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For Immediate Release:

MTI Ltd.
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Listing: Tokyo Stock Exchange
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Notice of Posting of Non-operating Expenses and Extraordinary Losses

MTI Ltd. (hereinafter the “Company”) announces that it will recognize non-operating expenses and extraordinary losses in the financial statements for the fourth quarter (July 1, 2019 - September 30, 2019) of the fiscal year ended September 30, 2019. The outlines of the non-operating expenses and extraordinary losses are as follows.

1. Posting of non-operating expenses

The Company has made MNES Inc. an equity-method affiliate as announced in the release, “Notice of Acquisition of Shares of MNES Inc. (Making it an Equity-method Affiliate)” dated September 6, 2019, and it will post a non-operating expense of 519 million yen as a share of loss of entities accounted for using the equity method primarily due to the one-time amortization of goodwill associated with the impairment of MNES Inc.

2. Posting of extraordinary losses

Mainly due to the following matters, extraordinary losses of 1,149 million yen on a non-consolidated basis and 650 million yen on a consolidated basis will be posted.

a) Posting of loss on valuation of investment securities (consolidated and non-consolidated basis)

The Company will recognize a loss on valuation of investment securities of 458 million yen in the consolidated and non-consolidated financial statements by taking into account the business environment, future outlook, and other factors related to the shares of investments.

b) Posting of valuation loss on shares of affiliates on a non-consolidated basis

The Company will recognize a valuation loss on shares of MNES Inc. and other equity method affiliates of 614 million yen in the non-consolidated financial statements by taking into account the business environment, future outlook, and other factors.

[Reference]

Breakdown of extraordinary losses for the fourth quarter

(Unit: millions of yen)

Loss on valuation of shares of subsidiaries and associates:	614
Loss on valuation of investment securities:	458
Impairment loss:	59
Loss on disposal of fixed assets:	15
Others:	2

Breakdown of consolidated extraordinary losses for the fourth quarter
(Unit: millions of yen)

Loss on valuation of investment securities:	458
Loss on sales of shares of subsidiaries and associates:	102
Impairment loss:	60
Loss on disposal of fixed assets:	15
Loss on valuation of shares of subsidiaries and associates:	11
Loss on transfer of business:	2

3. The resulting impact of the losses on 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, 2019 (Japanese Accounting Standards).

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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