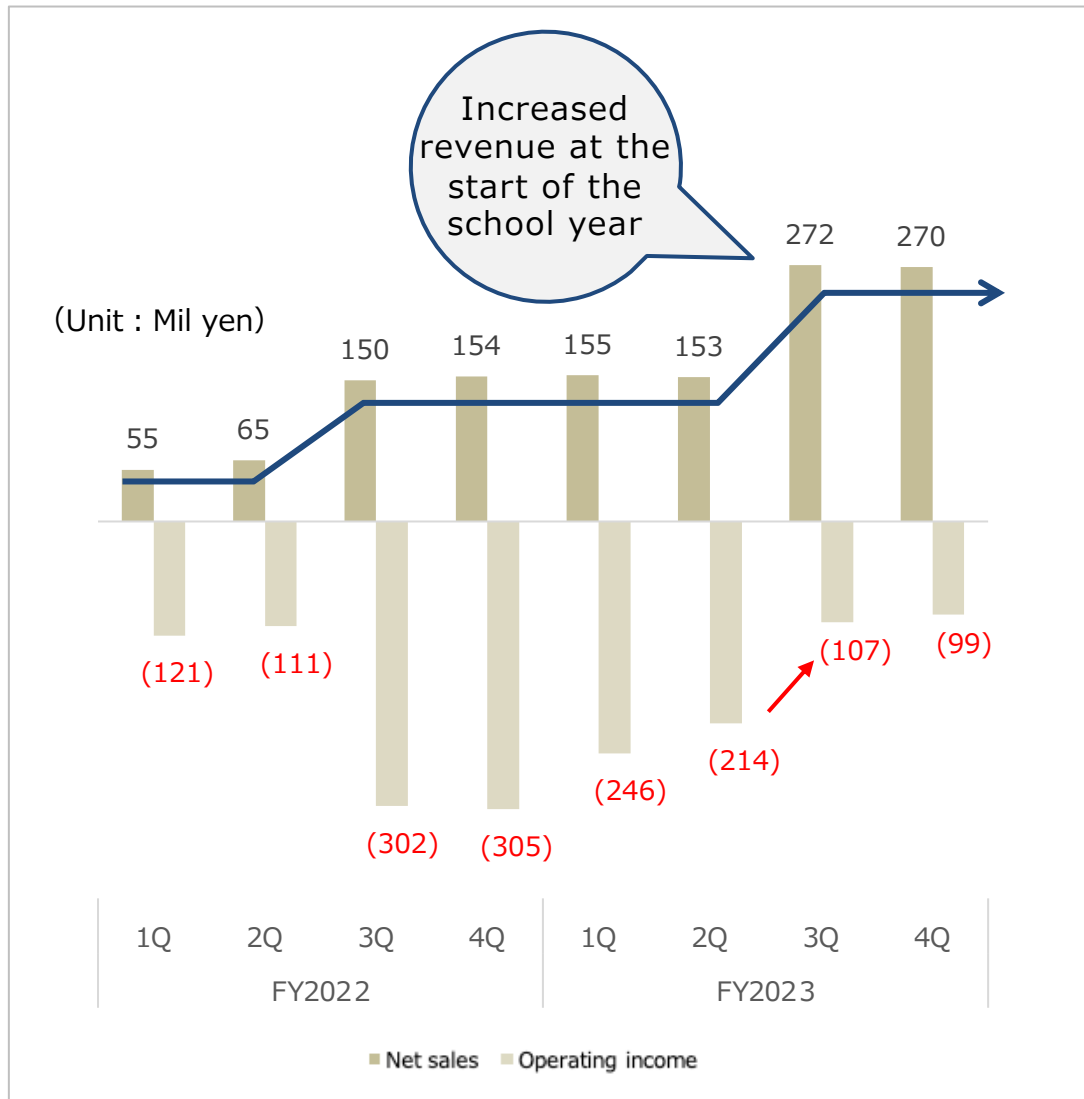
Healthcare business: Cloud drug record service



Total introduced pharmacies

Steady expansion

School DX business: Net sales and operating income



QoQ

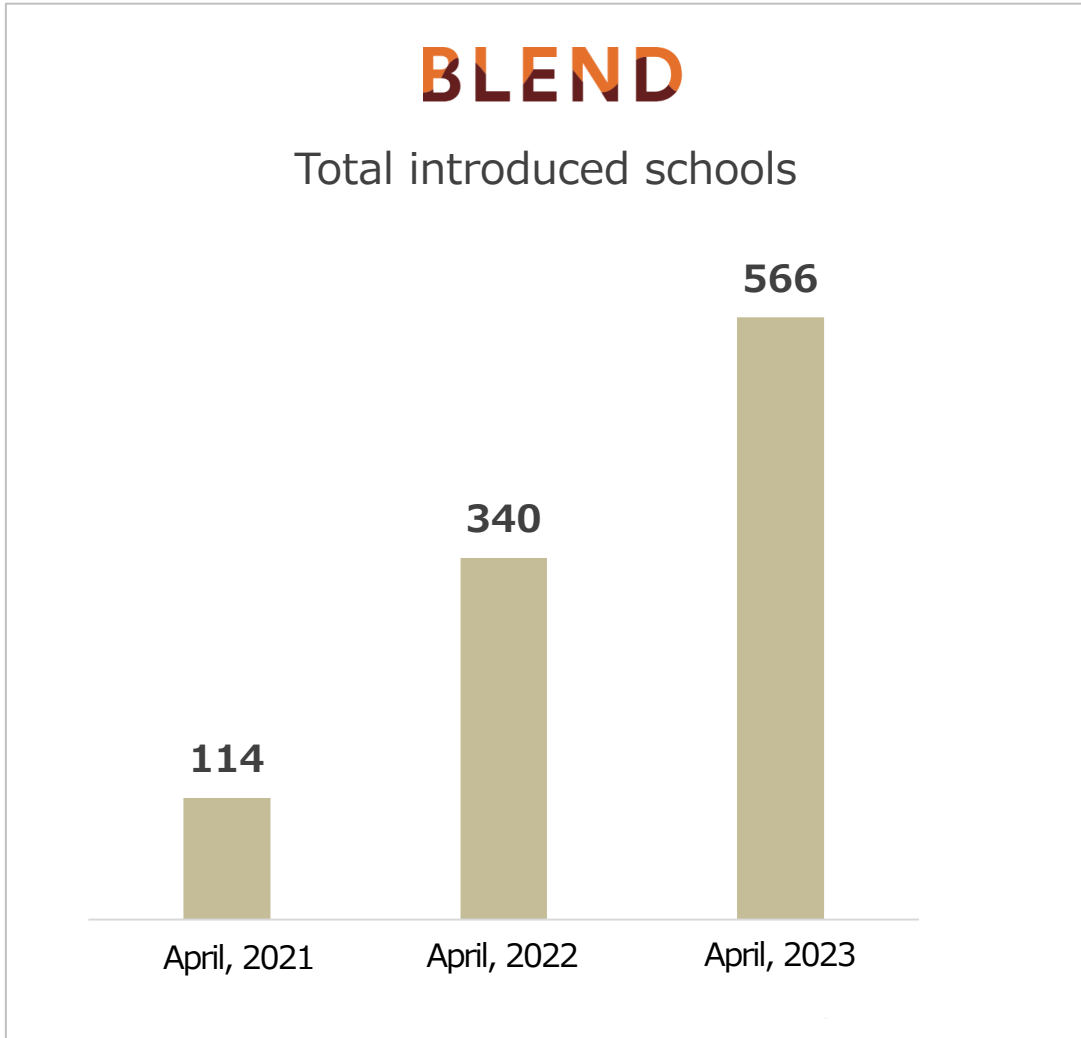
Levelled off net sales

(Sales expansion in the second half of the year)

Operating deficit unchanged

(Shrinking of deficit in the second half of the year due to the effect of increased revenues)

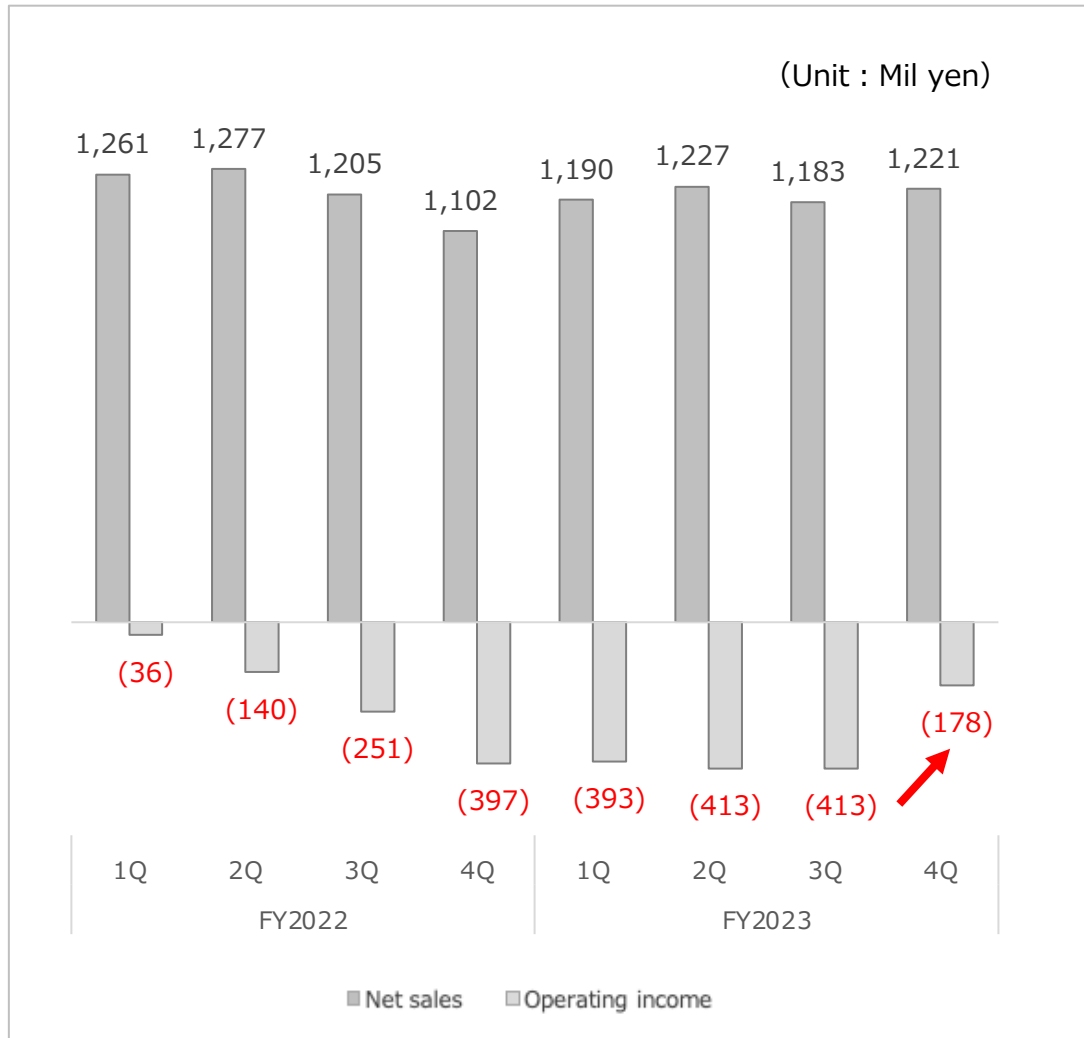
School DX business : Cloud-based school affairs support system



**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



Operating deficit reduced

Loss-making projects

in the DX support business for companies
have wound down

Approach in FY2024

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

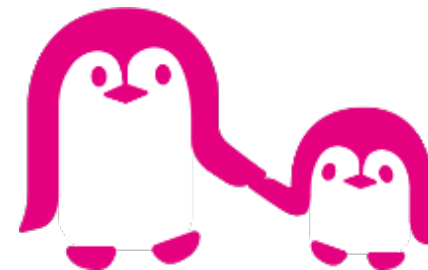
2. Continuing to strengthen function development for differentiation

- 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

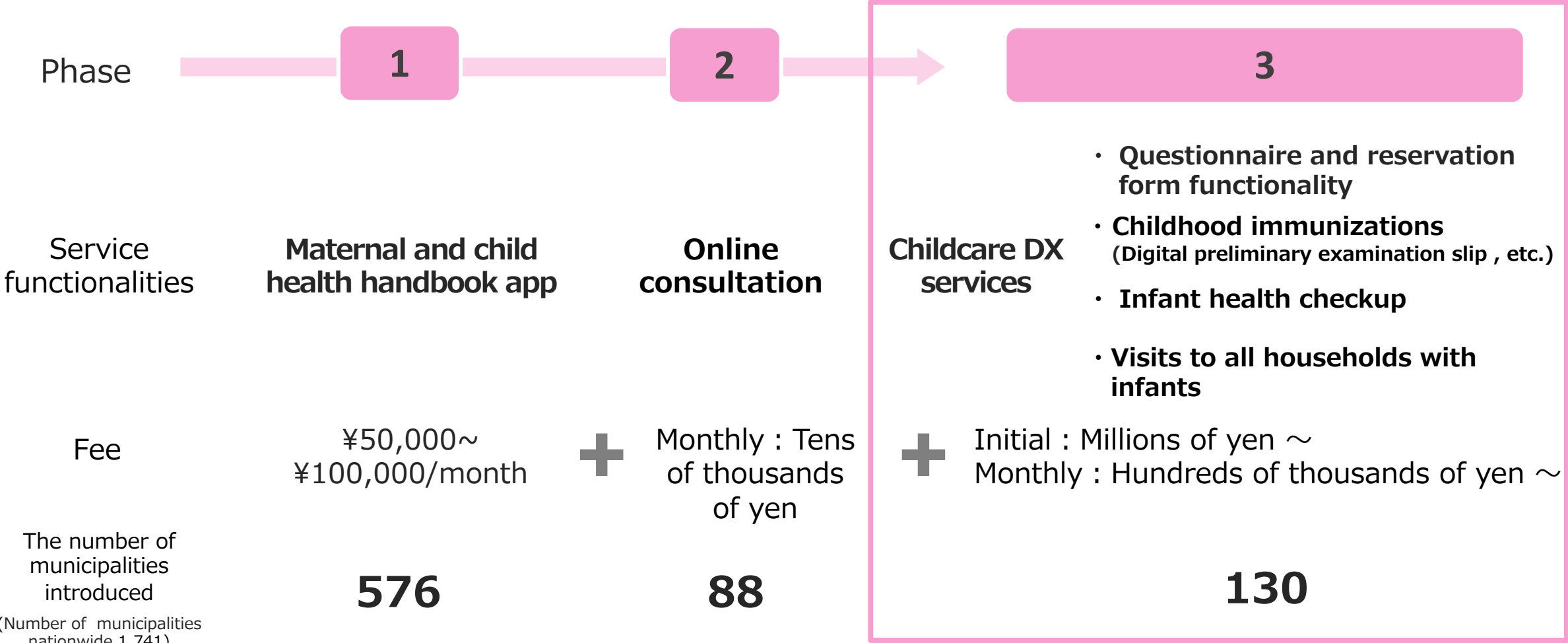
Maternal and child health handbook app + Childcare DX services





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

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



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



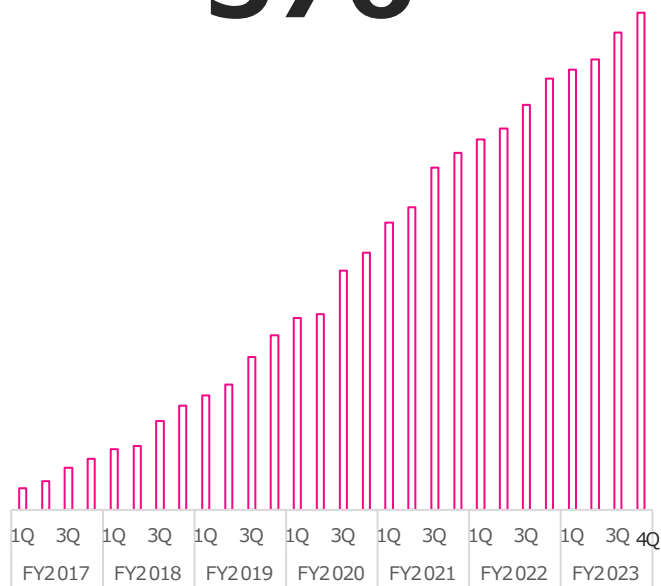
Healthcare business:
Maternal and child health handbook app + Childcare DX services

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

Phase1

Maternal and child
health handbook app

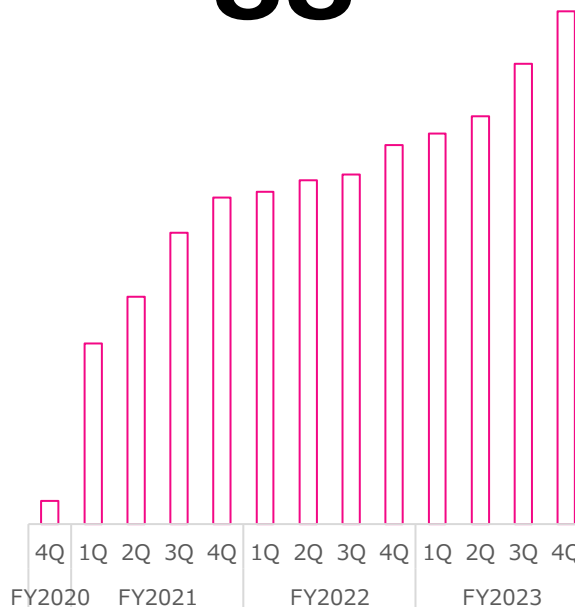
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Phase2

Online consultation

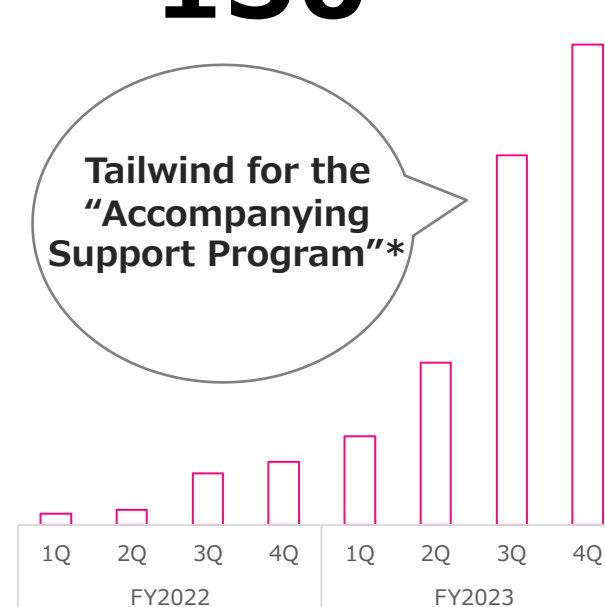
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Phase3

Childcare DX services

130



* 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

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School DX business : Cloud-based school affairs support system

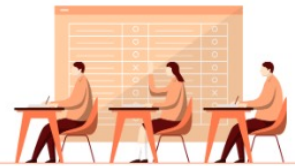
Improving efficiency in school administration and the quality of education

Cloud-based school affairs
support system

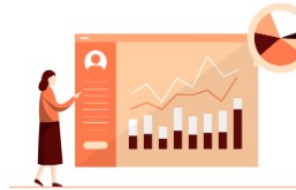
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BLEND



Attendance
management



Grade
management



Form
management



Learning
management



Student
information



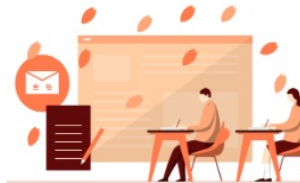
Student
memo



Office
management



Health care



Entrance exam
management

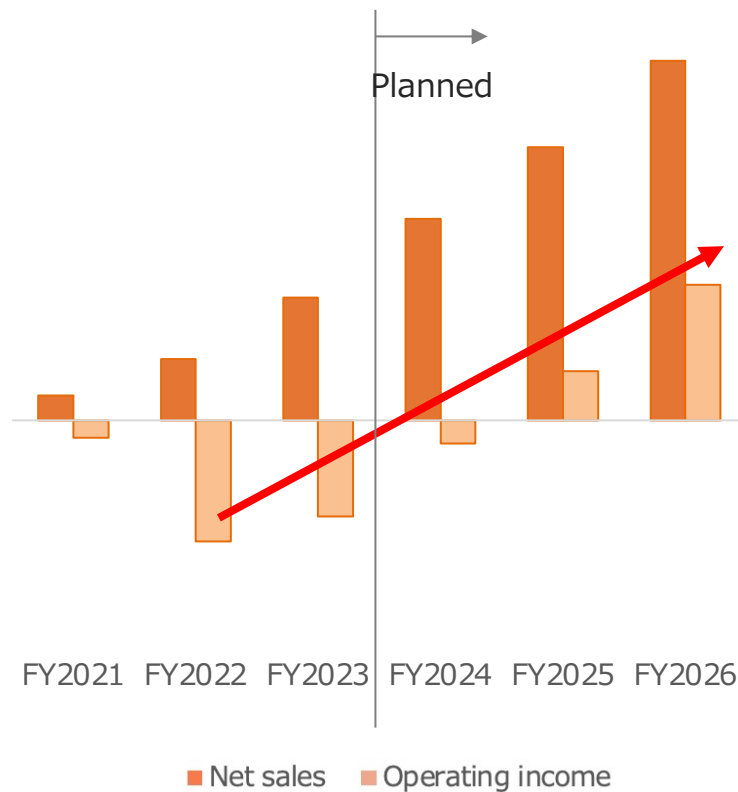


External
mock test



School DX business : Cloud-based school affairs support system

Image of medium-term profit



Aiming to expand the number of schools to be introduced

- Many potential projects for April 2024 introduction

Earning forecast for FY2024

Earnings forecast for FY2024

Net sales : flat, operating income : increase

YoY

Net sales : **¥27,000**million **+0.8** %

Operating income : **¥1,000**million **+235.1** %

Ordinary income : **¥1,000**million **+118.1** %

Profit attributable
to owners of parent : **¥400**million **(46.9)** %

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	1,000	200	800	+541	+118.1%
(Ratio)	1.7%	1.4%	2.1%	3.7%	1.5%	5.7%		
Profit attributable to owners of parent	753	(326)	1,079	400	50	350	(353)	(46.9)%
(Ratio)	2.8%	(2.4)%	8.2%	1.5%	0.4%	2.5%		

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

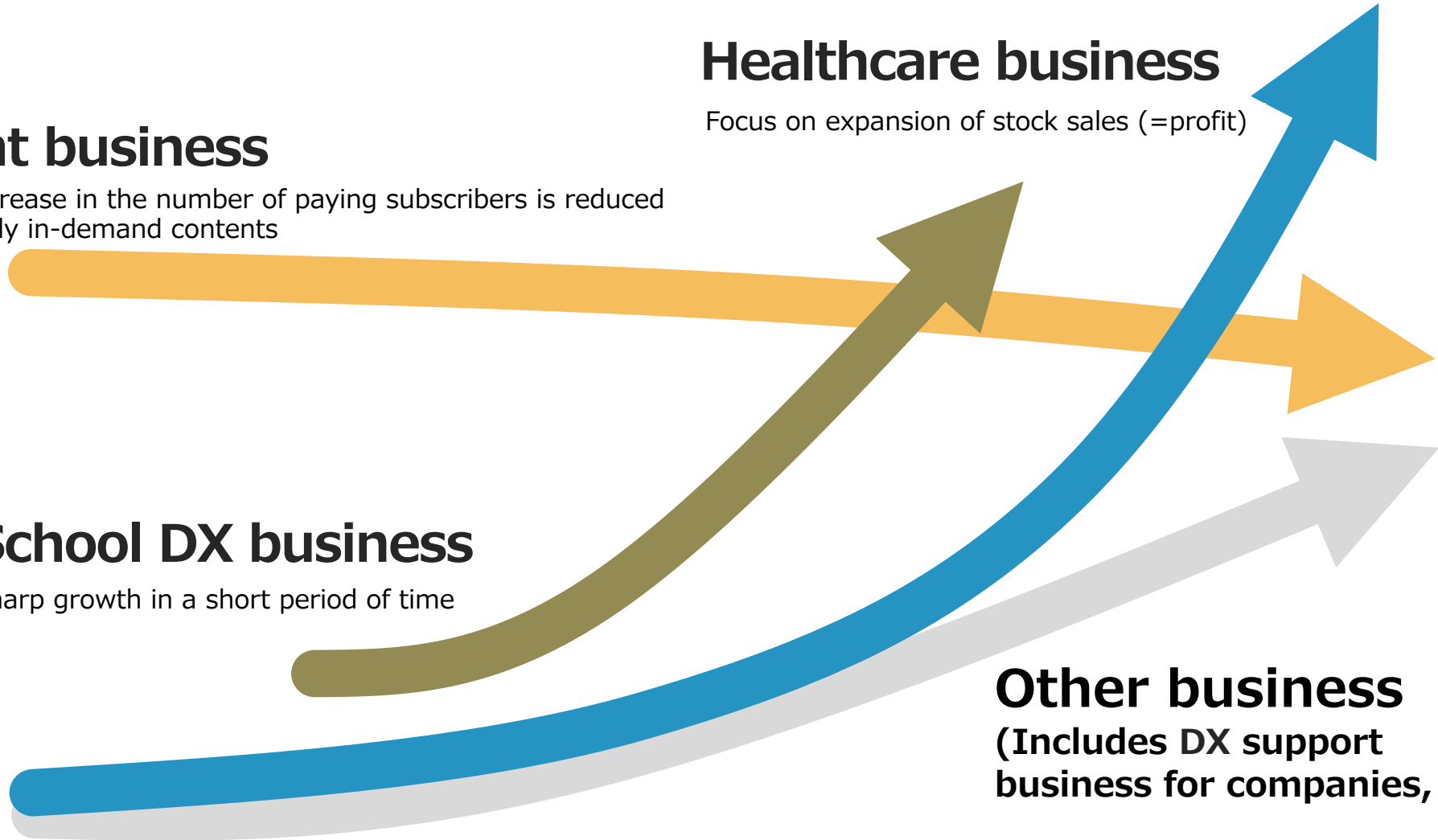
Healthcare business

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)



Capital Policy

Capital Policy

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

	<u>Interim dividend</u>	<u>Year-end dividend</u>	<u>Annual dividend</u>
FY2023	¥8	¥8	¥16
FY2024 (Forecast)	¥8	¥8	¥16

Appendix

Consolidated B/S

MTI Ltd.

(Unit : Mil yen)

	FY2022	FY2023	Change		FY2022	FY2023	Change
Current assets	18,778	18,940	+161	Current liabilities	6,386	7,330	+944
Cash and deposits	12,097	13,720	+1,623	Account payable-trade	1,068	1,023	(45)
Notes and accounts receivable - trade, and contract assets	4,294	4,197	(97)	Current portion of long-term borrowings	751	747	(4)
Other	2,420	1,056	(1,363)	Account payable-other	1,221	1,279	+58
Allowance for doubtful accounts	(34)	(33)	+0	Provision for bonuses	19	637	+618
				Income taxes payable	2,356	2,567	+211
				Provision for bonuses for directors (and other officers)	30	28	(1)
				Other	938	1,045	+107
Non-current assets	10,487	10,215	(272)	Non-current liabilities	5,001	4,240	(760)
Property, plant and equipment	193	213	+20	Long-term borrowings	3,178	2,431	(746)
Intangible assets	3,790	2,856	(934)	Retirement benefit liability	1,816	1,786	(30)
Software	2,058	1,894	(164)	Other	7	23	+16
Goodwill	655	240	(415)	Total liabilities	11,387	11,571	+183
Customer-related assets	912	491	(421)	Shareholders' equity	13,954	13,631	(323)
Investments and other assets	6,503	7,145	+641	Share capital	5,218	5,232	+14
Investment securities	3,675	4,081	+405	Capital surplus	6,768	6,485	(283)
Leasehold and guarantee deposits	337	305	(32)	Retained earning	5,224	5,143	(80)
Deferred tax assets	2,394	2,658	+264	Treasury shares	(3,257)	(3,230)	+26
				Accumulated other comprehensive income	111	322	+211
				Subscription rights to shares	110	59	(51)
				Non-controlling interests	3,701	3,570	(130)
				Total net assets	17,877	17,583	(293)
Total assets	29,265	29,155	(110)	Total liabilities and net assets	29,265	29,155	(110)

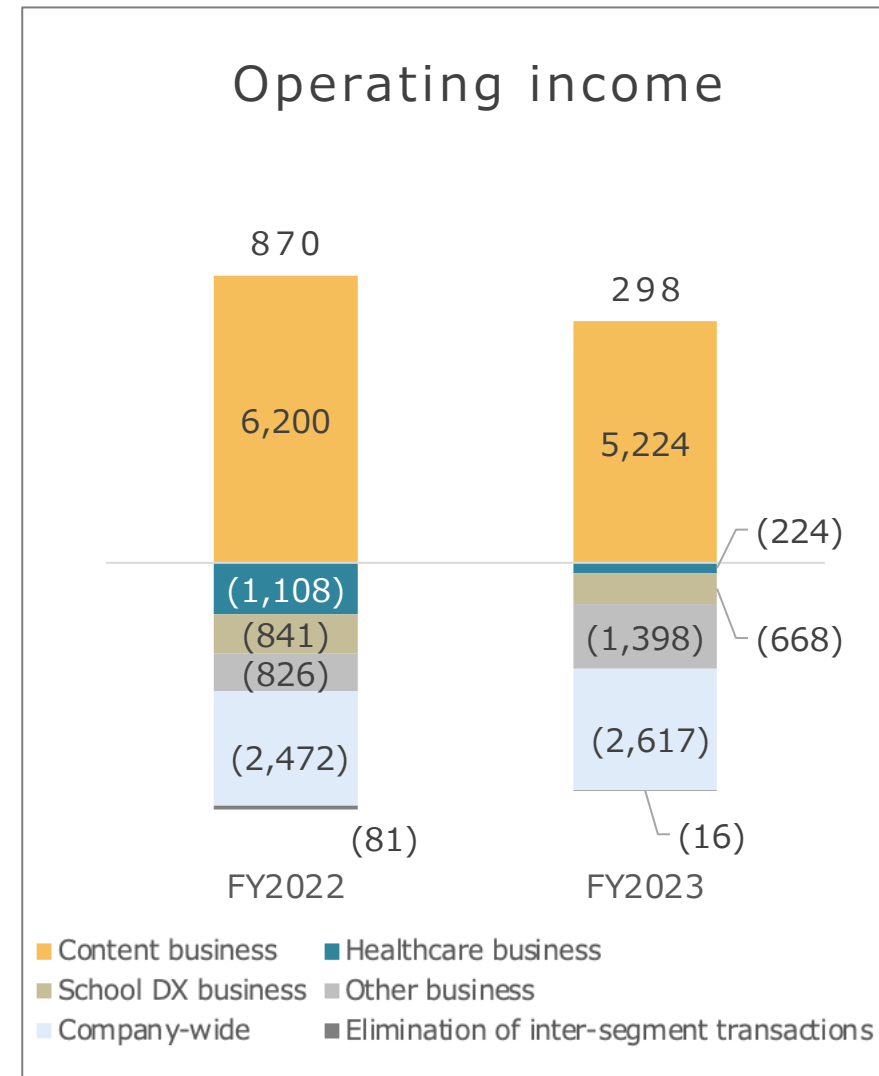
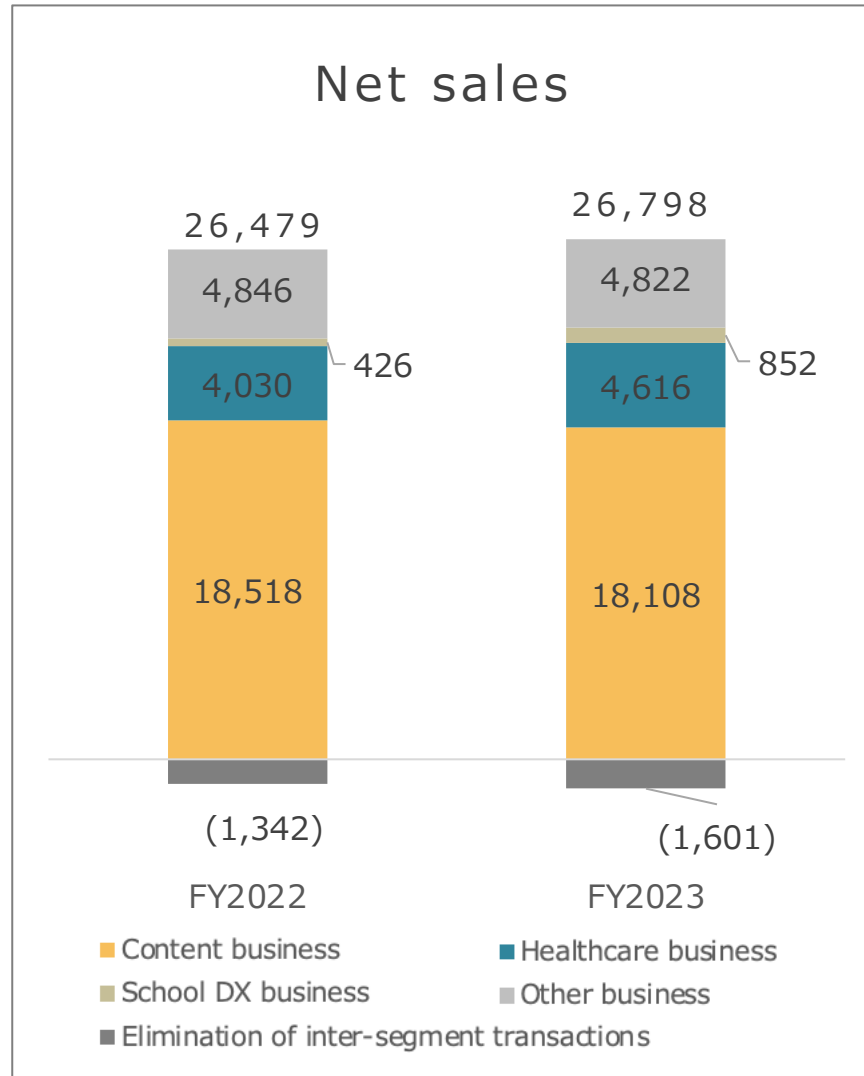
Trends in consolidated P/L

	FY2021				FY2022				FY2023			
(Unit : Mil yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	6,304	6,742	6,457	6,238	6,551	6,424	6,378	7,125	7,091	6,540	6,507	6,660
Cost of sales	1,593	1,826	1,728	1,853	1,895	1,919	1,941	2,031	2,538	1,942	2,014	1,930
Gross profit	4,711	4,916	4,728	4,385	4,656	4,504	4,437	5,093	4,552	4,597	4,493	4,729
(Ratio)	74.7%	72.9%	73.2%	70.3%	71.1%	70.1%	69.6%	71.5%	64.2%	70.3%	69.0%	71.0%
SG&A	4,157	4,237	4,164	4,251	4,204	4,356	4,613	4,645	4,613	4,554	4,492	4,413
Operating income	553	678	563	133	451	147	(176)	447	(61)	42	0	316
(Ratio)	8.8%	10.1%	8.7%	2.1%	6.9%	2.3%	(2.8)%	6.3%	(0.9)%	0.7%	+0.0%	4.7%
Ordinary income	495	345	428	101	395	(102)	(204)	397	(88)	275	(35)	306
(Ratio)	7.9%	5.1%	6.6%	1.6%	6.0%	(1.6)%	(3.2)%	5.6%	(1.3)%	4.2%	(0.5)%	4.6%
Profit attributable to owners of parent	220	(1,637)	322	(69)	252	(129)	(211)	(841)	(590)	264	821	257
(Ratio)	3.5%	(24.3)%	5.0%	(1.1)%	3.9%	(2.0)%	(3.3)%	(11.8)%	(8.3)%	4.0%	12.6%	3.9%

Trends in consolidated SG&A

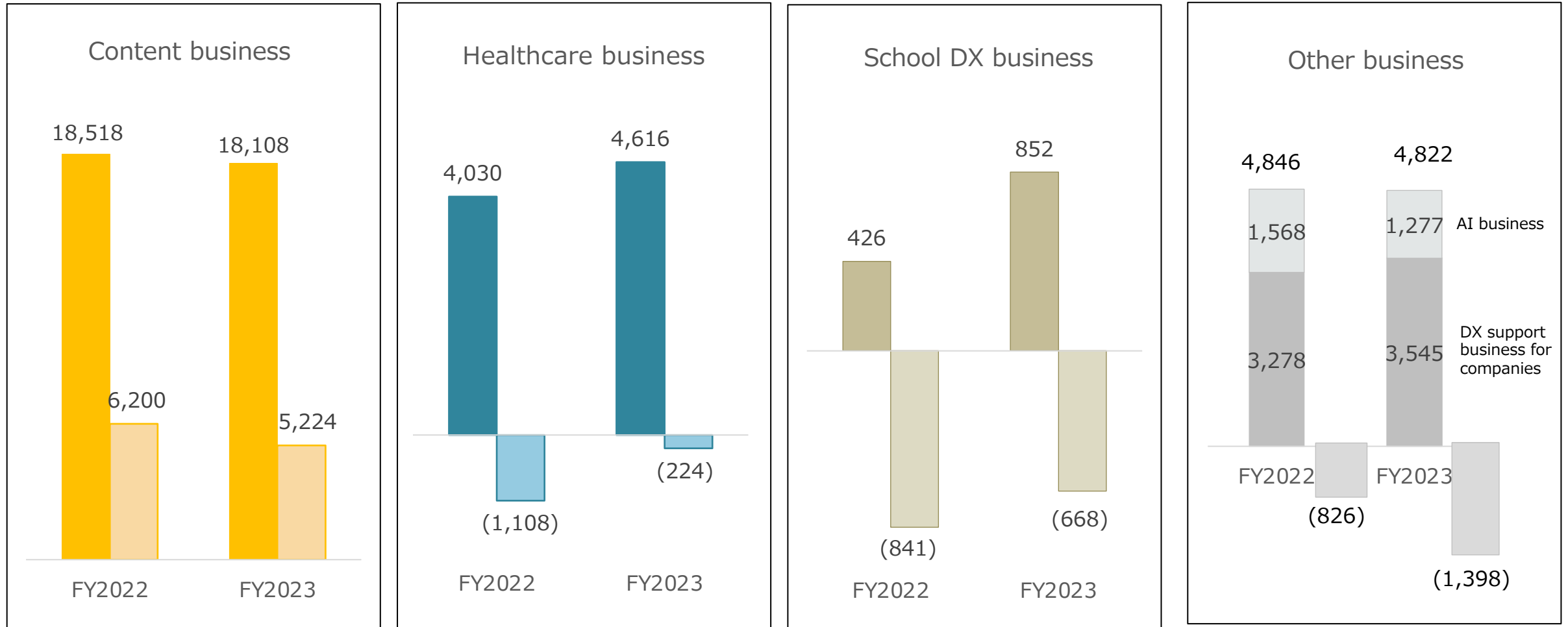
(Unit : Mil yen)	FY2021				FY2022				FY2023			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SG&A	4,157	4,237	4,164	4,251	4,204	4,356	4,613	4,645	4,613	4,554	4,492	4,413
Advertising expense	337	373	393	413	360	397	379	442	479	537	553	566
Personnel expenses	1,743	1,700	1,808	1,847	1,912	1,923	1,950	1,932	1,989	1,958	1,956	1,810
Commission fee	789	785	777	806	753	785	777	778	746	745	731	731
Subcontract expenses	441	445	452	464	440	445	657	593	560	498	454	451
Depreciation	272	312	261	286	303	330	358	360	289	301	332	341
Other	573	620	472	434	435	473	490	537	549	513	464	511

Performance by segment (Cumulative for FY2023 I)



Performance by segment (Cumulative for FY2023 II)

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



Performance by segment (Quarterly trend)

Net sales

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

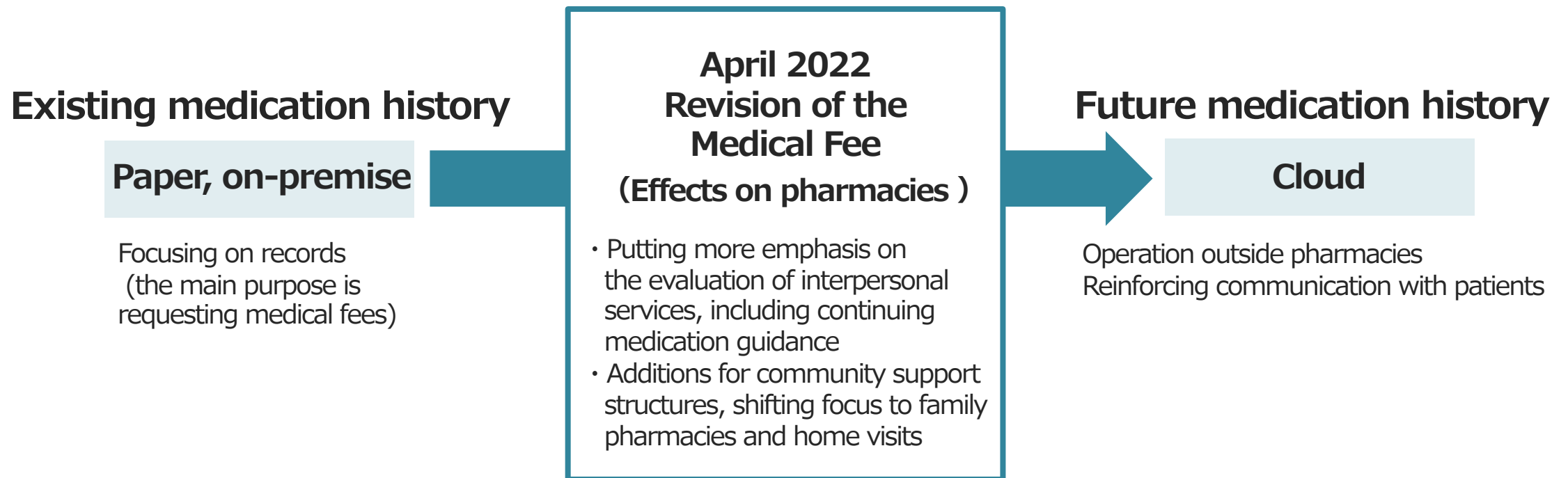
Performance by segment (Quarterly trend)

Operating income

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

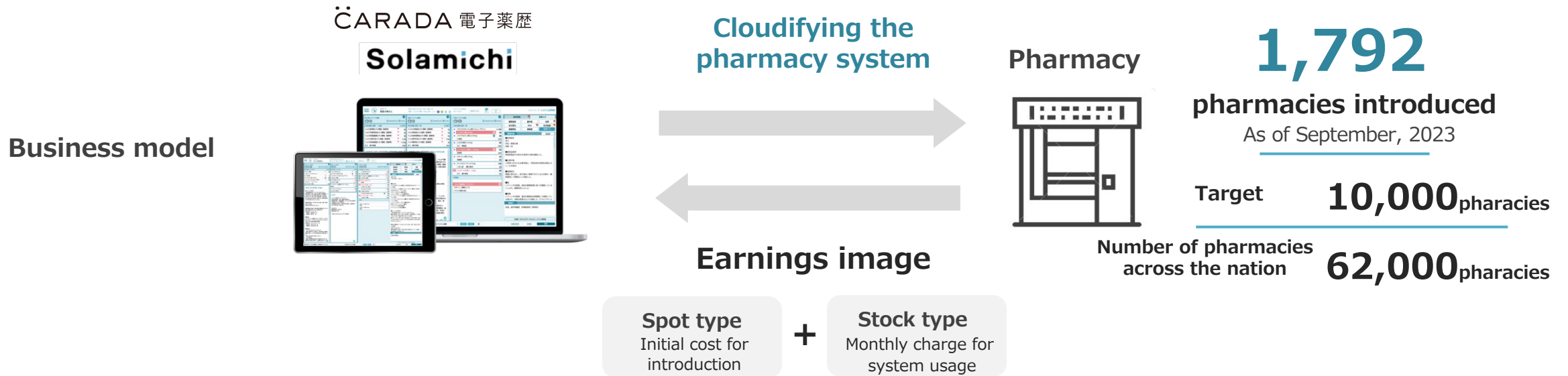
Healthcare business : Cloud drug record service

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

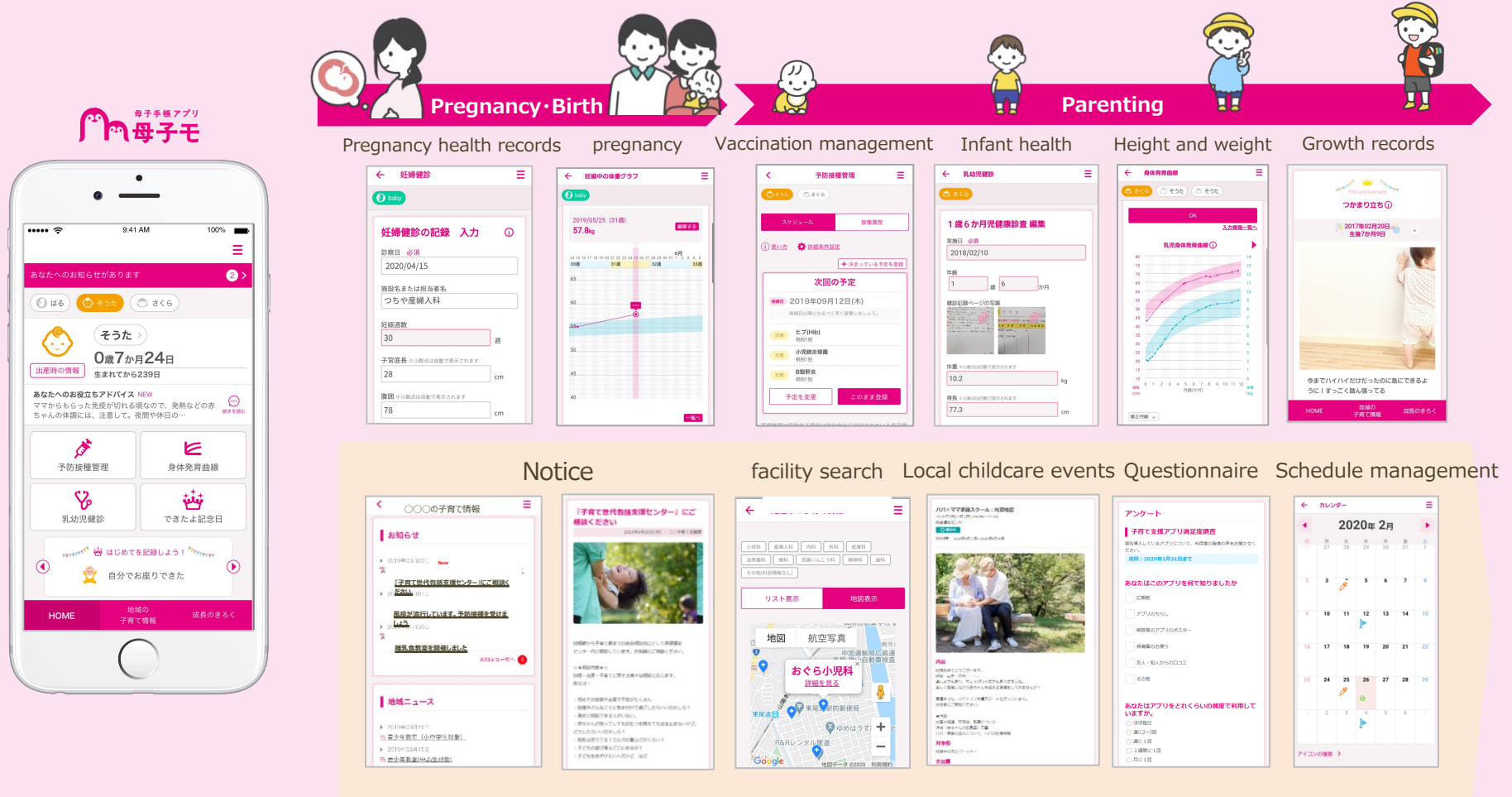
Market development with cloud technologiesWhat is 'medication history'?

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.

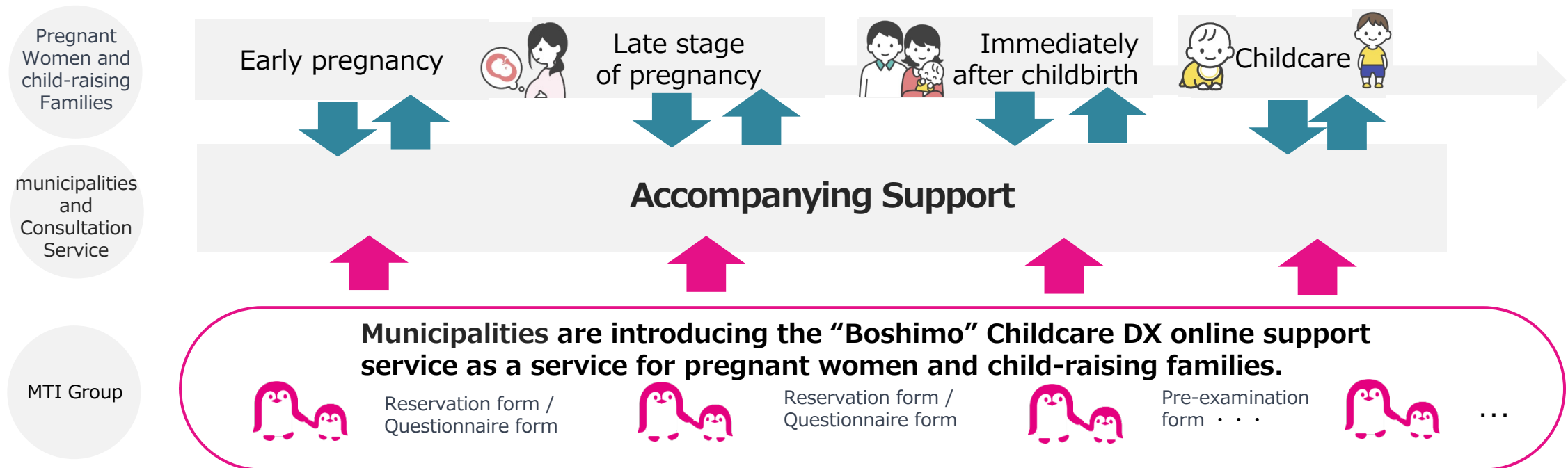


Healthcare business : Maternal and child health handbook app + Childcare DX services

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.

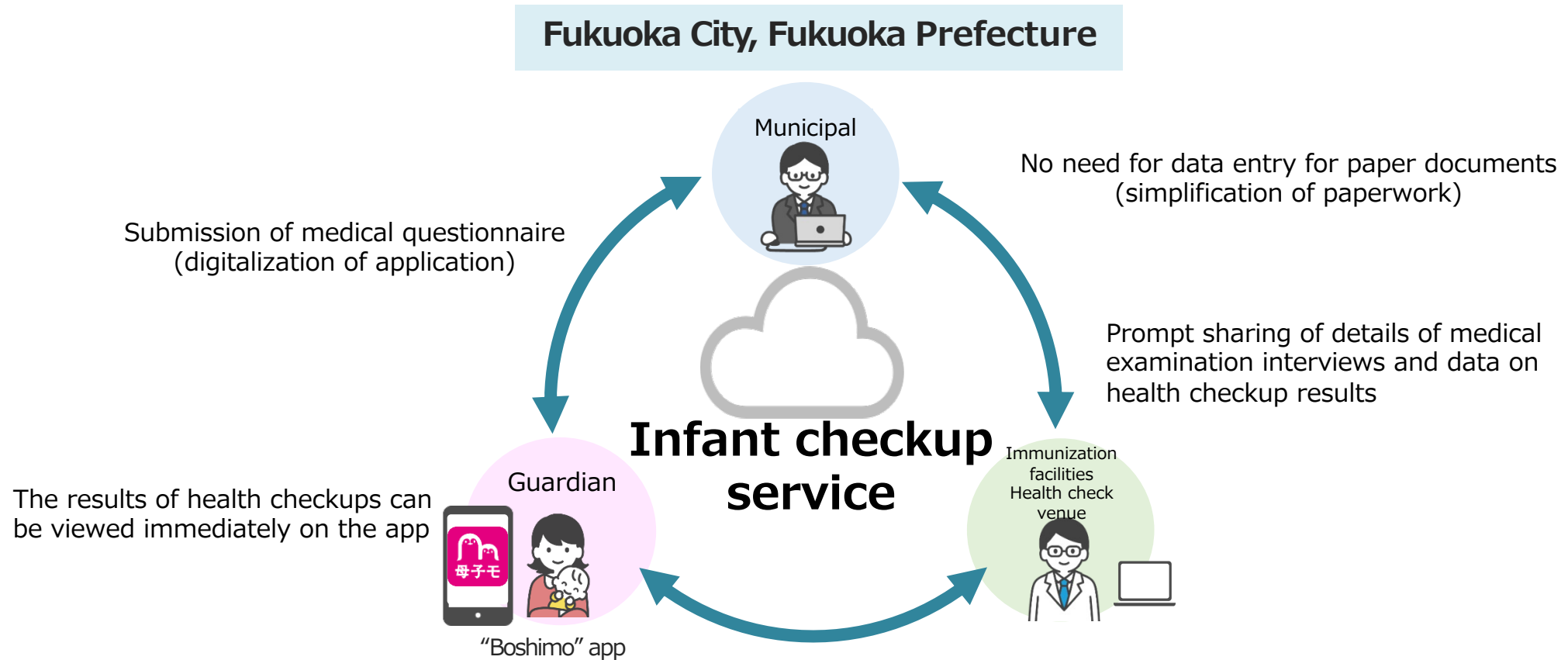




(Reference) Healthcare business :
Maternal and child health handbook app + Childcare DX services

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

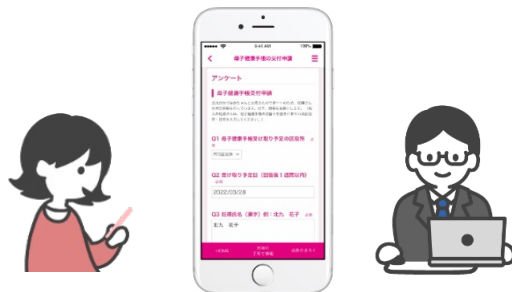
Phase 3 : Childcare DX services

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**

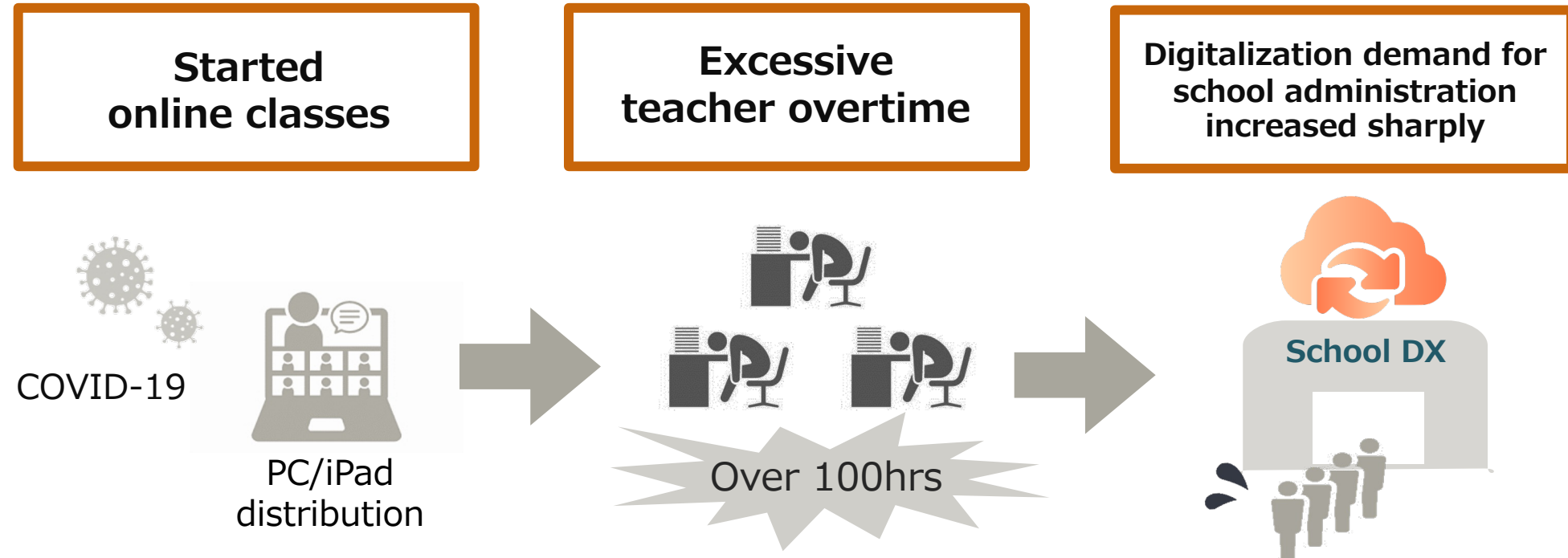
**Digital pre-vaccination form for
childhood immunizations**

- 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

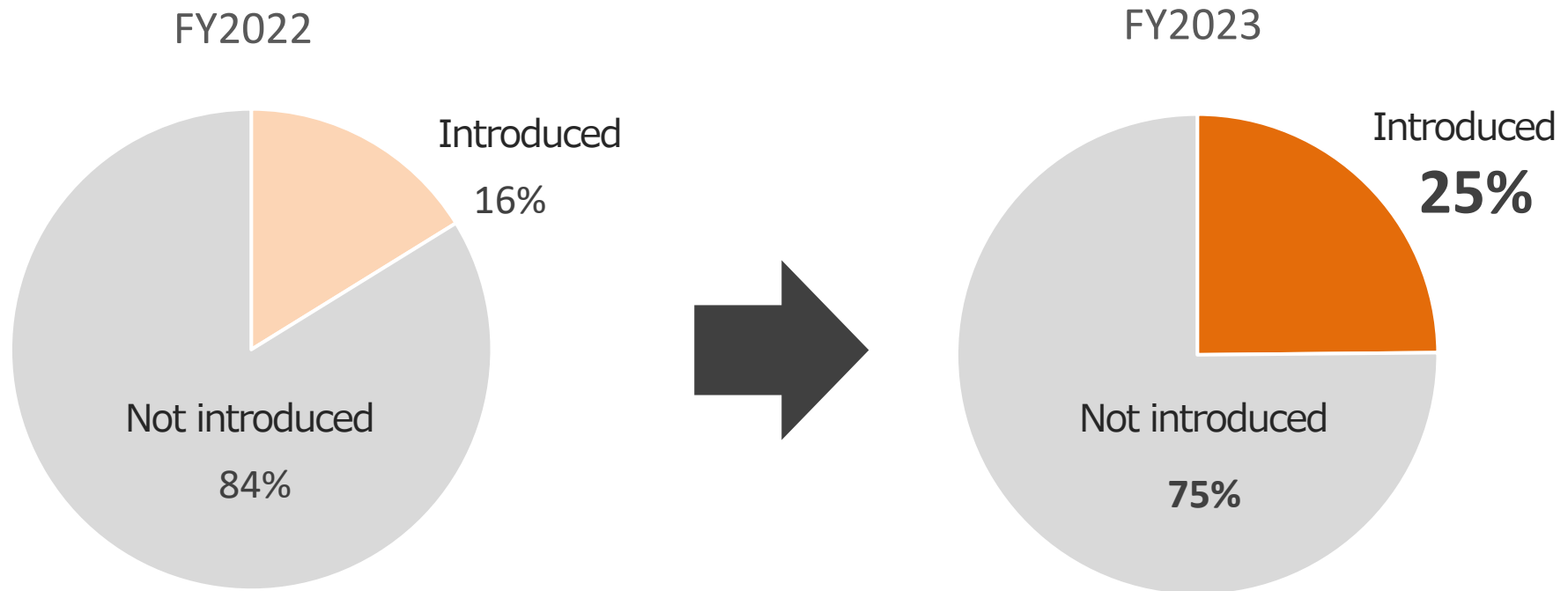
Following an online classes boom,
demand for the school DX business increased sharply



- 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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