

September 30, 2019

For Immediate Release:

MTI Ltd.
Toshihiro Maeta,
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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 September 30, 2019, it adopted a resolution on a capital increase of Pharmo, Inc. (hereinafter "Pharmo"), a consolidated subsidiary of the Company, by way of a third-party allotment of shares to the Company and Mitsubishi Corporation (hereinafter "Mitsubishi"). Details are as follows.

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

The Company pursues ICT utilization in the field of medicine/healthcare with the aim of achieving the development of a medical/healthcare platform. Pharmo plays the role of supporting ICT utilization for dispensing pharmacies through an electronic medicine notebook and inventory management software.

Pharmo and Mitsubishi reached an agreement on promoting the support business for ICT utilization by dispensing pharmacies nationwide and the issue solution service. In addition, from the standpoint of deepening the collaboration, Pharmo has decided to make a third-party allotment of shares to the Company and Mitsubishi to form a capital alliance.

2. Use of funds to be procured

Pharmo undertakes the ICT support business for dispensing pharmacies and the issue solution service, and plans to use the funds as an upfront investment in business expansion through collaboration with Mitsubishi.

3. Overview of Pharmo (as of September 30, 2019)

(1) Name	Pharmo Inc.
(2) Address	35th Floor, Tokyo Opera City Tower 3-20-2, Nishi-Shinjuku, Shinjuku-ku, Tokyo
(3) Name and title of representative	Kaei Hiroi, CEO
(4) Nature of business	Planning, development, management of Internet business, research and development of medical information system and human resources business
(5) Capital stock	48.5 millions of yen
(6) Date of establishment	May 15, 2012
(7) Major shareholder and shareholding ratios	MTI Ltd. 61.90% Kaei HIroi, CEO 37.98%

4. Outline of the allottee other than the Company

(1) Name	Mitsubishi Corporation		
(2) Address	2-3-1 Marunouchi, Chiyoda-ku, Tokyo		
(3) Name and title of representative	Takehiko Kakiuchi, President and CEO		
(4) Nature of business	Multifaceted business development with a wide range of industries as business domains in 10 groups including natural gas, industrial materials, petroleum & chemicals, mineral resources, industrial infrastructure, automotive& mobility, food industry, consumer industry, power solution, and urban development group		
(5) capita stock	204,446 millions of yen		
(6) Date of establishment	July 1, 1954		
(7) Operating results and financial position during the past 3 years	(Unit: million yen)		
Fiscal year	For the fiscal year ended March 31, 2017	For the fiscal year ended March 31, 2018	For the fiscal year ended March 31, 2019
Equity attributable to owners of the Parent	4,917,247	5,332,427	5,696,246
Total assets (Consolidated)	15,753,557	16,036,989	16,532,800
Equity per share attributable to owners of the Parent (Yen)	3,101.43	3,362.34	3,589.37
Revenue	6,425,761	7,567,394	16,103,763
Profit before tax	601,440	812,722	851,813
Profit for the year attributable to owners of Parent	440,293	560,173	590,737
Profit for the year attributable to owners of the Parent per share (basic) (Yen)	277.79	353.27	372.39
Dividend per share (Yen)	80.00	110.00	125.00

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

(1) Number of shares held and Capital contribution ratio before capital increase	MTI: 2,600 shares, 61.90% Mitsubishi: - shares, -% Kaei Hiroi, CEO: 1,595 shares, 37.98%
(2) Type and number of new shares to be issued	Common stock 1,600 shares
(3) Number of shares held and Capital contribution ratio after capital increase	MTI: 3,200 shares, 55.17% Mitsubishi: 1,300 shares, 22.41% Kaei Hiroi, CEO: 1,295 shares, 22.33%

(Note) The amount of increased capital is not disclosed based on the results of talks with Mitsubishi.

In addition to the third-party allotment of shares, Kaei Hiroi transferred the 300 common shares he owned to Mitsubishi on the same day.

6. Schedule

(1) Date of MTI's resolution	September 27, 2019
(1) Date of MTI's Board of Directors' resolution	September 30, 2019
(2) Date of Pharmo's Board of Directors' resolution	September 30, 2019
(3) Payment date	October 15, 2019 (Scheduled)

7. Outlook for the future

This case will not have a material impact 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 July 30, 2019) 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)	27,000	2,900	3,500	2,000
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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