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Press Release

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Notice Regarding Closure of Stores in Some Areas of the Domestic Retail Business

Laox Co., LTD. (the “Company”) announces that its Board of Directors has resolved at a meeting held on August 13, 2021 to close stores in certain areas of its Domestic Retail Business. Details are as follows.

1. Reasons for store closures

Due to the continuing COVID-19 pandemic, tourists visiting Japan from China, a major customer of the Domestic Retail Business, continue to be unable to enter the country, and no recovery involving tourists visiting Japan from countries other than China has yet to be seen. In these circumstances, the Group has been working to mitigate the impact of the temporary closure of its stores in the Domestic Retail Business on earnings. However, the Group has decided to close seven of its 13 stores (including three stores that are currently closed), some of which are located in Tokyo and Kansai, to further reduce costs and improve cash flow.

Going forward, to further improve profitability, we will leverage the Laox Group's strengths in merchandise procurement to strengthen the lineup of Asian food products, Asian cosmetics, Asian sundries, etc. to enable customers in Japan to enjoy shopping at the Kyoto Kawaramachi OPA store, which has been performing well since its opening in July and the other stores. At the same time, we will continue to strengthen our e-commerce sales.

2. Target areas/stores to be closed

Three stores in Tokyo, four stores in Kansai (seven stores in total)

Area	Number of existing stores	The number of stores after the closure
Hokkaido	1 store (including 1 store that is currently closed)	1 store (including 1 store that is currently closed)
Tokyo	6 stores	3 stores
Kansai	6 stores (including 2 stores that are currently closed)	2 stores (including 1 store that is currently closed)

3. Impact on consolidated business results forecast

Regarding the impact of the above on the consolidated business results forecast, in the second quarter of the current fiscal year (April 1, 2021 to June 30, 2021), the Company posted an extraordinary loss of 722 million yen as a loss on valuation of inventories.

For more information about this, please see the press release Notice of Recording of Extraordinary Loss and Revision of Consolidated Business Results Forecast published today.

The balance of the book value of non-current assets related to the stores as of the end of the first half period of the fiscal year under review is minimal, but the impact on business results is undetermined at this time, as the various conditions for withdrawal have not been finalized.

If there are any matters that need to be disclosed in the future, such as costs associated with the closure of the stores, we will disclose them as quickly as possible.

End