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For Immediate Release:

MTI Ltd.
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Listing: Tokyo Stock Exchange
(First Section) [9438]
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Notice of Posting of Extraordinary Losses

MTI Ltd. (hereinafter the “Company”) hereby announces that it will recognize extraordinary losses in the financial statements for the fourth quarter (July 1, 2017 – September 30, 2017) of the fiscal year ended September 30, 2017. An outline of the extraordinary losses is as follows.

1. Posting of extraordinary losses

Mainly due to the following matters, extraordinary losses of 816 millions of yen on a non-consolidated basis and 291 millions of yen on a consolidated basis will be posted.

(i) Posting of valuation loss on shares of subsidiary and valuation loss on shares of affiliate on a non-consolidated basis

With respect to shares of Climb Factory Co., Ltd.*, a consolidated subsidiary, and StaGen Co., Ltd., an affiliate, the Company will recognize a valuation loss on shares of subsidiary of 462 million yen and a valuation loss on shares of affiliate of 150 million yen, by taking into account the business environment, future outlook, etc. of both companies. Both the valuation loss on shares of subsidiary and valuation loss on shares of affiliate will be offset in consolidated accounts.

(ii) Posting of impairment loss (both on a consolidated and a non-consolidated bases)

The Company will recognize an impairment loss on retirement of non-current assets (software) of 193 million yen on a non-consolidated basis and 230 million yen on a consolidated basis.

* The Company conducted an absorption type of merger of Climb Factory Co., Ltd. as of October 1, 2017.

[Reference]

Breakdown of non-consolidated extraordinary losses for the fourth quarter

(Unit: millions of yen)

Loss on valuation of shares of subsidiaries:	462
Impairment loss:	193
Loss on valuation of shares of subsidiaries and associates:	150
Loss on valuation of investment securities:	9
Loss on retirement of non-current assets:	1

Breakdown of consolidated extraordinary losses for the fourth quarter

(Unit: millions of yen)

Impairment loss:	230
Loss on valuation of investment securities	45
Loss on valuation of shares of subsidiaries and associates:	11
Loss on retirement of non-current assets:	3

2. The resulting impact of the losses operating results

The resulting impact of the extraordinary losses on operating results is as described in the Summary of

Consolidated Financial Results for the Fiscal Year ended September 30, 2018 (Japanese Accounting Standards) announced today.

Disclaimer Regarding Forecast and Projections

This report contains forward-looking statements on business performance based on the judgments, assumptions and beliefs of management using the information available at the time. Actual results may differ materially due to changes in domestic or overseas economic conditions, changes in internal or external business environments, or aspects of uncertainty contained in the forecasts, latent risks or a variety of other factors. In addition, factors of risk and uncertainty include unpredictable elements that could arise from future events.

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