

October 28, 2019

For Immediate Release:

MTI Ltd.  
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Listing: Tokyo Stock Exchange  
(First Section) [9438]  
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### **Notice of Conversion of Pocket Queries Inc. into an Equity-Method Associated Company**

MTI Ltd. (the “Company”) announces that its Board of Directors passed a resolution at a meeting on October 28, 2019, that the Company would underwrite the third-party allotment of shares of Pocket Queries, Inc. (“Pocket Queries”) as described below. The Company will have a 21.43% stake in Pocket Queries after this allotment and Pocket Queries will become an equity-method associated company.

#### **1. Reason for conversion**

Because of progress on the dissemination of the fifth generation cellular network technology (“5G”), evolution in mobile content services is expected and anticipation for its application in the industrial field is rising.

In this environment, Pocket Queries has established a track record of developing operational software using 3D-CG and AR/VR mainly in the game field. Recently, it is providing and promoting research and development projects for Mixed Reality technology.

Believing that the Company’s collaboration with Pocket Queries will be able to create high value-added ICT services suitable for the 5G era through the technical capabilities of Pocket Queries, the Company has decided to underwrite a third-party allotment of shares to be conducted by Pocket Queries.

#### **2. Outline of Pocket Queries (as of September 30, 2019)**

(1) Name	Pocket Queries Inc.	
(2) Address	17-12, Honmachi 1-chome, Shibuya-ku, Tokyo	
(3) Name and title of representative	Nobuhiko Sasaki, Representative Director	
(4) Nature of business	Development of practical applications of VR/AR/MR, development and operation of 3D and other games and production of 3D-CG	
(5) Capital stock	109 million of yen	
(6) Founded	August 20, 2010	
(7) Major shareholders and shareholding ratios	Nobuhiko Sasaki 36.44% Queri Holdings, Ltd. 25.42%	
(8) Relationship between the listed company and the relevant company	Capital relationship	The Company holds 6.78% of shares of Pocket Queries.
	Human	There is no human relationship between the two

	relationship	companies that is required to be disclosed.
	Business relationship	The Company places orders related to application development with Pocket Queries.

Note: The business results and financial position of Pocket Queries in the last three years are not disclosed because it is not a publicly traded company and based on consultation with Pocket Queries.

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

(1) Capital contribution ratio before capital increase	8,000 shares (Number of voting rights: 8,000 shares) (Voting rights ratio: 6.78%)
(2) Number of share acquisition	Common stock 22,000 shares
(3) Capital contribution ratio after capital increase	30,000 shares (Number of voting rights: 30,000 shares) (Voting rights ratio: 21.43%)

Note: The purchase price is not disclosed based on consultation with Pocket Queries.

### 4. Schedule

(1) Day of MTI's Board of Directors' resolution	October 28, 2019
(2) Day of stock acquisition	November 8, 2019 (Scheduled)

### 5. 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.

The forecast for consolidated business results for the fiscal year ending September 30, 2020, is currently being prepared, and the Company will announce it in the Summary of Consolidated Financial Results for the Fiscal Year ended September 30, 2020 (Japanese Accounting Standards), to be published on October 30, 2019.

#### 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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#### Contact information for inquiries

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