

July 28, 2017

For Immediate Release:

MTI Ltd.
Toshihiro Maeta,
President and Chief Executive Officer
Listing: Tokyo Stock Exchange
(First Section) [9438]
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Notice of Absorption-Type Merger (Simplified, Short-Form) with Consolidated Subsidiary

MTI Ltd. (hereinafter the “Company”) hereby announces that a meeting of the Board of Directors held on July 28, 2017 resolved to conduct an absorption-type merger (the “Merger”) of Climb Factory Co., Ltd. (hereinafter “Climb Factory”), a consolidated subsidiary. Details are as follows.

The contents of this release have been partially abbreviated because the Merger is a simplified, absorption-type merger of a wholly owned subsidiary of the Company.

1. Purpose of the Merger

Climb Factory conducts systems development, information analysis, the provision of solution proposals, etc. for sports sites, etc. The Company decided to merge with and absorb Climb Factory, considering that it would be more efficient to manage the business by integrating it with the businesses of the Company.

2. Outline of the Merger

(1) Schedule of the Merger

Date of Board of Directors’ resolution	July 28, 2017
Date of conclusion of merger agreement	July 28, 2017
Scheduled date of merger (effective date)	October 1, 2017

Note) For the Company, the Merger will be a simplified merger in accordance with the provisions of Article 796, Paragraph 2 of the Companies Act. For Climb Factory, the Merger will be a short-form merger in accordance with the provisions of Article 784, Paragraph 1 of the Act. Accordingly, the Company will execute the Merger without the approval of a general meeting of the shareholders of either company.

(2) Method of the Merger

Climb Factory will cease to exist as an individual corporate entity following its absorption by the Company, the surviving entity of this absorption-type merger.

(3) Details of allotment related to the Merger

The Merger will not entail the allotment of shares or any other monies.

- (4) Treatment of the non-surviving entity's stock acquisition rights and corporate bond with stock acquisition rights in association with the Merger

Climb Factory has issued stock acquisition rights and they will be extinguished with the entry into force of the Merger. In addition, the Company will not pay any moneys or other consideration in place of said stock acquisition rights.

3. Outline of the parties to the Merger (as of June 30, 2017)

	Surviving entity	Absorbed entity
(1) Name	MTI Ltd.	Climb Factory Co., Ltd.
(2) Address	35Floor, Tokyo Opera City Tower 3-20-2, Nishi-shinjuku, Shinjuku-ku, Tokyo	35Floor, Tokyo Opera City Tower 3-20-2, Nishi-shinjuku, Shinjuku-ku, Tokyo
(3) Name and title of representative	Toshihiro Maeta, CEO	Hiroyuki Mabuchi, Representative director
(4) Nature of business	Content distribution business	Provision of IT solutions specialized in sports
(5) Capital stock	5,012 millions of yen	100 millions of yen
(6) Founded	August 12, 1996	July 23, 2009
(7) Shared issued	60,788,000 shares	16,245shares
(8) Closing period	Septemeber 30	September 30
(9) Major shareholders and shareholding ratios	Toshihiro Maeta 19.51% KMC, Ince. 16.61% HIKARI TSUSHIN, INC 9.50%	MTI Ltd. 89.9% (*)
(10) Financial position and operating results of the immediately preceding accounting year		
Total asset	Millions of yen 25,154 (Consolidated)	Millions of yen 542
Net assets	17,852 (Consolidated)	470
Net assets per share	311.13 yen (Consolidated)	28,962.75 yen
Net sales	32,844 (Consolidated)	92
Operating income	5,355 (Consolidated)	(286)
Ordinary income	5,310 (Consolidated)	(288)
Profit attributable to owners of parent	3,317 yen (Consolidated)	(293)
Net income per share*	59.54 yen (Consolidated)	(18,084.98 yen)

(*) As of July 28, 2017, Climb Factory is a wholly-owned subsidiary of the Company.

4. Situation after the Merger

The Merger will result in no change to the Company's name, location, title and name of representative, line of business, paid-in capital or fiscal year-end.

5. Impact on operating results

As the Merger involves the absorption of a wholly owned subsidiary, the impact on the consolidated operating results is expected to be negligible.

(For reference)

Forecasts for the operating results of the consolidated fiscal year under review (announced on April 28, 2017) and actual results of the previous fiscal year

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent
Financial results forecast for the current consolidated fiscal year (FY2017)	Millions of yen 32,000	Millions of yen 4,060	Millions of yen 4,000	Millions of yen 1,600
Actual results for the previous fiscal year (FY2016)	32,844	5,355	5,310	3,317

Disclaimer Regarding Forecast and Projections

This report contains forward-looking statements on business performance based on the judgments, assumptions and beliefs of management using the information available at the time. Actual results may differ materially due to changes in domestic or overseas economic conditions, changes in internal or external business environments, or aspects of uncertainty contained in the forecasts, latent risks or a variety of other factors. In addition, factors of risk and uncertainty include unpredictable elements that could arise from future events.

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