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To whom it may concern

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[Delayed] Notice Regarding Revision of Non-Consolidated and Consolidated Forecast Results Due to Recording Extraordinary Losses (Non-consolidated)

Aoyama Trading Co., Ltd. has decided to record a loss on valuation of shares of subsidiaries and an allowance for doubtful accounts as extraordinary losses caused by poor performance of its subsidiary, Eagle Retailing Corporation.

Accordingly, the company revised its non-consolidated and consolidated forecast results announced on February 7, 2017. Details are as follows.

1. Regarding Recording Extraordinary Losses

Aoyama Trading Co., Ltd. has decided to record the following extraordinary losses in the fiscal year ended March 2017.

	amount	Occurrence of event
(1) A loss on valuation of shares of subsidiaries	89million yen	Loss of Eagle Retailing Corporation stock.
(2)An allowance for doubtful accounts	3,721million yen	An allowance for doubtful accounts in relation to a loan made to Eagle Retailing Corporation.

2. Regarding Revision of Consolidated Forecast Result

Revision of non-consolidated forecast result for year ended March 2017(April 1,2016 to March 31,2017)

(Unit: million yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Previously released forecast (A)	192,300	20,000	20,550	12,300	235.13
Newly released forecast (B)	189,650	18,711	19,798	8,665	164.84
Amount of increase or decrease (B－A)	△2,649	△1,288	△751	△3,634	—
Change year on year (%)	△1.4	△6.4	△3.7	△29.6	—
(Reference)Fiscal result for previous fiscal year (Year ended March 2016)	189,700	19,196	20,087	11,513	211.52

Revision of consolidated forecast result for year ended March 2017(April 1,2016 to March 31,2017)

(Unit: million yen)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share
Previously released forecast (A)	255,000	22,000	22,200	11,500	219.84
Newly released forecast (B)	252,777	20,210	21,084	11,568	220.6
Amount of increase or decrease (B－A)	△2,222	△1,789	△1,115	68	—
Change year on year (%)	△0.9	△8.1	△5.0	0.6	—
(Reference)Fiscal result for previous fiscal year (Year ended March 2016)	240,224	21,336	21,639	11,869	218.6

3. Reasons for the revision

(1) Posting of extraordinary losses

Net sales of Eagle Retailing Corporation, a subsidiary in which Aoyama Trading holds a 90% stake, were significantly lower than projected due primarily to a decrease in the number of customers as a result of price increases necessitated by the yen's depreciation and other factors as well as a downturn in the overall fast fashion industry. On top of that, in an effort to get out of the red by the next fiscal year, the company went ahead with the clearance of excess inventory, which resulted in a significantly lower-than-projected operating income.

In light of these circumstances, a decision was made upon consultation with an auditing firm to recognize shares in Eagle Retailing Corporation worth 89 million yen as a loss on valuation of shares of subsidiaries and affiliates as well as 3,721 million yen as an allowance for doubtful accounts in relation to a loan made to Eagle Retailing Corporation in the non-consolidated results for the fiscal year ended in March 2017.

(2) Revision to performance forecast

① Non-consolidated results

Net sales are expected to fall below the previous forecast since sales from existing stores for business wear, our core business line, declined year on year, standing at 99.1% of the previous year's sales. Net income is also expected to be lower than the previous forecast due to the above-mentioned loss on valuation of Eagle Retailing Corporation shares and allowance for doubtful accounts, both of which were recognized as extraordinary losses.

② Consolidated results

Net sales, operating income, and ordinary income will be lower than the previous forecast figures due to the lower-than-projected performance of the business wear business and the casual wear business that includes Eagle Retailing Corporation as noted above. The above-mentioned loss on valuation of shares of subsidiaries and affiliates as well as allowance for doubtful accounts will be offset in our consolidated results.

<Plans for the future>

Eagle Retailing Corporation has steadily opened stores since the first American Eagle Outfitters store was launched in April 2012. As of the end of March 2017, the company was operating 34 stores. Working under unfavorable market conditions, the company went ahead with frequent sales and inventory clearances as noted above. Although the company has a decent level of brand power in Japan, this strategy as well as other factors caused the gross profit margin to drop, giving the company no choice but to make a significant downward revision to the previous forecast.
Moving ahead, we will steadily implement ongoing measures to rebuild Eagle Retailing Corporation with an eye to putting its operations back on track by next fiscal year.

*The above forecast figures are based on information available as of the release date of this document. Actual results may differ from the forecast figures due to various factors arising in the future.