



Summary of (Consolidated) Financial Statements for the Q3 Term of Fiscal Year Ending December 31, 2024 (Japanese Standards)

November 8, 2024

Listed company: Laox Holdings Co., Ltd. Stock exchange: Tokyo Stock Exchange
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Planned Starting Date for Dividend Payments: -
Supplementary Documents for Results: No
Results Briefing: No

(Rounded down to nearest million yen)

1. Consolidated Results for the Q3 Term of FY2024 (January 1, 2024, to September 30, 2024)

(1) Consolidated operating results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Q3 of FY2024	43,026	8.5	(879)	-	(899)	-	(452)	-
Q3 of FY2023	39,642	4.7	(1,535)	-	(1,249)	-	1,080	-

(Note) Comprehensive income Q3 of FY2024: (434) million yen (-%) Q3 of FY2023: 1,133 million yen (-%)

	Profit per share	Diluted profit per share
	Yen	Yen
Q3 of FY2024	(4.95)	-
Q3 of FY2023	11.82	-

(Note) A provisional settlement of accounts pertaining to the business combination was implemented as of the end of FY2023. The consolidated financial results for the nine months ended September 30, 2023, are based on the amounts after reflecting this review.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
Q3 of FY2024	40,355	21,972	54.4
FY2023	46,262	22,406	48.4

(For reference) Equity Q3 of FY2024: 21,962 million yen FY2023: 22,396 million yen

2. Dividends

	Dividends per share				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2023	-	-	-	0.00	0.00
FY2024	-	-	-	-	-
FY2024 (forecast)	-	-	-	0.00	0.00

(Note) Revision to the forecast publicized most recently: No

3. Results forecast for FY2024 (from January 1, 2024, to December 31, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	68,000	13.0	1,200	321.2	950	71.0	1,200	(41.3)	13.13

(Note) Revision to the forecast publicized most recently: No

* Notes

(1) Important changes in scope of consolidation in the first nine months under review: Yes

Newly consolidated: 3 companies Shaddy Global Foods Co., Ltd., Laox EC Strategy Co., Ltd.,
Laox Business Support Co., Ltd.

Excluded from consolidation: -

(2) Application of accounting specific to the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policy and changes or restatement of accounting estimates

(i) Changes in accounting policy due to revisions to accounting standards etc.: No

(ii) Changes in accounting policy other than those in (i): No

(iii) Changes in accounting estimates: No

(iv) Restatement of accounting estimates: No

(4) Number of issued shares (common shares)

(i) Number of issued shares at the end of period (including treasury stock):	Q3 of FY2024	93,335,103 shares
	FY2023	93,335,103 shares
(ii) Number of shares of treasury stock at the end of period:	Q3 of FY2024	1,918,498 shares
	FY2023	1,918,464 shares
(iii) Average number of issued shares during period (from the beginning of period)	Q3 of FY2024	91,416,626 shares
	Q3 of FY2023	91,416,685 shares

* Review of the accompanying quarterly consolidated financial statements by certified public accountants or audit corporations: None

* Explanation on the proper use of results forecasts and other special notes

Forward-looking statements, including results forecasts, in this document are based on information that the Group has obtained and certain assumptions that the Group believes to be reasonable. Actual results may differ significantly due to a variety of factors.

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1. Qualitative Information on Consolidated Results

The forward-looking statements in this document are based on the information available to Laox Holdings Co., Ltd. as of the end of the first nine months of the fiscal year under review. A provisional settlement of accounts pertaining to the business combination was implemented as of the end of FY2023. The figures in the consolidated financial results for the nine months ended September 30, 2023, are based on the amounts after reflecting the review of the initially allocated amounts of the acquisition costs.

(1) Explanation of operating results

During the nine months ended September 30, 2024, the Japanese economy showed a recovery in corporate activities amid the normalization of economic activities. A moderate recovery of the economy is expected as improvements in the employment and income situation of major companies are leading the way. On the other hand, rising geopolitical risks, the lifting of the negative interest rate policy by the BOJ, and the impact of exchange rate fluctuations have caused prices of natural resources and raw materials to soar, resulting in continued inflation. As a result, the outlook for economic recovery and consumption stimulus remains uncertain.

Against this backdrop, the Group is steadily implementing its business strategy to realize its management philosophy of “proposing a rich and varied lifestyle, or ‘Global Life Style’ and supporting its evolution and creation” and regrowth of business. In the Gift Solutions Business, we have implemented various measures to expand sales of private label products that meet customer needs, improve management efficiency, and establish a foundation for future growth. In the Retail Business, the consumption of high-priced items at duty-free shops increased significantly due to an increase in demand from foreign tourists visiting Japan, and new stores were opened. On the other hand, apparel stores, which mainly serve domestic customers, took measures such as developing new product lines and proactively planning in-store events amid the effects of rising prices and the changing seasons.

Hence, consolidated results for the nine months ended September 30, 2024, were net sales of 43,026 million yen (up 8.5% year on year), an operating loss of 879 million yen (a loss of 1,535 million yen in the same period of the previous year), and an ordinary loss of 899 million yen (a loss of 1,249 million yen in the same period of the previous year), helped by the increase in demand from inbound tourists, although sales at apparel stores did not increase. In addition, due to recording a reversal of allowance for loss on contracts of 581 million yen, loss attributable to owners of parent was 452 million yen (a profit of 1,080 million yen in the same period of the previous year).

(Gift Solution Business)

In the Gift Solution Business segment, we mainly sell confectionery as gifts, miscellaneous goods and lifestyle-related goods. We have entered the casual gift market aggressively in addition to the conventional return gift business, with a pop-up shop of THE SWEETS, a confectionery private brand (PB), opened for the first time in the Tokai area at Central Japan International Airport to expand the new fan base, while continuing sales in existing market areas.

Moreover, we promoted initiatives to capture new demand. At Shady EXPO2024 held in April, we announced our intention to acquire new customers and add more customer contacts nationwide by using Shady App developed in February. We also introduced SDY Thanks Plus in advance, a points issuance and management platform that started in May to capture demand for product conversion in various local government businesses and corporate welfare areas.

On the other hand, sales declined due to a delay in responding to changes in consumer behavior in the formal gift market including a changed need for return gifts, and we strove to increase the added value of our products, while reviewing prices and cutting costs.

As a result, Gift Solution Business’ net sales for the first nine months of the year under review decreased 8.9% year on year to 25,079 million yen and segment profit increased 168.3% year on year to 241 million yen.

(Retail Business)

In the Retail Business segment, we strove to attract inbound tourists at tax-free shops and expand the sales of high-gross-margin products. We also opened our first large-scale store in several years, LAOX Shinjuku Higashiguchi Main Store, in September in Shinjuku, Tokyo. As a specialty store that combines products, services, and spaces that match the concept, this store stands out from the existing stores. In addition, in apparel stores that mainly target domestic customers, we are focusing on improving the ability of existing stores to attract customers by advancing the development of product lines to break the traditional image of a high-class fashion brand with a long history and appeal to the modern customer base, reviewing the product mix in response to changing customer needs. In addition, we are working to improve management efficiency by reducing costs and optimizing inventory management.

As a result, segment net sales did not increase due to seasonal factors, and the segment net sales for the first nine months of the fiscal year under review increased 88.4% year on year to 16,387 million yen, and segment loss was 201 million yen (a loss of 406 million yen in the same period of the previous year).

(Trading Business)

In this business segment, Kurogi, a Japanese restaurant operated by a subsidiary in China, strove to acquire new customers and increase brand awareness, while conveying the merits of Japanese food culture and Japanese hospitality with the theme of “Pursuing the heart of Japanese food.” We have also been reorganizing and restructuring our business in response to changes in the Chinese market since last year.

As a result, segment net sales for the nine months ended September 30, 2024, fell 77.8% year on year to 562 million yen, and segment profit was 37 million yen (a loss of 159 million yen in the same period of the previous year) due to the effects of the

structural reforms from last year.

(Asset Service Business)

In the Asset Service Business segment, we are engaged in the brokerage business of commercial properties, and have been working to replace tenants, attract new business types, and develop new store properties in order to make effective use of managed commercial properties and group real estate. We also worked to improve cash flow and reduce costs to increase profits.

As a result, segment net sales for the nine months ended September 30, 2024, increased 13.0% year on year to 997 million yen due to winning tenants for vacant properties gradually, and segment loss was 158 million yen (a loss of 254 million yen in the same period of the previous year).

(2) Explanation of financial conditions

(Assets)

Total assets at the third quarter of the fiscal year under review amounted to 40,355 million yen (46,262 million yen at the end of the previous fiscal year). This was mainly due to a decrease of 5,486 million yen in notes and accounts receivable - trade.

(Liabilities)

Total liabilities came to 18,383 million yen (23,855 million yen at the end of the previous fiscal year). This was mainly due to a decrease of 3,350 million yen in notes and accounts payable - trade, 682 million yen in electronically recorded obligations - operating, 744 million yen in allowance for loss on contracts, and 1,250 million yen in current liabilities and others.

(Net assets)

Total net assets came to 21,972 million yen (22,406 million yen at the end of the previous fiscal year). The drop in net assets was attributable primarily to a decrease of 452 million yen in retained earnings.

(3) Explanation of information on future predictions such as consolidated results forecasts, etc.

There are no revisions to the results forecast (announced on August 9, 2024). The forecasts are based on information available at the present time and actual results may differ from the forecasts due to various factors.

2. Quarterly Consolidated Financial Statements and Important Notes

(1) Quarterly consolidated balance sheet

(Million yen)

	FY2023 (As of December 31, 2023)	First nine months of FY2024 (As of September 30, 2024)
Assets		
Current assets		
Cash and deposits	11,156	10,383
Notes and accounts receivable - trade	13,516	8,030
Inventory	6,737	6,955
Others	3,957	4,439
Allowance for doubtful accounts	(318)	(257)
Total current assets	35,050	29,552
Non-current assets		
Property, plant and equipment	5,375	5,464
Intangible assets	1,072	901
Investments and other assets		
Others	8,269	7,756
Allowance for doubtful accounts	(3,504)	(3,332)
Total investments and other assets	4,764	4,424
Total non-current assets	11,212	10,790
Deferred assets	-	12
Total assets	46,262	40,355

(Million yen)

	FY2023 (As of December 31, 2023)	First nine months of FY2024 (As of September 30, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,363	5,013
Electronically recorded obligations - operating	2,004	1,321
Short-term borrowings	2,550	3,050
Income taxes payable	51	38
Provisions	276	297
Allowance for loss on contracts	232	41
Others	5,834	4,583
Total current liabilities	19,313	14,345
Non-current liabilities		
Long-term borrowings	192	327
Provisions	150	96
Allowance for loss on contracts	809	255
Retirement benefit liability	976	904
Asset retirement obligations	857	860
Others	1,554	1,593
Total non-current liabilities	4,542	4,037
Total liabilities	23,855	18,383
Net assets		
Shareholders' equity		
Capital	100	100
Capital surplus	17,652	17,652
Retained earnings	6,407	5,955
Treasury shares	(2,419)	(2,419)
Total shareholders' equity	21,740	21,288
Accumulated other comprehensive income		
Foreign currency translation adjustment	651	670
Remeasurements of defined benefit plans	4	4
Total accumulated other comprehensive income	655	674
Share acquisition rights	10	10
Total net assets	22,406	21,972
Total liabilities and net assets	46,262	40,355

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income

Quarterly consolidated statement of income

First nine months

(Million yen)

	First nine months of FY2023 (From January 1 to September 30, 2023)	First nine months of FY2024 (From January 1 to September 30, 2024)
Net sales	39,642	43,026
Cost of sales	28,353	28,765
Gross profit	11,289	14,261
Selling, general and administrative expenses	12,825	15,140
Operating profit (loss)	(1,535)	(879)
Non-operating income		
Interest income	16	15
Foreign exchange gains	294	7
Reversal of allowance for doubtful accounts	64	-
Others	34	25
Total non-operating income	409	49
Non-operating expenses		
Interest expenses	9	8
Share of loss of entities accounted for using equity method	29	32
Rent expenses on land and buildings	43	-
Commission expenses	-	15
Others	40	13
Total non-operating expenses	123	69
Ordinary loss	(1,249)	(899)
Extraordinary income		
Reversal of allowance for loss on contracts	-	581
Gain on bargain purchase	3,855	-
Others	39	1
Total extraordinary income	3,895	583
Extraordinary losses		
Loss on valuation of inventories	436	83
Contractual losses	149	-
Provision for loss on contracts	795	-
Others	201	55
Total extraordinary losses	1,582	138
Profit (loss) before income taxes	1,063	(455)
Income taxes	(17)	(2)
Profit (loss)	1,080	(452)
Profit (loss) attributable to owners of parent	1,080	(452)

Quarterly consolidated statement of comprehensive income

First nine months

(Million yen)

	First nine months of FY2023 (From January 1 to September 30, 2023)	First nine months of FY2024 (From January 1 to September 30, 2024)
Profit (loss)	1,080	(452)
Other comprehensive income		
Valuation difference on available-for-sale securities	(2)	-
Foreign currency translation adjustment	55	19
Remeasurements of defined benefit plans, net of tax	(0)	(0)
Total other comprehensive income	52	18
Comprehensive income	1,133	(434)
(Breakdown)		
Comprehensive income attributable to owners of parent	1,133	(434)

(3) Notes to the quarterly consolidated financial statement

(Explanatory notes regarding segment information, etc.)

[Segment information]

First nine months of FY2023 (from January 1 to September 30, 2023)

1. Information concerning monetary amount of sales and profit or loss of each reporting segment (Million yen)

	Reporting segment				Total	Amount of adjustment (Note) 1	Amount reported in quarterly consolidated statement of income (Note) 2
	Gift Solution Business	Retail Business	Trading Business	Asset & Service Business			
Net sales							
Sales to external clients	27,534	8,695	2,529	882	39,642	-	39,642
Internal sales or transfers between segments	85	11	10	106	213	(213)	-
Total	27,619	8,707	2,540	989	39,856	(213)	39,642
Segment profit (loss)	89	(406)	(159)	(254)	(730)	(805)	(1,535)

- (Notes)
- 1 Segment profit adjustment of (805) million yen includes elimination of inter-segment transactions of 50 million yen and whole company expenses not divided into each reporting segment of (856) million yen. Whole company expenses mainly consist of personnel expenses and general management expenses that do not belong to reporting segments.
 - 2 Segment profit (loss) is adjusted to operating loss in the consolidated statement of income.

2. Information concerning assets of each reporting segment

(Significant increase in assets from acquisition of a subsidiary company)

During the six months ended June 30, 2024, segment assets in the Retail Business increased 7,522 million yen compared with the end of the previous fiscal year, as a result of the acquisition of shares in Barneys Japan Co., Ltd. and its inclusion in the scope of consolidation. The segment assets are disclosed in the amounts after a material review of the initially allocated amounts of the acquisition costs due to the provisional settlement of accounts pertaining to the business combination.

3. Information concerning impairment loss on fixed assets or goodwill, etc. of each reporting segment

(Material gain on bargain purchase)

In the Retail Business segment, negative goodwill (gain on bargain purchase) has been generated in association with the acquisition of shares in Barneys Japan Co., Ltd. to make the company a consolidated subsidiary from the six months ended June 30, 2024. The negative goodwill recorded due to this transaction is 3,855 million yen. A material review of the initially allocated amounts of the acquisition costs due to the provisional settlement of accounts pertaining to the business combination is reflected in the amount of negative goodwill. Gain on bargain purchase is recognized as an extraordinary profit and is not included in the above segment profit.

First nine months of FY2024 (from January 1 to September 30, 2024)

1. Information concerning monetary amount of sales and profit or loss of each reporting segment (Million yen)

	Reporting segment				Total	Amount of adjustment (Note) 1	Amount reported in quarterly consolidated statement of income (Note) 2
	Gift Solution Business	Retail Business	Trading Business	Asset & Service Business			
Net sales							
Sales to external clients	25,079	16,387	562	997	43,026	-	43,026
Internal sales or transfers between segments	171	52	15	269	508	(508)	-
Total	25,250	16,439	577	1,267	43,534	(508)	43,026
Segment profit (loss)	241	(201)	37	(158)	(80)	(798)	(879)

- (Notes) 1 Segment profit adjustment of (798) million yen includes elimination of inter-segment transactions of 7 million yen and whole company expenses not divided into each reporting segment of (806) million yen. Whole company expenses mainly consist of personnel expenses and general management expenses that do not belong to reporting segments.
- 2 Segment profit (loss) is adjusted to operating loss in the consolidated statement of income.

(Explanatory notes in case of remarkable change in monetary amount of shareholders' equity)

Not applicable

(Explanatory notes regarding assumption of going concern)

Not applicable

(Explanatory notes regarding quarterly consolidated statement of cash flows)

Quarterly consolidated statement of cash flows for the first nine months ended September 30, 2024 is not prepared. Depreciation (including amortization of intangible assets excluding goodwill) and amortization of goodwill for the first nine months ended September 30, 2024, are as follows.

	First nine months of FY2023 (From January 1 to September 30, 2023)	First nine months of FY2024 (From January 1 to September 30, 2024)
Depreciation	575 million yen	591 million yen
Amortization of goodwill	- million yen	4 million yen