



# Financial Results Briefing Material for Q2 FY2024

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

May 10, 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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Please visit our website for appendix material.

<https://ir.mti.co.jp/eng/library/presentation/>

Consolidated B/S

Consolidated P/L

Consolidated SG&A

Business of segment

Earnings forecast for FY2024

The list of main healthcare services

Overview of healthcare services

Cloud drug record service

Maternal health record book app + Childcare DX services

School DX business

# Financial Results Overview for Q2 FY2024

## Financial highlight

### 1 Q2 Results

Net sales and income were both higher than the forecast.

		YoY	Change from the most recent forecast
Net sales :	<b>¥13,517 million</b>	(113) million	+517 million
Operating income :	<b>¥1,052 million</b>	+1,071 million	+452 million
Profit attributable to owners of parent :	<b>¥1,558 million</b>	+1,884 million	+318 million

### 2 Revision of Full-year earning forecast upward

		First-Half earning forecast
Net sales :	<b>¥27,000 million</b>	Maintained
Operating income :	<b>¥1,800 million</b>	+800 million
Profit attributable to owners of parent :	<b>¥1,750 million</b>	+410 million

### 3 Q2 Achievements and initiatives

- Healthcare business : Cloud drug record service and Childcare DX services performing well
- School DX business : The number of schools introduced in April 2024 was 255

# Consolidated P/L

Net sales : levelling off

Operating income, ordinary income, profit : substantial increased

( Unit : Mil yen )	FY2023	FY2024	YoY		
	Q2	Q2	Amount	Percentage	
Net sales	13,631	<b>13,517</b>	(113)	(0.8)%	The same period of previous year: 739million Yen: Posting of spot sales of the video-streaming service
Cost of sales	4,481	<b>3,612</b>	(868)	(19.4)%	<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: 649million Yen :Posting of spot cost of sales of the video-streaming service</li> </ul>
ratio	32.9%	<b>26.7%</b>			
Gross profit	9,150	<b>9,905</b>	+755	+8.3%	Decrease in personnel and development costs
ratio	67.1%	<b>73.3%</b>			
SG&A	9,168	<b>8,852</b>	(315)	(3.4)%	Increase in equity method investment income (+335million yen)
ratio	67.2%	<b>65.5%</b>			
Operating income	(18)	<b>1,052</b>	+1,071	-0%	Consumption taxes refund (+786 million yen)
ratio	-0%	<b>7.8%</b>			
Ordinary income	187	<b>1,518</b>	+1,331	+711.3%	
ratio	(1.4)%	<b>11.2%</b>			
Profit attributable to owners of parent	(326)	<b>1,558</b>	+1,884	-0%	
ratio	-0%	<b>11.5%</b>			

# 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	FY2024	YoY		
	Q2	Q2	Amount	Percentage	
SG&A	9,168	<b>8,852</b>	(315)	(3.4)%	
Advertising expenses	1,016	<b>1,301</b>	+284	+28.0%	Increase in sales promotion costs for AdGuard
Personnel expenses	3,947	<b>3,593</b>	(354)	(9.0)%	Exclusion of subsidiaries from consolidation
Commission fee	1,491	<b>1,416</b>	(75)	(5.1)%	
Subcontract expenses	1,059	<b>909</b>	(150)	(14.2)%	Improved development costs (School DX business)
Depreciation	591	<b>652</b>	+61	+10.4%	
Other	1,062	<b>980</b>	(81)	(7.7)%	

# Difference between earning forecast and the actual for H1

## All exceeded expectations

( Unit : Mil yen )	FY2024 First-Half (latest forecast)	FY2024 First-Half (actual)	Difference	
			(million yen)	(%)
Net sales	13,000	<b>13,517</b>	+517	4.0%
Operating income	600	<b>1,052</b>	+452	+75.4%
Ordinary income	1,000	<b>1,518</b>	+518	+51.8%
Profit attributable to owners of parent	1,240	<b>1,558</b>	+318	+25.7%

## Revision of earning forecast of FY2024

Operating income, ordinary income and profit for the period have been revised upward

( Unit : Mil yen )	FY2024 Full-Year (latest forecast)	FY2024 Full-Year (actual)	Difference	
			(million yen)	(%)
Net sales	27,000	<b>27,000</b>	-	-
Operating income	1,000	<b>1,800</b>	+800	+80.0%
Ordinary income	1,400	<b>2,250</b>	+850	+60.7%
Profit attributable to owners of parent	1,340	<b>1,750</b>	+410	+30.6%



# 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 母子手帳



CARADA 電子薬歴 Solamichi

## School DX Business

- School DX service

BLEND

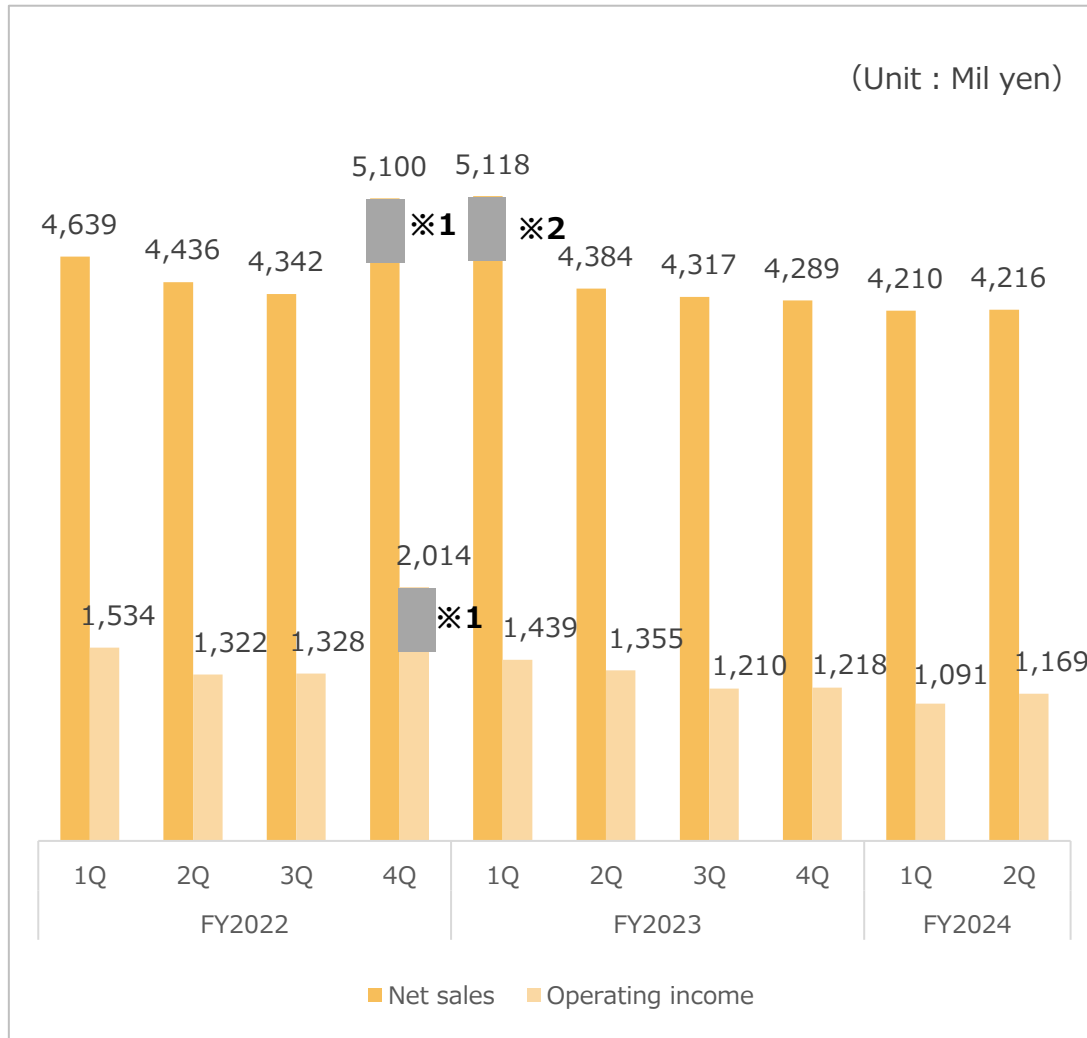


## Other Business

- 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.

QoQ

### Levelled off operating income

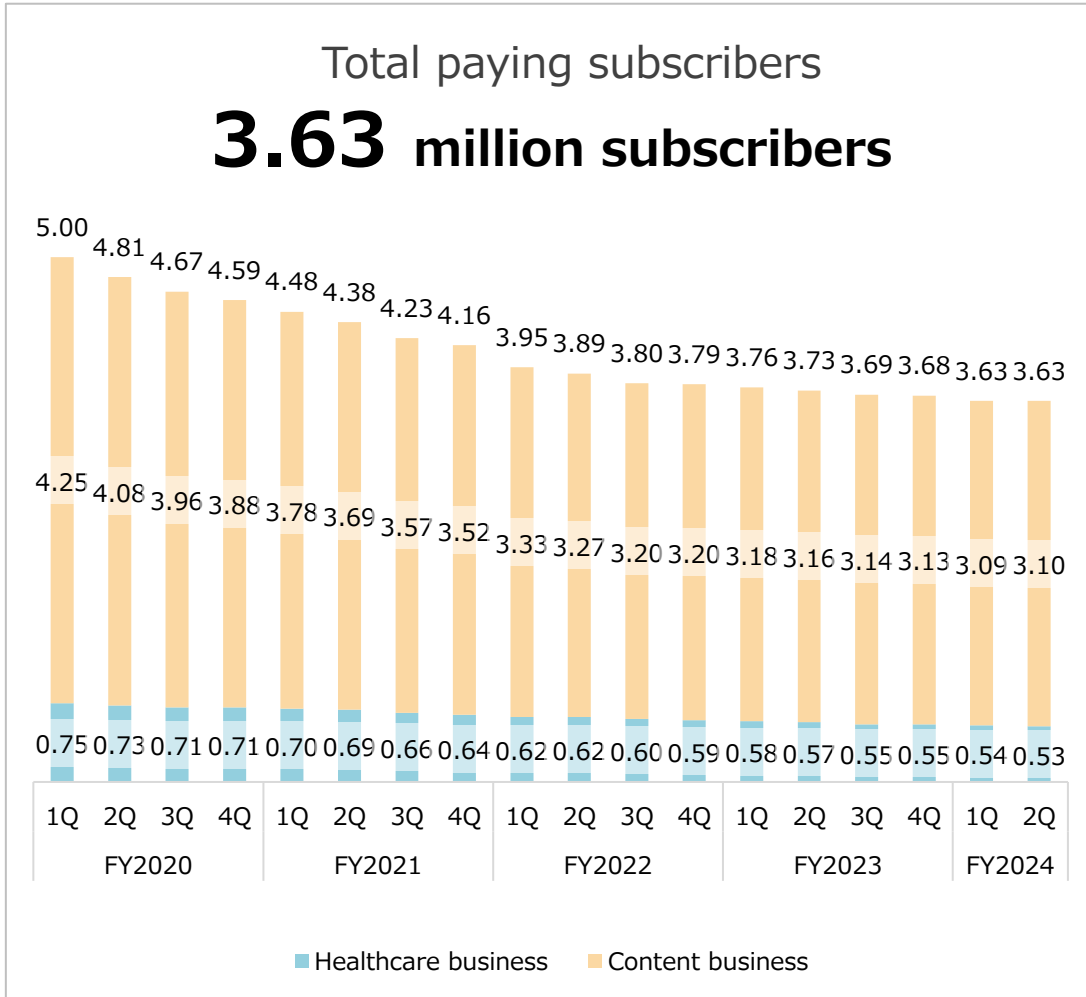
Increased in advertising expenses

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

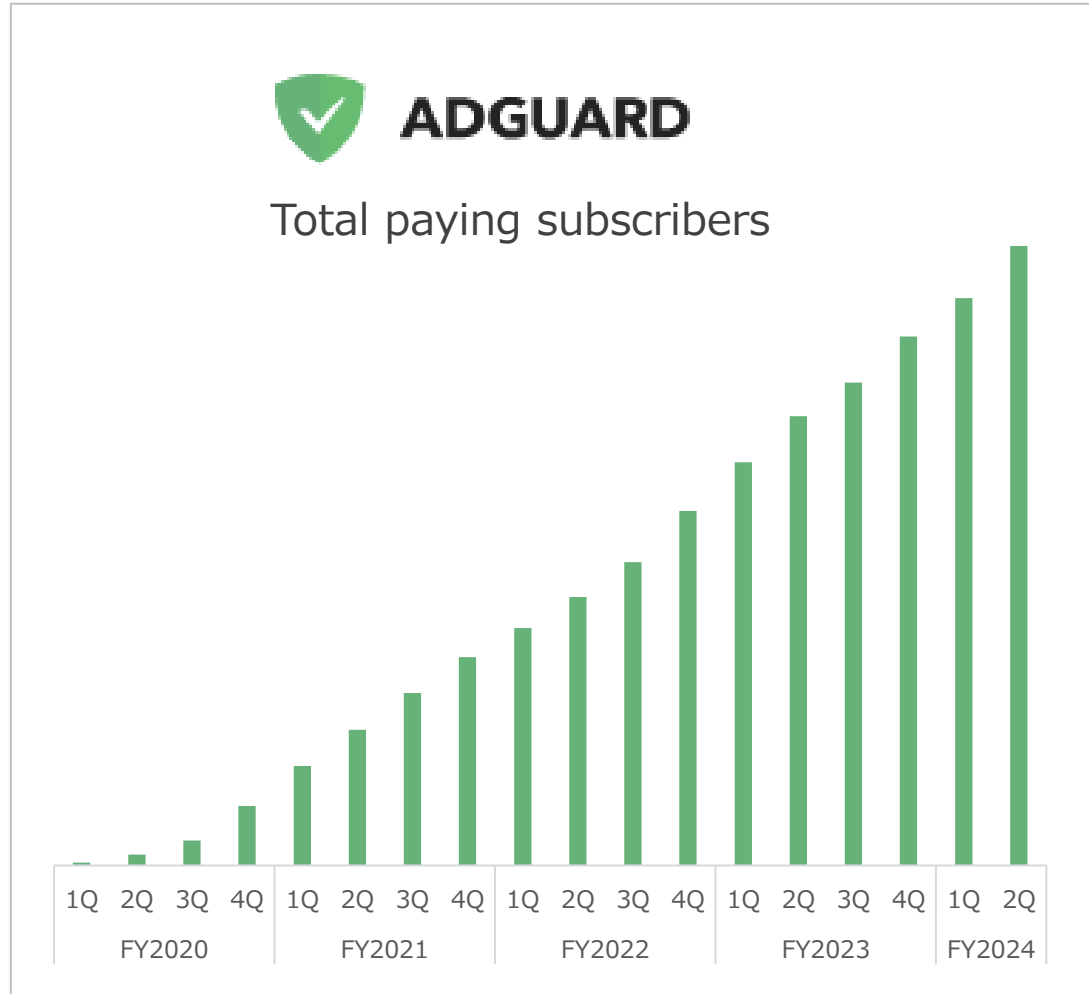


Total paying subscribers

**Flat**

- Brisk Security-related app

# Content business: Security-related app



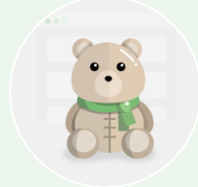


## The security-related app continues to perform well

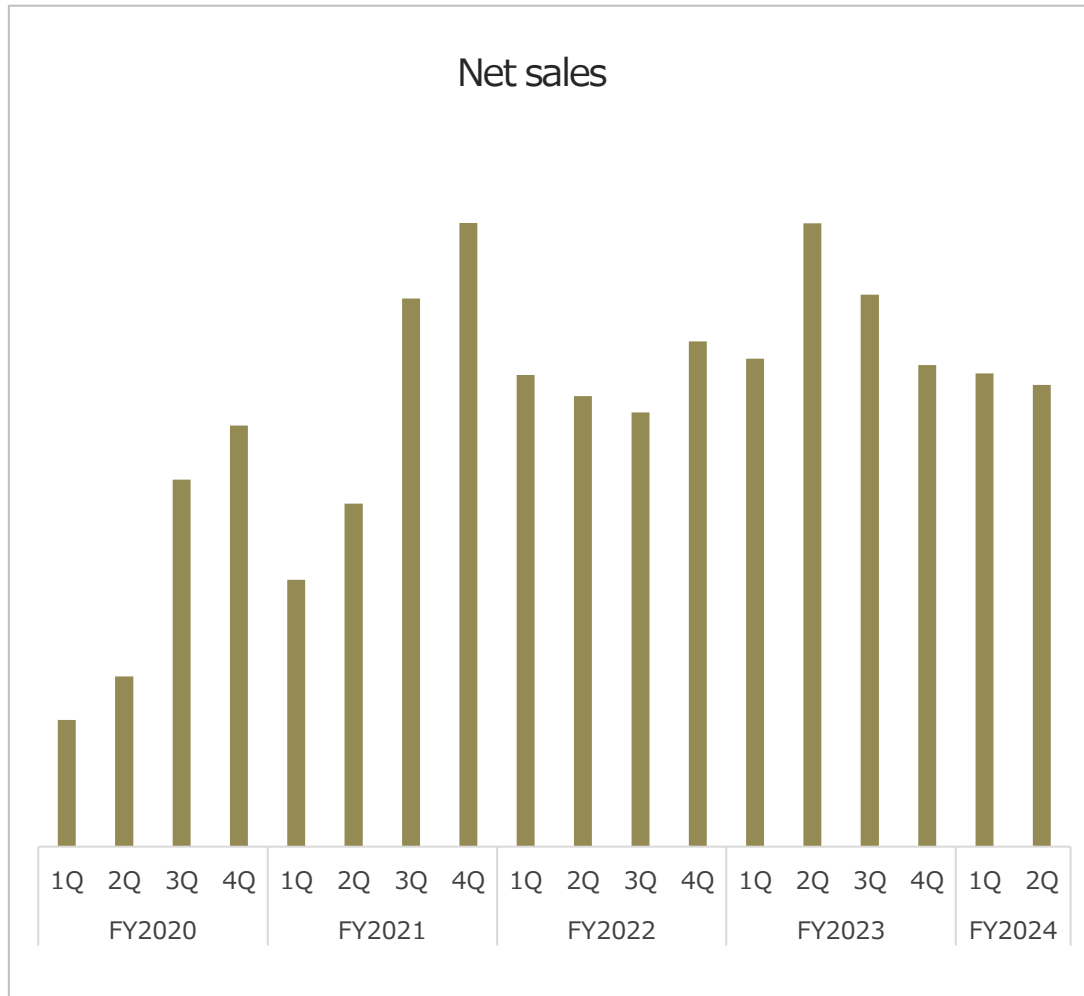
Total paying subscribers

**780** thousand subscribers

Four functions

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

## Content business: Original comics content business

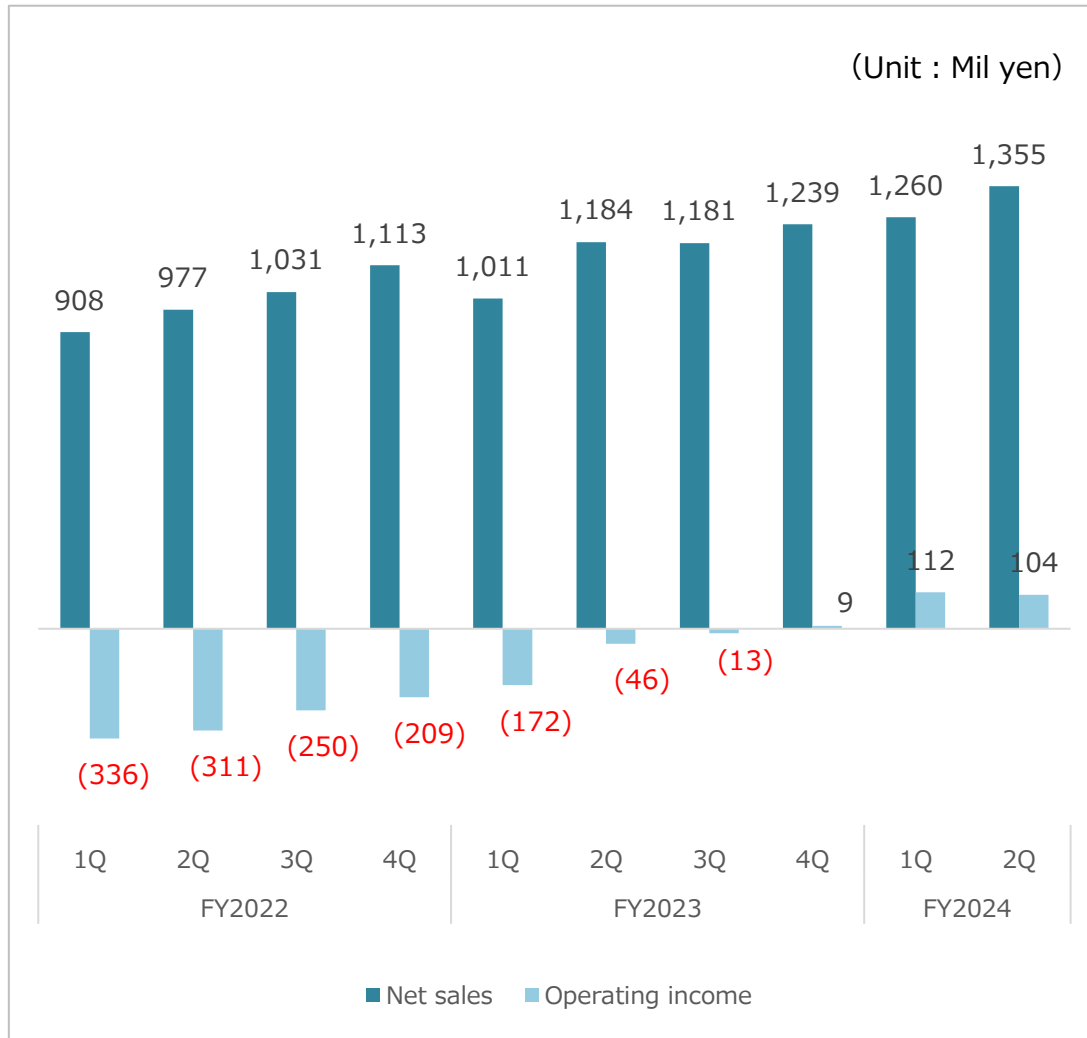


### Original comics content business

## Stable trend

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

# Healthcare business: Net sales and operating income



QoQ

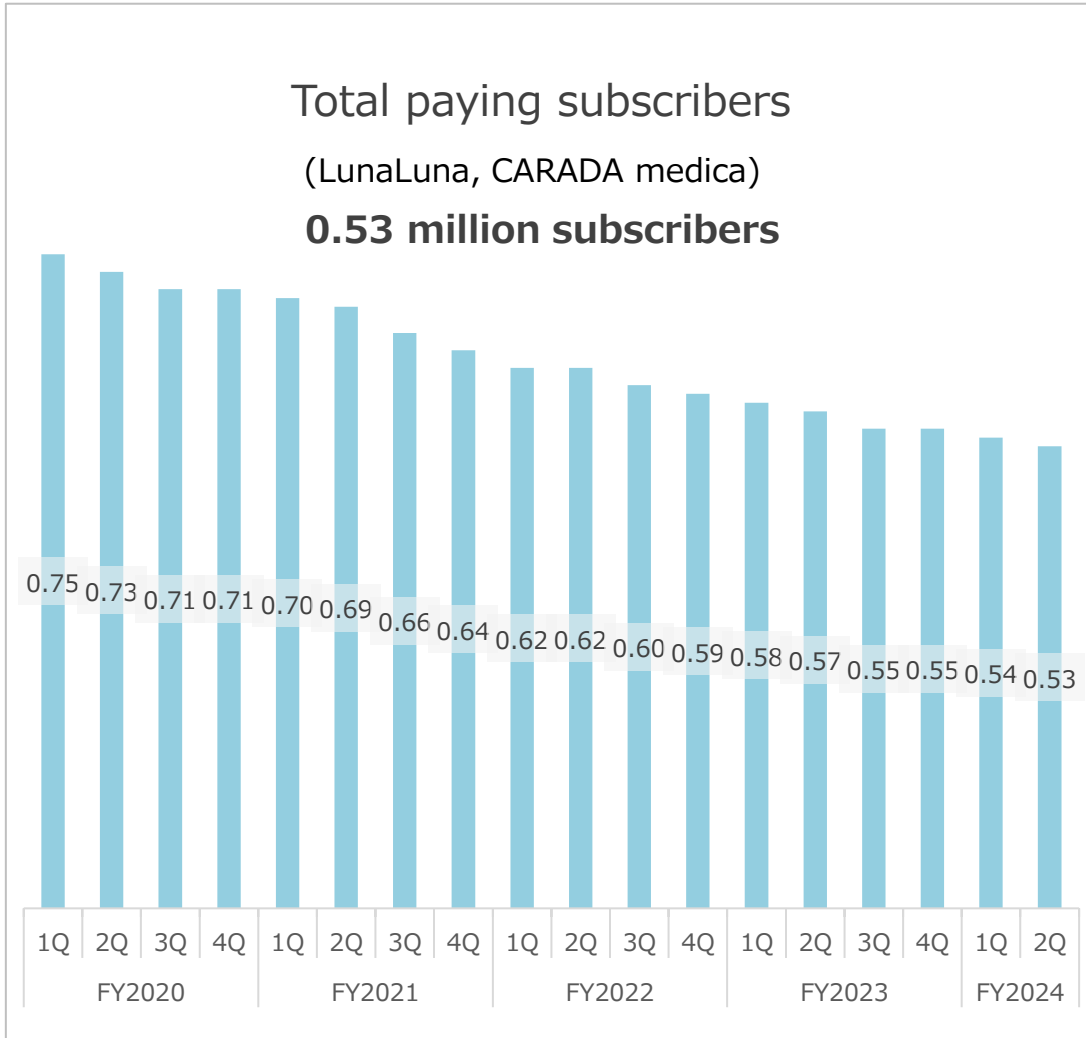
## Net sales growth

QoQ

## Operating income is on a positive trend

- Brisk Cloud drug record service
- Brisk Childcare DX service

# Healthcare business: Monthly content service

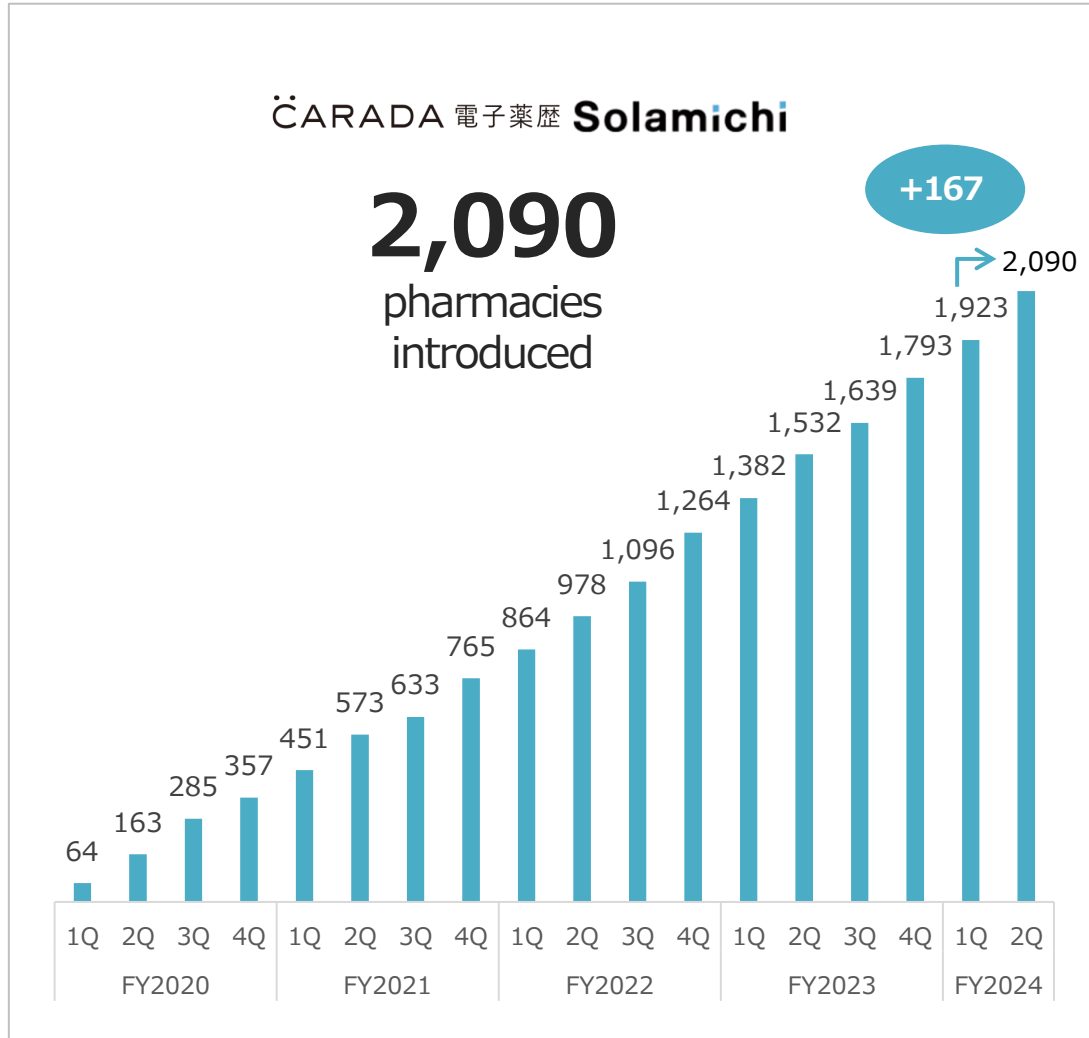


## Monthly subscription content service

Total paying subscribers

# Levelled off

# Healthcare business: Cloud drug record service



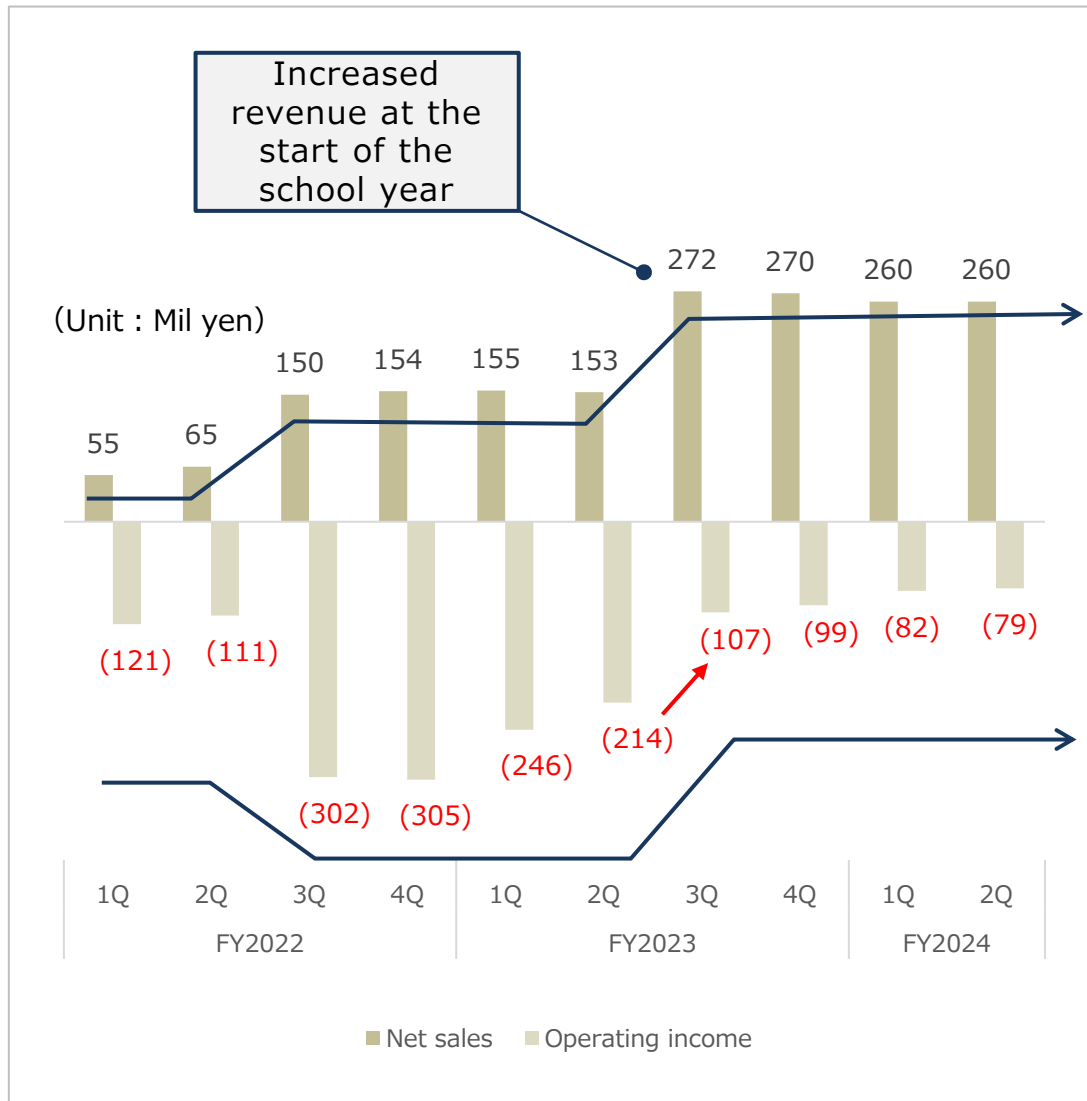
## Cloud drug record service

Total introduced pharmacies

## Steady expansion



# School DX business: Net sales and operating income



QoQ

## Levelled off net sales

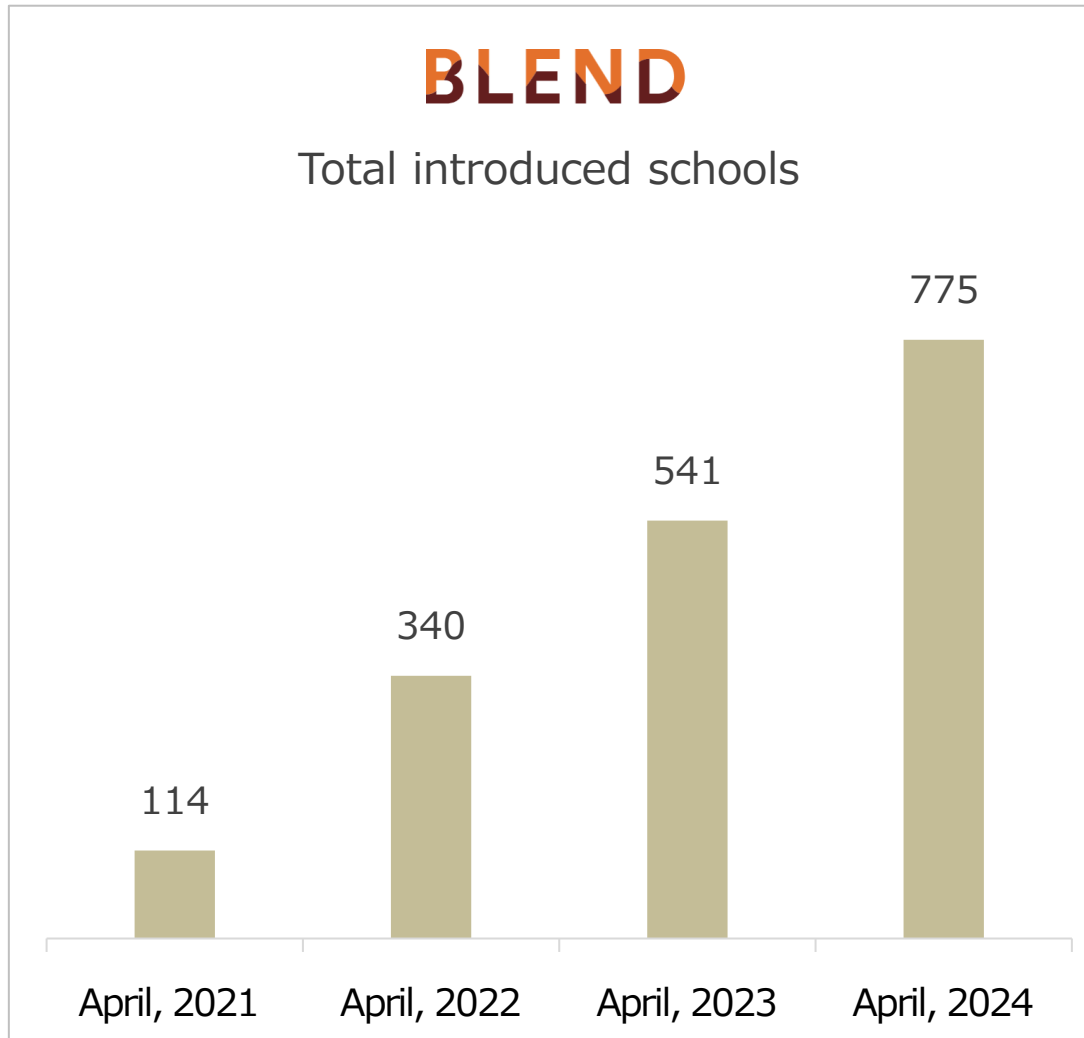
Expansion in sales compared to the same period last year

QoQ

## Operating deficit unchanged

Significant reduction in losses compared to the same period last year

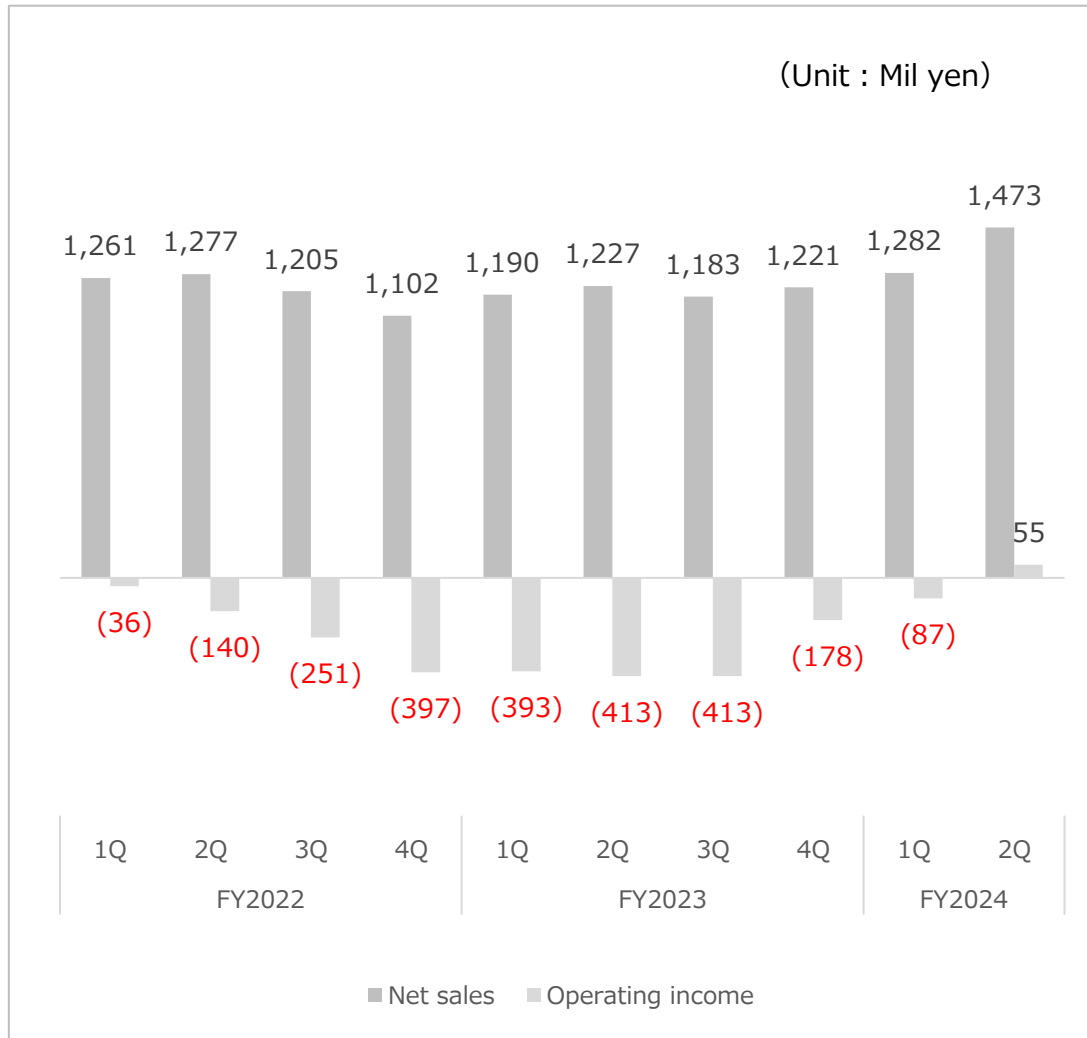
## School DX business : Cloud-based school affairs support system



**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 loss eliminated

Orders in the corporate DX support business increased

# Approach in Q3 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

Connecting pharmacies and patients

## Cloud drug record service

ÄARADA 電子薬歴 Solamichi



## 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



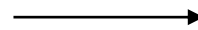
## "Childcare support" is a social issue

# Delay in digitalization for childcare support

Paper-based procedures  
**Very inefficient**



Guardian    Municipal    Immunization facilities



Childcare-related procedures  
**Digitalization is a pressing issue**

- ✓ Parents forced to visit the office with small children, long waiting times
- ✓ Parents asked to enter the same things every time in questionnaires
- ✓ Much paperwork is written by hand, and specifications vary between municipalities

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

## Childcare DX services

### Functions

- 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

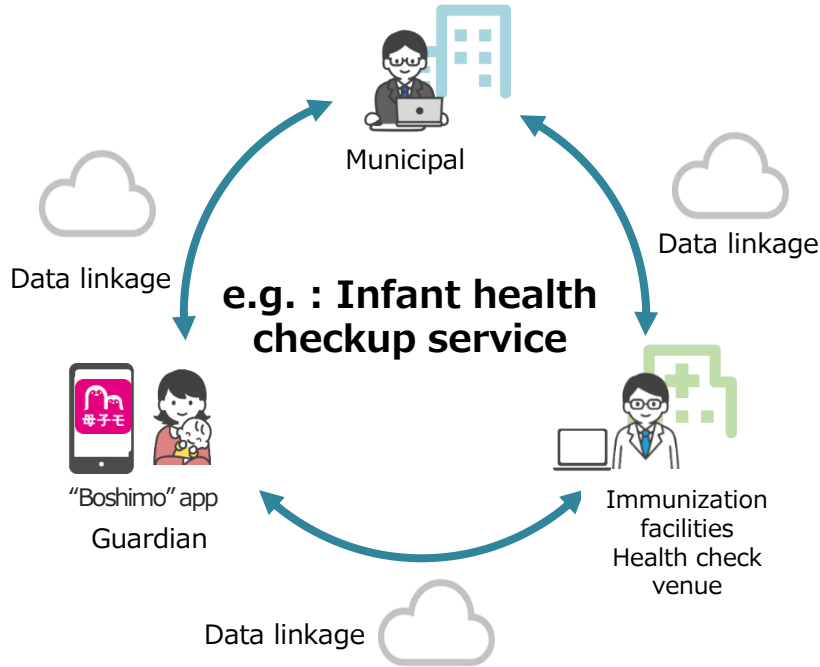
### Digitalization of municipal services and cooperation with medical institutions in the childcare field

### Effects

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

### Values

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



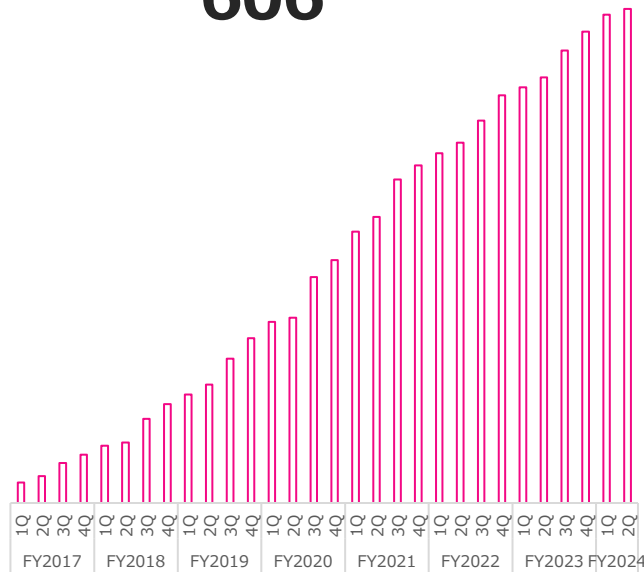
Healthcare business:  
Maternal and child health handbook app + Childcare DX services



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

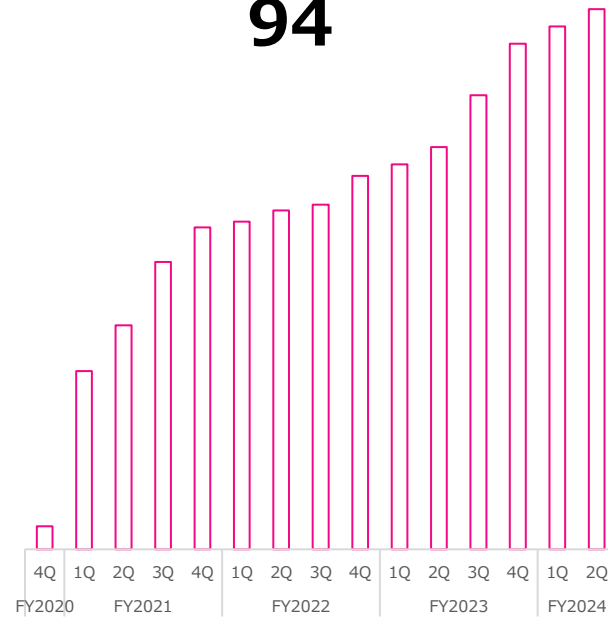
Phase1

Maternal and child health handbook app  
**606**



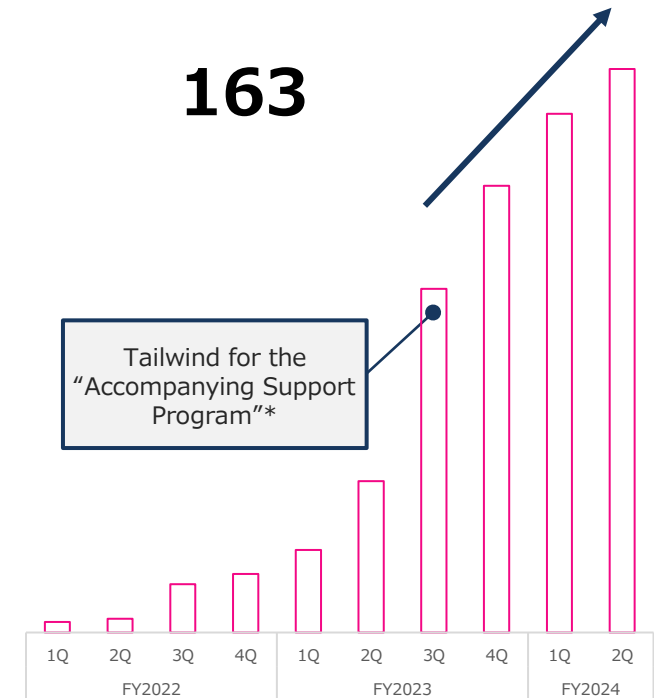
Phase2

Online consultation  
**94**



Phase3

Childcare DX services  
**163**



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

Connecting students and teachers

# Cloud-based school affairs support system

# BLEND

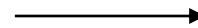


School DX business : Cloud-based school affairs support system

**Serious problems in schools**  
**Excessive teacher overtime and**  
**increased resignations**

Traditional school affairs

**Excessive workload  
and inefficiency**



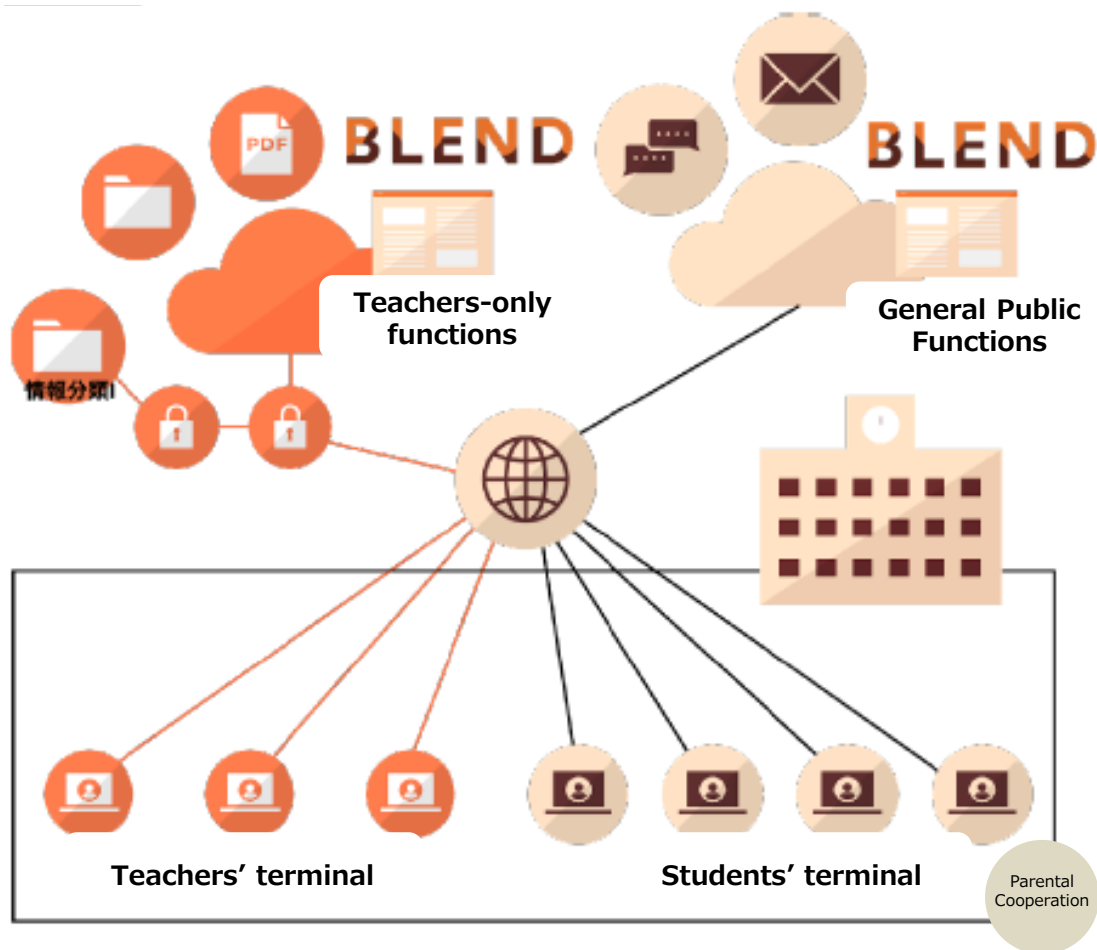
**Shifting all school  
affairs to the cloud  
is a pressing issue**

- ✓ Using multiple systems: management cost burden
- ✓ Varying specifications, handwritten and PC-based admin: work-time burden
- ✓ Data linkage is time consuming

# School DX business : Cloud-based 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

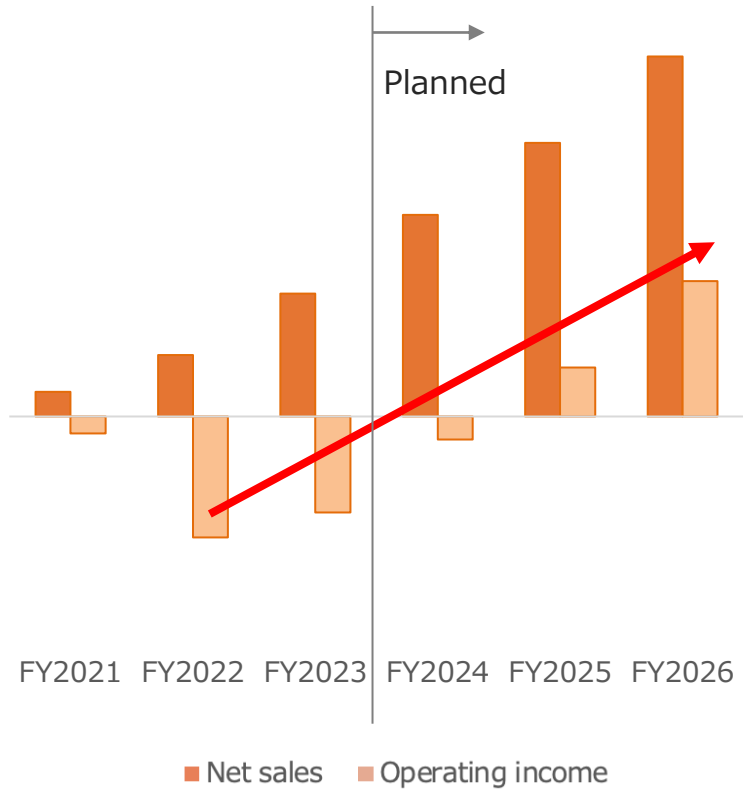
- Reduced workload for school affairs
- Reduced system management costs

### Values

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

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

## Image of medium-term profit



# Continued increase in the number of schools introducing DX

Growth opportunities

- Accumulation of projects expected to be introduced in April 2025
- Government driving DX for school affair in prefectural areas

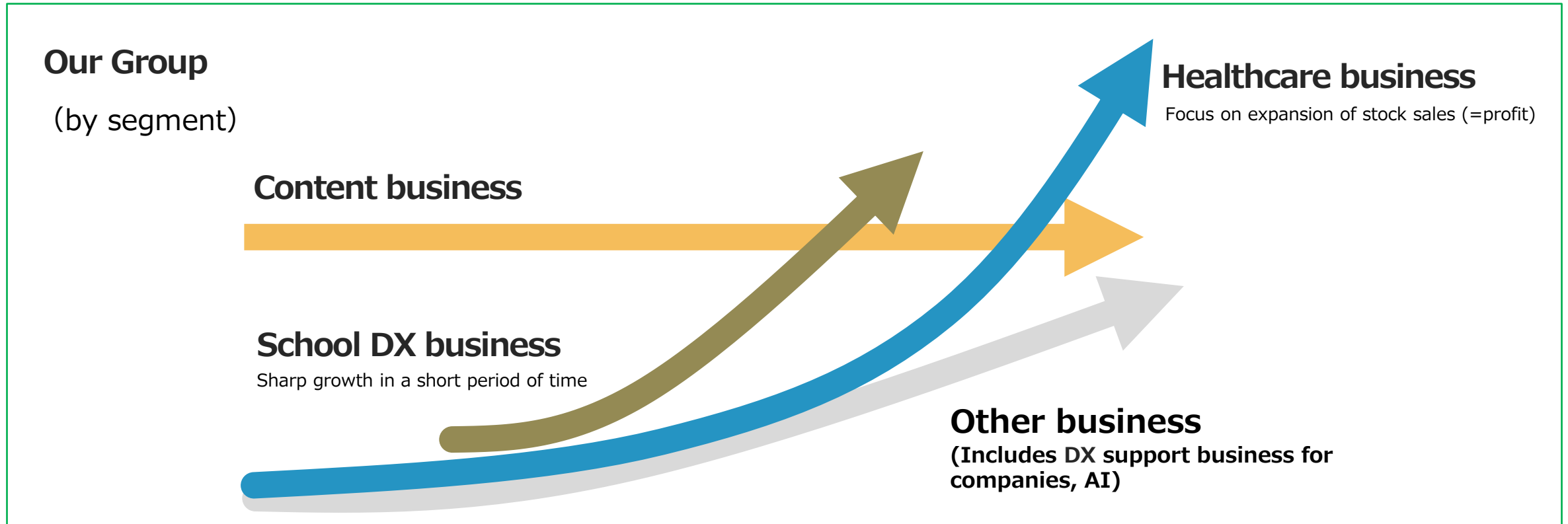
differentiation

## Cloud-based batch services

# Image of medium-term profit



## Image of medium-term profit



### Factors affecting profit

#### Healthcare business

Government promotion of digitalization / DX in mother and child health information ⇒ Accelerated introduction of digital maternal and child health handbook and childcare DX (Improving the childcare environment is a pressing issue )

#### School DX business

Government driving DX for school affair in prefectural areas ⇒ Accelerated introduction of full-cloud school affairs support systems (Improving efficiency in school administration is a pressing issue)



〈Contact us〉

Investor Relations Office

e-mail: [ir@mti.co.jp](mailto:ir@mti.co.jp)

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