

A series of approximately 12 green 3D rectangular blocks are arranged in a staircase pattern, ascending from the bottom left towards the top right. The blocks vary in length and height, creating a sense of depth and movement. The background is a light gray gradient.

For the First Three Quarters of  
Fiscal Year Ending September 30, 2015  
**Financial Results Presentation**

Aug 3, 2015 Securities Code:9438



# CONTENTS

1

## Consolidated Financial Results Overview for Q3 FY2015

- 2 Financial Highlights
- 3 Consolidated P/L
- 4 Consolidated SG&A
- 5 Progress for Earnings Forecast for the Full-year Term
- 6 Business Overview
- 11 Consolidated B/S

12

## New Actions from Q4 FY2015

- 13 Basic Policy in the FY2015
- 14 Enhancement in the Non-virtual Affiliate Network
- 15 Enlargement of Contents Services
- 20 Expansion of the Healthcare-related Service Business Domain
- 24 Consolidated Earnings Forecast for the FY2015
- 25 Image of Growth Operating Income

26

## Appendix

# Consolidated Financial Results Overview for Q3 FY2015





## 1 Net sales and operating income for the first three quarters reached record highs!

Net sales	<b>¥24,881M</b>	(Up 1,871 millions of yen, Up 8.1%, YoY)
Operating income	<b>¥3,528M</b>	(Up 1,597 millions of yen, Up 82.7 %, YoY)
Net income	<b>¥1,944M</b>	(Up 934 millions of yen, Up 92.6 %, YoY)

## 2 Net sales, operating income, and the dividend per share will likely reach record highs!

Net sales	<b>¥34,000M</b>	
Operating income	<b>¥4,200M</b>	
Annual dividends	<b>¥12</b>	*After share split



Strong performance of SugoToku content (NTT docomo)  
Improvement in average revenue per user (ARPU)

Sales and income  
Increased YoY

(Millions of yen)	Nine months ending September 30, 2015	Nine months ended September 30, 2014	Change	
			Amount	Percentage
Net sales	24,881	23,010	+1,871	+8.1%
Cost of sales	3,947	3,714	+233	+6.3%
Gross profit	20,933	19,295	+1,638	+8.5%
(Ratio)	84.1%	83.9%		
SG&A	17,405	17,364	+40	+0.2%
(Ratio)	70.0%	75.5%		
Operating income	3,528	1,931	+1,597	+82.7%
(Ratio)	14.2%	8.4%		
Ordinary income	3,439	1,925	+1,514	+78.7%
(Ratio)	13.8%	8.4%		
Net income	1,944	1,009	+934	+92.6%
(Ratio)	7.8%	4.4%		

## Consolidated SG&A expenses



MTI Ltd.

Appropriately controlled selling, general and administrative expense through meaningful use.  
(Up 40 millions of yen)

(Millions of yen)	Nine months ending September 30, 2015	Nine months ended September 30, 2014	Change	
			Amount	Percentage
SG&A	17,405	17,364	+40	+0.2%
Advertising expenses	6,497	6,042	+454	+7.5%
Personnel expenses	4,211	4,250	-39	-0.9%
Commission fee	2,758	2,525	+233	+9.2%
Subcontract expenses	1,027	1,382	-354	-25.7%
Depreciation	1,009	1,341	-331	-24.7%
Other	1,900	1,822	+78	+4.3%



## Progress for Earnings Forecast for the Full-year Term

Operating income reached **84%** of the annual forecast.

**Performance was good.**

(Millions of yen )	FY2015		Progress ratio
	3Q (Cumulative) Actual	Full-year forecast	
Net sales	24,881	34,000	73.2%
Operating income	3,528	4,200	84.0%
( Ratio )	14.2%	12.4%	
Ordinary income	3,439	4,120	83.5%
( Ratio )	13.8%	12.1%	
Net income	1,944	2,270	85.6%
( Ratio )	7.8%	6.7%	



## Business Overview: The Number of Paying Subscribers (Smartphone)

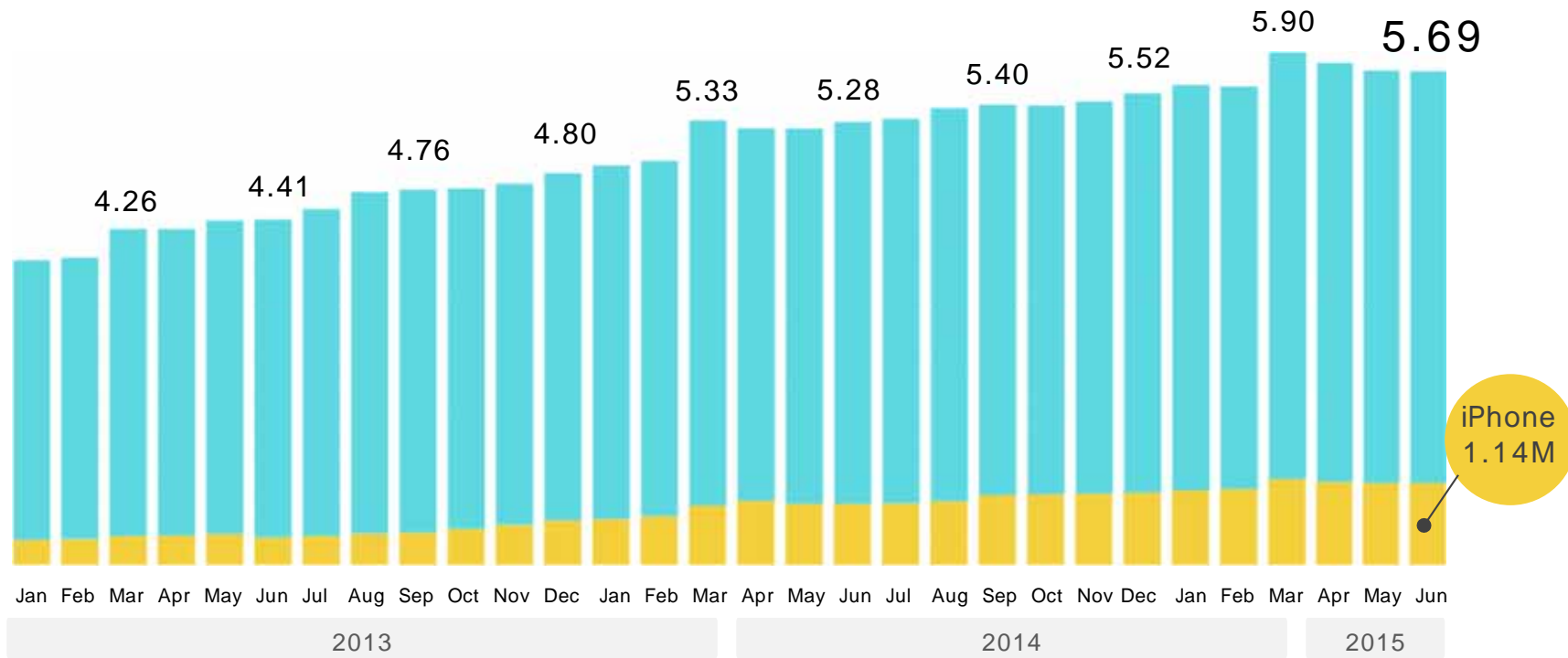
Net decrease in smartphone sales because Q3 is a low season

# 5.69M

 paying subscribers

Down 0.21M, compared to March 31, 2015

### Monthly change in the number of paying subscribers for smartphones







## Business Overview: The Total Number of Paying Subscribers

Net decrease in smartphone sales because Q3 is a low season

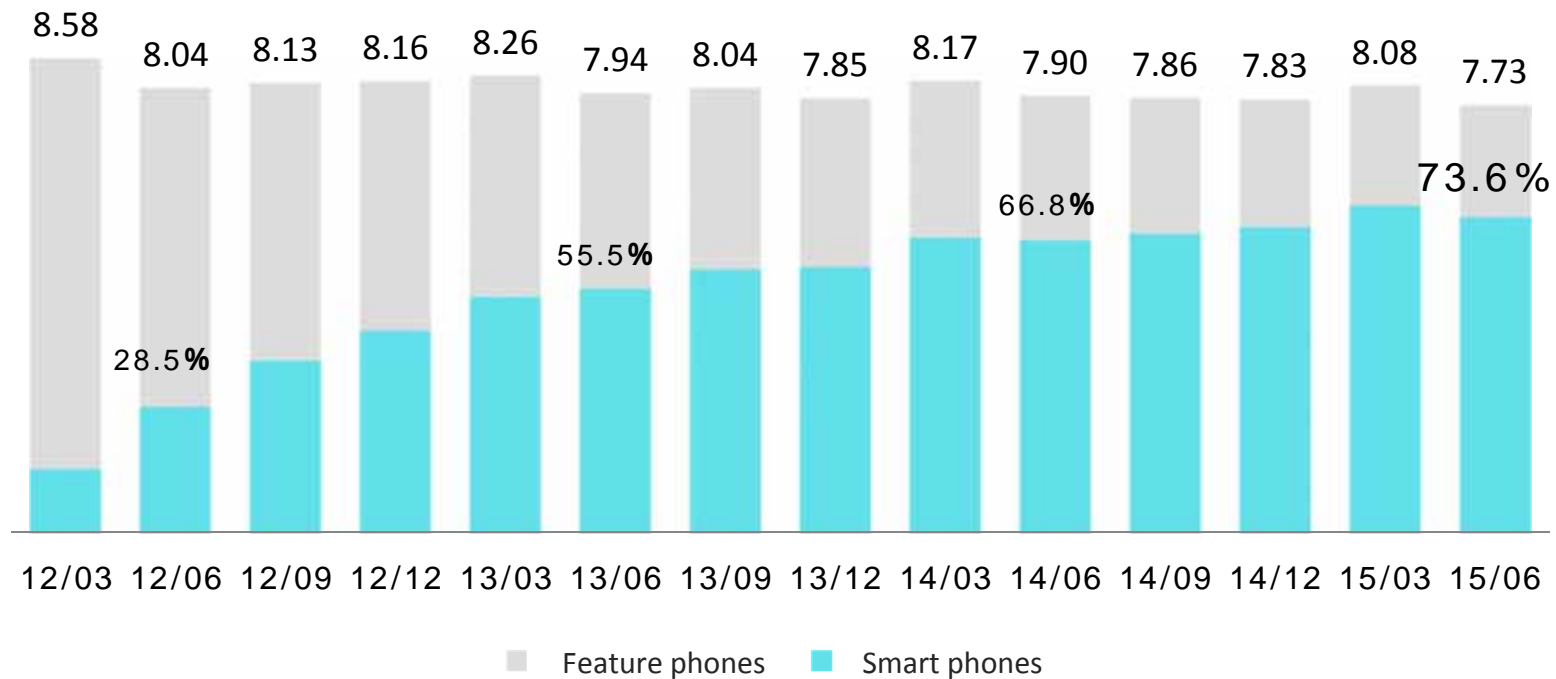
# 7.73M

 paying subscribers

Down 0.35M, compared to March 31, 2015

Smartphone ratio  
**Exceeds 73.6%**

Quarterly change in the number of paying subscribers





# 8 contents!

**m. music.jp**  
Music



**m. music.jp**  
E-book



**PhotoBook**  
Photo book



ゲッティ イメージズ

**ルナルナ**  
Healthcare  
-related



**ファミリー**  
pregnancy, childbirth,  
childcare



**旺文社辞典**  
Multi-dictionary



**Decorate**  
Decoration e-mail  
Unlimited distribution



**今日の運勢**  
Western  
Fortune-telling



**マイブレンジャー**  
Weather info



**ビューティー**  
Diet & beauty



**スマート占いDX**  
Eastern  
Fortune-telling



**パズル**  
Puzzle game



**m. music.jp**  
Comic

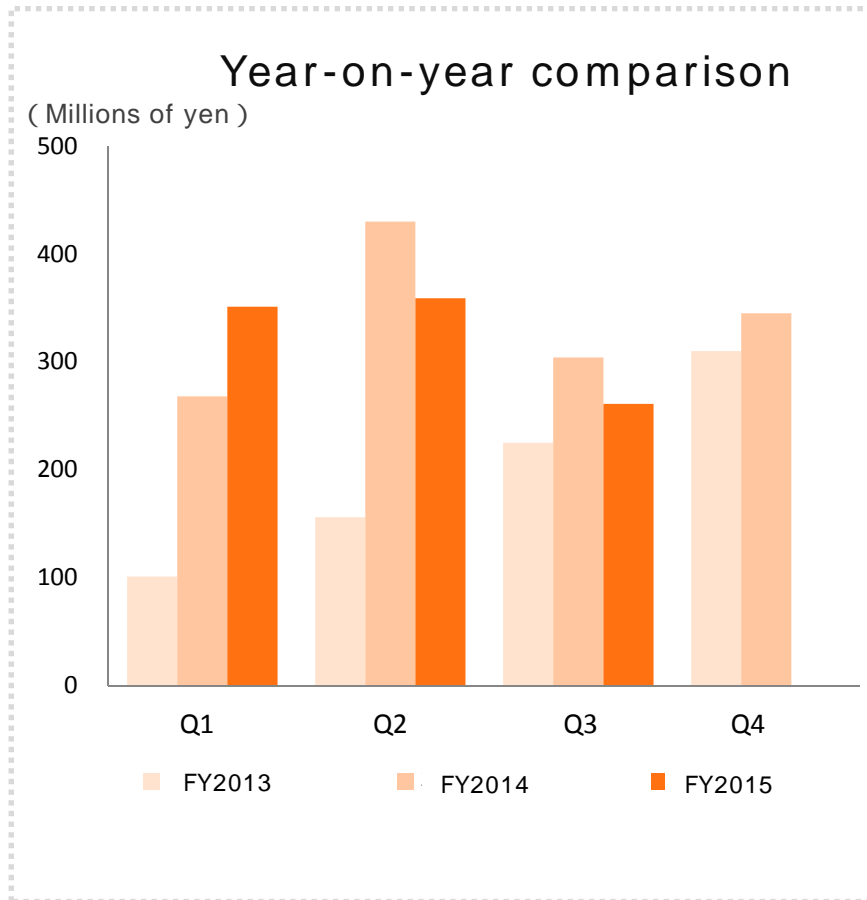
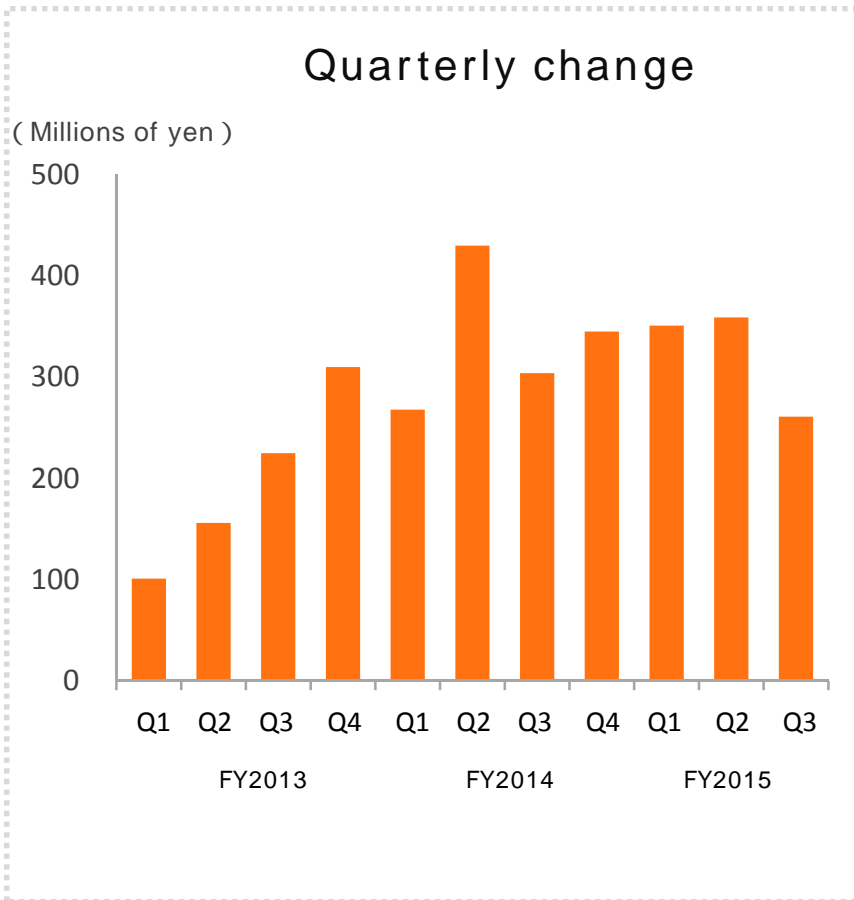


**世界の指さしフレーズ**  
Point at phrases



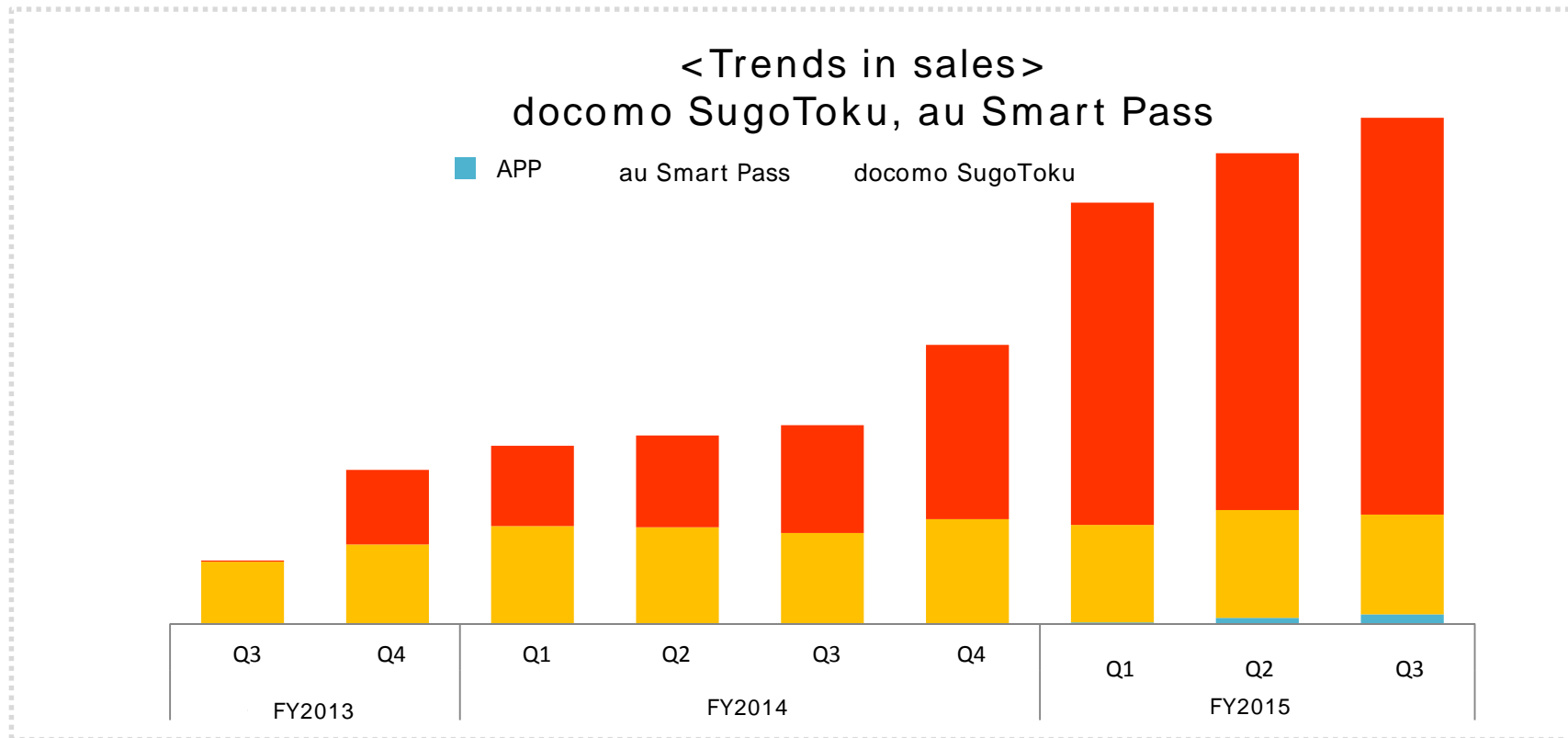
\* Source: Ranking data from "d-menu", a portal site for smartphone services, by NTT docomo Co., Ltd. as of July 21, 2015

## Net decrease in smartphone sales because Q3 is a low season





# SugoToku content increasing even higher!!



Cash and deposits stood at **10.3** billions of yen, reflecting a capital increase through a market procurement etc. (4.78 billions of yen as of September 30, 2014)

(Millions of yen)	As of JUNE 30, 2015	As of September 30, 2014	Change	(Millions of yen)	As of JUNE 30, 2015	As of September 30, 2014	Change
Current assets	18,057	12,183	5,874	Current Liabilities	5,972	5,727	245
Cash and deposit	10,302	4,782	5,519	Accounts payable-trade	1,009	976	33
Notes and accounts receivable-trade	6,687	6,294	392	Current portion of long-term loans payable	518	-	518
Other	1,156	1,214	-58	Account payable-other	2,292	2,317	-25
Allowance for doubtful accounts	-87	-108	20	Income taxes payable	784	674	109
				Allowance for coin usage	233	277	-44
				Other	1,133	1,480	-346
Noncurrent assets	4,774	4,585	188	Noncurrent liabilities	927	1,318	-391
Property, plant and equipment	142	143	-0	Long-term loans payable	84	500	-415
Intangible fixed assets	2,469	2,177	292	Net defined benefit liability	799	768	30
Include software	2,182	2,150	32	Other	43	49	-6
Investments and other assets	2,161	2,264	-103	Total liabilities	6,899	7,045	-145
Include investment securities	847	813	34	Capital stock	4,890	2,596	2,294
				Capital surplus	5,406	3,111	2,294
				Retained earning	5,648	4,305	1,342
				Treasury stock	-695	-695	-
				Other comprehensive income	75	-27	103
				Subscription rights to shares	161	206	-45
				Minority interest	445	224	220
				Net assets	15,932	9,722	6,209
Total Assets	22,831	16,768	6,063	Total liabilities and net assets	22,831	16,768	6,063

## New Actions from Q4 FY2015





Further expansion in the number of paying subscribers for smartphone services

- Enhancement in the Non-virtual Affiliate Network

Improvement in average revenue per user (ARPU) • expanding SugoToku content

- Enlargement of Contents Services

Mid-to-long-term approach

- Expansion of the Healthcare-related Service Business Domain

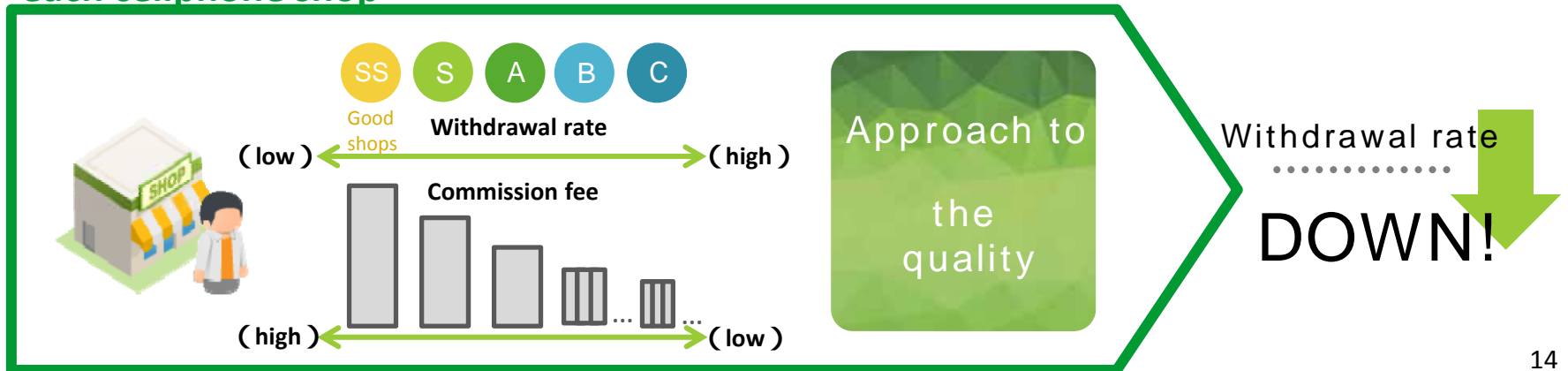
Since 2<sup>nd</sup> half FY2014

Establishment of sales offices to construct a detailed sales system








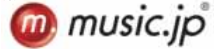


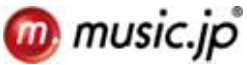


Since FY2015

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





# Continue conventional measures to increase ARPU

Service Price level \ Categories	Weather information( )	Music·Books & Comics ·Video & DVD	Healthcare-related information( )
High added value	<p>“Life ranger weather”                        Premier Course  <b>¥300</b>                      per month (excluding tax)</p>	<p>  <b>¥400</b> *                      per month (excluding tax)</p>	<p>  <b>¥300</b>                      per month (excluding tax)</p>
Basic value	<p>To community-based weather information</p> <p>  <b>¥100</b>                      per month (excluding tax)</p>	<p>To a integrated service</p> <p>     comics                      (novels) <b>¥300</b>                      respectively per month (excluding tax)</p> <p>Videos added!</p>	<p>To a service being focused on pregnancy, child-rearing</p> <p>“Luna Luna”    <b>¥180</b>                      per month (excluding tax)</p>
Free of charge		<p>Free trial campaign  </p>	<p> </p>

\* 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).

\* comic.jp was integrated into music.jp.

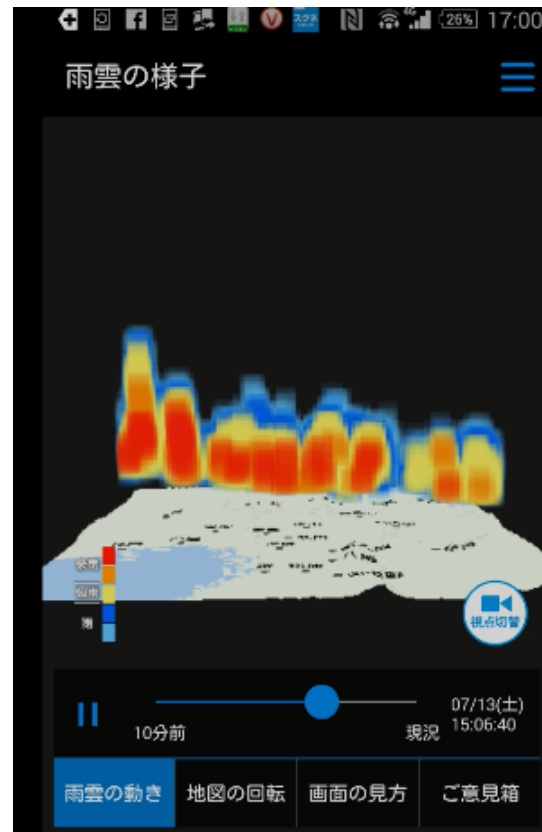


## Implement new measures to increase ARPU

Service Price level \ Categories	Maps & Navigation & Weather information( )	Healthcare-related information( )
High added value	<p>Integrated service of Maps &amp; Navigation and Weather information</p> <p><b>¥380</b> per month (excluding tax)</p>	<p><b>+KARADAmédica</b> カラダメディカ</p> <p><b>¥400</b> per month (excluding tax)</p> <p>Up to 10 questions</p>
Basic value	<p>MYCARNAVI × “Life ranger weather”</p> <p><b>¥380</b> per month (excluding tax) × <b>¥300</b> per month (excluding tax)</p>	<p><b>+KARADAmédica</b> カラダメディカ</p> <p><b>¥300</b> per month (excluding tax)</p> <p>Up to 3 questions</p>
Free of charge		

New initiatives

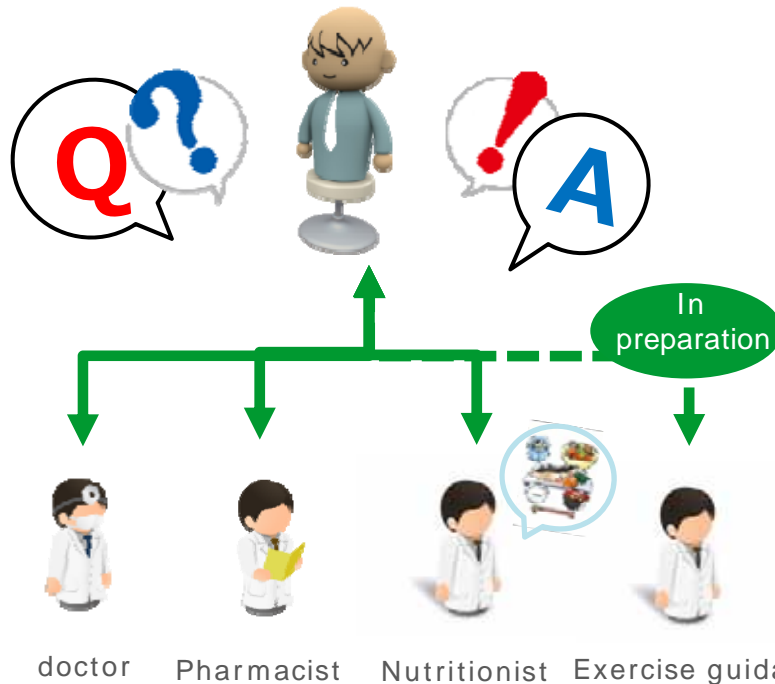
Early detection system for **sudden downpours!**



Tests currently  
being conducted  
in the Kinki Region

In JUNE; Steady increase even after the addition of a 400 yen / month service!

Medical information service cooperated with doctors etc.



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

Q&A service;  
Up to  
10 questions !

Average  
revenue  
per user  
(ARPU)  
UP!



In JULY;

Two Life Services were integrated!

Maps & Navigation

**MYCARNAVI**

¥380  
per month (excluding tax)



Weather Information

“Life ranger weather”

**ライフレンジャー**

天気

¥300  
per month (excluding tax)



¥380

per month (excluding tax)



Life service  
Monthly-paid  
goes to

**No.1!**  
subscribers



# Five main Healthcare-related Services

**1** Women healthcare-related information service

Luna Luna Lite  
7.5 Million  
DOWNLOADS!  
as end of June



**2** Medical information service cooperated with doctors etc.



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

**3** Gene analytics service



**4** Machine-to-machine service



Activity meter "karadafit"

Body weight, body fat, and visceral fat rate



Launch of medical checkup service

**5**

Medical checkup service





# What s “Medical Checkup Service” ?

1

## Cooperation with health insurance associations

Medical checkup

Members of health insurance system



Patient receives a paper version of checkup results in person from the hospital, reads the QR code, and records the results on his/her smartphone



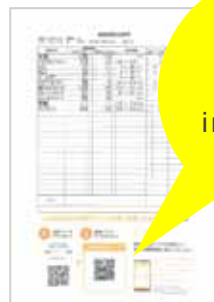
Data of historical Results, too!

2

## Cooperation with hospitals

outpatient · diagnosis

Patients suffering from adult disease



QR Cord !  
in the paper results

More

Can be used for self-health monitoring



Manage data on results each day a checkup is performed



Make changes in the results on the graph



Get basic knowledge of related diseases



Get advice on lifestyle improvements

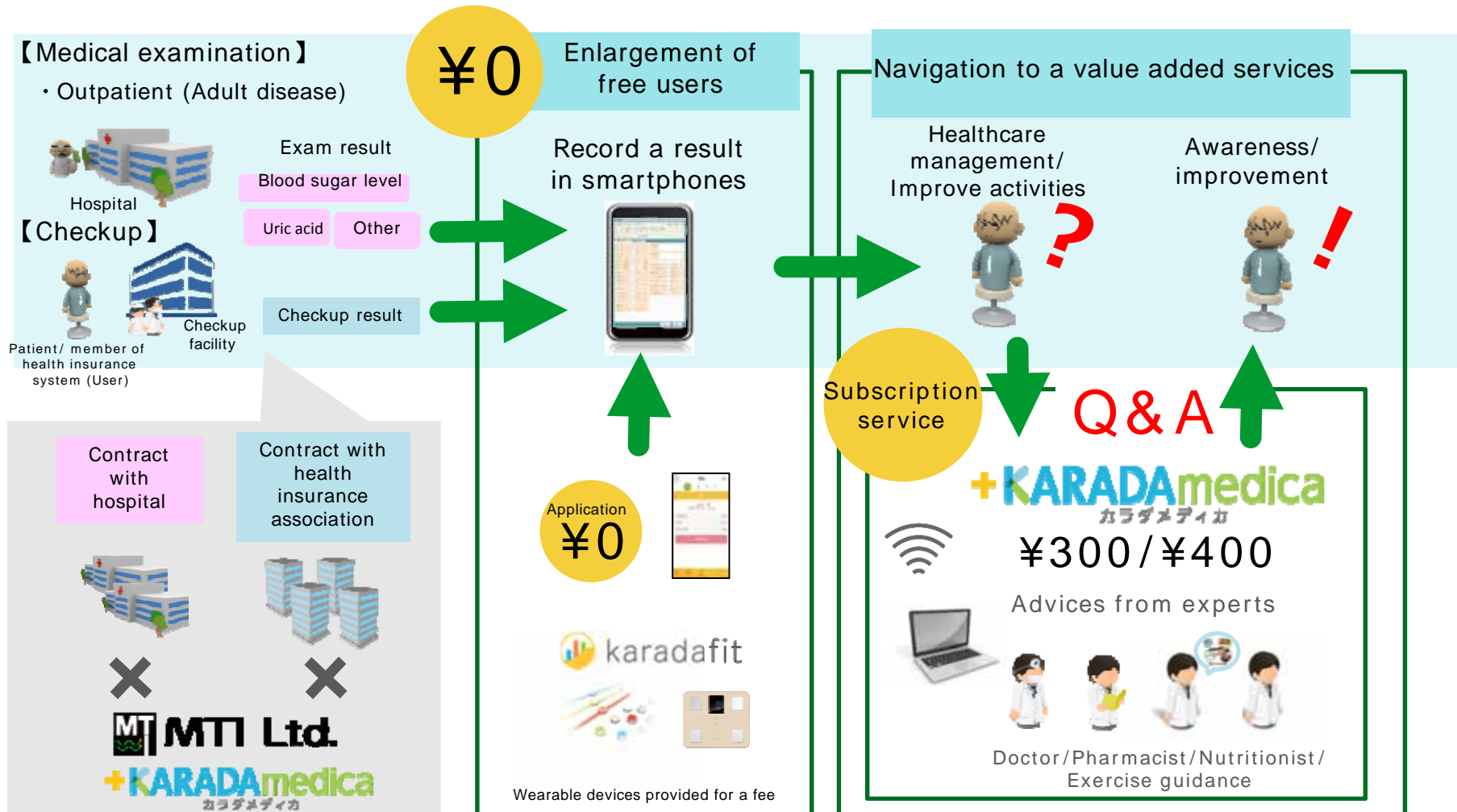


Get forecasts on future health condition

Checkup results are encrypted and stored in QR codes  
QR codes do not contain personal information

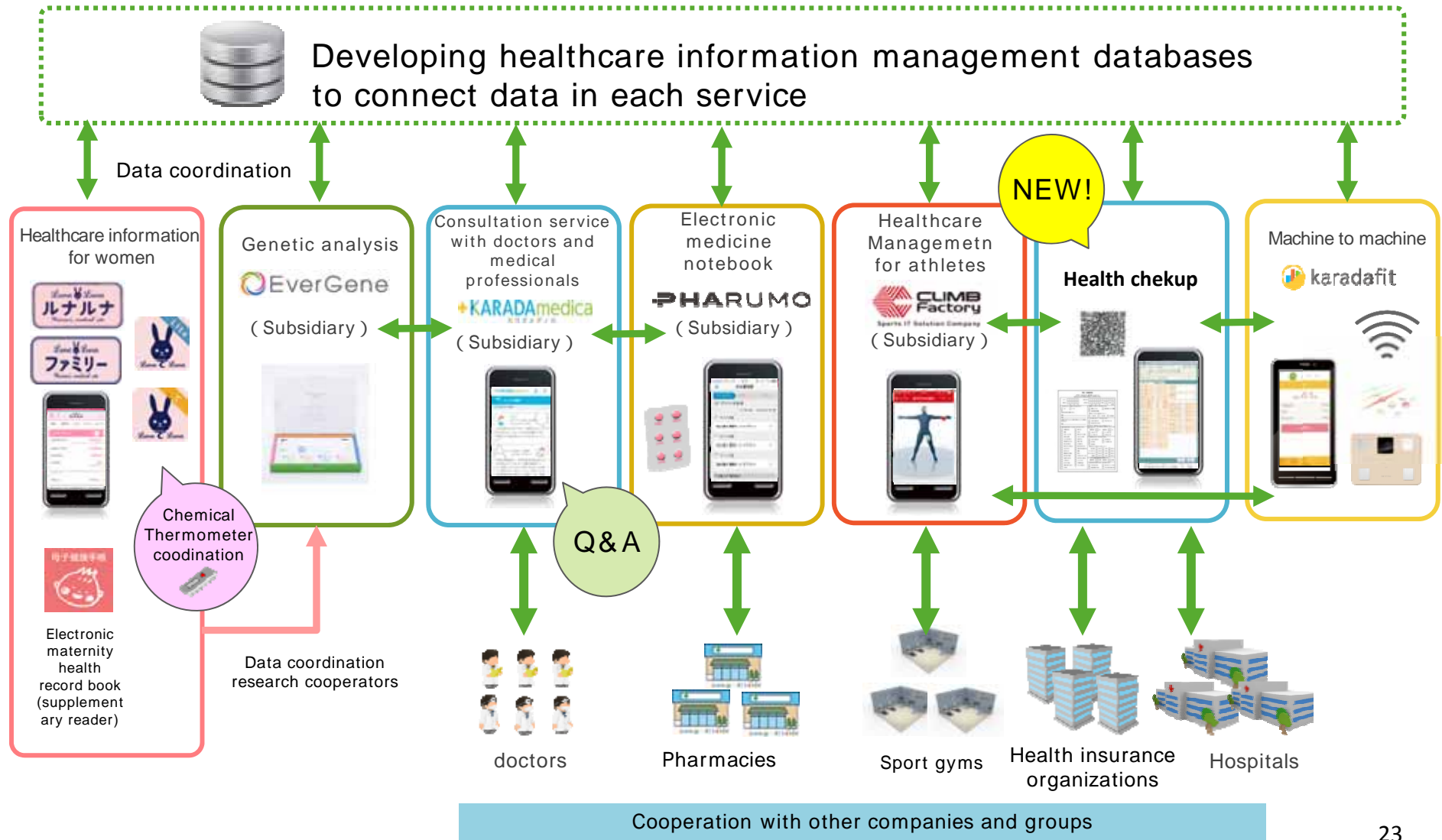
# Medical Checkup Service was launched

~a new guidance to a value added services~





## Cooperation between each service



# Consolidated Earnings Forecast for the FY2015

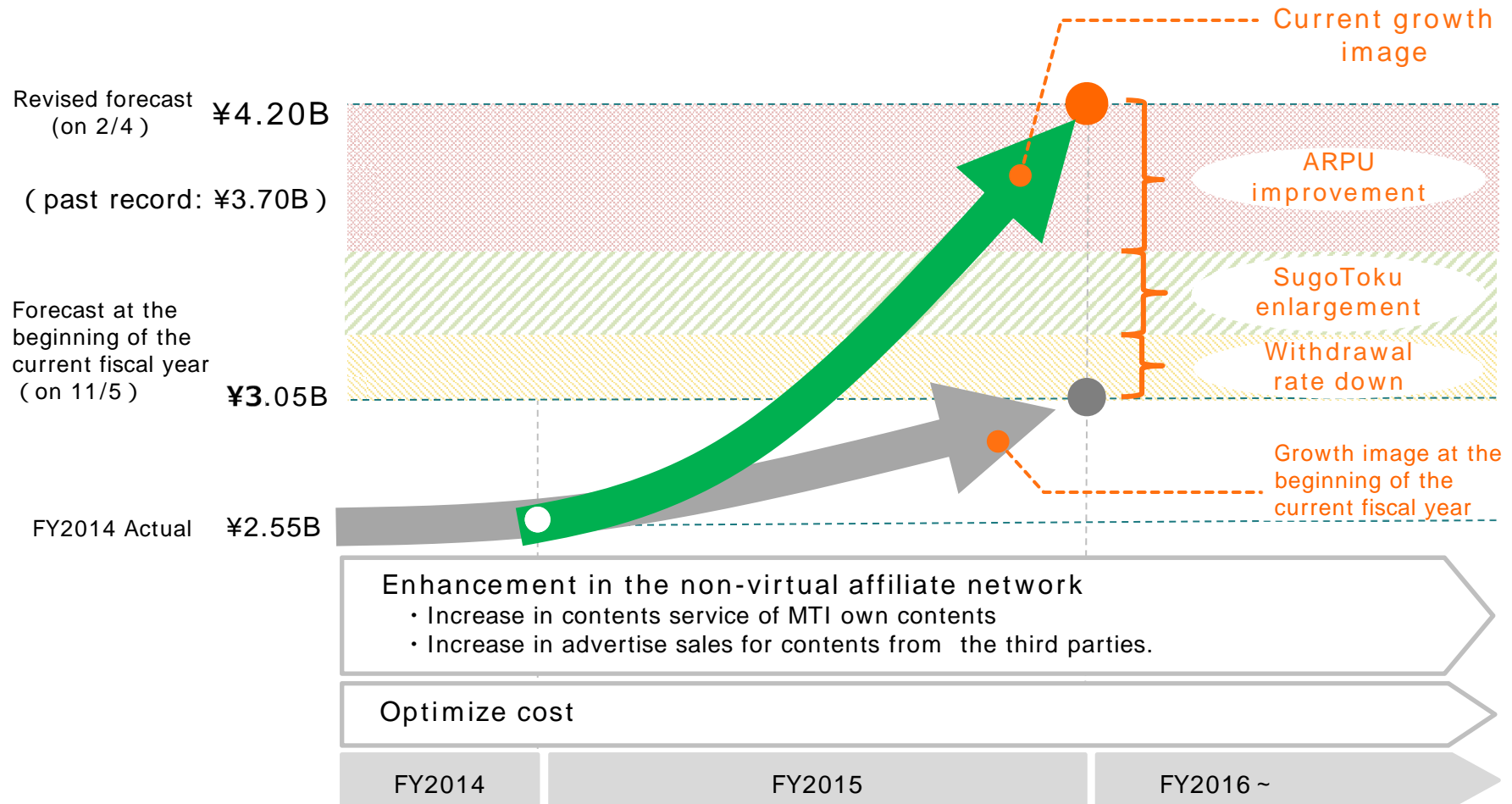


MTI Ltd

(Millions of yen)	FY2015			FY2014 (Actual)			Change	
	Full-year	1 <sup>st</sup> half	2 <sup>nd</sup> half	Full-year	1 <sup>st</sup> half	2 <sup>nd</sup> half	Amount (Full-year)	Percentage (Full-year)
Net sales	34,000	16,620	17,379	30,985	15,279	15,705	+3,014	+9.7%
Cost of sales	5,500	2,666	2,833	4,988	2,476	2,512	+511	+10.3%
SG&A	24,300	11,845	12,454	23,439	11,498	11,940	+860	+3.7%
Operating income	4,200	2,108	2,091	2,557	1,304	1,252	+1,642	+64.2%
(Ratio)	12.4%	12.7%	12.0%	8.3%	8.5%	8.0%		
Ordinary income	4,120	2,034	2,085	2,519	1,310	1,209	+1,600	+63.5%
(Ratio)	12.1%	12.2%	12.0%	8.1%	8.6%	7.7%		
Net income	2,270	1,088	1,181	1,337	790	547	+932	+69.7%
(Ratio)	6.7%	6.6%	6.8%	4.3%	5.2%	3.5%		



# Achieving record operating income and further expansion





**MTI Ltd.**

〈Contact us〉

Investor Relations Department

TEL: +81-3-5333-6323 FAX: +81-3-3320-0189

MAIL: [ir@mti.co.jp](mailto:ir@mti.co.jp)

[www.mti.co.jp](http://www.mti.co.jp)

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.

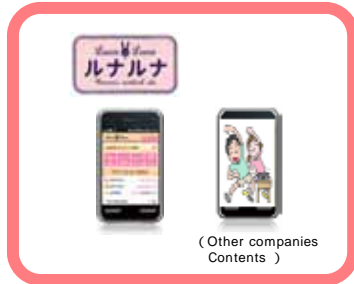


Appendix



# Fulfilling line-up contents

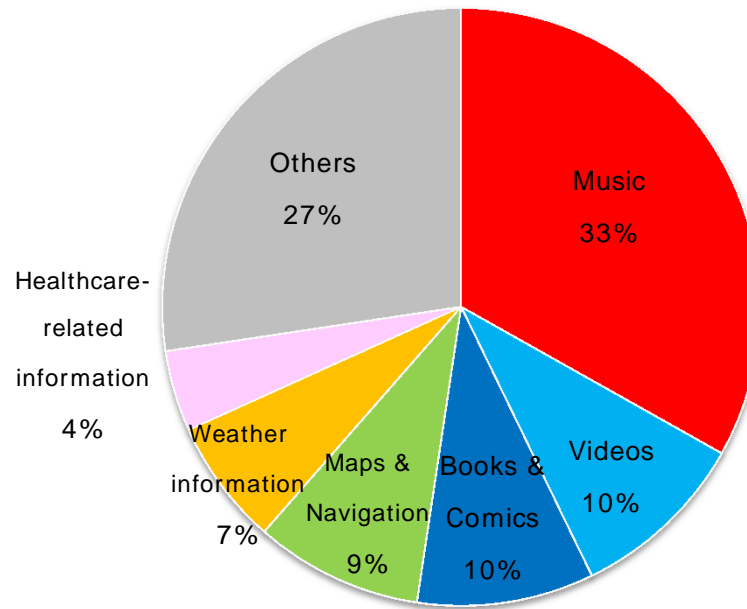
## Healthcare-related information



## Music



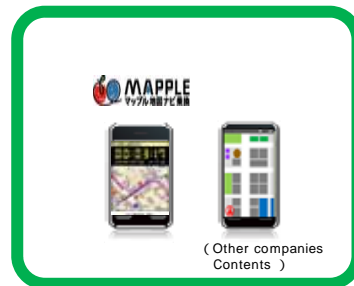
## Weather information



## Videos



## Maps & Navigation



## Books & Comics



Source: Total number of new paying subscribers from October, 2014 to June, 2015.

Other companies content pictures are only images. These are differs from their actual services.

## Trends in Consolidated P/L



MTI Ltd

(Millions of yen)	FY2013				FY2014				FY2015		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Net sales	7,331	7,491	7,762	7,575	7,498	7,780	7,730	7,974	8,209	8,410	8,261
Cost of sales	1,231	1,286	1,427	1,391	1,219	1,256	1,238	1,273	1,343	1,322	1,281
Gross profit	6,099	6,205	6,334	6,184	6,279	6,523	6,492	6,700	6,865	7,088	6,979
( Gross profit ratio )	83.2%	82.8%	81.6%	81.6%	83.7%	83.8%	84.0%	84.0%	83.6%	84.3%	84.5%
SG&A	5,885	6,527	5,500	5,762	5,370	6,127	5,866	6,074	5,532	6,313	5,559
Operating income	214	-321	834	422	909	395	626	626	1,333	774	1,420
( Ratio )	2.9%	-4.3%	10.7%	5.6%	12.1%	5.1%	8.1%	7.9%	16.2%	9.2%	17.2%
Ordinary income	216	-312	832	384	870	439	614	594	1,315	719	1,405
( Ratio )	2.9%	-4.2%	10.7%	5.1%	11.6%	5.7%	8.0%	7.5%	16.0%	8.5%	17.0%
Net income	185	-306	443	194	425	364	218	328	761	327	855
( Ratio )	2.5%	-4.1%	5.7%	2.6%	5.7%	4.7%	2.8%	4.1%	9.3%	3.9%	10.4%

## Trends in Consolidated SG&A



MTI Ltd.

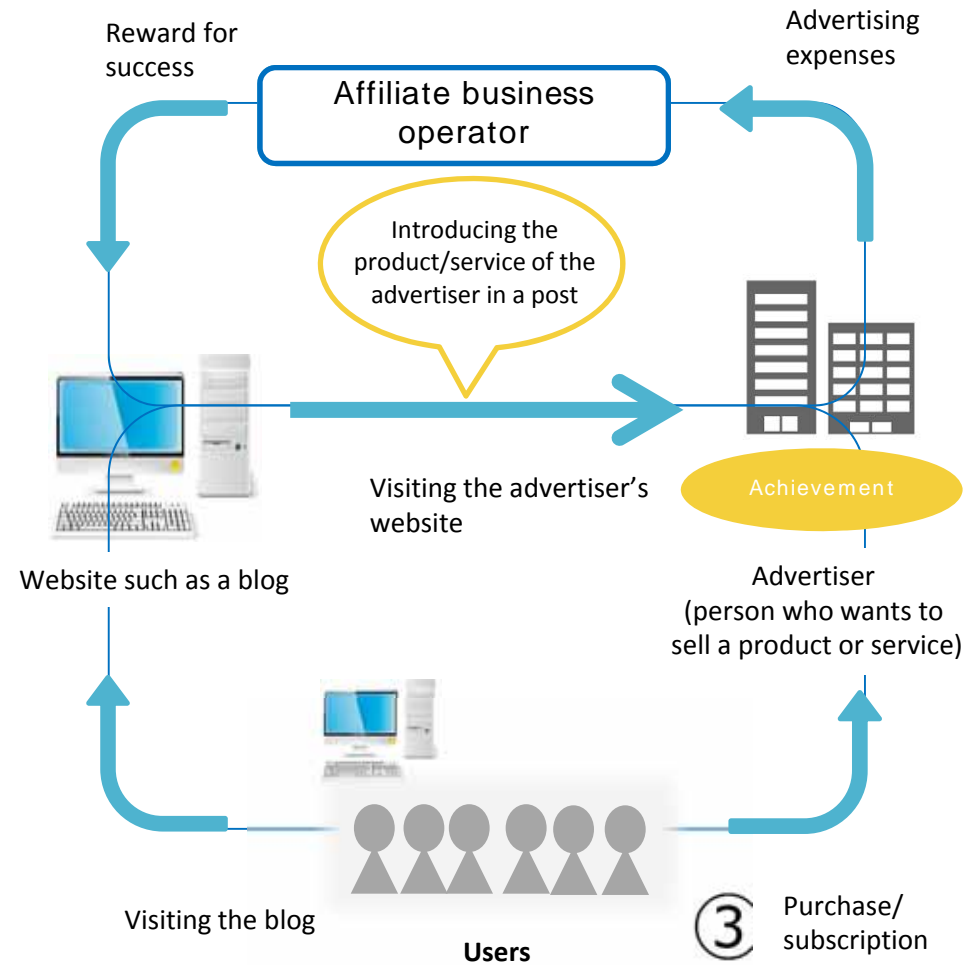
(Millions of yen)	FY2013				FY2014				FY2015		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Total	5,885	6,527	5,500	5,762	5,370	6,127	5,866	6,074	5,532	6,313	5,559
Advertising expenses	2,176	2,724	1,780	2,019	1,685	2,392	1,963	2,225	2,021	2,680	1,795
Personnel expenses	1,421	1,412	1,422	1,465	1,403	1,422	1,424	1,564	1,374	1,382	1,454
Commission fee	812	823	785	807	806	835	884	918	896	938	923
Subcontract expenses	440	476	413	410	438	459	484	421	350	331	344
Depreciation	424	440	462	474	444	442	454	365	353	341	314
Other	609	649	635	584	592	575	655	580	535	638	726



# What s “Affiliate”?



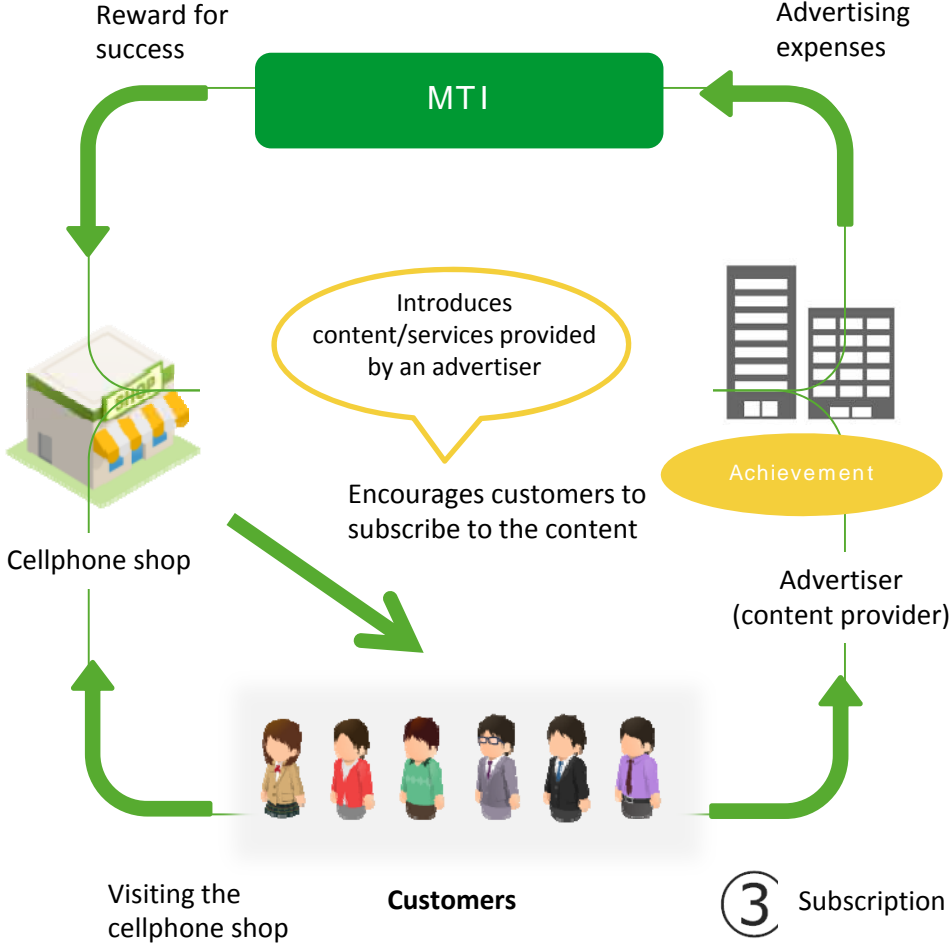
The term “affiliate” is a frequently used term in internet advertising. It is a system whereby if the introduction of a product or service on a website, such as a blog, is successful (e.g. a user purchases the product), the operator of the website receives a reward.



# What s “Non-virtual Affiliate”?



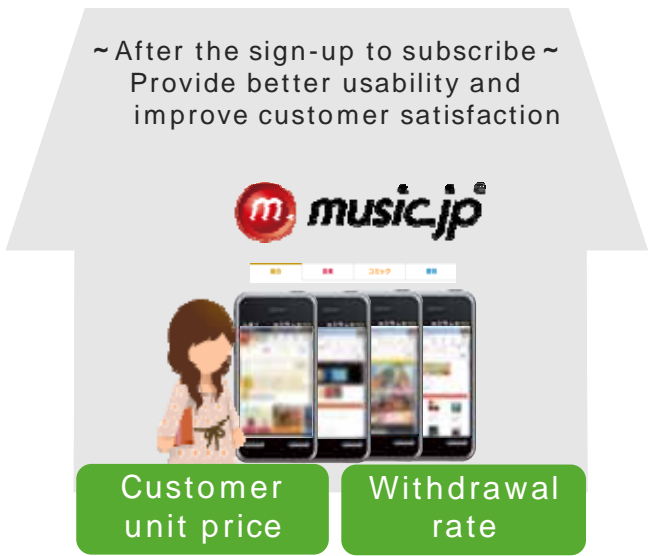
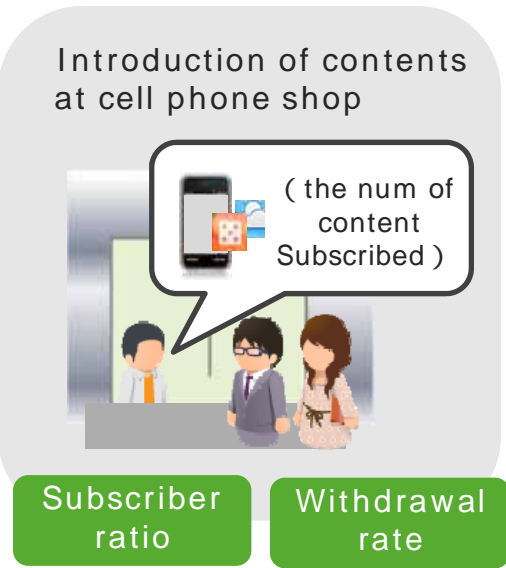
Non-virtual affiliate is an internet advertising system as applied to cellphone shops as physical locations. Under this system, cellphone shops encourage customers visiting them to subscribe to particular content, and if a customer actually subscribes to the content, the cellphone shop receives a reward.





# Improvement of Index for Contents Business

Construction of a detailed sales support system	The number of new subscribers	= Contract num of cell phone shops × Cellphone shop occupancy rate × The num of visitors per cell phone shop × <sup>1</sup> Subscriber ratio × <sup>2</sup> Content subscribed
Introduction of a compensation system based on the withdrawal rate of each cellphone shop	The number of increase to member	= The num of new subscribers × (1 - Withdrawal rate)
Enlargement of Contents service	Sales	= The num of subscribers × 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

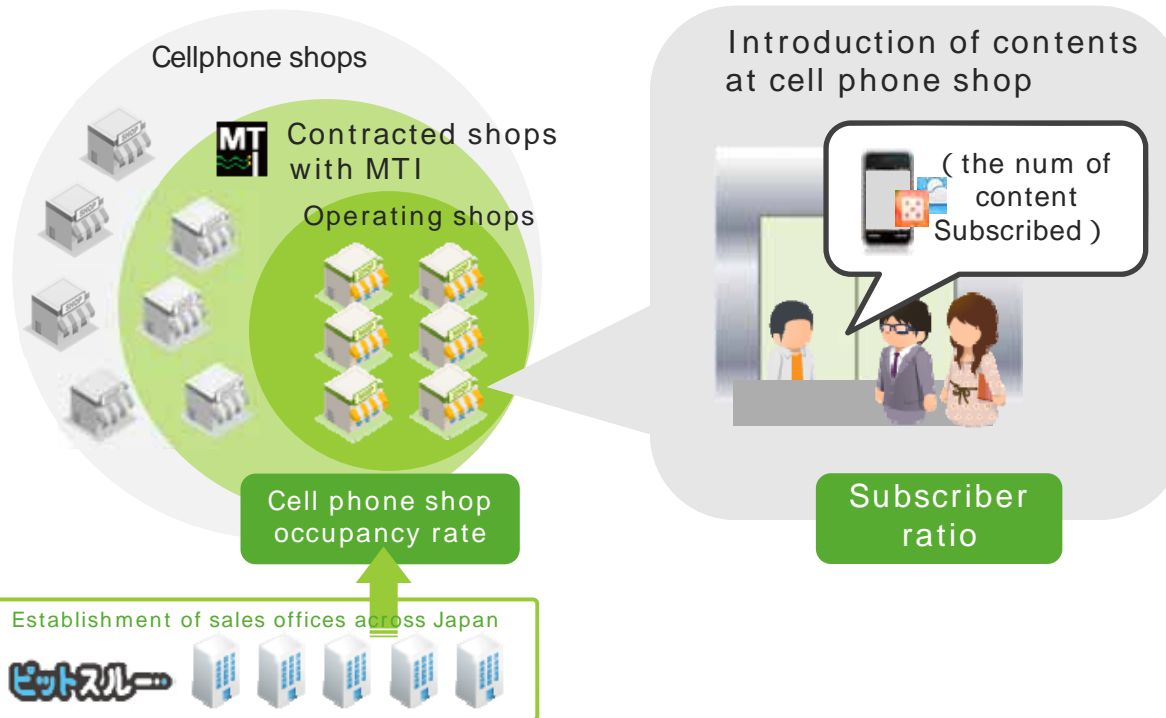
Construction of a detailed sales support system

The number 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

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



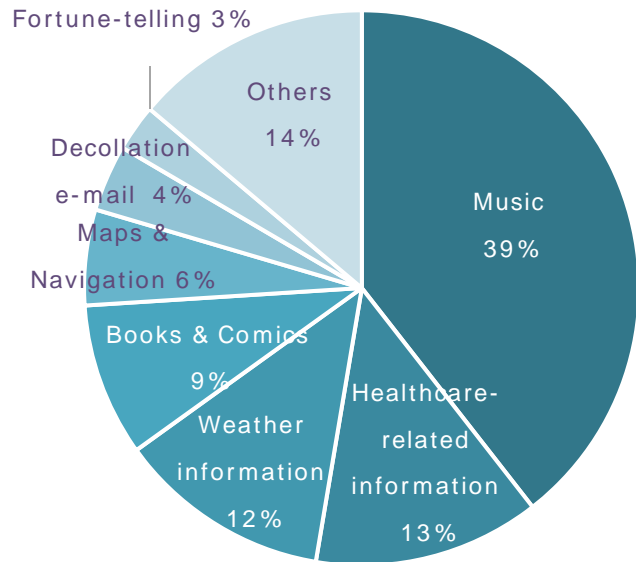
\* 1 Subscriber ratio: the number of content subscribers per cell phone shop visitors (Unique)

\* 2 Content subscribed: the number of subscribed contents per



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

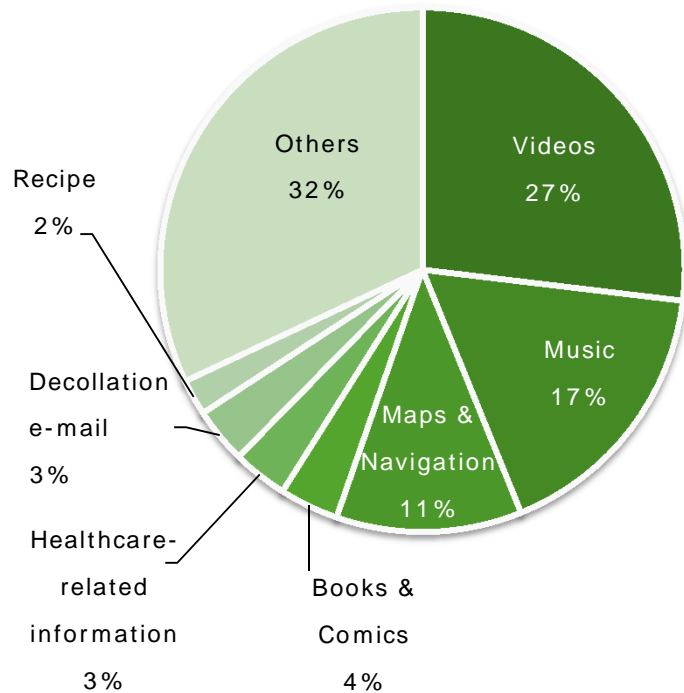
MTI monthly paying subscribers  
(As the end of June, 2015)



<p>Music</p>	<p>Healthcare-related information</p>	<p>Weather information</p>	<p>Books &amp; Comics</p>	<p>Maps &amp; Navigation</p>	<p>Fortune-telling</p>
	<p>Photo Book</p> <p>GettyImages</p>		<p>Decollation e-mail</p>	<p>Others</p>	

Other companies content services proposed at mobile phone shops

Total number of new paying subscribers by categories (October, 2014 - June, 2015)



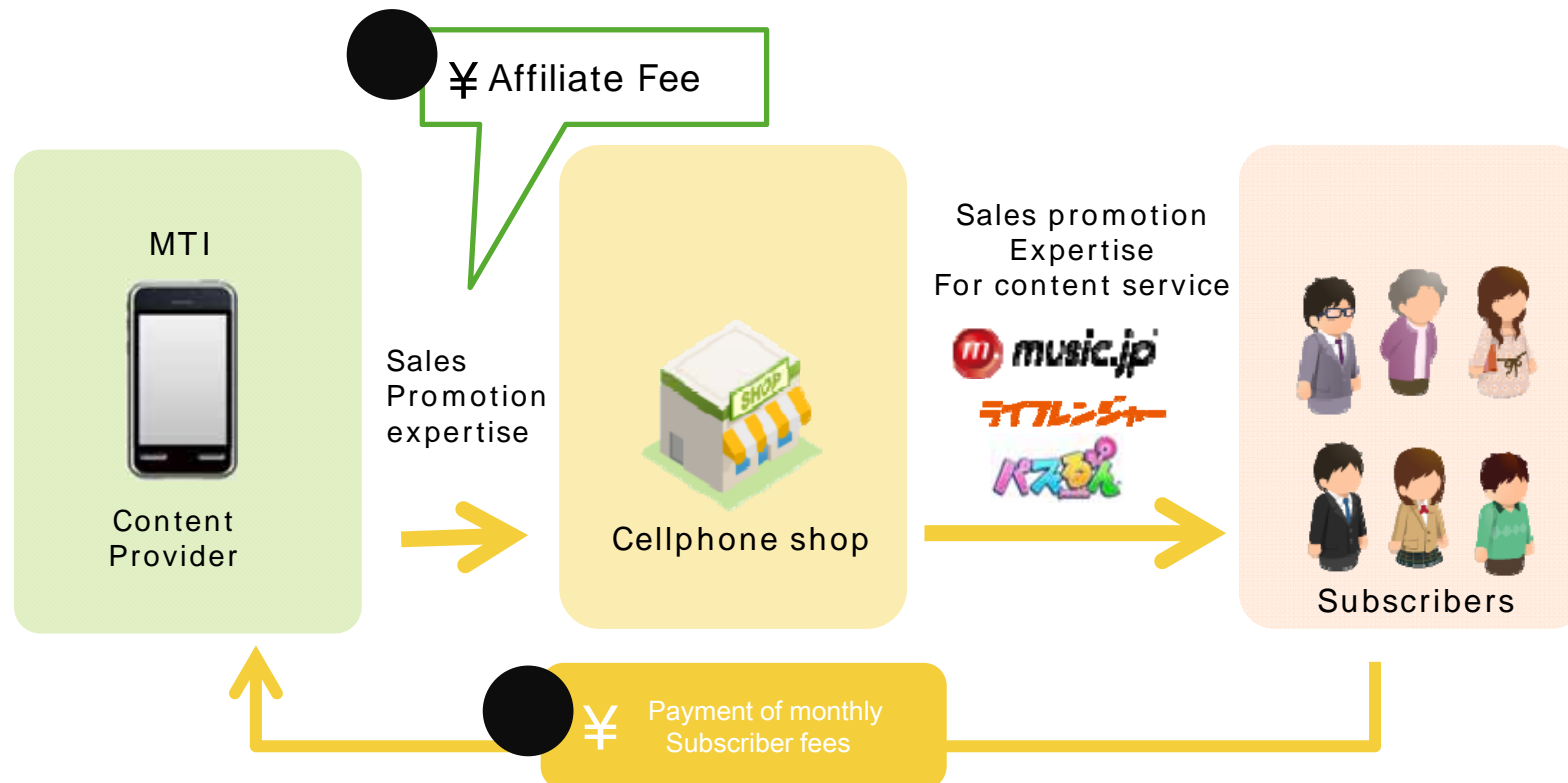
<p>Videos</p>  <p>Video Market, Inc. (Our affiliated Company)</p> 	<p>Music</p> 	<p>Maps &amp; Navigation</p> 	<p>Others</p> 
<p>Books &amp; Comics</p> 	<p>Healthcare-related information</p> 	<p>Recipe</p> 	

Other companies content pictures are only images. These are differs from their actual services.

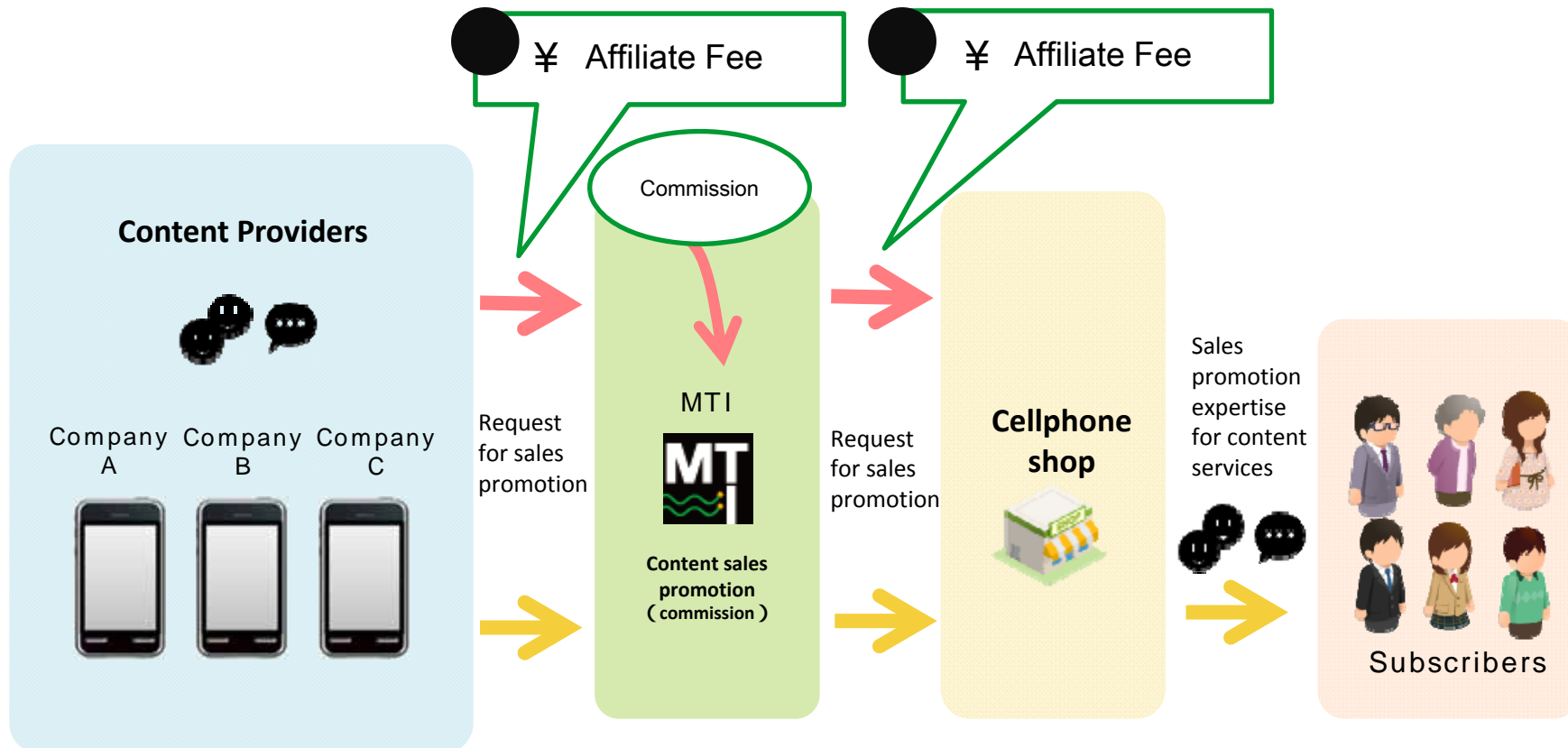


## Business Model -Content Distribution Business-

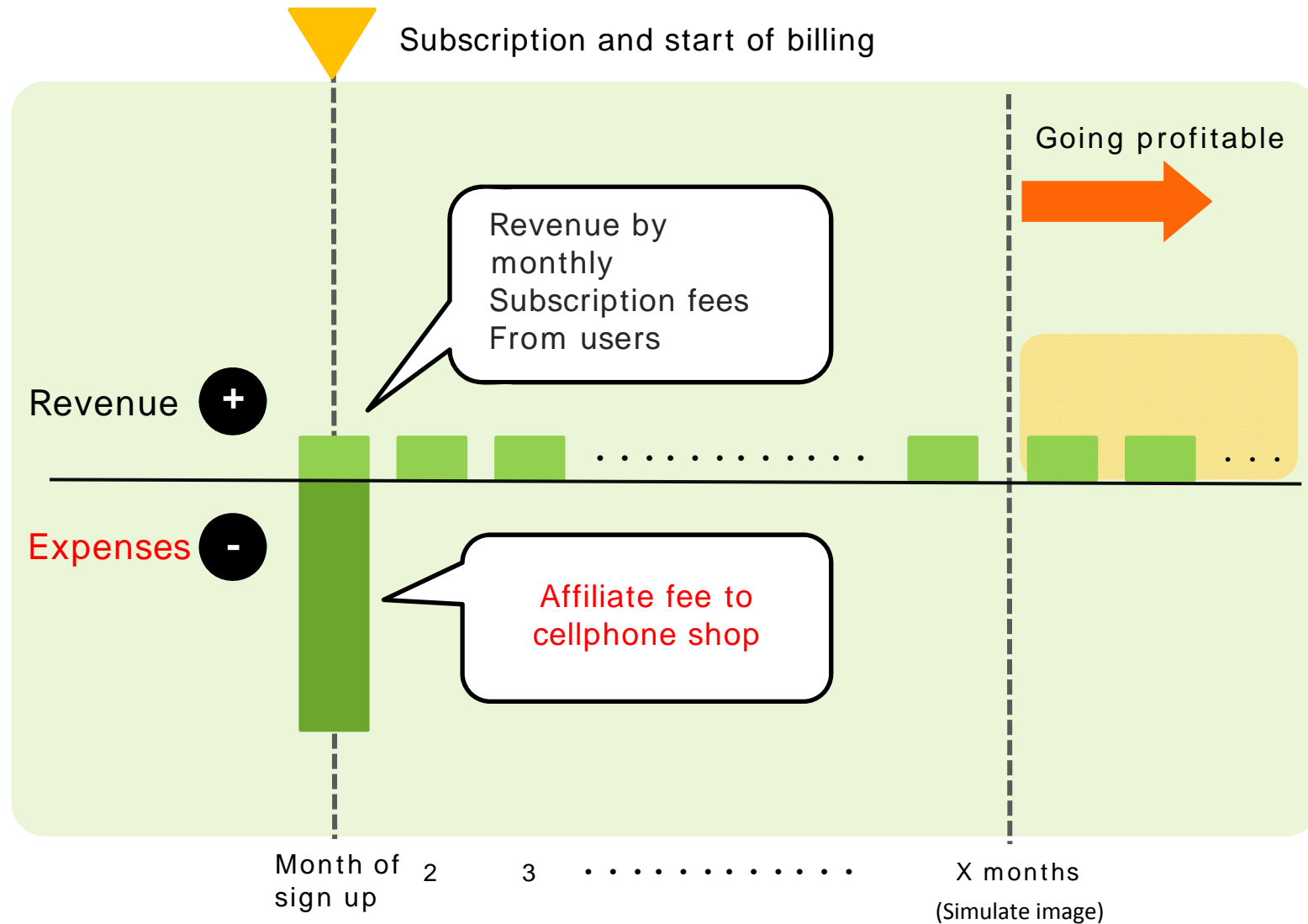
- ▶ B to C
- ▶ Stock-type business
- ▶ Num of monthly paying subscribers × ARPU = Sales

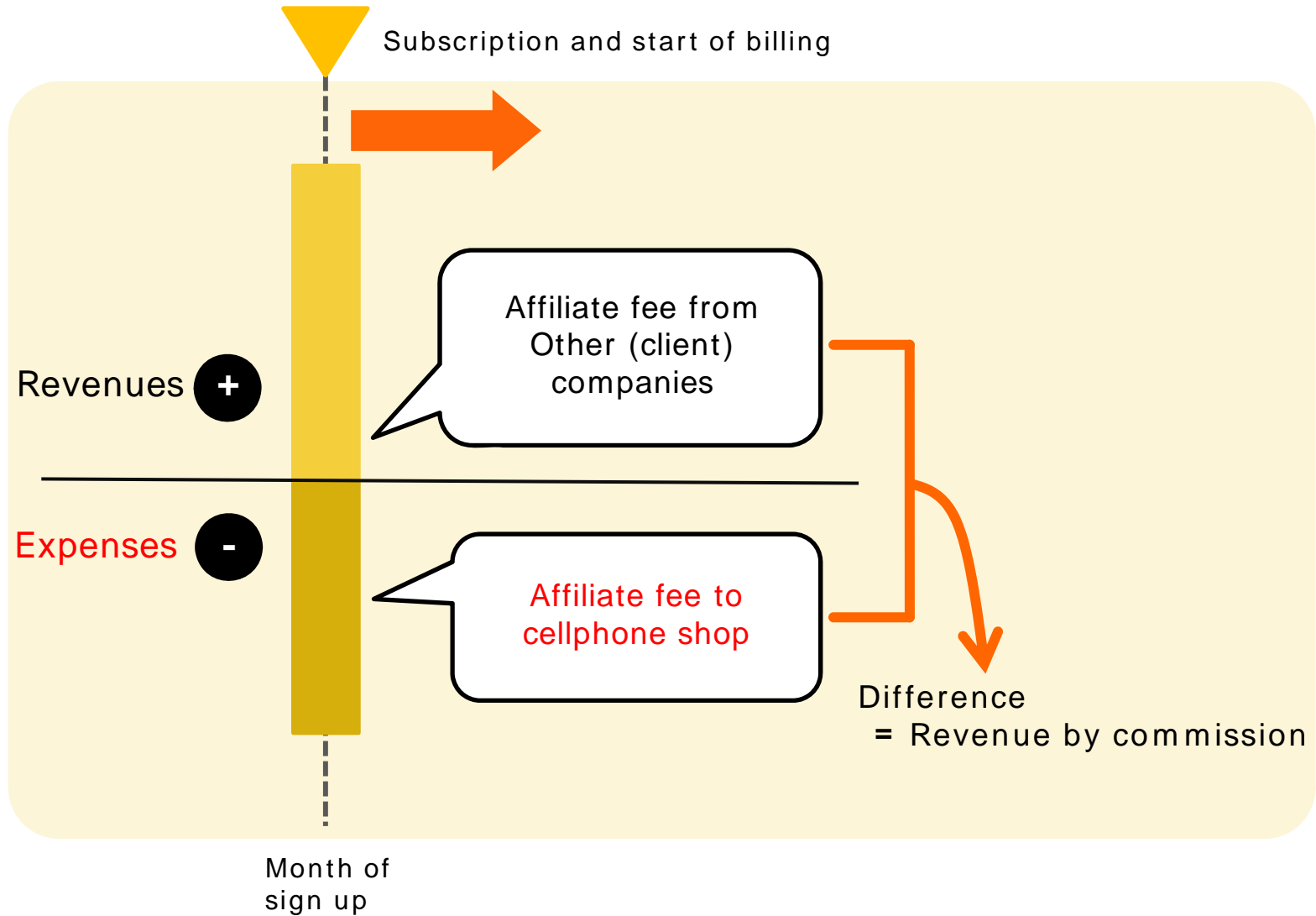


- ▶ B to B
- ▶ Flow-type business
- ▶ Num of new subscribers × Revenue by commission = Sales  
( Other companies' content )









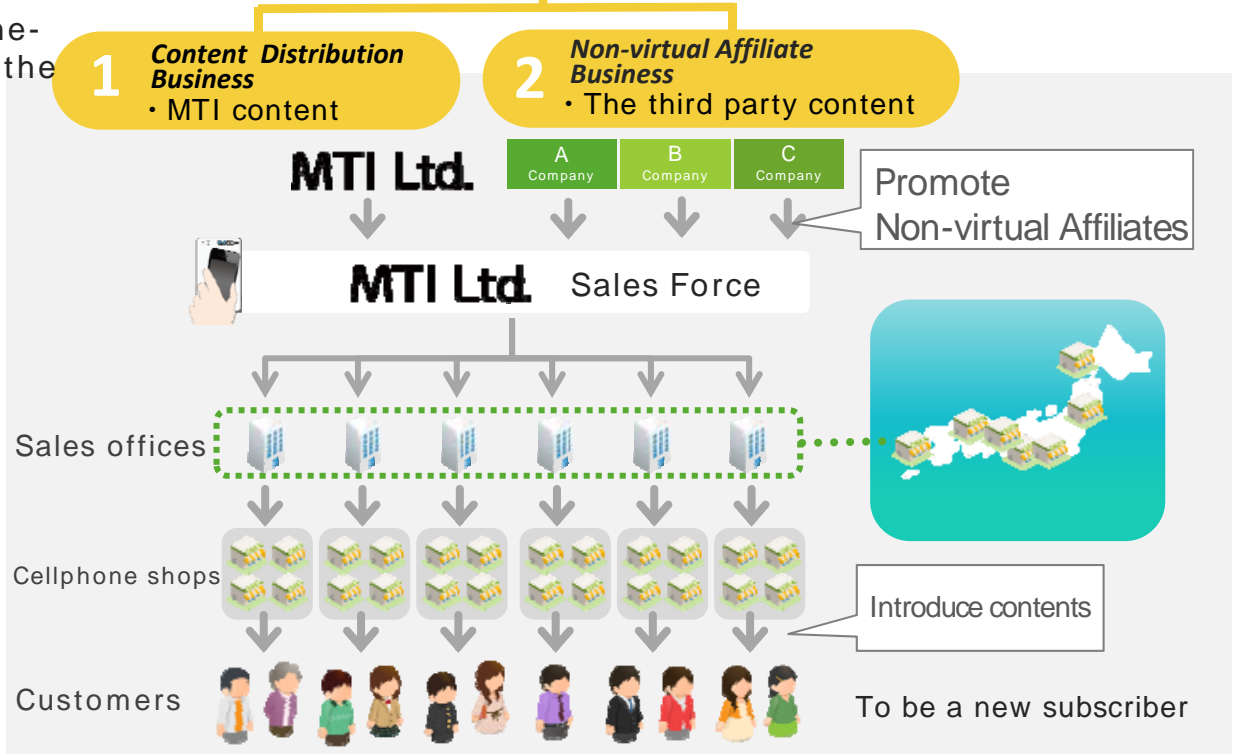
# Enhancement in the Non-virtual Affiliate Business



MTI Ltd.



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





Thank you for your attention.

**MTI** **MTI Ltd.**

〈Contact us〉

Investor Relations Department

TEL: +81-3-5333-6323 FAX: +81-3-3320-0189

MAIL: [ir@mti.co.jp](mailto:ir@mti.co.jp)

[www.mti.co.jp](http://www.mti.co.jp)

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.