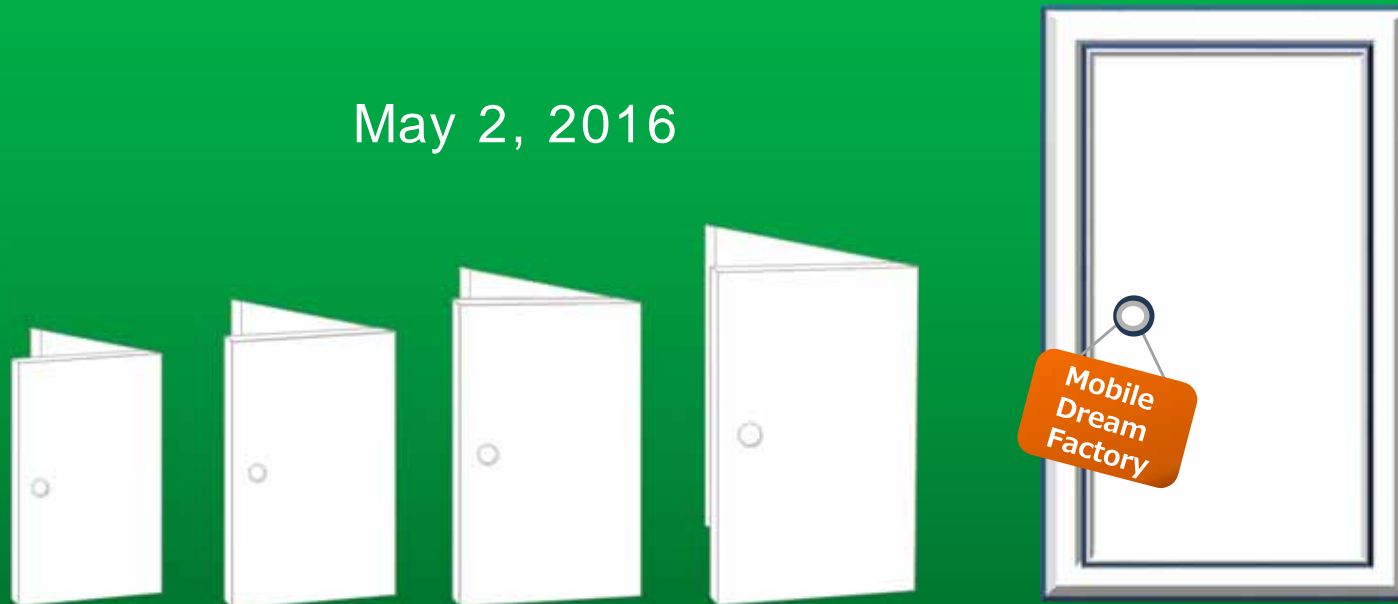


Financial Results Briefing for Q2 / FY2016

May 2, 2016



Securities Code :9438

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Financial Results
Overview for
Q2 FY2016



Financial highlights



1

Record-high sales and earnings in the first half

Net sales ¥16,994M

(Up ¥374M Up 2.3%, YoY)

Operating income ¥2,489M

(Up ¥381M, Up 18.1%, YoY)

2

Continued uptrend for ARPU

3

Results in accordance with
the earnings forecast for FY2016



Sales increased due to improved average revenue per user (ARPU)

(Millions of yen)

	FY2016 Q2	FY2015 Q2	Change	
			Amount	Percentage
Net sales	16,994	16,620	+374	+2.3%
Cost of sales	2,635	2,666	(31)	(1.2%)
Gross profit	14,359	13,953	+405	+2.9%
(Ratio)	84.5%	84.0%		
SG&A	11,870	11,845	+24	+0.2%
(Ratio)	69.8%	71.3%		
Operating income	2,489	2,108	+381	+18.1%
(Ratio)	14.6%	12.7%		
Ordinary income	2,434	2,034	+400	+19.7%
(Ratio)	14.3%	12.2%		
Profit attributable to owners of parent	1,425	1,088	+336	+30.9%
(Ratio)	8.4%	6.6%		

Consolidated SG&A



(Millions of yen)

	FY2016 Q2	FY2015 Q2	Change	
			Amount	Percentage
SG&A	11,870	11,845	+24	+0.2%
Advertising expenses	4,779	4,702	+77	+1.6%
Personnel expenses	2,709	2,756	(46)	(1.7%)
Commission fee	1,909	1,835	+74	+4.0%
Subcontract expenses	758	682	+75	+11.1%
Depreciation	601	694	(92)	(13.4%)
Other	1,110	1,174	(63)	(5.4%)



Subscriptions by way of cellphone shops failed to grow

External conditions

From February

“Cellphones virtually free of charge”
Abolished

April

Ministry of Internal Affairs and Communications

Guidelines Applied

(Guidelines for adjustment of smartphones purchase support)

~~“Virtually free of charge”~~



Business Overview



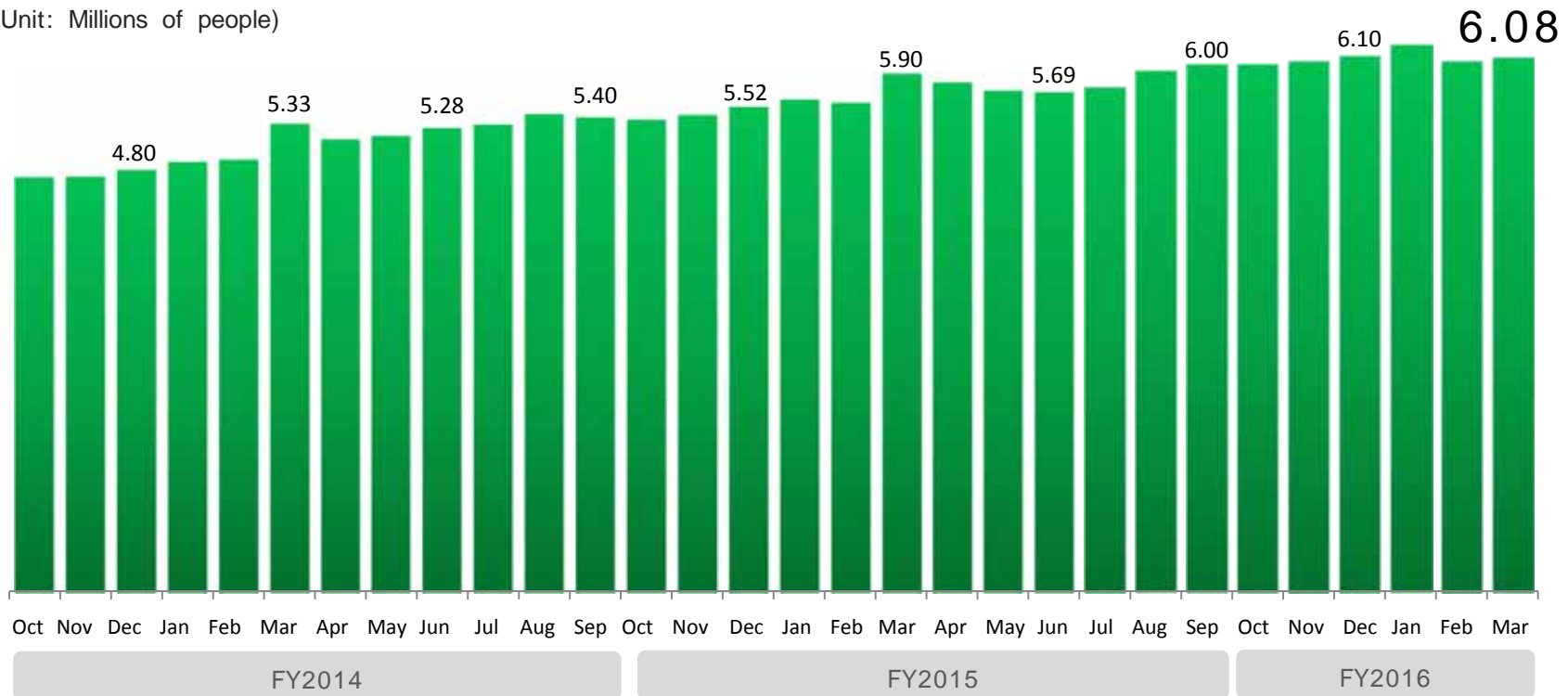
The number of paying subscribers
of the smartphone

6.08

Millions of people

(Down 0.02M compared to December 31, 2015)

(Unit: Millions of people)



Business Overview



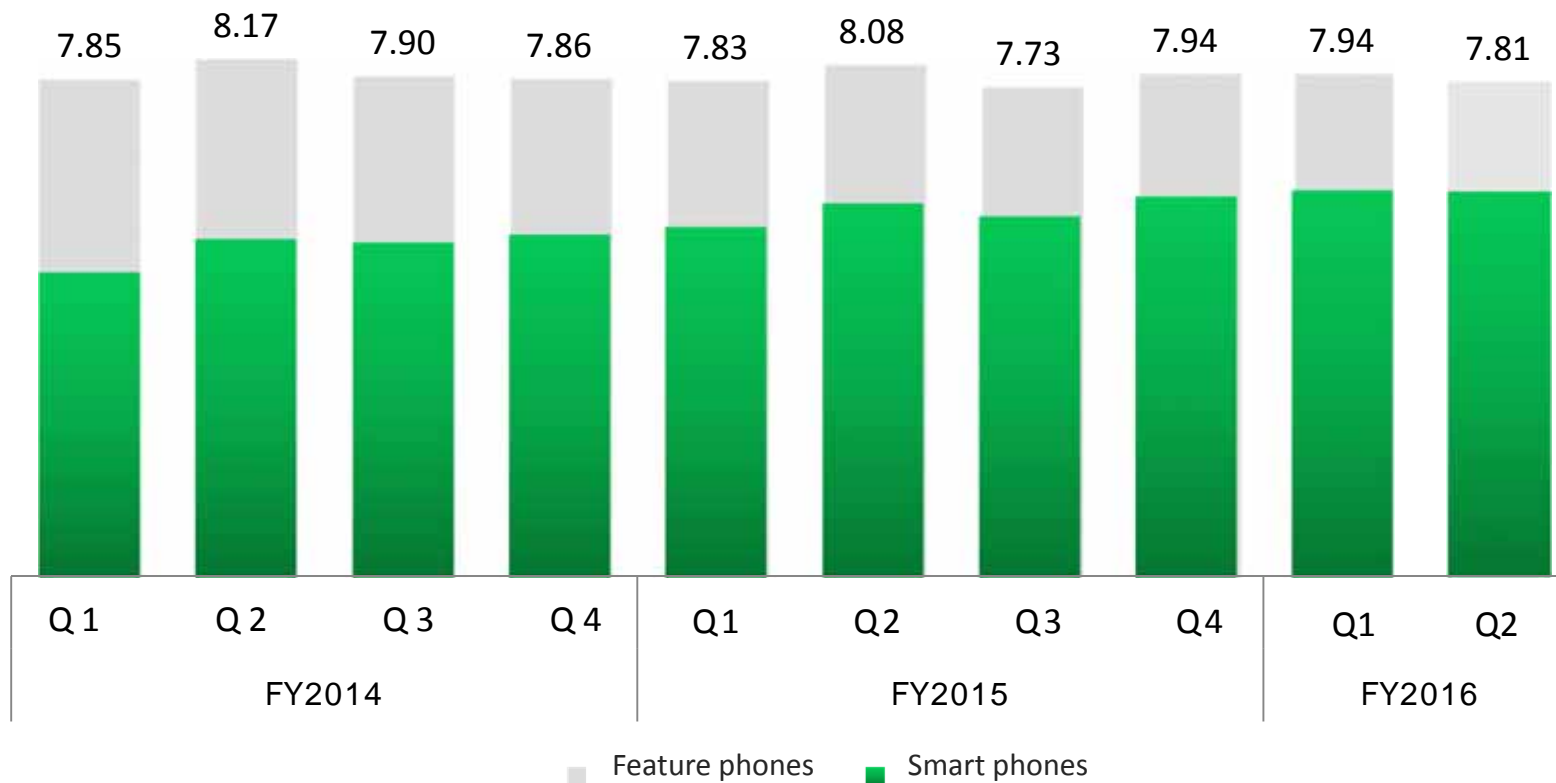
The total number of paying subscribers

7.81

Millions of people

(Down 0.13M compared to December 31, 2015)

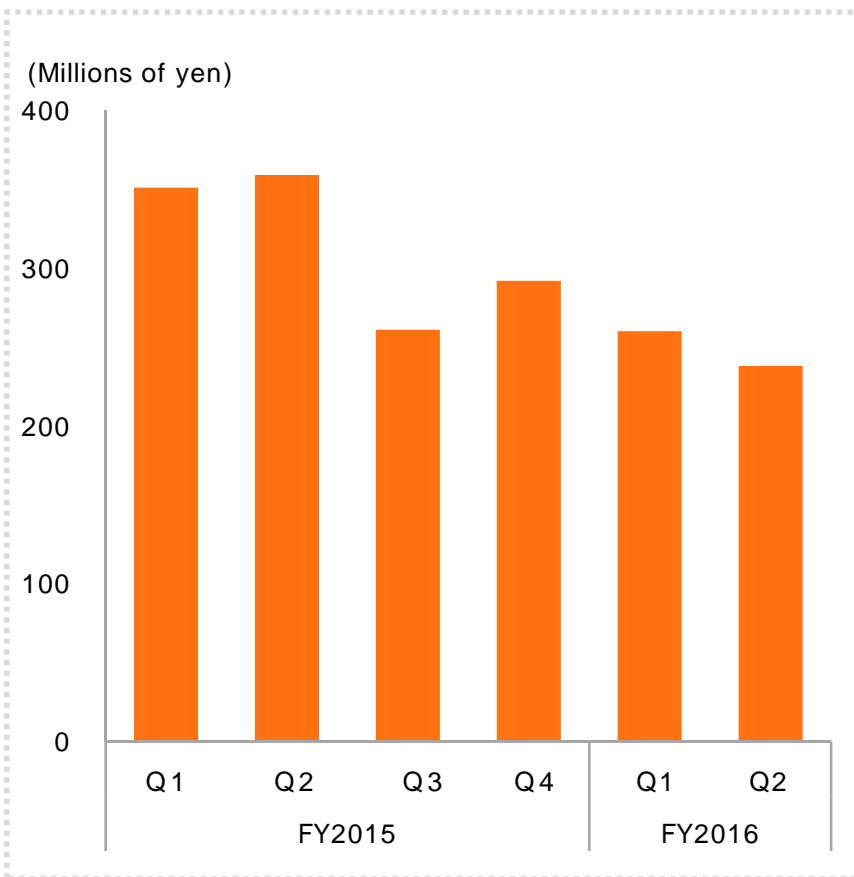
(Unit: Millions of people)



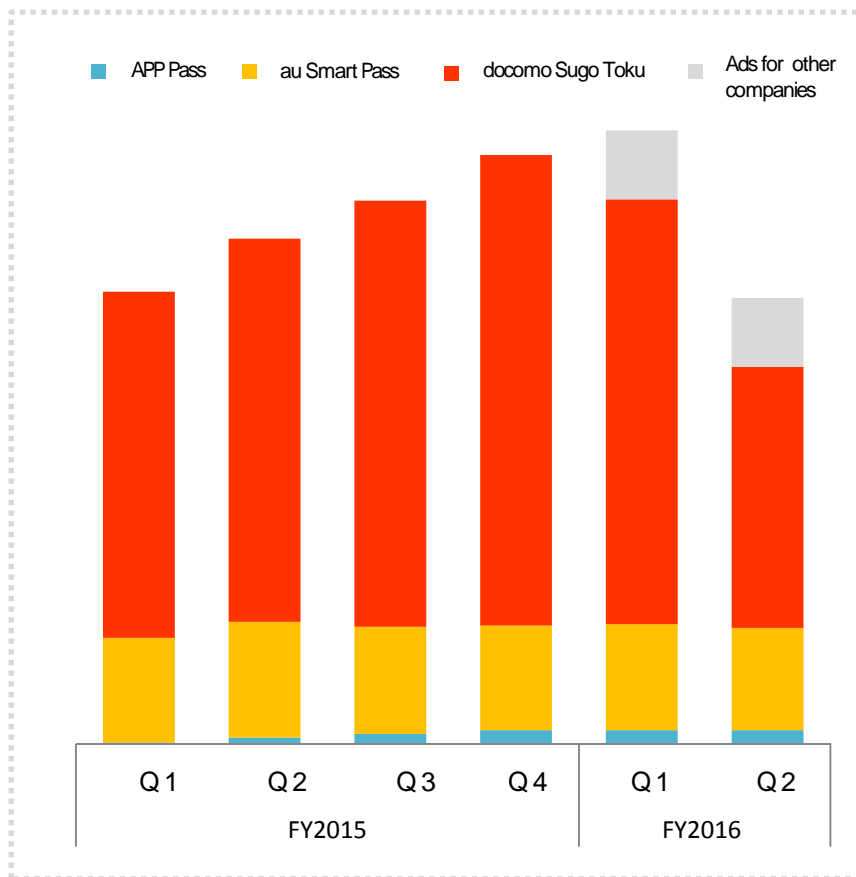
Business Overview



Non-virtual Affiliate Advertising Sales



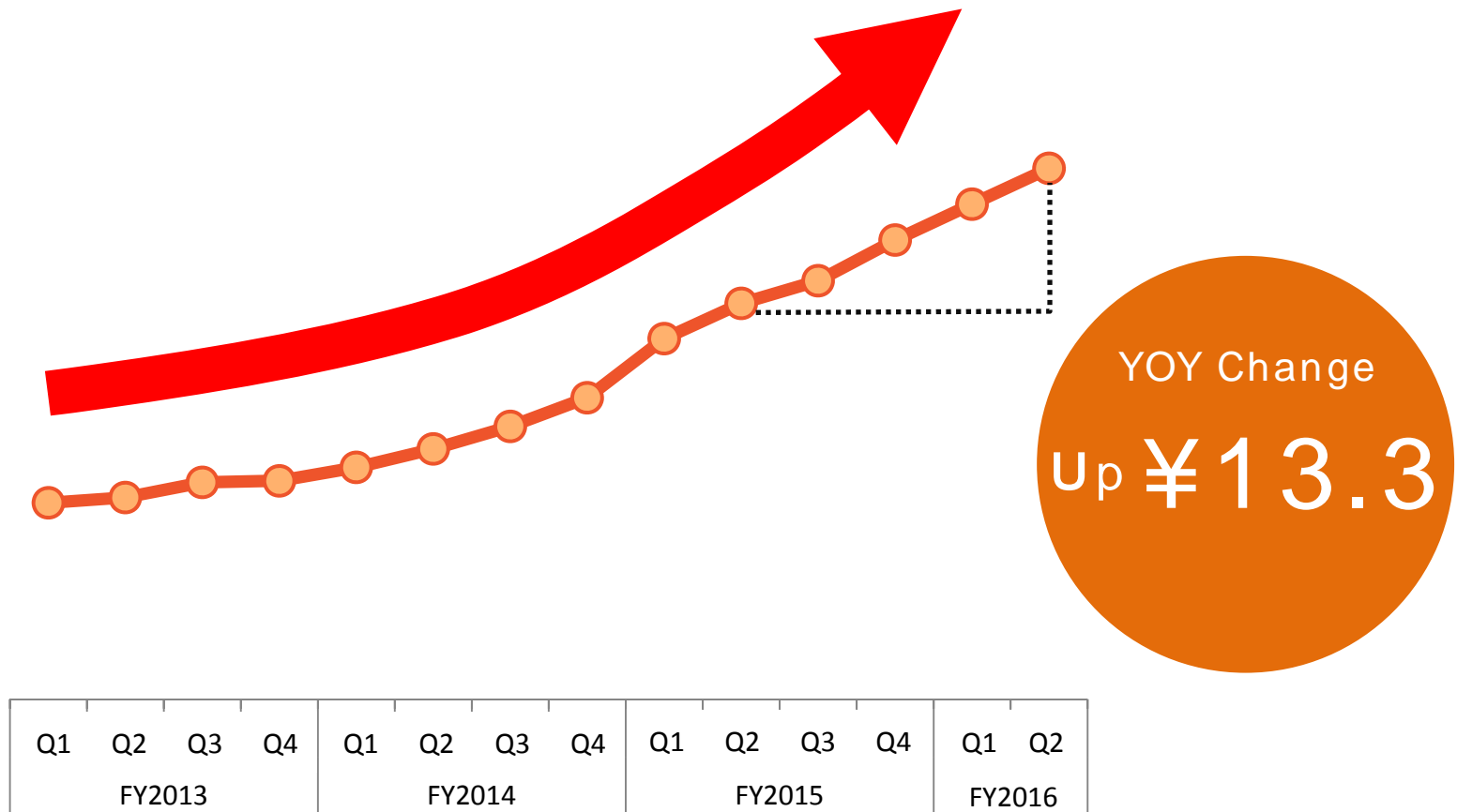
Sales from Sugo toku-related





Continued uptrend for ARPU

Trends in ARPU of the paying subscribers for smartphones





Results in accordance with the earnings forecast for FY2016

(Millions of yen)

	FY2016 H1	FY2016	Progress ratio
	Actual	Forecast	
Net sales	16,994	35,000	48.6%
Operating income	2,489	4,700	53.0%
Ordinary income	2,434	4,660	52.2%
Profit attributable to owners of parent	1,425	2,700	52.8%

New approach
in after
Q3 FY2016



Basic Policy in the FY2016



1. Further expansion in the number of paying subscribers for smartphone service

- Enhancement in the Non-virtual Affiliate Network

2. Improvement in average revenue per user (ARPU)

- Enlargement of contents service

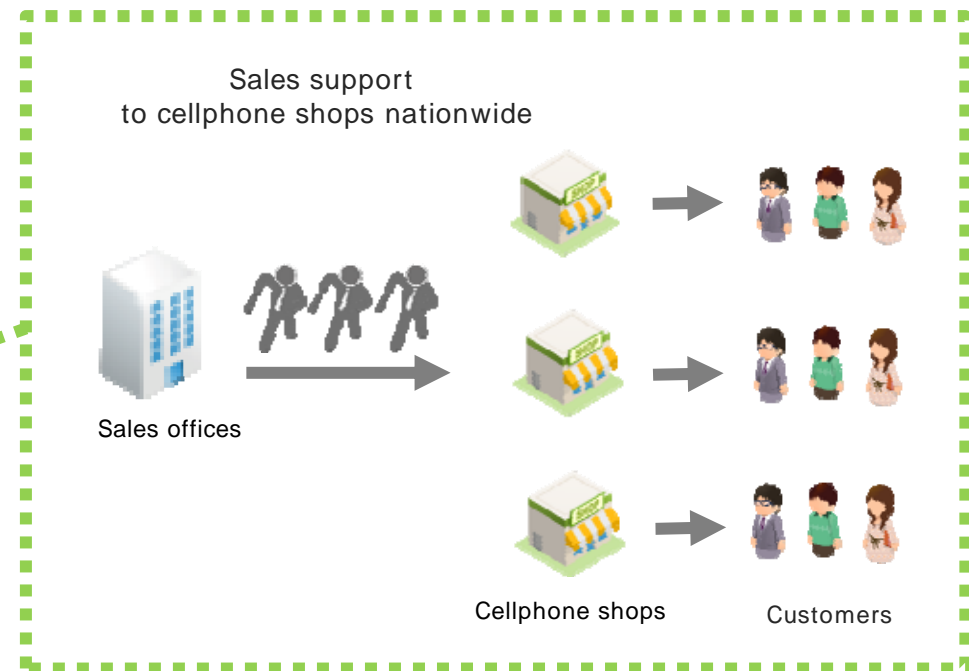
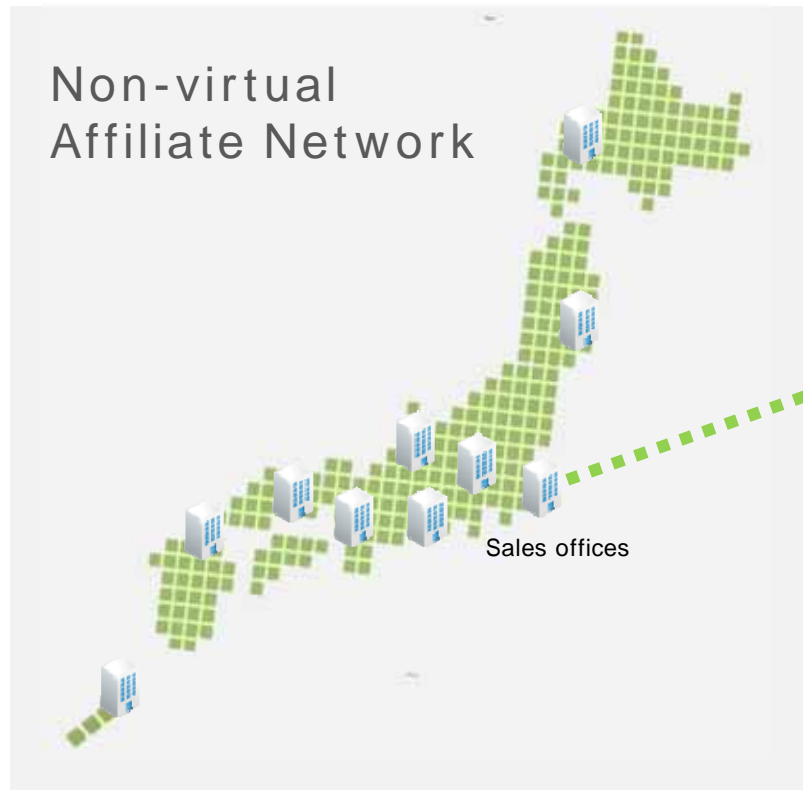
3. Mid-to-long-term approach

- Phase to achieve sales for the Healthcare-related service

Enhancement in the Non-virtual Affiliate Network









Sales promotion for high ARPU services and commitment to control the turnover rate





Ratios for service of higher fees increased in each category

Value added service line up		
Music, Books, Video & DVD	Healthcare-related information	Weather information and Maps & Navigation
 ¥400 per month (excluding tax)	 ¥400 per month (excluding tax)	 ¥380 per month (excluding tax)
 To an integrated service	 To a high added value service	 To a integrated service
¥300	¥300	¥300

Enlargement of Contents Service)



Music, Books, Videos & DVD service

Continued uptrend for ARPU



Prerelease distribution of DVDs !



(C) 2015 Warner Bros. Entertainment Inc. and Ratpac-Dune Entertainment LLC. All rights reserved.



(C) 2015 Twentieth Century Fox Film Corporation. All rights reserved.

Sony Pictures Entertainment (Japan) Inc.

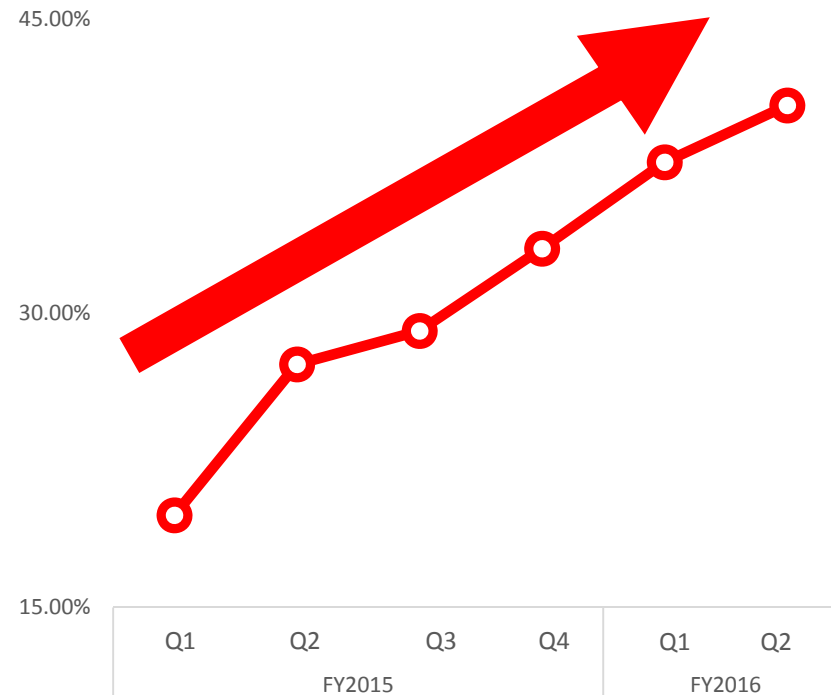
Warner Bros. Entertainment, Inc.

The Walt Disney Company (Japan) Ltd.

Twenty-First Century Fox, Inc

...

Quarterly change in the ratio of higher fees (400 yen)



Phase to Achieve Sales for the Healthcare-related Service)



Medical information service cooperated with doctors etc.

Number of subscribers paying monthly rates increased steadily



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

The number of paying monthly subscribers of KARADAmédica

(ten thousands of people)



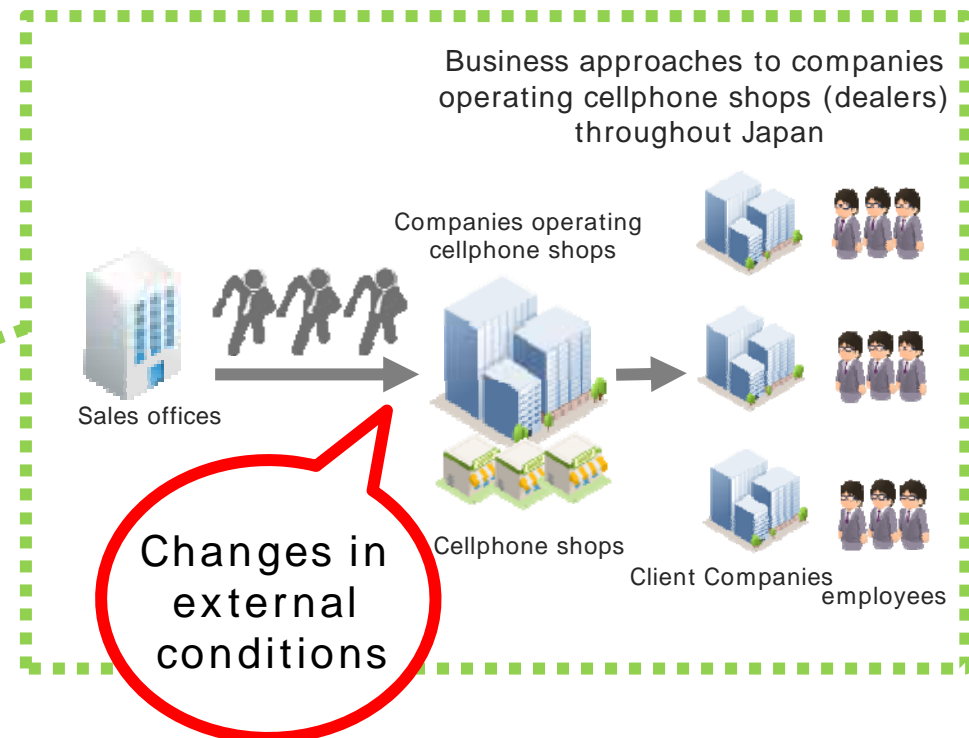
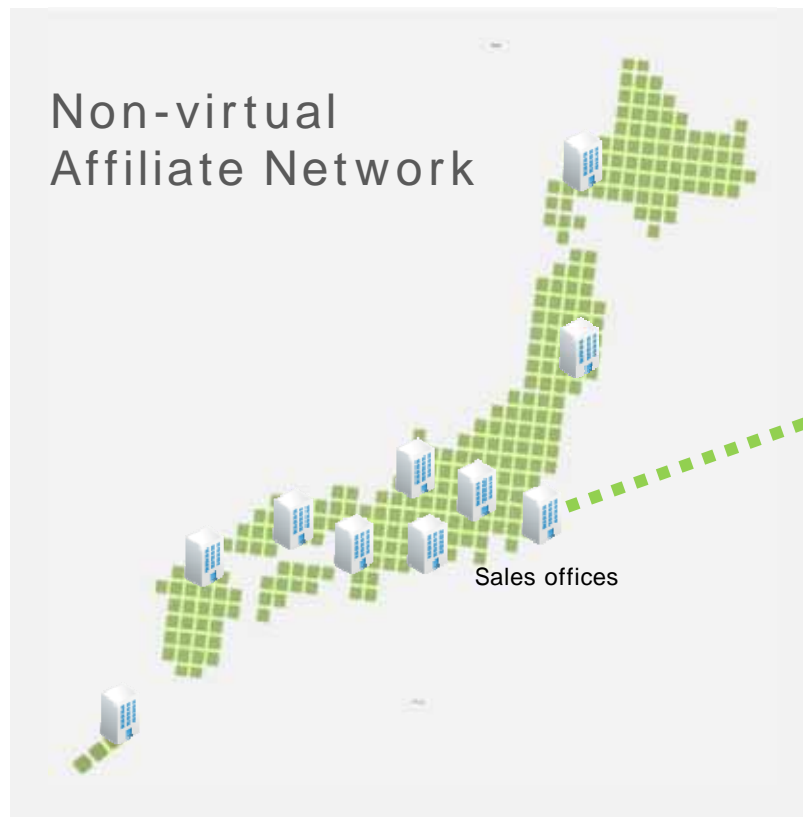
A 400-yen Course
(maximum number of Q&A sessions: 10)
is gaining in popularity.

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



“CARADA” packaged service

Sales expansion to corporate customers making the most of the RAF network



Phase to Achieve Sales for the Healthcare-related Service)



“CARADA” packaged service 【Service overview】

¥500 per employee per month

Basic package

- Stress checks
- Health data browsing system
- Checkup notebook application



Browsing system on the corporate side



Checkup Notebook application



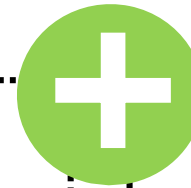
Stress care package



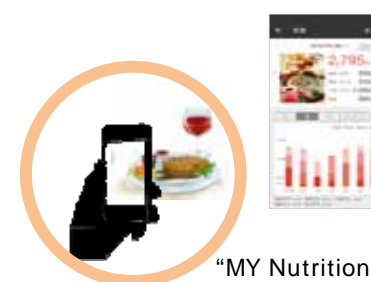
Full health management package



Collaboration between applications and devices



Nutrition consulting



“MY Nutrition Advisor”

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

Phase to Achieve Sales for the Healthcare-related Service)



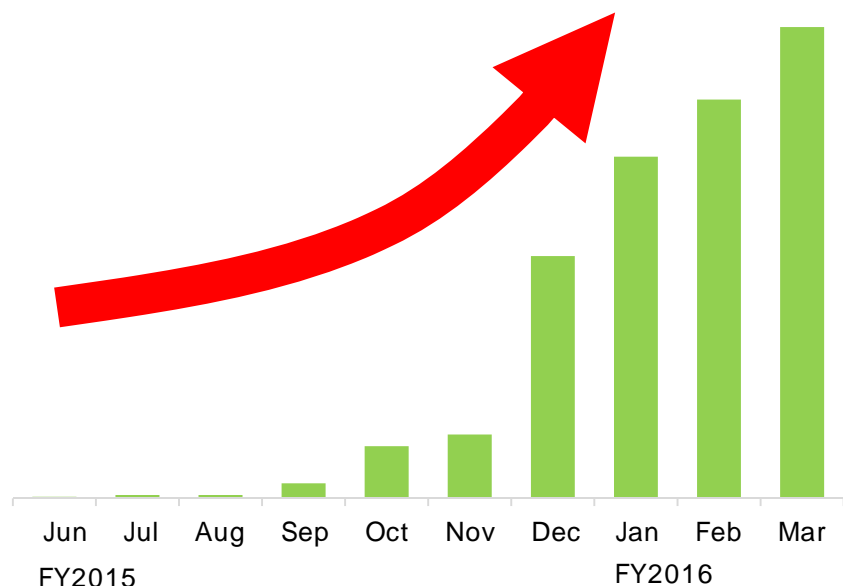
Sports management service

The number of contracts with sports gyms rose sharply

CLIMB Factory Co.,Ltd. × sports gyms



Number of service contracts



sports gyms



Nursing facilities

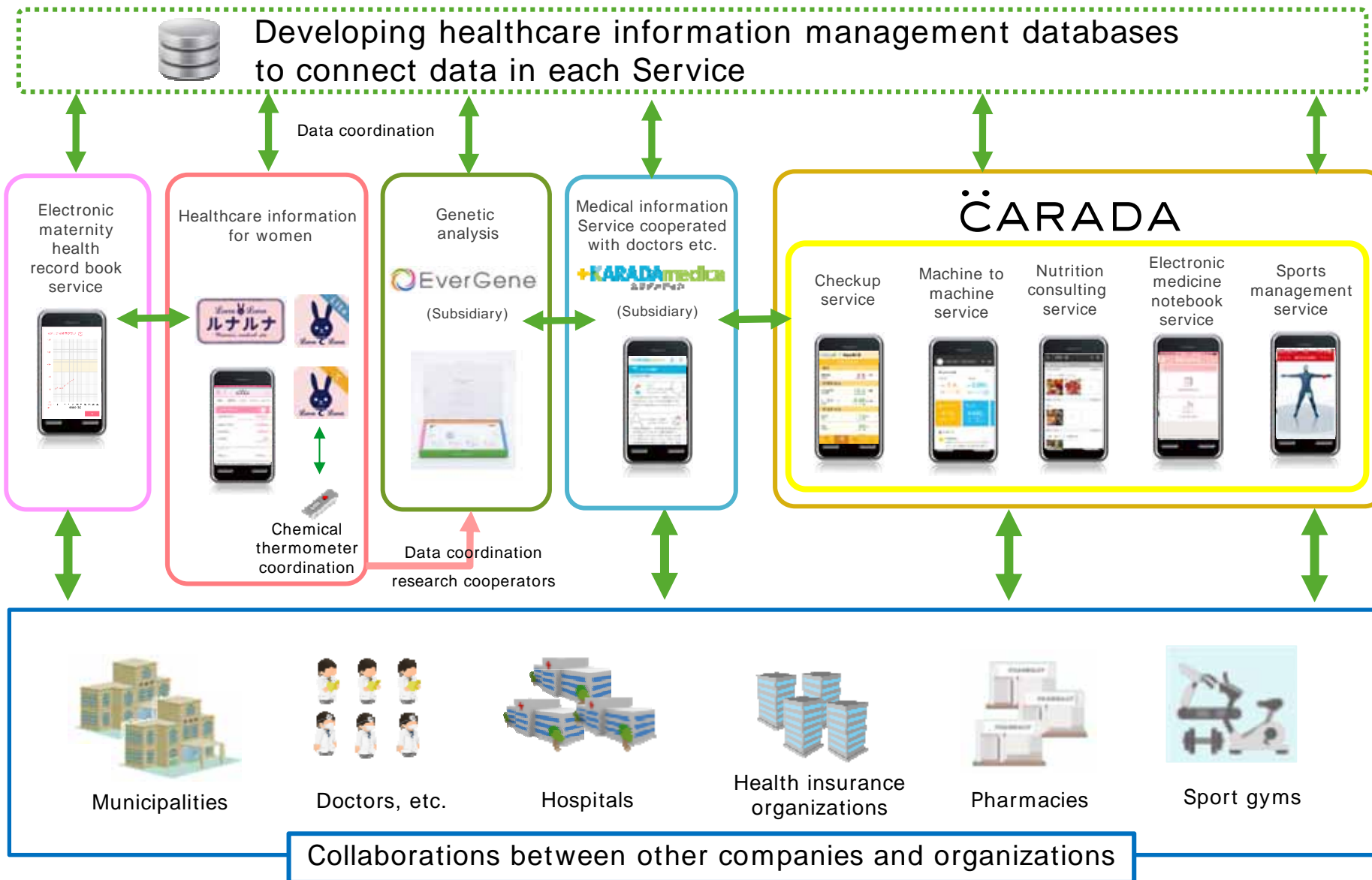


Incorporated schools



Orthopedic clinics

Overview of Healthcare-related to Service



Consolidated Earnings Forecast for FY2016



(Millions of yen)

(Millions of yen)	FY2016 (Forecast)			FY2015 (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	35,000	16,994	18,005	33,461	16,620	16,841	+1,538	+4.6%
Cost of sales	5,950	2,635	3,314	5,439	2,666	2,772	+510	+9.4%
Selling, general and administrative expenses	24,350	11,870	12,479	23,776	11,845	11,930	+573	+2.4%
Operating income	4,700	2,489	2,210	4,245	2,108	2,137	+454	+10.7%
(Ratio)	13.4%	14.6%	12.3%	12.7%	12.7%	12.7%		
Ordinary income	4,660	2,434	2,225	4,144	2,034	2,109	+515	+12.4%
(Ratio)	13.3%	14.3%	12.4%	12.4%	12.2%	12.5%		
Profit attributable to owners of parent	2,700	1,425	1,274	2,607	1,088	1,518	+92	+3.6%
(Ratio)	7.7%	8.4%	7.1%	7.8%	6.6%	9.0%		

Capital Policies





Acquisition of treasury stock
(1,955 millions of yen, 281 ten thousand shares)

Shareholder returns
Plans to use them for
capital tie-ups and M&A activities

Number of treasury shares
at the end of March: 607 ten thousand

(Equivalent to 10.1% of issued shares)



Thank you very much for today.

MTI Ltd.

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