

October 17, 2025

For Immediate Release:

MTI Ltd.

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Action to Implement Management that is Conscious of Cost of Capital and Stock Price

MTI Ltd. has analyzed its current situation and formulated future initiatives to enhance corporate value under its action to implement management that is conscious of cost of capital and stock price, as outlined in the attached document.

Note: This document is a translation of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

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Attachment
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Action to Implement Management that is Conscious of Cost of Capital and Stock Price

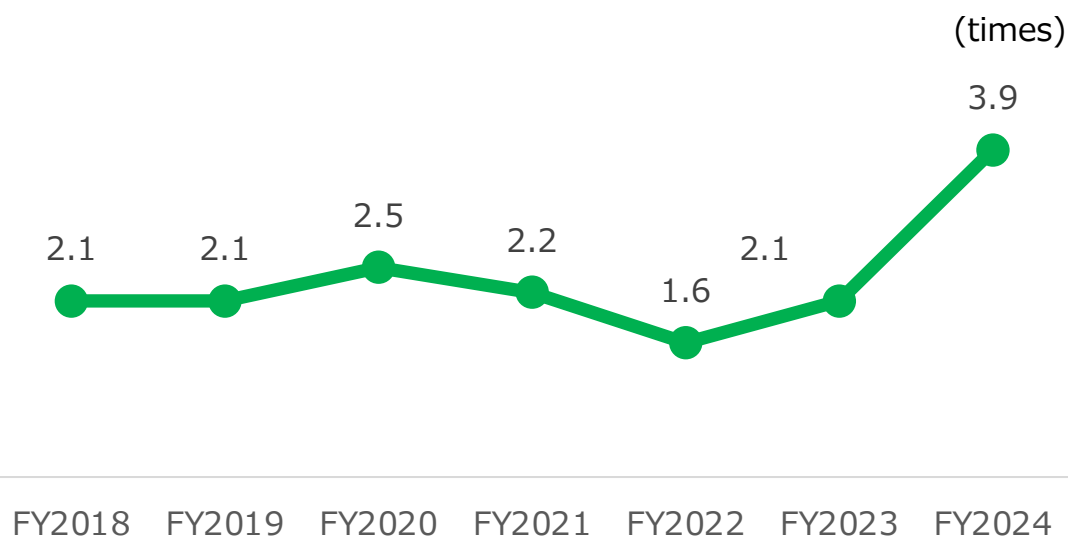
MTI Ltd. (Stock code: 9438)

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.

1. Analysis of Current Situation: PBR&PER (7-year trend)

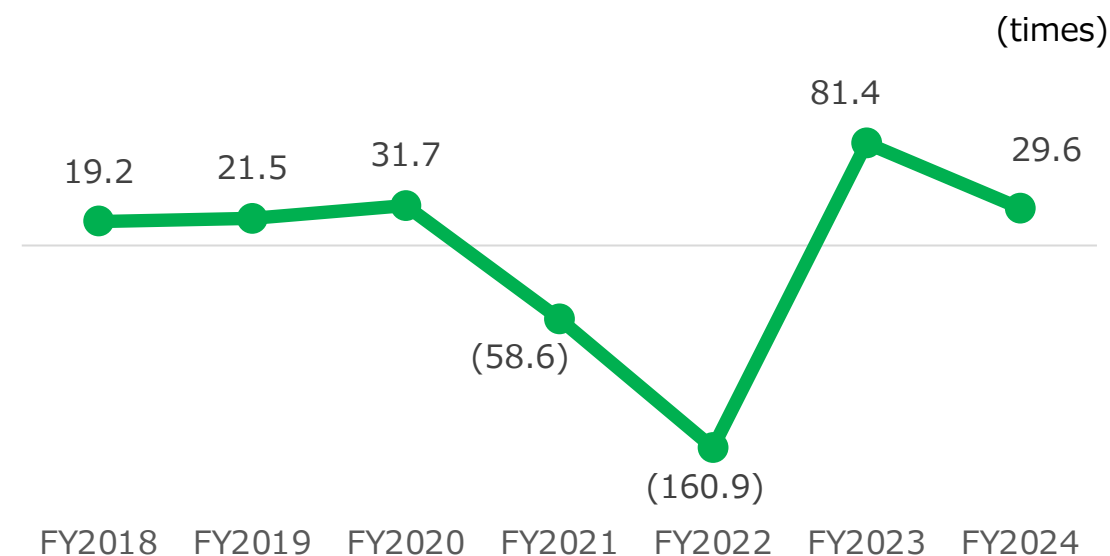
PBR 3.9times

- From FY2018 to FY2023, it fluctuated around double.
- FY2024 saw a rise to approximately four times the level due to an increase in market capitalization.



PER 29.6times

- Typically fluctuates around 20 times.
- At times of heightened attention, it can rise to about 30 times the normal level.



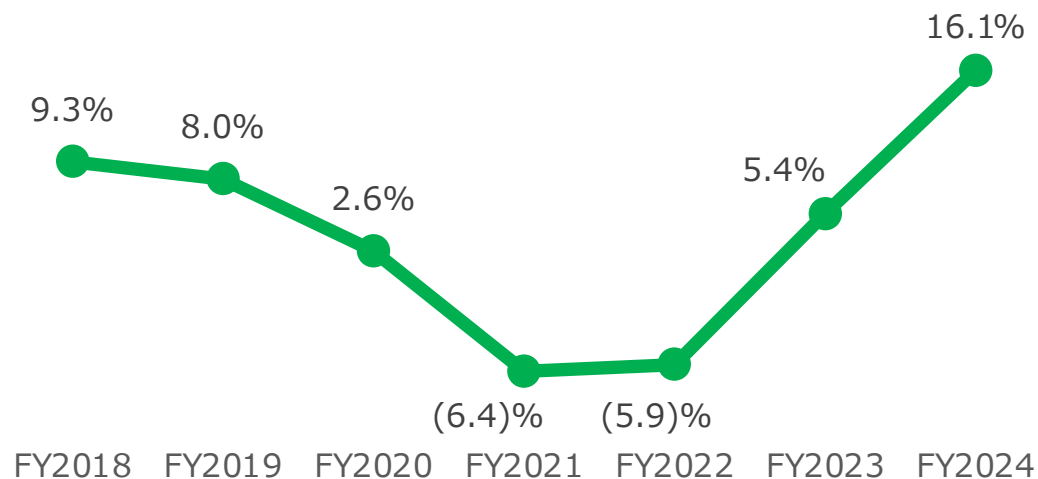
(Note) PER is calculated using the closing price on the fiscal year-end date and the Company's published earnings forecast at the time of the third-quarter earnings announcement.

1. Analysis of Current Situation: ROE (7-year trend) and Cost of Equity

ROE 16.1%

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Cost of Equity 8.1%



Risk-free rate

 β

Risk premium

$$0.294 + 0.625 \times 12.48$$

Risk-free rate: Three-year average of the 10-year Japanese government bond yield (Source: Ministry of Finance, "Government Bond Interest Rate Information")

β : Weekly data over three years (calculated by our company based on publicly available information)

•FY2020~FY2023:

The low level persists due to extraordinary losses and accounting factors.

•FY2024:

Along with improved performance and the impact of consumption tax refunds, it recovered to 16.1%.

1. Analysis of Current Situation: Summary

- FY2024 ROE is at a level exceeding the cost of equity.
- Sustained profit growth must be accompanied by the implementation of various measures.

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
PBR(times)	2.1	2.1	2.5	2.2	1.6	2.1	3.9
PER(times)	19.2	21.5	31.7	(58.6)	(160.9)	81.4	29.6
ROE (%)	9.3	8.0	2.6	(6.4)	(5.9)	5.4	16.1

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- Improve PBR (enterprise value) by enhancing ROE and PER
 - Strengthen dialogue with shareholders and investors

2. Toward Enhancing Corporate Value: The Big Picture

Enhancing corporate value (Improving PBR)

Improvement of ROE

Net profit margin

$$\frac{\text{Net income}}{\text{Net sales}}$$

×

Total asset turnover ratio

$$\frac{\text{Net sales}}{\text{Total assets}}$$

×

Financial leverage

$$\frac{\text{Total assets}}{\text{Equity capital}}$$

A. Expanding core business revenue
(Organic growth on the consolidated P&L)

B. Business monitoring with an emphasis on capital efficiency and optimization of the business portfolio

C. Balancing investment and shareholder returns

D. Disciplined use of financial leverage

Improvement of PER

Expected growth rate

Cost of equity

$$\text{PER} = \frac{1}{\text{Cost of equity} - \text{Expected growth rate}}$$

E. Improvement in expected growth rate

F. Reduction in the cost of equity capital

2. Toward Enhancing Corporate Value: Outline and Initiatives

I Future Initiatives to Improve ROE

Outline

Initiatives

A. Expanding core business revenue (Organic growth on the consolidated P&L)

- Healthcare business
Sustainable expansion of (pharmacy DX and childcare DX business)
- Sustainable expansion of school DX business

B. Business monitoring with an emphasis on capital efficiency and optimization of the business portfolio

- Focusing resources on core businesses through selection and concentration
- Withdrawal from unprofitable businesses (including divestiture)

C. Balancing investment and shareholder returns

- Execution of M&A based on business strategy
- Gradual increase in the dividend payout ratio

D. Disciplined use of financial leverage

- Examining overall optimization within external funding across the entire group

2. Toward Enhancing Corporate Value: Outline and Initiatives

II Future Initiatives to Improve PER

Outline	Initiatives
E. Improvement in expected value growth rate	● Disclosure of medium- to long-term management targets ● Disclosure of the growth story for core businesses
F. Reduction in the cost of equity capital	● Strengthening engagement with the stock market through IR activities ● Reducing performance volatility through enhanced budget management

3. Dialogue with Shareholders and Investors

Enhancing dialogue with all stakeholders through IR and SR activities

Specific Initiatives

1. Shareholder dialogue

- **Annual General Meeting: Held in a hybrid format (both in-person and online)**
 - Established an environment that allows shareholders of all ages to participate easily.
- **Holding a Reporting Session For Shareholders following the Annual General Meeting of shareholders**
 - Positioned as a valuable opportunity to receive opinions from shareholders and provided detailed explanations of business activities.
- **Notice of Convening (English Version)**

2. Individual investor dialogue

- **Considering holding it at least once a year**

3. Institutional investor dialogue

- **Quarterly Financial Results Briefings (Live Streaming)**
 - Attended by the President & CEO and other executive officers as presenters.
- **1-on-1 Meetings with investors**
 - A total of 57 meetings held during FY2024 (as of September 2024).



〈Contact us〉

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