

Laox Group Investor Newsletter FY2019/Q2



July 19th, 2019 (TSE 2nd Section, Code; 8202)

Apr.-Jun. 2019 Company-wide Topics

- Laox decided to issue new shares and share acquisition rights through the third-party allotment in order to secure up to ¥10.1 billion for expansion of trade business with China and global E-commerce business and for revenue improvement.
- It also made upward revisions of numerical targets for FY 2020 set in the medium-term management plan: sales by ¥20 billion (from ¥180 billion to ¥200 billion), and operating profit by ¥0.8 billion (¥4 billion to ¥4.8 billion)

Topics in Each Segment

■ Inbound Business

- Partially due to reorganization of unprofitable stores and other measures, the number of paying customers in April and May decreased from a year earlier. However, the number showed an increase in June.
- Laox developed a new type of store in an effort to meet the needs of increasing FIT customers. In May, the new store, Kyoto Shijo-dori store opened as a “Japaneseness” specialty store that offers Japanese traditional crafts, Japanese cosmetics, and matcha-flavored confectionery, a standard Kyoto souvenir.
- With Kyoto Shijo-dori opened, the total number of Laox stores is 39 as of the end of the 2nd quarter

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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
2019	178,953	180,881	217,117	221,921	213,270	215,472						
YOY change/month	95.6%	86.5%	110.4%	95.3%	98.4%	101.1%						
YOY change/quarter	97.3%			98.2%								

■ Global Business

- Laox’s flagship stores on the three leading E-commerce sites in China - T-mall Global, Suning.com, Kaola.com – has generally had good results. In particular, their sales grew thanks to the “618 sale” to mark June 18th, the second most important day in the Chinese E-commerce market after 11/11, the Singles Day.
- Laox’s trade business is also going steady supported by strong demand from Chinese people for made-in-Japan products such as health supplement.
- Laox started to operate a tourist assistance app., for which a huge promotional campaign is now underway.
- The capital increase through the third-party allotment has allowed Laox to increase revenue opportunity by taking full advantage of demand in the Chinese market. The company aims to establish itself as a leading player in trade to and from China, both online and offline.

Topics in Each Segment

Life & Fashion Business

- The Shaddy group opened “Japan Pavilion” in the permanent exhibition space within Greenland Global Commodity Hub in April, a first for a Japanese company. In May, Shaddy also opened its flagship store on Koala.com, a leading E-commerce platform in China.
- Shaddy started marketing a special coin to mark the start of a new era under an new emperor made of pure gold provided by Chow Tai Fook, one of the largest jewelry brands in Asia. Shaddy also started to air a new TV commercial in June ahead of the summer gift season in Japan.
- Laox’s women’s shoe business group designed and marketed, for a limited period, ladies’ shoes such as pumps in collaboration with a women’s magazine. (They are not available now.)

Ad for the special coin to mark a new era



Shaddy’s TV commercial



Entertainment Business

- Foodway Amazing Fresh Food Market Chiba Port Store, a supermarket specialized in fresh agricultural products, opened in Chiba Port Store in June.
- Also in June, Laox partially opened Giant Stadium - Riverwalk Basement Kids’ Kingdom –, one of the largest indoor theme parks in Kyushu. (It started full operation in July.)
- New City Club of Tokyo, a members-only restaurant that opened last fall, has had a solid reputation serving VIP clients from Japan and abroad.
- Laox will continue to strive to develop new businesses and reform organizational structure in an effort to increase profitability.

Giant Stadium

