

June 22, 2015

To all

Company: LAOX Co., Ltd.
Representative: Yiwen Luo, Representative Director and President
(Code 8202, TSE second section)
Inquiries to: Teruji Yano, Director and General Manager, Management Department
(Tel: 03-6852-8881)

Notification of Basic Agreement Related to Establishment of a Joint Venture Company with Onward Holdings Co., Ltd.

Notice is hereby given that at a LAOX Board of Directors meeting convened on June 22, 2015, basic agreement was reached, as follows, for establishment of a joint venture company with Onward Holdings Co., Ltd. (headquartered in Chuo Ward, Tokyo/Representative Director and President Michinobu Yasumoto, hereinafter "Onward") for planning, production and sales of fashion apparel and other daily living culture products.

1. Reasons for joint venture company establishment and its content

The three main businesses of LAOX are "domestic shops," "establishing shops in China," and "trade intermediation." In the first, the duty-free business quickly took hold, and we currently operate Japan's largest comprehensive home electrical duty-free shops. In this business, measures are promoted with a view to conveying to worldwide customers the globally responsive hospitality-driven "Shop Premium," pursuit of the attractive made-in-Japan merchandise composition "MD Premium" and the global human resources development "Human Resources Premium." These three rediscovering Japanese value themes constitute the "Japan Premium."

Establishment of this joint venture company with Onward is for LAOX the key to planning and development of the made-in-Japan products that are the "MD Premium," and is seen contributing substantially to expansion of our merchandise composition.

The joint venture company is being established with the objectives of providing to Asia-centered worldwide customers high quality and high sensitivity daily living culture products that reflect Japan's superior manufacturing technology and refined daily living culture.

The company will carry out manufacturing using Onward's planning and production base, and the products will be sold by LAOX's overseas-directed EC site and its domestic duty-free shops. Mutual linkage of E-commerce for overseas residents and shop sales to tourists and other visitors to Japan will fuse net business and shop business, thereby strengthening the "omni-channel strategy" and expanding the business.

2. Joint venture company summary

(1) Joint venture company summary

(1) Name	Undecided
(2) Location	Nihonbashi 3-10-5, Chuo Ward, Tokyo
(3) Representative's title and name	Undecided

(4) Business	Planning, production and sales of apparel, others
(5) Capital	¥400 million
(6) Date of establishment	September 1, 2015 (expected)
(7) Fiscal year end	February
(8) Net assets	Undetermined
(9) Total assets	Undetermined
(10) Capital shares	LAOX 49%, Onward Holdings 51%

(2) Outlook for joint venture company business results: Sales of ¥XX or better in the term ending February 2017

3. Overview of tieup counterparty

(1) Name	Onward Holdings Co., Ltd.		
(2) Location	Nihonbashi 3-10-5, Chuo Ward, Tokyo		
(3) Representative's title and name	Representative Director and President Michinobu Yasumoto		
(4) Business	As a holding company, management of apparel, service and resort businesses, and related company management and ancillary work		
(5) Capital	¥30,079 million		
(6) Date of establishment	September 4, 1947		
(7) Major stockholders and ratios	Kashiyama Scholarship Foundation 5.5% Japan Trustee Services Bank, Ltd. (Security investment trust account 4) 4.9% Isetan Mitsukoshi Ltd. 3.1% Japan Trustee Services Bank, Ltd. (Security investment trust account 9) 2.9% Nippon Life Insurance Company 2.9%		
(8) Relationships between Onward Holdings and listed companies	Capital	None	
	Personnel	None	
	Business relationships	The company sells products purchased from its subsidiary	
	Relations with interested parties	None	
(9) Consolidated management results and financials in the recent 3 years			
Fiscal years	February 2013	February 2014	February 2015
Consolidated net assets	165,372 million	175,028 million	185,315 million
Consolidated total assets	286,779 million	313,430 million	340,854 million
Consolidated net assets per share	¥1,043.64	¥1,102.99	¥1,166.89
Consolidated sales	259,099million	280,007million	281,501million
Consolidated operating profit	11,818million	10,200million	5,731million
Consolidated ordinary profit	13,405million	12,211million	7,162million
Consolidated net profit	4,503million	4,658million	4,204million
Consolidated net profit per share	¥28.71	¥29.69	¥26.78
Dividends per share	¥24.00	¥24.00	¥24.00

4. Agenda

(1) Conclusion of basic agreement	June 22, 2015
(2) Signing of joint venture contract	The end of July, 2015 (expected)
(3) Commencement of business	September 1, 2015 (expected)

5. Outlook

In the current term this will likely have little effect on LAOX's business results, but if there is such an effect, notification will be promptly made.