



FY2013 for the 3rd Quarter

# Financial Results Presentation

**MTI Ltd.**

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# Financial Results Overview

 For the 3<sup>rd</sup> Quarter

# Financial Highlights for the 3rd Quarter

## The number of paying subscribers



Smartphone:	<b>4.41</b> million paying subscribers ( <b>+0.15</b> million compared to March 31, 2013)
Total:	<b>7.94</b> million paying subscribers ( <b>-0.32</b> million compared to March 31, 2013)

## Financial results



Net sales:	<b>22,585</b> millions of yen (+632 millions of yen, +2.9%, year on year)
Operating income:	<b>727</b> millions of yen (-927 millions of yen, -56.1%, year on year)
Net income:	<b>322</b> millions of yen (-88 millions of yen, -21.5%, year on year)

The earnings in the third quarter (from April to June)

**increased both in sales and profit.**

Profit increased for the first time in five quarters.

Progress for earnings forecast : Net sales **77%** Operating income **145%**

# Consolidated Statements of Income (Q3 Total)

(Millions of yen)	Nine months ended September 30, 2013	Nine months ended September 30, 2012	Change	
			Amount	Ratio(%)
Net sales	22,585	21,952	+632	+2.9%
Cost of sales	3,945	4,360	-415	-9.5%
Gross profit	18,640	17,591	+1,048	+6.0%
(Gross profit ratio)	82.5%	80.1%		
Selling, general and administrative expenses	17,912 Breakdown in the P5	15,936	+1,976	+12.4%
Operating income	727	1,654	-927	-56.1%
(Operating income ratio)	3.2%	7.5%		
Ordinary income	735	1,646	-911	-55.3%
(Ordinary income ratio)	3.3%	7.5%		
Net income	322	411	-88	-21.5%
(Net income ratio)	1.4%	1.9%		

· Decreased in the number of downloads in music contents

· Actively developed advertising campaigns in the release of smartphone new models.

	FY2013	FY2012
Extraordinary income	44	-
Extraordinary loss	119	425
Income tax	273	819

· Sharply decreased in extraordinary loss.  
· Sharply decreased in income taxes-current.

## Selling, General and Administrative Expenses (Q3 Total)

(Millions of yen)	Nine months ended September 30, 2013	Nine months ended September 30, 2012	Change	
			Amount	Ratio(%)
Total	<b>17,912</b>	<b>15,936</b>	+1,976	+12.4%
Advertising expenses	<b>6,682</b>	<b>5,167</b>	+1,514	+29.3%
Personal expenses	<b>4,256</b>	<b>4,092</b>	+163	+4.0%
Commission fee	<b>2,420</b>	<b>2,469</b>	-49	-2.0%
Subcontract expenses	<b>1,330</b>	<b>1,152</b>	+177	+15.4%
Depreciation	<b>1,328</b>	<b>1,032</b>	+296	+28.7%
Other	<b>1,894</b>	<b>2,021</b>	-126	-6.3%

· Actively developed advertising campaigns in the release of smartphone new models.

# Consolidated Statements of Income (Q3)

(Millions of yen)	Three months ended September 30, 2013	Three months ended September 30, 2012	Change	
			Amount	Ratio(%)
Net sales	<b>7,762</b>	<b>7,251</b>	<b>+510</b>	<b>+7.0%</b>
Cost of sales	<b>1,427</b>	<b>1,355</b>	<b>+71</b>	<b>+5.3%</b>
Gross profit	<b>6,334</b>	<b>5,896</b>	<b>+438</b>	<b>+7.4%</b>
(Gross profit ratio)	<b>81.6%</b>	<b>81.3%</b>		
Selling, general and administrative expenses	<b>5,500</b> Breakdown in the P7	<b>5,391</b>	<b>+109</b>	<b>+2.0%</b>
Operating income	<b>834</b>	<b>504</b>	<b>+329</b>	<b>+65.3%</b>
(Operating income ratio)	<b>10.7%</b>	<b>7.0%</b>		
Ordinary income	<b>832</b>	<b>506</b>	<b>+325</b>	<b>+64.3%</b>
(Ordinary income ratio)	<b>10.7%</b>	<b>7.0%</b>		
Net income	<b>443</b>	<b>234</b>	<b>+209</b>	<b>+89.6%</b>
(Net income ratio)	<b>5.7%</b>	<b>3.2%</b>		



## Selling, General and Administrative Expenses (Q3)

(Millions of yen)	Three months ended September 30, 2013	Three months ended September 30, 2012	Change	
			Amount	Ratio(%)
Total	<b>5,500</b>	<b>5,391</b>	+109	+2.0%
Advertising expenses	<b>1,780</b>	<b>1,714</b>	+66	+3.9%
Personal expenses	<b>1,422</b>	<b>1,457</b>	-34	-2.4%
Commission fee	<b>785</b>	<b>821</b>	-35	-4.4%
Subcontract expenses	<b>413</b>	<b>376</b>	+37	+9.9%
Depreciation	<b>462</b>	<b>373</b>	+88	+23.7%
Other	<b>635</b>	<b>647</b>	-12	-2.0%



## Progress for Earnings Forecast for the Full-year Term

(Millions of yen)	Q1	Q2	Q3	Q3 Total	Full-year forecast	Progress ratio
Net sales	7,331	7,491	7,762	22,585	29,400	76.8%
Cost of sales	1,231	1,286	1,427	3,945	5,000	78.9%
Selling, general and administrative expenses	5,885	6,527	5,500	17,912	23,900	74.9%
Operating income	214	-321	834	727	500	145.4%
(Operating income ratio)	2.9%	-4.3%	10.7%	3.2%	1.7%	
Ordinary income	216	-312	832	731	470	156.5%
(Ordinary income ratio)	2.9%	-4.2%	10.7%	3.2%	1.6%	
Net income	185	-306	443	322	150	215.1%
(Net income ratio)	2.5%	-4.1%	5.7%	1.4%	0.5%	

# Consolidated Balance Sheets Statements

Net cash was 2.33 billions of yen as of June 30, 2013 (2.40 billions of yen as of September 30, 2012)

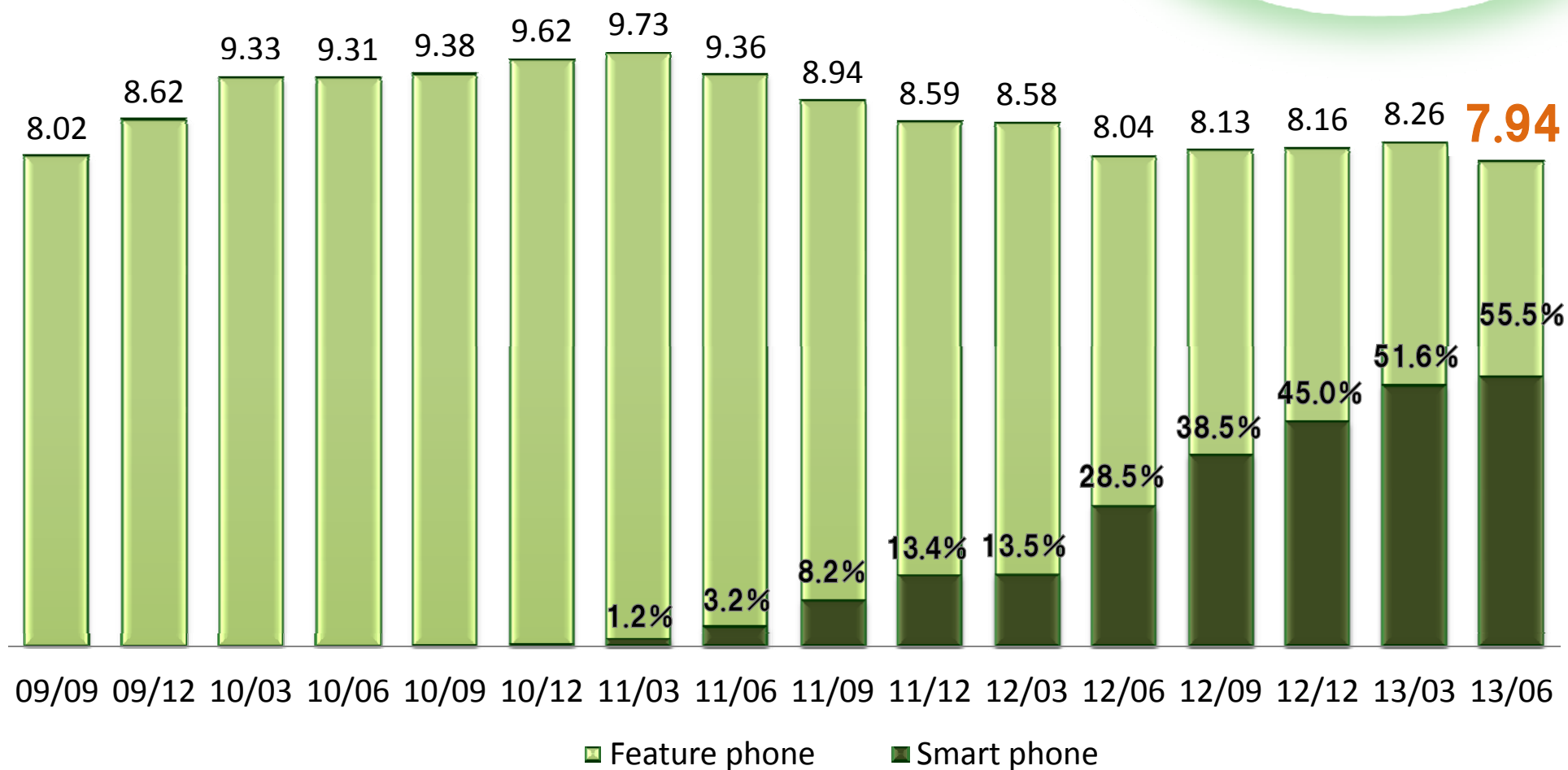
(Millions of yen)	As of June 30, 2013	As of September 30, 2012	Change
Current assets	10,092	9,630	+461
Cash and deposit	2,920	2,563	+357
Accounts receivable-trade	6,276	6,188	+88
Other	1,092	1,147	-54
Allowance for doubtful accounts	-197	-268	+70
Noncurrent assets	4,994	4,340	+653
Property, plant and equipment	197	218	-20
Intangible fixed assets	2,666	2,483	+182
Include software	2,426	2,255	+171
Include goodwill	153	171	-17
Investments and other assets	2,130	1,639	+491
Include investment securities	728	376	+352
Total assets			
Current assets	15,086	13,971	+1,114

(Millions of yen)	As of June 30, 2013	As of September 30, 2012	Change
Liabilities	5,304	4,566	+737
Accounts payable-trade	926	1,233	-307
Current portion of convertible bonds	80	62	+18
Current portion of long-term loans payable	-	99	-99
Account payable-other	2,404	1,964	+439
Income taxes payable	364	7	+356
Allowance for coin usage	385	420	-35
Other	1,142	777	+364
Noncurrent liabilities	1,067	482	+584
Long-term loans payable	500	-	+500
Provision for retirement benefits	473	363	+109
Other	94	119	-25
Total liabilities	6,371	5,049	+1,322
Capital stock	2,562	2,562	-
Capital surplus	3,078	3,078	-
Retained earning	3,200	3,394	-194
Treasury stock	-695	-397	-297
Subscription rights to shares	258	211	+46
Minority interest	267	64	+202
Other comprehensive income	42	7	+35
Net assets	8,714	8,922	-207
Total liabilities and net assets	15,086	13,971	+1,114

## Business Overview: the Total Number of Paying Subscribers

**7.94** million paying subscribers (-0.32million, compared to March 31, 2013)

**Smartphone Ratio**  
**55%**



Quarterly change in the number of paying subscribers

# Business Overview: the Number of Paying Subscribers(Smartphone)

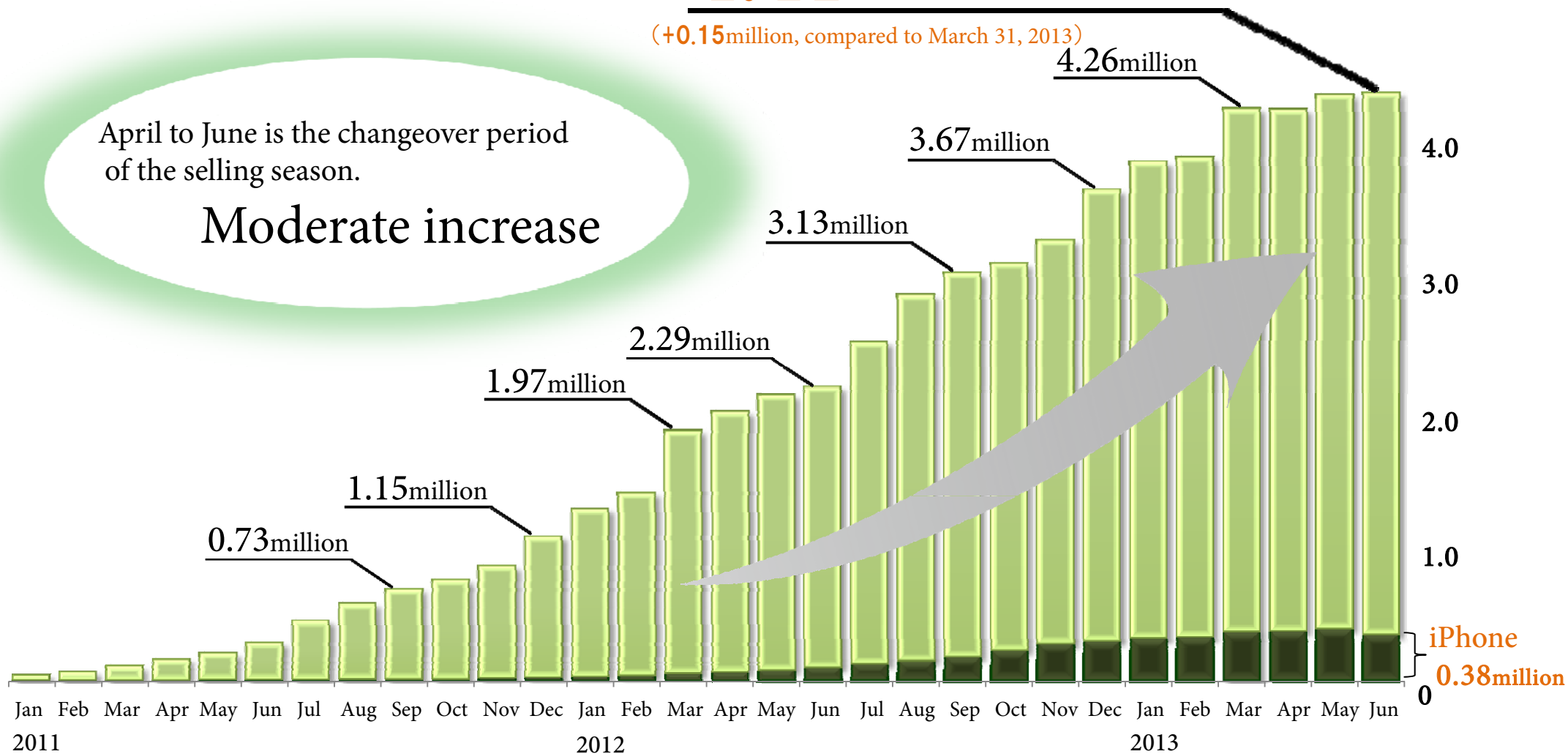
The number of paying subscribers of the smartphone

**4.41** million

(+0.15million, compared to March 31, 2013)

April to June is the changeover period of the selling season.

Moderate increase



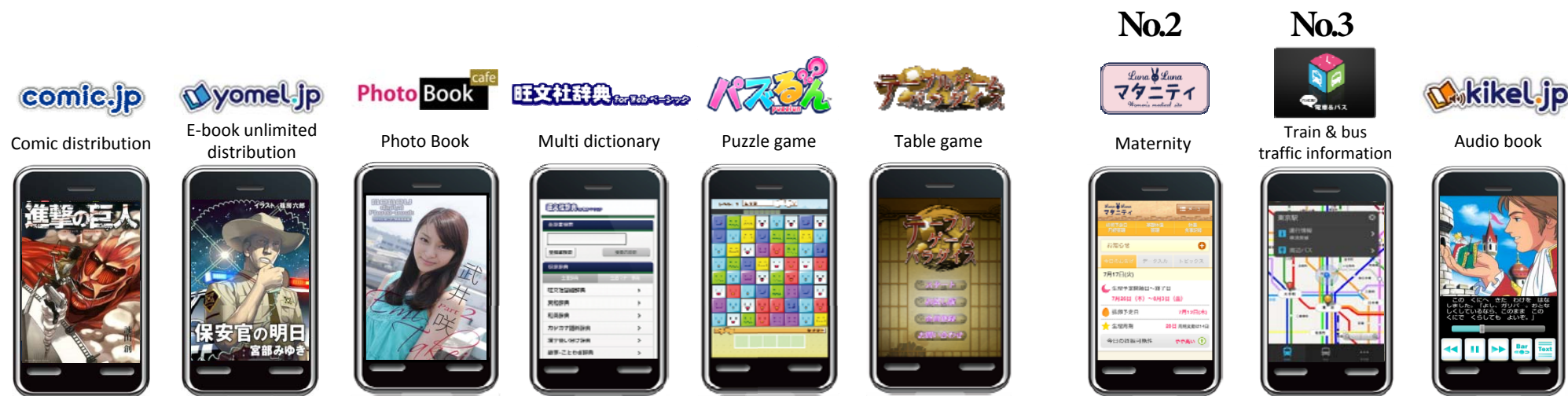
Monthly change in the number of paying subscribers for smartphone

# Business Overview: docomo "d-menu" ※ Ranking

## 13 contents No.1 ~ win a sweeping victory ~



No.1  
monopoly !



©Hajime Isayama/KODANSHA LTD. ©Miyuki Miyabe ©Emi Takei/Kindaieigasha Co.,Ltd.

©Shougo Hirata/ AIUEOKAN Co.,Ltd.

※ Source: Ranking data from "d-menu", a portal site for smartphone services, by NTT docomo Co., Ltd. as of July 15, 2013

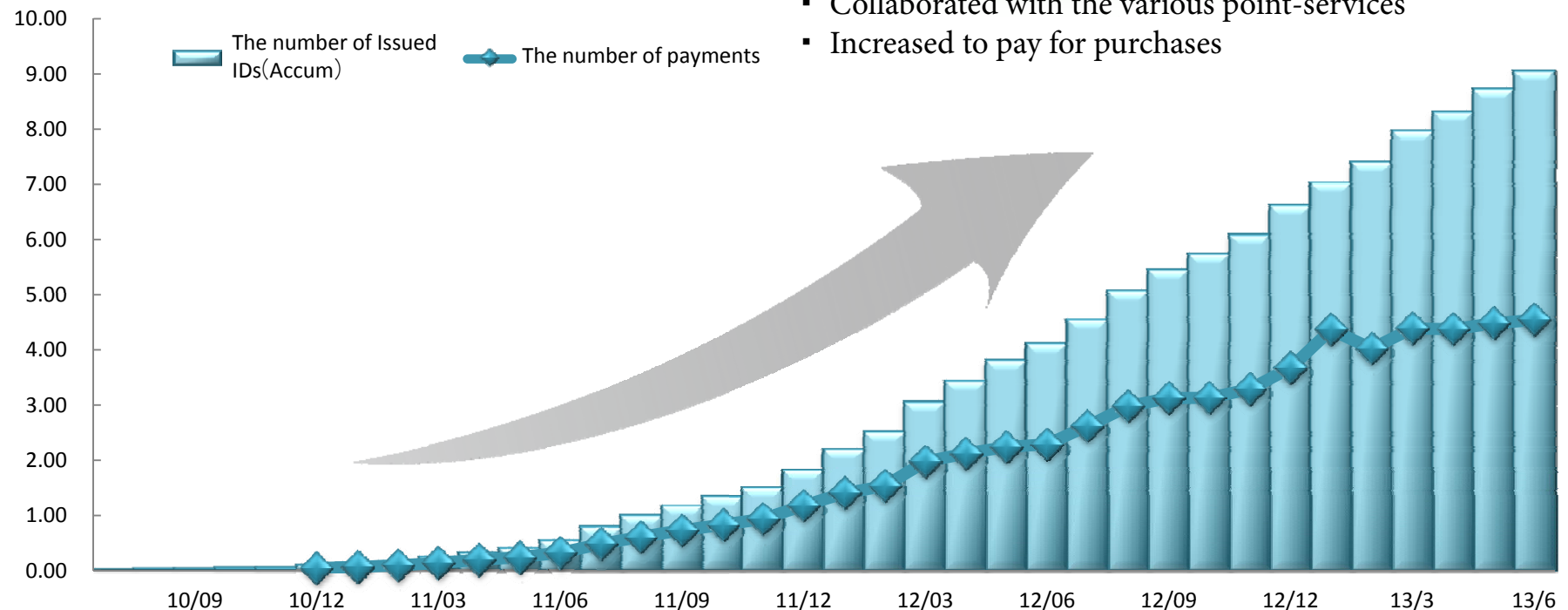
# Business Overview: *mopita* Business

Authentication and payment platform



Achieved (As of July, 2013)

**9.00** million issued IDs



- Collaborated with the various point-services
- Increased to pay for purchases

Available payment means



auかんたん決済

S!まとめて支払い

※ Softbank payment

SMART SERVICE

YAHOO! JAPAN ウォレット

T-POINT


PayPal



※ Mobile Suica is trademark registered to East Japan Railway Company.



## New Approach

 In the 4<sup>th</sup> Quarter



## Basic Policy in the Fiscal Year & New Approach in the 2nd Half of the Fiscal Year

### Basic policy of the fiscal year

Expansion in the number of paying subscribers

New record in March  
The number of new paying subscribers  
of the smartphones

Enlargement of contents  
services

New approach

Focus on iPhone users

### New approach in the 2nd half of the fiscal year

Expansion in the number of paying  
subscribers

Improvement of efficiency in  
promotion

- Improvement of yield rate

# Enlargement of Contents Services



## Business & capital alliance with Video Market Corporation

To develop video business



**MTI Ltd.**

More than

**70,000**

delivery program performances

- Movie
- Animation
- Deliver program missed out
- Drama
- Variety

Promotion  
know-how



**Synergy**

# Music that's more “you.”



Prepaid card of music.jp  
“music card”

Released on May 27

You can purchase music without a monthly subscription.

Promoting downloads for increased ARPU.

# Enlargement of Contents Services

Easy and inexpensive multi-function  
security application



Vi Robot Mobile

Antivirus  
measures



Smartphone battery-saving application



Setsuden Sensei

Battery



Services that meet the needs of smartphone users.



Music that's more “you.”



Unlimited listening  
Music radio free application

**Expanded to 115 channels**

Member registration unnecessary.

Music that's more “you.”

**minp!**  
Find your music  
音楽まとめ<ミンプ>

Summary pages and page views  
Steadily increasing

For enlargement of our fans in main contents  
Activates the whole music market



## New Approach iii) Equipment Cooperation

### Entered into the wearable appliance market earlier

Record of daily activities! **Karadafit MTN-200**

～ You can record your daily activities by only wearing the smallest appliance in the world. ～



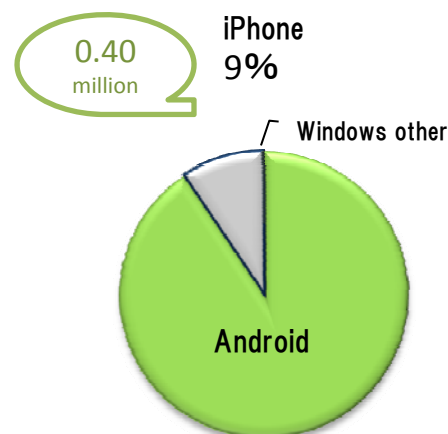
Bluetooth Low Energy Preloaded  
Released on August 8 !  
Use your iPhone to transfer data.



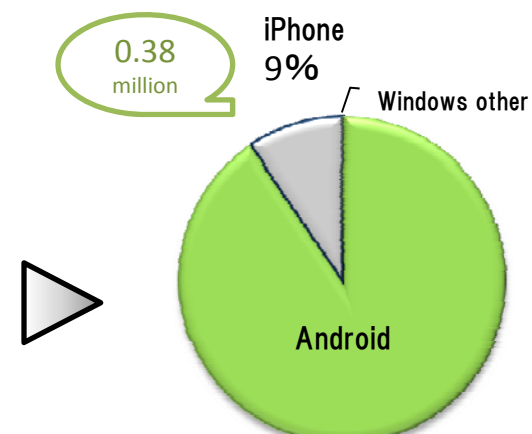
## Focus on iPhone Users



Makeup of MTI Ltd. smartphone subscribers by the OS



As of March 31, 2013  
4.26 million



As of June 30, 2013  
4.41 million

*comic.jp* iPhone version was released on August 5.

# Earnings Forecast for the Full-year Term

(Millions of yen)	Fiscal year ended September 30, 2013			Fiscal year ended September 30, 2012			Change	
	Full-year	1 <sup>st</sup> half	2 <sup>nd</sup> half	Full-year	1 <sup>st</sup> half	2 <sup>nd</sup> half	Amount (Full-year)	Ratio(%) (Full-year)
Net sales	<b>29,400</b>	<b>14,822</b>	<b>14,577</b>	<b>29,382</b>	<b>14,700</b>	<b>14,681</b>	<b>+17</b>	<b>+0.1%</b>
Cost of sales	<b>5,000</b>	<b>2,517</b>	<b>2,482</b>	<b>5,665</b>	<b>3,005</b>	<b>2,660</b>	<b>-665</b>	<b>-11.7%</b>
Selling, general and administrative expenses	<b>23,900</b>	<b>12,412</b>	<b>11,487</b>	<b>22,012</b>	<b>10,545</b>	<b>11,466</b>	<b>+1,889</b>	<b>+8.6%</b>
Operating income	<b>500</b>	<b>-107</b>	<b>607</b>	<b>1,704</b>	<b>1,150</b>	<b>554</b>	<b>-1,204</b>	<b>-70.7%</b>
(Operating income ratio)	<b>1.7%</b>	<b>-0.7%</b>	<b>4.2%</b>	<b>5.8%</b>	<b>7.8%</b>	<b>3.8%</b>	-	-
Ordinary income	<b>470</b>	<b>-96</b>	<b>566</b>	<b>1,697</b>	<b>1,140</b>	<b>557</b>	<b>-1,227</b>	<b>-72.3%</b>
(Ordinary income ratio)	<b>1.6%</b>	<b>-0.7%</b>	<b>3.9%</b>	<b>5.8%</b>	<b>7.8%</b>	<b>3.8%</b>	-	-
Net income	<b>150</b>	<b>-121</b>	<b>271</b>	<b>109</b>	<b>176</b>	<b>-67</b>	<b>+40</b>	<b>+37.1%</b>
(Net income ratio)	<b>0.5%</b>	<b>-0.8%</b>	<b>1.9%</b>	<b>0.4%</b>	<b>1.2%</b>	<b>△0.5%</b>	-	-

## Appendix

# Trends in Consolidated Statements of Income

(Millions of yen)	Fiscal year ended September 30, 2012				Fiscal year ended September 30, 2013		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Net sales	<b>7,485</b>	<b>7,215</b>	<b>7,251</b>	<b>7,429</b>	<b>7,331</b>	<b>7,491</b>	<b>7,762</b>
Cost of sales	<b>1,597</b>	<b>1,407</b>	<b>1,355</b>	<b>1,304</b>	<b>1,231</b>	<b>1,286</b>	<b>1,427</b>
Gross profit	<b>5,887</b>	<b>5,807</b>	<b>5,896</b>	<b>6,125</b>	<b>6,099</b>	<b>6,205</b>	<b>6,334</b>
(Gross profit ratio)	<b>78.7%</b>	<b>80.5%</b>	<b>81.3%</b>	<b>82.4%</b>	<b>83.2%</b>	<b>82.8%</b>	<b>81.6%</b>
Selling, general and administrative expenses	<b>4,916</b>	<b>5,628</b>	<b>5,391</b>	<b>6,075</b>	<b>5,885</b>	<b>6,527</b>	<b>5,500</b>
Operating income	<b>970</b>	<b>179</b>	<b>504</b>	<b>49</b>	<b>214</b>	<b>-321</b>	<b>834</b>
(Operating income ratio)	<b>13.0%</b>	<b>2.5%</b>	<b>7.0%</b>	<b>0.7%</b>	<b>2.9%</b>	<b>-4.3%</b>	<b>10.7%</b>
Ordinary income	<b>961</b>	<b>178</b>	<b>506</b>	<b>50</b>	<b>216</b>	<b>-312</b>	<b>832</b>
(Ordinary income ratio)	<b>12.8%</b>	<b>2.5%</b>	<b>7.0%</b>	<b>0.7%</b>	<b>2.9%</b>	<b>-4.2%</b>	<b>10.7%</b>
Net income	<b>183</b>	<b>-6</b>	<b>234</b>	<b>-301</b>	<b>185</b>	<b>-306</b>	<b>443</b>
(Net income ratio)	<b>2.5%</b>	<b>-0.1%</b>	<b>3.2%</b>	<b>-4.1%</b>	<b>2.5%</b>	<b>-4.1%</b>	<b>5.7%</b>

## Trends in Consolidated Selling, General and Administrative Expenses

(Millions of yen)	Fiscal year ended September 30, 2012				Fiscal year ended September 30, 2013		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Total	4,916	5,628	5,391	6,075	5,885	6,527	5,500
Advertising expenses	1,348	2,104	1,714	2,483	2,176	2,724	1,780
Personal expenses	1,377	1,258	1,457	1,427	1,421	1,412	1,422
Commission fee	823	824	821	819	812	823	785
Subcontract expenses	368	407	376	391	440	476	413
Depreciation	314	343	373	402	424	440	462
Other	683	689	647	552	609	649	635

Thank you very much.

**MTI Ltd.**

〈Contact us〉

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