



CareNet, Inc.

**Briefing Materials for Financial Results
for the Three Months Ended March 31, 2024**

Katsuhiro Fujii, President

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- 2. Financial Results for the Three Months Ended March 31, 2024**



Business Model

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Corporate Profile

Name	CareNet, Inc.
Address	Sumitomo Fudosan Chiyoda Fujimi Bldg., 8-19, Fujimi 1-chome Chiyoda-ku, Tokyo, Japan
Established	July 1996
Employees	350 (as of March 31, 2024)
Business activities	Medical contents services for doctors and medical professionals, Medical and pharmaceutical business support for pharmaceutical companies

Business Activities

Improvement of future medical care by information technology and imaging

CareNet distributes practical information that is useful in routine clinical practice to doctors and other medical professionals via the Internet and provides pharmaceutical companies with solutions for the effective communication of pharmaceutical information.

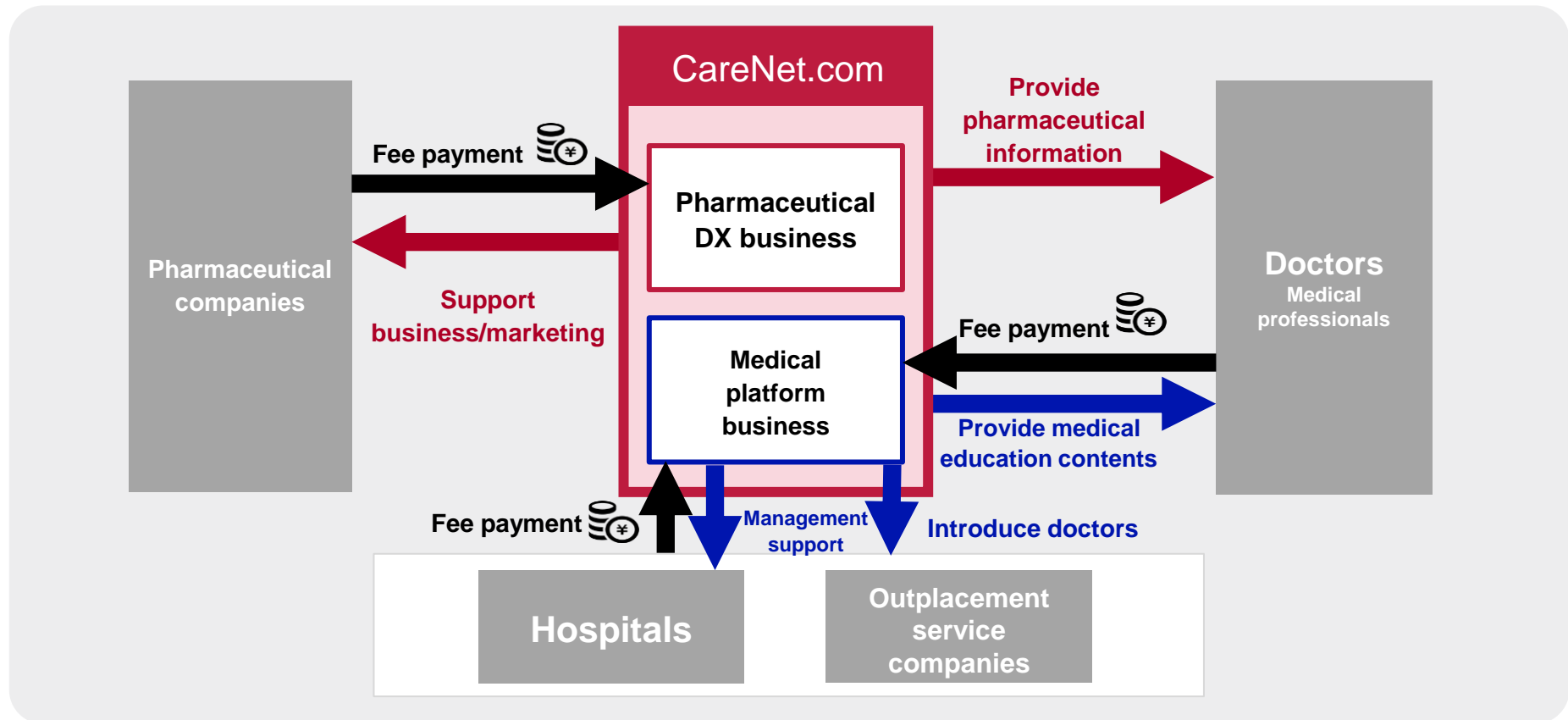
Corporate Philosophy

Striving to create a sustainable healthy society in the digital age

CareNet contributes the creation of a sustainable society that is healthy and offers comfortable working environments for both the recipients and providers of medical care by constantly evolving our businesses through technology and enthusiasm.

Our Business Model

- CareNet develops a variety of businesses that utilize the “doctor platform” oriented around CareNet.com.



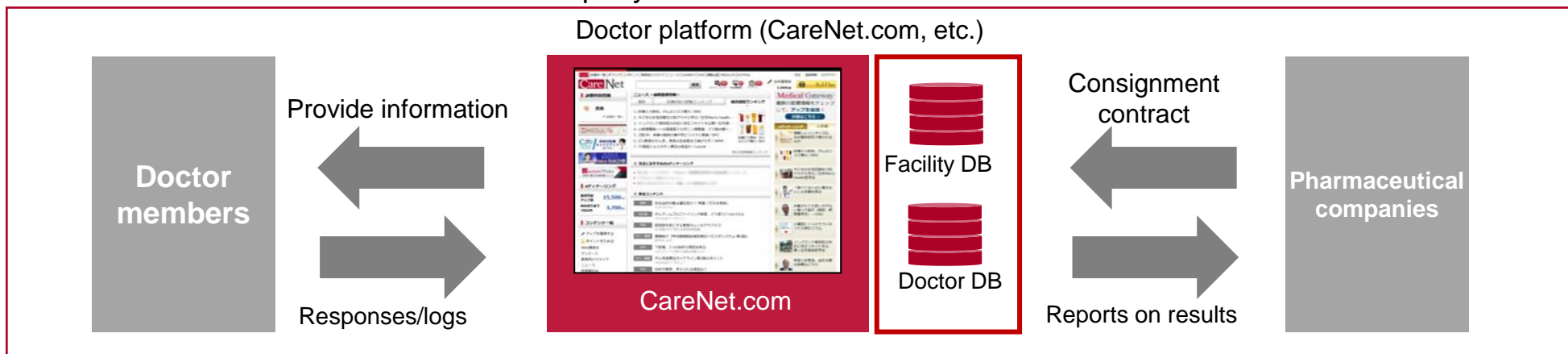
The “Pharmaceutical DX business” is engaged in the service of providing doctors with information on the proper use of therapeutic drugs under contract with pharmaceutical companies, using our doctor platforms such as “CareNet.com.” Its business model relies on obtaining service income from pharmaceutical companies, and it is our main business that accounts for about 90% of the total net sales of the CareNet Group (the “Group”).

The “Medical platform business” is engaged in the service of providing fee-based medical education videos to our member doctors and medical professionals. Since becoming the first company in Japan to provide specialized information programs for doctors, we have built an extensive track record in producing medical education programs. The business also provides information services for supporting job changes and opening businesses through group companies, with a view to helping our member doctors’ career advancement and work-life balance improvement.

Pharmaceutical DX Business

Business model for the Pharmaceutical DX business

- CareNet has endeavored to spread the proper use of new medicine from pharmaceutical companies through use of the doctor platform. We have partnerships with over 70 pharmaceutical companies, growing this into the core business of the Company.



Main services of the Pharmaceutical DX business

IT solution for connecting doctors and pharmaceutical companies: MRPlus®

One of our core services that broadcasts video content created from the perspective that the involvement of doctors is needed to target other doctors, enabling the analysis of doctors' responses while creating opportunities for engagement with MRs. More than 50 pharmaceutical companies have adopted this service.

Online livestreams of seminars by Key Opinion Leaders (KOLs¹) available nationwide: Online seminars

Busy doctors can watch KOL seminars without having to leave the office. Online livestreaming is a very effective way to quickly broadcast information about new treatments nationwide. Over 500 seminars are conducted annually, and this is a core service together with MRPlus®.

Besides the above, through our group companies, CRO, SMO, and CSO, which dispatch professionals, we provide high-quality service in tandem with the doctor platform.

¹ KOL is an abbreviation for key opinion leader. KOLs refer to doctors who have wide influence in the medical industry. As part of sales promotion activities for their products, pharmaceutical companies reach out to KOLs, who are medical experts, in order to spread the latest pharmaceutical information. KOLs include doctors who are authorities in academic societies, professors at university hospitals, and directors of large hospitals.

Medical Platform Business

Main service: CareNeTV

On-demand clinical videos for self-study by medical professionals

The screenshot shows the CareNeTV website interface. At the top, there's a navigation bar with 'CareNeTV', '配信予定', '医学生', '日業研修', 'FAQ', 'CareNeTVとは', 'DVD付アンケート', and 'ログイン'. Below the navigation is a search bar and a main banner for 'CareNeTV プレミアム' featuring a group of medical professionals. The main content area is divided into '新着番組' (New Programs) and '最新視聴ランキング(過去1ヵ月)' (Latest Viewing Ranking (Past 1 Month)).

新着番組 (New Programs):

- 2020/08/05(水)10時: Dr.田中重寛の血液検査指南 (第7回) 血中鉄濃度 (全10回)
- 2020/08/05(水)10時: Dr.田中重寛の血液検査指南 (第7回) 血中鉄濃度 (全10回)
- 2020/07/29(木)10時: Dr.田中重寛の血液検査指南 (第7回) 血中鉄濃度 (全10回)
- 2020/07/29(木)10時: Dr.田中重寛の血液検査指南 (第7回) 血中鉄濃度 (全10回)
- 2020/07/29(木)10時: Dr.田中重寛の血液検査指南 (第7回) 血中鉄濃度 (全10回)

最新視聴ランキング(過去1ヵ月) (Latest Viewing Ranking (Past 1 Month)):

Rank	View Count	Program Title
1位	2,304回	Dr.増村の心電図読解 (第1回) 心電図読解 (全10回)
2位	2,274回	Dr.田中重寛の血液検査指南 (第7回) 血中鉄濃度 (全10回)
3位	1,374回	Dr.高野の感染症プラチナレクチャー (第1回) 感染症 (全10回)
4位	1,273回	Dr.田中重寛の血液検査指南 (第7回) 血中鉄濃度 (全10回)
5位	1,098回	Dr.田中重寛の血液検査指南 (第7回) 血中鉄濃度 (全10回)
6位	823回	Dr.田中重寛の血液検査指南 (第7回) 血中鉄濃度 (全10回)
7位	798回	Dr.田中重寛の血液検査指南 (第7回) 血中鉄濃度 (全10回)
8位	789回	Dr.田中重寛の血液検査指南 (第7回) 血中鉄濃度 (全10回)
9位	787回	Dr.田中重寛の血液検査指南 (第7回) 血中鉄濃度 (全10回)
10位	674回	Dr.田中重寛の血液検査指南 (第7回) 血中鉄濃度 (全10回)

Paying members

6,223

(As of March 31, 2024)

About 20 years producing medical education programs. As Japan's first TV station specializing in content for medical professionals (satellite broadcasting ended in March 2011, switching to Internet distribution), CareNet has abundant experience in producing medical education programs, and CareNeTV delivers programs that cater to the specific learning needs of medical professionals.

Complete lineup of programs

More than 2,000 programs are available, with approx. 10 new programs being released every month. Packed with uplifting and useful information from leading lecturers who are active on the front lines of clinical practice! Designed around programs for improving clinical skills in everything from primary care to specialized fields, video content is available for a variety of genres, including preparation for medical specialist exams, presentations, English, and statistics.

Fee

・ Monthly/5,500 yen ・ PPV/330 yen -

Medical information website used by **more than 450,000** medical professionals



Members

456,468

Doctors who are members

226,265

(As of March 31, 2024)

“Medical contents” for immediate use in the field
 An abundant selection of content is available for immediate use in clinical settings, including videos of procedures, patient instructions, and explanations of relevant guidelines.

International research and news on medical care
 Carefully selected articles published in leading international journals are summarized in Japanese and are made available together with the latest medical news in Japan to facilitate quick and easy understanding of the current state of medical care.





Financial Results for the Three Months Ended March 31, 2024

【Contents】

1. Business Model
2. Financial Results for the Three Months Ended March 31, 2024

Financial Year 2024 Plans

- FY2024 marks the first year to start expanding investment in business development towards medium- to long-term growth in accordance with the “Vision 2026” disclosed in February 2024.
- Net sales for the fiscal year ending December 31, 2024, is expected to increase mainly due to growth in the existing business of Pharmaceutical DX. Meanwhile, due to increased investment in development, etc. for expanding sales and profit in new business, profit is expected to decline year over year.

(Million yen)

	Fiscal year ended December 31, 2023 Results	Fiscal year ending December 31, 2024 Forecast	YoY change
Net sales	10,235	11,600	13.3%
Operating profit	2,428	2,200	-9.4%
Ordinary profit	2,467	2,200	-10.8%
Profit attributable to owners of parent	1,510	1,500	-0.7%

The Three Months Ended March 31, 2024 - Financial Results Summary

- Owing to growth in both Pharmaceutical DX business and Medical Platform business, net sales for the first quarter period increased by 5.6% year over year.
- In accordance with Vision 2026, we started to invest in development this year. As a result, expenses have increased both in price cost and in selling, general and administrative expenses, leading to profit decline.

(Million yen)

Consolidated Statements of Income

	Q1 2023	Q1 2024	YoY change
Net sales	2,526	2,667	5.6%
Cost of sales	934	1,087	16.3%
Gross profit	1,592	1,580	-0.8%
Selling, general and administrative expenses	877	1,034	17.9%
Operating profit	715	545	-23.7%
Ordinary profit	715	563	-21.2%
Profit attributable to owners of parent	457	310	-32.1%

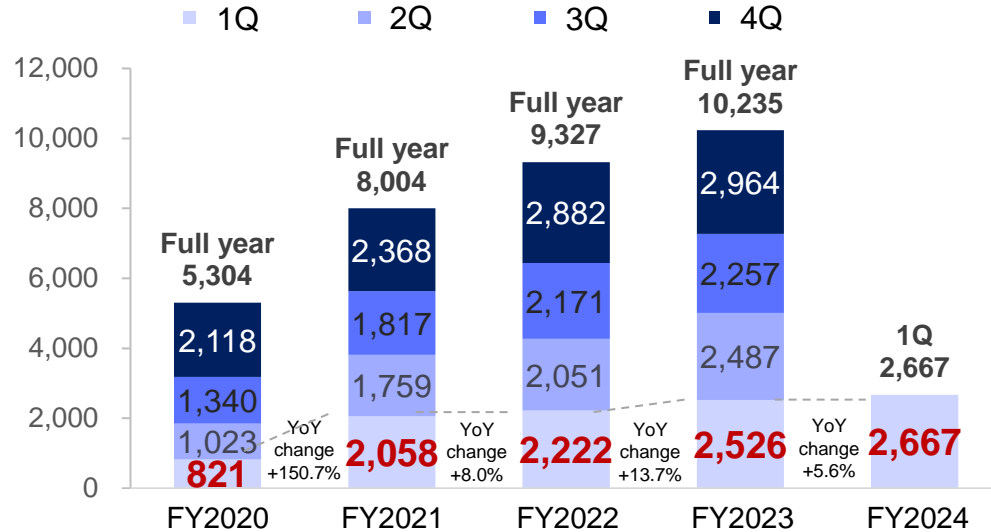
Consolidated Balance Sheets

	Q1 2024	YoY change
Current assets	10,642	-9.6%
Non-current assets	2,862	19.2%
Total assets	13,505	-4.7%
Current liabilities	2,087	-14.8%
Non-current liabilities	216	-1.0%
Total liabilities	2,303	-13.6%
Total net assets	11,201	-2.6%
Total liabilities and net assets	13,505	-4.7%

Trends in Company-wide Performance (1)

Net sales

(Million yen)



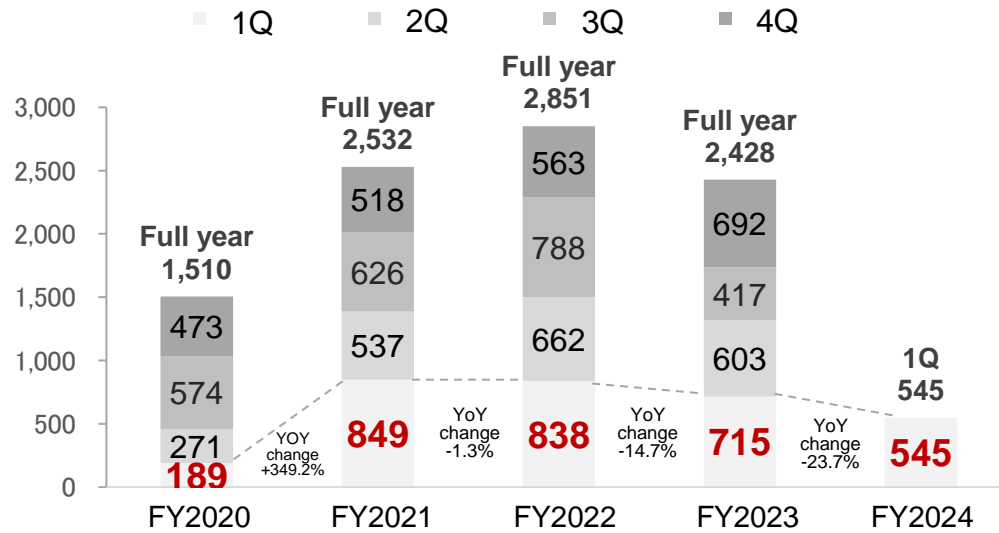
Net sales for the first quarter period increased by 5.6% year over year to 2,667 million yen, owing to growth in both Pharmaceutical DX business and Medical Platform business.

	1Q	2Q	3Q	4Q	Full year
Fiscal year ended December 31, 2020	821	1,023	1,340	2,118	5,304
Fiscal year ended December 31, 2021	2,058	1,759	1,817	2,368	8,004
Fiscal year ended December 31, 2022	2,222	2,051	2,171	2,882	9,327
Fiscal year ended December 31, 2023	2,526	2,487	2,257	2,964	10,235
Fiscal year ending December 31, 2024	2,667				

Trends in Company-wide Performance (2)

Operating profit

(Million yen)



Although profit in ePromotion services, which account for the largest portion of the Company's sales, remained steady, operating profit for the first quarter period decreased year over year to 545 million yen, due to the aggressive investment in development based on Vision 2026.

	1Q	2Q	3Q	4Q	Full year
Fiscal year ended December 31, 2020	189	271	574	473	1,510
Fiscal year ended December 31, 2021	849	537	626	518	2,532
Fiscal year ended December 31, 2022	838	662	788	563	2,851
Fiscal year ended December 31, 2023	715	603	417	692	2,428
Fiscal year ending December 31, 2024	545				

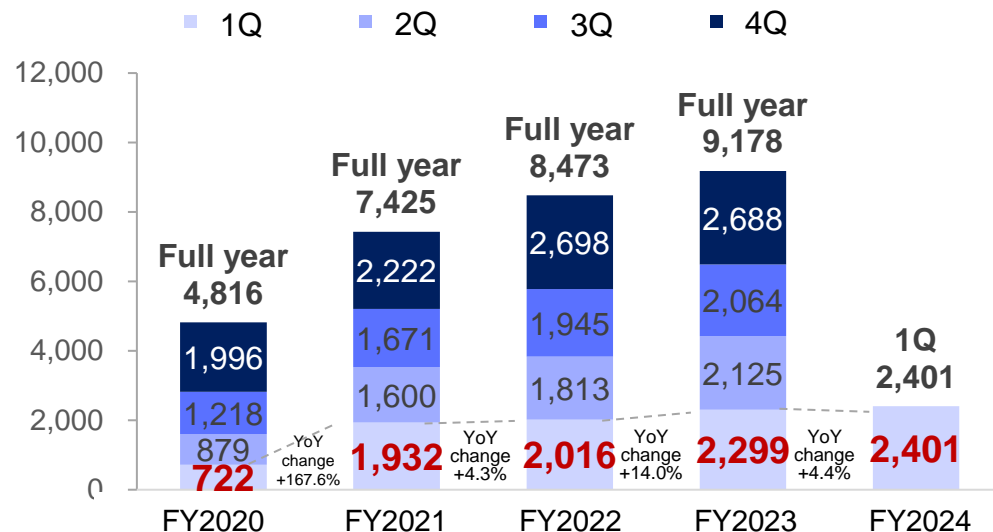


Progress by Segment

Segment Performance – Pharmaceutical DX Business (1)

Net Sales

(Million yen)



	1Q	2Q	3Q	4Q	Full year
Fiscal year ended December 31, 2020	722	879	1,218	1,996	4,816
Fiscal year ended December 31, 2021	1,932	1,600	1,671	2,222	7,425
Fiscal year ended December 31, 2022	2,016	1,813	1,945	2,698	8,473
Fiscal year ended December 31, 2023	2,299	2,125	2,064	2,688	9,178
Fiscal year ending December 31, 2024	2,401				

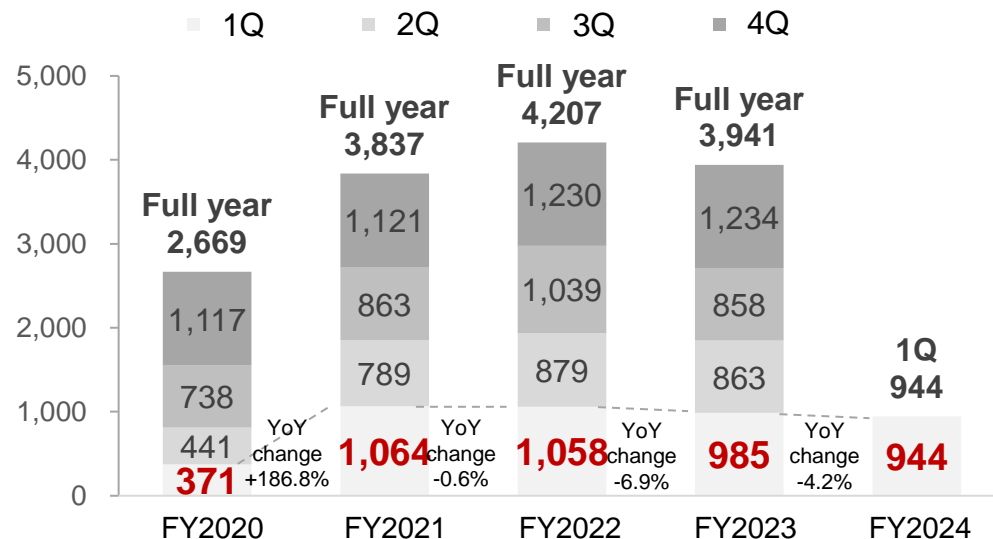
The pharmaceutical industry continues to be in a cost sensitive environment and is more focused on cost efficiency in ordering promotional activities. To continue and accelerate growth, it is required to improve the performance of existing business and to provide new added-value through new services.

ePromotion, the Company's core service, is progressing as planned. In addition, owing to the performance of group companies including CareNet Partners, Inc., net sales for the first quarter period increased by 4.4% year over year to 2,401 million yen.

Segment Performance – Pharmaceutical DX Business (2)

Segment profit

(Million yen)

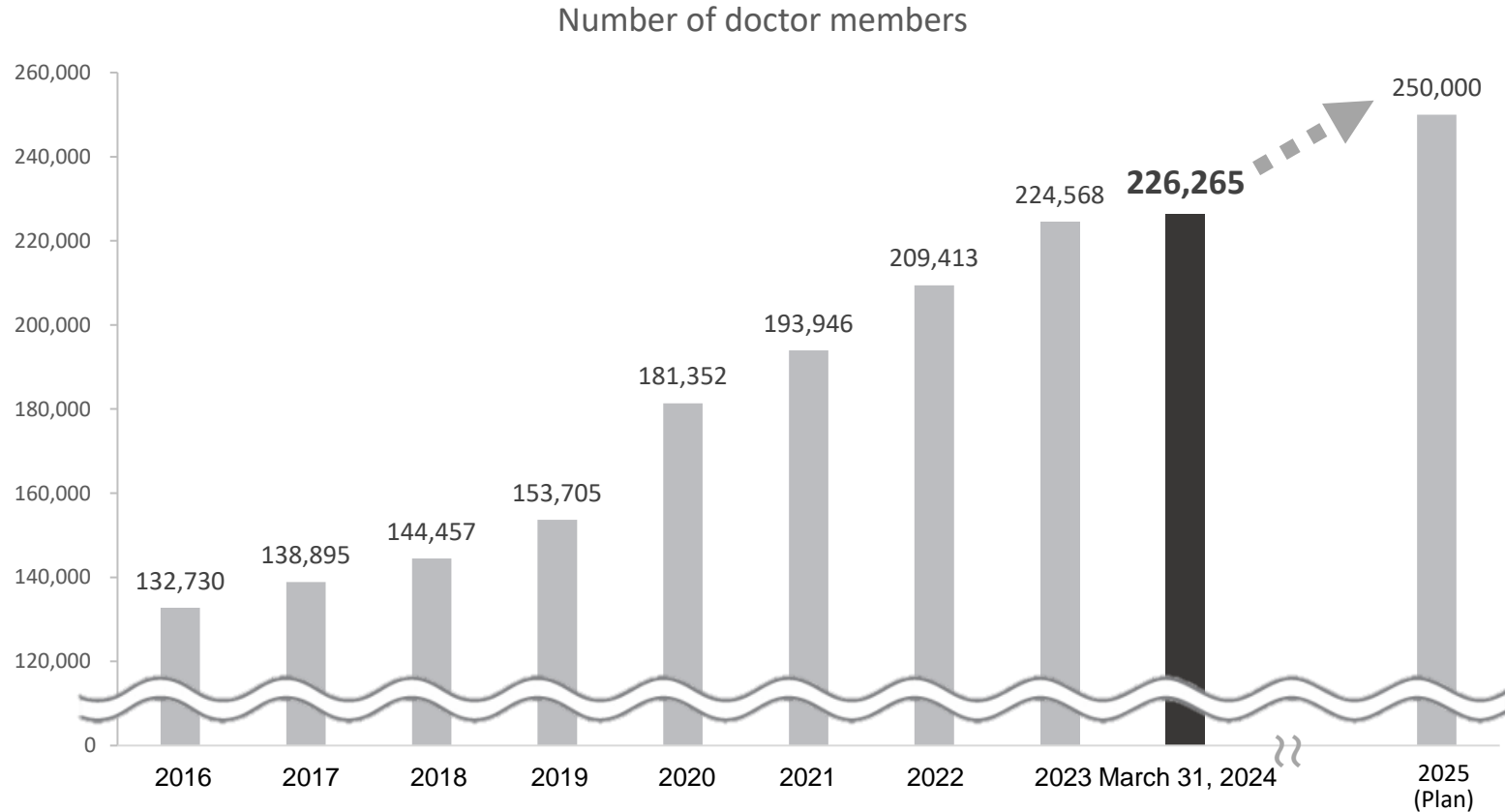


While profit in ePromotion, the Company's core service, remained steady, segment profit for the first quarter period decreased by 4.2% year over year to 944 million yen, due to increased costs associated with business development and personnel hiring, etc. Through continuous development investment, the Company aims to achieve medium- to long-term growth as stated in Vision 2026.

	1Q	2Q	3Q	4Q	Full year
Fiscal year ended December 31, 2020	371	441	738	1,117	2,669
Fiscal year ended December 31, 2021	1,064	789	863	1,121	3,837
Fiscal year ended December 31, 2022	1,058	879	1,039	1,230	4,207
Fiscal year ended December 31, 2023	985	863	858	1,234	3,941
Fiscal year ending December 31, 2024	944				

Doctors who are Members

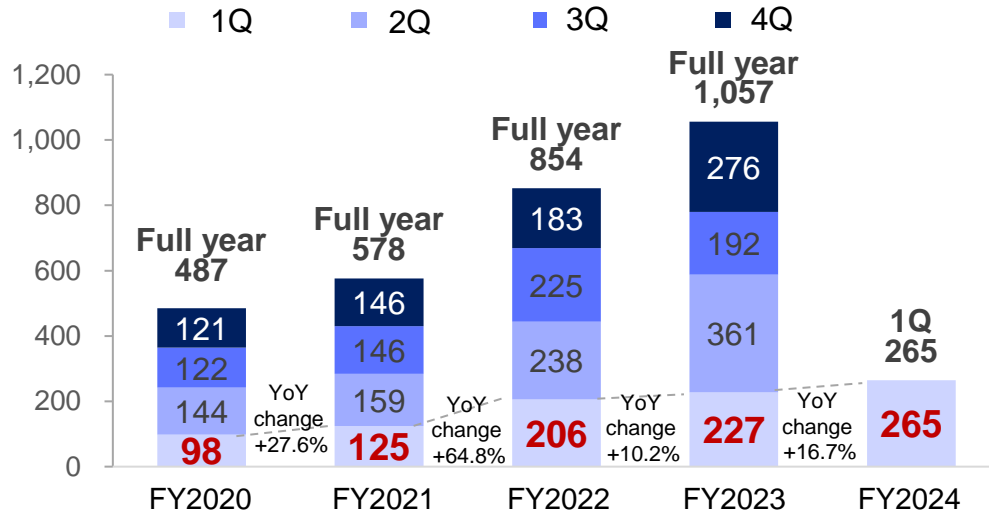
- Continuing from the previous fiscal year, the number of doctors who are members has been steadily increasing, reaching 226,000 as of March 31, 2024.



Segment Performance – Medical Platform Business (1)

Net sales

(Million yen)



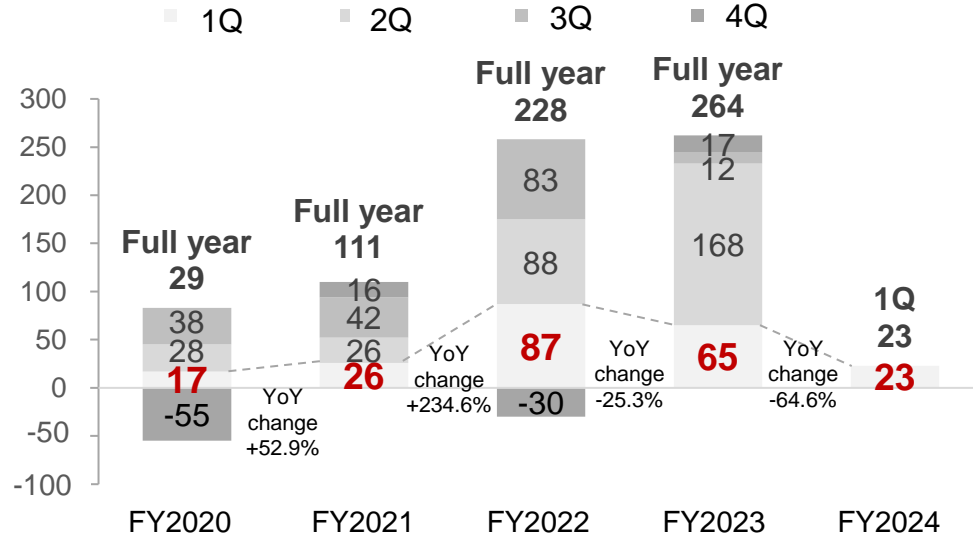
Net sales in this segment for the first quarter period increased by 16.7% year over year to 265 million yen mainly due to sales contribution from the management support business for hospitals which was acquired last year.

	1Q	2Q	3Q	4Q	Full year
Fiscal year ended December 31, 2020	98	144	122	121	487
Fiscal year ended December 31, 2021	125	159	146	146	578
Fiscal year ended December 31, 2022	206	238	225	183	854
Fiscal year ended December 31, 2023	227	361	192	276	1,057
Fiscal year ending December 31, 2024	265				

Segment Performance – Medical Platform Business (2)

Segment profit

(Million yen)



Segment profit of the Medical Platform business for the first quarter period decreased year over year to 23 million yen, due to aggressive investment in new business development and personnel hiring in the doctor career service and in the media business.

	1Q	2Q	3Q	4Q	Full year
Fiscal year ended December 31, 2020	17	28	38	-55	29
Fiscal year ended December 31, 2021	26	26	42	16	111
Fiscal year ended December 31, 2022	87	88	83	-30	228
Fiscal year ended December 31, 2023	65	168	12	17	264
Fiscal year ending December 31, 2024	23				

This material contains projections, plans, management targets, and other forward-looking statements, etc., relating to CareNet, Inc. (the “Company”).

These statements are drawn from assumptions (information and forecasts currently available to the Company), and it is possible that such assumptions are inaccurate and that actual results produced may differ from those mentioned in said statements.

Furthermore, information and data other than that concerning the Company has been quoted from public sources, and the Company offers no guarantee regarding the accuracy of such information.

CareNet, Inc.

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