

August 20, 2021

For Immediate Release:

MTI Ltd.
Representative: Toshihiro Maeta,
President and Chief Executive Officer
Listing: Tokyo Stock Exchange
(First Section) [9438]
Contact: Hiroshi Matsumoto, Senior managing Director

**Notice Concerning Absorption-Type Merger (Simplified/Short-Form Merger)
of Wholly Owned Subsidiary, Sonicnaut Ltd.**

MTI Ltd. (hereinafter the “Company”) announces that a meeting of its Board of Directors held on August 20, 2021 resolved to absorb its wholly owned subsidiary, Sonicnaut Ltd. (hereinafter “Sonicnaut”), as of September 28, 2021.

Since this is a simplified absorption-type merger involving a wholly owned subsidiary, some disclosure items and details have been omitted.

1. Purpose of the Merger

The Company decided to absorb Sonicnaut as it determined that it would not have any opportunities to effectively utilize Sonicnaut, which had been suspending its business, in its future business reorganization. It also made the decision to reduce Sonicnaut’s administrative costs.

2. Summary of the Merger

(1) Schedule of the Merger

August 20, 2021	Resolution of the Board of Directors (MTI Ltd. and Sonicnaut Ltd.)
August 20, 2021	Merger agreement date
September 28, 2021	Merger effective date

(Note) Since this is a short-form merger pursuant to Article 796, Paragraph 2 of the Companies Act of Japan for the Company and is also a short-form merger pursuant to Article 784, Paragraph 1 of the Companies Act for the Sonicnaut, the merger will be carried out without the approval of the respective general meetings of shareholders.

(2) Method of the Merger

Since this is an absorption-type merger with the Company as the surviving company, Sonicnaut will be dissolved.

(3) Allocation of shares associated with the Merger

Since the merger is a merger with a wholly owned subsidiary of the Company, there will be no allotment of shares or money, etc. as a result of the merger.

(4) Handling of stock acquisition rights and bonds with stock acquisition rights of the dissolving company in association with the Merger

Not applicable.

3. Summary of companies involved in the Merger

(As of March 31, 2021)

	Surviving company by absorption	Dissolving company by absorption												
(1) Name	MTI Ltd.	Sonicnaut Ltd.												
(2) Address	Tokyo Opera City Tower 3-20-2, Nishi-Shinjuku, Shinjuku-ku, Tokyo	Tokyo Opera City Tower 3-20-2, Nishi-Shinjuku, Shinjuku-ku, Tokyo												
(3) Name and title of representative	Toshihiro Maeta, CEO	Koichi Ishikawa, CEO												
(4) Nature of business	Contents business and Healthcare business	Development, planning, manufacturing, etc. of indoor/outdoor measurement systems. (Essentially suspended)												
(5) Capital stock	5,180 millions of yen	10 millions of yen												
(6) Date of establishment	12 August, 1996	15 November, 2013												
(7) Number of issued shares	61,209,300 shares	200 shares												
(8) Fiscal year	September 30	September 30												
(9) Major shareholder and shareholding ratios	<table border="0"> <tr> <td>Toshihiro Maeta</td> <td>19.38%</td> </tr> <tr> <td>KMC, Inc.</td> <td>16.49%</td> </tr> <tr> <td>Hikari Tsushin K.K</td> <td>8.75%</td> </tr> <tr> <td>UH Partners2, Inc</td> <td>8.75%</td> </tr> <tr> <td>MEDIPAL HOLDINGS CORPORATION</td> <td>5.15%</td> </tr> <tr> <td>UH Partners3, Inc.</td> <td>3.99%</td> </tr> </table>	Toshihiro Maeta	19.38%	KMC, Inc.	16.49%	Hikari Tsushin K.K	8.75%	UH Partners2, Inc	8.75%	MEDIPAL HOLDINGS CORPORATION	5.15%	UH Partners3, Inc.	3.99%	MTI Ltd, 100.0%
Toshihiro Maeta	19.38%													
KMC, Inc.	16.49%													
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UH Partners2, Inc	8.75%													
MEDIPAL HOLDINGS CORPORATION	5.15%													
UH Partners3, Inc.	3.99%													
(10) Financial conditions and operating results for the most recent fiscal year														
Fiscal year	September 30, 2020 (Consolidated)	September 30, 2020 (Non-consolidated)												
Net assets	21,510 millions of yen	5,004 thousands of yen												
Total assets	30,547 millions of yen	6,340 thousands of yen												
Net assets per share	350.83 yen	25,021.47 yen												
Net sales	26,082 millions of yen	10,660 thousands of yen												
Operating income	2,507 millions of yen	979 thousands of yen												
Ordinary income	2,082 millions of yen	2,825 thousands of yen												
Profit attributable to owners of parent	506 millions of yen	2,009 thousands of yen												
Net income per share	9.28 yen	10,046.16 yen												

4. Status after the Merger

There will be no changes in the name, address, name and title of representative, business description, capital and book closing period of the Company after the merger.

5. Outlook for the future

Since this is a merger with a wholly owned subsidiary of the Company, the impact on the consolidated financial results will be minor.

(Reference)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income Per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Earnings forecast for FY2021 (For the fiscal year ending September 30, 2021)	25,500 ~26,500	2,100 ~2,500	1,600 ~2,000	(1,000) ~(600)	(18.27) ~(10.96)
FY2020 (Actual) (For the fiscal year ended September 30, 2020)	26,082	2,507	2,082	506	9.28

<Points to consider concerning forecasts

Matters stated in this material concerning results forecasts are based on assessments, assumptions and convictions derived from information available to the Company at the time when this material is published. They may differ significantly from actual results due to a variety of factors, including future economic conditions in Japan and overseas, changes in conditions for business operations in Japan and overseas, or uncertain factors and potential risks inherent in forecasts. Those risks and uncertain factors include unpredictable effects on results that may arise from future events.

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