

MTI Ltd.

**Financial Results Briefing
for Q3/FY2017**

July 31, 2017

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Financial Results Overview for Q3 FY2017

Financial Highlights

1 Results in the Q3

Net sales **¥23,096**million (Down ¥1,822million, Down 7.3%, YoY)

Operating income **¥3,214**million
(Down ¥1,171million, Down 26.7%, YoY)

2 The number of paying subscribers of the smartphone

5.43 million subscribers

(Down 0.06 million compared to March 31, 2017)

3 ARPU YoY Change **¥23.5UP!**

Consolidated P/L

(Unit: Millions of yen)

	FY2017 Q3 Cumulative	FY2016 Q3 Cumulative	Change	
			Amount	Percentage
Net sales	23,096	24,919	(1,822)	(7.3%)
Cost of sales	4,039	3,929	+110	+2.8%
Gross profit	19,057	20,990	(1,932)	(9.2%)
(Ratio)	82.5%	84.2%		
SG&A	15,843	16,604	(760)	(4.6%)
(Ratio)	68.6%	66.6%		
Operating income	3,214	4,385	(1,171)	(26.7%)
(Ratio)	13.9%	17.6%		
Ordinary income	3,176	4,329	(1,153)	(26.6%)
(Ratio)	13.8%	17.4%		
Profit attributable to owners of parent	1,144	2,621	(1,476)	(56.3%)
(Ratio)	5.0%	10.5%		

Consolidated SG&A

(Unit: Millions of yen)

	FY2017 Q3 Cumulative	FY2016 Q3 Cumulative	Change	
			Amount	Percentage
SG&A	15,843	16,604	(760)	(4.6%)
Advertising expenses	4,438	5,959	(1,520)	(25.5%)
Personnel expenses	4,355	4,112	+243	+5.9%
Commission fee	2,766	2,832	(66)	(2.3%)
Subcontract expenses	1,178	1,073	+105	+9.8%
Depreciation	1,234	918	+315	+34.4%
Other	1,869	1,708	+161	+9.4%

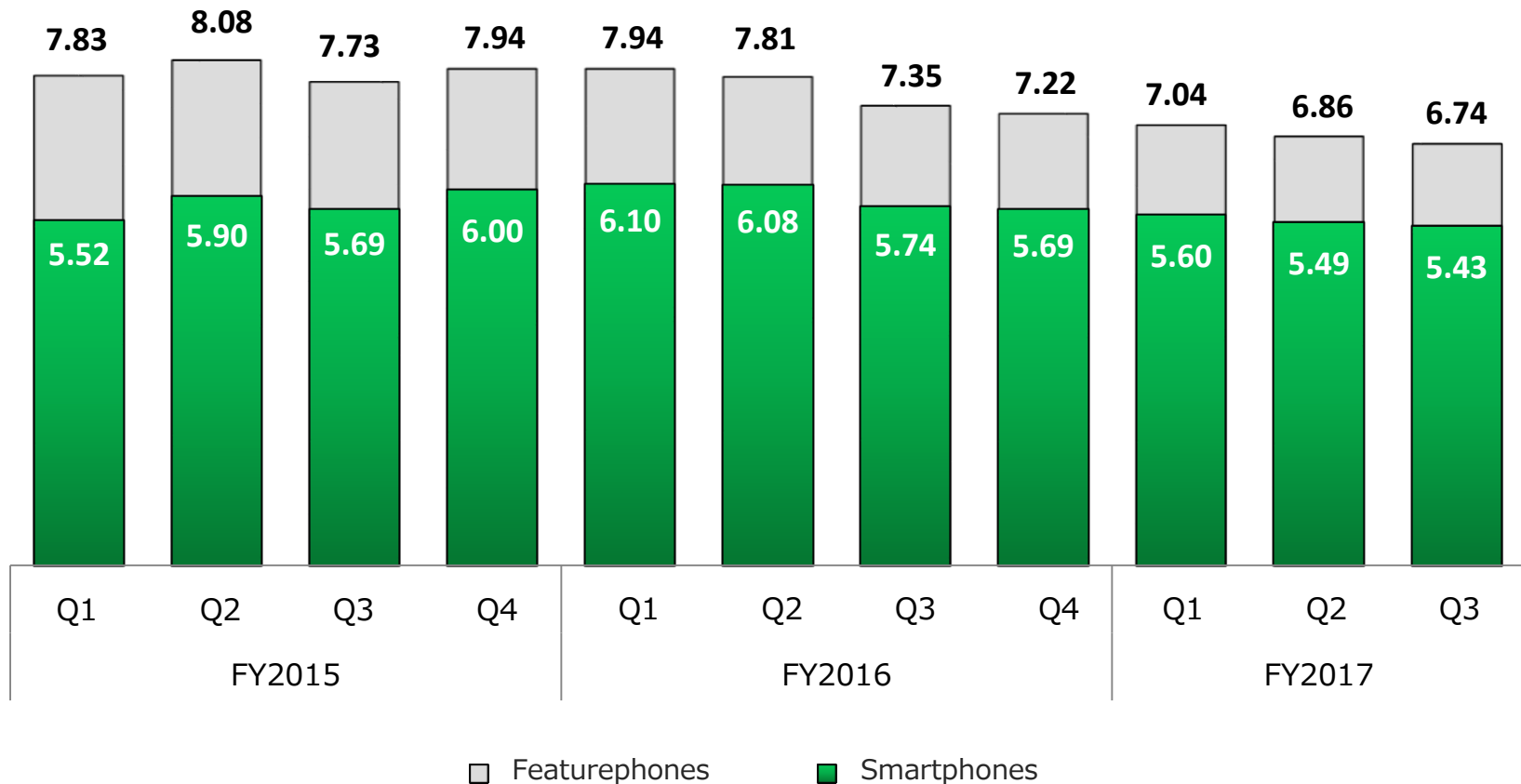
Business Overview i)

The number of paying subscribers of the smartphone

5.43 million subscribers

(Down 0.06 million compared to March 31, 2017)

(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

Conversion of Video Market Corporation into a consolidated subsidiary

YoY Change
**¥23.5
UP!**



Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
FY2015				FY2016				FY2017		

Progress for Earnings Forecast

Almost as planned

	FY2017		進捗率
	3Q Cumulative	Full-Year forecast	
Net sales	23,096	32,000	72.2%
Operating income	3,214	4,060	79.2%
Ordinary income	3,176	4,000	79.4%
Profit attributable to owners of parent	1,144	1,600	71.5%

Future approach

Basic Policy in FY2017

1. Maintaining of the total number of paying subscribers

- i) Enhancement in the Non-virtual Affiliate Network
- ii) M&A

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. - i Enhancement in the Non-virtual Affiliate Network

Expansion of tie-ups with MVNO operators

- Videos & DVD
- Music
- Books
- Weather information
- Healthcare-related
- Security etc.



Made by JAPAN



1.- ii M&A



Anytime, Anywhere, Digital Entertainment

VideoMarket

**Motion
picture
distribution**



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(Financial Results for fiscal
year ended December, 2016)
Net sales ¥2,343million
Operating income ¥177million

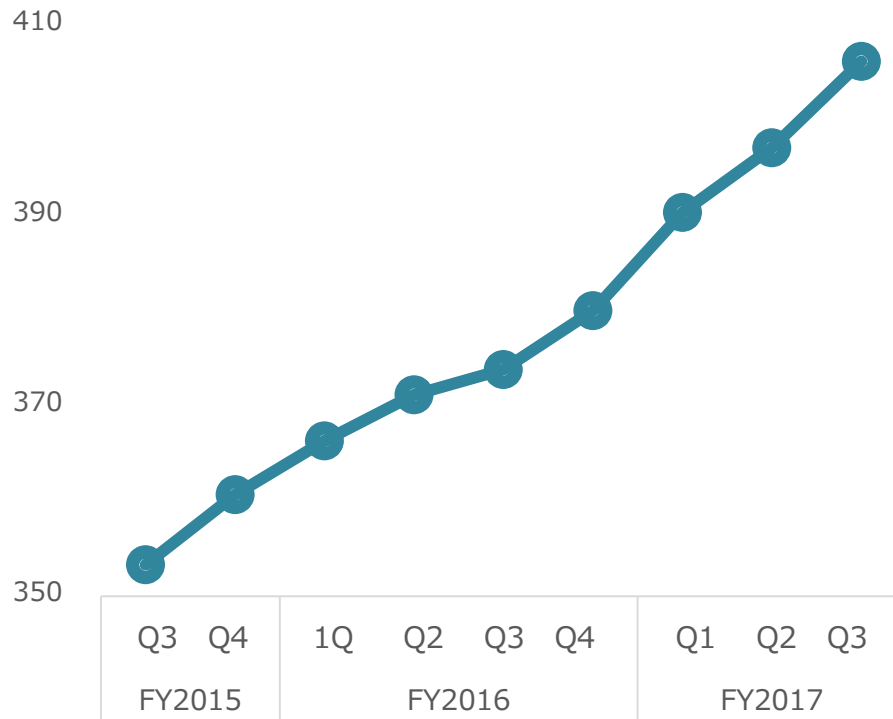
On March

Conversion of
Video Market Corporation
into a consolidated subsidiary

2. Enlargement of Contents Service

Continuous rise in APRU

Quarterly change in ARPU of music.jp



¥1,000 per month

¥500 per month

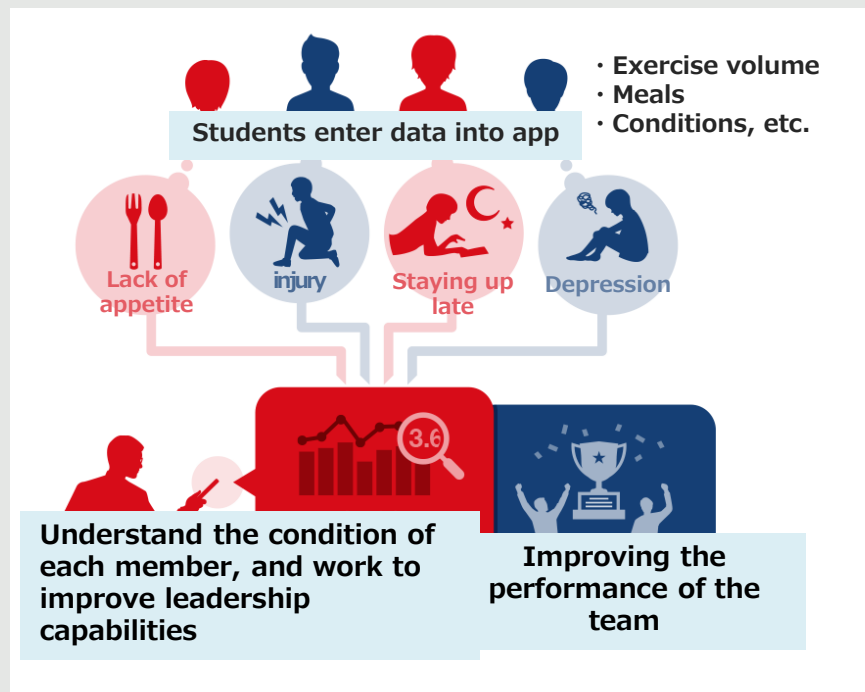
3. Phase to Achieve Sales for the Healthcare-related Service i)



Sports management

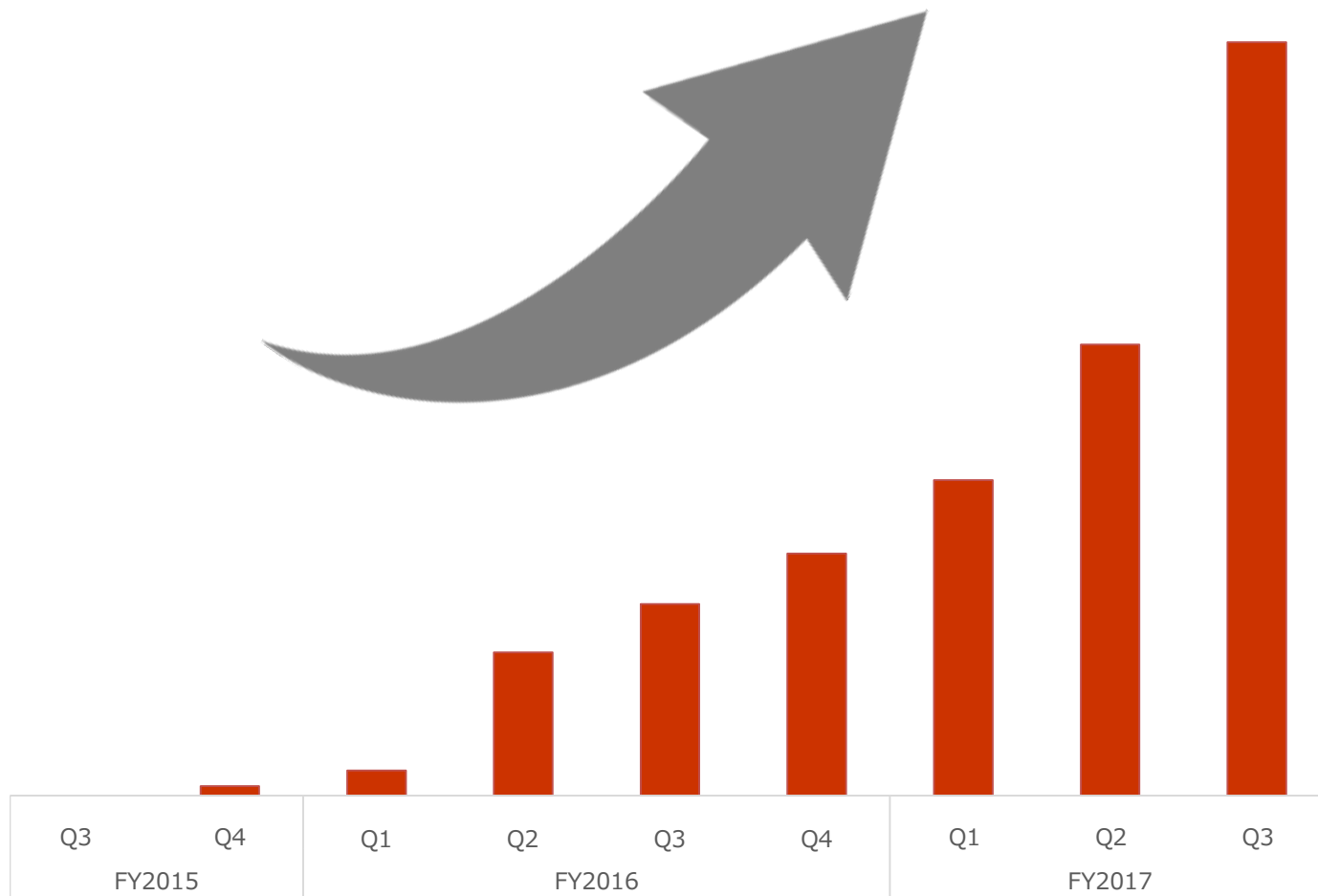
【Service introduction】

Conditioning and communication tool that connect athletes and coaches.



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

Accumulated total of service orders



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



Electronic maternity health record book

【 Service introduction 】

Function as a maternal handbook from pregnancy to childbirth and nursing, in addition to sending health and local government information

pregnancy · childbirth	nursing		
Maternal and child management	Childcare management	Vaccine management	Information from local government

Introduction to municipalities make steady progress.

Electronic maternity health record book



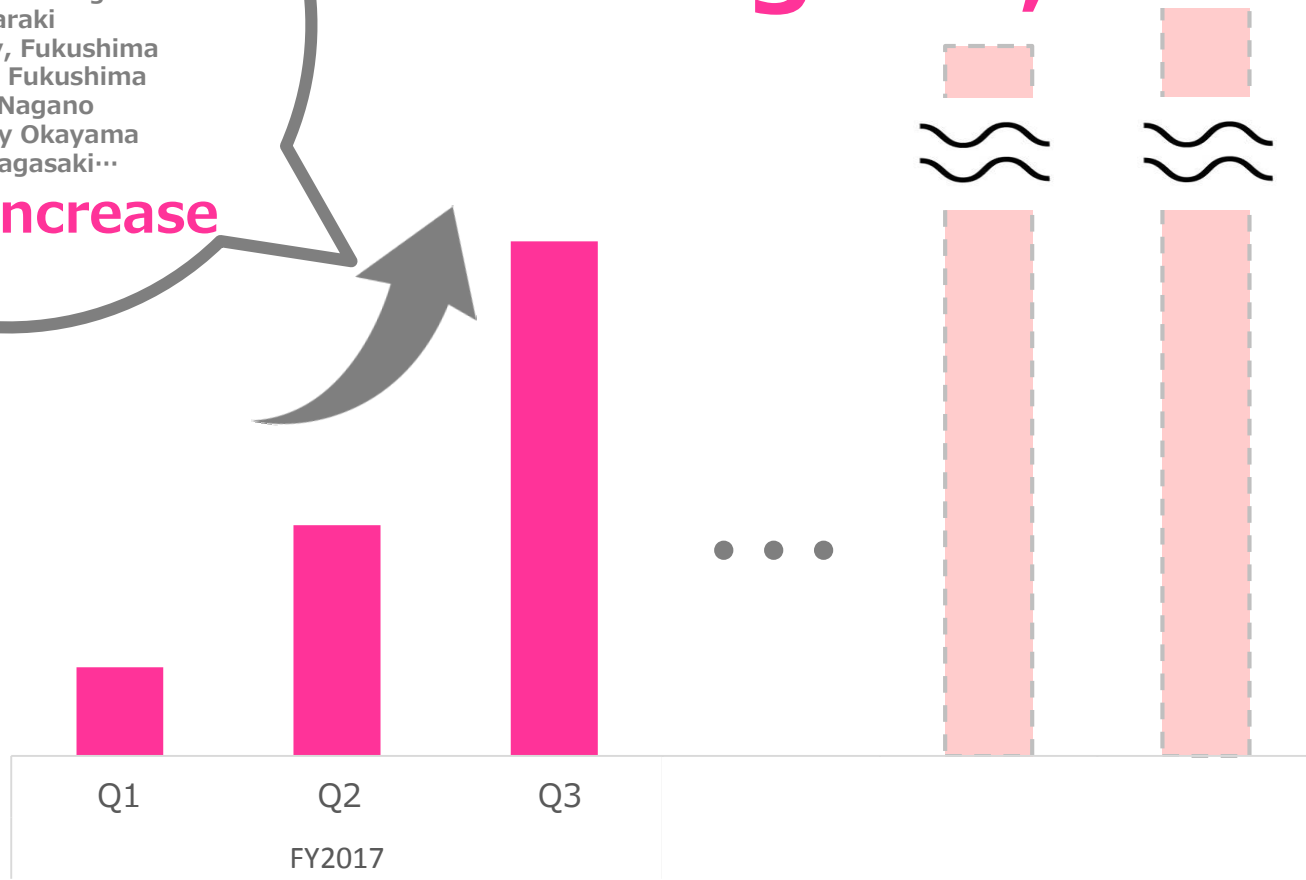
April-July
Number of local governments that have introduced the service

- Ebetsu city, Hokkaido
- Izumozaki cho in Niigata
- Ooko cho, Ibaraki
- Koriyama city, Fukushima
- Kitakata City, Fukushima
- Chikuma-shi Nagano
- Mimasaka City Okayama
- Hirado City Nagasaki...

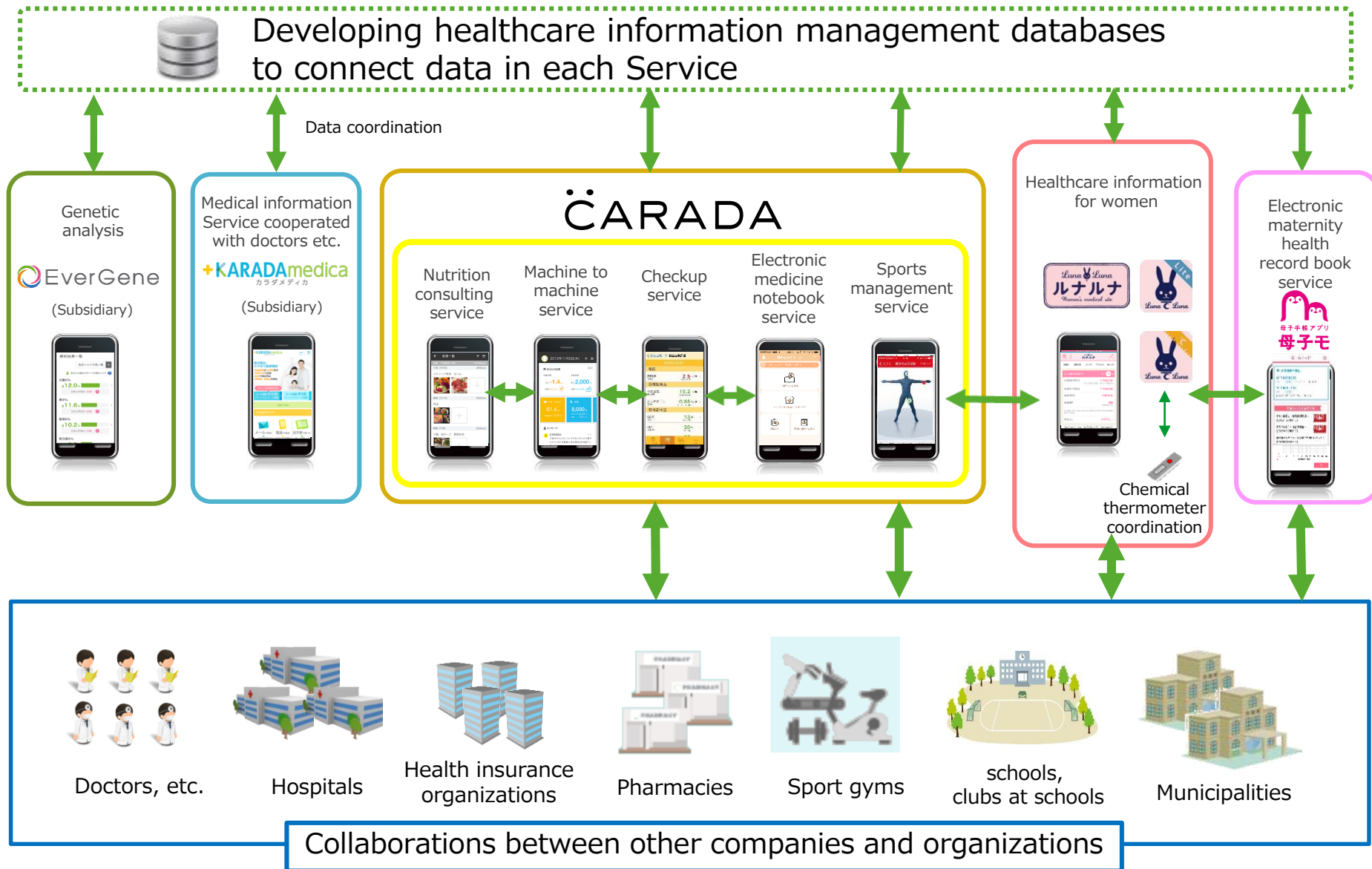
Sharp increase

Cumulative total of orders received from local governments

Target 1,000 orders



【Reference】 Overview of Healthcare-related to Service

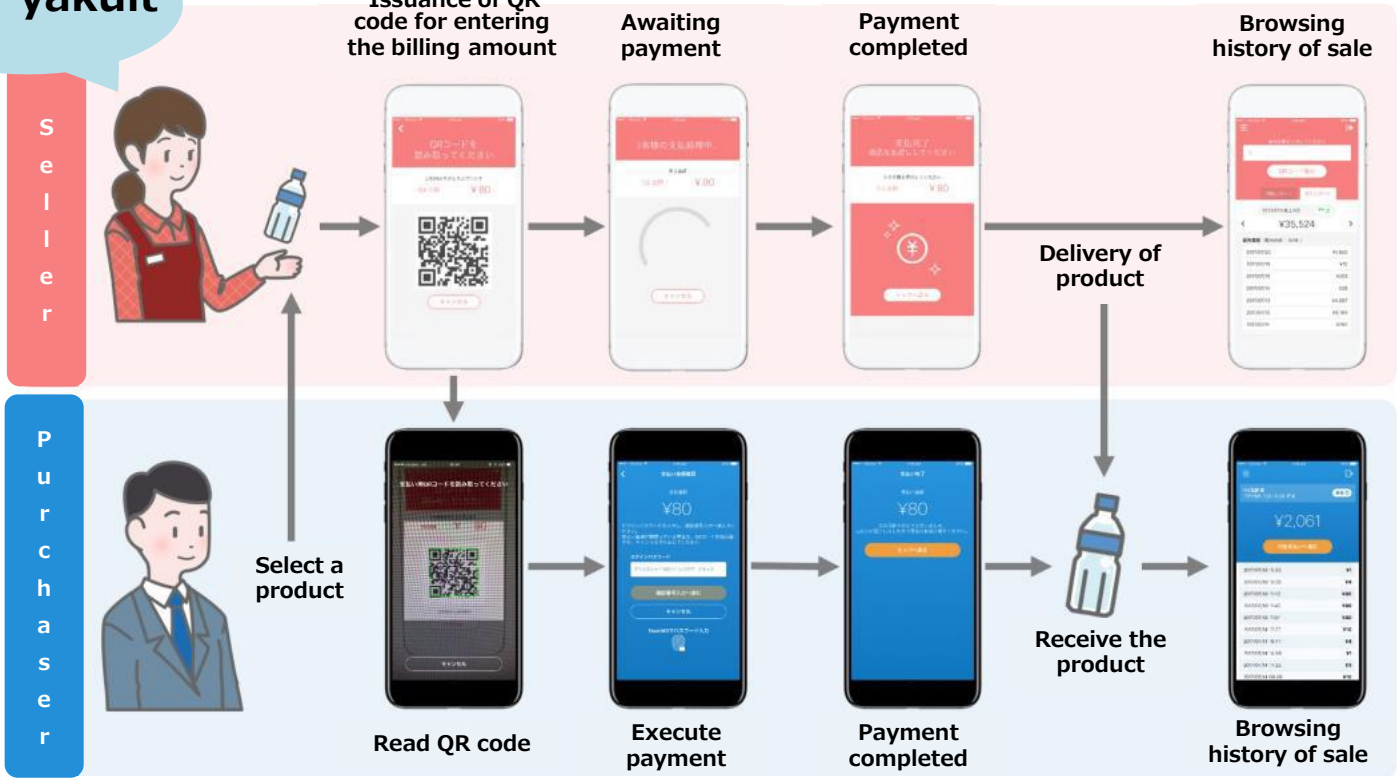


Topics i) An initiative with Joyo Bank

Fintech

Trial demonstration of smartphone payment with direct connection to a bank account

mito-yakult



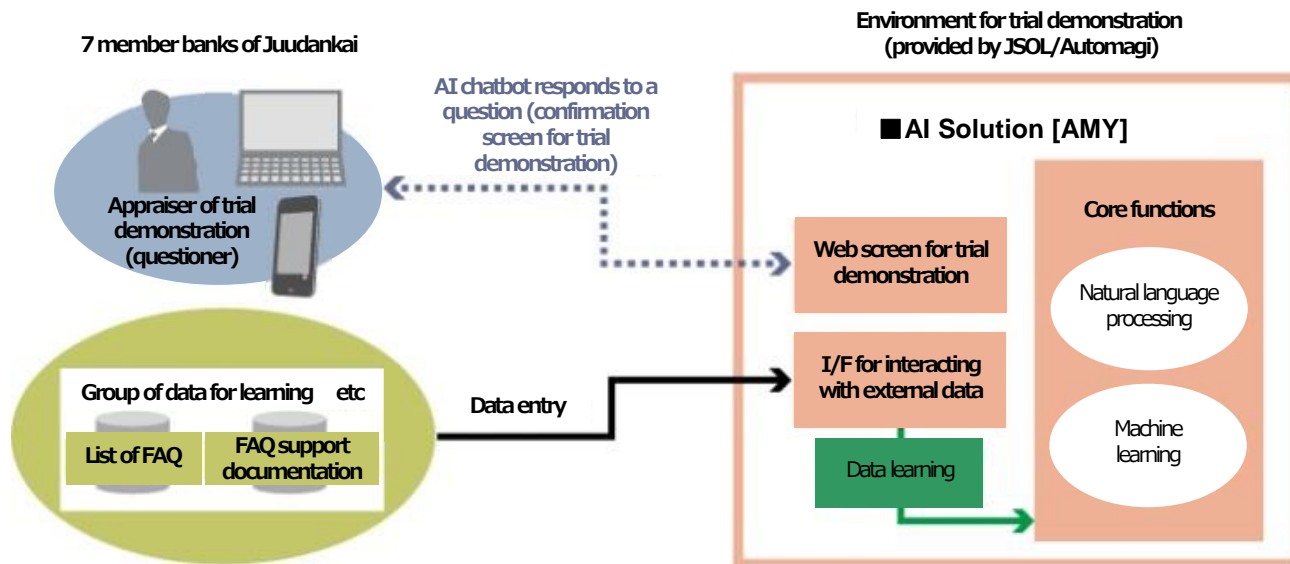
Topics ii) Increase in the number of orders for AI



AI

Subsidiary Automagi × Juudankai

Automatic answering FAQ



About Juudankai

Seven local banks that jointly use the core system for banks developed by Hachijuni Bank are members. The banks aim not only to jointly use the system, but also to expand the benefits of the joint use through the standardization of products/service, and clerical work operating procedures.

Member banks (in an order of regions in Japan)

The Yamagata Bank, Ltd., Tsukuba Bank, Ltd., The Musashino Bank, Ltd., The Hachijuni Bank, Ltd., The Awa Bank, Ltd., The Miyazaki Bank Ltd., and Bank of The Ryukyus, Limited.

Topics iii) Effort with Hiroshima Bank

ČARADA

Starter pack for management responsible for the health of their employees

Business alliance encouraging health management at small and midsize companies

〈Hirogin〉 Loan for supporting health management

MTI Ltd. × Hiroshima Bank



Topics iv) Improvement of functions of Luna-Luna

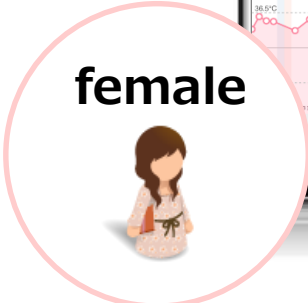
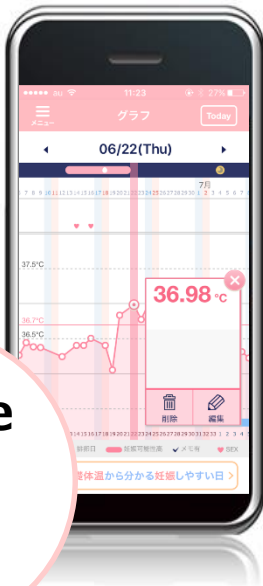


Healthcare information for women

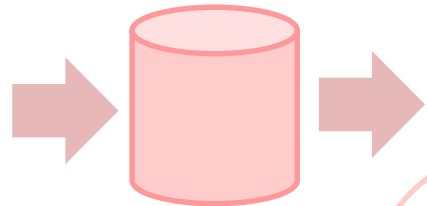
Start of linkage with hospitals

ルナルナ メディコ

Enter the menstrual date and basal body temperature



Data coordination



Understand a regular cycle, etc.



	開始日	終了日	周期
前回	2016/01/27	—/—/—	30
前々回	2016/12/22	2016/12/27	30
3回前	2016/11/27	—/—/—	30
4回前	2016/10/22	2016/10/27	30
5回前	2016/09/27	2016/09/27	28
6回前	2016/08/22	2016/12/27	30

Thank you for your attention.

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