

November 26, 2018

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Announcement Regarding Recording of Extraordinary Losses and Revision to Full-year Consolidated Performance Forecast

POLA ORBIS HOLDINGS INC. (the “Company”) hereby notifies that it is expected to record extraordinary losses as described in the news release titled “Announcement Regarding Transfer (Transfer of Shares) of a Consolidated Subsidiary”, which was announced on November 26, 2018, and that the Company accordingly has revised its full-year consolidated performance forecast, which was announced on October 30, 2018, as outlined below.

1. Recording of extraordinary losses

As described in the news release titled “Announcement Regarding Transfer (Transfer of Shares) of a Consolidated Subsidiary”, which was announced on November 26, 2018, the Company resolved at its Board of Directors’ meeting held on November 26, 2018, to transfer all the shares of POLA PHARMA INC. (hereinafter “POLA PHARMA”) that is a consolidated subsidiary of the Company.

In conjunction with this share transfer, the Company plans to waive all the debts owed by POLA PHARMA in the amount of approximately ¥9,000 million prior to closing, and is expected to record extraordinary losses, etc. in total of approximately ¥9,600 million that are expected as a result of the debt waiver, in the fourth quarter of fiscal year ending December 2018.

2. Revision to full-year consolidated performance forecast for fiscal 2018 (January 1, 2018–December 31, 2018)

Millions of yen (except per share data and percent)

	Net sales	Operating income	Ordinary income	Profit Attributable to Owners of Parent	Net income per share (yen)
Previous forecast (A)	253,000	41,500	41,500	28,000	126.59
Revised forecast (B)	253,000	41,500	41,500	21,100	95.40
Amount changes (B – A)	—	—	—	(6,900)	
Percent changes (%)	—	—	—	(24.6)	
(Reference) Actual full-year results of FY2017	244,335	38,881	39,250	27,137	122.70

3. Main reasons for the revision

Profit Attributable to Owners of Parent is expected to fall below previous forecasts by approximately ¥6,900 million due to recording of extraordinary losses in total of approximately ¥9,600 million, and a reduction in incomes taxes, etc. of approximately ¥2,700 million, as a result of the transfer of a consolidated subsidiary, as described in section 1. above.

4. Dividends forecast

Regarding the year-end dividends for fiscal 2018, there is no change to the year-end dividend forecast of ¥45 per share, which was announced on October 30, 2018.

Note: Forecasts are based on information available as of the publication of this news release. Actual performance may differ from these forecasts, owing to changes in various factors.