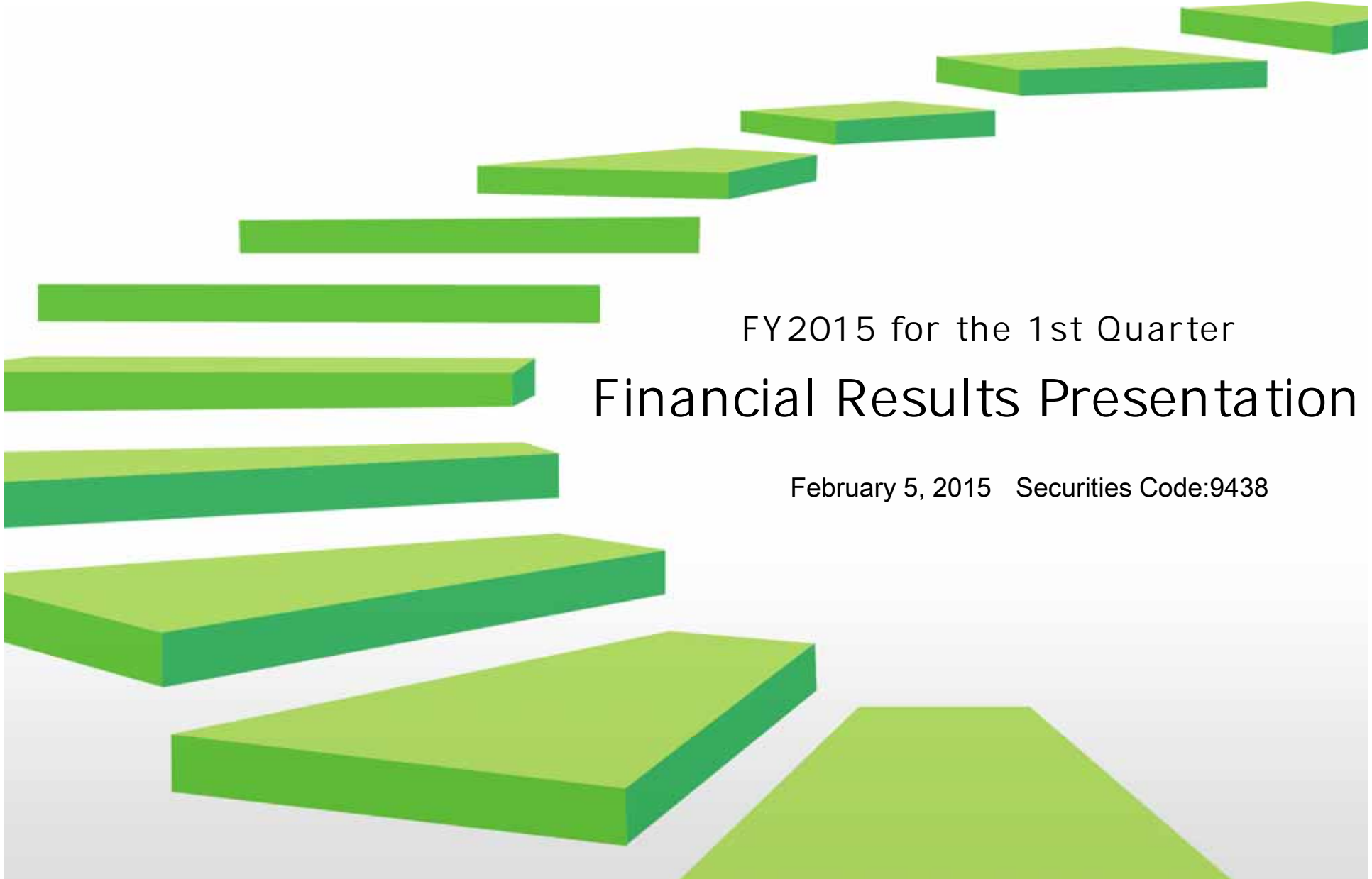


MTI Ltd.



FY2015 for the 1st Quarter
Financial Results Presentation

February 5, 2015 Securities Code:9438



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Financial Results Overview for Q1 for FY2015

- 2 Financial highlight
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Appendix

Financial Results Overview

For the 1st Quarter





1 Results (income) in the first quarter exceeded the first half results forecast!

Net sales	¥8,209M	(Up 710 millions of yen, Up 9.5%, YoY)
Operating income	¥1,333M	(Up 424 millions of yen, Up 46.7%, YoY)
Net income	¥761M	(Up 335 millions of yen, Up 78.8%, YoY)

2 Upward revision! Sales and income are to reach record highs.

		< Before revision >		< After revision >
Net sales	Full-year	¥32,500M	➔	¥34,000M
Operating income	Full-year	¥3,050M	➔	¥4,200M

3 Upward revision! Dividends per share are also to reach record highs.

Financial results	Annual	¥18	➔	¥22
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Revision of the consolidated earnings forecast

Improvement in average revenue per user (ARPU)
 Strong performance of Sugotoku content (NTT docomo)
 Decline in the withdrawal rate due to the strengthened support system for cellphone shops across Japan

(millions of yen)	First half		Change	
	(Before revision)	(After revision)	Amount	Percentage
Net sales	16,000	16,700	+700	+4.4%
Operating income (ratio)	1,300 8.1%	2,000 12.0%	+700	+53.8%
Ordinary income (ratio)	1,280 8.0%	1,960 11.7%	+680	+53.1%
Net income (ratio)	660 4.1%	1,040 6.2%	+380	+57.6%

(millions of yen)	Full year		Change	
	(Before revision)	(After revision)	Amount	Percentage
Net sales	32,500	34,000	+1,500	+4.6%
Operating income (ratio)	3,050 9.4%	4,200 12.4%	+1,150	+37.7%
Ordinary income (ratio)	3,000 9.2%	4,120 12.1%	1,120	+37.3%
Net income (ratio)	1,600 4.9%	2,270 6.7%	+670	+41.9%

Upward revision!

Sales and income are **to reach record highs.**

Upward revision in both the interim dividend and year-end dividend

(Yen)	Before revision	After revision	Change
End of interim period	8.0	10.0	+2.0
Year end	10.0	12.0	+2.0
Annual	18.0	22.0	+4.0

Upward revision!
Dividends to reach Record highs.

Share split

Share split on 4/1 (Common stock 1:2)
To increase investment opportunity and improve liquidity

Strong performance of Sugotoku content (NTT docomo)
 Improvement in average revenue per user (ARPU)
 Enlargement of non-virtual affiliate business

Sales and income
 Increased YoY!

(Millions of yen)	FY2015 Q1	FY2014 Q1	Change	
			Amount	Percentage
Net sales	8,209	7,498	+710	+9.5%
Cost of sales	1,343	1,219	+124	+10.2%
Gross profit	6,865	6,279	+585	+9.3%
(Ratio)	83.6%	83.7%		
SG&A	5,532	5,370	+161	+3.0%
(Ratio)	67.4%	71.6%		
Operating income	1,333	909	+424	+46.7%
(Ratio)	16.2%	12.1%		
Ordinary income	1,315	870	+444	+51.1%
(Ratio)	16.0%	11.6%		
Net income	761	425	+335	+78.8%
(Ratio)	9.3%	5.7%		



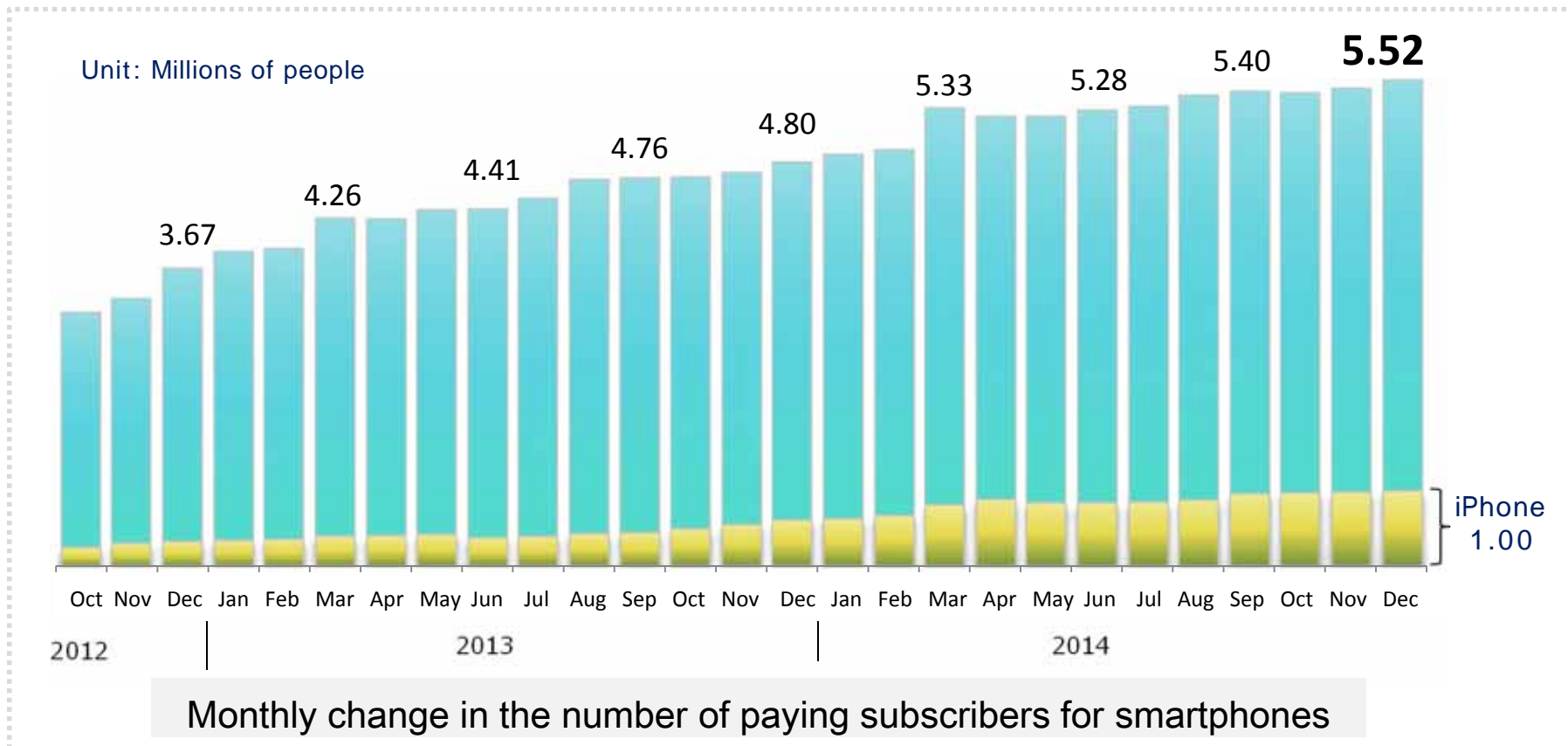
Appropriately control selling, general and administrative expenses through meaningful use.

(Millions of yen)	FY2015 Q1	FY2014 Q1	Change	
			Amount	Percentage
SG&A	5,532	5,370	+161	+3.0%
Advertising expenses	2,021	1,685	+335	19.9%
Personnel expenses	1,374	1,403	-29	-2.1%
Commission fee	896	806	+90	+11.2%
Subcontract expenses	350	438	-88	-20.1%
Depreciation	353	444	-90	-20.4%
Other	535	592	-56	-9.6%



The number of paying subscribers of the smartphone

5.52M (Up 0.12M, compared to September 30, 2014)

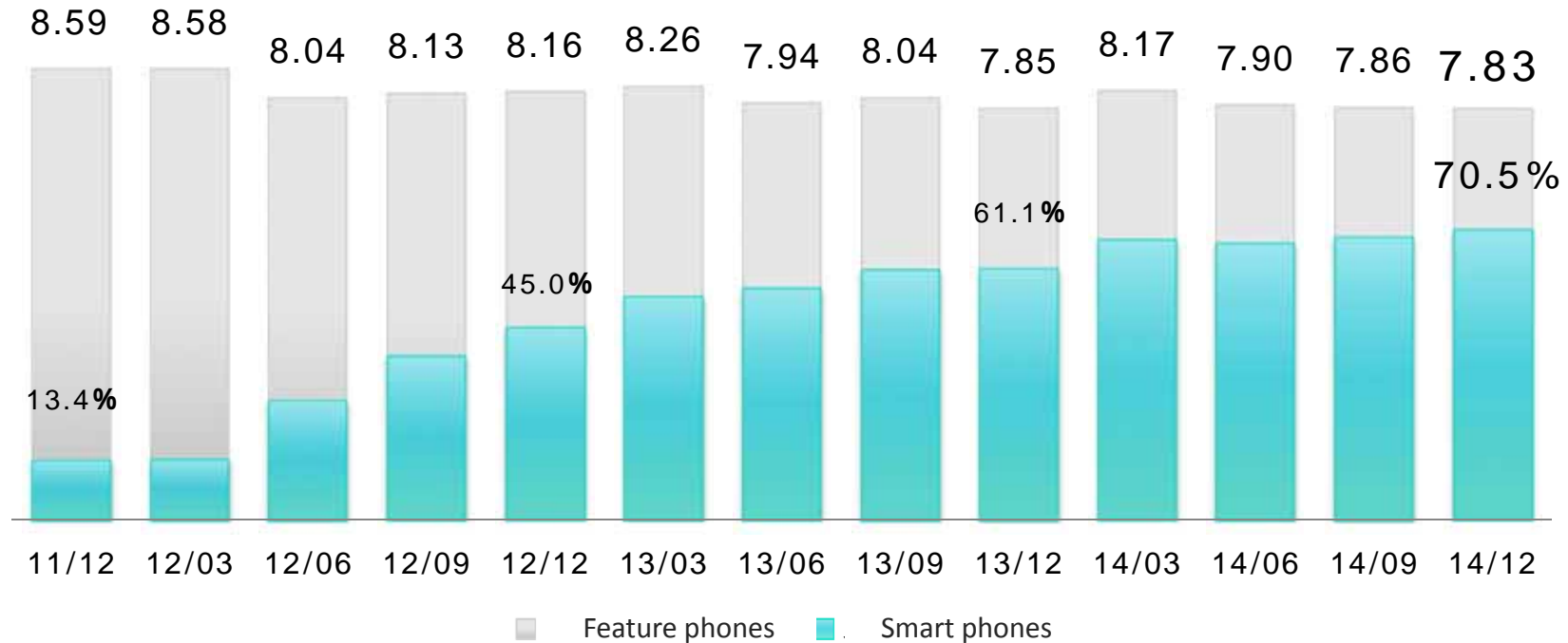




7.83 million paying subscribers

-0.03M, compared to September 30, 2014

Smartphone ratio **exceeds 70%**



Quarterly change in the number of paying subscribers



MTI Ltd.

Business Overview: docomo "d-menu" * Ranking

9 contents!



								
Music distribution	E-book unlimited distribution	Photo book	Healthcare-related	Diet & beauty	pregnancy, childbirth, childcare	Multi-dictionary	Decoration e-mail Unlimited distribution	Western astrology
								

ゲッティイメージズ



					
Weather info	Comic	Fortune-telling	Puzzle game	Table game	Point at phrases
					

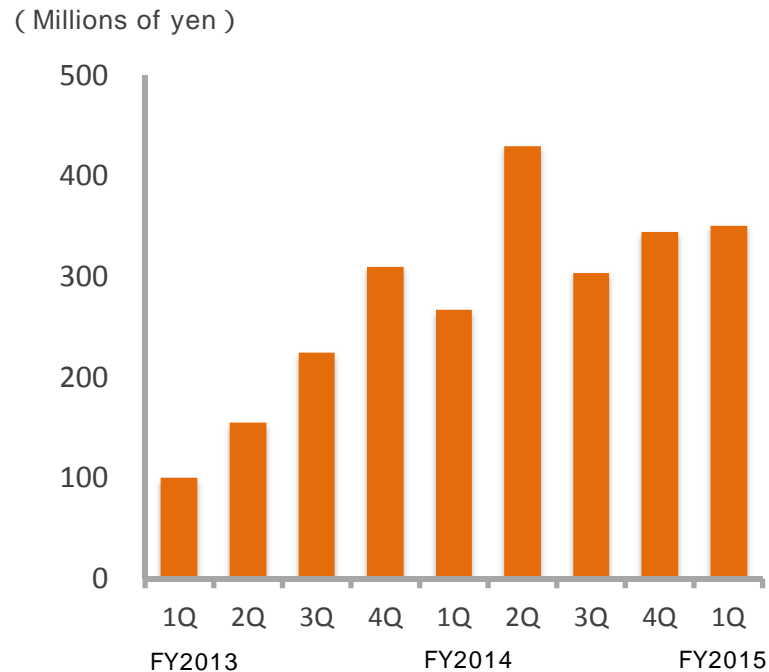
* Source: Ranking data from "d-menu", a portal site for smartphone services, by NTT docomo Co., Ltd. as of January 19, 2015



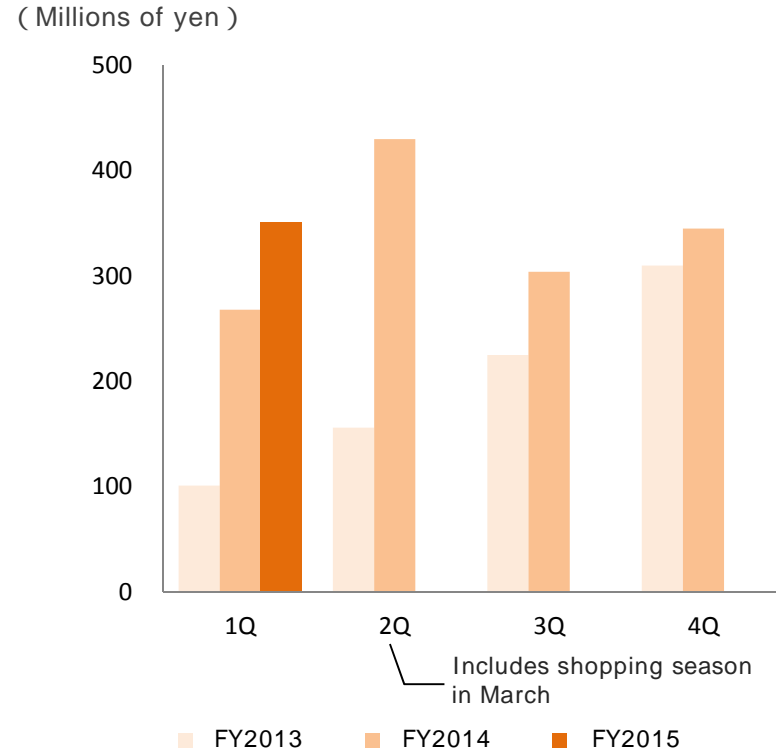
Sales remained steady

thanks to the effect of measures
at sales offices established in the previous fiscal year.

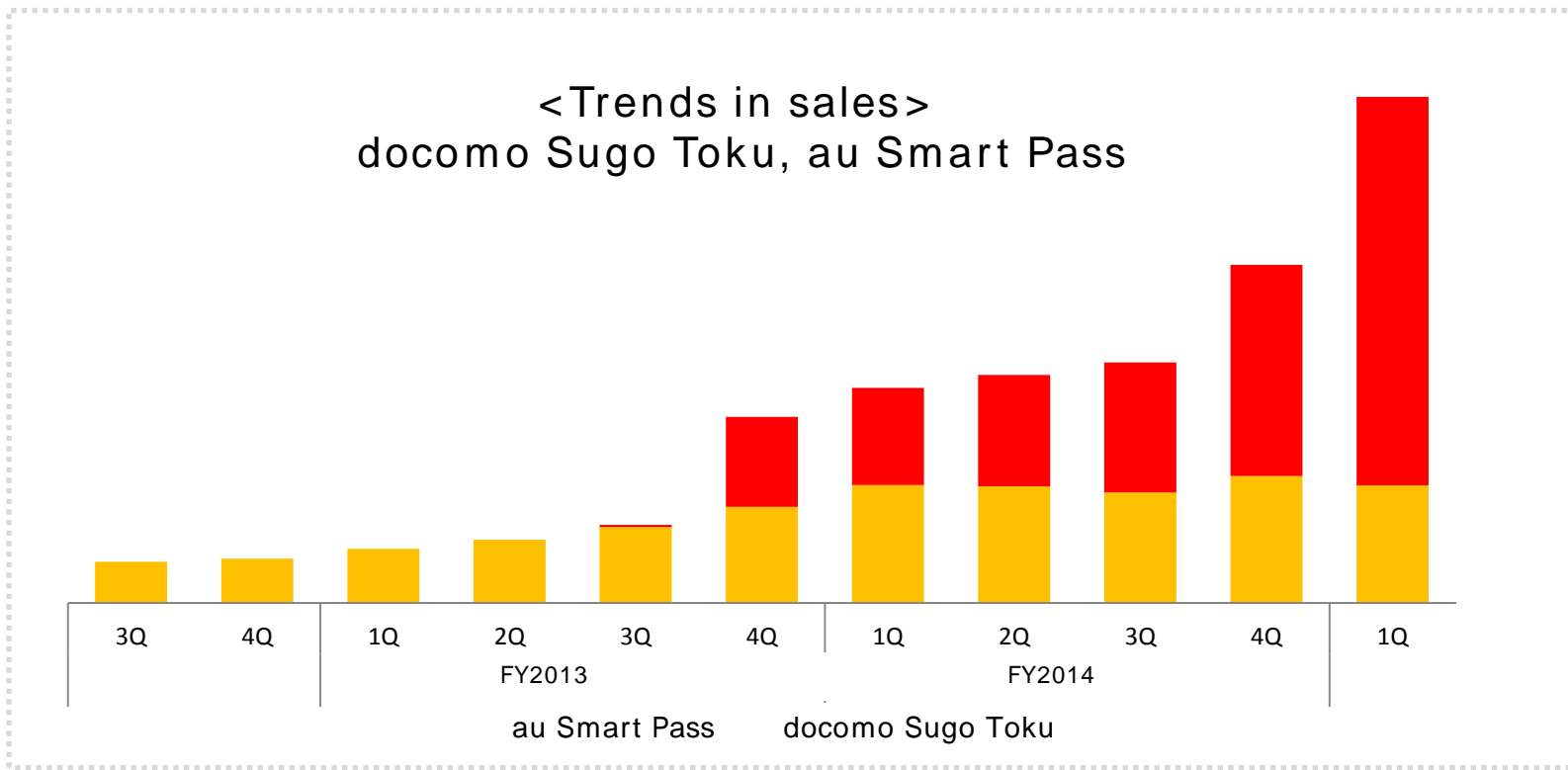
Quarterly change



Year-on-year comparison



Sugotoku content increasing even higher!!





Service Price level \ Categories	Weather information	Music & Book entertainment store	Healthcare-related information
High added value	 Premier Course ¥300 /month (excluding tax)	 ¥400 /month (excluding tax)	 ¥300 /month (excluding tax)
Basic value	 ¥100 /month (excluding tax)	 ¥300 respectively /month(excluding tax)	 ¥180 /month (excluding tax)
Free of charge		Free trial campaign 	

There are some of price plans including ¥300/month (excluding tax) and fixed charge course and optional coins. For more details, please visit our service site (Japanese only).

Consolidated Balance Sheets Statements



MTI Ltd

Net cash was **39.5** billions of yen as of December 30, 2014
(4.28 billions of yen as of September 30, 2014)

(Millions of yen)	As of December 30, 2014	As of September 30, 2014	Change	(Millions of yen)	As of December 30, 2014	As of September 30, 2014	Change
Current assets	12,162	12,183	-20	Current Liabilities	5,107	5,727	619
Cash and deposit	4,451	4,782	-331	Accounts payable-trade	1,049	976	72
Notes and accounts receivable-trade	6,445	6,294	150	Account payable-other	2,345	2,317	28
Other	1,370	1,214	156	Income taxes payable	301	674	-373
Allowance for doubtful accounts	-104	-108	4	Allowance for coin usage	229	277	-47
				Other	1,181	1,480	-299
Noncurrent assets	4,579	4,585	-5	Noncurrent liabilities	1,286	1,318	-31
Property, plant and equipment	137	143	-5	Long-term loans payable	500	500	-
Intangible fixed assets	2,066	2,177	-111	Net defined benefit liability	736	768	-31
Include software	2,039	2,150	-111	Other	50	49	0
Investments and other assets	2,375	2,264	111	Total liabilities	6,394	7,045	-650
Include investment securities	951	813	138	Capital stock	2,598	2,596	2
				Capital surplus	3,113	3,111	2
				Retained earning	4,804	4,305	498
				Treasury stock	695	-695	-
				Other comprehensive income	25	-27	52
				Subscription rights to shares	211	206	4
				Minority interest	89	224	64
				Net assets	10,347	9,722	624
Total Assets	16,742	16,768	-25	Total liabilities and net assets	16,742	16,768	-25

New Approach After the 1st Quarter

Approach in the future





Further expansion in the number of paying subscribers for smartphone services

Enhancement in the non-virtual affiliate network

Improvement of sales per customer (ARPU)

Enlargement of contents services

Mid-to-long-term approach

Expansion of the healthcare-related service business domain



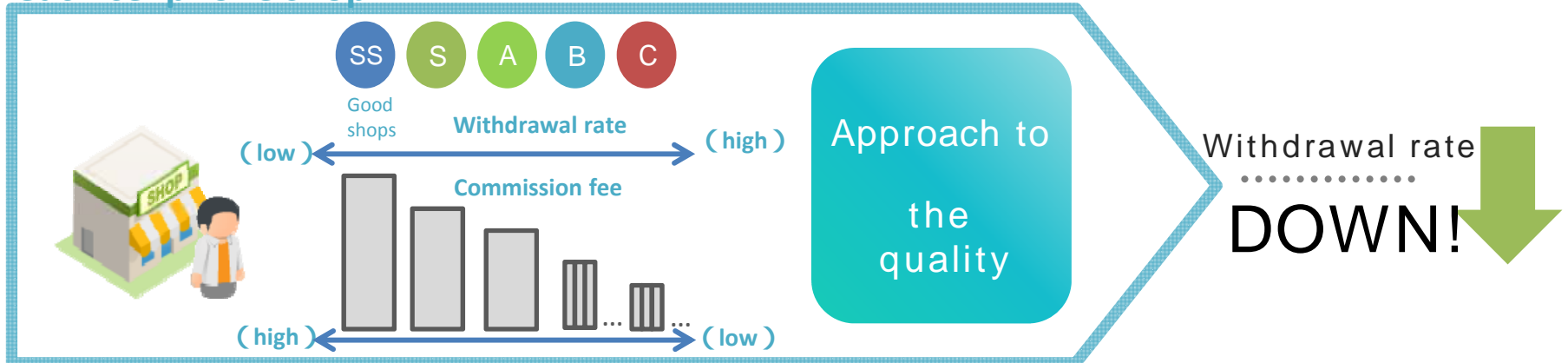
Since 2nd half FY2014

Establishment of sales offices to construct a detailed sales system

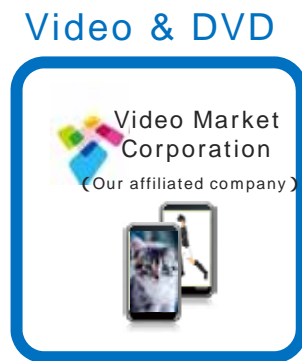
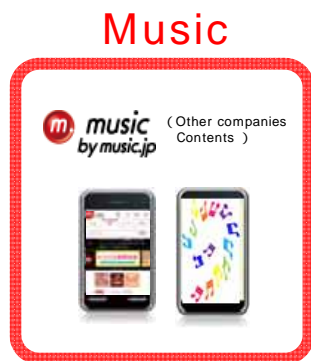
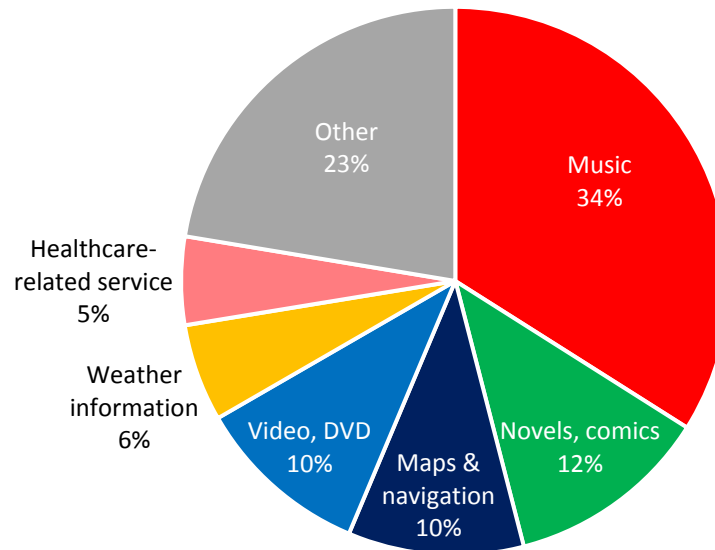


Since FY2015

Introduction of a compensation system based on the withdrawal rate of each cellphone shop



The volume of business with other contents providers is increasing.



(The depictions of other companies' content are images. The actual appearance of the content may be different.)



To improve ARPU,
Lifestyle information services are to be integrated.

Maps &
Navigation

Weather
information





MTI Ltd.

Expansion of the Healthcare-related Service Business Domain

1 Women healthcare-related information service

LunaLunaLite
The total number of the downloading as of the end of September
6.8 million downloads in total!



2 Question to doctors (health-care provider)



The answers over the phones made by healthcare providers, not doctors.

3 Gene analytics service



Ready for renewal

4 Machine-to-machine service



Launched in December, 2014!





in December 2014, we made it an equity-method affiliate.

27.03%
Investment

Healthcare management for athlete
CLIMB Factory



[Customers] Japan Football Association, Japan Rugby Football Union,
University of Tsukuba, Tokyo Yakult Swallows, Saitama Seibu Lions,
Yokohama DeNA Baystars, Morinaga & Co., Ltd./Weider, Dome
Corporation/Under Armour, SoftBank Corp and others



Strengthen the function

“Luna-Luna Family”

introduced the prediction of ovulation days and possible childbearing days based on its own logic.



Equipment coordination

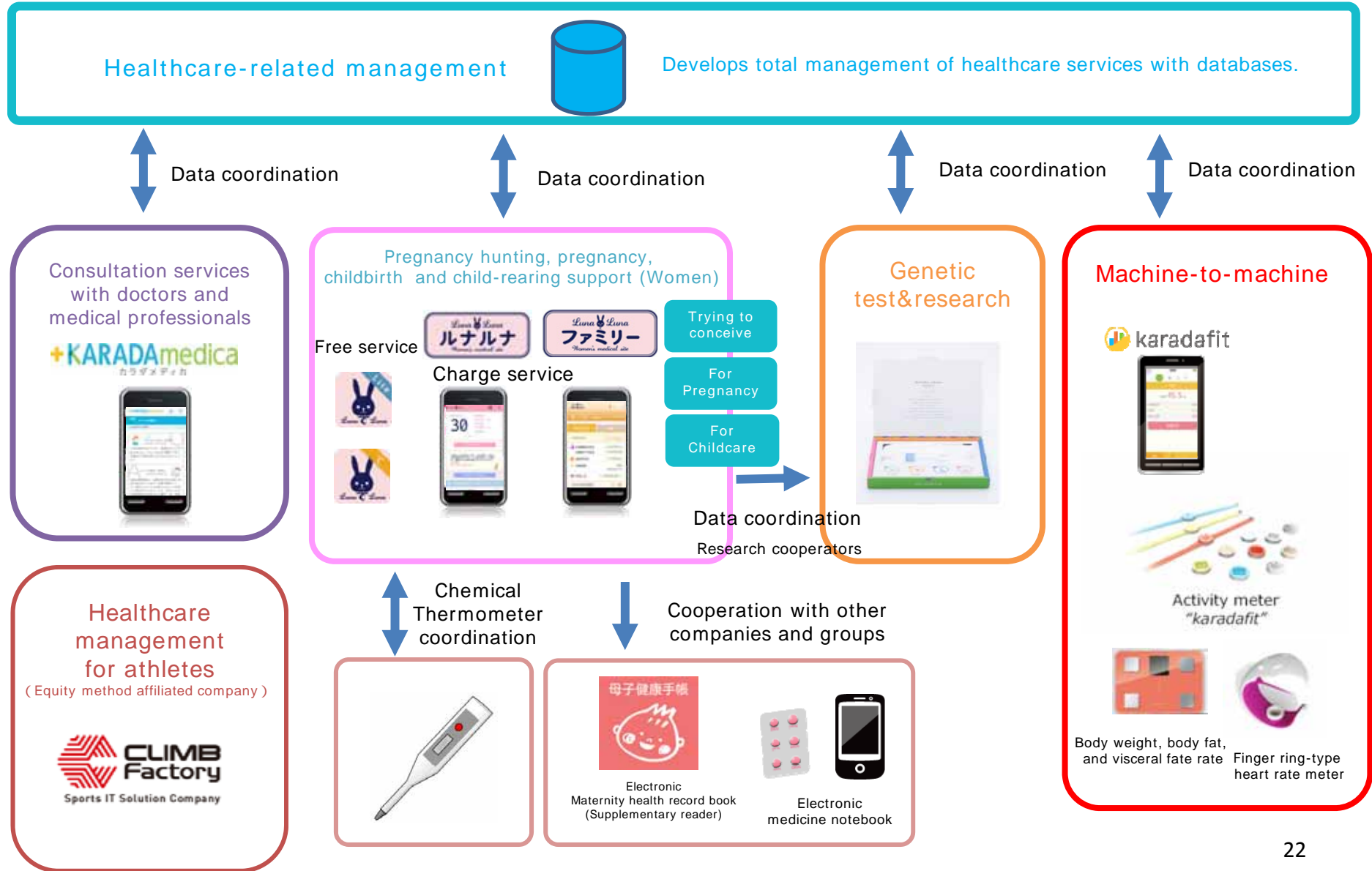
karadafit scan

Bluetooth® communication function-equipped body composition meter



Launched
in
December!

Expansion of the Healthcare-related Service Business Domain



Consolidated earnings forecast for FY2015



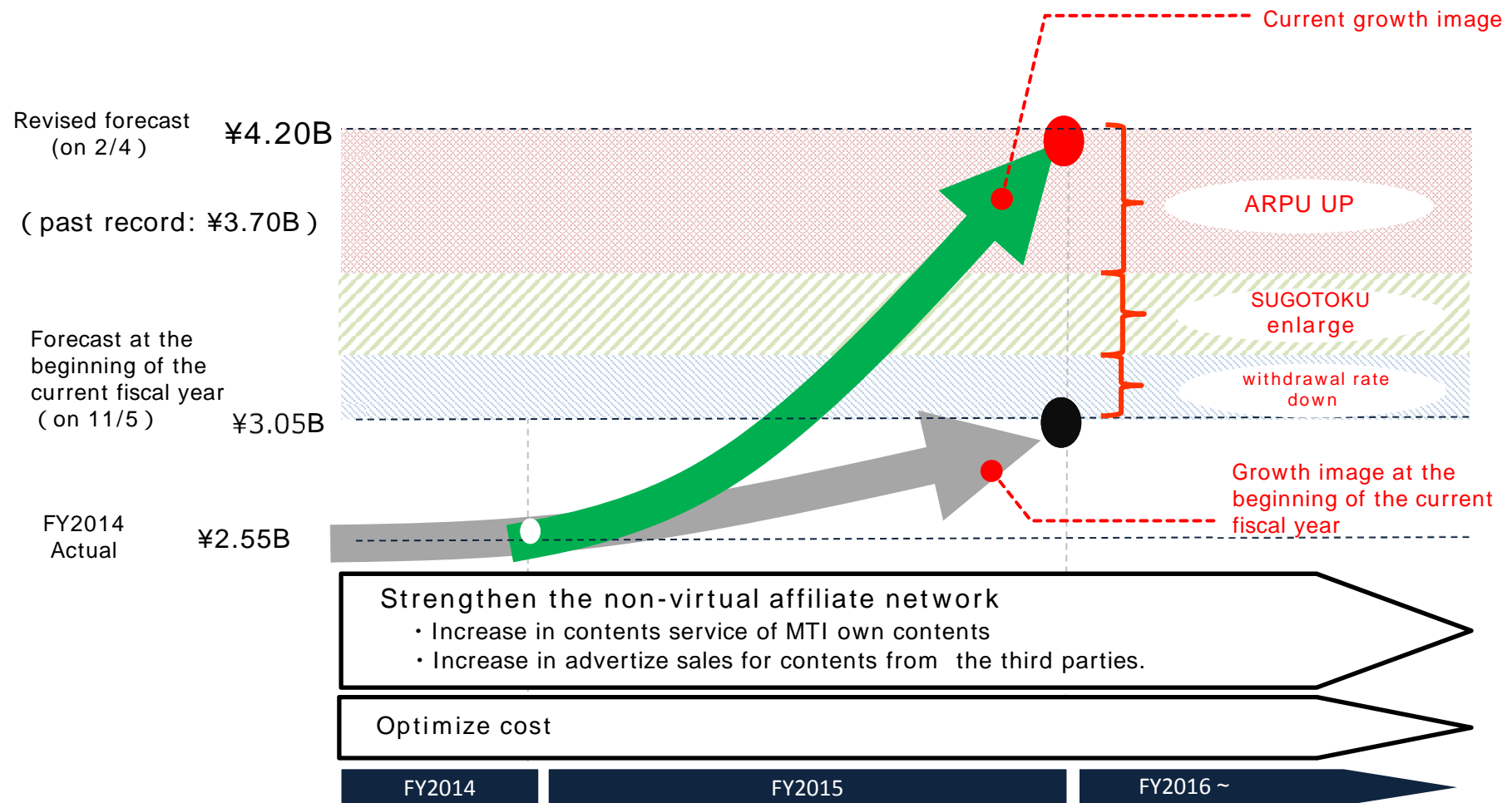
MTI Ltd

(Millions of yen)	FY2015			FY2015 (Actual)			Change	
	Full-year	1 st half	2 nd half	Full-year	1 st half	2 nd half	Amount (Full-year)	Percentage (Full-year)
Net sales	34,000	16,700	17,300	30,985	15,279	15,705	+3,014	+9.7%
Cost of sales	5,500	2,700	2,800	4,988	2,476	2,512	+511	+10.3%
Selling, general and administrative expenses	24,300	12,000	12,300	23,439	11,498	11,940	+860	+3.7%
Operating income	4,200	2,000	2,200	2,557	1,304	1,252	+1,642	+64.2%
(Operating income ratio)	12.4%	12.0%	12.7%	8.3%	8.5%	8.0%		
Ordinary income	4,120	1,960	2,160	2,519	1,310	1,209	+1,600	+63.5%
(Ordinary income ratio)	12.1%	11.7%	12.5%	8.1%	8.6%	7.7%		
Net income	2,270	1,040	1,230	1,337	790	547	+932	+69.7%
(Net income ratio)	6.7%	6.2%	7.1%	4.3%	5.2%	3.5%		



Image of growth operating income

the record High operating income forecast more income increase!





MTI Ltd.

〈Contact us〉

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MAIL: ir@mti.co.jp

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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.



Appendix

Trends in consolidated statements of income



MTI Ltd

(Millions of yen)	FY2013				FY2014				FY2015
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Net sales	7,331	7,491	7,762	7,575	7,498	7,780	7,730	7,974	8,209
Cost of sales	1,231	1,286	1,427	1,391	1,219	1,256	1,238	1,273	1,343
Gross profit	6,099	6,205	6,334	6,184	6,279	6,523	6,492	6,700	6,865
(Gross profit ratio)	83.2%	82.8%	81.6%	81.6%	83.7%	83.8%	84.0%	84.0%	83.6%
Selling, general and administrative expenses	5,885	6,527	5,500	5,762	5,370	6,127	5,866	6,074	5,532
Operating income	214	-321	834	422	909	395	626	626	1,333
(Operating income ratio)	2.9%	-4.3%	10.7%	5.6%	12.1%	5.1%	8.1%	7.9%	16.2%
Ordinary income	216	-312	832	384	870	439	614	594	1,315
(Ordinary income ratio)	2.9%	-4.2%	10.7%	5.1%	11.6%	5.7%	8.0%	7.5%	16.0%
Net income	185	-306	443	194	425	364	218	328	761
(Net income ratio)	2.5%	-4.1%	5.7%	2.6%	5.7%	4.7%	2.8%	4.1%	9.3%

Trends in consolidated Selling, General and Administrative Expenses



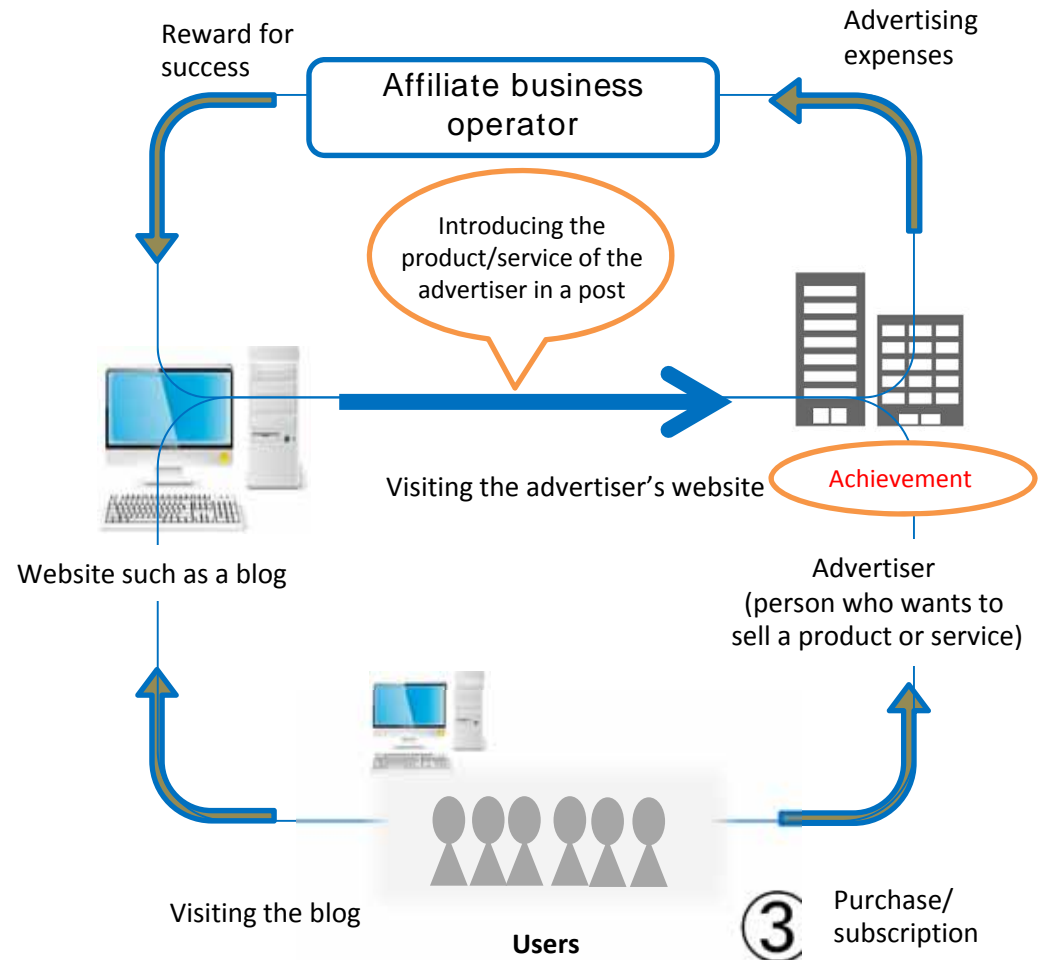
MTI Ltd

(Millions of yen)	FY2013				FY2014				FY2015
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Total	5,885	6,527	5,500	5,762	5,370	6,127	5,866	6,074	5,532
Advertising expenses	2,176	2,724	1,780	2,019	1,685	2,392	1,963	2,225	2,021
Personnel expenses	1,421	1,412	1,422	1,465	1,403	1,422	1,424	1,564	1,374
Commission fee	812	823	785	807	806	835	884	918	896
Subcontract expenses	440	476	413	410	438	459	484	421	350
Depreciation	424	440	462	474	444	442	454	365	353
Other	609	649	635	584	592	575	655	580	535

What s “Affiliate”?



The term “affiliate” is a frequently used term in internet advertising. It is a system whereby if the introduction of a product or service on a website, such as a blog, is successful (e.g. a user purchases the product), the operator of the website receives a reward.

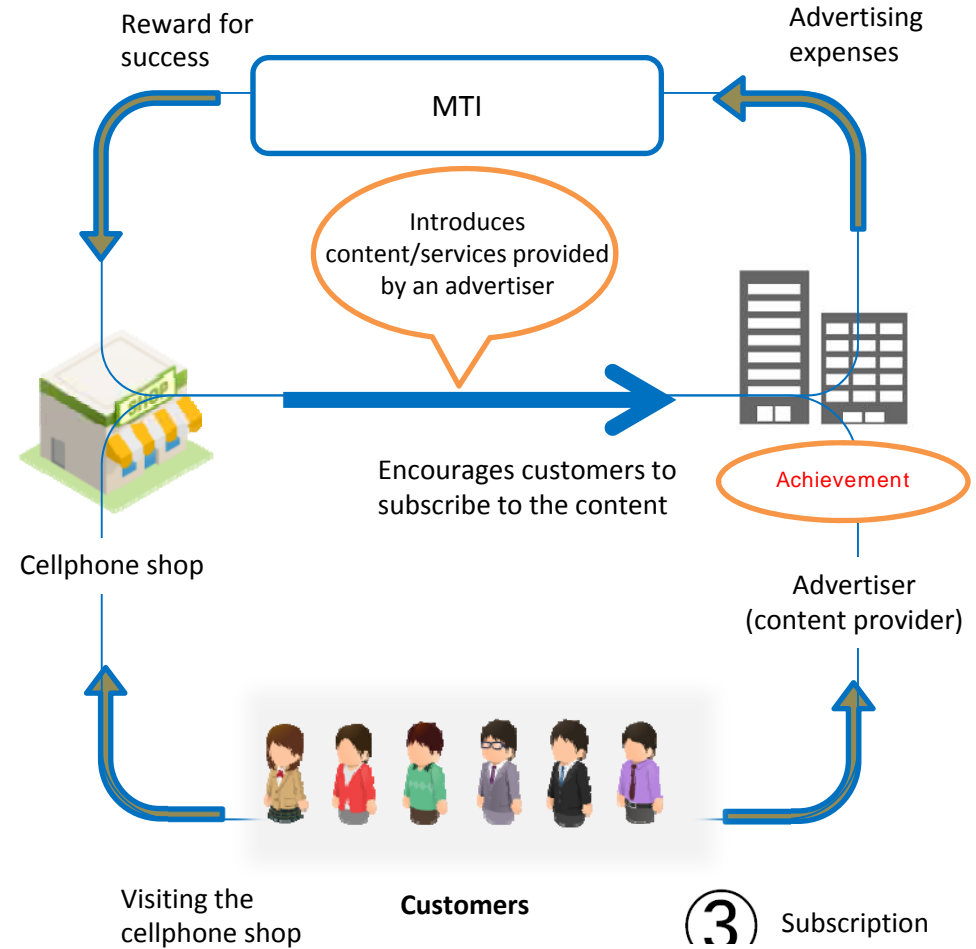


What s “Non-virtual affiliate”?



MTI Ltd.

Non-virtual affiliate is an internet advertising system as applied to cellphone shops as physical locations. Under this system, cellphone shops encourage customers visiting them to subscribe to particular content, and if a customer actually subscribes to the content, the cellphone shop receives a reward.





Improvement of Index for Contents Business

Construction of a detailed sales support system

The num of new subscribers

$$= \text{Contract num of cell phone shops} \times \text{Cellphone shop occupancy rate} \times \text{The num of visitors per cell phone shop} \times \text{Subscriber ratio}^1 \times \text{Content subscribed}^2$$

Introduction of a compensation system based on the withdrawal rate of each cellphone shop

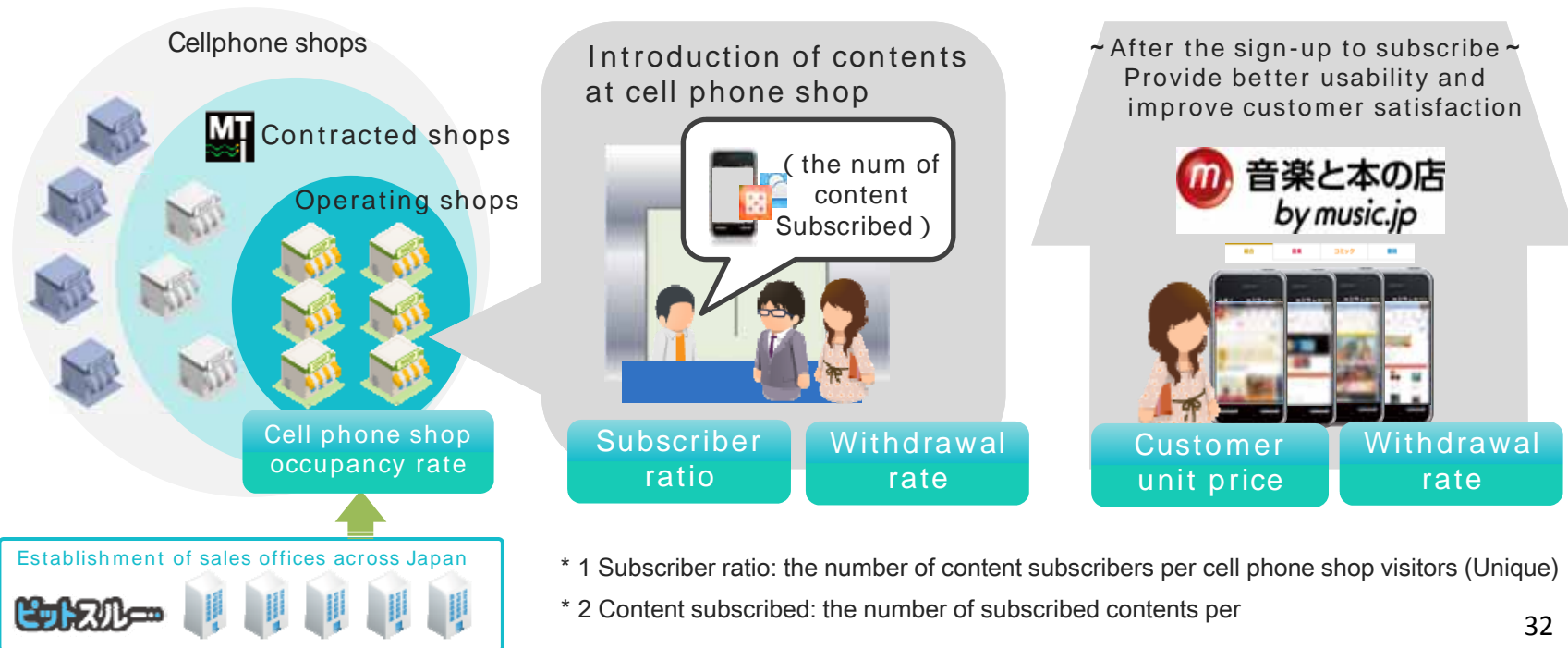
The num of increase to member

$$= \text{The num of new subscribers} \times (1 - \text{Withdrawal rate})$$

Enlargement of Contents service

Sales

$$= \text{The num of subscribers} \times \text{Customer Unit price}$$



* 1 Subscriber ratio: the number of content subscribers per cell phone shop visitors (Unique)

* 2 Content subscribed: the number of subscribed contents per



Improvement of Index for Non-Virtual Affiliate Business

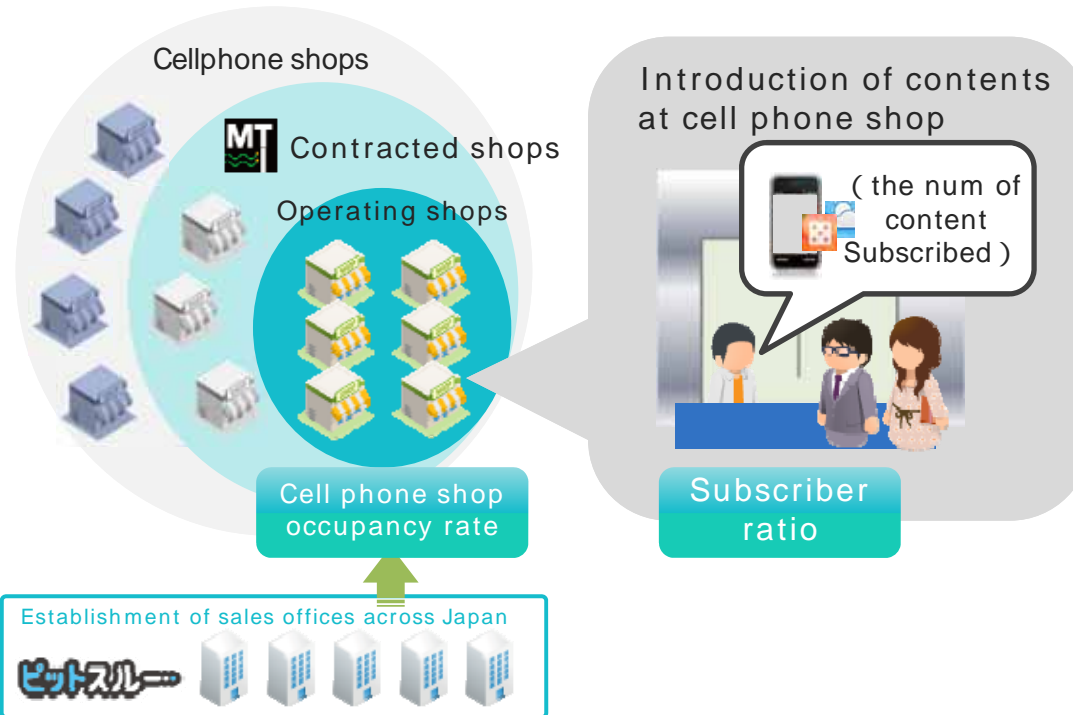
Construction of a detailed sales support system

The num of new subscribers

$$= \text{Contract num of cell phone shops} \times \text{Cellphone shop occupancy rate} \times \text{The num of visitors per cell phone shop} \times \text{Subscriber ratio}^1 \times \text{Content subscribed}^2$$

Sales

$$= \text{The num of subscribers} \times \text{Customer Unit price}$$



* 1 Subscriber ratio: the number of content subscribers per cell phone shop visitors (Unique)

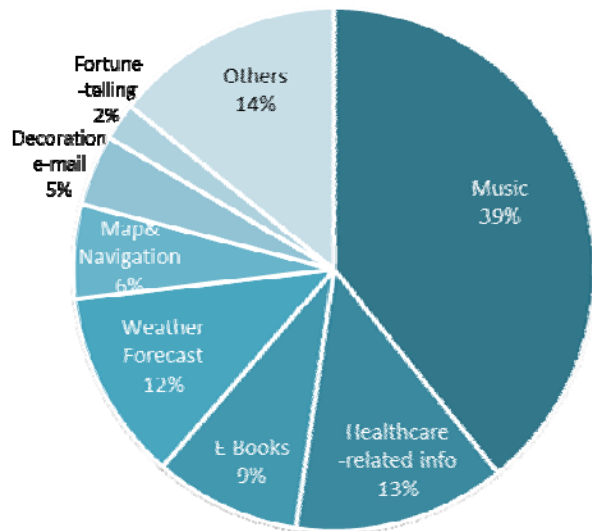
* 2 Content subscribed: the number of subscribed contents per



Major Services -Content Distribution Business-

Line-up our own contents services provided mainly moth-paid

(MIT monthly paying subscribers)



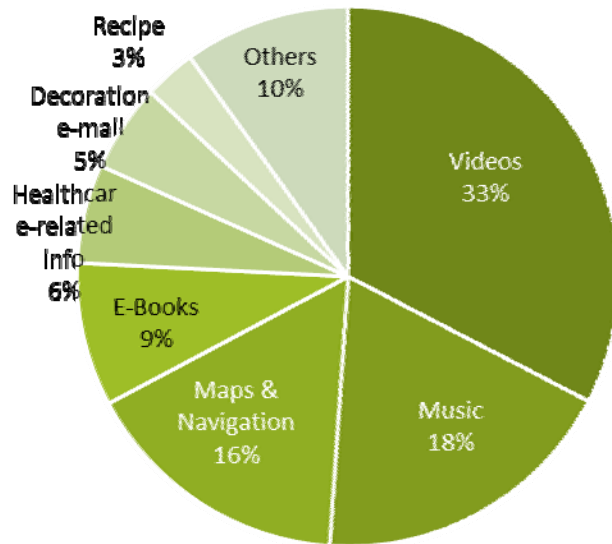
<p>Music distribution</p>	<p>Healthcare-related info</p>	<p>E-Books</p>	<p>Weather info</p>	<p>Fortune-telling</p>	<p>Others</p>
		<p>グッティイメージズ</p>	<p>Decoratation e-mail</p>	<p>Map & Navigation</p>	



Major Services -Non-virtual Affiliate Business-

Other companies content services proposed at mobile phone shops

(Main line-up of new paying subscribers)

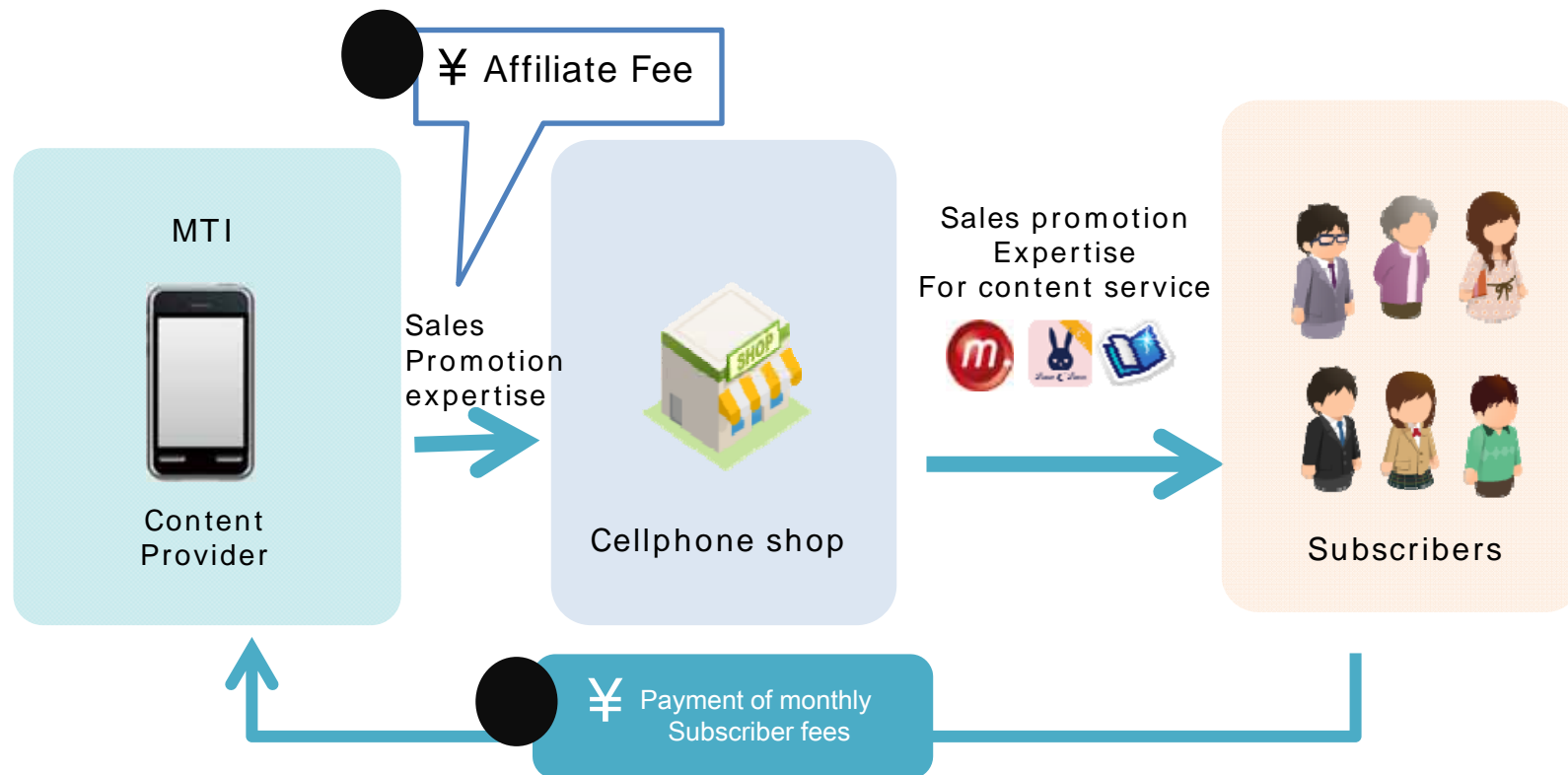


<p>Videos, TV programs videos</p> <p>Video Market, Inc/ (Our affiliated Company)</p>	<p>Music distribution</p>	<p>Maps & Navigation</p>	<p>Others</p>
	<p>E-Books</p>	<p>Healthcare- related info</p>	<p>Recipe</p>



Business model -Content Distribution Business-

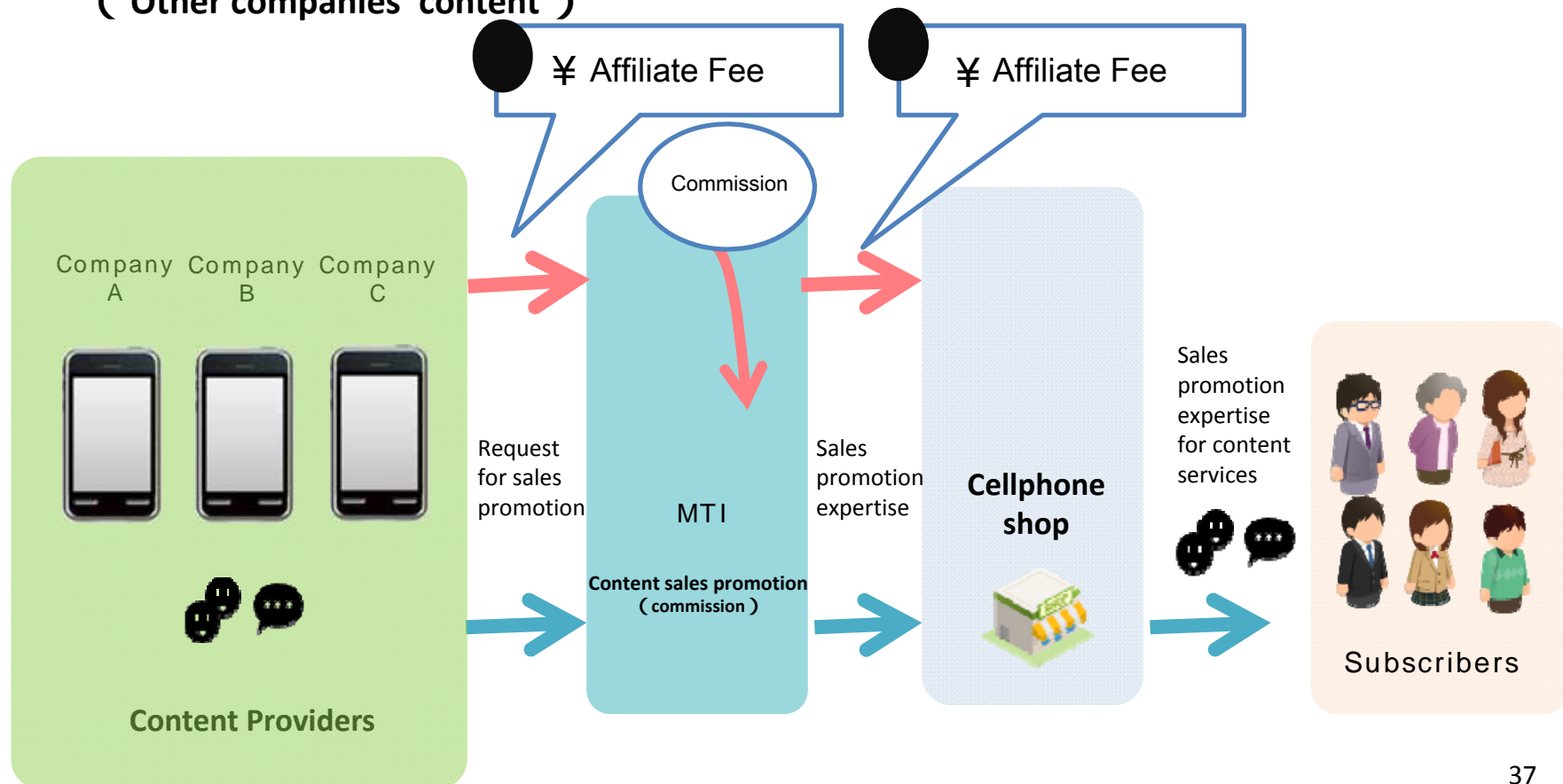
- ▶ B to C
- ▶ Stock-type business
- ▶ Num of monthly paying subscribers × ARPU = Sales



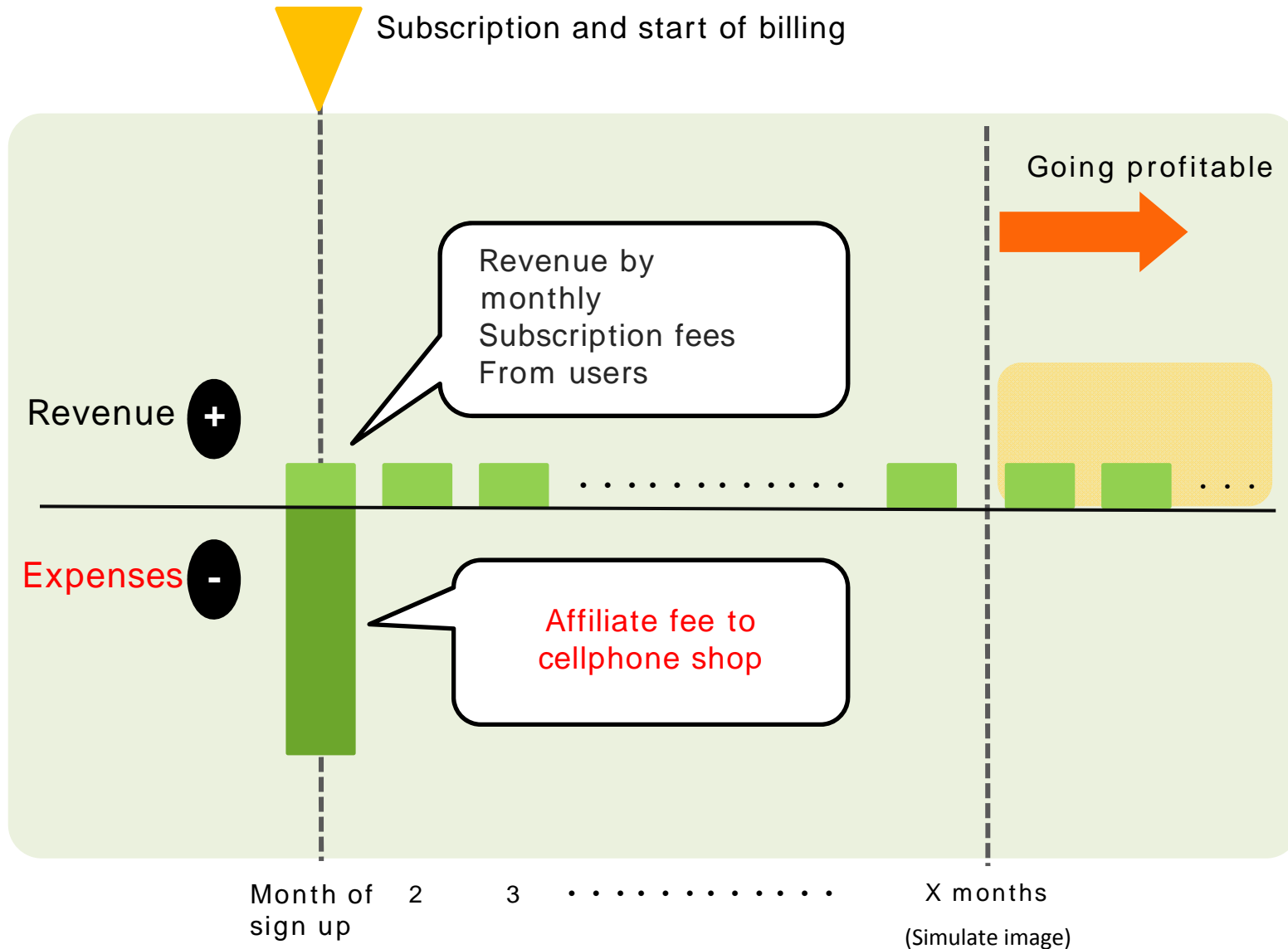


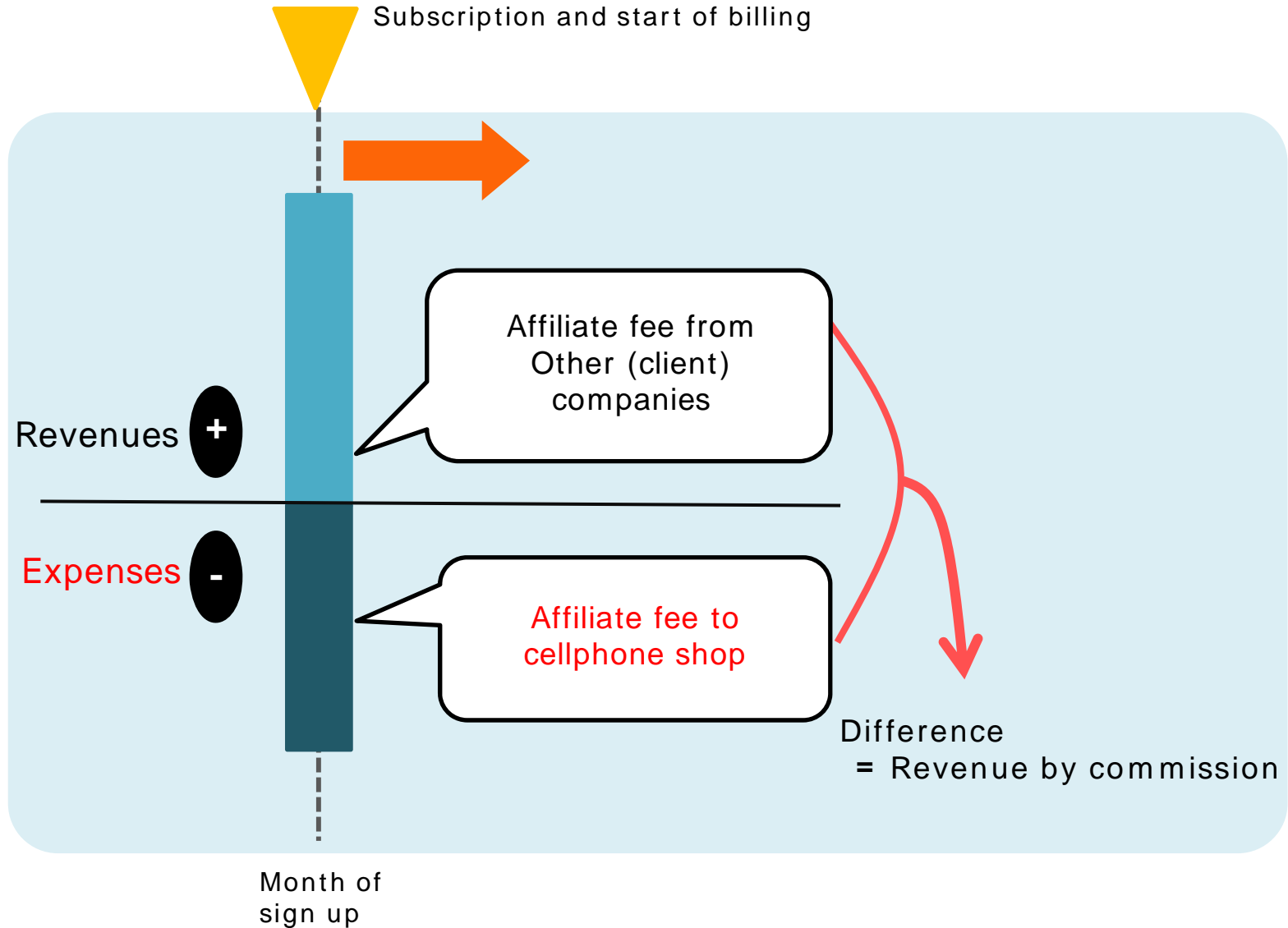
Business model -Non-virtual Affiliate Business-

- ▶ B to B
- ▶ Flow-type business
- ▶ Num of new subscribers × Revenue by commission = Sales
(Other companies' content)



Profit and Loss model -Content Distribution Business-





Enhancement in the Non-virtual Affiliate Business



MTI Ltd.

Establishment of sales offices across Japan

Cellphone shop occupancy rate UP!

Subscriber rate UP!

Increase the number of new subscribers!
Effective 2 businesses

Improve performance!

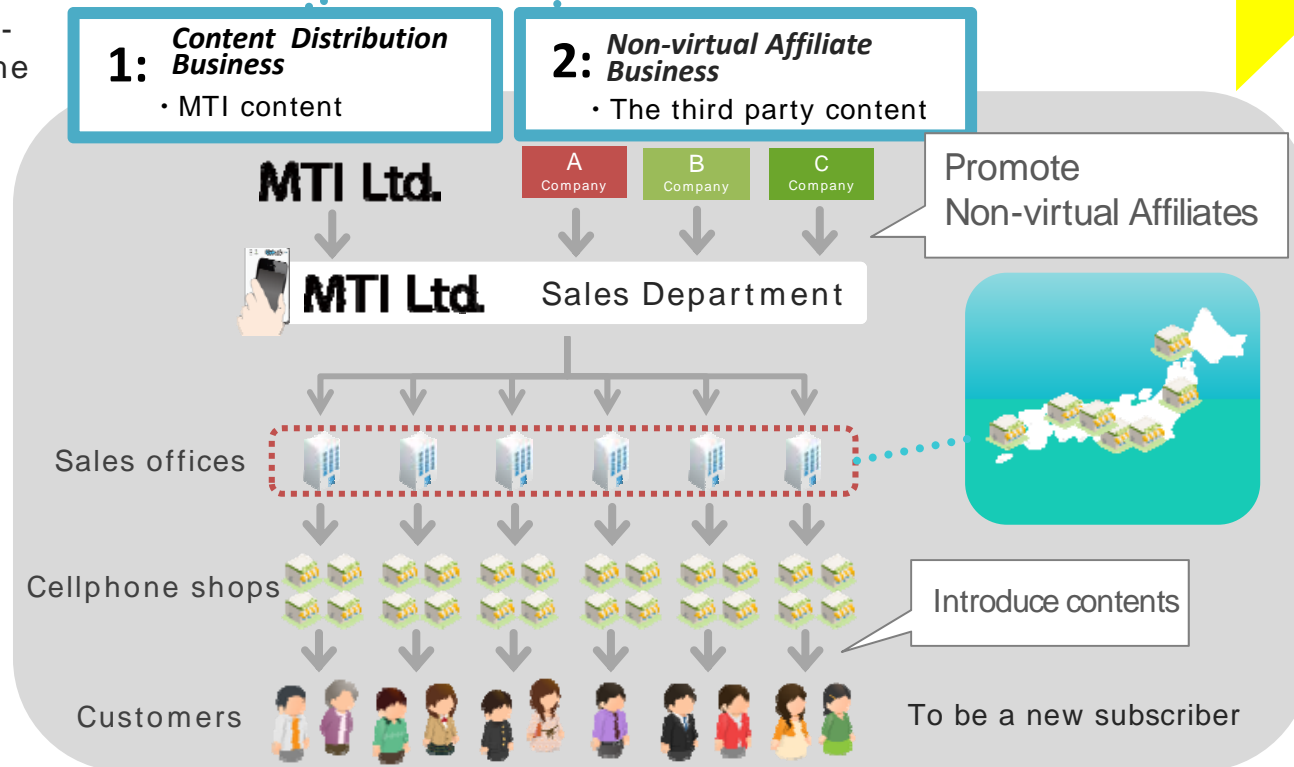
Providing more fine-tuned support for the sales activities of cellphone shops

1: Content Distribution Business

- MTI content

2: Non-virtual Affiliate Business

- The third party content





MTI Ltd.

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