

**MTI Ltd.**

**Financial Results Briefing  
for Q3/FY2018**

**July 31, 2018**

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# **Financial Results Overview for Q3 FY2018**

# Financial Highlights

**1**

## Cumulative Results for the Q3

Net sales **¥22,199**million (Down **¥897**million, Down **3.9%**, YoY)

Operating income **¥2,464**million (Down **¥749**million, Down **23.3%**, YoY)

**2**

## Good for the full-year forecast

Net sales: **74%**    Operating income: **88%**

**3**

ARPU increase by **19.2** yen  
compared to the same period last year

**4.70**million subscribers

(Down 0.31 million compared to March 31, 2018)

# Consolidated P/L

(Millions of yen)

	FY2018 Q3 Cumulative	FY2017 Q3 Cumulative	Change	
			Amount	Percentage
<b>Net sales</b>	22,199	23,096	(897)	(3.9%)
<b>Cost of sales</b> (Ratio)	4,824 21.7%	4,039 17.5%	+785	+19.4%
<b>Gross profit</b> (Ratio)	17,374 78.3%	19,057 82.5%	(1,682)	(8.8%)
<b>SG&amp;A</b> (Ratio)	14,910 67.2%	15,843 68.6%	(933)	(5.9%)
<b>Operating income</b> (Ratio)	2,464 11.1%	3,214 13.9%	(749)	(23.3%)
<b>Ordinary income</b> (Ratio)	2,411 10.9%	3,176 13.8%	(765)	(24.1%)
<b>Profit attributable to owners of parent</b> (Ratio)	1,895 8.5%	1,144 5.0%	+750	+65.6%

Increase in  
number of video  
product lines

# Consolidated SG&A

(Millions of yen)

	FY2018 Q3 Cumulative	FY2017 Q3 Cumulative	Change	
			Amount	Percentage
<b>SG&amp;A</b>	14,910	15,843	(933)	(5.9%)
<b>Advertising expenses</b>	3,578	4,438	(860)	(19.4%)
<b>Personnel expenses</b>	4,490	4,355	+134	+3.1%
<b>Commission fee</b>	2,708	2,766	(57)	(2.1%)
<b>Subcontract expenses</b>	764	1,178	(414)	(35.2%)
<b>Depreciation</b>	1,265	1,234	+31	+2.5%
<b>Other</b>	2,102	1,869	+232	+12.4%

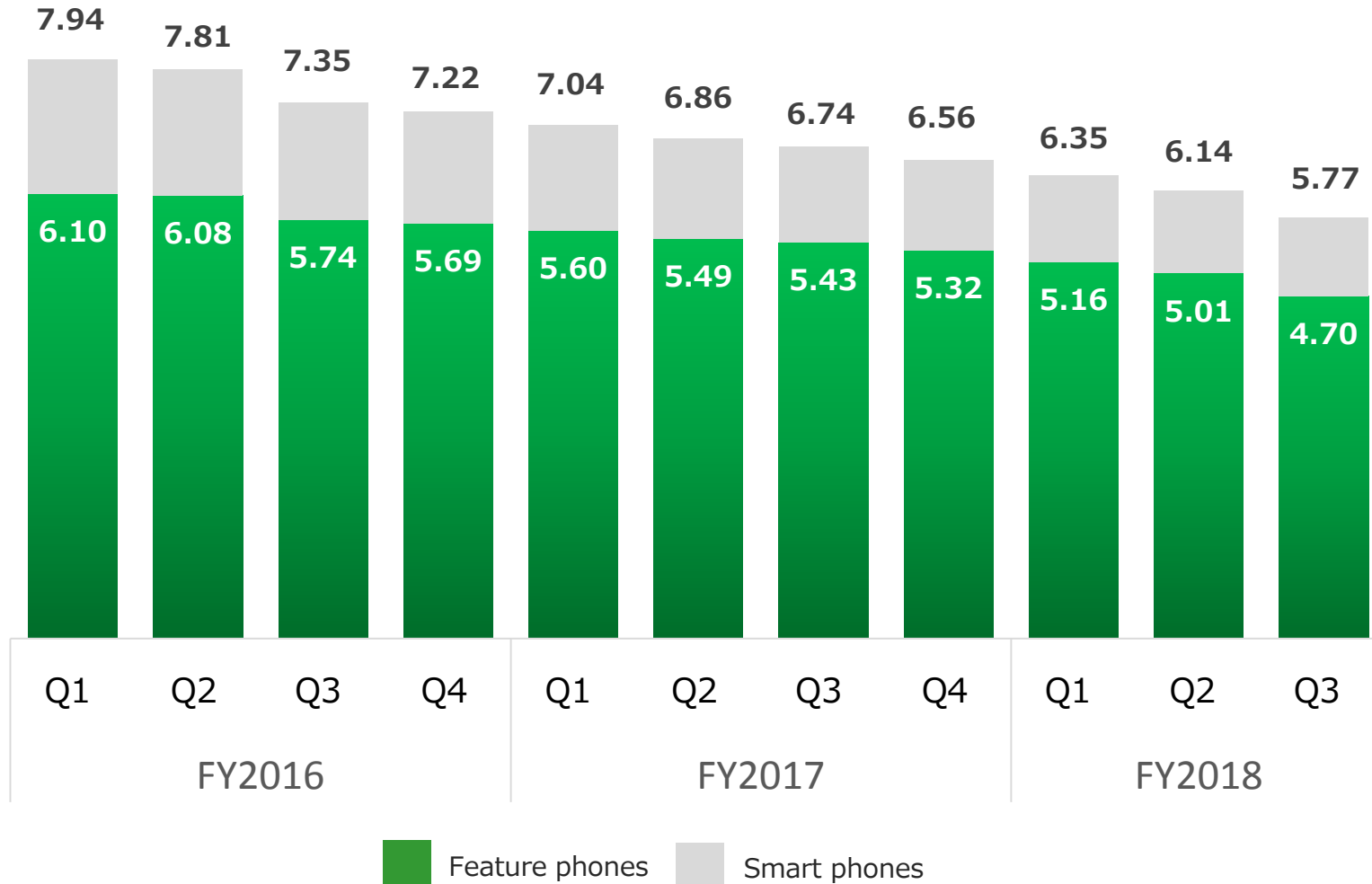
# Progress for Earnings Forecast

(Millions of yen)

	FY2018		Progress
	3Q Cumulative	Full-Year forecast	
Net sales	22,199	30,000	74.0%
Operating income	2,464	2,800	88.0%
Ordinary income	2,411	2,800	86.1%
Profit attributable to owners of parent	1,895	2,000	94.8%

# Business Overview i )

(Unit: Millions of people)



The number of paying subscribers

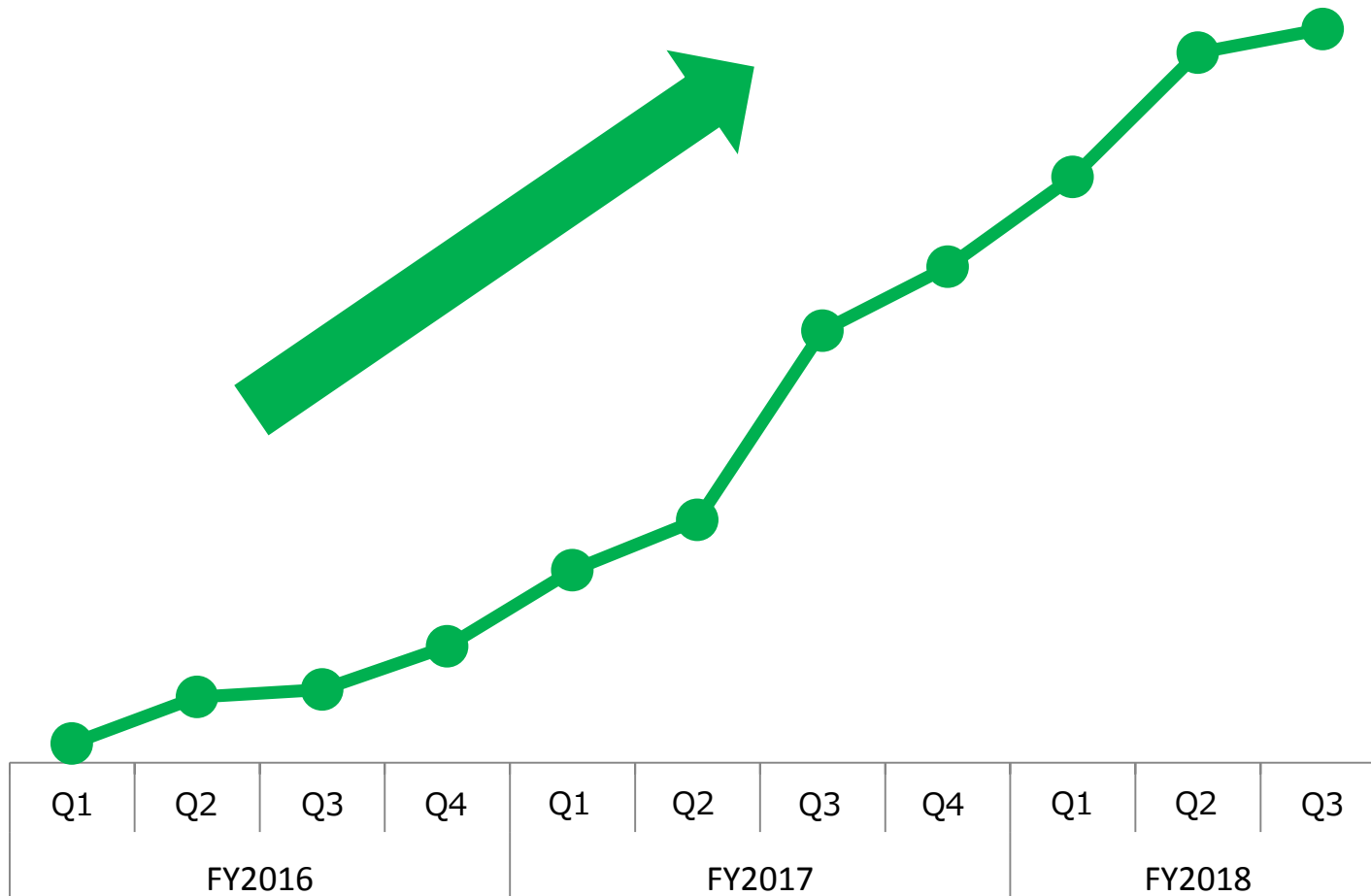
**5.77** million subscribers

(Down 0.79 million compared to September 30, 2017)



## Business Overview ii)

The average revenue per user (ARPU) for the smartphones paying subscribers



YoY Change  
**¥19.2**  
**UP!**

# **Future Approach**

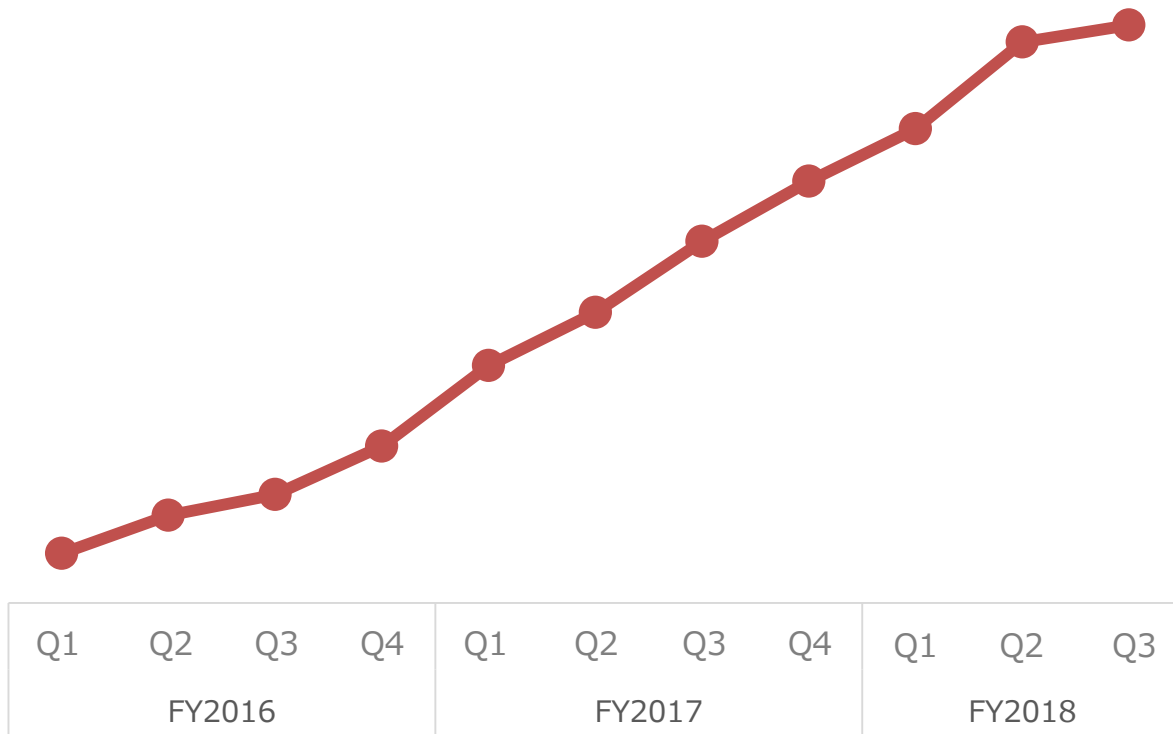
# Basic Policy in FY2018

**1. Achievement of sales for  
healthcare-related services**

**2. Maintenance of the total number  
of paying subscribers**

**3. Improvement in average  
revenue per user (ARPU)**

# Improvement in average revenue per user (ARPU) i )



**Enhanced  
video lineup**

**Continuous  
rise in APRU**

# Improvement in average revenue per user (ARPU) ii )



Launch of a service that allows subscribers to watch specialty channels at a fixed price

Music

Programs for children

Sports



¥1,780 per month



© キッズステーション

# Healthcare-related services

## ĈARADA

Healthcare service for corporations



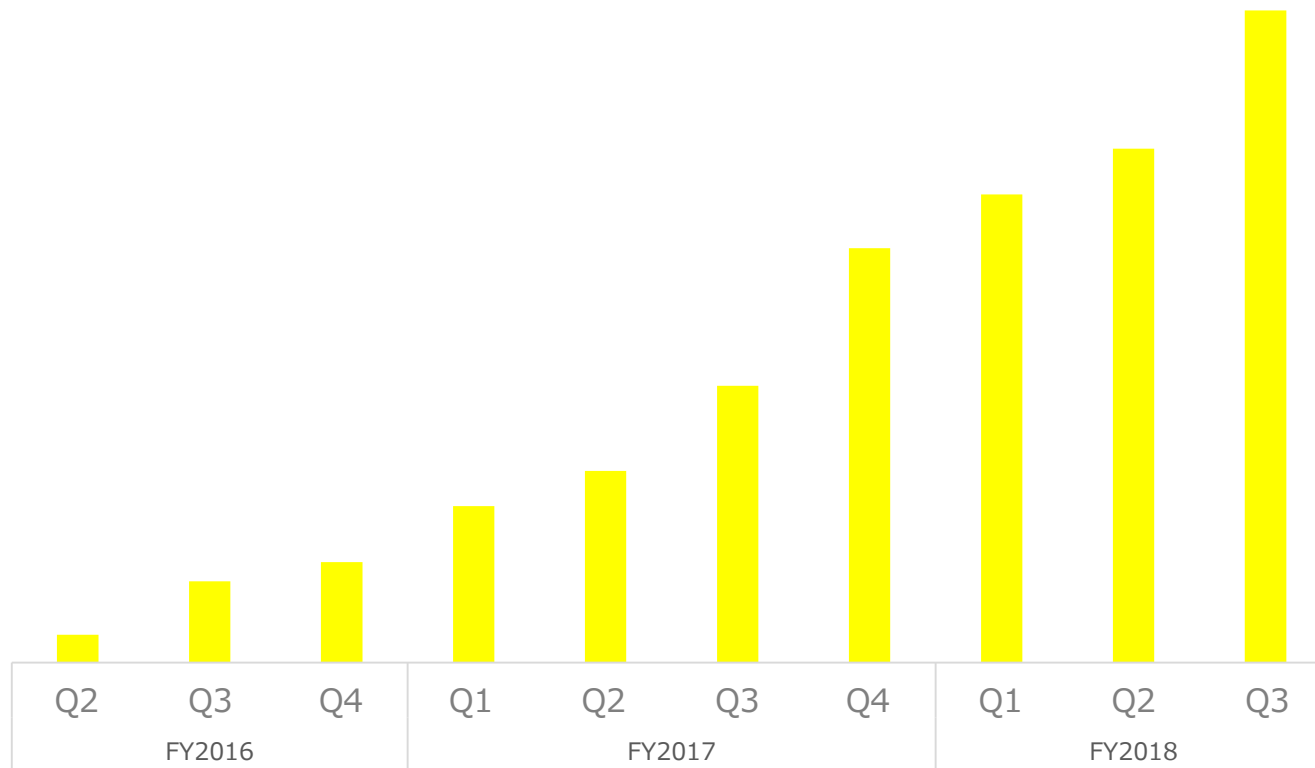
- Introduced by more than 200 companies
- Certified as an operator capable of IT introductory support under the IT introduction subsidy program promoted by METI

# Healthcare-related services

## ČARADA

### Healthcare service for corporations

[Number of contract IDs]



**The number of IDs has been increasing steadily.**

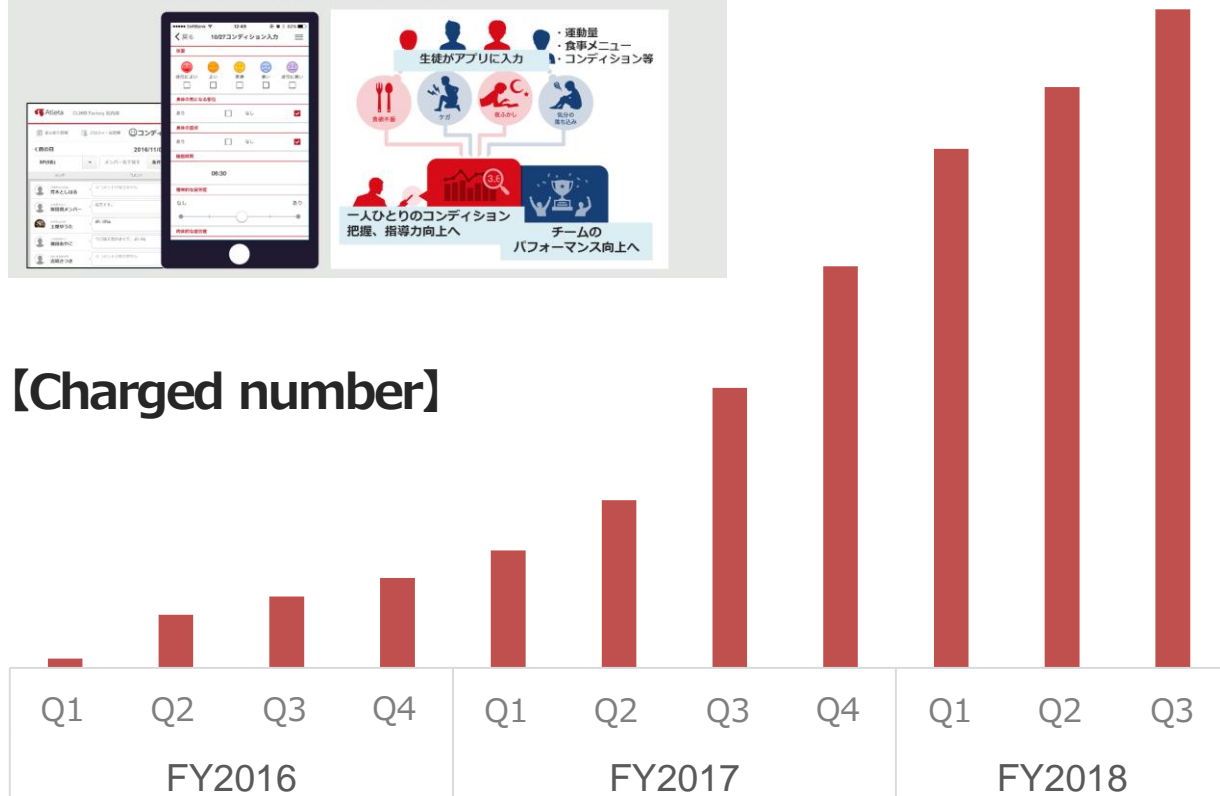
# Healthcare-related services



## Sports management



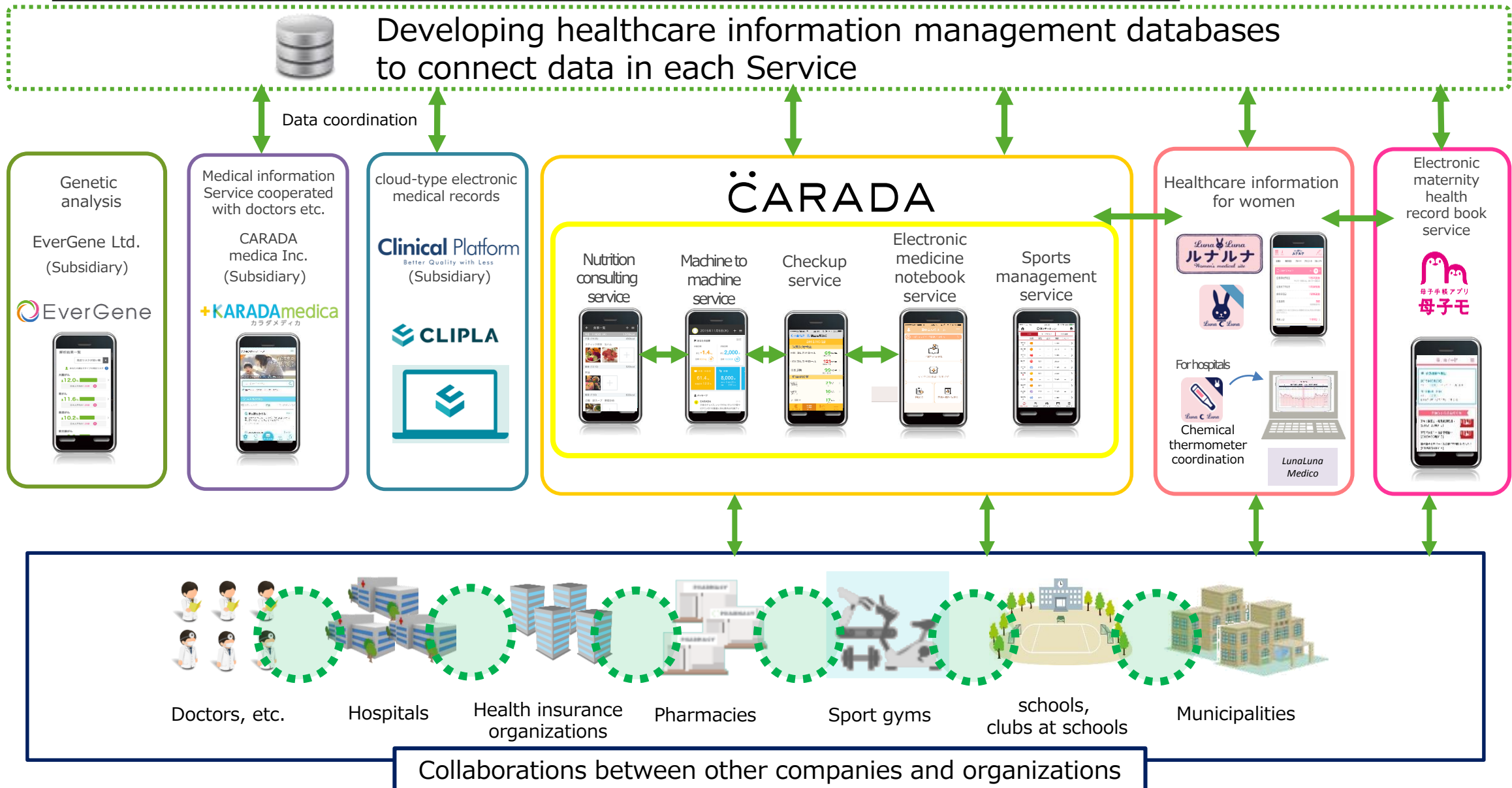
【Charged number】



- Good results anticipated for product improvement to be implemented in Q3
- Sales activities for new acquisitions to resume in Q4



# Overview of healthcare-related services



# Topics

# Content services business

3D Rain Cloud Watcher, an app that detects areas where unexpected torrential rain may occur

Expanded coverage nationwide

**世界初**  
日本全国の雨雲が

**3D**  
で詳細に!

危険な雨雲の接近が  
疑似体験でき  
直感的によくわかる

豪雨通知  
的中率  
**80%以上**


危険な雨雲が去ってから  
帰宅しよう!

【豪雨速報】  
現在地周辺の上空で大量の雨粒を  
観測。豪雨の可能性が  
あります。

日本全国どこにいても、  
もうゲリラ豪雨で困らない

> 道央  
> 道南  
> 甲信越  
> 東海北陸  
> 中国  
> 四国  
> 九州  
> 北東北  
> 南東北  
> 関東  
> 近畿

# FinTech business

MTI Ltd. × 

**Concluded an agreement with the bank  
on the use of updating APIs**



**&Pay**

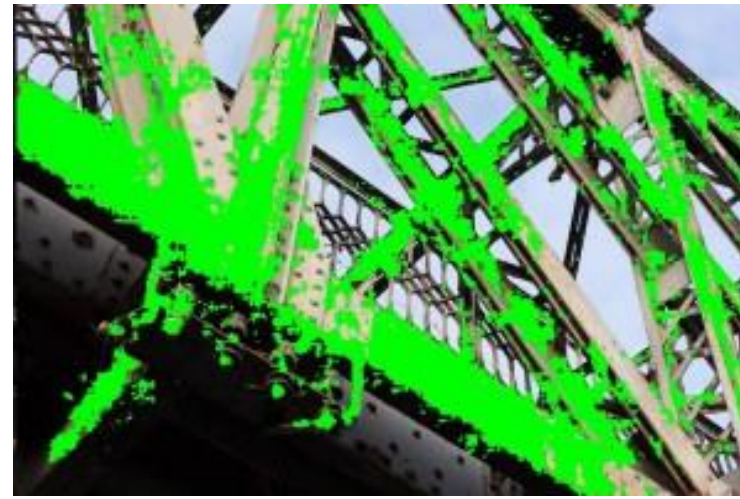
決済をシンプルに。  
決済シーンをもっと豊かに。



# AI service business - Image/video analysis



**Launched a service that detects rust and specifies areas covered with rust**



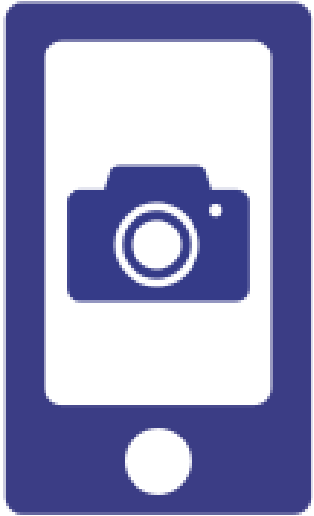
# AI service business - Jointly developed with a subsidiary that creates AI solutions i )

## FEEDER

Released an app that reads receipts

領収証書		
毎度ありがとうございます		
様		
〒100-8798 日本郵便株式会社 東京都千代田区霞が関1-3-2 2015年 3月 9日		
【別納2】 第一標準形外		
¥400	236.5g 1通	¥400
特殊取扱 (内訳)		¥740
一般書留		¥430
(損害要償額 100,000円)		
配達証明		¥810
小計		¥1,140
課税計 (内消費税等)		¥1,140 ¥84)
非課税計		¥0
合計		¥1,140

Automatic judgment



OCR Type literacy rate **90%\***

AI-based machine learning

Streamlines the process of settling expenses!



Supports workstyle reform

\*Accuracy ratio of 99% in detecting words in images on a letter-by-letter basis and approximately 90% per data item (data comprised of multiple letters), respectively (Company's actual measurements).

# AI service business - Jointly developed with a subsidiary that creates AI solutions ii)

## Receipt reading

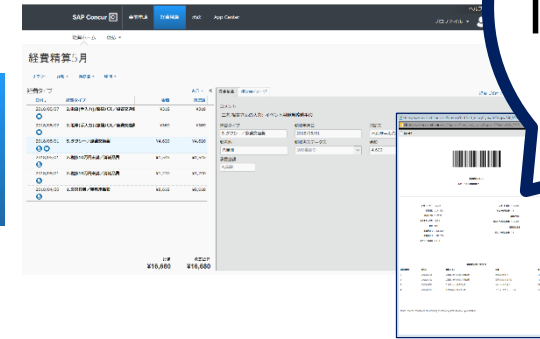


Collaboration

For large companies

For small and medium enterprises

## Expenses settlement system



Also introduced by MTI

ビジネスを強くする  
クラウド経費精算サービス!

staple

GOOD DESIGN AWARD 2017

CROWD CAST  
POWER TO THE CROWDS

<https://staple.jp>

**Thank you for your attention.**

**MTI Ltd.**

〈Contact us〉

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