

MTI Ltd.

**Financial Results Briefing
for Q1/FY2017**

January 31, 2017

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Financial Results Overview for Q1 FY2017

Financial Highlights

1 Results in the Q1

Net sales **¥7,637**million (Down ¥909million, Down**10.6%**, YoY)

Operating income **¥1,149**million (Up ¥27million, Up**2.4%**, YoY)

2 Good performance

in line with earnings forecast for H1 FY2017

Progress ratio to the H1 forecast

Net sales: **49.3%**

Operating income: **66.4%**

3 The number of paying subscribers of the smartphone

5.60 million subscribers

(Down 0.09 million compared to September 30, 2016)

Consolidated P/L

**Net sales declined,
and profits remained flat.**

(Millions of yen)

	FY2017 Q1	FY2016 Q1	Change	
			Amount	Percentage
Net sales	7,637	8,547	(909)	(10.6%)
Cost of sales	1,275	1,362	(87)	(6.4%)
Gross profit	6,362	7,184	(821)	(11.4%)
(Ratio)	83.3%	84.1%		
SG&A	5,213	6,062	(849)	(14.0%)
(Ratio)	68.3%	70.9%		
Operating income	1,149	1,121	+27	+2.4%
(Ratio)	15.0%	13.1%		
Ordinary income	1,125	1,117	+8	+0.7%
(Ratio)	14.7%	13.1%		
Profit attributable to owners of parent	677	697	(20)	(3.0%)
(Ratio)	8.9%	8.2%		

Consolidated SG&A

(Millions of yen)

	FY2017 Q1	FY2016 Q1	Change	
			Amount	Percentage
SG&A	5,213	6,062	(849)	(14.0%)
Advertising expenses	1,542	2,532	(990)	(39.1%)
Personnel expenses	1,395	1,341	+54	+4.0%
Commission fee	926	954	(28)	(2.9%)
Subcontract expenses	402	374	+28	+7.6%
Depreciation	374	298	+75	+25.2%
Other	572	561	+10	+1.9%

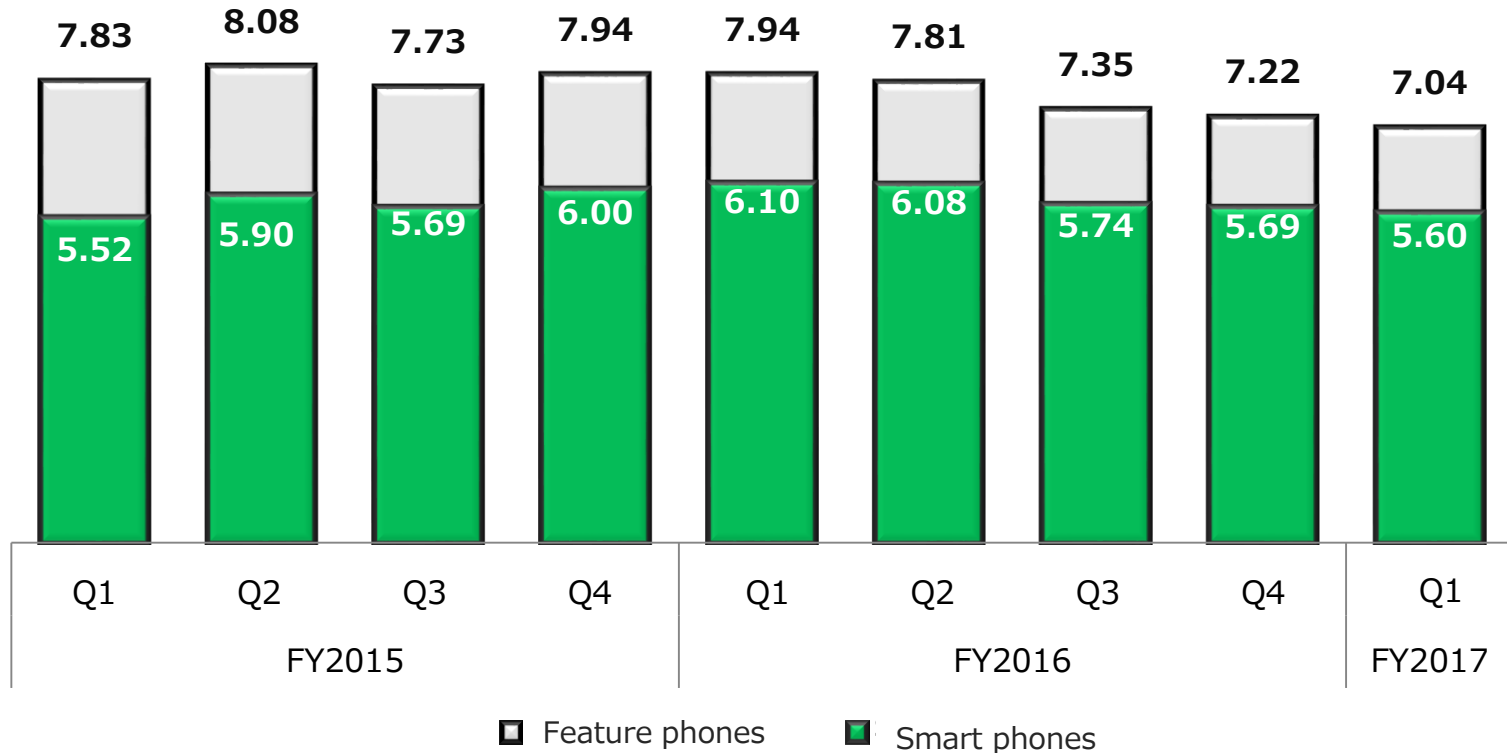
Business Overview i)

The number of paying subscribers of the smartphone

5.60 million subscribers

(Down 0.09 million compared to September 30, 2016)

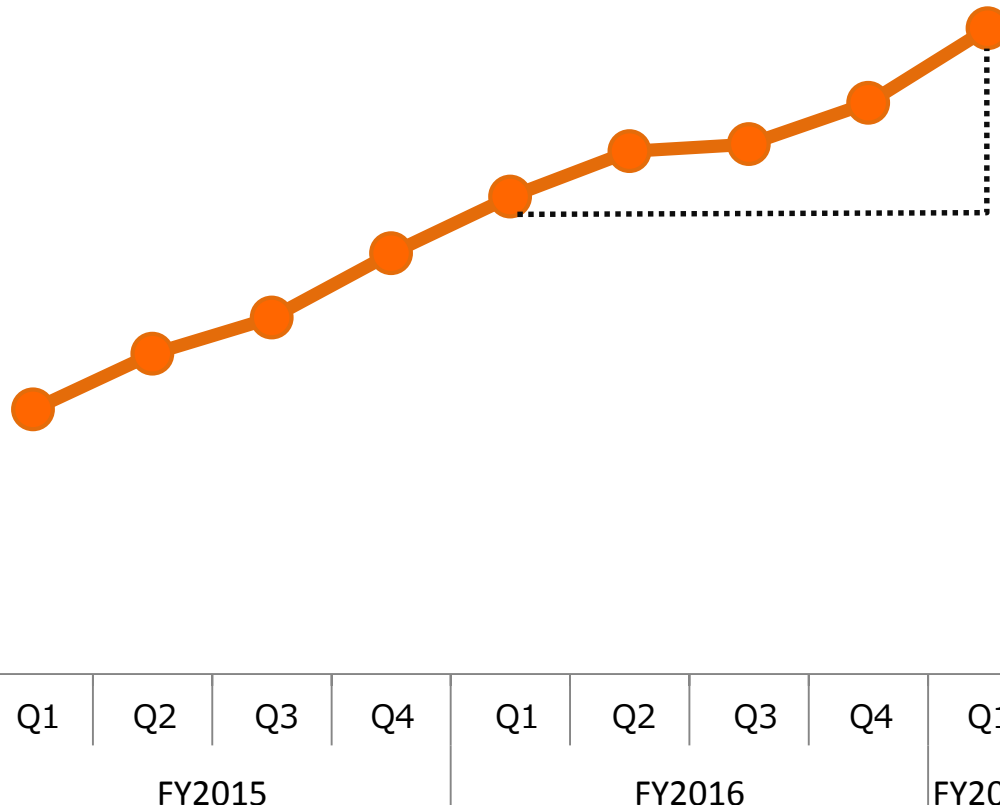
(Unit: Millions of people)



Business Overview ii)

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

Trends in ARPU of the paying subscribers for smartphones



YoY Change
¥11.0
UP!

Progress Relative to Consolidated Earnings Forecast

Performance remained steady.

(Millions of yen)

	FY2017 Q1	FY2017 H1	Progress ratio
	Actual	Forecast	
Net sales	7,637	15,500	49.3%
Operating income	1,149	1,730	66.4%
Ordinary income	1,125	1,700	66.2%
Profit attributable to owners of parent	677	1,100	61.6%

**New Approach
After
Q2 FY2017**

Basic Policy 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

1. Enhancement in the Non-virtual Affiliate Network

Expansion of tie-ups with MVNO operators



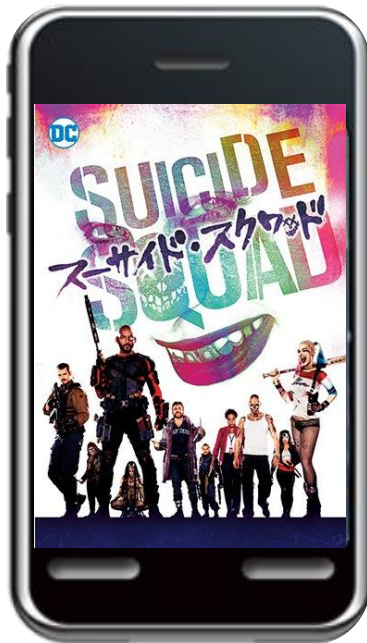
Made by JAPAN



2. Enlargement of Contents Service



Enhanced selection of new Hollywood movies



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characters and elements are trademarks
of and (C) DC Comics. (C) 2016 Warner
Bros. Entertainment Inc. and Ratpac-
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『X-MEN: アポカリプス』
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(C) 2016MARVEL.



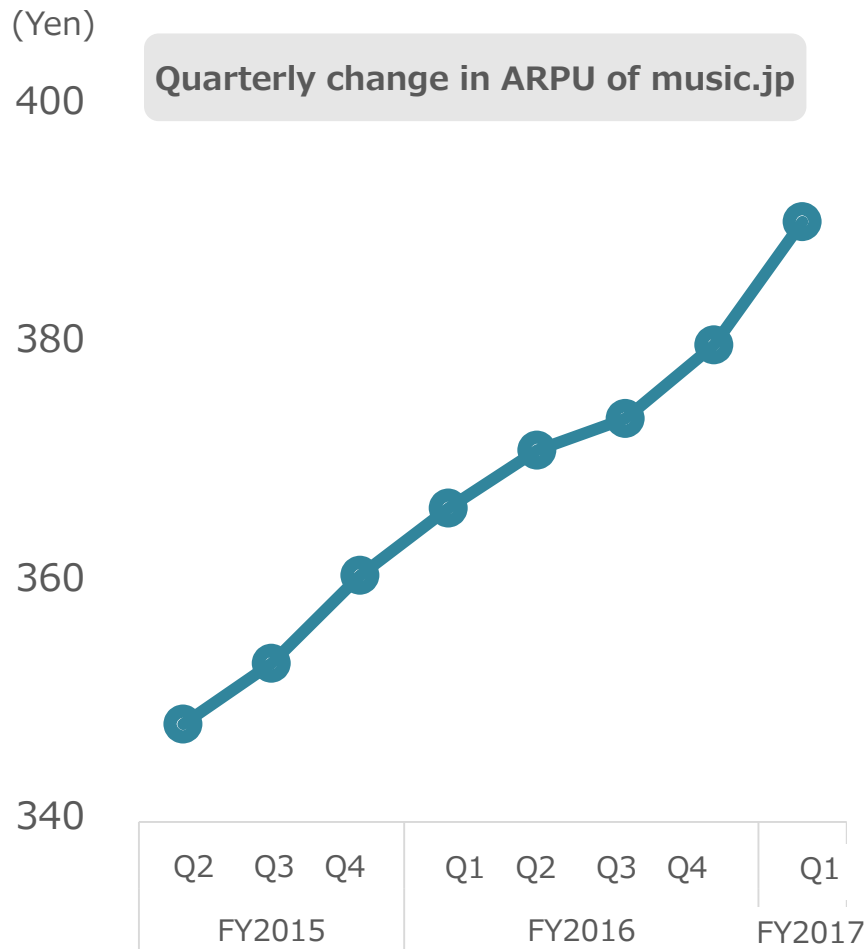
BATMAN V SUPERMAN: DAWN OF JUSTICE
and all related characters and elements are
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Warner Bros. Entertainment Inc. and
Ratpac-Dune Entertainment Inc. All Rights
Reserved.



(C) 2016 Twentieth Century Fox Film
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2. Enlargement of Contents Service

Ratios for service of higher fees increased.



¥1,000 per month

¥500 per month

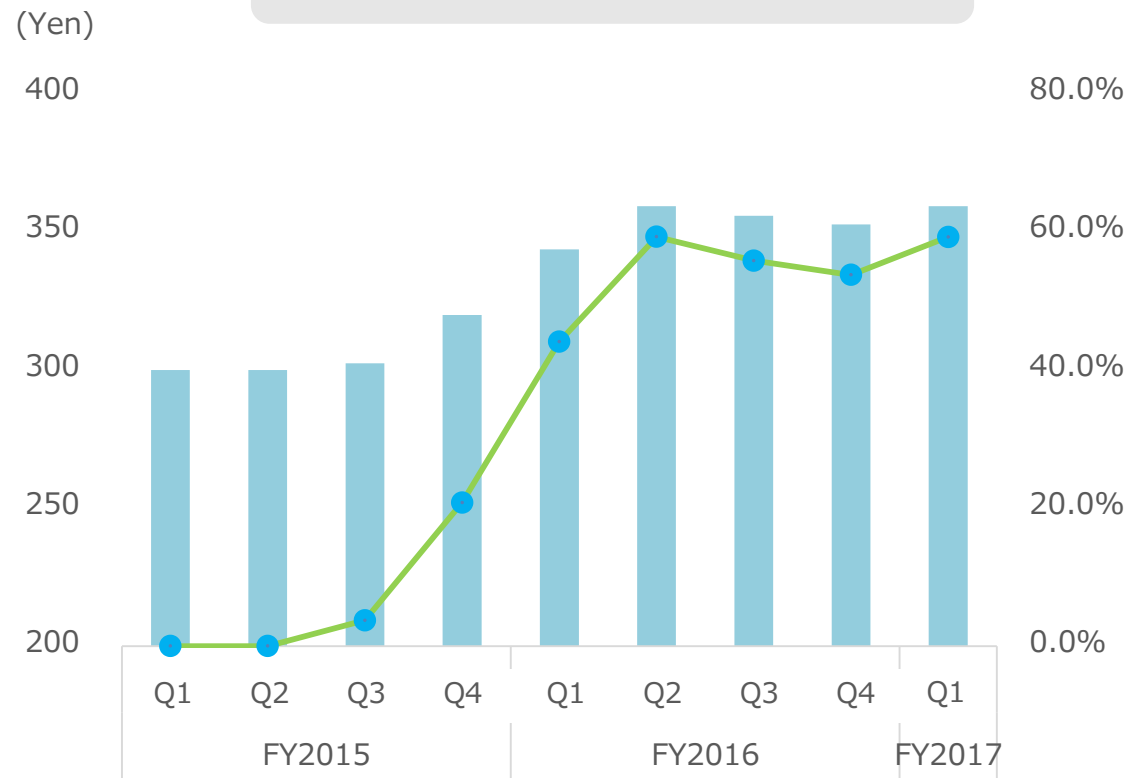
3. Phase to Achieve Sales for the Healthcare-related Service i)



We ask all doctors to call the medical licences.

Medical information service cooperated with doctors etc.

Ratios of ARPU and a 400-yen course per month



3. Phase to Achieve Sales for the Healthcare-related Service ii)- i



カラダのデータ イッカツカンリ

CARADA

Enhanced services

Check-up date



Pedometer · Calories



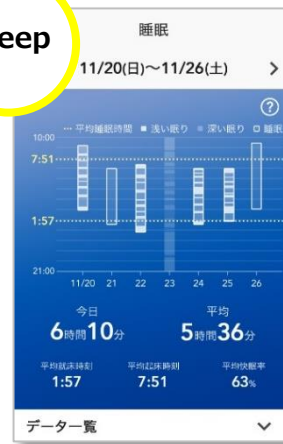
Body weight



Meal



Sleep



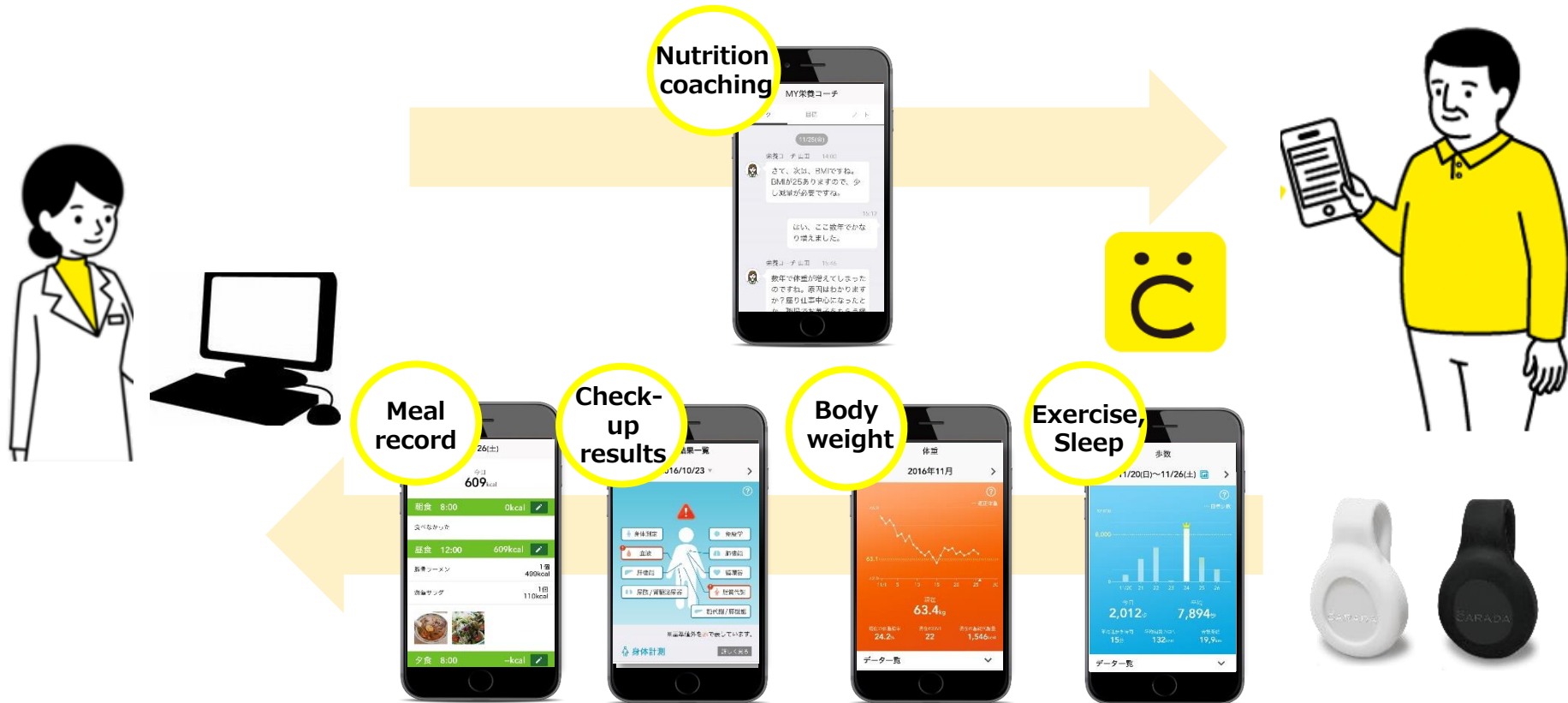
Blood pressure



*CARADA is a trademark or a registered trademark owned by MTI Ltd. or the license of which is owned by MTI Ltd.

3. Phase to Achieve Sales for the Healthcare-related Service ii)- ii

『CARADA MY Nutrition Advisor』



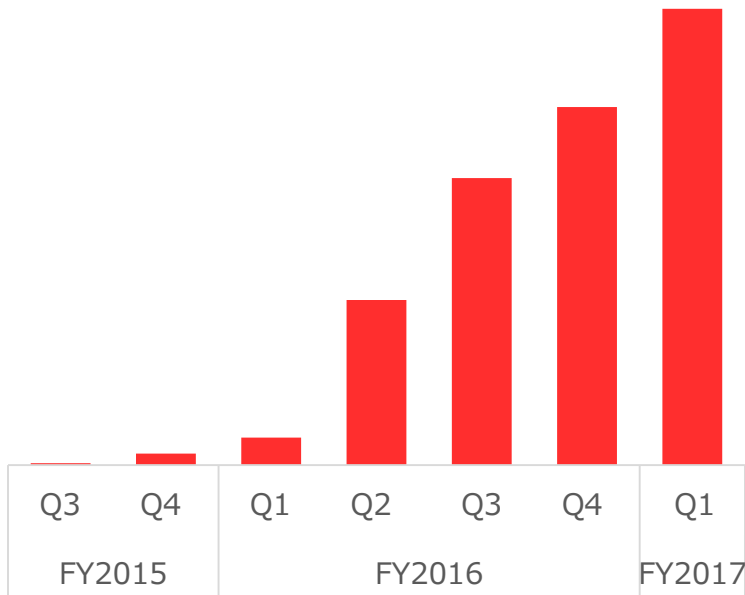
Checkup data and daily data registered in CARADA are checked to provide nutrition consultation suited for each individual.

3. Phase to Achieve Sales for the Healthcare-related Service iii)



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

The number of service contracts



Renewal of service!

Conditioning and communication tool that connect athletes and coaches.

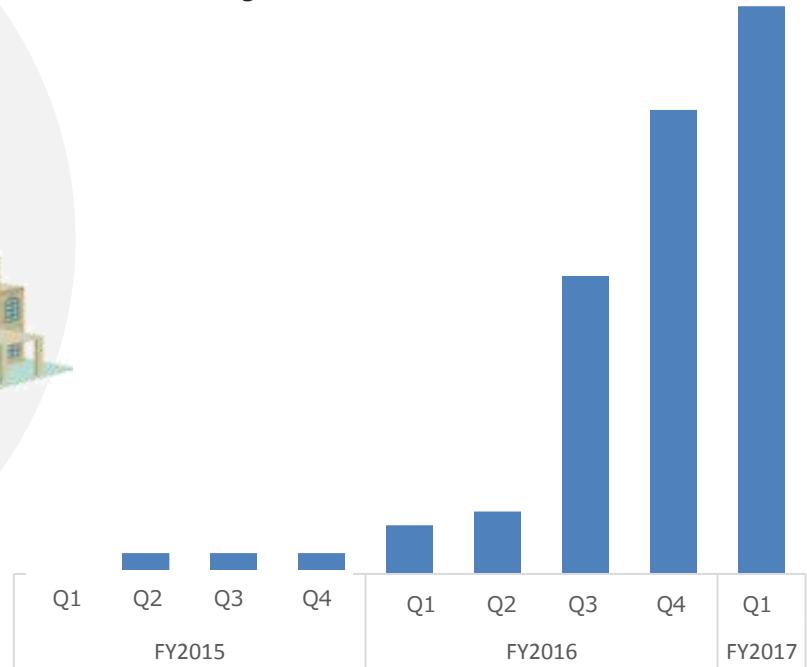
3. Phase to Achieve Sales for the Healthcare-related Service iv)

Electronic maternity health record book service
Introduction to municipalities make steady progress.

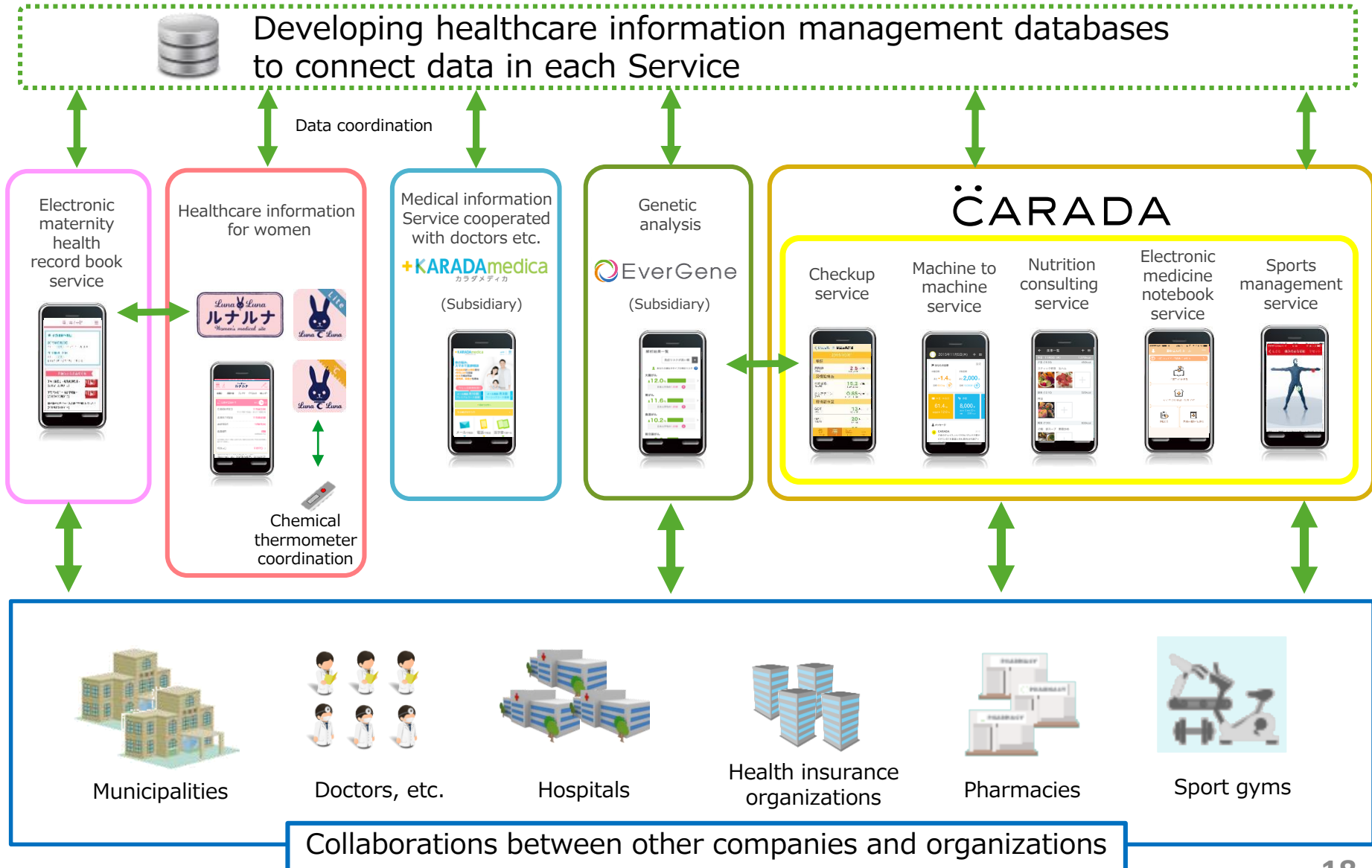


Cumulative total of orders received from local governments

*Including informal consent



【Reference】 Overview of Healthcare-related to Service



Capital Policy

Capital Policy

An acquisition of treasury stock in November and December 2016

The results:

Amount of shares to be repurchased : 999 millions of yen

Number of shares to be repurchased : 1,407,900 shares

Repurchase period : From November 2 to December 22, 2016

Total number of shares issued (excluding treasury shares)

as of December 31, 2016: 54,322,472 shares, Treasury shares: 6,333,128

Thank you for your attention.

MTI Ltd.

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