



November 14, 2018

Press Release

Company name: Laox Co., Ltd.  
Representative: Yiwen Luo, President and  
Representative Director  
(Code number: 8202 TSE2)  
Contact: Yoko Yamazaki, General Manager of  
the Corporate Planning Division  
(Tel: 03-6852-8881)

### Notice of Revisions to Business Results Forecast and Posting of Extraordinary Income and Extrarodinary Loss

Given the recent business developments, Laox Co., Ltd. (the “Company”) announces that it has revised the consolidated business results forecast for FY2018 (from January 1 to December 31, 2018), which was announced on May 15, 2018. The Company also announces that it will post extraordinary income and extraordinary loss for the year, as detailed below:

#### 1. Revisions to the Business Results Forecast

##### (1) Revisions fo the Business Results Forecast for FY2018 (from January 1, 2018 to December 31, 2018)

	Net sales	Operating profit	Ordinary profit
	Million yen	Million yen	Million yen
Forecasts previously announced (A)	120,000	1,000	1,000
Latest forecasts(B)	120,000	-300	-300
Change in amount(B-A)	0	-1,300	-1,300
Change (%)	0%	-	-
(Reference) Actuals for the previous fiscal year (Fiscal year ended December 31, 2017)	64,291	138	48

#### 2. Reason of the Revision

During the third consolidated quarter period (from July 1, 2018 to September 30, 2018), Japan was plagued by natural disasters including intermittent record-breaking heavy rainfall, scorching summer heat, typhoons and earthquakes. In the wake of these disasters, some products became non-sellable, some stores were forced to suspend their busineeses, group tours were cancelled, and consumer sentiment in Japan deteriorated. The summer sales campaign, which is usually the busiest period of the year for our group, was significantly affected.

Particularly in the Retail Business, which is a major business segment for the Company, a noticeable decline was seen in profitability, primarily in the West Japan area, in the wake of a super-typhoon making landfall near the region, which resulted in the suspension of operations at the Kansai International Airport, the gateway for inbound tourists and cancellations of cruise liners to Kyushu, with many group tours cancelled. All this had a significant economic impact on West Japan. Meanwhile, a major earthquake occurred in Hokkaido, a popular destination for tourists. Consequently, many flights were cancelled and we missed a great deal of business in Hokkaido this summer, which is the key sales opportunity in this area for the Company.

In the Life & Fashion Business, which ranks after the Retail Business segment in size, the Company missed many business opportunities featuring summer gifts and clearance sale campaigns because its retail store networks are concentrated in the West Japan area in the business of shoes and catalogue gifts by Shaddy.

The Company believes that for the reasons described above its latest business results estimates are likely to differ from those announced previously, and it has decided to implement the revisions to the previous estimates.

### 3. Posting Extraordinary Income and Losses

#### (1) Extra ordinary income

Extraordinary income of 1,192,110,000 yen was recorded. As a result, the consolidated extraordinary income forecast has been revised to 4,475,585,000 yen for the current fiscal year.

#### (Breakdown)

Additional gains on negative goodwill<sup>(Note)</sup> associated with the acquisition of shares of the Shaddy Group, as a result of which the Shaddy Group became a subsidiary of the Company.

1,192,110,000 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) Extra ordinary losses

Extraordinary loss of 1,720,675,000 was posted. As a result, the consolidated extraordinary loss forecast has been revised to 3,780,457,000 yen for the current fiscal year.

#### (Breakdown)

Additional impairment loss related to stores with decreased profitability in the Retail Business

715,798,000 yen

Additional impairment loss related to stores with decreased profitability in the Entertainment Business

335,483,000 yen

Additional impairment loss related to stores with decreased profitability in the SC Development Business

532,881,000 yen

Additional costs including cost for restoration to original state associated with store closures in the Retail Business

91,715,000 yen

Additional loss on retirement of non-current assets in the Life & Fashion Business

44,797,000 yen

End