



December 29, 2022

To Whom It May Concern,

Company name Adastria Co., Ltd.
Representative Osamu Kimura, Representative Director and President
(Securities code: 2685 TSE Prime Market)
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Notice Concerning Revisions to Consolidated and Non-Consolidated Earnings Forecasts for the Fiscal Year Ended February 2023 and Upward Revision of Dividend Forecast

At a meeting held December 29, 2022, the Adastria Co., Ltd. board of directors resolved to revise consolidated earnings and dividend forecasts for the fiscal year ending February 2023, originally published April 13, 2022, as follows.

1. Revision of Full-year Consolidated Earnings Forecast

(March 1, 2022 to February 28, 2023)

	Net sales	Operating profit	Ordinary profit	Net income attributable to owners of the parent	Net income per share
	million yen	million yen	million yen	million yen	Yen
Previous forecast (A)	230,000	10,000	10,000	6,300	139.23
Revised forecast (B)	240,000	12,500	13,000	8,200	180.81
Change (B-A)	10,000	2,500	3,000	1,900	41.58
Change (%)	4.3	25.0	30.0	30.2	29.9
(Reference) Previous-year results (FYE February 2022)	201,582	6,564	8,166	4,917	108.72

(Note) The forecasts above are based on information available at the time this report was prepared. Actual results may differ from forecasts due to various factors.

2. Reasons for Full-Year Consolidated Earnings Forecast Revisions

When publishing the original forecasts on April 13, 2022, the company assumed that the economy would recover gradually from the impact of COVID-19 over the first half of the fiscal year ending February 2023, with the economy normalizing over the second half of the fiscal year. The company also factored in uncertainties in the business environment, including higher raw materials and energy prices, rising general prices and interest rates, a weakening yen, and increasing geopolitical risks. In the current fiscal year, the company absorbed a certain amount of the impact of cost increases and foreign exchange

rates due to a recovery in demand for movement outside the home as predicted, as well as in response to the success of the company's product planning and marketing measures. The company now projects net sales, operating profit, ordinary profit, and net income attributable to owners of the parent will exceed projections.

This forecast incorporates the effects of the following changes in the fiscal periods of consolidated subsidiaries.

Change in Name of Consolidated Company	Prior to Name Change	After Name Change	Schedule
ELEMENT RULE Co., Ltd.	End of January	End of February	Beginning FYE February 2023
BUZZWIT Co., Ltd.			
OPEN AND NATURAL Inc.			
ADASTRIA eat Creations Co., Ltd.			
ADOORLINK Co., Ltd.			
Gate Win Co., Ltd.			

3. Full-Year Non-Consolidated Earnings Forecast

(March 1, 2022 to February 28, 2023)

	Net sales	Operating profit	Ordinary profit	Net income	Net income per share
	million yen	million yen	million yen	million yen	Yen
Previous forecast	-	-	-	-	-
Revised forecast	196,000	10,800	11,300	7,300	160.96
(Reference) Previous-year results (FYE February 2022)	174,065	5,533	6,667	4,443	98.25

4. Reasons for Full-Year Non-Consolidated Earnings Forecast Revisions

As stated under reasons for the consolidated earnings for earnings forecast revisions, the company expects to see differences compared with the previous fiscal year due to stronger sales and profits. This improved performance is mainly due to a recovery in demand for movement outside the home and the success of the company's product planning and marketing measures. Therefore, the company has announced a revision in full-year non-consolidated earnings forecasts.

5. Revisions to Dividend Forecasts

	Annual Dividend		
	Q2	Year-End	Total
	Yen	Yen	Yen
(Previous forecast) FYE February 2023	—	30.00	55.00
Revised forecast	—	35.00	60.00
Current-year results	25.00	—	—
(Previous-year results) FYE February 2022	25.00	30.00	55.00

6. Reasons for Dividend Forecast Revisions

The basic policy of the company is to pay a dividend payout ratio of 30% before amortization of goodwill as a means of returning profits to shareholders. When publishing the original forecasts on April 13, 2022, the company forecast dividends of 55 yen per share for the fiscal year ending February 2022 (consolidated payout ratio of 39.5%). This decision took into

account the stability of dividends and the balance between investment and return.

In conjunction with the upward revision to the consolidated net income forecast for the full year as stated above, the company forecasts a 35 yen per share year-end dividend for the current fiscal year. As a result, the annual dividend is expected to be 60 yen per share (consolidated payout ratio of 33.2%).