

FY14 Financial Report

December 2014 Period (January 1 to December 31, 2014)

February 12, 2015
Laox Co., Ltd.
TSE2 Stock Cord (8202)

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1. FY14 Financial Report

Consolidated Statement of Operations

Consolidated surplus after 14 years

(Unit: 1,000 yen)	FY13 Results	FY14 Results	Y-o-Y	Remarks
Revenue	33,150,860	50,196,171	+151%	Contributed by Domestic Stores
Gross margin	6,391,784	13,474,310	+210%	(19.2% → 26.8%)
SGA*	8,056,502	11,738,180	+145%	Due to increase in revenue
Operating profits	-1,664,717	1,736,130	—	
Ordinary profits	-1,656,559	1,778,390	—	
Current net earnings	-3,245,366	1,242,585	—	

*SGA: Selling and General Administrative expenses

Consolidated Balance Sheet

Significant increase in assets due to increase in revenue

(Unit: 1,000 yen)	FY13 Results	FY14 Results	Remarks
Total assets	15,299,326	18,959,206	Increase in notes and accounts receivables due to increase in revenue and increase in products, commodities, and accounts receivable
Total current assets	9,373,052	13,559,070	
Total non-current assets	5,917,503	5,400,135	
Total liabilities	6,119,092	8,679,997	Increase in purchasing merchandise, notes and accounts payable due to increase in revenue
Current liabilities	4,748,956	7,438,086	
Non-current liabilities	1,370,135	1,241,910	
Total net assets	9,180,234	10,279,209	Increase in accumulated earnings
Total liabilities and net assets	15,299,326	18,959,206	

Consolidated Statement of Cash Flow

Increase in cash equivalents / FCF* due to surplus

(Unit: 1,000 yen)	FY13 Results	FY14 Results
Cash flow from sales activities	-383,682	624,838
Cash flow from investment activities	-1,099,032	212,294
FCF	—	837,132
Cash flow from financial activities	-112,164	-24,327
Final balance of cash and cash equivalents	1,908,758	3,220,995

*FCF: Free cash flow

2. Reflection on Efforts

Domestic Store Business

Stores

Seven stores (Sapporo Store, Okinawa Kokusai-dori Store, Osaka Dotonbori Store, Chitose Outlet Mall Rera Store, Nagasaki Glover-dori Store, Okayama Airport Store, Rinku Seacle Store)

Gross Profit

Gross profits up 5% due to MD development by increase in MD staff
Gross profits of domestic store business increased from 29% in 2013 to 34% in 2014

MD

Expanded PB products such as OEM products by reinforcing connections with manufacturers

Sales

Reinforce sales by setting up in-bound departments (Shanghai, Beijing, and Shenzhen)

Results

(Unit: 1,000 yen)	FY13 Results	FY14 Results	Y-o-Y	
Revenue	13,177,193	34,581,758	+262%	Increase in income and profits
Sales profits	441,478	4,007,463	+907%	

Japan National Tourism Organization (JNTO) accredited our Akihabara and Ginza head stores as non-Japanese tourist information centers.

Branch Store Business in China

Restructuring

Reduced deficits with short-term closure of nine stores that were incurring losses

EC

Reinforced EC in line with Chinese market trends
Laox flagship shop in Suning.com→ Third store after China Commerce store and Rakuten Global Market

Results

(Unit: 1,000 yen)	FY13 Results	FY14 Results	Y-o-Y	
Revenue	15,091,797	11,212,345	-25%	Decrease due to store closure
Sales profits	-1,223,195	-1,053,694	—	Results from restructuring

The objective of this business is to sell made-in-Japan products in the Chinese market. Try to balance and integrate actual retail stores and EC with market trends.

*EC: eCommerce

Foreign Trade Business

Import

Import and sell electric bicycles
Reduced deficits by downsizing the business as quality issues occurred with the weak yen and low profits

Export

Export baby-related products popular in China
OEM production by major domestic manufacturer for paper diapers
Reinforce wholesale business to Chinese retailers

Results

(Unit: 1,000 yen)	FY13 Results	FY14 Results	Y-o-Y
Revenue	4,115,164	3,836,242	Downsizing of import operations
Sales profits	-451,122	-230,431	Results of restructuring

Continue to balance imports and exports by developing products according to market trends

Results of Overall Efforts

Structural Reform

Reconstruct the organization of Chinese subsidiaries ⇒ Reinforce trade, EC, and sales

Educational Reform

Established Laox University (language and customer service skills)

Staff Reform

Non-Japanese staff: from 9% to 36%: Male:female ratio: from 9:1 to 2:1 (*based on 2009)
There are 17 nationalities as of December 2014.
Average age: from 42 to 37 years old
Annual paid leave: from 106 to 120 days

Revised the management organization completely when financing Suning Commerce Group Co., Ltd. in 2009 and finalized the reconstruction of their business model and management reforms ⇒ Completed reforms
From 2015, will achieve rapid growth as a truly global company

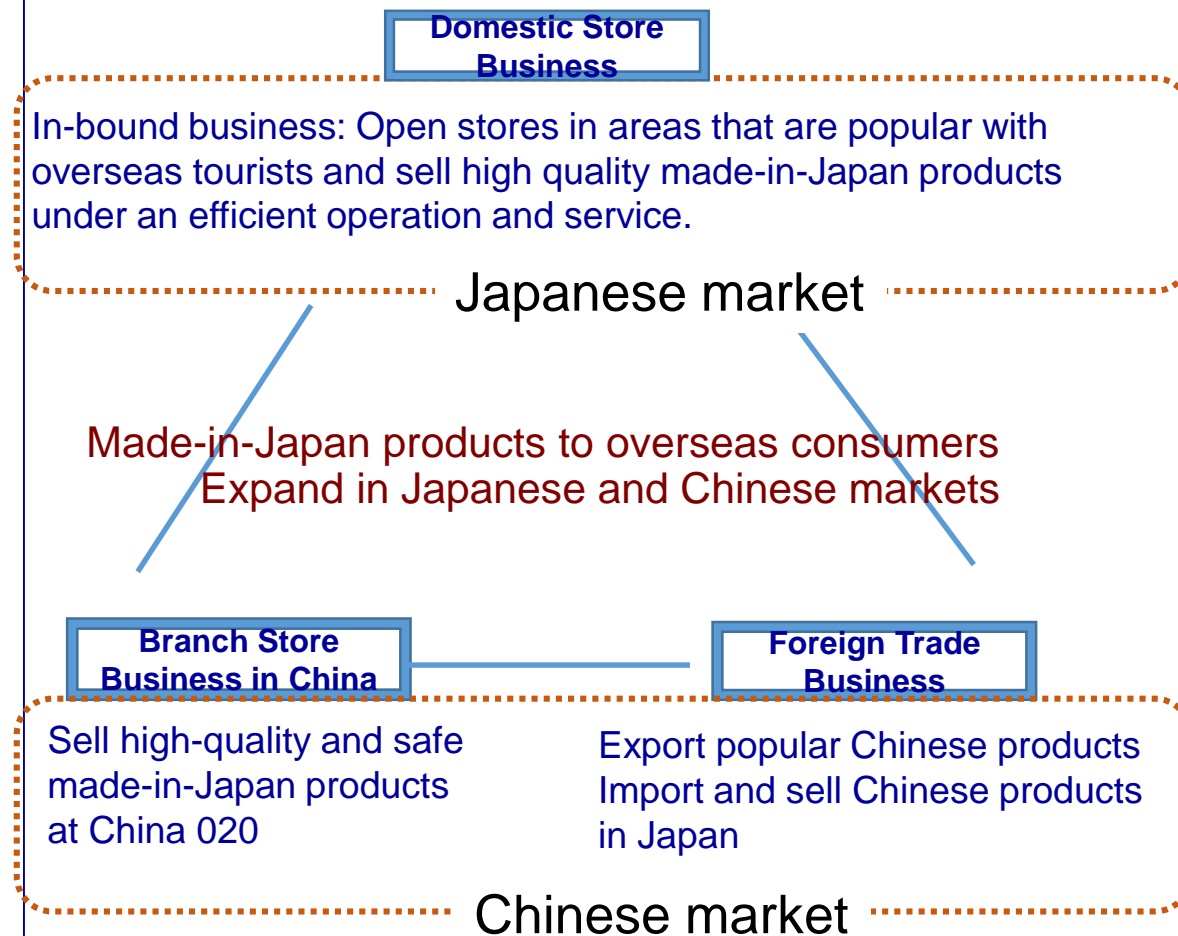
Reference Materials

Our Company Outline

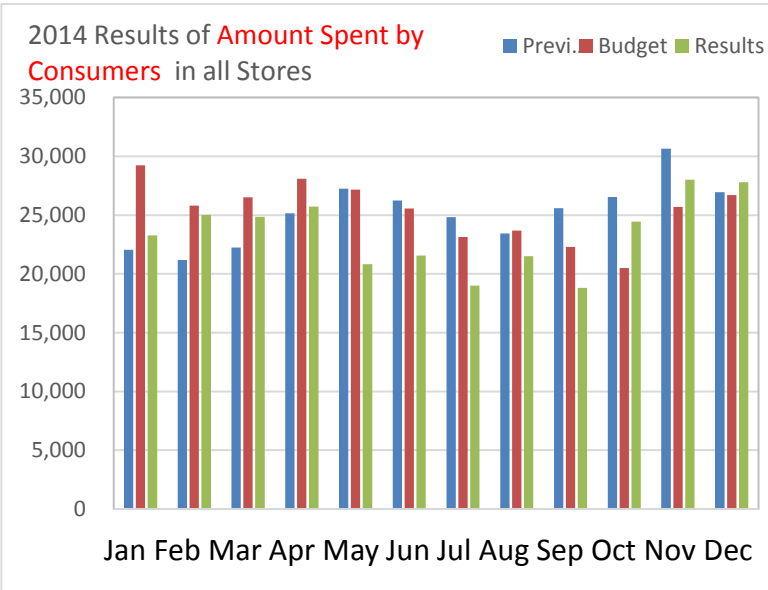
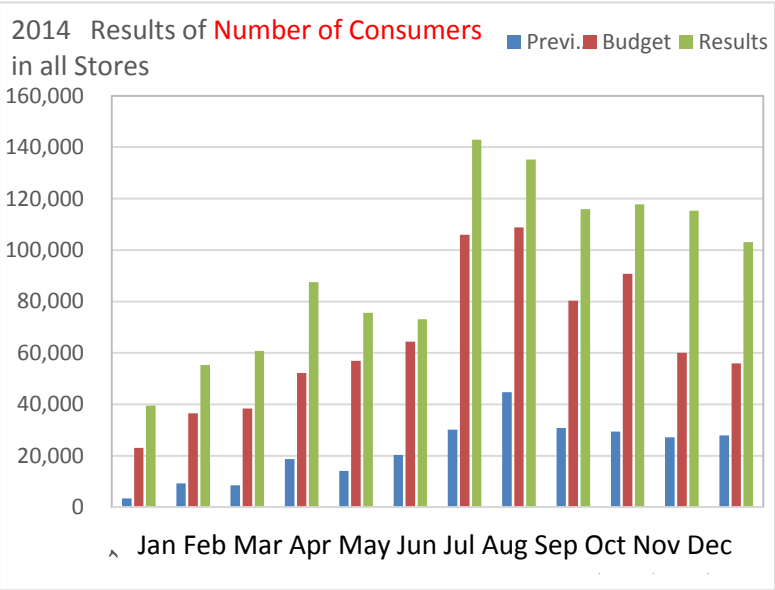
- 1930 Founded by Taniguchi Masaji.
- 1945 Established Taniguchi Electric Corporation.
- 1973 Changed company name to Laox Co., Ltd.
- 1990 Led the electric household appliances market in the 90s by opening The Computer Building.
- 1999 Listed on Tokyo Stock Exchange, Second Section.
- 2001 Revenue exceeded 200 billion yen. Well known thanks to TV commercials.
- 2002 Market share eroded by mass camera retailers. Deficits due to very low profit competition between competitors. Thereafter, no recovery even with two revitalization funds. Closed retail stores one after the other.
- 2009 Revised business operation with financing from Suning Commerce Group Co., Ltd. and Nihon Kanko Menzei Co., Ltd. Reopened Akihabara head store by entering the duty-free business.
- 2010 Opened WATCH, a dedicated watch store, a store in Venus Fort in Odaiba and in Ginza Matsuzakaya.
- 2011 Opened Shin-chitose Airport store in Hokkaido and Nanjing Longjian Store in China.
- 2012 Opened Canal City Hakata Store, the largest duty-free store in Kyushu.
- 2013 Opened Ginza head store, a new style of mass duty-free store.
- 2014 Opened seven new stores and firmly positioned in the duty-free business. Achieved consolidated profits after 14 years.

*Suning Appliance changed names to Suning Commerce Group.

Business Structure



Data of Domestic Duty-Free Stores (Excluding two specialty stores)

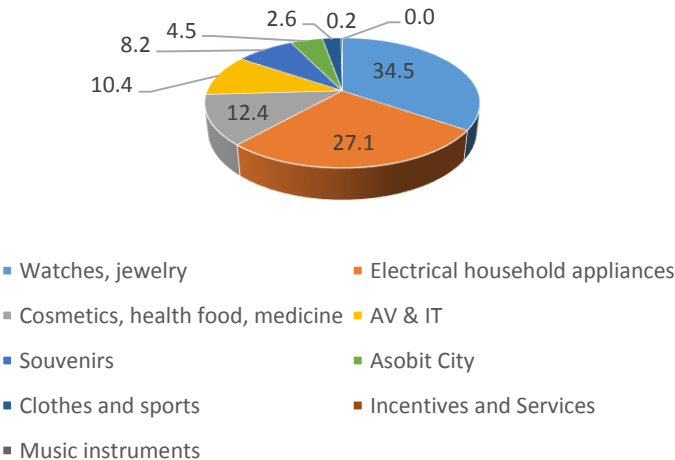


2014 Results of Number of Consumers in all Stores (Chinese)

2014	Total
Number of consumers in previous year	264,594
Number of consumers in all stores	1,121,944
Y-o-Y	424.0%
Total number of Chinese tourists to Japan	2,409,293
Total ratio	46.6%

*Approx. figures for number of consumers
*Number of Chinese tourists is based on JNTO statistics

Product Structure (Sales Amount)



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Since 2009, we have focused on revitalizing our business. From FY15 we will strengthen our IR activities and promptly distribute information to our shareholders.

Sapporo Store Jan 25, 2014 Norbesa 347 m²



Shin-chitose Airport, Feb 5, 2001 Inside airport 145 m²



Chitose Outlet Mall Rera, 122 m² Aug 3, 2014



Akihabara Head Store, Sept 19, 1946, 2327 m², renewed in Oct 2009



Gniza Head Store, No 28, 2013, 667 m² Street level on Chuo-dori



Osaka Dotonbori Store, Jun 28, 2014, 297 m², expand to 3300 m² in March



Venus Fort Store, Sept 28, 2010, 776 m² Odaiba



Rinku Seacle Store, Sept 28, 2014, 162 m², next to Kansai Airport



Kansai International Airport Store, Aug 6, 2013, 76 m², within airport



Osaka Shanghai Shintenchu Store, Sept 8, 2010, 297 m², Nihonbashi



Okayama Airport, Aug 24, 2014, 53 m², within airport



Fukuoka Canal City Hakata Store, Apr 27, 2012, 3548 m²



Nagasaki Glover-dori Store, Aug 1, 2014, 36.3 m²,
Tourist Area



Okinawa Kokusai-dori Store, May 10, 2014, 238 m²,
Kokusai-dori



Okinawa Ashibina Store, Sept 21, 2012, 340 m²,
outlet mall



WATCH, Sept 23, 2010, 465 m², Shinjuku-dori
Dedicated watch store

[ウォッチ]
WATCH





November 14 2014

To Whom It May Concern

Laox Shinjuku Main Store Set to Open In June 2015

Laox Company Limited (Minato Ward, Tokyo/ Representative Director : LuoYiwen / Security Code : 8202, hereinafter referred to as “we” “us” or “our”) announces that we will open a new store - Laox Shinjuku Main Store - in Shinjuku, Tokyo in June 2015.

Japan National Tourist Organization (a government office) has announced that as of September this year, the number of foreign tourists to Japan per month has been showing a year-on-year increase (between 17.1% and 41.2 %) for twenty consecutive months since February 2013 and a total of 9.73 million tourists visited the country between January and September this year, already close to 10.36 million, the total for the whole of last year.

We opened Laox Ginza Main Shop, a flag-ship store, in November 2013, and having set a sales target of 3 billion yen for 2014, we are on the course to achieve the number with plenty of time left. This year alone we have opened seven new stores, further expanding our national network.

With Shinjuku Station handling the most passengers in the world, Shinjuku is definitely one of the largest commercial areas in Japan. In recent years, numerous foreign tourists can be seen in Shinjuku and a survey of overseas tourists conducted by the Tokyo Prefectural Government in 2013 cites Shinjuku as the place visited by the most overseas travellers, the place they most looked forward to seeing, and the place that they say satisfied them most. Therefore, we can safely say that Shinjuku has great recognition among foreign visitors. We are going to open Laox Shinjuku Main Store as one of our flagship stores and introduce new merchandise and services there to satisfy the needs of increasing foreign tourists.

We are now working under the motto of “Japan Premium”. Drawing upon our experience of satisfying overseas customers with multilingual service and a smooth and speedy tax-free payment procedure that has helped them purchase any kind of merchandise, we will further improve our operation to make shopping at Laox still more enjoyable by offering unique and attractive products and a relaxing atmosphere. Our goal is the creation of “premium” stores: an embodiment of Japan’s spirit of hospitality that will give the world dreams and inspiration.

Please look forward to our next move. We are committed to aggressive opening of new stores to further strengthen our national network of tax-free stores.

Laox Shinjuku Main Store’s store information

Location: Brother Kotsu-Kosha Kyodo Building 5F-8F, 3-1-20, Shinjuku, Shinjuku-ku, Tokyo

Store Space: 2140.58 sq. m.

Scheduled to Open: June 2015

Contact Information for inquiries
regarding this matter:

Yamazaki Yoko

Oki Eri

(in charge of P.R.)

Tel: 03-6852-8880

Laox, Co. Ltd.

平成 26 年 11 月 14 日

各 位

ラオックス新宿本店 来春オープンへ

ラオックス株式会社(東京都港区・代表取締役 羅 怡文 証券コード:8202、以下「当社」という)は、来春、東京新宿に、「ラオックス新宿本店」を新規出店することとなりましたのでお知らせいたします。

日本政府観光局より発表されている、今年9月までの訪日外客数は、2013 年2月より 20 か月連続で前年比増(17.1%増～41.2%増)であり、1～9月の累計は 973 万人と昨年年間実績の 1036 万人に迫る勢いとなっています。

当社は、昨年 11 月に旗艦店である「ラオックス銀座本店」を開業、当初発表した目標年商 30 億を大幅に上回るペースで成長しております。今年に入りまして、7店舗を新たに新店し、全国ネットワークを広げております。

新宿は、世界一の乗降客数を誇るターミナル駅であり、日本で最大級の商圈のひとつとすることができます。近年では、外国人観光客の姿も多く見られ、東京都の「平成 25 年度国別外国人旅行者特性調査」によると、訪問した場所、一番期待していた場所、一番満足した場所のいずれの最多も新宿であり、実に 55.6%が、新宿を訪れたと回答していることから、訪日外国人観光客に認知度の高いエリアとすることができます。当社は、「ラオックス新宿本店」を旗艦店と位置付け、増加する海外からのお客様のニーズに応えるべく、新たな商品やサービスを導入する予定です。

今回掲げるコンセプトは、「Japan Premium」。これまで当社が培ってきた海外のお客様にご満足いただける店舗を更に進化させ、多言語対応、スムーズな免税処理で欲しい商品が買えるだけでなく、お買い物を楽しんでもらえるよう、これまでにない商品の魅力やくつろぎの空間を提供し、驚きと感動を与えられる日本ならではおもてなしを表現した、「プレミアム」な店づくりを目指します。

どうぞ、ご期待ください。今後も当社は、全国免税ネットワークの更なる強化に向け、積極的な店舗展開に邁進してまいります。

「ラオックス新宿本店」の店舗概要

住 所 : 東京都新宿区新宿 3 丁目 1-20 ブラザー・交通公社新宿共同ビル 5F～8F

店舗面積 : 約 2140.58 m²

開店予定日 : 平成 27 年6月

本件に関するお問い合わせ先
ラオックス株式会社
広報担当 池田 Tel 03-6852-8881