

May 13, 2016

To all,

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Representative: Yiwen Luo CEO
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Notification Related to Business Segment Changes

At a Board of Directors meeting convened in December 2016, the following business segment changes were decided.

1. Reasons for the changes

In its "Second Mid-term Management Plan" promulgated on February 12, 2015, the Company identified the "Domestic Store Business," the "Branch Store Business in China" and the "Foreign Trade Business" as its principal segments. In the Plan's second year, the segments have been revised with a view towards more efficient business operations.

In the "Domestic Store Business," progress toward increasing diversification into general Tax-free outlets and stores handling fashion merchandise have prompted renaming of the segment as the "Domestic Retail Business."

In the "Branch Store Business in China" and "Foreign Trade businesses", we have conducted sales of made-in-Japan merchandise via brick-and-mortar stores and cross-border EC, but due to reasons such as changes in marketing zones, all the brick-and-mortar stores were closed as of March 31, 2016. And in light of the startup of business in Taiwan and China-centered overseas business development set for future expansion, those two businesses have been amalgamated as the "Overseas Business" segment.

2. Summary of the changes

[Existing segments]

Segment	Principal services
Domestic Store Business	Domestic retailing, domestic wholesaling
Branch Store Business in China	China retailing
Foreign Trade Business	Trading
Others Businesses	Real estate, others

[New segments]

Segment	Principal services
Domestic Retail Business	Domestic retailing, domestic wholesaling
Overseas Business	Overseas retailing, trading, others
Others	Real estate, others

The end