

# 【 4th Quarterly Report FY 2018 】

Jan. 23rd, 2019  
Tokyo Stock Exchange 2nd Section, Code:8202  
Laox, Corporate Planning Division

## Overall Business Conditions in FY 2018 in general and in the 4th quarter in particular

During FY 2018, or the first year in our Medium-Term Management Plan, we steadily broadened our business areas and implemented structural reforms in order to meet diversifying customer needs as we witnessed the advent of global lifestyle, a key concept in our long term business strategy, although some tasks remain to be accomplished next year and after such as stabilization of revenue structure. Natural disasters that hit Japan in the 3rd quarter affected our business for a considerable time, in some cases even impacting year-end sales of our group companies. On the other hand, our GINZA EXITMELSA store, to which we consolidated former Ginza Main Store after its closure, and reopened after renovation, saw its customer traffic nearly double. Furthermore, on Nov. 11th, so called Singles' Day, we achieved the largest Singles' Day sales in our history by setting up stores on all three leading E-commerce platforms in China (Tmall Global, Suning.com, and Kaola.com) and conducting B to B and cross-border E-commerce sale. The result convinced us of a huge potential of the Chinese market.

On October 1st, our subsidiary restaurant operator opened NEW CITY CLUB of TOKYO in Aoyama. The members-only restaurant has since attracted many corporate leaders. Also, taking advantage of the synergy effect between us and Shaddy, our subsidiary, we opened Pufla on October 26th under the concept of "mature yet cute". Pufla offers both fashionable gifts and hands-on experience, attracting not only foreign tourists but also Japanese adult women and even media attention including newspapers. In addition to the retail business, currently our backbone business, we steadily expanded our business to serve both the market for consumption of goods and the market for consumption of experience and improve our profitability.

[Investor Relations information released during the 4th quarter] <http://www.laox.co.jp/pr/>  
Pufla's 1st store, the first collaboration store between Laox & Shaddy, opened within Laox Decks Tokyo Beach Daiba Store / Laox Ginza EXITMELSA Store renovated and reopened / Signing a business partnership agreement with JTB Communication Design / etc.

## Business Conditions in Each Segment

In addition to the tax-free retail business, currently our core business, we continue to expand our business to achieve our goal of establishing a global life style. Business condition in each segment is described below.

Year 2018	1Q	2Q	3Q	4Q	Total of existing stores
Openings*	0	0	1	0	38
Closures*	3	0	3	0	0

\*Openings and  
Closures of Laox tax-  
free stores in Japan

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2016	172,890	194,220	218,365	233,924	196,335	198,007	238,951	223,826	159,488	184,487	175,112	179,692
2017	197,136	198,983	191,867	193,553	175,756	186,501	242,348	256,426	224,826	233,389	214,177	197,811
2018	187,139	209,132	196,732	232,940	216,718	213,117	233,224	235,770	163,747	191,007	184,840	176,707
YoY Change	94.9%	105.1%	102.5%	120.3%	123.3%	114.3%	96.2%	91.9%	72.8%	81.8%	86.3%	89.3%

※Number of paying customers at Laox tax-free stores in Japan

## ■ Retail Business

In the inbound business, partially due to the adverse effect of natural disasters in the third quarter, the number of paying customers declined from a year earlier. In the global business, we actively implemented sales promotion targeted at November 11th, or Singles' Day, one of the largest events in the growing Chinese E-commerce market. Ahead of Singles' Day, we live-broadcasted online what was going at our stores, introducing to more than 30,000 viewers attractive made-in-Japan goods and shopping information. As a result, we achieved the largest Singles' Day sales in our history. We will further accelerate our business development in foreign trade and cross-border E-commerce to meet online needs from China.

## ■ Life & Fashion Business

·We are reviving two shoe brands currently out of business, Fountain Blue and gig GUILD JACOMO GALLERY, from the next season. The former will be transformed into a casual shoes brand dedicated to E-commerce while the latter will offer shoes with universal appeal independent of short-term fashion trends. The two brands debuted their shoes in an exhibition in November.

·Shaddy group is preparing to enter the Chinese market taking advantage of its rich assortment of gift items. More specifically, it is planning to open a permanent exhibition space in Shanghai. While pursuing overseas business expansion, Shaddy also aspires to introduce to the world the Japanese gift culture.

## ■ Entertainment Business

·We opened New City Club of Tokyo, a luxurious members-only restaurant on October 1st. Since then it has already welcomed many new members as a meeting place for global citizens. There the members can enjoy a sumptuous atmosphere transcending language barriers as well as first-grade service.

·We celebrated the first anniversary of -GEAR- East Version, non-verbal theater performance, in December with special events including screening of video messages from the cast members and photo opportunities at the theater.

## ■ Shopping Center Development Business

We opened Ninja Park, a ninja-themed amusement facility in LaOX's section within Riverwalk Kitakyushu and held a special event to mark the occasion, inviting Kitakyushu's vice mayor. We will further develop our business in cooperation with local communities.

We are also continuing our efforts to attract tenants to Chiba Port Square, a large-scale commercial complex, and improve management of real estate assets owned by our group companies, and increase our sales floor productivity.