

**MTI Ltd.**

**Financial Results Briefing  
for Q1/FY2019**

**January 31, 2019**

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# **Financial Results Overview for Q1 FY2019**

# Financial Highlights

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## Results for the Q1

Net sales **¥ 6,862**million (Down ¥655million, Down **8.7%**, YoY)

Operating income **¥ 829**million (Up ¥167million, Up **25.3%**, YoY)

**3**

## The number of paying subscribers of the smartphone

**4.41**million subscribers

(Down 0.16 million compared to September 30, 2018)

**2**

## Good performance

in line with earnings forecast for H1 FY2018

Progress ratio to the H1 forecast

Net sales: **49.0 %**

Operating income: **82.9%**

# Consolidated P/L

**Net sales declined. Operating income increased.**

(Millions of yen)

	FY2019 Q1	FY2018 Q1	Change		
			Amount	Percentage	
<b>Net sales</b>	<b>6,862</b>	<b>7,517</b>	<b>(655)</b>	<b>(8.7%)</b>	Decrease in number of paying subscribers
<b>Cost of sales</b> (Ratio)	<b>1,632</b> 23.8%	<b>1,590</b> 21.2%	<b>+41</b>	<b>+2.6%</b>	
<b>Gross profit</b> (Ratio)	<b>5,229</b> 76.2%	<b>5,926</b> 78.8%	<b>(696)</b>	<b>(11.8%)</b>	Decrease in advertising expenses
<b>SG&amp;A</b> (Ratio)	<b>4,400</b> 64.1%	<b>5,265</b> 70.0%	<b>(864)</b>	<b>(16.4%)</b>	
<b>Operating income</b> (Ratio)	<b>829</b> 12.1%	<b>661</b> 8.8%	<b>+167</b>	<b>+25.3%</b>	Decrease in tax expenses due to the absorption-type merger of a subsidiary implemented in the previous year
<b>Ordinary income</b> (Ratio)	<b>868</b> 12.7%	<b>619</b> 8.2%	<b>+248</b>	<b>+40.1%</b>	
<b>Profit attributable to owners of parent</b> (Ratio)	<b>543</b> 7.9%	<b>801</b> 10.7%	<b>(258)</b>	<b>(32.2%)</b>	

# Consolidated SG&A

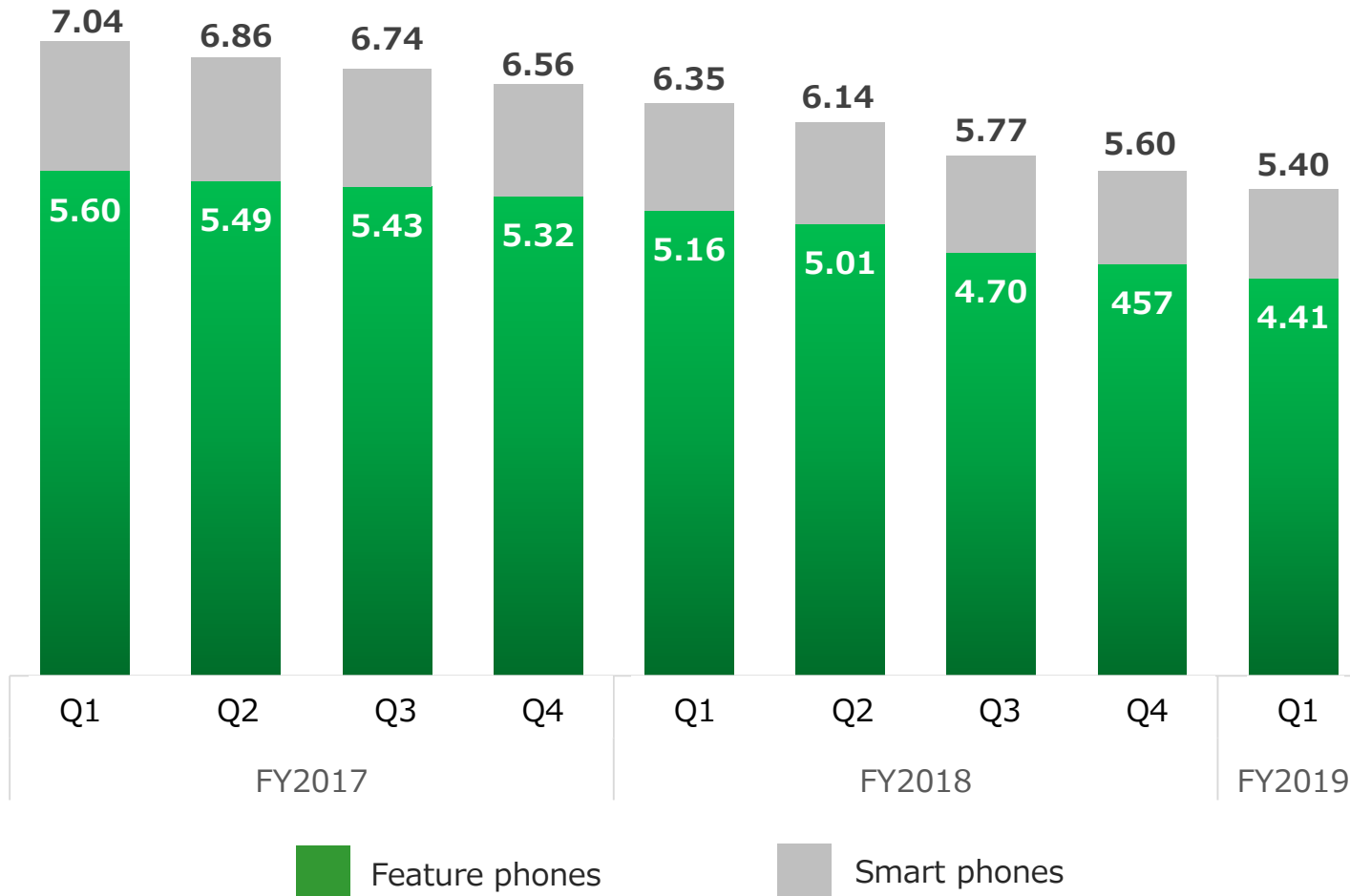
(Millions of yen)

	FY2019 Q1	FY2018 Q1	Change	
			Amount	Percentage
SG&A	4,400	5,265	(864)	(16.4%)
Advertising expenses	722	1,369	(647)	(47.3%)
Personnel expenses	1,550	1,534	+16	+1.1%
Commission fee	880	886	(6)	(0.7%)
Subcontract expenses	216	282	(65)	(23.3%)
Depreciation	343	430	(86)	(20.1%)
Other	687	761	(74)	(9.8%)

Decreased in the number of paying subscribers  
(Priority was placed on the efficiency of acquisition)

# Business Overview i )

(Unit: Millions of people)



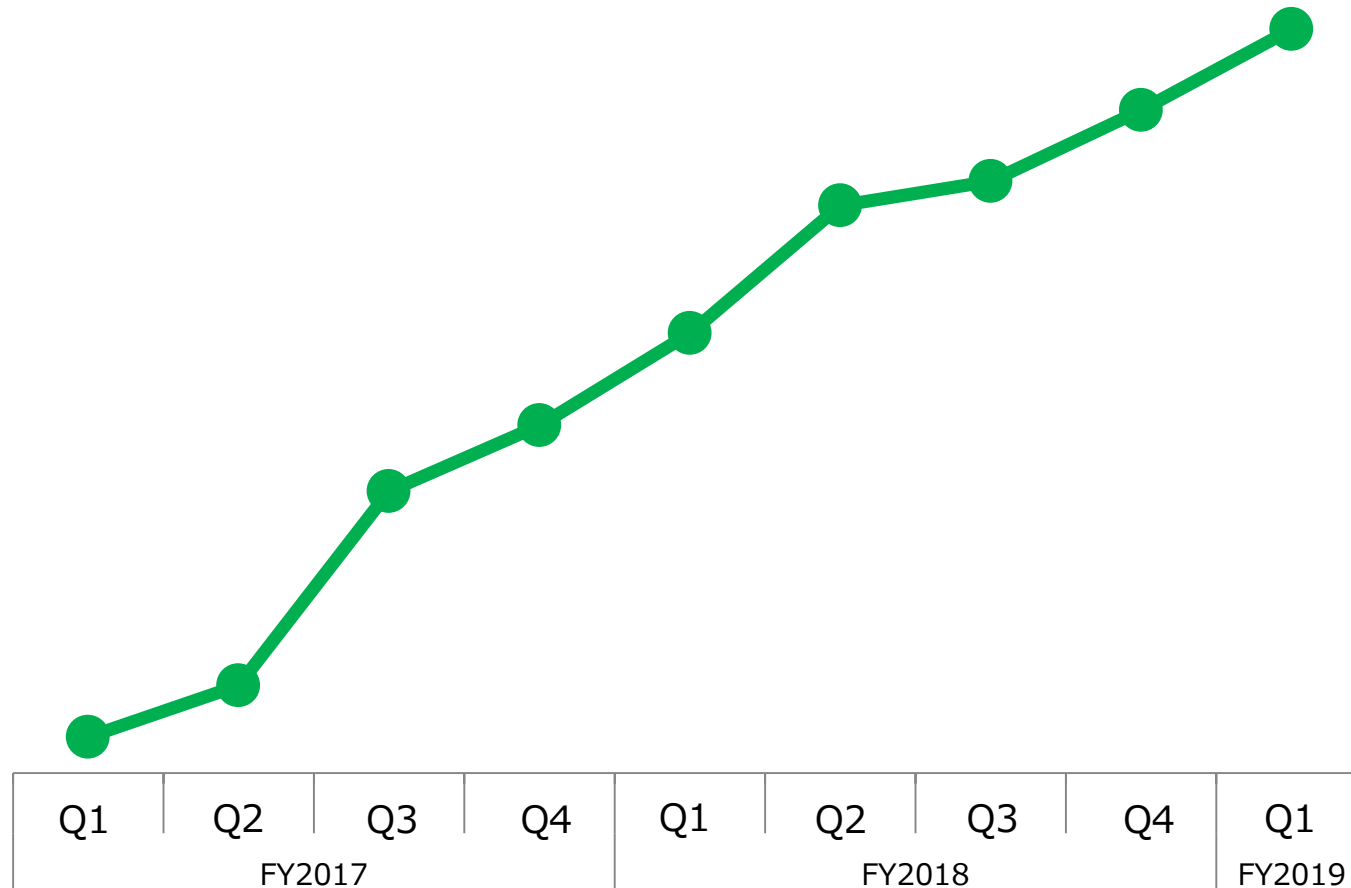
The number of  
paying subscribers

**5.40** million  
subscribers

(Down 0.20 million compared to  
September 30, 2018)

## Business Overview ii)

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



**YoY Change**  
**¥18.8**  
**UP!**



# Progress for Consolidated Earnings Forecast

(Millions of yen)

	FY2019 Q1	FY2019 H1 (At the beginning of fiscal year)	Progress ratio
	Actual	Forecast	
Net sales	6,862	14,000	49.0%
Operating income	829	1,000	82.9%
Ordinary income	868	950	91.4%
Profit attributable to owners of parent	544	600	90.7%

# **New Approach in Q2 and thereafter**

# Basic Policy in FY2019

- 1. Expand sales for  
healthcare-related services**

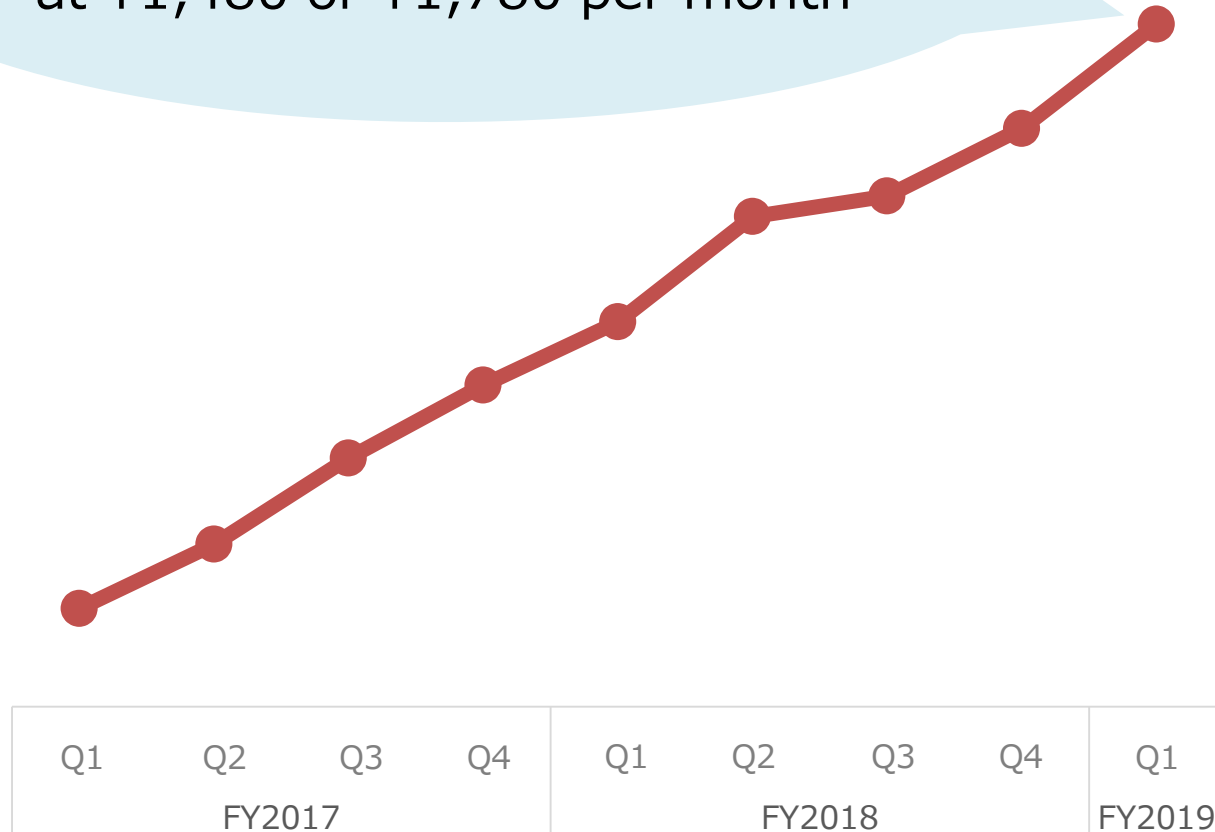
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- 2. Maintenance of the total number  
of paying subscribers**

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- 3. Improvement in ARPU**

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# Improvement in ARPU

Favorable responses to promotions for subscription to services at ¥1,480 or ¥1,780 per month

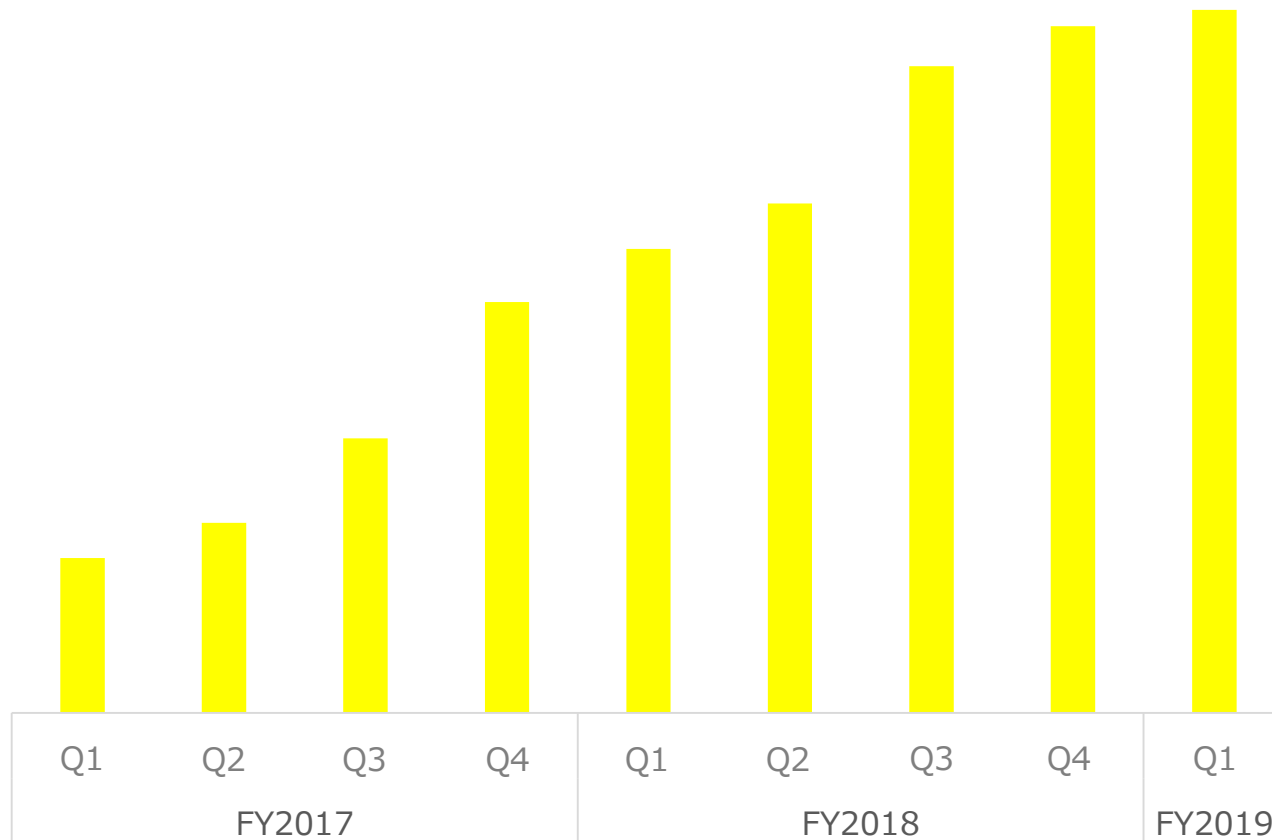


**Enhanced  
video lineup**

**Continuous  
rise in ARPU**

# Healthcare-related services business

Check-up service  
CARADA



**The number of  
IDs has been  
increasing  
steadily.**

# Healthcare-related services business

## Sports management Services



**Paid service  
has been  
increasing  
steadily  
from schools  
and clubs**

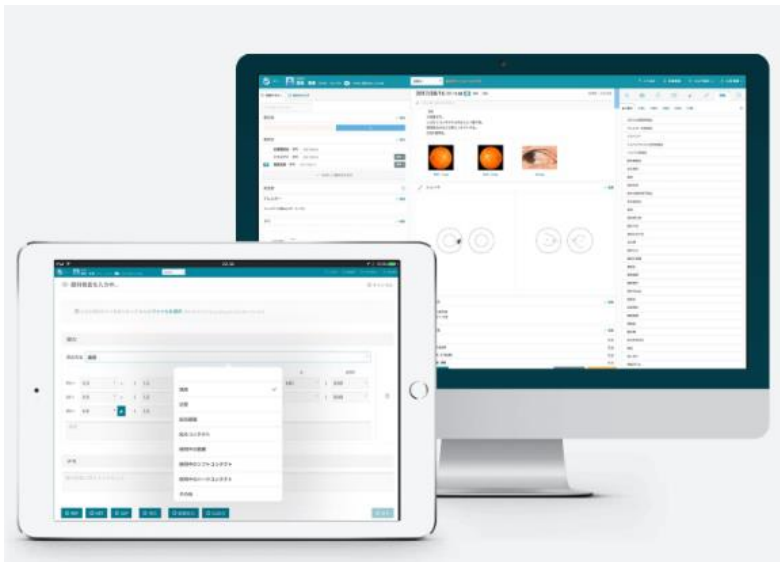
## Healthcare-related services:

### Collaboration with No. 1 prescription pharmaceutical wholesaler

#### Clinical Platform

Better Quality with Less

cloud-type electronic medical records



MEDIPAL HOLDINGS CORPORATION

- Launch full-scale sales initiatives to promote cloud-type electronic medical records
- Accepted directors

Investment  
for a **50.9%** stake

**MTI Ltd.**

Clinical Platform  
Better Quality with Less

Investment  
for a **10.1%** stake



MEDIPAL HOLDINGS CORPORATION

## Healthcare-related services:

### Collaboration with No. 1 prescription pharmaceutical wholesaler

# ČARADA medica

Online medical  
examination system



Health counseling  
service



 MEDIPAL HOLDINGS CORPORATION

- Capital increase  
(invested ¥2.1 billion)
- Accepted a director  
and an auditor

Investment  
for a **65.6%** stake

 **MTI Ltd.**

## ČARADA medica

Investment  
for a **34.4%** stake

 MEDIPAL HOLDINGS CORPORATION

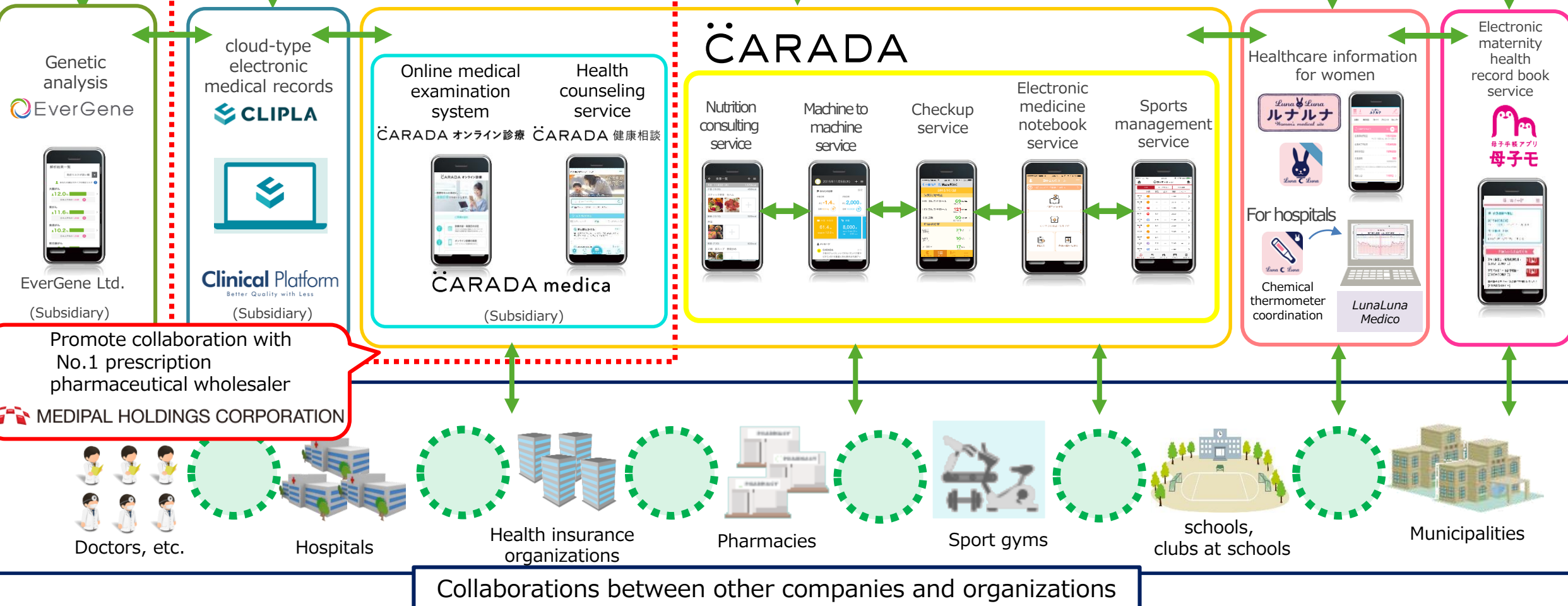


# Overview of healthcare-related services



Developing healthcare information management databases to connect data in each Service

Data coordination



# Topics : Healthcare-related services business

Healthcare information  
for women



Prediction of menstrual and ovulation dates  
and recording of basal body temperatures



**Concluded  
comprehensive  
agreements in  
conjunction with  
support for  
matchmaking efforts**

**with Hokkaido and  
Oita Prefectures  
in December,  
following those with  
Saitama and Osaka Prefectures**

# Topics : Fintech business



**Started settlement services**

**Posted on the Newspapers!**

**(December 24, 2018)**

**Nikkei Inc.**

**THE YOMIURI  
SHIMBUN**

**THE IBARAKI  
SHIMBUN Co., Ltd.**



(North Pacific Bank, Ltd.)

**Started a trial demonstration**

**Secoma Company, Ltd.**

**Ain Pharmaciez Inc.**



**Providing  
system to  
regional banks**

**&Pay**

**QR code-based  
settlement services**

# Topics : AI services business (Automagi Inc.)

## ● chat bot

( Automatic answering )



Steadily increased the number of companies adopting the services in the financial industry

## ● Analysis of AI images and videos

Diversification of applications



Detection of abnormalities

Prevention of drowsy driving

Automatic identification of unoccupied seats

Automatic reading of bills and invoices

High-speed measurement of dimensions

Automatic reading of barcodes

Gum inspection

...

## Number of companies introducing the service



Cumulative total exceeding **50** companies



Tsukuba Bank, Ltd.

The Awa Bank, Limited.

The Miyazaki Bank, Ltd.

The Musashino Bank, Ltd.

Mizuho Securities Co., Ltd.

A Demonstration experiment with Juudankai



NTT DATA Corporation

Nichirei Logistics Group Inc.

TEPCO Power Grid, Incorporated

NTT DOCOMO, INC.

Lion Corporation

...

# Topics : Efforts in the MaaS service area

Build your trip with a smart phone including  
e-ticketing of LOCAL Buses in nothern Japan!

Boost regional consumptions

Michinori Holdings, Inc.



Capture inbound  
demand

Provide a bus fare  
ticketing and  
payment system

Establish a tourism-oriented  
MaaS model

\*MaaS: A next-generation transportation system that improves convenience by allowing users to comprehensively access searching, booking, payment and ticketing services as a one-stop solution only with a smartphone, with respect to multiple transportation means including railways and buses.

# MTI Ltd.

〈Contact us〉

Investor Relations Office

TEL: +81-3-5333-6323 FAX: +81-3-3320-0189

e-mail: [ir@mti.co.jp](mailto:ir@mti.co.jp)

<https://www.mti.co.jp/eng/>

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