



February 28, 2019

Press Release

Company name: Laox Co., Ltd.
Representative: Yiwen Luo, President and
Representative Director
(Code number: 8202 TSE2)
Contact: Yosuke Abe, General Manager of
Business Management Headquarters
(Tel: 03-6852-8881)

Notice Regarding Difference between the Consolidated Earnings Forecasts, Non-Operating Expenses and Actuals, Posting of Extraordinary Profit and Extraordinary Loss

Laox Co., Ltd. (the "Company") announced that there was a difference between the full-year consolidated earnings forecasts for the fiscal year ended December 31, 2018 (January 1, 2018 to December 31, 2018), which were announced on November 14, 2018, and the actuals announced this day. In addition, the Company announced that it recorded Non-Operating Expenses and Actuals, an extraordinary profit and extraordinary loss in the consolidated settlement of accounts for the fiscal year ended December 31, 2018. Details are as follows.

Description:

1. Difference between the consolidated earnings forecasts and actuals

(1) Difference between the full-year consolidated earnings forecasts for the fiscal year ended December 31, 2018 and the actuals

(January 1, 2018 to December 31, 2018)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Profit per share
Forecasts previously announced (A)	million yen	million yen	million yen	million yen	yen
	120,000	-300	-300	—	—
Actuals (B)	117,995	-851	-1,250	-1,020	-15.82
Change (B-A)	-2,004	-551	-950	—	—
Rate of change (%)	-1.7%	—	—	—	—
(Reference) actuals for the previous fiscal year (Fiscal year ended December 31, 2017)	64,291	137	48	177	2.76

※ The Company finalized provisional accounting in connection with a business combination in the fiscal year ended December 31, 2018. The figures for the fiscal year ended December 31, 2017 reflect important reviews in the initial allocation of the acquisition cost based on the finalized accounting.

(2) Reasons for difference

The Company failed to achieve its sales target for the year-end gift selling season in the Life & Fashion Business segment due to a fall in domestic consumer confidence, attributable to causes that included the adverse effects of the series of natural disasters that occurred from the summer of 2018, which continued longer than it had anticipated. Moreover, demand for fall and winter products decreased in the shoes business under the negative effects of a warm winter. Profits for the business also declined as a result of the early execution of measures for promoting sales. As a result, net sales fell below the forecast previously announced, while the operating loss exceeded the forecast. In addition, the ordinary loss was larger than the previously announced forecast due to the provision of an allowance for doubtful accounts as non-operating expenses in consideration of the financial conditions of the borrower, among other factors.

1. Posting of extraordinary profit and extraordinary loss

(1)Details of non-operating expenses

As a result of considering the financial conditions of the borrower, among other factors, the Company posted 642,787,000 yen in the provision of allowance for doubtful accounts, with respect to part of the loans that are expected to be uncollectable.

(2)Details of extraordinary profit

The Company had posted a gain on bargain purchase of 4,371,679,000 yen attributable to the acquisition of shares in Shaddy Co., Ltd. in the accounting periods through the latest third quarter. The Company posted a gain of 4,372,319,000 yen in the fiscal year ended December 31, 2018 due to the revision of provisional figures and other factors.

(Unit: 1,000 yen)

	For the first three quarters	Fourth quarter	Fiscal year ended December 31, 2018
Gain on bargain purchase	4,371,679	640	4,372,319

(Note) The amounts of the gain stated above are provisional figures calculated on the basis of information that is rational and accessible at the time of this press release. The Company will allocate the acquisition cost and finalize accounting within one year of the business combination date based on the Accounting Standard for Business Combinations.

(3)Details of extraordinary loss

The Company had posted loss on impairment of non-current assets of 3,579,776,000 yen in accounting periods until the first three quarters period. The Company posted a loss of 3,881,185,000 yen in the fiscal year ended December 31, 2018, reexamining future collectability and posting an additional impairment loss of 301,409,000 yen at the end of the fiscal year.

(Unit: 1,000 yen)

Segment name	Third quarter	Fourth quarter	Fiscal year ended December 31, 2018
Retail Business	1,856,182	77,369	1,933,551
Entertainment Business	445,542	22,477	468,019
Shopping Center Development Business	1,278,052	201,562	1,479,614
Total	3,579,776	301,409	3,881,185

End.