

MTI Ltd.

Financial Results Briefing
for Q2 / FY2016

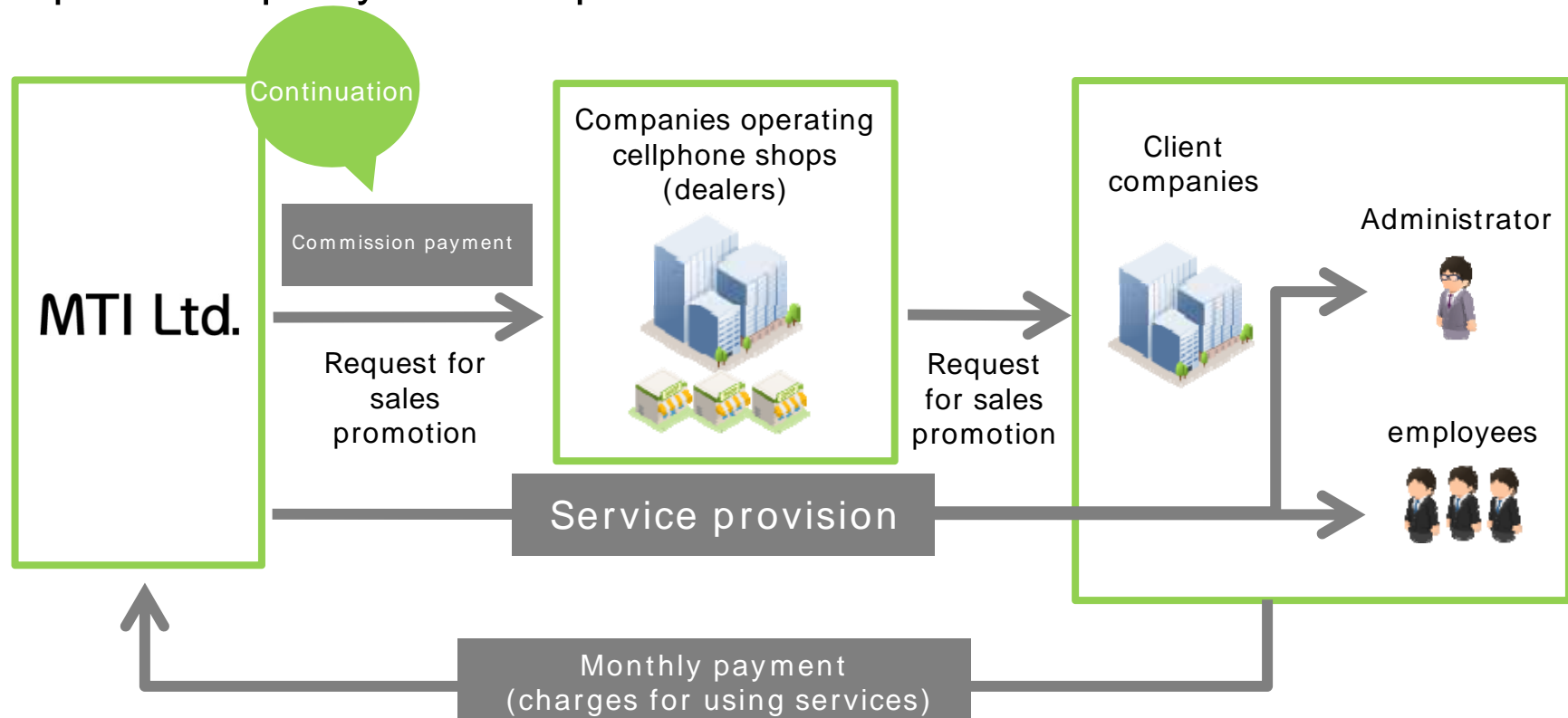
May 2, 2016



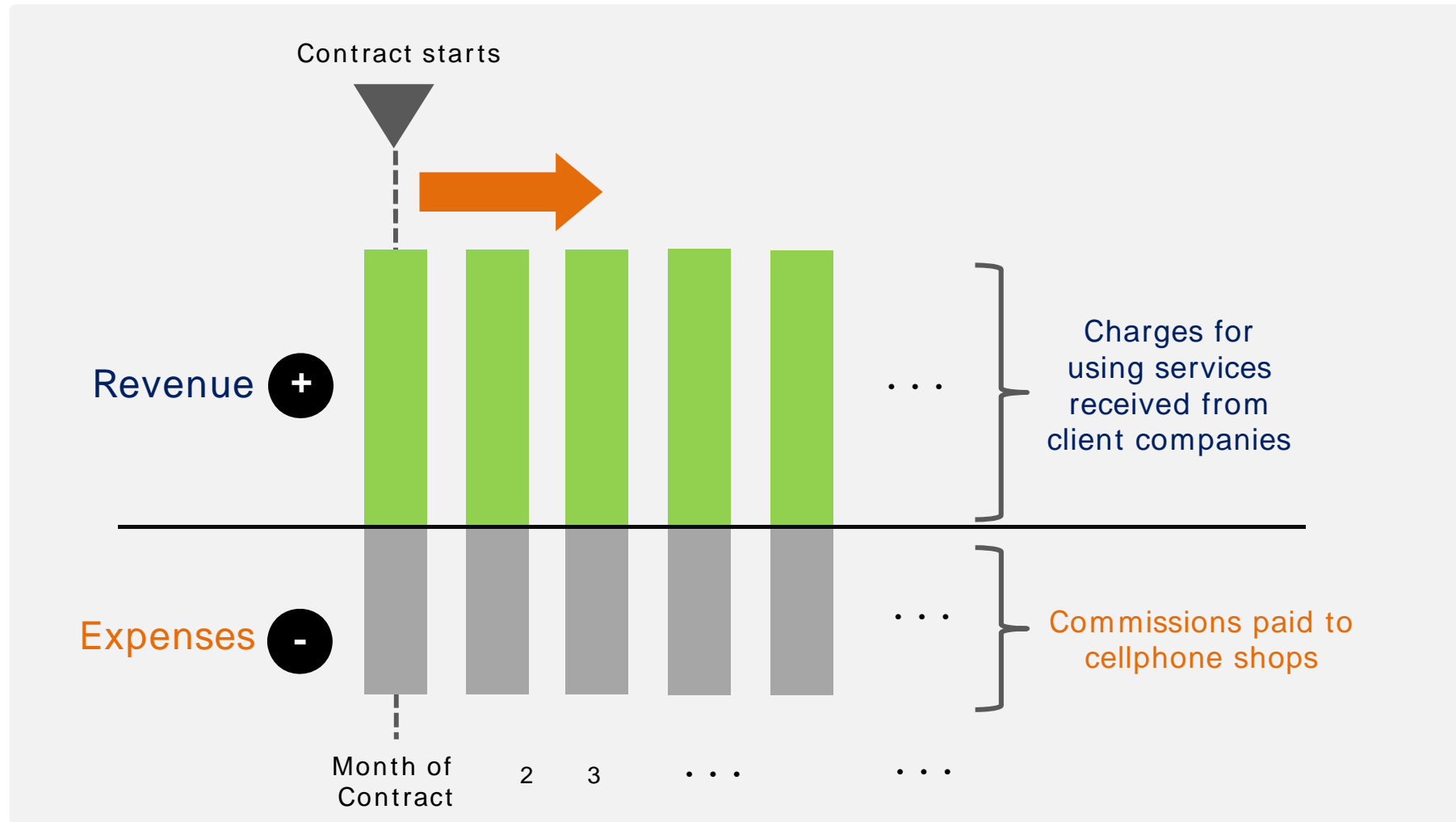
【“CARADA” packaged service】 Business Model



- ▶ 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 !

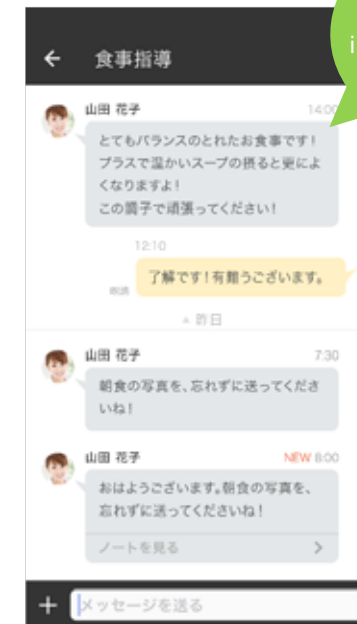
1 Take a photo
before you eat



2 Send the photo
to a nutritionist



3 Receive coaching

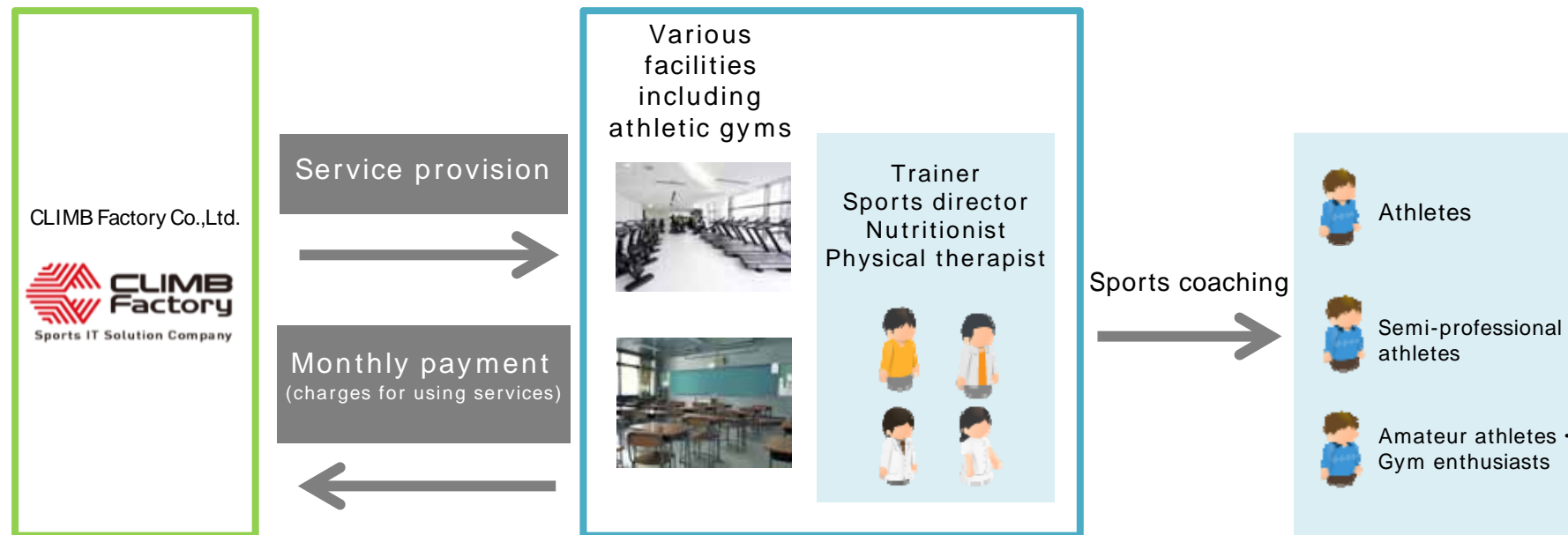


A nutritionist
provides
instructions
by way of chats

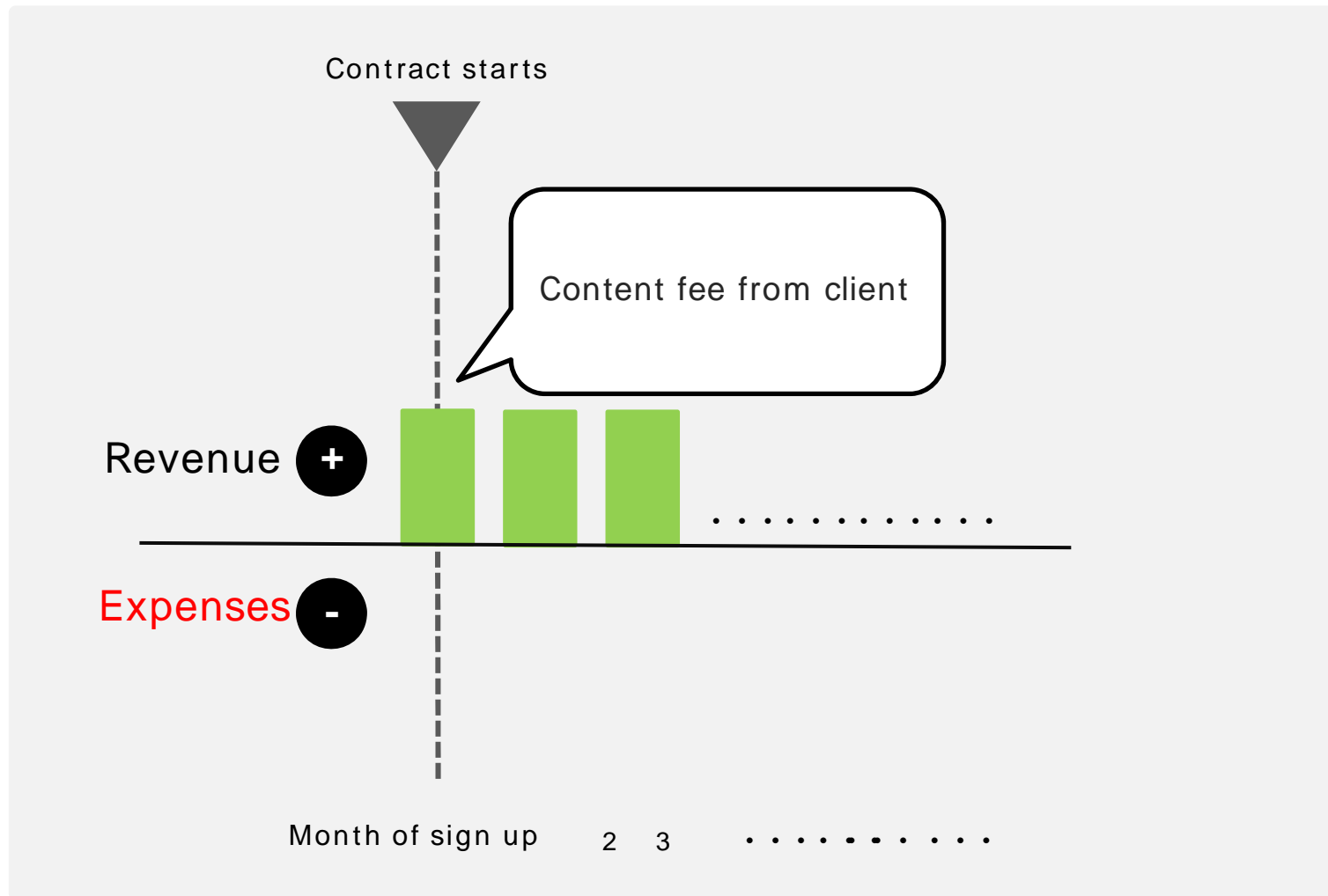
【Sports management service】 Business Model



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

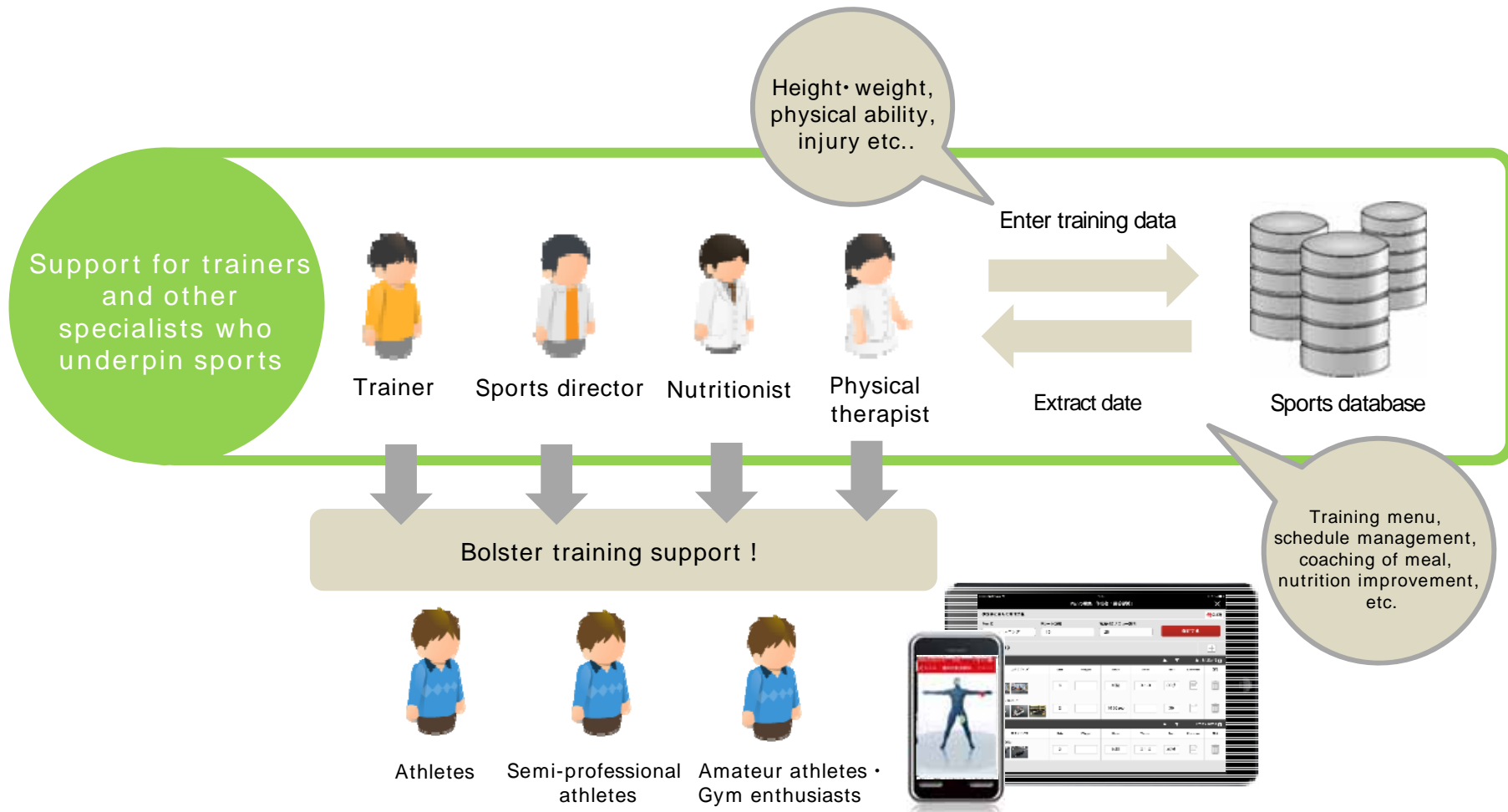


【Sports management service】 Revenue Model





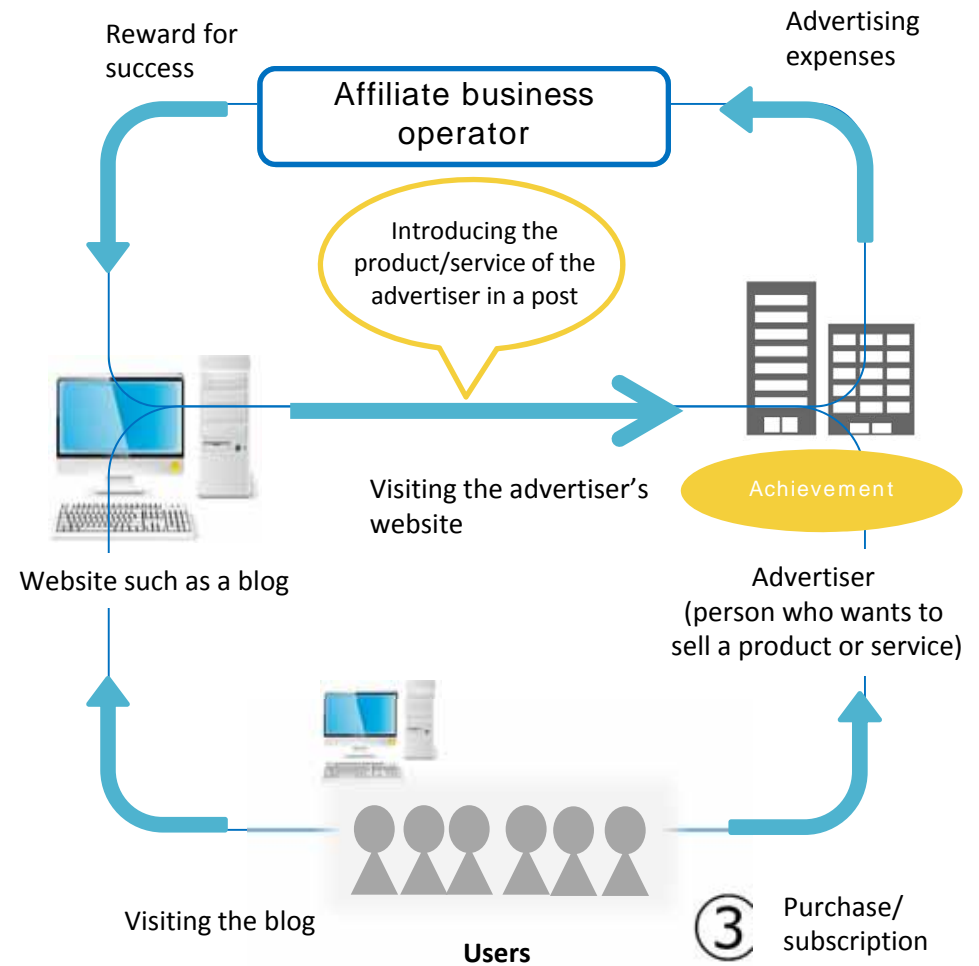
Expansion of trainer support services



What s “Affiliate”?



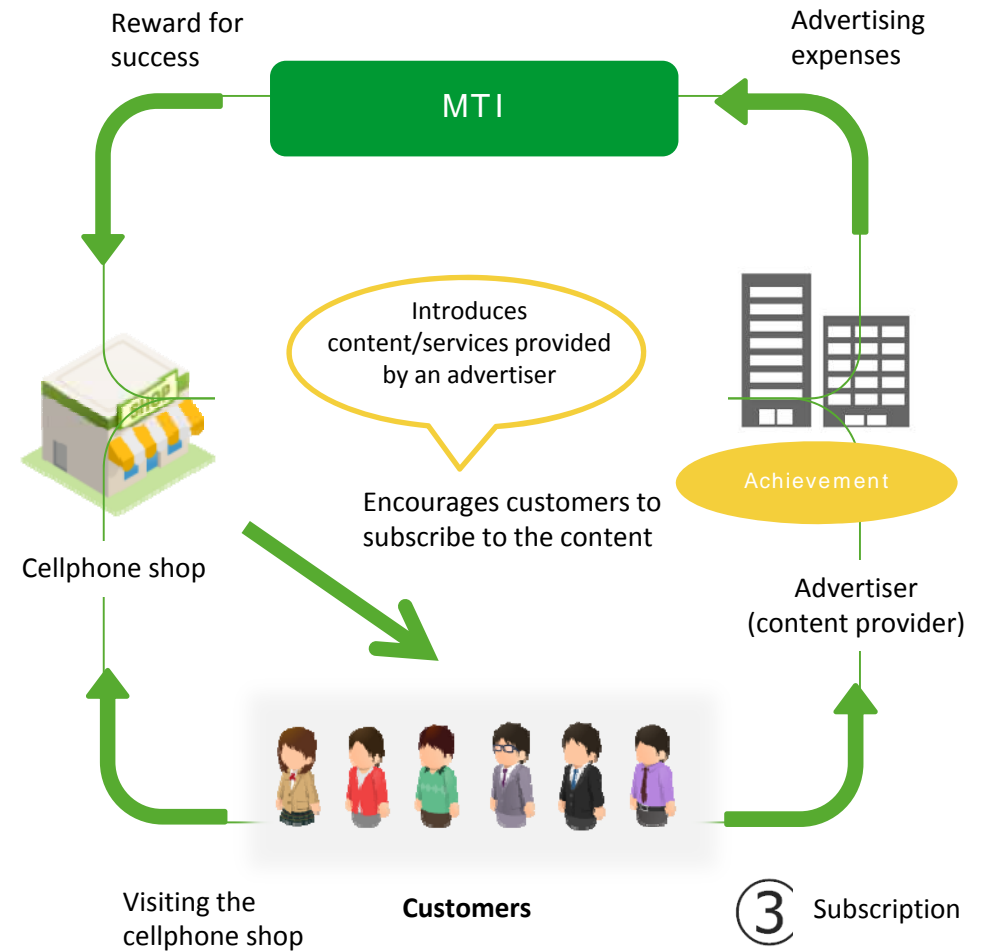
The term “affiliate” is a frequently used term in internet advertising. It is a system whereby if the introduction of a product or service on a website, such as a blog, is successful (e.g. a user purchases the product), the operator of the website receives a reward.



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

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

Introduction of a compensation system based on the withdrawal rate of each cell phone shop

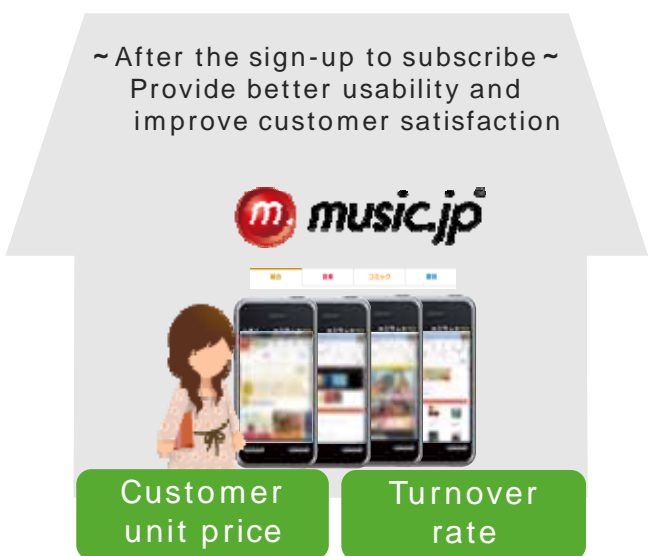
The number of increase to member

$$= \text{The num of new subscribers} \times (1 - \text{Turnover rate})$$

Enlargement of Contents service

Sales

$$= \text{The num of subscribers} \times \text{Customer Unit price}$$



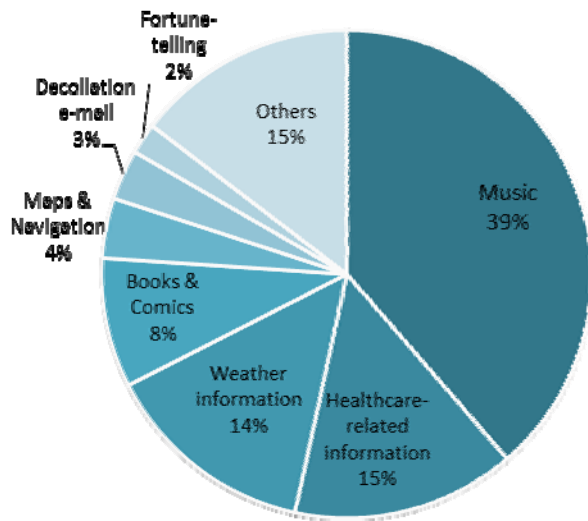
* 1 Subscriber ratio: the number of content subscribers per cell phone shop visitors (Unique)
* 2 Content subscribed: the number of subscribed contents per

【Content Distribution Business】 Major Service



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

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

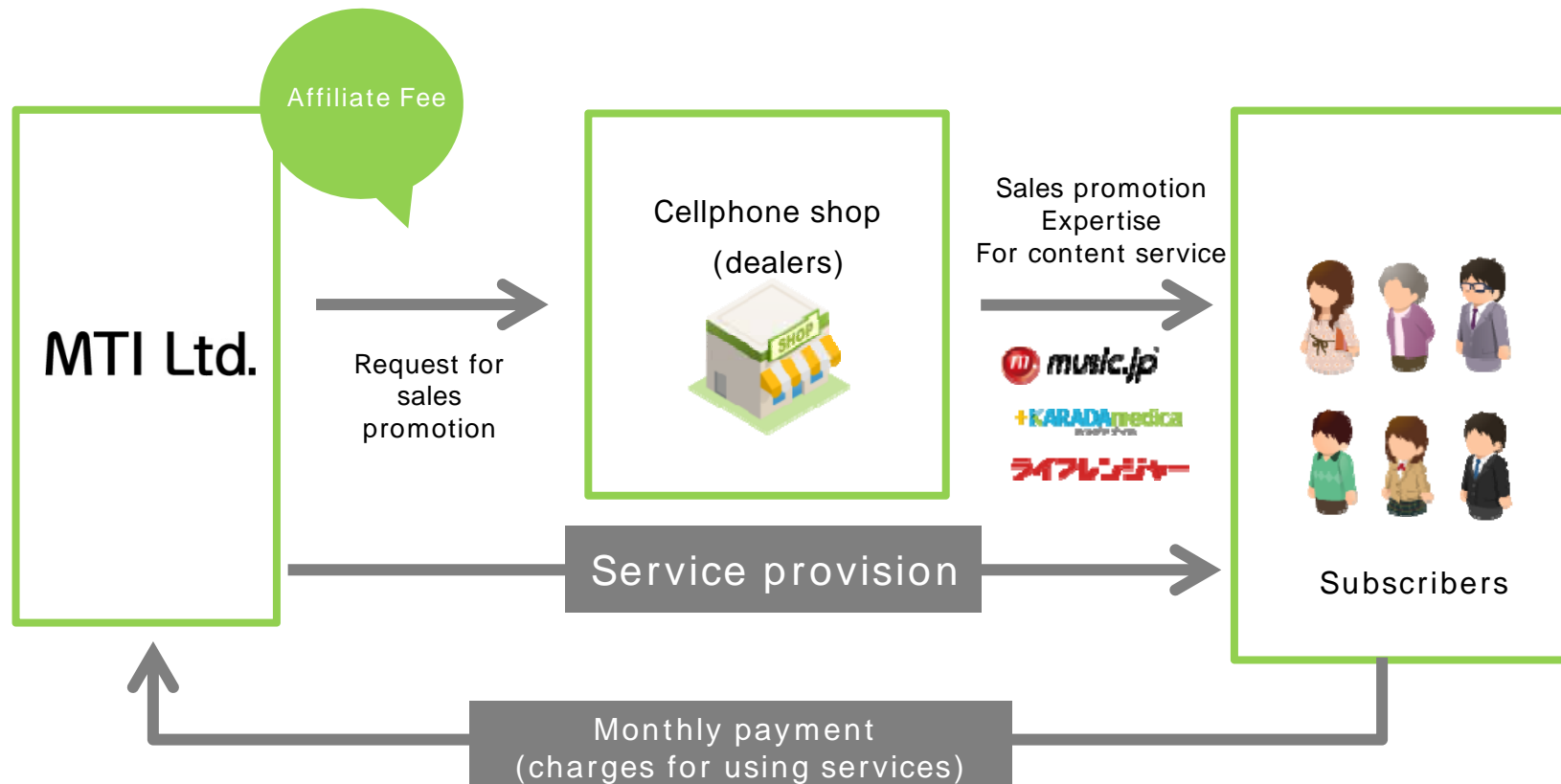


<p>Music</p>	<p>Healthcare-related information</p>	<p>Weather information</p>	<p>Books & Comics</p> <p>Photo Book</p> <p>GettyImages</p>	<p>Maps & Navigation</p>	<p>Fortune-telling</p>
				<p>Decollation e-mail</p>	<p>Others</p>

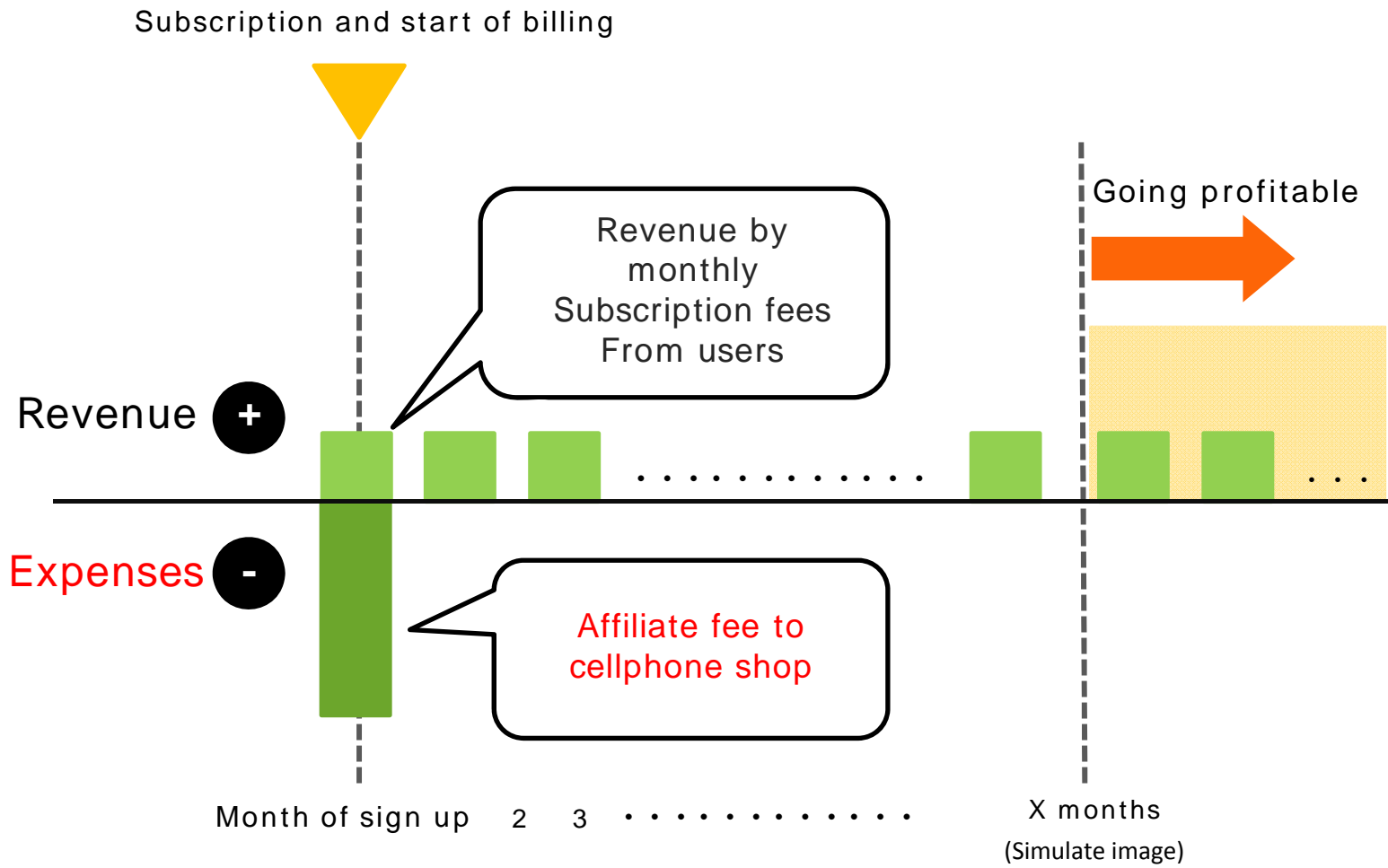
【Content Distribution Business】 Business Model



- ▶ 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



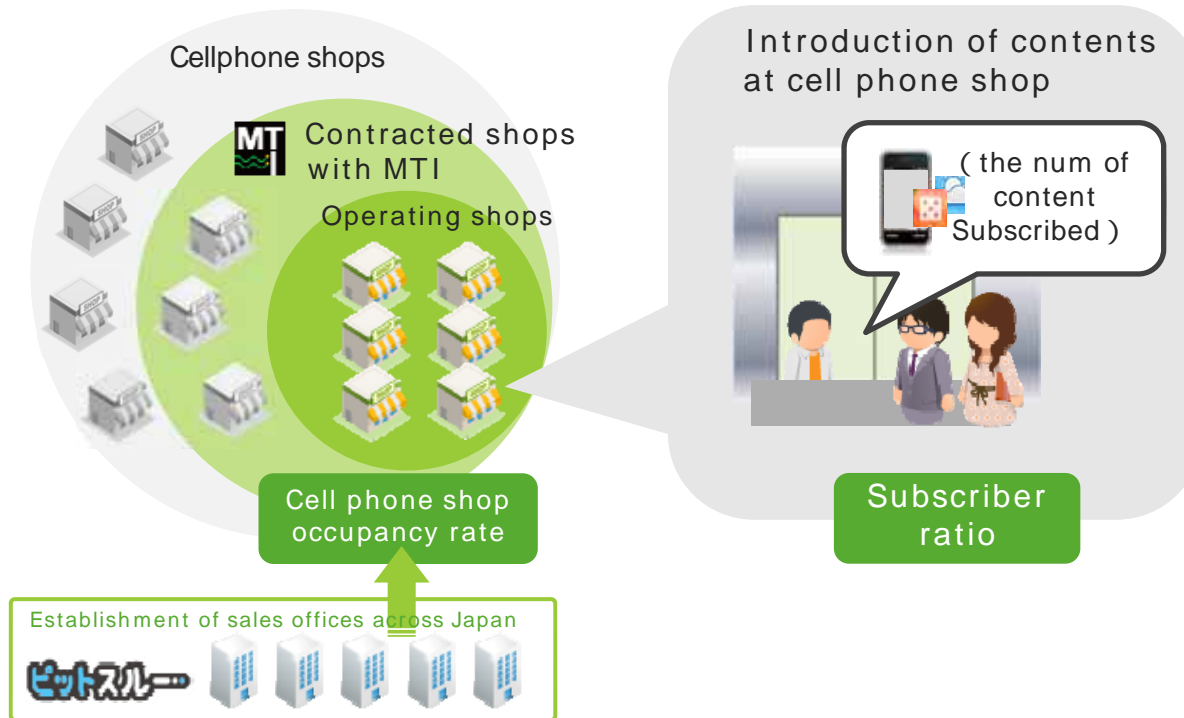
Construction of a detailed sales support system

The number of new subscribers

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

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)

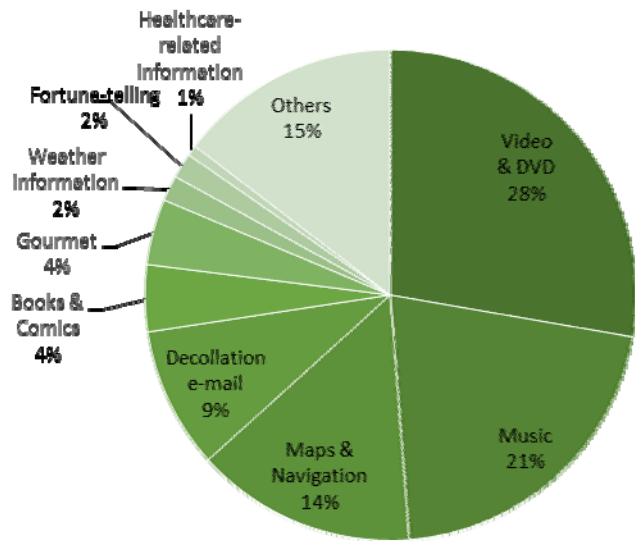
* 2 Content subscribed: the number of subscribed contents per

【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 - March, 2016)



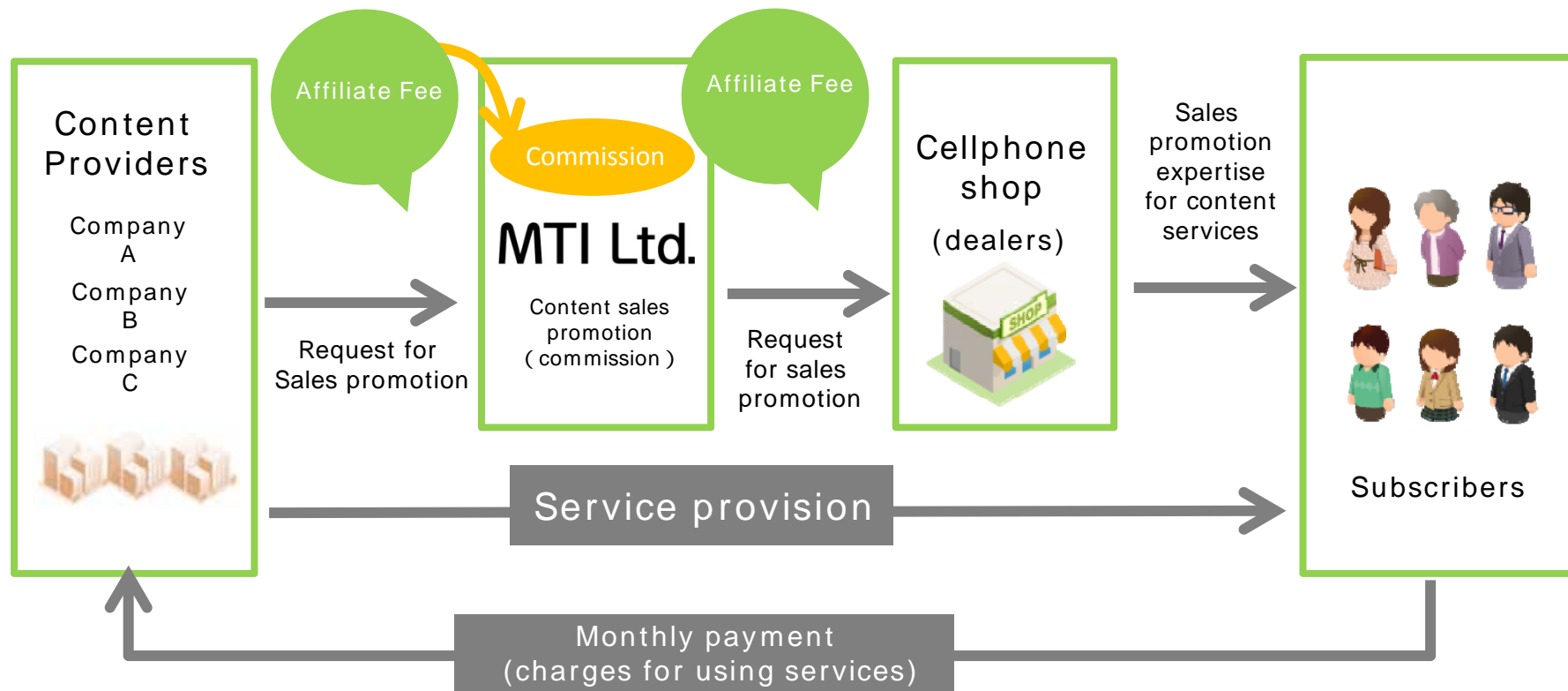
<p>Video & DVD</p>  <p>Video Market, Inc. (Our affiliated Company)</p> 	<p>Music</p> 	<p>Maps & Navigation</p> 	<p>Decollation e-mail</p> 
<p>Gourmet</p> 	<p>Books & Comics</p> 	<p>Weather info</p> 	

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

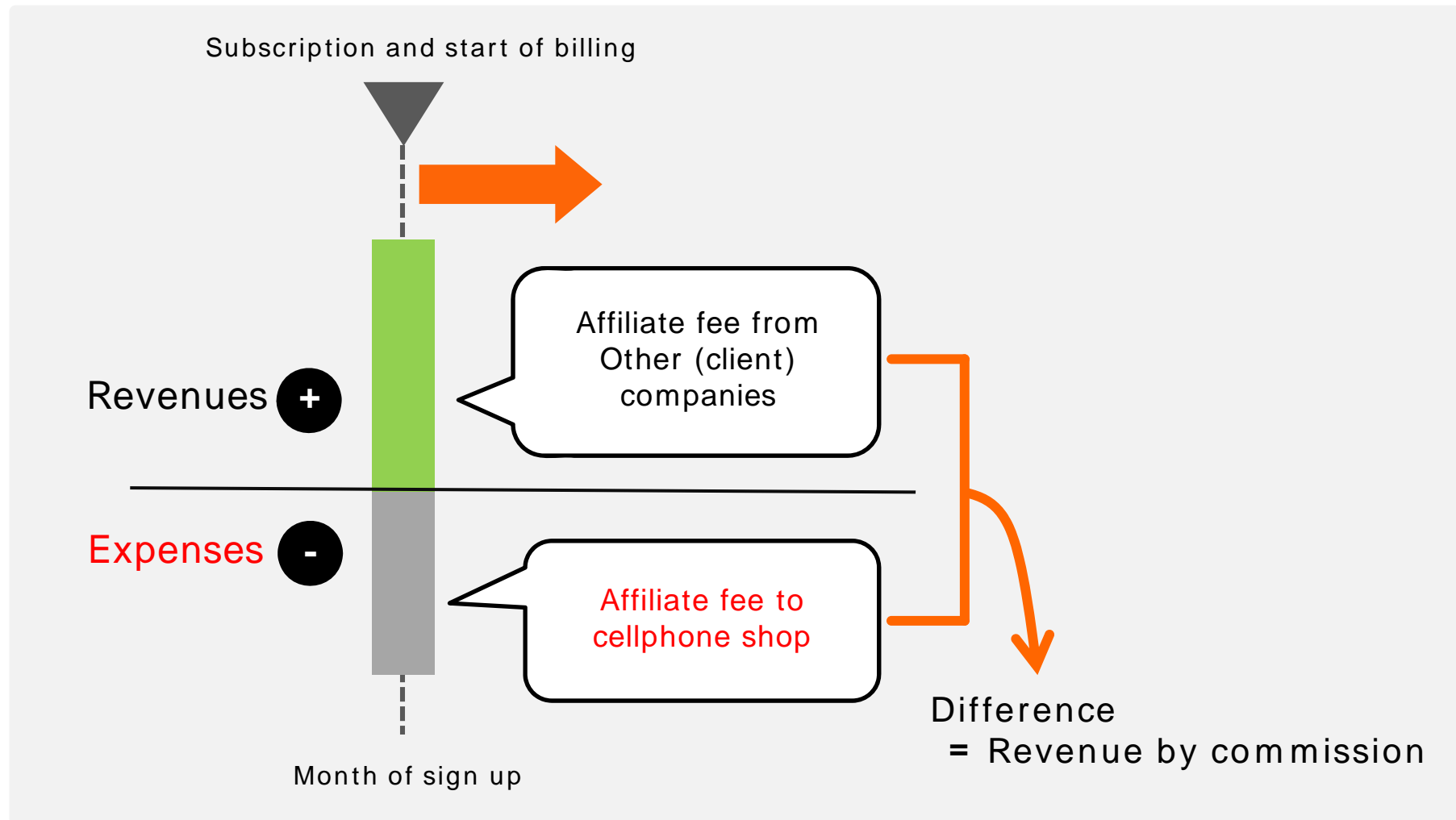
【Non-virtual Affiliate Business】 Business Model



- ▶ 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)

	As of March 31, 2016	As of September 30, 2015	Change		As of March 31, 2016	As of September 30, 2015	Change
Current assets	18,387	20,211	(1,823)	Liabilities	6,408	7,193	(785)
Cash and deposit	10,650	11,608	(957)	Accounts payable-trade	1,118	1,179	(60)
Notes and accounts receivable-trade	6,808	6,885	(77)	Current portion of long-term loans payable	516	518	(2)
Other	1,002	1,788	(785)	Account payable-other	2,367	2,571	(204)
Allowance for doubtful accounts	(73)	(71)	(2)	Income taxes payable	1,206	1,354	(147)
				Allowance for coin usage	221	234	(13)
				Other	977	1,334	(356)
Noncurrent assets	4,658	4,526	131	Noncurrent liabilities	1,014	953	60
Property, plant and equipment	145	146	(1)	Long-term loans payable	72	79	(7)
Intangible fixed assets	2,204	2,277	(72)	Net defined benefit liability	902	832	69
Include software	2,179	2,254	(75)	Other	38	40	(1)
Investments and other assets	2,308	2,103	205	Total liabilities	7,422	8,147	(724)
Include investment securities	908	796	112	Capital stock	4,987	4,947	39
				Capital surplus	5,508	5,469	39
				Retained earning	7,270	6,300	969
				Treasury stock	(2,650)	(695)	(1,955)
				Other comprehensive income	(1)	12	(14)
				Subscription rights to shares	133	127	6
				Minority interest	376	429	(52)
				Net assets	15,623	16,591	(967)
Total Assets	23,045	24,738	(1,692)	Total liabilities and net assets	23,045	24,738	(1,692)

Trends in Consolidated P/L



(Millions of yen)	FY2014				FY2015				FY2016	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Net sales	7,498	7,780	7,730	7,974	8,209	8,410	8,261	8,579	8,547	8,447
Cost of sales	1,219	1,256	1,238	1,273	1,343	1,322	1,281	1,491	1,362	1,272
Gross profit	6,279	6,523	6,492	6,700	6,865	7,088	6,979	7,088	7,184	7,175
(Ratio)	83.7%	83.8%	84.0%	84.0%	83.6%	84.3%	84.5%	82.6%	84.1%	84.9%
Selling, general and administrative expenses	5,370	6,127	5,866	6,074	5,532	6,313	5,559	6,371	6,062	5,807
Operating income	909	395	626	626	1,333	774	1,420	717	1,121	1,367
(Ratio)	12.1%	5.1%	8.1%	7.9%	16.2%	9.2%	17.2%	8.4%	13.1%	16.2%
Ordinary income	870	439	614	594	1,315	719	1,405	704	1,117	1,317
(Ratio)	11.6%	5.7%	8.0%	7.5%	16.0%	8.5%	17.0%	8.2%	13.1%	15.6%
Profit attributable to owners of parent	425	364	218	328	761	327	855	663	697	727
(Ratio)	5.7%	4.7%	2.8%	4.1%	9.3%	3.9%	10.4%	7.7%	8.2%	8.6%

Trends in Consolidated SG&A



(Millions of yen)	FY2014				FY2015				FY2016	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Total	5,370	6,127	5,866	6,074	5,532	6,313	5,559	6,371	6,062	5,807
Advertising expenses	1,685	2,392	1,963	2,225	2,021	2,680	1,795	2,580	2,532	2,246
Personnel expenses	1,403	1,422	1,424	1,564	1,374	1,382	1,454	1,558	1,341	1,368
Commission fee	806	835	884	918	896	938	923	968	954	955
Subcontract expenses	438	459	484	421	350	331	344	299	374	384
Depreciation	444	442	454	365	353	341	314	309	298	303
Other	592	575	655	580	535	638	726	654	561	549



Thank you very much for today.

MTI Ltd.

〈Contact us〉

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