



August 13, 2019

Press Release

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Notice of Postponement of Announcement of Financial Results for the First Half of the Fiscal Year Ending December 31, 2019

Laox Co., Ltd. (the “Company”) hereby announces that it has decided to postpone the announcement of financial results for the first half of the fiscal year ending December 31, 2019, which was due to be announced on August 14, 2019.

1. Reason for the postponement of announcement of financial results

Errors have been discovered in the accounting treatment of business combination in the past. The Company discovered the errors when it verified the accounting treatment of the prorating, posting and reversal of valuation difference of an acquired company in the past business combination of the Company, as part of the introduction of a new consolidated accounting system, which the Company is currently undertaking.

The specific nature of the major errors the Company recognizes is as follows. The amount of impact refers to the cumulative effect as of the end of the first half of fiscal 2019.

(1) An error in the prorating of depreciable assets and non-depreciable assets of real estate for valuation and a related error in the amount of depreciation of re-evaluated depreciable assets

(i) Under-recording of buildings and structures 1,903 million yen

(ii) Over-recording of land 1,846 million yen

(iii) Under-recording of depreciation 160 million yen

Over-recording of profit as a result of the above (after adjusting for tax effect and profit (loss) attributable to non-controlling interests) 100 million yen

Given that it is expected to take a certain amount of time for the Company to closely examine the relevant events, fix the amount to revise, and revise the securities reports it submitted in the past and for the audit corporation to take additional audit procedures, the Company has decided to postpone the announcement of the financial results. Please note that the above figures are rough estimates as of this moment and could change as a result of additional audits by the audit corporation. The impact of the review of the accounting treatment this time on the non-consolidated and consolidated financial results for the fiscal year ending December 31, 2019 is expected to be minor.

2. Future outlook

The Company is now considering measures about how to deal with the quarterly report for the second quarter of the fiscal year ending December 31, 2019, and will make an announcement as soon as they are determined.

We offer our sincere apologies to our shareholders and all stakeholders for any concerns that this causes them.