

February 18, 2016

To our shareholders

Company Name: Laox Co., Ltd.

Representative: Yiwen Luo, CEO

(Code Number: 8202 TSE2)

Contact: Norihiko Fujitani, General Manager of
Administration Division

(Tel: 03-6852-8880)

Announcement of partial changes to use of funds related to matters such as new share issuances

We, Laox Co., Ltd., are announcing the changes in the use of funds and planned payment period regarding the following notices: "Notice of New Shares Issues and Sales of Stock as well as 3rd Issue of Shares Options by Third Party Allotment", announced on March 9, 2015; and "Notice of Issue Price and Offer Price of Shares as well as Issue Price of Shares Options and Initial Exercise Price", announced on March 16, 2015, as well as new shares issues and sales of our company's stock disclosed in "Notice of Number of Shares Issued by Increase in Third-Party Allotment" (hereafter "capital increase through public offering in question" collectively), announced on April 17, 2015.

However, there will be no changes to the use of funds regarding the 3rd shares options (hereafter "shares options in question") where the parent company of our company, GRANDA MAGIC LIMITED, was assigned, which took place at the same time as the capital increase through public offering.

1. Reason for the Changes

We have decided to establish a joint corporation to acquire and manage Chiba Port Square, the composite facilities of hotels and large shopping malls, in order to develop our business model and grow as a company, as disclosed in "Notice of Joint Venture Agreement," as announced on December 25, 2015. We were initially planning to allocate the total amount of funds offered in the capital increase through public offering, in question to open branches with an aim of building Japan's number one tax-free network. In order for it to be possible to open an attractive and innovative store, which captures the diversifying needs of customers in the inbound market, we will be participating in the acquisition and management directly to realize the flexible business management of stores. Hence, we believe that our investment in establishing the joint company in question will be beneficial to help execute our mid-term plan.

Given the situation, out of funds earned in the capital increase through public offering in question, 3,270 million JPY will be spent on the investment mentioned above, instead of making a capital investment in opening new stores or renovating existing stores for building a network of tax-free businesses.

2. Details of the Changes

Changes in uses of funds disclosed in the capital increase through public offering in question are as follows.

(Note) Underlines indicate items subject to changes.

[Original Plan]

We will be allocating the full amount of approx. 29,208.795 million JPY in total (capital increase through public offering and share options by the third party allotment, net) to the capital investment, including opening new stores and renovating existing stores, for building the tax-free network from March 2015 to the end of December 2017.

Also, our plans for capital investment as of March 9, 2015 (except the paid amounts are as of January 31, 2015) are as follows.

Office Location Number of Stores	New Stores/ Renovation	Planned Investment		Fundraising Method(s)	Duration		Total Floor Space After Completion (㎡)
		Total (Million JPY)	Paid Amount (Million JPY)		Start	End	
Akihabara Main Store (Chiyoda, Tokyo)	Renovation	<u>1,250</u>	—	<u>Self-Finance, Loans, Capital Increase</u>	March 2015 - December 2016	January 2016 - December 2016	<u>3,131</u>
Osaka Shanghai Shintenchij Store (Osaka, Osaka)	Renovation	720	—	<u>Self-Finance, Loans, Capital Increase</u>	March 2015- December 2015	March 2015- December 2015	<u>3,306</u>
Akihabara ABC Store (Chiyoda, Tokyo)	Renovation	<u>600</u>	—	<u>Self-Finance, Loans, Capital Increase</u>	March 2015- December 2015	March 2015 - December 2015	<u>1,021</u>
Fukuoka Canal City Hakata Store (Fukuoka, Fukuoka)	Renovation	<u>500</u>	—	<u>Self-Finance, Loans Capital Increase</u>	March 2015 - December 2015	March 2015- December 2015	<u>4,182</u>
Dotonbori Store (Osaka, Osaka)	Renovation	<u>400</u>	—	<u>Self-Finance, Loans Capital Increase</u>	January 2015	March 2015	<u>661</u>
Shinjuku WATCH (Shinjuku, Tokyo)	Renovation	250	—	Self-Finance, Loans, Capital Increase	March 2015- December 2015	March 2015- December 2015	<u>846</u>
Okinawa Ashibinaa Store (Tomigusuku, Okinawa)	Renovation	50	—	Self-Finance, Loans, Capital Increase	March 2015 December 2015	March 2015- December 2015	<u>331</u>
Ginza Store (Chuo, Tokyo)	Land acquisition and new store	15,023	—	Self-Finance, Loans, Capital Increase	March 2015- December 2016	March 2015 December 2016	2,248
Shinsaibashi Store (Osaka, Osaka)	<u>Land acquisition and new store</u>	<u>3,202</u>	—	<u>Self-Finance, Loans, Capital Increase</u>	March 2015- December 2015	March 2015- December 2015	<u>780</u>
Ginza New Store (Chuo, Tokyo)	New store	<u>2,129</u>	—	<u>Self-Finance, Loans, Capital Increase</u>	June 2015	September 2015	<u>1,322</u>
Shinjuku Store (Shinjuku, Tokyo)	New store	2,107	<u>120</u>	<u>Self-Finance, Loans, Capital Increase</u>	January 2015	June 2015	<u>1,983</u>
Odaiba Store (Minato, Tokyo)	New store	716	—	Self-Finance, Loans, Capital Increase	March 2015- December 2015	March 2015- December 2015	645
Nagasaki Store (Nagasaki, Nagasaki)	New store	<u>624</u>	—	<u>Self-Finance, Loans, Capital Increase</u>	February 2015	April 2015	<u>860</u>
Fukuoka Store (Fukuoka, Fukuoka)	New store	<u>446</u>	—	<u>Self-Finance, Loans, Capital Increase</u>	July 2015	September 2015	459
Otaru Store (Otaru, Hokkaido)	New store	<u>314</u>	—	<u>Self-Finance, Loans, Capital Increase</u>	April 2015	June 2015	<u>344</u>
Hakodate Store (Hakodate, Hokkaido)	New store	<u>131</u>	—	<u>Self-Finance, Loans, Capital Increase</u>	March 2015	May 2015	169
Nikko Store (Nikko, Tochigi)	New store	<u>128</u>	—	<u>Self-Finance, Loans Capital Increase</u>	March 2015- December 2015	March 2015- December 2015	<u>165</u>
Dazaifu Store (Dazaifu, Fukuoka)	<u>New store</u>	<u>103</u>	—	<u>Self-Finance, Loans, Capital Increase</u>	March 2015	May 2015	<u>132</u>
2 Stores in the Hokkaido and Tohoku Region (Hokkaido, Miyagi)	New store and renovation	<u>287</u>	—	Self-Finance, Loans, Capital Increase	January 2016- December 2017	January 2016- December 2017	<u>1,091</u>

Office Location Number of Stores	New Stores/ Renovation	Planned Investment		Fundraising Method(s)	Duration		Total Floor Space After Completion (㎡)
		Total (Million JPY)	Paid Amount (Million JPY)		Start	End	
12 Stores in the Kanto Region (Tokyo, Chiba, Kanagawa, Ibaraki, Tochigi)	New store and floor extension	5,975	—	Self-finance, loans, capital increase, funds raised by issuing and exercising the share option in question	January 2016- December 2017	January 2016- December 2017	6,496
5 Stores in the Chubu Region (Aichi, Shizuoka, Nagano, Gifu)	New store	2,156	—	Self-finance loans, funds raised by issuing and exercising the share option in question	January 2017- December 2017	January 2017- December 2017	2,083
7 Stores in the Kinki Region (Osaka, Kyoto, Hyogo)	New store	5,667	—	Self-finance, loans, capital increase, funds raised by issuing and exercising the share option in question	January 2016- December 2017	January 2016- December 2017	4,496
6 Stores in the Kyushu Region (Okinawa, Fukuoka, Saga, Oita)	New store	2,265	—	Self-finance, loans, capital increase, funds raised by issuing and exercising the share option in question	January 2016- December 2017	January 2016- December 2017	2,446
Total		45,043	120	—	—	—	39,197

[Revised Plan]

We are allocating 3,270 million JPY out of approx. 29,208.795 million JPY earned in the capital increase through public offering and share options by the third-party allotment, to establish a joint corporation to acquire and manage Chiba Port Square, the composite facilities of hotels and large shopping malls. Specifically, we will be making the capital investment, including opening new stores and renovating existing stores, for building a tax-free network of 25,938.795 million JPY from March 2015 to the end of December 2017.

Also, our plans for the capital investment as of February 18, 2016 (except the paid amounts are as of February 1, 2016) are as follows.

Office Location Number of Stores	New Stores/ Renovation	Planned Investment		Fundraising Method(s)	Duration		Total Floor Space After Completion (㎡)
		Total (Million JPY)	Paid Amount (Million JPY)		Start	End	
Akihabara Main Store (Chiyoda, Tokyo)	Renovation	1,800	15	Capital Increase	February 2016- December 2016	June 2016- June 2017	4,019
Osaka Nihonbashi Store (Osaka, Osaka)	Renovation	720	65	Capital Increase	February 2016	May 2016- December 2016	710
Akihabara AsoBitCity Store (Chiyoda, Tokyo)	Renovation	800	776	Capital Increase	March 2015	September 2016- December 2016	1,377
Fukuoka Canal City Hakata Store (Fukuoka, Fukuoka)	Renovation	700	9	Capital Increase	March 2015	May 2016- December 2016	4,534
Osaka Dotonbori Store (Osaka, Osaka)	Renovation	254	254	Capital Increase	January 2015	May 2015	687
Shinjuku WATCH (Shinjuku, Tokyo)	Renovation	250	—	Self-Finance, Loans, Capital Increase	March 2016- December 2016	March 2016- December 2016	1,074
Okinawa Ashibinaa Store (Tomigusuku, Okinawa)	Renovation	50	—	Self-Finance, Loans, Capital Increase	March 2016- December 2016	March 2016- December 2016	419
Ginza Store (Chuo, Tokyo)	Land acquisition and new store	15,023	—	Self-Finance, Loans, Capital Increase	May 2016- December 2016	March 2017- December 2017	2,248

Office Location Number of Stores	New Stores/ Renovation	Planned Investment		Fundraising Method(s)	Duration		Total Floor Space After Completion (㎡)
		Total (Million JPY)	Paid Amount (Million JPY)		Start	End	
<u>Daimaru</u> Shinsaibashi Store (Osaka, Osaka)	New store	<u>1,202</u>	<u>889</u>	Capital increase	<u>November 2015</u>	<u>April 2016</u>	<u>3,892</u>
Ginza <u>EXITMELSA</u> (Chuo, Tokyo)	New store	<u>1,392</u>	<u>1,392</u>	Capital Increase	June 2015	September 2015	<u>1,583</u>
Shinjuku <u>Main</u> Store (Shinjuku, Tokyo)	New store	2,107	<u>1,520</u>	Capital increase	January 2015	<u>February 2016</u>	<u>2,140</u>
Odaiba Store (Minato, Tokyo)	New store	716	—	Self-Finance, Loans, Capital Increase	<u>March 2016-</u> <u>June 2016</u>	<u>March 2016 -</u> <u>June 2016</u>	645
<u>Tower City</u> Nagasaki Store (Nagasaki, Nagasaki)	New store	<u>115</u>	<u>115</u>	Capital Increase	February 2015	April 2015	<u>618</u>
<u>Marinoa City</u> Fukuoka Store (Fukuoka, Fukuoka)	New store	<u>234</u>	<u>234</u>	Capital Increase	July 2015	September 2015	459
Otaru Canal Store (Otaru, Hokkaido)	New store	<u>98</u>	<u>98</u>	Capital Increase	April	<u>May 2015</u>	<u>419</u>
Hakodate Red Brick Store (Hakodate, Hokkaido)	New store	<u>89</u>	<u>89</u>	Capital Increase	March 2015	May 2015	169
Nikko <u>Toshogu</u> Store (Nikko, Tochigi)	New store	<u>61</u>	<u>61</u>	Capital Increase	<u>July 2015</u>	<u>September 2015</u>	<u>435</u>
<u>Shinsaibashi-suji</u> Store (Osaka, Osaka)	New store	<u>574</u>	<u>574</u>	<u>Capital Increase</u>	<u>August 2015</u>	<u>September 2015</u>	<u>776</u>
<u>Nagoya Maruei</u> Store (Nagoya, Aichi)	New store	<u>280</u>	<u>15</u>	<u>Capital Increase</u>	<u>January 2016</u>	<u>March 2016</u>	<u>1,757</u>
<u>Kyoto Marui</u> Store (Kyoto, Kyoto)	New store	<u>300</u>	<u>—</u>	<u>Capital Increase</u>	<u>January 2016</u>	<u>March 2016</u>	<u>1,426</u>
3 Stores in the Hokkaido and Tohoku Region (Hokkaido, Miyagi)	New store and renovation	<u>2,000</u>	<u>200</u>	Self-Finance, Loans, Capital Increase	January 2016- December 2017	January 2016- December 2017	<u>2,750</u>
12 Stores in the Kanto Region (Tokyo, Chiba, Kanagawa, Ibaraki, Tochigi)	New store And floor expansion	5,975	<u>150</u>	Self-Finance, loans, capital increase, funds raised by issuing and exercising the share option in question	January 2016- December 2017	January 2016- December 2017	6,496
4 Stores in the Chubu Region (Aichi, Shizuoka, Nagano, Gifu)	New store	<u>1,876</u>	<u>116</u>	Self-finance, loans, funds raised by issuing and exercising the share option in question	January 2017- December 2017	January 2017- December 2017	2,083
4 Stores in the Kinki Region (Osaka, Kyoto, Hyogo)	New store	<u>4,793</u>	<u>76</u>	Self-finance, loans, increased capital, funds raised by issuing and exercising the share option in question	January 2016- December 2017	January 2016- December 2017	<u>2,120</u>
6 Stores in the Kyushu Region (Okinawa, Fukuoka, Saga, Oita)	New store	2,265	<u>148</u>	Self-finance, loans, increased capital, funds raised by issuing and exercising the share option in question	January 2016- December 2017	January 2016- December 2017	2,446
Total		<u>43,674</u>	<u>6,796</u>	—	—	—	<u>45,282</u>

3. Future Outlook

The changes in question are likely to have little impact on our business performance.

End of Document