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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 Concerning Posting of Extraordinary Income, Differences between Forecasts and Actual Results for the First Half of the Fiscal Year and Revisions to Full-Year Results Forecasts

MTI Ltd. (hereinafter the “Company”) announces that the Company will post extraordinary income as stated below for the second quarter of the fiscal year ending September 30, 2020 (from January 1, 2020 to March 31, 2020).

In addition, the Company announces that the Company will revise the forecasts for the first half of the fiscal year ending September 30, 2020 and revise the earnings forecast for the fiscal year ending September 30, 2020 announced on February 3, 2020. Detail are as follows.

1. Posting of Extraordinary Income and Extraordinary Losses

The Company will post an extraordinary income of 519 million yen and extraordinary income of 246 million yen on a non-consolidated basis, due mainly to the factors stated below.

(1) Posting of a consolidated gain on step acquisitions

The Company acquired additional shares in Crowd Cast, Ltd. (hereinafter “Crowd Cast”), its equity method affiliate, and converted it into its consolidated subsidiary. With this step, the Company will post a gain on step acquisitions of 272 million yen under extraordinary income as a gain on revaluation of equity interests owned before the additional share acquisition using their market value at the time of the acquisition concerned.

(2) Posting of gain on sales of investment securities in consolidated and non-consolidated financial results

The Company will record 246 million yen in gain on sales of investment securities as a result of selling our shares.

2. Revision of the consolidated results forecast

(1) Differences between forecasts and actual results for the first half of the fiscal year ending September 30, 2020

(October 1, 2019 – March 31, 2020)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share
Previous announced forecast (A)	Millions of yen 13,000	Millions of yen 1,200	Millions of yen 1,000	Millions of yen 700	Yen 12.81*
Current announced forecast (B)	12,946	1,446	1,310	1,246	22.80
Differences (B-A)	(53)	+246	+310	+546	
Differences (%)	(0.4%)	+20.6%	+31.0%	+78.0%	
(Reference) Actual results in the previous fiscal year (For the first half of the fiscal year ended September 30, 2019)	13,932	1,635	1,577	860	15.74

*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 First Quarter of the Fiscal Year Ending September 30, 2020 (released on April 30, 2020) in which figures recalculated on the basis of the number of outstanding shares (excluding treasury shares) as of March 31, 2020 are stated.

[Reasons for the differences]

Net sales were almost in line with expectations, reflecting the effect of accepting the transfer of businesses such as the musico music streaming website, although the number of paying subscribers declined year on year.

Operating income and ordinary income exceeded the most recent forecasts, reflecting controlled advertising expenses against the backdrop of a slow rise in subscriptions of smartphone-based paying subscribers.

Profit attributable to owners of parent was significantly higher than the initial forecast, aided by the posting of extraordinary income as described in 1. above.

(2) Revision of the consolidated financial forecast for the full fiscal 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 2,000	Millions of yen 1,920	Millions of yen 1,200	Yen 21.96*
Current announced forecast (B)	26,000	2,500	2,400	1,700	31.11
Differences (B-A)	-	+500	+480	+500	
Differences (%)	-	+25.0%	+25.0%	+41.7%	
(Reference) 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 First Quarter of the Fiscal Year Ending September 30, 2020 (released on April 30, 2020) in which figures recalculated on the basis of the number of outstanding shares (excluding treasury shares) as of March 31, 2020 are stated.

[Reasons for the revisions]

With respect to forecasts for full-year consolidated results for the fiscal year ending September 30, 2020, the Company has made upward revisions to operating income, ordinary income and profit attributable to owners of parent, taking into consideration differences from the most recent forecasts that occurred to the financial results for the first half of the fiscal year under review. The Company believes that the spread of the COVID-19 coronavirus has a minor impact on forecasts for the full-year consolidated financial results at the present time. Even so, it will make disclosures promptly if any event that is expected to have a serious impact is identified, going forward.

<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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