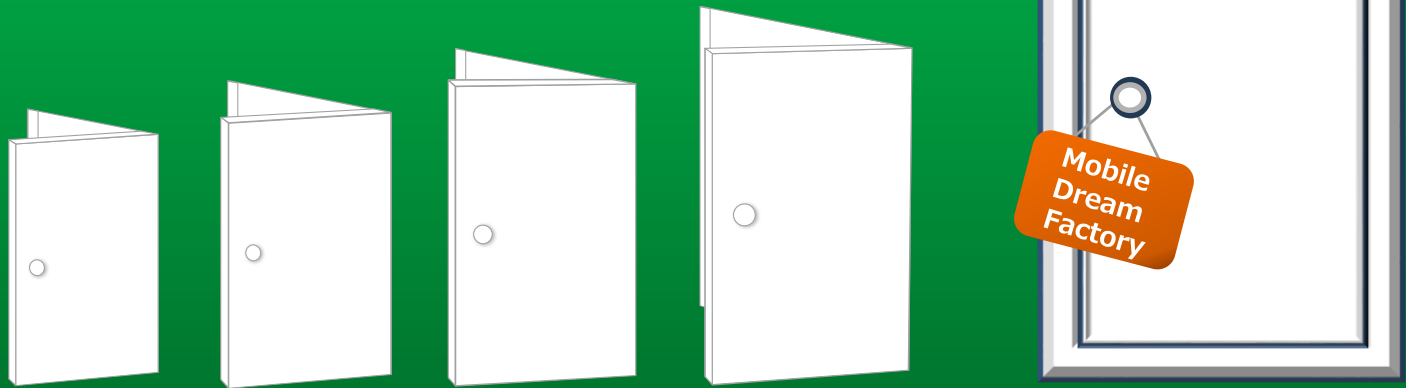


Financial Results Briefing FY2016

November 1, 2016



Securities Code :9438

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Financial Results Overview for FY2016





1 In FY2016, operating income hit a record high !

Net sales ¥32,844 million (Down ¥617 million, YoY)

Operating income ¥5,355 million (Up ¥1,110 million, YoY)

2 The number of paying subscribers on smartphones declined.

5.69 million subscribers

(Down 0.05 million subscribers compared to June 30, 2016)

3 In FY2017, operating income is expected to decline.

Sales ¥32,000 million (Down ¥844 million, YoY)

Operating income ¥4,060 million (Down ¥1,295 million, YoY)



Net sales declined slightly, and profits increased significantly.

(Millions of yen)

	FY2016	FY2015	Change	
			Amount	Percentage
Net sales	32,844	33,461	(617)	(1.8%)
Cost of sales	5,353	5,439	(85)	(1.6%)
Gross profit	27,490	28,022	(531)	(1.9%)
(Ratio)	83.7%	83.7%		
SG&A	22,135	23,776	(1,641)	(6.9%)
(Ratio)	67.4%	71.1%		
Operating income	5,355	4,245	+1,110	+26.1%
(Ratio)	16.3%	12.7%		
Ordinary income	5,310	4,144	+1,166	+28.2%
(Ratio)	16.2%	12.4%		
Profit attributable to owners of parent	3,317	2,607	+710	+27.2%
(Ratio)	10.1%	7.8%		

Consolidated SG&A



(Millions of yen)

	FY2016	FY2015	Change	
			Amount	Percentage
SG&A	22,135	23,776	(1,641)	(6.9%)
Advertising expenses	7,607	9,077	(1,469)	(16.2%)
Personnel expenses	5,637	5,770	(132)	(2.3%)
Commission fee	3,741	3,727	+13	+0.4%
Subcontract expenses	1,456	1,326	+129	+9.8%
Depreciation	1,272	1,318	(46)	(3.5%)
Other	2,420	2,555	(135)	(5.3%)



Subscriptions by way of cellphone shops failed to grow.

External conditions

From February

~~“Virtually free of charge”~~

“Cellphones virtually free of charge” Abolished

in April

Ministry of Internal Affairs and Communications

Guidelines Applied

(Guidelines for adjustment of smartphones purchase support)

Sales of cellphones failed to grow

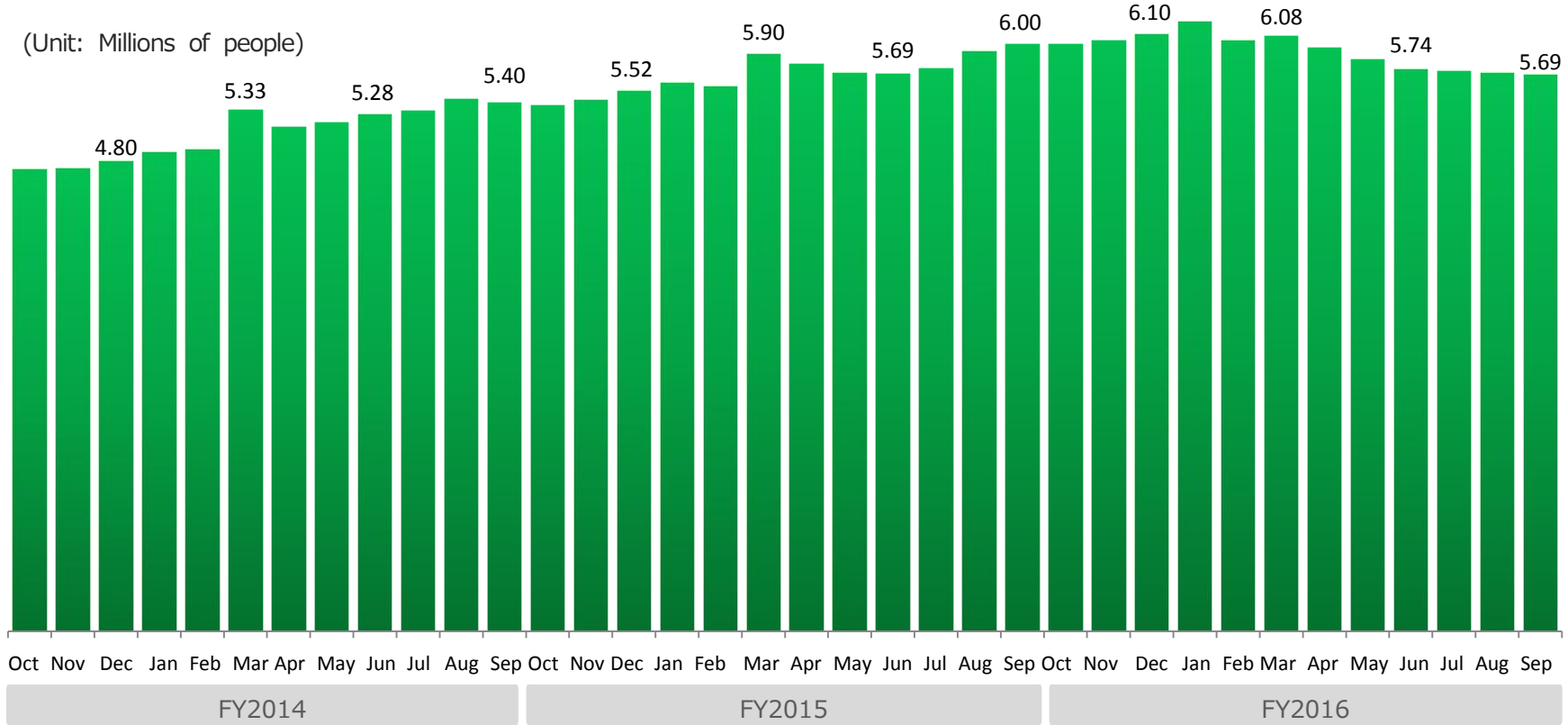




The number of paying subscribers of the smartphone

5.69 million subscribers

(Down 0.05 million compared to June 30, 2016)



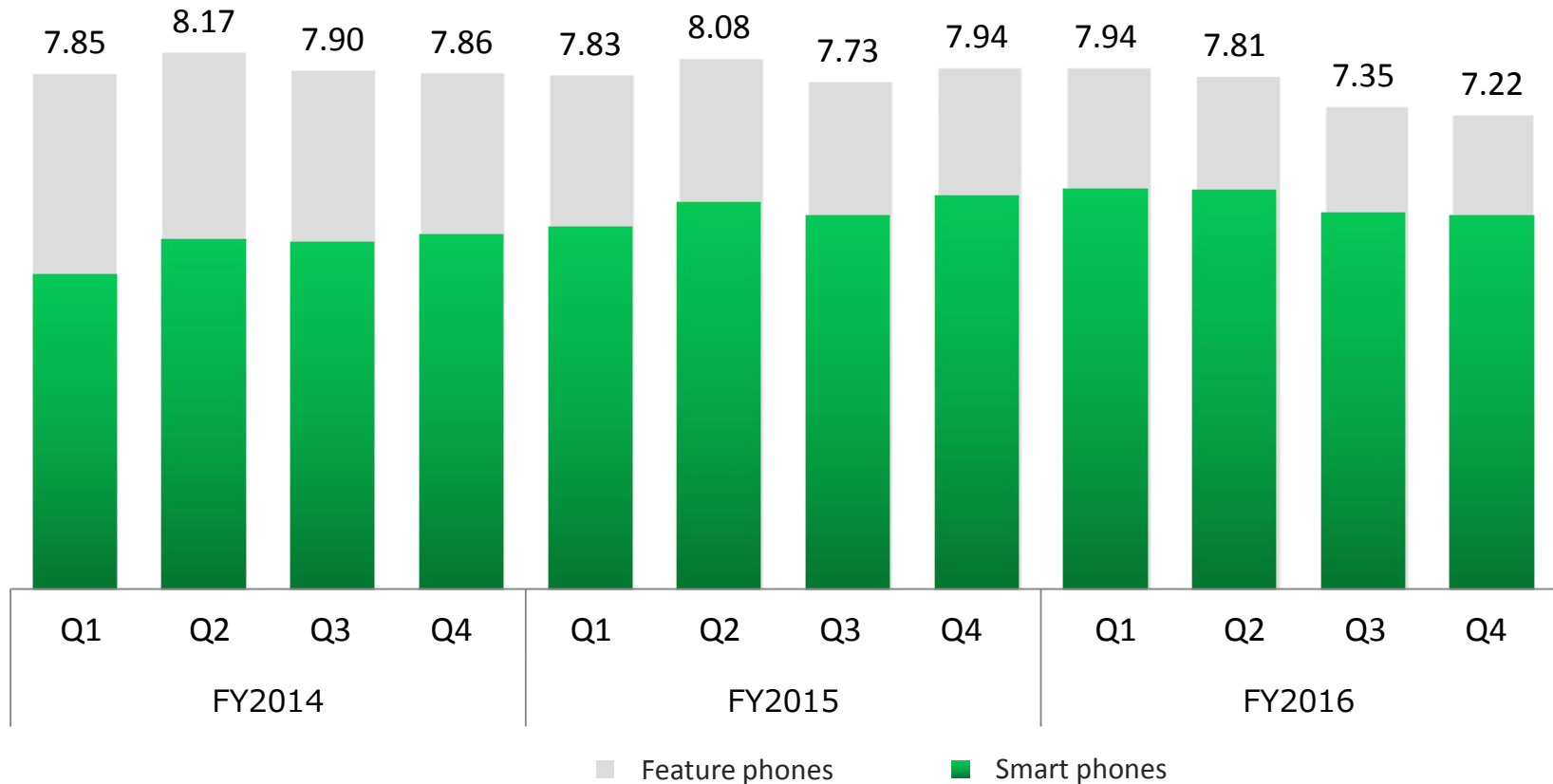


The total number of paying subscribers

7.22 million subscribers

(Down 0.13 million compared to June 30, 2016)

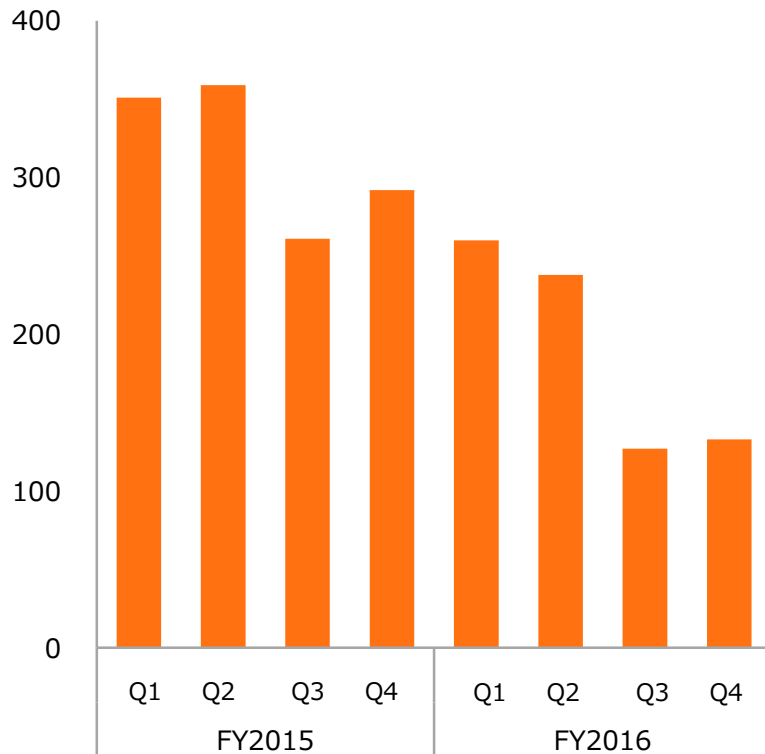
(Unit: Millions of people)





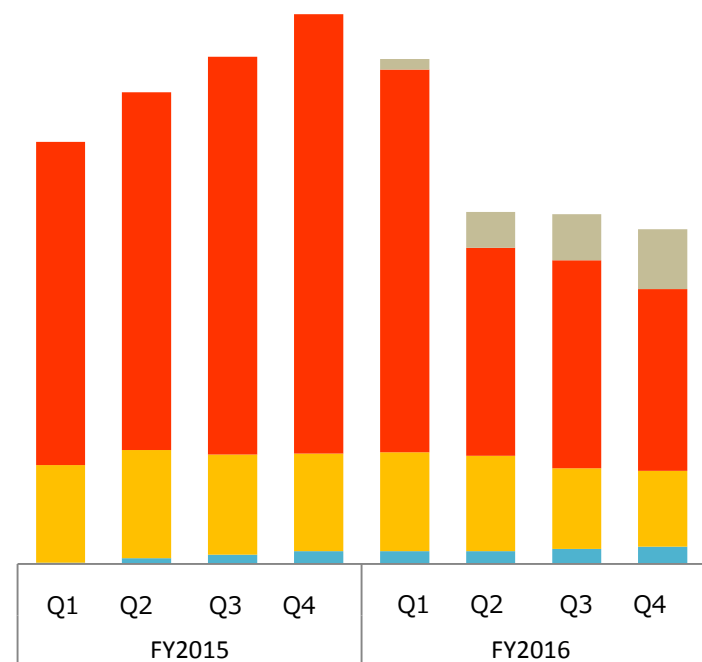
Non-virtual Affiliate Advertising Sales

(Unit: Millions of yen)



Sales from Sugo toku-related

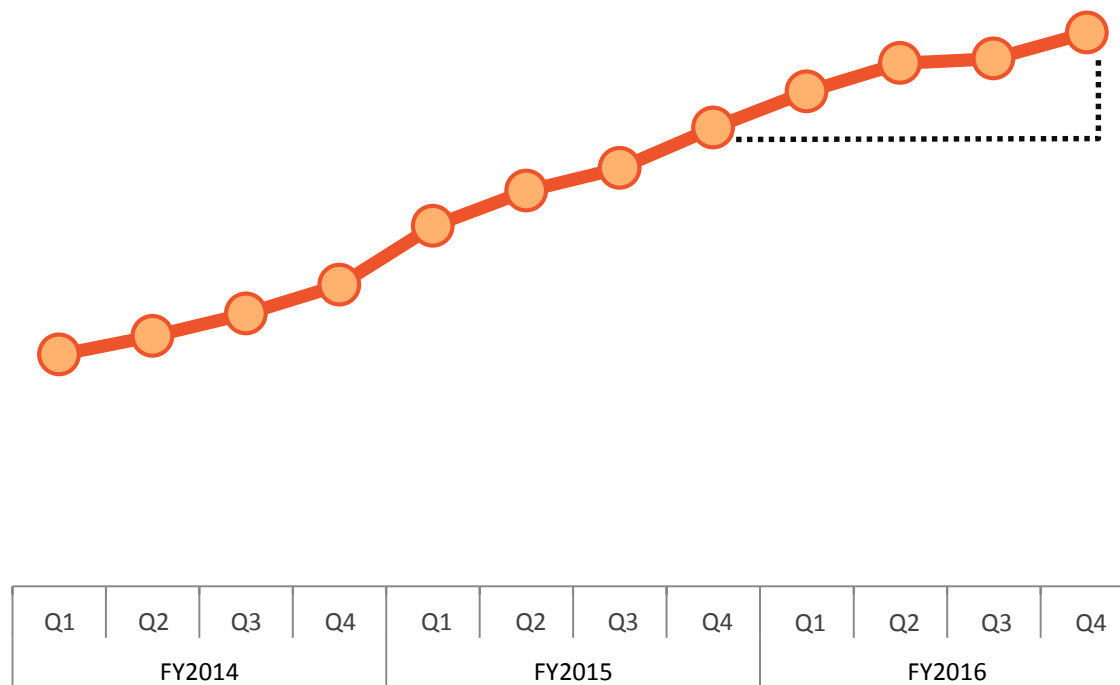
■ APP Pass
 ■ au Smart Pass
 ■ docomo Sugo toku
 ■ Ads for other companies





The average revenue per user (ARPU) has been on the rise.

Trends in ARPU of the paying subscribers for smartphones



YoY Change

UP

¥9.9

New Approach in FY2017





1. Maintaining of the total number of paying subscribers

- Enhancement in the Non-virtual Affiliate Network

2. Improvement in average revenue per user (ARPU)

- Enlargement of contents service

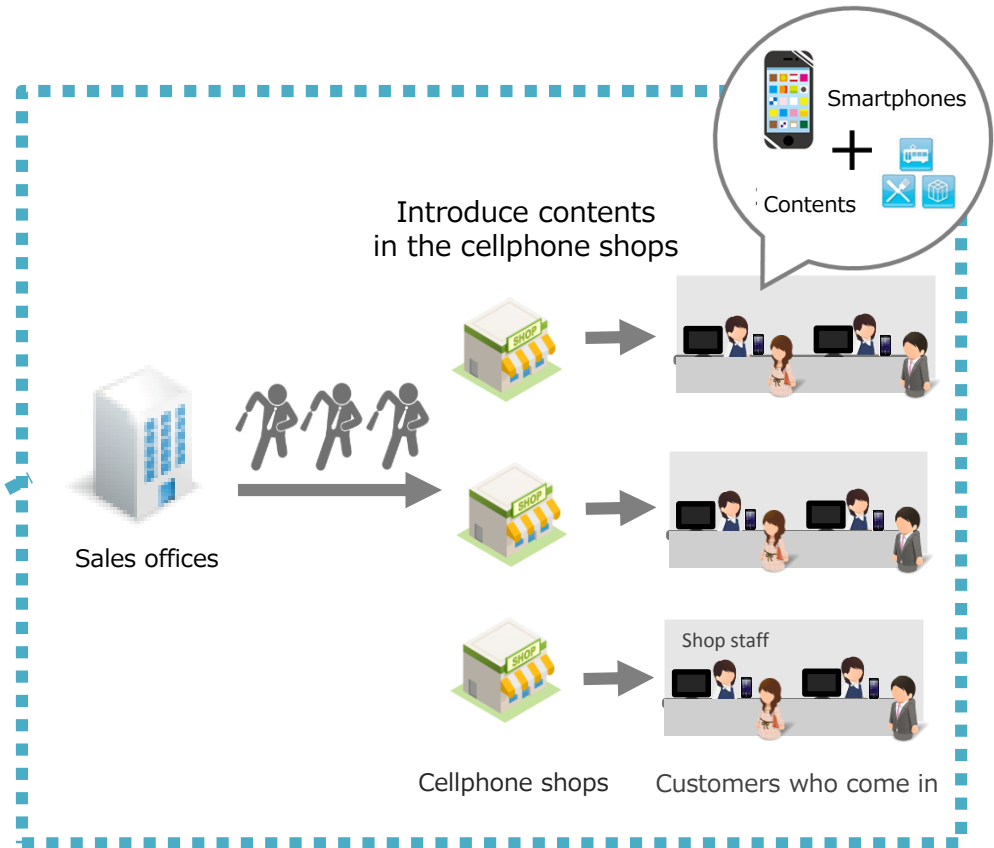
3. Medium-term approach

- Phase to achieve sales for the Healthcare-related service



Sales promotion for high ARPU services

Non-virtual Affiliate Network





Expansion of tie-ups with MVNO operators



Made by JAPAN










* MVNO is an abbreviation for mobile virtual network operator. An MVNO provides mobile network services, such as cellphones and PHS, through its own brands. It does not develop or manage wireless communication link facilities.



Ratios for service of higher fees increased in each category.

Value added service line up

Music, Books, Videos & DVD	Healthcare-related Service	Weather information and Maps & Navigation
 ¥500 ¥ 1,000 per month (excluding tax)	 ¥ 400 per month (excluding tax)	 ¥ 380 per month (excluding tax)
 ¥ 400 per month (excluding tax)	 ¥ 300 per month (excluding tax)	 ¥ 300 per month (excluding tax)
 ¥ 300 per month (excluding tax)		



m. music.jp Music, Books, Videos & DVD service

Expanding the number of users with high ARPU



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BATMAN V SUPERMAN: DAWN OF JUSTICE and all related characters and elements are trademarks of and (C) DC Comics. (C) 2016 Warner Bros. Entertainment Inc. and Raptac-Dune Entertainment Inc. All Rights Reserved.

Quarterly change in ARPU music.jp



Phase to Achieve Sales for the Healthcare-related Service (i)



Medical information service cooperated with doctors etc.

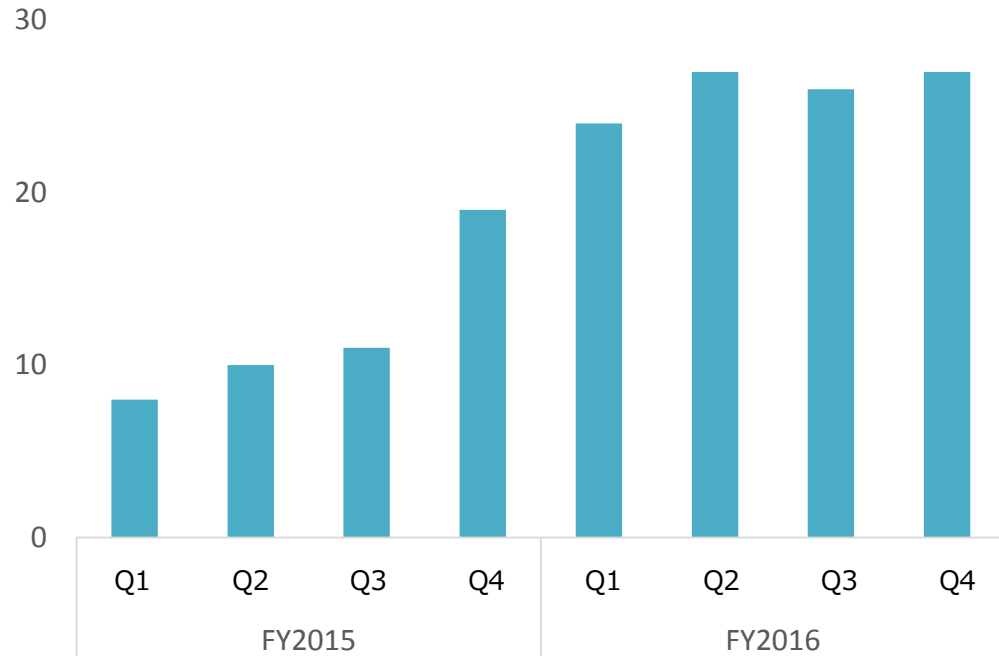
A 400-yen course has been getting popular.

The number of paying monthly subscribers of KARADAMEDICA



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

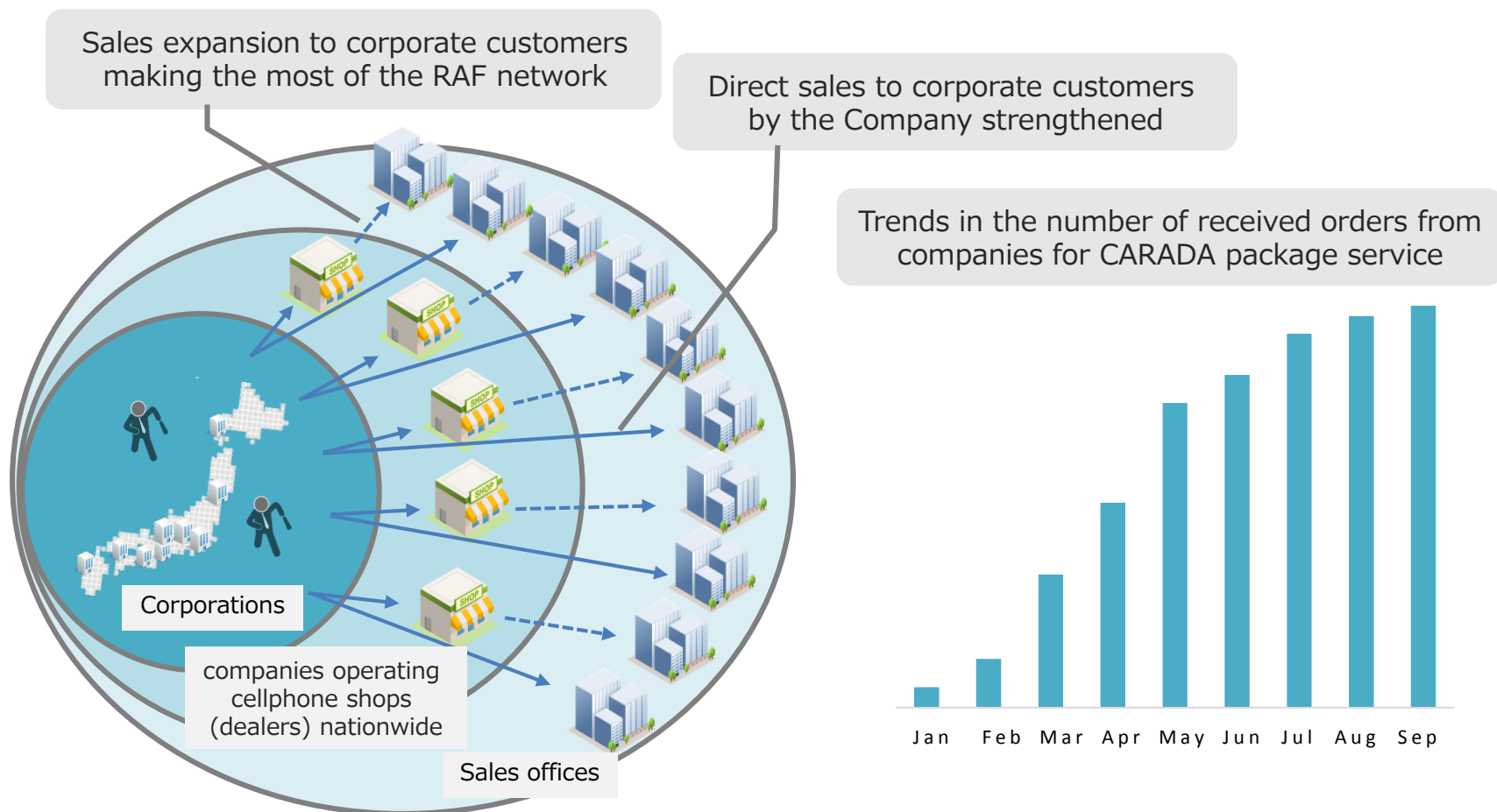
(ten thousands of people)





●ARADA Checkup packaged service

The number of received orders from companies has been increasing steadily.

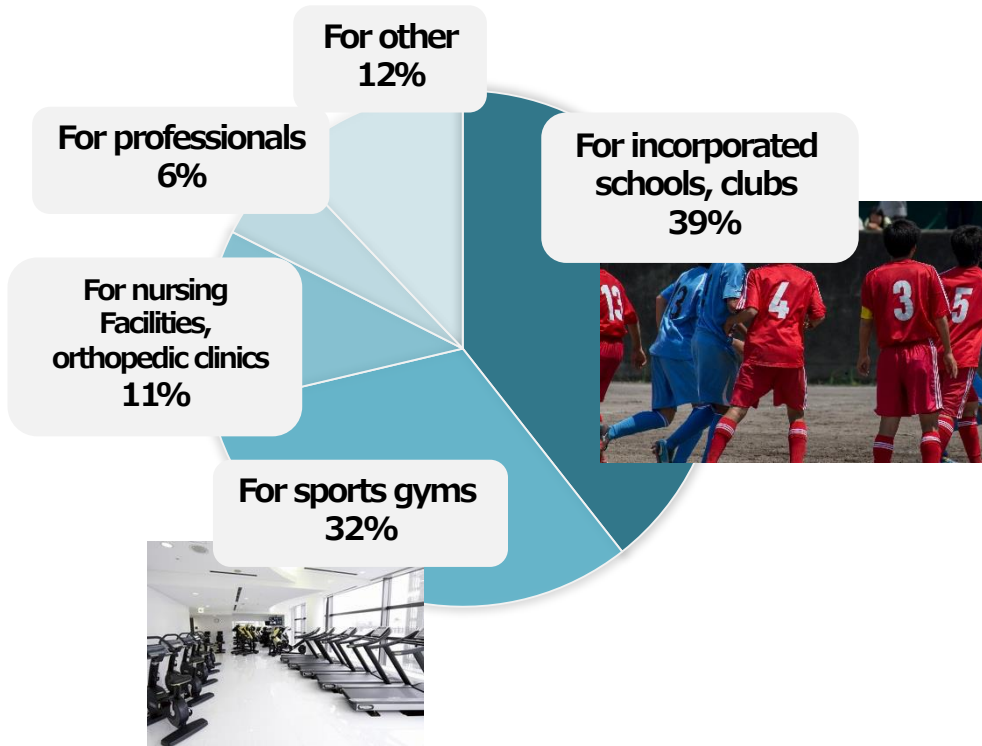


* CARADA and ●ARADA (● denotes C with · · attached above) are the trademarks of MTI Ltd., which owns the right to use them.

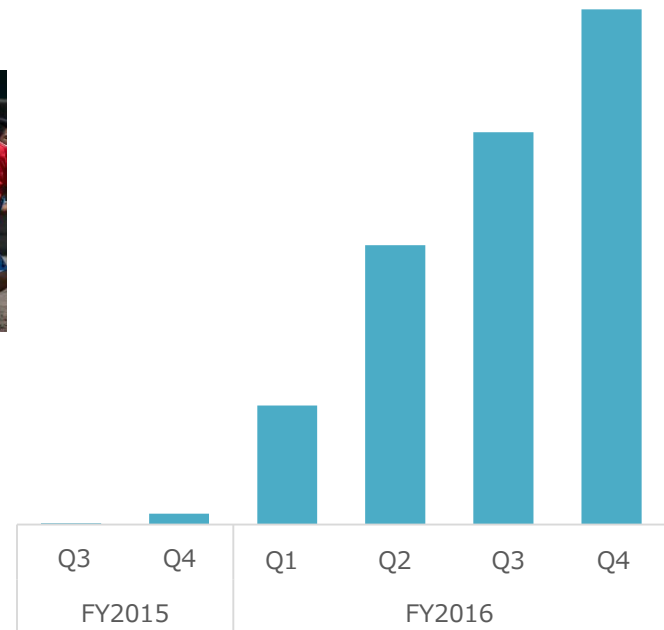


Sports management service

Expanding the number of orders received from schools, clubs at schools, and sports gyms.



The number of service contracts

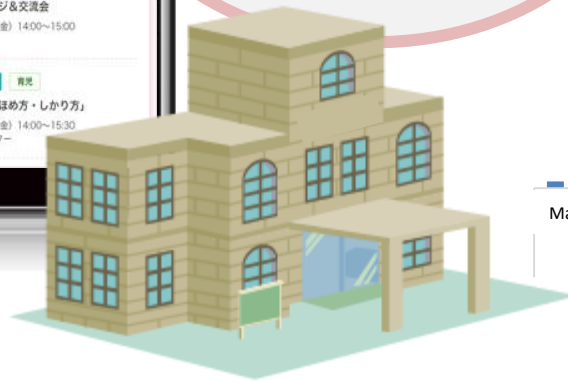




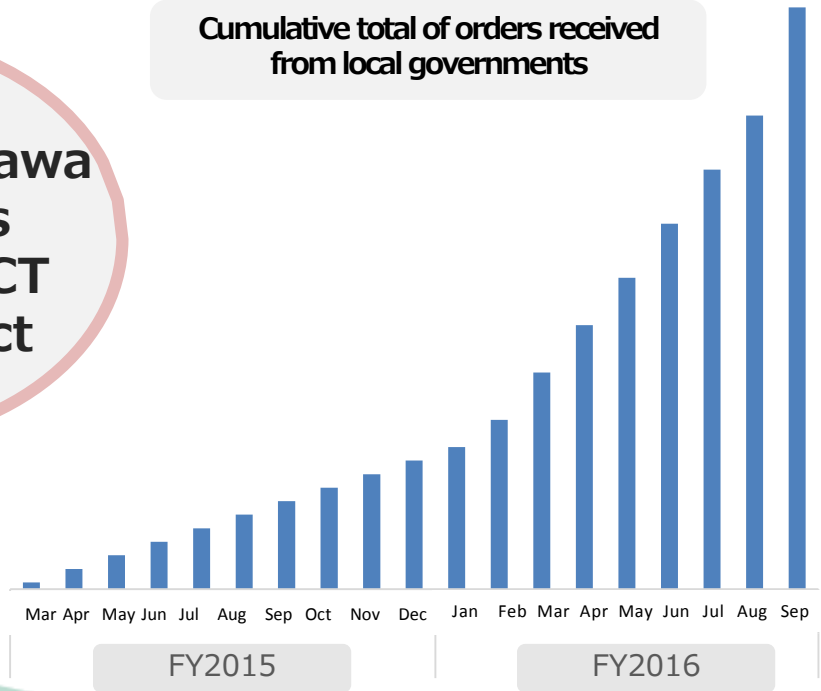
Expanding of the number of orders from local governments for the electronic maternal and child health handbook.



Used in Kanagawa Prefecture's Healthcare ICT Model Project



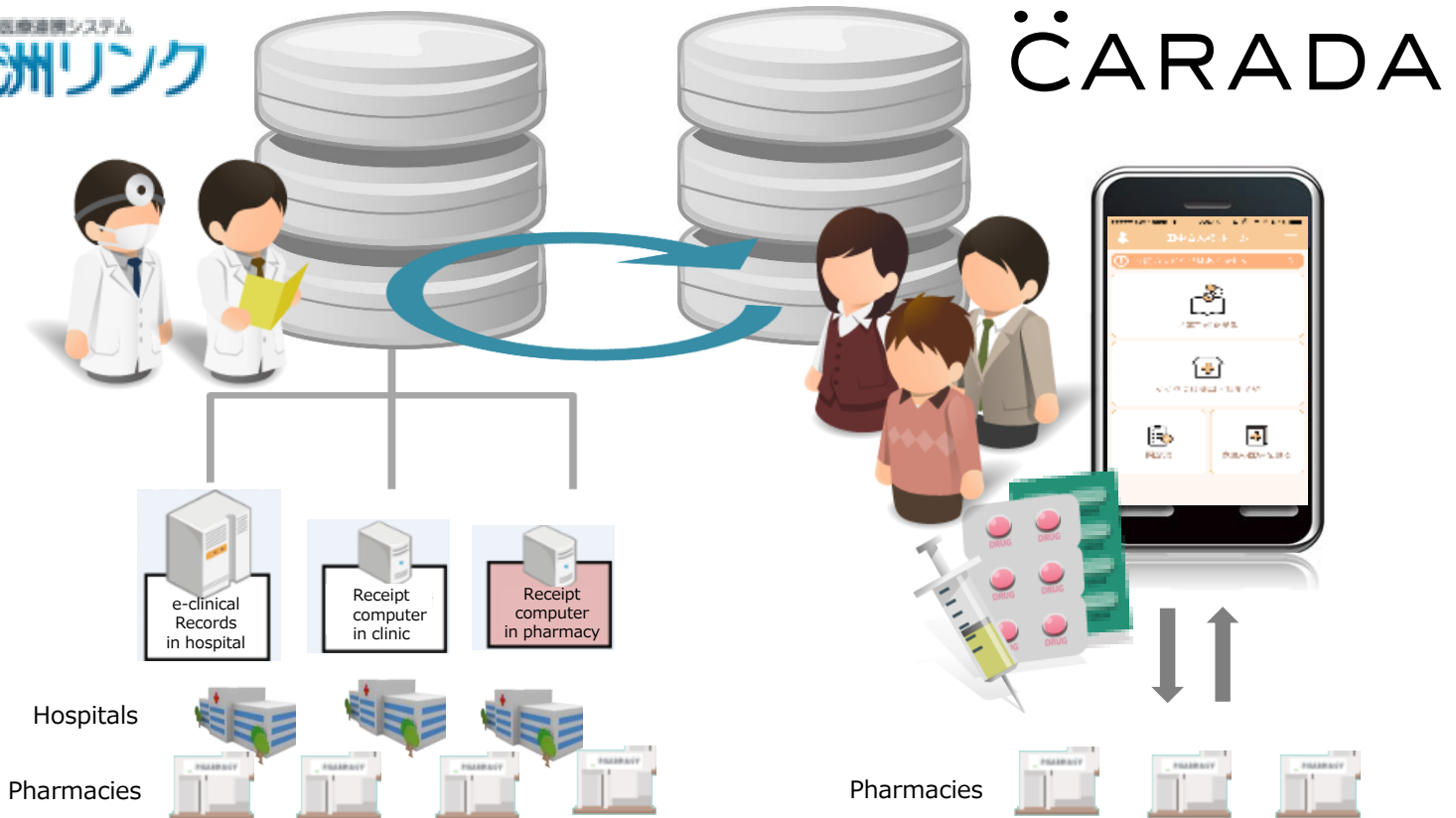
Cumulative total of orders received from local governments



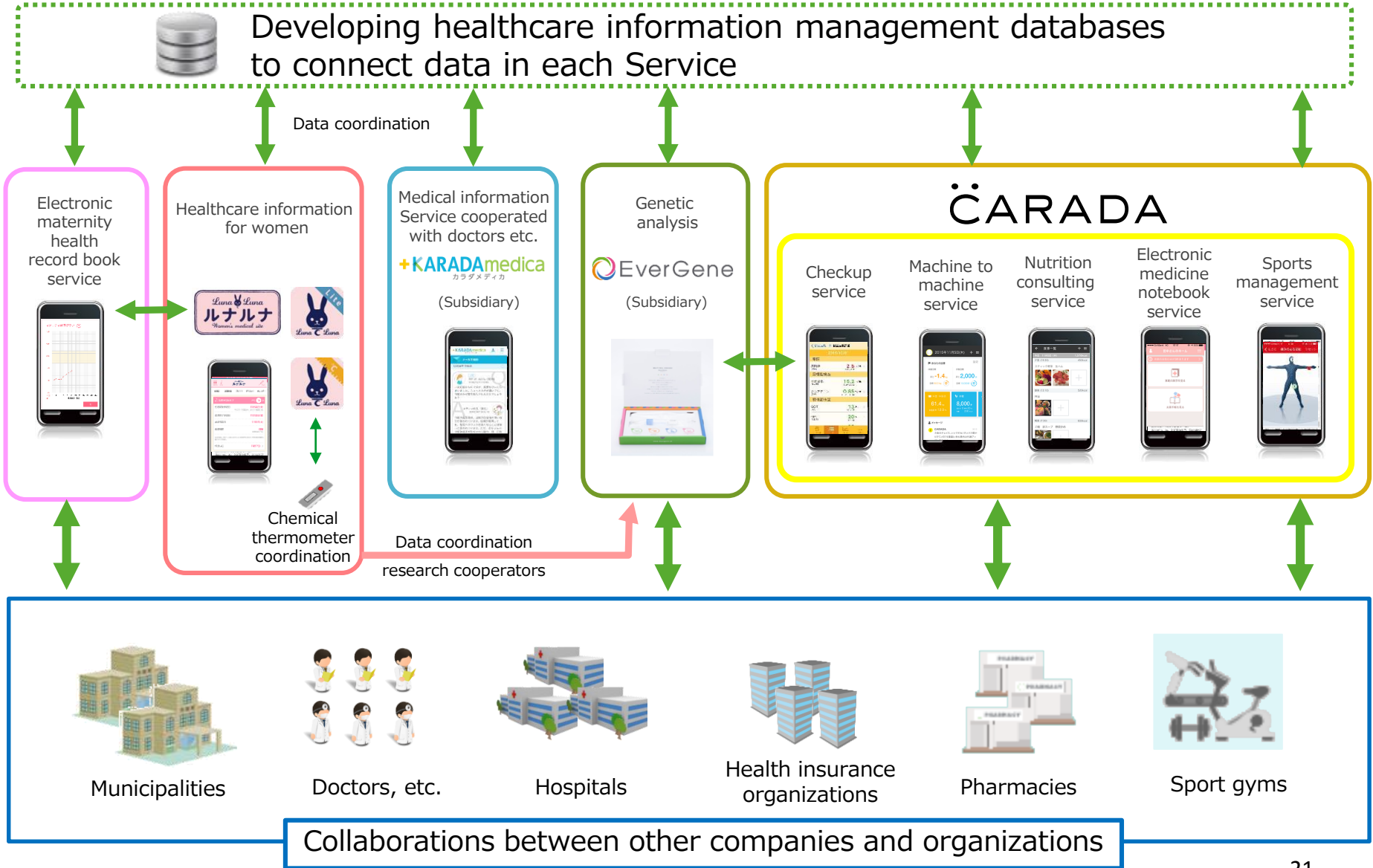


Electronic medicine notebook service

Collaboration with Seishu Link (Kinokuni medical cooperation network)



[Reference] Overview of Healthcare-related to Service



Consolidated Earnings Forecast for FY2017





Decrease in sales and profits

- Decrease in the total number of paying subscribers from the previous fiscal year
- Decreases in sales and profits in the Non-virtual Affiliate business

Net sales **¥32,000 millions**

(Down ¥844 millions, down ¥2.6%, YoY)

Operating income **¥4,060 millions**

(Down ¥1,295 millions, down ¥24.2%, YoY)

Profit attributable to owners of parent **¥2,500 millions**

(Down ¥817 millions, down ¥24.6%, YoY)

Consolidated Earnings Forecast ii)



(Millions of yen)	FY2017 (Forecast)			FY2016 (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	32,000	15,500	16,500	32,844	16,994	15,849	(844)	(2.6%)
Cost of sales	5,800	2,800	3,000	5,353	2,635	2,718	+446	+8.3%
Selling, general and administrative expenses	22,140	10,970	11,170	22,135	11,870	10,265	+4	+0.0%
Operating income	4,060	1,730	2,330	5,355	2,489	2,866	(1,295)	(24.2%)
(Ratio)	12.7%	11.2%	14.1%	16.3%	14.6%	18.1%		
Ordinary income	4,000	1,700	2,300	5,310	2,434	2,876	(1,310)	(24.7%)
(Ratio)	12.5%	11.0%	13.9%	16.2%	14.3%	18.1%		
Profit attributable to owners of parent	2,500	1,100	1,400	3,317	1,425	1,892	(817)	(24.6%)
(Ratio)	7.8%	7.1%	8.5%	10.1%	8.4%	11.9%		

Capital Policy





**We harmonize steadily increases
our sales and income and share buybacks.**

In FY2017

Annual dividends per share ¥16

	Interim dividend	Year-end dividend	Annual dividend
FY2016	¥8	¥8 (Planned)	¥8 (Planned)
FY2017 (Forecast)	¥8	¥8	¥16

※ A Dividend at the end of FY2016 are to be referred to the 21th general shareholders' meeting on December 23, 2016.



Acquisition of Own Shares by Stock Company

- 1** Amount of shares to be repurchased: Maximum of 1,000 millions of yen^{*1}
- 2** Number of shares to be repurchased: Maximum of 1,600,000 shares
2.9% of outstanding shares
(excluding treasury shares)^{*2}
- 3** Repurchase period: From November 2 to December 22, 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 September 30, 2016: 55,623,972 shares, Treasury shares: 4,925,228



Thank you very much for today.

MTI Ltd.

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