

July 19, 2024

For Immediate Release:

MTI Ltd.
Representative: Toshihiro Maeta,
President and Chief Executive Officer
Listing: TSE Prime [9438]
Contact: Hiroshi Matsumoto,
Senior Managing Director
Tel: +81-3-5333-6323

**Notice Concerning Absorption-Type Merger (Simplified/Short-Form Merger)
of Wholly Owned Subsidiary and Recording of Non-operating income and Extraordinary
Losses (Individual Financial Statements)**

MTI Ltd. (hereinafter the “Company”) announces that a meeting of its Board of Directors held on July 19, 2024 resolved to absorb its wholly owned subsidiary, MGSHD Ltd., SPSHD Ltd., and MT-App Ltd. (hereinafter “MGSGD”, “SPSHD” and “MT-App”), as of September 1, 2024. Since each merger is a simplified absorption-type one involving a wholly owned subsidiary, some disclosure items and details have been omitted.

Furthermore, we would like to inform you that, in connection with this absorption merger, we expect to record non-operating income and extraordinary losses in the individual financial statements for the fourth quarter of the fiscal year ending September 2024 (from July 1, 2024, to September 30, 2024).

I. Absorption Merger of Three Wholly Owned Subsidiaries

1. Purpose of the Merger

MGSHD, SPSHD, and MT-App have been engaged in the business of holding and managing securities, among other activities. However, from the perspective of management costs, it was decided that the Company’s operation would be more efficient. Therefore, we have decided to carry out an absorption of the three companies into the Company.

2. Summary of the Merger

(1) Schedule of the Merger

Resolution of the Board of Directors	July 19, 2024	(MTI and MGSGD, SPSHD, MT-App)
Merger agreement date	July 19, 2024	
Merger effective date	September 1, 2024	

(Note) Since each of the mergers is a short-form one pursuant to Article 796, Paragraph 2 of the Companies Act of Japan for the Company and is also a short-form one pursuant to Article 784, Paragraph 1 of the Companies Act for the MGSGD, SPSHD and MT-App, each of the merges will be carried out without the approval of the respective general meetings of shareholders.

(2) Method of the Merger

Since each of the mergers is an absorption-type merger with the Company as the surviving company, MGSGD, SPSHD, MT-App will be dissolved.

(3) Allocation of shares associated with the Merger

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

(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 June 30, 2024)

	Surviving company by absorption	Dissolving company by absorption①
(1) Name	MTI Ltd.	MGSHD 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	Hiromitsu Minamino, CEO
(4) Nature of business	Contents business and Healthcare business	Business in holding and managing securities, among other activities
(5) Capital stock	5,261 millions of yen	10 millions of yen
(6) Date of establishment	12 August, 1996	14 December, 2016
(7) Number of issued shares	61,303,000 shares	200 shares
(8) Fiscal year	September 30	September 30
(9) Major shareholder and shareholding ratios (As of March 31, 2024)	Toshihiro Maeta 19.39% KMC, Inc. 16.48% UH Partners2, Inc 8.75% SIL, Inc. 7.11% UH Partners3, Inc 6.74% Hikari Tsushin K.K 6.63%	MTI Ltd, 100.0%
(10) Financial conditions and operating results for the preceding fiscal year		
Fiscal year	September 30, 2023 (Consolidated)	September 30, 2023
Net assets	17,583 millions of yen	(68,863) thousands of yen
Total assets	29,155 millions of yen	911,838 thousands of yen
Net assets per share	254.36 yen	(344,317.84) yen
Net sales	26,798 millions of yen	- thousands of yen
Operating income	298 millions of yen	(35) thousands of yen
Ordinary income	458 millions of yen	(13,982) thousands of yen
Profit attributable to owners of parent	753 millions of yen	(14,052) thousands of yen
Net income per share	13.73 yen	(70,264.86) yen

	Dissolving company by absorption^②	Dissolving company by absorption^③
(1) Name	SPSHD Ltd.	MT-App 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	Hiromitsu Minamino, CEO	Hiromitsu Minamino, CEO
(4) Nature of business	Business in holding and managing securities, among other activities	Business in holding and managing securities, among other activities
(5) Capital stock	10 millions of yen	10 millions of yen
(6) Date of establishment	14 December, 2016	20 September, 2019
(7) Number of issued shares	200 shares	200 shares
(8) Fiscal year	September 30	September 30
(9) Major shareholder and shareholding ratios (As of March 31, 2024)	MTI Ltd, 100.0%	MTI Ltd, 100.0%
(10) Financial conditions and operating results for the preceding fiscal year		
Fiscal year	September 30, 2023	September 30, 2023
Net assets	(45,968) thousands of yen	913 thousands of yen
Total assets	777,150 thousands of yen	211,763 thousands of yen
Net assets per share	(229,840.23) yen	4,565.52 yen
Net sales	- thousands of yen	- thousands of yen
Operating income	(22) thousands of yen	(16) thousands of yen
Ordinary income	(12,117) thousands of yen	(3,113) thousands of yen
Profit attributable to owners of parent	(12,187) thousands of yen	(3,183) thousands of yen
Net income per share	(60,935.21) yen	(15,917.79) 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 each of the mergers.

5. Outlook for the future

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

II. Posting of Non-operating income and Extraordinary Losses (Individual Financial Statements) Associated with the Absorption Merger

1. Overview of Recording Non-operating income and extraordinary losses

As a result of each of the mergers mentioned in section “I” above, we anticipate recording the following non-operating income and extraordinary losses in the individual financial statements for the fourth quarter of the fiscal year ending September 2024 (July 1, 2024 – September 30, 2024).

2. Posting of Non-operating Income

We have been recorded a total of 532 million yen as allowance for doubtful accounts for the three subsidiaries. Following the each of mergers mentioned in section “I” above, we anticipate recording a reversal of allowance for doubtful accounts as a non-operating income of 532 million yen.

3. Posting of Extraordinary Loss

By abandoning a total of 144 million yen in loan claims held against the three subsidiaries, we anticipate recording a loss on debt forgiveness as a special loss of 144 million yen.

4. Impact on Business Performance

The non-operating income and extraordinary losses described in items “2” and “3” above will be eliminated in the consolidated financial statements. Therefore, there will not affect the full-year consolidated financial forecast. Based on the future situation, if it is determined that it is necessary to revise the earnings forecast, we will promptly notify you.

(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 FY2024 (For the fiscal year ending September 30, 2024)	27,000	1,800	2,250	1,750	31.99
FY2023 (Actual) (For the fiscal year ended September 30, 2023)	26,798	298	458	753	13.73

<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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Contact information for inquiries

Investor Relations Office

E-mail: ir@mti.co.jp URL: <https://ir.mti.co.jp/eng/>