



August 14, 2018

Press Release

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Notice Regarding Recording of Extraordinary Income and Extraordinary Losses

Laox Co., Ltd. (the “Company”) announced that it recorded extraordinary income and extraordinary losses for the second quarter of the fiscal year ending December 31, 2018 (January 1 to December 31, 2018), with details as follows.

1. Extraordinary income

Extraordinary income of 3,283,476,000 yen was recorded as follows.

(Breakdown)

Recording of gain on negative goodwill ^(Note) associated with the acquisition of shares of the Shaddy Group, as a result of which the Shaddy Group became a subsidiary of the Company	3,179,569,000 yen
Recording of gain on penalties associated with closure of stores in the Retail Business	33,499,000 yen
Recording of gain on sales of non-current assets in the Life & Fashion Business	826,000 yen
Gain on reversal of stock acquisition rights that were cancelled	69,580,000 yen

(Note) This is a provisional value that was calculated based on information including rational information that is currently available. The accounting will be finalized by allocating the cost of the acquisition within one year of the business combination in accordance with the Accounting Standard for Business Combination.

2. Extraordinary losses

Extraordinary losses of 2,059,782,000 yen were recorded as follows.

(Breakdown)

Recording of impairment loss related to stores with decreased profitability and stores to be closed within one year in the Retail Business	1,140,384,000 yen
Recording of costs including cost for restoration to original state associated with closure of stores in the Retail Business	10,223,000 yen
Penalty related to an advertising agreement in the Retail Business	11,828,000 yen
Recording of loss on retirement of non-current assets in the Life & Fashion Business	42,116,000 yen
Recording of impairment loss associated with store renovation in the Entertainment Business	110,058,000 yen

Recording of impairment loss associated with store renovation, etc. in the SC Development Business 745,170,000 yen

3. Effects on business results

The extraordinary income and extraordinary losses are reflected in the Summary of (Consolidated) Financial Statements for the First Half of Fiscal Year Ending December 31, 2018 (Japanese Standards), which was announced today.