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For Immediate Release:

MTI Ltd.
 Toshihiro Maeta,
 President and Chief Executive Officer
 Listing: Tokyo Stock Exchange
 (First Section) [9438]
 Contact: Hiroshi Matsumoto, Senior managing Director
 Tel: +81-3-5333-6323

Notice Concerning Rights Issue of Consolidated Subsidiary and Transfer of Shares of Consolidated Subsidiary

MTI Ltd. (hereinafter the “Company”) announces that the Board of Directors of the Company resolved at its meeting held on February 16, 2021 that CARADA medica Inc. (hereinafter “CARADA medica”), a consolidated subsidiary of the Company, would conduct a rights issues with the Company and MEDIPAL HOLDINGS CORPORATION (hereinafter “MEDIPAL”) as the recipients and that the Company would transfer all the shares of Solamichi System Inc. (hereinafter “Solamichi”), a consolidated subsidiary of the Company, it owns to CARADA medica. Details are as follows.

Part of disclosure matters and contents are omitted, given that the organizational restructuring above is a rights issue and transfer of shares involving only the Company and its consolidated subsidiary.

I. Purpose of the rights issue and the transfer of shares

The Company and MEDIPAL began a capital and business alliance in June 2016 for the purpose of disseminating and promoting ICT in the medical and healthcare areas and building a medical and healthcare platform (hereinafter the "Purposes"). In November 2018, CARADA medica conducted a capital increase through a private placement to MEDIPAL (MEDIPAL's investment ratio was 34.4%) to accelerate its efforts to achieve the Purposes by deepening the collaborative relationship between both companies.

Given that collaboration in the cloud medical history business for pharmacies has made the most progress as the collaborative relationship with MEDIPAL has deepened in the healthcare business of the MTI Group, the Group will build a system to advance collaboration with MEDIPAL more easily by transferring all the shares of Solamichi, which operates the cloud medical history business for pharmacies, from the Company to CARADA medica. To implement this transfer of shares, CARADA medica has decided to conduct rights issue to raise funds to acquire all the shares of Solamichi from the Company.

II. Rights issue by CARADA medica

1. Overview of the rights issue

(1) Class and the number of shares to be issued	Common stock 13,100 shares
(2) Amount of funds to be raised	6,157 millions of yen
(3) Payment date	February 26, 2021 (Scheduled)
(4) Capital stock after the rights issue	3,228.5 millions of yen
(5) Investment ratio after the rights issue	MTI Ltd. 65.6% MEDIPAL HOLDINGS CORPORATION 34.4%

2. Overview of CARADA medica

(1) Name	Caradamedica Inc.	
(2) Address	Tokyo Opera City Tower 3-20-2, Nishi-Shinjuku, Shinjuku-ku, Tokyo	
(3) Name and title of representative	Seitaro Sugawara, CEO	
(4) Nature of business	Provision business of systems for online medical treatment and online drug administration guidance and Provided services and the healthcare content delivery business	
(5) Capital stock	150 millions of yen	
(6) Date of establishment	July 1, 2015	
(7) Major shareholder and shareholding ratios	MTI Ltd. 65.6% MEDIPAL HOLDINGS CORPORATION 34.4%	
(8) Relationships between the Company and CARADA medica	Capital relationship	The Company holds 65.6% of shares outstanding of CARADA medica.
	Personal relationship	One director and two executive officers of the Company currently serve as the directors of CARADA medica, and one director of the Company currently serves as a corporate auditor of CARADA medica.
	Business relationship	The Company is entrusted with the development, sales and management business of software by CARADA medica.

3. Overview of the recipient (MEDIPAL)

(1) Name	MEDIPAL HOLDINGS CORPORATION	
(2) Address	2-7-15, Yaesu, Chuo-ku, Tokyo	
(3) Name and title of representative	Shuichi Watanabe, CEO	
(4) Nature of business	As a holding company, MEDIPAL controls, administers and supports the operating activities of companies in which it holds shares in the Prescription Pharmaceutical Wholesale Business, the Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business, and the Animal Health Products and Food Processing Raw Materials Wholesale Business, and conducts business development for the MEDIPAL Group.	
(5) Capital stock	22,398 millions of yen	
(6) Date of establishment	May 6, 1923	
(7) Relationship between the MEDIPAL and CARADA medica	Capital relationship	MEDIPAL holds 34.3% of shares outstanding of CARADA medica.
	Personal relationship	One director of the MEDIPAL(Consolidated subsidiary) currently serve as the directors of CARADA medica, and one executive officer currently serves as a corporate auditor of CARADA medica.
	Business relationship	MEDIPAL is entrusted with sales business by CARADA medica.

(8) Operating results and financial position of MEDIPAL for the most recent three years				
Fiscal year (Consolidated)		For the fiscal year ended March 31, 2018	For the fiscal year ended March 31, 2019	For the fiscal year ended March 31, 2020
Net assets	(Millions of yen)	572,656	592,848	607,424
Total assets	(Millions of yen)	1,618,819	1,617,911	1,644,279
Net assets per share	(Yen)	2,154.93	2,233.52	2,382.88
Net sales	(Millions of yen)	3,146,314	3,181,928	3,253,079
Operating income	(Millions of yen)	44,260	49,827	53,109
Ordinary income	(Millions of yen)	57,349	63,914	68,020
Profit attributable to owners of parent	(Millions of yen)	34,780	34,359	37,968
Net income per share	(Yen)	154.13	154.09	175.80

4. Status of shares owned after the rights issue

	MTI		MEDIPAL	
	Number of shares owned	Investment ratio	Number of shares owned	Investment ratio
(1) Before the rights issue	17,200 shares	65.6%	9,000 shares	34.4%
(2) After the rights issue	25,800 shares	65.6%	13,500 shares	34.4%

III. Transfer of shares of Solamichi

1. Overview of the transfer of shares

(1) Transferee	Caradamedica Inc. (Consolidated subsidiary)
(2) Amount of transfer	6,412 millions of yen
(3) Date of transfer	March 12, 2021 (Scheduled)
(4) Investment ratio after the transfer	Caradamedica Inc. 100.0%

2. Overview of Solamichi

(1) Name	Solamichi System Inc.	
(2) Address	Tokyo Opera City Tower 3-20-2, Nishi-Shinjuku, Shinjuku-ku, Tokyo	
(3) Name and title of representative	Takahiro Taura, CEO	
(4) Nature of business	Planning, development and sale of systems inside dispensing pharmacies	
(5) Capital stock	336 millions of yen	
(6) Date of establishment	August 21, 2018	
(7) Major shareholder and shareholding ratios	MTI Ltd. 100.0%	
(8) Relationships between the Company and Solamichi System	Capital relationship	The Company holds 100.0% of shares outstanding of Solamichi.
	Personal relationship	Three executive officers and one staff of the Company currently serve as the directors of Solamichi, and one executive officer of the

		Company currently serves as a corporate auditor of Solamichi.
	Business relationship	The Company is entrusted with the development, sales and management business of software by Solamichi.

3. Overview of the recipient of the transfer of shares (CARADA medica)

The same as II. Rights issue by CARADA medica of “2. Overview of CARADA medica”.

4. Status of shares owned after the transfer of shares

	MTI		CARADA medica	
	Number of shares owned	Investment ratio	Number of shares owned	Investment ratio
(1) Before the transfer of shares	1,603 shares	100.0%	0 share	0.0%
(2) After the transfer of shares	0 share	0.0%	1,603 shares	100.0%

IV. Outlook for the future

The impact of this matter on the full-year consolidated results forecast is 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	2,100 ~2,500	1,300 ~1,700	23.79 ~31.10
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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Contact information for inquiries

Investor Relations Office

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