

August 12, 2016

News Release

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## Notice of Revisions to Forecasts of Business Performance and Recording of Extraordinary Losses

In light of recent trends in business performance, the forecasts of consolidated results for the fiscal year ending December 31, 2016 (January 1 - December 31, 2016) announced on February 12, 2016 have been revised as outlined below. We would also like to report the recording of extraordinary losses.

### 1. Difference in forecasts of business performance and actual results

(1) Revisions to forecasts of full-year consolidated results for the fiscal year ending December 31, 2016 (January 1 - December 31, 2016)

	Consolidated net sales	Consolidated operating profit	Consolidated ordinary profit	Consolidated current net income	Consolidated current net income per share
	M yen	M yen	M yen	M yen	Yen Sen
Previously announced forecast (A)	100,000	7,000	7,000	—	—
Revised forecast (B)	65,000	1,250	1,250	—	—
Increase/decrease (B-A)	-35,000	-5,750	-5,750	—	—
Rate of increase/decrease (%)	-35.0%	-82.1%	-82.1%	—	—
(Reference) Actual results in the previous fiscal year (ended December 31, 2015)	92,693	8,586	8,637	8,079	127.84

(Note) The Company undertook the consolidation of every ten ordinary shares to one ordinary share on July 1, 2016. Quarterly net profit per share was calculated by assuming that the said share consolidation was undertaken at the beginning of the previous consolidated fiscal year.

### (2) Reasons for revision

The forecast for net sales has been revised due to a significant decline in the average selling price of 27,369 yen for the first quarter and 22,922 yen for the second quarter of FY2016, down from 33,820 yen for the full fiscal year of 2015, and because net sales are likely to fall again year on year, as a result of the strong yen and changes in the products demanded by foreign visitors to Japan. In addition, the forecasts for both operating profit and ordinary profit have been revised following the projection that the increase in fixed expenses due to the larger number of stores will not be offset by growth in net sales, which is likely to slow despite the increase in the number of stores as net sales fall with the decreasing average selling price.

2. The Company recorded extraordinary losses during the second quarter of the consolidated fiscal year ending December 31, 2016 (January 1 – June 30, 2016) as outlined below.

(1) The Company

A loss of 191 million yen was recorded concerning withdrawal from the sale of electric power-assisted bicycles in the Overseas Business (formerly the Intermediary Trade Business).

(2) Domestic subsidiaries

A loss on retirement of non-current assets of 16 million yen was recorded associated with the renewal of stores in the Domestic Retail Business (formerly the Domestic Sales Business).

(3) Chinese subsidiaries

A loss on liquidation of stores of 283 million yen was recorded for the closure of stores in the Overseas Business (formerly the Chinese Sales Business).

3. Effects on business results

The Briefing on Second Quarter Financial Statements for the Fiscal Year ending December 31, 2016 [Japanese Standards] (Consolidated), which is announced today, reflects the effects of the above.