

September 19, 2024

For Immediate Release:

MTI Ltd.  
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**Notice Concerning Succession of Business through Company Split  
(Simplified Absorption-type Company Split)**

MTI Ltd. (hereinafter the “Company”, “we”, or “our”) announces that a meeting of the Board of Directors of the Company held on September 19, 2024, our company resolved to transfer our IT services business for sports and exercise (hereinafter referred to as the "CLIMB Factory Business") to Climb Factory Co., Ltd. (hereinafter referred to as "Climb Factory") through a company split (simplified absorption-type company split), effective November 1, 2024 (hereinafter referred to as the "Company Split").

Since the Company Split qualifies as a simplified absorption-type company split under Article 796, Paragraph 2 of the Companies Act, and therefore, some disclosure items and details have been omitted.

**1. Purpose of the Company Split**

Our CLIMB Factory Business has been providing IT services for the sports and exercise sector. However, as we focus on our healthcare and school DX initiatives, we have decided to transfer this business to Climb Factory to optimize the allocation of management resources within our group.

**2. Summary of the Company Split**

**(1) Schedule of the Company Split**

September 19, 2024	Resolution of the Board of Directors
September 19, 2024	Date of the conclusion of the Company Split agreement
November 1, 2024	Effective date of the Company Split (planned)

(Note) The Company Split will be carried out without a resolution of approval at a general meeting of the Company's shareholders because it is a simplified absorption-type company split defined in the paragraph 2 of Article 796 in the Companies Act.

**(2) Method of the Company Split**

The Company Split is an absorption-type (simplified adsorption-type) company split in which Climb Factory will be a succeeding company.

**(3) Allocation of shares associated with the Company Split**

As consideration for this Company Split, Climb Factory, the successor company, is expected to pay 5,530 thousand yen to our company. This amount has been determined based on the valuation results conducted by a third-party organization and through mutual agreement between both parties.

**(4) Handling of share acquisition rights and bonds with share acquisition rights associated with the Company Split**

There are no applicable items.

**(5) Increase or decrease in capital stock due to the Company Split**

No increase or decrease in capital stock will occur due to the Company Split.

**(6) Rights and obligations succeeded by the succeeding company**

Climb Factory, the successor company, will inherit the assets, liabilities, contractual positions, and other rights and obligations related to our CLIMB Factory Business as specified in the absorption-type split agreement, effective on the date the Company Split takes effect.

**(7) Outlook on the fulfillment of obligations**

We have assessed that there are no issues regarding the fulfillment of obligations by both our company and Climb Factory, the successor company, in relation to the debts to be incurred as a result of this Company Split.

**3. Summary of companies involved in the Company Split**

(As of August 31, 2024)

	<b>Split company</b>	<b>Successor company</b>
(1) Name	MTI Ltd.	Climb Factory Co., Ltd.
(2) Address	Tokyo Opera City Tower 3-20-2, Nishi-Shinjuku, Shinjuku-ku, Tokyo	Ebisu 4-20-3, Shibuya-ku, Tokyo
(3) Name and title of representative	Toshihiro Maeta, CEO	Jun Shibata, CEO
(4) Nature of business	Content Business, Health Care Business, School DX Business, etc.	IT services business for sports and exercise
(5) Capital stock	5,290 millions of yen	5 millions of yen
(6) Date of establishment	12 August, 1996	14 August, 2024
(7) Number of issued shares	61,377,600 shares	100 shares
(8) Fiscal year	September 30	October 31
(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%	Jun Shibata 100.0%
(10) Financial conditions and operating results for the preceding fiscal year		
Fiscal year	September 30, 2023 (Consolidated)	August 14, 2024 at the time of establishment
Net assets	17,583 millions of yen	5 millions of yen
Total assets	29,155 millions of yen	5 millions of yen
Net assets per share	254.36 yen	50,000 yen
Net sales	26,798 millions of yen	-
Operating income	298 millions of yen	-

Ordinary income	458 millions of yen	-
Profit attributable to owners of parent	753 millions of yen	-
Net income per share	13.73 yen	-

(Note) The successor company was established on August 14, 2024, and since it does not have a finalized prior fiscal year, we are only providing the net assets, total assets, and net assets per share as of the establishment date, regarding its financial condition and operating results for the preceding fiscal year.

#### 4. Status after the Company Split

##### (1) Business content of the business to be split

IT services business for sports and exercise

##### (2) Operating results of the business to be demerged (September 2023 Actual)

Business of the division to be split	Net sales of the divided business (a)	Non-consolidated net sales of the Company (b)	Ratio (a/b)
IT services business for sports and exercise	176 millions of yen	20,763 millions of yen	0.85%

(Note) The results for the fiscal year ending September 2023 (Actual) are provided.

##### (3) Items and amounts of the assets and liabilities to be split (Planned)

The assets and liabilities of the divided business have been agreed upon by both parties.

Assets (total) 9 millions of yen	Liabilities (total) 4 millions of yen
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#### 5. Status after the Company Split

There will be no changes to our company's name, headquarters location, representative, business activities, capital, or fiscal year following the Company Split.

#### 6. Outlook for the future

The impact of this Company Split on our performance for the fiscal year ending September 2025 is expected to be minimal.

(Reference)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income Per share
Earnings forecast for FY2024 (For the fiscal year ending September 30, 2024)	Millions of yen 27,500	Millions of yen 2,200	Millions of yen 2,750	Millions of yen 2,400	Yen 43.68
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**

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