



March 2, 2022

Press Release

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## **Notice of Shift to a Holding Company Structure through a Company Split (Incorporation Type), Change of Trade Name, and Partial Revision of the Articles of Incorporation**

Laox Co., LTD. (the “Company”) announces as detailed below that at a meeting held today, its Board of Directors passed a resolution proposing a shift to a holding company structure through a company split, a change of the Company’s trade name, and a partial revision of its Articles of Incorporation at the 46<sup>th</sup> Ordinary General Meeting of Shareholders scheduled to be held on March 30, 2022 (the “Ordinary General Meeting of Shareholders”).

As a result, the Company plans to change its trade name to Laox Holdings CO., LTD. On October 3, 2022, on condition of approval at the Ordinary General Meeting of Shareholders, continue to list its shares on the stock exchange, and transfer its trade business and business of selling merchandise related to inbound tourism (the “Business”) to Laox Trading Co., LTD., a wholly owned subsidiary of the Company that will be established through an incorporation-type company split, as of October 3, 2022.

The incorporation-type company split will be an independent company split to establish a wholly-owned subsidiary, and therefore some disclosure information is omitted.

### **I. Reorganization**

#### **1. Purpose of shifting to a holding company structure through a company split**

The Laox Group was forced to temporarily or permanently close stores specializing in inbound tourism in the previous year due to the inability of foreign travelers, who were the major customers of its Domestic Retail Business, to enter Japan as a result of the ongoing COVID-19 pandemic that has impacted the Group since the beginning of 2020 and the current lack of prospects for a recovery. The management environments of the other businesses of the Group also remain harsh due to sluggish markets, intensifying competition, stagnant production activities, a steep rise in raw material and fuel prices, and other factors.

In these conditions, the Laox Group has continued to make progress in its reform of its earnings structure to establish a business structure that ensures profitability. The Group has been working to improve merchandise in the retail business, which is the foundation of the Company, provide services, increase synergy within the entire Group, and create new sources of income. The Group has decided it would be optimal to shift to a holding company structure, which is a management system to accelerate its future growth, expand its businesses, and build a stronger management base.

Through the shift to the new structure, the Company, as a holding company, will develop business, financial and brand strategies, improve the Group’s capital efficiency, risk management and human capital, and support and oversee the management of the Group companies to achieve the sustainable growth of the Group and increase its

corporate value. The Company will work to facilitate the group-wide expansion of business and the growth of profit. In addition, each of the Group companies will aim to carry out autonomous activities to reform the structure of their businesses and implement growth strategies at their own responsibility as an independent company. They will work to increase their corporate value and capital efficiency.

## 2. Outline of the reorganization

### (1) Schedule for the reorganization

The Board of Directors to resolve the split	March 2, 2022
The Ordinary General Meeting of Shareholders to approve the split	March 30, 2022 (planned)
Effective date for the split	October 3, 2022 (planned)

### (2) Method of the reorganization

It is an incorporation-type company split, in which the Company is the split company and Laox Trading Co., LTD. is the company incorporated through the incorporation-type company split.

### (3) Allotment of stock associated with the reorganization

As a consideration for the incorporation-type company split, Laox Trading Co., LTD. will issue 1,800 shares of common stock and deliver all of them to the Company, which is the split company.

### (4) Treatment of share acquisition rights and bonds with share acquisition rights associated with the reorganization

Not applicable.

### (5) Change in capital as a result of the split

There will be no change in the Company's capital as a result of the incorporation-type company split.

### (6) Rights and obligations to be assumed by the successor company

Laox Trading Co., LTD. will assume the assets, liabilities, and rights and obligations such as contractual obligations belonging to the Business, which are specified in the written plan for the incorporation-type company split.

### (7) Prospect of fulfillment of debt obligations

The Company believes that there will be no problems in the outlook regarding the performance of obligations, for which the Company and Laox Trading Co., LTD. will be responsible, in the incorporation-type company split. Obligations associated with the incorporation-type company split will be transferred through the concomitant assumption method.

### 3. Overview of the companies in the reorganization

	Splitting company (As of December 31, 2021)	Company incorporated through the incorporation-type company split (to be established on October 3, 2022)
(1) Business name	Laox Co., LTD.	Laox Trading Co., LTD.
(2) Location	2-11-1 Shibakoen, Minato-ku, Tokyo	2-11-1 Shibakoen, Minato-ku, Tokyo
(3) Name and title of representative	Luo Yiwen, President and Representative Director Kensaku Iida, President and Representative Director	Ryoji Saito, President and Representative Director
(4) Business	Management of Group companies, Domestic Retail Business, Overseas Business, and Asset Business	International trade and sale of merchandise related to inbound tourism
(5) Capital	100 million yen	90 million yen
(6) Establishment	September 27, 1976	October 3, 2022
(7) Number of issued shares	93,335,103	1,800
(8) Fiscal year-end	December 31	December 31
(9) Large shareholders and their shareholding ratios	GREENWICH INVESTMENT HOLDINGS PTE LTD 34.51% GRANDA MAGIC LIMITED 30.39% Nihon Kanko Menzei Co., Ltd. 6.01%	Laox Co., LTD. 100%

### Operating results and financial position

Fiscal year	Laox Co., LTD.	
	Fiscal year ended December 31, 2021 (Consolidated)	Fiscal year ended December 31, 2021 (Non-consolidated)
Net assets	20,115 million yen	15,039 million yen
Total assets	46,720 million yen	24,490 million yen
Net assets per share	219.46 yen	164.45 yen
Net sales	68,149 million yen	12,216 million yen
Operating profit (loss)	-2,846 million yen	-3,488 million yen
Ordinary profit (loss)	-2,151 million yen	-2,799 million yen
Profit (loss) attributable to owners of parent	-7,110 million yen	-8,482 million yen
Profit (loss) per share	-77.78 yen	-92.79 yen

### 4. Overview of the business segment to be split

#### (1) Business contents of the segment to be split

International trade and sale of merchandise related to inbound tourism

As announced in the release, Notice of Changes in Reporting Segments, dated March 2, 2022, the reporting segment of the sale of merchandise related to inbound tourism is the Overseas Business beginning in the current fiscal year.

There is no change in the reporting segment of the trade business, which has been the Overseas Business.

#### (2) Operating results of the split or transferred segment

	Segment to be split (fiscal year ended December 31, 2021)
Net sales	9,277 million yen
Operating profit	238 million yen
Ordinary profit	236 million yen

(3) Items and amounts of assets and liabilities to be split or transferred

Assets		Liabilities	
Item	Carrying amount	Item	Carrying amount
Current assets	3,170 million yen	Current liabilities	545 million yen
Non-current assets	346 million yen	Non-current liabilities	– million yen
Total	3,517 million yen	Total	545 million yen

Note: Items and amounts of assets and liabilities to be split or transferred have been calculated based on the balance sheet as of December 31, 2021, and the actual amounts may differ from the above amounts.

5. Status after the reorganization

There will be no change in the address of the Company, name and title of the representative, the Company's capital, or the accounting period of the Company after the split.

As stated in II. Partial revision of the Articles of Incorporation, the Company's trade name will be changed to Laox Holdings CO., LTD. on October 3, 2022, on condition of approval at the Ordinary General Meeting of Shareholders, and the purpose of business will be changed to one necessary for the shift to the holding company structure.

6. Future outlook

The split company (the Company) plans to continue listing its shares on the stock exchange as a holding company. Because the successor company is a wholly owned subsidiary of the Company, the impact of the company split on the consolidated performance of the Company will be immaterial.

The real estate business operated by the Company other than the Business will be operated by Laox Real Estate Co., LTD. In the Domestic Retail Business, new businesses that started opening stores in the previous fiscal year, including the Asian food specialty store, Asia Sunshine Market, and the Asian cosmetics specialty store, Laox Beauty Airport, will be operated by Shaddy Co., Ltd.

The Company will make announcements promptly if any matters that should be disclosed occur going forward.

II. Partial revision of the Articles of Incorporation

1. Reasons for revision of the Articles of Incorporation

The Company will change its trade name and purpose of business and make other changes on October 3, 2022 (plan), due to its shift to being a holding company through the incorporation-type company split.

The partial revision of the Articles of Incorporation will be implemented on the condition that the proposal is approved at the Ordinary General Meeting of Shareholders scheduled to be held on March 30, 2022.

2. Trade name after change

Laox Holdings CO., LTD.

3. Partial revision of the Articles of Incorporation

The Articles of Incorporation will be partially revised as described below.

(Underlined part indicates revisions)

Current Articles of Incorporation	Proposed Revisions
<p>(Trade Name) Article 1. The Company shall be called <u>Laox Kabushiki Gaisha</u> which shall be expressed in English as <u>Laox Co., LTD.</u></p> <p>(Purpose) Article 2. The purpose of the Company shall be to engage in the following businesses:</p>	<p>(Trade Name) Article 1. The Company shall be called <u>Laox Holdings Kabushiki Gaisha</u> which shall be expressed in English as <u>Laox Holdings CO., LTD.</u></p> <p>(Purpose) Article 2. The purpose of the Company shall be to engage in the following businesses <u>and to control and manage the business activities of companies and other corporate entities engaging in the following businesses</u></p>

<p>Items 1 through 37 (omitted)</p> <p>Article 3 through Article 14 (omitted)</p> <p>(Convener) Article 15. Unless otherwise provided for by laws and regulations, a General Meeting of Shareholders shall be convened by the <u>president and director</u> subject to the resolution of the Board of Directors. In the absence or disability of the <u>president and director</u>, any other director shall substitute for the <u>president and director</u> in accordance with the order predetermined by the Board of Directors.</p> <p>(Chairperson) Article 16. The <u>president and director</u> shall take the chair at a shareholders meeting. In the absence or disability of the <u>president and director</u>, any other director shall substitute for the <u>president and director</u> in accordance with the order predetermined by the Board of Directors.</p> <p><u>(Disclosure on the Internet and De Facto Provision of General Shareholders Meeting Reference Documents, etc.)</u> <u>Article 17. When convening a shareholders meeting, the Company may consider the information disclosed on the matters that should be specified or displayed in reference documents for the General Meeting of Shareholders, business reports, financial statements, and consolidated financial statements via methods that use the internet pursuant to the Ministry of Justice ordinance as having been provided to the shareholders.</u></p> <p>&lt;New&gt;</p> <p>Article 18 through Article 24 (omitted)</p> <p>(Convocation of Board of Directors Meetings) Article 25. The Board of Directors comprises Directors, and unless otherwise prescribed by laws or regulations, the <u>president and director</u> shall convene meetings of the Board of Directors. In the absence or disability of the <u>president and director</u>, any other director shall substitute for the <u>president and director</u> in accordance with the order predetermined by the Board of Directors.</p> <p>Items 2 and 3 (omitted)</p> <p>(Chairperson) Article 26. The <u>president and director</u> shall chair meetings of the Board of Directors. In the absence or disability of the <u>president and director</u>, any other director</p>	<p><u>by holding shares or equity in them.</u></p> <p>Items 1 through 37 (unchanged)</p> <p>Article 3 through Article 14 (unchanged)</p> <p>(Convener) Article 15. Unless otherwise provided for by laws and regulations, a General Meeting of Shareholders shall be convened by the <u>representative director</u> subject to a resolution of the Board of Directors. In the absence or disability of the <u>representative director</u>, any other director shall substitute for the <u>representative director</u> in accordance with the order predetermined by the Board of Directors.</p> <p>(Chairperson) Article 16. The <u>representative director</u> shall take the chair at a shareholders meeting. In the absence or disability of the <u>representative director</u>, any other director shall substitute for the <u>representative director</u> in accordance with the order predetermined by the Board of Directors.</p> <p>&lt;Delete&gt;</p> <p><u>(Electronic Provision Measure, etc.)</u> <u>Article 17. When convening a shareholders meeting, the Company shall take the electronic provision measure with respect to information that constitutes the content of general shareholders meeting reference documents, etc.</u> <u>2. The Company may omit all or part of information specified in the Ordinance of the Ministry of Justice and provided in an electronic form from documents delivered to shareholders who have requested paper-form documents before the record date of voting rights.</u></p> <p>Article 18 through Article 24 (unchanged)</p> <p>(Convocation of Board of Directors Meetings) Article 25. The Board of Directors comprises Directors, and unless otherwise prescribed by laws or regulations, the <u>representative director</u> shall convene meetings of the Board of Directors. In the absence or disability of the <u>representative director</u>, any other director shall substitute for the <u>representative director</u> in accordance with the order predetermined by the Board of Directors.</p> <p>Items 2 and 3 (unchanged)</p> <p>(Chairperson) Article 26. The <u>representative director</u> shall chair meetings of the Board of Directors. In the absence or disability of the <u>representative director</u>, any other</p>
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<p>shall substitute for the <u>president and director</u> in accordance with the order predetermined by the Board of Directors.</p> <p>Article 27 through Article 43 (omitted)</p> <p>&lt;New&gt;</p>	<p>director shall substitute for the <u>representative director</u> in accordance with the order predetermined by the Board of Directors.</p> <p>Article 27 through Article 43 (unchanged)</p> <p>(Supplementary Provisions)</p> <p><u>1. The revision of Article 1 (Trade Name), Article 2 (Purpose), Article 15 (Convener) Article 16 (Chairperson), Article 25 (Convocation of Board of Directors Meetings), and Article 26 (Chairperson) of the current Articles of Incorporation shall take effect on October 3, 2022. The Supplementary Provisions shall be deleted on the above effective date.</u></p> <p><u>2. The deletion of the current Article 17 (Disclosure on the Internet and De Facto Provision of General Shareholders Meeting Reference Documents, etc.) of the Articles of Incorporation and the addition of Article 17 (Electronic Provision Measure, etc.) of the proposed revision shall take effect on September 1, 2022 (the "Enforcement Date").</u></p> <p><u>3. Notwithstanding the provisions of the preceding paragraph, Article 17 of the current Articles of Incorporation shall remain valid for any General Meeting of Shareholders the date of which is a date within six (6) months of the Enforcement Date.</u></p> <p><u>4. The two preceding paragraphs of the Supplementary Provisions shall be deleted after the day six (6) months after the Enforcement Date or three (3) months after the date of the General Meeting of Shareholders specified in the preceding paragraph, whichever comes later.</u></p>
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End