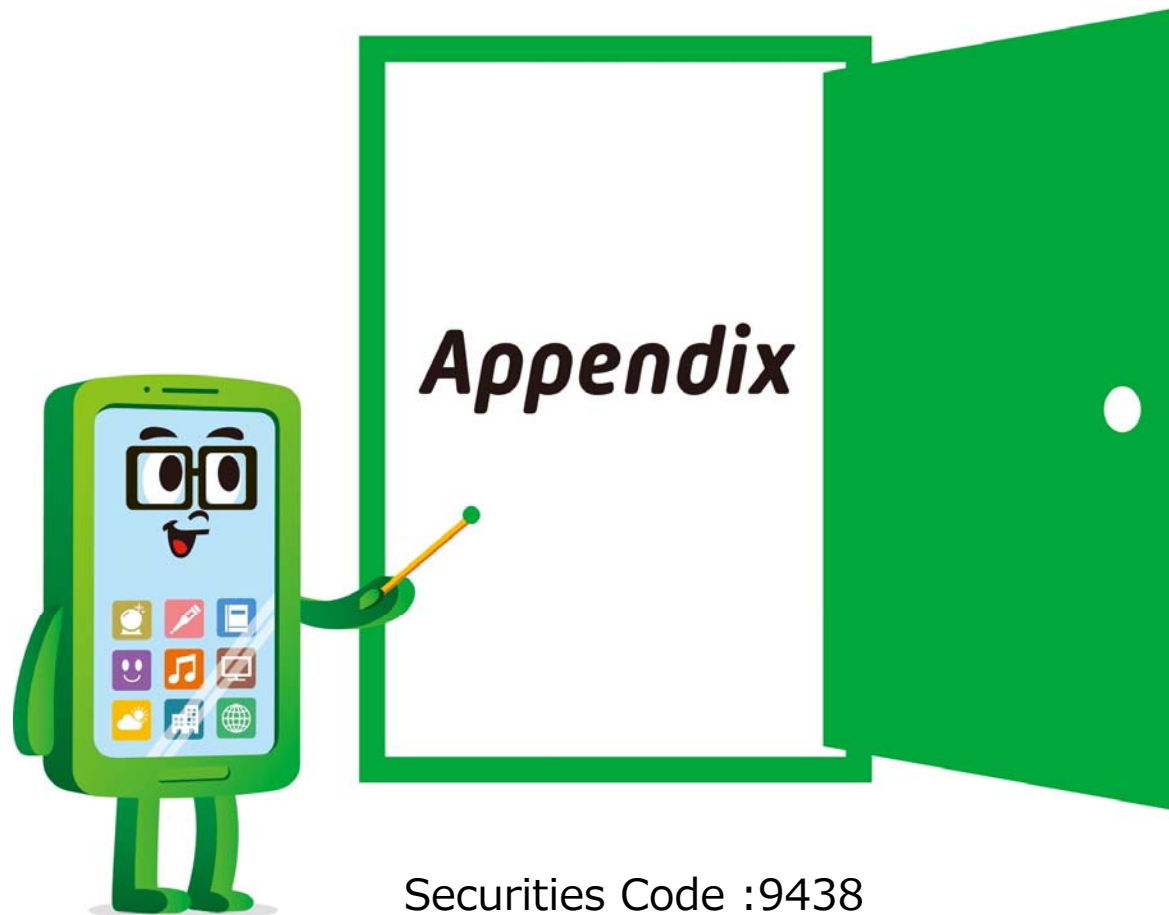


MTI Ltd.

Financial Results Briefing FY2016

November 1, 2016

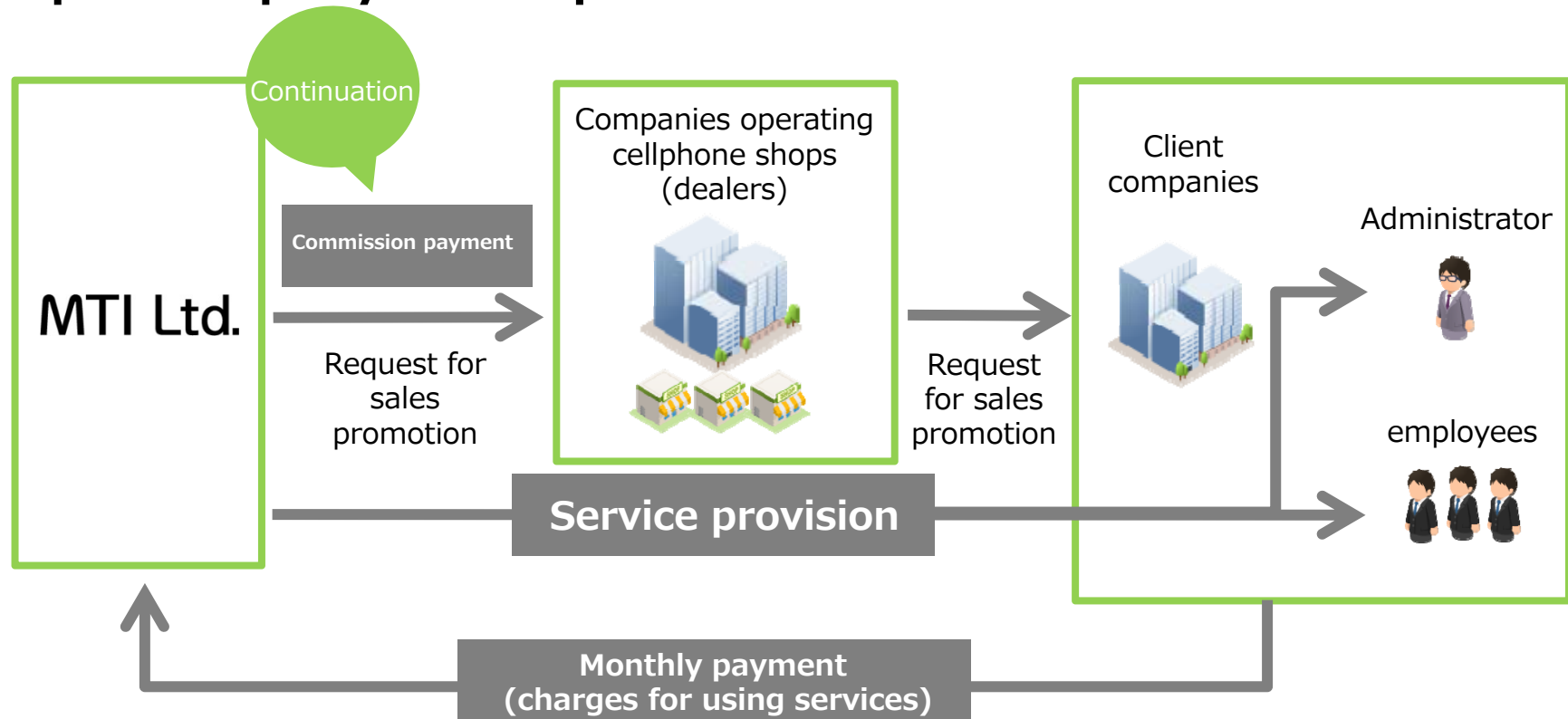


Securities Code :9438

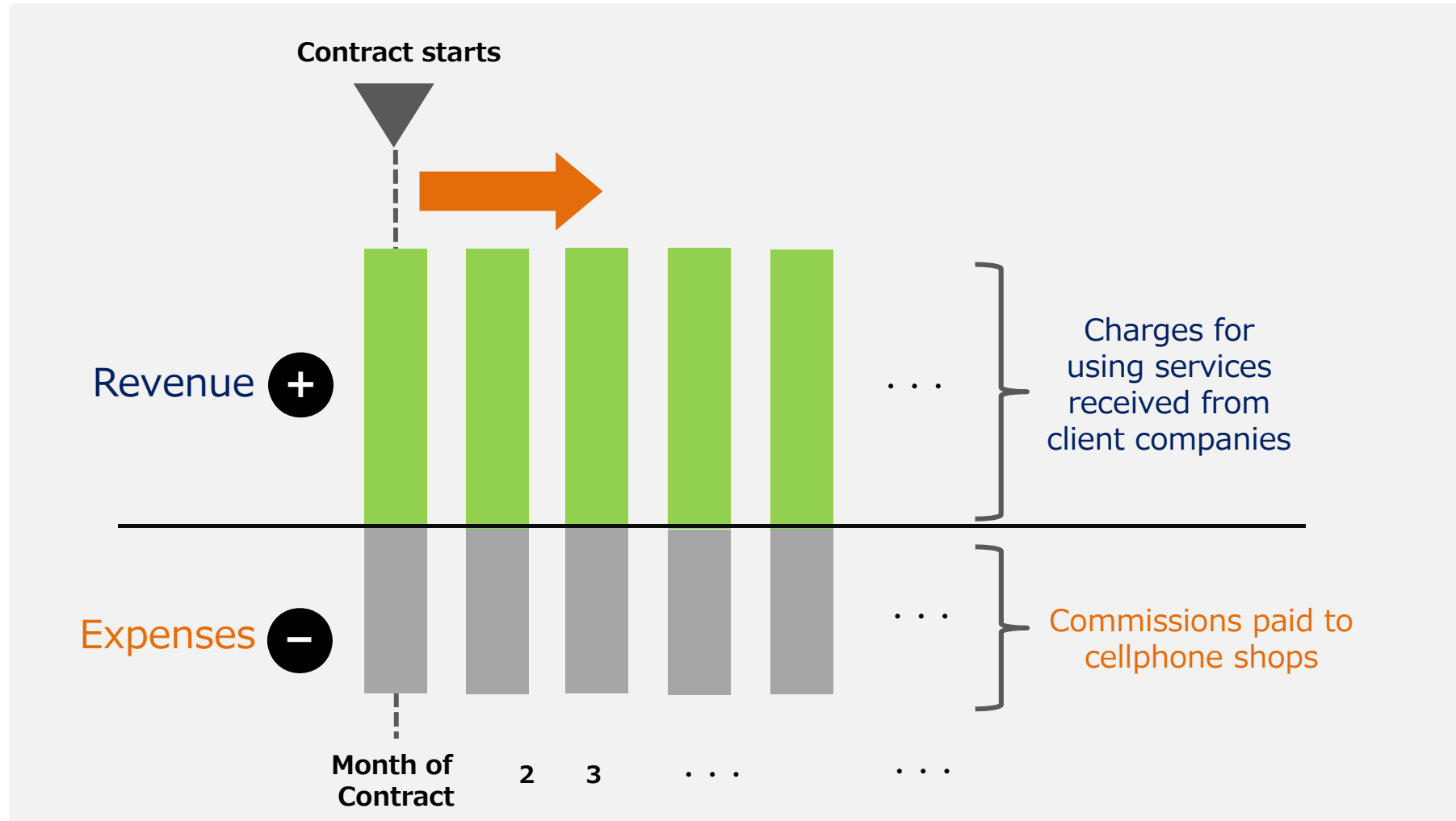
["CARADA" packaged service] Business Model



- ▶ **B to B to E** ※E: Employee
- ▶ **Stock-type business**
- ▶ **Number of contracts × Number of employees using per company × unit price × 12months = Sales**



["CARADA" packaged service] Revenue Model



["CARADA" packaged service] Service Overview



QR code-compatible checkup results available for accessing at any time !

1

Bring your smartphone closer



2

Enter it into your smartphone



3

Know your health status



["CARADA" packaged service] Service Overview



Option ["CARADA MY Nutrition Advisor"]

Effects continue securely for ¥20,000 a month !

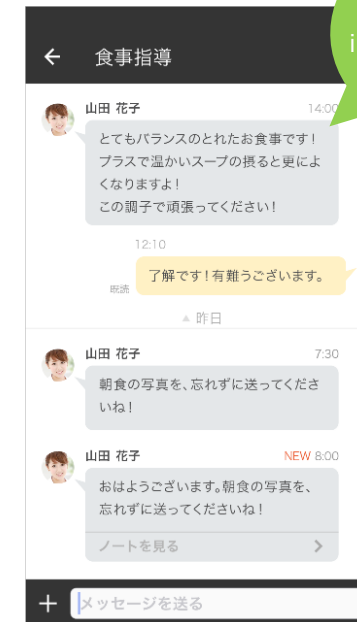
1 Take a photo
before you eat



2 Send the photo
to a nutritionist



3 Receive coaching

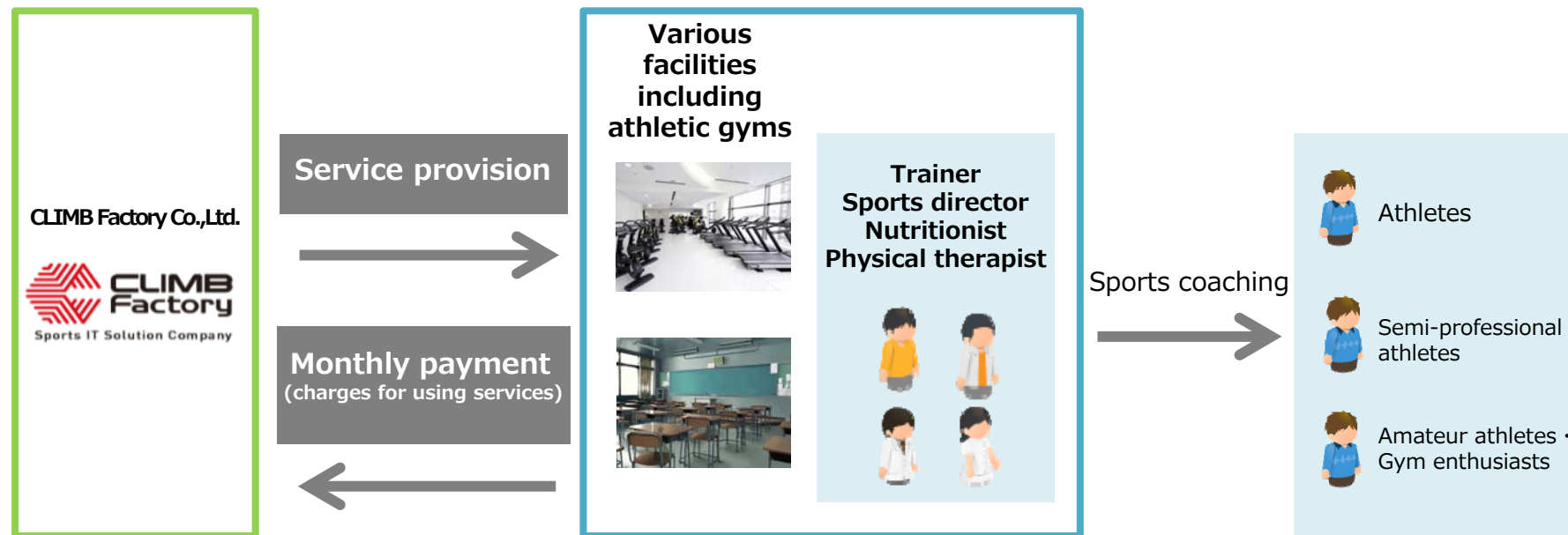


A nutritionist
provides
instructions by
way of chats

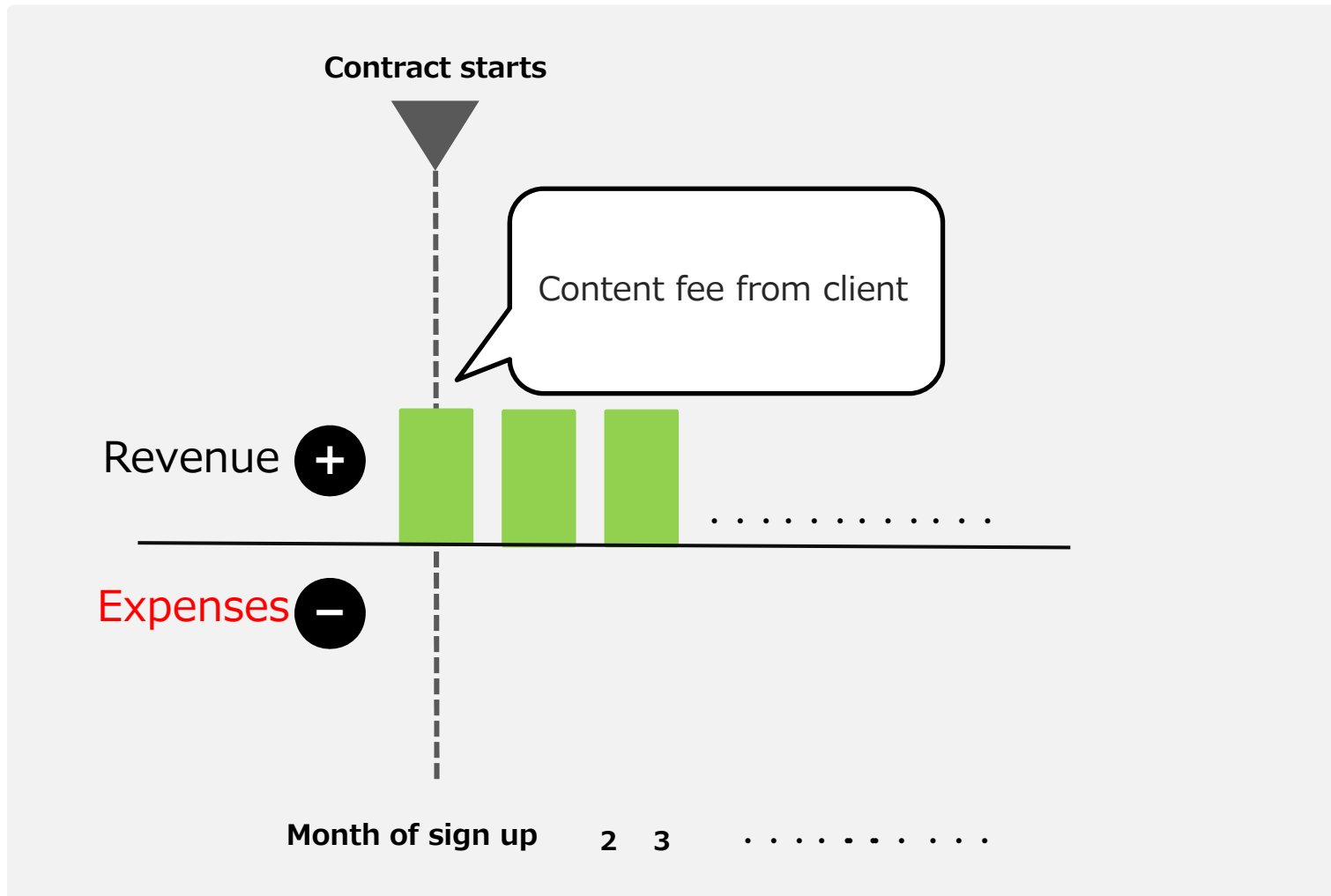
【Sports management service】 Business Model



- ▶ **B to B to C**
- ▶ **Stock-type business**
- ▶ **Number of contracts × Number of employees using per company × unit price × 12months = Sales**

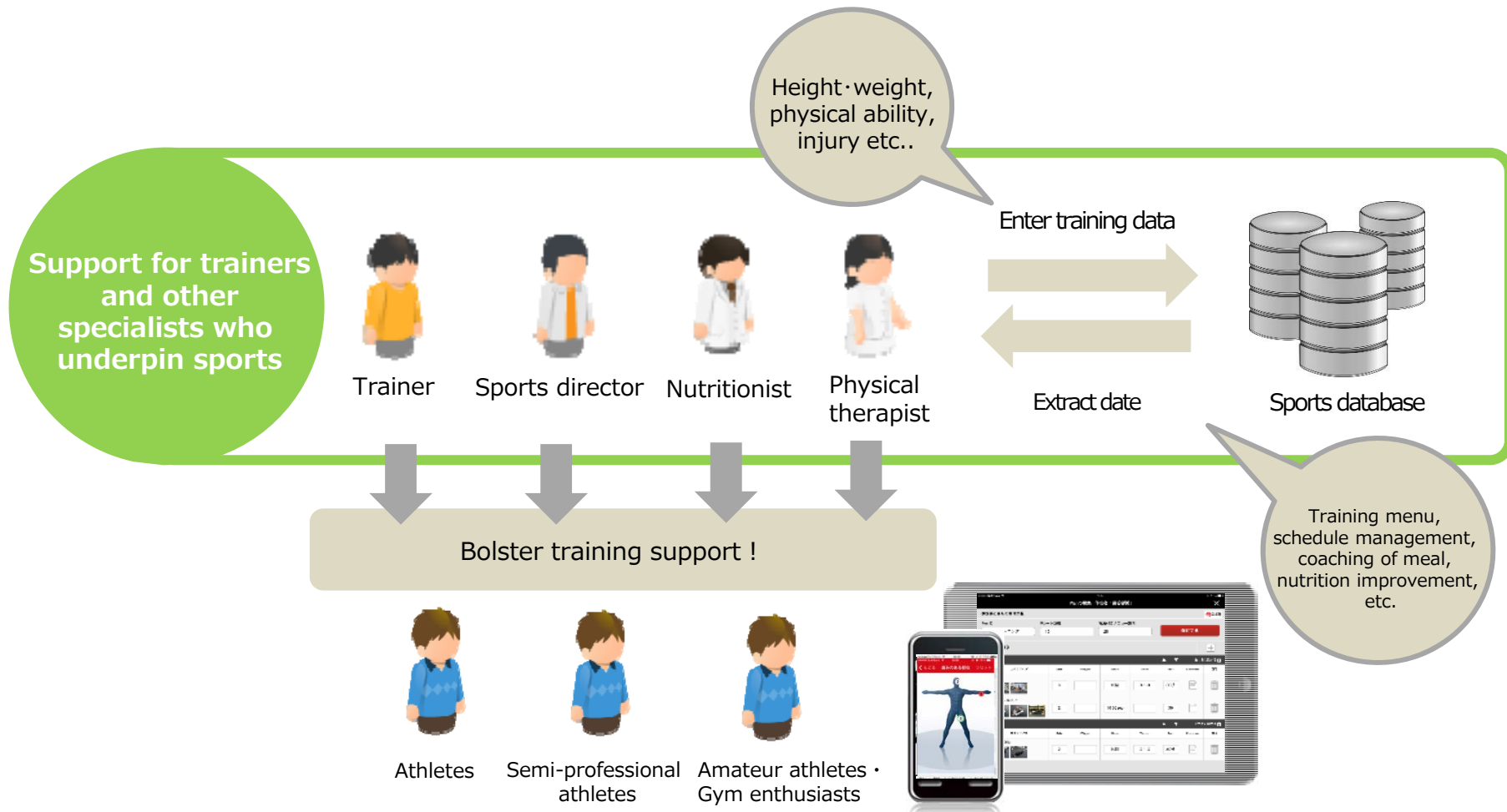


【Sports management service】 Revenue Model





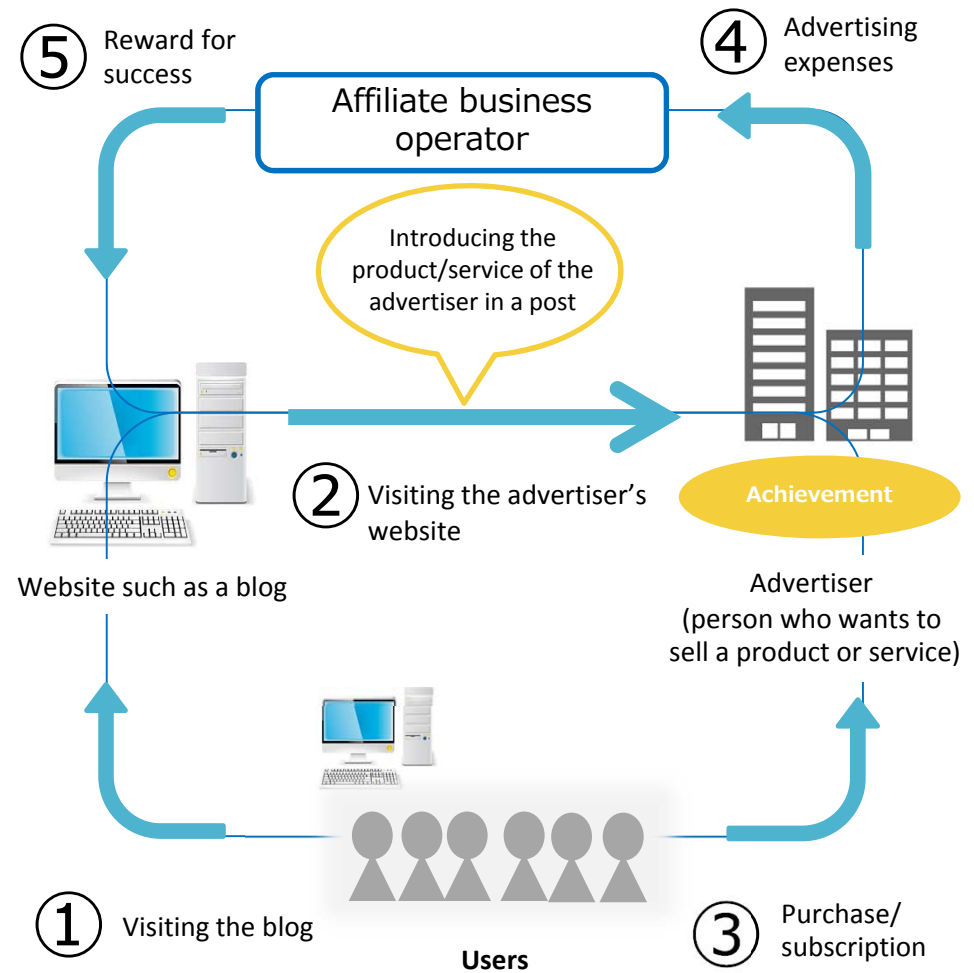
Expansion of trainer support services



What's "Affiliate"?



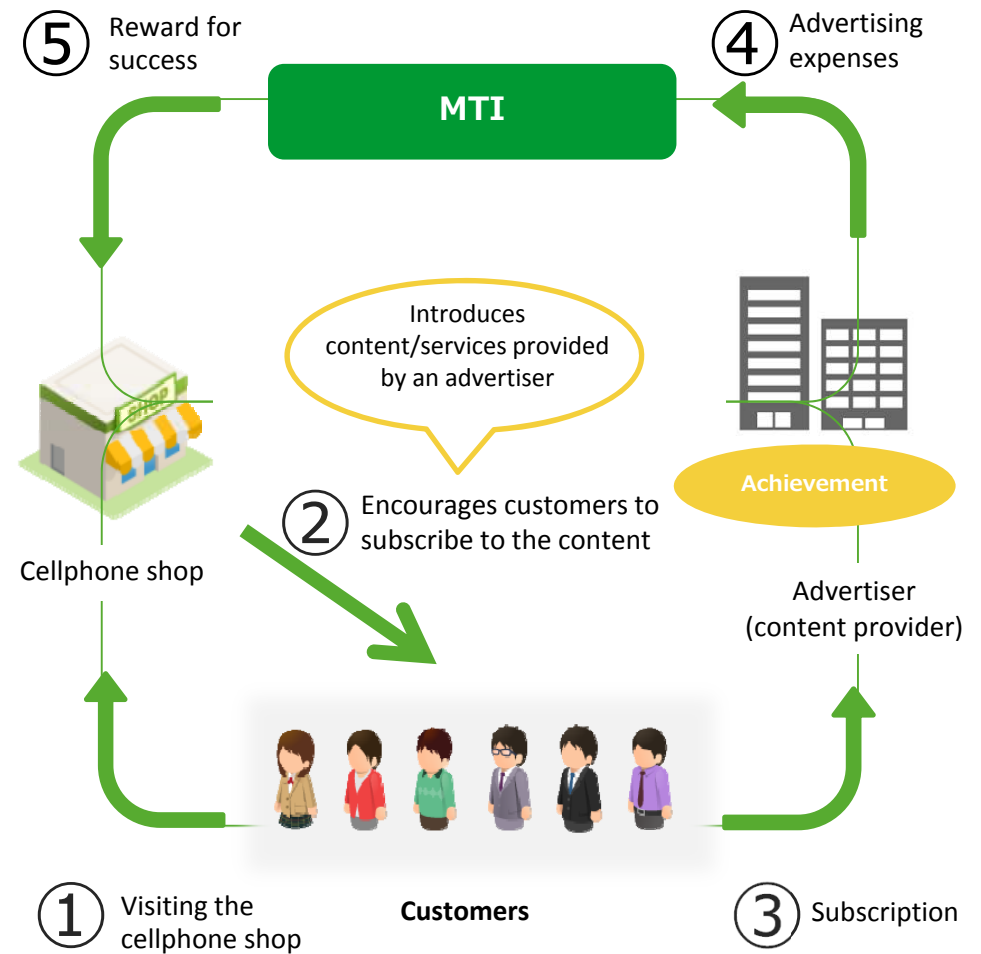
The term "affiliate" is a frequently used term in internet advertising. It is a system whereby if the introduction of a product or service on a website, such as a blog, is successful (e.g. a user purchases the product), the operator of the website receives a reward.



What's "Non-virtual Affiliate"?



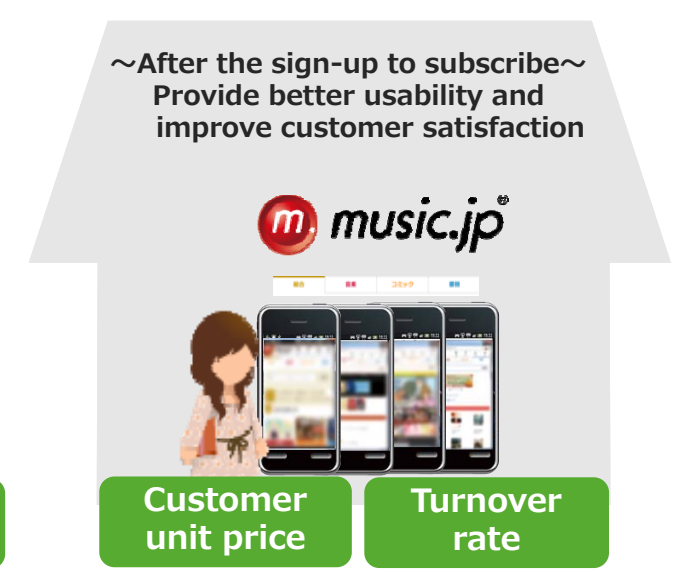
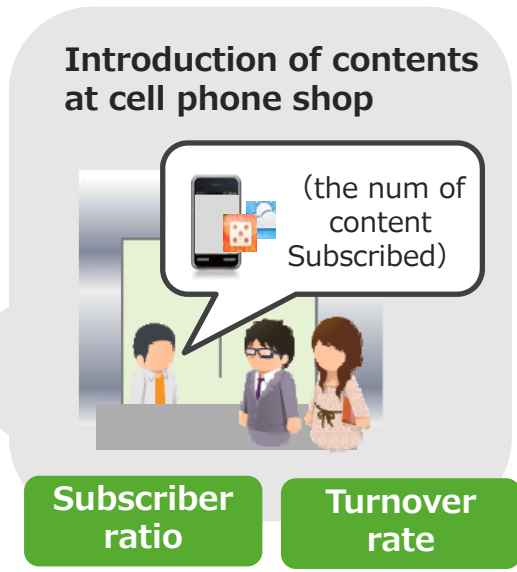
Non-virtual affiliate is an internet advertising system as applied to cellphone shops as physical locations. Under this system, cellphone shops encourage customers visiting them to subscribe to particular content, and if a customer actually subscribes to the content, the cellphone shop receives a reward.



【 Content Distribution Business 】 Improvement of Index



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	×	Subscriber ratio	×	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 - Turnover 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)

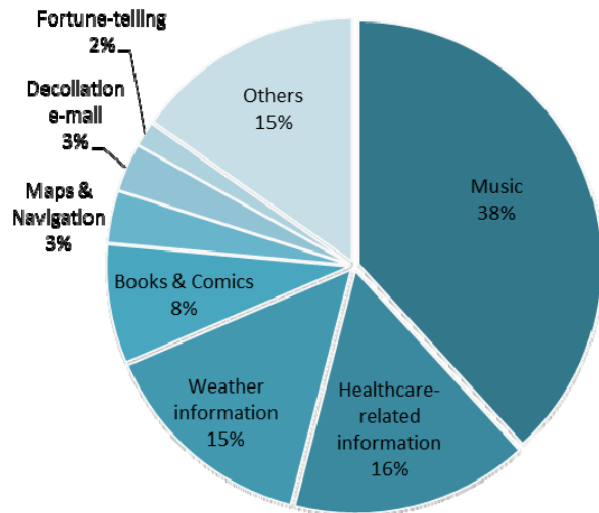
* 2 Content subscribed: the number of subscribed contents per

【Content Distribution Business】 Major Service



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

MTI monthly paying subscribers
(As of the end of September, 2016)

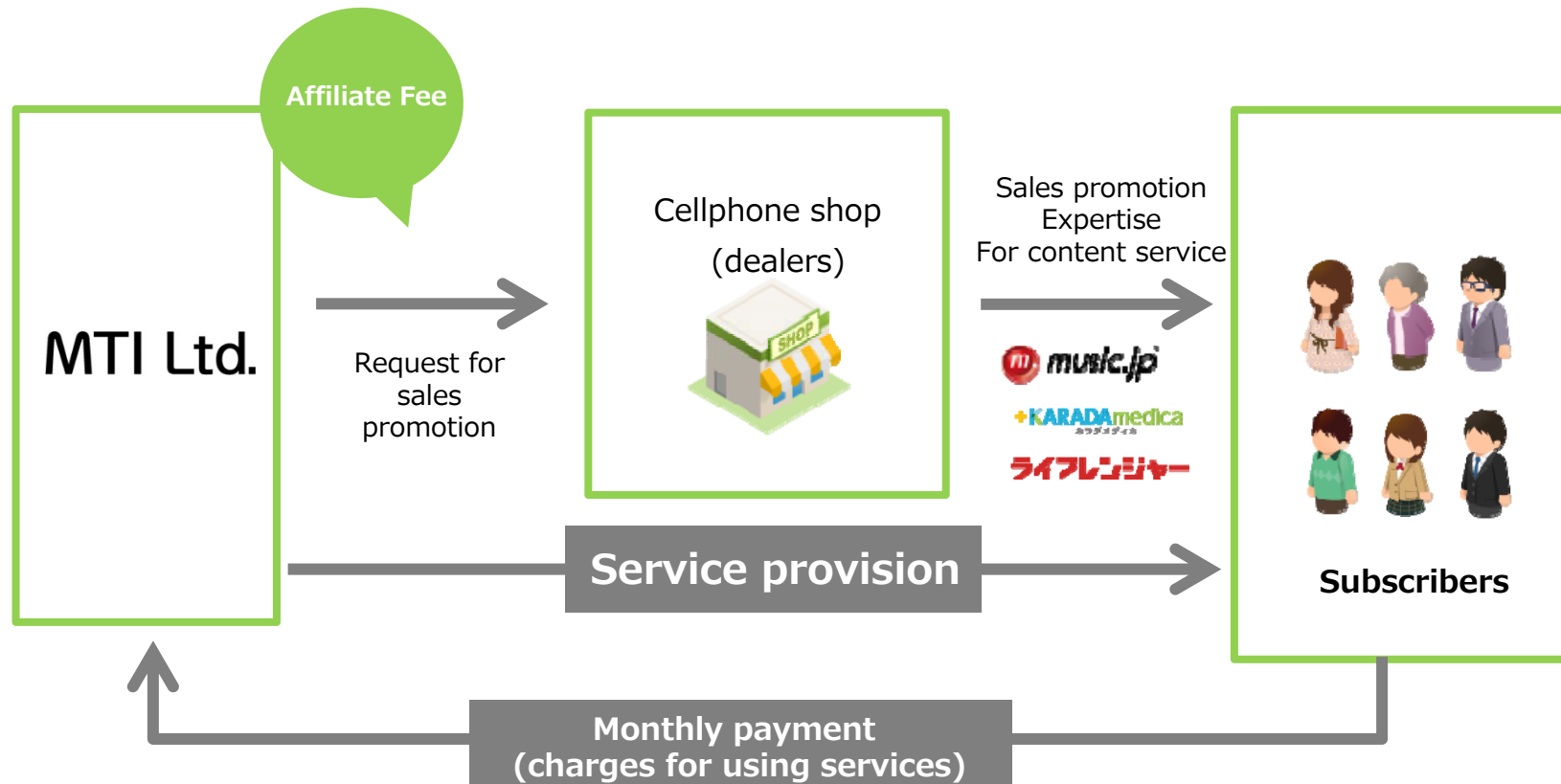


<p>Music</p> <p>music.jp</p>	<p>Healthcare-related information</p> <p>ルナルナ ファミリー</p> <p>+KARADAMEDICA カラダメディカ</p>	<p>Weather information</p> <p>ライフレンジャー天気</p>	<p>Books & Comics</p> <p>music.jp yomel.jp</p> <p>PhotoBook cafe</p> <p>GettyImages</p>	<p>Maps & Navigation</p> <p>ライフレンジャーナビ</p>	<p>Fortune-telling</p> <p>今日の運勢DX</p>
				<p>Decollation e-mail</p> <p>おとこ★おんな</p>	<p>Others</p> <p>旺文社辞典 for iPad/iPhone</p> <p>パスル</p>

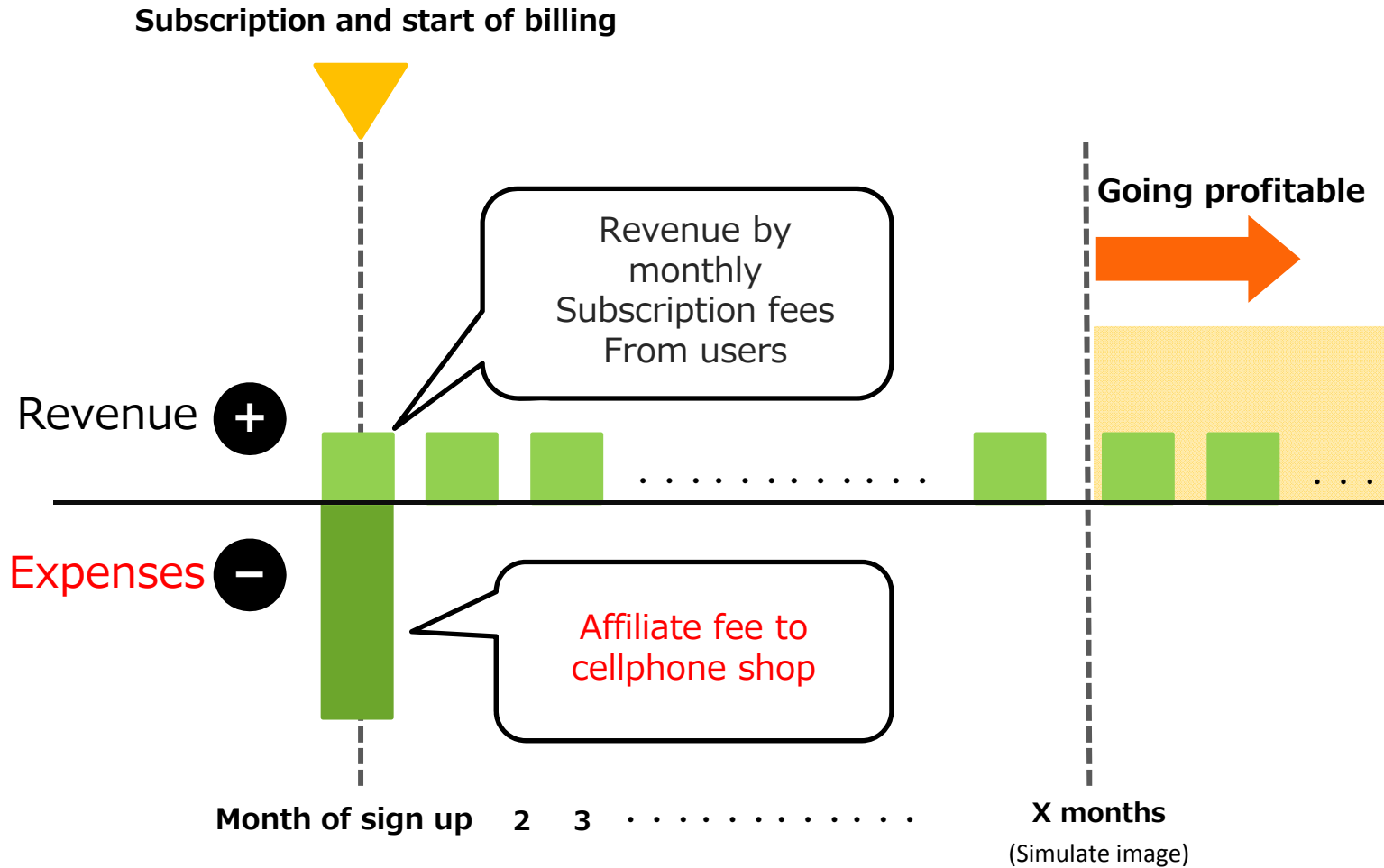
【Content Distribution Business】 Business Model



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



【Content Distribution Business】 Profit and Loss Model



【Non-virtual Affiliate Business】 Improvement of Index



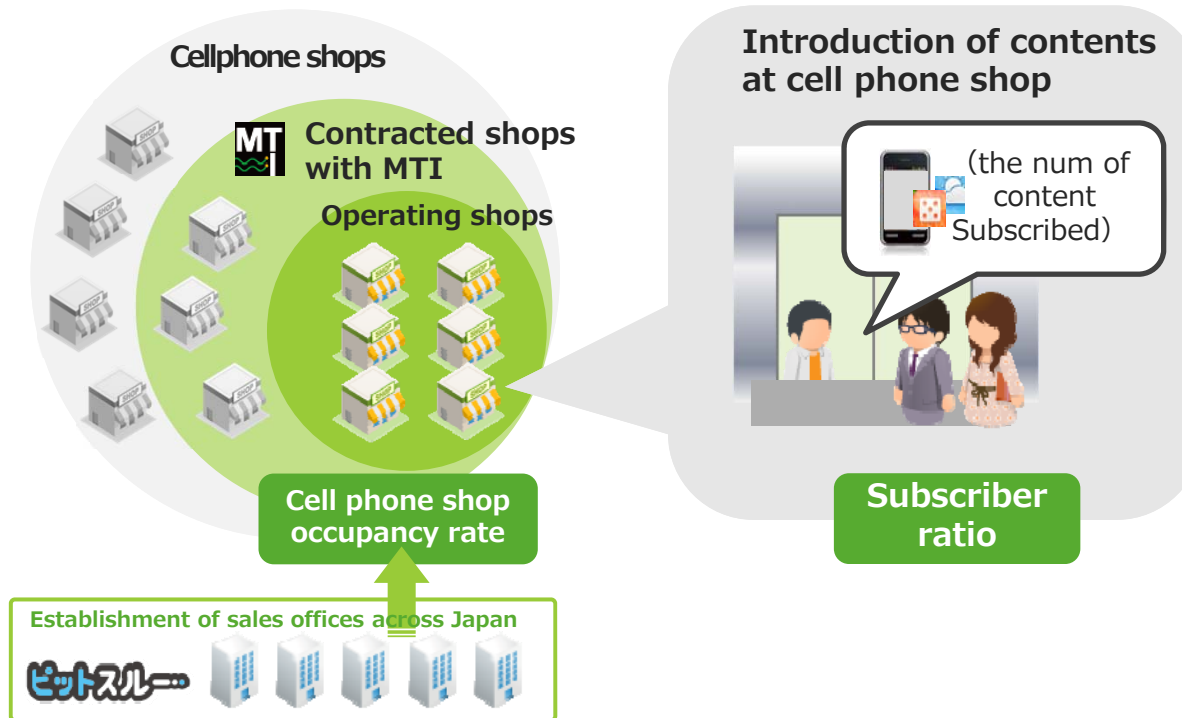
Construction of a detailed sales support system

The number of new subscribers

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

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)

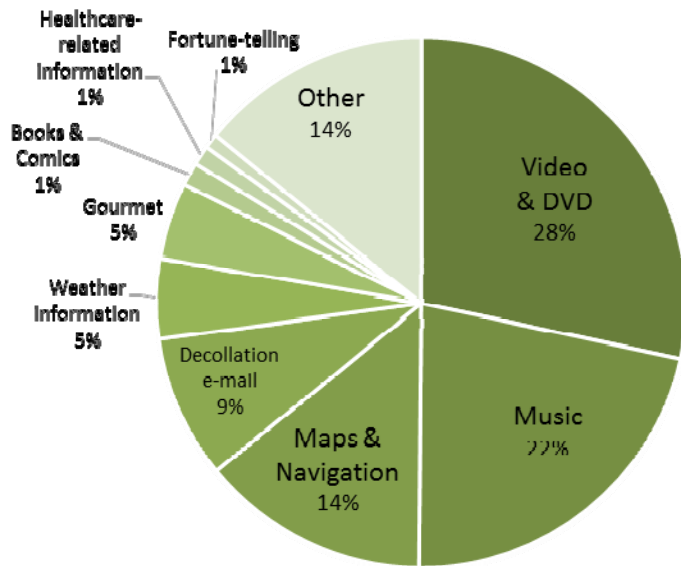
* 2 Content subscribed: the number of subscribed contents per

【Non-virtual Affiliate Business】 Major Service



Other companies' content service proposed at mobile phone shops

Total number of new paying subscribers by categories (October, 2015 – September, 2016)



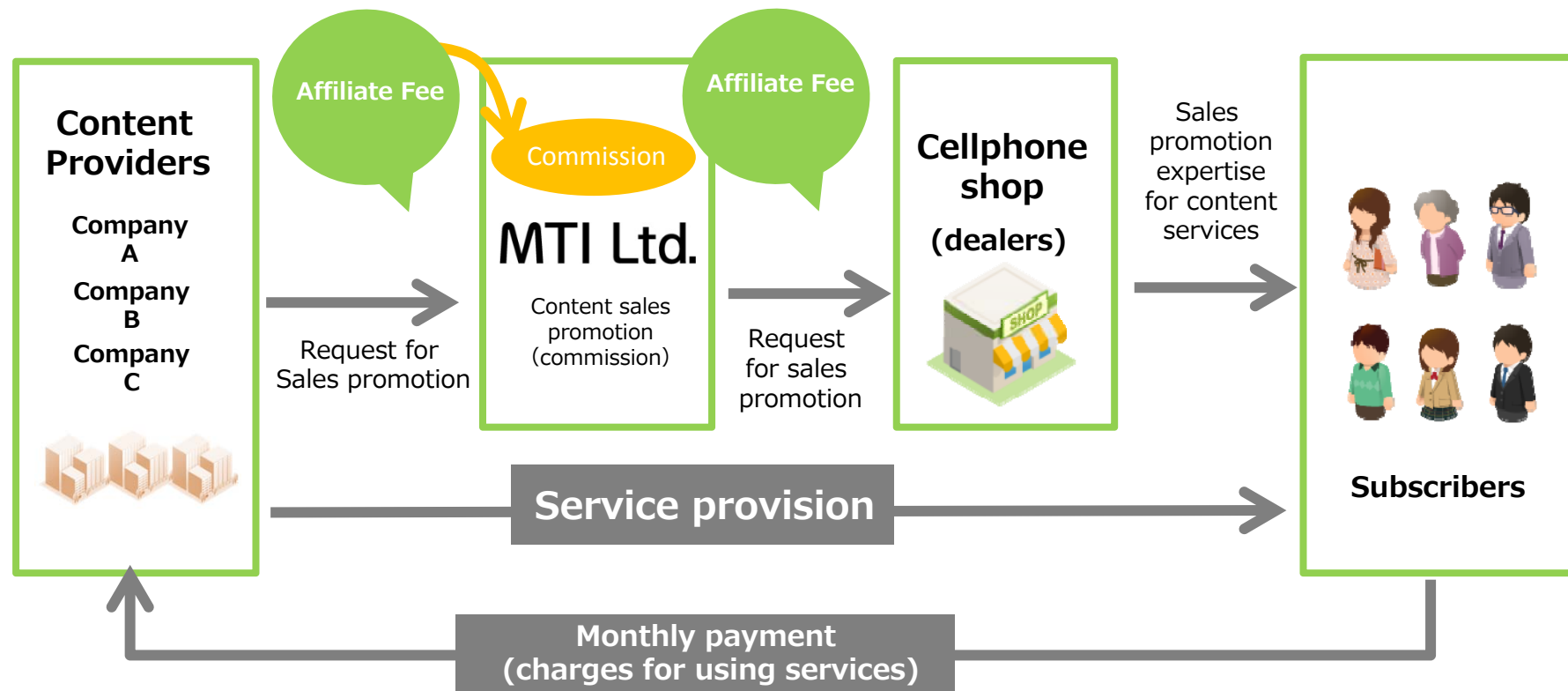
<p>Video & DVD</p> <p><i>Video Market, Inc.</i> (Our affiliated Company)</p>	<p>Music</p>	<p>Maps & Navigation</p>	<p>Decollation e-mail</p>
	<p>Gourmet</p>	<p>Books & Comics</p>	<p>Weather info</p>

※Other companies' content pictures are only images. These are differs from their actual service.

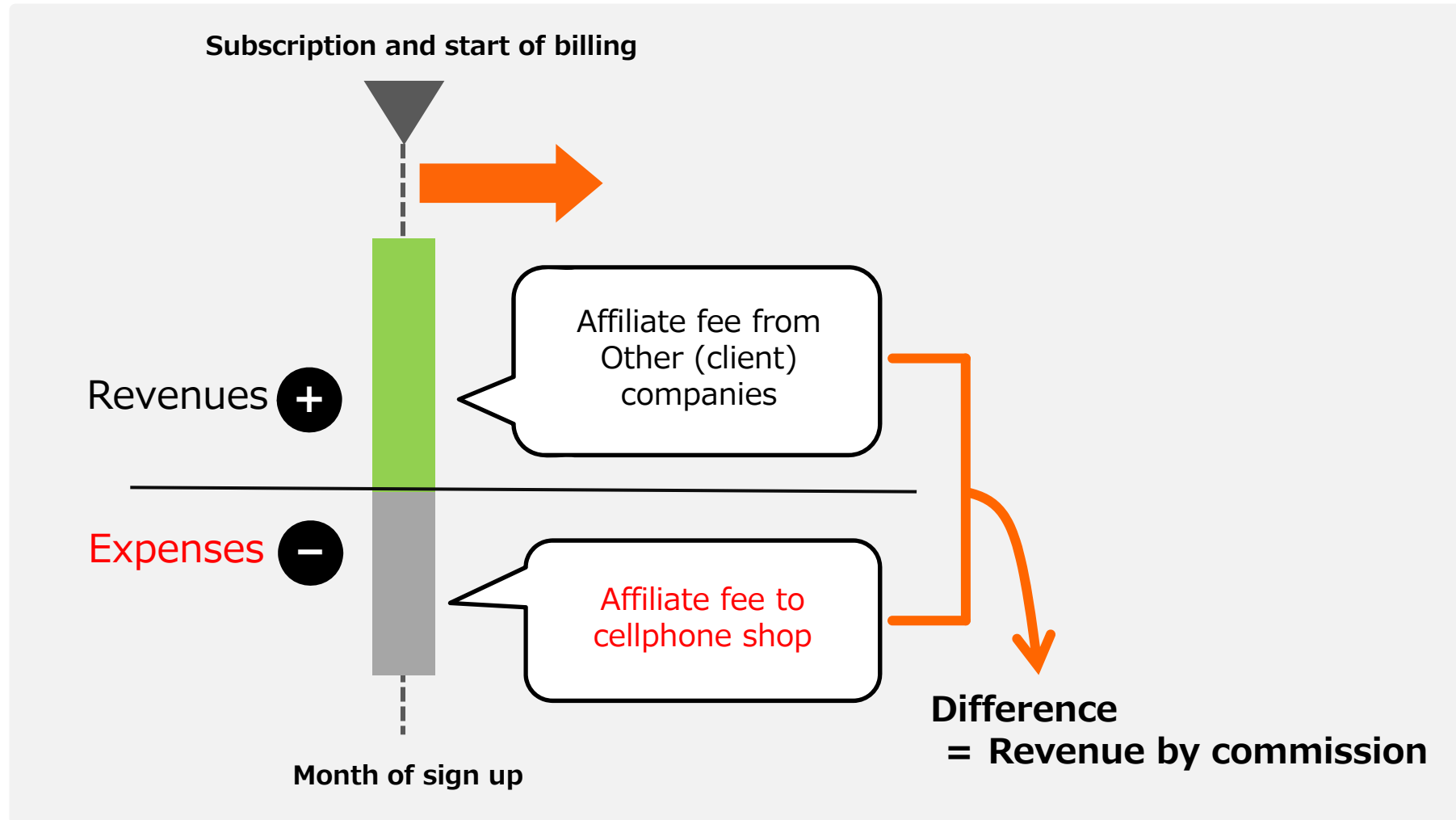
【Non-virtual Affiliate Business】 Business Model



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



【Non-virtual Affiliate Business】 Profit and Loss Model



Consolidated B/S



(Millions of yen)

	FY2016	FY2015	Change		FY2016	FY2015	Change
Current assets	20,051	20,211	(159)	Liabilities	6,148	7,193	(1,044)
Cash and deposit	12,613	11,608	1,004	Accounts payable-trade	1,177	1,179	(2)
Notes and accounts receivable-trade	6,163	6,885	(721)	Current portion of long-term loans payable	-	518	(518)
Other	1,339	1,788	(448)	Account payable-other	2,290	2,571	(281)
Allowance for doubtful accounts	(65)	(71)	5	Income taxes payable	1,343	1,354	(10)
				Allowance for coin usage	188	234	(46)
				Other	1,148	1,334	(185)
Non-current assets	5,102	4,526	575	Non-current liabilities	1,152	953	199
Property, plant and equipment	179	146	32	Long-term loans payable	-	79	(79)
Intangible fixed assets	2,504	2,277	226	Net defined benefit liability	1,099	832	266
Include software	2,462	2,254	207	Other	53	40	12
Investments and other assets	2,419	2,103	316	Total liabilities	7,301	8,147	(845)
Include investment securities	1,054	796	258	Capital stock	5,012	4,947	64
				Capital surplus	5,834	5,469	365
				Retained earning	8,727	6,300	2,427
				Treasury shares	(2,148)	(695)	(1,453)
				Accumulated other comprehensive income	(119)	12	(132)
				Subscription rights to shares	132	127	5
				Non-controlling interests	414	429	(14)
				Net assets	17,852	16,591	1,261
Total Assets	25,154	24,738	415	Total liabilities and net assets	25,154	24,738	415

Trends in Consolidated P/L



(Millions of yen)	FY2015				FY2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	8,209	8,410	8,261	8,579	8,547	8,447	7,924	7,924
Cost of sales	1,343	1,322	1,281	1,491	1,362	1,272	1,294	1,424
Gross profit	6,865	7,088	6,979	7,088	7,184	7,175	6,630	6,500
(Ratio)	83.6%	84.3%	84.5%	82.6%	84.1%	84.9%	83.7%	82.0%
Selling, general and administrative expenses	5,532	6,313	5,559	6,371	6,062	5,807	4,734	5,530
Operating income	1,333	774	1,420	717	1,121	1,367	1,896	969
(Ratio)	16.2%	9.2%	17.2%	8.4%	13.1%	16.2%	23.9%	12.2%
Ordinary income	1,315	719	1,405	704	1,117	1,317	1,894	981
(Ratio)	16.0%	8.5%	17.0%	8.2%	13.1%	15.6%	23.9%	12.4%
Profit attributable to owners of parent	761	327	855	663	697	727	1,195	696
(Ratio)	9.3%	3.9%	10.4%	7.7%	8.2%	8.6%	15.1%	8.8%

Trends in Consolidated SG&A



(Millions of yen)	FY2015				FY2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total	5,532	6,313	5,559	6,371	6,062	5,807	4,734	5,530
Advertising expenses	2,021	2,680	1,795	2,580	2,532	2,246	1,180	1,648
Personnel expenses	1,374	1,382	1,454	1,558	1,341	1,368	1,402	1,525
Commission fee	896	938	923	968	954	955	923	908
Subcontract expenses	350	331	344	299	374	384	314	382
Depreciation	353	341	314	309	298	303	316	354
Other	535	638	726	654	561	549	597	711



Thank you very much for today.

MTI Ltd

〈Contact us〉

Investor Relations Department

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MAIL: ir@mti.co.jp

www.mti.co.jp

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