

February 12, 2025

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 February 12, 2025, the Company resolved to transfer the fortune-telling service business, a part of our contents business, to Concourse, Inc. (hereinafter referred to as “Concourse”), a wholly owned subsidiary of Zappallas, Inc., through a company split (simplified absorption-type company split), with an effective date of April 1, 2025, as detailed below.

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 fortune-telling service business has included telephone fortune-telling, online fortune-telling, and fortune-telling content services for mobile carriers. However, as our group focuses on the healthcare business and school DX business, we have decided to transfer this business to Concourse, in line with our group’s policy of selecting and concentrating management resources.

2. Summary of the Company Split

(1) Schedule of the Company Split

February 12, 2025	Resolution of the Board of Directors
February 12, 2025	Date of the conclusion of the Company Split agreement
April 1, 2025	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

This is an absorption-type company split (simplified absorption-type company split), in which our company will be the splitting company and Concourse will be the successor company.

(3) Content of the allocation of shares associated with the Company Split

As consideration for this company split, the successor company, Concourse, is scheduled to pay ¥45 million in cash to our company, the splitting company. This amount was determined through discussions and negotiations between the splitting company and the successor company, based on the business value of the

target business as assessed in accordance with the successor company's business plan, with mutual agreement reached by 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

The succeeding company, Concourse, will succeed to the assets, liabilities, contractual positions, and other rights and obligations related to our fortune-telling service as of the effective date of this company split, as stipulated in the absorption-type company split agreement.

(7) Outlook on the fulfillment of obligations

Regarding this company split, we have determined that there are no issues with the expected performance of obligations to be borne by both our company and Concourse.

3. Calculation method of the allocation of shares in relation to the Company Split

Our company and Concourse operate a fortune-telling business and possess related know-how. As part of the company split, As Concourse will inherit and continue to operate the business through this company split, we have determined that the appropriate method of valuing the business value is the cumulative amount of cash flows expected to be obtained from the business. The amount calculated as above was 45 million yen, and after discussions and negotiations between our company and Concourse, this amount was ultimately determined to be the consideration for this company split.

4. Summary of companies involved in the Company Split

(As of December 31, 2024)

	Splitting company	Successor company
(1) Name	MTI Ltd.	Concourse, Inc.
(2) Address	3-20-2,Nishi-Shinjuku, Shinjuku-ku, Tokyo	3-51-7, Sendagaya, Shibuya-ku , Tokyo
(3) Name and title of representative	Toshihiro Maeta, CEO	Masato Kawasaki, CEO
(4) Nature of business	Content Business, Health Care Business, School DX Business, etc.	Planning, production, and operation of content centered on fortune-telling, and online fortune-telling consultation services
(5) Capital stock	¥5,327 million	¥30 million
(6) Date of establishment	August 19, 1996	December 2, 2019
(7) Number of issued shares	60,272,200 shares	3,000 shares
(8) Fiscal year	September 30	April 30

(9) Major shareholder and shareholding ratios (As of September 30, 2024)	Toshihiro Maeta	19.71%	cocoloni, Inc.	100.0%
	KMC, Inc.	16.75%		
	UH Partners2, Inc	8.89%		
	SIL, Inc.	7.23%		
	UH Partners3, Inc	6.85%		
	Hikari Tsushin K.K	6.74%		
(10) Financial conditions and operating results for the preceding fiscal year				
Fiscal year	September 30, 2024 (Consolidated)		April 30, 2024 (Non-consolidated)	
Net assets	¥19,144 million		¥52 million	
Total assets	¥29,686 million		¥83 million	
Net assets per share	¥280.50		¥17,624	
Net sales	¥27,669 million		¥238 million	
Operating income	¥2,394 million		¥5 million	
Ordinary income	¥2,827 million		¥6 million	
Profit attributable to owners of parent	¥2,363 million		¥4 million	
Net income per share	¥43.05		¥1,337	

5. Overview of the division to be split

(1) Business content of the division to be split

Fortune-telling service business

(2) Operating results of the business to be demerged (September 2024 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)
The fortune-telling service business within the content business	¥330 million	¥22,028 million	1.50%

(Note) The results for the fiscal year ending September 2024 (actual) are provided.

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

Assets (total)	¥1,220 thousand	Liabilities (total)	¥1,220 thousand
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6. Status after the Company Split

There will be no changes to our company name, head office location, representative, business contents, capital stock, or fiscal year following this Company Split.

7. 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	Net income Per share
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				to owners of parent	
	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	2,050 ~2,330	37.20 ~42.28
F Y 2 0 2 4 (A c t u a l) (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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Contact information for inquiries

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