

**MTI Ltd.**

# Financial Results Briefing for Q1/FY2016

February 1, 2016



Securities Code :9438

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# Financial Results Overview for Q1 FY2016





### 1 Results in the Q1

**Net sales ¥8,547M**

(Up ¥337M Up 4.1%, YoY)

**Operating income ¥1,121M**

(Down ¥211M, Down 15.9%, YoY)

2 The number of  
paying subscribers  
of the smartphone

**6.1** Millions of people

(Up 0.1M compared to September 30, 2015)

3 **Good performance** in line with  
earnings forecast for Q2 FY2016



## Sales increased due to improved average revenue per user (ARPU)

(Millions of yen)

|                                                | FY2016<br>Q1 | FY2015<br>Q1 | Change |            |
|------------------------------------------------|--------------|--------------|--------|------------|
|                                                |              |              | Amount | Percentage |
| <b>Net sales</b>                               | 8,547        | 8,209        | +337   | +4.1%      |
| <b>Cost of sales</b>                           | 1,362        | 1,343        | +19    | +1.4%      |
| <b>Gross profit</b>                            | 7,184        | 6,865        | +318   | +4.6%      |
| (Ratio)                                        | 84.1%        | 83.6%        |        |            |
| <b>SG&amp;A</b>                                | 6,062        | 5,532        | +530   | 9.6%       |
| (Ratio)                                        | 70.9%        | 67.4%        |        |            |
| <b>Operating income</b>                        | 1,121        | 1,333        | (211)  | (15.9%)    |
| (Ratio)                                        | 13.1%        | 16.2%        |        |            |
| <b>Ordinary income</b>                         | 1,117        | 1,315        | (197)  | (15.0%)    |
| (Ratio)                                        | 13.1%        | 16.0%        |        |            |
| <b>Profit attributable to owners of parent</b> | 697          | 761          | (63)   | (8.3%)     |
| (Ratio)                                        | 8.2%         | 9.3%         |        |            |

# Consolidated SG&A



(Millions of yen)

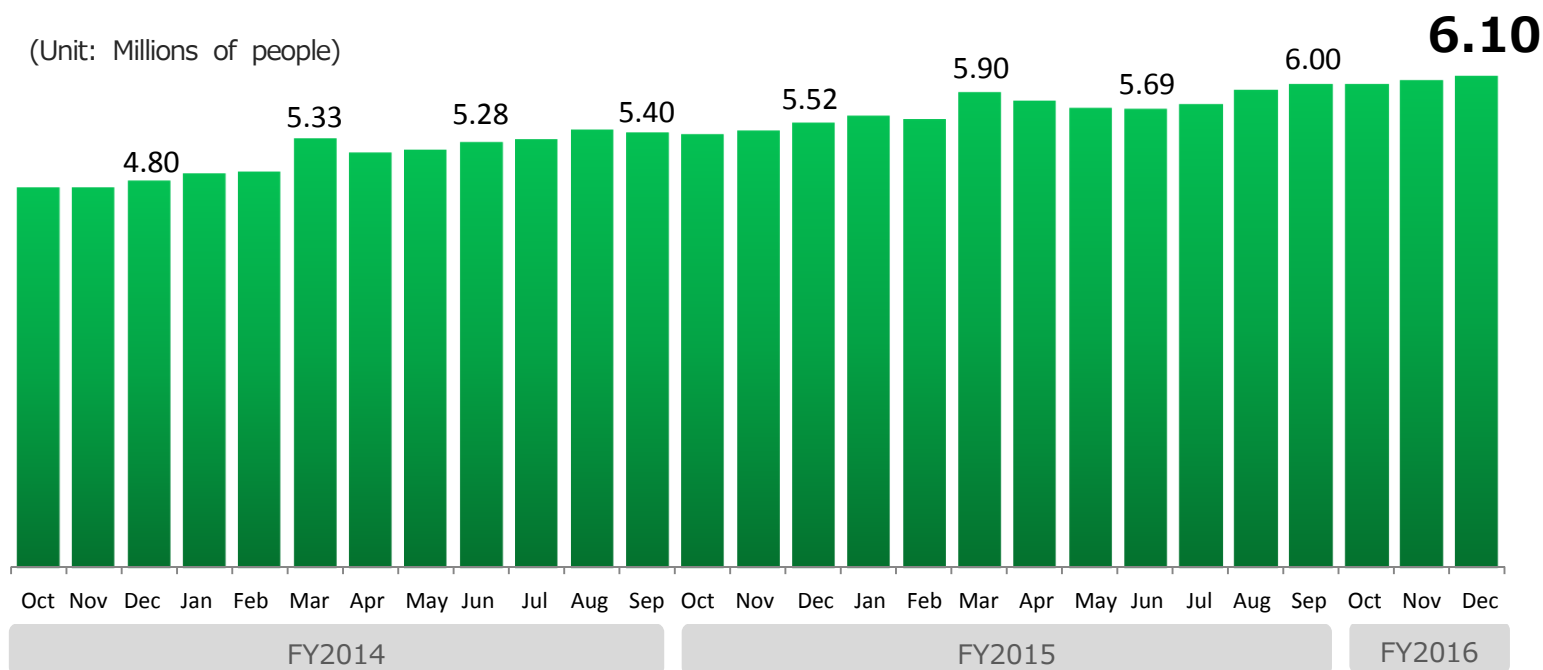
|                      | FY2016<br>Q1 | FY2015<br>Q1 | Change |            |
|----------------------|--------------|--------------|--------|------------|
|                      |              |              | Amount | Percentage |
| SG&A                 | 6,062        | 5,532        | +530   | +9.6%      |
| Advertising expenses | 2,532        | 2,021        | +511   | 25.3%      |
| Personnel expenses   | 1,341        | 1,374        | (32)   | (2.4%)     |
| Commission fee       | 954          | 896          | +57    | +6.4%      |
| Subcontract expenses | 374          | 350          | +23    | +6.7%      |
| Depreciation         | 298          | 353          | (54)   | (15.5%)    |
| Other                | 561          | 535          | +25    | +4.8%      |



## The number of paying subscribers of the smartphone

# 6.1 Millions of people

(Up 0.1M compared to September 30, 2015)



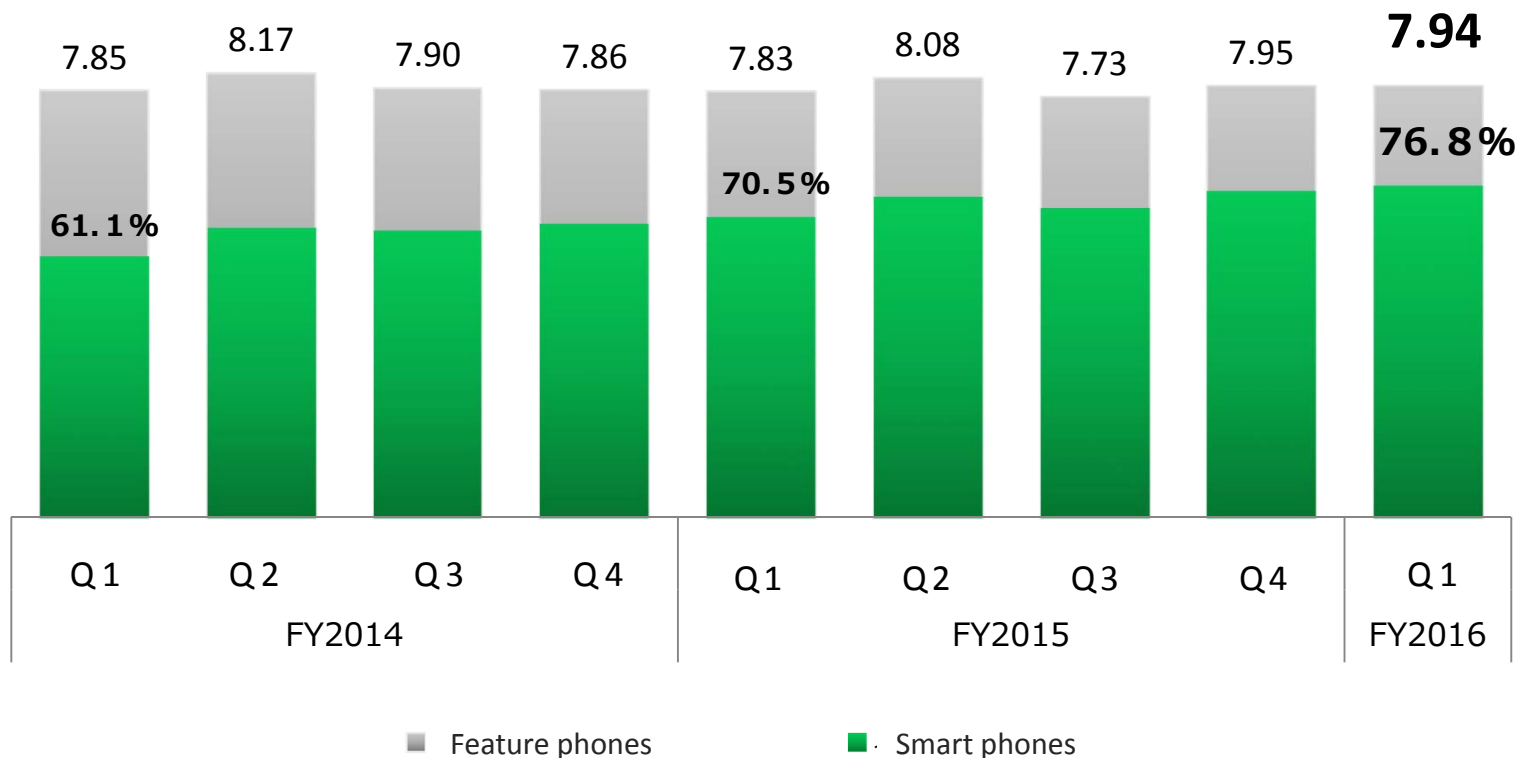


The total number of paying subscribers

**7.94** Millions of people

(±0M compared to September 30, 2015)

(Unit: Millions of people)

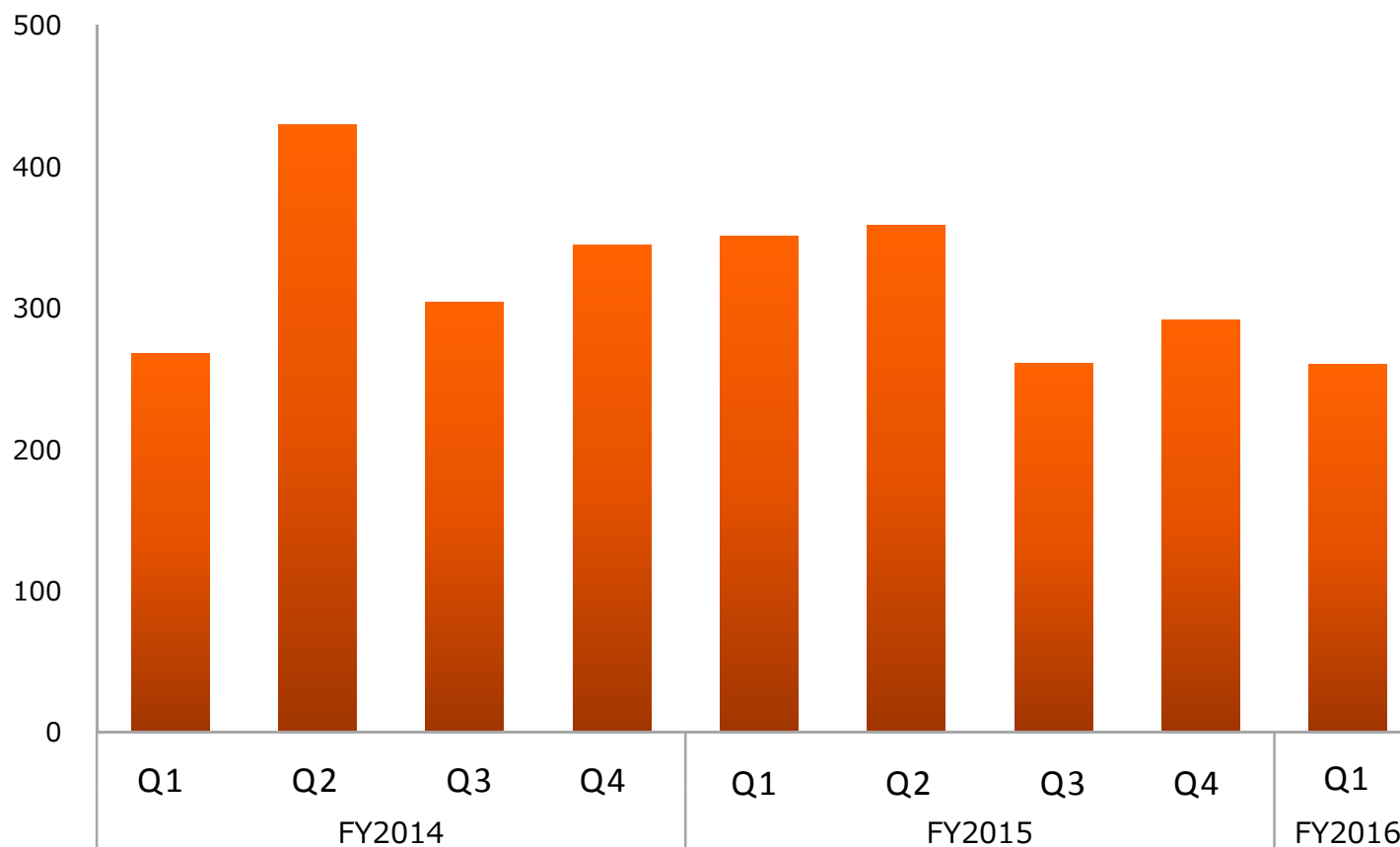






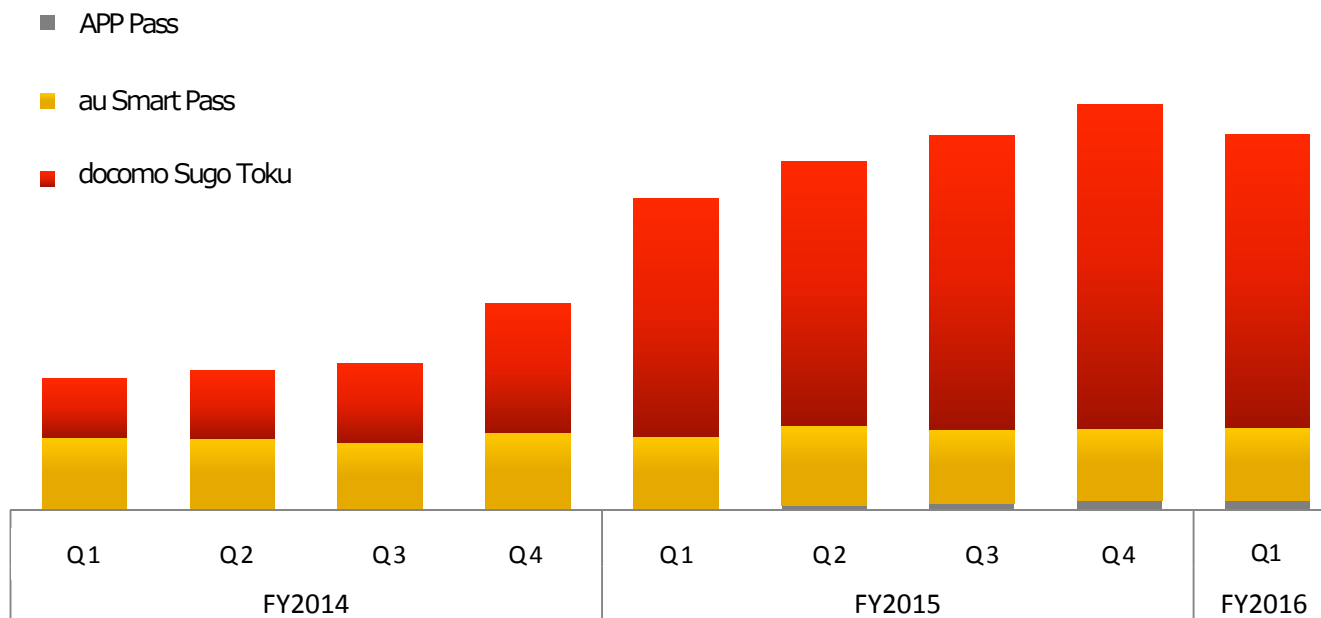
# Non-virtual Affiliate Advertising Sales

(Millions of yen)





## docomo Sugo Toku and au Smart Pass





## Good performance in line with earnings forecast

(Millions of yen)

|                                         | FY2016 Q1 | FY2016 1H | Progress ratio |
|-----------------------------------------|-----------|-----------|----------------|
|                                         | Actual    | Forecast  |                |
| Net sales                               | 8,547     | 17,200    | 49.7%          |
| Operating income                        | 1,121     | 2,000     | 56.1%          |
| Ordinary income                         | 1,117     | 1,980     | 56.4%          |
| Profit attributable to owners of parent | 697       | 1,130     | 61.8%          |

**New Approach  
in After  
Q2 FY2016**



## Basic policy in the FY2016



**1. Further expansion in the number of paying subscribers for smartphone service**

- Enhancement in the Non-virtual Affiliate Network

**2. Improvement in average revenue per user (ARPU) · expanding SugoToku content**

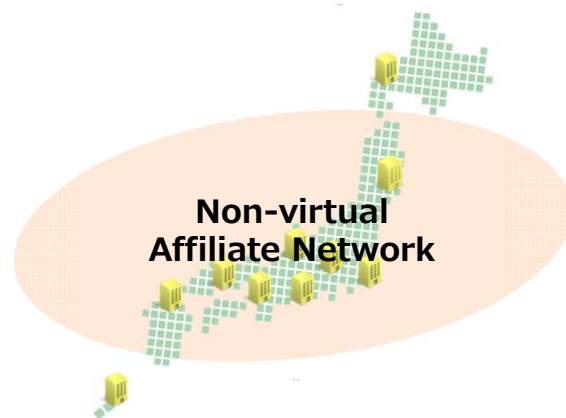
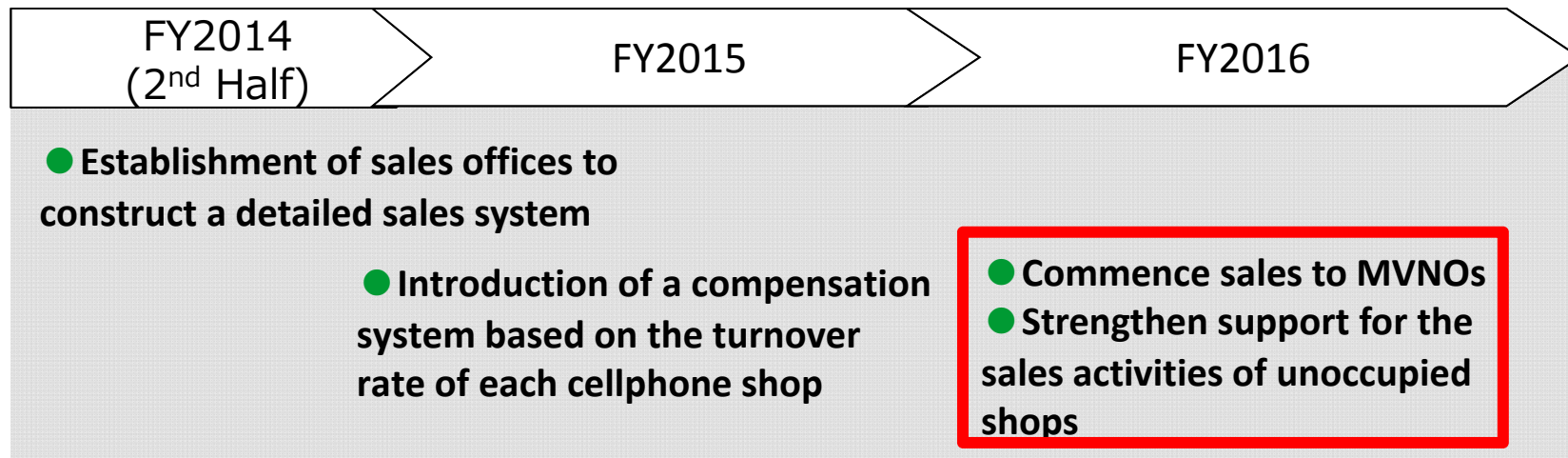
- Enlargement of contents service

**3. Mid-to-long-term approach**

- Phase to achieve sales for the Healthcare-related service



## Launch of new sales measures

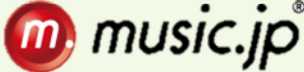






Turnover rate  
.....  
**DOWN!**

Cellphone shop  
Occupancy rate  
.....  
**UP!**



## Ratios for service of higher fees increased in each category

| Service Price level \ Categories | Music, Books, Video & DVD                                                                                                     | Healthcare-related information                                                                                                     | Weather information and Maps & Navigation                                                                                       |
|----------------------------------|-------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|
| High added value                 | <br><b>¥400</b><br>per month (excluding tax) | <br><b>¥400</b><br>per month (excluding tax)    | Integrated service of Weather information and Maps & Navigation<br><b>¥380</b><br>per month (excluding tax)                     |
|                                  | <br>To an integrated service<br><b>¥300</b> | <br>To high added value service<br><b>¥300</b> | <br>To an integrated service<br><b>¥300</b> |



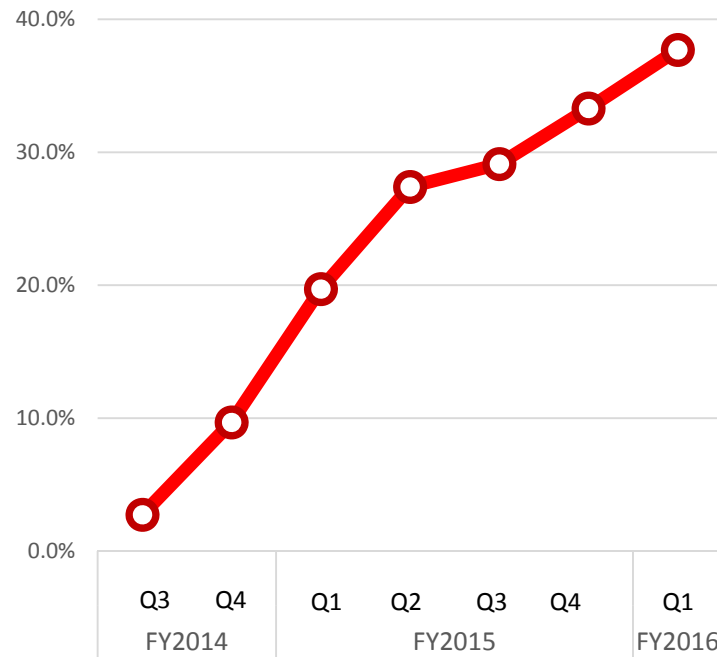
Music, Books,  
Video & DVD

## Increase in ARPU



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Quarterly change in the ratio of higher fees (400 yen)



**Hollywood movies**  
Titles of Walt Disney and 20th Century Fox have been added.

Sony Pictures Entertainment (Japan) Inc.

Warner Bros. Entertainment, Inc.

The Walt Disney Company (Japan) Ltd.

Twenty-First Century Fox, Inc



Phase to achieve sales for the Healthcare-related service i )

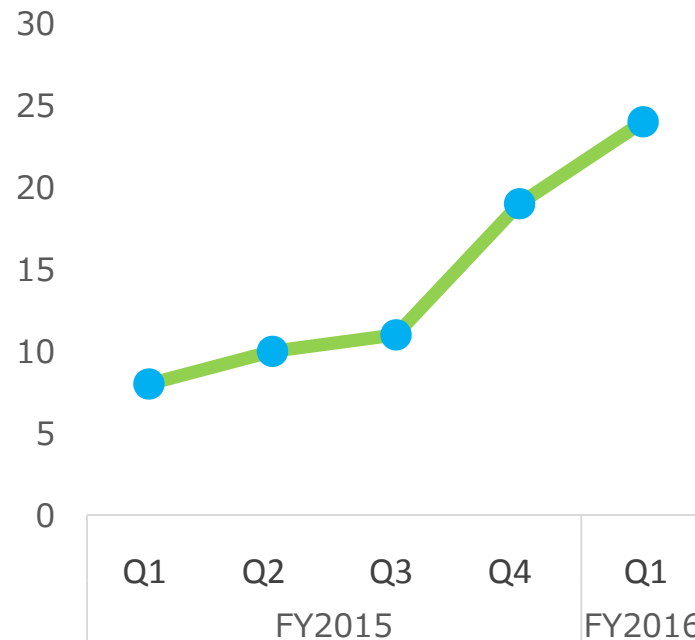


Medical information service  
cooperated with  
doctors etc.

Number of subscribers paying  
monthly rates increased steadily



The number of paying  
monthly subscribers  
of KARADAMEDICA  
(ten thousand)



A 400-yen  
Course  
(maximum  
number of Q&A  
sessions: 10)  
is gaining  
in popularity.

Phase to achieve sales for the Healthcare-related service ii )



Sports management service

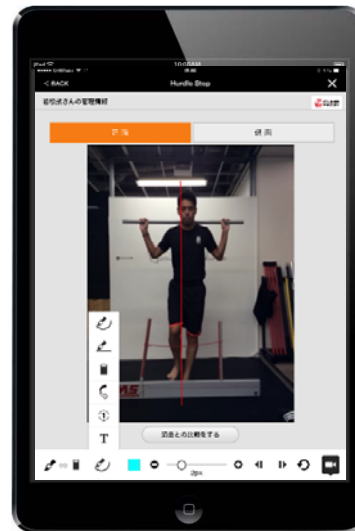
The number of contracts with sports gyms rose sharply

Supporting management of personnel trainers

Training CHART system 『S・O・A・P』



(Our subsidiary)



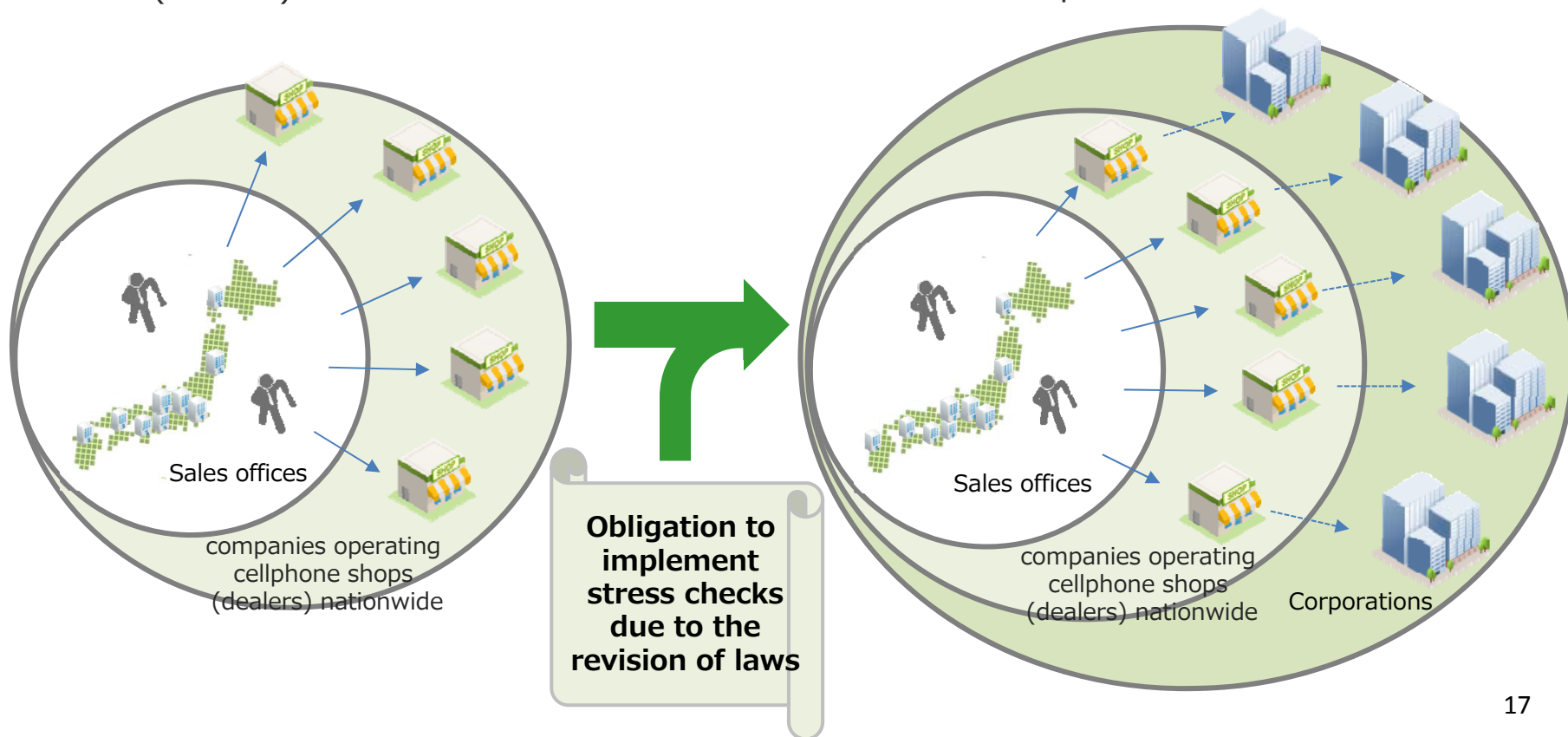


**“CARADA”  
packaged  
service**

## Launched sales to companies leveraging the RAF network

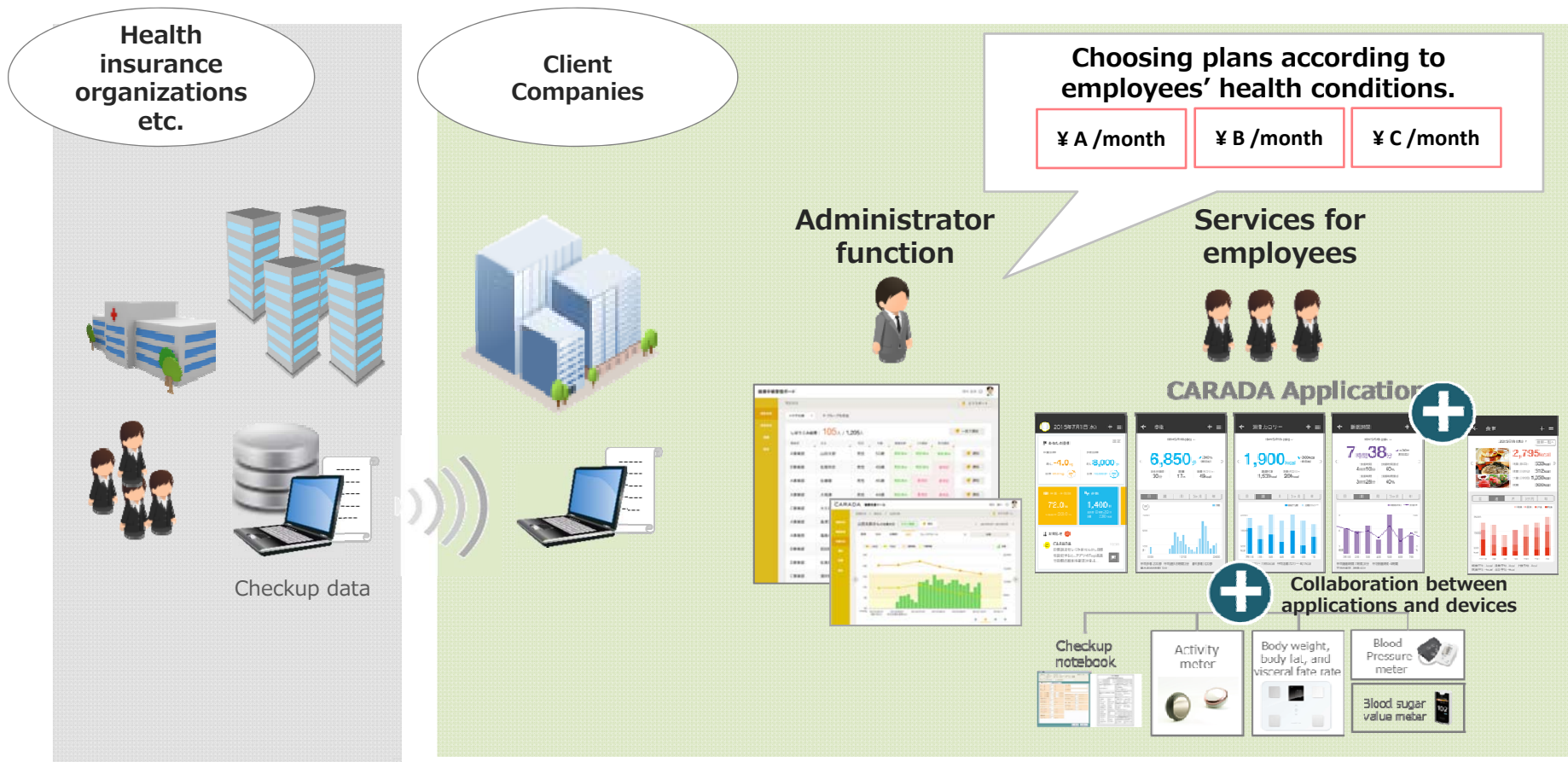
Sales to companies operating  
cellphone shops  
(dealers) nationwide

Sales to companies nationwide  
through the corporate sales  
departments of dealers





# What is the "CARADA" packaged service?





**Gene analytics service**

# Capital tie-up

November, 2015

Acquired the shares of StaGen Co., Ltd. (making it an equity method affiliate)

Aim to further expand the healthcare service business by strengthening the collaborative relationship with StaGen Co., Ltd., which provides gene analysis logic

DearGene



Our wholly-owned subsidiary



Gene analytics logic



Development of microarrays



Gene analytics



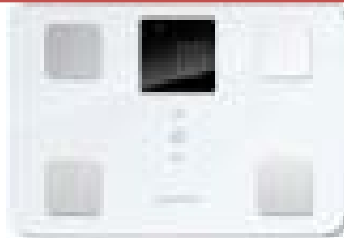
Electronic  
maternity health  
record book  
service

## Launched a validation business at municipalities

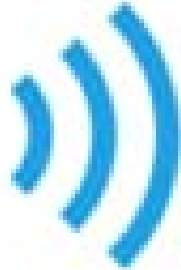
Activity meter



Body weight, body fat,  
and visceral fat rate



Easy collaboration  
through  
Bluetooth-based  
communication



Application  
“CARADA”

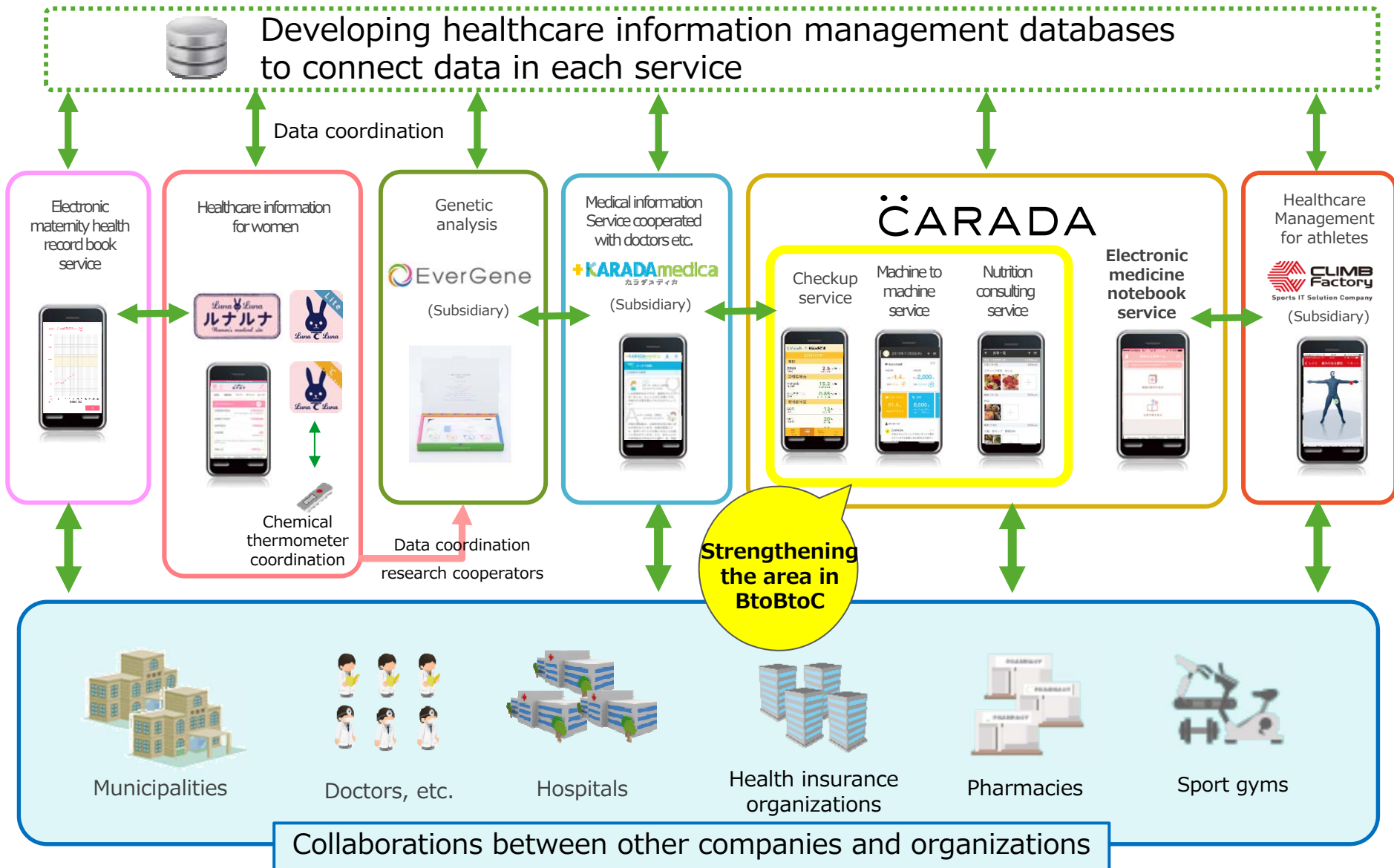


“MY Nutrition Advisor”





# Overview of Healthcare-related to service



# Capital Policies







## Acquisition of Own Shares by Stock Company

- 1** Amount of shares to be repurchased: Maximum of 1,000 millions of yen<sup>\*1</sup>
- 2** Number of shares to be repurchased: Maximum of 1,500,000 shares  
2.6% of outstanding shares (excluding treasury shares)<sup>\*2</sup>
- 3** Repurchase period: From February 2 to March 31, 2016

\*1 All or part of the transactions may not be carried out depending on market trends.

\*2 Total number of shares issued (excluding treasury shares)  
as of December 31, 2015: 57,024,272 shares, Treasury shares: 3,260,928



Thank you very much for today.

**MTI Ltd**

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