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Press Release

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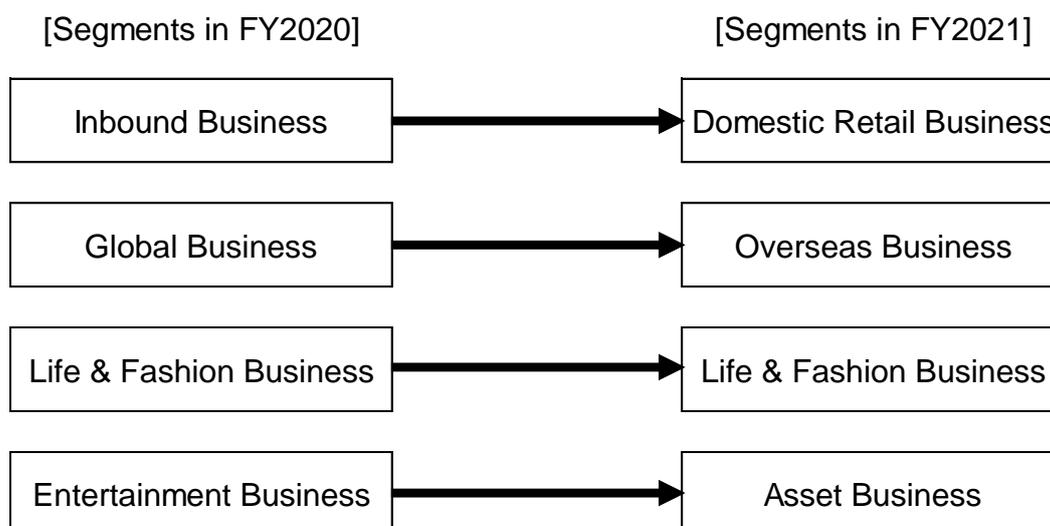
Notice of Changes in Reporting Segments

Laox Co., Ltd. (the “Company”) announces that at a meeting held on May 14, 2021, its Board of Directors passed a resolution to change the Company’s reporting segments starting from the fiscal year ending December 31, 2021.

1. Reasons for the change

Since FY2019, Laox Group has been operating businesses in four reporting segments: Inbound Business, Global Business, Life & Fashion Business, and Entertainment Business. In response primarily to the impact of the COVID-19 pandemic, the Group has been working to bolster the profitability of its retail business as its foundation and to strengthen its business foundations by pursuing specialization. As a result of adopting more appropriate disclosure of management information and revising the classifications for managing financial performance within the Group, it has decided to change the reporting segments to Domestic Retail Business, Overseas Business, Life & Fashion Business, and Asset Business.

2. Description of the change



While maintaining the function of duty-free shops amid the sharp decline in foreign visitors to Japan due to the pandemic, Domestic Retail Business (formerly Inbound Business) has been developing new store models, renewing existing stores, and improving domestic e-commerce for customers in Japan to enjoy shopping. As a

result, the ratio of customers living in Japan has been steadily rising in the fiscal year ending December 2021. With this background, the Company has renamed the Inbound Business the “Domestic Retail Business.”

Global Business was renamed “Overseas Business” with the aim of clearly separating the Retail Business operating in Japan and the domestic market from overseas operations. At the same time, the restaurant business in China (Kurogi Shanghai and Kurogi Nanjing), which was included in the Asset Business (formerly the Entertainment Business) has been moved to this Overseas Business segment.

The Asset Business (formerly the Entertainment Business) has been streamlining existing facilities under its management and selling idle physical properties held in the Group with a focus on regional innovation. The segment has also been operating an event business, holding events at renowned World Heritage sites in Japan. The Entertainment Business was renamed the “Asset Business” to specialize more in developing stores and managing and operating assets of the entire Group, while handling tangible and intangible assets and expanding the business into the commercialization of IP and web content. In addition, Kakogawa Yamatoyashiki Co. Ltd., previously categorized into Life & Fashion Business, has been moved to this Asset Business segment as a business related to community-based regional innovation.

3. Timing of the change

The new segments apply to financial reports beginning in the first quarter of the fiscal year ending December 2021.

End