

April 27, 2018

Notice Concerning the Recording of Extraordinary Profit on a Gain on Forgiveness of Debts

ARDEPRO Co., Ltd. (“the Company”), announced the recording of extraordinary profit on a gain on forgiveness of debts in the fiscal year ending July 31, 2018, as follows.

1. Outline of the Extraordinary Profit on a Gain on Forgiveness of Debts
Gain on Forgiveness of Debts: 743 million yen.

The Company resolved to issue new shares by a third-party allotment as announced in a press release, “Notice Concerning the Third-Party Allotment of New Shares Issued via Debt-equity Swap and Subsequent Changes in Major Shareholders and Other Affiliated Companies,” dated April 27, 2018. The value of property contributed in kind is 3,999 million yen out of 4,800 million yen based on a loan agreement concluded January 23, 2018, which Dragon Power Co., Ltd., the scheduled subscriber, holds against the Company.

However, as the market value of the contribution in kind loans is 3,256 million yen, a difference with the book value has occurred.

The Company will record the difference of 743 million yen as a gain on forgiveness of debts under extraordinary profit.

2. Matters Concerning the Delisting Standards

Amount of forgiveness of debts (non-consolidated)	743 million yen
Total amount of debts as of July 31, 2018 (non-consolidated)	18,125 million yen
Percentage of the amount of forgiveness of debts to the total amount of debts as of July 31, 2018	4.1%

3. Forecast

The aforementioned extraordinary profit (the gain on forgiveness of debts) will be recorded in the financial results for the fiscal year ending July 31, 2018.

Currently, the Company is closely examining the business outlook for the fiscal year ending July 31, 2018.