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For Immediate Release:

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Notice Extraordinary Loss and Differences between Forecasts and Actual Results for the Full-Year

MTI Ltd. (hereinafter the “Company”) announces that the Company will post extraordinary losses as stated below for the fourth quarter of the fiscal year ending September 30, 2020 (from July 1, 2020 to September 30, 2020). Details are as follows.

In addition, the Company announces that differences have arisen between the earnings forecast for the full-year which the Company announced on April 30, 2020, and actual operating performance.

1. Posting of extraordinary Losses

The Company will post an extraordinary losses of 1,594 million yen on a consolidated basis and extraordinary losses of 1,786 million yen on a non-consolidated basis.

1) Posting of loss on valuation of shares of subsidiaries and associates in the non-consolidated financial statement

The Company will post a loss on valuation of shares of subsidiaries and associates of 232 million yen for the shares of Authlete, Inc., an equity method affiliate, taking into account the business environment, future outlook, and other factors.

2) Posting of loss on valuation of shares of subsidiaries in the non-consolidated financial statement

The Company will post a loss on valuation of shares of subsidiaries of 593 million yen for the shares of Crowd Cast, Ltd. and other consolidated subsidiaries, taking into account the business environment, future outlook, and other factors.

3) Posting of impairment loss in consolidated and non-consolidated financial statements

The Company will post an impairment loss of 811 million yen primarily due to the impairment of non-current assets (principally software) for business use in the non-consolidated financial statements. In the consolidated financial statements, the Company will post an impairment loss of 1,391 million yen due largely to the treatment of the shares of Crowd Cast, Ltd. in the non-consolidated financial statements as indicated in the above 2), which will result in an addition to the impairment loss.

[Reference]

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

Impairment loss:	1,391
Loss on retirement of non-current assets:	110
Loss on valuation of investment securities:	92
Loss on sales of non-current assets:	0

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

Impairment loss:	811
Loss on valuation of shares of subsidiaries:	593
Loss on valuation of shares of subsidiaries and associates:	232
Loss on valuation of investment securities:	92
Loss on retirement of non-current assets:	55
Loss on sales of non-current assets:	0

2. Revision of the consolidated results forecast

(1) Differences between forecast and actual results for the year ending September 30, 2020

(October 1, 2019 – September 30, 2020)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share
Previous announced forecast (A)	Millions of yen 26,000	Millions of yen 2,500	Millions of yen 2,400	Millions of yen 1,700	Yen 31.12*
Actual(B)	26,082	2,507	2,082	506	9.28
Differences (B-A)	+82	+7	(317)	(1,193)	
Differences (%)	+0.3%	+0.3%	(13.2%)	(70.2%)	
(Reference) Actual results in the previous fiscal year (For the fiscal year ended September 30, 2019)	27,112	2,959	3,134	1,508	27.57

*The forecast for net income per share released on the previous occasion is a figure taken from the Summary of Consolidated Financial Results for the Fiscal Year Ending September 30, 2020 (released on November 4, 2020) in which figures recalculated on the basis of the number of outstanding shares (excluding treasury shares) as of September 30, 2020 are stated.

[Reasons for the revisions]

The results of net sales and operating income were generally in line with the forecasts.

Ordinary income decreased from the forecast due to the posting of 232 million yen as a share of loss of entities accounted for using equity method under non-operating expenses in the consolidated financial statements as a result of posting the same amount of shares of Authlete, Inc. as a loss on valuation of shares of subsidiaries and associates under extraordinary losses in the non-consolidated financial statements.

Profit attributable to owners of parent decreased significantly from the forecast due to the posting of the extraordinary loss explained in the above section 1.

<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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