

MTI Ltd.

**Financial Results Briefing
for Q2/FY2018**

May 1, 2018

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Financial Results Overview for Q2 FY2018

Financial Highlights

1

Results for the Q2

Net sales **¥15,162**million (Down ¥123million, Down 0.8%, YoY)

Operating income **¥1,372**million (Down ¥702million, Down 33.8%, YoY)

2

Upward revision to the consolidated earnings forecast for the first half period

Net sales: +162 million yen Operating income: +372 million yen

3

ARPU increase by **29.7** yen
compared to the same period last year

5.01million subscribers

(Down 0.31 million compared to September 30, 2017)

Consolidated P/L

Net sales remained at the same level. Income declined.

(Millions of yen)

	FY2018 Q2	FY2017 Q2	Change	
			Amount	Percentage
Net sales	15,162	15,285	(123)	(0.8%)
Cost of sales (Ratio)	3,325 21.9%	2,505	+819	+32.7%
Gross profit (Ratio)	11,837 78.1%	12,780 83.6%	(942)	(7.4%)
SG&A (Ratio)	10,465 69.0%	10,705 70.0%	(240)	(2.2%)
Operating income (Ratio)	1,372 9.1%	2,074 13.6%	(702)	(33.8%)
Ordinary income (Ratio)	1,325 8.7%	2,032 13.3%	(707)	(34.8%)
Profit attributable to owners of parent (Ratio)	1,154 7.6%	441 2.9%	+712	+161.5%

Increase in
number of video
product lines

Consolidated SG&A

(Millions of yen)

	FY2018 Q2	FY2017 Q2	Change	
			Amount	Percentage
SG&A	10,465	10,705	(240)	(2.2%)
Advertising expenses	2,857	3,121	(263)	(8.5)
Personnel expenses	2,990	2,801	+188	+6.7
Commission fee	1,824	1,862	(37)	(2.0)
Subcontract expenses	523	922	(399)	(43.3)
Depreciation	852	775	+77	+10.0
Other	1,416	1,222	+193	+15.9

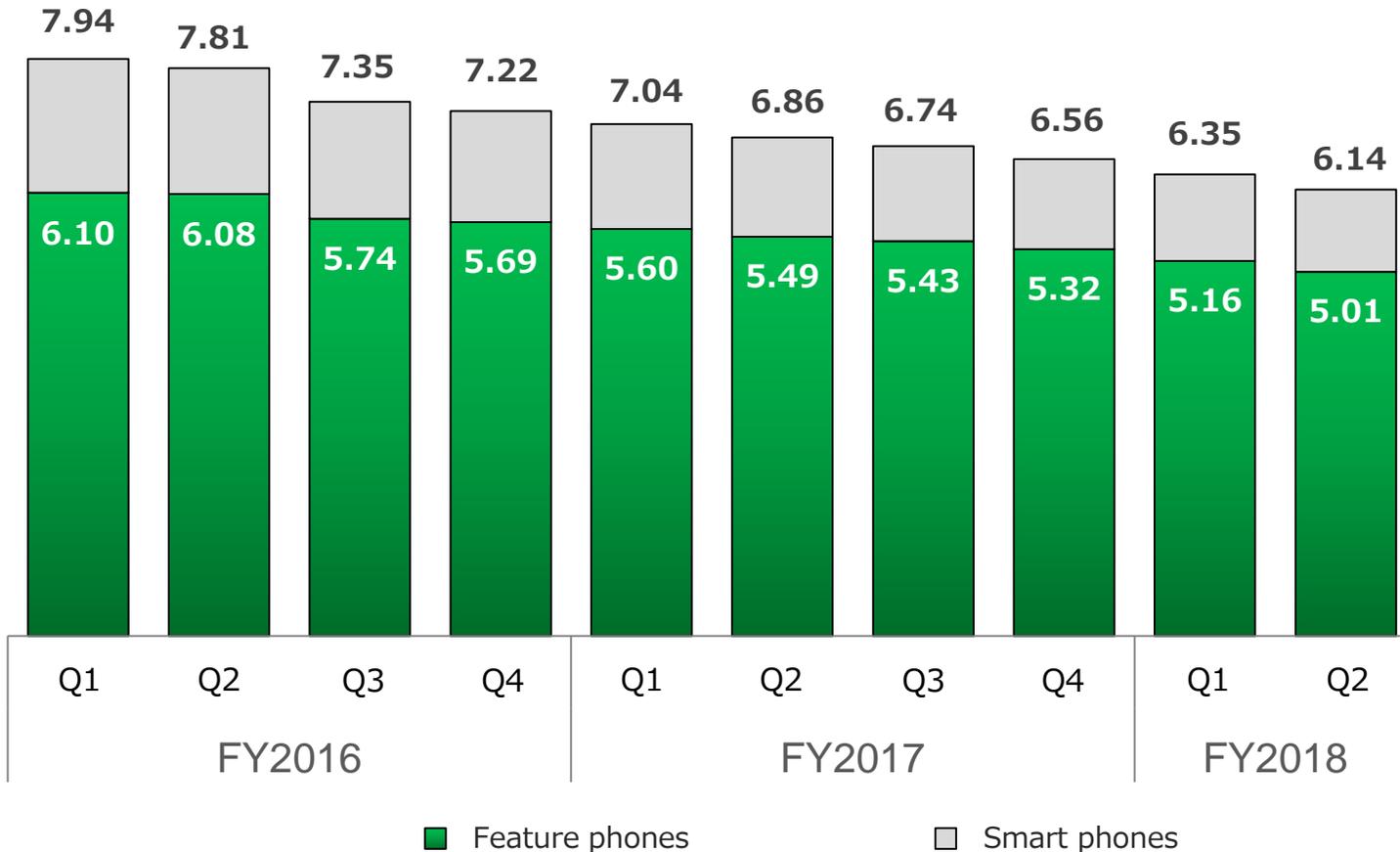
Difference from consolidated earnings forecast for Q2

(Millions of yen)

	FY2018 Q2		difference
	Forecast	Actual	
Net sales	15,000	15,162	+162
Operating income	1,000	1,372	+372
Ordinary income	960	1,325	+365
Profit attributable to owners of parent	870	1,154	+284

Business Overview i)

(Unit: Millions of people)



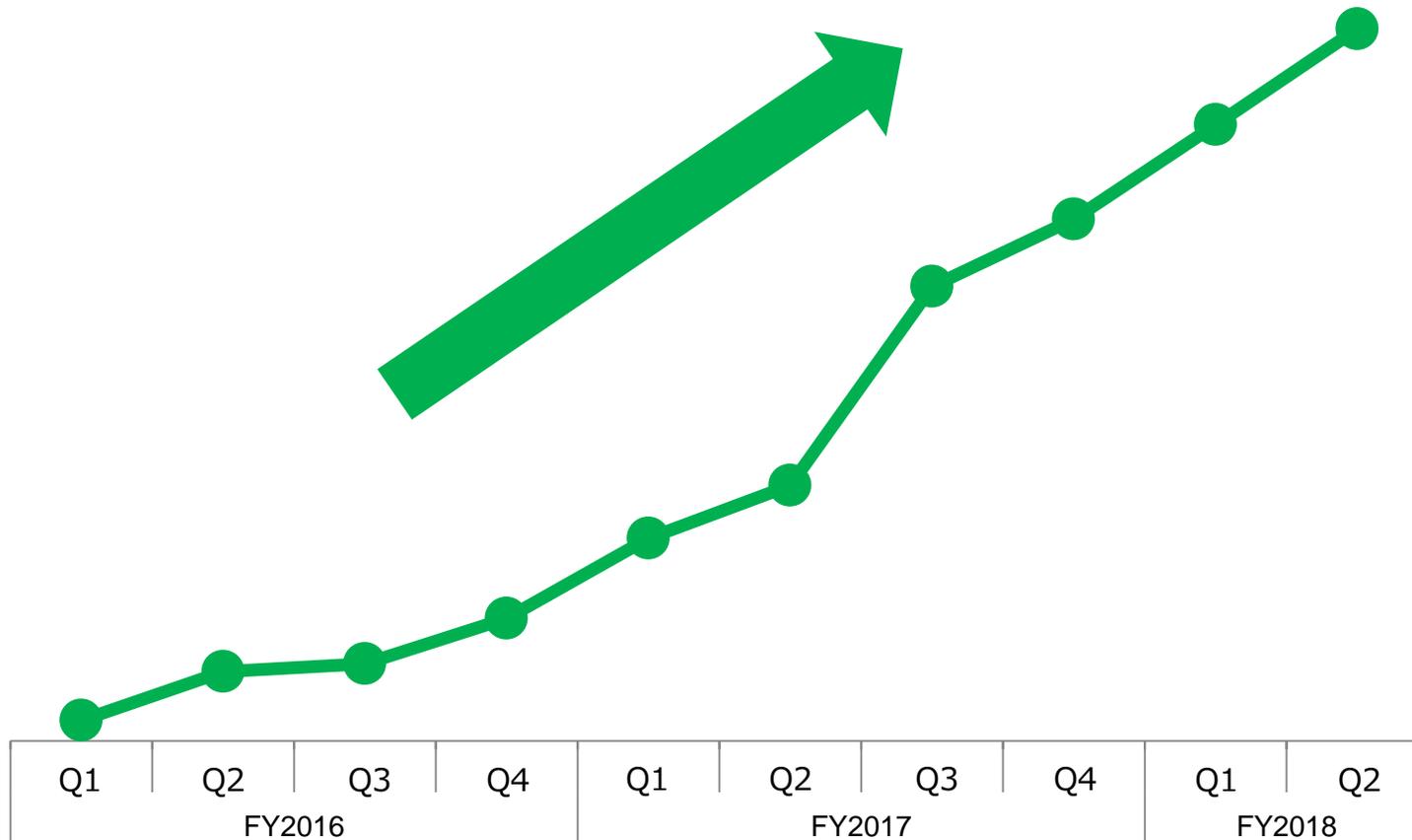
The number of
paying subscribers

6.14 million
subscribers

(Down 0.42 million compared to
September 30, 2017)

Business Overview ii)

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



YoY Change
¥29.7
UP!

New Approach in Q3 and thereafter

Basic Policy in FY2018

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

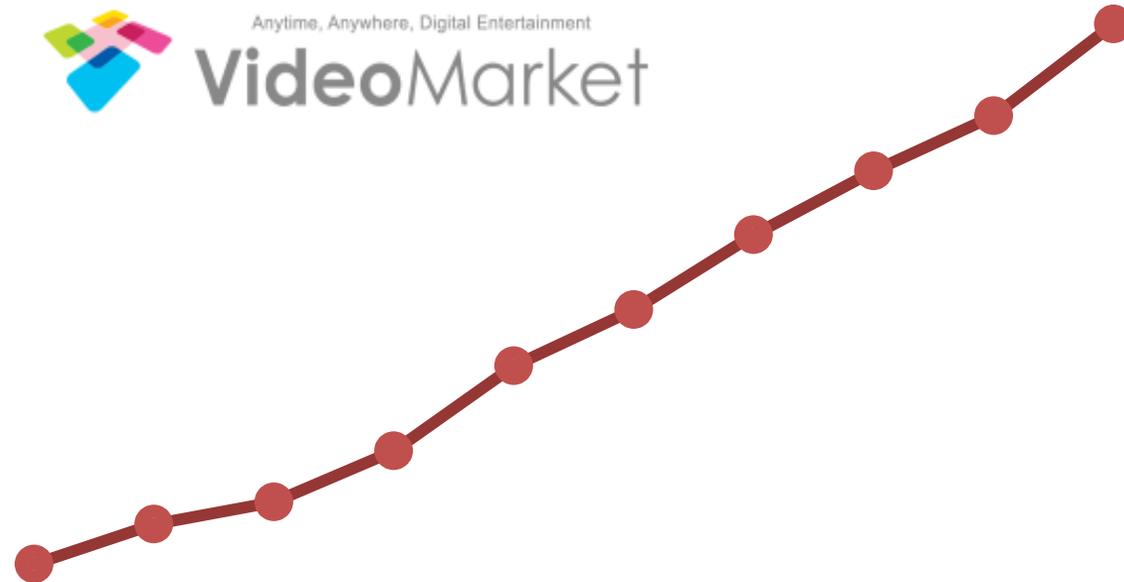
**2. Maintenance of the total number
of paying subscribers**

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

Improvement in average revenue per user (ARPU)



×



Enhanced video lineup

Continuous rise in APRU

Healthcare-related services

**Make Clinical Platform
(cloud-type electronic medical record) a subsidiary**

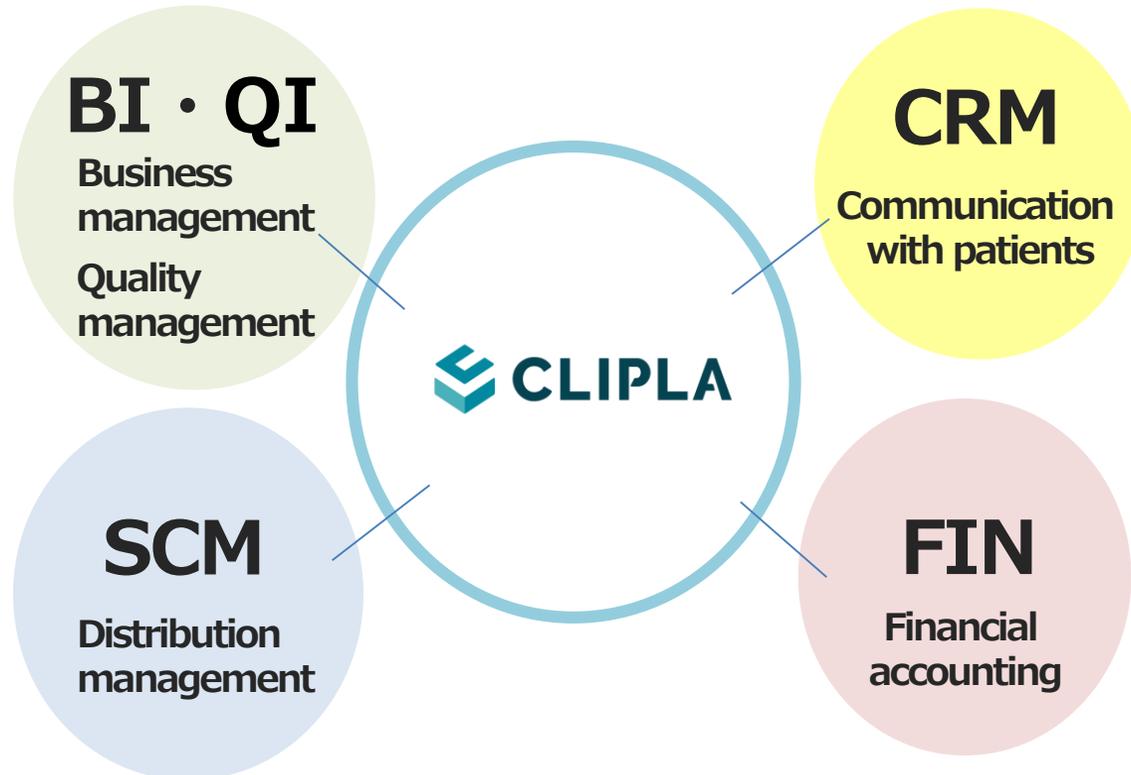


MTI Ltd.
Investment ratio **50.86%**

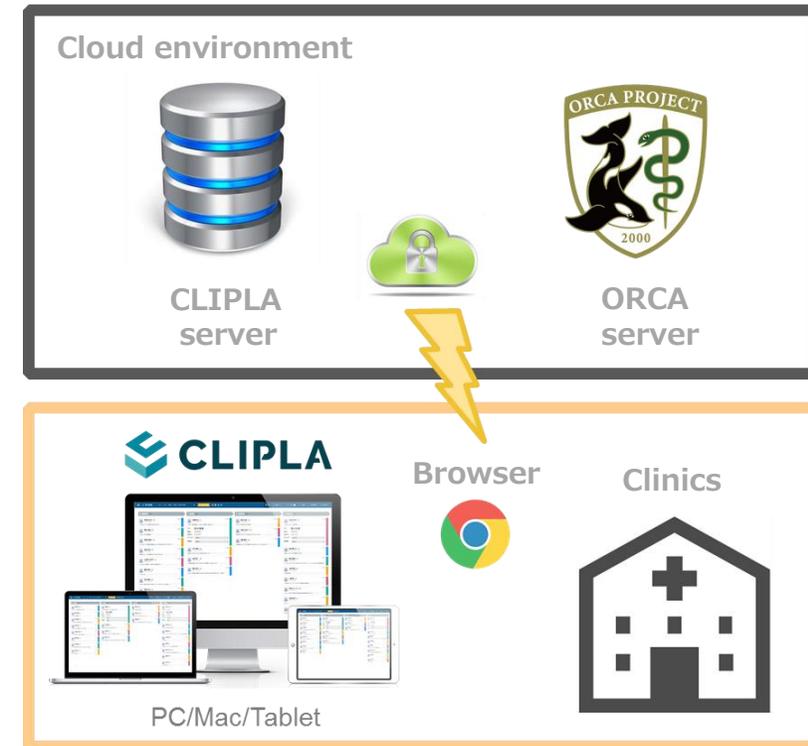
 **MEDIPAL HOLDINGS CORPORATION**
Investment ratio **10.14%**

Healthcare-related services

(Reference) Information about the services of Clinical Platform



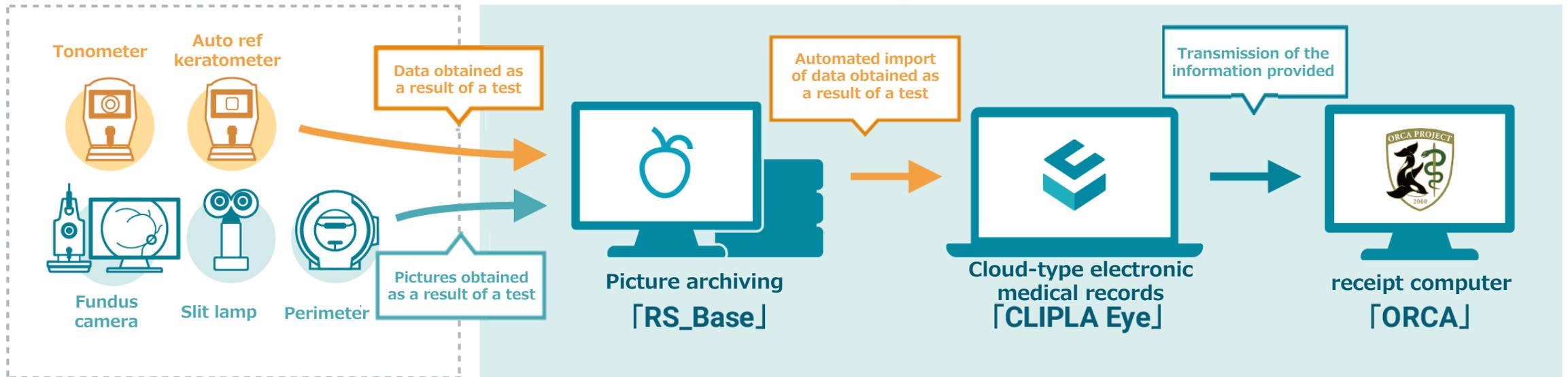
Introduction of cloud-type electronic medical records into clinics and small-scale hospitals



Healthcare-related services

(Reference) Cloud-type electronic medical records for eye clinics

Seamless data link between Check-up – Medical examination – Accounting



Various testing equipment (example)

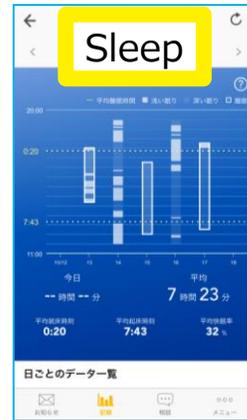
Package plan for eye clinics

Initial cost	Monthly usage fees	Renewal expenses
1.38 million yen	¥49,800 <small>If the annual usage fees are paid in a lump sum, the unit amount of the monthly fee will be ¥45,650 per month.</small>	0 yen

Healthcare-related services

CARADA

Healthcare service for corporations



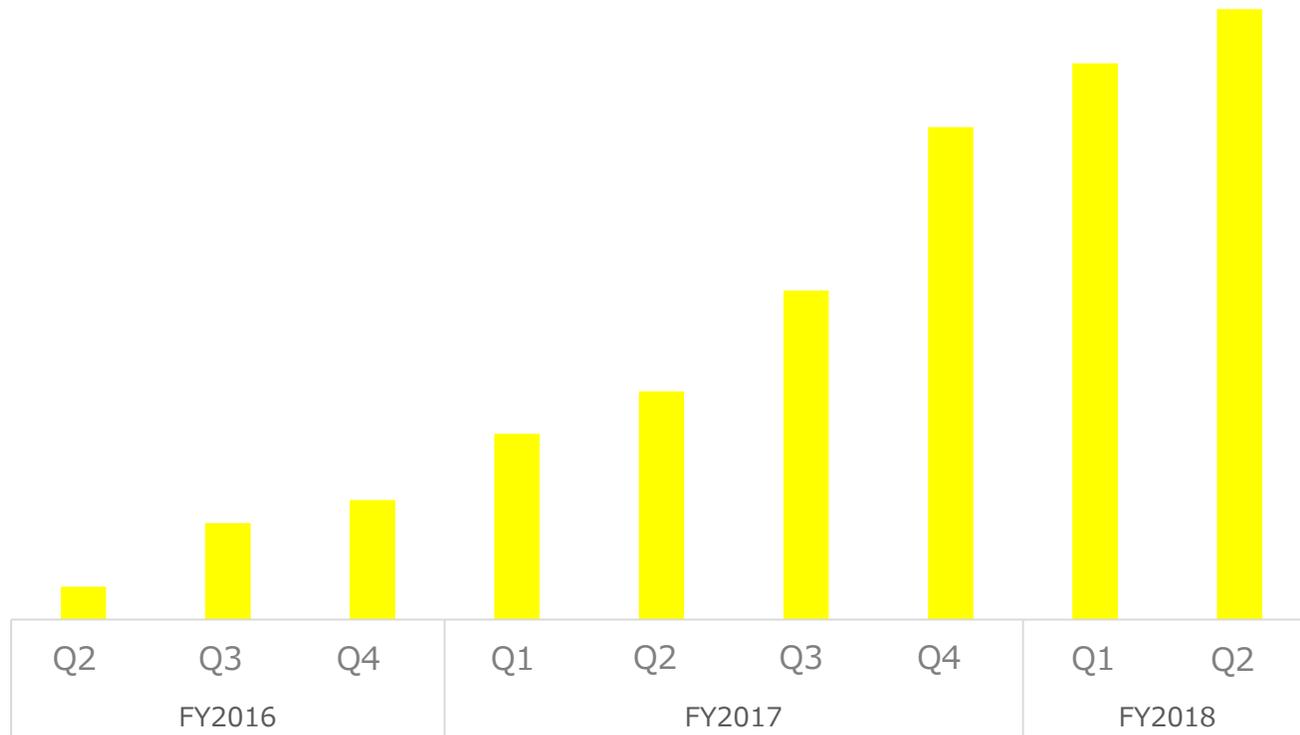
7 companies that use this service are certified as kenko keiei yuryo houjin 2018 (corporations implementing good health care)!

健康経営優良法人 2018
Health and productivity
ホワイト500

Healthcare-related services

ČARADA

Healthcare service for corporations

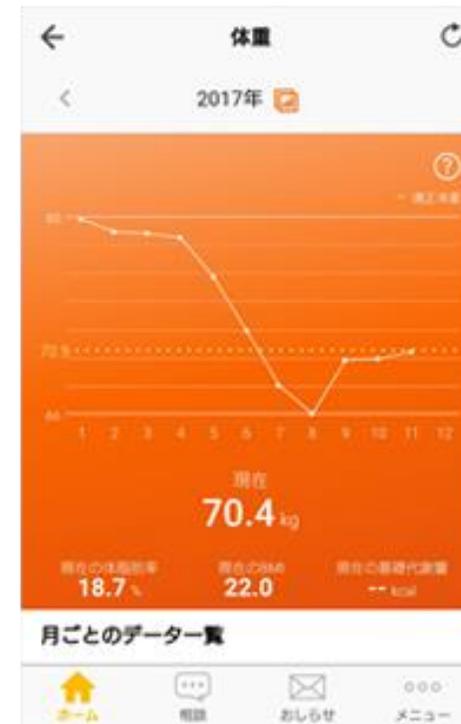
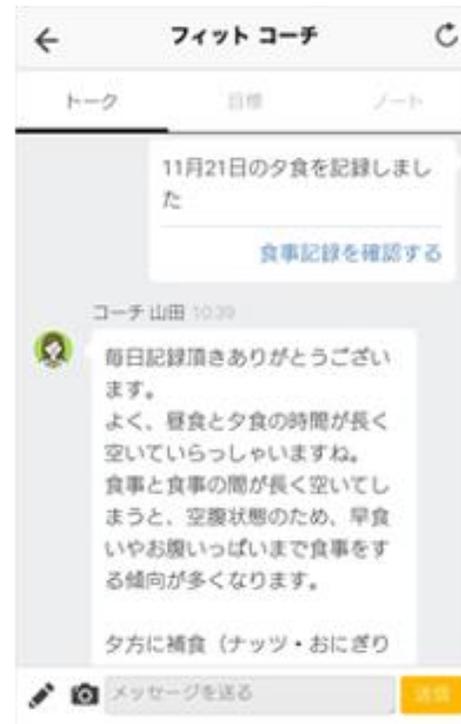


The number of IDs has been increasing steadily.

Healthcare-related services

CARADA

Health management service



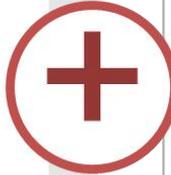
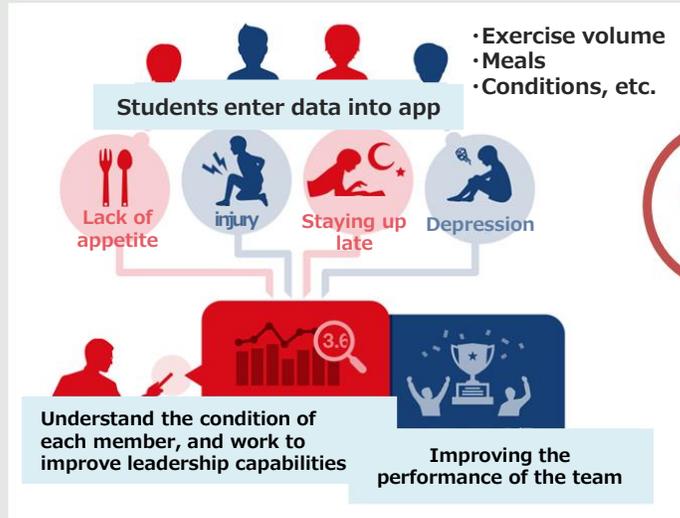
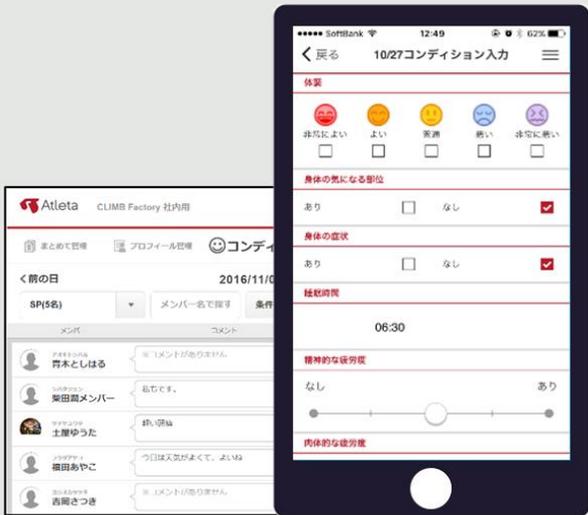
**OEM supply
of the health
management
function
of CARADA**

Healthcare-related services



Sports management

Conditioning and communication tool that connect athletes and coaches.



Start of offering the nutrition counseling service!

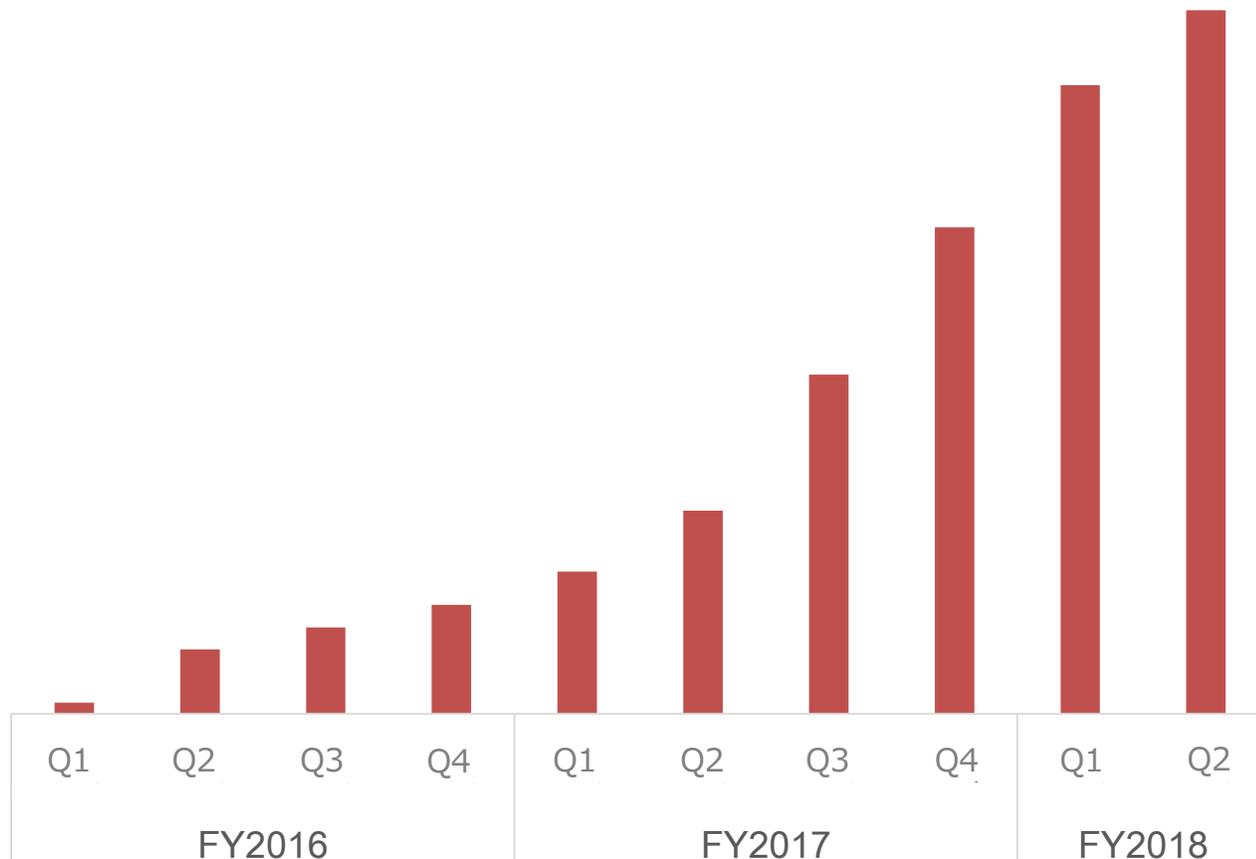
Healthcare-related services



Sports management

Increased the number of charged orders from schools and clubs

→ New acquisition to be suspended from Q3 onwards
focus on product improvement



Healthcare-related services



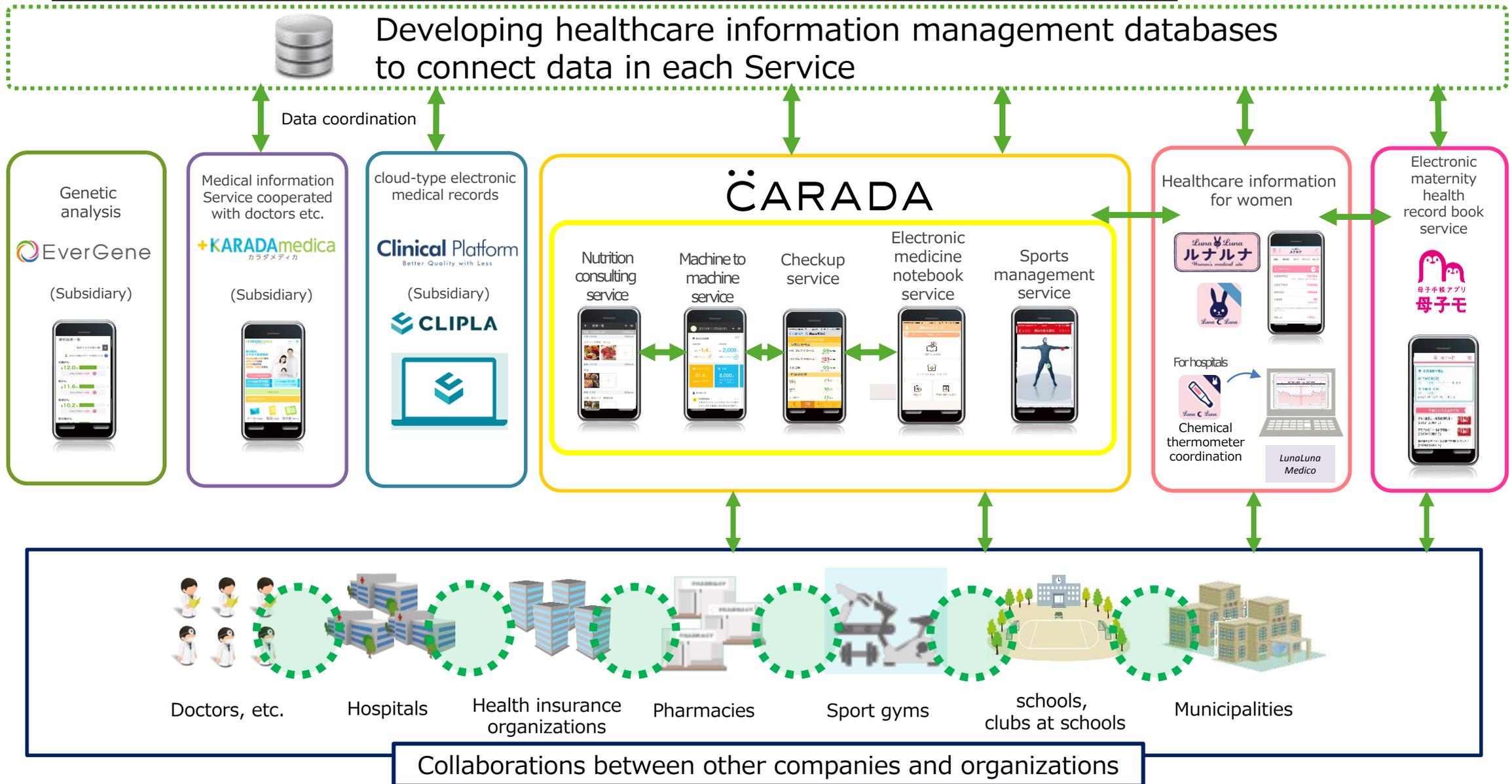
Healthcare information
for women

LunaLuna Apps



Exceeded
12 million DL
in aggregate!

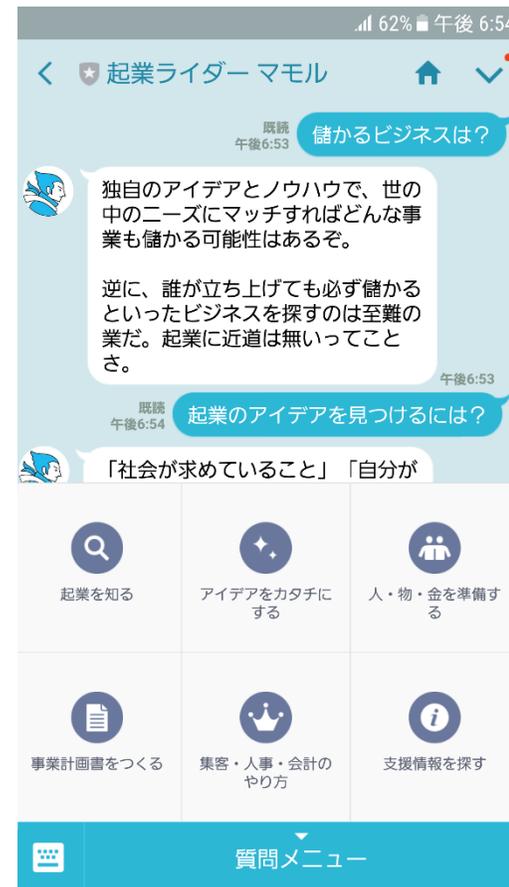
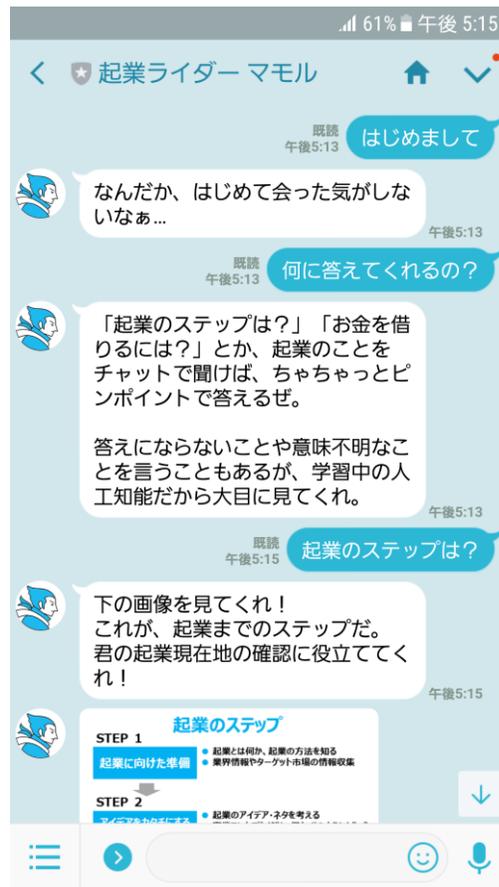
Overview of healthcare-related services



Topics

AI service business

- Example of introducing a chat bot i)



Organization for Small & Medium Enterprises and Regional Innovation, JAPAN

Q&A concerning starting a business
Start of experiment for demonstration

AI service business

- Example of introducing a chat bot ii)



みずほ証券 AIチャット AIチャットについて

こんにちは！
AIヘルプちゃんです！

現在、Outlook、Excel、Word、PowerPoint、CLIP、電話関係の各領域の中でお問い合わせの多いご質問を勉強しています。
AIチャットの仕組みや、学習状況などは画面右上の「AIチャットについて」をご覧ください。
以下のメニューから選択するか、下段の入力フォームからご質問をどうぞ。

- ▶ ドメイン/ユーザーアカウントについて
- ▶ Officeについて
- ▶ 業務アプリケーションについて
- ▶ ポータル内システムについて
- ▶ PCアプリケーション/ツールについて
- ▶ PC本体について

ご質問を入力ください 送信

みずほ証券 AIチャット AIチャットについて

変更履歴に関して確認したいことを以下の項目から選んでください。

- ▶ Wordで変更履歴を記録する
- ▶ Wordの「変更履歴」情報を完全に削除する

Wordで変更履歴を記録する

文書の中で、誰がどのような変更を行ったかを確認するには、[変更履歴の記録]をオンにする必要があります。
FAQ 変更履歴を記録する方法を確認してください。
[■詳細はこちら](#)

解決しましたか？

- ▶ はい
- ▶ いいえ

ご質問を入力ください 送信



Introduced for
“internal response to
inquiry” of Mizuho
Securities Co., Ltd.

AI service business Image/video analysis



AMY
AI Magic for You

Start of the AI inspection service

Recognition of the product name and model number using a smartphone camera

Thank you for your attention.

MTI Ltd.

〈Contact us〉

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