

May 12, 2021

For Immediate Release:

MTI Ltd.
 Toshihiro Maeta,
 President and Chief Executive Officer
 Listing: Tokyo Stock Exchange
 (First Section) [9438]
 Contact: Hiroshi Matsumoto, Senior Managing Director
 Tel: +81-3-5333-6323

Notice Concerning Posting of Non-operating Expenses, Differences between Forecasts and Actual Results for the First Half of the Fiscal Year and Revisions to Full-Year Results Forecast

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, 2021 (from January 1, 2021 to March 31, 2021).

In addition, the Company announces that the Company will revise the forecasts for the first half of the fiscal year ending September 30, 2021 the revise the earnings forecast for the fiscal year ending September 30, 2021 announced on November 4, 2020. Detail are as follows.

1. Posting of non-operating expenses

As a result of reflecting the financial results of an equity-method affiliate, the Company recorded a share of loss of entities accounted for using the equity method of 404 million yen for the second quarter of the fiscal year ending September 30, 2021.

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, 2021
(October 1, 2020 – March 31, 2021)**

| | Net sales | Operating income | Ordinary income | Profit attributable to owners of parent | Net income per share |
|---|---------------------------------------|-------------------------------------|-------------------------------------|---|--------------------------|
| Previous announced forecast (A) | Millions of yen 12,750 ~ 13,250 | Millions of yen 1,000 ~ 1,200 | Millions of yen 1,000 ~ 1,200 | Millions of yen 650 ~ 850 | Yen 11.89 ~ 15.55* |
| Current announced forecast (B) | 13,046 | 1,232 | 840 | (1,416) | (25.92) |
| Differences (B-A) | (203) ~ +296 | +32 ~ +232 | (159) ~ (359) | (2,066) ~ (2,266) | |
| Differences (%) | (1.5) ~ +2.3 | +2.7 ~ +23.2 | (15.9) ~ (30.0) | - | |
| (Reference) Actual results in the previous fiscal year (For the first half of the fiscal year ended September 30, 2020) | 12,973 | 1,446 | 1,310 | 1,246 | |

*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 Half of the Fiscal Year Ending September 30, 2021 (released on May 12, 2021) in which figures recalculated on the basis of the number of outstanding shares (excluding treasury shares) as of March 31, 2021 are stated.

[Reasons for the differences]

Net sales and operating income were in line with expectations.

Ordinary income fell short of the previous forecast as a result of a larger-than-expected share of loss of entities accounted for using the equity method described in 1. above.

Profit attributable to owners of parent came significantly below the previous forecast mainly due to the following factors.

- (i) Share of loss of entities accounted for using the equity method described in 1. above was larger than the previous forecast.
- (ii) As stated in the “Notice Concerning Rights Issue of Consolidated Subsidiary and Transfer of Shares of Consolidated Subsidiary” released on February 16, 2021, the Company transferred all shares of Solamichi System Inc., a consolidated subsidiary of the Company, it owns to CARADA medica, a consolidated subsidiary of the Company. As the method for the treatment of corporation tax on capital gains through stock dealings would have material influence to consolidated accounting, the Company consulted and confirmed with its accounting auditor, Ernst & Young ShinNihon LLC, as needed. At the beginning, the Company planned to post deferred tax asset on the balance sheet and income taxes – deferred on the profit and loss statement. The accounting auditor then provided an opinion to the effect that recording deferred tax asset and income taxes – deferred would not ultimately be permitted in accordance with the existing accounting standards (ASBJ Statement No. 28 “Partial Amendments to Accounting Standard for Tax Effect Accounting”) if there is no plan to sell Solamichi System Inc. to a buyer outside the MTI Group. Accordingly, the Company has decided not to apply the accounting treatment stated above. As a result, capital gains through stock dealings on a non-consolidated basis have been eliminated on a consolidated basis, while corporation tax has been posted without change on a consolidated basis.

(2) Revision of the consolidated financial forecast for the full fiscal year ending September 30, 2021 (October 1, 2020 – September 30, 2021)

| | Net sales | Operating income | Ordinary income | Profit attributable to owners of parent | Net income per share |
|---|--------------------|------------------|-------------------|---|----------------------|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen | Yen |
| Previous announced forecast (A) | 25,500 ~ 26,500 | 2,100 ~ 2,500 | 2,100 ~ 2,500 | 1,300 ~ 1,700 | 23.76 ~ 31.07* |
| Current announced forecast (B) | 25,500 ~ 26,500 | 2,100 ~ 2,500 | 1,600 ~ 2,000 | (1,000) ~ (600) | (18.27) ~ (10.96) |
| Differences (B-A) | - | - | (500) | (2,300) | |
| Differences (%) | - | - | (23.2) ~ (4.0) | - | |
| (Reference) For the fiscal year ended September 30, 2020 | 26,082 | 2,507 | 2,082 | 506 | 9.28 |

*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 Half of the Fiscal Year Ending September 30, 2021 (released on May 12, 2021) in which figures recalculated on the basis of the number of outstanding shares (excluding treasury shares) as of March 31, 2021 are stated.

[Reasons for the revisions]

With respect to forecasts for full-year consolidated results for the fiscal year ending September 30, 2021, the Company has left net sales and operating income unchanged, while it has made downward revisions to ordinary income and profit attributable to owners of parent, taking into consideration differences from the most recent forecasts of the financial results for the first six months of the fiscal year under review. In addition, the Company believes that the spread of the COVID-19 infections has a minor impact on forecasts for the full-year consolidated financial results at the present time. If any

event that is expected to have a serious impact is identified going forward, the Company will make disclosure promptly.

<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.

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

Contact information for inquiries

Investor Relations Office

E-mail: ir@mti.co.jp URL: <https://www.mti.co.jp/eng>