

Financial Results Presentation for FY2018
Summary of Questions and Answers

Q1. There have been discussions about reductions of mobile phone charges, which are expected to affect cellphone retailers from this year to next year. What will the impact of this be on MTI's business environment?

A1. We recognize two factors that will influence cellphone retailers among those that affect our business environment.

One is that the long explanations provided to customers in cellphone stores at present will tend to be shorter. While each customer currently spends several hours in a store, we expect that the introduction of reservation system or other systems that simplify explanations, as in those for renting a car, will lead to reduce waiting times, by at least one hour. This will solve the "fatigue" issue due to the long explanation of store attendants and will allow adequate time to be allocated to the explanation of apps, and we expect to see an increase in subscriptions.

The other factor is that the current fee structure, which is combined fees for mobile phones and communication, will change and shows the high prices of phones more clearly since communication fees decrease. In general, customers are particularly motivated to subscribe to apps by the discount on the phone when they purchase the phone and apps together. If cellphone store attendants become able to take sufficient time to explain our apps in greater detail to customers, it will be more likely that they will subscribe to our services.

Q2. Explain the relevance of the Notice of Partial Revision of Articles of Incorporation dated October 30, 2018 to the healthcare-related service business and the direction of your future goals.

A2. Rather than the relevance of the revision to the healthcare-related service business, we are revising our Articles of Incorporation to cover the widest range of potential future business diversifications at MTI and its group companies possible. This means that the businesses that have been included in the category of "other general commerce" in the past will be categorized in slightly more detail.

Q3. How will the alliance with Medipal Holdings affect MTI's revenue?

A3. With the alliance with Medipal, we will sell services for hospitals (cloud electronic medical records, online medical care services, etc.) using Medipal's business resources for hospitals. Medipal has considerable business capacity in sales, based on which we will be able to visit hospitals within a short period of time. Because this is a business model that receives monthly payments from hospitals, the larger the number of hospitals we serve, the more the business will contribute to our revenue.

Q4. Is Clinical Platform Inc. a consolidated subsidiary of MTI?

A4. Yes, it is. MTI has 50.9% shares in Clinical Platform.

Q5. I understand that you are focusing more on growing sales in the healthcare-related service business during the current fiscal year (ending September 2019). What are the actual results for net sales in the healthcare-related service business for the last fiscal year and the target for the current fiscal year?

A5. The net sales from new businesses in the healthcare-related services during the fiscal year ended September 2018 (excluding monthly fee sales) were several hundred million yen. We plan to raise the net sales to one billion yen or higher in the fiscal year ending September 2019.

Q6. How large was the operating loss in the healthcare-related service business? Will the loss increase or decrease in the current fiscal year?

A6. This answer is based on divisional results rather than the business segment. The annual amount of deficit from new businesses in the healthcare-related services is approximately three billion yen. We plan to reduce the deficit by raising net sales in the current fiscal year.

Q7. As mentioned on page 14 of the reference material, you have been operating various types of healthcare business as part of the healthcare-related services. When you capitalize these services from now on, how do you plan to capitalize the hospital services in the alliance with Medipal? Is there any healthcare field that you will be focusing on?

A7. Most of the services mentioned on page 14 are provided free of charge to the end users. This is a business model that charges monthly fees to the user organizations (local governments, medical checkup institutions, health insurance companies, hospitals, and pharmacies). In the past, each organization often introduced IT internally as a system for reducing costs, and we feel that there has been a lack of systems that increase the convenience of general users and patients through connections with them. The horizontal connection of these organizations has also been inadequate. Meanwhile, services that connect end users have begun to penetrate the market. While we are providing our service at a low price, since there is only a single function at present, we should be able to charge additional fees once we can provide more sophisticated functions and facilitate horizontal alliances in the future.

Q8. Your business model is BtoB and does not charge fees to end users. Will you basically maintain this policy?

A8. Yes, we will. However, if we can create services that are able to reduce the complex operations and time required of end users, we will consider a model of services paid for by end users.