

Adastria Announces Recording of Extraordinary Losses and Revised Earnings Forecast and Dividend Forecast for Fiscal Year Ending February 28, 2018

Adastria Co., Ltd. announced that, at a Board of Directors meeting held today, it resolved to record extraordinary losses and revise its consolidated earnings forecast for the fiscal year ending February 28, 2018 (March 1, 2017 to February 28, 2018), previously announced on January 24, 2018; and dividend forecast, previously announced on April 4, 2017, as follows.

1. Outline of extraordinary losses

Amount to be recorded:

Extraordinary losses totaling 3.8 billion yen, including approximately 1.7 billion yen impairment charges related to goodwill and other intangible fixed assets associated with Velvet, LLC, 0.6 billion yen loss from revaluation of securities of Marine Layer, Inc., and 1.1 billion yen loss reserve for restructuring Hong Kong and China's business.

2. Revised consolidated earnings forecast for the fiscal year ending February 28, 2018 (March 1, 2017 to February 28, 2018)

Millions of yen, excluding per share data in yen

	Net sales	Operating profit	Ordinary profit	Net income attributable to owners of the parent	Net income per share
Previous forecast (A) (Announced on January 24, 2018)	223,000	5,000	5,400	4,400	93.53
Revised forecast (B)	222,700	4,900	5400	800	17.01
Change (B - A)	(300)	(100)	0	(3,600)	
Change in percent (%)	(0.1)	(2.0)	0.0	(81.8)	
For reference: FY02/17 actual results	203,686	14,916	15,126	11,575	242.49

Reference

EBITDA:

Fiscal year ending Feb. 28, 2018 (forecast): 14,300 million yen (previous) →15,100 million yen (revised)

EPS before goodwill amortization:

Fiscal year ending Feb. 28, 2018 (forecast): 150.93 yen (previous) →118.19yen (revised)

3. Revised year-end dividend for the fiscal year ending February 28, 2018

Yen

	Annual dividend per share		
	2 nd quarter	Year-end	Full Year
Previous forecast (Announced on April 4, 2017)	—	40	75
Revised forecast	—	15	50
Actual for FY02/17	35		
Actual for FY02/16	35	40	75

Reasons for dividend forecast revision:

Adastria decides the dividend by using consolidated payout ratio before goodwill amortization of 30% as the basic policy (excluding income which is not from the fundamental business, such as gain on sale of securities), as well as considering the stability of dividend per share. Because the payout ratio will significantly exceed the basic policy based on revised earnings forecast, Adastria regrets to inform the forecast of year-end dividend per share is changed from 40 yen (75 yen annually) to 15 yen (50 yen annually).

Besides, the dividend amount for the next fiscal year is under consideration to be noticed at the same time with the announcement of next fiscal year's earnings forecast.

Note: These forecasts are based on assumptions deemed reasonable by the company at the present time, based on currently available information. Actual performance may differ from forecasts due to a range of factors.

For inquiries, please contact the IR team at adastria-ir@adastria.co.jp