

October 31, 2018

For Immediate Release:

MTI Ltd.
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Listing: Tokyo Stock Exchange
(First Section) [9438]
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Notice of Consolidated Subsidiary's Capital Increase Through Third-Party Allotment of Shares

MTI Ltd. (hereinafter the "Company") hereby announces that at the meeting of its Board of Directors held on October 31, 2018, it adopted a resolution on a capital increase of CARADAmédica, Inc. (hereinafter "CARADAmédica"), a consolidated subsidiary of the Company, by way of a third-party allotment of shares to Medipal Holdings Corporation (hereinafter "Medipal"). Details are as follows.

1. Purpose of capital increase by way of third-party allotment of shares

In June 2016, the Company and Medipal formed a capital and business alliance for the purpose of promoting wider use of Information and Communication Technologies (ICT) in the medical and healthcare areas and establishing a medical and healthcare platform. As part of efforts to promote this alliance, both companies have agreed to collaborate on online medical examination service business. Moreover, from the viewpoint of strengthening this collaborative relationship, it was decided that CARADAmédica, a wholly owned subsidiary of the Company, would execute a third-party allotment of shares to Medipal (the capital contribution ratio of Medipal will be 34.4%).

2. Use of funds to be procured

CARADAmédica offers Q&A service in which medical doctors, nurses, pharmacists and others respond to users having various anxieties or uncertainties over their health. Based on the know-how accumulated by operating and developing this service, CARADAmédica aims to promote wider use of a new online medical examination service. The funds procured are scheduled to be appropriated as development fund and business investment fund for the expansion of this business.

3. Overview of CARADAmédica (as of September 30, 2018)

(1) Name	Caradamedica Inc.
(2) Address	35th Floor, Tokyo Opera City Tower 3-20-2, Nishi-Shinjuku, Shinjuku-ku, Tokyo
(3) Name and title of representative	Seitaro Sugawara, CEO
(4) Nature of business	Provision of online medical examination system and healthcare contents distribution services

(5) Capital stock	100 millions of yen
(6) Date of establishment	July 1, 2015
(7) Major shareholder and shareholding ratios	MTI Ltd. 100.0%

4. Outline of the allottee

(1) Name	Medipal Holdings Corporation		
(2) Address	2-7-15, Yaesu, Chuo-ku, Tokyo, Japan		
(3) Name and title of representative	Shuichi Watanabe, Representative Director, President and CEO		
(4) Nature of business	As a holding company, Medipal Holdings Corporation controls, administers and supports the operating activities of companies in which it holds shares in the Prescription Pharmaceutical Wholesale Business; the Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business; and the Animal Health Products and Food Processing Raw Materials Wholesale Business, and conducts business development for the Medipal Group.		
(5) capita stock	22,398 millions of yen		
(6) Date of establishment	May 6, 1923		
(7) Operating results and financial position during the past 3 years	(Unit: million yen)		
	For the fiscal year ended March 31, 2016	For the fiscal year ended March 31, 2017	For the fiscal year ended March 31, 2018
Consolidated net assets	488,328	521,165	572,656
Consolidated total assets	1,497,310	1,525,912	1,621,573
Consolidated book value per share (Yen)	1,832.45	1,950.25	2,154.93
Consolidated net sales	3,028,187	3,063,900	3,146,314
Consolidated operating income	42,283	39,650	44,260
Consolidated ordinary income	55,140	53,360	57,349
Profit attributable to owners of parent	30,771	29,011	34,780
Consolidated earnings per share (Yen)	135.89	128.12	154.13
Dividend per share (Yen)	28.00	31.00	34.00

5. Details of capital increase by way of third-party allotment of shares

(1) Type and number of new shares to be issued	Common stock 9,000 shares
(2) Amount of funds to be procured	2,115 millions of yen
(3) Capital contribution ratio after capital increase	MTI Ltd. 65.6% MEDIPAL HOLDINGS CORPORATION 34.4%

6. Schedule

(1) Day of MTI's Board of Directors' resolution	October 31, 2018
(2) Date of resolution by Caradamedica's Board of Directors	October 26, 2018
(3) Payment date	November 9, 2018 (Scheduled)

7. Outlook for the future

This case will have a very minimal impact materially on the Company's consolidated business results for the fiscal year ending September 30, 2019.

(Reference)

Consolidated financial results forecast for the current fiscal year (Announced on October 30, 2018) and consolidated results for the previous fiscal year

(Unit: millions of yen)

	Consolidated Net sales	Consolidated Operating income	Consolidated Ordinary income	Consolidated Profit attributable to owners of parent
Forecasts for consolidated financial results (September 30, 2019)	28,000	2,400	2,300	1,400
Consolidated results for the previous fiscal year (September 30, 2018)	29,075	3,218	3,116	1,629

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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