

December 23, 2024

For Immediate Release:

MTI Ltd.
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Notice of Consolidated Subsidiary (Pharmo Inc.)’s Capital Increase Through Third-Party Allotment of Shares

Our consolidated subsidiary, Pharmo Inc. (hereinafter “Pharmo”), resolved at its general meeting of shareholders held on December 23, 2024, to conduct a capital increase through third-party allotment (the “Capital Increase through Third-Party Allotment”) to MEDICAL SYSTEM NETWORK Co., Ltd. (hereinafter “MSNW”), a third-party allottee (hereinafter “The Third-party Allotment”), as follows.

1. Purpose of capital increase by way of third-party allotment of shares

Pharmo aims to build a healthcare infrastructure that enables pharmacies nationwide to proactively approach the various challenges facing community healthcare. To achieve this, we are deploying ICT solutions to maximize the value of pharmacies on the dispensing information hub system, 'Pharmo Cloud'.

MSNW provides the pharmacy management support service 'Pharmaceutical Network' to over 10,000 pharmacies, hospitals, and other facilities nationwide. Additionally, in its Digital Shift division, MSNW aims to build a new pharmaceutical platform starting from the digital transformation of pharmacies.

The Third-party Allotment is to be implemented based on the judgment that Pharmo’s collaboration with MSNW will contribute to enhancing the value of pharmacies and pharmacists, thereby benefiting regional healthcare. Furthermore, by building a strong and long-term partnership with MSNW, it is expected to lead to sustainable growth.

2. Use of fund raised

The Company plans to use the funds for development, working capital, and other expenses related to the services for dispensing pharmacies in the alliance.

3. Overview of Pharmo Inc.

(1) Name	Pharmo Inc.
(2) Address	3-20-2, Nishi-Shinjuku, Shinjuku-ku, Tokyo
(3) Name and title of representative	Kaei Hiroi, CEO

(4) Nature of business	Planning, development and operation of ICT solutions for dispensing pharmacies (electronic medication registers, cloud-based picking and auditing systems, etc.), and research and development of medical information systems
(5) Capital stock	100 millions of yen
(6) Date of establishment	May 15, 2012
(7) Major shareholder and shareholding ratios	MTI Ltd.: 77.59% Kaei Hiroi: 22.33%

4. Overview of the Subscriber for the Capital Increase

(1) Name	MEDICAL SYSTEM NETWORK Co., Ltd.		
(2) Address	24-3, Kitajujo-Nishi, Chuo-ku, Sapporo City, Hokkaido		
(3) Name and title of representative	Inao Tajiri, President and Representative Director		
(4) Nature of business	Community Pharmacy Business, Pharmaceutical Network Business, Manufacturing and Market Pharmaceuticals Business, Digital Shift Business, Leasing and Facility Related Business, Meal Catering Business, Home Visit Nursing Business		
(5) Capital stock	2,128 millions of yen		
(6) Date of establishment	September 16, 1999		
(7) Financial conditions and operating results for the past three years	(Unit: Mil yen)		
Fiscal year	September 30, 2022	September 30, 2023	September 30, 2024
Net assets	13,286	14,488	15,219
Total assets	62,941	66,223	68,149
Net sales	106,685	109,551	115,361
Operating income	3,852	3,163	3,832
Ordinary income	4,313	3,355	3,825
Profit attributable to owners of parent	2,394	1,610	1,860
Net assets per share (yen)	439.67	478.86	519.06
Net income per share (yen)	79.35	53.38	61.89

5. Details of capital increase by way of third-party allotment of shares

(1) Number of shares before capital increase	5,800 shares
(2) Number of shares issued	1,000 shares
(3) Paid-in amount (issue value)	500,000 yen per share
(4) Total amount to be paid in	500,000,000 yen
(5) Acceptance	MSNW

(6) Number of shares held and Capital contribution ratio before capital increase	MTI: 4,500 shares, 77.59% Kaei Hiroi: 1,295 shares, 22.33% MSNW: - shares, -%
(7) Number of shares held and Capital contribution ratio after capital increase	MTI: 4,500 shares, 66.18% Kaei Hiroi: 1,295 shares, 19.04% MSNW: 1,000 shares, 14.71%

6. Schedule

(1) Date of resolution of the General Meeting of Shareholders	December 23, 2024 (Pharmo)
(2) Date of contract signing	December 24, 2024
(3) Payment date	December 27, 2024

7. Outlook for the future

The impact of this matter 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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Earnings forecast for FY2025 (For the fiscal year ending September 30, 2025)	28,500	2,800 ~3,200	2,900 ~3,300	1,460 ~1,740	26.51 ~31.60
FY2024 (Actual) (For the fiscal year ended September 30, 2024)	27,669	2,394	2,827	2,363	43.05

<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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