

Financial Results Briefing for Q3/FY2016

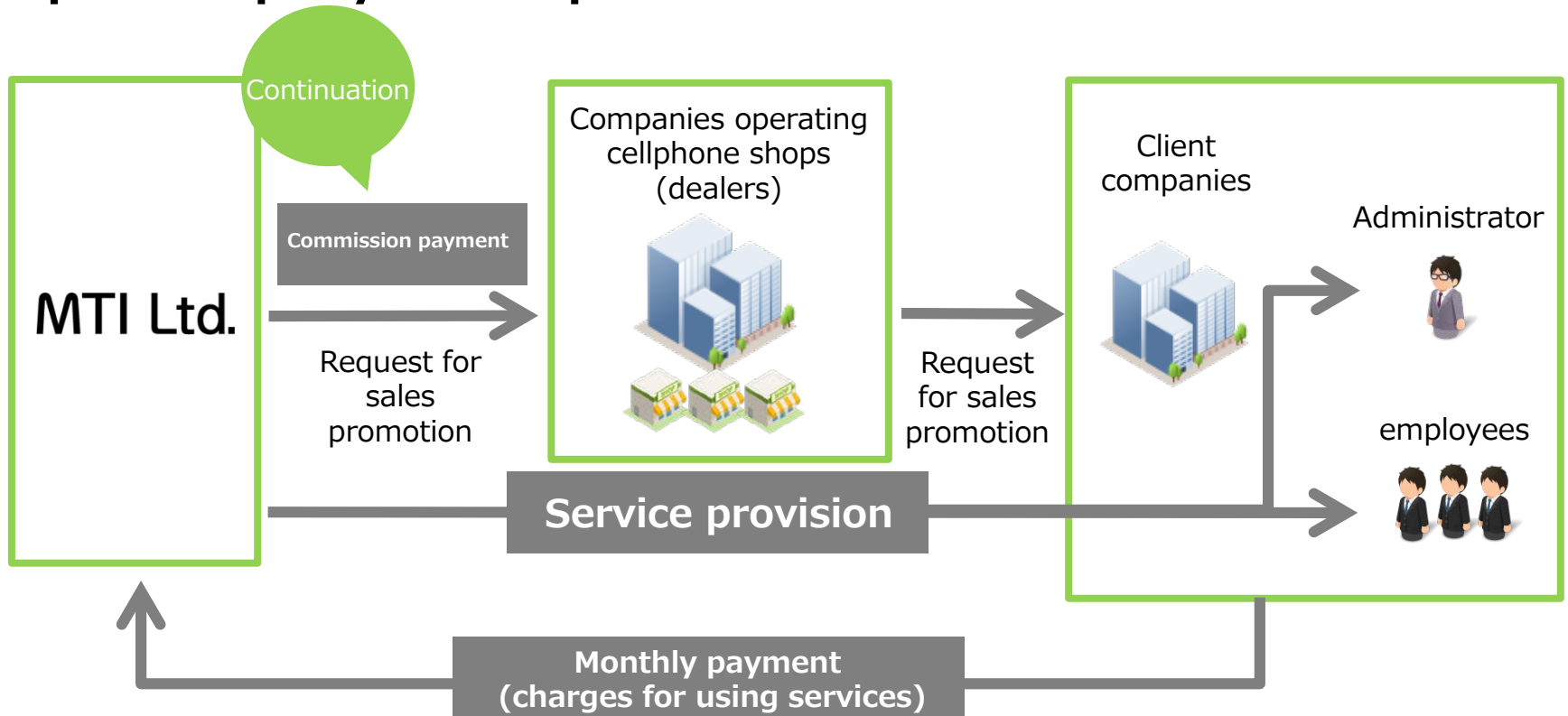
August 1, 2016



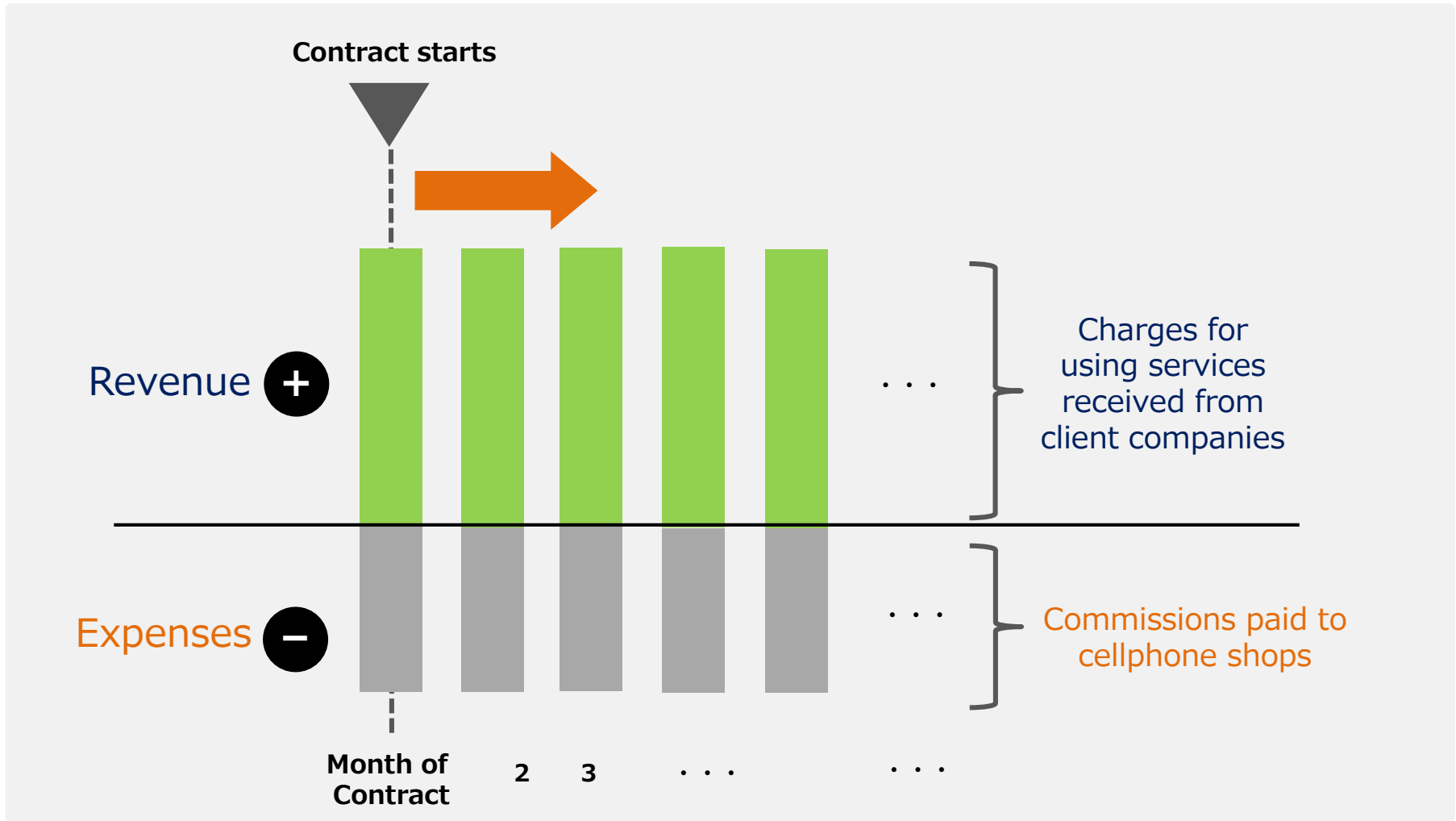
["CARADA" packaged service] Business Model



- ▶ **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





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



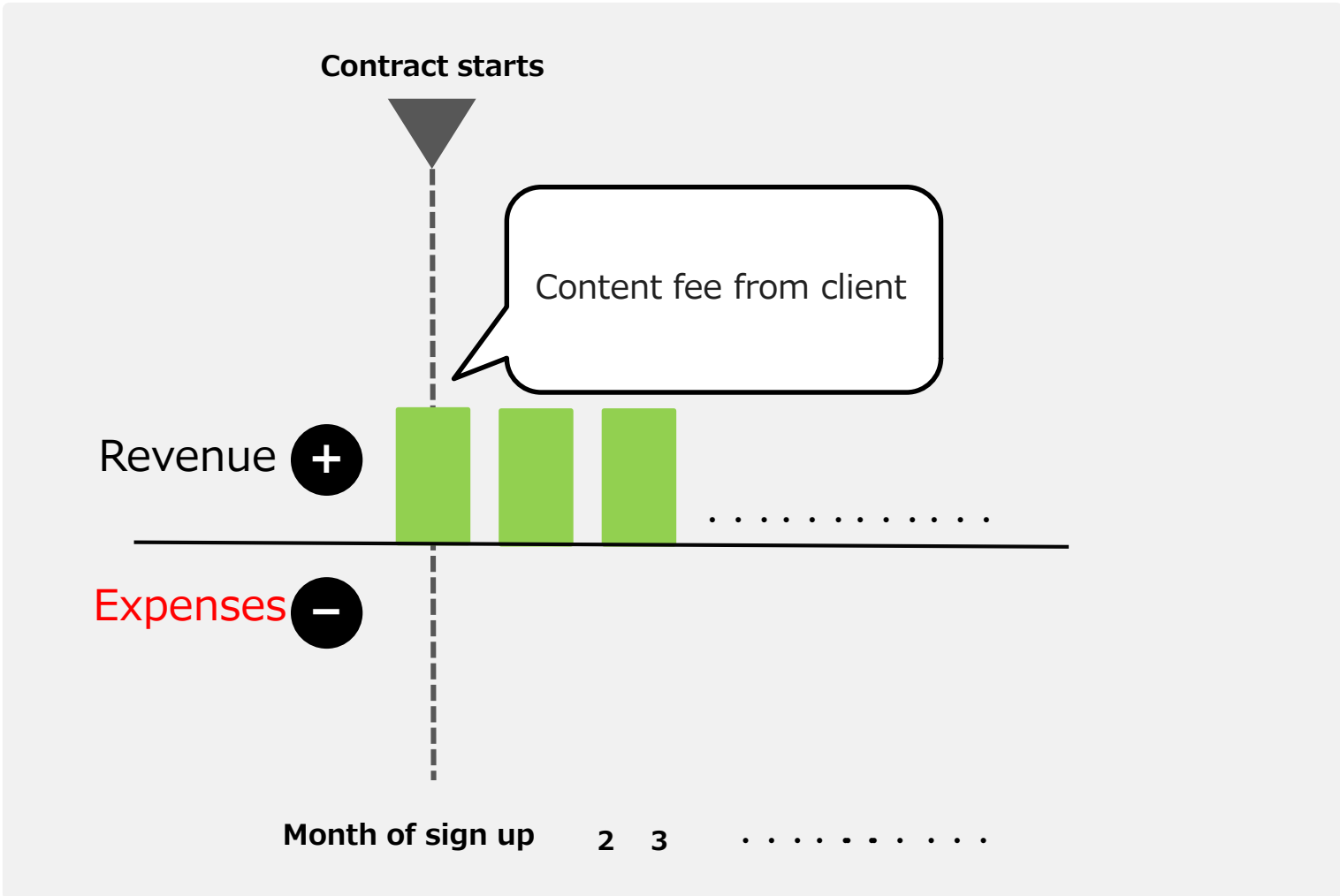
【Sports management service】 Business Model



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

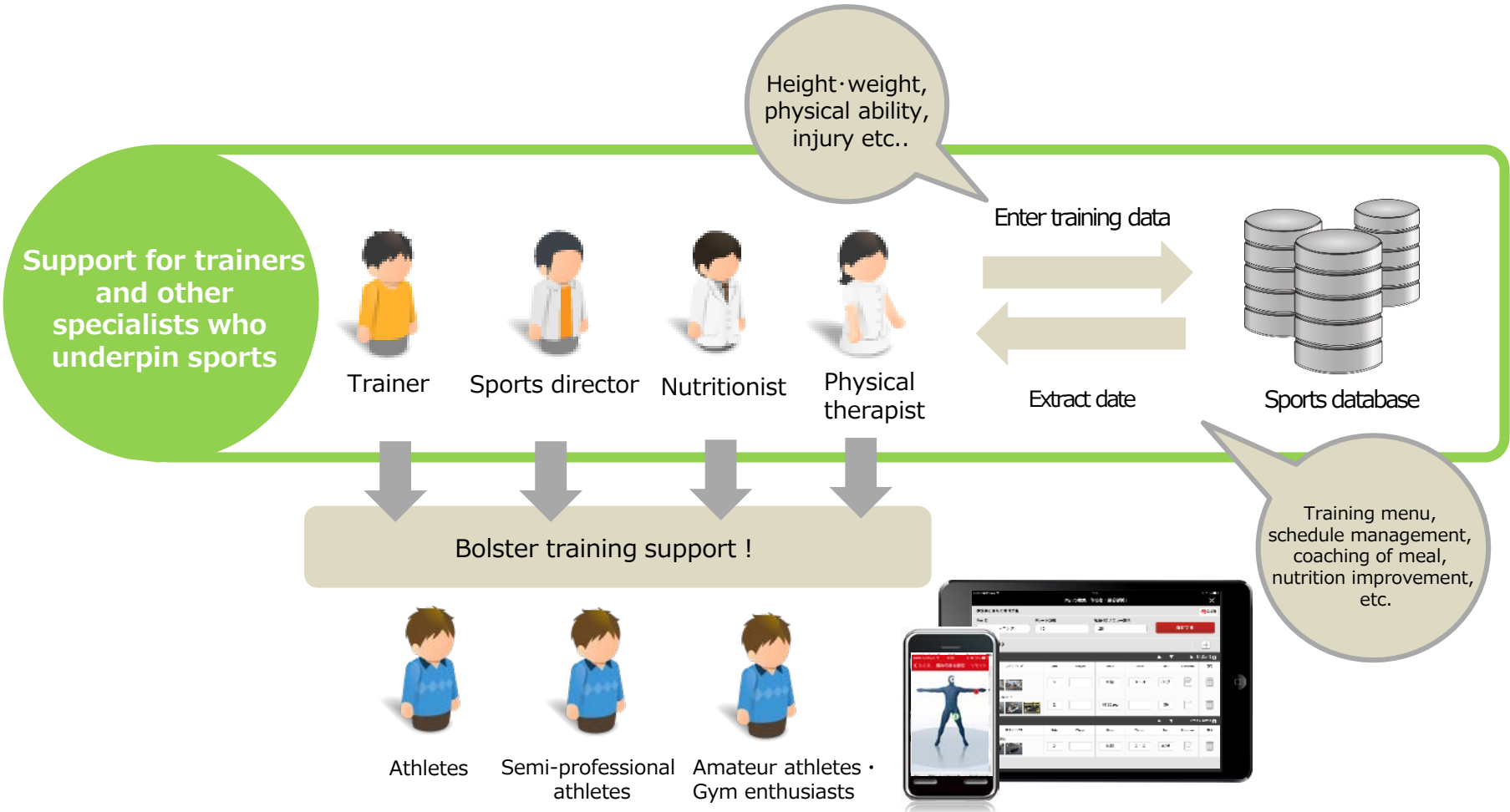


【Sports management service】 Revenue Model





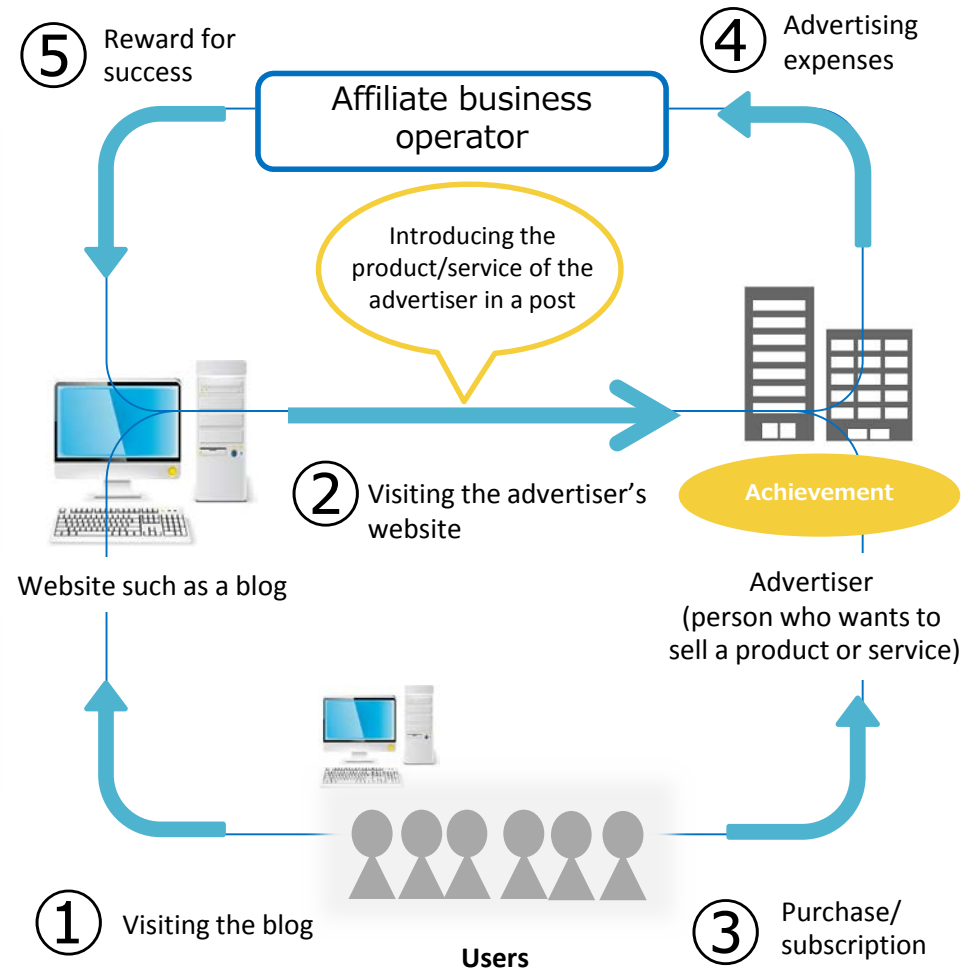
Expansion of trainer support services



What's "Affiliate"?



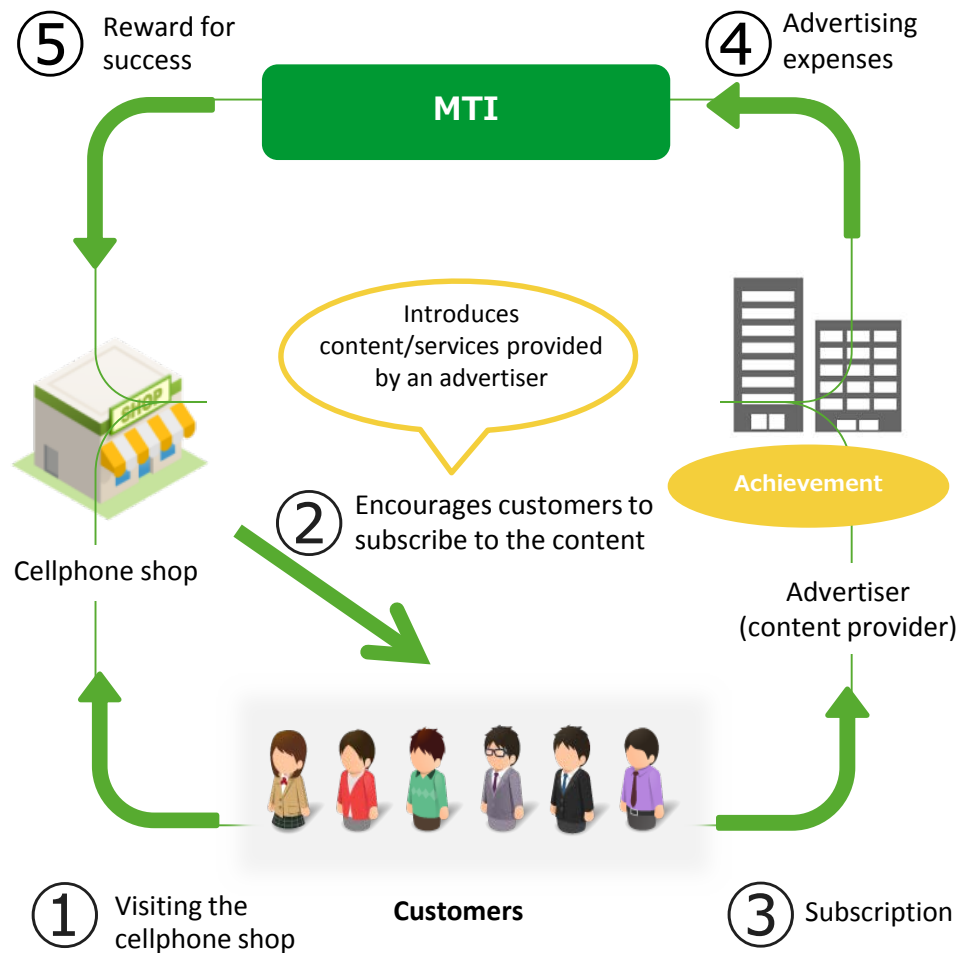
The term "affiliate" is a frequently used term in internet advertising. It is a system whereby if the introduction of a product or service on a website, such as a blog, is successful (e.g. a user purchases the product), the operator of the website receives a reward.



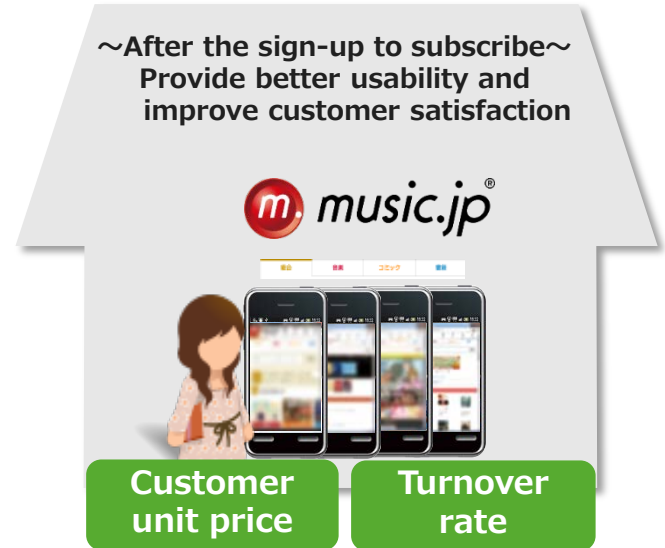
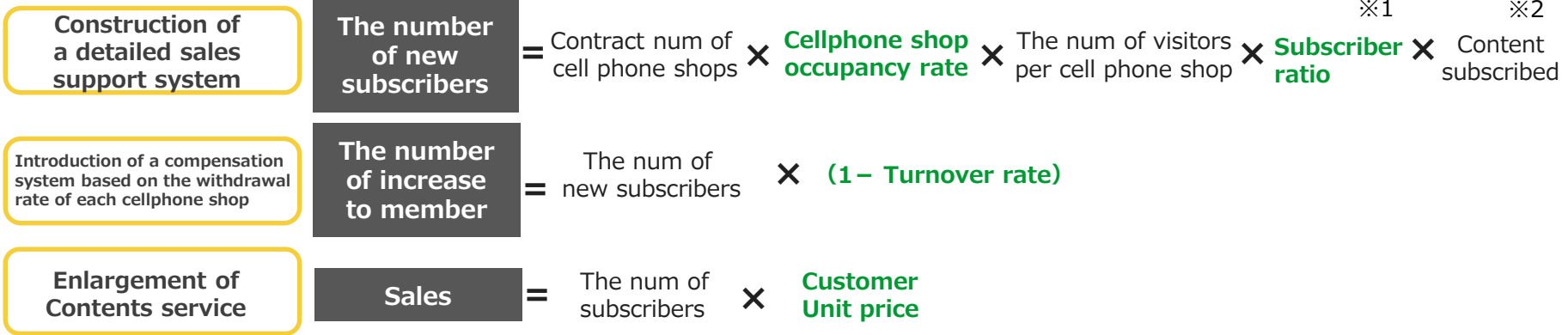
What's "Non-virtual Affiliate"?



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

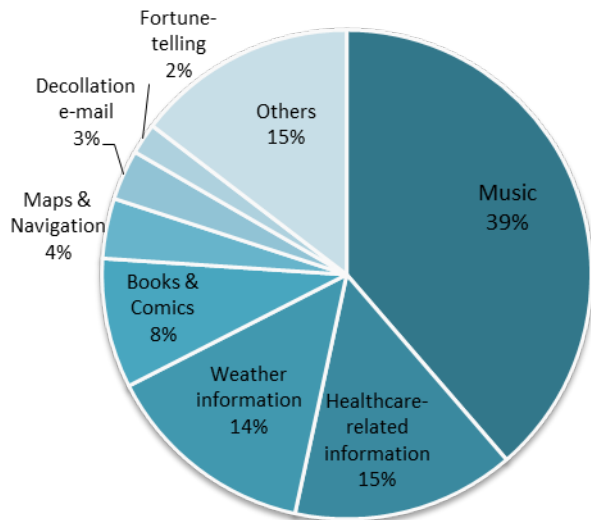


* 1 Subscriber ratio: the number of content subscribers per cell phone shop visitors (Unique)
 * 2 Content subscribed: the number of subscribed contents per



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

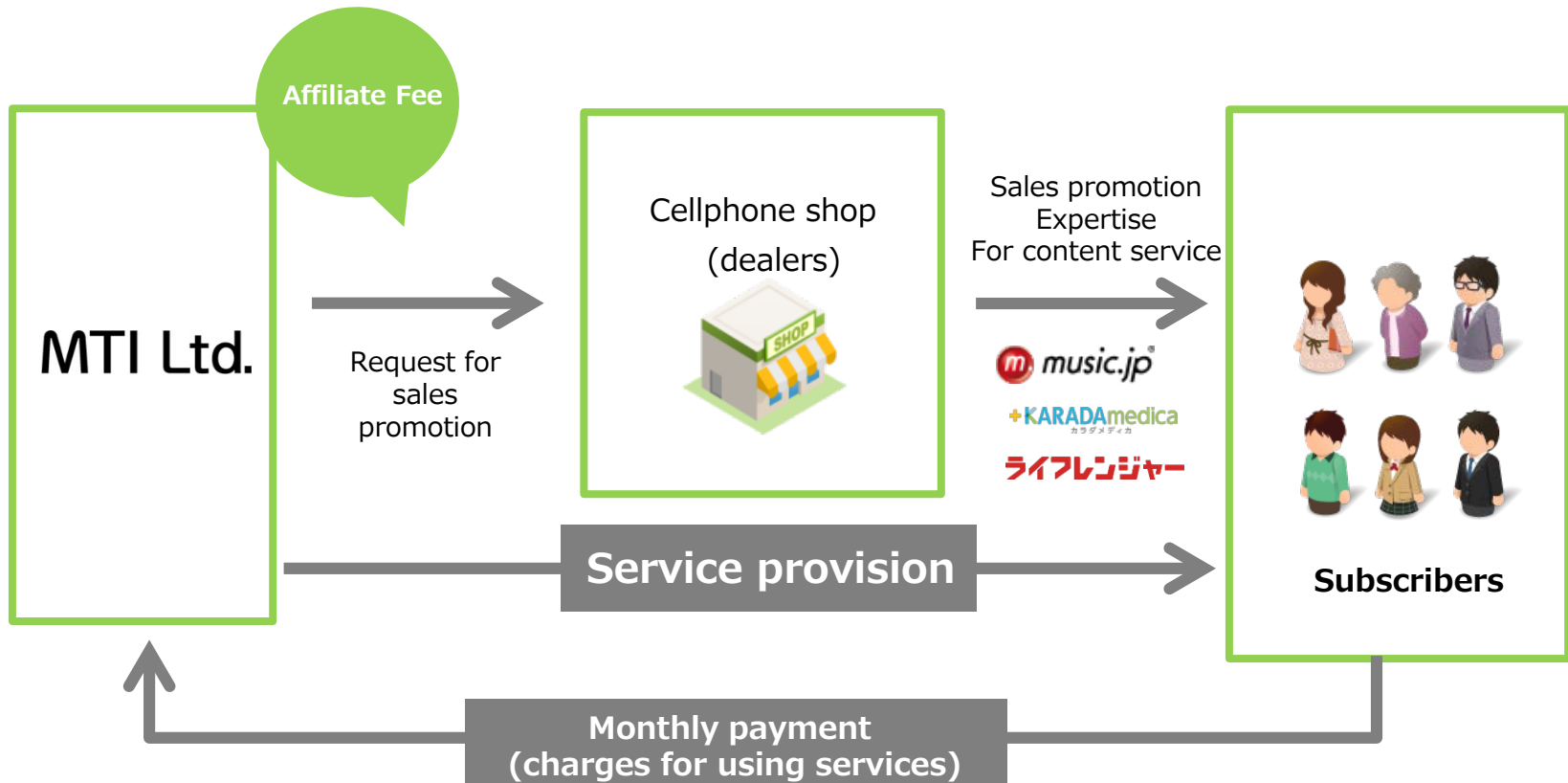
MTI monthly paying subscribers
(As of the end of June, 2016)



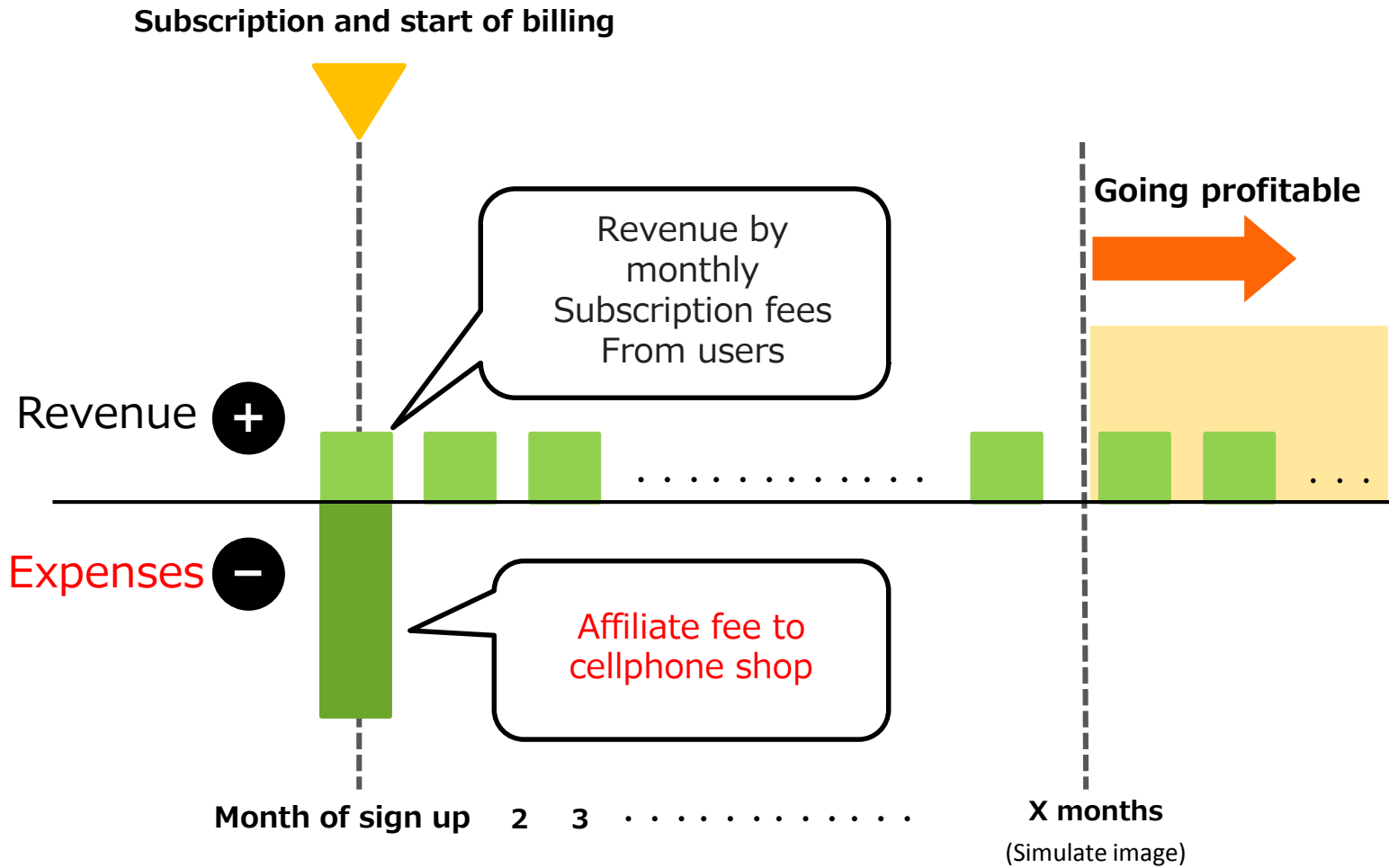
<p>Music</p>	<p>Healthcare-related information</p> <p>+KARADAMEDICA カラダメディカ</p>	<p>Weather information</p>	<p>Books & Comics</p> <p>PhotoBook cafe</p> <p>GettyImages</p>	<p>Maps & Navigation</p>	<p>Fortune-telling</p>
				<p>Decollation e-mail</p>	<p>Others</p>



- ▶ 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



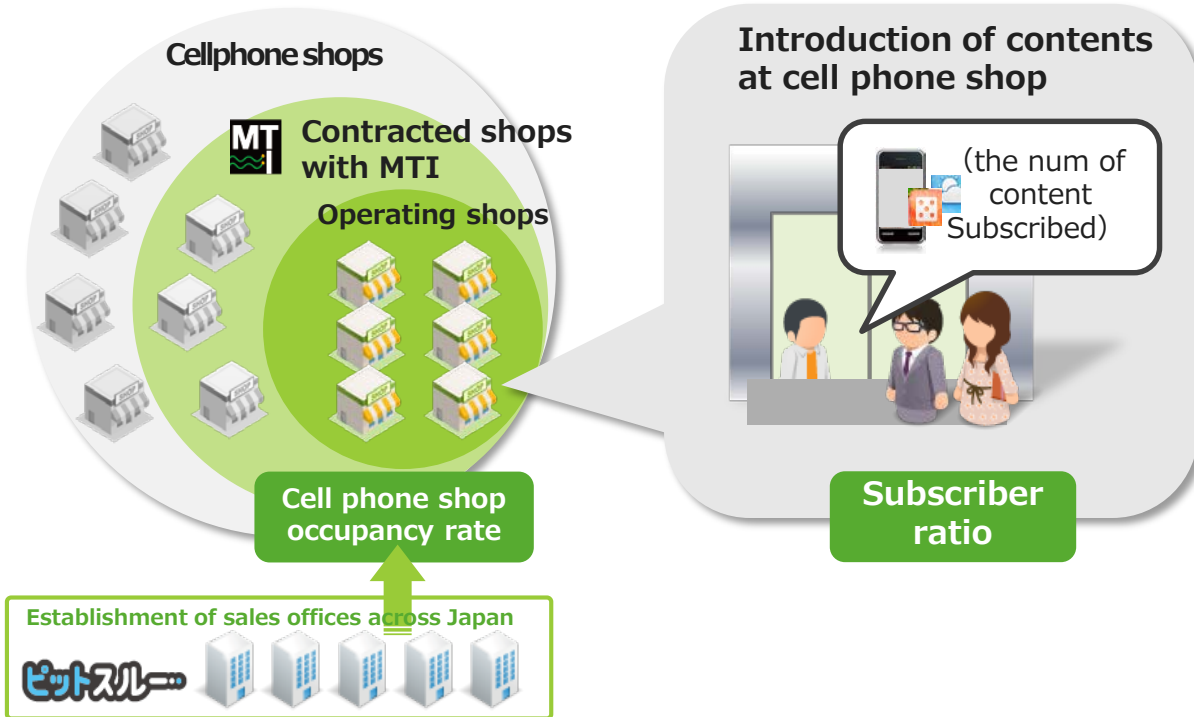
Construction of a detailed sales support system

The number of new subscribers

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

Sales

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



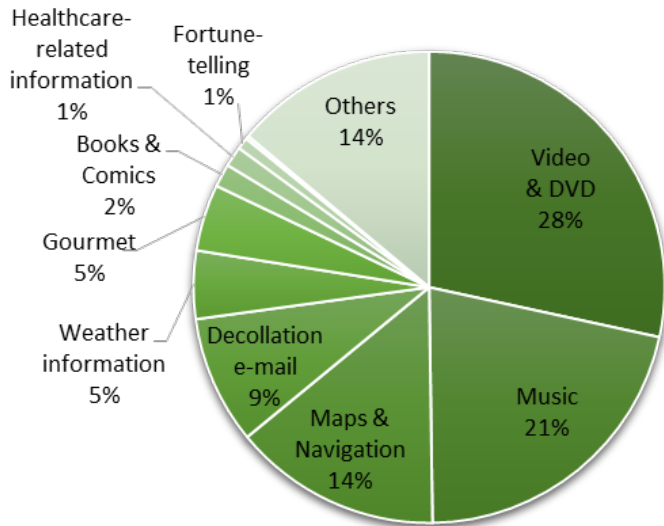
* 1 Subscriber ratio: the number of content subscribers per cell phone shop visitors (Unique)

* 2 Content subscribed: the number of subscribed contents per



Other companies' content service proposed at mobile phone shops

Total number of new paying subscribers by categories (October, 2015 – June, 2016)



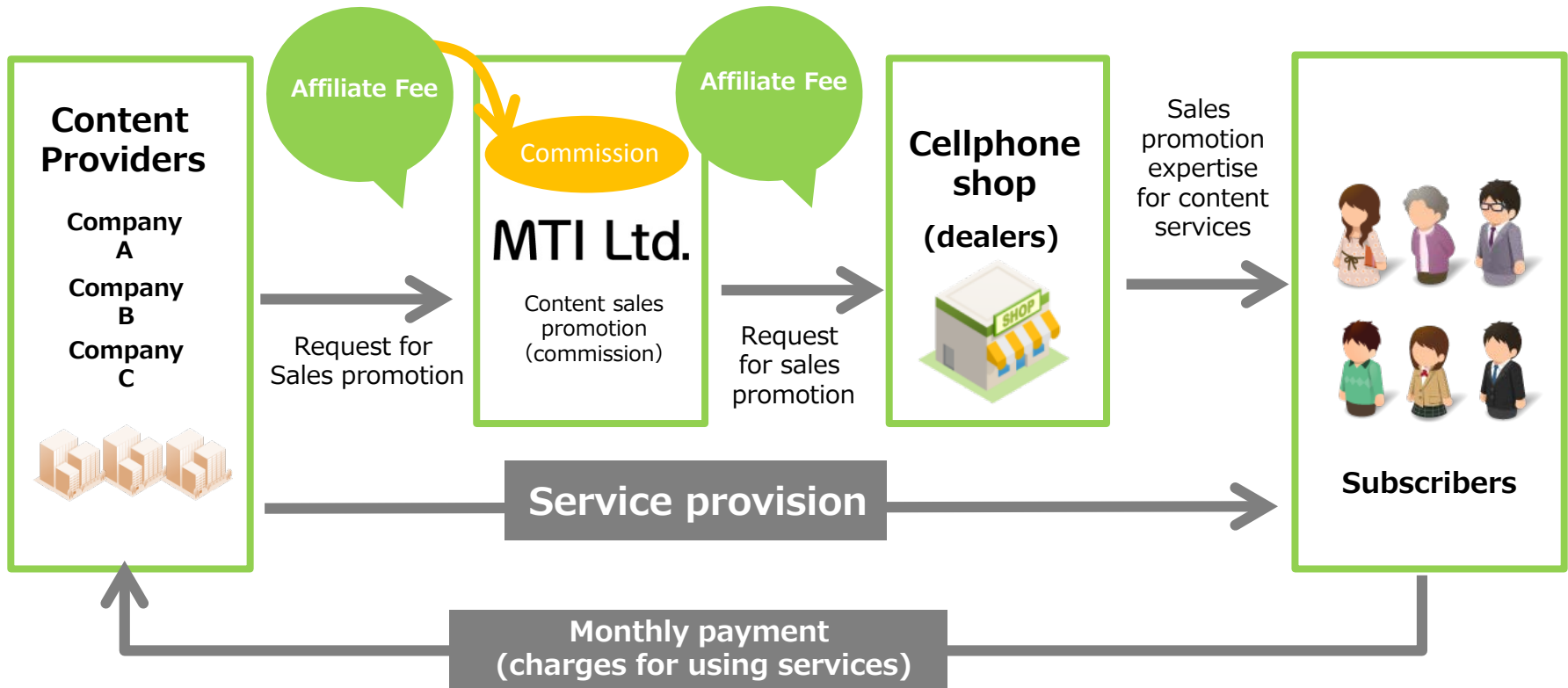
<p>Video & DVD</p> <p>Video Market, Inc. (Our affiliated Company)</p>	<p>Music</p>	<p>Maps & Navigation</p>	<p>Decollation e-mail</p>
<p>Gourmet</p>	<p>Books & Comics</p>	<p>Weather info</p>	

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

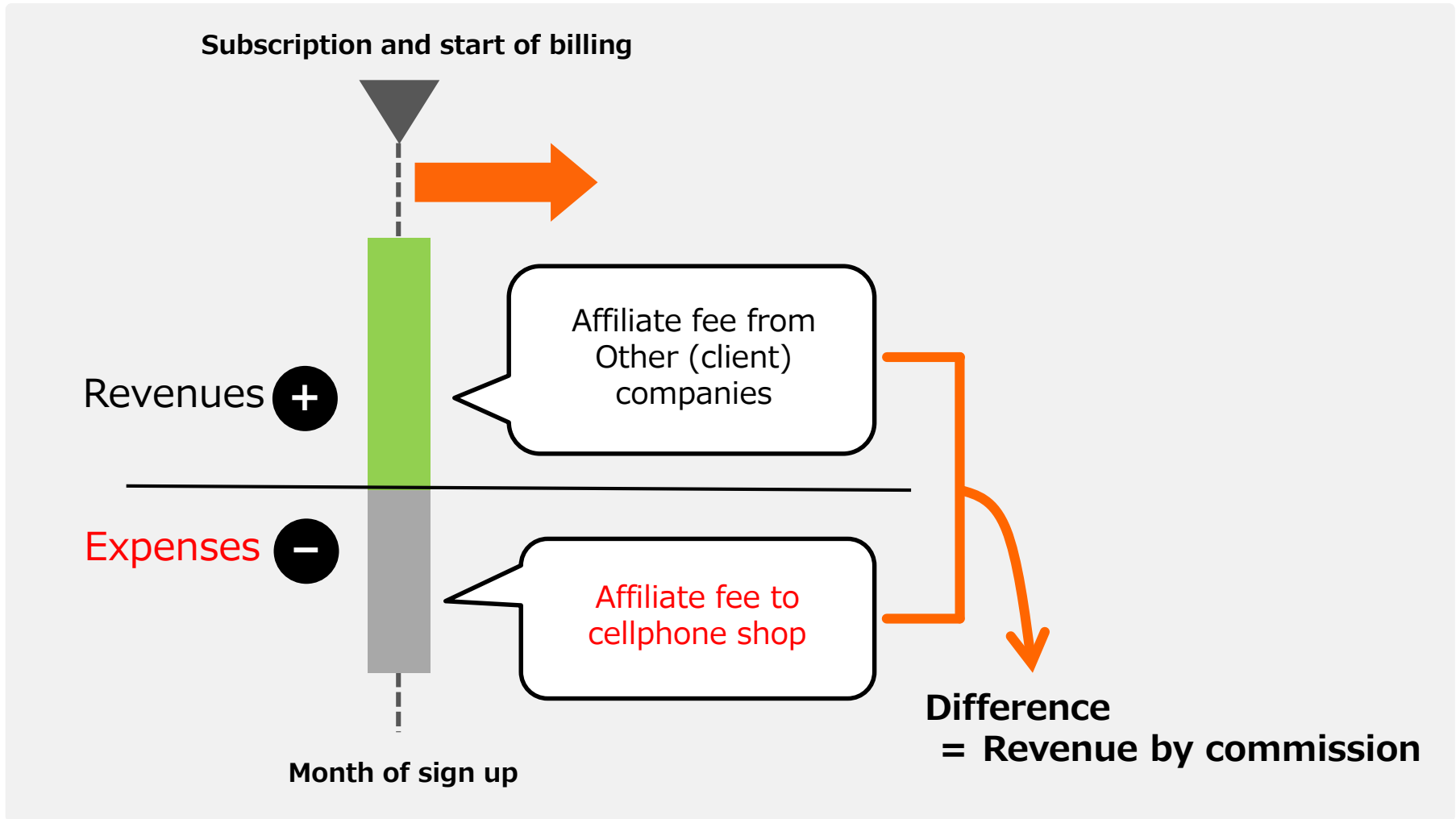
【Non-virtual Affiliate Business】 Business Model



- ▶ **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 June 30, 2016	As of September 30, 2015	Change		As of June 30, 2016	As of September 30, 2015	Change
Current assets	18,544	20,211	(1,666)	Liabilities	5,062	7,193	(2,130)
Cash and deposit	11,342	11,608	(266)	Accounts payable-trade	1,097	1,179	(82)
Notes and accounts receivable-trade	6,266	6,885	(619)	Current portion of long-term loans payable	-	518	(518)
Other	1,011	1,788	(776)	Account payable-other	1,855	2,571	(716)
Allowance for doubtful accounts	(75)	(71)	(4)	Income taxes payable	953	1,354	(401)
				Allowance for coin usage	204	234	(29)
				Other	952	1,334	(381)
Noncurrent assets	4,732	4,526	205	Noncurrent liabilities	971	953	18
Property, plant and equipment	147	146	1	Long-term loans payable	-	79	(79)
Intangible fixed assets	2,360	2,277	83	Net defined benefit liability	937	832	105
Include software	2,333	2,254	79	Other	33	40	(6)
Investments and other assets	2,224	2,103	121	Total liabilities	6,034	8,147	(2,112)
Include investment securities	874	796	78	Capital stock	4,995	4,947	47
				Capital surplus	5,817	5,469	348
				Retained earning	8,031	6,300	1,730
				Treasury stock	(2,148)	(695)	(1,453)
				Accumulated other comprehensive income	(20)	12	(33)
				Subscription rights to shares	145	127	17
				Minority interest	423	429	(5)
				Net assets	17,242	16,591	651
Total Assets	23,277	24,738	(1,460)	Total liabilities and net assets	23,277	24,738	(1,460)

Trends in Consolidated P/L



(Millions of yen)	FY2014				FY2015				FY2016		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Net sales	7,498	7,780	7,730	7,974	8,209	8,410	8,261	8,579	8,547	8,447	7,924
Cost of sales	1,219	1,256	1,238	1,273	1,343	1,322	1,281	1,491	1,362	1,272	1,294
Gross profit	6,279	6,523	6,492	6,700	6,865	7,088	6,979	7,088	7,184	7,175	6,630
(Ratio)	83.7%	83.8%	84.0%	84.0%	83.6%	84.3%	84.5%	82.6%	84.1%	84.9%	83.7%
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	4,734
Operating income	909	395	626	626	1,333	774	1,420	717	1,121	1,367	1,896
(Ratio)	12.1%	5.1%	8.1%	7.9%	16.2%	9.2%	17.2%	8.4%	13.1%	16.2%	23.9%
Ordinary income	870	439	614	594	1,315	719	1,405	704	1,117	1,317	1,894
(Ratio)	11.6%	5.7%	8.0%	7.5%	16.0%	8.5%	17.0%	8.2%	13.1%	15.6%	23.9%
Profit attributable to owners of parent	425	364	218	328	761	327	855	663	697	727	1,195
(Ratio)	5.7%	4.7%	2.8%	4.1%	9.3%	3.9%	10.4%	7.7%	8.2%	8.6%	15.1%

Trends in Consolidated SG&A



(Millions of yen)	FY2014				FY2015				FY2016		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Total	5,370	6,127	5,866	6,074	5,532	6,313	5,559	6,371	6,062	5,807	4,734
Advertising expenses	1,685	2,392	1,963	2,225	2,021	2,680	1,795	2,580	2,532	2,246	1,180
Personnel expenses	1,403	1,422	1,424	1,564	1,374	1,382	1,454	1,558	1,341	1,368	1,402
Commission fee	806	835	884	918	896	938	923	968	954	955	923
Subcontract expenses	438	459	484	421	350	331	344	299	374	384	314
Depreciation	444	442	454	365	353	341	314	309	298	303	316
Other	592	575	655	580	535	638	726	654	561	549	597



Thank you very much for today.

MTI Ltd.

〈Contact us〉

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