

May 21, 2021

For Immediate Release:

MTI Ltd.
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President and Chief Executive Officer
Listing: Tokyo Stock Exchange
(First Section) [9438]
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Notice Concerning Succession of Luna-Luna Medico-related Business by Wholly Owned Company through Company Demerger (Simplified Absorption-type Company Demerger)

MTI Ltd. (hereinafter the “Company”) announces that a meeting of the Board of Directors of the Company held on May 21, 2021 resolved that Luna-Luna Medico Inc. (hereinafter “Luna-Luna Medico”), a wholly owned subsidiary of the Company, will take over the Luna-Luna Medico diagnostic support business for gynecologists and obstetricians, which is part of the Company's healthcare business, through a business demerger and transfer (simplified absorption-type company demerger) (hereinafter the “Company Demerger”). The Company Demerger will be effective on July 1, 2021.

Since the Company Demerger is a simplified absorption-type company demerger involving a wholly owned subsidiary, some disclosure items and details have been omitted.

1. Purpose of the Company Split

The Company and MEDIPAL HOLDINGS CORPORATION (hereinafter “MEDIPAL”) has been facilitating collaboration for the purpose of building a medical and healthcare platform by popularizing and promoting ICT in the medical and healthcare areas. As announced in the “Notice Concerning Organizational Restructuring through Establishment of an Intermediate Holding Company, Etc. by Share Transfer of a Consolidated Subsidiary,” the Company established MTI HEALTHCARE HOLDINGS CORPORATION under the policy of gradually integrating businesses into the said company if progress is being made in collaborative efforts with MEDIPAL with respect to the healthcare business operated by the Company or its consolidated subsidiaries. The Luna-Luna Medico diagnostic support business for gynecologists and obstetricians is mainly conducted in collaboration with MEDIPAL. Therefore, with an eye on integrating the said business into MEDIPAL, the Company has decided to have Luna-Luna Medico take over the business which has hitherto been operated by the Company.

2. Summary of the Company Split

(1) Schedule of the Company Demerger

May 21, 2021	Resolution of the Board of Directors
May 21, 2021	Date of the conclusion of the Company Demerger agreement
October 1, 2021	Effective date of the Company Demerger

(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 784 in the Companies Act.

(2) Method of the Company Demerger

The Company Demerger is an absorption-type (simplified adsorption-type) company demerger in which Luna-Luna Medico will be a succeeding company.

(3) Allocation of shares associated with the Company Demerger

Luna-Luna Medico will issue 2,000 shares of common stock to the Company in conjunction the Company Demerger.

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

Not applicable.

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

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

(6) Rights and obligations succeeded by the succeeding company

Following the Company Demerger, Luna-Luna Medico, a succeeding company, will take over assets and liabilities, its contractual status and other rights and obligations relating to the Luna-Luna Medico diagnostic support business for gynecologists and obstetricians as of the effective date of the Company Demerger, according to provisions in the agreement document.

(7) Outlook on the fulfillment of obligations

The Company considers that there will be no issues with respect to the outlook on the fulfillment of obligations to be assumed by the Company and Luna-Luna Medico, which is a succeeding company.

3. Summary of companies involved in the Company Demerger

	Split company	Successor company
(1) Name	MTI Ltd.	Luna-Luna Medico Inc.
(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	Maaya Hine, CEO
(4) Nature of business	Contents business and Healthcare business	Planning, development and operation of diagnostic support business for gynecologists and obstetricians, etc.
(5) Capital stock	5,180 millions of yen	10 millions of yen
(6) Date of establishment	12 August, 1996	30 August, 2019
(7) Number of issued shares	61,209,300 shares	200 shares
(8) Fiscal year	September 30	September 30

(9) Major shareholder and shareholding ratios	Toshihiro Maeta	19.38%	MTI Ltd,	100.0%
	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%		
(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		9 millions of yen	
Total assets	30,547 millions of yen		9 millions of yen	
Net assets per share	350.83 yen		47,783.82 yen	
Net sales	26,082 millions of yen		- millions of yen	
Operating income	2,507 millions of yen		(0) millions of yen	
Ordinary income	2,082 millions of yen		(0) millions of yen	
Profit attributable to owners of parent	506 millions of yen		(0) millions of yen	
Net income per share	9.28 yen		(623.34) yen	

4. Summary of the business to be demerged

(1) Business content of the business to be demerged

Planning, development and operation of diagnostic support business for gynecologists and obstetricians, etc.

(2) Operating results of the business to be demerged

September 30, 2020 Net sales 32 millions of yen
 Operating income (43) millions of yen

(3) Items and amounts of the assets and liabilities to be demerged

(As of March 31, 2021)

Assets		Liabilities and net assets	
Item	Amount	Item	Amount
Current assets	- millions of yen	Current liabilities	- millions of yen
Non-current assets	4 millions of yen	Non-current liabilities	- millions of yen
		Net assets	4 millions of yen
Total	4 millions of yen	Total	4 millions of yen

(Note) The above amounts of assets and obligations have been compiled based on the balance sheet as of March 31, 2021.

Actual amounts to be assumed will reflect an increase or decrease from the above amounts that may arise until the effective date.

5. Status after the Company Split

There will be no changes in the trade names, locations of headquarters, representatives, capital or accounting periods of the Company and Luna-Luna Medico.

6. Outlook for the future

The impact of the Company Demerger on the Company's consolidated financial results 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	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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Contact information for inquiries

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