



# 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 (the number of introducing stores reached a record high.)
- 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	FY2024	YoY		
	Q3	Q3	Amount	Percentage	
Net sales	20,138	<b>20,536</b>	+398	+2.0%	The same period of previous year: 739million Yen: Posting of spot sales of the video-streaming service
Cost of sales	6,495	<b>5,443</b>	(1,051)	(16.2)%	<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	32.3%	<b>26.5%</b>			
Gross profit	13,643	<b>15,093</b>	+1,449	+10.6%	
ratio	67.7%	<b>73.5%</b>			
SG&A	13,661	<b>13,340</b>	(320)	(2.3)%	Decrease in personnel and development costs
ratio	67.8%	<b>65.0%</b>			
Operating income	(17)	<b>1,752</b>	+1,770	-%	
ratio	(0.1)%	<b>8.5%</b>			
Ordinary income	151	<b>2,363</b>	+2,211	-%	Increase in equity method investment income (+537million yen)
ratio	0.8%	<b>11.5%</b>			
Profit attributable to owners of parent	495	<b>2,243</b>	+1,748	+353.0%	
ratio	2.5%	<b>10.9%</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		
	Q3	Q3	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 profits for forecast have been revised upwards

( Unit : Mil yen )	FY2024 Full-Year (latest forecast)	FY2024 Full-Year (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 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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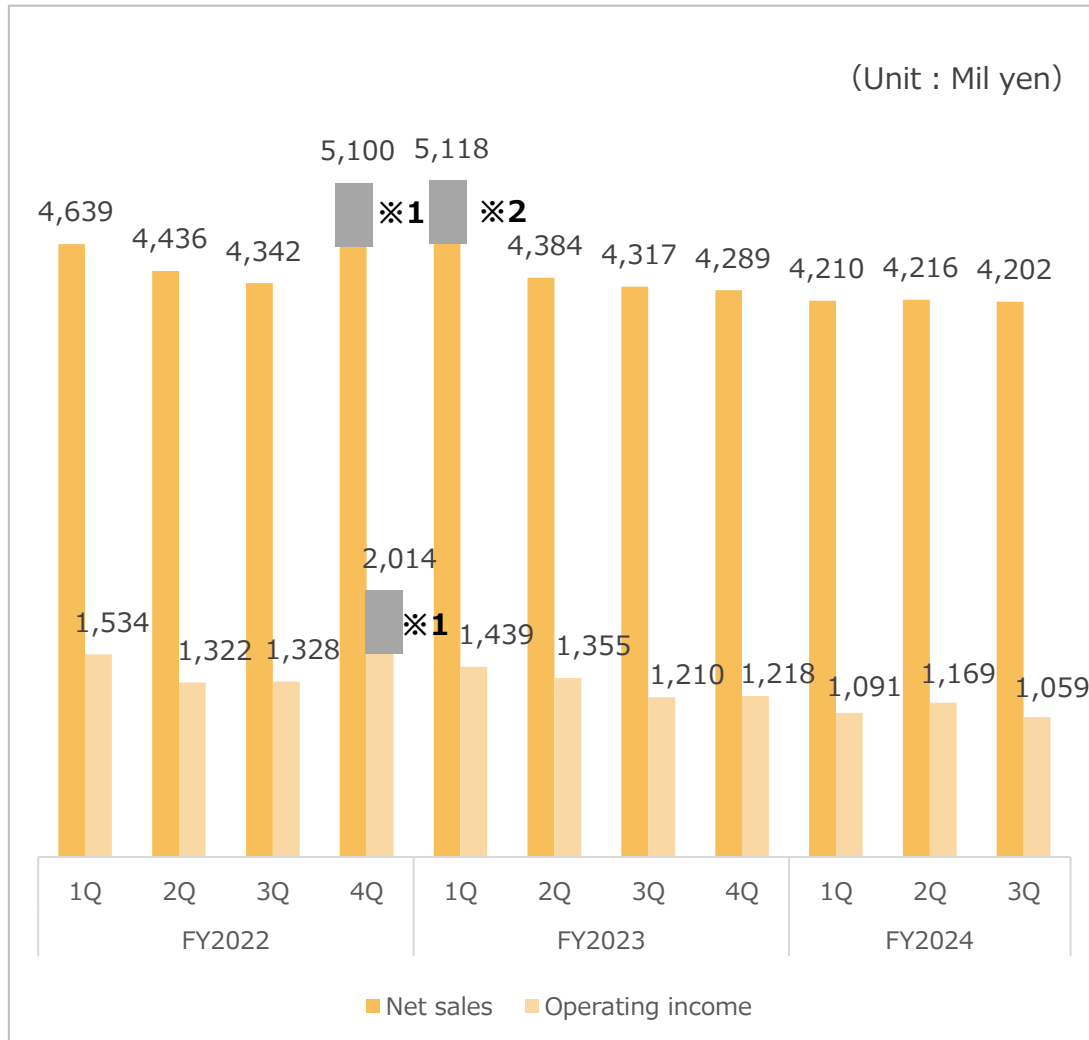
## Other Business

- 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

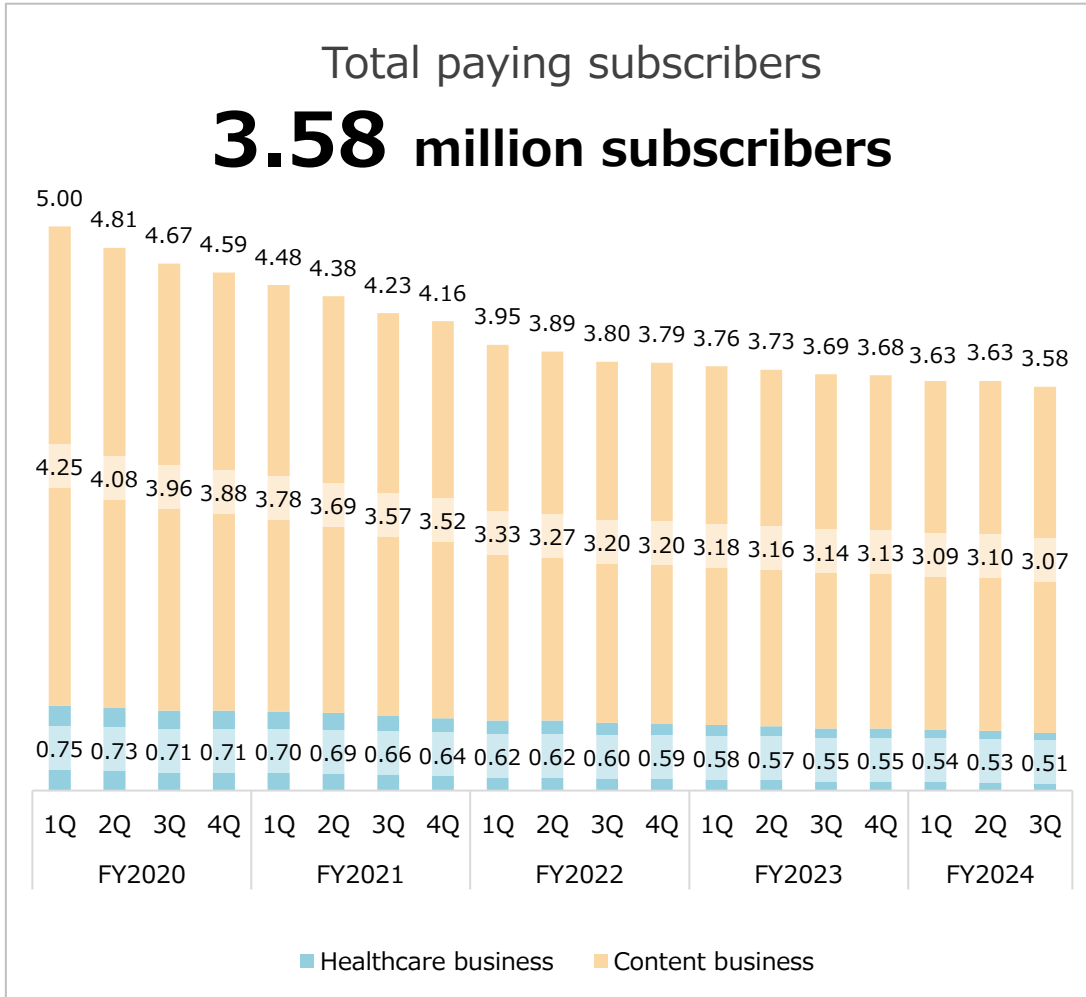
Increased in advertising expenses

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

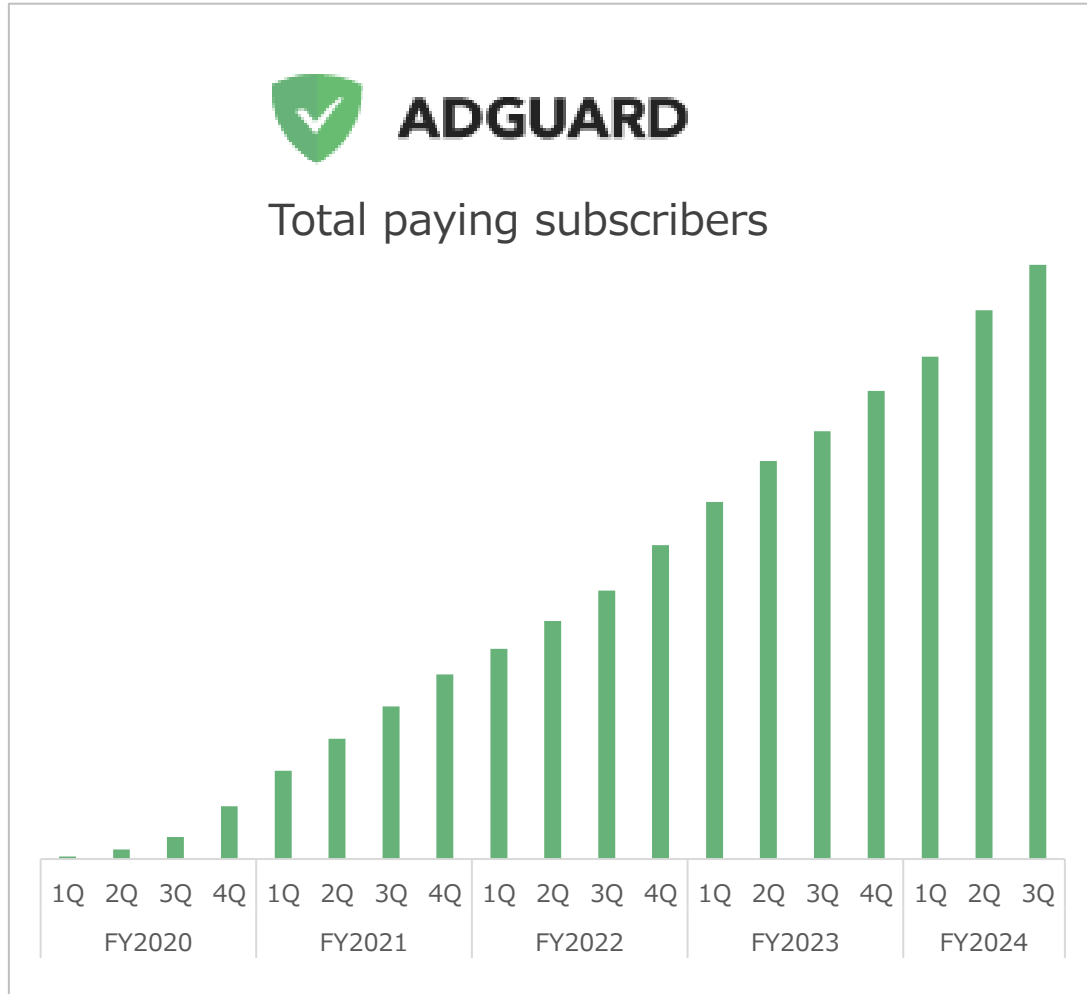


Total paying subscribers

**Flat**

**Brisk Security-related app**

Content business: Security-related app



# The security-related app continues to perform well

Total paying subscribers  
**850 thousand subscribers**

Four functions

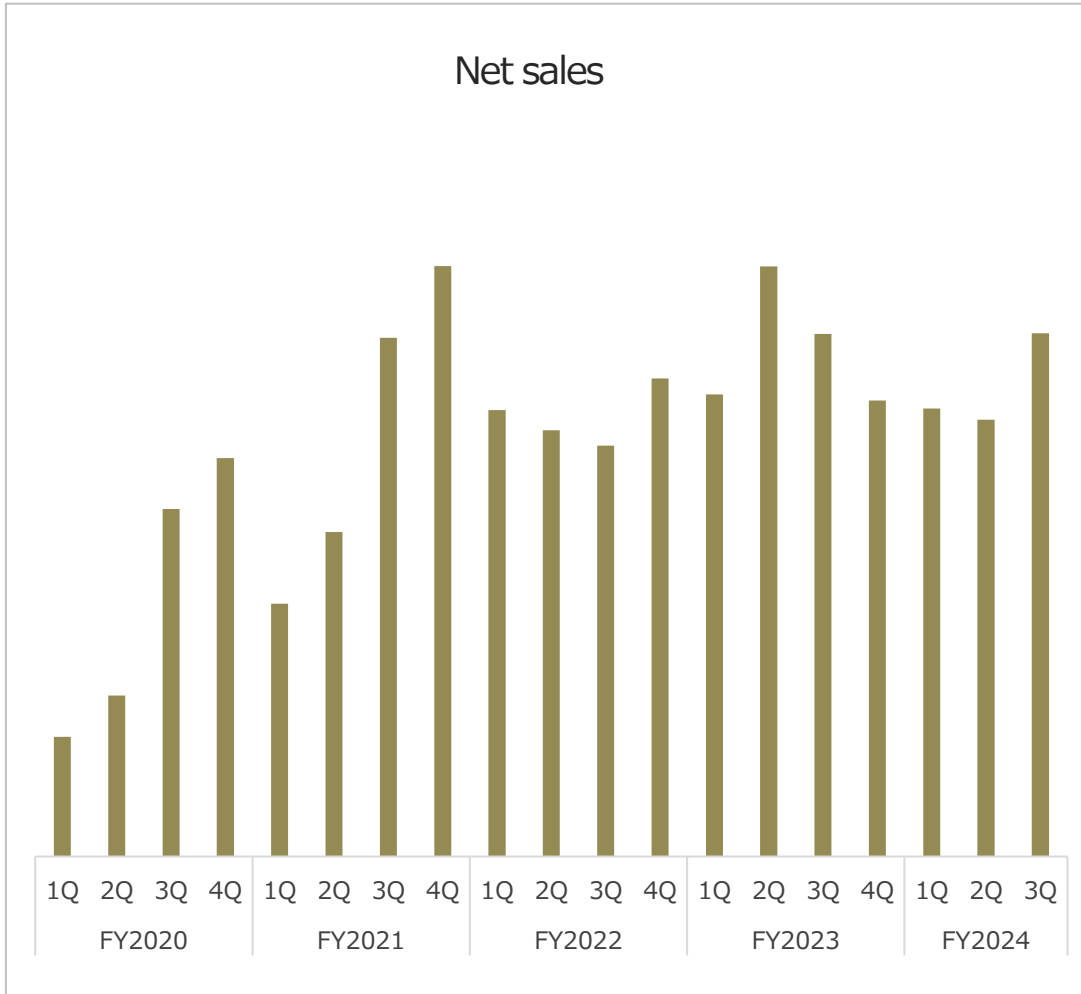
Ad blocking

Trace blocking

Threat blocking

Parent function  
(Child protection function)

## Content business: Original comics content business

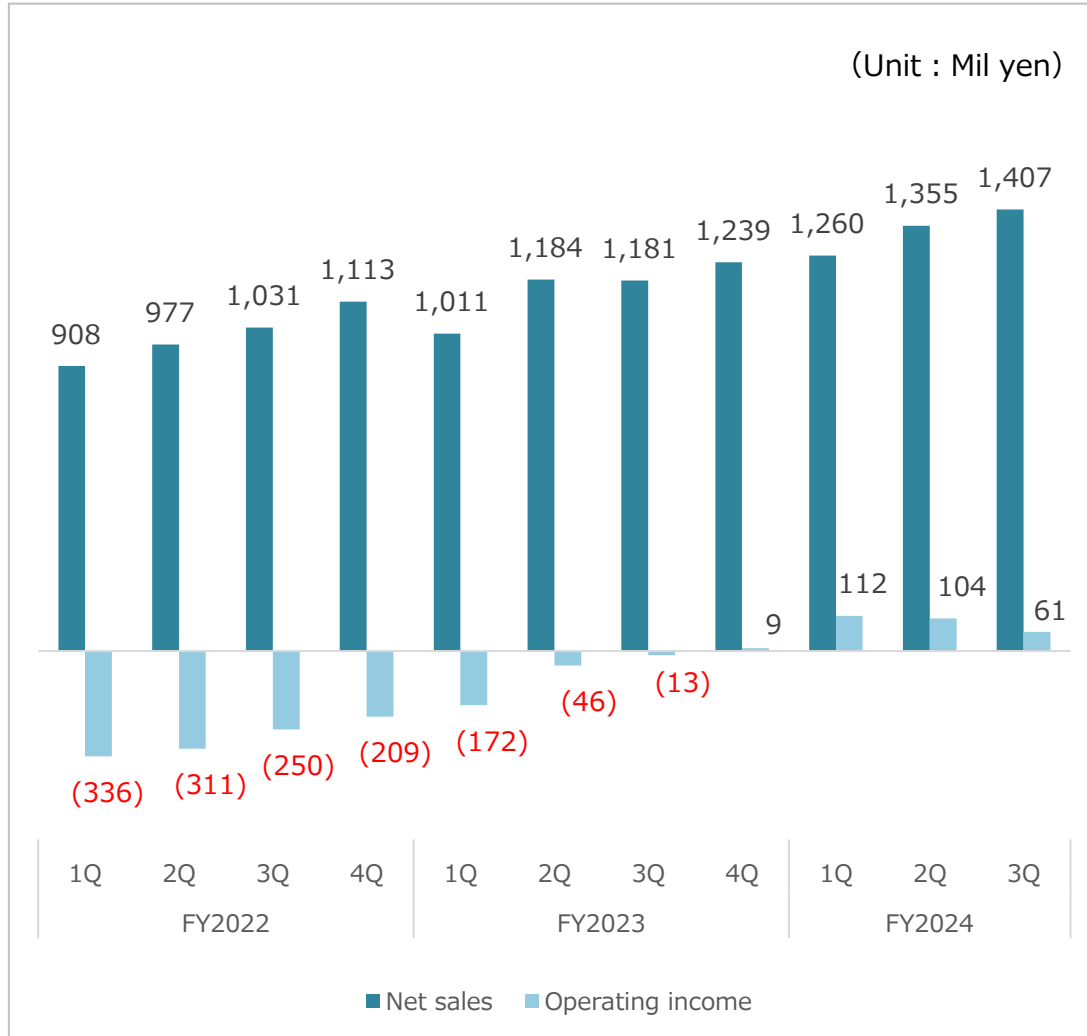


### Original comics content business

## Stable trend

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

# Healthcare business: Net sales and operating income



QoQ

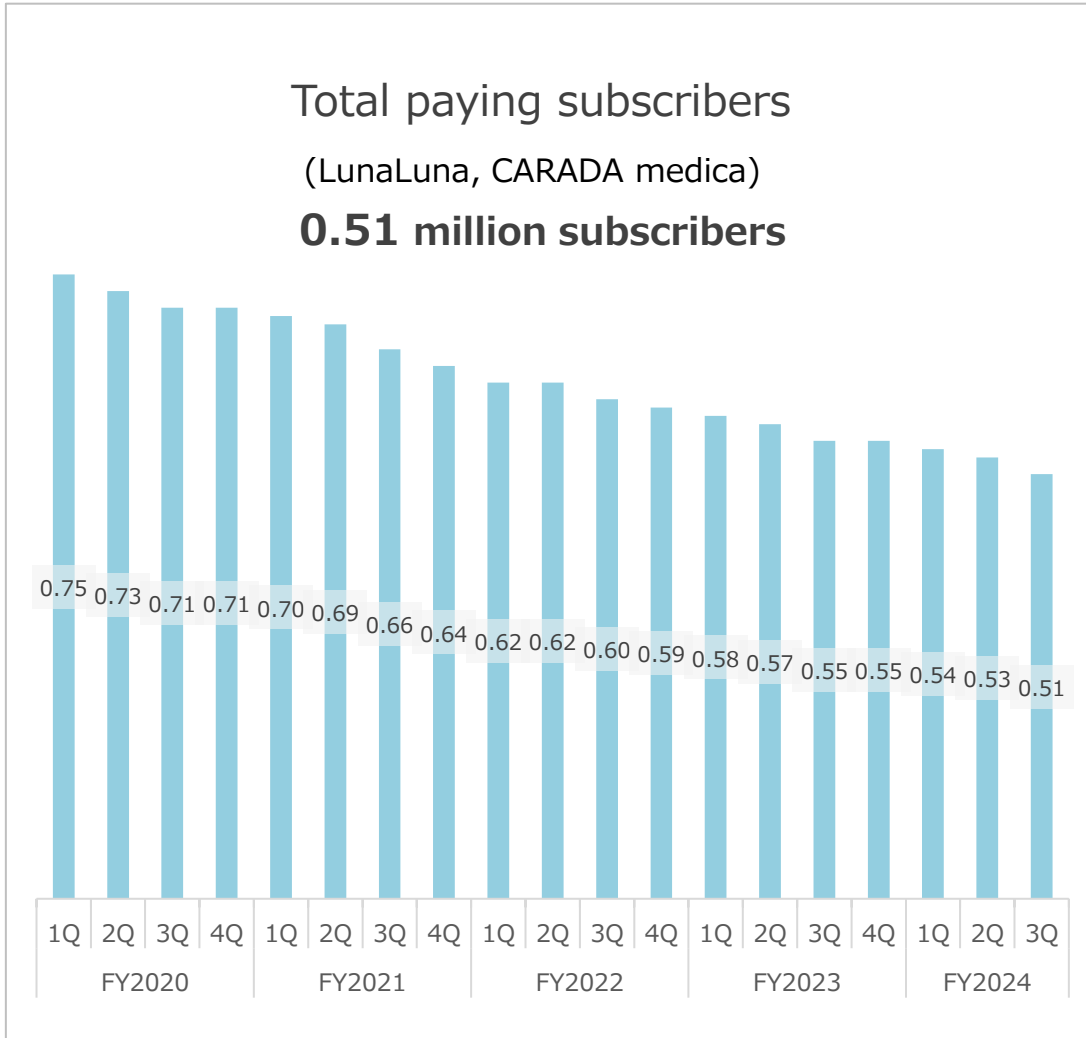
## Net sales: growth

QoQ

## Operating income: On a positive trend

- Brisk Cloud drug record service

# Healthcare business: Monthly content service

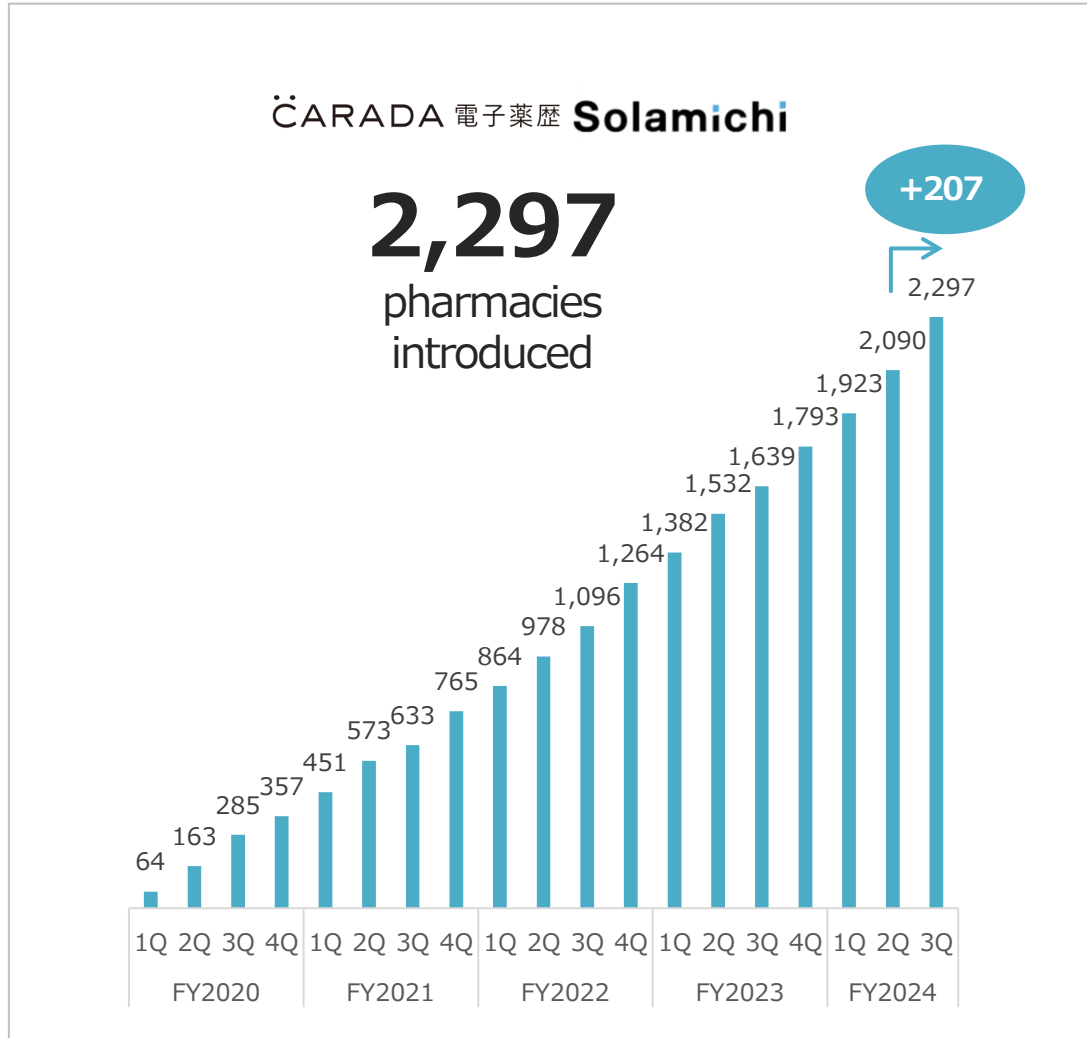


## Monthly subscription content service

Total paying subscribers

# Levelled off

# Healthcare business: Cloud drug record service



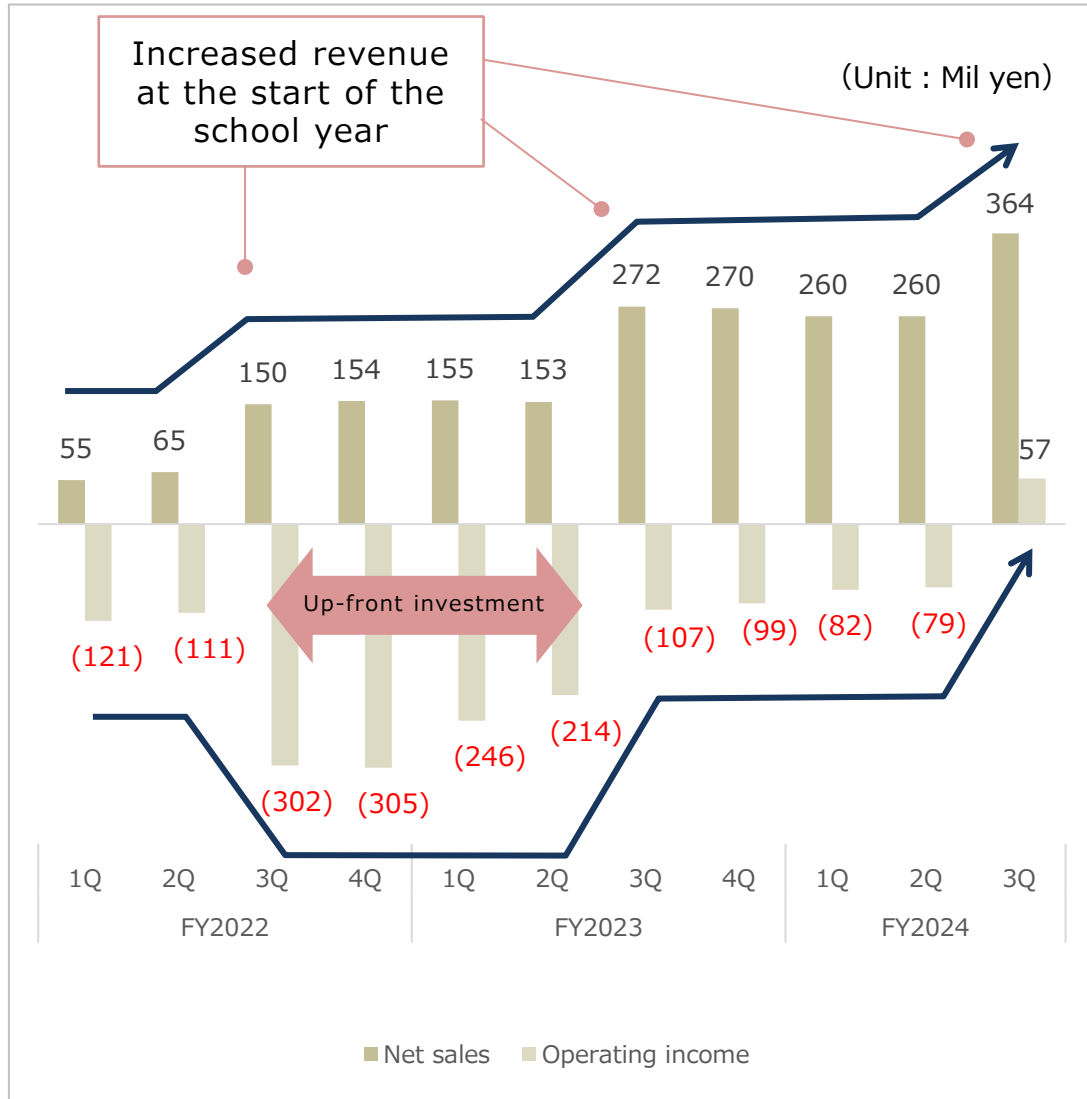
## Cloud drug record service

Total introduced pharmacies

## Steady expansion

Record high on a quarterly basis

# School DX business: Net sales and operating income



QoQ

**Net sales: Expansion**

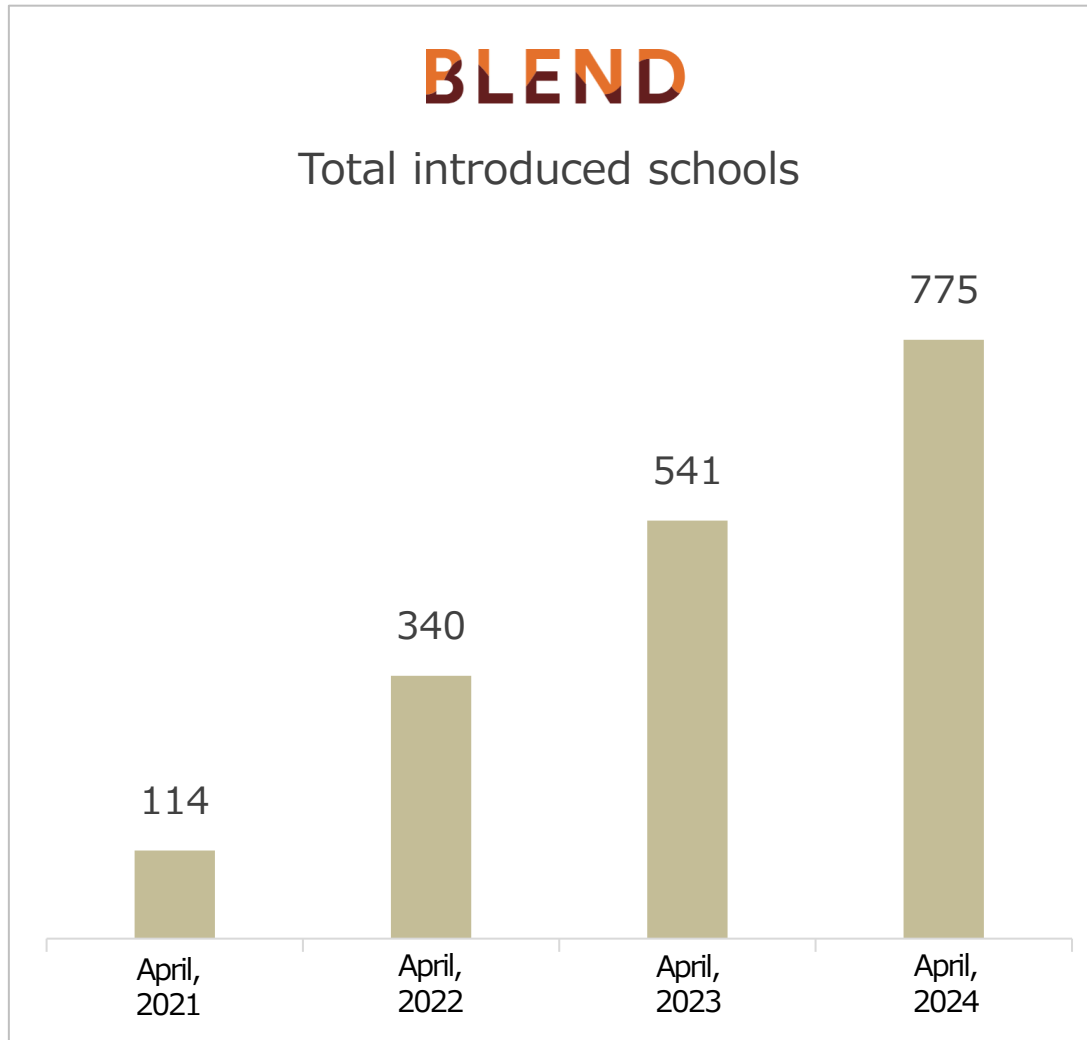
QoQ

**Operating income: Returning to profit**

Significant reduction in losses compared to the same period last year



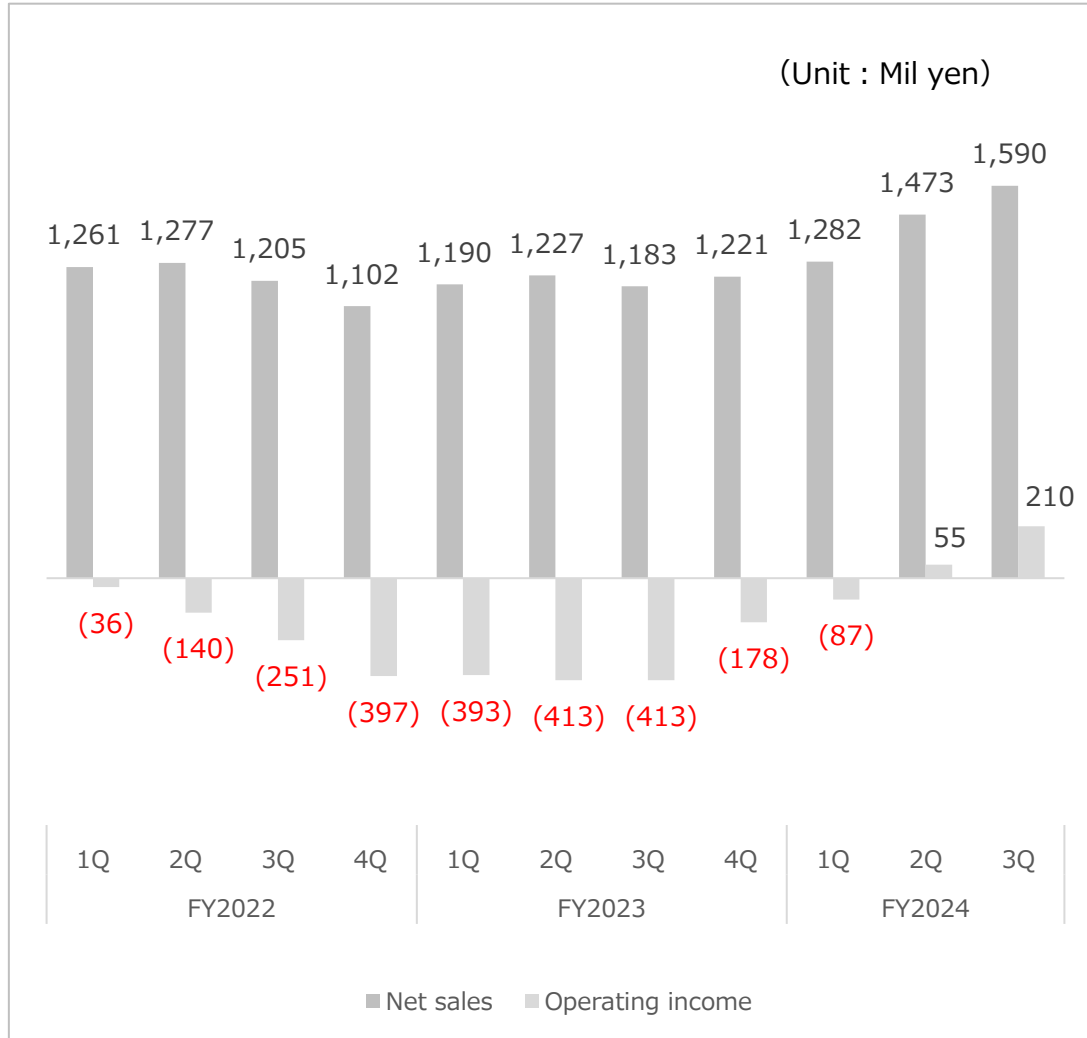
## School DX business: Cloud-based school affairs support system



**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: Measures to be adopted

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

Healthcare business: Cloud drug record service

## New functional services

## Well-received in the auto-summarization feature

Further improvements to 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" is a joint development between our subsidiary SolaMichi System Co., Ltd. and Corte Inc.  
 \* "Corte" is a trademark registered by Corte Inc.

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

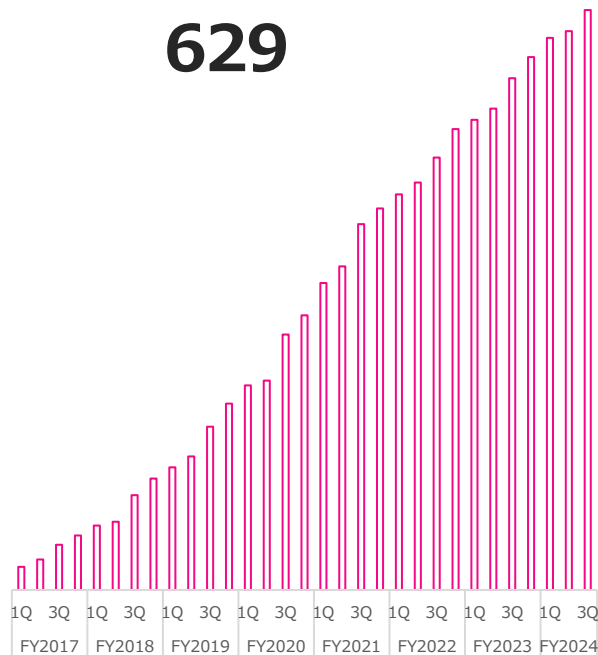


## Introduction smoothly: the childcare DX services at municipalities using "Boshimo"

### Phase1

Maternal and child  
health handbook app

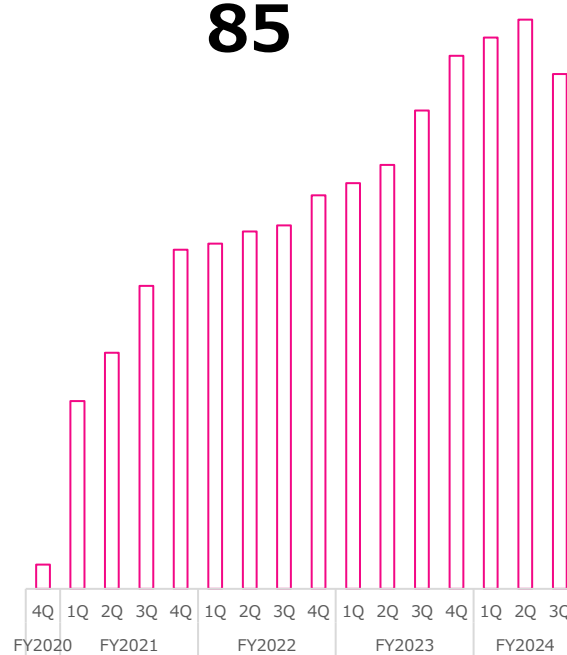
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### Phase2

Online consultation

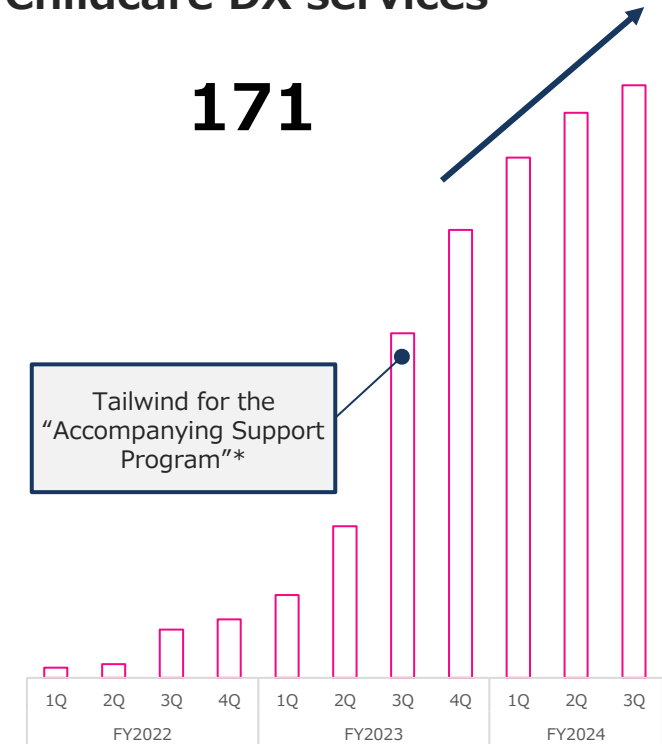
**85**



### Phase3

Childcare DX services

**171**



Tailwind for the  
"Accompanying Support  
Program"\*

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

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

## Childcare DX services

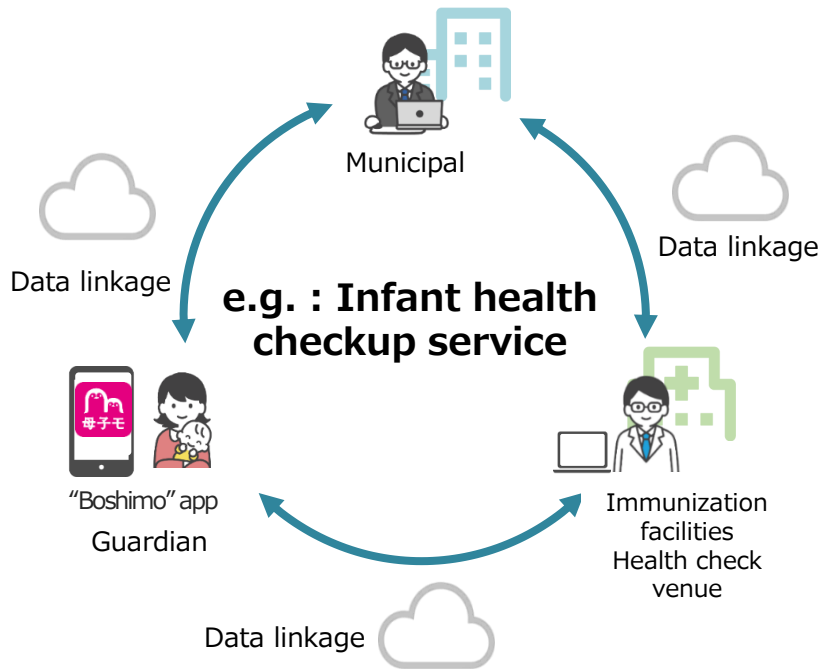
### Functions

- 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 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

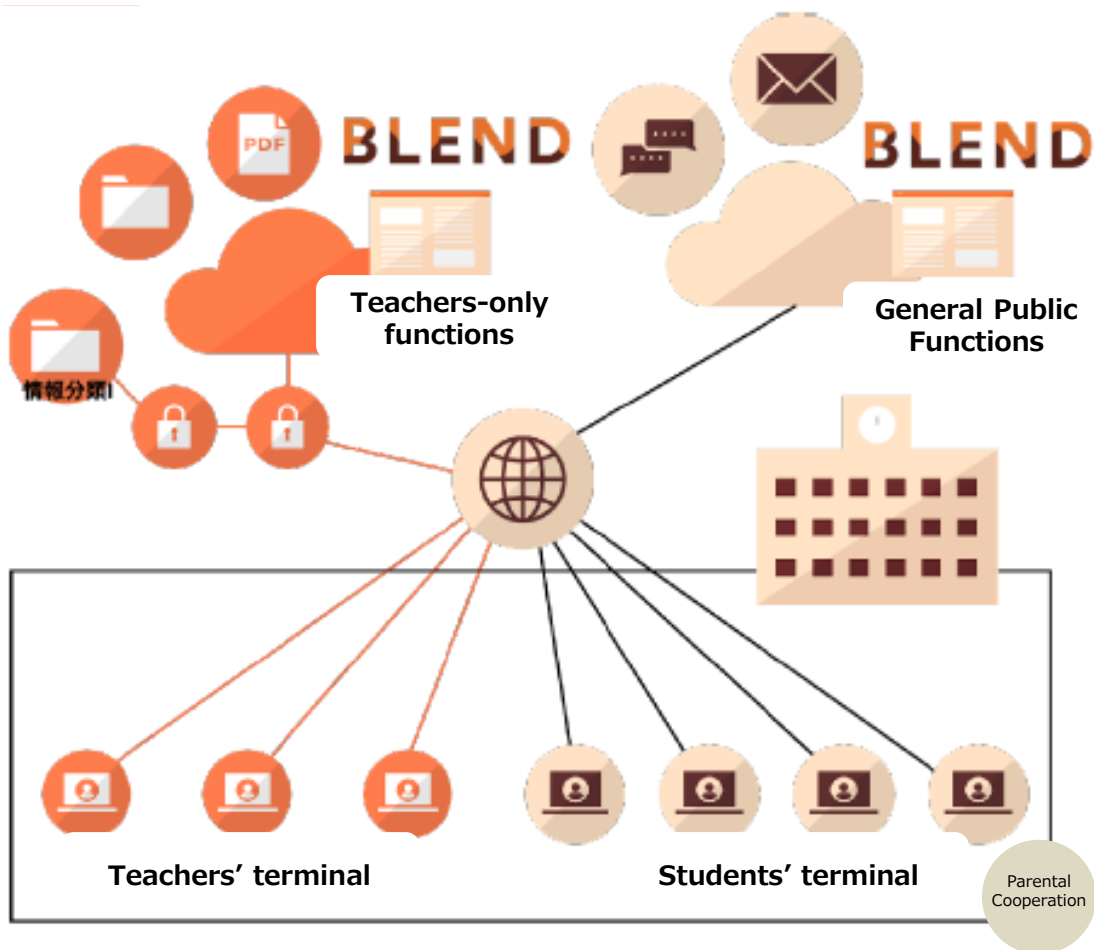
# BLEND



# 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

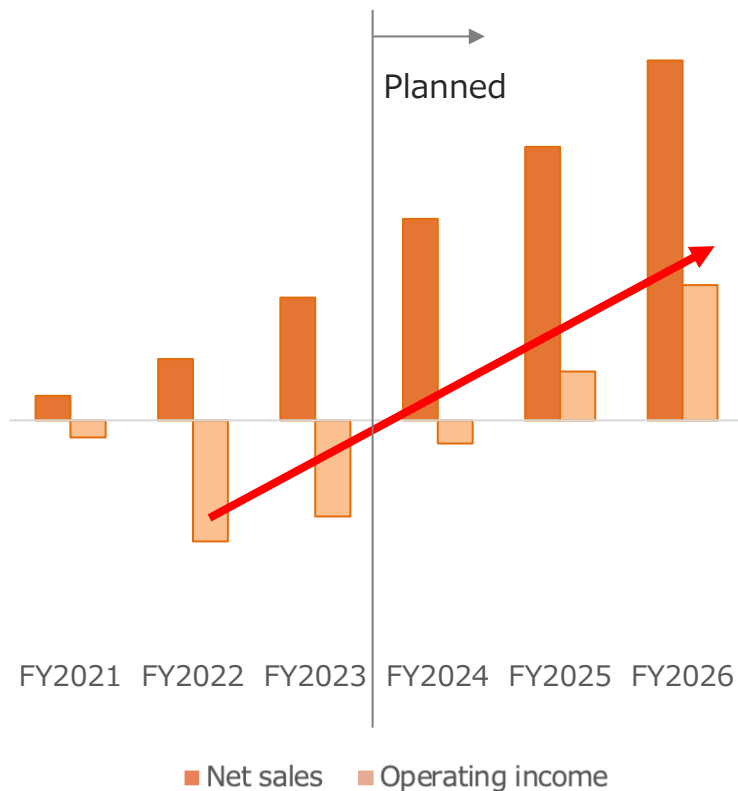
### Effects

- 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

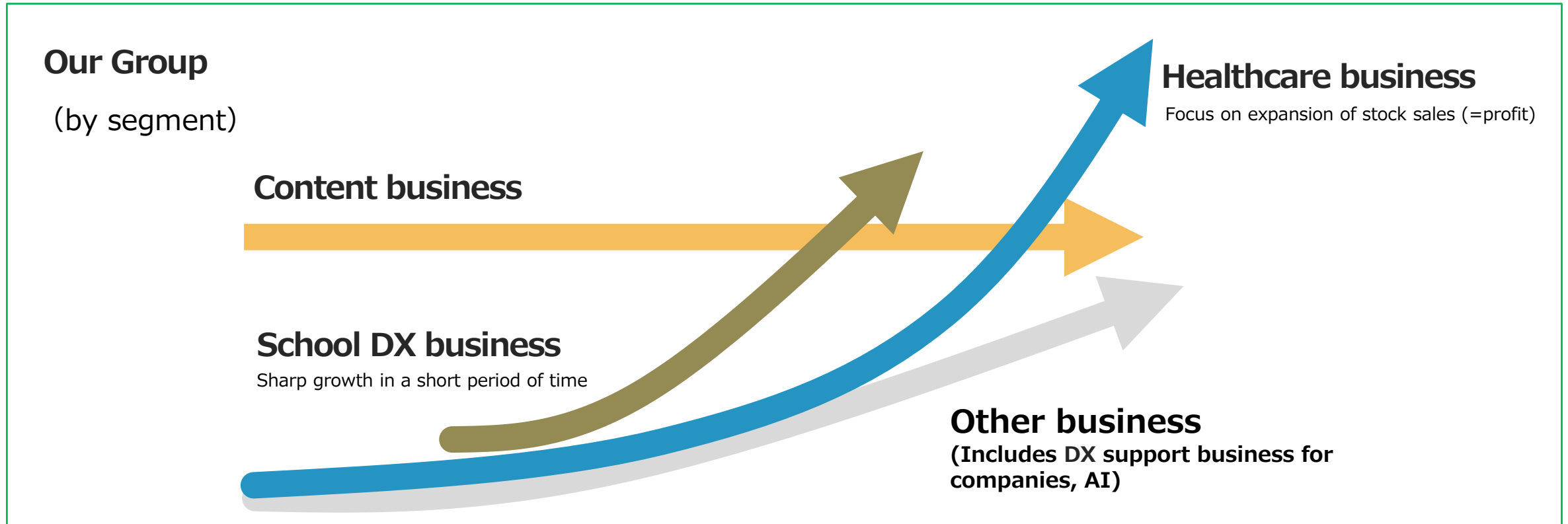
- Accumulation of projects expected to be new introducing in April 2025
- Government driving DX for school affair unit by prefectural area

Differentiation

Cloud-based batch services

# Image of medium-term profit

## Image of medium-term profit



### 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



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